



**MEDIA RELEASE**

## Chip Eng Seng posts healthy net profit of S\$73.4 million for FY 2013

- *Revenue in FY2013 at \$502.5 million exceeds the half-a-billion mark for the second consecutive year*
- *Continues to declare a first and final dividend of 4.0 Singapore cents per share*

| Financial Highlights<br>(\$ million)  | 3 Months Ended 31 Dec |              |               | Year Ended 31 Dec |              |               |
|---------------------------------------|-----------------------|--------------|---------------|-------------------|--------------|---------------|
|                                       | 4Q 2013               | 4Q 2012      | Change (%)    | FY 2013           | FY 2012      | Change (%)    |
| <b>Revenue</b>                        |                       |              |               |                   |              |               |
| - Construction                        | 75.5                  | 71.0         | 6.4           | 275.5             | 245.1        | 12.4          |
| - Property Development                | 97.2                  | 150.7        | (35.5)        | 224.6             | 368.6        | (39.1)        |
| - Property Investments & Others       | 0.5                   | 0.9          | (44.4)        | 2.3               | 3.5          | (34.3)        |
| <b>Group Revenue</b>                  | <b>173.2</b>          | <b>222.6</b> | <b>(22.2)</b> | <b>502.5</b>      | <b>617.2</b> | <b>(18.6)</b> |
| <b>Gross Profit</b>                   | <b>41.3</b>           | <b>43.2</b>  | <b>(4.3)</b>  | <b>89.2</b>       | <b>129.7</b> | <b>(31.2)</b> |
| <b>Gross Profit Margin (%)</b>        | <b>23.9</b>           | <b>19.4</b>  |               | <b>17.7</b>       | <b>21.0</b>  |               |
| <b>Share of Results of Associates</b> | <b>0.6</b>            | <b>2.1</b>   | <b>(69.3)</b> | <b>29.9</b>       | <b>2.2</b>   | <i>n.m.</i>   |
| <b>Profit Before Tax</b>              | <b>40.6</b>           | <b>50.5</b>  | <b>(19.6)</b> | <b>85.3</b>       | <b>108.6</b> | <b>(21.4)</b> |
| <b>Profit After Tax</b>               | <b>34.6</b>           | <b>39.2</b>  | <b>(11.7)</b> | <b>73.4</b>       | <b>81.3</b>  | <b>(9.7)</b>  |
| <b>*Earnings/Share (cents)</b>        | <b>5.3</b>            | <b>5.9</b>   | <b>(9.9)</b>  | <b>11.3</b>       | <b>12.3</b>  | <b>(7.9)</b>  |
| <b>^NAV/Share (cents)</b>             | <b>-</b>              | <b>-</b>     | <b>-</b>      | <b>77.1</b>       | <b>71.0</b>  | <b>8.6</b>    |

\*Based on the weighted average of 648,313,870 ordinary shares (31 December 2012: 661,482,387 ordinary shares)

^ Based on 646,817,161 ordinary shares excluding Treasury shares of 20,698,000 (31 December 2012: 648,327,161 ordinary shares excluding Treasury shares of 19,188,000)

- *n.m.* denotes not meaningful

**Singapore, 20 February 2014** – Mainboard-listed **Chip Eng Seng Corporation Ltd** (“**CES**” or together with its subsidiaries, the “**Group**”)(**集永成机构有限公司**), a leading Singapore-based construction and property group, today reported a net profit of S\$34.6 million and revenue of S\$173.2 million for the fourth quarter ended 31 December 2013 (“**4Q 2013**”). For the same period in 2012 (“**4Q2012**”), the Group posted net profit of S\$39.2 million on revenue of S\$222.6 million.

The decrease in income was due to lower revenue recognition from the Property Development division, which was partly offset by higher contribution from the Construction business.

The Group's Property Development Division achieved revenue of S\$97.2 million in 4Q2013 compared to S\$150.7 million in 4Q2012, which saw the final revenue recognition from its 33M project in Australia. The decrease was partially mitigated by revenue from a mixed development project launched in 4Q2013 – Junction 9 (commercial) and Nine Residences (residential).

In the same period, revenue from the Construction Division remained strong at S\$75.5 million, compared to S\$71.0 million in 4Q2012 as the Group's on-going projects reached their active stage of construction.

Overall, for the full year ended 31 December 2013, the Group's net profit remained strong at S\$73.4 million on revenue of S\$502.5 million. Property Development remained the largest contributor to the Group's bottomline, boosted by income from its joint venture development projects with associates.

Commenting on the results, Executive Chairman of Chip Eng Seng Corporation Ltd, Mr Lim Tiam Seng (林镇成) said:

**“Given the slowdown in the property and construction industries in Singapore under the weight of policy measures and home loan curbs, we are satisfied with our financial performance in FY2013. Our total revenue of S\$502.5 million in FY2013 marks the second consecutive year that group revenue has passed the S\$500 million mark. Our balance sheet and cashflow remain healthy which puts us in a strong position to look for new business opportunities both in Singapore and overseas.**

The Board of Directors is proposing a first and final dividend of 4.0 Singapore cents for each ordinary share. If approved by shareholders at the forthcoming annual general meeting in April 2014, it will be the 14<sup>th</sup> consecutive dividend that the Group has paid to shareholders since its listing in 1999.

### **Segmental Analysis for the full year ended 31 December 2013**

#### ***Construction***

Revenue from the Construction division jumped 12.4% to S\$275.5 million due to increased number of construction projects undertaken by the Group, as well as the intensive stage of construction for many of the on-going projects. As the construction industry continued to be challenged by intense competition and higher labour costs, profit before tax was lower at S\$25.5 million, compared to S\$43.4 million in FY2012.

### ***Property Developments***

The Group's Property Development Division achieved revenue of S\$224.6 million in FY2013, compared to S\$368.6 million recorded in FY2012. This was due to revenue from a development project in Australia, 33M, which was recognised on a completed basis in FY2012. The decrease was partially offset by revenue from a mixed development project launched in the last quarter of 2013 – Junction 9 (commercial) and Nine Residences (residential) – as well as progressive income recognition from the residential project, My Manhattan.

However, profit before tax for the Property Development Division rose by 44% to \$52.9 million, boosted by contribution from its share of associates' profit which came in at S\$29.9 million in FY2013 against S\$2.2 million in FY2012. This was due mainly to the profit recognition of its 40%-owned joint venture project, Privé, which obtained TOP in July 2013, and additional profit from a joint venture project completed in 2011 of which the development costs was finalised only in FY2013.

### ***Property Investments***

Revenue from the Group's Property Investment was lower at S\$2.3 million compared to S\$3.5 million in the previous year as its office building at Queen Street in Melbourne, Australia was vacated for the redevelopment into a 581-unit freehold residential development, to be known as Tower Melbourne. Lower fair value gain on the Group's investment properties amounting to S\$13.0 million was recognised for FY2013 as compared to S\$30.0 million for FY2012.

### **Business Outlook**

Moving forward, the Group will embark on a cautious and selective expansion of its landbank in view of the new cooling measures implemented. To further drive growth, the Group will continue to seek overseas opportunities as it expands and diversifies its portfolio.

On a segmental basis, the Property Development division expects to obtain TOP for four of its projects in FY2014 – Belysa, 100 Pasir Panjang, My Manhattan and Belvia. The mixed development project, Nine Residences and Junction 9, launched in October 2013 garnered sales of 64% and 92% respectively.

At the Property Investments division, the Group has completed the purchase of an office building in Chin Swee Road in September 2013. The Group plans to occupy part of the office building and lease out the remaining units after alteration works are completed.

For the Construction division, the Group's order book as at 31 December 2013 stood at S\$520.4 million. The Group will continue to actively tender for more construction projects as many of its current construction projects will be completed in end 2014 and 2015. However, it will face challenges due to the tightening foreign labour supply in Singapore. As such, the Group will explore ways to increase productivity such as incorporating new technology and new skills into the construction value chain.

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**About Chip Eng Seng Corporation Ltd (Bloomberg: CHIP SP, Reuters: CESE.SI)**

Chip Eng Seng Corporation Ltd (“Chip Eng Seng” or the “Group”) is a leading construction player in Singapore and has been listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) since 1999. The Group is principally engaged in the following key business segments which comprise Construction, Property Development and Investments and Hospitality.

Founded by Executive Chairman, Mr Lim Tiam Seng, Chip Eng Seng started as a subcontractor firm for conventional landed properties back in the 1960s. However, the Group soon made its mark by making a successful foray into the public housing market in 1982 after being appointed as the main contractor in its first Housing and Development Board (“HDB”) project.

Today, backed by more than 30 years of experience, Chip Eng Seng has earned itself a strong reputation and track record in the construction industry. In particular, the Group’s proven capabilities in design-and-build projects have established Chip Eng Seng as a leading main contractor for public and private construction projects alike.

The Group’s construction business is undertaken by Chip Eng Seng Contractors (1988) Pte Ltd (“CESC”) and CES Engineering & Construction Pte Ltd (“CESE”) while CEL Development Pte Ltd (“CEL”) oversees its property investment and development division.

For more information about Chip Eng Seng Corporation Ltd, please visit [www.chipengseng.com](http://www.chipengseng.com)

**Issued by and on behalf of Chip Eng Seng Corporation Ltd. For more information, please contact:**

***August Consulting***

Tel: (65) 6733 8873

Karen Ting, [karenting@august.com.sg](mailto:karenting@august.com.sg)

Michelle Tan, [michelle@august.com.sg](mailto:michelle@august.com.sg)

Steffi Tam, [steffi@august.com.sg](mailto:steffi@august.com.sg)