



BH GLOBAL MARINE LIMITED

Seizing New Horizons

**Annual General Meeting
24th April 2012**

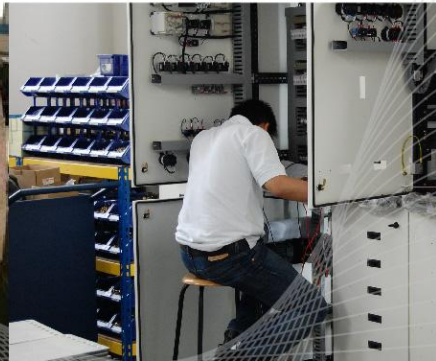


Presentation Outline

- ❖ FY2011 Corporate Developments
- ❖ FY2011 Financial Highlights
- ❖ Outlook & Growth Strategies
- ❖ Investor Friendly Measures



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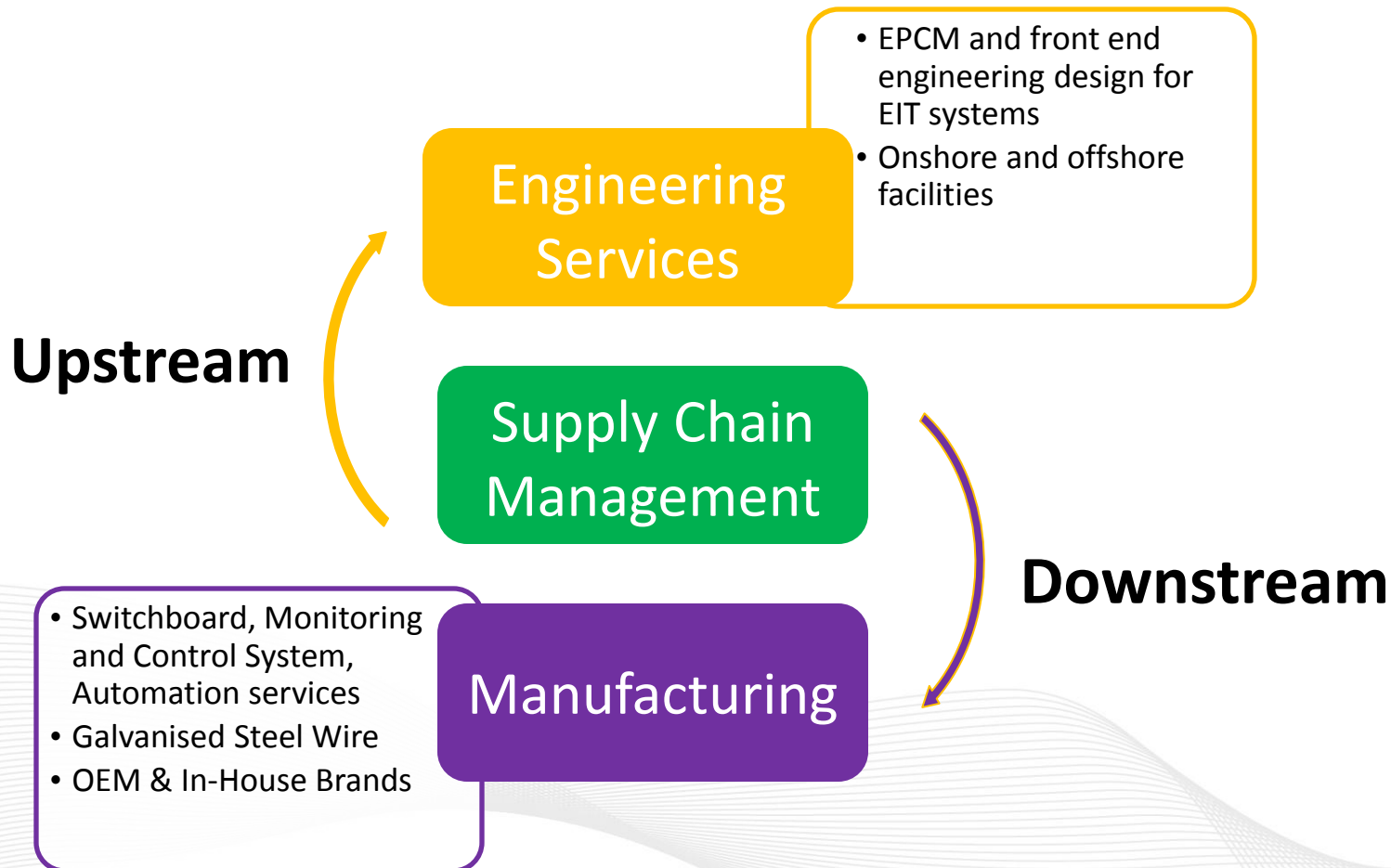


FY2011 Corporate Developments



FY2011 Corporate Development

Evolved from a traditional distributor into an integrated solutions provider in the marine & offshore and oil & gas sectors:



FY2011 Corporate Development - Manufacturing



BH GLOBAL MARINE LIMITED

- ❖ Incorporated a wholly-owned subsidiary, Global Steel Industries Pte. Ltd (“GSI”) in May 2011
- ❖ GSI entered into a JV with Takumul Investment Company S.A.O.C to establish Gulf Specialty Steel Industries LLC (“GSSI”) in Sultanate of Oman



- Plant construction to complete by 1Q FY2013
- Annual production capacity of 60,000 tonnes, with potential to increase to 200,000 tonnes per annum



Mr Vincent Lim, CEO of BH Global, addressing at the Ground Breaking Ceremony in Oman



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FY2011 Corporate Development – Engineering Services

- ❖ New business segment initiated in 4QFY2010
- ❖ Owns a 5-hectares fabrication yard in Batam, Indonesia
- ❖ Good contract winning momentum of about S\$30 million in FY2011



- Potential to increase yard space to 35 hectares
- Construction to commence in phases over the next 3-5 years



FY2011 Corporate Development – LED Lightings

- ❖ Entered into strategic partnership with to form GL Lighting Holding Pte Ltd and GL Lighting International Pte Ltd in 2011
- ❖ GL Group has an established technical track record and more than 12 years of experience in the LED business
- ❖ Latent potential to be developed for marine and offshore uses; Additional revenue streams for the Group





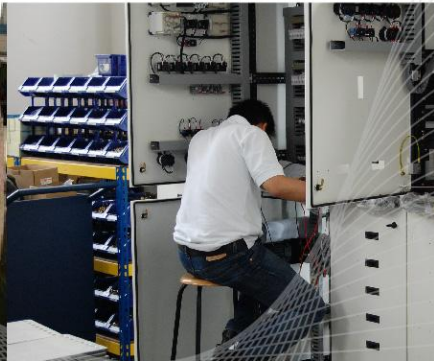
FY2011 Corporate Development

Comprehensive logistics coverage and sales touch points across the globe that customers can rely upon





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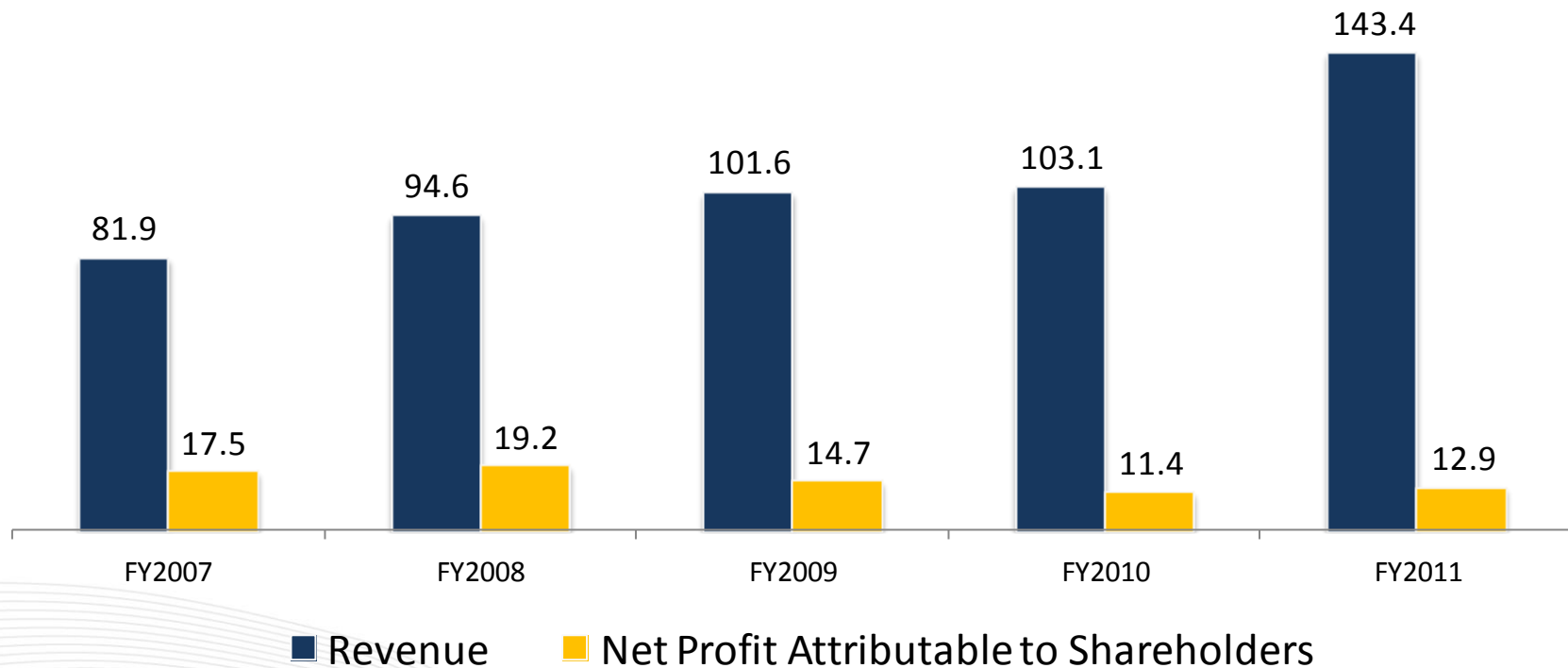
FY2011 Financial Highlights

FY2011 Financial Highlights



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Revenue and Net Profit Track Record (S\$'million)

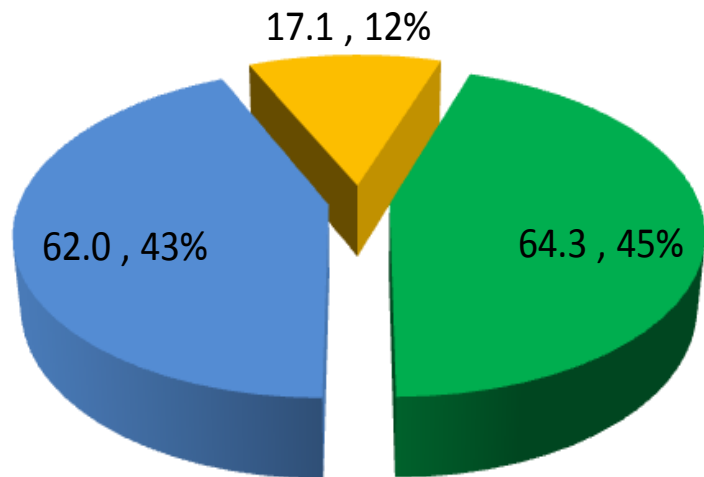




FY2011 Financial Highlights – Revenue Breakdown

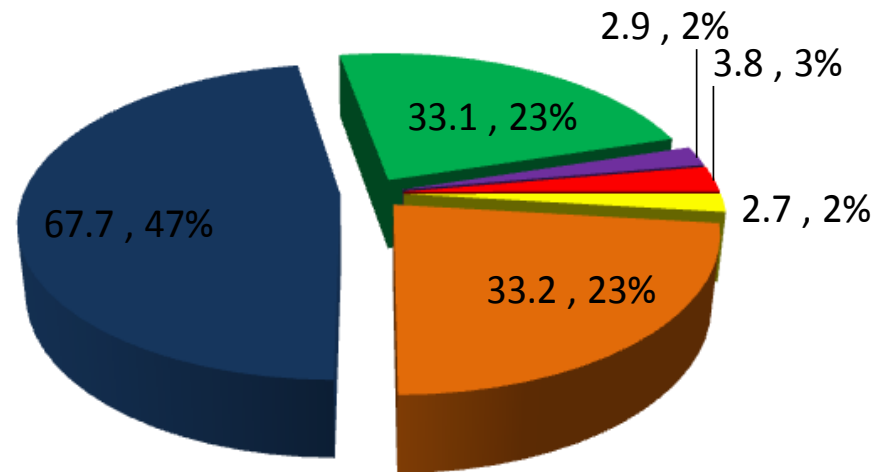
All amounts are stated in S\$'million

Business Segments



- Supply Chain Management
- Manufacturing
- Engineering Services

Geographical Markets

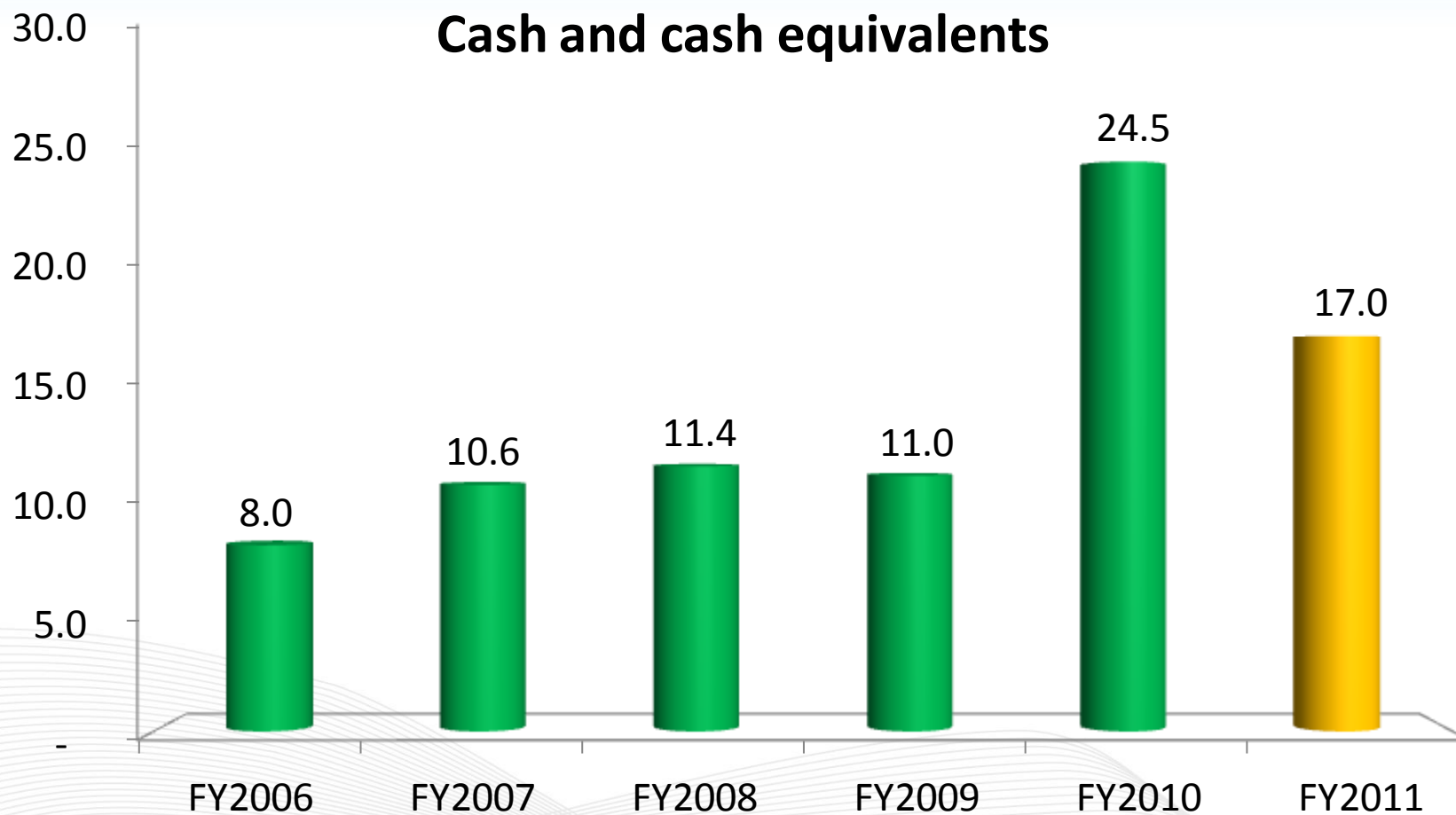


- Singapore
- South-East Asia
- East Asia
- Middle East
- Others
- Europe



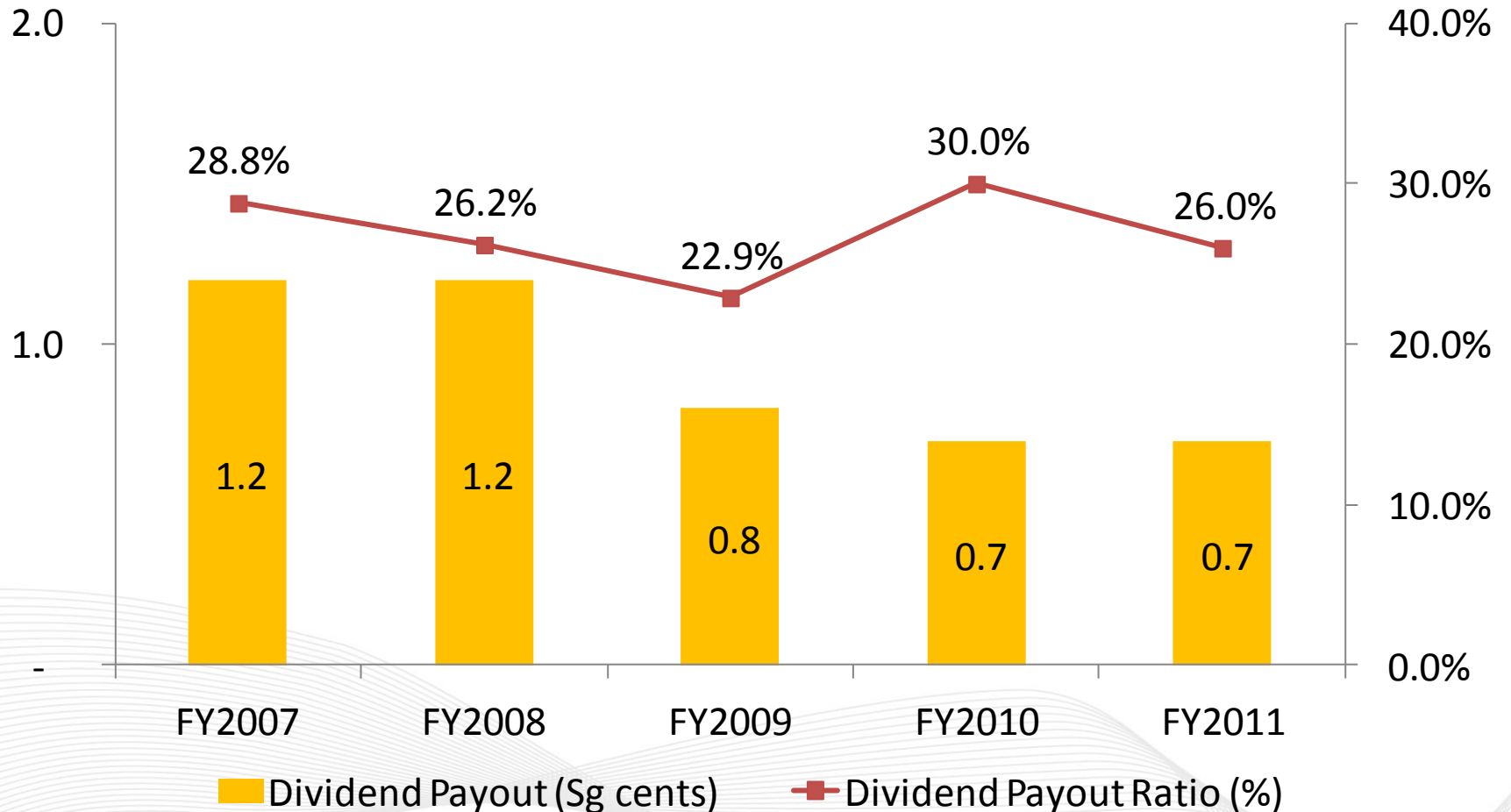
FY2011 Financial Highlights – Strong Cash Position

All amounts are stated in S\$'million



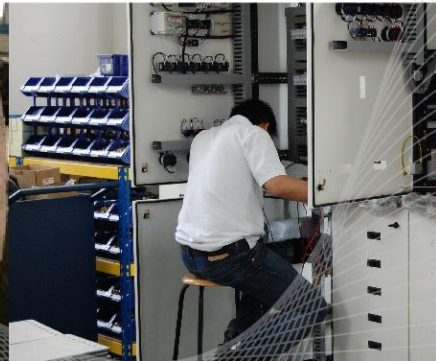


FY2011 Financial Highlights – Consistent Dividend Payout





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Outlook & Growth Strategies



Growth Strategies

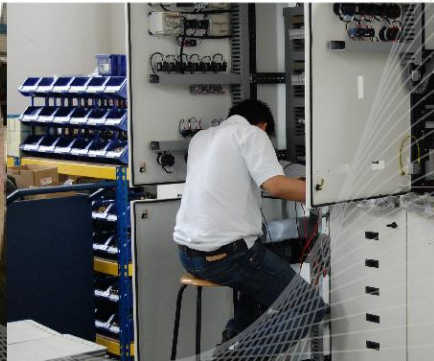
- Uncertain and Challenging; To adopt a cautious approach

- Strategic Focus on existing businesses
 - Ensure GSSI manufacturing plant on track
 - Develop M&O LED Lightings
 - Develop newly acquired fabrication yard in stages

- FY2012 will be a year of consolidation



BH GLOBAL MARINE LIMITED



Investor Friendly Measures



Investor Friendly Measures

- The Group advocates open and timely communications with investors through:
 - ✓ Semi-annual analyst briefings
 - ✓ Regular site visits to the Group's HQ at 8 Penjuru Lane
 - ✓ Regular participation in media supplements and interviews with finance media

BH Global Marine's engineering units the new growth engine for supply-chain manager

BY GWYNETH YEO

Visiting Lim Hui Eng points to the most handsome inventory lists posted on BH Global Marine's warehouse shelves in its 200,000 sq ft Penjuru Lane. "These were done by our workers on their own initiative so they can keep track of the items. There are more than 10,000 items here."

As he shows the Edge Singapore BH Global's cable inventory worth about \$25 million, it is evident that he has a strong emotional attachment to the company his father helped start. "We have been in this business since 1963, since my father's time. This is our core business."

But while BH Global's supply-chain-management business has been in brand and better since it was founded 48 years ago, it is its engineering services business that started only last year that has put a shine on the company's results.

In H1FY2011, BH Global saw a 70% increase in turnover to \$179 million and a 16% increase in earnings to \$4.1 million. The large contribution came from the engineering services business, which brought in 45% of total revenue, or \$14.1 million. But gross profit margins fell in percentage points to 29%, as engineering projects traditionally have lower gross margins compared with the supply-chain-management

business. BH Global has already acquired another 300sq m of steel space, which will be operational by 2014.

Another unit, called Oil & Gas Solutions, is based in Singapore. It is involved in engineering, procurement, construction and management design and is in the midst of converting a floating, production, storage, off-loading (FPSO) vessel for BH Oilshore and supervising work on the project in Coseco's Dallas yard. When completed next year, the FPSO vessel will be deployed in the middle owned by Petrobras and Chevron.

BH Global is also involved in manufacturing, which is carried out by subsidiaries Z-power Automation and Sky Holdings. Z-power designs and fabricates control systems and switchboards used on ships and provides original design manufacturing services to Nigata Power System, a Japanese engine manufacturer. In Q22010, it signed an MOU with Indian company IMESA to discuss further plans for partnership. They manufacture gas turbine and wind turbines used in the Middle East, Gulf Cooperation Council countries, India and Asian countries, as well as in cable manufacturers in Singapore.

BH Global aimed out as a supply-chain manager, supplying cables, steel plates, lighting and marine consumables to ship chandlers, shipowners and shipyards. The 200,000 sq ft warehouse at 8 Penjuru Lane with the barges being delivered progressively by Q22011. BH Global has already acquired another 300sq m of steel space, which will be operational by 2014.



Lim Hui Eng, BH Global's executive vice president, has enough cable inventory to supply up to 20 projects at any one time.

has enough cable inventory to supply up to 20 projects at any one time, says Lim. He adds that the company is a preferred supplier because of its speedy delivery service and cable-management package, which gives customers a 30% inventory back-up and a guaranteed buy-back option for unused cables. BH Global's key clients include Keppel Offshore & Marine, Sembawang Marine, BH Oilshore, Kaya, ST Engineering and Drydock World.

But the good run BH Global had in the supply-chain business ended in 2009, just after it saw earnings hit \$19.2 million. In the financial crisis that happened that same year, the company was hit by credit tightening and a sharp drop in shipbuilding orders. In 2009, earnings fell to \$14.7 million and continued to slip to \$1.1 million last year. To arrest the fall, BH Global's top management made a low-budget change to the company's direction and acquired and set up the engineering services subsidiaries in 2010.

But BH Global's 131 results have been encouraging for the company, a sign that the change in business direction might have done the company some good. The engineering services sector has also benefited the supply-chain business. For instance, recently being awarded an Italian supply-chain management will take up about 60% to 70% of the contractual value.

Goldman Sachs says in an Aug 11 report that despite macro concerns about the cyclical nature of oil and gas industry it will "unambiguously" invest in oil services analyst at Goldman Sachs, says he still sees strong global earnings and increased capital expenditure for capacity expansion over the next few years. Credit Suisse research estimates that Singapore firms have the capacity to take on orders for at least eight more rigs for delivery between 2013 and 2014, according to its Aug 11 report.

BH Global expects the company's growth to continue to come from the engineering services sector, where it sees more jobs for its Italian and Australian units and Indonesia. It is also poised to take on repair and conversion contracts, for its engineering services and supply-chain management businesses. The engineering services sector has an order book worth \$23 million currently.

Lim runs BH Global, which has also been an executive chairman. Three other shareholders hold different positions within the company. Together, they own about 92.7% of the company through Beng Hai Holdings (Singapore), including their own direct interests. And as a vote of confidence for the family business, the five Lim siblings bought back a total of more than 500,000 shares in the week of Aug 8.

If BH Global's earnings rise further, shareholders may get to see more buybacks by the Lim family.



CEO explaining plant operations to guests enthusiastically during site visit





Investor Friendly Measures

Efforts to ensure timely and transparent communications with investment community was duly recognised:

Best Managed Board – 2011 – Silver

Best CFO – 2011 – Mr Keegan Chua

SINGAPORE CORPORATE AWARDS



The CFO who is a corporate all-rounder

Keegan Chua has played an important part in expanding and raising professionalism in BH Global, a family-run business, reports **LYNN KAN**

KIEGAN Chua, BH Global Marine's finance chief, has a job scope that goes much further than just overseeing over cash and ledgers.

It seems there isn't an aspect of the marine engineering and services group that Mr Chua is excluded from: the titles of his list of things he does at the company: culture setting, brand building, even hiring and employee re-allocation.

"My job goes beyond the normal functions of finance and budgeting. Expectations of my profession are that we have to be all-rounders," says Mr Chua, who has been with BH Global since late 2006, a year after it was listed on the Singapore Exchange.

He won this year's Best CFO award in the category of companies with a market capitalisation of under \$300 million.

"After listing, there were higher expectations from stakeholders to grow and diversify the business. I felt the pressure to do so," he says.

Since then, the supply chain management specialist snapped up companies with manufacturing and engineering capabilities that could turn BH Global into a more integrated player to secure more lucrative engineering procurement-construction contracts.

Mr Chua has played an important part in professionalising and expanding BH Global, a family-run business.

"From that period after listing, we tried to improve and transform ourselves into a more international corporation. So we put a lot of work into corporate governance as well," he says. "We brought new companies and that involved culture setting and consulting to integrate them into our business and policies."

Still, as CFO, his main role required him to nudge the money, so his eyes remained fixed on the company's cash flow and funding for its expansion plans.

Since he came on board BH Global, he has expanded the company's bank facilities from \$10 million with one banker to \$60 million with a few bankers.

With more divisions, Mr Chua has to keep an even closer watch on currency and stock price movements, since those are key raw materials that would affect the group's margins.

What seems to underpin Mr Chua's work at BH Global is a Zen-like belief that change is a constant.

"We have to accept that change is inevitable, and manage it. We emphasise a lot on change – that everything changes and you have to accept them as they come. You've got to continue to upgrade yourself and learn from all the experts around you. I've got six

fered from having too many employees with too little revenue to show for it. It was a delicate situation where the choice may have been to rattlebush some people the floor or have the business unit continue to be a drag on the group.

He instead suggested re-allocating employees to another business division. Employees could pick up a new skill while remaining in the company. "Not everyone stayed, but it was the right thing for us to do," he says.

Also, Mr Chua realised it was not possible for the company to be solely reliant on its cash holdings – healthy as it was – to fund its inorganic growth.

He had to be receptive to all ideas, but ultimately decide on the best ones for the company. "We considered raising capital through a rights issue, through bonds, through bank facilities and also, the idea of TDIs (Taiwan Depository Receipts) came up," he says.

The group settled on issuing TDIs – which meant hard work associated with an IPO all over again. "It was not fun," says Mr Chua.

"But it exposed us to a new market, to new shareholders. And the exposure led them to negotiations with light-emitting diode (LED) companies in Taiwan and China."

Ultimately, the CFO cannot be merely a glorified accountant, Mr Chua believes that he plays a chief strategic role in steering the company – and he's not there just to chase the company's dreams when the numbers don't add up.

Sometimes, the management team looks just at the business aspects. On the surface, it might work but the numbers may not justify their plans," he said. "I'm there to give them a second opinion. I'm not worried, if the numbers aren't good, I advise them how to go about their plans in a better way."

Directors around me, my mentors who I learn from," says Mr Chua.

All the talk about "changing from within" was brought to bear when BH Global embarked on its mergers and acquisitions spree in 2009 and 2010.

It was a tricky time for Mr Chua, who wore many hats other than his CFO one during that period.

Looking at the books, he found that one new company BH Global took a stake in, suf-

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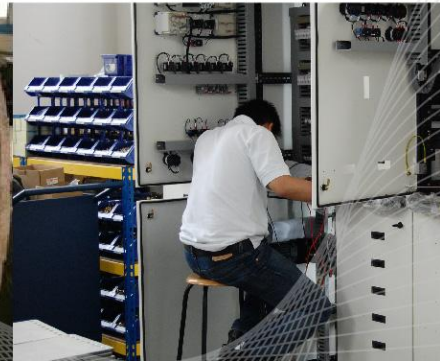
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Thank You!

For more information please visit

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