

A welder in a dark protective suit and helmet is working inside a large, circular tunnel. The welder is positioned on the right side of the frame, facing left, and is using a welding torch to work on the inner wall of the tunnel. Bright sparks and a glowing arc of light emanate from the point of contact between the torch and the metal wall. The tunnel's interior is dimly lit, with the primary light source being the welding process. The background shows the curved structure of the tunnel and some wooden support beams on the right side.

INVESTORS UPDATE

3Q2018

August 2018

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**



FY17 revenue: \$76.9

Energy: 74.8% Trading: 16.6%
Marine: 7.3% Others: 1.3%

**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-sub
- 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

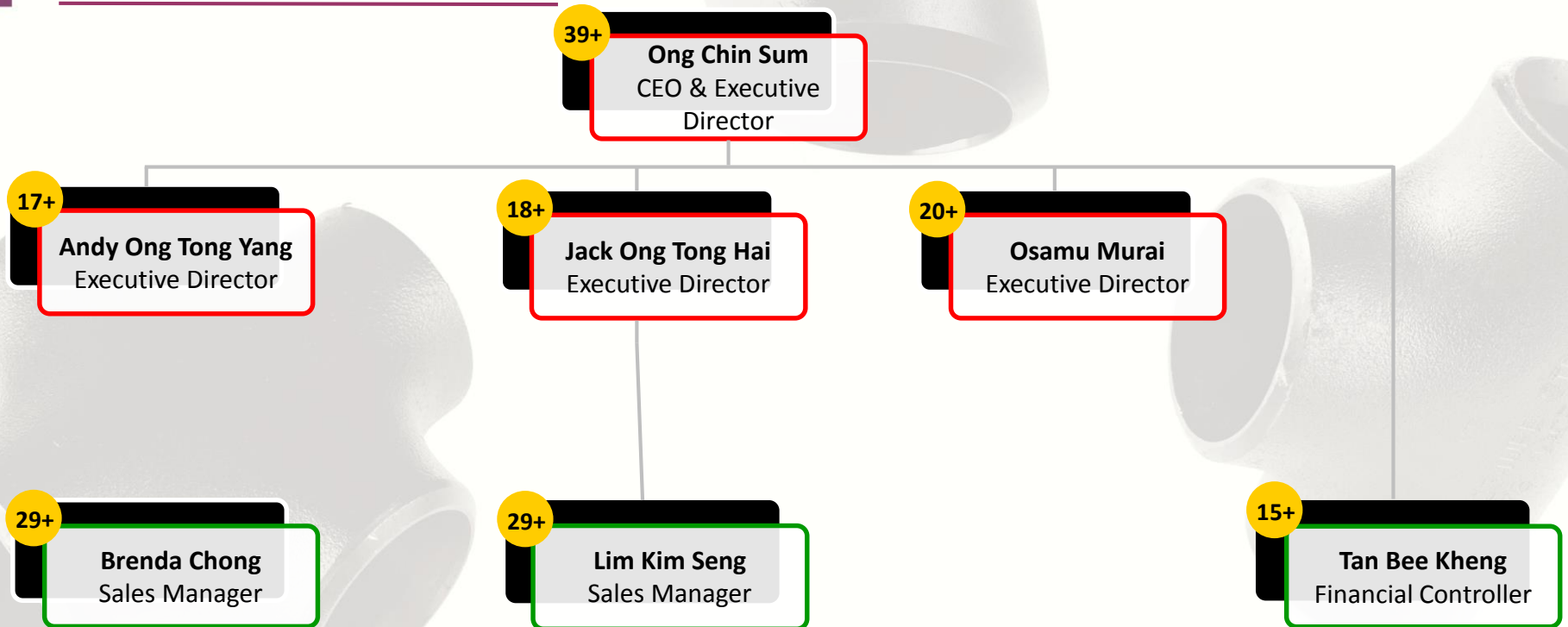


Others

- 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

Note: 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**

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, Osamu Murai

Non-Executive Director

Hiroshi Ebihara

Independent Directors (IDs)

Tan Siok Chin, Alan John Crawford

Audit Committee

Remuneration Committee

Nomination Committee

- Ranked 67th out of 606 companies on the SGTI in 2017 (SGTI 2016: Ranked 45th out of 631 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 with effect from 1 June 2018*

FINANCIAL **HIGHLIGHTS**

3Q2018

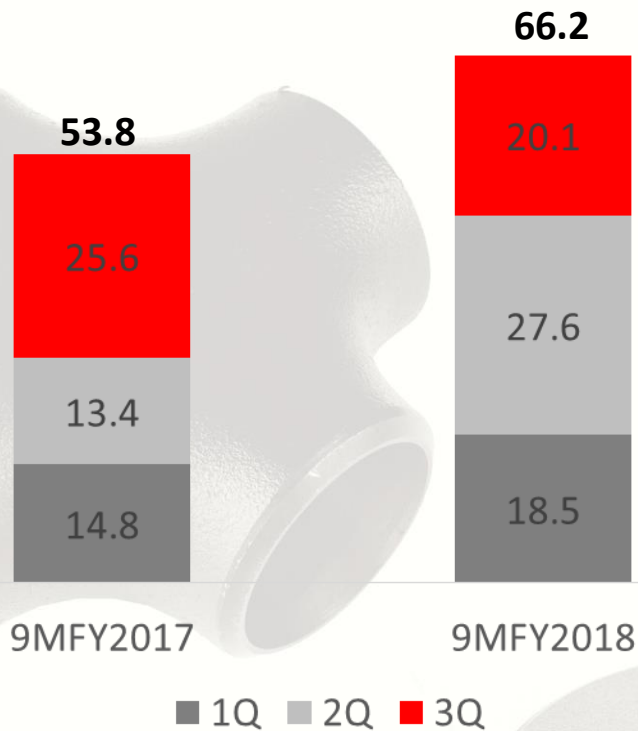
FINANCIAL SNAPSHOT

S\$Million	FY15	FY16	FY17	9MFY18
Revenue	109.9	68.8	76.9	66.2
Net loss after tax	(0.9)	(7.6)	(9.4)	(4.2)
Gross profit	19.6	14.9	10.9	10.1
Loss per share (cents)	(0.32)	(2.61)	(3.23)	(1.46)
NAV per share (cents)	42.23*	39.68	35.69	34.25

* 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 (S\$m)



Total revenue

- 3QFY2018: ↓ 21.1% to S\$20.1m
- 9MFY2018: ↑ 23.1% to S\$66.2m

Revenue by segments in 9MFY2018

- Energy Sector: ↑ 39.8% to \$54.6m (9MFY2017: \$39.0m)
- Marine Sector: ↓ 40.3% to \$2.8m (9MFY2017: \$4.7m)
- Trading Sector: ↓ 23.7% to \$7.1m (9MFY2017: \$9.2m)

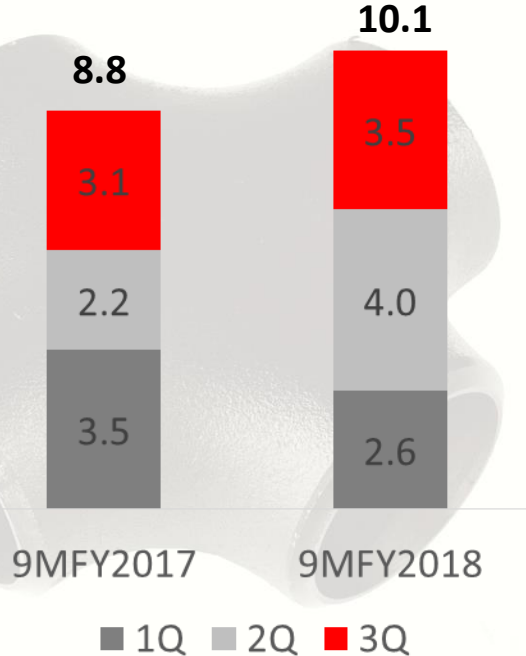
Revenue by markets

- Japan's contribution largest at 32.0%
- Revenue increased across all markets except Singapore, Indonesia, Middle East and Europe

PROFIT & LOSS

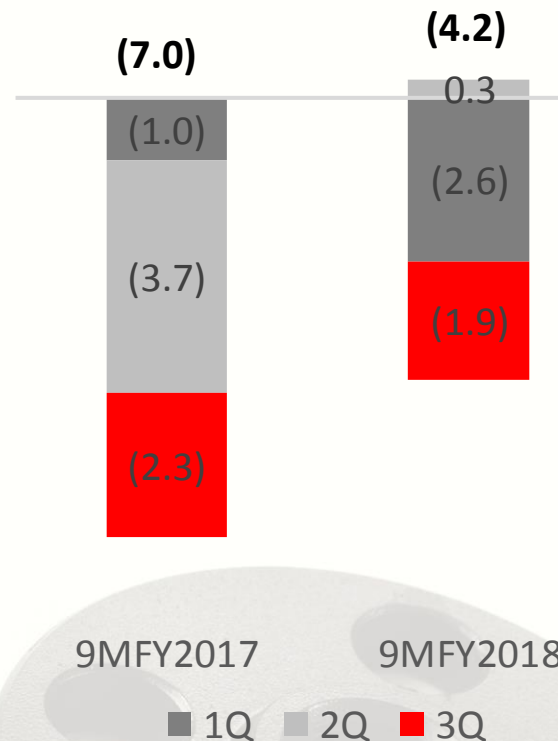
Gross Profit (S\$m)

↑ 14.2%



Net Loss After Tax (S\$m)

↓ 39.1%



Gross profit and margin

- 3QFY2018: Gross profit ↑ 11.7% to \$3.5m; margin ↑ 5.1 pct points to 17.4%
- 9MFY2018: Gross profit ↑ 14.2% to S\$10.1m; margin ↓ 1.1 pct points to 15.3%

Net loss after tax

- Net loss ↓ 39.1% to S\$4.2m in 9MFY2018 mainly from higher gross profit, lower distribution costs and lower administrative and depreciation expenses

KEY FINANCIAL INDICATORS

Efficiency Ratios (Days)

	9MFY2018	9MFY2017	FY2017
Trade Receivables Turnover	106	108	100
Trade Payables Turnover	36	39	32
Inventory Turnover	369	471	426

Liquidity Ratios (Times)

	9MFY2018	9MFY2017	FY2017
Current Ratio	2.81	4.06	3.22
Debt-to-Equity Ratio	0.43	0.31	0.39

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 FY18

- Loss expected for full year 2018
- Signs of oil & gas sector recovery but faces supply-related challenges
- Expect revenue generation and margin to be affected by:
 - Volatility in oil market
 - Industry competition

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

For more information, please contact:
August Consulting
Silvia Heng | silviaheng@august.com.sg
Tel: 6733 8873 | Fax: 6733 9913
