

MESSAGES FROM THE LEADERSHIP

Management Discussion and Analysis

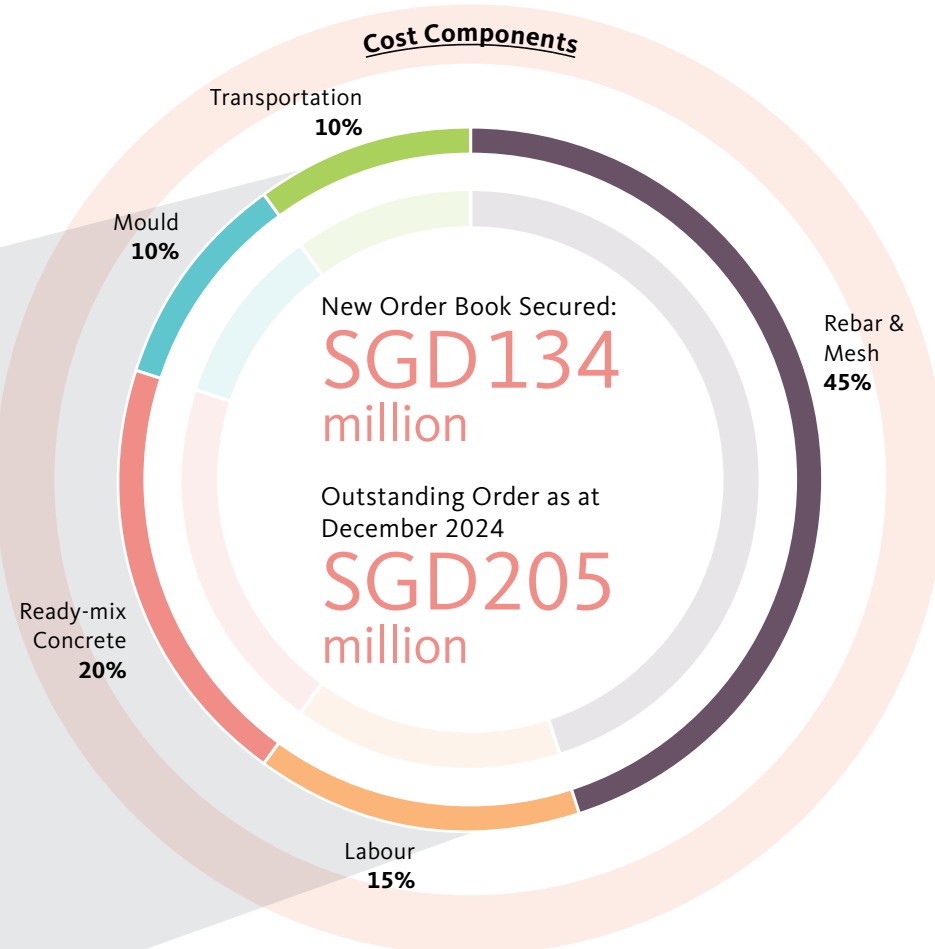
Integrated Construction and Prefabrication Hub (ICPH),
Pulau Ponggol Barat, Singapore



MANUFACTURING AND SALE OF PRECAST CONCRETE PRODUCTS



Cost Components



In 2024, the Precast Division faced rising inflation that contributed to increased costs of imported materials such as cement and steel. Other challenges encountered included stiff market competition, global supply chain disruptions and high labour costs in Singapore. Tight foreign labour policies (which restricted access to manual labour) in Singapore was also a dampening factor.

Talent management was also a priority for the division, which actively recruited to expand its workforce. The expansion of the workforce supports efforts to ensure optimal plant efficiency and productivity.

However, there were also positives. Among these were the Singapore government's Build-To-Order (BTO) flats programme. The BTO programme has had a galvanising effect on the precast supply industry at large, as it serves to stimulate stable and growing demand for high-quality precast materials. The BTO flats programme also promotes innovation and productivity improvements among industry players and is a primary factor in enabling Singapore's Housing Development Board (HDB) to stay on track towards building 100,000 flats between 2021-2025.

In response to the operating environment, SunCon's Precast division implemented various strategies to ensure successful fulfilment of customer orders. This included prudent management of resources and inventories, supply chain diversification

and continued focus on upskilling and retention of talent. At the same time, the division looked to ramp up its book-building activities, notably towards optimising the production capacity of our recently established ICPH in Pulau Ponggol Barat, Singapore.

Through the BTO programme, SunCon secured 13 contracts worth SGD134 million in its order book. The division also secured several data centre related contracts, as well as contracts for the supply of precast products for Ministry of Health nursing homes. In 2024, the division completed four projects and obtained the HDB mesh fabrication license for its ICPH Automated Mesh Production Plant. The plant will enhance ICPH's productivity.

Consistent with SunCon's commitment to integrating ESG principles across all divisions, the Precast Division continued to streamline operational processes to eliminate redundancies and reduce resource usage particularly in electricity consumption.

PRECAST SEGMENT INDICATORS

	2024	2023	2022
HDB BTO Units Launched in Singapore	19,637	24,447	23,184
Precast Division Sales - Private (%)	20%	-	-
Precast Division Sales - HDB (%)	80%	100%	100%
Maximum Plant Capacity (m ³ per annum)	174,000	174,000	126,000
Overall Plant Utilisation Rate (%)	35%	53%	61%

WORKFORCE

Staff Count	2024	2023	2022
Male	196	173*	115*
Female	23	23	19
Total	219	196*	134*

Staff Category (%)	2024	2023	2022
Executive	29	27*	37*
Non-Executive	71	73*	63*

* Restated

OUTLOOK AND PROSPECTS

The Precast division anticipates a positive outlook for 2025, underpinned by the BTO flats programme and a healthy order book of projects. Both would support increased operational capacity for the ICPH and would support continued high-skill talent recruitment.

Inventory management is also imperative going forward. The division will specially focus on ensuring adequate material quantities to meet production demand in tandem with the prospect of increased precast orders.

Another focus area for exploration is the adoption of cleaner energy sources. This will not only reduce emissions, but may also support reduced operational costs, notably as energy costs continue to rise over time. The transition to RE would also enable a reduced embodied carbon emissions profile for precast products manufactured at the ICPH. This ultimately paves the way for more sustainable and cost-effective practices for future construction projects.