TUAN SING HOLDINGS LIMITED

Creating A Clear Distinction

1H2020 UNAUDITED RESULTS ANNOUNCEMENT

30 July 2020

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Group Financial Performance

($'m)	1H2020	1H2019 *	Chg
Revenue	91.9	151.4	-39%
Gross profit	24.4	31.2	-22%
Profit before tax & fair value adj	3.8	3.6	5%
Profit before tax	7.0	3.4	106%
Profit after tax	6.5	(0.8)	nm
Net profit attributable to shareholders	6.6	(0.5)	nm
EPS (cent)	0.6	(0.04)	nm

** The 2019 comparatives are restated as the Group has applied the changes in accounting policy retrospectively for each reporting period as the borrowing costs (SFRS(I)23) should not be capitalised when the borrowings relate to the construction of the residential multi-unit real estate development for which the revenue is recognised over the time as previously announced in 4Q2019 results announcement. As a result, interest expense for 1H2019 was restated and increased by $3.0 million in 1H2019.*

Overview

- **Group's revenue for 1H2020 was $91.9 million** (vs $151.4 million, 1H2019), a decrease of $59.5 million.
- The decrease for 1H2020 was due mainly to lower revenue from Hotels Investment segment by $28.8 million and Industrial Services segment by $37.4 million, partially offset by higher revenue from the Property segment by $7.5 million. Hotels Investment segment was affected due to travel and movement restrictions as a result of COVID-19 pandemic. Lower revenue from Industrial Services segment was due mainly to COVID-19 which had affected the sales volume and logistics for commodity trading. Property segment performed better as the tenants of 18 Robinson began to move in during 1H2019.

- **Net profit attributable to shareholders for 1H2020 was $6.6 million, increased by $7.1 million** as compared to a loss of $0.5 million in 1H2019. This was mainly due to:
  - Property Segment: Profit increased by $7.4 million mainly attributable to a fair value gain on a China investment property of $3.2 million and higher leasing income from 18 Robinson.
  - Other Investments Segment: Profit increased by $3.7 million mainly deriving from the better performance from GulTech.
  - Hotels Investment Segment: Profit decreased by $6.5 million due mainly to the decrease in revenue for both Melbourne and Perth hotels which are impacted by COVID-19.
- **Earnings per share for 1H2020 was 0.6 cent** as compared to loss per share of 0.04 cent a year earlier.

Overview

- Covid-19 has impacted many industries. The Group has a diversified portfolio in different segments which allow the Group to remain resilient.

- **Hotels Investment Segment,** which accounts for approximately 14% of our asset portfolio, is affected by COVID-19 when the travel restrictions came into effect in 2Q2020. The Group is working with the Hyatt management to rationalise the operation so that the Group can operate in a leaner and more cost effective structure in the post pandemic environment.

- **Property Segment**, which accounts for approximately 73% of our asset portfolio, has a spread of investment properties and residential development properties. The investment properties are mainly in the office sector which is more resilient.

- **Other Investments Segment, GulTech**, performed better than last year in spite of COVID-19 pandemic.

- Refer to Slides 8 to 10 for more details

Revenue by Segment

($'m)	1H2020	1H2019	Chg
Property	58.0	50.5	15%
Hotels Investment	20.8	49.5	-58%
Industrial Services	14.8	52.1	-72%
Other Investments^^	-	-	-
Corporate & Others@	(1.7)	(0.7)	143%
Group Total	**91.9**	**151.4**	**-39%**

- 1H2020 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)	1H2020	1H2019	Chg
Property	6.3	(1.1)	nm
Hotels Investment	(6.4)	0.1	nm
Industrial Services	0.6	0.2	200%
Other Investments	14.2	10.5	35%
Corporate & Others**	(8.2)	(10.5)	-22%
Group Total	6.5	(0.8)	nm

- Group's higher profit after tax was attributable mainly to the Property segment (+$7.4 million) and Other Investments segment (+$3.7 million), partially offset by decrease in profit from Hotels Investment segment (-$6.5 million).
- Increase in profit after tax of the Property segment was attributable mainly to higher leasing income from 18 Robinson, fair value gain on China investment property and decrease in finance cost. The Group also received property tax rebates from Singapore government and these were passed onto the tenants.

** Comprise mainly group-level services and consolidation adjustments

Property

- **Property segment revenue for 1H2020 was $58.0 million** as compared to $50.5 million in the same period last year, an increase of $7.5 million.
- The increase in revenue was attributable mainly to an increase in contribution from investment properties of $7.2 million in Singapore. The increase in revenue for investment properties was due mainly to increase in occupancy of 18 Robinson as the tenants started to move in during 1H2019.

- **Profit for 1H2020 was $6.3 million** as compared to a loss of $1.1 million in 1H2019, an increase of $7.4 million.
- The increase in profit after tax was attributable mainly to higher leasing income from 18 Robinson, fair value gain of $3.2 million due to change of use of residential property in China and decrease in finance cost of $1.9 million. The Group also received property tax rebates from the Singapore government and these were passed onto the tenants.

Hotels Investment

- **Hotels Investment segment revenue for 1H2020 was $20.8 million** as compared to $49.5 million in the same period last year, a decrease of $28.7 million.
- The decrease was due mainly to lower occupancy rate for both Melbourne and Perth hotels which are impacted by the COVID-19 pandemic.
- **Loss for 1H2020 was $6.4 million** as compared to a profit of $0.1 million in 1H2019, a decrease of $6.5 million. The decrease was due mainly to the decrease in revenue for both Melbourne and Perth hotels.

Industrial Services

- **Industrial Services segment revenue for 1H2020 was $14.8 million** as compared to $52.1 million last year, a decrease of $37.3 million.
- The decrease was due mainly to lower sales volume from coal and rubber affected by COVID-19 pandemic as well as the drop in coal price.

- **Profit for 1H2020 of $0.6 million** was higher than 1H2019 of $0.2 million, mainly due to foreign exchange gain in 1H2020.

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 1H2020 was $14.2 million** as compared to $10.5 million in the same period last year, an increase of $3.7 million. The increase was mainly attributable to the better performance in Wuxi and Jiangsu plants in China. GulTech received new customers orders as some competitors and peers struggled to operate amid China's containment measures during the COVID-19 pandemic, which helped in the improved performance.

Group Financial Position

($'m)	30.06.20		31.12.19		Chg
Total assets	3,034.5		2,997.3		1%
Total liabilities	1,905.1		1,878.3		1%
Total borrowings	1,739.3	(a)	1,711.3	(a)	2%
Cash and bank balances	187.0		172.3		9%
Shareholders' funds	1,115.4		1,105.0		1%
NAV per share (cents)	93.9		93.1		1%
Gross gearing^	1.54X	(a)	1.53X	(a)	1%
Net gearing^^	1.37X	(a)	1.38X	(a)	-1%

Note (a): 96% 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 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

Review of Financial Position

- **Total assets was $3,034.5 million** as compared to $2,997.3 million (31 December 2019).

- **Total liabilities was $1,905.1 million** as compared to $1,878.3 million (31 December 2019).
  - **Gearing**: Net gearing decreased from 1.38 times to 1.37 times. Gross gearing increased from 1.53 times to 1.54 times.
  - **Borrowing profile:** Approximately 96% (31 December 2019: 91%) of the Group's borrowing are secured by properties. The remaining 4% relates to the unsecured MTN Series III notes.
  - **MTN Programme**
    - MTN Series II, S$150 million (3-Year, coupon 6% pa) matured on 5 June 2020. It was fully repaid.
    - MTN Series III, S$65 million (2-Year, coupon 7.75% pa) was issued on 19 May 2020 (maturing on 19 May 2022).

Review of Financial Position

- **Shareholders' fund was $1,115.4 million** as compared to $1,105.0 million (31 December 2019).
    - **Company's share capital was $176.2 million** as compared to $175.2 million (31 December 2019). The increase was due to the issuance of shares under the Scrip Dividend Scheme.
    - **Under the Share Purchase Mandate**: 2,734,900 ordinary shares were purchased during the year and held as treasury shares.
- **Net asset value per share was 93.9 cents per share as at 30 June 2020**, as compared to 93.1 cents as at 31 December 2019.

Group Cash Flow

($'m)	1H2020	1H2019 *
Operating cash flow	27.5	(6.7)
Investing cash flow	(2.8)	33.7
Financing cash flow	(6.8)	(22.1)
Foreign currency translation adjustments	1.4	(2.7)
Cash and cash equivalents at period-end^	108.3	68.8
Free cash flow^^	24.7	27.0

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^ 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 $108.3 million** as at 30 June 2020, as compared to $89.0 million as at 31 December 2019.

- Cash and cash equivalents increased by $19.3 million, due mainly to:
  - Operating cash inflow: +$27.5 million, mainly arose from profit for the period, after changes in working capital and other adjustments.
  - Investing cash outflow: -$2.8 million, mainly from payments for the purchase of property, plant and equipment.
  - Financing cash outflow: -$6.8 million, mainly from interest payments of $25.9 million and dividends paid to shareholders of $6.1 million, partially offset by net proceeds from loans and borrowings of $20.4 million and bank deposits pledged as securities for bank facilities of $5.6 million.

Outlook

- The COVID-19 pandemic is causing widespread global disruptions. The Group has a diversified portfolio, namely the property, hotels investment, industrial services and other investments segments. Therefore, these **diversified segments**, operating in Singapore and the region, allow the Group to remain resilient in a current challenging environment amid the COVID-19 pandemic.

- **Hotels Investment segment**, in Australia, which forms approximately 14% of the Group's asset portfolio, is more impacted by the COVID-19 pandemic. In Perth, Hyatt Regency was used as a quarantine hotel in March and April 2020, which helped to support the hotel's business. In Melbourne, the Grand Hyatt has suspended its service since mid April 2020. Planning ahead, the Group is working with the Hyatt management to rationalise the operation so that the hotels will operate in a leaner and more cost efficient structure in the post pandemic environment.

Outlook

- **Property segment** forms approximately 73% of the Group asset portfolio, which has a spread of **investment properties** and residential development properties. The sales of Kandis Residence and Mont Botanik Residence performed better than the Group's expectations given the current pandemic situation. **Investment properties** are mainly in the office sector in the central business district, which had relatively limited impact by COVID-19 pandemic. In Singapore, the Group had received property tax rebates from the government and have accordingly passed on the rental rebates to its tenants. For selective tenants, the Group had granted additional relief to them.

- The Group also received government support such as the **Jobs Support Scheme** in Singapore and the **JobKeeper Payment** in Australia. Jobs Support Scheme started from April 2020 and will continue throughout the period for which they are not allowed to resume operations, or until August 2020, whichever is earlier. JobKeeper Payment started from the 30 March 2020 and was scheduled to end on 27 September 2020. It has recently been extended to 28 March 2021.

Outlook

- **In Singapore**, the Group expects **investment properties** to continue to bring in recurring revenue for the Group. The tenants of 18 Robinson started moving in since 1H2019. This has helped to generate healthy recurring rental streams. Link@896, conveniently located beside the King Albert Park MRT Station along the Downtown Line, has substantially completed its Asset Enhancement Initiative with a larger area for food and beverage outlets. The new tenants such as Burger King and Cedele will complement existing tenants. Together they will better serve residents in the neighbourhood. The Group will continue to market its **development properties** while seeking potential developmental sites more cautiously, in the current COVID-19 pandemic situation.

- **In Australia,** Tuan Sing's Hotels Investment segment was impacted by the COVID-19 pandemic and travel restrictions have resulted in a decline in occupancy rate for both hotels. The Group is working with the Hyatt management to rationalise the operation so that the hotels will operate at a **leaner and more cost efficient structure** in the post pandemic environment.

Outlook

- **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. The construction work in Sanya was temporarily affected by COVID-19 pandemic during second quarter of the year. However, the construction work has fully resumed.

- **In Indonesia**, the work is in its late design and planning stage. As it is not at the construction phase, it is less impacted by COVID-19 pandemic. The Group believes that Opus Bay in Batam, an upcoming integrated mixed development township, has positive **long-term development potential**. It will start with residential property development in villas and apartments, and follow up by other integrated facilities, such as attractions, retail outlets, food and beverage, entertainment space and hotels with meeting facilities.

- The Group remains vigilant and committed in exercising cost discipline. This pandemic may temporarily slow down the Hotels Investment segment. However, the Group will continue to develop its asset portfolio, and explore potential partnerships and collaborations to grow its well-located assets in Singapore and the region.

Thank You

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