



CORPORATE 2QFY2014 & 1HY2014 RESULTS
MAY 2014
PRESENTATION

OPERATIONAL 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 5 May 2014)

Listed on SGX-ST Mainboard	2007
Current share price (S\$)	0.445
Market capitalisation (S\$m)	117.5
Issued & Paid-up Shares (m)	264



BUSINESS OVERVIEW

**One-stop
Inventory
Specialist**



- Extensive product range
- Pipes, fittings and flanges
- Over 20,000 line items
- Customisation services

**Serving
Growing
Industries**



FY13 revenue: S\$155.7m

Energy: 81.2%	Trading: 3.7%
Marine: 13.7%	Others: 1.4%



**Strong
Customer
Base**

Longstanding relationships with blue-chip customers:

Keppel	Over 20 years	Exxon Mobil	Over 10 years
SembCorp	Over 20 years	Chevron	Over 15 years
Alstom	Over 10 years	Shell	Over 5 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)

CUSTOMER 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

Water industry



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

Traders

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

Others



Our customers in other industries such as manufacturing and pharmaceutical sectors

WAREHOUSING FACILITIES

Totaling over 378,000 sq ft



Location	Approximate site area (sq ft)	Tenure
• 14 Lok Yang Way	111,363	60 year lease wef 16 June 1972
• 21A Neythal Road	111,751	30 year lease wef 16 August 1989
• 90 Second Lok Yang Road	69,998	30 + 10 year lease wef 16 March 1979
• 28 Tuas Avenue 13	85,000	Rented
Total	378,112	



Inventory management process supported by integrated computerised ERP system

EXPERIENCED MANAGEMENT TEAM

Executive and senior management team with collectively over 110 years of relevant experience



Ong Chin Sum
CEO and Executive Director

+37 yrs

Andy Ong Tong Yang
Executive Director

15 yrs

Jack Ong Tong Hai
Executive Director

16 yrs

Laura Ng Ying Shu
CFO

17 yrs

Loh Ngiap Boon
General Manager

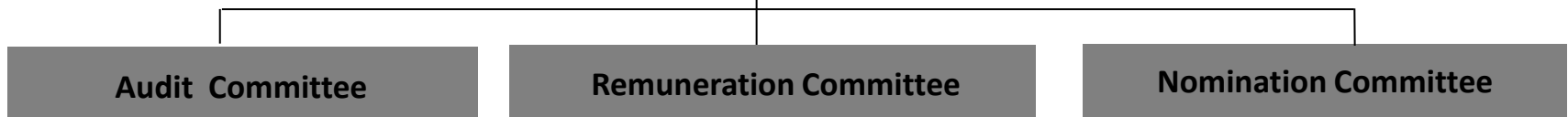
27 yrs

FOCUS ON CORPORATE GOVERNANCE (CG)

Well-organized and transparent committee structure to uphold the best practices in CG



Substantial Shareholders (As at 3 Dec 2013)	
Ong Chin Sum	21.29%
Jack Ong Tong Hai	6.31%
Andy Ong Tong Yang	6.27%



- Board is majority independent
- Experienced independent directors with varied experience in legal and accounting professions
- The Group was ranked 71st out of 663 companies on the GTI in 2013

* 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). CosmoSteel was ranked No. 71 out of 663 companies included in the ranking.

CUSTOMERS



CUSTOMER RECOGNITION





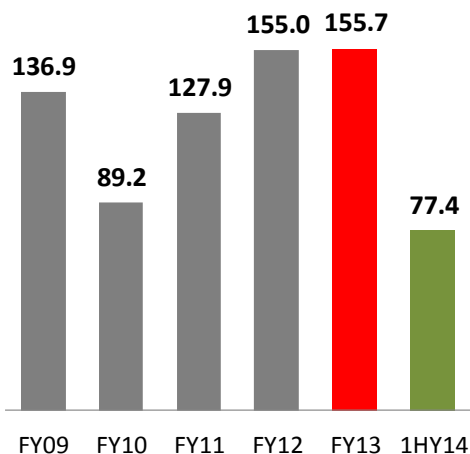
FINANCIAL

Half Year Ended 31 March 2014

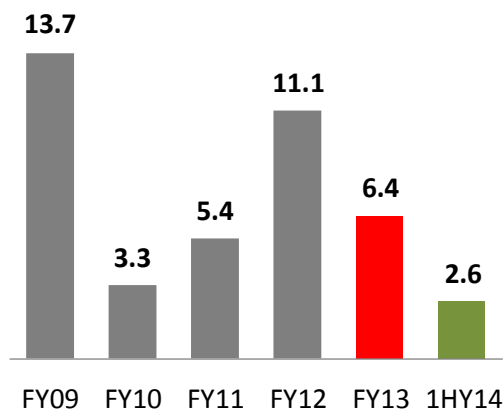
HIGHLIGHTS

5-YEAR SNAP SHOT

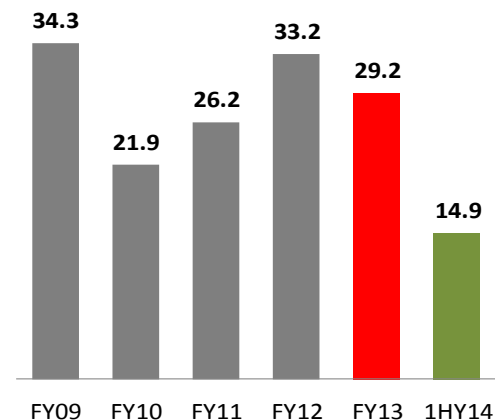
Revenue (S\$m)



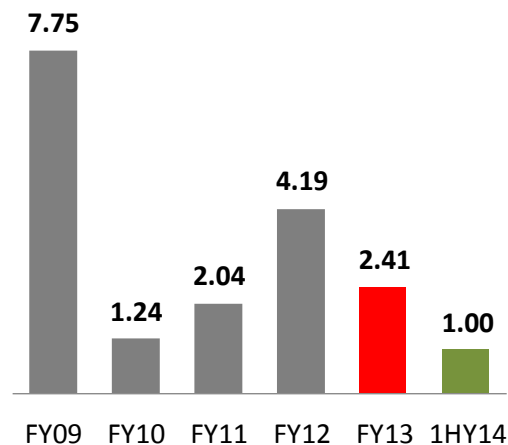
Net Profit (S\$m)



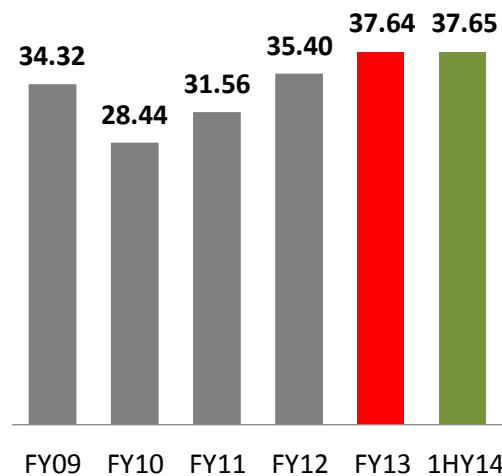
Gross Profit (S\$m)



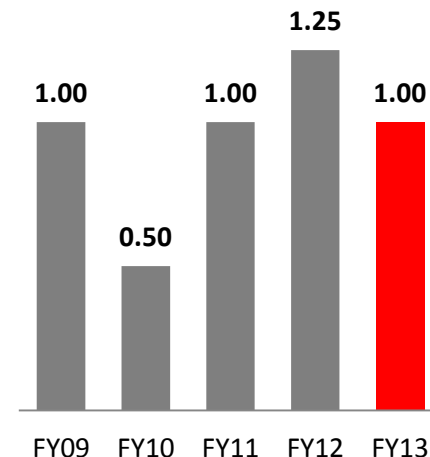
Earnings/Share (cents)



NAV/Share (cents)

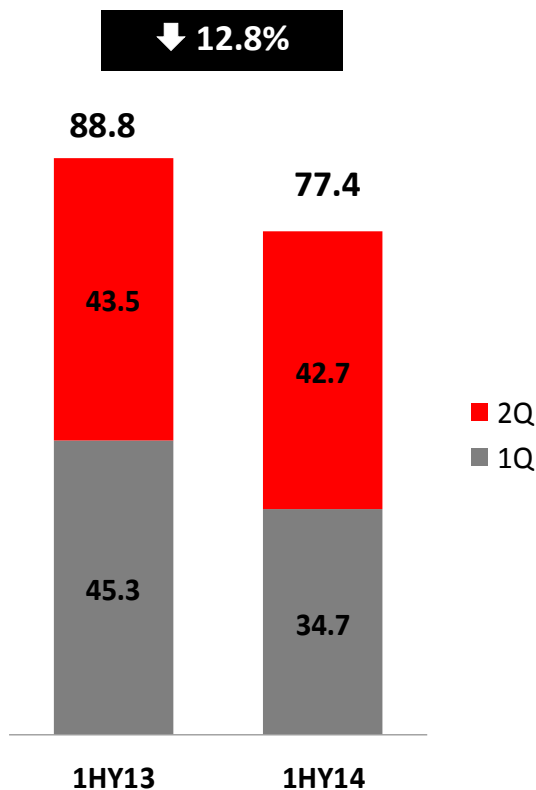


Dividend/Share (cents)



REVENUE

Overall Revenue (S\$m)



- Energy Sector accounted for 81.5% of 1HY2014 revenue
- Competitive bidding strategy in an increasingly competitive Energy Sector

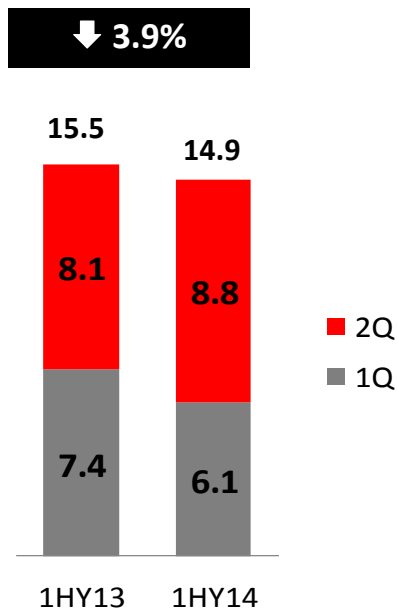
2QFY14: ↓ 1.8% to S\$42.7m

1HY14: ↓ 12.8% to S\$77.4m

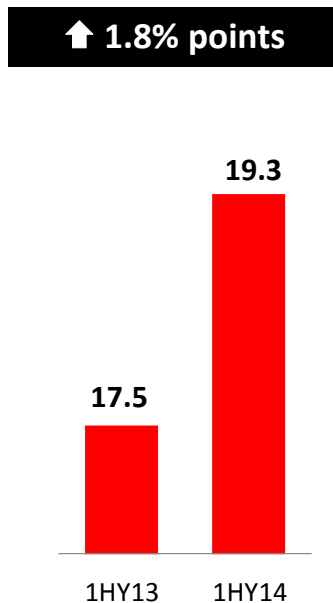
- Energy Sector sales declined 16.7% to S\$63.1 million
- Higher sales from a customer, which contributed to a 36.7% y-o-y improvement in its Marine Sector revenue to S\$11.4 million in 1HY2014.

PROFITABILITY

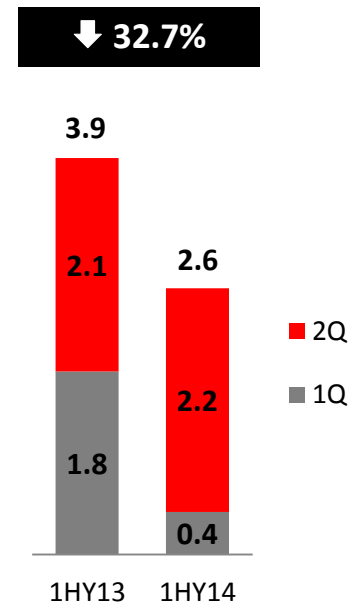
Gross Profit (S\$'m)



Gross Profit Margin (%)



Net Profit (S\$'m)



2Q Highlights

Gross profit **↑ 8.9%** to S\$8.8m; GP margin **↑ 2.1% points** to 20.7%

- As a result of tighter control over cost of sales

HY Highlights

Gross profit margin **↑ 19.3%** in 1HY2014 despite **↓ 3.9%** in gross profit

- Kept costs of sales in check

Net profit **↓ 32.7%** to S\$2.6 million

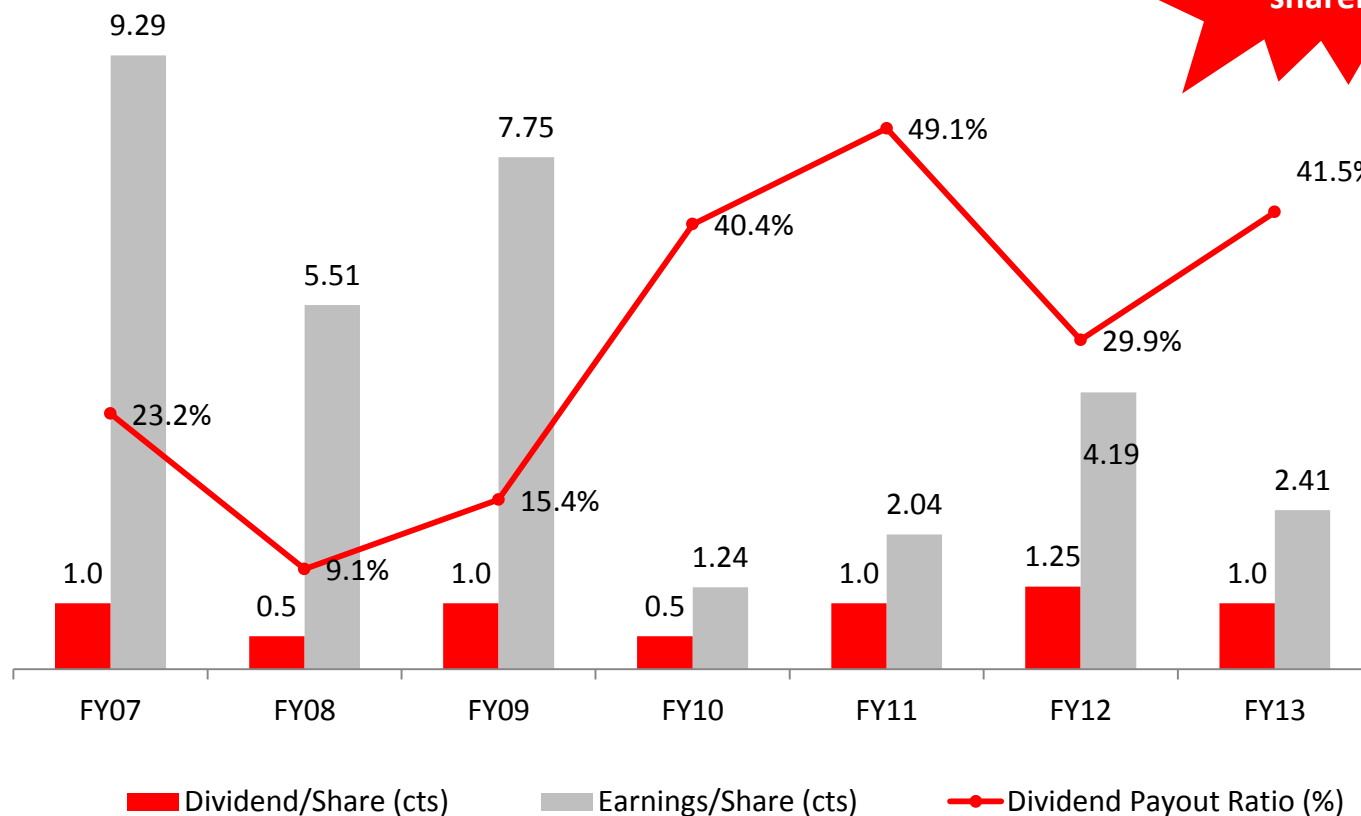
- Higher employee benefits expense.

KEY FINANCIAL INDICATORS

Profitability Ratios (%)	1HY14	1HY13	FY13
Return on Total Assets	4.0	5.9	4.67
Return on Equity	5.3	8.4	6.60
Efficiency Ratios (Days)	1HY14	1HY13	FY13
Trade Receivables Turnover	91	67	64
Trade Payables Turnover	55	30	47
Inventory Turnover	356	283	350
Liquidity Ratios (Times)	1HY14	1HY13	FY13
Current Ratio	1.97	1.92	2.01
Gearing ratio	1.02	1.01	0.94

DIVIDEND

**Dividend policy:
At least 10% of
net profit
attributable to
shareholders***



• EPS is calculated based on the following number of shares issued at each financial year end:- FY07: 81,743,000 shares; FY08: 176,200,000 shares; FY09: 176,487,671 shares; FY10 to FY13 : 263,999,997 shares

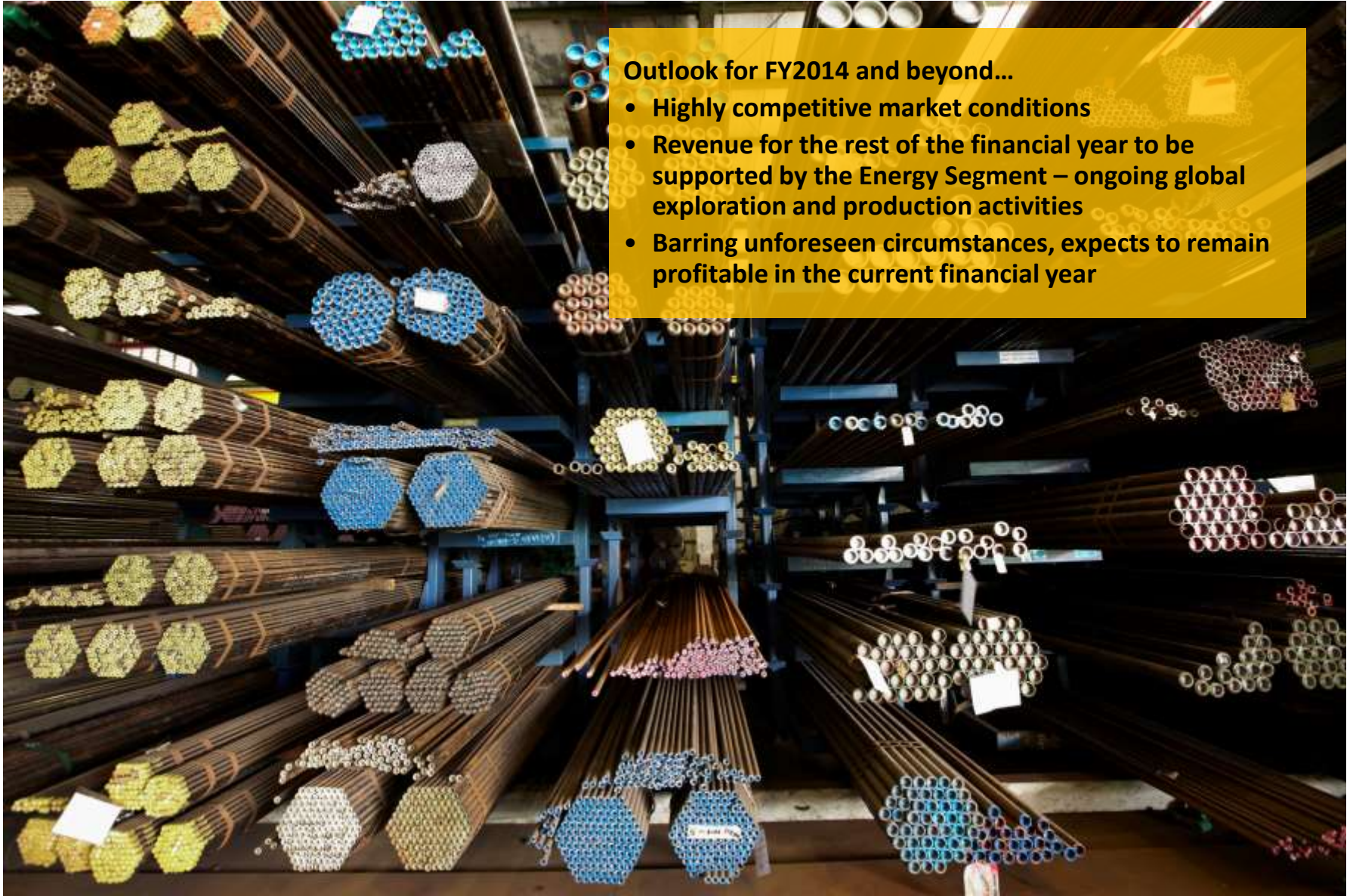
* Subject to conditions

OUTLOOK + STRATEGIES

OUTLOOK

Outlook for FY2014 and beyond...

- Highly competitive market conditions
- Revenue for the rest of the financial year to be supported by the Energy Segment – ongoing global exploration and production activities
- Barring unforeseen circumstances, expects to remain profitable in the current financial year



STRATEGIES

- **Maintain extensive and ready stocks for quick turnaround**

Inventory Specialist



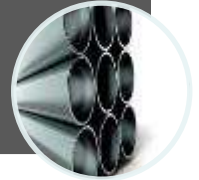
- **Intensify marketing efforts in the Asia Pacific region**
 - China, the Philippines and Myanmar
- **Strengthen ties with existing and new customers**
- **Expand into upstream O&G value chain**
 - Good volume especially with the number of active oil and gas projects in the region

Market Expansion



- **Stay vigilant**
- **Manage operating costs**
- **Improve productivity**

Prudent Financial Management



HIGHLIGHTS

- A market leader and inventory specialist
- Strong and diversified customer base from the Energy and Marine industries
- Proven profitability track record
- Stable and transparent dividend policy
- Experienced and prudent management



THANK YOU
Q&A SESSION