



NEWS RELEASE

KOH BROTHERS REVENUE GROWS 8% TO \$427.3 MILLION IN FY2015

- ***FY2015 net profit slips marginally to S\$27.9 million***
- ***Balance sheet remains healthy with cash and cash equivalents of S\$64.5 million***
- ***Net gearing remains low at 0.62 times***

Singapore, February 17, 2016 – Koh Brothers Group Limited (“Koh Brothers”, “許兄弟有限公司”, or the “Group”), a well-established construction, property development and specialist engineering solutions provider, announced today an 8% growth in turnover to S\$427.3 million for the financial year ended December 31, 2015 (“FY2015”), lifted by stronger performance across all business segments.

Mr. Francis Koh (“许庆祥”), Managing Director and Group CEO of Koh Brothers, commented: “Amidst a challenging operating environment, we are pleased to have sustained our topline growth as we seek to fine tune our corporate strategy, sharpen our competitive niche and improve productivity through greater adoption of technology and innovation to increase margin efficiency.”

The Group had announced in January 2016 a proposal for its 41%-owned SGX Catalist-listed subsidiary, KB Eco Engineering Limited, to acquire its building and civil engineering construction subsidiary to reap synergies and tap opportunities in the water and wastewater treatment and hydro-engineering sectors.

Performance Review

The Group's 8% growth in revenue from S\$395.1 million recorded for the financial year ended December 31, 2014 ("FY2014") was mainly due to a 4.2% and 10.2% growth in revenue from its Real Estate and Construction & Building Materials business segments, respectively. The Leisure & Hospitality segment also saw a 7.8% topline growth.

Koh Brothers also recorded a fair value gain on an investment property following the completion of an asset enhancement exercise, contributing to the S\$13.1 million recorded for the Group's share of profit of joint ventures.

Due to lower margins earned, coupled with an increase in expenses, depreciation and a rise in other income due to interest income earned, the Group recorded net profit attributable to shareholders of S\$27.9 million in FY2015, a 6% slip from S\$29.5 million a year ago.

For the three-month period ended December 31, 2015, Koh Brothers reported a 10% growth in revenue to S\$112.3 million from S\$102.3 million in the corresponding period a year ago. Net profit attributable to shareholders grew 22% to S\$7.6 million from S\$6.2 million over the same comparative periods.

The Group's balance sheet remains healthy with cash and cash equivalents of S\$64.5 million and shareholders' equity of approximately S\$257.2 million, as at December 31, 2015.

Earnings per share for the 12 months ended December 31, 2015 decreased slightly to 6.69 Singapore cents from 6.76 Singapore cents a year ago, while net asset value per share rose to 61.98 Singapore cents from 55.73 Singapore cents across the same comparative periods.

The Group's debt servicing ability with liquidity remains comfortable with a current ratio of 1.44 times and net gearing ratio of 0.62 time.

Outlook and Strategies

Latest statistics from the Ministry of Trade and Industry ("MTI") showed that the economy expanded 2.1% in 2015 compared to 2.9% in 2014, while the construction sector grew at a slower rate of 1.1% in 2015 compared to a growth of 3.0% in the previous year¹.

Data from the Building and Construction Authority ("BCA") showed that the total construction demand in 2015 was approximately S\$27.2 billion, with public sector projects accounting for more than half the demand, albeit falling short of an earlier estimate of between S\$29 billion to S\$36 billion².

On the construction outlook for 2016, the BCA remains optimistic, expecting construction demand to remain strong at between S\$32.0 billion and S\$34.0 billion, of which 65% will be derived from the public sector and foreseeing an increase in demand for civil engineering projects³.

"Given the escalating costs, we remain cautiously optimistic on the construction industry. Armed with our strong track record and civil engineering capabilities, we are well-positioned to capitalise on the expected growth in construction demand. Having recently won the S\$1.12 billion contract win from Changi Airport Group with our joint venture partner, Samsung C&T Corporation, we hope to clinch more of such large-scale contracts this year," commented Mr. Koh.

¹ *Singapore's GDP Grew by 2.0 Per Cent in the Fourth Quarter of 2015 – Ministry of Trade and Industry, January 4, 2016*

² *Forecast and Actual Construction Demand (To Date) – Building and Construction Authority, January 2016*

³ *Public sector, civil engineering projects to drive construction demand this year: BCA – Business Times, January 16 – 17, 2016*

On the property market, latest statistics from the Urban Redevelopment Authority showed a 3.7% slip in private residential property prices in 2015 despite a slight improvement in the fourth quarter of 2015 of a 0.5% dip in prices compared to a 1.3% decline in the preceding quarter⁴.

“It has been a challenging year for the industry, and we expect prices to moderate further in 2016 with no visibility of an adjustment of the property cooling measures in place. While we continue to push sales of our ongoing property development projects, we believe there are still viable opportunities in Singapore and overseas as we seek to replenish our land bank and strengthen our recurring income streams to ensure sustainable growth,” added Mr Koh.

About Koh Brothers Group Limited

Listed on Main Board of the SGX-ST 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 Mr. Koh Tiat Meng. Today, the Group has more than 40 subsidiaries, joint venture companies and associated companies spread over Singapore, PRC, Indonesia, and Malaysia.

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

⁴ Release of 4th Quarter 2015 real estate statistics – Urban Redevelopment Authority, January 22, 2016

The Group's diversified businesses present them with multiple revenue streams from three core areas:

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

In 2013, the Group also broadened its reach into the environmental engineering sector, with a strategic acquisition of a 41.0% stake in SGX Catalist Board-listed Koh Brothers Eco Engineering Limited (formerly known as Metax Engineering Corporation Limited).

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