



Building Momentum, Capturing Opportunities

The Acquisition of Austin Energy and Group Business Update

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The Acquisition of Austin Energy

- *Rationale of AE Acquisition*
- *Valuation of AE Group*

Group Business Update

- *Group Financial Highlights*
- *Group Growth Strategies*
- *Investment Merits*

The Acquisition of Austin Energy

---- Rationale of AE Acquisition

- In line with Group's strategy to acquire new synergistic businesses
- Enhances the Group's range of products and services, and in turn strengthens customer base



Post acquisition, we expect -

Improved revenue contribution from **Marine** and **Petrochemical** related businesses

Further diversified revenue stream including **Pharmaceutical** related business

The Acquisition of Austin Energy

---- Valuation of AE Group

- At purchase consideration of S\$26.0 million

4.1x of AE Group's 2014 earnings

- Provisional goodwill and intangible asset of approximately S\$10.1 million
- AE Group currently has an order book of S\$12.5 million





Group Business Update

---- Group Financial Highlights

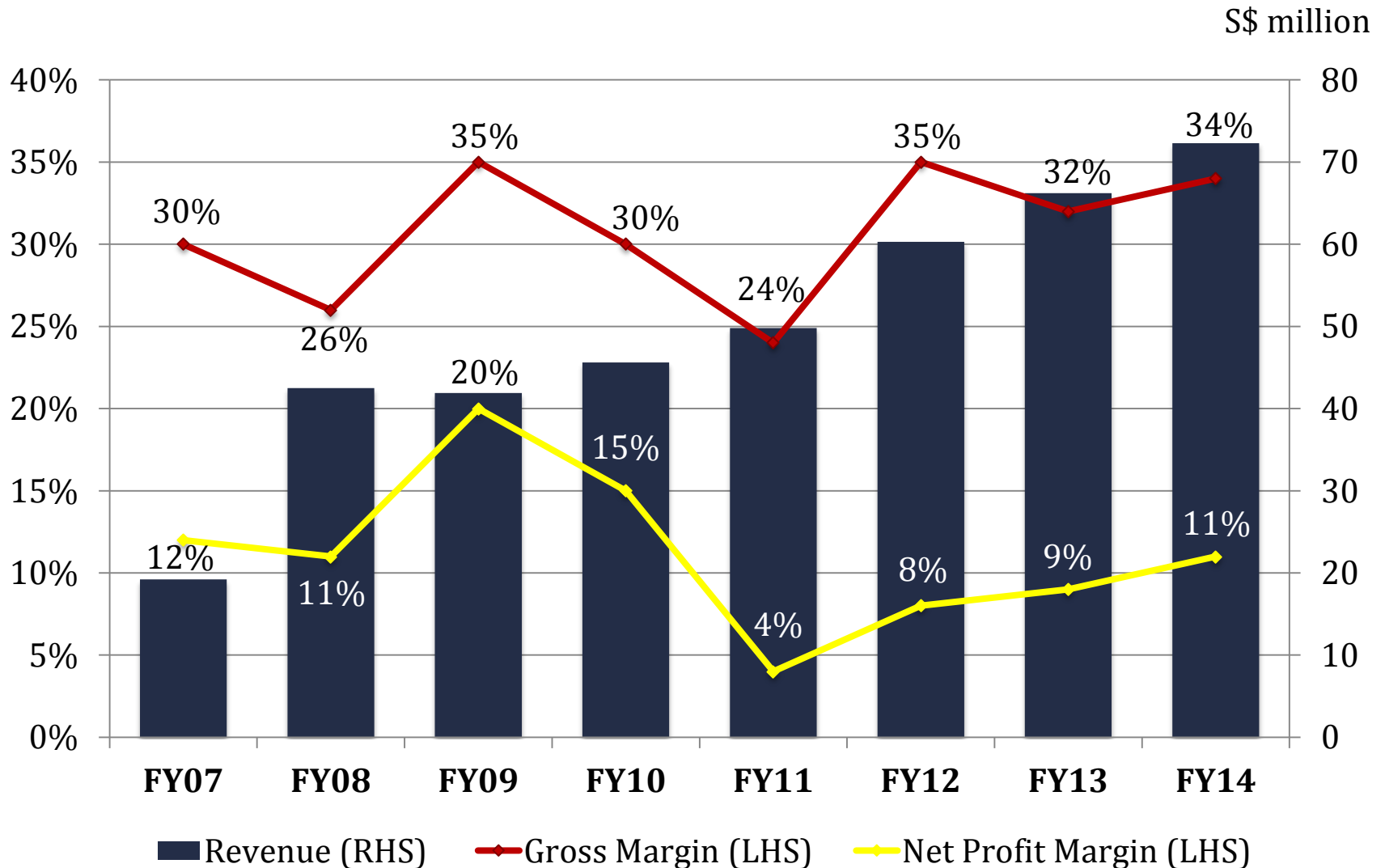
S\$'000	Unaudited 1Q2015	Unaudited 1Q2014	Change (%)
Revenue	16,613	14,421	15
Gross Profit	5,314	4,791	11
<i>Gross Profit Margin (%)</i>	32.0%	33.2%	<i>(1.2 ppts)</i>
Profit Before Tax	1,650	996	66
Profit After Tax	1,451	901	61
<i>Net Profit Margin (%)</i>	8.7%	6.2%	<i>2.5 ppts</i>
EBITDA	2,497	1,813	37.7
EPS (cents)*	0.4	0.2	50

* Computed based on 400,000,000 shares

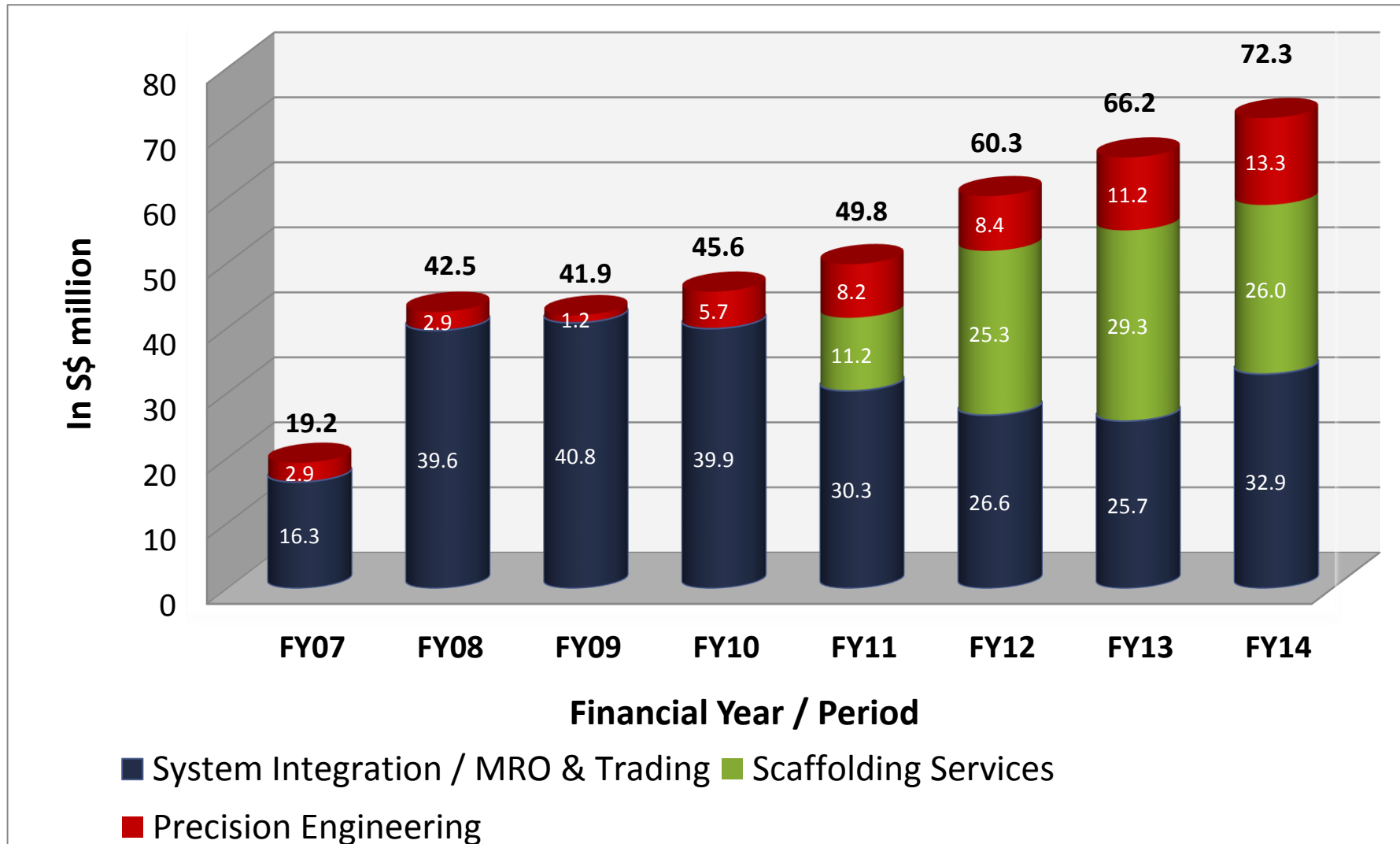
** Ppts: percentage points

Group Business Update

---- Group Financial Highlights



Historical Revenue by Segment



Balance Sheet Highlights

S\$'000	Audited as at 31 December 2014	Unaudited as at 31 March 2015
Current Assets	64,607	60,419
Non-current Assets	25,903	25,391
Current Liabilities	33,909	28,610
Non-current Liabilities	3,310	2,437
Total Equity*	53,291	54,763
Cash and Cash Equivalents	32,799	27,168
Net Asset Value per share (cents)**	13.3	13.7

* Total Equity includes minority interest

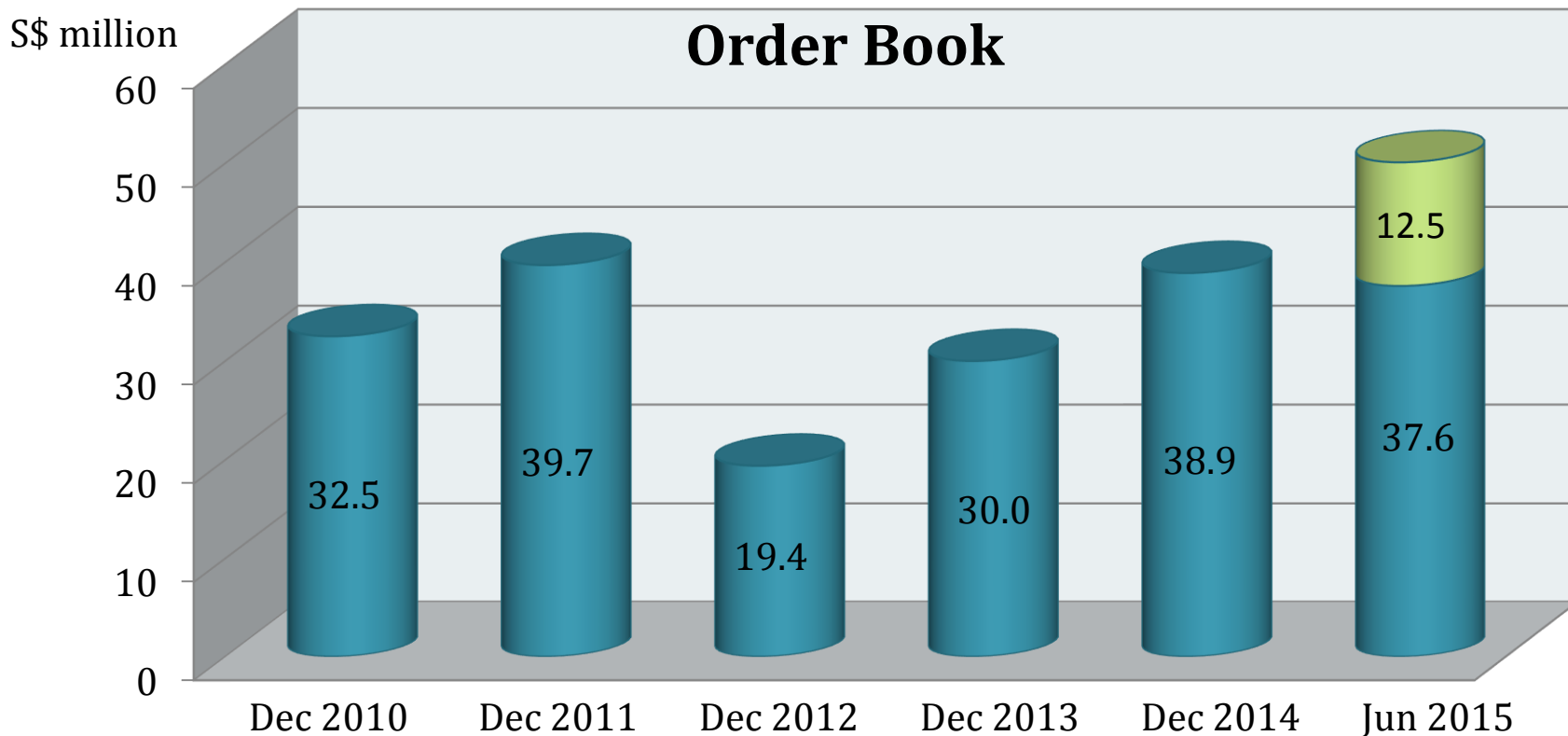
** Computed based on 400,000,000 shares

Balance Sheet Highlights

S\$'000	As at end of				
	FY2011	FY2012	FY2013	FY2014	1QFY2015
Total Borrowings	34,449	26,834	21,539	25,320	20,003
Cash and Cash Equivalents	31,099	23,965	14,852	32,799	27,168
Total Equity	37,198	40,703	46,190	53,291	54,763
Net Gearing Ratio*	0.09	0.07	0.14	(0.14)**	(0.13)**

* Computed based on ratio of Total Borrowings less Cash and Cash Equivalents & Total Equity

** The Group has a net cash position of approximately **S\$7.5m** and **S\$7.2m** after deducting all debts as at 31 December 2014 and 31 March 2015 respectively



** Order book for AE Group*

Notes:

- 1) Excludes maintenance contracts from Scaffolding Services and AE Insulation segments which are typically contracted over a 2-year period at unit rates and therefore do not have a contract value upfront.
- 2) AE Group's order book includes a letter of intent for \$2.9 million

System Integration and MRO & Trading

- Continue to develop new products and systems to meet market demand for innovative products
- Further enhance its market leadership position

Precision Engineering

- Expand into contract manufacturing, assembly and other value added services
- Form strategic alliances and partnerships to expand capabilities and further grow the assembly business

Scaffolding Services

- Cope with market uncertainties and ensure stable revenue stream from recurring maintenance jobs and new projects
- Deal with capacity limitations brought by manpower constraints, enhance productivity

Insulation Services (after AE acquisition)

- Ensure smooth transition and integration
- Play out the synergistic value between AE and MHS



Established Market Player

Strong track record, performing above industry average

Improved Dividend Payout

- 0.25 cents ordinary dividend and 0.25 cents special dividend per share declared for FY14
- Half-yearly dividend payout for FY15 onwards
- 40% dividend payout policy

Healthy Order Book

Order book of S\$50.1 million on hand, excluding MHS and AE unit rate maintenance contracts

Improved Earnings Quality

Volatile project earnings now supplemented by more stable recurring maintenance income from Scaffolding Services and newly acquired Insulation Services

Established Management & Good Potential for Growth

Management with keen foresight and proven track record of:

- Leading the Group to achieve consistent performance despite market volatilities
- Making successful acquisition of MHS and smooth integration
- Successful acquisition of AE that will enhance Group earnings



Investment Merits

---- Undemanding Valuation

According to Bloomberg, the stock is valued at lower PE and offering higher ROE compared to peers

In addition, the inclusion of AE results is expected to further enhance EPS

NRD SP Equity		96) Settings	97) Output
Comp Source	Bloomberg	% Rev. by Industry - FY2013	
1) Whole Firm		100%	
2) Factory Automation Equipment		51%	
3) Building Sub Contractors		44%	
4) Industrial Maintenance Svcs		5%	
5) Industrials		0%	
Relative Valuation			
Region	Company's Region of Domicile	Currency	SGD
Metric	NRD	Low	High
P/E	8.57	2.47	491.47
EPS 1 Yr Gr	33.33	-309.45	539.86
Rev 1 Yr Gr	9.37	-52.91	406.87
ROE	17.30	-64.48	43.30
Chg Pct 1M	1.69	-22.39	33.02

<i>Pro forma financial effects</i>		
<i>Assuming that the Proposed Acquisition had been effected at the beginning of FY2014</i>		
	Before the Proposed Acquisition	After the Proposed Acquisition
Earnings per Share for FY2014 - Basic/diluted (cents)	2.0	3.5

Thank You

For more information, please contact:

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