


 Ley Choon Group



**LEY CHOON GROUP HOLDINGS LIMITED**  
Investor Presentation  
12 September 2013

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**Group Overview**



Automatic STOP-GO Traffic Lights



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## Overview



**2 Growth Engines**

- Pipes & Roads
- Construction Materials



**137**  
Million of Singapore Dollars worth of projects secured since start of 2013



**23**  
Years of established track record



**220**  
Million of Singapore Dollars worth of order book



**1,000**  
Employees



**575**  
Tons of hot mix asphalt per hour at maximum capacity at two plants

A leading one-stop Underground Utilities Infrastructure service provider, able to provide full-range of construction, commission and maintenance services

## One-stop Service Provider



**Pipes & Roads**

- Full-range of Underground Utilities Infrastructure construction services for water pipes, NEWater pipes, gas pipes, electricity cables, fibre optic cables, sewer pipeline, traffic light systems and telecommunications networks
- Sewer pipeline rehabilitation
- Road and airfield construction and maintenance

**Construction Materials**


- Asphalt premix production *(one of only three asphalt premix plant operators in Singapore)*
- Construction waste recycling

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## Our Facilities



**Headquarter**  
4 Sungei Kadut Street 2




Offsite CCTV monitoring system  
(Mobile CCTV camera at work site)



Asphalt Premix Plant  
55 Kranji Crescent



Second Asphalt Premix Plant  
3 Sungei Kadut Drive



Construction Waste Recycling Plant  
Sarimbun Recycle Park, Lim Chu Kang Road

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## Sustainable Construction Demand Growth

**PUB Projects**

- 38 forthcoming tenders from 1 September 2013 to 30 September 2014
- Rehabilitation programmes for about 1,130km of public sewers and 50km of pumping mains
- Drainage improvement projects
- 18km Deep Tunnel Sewerage System in Tuas, scheduled to be completed by 2022

**Road Projects**

- 21.5km North-South Expressway, between \$7 billion and \$8 billion, ready in 2020
- Expansion of road network and construction of new road infrastructure to improve connectivity and serve new development areas

**Rail Projects**

- 42km Downtown Line: \$20.7 billion, ready in stages from 2013 to 2017
- 30km Thomson Line: \$18 billion, ready in stages from 2019 to 2021
- 20km Jurong Region Line: \$60 million, expected to be completed by 2025
- 50km Cross Island Line: target to complete by around 2030

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**Sustainable Construction Demand Growth**

**Changi Airport**

- Continuous upgrading of the existing three Terminals
- Terminal 4 being built on the site of the previous budget terminal and to be completed by 2017
- Terminal 5 to be ready in mid-2020s
- New Air Force air base and fourth runway at Changi East

**Other Long Term Infrastructure Developments**

**Singapore Power** - two cross-island, ultra-deep power tunnels: \$2 billion, ready in stages from 2017 to 2018

**PowerGas** - laying of gas transmission pipelines

**PSA** - \$3.5 billion to develop Phases 3 and 4 of Pasir Panjang Terminal

- Phase 3 is expected to be operational in 2014
- Phase 4 to be completed by 2020
- Consolidation of all container port activities at Tuas from 2027

**Competitive Strengths**

- Experienced management with complementary skills**
  - Extensive network of customers and business contacts to support the Group
  - In-depth industry knowledge enables anticipation of market changes and customers' needs
- Established track record and strong reputation**
  - A strong reputation built over 23 years for consistent delivery of quality products and services and reliable integrated solutions
  - Customers include PUB, LTA, HDB, URA, BCA, Changi Airport Group, SingTel, PowerGas, Penta Ocean Construction, Hyundai Engineering & Construction
- Multiple awards and accreditations**
  - BCA's L6 contractor, in the categories of cable/pipe laying and road reinstatement, able to tender for Singapore public sector contracts of unlimited value
  - BCA's A2 contractor, in the category of civil engineering, able to tender for Singapore public sector contracts of up to \$85 million
  - Ranked 9<sup>th</sup> among Enterprise 50 (ES0) Awards 2010
  - Winner of Singapore Corporate Awards (SCA) 2013 for Best Annual Report for first-year listed companies

**Competitive Strengths**

- Comprehensive services backed by advanced technology and equipment**
  - Greater value-add to customers through use of latest technologies and advanced equipment
  - Better operational efficiency, productivity, quality control and cost savings
- Enhanced operational synergies**
  - Able to reclaim and recycle construction wastes into backfilling materials and recycled aggregates for use at work sites and asphalt premix production
  - Reduce disposal and transportation costs and dependency on aggregates
  - Promote clean and green Singapore
- One-stop services and integrated solutions**
  - Unique in Singapore and the region, able to leverage on existing scalable, low cost integrated business model for overseas expansion
  - Greater cost savings accruing to customers arising from integrated services
  - Improved competitiveness and client stickiness

**Stocks Information**

- 52-week Range** • S\$0.175 – S\$0.240
- Market Capitalisation**
  - S\$112.0 million
  - Share price as at 06/09/2013: S\$0.189
- Number of Shares** • 592,406,996
- Estimated Free Float** • 40.34%
- Substantial Shareholder**
  - Zheng Choon Holding Pte Ltd\* (52.23%)
  - Hiap Hoe Investment (14.9%)

\* Zheng Choon's shareholders include Mr Toh Choo Huat, his spouse and his brothers

# Operations Overview



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**Pipes and Roads**

We provide the full-range of Underground Utilities Infrastructure construction services for water pipes, NEWater pipes, gas pipes, electricity cables, fibre optic cables, sewer pipeline, traffic light systems and telecommunications networks

**Underground tunnel pipe laying**

**High tension cable laying**

**Gas pipes laying**

**NEWater Infrastructure Plan Contract 02A - Laying of 2,200 mm diameter NEWater Pipeline from Pan Island Expressway to Jalan Buruh**

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**Pipes and Roads**

We rehabilitate sewer pipes with diameters ranging from 110 mm to 3,000 mm using trenchless technology

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**Pipes and Roads**

We construct and provide maintenance services for roads and airfield taxiways and aprons

**Milling and patching of roads**

**A road surface profiler which utilises multi-lasers to scan pavement roughness and access riding quality of highway and airfield pavement**

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**Pipes and Roads**




*Improvement and resurfacing works to parallel and runway entry taxiways at Singapore Changi Airport*

**Changi goes green with recycled concrete**

By ROYSTON LIM

ABC&A P's leading project at Changi Airport, the major roadwork and infrastructure project, has been a success story. It has not only improved the road for users, but also helped reduce the carbon footprint of the project. The project, which has been the most advanced in Singapore, has used 100,000 tonnes of recycled concrete aggregates (RCA) to replace natural aggregates. This initiative, which is part of ABC&A P's commitment to sustainable construction, has been widely reported in the media.




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**Pipes and Roads**






*Construction of east (south) aircraft parking apron associated taxiways and ancillary works at Seletar Airport*

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**Construction Materials**

First asphalt premix plant commenced commercial productions in October 2007:

- one of the first in Singapore operating on natural gas
- one of the first plants with built-in recycling features

Second asphalt premix plant started trial runs production in May 2013:

- largest asphalt plant in Singapore in terms of production capacity, capable of producing up to 400 tons of premix per hour
- equipped with 10 storage silos, total storage capacity of 1,000 tons for finished products

- Combined production capacity will more than triple from the current capacity of 175 tons per hour to 575 tons per hour to support own projects and supply to other civil engineering contractors
- Ready supply of asphalt premix will ensure no disruptions to roads and airfield construction and maintenance projects
- Able to produce different formulations of asphalt premix in accordance with customer product specifications, including using recycled aggregates





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**Construction Materials**

Commenced commercial production in January 2012, the construction waste recycling plant is capable of recycling 150 tons of waste materials per hour





*Concretes reclaimed from demolition of building will be recycled*

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## Major Projects

Some of the major projects which have been/will be completed by Ley Choon:

Project Description	Customer	Approximate Contract Sum	Year of Completion / Expected Completion
Construction of East (South) Aircraft Parking Apron Associated Taxiways and Ancillary Works at Seletar Airport	CAG	S\$31.44 m	2012
Planned Maintenance of Roads, Road Related Facilities and Road Structures in West Sector	LTA	S\$24.46 m	2013
Planned Maintenance of Expressways, Road Related Facilities and Road Structures	LTA	S\$19.26 m	2013
NEWater Infrastructure Plan Extensive (NIPE) - NIPE Contract C6 - Supply, Delivery and Laying of 2200 mm Diameter NEWater Pipeline along Pioneer Road from Shipyard Road to Sungai Lanchar Drainage Reserve	PUB	S\$18.63 m	2013
NEWater Infrastructure Plan Extensive (NIPE) - NIPE Contract C5 - Supply, Delivery and Laying of 2200 mm Diameter NEWater Pipeline along Pioneer Road from Gul Road to Shipyard Road	PUB	S\$16.28 m	2013

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## Major Projects

Some of the major on-going projects:

Project Description	Customer	Approximate Contract Sum	Expected Completion
NIPE Contract C4 - Design and Construction of 6M Diameter Segmental Tunnel with Twin 2200 mm and Twin 1200 mm Diameter Pipelines from Jurong Island to Gul Road/ Pioneer Road Junction	Penta Ocean Construction Co, Ltd.	S\$45.00 m	2014
Resurfacing of Taxiways at Singapore Changi Airport	CAG	S\$12.10 m	2014
Rehabilitation works to aircraft parking stands at Singapore Changi Airport	CAG	S\$15.30 m	2014
Watermain repairs and other contract work for Network Services (East) Division	PUB	S\$9.0 m	2014
Sewer diversion works	LTA	S\$16.2 m	2014
Supply and installation of water service connections and replacement of watermains and network enhancement projects	PUB	S\$14.6 m	2015
Construction of a flyover bridge and supply and installation of sewerage systems	Brunei PWD	S\$29.0 m	2015
Maintenance of roads, road related facilities and road structures in central sector	LTA	S\$24.9 m	2015
Maintenance of expressways, road related facilities and road structures	LTA	S\$39.0 m	2015

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## Financial Review



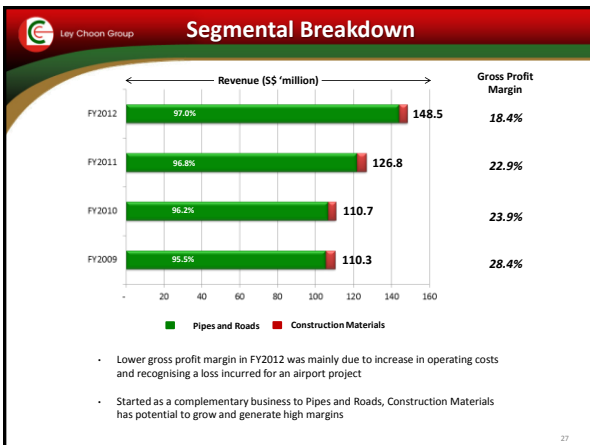
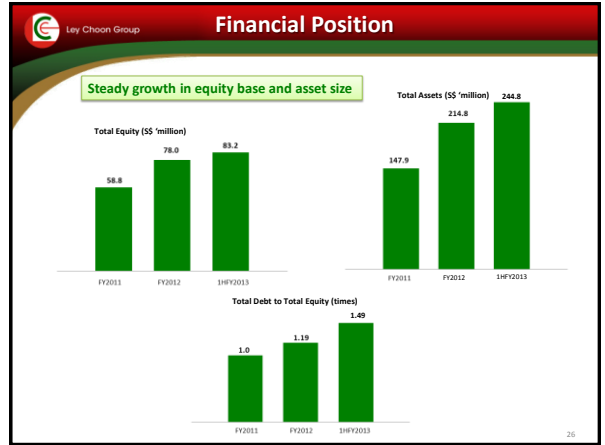
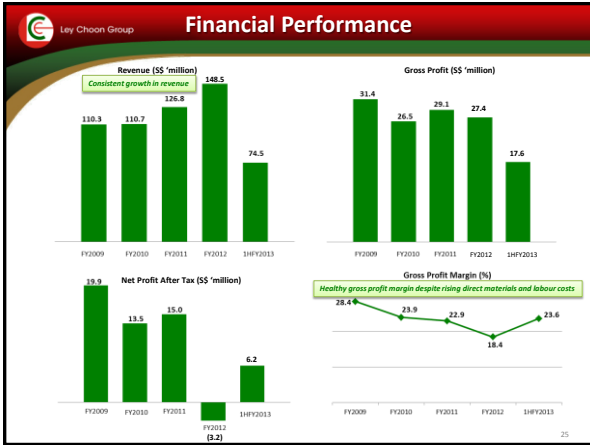
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## Financial Performance

S\$ 'million	1HFY2013	1HFY2012	Change (%)	Remarks
Revenue	74.5	63.0	18.4	• Growth in revenue was mainly attributable to the increase in the recognition of revenue from recently secured projects
Gross Profit	17.6	13.4	31.6	• Increase in gross profit was primarily due to higher recognition of revenue from new contracts
Gross Profit Margin (%)	23.6	21.2	11.3	• Higher margins resulted from variation in the contract sum of certain on-going projects
Profit After Tax	6.2	5.3	16.6	• Increase in net profit as a result of higher revenue and gross profit generated
Cash and Cash Equivalents as at 30 June 2013 and 2012	7.2	10.9	(33.9)	• Lower cash and cash equivalents due mainly to more cash used for working capital requirements and for investing activities largely for the purchase of an additional plot of land at Yantai, China and construction expenditure paid for new asphalt premix plant • The decrease was offset by an increase in cash from financing activities such as proceeds from bank borrowings
Gearing Ratio (Total Debt*/Total Equity)	1.49x	1.19x	(25.2)	• Increase was due to bank borrowings
Net Gearing Ratio (Net Debt**/Total Equity)	1.32x	0.89x	(48.3)	• Increase was due to bank borrowings

\* Total Debt is calculated as current and non-current borrowings  
 \*\* Net Debt is calculated as current and non-current borrowings minus cash and cash equivalents

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## Strategic Growth


**Market Outlook**

- Growing public infrastructure demand in Singapore and the region in anticipation of population growth

**Strategy**


- Stay focused on core competencies, enhance technical capability to carry out larger scale and more complex projects
- Leverage on existing scalable, low cost integrated business model for overseas expansion
- Expand into supplying and trading of construction materials, such as quarry dust, sand, cement and aggregates

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## THANK YOU!

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**Build. Renew. Recycle.**

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