



**CORPORATE** 4QFY2014 & FY2014 RESULTS  
NOVEMBER 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 18 Nov 2014)

|                              |      |
|------------------------------|------|
| Listed on SGX-ST Mainboard   | 2007 |
| Current share price (S\$)    | 0.37 |
| Market capitalisation (S\$m) | 97.7 |
| Issued & Paid-up Shares (m)  | 264  |

# BUSINESS OVERVIEW

**One-stop  
Inventory  
Specialist**



- Extensive product range
- Pipes, fittings and flanges
- Over 25,000 line items



- Customisation services
- In-house quality assurance
- International network
- Project management services

**Serving  
Growing  
Industries**



**FY14 revenue: S\$157.6m**

|               |               |
|---------------|---------------|
| Energy: 81.2% | Trading: 4.2% |
| Marine: 13.9% | Others: 0.7%  |



**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)     |

# 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



# WAREHOUSING FACILITIES

Totaling over 538,000 sq ft



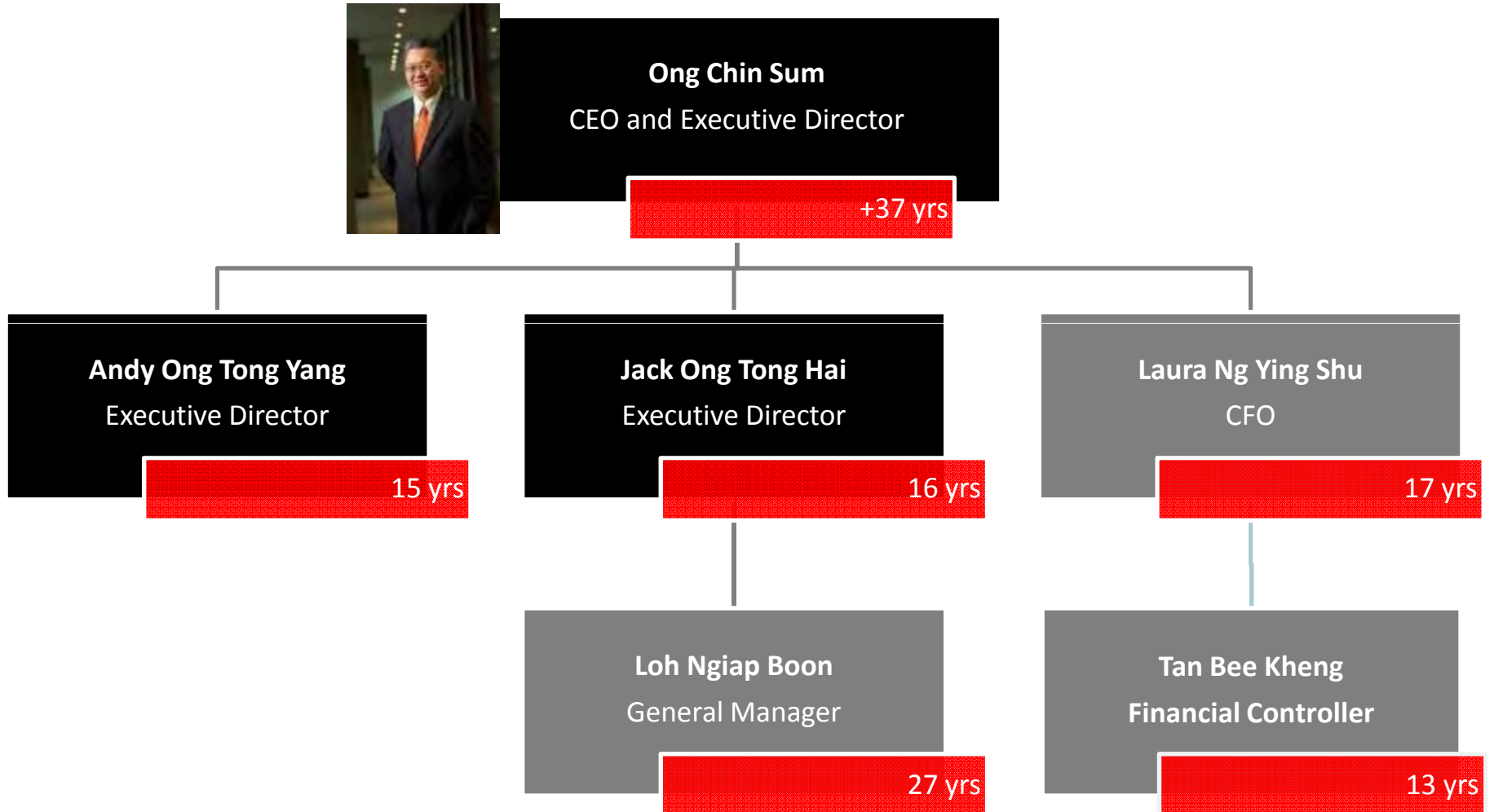
**Extended lease  
and new  
warehousing  
facility**

| Location  | Approximate site area (sq ft) | Tenure  |
|---|-------------------------------|---|
| • 14 Lok Yang Way   | 111,363                       | 60 years lease wef 16 June 1972               |
| • 21A Neythal Road  | 111,751                       | 30 years lease wef 16 August 1989             |
| • 90 Second Lok Yang Road<br>(Reconstruction to take place in FY2015) | 69,998                        | 30 + 10 + 13.25 years lease wef 16 March 1979 |
| • 36 Tuas Crescent<br>(Legal completion date: 28 Nov 2014)            | 118,274                       | 23 years lease wef 1 May 1997                 |
| • 28 Tuas Avenue 13   | 127,000                       | Rented  |
| <b>Total</b>  | <b>538,386</b>                |   |

Inventory management process supported by integrated computerised ERP system

# EXPERIENCED MANAGEMENT TEAM

Executive and senior management team with collectively over 120 years of relevant experience



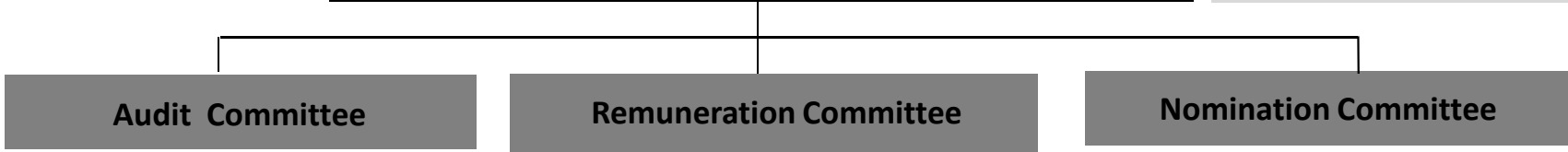
 Years of relevant industry experience

# FOCUS ON CORPORATE GOVERNANCE (CG)

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



| <b>Substantial Shareholders</b><br>(As at 31 Oct 2014) |        |
|--|--------|
| Ong Chin Sum   | 21.29% |
| Jack Ong Tong Hai                                      | 6.31%  |
| Andy Ong Tong Yang                                     | 6.27%  |



- Board is majority independent
  - Low Beng Tin was re-classified to Chairman and Independent Non-executive Director
- Experienced independent directors with varied experience in legal and accounting professions
- The Group was ranked 92<sup>nd</sup> out of 644 companies on the GTI in 2014

\* 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. 92 out of 644 companies included in the ranking.



# CUSTOMER RECOGNITION





# FINANCIAL

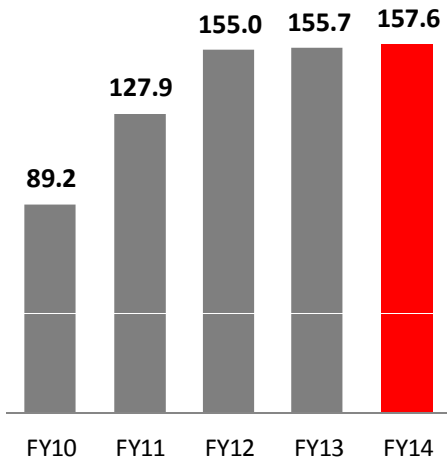
Financial Year Ended 30 September 2014

# HIGHLIGHTS

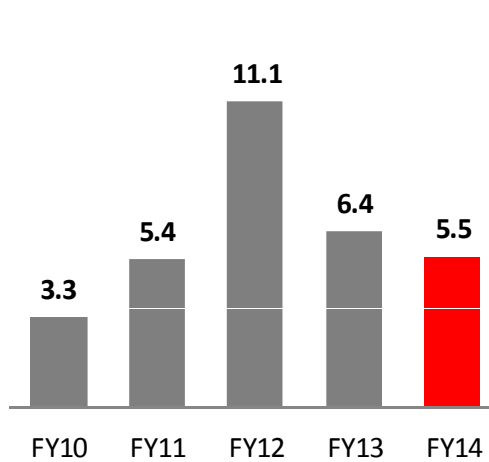


# 5-YEAR SNAP SHOT

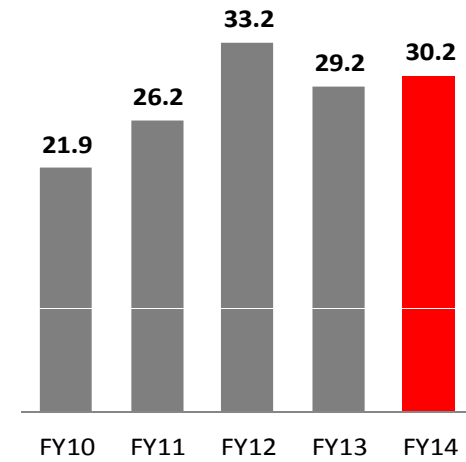
Revenue (S\$m)



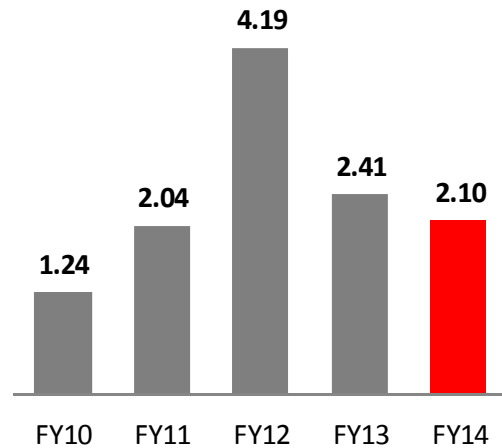
Net Profit (S\$m)



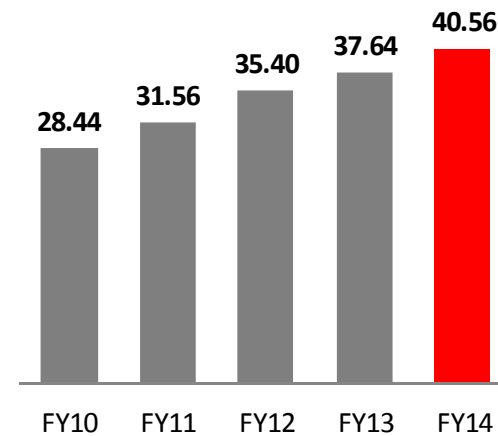
Gross Profit (S\$m)



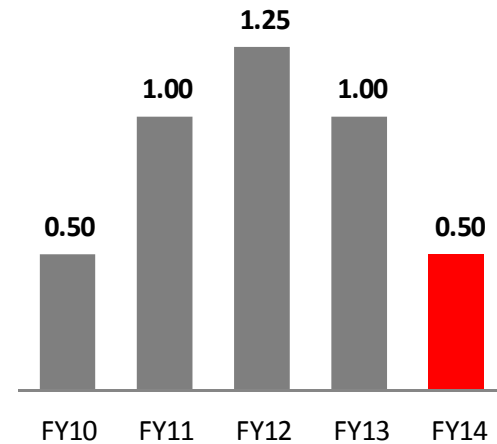
Earnings/Share (cents)



NAV/Share (cents)



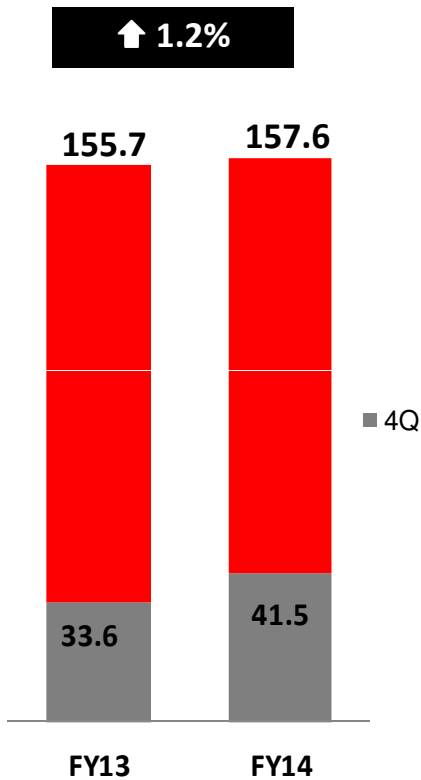
Dividend/Share (cents)



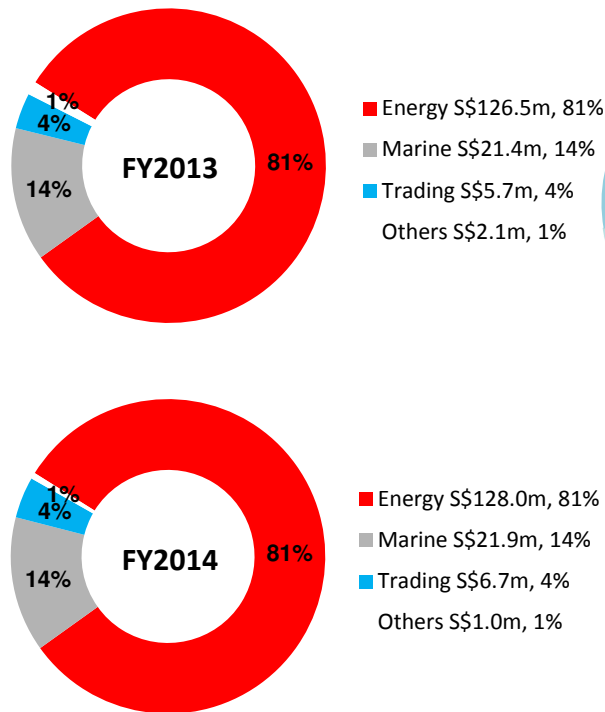


# REVENUE

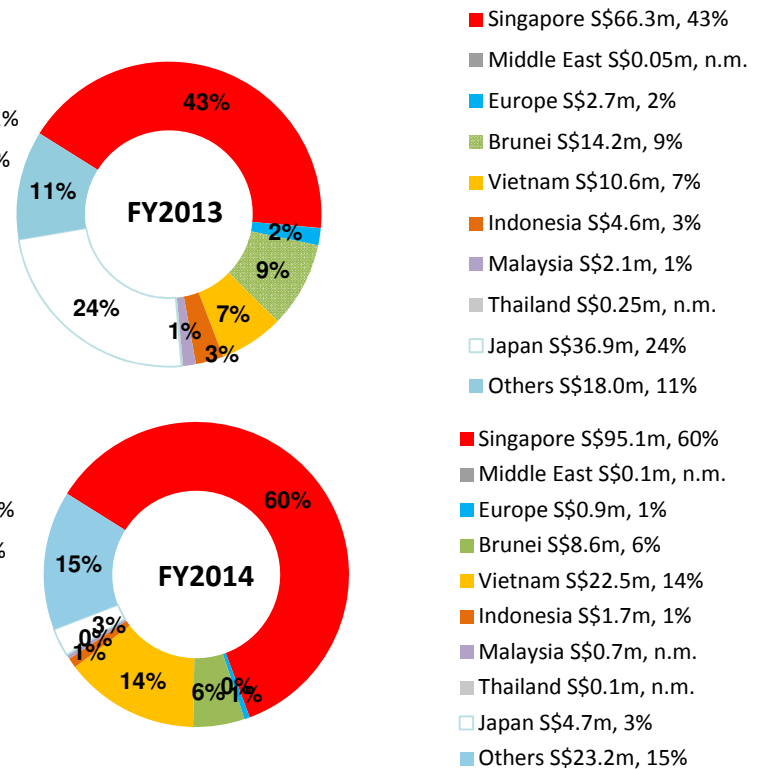
**Overall Revenue (S\$'m)**



**Revenue by Industry (%)**



**Revenue by Geography (%)**



**4Q Highlights**

4QFY14 revenue ↑23.4% to S\$41.5m

- Mainly attributable to higher sales from Energy sector

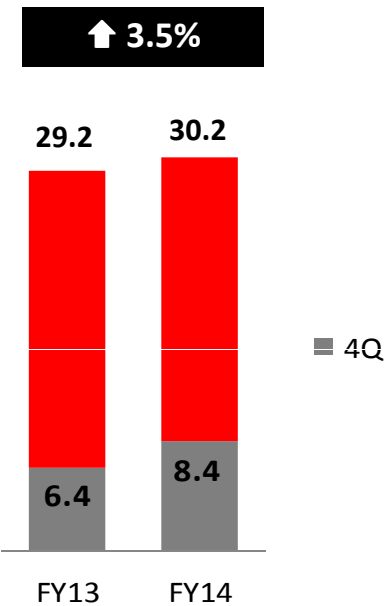
**FY Highlights**

FY14 revenue up 1.2% y-o-y to S\$157.6m

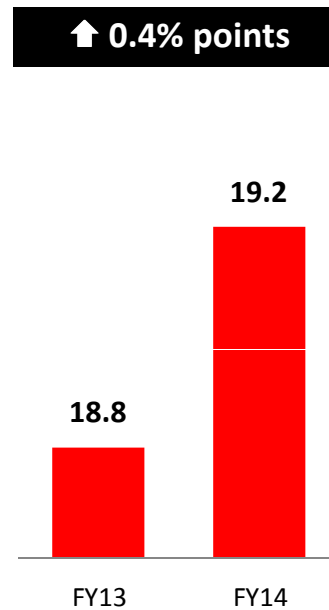
- Sales from Energy and Marine sectors increased 1.2% and 2.5% respectively
- Sales from Singapore increased 43.5%
- Surge in sales from Others market came mainly from sales in China, New Zealand and the Philippines

# PROFITABILITY

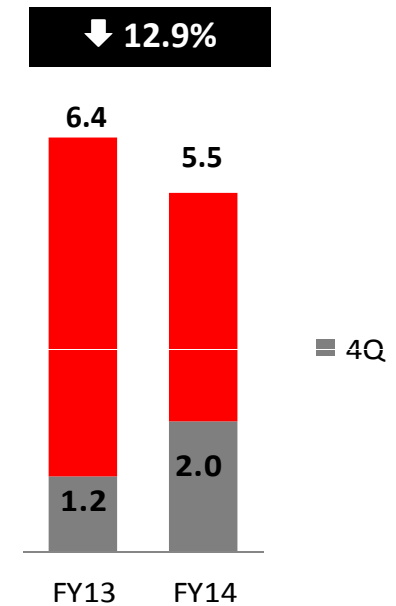
Gross Profit (S\$'m)



Gross Profit Margin (%)



Net Profit (S\$'m)



4Q Highlights

Gross profit **↑ 31.0%**, or S\$2.0m, to S\$8.4m

GP margin **↑ 1.1% points** to 20.1%

- As a result of tighter control over cost of sales

FY Highlights

Gross profit **↑ 3.5%**, or S\$1.0m, to S\$30.2m

GP margin **↑ 0.4% points** to 19.2%

Net profit **↓ 12.9%**, or S\$0.9m, to S\$5.5m

- Higher distribution cost, administrative expenses and income tax expense

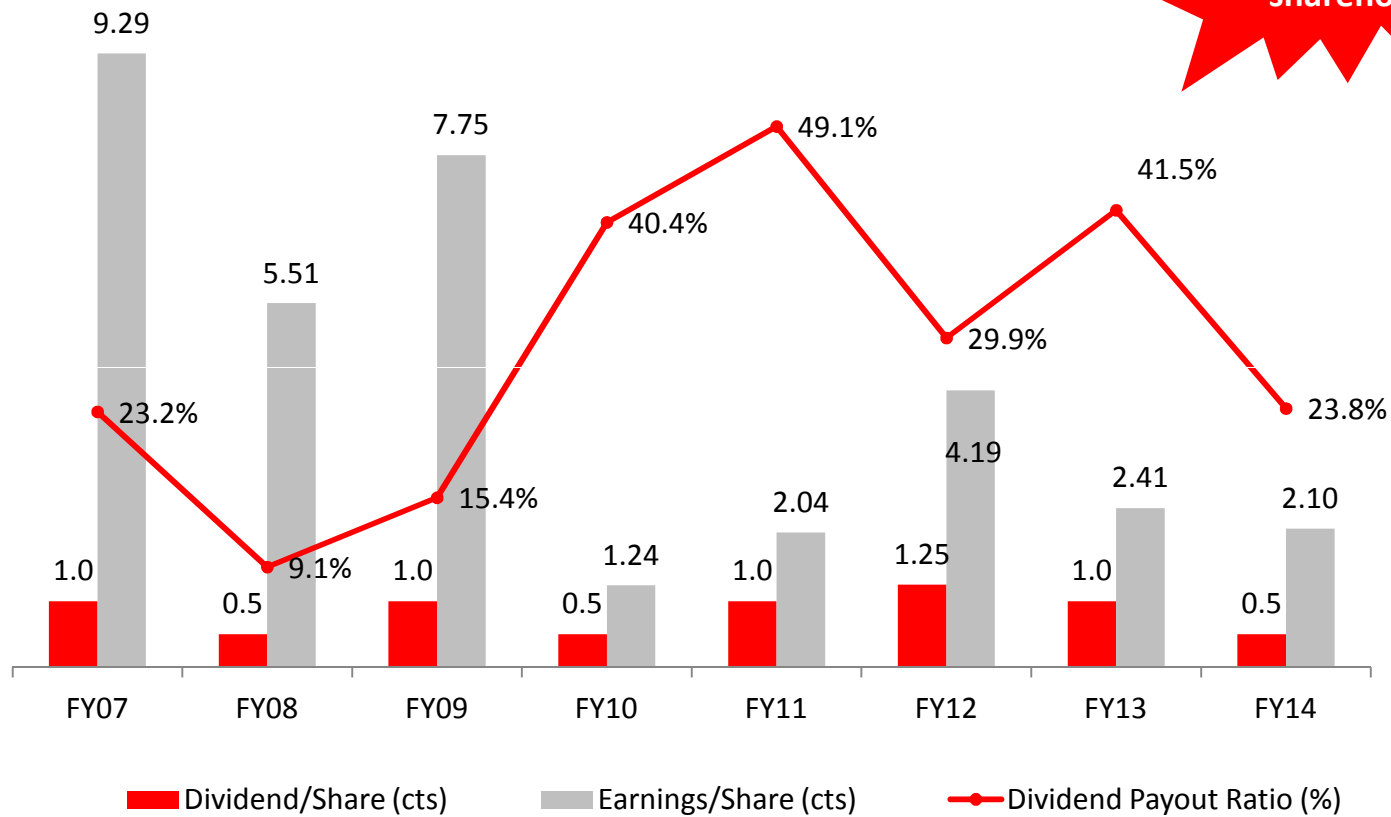
# KEY FINANCIAL INDICATORS

| <b>Profitability Ratios (%)</b> | <b>FY14</b> | <b>FY13</b> |
|---------------------------------|-------------|-------------|
| Return on Total Assets          | 4.11        | 4.67        |
| Return on Equity                | 5.37        | 6.60        |
| <b>Efficiency Ratios (Days)</b> | <b>FY14</b> | <b>FY13</b> |
| Trade Receivables Turnover      | 82          | 64          |
| Trade Payables Turnover         | 61          | 47          |
| Inventory Turnover              | 344         | 350         |
| <b>Liquidity Ratios (Times)</b> | <b>FY14</b> | <b>FY13</b> |
| Current Ratio                   | 1.96        | 2.01        |
| Gearing ratio                   | 0.97        | 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 FY14 : 263,999,997 shares

\* Subject to conditions



# OUTLOOK + STRATEGIES



# OUTLOOK



## Outlook for FY2015

- The Energy and Marine sectors will continue to be important markets in FY2015, arising from ongoing global exploration and production activities
- Market conditions expected to remain challenging and competition to stay intense locally and globally

**CosmoSteel will continue its cost management strategies and identify new markets and suitable opportunities for growth**



# STRATEGIES



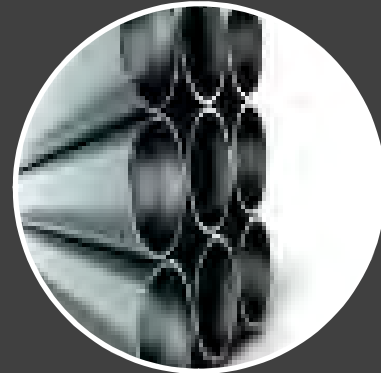
## Inventory Specialist

- Maintain extensive and ready stocks for quick turnaround



## Market Expansion

- Intensify marketing efforts in the Asia Pacific region
  - China, the Philippines and Vietnam
- 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



## Prudent Financial Management

- Stay vigilant
- Manage operating costs
- Improve productivity

# HIGHLIGHTS

- 
- A photograph of an industrial facility, likely a steel mill, at night. The scene is illuminated by bright, warm lights, creating a high-contrast environment. In the foreground, a complex network of dark metal pipes and structural beams is visible, some of which are lit from below. The background shows various industrial structures, including what appears to be a large cylindrical tank or furnace, and a clear night sky with a hint of a sunset or sunrise on the horizon.
- 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**