TUAN SING HOLDINGS LIMITED

Creating A Clear Distinction

# 1Q2018 RESULTS ANNOUNCEMENT

## 27 April 2018

# Overview

- Group's 1Q2018 revenue was $76.5 million, an increase of 2% as compared to $74.8 million in 1Q2017
- Net profit attributable to shareholders increased by 53% to $8.2 million in 1Q2018 (1Q2017: $5.3 million)
- Higher profit reported was attributable to a one-off $3.9 million gain on divestment of a subsidiary in China
- Earnings per share increased to 0.7 cent for 1Q2018 (1Q2017: 0.4 cent)
- Net asset value per share increased marginally from 83.4 cents at 31 December 2017 to 83.6 cents at 31 March 2018

# Group Financial Performance

| ($'m) | 1Q2018 | 1Q2017 (Restated#) | Chg |
|---|---|---|---|
| Revenue | 76.5 | 74.8 | 2% |
| Gross profit | 16.6 | 15.4 | 8% |
| Profit before tax & fair value adj | 9.7 | 6.3 | 54% |
| Profit before tax | 9.6 | 6.3 | 52% |
| Profit after tax | 8.2 | 5.3 | 56% |
| Net profit attributable to shareholders | 8.2 | 5.3 | 53% |
| EPS (cent) | 0.7 | 0.4 | 75% |

#The 2017 comparatives are restated as the Group has adopted a new Singapore financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") for annual periods beginning on or after 1 January 2018.

# Review of Financial Performance

- Administrative expenses were higher by 9% mainly because of higher manpower costs and additional legal fee provision in relation to the termination of the previous main contractor for Seletar Park Residence
- Decrease in distribution costs for 1Q2018 was due mainly to i) lower promotion expense in the residential projects and ii) lower manpower cost from Industrial Services because of the discontinuation of the tyre distribution
- Increase in other operating income in 1Q2018 of $5.7 million over 1Q2017 was mainly attributable to a net gain of $3.9 million on divestment of a subsidiary in China
- Decrease in other operating expenses in 1Q2018 was due mainly to a decrease in allowance for diminution in value for development properties of $0.4 million but offset by an increase in allowance for doubtful trade and other receivables of $0.3 million
- Share of results of 44.5%-owned GulTech increased 16% to $4.2 million in 1Q2018.
- Overall, the Group’s profit after tax increased 56% to $8.2 million in 1Q2018; from $5.3 million in the same quarter last year

# Group Financial Position

| ($'m) | 31.03.18 | 31.12.17 (Restated#) | Chg |
|---|---|---|---|
| Total assets | 2,628.4 | 2,642.1 | -1% |
| Total liabilities | 1,625.9 | 1,641.9 | -1% |
| Total borrowings | 1,456.3 | 1,458.1 | * |
| Cash and bank balances | 221.1 | 216.8 | +2% |
| Shareholders' funds | 992.0 | 989.6 | * |
| NAV per share (cents) | 83.6 | 83.4 | * |
| Gross gearing^ | 1.45X | 1.46X | -1% |
| Net gearing^^ | 1.23X | 1.24X | -1% |

^ Gross gearing = total borrowings / total equity

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

* Less than 1% change

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# Review of Financial Position

- As at 31 March 2018, both the Group's total assets and total liabilities decreased marginally. Total assets decreased to $2,628.4 million, from $2,642.1 million at the previous year-end. Total liabilities decreased to $1,625.9 million as compared to $1,641.9 million at the previous year-end
- Net gearing improved slightly to 1.23 times from 1.24 times
- Shareholders' funds stood at $992.0 million, from $989.6 million as at the previous year-end reflecting profit made in the quarter offset by foreign currency translation loss caused by the depreciation of USD and AUD against SGD

# Group Cash Flow

| ($'m) | 1Q2018 | 1Q2017 (Restated#) |
|---|---|---|
| Operating cash flow | 13.6 | 2.3 |
| Investing cash flow | (7.0) | (12.6) |
| Financing cash flow | (1.8) | (10.5) |
| Foreign currency translation adjustments | (0.7) | (0.7) |
| Cash & cash equivalent at period-end^ | 155.1 | 74.4 |
| Free cash in / (out) flow^^ | 6.6 | (10.3) |

^ Net of encumbered bank balances

^^ Free cash flow = operating cash flow + investing cash flow

# The 2017 comparatives are restated as the Group has adopted a new Singapore financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") for annual periods beginning on or after 1 January 2018

# Review of Cash Flow

- Net cash generated from operating activities of $13.6 million was mainly from the sale of completed development properties
- Net cash used in investing activities was $7.0 million were inclusive of the construction payments for 18 Robinson of $20.9 million but offset by the proceeds of $16 million from disposal of a subsidiary in China
- Net cash of $1.8 million was used in financing activities consisting mainly of interest payment of $4.5 million offset by the net borrowings of $2.7 million. For last year, net cash of $10.5 million was used in financing activities consisting of net loan repayment of $4.3 million and interest payment of $6.2 million
- As a result of the aforementioned, cash and cash equivalents stood at $155.1 million as at 31 March 2018. There was a free cash inflow of $6.6 million as contrast to free cash outflow of $10.3 million in the same period last year

# Revenue by Segment

| ($'m) | 1Q2018 | 1Q2017 (Restated#) | Chg |
|---|---|---|---|
| Property | 17.2 | 19.5 | -12% |
| Hotels Investment | 29.2 | 29.6 | -1% |
| Industrial Services | 30.4 | 26.0 | +17% |
| Other Investments^^ | - | - | - |
| Corporate & Others# | (0.3) | (0.3) | * |
| **Group Total** | 76.5 | 74.8 | +2% |
| **Proforma Group including Associates** | 185.4 | 169.7 | +9% |

**1Q2018 Revenue increased due mainly to higher contribution from Industrial Services 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
# The 2017 comparatives are restated as the Group has adopted a new Singapore financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") for annual periods beginning on or after 1 January 2018

# Profit after tax by Segment

| ($'m) | 1Q2018 | 1Q2017 (Restated#) | Chg |
|---|---|---|---|
| Property | 7.4 | 3.5 | +111% |
| Hotels Investment | 2.2 | 1.4 | +57% |
| Industrial Services | (0.05) | (0.34) | -85% |
| Other Investments | 4.1 | 3.6 | +14% |
| Corporate & Others** | (5.5) | (2.9) | +90% |
| **Group Total** | 8.2 | 5.3 | +55% |

**Group's higher total profit after tax was due to a one-off $3.9 million gain on divestment of a subsidiary in the Property segment**

** Comprise mainly group-level services and consolidation adjustments

# The 2017 comparatives are restated as the Group has adopted a new Singapore financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") for annual periods beginning on or after 1 January 2018

# Property

- As there were few remaining unsold units in Sennett Residence and Cluny Park Residence and Kandis Residence not yet officially launched, property revenue for 1Q2018 decreased by 12% to $17.2 million from $19.5 million in the same period last year

# Hotels Investment

- For 1Q2018, Hotels Investment reported revenue of $29.2 million (A$28.1 million) as compared to $29.6 million (A$27.6 million) in the same period a year ago. Grand Hyatt Melbourne and Hyatt Regency Perth registered a combined 2% increase in RevPAR with higher occupancy rates
- 1Q2018 net income increased by 1.5% to $6.8 million (A$6.6 million) from $6.7 million (A$6.3 million) in 1Q2017. As a result, profit after tax was $2.2 million (A$2.1 million); higher than the $1.4 million (A$1.3 million) reported last year

# Industrial Services

- For 1Q2018, Industrial Services reported higher revenue of $30.4 million as compared to $26.0 million the same period a year ago. It had higher activities from Commodities Trading despite the absence of activities from the tyre distribution
- Industrial Services reported a marginal loss after tax of $45,000

# Other Investments

- For 1Q2018, GulTech reported revenue of $106.9 million (US$80.9 million), an increase of 15% from $92.6 million (US$65.2 million) in the previous corresponding quarter. All its three plants performed better than in the corresponding period
- GulTech reported net profit attributable to shareholders of $9.6 million (US$7.2 million) for 1Q2018, an increase of 19% from $8.1 million (US$5.7 million) in 1Q2017
- This translated into an increase in the Group's share of net profit of $4.1 million as compared to $3.6 million in the same quarter last year

# Outlook

- In 2018, Singapore's residential property sector is expected to have a moderate increase in price and volume. The Group has sold most of its completed units and will now focus on Kandis Residence and Remaja project as well as the repositioning of the property at 896 Dunearn Road
- The completion of 18 Robinson before the end of 2018 will enable us to realise a material developer's profit. Rental of the new building will also provide a steady stream of recurring income thereafter
- Written Planning Approval has been obtained from the City of Perth for the Asset Enhancement Initiative in respect of Hyatt Centre. The Group planned to commence the enhancement work in the last quarter of 2018. When completed, it would be a significant commercial and retail hub in Perth
- Subject to the relevant authorities' approval, the Group plans to launch the Batam Marina City's initial phase of the integrated township development comprising condotels, retail outlets, food & beverage and entertainment spaces by end 2018
- The Group will continue to explore acquisitions of well-located sites for residential and commercial development properties in Singapore, Australia, Indonesia, China and elsewhere
- Barring unforeseen circumstances, the Group will be profitable for the year 2018

# Thank You

## For further information, please contact:

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