

FOR IMMEDIATE RELEASE

**CosmoSteel posts improved sales of \$157.6 million
 in FY2014 despite a competitive business
 environment**

- Revenue up 1.2% from Energy Sector projects in Singapore, China and the Philippines
- Improved gross profit margin of 19.2%; Net earnings trimmed 12.9% to \$5.5 million due to higher warehouse rentals, employee costs and depreciation of properties
- 4QFY2014 net earnings and revenue up 74.1% and 23.4% y-o-y to \$2.0 million and \$41.5 million respectively
 - Proposes dividend of 0.5 Singapore cents; payout ratio of 23.8%

Summary of Financial Results for the period ended 30 September:

S\$' million	4QFY2014	4QFY2013	% Chg	FY2014	FY2013	% Chg
Revenue	41.5	33.6	23.4	157.6	155.7	1.2
Gross Profit	8.4	6.4	21.7	30.2	29.2	3.5
Gross Profit Margin (%)	20.1	19.0	1.1 % pts	19.2	18.8	0.4 % pts
Profit before tax	2.5	0.9	179.9	6.8	7.3	(6.0)
Net Profit	2.0	1.2	74.1	5.5	6.4	(12.9)
EPS (cents)	0.76	0.44	72.7	2.10	2.41	(12.9)

SINGAPORE – 19 November 2014 – CosmoSteel Holdings Limited (“CosmoSteel” or the “Group”), a leading supplier and distributor of piping system components to the Energy and Marine industries in Southeast Asia and other regions, today reported a net profit of \$5.5 million on the back of \$157.6 million in revenue for the 12 months ended 30 September 2014 (“FY2014”).

Despite an increasingly competitive business environment, the Group managed to grow its sales by 1.2% in FY2014. This was driven by a number of Energy-related projects in markets such as

Singapore, China and Vietnam which resulted in a 1.2% rise in Energy Sector sales to \$128.0 million, compared to \$126.5 million a year ago in the previous financial year (“FY2013”).

However, due to margin pressures in an increasingly competitive business environment, the bottom-line of the Group was shaved 12.9%. This was mainly due to higher distribution and administrative expenditures that included warehouse rental, employee costs and depreciation charged on its properties.

Notwithstanding this, the Group’s gross profit margin in FY2014 improved marginally to 19.2% from 18.8% a year ago, while gross profit grew 3.5% to \$30.2 million.

“To strengthen its product offerings and inventory, the Group had increased its warehouse capacity from previously approximately 378,000 sq ft to currently in excess of 420,112 sq ft, which resulted in higher rental overheads for us, and at the same time, employee costs such as bonus payments have also risen as a form of incentive to retain employees. In addition, as we continue to grow the business and improve our operations, the Group also hired new managers for our Information Technology, Human Resource, Finance and Sales divisions during the financial year. Despite these cost pressures, we have managed to keep our gross margins up and healthy. For FY2014, the Group intends to distribute a final cash dividend of 0.5 Singapore cents, translating to a payout ratio of 23.8%,” said Mr Ong Chin Sum (翁青山), Chief Executive Officer of CosmoSteel.

With this set of results, the Group’s earnings per share (“EPS”) for FY2014 was slightly lower at 2.10 Singapore cents, while net asset value (“NAV”) stood at 40.56 Singapore cents per share as at 30 September 2014. This is compared to EPS of 2.41 Singapore cents for FY2013 and NAV of 37.64 Singapore cents per share as at 30 September 2013.

4QFY2014 Performance

The three months ended 30 September 2014 (“4QFY2014”) was a healthy quarter for the Group with net profit and revenue rising 74.1% and 23.4% to \$2.0 million and \$41.5 million respectively. This was largely underpinned by the Group’s sales to the Energy Sector which surged 38.8% to \$35.1 million, from \$25.3 million in the same period in the preceding financial year (“4QFY2013”), largely due to a project the Group secured in Vietnam.

Outlook and Plans

The Group expects market conditions to remain challenging in view of global uncertainties as well as foresees competition locally and globally to intensify.

The regional upstream energy sector, given its significant order sizes, will remain a key area that the Group will focus on to drive volume sales. The Group also plans to continue marketing efforts on end-users in Vietnam, China and the Philippines, which are markets with a healthy pipeline of energy-related projects. In Myanmar, we have started to gain traction and have just secured a new order contract in September 2014.

Said Mr Ong, “The Energy and Marine Sectors in the region will still be revenue generators for us in FY2015. Even though competition is increasingly tough, we will continue our efforts to grow these segments by identifying new potential markets and suitable growth opportunities. Given the rising cost environment, cost management will also be a major strategy that we will focus efforts on.”

About CosmoSteel Holdings Limited

Backed by over 30 years of stellar track record, CosmoSteel Holdings Limited, the holding company of Kim Seng Huat Hardware Pte Ltd, has a strong reputation as a supplier and distributor of piping system components to the Energy, Marine and other industries in Southeast Asia and other regions. It has built a strong customer base which includes blue-chip companies such as Shell and Alstom.

CosmoSteel carries an extensive inventory of over 25,000 line items across its three main product categories of pipes, fittings and flanges, comprising mainly of carbon steel or stainless steel products. It also provides value-added services to customise its products according to customers' specific requirements. CosmoSteel sources its products from a wide network of manufacturers and suppliers from Europe, US and Asia including Japan and the PRC, who have a proven track record in product quality and delivery capabilities. Product quality, timeliness and reliable customer deliveries are the foundation to the success of its business. The Group has received the following certifications: ISO 9002:1994 in 2000; ISO 9001:2000 in 2003; and in 2009, ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007, and bizSAFE STAR certification in 2012.

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