TAT HONG HOLDINGS LTD

Registration No: 199105392H

FOR IMMEDIATE RELEASE

Tat Hong Reports 13% Decline in FY2017 Revenue

- ***Cash and cash equivalents of S$114.3 million***
- ***Cash flow from operations of S$85.2 million***
- ***Net gearing improved to 0.57 times***
- ***Loss before tax of S$30.5 million***

(S$ million) *For the quarter and full year ended 31 March*	**4QFY2017**	**4QFY2016**	**% Change**	**FY2017**	**FY2016**	**% Change**
Revenue	**110.2**	126.7	-13	**458.3**	528.2	-13
Gross profit	**26.7**	33.3	-20	**127.4**	159.5	-20
(Loss) before tax	**(26.0)**	(43.8)	-41	**(30.5)**	(37.9)	-20
(Loss) attributable to shareholders	**(29.2)**	(39.8)	-27	**(38.0)**	(39.3)	-3

SINGAPORE, 30 May 2017 – Tat Hong Holdings Ltd ("**Tat Hong**" or the "**Group**"), the largest crane rental company in the Asia Pacific region[1] today reported a net attributable loss of S$38.0 million for the full year ended 31 March 2017 ("**FY2017**") compared with a net attributable loss of S$39.3 million posted for the year ended 31 March 2016 ("**FY2016**").

Group revenue declined 13% to S$458.3 million due to weaker revenue contributions from the Crane Rental and Distribution divisions partially compensated by improved contributions by the Tower Crane Rental and the General Equipment Rental divisions.

The decline in revenue led to a 20% decrease in gross profit to S$127.4 million, representing a gross profit margin of 27.8% compared with 30.2% achieved a year earlier. Improved margins in the Distribution and General Equipment Rental divisions cushioned margin compression in the Crane Rental division brought on by lower utilisation rates, particularly in Australia and Singapore, and the Tower

[1] International Cranes, IC50 Ranking, 2016

Crane Rental division as a result of lower rental rates and increased costs in order to meet scheduled project completion.

The Group's other operating income decreased 28% to S$30.5 million due to lower gains from the disposal of properties and equipment compared with the preceding year.

Total operating expenses, which included non-cash asset and investment impairment charges of S$6.0 million and net foreign exchange losses of S$3.6million, decreased 23% to S$166.2 million. Excluding the impairment charges and foreign exchange losses, and on a comparable basis, total operating cost in FY2017 declined 7% to S$156.6 million compared with S$167.5 million in FY2016. These savings were primarily contributed by lower staff costs and maintenance expenses as a result of the continuance of the Group's cost containment measures. Finance costs for the year fell 7% or S$1.6 million to S$23.0 million due to net repayment of bank loans and other finance obligations, partially offset by higher interest rates.

The Group recorded a pre-tax loss of S$30.5 million and net loss after tax and minority interests of S$38.0 million after deducting income taxes paid in China, the reversal of deferred tax assets related to Australia and minority interests' share of profits related primarily to subsidiaries in China. Excluding the non-cash impairment charges, losses associated with discontinued businesses in Indonesia, net unrealised foreign exchange losses and the gain on the disposal of a property, net operating loss was S$28.9 million.

The Group generated healthy cash flows from operations of S$85.2 million during the year compared with S$82.2 million a year ago and realised S$60.6 million in proceeds from the disposal of property and equipment. In February 2017, a renounceable underwritten rights issue of 125,521,284 shares was successfully concluded with a 155% subscription rate and raised S$41.0 million in net proceeds. The proceeds from asset disposals, together with cash generated from operations and S$16.4 million from the proceeds of the rights issue were used to repay bank loans and other financial obligations totalling S$160.4 million. As a result, Group's net gearing improved to 0.57 times as at 31 March 2017 compared with 0.71 times a year earlier. Cash and cash equivalents at the end of the financial year stood at S$114.3 million.

Mr Roland Ng, Managing Director and Group CEO of Tat Hong observed: "Despite our weak performance in FY2017, the Group remains fundamentally strong with healthy cash flows from operations and a much deleveraged balance sheet. We have continued with our cost containment efforts to emerge a trimmer and more nimble Group that can respond faster to market opportunities. The Group is also beginning to

see initial results of its earlier efforts to use its strong China presence to participate in China's One Belt, One Road initiative."

"Looking forward to FY2018, we expect demand in many of our markets to be subdued. Significant uncertainties still remain and any unsettling global events will impact the regional markets in which we operate. The Group's businesses could be a beneficiary of increases in infrastructure and construction spending in Australia."

"Our tower crane rental business in China is expected to continue its good performance due to the country's sustained infrastructure development programme."

"This year, our Group celebrates the sixtieth year of its founding. Tat Hong has today grown into one of the largest crane rental companies in the world. With our track record and experience accumulated over the decades, our deep domain expertise and expansive footprint, I am confident that the Group will triumph over our current challenges."

SEGMENTAL REVIEW

Revenue Breakdown (S$ million)	**4QFY2017**	**4QFY2016**	**% Change**	**FY2017**	**FY2016**	**% Change**
Crane Rental	**30.6**	45.1	-32	**132.5**	188.5	-30
Tower Crane Rental	**20.8**	23.4	-11	**98.1**	93.6	+5
General Equipment Rental	**11.2**	9.8	+14	**44.8**	44.4	+1
Distribution	**47.7**	48.4	-1	**182.9**	201.8	-9
Total	**110.2**	126.7	-13	**458.3**	528.2	-13

Crane Rental

Lower utilisation and a weaker rental rates due to the completion of projects and intense competition in Singapore and Australia together with the closure of the specialised transport business in Australia contributed to the 30% decline in revenue to S$132.5 million. The division also saw slightly weaker performance in Hong Kong and Thailand due to the completion of projects but this was compensated by improved revenue contribution from Malaysia arising from the commencement of new projects during the year, including a major oil and gas project.

The utilisation rate for the Group's fleet of crawler and mobile cranes as at 31 March 2017 was 56% compared with 54% recorded a year ago.

Tower Crane Rental

The strong year-on-year improvement in performance in the first three quarters of FY2017 was dampened by weaker crane utilisation rates in the fourth quarter due to a delay in the commencement of new projects. This, together with a weaker renminbi, moderated revenue growth to 5% for the full year. Excluding the effects of a weaker renminbi, revenue from this division grew 11% or S$10.2 million in FY2017.

As at 31 March 2017, the tower crane utilisation rate was 76%, comparable to the utilisation rate posted in the previous year.

General Equipment Rental

The General Equipment Rental business picked up momentum with the commencement of new projects in the second half of FY2017 and despite lower revenues in the first two quarters of the year, the division posted a 1% increase in revenue to S$44.8 million. Performance in the earlier part of the year was negatively impacted by the consolidation of branches as well as the completion of projects.

Distribution

The Group's Distribution business registered a 9% decline to S$182.9 million from S$201.8 million posted in FY2016. The decline was attributable to the exit of the excavator sales business in Indonesia and weaker sales in Singapore and overseas markets such as Hong Kong and Middle East, partially compensated by higher sales to Malaysia, Thailand, Japan and Bangladesh. Equipment and spare parts sales in Australia remained comparable to the previous year.

BUSINESS PROSPECTS

The Group anticipates that trading conditions will continue to be challenging in most of its key markets in FY2018.

The market weakness and competitive pricing pressures in the ASEAN countries and in Australia will continue to impact the Crane Rental Division.

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.

Australia's General Equipment Rental Division should see some improvement soon because of greater infrastructure spending.

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

Notwithstanding that the net gearing ratio has improved markedly, the Group will continue its cost restructuring efforts and intensify its fleet rationalisation activities. The Group is also beginning to see initial results of its earlier efforts to use its strong China presence to participate in China's One Belt, One Road initiative.

End

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, heavy haulage 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 top tower crane rental companies in the country[1].

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[1]International Cranes, IC50 Ranking, 2016