

4QFY2015 and FY2015 **INVESTORS UPDATE**

November 2015

The background of the entire image is a photograph of two workers in a steel mill. They are wearing hard hats and dark polo shirts with the COSMOSTEEL logo. One worker is holding a document, and the other is pointing towards a stack of steel tees. The scene is dimly lit, with industrial equipment and shelves of steel parts visible in the background.

OPERATIONS OVERVIEW

4 TEE
S100 WPB

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 17 November 2015)

Listed on SGX-ST Mainboard	2007
Current share price (S\$)	0.135
Market capitalisation (S\$m)	39.2
Issued & Paid-up Shares (m)	290



BUSINESS OVERVIEW

**One-stop
Inventory
Specialist**



- Over 25,000 line items
- Pipes, fittings and flanges
- Structural steel, electrical products and cables*
- 411,000 sq ft storage capacity



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

**Serving
Growing
Industries**



FY15 revenue: \$109.9m

Energy: 75.9%	Trading: 8.0%
Marine: 15.0%	Others: 1.1%



**Strong
Customer
Base**

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		

**Safety &
Quality
Focused**

Certification

ISO 9002:1994 (2000)	ISO 14001:2004 (Since 2009)
ISO 9001:2000 (Since 2003)	OHSAS 18001:2007 (Since 2009)
ISO 9001:2008 (Since 2009)	BizSAFE STAR (Since 2012)

OUR MARKETS



CUSTOMERS & USE OF PRODUCTS



Energy

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



Marine

- Shipbuilding
- Ship repairs



Traders

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



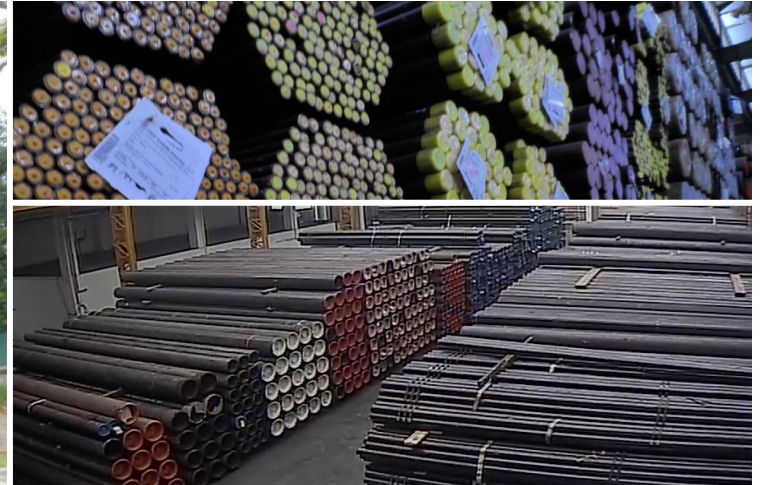
Others

- 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

Over 411,000 sq ft of extensive warehousing capabilities

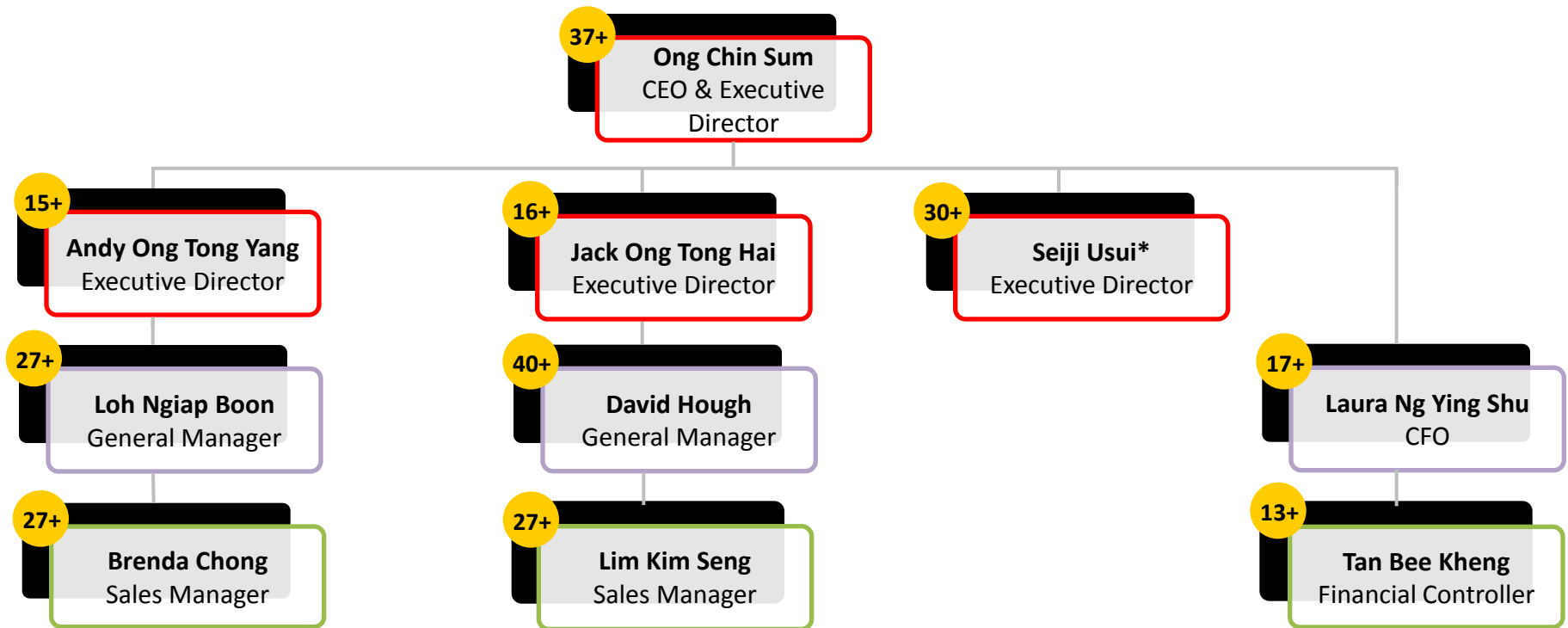


Location	Site area (sq ft)	Use	Tenure
• 14 Lok Yang Way	111,363	Office & Warehouse*	60 years lease wef 16 June 1972
• 90 Second Lok Yang Road <i>(Reconstruction in 2016)</i>	69,998	Office & Warehouse*	30 + 10 + 13.25 years lease wef 16 March 1979
• 21A Neythal Road	111,751	Covered Warehouse*	30 years lease wef 16 August 1989
• 36 Tuas Crescent	118,274	Covered Warehouse*	23 years lease wef 1 May 1997

Solidifying operational security with extensive warehousing totalling 411,000 sq ft and inventory management process supported by an integrated computerised ERP system

*With machineries to provide value-added services to customise products to customers' specific requirements.

EXPERIENCED MANAGEMENT TEAM



Highly experienced executive and senior management team with **extensive and relevant industry experience**;
Strong sales and marketing team with **established contacts and in-depth industry knowledge**

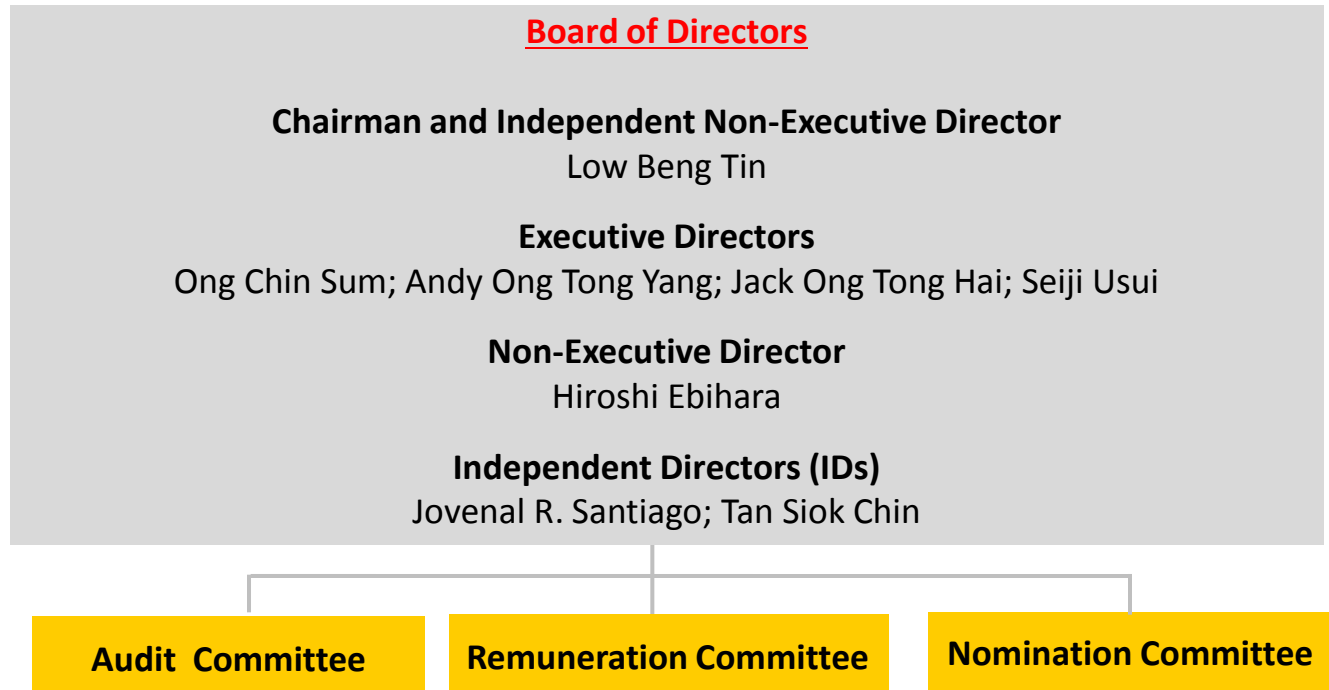


Number of years of relevant industry experience

* 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 157th out of 639 companies on the GTI in 2015*
- Experienced independent directors with varied experience in legal and accounting professions
- Board composition: 8 member board; 3 are independent
 - Appointment of 2 new directors, Seiji Usui and Hiroshi Ebihara, wef 1 June 2015 subsequent to Hanwa Co, becoming a substantial shareholder

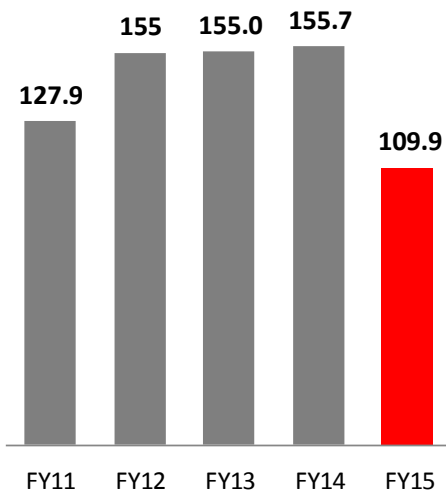
* Source: Governance and Transparency Index (GTI), which is jointly CPA Australia, The Business Times and the Centre for Governance, Institutions and Organisations (CGIO) of NUS Business School, National University of Singapore.

A dark, moody background image showing a person's hands in a business suit. One hand is pointing at a document with a bar chart and line graph, while the other rests on a rolled-up document. In the foreground, there are two dark, cylindrical objects, possibly steel pipes or rollers. The overall scene suggests a professional financial or industrial setting.

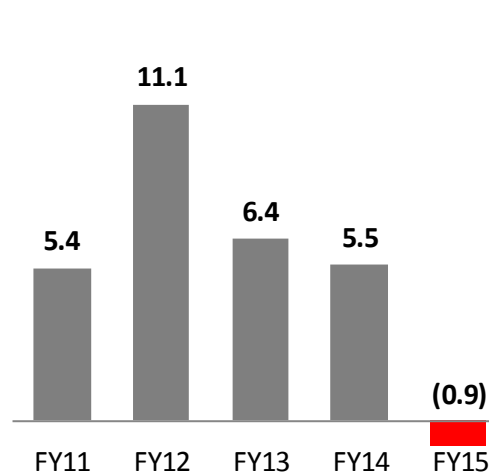
FINANCIAL HIGHLIGHTS

FINANCIAL SNAP SHOT

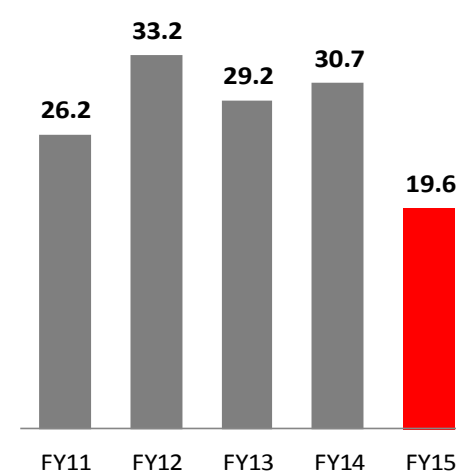
Revenue (\$\$'m)



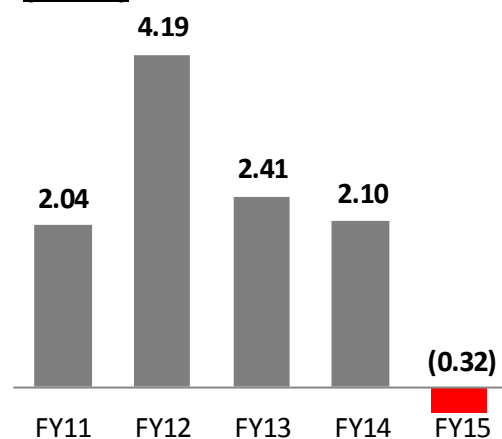
Net Profit / (Loss) (\$\$'m)



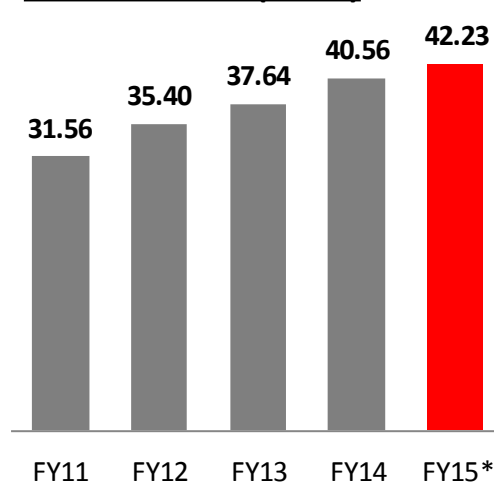
Gross Profit (\$\$'m)



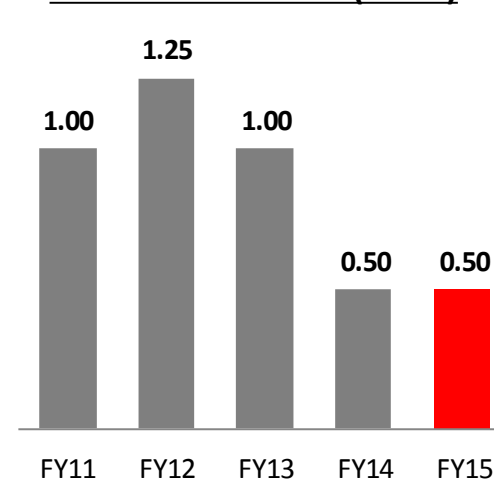
Earnings / (Loss) Per Share (cents)



NAV Per Share (cents)



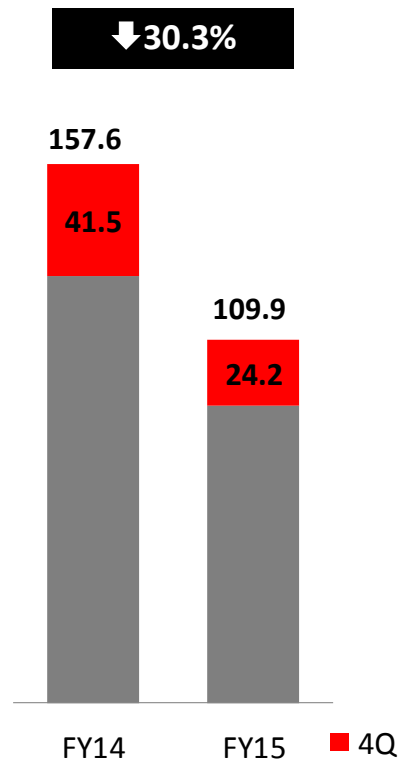
Dividend Per Share (cents)



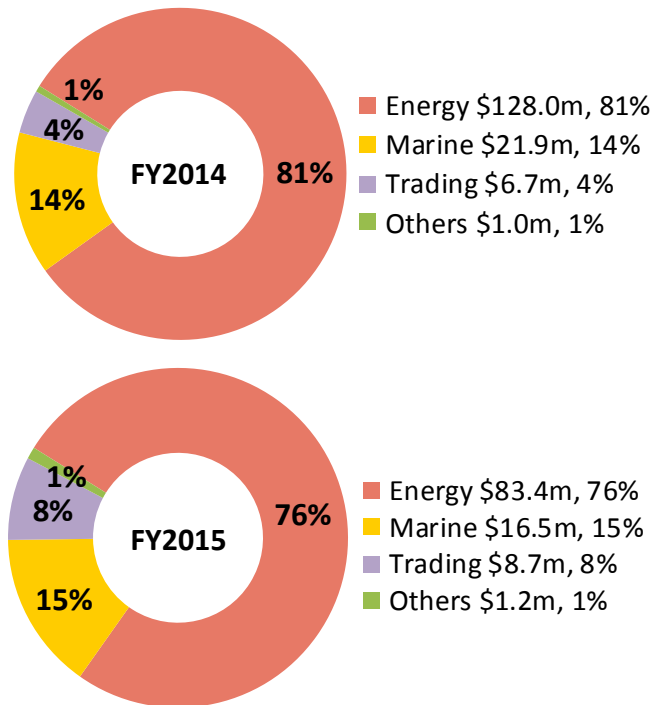
* The increase in NAV was due to 26.4 mil shares that were issued on 6 Mar 2015 following a private share placement exercise with Hanwa Co., Ltd., raising the total number of issued shares to 290,399,997 shares as at 30 September 2015

REVENUE

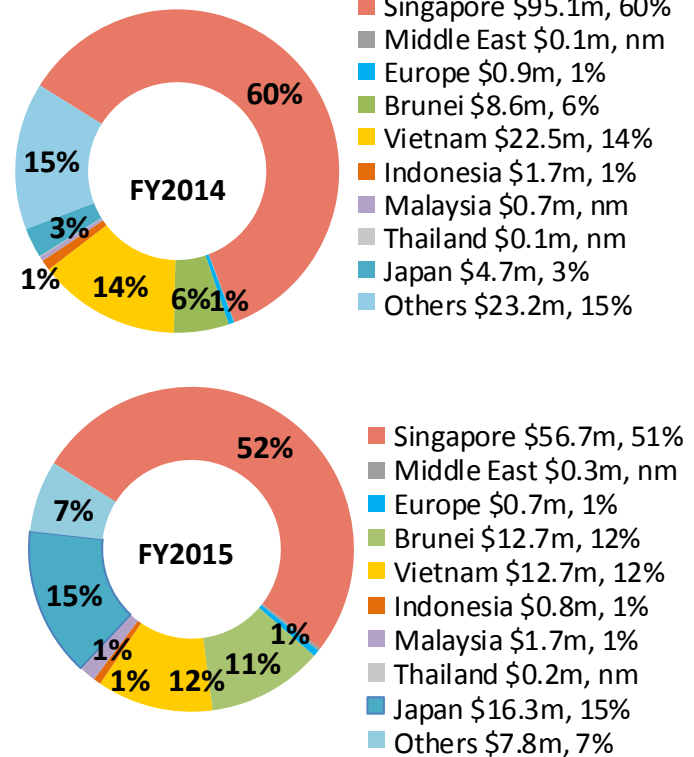
Total Revenue (S\$m)



Revenue by Industry (%)



Revenue by Geography (%)



Total revenue

- 4QFY2015: ↓ 41.6% to \$24.2m
- FY2015: ↓ 30.3% to \$109.9m

Segmental revenue

- Energy Sector: ↓ 34.8% to \$83.4m
- Marine Sector: ↓ 24.8% to \$16.5m
- Trading : ↑ 30.7% to \$8.7m
- Others: ↑ 26.9% to \$1.3m

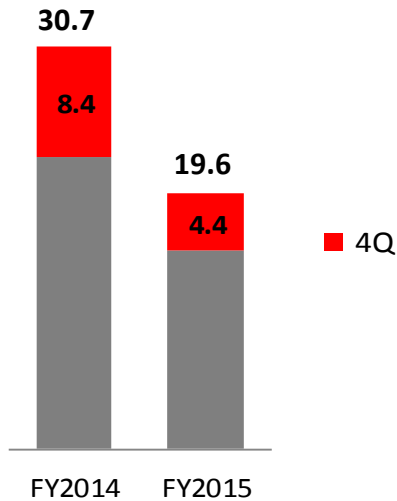
Salient factors

- Energy Sector remains a major market with 75.9% of total FY2015 revenue
- Weak global economy and oil prices affecting customers and new projects
- Intense competition

PROFITABILITY

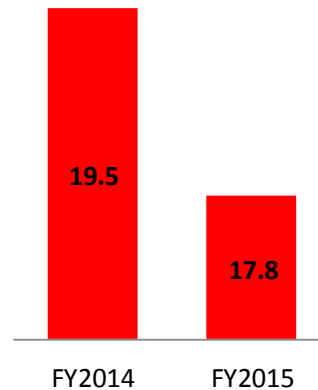
Gross Profit (S\$'m)

↓ 36.4%



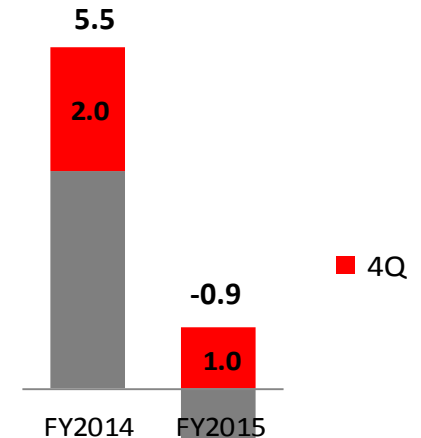
Gross Profit Margin (%)

↓ 1.7% points



Net Profit (S\$'m)

↓ 116.0%



Salient factors

- Gross profit dipped 36.4% on the back of lower revenue
- GPM has decreased 1.7 percentage points, due to additional services such as logistics handling provided to customers

KEY FINANCIAL INDICATORS

Efficiency Ratios (Days)	FY2015	FY2014
Trade Receivables Turnover	115	82
Trade Payables Turnover	64	61
Inventory Turnover	441	344
Liquidity Ratios (Times)	FY2015	FY2014
Current Ratio	3.00	1.94
Gearing ratio	0.47	0.97

DIVIDEND




First and final dividend

0.5 cents

Per share

Dividend yield

4.3%*

A low-angle, upward-looking photograph of a complex industrial facility. The scene is dominated by large, metallic, cylindrical pipes and ducts that curve and intersect, creating a sense of depth and scale. The lighting is dramatic, with strong highlights on the metallic surfaces and deep shadows in the recessed areas, suggesting a high-temperature or high-pressure environment. The overall color palette is dark, with greys, blacks, and metallic blues, punctuated by the bright yellow and white text.

OUTLOOK +
STRATEGIES

OUTLOOK

Outlook for FY2016

- Market is expected to continue to be challenging, on the back of weak oil prices and global uncertainties
- Gross profit margin pressure expected due to increasingly competitive conditions from local and global players
- Remain cautious in our outlook for FY2016

STRATEGIES

Caution + Prudence



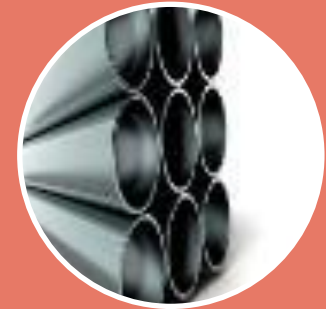
One-stop Inventory Specialist

- Maintain extensive and ready stocks for quick turnaround
- Expanded inventory range that included structural steel, electrical products and cables



Market Expansion

- Upkeep marketing efforts in the Asia Pacific region
- Strengthen ties with existing and new customers
- Leverage on strategic alliance with Hanwa to bring our products to new markets



Prudent Financial Management

- Stay vigilant
- Cost management
- Improve productivity and efficiency

THANK YOU

