



CWT Group

2Q & 1H2016 Financial Results

12 August 2016



This presentation should be read in conjunction with
CWT Limited's Unaudited Financial Statement
for the second quarter and half year ended 30 June
2016 lodged on SGXNET on 12 August 2016

Disclaimer

This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

Key financial indicators – 1st Half 2016

In S\$'000 (unless otherwise specified)	1H2016	1H2015	Change
Revenue	4,242,016	4,974,379	-15%
Operating EBITDA	81,753	82,716	-1%
Operating PBT	51,799	64,096	-19%
Operating PBT margin (%)	1.2	1.3	-
Total PBT*	52,312	66,806	-22%
Operating PATNCI	36,830	52,701	-30%
Total PATNCI*	37,343	55,411	-33%
Annualised return on shareholders' equity (%) - operating	8.7	12.4 ⁺	-

Highlights:

- Revenue decreased mainly due to lower commodity trading volume notably in naphtha and significant drop in commodity prices.
- Operating profits declined mainly due to:-
 - (a) a significant S\$17.1m unrealised mark-to-market accounting loss on hedges taken up to cover commodity price risk (under Commodity Marketing), for which the corresponding accounting gain on inventory revaluation was not recognised.
 - (b) withholding tax of at S\$4.2m on dividend up-streamed from a foreign subsidiary.
- Excluding both (a) and (b) above, Operating PATNCI would have been S\$58.1m for 1H 2016.

* Total PBT and Total PATNCI included non-recurring items.

+ Operating ROE for FY2015

Key financial indicators – 2nd Quarter 2016

In S\$'000 (unless otherwise specified)	2Q 2016	2Q 2015	Change
Revenue	2,366,495	2,793,339	-15%
Operating EBITDA	33,115	43,561	-24%
Operating PBT	18,176	30,112	-40%
Operating PBT margin (%)	0.8	1.5	-
Total PBT	18,176	32,596	-44%
Operating PATNCI	13,653	23,685	-42%
Total PATNCI	13,653	26,169	-48%
Annualised return on shareholders' equity (%) - operating	8.7	12.4 ⁺	-

Highlights:

- Revenue decreased mainly due to lower commodity trading volume in naphtha and a general drop in commodity prices.
- Operating profits declined mainly due to a significant unrealised mark-to-market accounting loss on hedges taken up to cover commodity price risks, for which the corresponding accounting gain on inventory was not recognised.

+ FY2015 operating ROE

1H2016 segmental breakdown

Business segments

In S\$'000 (unless otherwise specified)	Revenue	In %	Gross Profit	In %	Gross Profit Margin
Logistics	408,166	10%	64,290	46%	15.8%
Commodity Marketing	3,711,975	88%	43,573 *	31%	1.2%
Engineering	61,826	1%	8,491	6%	13.7%
Financial Services	60,049	1%	23,776 #	17%	39.6%
TOTAL	4,242,016	100%	140,130	100%	3.3%

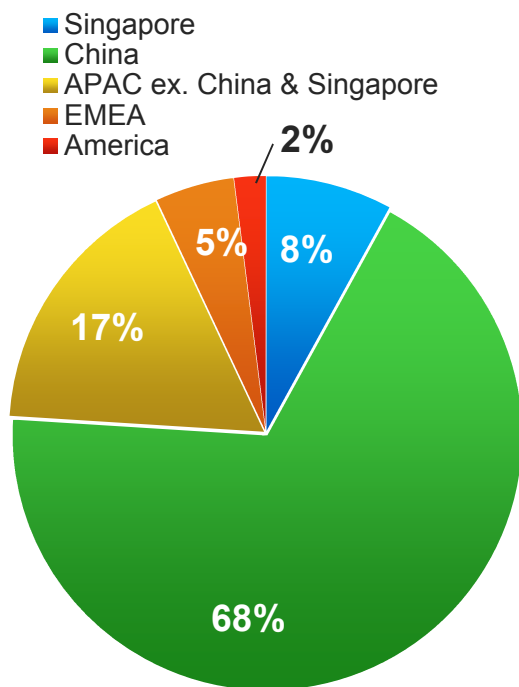
Gross Profit for Financial Services included trade finance income and trade finance expenses.

* Gross Profit for Commodity Marketing included:-

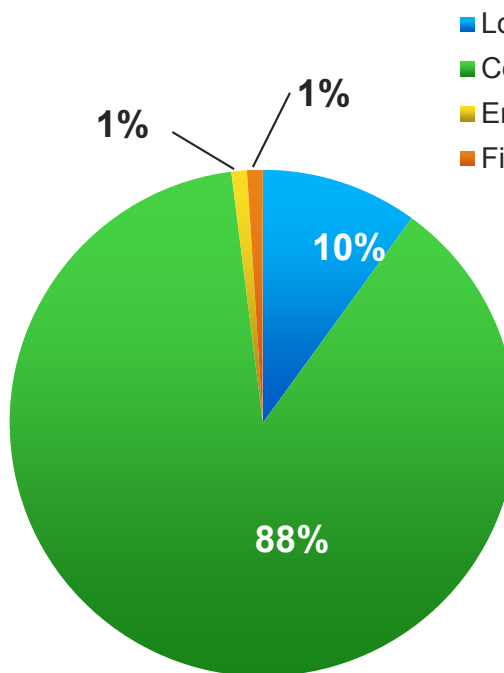
- trade finance income and trade finance expenses and,
- an unrealised mark-to-market accounting loss of S\$17.1m.

1H 2016 segmental contribution

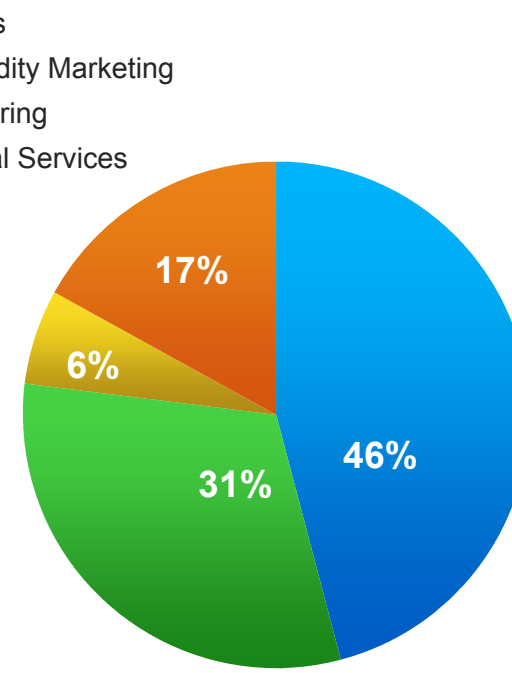
Revenue by Geography
S\$4.2b



Revenue by Business segment
S\$4.2b



Gross Profit by Business segment
S\$140m[#]

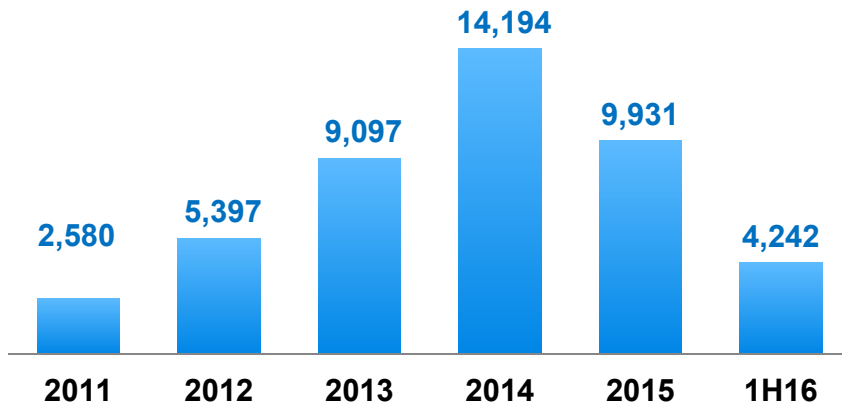


[#] Gross Profit included trade finance income and trade finance expenses.

Performance In S\$m (unless otherwise specified)

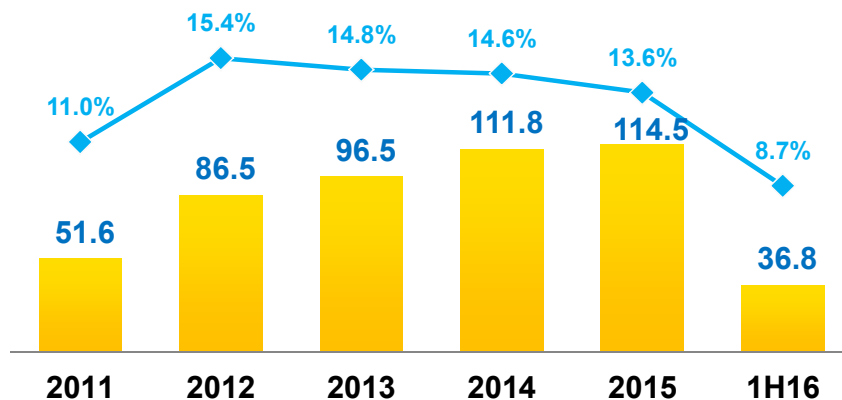


Revenue



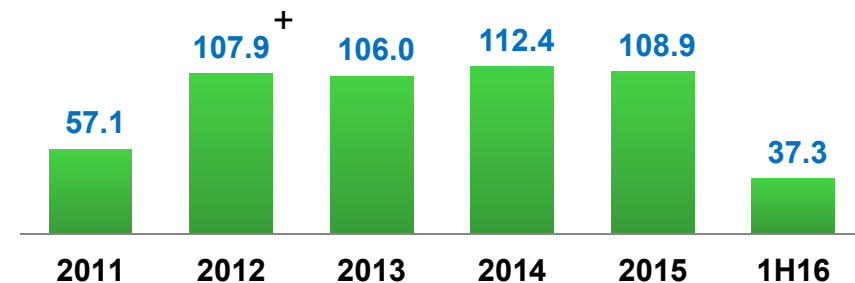
Group revenue and Operating PATNCI decreased in 1H16 for reasons highlighted in slide 3.

Operating PATNCI



■ Operating PATNCI
◆ Operating ROE, annualised for 1H16

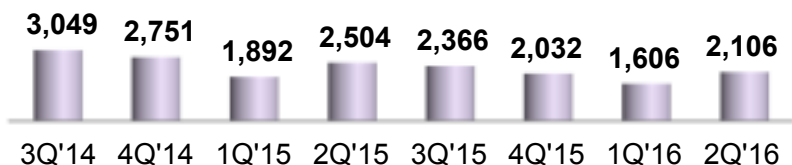
Total PATNCI



⁺ Including gain on sale and leaseback of a logistics property of S\$23m in 2012.

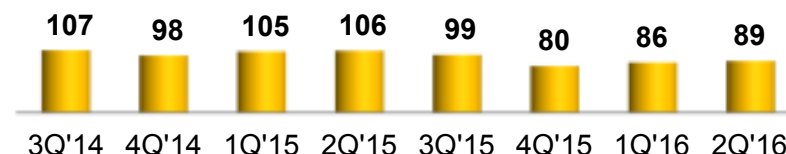
Revenue analysis by segment (S\$m)

Commodity Marketing



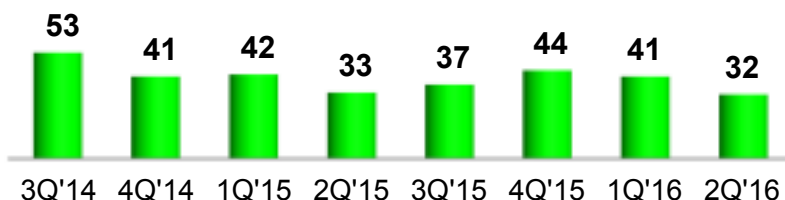
Note: Revenue for 3Q'14 to 3Q'15 had been restated to better reflect the nature and the underlying substance of certain structured transactions.
Revenue increased in 2Q'16 against 1Q'16 mainly due to an increase in metal concentrates volume and increase in prices of certain commodities.

Freight Logistics



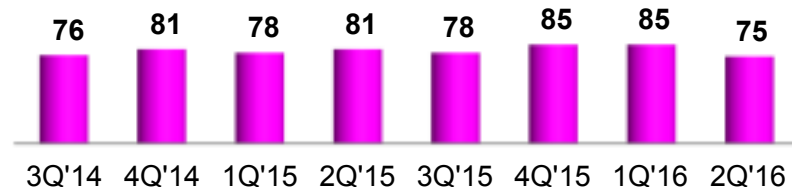
Note: Revenue trended downward since 2nd half of 2015 in line with declining freight rates. Volume increased in 2Q'16 mainly due to uptick in seasonal demand.

Commodity Logistics



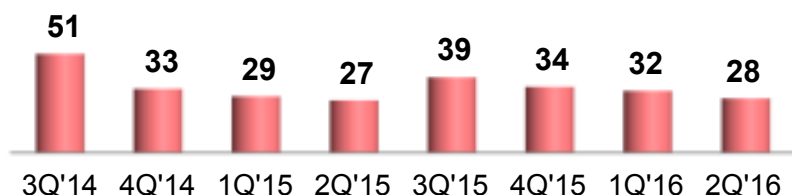
Note: Revenue decreased mainly due to seasonality, as tobacco crop only harvested in second half of the year.

Warehousing and Integrated Logistics



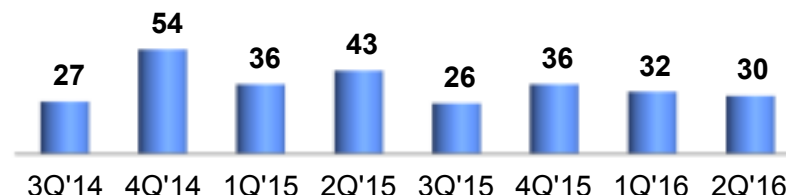
Note: Revenue decreased in 2Q'16 mainly due to the completion of a defence logistics project.

Financial Services



Note: Decrease in revenue from Financial Services was due to lower Trade Services volume in 2Q'16.

Engineering Services



Note: Higher revenue in 4Q'14 and 2Q'15 resulted from more progress billing for Design & Build projects.

Balance sheet & liquidity position

In S\$m (unless otherwise specified)	As at 30 Jun 2016	As at 31 Dec 2015
Cash ¹	288	291
Equity	809	839
Revolving short-term trade facilities ²	(1,185)	(751)
Net debt ³	(256)	(385)
Net debt/Equity (x)	0.32	0.46
Net debt/ Annualised operating EBITDA (x)	1.57	2.07
Current ratio (x)	1.12	1.22

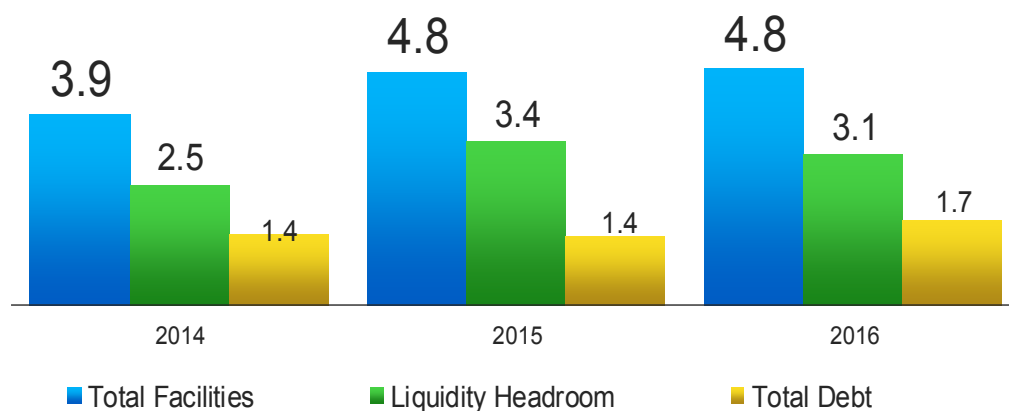
Note:

1. Excluding cash pledged/earmarked to bank
2. Collateralised by inventories and trade & other receivables
3. Excluding collateralised short-term trade finance facilities and bill payables (secured)

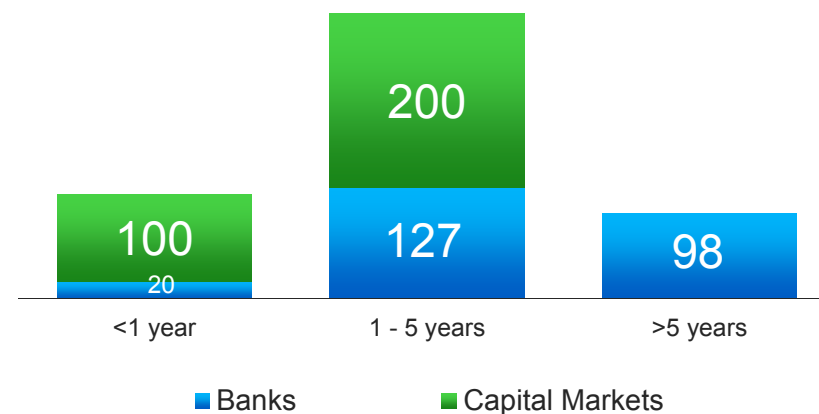
Liquidity and debt profile

- Total bank facilities stood at S\$4.8b.
- Ample liquidity with liquidity headroom of S\$3.1b.

Liquidity profile
(S\$'b)



Debt maturity profile
(Exclude collateralised short-term trade facilities of S\$1,185m)
(S\$m)





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Thank You

