



SEE HUP SENG LIMITED

1Q FY2014 Post-results Briefing

21 May 2014



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This presentation is to be read in conjunction with the Group's announcement posted on the SGX website on 14 May 2014.



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Agenda

- ❑ Corporate Overview
- ❑ Financial Performance
- ❑ Business Outlook
- ❑ Questions & Answers



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Corporate Overview





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Business Overview

- See Hup Seng acquired Hetat Holdings Pte Ltd (“Hetat”) in January 2014 to strengthen its growth base.

Three Core Business Pillars of Growth



- The Group has also made strategic investments to generate value
 - a 51% stake in the Integrated Chemical Hub in Singapore to increase the value-added services of the RP business segment
 - a 30% stake in an executive condominium development project in Singapore due to complete in 2016
 - a minority stake in an offshore drilling company that will own and operate tender rigs



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Corrosion Prevention

- ❑ See Hup Seng is a leading corrosion prevention service provider to the marine, oil & gas, construction and infrastructure industries.
 - Strong niche in specialised tank coating services and large-scale plant operations in Singapore
 - Resident contractor to premier shipyards in Singapore attributed to strong capability in corrosion prevention services

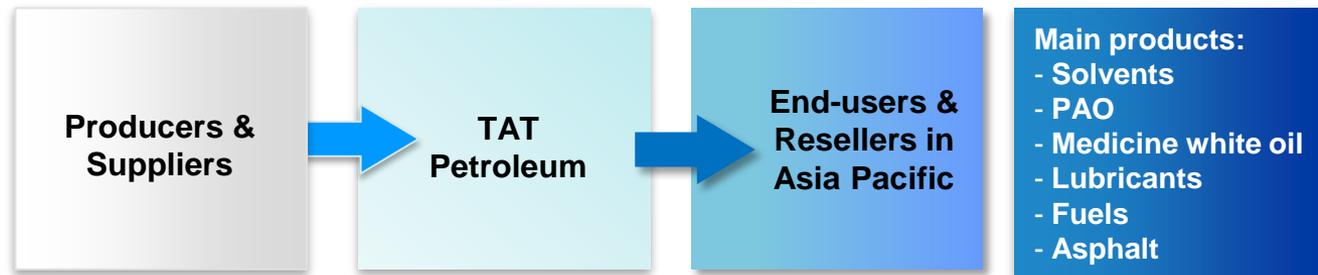




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Refined Petroleum

- The RP business offers comprehensive supply chain management of petroleum-derived products



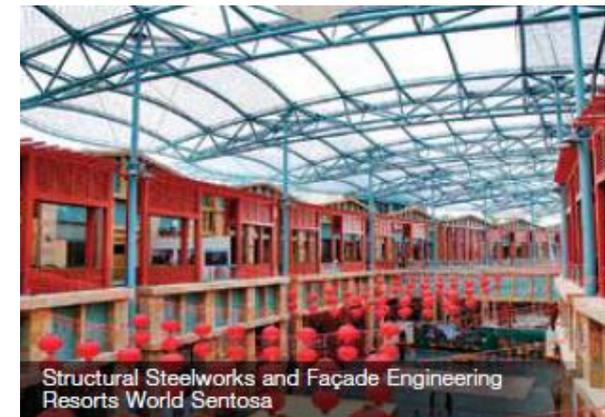
- TAT Petroleum has been a strategic and value-added distributor with track record of over 20 years
- Broad portfolio of petroleum-derived products with wide applications
- Bulk storage facilities in Singapore, South Korea and Vietnam
- Headquartered in Singapore, it has established direct presence in Hong Kong, China, South Korea, Vietnam and Indonesia to serve customers from diverse sectors across Asia Pacific
- A new business unit, *Blending & Trading*, was initiated in November 2013 to complement its existing portfolio of products



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Structural Steel & Facade

- The Group acquired Hetat for S\$42.4 million in January 2014 to expand its earnings base
 - Hetat has a strong track record in the design, engineering and construction of steel, aluminium and glass structures
 - It has a fully-equipped steel fabrication plant of approximately 195,000sqf in Singapore
 - It is involved in landmark commercial and infrastructure projects in Singapore and currently, undertaking projects in Singapore, Malaysia and Mongolia
 - Hetat has been profitable since inception in 2003 and has been enjoying incremental profits since 2009





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Financial Performance





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Overview of Financial Performance

	1Q FY14 ⁽¹⁾ S\$'000	1Q FY13 S\$'000	Change Y-o-Y
Revenue	85,281	69,238	↑ 23.2%
Gross Profit	15,720	10,745	↑ 46.3%
Profit from operations	5,019	2,895	↑ 73.4%
Profit before taxation	4,650	2,685	↑ 73.2%
Profit after taxation	3,836	2,091	↑ 83.5%
Net Profit attributable to shareholders	3,868	2,095	↑ 84.6%
Earnings per share (Basic & Diluted) ⁽²⁾	0.64 cents	0.50 cents	↑ 28.0%

Notes:

(1) Earnings from the recently acquired Hetat Holdings was included in the Group's consolidated 1Q FY14 results.

(2) Based on number of shares in issue, excluding treasury shares of 608,461,178 for 1Q FY14 and 421,442,125 for 1Q FY13.



Revenue



□ The Group registered an increase of 23% yoy in revenue to S\$85.3m in 1Q FY14 with higher contribution from RP segment and maiden contribution from SSF segment

- revenue for CP segment was slightly lower by 4% yoy to S\$8.4m due to lesser *Site Blasting* and *Tank Coating* projects at the shipyards and lower sales volume by *Trading*, but was partially offset by higher revenue by *Plant Operations*
- revenue for RP segment rose 14% yoy to S\$67.1m as a result of slightly higher sales volume and average selling prices recorded by the *Distribution* business and higher contribution from new *Blending & Trading* business initiated in November 2013
- SSF segment contributed S\$9.5m in 1Q FY14 with most of the projects in the order book expecting to commence from 2Q FY14



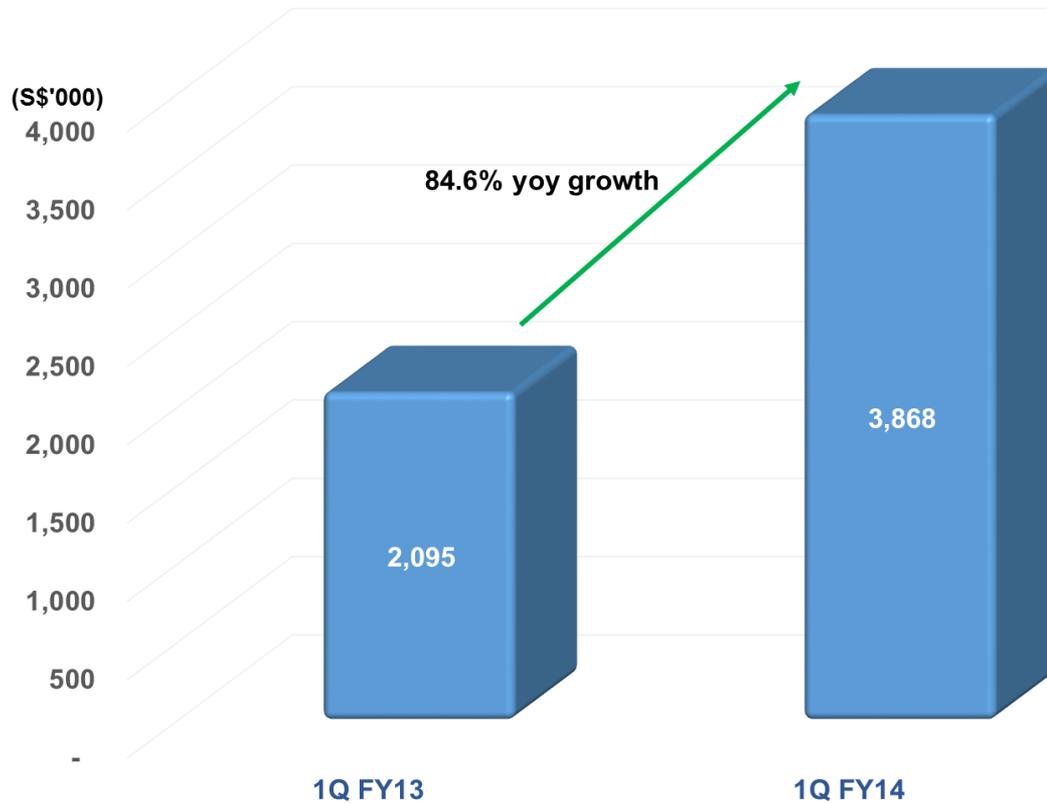
Gross Profit & Gross Margin



- The Group's gross profit inclusive of SSF segment, rose 46% yoy to S\$15.7m
 - gross profit for CP segment increased by 14% yoy to S\$3.3m against lower revenue, attributed to higher gross margin from *Plant Operations*
 - gross profit for RP segment increased by 16% yoy to S\$9.0m, due to higher contribution from new *Blending & Trading* and higher average selling prices of products under *Distribution*
 - SSF segment made its inaugural contribution of S\$3.4m to the Group with a variation of orders and higher value projects from construction & engineering industry



Net Profit attributable to Shareholders



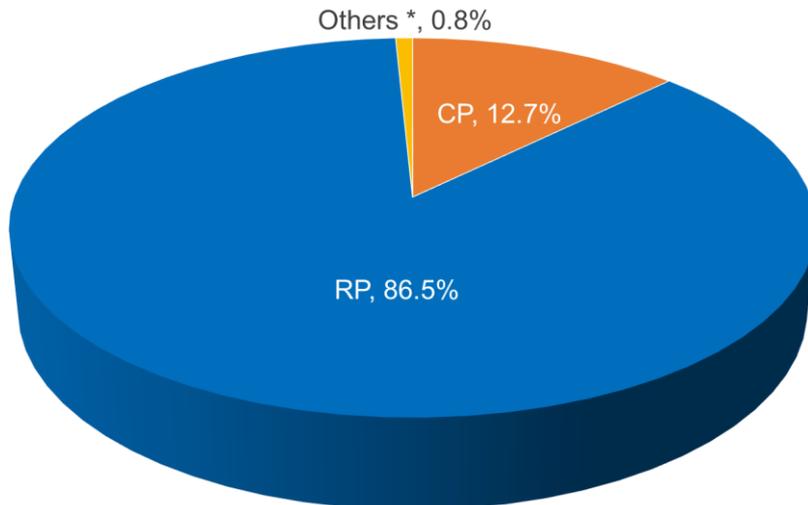
- The Group's net profit was bolstered by 85% yoy to S\$3.9m with higher contributions from its two existing core business pillars and SSF's maiden contribution
- The Group would have reported higher net profit of S\$4.6m, an increase of 119% from 1Q FY13, if the amortization and the additional depreciation of S\$0.8m (net of tax) at Group level in relation to the fair value of Hetat's order book and revaluation of land and building at acquisition were excluded.



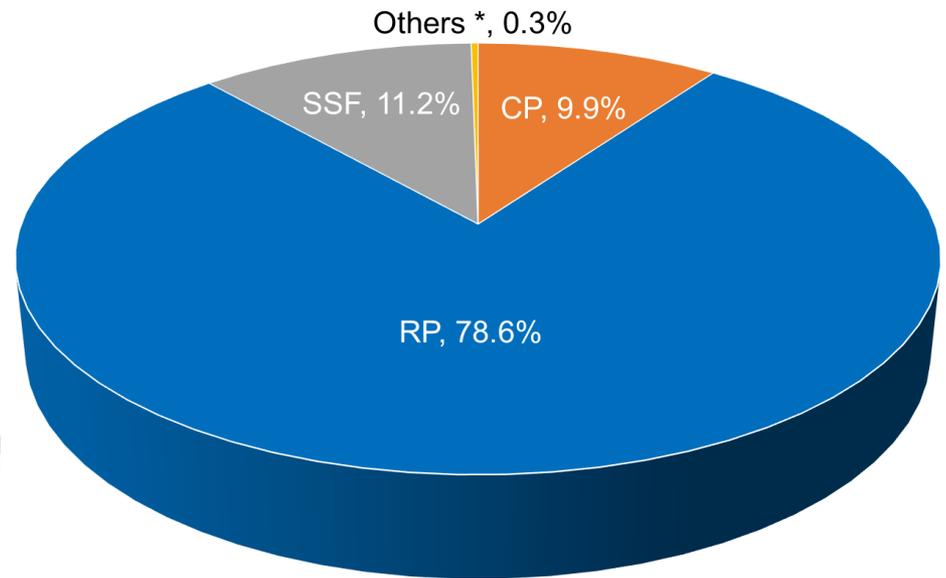
Revenue Composition

- Acquisition of Hetat created the Group's 3rd core business pillar and towards rebalancing its revenue composition from 1Q FY14.

1Q FY13
Revenue: S\$69.3m



1Q FY14
Revenue: S\$85.3m





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Key Financial Indicators

<i>Financial year end 31 December</i>	1Q FY2014	FY2013	1Q FY2013
Gross margin	18.4%	15.4%	15.5%
Net margin	4.5%	2.8%	3.0%
Return on equity (ROE) ^(b)	13.1% ^(e)	9.0%	9.7% ^(e)
Return on assets (ROA) ^(c)	6.7% ^(e)	4.1%	4.5% ^(e)
Net gearing ratio ^(d)	0.09x	0.30x	0.45x
Earnings per share – Basic & Diluted (S cents)	0.64	1.90	0.50
Net asset value per share (S cents)	23.70	21.79	20.82

Notes:

- (a) Net profit attributable to equity holders (“NPATEH”) of the Company expressed as a percentage of the revenue
- (b) NPATEH of the Company expressed as a percentage of average total shareholders’ funds
- (c) NPATEH of the Company expressed as a percentage of the average total assets
- (d) Total borrowings less cash and cash equivalent expressed as a percentage of the shareholders’ funds
- (e) Annualized figure



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Business Outlook





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Group Prospects

- The Group remains focused on executing expansion strategies for its three core business pillars amid the potential recovery in the macro environment.
 - Cross selling of products and services to the existing customers of the three core business segments to further expand customer base, capture growth opportunities and to grow earnings in all its business segments.
 - Barring unforeseen circumstances, the Group expects FY2014 to be another profitable year.

- Specifically, the Group seeks to
 - continue to improve CP's business processes as well as maintain efficient and cost-effective operations to stay ahead with competition while broadening its revenue base by seeking new customers in diverse industries
 - expand SSF business beyond the construction industry – to serve the offshore and marine sector by providing labour and equipment to fabricate and install modules for oil rigs, and pursue geographical expansion to increase overseas contribution.
 - SSF segment will strive to meet its profit warranty of S\$6.3m (before amortization and additional depreciation of approximately S\$2.0m at Group level resulting from the fair value of Hetat's order book, and land and building as required by FRS103) in FY2014.
 - continue with organic growth initiatives for its *Distribution* and *Blending & Trading* businesses for RP segment by expanding market reach, product range and customer base, as well as moving up the supply chain through the provision of value-added services



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Q&A





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Thank You