



Centurion Corporation Limited 2Q & 1H 2016 Financial Results

12 Aug 2016

WELCOME 迎光臨 স্বাগতম நல்வரவு

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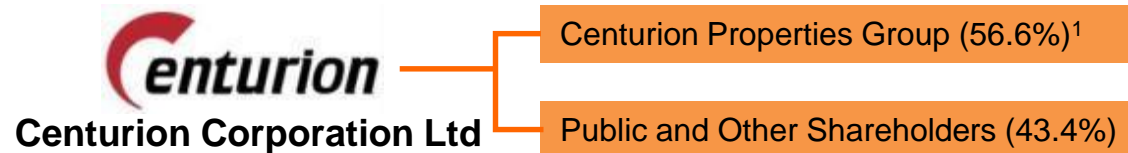
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Contents

- Key Highlights
- Financial Review
- Business Review
- Strategic Focus

About Centurion Corporation

- One of Asia's leading accommodation providers
- Own, develop and manage quality workers accommodation and student accommodation assets
- Strong portfolio of **18** operational accommodation assets totalling **63,889** beds
- Operational assets:
 - Total workers: **61,200** beds
 - Total students: **2,689** beds
- Pipeline of **11,100** beds (till 2018)



1. Excluding treasury shares

Key Highlights

- Revenue grew by **11%** in 1H 2016 to **S\$57.4 mil** y-o-y.
- Net Profit¹ recorded a y-o-y reduction of **7%²** to **S\$17.8 mil** y-o-y in 1H 2016.
- Generated stable and strong operating cash of S\$27.6 million in 1H 2016.
- Balance sheet remains healthy and robust with S\$113.5 million cash and bank balances.
- Portfolio capacity increased organically by 13,817 beds³ (+28%) to 63,889 beds
- Singapore portfolio occupancy consistently high at above 90% and performing better relative to peers
- Well diversified customer base catering to multiple industries
- Diversified portfolio in different geographical locations and asset types

Note:

1. From core business operations.
2. Net Profit (from core business operations and attributable to equity holders) recorded a y-o-y reduction of 5% to S\$18.2 mil which excluded the Group's non-controlling interest of 49% in ASPRI-Westlite Papan.
3. For 1H 2016 as compared to 4Q 2015.

Key Business Highlights

- Continue to drive growth with completion of development projects and new acquisitions
 - Senai II opened in Jan 2016
 - ASPRI-Westlite Papan achieved TOP in May 2016
 - Acquired 4 new UK student accommodation assets in Jul 2016
- Overall occupancy for workers accommodation remains relatively healthy and rental rates holding up despite headwinds - continued to outperform competitors
- Student accommodation business has proven to be resilient
 - High occupancy
 - Positive rental reversion
- BREXIT
 - Unfavorable foreign exchange translation losses
 - Will attract more international students to study in UK

Financial Review

Key Financials

Group Net Profit¹ decreased by 7% to S\$17.8m in 1H 2016

S\$'000	2Q 2016	2Q 2015	Change	1H 2016	1H 2015	Change
Revenue	28,700	26,391	+ 9%	57,371	51,672	+ 11%
Net Profit ¹	8,429	9,827	- 14%	17,774	19,030	- 7%
Net Profit (Equity holders) ²	8,857	9,838	- 10%	18,222	19,271	- 5%
Net Profit Margin ¹	29%	37%	- 8pp	31%	37%	- 6pp

Note:

1. Net Profit and Net Profit Margin = Profit from core business operations
2. Net Profit (Equity holders) = Profit from core business operations and attributable to equity holders which excluded the Group's non-controlling interest of 49% in ASPRI-Westlite Papan.

Key Financial Highlights

REVENUE (+11%, +S\$5.7 mil)

- Revenue growth contribution largely from expanded accommodation business:
 - Westlite Woodlands
 - Westlite Papan
 - CSL Selegie
- Positive rental reversions from the student accommodation business in Australia and the United Kingdom.
- Revenue from workers accommodation in Malaysia has declined due to the softening of average occupancy rates to about 61% largely due to the slowdown in the manufacturing sector and changes in foreign workers policy.

NET PROFIT (-7%, -S\$1.3mil)

- Gross Profit increased by S\$3.8 mil (+11%) in line with revenue growth
- Net Profit decreased due to higher financing costs (S\$4.8 mil) as a result of expansion initiatives:
 - S\$65 mil MTN notes
 - Westlite Woodlands, ASPRI-Westlite Papan and Westlite Senai II

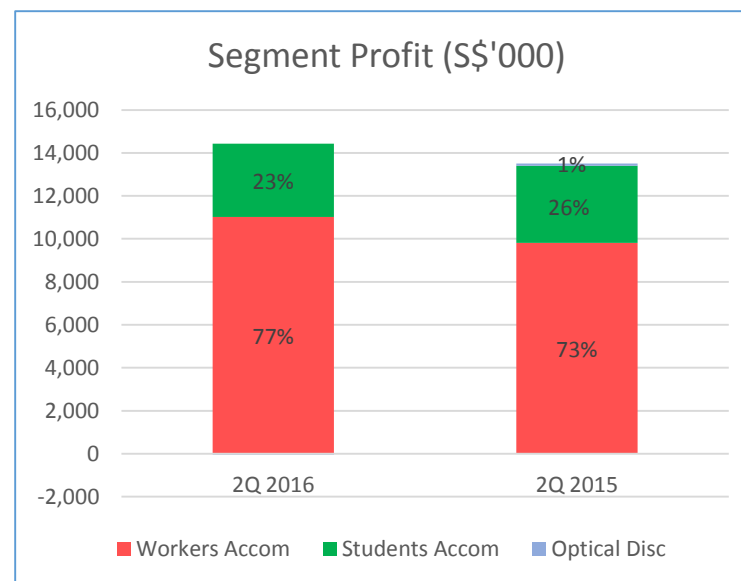
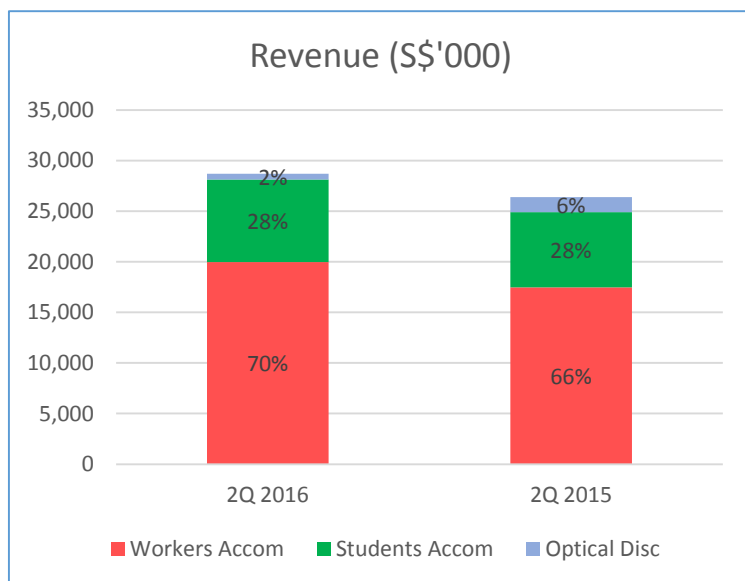
Note:

1. Net Profit = Profit from core business operations

Segment Breakdown

Strong Accommodation Business Results in 2Q 2016

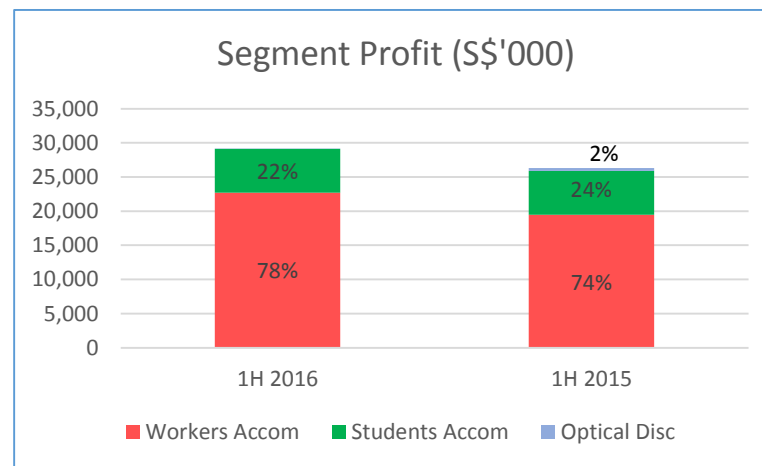
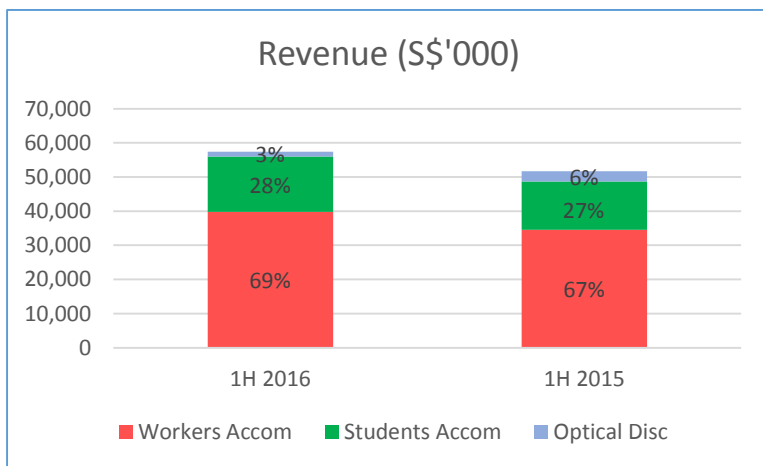
S\$'000	Accommodation						Optical Disc		
	Workers			Students					
	2Q 2016	2Q 2015	Change	2Q 2016	2Q 2015	Change	2Q 2016	2Q 2015	Change
Revenue	19,972	17,469	14%	8,161	7,434	10%	567	1,488	-62%
Segment Profit	11,022	9,816	12%	3,401	3,590	-5%	-46	97	-147%
Segment Margin	55%	56%	-1pp	42%	48%	-6pp	-8%	7%	-15pp



Segment Breakdown

Strong Accommodation Business Results in 1H 2016

S\$'000	Accommodation						Optical Disc		
	Workers			Students					
	1H 2016	1H 2015	Change	1H 2016	1H 2015	Change	1H 2016	1H 2015	Change
Revenue	39,744	34,519	15%	16,234	14,143	15%	1,393	3,010	-54%
Segment Profit	22,709	19,484	17%	6,429	6,426	0%	29	418	-93%
Segment Margin	57%	56%	1pp	40%	45%	-5pp	2%	14%	-12pp



- **Workers** – Revenue and Segment Profit continues to grow with stable margins
- **Students** – Revenue increase from CSL SG and higher rents reversions in UK & AUS. Startup losses in SG offset positive contribution from UK & AUS
- **Optical** – Revenue drop due to cessation of INDO ops and B/E in Segment Profit

Balance Sheet Highlights

S\$'000	30 June 2016	31 Dec 2015	Change %
Cash & Cash Equivalents	113,536	138,435	- 18%
Current Assets ¹	160,123	148,092	+ 8%
Non Current Assets	999,507	993,552	+ 1%
Total Assets	1,159,630	1,141,644	+ 2%
Current Liabilities ¹	199,013	200,789	- 1%
Non Current Liabilities	568,326	537,959	+ 6%
Total Liabilities	767,339	738,748	+ 4%
Net Assets	392,291	402,896	- 3%
Net Gearing Ratio ²	54%	50%	+ 4pp

- Healthy Balance Sheet – S\$113.5 million in cash and bank balances
- Net gearing increased by 4pp to 54% mainly due to new UK acquisition
- Average long term bank debt to maturity profile of 11 years
- Interest cover is well within interest cover threshold
 - 3.4 times (6.2 times excluding MTN)
- Net Assets reduced due to FX translation, primarily GBP

Note:

1. Net current liability of S\$38.9m due to the MTN of S\$100m maturing in October 2016. Sufficient cash resources and banking facilities (both in aggregate of approximately S\$183m) available to meet the financing needs of the maturing MTN and its current liabilities.
2. The net gearing ratio is computed as borrowings less cash and bank balances divided by total capital. Total capital is calculated as borrowings plus net assets of the Group.

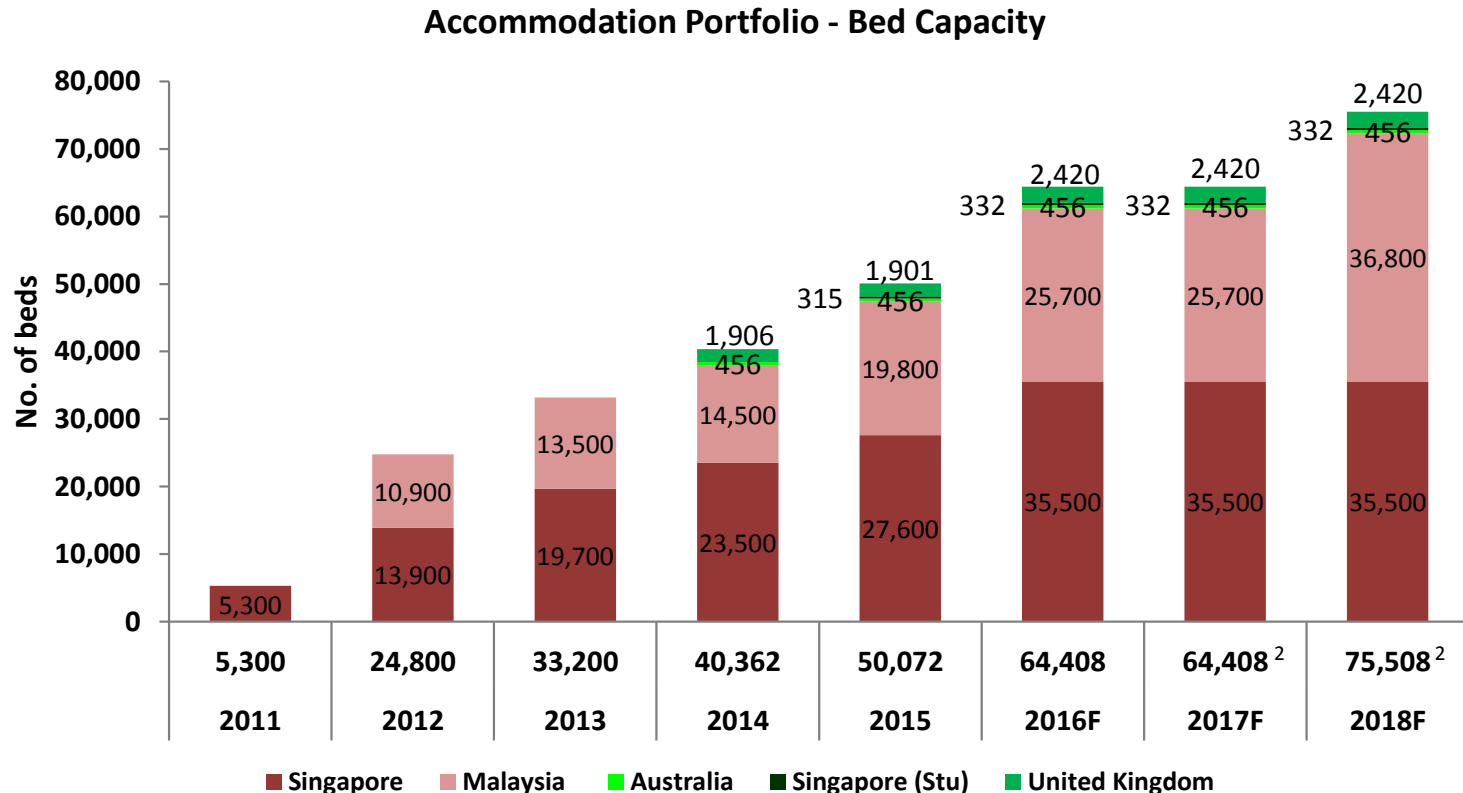
Key Ratios

	1H 2016	1H 2015	FY 2015
Earnings Per Share	2.4¢	2.5¢	4.7¢ ¹
NAV per share	53.0¢	52.7¢	53.5¢
Share Price	38.5¢ ²	53.0¢ ³	39.0¢ ⁴
Dividend	1.0¢ ⁵	0.5¢ ⁶	1.5¢ ⁷
Market Capitalisation	S\$285m ²	S\$401m ³	S\$293m ⁴

Note:

1. Excluding fair value gains and write down of investment in associate.
2. As at 30 June 2016.
3. As at 30 June 2015.
4. As at 31 December 2015.
5. Declared an interim dividend of 1.0 cent per share for 1H 2016.
6. Interim dividend of 0.5 cent per share for 1H 2015.
7. Comprising an interim dividend of 0.5 cent per share and a proposed final dividend of 1.0 cent per share for FY 2015.

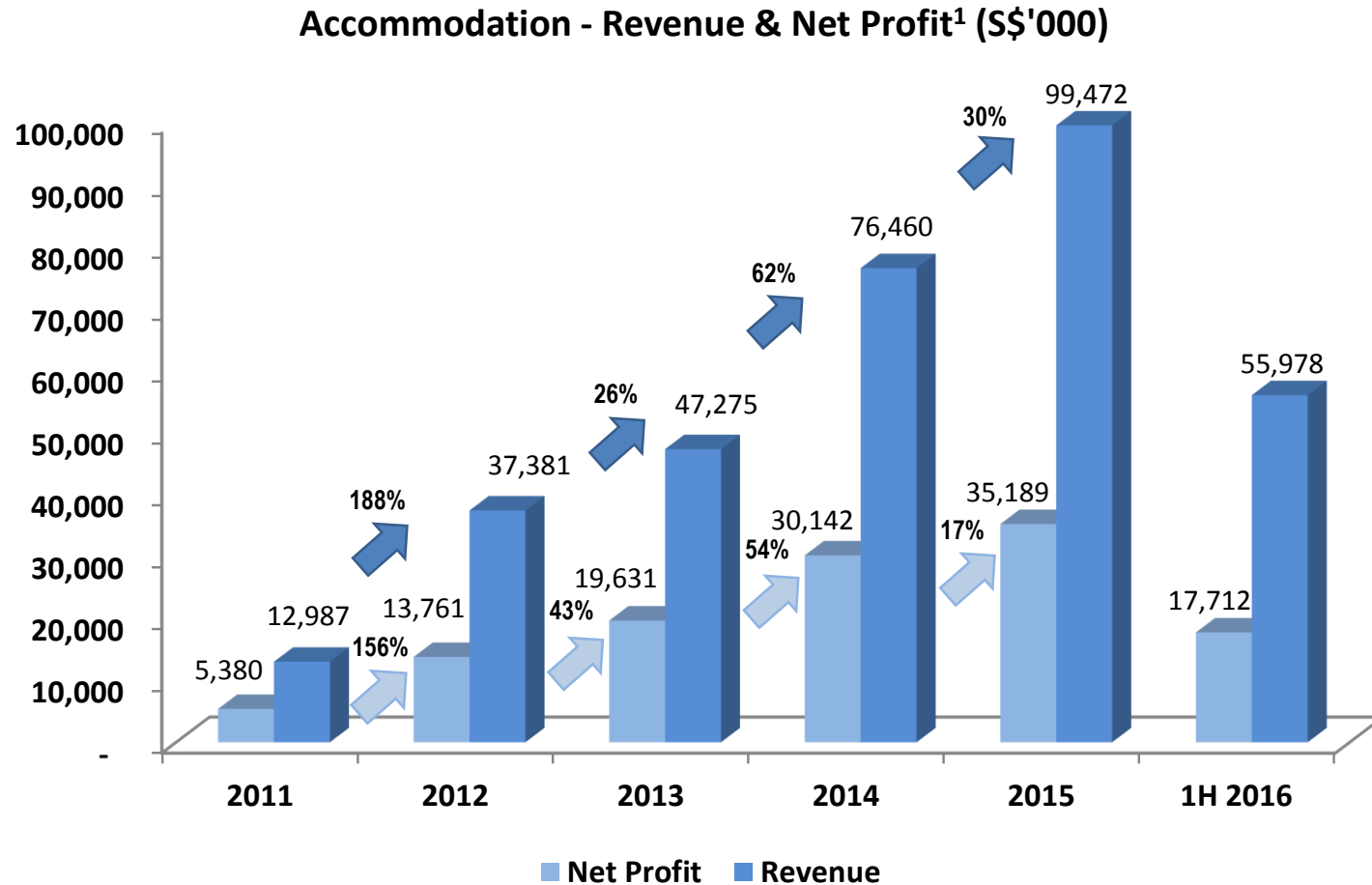
Accommodation Growth Profile¹



Note:

1. Based on developments at existing facilities that are already owned by Centurion Corp
2. Includes Westlite Tuas of 8,600 beds. The land lease of Westlite Tuas will expire in Apr 2017 if there are no further extension by the authorities.

Strong Financial Growth of Accommodation Business



Note:
1. From core business operations

Business Review

Workers Accommodation



Workers Accommodation Landscape – Singapore

Singapore

- General economic slow down, affected by oil prices, construction sector holding up
- Increase in new supply
 - c.57,000 beds¹ may enter the market in phases in 2016 (some have opened)
 - c.22,800 beds¹ expiring in 2016 (some beds may be renewed)
- Imbalance in demand and supply of c.180,000 beds¹ for PBWA²
- Government policies may see shift of foreign workers to PBWA
 - Foreign Employee Dormitories Act 2015 came into effect in Jan 2016
 - From 1 Jan 2017, non-Malaysians from the manufacturing sector will not be allowed to rent entire HDB flats - only individual rooms

Note:

1. Centurion Corp research

2. PBWA denotes Purpose Built Workers Accommodation

Our Competitive Strengths – Singapore

Portfolio of high quality assets - mainly permanent PBWA

Diversified portfolio catering to multiple industries with broad customer base

Assets are well located with long land tenures

Recognised and well regarded Westlite brand

One of the largest workers accommodation provider in SG

The only SG listed company focused on workers accommodation

Strong management team and proven track record

Workers Accommodation – Singapore

- 5 operating assets with capacity of **35,500** beds
- On a portfolio basis, assets are achieving healthy occupancy rates of c.95% (excluding ASPRI-Westlite Papan)

Westlite Mandai (45% owned)

- 6,300 beds
- Land tenure: Freehold
- Land area: 8,000 sqm
- One of the largest freehold purpose-built workers accommodation in Singapore



Westlite Tuas

- 8,600 beds
- Land tenure: 3+3+3 years (wef 2008)
- Land area: 37,870 sqm
- BCA Green Mark Gold Award Winner



ASPRI-Westlite Papan (51% owned)

- 7,900 beds
- Land tenure: 23 years (wef 2015)
- Land area: 14,817 sqm
- First-of-its-kind workers accommodation in Singapore that incorporates a training centre
- TOP received in May 2016

Westlite Woodlands

- 4,100 beds
- Land tenure: 30 years (wef 2013)
- Land area: 9,542 sqm
- Caters to the workers from the marine, process and manufacturing industries.



Westlite Toh Guan

- 8,600 beds (**Under clarification with URA**)
- Land tenure: 60 years (wef 1997)
- Land area: 11,685 sqm
- Conveniently located in the Jurong locality to cater to workers from all industries.

Workers Accommodation Landscape – Malaysia

Malaysia

- Large foreign workers population in Malaysia
 - c.2.1 million¹ foreign workers in Malaysia with valid work permits
 - c.1.7 million¹ illegal foreign workers (amnesty program)
- Slowdown in the manufacturing sector due to the weakening economy
- Unclear Government policies on foreign labor
- Challenges in recruiting and retaining foreign workers
 - Lack of permit to bring in new foreign workers
 - Weaker ringgit results in lower remittance back to home country
- Employers are diversifying their recruitment source of foreign workers from different countries
- Government taking measures to ensure proper housing for foreign workers
- Government to partially lift ban on low-skilled foreign workers²

Note:

1. The Straits Times, 20 Feb 2016, <http://www.straitstimes.com/asia/in-malaysia-no-to-having-more-foreign-workers>
2. The Straits Times, 10 May 2016, <http://www.straitstimes.com/asia/se-asia/malaysia-to-partially-lift-ban-on-hiring-foreigners>

Our Competitive Strengths – Malaysia

- Only purpose built accommodation provider in Malaysia
- Well located assets in close proximity to customers
- Assets in diversified geographical locations in Johor
- Quality permanent PBWAs adhering to EICC standards
- Recognised and well regarded Westlite brand
- Established track record recognized by MNCs
- Customers are mainly MNCs

Workers Accommodation – Malaysia

- 7 operating assets and 2 under planning
- Current capacity of **25,700** beds; **11,100** beds under planning
- On a portfolio basis, the Malaysian assets are achieving occupancy rates of c.61%



Westlite Bukit Minyak (Under Planning)

- 5,000 beds
- Land tenure: Freehold
- Land area: 17,887 sqm
- Centurion's first Malaysian worker's accommodation outside Johor
- Expected to be completed in 2018



Westlite Juru (Under Planning)

- 6,100 beds
- Land tenure: 99 years
- Land area: 26,709 sqm
- Expected to be completed in 2018



Westlite Senai II

- 5,900 beds
- Land tenure: Freehold
- Land area: 16,430 sqm
- Construction was completed in January 2016



Westlite Johor Tech Park

- 5,800 beds
- Land tenure: 99 years (wef 2013)
- Land area: 14,314 sqm
- One of the largest purpose-built workers dormitory in Johor.



Westlite Senai

- 2,600 beds
- Land tenure: Freehold
- Land area: 6,880 sqm
- Located industrial parks where multinational electronics manufacturers are based.



Westlite Desa Cemerlang

- 1,600 beds
- Land tenure: Freehold
- Land area: 15,555 sqm
- Located near the major manufacturing hubs ofTaman PerindustrianTiram Utama



Westlite Tampoi

- 5,300 beds
- Land tenure: Freehold
- Land area: 28,328 sqm
- Located in one of the established industrial zones in Iskandar Malaysia within close proximity to several major multinational electronics manufacturers



Westlite Pasir Gudang

- 2,000 beds
- Land tenure: 99 years (wef 1986)
- Land area: 8,391 sqm
- Located near the industrial zone within Pasir Gudang



Westlite Tebrau

- 2,500 beds
- Land tenure: 60 years (wef 2000)
- Land area: 5,721 sqm
- One of Johor's first purpose-built workers accommodation

Student Accommodation



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Our Competitive Strengths – Students

- Assets in well established educational hubs
- Well located in close proximity to universities and city centers
- Student accommodation assets with long land tenures
- Strong occupancy track records
- Scalable operating platform
- Established marketing platform to target Asian market

Student Accommodation Landscape

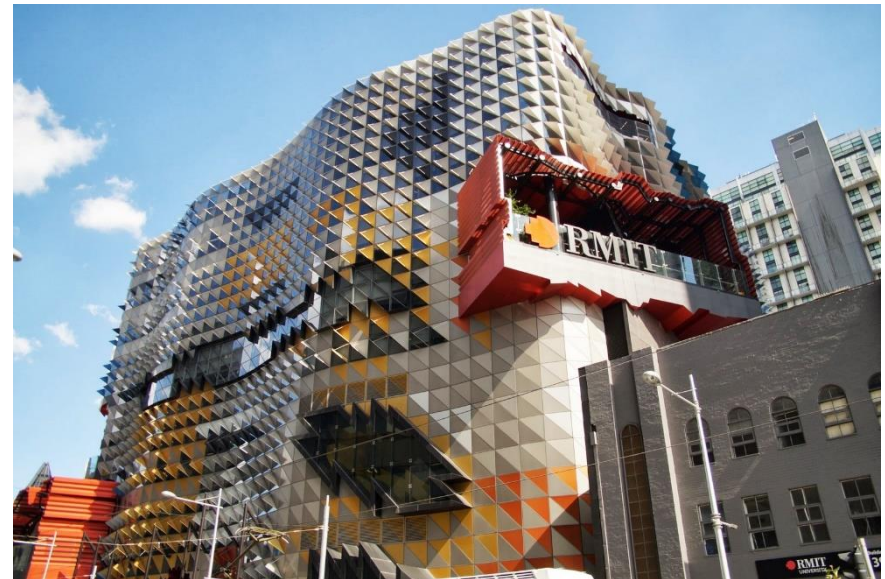
Australia

- 498,155 international students¹ in 2015 (+10.0% y-o-y)
- 230,400 full time higher education international students²
- Undersupply of 290,525 beds in Australia and 86,686 beds in Melbourne²
- Strong demand for high-quality, purpose built student accommodation

Student Bedspace Headroom Comparisons

	Total FT HE Students	FT HE Students living in PBSA	Headroom - % unable to access PBSA	Potential Pipeline
Melbourne	230,910	17,273	92.5%	7,302
Sydney	216,335	17,430	91.9%	4,475
Brisbane	106,571	7,399	93.1%	9,293
Perth	81,273	4,773	94.1%	245
Adelaide	63,108	4,688	92.6%	1,615

Source: Knight Frank Research



RMIT University, Melbourne

1. Australian Government Department of Education and Training 2015, <https://internationaleducation.gov.au/research/Research-Snapshots/Documents/Student%20Numbers%202015.pdf>

2. Australian Purpose Built Student Accommodation, Knight Frank Research Apr 2016

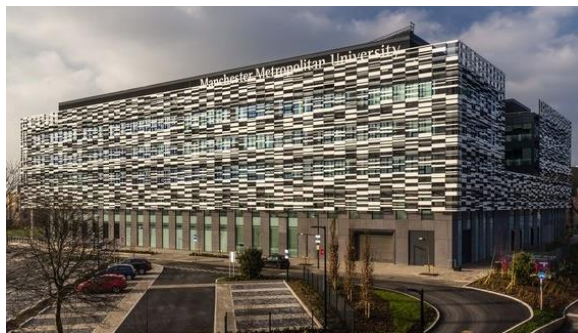
Student Accommodation Landscape

United Kingdom

- Total student numbers stable at c.2.3 million¹
- Demand from c.436,900 full time international students¹ (+0.3% y-o-y)
- Strong demand for high-quality, purpose built student accommodation
- Cap on student numbers in UK removed in 2015/16

Total full time higher education students² (number of students)

Manchester	61,540	Newcastle	42,215
Liverpool	43,285	Bristol	39,910



Manchester Metropolitan University



The University of Manchester

1. Higher Education Statistics Agency United Kingdom 2014/15, <https://www.hesa.ac.uk/free-statistics#non-uk>

2. Market Report on Student Accommodation, Knight Frank, 2016

Student Accommodation Landscape

Singapore

- Good captive market of international students from well established institutions such as SMU, LASALLE, NAFA and Kaplan
- Safe and secure environment, regional magnet for students seeking quality education



LASALLE College of the Arts



Singapore Management University

Student Accommodation Portfolio

- Total operational capacity of **2,689** beds (United Kingdom, Australia and Singapore)

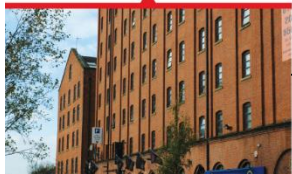
The Grafton

- 145 beds
- Land tenure: Freehold
- Land area: 882 sqm
- Located off the main Oxford Road and short walk to the University of Manchester's main campus



Manchester Student Village

- 1,017 beds
- Land tenure: Freehold
- Land area: 4,403 sqm
- Easy access to the University of Manchester and Manchester Metropolitan University campuses, as well as Manchester City Centre



Cathedral Campus

- 384 beds
- Land tenure: 250 years (wef 2007)
- Land area: 16,106 sqm
- Close proximity to Liverpool John Moores University, Liverpool Institute of Performing Arts, and Liverpool City Centre



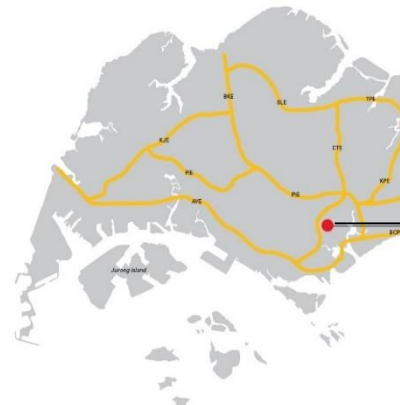
The Grafton

- 355 beds
- Land tenure: Freehold
- Land area: 6,151 sqm
- Short walk from the city campuses to the North and Fallowfield to the South



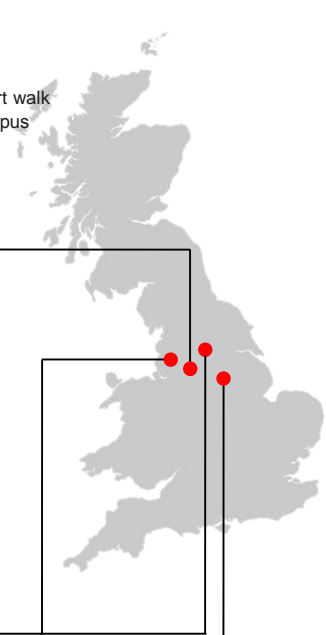
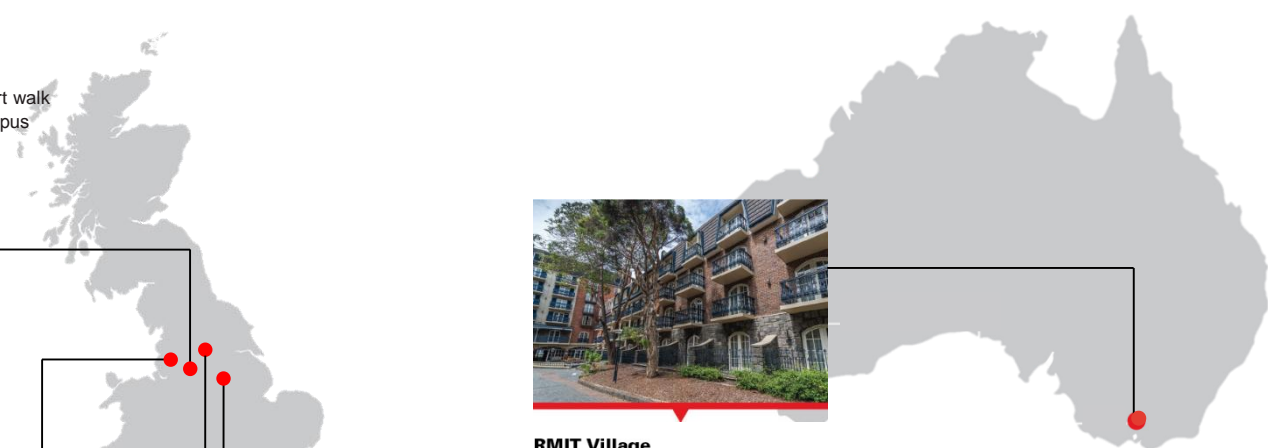
RMIT Village

- 456 beds
- Land tenure: Freehold
- Land area: 6,206 sqm
- Centurion's first student accommodation asset
- Located close to Melbourne's Central Business District and in close vicinity to RMIT University and the University of Melbourne



CSL Selegie

- 332 beds
- Land tenure: 3+3+2 years (wef 2015)
- Land area: 4,408 sqm
- Centurion's first student hostel in Singapore



UK – Acquisition of Four New Assets

- A portfolio of 4 student accommodation assets comprising 519 beds
- 2 properties located in Manchester, 1 located in Bristol and 1 located in Newcastle, all strategically located to access university campuses and the city centre
 - Manchester - University of Manchester Fallowfield campus and main-campus
 - Newcastle – Northumbria University and Newcastle University
 - Bristol – University of Bristol and City of Bristol College
- Operate at healthy occupancy rate for 2015/16 academic year
- Acquisition completed on 1 Jul 2016
- Total student accommodation capacity increased to 3,208 beds



Beechwood House, Manchester



Weston Court, Manchester



Hotwells House, Bristol



Garth Heads, Newcastle

2016

Strategic Focus

- **Active management** of existing asset portfolio to deliver revenue and profit growth
- Strengthen **operational capability**
- Building our **student accommodation brand**
- Deliver **development** projects
- Continue to **seek selective opportunities to grow** its accommodation assets via acquisitions, joint ventures and providing management services
- **Enhance project returns** through asset enhancement initiatives
- **Capital management** to enhance shareholder value



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