

Issuer: 800 Super Holdings Limited
Security: 800 Super Holdings Limited

Meeting details:

Date: 21 Oct 2016
Time: 10:00 AM
Venue: 17A Senoko Way, Singapore 758056

Company Description

800 Super Holdings Limited, an investment holding company, provides environmental services for public and private sectors in Singapore. The company offers waste management services, including residential, commercial, and industrial waste collection, as well as recycling services. It also provides cleaning and conservancy services comprising integrated public cleaning services, which cover roads, pedestrian thoroughfares, car parks, parks, drains, beaches, shorelines, and waterways; and contract cleaning services that cover external facades and interior of buildings for residential, commercial, industrial, and institutional customers. In addition, the company offers horticultural services, such as grass-cutting, planning, and maintenance of landscape; and arboricultural services, including planting and pruning of trees and plants for schools, commercial customers, government departments, and statutory bodies. Further, it is involved in the manufacture, packaging, and processing of plastics, woods materials, and scrap metals. The company was incorporated in 2011 and is based in Singapore.

Source: http://sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?page=1&code=5TG&lang=en-us

1. Since the group's initial public offering in July 2011, revenue has doubled from \$77.7 million for FY2011 to \$156.4 million for FY2016. As the group operates in three main segments (waste management services, cleaning and conservancy services, and horticultural services), **would the board/management consider giving shareholders better visibility into performance of the three segments?** For example, shareholders would like to see the revenue split among the three to better understand the risks and opportunities for the group.

2. In the Chairman's Statement (page 2 of the annual report), it was said that the board believes that "our strategic direction towards downstream waste treatment will create growth opportunities for 800 Super in the long haul". **Could the Chairman provide examples of "downstream waste treatment"? Also could management give more clarity on some of the group's expansion plans?** In particular:

- Waste-to-Energy plant: **What is the total capital expenditure and how much revenue and cost savings are expected? What is the targeted return on investment of this project as the electricity tariff has fallen by a third since the project was started 2-3 years ago?**
- Material Recovery Facility: **Again, what is the total capital expenditure and how strategic is this to the group's growth and expansion?**
- Vehicle Depot: **Can management help shareholders understand the importance of the vehicle depot? How much cost savings or operational efficiency would the depot contribute?**
- Plastic Recycling in Batam: **How does management intend to operate the plastic recycling plant? Would it be a standalone or would it be integrated with the group's existing operations?**

3. Employee benefits expense is by far the largest component in the group's operating costs.

	FY2016 \$'000	FY2015 \$'000	FY2014 \$'000	FY2013 \$'000	FY2012 \$'000
Employee benefits expense	(76,669)	(68,338)	(53,465)	(43,567)	(36,089)
Revenue	156,437	140,280	114,959	97,542	88,668
Employee benefits expense as a percentage of revenue	49.0%	48.7%	46.5%	44.7%	40.7%

Source: 800 Super Annual Reports

Despite the group's productivity initiatives to manage costs, employee benefits expense has increased at a faster rate than revenue. **What are the concrete steps that management is taking to rein in the manpower costs? Has the board set a target for the group?**

Still on the topic of remuneration: Over the past five years, Mr Lee Hock Seong and Mr Lee Thiam Seng have not been listed as one of the top "Key management personnel". In FY2016, Mr Lee Hock Seong's remuneration was in the band of S\$400,000 – S\$450,000. Mr Lee Thiam Seng's remuneration was in the band of S\$150,000 – S\$200,000. **Could the remuneration committee explain how the remunerations of both Mr Lees were determined? Please disclose their job scopes and responsibilities.** We note that Mr Lee Hock Seong, not identified as a key management personnel, is in a higher band than any of the five listed key management personnel (page 23), including Ms Lee Kim Eng who is in the S\$300,000-S\$350,000 band.