

Company Profile

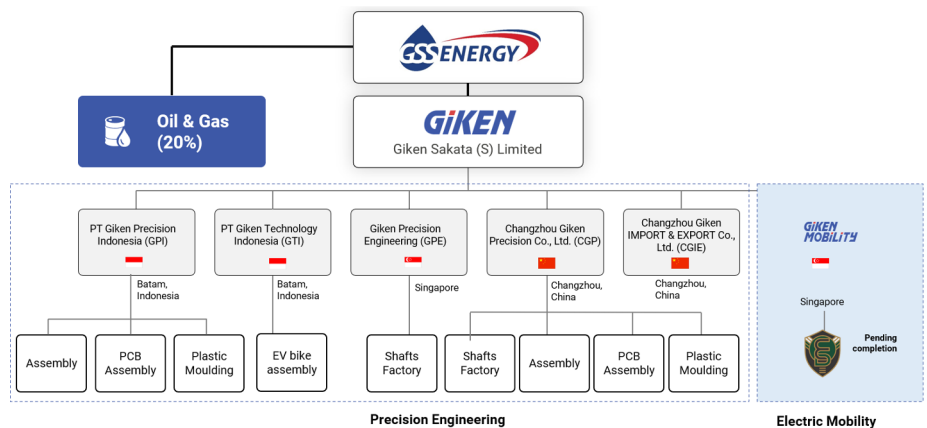
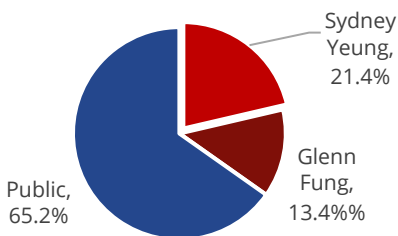


Established in 1979, GSS Energy is an established precision engineering group with 9 manufacturing facilities across Singapore, Indonesia and China. The Group also has a free profit carry for its stake at the Trembul Operation oil field in Indonesia. In 2021, the Group successfully launched its first electric motorcycle under Iso, in partnership with Ferruccio Lamborghini (The Lamborghini Family)

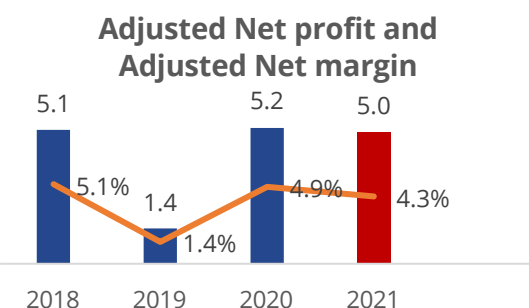
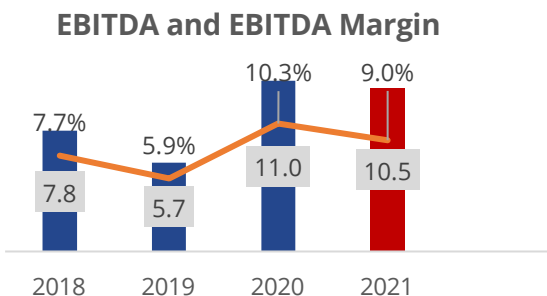
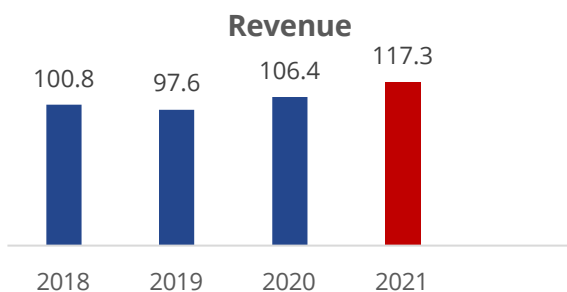
Stock Info

S\$0.071 Price
~S\$41m Market Cap

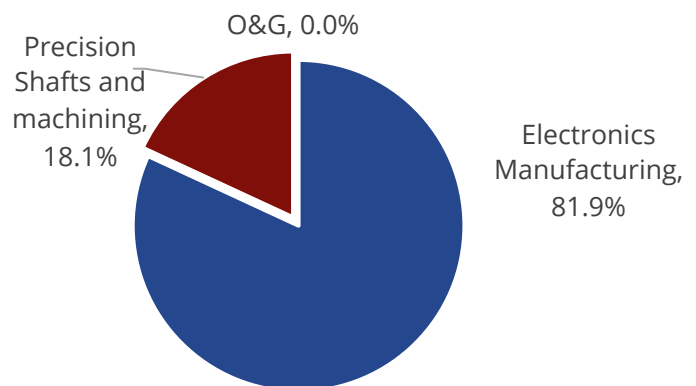
Shareholdings



Key Financial Highlights



Precision Engineering currently forms 100% of total revenue for FY2021



BALANCE SHEET HIGHLIGHTS	As at 31 Dec 2021
Net Debt*	2.8
Net Debt/Equity	4.2%
Total assets	126.6
Total liabilities	61.5
Total equity	65.1

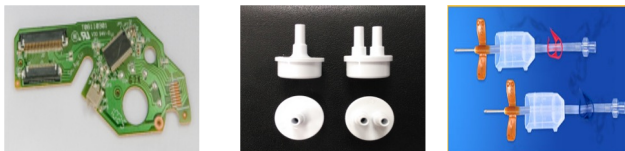
*Net Debt = Cash & Cash equivalents + short term investments - Loan and borrowings

Precision Engineering

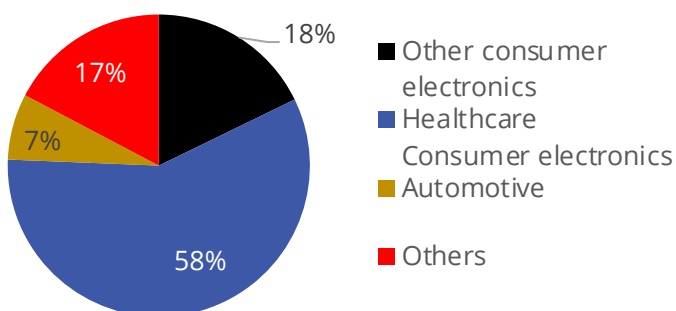
Electronics Manufacturing Services

~82% FY2021 revenue; Batam (Indonesia)

Manufactures high precision components such as plastic injection moulding parts, Printed Circuit Board Assembly and Class 100k Cleanroom and complete box assembly



Precision Engineering Revenue by Sector



Precision Shafts and machining

~18% FY2021 revenue; Changzhou (China) and Singapore

Manufactures precision turned parts such as motor shafts, customized turned components for various industries and high precision machining parts



GSS Energy is a top tier supplier to Philips in Asia

Outlook and Growth Plans

- Beneficiary of the trend by top brands to diversify manufacturing facilities out of China; Expects to persist for next 12-18 months
- Expansion into defense segment, with new Fortune 500 major US defense customer
- Target to grow ODM sales contribution by 20% by 2023

Oil and Gas

Status	Production expected to commence in 2022
Area	47.6 sq km
Location	Bloral Regency in Central Java Province, Indonesia
2P Reserves	24.3m barrels (up to 800m)
Off-Taker	PT Pertamina EP
Interest	Crude 23.5%, natural gas 31.4%
Contract validity	Till 2031
GSS Energy's stake	20%

GSS is entitled for 50% of revenue generated till it recovers its sunk cost in the project (i.e. US\$7m). After the Group recovers its cost in the project, it is entitled to 16% of the profits from the production. Oakhurst Investment has commitment investment for the CAPEX and OPEX for the development of the project; **There will be no further capital contribution from GSS Energy;**

Electric Mobility



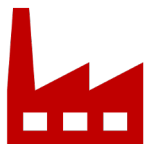
End-to-end manufacturing development and capabilities of electric motorcycles and related necessary peripherals

Started	2019
Production capacity	Up to 500 electric motorcycles/month (Potential to expand up to 5,000 motorcycles/month with new facility)
Patents	15

Outlook and Growth Plans

- Homologated in Thailand, certifying fit for sale and road-worthy
- In talks with dealers/distributors across 6 markets for B2C distributorships
- B2B sales - in talks with companies involved in food delivery, motorcycle taxis, vehicle rental, and government agencies
- Expansion into white label design and manufacturing
- Licensing of EV technology

Investment Merits



Precision Engineering to underpin stable profit base

GSS Energy has over 40 years of operational track record with 9 manufacturing facilities across Singapore, China and Indonesia. With its established track record, GSS Energy has a huge diversified pool of MNC customers including Lego, Dyson and Panasonic. In particular, GSS Energy is a top tier supplier to **PHILIPS** in Asia, allowing it to benefit from the rising consumption of consumer electronics. Precision Engineering is expected to form a stable profit base for the Group as it continues to benefit from top brands diversifying their manufacturing facilities out of China and GSS Energy's expansion into the defense segment with its new Fortune 500 major US defense customer.



Focus on ODM products to further drive sales and margin expansion for Precision Engineering

In addition to the expansion in customer base, the Group also intends to grow its Original Design Manufacturing (ODM) revenue contribution by 20% by 2023. ODM tends to have higher barriers entry due to the time taken for the customer to audit the Group's manufacturing facilities (18 months) and product development (18-24 months).

ODM also tends to have higher margins vs Original Equipment manufacturing (OEM) by 5 to 10 ppt



Potential risk free upside from O&G business from 2022

After entering into an agreement with Oakhurst Investment, GSS Energy is expected to enjoy a free carry on the profits generated from the O&G field at Trembul Operation Area, when production is expected to commence in 2022.

Oakhurst Investment will commit 100% of the CAPEX and OPEX needed for the development of the project. GSS is entitled to 50% of the revenue generated from the O&G project once production commences till it recovers its sunk cost in the project (US\$7m). Once the Group recovers its cost, GSS will still be entitled to a free carry on 16% of the profits generated from the oil field till the contract ends in 2031.

This allows the group to enjoy a steady stream of risk free profit from its O&G business once production starts in 2022.



Significant upside potential from Electric Motorcycle Development

GSS Energy is the only SGX listed company with end-to-end development and manufacturing capacities of electric motorcycles and related necessary peripherals. The segment is expected to start contributing revenue from 2022, after the Group launches its first electric motorcycle under Iso, in partnership with Ferruccio Lamborghini (The Lamborghini Family). With a production capacity of ~500 electric motorcycles/month (with a potential to increase up to 5,000 motorcycles/month), the segment holds tremendous potential for the Group which may also look to expand through white label design and manufacturing as well as the licensing of EV technology in the future.