TUAN SING HOLDINGS LIMITED

Creating A Clear Distinction

# 1Q2019 RESULTS ANNOUNCEMENT

26 April 2019

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# Group Financial Performance

| ($'m) | 1Q2019 | 1Q2018 | Chg |
|---|---|---|---|
| Revenue | 77.5 | 76.5 | 1% |
| Gross profit | 16.5 | 16.6 | * |
| Profit before tax & fair value adj | 1.9 | 9.7 | -80% |
| Profit before tax | 2.0 | 9.6 | -79% |
| Profit after tax | 0.2 | 8.2 | -98% |
| Net profit attributable to shareholders | 0.2 | 8.2 | -98% |
| EPS (cents) | 0.01 | 0.7 | -99% |

* Less than 1% change

# Overview

- **Group's revenue for 1Q2019 was $77.5 million** (vs $76.5 million, 1Q2018), an increase of 1%. The increase was due mainly to higher revenue from Property segment, partially offset by lower revenue from Hotels Investment and Industrial Services segments.

- **Net profit attributable to shareholders for 1Q2019 decreased by $8.0 million or 98% to $0.2 million** as compared to the corresponding period last year due mainly to the absence of $3.9 million gain from divestment of a subsidiary in China last year and higher finance cost of $3.4 million. This was offset by a write-back on provision of legal costs relating to a dispute with a contractor.
  - Higher finance cost was due mainly to interest expenses for an investment property, 18 Robinson, which obtained 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 the other investment properties.

- **Earnings per share was 0.01 cent for 1Q2019** as compared to 0.7 cent for 1Q2018.
- **Net asset value per share was 91.8 cents per share as at 31 March 2019**, as compared to 92.2 cents as at 31 December 2018.

# Revenue by Segment

| ($'m) | 1Q2019 | 1Q2018 | Chg |
|---|---|---|---|
| Property | 26.6 | 17.2 | 55% |
| Hotels Investment | 26.1 | 29.2 | -11% |
| Industrial Services | 25.2 | 30.4 | -17% |
| Other Investments^^ | - | - | - |
| Corporate & Others@ | (0.4) | (0.3) | 33% |
| Group Total | 77.5 | 76.5 | 1% |

**1Q2019 Revenue increased due mainly to higher contribution from Property segment, offset by lower contribution from Hotels Investment and Industrial Services segments**

^^ 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) | 1Q2019 | 1Q2018 | Chg |
|---|---|---|---|
| Property | 0.5 | 7.4 | -93% |
| Hotels Investment | 1.0 | 2.2 | -55% |
| Industrial Services | 0.04 | (0.05) | n.m. |
| Other Investments | 3.3 | 4.1 | -20% |
| Corporate & Others** | (4.6) | (5.5) | -16% |
| **Group Total** | 0.2 | 8.2 | -98% |

Group's lower profit after tax was due mainly to the absence of $3.9 million gain from divestment of a subsidiary in China last year and higher finance cost of $3.4 million, offset by a write-back on provision of legal costs relating to a dispute with a contractor

** Comprise mainly group-level services and consolidation adjustments

# Property

- **Property Segment revenue for 1Q2019 was $26.6 million** as compared to $17.2 million in the same period last year, an increase of $9.4 million.
- The increase was mainly driven by an increase in sales and percentage of completion of development properties. This was partially offset by the decrease in revenue from investment properties due mainly to the commencement of Additions and Alterations (“A&A”) works on 896 Dunearn Road in 1Q2019.

- **Profit for the 1Q2019 was $0.5 million** as compared to $7.4 million in the same period last year, a decrease of $6.9 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 $3.2 million, which was due mainly to interest for 18 Robinson being expensed after obtaining its TOP in January 2019. Prior to obtaining its TOP, interest expenses were capitalised. This was offset by a write-back on provision of legal cost relating to a dispute with a contractor.

# Hotels Investment

- **Hotels Investment Segment revenue for 1Q2019 was $26.1 million** (or A$27.0 million) as compared to $29.2 million (or A$28.1 million) in the same period last year, a decrease of $3.1 million (or A$1.1 million).

- Melbourne hotel performed better with increase in RevPAR and occupancy rate.
- However, it was offset by the weaker performance of the Perth hotel.

- **Profit for 1Q2019 was $1.0 million** as compared to 1Q2018 of $2.2 million, a decrease of $1.2 million. The decrease was due mainly to weaker performance of the Perth hotel.

# Industrial Services

- **Industrial Services Segment revenue for 1Q2019 was $25.2 million** as compared to $30.4 million in the same period last year, a decrease of $5.2 million.
- The decrease was due mainly to lower revenue from the commodities trading business, arising from lower average selling prices for coal, rubber and aluminium as well as lower sales volume for rubber and aluminium.

- **Profit for 1Q2019 was $37,000** as compared to a loss of $45,000 in the same period last year.

# 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 1Q2019 was $3.3 million** as compared to $4.1 million in the same period last year, a decrease of 20%. The decrease was due mainly to lower revenue and higher foreign exchange loss arising from the weakening of the USD against the RMB.

# Group Financial Position

| ($'m) | 31.03.19 | 31.12.18 | Chg |
|---|---|---|---|
| Total assets | 2,925.4 | 2,917.4 | * |
| Total liabilities | 1,821.4 | 1,808.9 | 1% |
| Total borrowings | 1,646.8 | 1,630.4 | 1% |
| Cash and bank balances | 184.9 | 133.0 | 39% |
| Shareholders' funds | 1,089.1 | 1,093.5 | * |
| NAV per share (cents) | 91.8 | 92.2 | * |
| Gross gearing^ | 1.49X | 1.47X | 1% |
| Net gearing^^ | 1.32X | 1.35X | -2% |

^ 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 $2,925.4 million** as compared to $2,917.4 million (31 Dec 2018)

- **Total liabilities was $1,821.4 million** as compared to $1,808.9 million (31 Dec 2018)
- Gross gearing increased from 1.47 times to 1.49 times
- Net gearing decreased from 1.35 times to 1.32 times

- **Shareholders' fund was $1,089.1 million** as compared to $1,093.5 million (31 Dec 2018)
- Company's share capital remained unchanged at $174.0 million
- Under "Share Purchase Mandate": 200,000 ordinary shares were purchased and held as treasury shares

# Group Cash Flow

| ($'m) | 1Q2019 | 1Q2018 |
|---|---|---|
| Operating cash flow | 2.5 | 13.6 |
| Investing cash flow | 37.7 | (7.0) |
| Financing cash flow | 12.9 | (1.8) |
| Foreign currency translation adjustments | (3.2) | (0.8) |
| Cash & cash equivalent at period-end^ | 116.5 | 155.1 |
| Free cash flow^^ | 40.2 | 6.6 |

^ Net of encumbered bank balances
^^ Free cash flow = operating cash flow + investing cash flow

# Review of Cash Flow

- **The Group had cash and cash equivalents of $116.5 million** as at 31 March 2019, as compared to $66.6 million as at 31 December 2018

- Cash and cash equivalents movement was due mainly to:
  - Operating cash in flow: +$2.5 million, mainly arose from profit for the period, after changes in working capital and other adjustments.
  - Investing cash in flow: +$37.7 million, mainly from the sales proceeds of an investment property, offset by payments for the acquisition of an associate, payments for investment properties and property, plant and equipment.
  - Financing cash in flow: +$12.9million, mainly from borrowings, offset by interest payments and bank deposits pledged.

# Outlook

- The Group will launch the Batam smart city project by end of 2019. The Group intends to develop the 125 hectares site into an integrated mixed-development township, comprising hotels with MICE facilities, condotels, retail, tourist facilities and attractions as well as residential properties.

- The Group will commence Perth Asset Enhancement Initiative in July this year and complete in 2020 subject to planning approval from authorities. Upon completion, it will be an iconic commercial and retail hub in the Perth CBD in proximity to the Crown Casino and the new Perth Optus Stadium. Our tenants will include supermarket, pharmacies, childcare centre, entertainment, sports and lifestyle facilities.

- In China, the Group's investment in the Sanya project has commenced construction work. Upon completion, it will be an iconic landmark project which comprises commercial, residential and retail components and is connected to the Sanya High-Speed Railway Station. It will have a total saleable and leasable area of 2.6 million square feet.

# Outlook

- In Singapore, 18 Robinson and 896 Dunearn Road will generate new stream of recurring rental income to the Group beginning in the second half of the year. 18 Robinson has been majority leased including co-working operator, service and technology companies, finance companies and lifestyle tenants. We expect good rental rates and healthy take up because of lower supply of Grade A office buildings in CBD area. The Group will continue to market their residential projects actively, namely Kandis Residence and Mont Botanik Residence.

- The outlook for Singapore commercial property market is expected to improve in 2019, with commercial sector continuing to show modest growth amid tighter supply. Analysts expect office rents to grow in 2019, as vacancies tighten amid tight supply and healthy demand, which appears to be well supported by the expansion plans of service and technology companies, as well as co-working operators.

- In the region, the Group will continue to seek opportunities, explore potential partnerships and collaborations to grow its portfolio of well-located assets.

# Thank You

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