

# INVESTORS UPDATE FY2018

November 2018

A text overlay in the bottom-left corner. The word "OPERATIONS" is in a bold, pink, sans-serif font, and the word "REVIEW" is in a bold, white, sans-serif font. The text is positioned over a dark purple rectangular background.

# BUSINESS OVERVIEW

## ONE-STOP INVENTORY SPECIALIST

- Over 25,000 line items
- Pipes, fittings, flanges, structural and cables
- 411,000 sq ft storage capacity



- International network
- Customisation services
- Project management services
- In-house quality assurance
- Non-destructive testing services

## SERVING MULTI-INDUSTRIES



**FY18 revenue: \$82.2**

**Energy: 80.8%**

**Marine: 7.0%**

**Trading: 9.8%**

**Others: 2.4%**

### Longstanding relationships with blue-chip customers:

**Keppel** Over 25 years

**SembCorp** Over 25 years

**Alstom** Over 8 years

**Chevron** Over 15 years

**Shell** Over 10 years

**STRONG  
CUSTOMER BASE**

## SAFETY & QUALITY FOCUSED

### Certifications

ISO 9001:2015

ISO 14001:2015

OHSAS 18001:2007

ISO 22301:2012

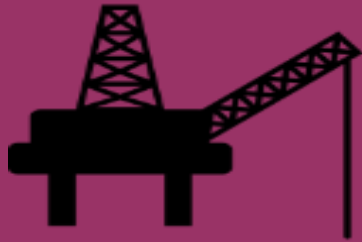
BizSAFE STAR

# OUR MARKETS



# OUR BUSINESS SEGMENTS

## Energy



- Offshore rig fabrication such as jack-ups and semi-subs
- FPSO/FSO new builds and conversion
- Onshore energy facilities fabrication

## Marine



- Shipbuilding
- Ship repairs

## Traders



- Sell products to traders who on-sell them to other customers

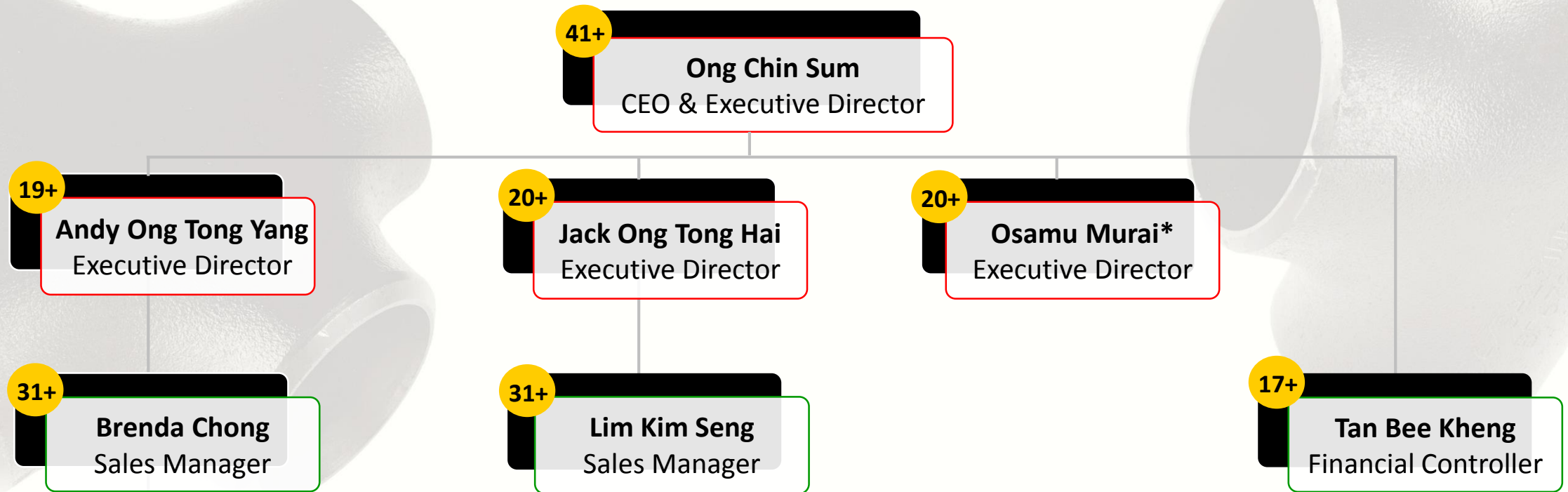
## Others



- Supply to other industries such as manufacturing

**Broad customer base** that uses our products as components mainly to construct piping systems for the conduit of liquids and gases in the production processes of the Energy, Marine and other industries

# EXPERIENCED MANAGEMENT



Highly experienced executive and senior management team with **extensive and relevant industry experience**;  
Strong sales and marketing team with **established contacts and in-depth industry knowledge**



Number of years of relevant industry experience

\* Mr Osamu Murai was appointed as an Executive Director on 1 June 2018

# OUR WAREHOUSES



Location	Site area (sq ft)	Use	Tenure
• 14 Lok Yang Way	111,363	Office & Warehouse*	60 years lease wef 16 June 1972
• 90 Second Lok Yang Road	69,998	Office & Warehouse*^	30 + 10 + 13.25 years lease wef 16 March 1979
• 21A Neythal Road	111,751	Covered Warehouse*	30 years lease wef 16 August 1989
• 36 Tuas Crescent	118,274	Covered Warehouse*	23 years lease wef 1 May 1997

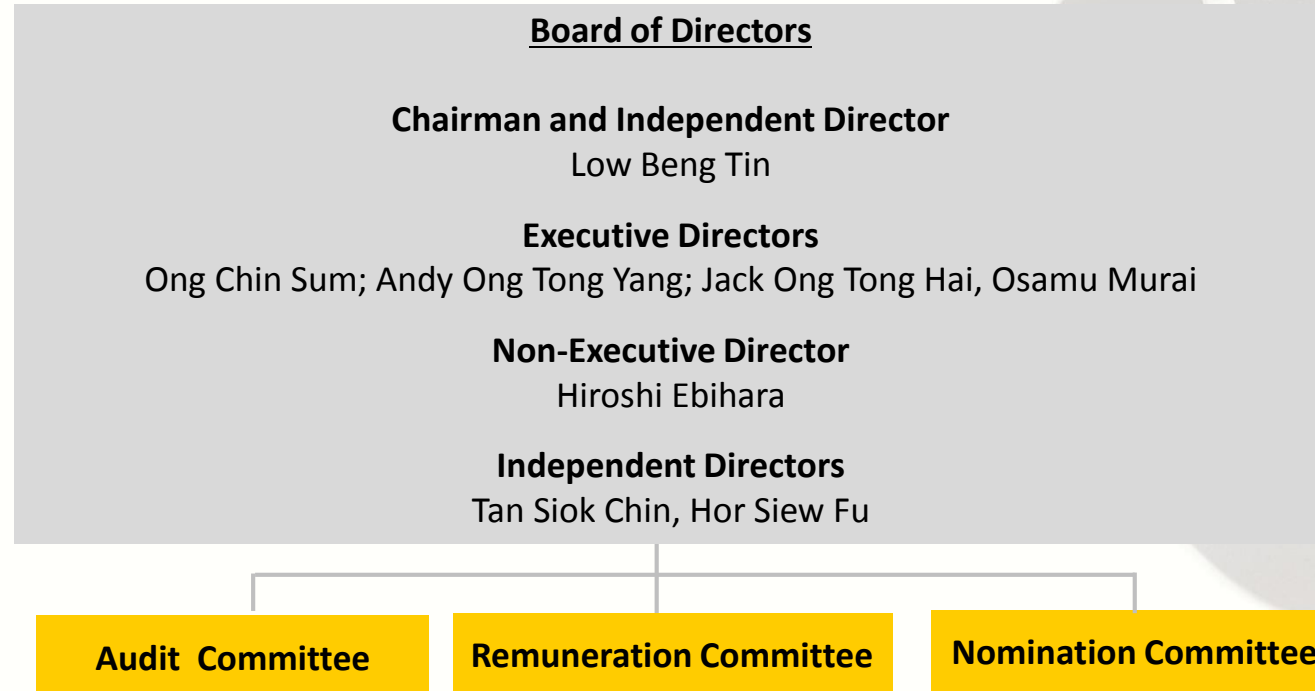
**Solidifying operational security with extensive warehousing totalling 411,000 sq ft and inventory management process supported by an integrated computerised ERP system**

\*With machineries to provide value-added services to customise products to customers' specific requirements.

^ TOP was obtained on 19 June 2018.

# CORPORATE GOVERNANCE

**Well-organised and transparent committee structure to uphold the best practices in Corporate Governance**



- Ranked 141<sup>st</sup> out of 589 companies on the SGTI in 2018 (SGTI 2017: Ranked 67<sup>th</sup> out of 606 companies)
- Experienced independent directors with varied experience in legal and accounting professions
- Board composition: 8 member board; 3 are independent

*Note: Osamu Murai, Executive Director, was appointed to the Board wef 1 June 2018; Hor Siew Fu, Independent Director, was appointed to the Board wef 26 October 2018*



# **FINANCIAL HIGHLIGHTS**

4Q2018 & FY2018

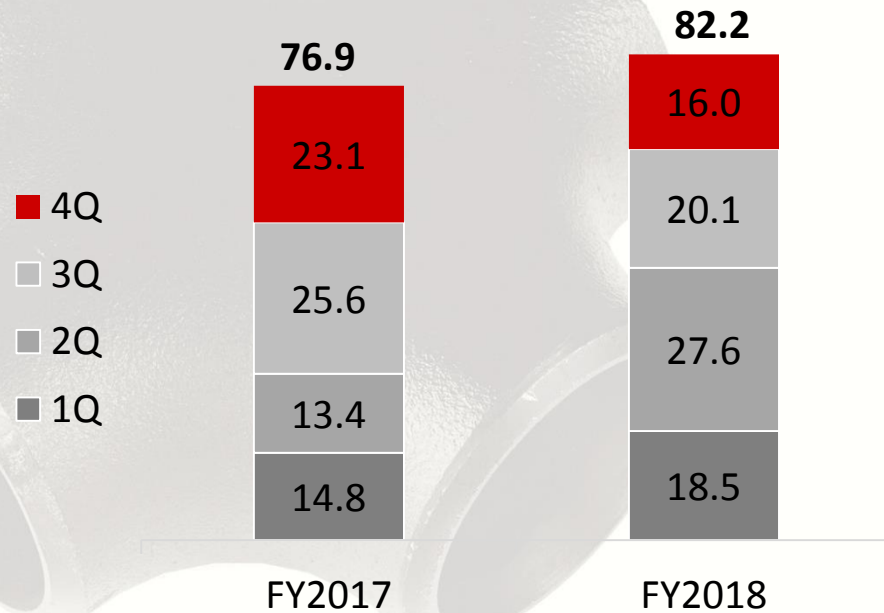
# FINANCIAL SNAPSHOT

S\$'Million	FY2016	FY2017	FY2018
Revenue	68.8	76.9	<b>82.2</b>
Net loss after tax	(7.6)	(9.4)	<b>(32.3)*</b>
Gross profit	14.9	10.9	<b>13.7</b>
Earnings / (loss) before interest, tax, depreciation and inventory allowance	1.6	(1.7)	<b>2.6</b>
Loss per share (cents)	(2.61)	(3.23)	<b>(11.13)</b>
Net asset value per share (cents)	39.68	35.69	<b>25.30</b>

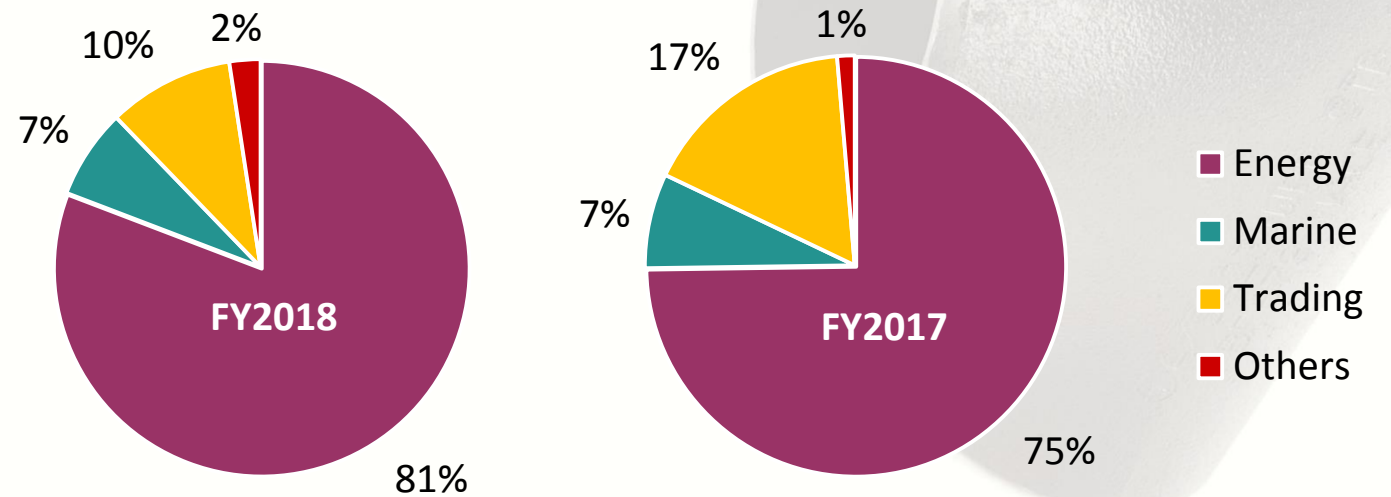
*\* Includes allowance for slow-moving inventories and decline in net realisable values that amounted to \$30.8 million in FY2018*

# REVENUE

## Total Revenue (S\$m)



## Revenue by Customer Type (S\$m)



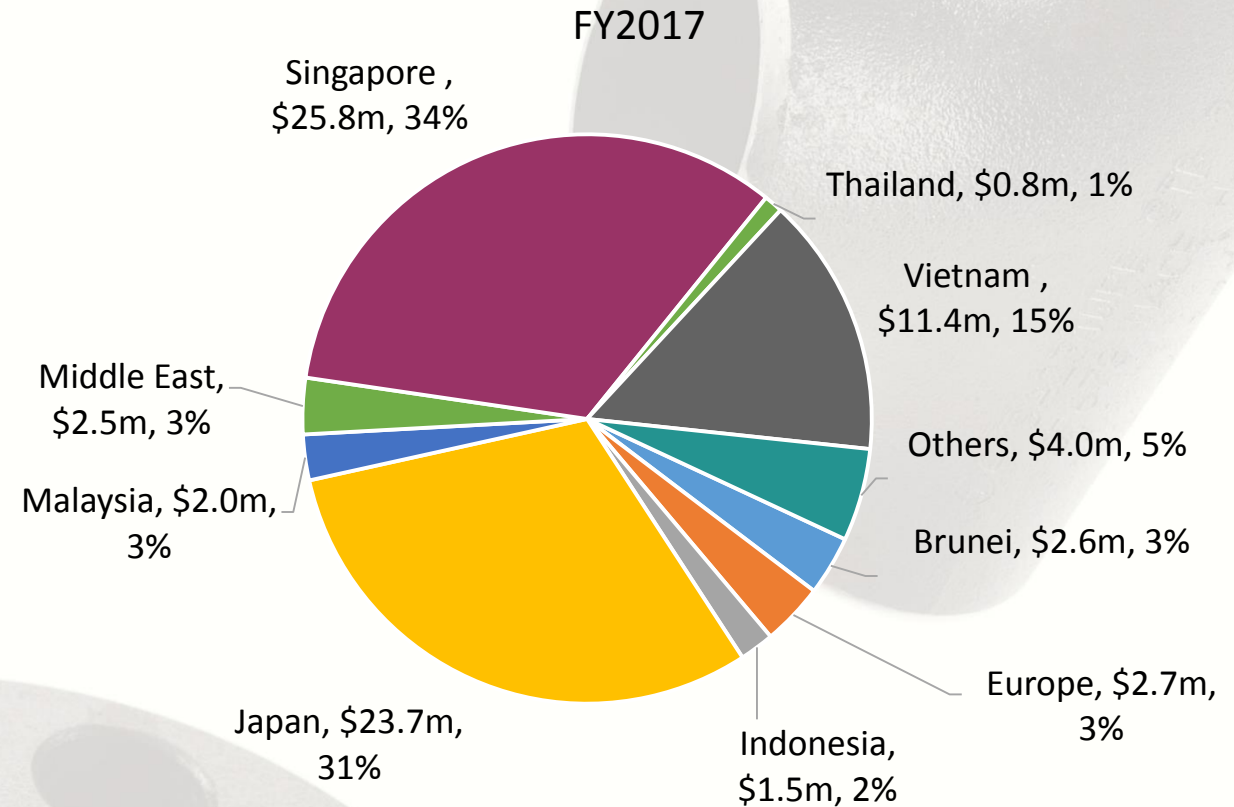
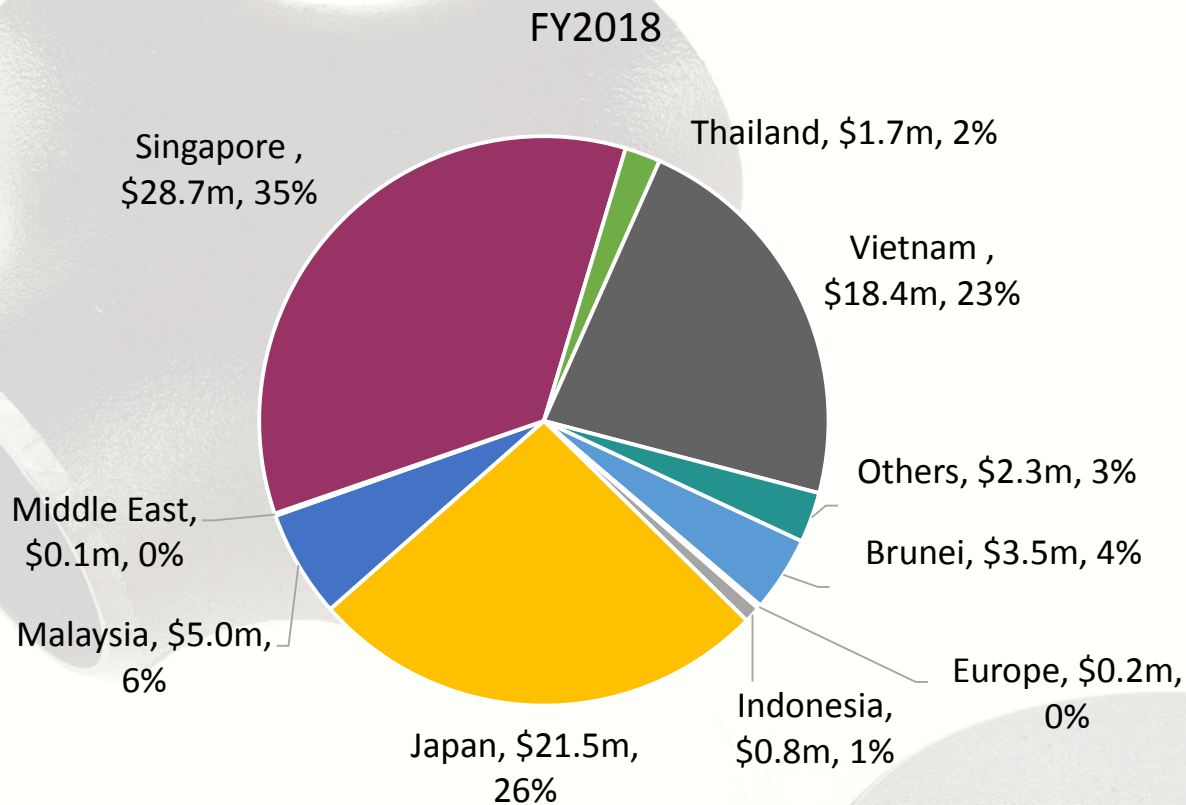
### Total revenue

- 4QFY2018: ↓ 30.7% to S\$16.0m
- FY2018: ↑ 6.9% to S\$82.2m

### Revenue by customer type in FY2018

- Energy Sector: ↑ 15.5% to \$66.5m (FY2017: \$57.5m)
- Marine Sector: ↑ 2.2% to \$5.7m (FY2017: \$5.6m)
- Trading Sector: ↓ 36.8% to \$8.0m (FY2017: \$12.8m)
- Others Sector: ↑ 92.2% to \$2.0m (FY2017: \$1.0m)

# REVENUE BY GEOGRAPHICAL MARKET

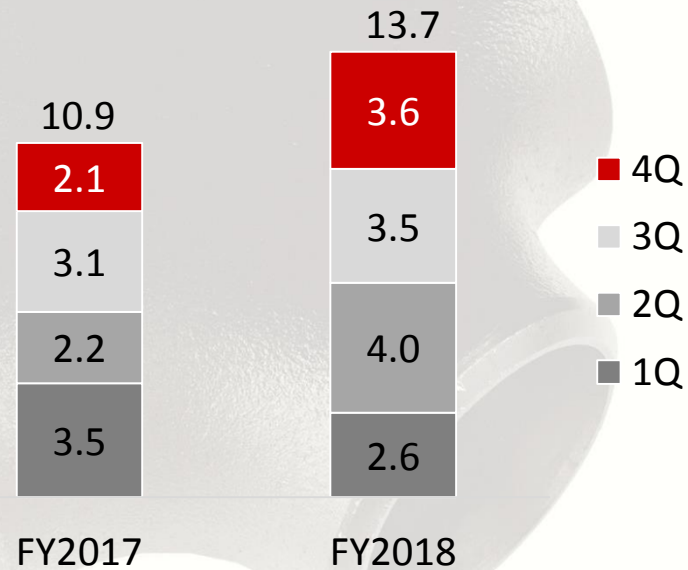


- Improved revenue from all markets except for Indonesia, Middle East, Europe and Japan

*Note: Others refer to customers in Australia, China and the Philippines  
Any discrepancies in figures/percentages are due to rounding*

# PROFIT & LOSS

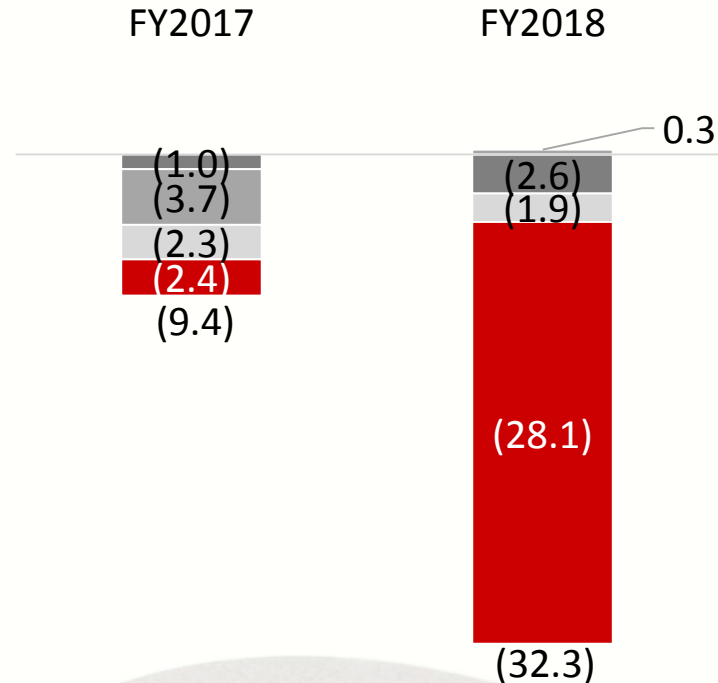
Gross Profit (S\$m)



## Improved gross profit and margin

- 4QFY2018: Gross profit ↑ 75.8% to \$3.6m; margin ↑ 13.4 pct points to 22.2%
- FY2018: Gross profit ↑ 25.7% to S\$13.7m; margin ↑ 2.5 pct points to 16.6%

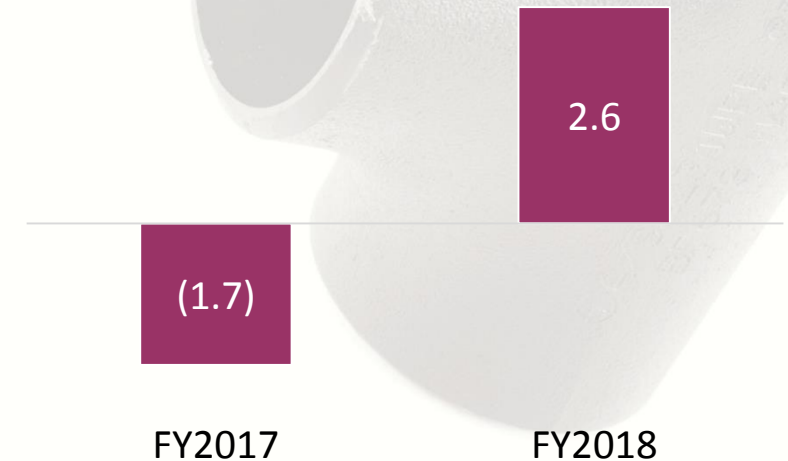
Loss After Tax (S\$m)



## Net loss after tax

- Net loss ↑ 244.6% to \$32.3m in FY2018 mainly from a change in inventory policy that resulted in additional allowance for inventories of \$29.1m in 4QFY2018
- Operating expenses comprising distribution costs, admin. and depreciation expenses ↓ 10.4% to \$16.1m

(Loss) / Earnings Before Interest, Tax, Depreciation & Inventory Allowance (EBITDIA) (S\$m)



## Improved EBITDIA

- Taking into account this provision, which is non-recurring in nature, EBITDIA improved by \$4.3m to \$2.6m

# KEY FINANCIAL INDICATORS

<b>Efficiency Ratios (Days)</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>
Trade Receivables Turnover	123	100	98
Trade Payables Turnover	57	32	29
Inventory Turnover	625	426	315
<b>Liquidity Ratios (Times)</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>
Current Ratio	4.71	3.22	2.61
Debt-to-Equity Ratio	0.26	0.39	0.52

An aerial view of a steel fabrication shop. Two workers in blue protective suits and helmets are welding large steel beams. Bright orange sparks are flying from the welding points. The floor is dark and industrial, with various cables and equipment visible.

# OUTLOOK & STRATEGY

# BUSINESS OUTLOOK & STRATEGY



## FY2019 Outlook

- Expect revenue generation and margin to be challenged by:
  - Global uncertainties
  - Volatility in oil market
  - Industry competition

## STRATEGY

### 1. To manage costs prudently

- Manage operating costs
- Improve productivity and efficiency

### 2. To identify new potential markets / suitable opportunities for growth

- Intensify marketing efforts in the Asia Pacific region
- Strengthen ties with existing and new customers
- Active scouting for new potential markets



# THANK YOU

For more information, please contact:

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