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Advanced reports S\$10 million in revenue for 1Q2019

- Healthy order book of \$\$68.5 million
- Cash balance remains strong at \$\$28.6 million

(in S\$'m)	1Q2019	1Q2018	Chg (%)
Revenue	10.0	12.2	(18.1)
Gross profit	2.6	4.2	(37.8)
Gross profit margin (%) ¹	26.4	34.7	(8.3) pts
Loss for the period	(2.9)	(0.5)	455.1
EPS (cents) ²	(2.61)	(0.44)	493.2

¹ Any discrepancies in the percentages are due to rounding

SINGAPORE – 9 May 2019 – Advanced Holdings Ltd. ("Advanced" or "Group"), a global supplier of proprietary process equipment, clean energy solutions and related technologies, today announced a revenue of S\$10.0 million for the three months ended 31 March 2019 ("1Q2019"). This represents an 18.1% decrease in revenue from the S\$12.2 million reported for the same quarter the previous year ("1Q2018").

The decrease in revenue is largely attributable to a slowdown in business activities experienced by the Group over the first three months of 2019.

In line with the revenue figures, gross profit also decreased year-on-year, from \$\$4.2 million in 1Q2018 to \$\$2.6 million for 1Q2019. Gross profit margin for 1Q2019 was 26.4%, as compared to 34.7% during the same period in 2018.

The slowdown in business activity has resulted in lower revenue across all of the Group's business segments. Petrochemicals and Chemicals generated S\$7.7 million in the first quarter of this year as compared to S\$9 million in 1Q2018. In a similar vein, revenue from

² EPS is based on the weighted average number of 101,268,367 ordinary shares (31 March 2018: 101,268,367)

Oil and Gas amounted to S\$1.7 million for 1Q2019 compared to the S\$2.2 million reported in 1Q2018.

In terms of regional revenue generation, China's contribution suffered this quarter as a result of the sluggish start to the year. Revenue from China for 1Q2019 came to \$\$3.5 million, representing a 23.6% decrease from 1Q2018's figure of \$\$4.6 million.

Revenue from Kazakhstan was also lower year-on-year — \$\$0.2 million for 1Q2019 versus \$\$2.2 million in 1Q2018 — however this was due to the completion of a large-scale project.

Meanwhile the US continued its growth, improving on 1Q2018's figure of S\$2 million to S\$2.3 million for 1Q2019 — an increase of 12.7%.

Europe experienced a significant growth in revenue generation year-on-year as revenue from the region increased from \$\$0.5 million in the first quarter of 2018 to \$\$1.3 million in 1Q2019.

Elsewhere, contribution from Singapore and the Middle East grew over 1Q2019 when compared to the same period in 2018, while revenue from Indonesia, Vietnam and Other Asian Countries was lower in comparison to the figures reported in 1Q2018.

1Q2019 ended with a net loss of S\$2.9 million compared to the S\$0.5 million loss experienced in 1Q2018.

The Group's financial position, as at 31 March 2019, is steady with cash holdings of S\$28.6 million.

As at 31 March 2019, the outstanding order book of the Group is approximately \$\$68.5 million.

Outlook

Despite the economic volatility and geo-political turmoil playing out in various parts of the world, high compliance amongst OPEC and non-OPEC countries over oil production restriction since the beginning of 2017 has helped to stabilise oil prices growth. Brent crude oil price has recovered from approximately US\$50 a barrel since the beginning of 2019, to US\$70 a barrel in the beginning of May 2019.

Analysts observed that upstream oil and gas capital expenditure remains slow as producers' current focus is to generate profitability rather than investing for new growth. This is consistent with the Group's revenue derived from the declining oil and gas sector. In the chemicals sector, several new capacity is expected to be commissioned now or in the near future which will provide the Group with fresh opportunities.

The International Energy Agency (IEA) predicted global energy demand to increase by 30% by 2040, with renewable energy sources as the main growth driver in developing economies such as Asia. The Group is cognisant of the changing landscape in the energy market, and is prepared to transform and reinvent itself to meet these mid-term and long-term challenges.

The Company had on 1 April 2019 entered into a supplemental agreement to the sales and purchase agreement ("SPA") on the proposed acquisition of 12.25% of the shares in Agricore Global Pte Ltd together with its subsidiaries ("Supplemental Agreement") to amend the payment schedule of the consideration. Following the fulfilment of the conditions precedents in the SPA, the proposed acquisition has completed successfully on the same date.

Please refer to SGXnet announcement dated 1 April 2019 for more details on the completion of the proposed acquisition.

Appendix A: Revenue breakdown by segment from continuing operations

Revenue by Industry (S\$'m) 1Q2019 1Q2018 % Chg ¹
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Petrochemicals & Chemicals	7.7	9.0	(15.4)
Oil & Gas	1.7	2.2	(22.5)
Iron & Steel	0.0	0.2	(99.4)
Others	0.7	0.8	(21.5)
Revenue by Geography (S\$'m)	1Q2019	1Q2018	% Chg ¹
China	3.5	4.6	(23.6)
USA	2.3	2.0	12.7
Europe	1.3	0.5	167.3
Singapore	0.9	0.7	34.1
Other Asian Countries	0.7	0.7	(6.7)
Middle East	0.6	0.5	20.6
Malaysia	0.3	0.3	6.6
Kazakhstan	0.2	2.2	(90.3)
Others	0.1	0.1	40.4
Indonesia	0.1	0.1	(39.4)
Vietnam	0.0	0.5	(94.0)

About Advanced Holdings Ltd.

Founded in 1993, SGX Mainboard-listed Advanced is a specialist company primarily focused on the design and supply of **Process Equipment and Technologies** to the **Oil & Gas** and **Petrochemicals & Chemicals** industries; the design and supply of **Clean Energy** and the provision of **Environmental Technologies**. Advanced is an established global company with rapidly growing presence across countries spanning Asia, Europe, the Middle East and the USA.

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