



SHS HOLDINGS LTD

NEWS RELEASE

SHS posts 1Q2015 net profit of S\$2.7M as revenue jumps 77%, boosted by refined petroleum business

- *Wholly-owned subsidiary TAT Petroleum (HK) Pte Limited was recently appointed by ExxonMobil to distribute its Mobil lubricants in Vietnam – the 4th territory that TAT Petroleum distributes for ExxonMobil.*

\$'000	1Q2015	1Q2014	Change
Revenue	150,861	85,281	+77%
Profit before tax	3,271	4,650	(30%)
Net profit attributable to shareholders	2,698	3,868	(30%)

For the 3 months ended 31 March 2015 and 31 March 2014

Singapore, 14 May 2015 – Mainboard-listed **SHS Holdings Ltd.**, (四合成有限公司) (“SHS” or “the Company”, and together with its subsidiaries, the “Group”) today reported net profit attributable to shareholders of S\$2.7 million for the first quarter of FY2015, achieved on the back of a 77% jump in revenue to S\$150.9 million.

This was led by stronger contribution from the Refined Petroleum (“RP”) segment’s trading business, partially offset by lower revenue contributions from Corrosion Prevention (“CP”) and Structural Steel and Facade (“SSF”) business segments.

Said Group Chief Executive Officer Mr Henry Ng, “We are pleased that despite the weakening crude oil prices, our business activities at RP continue to generate robust contributions to the Group, both in terms of revenue and profitability. We have also

been making strong headway in the distribution of lubricants for our major supplier, ExxonMobil, most recently being appointed the authorized distributor for Mobil Lubricants products in Vietnam – our 4th lubricants territory that we are marketing for ExxonMobil, after Singapore, Hong Kong, Macau, Bali & Nusa Tenggara (East & West).”

On 30 April 2015, the Group announced that its wholly-owned subsidiary, TAT Petroleum (HK) Pte Limited, was appointed the authorized distributor of Mobil lubricants (excluding domestic marine) by ExxonMobil for its Vietnam market, covering from South Vietnam up to the north central parts of the country, for a period of five years with effect from 1 May 2015.

In addition to lubricants, TAT Petroleum also holds the distributorship from ExxonMobil to pack and resell a wide range of products to customers in the Asia Pacific region, which include mineral fluids (solvents), poly-alphaolefins (synthetic), medicine white oil and asphalt/bitumen.

Based on the latest first-quarter results, the Group’s earnings per ordinary share (based on the weighted average number of shares) was 0.45 Singapore cents while net asset backing per ordinary share was 25.28 Singapore cents (as at 31 March 2015).

The Group maintained a strong financial position with cash and fixed deposits of S\$42.2 million as at 31 March 2015, and a strong balance sheet with total equity rising 2% to S\$155.3 million.

SEGMENT REVIEW

\$ million	1Q2015	1Q2014	Change
Refined Petroleum (RP)			
- Revenue	139.3	67.1	+108%
- Gross Profit	11.1	9.0	+23%
Corrosion Prevention (CP)			
- Revenue	5.2	8.4	(38%)
- Gross Profit	1.1	3.3	(68%)
Structural Steel & Facade (SSF)			
- Revenue	6.1	9.5	(37%)
- Gross Profit	1.3	3.4	(61%)

For the 3 months ended 31 March 2015 and 31 March 2014

Refined Petroleum (RP)

In the three months ended 31 March 2015, the Group's Distribution and Trading businesses boosted RP's revenue by 108% to S\$139.3 million. The increased sales volume led to a 23% jump in 1Q2015 gross profit to S\$11.1 million, partially offset by lower gross profit margin which narrowed by 5.3 percentage points to 8.0%. This was despite an improved gross margin registered by the Distribution business as the Trading business, which typically commands lower gross margin in nature, recorded a surge in volume and pulled down the average gross margin.

Corrosion Prevention (CP)

The Group's CP segment recorded 38% lower revenue year-on-year to S\$5.2 million mainly due to the significant slowdown in orders from exploration and production companies in the offshore and marine sector as a result of weak crude oil prices. Gross profit for the CP segment similarly decreased by 68% to S\$1.1 million on the back of lower revenue coupled with the intense competition from existing players and alternative corrosion prevention solutions. This resulted in gross margin eroding by 19.5 percentage points to 20.2%.

Structural Steel & Facade (SSF)

The Group's SSF segment saw revenue declining by 37% year-on-year to S\$6.1 million due to the slowdown in the domestic construction and infrastructure sector and intense competition. In line with the lower revenue posted and gross margin erosion from 35.2% in 1Q2014 to 21.5% in 1Q2015, its gross profit similarly slipped by 61% to S\$1.3 million.

With the margin erosion of its three core businesses, the Group posted 1Q2015 net profit attributable to equity holders of S\$2.7 million, despite overall expenses (selling & distribution, administrative, and other operating expenses) declining by 7.2% to S\$10.4 million, and finance costs reducing by 27% to S\$0.3 million.

Business Prospects

Against the backdrop of a challenging business environment, dominated by the anticipated slowdown in both domestic and regional economies, intense competition and depressed crude oil prices, the Group is expecting these to have an impact on the operating performance but is cautiously optimistic that it will remain profitable in FY2015, even as it continues to pursue business opportunities to enhance its core businesses. It will also focus on achieving operational efficiency through innovation and sharpening its competitiveness.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 14 May 2015.

Issued on behalf of SHS Holdings Ltd. by:

Waterbrooks Consultants Pte Ltd

Tel: (+65) 6100 2228

Wayne Koo (M): +65 9338 8166 wayne.koo@waterbrooks.com.sg

Ho See Kim (M): +65 9631 3602 seekim@waterbrooks.com.sg

About SHS Holdings Ltd.

SHS Holdings Ltd. is an established group with diversified businesses in corrosion prevention ("CP") and steel engineering services, and refined petroleum products ("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. SHS Holdings Ltd. 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 mainly by the Group's wholly-owned subsidiary, TAT Petroleum Pte Ltd, which is headquartered in Singapore with offices in Hong Kong, China (Guangzhou), South Korea, Vietnam and Indonesia. TAT Petroleum's customers hail from diverse sectors including vehicular, agriculture, coating, pharmaceutical, plastic and electronics industries. The RP business also operates a company which is the master distributor in Singapore of a petroleum-based waterproofing product. The Group has also extended its RP business from product distribution to petrochemical blending and trading services.

The steel engineering business is operated through wholly-owned subsidiary, Hetat which has a fully-equipped steel fabrication plant of approximately 195,000 sq ft located in Tuas, Singapore. It is currently undertaking projects in Singapore, Malaysia and Mongolia.

To build new earnings streams for the future, SHS Holdings Ltd. 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.

SHS Holdings Ltd. is listed on the Mainboard of SGX-ST. For further information, please visit the Group's website at www.shsholdings.com.sg.