

MEDIA RELEASE

STRAITS TRADING ACHIEVES FIVE-YEAR RECORD PATNCI OF \$71.7 MILLION IN FY2018

- *PATNCI growth largely due to contribution by the Group's real estate segment as it anchors growth in Japan and Australia with strategic acquisitions and investments*
- *Resources arm, MSC, doubled its FY2018 net profit and expects new smelter to be fully operational by 2020*
- *Exploring various options to unlock its value for the land at Butterworth*

SINGAPORE - 28 February 2019 - The Straits Trading Company Limited ("**Straits Trading**" or the "**Group**") today reported a 54.5% rise in profit after tax and non-controlling interests ("**PATNCI**") to \$71.7 million for the full year ended 31 December 2018 ("**FY2018**"). This is the highest PATNCI achieved by the Group since 2014. Earnings per share ("**EPS**") for the year rose to 17.6 cents from 11.4 cents in FY2017.

On a quarterly basis, the Group's PATNCI rose more than two-fold to \$14.1 million for the three months ended 31 December 2018 ("**4Q2018**"). The improved performance was largely due to higher contributions from the Group's enlarged property portfolio, as well as lower overall expenses.

The Group has proposed an interim dividend of 6 Singapore cents per share in FY2018, unchanged from FY2017, which is payable on 3 May 2019.

Looking ahead, the Group is in a strong position to pursue future growth opportunities with cash and cash equivalents of \$244.9 million as at 31 December 2018.

KEY CORPORATE HIGHLIGHTS IN FY2018

In FY2018, the Group further anchored its presence in the key markets of Japan and Australia with several strategic acquisitions and investments by Straits Real Estate ("**SRE**").

In Japan, SRE strengthened its residential portfolio to 10 assets comprising 1,016 apartment units last year, compared to 612 units across five assets in FY2017. These quality assets are located near transport nodes and key amenities in Tokyo, Osaka and Saitama, and provide a stable source of recurring rental income for the Group.

On the Japan commercial real estate front, the Greater Tokyo Office Fund, of which SRE is a significant investor, divested five office assets to crystallise valuation uplifts. Redeploying the capital, it subscribed into the Savills Investment Management Japan Value Fund II (“**JVF**”) with a capital commitment of JPY8.0 billion. JVF focuses on acquiring office assets in the Greater Tokyo area and other cities in Japan.

SRE deepened its footprint in Australia by acquiring a portfolio of logistics properties through a new joint venture. This maiden foray has provided the Group with a sound operating platform to tap opportunities in Australia’s vibrant logistics real estate market. To-date, the venture has invested in five properties valued at AUD137.5 million.

At the same time, the Group’s efforts to rejuvenate MSC and raise operational efficiencies in tin smelting is making headway. MSC reported a doubling of its net profit to RM34.3 million in FY2018, from RM16.1 million in FY2017, on the back of improved performance of its tin smelting segment. The migration of MSC’s smelting operations to the new state-of-the-art plant in Pulau Indah, Klang is in progress and the new smelter is expected to be fully operational by 2020.

Meanwhile, the Group continued to explore opportunities to unlock value from its assets. To that end, the Group inked a Memorandum of Understanding (“**MOU**”) with its 54.8%-owned resource subsidiary, Malaysia Smelting Corporation Berhad (“**MSC**”) to jointly explore options for a 40.1 acre plot of freehold land located in Butterworth, Penang. The land is strategically located in close proximity to Penang Sentral, a new integrated transportation hub in the State of Penang.

Ms Chew Gek Khim, Executive Chairman of Straits Trading said, “FY2018 was an outstanding year for Straits Trading marked by record earnings and several key catalytic corporate developments. Our real estate ecosystem continued to shine, evidenced by the greater depth of our real estate portfolio across the Asia Pacific and a 53.9% rise in real estate PATNCI including improved profit contribution from our stake in ARA Asset Management. Meanwhile, we are exploring avenues to unlock the development potential of the Butterworth land, which we believe will be a key growth driver for the Group ahead.”

SEGMENT RESULTS IN FY2018:

Real Estate Business

The Group’s real estate segment posted PATNCI of \$69.2 million in FY2018, compared to \$44.9 million a year ago on higher interest income from the notes issued by the joint venture, and fair value gains from its portfolio in Australia, China, Japan and Singapore. The Group also achieved higher rental income arising from its enlarged overseas portfolio in FY2018, providing it with a stable and recurring source of cash income.

Resources Business

The Group's resources business posted PATNCI of \$6.7 million for FY2018, compared to \$2.1 million in FY2017. The improvement was due to higher profits from sale of by-products, better yields from tin smelting and non-recurring exceptional income.

SUMMARY OF RESULTS:

S\$ million	4Q2018	4Q2017	% Chg	FY2018	FY2017 (restated)	% Chg
Profit before tax	22.0	3.0	643.8	99.6	57.5	73.4
Profit after tax	18.8	2.9	545.2	82.7	51.6	60.3
PATNCI	14.1	5.2	171.7	71.7	46.4	54.5
EPS (Singapore ¢)	3.5	1.3	169.2	17.6	11.4	54.4

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About The Straits Trading Company Limited

Incorporated in 1887, The Straits Trading Company Limited is an investment company with stakes in real estate, hospitality, resources and investments that span the Asia Pacific region. It owns an 89.5% stake in Straits Real Estate, a co-investment vehicle that seeks out real estate related investments & opportunities globally. It also owns a 20.95% stake in ARA Asset Management Limited, one of the largest real estate fund managers in the region and has a 30% interest in Far East Hospitality Holdings, an established international hospitality owner and operator. Straits Trading also engages in tin mining and smelting through its 54.8%-owned subsidiary, Malaysia Smelting Corporation Berhad that is dual listed on Bursa Malaysia and SGX-ST.

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For the full STC Financial Statements, please visit our website: www.stc.com.sg