

# ROXY-PACIFIC HOLDINGS LIMITED

Results Announcement  
Half Year Ended 30 June 2016  
29<sup>th</sup> July 2016



Roxy-Pacific  
Holdings Limited



**STRIKING  
A BALANCE FOR  
SUSTAINABLE  
GROWTH**

# Agenda

- Financial Performance
- Business Review
- Group Borrowings
- Outlook



# Financial Performance

## Overview – 2Q2016 & 1H2016

### 2Q2016

- Revenue grows 5% to S\$98.4 million
- Hotel revenue increased 11% to S\$11.9 million due to contributions from Noku Kyoto Hotel
- Net profit grows 57% to S\$20.6 million, lifted by higher fair value gain on investment properties in Australia
- Share of results of associates rise 22% to S\$3.6 million

### 1H2016

- Total revenue decreased 31% to S\$201.4 million due to the absence of revenue recognition from completion of Centropod@Changi
- Net profit decreased 47% to S\$31.5 million
- Total pre-sale revenue of S\$363.3 million, the profit of which will be progressively recognised from 3Q2016 to 2020
- Strong cash and cash equivalents of S\$238.5 million
- Net gearing remains healthy at 0.6 time notwithstanding the completion of acquisition of properties in Australia and Singapore and Maldives resort in 1H2016.

# Financial Performance

<b>Financial Results</b>	<b>2Q2016</b>	<b>2Q2015</b>	<b>% change</b>
<b>Revenue (S\$m)</b>	<b>98.4</b>	<b>93.7</b>	<b>5%</b>
<b>Gross Profit (S\$m)</b>	<b>19.5</b>	<b>16.5</b>	<b>18%</b>
<b>Gross Margin (%)</b>	<b>20%</b>	<b>18%</b>	<b>2 ppt</b>
<b>Share of results of associates (net of tax) (S\$m)</b>	<b>3.6</b>	<b>3.0</b>	<b>22%</b>
<b>Pre-tax profit (S\$m)</b>	<b>27.3</b>	<b>11.8</b>	<b>130%</b>
<b>Net Profit (S\$m)</b>	<b>20.6</b>	<b>13.1</b>	<b>57%</b>
<b>EPS (SGD cents)</b>	<b>1.7</b>	<b>1.1</b>	<b>53%</b>

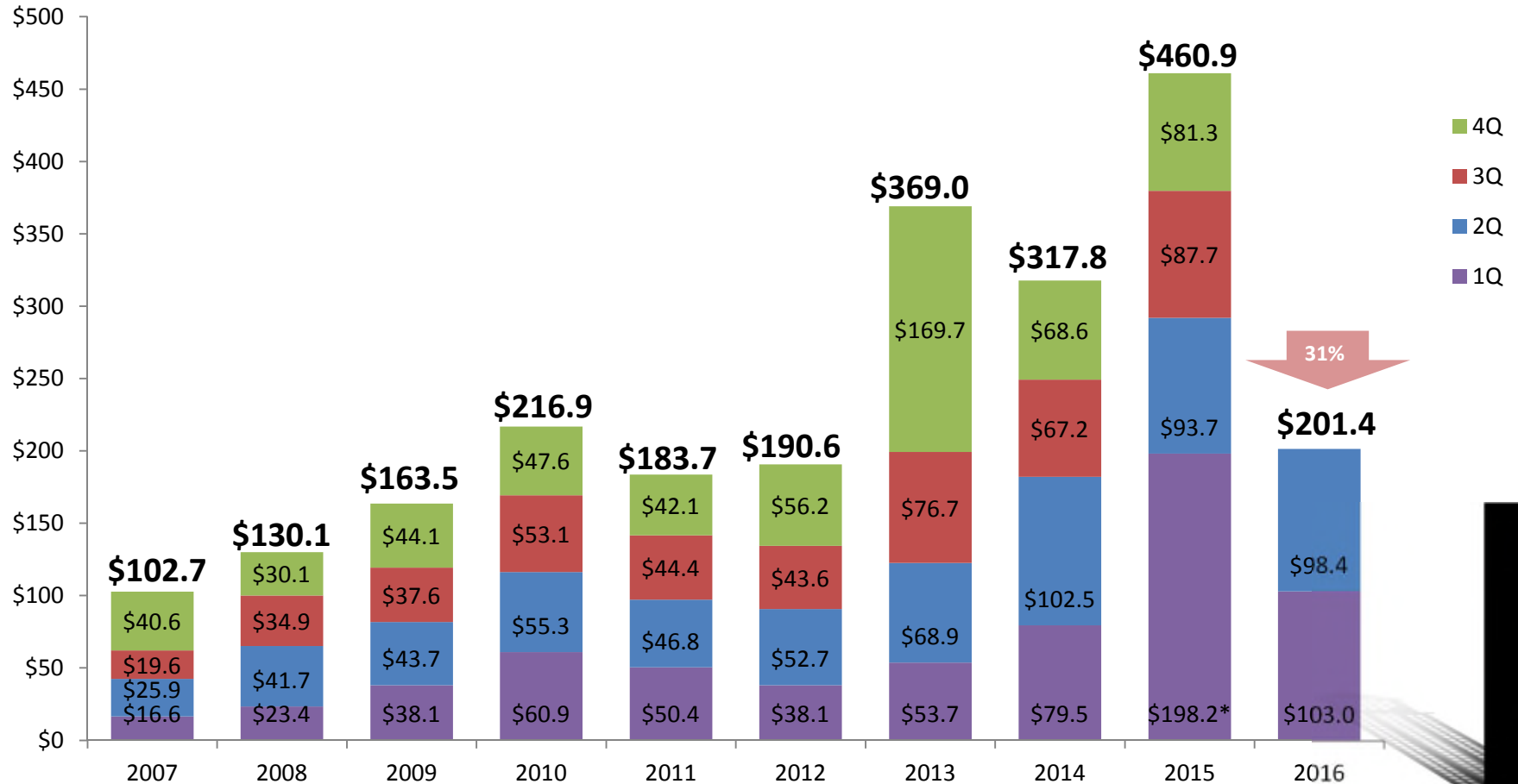
# Financial Performance

<b>Financial Results</b>	<b>1H2016</b>	<b>1H2015</b>	<b>% change</b>
<b>Revenue (S\$m)</b>	<b>201.4</b>	<b>291.9</b>	<b>-31%</b>
<b>Gross Profit (S\$m)</b>	<b>42.6</b>	<b>86.7</b>	<b>-51%</b>
<b>Gross Margin (%)</b>	<b>21%</b>	<b>30%</b>	<b>-9 ppt</b>
<b>Share of results of associates (net of tax) (S\$m)</b>	<b>6.5</b>	<b>5.6</b>	<b>15%</b>
<b>Pre-tax profit (S\$m)</b>	<b>40.8</b>	<b>69.1</b>	<b>-41%</b>
<b>Net Profit (S\$m)</b>	<b>31.5</b>	<b>59.4</b>	<b>-47%</b>
<b>EPS (SGD cents)</b>	<b>2.5</b>	<b>5.0</b>	<b>-50%</b>

# Financial Performance

## Financial Performance Turnover Trend (S\$'m)

- 2Q2016 revenue increased by 5% to S\$98.4m
- 1H2016 revenue decreased by 31% to \$201.4m mainly due to absence of revenue recognition from Centropod@Changi
- Excluding Centropod@Changi, revenue increased by 34%.

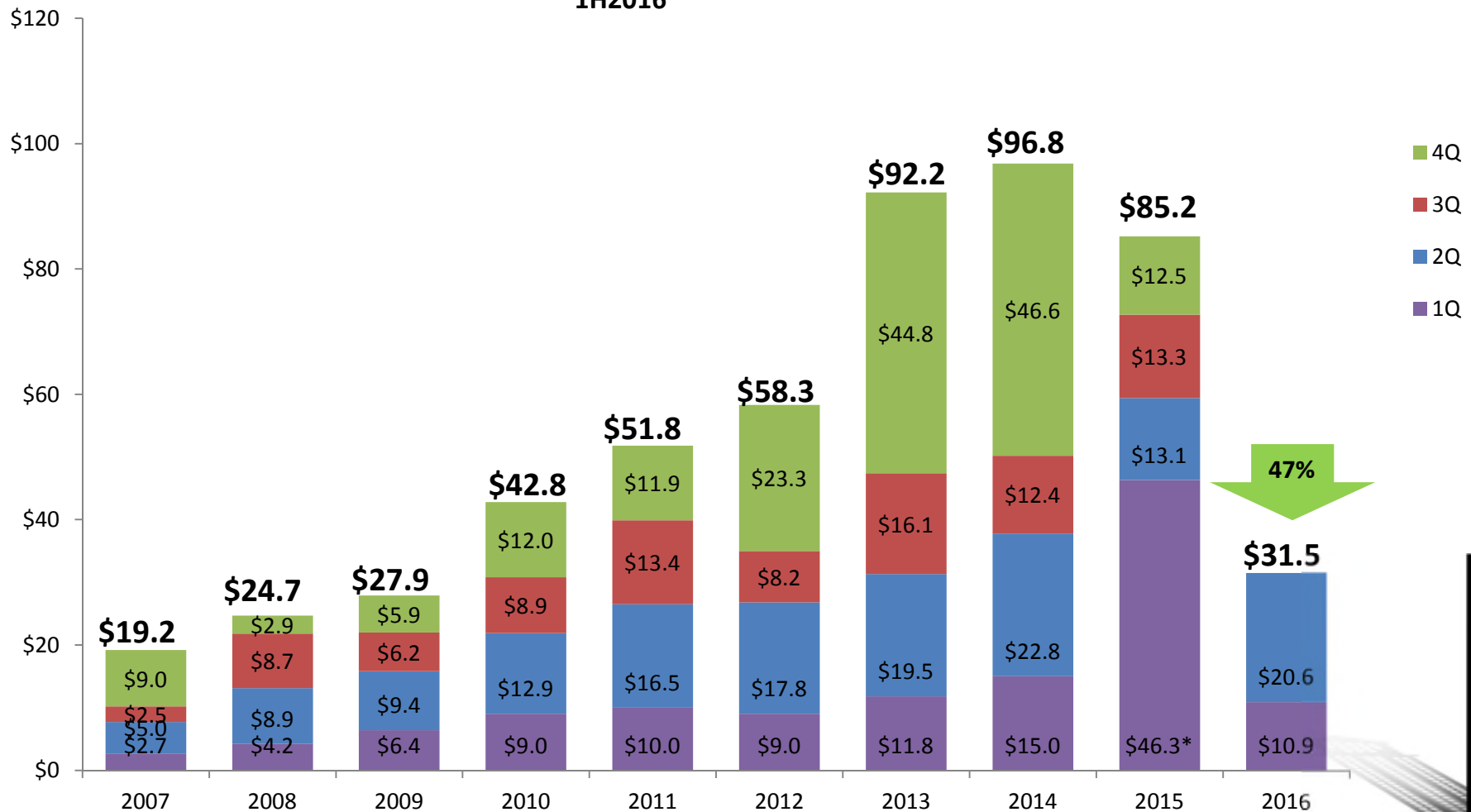


\* includes revenue recognised from Centropod@Changi amounting to S\$141.4 million upon obtaining its TOP in Jan 2015.

# Financial Performance

## Financial Performance Profit Trend (S\$'m)

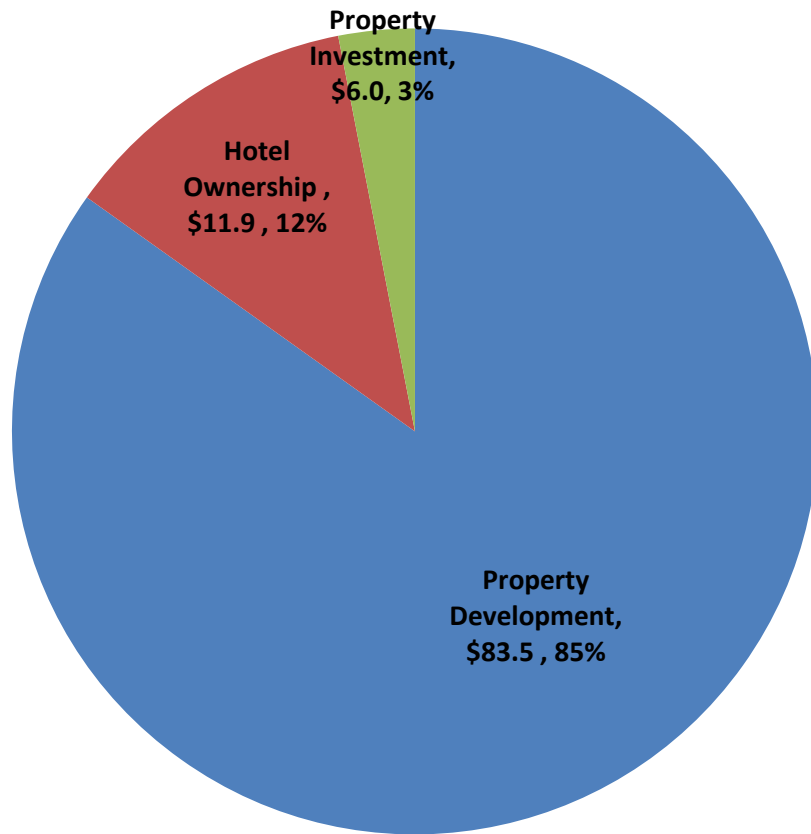
- 2Q2016 net profit increased by 57% to S\$20.6m
- 1H2016 net profit decreased by 47% to S\$31.5m
- Excluding Centropod@Changi, net profit increased by more than 2 times in 1H2016



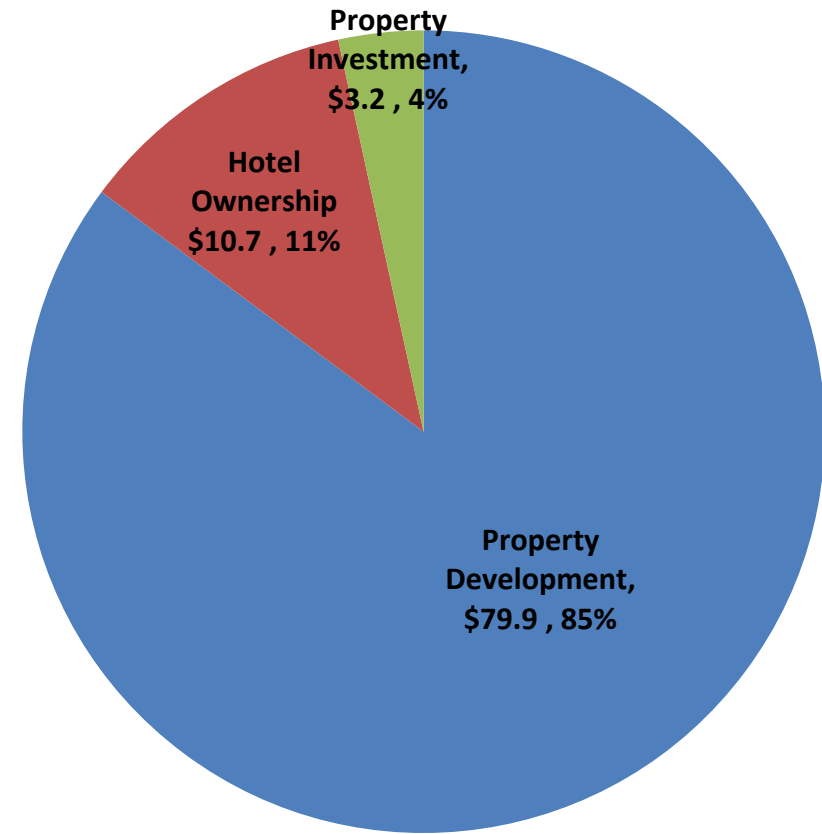
\* includes profit from revenues recognised from Centropod@Changi upon obtaining its TOP in Jan 2015.

# Financial Performance

## Segment Results – 2Q2016 Revenue (S\$m)



2Q2016 – Total S\$98.4m

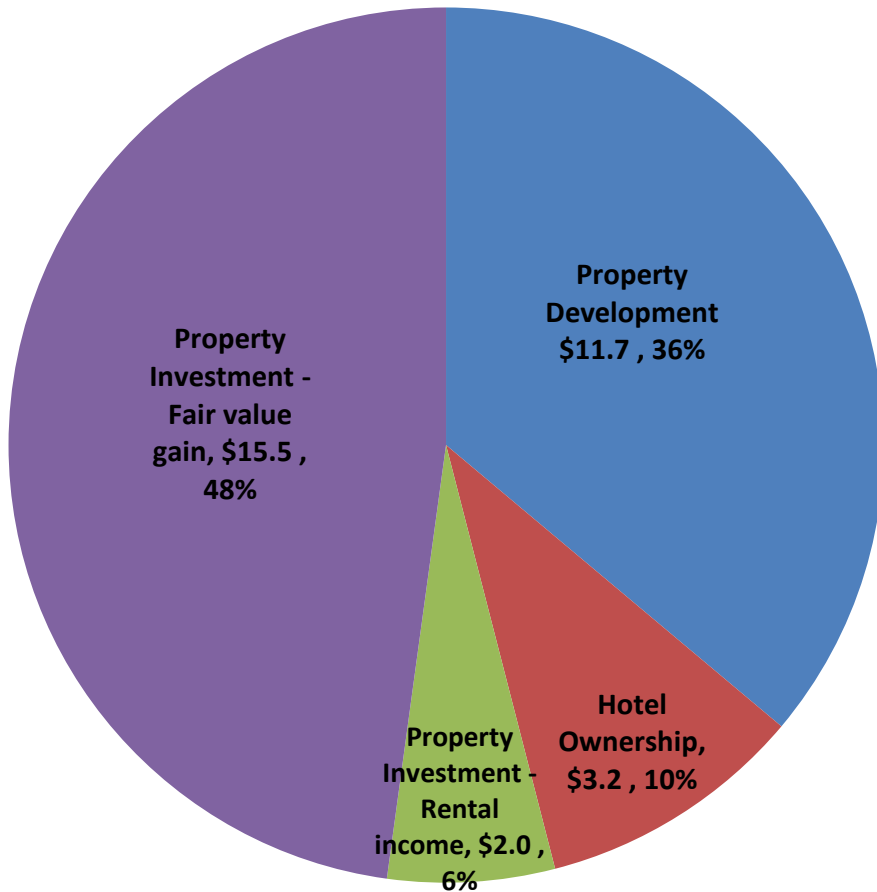


2Q2015 – Total S\$93.7m

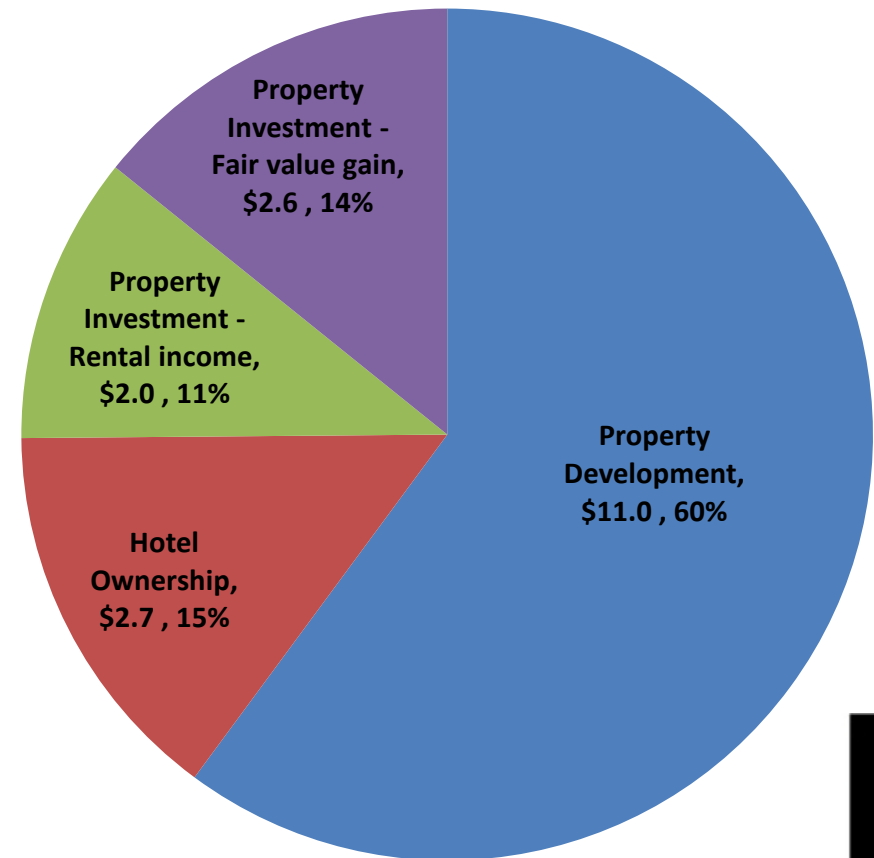


# Financial Performance

## Segment Results – 2Q2016 Adjusted EBITDA\* (S\$m)



2Q2016 – Total S\$32.4m



2Q2015 – Total S\$18.2m

\* Adjusted EBITDA excludes corporate expenses, depreciation of property, plant and equipment, finance cost (net) and Fair value differences of cross currency swap and available-for-sale financial assets.

# Financial Performance

Financial Position	30 Jun 2016	31 Dec 2015	% change
Total assets (S\$m)	1,503.1	1,408.8	7%
Total debt (S\$m)	897.4	807.7	11%
Cash & cash equivalents (S\$m) <sup>(1) (2)</sup>	238.5	313.0	-24%
Net debt (S\$m)	570.9	412.7	38%
Net asset value ("NAV") (S\$m)	470.4	457.6	3%
Revaluation surplus (S\$m) <sup>(3)</sup>	467.1	463.4	1%
Adjusted net asset value ("ANAV")	937.5	921.0	2%

(1) Cash holdings include project account monies amounting to S\$78.8 million as at 30 June 2016 (31 December 2015: S\$82.2 million)

(2) Cash holdings decrease mainly due to acquisition of an office building in Australia and development sites in Singapore, Australia and Maldives resorts in 1H2016

(3) The fair value of the Grand Mercure Roxy Hotel, Noku Hotel in Kyoto, hotel in Phuket, property in Maldives and office premise were estimated to be S\$634.0 million as at 30 June 2016 (31 December 2015: S\$588.3 million)

# Financial Performance

Financial Ratios	30 Jun 2016	31 Dec 2015	% change
NAV per share (SGD cents)	39.4	38.3	3%
ANAV per share (SGD cents) <sup>(1)</sup>	78.6	77.2	2%
Cash holdings per share (SGD cents) <sup>(2)</sup>	27.4	33.1	-17%
Net debt to ANAV (times)	0.61	0.45	36%
Total debt to ANAV (times)	0.96	0.88	9%
Return on equity (%)	13%	19%	-6ppt

(1) The fair value of the Grand Mercure Roxy Hotel, Noku Hotel in Kyoto, hotel in Phuket, property in Maldives and office premise were estimated to be S\$634.0 million as at 30 June 2016 (31 December 2015: S\$588.3 million)

(2) Cash holdings include project account monies amounting to S\$78.8 million and fixed deposits pledge for working capital loan facilities of \$88.0 million as at 30 June 2016 (31 December 2015: S\$82.2 million & S\$82.0 million respectively)

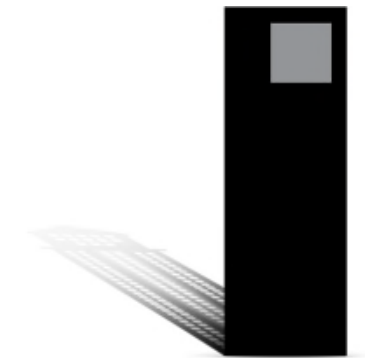


# Business Review

## Property Development

### Results Announcement Half Year Ended 30 June 2016

29<sup>th</sup> July 2016



# Business Review

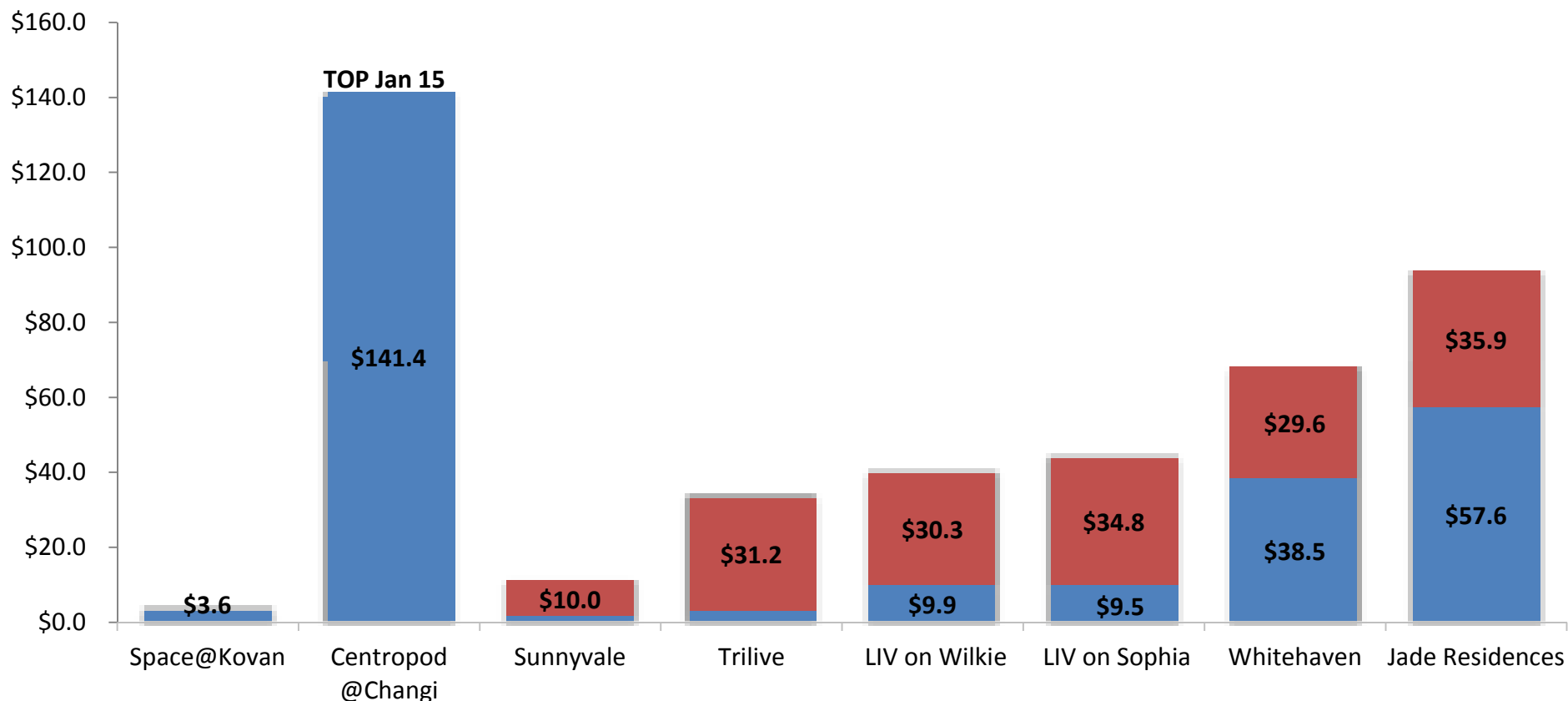
## Property Development

### Revenue from Property Development (S\$'m)

1H2016 – Total \$ 171.8

1H2015 – Total \$ 264.2

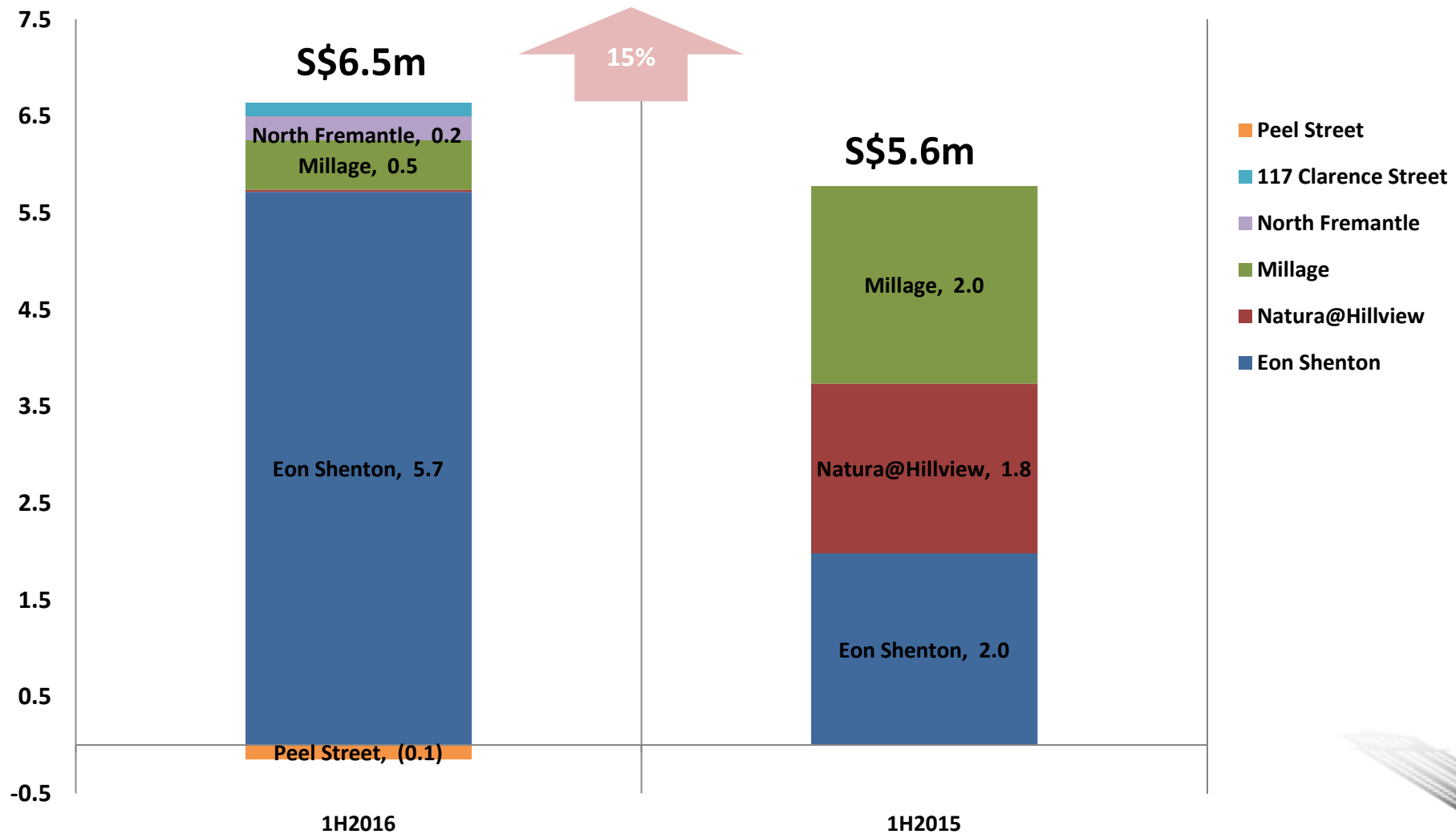
35%



➤ Decrease in revenue by 35% from S\$264.2 million in 1H2015 to S\$171.8 million in 1H2016 mainly from the absence of revenue recognition of \$141.4 million on completion from Centropod@Changi, a commercial development project that obtained TOP in January 2015.

# Business Review

## Property Development – 1H2016 Share of results in associates (S\$m)



# Business Review

## Pre-Sale Revenue to be recognised by projects (S\$m) – 1H2016

Project name	Type of development	Group stake	Total units in project		Attributable total sale value <sup>(i)</sup>	Attributable revenue recognised up to 30 June 2016	Balance attributable progress billings to be recognised from 3Q2016
			Unit	%			
		%	Unit	%	\$'m	\$'m	\$'m
<b>Singapore</b>							
1 Eon Shenton	Office	20%	98	100%	\$ 60.1	\$ 34.3	\$ 25.8
	Residential	20%	132	96%	\$ 38.4	\$ 21.9	\$ 16.5
	Shop	20%	23	100%	\$ 4.8	\$ 2.7	\$ 2.1
2 Jade Residences	Residential	100%	171	100%	\$ 216.7	\$ 195.2	\$ 21.5
	Shop	100%	2	100%	\$ 1.7	\$ 1.5	\$ 0.2
3 Whitehaven	Residential	100%	120	96%	\$ 144.5	\$ 141.7	\$ 2.8
	Shop	100%	1	100%	\$ 1.2	\$ 1.2	-
4 LIV on Sophia	Residential	90%	64	100%	\$ 78.5	\$ 65.5	\$ 13.0
5 LIV on Wilkie	Residential	90%	81	85%	\$ 89.0	\$ 54.4	\$ 34.6
6 Sunnyvale Residences	Residential	100%	30	60%	\$ 27.9	\$ 15.9	\$ 12.0
7 Trilive	Residential	85%	222	64%	\$ 135.4	\$ 31.5	\$ 103.9
	Shop	85%	2	50%	\$ 0.7	\$ 0.2	\$ 0.5
<b>Malaysia</b>							
8 Wisma Infinitum	Residential	47%	423 <sup>(ii)</sup>	53%	\$ 38.2	-	\$ 38.2
<b>Australia</b>							
<b>Sydney</b>							
9 The Hensley, Potts Point	Residential	100%	44	59%	\$ 41.1	-	\$ 41.1
	Shop	100%	1	100%	\$ 1.1	-	\$ 1.1
10 Octavia, Killara	Residential	100%	43	79%	\$ 34.3	-	\$ 34.3
<b>South Brisbane</b>							
11 New World Towers, Peel Street	Residential	40%	188 <sup>(iii)</sup>	34%	\$ 15.9	-	\$ 15.9
<b>Total</b>			<b>1,645</b>		<b>\$ 929.4</b>	<b>\$ 566.1</b>	<b>\$ 363.3</b>

(i) Includes Option to Purchase granted up to 21 July 2016

(ii) Represents Block A of the development, an additional 331 units in Block B is pending launch

(iii) Represents Tower 1 of the development, Tower 2 with an estimated 240 units is pending launch

# Business Review

## Development Land Bank

	Location / Description	Proposed Development	Approximate Land Area (sq m)	Approximate Gross Floor Area (sq m)	Group's stake	Approximate Attributable Gross Floor Area (sq m)	Approximate Attributable Land Cost (SGD)	Approximate Attributable Land Cost (foreign currency)
<b>Singapore</b>								
1	26 Sea Avenue	25 units of Residential Development	1,809	2,533	100%	2,533	S\$21.5 m	NA
2	178 & 180A Jalan Eunus	32 units of Residential Development	1,601	2,242	100%	2,242	S\$14.2 m	NA
<b>Overseas</b>								
1	54 & 85 Bracks Street, North Fremantle, Australia <sup>(1)</sup>	Industrial land; to be rezoned for commercial and residential use	45,456	TBC	20.2%	TBC	S\$12.8m	AUD11.9m
2	14 Cowper & 8 Elger Street, Glebe, Australia	248 units of Residential Development	7,125	18,960	100%	18,960	S\$69.7m	AUD67.4m
3	Jalan Kramat Raya No 110, Jakarta Indonesia	110 units of Commercial Development	1,703	7,152	49%	3,504	S\$3.3m	IDR33.4b
<b>Total</b>			<b>57,694</b>				<b>S\$121.5m</b>	

(1) The properties are currently zoned as "Industrial" by the relevant Australian authorities. A decision to on-sell or redevelop the land will be made by the joint venture upon successful rezoning of the property for commercial and residential use.





# Business Review

## Hotel Ownership

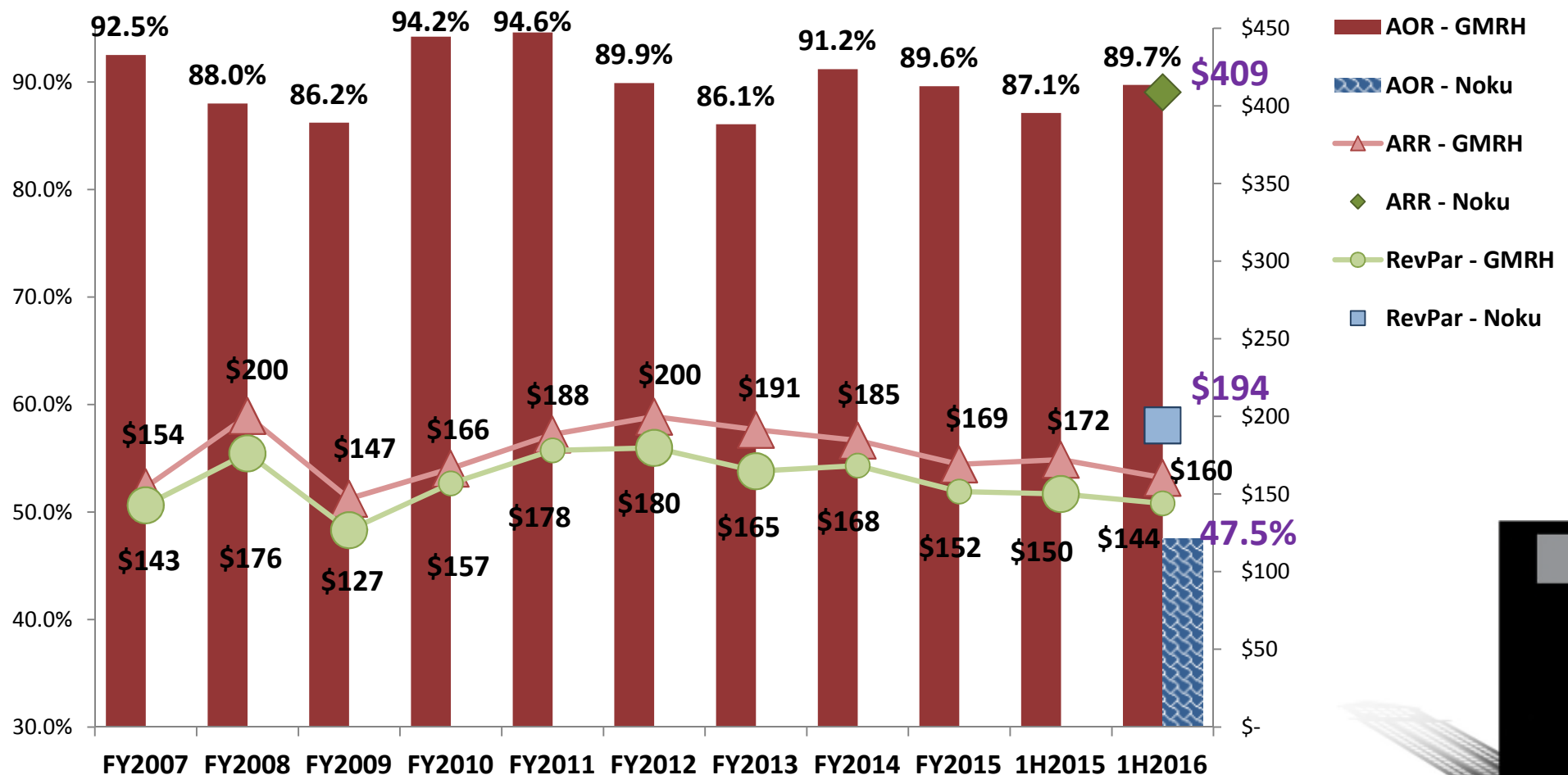
### Results Announcement Half Year Ended 30 June 2016

29<sup>th</sup> July 2016

# Business Review

## Hotel Ownership – 1H2016 AOR , ARR & RevPar

- GMRH RevPar decreased by 4% to S\$144.0 in 1H2016 from S\$150.0 in 1H2015
- Noku Kyoto Hotel RevPar at S\$194.2 in 1H2016

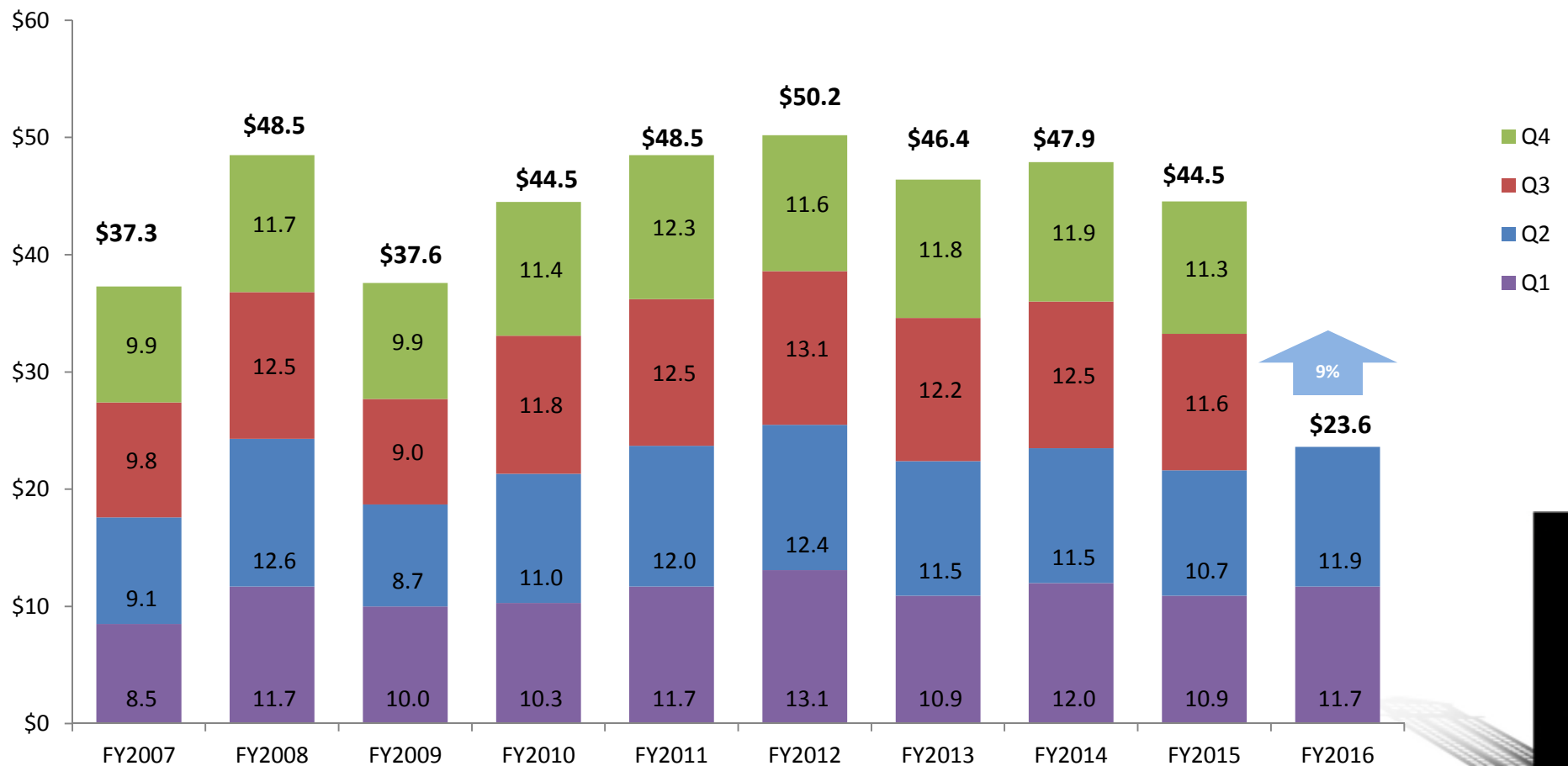


# Business Review

## Hotel Ownership – 1H2016

### Hotel Revenue (\$m)

Hotel revenue increased 9% in 1H2016 to \$23.6 m from \$21.6 m in 1H2015 mainly due to contributions from Noku Kyoto Hotel of \$2.6m

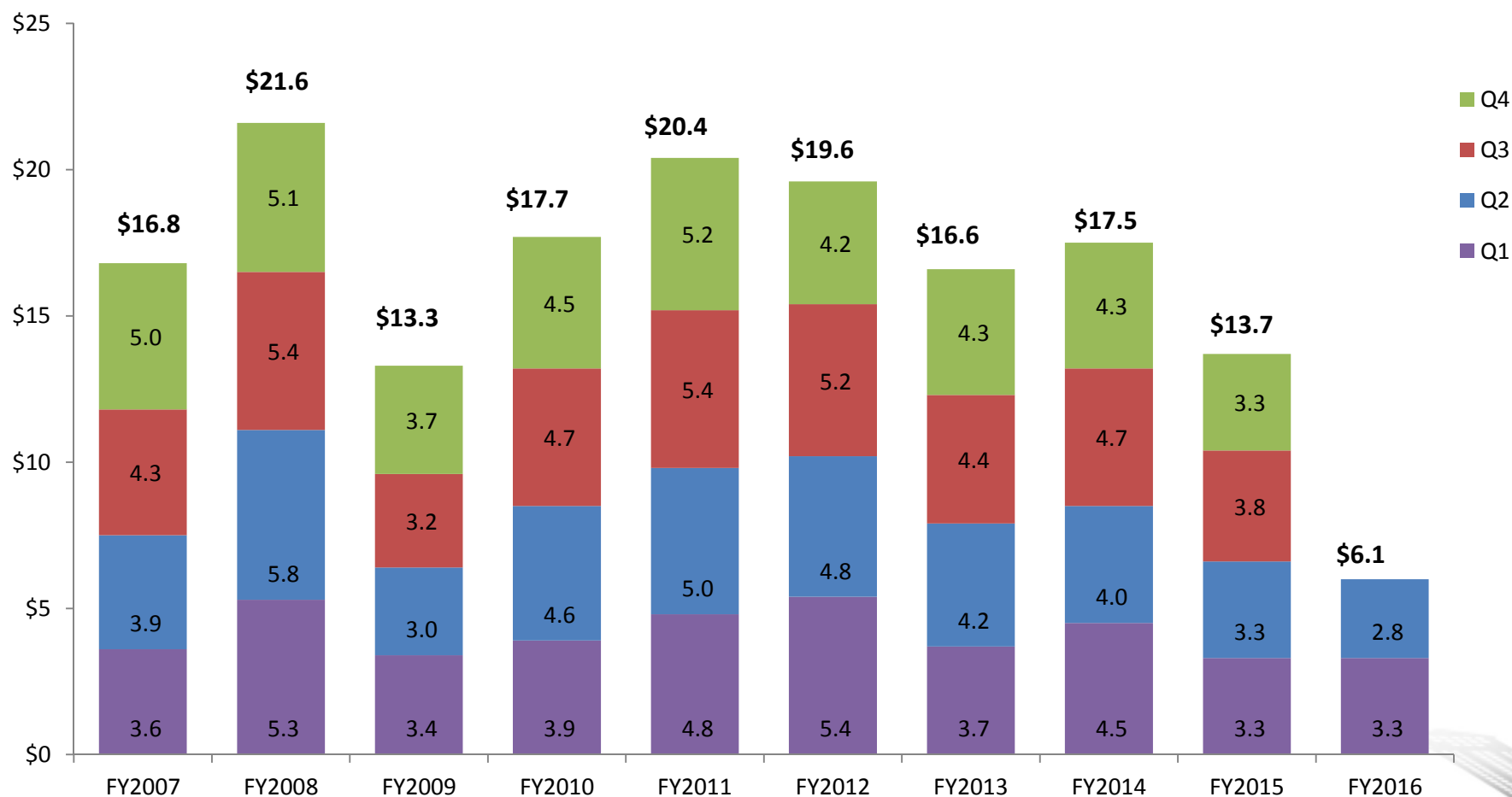


# Business Review

## Hotel Ownership – 1H2016

### Hotel Net Operating Profits (“NOP”) (\$m)

▶ Hotel net operating profit decreased 8% in 1H2016 to \$6.1m from \$6.6m in 1H2015



Hotel Net Operating Profits is defined as the earnings before interest, taxes, depreciation and amortisation.

# Business Review

## Noku Roxy Hotels

Hotel Name	Location	Group's stake	Tenure	Approximate Land area (sq m)	Attributable Gross Floor Area (sq m)	No. of rooms	Commencement of hotel operation/ Estimated completion date
Hotel under development in Phuket	48/13 Moo 6, Soi Sai-Namyen, Chaofa Road, Chalong Subdistrict, Mueang District	100%	Freehold	46,878	TBC	Approx. 85 villas	2018
Roxy Maldives Resort	Island of Kudafunafaru, Noonu Atoll, Maldives	100%	Remaining 40 years leasehold	89,896	TBC	50 villas	2H2017
<b>Total</b>				<b>136,774</b>			





# Business Review

## Property Investment

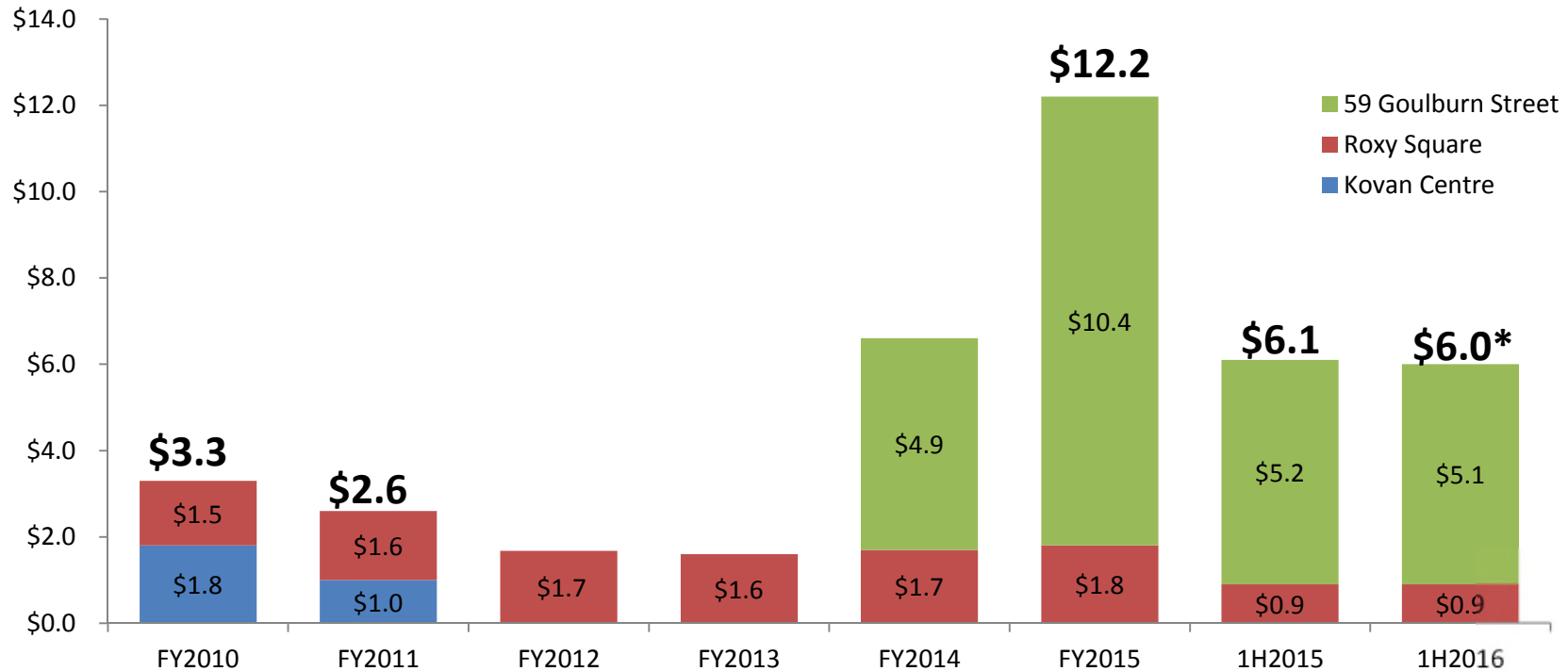
### Results Announcement Half Year Ended 30 June 2016

29<sup>th</sup> July 2016

# Business Review

## Property Investment – 1H2016 Revenue (\$'m)

➤ Rental income decreased 2% in 1H2016 to \$6.0m from \$6.1m in 1H2015



\*Excludes rental income from 117 Clarence Street as it is equity accounted under share of results of associates

# Business Review

## Investment Properties

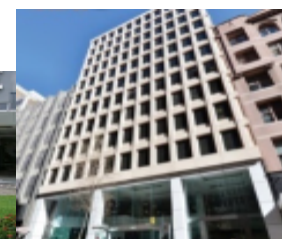
Location	Description	Group's stake	Net Lettable Area/ Floor Area (sq m)	Occupancy (%) as at 30 Jun 2016 (on lettable area)	Valuation <sup>(1)</sup> (\$)	Estimated Total Annual Gross Income (\$)
<b><u>Held by a subsidiary company</u></b>						
1	50 East Coast Road, Roxy Square, Singapore	100%	2,352	88%	S\$70.3 m	\$1.9 m
2	59 Goulburn Street, Sydney, Australia	100%	19,407	100%	S\$121.8 m (A\$121.5m)	\$10.3 m
<b>Total</b>			<b>21,759</b>		<b>S\$192.1 m</b>	
<b><u>Held by an Associate company</u></b>						
1	117 Clarence Street, Sydney, Australia	50%	12,491	94%	S\$88.2 m (A\$88.0 m)	\$7.3 m
<b>Total</b>			<b>12,491</b>		<b>S\$88.2 m</b>	

(1) Based on latest valuations as of 30 June 2016

(2) Excludes 5 units which are for owner-use premises



Roxy square



117 Clarence Street



59 Goulburn Street





# Group Borrowing

## Results Announcement Half Year Ended 30 June 2016

29<sup>th</sup> July 2016

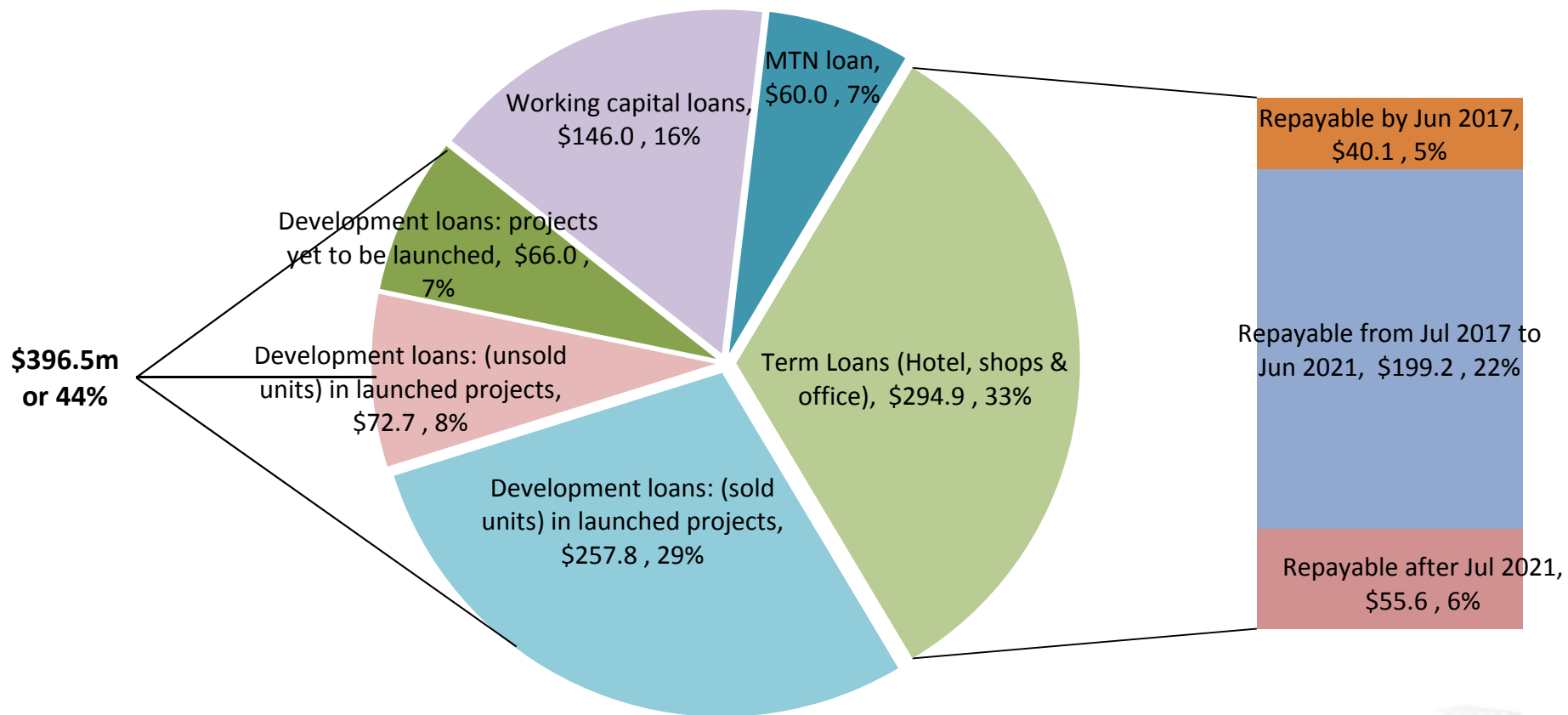
# Group Borrowing

Debt Profile	30 Jun 2016	31 Dec 2015	% change
Total borrowings (S\$m)	\$897.4	\$807.7	11%
Fixed rate loans (S\$m)	\$358.0	\$384.5	-7%
Fixed rate loans as % of total loans	40%	48%	-8ppt
Weighted average term for fixed rate loans	22 months	25 months	-3 months
Weighted average interest rate (fixed rate loans)	3.1%	3.1%	-
Weighted average interest rate (floating rate loans)	2.7%	2.8%	-0.1ppt
Interest coverage ratio (times)	6.7	8.8	-24%

# Group Borrowing

## Debt Profile as at 30 Jun 2016 (\$m)

Total outstanding debts of \$897.4m as of 30 Jun 2016



\$60.0 million MTN loan is repayable in July 2018

# Outlook

## 1. General

- Advance estimates by MTI showed that the Singapore economy grew 2.2% y-o-y in 1H2016, faster than the 2.1% growth in 1Q2016 <sup>1</sup>
- The Reserve Bank of Australia expects growth to remain steady at between 2.5% and 3.5% to December 2016 <sup>2</sup>

## 2. Property Development

- Statistics by URA indicated a decrease of 0.4% in private residential property prices in 2Q2016, the smallest q-o-q fall since 1Q2014 <sup>3</sup>
- The Australia residential property price index (eight capital city, weighted average) rose 6.8% on a y-o-y basis <sup>4</sup>
- The Group property development presale revenue was S\$363.3 million <sup>5</sup>, the profit of which will be progressively recognised from 3Q2016 to 2020
- Strong take-up rates of close to 80% for Octavia and 60% for The Hensley

## 3. Hotel Ownership

- Latest statistics from the STB demonstrated a 13.3% y-o-y growth in international visitor arrivals between January to May 2016 <sup>6</sup>
- Grand Mercure Roxy Hotel continues to see high occupancy whilst Noku Kyoto Hotel has achieved high average room rate since opening
- The Group completed acquisition of a hotel and leasehold interest of an island in the Maldives with upgrading works commencing soon
- The Group looks forward to continue strengthening recurring income streams

## 4. Property Investment

- In 1H2016, the Group completed the purchase of 117 Clarence Street, Sydney, Australia, with a 50% shareholding interest
- The Group's investment in Goulburn Street has continued to contribute strong recurring income to our Property Investment segment
- The Group will continue to actively look for acquisitions and investment opportunities that offer high yield potential

## 5. Strong cash and cash equivalents of S\$238.5 million.

## 6. Net gearing remains healthy at 0.61 time notwithstanding the completion of acquisition of properties in Australia and Singapore in 1Q2016 and Maldives resort in 2Q2016.

## 7. Barring any unforeseen circumstances, the directors expect the Group to be profitable in 2016.

<sup>1</sup> Singapore's GDP Grew by 2.2 Per Cent in the Second Quarter of 2016 – Ministry of Trade and Industry, July 14, 2016

<sup>2</sup> RBA cautiously upbeat on Australian economy given positive economic indicators – ABC News, Feb 5, 2016

<sup>3</sup> Private home prices declined by 0.4% in 2Q2016: URA – The Edge Property, July 1, 2016

<sup>4</sup> Residential Property Price Indexes: Eight Capital Cities – Australian Bureau of Statistics, June 21, 2016

<sup>5</sup> As at July 21, 2016

<sup>6</sup> International Visitor Arrivals Statistics – Singapore Tourism Board, July 13, 2016

# ROXY-PACIFIC HOLDINGS LIMITED

Results Announcement  
Half Year Ended 30 June 2016  
29<sup>th</sup> July 2016

## THANK YOU



**Roxy-Pacific  
Holdings Limited**



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SUSTAINABLE  
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