

TAT HONG HOLDINGS LTD
3Q/9MFY2016 RESULTS

12 February 2016

TAT HONG HOLDINGS LTD

3Q/9MFY2016 Results

Fleet Update

Outlook and Prospects

3QFY2016 Results Summary

Revenue

- **Declined 19.4% to S$124.8 million**
  - Lower revenue posted by all Divisions

Gross Profit Margin

- **Decreased 3.2% pts to 30.6%**
  - Lower GP margins across all Divisions except Tower Crane Rental

Profit/Loss Before Tax

- **Pre-tax loss of S$6.9 million compared with pre-tax profit of S$10.0 million in 3QFY2015**
  - Lower revenue and gross profit
  - Forex losses of S$2.9 million (mainly due to weaker RMB) compared with forex gain of S$4.8 million
  - Cost and provisions associated with exiting the excavator distribution business in Indonesia

Partially offset by :

  - Lower operating costs especially depreciation charges and repair and maintenance costs as a result of the de-fleeting programme
  - Lower finance costs as a result of repayment of loans partially offset by higher interest rates
  - Better contribution from associates

Comparisons are made against 3QFY2015 ended 31 December 2014

3QFY2016 Results Summary

LATMI/PATMI

- **Net loss of S$6.7 million compared with S$4.5 million net profit in 3QFY2015**
  - Lower PBT partially offset by tax credits

Balance Sheet

- **Healthy balance sheet**
  - Net gearing as at 31 December : 0.76 times
  - Cash and cash equivalents: S$58.7 million
  - NTA and NAV per share: S$0.98 and S$1.01, respectively

Comparisons are made against 3QFY2015 ended 31 December 2014

Financial Highlights

S$'m	3QFY2015	3QFY2016	Change +/- (%)	9MFY2015	9MFY2016	Change +/- (%)
Revenue	154.9	**124.8**	-19.4	472.0	**401.5**	-14.9
Gross Profit	52.4	**38.2**	-27.2	168.5	**126.1**	-25.1
Gross Profit Margin (%)	33.8	**30.6**	-3.2pts	35.7	**31.4**	-4.3 pts
(LBT) /LBT	10.0	**(6.9)**	NM	36.7	**5.9**	-84.0
(LATMI)/PATMI	4.5	**(6.7)**	NM	21.9	**0.5**	-97.7
PATMI Margin (%)	2.9	**(5.3)**	NM	4.6	**0.1**	-4.5 pts

Financial Highlights

S$'m	As at 31 Mar 2015	As at 31 Dec 2015
Fixed Assets (PPE)	919.3	**840.4**
Inventories	186.5	**172.3**
Debtors (Current & Non-current)	204.7	**236.0**
Cash & Cash Equivalents	93.3	**58.7**
Shareholders' Equity	650.8	**634.3**
NTA per share (S$)	1.00	**0.98**
NAV per share (S$)	1.03	**1.01**
Net gearing (times)	0.77	**0.76**

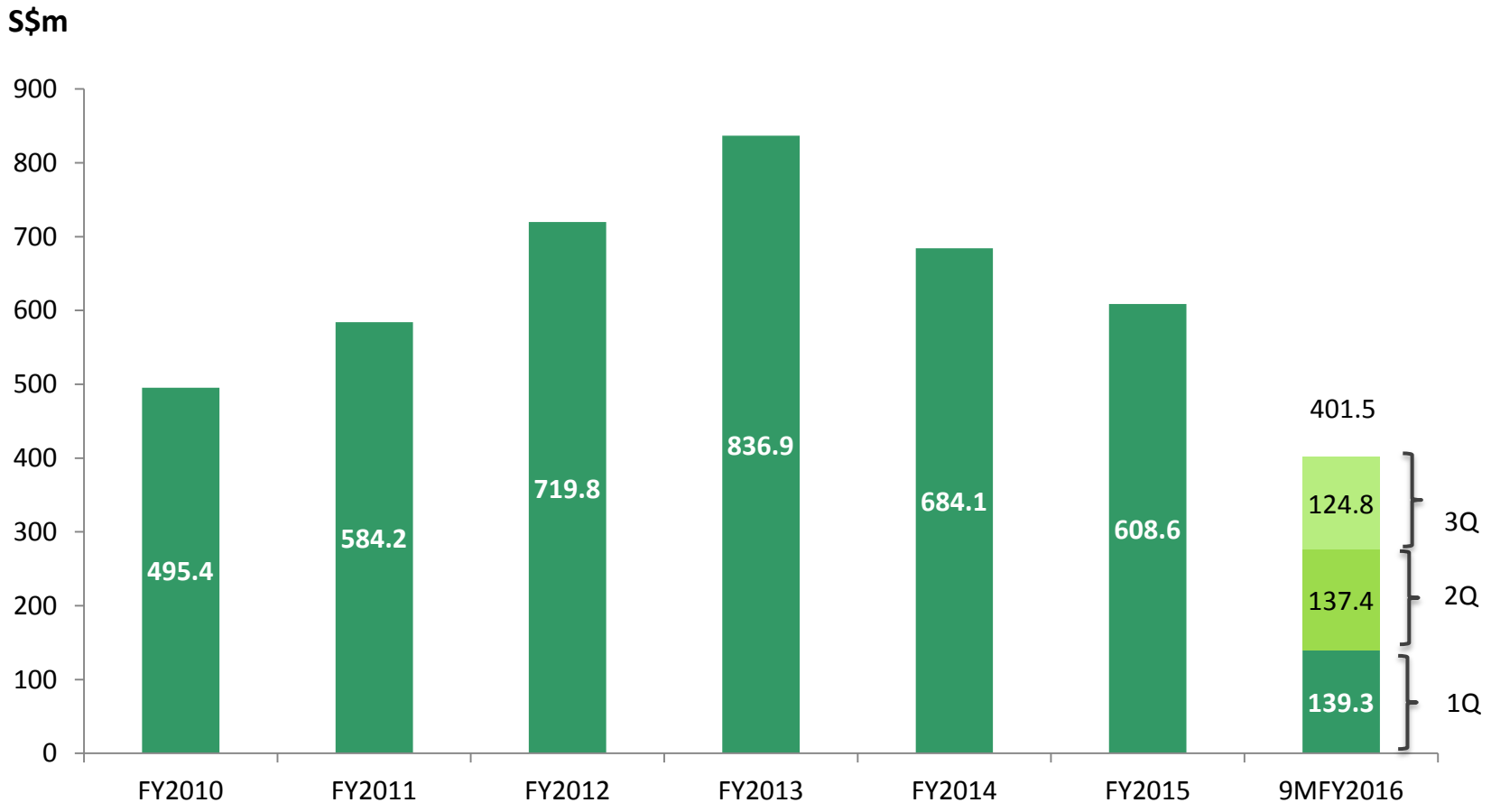
Disposal of property , plant and equipment (PPE), depreciation, translation loss from weaker AUD:SGD and RMB:SGD partially offset by addition of PPE due to the expansion of the tower crane rental business and replacement capex

Reclassification to PPE and prudent inventory management

Repayment of hire purchase loans and lower operating cash flows partially offset by net draw down of term loans and proceeds from PPE disposals

Primarily due to reduction in currency translation reserve

Revenue Trend



Segmental Revenue Highlights

1. Crane Rental

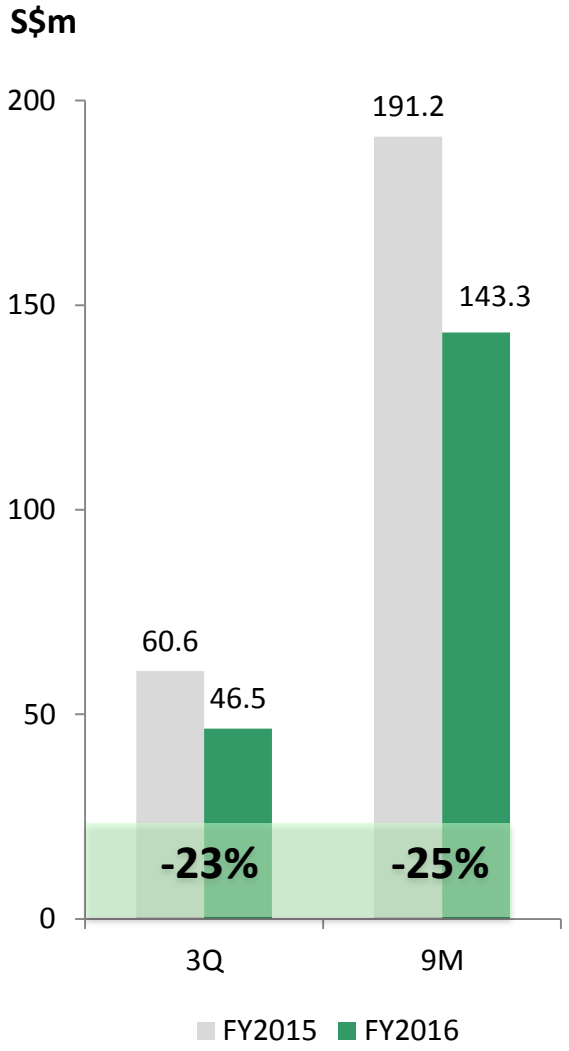
Revenue decreased 23% to S$46.5 million

- Australia: Completion of projects, lower activity levels in the mining and LNG sectors and an 8% depreciation of the AUD against SGD
- Malaysia: Completion of projects, lower rental rates from new projects and lower utilisation of higher tonnage cranes
- Thailand: Completion of projects and delay in the commencement of new projects

Partially mitigated by better performance from:

- Indonesia: Contribution from new customers of PT World Wide Equipment

Excluding the impact of the weaker AUD:SGD, revenue declined 21%



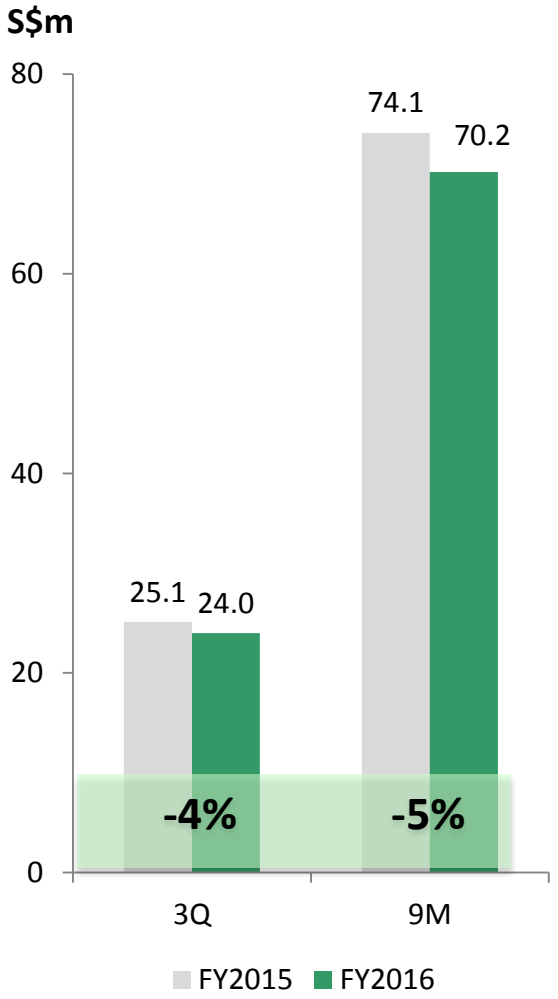
Comparisons are made against 3QFY2015 ended 31 December 2014

Segmental Revenue Highlights

2. Tower Crane Rental

Revenue decreased 4% to S$24.0 million

- Completion of projects
- Transfer of cranes from a dormant subsidiary to more active subsidiaries



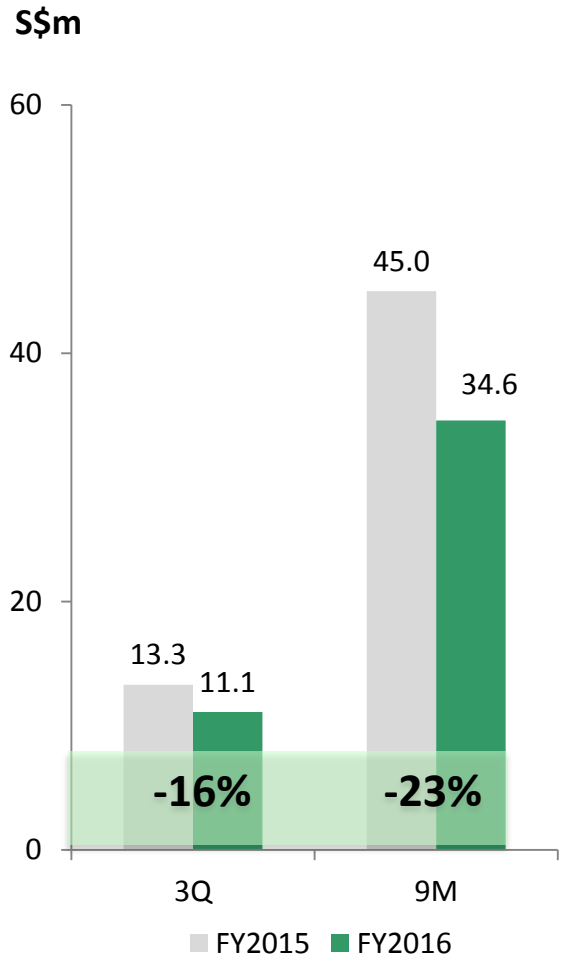
Comparisons are made against 3QFY2015 ended 31 December 2014

Segmental Revenue Highlights

3. General Equipment Rental

Revenue declined 16% to S$11.1 million

- Surplus capacity and competitive pressure on hire rates
- Weak construction sector and competitive market conditions in Australia
- Exacerbated by an 8% depreciation of the AUD against the SGD. Excluding the foreign exchange effect, revenue declined 10%



Comparisons are made against 3QFY2015 ended 31 December 2014

Segmental Revenue Highlights

4. Distribution

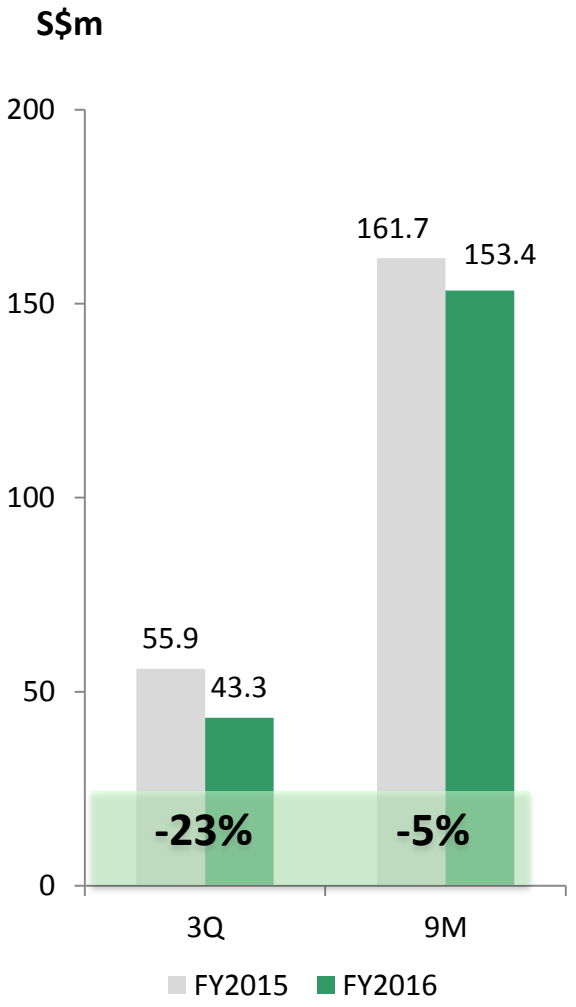
Revenue declined 23% to S$43.3 million

- Indonesia: Continued scaling down of excavator sales
- Singapore: Lower demand and increased competition
- Lower sales to overseas markets

Partially offset by:

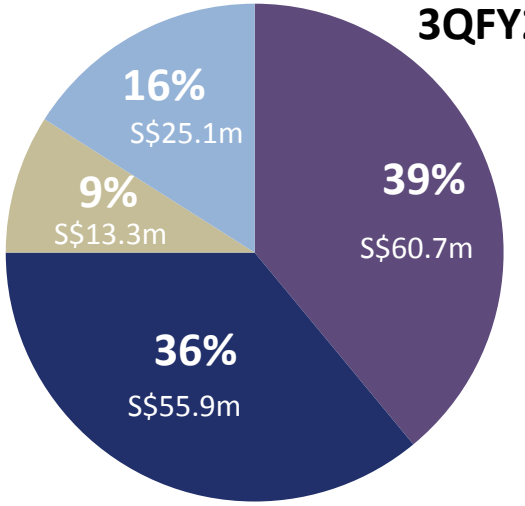
- Australia: Higher used equipment and spare parts sales

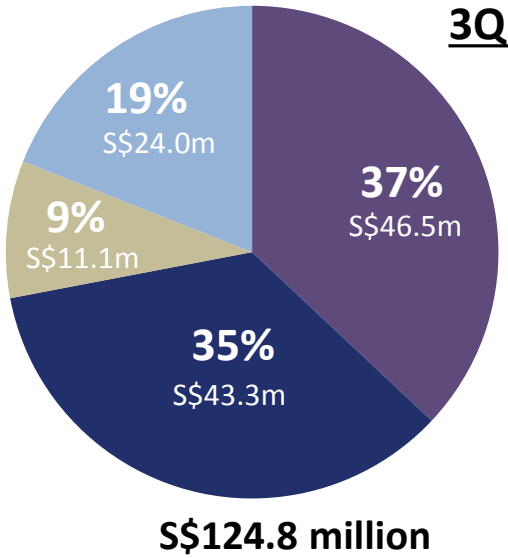
Excluding the effect of the weaker AUD:SGD, revenue declined 18%

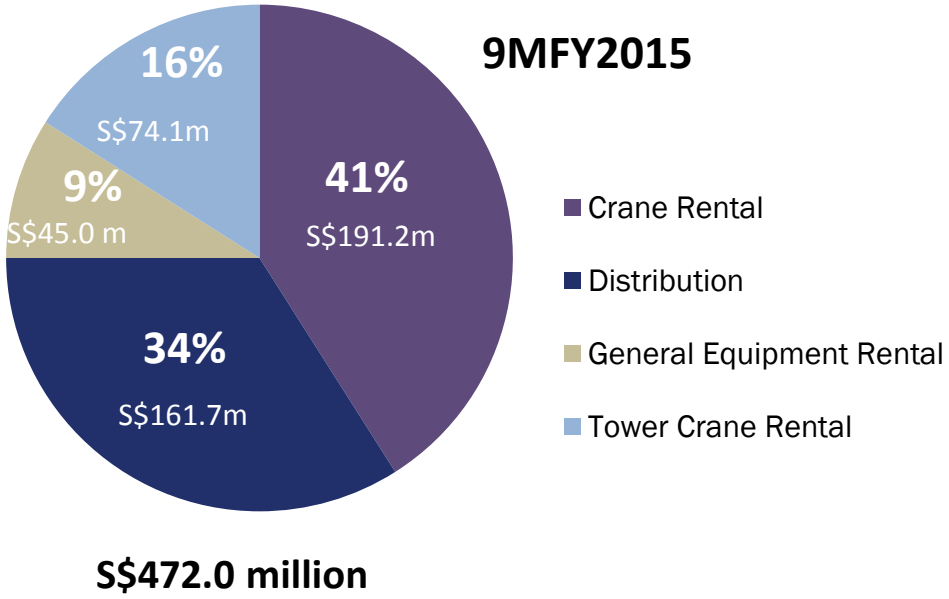


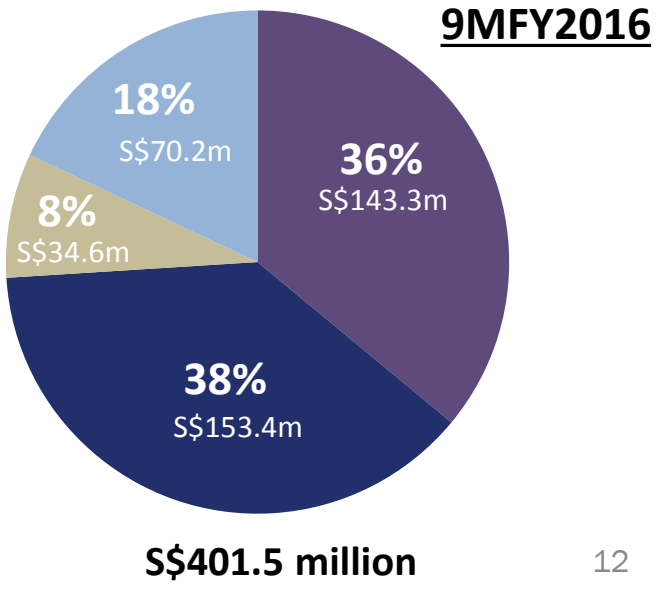
Comparisons are made against 3QFY2015 ended 31 December 2014

Revenue by Business Activity

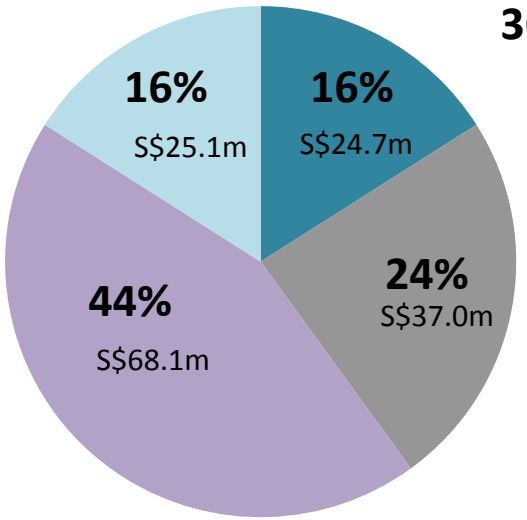






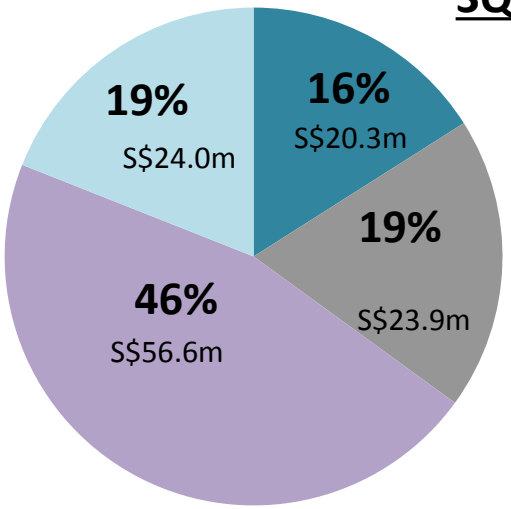


Revenue by Region



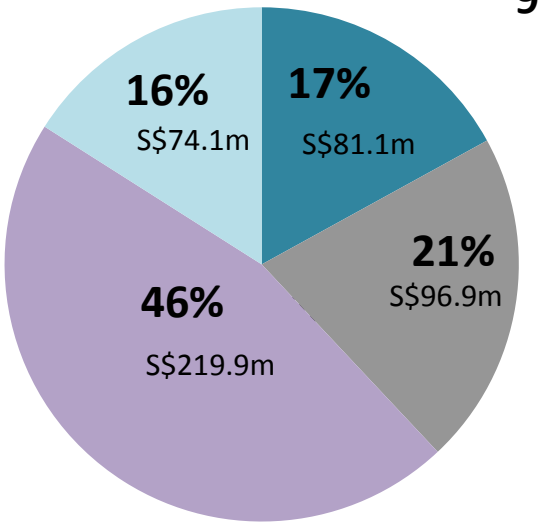
3QFY2015

S$154.9 million



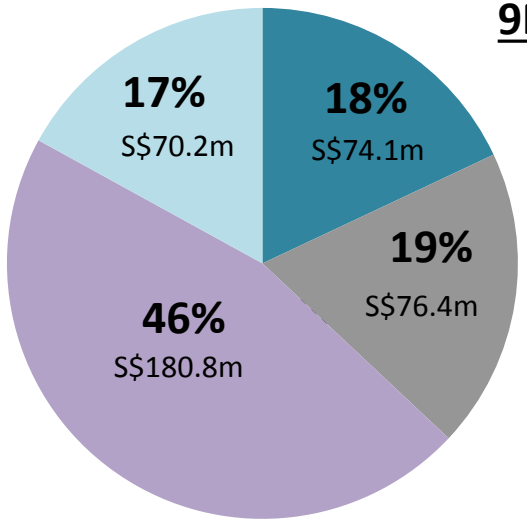
3QFY2016

S$124.8 million



9MFY2015

S$472.0 million



9MFY2016

S$401.5 million

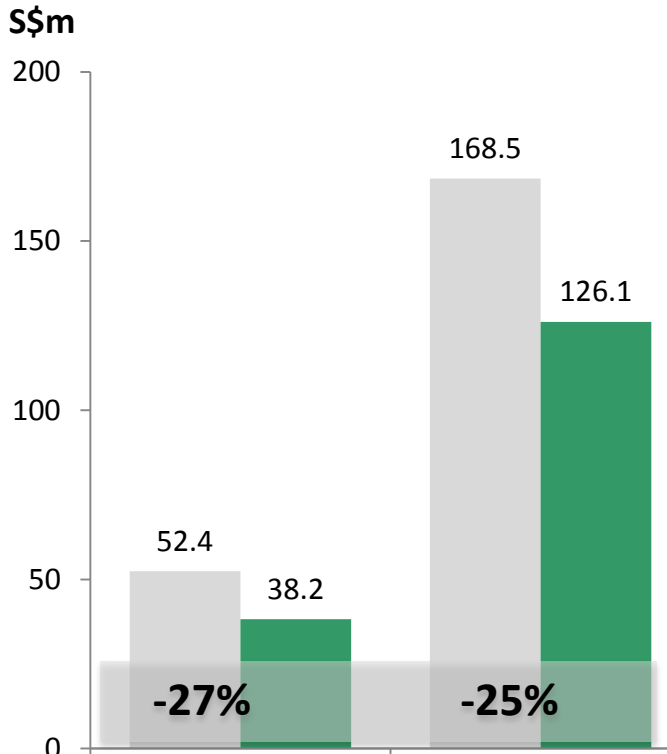
- Singapore
- SEA + HK
- Australia
- China

Gross Profit and Gross Profit Margin

Gross profit fell 27% to S$38.2 million whilst gross profit margin (GPM) declined to 30.6% from 33.8%

Lower GPM recorded across all divisions except Tower Crane Rental

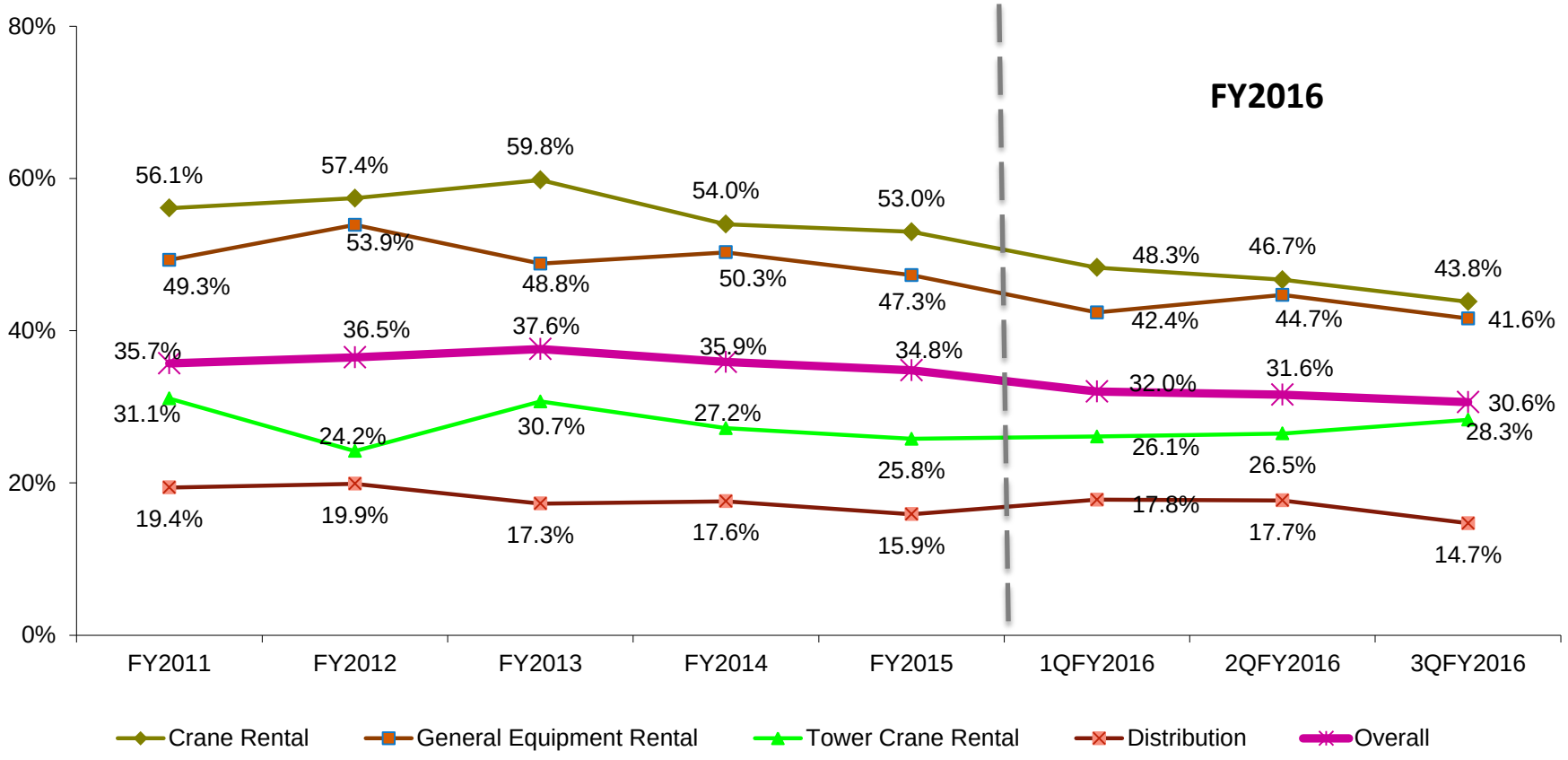
- Crane Rental: GPM fell 5.7% pts to 43.8% primarily due to lower margins in Australia as a result of higher outsourcing costs
- Tower Crane Rental: GPM improved 4.5% pts to 28.3% due to lower mobilisation/demobilisation costs
- General Equipment Rental: GPM decreased by 4.1% pts to 41.6% due to pricing pressure and higher cross hire charges
- Distribution: GPM fell 3.8% pts to 14.7% as the result of the sales of aged inventories at reduced margins



	3Q	9M
FY15 GP (GP Margin)	52.4(33.8%)	168.5(35.7%)
FY16 GP (GP Margin)	38.2 (30.6%)	126.1(31.4%)

Comparison is made against 3QFY2015 ended 31 December 2014

Gross Profit Margin Trend



3Q/9MFY2016 Results

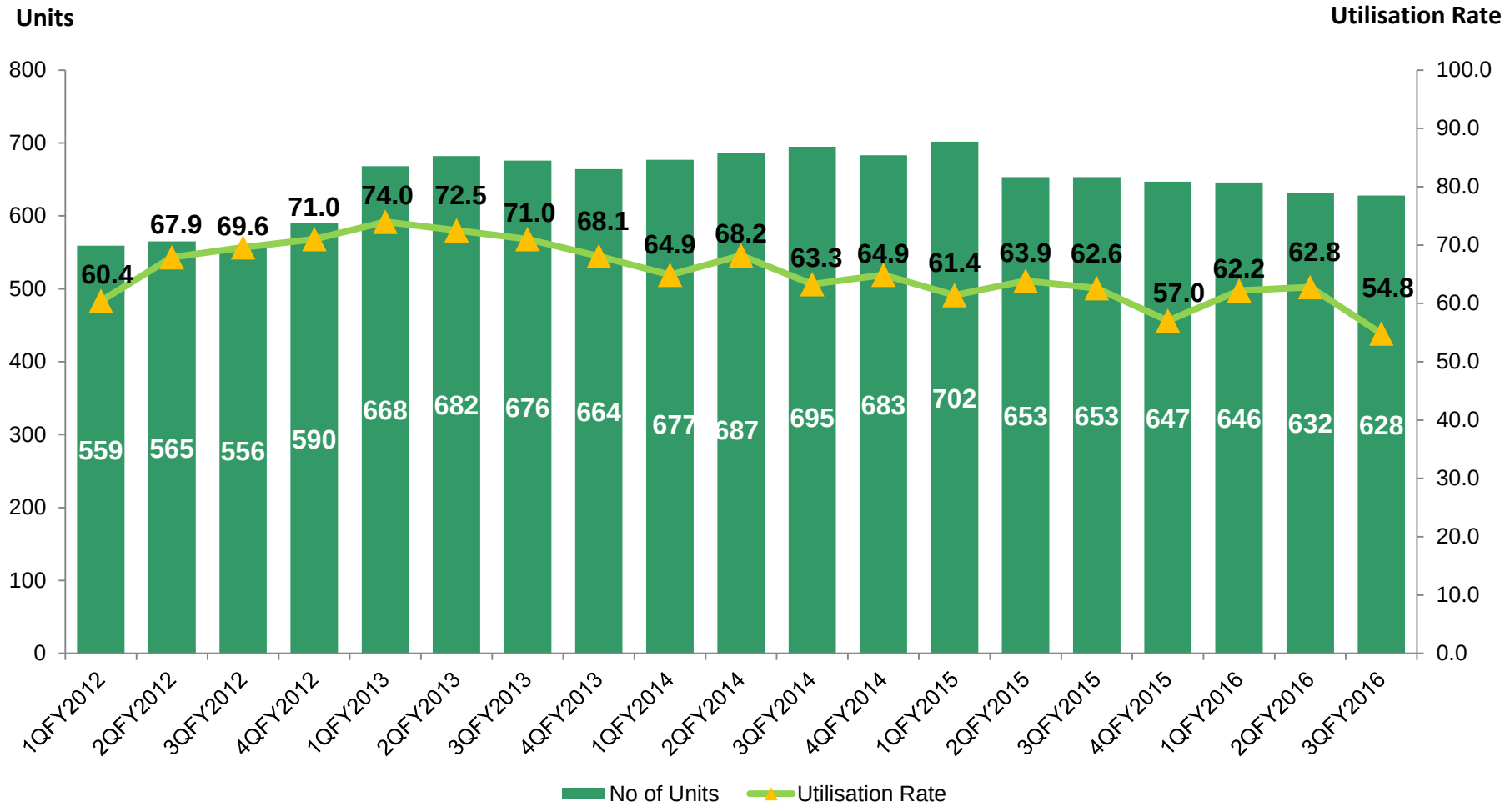
Fleet Update

Outlook and Prospects

Crawler/Mobile Crane Fleet

Size (Tonnes)	**No. of Cranes** *As at 31 Dec 2014*	**No. of Cranes** *As at 31 Dec 2015*
< 99 MT	406	**389**
100 – 199 MT	129	**123**
200 – 299 MT	82	**78**
> 300 MT	36	**38**
Total Units	653	**628**
Total Tonnage	78,415	**75,941**
Group Overall Utilisation Rate (based on tonnage)	62.6%	**54.8%**

Crawler/Mobile Crane Utilisation Rate

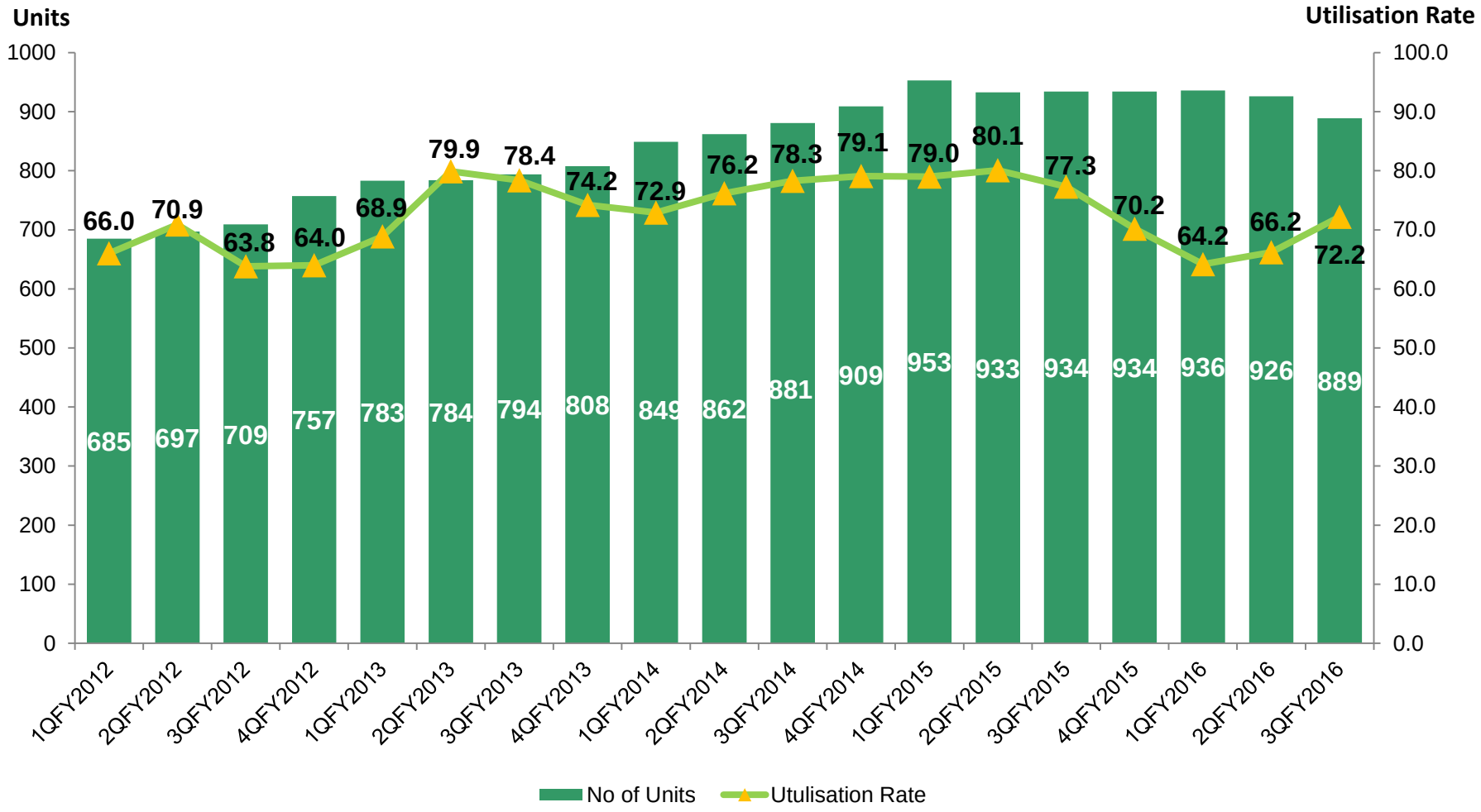


Tower Crane Fleet

Size (Tonne-Metres)	No. of Cranes *As at 31 Dec 2014*	No. of Cranes *As at 31 Dec 2015*
≤ 80 TM	198	**151**
81 - 300 TM	622	**647**
300 - 900 TM	73	**85**
≥ 901 TM	19	**6**
Others*	22	**-**
Total Units	934	**889**
Total Tonne-Metres	187,972	**177,728**
Group Overall Utilisation Rate (based on tonne-metres)	77.3%	**72.2%**

*Cranes from 3rd parties

Tower Crane Utilisation Rate



3Q/9MFY2016 Results

Fleet Update

Outlook and Prospects

Outlook and Prospects

The market weakness in the ASEAN countries and Australia for Crane Rental is expected to adversely affect the Division's performance.

The General Equipment Rental Division is not expected to perform well due to the slow recovery of the Australian construction sector.

Weak demand in the region and competitive market conditions will continue to affect the Distribution Division's performance.

The Tower Crane Rental division is expected to be stable in FY2016 on the back of a strong fleet size and new opportunities in the building, infrastructure, transport and power generation sectors in the People's Republic of China.

The Group is facing difficult economic and sectoral outlooks in its key markets and expects its performance to be depressed in FY2016. Consequently, the Group will continue to rationalise its operations and its defleeting exercise to reduce overall operating costs.



THANK YOU

TAT HONG HOLDINGS LTD

Appendix – On-going Projects

On-going Projects

SINGAPORE

- MRT Downtown Line
- MRT Thomson Line
- Jurong Island Projects
- Cogeneration Plant
- Tuas Finger Pier
- HDB projects
- Changi and Sengkang Hospitals

THAILAND

- Bangkok Mass Transit System projects
- EPC (INPEX) Project
- Highway projects
- Institutional buildings – hospitals and universities

MALAYSIA

- Refinery & Petrochemical Integrated Development (RAPID) Project
- Module Fabrication for Wheatstone LNG Project
- Re-gassification Terminal 2 (RGT-2)
- Cogen Power Plant (Pengerang)
- Integrated Aroma Ingredients Facility
- Balingin Coal Power Station (Sarawak)
- MLNG Jetty Project (Sarawak)

HONG KONG

- Central - Wanchai Bypass
- Hong Kong-Macau-Zhuhai Bridge project including link roads
- Shatin-Central Link (MTR)
- Express Rail Link project







Projects in SE Asia and Hong Kong



On-going Projects

AUSTRALIA

- Gorgon LNG
- Ichthys (INPEX) LNG Project
- Wheatstone LNG Project
- Mt Arthur Coal Mine
- Longford Gas Plant Expansion

OTHERS

PNG:

- Napa Napa Oil Refinery

Vietnam:

- Nghi Son Refinery

CHINA

- Power Plants /Stations:
  - Dalian HongYanhe (Nuclear)
  - Fujian Ningde (Nuclear)
  - Guangdong Taishan (Nuclear)
  - Guangdong Yangjiang (Nuclear)
  - Leshan Jiajiang (Nuclear)
  - Qinshan Barracks (Nuclear)
  - Tianwan (Nuclear)
  - Plus 10 other power plant/stations
- Infrastructure:
  - Chongqing North Station
  - Yuwan Railway
  - Shiyan Railway Station North Plaza
  - Shengyang Railway Station West Plaza
  - Tianhe Airport T3
  - Hangzhou Caifu Bridge
- Large Projects:
  - Nanjing Jiangsu Opera House
  - Shanghai International Airline Service Centre
  - Shanghai Pudong Finance Plaza
  - Tencent Beijing Headquarters
  - Xi'an YanChang Petrol Research Centre
  - Shanghai World Expo Museum
  - Wuhan New World Centre
  - Shenzhen Hanjing Finance Centre
  - Changsha International Urban City
  - Tianjin BinHai Cultural Centre



Projects in Australia







Projects in China



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