

**UNION STEEL HOLDINGS LIMITED**

友联钢铁控股有限公司

# UNION STEEL HOLDINGS LIMITED

## 2Q AND HY 2014 RESULTS

13 FEBRUARY 2014



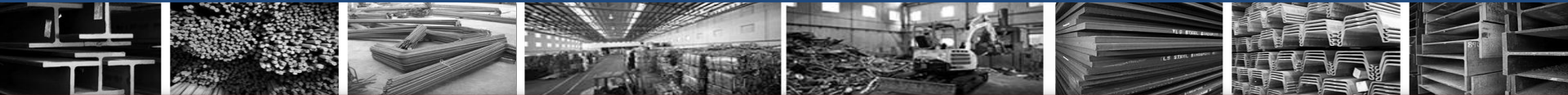
# About Union Steel

Founded in 1984, Union Steel Holdings Limited started operations as YLS Steel Pte Ltd which was involved in the trading of ferrous scrap metal. Today, it is one of the largest metal recycling companies in Singapore in terms of volumes handled.

The Group consists of five subsidiary companies engaged in :-

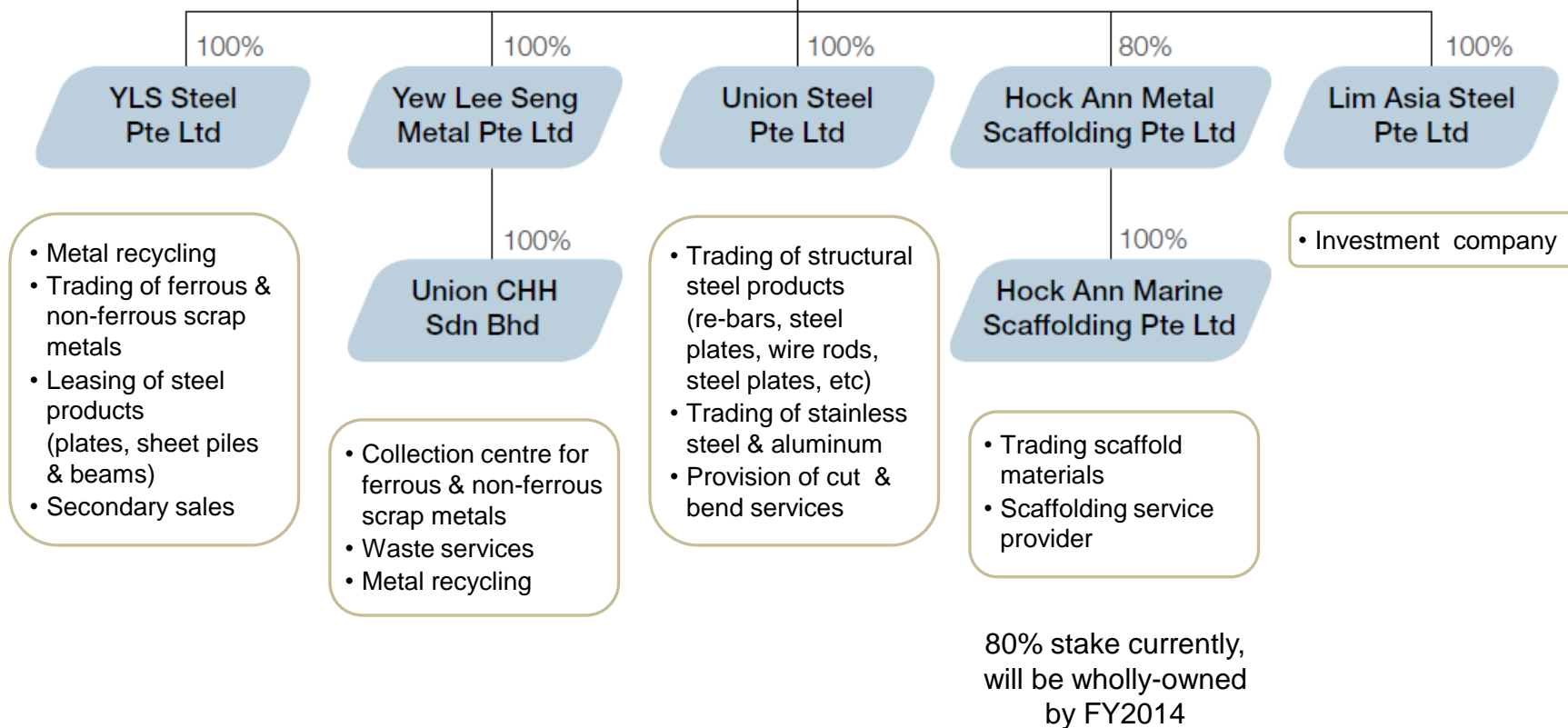
- (i) recycling of ferrous and non-ferrous scrap metal;
- (ii) trading of steel products and non-ferrous metal products;
- (iii) rental of sheet piles, steel plates and beams and
- (iv) provision of scaffolding services and related consultancy services, supply of scaffolding materials and skilled workers and buyback
- (v) industrial property investments

The Group delivers high quality products and reliable customer service to a global network of over hundreds of suppliers and customers, in countries such as Korea, India, Pakistan, Indonesia, Malaysia, Singapore and United Arab Emirates.



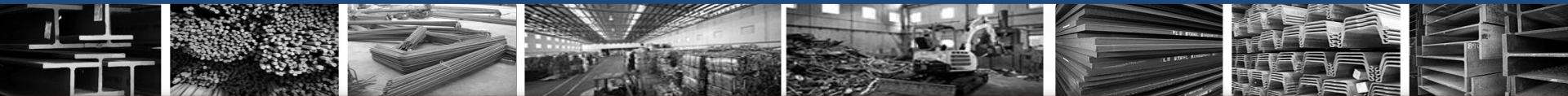
# Group Structure

## Union Steel Holdings Limited



# Overview of Financial Performance

- HY2014 revenue grew 53.7% on higher revenue from trading and recycling business segments, and with contributions from the newly established entity in Malaysia
- Margins continue to be pressured, with gross profit margins declining from 14.8% to 10.9% for HY2014 (17.0% to 12.2% for 2Q 2013 vs 2Q 2014)
- Administrative expenses increased on higher payroll costs and spending on infrastructure to support the business expansion in Malaysia
- HY2014 net profit was \$1.7 million, with \$1.4 million net profit attributable to shareholders





# 2Q 2014 and HY2014 Financial Highlights

(Three and six months ended 31 December 2013)



# 2Q 2014 Financial Highlights

	2Q 2014 (\$ million)	2Q 2013 (\$ million)	% Change
<b>Revenue</b>	<b>39.6</b>	<b>22.7</b>	<b>+74.2%</b>
<b>Gross Profit</b>	<b>4.8</b>	<b>3.9</b>	<b>+25.1%</b>
<b>Gross Profit Margin (%)</b>	<b>12.2%</b>	<b>17.0%</b>	<b>-4.8 ppts</b>
<b>Other Income</b>	<b>2.1</b>	<b>2.3</b>	<b>-6.5%</b>
<b>Profit before Tax</b>	<b>2.0</b>	<b>1.8</b>	<b>+10.2%</b>
<b>Profit after Tax</b>	<b>1.5</b>	<b>1.4</b>	<b>+10.3%</b>
<b>Profit after Tax attributable to Equity Holders</b>	<b>1.3</b>	<b>0.8</b>	<b>+68.2%</b>



# HY2014 Financial Highlights



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	HY2014 (\$ million)	HY2013 (\$ million)	% <i>Change</i>
Revenue	63.7	41.4	+53.7%
Gross Profit	7.0	6.1	+13.3%
Gross Profit Margin (%)	10.9%	14.8%	-3.9 <i>ppts</i>
Other Operating Income	4.5	4.3	+4.1%
Profit before Tax	2.3	2.6	-11.8%
Profit after Tax	1.7	2.0	-14.3%
Profit after Tax attributable to Equity Holders	1.4	1.2	+13.4%
EPS (cents)	0.35	0.31	
NAV per share (cents)	21.37	19.36	



# Balance Sheet Highlights

**31 Dec 2013**  
(\$ million)

**30 Jun 2013**  
(\$ million)

<b>Current Assets</b>	<b>93.2</b>	<b>87.8</b>
<b>Current Liabilities</b>	<b>49.6</b>	<b>44.9</b>
<b>Total Assets</b>	<b>160.0</b>	<b>154.1</b>
<b>Total Liabilities</b>	<b>69.8</b>	<b>64.7</b>
- <i>Bank Borrowings</i>	<i>58.2</i>	<i>50.2</i>
<b>Total Equity</b>	<b>90.2</b>	<b>89.5</b>
- <i>Shareholders Equity</i>	<i>84.1</i>	<i>83.8</i>
- <i>Non-controlling Interests</i>	<i>6.1</i>	<i>5.7</i>
<b>Cash &amp; Cash Equivalents</b>	<b>28.5</b>	<b>28.2</b>
<b>Net Gearing</b>	<b>0.35</b>	<b>0.26</b>





# Outlook & Strategy

- Business outlook is expected to be slow and the excess stock situation will continue depressing steel prices
- The Group's margins continue to be squeezed on both selling prices and scrap buying prices
- Escalating labour expenses will add to challenges in the local environment
- Focus on core competencies as well as prudent management of working capital
- On track to complete acquisition of final 20% stake in Hock Ann by FY2014
- Acquisitions remain a key aspect of the Group's growth strategy



# Forward Looking Statements

This presentation and pertaining discussions may contain statements that are forward looking concerning the business and future performance of Union Steel Holdings Limited and its subsidiaries. These statements are based on current conditions and information and involve assumptions, risks and uncertainties of the future. As such, these statements are not to be regarded as projections of the company's future performance. You are cautioned not to put undue reliance on this presentation as actual performance and results could differ materially from what is represented in its content.

