



UNION STEEL HOLDINGS LIMITED
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MEDIA RELEASE

Union Steel's revenue slides; reports \$0.3 million 1Q2016 net loss

Y/E 30 June (S\$ million)	1Q2016	1Q2015	YOY % Chg
Revenue	23.3	43.2	(46.1)
Cost of sales	(20.4)	(39.3)	(48.1)
Gross Profit	2.9	3.9	(25.3)
Gross Margin	12.4%	9.0%	+3.4ppts
Profit/(Loss) Before Tax	(0.3)	1.0	NM
Net Profit/(Loss)	(0.3)	0.8	NM
Attributable Net Profit	(0.4)	0.8	NM
Earnings Per Share (cents)*^	-0.09	0.21	
Net Asset Value Per Share (cents)*	20.26	23.08	

*Based on 393,781,089 ordinary shares in issue for the financial period ended 30 Sep 2015 (30 Sep 2014: 393,781,089).

^Based on profit attributable to shareholders.

12 November 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, continues to face difficult operating conditions, which have resulted in a decline in Group revenue and a reversal from a net profit in the prior year to a net loss in the three months ended 30 September 2015 (“1Q2016”).

1Q2016 Performance

Revenue decreased by 46.1% to \$23.3 million in 1Q2016, mainly due to decreased revenue from the Group's recycling and trading business segments, and reduced business activities in Malaysia. Cost of sales decreased in tandem with the lower business activity, although gross profit margins were boosted by a reduction in costs of material. Administrative expenses increased by \$0.3 million due to the waiving of storage charges for customers in 1Q2016, and higher professional fees incurred. Finance costs increased by \$50K due to higher interest rates on bank borrowings. In view of the above factors, the Group recorded a net loss of \$0.3 million, compared to a net profit of \$0.8 million in 1Q2015.

Financial Position

Shareholders' equity as at 30 September 2015 was \$79.8 million, a marginal decrease from \$80.6 million as at 30 June 2015. Trade and other receivables increased by \$2.2 million due to the addition of a new subsidiary's trade receivables. Property, plant and equipment increased by \$3.2 million due to additional plant and equipment. Inventories decreased by \$2.0 million as the Group reduced its stocks on hand. Total liabilities increased by \$4.0 million, mainly due to the increase in bank loans under non-current liabilities.

Cash Flow

Net cash generated from operating activities was \$3.3 million mainly resulting from reductions in inventory, partially offset by an increase in trade receivables. Net cash used in investing activities was \$5.8 million mainly for the purchase of additional steel and scaffolding materials for leasing. Net cash generated from financing activities was \$4.0 million mainly due to additional bank borrowings.

Outlook

The Group anticipates that business conditions for metal recycling and trading will continue to be highly challenging in the short term. The impending interest rate hike in the US will create even greater volatility in the US Dollar, which will further impact global demand for steel products.

The Group has completed the acquisition of Gee Sheng Machinery & Engineering Pte Ltd and will built on its current business, as well as streamline its processes and strive to harness possible synergies.

“Across the industry, the steel sector has been adversely affected by the depressed prices globally. We do not expect the situation to be improved in the short term.”

- 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 non-ferrous scrap metal; (ii) trading of steel products and non-ferrous metal products; (iii) rental of sheet piles, test piles and beams; (iv) leasing of industrial properties; and (v) provision of scaffolding services and related consultancy services.

With almost 30 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 non-ferrous metal products. The Group delivers high quality products and reliable customer service to a global network that spans over hundreds of suppliers and customers, in countries such as India, Bangladesh, Indonesia, Korea, Malaysia, Singapore, Japan, and China. 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.

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

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