

NICO STEEL HOLDINGS LIMITED**尼尔金属控股有限公司**(Incorporated in Singapore with Unique Entity No. 200104166D)
(SGX Stock Code: 5GF)**Nico Steel Accelerates Turnaround with Double-Digit Revenue Growth**

- *Group's strategy and efforts in leveraging on its patented electroplating and metal processing technology, coupled with innovative customisation metal alloy materials, are achieving remarkable progress in revenue and profitability*

Key Financial Highlights:

FYE 28 Feb (US\$'000)	HY2019	HY2018	Change	FY2018
Revenue	8,022	6,135	+ 30.8%	13,216
Gross profit	2,378	1,533	+ 55.1%	3,448
Gross profit margin	29.6%	25.0%	+ 4.6 pp	26.1%
Profit before tax	257	49	> 100%	209
Net profit ⁽¹⁾	121	1	> 100%	34

* HY denotes six months ended 31 August and FY denotes 12 months ended 28 February.

(1) Profit attributable to owners of the Company

FOR IMMEDIATE RELEASE

SINGAPORE, 15 October 2018 – Mainboard-listed **Nico Steel Holdings Limited** (“Nico Steel” and together with its subsidiaries, the “**Group**”), a specialist in ferrous and non-ferrous metal alloys with a focus on customising technologically innovative metal alloy materials under its proprietary “Nico” brand, today announced financial results for its six months ended 31 August 2018 (“**HY2019**”). The Group achieved a significant increase in net profit to US\$121,000, on the back of a 30.8% growth in revenue to US\$8.0 million in HY2019. The significant increase in net profit was mainly due to an increase in production and sales of Nico brand metal alloy materials which command higher gross profit margin but this was partially offset by the increase in operating expenses and the recognition of foreign exchange loss.

Commenting on the financial performance, Mr. Danny Tan, Executive Chairman and President of Nico Steel said, “*We are encouraged that our strategy and efforts to focus on higher value-add metal processing services, including marketing our proprietary Nico brand of customised metal alloy products to both new and existing customers, are paying off. Our business improved in both revenue and profitability as we persistently executed and continuously met the unique specifications and evolving requirements of our customers, achieving the desired performance in their electronics products.*”

We acknowledge that our Nico brand of customised metal alloys are ahead of their time and, thankfully, the market's acceptance of our metal alloy materials in the consumer electronics devices of the global brand owners today, serves as a strong testament for Nico Steel. The increasing demand for our Nico brand of metal alloys reinforces our emphasis on creating value for our customers through our expertise.

We aim to build on our earlier successes with some of the global brand owners and expand our customer base as we continue to broaden the applications of our proprietary metal alloy materials. We believe that the impending trend of high-speed data transmission is likely to further drive growth for our multi-functional metal alloys as consumer electronics devices get more sophisticated.”*

**Consumer electronics include devices used for entertainment (flat-screen TVs, DVD players, video games, remote control cars, etc.), communications (telephones, cell phones, e-mail-capable laptops, etc.), and home-office activities (e.g., desktop computers, printers, paper shredders, etc.)*

Revenue Breakdown by Product Segments

	HY2019		HY2018		
	USD'000	% of revenue	USD'000	% of revenue	Revenue YoY Change
Customised Solutions	5,431	67.7	4,631	75.5	+ 17.3%
Nico Brand of Metal Alloys	2,591	32.3	1,504	24.5	+ 72.3%
	8,022	100.0	6,135	100.0	+ 30.8%

As a result of the higher contribution from the higher margined proprietary metal alloys, gross profit was lifted by 55.1% from US\$1.5 million in HY2018 to US\$2.4 million in HY2019, and gross profit margin increased from 25.0% in HY2018 to 29.6% in HY2019.

Other income decreased from US\$284,000 in HY2018 to US\$13,000 in HY2019, mainly due to the reversal of foreign exchange gain a year ago to a loss in HY2019 as well as lower sales from scrap metal in HY2019.

Total operating expenses increased 11.6% from US\$1.7 million in HY2018 to US\$1.9 million in HY2019. This was mainly due to higher marketing and distribution expenses incurred for the marketing and promotion of the Nico brand of metal alloys as well as the professional fees relating to the redeemable convertible bond program in HY2019.

Other expenses of US\$145,000 in HY2019 was mainly due to the Group's recognition of an exchange

loss following from the adverse movement in the foreign exchange market.

The increase in finance costs of 50% from US\$42,000 in HY2018 to US\$63,000 in HY2019 was due to additional bank loans taken up in the second half of FY2018 for raw material purchases.

As the Group continues to accelerate its recovery, it reported a significant increase in its net profit attributable to shareholders of US\$121,000 in HY2019. Net asset value increased from US\$14.4 million as at 28 February 2018 to US\$15.9 million as at 31 August 2018. The Group is currently in a net cash position and its bank borrowings of US\$2.3 million is secured against trade receivables.

Business Outlook

Nico Steel has achieved remarkable progress with its proprietary brand of metal alloys, experiencing increasing acceptance of its innovative metal alloy materials by global market leaders in the mobile communications, automotive, and consumer electronics sectors.

Smart solutions, demanded by modern lifestyles, have caused global brands and OEM manufacturers to seek multi-functional metal alloys that will enhance product performance and the replacement cycle of such products will drive demand for the Group's proprietary Nico brand of metal alloys, both deepening and broadening its earnings base.

Added Danny, ***“Our patented electroplating and metal processing technology, coupled with our innovative customisation of metal alloys, puts the Group in a good position to cater to the growing demand for products of stringent and customised specifications from both existing and new customers. We will continue our efforts to widen our customer base by touting the superior performance of our Nico brand of metal alloys.”***

As the seasonal demand for electronics usually picks up in the second half of the calendar year, the Group is cautiously optimistic about its outlook and mindful of the ongoing US-China trade disputes and its challenges to the business environment.

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This press release is to be read in conjunction with the Company's interim results announcement posted on the SGX website on 15 October 2018.

About NICO STEEL HOLDINGS LIMITED

(Stock Codes – SGX: 5GF | Bloomberg: NICO SP | Reuters: NICO.SI)

Nico Steel Holdings Limited (尼尔金属控股有限公司) (“Nico Steel” and together with its subsidiaries, the “Group”), is a specialist in ferrous and non-ferrous metal alloys with a focus on customising technologically innovative metal alloy materials under its own proprietary “Nico” brand.

The Group’s proprietary patented production technology allows it to customise metallurgical solutions to meet the evolving requirements of its broad base of customers, particularly in the mobile communications, consumer electronics, industrial and automotive sectors.

Well-established in the upstream metal materials industry, the Group drives growth through (i) providing customised solutions as value-added services to component and contract manufacturers to meet their metal fabrication requirements, and (ii) cultivating demand from brand owners and leaders of mobile communications, consumer electronics, industrial and automotive sectors for its Nico brand of specialised metal alloy materials that will meet the evolving and stringent requirements of new digital devices.

Headquartered in Singapore, the Group owns and operates processing and production facilities in Suzhou, China, and Thailand, while the production facility in Singapore acts as its R&D centre.

For more information, please visit the company’s website at www.nicosteel.com

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OCTAVE COMMUNICATIONS (S) PTE LTD
远璟通讯(新加坡)私人有限公司

For more information, please contact:

Ms. Rosalina Soh 苏沛熙

Office : (65) 6260 4290

Mobile : (65) 9677 6683

Email : rosalina@octavecomms.com
