TUAN SING HOLDINGS LIMITED

Creating A Clear Distinction

FY2017 RESULTS ANNOUNCEMENT

26 January 2018

Overview

- Group's 4Q2017 revenue was $98.0 million, a decrease of 4% as compared to $101.7 million in 4Q2016. Group's revenue for FY2017 was $357.9 million, a reduction of 11% as compared to $404.0 million in FY2016
- Net profit attributable to shareholders increased by 298% to $49.7 million in 4Q2017 (4Q2016: $12.5 million). For full year, it increased 87% to $62.7 million from $33.6 million a year earlier
- For FY2017, higher profit reported were attributable to net fair value gain on investment properties of $44.5 million (FY2016: $2.2 million)
- Earnings per share stood at 4.2 cents for 4Q2017 (4Q2016: 1.0 cent) and 5.3 cents for FY2017 (FY2016: 2.8 cents)
- Net asset value per share was 83.0 cents at 31 December 2017 as compared to 77.7 cents at 31 December 2016
- The Directors propose a first and final one-tier tax exempt dividend of 0.6 cent per share, same as last year

Group Financial Performance

($'m)	4Q2017	4Q2016	Chg	FY2017	FY2016	Chg
Revenue	98.0	101.7	-4%	357.9	404.0	-11%
Gross profit	20.1	19.5	3%	65.0	84.4	-23%
Profit before tax & fair value adj	7.3	11.5	-36%	23.3	37.7	-38%
Profit before tax	52.2	13.7	282%	68.1	40.1	70%
Profit after tax	49.8	12.5	298%	62.8	33.8	86%
Net profit attributable to shareholders	49.7	12.5	298%	62.7	33.6	87%
EPS (cents)	4.2	1.0	320%	5.3	2.8	89%

Review of Financial Performance

- Group revenue decreased 4% to $98.0 million in 4Q2017 because of lower revenue from Industrial Services segment. For FY2017, revenue fell by 11% to $357.9 million due mainly to lower sales of the residential development projects as compared to last year
- Distribution costs decreased by 20% in 4Q2017 due to lower promotion expense in the residential projects. For the full year, an increase of 4% reflected mainly cost incurred for Kandis Residence show flat. Lower administrative expenses reflected lower legal fees incurred relating to the termination of the previous main contractor at Seletar Park Residence
- The increase in other operating income in 2017 of $2.9 million over 2016 is attributable to i) a $2.9 million liquidated damage received from a contractor for its delay in a development project and ii) a $0.7 million gain in 4Q2017 on disposal of assets from the discontinued Tyre Distribution Unit in Industrial Services segment
- The decrease in other operating expenses in 2017 of $4.3 million over 2016 is mainly attributable to i) lower net provision for diminution in value for development properties of $0.5 million as compared to $3.7 million made in 2016; and ii) the absence of a foreign exchange loss realised from the translation reserve of $1.8 million in FY2016 arising from the liquidation of two Malaysian subsidiaries
- Share of results of 44.5%-owned GulTech was a decrease of 24% to $3.7 million in 4Q2017. For the full year, it was an increase of 16% to $15.7 million
- Overall, the Group's profit after tax (inclusive of fair value adjustments) increased 298% to $49.8 million in 4Q2017 and 86% to $62.8 million in FY2017

Group Financial Position

($'m)	31.12.17	31.12.16	Chg
Total assets	2,638.2	2,123.1	+24%
Total liabilities	1,641.9	1,192.6	+38%
Total borrowings	1,458.1	1,020.8	+43%
Cash and bank balances	216.8	163.7	+32%
Shareholders' funds	985.6	919.4	+7%
NAV per share (cents)	83.0	77.7	+7%
Gross gearing^	1.46X	1.10X	+33%
Net gearing^^	1.25X	0.92X	+36%

^ Gross gearing = total borrowings / total equity

^^ Net gearing = net borrowings / total equity; Net borrowings = total borrowings – cash and bank balances

Review of Financial Position

- As at 31 December 2017, Group's total assets increased 24% to $2,638.2 million from the previous year-end, mainly attributable to i) the acquisition of the 896 Dunearn Road property and a vacant land at Jalan Remaja, ii) a higher cash and bank balances after the issuance of the Series II MTN Notes and iii) a net fair vale gain on Investment properties, offset partially by a decrease in trade and other receivables
- For similar reasons, the Group's total liabilities increased 38% or $449.3 million to $1,641.9 million
- Gross gearing increased to 1.46 times from 1.10 times and net gearing increased to 1.25 times from 0.92 times
- Shareholders' funds grew to $985.6 million which reflected a combination of profit made during the year, gain from revaluation of properties, and after netting of foreign currency translation losses and payment of dividends to shareholders

Group Cash Flow

($'m)	FY2017	FY2016
Operating cash flow	101.6	190.1
Investing cash flow	(442.8)	(31.2)
Financing cash flow	399.6	(167.5)
Foreign currency translation adjustments	(3.1)	(1.1)
Cash & cash equivalent at period-end^	151.1	95.9
Free cash (out) / inflow^^	(341.2)	158.9

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

Review of Cash Flow

- Net cash generated from operating activities of $101.6 million in FY2017 was mainly from the sale of completed development properties
- Net cash used in investing activities of $442.8 million in FY2017 was mainly for $365 million for acquisition of 896 Dunearn Road, $62.7 million expenditure on construction of the 18 Robinson and $4.1 million capital expenditure for the two hotels in Australia
- Net cash generated from financing activities in FY2017 was $399.6 million, driven mainly by the net borrowings taken up of $443.9 million including the issuance of S$150 million notes, offset by interest payment of $39.1 million and cash dividends paid to shareholders of $5.9 million
- As a result of the aforementioned, cash and cash equivalents stood at $151.1 million as at 31 December 2017; from $95.9 million as at 31 December 2016

Revenue by Segment

($'m)	FY2017	FY2016	Chg
Property	122.9	171.3	-28%
Hotels Investment	123.3	123.6	*
Industrial Services	136.1	134.1	+1%
Other Investments^^	-	-	-
Corporate & Others#	(24.4)	(25.1)	+3%
Group Total	357.9	404.0	-11%
Proforma Group including Associates	772.8	750.4	+3%

FY2017 Revenue decreased due mainly to lower contribution from Property Segment.

^^ GulTech and Pan-West were not included as their results were equity accounted for
# Comprise mainly group-level services and consolidation adjustments
* Less than 1% change

Profit after tax by Segment

($'m)	FY2017	FY2016	Chg
Property	56.9	17.2	+231%
Hotels Investment	3.2	2.8	+16%
Industrial Services	0.5	1.7	-72%
Other Investments	16.0	12.3	+30%
Corporate & Others#	(13.8)	(0.2)	nm
Group Total	62.8	33.8	+86%

Property were the main contributors for the Group's total profit after tax in FY2017 due to fair value gain on investment properties.

Comprise mainly group-level services and consolidation adjustments

Property

- The decrease in property revenue for FY2017 to $122.9 million from $171.3 million last year was due mainly to all three development property projects have been substantially sold
- Profit after tax for FY2017 increased by $39.7 million to $56.9 million this year, mainly attributable to fair value gain in investment properties and lower net allowance for diminution in value for development properties

Hotels Investment

- Grand Hyatt Melbourne and Hyatt Regency Perth registered a combined 1% drop in RevPAR despite higher occupancy rates
- Hotels Investment reported revenue of A$116.5 million in FY2017, as compared to A$120.4 million last year
- Full year net income reduced by 4% to A$25.1 million from A$26.2 million
- Profit after tax of A$3.0 million was higher than last year of A$2.7 million mainly due to lower expense

Industrial Services

- For FY2017, revenue of $136.1 million was higher than the $134.1 million in FY2016. This was mainly attributable to higher activities from Commodities Trading unit
- Industrial Services reported a decrease in profit after tax from $1.7 million to $0.5 million mainly due to lower profits reported by Commodities Trading and poor performance in the discontinued tyre trading operation

Other Investments

- For FY2017, GulTech reported revenue of US$294.1 million as compared to US$244.3 last year
- GulTech's net profit attributable to shareholders increased to US$26.0 million for FY2017; an increase of 17% from US$22.2 million in FY2016
- This translated into Group's increased share of net profit (including fair value gain) of $16.0 million

Outlook

- Kandis Residence project has 130 one- to three-bed-room units spread over three- and seven-storey buildings with full condominium facilities
- The freehold vacant lot at No. 1 Jalan Remaja will be developed into approximately 100 residence units with condominium facilities.
- As for 896 Dunearn Road, the Group has a plan to reposition it into a hub of activities that can serve the needs of the vast residential community in the vicinity
- With expected completion of 18 Robinson in 2018, a significant developer's profit is expected to be realised. The rental will also provide a steady stream of recurring income to the Group
- Written Planning Approval has been obtained from the City of Perth for the Asset Enhancement Initiative in respect of Hyatt Centre and development of Lot 11. The Group planned to commence the enhancement work in the second half of 2018. After completion it would be a significant commercial and retail hub in Perth
- The Group is expected to launch the initial phase of the integrated township development, which comprises condotels supported by retail outlets, food & beverage and entertainment spaces, in Batam Marina City, Indonesia in 2018, subject to the relevant authorities' approval
- The Group will continue to explore acquisitions of well-located sites for residential and commercial development properties in both Singapore and overseas when opportunities arise
- Barring unforeseen circumstances, the Group will achieve a profit for the year 2018

Thank You

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