

# The last days of Swiber

## HOW THE COOKIE CRUMBLER

Downturn in oil prices led to fewer projects and intense competition in the industry. Banks started cutting their lending to the industry. It became difficult to collect payment from clients.



Two projects in India and one in Turkey with projected revenues of US\$466 million (S\$627 million) did not materialise in the second quarter. India's monsoon rains delayed existing projects while deals from South-east Asia slowed.



Swiber had been negotiating an investment from London-based private equity firm AMTC since February. AMTC agreed to pump US\$200 million into the company.



Not only had projects dried up but Swiber also had debts to pay off. Redemption of S\$130 million of bonds was due on June 6, and S\$75 million of bonds on July 6.



Banking on funds from AMTC, Swiber secured a bridging loan from DBS for US\$85 million on June 2 to redeem the S\$130 million bonds, and another one for US\$61 million on July 5 to redeem the S\$75 million bonds. But that left Swiber without any working capital as main receivables of its unit were assigned to DBS as collateral.



On July 11, Swiber announced a delay in the AMTC deal.



On July 20, Swiber's board decided that if the AMTC funds did not come in by July 26, it would file for liquidation.



As creditors put in claims for US\$25.9 million, Swiber's shares plunged 39 per cent from the start of July to an all-time low of 10.9 cents when trading halted on July 27. At its peak, it hit an all-time high of \$6.16 on Oct 31, 2007. As pressure mounted on all sides, Swiber filed for liquidation on July 27.



## CAST OF CHARACTERS

### Executive chairman

Raymond Kim Goh sought big contracts to grow the company.



### Vice-chairman

Francis Wong was one of the key negotiators trying to get funding from AMTC and DBS to save the company.



### Banker

Joyce Tee, DBS' group head of SME banking, oversaw financing to Swiber to help it tide over AMTC's funding delays.



### Troubleshooter

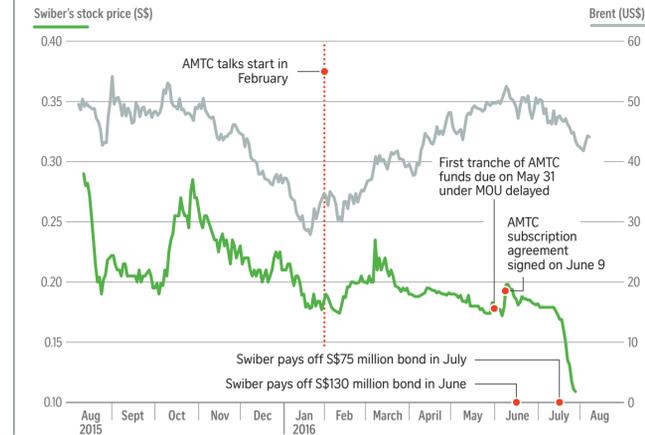
KPMG's head of advisory Bob Yap has been appointed judicial manager to help rehabilitate Swiber.



### Supposed investor

AMTC delayed its investment after repeated assurances to invest in Swiber.

## BRENT PRICES AND SWIBER STOCK PRICES



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