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Contact Information

**August Consulting**

Tel: (65) 6733 8873 Fax: (65) 6733 9913

Silvia HENG – [silvia@august.com.sg](mailto:silvia@august.com.sg)

## **CosmoSteel’s earnings in FY09 surges 40.9% to S\$13.7m on buoyant Energy-segment orders**

- *FY2009 growth underpinned by doubling of sales in Energy segment and continued expansion of its Brunei, Middle East and Europe markets*
  - *Proposing a final cash dividend of S\$0.01*
  - *Expects a challenging FY2010*

<b>12 months ended 30 September</b>	<b>FY2009</b>	<b>FY2008</b>	<b>% Change</b>
Revenue (S\$’m)	136.9	106.8	+28.2
Gross profit (S\$’m)	34.2	26.7	+28.7
Net profit (S\$’m)	13.7	9.7	+40.9
EPS (SGD cts)*	7.75	5.51	+40.6

*\*Based on 176,487,671 and 176,200,000 ordinary shares in issue in FY2009 and FY2008 respectively*

**SINGAPORE – 11 November 2009 – CosmoSteel Holdings Limited (“CosmoSteel” or the “Group”)**, a leading supplier and distributor of piping system components to the Energy, Marine and Water infrastructure industries in Southeast Asia and other regions, today ended its fiscal 2009 on a strong note with robust top- and bottom line performances.

The Group reported a 40.9% surge in earnings to S\$13.7 million for the 12 months ended 30 September 2009 (FY2009) on the back of S\$136.9 million in revenue. CosmoSteel’s strong performance in FY2009 was underpinned by buoyant sales orders from new and

existing customers within its Energy industry business, which doubled to S\$103.1 million, from S\$50.4 million in the previous corresponding period (FY2008).

Summing up the CosmoSteel's financial year, CEO Mr Ong Chin Sum (翁青山) said, "Fiscal 2009 has been a year of many achievements for CosmoSteel. Apart from achieving a record financial performance and winning new Energy-sector customers, we also boosted our resources for future expansion via a share placement exercise. We were awarded three international accreditations, namely ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007, underscoring our world-class standards in Quality, Environmental and Occupational Health and Safety management systems respectively. These certifications are highly significant as they further enhance our position as a preferred partner to our customers."

With its FY2009 results, the Group's Earnings Per Share (EPS) was raised to 7.75 Singapore cents from 5.51 Singapore cents in FY2008 based on 176,487,671 and 176,200,000 of weighted average shares in issue respectively. At the same time, the Group recorded a Net Asset Value (NAV) per ordinary share of 34.32 Singapore cents as at 30 September 2009, compared to 24.86 Singapore cents a year ago.

### **Dividend**

The Group is proposing a final tax exempt cash dividend of S\$0.01 in view of its healthy financial performance.

**Segment analysis**

<b>Revenue breakdown by Customer Type</b>	<b>FY2009</b>	<b>FY2008</b>	<b>% Change</b>
Energy	103.1	50.4	+104.5
Marine	15.5	19.6	(20.9)
Water	10.2	24.0	(57.5)
Trading	4.5	5.5	(18.2)
Others	3.6	7.2	(50.0)

For the period under review, the Group saw revenue from its various customer groups decline with the exception of its Energy segment, which benefited from strong sales from existing customers and new customers in certain markets.

Elaborating on the improvement in the Group's FY2009 results, Mr Ong said, "Our strategy to expand our inventory range has evidently paid off as, with a broader product range, CosmoSteel is now in a better position to secure new customers and serve our existing customers effectively."

He explained further, "However, revenue from our Water business was lower in FY2009 as we had completed the bulk of our pipe supply project with a large public sector customer in FY2008. Currently we are exploring opportunities in this area that include local tender projects as well as overseas expansion."

While sales from the Group's other markets trended down, combined revenue from Brunei, Middle East and Europe in FY2009 surged more than 20 times to S\$62.6 million. This was largely due to new customers in Brunei who contributed S\$13.1 million to the Group's topline; and robust sales orders from existing customers in Middle East and Europe which increased by S\$26.7 million and \$19.8 million respectively from a year ago. At the same time, Singapore continued to be the major revenue contributor,

accounting for S\$63.5 million or 46.3% of the Group's total revenue in FY2009, even though revenue from the island was 19.8% lower than a year ago.

CosmoSteel's gross profit increased 28.7% to S\$34.3 million in FY2009, versus S\$26.7 million in FY2008, while gross profit margin remained at a healthy 25%.

Corresponding to its revenue growth, costs for the Group were generally higher in FY2009 with distribution costs, administrative expenses and other charges rising 29.6%, 13.3% and 80.9% to S\$5.1 million, S\$8.9 million and S\$2.0 million respectively.

### **Balance Sheet**

In FY2009, the Group substantially boosted its cash resources to \$24.6 million from S\$8.8 million previously. This was the result of a share placement exercise, undertaken by the Group in September, which successfully raised gross proceeds of \$17.3 million through the issue of 35 million new shares priced at S\$0.494 per share.

### **Outlook**

Notwithstanding its strong FY2009 results, CosmoSteel is taking a cautious and conservative stance for FY2010.

Said Mr Ong, "The economic crisis may have bottomed out and the Singapore economy is continuing to show signs of stabilization but we expect to face challenges in our business in the coming financial year, particularly in the Energy industry where a substantial part of our revenue is derived from in FY2009."

Barring unforeseen circumstances, the Group is cautiously optimistic about its performance in 2010.



**CosmoSteel Holdings Limited**  
(Co. Reg. No. 200515540Z)  
14 Lok Yang Way, Singapore 628633  
T: +65 6863 1828 • F: +65 6861 2191

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***About CosmoSteel***

*Backed by almost 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. CosmoSteel carries an extensive inventory of approximately 10,000 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 machining 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, ISO9001:2008, ISO14001:2004 and OHSAS 18001:2007.*

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