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United Engineers' Attributable Profit Increased 38% to \$141 million Mainly Due to Divestment Gains from Disposal of Technology and Environmental Engineering Businesses

SINGAPORE, 27 February 2017 – United Engineers Limited (the “Group”) recorded attributable profit from discontinued operations of \$113.2 million including approximately \$123 million in divestment gains mainly from disposal of its technology and environmental engineering businesses in the year ended 31 December 2016. With the exit of these businesses, the Group’s continuing operations comprise Property Rental & Hospitality, Property Development, Engineering & Distribution, as well as Manufacturing. Revenue from continuing operations decreased 44% to \$479.7 million mainly due to lower revenue from the property development business following the completion of *Eight Riversuites*. As a result, gross profit decreased 12% to \$193.7 million whilst attributable profit on continuing operations decreased 62% to \$27.4 million.

The Group achieved a significant milestone in streamlining its portfolio of businesses with the divestment of technology company Multi-Fineline Electronix, Inc., environmental engineering company UES Holdings Pte. Ltd., as well as other non-core businesses. On 16 May 2016, the Group established a \$1 billion multicurrency debt issuance programme to enhance financial flexibility which will enable it to further grow core business in property, among others, by possibly embarking on development projects and making strategic investments and/or acquisitions. On 1 June 2016, the Group issued \$150 million 3.68% per annum fixed rate notes due 2021 under this programme.

As at 31 December 2016, the Group had cash and cash equivalents of \$624 million. Net debt to equity ratio improved from 0.49 times to 0.30 times.

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Segment Review

Property Rental & Hospitality revenue decreased 3% to \$135.2 million. Excluding one-off items, operating profit before interest increased 4% to \$69.0 million.

Revenue in **Property Development** segment decreased 82% to \$70.8 million mainly due to lower revenue recognition from *Eight Riversuites*. Operating loss before interest was \$23.2 million in 2016 compared with an operating profit before interest of \$18.4 million in 2015 mainly due to lower revenue and profit in Singapore operations as well as higher impairment and operating expenses incurred by operations in China.

Engineering & Distribution revenue decreased 11% to \$136.9 million mainly due to lower contribution from O'Connor's, the Group's systems integration business. Operating profit before interest increased 63% to \$9.1 million mainly due to higher profit contributions from the distribution businesses and lower losses recorded by the systems integration businesses.

In the **Manufacturing** segment, revenue decreased 7% to \$89.5 million. Operating profit before interest was \$6.7 million in 2016 compared with an operating loss before interest of \$4.6 million in 2015 mainly due to improved manufacturing efficiency and cost control in its operations in China.

Outlook

The global economic and geopolitical uncertainties, as well as the weaker economic outlook in Singapore will continue to affect sentiments in the local property market. The Group's property business in China continues to face challenging operating conditions due to the slower economic growth and patchy recovery in China's property market. Rental income from the Group's portfolio of investment properties is expected to remain stable.

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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, engineering and distribution, as well as manufacturing today. The Group has developed numerous iconic developments including *orchardgateway*, *UE BizHub CITY*, *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's flagship building *UE BizHub CITY* was marked a historic site in 2002 by Singapore National Heritage Board; the Group was also honoured as the 11th oldest company by Singapore International Chamber of Commerce.

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