



HIAP SENG ENGINEERING LTD

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

NEWS RELEASE

HIAP SENG'S RESULTS ANNOUNCEMENT FOR 1QFY2019

Singapore, August 13, 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\$38.0 million and a net loss attributable to shareholders of S\$3.9 million for the first quarter ended June 30, 2018 (“1QFY2019”).

The 4.9% higher Group revenue was mainly due to an increase in recognition of plant construction revenue in 1QFY2019. However, the higher than expected operating costs led the Group to register a gross loss of S\$0.8 million for 1QFY2019, down from a gross profit of S\$5.3 million for 1QFY2018. The gross loss coupled with the 17.8% rise in administrative expenses to S\$4.5 million in 1QFY2019, which arose from the consolidation of acquired scaffolding business and plant construction and maintenance business in the Middle East, contributed to the Group’s net loss attributable to shareholders of S\$3.9 million for the financial quarter under review.

Mr. Frankie Tan, Executive Chairman of Hiap Seng said, “While our financial performance continued to be undermined by increased costs and competition, we have taken steps to steer growth over the medium to long term. These include investing in automation to improve productivity and reduce reliance on foreign labour, as well as identification of business opportunities in new and existing markets. However, these opportunities are expected to translate into contracts and commence towards the end of FY2019.”

The Group has an outstanding order book of S\$115 million as at August 13, 2018.

Outlook

As the environment for the oil-and-gas industry continues to remain challenging in the near term, the Directors of the Company will continue to seek suitable opportunities in new markets to mitigate any slowdown in the oil-and-gas sector of the traditional markets.

Mr. Frankie Tan added, “In light of a challenging landscape that we expect to continue over the next few quarters, we will remain prudent in our cost measures and also focus on managing projects more effectively to ensure sustainable operating performance. At the same time, we will leverage on our strengths and proven track record to capture opportunities to strengthen our order book.”

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.

ISSUED ON BEHALF OF : Hiap Seng Engineering Ltd.
BY : Citigate Dewe Rogerson Singapore Pte Ltd
55 Market Street
#02-01
SINGAPORE 048941

For CDR

CONTACT : Ms Dolores Phua / Mr Derrick Tee
at telephone
DURING OFFICE HOURS : 6534-5122
EMAIL : dolores.phua@citigatedewerogerson.com
derrick.tee@citigatedewerogerson.com

For Hiap Seng

CONTACT : Mr Tan Hak Jin
at telephone
DURING OFFICE HOURS : 6897-8082
EMAIL : thj@hiapseng.com

August 13, 2018