



## GRAND BANKS

GRAND BANKS YACHTS LIMITED  
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# Grand Banks Yachts Records FY2020 Net Profit of S\$1.1 Million, Accelerates Group-Wide Consolidation Amid COVID-19 Uncertainty

- Fifth consecutive full-year profit despite the temporary closure of Pasir Gudang Yard due to COVID-19 as well as Restructuring costs
- 35 new boat orders recorded in FY2020, revenue rose to S\$103.2 million
- Production at Pasir Gudang resumed in May 2020 after easing of movement restrictions
- Reduction of S\$9.3 million in the Group's borrowing; cash and cash equivalents increased to S\$10.7 million, strengthening the Group's balance sheet

As at 30 June S\$'000	2H FY2020	2H FY2019	Change (%)	FY2020	FY2019	Change (%)
Revenue	58,152	40,662	43.0	103,234	79,568	29.7
Gross Profit	7,696	6,938	10.9	18,885	16,933	11.5
Corporate Restructuring Costs	(1,511)	–	NM*	(1,511)	–	NM*
Total Operating Expenses	(8,768)	(6,555)	33.8	(16,718)	(14,405)	16.1
(Loss)/Profit Before Tax	(2,032)	(333)	NM*	864	1,223	(29.4)
Net (Loss)/Profit	(987)	270	NM*	1,055	1,500	(29.7)

\*NM: Percentage/computation not meaningful

**SINGAPORE, 28 August 2020** – Grand Banks Yachts Limited (“Grand Banks” or “the Group”) recorded a fifth consecutive year of profit despite almost eight weeks of production shutdown in Malaysia due to the COVID-19 pandemic and restructuring costs. It also said it would consolidate luxury boat production facilities worldwide to Malaysia to improve operational and cost efficiencies.

The SGX Mainboard-listed builder of world-renowned Grand Banks and Palm Beach boat brands said revenue for the financial year ended 30 June 2020 (“FY2020”) rose 29.7% to S\$103.2 million (FY2019: S\$79.6 million) due to higher sales of trade-in and stock boats in 2H FY2020.

The Group reported net profit for FY2020 of S\$1.1 million (FY2019: S\$1.5 million). In 2H FY2020, the Group temporarily closed its operations in its 550,000-square feet manufacturing yard in Pasir Gudang from 18 March to 3 May, to comply with the Malaysian Government's movement restrictions imposed shortly after the outbreak of the pandemic.

The Group incurred restructuring costs of S\$1.5 million relating to redundancies as well as provisions to relocate manufacturing operations from Berkeley Vale, Australia to Pasir Gudang. The relocation is expected to complete by December 2020.

The consolidation is in line with the Group's strategy to improve economies of scale, coordination between design and production, automation as well as centralised procurement. These efforts will help to lower manpower costs and improve overall operating margins over the medium to long term.

Total operating expenses – which include costs relating to boat shows, sales and marketing, as well as salaries and commission expenses – increased to S\$16.7 million in FY2020 from S\$14.4 million a year ago, mainly due to higher payroll costs and professional fees as well as restructuring costs, mitigated by lower boat show expenses.

The Group booked orders for 35 boats during FY2020, of which 20 were sold in the second half (similar to 20 boats sold in 2H FY2019). The Group's net order book as at 30 June 2020 stood at S\$48.9 million, compared to S\$54.6 million a year ago.

The Group has strengthened its balance sheet, with cash and cash equivalents rising to S\$10.7 million as at 30 June 2020 from S\$8.6 million a year earlier. Lower inventories, due to the sale of inventory and trade-in boats, were recorded in FY2020. The Group also recorded higher trade and other payables due to accruals of operating expenses and costs, resulting in cash flow from operations in FY2020 amounting to S\$18.1 million (FY2019: S\$1.6 million). This was partially offset by an increase in contract assets.

The Group's borrowing stood at S\$6.7 million as at 30 June 2020, compared to S\$16.0 million as at 30 June 2019 and S\$16.4 million as at 31 December 2019. The latter represents a reduction of S\$9.3 million despite current challenging conditions.

Earnings per share for FY2020 amounted to 0.57 Singapore cent compared to 0.81 Singapore cent in FY2019, while net asset value per share increased to 30.16 Singapore cents as at 30 June 2020 from 29.91 Singapore cents a year ago.

In April 2020, the company announced a 50% remuneration-cut for the Directors and Management team as part of its cost-containment measure to mitigate the impact of COVID-19. The Group has since re-instated the fees and salaries.

The Group maintains a cautious outlook due to dampened economic sentiment; restrictions on travel and boat shows are expected to continue to affect sales in the coming months.

Mr. Heine Askaer-Jensen, Chairman of Grand Banks, said: "Closing our fifth consecutive year in profit amid the COVID-19 pandemic is a testament to the management team's ability to make swift changes to our operations to remain lean while ensuring a healthy flow of orders. As the operating environment remains volatile, we have strengthened our balance sheet, and are better prepared to weather the challenges ahead."

Mr. Mark Richards, CEO of Grand Banks, said: "The COVID-19 pandemic has resulted in disruption at an unprecedented level; nevertheless, sales have been healthy, and our strong order book will keep the yard busy in the coming year. We have taken the opportunity to consolidate our manufacturing activities, and optimise efficiency through automation and centralised procurement. We will continue our cost containment efforts while ensuring our yachts are delivered to our customers on time."

**## 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 yard at Pasir Gudang, Johor, Malaysia and provides customer support out of its service yard at Stuart, Florida, USA. The yachts, which range between 42 feet and 85 feet, have a reputation for impeccable quality that delivers unrivalled performance.

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

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

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