



United Engineers Reports Q2 2019 and H1 2019 Attributable Profit of \$8.3 Million and \$16.1 Million Respectively

SINGAPORE, 14 August 2019 – United Engineers Limited (the “Company” or the “Group”) today announced revenue decreased 8% to \$88.1 million for the second quarter of 2019 (“Q2 2019”) mainly due to lower revenue contribution from manufacturing, engineering and property development. The quarter’s attributable profit decreased 25% to \$8.3 million mainly due to higher finance costs and the absence of write-back of excess provision of \$1.0 million in relation to completed overseas development project recorded in Q2 2018. Correspondingly, revenue for the first half of 2019 (“H1 2019”) decreased 14% to \$173.4 million and its attributable profit decreased 20% to \$16.1 million.

“Amidst global trade tensions and geopolitical uncertainties, the Group is in a good position to take advantage of investment and partnership opportunities. We will be launching our Dairy Farm residential development project within the next few months and we will continue to grow our property portfolio and landbank systematically. We have substantially completed selective asset enhancement work for our properties at 79 Anson Road and 450 Alexandra Road, and we will continue to enhance other investment properties as well as unlock value in non-core businesses.”, said Mr Zhong, Executive Chairman.

Segment Review

Property Rental & Hospitality revenue increased 5% to \$32.9 million in Q2 2019 and 1% to \$63.4 million for H1 2019. Operating profit before interest increased 10% to \$17.1 million for Q2 2019 and increased marginally to \$32.1 million for H1 2019 mainly due to higher revenue and profit contribution from *UE BizHub TOWER*.

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Revenue in **Property Development** segment decreased 32% to \$6.7 million in Q2 2019 and 47% to \$11.9 million for H1 2019. For Q2 2019, the segment recorded an operating loss before interest of \$1.2 million compared to an operating profit before interest of \$0.03 million for Q2 2018. For H1 2019, the operating loss before interest was \$1.9 million compared with \$0.4 million for H1 2018. The decline in the operating result for Q2 2019 and H1 2019 was mainly due to lower revenue.

Engineering & Distribution revenue decreased 12% to \$19.7 million for Q2 2019 and 18% to \$43.0 million for H1 2019. Operating profit before interest increased 22% to \$1.1 million for Q2 2019 mainly due to higher contribution from the distribution business. For H1 2019, operating profit before interest decreased 22% to \$2.8 million mainly due to lower revenue and profit contribution from the system integration business.

In the **Manufacturing** segment, revenue decreased 20% to \$14.8 million for Q2 2019 and 19% to \$30.4 million for H1 2019. Operating loss before interest was \$0.1 million in Q2 2019 compared with operating profit of \$0.9 million in Q2 2018. For H1 2019, the segment recorded an operating loss before interest of \$0.7 million compared to operating profit before interest of \$1.1 million for H1 2018. The decline in operating results was mainly due to lower revenue, unfavorable product mix and a slower production ramp up for certain new products.

Outlook

The Group expects the weaker economic outlook in Singapore and the sustained impact of the July 2018 property cooling measures to continue to weigh on the overall sentiments of the private residential property market in Singapore. Nonetheless, the Group is on track to launch the Dairy Farm project for sale in the second half of 2019.

Office rentals in Singapore may moderate against the backdrop of heightened trade tensions and global economic uncertainties. The Group will continue its asset enhancement initiatives for the investment properties in Singapore to further enhance the recurring rental income base. *UE BizHub TOWER*, which has undergone refurbishment recently, saw its committed occupancy rates increased to more than 95%. The improvement work for the commercial block at *UE BizHub WEST* is scheduled to be completed by September 2019.

In China, the cooling measures and slower economic growth may pose challenges to the overall property market in the near term, but the demand for good quality housing remains and the residential property market may continue to see sustainable growth in the longer term. *Chengdu Orchard Villa* Phase 5 development, which was fully sold, is on track for handover by the end of this year and construction work for Phase 6 has commenced.

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As part of its growth strategy, the Group will continue to seek investment and partnership opportunities and will make selective property acquisitions as and when such opportunities arise.

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About United Engineers Limited

United Engineers Limited (the "Group"), founded in 1912, is one of Singapore's pioneer companies that played an integral role in the country's physical and economic transformation. Building on its early engineering roots, the Group evolved into a dynamic corporation with key business activities in Property Rental and Hospitality, Property Development, Engineering and Distribution, as well as Manufacturing today.

The Group has developed numerous iconic buildings that define the Singapore landscape, including *orchardgateway*, *UE BizHub CITY* (formerly known as *UE Square*), *UE BizHub EAST*, as well as the mixed-use development at one-north comprising *The Rochester*, *Rochester Mall* and *Park Avenue Rochester*. It also owns a stable of shopping malls which comprises *Rochester Mall*, *The Seletar Mall* and *UE Square Shopping Mall*, as well as manages the *Park Avenue* chain of hotels, serviced apartments, serviced offices and convention centre.

The Group was honoured as the 11th oldest company by Singapore International Chamber of Commerce and its flagship building, *UE BizHub CITY*, was marked a historic site in 2002 by Singapore National Heritage Board. In recognition of its contribution to Singapore's development over the decades, the Group was awarded the Singapore Golden Jubilee Business Award organised by Singapore Business Federation, Accounting and Corporate Regulatory Authority and DP Information Group.

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