TUAN SING HOLDINGS LIMITED

Creating A Clear Distinction

3Q2017 AND 9M2017 RESULTS ANNOUNCEMENT

26 October 2017

Overview

- Group's 3Q2017 revenue was $101.0 million, an increase of 12% as compared to $90.3 million last year same quarter. Group's revenue for 9M2017 was $259.9 million, a drop of 14% as compared to $302.3 million in 9M2016
- Net profit attributable to shareholders fell 9% to $5.9 million in 3Q2017 (3Q2016: $6.4 million). For 9M2017, net profit attributable to shareholders dropped 38% to $13.1 million from $21.1 million a year earlier
- For the 9M2017, lower profit reported were due to the overall decrease in year-to-date sales of the residential development projects
- Earnings per share stood at 0.5 cent for 3Q2017 (3Q2016: 0.5 cent) and 1.1 cents for 9M2017 (9M2016: 1.8 cents)
- Net asset value per share was 77.7 cents at 30 September 2017; the same as on 31 December 2016

Group Financial Performance

($'m)	3Q2017	3Q2016	Chg	9M2017	9M2016	Chg
Revenue	101.0	90.3	12%	259.9	302.3	-14%
Gross profit	16.9	21.2	-20%	45.0	64.9	-31%
Profit before tax & fair value adj	7.1	8.7	-19%	16.0	26.3	-39%
Profit before tax	7.1	8.7	-18%	15.9	26.4	-40%
Profit after tax	5.9	6.6	-10%	13.1	21.3	-39%
Net profit attributable to shareholders	5.9	6.4	-9%	13.1	21.1	-38%
EPS (cents)	0.5	0.5	*	1.1	1.8	-39%

* Less than 1%

Review of Financial Performance

- Group revenue increased 12% to $101.0 million in 3Q2017 because of higher revenue from Property and Industrial Services segments. However, on a nine months basis, revenue fell by 14% to $259.9 million due mainly to lower sales of the residential development projects as compared to the corresponding period last year
- Distribution costs increased 31% and 11% in 3Q2017 and 9M2017 respectively reflecting mainly cost incurred for the show flat for Kandis Residence. Lower administrative expenses reflected lower legal fees incurred relating to the termination of the previous main contractor at Seletar Park Residence
- Other operating income increased for both periods mainly attributable to $2.9 million of liquidated damages received from a contractor for its delayed work in an investment property. Other operating expenses for both periods decreased due mainly to a lower net allowance for diminution in value for development properties for 3Q2017 and 9M2017; and an one-off realised foreign exchange loss from the translation reserve of $1.8 million in 9M2016 on liquidation of two Malaysian subsidiaries
- Share of results of 44.5%-owned GulTech was $4.5 million in 3Q2017 and $12.0 million in 9M2017, an increase of 2% and 39% respectively over the same period last year
- Overall, the Group's profit after tax (inclusive of fair value adjustments) decreased 10% to $5.9 million in 3Q2017 and down 39% to $13.1 million in 9M2017

Group Financial Position

($'m)	30.09.17	31.12.16	Chg
Total assets	2,571.9	2,123.1	+21%
Total liabilities	1,638.8	1,192.6	+37%
Total borrowings	1,469.7	1,020.8	+44%
Cash and bank balances	195.8	163.7	+20%
Shareholders' funds	922.6	919.4	*
NAV per share (cents)	77.7	77.7	*
Gross gearing^	1.57X	1.10X	+43%
Net gearing^^	1.37X	0.92X	+49%

^ Gross gearing = total borrowings / total equity
^^ Net gearing = net borrowings / total equity; Net borrowings = total borrowings – cash and bank balances
* Less than 1%

Review of Financial Position

- As at 30 September 2017, Group's total assets increased 21% to $2,571.9 million from the previous year-end after the acquisition of the building at 896 Dunearn Road and a vacant land at Jalan Remaja and higher cash and bank balances from proceeds of the Series II MTN Notes, offset partially by a decrease in trade and other receivables
- Group's total liabilities increased 37% or $446.2 million to $1,638.8 million due to higher borrowings including the S$150 million Series II MTN Notes to finance the afore-mentioned acquisitions
- Gross gearing increased to 1.57 times from 1.10 times and net gearing increased to 1.37 times from 0.92 times
- Shareholders' funds grew marginally to $922.6 million which is after accounting for foreign currency translation losses and payment of dividends to shareholders

Group Cash Flow

($'m)	9M2017	9M2016
Operating cash flow	42.7	145.3
Investing cash flow	(419.4)	(17.2)
Financing cash flow	413.4	(140.2)
Foreign currency translation adjustments	(1.5)	(2.9)
Cash & cash equivalent at period-end^	131.0	90.7
Free cash (out) / inflow^^	(376.8)	128.1

^ Net of encumbered bank balances
^^ Free cash flow = operating cash flow + investing cash flow

Review of Cash Flow

- Net cash generated from operating activities of $42.7 million in 9M2017 was mainly from the sale of completed development properties
- Net cash used in investing activities of $419.4 million in 9M2017 was mainly for the $365 million acquisition at 896 Dunearn Road, $40.3 million expenditure on construction of the 18 Robinson and $2.7 million capital expenditure for the two hotels in Australia
- Net cash generated from financing activities in 9M2017 was $413.4 million, driven mainly by the net borrowings of $441.1 million including the issuance of S$150 million notes, offset by interest payment of $23.3 million and cash dividends paid to shareholders of $5.9 million
- As a result of the aforementioned, cash and cash equivalents stood at $131.0 million as at 30 September 2017; from $95.9 million as at 31 December 2016

Revenue by Segment

($'m)	9M2017	9M2016	Chg
Property	87.8	140.9	-38%
Hotels Investment	88.8	88.6	*
Industrial Services	98.7	88.2	12%
Other Investments^^	-	-	-
Corporate & Others#	(15.4)	(15.5)	*
Group Total	259.9	302.3	-14%
Proforma Group including Associates	566.7	549.1	3%

9M2017 Revenue decreased due mainly to lower contribution from Property Segment.

^^ GulTech and Pan-West were not included as their results were equity accounted for
# Comprise mainly group-level services and consolidation adjustments
* Less than 1% change

Profit after tax by Segment

($'m)	9M2017	9M2016	Chg
Property	8.0	7.6	6%
Hotels Investment	3.2	3.1	6%
Industrial Services	(0.1)	0.9	nm
Other Investments	11.9	6.9	71%
Corporate & Others#	(10.0)	2.8	nm
Group Total	13.1	21.3	-39%

Other Investments followed by Property were the main contributors for the Group's total profit after tax in 9M2017.

Comprise mainly group-level services and consolidation adjustments

Property

- Property revenue for 9M2017 decreased to $87.8 million from $140.9 million in 9M2016 due mainly to lower revenue as all three development property projects have been substantially sold
- Profit after tax for 9M2017 increased by $0.4 million from $7.6 million to $8.0 million a year ago, mainly attributable to liquidated damages received from a contractor for its delay in an investment development project, lower legal fees and lower net allowance for diminution in value for development properties

Hotels Investment

- Hotels Investment reported revenue of A$83.5 million in 9M2017 as compared to A$87.2 million in 9M2016
- Net income from hotel operations reduced by 6.3% to A$16.7 million as both Grand Hyatt Melbourne and Hyatt Regency Perth registered a combined 2.9% drop in RevPAR despite higher occupancy rates
- Despite the decrease in revenue, profit after tax for 9M2017 remains comparable to last year at A$3.0 million

Industrial Services

- For 9M2017, revenue of $98.7 million was higher than the $88.2 million in 9M2016
- Higher activities from Commodities Trading were offset partially by the lower activities in Tyre Distribution
- Industrial Services reported a loss of $0.1 million in 9M2017 as contrast to a profit after tax of $0.9 million in 9M2016. This was due to higher losses incurred by Tyre Distribution has eroded the profits generated from Commodities Trading

Other Investments

- For the nine months period, GulTech reported revenue of US$215.9 million as compared to US$174.5 million in 9M2016
- The increase was mainly attributable to improved performance from all its three plants
- Consequently, GulTech's net profit attributable to shareholders increased to US$19.2 million for 9M2017; an increase of 34% from US$14.3 million in 9M2016
- This translated into Group's increased share of net profit (excluding fair value loss) of $12.0 million

Outlook

- Kandis Residence project has 130 one- to three-bed-room units spread over three and seven-storey buildings with full condominium facilities
- The freehold vacant lot at No. 1 Jalan Remaja will be developed into a condominium with approximately 100 units
- As for 896 Dunearn Road that was newly acquired, the Group has plans to reposition it into a hub of activities that can serve the needs of the vast residential community in the vicinity
- The construction of 18 Robinson has been progressing well and is expected to be completed before the end of 2018. A material developer's profit is expected to be realised in 2018
- Hotels Investment in Australia is expected to continue to contribute sustainable recurring income and cash flow to the Group
- Given the optimistic outlook of the property market, the management has decided to review its marketing and pricing strategy. We will also continue to explore acquisitions when opportunities arise
- The Group has obtained written Planning Approval from the City of Perth for the Asset Enhancement Initiative recently in respect of Hyatt Centre and development of Lot 11. The Group plans to execute the work in 2018
- The Group is expected to launch the initial phase of the integrated township development in Batam Marina City, Indonesia in 2018
- Barring unforeseen circumstances, the Group will be profitable for the year 2017. In addition, the Group's investment properties are expected to have a material fair value gain as at 31 December 2017

Thank You

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