



KOH BROTHERS GROUP LIMITED
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NEWS RELEASE

KOH BROTHERS REPORTS REVENUE OF S\$112.9 MILLION FOR 1H2024

- ***Net loss attributable to equity holders of the Company narrows to S\$7.2 million attributable to lower revenue, completion of certain projects and higher operational costs***
- ***Balance sheet remains healthy with higher cash reserves of S\$96.6 million and lowered net gearing of 0.41 time***
- ***Focused on the smooth execution of healthy construction order book of S\$540.8 million***

Singapore, 8 August 2024 – Well-established construction, property development and specialist engineering solutions provider, Koh Brothers Group Limited (“**Koh Brothers**”, 許兄弟有限公司, or the “**Group**”), today announced its financial results for the half-year ended 30 June 2024 (“**1H2024**”).

Mr. Francis Koh (许庆祥), Executive Chairman and Group CEO of Koh Brothers, commented, “Amidst the challenging environment, our foremost priority is to implement cost containment measures to better manage higher cost for materials, subcontractors, manpower and professional fees. At the same time, our team remains resolute in the smooth delivery of ongoing projects including Circle Line 6, Deep Tunnel Sewerage System Phase 2 and Tuas Water Reclamation Plant.

“Nonetheless, our healthy financial standing, supported by a sound balance sheet with increased cash reserves of S\$96.6 million, and a lowered net gearing ratio of 0.41 time, will position us to capitalise on opportunities without the risk of over-exposure.

“For our real estate development business, we are pleased that both Van Holland and our joint venture project – Hyll on Holland – have been fully sold and achieved TOP in 1H2024. We remain dedicated to our prudent approach of seeking out distinctive development opportunities, in partnership with experienced partners.”

Financial Highlights

Revenue declined 43% to S\$112.9 million for 1H2024 as compared to S\$196.6 million for the same corresponding period (“1H2023”), mainly due to lower revenue contributions from both the Construction and Real Estate divisions due to the completion of certain projects.

Gross profit, on the other hand, rose to S\$6.4 million in 1H2024, a turnaround from a gross loss of S\$1.1 million in 1H2023, attributed to improved gross profit margin from the Building Materials and Real Estate divisions.

Other income rose 124% to S\$1.1 million in 1H2024 due to an increase in interest income whilst other gains declined 57% to S\$0.5 million in 1H2024, mainly due to lower foreign exchange gain and fair value loss on investment properties.

Share of profit from associated companies and joint ventures rose to S\$1.3 million in 1H2024 from a loss of S\$0.1 million a year ago due to higher contribution from joint ventures under the Real Estate division.

Overall, the Group recorded a narrowed net loss attributable to shareholders of S\$7.2 million in 1H2024, as compared to a net loss attributable to shareholders of S\$16.0 million in 1H2023.

Cash and bank balances increased by S\$0.8 million to S\$96.6 million while shareholders' equity stood at S\$257.3 million as at 30 June 2024. The Group's current ratio remains healthy at 1.4 times with a lowered net gearing ratio of 0.41 time as at 30 June 2024 as compared to 0.54 time as at 31 December 2023.

Net asset value per share was 62.39 Singapore cents as at 30 June 2024 compared to 64.22 Singapore cents as at 31 December 2023.

Outlook and Strategies

The Ministry of Trade and Industry announced on 12 July 2024 that the Singapore economy grew by 2.9% on a year-on-year (“y-o-y”) basis in the second quarter of 2024, extending the 3.0% in the previous quarter. The construction sector grew by 4.3% y-o-y in the second quarter, extending the 4.1% growth in the preceding quarter. Growth during the quarter was supported by an increase in public sector construction output.

According to the projection by the Building and Construction Authority Singapore (“BCA”) on 15 January 2024, total construction demand in 2024 is projected to reach between S\$32 billion and S\$38 billion. Demand from the public sector is expected to reach between S\$18 billion and S\$21 billion, driven by public housing and infrastructure projects. Additionally, BCA expects a steady improvement over the medium term with projected construction demand to reach between S\$31 billion and S\$38 billion per year from 2025 to 2028.

The Group expects the construction industry to remain challenging in an increasingly competitive environment, along with high material, manpower, energy and operating costs. The Group will maintain its focus on recovering costs associated with the variation orders from customers while closely monitoring the progress and costs of ongoing construction projects. The Group will also continue to leverage on its proven track record, expertise and capabilities to actively tender and secure more construction projects.

On the property development front, latest statistics from the Urban Redevelopment Authority indicated that prices of private residential properties rose at a slower pace of 0.9% in 2Q2024, compared to the 1.4% increase in the previous quarter. Amid the inflationary and challenging regulatory environment, the Group expects the private residential market to remain challenging.

Moving forward, the Group will pursue a prudent and selective strategy to replenish its land bank.

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About Koh Brothers Group Limited

Listed on SGX Mainboard in August 1994, Koh Brothers Group Limited (“**Koh Brothers**”, or together with its subsidiaries, the “**Group**”) is a well-established construction, property development and specialist engineering solutions provider, which was started as a sole proprietorship in 1966 by the late Mr. Koh Tiat Meng. Today, Koh Brothers has more than 40 subsidiaries, joint venture companies and associated companies spread over Singapore, the PRC, Indonesia, Malaysia and South Korea.

Over the years, Koh Brothers has undertaken numerous construction and infrastructure projects with its A1 grading by the Building and Construction Authority – currently the highest grade for contractors’ registration in this category that allows the Group to tender for public sector construction projects of unlimited value. In addition, Koh Brothers has developed a name for itself as a niche real estate developer, with an established reputation for quality and innovation.

Koh Brothers’ diversified businesses present them with multiple revenue streams from three core areas:

- Construction and Building Materials;
- Real Estate; and
- Leisure and Hospitality.

The Group is also the largest shareholder of SGX Catalist-listed Koh Brothers Eco Engineering Ltd (“**Koh Brothers Eco**”), a sustainable engineering solutions group that provides engineering, procurement and construction (“**EPC**”) services for infrastructure, water and wastewater treatment, building, bio-refinery and bio-energy projects. Through Koh Brothers Eco, the combined Group is able to reap synergies to offer turnkey engineering solutions and tap opportunities in the water and wastewater treatment sector.

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