



News Release – Results for FY2008 Third Quarter & Nine Months Year-To-Date

HUPSteel’s 3Q Net Profit Soars 84% to \$10.8 Million as Quarterly Revenue Surges to New All-time High of \$120.1 Million

\$ million	3QFY08	3QFY07	Chg	9MFY08	9MFY07	Chg
Revenue	120.1	76.9	56.0%	291.8	197.3	48.0%
Gross Profit	20.0	13.9	44.0%	53.5	42.7	25.0%
Net Profit After Tax (NPAT)	10.8	5.9	84.0%	26.4	20.6	28.0%
Earnings per share*	1.75 cts	1.16 cts		4.29 cts	4.07 cts	
Net asset value per share*				30.16 cts	28.68 cts	

**Based on weighted average number of shares of 615,679,316 for 3Q08 or 31/03/08; 506,026,397 shares for 3Q07 or 30/06/07*

- **3QFY08 revenue : \$120.1 million (+56%)
Gross profit : \$20.0 million (+44%)**
- **9MFY08 revenue of \$291.8 million surpassed full year FY07 revenue ;**
- **Group is well-positioned to ride on strong underlying demand from major customers in the Marine, Oil & Gas and Construction sectors;**

Singapore, 8 May 2008 - SGX Main Board-listed HUPSteel Limited (“HUPSteel” or “the Group”), one of South-east Asia’s largest metal stockists and total solutions provider catering to the oil and gas, offshore/marine, petrochemical, construction and engineering sectors, today announced a sterling set of results for the third quarter ended 31 March 2008 (“3QFY08”) and nine months of FY2008 (“9MFY08”).

The Group posted record high quarterly revenue of \$120.1 million for 3QFY08, surpassing its preceding 2QFY08 quarterly revenue of \$100.0 million. Consequently, revenue for 9MFY08 surged 48% year-on-year to \$291.8 million – thus exceeding full year FY2007 revenue of \$284.2 million.

The 56% year-on-year increase in 3Q08 topline growth was driven by continuing robust demand for steel products and higher selling prices. Sales to Singapore’s resurgent construction industry registered the fastest growth rate in 3QFY08 due to its lower base – as awarded construction projects kicked off, causing demand for structural steel products such as plates and “long” products e.g. beams, hollow-sections and angle bars to pick up. Sales to the local and regional Oil & Gas industry were mainly pipes and fittings while sales to Marine were mainly made up of steel plates and also of pipes and fittings.



The slight moderation in blended gross profit margin from 18.1% to 16.7% in 3QFY08 was largely anticipated as a larger portion of the revenue was made up of the lower margin structural products.

Accordingly, NPAT jumped 84.0% year-on-year to \$10.8 million for 3QFY08 while NPAT rose 28.0% to \$26.4 million for 9MFY08. The strong bottomline growth in 3QFY08 was mainly driven by the strong growth in sales as well as a net gain in finance cost of \$1.6 million. This net gain in finance cost was mainly contributed by foreign exchange gain arising from settlement of US dollar denominated trust receipts utilised for the purchase of inventories as US dollar continued to weaken during the quarter.

Commenting on the Group's results, CEO Lim Kim Thor, said, "We are pleased that the Group had implemented various actions early in anticipation of the changing global supply-side dynamics and steel price uptrend. Our timely initiatives, such as bringing in of a new range of premier, high-tensile strength structural steel products and expanding our covered warehouse space, are now bearing fruit as seen in our higher revenue and net profits."

Mr Lim explained, "The worldwide consolidation of steel mills has enabled producers to manage supply and demand more effectively. Increased orders due to strong global demand had tightened supply and issues relating to raw material availability had lengthened lead-times significantly over the past year. Even if slowdown in US economy may lead to softer demand from certain regions, mills are able to allocate their outputs to regions with sustained demand, like South-East Asia, the Middle East and India, which are still developing their infrastructure and economies.

HUPSteel's strong relationships with a diversified network of steel mills cultivated over the last 60 years have been instrumental in our ability to obtain inventories amidst tight global supply conditions."

The Group also expects steel mills to continue facing pressure to raise prices in the face of hikes in iron ore prices. The prices of oil, coke and sea-freight have similarly risen.

"Higher steel prices will pose a challenge to our customers in the midst of other rising business costs. In the light of the tight supply situation and rising prices, the Group will manage our inventory to ensure that the needs of our loyal customers can be met." he said.

On demand-side conditions, Mr Lim is upbeat, "Demand will remain fairly strong and resilient, notably from the marine, oil & gas sectors. The offshore and marine sectors, reported to have order books filled up to 2011, and the construction sector with public sector infrastructure projects, including SportsHub and the MRT line extension, are competing for structural steel products. Furthermore, there are several mega world-class cracker and petrochem projects on Singapore's Jurong Island by leading MNCs that will fuel demand."

"We have invested in additional storage facilities with the acquisition of a 14,000 sqm covered warehouse in Tuas. Our inventories now stand at \$126 million and with our regular purchases, we hope to mitigate the impact from the continuous price adjustments by steel mills. We are thus well-positioned to continue to meet the sustained demand over the mid term," 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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