



HIAP SENG ENGINEERING LTD

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

NEWS RELEASE

HIAP SENG'S RESULTS ANNOUNCEMENT FOR 3QFY2016 AND 9MFY2016

Singapore, February 12, 2016 – 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 turnaround in net profit attributable to shareholders of S\$1.0 million for the three months ended December 31, 2015 (“3QFY2016”). This represented an improved performance during the quarter as compared to a net loss attributable to shareholders of S\$6.1 million registered in the previous corresponding period (“3QFY2015”).

Primarily as a result of higher plant maintenance revenue, the Group’s topline rose 3.5% to S\$50.1 million in 3QFY2016 from S\$48.4 million in 3QFY2015. With better cost controls, gross profit amounted to S\$5.7 million during the quarter as compared to a gross loss of S\$0.4 million in 3QFY2015. Gross profit margin was correspondingly lifted to 11.4% in 3QFY2016. Hiap Seng consequently saw a growth in net profit attributable to shareholders to S\$1.0 million during the quarter.

For the nine months ended December 31, 2015 (“9MFY2016”), although revenue decreased 45.3% to S\$112.2 million as compared to S\$205.0 million in the previous corresponding period (“9MFY2015”), Hiap Seng achieved a better performance during the period with a net profit attributable to shareholders of S\$4.1 million as compared to a net loss attributable to shareholders of S\$8.9 million in 9MFY2015. This was due to better cost controls and a recognition of an additional billing amounting to S\$1.0 million from a project completed previously.

Mr. Frankie Tan, Chairman and CEO of Hiap Seng said, “We continued to make good progress in managing our expense base to mitigate the potential risks of cost overruns. As such, we were able to drive our margins higher and maintain a profitable quarter, as we have done so since the start of the financial year.”

Hiap Seng held cash and cash equivalents of S\$16.3 million and had a healthy net cash position of S\$14.0 million as at December 31, 2015.

The Group’s outstanding order book as at February 12, 2016 stood at S\$110 million.

Outlook

The Directors of Hiap Seng remain cautiously optimistic on the Group’s performance for the current financial year ending March 31, 2016, barring any unforeseen circumstances.

Mr. Frankie Tan added, “Global oil prices have, in recent times, declined to levels not seen in the last 13 years. This has inevitably impacted our clients across multiple industries, particularly those in the oil-and-gas industry. While the wider macro-economic outlook remains uncertain, we are committed to steering Hiap Seng in the direction where we have a certain degree of control. These include active steps taken to manage costs, raise productivity and in continuing to seek new and profitable business opportunities.”

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 1,500 well-trained and skilled employees.

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