Registration No: 199105392H

FOR IMMEDIATE RELEASE

Tat Hong Posts Pre-tax Profit of S$2.9 million for 3QFY2017

(S$'000) *For the 3/9 months ended 31 December*	**3QFY2017**	**3QFY2016**	**% Change**	**9MFY2017**	**9MFY2016**	**% Change**
Revenue	**121,487**	124,829	-3	**348,068**	401,511	-13
Gross profit	**31,483**	38,157	-18	**100,673**	126,149	-20
Profit before tax	**2,866**	(6,869)	NM	**(4,454)**	5,886	NM
Net profit attributable to shareholders	**221**	(6,678)	NM	**(8,770)**	500	NM

SINGAPORE, 14 February 2017 – Tat Hong Holdings Ltd ("**Tat Hong**" or the "**Group**"), Asia-Pacific's largest crane rental company and the world's eighth largest crane-owning company in terms of aggregate tonnage[1], today reported a pre-tax profit of S$2.9 million and a net attributable profit of S$0.2 million for the quarter ended 31 December 2016 ("**3QFY2017**").

Turnover for the quarter declined 3% to S$121.5 million compared with S$124.8 million posted for the same quarter a year ago ("**3QFY2016**"). All the business divisions reported better turnover, with the exception of the Crane Rental Division.

Gross profit for the period fell 18% to S$31.5 million representing a gross profit margin of 25.9% compared to 30.6% achieved a year earlier. The decline in gross profit margin was primarily attributable to lower margins from the Crane Rental Division arising from lower utilisation rates in Singapore and Australia and from the Tower Crane Rental Division due to additional costs incurred to complete projects on schedule, partially mitigated by better margins from the Distribution and General Equipment Rental Divisions.

The Group's other operating income in 3QFY2017 increased to S$16.3 million from S$3.6 million posted in the previous corresponding quarter. This was contributed primarily by a gain of S$5.2 million on the disposal of a property in Australia and the disbursement of S$6.5 million in respect of guaranteed trade receivables.

[1] *Source: International Cranes, IC50 Ranking, 2016*

The Group's total operating costs fell 7% to S$40.7 million in 3QFY2017 from S$43.6 million incurred in 3QFY2016 due primarily to a reduction in manpower, travelling and maintenance expenses, as well as lower foreign exchange losses. However, these cost savings were partially eroded by the recognition of a non-cash impairment charge of S$1.2 million.

Finance expense increased marginally by 4% to S$5.6 million in 3QFY2017 as a result of higher interest rates although a lower gearing level of 0.66 times as at 31 December 2016 was recorded compared with 0.76 times a year ago.

The Group saw a higher share of profits from its associates and joint ventures of S$1.4 million compared with S$0 .3 million a year ago due to better performance by an associate company.

As a result, the Group posted a profit before tax of S$2.9 million and net profit after tax and minority interests of S$0.2 million for 3QFY2017 compared with a pre-tax loss of S$6.9 million and a net loss of S$6.7 million in 3QFY2016.

The Group generated strong cash inflows of S$51.9 million from its operations and from investing activities. However, the net repayment of bank loans and finance lease obligations, interest payments as well as the earmarking of certain bank deposits for banking facilities resulted in a net cash outflow of S$0.9 million. Cash and cash equivalents remained healthy at S$119.8 million as at 31 December 2016.

On the Group's performance in 3QFY2017, Mr Roland Ng San Tiong, Tat Hong's Managing Director and Group CEO, said, "It is heartening to note that the majority of our businesses posted topline growth in the third quarter. Our tower crane rental business continued to perform well and has secured a good pipeline of potential projects for the future as infrastructural development in China continues unabated. However, weak demand for crane rental services, particularly in Australia and Singapore, posed a drag on the Group's performance, resulting in a marginal 3% decline in revenue to S$121.5 million."

On the rights issue which was successfully completed on 10 February 2017, Mr Ng said: "On behalf of the Board of Directors, I would like to thank all our shareholders for their strong support of our recently concluded rights issue which saw a high subscription level of 155%. The total net proceeds raised of approximately S$41.0 million has put the Group in a stronger financial position and conferred to us greater financial flexibility which is crucial at this point in time given the many uncertainties in the global and regional markets."

SEGMENTAL REVIEW

Revenue Breakdown (S$'000)	3QFY2017	3QFY2016	% Change	9MFY2017	9MFY2016	% Change
Crane Rental	**30,286**	46,463	-35	**101,916**	143,341	-29
Tower Crane Rental	**27,354**	24,009	+14	**77,327**	70,238	+10
General Equipment Rental	**11,611**	11,076	+5	**33,653**	34,582	-3
Distribution	**52,236**	43,281	+21	**135,172**	153,350	-12
Total	**121,487**	124,829	-3	**348,068**	401,511	-13

Crane Rental

Continued weak demand and pricing pressures in the Crane Rental Division's main markets of Singapore and Australia were the primary causes for the 35% decline in the division's revenue to S$30.3 million in 3QFY2017. The closure of a specialised transport unit in Australia in April 2016 contributed further to the revenue decline. Revenue contribution from the Group's other main markets in Malaysia, Hong Kong and Thailand remained comparable to the previous corresponding quarter.

Tower Crane Rental

The Tower Crane Rental Division continued to perform well and posted a revenue increase of 14% in 3QFY2017 to S$27.4 million. Excluding the effect of the weaker RMB against the Singapore dollar, revenue received in the local currency increased by a robust 21%. The division continued to record high utilisation rates in excess of 80% from the deployment of its tower cranes to new projects in the infrastructure, power generation, transportation and commercial building sectors.

General Equipment Rental

The commencement of new projects in the infrastructure and renewable energy sectors in Australia in the third quarter resulted in better utilisation of the division's equipment. Despite lower rental rates, revenue posted by the General Equipment Rental Division increased 5% in 3QFY2017 to S$11.6 million compared with S$11.1 million posted in the previous corresponding quarter.

Distribution

Revenue contribution from the Distribution Division for the quarter under review improved 21% to S$52.2 million compared with S$43.3 million recorded a year ago as a result of better equipment sales to Malaysia and other overseas markets such as Japan and Europe partially offset by lower sales in Singapore. Equipment and spare parts sales in Australia remained comparable to that achieved in the same quarter a year ago.

BUSINESS PROSPECTS

The Group's performance in most of its key markets is expected to remain lacklustre in FY2017.

The market weakness and competitive pricing pressures in the ASEAN countries and in Australia will continue to impact the Crane Rental Division. Efforts to reduce operating costs through fleet rationalisation will continue.

The Tower Crane Rental Division in the People's Republic of China is expected to perform well on the back of a strong pipeline of committed projects in the building, infrastructure, transport and power generation sectors.

Slow recovery of the Australian economy will continue to affect the General Equipment Rental Division's performance.

Challenging trading conditions for the Distribution Division is expected to continue due to weak demand for heavy equipment in the ASEAN countries.

The outlook for the full year ending 31 March 2017 will also be negatively impacted by likely impairments and on-going restructuring costs.

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About Tat Hong Holdings Ltd

Tat Hong Holdings Ltd was established in Singapore in the 1970s as a supplier of cranes and heavy equipment. The company was listed on the Singapore Stock Exchange in June 2000 and is today the largest crane rental company in the Asia-Pacific region[1] with a fleet size of more than 1,500 crawler, mobile and tower cranes.

In Asia, Tat Hong has successfully leveraged its extensive crane fleet and vast experience in providing lifting solutions to establish itself as the leading name in the crane rental, heavy lift and equipment sales business.

Through its wholly-owned Australian subsidiary, Tutt Bryant Group Limited, Tat Hong has a leading position in the Australian market in the areas of crane hire and heavy haulage, equipment sales and distribution and general plant and equipment hire.

Tat Hong has also aggressively expanded its tower crane rental business in China and is one of the largest tower crane rental companies in the country.

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Source: [1]*International Cranes, IC50 Ranking, 2016*