

NET PROFIT GROWTH OF 252.1% AND LEADS IN NEW PROJECT LAUNCHES FOR 1Q2020

- NPAT of S\$8.2 million on revenue of S\$135.6 million, with stronger contributions from primary and secondary residential markets
- Robust balance sheet with healthy cash equivalents of S\$89.8 million
- Continued leadership performance in April 2020 for new project launches
- Leveraging on innovation and technology to engage salespersons and customers

Singapore, 14 May 2020 – PropNex Limited (“PropNex”, or the “Company”, and together with its subsidiaries, the “Group”), Singapore’s #1 listed real estate agency, today reported a 252.1% growth in net profit after tax (“NPAT”) for the three months ended 31 March 2020 (“1Q2020”) to S\$8.2 million, up from S\$2.3 million in the previous corresponding period (“1Q2019”). This was achieved on the back of 82.7% rise in revenue over the same comparative period.

Financial Highlights of the Group

S\$'000	1Q2020	1Q2019	% Change
Revenue	135,616	74,210	82.7
Gross Profit	15,067	7,332	105.5
PBT	9,943	2,763	259.9
NPAT	8,224	2,336	252.1
PATMI	7,576	2,000	278.8
EPS (in cents)	2.05	0.54	279.6

Despite the effects of July 2018 property cooling measures, PropNex had a strong finish in FY2019 with more than S\$500.0 million in gross commission value of the Group's total property transactions¹, of which transactions worth about S\$420 million in commission value were completed and invoiced² in that year. The remainder of property transactions carried forward from FY2019 as well as the recovery of the private residential market from the cooling measures contributed to the higher number of transactions completed in 1Q2020. As a result, revenue in 1Q2020 increased by approximately S\$61.4 million or 82.7%, from S\$74.2 million in 1Q2019 to S\$135.6 million, with growth mainly from commission income from agency services by approximately S\$15.9 million, and from project marketing services by approximately S\$45.8 million. Correspondingly, gross profit more than doubled from S\$7.3 million in 1Q2019 to S\$15.1 million in 1Q2020.

The Group's balance sheet remained healthy with cash and cash equivalents of S\$89.8 million as at 31 March 2020, an increase of S\$10.2 million when compared to S\$79.6 million as at 31 March 2019.

Typically, the first quarter of each year experiences a lower transaction volume for the real estate market as a result of the festive period and Lunar New Year holidays. While the impact of the COVID-19 outbreak could be felt throughout Singapore's economy, the performance of the real estate market in 1Q2020 had been encouraging, with all segments recording increments in transaction volume year-on-year. For example, the private new home sales segment saw 2,149 units moved in 1Q2020, a 16.9% increase from the same period a year ago, largely buoyed by rightly priced projects such as The M, Executive Condominium Parc Canberra and Treasure at Tampines.

¹ Total property transactions refer to the total number of Option-to-Purchase issued by property sellers and developers to buyers but yet to be exercised for that financial year

² A property transaction is completed when the Option-to-Purchase is exercised by the buyer and the Company invoiced the buyer/seller/developer to recognise the commission income as revenue



The Group, a market leader in the new launches segment, transacted the most units in the first quarter among joint marketing agencies appointed by the developer for most of the projects launched.

Mr. Ismail Gafoor, co-founder, Executive Chairman and CEO of PropNex, said, “Despite lingering macro uncertainties from the previous year, buyers and investors were willing to commit in the first quarter due to the attractiveness of new project launches and the desirability of rightly priced developments that were previously launched. The effects of the cooling measures from July 2018 seemed to have passed and the real estate market was bouncing back.”

“When COVID-19 struck Singapore around February, developers held back on the launch of new projects when the economic outlook took a downturn. With that said, we strongly believe in the resilience of the property market and are optimistic that projects that are rightly priced will continue to sell in the coming months. As the #1 real estate agency in Singapore, we are in a good position to capture the pent-up demand from buyers and investors once the storm passes.”

Leveraging on Innovation and Technology to Engage Salespersons and Customers

PropNex has always been committed to empowering people, recognising the importance of technology as society makes huge advances in the digital age. The Company had earlier invested in IT infrastructure, such as the mobile app – PropNex PA – launched in March 2019 for its salespersons.

Adapting quickly to the circuit breaker period, PropNex has stepped up and further leveraged on technology and innovation to deliver a two-pronged approach to reach both its salespersons and consumers: (1) continuing professional development training to upscale skills and professionalism for thousands of its salespersons via a curated webinar programme, and (2) online consumer seminars to its customers that feature guest

speakers from legal profession, medical profession, as well as fitness instructors as a value-added service.

Mr. Ismail added: “Despite the suspension of property viewings, marketing roadshows and the temporary closure of project sales galleries, PropNex has effectively used digital tools to engage salespersons and customers. Our salespersons are also well-trained to maximise the use of technology, connecting with clients via telecommuting, virtual viewings, and consumer webinars. Our training programmes have proven to be beneficial, which is demonstrated by PropNex’s ability in the closings of new launches in the month of April.”

Support for COVID-19 Frontliners and the Community with S\$250,000 contribution

PropNex contributed S\$150,000 to the Courage Fund that is set up by Community Chest to help support individuals and families, healthcare workers, frontline workers and volunteers affected by COVID-19, while another S\$100,000 went to the Invictus Fund that enables social service agencies to deliver critical services to the vulnerable.

This total S\$250,000 contribution goes to the needy who are affected by the COVID-19 situation as well as the frontline heroes who are fighting the virus, is an expression of the Group’s gratitude to all Singaporeans and frontline heroes.

Market Outlook

In line with the COVID-19 circuit breaker measures introduced in early April, property viewings and marketing roadshows have been suspended, alongside the temporary closure of project sales galleries. In addition, developers are adopting a wait-and-see approach, before deciding to go ahead with their project launches.

The Group believes that the private residential segment could possibly see contraction in volume in 2020 to an estimated 14,000 units, a drop of approximately 27% year-on-year



against 19,150 units in 2019 based on URA statistics. PropNex remains optimistic that rightly priced projects that were previously launched will continue to attract buyers and investors. Looking beyond the pandemic, we are expecting that the pent-up demand will rejuvenate the market. There are another 30 projects with a total of close to 10,000 units anticipated to be rolled out in the subsequent quarters, and PropNex has been appointed for 14 projects comprising more than 6,500 units to-date.

The private resale market is feeling the brunt of the impact from the COVID-19 pandemic. Even before the circuit breaker measures, many existing owners had postponed their decision on selling, as they are not comfortable with inviting potential buyers to their homes.

On the public housing front, the Group estimates that the HDB resale market volume could possibly be in the range of 21,000 to 22,000 for 2020, an expected drop of 7% to 11% as compared to the 23,714 HDB resale flats transacted in 2019.

About PropNex Limited

PropNex Limited is Singapore's largest listed group with over 8,567 (as at 9 May 2020) sales professionals. As an integrated real estate services group, PropNex's key business segments include real estate brokerage, training, property management and real estate consultancy.

The Group has an established presence in Singapore's residential market, even as it continues to expand its suite of real estate services in Singapore and grow operations regionally. PropNex already has presence in Indonesia, Malaysia and Vietnam.

With a strong commitment to service excellence and quality, PropNex is the proud recipient of numerous accolades and is a recognized leader in real estate agency services.

For more information, please visit www.propnex.com

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