



## GRAND BANKS

GRAND BANKS YACHTS LIMITED

(Company Reg. No.: 197601189E)

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Singapore 588213

### Grand Banks Yachts Posts 1Q FY2019 Net Profit of S\$1.1 Million

- Stronger gross profit and healthy margins on improved efficiencies and sales mix
- Net order book of S\$20.5 million as at 30 September 2018 with four new boat orders

As at 30 September S\$'000	1Q FY2019	1Q FY2018 <i>(restated)</i>	Change (%)
Revenue	21,610	24,190	(10.7)
Gross Profit	5,572	4,322	28.9
Gross Profit Margin (%)	25.8	17.9	7.9 ppt
Total Operating Expenses	(3,915)	(3,035)	29.0
Net Profit After Tax	1,146	1,275	(10.1)

**SINGAPORE, 14 November 2018** – Singapore Exchange Mainboard-listed **Grand Banks Yachts Limited** (“Grand Banks” or the “Group”) posted a net profit of S\$1.1 million for the three months ended 30 September 2018 (“1Q FY2019”) on the back of a strong sales mix and better margins from improved manufacturing processes.

The luxury boat maker, which owns the Grand Banks and Palm Beach brands, reported 1Q FY2019 revenue of S\$21.6 million, down from restated revenue of S\$24.2 million the year before (“1Q FY2018”), due to fewer stock boats and trade-in boat sales compared to the previous year. The Group’s restated 1Q FY2018 results reflect its retrospective adoption of the Singapore Financial Reporting Standards International (“SFRS(I)”), whereby revenue is progressively recognised based on a cost-to-cost method.

Gross profit rose 28.9% to S\$5.6 million in 1Q FY2019, up from a restated S\$4.3 million in 1Q FY2018, thanks to increased sales of bigger, higher-margin boats. Gross profit margin came to 25.8% compared to 17.9% in 1Q FY2018. Grand Banks attributed the improvement to manufacturing efficiencies at its redeveloped yard in Pasir Gudang, Malaysia, where it had made improvement including the reconfiguration and revamped layout of production lines and processes.

Grand Banks’ operating expenses rose to S\$3.9 million in 1Q FY2019 from S\$3.0 million in 1Q FY2018 due chiefly to commissions, travelling expenses, professional fees and payroll. It also recorded higher sales and marketing costs as it entered its annual U.S. boat show season.

The Group utilised S\$5.7 million cash in operations for 1Q FY2019 compared to S\$1.9 million in 1Q FY2018, due to higher inventories and contract assets as well as lower contract liabilities. These were partially offset by lower trade and other receivables.

Earnings per share for 1Q FY2019 came to 0.62 Singapore cent compared to a restated 0.69 Singapore cent in 1Q FY2018. Net asset value per share was 30.87 Singapore cents as at 30 September 2018, an uptick from a restated 30.69 Singapore cents as at 30 June 2018.

The Group received four boat orders in 1Q FY2019. Its net order book was S\$20.5 million as at 30 September 2018 compared to S\$32.8 million as at 30 June 2018; a seasonal low point as the annual U.S. boat show circuit only begins in end-September, thus impacting order recognition during the first quarter of the financial year. Subsequent to the quarter in review, the Group received three boat orders.

Mr. Mark Richards, CEO of Grand Banks, said: "As a boat-building business, it is important that we invest in our people, our portfolio and our processes to lay a strong foundation for long-term growth. We have planned a very exciting pipeline of new yacht releases and look forward to shipping these out to our valued customers."

Mr. Heine Askaer-Jensen, Chairman of Grand Banks, said: "The 2019 financial year is off to a promising start with this profitable quarter. Mark and his team have been instrumental in our journey towards corporate recovery. We are confident that their efforts will add value to the customers and shareholders who have supported us over the years."

During the quarter, the Group won two awards for its Palm Beach GT50 at the 2018 Newport International Boat Show. It will build on this momentum by expanding its yacht portfolio – with the Grand Banks 52, Palm Beach GT60 and Palm Beach 70, all scheduled to debut in calendar year 2019 – and upgrading its headquarters in the U.S., the world's largest boat market. The Group also plans to set up a new office in Cannes, France to tap opportunities in Europe.

**## End of Release ##**

#### **About Grand Banks Yachts Limited**

Grand Banks, a renowned manufacturer of luxury recreational motor yachts for 60 years, has designed and developed vessels that have become icons among boaters across the globe. While staying true to this heritage, Grand Banks continues to defy the expectations of yachtsmen with its timeless style, unique innovation and unyielding commitment to quality.

The Group manufactures yachts under the Grand Banks, Eastbay and Palm Beach brands out of its manufacturing yards at Pasir Gudang, Johor, Malaysia, and Berkeley Vale, Sydney, Australia. The yachts, which range between 42 feet and 70 feet, have a reputation for impeccable quality that delivers an unrivalled performance.

Grand Banks was listed on the Singapore Exchange Limited ("SGX") in 1987 and upgraded to the Main Board in 1993.

For more information, visit: [www.grandbanks.com](http://www.grandbanks.com); [www.pbmotoryachts.com](http://www.pbmotoryachts.com)

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