



United
Engineers
Limited

104TH ANNUAL GENERAL MEETING

26 APRIL 2018


park avenue
HOTELS & SUITES

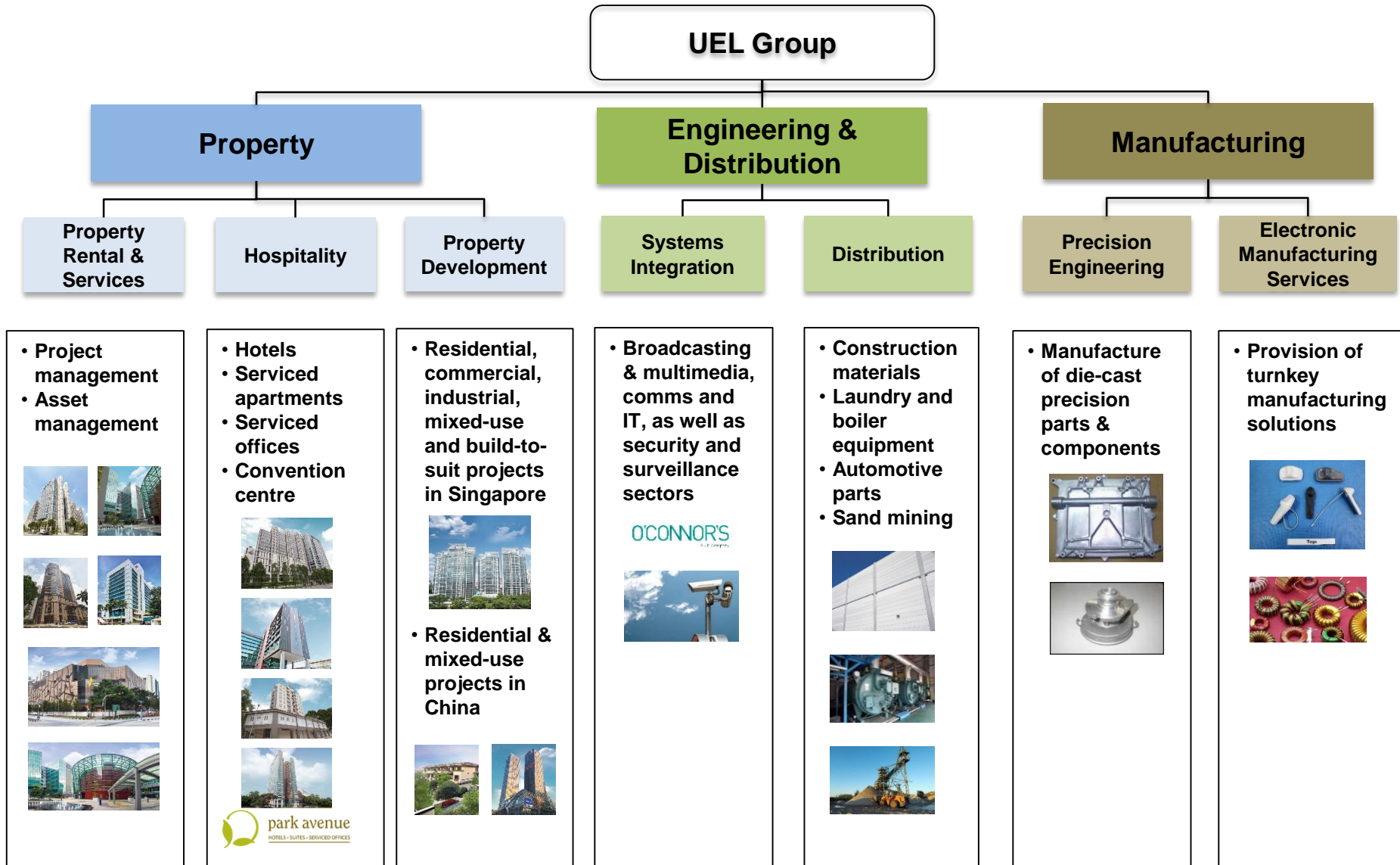
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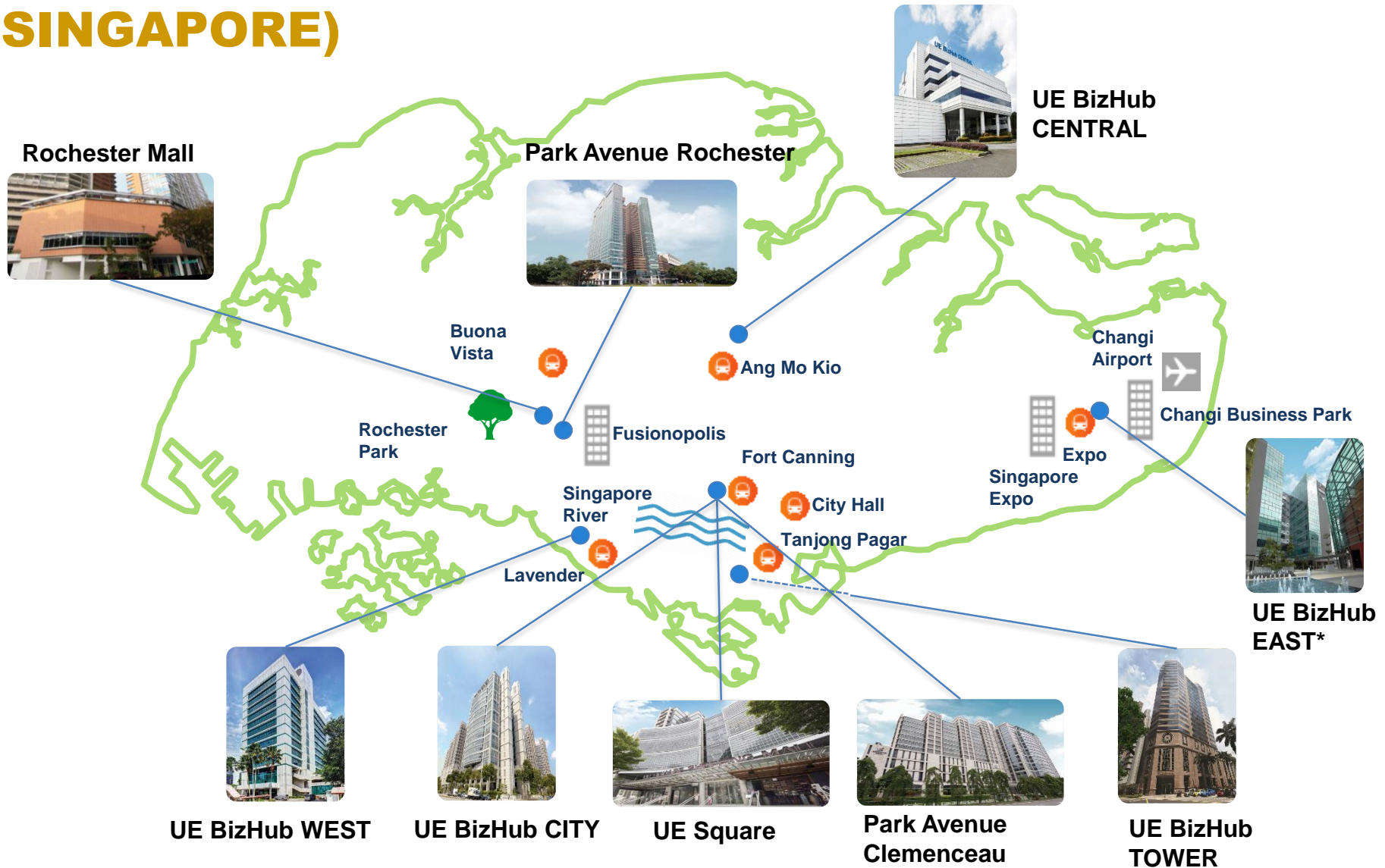
KEY HIGHLIGHTS IN 2017

- Yanlord Perennial Investment (Singapore) Pte. Ltd. became a major shareholder following the closure of the General Offer in July
- Mr Zhong Sheng Jian appointed as Executive Chairman to lead the Group into its next phase of development and growth
- Leveraging on the new shareholders' combined wealth of experience in property development and asset management, the Group will further focus on creating and enhancing value for all shareholders

GROUP BUSINESS



MAJOR PROPERTIES (SINGAPORE)



* *UE BizHub EAST* was divested in November 2013. UE continues to operate the business hotel and serviced apartments *Park Avenue Changi* as well as manage the business park and retail space.

MAJOR DEVELOPMENT PROPERTIES (CHINA)

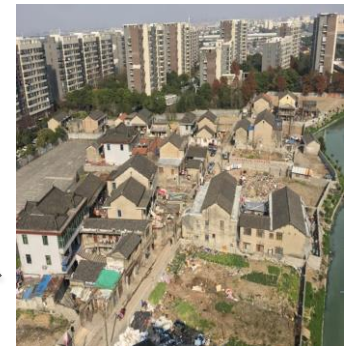
Chengdu Orchard Villa



Shenyang Orchard Summer Palace

Shenyang

Shanghai Olympic Garden Phase 3.2 undeveloped land



Shanghai

Chengdu

FINANCIAL PERFORMANCE

S\$M	FY17	FY16	% change
<u>Continuing Operations</u>			
Revenue	539.4	479.7	12.4
Gross Profit	197.8	193.7	2.1
PATMI	89.6	27.4	227.0
EPS* (cents)	14.0	4.3	225.6
<u>Discontinued Operations</u>			
PATMI	-	113.2	n.m.
<u>Total</u>			
PATMI	89.6	140.6	(36.3)
EPS* (cents)	14.0	22.0	(36.4)

- ▶ Y-o-y growth in revenue primarily driven by higher revenue from property development in China and Malaysia
- ▶ Attributable profit on continuing operations increased 227% largely due to
 - Net revaluation gain of \$44.4 million from the investment properties
 - Write-back of \$16.8 million in provision for rental support for UE BizHub EAST
- ▶ Total attributable profit decreased 36% mainly due to one-time attributable divestment gain of \$123 million in FY2016

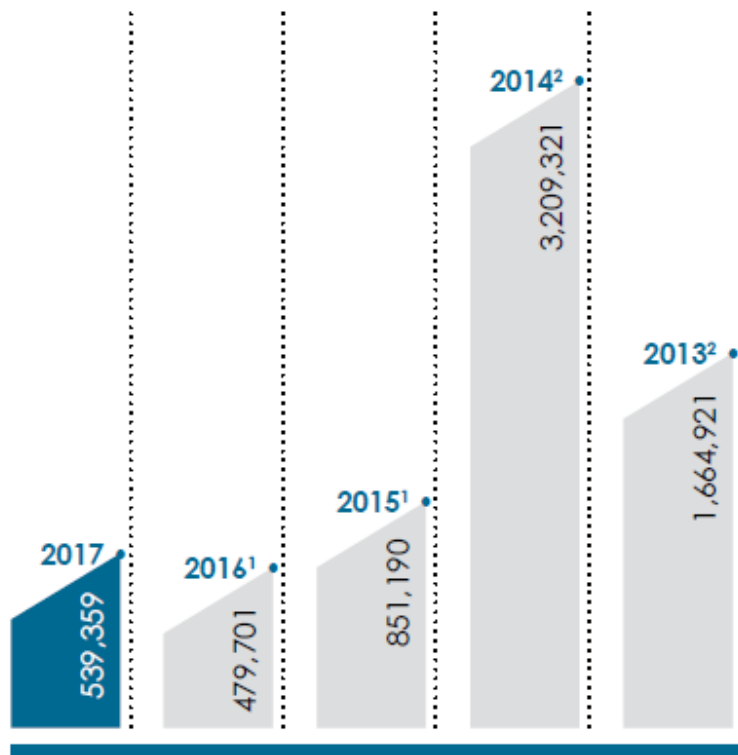
*Based on weighted average number of ordinary stock units in issue

n.m. – not meaningful

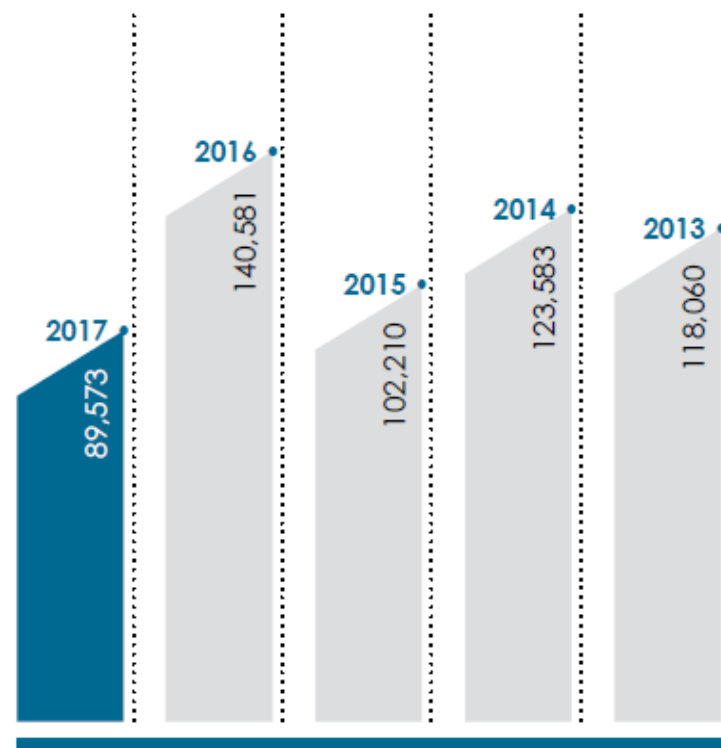
FINANCIAL PERFORMANCE

Lower Net Profit due to absence of one-time attributable divestment gain in FY2017...

GROUP REVENUE (\$000)



GROUP NET PROFIT (\$000)



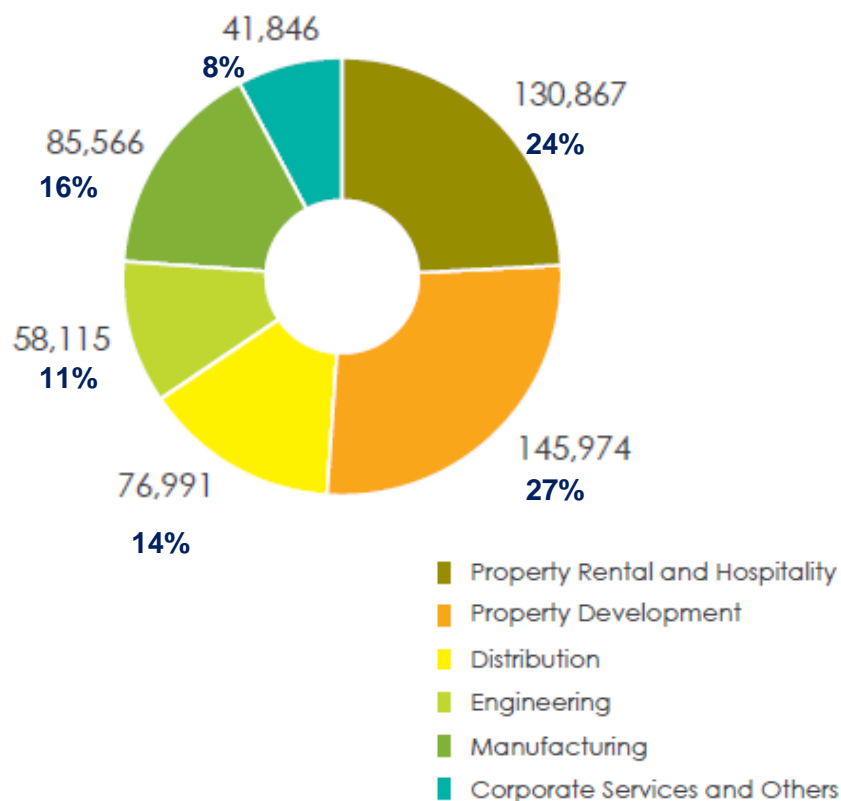
¹ Based on continuing operations basis, as presented in 2016 Annual Report

² Based on continuing operations basis, as presented in 2014 Annual Report

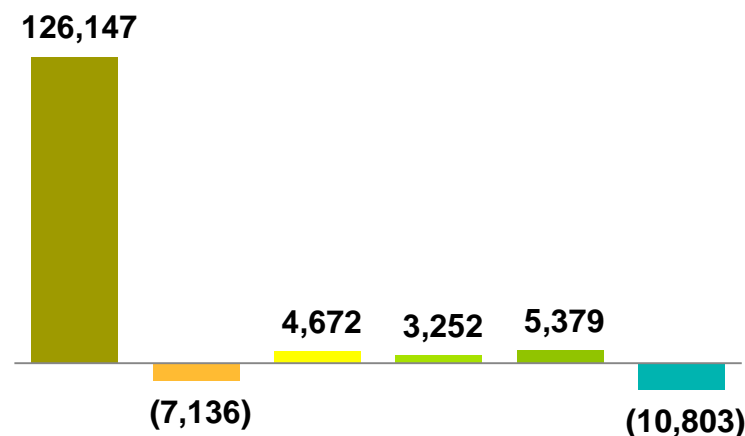
FINANCIAL PERFORMANCE

... with core real estate and hospitality businesses driving revenue growth

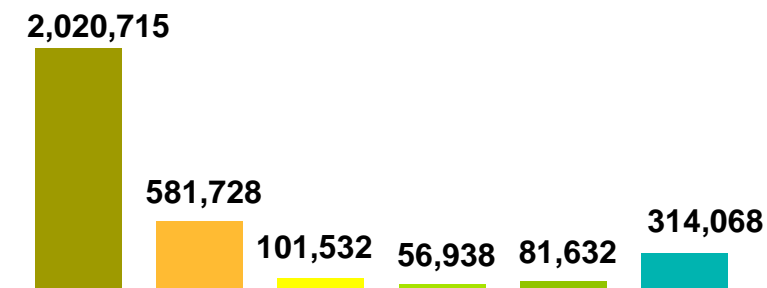
REVENUE BY BUSINESS SEGMENTS (\$000)



SEGMENT RESULTS (\$000)



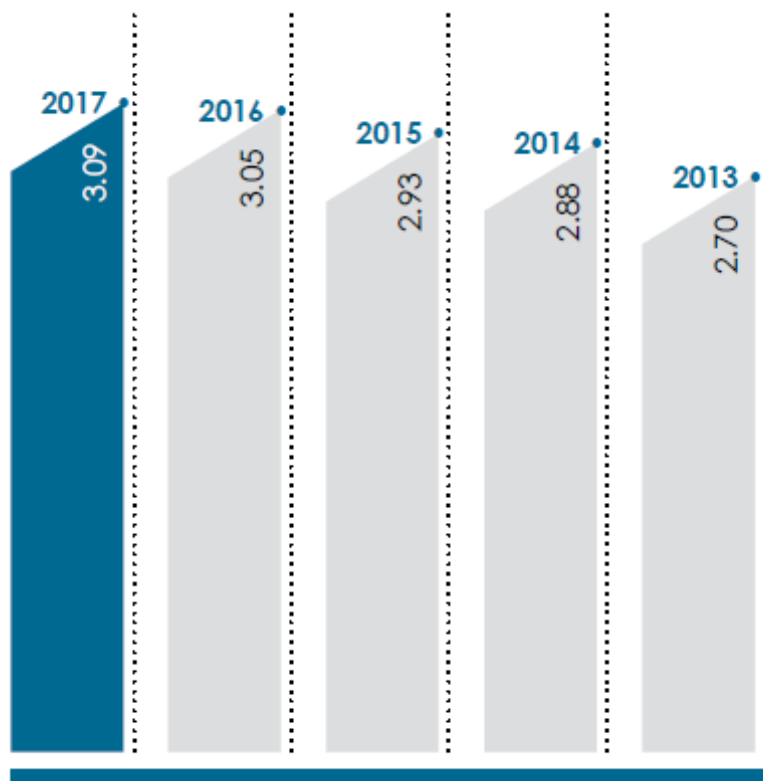
SEGMENT ASSETS (\$000)



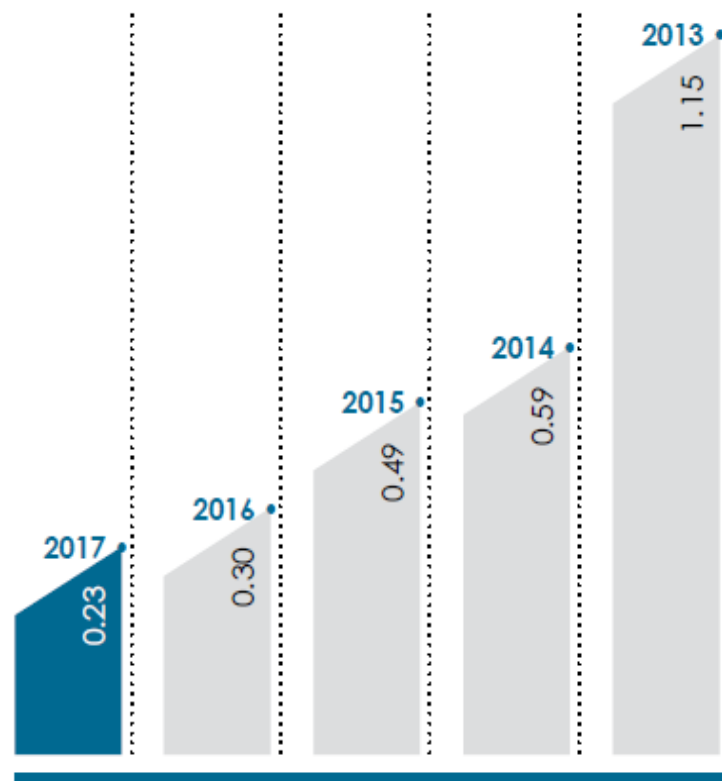
FINANCIAL PERFORMANCE

... strong balance sheet position

**NET TANGIBLE ASSETS³ PER
STOCK UNIT (\$)**



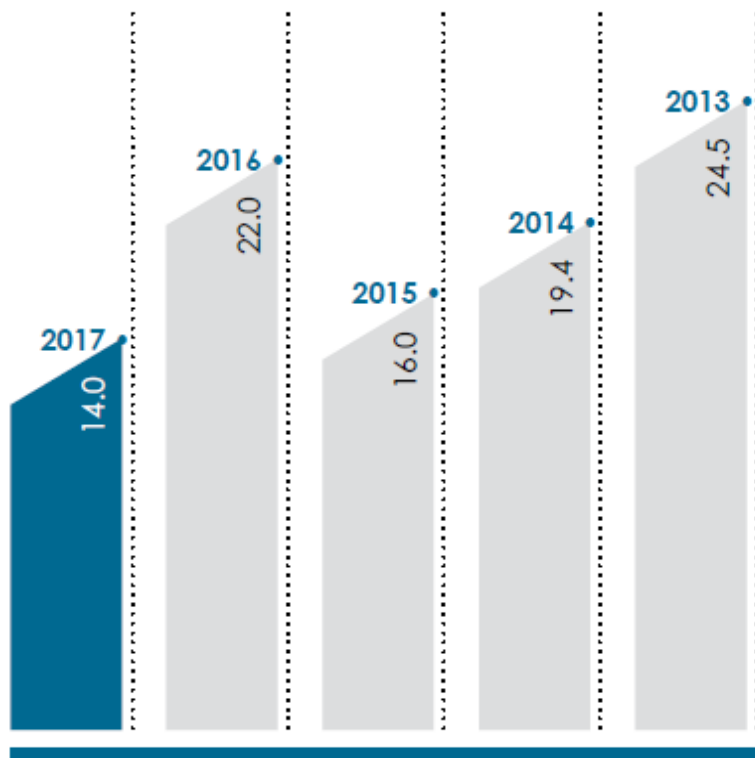
NET DEBT TO EQUITY (TIMES)



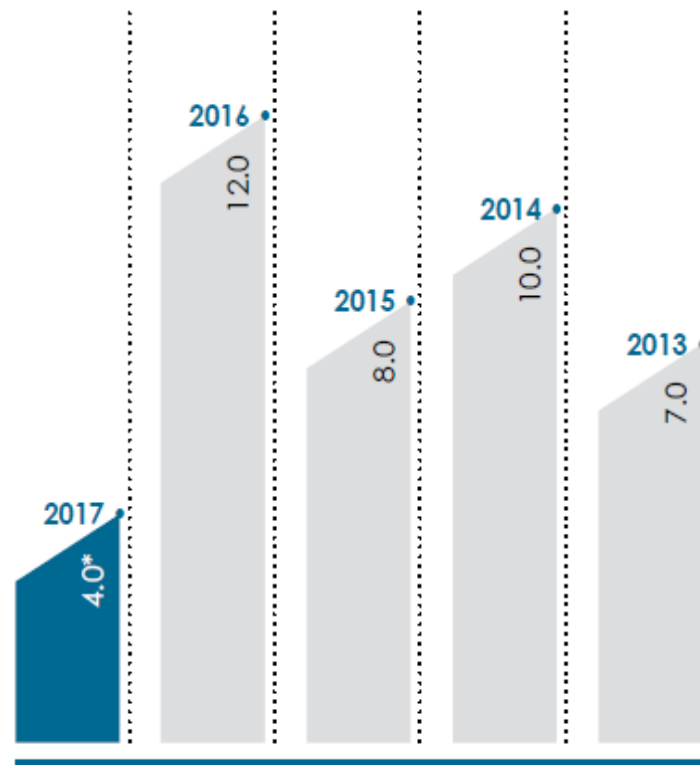
³ Based on total number of issued stock units excluding the number of stock units held by a subsidiary

FINANCIAL PERFORMANCE

EARNINGS PER STOCK UNIT (CENTS)



DIVIDEND PER ORDINARY STOCK UNIT (CENTS)



Subject to shareholders' approval

FINANCIAL PERFORMANCE

Proposed Dividend Details

Type of Share	Ordinary Stock Unit	Preference Share
Type of Dividend	Cash (First and Final)	Cash (First and Final)
Dividend per Share	4 Singapore cents (One-Tier Tax)	7.5 Singapore cents (One-Tier Tax)
Books Closure Dates	8 to 9 May 2018	
Date Payable	25 May 2018	

FY2017 DIVIDEND

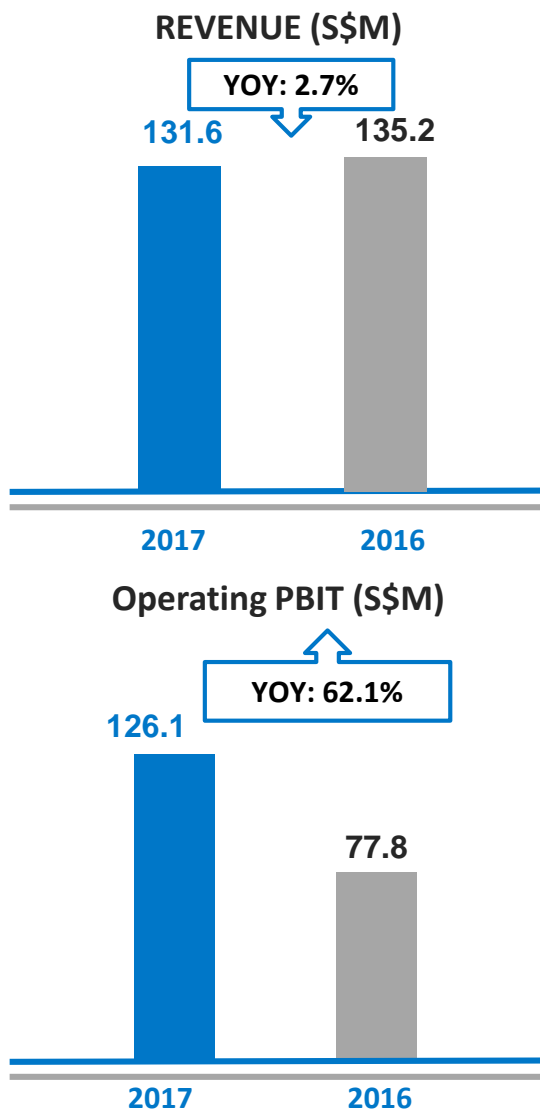
- No major disposal / divestment gain during the year compared to FY2016 when significantly higher dividends were paid following sale of MFLEX & environmental engineering business
- The Group plans to grow its core assets, acquire new buildings/land and continue key asset enhancement initiatives

FINANCIAL PERFORMANCE

Dividends paid / proposed over the past 5 years

S\$M (unless specified)	2013	2014	2015	2016	2017
Ordinary Shares					
Per Share (cents)	7.0	10.0	8.0	12.0	4.0
<i>Normal</i>	5.0	5.0	5.0	5.0	4.0
<i>Special</i>	2.0	5.0	3.0	7.0	-
Dividends Paid / Proposed	43.0	61.5	49.2	76.5	25.5
Attributable Profits	118.1	123.6	102.2	140.6	89.6
Attributable Profits (excluding gain/(loss) on property revaluation / impairment)	107.2	131.6	107.5	154.9	51.7
Dividend Payout Ratio (adjusted for property revaluation / impairment)	40%	47%	46%	49%	49%

OPERATIONS REVIEW



Property Rental and Hospitality

- Lower revenue contribution from *UE BizHub WEST*
- Average occupancy rate for investment properties (excluding *UE BizHub WEST*) approximately 85% to 95%
- Operating PBIT rose by 62.1% largely due to:
 - Net revaluation gain of \$44.4 million from the Group's investment properties
 - Write-back of \$16.8 million in provision for rental support for *UE BizHub EAST*



UE BizHub CITY

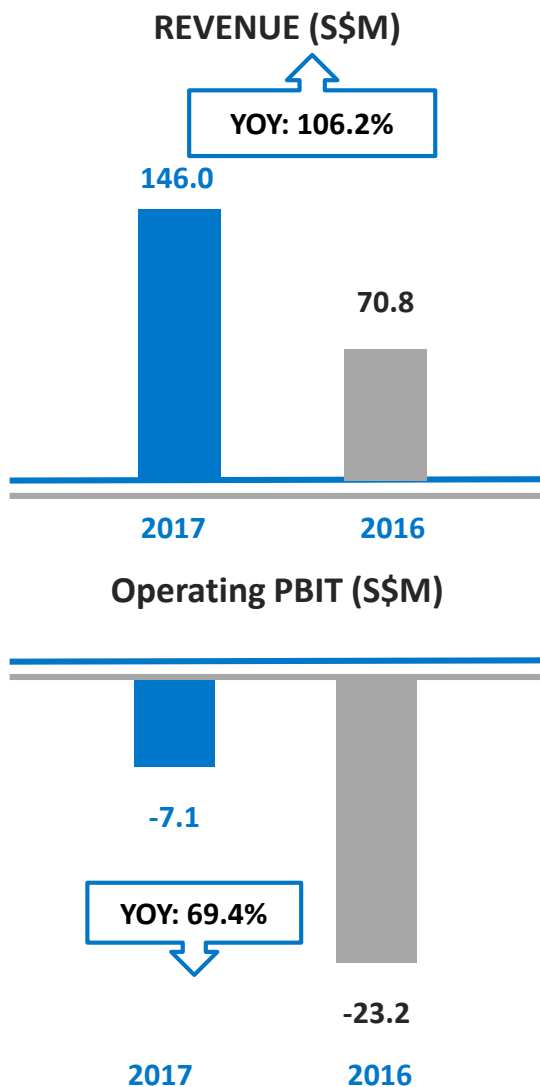


UE BizHub WEST



Park Avenue Rochester

OPERATIONS REVIEW



Property Development

- Mainly due to revenue recognition from *Chengdu Orchard Villa* (Phase 4) in China and *The Manhattan* in Malaysia following the completion of projects
- Higher revenue contribution from the sales of other completed phases at *Chengdu Orchard Villa* and *Shenyang Orchard Summer Palace*
- Operating loss before interest decreased 69.4% mainly due to higher revenue contribution & lower impairment loss on certain overseas development projects in 2017



Chengdu Orchard Villa



Shenyang Orchard Summer Palace



The Manhattan

OPERATIONS REVIEW

成都锦绣尚郡 (Chengdu Orchard Villa)

- Completed units from Phase 1 to Phase 3 close to 97% to 100% sold
- Phase 4 (164 townhouses) completed & fully sold except for 2 show units
- Construction of Phase 5 (231 townhouses) is ongoing
- Remaining 59,498 sqm of the landbank (Phase 6) to be developed



Chengdu Orchard Villa Phase 4

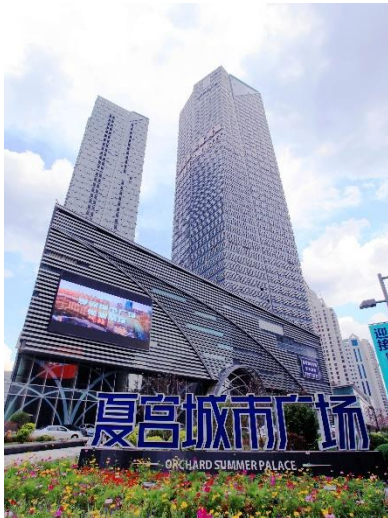


Ongoing construction for Phase 5

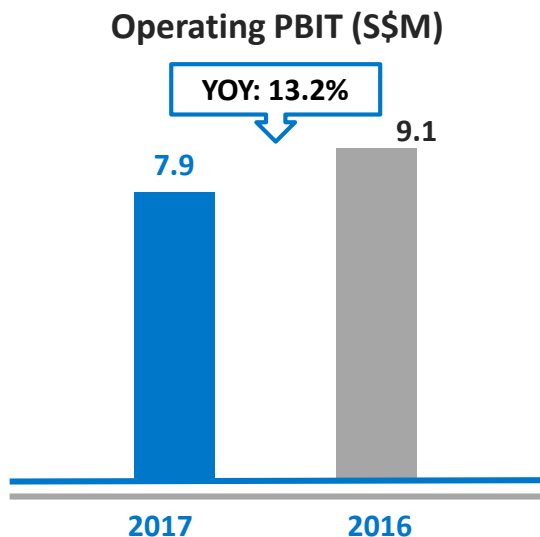
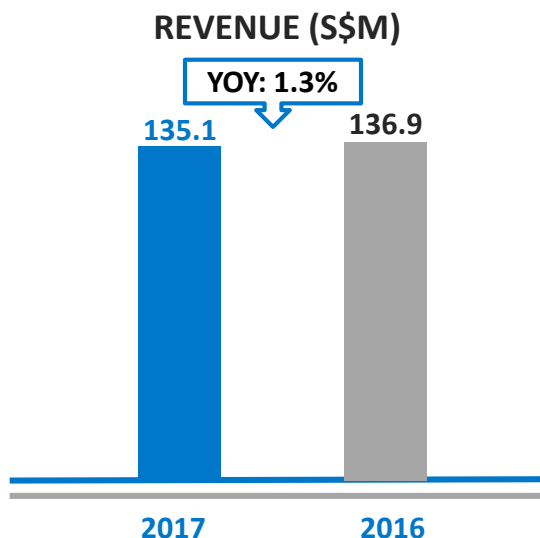
OPERATIONS REVIEW

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

- As of 31 December 2017, approximately 40% of the office block sold or leased
- Remaining 18,488 sqm of the landbank (residential blocks) to be developed

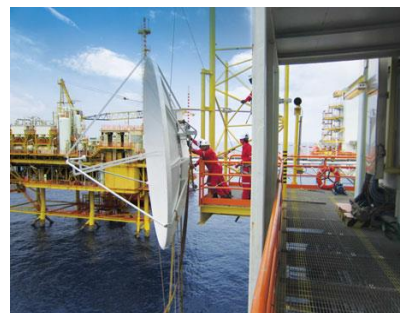


OPERATIONS REVIEW



Engineering & Distribution

- Lower revenue & profit margin 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 & margin compression
- Improved contribution from systems integration business
- WLPG business was divested in Q4 2017 for S\$22 million



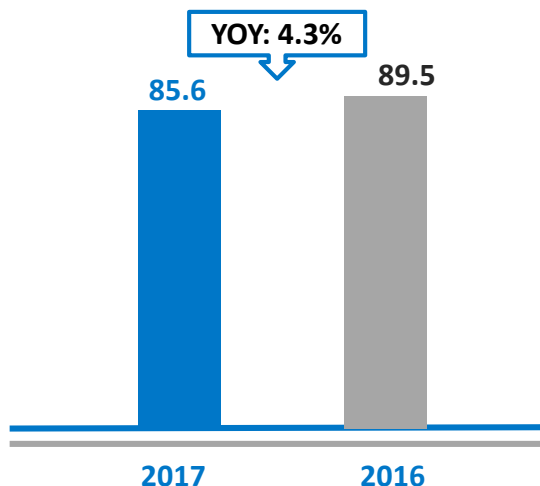
Deployment of telecommunications systems by O'Connor's



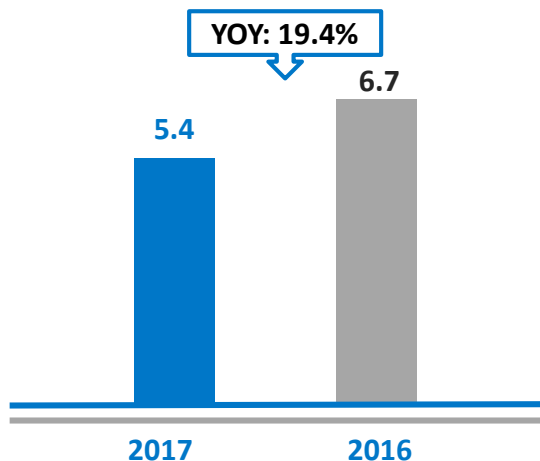
Sand mining operations in Brisbane

OPERATIONS REVIEW

REVENUE (\$M)



Operating PBIT (\$M)



Manufacturing

- Lower revenue contribution from Precision Engineering business due to:
 - Some programs reaching end-of-life
 - New programs yet to reach mass production volumes
- Lower profits from Precision Engineering business in line with a decline in revenue
- Unfavourable product mix from Component business resulted in slightly lower profit margins
- Absence of foreign exchange gain in 2017

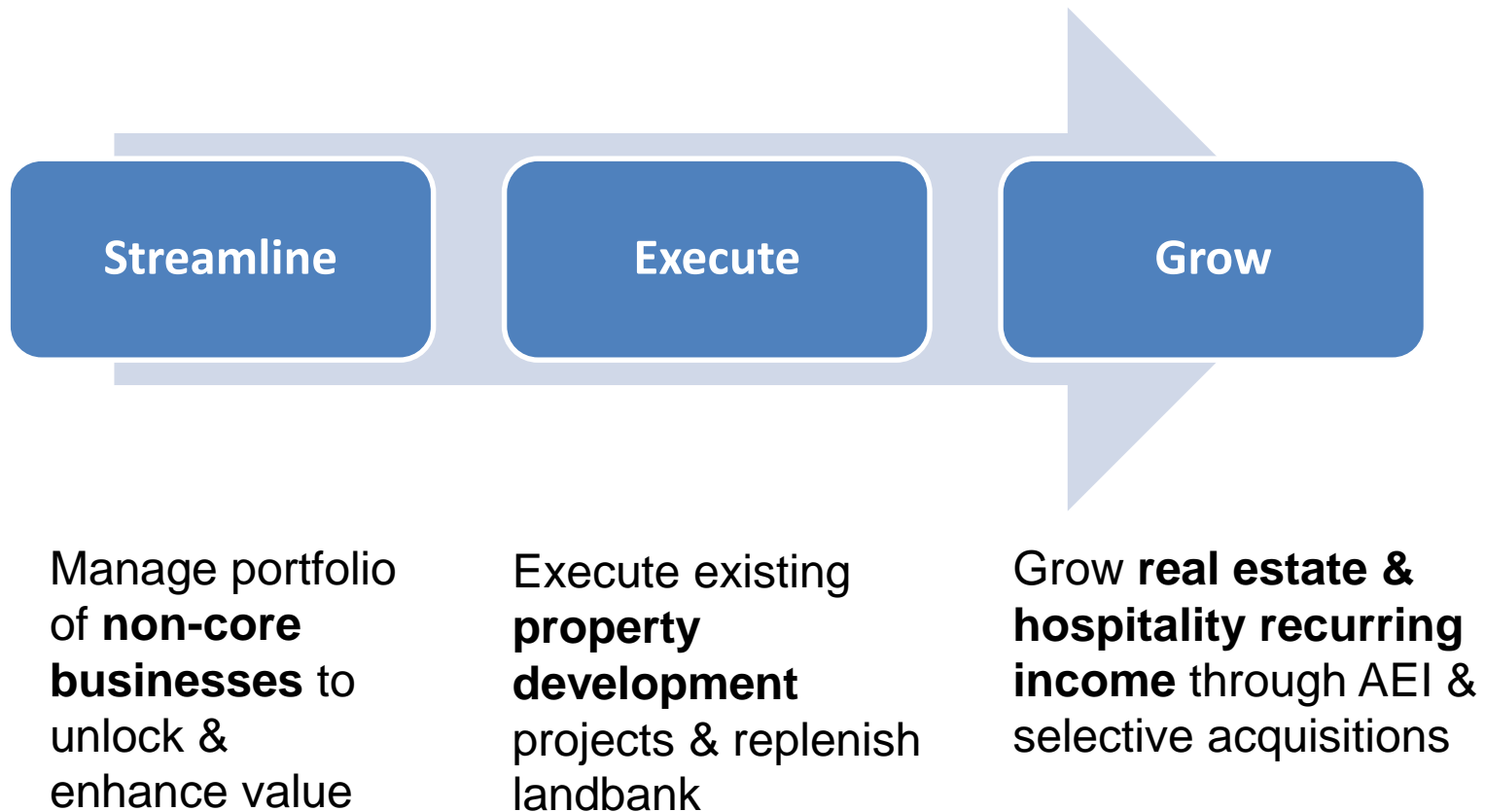


Contract Manufacturing
Components



Precision Engineering
Components

STRATEGIES



THANK YOU