**CosmoSteel Holdings Limited**
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**FOR IMMEDIATE RELEASE**

# CosmoSteel continues to pay dividends in FY2015

- *Proposes a first and final dividend of 0.5 Singapore cents per share despite posting a loss, representing a dividend yield of 4.3%*[1]

**Summary of Financial Results for the period ended 30 September:**

| S$' million | 4QFY2015 | 4QFY2014 | % Chg | FY2015 | FY2014 | % Chg |
|---|---|---|---|---|---|---|
| **Revenue** | 24.2 | 41.5 | (41.6) | 109.9 | 157.6 | (30.3) |
| **Gross Profit** | 4.4 | 8.4 | (47.9) | 19.6 | 30.7 | (36.4) |
| **Gross Profit Margin (%)** | 18.0 | 20.1 | (2.1) pts | 17.8 | 19.5 | (1.7) pts |
| **Profit before tax** | 0.5 | 2.5 | (81.7) | (1.4) | 6.8 | (120.0) |
| **Net Profit** | 1.0 | 2.0 | (49.3) | (0.9) | 5.5 | (116.0) |
| **EPS* (cents)** | 0.37 | 0.76 | (51.3) | (0.32) | 2.10 | (115.2) |

**Based on the weighted average number of ordinary shares in issue of 279,116,709 for the period ended 30 September 2015 and 263,999,997 for the period ended 30 September 2014.*

**SINGAPORE – 18 November 2015** – **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 lower revenue of $109.9 million for the 12 months ended 30 September 2015 ("FY2015") as a consequence of a lacklustre global economy, which affected sales from its Energy and Marine customers.

Despite implementing cost-cutting measures in FY2015, the Group posted a net loss of $0.9 million during the year in part due to higher depreciation charges. Notwithstanding this, the Group is proposing a first and final dividend of 0.5 Singapore cents per share for FY2015, signalling its confidence in the long-term fundamentals of its business.

[1] Based on a closing share price of $0.117 on 30 September 2015.

In FY2015, the Group recorded a lower gross profit of $19.6 million in parallel to its lower revenue and also costs incurred from providing additional services such as logistics handling to our customers. Nonetheless, CosmoSteel managed to keep its gross profit margin relatively stable at 17.8% in FY2015 compared to 19.5% in FY2014.

The Energy and Marine Sectors collectively accounted for 90.9% of the Group's revenue in FY2015. As a result of flagging industry demand, sales from the Energy Sector declined by 34.8% to $83.4 million whilst that from the Marine Sector fell by 24.8% to $16.5 million in FY2015, compared to $128.0 million and $21.9 million in FY2014 respectively.

Corresponding to this, the Group's Singapore market saw the largest decline with revenue falling 40.4% to $56.7 million in FY2015, from $95.1 million a year ago. This was partially offset by a doubling of contribution from Brunei and Japan from $13.4 million in FY2014 to $29.0 million in FY2015, largely attributed to the Group's increased marketing efforts.

Based on its latest results as at 30 September 2015, the Group posted a loss per share of 0.32 Singapore cents and a net asset value ("NAV") per share of 42.23[2] Singapore cents for FY2015. This compared to an earnings per share of 2.10 Singapore cents in FY2014 and an NAV per share of 40.56 Singapore cents as at 30 September 2014.

The Group remains in a healthy financial position with debt-to-equity ratio standing at 0.47 as at 30 September 2015 compared to 0.97 a year ago. In addition, it has cash holdings of $25.0 million in its arsenal, holding the Group in good stead should viable business opportunities arise and to withstand short-term business volatility.

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*The increase in NAV was due to 26.4 mil shares that were issued on 6 Mar 2015 following a private share placement exercise with Hanwa Co., Ltd., raising the total number of issued shares to 290,399,997 shares as at 30 September 2015*

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**Outlook**

Looking ahead, the Group expects generation of revenue to continue to remain challenging amid the weak oil market resulting in fewer projects available in the market. In line with this, profit margin is expected to continue to come under pressure from the intensifying competitive conditions locally and globally. Given the situation, it will continue to stay vigilant and cautious in its business activities and focus keenly on cost management.

Said Mr Ong Chin Sum (翁青山), Chief Executive Officer of CosmoSteel, “Last year has been a trying time for us and we expect our revenue and profit margins to remain under pressure in FY2016. That said, our business fundamentals remain sound. We believe the solid track record and strong customer relationships we have built over the last three decades, combined with the significantly enhanced global footprint, customer base and product range from our strategic partner Hanwa Co., Ltd, will hold us in good stead as we ride out this industry downcycle.”

He continued, “As testament to our continued faith in the business, we are rewarding our shareholders with dividends in FY2015 despite reporting our maiden loss in the Group’s history.”

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***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.

Headquartered in Singapore, the Group has over 411,000 sq feet of storage space across four warehouses and offers a comprehensive range of high-quality products, sourced from major international manufacturers. Over the years, CosmoSteel has forged close ties with supply chain partners, ensuring its supply chain quality and continuity. It also has a diverse base of over 400 customers including several blue-chip energy companies such as Shell and Alstom.

CosmoSteel has one of the largest and most extensive inventories of steel pipes, fittings and flanges in Singapore comprising over 25,000 line items and since 2014, the Group has further expanded its product range to include electrical, structural and cable products, placing it in a strong position to meet the product requirements of its customers readily and efficiently.

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The Group has regularly received recognition for best practices in corporate transparency and business operations. In 2015, it was ranked 157th out of 639 companies on the Governance and Transparency Index (**GTI**). It has also received numerous world-class certifications including ISO 9002:1994 in 2000; ISO 9001:2000 in 2003; ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 in 2009, and bizSAFE STAR certification in 2012.

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