TUAN SING HOLDINGS LIMITED

Creating A Clear Distinction

4Q2019 AND FY2019 UNAUDITED RESULTS ANNOUNCEMENT

23 January 2020

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Group Financial Performance

($'m)	4Q2019	4Q2018 (restated)	Chg	FY2019	FY2018 (restated)	Chg
Revenue	92.3	83.3	11%	310.7	336.1	-8%
Gross profit	25.3	19.6	29%	71.5	69.5	3%
Profit before tax & fair value adj	0.9	3.4	-75%	8.8	22.5	-61%
Profit before tax	35.0	116.6	-70%	42.0	135.6	-69%
Profit after tax	30.6	116.3	-74%	32.7	131.4	-75%
Net profit attributable to shareholders	31.4	116.6	-73%	33.2	131.5	-75%
EPS (cents)	2.6	9.8	-73%	2.8	11.1	-75%

Overview

- **Group's revenue for 4Q2019 was $92.3 million** (vs $83.3 million, 4Q2018), an increase of 11%.
- The increase for 4Q2019 was attributable mainly to higher revenue from the Property segment, partially offset by lower revenue from Hotels Investment and Industrial Services segments.
- **Revenue for FY2019 was $310.7 million** (vs $336.1 million, FY2018), a decrease of 8%.
- The decrease for FY2019 was due mainly to lower revenue from the Hotels Investment and Industrial Services segments, partially offset by higher revenue from the Property segment.

- **Net profit attributable to shareholders for 4Q2019 was $31.4 million, decreased by $85.2 million or 73%** as compared to the corresponding period last year due mainly to lower fair value gain on investment properties of $79.8 million.
- **Net profit attributable to shareholders for FY2019 was $33.2 million, decreased by $98.3 million or 75%** as compared to the corresponding period last year due mainly to lower fair value gain on investment properties of $79.8 million and higher finance costs[#] of $12.8 million.

- **Earnings per share for 4Q2019 was 2.6 cents and earnings per share for FY2019 was 2.8 cents** as compared to earnings per share of 9.8 cents and 11.1 cents respectively a year earlier.

[#] Higher finance costs for FY2019 was due mainly to interest expenses for an investment property, 18 Robinson, which obtained its Temporary Occupation Permit ("TOP") in January 2019. Prior to obtaining TOP, the interests were capitalised. In addition, there was an increase in interest rates on the loans for other investment properties.

Revenue by Segment

($'m)	FY2019	FY2018 (restated)	Chg
Property	109.0	83.0	31%
Hotels Investment	101.8	109.7	-7%
Industrial Services	101.4	144.8	-30%
Other Investments^^	-	-	-
Corporate & Others@	(1.5)	(1.4)	-7%
Group Total	310.7	336.1	-8%

- FY2019 revenue decreased due mainly to lower contribution from the Hotels Investment and Industrial Services segments, partially offset by higher contribution from the Property segment.

^^ GulTech and Pan-West were not included as their results were equity accounted for
@ Comprise mainly group-level services and consolidation adjustments

Profit after tax by Segment

($'m)	FY2019	FY2018 (restated)	Chg
Property	28.0	124.3	-77%
Hotels Investment	3.4	5.0	-32%
Industrial Services	1.3	1.2	8%
Other Investments	21.7	19.3	12%
Corporate & Others**	(21.7)	(18.4)	-18%
Group Total	32.7	131.4	-75%

- Group's lower profit after tax was due mainly to the Property segment.
- Decrease in profit after tax of the Property segment was due mainly to a decrease in fair value gain on investment properties of $79.8 million and an increase in finance cost of $14.2 million.

** Comprise mainly group-level services and consolidation adjustments

Property

- **Property segment revenue for FY2019 was $109.0 million** as compared to $83.0 million in the same period last year, an increase of $26.0 million.
- The increase was mainly attributable to an increase in contribution from Singapore development properties of $24.1 million and Singapore investment properties of $1.5 million. Revenue from development properties in Singapore increased as a result of higher sales and percentage of completion of development properties, eg. Kandis Residence and Mont Botanik Residence. Revenue from investment properties in Singapore also increased with the completion of 18 Robinson in early 2019.

- **Profit for FY2019 was $28.0 million** as compared to a profit of $124.3 million in the same period last year, a decrease of $96.3 million.
- The decrease in profit was due mainly to a decrease in fair value gain on investment properties of $79.8 million and an increase in finance cost of $14.2 million, which was due mainly to interest for 18 Robinson being expensed off after obtaining TOP in January 2019 and an increase in interest rates on borrowings for other investment properties.

Hotels Investment

- **Hotels Investment segment revenue for FY2019 was $101.8 million** (or A$107.2 million) as compared to $109.7 million (or A$108.6 million) in the same period last year, a decrease of $7.9 million (or A$1.4 million).

- Melbourne hotel performed better with an increase in RevPAR, despite a slight decrease in occupancy rate.
- However, it was offset by the weaker performance of the Perth hotel.

- **Profit for FY2019 was $3.4 million** as compared to FY2018 of $5.0 million, a decrease of $1.6 million. The decrease was due mainly to weaker performance of the Perth hotel.

Industrial Services

- **Industrial Services segment revenue for FY2019 was $101.4 million** as compared to $144.8 million last year, a decrease of $43.4 million.
- The decrease was due mainly to lower contribution from the Commodities Trading unit.
- **Profit for FY2019 of $1.3 million** was comparable to FY2018 of $1.2 million. This was because the profits for coal trading were based on delivery quantity.

Other Investments

- **Other Investments segment is mainly the Group's 44.48% equity stake in GulTech**, a manufacturer and vendor of printed circuit boards.
- **Group's share of profit for FY2019 was $21.7 million** as compared to $19.3 million in the same period last year, an increase of 12%. The increase was mainly attributable to an increase in share of profits from Wuxi plant as Gultech increased its stake in Gultech Wuxi on 30 June 2018.

Group Financial Position

($'m)	31.12.19		31.12.18 (restated)		Chg
Total assets	2,997.3		2,911.9		3%
Total liabilities	1,878.3		1,808.9		4%
Total borrowings	1,711.3	(a)	1,630.4	(a)	5%
Cash and bank balances	172.3		133.0		30%
Shareholders' funds	1,105.0		1,088.4		2%
NAV per share (cents)	93.1		91.7		2%
Gross gearing^	1.53X	(a)	1.48X	(a)	3%
Net gearing^^	1.38X	(a)	1.36X	(a)	1%

Note (a): 91% of the total borrowings are asset-backed borrowings, supported by assets such as investment properties in CBD region (e.g. 18 Robinson and Robinson Point) and are near to MRT stations (e.g. LINK@896 (formerly known as "896 Dunearn Road") which is located beside the King Albert Park station).

^ Gross gearing = total borrowings / total equity

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

Review of Financial Position

- **Total assets was $2,997.3 million** as compared to $2,911.9 million (31 Dec 2018).
- **Total liabilities was $1,878.3 million** as compared to $1,808.9 million (31 Dec 2018).
  - **Gearing**: Net gearing increased from 1.36 times to 1.38 times. Gross gearing increased from 1.48 times to 1.53 times.
  - **Borrowing profile:** Approximately 91% (31 December 2018: 86%) of the Group's borrowing are secured by properties. The remaining 9% relates to the unsecured MTN Series II notes.
- **Shareholders' fund was $1,105.0 million** as compared to $1,088.4 million (31 Dec 2018).
  - **Company's share capital was $175.2 million** as compared to $173.9 million (31 Dec 2018). The increase was due to the issuance of shares under the Scrip Dividend Scheme.
  - **Under the Share Purchase Mandate**: 3,905,000 ordinary shares were purchased during the year and held as treasury shares.
- **Net asset value per share was 93.1 cents per share as at 31 December 2019**, as compared to 91.7 cents as at 31 December 2018.

Group Cash Flow

($'m)	FY2019	FY2018 (restated)
Operating cash flow	20.5	(93.9)
Investing cash flow	(7.1)	(119.0)
Financing cash flow	9.8	131.9
Foreign currency translation adjustments	(0.9)	(3.5)
Cash and cash equivalents at period-end^	89.0	66.6
Free cash flow^^	13.4	(212.9)

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

Review of Cash Flow

- **The Group had cash and cash equivalents of $89.0 million** as at 31 December 2019, as compared to $66.6 million as at 31 December 2018.

- Cash and cash equivalents movement was due mainly to:
  - Operating cash in flow: +$20.5 million, mainly arose from profit for the period, after changes in working capital and other adjustments.
  - Investing cash out flow: -$7.1 million, mainly from the sales proceeds of an investment property, partially offset by payments for the acquisition of financial assets at FVTOCI, acquisition of a subsidiary in Indonesia, progress payments for investment properties and purchase of property, plant and equipment.
  - Financing cash in flow: +$9.8 million, mainly from net proceeds from loans and borrowings, partially offset by interest and dividend payments.

Outlook

- In Singapore, 18 Robinson obtained its TOP in January 2019 and has been welcoming tenants since 3Q2019, which would generate healthy recurring rental streams as Grade A office rental growth reported to be the strongest in the Shenton Way, Tanjong Pagar and Raffles Place areas. LINK@896, the Group's investment property formerly known as "896 Dunearn Road", is anticipated to complete its ongoing Asset Enhancement Initiative ("AEI") by early 2020 with larger F&B area including new outlets such as Burger King and Cedele. Conveniently located beside the King Albert Park MRT Station along the Downtown Line, LINK@896 is expected to bring in recurring revenue for the Group.

- The Group will continue to market its development properties while seeking potential developmental sites cautiously. Kandis Residence, a 130-unit condo development in Sembawang, is estimated to obtain TOP by early 2020. Peak Residence, formerly known as "Peak Court" at 333 Thomson Road, is expected to launch in early 2020. The Group's freehold residential development in Hillview, Mont Botanik Residence, which received favourable response in 2019, is being marketed as a premium freehold condominium.

Outlook

- In Australia, Tuan Sing's Hotels Investment segment will continue to bring in income with more contribution expected from the continued positive performance of Grand Hyatt Melbourne compared with Hyatt Regency Perth, which operates in a softer market. The Fortescue Centre, adjacent to the Hyatt Regency Perth, is due to commence AEI works with a targeted completion by 1H2021.

- In China, construction works have commenced for the Group's 7.8%-owned Sanya project, which will comprise commercial, residential and retail components with connectivity to the Sanya High-Speed Railway Station. Once completed, the development will have a total saleable and leasable area of 2.6 million square feet.

Outlook

- Tuan Sing remains upbeat on its prospects in Indonesia, evident by the series of development plans and projects. The Indonesian government has announced plans to build a bridge connecting Batam and Bintan which will benefit the Group's upcoming integrated mix-use development township in Opus Bay, Batam. It will feature hotels with Meetings, Incentives, Conferences and Events ("MICE") facilities, condotels, retail outlets, food and beverage, entertainment spaces, tourist facilities and attractions as well as residential properties.

- In the region, the Group will continue to seek opportunities, as well as explore potential partnerships and collaborations to grow its portfolio of well-located assets in the tourism market including Bali and Sanya.

Thank You

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