



NEWS RELEASE

KOH BROTHERS POSTS S\$104.1 MILLION IN REVENUE FOR 1H2020 AMID CHALLENGING OPERATING ENVIRONMENT

- *Adverse impact from COVID-19 pandemic, with net loss attributable to shareholders of S\$17.8 million*
- *Prudently manage and conserve essential resources to prepare for a post-pandemic recovery*
- *Balance sheet remains healthy with S\$91.5 million in cash and bank balances*

Singapore, 7 August 2020 – Well-established construction, property development and specialist engineering solutions provider, Koh Brothers Group Limited (“**Koh Brothers**”, 許兄弟有限公司, or the “**Group**”), today reported a 35% decrease in revenue to S\$104.1 million for the six-month period ended 30 June 2020 (“**1H2020**”) from S\$161.3 million a year ago (“**1H2019**”).

Mr. Francis Koh (许庆祥), Managing Director and Group CEO of Koh Brothers, commented, “When the circuit breaker was implemented to curb the spread of COVID-19, the economy came to a standstill. Our construction activities had to stop, malls had to shut, even our Van Holland sales gallery had to close. This pandemic has posed a great challenge and setback to many sectors. Even as we are in Phase 2 of the easing, it has continued to be operationally challenging. We are still unable to resume our operations to pre-COVID levels, especially in the construction sector as there are additional safety and precautionary measures to fulfill at each construction site before resumption of work.”

“Though we expect the environment we operate in to continue to be challenging ahead, we will leverage on our track record, experience and expertise to tender for more construction projects to fill our order book. We will also continue to prudently manage and conserve essential resources to prepare for a post-pandemic recovery.”

Financial Highlights

1H2020 revenue decreased 35% to S\$104.1 million as compared to S\$161.3 million in 1H2019 mainly due to significantly lower level of activities in the Construction and Building Materials division. The Singapore government’s circuit breaker measures had severely impacted the Group’s business, causing a halt in most of its construction projects, delay to project schedules, increased costs, and disruption in project management. This resulted in a gross loss of S\$11.2 million for the period under review as compared to a gross profit of S\$8.9 million in 1H2019.

Share of profit from associated companies and joint ventures declined 59% to S\$3.9 million in 1H2020 from S\$9.7 million a year ago due to absence of fair value gain and lower profit contribution from an investment property held through a joint venture.

The Group also had a decrease of 12% and 29% in distribution and marketing and administrative expenses respectively. This was a result of lower sales and marketing costs, and lower staff costs.

In line with the above, the Group reported a net loss attributable to shareholders of S\$17.8 million in 1H2020, from a net profit attributable to shareholders of S\$2.4 million in 1H2019.

Cash and bank balances at the end of the financial period stood at S\$91.5 million. The Group’s debt servicing ability and liquidity remain comfortable with a current ratio of 2.2x and net gearing ratio of 0.99x as at 30 June 2020.

Net asset value per share was 69.13 Singapore cents as at 30 June 2020 compared to 73.17 Singapore cents as at 31 December 2019. Cash and bank balances remained healthy at S\$91.5 million while shareholders' equity stood at S\$285.1 million as at 30 June 2020.

Outlook and Strategies

Based on advanced estimates from the Ministry of Trade and Industry, the Singapore economy contracted by 12.6% on a year-on-year basis in 2Q2020 due to the circuit breaker measures that were implemented from 7 April to 1 June 2020. On a quarter-on-quarter, seasonally-adjusted annualised basis, the economy contracted 41.2% in the same quarter, compared to a 3.3% contraction in the preceding quarter¹.

The MTI numbers also showed a contraction of 54.7% in the construction sector in 2Q2020, as compared to a 1.1% decline in the previous quarter¹. Construction output weakened due to the circuit breaker measures which caused a halt in construction activities as well as manpower disruptions. On a quarter-on-quarter, seasonally-adjusted annualised basis, the construction sector shrank by 95.6% in 2Q2020, significantly worse than the 12.2% contraction in the preceding quarter.

On the property development front, Urban Redevelopment Authority's 2Q2020 real estate statistics showed a 0.3% increase in prices of private residential properties compared to the 1.0% decline in 1Q2020². Developers launched 1,852 units for sale and sold 1,713 units in 2Q2020, compared to 2,093 units launched and 2,149 units sold in 1Q2020².

¹ Ministry of Trade and Industry, 14 July 2020 – Singapore's GDP contracted by 12.6% in the second quarter of 2020

² Urban Redevelopment Authority, 24 July 2020 – Release of 2nd Quarter 2020 real estate statistics

Backed by over five decades of experience and a proven track record of public infrastructure projects, Koh Brothers will continue to be prudent in tendering for more construction projects and will remain focused on conserving essential resources in anticipation of a post-pandemic recovery. As at June 2020, the Group has also sold approximately 15 units in its Van Holland development, and will remain cautious and selective in replenishing its land bank.

About Koh Brothers Group Limited

Listed on SGX Mainboard 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, Koh Brothers has more than 40 subsidiaries, joint venture companies and associated companies spread over Singapore, the PRC, Indonesia, Malaysia and South Korea.

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

Koh Brothers’ diversified businesses present them with multiple revenue streams from three core areas:

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

The Group is also the single-largest shareholder of SGX Catalist-listed Koh Brothers Eco Engineering Ltd (“**Koh Brothers Eco**”), a sustainable engineering solutions group that provides engineering, procurement and construction (“**EPC**”) services for water and wastewater treatment, hydro-engineering, bio-refinery and bio-energy projects. Through Koh Brothers Eco, the combined Group is able to reap synergies to offer turnkey engineering solutions and tap opportunities in the water and wastewater treatment, and hydro-engineering sectors.

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