



CosmoSteel Holdings Limited

(Co. Reg. No. 200515540Z)

14 Lok Yang Way, Singapore 628633

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FOR IMMEDIATE RELEASE

CosmoSteel achieved net profit of S\$6.4 million in FY2013

- *Stable revenue of S\$155.7 million; decline in net profit mainly due to lower gross profit margin from participation in highly competitive projects*
- *Recommends a final dividend of S\$0.01 per share, which translates to a dividend payout of 41.5%*

Summary of Financial Results for the period ended 30 September:

S\$' million	4QFY2013	4QFY2012	+ / (-) %	FY2013	FY2012	+ / (-) %
Revenue	33.6	27.0	24.4	155.7	155.0	0.4
Gross Profit	6.4	7.0	(8.9)	29.2	33.2	(12.0)
GP Margin (%)	19.0	25.9	(6.9% pt)	18.8	21.4	(2.6% pt)
Profit before income tax	0.9	3.0	(70.2)	7.3	13.4	(45.9)
Net Profit	1.2	2.5	(53.3)	6.4	11.1	(42.4)
EPS (cents)	0.44	0.94	(53.3)	2.41	4.19	(42.4)

SINGAPORE – 21 November 2013 – 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 announced a net profit of S\$6.4 million for the financial year ended 30 September 2013 (“FY2013”) on the back of a 0.4% increase in revenue to S\$155.7 million.

The 42.4% decline in the Group’s net profit was mainly attributable to margin pressures in a highly competitive business environment, namely from its participation in a significant project which contributed 21.2% or S\$33.3 million to the Group’s revenue in FY2013. As a result, gross profit for FY2013 fell 12% year-on-year (“y-o-y”) to S\$29.2 million, while gross profit margin fell by 2.6 percentage points to 18.8% in FY2013.



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In FY2013, the Group recorded a charge of S\$0.6 million mainly from both realised and unrealised foreign currency losses in contrast to a credit of S\$1.4 million in the preceding financial year ("FY2012"), which had an impact on its bottom-line.

Operationally, the Energy sector continued to be the main driver of the Group's top-line and bottom-line, while the Marine sector, which includes long standing customers such as the Keppel group of companies, and Others sector, such as manufacturing, also contributed to the Group's revenue growth in FY2013.

In terms of geographical spread, the Group derived significantly higher sales revenue from the European, Indonesia, Japanese and Others market in FY2013, which collectively accounted for 39.9% of total revenue, as compared to 8.9% in FY2012. In particular, the revenue surge from Others market was due to higher revenue generated from the Philippines and China respectively.

In FY2013, the Group's financial position remained healthy with S\$20.4 million in cash and cash equivalents as at 30 September 2013. Based on 263,999,997 ordinary shares, earnings per share of the Group stood at 2.41 Singapore cents for FY2013, while net asset value per ordinary share was boosted to 37.64 Singapore cents as at 30 September 2013 compared to 35.40 Singapore cents as at 30 September 2012.

Commenting on the Group's financial performance in the latest financial year, Mr Ong Chin Sum (翁青山), Chief Executive Officer of CosmoSteel, said "We are heartened to note that despite the highly competitive industry environment, the Group was able to maintain steady revenue growth and remain profitable. Our focus in FY2013 was to intensify our sales and marketing efforts, strengthen ties with our customers and further hone our reputation as a trusted company with quality products and rapid turn-around time, while keeping costs under control. We believe that solidifying this foundation will position CosmoSteel for future growth."



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Dividend

The Group has proposed a final tax-exempt dividend of S\$0.01 in cash for FY2013, which translates to a dividend payout of 41.5%. This is in line with the Group's dividend policy on a dividend payout of at least 10% of the annual net profit attributable to shareholders (subject to a minimum net profit of at least S\$3 million) so as to create value for shareholders.

The Group will announce the book closure and payment dates of the final dividend at an appropriate time.

Outlook

In view of the global uncertainties, the Group expects market conditions to remain challenging and competition within the industry to be intense locally and globally.

Mr Ong added, "The management will continue to identify new potential markets and opportunities to fuel its growth, while remaining prudent and cautious in our business activities. We will, in particular, focus on cost management in order to protect our margins as we seek to grow the Group's top-line and bottom-line. We believe that the Energy and Marine sectors, which have traditionally been the Group's main pillar of growth, will continue to be important business segments for CosmoSteel.

We are also ramping up our sales efforts in other markets such as China, the Philippines and Myanmar. In June this year, we signed an exclusive Memorandum of Understanding with a Myanmar-based group of companies to explore the possibility of establishing a strategic partnership. Plans to develop this new market are in progress and we have dedicated personnel overseeing developments in this relatively untapped market within ASEAN."

Barring unforeseen circumstances, the Group expects to continue to be profitable in FY2014.



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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. It has built a strong customer base which includes blue-chip companies such as Shell, Exxon-Mobil and Alstom.

CosmoSteel carries an extensive inventory of over 20,000 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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