

1HY2016 INVESTORS UPDATE

May 2016

A photograph of two male workers in a steel mill. The worker in the foreground is wearing a yellow hard hat and a dark polo shirt with a COSMOSTEEL logo. The worker in the background is also wearing a yellow hard hat with the COSMOSTEEL logo and a dark polo shirt. They are both looking at a document held by the foreground worker. The background shows rows of steel pipes and fittings on a conveyor system.

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 (2015)	

OUR MARKETS



CUSTOMERS & USE OF PRODUCTS



Energy

- Offshore rig fabrication such as jack-ups and semi-sub
- 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

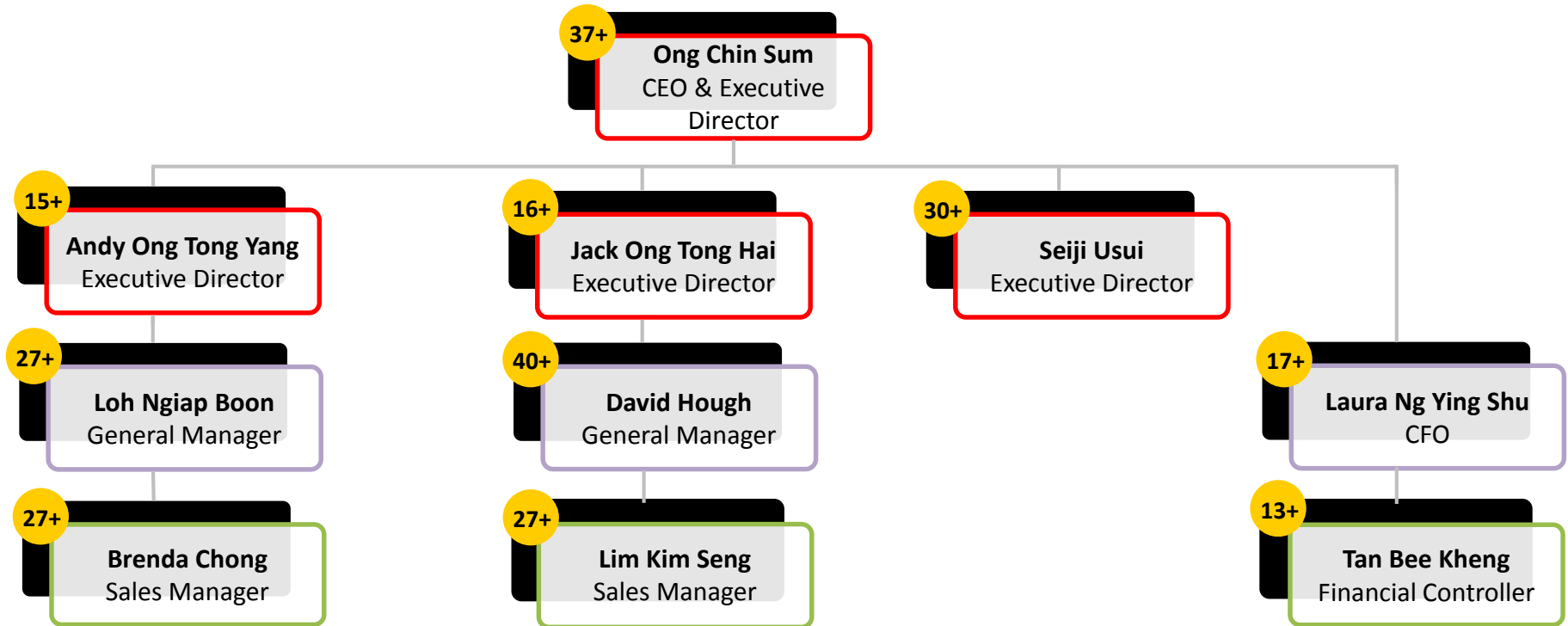


Location	Site area (sq ft)	Use	Tenure
• 14 Lok Yang Way	111,363	Office & Warehouse*	60 years lease wef 16 June 1972
• 90 Second Lok Yang Road <i>(Reconstruction in 2016)</i>	69,998	Office & Warehouse*	30 + 10 + 13.25 years lease wef 16 March 1979
• 21A Neythal Road	111,751	Covered Warehouse*	30 years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



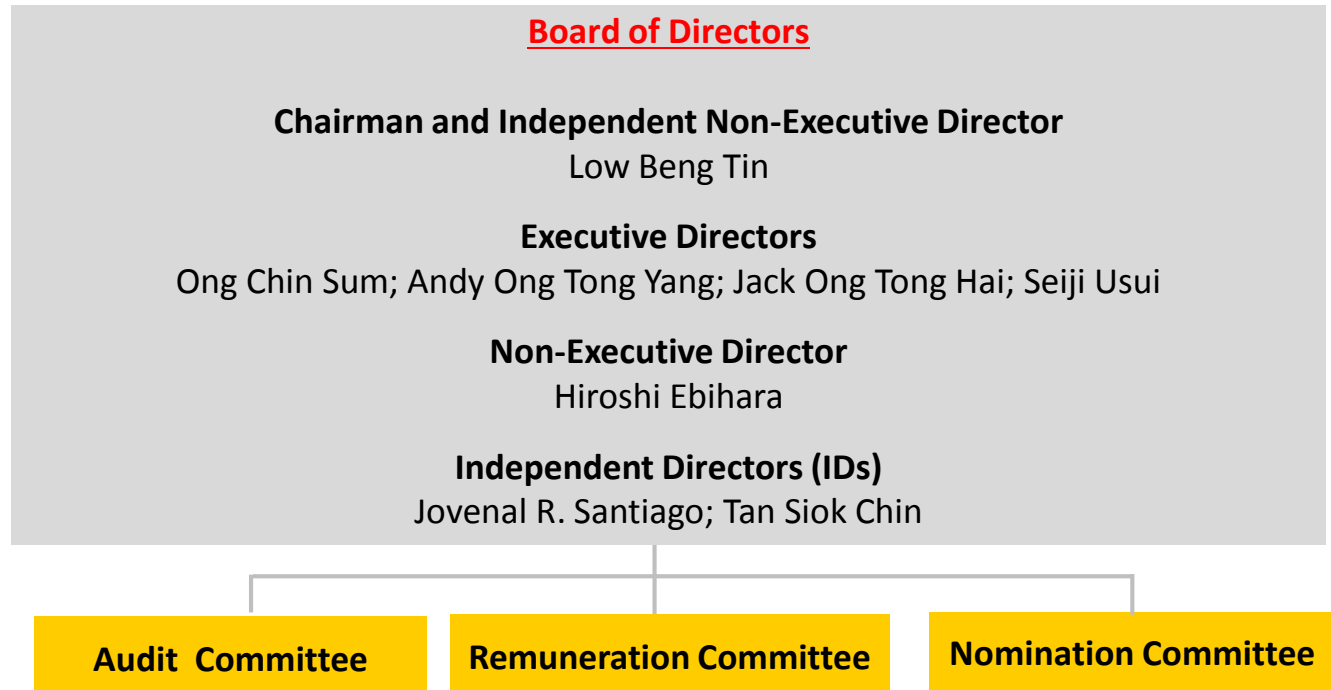
Highly experienced executive and senior management team with **extensive and relevant industry experience**;
Strong sales and marketing team with **established contacts and in-depth industry knowledge**



Number of years of relevant industry experience

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

* 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).

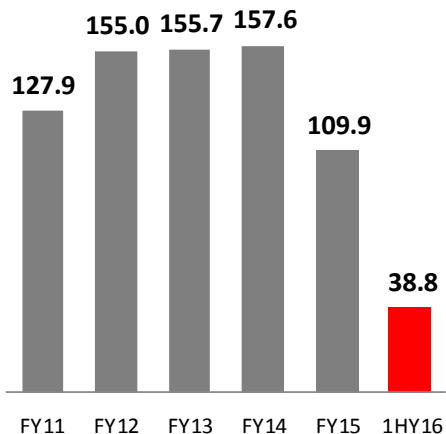
CUSTOMER RECOGNITION



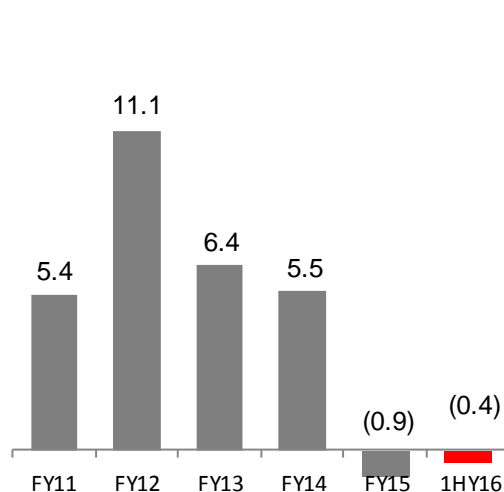
The text "FINANCIAL HIGHLIGHTS" is overlaid on a dark, blurred background. "FINANCIAL" is in a light purple color, and "HIGHLIGHTS" is in white. A vertical dashed white line is positioned to the left of the text. The background shows a person's hands in a white shirt and a gold watch, pointing at a document with a bar chart and a line graph. A dark cylindrical object is visible in the foreground.

FINANCIAL SNAP SHOT

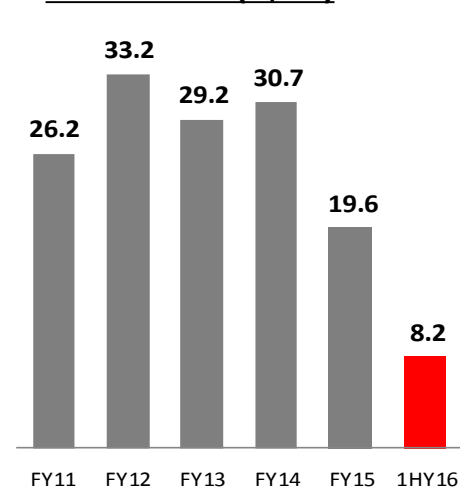
Revenue (\$\$'m)



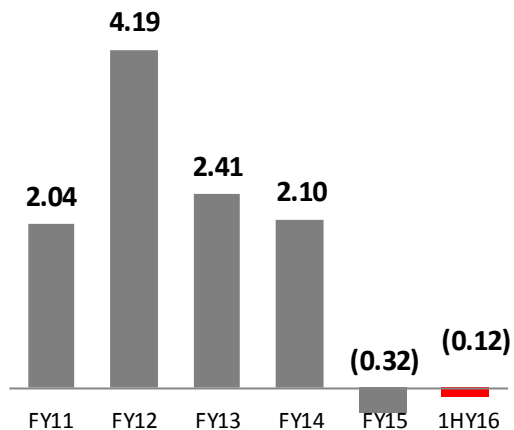
Net Profit / (Loss) (\$\$'m)



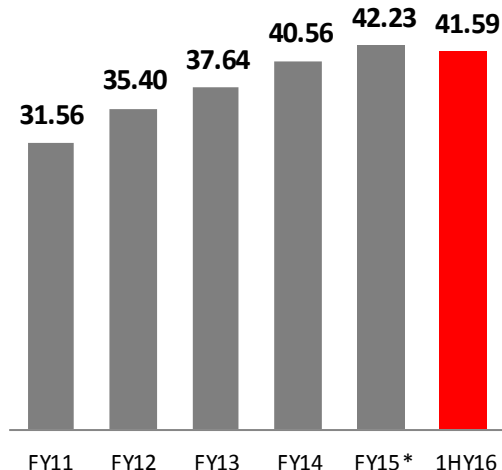
Gross Profit (\$\$'m)



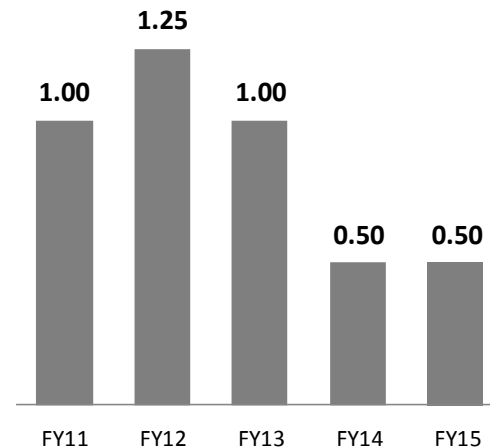
Earnings / (Loss) Per Share (cents)



NAV Per Share (cents)



Dividend Per Share (cents)

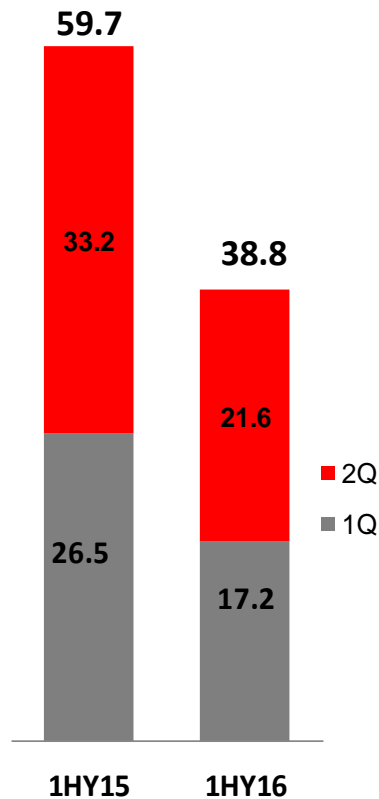


* The increase in NAV was due to 26.4 mil shares that were issued on 6 Mar 2015 following a private share placement exercise with Hanwa Co., Ltd., raising the total number of issued shares to 290,399,997 shares as at 30 September 2015

REVENUE

Total Revenue (S\$m)

↓35.0%



Total revenue

- 2QFY2016: ↓ 34.9% to \$21.6m
- 1HY2016: ↓ 35.0% to \$38.8m

Segmental revenue: 1HY2016

- Energy Sector: ↓ 51.5%
- Marine Sector: ↑ 77.9% 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

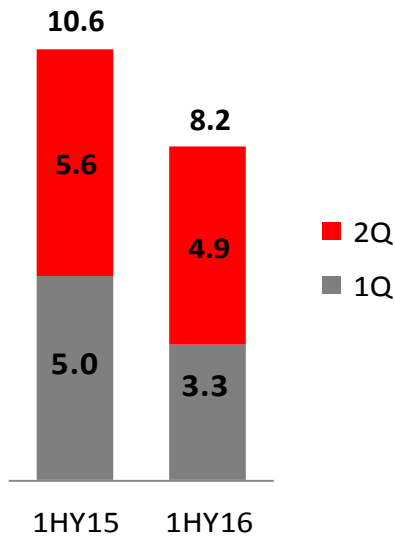
Salient factors

- Energy industry slump
- Intense competition

PROFITABILITY

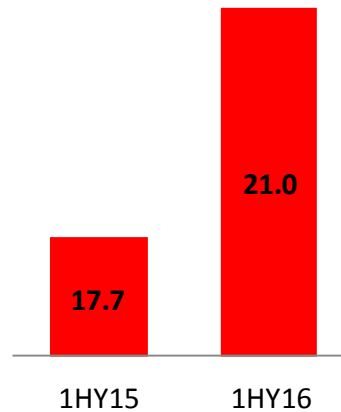
Gross Profit (\$\$'m)

↓ 22.8%



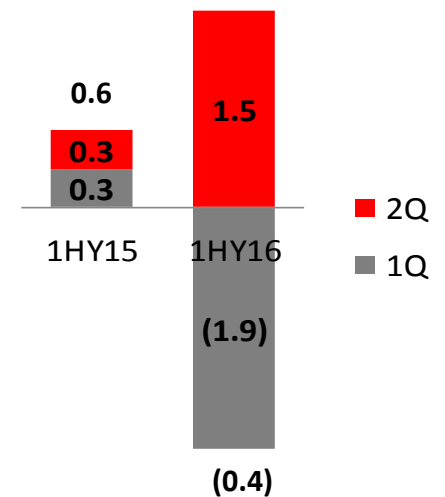
Gross Profit Margin (%)

↑ 3.3% points



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

↓ 160.6%




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

A low-angle, upward-looking photograph of a complex industrial facility. The scene is dominated by a dense network of large, metallic pipes and ducts, some of which are wrapped in reflective insulation. The lighting is dramatic, with strong highlights on the metallic surfaces and deep shadows in the recessed areas, creating a sense of scale and complexity. The overall color palette is dark, with greys, blacks, and metallic blues, punctuated by the yellow and white text.

OUTLOOK +
STRATEGIES

OUTLOOK

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



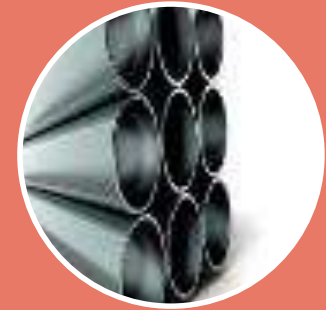
Inventory Specialist

- 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

THANK YOU

