



Boustead Singapore Limited
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BOUSTEAD FINANCIAL RESULTS ANNOUNCEMENT FOR 3Q FY2016 ENDED 31 DECEMBER 2015

	3Q FY2016	3Q FY2015	Change	9M FY2016	9M FY2015	Change
Revenue	S\$142.3m	S\$177.9m	-20%	S\$374.2m	S\$434.1m	-14%
Gross profit	S\$42.2m	S\$42.0m	+0%	S\$119.4m	S\$134.0m	-11%
Profit before income tax	¹ S\$15.7m	² S\$18.4m	-15%	¹ S\$45.9m	² S\$65.0m	-29%
Total profit	¹ S\$11.3m	² S\$12.6m	-10%	¹ S\$33.9m	² S\$47.7m	-29%
Profit attributable to equity holders of Company ("net profit")	S\$7.5m	S\$11.8m	-36%	S\$24.1m	S\$45.4m	-47%
Net profit (adjusted for Boustead Projects demerger)*	S\$7.5m	S\$10.5m	-29%	S\$24.1m	S\$37.2m	-35%
- Earnings per share	1.4cts	2.3cts	-39%	4.6cts	8.8cts	-48%
- Net asset value per share				**58.8cts	71.0cts	-17%

Notes:

¹ Includes other losses of S\$0.8m in 3Q FY2016 and other losses of S\$2.4m in 9M FY2016

² Includes other gains of S\$0.5m in 3Q FY2015 and other gains of S\$3.7m in 9M FY2015

* Net profit of 3Q FY2015 and 9M FY2015 have been adjusted to reflect 48.8% demerger of Boustead Projects Limited for comparative review

** Lower net asset value per share due to dividend *in specie* of Boustead Projects Limited's shares

Note to Editors: The Group's revenue is largely derived from project-oriented businesses and as such, quarterly results would not accurately reflect the full-year's performance. Full-year to full-year comparisons are more appropriate for analytical purposes.

3Q/9M FY2016 Highlights:

- 3Q FY2016 revenue of S\$142.3 million was 20% lower than 3Q FY2015. 9M FY2016 revenue of S\$374.2 million was 14% lower than 9M FY2015.
- 3Q FY2016 net profit of S\$7.5 million was 36% lower than 3Q FY2015. For comparative review, if net profit for 3Q FY2015 had been adjusted to take into account the demerger and other gains and losses, then 3Q FY2016 net profit would be 16% lower year-on-year.
- 9M FY2016 net profit of S\$24.1 million was 47% lower than 9M FY2015. For comparative review, if net profit for 9M FY2015 had been adjusted to take into account the demerger and other gains and losses, then 9M FY2016 net profit would be 21% lower year-on-year.
- The Group's order book backlog currently stands at S\$343 million.

Singapore, 12 February 2016 – Mainboard-listed Boustead Singapore Limited (“Boustead” or the “Group”), a progressive global infrastructure-related engineering services and geo-spatial technology group today announced its unaudited financial results for the third quarter and nine months ended 31 December 2015 (“3Q FY2016” and “9M FY2016” respectively).

For 3Q FY2016, the Group registered revenue of S\$142.3 million, total profit of S\$11.3 million and profit attributable to equity holders of the Company (“net profit”) of S\$7.5 million. These were 20%, 10% and 36% lower respectively than 3Q FY2015.

The greater percentage decrease in net profit versus total profit is due to the demerger of Boustead Projects Limited (“Boustead Projects”), in which approximately 48.8% of Boustead Projects’ shares were distributed as a dividend *in specie* on 30 April 2015, resulting in a significant rise in profit attributable to non-controlling interests. For comparative review, if net profit for 3Q FY2015 had been adjusted to take into account the demerger and other gains and losses, then 3Q FY2016 net profit would be 16% lower year-on-year.

For 9M FY2016, the Group registered revenue of S\$374.2 million, total profit of S\$33.9 million and net profit of S\$24.1 million. These were 14%, 29% and 47% lower respectively than 9M FY2015. For comparative review, if net profit for 9M FY2015 had been adjusted to take into account the demerger and other gains and losses, then 9M FY2016 net profit would be 21% lower year-on-year.

Mr Wong Fong Fui, Chairman and Group Chief Executive Officer of Boustead said, “All our divisions continued to deliver profitability even in these harsh business conditions. Nonetheless, our businesses face significant challenges and especially our Energy-Related Engineering Division with the further slide in global crude oil prices. We continue to proactively manage our costs to partially mitigate these circumstances.”

The protracted weak business environment in the global oil & gas industries caused revenue at the Energy-Related Engineering Division to drop 35% to S\$31.0 million. Depressed crude oil prices continued to dampen the appetite of global oil & gas corporations to undertake sizeable capital expenditures and investments.

At the Real Estate Solutions Division (i.e. Boustead Projects), revenue fell 14% to S\$85.6 million. Design-and-build revenue decreased significantly compared to 3Q FY2015, while leasing revenue improved with the additional rental income contributed by an enlarged industrial leasehold portfolio.

The Geo-Spatial Technology Division generated revenue of S\$25.7 million, down 17% year-on-year. Although there was firm demand for geo-spatial technology across Australia and South East Asia, the impact of AUD’s significant depreciation against SGD and USD was keenly felt.

Notwithstanding the Group’s revenue declining 20% in 3Q FY2016, the Group managed to maintain comparable gross profit year-on-year, with the gross profit margin at 30% versus 24% in 3Q FY2015. However, pressure on gross profit margins still remains due to the challenging macro environment.

Profit before income tax (“PBT”) decreased by 15% to S\$15.7 million, largely due to lower profit contribution from the Energy-Related Engineering Division, an absence of other gains, higher finance expenses and the Real Estate Solutions Division’s share of loss of associated companies and joint ventures.

Despite the significant challenges, all three operating divisions remained profitable. However, PBT at the Energy-Related Engineering Division was severely impacted by poor performances at the upstream oil & gas, water and wastewater engineering and solid

waste energy recovery businesses. Partially counterbalancing this, PBT at the Real Estate Solutions Division increased 107% year-on-year mainly due to an unusually low margin from a design-and-build project in the corresponding quarter last year.

Total profit decreased 10% for reasons mentioned earlier. The effective tax rate was 28% in 3Q FY2016 as compared to 31% in 3Q FY2015.

At the end of 9M FY2016, the Group's financial position remained healthy.

Total borrowings (both current and non-current) declined by 44% to S\$104.2 million after the Real Estate Solutions Division repaid bank loans to totally deleverage five properties and substantially reduce the loan on one property within the industrial leasehold portfolio.

Retained profits were reduced by 23% to S\$239.3 million following the demerger of Boustead Projects and the resulting dividend *in specie*, along with cash dividends paid to shareholders thereafter. Consequently, the Group's net asset value per share reduced to 58.8 cents at the end of 9M FY2016, from 73.0 cents at the end of FY2015. The demerger also resulted in the exponential rise in non-controlling interests to S\$102.6 million.

The Group's net cash position (i.e. net of all bank borrowings) stood at S\$126.9 million at the end of 9M FY2016, translating to a net cash per share position of 24.5 cents. In addition, the Group maintained S\$80.1 million in available-for-sale financial assets and financial assets held for trading at the end of 9M FY2016, of which about half of the amount is highly liquid.

To date in FY2016, the Group has secured new contracts of approximately S\$247 million. The Group's order book backlog (as at the end of 3Q FY2016 plus new orders since) stands at S\$343 million, of which S\$115 million is under the Energy-Related Engineering Division and S\$228 million is under the Real Estate Solutions Division.

The current macro environment and headwinds within the Group's respective industries will continue to negatively impact the Group's short-term prospects. Delays in the award of sizeable contracts from the global oil & gas industries are expected to persist for the remainder of FY2016 and possibly into FY2017, given the imbalance in the demand and supply equilibrium. In addition, future gross profit margins are likely to be affected although the Group has put in place prudent cost management measures to partially mitigate this.

Since the Group's last update in respect of receiving a positive judgment on its legal case related to Libya and the subsequent appeal filed by Arab Banking Corporation (B.S.C.), the appeal was heard by the Court of Appeal on 19 October 2015. The Court of Appeal has reserved its judgment. The Group's legal advisors have continued to confirm the strength of the Group's case. Further announcements will be made by the Group as and when there are any additional material developments.

While the Group believes it will continue to be profitable in FY2016, the level of profit will be considerably lower than that of FY2015 due to the depressed market and challenging business environment, especially in the global oil & gas industries.

In December 2015, the potential acquisition of an energy asset in Indonesia fell through. Despite this, the Group remains committed to exploring acquisition opportunities, with its healthy balance sheet and capability to readily deploy its S\$126.9 million net cash position should an excellent opportunity arise.

-- End of media release --

About Boustead Singapore Limited

Established in 1828, Boustead Singapore Limited is a progressive global Infrastructure-Related Engineering Services and Geo-Spatial Technology Group listed on the SGX. Focusing on the engineering and development of key infrastructure supporting economic growth in the public and private sectors of emerging markets, our strong suite of Engineering Services comprises: Energy-Related Engineering and Real Estate Solutions.

Under our Geo-Spatial Technology arm, we provide professional services and exclusively distribute Esri geo-spatial technology – the world’s leading geographic information systems – to major markets across Australia and South East Asia. Our location intelligence solutions are essential to effectively plan, deploy and manage key infrastructure and resources in countries.

With a vast global network stretching across Asia, Australia, Europe, Africa and the Americas, Boustead is ready to serve the world. To date, Boustead has undertaken infrastructure-related projects in 85 countries globally.

In 2008 and 2009, Boustead was recognised in the prestigious Forbes Asia 200 Best Under A Billion as one of the Asia Pacific’s 200 best public-listed corporations under US\$1 billion in revenue. In 2015, Boustead was also a winner of the Singapore Golden Jubilee Business Award, in recognition of the best 50 Singapore corporations who have achieved and contributed to Singapore’s progress and success over the past 50 years since independence. Boustead is also listed on the MSCI World Small Cap Index for Singapore and the FTSE ST Small Cap Index.

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Financial Results Archive

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