



INVESTORS UPDATE  
1HY2019

May 2019



A title graphic consisting of a solid purple rectangular background on the left side. To its right, the word "OPERATIONS" is written in a large, bold, pink, sans-serif font, and the word "REVIEW" is written below it in a large, bold, white, sans-serif font.



# 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: \$82.2m**

**Energy: 80.8%**

**Marine: 7.0%**

**Trading: 9.8%**

**Others: 2.4%**



## SAFETY & QUALITY FOCUSED

### Certifications

ISO 9001:2015

ISO 14001:2015

OHSAS 18001:2007

ISO 22301:2012

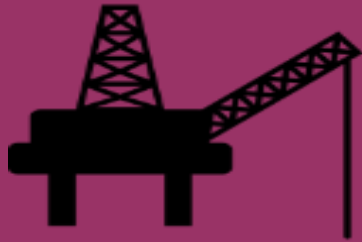
BizSAFE STAR

# 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

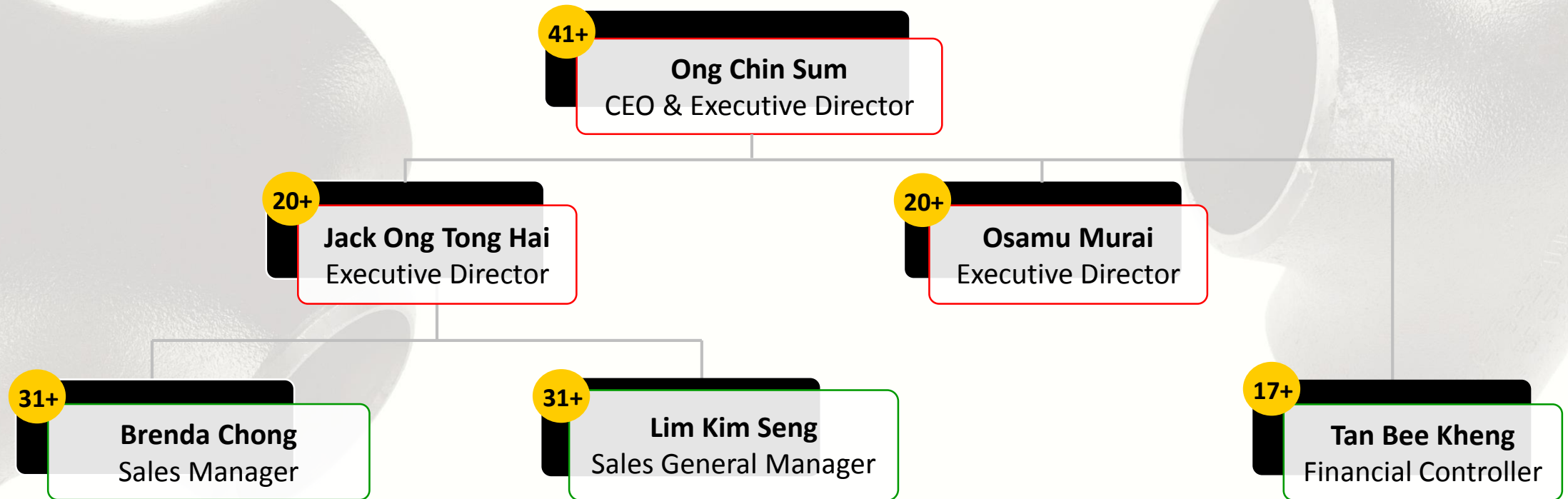


- Supply to other industries such as manufacturing


**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

# OUR WAREHOUSES



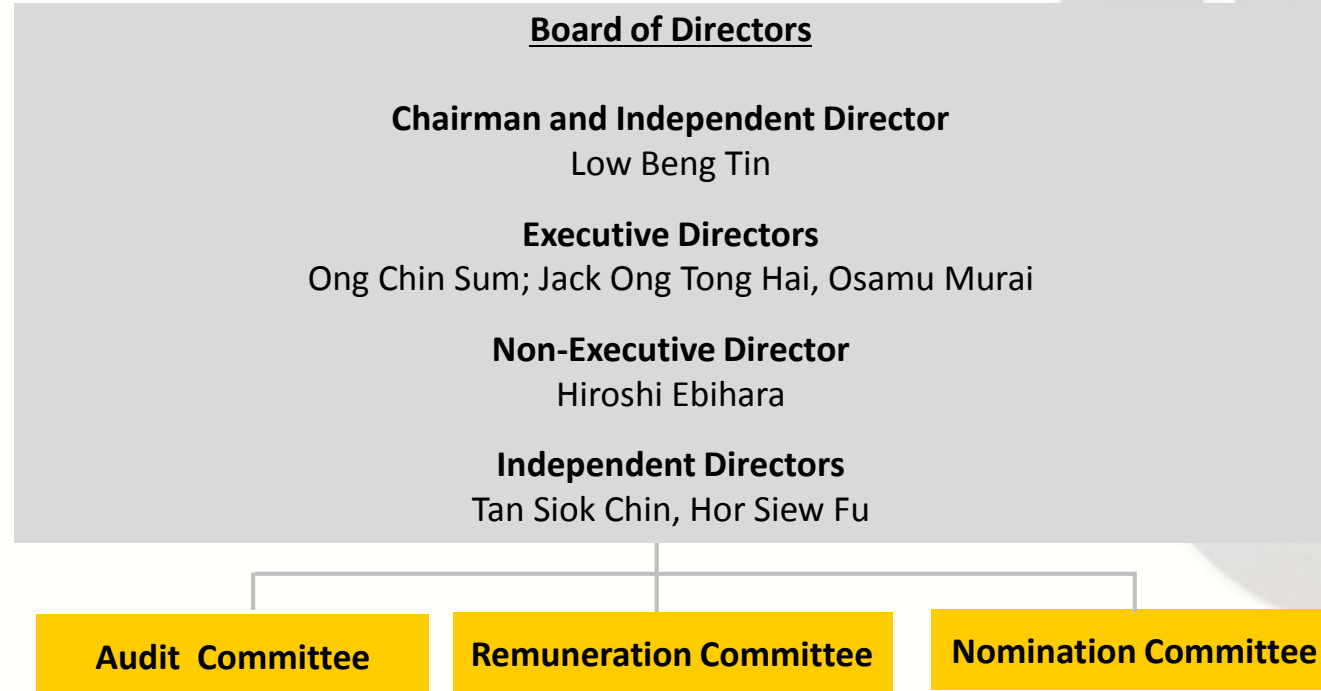
Location	Site area (sq ft)	Use	Tenure
• 14 Lok Yang Way	111,363	Office & Warehouse*	60 years lease wef 16 June 1972
• 90 Second Lok Yang Road	69,998	Office & Warehouse*	30 + 10 + 13.25 years lease wef 16 March 1979
• 21A Neythal Road	111,751	Covered Warehouse*	30 years lease wef 16 August 1989
• 36 Tuas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

# 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: 7 member board; 3 are independent



# FINANCIAL HIGHLIGHTS

1HY2019

# FINANCIAL SNAPSHOT

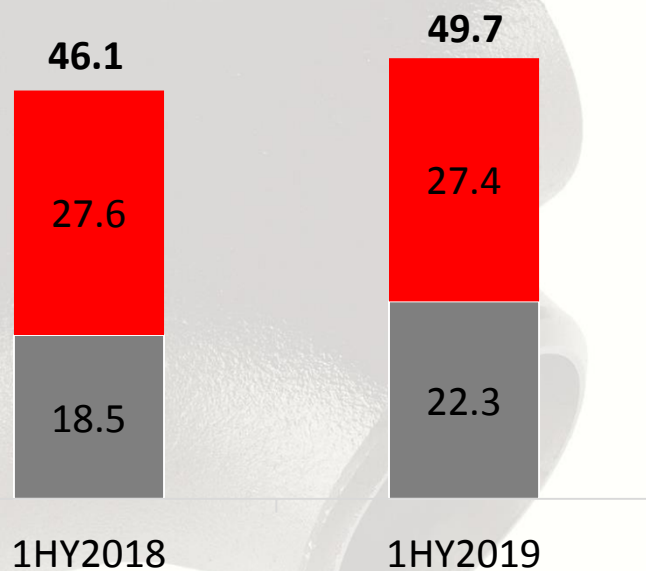
S\$' Million	FY2017	FY2018	1HY2018	1HY2019
Revenue	76.9	82.2	46.1	49.7
Gross profit	10.9	13.7	6.6	9.2
Net profit/(loss) after tax	(9.4)	*(32.3)	(2.4)	1.3
(Loss)/earnings before interest, tax, depreciation and inventory allowance	(1.7)	2.6	0.7	3.1
Earnings/(loss) per share (cents)	(3.23)	(11.13)	(0.81)	0.44
Net asset value per share (cents)	35.69	25.30	34.89	25.75

\* Includes inventories value write-down that amounted to \$30.8 million in FY2018



# REVENUE

## Total Revenue (S\$m)



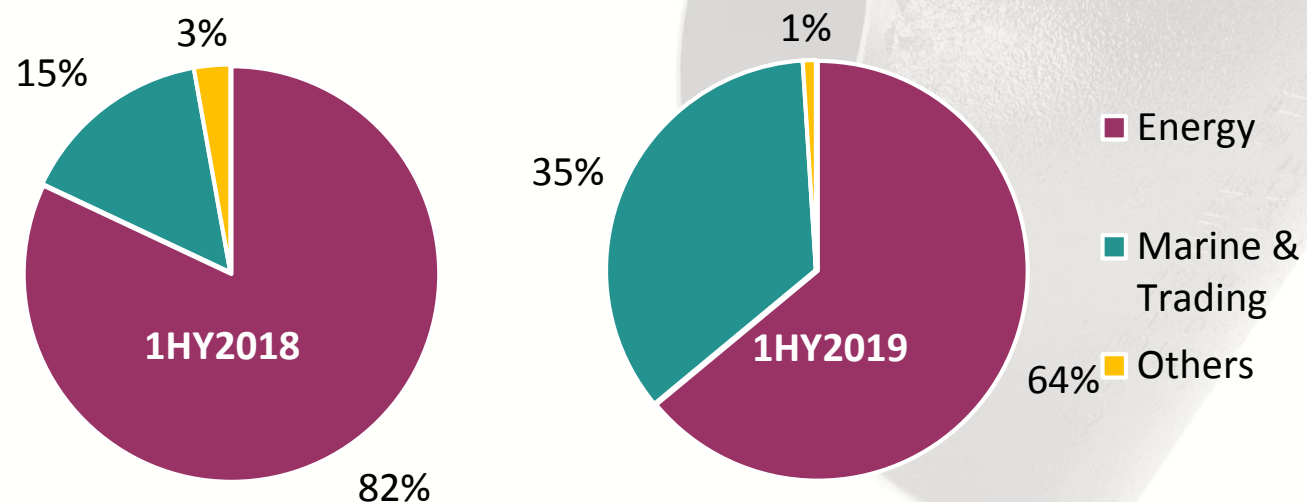
### Total revenue

- 2QFY2019: ↓ 0.6% to S\$27.4m
- 1HY2019: ↑ 7.8% to S\$49.7m

### Revenue by markets: 1HY2019

- Japan's contribution largest at 38.5%
- Revenue increased across all markets except Indonesia, Vietnam, Thailand and Middle East

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

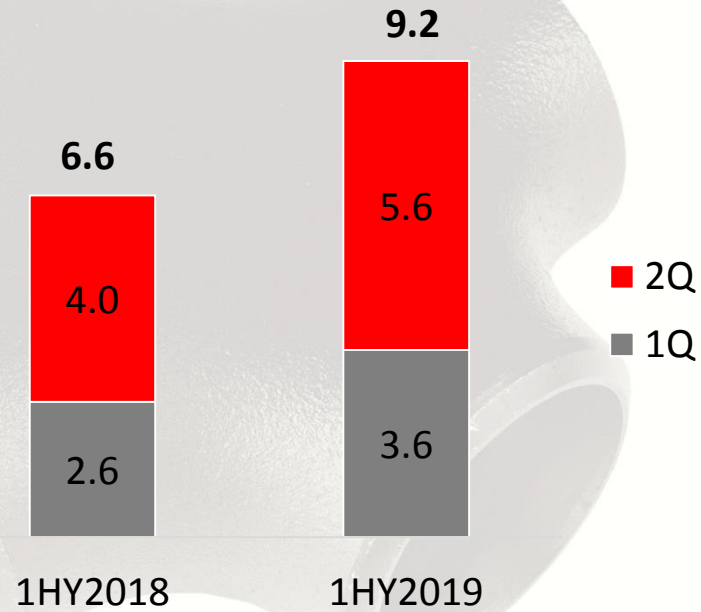


### Revenue by customer type: 1HY2019

- Energy Sector: ↓ 15.7% to S\$31.8m (1HY2018: S\$37.8m)
- Marine Sector: ↑ 61.1% to S\$2.9m (1HY2018: S\$1.8m)
- Trading Sector: ↑ 180.5% to S\$14.5m (1HY2018: S\$5.2m)

# PROFIT & LOSS

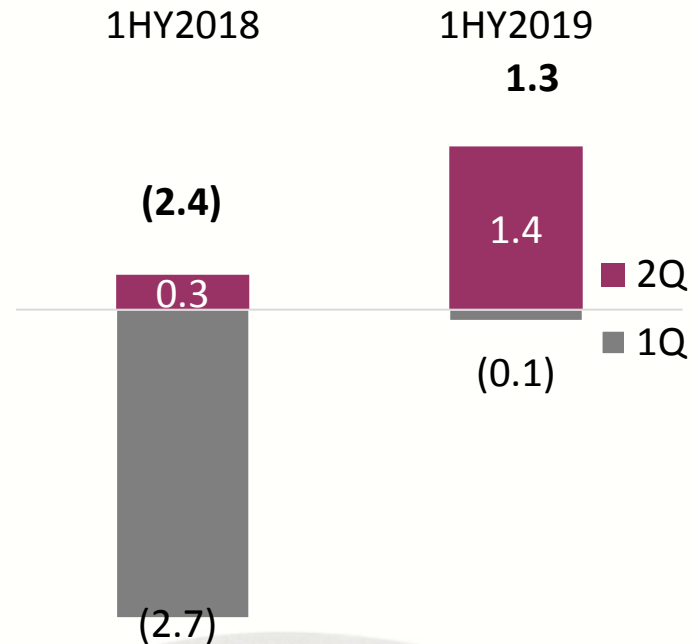
Gross Profit (S\$m)



## Gross profit margin

- 2QFY2019: Gross profit ↑39.9% to S\$5.6m; GP margin ↑ 5.9 percentage points to 20.3%
- 1HY2019: Gross profit ↑39.1% to S\$9.2m; GP margin ↑4.2 percentage points to 18.5%

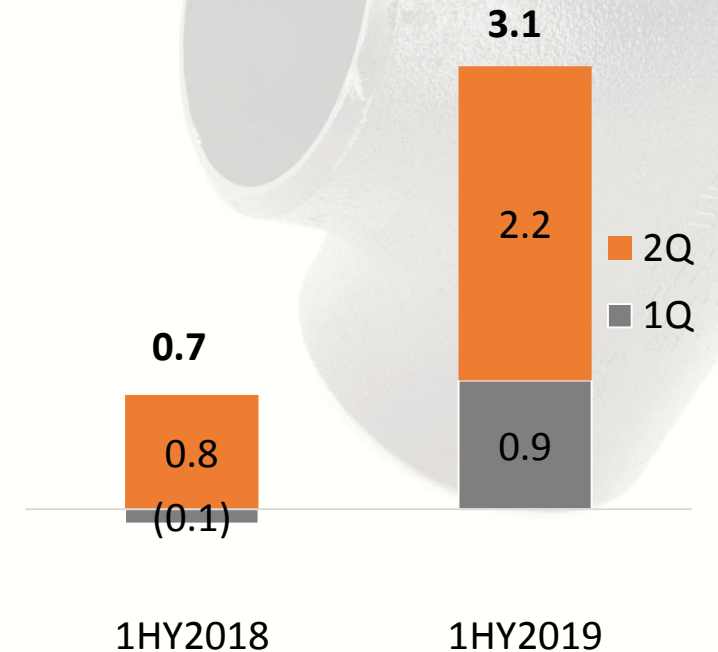
Profit/(Loss) After Tax (S\$m)



## Net profit after tax: 1HY2019

- Turned profitable due to a slight improvement in revenue generation and better gross margins
- Other losses of S\$0.5m in 1HY2018 reversed into a gain of S\$0.4m in 1HY2019 from higher reversal on provision for slow moving inventories and lower forex adjustment losses

Earnings before interest, tax, depreciation and inventory allowance (S\$m)





# KEY FINANCIAL INDICATORS

## Efficiency Ratios (Days)

	1HY2018	1HY2019
Trade Receivables Turnover	107	95
Trade Payables Turnover	34	31
Inventory Turnover	342	200

## Liquidity Ratios (Times)

	1HY2018	1HY2019
Current Ratio	2.85	2.64
Debt-to-Equity Ratio	0.43	0.52



An aerial view of a steel fabrication shop. Two workers in blue protective suits and helmets are welding large steel beams. Bright 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

- Improvement in revenue generation optimistic
- Margin pressures as market condition remains challenging

## STRATEGY

### 1. Revenue generation

- New marketing strategies

### 2. Prudent Management

- Cautious inventory management with sales of existing inventories
- Manage operating costs
- Improve productivity and efficiency

### 3. Suitable opportunities for growth

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



# THANK YOU

For more information, please contact:

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