

SWIBER HOLDINGS LIMITED

21 March 2014

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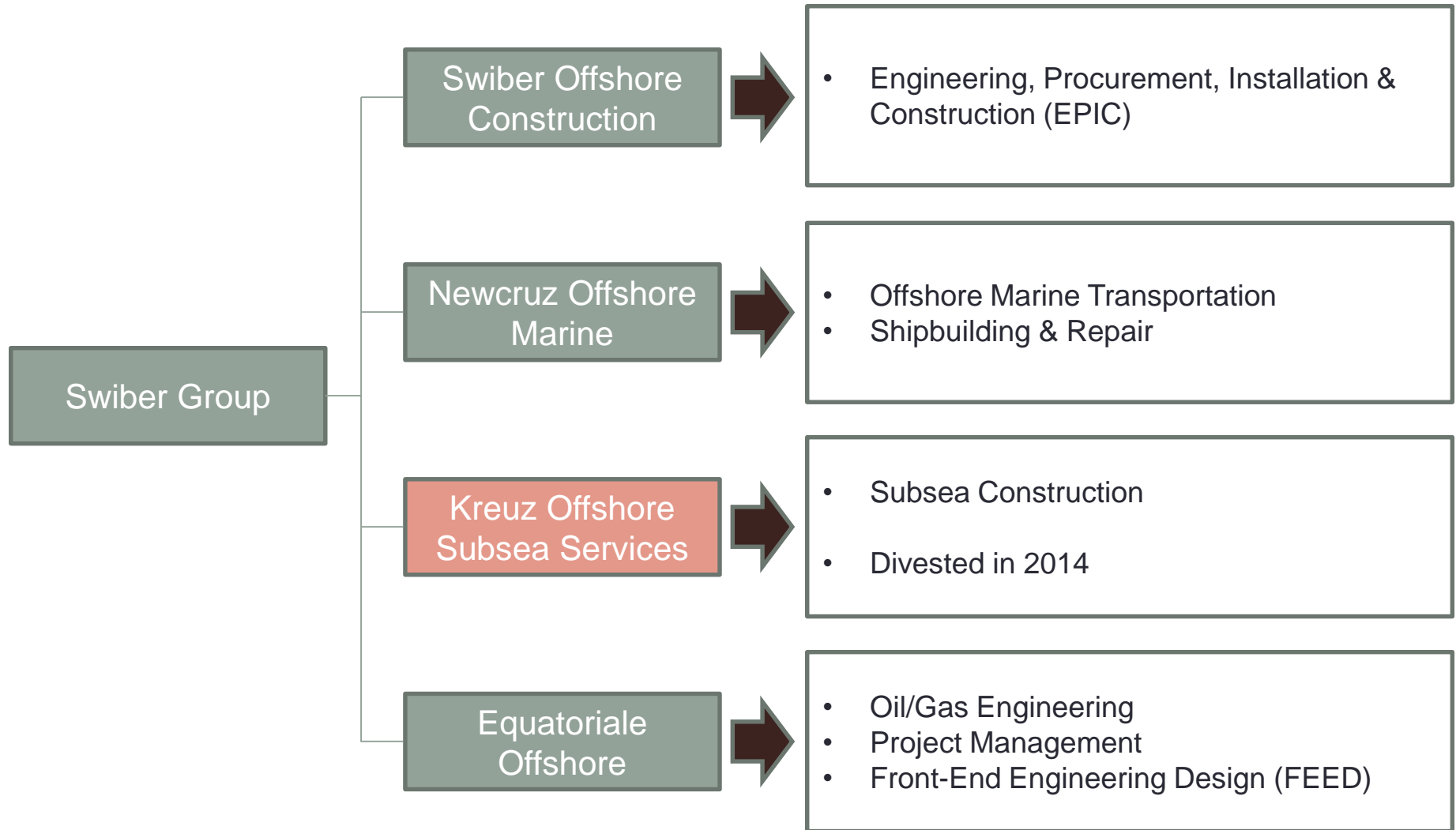
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Company Background

- Swiber is a integrated construction and support services provider that offers a wide range of offshore Engineering, Procurement, Installation and Construction (EPIC) services, marine support, and subsea support solutions across the Asia Pacific, the Middle East, and Latin America.
- Founded in 1996 and listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on November 8, 2006, Swiber continues to be dedicated to building the company into a leader in the offshore oil and gas industry

Business Units

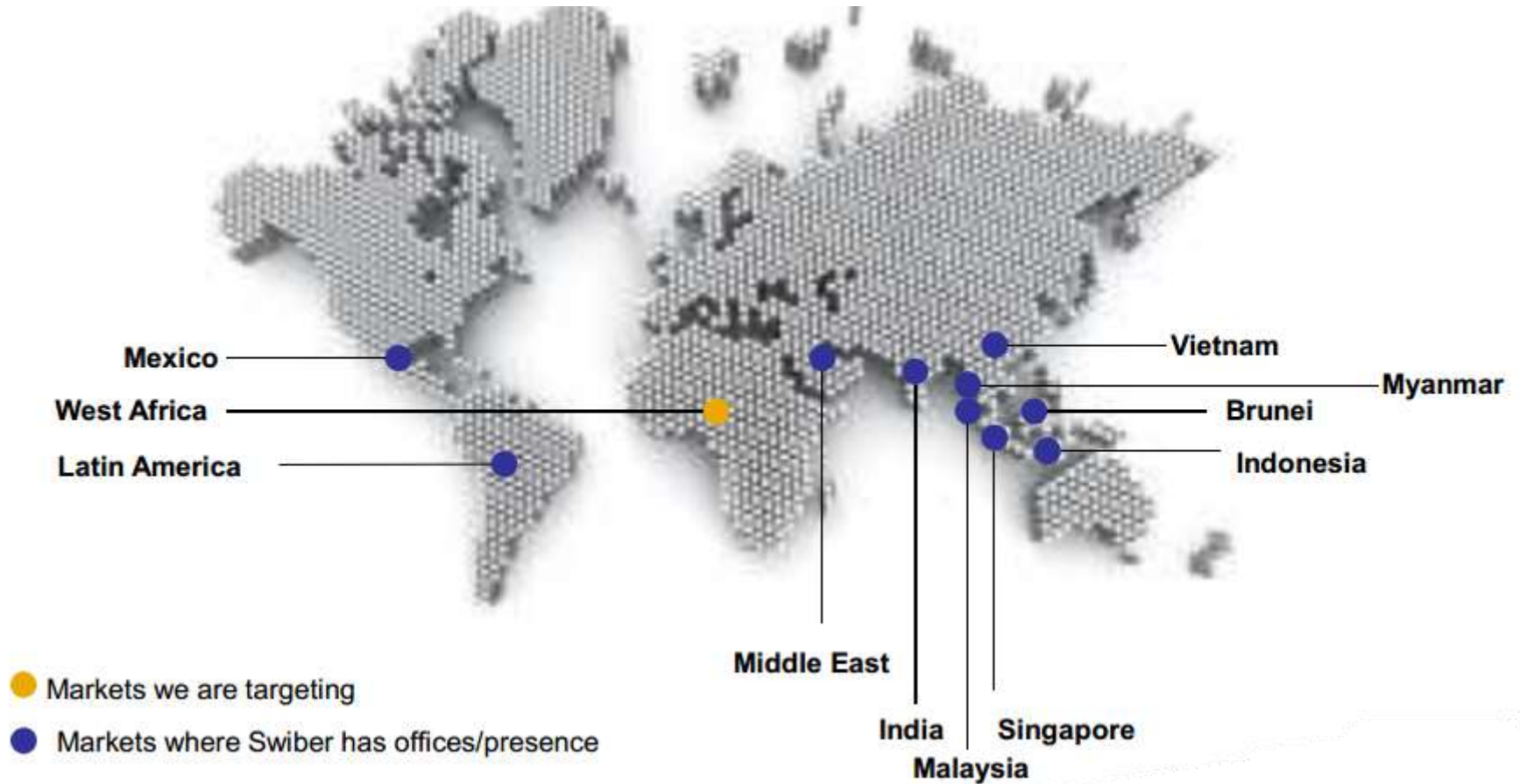


Track Record

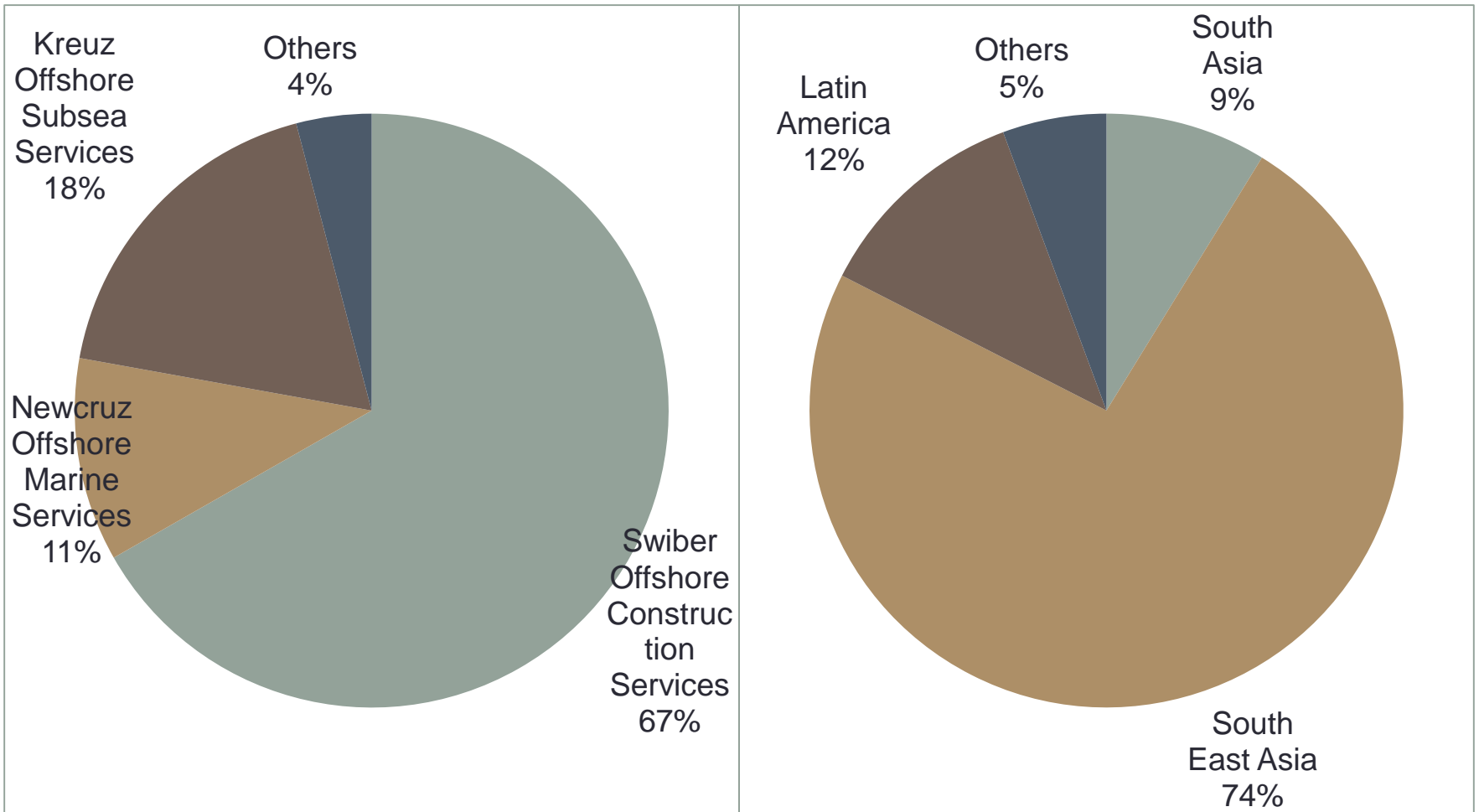
S/N	Client	Year	Location	Project Type
1	Brunei Shell	2007-Ongoing	Offshore Brunei	<ul style="list-style-type: none"> • Pipeline Restoration • Field Development
2	Brunei Shell	2010-2011	Brunei	<ul style="list-style-type: none"> • Transportation • Installation
3	Petronas Carigali	2007-2008	Offshore Malaysia	<ul style="list-style-type: none"> • Transportation • Installation
4	Petronas Carigali	2006-2007	Offshore Malaysia	<ul style="list-style-type: none"> • Transportation • Installation
5	Kodeco Energy Ltd	2007-2008	Offshore East Java	<ul style="list-style-type: none"> • Installation
6	Talisman Energy	2008	Malaysia	<ul style="list-style-type: none"> • Installation
7	CnocoPhillips Indonesia	2008-2009	Indonesia	<ul style="list-style-type: none"> • Installation

*Including other projects in India, China, Vietnam, Myanmar & Gulf of Mexico

Geographical Presence



Revenue Contribution



Industry Overview: E&P

- From Company Report:
 - The Brent crude oil price is projected to average \$105/bbl and \$101/bbl in 2014 and 2015, respectively
 - WTI crude oil prices expected to average \$93/bbl in 2014 and \$90/bbl during 2015
 - On a global basis, oil and gas companies are estimated to spend US\$723 billion on E&P work, an increase of 6.1% from 2013

	2013A	2014E	+/-	%
US Spending	143,989.3	156,163.6	12,174.4	8.5%
Canada Spending	41,738.2	43,068.8	1,330.6	3.2%
NAM Spending:	\$185,727	\$199,232	\$13,505	7.3%
Int'l Spending:	495,962.6	524,078.5	28,115.9	5.7%
Worldwide E&P Spending:	\$681,690	\$723,311	\$41,621	6.1%

Industry Overview: Southeast Asia

- From Company Report:
 - Most tender rigs are utilised in Southeast Asia, particularly Thailand and Malaysia, and are ageing with close to 50% of the global fleet being more than 30 years of age
 - About 1,680 shallow water platforms in Southeast Asia requires servicing

Industry Overview: Latin America

- From Company Report:
 - In Latin America, E&P spending is expected to increase 12.8% to US\$84.2 billion in 2014
 - Growth in Latin America partly driven by reacceleration of spending in Mexico by PEMEX, which is expected to be up 14% in 2014.
 - Mexico's Congress approved a bill to end a 75-year state oil monopoly, generating as much as \$20 billion in additional foreign investment a year
 - Pemex in the last two decades struggled with ageing fields, declining production and an inability to develop new fields through either lack of technology or lack of investments

Market Data

Last Done	0.66
52wk Range:	0.59-0.81
Volume	1,051,000
Avg Volume (3 mnths)	1,669,350
Market Cap	401,60M

Valuation – Discounted Cash-Flow Model

Risk-Free Rate:	2.0%
Market Risk Premium:	7.0%
Beta:	1.55
Cost of Equity:	12.8%
Long-Term Growth Rate:	5.0%
SGD/USD	1.2614

Forecasted Income Statement

Income Statement		Forecast				
	FY13	FY14	FY15	FY16	FY17	FY18
Currency	USD	USD	USD	USD	USD	USD
Units	Mil	Mil	Mil	Mil	Mil	Mil
Revenues						
Swiber Offshore	791.4	949.7	1,044.6	1,096.8	1,151.7	1,209.3
Newcruz Offshore	131.5	118.3	112.4	112.4	115.8	121.6
Kreuz Offshore	214.2	0.0	0.0	0.0	0.0	0.0
Others	48.5	43.7	41.5	41.5	43.6	45.8
Corporate	(126.7)	(222.3)	(239.7)	(250.1)	(262.2)	(275.3)
Revenues	1,058.9	889.3	958.8	1,000.6	1,048.8	1,101.3
Total Op. Expenses						
	(889.6)	(749.6)	(818.7)	(859.5)	(900.9)	(945.9)
Operating Profit	169.4	139.8	140.1	141.1	148.0	155.4
Finance Costs	(47.0)	(57.8)	(68.6)	(71.5)	(68.2)	(71.6)
Earnings before Taxes	122.4	82.0	71.6	69.6	79.8	83.8
Taxes and Other Expenses						
Provision for Income Tax	(31.5)	(20.5)	(14.3)	(13.9)	(16.0)	(16.8)
Minority Interest (After Tax)	(22.6)	(3.1)	(2.9)	(2.8)	(3.2)	(3.4)
Net Income (Loss)	68.3	58.4	54.4	52.9	60.6	63.7
Charges on Net Income						
Other Adjustments to Net Income	(6.2)	(4.7)	(4.4)	(4.2)	(4.9)	(5.1)
Net Income	62.1	53.7	50.0	48.6	55.8	58.6

Discounted FCFE

	Year Ending (US\$ mil)				
	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18
Net Income	53.72	50.03	48.64	55.78	58.57
Less: Net Capex	(119.29)	(89.64)	(77.19)	(33.76)	(36.71)
Less: Change in NWC	142.40	(44.53)	(22.11)	(26.11)	(39.26)
Add: Additional Debts	57.77	165.37	45.96	(51.83)	52.44
FCFE	134.60	81.24	(4.70)	(55.91)	35.04

Going Concern

Stage 1 NPV (US\$ mil)	164.49
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PV(Terminal Value (US\$ mil):	256.66
Equity Value (US\$ mil)	421.16

# of Shares (mil)	608.49
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Value Per Share (US\$)	0.69
Value Per Share (S\$)	0.87
Upside:	31.18%

Limited Lifetime (30 Years)

Stage 1 NPV (US\$ mil)	164.49
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PV(Terminal Value US\$ mil):	227.05
Equity Value (US\$ mil)	391.54

# of Shares (mil)	608.49
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Value Per Share (US\$)	0.64
Value Per Share (S\$)	0.81
Upside:	22.72%

Relative Valuation

Company Name	Day Close Price	Shares Outstanding	Market Capitalization	P/E Ratio	P/BV LTM
Ezra Holdings Ltd. (SGX:5DN)	1.06	974.5	1,032.9	15.5x	1.0x
Sembcorp Marine Ltd. (SGX:S51)	3.93	2,085.7	8,196.9	14.8x	3.1x
Keppel Corporation Limited (SGX:BN4)	10.52	1,819.1	19,136.7	10.4x	2.0x
Ezion Holdings Limited (SGX:5ME)	2.13	1,184.8	2,523.7	10.5x	2.6x
Yangzijiang Shipbuilding Holdings Ltd. (SGX:BS6)	1.07	3,831.8	4,080.9	6.3x	1.2x
Vard Holdings Limited (SGX:MS7)	0.99	1,180.0	1,168.2	15.9x	1.5x
Dyna-Mac Holdings Ltd. (SGX:NO4)	0.39	1,023.2	393.9	13.7x	2.1x
Boustead Singapore Limited (SGX:F9D)	1.85	515.0	952.8	12.9x	2.9x

Industry Average				12.5x	2.1x
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Swiber Holdings Ltd. (SGX:AK3)	0.66	611.4	403.5	5.4x	0.6x
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Implied Valuation (P/E Ratio)	S\$ 1.5
Implied Valuation (P/BV Ratio)	S\$ 2.3

Valuation Summary

Current Market Data:

Last Price	S\$ 0.66
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DCF Valuation

Going Concern:	S\$ 0.87	32% Upside
Limited Lifetime (30 Years)	S\$ 0.81	23% Upside

Relative Valuation

Implied Valuation (P/E)	S\$ 1.53	131% Upside
Implied Valuation (P/BV)	S\$ 2.26	242% Upside

Business Risks

- Government Regulations
- Fluctuating Oil Prices
- High Working Capital
 - Receivables Turnover: 1.07
 - Inventory Turnover: 4.55
 - Working Capital Turnover: 1.20
- Credit Risk
 - 5 customers own 50% of Swiber's receivables

Financial Risk

- Default Risk (Moderate)
 - Debt-to-Equity: 1.52x
- Solvency Risk (Moderate)
 - Interest Coverage: 3.60x
 - Current Ratio: 1.64
 - Debts Due This Year: US\$ 390 mil
 - Cash Balance: US\$ 162 mil