



HIAP SENG ENGINEERING LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 197100300Z)

NEWS RELEASE

HIAP SENG ANNOUNCES RESULTS FOR Q4FY2019 AND FY2019

Singapore, June 28, 2019 – Hiap Seng Engineering Ltd (“Hiap Seng” or the “Group”), a specialist integrated engineering group for the oil-and-gas, petrochemical and pharmaceutical industries, today posted a revenue of S\$148.8 million and a net loss attributable to shareholders of S\$28.7 million for the financial year ended March 31, 2019 (“FY2019”).

The Group’s overall revenue for FY2019 increased 25.1% to S\$148.8 million from S\$118.9 million in the previous corresponding period (“FY2018”), mainly due to the higher recognition of project revenue from the plant construction & maintenance segment. The increase in revenue was partially offset by a 37.7% increase in the cost of sales to S\$161.0 million from S\$116.9million in FY2018, attributed to cost overrun due to delay in project work commencement. As a result, net loss attributable to shareholders for FY2019 increased to S\$28.7 million from S\$19.2 million in the preceding corresponding period.

For 4QFY2019, the Group’s revenue slipped to S\$24.1 million from S\$31.9 million in the three months ended March 31, 2018 (“4QFY2018”). This was partially offset by a 21.4% reduction in the cost of sales to S\$25.7 million from S\$32.7 million. Due to decrease of S\$3.9 million in impairment of goodwill from S\$4.4 million for its Thailand operations recorded in 4QFY2018 to S\$0.5 million from its scaffold operations recorded in 4QFY2019, net loss attributable to shareholders contracted to S\$7.5 million from S\$10.2 million in 4QFY2018.

As at 28 June 2019, the Group's outstanding order book stands at S\$126.0 million.

Mr. Frankie Tan, Executive Chairman of Hiap Seng, said, "This financial year proved once again to be another tough year for the Group, marked by the challenging operating environment and delay in project work commencement. Despite this, we saw our efforts to expand our revenue streams pay off as sales for the financial year lifted 25.1%. Earlier this year in April, Hiap Seng had also secured a contract from PETRONAS, Malaysia's national oil company, in joint venture with Malaysia Marine and Heavy Engineering Sdn Bhd. We will continue to seek out such opportunities with reputable clients to strengthen our order book."

Outlook

While the general outlook for the process sector of the oil-and-gas industry seems to be improving and the Directors of the Company will maintain vigilance in seeking suitable new projects.

Mr. Frankie Tan added, "As we take on a renewed focus in expanding our engineering capabilities, improving productivity and pursuing tighter cost control, we will continue to actively explore potential business opportunities, both regionally and locally, so as to widen our presence in these markets."

Corporate Profile

Established in 1971 and a Mainboard-listed company, Hiap Seng is a specialist integrated engineering group for the oil-and-gas, petrochemical and pharmaceutical industries and is one of Singapore's leading engineering groups serving the oil-and-gas, petrochemical and pharmaceutical industries.

The Group provides engineering services covering engineering, procurement & construction (EPC) projects and plant maintenance services for the oil-and-gas, petrochemical, and pharmaceutical industries in Singapore and beyond.

The Group operates six well-equipped fabrication yards in Singapore, Thailand and UAE with a total land area of about 2.2 million sq ft and a workforce of about 1,200 well-trained and skilled employees.

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