UOL 华业集团

COMPANY REGISTRATION NO. 196300438C

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NEWS RELEASE

UOL FY17 NET ATTRIBUTABLE PROFIT UP THREE TIMES TO $891.0 MILLION

- *Group revenue up 46% to $2.10 billion on higher contributions from all core business segments and UIC consolidation*
- *Directors propose 17% increase in dividend to 17.5 cents per share*
- *Early residential site acquisitions will benefit from market upturn*

Singapore, 27 February 2018 – UOL Group Limited (UOL) today announced net attributable profit before fair value and other gains of $355.9 million for the financial year ended 31 December 2017 (FY17), up 10 per cent from the year before. With the accounting of United Industrial Corporation (UIC) as a subsidiary, net attributable profit before minority interests rose three times to $891.0 million, from $287.0 million in FY16.

Group revenue was 46% higher at $2.10 billion due mainly to the consolidation of the UIC Group and the associated and joint venture companies of UOL Group and UIC Group (UIC consolidation) with effect from September 2017, which added a combined $544.7 million to UOL's topline.

All three core business segments recorded higher contributions. Revenue from property development was up 59% to $1.17 billion. Excluding the effects of the UIC consolidation, property development grew 14% or $103.0 million on higher progressive recognition of sales proceeds mainly from Principal Garden.

Revenue from hotel ownership and operations grew 22% to $526.2 million or three per cent excluding the UIC consolidation effects. Pan Pacific Melbourne, which was acquired in July 2017, contributed for the first time. Property investments revenue rose 45% to $327.1 million in FY17.

Post-UIC consolidation, Group pre-tax profit before fair value and other gains/losses was 30% higher at $509.9 million. Other gains totalled $524.6 million including a net gain on UIC consolidation of $542.1 million.

Directors have proposed a first and final dividend of 17.5 cents per ordinary share, a 17% increase from 15.0 cents in FY16.

During the year under review, Group expenses increased 34% to $339.8 million as a result of the UIC consolidation. Marketing and distribution expenses were up 44% to $91.5 million; administrative expenses, 28% more at $99.3 million; finance expenses and other operating expenses, 25% and 36% higher at $37.9 million and $111.0 million respectively.

The share of profit from associated companies excluding fair value losses decreased 17% to $109.0 million as UIC, Marina Centre Holdings and Aquamarina Hotel were consolidated into the UOL Group accounts from 1 September 2017. Share of profit from joint venture companies rose 128% to $9.7 million due mainly to contributions from The Clement Canopy as well as Holborn Island in the first eight months of 2017. The results from these entities were also consolidated from 1 September 2017.

Gross profit margin for FY17 stood at 33%, marginally lower than the 34% last year due mainly to higher revenue from property development, which has a higher cost ratio, as well as accelerated depreciation expenses of $21.9 million for Pan Pacific Orchard, scheduled for redevelopment into a 340-room hotel in April 2018.

UOL Deputy Group Chief Executive Liam Wee Sin said: “The Group performed well and delivered resilient earnings on all fronts last year, especially for property development. We sold 1,090 residential units in Singapore with sales value of more than $1.5 billion in FY 2017, including projects launched by UIC.

“We have adopted a consistent approach in residential play in Singapore and managed to acquire our sites ahead of the market. However going forward, we are concerned about the aggressive escalation of land prices and will selectively tender for sites with strong attributes.”

UOL said office rents could continue its upward momentum because of healthy demand and a tight supply, while retail rents could remain soft in the face of competition from e-commerce. The performance of the Group's commercial properties in midtown London is expected to hold up due to the limited supply in the area. The hospitality sector in Asia Pacific is poised to benefit from the improving global economic outlook except in China and Myanmar, where trading conditions continue to be more challenging.

Mr Liam added, "We will be redeveloping our current Pan Pacific Orchard site into a new iconic and green 340-key hotel. The new Pan Pacific hotel, when completed in 2021, will feature three unique levels of experiential sky gardens which will redefine the vertical sky-rise typology in Orchard Road area."

As at 31 December 2017, shareholders' funds increased to $9.45 billion from $8.13 billion at the end of 2016. Net tangible asset per ordinary share rose to $11.01 from $10.07. Group gearing ratio has also improved to 0.21 from 0.24.

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About UOL Group Limited

UOL Group Limited is one of Singapore's leading public-listed property companies with an extensive portfolio of development and investment properties, hotels and serviced suites. With a track record of over 50 years, UOL strongly believes in delivering product excellence and quality service in all its business ventures. Its list of property development projects includes residential units, office towers and shopping malls, hotels and serviced suites. UOL, through its hotel subsidiary Pan Pacific Hotels Group Limited (PPHG), owns two acclaimed brands namely "Pan Pacific" and PARKROYAL. PPHG now owns and/or manages over 30 hotels in Asia, Oceania and North America with more than 10,000 rooms in its portfolio.

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