



Boustead Projects Limited
(Co. Reg. No. 199603900E)

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BOUSTEAD PROJECTS FINANCIAL RESULTS ANNOUNCEMENT FOR FY2020 ENDED 31 MARCH 2020

	2H FY2020	2H FY2019 (Restated)	Change	FY2020	FY2019 (Restated)	Change
Revenue	S\$269.5m	*S\$140.0m	+93%	S\$426.2m	S\$234.2m	+82%
Gross profit	S\$29.6m	*S\$23.2m	+27%	S\$51.9m	*S\$47.3m	+10%
Profit before income tax ("PBT")	S\$15.2m	S\$13.3m	+14%	S\$27.5m	S\$35.7m	-23%
Total profit	S\$12.5m	S\$12.5m	-0%	S\$22.1m	S\$30.6m	-28%
Total profit (adjusted for comparative review)**				S\$23.0m	S\$25.7m	-10%
Profit attributable to equity holders of the Company ("net profit")	S\$12.6m	S\$12.5m	+1%	S\$22.2m	S\$30.6m	-27%
- Earnings per share	4.1cts	4.0cts	+2%	7.2cts	9.9cts	-27%
- Net asset value per share				95.7cts	90.7cts	+6%

Notes:

* Restated following changes in the Boustead Projects Group ("BP Group")'s accounting policies, which are further explained under Note 5 of the BP Group's SGXNET Announcement for FY2020, with no impact to total profit. The elimination of unrealised gains and losses on transactions between the BP Group and its associated companies and joint ventures are now made through a proportionate reduction in 'revenue' and 'cost of sales' on the income statement. Payroll-related costs directly attributable to construction projects and direct operating expenses arising from leasehold properties are now also classified under 'cost of sales'.

** For comparison purposes, excludes S\$0.9m impairment loss on financial asset for FY2020, and excludes S\$4.9m after-tax gain on sale of 25 Changi North Rise, net of fees for FY2019.

Note to Editors: The BP Group's revenue is largely derived from project-oriented business and as such, half-yearly results would not accurately reflect the full-year performance. Full-year to full-year comparisons are more appropriate for analytical purposes.

Full Year FY2020 Highlights:

- For FY2020, total revenue was 82% higher year-on-year at S\$426.2 million, with higher revenue contributions from both the design-and-build and real estate businesses. However, total profit was 28% lower year-on-year at S\$22.1 million, mainly due to lower gross margins on current projects, lower quantum of cost savings from previously completed projects and the absence of one-off gains associated with the sale of 25 Changi North Rise in FY2019. After adjusting for the after-tax gain and expenses associated with the sale of 25 Changi North Rise and an impairment loss on financial asset, total profit would be 10% lower year-on-year.
- The BP Group's order book backlog (unrecognised project revenue remaining at the end of FY2020 plus the total value of new orders secured since then) stands at a healthy level of S\$496 million.
- In view of the BP Group's reduced net profit for FY2020, its weaker prospects and financial performance expected for FY2021 and the need to conserve cash to buffer against the global economic uncertainties presented by COVID-19, the Board is proposing a final ordinary dividend of 0.8 Singapore cents per share.

Singapore, 6 July 2020 – Mainboard-listed Boustead Projects Limited (“Boustead Projects” or the “BP Group”), a leading specialist in smart eco-sustainable real estate solutions today announced its unaudited financial results for the second-half and full-year ended 31 March 2020 (“2H FY2020” and “FY2020” respectively).

For 2H FY2020, total revenue was 93% higher year-on-year at S\$269.5 million, with higher revenue contributions from both the design-and-build and real estate businesses. Design-and-build revenue for 2H FY2020 was 100% higher year-on-year at S\$251.4 million, supported by conversion of the strong order book backlog carried forward from FY2019. Real estate revenue for 2H FY2020 was 24% higher year-on-year at S\$18.1 million, mainly due to the commencement of leasing revenue from 85 Tuas South Avenue 1 and Boustead Industrial Park Phase 1 in Vietnam – which has been completed and fully-leased – and increased management fees from the Boustead Development Partnership.

For FY2020, total revenue was 82% higher year-on-year at S\$426.2 million, with higher revenue contributions from both the design-and-build and real estate businesses. Due to the same reasons mentioned for 2H FY2020, design-and-build revenue for FY2020 was 91% higher year-on-year at \$391.9 million, while real estate revenue for FY2020 was 18% higher year-on-year at \$34.3 million.

Total profit for FY2020 was 28% lower year-on-year at S\$22.1 million, mainly due to lower gross margins on current projects, lower quantum of cost savings from previously completed projects and the absence of one-off gains associated with the sale of 25 Changi North Rise in FY2019. After adjusting for the after-tax gain and expenses associated with the sale of 25 Changi North Rise and an impairment loss on financial asset, total profit would be 10% lower year-on-year.

Mr Thomas Chu, Managing Director of Boustead Projects said, “Even without the appearance of COVID-19 towards the end of FY2020, the entire construction and real estate industries in Singapore were already facing a challenging landscape. In light of the situation significantly aggravated by COVID-19, we achieved a decent financial performance for FY2020, driven by conversion of our strong order book backlog carried over from FY2019, as well as higher Real Estate revenue mainly attributable to the commencement of new leases and higher management fees from our Boustead Development Partnership. Nonetheless, our gross margins continued to be impacted by the intense margin pressures in our industry, as well as the lower quantum of cost savings from our previously completed projects.”

Mr Chu continued, “During FY2020, we delivered a mix of greenfield and brownfield projects in Singapore and Vietnam, and continued to expand our leasehold portfolio and recurring income. Shortly into FY2021, we captured an important contract in Malaysia, as we continue to look to diversify our revenue streams outside Singapore. In Singapore, we expect a gradual ramp-up of our design-and-build projects over the coming months, in line with the Singapore Government’s more measured approach to reopening the construction industry in multiple phases and with extremely strict criteria. Notwithstanding delays caused by COVID-19, we also continue to advance our efforts on multiple fronts including unlocking value from our leasehold portfolio.”

Mr Chu concluded, “In view of our reduced net profit for FY2020, our weaker prospects and financial performance expected for FY2021 and the need to conserve cash to buffer against the global economic uncertainties presented by COVID-19, our Board is proposing a final ordinary dividend of 0.8 cents per share for shareholders’ approval at our upcoming annual general meeting. We have also set out in our FY2020 financial results announcement and media release, the various measures we are undertaking to mitigate the associated impact of the pandemic, which remains very fluid. As part of our austerity measures, we have implemented a salary increment freeze for our entire team, and our Board and executive directors will take a 10% reduction in our Board fees and base salaries

respectively, while the rest of senior management will be subject to a tiered 5% to 7.5% reduction in our base salaries.”

At the end of FY2020, the BP Group’s financial position remained healthy with cash and cash equivalents of S\$128.4 million and total equity of S\$298.3 million. Net asset value per share climbed to 95.7 cents from 90.7 cents at the end of FY2019. The BP Group remained in a net cash position (cash and cash equivalents less total borrowings) of S\$10.6 million following the deconsolidation of a subsidiary and collection and loan repayment for a sizeable project under a deferred payment arrangement.

The BP Group’s order book backlog (unrecognised project revenue remaining at the end of FY2020 plus the total value of new orders secured since then) stands at a healthy level of approximately S\$496 million. Approximately S\$93 million in new contracts were clinched during FY2020 and a further S\$97 million clinched in FY2021 to date, as the BP Group focused on pursuing strategic and high value projects.

The BP Group continues to face lower margins on its current projects due to the intense margin pressures in its industry. In addition to delayed project completions resulting from Singapore’s Circuit Breaker and the phased resumption of construction sites in Singapore, the BP Group also expects productivity to be impacted by the need to comply with the new Safe Management Measures and the availability of worker resources. Project delays may also result in associated resumption, prolongation and acceleration costs, while delayed completion of the BP Group’s development projects will correspondingly delay the commencement of leasing income.

The financial impact on the BP Group from the COVID-19 pandemic is expected to be partially mitigated by the BP Group’s ongoing efforts to diversify its design-and-build business – which recently yielded a significant contract win in Malaysia and has ongoing projects in China and Vietnam – as well as ongoing cost reduction measures and the Singapore Government’s various COVID-19 support measures for businesses.

As part of its austerity measures, the BP Group has implemented in May 2020, a salary increment freeze for its entire team, and in June 2020, a reduction in director fees for its Board and a base salary cut for its senior management for the rest of FY2021.

In view of the abovementioned reasons, the BP Group’s prospects and financial performance for FY2021 is expected to be materially lower than that of FY2020. Nonetheless, it should be highlighted that the BP Group continues to expand its leasehold portfolio and maintain a healthy financial position and order book backlog. Backed by its strong balance sheet and supported by its various strategic platforms and partnerships, the BP Group is well positioned to continue pursuing opportunities in M&A and growth initiatives across the region.

-- End of media release --

About Boustead Projects Limited

Established in 1996, Boustead Projects Limited (SGX:AVM) is a leading real estate solutions provider in Singapore, with core engineering expertise in the design-and-build and development of smart eco-sustainable business park and industrial developments for clients including Fortune 500, S&P 500 and Euronext 100 corporations. To date, we have constructed and developed more than 3,000,000 square metres of real estate regionally in Singapore, China, Malaysia and Vietnam. Our wholly-owned design-and-build subsidiary, Boustead Projects E&C Pte Ltd ("BP E&C") is approved by Singapore's Building & Construction Authority ("BCA") for Grade CW01-A1 and General Builder Class 1 Licence to execute building construction contracts of unlimited value.

Our transformative technologies – Industry 4.0 transformation standards and full-fledged integrated digital delivery – are shaping custom-built future-ready developments. Our in-depth experience covers the aerospace, business park, food, healthcare and pharmaceutical, high-tech manufacturing, logistics, research & development, technology and waste management industries, among others. We are the market leader in pioneering advanced eco-sustainable industrial developments under the BCA's Green Mark Programme and also the quality leader on the BCA's CONQUAS all-time top 100 industrial projects list. In Singapore, BP E&C is one of only seven bizSAFE Mentors and also a bizSAFE Star, the highest qualification that can be attained in recognition of a company's workplace safety and health ("WSH") management programmes. Our WSH efforts have been further recognised with five prestigious WSH Performance Silver Awards and 13 Safety & Health Award Recognition for Projects (SHARP) to date.

On 30 April 2015, Boustead Projects listed on the SGX Mainboard. We were awarded the Singapore Corporate Governance Award in the Newly Listed Category at the Securities Investors Association (Singapore)'s Investors' Choice Awards 2017. We are one of only 95 SGX-listed corporations on the SGX Fast Track Programme, a programme that aims to affirm listed issuers that have been publicly recognised for high corporate governance standards and have maintained a good compliance track record, with prioritised clearance for their corporate action submissions. We are also listed on the MSCI World Micro Cap Index and FTSE ST Fledgling Index.

Boustead Projects is a 53%-owned subsidiary of Boustead Singapore Limited (SGX:F9D), a progressive global infrastructure-related engineering and technology group which is separately listed on the SGX Mainboard.

Visit us at www.bousteadprojects.com.

Financial Results Archive

To access the archive of financial results since the listing of Boustead Projects on the SGX, please go to: <http://www.bousteadprojects.com/investor-centre/investor-centre-quarterly-results/>.

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