



CosmoSteel Holdings Limited

FY2007 Financial Results

28 November 2007

Serving the growing Energy and Marine industries



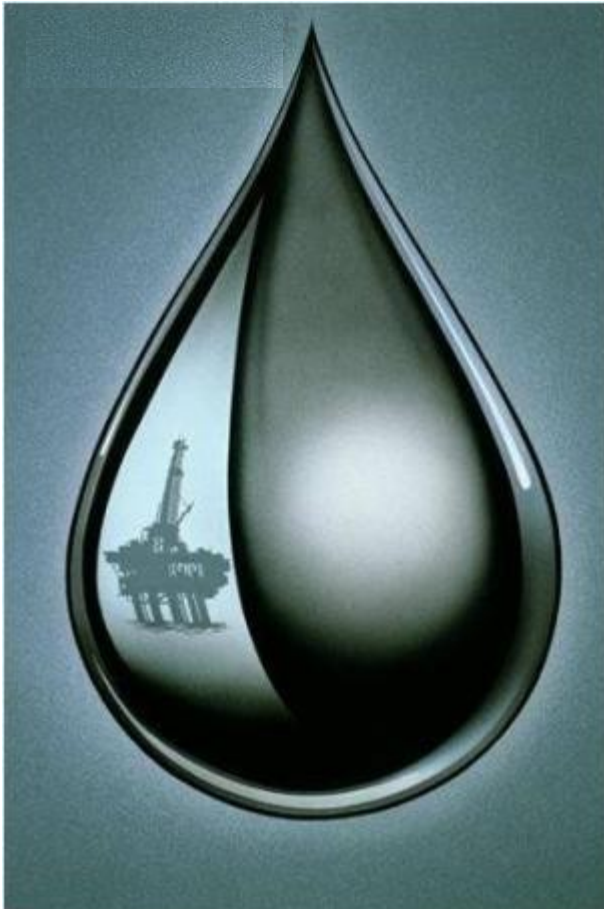
Corporate Profile

Serving the growing Energy and Marine industries

Our business



PROXY TO BOOMING ENERGY & MARINE INDUSTRIES



Business

Backed by a 23-year track record, CosmoSteel sources and distributes piping system components

Products

10,000 line items comprising mainly pipes, fittings and flanges sourced from a wide network from Europe, US and Asia (including Japan and the PRC)

Customer types

Predominantly companies in the Energy and Marine industries in Southeast Asia

Reputable key customers

Keppel Group • SembCorp • Alstom Group • Dyna-mac Engineering • P.T. Toyo Kanetsu Indonesia

Our products – Pipes, fittings and flanges

Approximately 10,000 line items mainly made up of carbon steel or stainless steel products

Pipes



- Types: Welded • Seamless pipes
- A conduit consisting of a long hollow steel object to hold and conduct liquids and gases



Fittings



- Types: Butt-weld • Forged outlet • Forged • Malleable
- Steel object used to join 2 sections of a pipe or other fittings together



Flanges



- Types: Weldneck • Socketweld • Threaded • Slip-on • Blind • Lap-joint • Orifice
- Protruding rim or collar to secure 2 or more pipes to strengthen existing piping system



Customers types



Energy industry



Our products are used for offshore rig fabrication (including jack-up and semi submersible-rigs), FPSO/FSO vessel conversion and building and onshore Energy facilities fabrication

Marine industry



Our products are used for shipbuilding and repairs

Traders

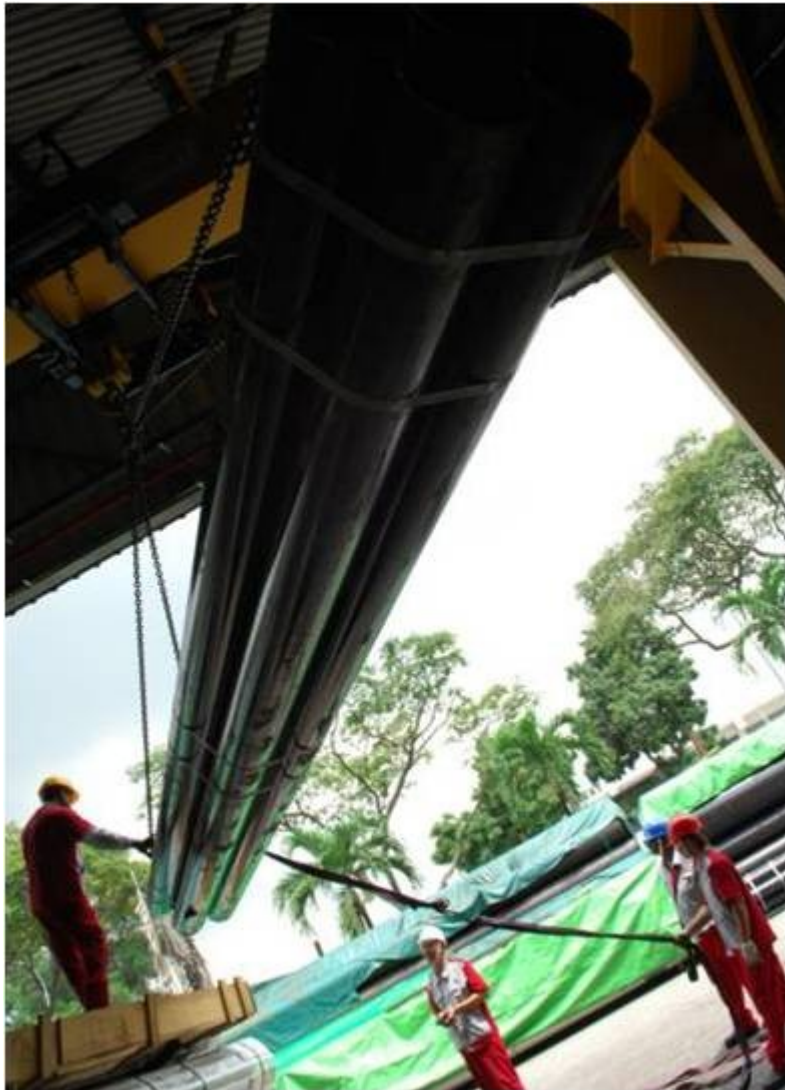
We sell our products to traders who on-sell them to other customers

Others



Our customers in other industries include manufacturing and pharmaceutical sectors

Production facilities



Location: 14 Lok Yang Way
Singapore

Use: Office and warehouse
(with machineries to
provide value-added
services to customise
products to customers'
specific requirements)

Site area: About 10,346 sq. m.

Floor area: About 8,673 sq. m.
(excluding voids)

Tenure: 60 years with effect from
16 June 1972

Sales and marketing



Sales & marketing department comprises 4 teams

Andy Ong
Exec Director,
Sales & Marketing

Tatsuro Mori
Exec Director,
Business Dev.

Chong Siew Kuen
Manager,
Sales

Lim Kim Seng
Manager,
Project Sales

- Managers each have an average of 20 years experience in our industry
- Established wide and valuable contacts and customers
- Each team assigned a dedicated customer portfolio which allows them to build and entrenched relationship with each of the customers

Inventory management



Inventory management process supported by integrated computerised system:



Allows for:

Ready access to relevant historical and current data on:

- Sales transactions
- Purchases transactions
- Inventory and accounts

Established controls for inventory carrying policy such as:

- Minimum holding quantities
- Standard reorder quantities

Quality assurance



Awarded ISO 9002:1994 certification for sales, supply and machining of flanges, steel fittings, tubings and pipes by Bureau Veritas Quality International (“BVQI”) in 2000, which was replaced with ISO 9001:2000 certification in 2003

Customer Relationship Management

- ▶ Process all enquiries within 3 days
- ▶ Address and rectify complaints within 2 days
- ▶ Conduct annual survey to obtain customers’ feedback

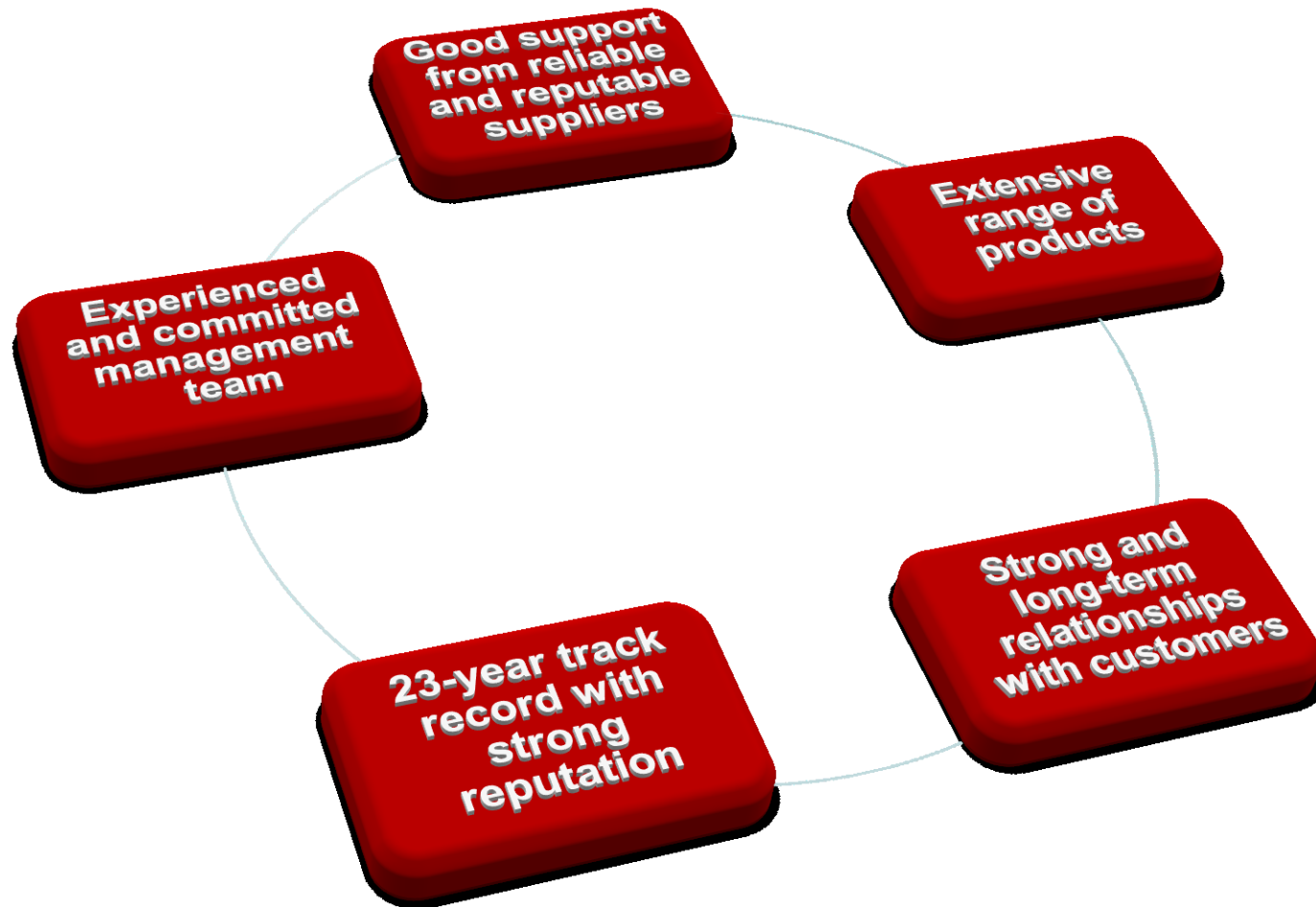
Inventory Quality Controls



Internal Quality Audit

- ▶ Internal audits performed by internally-trained personnel are carried out at least once a year to ensure processes are continually in compliance with the ISO 9001:2000 standards
- ▶ To commission external auditors to review system of internal controls post-listing

Key competitive strengths





Financial Performance FY2007

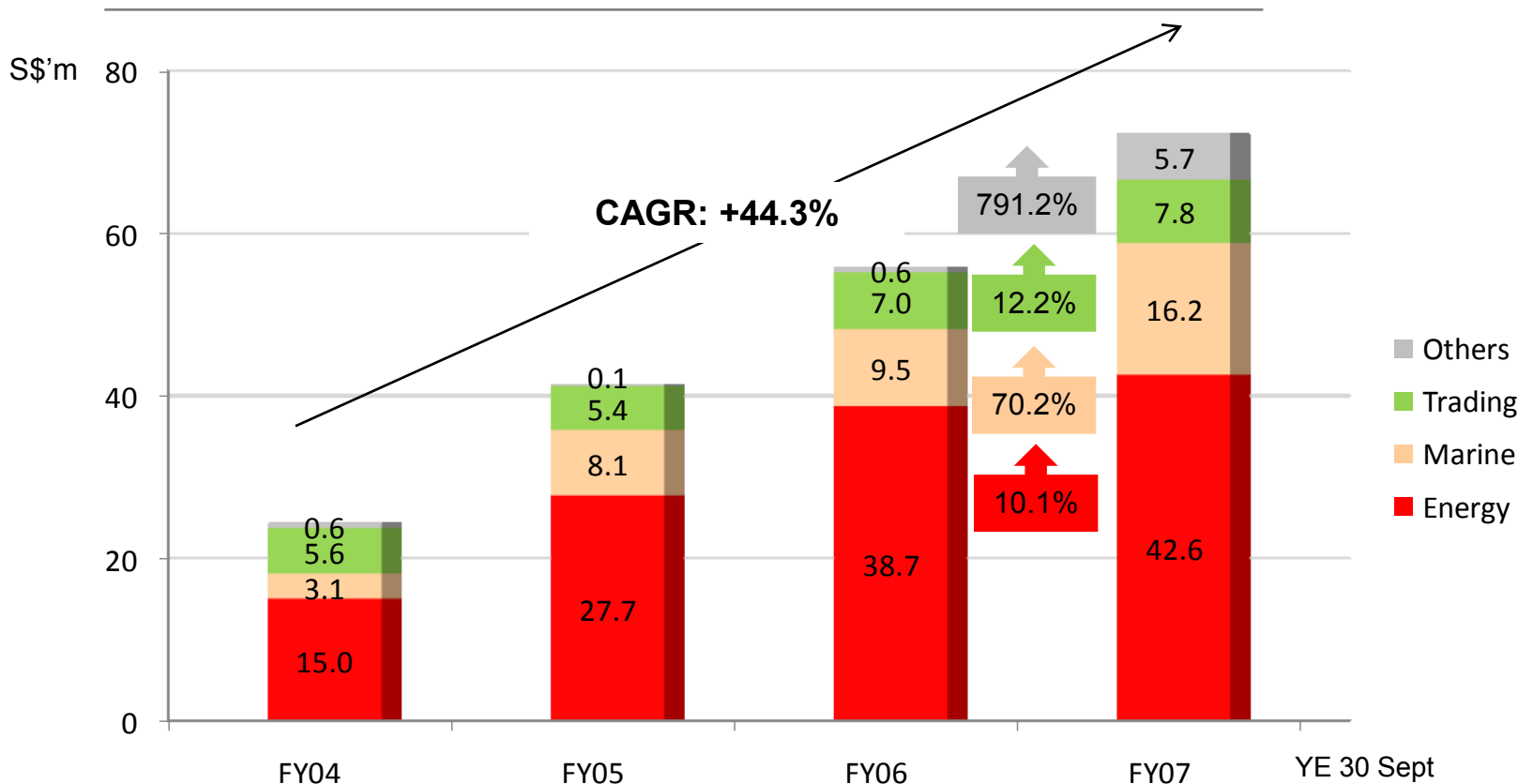
Serving the growing Energy and Marine industries

Financial highlights



	FY07 S\$m	FY06 S\$m	% Change YoY
Revenue	72.4	55.9	+29.6
Gross Profit	17.8	15.0	+19.1
Net Profit	7.6	6.1	+24.9

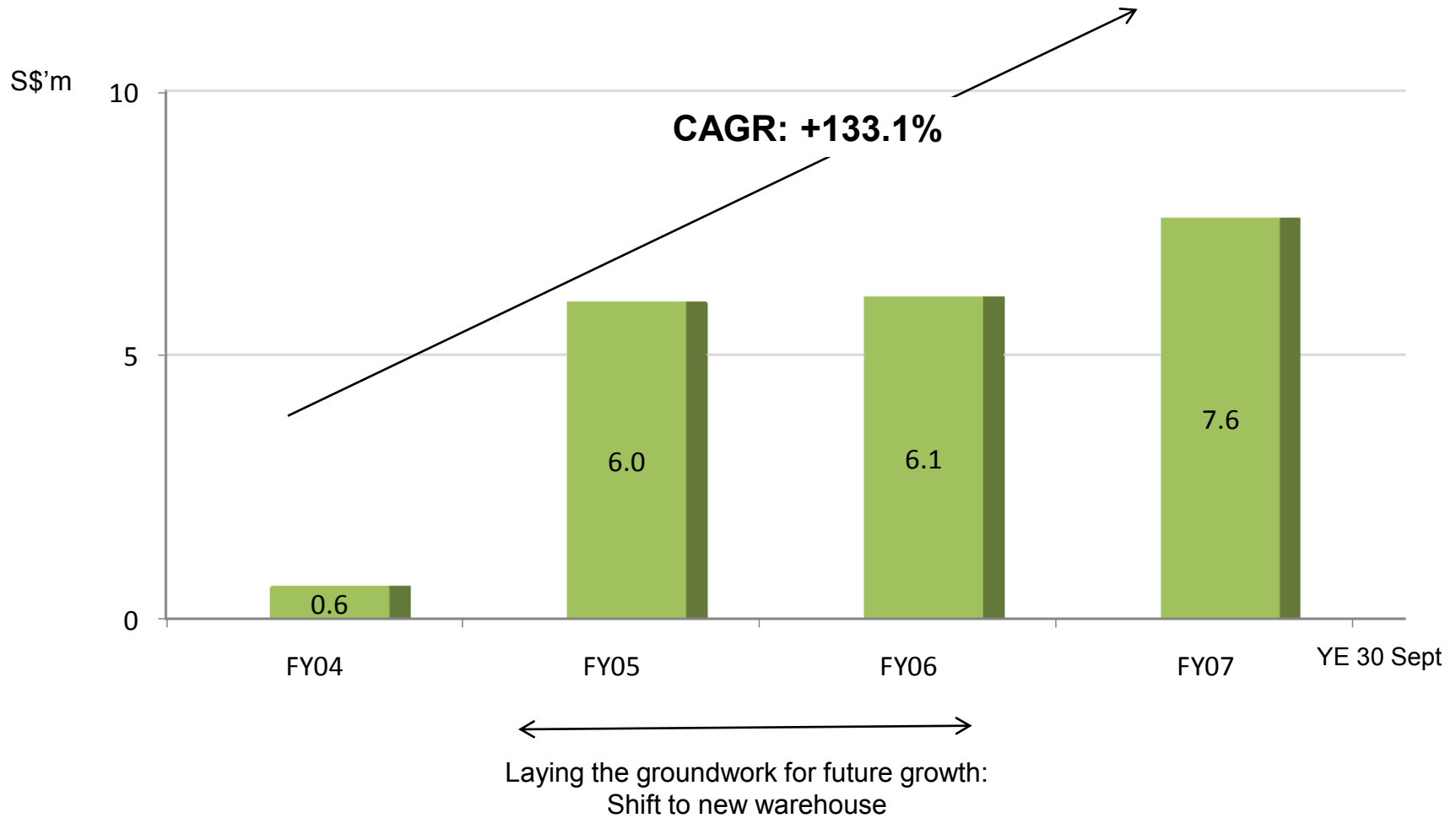
Revenue



Broad-based revenue growth fueled by Marine and Energy segments

- Expansion of inventory range to include low alloy and high yield pipes
- New customers

Net profit

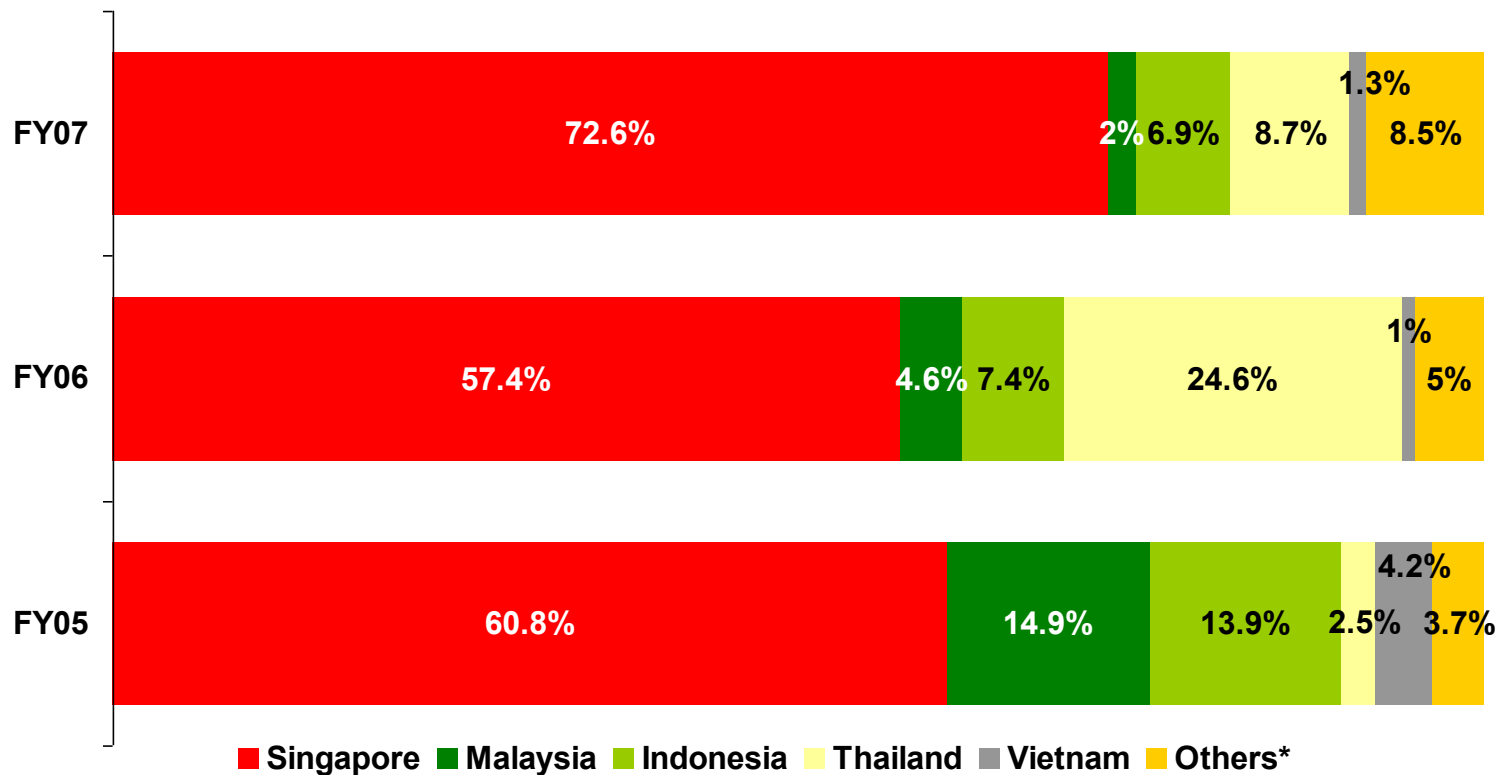


Healthy gross profits and margins



- Overall growth in gross profits to S\$17.8m from S\$15.0m
- Dip in gross profit margins due to increased purchases of inventories, specifically pipes, which were more expensive as compared to FY06

Revenue by geographical markets



- Increase in revenue contribution from Singapore from Marine-sector customers

Key financial indicators



<i>Profitability Ratios (%)</i>	<i>FY04</i>	<i>FY05</i>	<i>FY06</i>	<i>FY07</i>
<i>Return on Total Assets</i>	10.56	39.83	24.48	20.04
<i>Return on Equity</i>	18.08	75.91	41.35	29.74
<i>Efficiency Ratios (Days)</i>	<i>FY04</i>	<i>FY05</i>	<i>FY06</i>	<i>FY07</i>
<i>Trade Receivables Turnover</i>	65	49	70	100
<i>Trade Payable Turnover</i>	122	92	141	141
<i>Inventory Turnover</i>	114	172	160	142
<i>Liquidity Ratios (Times)</i>	<i>FY04</i>	<i>FY05</i>	<i>FY06</i>	<i>FY07</i>
<i>Current Ratio</i>	1.59	1.49	1.77	1.99
<i>Gearing ratio</i>	1.65	1.65	1.20	0.93



Market Opportunities

Serving the growing Energy and Marine industries

Singapore is a leader in the global offshore and Marine industry



RIDING THE HIGH SEAS

Continuing high oil prices helped the local marine and offshore industry make a big splash in the Singapore economy last year. Gabriel Chen highlights some key points from the Economic Development Board's latest review



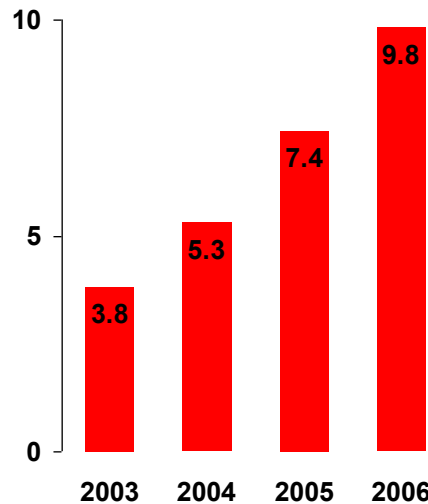
STRONG DEMAND

"A 40 per cent growth in output is quite exceptional...Continued strong growth in rig building and FPSO conversion is expected as demand for oil and gas exploration and production remains robust, especially in Asia."

MR SIA KHENG YEK, EDB's director for transport engineering

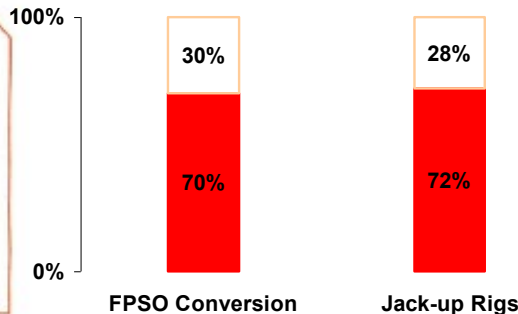
2006 SCOREBOARD	GROWTH FACTORS	EXPANSION MOVES
<ul style="list-style-type: none"> 40% Overall growth of the industry \$9.8b Total value of the industry 46,300 Number of workers employed \$246m Amount of value-add per year that new projects are expected to add to Singapore's economic growth when fully implemented 	<ul style="list-style-type: none"> Significant increase in oil rig building and floating production, storage and offloading (FPSO) vessel conversion. New opportunities in marine equipment manufacturing as more equipment suppliers look to establish bases in Asia. Investment in research and development on big hopes for future—such as eco-friendly ships and complex rig designs. 	<ul style="list-style-type: none"> Keppel Fels upgraded its existing facility, enabling it to manufacture oil rigs that can be deployed in deeper waters and withstand harsher environments. SembCorp Marine embarked on capacity expansion projects to enhance its rig building capabilities.

Singapore's Offshore Industry Turnover (S\$'b) (1)



- Singapore is a major ship repair centre for tankers, container vessels and gas carriers
- Growth is expected with current high volumes of ship repair, rig building and offshore contracts and tight global shipyard capacity

Singapore's Share of Global FPSO and Rigs Market (2006)



- Of the total 72 jack-up rigs ordered worldwide in 2006, the Keppel Group and SCI Group captured 72% of this market⁽²⁾
- Replacement trend: By 2007, approximately 90% or 355 of jack-up rigs will be over 20 years old and will need replacing⁽³⁾

(1) The Straits Times, 26 April 2007, "Riding the High Seas"

(2) The Business Times, 5 December 2006, "Becoming World Number One"

(3) <http://ods-petrodata.com>

Increasing international trade & global maritime transportation demand

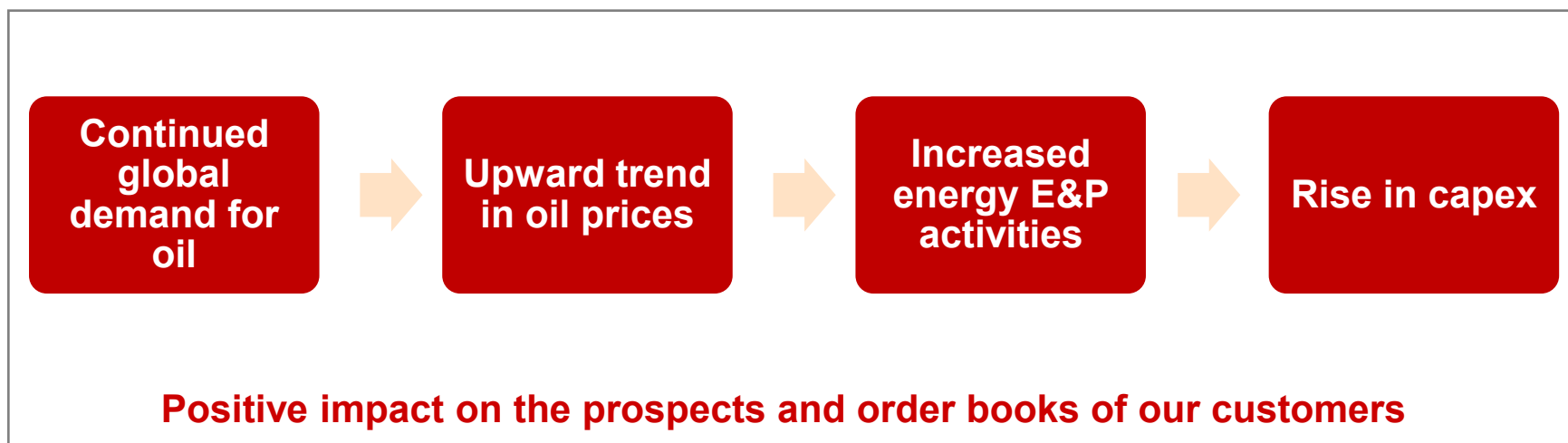
- ***Increasing international trade & global maritime transportation demand have lead to a positive impact on regional shipbuilding and repair activities***
 - Singapore has 20% of the global ship repair market*



Growth of Energy-related industries

World oil demand is projected to grow at a rate of 1.3 million barrels per day or 1.57% in 2007 from increasing demand from developing countries, member countries of OECD and the PRC(1)

Rising crude oil prices from an average monthly price of US\$30 per barrel in 2003 to a peak of over US\$73 in July 2006(2)



(1) OPEC Monthly Oil Market Report, December 2006

(2) North East Scotland Economic Research, <http://www.nesar.org.uk>

Positive developments in the Energy sector in Asia



Increasing political instability in the Middle East have lead to increased offshore oil & gas exploration activities, and demand for oil rigs, in the Asia region





Future Plans

Serving the growing Energy and Marine industries

Key developments since listing



Current Valuation

Listing date (SGX Main Board)	22 June 2007
IPO Share Price	S\$0.26
Share Price (Market close: 27 Nov 07)	S\$0.415
Shares Outstanding	176,200,000
Market Capitalisation	S\$71.2 million

Key developments since listing

12 September 2007

Exercise option to purchase new property at 21A Neythal Road to accommodate business growth.

25 October 2007

Appointment of Loh Ngiap Boon to GM to drive CosmoSteel's overseas expansion.

23 November 2007

KVA Energy: 50/50 JV with Federal to target energy projects in the Asia Pacific.

28 November 2007

Reports FY2007 results: Net profit up 24.9% to S\$7.6m, on 29.6% rise in sales to S\$72.4m

Future plans



Extend geographical reach

Target emerging energy markets



Increase and widen product range

Widen product range to include pipes for the water and construction industries



Enhance value-added service capabilities

Plans to acquire more machining equipment to increase the capacity and range of services

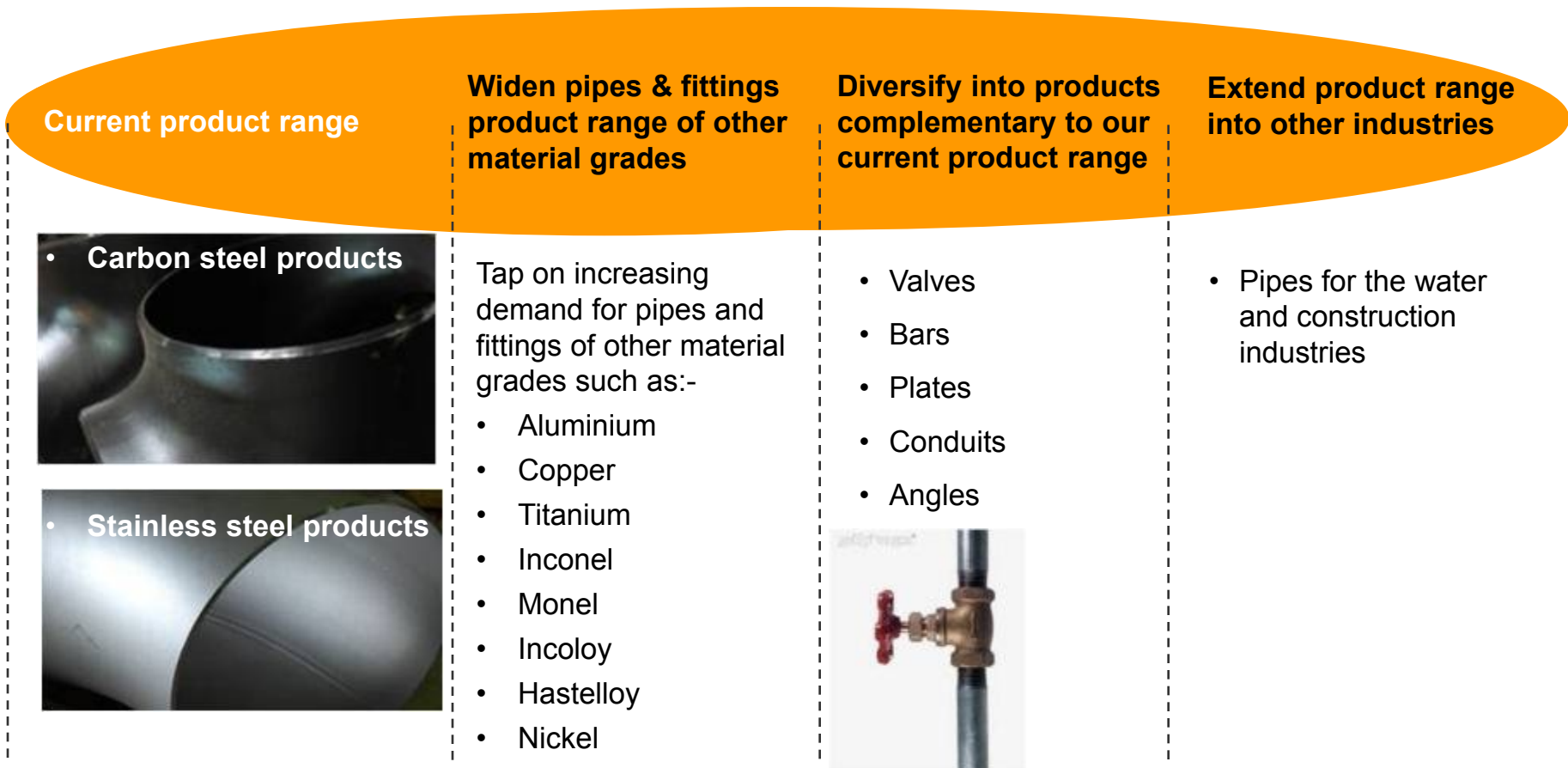


Acquisitions, JVs and alliances

Incorporation of KVA Energy, a 50/50 JV with Federal to target energy projects in the Asia Pacific

4-pronged strategy to achieve growth

Increase and widen our product range



A more comprehensive product range will allow us to better fulfill our customers' wide ranging needs and augment our competitiveness

Enhance value-added service capabilities

Customisation services

- ***Increase capacity and range of customisation services by acquiring more machining equipment***

Value-added services

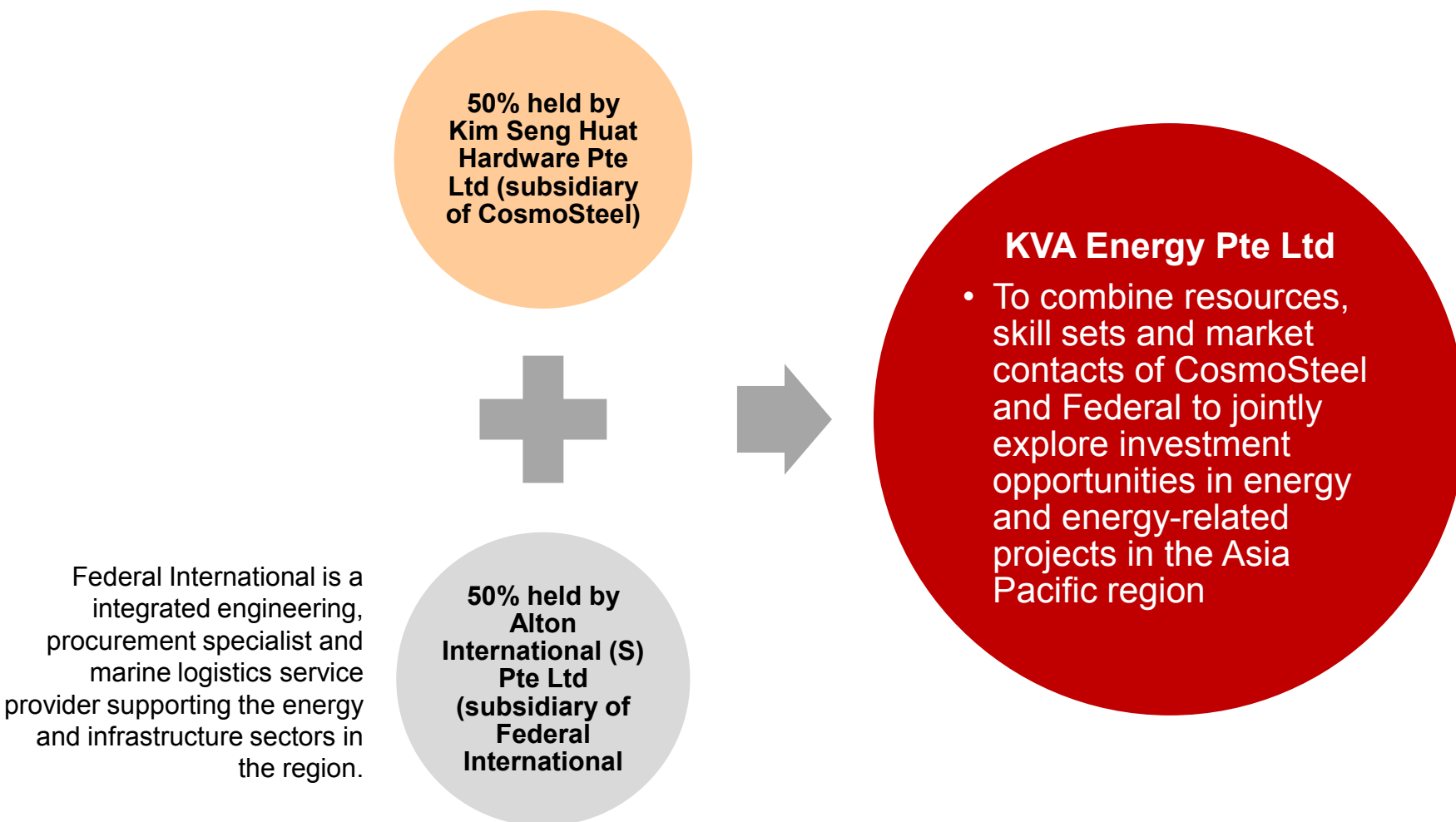
- ***Expand range of value-added services by providing validation and testing services by acquiring more machining equipment***



- ***Enhance quality assurance process***
- ***Ensure quality of products distributed to customers***



Acquisitions, JVs and alliances



New warehouse to accommodate growth



Location: 21A Neythal Road

Use: Warehouse (with machineries to provide value-added services to customise products to customers' specific requirements)

Land area: About 111,747 sq. ft.

Built-up area: About 61,806 sq. ft.

Tenure: JTC lease with remaining tenure of 12 years

Completion: Ready for use by December 2007



Thank you

Q&A

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