

# Tiong Seng Holdings Limited

Corporate Presentation

Financial PR Investor Conference - 9 Jun 2016



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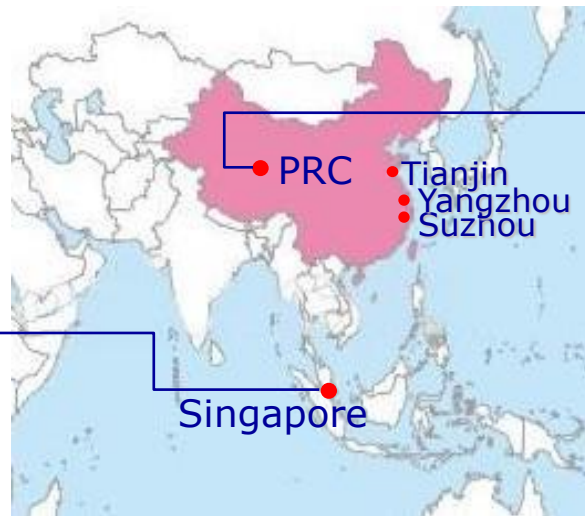
# Corporate Profile

Listed on the SGX-Mainboard since April 2010, Tiong Seng Holdings is one of the leading building construction and civil engineering contractors in Singapore and a real estate developer in the People's Republic of China (China).

**CORE BUSINESS:**  
BUILDING CONSTRUCTION & CIVIL  
ENGINEERING

**PLUS:** PROPERTY DEVELOPMENT

- Over 57 years of experience with a strong track record in Singapore's construction industry, as main contractor for a wide range of projects for private and public sectors
- Accorded highest A1 grading from BCA for both general building & civil engineering projects
- A recognised leader in construction technologies & capabilities



- A niche player in the second and third tier cities in PRC
- Specialist in residential, commercial and mixed use projects

## CONSTRUCTION & CIVIL ENGINEERING



### BUILDING CONSTRUCTION

- Residential
- Commercial / hotel
- Institutional

### CIVIL ENGINEERING

- MRT
- Tunnels
- Bridges

### BUILDING MATERIALS

#### PRE-CAST & PBU



#### GREEN TECH



#### STRUCTURAL STEEL



Steel Tech

## PROPERTY



- Commercial
- Residential
- Mixed development



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# Our Capabilities and Approach

## Technology & Process Focused to drive Productivity

1



### PRECAST CONSTRUCTION TECHNOLOGY

- Singapore's first precast automation hub for precast production, formwork assembly, training and research; reduces manpower needs by 70%
- Two other pre-fab hubs in Malaysia and Myanmar
- Joint venture with Geostr Corporation & MISIP for the manufacture and supply of precast tunnel segments

2



### DESIGN FOR MANUFACTURING AND ASSEMBLY (DFMA)

- Identifies, quantifies and reduces waste or inefficiencies in product design for ease of manufacture and assembly
- Optimisation of manufacturing processes to lower costs and production time without compromising on quality

3



### PREFABRICATED PREFINISHED VOLUMETRIC CONSTRUCTION (PPVC)

- Supports DfMA through off-site construction and assembly of complete volumetric units in an accredited facility
- Improves productivity by up to 50% through labour and time savings
- Received In-Principle Approval from BCA for our own Pre-fabricated Prefinished Volumetric Construction (PPVC) facility

4



### PREFABRICATED BATHROOM UNITS (PBU)

- Constructed off-site for installation on-site
- Introduction of second generation of PBUs which utilises high performance ductile concrete

# Our Capabilities and Approach

## Technology & Process Focused to drive Productivity

5



### ADVANCED FORMWORK SYSTEMS

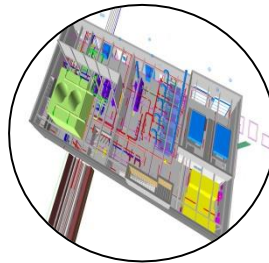
- Over \$60 mil invested in advanced formwork systems over past years
- More cost efficient & quicker setup vs. conventional timber
- Formwork delivers better finishing quality, increases productivity, and improves structural stability
- MOU with PERI Asia (Private) Limited to develop, market and provide advanced formwork related training

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### BUILDING INFORMATION MODELING (BIM)

- Software to integrate 3D, 4D and 5D structures before actual construction
- Time and cost calculations factored into work processes to achieve greater efficiency and cost effectiveness
- MOU with Tekla South-East Asia (Private) Limited to establish an Advanced Building Information Modelling (BIM) Competency Centre



### VIRTUAL DESIGN CONSTRUCTION (VDC)

- Combines BIM and advanced management techniques on an integrated platform
- Allows users to design beyond physical constraints, anticipate problems and facilitates seamless collaboration along the construction value chain

7



### PLANT & EQUIPMENT

- Provision of logistics support to projects
- Continuous supply, maintenance and operation of cranes, excavators, pumps etc.
- Acquisition of latest machinery for projects

8



### COBIAX & GREEN TECHNOLOGY

- Reduces volume of concrete slabs used by 30%
- Reduces weight of building structure by 15%,
- Increases construction productivity & reduces emission of CO<sub>2</sub>



# Accolades won over the years

## Safety & Quality :



## Environment:



## Excellence:





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COMPLETED PROJECTS



ONGOING PROJECTS

# Our construction & civil engineering projects (Singapore)

## Completed projects

### MAJOR PROJECTS COMPLETED IN 2015



#### Waterway Terraces I & II at Punggol

Client: Housing & Development Board  
Approx Contract Value: S\$339.0 mil



#### The Luxurie

Client: Keppel Land Realty  
Approx Contract Value: S\$151.0 mil



#### The Archipelago

Client: United Venture Development  
Approx Contract Value: S\$189.5 mil



#### The Equinix

Client: Mapletree Industrial Trust  
Approx Contract Value: S\$42.7 mil



#### Mediacorp at Mediapolis @ One North

Client: Mediacorp Pte Ltd  
(JV with Kajima 20:80 (TS: 20) )

Approx Contract Value: S\$413.0 mil

# Our construction & civil engineering projects (Singapore)

## Other Notable Completed projects



### ParkRoyal on Pickering

Client: Hotel Plaza Property (A company under UOL)

Approx Contract Value: S\$128.9 mil

Singapore's first hotel-in-a-garden concept with energy-saving elements incorporated throughout the building



### SIM Campus

Client: Singapore Institute of Management

Approx Contract Value: S\$137mil

To build the second phase of Singapore Institute of Management (SIM) HQ's campus extension.



### The Glyndebourne

Client: Millennium & Copthorne Hotels (A company under CDL)

Approx Contract Value: S\$104.0 mil

Condominium housing development comprising 8 blocks of 5-storey flats with attic rooms



### Integrated Resorts

Client: Resorts World Sentosa

Approx Contract Value: S\$1.1 bil

(JV with Kajima: TS 40:60 Kajima)

Construction of basement and main building works



### Kent Vale NUS Staff Housing

Client: National University of Singapore

Approx Contract Value: S\$149.7 mil



### NTUC Fairprice Warehouse & Office

Client: NTUC Fairprice Cooperative Pte Ltd

Approx Contract Value: S\$229 Mill

Erection of a 16-Storey Single-User Warehouse Development Comprising of a 9-Storey Warehouse



COMPLETED PROJECTS



ONGOING PROJECTS

# Our construction & civil engineering projects (Singapore)

## Ongoing projects

**S\$420.1 million** worth of projects were won in FY2015, resulting in an order book of **S\$1.1 billion as at 31 March 2016**, extending to 2020

### RESIDENTIAL



Woodlands C29 & C30  
Client: Housing Development Board  
Approx Contract Value: S\$204.5 mil



HAUS@Serangoon Garden  
Client: City Developments Limited  
Approx Contract Value: S\$93mil



The Panorama  
Client: Wheelock Properties  
Approx Contract Value: S\$210 mil



Executive Condominium at Choa Chu  
Kang Grove  
Client: MCL Land Pte Ltd  
Approx Contract Value: S\$276.0 mil



Eco Sanctuary  
Client: SP Setia International  
Approx Contract Value: S\$135.4mil

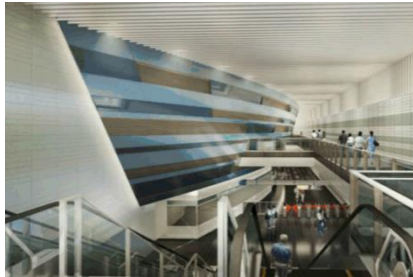


The Springside  
Client: Kallang Development Pte Ltd  
Approx Contract Value: S\$88.0mil

# Our construction & civil engineering projects (Singapore)

## Ongoing projects

### CIVIL ENGINEERING



Contract T220 – Great World Station  
Client: Land Transport Authority  
Approx Contract Value: S\$316.0 mil



Stamford Diversion Canal Contract 2  
Client: Public Utilities Board  
Approx Contract Value: S\$107.7 mil

### INDUSTRIAL



One HP  
Client: Mapletree Industrial Trust  
Approx Contract Value: S\$132.4 mil



JTC Space @ Tuas  
Client: JTC Corporation  
Approx Contract Value: S\$277.3 mil



Ulu Pandan Bus Depot  
Client: Land Transport Authority  
Approx Contract Value: S\$69.9 mil



Sungei Seletar Bus Depot  
Client: Land Transport Authority  
Approx Contract Value: S\$72.9 mil





COMPLETED PROPERTIES



ONGOING PROPERTIES

# Our real estate development projects (China)

## Completed projects



### Tianmen Jinwan Building, Tianjin

28 storey high residential with 4 storey commercial development

Commercial - GFA: 15,023 sqm

Residential – GFA:51,067 sqm



### Huisheng Garden, Suzhou

Commercial - GFA: 12,000 sqm

Residential – GFA: 26,000 sqm



### Wenchang Broadway, Yangzhou

One of the first open-air shopping streets in Yangzhou

GFA: 29,191 sqm

Retail: 15,000 sqm (saleable area and a remaining lease period of 27 years)



### Shen Yang Commercial Building, Suzhou

Commercial Building – GFA: 10,471 sqm



### Sunny International Project, Cangzhou

Mixed: Residential 131,900 sqm and Commercial 18,000 sqm

Almost fully sold and remaining units ready for handover anytime



### Eco-City, Tianjin

Residential: 101,200 sqm



COMPLETED PROPERTIES



ONGOING PROPERTIES

# Our real estate development projects (China & Singapore)

## Ongoing projects

### The Equinox, Tianjin

Residential comprising landed and low rise properties: 162,000 sqm

7 phases of development with the expected completion of the different phases ranging from 2014 to 2019



### Tranquility Residences. Xushuguan Development Zone, Suzhou

Residential comprising terrace houses and apartments: 87,220 sqm

Phase 1 was completed and handed over to purchasers in January 2016

Phase 2 is expected to be completed and hand over in 3Q2017



### Zizhulin, Tianjin

Commercial: 12,000 sqm

Planning currently in progress



### 16 Balmoral Road, Goodwood Grand

Residential: 57,005 sqft

Construction commenced in 2014

Full completion by December 2017





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# Financial Highlights - Overview

Income Statement	Unaudited	Audited		
	1QFY2016	FY2015	FY2014	FY2013
Revenue (SGD m)	247.2	563.8	668.8	654.9
Gross Profit (SGD m)	17.8	64.2	49.2	51.6
Other Income (SGD m)	1.6	10.5	5.2	16.0
Operating & Net Finance Expenses (SGD m)	14.1	48.9*	42.8*	47.2
Operating profit/(loss) before JV, associate & tax (SGD m)	5.3	26.5	(23.0)	20.4
Net profit after JV & taxes (SGD m)	3.6	14.7	(29.6)	8.9
Net profit/(loss) attributable to shareholders (SGD m)	3.7	10.2	(15.3)#	9.3
Earnings Per Share (cents)	0.82 <sup>3</sup>	2.23 <sup>2</sup>	(3.32) <sup>2</sup>	2.38 <sup>1</sup>

\*Excludes (reversal)/recognition of allowance for diminution in value of development properties

#Includes S\$34.6 million allowance for diminution in value for property development less S\$11.8 million shared by minority shareholders

<sup>1</sup>EPS has been recalculated to take into account the effect of 2 to 1 share consolidation completed in 2015 (originally based on a weighted average number of ordinary shares outstanding of 783,401,988 as at 31 Dec 2013)

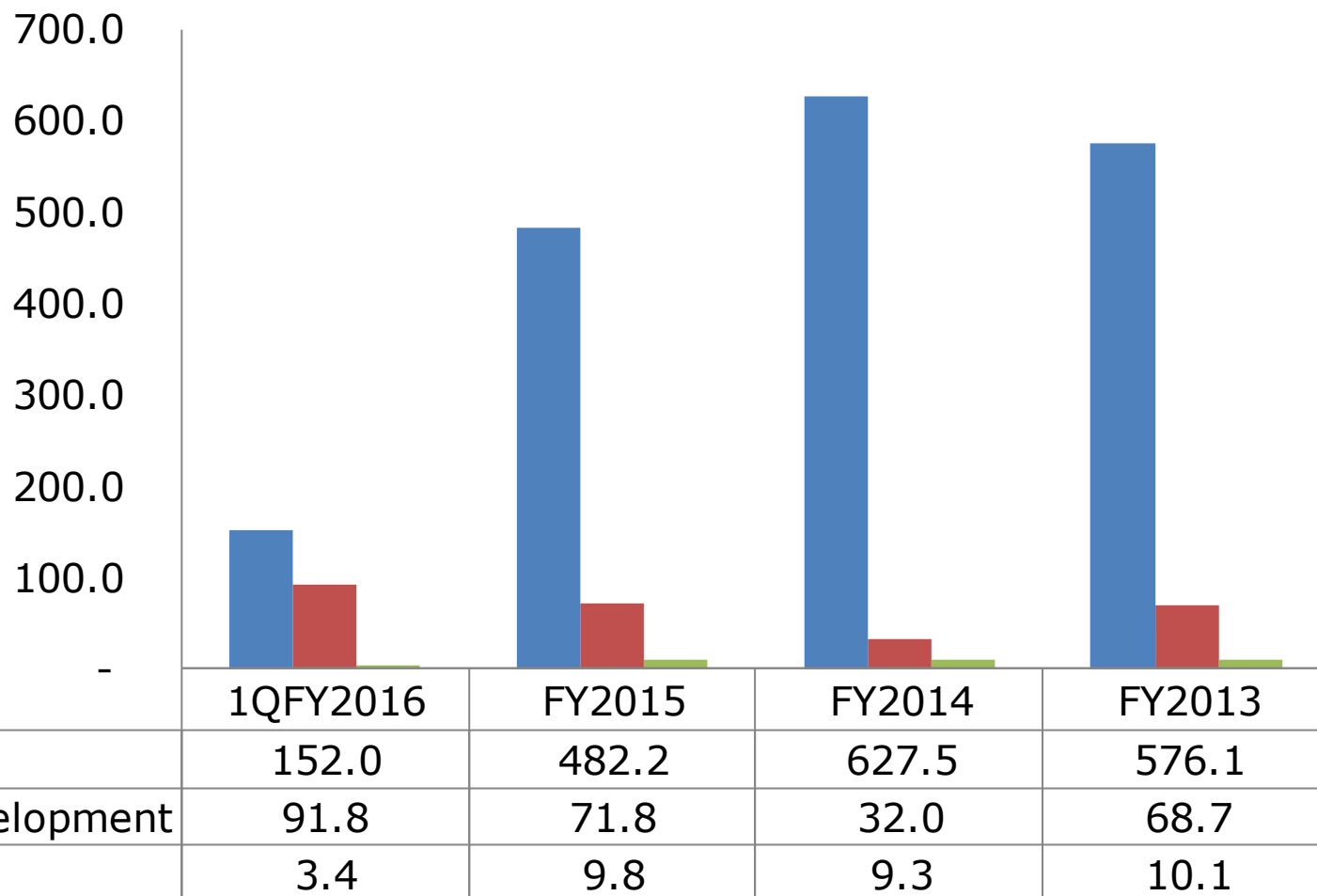
<sup>2</sup>Based on weighted average number of shares outstanding after share consolidation and excluding treasury shares of 459,476,562 (2014: 459,623,849) shares

<sup>3</sup>Based on weighted average number of shares outstanding after share consolidation and excluding treasury shares of 458,058,817 (2015: 459,623,849) shares



## Segmental Comparison – Revenue (SGD m)

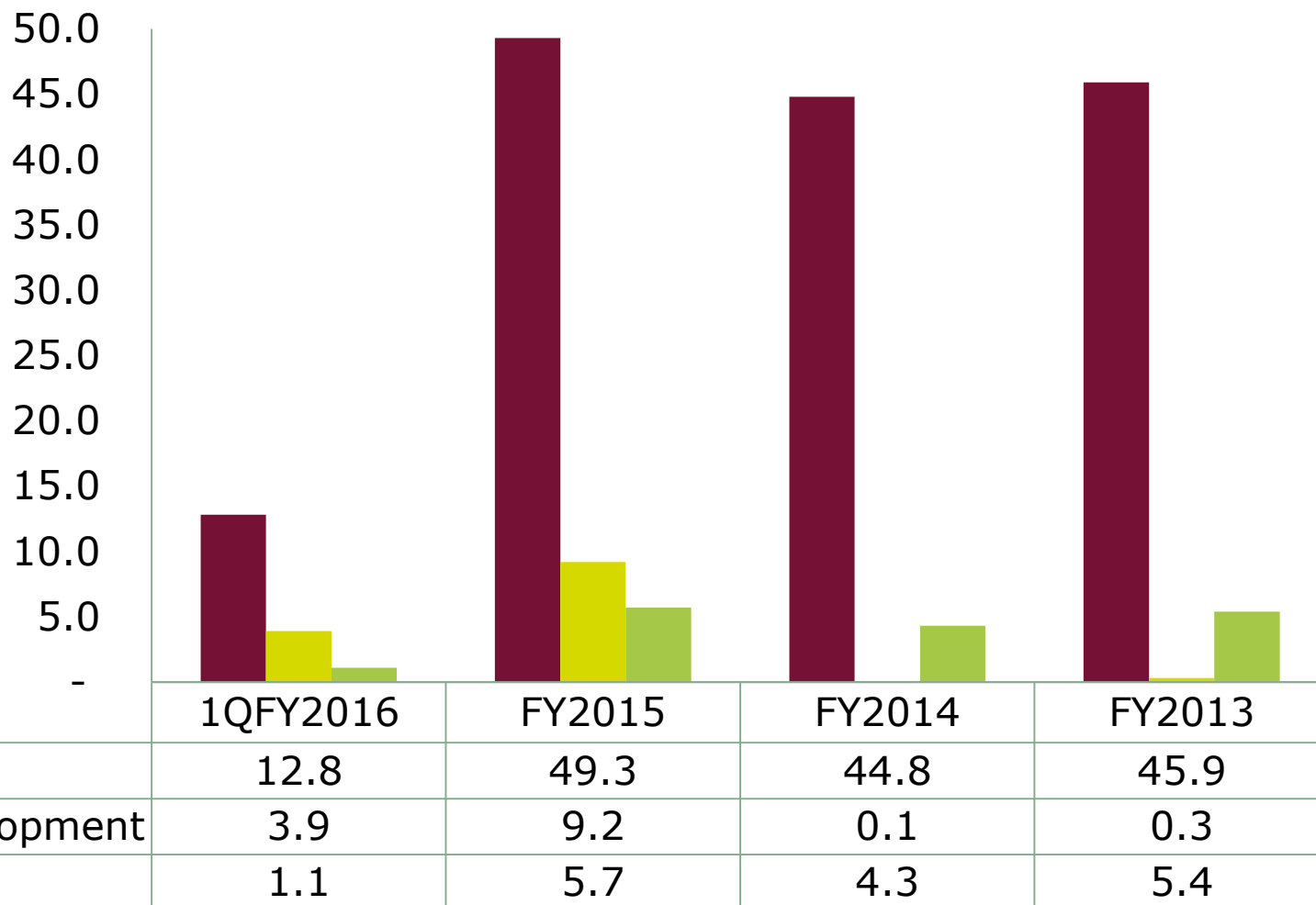
SGD ('mil)



■ Construction	152.0	482.2	627.5	576.1
■ Property Development	91.8	71.8	32.0	68.7
■ Others*	3.4	9.8	9.3	10.1

## Segmental Comparison – Gross Profit (SGD m)

SGD ('mil)



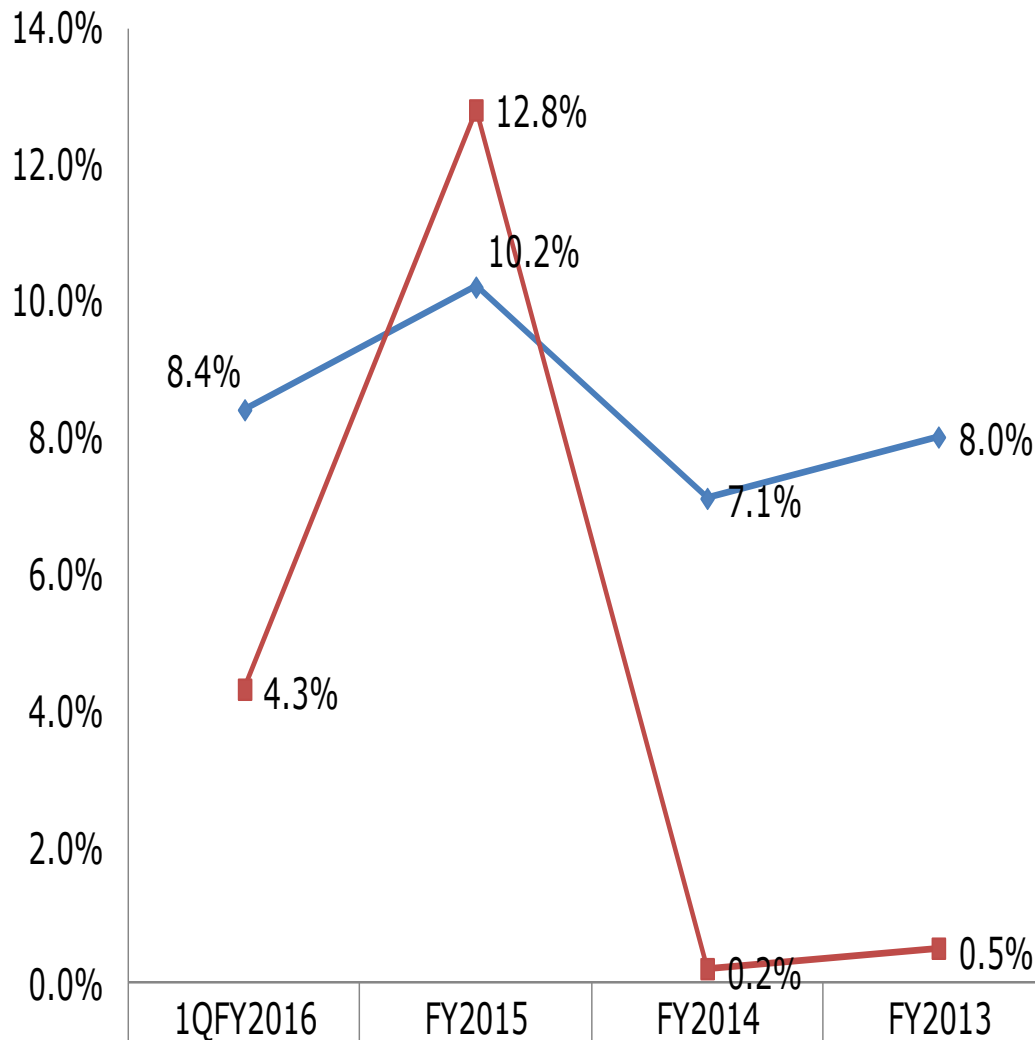
■ Construction

■ Property Development

■ Others\*



## Segmental Comparison – Gross Profit Margin (SGD m)



a) Gross profit in construction segment decreased yoy in 1QFY2016 due to project mix

b) Gross profit in property development segment in 1QFY2016 jumped yoy following the recognition of phase I of Tranquility project and phase II and III of Sunny International Project

◆ Construction

■ Property Development

8.4%

10.2%

7.1%

8.0%

4.3%

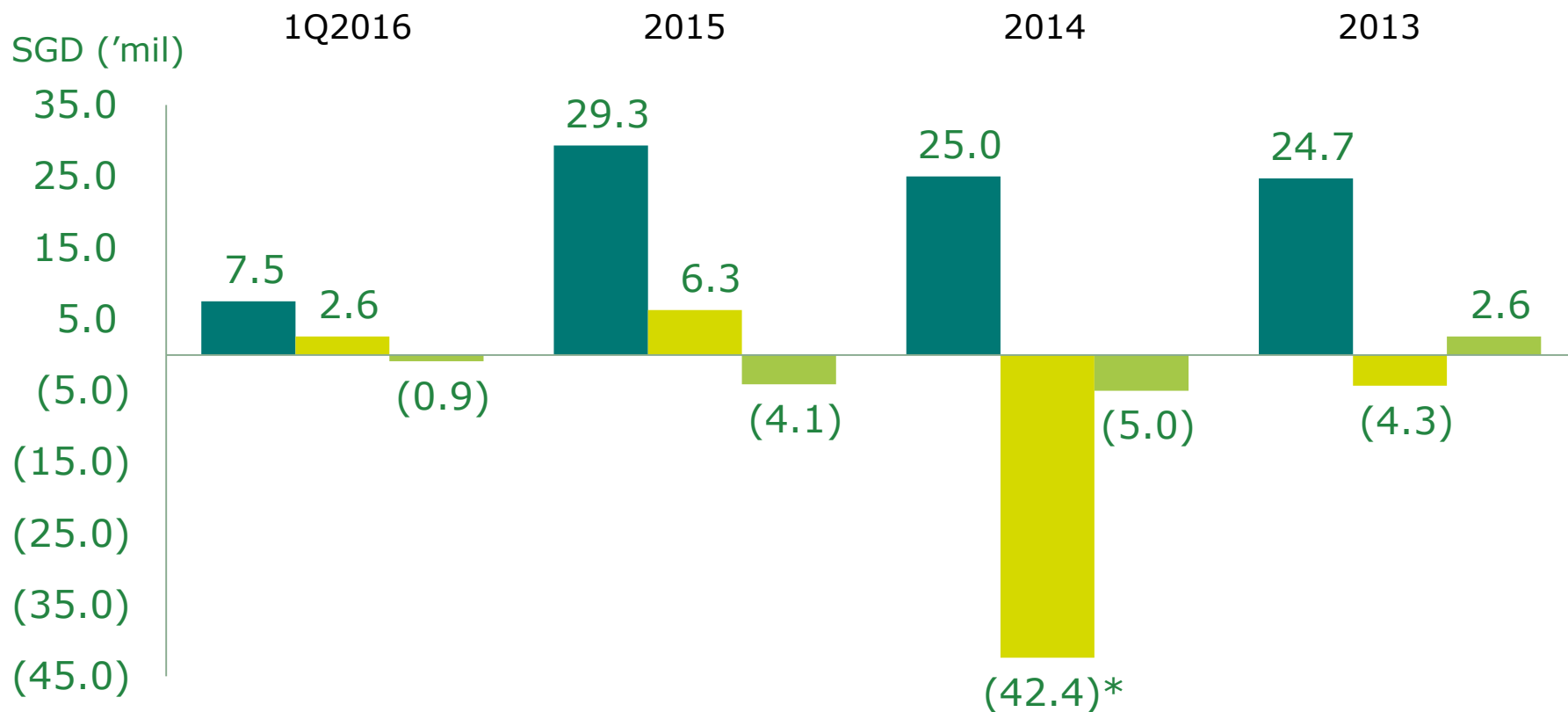
12.8%

0.2%

0.5%



# Segmental Profit/(Loss) from Operating Activities (SGD m)



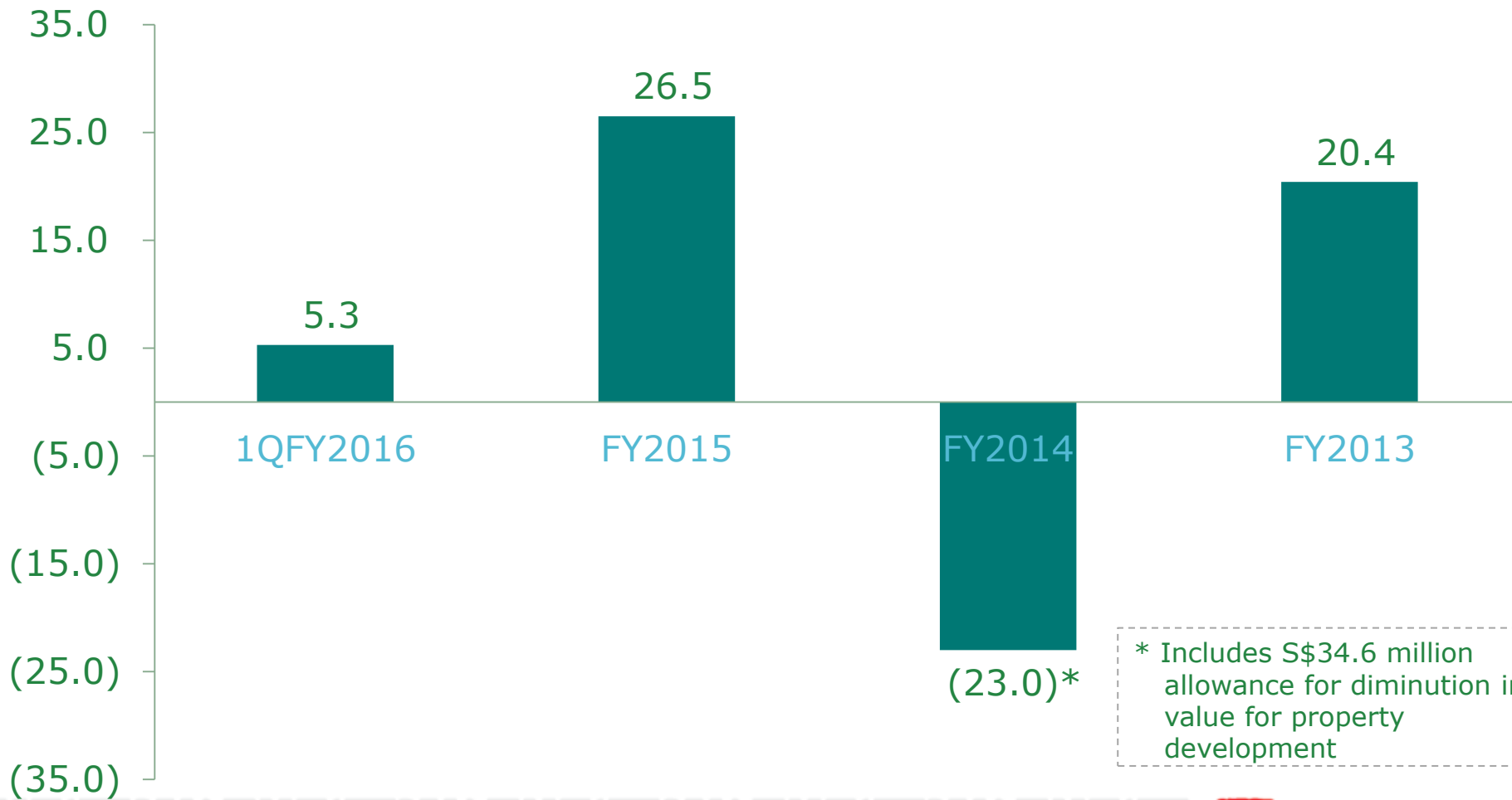
■ Construction ■ Property Development ■ Others<sup>^</sup>

\* Includes S\$34.6 million allowance for diminution in value for property development

<sup>^</sup>Others includes rental, sales of goods and others

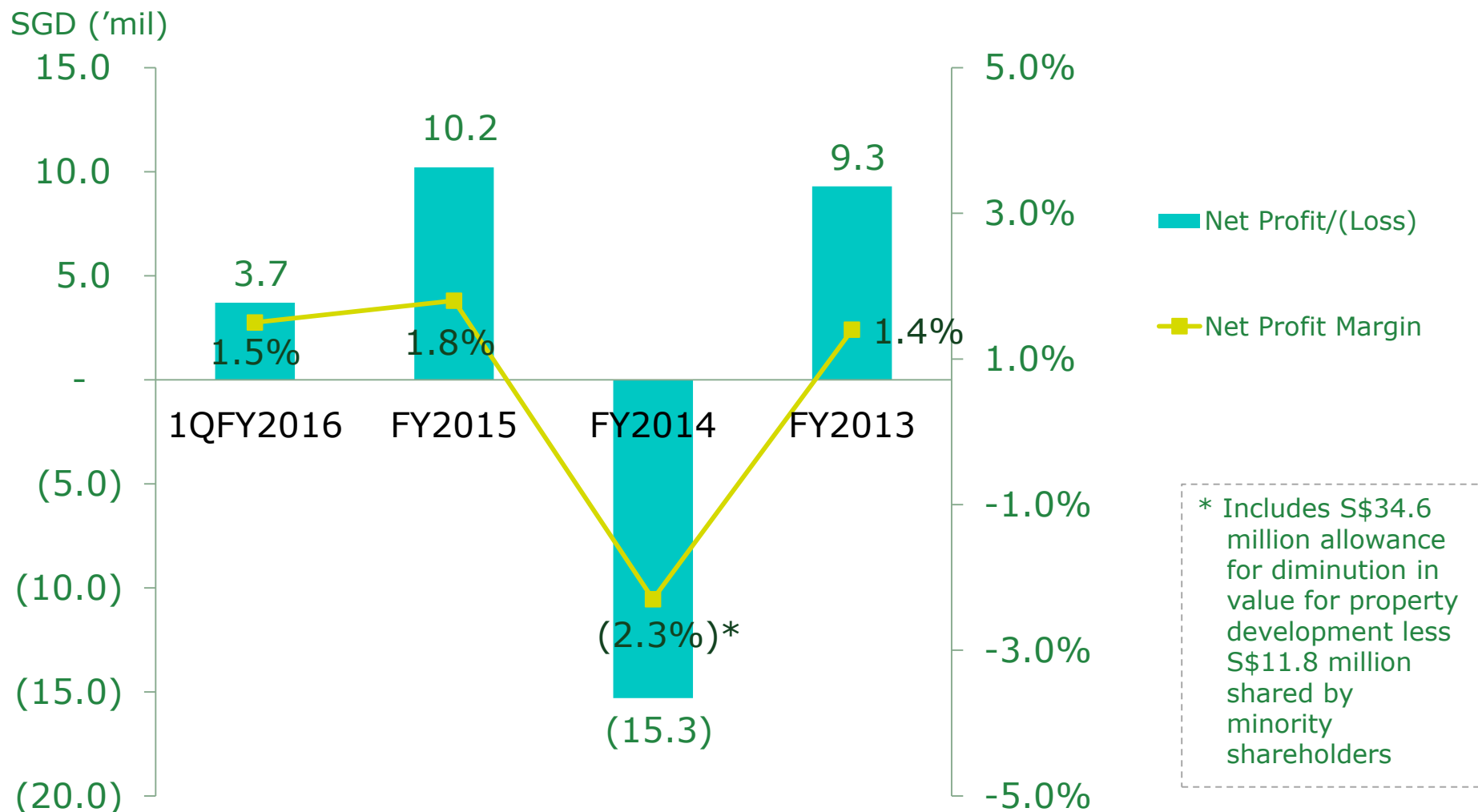
# Net profit/(Loss) from Operating Activities before JV, Associate & Tax (SGD m)

SGD ('mil)



\* Includes S\$34.6 million allowance for diminution in value for property development

# Net profit/(loss) Attributable to Shareholders (SGD m)



## Key Balance Sheet Items

Balance Sheet	As at 31 Mar 2016	As at 31 Dec 2015	As at 31 Dec 2014	As at 31 Dec 2013
Total Assets (SGD m)	<b>892.6</b>	1,026.2	992.7	949.6
Gearing Level	<b>0.71</b>	0.93	1.00	0.81
NAV per share (SGD cents)	<b>55.49<sup>4</sup></b>	56.75 <sup>3</sup>	54.67 <sup>2</sup>	69.10 <sup>1</sup>
Cash & Cash Equivalents (SGD m)	<b>71.8</b>	93.2	95.0	79.8

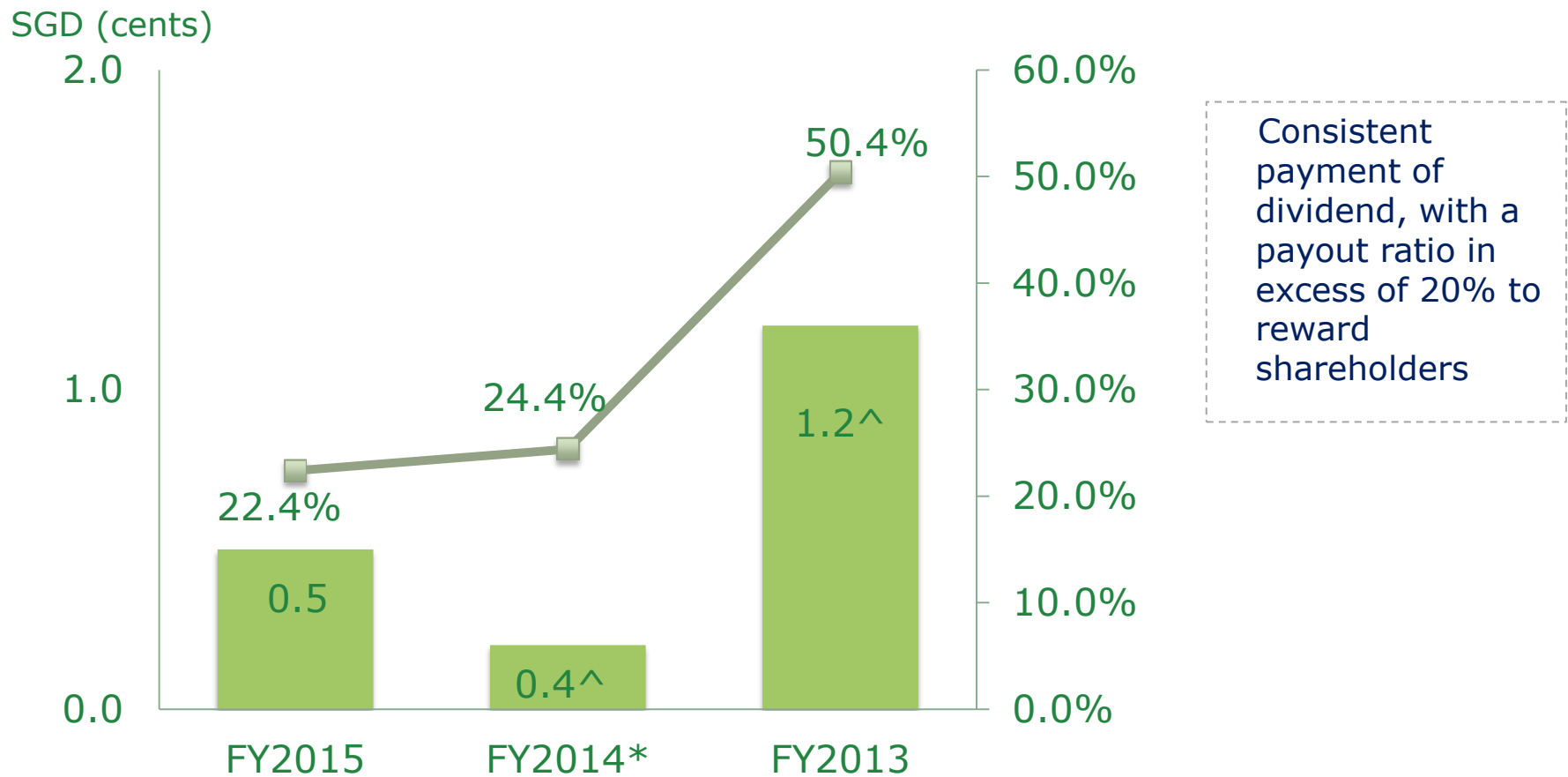
<sup>1</sup> Recalculated to take into account the effect of 2 to 1 share consolidation completed in 2015 (766,039,750 shares before share consolidation)

<sup>2</sup> 459,623,849 (919,247,700 before share consolidation) shares as at 31 December 2014

<sup>3</sup> 458,535,349 shares as at 31 December 2015, excluding 1,088,500 treasury shares

<sup>4</sup> 456,655,449 shares as at 31 March 2016, excluding 2,968,400 treasury shares

# Dividend (SGD cents)



<sup>^</sup> Recalculated to take into account the effect of 2 to 1 share consolidation completed in 2015  
 \* Excludes the effect of S\$34.6 million allowance for diminution in value for property development



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# Looking Ahead - Growth Prospects at a Glance

## Construction

- BCA expects total construction activity in 2016 to fall within the range of S\$27 to S\$34 billion, with public sector contributing 65%
- Continued focus on the public sector including civil engineering and infrastructure projects to tap on steady demand

## Technology

- Increased government legislation for more labour saving technologies such as PPVC, PBU and BIM
- S\$335 million in funds from 2010-2015 committed by the BCA under its Construction Productivity and Capability Fund for new building and productivity improvement methodologies
- As a forerunner in construction technology, Tiong Seng is positioned favourably to benefit from regulatory and industry changes

## Property Development

- Favourable regulations and policies provide stimulus to housing demand within the Tier-2 and 3 cities



# Our Property Development Business

## Updates and Outlook

### UPDATE : As at 31 March 2016:

- **Equinox:**
  - 234 units launched, 65% sold
  - Phase 3- expected to be completed and handover in 2Q2016
  - Phase 4 - commenced construction, expected completion in mid 2018
- **Tranquility Residences:**
  - 554 units launched, 78% sold
  - Phase 1 - completed and handover in 1Q2016
  - Phase 2 - expected to be completed and handover in 3Q2017
- **Sunny International:**
  - 1,457 units launched, 98% sold
  - All phases completed construction and ready to handover anytime
- As at 31 March 2016, approximately S\$99.9 million of gross development value from 63 units (16,643 sqm) of Equinox and 99 units (21,656 sqm) of Tranquility Residences were sold but yet to be recognised in accordance to Tiong Seng's revenue recognition policy

### OUTLOOK:

- **Favourable macroeconomic factors:**
  - Lowering of the minimum required mortgage down payment for first- and second-home purchases in February 2016
  - Applied in all cities, except some of the 1<sup>st</sup> tier cities like Beijing, Shanghai, Shenzhen and Guangzhou
  - Lowering of benchmark interest rates six times since 2014
  - Relaxation of Home Purchase Restrictions (HPR) across China since 2014
- Expected to stimulate housing market growth, particularly in the Tier-2 and 3 cities:
  - Prices of new homes in 100 cities in April rose 9% year-on-year

#### Sources:

- 1.China reduces down payment for first-time home buyers, Channel NewsAsia, 2 February 2016
2. China cuts rates again as growth engine stalls, Reuter, 23 October 2015
3. China growth hopes reduce urgency of more stimulus steps, policy advisers say, Channel NewsAsia, 18 April 2016
4. China home prices grow faster in April despite tightening in big cities, Reuters, 2 May 2016

Thank you

