



United Engineers Reports Q2 2018 and H1 2018 Attributable Profit of \$11.0 million and \$20.0 million respectively

SINGAPORE, 13 August 2018 – United Engineers Limited (the “Company” or the “Group”) today announced attributable profit for second quarter of 2018 (“Q2 2018”) of \$11.0 million on the back of revenue of \$96.2 million. For first half of 2018 (“H1 2018”), the attributable profit is \$20.0 million on the back of revenue of \$201.4 million. Excluding the revaluation gains on investment properties of \$45.4 million and impairment loss on properties held for sale of \$8.9 million recorded for the first half of 2017 (“H1 2017”), attributable profit for H1 2018 of \$20.0 million increased 35% from \$14.8 million for the previous corresponding period. No similar revaluation gain and impairment loss were recorded in H1 2018. Revenue decreased 13% to \$201.4 million from \$230.8 million for H1 2017 mainly due to lower revenue from property development and the absence of contribution from LPG business which was divested in December 2017.

“Amidst current trade tensions and geopolitical uncertainties, we believe the Group, with its low gearing position, is in a good position to take advantage of opportunities that may present themselves. We will also continue to focus on asset enhancement initiatives for the Group’s investment properties portfolio as well as unlocking value in our other non-core businesses”, said Mr Zhong, Executive Chairman.

Segment Review

Property Rental & Hospitality revenue decreased 5% to \$31.2 million in Q2 2018 and decreased 5% to \$62.5 million for H1 2018. Operating profit before interest decreased 74% to \$15.5 million for Q2 2018 and decreased 58% to \$31.9 million for H1 2018. The operating profit before interest for Q2 2017 and H1 2017 was lifted by fair value gains of \$45.4 million from the revaluation of the Group’s investment properties.

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Revenue in **Property Development** segment decreased 54% to \$9.9 million in Q2 2018 and decreased 34% to \$22.6 million for H1 2018. For Q2 2018, the segment recorded an attributable profit before interest of \$0.03 million compared to an operating loss of \$10.6 million for Q2 2017. For H1 2018, the operating loss before interest decreased 97% to \$0.4 million from \$13.2 million for H1 2017, partly due to improved contribution from the sale of property units from completed phases of *Chengdu Orchard Villa*. The higher operating loss in H1 2017 was also the result of impairment losses recognised on certain overseas development projects.

Engineering & Distribution revenue decreased 36% to \$22.4 million for Q2 2018 and decreased 17% to \$52.3 million for H1 2018. Operating profit before interest decreased 36% to \$0.9 million for Q2 2018 from \$1.4 million in Q2 2017. For H1 2018, operating profit before interest increased 64% to \$3.6 million mainly due to higher profit contribution from the systems integration business.

In the **Manufacturing** segment, revenue decreased 11% to \$18.6 million for Q2 2018 and decreased 11% to \$37.6 million for H1 2018. Operating profit before interest decreased 36% to \$0.9 million for Q2 2018 and decreased 50% to \$1.1 million for H1 2018, mainly due to existing precision engineering manufacturing programs reaching their end-of-life whilst new programs have yet to reach mass production volumes.

Outlook

The Group expects the latest round of property cooling measures by the Singapore government to weigh on the private residential property market. The Group will continue to selectively source for new sites to replenish its landbank.

The outlook for the office occupancy and rental in Singapore is expected to improve steadily. 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.

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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.

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