

**GRP Limited**

*AGM*

26 October 2018

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# 2018 Business Review

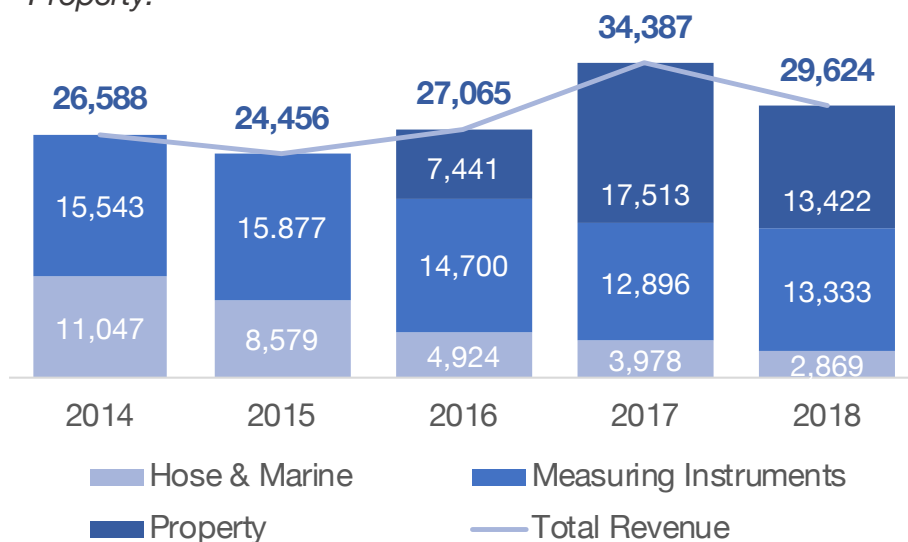
Profit after tax of S\$1.323m, S\$12.4m cash flow generated from operations

## Highlights

- Profit after tax of S\$1.323m (vs loss of S\$9.55m for FY2017) with S\$12.4m cash flow generated from operations.
- Revenue for the Group was S\$29.6m, 13.9% lower than for FY2017 due to the lower revenue from Property (sales of completed property projects close to 100%) and Hose & Marine (due to protracted weakness in the offshore and marine industry).
- Balance sheet remains extremely strong – the Group’s cash & cash equivalents presently at S\$49.776m.
- Dividend of 0.5 cents per ordinary share.

## Revenue by Business Segment (S\$'000)

Composition of revenues have shifted - Decreasing revenues from Hose & Marine and Measuring Instruments offset by revenues from Property.



### Property

23.4% decrease to S\$13.4m – Completed property projects (Singapore Garden & University) almost 100% sold

### Measuring Instruments

3.4% increase to S\$13.3m

### Hose & Marine

27.9% decrease to S\$2.9m – Affected by protracted weakness in the offshore and marine industry

# Key Financial Indicators

Balance sheet remains extremely healthy – High cash levels, extremely low gearing

## ✓ Cash accounts for 60% of NAV

GRP has been continuously turning its assets (properties held for sale) into cash.

(S\$'000)	2018	2017
<b>Cash &amp; Cash Equiv.</b>	49,776	40,666
<b>Total Assets</b>	110,237	113,527
<b>Total Liabilities</b>	27,624	32,802
<b>Net Asset Value (NAV)</b>	82,613	80,725
<b>Cash as % of NAV</b>	60.25%	50.38%

## ✓ Consistent positive operating cashflow for >6 consecutive years (except in 2016)

Businesses are established & consistently generate positive operating cashflow, with no need for more funds to maintain operations

## ✓ Extremely low gearing (debt-to-equity ratio - 0.0625)

Debt composition:

- Land loan of S\$3,360,000 due 30 November 2018 – Fixed deposit of S\$778,000 pledged with bank
  - Money market loan of S\$1,800,000 – Fixed deposit of RMB10,839,000 (~S\$2,231,000) pledged with bank
- Fixed deposit for money market loan more than loan quantum. Cash in bank way exceeds debt.

(S\$'000)	2018	2017
<b>Debt (Bank loans)</b>	5,160	8,236
<b>Total Equity</b>	82,613	80,725
<b>Debt to Equity Ratio</b>	0.0625	0.1020

Current Ratio

4.778

# Business Updates

No change to strategy of growth through own developments and M&A, equipped with strong cash position to capture new opportunities

## Hose & Marine

### *Retirement of Mdm Iris Sim*

- Mdm Iris Sim, has retired as the Group's Hose & Marine General Manager (GM), with effect from 31 July 2018.

### *Appointment of Mr Fredrick Khoo*

- With effect from 1 October 2018, Mr Fredrick Christopher Junior Khoo has been appointed as the new GM of the Hose & Marine business.
- Excluding years 2013 to 2016, Mr Khoo has been with GRP for 17 years and has over 20 years of experience in the sales and marketing of industrial products catering to the marine and oil industry.

## Ipoh Project

- Currently awaiting approval for change of use for the land from *residential* to *commercial*

## Tangshan Project

- Currently negotiating agreement with Tangshan government for “Repossession” (收储 shōu chǔ) to be completed

## Subscription of RCPS of Energiser Enterprise Sdn Bhd

- EESB is in the final stages of preparation for submission of IPO documents

## Rumah Kami Sdn Bhd

- On 6 September 2018, GRP (together with EESB), incorporated a joint venture – Rumah Kami Sdn Bhd
- It is envisioned that this vehicle will be used to enter into affordable housing projects in Malaysia
- Announcements to be made where necessary

# GRP's Value Proposition

GRP under watchlist for MTP, stock trading way below NAV

Price to Book Value  
0.3048<sup>1</sup>

Stock is trading at ~1/3 of NAV

	Price/share (\$)	No. of ordinary shares	Value (\$)
Share price as at 25 October 2018	0.13	193,701,610	25,158,209.30
NAV/share as at 30 June 2018	0.4265		~82,613,000
Cash/share as at 30 June 2018	0.2570		~49,776,000
<b>Minimum share price required for \$40,000,000 market cap = approximately 20.65 cents</b>			

<sup>1</sup> Based on share price as at 25 October 2018

## Future Realisable NAV

Estimated future realisable NAV from:

- Unsold carpark units in projects in Fuling
- Finalisation of repossession of 165mu land in Tangshan
- Upcoming vacation home project in Ipoh
- Potential development project on Royal Waterhouse land in Fuling

## Possible reasons why stock is trading below value

- Inclusion of GRP in watchlist for minimum trading price (MTP) of below 20 cents & market capitalization below S\$40m, affecting investors' confidence
- Sale of shares by only a handful of shareholders lower the share price

## Top 3 Shareholders

	Name	Shareholding <sup>1</sup>
1.	Kwan Chee Seng	33.07% <sup>2</sup>
2.	Cheng Lim Kong	4.99%
3.	Teo Tong How	3.92%

<sup>1</sup> As at 25 October 2018

<sup>2</sup> KCS only allowed to increase stake by 1% every 6 months

## Next Steps

Existing major shareholders to continue showing support for the stock  
Share buyback scheme to take out "weak" investors looking to exit the stock