Swiber Holdings Limited: 3QFY09 Results Briefing

16 November 2009

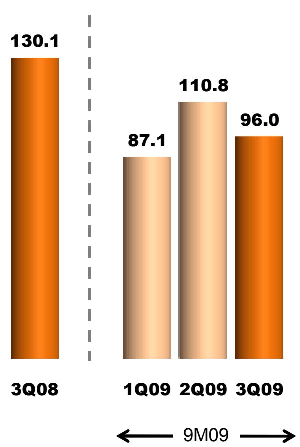
3QFY09 Financial Highlights

Summary of 3QFY09 & 9MFY09

US$ (million)	3QFY09	3QFY08	9MFY09	9MFY08
Revenue	96.0	130.1	293.9	325.5
Gross Profit	14.8	26.0	56.1	76.7
Net profit	16.4	18.2	47.5	50.7
Gross profit margins	15.4%	20.0%	19.1%	23.6%
Net Debt to Equity	**0.69x (30 September 2009)** Reduced from 0.75x (30 June 2009) and 0.94x (31 March 2009)			

Revenue

Revenue (US$'m)



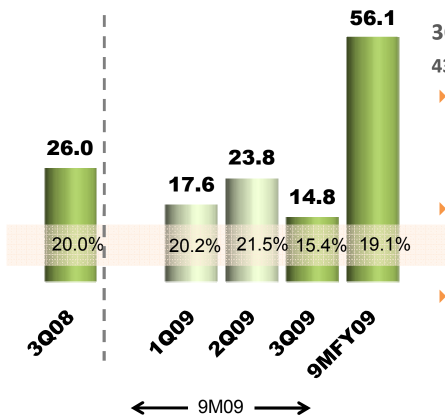
3Q09 vs 3Q08

Revenue dipped 26.2% from US$130.1 million

- Executing less EPCIC projects as compared to the same period of FY2008

Gross profit and margins

Gross Profit (US$'m) & Gross Profit Margin (%)



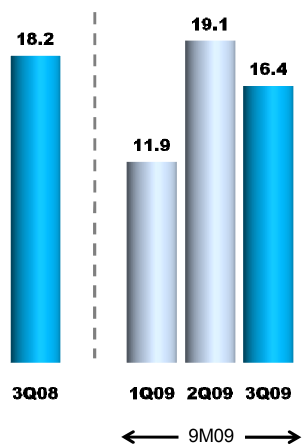
3Q09 vs 3Q08

43.3% ↓ in gross profit

- Cost of sales declined by 21.9% to US$81.3m (3Q08: US$104.1m) with lower revenue
- Gross profit declined by 43.3% to US$14.8m (3Q08: US$26.0m)
- Gross profit margin for the 3Q09 was 15.4% compared to 20.0% in 3Q08

Net profit

Net Profit (US$'m)



3Q09 vs 3Q08

Net profit dropped 9.7% from US$18.2 million

- Share of profit of associate and joint venture grew by 293.6% to US$2.0m (3Q08: US$0.5m)
  - Improved contribution from Swiwar Offshore Pte Limited, Principia Asia Pacific Engineering Pte Ltd and Victorious LLC
- Other operating income rose 101.4% to US$13.7m (3Q08: US$6.8m)
  - More S&L vessels were delivered; net gain on disposal of assets held for sales and disposal of property, plant and equipment amounted to US$13.6m (3Q08: US$6.8m)
- Offset by:
  - Increased finance costs to US$3.7m (3Q08: US$2.9m), from prepayment fees for early settlement of vessel financing loans
  - Depreciation rose 85.8% to US$3.9m (3Q08: US$2.1m)

Balance sheet

US$'m	30 Sep 2009	31 Dec 2008	Change (%)
Cash & bank balances	78.3	74.7	4.9
Trade receivables and WIP	200.3	197.2	1.6
Current assets	512.6	392.8	30.5
Non-current assets	326.7	312.8	4.4
Current liabilities	380.7	287.1	32.6
Non-current liabilities	147.4	211.4	(30.3)
Total equity	311.2	207.1	50.3

30 Sep 2009 vs 31 Dec 2008

- **Trade receivables and WIP ↑1.6% to US$200.3m:** Combination of different projects being executed and timing difference with the achievement of billing milestones and collection
- **Joint venture ↑ 443.8% to US$50.2m:** Subscription in Victorious LLC and CUEL Swiber Offshore (Thailand) Ltd

Key financial ratios

Key ratios	30 Sep 2009	31 Dec 2008	Change(%)
Net Debt / Equity (times)	0.69	1.01	(31.7)
NAV per share (US cents)	60.00	48.85	22.8
Return on Equity (%) (Annualised)	20.33	18.9	7.6
Return on Asset (%) (Annualised)	7.54	5.6	34.6
EPS Weighted average (US cts)*	8.98	9.19	(2.3)

** 3QFY09: 458,283,040 shares vs FY2008: 421,355,000 shares*

- **↓Net debt to equity ratio:**
  - Successful issuance of 84m ordinary shares in June 2009 and profit for the 3 quarters ending 30 September 2009; total equity increased by US$104.1m or 50.3% from US$207.1m as at 31 December 2008 to US$311.2m as at 30 September 2009.

Cash flow

US$'m	3Q09	3Q08	Change (%)
Operating cashflow before movement in working capital	9.5	17.3	(45.1)
Net cash from operating activities	14.6	19.0	(23.2)
Net cash used in investing activities	(14.7)	(29.7)	(50.5)
Net cash from financing activities	17.5	44.8	(60.9)
Cash & cash equivalents at end of period	71.8	58.0	23.8

- **Net cash outflow from operating activities:** Mainly attributable to cashflow from working capital US$9.2m and US$9.5m from operations in 3Q09
- **Net cash outflow from investing activities:** Acquisition of property, plant and equipment and assets held for sales of (US$49.9m) and investment in joint venture of (US$19.7m); offset by the proceeds of US$53.0m from the disposal of vessels
- **Net cash inflow from financing activities:** Mainly due to net bank loan raised

Order book & Tender book (US$'m)

Healthy order book

- US$ 440.0m order book as at to date
- In 3Q09, the industry witnessed further stabilization of oil prices in the region of US$70 per barrel
- Requirements for EPCIC work is expected to be high in the coming 12 – 18 months

Tender book

- Estimated total bids submitted / to be submitted as at September 2009 is approximately US$7 billion for 2010-2015
- Targeting projects in Southeast Asia, India, the Middle East and Brazil

Corporate Highlights

Corporate updates in 3Q09

August 2009 …
Aligns capabilities with Alam Maritim in Malaysia to capture offshore construction opportunities

- Signed MOU with Alam Maritim Resources Berhad to jointly own and operate a pipelay barge as well as exclusively provide offshore installation and construction activities in the territorial waters of Malaysia using the barge.

September 2009 …
Renews lease on Kreuz shipyard to 2021

- For a further term of 10 years with effect from 16 September 2009

October 2009 …
Convertible bonds issue

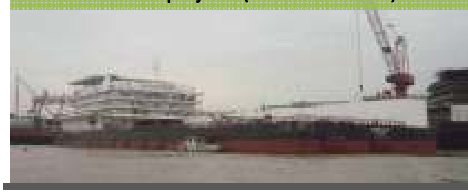
- Launch was well-received
- Raised net proceeds of US$97.8 million (including an Upsize Option of US$22 million) from the issuance of Convertible Bonds with a maturity date of 2014 and a coupon of 5% pa

Current Fleet: 44 Vessels

Construction Vessels
1. Swiber Glorious (Accommodation barge)
2. Aziz (Pipelay Barge) #
3. Swiber Conquest* (Pipelay barge)
4. Da Li Hao (Derrick crane barge)
5. Swiber Jack-up N1 (Jack-up barge)
6. Swiber SLB-1 (Submersible barge)
7. Swiber Supporter (Dive support work barge)
8. Swiber Concorde* (Pipelay crane barge)
9. Swiber Victorious (Dive support accommodation barge)
10. Swiber Chai (Derrick pipelay barge)

10 construction vessels

Expanded fleet puts Swiber in a strong position to service outstanding order book and pursue offshore projects (The *Swiber Chai*)



Offshore Vessels:

Utility / towing tugs
1. Swiber Eagle
2. Swiber Phoenix
3. Swissco 99

AHT/AHTS
1. Swiber Captain
2. Swiber Explorer*
3. Swiber Navigator*
4. Swiber Valiant*
5. Swiber Gallant*
6. Swiber Singapore
7. Swiwar Challenger
8. Swiwar Venturer
9. Swiwar Victor
10. Swiber Trader
11. Swiber Ada*
12. Swiber Torunn*
13. Swiber Sandefjord*#
14. Swiber Else Marie*#

Cargo / Flat top barge
1. Swiber 123
2. Swiber 251
3. Swiber 252
4. Swiber 253
5. Swiber 254
6. Swiber 255
7. Swiber 282
8. Swiber 283
9. Kreuz 231
10. Kreuz 232
11. Kreuz 281
12. Kreuz 282
13. Kreuz 283
14. Kreuz 284
15. Kreuz 331
16. Kreuz 332
17. Kreuz 241

34 offshore vessels

** Vessels that are under sale and leaseback arrangements*
 # Vessels delivered in 3QFY09

4Q2009-2010 vessel delivery plan

	FY2009	FY2010	FY2011
AHTS	Swiber Oslo* Swiwar Crusader	Swiber Anne Christine* Swiber Mary Anne*	
Subsea support vessels	Swiber Atlantis*	Kreuz DSV 2*	
Pipelay barge		Swiber Merdeka**	
Derrick crane barge			Swiber Magnificent (280-men)
TOTAL	3	4	1

** Vessels that are under sale and leaseback arrangements*
***Vessels are jointly built with JV partners*

Strategy and Outlook

Outlook

Swiber is confident in the long term fundamentals of the oil and gas industry

- **Green shoots of economic stabilisation in parts of the world, easing credit markets**
- **Stabilisation of oil prices in the region of US$70 per barrel in 3QFY09**
- **Demand for EPCIC work is expected to be high**

- **Notwithstanding this, Swiber is maintaining its vigilant approach in the current environment**

Key strategy: Preparing now for future recovery

- **Balancing fundamentals and growth**

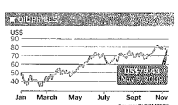
Prudent Financial Management
- Managing risk
- Managing debt
- Managing cost
  - Reduce reliance on 3rd parties
  - Enhance utilisation of internal services and fleet
  - Improve operational efficiency

Business Growth
- Strategic alliances driving market penetration
- Focus on shallow water activities in Asia Pacific, the Middle East
- Strong tender book
- Exploring new areas
  - Offshore wind farm installation

World Oil Landscape

World running out of oil 'faster than estimated'

International Energy Agency underplaying looming shortage to avert panic: Whistleblower



LONDON: The world is much closer to running out of oil than official estimates admit, but the International Energy Agency (IEA) is underplaying a looming shortage for fear of sparking panic buying, a British newspaper reported, citing an unidentified "whistleblower" at the agency.

The United States has played an influential role in encouraging the IEA to underplay the rate of decline from existing oil fields, The Guardian said yesterday. The paper cited an unnamed senior IEA official as saying the US has also encouraged the Paris-based organisation to overplay the chances of finding new reserves.

"Many inside the organisation believe that maintaining oil supplies at even 90 million to 95 million barrels a day would be impossible but there are fears that panic could spread on the financial markets if the figures were brought down further," the official said in the report which appeared on The Guardian's front page.

In its 2008 World Energy Outlook, the IEA predicted that oil production can be raised from its then current level of 83 million barrels a day to 105 million barrels.

A second unnamed source, a former IEA official, said: "We have (already) entered the 'peak oil' zone. I think that the situation is really bad."

The allegations come out on the same day the IEA released its 2009 Outlook, in which it warned, in unusually strong language, that the economic crisis gave the world a chance for a low-carbon "revolution" to ensure energy supplies and fight global warming, but this will cost a huge chunk of worldwide output. "The scale and breadth of the energy challenge is enormous – far greater than many people realise," the IEA said. "But it can and must be met. The time to act has arrived."

The IEA's latest report comes shortly before a landmark international conference on climate change in Copenhagen next month.

If governments do not change their policies, there will be "alarming" consequences for energy security, and almost certainly "massive climate change and irreparable damage to the planet".

The agency estimated that even existing policies to ensure supplies to meet "inexorable" growth of demand and combat greenhouse gas damage would cost US$26 trillion (S$36 trillion) in capital investment by 2030. This cumulative bill is equivalent to US$1.1 trillion or 1.4 per cent of world economic output per year on average.

The IEA forecast that the oil price, excluding the effects of inflation, would be US$100 a barrel in 2020 and US$115 in 2030, saying oil demand would rise by 1 per cent per year.

Global demand would rise from 85 million barrels per day in 2008 to 105 million barrels a day in 2030, assuming that the negotiations in Copenhagen did not result in immediate big changes in energy policies, the IEA said.

The average oil price this year would be about US$60 per barrel against a background of weak economic activity.

On oil supply, the IEA said there was a risk of a supply shortage which "could lead to a renewed surge in prices in a few years down the line".

It said: "The financial crisis has cast a shadow over whether all the energy investment needed to meet growing energy needs can be mobilised."

Crude oil prices yesterday eased to around US$79 a barrel as tropical storm Ida, which cut US oil and gas supplies, was downgraded from a powerful hurricane.

Oil prices have risen 77 per cent so far this year, although they are still nearly 47 per cent below their high of more than US$147 a barrel in July last year.

AGENCE FRANCE-PRESSE, ASSOCIATED PRESS, REUTERS

The Straits Times, 11 Nov 2009

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Capex for the Top 10 Largest IOCs

		2008	2009		2010		
IOC	Market cap (US$bn)	Actual	Co. guidance (US$bn)	Consensus forecasts (US$bn)	Co. guidance (US$bn)	Consensus forecasts (US$bn)	Consensus forecasts (yoy%)
Exxon Mobil	327.4	19.3	29.0	26.3	N/A	25.8	-2%
Royal Dutch Shell	159.1	30	31-32	30.0	28	29.4	-2%
BP	159.9	21.7	20-22	20.0	20	20.1	1%
Total	126.1	17.4	N/A	18.7	N/A	18.9	1%
Chevron Corp	138.8	21	22.9	21.5	N/A	20.9	-3%
Conoco Phillips	65.6	19.1	12.5	12.4	N/A	13.7	10%
Lukoil	42.0	10.5	9.7	7.2	N/A	8.1	13%
ENI	91.8	18	19.9	19.9	N/A	17.6	-12%
Statoil Hydro	67.7	10.4	13.5	13.9	N/A	14.2	2%
Occidental	55.7	4.7	3.5	3.1	N/A	3.9	25%
Total		**152.8**		**146.73**		**146.8**	**0%**

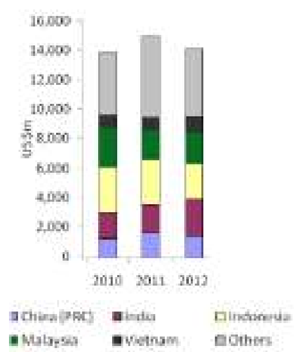
Source: Bloomberg, Reuters, CIMB Research Singapore – November 2, 2009

Offshore Market Capex - Asia

Asia Capex (US$ m) by Country 2010-2012

Country	2010	2011	2012	2010-2012
China (PRC)	1,281	1,714	1,512	4,507
India	1,821	1,939	2,519	6,279
Indonesia	3,093	3,025	2,371	8,489
Malaysia	2,591	1,950	2,082	6,623
Vietnam	878	888	1,105	2,871
Others	4,264	5,505	4,618	14,387
Grand Total	**13,928**	**15,021**	**14,207**	**43,156**

Source: Offshore Asia Oil and Gas Market Update 2008/2012, Infield Systems Limited



- The offshore market of Asia is expected to grow rapidly.
- Infield Systems Limited forecasts that India and Indonesia will have the highest total capital expenditure in the region.

Thank You

Q&A session