



INVESTORS UPDATE

1QFY2018

February 2018



 **COGMOSTEEL**

OPERATIONS
REVIEW

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**



FY17 revenue: \$76.9

Energy: 74.8% **Trading: 16.6%**
Marine: 7.3% **Others: 1.3%**

**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)
ISO 9001:2000 (2003)
ISO 9001:2008 (2009)
ISO 14001:2004 (2009)

OHSAS 18001:2007 (2009)
BizSAFE STAR (2012)
ISO 22301:2012 (2015)



OUR MARKETS



OUR BUSINESS SEGMENTS



Energy

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

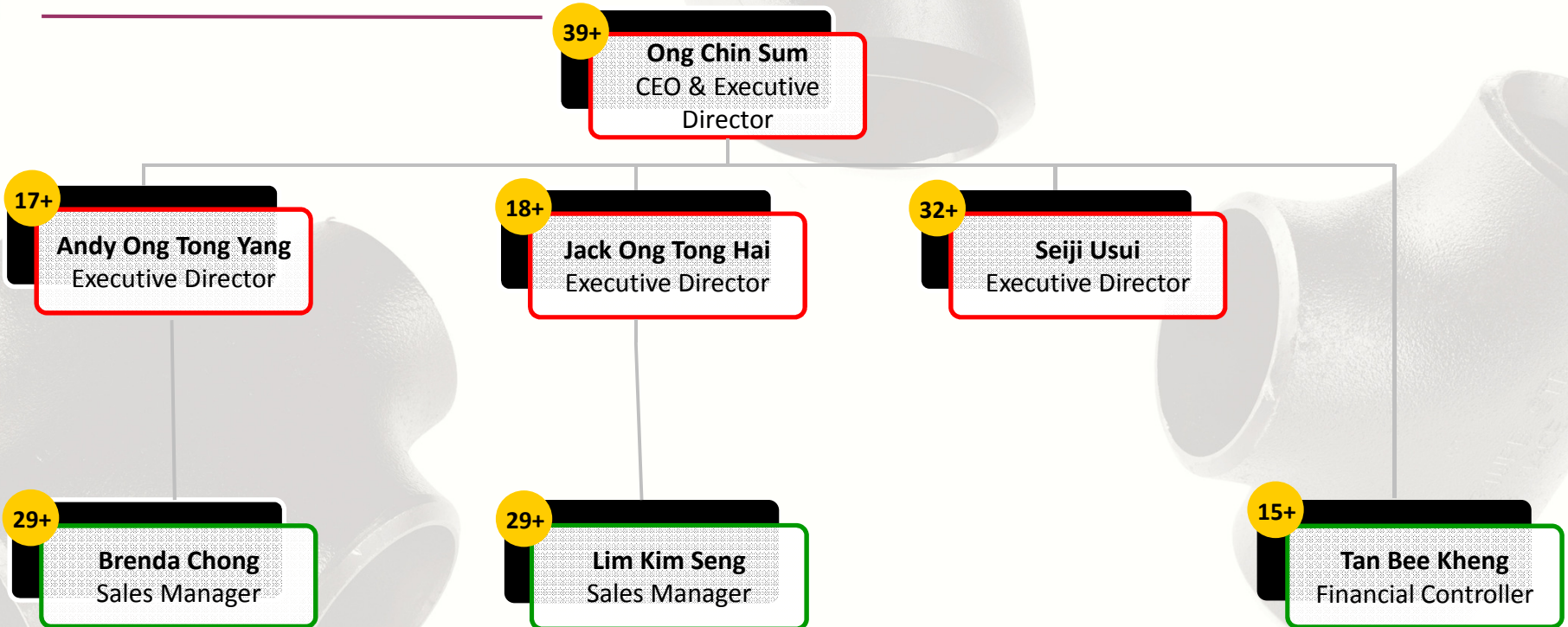


Others


- 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

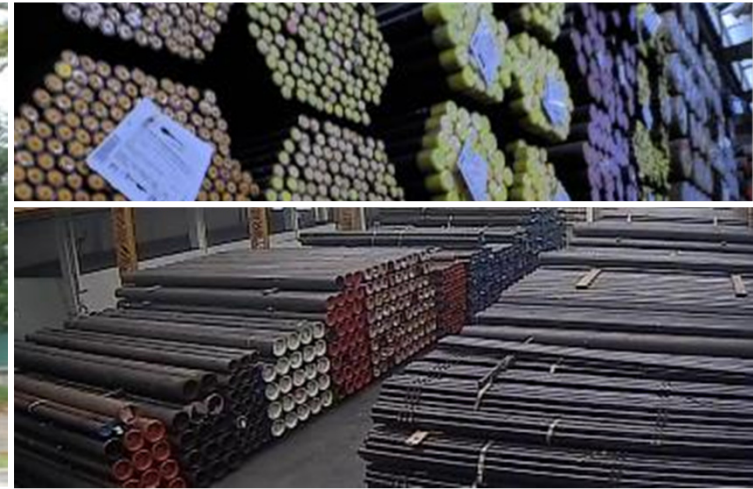
EXPERIENCED MANAGEMENT



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

OUR WAREHOUSES



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.

^ Warehouse was demolished in May 2017 for the construction and development of a newer warehouse; **expected completion in April 2018**



CORPORATE GOVERNANCE

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

Board of Directors

Chairman and Independent Non-Executive Director

Low Beng Tin

Executive Directors

Ong Chin Sum; Andy Ong Tong Yang; Jack Ong Tong Hai; Seiji Usui

Non-Executive Director

Hiroshi Ebihara

Independent Directors (IDs)

Tan Siok Chin

Audit Committee

Remuneration Committee

Nomination Committee

- Ranked 67th out of 606 companies on the SGTI in 2017 (SGTI 2016: Ranked 45th out of 631 companies)
- Experienced independent directors with varied experience in legal and accounting professions
- Board composition: 7 member board; 2 are independent

** Mr Jovenal R. Santiago, an Independent Director, retired wef 24 January 2018*



FINANCIAL **HIGHLIGHTS**

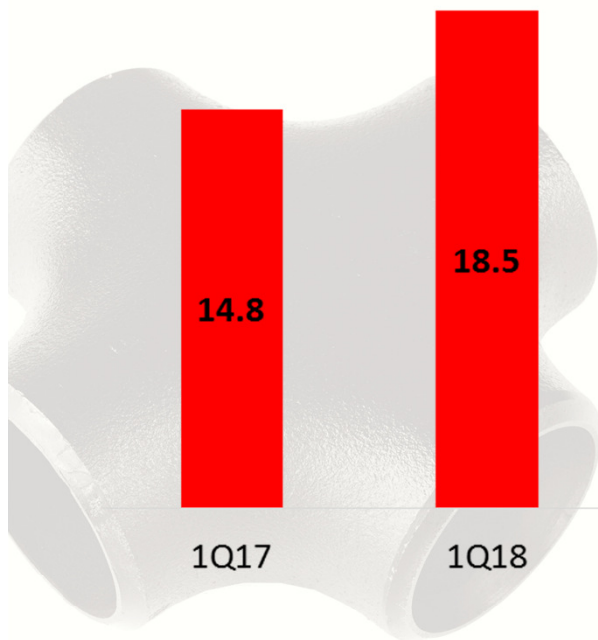
1QFY2018

FINANCIAL SNAPSHOT

	FY15	FY16	FY17	1QFY17	1QFY18
Revenue	109.9	68.8	76.9	14.8	18.5
Net loss	(0.9)	(7.6)	(9.4)	(1.0)	(2.7)
Gross profit	19.6	14.9	10.9	3.5	2.6
Loss per share	(0.32)	(2.61)	(3.23)	(0.33)	(0.92)
NAV per share	42.23*	39.68	35.69	39.33	34.78

* 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

- **↑** 24.6% from \$14.8m in 1QFY17 to \$18.5m in 1QFY18

Revenue by segments

- Energy Sector: **↑** 49.4% from \$10.1m in 1QFY17 to \$15.0m in 1QFY18
- Marine and Trading Sectors: **↓** 31.1% from \$4.6m in 1QFY17 to \$3.2m in 1QFY18

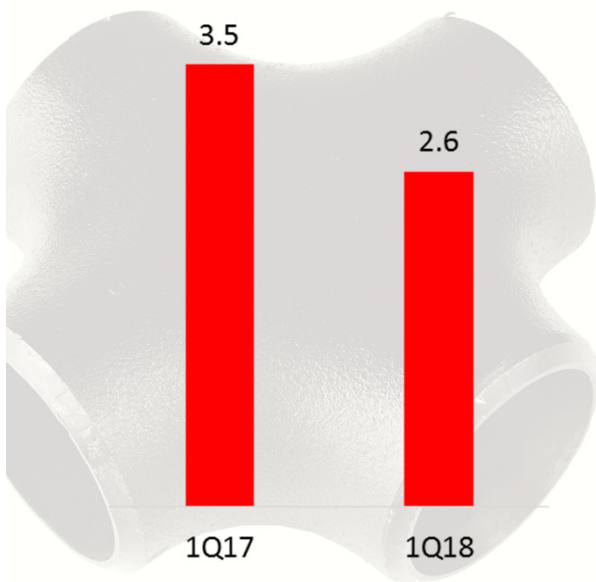
Revenue by markets

- Singapore contribution **↑** 17.7% from \$5.7m in 1QFY17 to \$6.7m in 1QFY18
- Revenue contribution from Indonesia, Middle East, Europe and China **↓**

PROFIT & LOSS

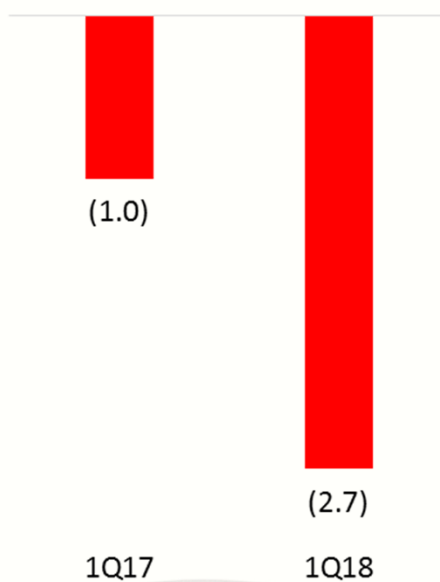
Gross Profit (S\$'m)

↓ 24.2%



Net Loss (S\$'m)

↑ 178.9%



Gross profit margin

• Gross profit margin ↓ 9.2 percentage points from 23.4% in 1QFY17 to 14.2% in 1QFY18

Net loss

• Net loss ↑ mainly from lower GPM, provision for slow moving inventories and depreciation expenses

KEY FINANCIAL INDICATORS

Efficiency Ratios (Days)

	1QFY17	1QFY18
Trade Receivables Turnover	125	109
Trade Payables Turnover	60	46
Inventory Turnover	666	436

Liquidity Ratios (Times)

	1QFY17	1QFY18
Current Ratio	4.80	3.09
Debt-to-Equity Ratio	0.26	0.39



 **COGMOSTEEL**

OUTLOOK +
STRATEGY

BUSINESS OUTLOOK

Outlook for FY18

- Expect revenue and margin generation to be affected by:
 - Market conditions
 - Intense industry competition locally and globally

BUSINESS STRATEGY

Caution + Prudence



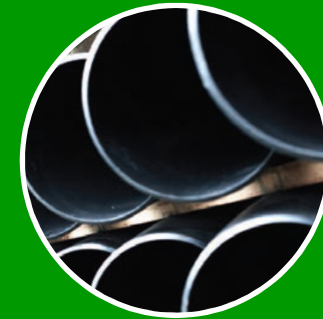
INVENTORY SPECIALIST

- Maintain extensive and ready stock at optimal levels for quick turnaround
- Leverage on extended product range to cross-sell different products to same core set of customers



MARKET SUSTENANCE

- Intensify marketing efforts in the Asia Pacific region
- Strengthen ties with existing and new customers
- Active scouting for new potential markets



PRUDENT FINANCIAL MANAGEMENT

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



THANK YOU

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