



**UNION STEEL HOLDINGS LIMITED**  
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## MEDIA RELEASE

### Union Steel continues turnaround in 3Q 2017

Y/E 30 June (S\$ million)	3Q2017	3Q2016	YOY % Chg	9M2017	9M2016	YOY % Chg
Revenue	15.1	18.6	(19)	61.7	64.8	(5)
Cost of sales	(11.3)	(16.5)	(31)	(50.2)	(56.4)	(11)
Gross Profit	3.8	2.1	80	11.5	8.4	37
Gross Margin	25.0%	11.3%	+13.7ppts	18.6%	12.9%	+5.7ppts
Other Operating Expenses	(1.3)	(6.3)	(80)	(3.0)	(8.3)	(64)
Pre-tax Profit/(Loss)	0.6	(6.5)	NM	1.3	(6.7)	NM
Net Profit/(Loss)	0.5	(6.7)	NM	1.1	(7.0)	NM
Profit/(Loss) attributable to owners of the Company	0.4	(6.7)	NM	1.0	(7.0)	NM
Earnings/(Loss) Per Share* (cents)				2.43	(17.77)	NM

\*Based on 39,378,100 ordinary shares in issue for the financial period ended 31 March 2017 (31 Mar 2016: 39,378,100 shares).

**27 April 2017** – 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, today reported its third consecutive profitable quarter, with a net profit of \$0.5 million for the three months ended 31 March 2017 (“3Q2017”). This stands in contrast with a \$6.7 million net loss reported in the third quarter of the previous financial year, which was attributable to expenses resulting from the cessation of operations in Malaysia. The improved financial performance mainly came about due to contributions from recent acquisitions.

#### 3Q2017 Financial Performance Boosted by Recent Acquisitions

Group revenue decreased from \$18.6 million in 3Q2016 to \$15.1 million in 3Q2017, due to lower contributions from the steel trading business. However, despite the lower revenue, gross profit increased by 80% to \$3.8 million in 3Q2017. This was mainly due to the contributions from engineering services, which command higher margins compared to steel trading and recycling. The Group’s engineering division comprises several business units acquired over the past 18 months, which are engaged in the provision of marine products and engineering services, land transport engineering services, and crane services, among others.

## Cash Flows and Financial Position

The Group had \$14.2 million in cash and cash equivalents as at 31 March 2017, compared to \$28.3 million at the beginning of the financial year. The decrease was mainly attributable to acquisition costs, repayment of bank loans and an increase in scrap inventory levels. Shareholders' equity stood at \$65.3 million as at 31 March 2017 (30 June 2016: \$64.4 million), and the Group's net gearing<sup>1</sup> level was 40.5%.

## Outlook

The outlook for the steel industry remains challenging as steel prices and demand are very volatile. The Group's focus is on moving up the supply chain and fully integrating its recent acquisitions.

*"We are starting to reap the benefits of our strategy to diversify through acquisitions, and I am heartened by the positive showing by our engineering division in the first nine months of this financial year."*

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

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## About Union Steel Holdings Limited ([www.unionsteel.com.sg](http://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) provision of scaffolding services and related consultancy services; (v) leasing of industrial properties; (vi) civil construction and engineering, and the manufacture of motor vehicle bodies, trailers and semi-trailers; (vii) products and engineering services for the offshore & marine industry; (viii) land transport engineering solutions; and (ix) crane services (loading and unloading of cargo) and other specialized construction and related activities.

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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<sup>1</sup> Defined as the ratio of the aggregate of interest bearing loans net of cash and cash equivalents to total equity