



**TAT HONG**  
HOLDINGS LTD



# **Tat Hong Holdings Ltd** **2QFY2012 Results**

9 November 2011



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# Well-anchored position

## Where we are today

- #1 crane company in Asia, and #8 in the world, based on aggregate tonne-metres of mobile and crawler fleet<sup>1</sup>
- #1 in the world based on number of crawler cranes<sup>1</sup>
- #1 in China, and top 6 in the world, based on aggregate tonne-metres of tower crane fleet<sup>1</sup>

<sup>1</sup> International Cranes, IC50 Rankings, June 2011.

**Rental fleet size of over 1,200 crawler, mobile and tower cranes**

## Four key divisions

Distribution



Crane Rental



General Equipment Rental



Tower Crane Rental



# Diversified track record



# Regional expertise

## ASEAN & Others

### Singapore

#### *Completed Projects*

- Sentosa IR
- Marina Sand IR
- Shell ECC in Pulau Ular
- Circle Line (MRT)
- Lucite Alpha 1 in Jurong Island

#### *Ongoing Projects*

- Downtown Line Stage 2 & 3 MRT
- International Cruise Centre
- Jurong Island Projects:
  - Singapore LNG Plant
  - Lanxess
  - SHDS – ExxonMobil
  - Power Plant/ Petrol Chemical Plant

### Malaysia

#### *Completed Projects*

- Shell Atlas Project
- Sarawak Oil Field Development

#### *Ongoing Projects*

- Second Penang Bridge
- Gemusut (platform fabrication)
- LEKAS (regasification)
- Chevron Gorgon Upstream Project (pipe coating)

### Hong Kong

#### *Ongoing Projects*

- Central – Wan Chai Bypass
- Guangzhou – Shenzhen – Hong Kong Rail Link
- Kai Tak Development

### Others

- Construction of Nhat Tan Bridge and Windmill project
- PNG – LNG Project

# Regional expertise

## China

### ***Completed Projects***

- Railways:
  - Tianjin West Station
- Infrastructure:
  - Anqing Bridge
  - Shenzhen Bao'an International Airport

### ***Ongoing projects***

- Nuclear Power Stations:
  - Dalian HongYanhe
  - Fujian Ningde
  - Guangdong Taishan
  - Guangdong Yangjiang
- Railways:
  - Hangzhou-Changzhou Line
  - Jinan West Station
- Infrastructure:
  - Chongqing Huanqiu Financial Centre
  - Shengyang Taoxian Airport T3
  - Tianjin YuJiaPu Financial Centre

## Australia

### ***Completed Projects***

- Worsley Alumina Refinery
- Apache Energy
- Wonthaggi Desalination Plant
- Man Diesel/FMG Projects

### ***Ongoing Projects***

- Cape Preston Power Stations
- Gorgon/ Barrow Island Oil & Gas Projects
- Transglobal (RGP6)





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# 2QFY2012 summary

3 months ended 30 Sep

## Revenue

- 26% increase y-o-y to **S\$183.3 million**
  - ▶ Higher revenues from all business segments. Significantly improved sales by the Distribution division.
  - ▶ Fourth sequential quarter in a row of healthy topline growth

## Gross profit margin

- GPM increased to **37.1%**
  - ▶ Higher margins achieved by Crane Rental, Distribution, partially offset by decreased margin from Tower Crane Rental

## PATMI

- 78% increase to **S\$12.6 million**
  - ▶ Increased Gross Profit from higher Revenue and marginally higher margins
  - ▶ Total operating expenses rose 9%, or S\$3.6 million, to S\$45.3 million due to increased activity, such as distribution cost, upkeep of machinery and rental expenses as well as staff costs
  - ▶ Lower net contribution of S\$0.4 million (Q2FY11, S\$1.9million) from JVs and associated companies

## ○ Healthy balance sheet

- ▶ Net gearing decreased to 0.70 times
- ▶ Cash and cash equivalents position remained robust at S\$77.2 million as at end Sep 2011
- ▶ NTA and NAV per share strengthened to 85 Singapore cents and 94 Singapore cents respectively

# Financial highlights

| S\$'m                   | 2QFY2011 | 2QFY2012     | Change (%) | 1HFY2011 | 1HFY2012     | Change (%) |
|-------------------------|----------|--------------|------------|----------|--------------|------------|
| Revenue                 | 145.6    | <b>183.3</b> | 26         | 294.4    | <b>341.7</b> | 16         |
| Gross Profit            | 53.9     | <b>67.9</b>  | 26         | 108.4    | <b>123.9</b> | 14         |
| Gross Profit Margin (%) | 37.0     | <b>37.1</b>  | 0.1% pts   | 36.8     | <b>36.3</b>  | (0.5% pts) |
| PBT                     | 10.7     | <b>19.6</b>  | 83         | 28.9     | <b>28.9</b>  | NM         |
| PATMI                   | 7.1      | <b>12.6</b>  | 78         | 17.5     | <b>18.1</b>  | 4          |
| PATMI Margin (%)        | 4.9      | <b>6.9</b>   | 2.0% pts   | 5.9      | <b>5.3</b>   | (0.6% pts) |

# Balance sheet highlights

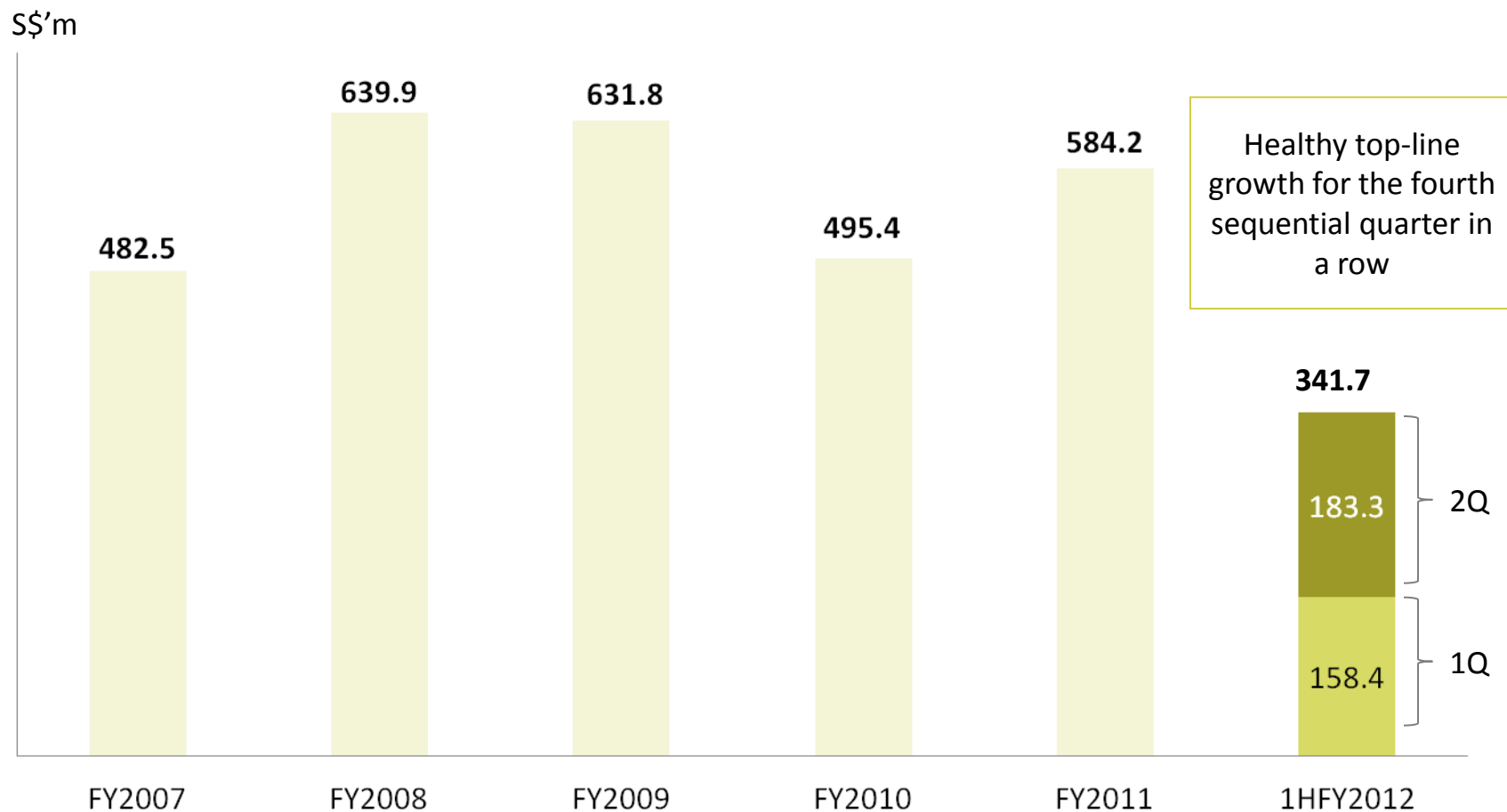
| S\$'m                           | As at 31 Mar 2011 | As at 30 Sep 2011 |
|---------------------------------|-------------------|-------------------|
| Fixed Assets (PP&E)             | 623.6             | 685.9             |
| Inventories                     | 200.8             | 182.7             |
| Debtors                         | 145.4             | 183.2             |
| Cash & Cash Equivalents         | 61.8              | 77.2              |
| Shareholders' Equity            | 518.9             | 533.5             |
| NTA per share (Singapore cents) | 82                | 85                |
| NAV per share (Singapore cents) | 91                | 94                |
| Net gearing                     | 0.75              | 0.70              |

Due to expansion of crane fleets to meet anticipated demand

Mainly due to increased sales activities and tighter inventory management

# Revenue trend

FY ended 31 March

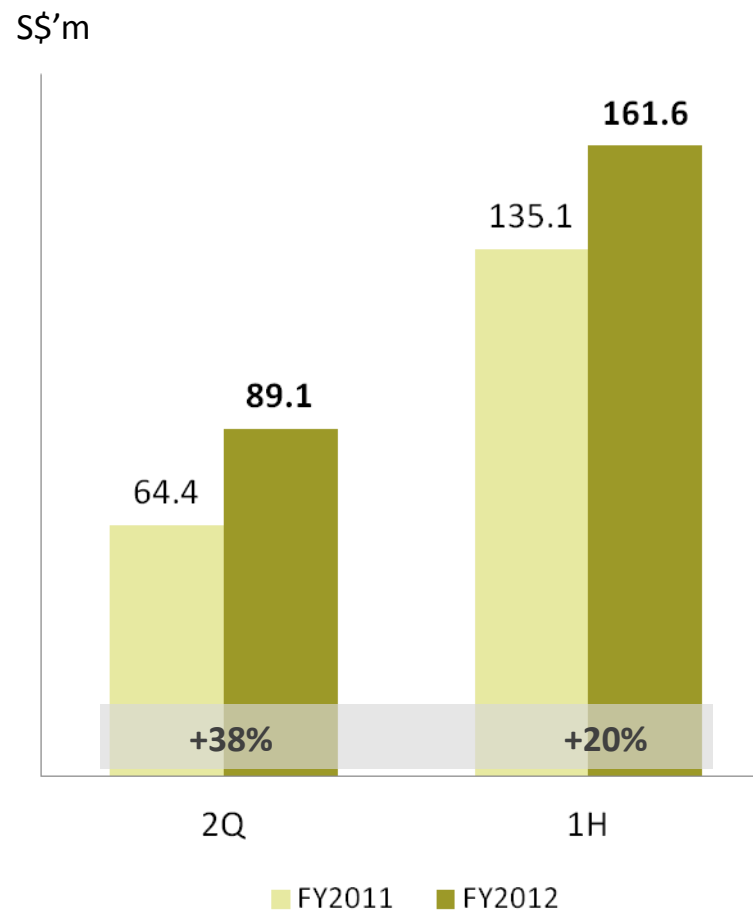


# Segmental revenue highlights

## 1. Distribution

**2Q revenue increased 38% to S\$89.1 m**

- Indonesia: strong demand from logging and plantation industries, resulting in higher sales of excavators
- Australia: post-flood recovery activities and increased infrastructure
- Singapore: improved sales to customers in Taiwan, Japan, Europe



# Segmental revenue highlights

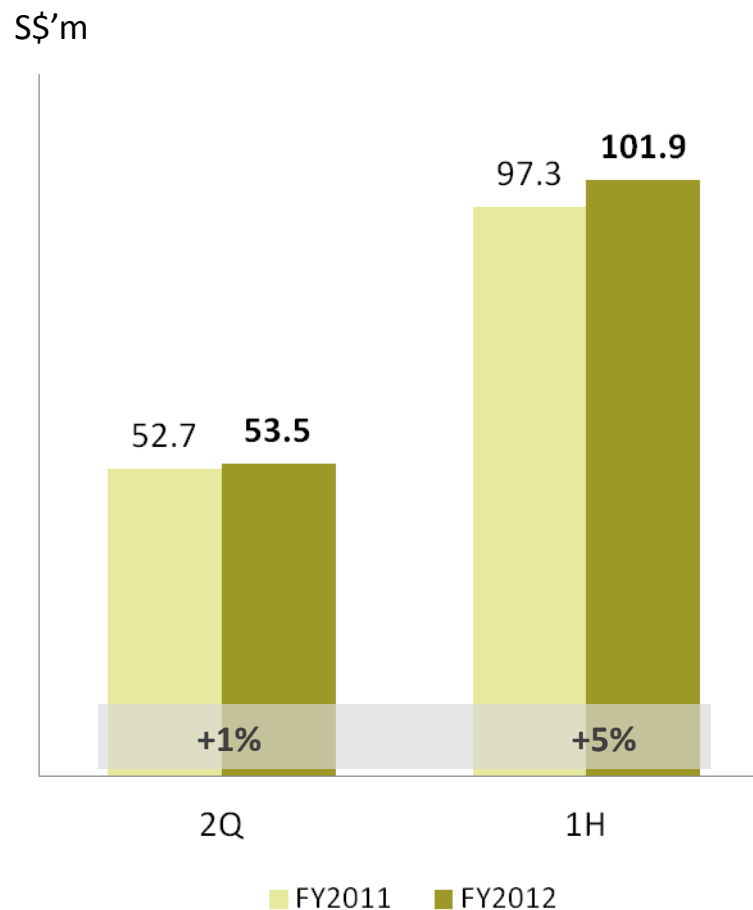
## 2. Crane Rental

### Maintains stable revenue of S\$53.5 m

- Singapore: increased activities
- Papua New Guinea, Vietnam, Indonesia, Thailand: increased rentals
- Malaysia: increased activities in infrastructure, Oil & Gas and LNG projects
- Hong Kong: commencement of anticipated projects

### Partially offset by:

- Australia: lower revenue as more cranes were off hired as projects completed than were deployed into new projects

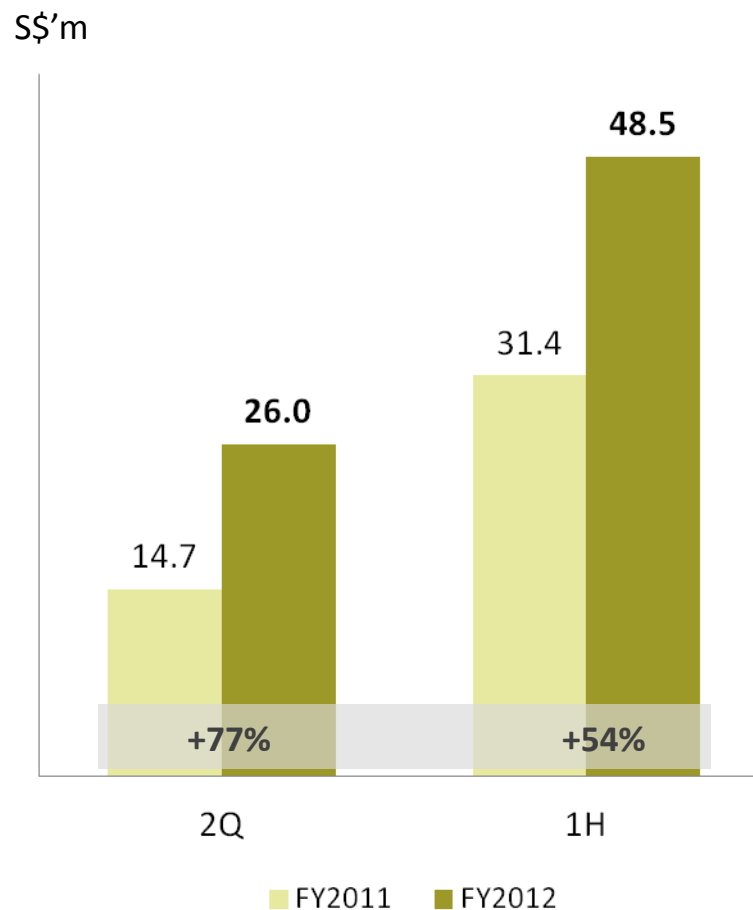


# Segmental revenue highlights

## 4. General Equipment Rental

### Continued strong demand in Australia

- Continuing strong demand in Queensland, New South Wales
- New branches in Victoria and Western Australia continue to contribute positively
- Recovery activities from the floods and cyclones also contributed to the strong revenue growth

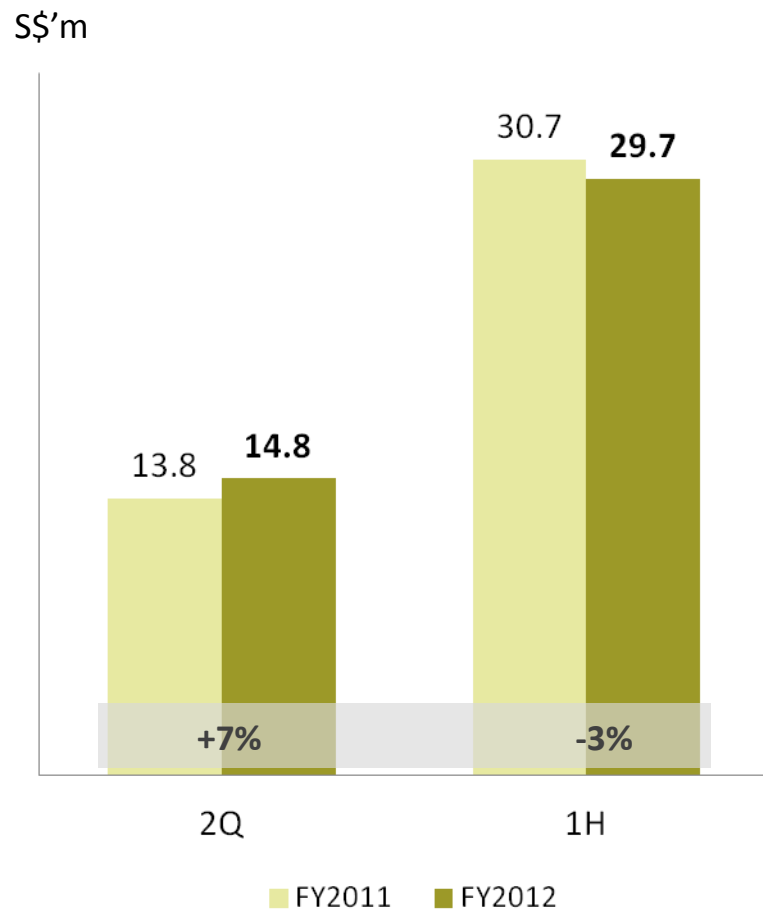


# Segmental revenue highlights

## 3. Tower Crane Rental

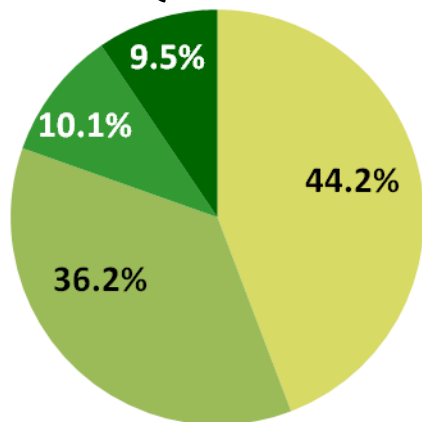
7% increase in 2Q revenue to S\$14.8 m

- Due to an expanded fleet size to meet the demand

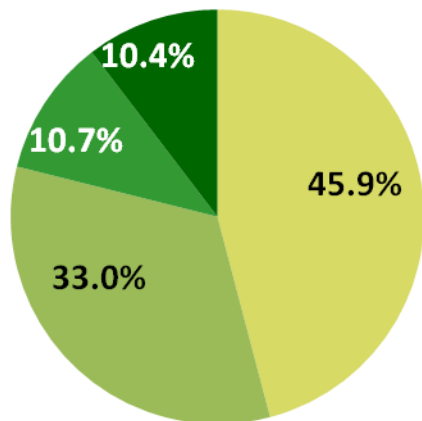


# Revenue by business activity

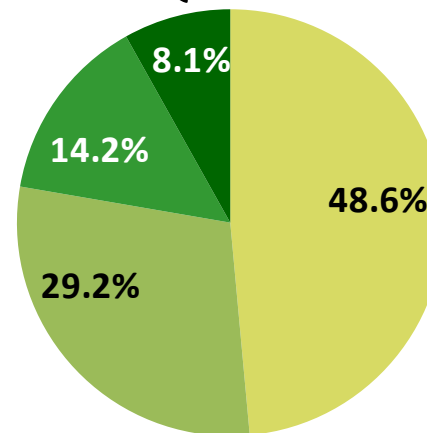
## 2QFY2011



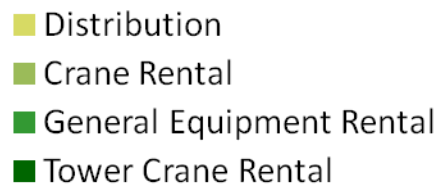
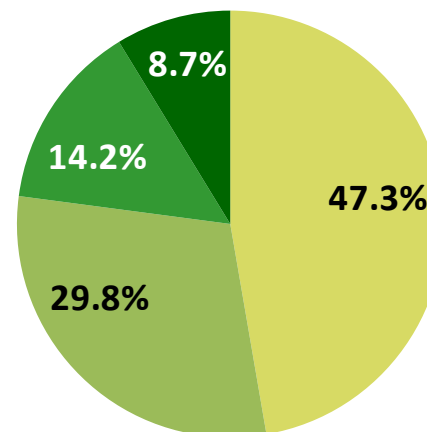
## 1HFY2011



## 2QFY2012



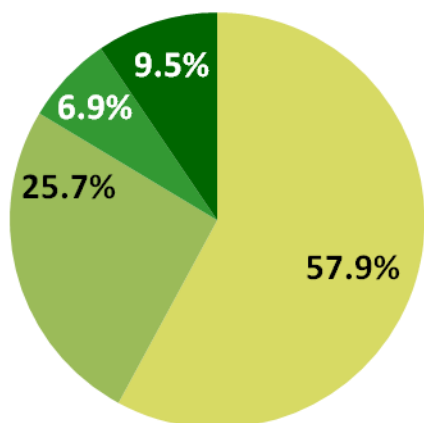
## 1HFY2012



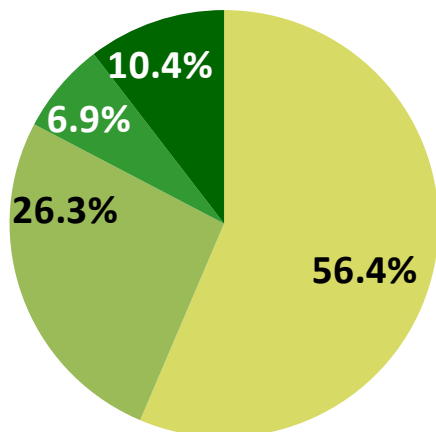
Note: Percentages may not add up to 100% due to rounding.

# Revenue by regions

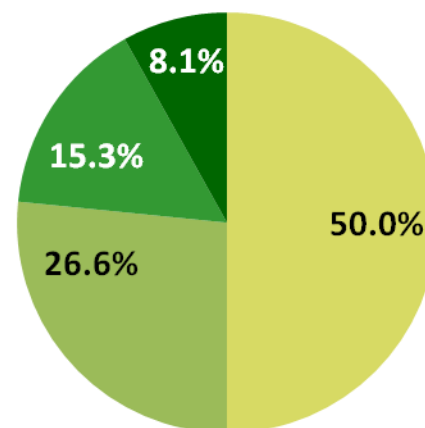
## 2QFY2011



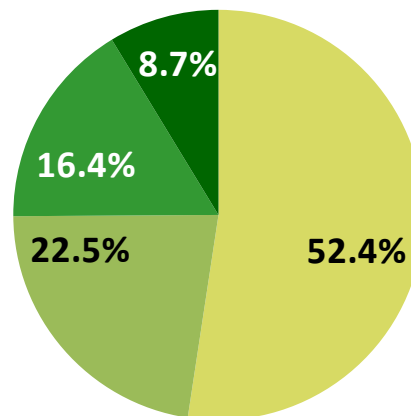
## 1HFY2011



## 2QFY2012



## 1HFY2012



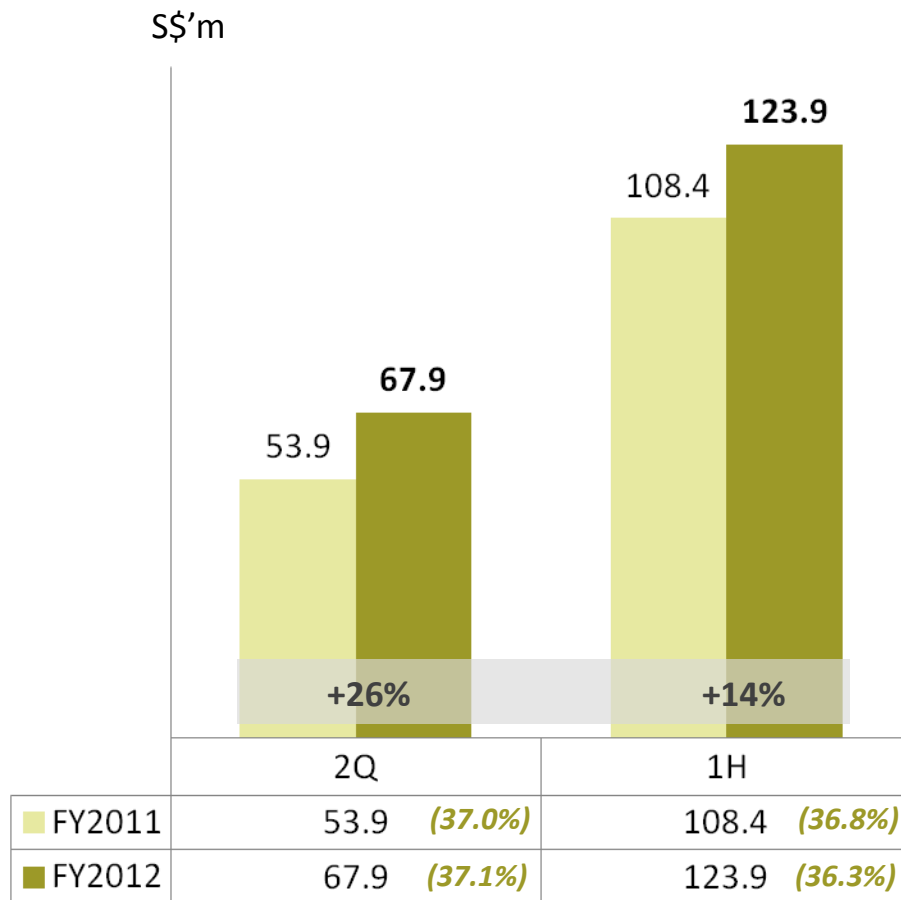
Note: Percentages may not add up to 100% due to rounding.



# Gross profit & gross profit margins

## Overall gross profit margin remained healthy at 37.1%

- Marginal increase in margin attained by the Distribution division mainly due to improved demand in Australia
- Marginal increase in margin attained by the Crane Rental division as a result of general improvement in rental rate by about 10% in Singapore, Malaysia and Hong Kong
- Increased demand allowed General Equipment Hire to attain higher margins
- Marginally lower margin in the Tower Crane division as result of escalating cost of sales





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# Crawler/Mobile fleet

| <b>Size<br/>(Tonnes-Metres)</b>                      | <b>No. of Cranes<br/><i>As at 30 Sep 2010</i></b> | <b>No. of Cranes<br/><i>As at 30 Sep 2011</i></b> |
|--|---|---|
| < 99 MT  | 319   | <b>352</b>  |
| 100 – 199 MT   | 137   | <b>136</b>  |
| 200 – 299 MT   | 49  | <b>55</b>   |
| > 300 MT   | 20  | <b>22</b>   |
| Others   | 18  | <b>29</b>   |
| Total Units  | 543   | <b>594</b>  |
| Total Tonnage-Metres                                 | 55,706  | <b>60,281</b>                                     |
| Group Overall Utilisation Rate<br>(based on tonnage) | 65.7%   | <b>67.9%</b>                                      |

# Tower Crane fleet

| <b>Size<br/>(Tonnes-Metres)</b>                      | <b>No. of Cranes<br/><i>As at 30 Sep 2010</i></b> | <b>No. of Cranes<br/><i>As at 30 Sep 2011</i></b> |
|--|---|---|
| < 99 MT  | 167   | <b>185</b>  |
| 100 – 199 MT   | 163   | <b>182</b>  |
| 200 – 299 MT   | 230   | <b>250</b>  |
| > 300 MT   | 47  | <b>50</b>   |
| Others   | 37  | <b>30</b>   |
| Total Units  | 644   | <b>697</b>  |
| Total Tonnage-Metres                                 | 118,148   | <b>126,362</b>                                    |
| Group Overall Utilisation Rate<br>(based on tonnage) | 78.6%   | <b>70.9%</b>                                      |



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# Outlook & prospects

- ▶ Overall, margins for all divisions to remain tight in view of keen competition
- ▶ Barring major setbacks, such as the ongoing euro crisis, impacting the improving regional market outlook, the Group expects its performance in FY2012 to be better than the preceding year

## Distribution

- Improved performance over the past quarters and outlook for the Australian operations remains positive
- Growth in demand for equipment and services arising from the on-going re-building program after the natural disasters, although future demand will be volatile

## Crane Rental & Gen Eqpt

- To maintain its growth momentum in 2HFY2012
- Encouraging outlook for Singapore, Hong Kong, Australia and key markets in South-east Asia
- Australian unit's performance is expected to improve in 2H as activities, especially in Western Australia, continue to ramp up

## Tower Crane Rental

- Expects to improve its performance as it realizes opportunities to support on-going and new large building and infrastructure projects
- Particularly in Shenyang, Tianjin, Chongqing, Sichuan and Guangdong
- Focus on structural changes to bring about tighter cost-control measures



**TAT HONG**  
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**Thank You**