



United Engineers Reports FY2018 Revenue of \$374.9 Million and Attributable Profit of \$55.8 Million

SINGAPORE, 25 February 2019 – United Engineers Limited (the “Group”) announced that for the year ended 31 December 2018 (“FY 2018”), attributable profit was \$55.8 million on the back of revenue of \$374.9 million. Revenue decreased 29% from \$525.8 million in the previous year in the absence of contribution from the divested liquefied petroleum gas business and lower revenue from property development. Attributable profit was 36% lower as compared with \$87.2 million in FY 2017.

“In view of the global economic slowdown and the ongoing trade tensions, the Group has been selective in embarking on new development projects. We are pleased to have been awarded the Dairy Farm site at \$830.40 psf ppr which we plan to develop into a prime development comprising about 450 residential units, childcare centre, supermarket, food court and F&B/retail shops. We will continue our strategic approach in growing and managing our property portfolio and landbank, as well as unlocking value in our other non-core businesses”, said Mr Zhong Sheng Jian, Executive Chairman.

Segment Review

The **Property Rental & Hospitality** segment recorded a 5% decrease in revenue to \$125.2 million in FY 2018. Operating profit before interest decreased 31% to \$86.8 million in the previous year mainly due to lower revaluation gains from investment properties and lower provision for rental support written-back.

In the **Property Development** segment, revenue recorded for FY 2018 was mainly in relation to the sales of other completed commercial units at *Shenyang Orchard Summer Palace*. Revenue declined by 81% to \$25.8 million in the absence of contribution from *Chengdu Orchard Villa Phase 4* and *Eight Riversuites* in FY 2018 as well as lower sales of units at *Shenyang Orchard Summer Palace*. Construction work on *Chengdu Orchard Villa Phase 5* is currently in progress with completion expected in FY 2019. Based on the

NEWS RELEASE

completion of construction method, revenue and profits for *Chengdu Orchard Villa Phase 5* will be recognised upon handover of the completed property. Operating loss before interest decreased from \$9.1 million in FY 2017 to \$2.8 million in FY 2018 mainly due to the absence of impairment losses on certain overseas development project.

Engineering & Distribution revenue decreased 20% to \$108.1 million in FY 2018 mainly due to lower revenue contribution from distribution businesses and the absence of revenue contribution from the divested LPG business. Operating profit before interest decreased 88% to \$0.9 million.

In the **Manufacturing** segment, revenue fell 17% to \$71.3 million in FY 2018 mainly due to slower demand arising from US-China trade tensions. Operating loss before interest was \$2.2 million in FY 2018 compared with operating profit before interest of \$5.4 million in the previous year. The decline in operating results in 2018 was as a result of lower turnover, unfavourable product mix, write down of inventories and impairment loss on property, plant and equipment.

Outlook

The US-China trade tension may affect global economic growth prospects and adversely impact the manufacturing services sector in China. In Singapore, the latest round of property cooling measures announced in July 2018 is expected to weigh on the private residential property market in the short term but may help to maintain a stable and sustainable market in the longer run. The Group is focusing on the sales launch of the Dairy Farm project which is anticipated in the second half of 2019.

The office occupancy and rental in Singapore may continue to see steady recovery. The Group is embarking on asset enhancement initiatives for its investment properties in Singapore and may make selective acquisitions if and when such opportunities arise.

In China, the property cooling measures have brought about a relative slowdown in activity in certain cities but the demand for good quality housing remains and the property market may continue to see sustainable growth in the longer term. Despite these cooling measures, the Group has successfully sold all the 231 residential units of the *Chengdu Orchard Villa Phase 5* development project, which will in turn contribute positively to the Group's performance in 2019.

###

NEWS RELEASE

About United Engineers Limited

United Engineers Limited (the "Group"), founded in 1912, is one of Singapore's pioneer companies that played an integral role in the country's physical and economic transformation. Building on its early engineering roots, the Group evolved into a dynamic corporation with key business activities in Property Rental and Hospitality, Property Development, Engineering and Distribution, as well as Manufacturing today.

The Group has developed numerous iconic buildings that define the Singapore landscape, including *orchardgateway*, *UE BizHub CITY* (formerly known as *UE Square*), *UE BizHub EAST*, as well as the mixed-use development at one-north comprising *The Rochester*, *Rochester Mall* and *Park Avenue Rochester*. It also owns a stable of shopping malls which comprises *Rochester Mall*, *The Seletar Mall* and *UE Square Shopping Mall*, as well as manages *Changi Link* shopping mall and the *Park Avenue* chain of hotels, serviced apartments, serviced offices and convention centre.

The Group was honoured as the 11th oldest company by Singapore International Chamber of Commerce and its flagship building, *UE BizHub CITY*, was marked a historic site in 2002 by Singapore National Heritage Board. In recognition of its contribution to Singapore's development over the decades, the Group was awarded the Singapore Golden Jubilee Business Award organised by Singapore Business Federation, Accounting and Corporate Regulatory Authority and DP Information Group.

###