

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 continues to drive growth with a stronger set of earnings in FY2019

- Group achieved higher revenue and net profit, with higher gross margins
- Group is well-positioned to ride the technological transition trend with 5G revolution

Key Financial Highlights:

FYE 28 Feb (US\$'000)	FY2019	FY2018	Change	HY2019
Revenue	15,094	13,215	+ 14.2%	8,022
Gross profit	4,537	3,448	+ 31.6%	2,378
Gross profit margin	30.1%	26.1%	+ 4.0 pp	29.6%
Profit before tax	469	209	> 100%	257
Net profit ⁽¹⁾	243	34	> 100%	121

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

(1) Profit attributable to owners of the Company

FOR IMMEDIATE RELEASE

SINGAPORE, 26 April 2019 – SGX Mainboard listed Nico Steel Holdings Limited (“Nico Steel” and together with its subsidiaries, the “Group”), today announced its financial results for the financial year ended 28 February 2019 (“FY2019”). The Group increased its net profit seven-fold to US\$243,000 on the back of a 14.2% growth in revenue to US\$15.1 million in FY2019. This was despite the slowdown in global economic growth, brought about by the trade dispute between the United States and China, geopolitical uncertainties, fluctuations in commodity prices and currencies, and inflationary costs.

Revenue growth continued to be supported by demand for the Group’s proprietary Nico brand of metal alloys. As a result of the stronger contribution from the higher margined proprietary metal alloys, gross profit was lifted by 31.6% from US\$3.4 million in FY2018 to US\$4.5 million in FY2019, and gross profit margin increased from 26.1% in FY2018 to 30.1% in FY2019.

Revenue analysis by product segments

	FY2019		FY2018		YoY Change
	USD'000	% of revenue	USD'000	% of revenue	
Customised Solutions	10,865	72.0	10,154	76.8	+ 7.0%
Nico Brand of Metal Alloys	4,229	28.0	3,061	23.2	+ 38.2%
	15,094	100.0	13,215	100.0	+ 14.2%

Executive Chairman and President of Nico Steel, Mr. Danny Tan said, “We are encouraged that our transformation strategy and efforts to focus on value-creating metallurgical solutions gained traction with some of the renowned global brand leaders in the communications, automotive and consumer electronics sectors. Our continuous participations in new product models and series of our existing customers, are a testament to the Group’s competence and our proprietary metallurgical solutions.

As a Singapore homegrown company with a relatively unknown brand in the metallurgical solutions industry, we are appreciative of the opportunities to provide our customised metallurgical solutions and proprietary Nico brand of metal alloys for the products of these global brand leaders.

While the business environment was not in our favour during the last financial year, we believe that we have come out stronger and will do better in the current financial year. We will continue to cultivate demand for our customised metallurgical solutions and Nico brand of metal alloys, to assist our customers in diverse industries to improve the functionality and performance of their products, as well as their economic benefits.”

In the year under review

Other income decreased from US\$345,000 in FY2018 to US\$27,000 in FY2019, mainly due to the reversal of foreign exchange gain a year ago to a loss in FY2019.

Total operating expenses increased 11.1% from US\$3.4 million in FY2018 to US\$3.8 million in FY2019. This was mainly due to higher marketing and distribution expenses incurred for continued marketing effort to promote its Nico brand of metal alloys to new and existing customers, as well as the professional fees relating to the redeemable convertible bond program which was terminated in September 2018.

Other expenses of US\$125,000 in FY2019 was mainly due to the Group’s recognition of an exchange loss following from the adverse movement in the foreign exchange rates.

Finance costs increased 4.5% from US\$156,000 in FY2018 to US\$163,000 in FY2019, due to additional drawdown on bank facilities for raw material purchases.

The Group maintained stringent cost management and prudent expansion during the year. This helped to accelerate its recovery, and it recorded a seven-fold increase in its net profit attributable to shareholders from US\$34,000 in FY2018 to US\$243,000 in FY2019. Net asset value increased from US\$14.4 million as at 28 February 2018 to US\$16.7 million as at 28 February 2019. The Group is currently in a net cash position and its financial liabilities of US\$2.5 million were mainly trade facilities that are secured against trade receivables.

Business outlook

Said Mr. Steven Tang, Executive Director of Nico Steel, who heads the Group’s marketing and product innovation division, “**We believe that the 5G revolution is inevitable and Nico Steel is well-positioned to ride this technological transition. The inexorable trend of high-speed data transmission is likely to further drive growth for our multi-functional metal alloys as mobile devices and electronic products got more sophisticated.**”

In January 2019, the Group announced the expansion of its electroplating facility, raising production capacity by another 120% to reach an optimal volume of 44 tonnes of metal alloys per month. This

additional production line, which includes a customised wastewater treatment and water recycling system was put in place in anticipation of an increase in new orders. Currently, there are a few key projects involving 'single metal with cross or multi-properties' in various stages of testing and trial production with prominent mobile devices market leaders.

“Electronics related products have relatively shorter lifecycles and we have to keep pursuing new and existing customers by broadening our metallurgical solutions to the applications of their increasing range of products, both for existing and new models. This persistent pursuit builds a continuous flow of projects which we hope to translate into production orders.” added Mr. Steven Tang.

Based on the monthly tonnage of secured orders required by its customers at the beginning the financial year ended 29 February 2020 (“FY2020”), the Group is reasonably optimistic that it will remain profitable for FY2020, barring unforeseen circumstances.

In addition, the Group is still analysing the cost-benefits of shifting its current operations in Suzhou, China to the northern region of Jiangsu Province (also known as Subei) as a result of the ongoing urbanisation plan by the city government.

Added Mr. Danny Tan, **“We are truly appreciative of our shareholders who have been patient and supportive of Nico Steel over the years. We will continue to explore options to improve shareholders’ value and maximise returns for our shareholders.”**

The Group will update shareholders on its corporate developments as and when appropriate.

###

Note: This media release is to be read in conjunction with the Company’s results announcement on the SGX website on the same date.

About NICO STEEL HOLDINGS LIMITED 尼尔金属控股有限公司
(Stock Codes – SGX: 5GF | Bloomberg: NICO SP | Reuters: NICO.SI)

Nico Steel Holdings Limited (“**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 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.

Issued for and on behalf of **NICO STEEL HOLDINGS LIMITED** by:



OCTAVE COMMUNICATIONS (S) PTE LTD
远璟咨询(新加坡)私人有限公司

For enquiries, please contact:

Ms. Rosalina Soh 苏沛熙

Office : (65) 6260 4290

Mobile : (65) 9677 6683

Email : rosalina@octavecomms.com
