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## FOR IMMEDIATE RELEASE

## Advanced reports revenue of \$\$53.5 million in FY2017

- Proposed acquisition of Agricore Global
- Improved gross profit margin of 32.5%
- Cash reserves remain strong at \$\$41 million
- Healthy order book of \$\$42.7 million

(in S\$'m)	4Q2017	4Q2016	Chg (%)	FY2017	FY2016	Chg (%) 1
Revenue	23.1	27.2	(14.9)	53.5	94.1	(43.2)
Gross profit	7.1	4.8	47.7	17.4	18.2	(4.8)
Gross profit margin (%) <sup>1</sup>	30.7	17.7	13.0 pts	32.5	19.4	13.1 pts
Profit/(Loss) for the period	0.4	2.4	(85.0)	(3.7)	(2.2)	66.9
EPS (cents) <sup>2</sup>	0.37	2.25	(83.5)	(3.28)	(1.80)	(82.2)

 $<sup>\</sup>overline{^1}$  Any discrepancies in the percentages are due to rounding

SINGAPORE – 27 February 2018 – Advanced Holdings Ltd. ("Advanced" or "Group"), a global supplier of proprietary process equipment, clean energy solutions and related technologies, today announced a revenue of \$\$53.5 million for the financial year ended 31 December 2017 ("FY2017") as compared to \$\$94.1 million for the previous year ("FY2016"), representing a decrease in revenue of 43.2%.

This decrease in revenue is attributable to a combination of factors. The slow recovery of the oil market, general weakness in market demand and the disposal of Applied Engineering Pte Ltd all had a negative effect on the Group's revenue stream.

In spite of the lower revenue figures, gross profit for FY2017 was \$\$17.3 million, slightly lower than FY2016's figure of \$\$18.2 million. Gross profit margin for the year showed a marked improvement on a year-to-date basis at 32.5%, a 13.1 point increase from 19.4% in FY2016.

<sup>&</sup>lt;sup>2</sup> EPS is based on the weighted average number of 101,268,367 ordinary shares (31 December 2016: 101,268,367)

FY2017 proved to be a challenging year for the Group's core business segments as both Petrochemicals & Chemicals and Oil & Gas saw a year-on-year decrease in revenue.

As a result of the lower revenue from these segments, revenue from China and Singapore was lower on a year-to-date basis. Revenue from China for FY2017 was S\$13.2 million, down from S\$30.9 million in FY2016. While revenue from Singapore came to S\$5.1 million for FY2017, compared to S\$20.8 million in FY2016. Singapore's revenue contribution was largely affected by the divestment of the Group's former subsidiary Applied Engineering Pte Ltd.

The general weakness in market demand and lack of revenue contribution from large scale projects in Vietnam and Kazakhstan accounted for the declines in revenue from most regions in FY2017, compared to FY2016's figures. While the delivery of various projects during the year accounted for the increase in revenue from Indonesia and Malaysia.

Taking into account the professional fee of S\$1.8 million relating to the proposed acquisition of Agricore Global Pte Ltd and net foreign exchange loss of S\$1.7 million, the Group reported a net loss of S\$3.3 million attributable to the owners of the company for FY2017.

The Group's financial position, as at 31 December 2017, remained strong with cash reserves of S\$41 million compared to S\$46.2 million as at 31 December 2016. The Group's order book also remains healthy at approximately S\$42.7 million.

## <u>Outlook</u>

As per Moody's report in December 2017, the energy industry will continue its slow recovery as upstream companies increase production, helping the midstream and services sectors as well. Excess supply will continue to dampen oil prices in the coming year, Moody's Investors Service says in its 2018 outlook for the global oil and gas sector.

The Group will continue to consolidate its footprint, while sustaining its vigilance in containing costs in the existing market. The newly set up company in Saudi Arabia will help the Group continue to expand its business in the Middle East.

The Group has on 15 August 2017 entered into a conditional sales and purchase agreement to acquire the entire equity interest in Agricore Global Pte Ltd together with its subsidiaries (the "Target Group") (the "Proposed Acquisition"). Subject to completion of a group restructuring exercise, the Target Group will, prior to completion of the Proposed Acquisition, collectively own rights to develop approximately 196,121 hectares of plantation land in Sulawesi Island, Indonesia.

The Proposed Acquisition, if undertaken and completed, is expected to result in a reverse takeover of the Group, and will provide the Group with a suitable platform for its next phase of growth.

The Long-Stop Date for the Proposed Acquisition has been extended to 13 August 2018, following the signing of an extension agreement.

Please refer to SGXnet announcement dated 7 February 2018 for more details relating to the Proposed Acquisition.

Appendix A: Revenue breakdown by segment from continuing operations

Revenue by Industry (S\$'m)	2017	2016	% Chg <sup>1</sup>
Petrochemicals & Chemicals	36.3	59.2	(38.7)
Oil & Gas	12.4	30.1	(58.9)
Iron & Steel	1.2	0.3	293.9
Others	3.6	4.5	(20.3)
Revenue by Geography (S\$'m)	2017	2016	% Chg <sup>1</sup>
China	13.2	30.9	(57.3)
Europe	8.0	10.6	(24.3)
Kazakhstan	7.2	10.7	(32.3)
USA	6.0	6.0	(0.9)
Singapore	5.1	20.8	(75.6)
Indonesia	4.2	0.6	573.5
Malaysia	2.8	0.6	379.4
Vietnam	2.5	4.2	(41.0)
Other Asian Countries	2.3	6.1	(62.1)
Middle East	1.4	3.4	(59.5)
Others	0.8	0.2	278.1
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<sup>&</sup>lt;sup>1</sup> Any discrepancies in the percentages are due to rounding

## About Advanced Holdings Ltd.

Founded in 1993, SGX Mainboard-listed Advanced is a specialist company primarily focused on the design and supply of **Process Equipment and Technologies** to the **Oil & Gas** and **Petrochemicals & Chemicals** industries; the design and supply of **Clean Energy** and the provision of **Environmental Technologies**. Advanced is an established global company with rapidly growing presence across countries spanning Asia, Europe, the Middle East and the USA.