





# Introduction to Grand Banks

- Founded in 1956 and known for quality of craftsmanship, design and all-weather capabilities
- Began operations in Singapore in 1968
- Listed on SGX in 1987 and upgraded to Mainboard in 1993
- Strong following among boating enthusiasts – key markets USA, Europe, Australia

- U.S. subprime-led global financial crisis has caused turmoil in boating industry
  - Uncertainty = delayed buying decisions
  - Price competition has led to higher inventory
  - Banks reluctant to lend yacht dealers, which impeded manufacturers from placing inventory in key markets
  - Excess boat-building capacity worldwide
  
- Proposed equity injection (for majority control by European group) not approved at EGM in Oct 2011



# Financial Turmoil and Watch List

- Financial decline since FY2008
  - Revenue declined from S\$114M in FY2008 to S\$28 in FY2011
  - Net Income declined from S\$5.0M profit in FY2008 to S\$(7.7M) loss in FY2011
  
- GB was placed on the Watch List in Dec 2011



# Key Actions Since End of FY2008

Reduced headcount from over 1,250 to less than 350

Payroll down from \$29.2M in FY2008 to approx. S\$10.0M in FY2012

Sold Singapore facility (gain on disposal of S\$3.9M in FY2009), manufacturing activities consolidated into Johor plant since 2009

Reduced operating expenses from S\$15.5M in FY2008 to approx. S\$9.5M in FY2012



# GB Staff at Johor Facility





# Key Actions Since End of FY2008

Opened retail stores in key markets in response to dealers either facing bankruptcy or seeking protection from creditors

Debuted five new models

Maintained Grand Banks as a globally-respected premier brand

Appointed new Directors and reconstituted the Board of Directors (Nov 2011)



# Preliminary Unaudited Financials FY2012

Recognized a charge of approx. S\$0.72M for inventory materials and accelerated depreciation in Q3 and intend to recognize another S\$5.0M impairment of certain assets as well as complete write-down of deferred taxes (all non-cash)

- Excluding these non-cash items, expected loss of S\$4.5M to S\$5.5M for FY2012 (vs loss of S\$7.7M in FY2011)
- Including these non-cash items, loss expected at between S\$10.0M to S\$12.0M for FY2012
- Preliminary unaudited results to be announced on 28 August 2012



# #1 Boost Performance & Operational Efficiency

Lowered inventory by approx. S\$8.0M to approx. S\$13.5M as at June 30, 2012;  
Reduced operating expenses by approx S\$700,000 in FY2012;

Implementing staff incentive scheme and aligning senior management compensation with performance and key criteria

Exploring collaboration with commercial vessel manufacturers with a view to utilise the spare capacity at Johor factory and leverage the Group's brand and expertise in boat building to generate new revenue stream.

## #2 Aggressive New Product Development

55 Eastbay  
FB

just delivered to new retail buyer; will debut at shows in fall 2012

54 Heritage  
EU

will launch in fall 2012; two already sold, many other sales in pipeline

43 Heritage  
EU

will launch in fall 2012; discussions pending/in process

50 Eastbay  
SX

will launch in spring 2013; one already sold and several others in review by interested buyers



# GB 55 Eastbay FB



GB

# GB 54 Heritage EU





# GB 43 Heritage EU





# GB 50 Eastbay SX





# GB 50 Eastbay FB



**GB**

# **GB 53 Aleutian RP**







# Healthy Financial Position

Rising cash balance: FY2012 cash of approx. S\$22M, up approx. S\$4M from FY2011

Growing backlog: FY2012 net order backlog of approx. S\$13M, up approx. S\$6M from FY2011

Group is experiencing positive sales activity for FY2013 with nearly half the planned production already sold and good indication of more orders being closed by end-September 2012

No debt obligations:  
Continuing to operate the business without debt

Company owned distribution outlet in Seattle will turn first profit in FY2012

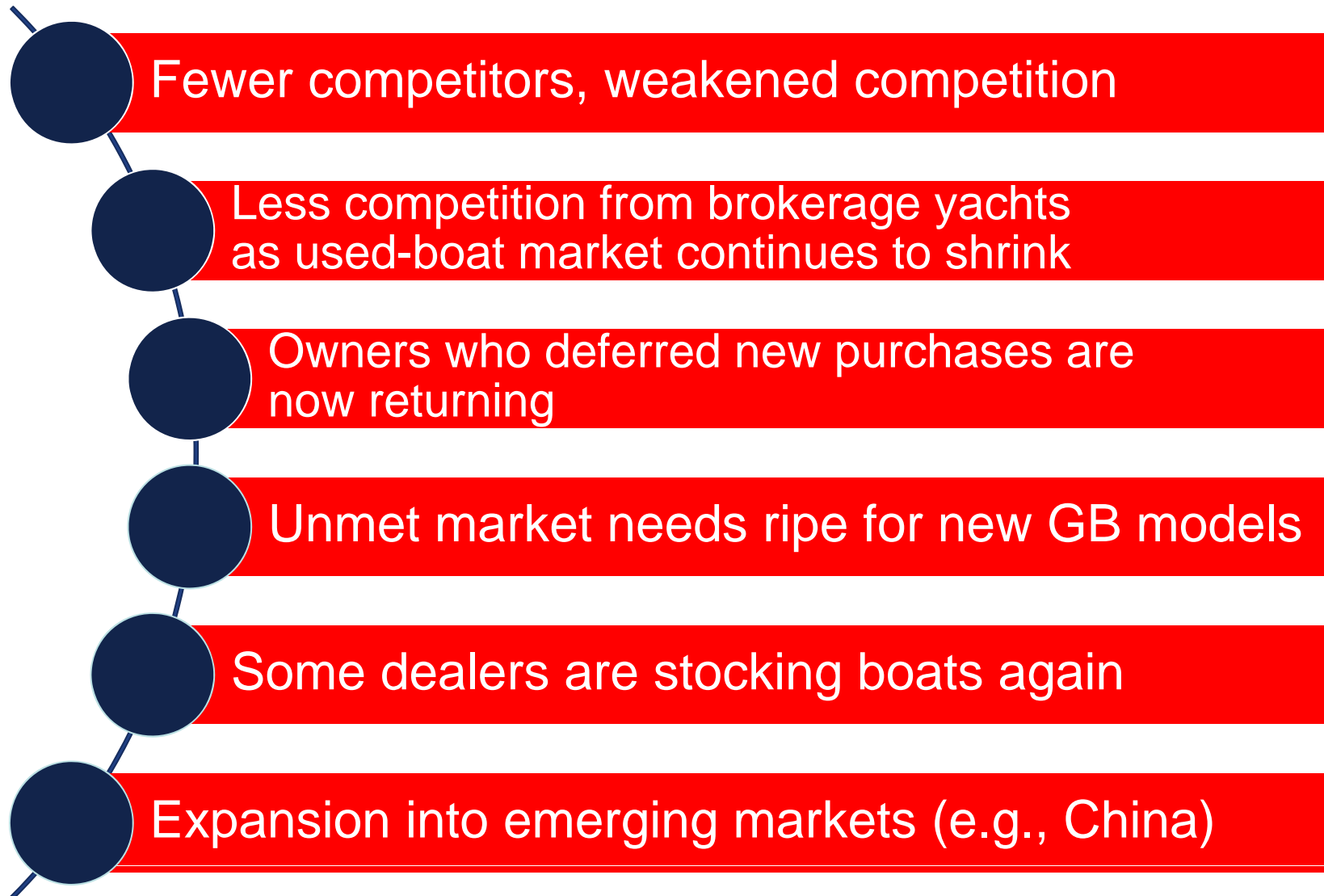


# Enduring Strengths



## Key US market regains strength:

- Consumer confidence rising, credit more widely available for buyers and dealers.
- Brokers reporting the number of consumers actively engaged in shopping for boats is higher than experienced in years.
- New boat inventory is at a historic low point; new boats are selling twice as fast today as in 2009 (Source: GE Capital)





# Strategies for Turnaround

New 3-year  
“strategic roadmap”  
for growth  
and profitability

Expand and  
replicate successful  
retail operations into  
other markets

Strengthen dealer  
network with new  
partners

Explore possible  
entry into emerging  
markets (e.g.,  
China)

Continue focus on  
new product  
development

Collaborate with  
partners to utilise  
excess capacity at  
Johor facility

Cultivate and foster  
active, engaged  
board

Enhance investor  
relations activities



Aggressively targeting return to profitability in the next financial year or two; increase market capitalization and ensuring timely removal from the Watch List.



In view of the above strategic initiatives, recent new orders and customer response to new models, the Directors and Management believe that the worst is over and expects the ***Group's performance in FY2013 to be significantly better than in FY2012***



Thank You

**GB** GRAND BANKS YACHTS