

# Centurion Corporation Limited 4Q and FY 2015 Financial Results

23 February 2016



KAARANGZI RESTAURANT

**WESTLITE**  
1<sup>st</sup> Workers Accommodation  
with 3 Bedroom Units  
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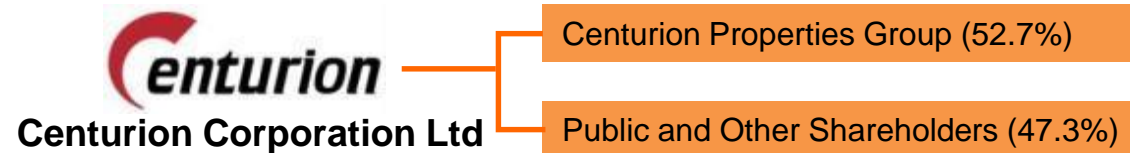
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# About Centurion Corporation

- One of Asia's leading accommodation providers
- Own, develop and manage quality workers accommodation and student accommodation assets
- Strong portfolio of **16** operational accommodation assets totalling **50,072** beds<sup>1</sup>
- Operational assets:
  - Total workers: **47,400** beds
  - Total students: **2,672** beds
- Strong pipeline of: **24,500** beds (till 2018)



1. Exclusive of Westlite Senai II

# Key Highlights

- Strong performance with **14%** growth in FY 2015 Net Profit (from core business ops) to **S\$35.6 mil** y-o-y
- Driven by 30% growth in revenue from Accommodation Business y-o-y
- Generated stable and strong operating cash of \$60.4 million in FY 2015
- Declared a final dividend of 1.0 cent per ordinary share, brings the total dividend declared in FY 2015 to 1.5 cents per ordinary share

# Key Financial Highlights

## 4Q 2015

- Total Revenue **+8% to S\$28.3 mil** y-o-y
- Net Profit **-90% to S\$7.6 mil** y-O-y (absence of similar FV gain)
- Net Profit (from core business ops) **-9% to S\$9.2 mil** y-o-y

## FY 2015

- Total Revenue **+24% to S\$104.5 mil** y-o-y
- Net Profit **-69% to S\$34.0 mil** y-O-y (absence of similar FV gains and M-Space profits)
- Net Profit (from core business ops) **+14% to S\$35.6 mil** y-o-y

- Contributed from expansion of student and workers accommodation assets
- Investment properties<sup>1</sup> – Fair valuation gains of **+S\$3.2 mil** in 2015 (2014: +S\$62.8 mil)
- One-off write-down of S\$4.8 million on the carrying value of Westlite Mandai

Note:

1. Including associated companies and JV companies

# Key Financial Highlights (cont'd)

- Healthy Balance Sheet – S\$138.4 million in cash and cash equivalents
- Gearing remains healthy at 50%
- Long term bank debt to maturity profile of 12 years
- 4x interest cover is well within interest cover threshold
- NAV per share increased to 53.5¢

# Key Business Highlights

- Completion of Westlite Tampoi in Jan 2015
- Completion of RMIT Village refurbishment works in 1Q 2015
- Issuance of S\$65 million MTN in Jul 2015
- Westlite Woodlands achieved TOP in Jul 2015
- Completion of Manchester Student Village (MSV) refurbishment works in Jul 2015
- Won a tender to operate CSL Selegie and completed refurbishment works in Oct 2015



# Financial Review

# Key Financials

## Group Net Profit<sup>1</sup> increased by 14% to S\$35.6m in FY 2015

(Recurring - Exclude one off items)

S\$'000	4Q 2015	4Q 2014	Change	FY 2015	FY 2014	Change
Revenue	28,288	26,105	+ 8%	104,538	84,443	+ 24%
Profit from Continuing Operations	7,589	72,928	- 90%	33,979	111,219	- 69%
Profit from Core Business Operations	9,196	10,120	- 9%	35,586	31,118	+ 14%
Net Profit Margin (Based on profit from core business operations)	33%	39%	- 6pp	34%	37%	- 3pp

Note:

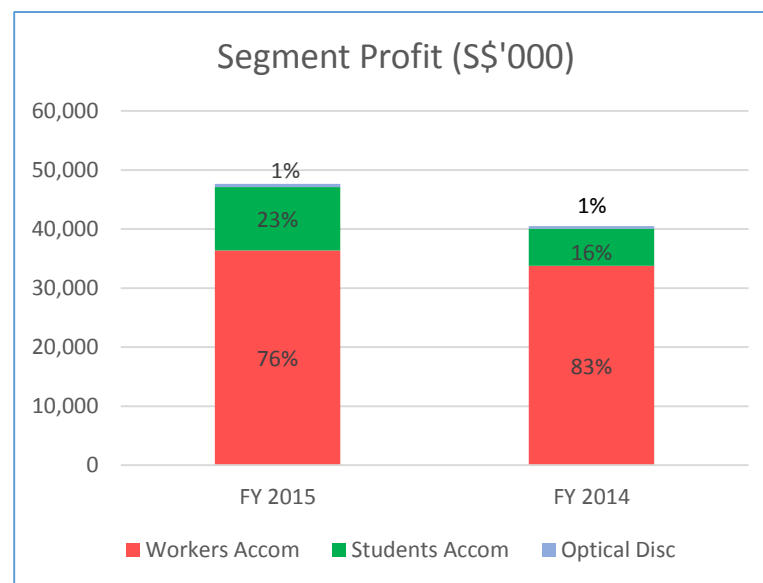
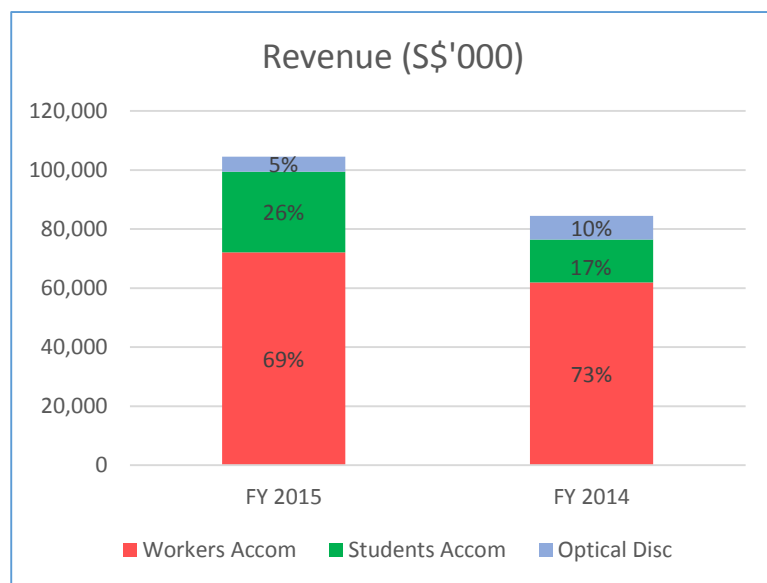
1. Net Profit = Profit from core business operations (exclude FV gains of \$3.2m and write down of investment in associate of \$4.8m)

# Segment Breakdown

## Strong Accommodation Business Results in FY 2015

(Recurring - Exclude one off items)

S\$'000	Accommodation						Optical Disc		
	Workers			Students			FY 2015	FY 2014	Change
	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change			
Revenue	72,098	61,909	16%	27,374	14,551	88%	5,066	7,983	-37%
Segment Profit	36,393	33,766	8%	10,730	6,287	71%	562	455	24%
Segment Margin	50%	55%	-5pp	39%	43%	-4pp	11%	6%	5pp



## Balance Sheet Highlights

S\$'000	31 Dec 2015	31 Dec 2014	Change %
Cash & Cash Equivalents	138,435	63,144	+ 119%
Current Assets <sup>1</sup>	148,339	82,446	+ 80%
Non Current Assets	993,698	791,587	+ 26%
Total Assets	1,142,037	874,033	+ 31%
Current Liabilities <sup>1</sup>	198,268	70,988	+ 179%
Non Current Liabilities	540,873	411,485	+ 31%
Total Liabilities	739,141	482,473	+ 53%
Net Assets	402,896	391,560	+ 3%
Net Gearing Ratio <sup>2</sup>	50%	45%	+ 5pp

Note:

1. Net current liability of S\$50m due to the reclassification of MTN of S\$100m which is maturing in October 2016, from long term borrowings to current liabilities. Sufficient cash resources and banking facilities (both in aggregate of approximately S\$213m) available to meet the financing needs of the maturing MTN and its current liabilities.
2. The net gearing ratio is computed as borrowings less cash and cash equivalents divided by total capital. Total capital is calculated as borrowings plus net assets of the Group.

# Key Ratios

	FY 2015	FY 2014
Earnings Per Share	4.5¢	14.7¢
Earnings Per Share (Excluding fair value gains & write down of investment in associate)	4.7¢	4.1¢
NAV per share	53.5¢	51.6¢
Share Price	39.0¢ <sup>1</sup>	50.5¢ <sup>2</sup>
Dividend	1.5¢ <sup>3</sup>	1.0¢ <sup>4</sup>
Market Capitalisation	S\$293m <sup>1</sup>	S\$382m <sup>2</sup>

Note:

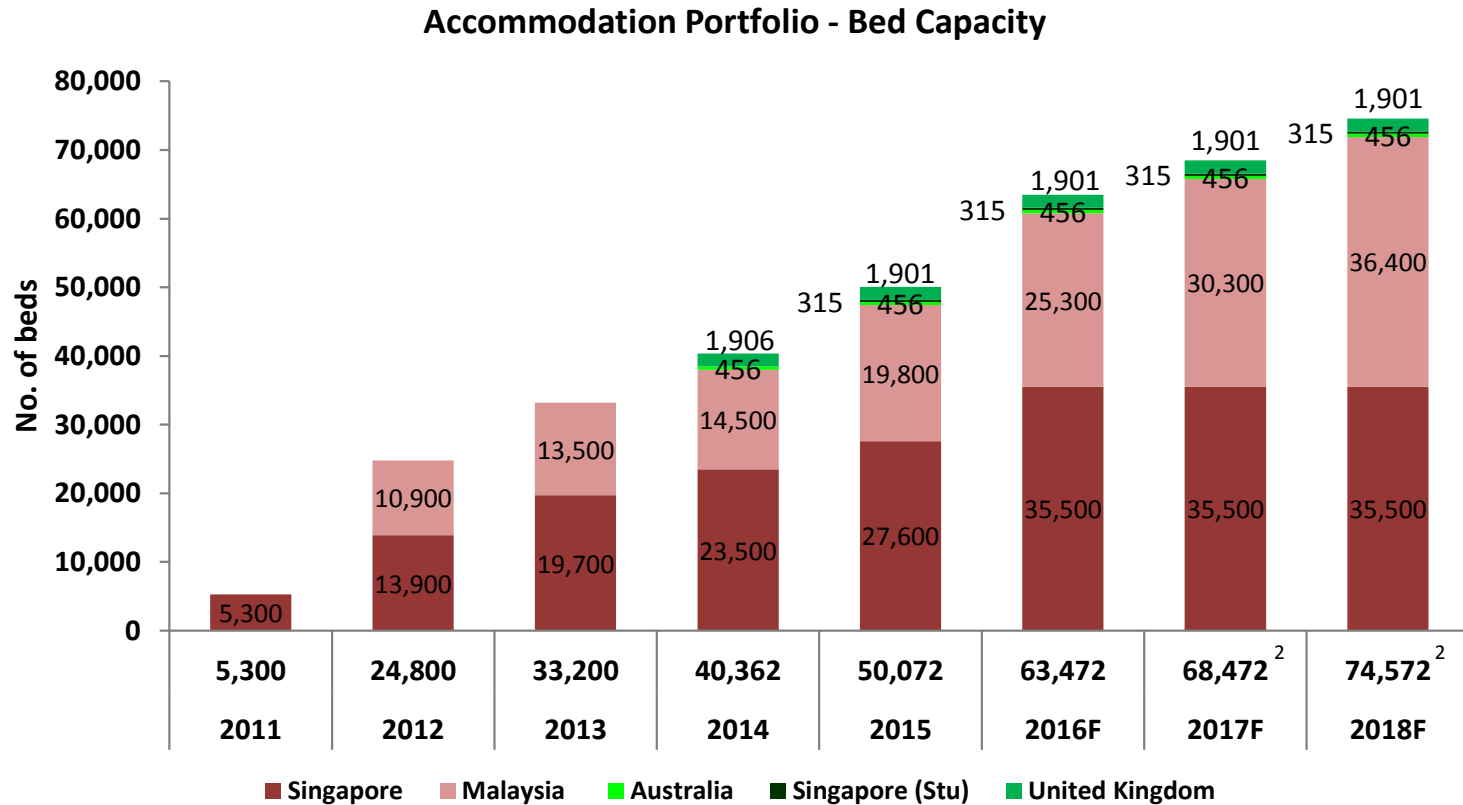
1. As at 31 December 2015

2. As at 31 December 2014

3. Comprising an interim dividend of 0.5 cent per share and a proposed final dividend of 1.0 cent per share for FY 2015

4. Excludes a one-off special interim dividend of 0.5 cent for FY 2014.

# Accommodation Growth Profile<sup>1</sup>

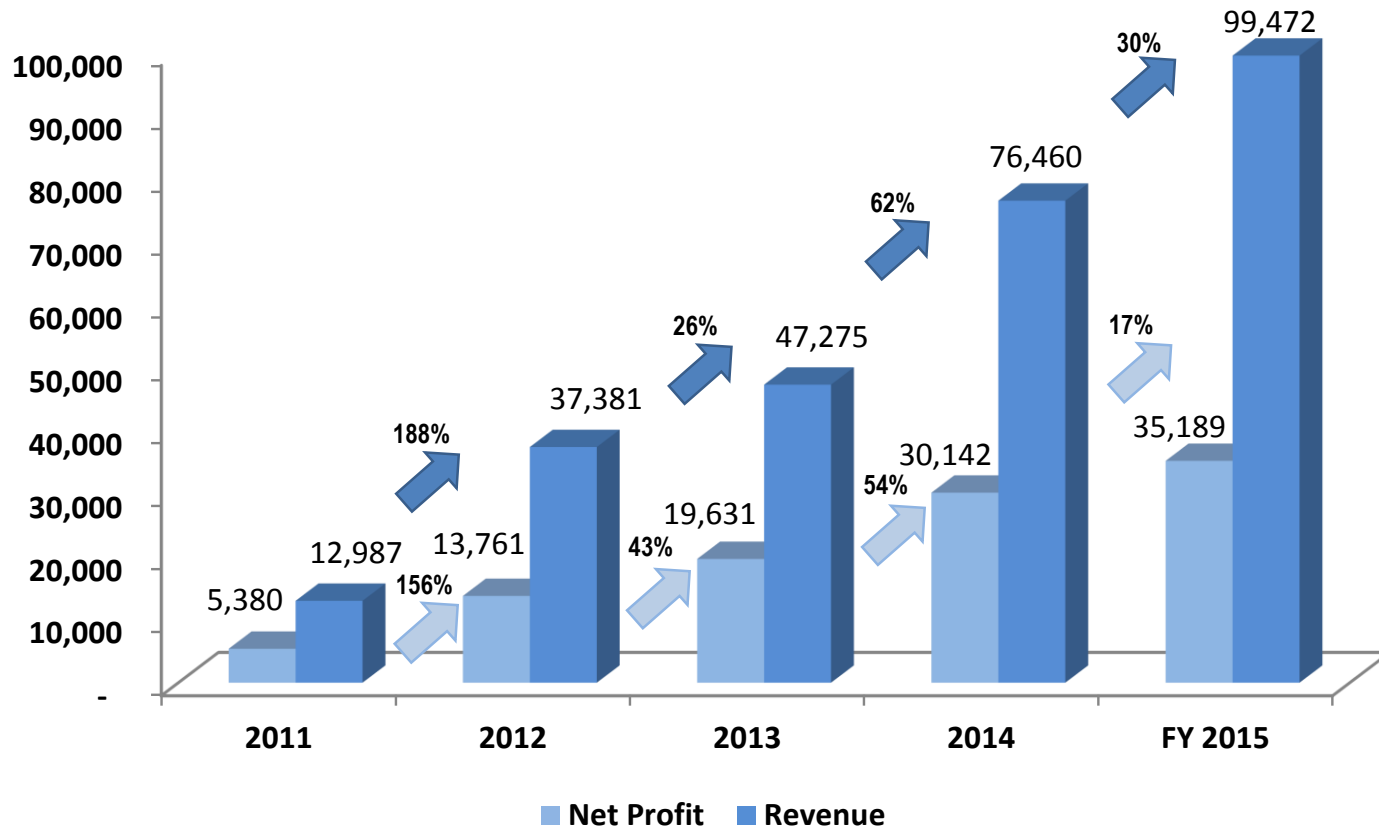


Note:

1. Based on developments at existing facilities that are already owned by Centurion Corp
2. Includes Westlite Tuas of 8,600 beds. The land lease of Westlite Tuas will expire in Apr 2017 if there are no further extension by the authorities.

# Strong Financial Growth of Accommodation Business

Accommodation - Revenue & Net Profit<sup>1</sup> (S\$'000)



Note:  
1. From core business operations

# Business Review





## Workers Accommodation



# Workers Accommodation Landscape – Singapore

## Singapore

- General economic slow down, affected by oil prices, construction sector holding up
- Increase in new supply
  - c.57,000 beds<sup>1</sup> may enter the market in phases in 2016
  - c.49,000 beds<sup>1</sup> expiring in 2016 (some beds may be renewed)
- Imbalance in demand and supply of c.200,000 beds<sup>1</sup> for PBWA<sup>2</sup>
- Government policies may see shift of foreign workers to PBWA
- Foreign Employee Dormitories Act 2015 came into effect in Jan 2016

Note:

1. Centurion Corp research

2. PBWA denotes Purpose Built Workers Accommodation

# Our Competitive Strengths – Singapore

Diversified portfolio of high quality assets

- Catering to workers from all industries – Mandai & Toh Guan
- More than 700 customers

Assets are well located

Assets with long land tenure (c.30% of long term PBWA)

Recognised Westlite brand

One of the largest workers accommodation owner-operators in Singapore

# Workers Accommodation – Singapore

- **4** operating assets and **1** under development
- Current capacity of **27,600** beds; **7,900** beds under development
- On a portfolio basis, assets are achieving healthy occupancy rates

## Westlite Toh Guan



- Purpose built accommodation
- Capacity of **8,600** beds on leasehold land (42 years remaining)
- Upgrading completed in January 2014
- Caters to workers in all industries

## Westlite Mandai (45% owned)



- Purpose built accommodation
- Capacity of **6,300** beds on freehold land
- Officially opened in April 2014
- Caters to workers in all industries

## Westlite Woodlands



- Purpose built accommodation
- Capacity of **4,100** beds on leasehold land (28 years remaining)
- Mainly for workers in the process, marine and manufacturing industries
- 25% for workers in other industries
- TOP obtained in July 2015

## Westlite Tuas



- Purpose built accommodation
- Temporary prefabricated steel structure
- Capacity of **8,600** beds on short term BCA lease (<1.5 years remaining)
- Mainly for construction workers
- 25% for workers in other industries

# Pipeline Project Under Development



## Westlite Papan (51% owned)

- Partnership with Association of Process Industry (ASPRI) to develop **7,900** beds purpose built workers accommodation and ASPRI training centre
- Strategically located with convenient access to Jurong Island
- Tapping on future mega trend of the fast growing chemical industry
- Land tenure of 23 years
- On track to open by **Jun 2016**
- Commenced pre-marketing activities

# Workers Accommodation Landscape – Malaysia

## Malaysia

- Slowdown in the manufacturing sector due to the weakening economy
- Government taking measures to ensure proper housing for foreign workers
- Unclear Government policies on foreign labor
  - c.2.1 million foreign workers in Malaysia with valid work permits
  - c.4.0 million illegal foreign workers (rehiring program)
- Challenges in retaining and recruiting foreign workers
- Weaker ringgit, Forex remittance loss back to home country
- Employers are diversifying their source of recruitment for foreign workers

# Our Competitive Strengths – Malaysia



# Workers Accommodation – Malaysia

- **6** operating assets and **3** under development/planning
- Current capacity of **19,800** beds; **5,500** beds under development; **11,100** beds under planning
- On a portfolio basis, the Malaysian assets are achieving healthy occupancy rates

## Operating Accommodation

### Westlite Tebrau



Opened in: Apr 2012  
Capacity: 2,500 beds  
Land: 60 yrs wef 2000

### Westlite Cemerlang



Opened in: Jun 2012  
Capacity: 1,600 beds  
Land: Freehold

### Westlite Johor Tech Park



Opened in: Jul 2012  
Capacity: 5,800 beds  
Land: 99 yrs wef 2011

### Westlite Pasir Gudang



Opened in: Dec 2012  
Capacity: 2,000 beds  
Land: 99 yrs wef 1986

### Westlite Senai



Opened in: Sep 2013  
Capacity: 2,600 beds  
Land: Freehold

### Westlite Tampoi



Opened in: Jan 2015  
Capacity: 5,300 beds  
Land: Freehold



# Pipeline Projects Under Development / Planning



## Westlite Senai II

- Under development
- Freehold land
- Estimated capacity: **5,500** beds
- **Update:** Recently completed in Jan 2016

## Westlite Bukit Minyak

- Under planning
- Freehold land
- Estimated capacity: **5,000** beds
- Estimated completion in 2017

## Westlite Juru

- Under planning
- Land tenure of 99 yrs
- Estimated capacity: **6,100** beds
- Estimated completion in 2018



## **Student Accommodation**

# Student Accommodation Landscape

## Australia

- Total student numbers of 1.3 million<sup>1</sup> in 2014 (+4.5% y-o-y)
- c.453,500 international students<sup>1</sup> (+10.4% y-o-y)
- c.1,025,000 local students<sup>1</sup> grew 4.1%
- Strong demand for high-quality, purpose built student accommodation

## United Kingdom

- Total student numbers stable at c.2.3 million
- Demand from c.435,500 full time international students<sup>2</sup> grew by 3%
- Strong demand for high-quality, purpose built student accommodation

## Singapore

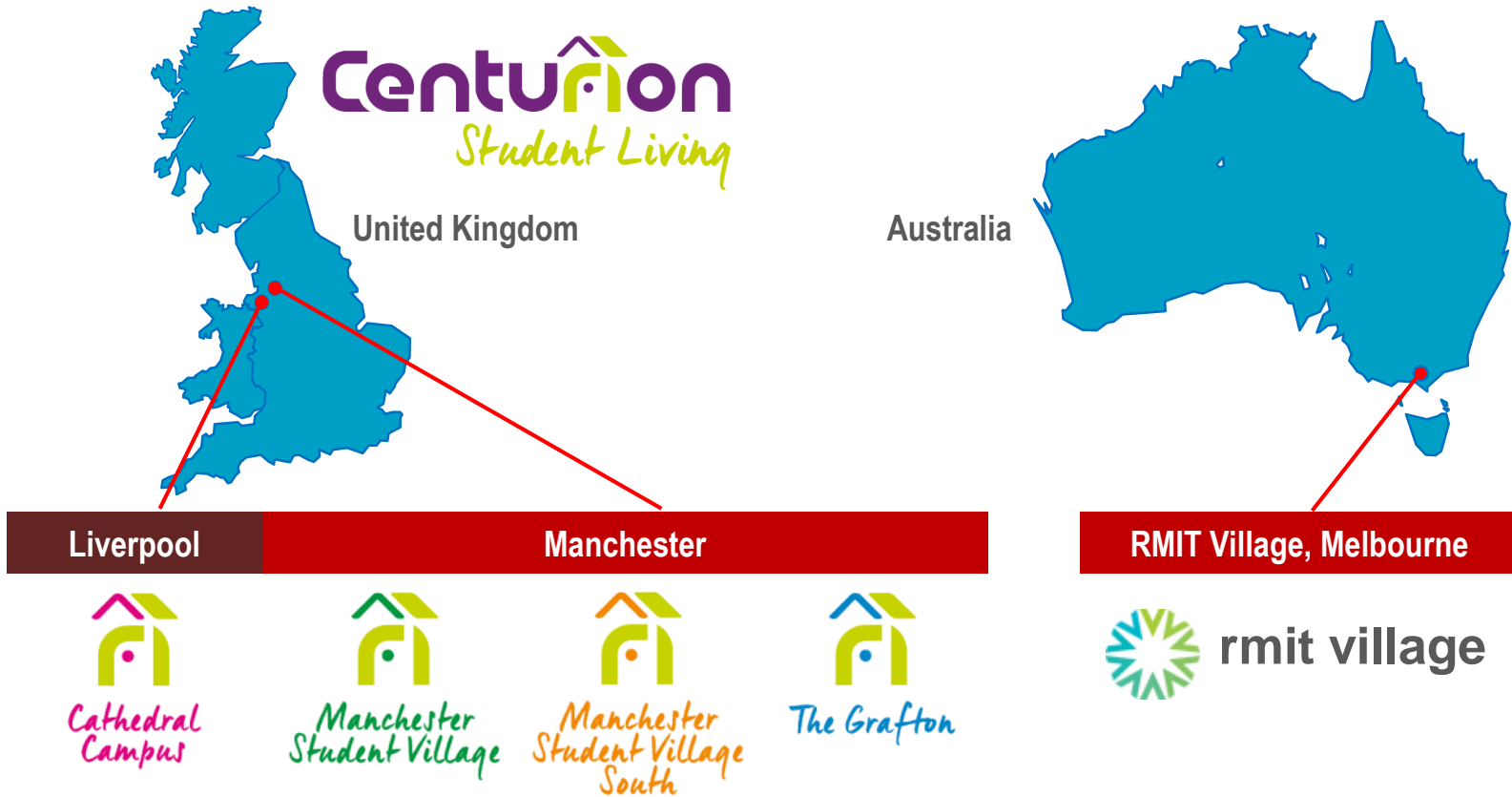
- Good captive market of international students from well established institutions such as SMU, LASALLE, NAFA and Kaplan
- Safe and secure environment, regional magnet for students seeking quality education

1. Australian Government Department of Education and Training 2015 | International Education Association of Australia

2. Higher Education Statistics Agency UK 2014, <https://www.hesa.ac.uk/free-statistics>

# Student Accommodation Portfolio

- Total operational capacity of **2,672** beds (United Kingdom, Australia and Singapore)



Note: Inclusive of CSL Selegie

# Student Accommodation in Melbourne, Australia

- Asset comprised of RMIT Village with an adjoining car park
- High quality development strategically located near RMIT University and the University of Melbourne
- Current capacity of 456 beds
- Evaluating asset enhancement and redevelopment potential
- Full occupancy in 2015 and expected to operate at close to full occupancy for 2016 academic year
- Strong demand for student accommodation in Melbourne



# UK Student Accommodation Portfolio

- A portfolio of 4 student accommodation assets comprising 1,901 beds
- 3 properties located in Manchester and 1 located in Liverpool, all strategically located to access university campuses and the city centre
  - Manchester - University of Manchester, Manchester Metropolitan University
  - Liverpool - Liverpool John Moores University, Liverpool Institute of Performing Arts
- Operate at close to full occupancy rate for 2015/16 academic year
- Refurbishment completed at MSV in Jul 15
  - expansion of office space, new reception area
  - addition of student communal space, new gym, multi-purpose space, pavilion with open deck and laundry room



Manchester Student Village



Manchester Student Village South



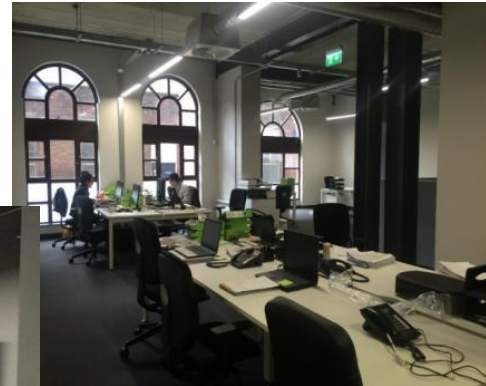
The Grafton



Cathedral Campus

# Refurbishment Works at MSV

- MSV refurbishment completed - expansion of office space, new reception area, new gym, new multi-purpose space and addition of communal space for students



# Singapore Student Accommodation



- Asset comprise of a 10 storey building with a capacity of 315 beds
- Commercial space for businesses such as food and beverage outlets
- 3+3+2 years lease term
- Strategically located in the city with easy access to
  - Singapore Management University, LASALLE College of the Arts, Nanyang Academy of Fine Arts, School of the Arts Singapore, Kaplan, James Cook University (JCU) and Education First (EF)
- Refurbishment completed and operational in Oct 2015
- Increased marketing efforts to ramp up occupancy rates





**2016**

# Strategic Focus

- **Active management** of existing asset portfolio to deliver revenue and profit growth
- Strengthen **operational capability**
- Deliver **development** projects
- Continue to **seek selective opportunities to grow** its accommodation assets via acquisitions, joint ventures and providing management services
- **Enhance project returns** through asset enhancement initiatives
- **Capital management** to enhance shareholder value



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