



MEDIA RELEASE

Straco reports lower earnings amid lower revenue

Financial Highlights (S\$'mil)	3 Months to 31 December			12 Months to 31 December		
	2019	2018	% change	2019	2018	% change
Revenue	14.73	22.33	-34.0	108.84	117.88	-7.7
Profit before tax	2.70	9.26	-70.9	56.54	62.47	-9.5
Profit attributable to shareholders	1.74	6.04	-71.1	38.09	41.84	-9.0
Earnings per share (Scts)	0.20	0.70	-71.4	4.41	4.86	-9.3
Net asset value per share (Scts)	-	-	-	33.43	32.93	1.5

- Full year revenue decreased 7.7% to \$108.84 million
- Net asset value per share increased 1.5% to 33.43 cents
- Net cash of \$173.6 million, 20.1 cents per share
- Proposed first and final dividend of 2.5 cent per share

SINGAPORE, 27 February 2020:- Mainboard-listed Straco Corporation (“Straco” or “the Group”), a developer and operator of tourism-related attractions, reported a 34.0% decline in Group revenue to \$14.73 million for the fourth quarter ended 31 December 2019 compared to 4Q2018, mainly attributable to lower revenues contributed by Shanghai Ocean Aquarium (“SOA”) and Underwater World Xiamen (“UWX”) as visitor numbers declined amidst a challenging economic and operating environment; while revenues from Singapore Flyer also decreased as rides operation were suspended during the quarter due to a technical glitch. The weaker Chinese Yuan this quarter also impacted on our Group’s revenue when translated to Singapore Dollars.

Group profit was \$1.74 million for the quarter, 71.1% lower than that of 4Q2018, mainly attributable to the decreased profitability of SOA and the losses incurred by Singapore Flyer due to the temporary suspension of its ride operation.

For the quarter under review, the Group received 0.69 million visitors to all its attractions, a decrease of 26.8% from 4Q2018.

Cumulatively, Group revenue for FY2019 decreased 7.7% from last year corresponding period while Group profit decreased 9.0% compared to FY2018.

Commenting on the results, Straco's Executive Chairman, Mr Wu Hsioh Kwang said: "It has been a challenging quarter, where a technical issue concerning one of the Flyer's spoke cables, discovered during a routine in-house maintenance inspection has led to an extended period of ride suspension. The safety of visitors is our utmost priority, thus we are proceeding with an abundance of caution on the matter, and are working closely with the relevant technical consultants and authorities to resume operations."

Mr Wu added: "We continue to generate healthy cash inflow, with net operating cash flow of \$48.62 million generated for the year. Our cash position remains strong with a net cash balance of \$173.6 million at the end of 2019."

The National Bureau of Statistics of China reported that China's economy showed signs of stabilising in the last quarter of 2019, as gross domestic product ("GDP") grew 6.0% year-on-year in 4Q2019, same as the previous quarter in 3Q2019. For the full year, the economy grew 6.1% in 2019, in line with the government's target.

In Singapore, the economy expanded by 0.8% year-on-year in 4Q2019, based on advance estimates from the Ministry of Trade and Industry, as the manufacturing sector contracted 2.1% while construction and services-producing industries expanded 2.1% and 1.4% respectively. For the whole of 2019, the economy expanded 0.7% year-on-year, the slowest growth rate since 2009.

With the outbreak of the COVID-19 virus across China, and the measures taken by the Chinese authorities to contain the spread, the tourism industry is expected to be adversely affected. The Company had previously announced the closure of its three attractions in China, namely Shanghai Ocean Aquarium, Underwater World Xiamen and Lixing Cable Car since 25 January 2020, first on a voluntary basis and subsequently in conformance with the authorities' directive to prevent the spread of the highly infectious COVID-19. Given that this outbreak continues to be an evolving development, there is a material uncertainty as to the duration and extent of the travel curbs imposed on travel, as well as closure of the Company's attractions in China. Even after the curbs are lifted and the Company's attractions reopens, it is uncertain as to when tourists and visitors to the Company's attractions in China will reach pre-COVID-19 levels. In view of the foregoing factors, there is a material risk that the Group's financial performance for the current financial year will be materially adversely affected.

In addition, the suspension of ride operations of the Singapore Flyer since late November 2019 due to a minor technical issue involving a spoke cable is expected to also weigh on the performance of the subsidiary. Though the Company has in place insurance coverage for Property All Risk and Business Interruptions due to Machinery Breakdown, the amount of recoverable lost revenue will still be subject to an insurance claim.

Notwithstanding, the Company, having assessed its current financial position, and barring any unforeseen circumstances, is confident that it can ride over these events as aforesaid.

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About Straco Corporation

Straco Corporation Limited (“Straco”), listed on the Singapore Stock Exchange in 2004, is a leading developer and operator of aquatic-related facilities and tourism-related assets. Straco’s main operating assets include Shanghai Ocean Aquarium, situated in the New Pudong Area, next to Shanghai’s landmark Oriental Pearl Tower; Lixing cable car service at Mount Lishan in Lishan in Lintong District, Shaanxi province; Underwater World Xiamen on the scenic Gulangyu Island, a key tourist attraction of Xiamen City, and the Singapore Flyer, an iconic landmark located in the Marina Bay skyline.

Straco constantly sources for tourism projects to tap into the expected tourism boom in Asia. The Group will leverage on its experience and track record in the China market to form strategic investment alliances to develop and operate tourism resources in China and the region.