TUAN SING HOLDINGS LIMITED

Creating A Clear Distinction

FY2016 RESULTS ANNOUNCEMENT

26 January 2017

Overview

- Completion of various development projects during the year resulted in lower revenue and profit
- FY2016 Group's revenue was $404.0 million, a drop of 40% as compared to $677.1 million last year
- Net profit attributable to shareholders dropped 51% to $33.6 million from $68.8m a year earlier
- Earnings per share stood at 1.0 cent for 4Q2016 (4Q2015: 1.2 cents) and 2.8 cents for FY2016 (FY2015: 5.8 cents)
- Net asset value per share was 77.7 cents at 31 December 2016, as compared to 74.4 cents at 31 December 2015
- The Directors propose a first and final one-tier tax exempt dividend of 0.6 cent per share, same as last year

Group Financial Performance

($'m)	FY2016	FY2015	Chg
Revenue	404.0	677.1	-40%
Gross profit	84.4	141.9	-41%
Profit before tax & fair value adj	37.7	88.7	-57%
Profit before tax	40.1	80.7	-50%
Profit after tax	33.8	69.1	-51%
Net profit attributable to shareholders	33.6	68.8	-51%
EPS (cents)	2.8	5.8	-52%

Review of Financial Performance

- Seletar Park obtained CSC in Jan 2016, Sennett Residence obtained TOP in Jun 2016, and Cluny Park obtained TOP in July 2016 and CSC in October 2016.
- Distribution costs increased reflecting higher promotion and commission expenses; Administrative expenses increased due to higher legal fees relating to the termination of the previous main contractor at Seletar Park Residence
- Other operating expenses comprised mainly $3.6 million allowance for diminution in value for unsold units and realization of translation loss of $1.8 million on completion of liquidation of two Malaysia subsidiaries
- Share of results of 44.5%-owned GulTech was $13.5 million, more than double of last year
- Overall, the Group's profit after tax was $33.8 million as compared to $69.1m a year ago

Group Financial Position

($'m)	31.12.16	31.12.15	Chg
Total assets	2,123.1	2,162.5	-2%
Total liabilities	1,192.6	1,275.0	-6%
Total borrowings	1,020.8	1,106.3	-8%
Cash and bank balances	163.7	141.7	+16%
Shareholders' funds	919.4	876.8	+5%
NAV per share (cents)	77.7	74.4	+4%
Gross gearing^	1.10X	1.25X	-12%
Net gearing^^	0.92X	1.09X	-16%

^ Gross gearing = total borrowings / total equity

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

Review of Financial Position

- As at 31 Dec 2016, Group's total assets decreased 2% to $2,123.1 million as there was lower carrying amount of development properties but offset partially by increase in trade and other receivables, cash and bank balances, investment properties, and property, plant and equipment
- As at 31 Dec 2016, Group's total liabilities of $1,192.6 million dropped 6% as certain project loans were repaid
- As at 31 Dec 2016, shareholders' funds increased by $42.6 million to $919.4 million representing profit during the year, foreign currency translation gain, gain from revaluation of properties, etc.
- Gross gearing improved to 1.10 times from 1.25 times, and net gearing improved to 0.92 times from 1.09 times

Group Cash Flow

($'m)	FY2016	FY2015
Operating cash flow	190.1	152.3
Investing cash flow	(31.2)	(4.9)
Financing cash flow	(167.5)	(228.8)
Foreign currency translation adjustments	(1.1)	(0.3)
Cash & cash equivalent at year-end^	95.9	105.7
Free cash inflow^^	158.9	147.4

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

Review of Cash Flow

- Net cash from operating activities was $190.1 million, as more cash was received from progress billing following the completion of the three development properties
- Net cash used in investing activities was $31.2 million mainly for the redevelopment of Robinson Towers
- Net cash used in financing activities was $167.5 million, reflecting net loan repayment of $94.4 million, interest payment of $34.2 million, cash dividends paid to shareholders of $5.9 million & an increase in bank deposit pledged of $32.9 million
- Consequently, free cash generated for the year was $158.9 million as against $147.4 million last year.
- Cash and cash equivalents stood at $95.9 million as compared with $105.7 million as at 31 December 2015

Revenue by Segment

($'m)	FY2016	FY2015	Chg
Property	130.0	404.0	-68%
Hotels Investment	140.6	145.5	-3%
Industrial Services	134.1	128.3	5%
Other Investments^^	-	-	-
Corporate & Others#	(0.7)	(0.7)	-
Group Total	404.0	677.1	-40%
Proforma Group including Associates	750.4	1,023.4	-27%

Property remains an important driver, contributing 32% of the Group's total revenue in 2016.

^^ GulTech and Pan-West were not included as their results were equity accounted for
# Comprise mainly group-level services and consolidation adjustments

Profit Before Tax & FV Adj by Segment

($'m)	FY2016	FY2015	Chg
Property	4.1	60.4	-93%
Hotels Investment	11.9	14.7	-19%
Industrial Services	2.2	1.3	+69%
Other Investments	12.1	6.8	+78%
Corporate & Others#	7.4	5.5	+35%
Group Total	**37.7**	**88.7**	**-57%**

All business segments were profitable at operating level.

Comprise mainly group-level services and consolidation adjustments

Profit after tax by Segment

($'m)	FY2016	FY2015	Chg
Property	3.0	50.4	-94%
Hotels Investment	9.5	5.2	+83%
Industrial Services	1.7	1.3	+31%
Other Investments	12.3	6.7	+84%
Corporate & Others#	7.3	5.5	+33%
Group Total	33.8	69.1	-51%

Other Investments followed by Hotels Investment became the key drivers for the Group's total profit after tax in FY2016.

Comprise mainly group-level services and consolidation adjustments

Property

- All the three residential developments in Singapore were completed during the year
- Full year property revenue decreased 68% to $130.0 million from $404.0 million last year. Rental income from investment properties in Singapore of $17.0 million remained comparable to last year
- During the year, an allowance was made for diminution in value of $3.6 million for the unsold units of the development properties (2015: $8.9 million); A net fair value gain of $1.9 million (2015: $1.2 million) for investment properties in Singapore was recorded
- Consequently, profit after tax for the full year 2016 was $3.0 million, down from $50.4 million a year ago.

Hotels Investment

- For the full year, Hotels Investment segment recorded A$136.9 million of revenue, as against A$140.6 million last year.
- Non-hotel investment properties recorded a net fair value gain of $0.3 million in the current year, as compared to a net fair value loss of $9.1 million a year ago.
- After deducting finance costs and deferred tax provision at the investment holding company level, Hotels Investment contributed a higher profit after tax of $9.5 million as compared to $5.2 million last year.
- Hotel properties recorded a net fair value gain of A$16.2 million, as against last year's A$22.0 million. Such gain is reflected in the Group's balance sheet.

Industrial Services

- For the full year, Industrial Services recorded higher revenue of $134.1 million as compared to $128.3 million last year.
- Accordingly, profit after tax was 30% higher at $1.7 million as compared to $1.3 million last year.

Other Investments

- For the full year, GulTech reported revenue of US$244.3 million, a marginal increase from the previous year's US$242.9 million.
- Profit after tax increased 28% to US$28.8 million as compared to last year mainly attributable to improved performance from its new Jiangsu Plant.
- GulTech's net profit attributable to shareholders this year was higher at US$22.2 million on account of the increase in its equity stake in the Suzhou Plant from 61.4% to 100% in February 2016.
- Correspondingly, the Group's share of GulTech's profit (including fair value gain) was $13.6 million for the full year, as compared to $6.7 million in 2015.

Outlook

- The Group planned to dispose off the remaining units of development properties in the coming months.
- The Group plans to launch "Kandis Residence" in the middle of 2017.
- Hotels Investment is expected to perform satisfactory and continue to contribute recurring income cash flow.
- Robinson Point has been fully leased under various durations until years 2017/18.
- The Group will continue actively seeking for well-located sites for residential and commercial development properties in both Singapore and overseas.
- Over the next few years, the Group plans to further invest in other recurring income assets in Perth; the Group will also invest in other development and recurring income assets overseas.
- In view of the current economic conditions, the Group's operations will remain challenging. Barring unforeseen circumstances, the Group is optimistic to achieve profit for 2017.

Thank You

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