



# **KSH HOLDINGS LIMITED**

**FY2020 Results & Corporate Presentation**  
**3 August 2020**

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# PRESENTATION OUTLINE

- 1. Corporate Overview**
- 2. Financial Highlights**
- 3. COVID-19**
- 4. Construction**
- 5. Property Development**
- 6. Property Investment**
- 7. Outlook & Strategies**
- 8. Investment Merits**





# CORPORATE OVERVIEW

# CORPORATE OVERVIEW

- A well-established construction, property development and property investment group
- Incorporated in 1979 and listed on the SGX Mainboard since 8 February 2007

## Construction

- Over 40 years of established track record across various sectors including residential, commercial, industrial, hotels, institutions, infrastructure, etc
- Strong order book, balance sheet; low gearing and receivables risk
- BCA A1 Grade (CW01 – General Building): Ability to tender for public construction projects of unlimited value
- BCA A2 Grade (CW02 – civil engineering): Ability to tender for public projects for values up to S\$85M
- Projects performed well in CONQUAS, a standard assessment system on the quality of building projects
- Won BCA Construction Excellence Awards for the construction of Fullerton Bay Hotel, NUS University Town's Educational Resource Centre, and Madison Residences. Received the BCA Construction Excellence Award (Excellence) for NUS University Sports Centre and Construction Excellence Award (Merit) for Heartbeat@ Bedok in 2019.

## Property Development

- 19 development projects of residential, mixed development, office and commercial launched in Singapore to-date
- Successful development in Beijing, PRC on residential development - 靓景明居. First 3 phases fully sold and 4<sup>th</sup> phase Sequoia Mansion (红衫公馆) almost fully sold
- Township development in Gaobeidian, PRC

## Property Investment

- 69% of Tianjin Tianxing Riverfront Square (天星河畔广场) in Tianjin, PRC
- 4 high-end luxurious residential units in Singapore
- 13 investments of hotel property overseas currently, of which 9 are in operation
- Plan to increase investment in hotel properties

# GEOGRAPHICAL FOOTPRINT

**UK**

- **England:** Mixed used development in Central Leeds (including Hampton by Hilton); IBIS Bradford Hotel; LUMA Concept Hotel; IBIS Gloucester Hotel; Holiday Inn Express Manchester City Centre
- **Scotland:** Hotel Indigo Glasgow

**Singapore**

- A main contractor for both public and private construction sectors
- Strong construction track record of projects across residential, commercial, mixed-development, institutional sectors, including Fullerton Bay Hotel, One°15 Marina Club, Suntec City, Bedok Integrated Complex, Singapore Chinese Cultural Centre, amongst others
- Developed many successful residential, commercial and mixed-use projects
- Existing ongoing developments include – Affinity@Serangoon, Riverfront Residences, Park Colonial and Rezi 24

**Japan**

- Expanded footprint with investment in 2 hotels in **Hokkaido** (Super Hotel Sapporo) and **Tokyo** (Smile Hotel Asakusa)

**PRC**

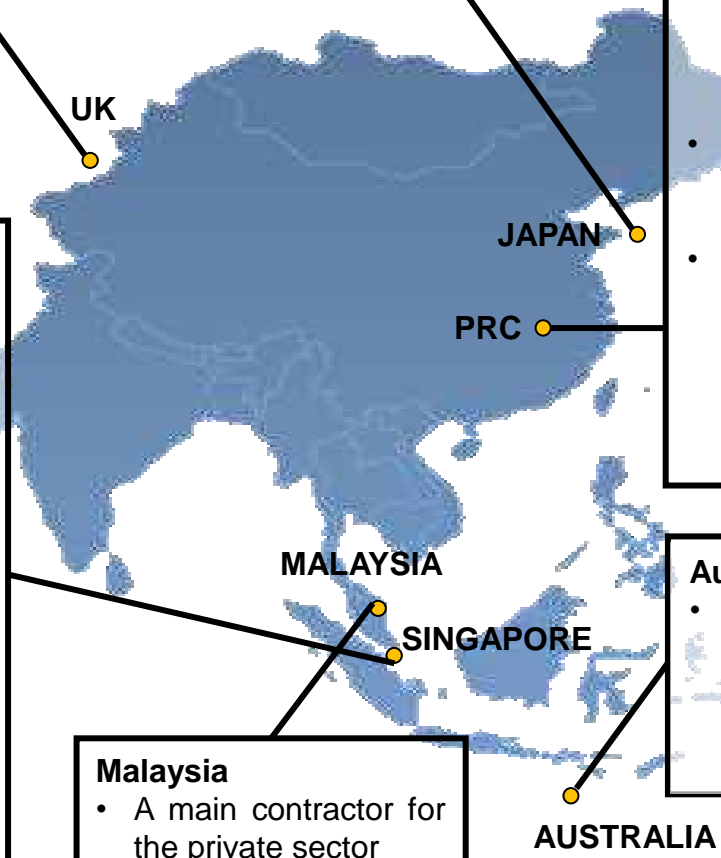
- Amassed strong network and market knowledge since entry in 2001
- **Tianjin:** Mixed-use development, Tianjin Riverfront Square (天星河畔广场) that contributes healthy recurring income
- **Beijing:** Mixed-development, Liang Jing Ming Ju– Sequoia Mansion (靓景明居四期- 红衫公馆)
- **Gaobeidian:** Co-developing large-scale township project, Gaobeidian New Town (高碑店新城上东新区), a satellite city near Beijing earmarked by government for development

**Malaysia**

- A main contractor for the private sector

**Australia**

- **Brisbane:** Entered Australia property market with consortium of investors to co-develop a mixed-use asset in popular tourist hotspot, Fortitude valley, Brisbane, Australia

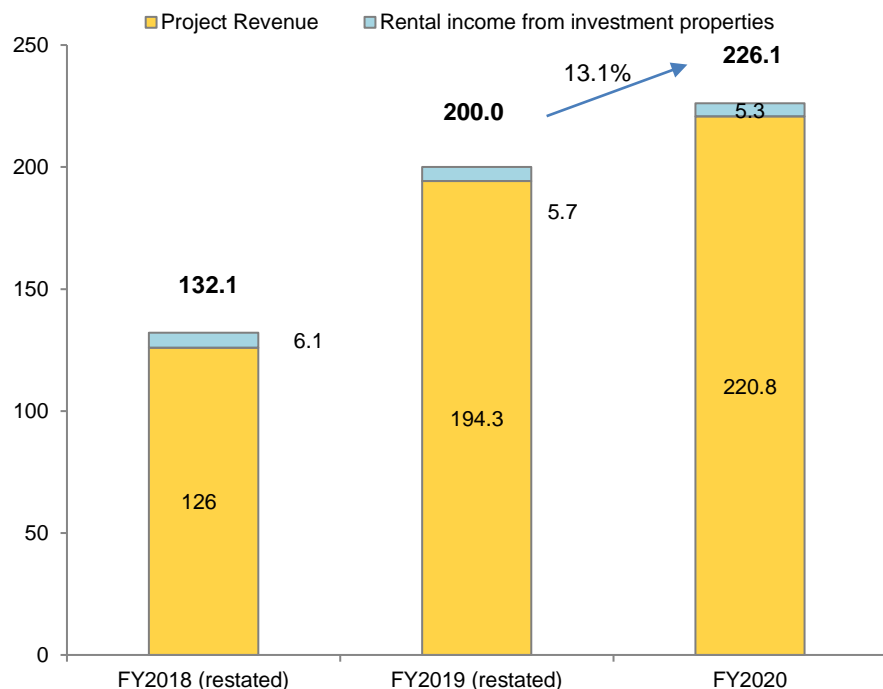




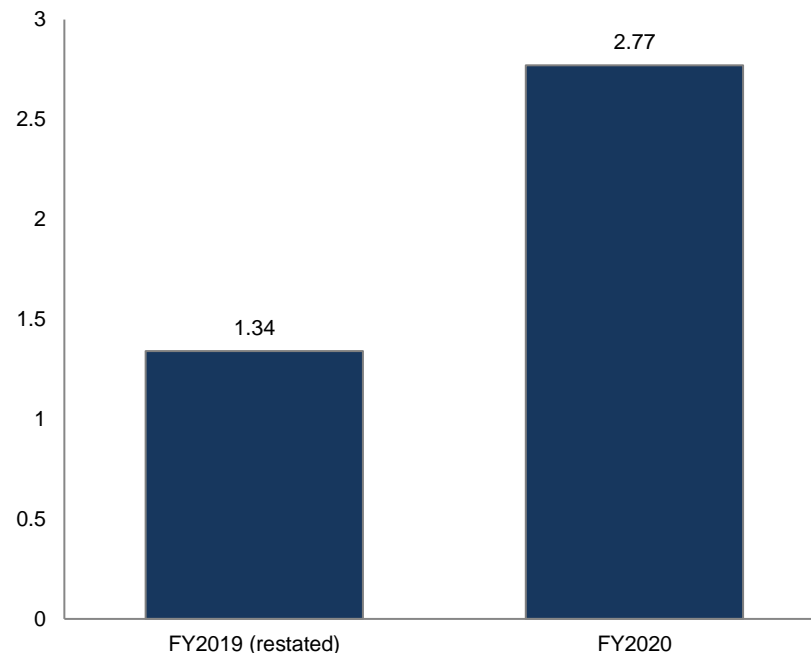
# FINANCIAL HIGHLIGHTS

# FINANCIAL HIGHLIGHTS

## Group Revenue (S\$m)



## Earnings Per Share (SGD Cents)

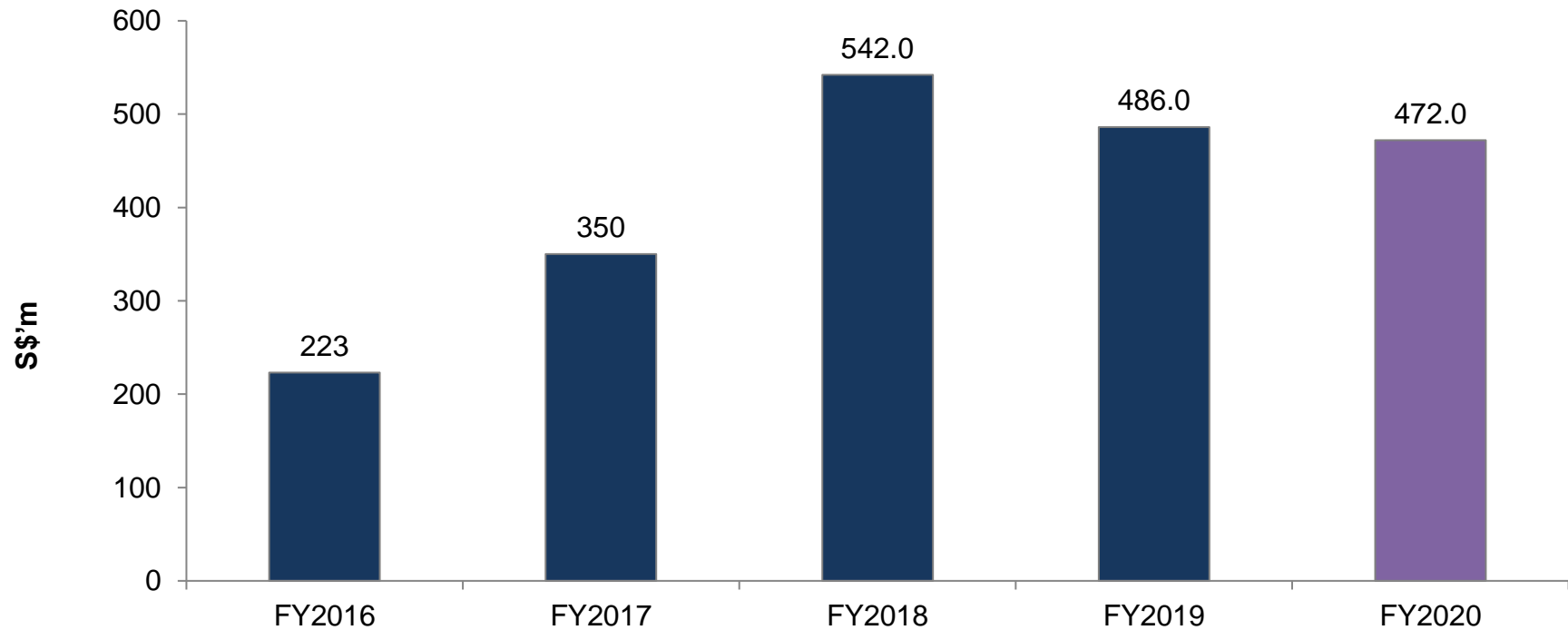


Group revenue recorded a 13.1% increase to S\$226.1 million from a year ago, mainly due to a S\$26.5 million (13.7%) increase in revenue from construction business to S\$220.8 million for the Financial Year ended 31 March 2020 (“FY2020”)





# HEALTHY CONSTRUCTION ORDER BOOK

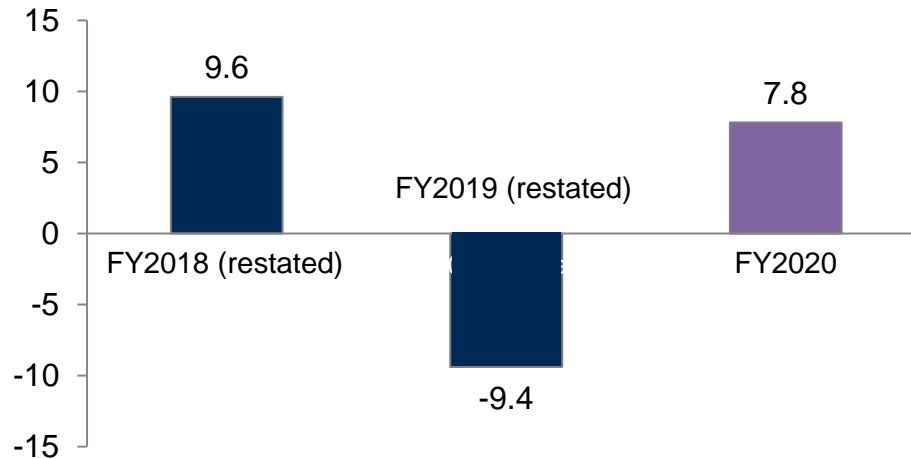


- Order book remains healthy at over S\$472.0 million as at 31 March 2020.
- A good mix of public and private projects in the existing order book at approximately 57.3% and 42.7% respectively

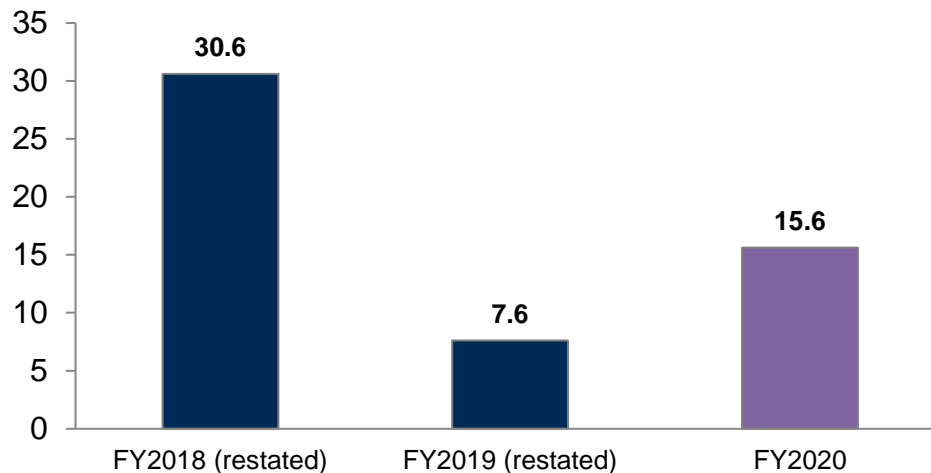


# EARNINGS

## Share of Results of Associates and Joint Ventures (S\$m)



## Profit Attributable to Shareholders (S\$m)



- Share of results of associates and joint ventures achieved a turnaround of S\$17.2 million from a loss of S\$9.4 million in FY2019 to a profit of S\$7.8 million in FY2020
- This is mainly due to the contribution by the sales and the progress in construction from the residential development projects in Singapore –
  - Affinity@Serangoon
  - Riverfront Residences
  - Park Colonial
- Profit Attributable to Shareholders increased by 104.8% from S\$7.6 million to S\$15.6 million



# HEALTHY BALANCE SHEET

S\$'m	31 Mar 2018 (restated)	31 Mar 2019 (restated)	31 Mar 2020
<b>Total Assets</b>	576.6	604.0	616.8
<b>Total Liabilities</b>	217.9	252.8	265.4
<b>Net Tangible Assets (Attributable to Shareholders)</b>	335.3	327.8	328.4
<b>NTA Per Share (Cents)*</b>	58.84	57.53	58.15

\*NTA Per Share was computed based on 569,735,645 shares as at 31 Mar 2018 and 31 Mar 2019, and 564,862,245 shares as at 31 Mar 2020



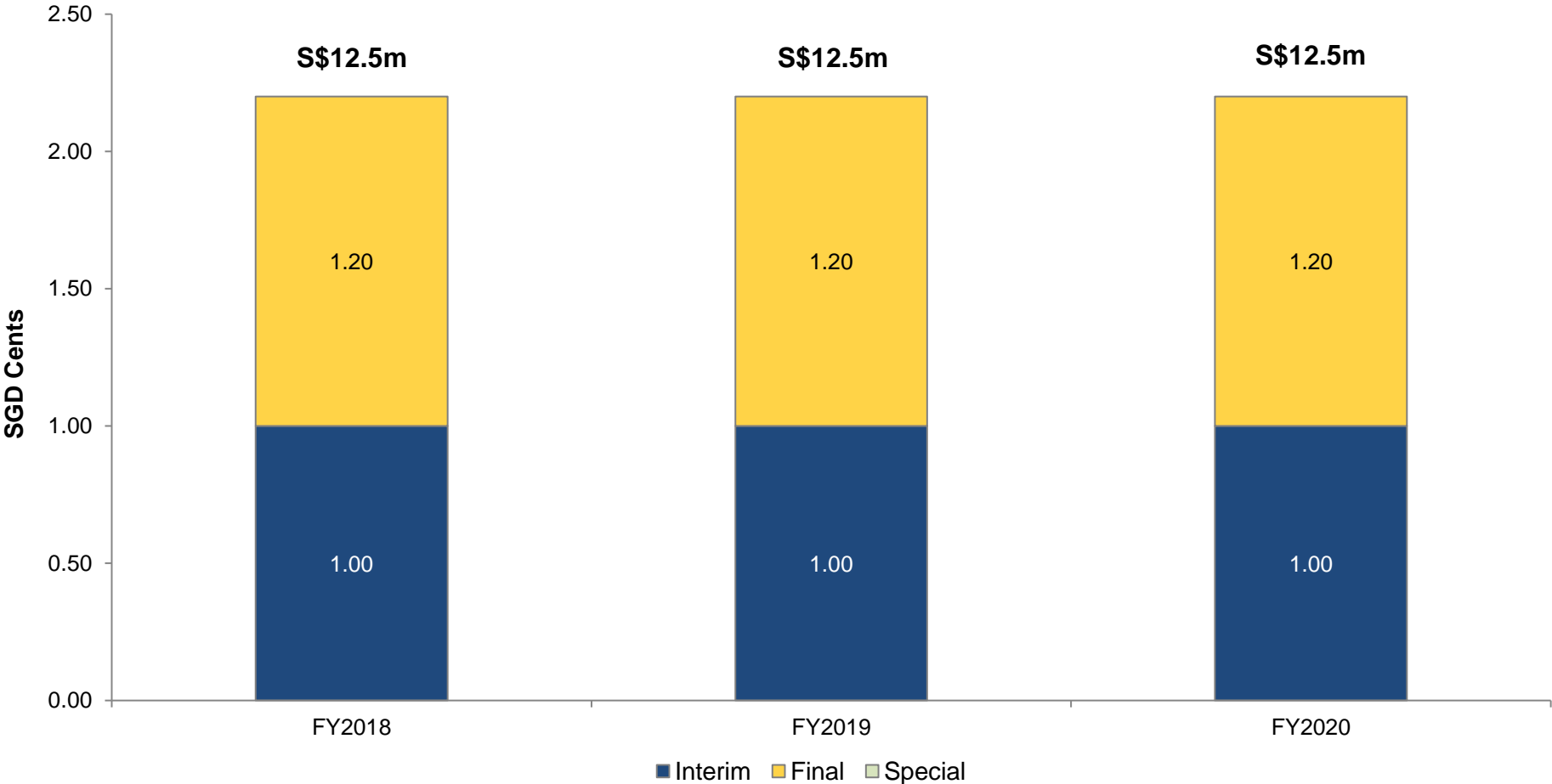
# HEALTHY DEBT COVERAGE & LOW GEARING

S\$'m	31 Mar 2018 (restated)	31 Mar 2019 (restated)	31 Mar 2020
<b>Total Borrowing &amp; Debts</b>	122.9	155.5	154.9
<b>Fixed Deposit, Cash &amp; Bank Balances</b>	76.2	111.2	130.3
<b>Net Debt</b>	46.7	44.3	24.6
<b>Net Debt to Equity</b>	0.13	0.13	0.08
<b>Gearing (Total Borrowings &amp; Debts / Total Assets)</b>	0.20	0.26	0.25



# DIVIDENDS

## Total Dividends:



# SHARE PRICE PERFORMANCE

## Key Data

<b>Share price</b>	S\$0.345
<b>Market Capitalisation</b>	S\$194.5 million
<b>Shares Outstanding</b>	563.8 million
<b>52-week range</b>	High: S\$0.490 (13 November 2019) Low: S\$0.250 (23 March 2020)
<b>P/E (times)</b>	23.42

Source: Bloomberg; 30 July 2020





**COVID-19**



# ECONOMIC AND BUSINESS IMPACT

**The COVID-19 pandemic severely disrupted global economic activities leading to both demand and supply-side shocks to the Singapore economy.**

- Domestically-oriented sectors such as construction, real estate and other business services sectors have experienced negative spill overs from the slowdown in domestic economic activity and weaker sentiments
- The Singapore government implemented the Circuit Breaker measures (7 April to 1 June 2020) in a bid to slow down the spread of COVID-19. This had led to the suspension of non-essential services and closure of most workplace premises.
- Together with weak external demand amidst the global economic downturn, Singapore entered into a technical recession, with its GDP contracting by 12.6% year-on-year in 2Q2020 according to the statistics from the Ministry of Trade and Industry.
- Taking into account the significant deterioration in the external economic environment, the worsening of Singapore's external demand outlook and the expected economic impact of the Circuit Breaker measures, the MTI has downgraded its GDP growth forecast for the Singapore economy to “-7.0% to -4.0%”, from “-4.0% to -1.0%” in 2020.

Sources:

*\*Ministry of Trade and Industry Singapore – Singapore's GDP Contracted by 12.6 Per Cent in the Second Quarter of 2020.– 14 July 2020*

*\*Ministry of Trade and Industry Singapore – MTI Downgrades 2020 GDP Growth Forecast to “-7.0 to -4.0 Per Cent” – 26 May 2020*





# ECONOMIC AND BUSINESS IMPACT

**Effects of the on-going COVID-19 pandemic have impacted the Group's business and operations, both local and overseas**

## Construction

- Closure of construction sites and suspension of most construction activities during Circuit Breaker – impacting progress of construction schedule
- Manpower disruption caused by movement restrictions due to increased COVID-19 infections amongst foreign workers and dormitories; subsequent increase in costs due to additional health and safety regulations (e.g. COVID-19 swab tests for workers)
- Disruption in raw material supplies and increase in operating costs

## Property Development

- Construction and development works affected due to site closures
- Sales impacted due to Circuit Breaker and temporary showroom closures
- Market sentiment adversely affected due to general economic downturn

## Property Investment

- International travel restrictions has impacted hotel occupancy rates
- Overall, tenants' business were negatively impacted



# GOVERNMENT SUPPORT AND ASSISTANCE

## Construction Sector

- The Building and Construction Authority has extended a new **S\$1.36 billion Construction Support Package** to construction firms to cope with the impact of COVID-19 to aid the resumption of work quickly and safely.
- In addition, further measures include the **extension of advance payment for public sector projects, extension of Government subsidies for COVID-19 tests** and **foreign worker levy rebates**.

### Construction Support Package:

- ❖ \$525.8 million construction restart booster due to additional compliance costs
- ❖ Co-funding salaries of Safe Management Officers to ensure safe management measures implementation at construction worksites
- ❖ Co-sharing of prolongation costs for public sector projects

## Real Estate Sector

- To mitigate with impact of COVID-19 on property sector, the Ministry of National Development announced temporary relief measures for property developers affected by disruptions to construction timelines and sales of housing units resulting from COVID-19 pandemic.

### Temporary relief measures for Developers include:

- ❖ Extension of Project Completion Period (PCP) by six months for residential, commercial and industrial development projects (subjected to conditions)
- ❖ Extension of time by 6 months for the commencement and completion of residential development, and sale of housing units in residential development projects in relation to the remission of the Additional Buyer's Stamp Duty (ABSD) for housing developers;

#### Sources:

\*Building and Construction Authority - \$1.36b Construction Support Package to help firms resume work quickly and safely – 27 June 2020

\*Ministry of National Development – Temporary Relief Measures for Property Sector due to Coronavirus Disease 2019 (COVID-19) Pandemic – 6 May 2020



# STATUS UPDATE

- Phased re-opening has since begun in Singapore and overseas, normal operations is expected to progressively resume.
- Due to the fluidity of the situation, the scale and duration of the COVID-19 development remains uncertain, which may in turn impact the future earnings, cash flow and financial position of the Group.
- As such, it is not practicable to provide a quantitative or qualitative estimate of the potential impact of the COVID-19 on the Group, nor the government's efforts to combat the pandemic to support businesses

## Construction

- All sites have been given approval to restart work, of which five projects have commenced small scale physical works on site
- Most sites are expected to commence work immediately once workers are given the necessary clearance to work on site

## Property Development

- On-going projects in Singapore have already been substantially sold with positive margin
- Sale of residential project in Gaobeidian, PRC has resumed and construction work is currently in progress

## Property Investment

- Hotels in UK in operation with recovering occupancy
- Occupancy of investment properties have maintained good occupancy and rental rates.



# STATUS UPDATE

## ACTIONS AND MEASURES TO COPE WITH THE IMPACT OF COVID-19

<b>Tighten cost control</b>	<ul style="list-style-type: none"><li>• Defray costs by utilising assistance from Government</li><li>• Maintain financial prudence while closely monitoring the COVID-19 situation</li></ul>
<b>Maintain healthy financial position</b>	<ul style="list-style-type: none"><li>• Maintain healthy financial position with low gearing and high cash balances</li><li>• Maintain strong project pipeline with robust order book</li></ul>
<b>Ensure smooth operational progress</b>	<ul style="list-style-type: none"><li>• Proper planning and coordination with suppliers and subcontractors on commencement of work on-site</li><li>• Ensure safe distancing measure to meet sectoral requirements</li></ul>
<b>Safeguard business sustainability</b>	<ul style="list-style-type: none"><li>• Maintain good credit rating and relationship with banks and business associates</li></ul>





**CONSTRUCTION**

# BCA CONSTRUCTION EXCELLENCE AWARD

In recognition of the Group's high standards of management, technical expertise, and stellar workmanship in construction, KSH was accorded the following awards in FY2020:



**NUS University Sports Centre**  
**BCA Construction Excellence Award (Excellence)**



**Heartbeat@ Bedok**  
**BCA Construction Excellence Award (Merit)**



# CONSTRUCTION



- Order book remains healthy at more than S\$472.0 million as at 31 March 2020
- Maintain good mix of private and public sector projects at approximately 42.7% and 57.3% respectively
- All sites have been given approval to restart work, of which five projects have commenced small scale physical work on-site
- Most project sites are expected to commence work immediately once workers are given the necessary clearance to work on-site



# PROPERTY DEVELOPMENT



# PROPERTY DEVELOPMENT

- Four residential projects launched in FY2019 – Affinity @Serangoon, Riverfront Residences, Park Colonial and Rezi 24

Total units launched for sale in Singapore during FY2019 • 3,450 units

Total units sold in Singapore as at 31 March 2020\* • More than 2,700 units

\* Based on options issued

- Most of the property developments launched prior to the current financial year FY2020 have been either fully sold or substantially sold
- The residential project in Gaobeidian, PRC, has launched 812 units of Phase 1 of Stage 1 of projects, which was well received by market. Approximately 261 units has been sold to-date with average selling price expected to earn a positive profit margin
- Group’s attributable share of progress billings amounting to more than S\$466.0 million as at 31 March 2020



# SALES STATUS OVERVIEW

- Residential property developments launched in FY2019 were well-received by the market and sold at positive margins
- Sale status as at 31 March 2020 are as follows:

	Total Units	Group Stake	Group's Attributable Share of Total Units	Group's Attributable Share of Units Sold *	Group's Attributable Share of Units Sold (%)*
<b>Affinity @ Serangoon</b>	1,057	7.5 %	79	53	67.1%
<b>Riverfront Residences</b>	1,478	35.0 %	517	441	85.3%
<b>Park Colonial</b>	805	20.0 %	161	137	85.1%
<b>Rezi 24</b>	110	48.0 %	53	26	49.0%
<b>Total</b>	<b>3,450</b>		<b>810</b>	<b>657</b>	<b>81.1%</b>

\* Based on options issued



# PROPERTY DEVELOPMENT

## Singapore

### AFFINITY @ SERANGOON



#### Location

- 99-year residential development
- Situated at Serangoon Avenue, a serene enclave that's just minutes away from various amenities and recreational facilities

#### Facilities

- Sits on a massive 296,913 sq ft piece of land with a plot ratio of 2.8
- Houses 1,052 residential units and 5-retail shops
- Units include 1- to 4- bedrooms and townhouses

#### Status

- Launched in June 2018



**RIVERFRONT RESIDENCES**



<b>Location</b>	<ul style="list-style-type: none"> <li>• 99-year leasehold project</li> <li>• Located at Hougang Avenue 7, near several shopping malls such as Hougang Mall, Heartland Mall and Hougang 1</li> </ul>
<b>Facilities</b>	<ul style="list-style-type: none"> <li>• Comprises a total of 1,478 units. It offers a plethora of choices from 1- to 5-bedroom units, including strata terraces and retail shops</li> <li>• Situated on the Rio Casa site, a former HUDC estate, residents of Riverfront Residences can look forward to having an extensive variety of full condo facilities to suit their every need due to its relatively large land area</li> </ul>
<b>Status</b>	<ul style="list-style-type: none"> <li>• Launched in July 2018</li> </ul>



# PROPERTY DEVELOPMENT PORTFOLIO

*Singapore*

## PARK COLONIAL



### Location

- 99-year leasehold high rise luxury condominium. Located behind Avon Park, along Upper Serangoon Road/Woodleigh Lane and near to Woodleigh MRT station along the North East Line

### Facilities

- With a total of about 805 units, the development is situated within the Bidadari URA Masterplan estate
- Residents can expect a wide variety of entertainment, F&B options and excellent public transport connectivity

### Status

- Launched in July 2018



# PROPERTY DEVELOPMENT

## Singapore – Project To Be Launched

### REZI 24



<b>Group's Stake</b>	48%
<b>Tenure</b>	Freehold
<b>Location</b>	31-51 (odd) Lorong 24, Geylang
<b>Facilities</b>	<ul style="list-style-type: none"><li>• Proposed block of 8-storey residential flats, with a total of 110 units</li><li>• Featured facilities include sky garden, swimming pool and multi-storey carpark, subject to necessary approvals from relevant authorities</li><li>• An abundance of urban amenities within the easy reach</li></ul>
<b>Status</b>	<ul style="list-style-type: none"><li>• Launched in March 2019</li></ul>

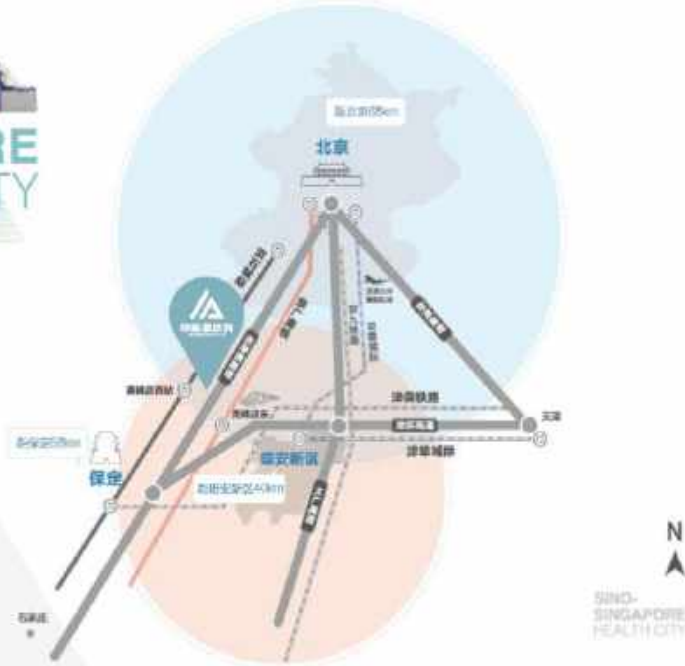
# PROPERTY DEVELOPMENT PORTFOLIO (PRC)

People's Republic of China

## GAOBEIDIAN PROJECT – SINO-SINGAPORE HEALTH CITY

SINO-SINGAPORE HEALTH CITY

环京 环雄  
潜力城市



### Location:


- Strategically located 40km away from the Xiongan New Special Economic Zone (“Xiongan NSEZ”) announced by the Chinese government in April 2017
- Situated next to the Beijing-Shijiazhuang Expressway (82km away from Beijing city) and the Beijing-Shijiazhuang High-speed rail route (30 minutes ride to Beijing)
- Following the success of China's two economic zones in the Pearl River Delta and Yangtze River Delta regions, Xiongan NSEZ is expected to become a world-class city cluster surrounding Beijing, with favourable regulatory framework and outstanding economic growth



# PROPERTY DEVELOPMENT PORTFOLIO (PRC)

*People's Republic of China*

## GAOBEIDIAN PROJECT – SINO-SINGAPORE HEALTH CITY

<b>Group's Stake</b>	22.5%	
<b>Location</b>	Gaobeidian (82 km from Beijing), the PRC	
<b>Gross floor area</b>	Approx. 2.5 million sqm	
<b>Units</b>	15,800 residential units	
<b>Project Brief</b>	<ul style="list-style-type: none"><li>• <b>Mountain Climbing Training Centre &amp; Outdoor Sports Centre Township</b><ul style="list-style-type: none"><li>• Based on the Singapore township concept, built on the China's National Mountain Training Base</li><li>• One-stop hub: full suite of mountain climbing services and the world's tallest man-made rock-climbing wall (total size: 4,200 sqm; 18 climbing routes + 20 competition/training routes)</li><li>• Ready to host national and world competitions – expected to boost the Sports &amp; Tourism industry</li></ul></li><li>• <b>Introduces Singapore's new township concept for urbanization.</b><ul style="list-style-type: none"><li>• Residential building area (approx 1.6 million sqm), as well as F&amp;B, entertainment, commerce, healthcare, education and other infrastructure.</li><li>• <b>Phase 1:</b> consists of 2,180 residential units with a gross floor area of approx. 340,000 sqm.</li><li>• Launched 812 units of Phase 1 of Stage 1 of projects, which was well received by market with approximately 261 units sold to-date with average selling price expected to earn a positive profit margin</li></ul></li></ul>	





**PROPERTY INVESTMENT**

# PROPERTY INVESTMENT OVERVIEW



The Group has 13 investments of hotel property overseas currently, of which 9 are in operation\* and generating recurring income.

Project Name	Location	Status
LUMA Concept Hotel	Glenthorne Road, London, England, UK	In operation & generating recurring income
IBIS Gloucester Hotel	Gloucester, Gloucestershire, England, UK	
IBIS Bradford Hotel	Bradford, West Yorkshire, England, UK	
Holiday Inn Express Manchester City Centre	Manchester City, England, UK	
Hotel Indigo Glasgow	Glasgow, Scotland, UK	
Crowne Plaza London Kensington	London, England, UK	
Hampton by Hilton Leeds	Leeds, England, UK	
Smile Hotel Asakusa	Tokyo, Japan	
Super Hotel Sapporo - Susukino	Chuo, Hokkaido, Japan	
Day Inns Liverpool	Liverpool, England, UK	In Progress
Dry Bar Boutique Hotel	Manchester City, England, UK	
Hotel Resort at Paro, Bhutan	Paro district, Bhutan	
Hotel at Gaobeidian, People's Republic of China	Gaobeidian, People's Republic of China	

# PROPERTY INVESTMENT (CHINA)



<b>Name of Project</b>	Tianjin Tianxing Riverfront Square (天星河畔广场)
<b>Group's Stake</b>	69%
<b>Location</b>	Tianjin, the PRC
<b>Total Lettable Area</b>	37,033 sqm
<b>Tenure</b>	~50 years from 29 November 1993
<b>Occupancy</b>	Approximately 74% (As at 31 March 2020)



# OUTLOOK & STRATEGIES

# BUSINESS OUTLOOK

## Construction Sector

- Construction demand contracted by 54.7% y-o-y in the second quarter, a significant drop from the 1.1% decline in the previous quarter, according to statistics from the Ministry of Trade and Industry.<sup>1</sup>
- This is attributed to manpower disruptions and movement restrictions at foreign worker dormitories to curb the spread of Covid-19.

## Real Estate Sector

- Prices of private residential properties increased by 0.3% in the second quarter of 2020 from the previous quarter.
- Pipeline supply for private residential market (excluding ECs) has increased 0.5% to 49,090 units in 2Q2020 from 48,868 units in previous quarter. Of these units, 27,977 remain unsold as at the end of 2Q2020, lower than 29,149 units in 1Q2020
- For the whole of 2020, property analysts expect private residential property prices to decrease by 3% to 8%

### **June new condo sales more than double on pent-up demand, foreigner buying**

*“Developers in Singapore sold 998 new private homes in June, 105% more than May's 486, on **pent-up demand and an increase in foreign buying** as show galleries reopened.*

*On the increase in foreign buyers... growing macro-economic uncertainties have driven these investors to safe-haven assets here..”*

*- The Business Times, Jul 16, 2020*

### **Singapore Q2 private home prices surprise with 0.3% uptick**

*“... most analysts expect economic headwinds and weaker employment prospects to put downward pressure on prices and volumes this year.*

*- The Business Times, Jul 25, 2020*

Sources:

\*Ministry of Trade and Industry Singapore – Singapore's GDP Contracted by 12.6 Per Cent in the Second Quarter of 2020.– 14 July 2020

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

# STRATEGIES & OPPORTUNITIES



## CONSTRUCTION

1. Continue to aggressively tender for public and private projects with emphasis on the former while protecting margins
2. Capitalise on Group's strong track record and BCA A1 grade to tender for public projects of unlimited value, riding on government impetus
3. Leverage on the Group's healthy balance sheet and low receivables risk as competitive advantage



## PROPERTY DEVELOPMENT

1. Continue to prudently seek opportunities in Singapore while deepening existing footprint in overseas markets
2. Pursue overseas projects with reputable partners with extensive local knowledge, network and expertise
3. Expand geographical footprint in new markets with favourable property market cycle together with JV partners



## PROPERTY INVESTMENT

1. Continue to seek investment opportunities in hotel properties overseas together with JV partners
2. Expand geographical footprint in new markets with favourable property market cycle together with JV partners



ONE15  
WANGSA MAHAKIRI

# INVESTMENT MERITS

# INVESTMENT MERITS

## **Committed and experienced management team and support staff**

- Each Executive Directors has at least 40 years of experience in the construction industry
- Management team is supported by a pool of long serving and committed staff including engineers, quantity surveyors and site coordinators.

## **Established and proven track record and reputation; Diversified businesses**

- Diversified businesses – construction, property development and property investment across Asia-pacific and the UK
- Received several awards and certifications including International Organization for Standardisation (“ISO”) certifications

## **Cost competitive**

- Continuing relationships with pool of sub-contractors and suppliers allows KSH to obtain better credit terms , keeping costs low
- Commitment to drive productivity and efficiency through technology, innovation, as well as through a new fabrication plant and equipment

## **Ability to leverage on construction experience to enhance property development business in Singapore and PRC**

- Synergistic effects of property development business and construction business
- Able to offer value-added services when carrying on property development work based on construction experience

## **Strong working relationships with joint venture partners and business network**

- Established wide network of contacts in the PRC
- Participated in successive series of joint venture development projects in Singapore since 2008
- Extensive experience in construction industry





**THANK YOU**