



NEWS RELEASE

KOH BROTHERS POSTS S\$243.1 MILLION IN REVENUE FOR FY2020; WITH RECOVERY SEEN IN 2H2020

- *Adverse impact from the Covid-19 pandemic, with net loss attributable to shareholders of S\$14.8 million*
- *2H2020 records net profit of S\$2.9 million attributable to shareholders as compared to S\$17.8 million net loss in 1H2020*
- *Balance sheet remains healthy with S\$101.8 million in cash and bank balances*
- *To manage resources prudently and continue to tender for more construction projects*
- *The Group will step up efforts to replenish its land bank selectively*

Singapore, 3 February 2021 – Well-established construction, property development and specialist engineering solutions provider, Koh Brothers Group Limited (“**Koh Brothers**”, 許兄弟有限公司, or the “**Group**”), today announced its financial results for the second half-year (“**2H2020**”) and full-year (“**FY2020**”) periods ended 31 December 2020.

Mr. Francis Koh (許庆祥), Managing Director and Group CEO of Koh Brothers, commented, “Economies and corporates across the world continue to face unprecedented challenges brought on by the global pandemic. To navigate this turbulence, we adopted a proactive approach through financial prudence, operational agility and a focus on improving productivity by embracing innovation and technology to enhance margin efficiency.

“For our Construction and Building Materials division, with the gradual recovery of construction demand led by public sector projects, we will continue to tender for projects where we have a strong track record, related experience and capabilities to ensure a consistent strong order book. As for our real estate development business, with the re-opening of the Singapore economy in Phase 3, we have stepped up on our marketing efforts, including leveraging on virtual platforms with full interactive features for sales of the remaining units in Van Holland. We will continue to adopt a cautious approach, keeping a lookout for quality and strategically located land plots in Singapore and in the region, with good proximity to amenities and transportation nodes.”

Financial Highlights

FY2020 revenue decreased 31% to S\$243.1 million as compared to S\$353.7 million in FY2019 mainly due to lower revenue recognition from the Construction and Building Materials division. The Singapore government’s circuit breaker measures from April to June 2020 had severely impacted the Group’s business, causing a halt in most of its construction projects, delay to project schedules, increased costs and disruption in project management.

Share of profit from associated companies and joint ventures declined 66% to S\$5.8 million in FY2020 from S\$17.2 million a year ago due to absence of fair value gain and lower profit contribution from a joint venture.

The Group saw an increase of 169% in other gains to S\$3.1 million in FY2020, mainly from fair value gain on investment securities. Additionally, there was a decrease of 24% in administrative expenses which was a result of lower staff costs and stringent cost control.

In line with the above, the Group reported a net loss attributable to shareholders of S\$14.8 million in FY2020, from a net profit attributable to shareholders of S\$5.8 million in FY2019.

For 2H2020, the Group saw a decline of 28% in revenue to S\$138.9 million as compared to S\$192.4 million in 2H2019. This was mainly due to lower revenue recognition from the Construction and Building Materials division. Notably, this was a 33% sequential improvement from revenue of S\$104.1 million recorded in the first half-year ended 30 June 2020 (“**1H2020**”).

The Group reported a 49% increase in other gains to S\$2.5 million in 2H2020 from S\$1.7 million in 2H2019 largely due to higher fair value gain on investment securities.

Though net profit attributable to shareholders saw a decline of 14% to S\$2.9 million in 2H2020 as compared to S\$3.4 million in 2H2019, the Group noted a significant sequential turnaround as compared to the net loss of S\$17.8 million reported in 1H2020.

Cash and bank balances at the end of the financial year stood at S\$101.8 million while shareholders' equity stood at S\$287.9 million as at 31 December 2020. The Group's current ratio remains healthy at 1.9x with net gearing ratio of 0.9x as at 31 December 2020.

Net asset value per share was 69.80 Singapore cents as at 31 December 2020 compared to 73.17 Singapore cents as at 31 December 2019.

Outlook and Strategies

Based on latest advanced estimates from the Ministry of Trade and Industry, the Singapore economy contracted by 5.8% in 2020 due to the economic disruption caused by the Covid-19 pandemic. On a quarter-on-quarter, seasonally-adjusted basis, the economy grew by 2.1% following the 9.5% expansion in the third quarter. Though the construction sector shrank by 28.5% on a year-on-year basis in the fourth quarter, it is an improvement from the 46.2% contraction in the preceding quarter. The improvement came on the back of the resumption of construction activities in the second half of 2020¹.

According to the Building and Construction Authority Singapore, construction demand in 2021 is expected to be between S\$23 billion and S\$28 billion, with the public sector contributing approximately 65% of the total demand. Some upcoming major public sector projects scheduled to be awarded this year include various contracts under the Jurong Region MRT Line, the Cross Island MRT Line Phase 1 and the Deep Tunnel Sewerage System Phase 2.

The Group expects the construction industry to remain challenging on the back of a competitive environment, supply chain disruption, manpower shortage and higher cost of construction materials. Koh Brothers will continue to tender for more construction projects where its requisite experience, capabilities and track record will help to maintain a strong order book.

On the property development front, Urban Redevelopment Authority's 4Q2020 real estate statistics showed an increase of 2.1% in private residential properties' prices compared to the 0.8% increase in 3Q2020. For the whole of 2020, developers launched 10,833 units for sale and sold 9,982 units, compared to 11,345 units launched and 9,912 units sold in 2019².

¹ Ministry of Trade and Industry Singapore, 4 January 2021 – Singapore's GDP contracted by 3.8 per cent in the fourth quarter of 2020

² Urban Redevelopment Authority, 22 January 2021 – Release of 4th quarter 2020 real estate statistics

The private residential market is expected to remain stable and going forward, the Group will step up efforts to replenish its land bank selectively.

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About Koh Brothers Group Limited

Listed on SGX Mainboard in August 1994, Koh Brothers Group Limited (“**Koh Brothers**”, or together with its subsidiaries, the “**Group**”) is a well-established construction, property development and specialist engineering solutions provider, which was started as a sole proprietorship in 1966 by Mr. Koh Tiat Meng. Today, Koh Brothers has more than 40 subsidiaries, joint venture companies and associated companies spread over Singapore, the PRC, Indonesia, Malaysia and South Korea.

Over the years, Koh Brothers has undertaken numerous construction and infrastructure projects with its A1 grading by the Building and Construction Authority – currently the highest grade for contractors’ registration in this category that allows the Group to tender for public sector construction projects of unlimited value. In addition, Koh Brothers has developed a name for itself as a niche real estate developer, with an established reputation for quality and innovation.

Koh Brothers’ diversified businesses present them with multiple revenue streams from three core areas:

- Construction and Building Materials;
- Real Estate; and
- Leisure and Hospitality.

The Group is also the single-largest shareholder of SGX Catalist-listed Koh Brothers Eco Engineering Ltd (“**Koh Brothers Eco**”), a sustainable engineering solutions group that provides engineering, procurement and construction (“**EPC**”) services for water and wastewater treatment, hydro-engineering, bio-refinery and bio-energy projects. Through Koh Brothers Eco, the combined Group is able to reap synergies to offer turnkey engineering solutions and tap opportunities in the water and wastewater treatment, and hydro-engineering sectors.

ISSUED ON BEHALF OF : Koh Brothers Group Limited
BY : Citigate Dewe Rogerson Singapore Pte Ltd
105 Cecil Street
#09-01 The Octagon
Singapore 069534
CONTACT : Ms Dolores Phua / Ms Melissa Sim
at telephone
DURING OFFICE HOURS : 6589-2383 / 6589-2379
EMAIL : dolores.phua@citigatedewerogerson.com
melissa.sim@citigatedewerogerson.com
