

1HY2016 INVESTORS UPDATE May 2016

S COSMOSTEEL

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 10 May 2016)	
Listed on SGX-ST Mainboard	2007
Current share price (S\$)	0.122
Market capitalisation (S\$m)	35.4
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 (2009)	
		ISO 9001:2000 (2003)		OHSAS 18001:2007 (2009)	
		ISO 9001:2008 (2009)		BizSAFE STAR (2012)	
		ISO 22301:2012	2 (2015)		

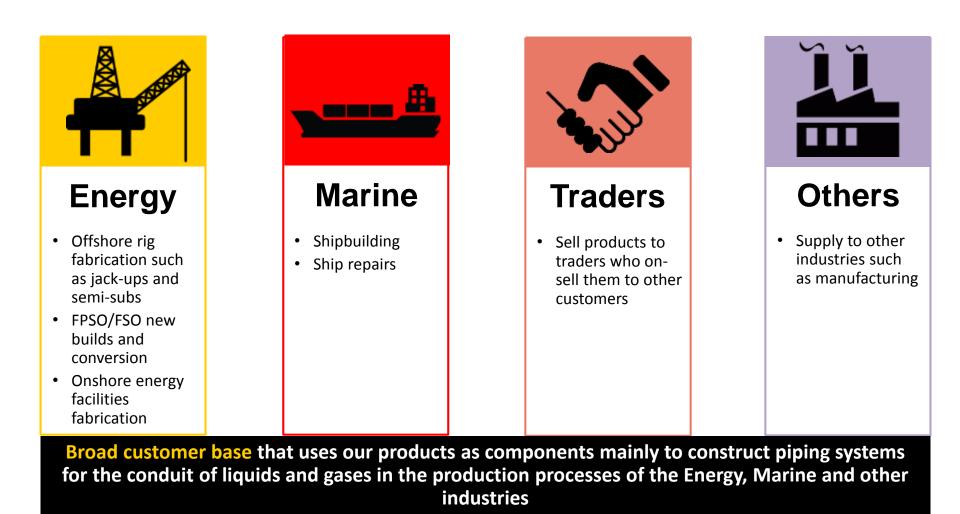


*Extended product range from strategic alliance with Hanwa Co., Ltd.

OUR MARKETS



CUSTOMERS & USE OF PRODUCTS



COSMOSTEEL

WAREHOUSING FACILITIES

Over 411,000 sq ft of extensive warehousing capabilities



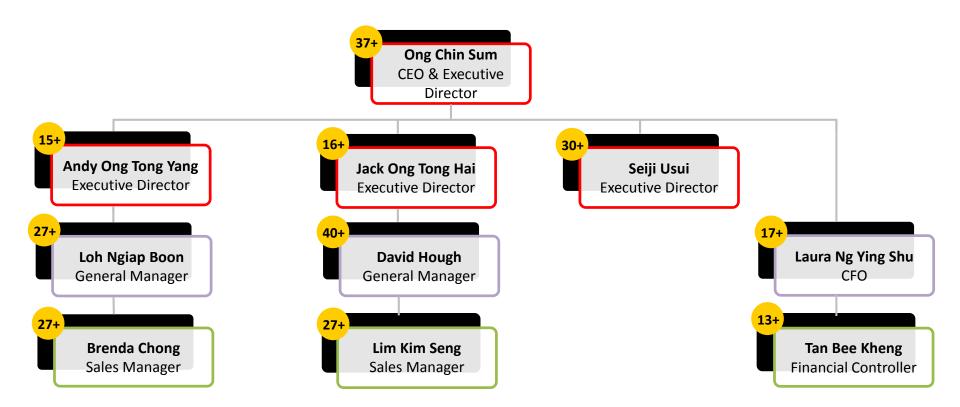
Location	Site area (sq ft)	Use	Tenure
• 14 Lok Yang Way	111,363	Office & Warehouse*	60 years lease wef 16 June 1972
• 90 Second Lok Yang Road (Reconstruction in 2016)	69,998	Office & Warehouse*	30 + 10 + 13.25 years lease wef 16 March 1979
21A Neythal Road	111,751	Covered Warehouse*	30 years lease wef 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

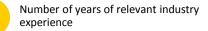
*With machineries to provide value-added services to customise products to customers' specific requirements.



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





FOCUS ON CORPORATE GOVERNANCE

	Board of Directors			
Well-organised and	Chairman and Independent Non-Executive Director Low Beng Tin Executive Directors Ong Chin Sum; Andy Ong Tong Yang; Jack Ong Tong Hai; Seiji Usui Non-Executive Director Hiroshi Ebihara Independent Directors (IDs) Jovenal R. Santiago; Tan Siok Chin			
transparent committee				
structure to uphold the				
best practices in Corporate				
Governance				
	Audit Committee	Remuneration Committee	Nomination Committee	

- 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

* 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

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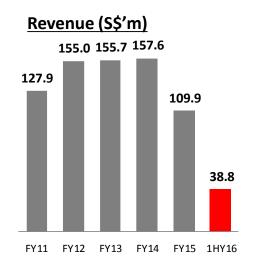




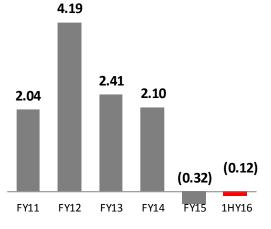
FINANCIAL

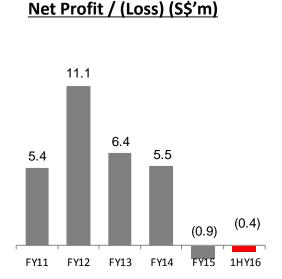
HIGHLIGHTS

FINANCIAL SNAP SHOT

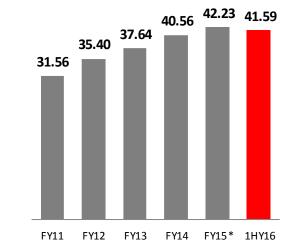


Earnings / (Loss) Per Share (cents)

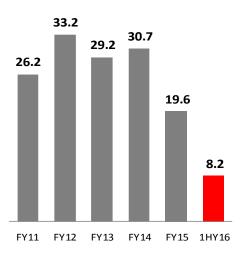




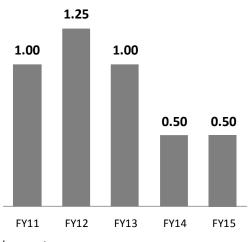
NAV Per Share (cents)



<u>Gross Profit (S\$'m)</u>



Dividend Per Share (cents)



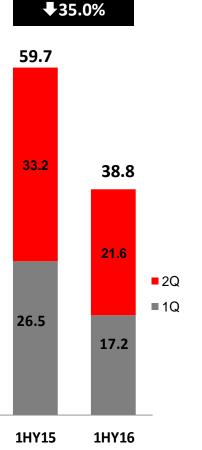
* The increase in NAV was due to 26.4 mil shares that were issued on 6 Mar 2015 following a private share placement exercise with Hanwa Co., Ltd., raising the total number of issued shares to 290,399,997 shares as at 30 September 2015

COSMOSTEEL

- 12

REVENUE

Total Revenue (S\$'m)



Total revenue

- 2QFY2016: **4** 34.9% to \$21.6m
- 1HY2016: ♣ 35.0% to \$38.8m

Segmental revenue: 1HY2016

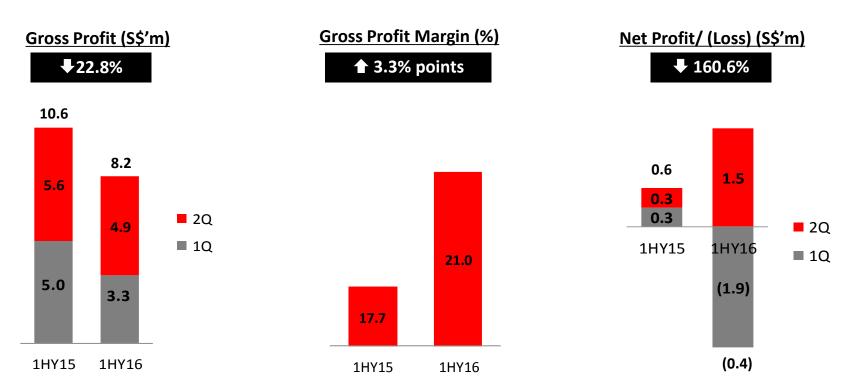
- Marine Sector: 177.9% due to new orders secured
- Energy and Marine Sector accounted for 91.1% of total 1HY2016 revenue
- Singapore and Vietnam accounted for 81.9% of total 1HY2016 revenue

Salient factors

- Energy industry slump
- Intense competition



PROFITABILITY



Salient factors

- GPM has increased, despite lower gross profit, due to higher margins on orders received
- Net loss resulted from higher depreciation charges on its properties



KEY FINANCIAL INDICATORS

Efficiency Ratios (Days)	1HY16	1HY15	FY15
Trade Receivables Turnover	119	115	115
Trade Payables Turnover	60	68	64
Inventory Turnover	593	429	441
Liquidity Ratios (Times)	1HY16	1HY15	FY15
Current Ratio	3.61	2.40	3.00
Debt-to-Equity Ratio	0.23	0.51	0.34





OUTLOOK +

STRATEGIES



Outlook for FY2016 Persisting volatility of the energy industry expected to have a continuing detrimental effect on our operations. **Concentrating efforts on cost management.** •



STRATEGIES

Caution + Prudence



Inventory Specialist

• Maintain extensive and ready stock at optimal levels for quick turnaround



Market Sustenance

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



Prudent Financial Management

- Stay vigilant
- Manage operating costs
- Improve productivity and efficiency



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THANK YOU