



# See Hup Seng Ltd

4th Quarter 2007  
Results Briefing  
27 February 2008  
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**A LEADING CORROSION  
PREVENTION SPECIALISTS  
IN SINGAPORE**

## **TWIN BUSINESS PILLARS**

**A LEADING DISTRIBUTOR  
OF REFINED PETROLEUM  
PRODUCTS IN THE  
ASIA-PACIFIC REGION**





# Quarterly Income Statement Ended 31 December 2007

	Note	Group 3 months ended 31 Dec			Group 12 months ended 31 Dec		
		2007	2006	Change	2007	2006	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue		45,686	14,285	220%	127,422	38,407	232%
Cost of sales and services		(36,908)	(10,482)	252%	(96,555)	(25,531)	278%
<b>Gross profit</b>		<u>8,778</u>	<u>3,803</u>	131%	<u>30,867</u>	<u>12,876</u>	140%
Other income		1,131	(128)	N/M	2,183	389	461%
Selling and distribution expenses		(928)	(112)	729%	(2,363)	(617)	283%
Administrative expenses		(2,025)	(1,126)	80%	(7,207)	(4,109)	75%
Other Operating expenses		(1,796)	(1,170)	54%	(5,758)	(3,969)	45%
<b>Profit from continuing operations</b>	(i)	<u>5,160</u>	<u>1,267</u>	307%	<u>17,722</u>	<u>4,570</u>	288%
Net finance costs		(508)	(64)	694%	(1,389)	(558)	149%
Share of profit/(loss) of associated companies		148	3	N/M	171	48	256%
<b>Profit from continuing operations before income tax</b>		<u>4,800</u>	<u>1,206</u>	298%	<u>16,504</u>	<u>4,060</u>	307%
Income tax	(ii)	<u>(933)</u>	<u>(74)</u>	NM	<u>(1,659)</u>	<u>(120)</u>	NM
<b>Profit from continuing operations after income tax</b>		<u>3,867</u>	<u>1,132</u>	242%	<u>14,845</u>	<u>3,940</u>	277%
Loss from discontinued operations		-	(49)		-	(578)	
<b>Profit after income tax</b>		<u><u>3,867</u></u>	<u><u>1,083</u></u>		<u><u>14,845</u></u>	<u><u>3,362</u></u>	
Attributable to:							
Equity Holders of the Company		3,693	1,083	241%	13,567	3,362	304%
Minority Interests, Net of Inome Tax		174	-	NM	1,278	-	NM
		<u><u>3,867</u></u>	<u><u>1,083</u></u>	257%	<u><u>14,845</u></u>	<u><u>3,362</u></u>	342%



## 4Q07 VS 4Q06 BY SEGMENTS

	Corrosion Prevention Segment	Distribution - Petroleum Segment	Total
<b>SALES:</b>			
4Q2007 (\$'000)	18,634	27,052	45,686
4Q2006 (\$'000)	14,285	-	14,285
% Growth	30%	N/M	220%
<b>GROSS PROFIT:</b>			
4Q2007 (\$'000)	5,680	3,098	8,778
4Q2006 (\$'000)	3,803	0	3,803
% Growth	49%	N/M	131%
<b>GROSS MARGIN:</b>			
4Q2007 (%)	30%	11%	19%
4Q2006 (%)	27%	-	27%
<b>PAT</b>			
4Q2007 (\$'000)	3,681	186	3,867
4Q2006 (\$'000)	1,083	-	1,083
% Growth	240%	N/M	257%
<b>PAT / SALES</b>			
4Q2007 (%)	20%	1%	8%
4Q2006 (%)	8%	-	8%

### **Sales:**

- Corrosion Prevention (CP) segment grew 30% over 4Q2006.
- Inclusion of Tat's sales resulted in 220% growth over 4Q2006.

### **Gross Profit /Gross Margins:**

- Improvement in gross margins in 4Q2007 contributed from tank costing division
- Inclusion of Tat's typically lower margin distribution business resulted in composite Group's gross margin lower to 19% despite 49% growth in gross profit over 4Q2006.

### **PAT :**

- Higher sales, improvement in margins and better cost control drove CP's PAT 240% above 4Q2006.
- Inclusion of Tat's contribution pushed Group's PAT 257% above 4Q2006.



# YTD 4Q2007(12 Months) Performance by Segments

## Sales:

- CP segment grew 52% over FY2006. Inclusion of Tat's sales resulted in 232% growth over FY2006.

## Gross Profit :

- CP's gross profit improved 71% over FY2006 with gross margin at 38% vs 34% in FY2006.
- Inclusion of Tat's typically lower margin distribution business resulted in composite Group's gross margin lower to 24% despite 232% growth in gross profit over FY2006.

## PAT :

- Higher sales of CP segment coupled with better cost control drove PAT 269% above FY2006.
- Inclusion of Tat's positive contribution pushed Group's PAT 342% above FY2006.

	Corrosion Prevention Segment	Distribution - Petroleum Segment	Total
<b>SALES:</b>			
<b>FY2007 (\$'000)</b>	58,458	68,964	127,422
<b>FY2006 (\$'000)</b>	38,407	-	38,407
<i>% Growth</i>	52%	N/M	232%
<b>GROSS PROFIT:</b>			
<b>FY2007 (\$'000)</b>	22,018	8,849	30,867
<b>FY2006 (\$'000)</b>	12,876	-	12,876
<i>% Growth</i>	71%	N/M	140%
<b>GROSS MARGIN:</b>			
<b>FY2007 (%)</b>	38%	13%	24%
<b>FY2006 (%)</b>	34%	-	34%
<b>PAT</b>			
<b>FY2007 (\$'000)</b>	12,402	2,443	14,845
<b>FY2006 (\$'000)</b>	3,362	-	3,362
<i>% Growth</i>	269%	N/M	342%
<b>PAT / SALES</b>			
<b>FY2007 (%)</b>	21%	4%	12%
<b>FY2006 (%)</b>	9%	-	9%



## 4Q07 VS 3Q07 BY SEGMENTS

	Corrosion Prevention Segment	Distribution - Petroleum Segment	Total
<b>SALES:</b>			
4Q2007 (\$'000)	18,634	27,052	45,686
3Q2007 (\$'000)	10,373	23,798	34,171
% Growth	80%	14%	34%
<b>GROSS PROFIT:</b>			
4Q2007 (\$'000)	5,680	3,098	8,778
3Q2007 (\$'000)	4,534	2,850	7,384
% Growth	25%	9%	19%
<b>GROSS MARGIN:</b>			
4Q2007 (%)	30%	11%	19%
3Q2007 (%)	44%	12%	22%
<b>PAT</b>			
4Q2007 (\$'000)	3,681	186	3,867
3Q2007 (\$'000)	2,478	1,132	3,610
% Growth	49%	-84%	7%
<b>PAT / SALES</b>			
4Q2007 (%)	20%	1%	8%
3Q2007 (%)	24%	5%	11%

### Sales:

- CP segment contracted 80% over 3Q2007 because of tank coating division.
- Tank coating works on the delayed vessels in Q32007 were all started in 4Q2007 and the shortfalls from this segment in 3Q2007 were fully made good in Q42007.
- Inclusion of Tat's sales resulted in 34% growth over 3Q2007.

### Gross Profit :

- CP's gross profit improved 25% over 3Q2007 with gross margin at 30% vs 44% in 3Q2007.
- CP's gross margin declined over 3Q2007 as a result of the lower revenue contribution from plant operation which typically has the highest gross margin among the CP divisions.
- Tat's 14% growth in revenue was achieved without lowering its gross margin

### PAT :

- CP's PAT were 4% lower than 3Q2007 largely the result of tax and deferred tax provision of S\$933k (Q32007: S\$219k) provided in 4Q2007.
- Tat's PAT were downed to 1% mainly due to foreign exchange loss incurred in 4Q2007 as a result of the depreciation of US\$ against S\$. Hedging measures have already been taken in FY2008 to ensure this exposure is managed properly moving forward.



# Balance Sheet - Assets

	GROUP (S\$'000)			
	31 Dec 2007 Group c=a+b	31 Dec 2007 Tat a	31 Dec 2007 SHS b	31 Dec 2006
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	33,342	13,878	19,463	16,370
Subsidiary companies	-	-	-	-
Associated companies	628	-	628	457
Available-for-sale financial assets	485	195	290	290
Goodwill on consolidation	9,611	-	9,611	1,008
	<u>44,066</u>	<u>14,073</u>	<u>29,993</u>	<u>18,125</u>
<b>Current assets</b>				
Inventories and work-in-progress	13,330	11,705	1,625	988
Trade receivables	45,853	19,761	26,092	14,771
Amount due from related parties	-	-	-	295
Other receivables	3,061	1,772	1,290	622
Fixed deposits	22,185	2,185	20,000	5,000
Cash and bank balances	5,699	3,837	1,862	1,115
	<u>90,130</u>	<u>39,261</u>	<u>50,869</u>	<u>22,791</u>
<b>Total assets</b>	<b><u>134,196</u></b>	<b><u>53,334</u></b>	<b><u>80,862</u></b>	<b><u>40,916</u></b>



# Balance Sheet - Liabilities

	GROUP (S\$'000)			
	31 Dec 2007 Group c=a+b	31 Dec 2007 Tot a	31 Dec 2007 SHS b	31 Dec 2006
<b>ASSETS</b>				
<b>Current liabilities</b>				
Trade payables and accruals	21,869	12,755	9,114	8,682
Other payables	1,275	131	1,144	2,058
Amount due to related parties	-	-	-	131
Term loan	3,606	3,036	570	460
Other amount due to bankers	-	-	-	611
Trust receipts	23,241	23,241	-	-
Hire purchase creditors	2,377	2,176	201	330
Provision for taxation	1,438	460	978	163
	<b>53,806</b>	<b>41,798</b>	<b>12,008</b>	<b>12,435</b>
<b>Non-current liabilities</b>				
Term loan	5,596	2,240	3,355	3,960
Hire purchase creditors	230	-	230	599
Deferred taxation	898	102	796	56
	<b>6,724</b>	<b>2,343</b>	<b>4,381</b>	<b>4,615</b>
<b>Total liabilities</b>	<b>60,530</b>	<b>44,141</b>	<b>16,389</b>	<b>17,050</b>





# Key Ratios / Indicators

1Q2007			2Q2007			3Q2007			4Q2007			YTD 4Q2007			FY2006
CP	Tat	Total	CP	Tat	Total	CP	Tat	Total	CP	Tat	Total	CP	Tat	Total	Total #

## PROFIT & LOSS

Gross Margin %	43.5		43.5	37%	16%	26%	44%	12%	22%	31%	11%	19%	38%	13%	24%	38%
PAT / Sales %	22%		22%	21%	6%	13%	24%	5%	11%	20%	1%	8%	21%	4%	12%	9%

## BALANCE SHEET

Current Ratio													4.2	0.9	1.7	1.8
Sales : Days Outstanding													112	105	108	140
Debt / Equity Ratio															47%	17%
Return on Equity *															20%	14%

# FY2006 comparison is for CP segment only