



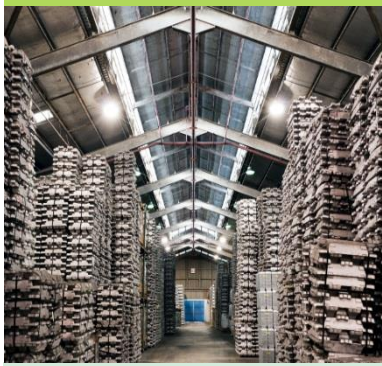




GKE CORPORATION LIMITED

CORPORATE PRESENTATION

JULY 2016











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GKE – AN INTEGRATED LOGISTICS SOLUTIONS PROVIDER

- Established in 1995, **GKE offers one-stop, door-to-door multi-modal solutions for supply chain management** under the "**GKE**" brand name
- **Listed on** the Catalist Board of the **Singapore Exchange** since 2003
- Whilst focusing on the **expansion of its core business** in **third party warehousing & logistics**, the Group also seeks **viable strategic investment opportunities for stable and sustainable growth**
- The Group's **three business divisions** include:
  - ☑ Warehousing & logistics
  - ☑ Marine & shipping logistics
  - ☑ Infrastructural materials & services

BUSINESS MODEL – A TWO-PRONGED APPROACH

- Whilst the Group **continues to grow prudently** in its **integrated logistics solutions and services**, it will also continue to **seek viable strategic investments** to further **strengthen its earnings base**

GKE Group

☑ Continue to focus on **improving operational efficiencies and broadening** its **spectrum of logistics services** either through organic growth or lateral acquisition



☑ Continue to tap on the expertise and experience of its Board of Directors to **pursue viable strategic investment opportunities** to increase the earnings streams of the Group

Core Business ⟷ Strategic Investments

CORE BUSINESS – WAREHOUSING & LOGISTICS

- **GKE** Group offers a **comprehensive and customised** suite of integrated warehousing and logistics **supply chain management solutions and services** for its diverse customer base.
  - ☑ The Group will continue to explore opportunities to **broaden and deepen** its **warehousing & logistics capabilities** to enhance its competitiveness.





GKE Express Logistics

GKE Warehousing & Logistics





Chemical blending facility in Marquis



GKE Freight



GKE Metal Logistics

GKE Group's Warehouse Facilities

Location	Storage Space (sq ft)	Open Space (sq ft)	Description	Lease Expiry
Singapore				
30 Pioneer Road	200,000	32,000	4-storey warehouse with 11,500 racking space and a 7-storey ancillary office building	Feb 2037
6 Pioneer Walk	170,000	76,000	2-storey ramp-up warehouse with 2,200 racking space and a 4-storey ancillary office building	Apr 2036
1 Jalan Besut	85,000	90,000	3 single-storey detached warehouse with an open-sided shed	Aug 2019
39 Benoi Road	400,000	130,000	Proposed to build a 5-storey ramp-up warehouse	Feb 2037
7 Kwong Min Road	43,000	-	3-storey warehouse cum office with racking system, blending room and certified DG goods	Jun 2028
China				
Yangshan, Shanghai	290,000	-	3-storey warehouse building with a 2-storey ancillary office building	Nov 2061
Total Area	**1,223,000**	**328,000**		

Source: Company

REDEVELOPMENT OF 39 BENOI ROAD

- The Group will **embark on the redevelopment** of **39 Benoi Road** property
  - ☑ increase total net leasable area by additional 200,000 sqft to 400,000 sqft of warehousing space and 130,000 sqft of open yard storage space
  - ☑ expansion into chemical warehousing with the allocation of one level for special chemicals storage and inventory management
  - ☑ 40-foot container ramp for every level of the new building to create convenience

Redevelopment could potentially generate higher revenue and enhance asset value



Artist impression of the proposed development of 39 Benoi Road property

GKE FREIGHT AND EXPRESS LOGISTICS

- Provides **multi-modal transportation in sea, air and land**, and through its network of overseas agents to meet **freight forwarding requirements**
- Offers **heavy haulage and handling** services, and **specialised project logistics management** services
- The Group manages one of the best **material handling equipment**, and the most **up-to-date safety and security features** for its fleet of transport

☑ **75 units of material handling equipment**
- Reach trucks, forklifts, order picker, and power pallet trucks

☑ **30 units of Prime Movers**
- 25 units are equipped with GPS tracking system

☑ **188 units of chassis**
- 20ft, 40ft, 45ft Skeleton chassis (2-axle, 3-axle, Heavy Duty)
- Platform (40ft trailer, 40ft canopy, 55t Heavy Duty) for Out-of-Gauge transportation services
- Low Bed (60t Heavy Duty)

☑ **7 units of trucks** for local distribution
- 10ft box truck
- 10t lorry (24ft)

GKE METAL LOGISTICS

- Metal logistics services are operated through the Group's 49% owned associated company, **GKE** Metal Logistics Pte Ltd, which is also an approved London Metal Exchange ("LME") warehouse service provider in Singapore and Shanghai, China.

  - ☑ acts as **custodians for the storage and handling of non-ferrous metals** that are traded on the LME, where **strict criteria by the LME** are **to be met and adhered to, at all times**

- The Group continues to seek for investors to divest its stake in GKE Metal logistics.

  - ☑ GKE owns and operates the warehouses that manages the inventory of the non-ferrous metals. The proposed **divestment could** allow the Group to **free up resources** to expand on other business opportunities.

ENHANCEMENT WITH MARQUIS SERVICES

- The Group acquired **70% stake** in Marquis Services Pte Ltd ("**Marquis**"), an established **marine logistics service provider and chemical warehouse operator** in late 2015

- Marquis contributes **immediate earnings** to the Group with **profit guarantee of not less than S$2.8 million** in aggregate from 1 December 2015 to 30 November 2017.

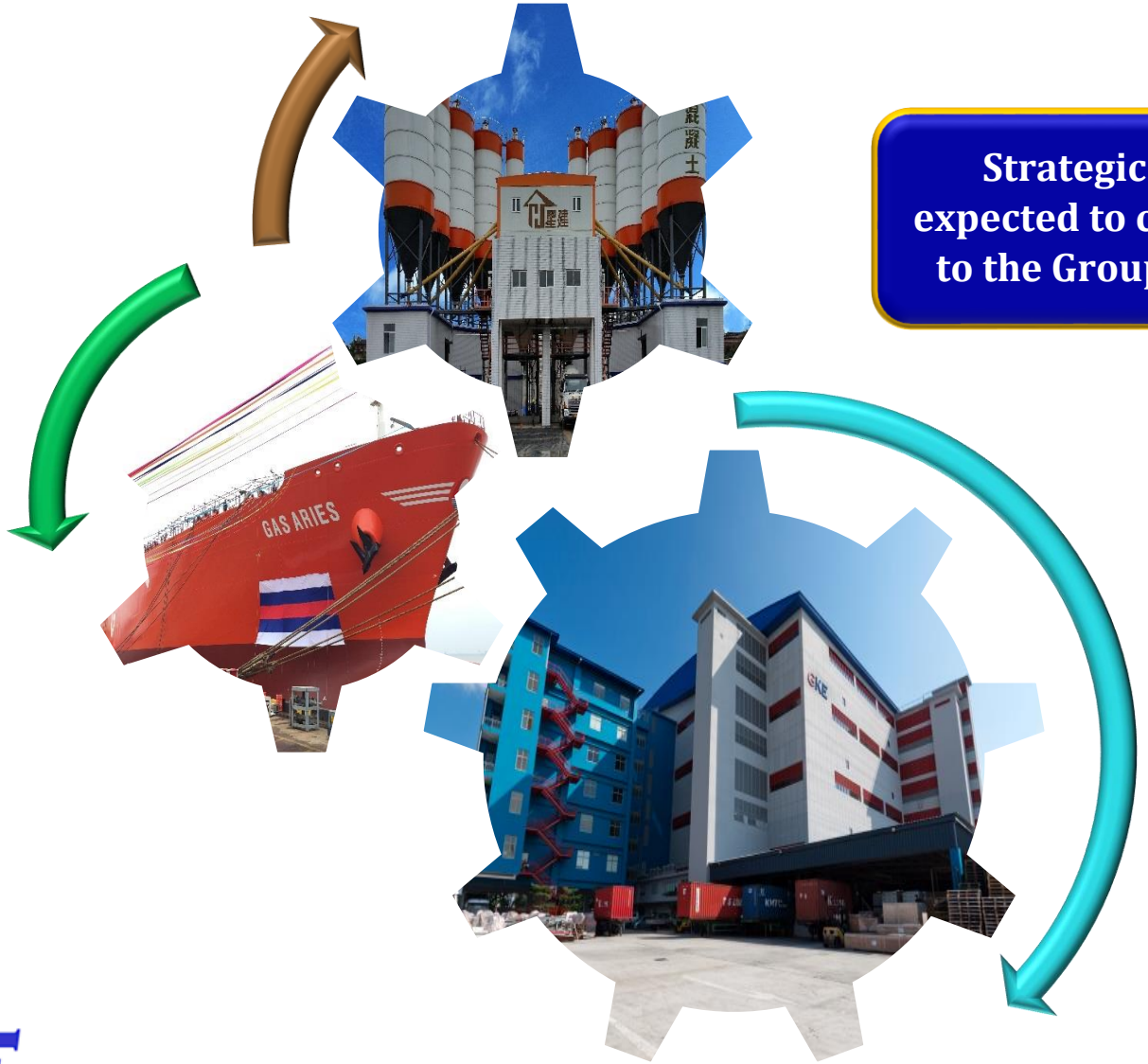
  - ☑ primarily engaged in providing **warehousing & inventory management of chemical products**, **industrial coating blending services**, stevedoring and lighterage services, freight forwarding, crating and transportation of marine materials by sea

  - ☑ established base of long term customers with its **strong commitment, flexibility and quick response** in meeting customers' requirements
    - ✓ owns a fleet of 15 units land transport to support logistics services

  - ☑ owns licenses and permits to handle Class 2 (gases) and Class 3 (flammable liquids) of dangerous goods

The merger allows GKE and Marquis to complement their business operations and broaden the Group's capabilities to pursue more business opportunities

STRATEGIC INVESTMENTS TAKING SHAPE...



Strategic investments are expected to contribute positively to the Group in the near future

STRATEGIC INVESTMENT – MARINE & SHIPPING LOGISTICS

- The Group made its **foray into marine & shipping logistics** through its **50-50 joint venture**
  - ☑ constructed **an 83,000m³ liquefied petroleum gas carrier vessel** for total investment of US$67 million
  - ☑ 53,800 deadweight tonnes liquefied gas carrier vessel registered under Lloyds Register of Shipping
  - ☑ entered into a **short-term chartering contract starting mid-April** for six months with an option of an additional six months
    - at a gross rate of US$33,000 per day
    - to deploy in the Middle East and Far East regions



STRATEGIC INVESTMENT – INFRASTRUCTURAL MATERIALS

- The Group's wholly-owned subsidiary, Wuzhou Xing Jian Readymix Co., Ltd (梧州星建混凝土有限公司)("**Wuzhou Xing Jian**") was established in May 2013.
- Wuzhou Xing Jian has completed the **construction of the automated cement mixing plant** and office facilities at end of 2015. It has received the required certifications and permits to commence commercialization from June 2016.

  - ☑ current total annual production capacity of 800,000m^3
  - ☑ manufactures and supplies premix cement products
  - ☑ cement produced during trial production will be:
    i. sent to the relevant authorities for product quality grading & certification
    ii. used to lay the foundation for the roads and pathways at the production site



WUZHOU XING JIAN

- Total investment in **Wuzhou Xing Jian** was RMB50 million.
  - ☑ owns a **fleet of 25 cement mixer trucks** to **support the logistics requirements**







WUZHOU XING JIAN

- Wuzhou Xing Jian will ramp up its production capacity progressively
  - ☑ received **certifications and permits for technicians and premix cement products**
  - ☑ **commercialisation** commenced **in June 2016**
  - ☑ in negotiation for **mid-long term offtake supply contracts**



OVERVIEW OF FINANCIAL PERFORMANCE

FYE 31 May (S$'m)	FY2015	9M2016	1Q FY16	2Q FY16	3Q FY16
Revenue	36.20	26.17	8.71	8.22	9.25
Gross profit	**9.24**	**6.78**	**2.21**	**1.99**	**2.58**
Gross margin	*25.5%*	*25.9%*	*25.4%*	*24.2%*	*27.9%*
Other Income	0.96	1.55	0.29	1.39(1)	(0.13)
Total operating expenses	(14.31)	(8.25)	(2.62)	(2.85)	(2.78)
EBITDA	**5.68**	**6.99**	**2.34**	**3.15**	**1.50**
EBITDA margin	*15.7%*	*26.7%*	*26.8%*	*38.4%*	*16.2%*
Operating profit/(loss)	**(4.11)**	**0.08**	**(0.12)**	**0.54**	**(0.33)**
Profit/(Loss) before tax	(4.11)	(0.28)	(0.10)	0.37	(0.55)
Net profit/(loss)	**(3.82)**	**(0.41)**	**(0.11)**	**0.37**	**(0.67)**
Earnings/(Loss) Per Share (cents)(2)	(0.781)	(0.06)	(0.017)	0.057	(0.11)

Source: Company

Notes:

(1) Gain on disposal of 40% stake in Maoming City Hung Ji Construction Materials Co., Ltd.

(2) Earnings/(Loss) per share was computed based on net loss attributable to shareholders and the weighted average number of shares (FY2015: 489.36 million and 9M2016: 641.12 million).

OVERVIEW OF FINANCIAL POSITION

(S$'m)	As at 31 May 2015	As at 30 Nov 2015	As at 28 Feb 2016
Non-current assets	**135.66**	**138.87**	**140.79**
Property, plant & equipment	115.42	115.53	115.35
Investment in associates	9.83	7.56	7.32
Investment in joint venture	4.51	9.66	9.62
Current assets	**30.82**	**25.10**	**22.98**
Trade & other receivables	12.03	7.62	11.88
Cash & bank balances	18.44	17.16	10.65
Non-current liabilities	**66.86**	**65.54**	**65.12**
Current liabilities	17.48	15.40	16.94
Shareholders' equity	**77.81**	**78.68**	**77.30**
NAV per share (cents)	12.14	12.27	12.17
Debt-to-equity ratio	86.5%	84.2%	83.9%

Source: Company

Note:

(1) NAV per share were computed based on shareholders' equity over the share capital of 641.12 million shares.

CORPORATE UPDATE

- In completion with Viva Industrial Trust ("Viva") for the **sale and leaseback** of **30 Pioneer Road property**
  - ☑ **Sale consideration of S$45 million**
    - Net gain of approximately S$12.7 million
  - ☑ **Leaseback for 5 years**
    - Rental for first year is S$4.36 million with a rental escalation of 5% in the 3rd and 5th year
  - ☑ **Additional S$3 million and monthly maintenance fee for the ramp**
    - Upon completion of connecting the 40-foot container ramp and vehicular link between 39 Benoi and 30 Pioneer properties, Viva shall pay the Group S$3 million and undertake to share the monthly maintenance fee for the ramp

- **Divested** wholly-owned subsidiary, Ever Flourish Development (HK) Co., Ltd, which in turn owns a **40% stake in Maoming City Hung Ji Construction Materials** Co., Ltd – an initial investment of a premix cement plant in 2013
  - ☑ **Sale consideration of RMB15 million (approx. S$3.3 million)**
    - Net gain of S$1.2 million
    - Reinvested the proceeds of RMB15 million into Wuzhou Xing Jian Readymix

The extraordinary gains from the disposals of assets will have a material impact on the FY2016 earnings.

PROSPECTS

- Singapore's **industrial property market is facing a severe supply overhang** which will lead to higher **vacancy rates**
  - ☑ As a warehouse owner and operator, the Group continues to **achieve above 90% occupancy rate** for its warehouses
  - ☑ The Group has to **lease additional warehousing space** to accommodate the redevelopment of 39 Benoi Road warehouse as well as **increasing demand** from some customers
- Asia's **supply shortfall of liquefied petroleum gas ("LPG") will rise to record highs** for at least the **next two years**
  - ☑ Deficit between supply and demand for LPG in Asia was 1.3 million barrels per day ("bpd") in 2015, and it is **expected to rise** to 1.42 million bpd and 1.5 million bpd **in 2016 and 2017**, respectively(1)
  - ☑ **U.S. exports** to Japan, South Korea, Singapore and China, the world's largest LPG consumer, already **hit a record of average 248,000 bpd in 2015**(2)

Source:

(1) Consultancy firm, JBC Energy

(2) U.S. Energy Information Administration

PROSPECTS

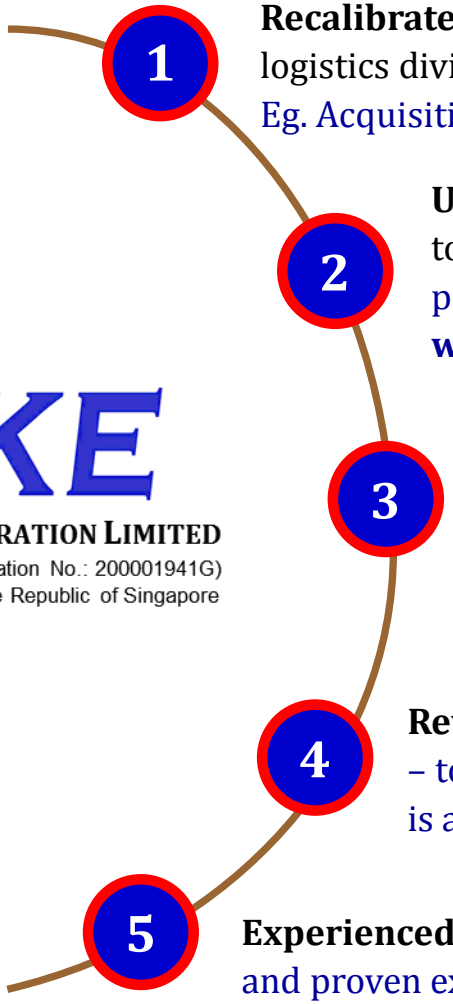
- **Demand for infrastructural materials in China is likely to be underscored by the urbanisation process**, particularly in Wuzhou City, a prefecture-level city



- According to data from China's National Bureau of Statistics, the **value of newly-started investment projects jumped 31.7% year-on-year** in the three months to **February 2016**.
  - Growth rate in January and February were about 41.1%.
- The bulk of the investment is in infrastructure areas such as water conservation and environmental management, with a growth of 26.6% in the year to February.

☑ The Group believes that its **automated cement mixing plant with its fleet of cement mixer trucks** will **benefit from the ongoing urbanisation process** in Wuzhou City.

INVESTMENT MERITS



1. **Recalibrated business viability** through restructuring of warehousing & logistics division to strengthen the capabilities and competitiveness of the Group. Eg. Acquisition of Marquis is **earnings accretive**.

2. **Unlock value in assets to free up resources** for better utilisation and to enhance value of the Group. Sale & leaseback of 30 Pioneer Road property allows the Group to redevelop 39 Benoi Road and **double the warehousing space**.

3. **Strategic investments will be contributing positively** to the Group's earnings base. (1) LPG vessel secured chartering contract and contributing recurring income since mid-April 2016; and (2) Wuzhou premix cement plant has commenced commercialisation in June 2016.

4. **Rewarding shareholders**. GKE has a dividend announcement in 2009 – to distribute at least 10% of its net profit as dividends if the net profit is at least S$2 million.

5. **Experienced and stable management team** with strong operational experience and proven execution capabilities.

GKE CORPORATION LIMITED
(Company Registration No.: 200001941G)
Incorporated in the Republic of Singapore