



ENGINEERS

HSS ENGINEERS BERHAD (1128564-U)

Malaysia's Engineering DNA

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PRESS RELEASE

HSS revenue climbs to RM42.9 million in 3Q21

- *Project management revenue doubles on works performed; unbilled orderbook of RM548.3 million to provide visibility till 2026*
- *Makes progress in digital and technology sector focusing on data centers while remaining positive on mega infrastructure projects*

Kuala Lumpur, Malaysia, 18 November 2021 - Engineering and project management consultant HSS Engineers Berhad's (HEB Group; Bloomberg- HSS:MK) revenue climbed to RM42.9 million in third quarter ended 30 September 2021 ("3Q21") compared to RM42.0 million previously, as the Project Management segment's revenue doubled on project management works performed in the quarter.

The Project Management segment revenue increased to RM9.5 million in 3Q21 from RM4.5 million previously. This mitigated the marginal revenue reduction in the Group's main revenue driver of Engineering Services comprising Engineering Design and Construction Supervision which amounted to RM31.2 million in 3Q21, from RM34.9 million a year ago in line with project progress.

The Group remained profitable in 3Q21 with net profit of RM0.2 million, despite the impact of the Enhanced Movement Control Order ("EMCO") period in the Klang Valley followed by either Phase 1 or 2 of the National Recovery Plan (NRP) in most states during the quarter. Consequently, the performance in the said quarter was impacted by the delayed earnings arising from delay in mobilisation of staff for the RM145 million Project Management Consultant contract for the Pan Borneo Sabah project.

HEB Group's Executive Vice Chairman Tan Sri Ir. Kuna Sittampalam was positive on the Group's future prospects as the Group had resumed to 100% working capacity in its headquarters and in Pan Borneo Sabah Project since early October 2021, and was making progress in its digital and technology sector ventures alongside its existing strengths in the public transportation, port and water sectors.

“With 100% working capacity in our headquarters and normalised operations at most work sites at present, we are on track to progressively recognise earnings from our RM548.3 million orderbook in the upcoming quarters. Having secured RM192 million in new contracts year to date, we foresee this momentum continuing in the fourth quarter and into 2022.

We remain cognizant of the immense opportunities in the digital and technology sector focusing on data centers as well as the 5G telecommunications space, in support of the Government’s focus on accelerating the digital economy in the wake of the pandemic.

We have embarked on a collaborative partnership approach with global leading data center specialists to pursue engineering and project management opportunities in Malaysia and South East Asia. To date, we have been shortlisted for two Project Management Consultancy bids for upcoming data center projects in the country.

These new sector ventures are expected to complement our current prowess in the public transportation, port and water infrastructure sectors.”

Tan Sri Ir. Kuna Sittampalam
Executive Vice Chairman, HSS Engineers Berhad

Of HEB Group’s orderbook of RM548.3 million, 74% comprises Construction Supervision and Project Management services. These billings are expected to provide the Group with earnings visibility till 2026. The Group’s tenderbook remained healthy at RM423 million as at 30 September 2021.

Some of HEB Group’s key contract wins in 2021 include Project Management Consultancy Services for the Phase 1 of Pan Borneo Sabah, Consulting Engineer works for the proposed development of Phase 1 Langat 2 WTP and water reticulation system, Feasibility Studies for Selangor Water Security, Owner Engineering Services for Sungai Rasau, Selangor, as well as appointment as Owner’s Engineer for the development of Scheduled Waste Management Centre in Johor.

Within its current projects, the Group is already working on the Section A and C of the East Coast Rail Link (ECRL) and is in the final stages of the Preliminary Design of Section A from Kota Bharu to Dungun (approximately 210 km long) and concurrently carrying out the Detail Design and supervising the Construction Works. Furthermore, the Group had obtained Final Railway Scheme Approval from the Land Public Transport Agency for Section C1 (Mentakab to Gombak) and is in the process of obtaining approval for Section C2 (Gombak to Port Klang) which is on public display.

The Iskandar BRT project, secured in December 2019, is progressing well with detailed design expected to be completed in the fourth quarter of 2021, with tenders for construction contracts estimated to be called soon.

The Group is also working closely with its client Westports Malaysia to develop eight additional berths and double its container-handling capacity to 28 million 20-foot equivalent units (TEUs) a year by 2040.

On HEB Group’s prospects, Tan Sri Ir. Kuna Sittampalam said: “We are poised to support the Government’s continued approach to pump prime the economy. We are heartened by the expansionary Budget 2022 of RM332.1 billion with RM 75.6 billion being allocated for development expenditure (DE) being much higher than the RM62 billion earmarked a year ago.



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This augurs well for anticipated rollouts in the infrastructure sector, including for existing projects of Gemas-Johor Bahru Electrified Double Track, Johor-Bahru-Singapore Rapid Transit System Link and Pan Borneo Highway.”

“Furthermore, we foresee that Budget 2022’s initial allocation of RM200 million for the Infrastructure Facilitation Fund 3.0 under the Public-Private Partnership Unit would be the main catalyst in aiding the Government to facilitate the privatization mechanism for mega infrastructure projects. We are playing our role to assist the Government in this aspect.”

“We also have a positive outlook on the mid-term timeframe till 2025, with the Government’s RM400 billion DE allocation under the 12th Malaysia Plan being larger than RM248.5 billion in the previous plan. We believe that HEB Group’s prospects are certainly promising.”

For the nine months ended 30 September 2021 (“9M21”), revenue remained stable at RM125.8 million from RM124.9 million a year ago. Segmentally, Engineering Services contributed the majority of group revenue at 81% or RM101.9 million, comprising Engineering Design and Construction Supervision. Meanwhile, Project Management contributed 13% or RM16.9 million, whereas BIM Services and Reimbursable Income constituted the remaining 6% or RM7.0 million.

Profit before tax reduced to RM6.4 million in 9M21 compared to RM11.9 million for the nine months ended 30 September 2020 (“9M20”), due to less-than-favourable project mix and higher administrative expenses, mainly arising from holding staff due lack of mobilisation to Pan Borneo Sabah Project. 9M21 net profit attributable to shareholders stood at RM3.8 million in 9M21, versus RM7.7 million in 9M20.



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About HSS Engineers Berhad (www.hssgroup.com.my)

HSS Engineers Berhad (HEB or the Company) is an investment holding company which was incorporated on 23 January 2015 under the Companies Act, 1965 as a private limited company under the name of HSS Engineers Sdn. Bhd. before it was converted into a public limited company. The Company assumed its present name on 31 March 2015.

HEB, through its subsidiaries (HEB Group or the Group) and associates, is principally involved in the provision of engineering and project management services including engineering design, construction supervision, project management, environmental services and building information modeling services.

HEB Group's workforce grew to approximately 1,000 (of which more than half are engineers) upon the completion of the acquisition of SMHB Engineering Sdn Bhd on 28 March 2018. With a combined experience of more than 80 years, the Group possesses longstanding experience in a wide array of sectors including urban infrastructure, transportation planning, roads and highways, railways and metro systems, water resources and supply, waste management, building and structures, and power generation.

As one of the leading and by far the largest listed engineering consultancy group in Malaysia, the Group is and has been involved in many notable large-scale projects including MRT 1& 2, Maju Expressway 2, West Coast Expressway, SUKE Expressway, Pahang - Selangor Water Raw Transfer, Development of Sungai Selangor Phase 1, 2 and 3, Sarawak Water Grid Study and East Coast Rail Link.

The Group now operates from 4 main offices, based in Kuala Lumpur (2 offices) and Penang in Malaysia as well as Chennai in India.

Issued for and on behalf of HSS Engineers Berhad by Aquilas Advisory (Malaysia) Sdn Bhd. For media enquiries, please contact:

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