

The background of the slide is a low-angle, upward-looking photograph of a complex industrial facility. It shows a dense network of large, metallic pipes, some with insulation, and structural steel beams. The lighting is dramatic, with strong highlights and deep shadows, creating a sense of scale and industrial complexity.

1HY2015 INVESTORS UPDATE

May 2015

A photograph of two workers in a steel mill. The worker on the left is wearing a yellow hard hat and a dark shirt, looking towards the right. The worker on the right is wearing a white hard hat with the COSMOSTEEL logo and a dark polo shirt, pointing at a stack of steel pipes. The background shows industrial equipment and more stacks of pipes.

OPERATIONS OVERVIEW

ABOUT US

A leading supplier and distributor of piping system components to the Energy and Marine industries in Southeast Asia and other regions with an established track record of over 30 years

Equity Data (As at 12 May 2015)

Listed on SGX-ST Mainboard	2007
Current share price (S\$)	0.220
Market capitalisation (S\$m)	63.8
Issued & Paid-up Shares (m)	290



BUSINESS OVERVIEW

One-stop
Inventory
Specialist



- Extensive product range
- Pipes, fittings and flanges
- Over 25,000 line items



- Non-destructive testing services
- Customisation services
- In-house quality assurance
- International network
- Project management services

Serving
Growing
Industries



FY14 revenue: S\$157.6m

Energy: 81.2%

Trading: 4.2%

Marine: 13.9%

Others: 0.7%



Strong
Customer
Base

Safety &
Quality
Focused

Longstanding relationships with blue-chip customers:

Keppel	Over 20 years	Chevron	Over 15 years
SembCorp	Over 20 years	Shell	Over 5 years
Alstom	Over 10 years		

Certification

ISO 9002:1994 (2000)

ISO 14001:2004 (2009)

ISO 9001:2000 (2003)

OHSAS 18001:2007 (2009)

ISO 9001:2008 (2009)

BizSAFE STAR (2012)

OUR MARKETS



CUSTOMERS & USE OF PRODUCTS



Energy

- Offshore rig fabrication such as jack-ups and semi-sub
- FPSO/FSO new builds and conversion
- Onshore energy facilities fabrication



Marine

- Shipbuilding
- Ship repairs



Water

- Supply spiral welded pipes widely used in water treatment plants and other related infrastructure projects in Singapore and the region



Traders

- Sell products to traders who on-sell them to other customers



Others

- Supply to other industries such as manufacturing

Broad customer base that uses our products as components mainly to construct piping systems for the conduit of liquids and gases in the production processes of the Energy, Marine and other industries

WAREHOUSING FACILITIES

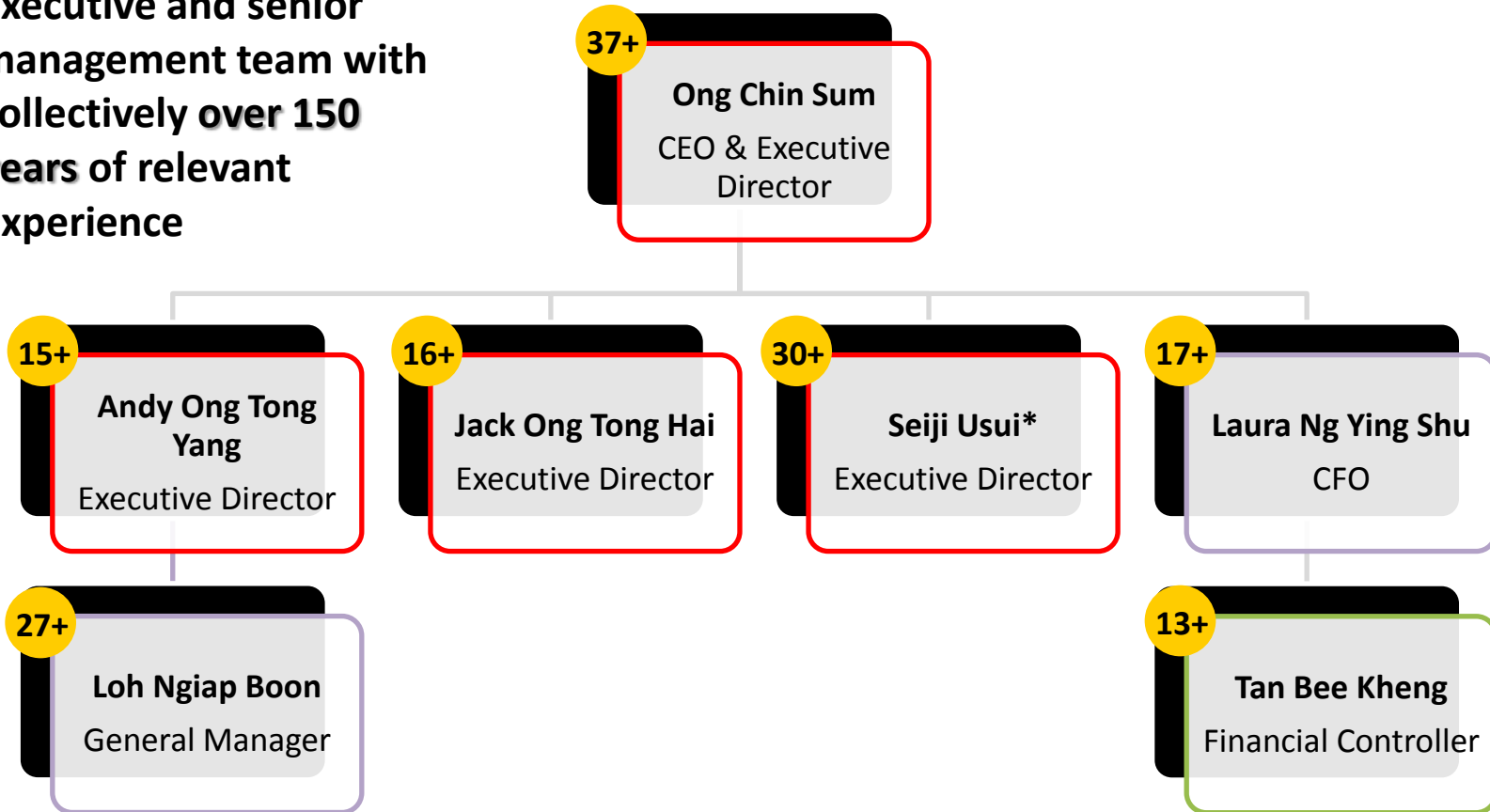



Location	Approx. site area (sq ft)	Tenure
• 14 Lok Yang Way	111,363	60 years lease wef 16 June 1972
• 21A Neythal Road	111,751	30 years lease wef 16 August 1989
• 90 Second Lok Yang Road <i>(Reconstruction in FY2015)</i>	69,998	30 + 10 + 13.25 years lease wef 16 March 1979
• 36 Tuas Crescent	118,274	23 years lease wef 1 May 1997
• 28 Tuas Avenue 13	127,000	Rented

Solidifying **operational security** with extensive warehousing totalling **538,386 sq ft** and inventory management process supported by an integrated computerised **ERP system**

EXPERIENCED MANAGEMENT TEAM

Executive and senior management team with collectively over 150 years of relevant experience

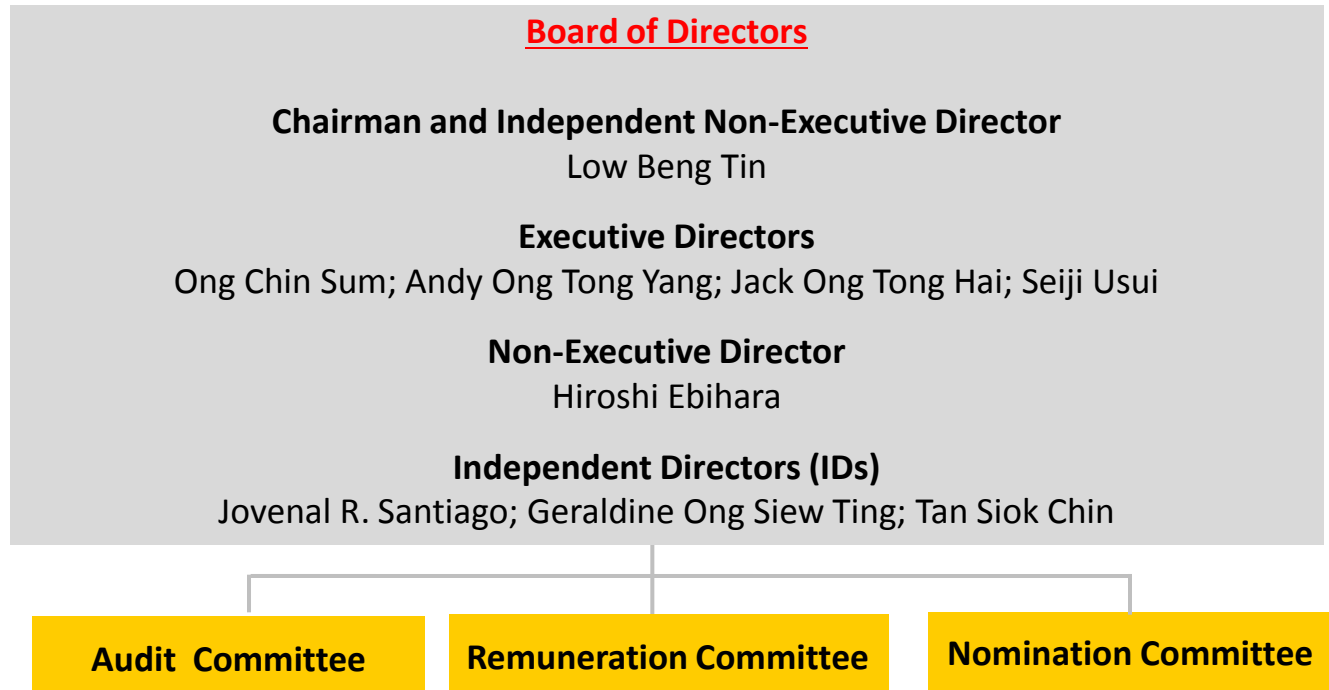


 Number of years of relevant industry experience

* With effect from 1 June 2015

FOCUS ON CORPORATE GOVERNANCE

**Well-organised
and
transparent
committee
structure to
uphold the
best practices
in Corporate
Governance**



- Ranked 92nd out of 644 companies on the GTI in 2014*
- Experienced independent directors with varied experience in legal and accounting professions
- Board composition: 9 member board; 4 are independent
 - Low Beng Tin was re-classified to Chairman and Independent Non-executive Director
 - Appointment of 2 new directors, Seiji Usui and Hiroshi Ebihara, wef 1 June 2015 subsequent to Hanwa Co, becoming a substantial shareholder

* Source: Governance and Transparency Index (GTI), which is jointly launched by The Business Times (BT) and the Centre for Governance, Institutions and Organisations (formerly CGFRC).

CUSTOMER RECOGNITION



CORPORATE

UPDATES

STRATEGIC PARTNER & SHAREHOLDER

Share Exercise



- Issued 26.4 million New Shares at \$0.58/share (premium of 48.7% premium to VWAP); 10% of share capital
- Raised \$14.2 million in net proceeds: To construct new building at 90 Second Lok Yang Way and capex for 36 Tuas Crescent
- Divestment of Ong Chin Sum's entire 21.29% interest in the Group (56.2 million shares) to Hanwa at \$0.58/share

HANWA CO., LTD.

Strategic Alliance

- Tap on Hanwa's extensive customer network, global reach and expertise as a distribution specialist
- Platform to grow the Group: Horizontal expansion of product range and wider market reach

The above transactions were completed on 6 March 2015

SHAREHOLDING STRUCTURE

Substantial Shareholders

As at 30 Apr 2015

Hanwa Co., Ltd.	28.45%
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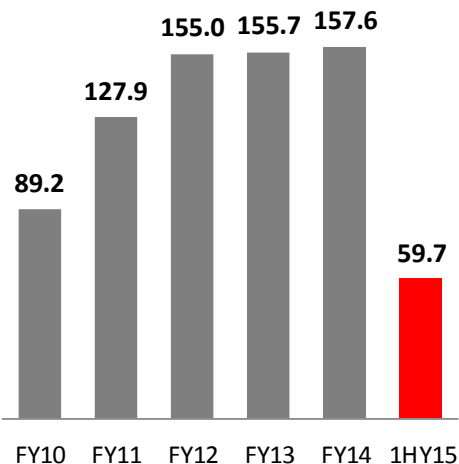
Jack Ong Tong Hai	5.73%
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Andy Ong Tong Yang	5.70%
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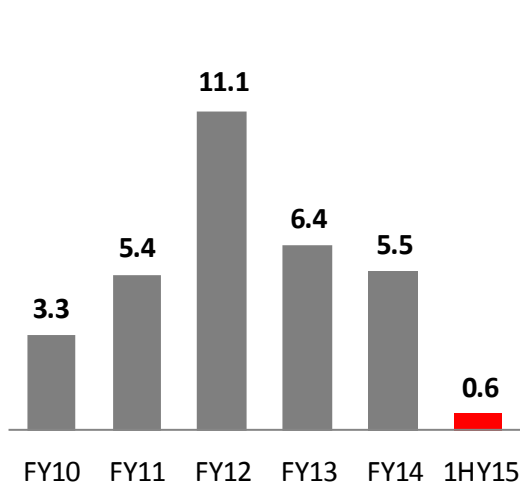
The text "FINANCIAL HIGHLIGHTS" is overlaid on a dark, blurred background. "FINANCIAL" is in a light purple color, and "HIGHLIGHTS" is in white. A vertical dashed white line is positioned to the left of the text. The background shows a person's hands in a white shirt and a gold watch, pointing at a document with a bar chart and a line graph. A dark cylindrical object is visible in the foreground.

FINANCIAL SNAP SHOT

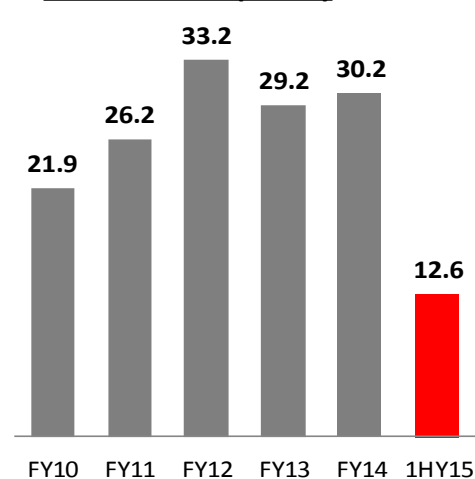
Revenue (S\$m)



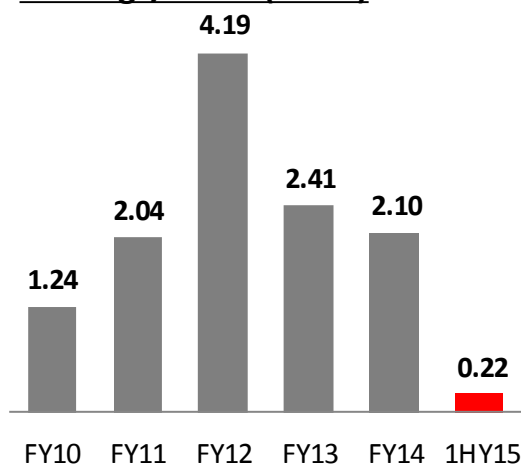
Net Profit (S\$m)



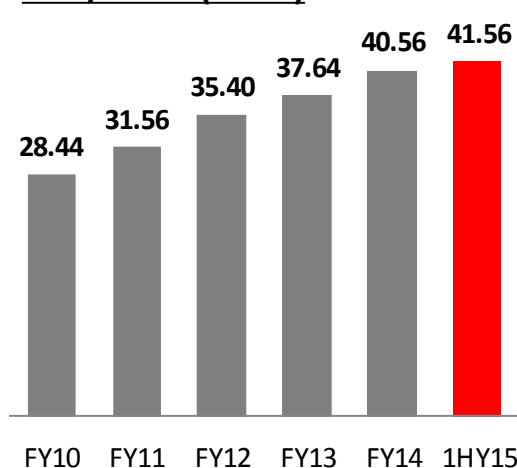
Gross Profit (S\$m)



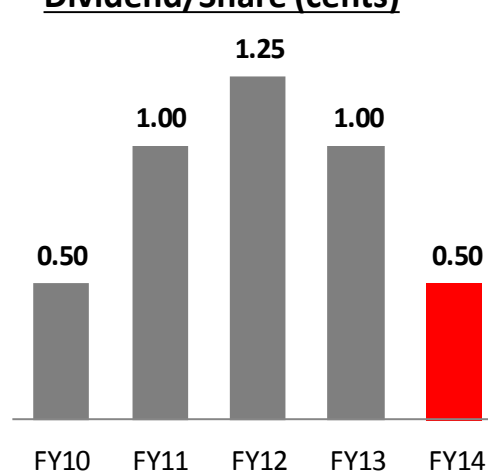
Earnings/Share (cents)



NAV/Share (cents)



Dividend/Share (cents)

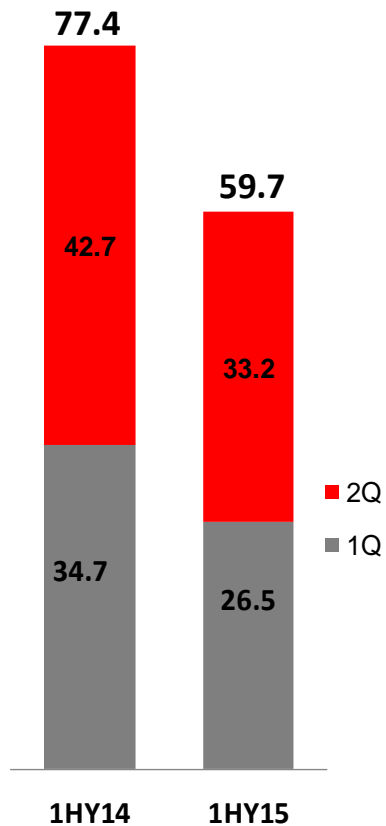


*26.4 mil shares were issued on 6 Mar 2015 following a private share placement exercise with Hanwa Co., Ltd., raising weighted average share base for 1HY15 to 267,761,093 shares

REVENUE

Total Revenue (S\$m)

↓22.9%



Total revenue

- 2QFY2015: ↓ 22.1% to \$33.2m
- 1HY2015: ↓ 22.9% to \$59.7m

Segmental revenue

- Energy Sector: ↓ 27.7% to \$45.6m from \$63.1m in 1HY2014
- Trading: ↑ 179.2% to \$6.1m from \$2.2m in 1HY2014
- Marine and Others: Also ↓

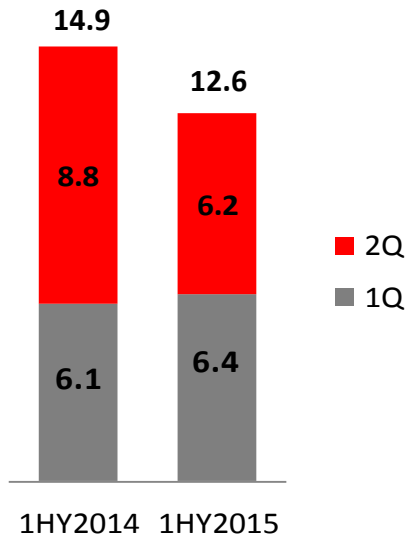
Salient factors

- Energy Sector still accounted for 76.5% of total 1HY2015 revenue
- Flagging oil prices
- Intensifying competition

PROFITABILITY

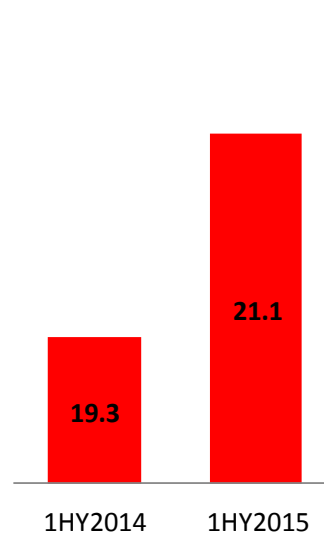
Gross Profit (S\$'m)

↓ 15.5%



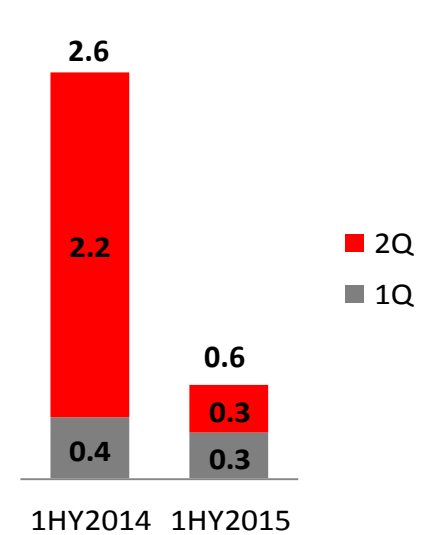
Gross Profit Margin (%)

↑ 1.8% points



Net Profit (S\$'m)

↓ 78.1%




Salient factors

- GPM has increased marginally, despite lower gross profit, due to higher margins on orders received in 1QFY2015
- Net profit lower due to higher distribution costs and administrative expenses arising from customers' requirements and depreciation on properties respectively

KEY FINANCIAL INDICATORS

Profitability Ratios (%)	1HY2015	1HY2014	FY2014
Return on Total Assets	1.4	4.0	4.11
Return on Equity	1.0	5.3	5.37
Efficiency Ratios (Days)	1HY2015	1HY2014	FY2014
Trade Receivables Turnover	115	91	82
Trade Payables Turnover	68	55	61
Inventory Turnover	429	356	344
Liquidity Ratios (Times)	1HY2015	1HY2014	FY2014
Current Ratio	2.40	1.97	1.96
Gearing ratio	0.69	1.02	0.97

A low-angle, upward-looking photograph of a complex industrial facility, likely a steel mill. The image is dominated by a dense network of large, metallic pipes and structural beams, creating a sense of scale and industrial complexity. The lighting is dramatic, with strong highlights and deep shadows, emphasizing the metallic textures and geometric forms.

OUTLOOK +
STRATEGIES

OUTLOOK

Outlook for FY2015

- **Generation of revenue for the rest of the FY expected to be challenging, on the back of falling oil prices**
- **Gross profit margin pressure expected due to competitive conditions**
- **Remain cautious in our outlook for the rest of the FY**
- **CosmoSteel will:**
 - **Review its operations to improve productivity and streamline costs**
 - **Continue to keep up marketing efforts, including seeking customers from other sectors**
 - **Explore the expansion of our product offering**

STRATEGIES

Caution + Prudence



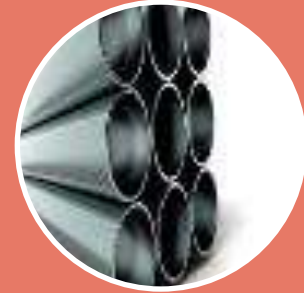
Inventory Specialist

- Maintain extensive and ready stocks for quick turnaround



Market Expansion

- upkeep marketing efforts in the Asia Pacific region
- Strengthen ties with existing and new customers
- Leverage on strategic alliance with Hanwa



Prudent Financial Management

- Stay vigilant
- Manage operating costs
- Improve productivity

THANK YOU

