TUAN SING HOLDINGS LIMITED

Creating A Clear Distinction

4Q2018 AND FY2018 RESULTS ANNOUNCEMENT

30 January 2019

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Group Financial Performance

($'m)	4Q2018	4Q2017 (Restated#)	Chg	FY2018	FY2017 (Restated#)	Chg
Revenue	83.3	96.1	-13%	336.1	356.0	-6%
Gross profit	18.8	20.0	-9%	68.7	64.8	6%
Profit before tax & fair value adj	6.6	7.4	-12%	25.7	23.2	11%
Profit before tax	119.8	52.3	129%	138.8	68.0	104%
Profit after tax	119.5	49.9	140%	134.6	62.7	115%
Net profit attributable to shareholders	119.5	49.8	140%	134.4	62.6	115%
EPS (cents)	10.0	4.2	138%	11.3	5.3	113%

#The 2017 comparatives are restated as the Group has adopted the Singapore financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") as from 1 January 2018.

Overview

- **Group's revenue for 4Q2018 was $83.3 million** (vs $96.1 million, 4Q2017), a decrease of 13%.
- **Revenue for FY2018 was $336.1 million** (vs $356.0 million, FY2017), a decrease of 6%.
- The decrease for both periods was mainly due to lower sales of residential development projects and hotels business.

- **Net profit attributable to shareholders for 4Q2018 increased by $69.7 million or 140% to $119.5 million** as compared to the corresponding period last year mainly due to higher fair value gain of $68.6 million arising from the revaluation of investment properties, from $44.5 million for FY2017 to $113.1 million for FY2018.
- **Net profit attributable to shareholders for FY2018 increased by $71.7 million or 115% to $134.4 million** as compared to the corresponding period last year mainly due to higher fair value gain of $68.6 million arising from the revaluation of investment properties, and a one-off $3.9 million gain arising from the divestment of a subsidiary in China and higher profits from GulTech which was offset by an absence of a $2.9 million liquidated damage received in FY2017.

- **Earnings per share was 10.0 cents for 4Q2018 and 11.3 cents for FY2018**, as compared to 4.2 cents and 5.3 cents respectively a year earlier
- **Net asset value per share was 92.2 cents per share as at 31 December 2018**, as compared to 83.4 cents as at 31 December 2017.

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Revenue by Segment

($'m)	FY2018	FY2017 (Restated#)	Chg
Property	83.0	101.3	-18%
Hotels Investment	109.7	119.8	-8%
Industrial Services	144.8	136.1	6%
Other Investments^^	-	-	-
Corporate & Others@	(1.4)	(1.2)	17%
Group Total	336.1	356.0	6%
Proforma Group including Associates			

FY2018 Revenue decreased mainly due to lower contribution from Property and Hotels Investment Segments

^^ GulTech and Pan-West were not included as their results were equity accounted for

@ Comprise mainly group-level services and consolidation adjustments

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Profit after tax by Segment

($'m)	FY2018	FY2017 (Restated#)	Chg
Property	127.4	55.3	130%
Hotels Investment	5.0	4.7	6%
Industrial Services	1.2	0.4	175%
Other Investments	19.3	16.0	21%
Corporate & Others**	(18.3)	(13.7)	34%
Group Total	134.6	62.7	115%

Group's higher total profit after tax was mainly due to a higher fair value gain of $68.6 million

** Comprise mainly group-level services and consolidation adjustments

The 2017 comparatives are restated as the Group has adopted the Singapore financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") as from 1 January 2018

Property

- **Property Segment revenue for FY2018 was $83.0 million** as compared to $101.3 million in the same period last year, a decrease of $18.3 million or 18%.
- The decrease was mainly due to a decline in sales of development properties as most of the units in Cluny Park Residence have been sold last year. This was partially offset by the increase in sales from Kandis Residence and increase in revenue from investment properties mainly due to the acquisition of 896 Dunearn Road in June 2017.

- **Profit for the FY2018 was $127.4 million** as compared to $55.3 million in the same period last year.
- The increase in profit was mainly due to an increase in fair value gain of $68.6 million (FV gain of $113.1 million for 2018; $44.5 million for 2017) arising from the revaluation of investment properties and an one-off $3.9 million gain arising from the divestment of a subsidiary in China.

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Hotels Investment

- **Hotels Investment Segment revenue for FY2018 was $109.7 million** (or A$108.6 million) as compared to $119.8 million (or A$113.1 million) in the same period last year, a decrease of $10.1 million (or A$4.5 million).

- Melbourne hotel performed better with increase in RevPAR and occupancy rate.
- However, it was offset by the weaker performance of the Perth hotel.

- **Profit for FY2018 was $5.0 million** as compared to $4.7 million last year.

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Industrial Services

- **Industrial Services Segment revenue for FY2018 was $144.8 million** as compared to $136.1 million in the same period last year, an increase of $8.7 million or 6%.
- The increase was due to the better performance from the commodities trading business, offset by the loss of revenue due to the disposal of the tyres distribution business since December 2017.

- **Profit for FY2018 was $1.2 million** as compared to $0.4 million in the same period last year.
- The increase of profit was mainly due to better performance from the commodities trading business, disposal of the loss-making tyres distribution business, offset by poorer performance from Hypak.

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Other Investments

- **Profit for FY2018 was $19.3 million** as compared to $16.0 million last year, an increase of 21%.

- **Other Investments Segment is mainly the Group's 44.48% in GulTech**, which manufactures and sells printed circuit boards with three plants in China.

  - **Revenue for FY2018 was US$337.7 million** (vs US$294.1 million, FY2017) [Note: This is an associate company. The revenue will not be consolidated to the Group's assets.]

    The increase was mainly attributable to improved performance from all its three plants in China.

  - **Profit for FY2018 was US$36.1 million** as compared to US$35.3 million in the same period last year.

Group Financial Position

($'m)	31.12.18	31.12.17 (Restated#)	Chg
Total assets	2,917.4	2,642.5	10%
Total liabilities	1,808.9	1,642.3	10%
Total borrowings	1,630.4	1,458.1	12%
Cash and bank balances	133.0	216.8	-39%
Shareholders' funds	1,093.5	989.6	10%
NAV per share (cents)	92.2	83.4	10%
Gross gearing^	1.47X	1.46X	1%
Net gearing^^	1.35X	1.24X	9%

^ Gross gearing = total borrowings / total equity

^^ Net gearing = net borrowings / total equity; Net borrowings = total borrowings – cash and bank balances

The 2017 comparatives are restated as the Group has adopted the Singapore financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") as from 1 January 2018

Review of Financial Position

- **Shareholders' fund was $1,093.5 million** as compared to $989.6 million (31 Dec 2017)

  The increase was mainly due to profit for the period, partially offset by payment of dividends to shareholders and goodwill paid in acquiring the remaining 49.0% shareholdings in Gultech (Wuxi).

- Company's share capital increased $1.4 million to $174.0 million from $172.5 million as at 31 December 2017
- Under the Tuan Sing Scrip Dividend Scheme: 4,445,582 million new shares were issued in June 2018
- Under "Share Purchase Mandate": (a) 650,000 ordinary shares were purchased and cancelled; (b) 4,383,400 ordinary shares were purchased and held as treasury shares

- Gross gearing increased from 1.46 times to 1.47 times
- Net gearing increased from 1.24 times to 1.35 times

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Group Cash Flow

($'m)	FY2018	FY2017 (Restated#)
Operating cash flow	(93.9)	101.6
Investing cash flow	(119.0)	(442.8)
Financing cash flow	131.8	399.6
Foreign currency translation adjustments	(3.5)	(3.1)
Cash & cash equivalent at period-end^	66.6	151.1
Free cash out flow^^	(212.9)	(341.2)

^ Net of encumbered bank balances
^^ Free cash flow = operating cash flow + investing cash flow
# The 2017 comparatives are restated as the Group has adopted the new Singapore financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") as from 1 January 2018

Review of Cash Flow

- **The Group had cash and cash equivalents of $66.6 million** as at 31 December 2018, as compared to $151.1 million as at 31 December 2017

- Cash and cash equivalents movement was mainly due to:
  – Operating cash out flow: -$93.9 million, mainly for working capital in development properties.
  – Investing cash out flow: -$119.0 million, mainly for progress payments for investments properties, acquisition of subsidiaries and acquisition of land.
  – Financing cash in flow: +$131.8million, mainly from proceeds from borrowings offset by interest and dividend payments.

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Outlook

- The Group will be celebrating its Jubilee year in 2019.
- The Group has grown from a humble polypropylene bags manufacturer into a reputable property development in Singapore, which also owns iconic hotels in Australia and other investments in the region. The Group has already begun further business transformation to reposition itself from a niche developer to a regional player with presence in various key international destinations focusing on integrated mixed use and tourism developments.
- In 2018, the Group has further expanded our portfolio.
  - In June 2018, the Group has completed the acquisition of land in Batam through its 90% stake in PT Goodworth Investment.
  - In September 2018, the Group has acquired 7.8% stake in Sanya Summer Real Estate Co Ltd, which is a Hainan-based property development which will develop a 2.6 million square feet integrated development in Sanya.
- In Singapore property segment, the Group will actively market the current developments, namely Mont Botanik Residence, Kandis Residence and 333 Thomson Road. With the completion of 18 Robinson and the repositioning of 896 Dunearn Road, they will bring new stream of recurring leasing income to the Group. The Group is cautiously optimistic on the Singapore property market, although it is still adjusting to the cooling measures introduced in July 2018. The commercial property segment remains to be positive and resilient.

Outlook

- In Australia
  - Asset enhancement initiative for Perth Fortescue Centre has commenced, and Multiplex, a leading Australian builder, was appointed for early contracts involvement which is expected to complete in 2020. Upon its completion, it will be an iconic commercial and retail hub in Perth which will integrate with Perth Hyatt Regency.
  - Melbourne Grand Hyatt will continue to be a leading hotel in Australia bringing recurring income to the Group.
- In Batam, subject to the relevant authorities' approval for master planning, the Group plans to launch the Batam Marina City's initial phase of the integrated township development comprising condotels, retail outlets, food & beverage and entertainment spaces in 2019.
- In the region, the Group will continue to identify suitable opportunities to grow our portfolio of well-located assets, and explore meaningful partnerships and collaborations.
- The Group will continue to look for opportunities to divest our non-core assets. In January 2019, the Group announced that letter of award was issued to the successful tenderer for the sale of Century Warehouse through collective sale via public tender. The cash proceeds will further strengthen the balance sheet of the Group.
- Barring unforeseen circumstances, the Group is expected to be profitable for the year 2019.

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Thank You

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