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### **KTL Global unit secures US\$5.15m winch job**

Deal with Britoil seen contributing positively to bottomline in FY2010

By VINCENT WEE

INTEGRATED rigging equipment specialist KTL Global's latest joint venture, KTL Logan, has secured its first batch of winch production contracts worth US\$5.15 million.

The two contracts with Britoil Offshore Services are to design, manufacture, test and certify two 300-tonne capacity winches. The deal is expected to positively impact KTL Global's bottomline in FY2010. KTL Logan is a joint venture with US-based oil and gas equipment suppliers and other third parties.

This is not a big project by offshore sector standards. Higher end projects can be worth \$10-20 million each, said Christopher Gridley, CEO of Logan Industries, one of the joint-venture partners. He believes that a turnover of \$100 million in the next five years is easily achievable.

'By 2011, KTL aims to be among the world's top three suppliers to the offshore oil and gas, and related industries for wire rope, rigging and heavy lift products and services,' said KTL CEO Wilson Tan.

The company aims to fill a market niche with quality winches at lower prices by using US-made key components but outsourcing some of the basic hardware to lower cost bases in Asia and completing the final assembly at its new Tuas plant. Mr Gridley estimates that the KTL Logan winches will be about 25 per cent cheaper than a similar US-made product.

Mr Tan added that KTL's main markets are in supplying rigging equipment to anchor handling, towing and supply (AHTS) vessels, for the offshore construction industry and to oil rigs. Many of the massive orders for AHTS vessels that were being built over the past two years are now just reaching completion and with KTL's products typically being fitted at this stage, the potential for more contracts is huge.

KTL also has a strategy of working with operators of large AHTS fleets so that they are able to provide a customised product that can be standardised across the whole fleet.

The Britoil deal, for example, took almost a year to work out, said Mr Gridley, but eventually could be worth \$60 million a year if all the contracts pan out.

KTL shares closed half a cent lower at 11.5 cents yesterday.