



GRAND BANKS YACHTS

**EXTRAORDINARY GENERAL MEETING**  
VOTE TO ACQUIRE PALM BEACH MOTOR YACHTS

[ 15 JULY 2014 • SINGAPORE ]



# Agenda

- Overview
- Rationale for Acquisition
- Terms of Acquisition
- Financial Highlights
- Outlook
- Mark Richards
- About Palm Beach Motor Yachts

# Overview

## Resolution 1:

- The proposed acquisition of the entire issued and paid-up shares in the capital of Palm Beach Motor Yacht Co Pty Ltd

## Resolution 2:

- The proposed allotment and issuance of the consideration shares to the vendor



# Rationale for Proposed Acquisition

- Mark Richards brings with him a wealth of boatbuilding experience and has a keen eye for detail and design conceptualization
- Opportunity for Grand Banks to acquire a profitable business
- Palm Beach can scale up operations through Grand Banks' Pasir Gudang yard
- Produces synergies:
  - Improves purchasing power with common suppliers for building materials
  - Opportunities to cross sell to existing clients of both brands

# Rationale for Proposed Acquisition

- Provides opportunity to expand beyond Grand Banks' three existing series of yachts
- Palm Beach has a strong order book
- Strengthens position of enlarged group as a global company with two world-class brands
- Provides access to Palm Beach's manufacturing techniques which will help streamline operational efficiencies
- Issuance of consideration shares increases Grand Banks' market capitalisation

# Terms of Acquisition

## Aggregate Consideration – Up to A\$10M

### (a) First Tranche – A\$6M

- Satisfied on completion date
- A\$4M cash
- A\$2M consideration shares

– 11.03 million new shares at issue price S\$0.2126 per share

### (b) Second Tranche – Up to A\$4M

- Based on Target Profit – PBT for FY2014 and FY2015 collectively

- A\$4M if Target Profit exceeds A\$2.64M

- If Target Profit falls below A\$2.64M, amount based on this formula:

$\frac{(\text{Target Profits} \times \text{AUD}10,000,000)}{\text{AUD}2,640,000}$	$\text{AUD}6,000,000$
	$- (\text{i.e. the First Tranche Consideration})$

# Financial Highlights – 3Q'14

In SGD Million	3Q'14 S\$	3Q'13 S\$	Change %	9M'14 S\$	9M'13 S\$	Change %
Revenue	8.1	10.3	(20.8)	27.1	23.5	15.7
Gross Profit	1.7	1.3	32.3	5.5	4.0	36.8
Net Profit/(Loss)	0.54	(0.72)	175.2	0.23	(2.94)	107.9

- Second consecutive profitable quarter since 2009
- First 9M'14 cumulative profit since FY2008
- Operating expenses at five-year low through ongoing efforts to improve internal efficiencies

# Financial Highlights – Stock Movement



Market Capitalisation	
As at 1 Apr 2014	S\$36.3M
As at 14 Jul 2014	S\$46.7M



# Outlook

- On track to reporting a better financial performance for FY2014 compared to FY2013
- Critical leadership role will be filled by Mark Richards
- Working to develop new products for Grand Banks and Palm Beach
- Enlarged group will benefit from a geographical boost in branding
- Exploring how Grand Banks can leverage on its Malaysian yard to scale up Palm Beach's boat

# Mark Richards

- Founded Palm Beach in 1995
  - With about 20 years of factory operations
- Passionate boater with a keen eye for design
- Qualified shipwright with over 34 years' experience in the boating industry
- Competitive sailing background:
  - 7-time champion skipper in the Sydney-to-Hobart race (between 2005 and 2013)
  - Represented Australia and won the Admiral's Cup Race (2003)
  - Represented Australia in the America's Cup (1991, 1995)

# About Palm Beach Motor Yachts

- Founded in 1995 in Berkeley Vale, NSW
- Sole shareholder: Mark Richards, founder & CEO
- Delivered approximately 75 boats to date
- Currently has 5 models of luxury motor yachts
  - 45 feet to 65 feet
  - Price range US\$1.3M to US\$3.8M
  - The latest model, a 52 feet, was launched this year







# About Palm Beach Motor Yachts

## Construction & Design

- Reputation for high quality and fuel efficient luxury motor yachts
- Efficient manufacturing processes that use cutting edge materials
- Allows for a full suite of customisable options

# About Palm Beach Motor Yachts

## Awards

- Modern Boating
  - PB50: Best of the Year (2011)
  - PB65: Best Down East Styled Boat (2012)
- Newport International Boat Show, USA
  - PB50: Best New Power Boat (2010)
  - PB55: Best New Power Boat (2011)
  - First consecutive two-time winner in history





# About Palm Beach Motor Yachts

## Financial Performance (unaudited)

- FY2013 revenue – A\$9.3M
- 9M'14 revenue – A\$6.0M
- PBT FY2013 – A\$525,353
- PBT 9M'14 – A\$648,755 (↑ 23.5%)
- Net order book (as at 20 June 2014) – A\$16.0M
  - Nine luxury motor yacht orders



Thank You

**GB** GRAND BANKS YACHTS