

A welder in a dark blue uniform and helmet is working inside a large, circular tunnel. The welder is holding a torch that emits a bright, intense light, illuminating the surrounding metal walls. The scene is dimly lit, with the primary light source being the welding torch. The tunnel walls show signs of wear and previous work.

# INVESTORS UPDATE

## 3QFY2017

August 2017

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The title 'OPERATIONS REVIEW' is displayed in large, bold, sans-serif font. 'OPERATIONS' is in red, and 'REVIEW' is in white. A solid red vertical bar is positioned to the left of the text. A thin red horizontal line is located below the word 'REVIEW'.

# OPERATIONS REVIEW

# BUSINESS OVERVIEW

**One-stop  
Inventory  
Specialist**



- Over 25,000 line items
- Pipes, fittings and flanges
- Structural steel, electrical products and cables
- 411,000 sq ft storage capacity



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

**Serving  
Growing  
Industries**



**FY16 revenue: \$68.8**

**Energy: 58.4%      Trading: 12.8%**  
**Marine: 26.6%      Others: 2.2%**

**Strong  
Customer  
Base**

**Longstanding relationships with blue-chip customers:**

Keppel	Over 20 years	Chevron	Over 15 years
SembCorp	Over 20 years	Shell	Over 5 years
Alstom	Over 10 years		

**Safety &  
Quality  
Focused**

**Certifications**

ISO 9002:1994 (2000)  
ISO 9001:2000 (2003)  
ISO 9001:2008 (2009)  
ISO 14001:2004 (2009)

OHSAS 18001:2007 (2009)

BizSAFE STAR (2012)

ISO 22301:2012 (2015)

# 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

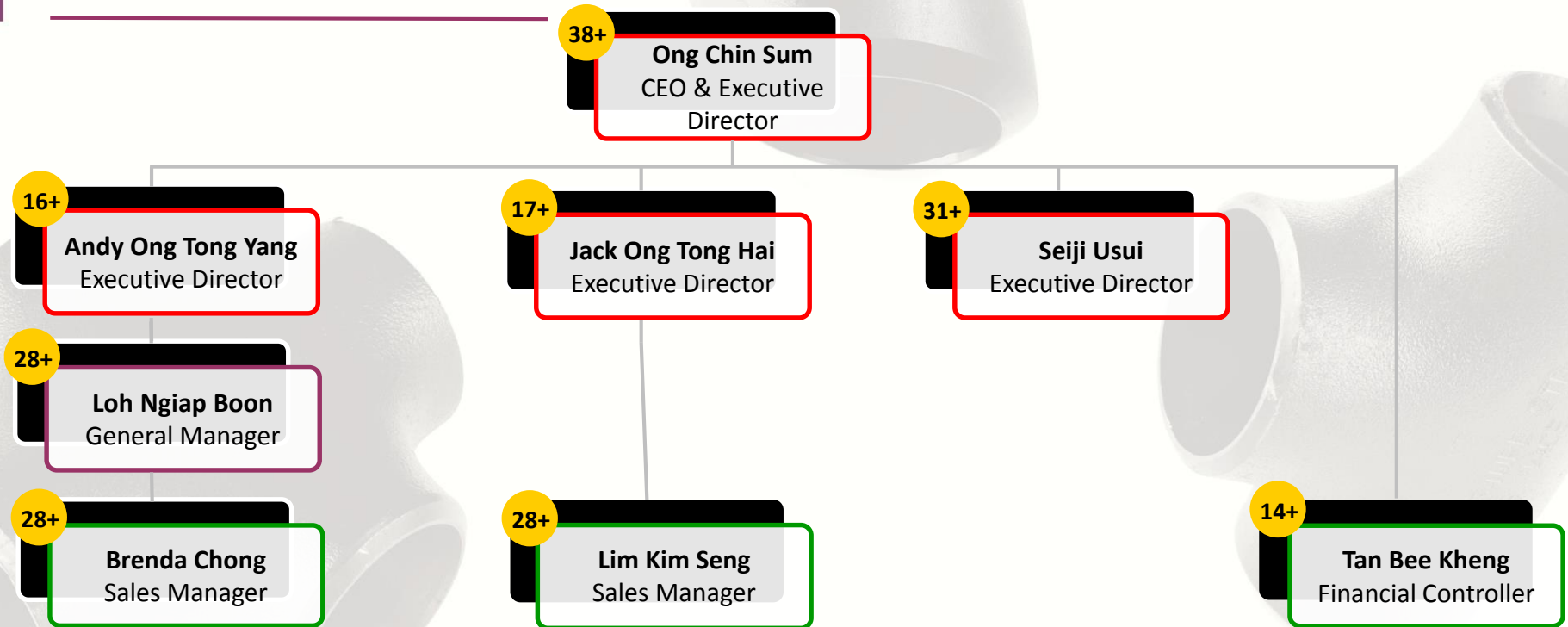


## Others

- 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.

^ Warehouse was demolished in May 2017 for the construction and development of a newer warehouse.

# CORPORATE GOVERNANCE

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

## Board of Directors

### Chairman and Independent Non-Executive Director

Low Beng Tin

### Executive Directors

Ong Chin Sum; Andy Ong Tong Yang; Jack Ong Tong Hai; Seiji Usui

### Non-Executive Director

Hiroshi Ebihara

### Independent Directors (IDs)

Jovenal R. Santiago; Tan Siok Chin

**Audit Committee**

**Remuneration Committee**

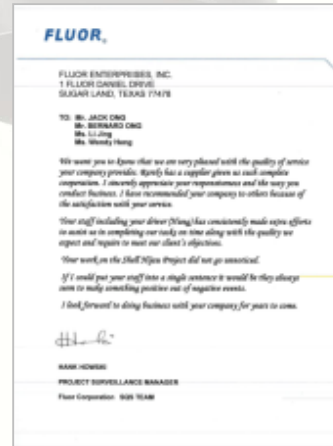
**Nomination Committee**

- Ranked 45<sup>th</sup> out of 631 companies on the SGTI in 2016\* (GTI 2015: Ranked 157<sup>th</sup> out of 639 companies)
- Experienced independent directors with varied experience in legal and accounting professions
- Board composition: 8 member board; 3 are independent

\* The SGTI succeeds the Governance and Transparency Index (GTI™) in 2016 as an enhanced assessment to meet the market needs of the future and is a collaboration between CPA Australia, NUS Business School's Centre for Governance, Institutions and Organisations (CGIO), and Singapore Institute of Directors (SID).



# CUSTOMER RECOGNITION



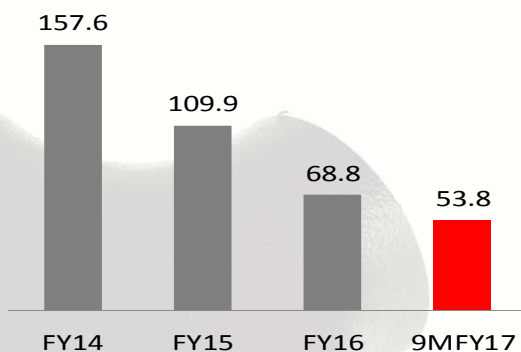
# FINANCIAL HIGHLIGHTS

3QFY2017 and 9MFY2017

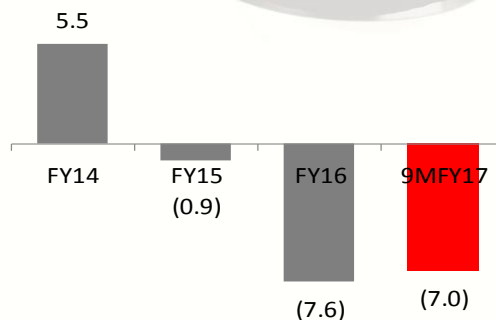
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# FINANCIAL SNAPSHOT

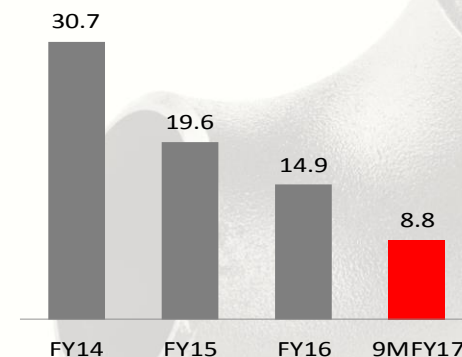
## Revenue (S\$m)



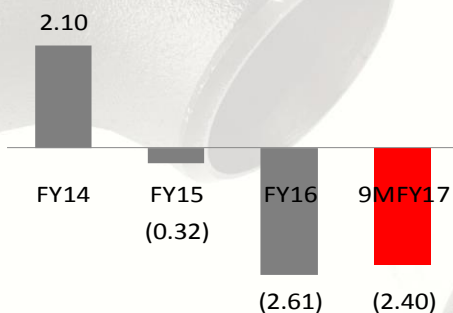
## Net Profit / (Loss) (S\$m)



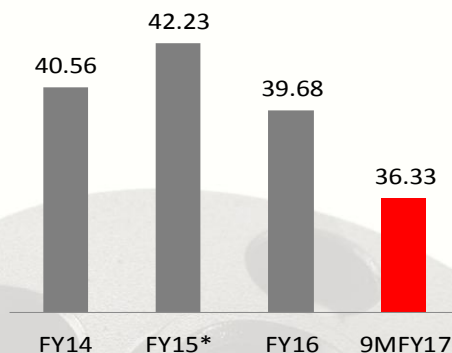
## Gross Profit (S\$m)



## Earnings / (Loss) Per Share (cents)



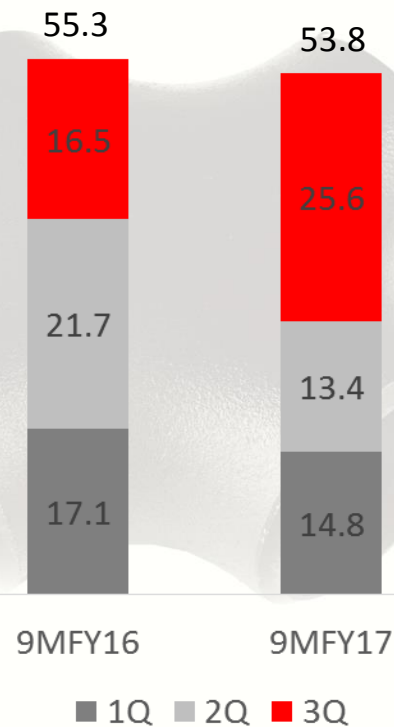
## NAV Per Share (cents)



\* The increase in NAV was due to 26.4 mil shares that were issued on 6 Mar 2015 following a private share placement exercise with Hanwa Co., Ltd., raising the total number of issued shares to 290,399,997 shares as at 30 September 2015

# REVENUE

## Total Revenue (\$m)



## Total revenue

- 3QFY17: **↑**55.1% to \$25.6m
- 9MFY2017: **↓**2.6% to \$53.8m

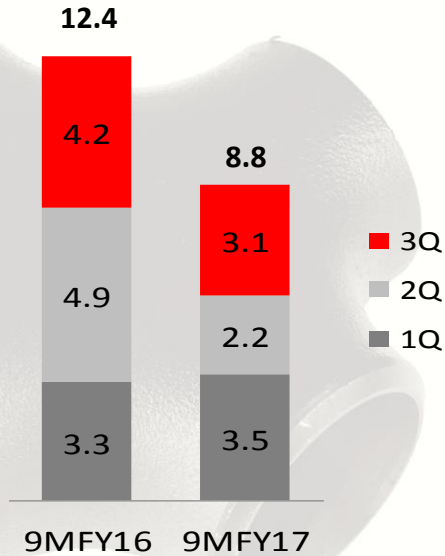
## Segmental revenue: 9MFY2017

- Energy Sector: **↑** 24.9% from \$31.2m to \$39.0m
- Marine Sector: **↓** 72.2% from \$16.8m to \$4.7m
- Trading Sector: **↑** 56.3% from \$5.9m to \$9.2m
- Improved revenue from all markets except for Singapore, Malaysia, Vietnam and Brunei
- Singapore: Contributed 39.7% of 9MFY2017 revenue but declined by 38.0% from \$34.5m to \$21.4m

# PROFIT & LOSS

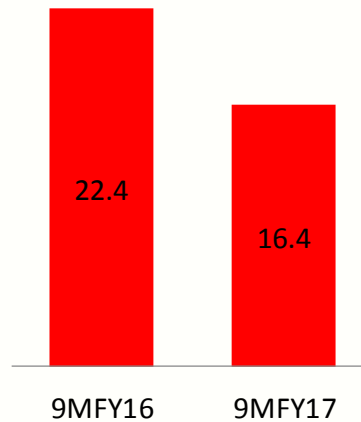
## Gross Profit (S\$'m)

↓28.4%



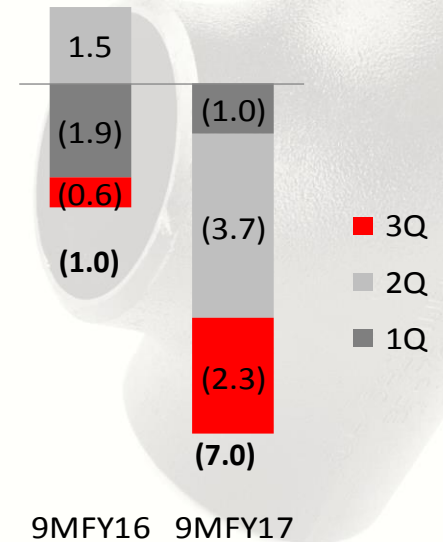
## Gross Profit Margin (%)

↓6.0% points



## Net Profit/ (Loss) (S\$'m)

↑613.6%



### Salient factors

- GPM has decreased 6.0 percentage points, due to margin pressure from the market
- Net loss resulted mainly from a reduction in revenue and GPM, provision for slow moving inventories and depreciation expenses

# KEY FINANCIAL INDICATORS

## Efficiency Ratios (Days)

	9MFY2017	9MFY2016	FY2016
Trade Receivables Turnover	108	116	123
Trade Payables Turnover	39	54	57
Inventory Turnover	471	615	625

## Liquidity Ratios (Times)

	9MFY2017	9MFY2016	FY2016
Current Ratio	4.06	4.57	4.71
Debt-to-Equity Ratio	0.31	0.28	0.26

An aerial view of two welders in a dark industrial setting. They are wearing blue protective suits and helmets, working on large steel beams. Bright sparks are flying from their welding points. The floor is dark and industrial, with various cables and equipment visible.

**OUTLOOK +**  
**STRATEGY**

# BUSINESS OUTLOOK

## Outlook for rest of FY17

- Revenue generation will be affected by:
  - Continued weak demand from the energy industry
  - Intense industry competition locally and globally
- Expect a continuing loss for 4QFY2017 and margin pressure



# BUSINESS STRATEGY

## Caution + Prudence



### INVENTORY SPECIALIST

- Maintain extensive and ready stock at optimal levels for quick turnaround
- Leverage on extended product range to cross-sell different products to same core set of customers



### MARKET SUSTENANCE

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



### PRUDENT FINANCIAL MANAGEMENT

- Stay vigilant
- Manage operating costs
- Improve productivity and efficiency



**THANK YOU**

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