

ENECO ENERGY LIMITED
(the “Company”)
(Co. Reg. No. 200301668R)
(Incorporated in the Republic of Singapore)

UPDATE ON THE IMPACT OF COVID-19 ON OPERATIONS OF COMPANY

The Board of Directors (“Board”) of Eneco Energy Limited (“Company”) wishes to provide an update on the Groups business as a result of COVID-19.

Our Logistics business in Singapore has been classified as an Essential Service and as such we have continued to operate at all levels within our Singapore business. At the same time, our Indonesian logistics arm has also continued with full scope of operations. All facilities within which we operate and manage, in both countries, are fully functional and to date we have had no closures.

Our Group has implemented work from home and rolling staff rosters for over 3 months and despite some to be expected inconvenience, we are pleased to say that our staff continue to function as necessary and our clients have been most accommodating, as they too are faced with the same environment.

We wish to also state that our business has been compliant with the COVID-19 guidelines implemented and have had no penalties imposed on us in any market.

The Logistics business in the first 3-4 months has seen some softness as one would expect within some of its customer volumes. This is predominately within the Air Cargo Services sector and a few of our local distribution contracts in Singapore. As customers seek to reduce their cost it is inevitable that their supply chain costs come under some scrutiny, as such they may remodel which may cause further softness in volumes handled.

To date, we are cautiously comfortable with the scale of the impact on our Logistics business, with revenues currently being within a +/- 10% range of our 2020 targets and our 2019 results for the same period. The Group has been working diligently to avail itself of any cost savings possible and has implemented several additional initiatives to preserve cash including wage freezes for more than 400 employees in 2020 and a headcount freeze until the future is more certain.

We have acted responsibly with our employees and have not removed any staff from our employ due to COVID-19. We have been a beneficiary of the Government Job Support Scheme which has been favourable to our Singapore business to date. We are confident that we have adequate cash and cash flow to meet our obligations and have been aggressively finalising the completion of our debt restructure with our major lender which was announced to the market on 12 May 2020.

The Groups Oil and Gas business continues to reflect further softening of production volumes and revenues, which is a continuing trend and is not because of COVID-19. Our cost base has been reduced significantly for the second half of 2020 as we continue to restructure this sector.

Eneco Energy Limited

- SGX Announcement

In summary, our Logistics business remains relatively resilient compared to many industry groups that have been severely impacted. We naturally do not know what the rest of the year holds in store for us but we remain focussed on all key drivers of the business to ensure we are able to respond accordingly. We are prepared to act swiftly should things worsen and we are positioned to rebound should the landscape improve. We remain committed to exploring new business growth especially in this environment and are focussed on our new Business Development pipeline.

For and on behalf of the Board

Colin Peter Moran
Executive Director cum Chief Executive Officer

20 May 2020