



NEWS RELEASE

KOH BROTHERS ACHIEVES 6% 1Q 2019 NET PROFIT GROWTH TO S\$1.3 MILLION ON S\$78.6 MILLION REVENUE

- ***Construction order book remains strong at S\$632.3 million***
- ***Continues to recognise share of profit from well-received Nonhyeon I PARK project in Seoul, South Korea***
- ***Healthy balance sheet with S\$48.2 million cash and bank balances and low net gearing of 1.0 time***

Singapore, 9 May 2019 – Well-established construction, property development and specialist engineering solutions provider, Koh Brothers Group Limited (“**Koh Brothers**”, 許兄弟有限公司, or the “**Group**”), announced today that it has achieved 17% growth in revenue to S\$78.6 million and a 6% rise in net profit attributable to shareholders to S\$1.3 million for the financial quarter ended 31 March 2019 (“**1Q 2019**”).

Mr. Francis Koh (许庆祥), Managing Director and Group CEO of Koh Brothers, commented, “We are pleased to start the new financial year on stronger footing, backed by growth in both our Construction and Building Materials division and the Real Estate division. Our construction order book remains strong at S\$632.3 million; while our ongoing projects are progressing well on schedule, contributing to the segment’s higher revenue this quarter. We are also aggressively pursuing higher-value projects to drive growth for the segment.”

“Meanwhile, our efforts to diversify geographically continue to pay off as our maiden project in Seoul, South Korea – the Nonhyeon I PARK mixed-development project – continues to contribute meaningfully this quarter. While we continue to explore further opportunities abroad, we bring our focus back to Singapore this year as we look forward to launch three development projects in the up-and-coming Holland Village vicinity that will allow us to showcase our strengths in unique lifestyle-themed developments.”

Financial Highlights

Koh Brothers reported 1Q 2019 revenue of S\$78.6 million, a 17% increase from S\$67.1 million in the equivalent period a year ago (“**1Q 2018**”), mainly lifted by higher contribution from the Construction and Building Materials division. In tandem with the higher topline, gross profit rose 4% to S\$6.4 million in 1Q 2019 compared to S\$6.1 million a year ago.

Other income decreased to S\$1.0 million in 1Q 2019 from S\$1.9 million in 1Q 2018 due to lower interest income earned.

Share of result from associated companies and joint ventures rose 1% to S\$2.6 million in 1Q 2019 from S\$2.5 million recorded in 1Q 2018 due to progressive recognition of profit from the Nonhyeon I PARK project in Seoul, South Korea. The 45%-owned mixed-development project is currently 97% sold as the Group continues to push sales for the remaining units. The project had received warm reception for its launch, with 75% of all its units sold within a week.

Consequentially, Koh Brothers reported a 6% rise in net profit to S\$1.3 million in 1Q 2019 from S\$1.2 million in 1Q 2018.

1Q 2019 earnings per share rose to 0.31 Singapore cent compared to 0.29 Singapore cent in 1Q 2018. Net asset value per share increased to 71.75 Singapore cents as at 31 March 2019 compared to 68.42 Singapore cents as at 31 December 2018.

Cash and bank balances remained healthy at S\$48.2 million while shareholders' equity stood at S\$295.9 million as at 31 March 2019. The Group's debt servicing ability with liquidity remains comfortable with a current ratio of 2.2 times and net gearing ratio of 1.0 time as at 31 March 2019.

Outlook and Strategies

Latest statistics from the Ministry of Trade and Industry showed that the Singapore economy grew 1.3% on a year-on-year basis in the first quarter of 2019, decelerating from the 1.9% growth recorded in 4Q 2018. On a quarter-on-quarter, seasonally-adjusted annualised basis, the economy expanded 2.0% faster than the 1.4% growth in the preceding quarter¹.

On the construction sector, the Building and Construction Authority² projects the total value of construction contracts to be awarded this year to range between S\$27.0 billion and S\$32.0 billion, with public sector projects constituting 60% of the forecast to reach between S\$16.5 billion and S\$19.5 billion, boosted by major infrastructure projects and a pipeline for major industrial building projects.

Koh Brothers is backed by over five decades of experience and has accumulated a proven track record of public infrastructure projects. It had recently secured several major projects such as the Circle Line 6-related works (from Prince Edward station to Marina Bay station); the design and construction of Phase 2 of the Deep Tunnel Sewerage System; and the Woodlands Health Campus project awarded by the Ministry of Health, a first in the Woodlands vicinity.

These projects have contributed to Koh Brothers' strong construction order book of S\$632.3 million as at 31 March 2019 that is expected to contribute progressively to the Group's performance.

¹ Ministry of Trade and Industry, 12 April 2019 – Singapore's GDP Grew by 1.3 Per Cent in the First Quarter of 2019

² Building and Construction Authority, 14 January 2019 – Singapore's total construction demand to remain strong this year

On the property development front, latest statistics from the Urban Redevelopment Authority showed that prices of private residential properties decreased 0.7% in 1Q 2019, continuing the 0.1% decline in 4Q 2018. Developers launched 2,989 units for sale and sold 1,838 units in 1Q 2019, compared to 1,657 units launched and 1,836 units sold in 4Q 2018³.

Koh Brothers currently owns three freehold development sites in the Holland Village vicinity – the wholly-owned Van Holland project (formerly known as Toho Mansion) and two 20%-owned joint-venture development sites, Hollandia and Estoril. The Van Holland project is expected to yield 80 to 100 units that will feature a fresh concept to offer elevated living spaces with access to a myriad of amenities in the vibrant neighbourhood that also boasts excellent connectivity, being a stone's throw away from the Holland Village MRT station.

“We expect to launch the Van Holland project in the second half of this year. While we recognise that the operating environment is challenging, we have navigated such difficult conditions successfully in the past due to our ability to introduce first-to-market lifestyle concepts that serves to differentiate our developments from the crowded market. We'll continue to monitor the market closely to launch our projects at an appropriate time,” added Mr Koh.

³ *Urban Redevelopment Authority, 26 April 2019 – Release of 1st Quarter 2019 real estate statistics*

About Koh Brothers Group Limited

Listed on SGX Mainboard in August 1994, Koh Brothers Group Limited (“**Koh Brothers**”, or together with its subsidiaries, the “**Group**”) is a well-established construction, property development and specialist engineering solutions provider, which was started as a sole proprietorship in 1966 by Mr. Koh Tiat Meng. Today, Koh Brothers has more than 40 subsidiaries, joint venture companies and associated companies spread over Singapore, the PRC, Indonesia, Malaysia and South Korea.

Over the years, Koh Brothers has undertaken numerous construction and infrastructure projects with its A1 grading by the Building and Construction Authority – currently the highest grade for contractors’ registration in this category that allows the Group to tender for public sector construction projects of unlimited value. In addition, Koh Brothers has developed a name for itself as a niche real estate developer, with an established reputation for quality and innovation.

Koh Brothers’ diversified businesses present them with multiple revenue streams from three core areas:

- Construction and Building Materials;
- Real Estate; and
- Leisure and Hospitality.

The Group is also the single-largest shareholder of SGX Catalist-listed Koh Brothers Eco Engineering Ltd (“**Koh Brothers Eco**”), a sustainable engineering solutions group that provides engineering, procurement and construction (“**EPC**”) services for water and wastewater treatment, hydro-engineering, bio-refinery and bio-energy projects. Through Koh Brothers Eco, the combined Group is able to reap synergies to offer turnkey engineering solutions and tap opportunities in the water and wastewater treatment, and hydro-engineering sectors.

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