



HIAP SENG ENGINEERING LTD

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

NEWS RELEASE

HIAP SENG'S RESULTS ANNOUNCEMENT FOR 4QFY2018 AND FY2018

Singapore, May 30, 2018 – Hiap Seng Engineering Ltd (“Hiap Seng” or the “Group”), a specialist integrated engineering group for the oil-and-gas, petrochemical and pharmaceutical industries, today reported a revenue of S\$109.4 million and a net loss attributable to shareholders of S\$18.9 million for the financial year ended March 31, 2018 (“FY2018”).

The 30.7% decline in the Group’s overall revenue was mainly due to lower contribution from both its plant construction & maintenance segment as well as the compression & process equipment fabrication segment. This, coupled with the higher than expected operating costs, led to the Group’s gross profit of S\$3.0 million against S\$19.2 million in FY2017, and at the same time, contributed to the Group’s losses in FY2018, as compared to net profit attributable to shareholders of S\$2.5 million in the previous corresponding year.

For 4QFY2018, the Group’s revenue slid from S\$35.0 million to S\$22.3 million. Higher operating costs as well as an increase in other loss due largely to an impairment of goodwill of S\$4.4 million for the Group’s operations in Thailand, resulted in the Group’s net loss attributable to shareholders of S\$9.9 million.

The Group has an outstanding order book of S\$122.0 million as at May 30, 2018.

Mr. Frankie Tan, Executive Chairman of Hiap Seng said, “Our financial performance continued to be undermined by the difficult operating environment in the sector. However, the Group stayed proactive in expanding its revenue streams and at the same time reducing its costs. Besides securing contracts from reputable clients to strengthen our order book, we also took steps to build our presence in the Middle East during the year, which contributed a maiden revenue of S\$3.5 million to our overall revenue.”

Outlook

As the environment for the oil-and-gas industry is expected to remain challenging, the Directors of the Company are seeking suitable opportunities in new markets to mitigate any slowdown in the oil-and gas sector of the traditional markets.

Mr. Frankie Tan added, “Moving forward, while we continue to tap on our proven track record and capabilities to seek potential business opportunities and expand our presence in targeted markets, we will also further tighten our costs and improve productivity.”

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 five well-equipped fabrication yards in Singapore and Thailand 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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