

Shanghai Turbo reports strong net profit in 3Q2016 on higher export and domestic sales

Y/E 31 Dec (RMB million)	3Q2016	3Q2015	Change %	9M2016	9M2015	Change %
Revenue	47.5	32.9	44	100.9	92.9	9
Cost of sales	(34.4)	(22.1)	56	(76.5)	(58.1)	32
Gross Profit	13.1	10.8	21	24.5	34.7	(30)
Other income	0.3	0.1	140	1.6	0.4	303
Selling and distribution expenses	(0.5)	(0.7)	(23)	(2.0)	(1.7)	14
Administrative expenses	(4.8)	(5.8)	(18)	(14.3)	(17.2)	(17)
Profit before income tax	8.1	4.2	94	9.8	16.1	(39)
Income tax	(2.7)	(0.5)	481	(3.0)	(2.8)	8
Net profit after tax	5.4	3.7	46	6.8	13.3	(49)
EPS** (RMB cents)	29.45	15.14		35.83	58.63	
NAV per share* (RMB)				12.14	11.89	

+ Based on net profit before tax

* Based on average weighted number of 27,468,476 ordinary shares for the period ended 30 September 2016 (30 September 2015: 27,468,476 shares)

7 November 2016 - SGX Mainboard-listed **Shanghai Turbo Enterprises Ltd.** (“Shanghai Turbo”, and together with its subsidiaries, the “Group”) 上海动力发展有限公司, a leading manufacturer of precision vane products for steam turbine power generators in China, has reported a 44% increase in revenue for the three months ended 30 September 2016 (“3Q2016”), reflecting increased orders from both local and overseas customers. Overseas orders increased from RMB 2.2 million one year ago (3Q2015) to RMB 10.3 million in 3Q2016, and local orders increased by RMB 6.5 million.

Gross profit margin declined from 33% in 3Q2015 to 28% in 3Q2016 due to higher labour and manufacturing overhead costs, reflecting the increasing complexity of the work carried out. The Group reported a net profit of RMB 5.4 million in 3Q2016, compared to RMB 3.7 million in 3Q2015.

“Our focus this year was on upgrading and replacing our machinery; this is the key factor if we are to sustain and grow the business, particularly for overseas markets such as Japan, which has more stringent technical requirements that can only be fulfilled by newer, more advanced machines. I am glad that our technical capabilities have been recognised by our valued customers, in particular Mitsubishi Heavy Industries, which accounted for a large portion of the new overseas orders.”

- **Mr Liu Ming**
Chief Executive Officer and Executive Director

Cash Flows and Financial Position

The Group had a net increase in cash and cash equivalents of about RMB 15.2 million in 3Q2016, with RMB 8.6 million net cash generated from operating activities mainly due to operating profit and a decrease in inventories. As at 30 September 2016, the Group had RMB 54.3 million in cash and cash equivalents.

Trade receivables again decreased slightly from RMB 168.3 million at the end of FY2015 to RMB 157.4 million at 30 September 2016 (30 June 2016: RMB 162.6 million).

Challenging Marketplace

The Group continues to grapple with the effects of industry consolidation and the shifting of orders from two major local customers to only one. Gross profit margins will remain under some pressure due to higher labour costs and manufacturing overhead costs, compounded by the need to maintain competitive pricing. However, the Group will push forward with its business development efforts to obtain more orders from overseas and local customers.

“Challenges still remain, but I am heartened that we have seen the fruits of our labour in this quarter. We hope to sustain the momentum in ramping up order intake and production.”

- **Mr Liu Ming**
Chief Executive Officer and Executive Director

About Shanghai Turbo Enterprises Limited (Bloomberg: SHTE SP; Reuters: SHTU.SI)

Shanghai Turbo is a precision engineering group that specialises in the production of precision vane products, namely stationary vanes, moving vanes and nozzles. These vanes are the key components of steam turbine generators used for power generation in power plants, power stations and/or substations. They are also essential components mounted onto steam turbine generators to maximise the efficiency of steam flow in the generation of electricity.

Founded in 1997, Shanghai Turbo is based in Changzhou City, Jiangsu, China. Its manufacturing facilities are equipped with the latest advanced precision engineering machinery from Japan, Switzerland, Germany, Italy and Korea. Shanghai Turbo is capable of providing a complete set of vane products for steam turbine power generators each with a generating capacity of up to 600 MW of electricity. For single products, Shanghai Turbo is capable of producing for steam turbine generators with generating capacity of up to 1,000 MW of electricity.

Shanghai Turbo was listed on the Singapore Exchange on 16 January 2006. For more information, please visit <http://www.shanghaiturbo.com>.

Invitation to Shareholders

Shanghai Turbo invites any shareholders travelling around Shanghai or Changzhou to visit our factory premises in Changzhou, Jiangsu Province, China. Please visit our website for the contact information and more details.

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