TUAN SING HOLDINGS LIMITED

Creating A Clear Distinction

3Q2018 AND 9M2018 RESULTS ANNOUNCEMENT

24 October 2018

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Group Financial Performance

($'m)	3Q2018	3Q2017 (Restated#)	Chg	9M2018	9M2017 (Restated#)	Chg
Revenue	94.6	101.0	-6%	252.8	259.9	-3%
Gross profit	17.8	16.8	6%	49.9	44.8	12%
Profit before tax & fair value adj	5.2	7.0	-26%	19.1	15.7	22%
Profit before tax	5.2	7.0	-26%	19.0	15.7	21%
Profit after tax	3.8	5.9	-34%	15.1	12.8	18%
Net profit attributable to shareholders	3.8	5.8	-35%	14.9	12.9	16%
EPS (cents)	0.3	0.5	-40%	1.3	1.1	18%

#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.

Overview

- **Group's revenue for 3Q2018 was $94.6 million** (vs $101.0 million, 3Q2017), a decrease of 6%.
- **Revenue for 9M2018 was $252.8 million** (vs $259.9 million, 9M2017), a decrease of 3%.
- The decrease for both periods was mainly due to lower sales of residential development projects and hotels business, which was offset by higher revenue in the Industrial Services.

- **Net profit attributable to shareholders for 3Q2018 decreased by 35% to $3.8 million** as compared to the corresponding period last year mainly due to the absence of the $2.9 million liquidated damages received.
- **Net profit attributable to shareholders for 9M2018 increased by 16% to $14.9 million** as compared to the corresponding period last year mainly due to a $3.9 million gain from the divestment of a subsidiary in China and higher profit from GulTech which was offset by the absence of a liquidated damage received in 2017.

- **Earnings per share was 0.3 cent for 3Q2018 and 1.3 cents for 9M2018**, as compared to 0.5 cent and 1.1 cents respectively a year earlier
- **Net asset value per share was 82.0 cents per share as at 30 September 2018**, as compared to 83.4 cents as at 31 December 2017.

Revenue by Segment

($'m)	9M2018	9M2017 (Restated#)	Chg
Property	65.2	74.5	-12%
Hotels Investment	81.2	87.6	-7%
Industrial Services	107.4	98.7	9%
Other Investments^^	-	-	-
Corporate & Others@	(1.0)	(0.9)	11%
Group Total	252.8	259.9	-3%
Proforma Group including Associates	595.7	566.7	5%

9M2018 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
# 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)	9M2018	9M2017 (Restated#)	Chg
Property	12.7	9.3	37%
Hotels Investment	1.9	1.8	6%
Industrial Services	0.8	(0.1)	nm
Other Investments	15.2	11.9	28%
Corporate & Others**	(15.5)	(10.0)	55%
Group Total	15.1	12.8	18%

Group's higher total profit after tax was mainly due to a one-off $3.9 million gain on divestment of a subsidiary 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 Segment revenue for 9M2018 was $65.2 million** as compared to $74.5 million in the same period last year, a decrease of $9.4 million or 13%.
- The decrease was mainly due to a decline in sales of development properties as most of the units in Cluny Park Residence have been sold last year. This was partially offset by the increase in sales from Kandis Residence and increase in revenue from investment properties mainly due to the acquisition of 896 Dunearn Road in June 2017.

- **Profit for the 9M2018 was $12.7 million** as compared to $9.3 million in the same period last year.
- The increase of profit was mainly due to the one-off gain of $3.9 million from the divestment of a subsidiary in China.

Hotels Investment

- **Hotels Investment Segment revenue for 9M2018 was $81.2 million** (or A$79.9 million) as compared to $87.6 million (or A$82.3 million) in the same period last year, a decrease of $6.4 million (or A$2.4 million).

- Melbourne hotel performed better with increase in RevPAR and occupancy rate.
- However, it was offset by the weaker performance of the Perth hotel.

- **Profit for 9M2018 was $1.9 million** as compared to $1.8 million in the same period last year.

Industrial Services

- **Industrial Services Segment revenue for 9M2018 was $107.4 million** as compared with $98.7 million in the same period last year, an increase of $8.7 million or 9%.
- The increase was due to the better performance from the commodities trading business, offset by the loss of revenue due to the disposal of the tyres distribution business since December 2017.

- **Profit for 9M2018 was $0.8 million** as compared to the loss of $0.1 million in the same period last year.
- The increase of profit was mainly due to the disposal of the loss-making tyres distribution business, offset by poorer performance from Hypak.

Other Investments

- **Other Investments Segment is mainly the Group's 44.48% in GulTech**, which manufactures and sells printed circuit boards with three plants in China.

- **Revenue for 9M2018 was US$251.3 million** (vs US$215.9 million, 9M2017)
- The increase was mainly attributable to improved performance from all its three plants in China, namely Jiangsu, Suzhou and Wuxi

- **Profit for 9M2018 was US$29.6 million** as compared to US$26.1 million in the same period last year.

Group Financial Position

($'m)	30.09.18	31.12.17 (Restated[#])	Chg
Total assets	2,799.7	2,642.1	6%
Total liabilities	1,808.4	1,641.9	10%
Total borrowings	1,605.3	1,458.1	10%
Cash and bank balances	136.0	216.8	-37%
Shareholders' funds	976.3	989.6	-1%
NAV per share (cents)	82.0	83.4	-2%
Gross gearing^	1.62X	1.46X	11%
Net gearing^^	1.48X	1.24X	19%

^ 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

- **Shareholders' fund was $976.3 million** as compared to $989.6 million (31 Dec 2017)
  - Decrease mainly due to goodwill paid in acquiring the remaining 49.0% shareholdings in Gultech (Wuxi) and payment of dividends to shareholders, partially mitigated by current year's total income
- Under the Tuan Sing Scrip Dividend Scheme, 4,445,582 million new shares were issued in June 2018
  - Share buy back under "Share Purchase Mandate" and cancelled
    - 2 April 2018: 100,000 ordinary shares @ $0.425/share
    - 6 July 2018: 500,000 ordinary shares @ $0.398/share
    - Company's share capital increased $1.4 million to $174.0 million from $172.5 million as at 31 December 2017
- Gross gearing increased from 1.46 times to 1.62 times, and net gearing increased from 1.24 times to 1.48 times

Group Cash Flow

($'m)	9M2018	9M2017 (Restated#)
Operating cash flow	(104.3)	42.7
Investing cash flow	(102.93)	(419.4)
Financing cash flow	128.1	413.4
Foreign currency translation adjustments	(0.4)	(1.5)
Cash & cash equivalent at period-end^	71.6	131.0
Free cash out flow^^	(207.2)	(376.8)

^ 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

- **The Group had cash and cash equivalents of $71.6 million** as at 30 September 2018, as compared to $131.0 million as at 30 September 2017

- Cash and cash equivalents movement was due to:
  - Operating cash out flow: -$104.3 million, mainly for working capital in development properties.
  - Investing cash out flow: -$102.9 million, mainly for progress payments for investments properties, acquisition of subsidiaries and acquisition of land.
  - Financing cash in flow: +$128.1 million, mainly from proceeds from borrowings offset by interest and dividend payments.
  - Foreign currency translation adjustments: -$0.4 million

Outlook

- Looking ahead, the Group has begun on a business transformation to reposition itself from a niche developer to a regional player with presence in various key international destinations focusing on integrated mixed use and tourism developments.
- In September 2018, the Group acquired a 7.8% stake in Sanya Summer Real Estate Co Ltd, a developer of an iconic landmark project with total saleable and leasable area of about 2.6 million square feet on completion.
- In Singapore, the Group expects its Property arm to operate in a softer market following the latest round of cooling measures. The Group has sold most of its completed residential units as at 30 September 2018. Going forward, the Group will focus on its pipeline of projects, which includes Kandis Residence, Mont Botanik Residence and the recently acquired freehold residential site at 333 Thomson Road, as well as the repositioning of the property at 896 Dunearn Road. The completion of 18 Robinson before year-end would also enable the Group to realise a material developer’s profit. The leasing income would also provide a stream of recurring income to the Group.
- The Group will continue to identify suitable opportunities to grow our portfolio of well-located assets, and explore meaningful partnerships and collaborations.
- Barring unforeseen circumstances, the Group will be profitable for the year 2018.

Thank You

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