



OILTEK INTERNATIONAL LIMITED

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

NEWS RELEASE

Oiltek International's 1H2022 revenue rose 72.3% to RM81.3 million and its net profit excluding listing expenses jumped 55.6% to RM6.8 million

- *The Group continues to register growth in its order book, revenue, and profitability amidst the uncertainties of the global economy*
- *Current order book continues to remain high at RM178.2 million and is expected to be completed in 18 – 24 months.*
- *The Group's financial position remains strong and resilient with a net asset position of RM45.0 million and healthy cash and bank balances of RM36.6 million*

Singapore, 2 August 2022 – Established integrated process technology and renewable energy solutions provider, Oiltek International Limited (优特科技国际有限公司) (“**Oiltek**” or the “**Company**”, and together with its subsidiaries, the “**Group**”), is pleased to announce that its profit after income tax excluding one-off listing expenses for the six months ended 30 June 2022 (“**1H2022**”) jumped 55.6% to RM6.8 million, on the back of a 72.3% increase in revenue to RM81.3 million. Including the one-off listing expenses, the Group's profit after income tax increased by 8.9% to RM4.7 million.

Financial Highlights

The Group's revenue rose by 72.3% from RM47.2 million in the six months ended 30 June 2021 (“**1H2021**”) to reach RM81.3 million in 1H2022 due to an increase in revenue in its Edible & Non-Edible Oil Refinery segment and Product Sales and Trading segment, which was partially offset by a decrease in revenue in its Renewable Energy segment.

The Group's revenue from its Edible & Non-Edible Oil Refinery segment increased by 139.3% to RM71.7 million in 1H2022 from RM29.9 million in 1H2021, mainly due to increases in revenue contribution from new projects secured in the prior year from Indonesia, Pakistan and the Philippines. The Product Sales and Trading segment's revenue increased by 57.1% to RM7.7 million in 1H2022 from RM4.9 million in 1H2021, mainly due to an increase in demand for the supply of parts and engineering components from customers in Malaysia. However, the Group's Renewable Energy segment's revenue decreased by 83.8% from RM12.4 million in 1H2021 to RM2.0 million in 1H2022 mainly due to a decrease in revenue contribution from a project secured in Indonesia which was substantially performed in 1H2021 and a delay in the delivery of a secured contract due to a delay in the readiness of the site by the customer.

The Group's administrative and other expenses increased by 83.1% from RM4.8 million in 1H2021 to RM8.8 million in 1H2022. This was mainly due to expenses of RM2.0 million in connection with the Company's listing on the Catalist Board of Singapore Exchange Securities Trading Limited and post-listing compliance costs, as well as an increase in employee compensation.

Overall, the Group's profit after income tax increased by 8.9% to RM4.7 million in 1H2022 from RM4.4 million in 1H2021. Excluding the listing expenses incurred, the Group's profit after income tax would have increased by 55.6% from RM4.4 million in 1H2021 to RM6.8 million in 1H2022.

As at 30 June 2022, the Group continues to maintain its resilient financial position with a net asset position of RM45.0 million (31 December 2021: RM34.4 million). Furthermore, the Group continues to have no bank borrowings as at 30 June 2022, with healthy cash and bank balances of RM36.6 million (31 December 2021: RM42.9 million).

Commenting on the 1H2022 financial results, Mr Henry Yong Khai Weng (杨淳麟), Executive Director and CEO of Oiltek said, *"Oiltek has achieved good growth in 1H2022, especially considering the effects of an increasingly volatile global economy. Excluding our listing expenses, our 1H2022 net profit would have been RM6.8 million or a very healthy 55.6% increase from 1H2021. The fact that we have managed to maintain our strong growth momentum and continue to secure contracts to build up our order book, affirms our resilient business model and strong fundamentals. We continue to maintain a positive business outlook because of the corresponding growth of the industries that we serve."*

Business Outlook

Even as the COVID-19 pandemic became more manageable by early 2022, it was followed by logistics and supply chain interruptions, food, fossil fuel, and commodity prices hikes, as well as severe global inflation. These continue to cause disruptions and market volatility globally and includes the countries where the Group has businesses and operates in. However, the Group's projects were not materially adversely affected by the abovementioned impacts due to its efficient management controls.

In 1H2022, the Group's order book increased by 53.6%, revenue increased by 72.3%, and profit after tax excluding the listing expenses, increased by 55.6% respectively. Achieving this growth amidst the uncertainties of the global economy, is a testament to Group's resilient business model and strong fundamentals built up over the years.

The Group remains confident about the long-term outlook of the Edible & Non-Edible Oil Refinery segment as the global consumption of oils and fats grows in tandem with population growth, as seen by the strong growth in the food and beverage, oleochemical and biodiesel sectors. The growing demand for food creates a corresponding demand for edible and non-edible oils and fats, specifically, vegetable oils.¹ This trend potentially benefits the Group as it provides solutions that cater to all types of vegetable oils¹ which are some of the major agricultural commodities in the world. In addition, palm oil is a globally consumed commodity either in the form of edibles such as cooking oil, confectioneries, margarine, and chocolates or as a raw material for ingredients found in a host of non-edible household and industrial products such as soaps, detergents, cosmetics, and pharmaceuticals. Capitalising on this macro trend, the Group will continue to leverage on its capabilities, 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 its geographical reach to other palm oil markets with emerging prospects.

With regards to the Renewable Energy segment, the Group sees an acceleration of the global trend towards environmental sustainability. Indonesia, the world's biggest palm oil producing country recently announced that it is planning to increase the current mandatory 30% blend of palm based biodiesel in its petroleum diesel, and implement a 35% blend by end July 2022. The government also said that it is doing

¹ Including palm oil, soybean oil and rapeseed oil

laboratory testing for biodiesel containing up to 40% of palm based biodiesel (B40).² Furthermore, recent severe climate changes including floods and hot weather in Europe which incurred substantial fatalities, is expected to bring all respective authorities and countries back on the environmental protection track soon.

With stronger environmental regulations, government initiatives and policies, and a growing awareness of the importance of environmental, social and governance considerations, the Group is optimistic about its continued growth prospects in the renewable energy sector. The Group intends to increase its focus on the renewable energy sector, and will continue to develop new and innovative processes, and provide more support and solutions to the sustainability efforts of its existing customers and markets.

Barring any unforeseen circumstances and notwithstanding the uncertainties and volatility of the global economy, the Group expects its businesses to be driven primarily by the corresponding growth in the industries that it serves, and the overall outlook is expected to remain positive. As at the date of this announcement, the Group's order book continues to remain high at RM178.2 million, which includes RM84.4 million in new orders secured in the current year to date³. The Group's order book is expected to be fulfilled over the next 18 to 24 months, barring any unforeseen circumstances.

End.

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

² <https://www.businesstimes.com.sg/energy-commodities/indonesia-plans-to-implement-b35-biodiesel-by-end-of-july>

³ As announced on 4 April 2022 and 25 July 2022 on SGXNET

ABOUT OILTEK INTERNATIONAL LIMITED

Oiltek International Limited (“**Oiltek**” and together with its subsidiaries, the “**Group**”), an established integrated process technology and renewable energy solutions provider, specialises in the provision of reliable, innovative, diversified, and comprehensive range of refinery processes and engineering solutions for use across all different sectors of the vegetable oils industry value chain globally. The history of the Group can be traced back to its principal operating subsidiary, Oiltek Sdn. Bhd., which was incorporated in Malaysia on 1 December 1980. With over 40 years of track record, Oiltek has successfully designed, built and commercialised plants in more than 30 countries across 5 continents.

The Group operates three key businesses – Edible & Non-Edible Oil Refinery, Renewable Energy, and Product Sales and Trading.

For its Edible & Non-Edible Oil Refinery segment, the Group provides engineering, procurement, designing, construction and commissioning (“**EPCC**”) services for edible and non-edible oil refining plants, downstream specialty products and processing plants; upgrading and retrofitting of existing facilities; and turnkey outside-battery-limits (“**OSBL**”) infrastructure engineering.

For the Group’s Renewable Energy segment, Oiltek provides services for renewable energy industries including EPCC of multi-feedstock biodiesel, enzymatic biodiesel, winter fuel, and palm oil mill effluent (“**POME**”) biogas methane recovery plants; upgrading and retrofitting of existing facilities; and turnkey OSBL infrastructure engineering which includes the environmental solutions and integration into steam and power generation.

Oiltek’s Product Sales and Trading segment generates recurring income for the Group, and its services include engineering component sales, agency and distributorship, and specialty chemical product trading.

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*This news release has been reviewed by the Company's sponsor, SAC Capital Private Limited (the “**Sponsor**”). This news release has not been examined or approved by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this news release, including the correctness of any of the statements or opinions made or reports contained in this news release. The contact person for the Sponsor is Ms Lee Khai Yinn (Telephone: +65 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.*