



## See Hup Seng's Profit to Equity Holders for FY2011 Increases 51% to S\$8.0M

- Group revenue up 23% to S\$245.4 million
- Refined petroleum distribution business chalked up robust sales growth while corrosion prevention business' revenue remained steady
- Total dividends for FY2011 to come up to 0.50 cents per share

**Singapore, 27 February 2012 – See Hup Seng Limited (四合成有限公司) (“See Hup Seng” or the “Group”),** a leading provider of corrosion prevention services in Singapore and strategic value-added distributor of refined petroleum products in Asia Pacific, today reported that its profit attributable to equityholders for the year ended 31 December 2011 (“**FY2011**”) gained 51% to S\$8.0 million, from S\$5.3 million in FY2010.

Group revenue for FY2011 rose 23% to S\$245.4 million from S\$199.5 million in FY2010. This was largely driven by a 29% increase in sales from the Group's refined petroleum distribution business (“**TAT Petroleum**”) to S\$208.9 million. The corrosion prevention business (“**CP**”) held a steady performance with revenue of S\$36.5 million in FY2011.

The substantial improvement in profit to equityholders came on the back of higher operating profit from CP segment and See Hup Seng's increased equity stake in TAT Petroleum to 100% since August 2010, compared to 51% previously. For FY2011, CP segment recorded net profit of S\$2.5 million while TAT Petroleum generated net profit of S\$5.5 million.

For the three months ended 31 December 2011 (“**4Q11**”), Group revenue was S\$64.6 million, up 16% from the same period a year before. Both TAT Petroleum and CP segments recorded higher revenue in 4Q11 with year-on-year increases of 16% and 8% to S\$54.3 million and S\$9.3 million respectively. Group net profit for 4Q11 however decreased 24% to S\$1.9 million as TAT Petroleum reported lower profit due to narrower gross profit margin and higher operating costs. This was buffered partly by CP segment which registered higher profit in 4Q11 on the back of higher gross profit margin and a gain on disposal of fixed assets.

As at 30 September 2011, the Group had cash and bank balances, and fixed deposits totaling S\$42.4 million. Its financial position remains sound with net gearing of around 0.2 times.

To reward shareholders for their support, See Hup Seng has recommended a final dividend of 0.25 cents per share. Including the interim dividend of 0.25 cents per share, the Group would have distributed a total dividend of 0.50 cents per share with respect to FY2011.

**Mr Thomas Lim Siok Kwee**, Executive Chairman and CEO of See Hup Seng said, “Given the cautious market sentiment particularly in the last two quarters of FY2011, we believe the Group's two business segments have performed well. Despite keen market competition from providers of alternative corrosion prevention services, our CP segment turned in a steady performance as we continued strengthening our customer relationships to secure a steady flow of orders.

TAT Petroleum also performed well as its sales of refined petroleum products grew year-on-year for four consecutive quarters in FY2011. While its net profit was slightly undermined by the sudden decline in the crude

oil price and higher competition in the second half of 2011, we believe the underlying prospects of the refined petroleum business remain good. In fact, TAT Petroleum was recently awarded a new contract from our principal supplier, a major petroleum refiner, to package and sell asphalt products. This will add a new source to TAT Petroleum's revenue in the coming years."

### Segment Review

S\$ million	SEGMENTS (4Q11)		GROUP (4Q11 vs 4Q10)			GROUP (FY2011 vs FY2010)		
	CP	TAT Petroleum	4Q11	4Q10	yoy change	FY2011	FY2010	yoy change
Revenue	9.3	54.3	63.6	54.6	16%	245.4	199.5	23%
Gross profit	2.4	6.5	8.9	9.0	(1%)	36.1	32.7	11%
GP margin	25.7%	11.9%	13.9%	16.4%	-	14.7%	16.4%	-
Profit after tax	0.5	1.4	1.9	2.5	(24%)	8.0	7.3	10%
Profit attributable to Shareholders	0.5	1.4	1.9	2.5	(23%)	8.0	5.3	51%
EBITA	1.0	2.3	3.3	3.7	(11%)	13.8	12.9	7%

#### TAT Petroleum

Revenue in 4Q11 increased 16% year-on-year to S\$54.3 million, driven mainly by higher sales volume. For FY2011, revenue was up 29% to S\$208.9 million on the back of higher sales volume and average selling prices. As a percentage of Group revenue, TAT Petroleum made up 85% in FY2011, similar to FY2010.

TAT Petroleum's gross profit margin in 4Q11 narrowed to 11.9% from 15.1% previously due mainly to the adoption of a more aggressive pricing strategy to counter intensifying competitive conditions. This, combined with the lag effect between the increase in cost of purchases and selling price, as well as a sudden decline in crude oil prices in 3Q11, resulted in a lower gross profit margin of 12.6% in FY2011, compared to 15.0% in FY2010.

As a result of lower gross profit margin and higher operating expenses in tandem with its growth in sales volume and business expansion into Vietnam and Korea, TAT Petroleum recorded lower net profit in 4Q11 and FY2011 of S\$1.4 million and S\$5.5 million respectively, compared to S\$2.3 million and S\$6.8 million in FY2010.

#### Corrosion Prevention Business

Revenue in 4Q11 increased 8% year-on-year to S\$9.3 million, lifted mainly by higher revenue from the Tank Coating & Module Blasting business unit. This unit however generated lower revenue for FY2011 due to lower volume of projects, and competitive price pressure experienced in the first half of the year. Nevertheless, the Plant Operations unit notched up stronger revenue in FY2011 which enabled CP segment to achieve total revenue of S\$36.5 million, a marginal decline of 2% from FY2010.

CP segment's gross profit margin in 4Q11 widened to 25.7% from 23.3% previously. This is attributable to higher capacity utilisation and improved sales mix, with better profit margins at the Tank Coating & Module Blasting and Trading units. For FY2011, gross profit margin also widened to 26.7% from 22.3% in FY2010, owing mainly to higher capacity utilisation with the increased sales volume and improved sales mix at the Plant Operations unit.

CP segment's net profit in 4Q11 increased to S\$0.5 million from S\$0.3 million on higher sales and gross profit margin. While CP segment's revenue was flat for FY2011, net profit increased to S\$2.5 million from S\$0.5 million in FY2010, driven by higher gross profit margin and gain on disposal of one of the Plant Operation's facilities.

## Business Outlook

In the near term, macro-environment uncertainties may continue to weigh on business confidence and the level of industrial activities in the region. Hence, the Group will remain astute in its business management and finances as it continues to pursue long-term growth plans for its core businesses.

While the industry is expected to remain competitive and industrial customers could remain cautious in their purchasing activities, TAT Petroleum will continue with its long-term strategies of expanding market reach and moving up the value chain to attain its vision of becoming a best-in-class distribution company for petroleum-derived products in the region.

Having established its presence in five countries in Asia, TAT Petroleum is looking to increase its market penetration in existing markets as well develop new potential markets in South Asia and Southeast Asia. It also plans to continually widen its product range and seek viable opportunities to expand its supply chain capabilities.

In February 2012, TAT Petroleum secured a new contract from its principal supplier to package and resell asphalt in drums. Under the contract, TAT Petroleum has the right to resell the asphalt products across all geographical territories for a period of five years commencing from 1 February 2012. TAT Petroleum is presently building an automated filling station and storage yard for asphalt products within its current premises in Singapore.

CP segment delivered higher operating profit (excluding gain on disposal) in FY2011 despite flat revenue, thanks to its cost rationalisation efforts and continuous business process improvements. With more efficient operations and competitive cost structure, the Group believes CP segment is better positioned to seize business opportunities and achieve profitability.

Business conditions for the CP segment are likely to remain competitive and market demand could be uneven. Nonetheless, given its established industry reputation and leading position in Singapore, the CP segment is aiming to achieve steady market share and sales. In this respect, CP segment will continue to strengthen its existing customer relationships while broadening and diversifying its customer base across a wider range of industries.

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### **About See Hup Seng**

See Hup Seng Limited is a leading provider of corrosion prevention services to the marine, oil and gas, construction and infrastructure industries in Singapore. The Group also has a wholly-owned subsidiary, TAT Petroleum Pte Ltd, which is a strategic value-added distributor that offers comprehensive supply chain management of refined petroleum products in Asia Pacific.

Established in 1971, the Group's corrosion prevention business has successfully moved up the value chain to establish a strong niche in specialised tank coating services, and large-scale plant operations that are supported by a fully-equipped facility in Singapore. Its proven capability in corrosion prevention services is underlined by its status as a resident contractor for premier shipyards in Singapore.

Headquartered in Singapore with offices in Hong Kong, China (Guangzhou), South Korea, Vietnam and Indonesia, TAT Petroleum offers value-added solutions for refined petroleum products to its customers in diverse sectors such as vehicular, agriculture, coating, pharmaceutical, plastic and electronics industries.

TAT Petroleum's comprehensive services range from the blending and packaging of refined petroleum products into pails, drums or intermediate bulk containers bearing the brand of its major supplier, to storage and distribution of these products to designated locations.

See Hup Seng is listed on the Mainboard of SGX-ST. For further information, please visit the Group's website at [www.seehupseng.com.sg](http://www.seehupseng.com.sg)