

TAT HONG HOLDINGS LTD
1QFY2016 RESULTS
14 AUGUST 2015

TAT HONG HOLDINGS LTD

1QFY2016 Results

Fleet Update

Outlook and Prospects

1QFY2016 Results Summary

Revenue

- **Declined 15.2% to S$139.3 million**
  - Lower revenue posted by all Divisions
  - Excluding the impact of a subsidiary that was divested in 2QFY2015 and the depreciation of the AUD, Group revenue would have declined 7.1%

Gross Profit Margin

- **Decreased 4.4% pts to 32.0%**
  - Lower GP margins across all Divisions with largest decline in the General Equipment Rental Division

Profit Before Tax

- **Declined 45.3% to S$5.6 million**

Due mainly to:

- Lower revenue and lower gross profit
- Higher net forex losses of S$2.0 million due to weaker RMB affecting S$-denominated loans and weaker US and MYR affecting trade receivables partially offset by gains from JYP-denominated trade payables
- Lower contribution by associates and JVs of S$1.2 million

Partially offset by :

- Higher other income of S$9.9 million primarily from gains from the disposal of fixed assets as well as properties in Malaysia and Australia
- Lower operating cost of S$3.1 million from the disposal of a subsidiary and better cost management
- Lower financing cost of S$0.7 million due to the reduction in borrowings

Comparisons are made against 1QFY2015 ended 30 June 2014

1QFY2016 Results Summary

PATMI

- **Declined 53% to S$2.8 million**
  - Due to decline in PBT partially offset by lower tax expenses of S$1.5 million

Balance Sheet

- **Healthy balance sheet**
  - Net gearing as at 30 June 20154: 0.78 times
  - Cash and cash equivalents: S$97.7 million
  - NTA and NAV per share: S$0.99 and S$1.02, respectively
  - EPS: 0.44 Singapore cents

Comparisons are made against 1QFY2015 ended 30 June 2014

Financial Highlights

S$'m	1QFY2015	1QFY2016	Change +/- (%)
Revenue	164.2	**139.3**	-15.2
Gross Profit	59.8	**44.6**	-25.4
Gross Profit Margin (%)	36.4	**32.0**	-4.4 pts
PBT	10.3	**5.6**	-45.6
PATMI	6.0	**2.8**	-53.3
PATMI Margin (%)	3.7	**2.0**	-1.7 pts

Financial Highlights

S$'m	As at 31 Mar 2015	As at 30 Jun 2015
Fixed Assets (PP&E)	919.3	**889.0**
Inventories	186.5	**176.0**
Debtors (Current & Non-current)	204.7	**228.0**
Cash & Cash Equivalents	93.3	**97.7**
Shareholders' Equity	650.8	**642.7**
NTA per share (S$)	1.00	**0.99**
NAV per share (S$)	1.03	**1.02**
Net gearing (times)	0.77	**0.78**

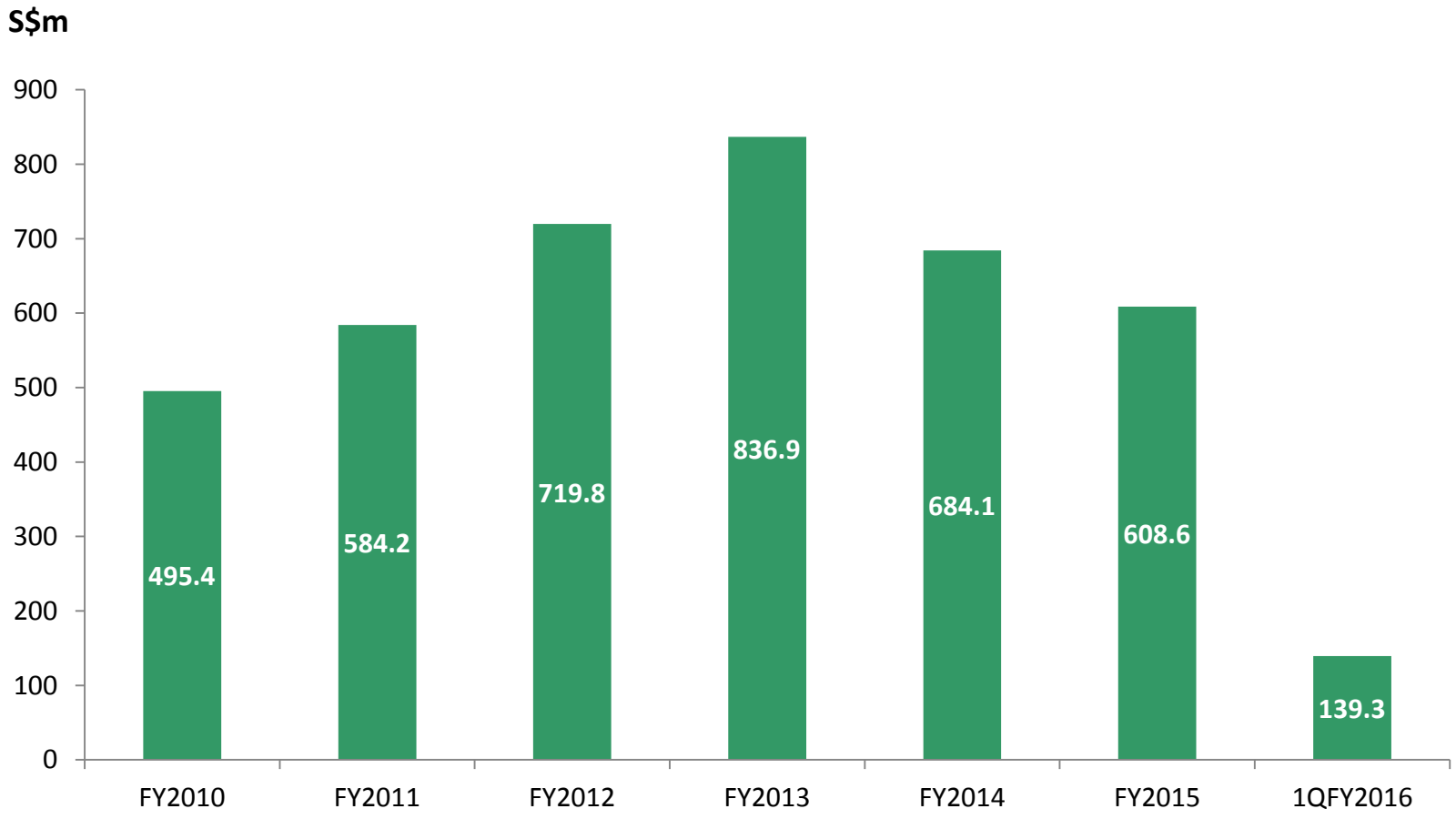
Disposal of properties , plant and equipment, depreciation, translation loss from weaker AUD and RMB partially offset by equipment purchases and reclassification from inventory to PPE

Reclassification to PPE and prudent inventory purchases

Timing issue

Primarily due to reduction in currency translation reserve

Revenue Trend



Segmental Revenue Highlights

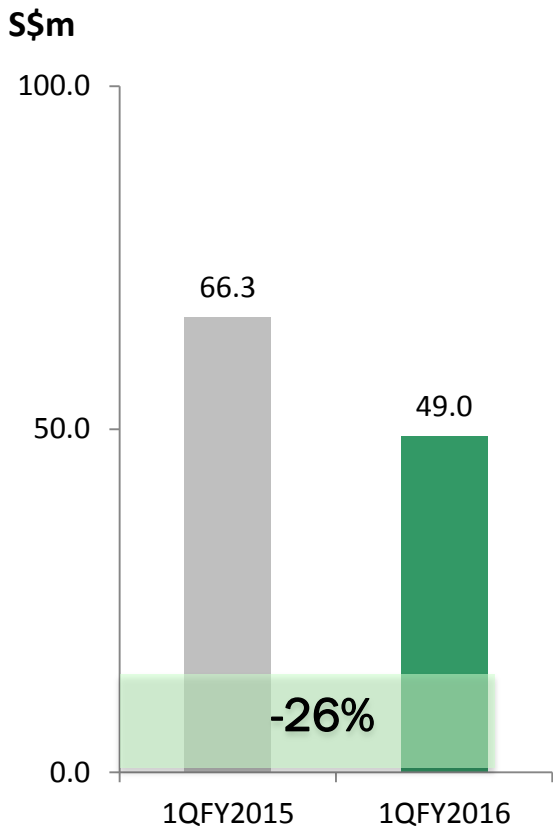
1. Crane Rental

Revenue decreased 26% to S$49.0 million

- Singapore: Lack of contribution from a divested subsidiary partially offset by better barge rental income and project income
- Australia: Completion of projects, lower activity levels post wet season, competition and depreciation of AUD against SGD
- Malaysia: Completion of projects and increased down time due to increased inspections and maintenance prior to deployment to new projects
- Thailand and Hong Kong: Completion of projects and delay in the commencement of pipeline projects

Partially mitigated by better performance from:

- Indonesia: Better contribution from new contracts



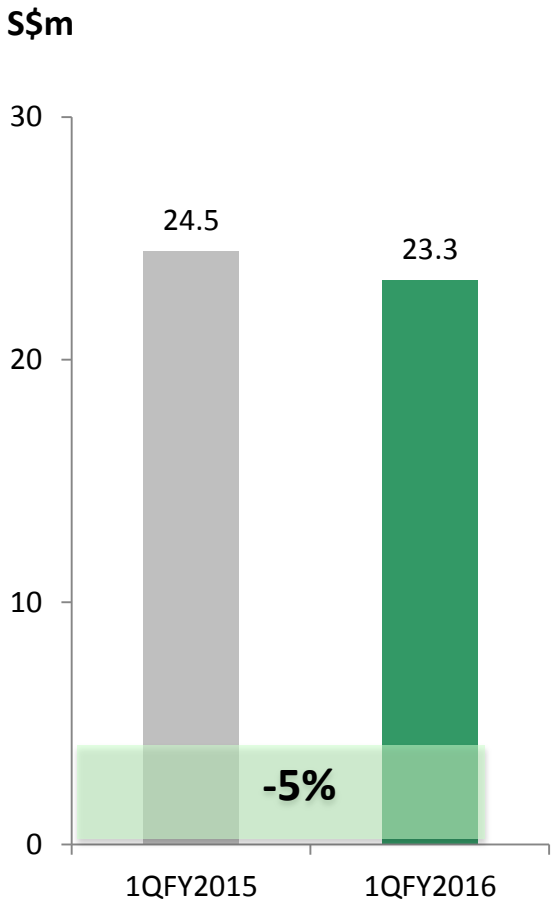
Comparison is made against 1QFY2015 ended 30 June 2014

Segmental Revenue Highlights

2. Tower Crane Rental

Revenue decreased 5% to S$23.3 million

- Due to the completion of projects and timing of deployment to new projects



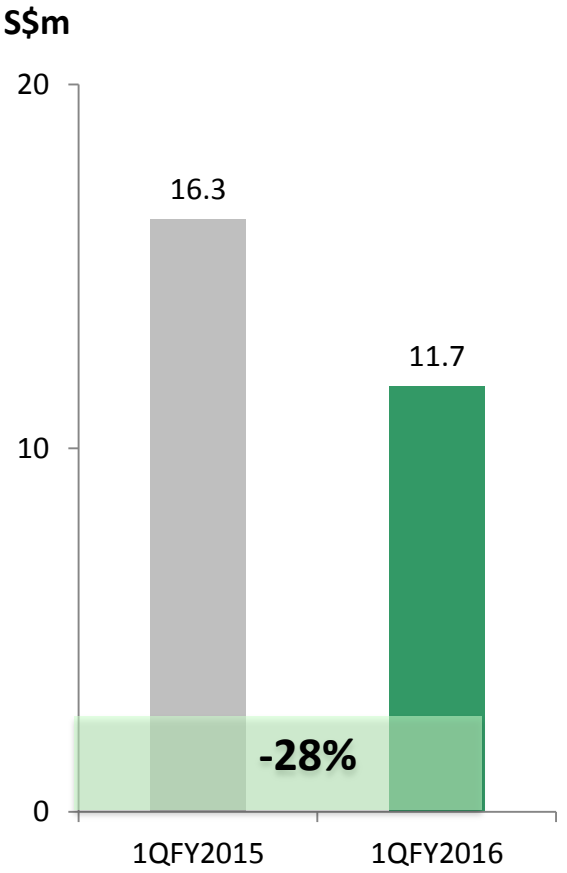
Comparison is made against 1QFY2015 ended 30 June 2014

Segmental Revenue Highlights

3. General Equipment Rental

Revenue declined 28% to S$11.7 million

- Lower public spending, lack of major infrastructure projects and wet weather stand-downs in New South Wales
- Overall weak market conditions and increased pricing pressures resulting in lower rental rates
- Exacerbated by the depreciation of the AUD against the SGD. Excluding the foreign exchange effect, revenue decline would have been 19%



Comparison is made against 1QFY2015 ended 30 June 2014

Segmental Revenue Highlights

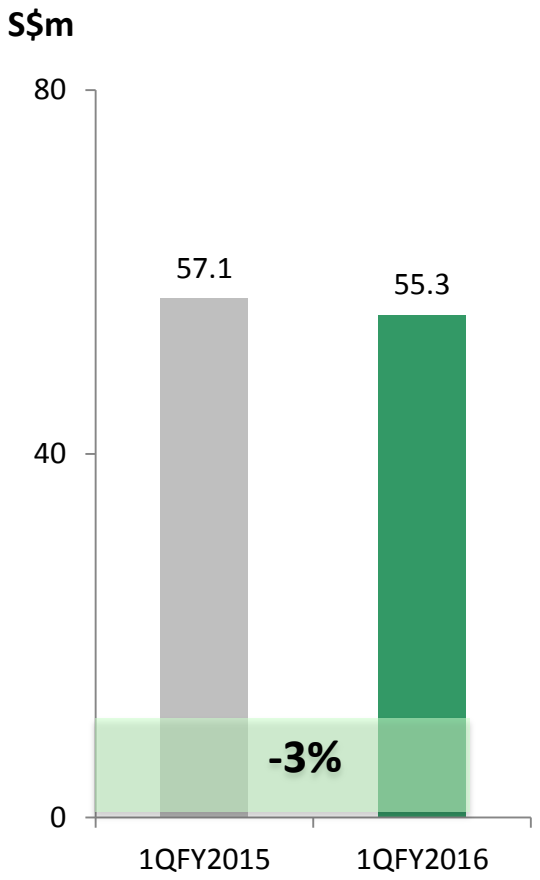
4. Distribution

Revenue decreased by 3% to S$55.3 million

- Indonesia: Continued decline in sales of excavators due to downsizing
- Decline in sales of spare parts

Partially offset by:

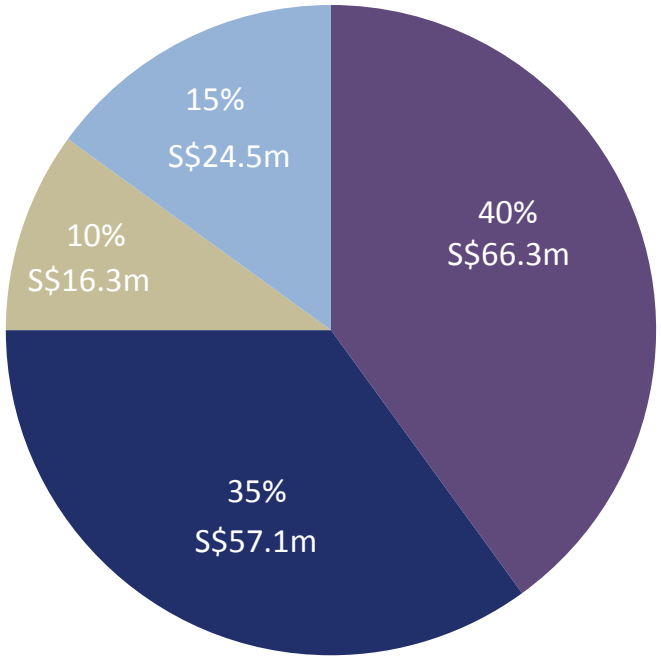
- Better equipment sales in Hong Kong and Thailand
- Slight improvement in equipment sales in Singapore as increased sales to overseas markets such as Japan and Middle East compensated for decline in sales locally due to weak demand and increased competition



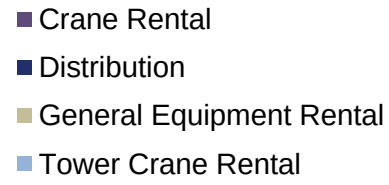
Comparison is made against 1QFY2015 ended 30 June 2014

Revenue by Business Activity

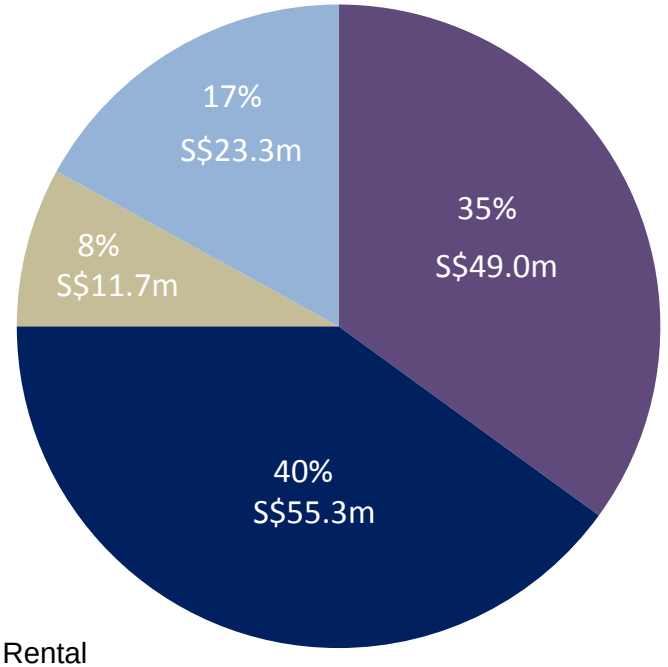
1QFY2015



S$164.2 million



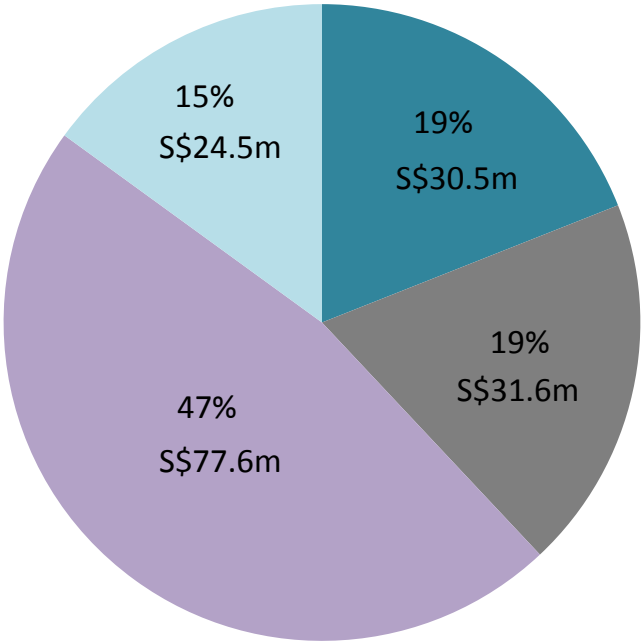
1QFY2016



S$139.3 million

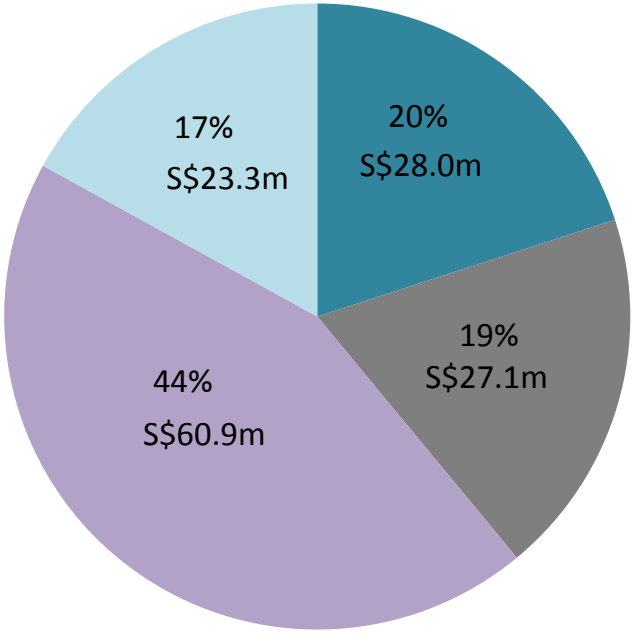
Revenue by Region

1QFY2015



S$164.2million

1QFY2016



S$139.3 million

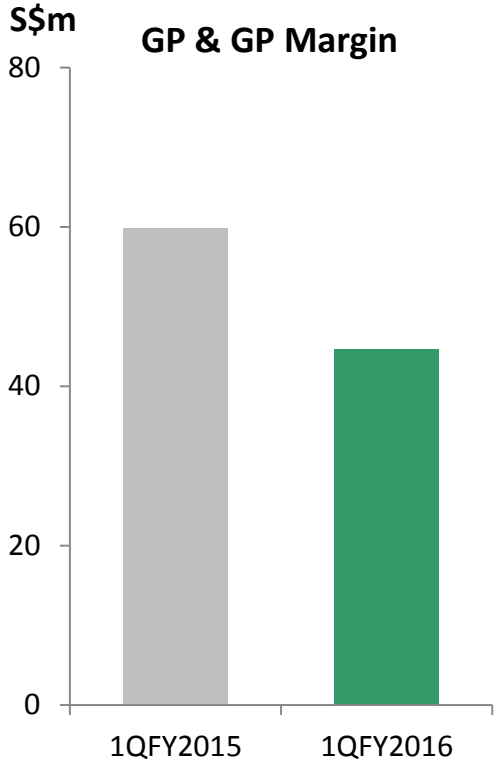
- Singapore
- SE Asia & Others
- Australia
- China

Gross Profit and Gross Profit Margin

Gross profit fell 25% to S$44.6 million whilst gross profit margin (GPM) declined 4.4% pts to 32.0%

Lower GPM recorded across all divisions.

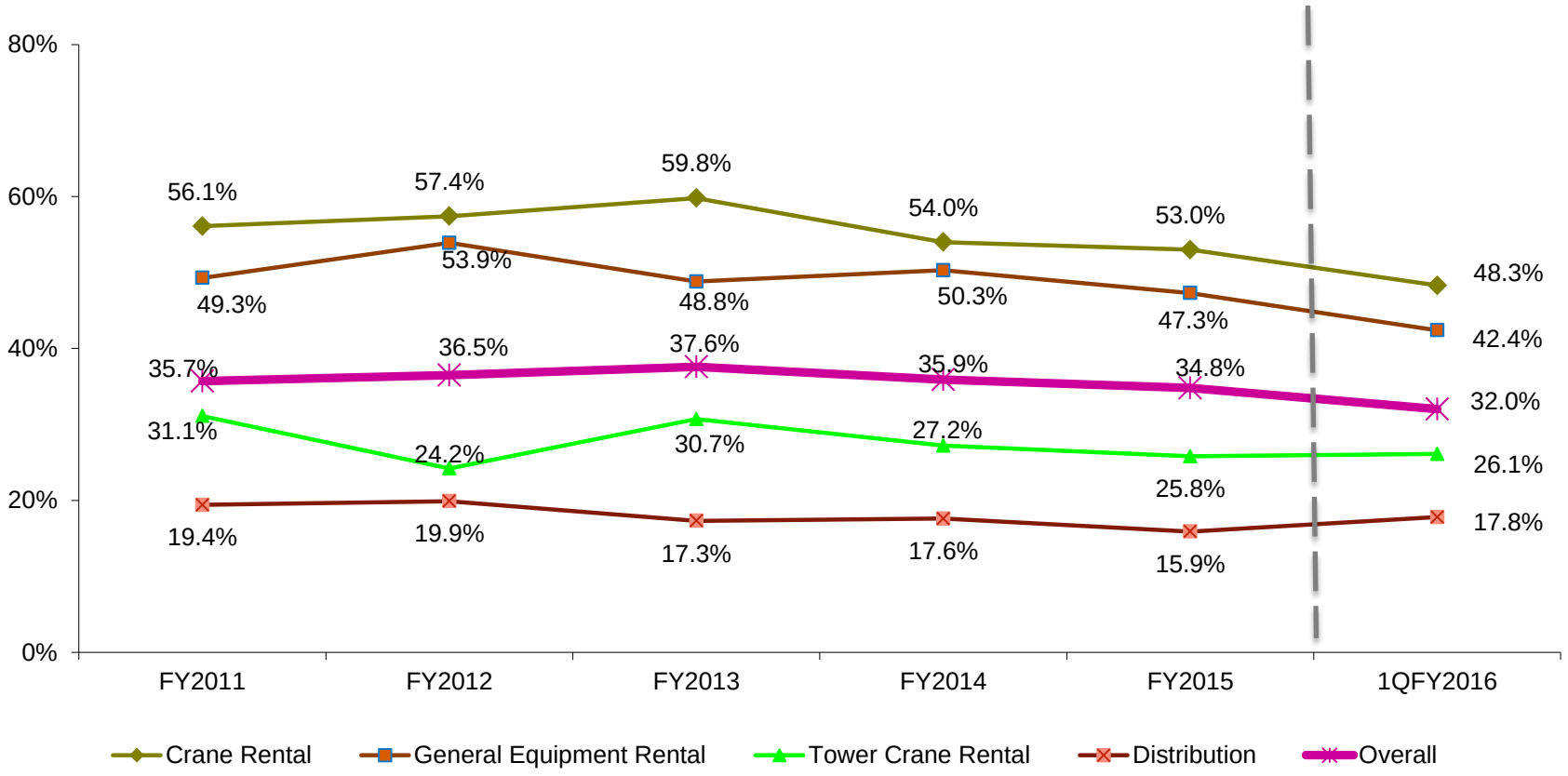
- Crane Rental: GPM fell 2.1% pts to 48.3% due to decline in revenue as well as lower utilisation rate and subcontracted hires in Australia
- Tower Crane Rental: GPM fell marginally by 1.2% pts to 26.1% as a result of lower utilisation
- General Equipment Rental: GPM decreased by 9.4% pts to 42.4% due to lower rental rates and irrecoverable freight costs
- Distribution: GPM declined 2.0% pts to 17.8% primarily due to the decline in sales of parts.



GP (S$m)	59.8	44.6
GP Margin (%)	36.4	32.0

Comparison is made against 1QFY2015 ended 30 June 2014

Gross Profit Margin Trend



1QFY2016 Results

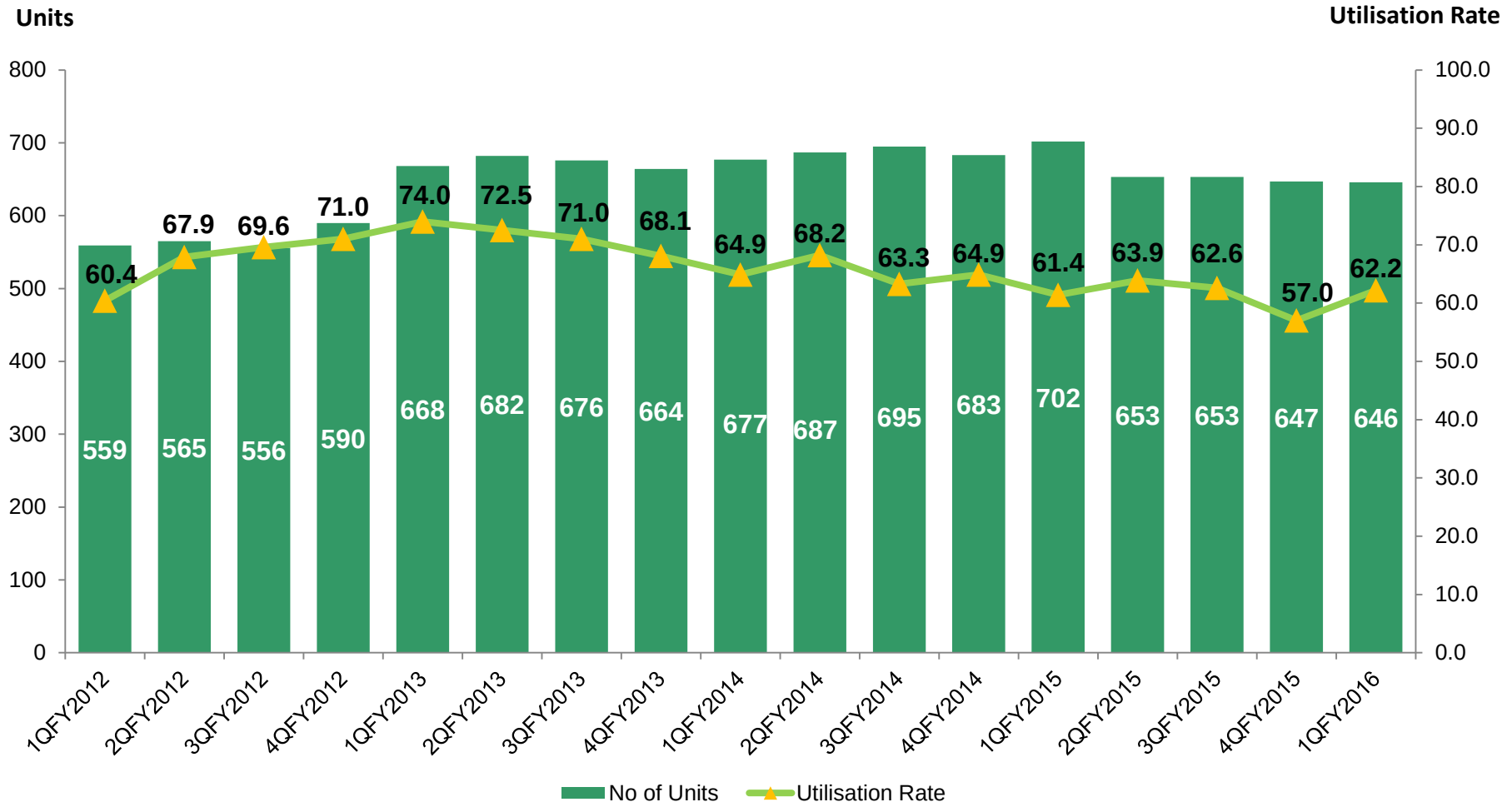
Fleet Update

Outlook and Prospects

Crawler/Mobile Crane Fleet

Size (Tonnes)	**No. of Cranes** *As at 30 June 2014*	**No. of Cranes** *As at 30 June 2015*
< 99 MT	443	**403**
100 – 199 MT	138	**123**
200 – 299 MT	81	**82**
> 300 MT	40	**38**
Total Units	702	**646**
Total Tonnage	81,265	**77,695**
Group Overall Utilisation Rate (based on tonnage)	61.4%	**62.2%**

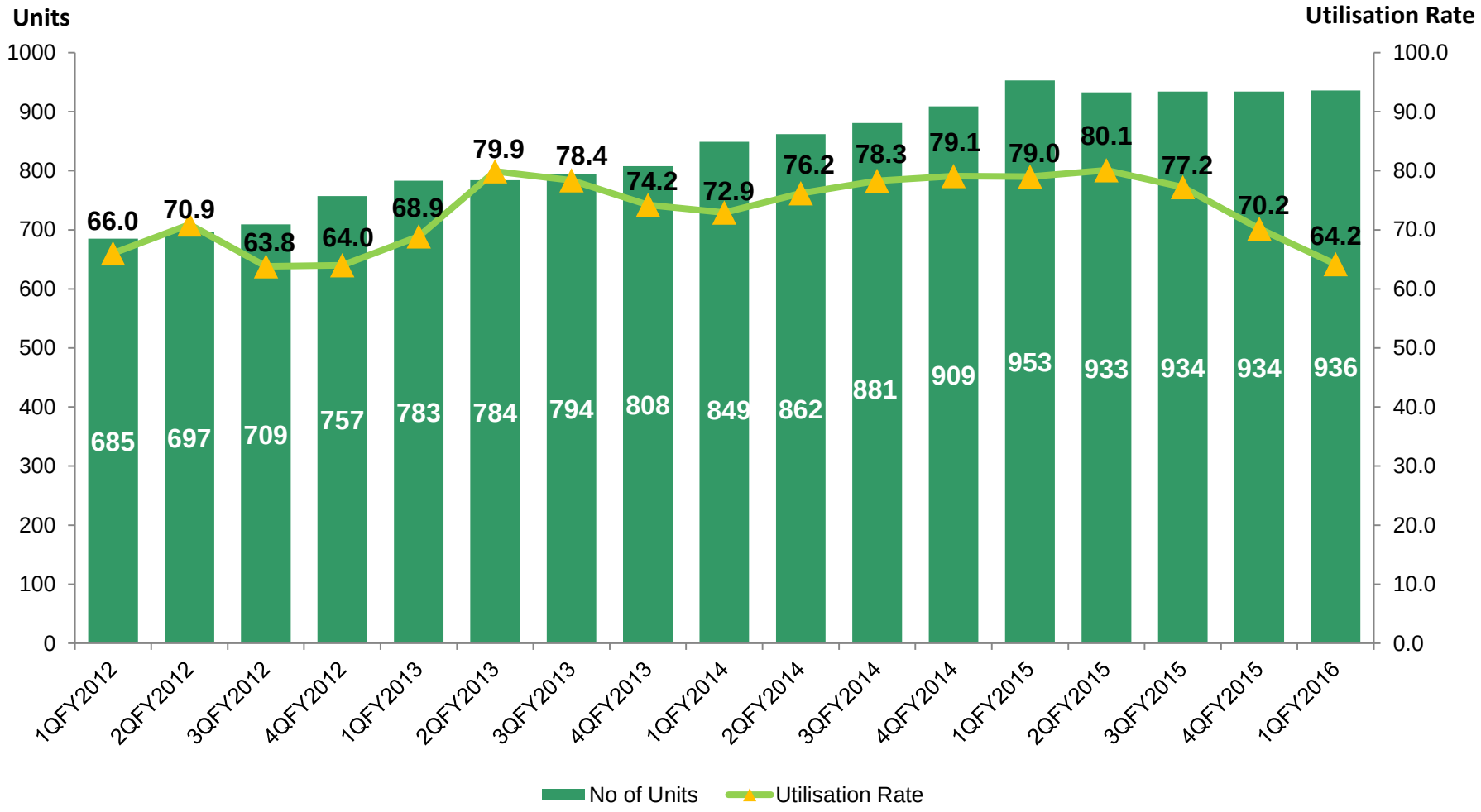
Crawler/Mobile Crane Utilisation Rate



Tower Crane Fleet

Size (Tonne-Metres)	No. of Cranes *As at 30 June 2014*	No. of Cranes *As at 30 June 2015*
< 99 TM	218	**198**
100 – 199 TM	329	**321**
200 – 299 TM	304	**299**
> 300 TM	93	**95**
Others	9	**23**
Total Units	953	**936**
Total Tonne-Metres	186,510	**189,558**
Group Overall Utilisation Rate (based on tonne-metres)	79.0%	**64.2%**

Tower Crane Utilisation Rate



1QFY2016 Results

Fleet Update

Outlook and Prospects

Outlook and Prospects

The weakness in ASEAN and Australia markets for the Crane Rental Division will continue to adversely affect the Division's performance. The Division will be undertaking an exercise to reduce its existing fleet size and consequential operational restructuring.

The General Equipment Rental Division is not expected to do well due to the slow recovery of the Australian construction sector.

Weak demand in the region and competitive market conditions will continue to affect the Distribution Division's performance.

The Tower Crane Rental division is expected to grow steadily in FY2016 on the back of a strong fleet size, on-going projects and new opportunities in the building, infrastructure, transport and power generation sectors in the People's Republic of China. With this, coupled with the fleet reduction exercise in the Crane Rental Division, the Group hopes to mitigate the impact of the challenging economic and sectoral outlooks for its key markets.



THANK YOU

TAT HONG HOLDINGS LTD

Appendix – On-going Projects

On-going Projects

SINGAPORE

- MRT Downtown Line
- MRT Thomson Line
- Jewel Project
- Jurong Island Petrochemical Plant
- Pasir Panjang Terminal Phase 4
- SRC Cogen Project
- Changi, Sengkang and Yishun Hospitals
- HDB Projects

THAILAND

- Bangkok Mass Transit System projects
- EPC (INPEX) Project
- Mae Moh Power Plant
- Bangkruai power plant

MALAYSIA

- Manjung 5 Fast Track Power Plant
- Petronas RAPID Project
- Wasco Pipe Coating
- Re-gassification Terminal 2 (RGT-2)
- MLNG Train 9 Project (Sarawak)
- LNG Jetty Project (Sarawak)
- SMDS Maintenance (Sarawak)

HONG KONG

- Central - Wanchai Bypass
- XRL West Kowloon Terminal Station South Phase
- Hong Kong-Macau-Zhuhai Bridge projects including link roads
- Shatin-Central Link (MTR)







Projects in SE Asia and Hong Kong



On-going Projects

AUSTRALIA

- Gorgon LNG
- Ichthys (INPEX) LNG Project
- Wheatstone LNG Project
- Mt Arthur Coal Mine
- Roy Hill Iron Ore Project

OTHERS

PNG:

- Ok Tedi Mining Tabubil
- Napa Napa Oil Refinery
- Puma Energy Refinery

CHINA

- Power Plants /Stations:
  - Dalian HongYanhe (Nuclear)
  - Fujian Ningde (Nuclear)
  - Guangdong Taishan (Nuclear)
  - Guangdong Yangjiang (Nuclear)
  - LeShan Jiajian (Nuclear)
  - Plus 12 other power plant/power station projects across China
- Infrastructure:
  - Shengyang Railway Station
  - Chongqing North Station
  - Ningbo South Station
  - Tianhe Airport T3
  - Hong Qiao Airport T1 Refurbishment
  - Beihai Heat Supply Centre
  - Wenqizhu Gang'ao Bridge
- Large Projects:
  - Nanjing Jiangsu Opera House
  - Tianjin 117
  - Tencent Beijing Headquarters
  - Shanghai Bamboo Garden Business District
  - Shenzhen Hanjing Finance Centre
  - Xian Yanchang Petrol Research Centre
  - Shanghai World Expo Museum
  - Guangzhou Nansha Wanda Plaza
  - Wuhan New World Centre
  - Jiu Jiang International Finance Plaza



Projects in Australia







Projects in China



26