



See Hup Seng Net Profit Up 53% to S\$2.1M in 1Q13

- Group revenue climbed 17% to S\$70.2 million
- Refined petroleum business saw 66% increase in net profit to S\$1.3 million
- Group expects to be profitable in FY2013 barring unforeseen circumstances

Singapore, 14 May 2013 – 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 petroleum-derived products in Asia Pacific, today reported that its earnings for the first quarter ended 31 March 2013 (“1Q13”) jumped 53% to S\$2.1 million from S\$1.4 million in 1Q12.

Group revenue in 1Q13 climbed 17% to S\$70.2 million compared to S\$59.9 million in 1Q12. This was led by the Group’s **Refined Petroleum (“RP”)** business which recorded a 20% sales increase to make up 85% of Group revenue. The increase in RP business’ revenue more than compensated for the 12% decrease in sales of the **Corrosion Prevention (“CP”)** business.

The RP business also spurred the increase in Group net profit during 1Q13. Thanks to stronger sales and gross profit, RP business’ net profit surged 66% to S\$1.3 million from S\$0.8 million previously. Notwithstanding weaker revenue, CP business sustained its net profit at S\$0.7 million on the back of improved gross profit margin.

At the end of 31 March 2013, the Group had a sound balance sheet with cash and cash equivalents of S\$30.0 million. Its net gearing stood at 0.4 times.

Said Mr Jimmy Tan, Managing Director of See Hup Seng, “While the Group witnessed an improved financial performance in 1Q13, we remain cautious on the business outlook due to the ongoing macroeconomic uncertainties, intense competition and rising business cost.

The RP business chalked up a commendable performance in 1Q13 as we increased our fleet of trucks and capitalised on the demand for industrial and wholesale petroleum-derived products, which was supported by industrial and construction activities in Singapore. Our acquisition of a Singapore-based distributor of petroleum-based products last December also contributed positively to the top- and bottom-line of our RP business in 1Q13.

The CP business delivered steady net profit in spite of a difficult operating environment, especially in the provision of site blasting and coating services due to tighter labour supply in Singapore.

Besides driving the growth of our core businesses, we are also assessing suitable acquisitive prospects as and when they arise. Barring any unforeseen circumstances, the Group expects to deliver a profitable performance in FY2013.”

Segment Review

S\$ million	Segments (1Q13)			Group		
	CP	RP	Others*	1Q13	1Q12	change
Revenue	8.8	59.9	1.5	70.2	59.9	17%
Gross profit	2.9	7.7	0.1	10.7	8.9	20%
GP margin	33.5%	12.9%	6.5%	15.3%	14.9%	-
Profit after tax	0.7	1.3	0.1	2.1	1.4	53%
EBITA	1.3	2.2	0.2	3.7	2.8	32%

*Others comprise the consolidated revenue and profit of Eastern Tankstore (S) Pte Ltd (ETS) which has become a 51%-owned subsidiary of See Hup Seng in April 2012, and equity accounting of Serangoon EC Pte Ltd.

Refined Petroleum (RP)

Revenue from the distribution of petroleum-derived products in the region climbed 20% to S\$59.9 million in 1Q13 on the back of a 34% growth in sales volume.

RP business' revenue was boosted primarily by the industrial and wholesale product segment. This segment recorded a 43% increase in sales on firm demand from industrial and construction activities in Singapore. The stronger sales was also helped by incremental revenue from a new product (asphalt) which commenced sales in FY2012, and contribution from a new subsidiary (Axxmo International) which was acquired by the Group in December 2012. As a percentage of RP business' revenue, sales of industrial and wholesale products were 53% in 1Q13, up from 45% in 1Q12.

Sales of petroleum-intermediates, which are generally used as feedstock in manufacturing processes, remained unchanged in 1Q13 compared to 1Q12 despite lower average selling prices.

Notwithstanding competitive pressure on selling prices, the RP business' GP margin improved to 12.9% in 1Q13 from 12.1% in 1Q12, thanks to lower cost of inventory replenishment in the quarter under review. As a result of the above, RP business' net profit soared 66% to S\$1.3 million in 1Q13.

Petroleum-derived products are used in a wide range of industrial, construction and vehicular applications, and manufacturing processes of electronics, consumer products, and pharmaceuticals among others. Although slower growth of manufacturing activities may affect the demand recovery for petroleum-intermediates in the near term, Asia is expected to remain as a key growth market for petroleum-derived products.

With a broad range of petroleum-derived products, the focus of the RP business will be to continue strengthening its marketing efforts in the regional markets to increase sales penetration. The Group will also continue to seek opportunities to move up the supply chain and widen its product lines to expand the RP business' revenue drivers.

Corrosion Prevention (CP)

CP recorded revenue of S\$8.8 million in 1Q13, down 12% from S\$9.9 million in 1Q12. This was attributed mainly to lower revenue from the Site Blasting and Coating unit which faced a shortage of labour. The Plant Operations unit however recorded a 19% increase in revenue and partially compensated for slower sales at the Site Blasting and Coating unit.

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The ongoing industrial, construction and marine activities in Singapore contributed to the demand for corrosion prevention services, which lifted the revenue of the Group's Plant Operations unit. This unit also achieved higher gross profit margin in 1Q13 and raised CP business' gross profit margin to 33.5% from 29.2% in 1Q12. As such, CP business sustained its net profit at S\$0.7 million in 1Q13, up slightly from S\$0.6 million in 1Q12.

Going forward, the CP business will seek to remain competitive in the market by working towards maintaining efficient operations and widening its customer base.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 14 May 2013.

About See Hup Seng Limited

See Hup Seng operates two primary businesses -- corrosion prevention services ("CP") and refined petroleum products and services ("RP").

Established in 1971, the CP business has successfully moved up the value chain to become a leading provider to the marine, oil and gas, construction and infrastructure industries in Singapore. See Hup Seng has 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.

The RP business distributes a wide range of refined petroleum products to customers in Asia Pacific. This business is operated by the Group's wholly-owned subsidiary, TAT Petroleum Pte Ltd. Headquartered in Singapore with offices in Hong Kong, China (Guangzhou), South Korea, Vietnam and Indonesia, TAT Petroleum is a strategic value-added distributor that offers comprehensive services including blending and packaging of refined petroleum products. Its customers hail from diverse sectors including vehicular, agriculture, coating, pharmaceutical, plastic and electronics industries. To expand its RP business, the Group has acquired a company which is the master distributor in Singapore of a petroleum-based waterproofing product, and is planning to build an Integrated Chemical Hub in Singapore through a 51%-owned joint venture.

To build new earnings streams for the future, See Hup Seng has also made strategic investments in an executive condominium development project in Singapore, as well as an offshore drilling company that will own and operate tender rigs.

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