TUAN SING HOLDINGS LIMITED

Creating A Clear Distinction



FY2015 RESULTS ANNOUNCEMENT

28 January 2016

Overview

- 4Q2015 revenue was $143.4m, and net profit attributable to shareholders recorded at $14.4m which was inclusive of net fair value loss of $8.1m and allowance for diminution in value for development properties of $1.2m
- FY2015 revenue increased 91% to $677.1m, and net profit attributable to shareholders increased by a subdued 13% to $68.8m caused by the aforesaid fair value loss and allowance for diminution in value for development properties totaling $8.9m for the year
- Earnings per share came in at 1.2 cents for 4Q2015; 5.8 cents for FY2015
- Net asset value per share stood at 74.4 cents at 31 December 2015, up from 68.3 cents a year earlier
- The directors propose a first and final one-tier tax exempt dividend of 0.6 cent per share, up from 0.5 cent last year

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Group Financial Performance

($'m)	FY2015	FY2014	Chg
Revenue	677.1	354.8	+91%
Gross profit	141.9	68.6	+107%
Profit before tax & fair value adj	88.7	69.5	+28%
Profit before tax	80.7	76.0	+6%
Profit after tax	69.1	61.6	+12%
Net profit attributable to shareholders	68.8	61.2	+13%
EPS (cents)	5.8	5.2	+12%

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Review of Financial Performance

- Full year revenue increase of 91% to $677.1m was attributable to higher contribution from Property and the consolidation of GHG
- Gross profit was up 107% to $141.9m on the back of higher revenue and better gross margin
- Profit before tax and fair value adjustments grew 28% to $88.7m with higher gross profit offset partially by allowance for diminution in value for development properties & consolidation of GHG's expenses
- Profit after tax was up 12% to $69.1m due to a net fair value loss of $8.0m being recognised this year as compared to a net fair value gain of $6.5m a year ago
- After accounting for non-controlling interests' share of profit, net profit attributable to shareholders improved 13% to $68.8m

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Group Financial Position

($'m)	31.12.15	31.12.14	Chg
Total assets	2,162.5	2,306.3	-6%
Total liabilities	1,275.0	1,493.3	-15%
Total borrowings	1,106.3	1,344.9	-18%
Cash and bank balances	141.7	252.3	-44%
Shareholders' funds	876.8	802.9	+9%
NAV per share (cents)	74.4	68.3	+9%
Gross gearing^	1.25X	1.65X	-24%
Net gearing^^	1.09X	1.34X	-19%

^ Gross gearing = total borrowings / total equity

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

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Review of Financial Position

- Total assets decreased 6% to $2,162.5m as a result of lower cash and bank balances after repaying certain of project loans, lower carrying amount of development properties after TOP of Seletar Park Residence
- Total liabilities decreased 15% to $1,275.0m, attributable primarily to a reduction in bank borrowings after repayment of project loans
- Accordingly, gross gearing improved to 1.25 times and net gearing improved to 1.09 times
- Shareholders' funds grew 9% or $73.9m to $876.8m reflecting profit and revaluation gain recognised, net of foreign currency translation losses, cash flow hedge losses and the Company's payment of dividend to shareholders

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Group Cash Flow

($'m)	FY2015	FY2014
Operating cash flow	152.3	13.7
Investing cash flow	(4.9)	(105.5)
Financing cash flow	(228.8)	66.0
Foreign currency translation adjustments	(0.3)	0.7
Cash & cash equivalent at year-end^	105.7	187.4
Free cash inflow/(outflow) ^^	147.4	(91.9)

^ Net of encumbered bank balances
^^ Free cash flow = operating cash flow + investing cash flow

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Review of Cash Flow

- Free cash inflow for the year was $147.4m
- Net cash from operating activities was $152.3m as more cash was generated from development properties, coupled with higher interest receipt offset by higher income tax payments
- Net cash used in investing activities was $4.9m with major cash spent for redevelopment of the Robinson Towers site and capital expenditures for the two hotels offset by dividend of $8.6m received from GulTech
- Net cash used in financing activities was $228.8m, reflecting a net loan repayment of $220.0m , interest payment of $34.2m and cash dividend paid to shareholders of $4.9m, offset by a decrease in bank deposit pledged at the year-end
- As a result, cash and cash equivalents decreased to $105.7m at 31 December 2015, down from $187.4m at 31 December 2014

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Revenue by Segment

($'m)	FY2015	FY2014	Chg
Property	404.0	203.0	+99%
Hotels Investment^	145.5	12.0	+1110%
Industrial Services	128.3	140.3	-9%
Other Investments^^	-	-	nm
Corporate & Others#	(0.7)	(0.5)	-15%
Group Total	677.1	354.8	+91%
Proforma Group including JV / Assoc	1,023.4	863.3	+19%

Revenue increased due to higher contribution from Property and consolidation of GHG's revenue

^ Revenue reported under "Hotels Investment" relates to GHG's results post-acquisition since 2 December 2014. Prior to that, the Group equity-accounted for its 50% interest in GHG

^^ GulTech and Pan-West were not included as their results were equity accounted for

Refer to the aggregation of corproate-level services and consolidation adjustments

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Profit Before Tax & FV Adj by Segment

($'m)	FY2015	FY2014	Chg
Property	60.4	41.1	+47%
Hotels Investment	14.7	15.8	-7%
Industrial Services	1.3	1.9	-30%
Other Investments	6.8	12.0	-43%
Corporate & Others#	5.5	(1.3)	nm
Group Total	88.7	69.5	+28%

All business segments were profitable at operating level, led by Property and Hotels Investment

Refer to the aggregation of corporate-level services and consolidation adjustments

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Profit after tax by Segment

($'m)	FY2015	FY2014	Chg
Property	50.4	36.6	+38%
Hotels Investment	5.2	13.0	-60%
Industrial Services	1.3	1.8	-30%
Other Investments	6.7	11.5	-42%
Corporate & Others#	5.5	(1.3)	nm
Group Total	69.1	61.6	+12%

Property remained the key driver contributing 73% of the Group's total profit after tax in 2015

Refer to the aggregation of corporate-level services and consolidation adjustments

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Property

- Property revenue increased 99% to $404.0m; profit before tax and fair value adjustments improved 47% to $60.4m
- Seletar Park Residence received TOP in August 2015; Progressive recognition of revenue for units sold at Seletar Park Residence, Sennett Residence, and Cluny Park Residence formed the bulk of property revenue and profit in 2015
- Rental income from investment properties remained comparable at $16.4m, and an allowance for diminution in value of $8.9m was made for development properties in China & Singapore
- Net fair value gain decreased to $1.2m, as compared to $3.3m in 2014, both arose from investment properties in Singapore
- Property remained the key driver, contributing $50.4m or 73% of the Group's total profit after tax in 2015

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Hotels Investment

- Full year revenue A$140.6m , full year net portfolio income A$42.8m
- Net income from hotel operations increased to A$28.2m attributable to a combined 4% y-o-y improvement in RevPAR registered by Grand Hyatt Melbourne and Hyatt Regency Perth
- Net income from non-hotel operations decreased to A$14.6m due mainly to underperformance in Perth office and carpark operations which in turn was caused by a slow-down in the mining industry in Western Australia
- Interest expenses decreased, but a net fair value loss of A$8.8m was recorded for non-hotel investment properties (office, retail & carpark)
- Overall, Hotels Investment contributed a profit after tax of S$5.2m, lower than last year's S$13.0m. A year ago, there was a one-time GHG net acquisition gain of approx. S$9.1m

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Industrial Services

- Industrial Services revenue decreased to $128.3m as compared to $140.3m last year
- Profit after tax was lower at $1.3m, as compared to $1.8m last year
- Current year results were weighed down by SP Corp's subdued tyre distribution and commodities trading activities amidst an overall decrease in commodity prices
- As a result, SP Corp's profit after tax dipped 31% to $1.5m, as compared to $2.1m a year earlier

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Other Investments

- GulTech reported revenue of US$242.9m and profit after tax of US$22.5m
- GulTech's net profit attributable to shareholders was US$10.9m despite challenging industry environment and start-up expenses for its new plant in China
- This translated into a share of net profit (including fair value adjustments) of S$6.7m for the Group

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Outlook

- The Group has low stock of unsold units and does not face imminent regulatory fees
- As Seletar Park Residence & Sennett Residence combined were more than 95% sold while Cluny Park Residence had been about 50% sold, the Group's revenue and profit in 2016 would continue to come from these projects
- Robinson Point has been fully leased out, and redevelopment of the Robinson Tower site is in progress
- Hotels investment to perform satisfactory with arrivals into Melbourne continuing to grow, even though Perth may remain affected by the depressed mining industry in Western Australia
- The Group will continue to actively seek well-located sites for residential and commercial development in Singapore and overseas markets
- Barring unforeseen circumstances, the Group is optimistic of achieving satisfactory operational performance for 2016

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Thank You

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