

## PROP Nex POSTS RECORD 48.6% INCREASE IN NET PROFIT FOR 1H 2018

- *Singapore's largest real estate agency grows 67.4% in revenue*
- *Group's salesforce grew 10.6% to 7,395-strong, up from 6,684 in January 2018*
- *PropNex extends regional footprint with operations in Vietnam expected to commence in 3Q 2018*

### Financial Highlights of the Group:

S\$'000	2Q 2018	2Q 2017	% Change	1H 2018	1H 2017	% Change
Revenue	121,615	75,851	60.3	224,364	134,002	67.4
Gross Profit	9,014	7,209	25.0	19,968	14,077	41.8
Net Profit After Tax	4,730	4,636	2.0	11,728	7,890	48.6
PATMI	4,204	4,047	3.9	10,374	6,855	51.3
EPS(in cents)	1.14	1.09	4.6	2.80	1.85	51.4

**Singapore, 8 August 2018** – PropNex Limited (“**PropNex**”, or the “**Company**”, and together with its subsidiaries, the “**Group**”), Singapore’s largest home-grown real estate agency, today reported its maiden set of financial results subsequent to its listing on the Main Board of the Singapore Exchange.

The Singapore real estate sector showed signs of an uplift in property prices for the first two quarters of 2018, a consequence of robust land bids at Government Land Sales (“**GLS**”) and collective sales. This resulted in a cumulative increase of 7.3% in private home prices for the first half of the year.

It was against this backdrop that PropNex delivered a strong financial showing for the six months ended 30 June 2018 (“**1H 2018**”), recording a 67.4% growth in revenue to \$224.4 million, compared to \$134.0 million in the previous corresponding period (“**1H 2017**”). The increase in revenue was largely driven by increased activity for the Group’s agency services and project marketing services.

Correspondingly, the Group turned in a net profit of \$11.7 million (inclusive of minority interests) for 1H 2018, representing an upsurge of 48.6%, compared to \$7.9 million in the year ago period. The strong growth in net profit was mainly underpinned by year-on-year increased contributions from both the agency services and project marketing services.

Excluding IPO-related expenses of \$1.1 million which has since been expensed off in June 2018, the Group would have registered a net profit of \$12.8 million for 1H 2018, or 62.8% higher than the net profit of \$7.9 million for 1H 2017.

For the quarter ended 30 June 2018, the Group saw a 60.3% surge in revenue to \$121.6 million, up from \$75.8 million in the year ago period. Gross profit grew 25.0% from \$7.2 million to \$9.0 million in the latest financial quarter, while net profit (inclusive of minority interests) increased to \$4.7 million, up from \$4.6 million previously. Excluding IPO-related expenses of \$1.1 million expensed off in June 2018, net profit for the quarter would have been \$5.8 million, up 26.0% from \$4.6 million in 2Q 2017.

In view that sale transactions for newly-launched and resale properties take up to three months to be exercised and billed, a portion of the Group’s earnings for transactions may only be recognized in the ensuing quarter. For instance, sales at the initial launch of The Tapestry and 8 Hullet (both launched in March 2018), were partially captured and recognized from 2Q18 onwards. Likewise, the Group’s recent involvement in

launches for Rivercove Residences (launched in April 2018), Twin Vew (launched in May 2018), Margaret Ville and Garden Residences (both projects launched in June 2018) will start to be recognized in the following quarter ie. 3Q2018.

PropNex has been mandated for another 20 upcoming New Project Launches with approximately 10,800 units for 2H2018/2019. Within the next 5 months, PropNex is expected to launch 15 projects, totaling 5,462 units, which will present more opportunities for PropNex's salespersons. In the first seven months, PropNex had led in the sales performance for 12 out of 15 of the project launches, having closed the most number of units ahead of the other joint marketing agencies.

The Group's balance sheet remains healthy as at 30 June 2018, with cash and cash equivalents of approximately \$28.1 million, compared with \$18.8 million as at 30 June 2017. The Group does not have gearing.

**Mr. Ismail Gafoor, co-founder, Executive Chairman and CEO of PropNex,** said "PropNex has continued to achieve another set of robust financials, witnessing broad based growth across new project launches, as well as resale of private residential and public housing. The sustained growth in financial performance is a strong demonstration of our resilient business model and our leading position in the Singapore residential market. As Singapore's largest real estate agency, PropNex enjoys the distinct advantage of scale and reach, which enables us to effectively encapsulate all segments of the residential property market."

Looking further afield, the Group is poised to extend its geographical reach as it expects to commence operations in Vietnam by 3Q 2018. PropNex currently has overseas operations in Indonesia with 800 salespersons across 18 offices, and 100 salespersons in Malaysia.

## **RESILIENT AND SUSTAINABLE BUSINESS MODEL**

According to the Council for Estate Agencies (“CEA”) as at 8 August 2018, PropNex is the largest real estate agency in Singapore with 7,395 salespersons, marking a 10.6% growth from 1 January 2018. This expansive salesforce enables the Group to have a strong outreach to a wide spectrum of the real estate market. Additionally, the Group’s size enables it to enjoy economies of scale which further builds resilience in its business model. This allows PropNex to reap benefits of property upcycles and weather the down cycles.

Notwithstanding its large network of salespersons, the Group has remained steadfast in training and developing its salespersons, equipping them with relevant skill sets and a thorough understanding of current trends in the real estate market, in order for them to be effective advisors to home buyers and investors.

PropNex’s array of impactful training and development programmes have witnessed participation from more than 20,000 attendees. The Power Sales Booster mega training sessions had 2,000 to 3,000 salespersons attending per session. Such sessions have helped the salespersons sharpen their skills for a better understanding of the market and in empowering their clients in decision-making. PropNex conducted nine of the signature Salespersons’ and Leadership Bootcamps, which drew strong participation with more than 1,000 graduates in the last seven months across Indonesia, Malaysia, Vietnam and Singapore. Such proprietary programmes serve to better equip salespersons with winning strategies to constantly improve their skill sets, so as to better navigate the real estate market.

“Over the past 18 years, the Group has demonstrated that it continues to perform well and has remained sustainable despite the implementation of several rounds of property cooling measures. We have laid a strong foundation for PropNex, where in being the

agency with the largest salesforce, and in having robust training programmes which have produced a highly skilled salesforce, are key cornerstones of our success. We will capitalize on these competitive advantages to ride out the latest slew of property curbs,” added Mr Ismail Gafoor.

As an extension of its real estate agency business, PropNex also engages home investors in empowering them for better informed decisions in their real estate investment journey. Over the last seven months, we have conducted 25 consumer seminars empowering close to 5,000 consumers. In the next five months, PropNex is expected to conduct another 15 Consumer Seminars to help home investors better understand the impact of the latest cooling measures and opportunities ahead.

## **MARKET OUTLOOK**

### Private primary and secondary markets

While the market has witnessed a growth in property prices and transaction volumes for 1H 2018, the impact of the latest cooling measures will probably only be realized in 2H 2018. The swift implementation of these measures had resulted in the flight of buyers and investors to purchase residential units at new project launches on 5 July 2018, which will result in a surge in transaction volumes for new home sales in July 2018.

Additionally, PropNex expects the private residential resale segment to do relatively well in 3Q 2018 and 4Q 2018, precipitated by a strong demand by en bloc owners in need of immediate replacement homes.

“We have already seen strong sales in the private secondary market in the first half of the year and we expect this trend to continue in the coming quarters. From our perspective, PropNex will strategically position its resources to harness the growth

potential in both the private primary and secondary markets,” commented Mr Ismail Gafoor.

We are expecting the overall Singapore volume of private property transactions to be in the range of 24,000 – 25,000 units for 2018. Of which, resale transactions are expected to take a substantial share of 16,000 units.

### Public housing

The HDB resale segment is expected to show greater resilience in the coming quarters, given that this segment is not affected by the revisions to ABSD (“**Additional Buyer’s Stamp Duty**”). This segment will also benefit from the demand from some en bloc owners considering bigger-sized resale flats as their replacement homes in the second half of the year.

Given that the HDB resale segment has seen a transaction volume of 10,531 units for the first half of the year, PropNex believes this healthy figure will pave the way for 21,000 – 22,000 units to be transacted by the end of 2018.



### **About PropNex Limited**

PropNex Limited is Singapore's largest listed group with over 7,000 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 is expected to be operating in Vietnam by 3Q 2018.

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](http://www.propnex.com)

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