TUAN SING HOLDINGS LIMITED

Creating A Clear Distinction

3Q2019 AND 9M2019 RESULTS ANNOUNCEMENT

13 November 2019

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Group Financial Performance

($'m)	3Q2019	3Q2018	Chg	9M2019	9M2018	Chg
Revenue	67.0	94.6	-29%	218.4	252.8	-14%
Gross profit	15.0	17.8	-16%	45.3	49.9	-9%
Profit before tax & fair value adj	1.8	5.2	-64%	8.0	19.1	-58%
Profit before tax	1.1	5.2	-79%	7.1	19.0	-63%
Profit after tax	0.3	3.8	-92%	2.1	15.1	-86%
Net profit attributable to shareholders	0.2	3.8	-95%	1.8	14.9	-88%
EPS (cents)	0.02	0.3	-93%	0.2	1.3	-85%

Overview

- **Group's revenue for 3Q2019 was $67.0 million** (vs $94.6 million, 3Q2018), a decrease of 29%.
- The decrease for 3Q2019 was due mainly to lower revenue from the Industrial Services and Property segments.
- **Revenue for 9M2019 was $218.4 million** (vs $252.8 million, 9M2018), a decrease of 14%.
- The decrease for 9M2019 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 3Q2019 was $0.2 million, decreased by $3.6 million or 95%** as compared to the corresponding period last year due mainly to higher finance cost[#].
- **Net profit attributable to shareholders for 9M2019 was $1.8 million, decreased by $13.1 million or 88%** as compared to the corresponding period last year due mainly to higher finance cost of $8.8 million and the absence of $3.9 million gain from divestment of a China subsidiary in FY2018. This was offset by a write-back on provision of legal costs relating to a development project.
- **Earnings per share was 0.02 cent and 0.2 cent for 3Q2019 and 9M2019** as compared to 0.3 cent and 1.3 cents respectively a year earlier.
- **Net asset value per share was 90.3 cents per share as at 30 September 2019**, as compared to 92.2 cents as at 31 December 2018.

[#] Higher finance cost for both periods were mainly due 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)	9M2019	9M2018	Chg
Property	69.2	65.2	6%
Hotels Investment	75.2	81.2	-7%
Industrial Services	75.1	107.4	-30%
Other Investments^^	-	-	-
Corporate & Others@	(1.1)	(1.0)	10%
Group Total	**218.4**	**252.8**	**-14%**

- 9M2019 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)	9M2019	9M2018	Chg
Property	(0.3)	12.7	nm
Hotels Investment	0.7	1.9	-63%
Industrial Services	0.6	0.8	-25%
Other Investments	17.2	15.2	13%
Corporate & Others**	(16.1)	(15.5)	4%
Group Total	2.1	15.1	-86%

- 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 the absence of $3.9 million gain arising from the divestment of a China subsidiary last year and increase in finance cost of $9.0 million due mainly to interest for 18 Robinson being expensed after obtaining TOP in January 2019

** Comprise mainly group-level services and consolidation adjustments

Property

- **Property segment revenue for 9M2019 was $69.2 million** as compared to $65.2 million in the same period last year, an increase of $4.0 million.
- The increase was mainly driven by an increase in sales and percentage of completion of development properties (eg. Kandis Residence). This was partially offset by the decrease in revenue from investment properties due mainly to the on-going refurbishment works to reposition LINK@896 (formerly known as "896 Dunearn Road").

- **Loss for 9M2019 was $0.3 million** as compared to a profit of $12.7 million in the same period last year, a decrease of $13.0 million.
- The decrease in profit was due mainly to the absence of $3.9 million gain arising from the divestment of a China subsidiary, and an increase in finance cost of $9.0 million, which was due mainly to interest for 18 Robinson being expensed after obtaining TOP in January 2019.

Hotels Investment

- **Hotels Investment segment revenue for 9M2019 was $75.2 million** (or A$78.7 million) as compared to $81.2 million (or A$79.9 million) in the same period last year, a decrease of $6.0 million (or A$1.2 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 9M2019 was $0.7 million** as compared to 9M2018 of $1.9 million, a decrease of $1.2 million. The decrease was due mainly to weaker performance of the Perth hotel as well as the provision of tax arising from a distribution to its shareholder.

Industrial Services

- **Industrial Services segment revenue for 9M2019 was $75.1 million** as compared to $107.4 million in the same period last year, a decrease of $32.3 million.
- The decrease was due mainly to lower contribution from SP Corp's commodities trading.
- **Profit for 9M2019 of $0.6 million** was comparable to 9M2018 of $0.8 million.

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 9M2019 was $17.2 million** as compared to $15.2 million in the same period last year, an increase of 13%. 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)	30.09.19		31.12.18		Chg
Total assets	2,905.1		2,917.4		*
Total liabilities	1,818.9		1,808.9		1%
Total borrowings	1,659.0	(a)	1,630.4	(a)	2%
Cash and bank balances	140.9		133.0		6%
Shareholders' funds	1,070.9		1,093.5		-2%
NAV per share (cents)	90.3		92.2		-2%
Gross gearing^	1.53X	(a)	1.47X	(a)	4%
Net gearing^^	1.40X	(a)	1.35X	(a)	4%

Note (a): 86% 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

* Less than 1% change

Review of Financial Position

- **Total assets was $2,905.1 million** as compared to $2,917.4 million (31 Dec 2018).
- **Total liabilities was $1,818.9 million** as compared to $1,808.9 million (31 Dec 2018).
  - **Gearing**: Net gearing increased from 1.35 times to 1.40 times. Gross gearing increased from 1.47 times to 1.53 times.
  - **Borrowing profile:** 86% (as at 30 Sep 2019 and 31 Dec 2018) of the Group's borrowing are secured by properties, the remaining 14% is the unsecured bond for both balance sheet dates.
  - **Update**: By the date of the 3Q2019 results announcement, current portion of borrowings were reduced substantially when the Group refinanced two secured borrowings and repaid MTN Series I. Had these transactions been completed by 30 September 2019, the current borrowings would have been reduced by $645.0 million and improve the working capital position.
- **Shareholders' fund was $1,070.9 million** as compared to $1,093.5 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.

Group Cash Flow

($'m)	9M2019	9M2018
Operating cash flow	(10.6)	(104.3)
Investing cash flow	25.5	(102.9)
Financing cash flow	(6.0)	128.1
Foreign currency translation adjustments	(1.1)	(0.4)
Cash and cash equivalents at period-end^	74.4	71.6
Free cash flow^^	14.9	(207.2)

^ 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 $74.4 million** as at 30 September 2019, as compared to $66.6 million as at 31 December 2018.

- Cash and cash equivalents movement was due mainly to:
  - Operating cash out flow: -$10.6 million, mainly arose from profit for the period, after changes in working capital and other adjustments.
  - Investing cash in flow: +$25.5 million, mainly from the sales proceeds of an investment property (Century Warehouse), partially offset by payments for the acquisition of a subsidiary in Indonesia, progress payments for investment properties and purchase of property, plant and equipment.
  - Financing cash out flow: -$6.0million, mainly from interest and dividend payments, partially offset by net proceeds from loans and borrowings.

Outlook

- In Singapore, Tuan Sing expects 18 Robinson, which obtained its TOP in January 2019 and has been welcoming tenants since 3Q2019, to generate healthy recurring rental streams with 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 4Q2019 with new food and beverage outlets including 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 upon the completion of its AEI.

- 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 as early as end-2019, while 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 Bukit Timah, Mont Botanik Residence, will be 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.

- Tuan Sing remains upbeat on its prospects in Indonesia, where the government intends to build a bridge connecting Batam and Bintan. This will benefit the Group's upcoming integrated mix-development township in Batam, which 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.

Thank You

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