OILTEK INTERNATIONAL LIMITED
(Company Registration Number: 202109778W)
(Incorporated in the Republic of Singapore)

BUSINESS UPDATE FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2024 AND NINE MONTHS ENDED 30 SEPTEMBER 2024

The Board of Directors ("**Board**" or "**Directors**") of Oiltek International Limited (the **"Company"**, and together with its subsidiaries, the **"Group"**) wishes to update shareholders in this voluntary business update on the Group's unaudited financial performance for the three months ended 30 September 2024 ("**3Q2024**") and nine months ended 30 September 2024 ("**9M2024**") as compared to the three months ended 30 September 2023 ("**3Q2023**") and nine months ended 30 September 2023 ("**9M2023**").

Key Financial Performance Highlights

Group (Unaudited)	**3Q2024 RM'000**	3Q2023 RM'000	Change %	**9M2024 RM'000**	9M2023 RM'000	Change %
Revenue	**67,599**	59,032	14.5	**168,053**	135,759	23.8
Gross profit	**19,911**	11,364	75.2	**39,424**	25,016	57.6
Profit before income tax	**11,997**	6,547	83.2	**26,072**	16,020	62.7
Profit after income tax	**8,982**	4,904	83.2	**19,260**	11,754	63.9

Review of Financial Performance

3Q2024 compared to 3Q2023

The Group's revenue increased by approximately RM8.57 million or 14.5% from approximately RM59.03 million in 3Q2023 to approximately RM67.60 million in 3Q2024 due to an increase in the Edible & Non-Edible Oil Refinery segment and the Product Sales and Trading segment revenues. This was partially offset by a decrease in the Renewable Energy segment revenue.

The Group's gross profit increased by approximately RM8.55 million or 75.2% from approximately RM11.36 million in 3Q2023 to approximately RM19.91 million in 3Q2024. Gross profit margin increased by 10.2 percentage points from 19.3% in 3Q2023 to 29.5% in 3Q2024 mainly due to higher gross profit margin from the Edible & Non-Edible Oil Refinery segment.

Overall, the Group's profit after income tax increased by approximately RM4.08 million or 83.2% from approximately RM4.90 million in 3Q2023 to approximately RM8.98 million in 3Q2024.

9M2024 compared to 9M2023

The Group's revenue increased by approximately RM32.29 million or 23.8% from approximately RM135.76 million in 9M2023 to approximately RM168.05 million in 9M2024 due to an increase in the Edible & Non-Edible Oil Refinery segment and the Product Sales and Trading segment revenues. This was partially offset by a decrease in the Renewable Energy segment revenue.

The Group's gross profit increased by approximately RM14.41 million or 57.6% from approximately RM25.02 million in 9M2023 to approximately RM39.42 million in 9M2024. Gross profit margin increased by 5.1 percentage points from 18.4% in 9M2023 to 23.5% in 9M2024 mainly due to higher gross profit margin from the Edible & Non-Edible Oil Refinery segment.

Overall, the Group's profit after income tax increased by approximately RM7.51 million or 63.9% from approximately RM11.75 million in 9M2023 to approximately RM19.26 million in 9M2024.

Market Outlook

The Group continues to remain confident about the long-term outlook of the Edible & Non-Edible Oil Refinery segment with the global consumption of oils and fats growing in tandem with population growth. The global fats and oils market size was valued at USD256.99 billion in 2023 and it is projected to surpass USD402.94 billion by 2033, recording a compounded annual growth rate of 4.6% from 2024 to 2033[1].

With population growth and the growing demand for food, there is a corresponding demand for edible and non-edible oils and fats, specifically, vegetable oils. This trend potentially benefits the Group as it provides solutions that cater to all types of vegetable oils, including palm oil, soybean oil and rapeseed oil, which are some of the major agricultural commodities in the world. The Group will continue to leverage its capabilities, integrated technology know-how, and proven track record to secure more projects and projects of a larger scale in existing and new markets, and to expand geographically to other markets with emerging prospects.

The acceleration of focus on global environmental sustainability also continues to benefit the Group's Renewable Energy segment. The world's biggest palm oil producing country, Indonesia, has raised its mandatory blending of biodiesel from 30% to 35% (**B30** to **B35**) in the country. Indonesia's biodiesel production rose to 11.6 MMt in 2023 from 10.3 MMt in the previous year, according to the Indonesia Biofuel Producer Association

1 https://www.precedenceresearch.com/fats-and-oils-market

(“**APROBI**”)[2]. Indonesia’s Ministry of Energy and Mineral Resources (“**MEMR**”) has also stated that they are targeting to implement the mandatory blending of biodiesel to 40% (**B40**) in 2025[3], which is expected to further elevate the demand of biodiesel required and the need of additional production capacity from the market. Indonesia’s new President Prabowo Subianto has also previously expressed his hopes to implement mandatory blending of biodiesel to 50% (**B50**) by early 2025, which would cut fuel imports by US$20 billion per year[4].

Malaysia, as the world’s second largest palm oil producing country, is also similarly committed to the phased implementation of its biodiesel programme, which currently has a 20% blending ratio for the transportation sector (**B20**). Malaysia's biodiesel production could rise to 1.8 MMt in 2024 if the government expands B20 programme to more areas in the country, according to the Malaysian Biodiesel Association (“**MBA**”)[5]. The Malaysian government has also launched the second phase of its National Energy Transition Roadmap (**NETR**), which targets the implementation of a 30% biodiesel blending mandate (**B30**) by 2030.[6]

With the aviation industry’s commitment to achieve net zero carbon dioxide emissions by 2050, the market is moving towards sustainable aviation fuel (“**SAF**”), which is estimated to contribute to 65% of the reduction in emissions needed to hit the 2050 target[7]. It is projected that the aviation sector’s combined planned use of SAF will increase to over 700 thousand barrels per day by 2035, which is 8% of the total jet fuel pool by then. By 2050, world SAF use will reach nearly 2 million barrels per day, accounting for 19% of the global jet fuel pool[8]. The Group is well positioned for this trend as it has processes capable of treating and cleansing palm oil mill effluent (“**POME**”), as well as any other vegetable oil-based raw materials in compliance with the International Sustainability & Carbon Certification (“**ISCC**”) for use as feedstock in the production and manufacture of hydrogenated vegetable oil (“**HVO**”) or renewable diesel, which can be upgraded to SAF.

With the backdrop of global climate change as a result of global warming, and the growing emphasis on environmental, social and governance (“**ESG**”) considerations, the Group remains optimistic of the long term growth prospects in the renewable energy sector. As part of its focus on this sector, the Group will continue to develop new and innovative processes to provide more support and solutions to the sustainability efforts of its existing customers and markets.

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[2] https://www.hydrocarbonprocessing.com/news/2024/02/indonesia-sees-2024-biodiesel-consumption-rising-to-11-mmt/
[3] https://gapki.id/en/news/2024/06/27/memr-b40-ready-for-implementation-next-year/
[4] https://www.businesstimes.com.sg/international/asean/indonesias-incoming-leader-hopes-implement-50-palm-based-biodiesel-2025
[5] https://www.reuters.com/business/energy/malaysian-2024-biofuel-output-seen-rising-if-b20-biodiesel-usage-expanded-2024-03-05/
[6] https://biofuels-news.com/news/b30-biodiesel-mandate-pencilled-in-for-2030-in-malaysia/
[7] https://www.iata.org/en/programs/sustainability/sustainable-aviation-fuels/
[8] https://www.fgenergy.com/energy-transition/the-outlook-for-sustainable-aviation-fuel-saf/

Barring any unforeseen circumstances and notwithstanding the uncertainties and volatility of the global economy affected by current geopolitical tensions, the Group expects its businesses to be driven primarily by the corresponding growth in the industries that it serves, with the overall outlook expected to remain positive.

As at the date of this announcement, the Group's order book based on unfulfilled orders from signed contracts, confirmed variation orders and letters of awards obtained amounted to approximately RM400.9 million and are expected to be fulfilled over the next 18 to 24 months barring any unforeseen circumstances.

BY ORDER OF THE BOARD

Mr. Yong Khai Weng
Executive Director and Chief Executive Officer

19 November 2024

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the ***"Sponsor"****). This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Ms Audrey Mok (Telephone: +65 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.