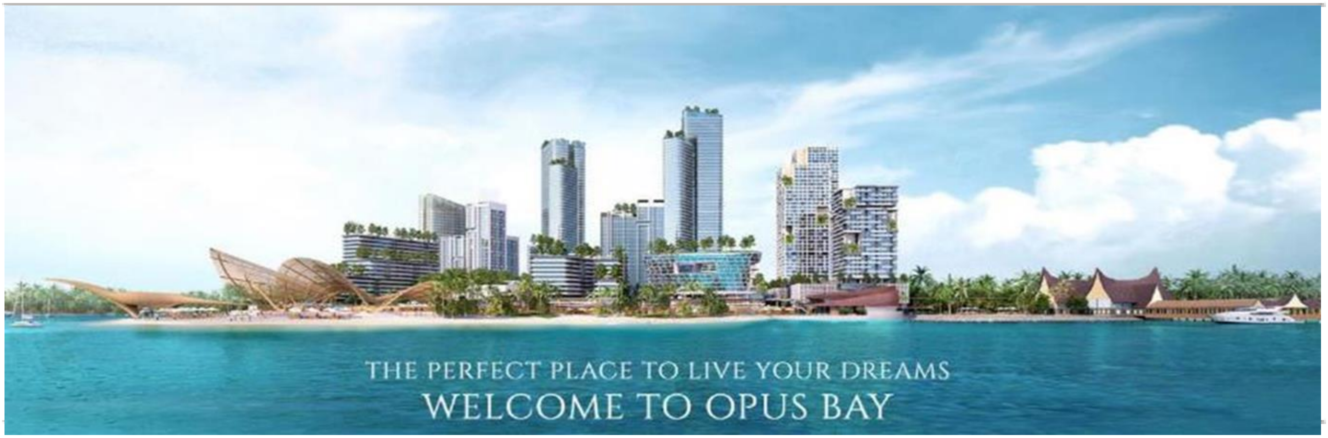
TUAN SING HOLDINGS LIMITED

Creating A Clear Distinction



2H2023 AND FY2023 UNAUDITED RESULTS ANNOUNCEMENT

23 February 2024

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Group Financial Performance

($'m)	2H2023	2H2022	Better/ (Worse)	FY2023	FY2022	Better/ (Worse)
Revenue	159.0	111.3	43%	303.7	225.3	35%
Gross profit	43.7	40.8	7%	90.0	86.9	4%
Adjusted EBIT	26.7	19.9	34%	56.7	52.7	7%
Profit/(Loss) before tax	0.3	(10.2)	nm	2.7	0.7	262%
Profit/(Loss) after tax	(0.3)	(6.0)	95%	5.4	2.9	90%
Net profit/(loss) attributable to shareholders	(1.2)	(5.1)	77%	4.8	4.6	5%
EPS (cents)	(0.09)	(0.42)	79%	0.39	0.38	3%

nm: not meaningful

Overview

- **Revenue increased by 43% to $159.0 million in 2H2023.** The increase was largely driven by higher revenue from Real Estate Development and Real Estate Investment.
- **Revenue increased by 35% to $303.7 million in FY2023.** The increase was largely driven by higher revenue from Real Estate Development, Hospitality and Real Estate Investment.

- **Net loss attributable to shareholders for 2H2023 was lower at $1.2 million, as compared to $5.1 million in 2H2022** due mainly to higher fair value gains and higher contribution from Other Investments, partly offset by weaker performance from Real Estate Development and higher finance costs due to higher interest rates.
- **Net profit attributable to shareholders for FY2023 was $4.8 million, an increase of 5% as compared to FY2022** due mainly to higher fair value gains and higher contribution from Other Investments, partly offset by weaker performance from Real Estate Development and Hospitality as well as higher finance costs due to higher interest rates. Higher contribution from Other Investments was due mainly to stronger performance from GulTech; despite weaker demand for printed circuit boards and lower selling prices, GulTech's gross profit improved mainly due to lower raw material costs. Lower contribution from Real Estate Development was due mainly to higher construction costs arising from construction delays in relation to the Group's residential projects in Singapore as well as its share of the initial operating losses in its 7.8%-owned Sanya project, which was completed in December 2023. Contribution from Hospitality was weaker as the hotel operations in Perth were adversely affected by the on-going asset enhancement works at the Hyatt Regency Perth complex and construction works within the hotel.
- **Loss per share for 2H2023 was 0.09 cents, as compared to 0.42 cents for 2H2022.**
- **Earnings per share for FY2023 was 0.39 cents, as compared to 0.38 cents for FY2022.**

Revenue by Segment

($'m)	FY2023	FY2022	Better/ (Worse)
Real Estate Investment	60.0	56.0	7%
Real Estate Development	151.2	81.7	85%
Hospitality	90.2	85.5	6%
Industrial Services#	-	9.2	(100%)
Other Investments#^	7.6	-	nm
Corporate@	(5.3)	(7.1)	25%
Group Total Revenue	**303.7**	**225.3**	**35%**

Revenue increase was mainly driven by higher revenue from Real Estate Investment, Real Estate Development and Hospitality.

\# Revenue from Other Investments is derived from the manufacturing business of polypropylene woven bags in Malaysia (previously reported under Industrial Services for FY2022)

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

@ Comprise mainly group-level services and consolidation adjustments

nm: not meaningful

Adjusted EBIT by Segment

($'m)	FY2023	FY2022	Better/ (Worse)
Real Estate Investment	28.1	28.5	(1%)
Real Estate Development	(9.1)	(6.2)	(45%)
Hospitality	16.9	19.1	(11%)
Industrial Services	-	(1.9)	nm
Other Investments	33.1	30.5	8%
Corporate*	(12.3)	(17.3)	29%
Group Total Adjusted EBIT**	**56.7**	**52.7**	**7%**

- **Higher Adjusted EBIT was due mainly from Other Investments, partially offset by lower Adjusted EBIT from Real Estate Development and Hospitality.**
- **Higher contribution from Other Investments was due mainly to stronger performance from GulTech. Despite weaker demand for printed circuit boards and lower selling prices, gross profit improved mainly due to lower raw material costs.**
- **Lower contribution from Real Estate Development was due mainly to higher construction costs arising from construction delays in relation to the Group's residential projects in Singapore as well as its share of the initial operating losses in its 7.8%-owned Sanya project, which was completed in December 2023.**
- **Contribution from Hospitality was weaker as the hotel operations in Perth were adversely affected by the on-going asset enhancement works at the Hyatt Regency Perth complex and construction works within the hotel.**

* Comprise mainly group-level services and consolidation adjustments

** Adjusted earnings before interest and tax, excluding the effects of (i) gain or loss on disposal of subsidiaries, joint venture/associate, investment properties, and property, plant and equipment, (ii) fair value gain or loss on investment properties and derivative financial instruments, (iii) revaluation deficit on property, plant and equipment, (iv) impairment/writeback of impairment on investments in joint venture/associate, and property, plant and equipment, (v) loss allowance on interest receivables and (vi) net foreign exchange gain or loss.

Real Estate Investment

- Revenue increased by 7% to $60.0 million in FY2023. Higher revenue was mainly due to the stronger performance from the investment properties in Singapore, namely 18 Robinson and Link@896, which achieved improved occupancies and average gross rental rates.
- Whilst revenue was higher, Adjusted EBIT decreased by 1% to $28.1 million in FY2023. The decrease arose mainly to the Group's 50% share of the initial operating losses in its international luxury outlet mall known as The Grand Outlet – East Jakarta at Karawang, which commenced trading in December 2023.

Real Estate Development

- Revenue increased by 85% to $151.2 million in FY2023 due mainly to higher progressive revenue recognition of units sold in Peak Residence. Peak Residence was fully sold in 2023. The increase in revenue was partially offset by lower progressive revenue recognition of units sold in Mont Botanik Residence, which obtained TOP in February 2023.
- Despite higher revenue, Adjusted EBIT was a higher loss of $9.1 million in FY2023 as compared to a loss of $6.2 million in FY2022. The Group's margins were negatively impacted by higher construction costs arising from construction delays in relation to its residential projects in Singapore. The Group also recognised its share of the initial operating losses in its 7.8%-owned Sanya project, which was completed in December 2023.

Hospitality

- Revenue increased by 6% to $90.2 million, reflecting the recovery of the Group's hotel operations in Melbourne following the easing of COVID-19 related restrictions in 2022. However, Perth's hotel operations recorded a lower revenue as the revenue from the previous corresponding year was boosted by guaranteed payments during the state requisition period, and the current operations were adversely affected by the on-going asset enhancement works at the Hyatt Regency Perth complex and construction works within the hotel.
- Despite higher revenue, Adjusted EBIT decreased by 11% to $16.9 million due mainly to the weaker performance from the hotel operations in Perth.

Other Investments

- The Group reported revenue of $7.6 million from the manufacturing of polypropylene woven bags in Malaysia as compared to $9.2 million in FY2022, a decrease of 18%, due mainly to weaker demand.
- Adjusted EBIT increased by 8% to $33.1 million in FY2023 due mainly to a stronger performance from GulTech. Despite weaker demand for printed circuit boards and lower selling prices in FY2023, gross profit improved mainly due to lower raw material costs.

Group Financial Position

($'m)	31.12.23	31.12.22	Chg
Total assets	2,619.4	2,657.0	(1%)
Total liabilities	1,391.3	1,432.2	(3%)
Total borrowings	1,229.5	1,278.2	(4%)
Cash and cash equivalents	222.8	252.0	(12%)
Shareholders' equity	1,225.9	1,223.3	0.2%
NAV per share (cents)	99.0	100.4	(1%)
Gross gearing^	1.00x	1.04x	(4%)
Net gearing^^	0.82x	0.84x	(2%)

^ Gross gearing = total borrowings / total equity
^^ Net gearing = net borrowings / total equity; Net borrowings = total borrowings – cash and cash equivalents

Review of Financial Position

- **Total assets decreased by 1% to $2,619.4 million.**
  - The decrease was due mainly to the net decrease in development properties and contract assets arising from the sale of residential units as well as lower cash and cash equivalents arising mainly from the repayment of borrowings and interest payments. The decrease in total assets was partially offset by the increase in investment properties mainly due to the asset enhancement works incurred at the Hyatt Regency Perth complex as well as fair value gains arising from the revaluation of the property portfolio.
- **Total liabilities decreased by 3% to $1,391.3 million.**
  - The decrease was due mainly to the net repayment of bank loans and borrowings.
- **Net gearing decreased from 0.84x to 0.82x.** Gross gearing decreased from 1.04x to 1.00x.
- **Shareholders' equity increased slightly from $1,223.3 million to $1,225.9 million.**
- **Net asset value per share was 99.0 cents per share as at 31 December 2023**, as compared to 100.4 cents as at 31 December 2022.

Group Cash Flow

($'m)	FY2023	FY2022
Operating cash flow	143.4	54.9
Investing cash flow	(53.3)	(78.2)
Financing cash flow	(122.6)	(111.9)
Foreign currency translation adjustments	(2.6)	(12.5)
Cash and cash equivalents at period-end^	213.1	248.1
Free cash flow^^	90.1	(23.3)

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

Review of Cash Flow

- **The Group had cash and cash equivalents of $213.1 million as at 31 December 2023**, as compared to $248.1 million as at 31 December 2022.

- Cash and cash equivalents movement was due mainly to:
  - Operating cash inflow of $143.4 million: mainly from the operating profits, sales of residential properties in Singapore and the collection of progress billings upon completion of Mont Botanik Residence.
  - Investing cash outflow of $53.3 million: mainly to the asset enhancement works incurred at the Hyatt Regency Perth complex, construction works incurred within the hotel in Perth and the remaining consideration paid for the acquisition of commercial properties in China.
  - Financing cash outflow of $122.6 million: due mainly to the net repayment of bank loans and borrowings of $45.4 million and interest payments of $68.6 million.

Outlook

- The Group is focused primarily on real estate development, real estate investment and hospitality businesses. The Group has embarked on a business transformation to reposition itself from a niche developer to a strong regional real estate player.

- Amidst high interest rates and slower global economic outlook, the Group continues to adopt a cautiously optimistic outlook for the real estate market. The global growth projection for 2024 is projected to be 3.1%, similar to the estimated growth for 2023. Global headline inflation is expected to fall to 5.8% in 2024 from 6.8% in 2023. With disinflation and steady growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced[1].

- **In Singapore,** although office leasing demand from the tech sector has fallen, the office market has been resilient, with diversified demand drivers such as professional services and flexible workspace sectors. Market sentiment could pick up in the second half of 2024 as interest rates and inflationary pressures ease, economy strengthens, and companies regain confidence to expand. The retail sector continues to face similar challenges such as manpower shortages and higher operating costs. Nevertheless, tourism continues to shine with a robust schedule of concerts and events. These activities not only boost tourism but should lend support to retail rents.

[1] https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024

Outlook

- The planning for Link@896 asset enhancement initiative is currently ongoing with works expected to commence in the first half of 2024. Upon completion in 2025, the asset enhancement is expected to elevate the retail experience at Link@896 by improving the layout and tenant mix along with the addition of new amenities for shoppers.

- Whilst the Group's commercial property, 18 Robinson, continues to enjoy improving occupancies and contribute to the recurring income for the Group, contribution from Link@896 for 2024 is expected to be affected with the commencement of asset enhancement works at Link@896.

- On the residential front, Mont Botanik Residence obtained TOP in February 2023 and all units were handed over to the owners. Peak Residence is fully sold and is expected to be completed in 2024. The Group is closely monitoring the residential market, which is expected to remain stable due to continued interest from local homebuyers.

Outlook

- **In Australia,** Grand Hyatt Melbourne continues to benefit from a positive outlook in the tourism sector. According to the latest forecasts from Tourism Research Australia, international spending in the country is projected to exceed its pre-pandemic level in 2024. Domestic tourism spending, which has already surpassed its pre-pandemic levels, is expected to continue its upward trajectory in 2024.

- At Hyatt Regency Perth, the conversion of 42 rooms into serviced apartments is expected to be operational in the first half of 2024. These serviced apartments will complement the existing business model by targeting the mid- and long-term stay segments. Upon operation of these serviced apartments, the Group expects occupancy to improve with additional contribution to the income stream.

- Meanwhile, the stable and improving occupancies at the Group's Melbourne and Perth investment properties are expected to continue to contribute to the performance of the Group in 2024 and beyond.

- Asset enhancement works at Hyatt Regency Perth complex are currently ongoing and will be completed in phases, resulting in an increase in leasable area that has attracted interest from key tenants. Tenants under the first phase have commenced trading and are expected to contribute to the recurring income stream from 2024 onwards.

Outlook

- **In Indonesia,** the 125-hectare Opus Bay project in Batam is being developed in phases into an integrated township. The construction of Balmoral Tower and Cluny Villas is progressing on schedule and the Group expects to hand over the completed units in Cluny Villas from the second half of 2024 onwards. Sales for both Balmoral Tower and Cluny Villas are in line with expectations.

- The Group has soft-opened its international luxury outlet mall known as The Grand Outlet – East Jakarta at Karawang, Greater Jakarta on 5th of December 2023. This project is a joint venture with a subsidiary of Mitsubishi Estate Asia. It is strategically located at East Jakarta along the country's busiest toll road, Jakarta-Cikampek Toll Road and is also expected to benefit from the opening of the Karawang High Speed Rail station that is 3 to 4 kilometres away. About 75% of the outlet mall has been leased to numerous brand-name tenants such as Hugo Boss, Coach and Kate Spade, with PT Mitra Adiperkasa Tbk ("MAP") as the anchor tenant, bringing in more than twenty well-known brands. The outlet mall is expected to contribute to the recurring income stream from 2024 onwards.

Outlook

- **In China,** Gultech continues to contribute a positive performance in FY2023. The Group has been informed that Gultech (Jiangsu) Electronics Co., Ltd ("Gultech Jiangsu"), an indirect wholly-owned subsidiary of GulTech (through Gultech China Pte Ltd ("Gultech China")), has recently decided that the potential listing plans of Gultech Jiangsu should be halted, in light of and taking into consideration the current geopolitical and economic conditions and they have completed the buy-back of approximately 17.5% of the total shares in the issued share capital of Gultech Jiangsu from the external investors and entities set up to administer an employee share option plan in February 2024.

- In Sanya, construction for the Group's 7.8%-owned development project was completed in December 2023. With its connectivity as a transportation hub to the Sanya High-Speed Railway Station, light monorail system and inter-city bus interchange, the development, comprising commercial apartments, hotel and retail components, yields a gross floor area of close to approximately 200,000 square metres for sale or lease. The retail mall known as Sanya Summer Plaza has commenced operations and is expected to contribute to the recurring income stream from 2024 onwards.

Outlook

- The Group will continue to develop its asset portfolio, explore potential strategic partnerships and acquisitions to expand its footprints to seize growth opportunities in Singapore and in key cities in China, Indonesia and Australia where the Group has already a significant presence. The Group is also not averse to consider options and opportunities to divest, develop, streamline, restructure and/or reorganise its non-real estate investments and business when opportunities arise with the view to potential value maximisation.

Thank You

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