

Pan-United achieves record volume sales for Singapore RMC and cement; proposes unchanged final dividend of 2.75¢

- ◆ Earnings supported by China ports' 29% higher PAT and healthy 13% cargo growth yoy
- ◆ FY2015 PAT of \$24.9m, lower yoy due to challenging operating environment
- ◆ Prudent management of working capital and cost controls boosts net operating cashflow by 69% to \$42.1m

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For immediate release

Group Financial Performance

Pan-United Corporation Ltd (PanU, the Group or 泛联集团), a professionally-managed Asian industrial conglomerate, achieved revenue growth of 8%, from \$763.2 million to \$826.9 million for the financial year ended 31 December 2015 (FY2015) despite industry-wide competitive pressures. The Group's sales of ready-mixed concrete (RMC) and cement hit record volumes, while port operations in Changshu, China, enjoyed healthy cargo growth.

FINANCIAL HIGHLIGHTS (\$\$'M)

	4QFY2015	4QFY2014	% CHANGE	FY2015	FY2014	% CHANGE
REVENUE	202.8	201.1	1	826.9	763.2	8
COGS	(163.2)	(159.5)	2	(660.6)	(593.0)	11
EBITDA	14.8	15.0	(1)	72.2	78.9	(8)
PATMI	2.5	3.6	(32)	20.3	32.4	(37)
EPS (S CENTS)	0.4	0.6	(33)	3.6	5.8	(38)

Despite a decrease of 30% in net profit after tax to \$24.9 million largely due to margin compressions and the higher cost of raw materials, the Group has proposed a final dividend of 2.75¢ for FY2015, bringing the total dividend per share to 4.25¢ - consistent with the Group's dividend for the past two years.

Notably, the Group's net operating cashflow improved by 69% to \$42.1 million, on the back of prudent management of working capital and cost control measures. The enhanced cashflow will strengthen PanU's overall value proposition and resilience as a market leader in its BBR and Ports core businesses, as well as in the provision of dividends to shareholders.

Ms May Ng (黄美美), the Group's Chief Executive Officer, said: "In a tough year where PanU has had to face industry-wide challenges, it is heartening to see that we have continued to improve our position in the Singapore RMC and cement markets as well as sharpen our regional edge.

"Our people deserve credit for showing their resilience in withstanding the rigours of the past year. Their efforts in growing our market position have helped PanU to build a buffer against competitive pricing pressures and higher raw material costs.

"In China, our Xinghua Port Group has done very well despite the country experiencing slower economic growth. The management has been quick to synergise our two adjacent ports for the expansion and diversification of cargo throughput, while also securing new customers," she added.

Core Business Operations – BBR and Ports

The Basic Building Resources (BBR) division strengthened its industry leadership position in Singapore. Revenue rose 9% to \$668.4 million, thanks to record volume sales of ready-mixed concrete (RMC) and cement. Despite competitive pricing for projects which affected the whole RMC industry, and higher raw material costs due to the stronger US Dollar versus the Sing Dollar, the BBR division remained profitable, recording a PAT of \$12.9 million.

While the BBR division was impacted by industry-wide pressures, a stellar performance from the Ports division in China helped mitigate the softer earnings from the BBR division. The Xinghua Port Group management reported a 30% higher PAT of \$19.4 million on a 19% increase in revenue to \$96.2 million.

Cargo volumes grew by a healthy 13%, as the Port increased its market share of China’s log and pulp & paper imports.

Growth Prospects

BBR:

The Building and Construction Authority (BCA) has forecast local construction demand at between \$27.0-34.0 billion for 2016. According to BCA, approximately 65% of the construction contracts, or between \$18.5 billion-\$21.5 billion, are expected to come from the public sector, the highest since 2002 if estimates are met.¹

Commenting on PanU’s prospects in the BBR division, Ms Ng said that, “Although we continue to operate in a very challenging business environment, PanU’s strong track record in public sector infrastructure projects, coupled with our excellent reputation for high service levels and consistent product quality, place us in a strong position to potentially benefit from firm construction demand in Singapore in the next five years.

“A key competitive advantage is our extensive range of bespoke concrete solutions, where concrete products are customised to suit the exacting requirements of each customer. The complexity and speed in which we deliver these solutions are enabled by our commitment to investments in R&D, information technology, and the latest concrete technologies.

“In addition, we have economies of scale from our vertically integrated upstream businesses in cement trading and quarry operations. These initiatives will place us in a strong position to expand our concrete business over the longer term.”

A sampling of PanU’s wide-ranging projects in Singapore includes the following:

Projects	Industry
Downtown Lines 1, 2 and 3	Rail
Thomson-East Coast Line	Rail
Changi Airport Terminals 3 and 4	Airport
Phases 3 and 4 of the PSA Container Berth and Stacking Yard project in Pasir Panjang	Port
Reclamation works at Tuas Finger One	Port
Sengkang General and Community Hospitals	Public Healthcare
Singapore Management University expansion	Education

¹ http://www.bca.gov.sg/Newsroom/others/BCA_Media_Release_Prospects_150116.pdf

Singapore University of Technology & Design	Education
South Beach	Commercial Mixed Development
Tanjong Pagar Centre	Commercial Mixed Development
V on Shenton	Commercial Mixed Development
Duo at Bugis	Commercial Mixed Development
Bartley Residences	Residential
Gramercy Park	Residential
Twin Peaks	Residential

Ports:

Commenting on port prospects in China, Ms Ng said: “Our competitive position remains strong because of the large domestic cargo base and the strategic location of our two ports as the gateway to the Yangtze River Delta hinterland.

“With the Chinese economy still in a growth phase, we are ramping up our income base to be in a better position to secure a greater share of new cargo, such as equipment and machinery, to be handled at our ports, while also preparing to capitalise on the growth potential in our key cargo segments of pulp & paper, steel and logs,” she added.

ABOUT THE COMPANY

www.panunited.com.sg ♦ SGX mainboard listing: December 1993

Trusted for consistently delivering peace of mind to customers for over 50 years, Pan-United Corporation Ltd (PanU) thrives on its capabilities for innovation, operational excellence and long-termism. It has three core business divisions – Basic Building Resources (BBR), Port and Shipping – and operations in five countries.

PanU is one of the top three ready-mixed concrete (RMC) suppliers in Asia ex-China by market share and volume. In Singapore, it has the largest market share for RMC and cement, at over 30% of the industry. PanU is also one of the leading aggregates quarry operators in Southeast Asia, and supplies these materials to both public and private sector projects in Singapore. The BBR division has expanded regionally into Vietnam, Malaysia and Indonesia.

In China, the Xinghua Port Group in Changshu operates two adjacent river ports that have a combined annual handling capacity of 16 million tons and berth length of 2.8km. The ports have an excellent location within the Yangtze River Delta Economic Zone and are among the top ten river



ports in China. They serve as the main distribution hub for steel and forestry products in Eastern and Central China.

The Shipping division operates a fleet of tugboats and barges which ply Southeast Asia, transporting cargoes such as gypsum, sand and aggregates.

FOR FURTHER ENQUIRIES

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