



HUPSteel

Co Reg No : 197301452D

News Release – Results for 3QFY09

	3QFY09	3QFY08	Chg	9MFY09	9MFY08	Chg
	\$M	\$M	%	\$M	\$M	%
Revenue	50.0	120.1	-58%	254.2	291.8	-13%
Gross Profit	2.1	20.0	-89%	33.7	53.5	-37%
Net Profit After Tax (NPAT)	(2.0)	10.8	NM	11.5	26.4	-56%
Gross Profit Margin	4.20%	16.65%		13.25%	18.33%	
Earnings per share (cts)	(0.31)	1.75	NM	1.83	4.29	-57%
Net Asset Value per share (cts)	31.58	32.36	-2.4%	31.58	32.36	-2.4%

- **Generated \$50m of net cashflow from operating activities**
- **Cash balance of \$25.1m against total borrowings of \$11.3m; Gearing ratio down to 0.07**
- **AR turnaround at a low 61 days**
- **9 months to date remain profitable at \$11.5m**

Singapore, 15 May 2009 - SGX Main Board-listed HUPSteel Limited (“HUPSteel” or “the Group”), today announced that its revenue for the third quarter ended 31 March 2009 (“3QFY09”) declined by 58% to \$50.0M from \$120.1M when compared with the corresponding quarter (“3QFY08”). Revenue for the 9 months ended 31 March 2009 was 13% lower at \$254.2M when compared to \$291.8M for the corresponding period (nine months ended 31 March 2008). The company made a profit after tax of \$11.5M for the 9 months ended 31 March 2009.

Demand for steel products was significantly weakened as a result of the global economic slump and the contraction of the Singapore economy by 11.9% during the first 3 months of calendar year 2009. This was further compounded by a decline in the selling prices of its products. As a result, there was a reduction in gross profit to \$2.1M for 3QFY09 from \$20.0M as reported for 3QFY08.

As a result of the lower revenue and weaker gross margins generated for 3QFY09, the Group reported a loss after tax of \$2.0M compared with a profit after tax of \$10.8M in 3QFY08. The Group has taken steps to implement various cost cutting measures to reduce its operating expenses and has also benefited from the schemes introduced by the government resilience package during the period.



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The Group reduced its inventory holding to \$95.0M from \$137.7M (as at the end of 30 June 2008) as mills' offer prices fell rapidly during the period.

With the scaling back of purchases and by exercising diligent effort in debt collection, AR turnaround improved to 61 days and short term borrowings decreased to \$11.3M from \$64.7M as at end of 30 June 2008. This had resulted in the Group holding a cash balance of \$25.1M which exceeded total current liabilities of \$24.5M as at 31 March 2009.

CEO of the Group, Mr Lim Kim Thor, said, "This economic downturn had been the most severe experienced thus far. However, the Group was able to reduce its borrowings substantially and maintain a healthy cash balance for it to take advantage of any opportunities arising when market recovers."

"Recent market indications show that prices are stabilising and market inventory level is diminishing. At the same time, government infrastructure projects are expected to move into construction phase which will generate more demand for steel products in the coming quarters. Nevertheless, the Group remains cautious as the general market conditions are still challenging and there are no clear signs of an early worldwide recovery" concluded Mr Lim.

End of release

About HUPSteel

Established in 1945 as an industrial hardware company, SGX Main Board-listed HUPSteel Limited, formerly known as Hup Seng Huat Co. Ltd, provides an integrated range of steel products and services for the oil and gas, chemical and petrochemical, energy, infrastructure, marine and other industries across Asia Pacific. Serving more than 1,500 customers in over 15 countries, HUPSteel is one of the largest steel suppliers and stockists in Singapore. The Group distinguishes itself from other Singapore-based steel stockists in being able to provide value-added services such as logistics services that will enable it to expand across the horizontal supply chain and become a truly global total solutions provider for steel products and services. HUPSteel's value lies in its product knowledge, stock availability, competitive pricing, and comprehensive product range. This enables the Group to offer an indispensable inventory management service to source and supply clients' time-sensitive steel requirements.

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