



Centurion Corporation Limited

(Company Registration No. 198401088W)

PRESS RELEASE

For Immediate Release

**CENTURION'S 3Q 2014 NET PROFIT RISES 49% TO S\$7.9 MILLION
ON THE BACK OF CONTINUED GROWTH IN
ACCOMMODATION BUSINESS**

- Group revenue in 3Q 2014 grows 46% to S\$21.0 million, with Accommodation Business registering 61% growth in revenue to S\$19.4 million
- 9M 2014 net profit from core business operations rises 58% to S\$21.0 million
- Outlook for its accommodation business remains positive with stable rental and occupancy rates

	1 Jul 14 - 30 Sep 14 (3Q 2014) \$'000	1 Jul 13 - 30 Sep 13 ¹ (3Q 2013) \$'000	Increase %	1 Jan 14 - 30 Sep 14 (9M 2014) \$'000	1 Jan 13 - 30 Sep 13 ¹ (9M 2013) \$'000	Increase %
Revenue	20,899	14,333	46 %	58,338	42,076	39%
Gross Profit	14,428	8,270	74%	38,499	23,498	64%
Gross Margin	69%	58%	11 pp	66%	56%	10 pp
Profit from Continuing Operations	7,917	5,327	49%	38,292	65,785	-42%
Profit from Core Business Operations	7,917	5,327	49%	20,992	13,321	58%

Singapore, 14 November 2014 - Centurion Corporation Limited (胜捷企业有限公司) (“Centurion”, the “Company”, or together with its subsidiaries, the “Group”) which owns, develops and manages quality accommodation assets, today announced that its net profit from its continuing operations grew by a robust 49% to S\$7.9 million for the third quarter (“3Q 2014”) ended 30 September 2014, on the back of continued growth in its accommodation business

The Group’s total revenue in 3Q 2014 rose by 46% to S\$21.0 million, with its accommodation business recording a healthy revenue growth of 61% to reach S\$19.4 million. The positive growth stemmed largely from the increase in bed capacity at Westlite Toh Guan upon completion of upgrading works in January 2014, increase in rental and occupancy rates of its workers

¹ Comparative figures 2013 are re-presented due to discontinued operations of the Group’s Australian optical disc business which was sold during 2Q 2014.



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accommodation in Malaysia, as well as maiden revenue from its student accommodation assets in Australia and the United Kingdom (“UK”).

The Group’s optical disc business experienced a drop in revenue of S\$0.8 million in 3Q 2014, compared to the corresponding period last year, due to weaker market demands.

Gross profit in 3Q 2014 leaped by 74% to S\$14.4 million, while gross profit margin improved from 58% to 69% mainly due to increased bed capacity at Westlite Toh Guan and higher rental rates.

Overall, the Group’s accommodation business contributed S\$7.8 million profit in 3Q 2014, with the optical disc business contributing S\$0.1 million profit.

On a nine-month basis, the Group registered a 39% increase in revenue to S\$58.3 million for the three quarters ended 30 September 2014 (“9M 2014”). The Group’s accommodation business achieved a noteworthy growth of 52% increase in revenue to S\$52.4 million compared to the corresponding period last year (“9M 2013”). Notwithstanding a 21% decline in revenue in the optical disc business, the Group’s overall gross profit improved by 64% to S\$23.5 million for 9M 2014, on the back of higher revenue contributions from the expanding accommodation business.

In 9M 2013, the Group booked a fair value gain on investment properties of S\$36.4 million. Fair valuation of investment properties has not been conducted in 9M 2014 but will be carried out at the end of FY2014. Moving forward, the Group will engage independent valuers to re-assess the fair value of the investment properties at the end of each financial year.

For 9M 2014, the Group posted a net profit of S\$38.3 million for its continuing operations, which were attributed entirely to the accommodation business. Compared to the same period last year, the Group posted a net profit of S\$65.8 million for its continuing operations in 9M 2013, which included a net gain of S\$52.5 million from fair valuation gains on the Group’s and the joint venture’s investment properties over impairment charge and goodwill which had been written off.

The Group’s net profit from core business operations (excluding the development profit of S\$17.3 million from the sale of industrial units of M-Space) in 9M 2014 was S\$21.0 million – a 58% improvement compared to last year’s S\$13.3 million, after adjusting for net gain from fair valuations and impairment charges.

As at 30 September 2014, the Group’s gearing ratio stood at 57%, an increase of 18% from the previous year. Despite the higher gearing ratio, interest cover continues to be at a healthy level of 5 times. The Group’s workers and student accommodation assets during the period continued to generate stable and strong net operating cash flow of S\$31.3 million, a 96% increase from S\$16.0 million in 9M 2013. With sound debt and capital management, the Group generated a net operating cash flow surplus of S\$15.1 million in 9M 2014 after accounting for interest and loan principle repayments. This represents a strong improvement of 148% compared to its registered net operating cash flow of S\$6.1 million in 2013.



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Mr Kong Chee Min (江志明), CEO of Centurion Corporation Limited said, “We have continued to deliver steady growth through strategic expansion of our accommodation business in the region and globally. We have also made significant progress in diversifying our accommodation business, including our maiden foray into the UK with four well-located student accommodation assets. The outlook for our core business remains positive, with healthy demand for both our workers and student accommodation.”

Business Outlook

Singapore continues to be a key market for the Group, with 23,500 beds across three workers accommodation. On a portfolio basis, the assets are achieving high occupancy rates. A fourth project, Westlite Woodlands with 4,100 beds, is under construction and is expected to be operational in 3Q 2015.

Notwithstanding the Government’s measures to manage the growth of the foreign workers’ population, the Group remains positive of the long-term demand for purpose built workers accommodation. This is in view of Singapore’s integral need for foreign workers to sustain its economic growth.

As highlighted by Mr Tan Chuan-Jin, Minister for Manpower, in his statement following the findings of the Committee of Inquiry on the Little India riot, dormitories in Singapore are not of uniform standards. With that in mind, the government aims to speed up the construction of more purpose-built dormitories to ensure that the daily basic living needs of foreign workers are better taken care of. This demand for self-contained housing facilities to accommodate the vast majority of foreign workers in Singapore bodes well for the Group.

In Malaysia, the Group is gaining traction with its portfolio of 14,500 beds across five workers accommodation in Johor, where its occupancy rate on a portfolio basis has now reached above 90% and rental rates have continued to increase. Two more projects with a total of 10,800 beds are under construction and are expected to be operational in 1Q 2015 and 4Q 2015 respectively.

The Group also sees significant growth potential in its student accommodation business, in light of the strong demand for stable rental rates of these assets. In Australia, RMIT Village continues to operate at close to full occupancy, and is expected to maintain its occupancy rate. Evaluation of other asset enhancement initiatives are ongoing to further realise the potential of the property.

In the UK, the Group’s newly acquired portfolio of four student accommodation assets, comprising three assets in Manchester and one asset in Liverpool with a combined total of over 1,900 beds, are also maintaining close to full occupancy. Given the demand and limited supply of purpose built student accommodation in both cities, the assets are expected to remain almost fully occupied and contribute positively to the Group’s earnings.

Commenting on the Group’s outlook, Mr. Kong said, “The Group continues to be on a healthy growth path with expected completion of new workers accommodation projects of 14,900 beds in



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2015. We are cautiously optimistic that rental and occupancy rates for our Singapore operations will continue to remain stable. In Malaysia, we believe we will reap the benefits of being a pioneer in purpose built workers accommodation.

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ABOUT CENTURION CORPORATION LIMITED

Centurion Corporation Limited, formerly known as SM Summit Holdings Limited, owns and operates workers and student accommodation assets, as well as a storage disc manufacturing business. Its workers accommodation assets are managed under the Westlite brand.

In Singapore, the Group has 23,500 beds across three workers accommodation assets in Toh Guan, Tuas and Mandai as at 30 September 2014. Westlite Woodlands, its fourth project with 4,100 beds, is under construction and is expected to be completed and operational in 3Q 2015.

In Malaysia, the Group has 14,500 beds across five purpose-built workers accommodation assets in Johor. Two projects, Westlite Tampoi and Westlite Senai II, with a total of 10,800 beds are under construction and expected to be completed and operational in 1Q 2015 and 4Q 2015 respectively.

The Group has a student accommodation asset with 456 beds in Melbourne, Australia. In the United Kingdom, the Group has a portfolio of four student accommodation assets with a total of 1,906 beds. The student accommodation assets are strategically located in the vicinity of established education institutions.

The Group expects to increase its overall portfolio from 40,362 beds at present to over 55,200 by the end of 2015.

For more information, please visit <http://www.centurioncorp.com.sg>.

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APPENDIX

Centurion Corporation Limited's Asset Portfolio (as at 30 September 2014)

Location	Facility	Current Capacity (no. of beds)	Expected Capacity (no. of beds)
Singapore	Westlite Toh Guan	8,600	8,600
	Westlite Mandai	6,300	6,300
	Westlite Tuas	8,600	8,600
	Westlite Woodlands <i>(under development)</i>	-	4,100*
	Total in Singapore	23,500	27,600
Malaysia	Westlite Tebrau	2,500	2,500
	Westlite Johor Tech Park	5,800	5,800
	Westlite Desa Cemerlang	1,600	1,600
	Westlite Pasir Gudang	2,000	2,000
	Westlite Senai	2,600	2,600
	Westlite Tampoi <i>(under development)</i>	-	5,300*
	Westlite Senai II <i>(under development)</i>	-	5,500*
	Total in Malaysia	14,500	25,300
Australia	RMIT Village	456	456
	Total in Australia	456	456
U.K.	Manchester Student Village	1,022	1,022
	Manchester Student Village South	355	355
	The Grafton	145	145
	Cathedral Campus	384	384
	Total in U.K.	1,906	1,906
Total no. of beds		40,362	55,262

* upon completion of upgrading works / construction in 2015