

SURBANA JURONG PRIVATE LIMITED AND ITS SUBSIDIARIES RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

Creditable FY2018 performance, resilient balance sheet

Financial Highlights For the year ended 31 December 2018		
(S\$'000)	2018	2017
Revenue	1,547,717	1,370,502
Gross Profit	385,028	343,570
Results from operating activities	57,734	62,473
Net finance costs	(15,424)	(20,857)
Share of profit of associates & JV	2,015	2,430
Profit before tax	44,325	44,046
Tax expense	(22,289)	(15,716)
Profit for the year	22,036	28,330
EBITDA	93,944	85,179

Overview of results

- Revenue grew 13% year-on-year to S\$ 1.5 billion
- EBITDA grew 10% year-on-year to S\$ 93.9 million
- Earnings visibility from record **work-in-hand of S\$2.5 billion** as at 31 Dec 2018 (31 Dec 2017: S\$2.0 billion; 31 Dec 2016: S\$1.96 billion)
- Balance sheet remains resilient with **net assets of S\$594 million**
- **Positive operating cashflow S\$29 million** and **net debt remaining relatively constant at S\$254 million**
- **Consistent gross profit margin** year-on-year at approx. 25%
- Key credit ratios remain relatively consistent:

Key Credit Ratios	FY16	FY17	FY18
Net Debt / Total Capitalisation ¹	0.16x	0.22x	0.22x ²
EBITDA / Interest Expense	5.4x	6.0x	5.1x
Net Debt / EBITDA	3.9x	2.7x	2.7x

¹ Total capitalisation = Total Debt + Equity

² Shareholder's equity injection of S\$300m was made on 10 Apr 2019. This would have improved Net Debt over Total Capitalisation ratio to approximately 0.17x

- Net profit after tax declined by S\$6 million attributed mainly to (i) lower contributions from Africa and Asia, (ii) higher tax expenses, and (iii) one-off expenses

Group CEO statement on FY2018 performance

“Surbana Jurong reported creditable FY2018 results, achieving 13% revenue growth and 10% EBITDA growth year-on-year. We continue to win orders across our businesses, with S\$1.9b record new orders secured in the year. Hence, at S\$2.5b as at end of 2018, our work-in-hand is also a record and provides earnings visibility going into 2019. Our balance sheet remains resilient as we maintain a positive operating cashflow and key credit ratios are healthy.

Our net profit after tax for the year declined mainly due to higher tax expenses and one-off expenses such as legal & advisory fees on investments, the re-organising of our Americas and Asia businesses and relocation costs of our Australian office. It was also partly due to lower contributions from Africa and Asia (North Asia & Southeast Asia), while the rest of the business units performed well. We are working to ensure the Africa and Asia business units improve their performance. Already, we have seen good contract wins in Africa and Southeast Asia in early 2019.

As a group, Surbana Jurong continues to position ourselves for long-term sustainable growth. We acquired two architectural firms in 2018 - B+H in Canada and SAA in Singapore. These acquisitions deepened our design capabilities and provided us entry into new growth markets, such as healthcare and transit-oriented developments. We continue to strengthen our service offerings to create new business streams, such as Integrated Managed Services and Surbana Jurong Capital. We remain a technology leader, leveraging various innovations to improve productivity as well as create new pipelines of solutions.

In January 2019, we broke ground for our new campus. The 68,915 sqm development in Jurong Innovation District will be ready by 2021 and will serve as our global headquarters. Our campus reflects our growth plans ahead and will be a showcase of our best-in-class solutions as we undertake the entire development ourselves.

Going forward, we aim to maintain the momentum of our contract wins and are looking to add more managed services solutions to the Group to provide higher recurring income.

Furthermore, as announced on SGX, Surbana Jurong has subscribed for S\$300,000,000 of Bonds and 300,000,000 Warrants issued by Changi Airports International Pte. Ltd. in April 2019^[1]. The initial subscription of S\$300 million was funded by shareholder’s equity. This subscription will enable Surbana Jurong to potentially gain exposure to the Issuer’s portfolio of international airport assets and is in line with our aim to provide multi-disciplinary design and engineering services for infrastructure projects such as airports.”

^[1] For details of the subscription, please refer to SGX announcements:

<https://links.sgx.com/1.0.0/corporate-announcements/6RBJD9FZYMGM7FO/b114cd95adf6a351affe116a79f516e058660f7559010aef2dd362a257642492>

and

<https://links.sgx.com/1.0.0/corporate-announcements/1BXUY4VJLRKTDUTZ/6f825cf357e0c5b33856f66824bac831f8aa14bbb6239bd2a8abf3d579638a4e>

SURBANA JURONG PRIVATE LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT

	2018 S\$'000	2017 S\$'000
Revenue	1,547,717	1,370,502
Cost of sales	(1,162,689)	(1,026,932)
Gross Profit	385,028	343,570
Other income	14,359	16,008
Administrative expenses	(326,539)	(283,345)
Other expenses	(15,114)	(13,760)
Results from operating activities	57,734	62,473
Finance income	4,003	3,567
Finance costs	(19,427)	(24,424)
Net finance costs	(15,424)	(20,857)
Share of profit of associates (net of tax)	527	599
Share of profit of joint ventures (net of tax)	1,488	1,831
Profit before tax	44,325	44,046
Tax expense	(22,289)	(15,716)
Profit for the year	22,036	28,330
Profit attributable to:		
Owner of the Company	20,756	27,607
Non-controlling interests	1,280	723
Profit for the year	22,036	28,330

SURBANA JURONG PRIVATE LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2018 S\$'000	2017 S\$'000
Assets		
Property, plant and equipment	72,789	81,960
Intangible assets and goodwill	469,062	469,675
Associates and joint venture	24,487	26,326
Other investments	9,552	11,320
Deferred tax assets	31,351	22,768
Derivative financial asset	1,005	5
Non-current assets	608,246	612,054
Derivative financial asset	304	-
Inventories	1,137	548
Contract assets	292,884	209,715
Trade and other receivables	436,568	394,504
Cash and cash equivalents	318,504	239,026
Current assets	1,049,397	843,793
Total assets	1,657,643	1,455,847
Equity		
Share capital	634,813	634,813
Reserves	(58,336)	(55,944)
Equity attributable to owner of the Company	576,477	578,869
Non-controlling interests	17,802	(154)
Total equity	594,279	578,715
Liabilities		
Loans and borrowings	495,364	69,621
Trade and other payables	8,831	10,894
Derivative financial liabilities	5,735	762
Provisions	2,122	2,835
Deferred tax liabilities	23,618	16,846
Non-current liabilities	535,670	100,958
Loans and borrowings	77,343	397,778
Trade and other payables	289,050	289,010
Contract liabilities	112,783	38,952
Derivative financial liabilities	257	664
Provisions	32,250	33,778
Current tax liabilities	16,011	15,992
Current liabilities	527,694	776,174
Total liabilities	1,063,364	877,132
Total equity and liabilities	1,657,643	1,455,847

About Surbana Jurong

We build homes, design cities, and improve infrastructure for sustainable industrial development and urban living. Our global team of architects, designers, planners, engineers and other specialists, provides best-in-class consultancy across the full urban, industrial and infrastructure development value chain.

With close to 70 years of track record in successful project delivery, the Surbana Jurong Group has grown to become one of the largest Asia-based urban, infrastructure and management services consulting firms. Our global workforce of over 16,000 employees across more than 120 offices are driven by progressive thinking and creative ideas. Our member companies include AETOS, KTP Consultants and SAA Architects in Singapore, SMEC and Robert Bird Group in Australia, B+H Architects in Canada and Sino-Sun in China.

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