



UNITED ENGINEERS LIMITED

FY2018 Full Year Results

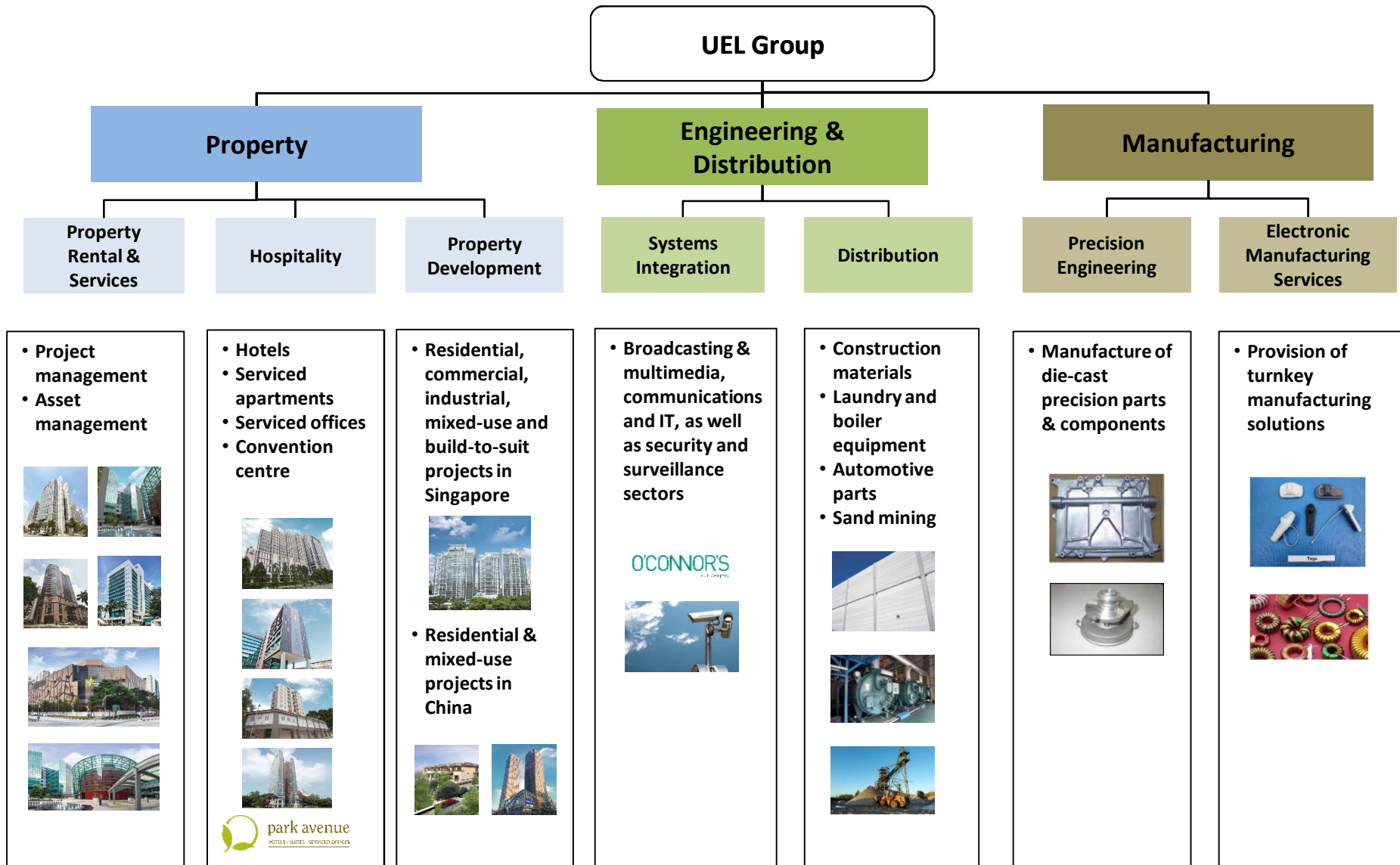


United
Engineers
Limited



Group Overview

- Founded in 1912, **UEL** is one of Singapore's pioneer companies that played an integral role in the country's physical and economic transformation
- From its roots in engineering, UEL evolved over the years, and its key business activities are now in **Property Rental and Hospitality**, **Property Development**, **Engineering and Distribution**, as well as **Manufacturing**
- Owns a stable of shopping malls which comprises **UE Square Shopping Mall**, **Rochester Mall** and **The Seletar Mall** (30%)
- Manages *Changi Link* shopping mall & the **Park Avenue** chain of hotels, serviced apartments, serviced offices and convention centre
- Total assets of S\$3.6 billion as at 31 December 2018
- Geographical presence in 7 countries – Singapore, Malaysia, China, Thailand, Australia, United States of America and United Kingdom
- Its flagship building, **UE BizHub CITY**, was marked a historic site in 2002 by Singapore Heritage Board



Key Financials

S\$M	FY2018	FY2017 ¹	% change
Revenue	374.9	525.8	(28.7%)
Gross Profit	162.5	195.8	(17.0%)
PATMI	55.8	87.2	(36.0%)
EPS ² (cents)	8.7	13.7	(36.5%)

- ▶ Y-o-y decline in revenue primarily caused by lower revenue from property development and the absence of contribution from the divested liquefied petroleum gas business
- ▶ Lower attributable profit was in line with the decrease in revenue, and lower fair value gain from revaluation of investment properties

1. 2017 comparative figures have been represented to take into account the retrospective adjustments arising from the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International)

2. Based on weighted average number of ordinary stock units in issue

Cash flow

S\$M	FY2018	FY2017 ¹
Cash Flow (used in) / from Operations	(359.9)	202.7
Cash Flow from / (used in) Investing	4.2	(8.0)
Cash Flow from / (used in) Financing	225.0	(433.4)
(Decrease) / Increase in Cash	(130.7)	(238.7)

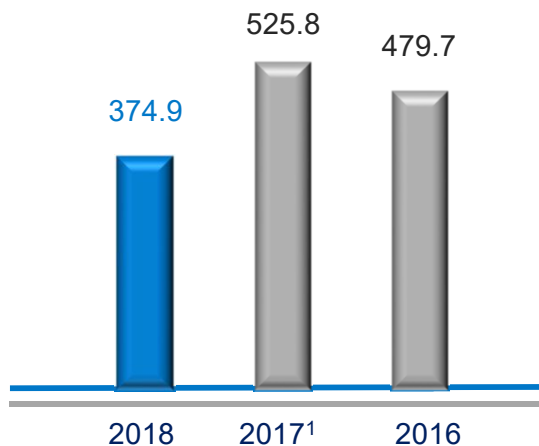
- ▶ The Group incurred approximately S\$402 million for the land acquisition and related costs for the Dairy Farm project
- ▶ During the year, the Group has entered into secured term loan facilities of S\$333 million for financing of the Dairy Farm project and drawn down S\$221 million
- ▶ The Group utilised S\$25 million for dividend payments and S\$9 million for acquisition of additional shareholding in a subsidiary
- ▶ With prudent financial management, the Group remains in a healthy financial position with cash and cash equivalents of approximately S\$251 million as at 31 December 2018

Balance Sheet

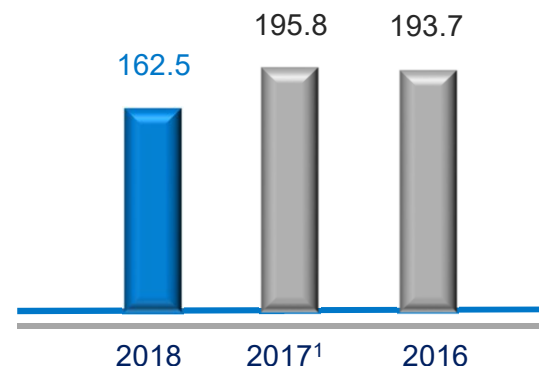
S\$M	FY2018	FY2017 ¹
Current Assets	1,343.0	1,069.3
Non-Current Assets	2,278.7	2,279.4
Total Assets	3,621.7	3,348.7
Current Liabilities	591.6	287.7
Non-Current Liabilities	819.1	853.5
Total Liabilities	1,410.7	1,141.2
Shareholders' Equity	1,926.9	1,901.4
Current Ratio (times)	2.27	3.72
Net Debt to Equity (times)	0.44	0.23

Profitability Analysis

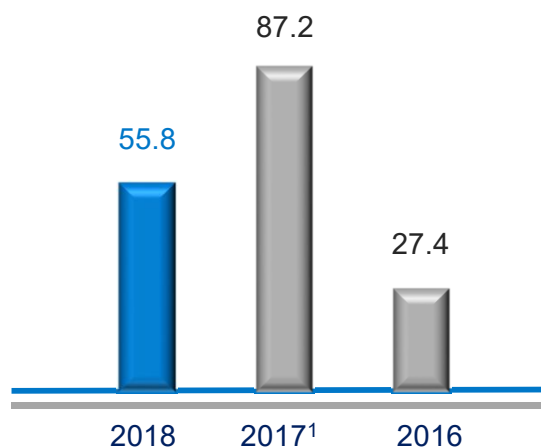
GROUP REVENUE (S\$M)



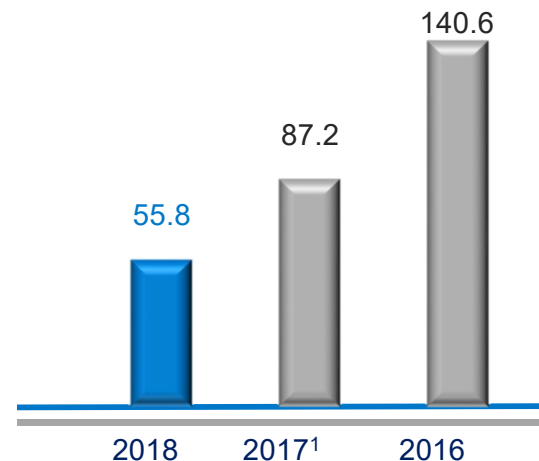
GROUP GROSS PROFIT (S\$M)



PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY – CONTINUING OPERATIONS (S\$M)

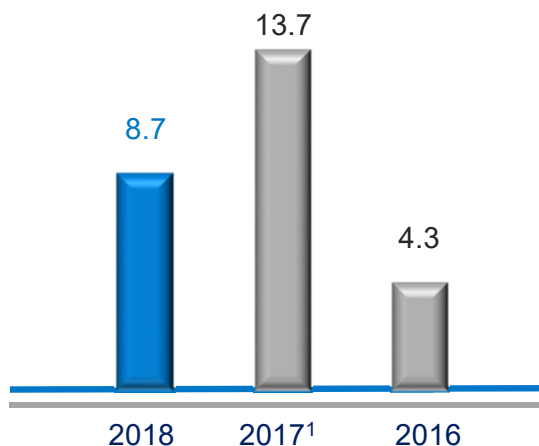


PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (S\$M)

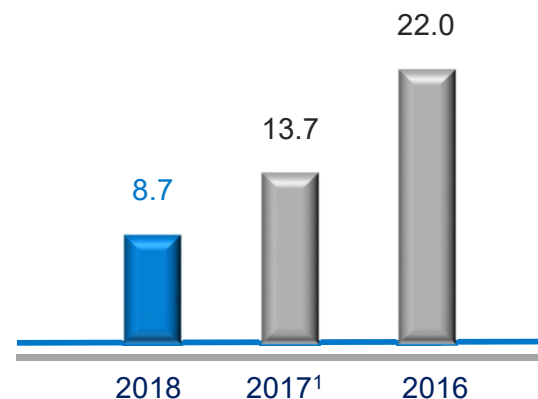


Earnings and Credit Metrics

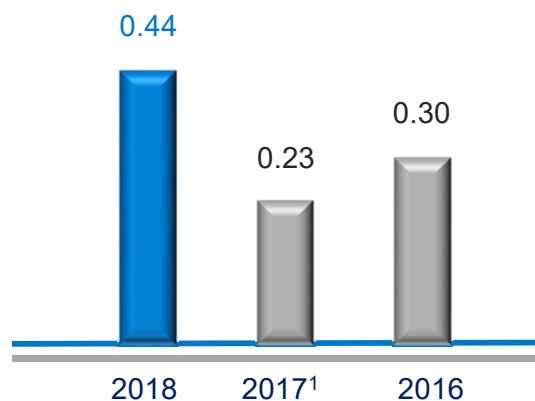
EARNINGS PER STOCK UNIT – CONTINUING OPERATIONS (CENTS)



EARNINGS PER STOCK UNIT (CENTS)

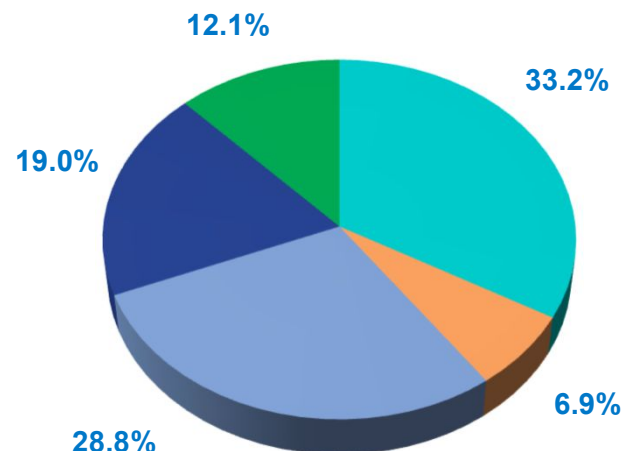


NET DEBT TO EQUITY (TIMES)

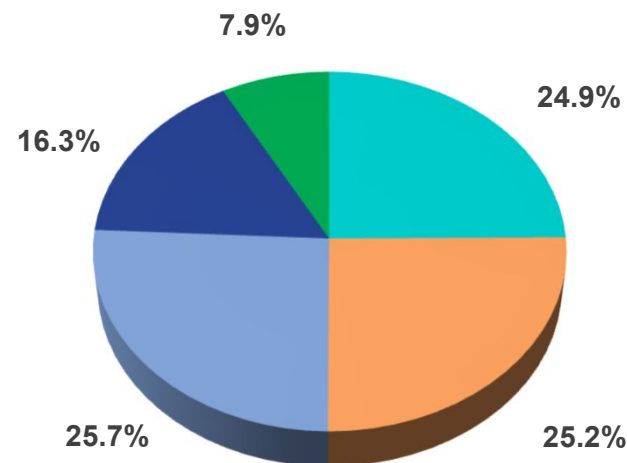


Revenue by Business Segments

FY2018 SEGMENT REVENUE



FY2017¹ SEGMENT REVENUE



\$M

FY2018²

FY2017^{1,2}

Property Rental & Hospitality

124.4

130.9

Property Development

25.8

132.4

Engineering & Distribution

108.1

135.1

Manufacturing

71.3

85.6

Corporate Services & Others

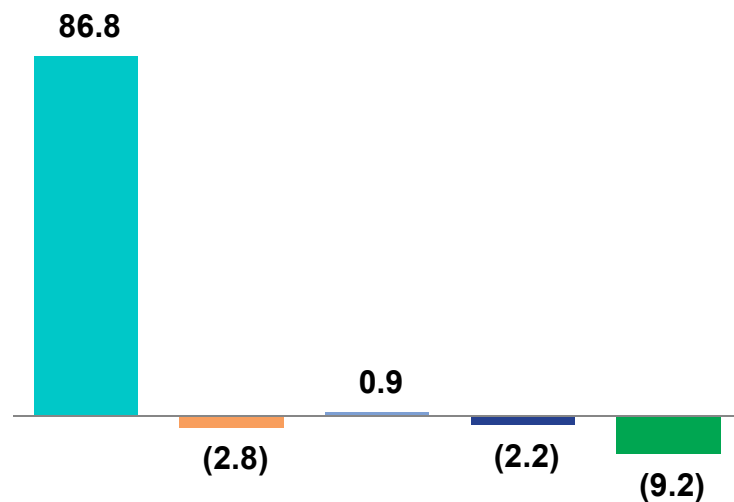
45.3

41.8

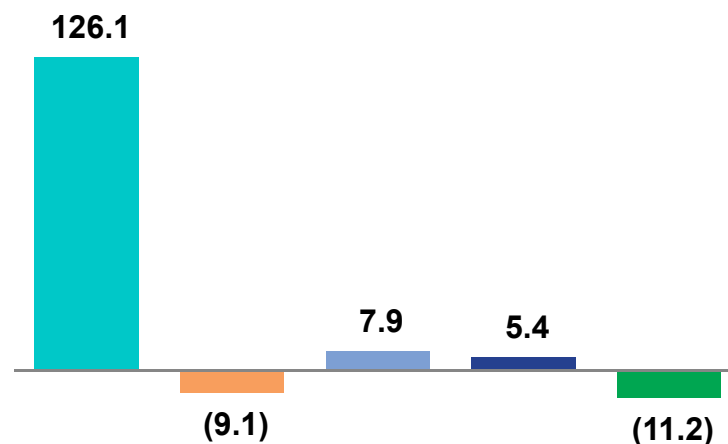
- Property Rental and Hospitality
- Property Development
- Engineering and Distribution
- Manufacturing
- Corporate Services and Others

Segment Results

FY2018 SEGMENT RESULTS (S\$M)



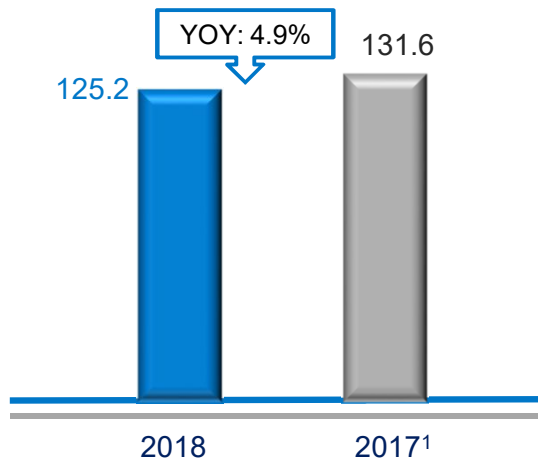
FY2017¹ SEGMENT RESULTS (S\$M)



- Property Rental and Hospitality
- Property Development
- Engineering and Distribution
- Manufacturing
- Corporate Services and Others

Property Rental and Hospitality

REVENUE (\$M)

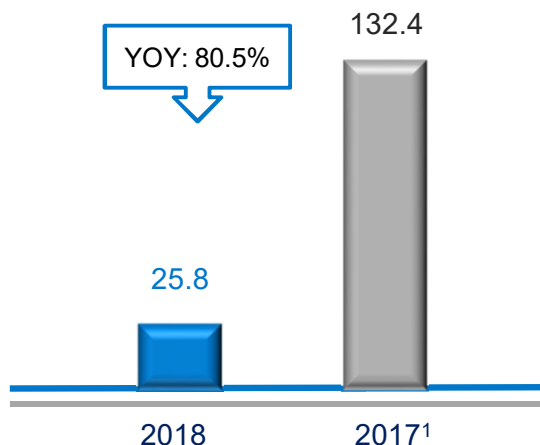


OPERATING PBIT (\$M)

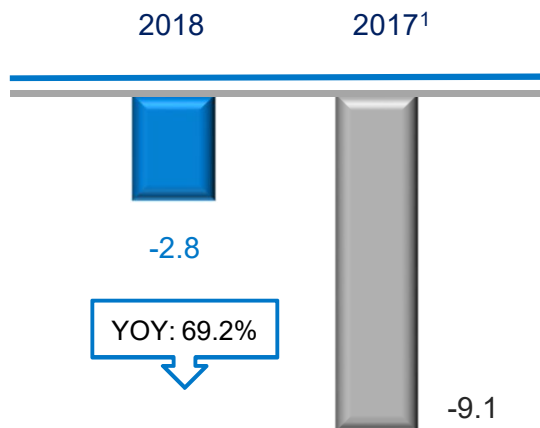


- Lower revenue contribution from *UE BizHub WEST*
- Average committed occupancy rate for investment properties (excluding *UE BizHub WEST*) approximately 85% to 95%
- Operating PBIT dropped by 31.2% largely attributed to:
 - Lower net revaluation gains from the investment properties
 - Lower write-back of provision for rental support for *UE BizHub EAST*

REVENUE (\$M)



OPERATING PBIT (\$M)



- Mainly due to the absence of revenue contribution from the sales of *Chengdu Orchard Villa* (Phase 4) in China and *Eight Riversuites* in Singapore
- Lower revenue contribution from the sales of other completed commercial units at *Shenyang Orchard Summer Palace*
- Operating loss before interest decreased 69.2% mainly due to absence of impairment loss on certain overseas development projects in 2018

Upcoming launch of Dairy Farm Road



Image Source: Urban Redevelopment Authority

Location	Dairy Farm Road (District 23)
Site Area	19,647.5 sqm
Land Use Zoning	Residential with Commercial at 1 st Storey
Maximum Permissible Gross Floor Area (GFA)	41,260 sqm
Gross Plot Ratio	2.1
Estimated Number of Housing Units	450 *
Lease Period	99 years
Group's Effective Interest	100%
Target to Launch	2019

* Actual number of dwelling units may vary

成都锦绣尚郡 (Chengdu Orchard Villa)

- Completed units from Phase 1 to Phase 3 were close to 97% to 100% sold
- Completed units of Phase 4 were fully sold
- Construction of Phase 5 (231 townhouses) is ongoing and 100% sold which will in turn contribute positively to the Group's performance in 2019
- The balance 56,680 sqm of the residential landbank of Phase 6 (GFA of 77,237 sqm) is to be developed



Ongoing construction of Phase 5 (comprising 231 townhouses)

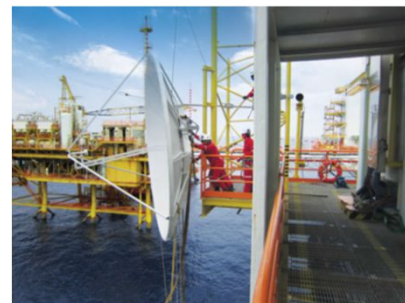
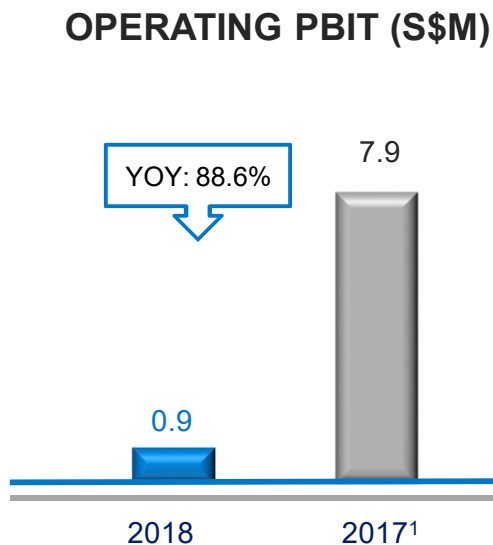
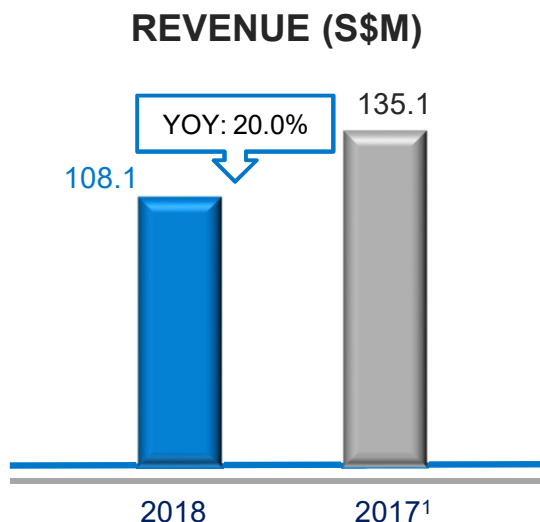
沈阳夏宫城市广场 (Shenyang Orchard Summer Palace)

- As of 31 December 2018, approximately 50% of the office units were sold or leased
- Residential blocks with land area of 18,488 sqm are to be developed, subject to government approval on development plan



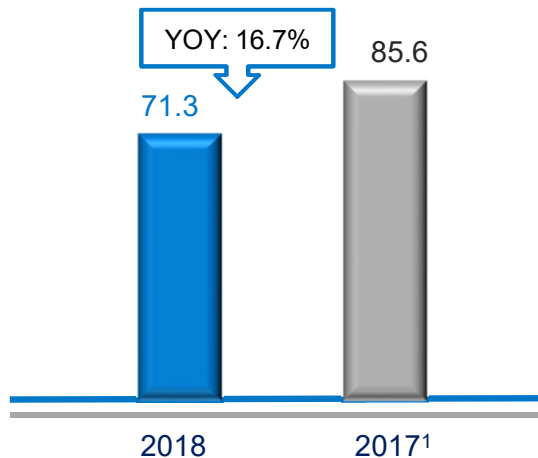
上海奥林匹克花园 (Shanghai Olympic Garden)

- Relocation and demolition of farmers' houses on the remaining Phase 3.2 land completed in March 2018
- The construction is anticipated to commence in 2019 upon obtaining the government approval for the revised development plan

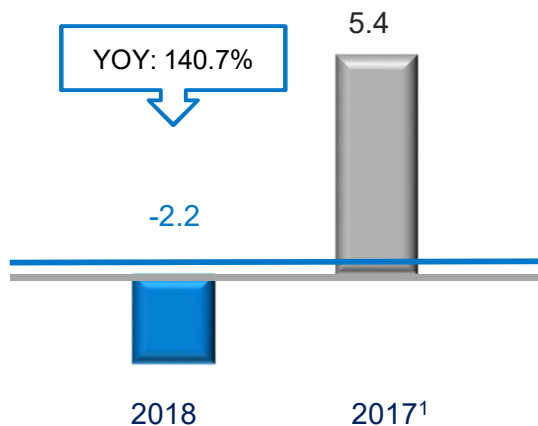


- Lower revenue and gross profit from distribution businesses mainly due to
 - decrease in sales of building materials impacted by fierce competition in the construction industry which resulted in lower prices and margin compression
 - The absence of contribution from the divested liquefied petroleum gas business
- Operating PBIT fell by 88.6% mainly due to provision for foreseeable losses for certain system integration projects

REVENUE (S\$M)



OPERATING PBIT (S\$M)



- Lower revenue contribution and gross profit from Precision Engineering business were mainly attributed to:
 - Slower demand arising from ongoing US-China trade tensions
 - Unfavorable product mix lowered overall gross margins
 - Inventories written-down
- Component business performed better due to stronger than expected 1H 2018 orders
- Impairment loss on property, plant and equipment of S\$1.0 million

Strategic Focus

- Grow real estate and hospitality businesses, as well as seize opportunities in other businesses and geographies
- Enhance existing investment properties via asset enhancement initiatives
- Streamline existing portfolio of non-core businesses and execute existing projects

Disclaimer

This presentation may include certain statements, estimates and projections that involve risks and uncertainties. Actual future results may vary materially from those projected as a result of various assumptions, uncertainties and risks. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. As such, there can be no assurance that such statements, estimates and projections will be realised. No representations are or will be made by any party as to the accuracy or completeness of such statements, estimates and projections or that any projection will be achieved which are based on current views of management on future events.

THANK YOU



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