TUAN SING HOLDINGS LIMITED

Creating A Clear Distinction

2Q2018 AND 1H2018 RESULTS ANNOUNCEMENT

25 July 2018

Overview

- Group's 2Q2018 revenue was $81.7 million, a decrease of 3% as compared to $84.1 million in 2Q2017. Revenue for 1H2018 was $158.1 million, a decrease of less than 1% from $158.9 million in 1H2017
- Net profit attributable to shareholders increased by 70% to $3.0 million in 2Q2018 (2Q2017: $1.8 million). For 1H2018, it was $11.1 million, an increase of 58% from $7.1 million in 1H2017
- Higher profits were mainly attributable to the one-off $3.9 million gain arising from the sale of a plot land in Qingdao, China
- Earnings per share increased to 0.3 cent for 2Q2018 (2Q2017: 0.1 cent) and 0.9 cent for 1H2018 (1H2017: 0.6 cent)
- Net asset value per share decreased marginally from 83.4 cents at 31 December 2017 to 82.4 cents at 30 June 2018

Group Financial Performance

($'m)	2Q2018	2Q2017 (Restated#)	Chg	1H2018	1H2017 (Restated#)	Chg
Revenue	81.7	84.1	-3%	158.1	158.9	*
Gross profit	15.5	12.6	23%	32.1	27.9	15%
Profit before tax & fair value adj	4.3	2.5	76%	14.0	8.7	60%
Profit before tax	4.2	2.3	79%	13.8	8.6	60%
Profit after tax	3.1	1.7	77%	11.3	7.0	61%
Net profit attributable to shareholders	3.0	1.8	70%	11.1	7.1	58%
EPS (cents)	0.3	0.1	200%	0.9	0.6	50%

* Less than 1% change

#The 2017 comparatives are restated as the Group has adopted the Singapore financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") as from 1 January 2018.

Review of Financial Performance

- The decrease in group revenue was mainly due to lower sales of residential development projects and a slight decrease of revenue from the hotels business but was partially offset by higher contribution in the Industrial Services
- Distribution costs for both periods decreased mainly because of lower promotion expenses in the residential projects as well as lower manpower costs from Industrial Services segment following the cessation of tyre distribution since December 2017
- The increase in other operating income for 2Q2018 was mainly attributable to higher gain on foreign exchange. For 1H2018, it was also helped by a net gain of $3.9 million arising from the sale of a plot land in Qingdao, China
- The increase in other operating expenses for 2Q2018 was mainly due to an increase in allowance for doubtful trade and other receivables. In 1H2017, it was the higher allowance in diminution in value for development properties
- Share of results of 44.5%-owned GulTech was $4.9 million in 2Q2018 and $9.1 million in 1H2018, an increase of 29% and 23% respectively. All its three plants performed well.
- Overall, the Group's profit after tax (inclusive of fair value loss of $0.1 million in 2Q2018 and $0.2 million in 1H2018) increased 77% to $3.1 million in 2Q2018 and 61% to $11.3 million in 1H2018

Group Financial Position

($'m)	30.06.18	31.12.17 (Restated#)	Chg
Total assets	2,670.5	2,642.1	1%
Total liabilities	1,673.7	1,641.9	2%
Total borrowings	1,478.0	1,458.1	1%
Cash and bank balances	162.9	216.8	-25%
Shareholders' funds	982.0	989.6	-1%
NAV per share (cents)	82.4	83.4	-1%
Gross gearing^	1.48X	1.46X	1%
Net gearing^^	1.32X	1.24X	6%

^ Gross gearing = total borrowings / total equity

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

The 2017 comparatives are restated as the Group has adopted the Singapore financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") as from 1 January 2018

Review of Financial Position

- As at 30 June 2018, both the Group's total assets and total liabilities increased marginally. The increase reflected the purchase of land in Batam, Indonesia, the Remaja development and 18 Robinson construction and the corresponding borrowing
- Gross gearing increased from 1.46 times to 1.48 times, and net gearing increased from 1.24 times to 1.32 times
- Shareholders' fund dropped 1% or $7.6 million to $982.0 million from the previous year end. The decrease was because the Company's profit for the six months of $11.1 million was insufficient to cover its payment of dividends to shareholders of $5.4 million, goodwill paid over the acquisition of the remaining 49.0% shareholdings in Gultech (Wuxi) of $11.2 million and foreign currency translation loss of $2.2 million
- Under the Tuan Sing Scrip Dividend Scheme, 4.4 million new shares were issued in June 2018. On 2 April 2018, 100,000 ordinary shares were purchased under the "Share Purchase Mandate" and cancelled on the same day. Accordingly, the Company's share capital increased by approximately $1.6 million to $174.2 million as at 30 June 2018

Group Cash Flow

($'m)	1H2018	1H2017 (Restated[#])
Operating cash flow	3.5	(2.8)
Investing cash flow	(58.0)	(400.9)
Financing cash flow	0.3	422.0
Foreign currency translation adjustments	(0.9)	(1.3)
Cash & cash equivalent at period-end^	96.0	112.9
Free cash out flow^^	(54.5)	(403.7)

^ Net of encumbered bank balances

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

[#] The 2017 comparatives are restated as the Group has adopted the new Singapore financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") as from 1 January 2018

Review of Cash Flow

- Net cash generated from operating activities of $3.5 million was mainly from the sale of completed development properties
- Net cash used in investing activities was $58.0 million comprised mainly construction of 18 Robinson of $42.6 million, the acquisition of 333 Thomson Road (formerly known as "Peak Court") for $16.7 million, Batam Land for $11.3 million, and proceeds of $16.0 million from the disposal of a plot of land in China
- Net cash of $0.3 million was generated from financing activities, reflecting mainly net borrowings taken up, nett of interest and dividend payments made. As compared to last year, net cash from financing activities was $422.0 million, reflecting mainly net borrowings of $443.4 million which included the Series II notes of $150.0 million, drawing down of facilities for the acquisition of the Sime Darby Centre (now known as "896 Dunearn Road") and for the purchase of the Remaja land
- As a result of the aforementioned, cash and cash equivalents stood at $96.0 million as at 30 June 2018. There was a free cash outflow of $54.5 million in 1H2018, a decrease from $403.7 million in 1H2017.

Revenue by Segment

($'m)	1H2018	1H2017 (Restated#)	Chg
Property	35.4	38.6	-8%
Hotels Investment	54.5	57.5	-5%
Industrial Services	68.8	63.4	9%
Other Investments^^	-	-	-
Corporate & Others@	(0.6)	(0.6)	*
Group Total	**158.1**	**158.9**	**-1%**
Proforma Group including Associates	**381.0**	**355.1**	**7%**

1H2018 Revenue decreased mainly due to lower contribution from Property and Hotels Investment Segments

^^ 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 the Singapore financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") as from 1 January 2018

Profit after tax by Segment

($'m)	1H2018	1H2017 (Restated#)	Chg
Property	10.8	5.0	116%
Hotels Investment	1.3	1.1	18%
Industrial Services	0.4	(0.5)	nm
Other Investments	8.9	7.3	22%
Corporate & Others**	(10.1)	(5.9)	71%
Group Total	11.3	7.0	61%

Group's higher total profit after tax was mainly due to a one-off $3.9 million gain on disposal of a plot of land in China

** Comprise mainly group-level services and consolidation adjustments

The 2017 comparatives are restated as the Group has adopted the Singapore financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") as from 1 January 2018

Property

- Property revenue for 1H2018 decreased 8% to $35.4 million from the same period last year as most of the units in Sennett Residence and Cluny Park Residence have been sold. Sale in the Kandis Residence which launched in 2Q2018 formed the bulk of the development property revenue

Hotels Investment

- For 1H2018, Hotels Investment reported revenue of $54.5 million (A$53.2 million) as compared to $57.5 million (A$54.3 million) in the same period a year ago. The higher increase in RevPAR and occupancy rate of Melbourne was insufficient to cushion the decrease in RevPAR in Perth leading to the slight decrease in overall hotel performance
- Net income for 1H2018 decreased by 5.1% to $11.2 million (A$10.9 million) from $11.8 million (A$11.1 million) last year
- Profit after tax of A$1.3 million in 1H2018 was higher than A$0.9 million in 1H2017, mainly attributable to higher other operating income of $0.5 million arising from the reversal of a provision for structural removal cost no longer required

Industrial Services

- For 1H2018, Industrial Services reported higher revenue of $68.8 million as compared to $63.4 million in the corresponding period last year, despite that it had ceased tyres distribution
- Accordingly, it reported a profit after tax of $0.4 million as opposed to a loss after tax of $0.5 million last year. The loss last year was caused by the loss in tyres distribution

Other Investments

- For 1H2018, GulTech reported revenue of US$165.0 million as compared to US$136.4 million in 1H2017. The increase was mainly attributable to improved performance from all its three plants in China
- GulTech reported net profit attributable to shareholders of US$15.4 million for 1H2018, an increase of 31% from US$11.7 million in 1H2017, due to higher contribution from all three plants in China
- This brings about an increase in the Group's share of net profit (including fair value adjustment) of $9.1 million as compared to $7.4 million in 1H2017

Outlook

- The Group has sold most of its completed units and going forward will focus on the Kandis Residence and the Remaja development as well as the repositioning of the property at 896 Dunearn Road
- In May 2018, the Group through its 70% subsidiary successfully acquired Peak Court, a freehold residential site at 333 Thomson Road for $118.88 million through a collective sale tender. The project will be developed into an upscale condominium after the completion of the acquisition in August 2018
- Completion of 18 Robinson before year end will enable the Group to realise a material developer's profit. Rental from the new Grade A office building will also provide a steady stream of recurring income thereafter. An approximately 50% of 18 Robinson has been leased out as of July 2018.
- Barring unforeseen circumstances, the Group will be profitable for the year 2018

Thank You

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