



UNION STEEL HOLDINGS LIMITED
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MEDIA RELEASE

Union Steel reports 9M2015 net profit of \$0.8 million despite 3Q2015 net loss

Y/E 30 June (\$ million)	3Q2015	3Q2014	YOY % Chg	9M2015	9M2014	YOY % Chg
Revenue	31.0	37.7	(17.9)	105.9	101.3	4.5
Cost of sales	(28.9)	(34.5)	(16.1)	(96.7)	(91.1)	6.1
Gross Profit	2.0	3.3	(37.4)	9.2	10.2	(9.9)
Gross Margin	6.6%	8.6%	-2.0ppts	8.7%	10.1%	-1.4ppts
Pretax Profit/(Loss)	(0.7)	0.9	NM	1.1	3.2	(64.7)
Net Profit/(Loss)	(0.7)	1.1	NM	0.8	2.8	(70.1)
Attributable Net Profit/(Loss)	(0.7)	1.0	NM	0.8	2.4	(65.1)
Earnings Per Share* (cents)				0.22	0.62	

*Based on 393,781,089 ordinary shares in issue for the financial period ended 31 Mar 2015 (31 Mar 2014: 393,781,089).

29 April 2015 – SGX-ST Mainboard listed **Union Steel Holdings Limited**, 友联钢铁控股有限公司 (“Union Steel” or “the Group”), one of the largest metal recycling companies in Singapore, has reported a net loss of \$670K for the three months ended 31 March 2015 (“3Q2015”), amid a 17.9% decline in revenue to \$31.0 million. This compares with revenue of \$37.7 million and a net profit of \$1.0 million in 3Q2014.

3Q2015 Performance

The \$6.8 million decrease in revenue was mainly due to lower revenue from the Group’s recycling and trading business segments, which declined by a total of approximately \$5.0 million. The remainder was mainly attributable to lower revenue from the Malaysia entity. Cost of sales decreased by \$5.5 million in tandem, and other operating income also saw a reduction from \$1.8 million to \$1.5 million due to the loss of rental income from properties sold during the past financial year. Distribution expenses decreased by 7.2% due to a decrease in import and export activities, and administrative expenses increased by 4.7% mainly due to an increase in allowance for doubtful debts, which partially offset a reduction of expenses in the Malaysia entity.

9M2015 Performance

For the nine months ended 31 March 2015 (“9M2015”), Group revenue rose 4.5% from \$101.3 million to \$105.9 million, with contributions from the Malaysia entity offsetting a decrease in revenue from the recycling and trading business segments. Cost of sales increased 6.1%, and gross profit decreased from \$10.2 million in 9M2014 to \$9.2 million in 9M2015, with gross profit margins declining from 10.1% to 8.7%. 9M2015 attributable net profit was \$0.8 million, compared to \$2.4 million in 9M2014.

Cash Flows

Net cash generated from operating activities for 9M2015 was \$18.0 million, mainly due to the operations of the metal recycling and scaffolding business segments. Net cash used in investing activities was \$4.1 million, mainly for the purchase of equipment, steel and scaffolding rental materials. Net cash used in financing activities was \$14.4 million due to repayment of bills payable and bank borrowings. This resulted in a net decrease in cash and cash equivalents of \$0.5 million, though the Group still has an ample cash balance of \$33.3 million as at 31 March 2015.

Financial Position

Group shareholders’ equity reduced marginally from \$90.1 million to \$89.8 million. Current assets decreased, largely due to an \$8.0 million decrease in inventories, as well as a \$4.4 million decrease in trade and other receivables due to improved collections from trading and recycling activities and additional allowance in doubtful debts. Current liabilities decreased by \$7.8 million, and non-current liabilities decreased by \$4.9 million, both largely due to the repayment of bank loans and bills payable.

Outlook

The overall steel industry outlook is expected to remain challenging on the back of weak demand for steel related products. In addition, the high volatility of the US Dollar has increased uncertainty in this region and the recent increase in SIBOR has added on to financing costs.

Under these circumstances, the Group will remain vigilant in managing the stock level and stay prudent in its capital management and expenditure, while looking out for potential acquisition targets.

“The tough operating environment has impacted our bottom line in this quarter, but we have made use of our operating cash flow to pare down our debt and bills payable. This has strengthened our balance sheet and will help us to weather these challenging times.”

- **Mr. Ang Yu Seng (洪友成), Executive Chairman and Chief Executive Officer**

About Union Steel Holdings Limited (www.unionsteel.com.sg)

Founded in 1984, Union Steel Holdings Limited ("Union Steel" or the Group) started operations as YLS Steel Pte Ltd which was involved in the trading of ferrous and non-ferrous scrap metal. Today, the Group consists of five subsidiary companies engaged in (i) recycling of ferrous and nonferrous scrap metal; (ii) trading of steel and stainless steel products; (iii) rental of sheet piles, steel plates and beams and (iv) scaffolding services.

With over 25 years of experience, Union Steel has established itself as a leading player in the metals and scrap industry in Singapore. The Group operates one-stop supply centres for the collection and recycling of ferrous and non-ferrous scrap metals and the trading of steel and stainless steel products. The Group has received several awards including the Enterprise 50 Award in 2003 and 2004, Fastest Growing 50 Certification and was ranked among the top small and medium enterprises in the annual Singapore 500 Small Medium Enterprises in 2004. It was awarded Singapore 1000 - Sales Turnover Growth Excellence Award in 2009 and achieved the Singapore International 100 Company status in 2010.

The Group delivers high quality products and reliable customer service to a global network that spans over hundreds of suppliers and customers in Asia, Indian-Subcontinent and Middle East. The Group continuously seeks to grow its business by widening its global network of supply sources and customers, and expanding its range of products and services. The Group further seeks potential acquisitions and joint venture opportunities for strategic expansion into metals-related businesses.

Union Steel Holdings Limited was listed on the SGX-ST Mainboard on 15 August 2005.

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