TUAN SING HOLDINGS LIMITED

Creating A Clear Distinction

2Q2016 RESULTS ANNOUNCEMENT

28 July 2016

Overview

- 2Q2016 Group's revenue was $106.6m as compared to $194.1m in the same quarter last year
- Profit before tax and fair value adjustments stood at $5.5m in 2Q2016 (2Q2015 : $27.0m)
- Net profit attributable to shareholders was down to $5.1m in 2Q2016 (2Q2015 : $22.3m)
- Earnings per share came in at 0.4 cent for 2Q2016 (2Q2015: 1.9 cents) and 1.2 cents for 1H2016 (1H2015: 3.3 cents)
- Net asset value per share was 73.6 cents at 30 June 2016, as compared to 74.4 cents at 31 December 2015

Group Financial Performance

($'m)	1H2016	1H2015	Chg
Revenue	212.0	349.4	-39%
Gross profit	43.7	70.8	-38%
Profit before tax & fair value adj	17.5	47.2	-63%
Profit before tax	17.7	47.4	-63%
Profit after tax	14.7	38.3	-62%
Net profit attributable to shareholders	14.7	38.2	-62%
EPS (cents)	1.2	3.3	-62%

Review of Financial Performance

- Group revenue decreased to $212.0m in 1H2016 as there was lower progressive revenue recognition in Seletar Park Residence and Sennett Residence even though there was higher progressive revenue recognition in Cluny Park Residence
- Distribution costs decreased in tandem; Administrative expenses increased to cater for higher legal fees relating to the termination of the previous main contractor at Seletar Park Residence
- Net increase in other operating income and other operating expenses in 2Q2016 because of $0.9m allowance for diminution in value for unsold units Seletar Park Residence and Sennett Residence
- Share of results of its 44.5%-owned associate, GulTech was $2.4m for 2Q2016; up from $1.1 million in 2Q2015
- Overall, the Group's profit after tax (inclusive of fair value adjustments) decreased to $5.1m in 2Q2016, down from $22.3m in 2Q2015

Group Financial Position

($'m)	30.06.16	31.12.15	Chg
Total assets	2,155.7	2,162.5	*
Total liabilities	1,274.0	1,275.0	*
Total borrowings	1,077.6	1,106.3	-3%
Cash and bank balances	132.0	141.7	-7%
Shareholders' funds	871.3	876.8	-1%
NAV per share (cents)	73.6	74.4	-1%
Gross gearing^	1.22X	1.25X	-2%
Net gearing^^	1.07X	1.09X	-2%

^ 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

- Group's total assets decreased slightly to $2,155.7m as cash and bank balances were used to repay certain development project loans. There were also lower carrying amount of development properties and property, plant and equipment, offset partially by increase in trade and other receivables
- Group's total liabilities of $1,274.0m represented a slight decrease as there was lower level of borrowings
- Gross gearing improved slightly to 1.22 times from 1.25 times, and net gearing improved to 1.07 times from 1.09 times
- Shareholders' funds dropped 1% or $5.5m to $871.3m as profit earned was insufficient to cover foreign currency translation losses, cash flow hedge losses and the Company's payment of dividends for last year

Group Cash Flow

($'m)	1H2016	1H2015
Operating cash flow	51.9	33.5
Investing cash flow	(7.2)	(4.7)
Financing cash flow	(79.2)	(124.6)
Foreign currency translation adjustments	(3.4)	(0.5)
Cash & cash equivalent at period-end^	67.7	91.1
Free cash inflow^^	44.7	28.8

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

Review of Cash Flow

- Net cash from operating activities in 1H2016 was $51.9m, as more cash was received from progress billing following the completion of the Seletar Park Residence and Sennett Residence
- Net cash used in investing activities was $7.2m for the redevelopment of Robinson Tower site of $4.5m and capital expenditure for the two hotels in Australia of $2.7m
- Net cash used in financing activities was $79.2m, reflecting mainly net loan repayment of $23.4m, interest payment of $19.4m, cash dividends paid to shareholders of $5.9m, coupled with an increase in bank deposit pledged of $30.5m
- Consequently, cash and cash equivalents stood at $67.7m; from $105.7 m as at 31 December 2015
- More free cash of $44.7m was generated, as compared to $28.8m in the corresponding period last year

Revenue by Segment

($'m)	1H2016	1H2015	Chg
Property	88.3	220.6	-60%
Hotels Investment	66.3	71.0	-7%
Industrial Services	57.8	58.1	*
Other Investments^^	-	-	nm
Corporate & Others#	(0.4)	(0.3)	+33%
Group Total	212.0	349.4	-39%
Proforma Group including Associates	370.0	519.1	-29%

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%

Profit Before Tax & FV Adj by Segment

($'m)	1H2016	1H2015	Chg
Property	8.6	36.6	-76%
Hotels Investment	4.2	7.3	-43%
Industrial Services	0.4	@	nm
Other Investments	4.2	1.9	+121%
Corporate & Others#	0.1	1.4	-93%
Group Total	**17.5**	**47.2**	**-63%**

All business segments were profitable at operating level, led by Property Segment.

Comprise mainly group-level services and consolidation adjustments

@ Less than $0.1m loss

Profit after tax by Segment

($'m)	1H2016	1H2015	Chg
Property	7.1	30.4	-77%
Hotels Investment	3.0	4.6	-35%
Industrial Services	0.2	(0.1)	nm
Other Investments	4.3	2.0	+115%
Corporate & Others#	0.1	1.4	-93%
Group Total	**14.7**	**38.3**	**-62%**

Property remains the key driver and contributed 48% of the Group's total profit after tax in 1H2016.

Comprise mainly group-level services and consolidation adjustments

Property

- Property revenue decreased 60% to $88.3m; profit after tax was $7.1m, down from $30.4m a year ago
- Bulk of revenue and profit were from the new sales and progressive recognition of revenue for units sold at the three residence projects
- Seletar Park Residence obtained Certificate of Statutory Completion in January this year and Sennett Residence obtained Temporary Occupancy Permit in June this year
- Property remains the key driver, contributing 42% of the Group's total revenue and 48% of the Group's total profit after tax in the first half of 2016

Hotels Investment

- GHG reported revenue of A$65.4m and profit after tax of A$5.9m as compared to A$67.2m and A$9.0m respectively a year ago
- Net income from hotel operations reduced by 11% to A$11.4m as Grand Hyatt Melbourne and Hyatt Regency Perth registered a combined 2% drop in RevPAR despite higher occupancy rate
- Net income from non-hotel operations (office, retail and carpark) fell by 13% to A$7.1m due mainly to weak performance in the Perth office and carpark operations
- After deducting finance costs and deferred tax provision at the investment holding company level, Hotels Investment contributed profit after tax of S$3.0m

Industrial Services

- Industrial Services reported revenue of $57.8m as compared to $58.1m in 1H2015
- SP Corp's revenue fell slightly due mainly to lower activity from its loss incurring from Tyre Distribution Unit
- SP Corp reported net profit of $0.2m in both first half years

Other Investments

- In 1H2016, GulTech reported revenue of US$110.5m weighed down by lower revenue from its Suzhou Plant
- Notwithstanding lower revenue, GulTech reported net profit attributable to shareholders of US$7.0m for 1H2016 as compared to US$3.4m in 1H2015.
- This translated into the Group's increased share of net profit of S$4.3m as compared to S$2.0m previously
- GulTech increased its equity stake in Suzhou Plant from 38.6% to 100% in February 2016

Outlook

- The Group's revenue and profit in 2016 would continue to be attributable to the three residential projects that has engaged in
- Robinson Point has been fully leased under various leases until years 2017/18; Robinson Tower is expected to complete by end of 2018
- Hotels Investment is expected to perform satisfactory and contribute recurring cash flow to the Group
- The Group was awarded a plot of 99-year leasehold residential land in early April. This project is to be known as "Kandis Residence" and to be launched by second quarter 2017. Development comprises a combination of 130 units with 1 to 3 bed rooms of three and seven-storey high buildings with full condominium facilities
- Despite the current economic conditions, the Group is expected to be profitable barring unforeseen circumstances

Thank You

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