

A low-angle, upward-looking photograph of a complex industrial facility, likely a steel mill. The image is dominated by large, metallic, cylindrical pipes and structural beams, creating a sense of scale and industrial complexity. The lighting is dramatic, with strong highlights and deep shadows, emphasizing the metallic textures and geometric forms.

FY2016 INVESTORS UPDATE

November 2016

A photograph of two men in a steel mill. The man on the left is wearing a yellow hard hat and a dark polo shirt, looking towards the right. The man on the right is wearing a white hard hat with the COSMOSTEEL logo and a dark polo shirt with a name tag, pointing at a stack of steel pipes. The background shows industrial racks filled with steel pipes.

OPERATIONS OVERVIEW

ABOUT US



Trusted Partner in the Energy and Marine Industries

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 15 November 2016)

Listed on SGX-ST Mainboard	2007
Current share price (S\$)	0.131
Market capitalisation (S\$m)	38.0
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**



FY16 revenue: \$68.8

Energy: 58.4%	Trading: 12.8%
Marine: 26.6%	Others: 2.2%



**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**

Certifications

ISO 9002:1994 (2000)	OHSAS 18001:2007 (2009)
ISO 9001:2000 (2003)	BizSAFE STAR (2012)
ISO 9001:2008 (2009)	ISO 22301:2012 (2015)
ISO 14001:2004 (2009)	

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

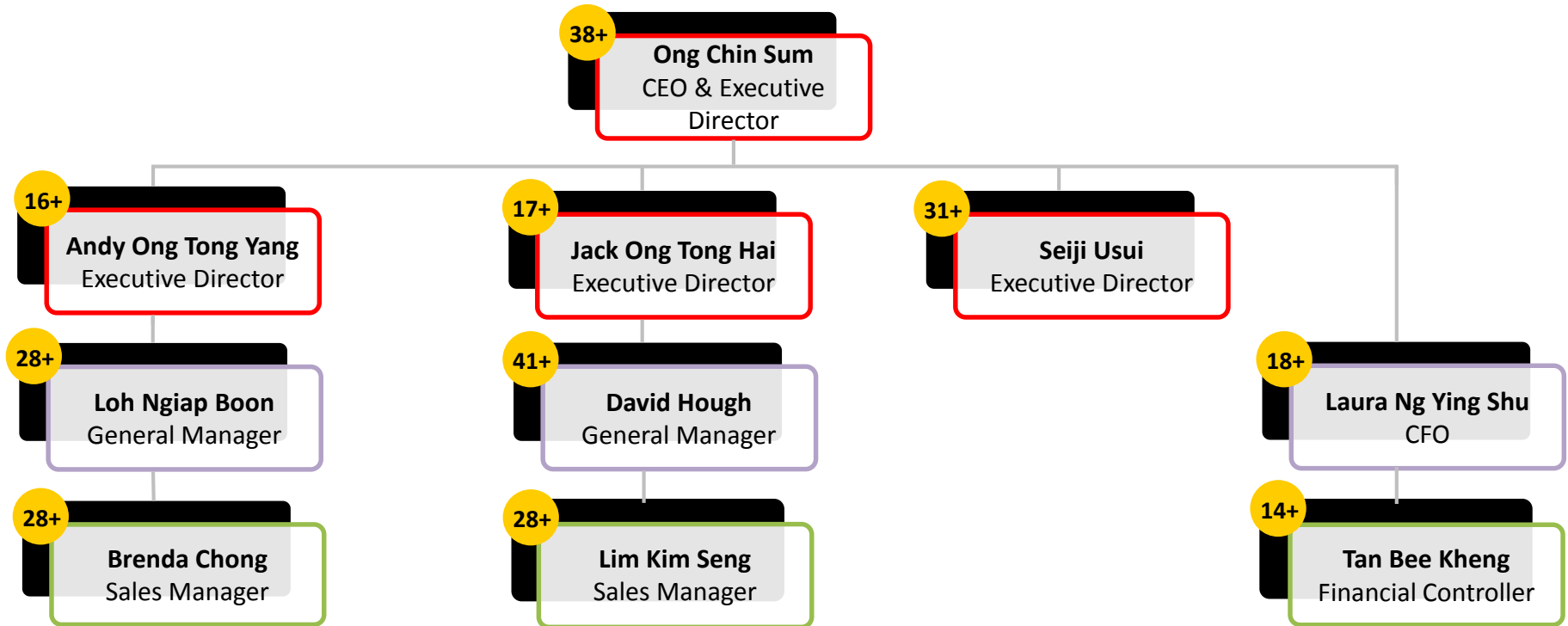


Location	Site area (sq ft)	Use	Tenure
• 14 Lok Yang Way	111,363	Office & Warehouse*	60 years lease wef 16 June 1972
• 90 Second Lok Yang Road	69,998	Office & Warehouse*	30 + 10 + 13.25 years lease wef 16 March 1979
• 21A Neythal Road	111,751	Covered Warehouse*	30 years lease wef 16 August 1989
• 36 Tuas 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**

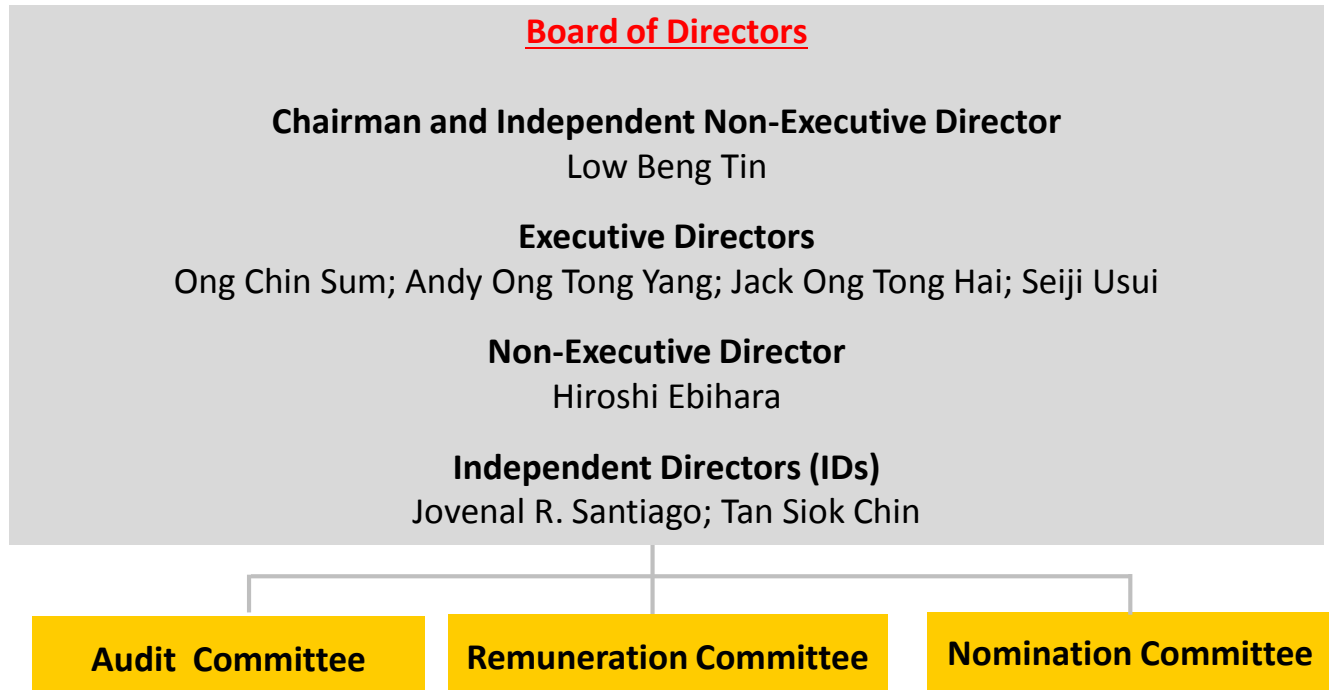


Number of years of relevant industry experience

FOCUS ON CORPORATE GOVERNANCE



**Well-organised
and
transparent
committee
structure to
uphold the
best practices
in Corporate
Governance**



- Ranked 45th out of 631 companies on the SGTI in 2016* (GTI 2015: Ranked 157th out of 639 companies)
- Experienced independent directors with varied experience in legal and accounting professions
- Board composition: 8 member board; 3 are independent

* The SGTI succeeds the Governance and Transparency Index (GTI™) in 2016 as an enhanced assessment to meet the market needs of the future and is a collaboration between CPA Australia, NUS Business School's Centre for Governance, Institutions and Organisations (CGIO), and Singapore Institute of Directors (SID).

CUSTOMER RECOGNITION



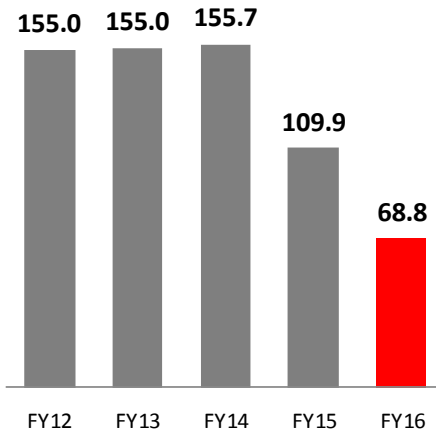
A dark, moody background image showing a person's hands in a white shirt and a gold watch, pointing at a document with a bar chart and line graph. In the foreground, there are several dark, cylindrical metal components.

FINANCIAL HIGHLIGHTS

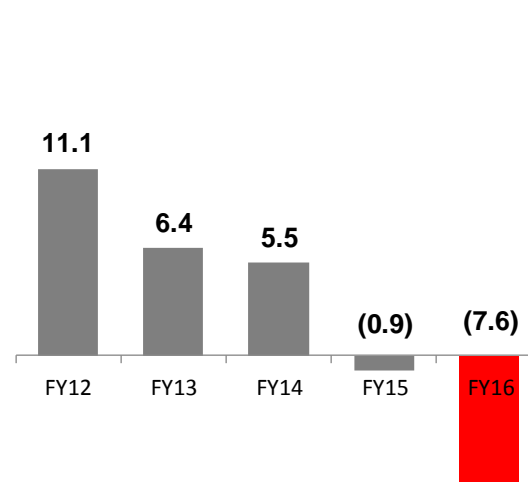
FINANCIAL SNAP SHOT



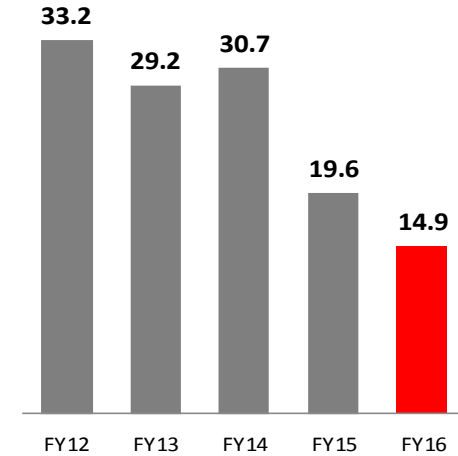
Revenue (\$\$'m)



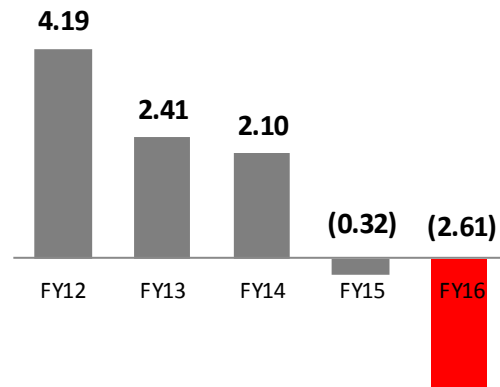
Net Profit / (Loss) (\$\$'m)



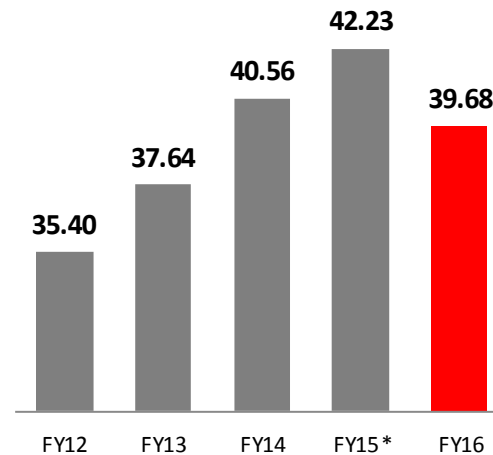
Gross Profit (\$\$'m)



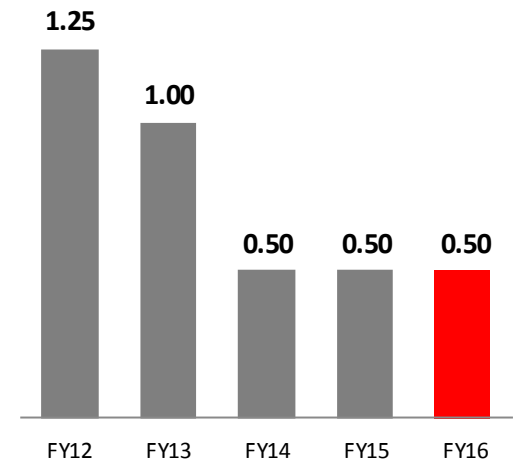
Earnings / (Loss) Per Share (cents)



NAV Per Share (cents)



Dividend Per Share (cents)

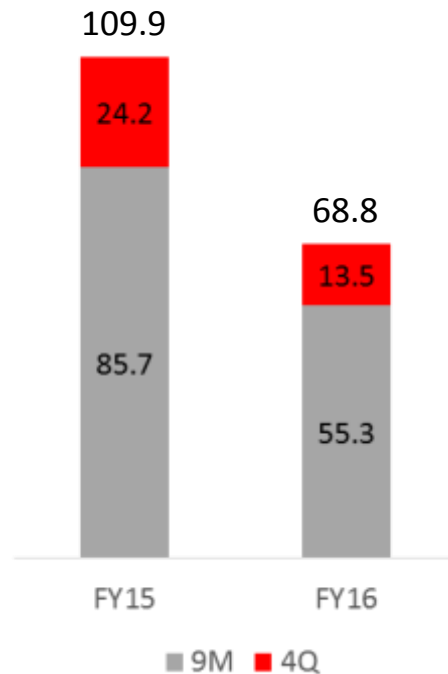


* The increase in NAV was due to 26.4 mil shares that were issued on 6 Mar 2015 following a private share placement exercise with Hanwa Co., Ltd., raising the total number of issued shares to 290,399,997 shares as at 30 September 2015

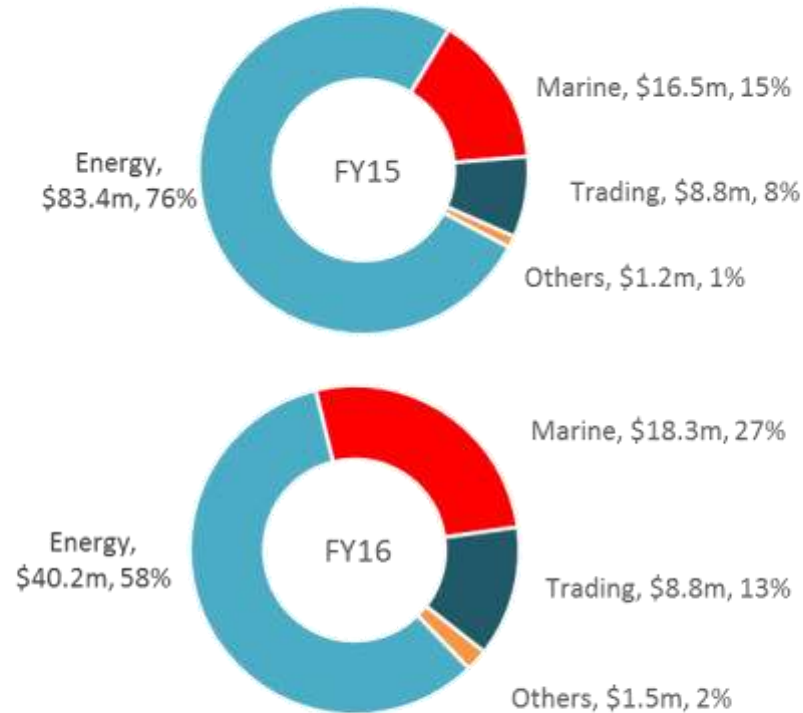
REVENUE



Total Revenue (\$m)



Revenue by Industry



Revenue

- **4QFY2016:** ↓44.3% to \$13.5m
- **FY2016:** ↓37.4% to \$68.8m

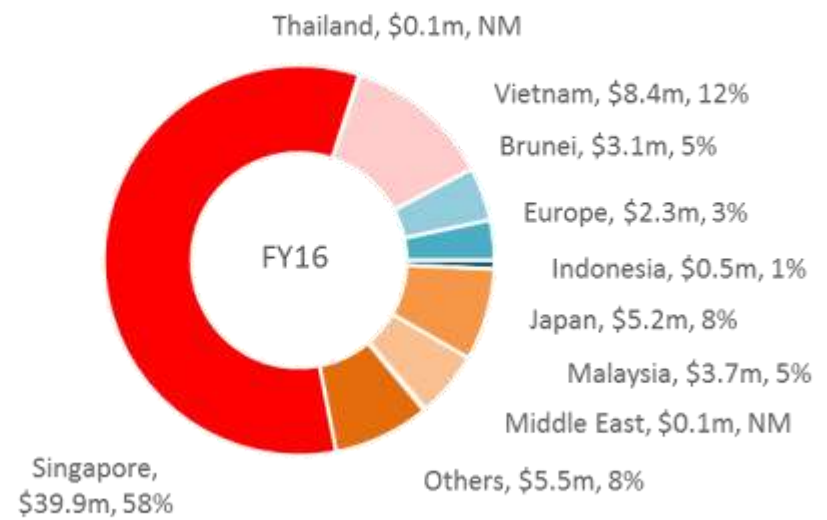
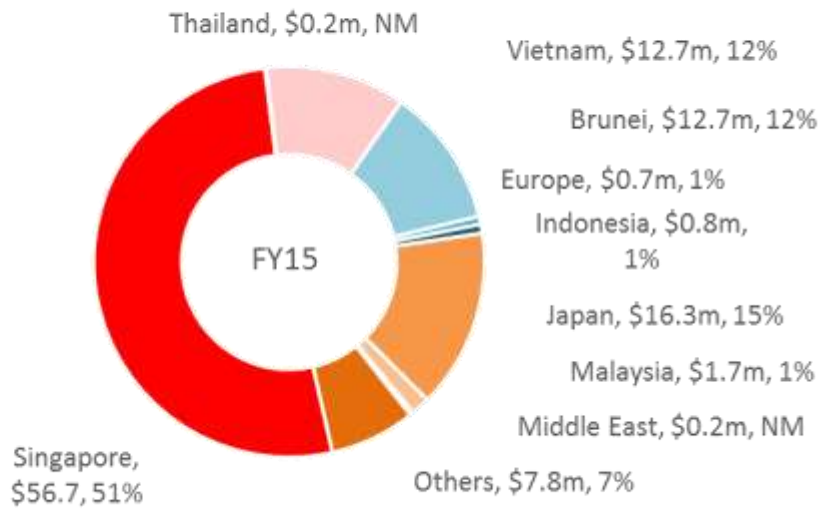
Segmental revenue

- **Energy Sector:** ↓51.8% to \$40.2m
- **Marine Sector:** ↑10.7% to \$18.3m
- **Trading :** ↑1.0% to \$8.8m
- **Others:** ↑19.8% to \$1.5m

Salient factors

- **Energy Sector** remains a major market despite 51.8% decline in revenue
- **Prolonged global energy slump and oil supply glut** affecting customers in Energy sector
- **Intense competition**

REVENUE BY GEOGRAPHICAL SEGMENTS

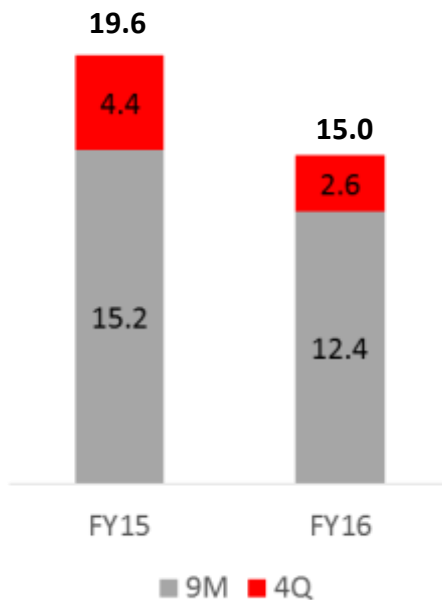


PERFORMANCE



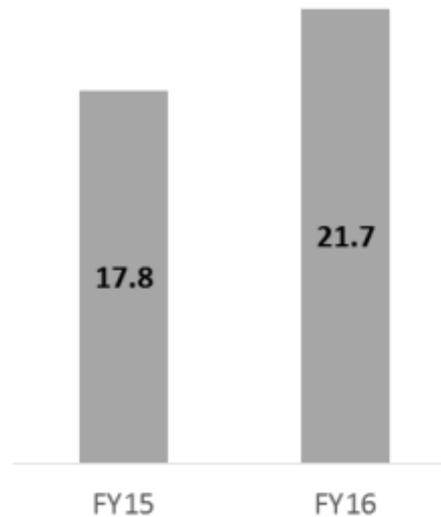
Gross Profit (\$\$'m)

↓ 23.7%



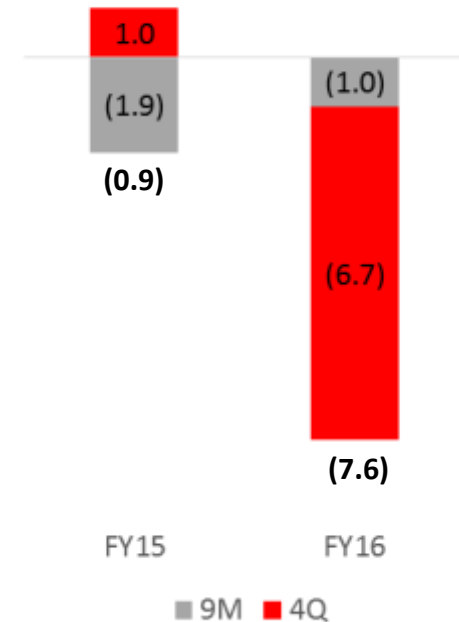
Gross Profit Margin (%)

↑ 3.9% points



Net Loss (\$\$'m)

↓ 756.9%



Salient factors

- GPM has increased 3.9 percentage points, due to less value-added services demanded by customers and stringent cost control measures
- Net loss resulted mainly from depreciation expenses as well as provision for slow-moving inventories

KEY FINANCIAL INDICATORS



Efficiency Ratios (Days)	FY16	FY15
Trade Receivables Turnover	123	115
Trade Payables Turnover	57	64
Inventory Turnover	625	441
Liquidity Ratios (Times)	FY16	FY15
Current Ratio	4.71	3.00
Gearing ratio	0.26	0.47

DIVIDEND



First and final dividend


0.5 cents

Per share

Dividend yield

4.2%*

**Based on closing price of \$0.118 on 8 November 2016*

A low-angle, upward-looking photograph of a complex industrial facility. The scene is dominated by a dense network of large, metallic pipes and structural beams. The lighting is dramatic, with strong highlights on the metallic surfaces and deep shadows in the recesses, creating a sense of scale and industrial complexity. The overall color palette is dark, with metallic greys and blacks, punctuated by the bright yellow and white of the text.

OUTLOOK +
STRATEGIES

Outlook for FY17

- Revenue generation will be affected by:
 - persisting volatility of the Energy market
 - intense industry competition locally and globally

Caution + Prudence



Inventory Specialist

- **Maintain extensive and ready stock at optimal levels for quick turnaround**
- **Extended product range that include structural steel, electrical products and cable products**



Market Sustainance

- **Intensify marketing efforts in the Asia Pacific region**
- **Strengthen ties with existing and new customers**
- **Identify new potential markets**



Prudent Financial Management

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

THANK YOU

