



BH GLOBAL MARINE LIMITED

明輝環球海事有限公司

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## **BH Global Marine delivers earnings of S\$2.0 million in 2Q2012**

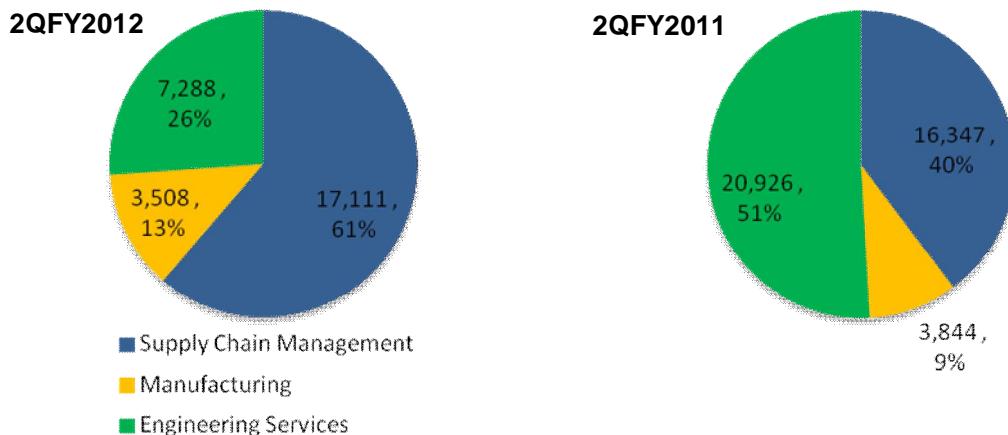
- Revenue declined 32% to S\$27.9 million, the core Supply Chain Management business remained resilient but revenue contribution from Manufacturing and Engineering Services segments declined
- Net operating cash inflow of S\$6.9 million in 2Q2012; Maintained healthy cash balance of S\$16.9 million as at 30 June 2012
- The Group remains committed to consolidate and integrate new businesses and develop them into future growth engines

**Singapore, 31 July 2012 – BH Global Marine Limited (“BH Global”, “明辉环球海事” or the “Group”), an integrated group providing premium electrical products and EIT (Electrical, Instrumentation and Telecommunication) solutions to the Marine & Offshore and Oil & Gas industries, reported a revenue of S\$27.9 million and net profit attributable to shareholders of S\$2.0 million for the three months ended 30 June 2012 (“2Q2012”).**

### **Financial Highlights**

Financial Highlights (\$'000)	2Q2012	2Q2011	Change (%)	1H2012	1H2011	Change (%)
Revenue	27,907	41,117	(32)	60,811	76,009	(20)
Gross Profit	5,910	12,163	(51)	14,812	22,342	(34)
<b>Gross Profit Margin</b>	<b>21.2%</b>	<b>29.6%</b>	-	<b>24.4%</b>	<b>29.4%</b>	-
Profit Before Tax	2,265	5,286	(57)	5,020	10,048	(50)
Net Profit Attributable to Shareholders	2,018	3,980	(49)	5,001	7,737	(35)
<b>Net Margin</b>	<b>7.2%</b>	<b>9.7%</b>	-	<b>8.2%</b>	<b>10.2%</b>	-
Basic Earnings per Share (cents)	0.42	0.83	(49)	1.04	1.61	(35)

### Revenue breakdown by business segments (S\$'000)



#### 2Q2012 Analysis

The Group's revenue declined 32% year-on-year ("y-o-y") to S\$27.9 million in 2Q2012 largely due to recognition of lesser revenue owing to the near completion of 2 major projects under Engineering Services business segment. Revenue contribution from Engineering Services slid down to S\$7.3 million in 2Q2012 as compared to S\$20.9 million last quarter. Underlying core business, Supply Chain Management, remained resilient and recorded steady performance of 5% y-o-y growth to an aggregate of S\$17.1 million in 2Q2012. The revenue from the Manufacturing segment declined 9% to S\$3.5 million in 2Q2012 due to decrease from the galvanized steel wire as the division focused on the construction of a steel wire plant in Oman which is scheduled to complete by 1Q2013.

Gross profit was lower at S\$5.9 million in 2Q2012 as compared to S\$12.2 million in the previous corresponding period while gross profit margin eased down to 21.2% in 2Q2012. These were in line with lower revenue recorded.

Notably, operating expenses (including selling & distribution expenses and administrative expenses) were kept competitive at 14.2% of the Group's revenue in 2Q2012 as compared to 16.9% in 2Q2011. This was possible due to revision in inventory obsolescence policy and provision for personnel related cost.

The Group concluded 2Q2012 with a net profit attributable to shareholders of S\$2.0 million (2Q2011: S\$4.0 million), represented by basic earnings per share of 0.42 Singapore cents (2Q2011: 0.83 Singapore cents).

Balance sheet remained healthy with healthy cash balance of S\$16.9 million as at 30 June 2012. The Group has drawn down more credit facilities in the current quarter under review for general working capital purpose and project financing for Engineering Services business segment. This, thus, resulted in higher net gearing ratio of 19.1% as at 30 June 2012 as compared to 9.6% as at 31 December 2011. Net cash flow from operating activities returned to black at S\$6.9 million in 2Q2012.

### **Outlook**

*"The general marine market remains weak and global uncertainties in the macro environment add on to the worries. Order flows for new marine vessels are diminishing and yards feel pricing pressure to maintain competitiveness and market share.*

*This is even more challenging for downstream service providers like us. Anticipating this situation, BH Global sets out on a vertical integration strategy to branch into both downstream (manufacturing) and upstream (engineering services) in 2010/2011. This allows the Group to tap on different pockets within the value chain and enhance the Group's ability to provide turnkey services to our customers.*

*Construction of the manufacturing plant in Oman is progressing smoothly and is expected to be completed by 1Q2013. We will increase the production capacity gradually depending on the demand level.*

*As for Engineering Services, we witnessed healthy level of enquiries and are working on some project tenders. I believe our edge in providing turnkey E&IT design and engineering solution packages will earn us the credibility and track record we need to further develop our business. We will continue to consolidate and integrate these businesses within the Group and mould it into future growth engines. "*

*Vincent Lim, Chief Executive Officer, BH Global*

The operating environment is expected to remain challenging in the near future. The Group continues to adopt a cautious approach in threading forward.

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**About BH Global Marine Limited (Bloomberg Code: BHGM.SP)**

BH Global Marine Limited (“BH Global”) is an integrated corporation providing premium electrical products and EIT (Electrical, Instrumentation and Telecommunication) solution to the Marine & Offshore and Oil & Gas industries, which specializes in three major segments:

- Supply Chain Management: Premium lighting, cables and electrical equipment for the marine and oil & gas industries
- Manufacturing: Marine switchboards and galvanised steel wires
- Engineering Services: Engineering and installation services

BH Global has over 800 local and international customers, which include ship owners, operators, management companies, chandlers, repair contractors and shipyards.

For more information, please refer to the website, [www.bhglobal.com.sg](http://www.bhglobal.com.sg)

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