



NEWS RELEASE

KOH BROTHERS ECO POSTS S\$2.8 MILLION NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS FOR 9M 2019

- ***Strong order book of S\$906.6 million¹ with recent award of the Tuas Water Reclamation Plant project***
- ***To push boundaries of KBE's suite of engineering capabilities to leverage growth in public sector infrastructure projects***
- ***Healthy balance sheet with a low net gearing of 0.47x***

SINGAPORE, 6 November 2019 – SGX Catalist-listed sustainable engineering solutions provider, Koh Brothers Eco Engineering Limited (許兄弟生态工程有限公司) (“**Koh Brothers Eco**”, and together with its subsidiaries, the “**Group**”), today reported a revenue of S\$208.6 million for the financial period ended 30 September 2019 (“**9M 2019**”), a decrease of 3% from S\$214.0 million for the financial period ended 30 September 2018 (“**9M 2018**”). This is mainly due to a decrease in revenue from the Engineering and Construction division. Gross profit held relatively stable at S\$10.6 million in 9M 2019, from S\$10.8 million in 9M 2018. In the absence of a one-time gain of S\$1.4 million that the Group recorded in 1H 2018 from the sale of a property, net profit dipped 23% to S\$2.8 million from S\$3.6 million over the same period.

Koh Brothers Eco's Chief Executive Officer, Mr. Paul Shin, said, “We continue to focus on the smooth execution of our strong order book of S\$906.6 million. Amidst a challenging and competitive landscape, we will stay resilient through an enhancement of our comprehensive engineering capabilities and potentially forging further partnerships with international firms to tap on growth opportunities. With our solid track record accumulated over five decades, we will work towards securing more high-quality projects to support our long-term growth.”

¹ As at 30 September 2019

The Group's earnings per share in 9M 2019 stood at 0.17 Singapore cent, as compared to 0.34 Singapore cent in 9M 2018. Net asset value per share as at 30 September 2019 held relatively steady at 5.76 Singapore cents, as compared to 5.78 Singapore cents as at 31 December 2018, notwithstanding a dilutive impact from the issue of 200 million new shares from the exercise of 200 million warrants in May 2019. Cash and bank balances stood at S\$24.4 million with a low net gearing ratio of 0.47x.

For the third quarter ended 30 September 2019 ("**3Q 2019**"), the Group reported a net profit attributable to equity holders of S\$1.1 million, as compared to S\$1.3 million in the third quarter ended 30 September 2018 ("**3Q 2018**"). Revenue stood at S\$79.1 million in 3Q 2019, a 17% decrease compared to S\$95.0 million in 3Q 2018.

Outlook & Future Strategies

Advance estimates from the Ministry of Trade and Industry showed that the Singapore economy grew 0.1% year-on-year in 9M 2019, keeping pace with the 0.1% growth recorded in 2Q 2019. On a quarter-on-quarter seasonally-adjusted annualised basis, GDP was up 0.6%, a turnaround from the 2.7% contraction in the preceding quarter².

The construction sector grew by 2.7% on a year-on-year basis in the third quarter, extending the 2.8% expansion in the previous quarter. Growth of the construction sector was supported by a pickup in both public and private sector construction activities. According to the Building and Construction Authority ("**BCA**"), the forecast construction demand is expected to be between S\$27.0 billion to S\$34.0 billion per year for 2020 to 2021. Public sector construction demand is expected to be lifted by major infrastructure projects and a pipeline of major industrial building projects such as the Cross-Island Line, developments at Jurong Lake District and Changi Airport Terminal 5, and private sector construction activities.

² Ministry of Trade and Industry Singapore, 14 October 2019 – Singapore's GDP grew by 0.1 per cent in the third quarter of 2019

Added Mr. Shin, “These developments reflect a healthy operating environment for the construction sector and the Group will push boundaries of KBE’s suite of engineering capabilities to leverage growth in public sector infrastructure projects.”

Separately, the Group’s majority-owned subsidiary, Oiltek Sdn. Bhd. (“**Oiltek**”), held under the Bio-Refinery and Bio-Energy division, stays optimistic about long-term prospects despite current challenges in the sector. Oiltek will continue to explore and develop state-of-the-art proprietary technology moving forward, sharpening its competitive edge to secure new growth opportunities.

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Note to Media: This media release is to be read in conjunction with the announcement issued on SGXNET on the same date.

About Koh Brothers Eco Engineering Limited

Listed on the Singapore Exchange (“**SGX**”) in 2006, Koh Brothers Eco Engineering Limited (“**Koh Brothers Eco**”, and together with its subsidiaries, the “**Group**”) is a sustainable engineering solutions group that provides engineering, procurement and construction (“**EPC**”) services for water and wastewater treatment, hydro-engineering, bio-refinery and bio-energy projects as well as engineering and construction services, specialising in providing building and civil engineering construction and infrastructure works.

Incorporated in Singapore in 1975, Koh Brothers Eco started out by providing EPC services for water and wastewater treatment projects as well as hydro-engineering projects. Its principal market is in Asia with projects from both the public and private sectors.

The Group’s engineering and construction division under Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. (“**KBCE**”), which holds the A1 grade from the Building and Construction Authority (“**BCA**”) for both building and civil engineering categories, possesses capabilities in building and civil engineering construction. The BCA A1 grade allows KBCE to tender for building and civil infrastructure projects of unlimited value. KBCE, which enjoys a long and rich corporate history, has a strong track record ranging from design and build to general construction for residential, commercial and institutional buildings and infrastructure works. KBCE is also a BCA L6 – (ME11) graded contractor which enables it to tender for public mechanical engineering projects of unlimited value.

Over the years, KBCE has participated in projects by various public sector agencies such as the BCA, Housing & Development Board (“**HDB**”), PUB, Singapore’s National Water Agency, Urban Redevelopment Authority (“**URA**”), Land Transport Authority (“**LTA**”) and Changi Airport Group (“**CAG**”).

Some of KBCE's major infrastructure projects include the Punggol Waterway awarded by HDB, the iconic Marina Barrage, Geylang River Make Over, Changi Water Reclamation Plant (Phase 1), and Jurong Water Reclamation Plant by PUB, the Common Service Tunnel by URA, Downtown Line 1 Bugis Station by LTA and the retention pond at Changi Airport by CAG. In addition, through a joint venture with Samsung C&T Corporation, KBCE secured a landmark S\$1.12 billion project from CAG for development works to effect three-runway operations at Changi Airport.

Other landmark building projects by KBCE include Building and Electrical works at Jurong West Neighbourhood 6 Contract; Building works at Chua Chu Kang Neighbourhood 4 Contract awarded by HDB; New Halls of Residence at Nanyang Avenue for Nanyang Technological University and the development of River Valley High School and a hostel at Boon Lay Avenue, both commissioned by the Ministry of Education; Design and Build projects for the Provost & Armour Cluster in Kranji Camp and Keat Hong Camp, both awarded by the Ministry of Defence; and the construction of the Singapore Civil Defence Force Headquarters Complex at Ubi Avenue 4 commissioned by the Ministry of Home Affairs.

The Group's Bio-Refinery and Bio-Energy division under Oiltek Sdn. Bhd. specialises in a full range of conventional edible oil process plants as well as biodiesel, pre-treatment and winter fuel plants. Through its subsidiary, Oiltek Nova Bioenergy Sdn. Bhd., it also designs, builds and supplies biogas recovery systems to palm oil mill effluent plants in Malaysia and Indonesia.

*This press release has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**Exchange**”).*

This press release has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this press release including the correctness of any of the statements or opinions made or reports contained in this press release.

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