



HG Metal Manufacturing Limited

Unleashing Value

Important Notice

This Presentation should be read in conjunction with the full text of the announcements released by HG Metal Manufacturing Limited (“HG Metal”). Shareholders are advised to read all the documents relating to the transactions that are filed with the SGX-ST when they become available. Copies of documents may be obtained, when available, from the SGX-ST website (www.sgx.com).

The directors of HG Metal (including any who may have delegated detailed supervision of this Presentation) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Presentation are fair and accurate and that no material facts have been omitted from this Presentation, and they jointly and severally accept responsibility accordingly.

This Presentation may contain forward-looking statements regarding, among other things, the Company's outlook, business and strategy which are current as of the date they are made. These forward-looking statements are based largely on the current assumptions, expectations and projections of the directors and management of HG Metal about our business, and the industry and markets in which we operate. These statements are not guarantees of HG Metal's future performance and are subject to a number of risks and uncertainties, some of which are beyond the Company's control and are difficult to predict.

Future developments and actual results could differ materially from those expressed in the forward-looking statements. In light of these risks and uncertainties, there can be no assurance that the forward-looking information will prove to be accurate. HG Metal does not undertake to update these forward-looking statements to reflect events or circumstances which arise after publication.

Agenda

- 1 **Our Competitive Positioning**
- 2 **Our Growth Story**
- 3 **Industry Prospects**
- 4 **Financials and Valuations**



Why Invest in HG Metal?



Our Competitive Positioning



A Leading Steel Distributor and Processor in the Region

40

- **40 years of track record** in the steel industry
- One of the **largest steel distributor and processor in the region**

1,000

- Supplies to **about 1,000 customers from diversified industries**
- Customers are predominantly from **Singapore (60%), Malaysia (15%), Indonesia (20%)** and other Asian countries (5%)
- Customers include **smaller steel stockists and hardware** companies (36%), **engineering** industry (14%), **marine** industry (15%), **construction** industry (7%) and **trading** companies/others (28%)

2,000

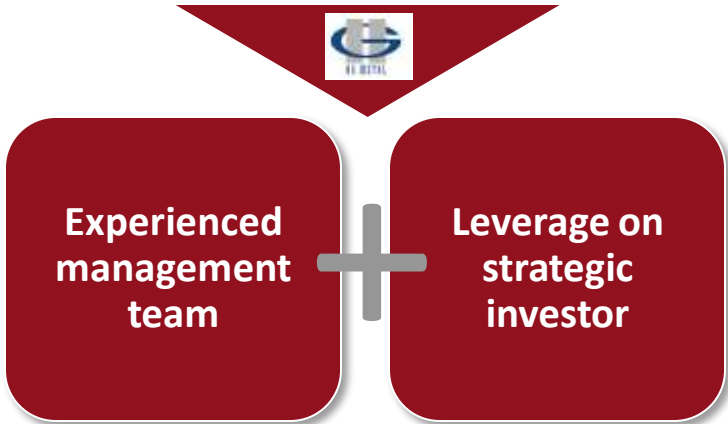
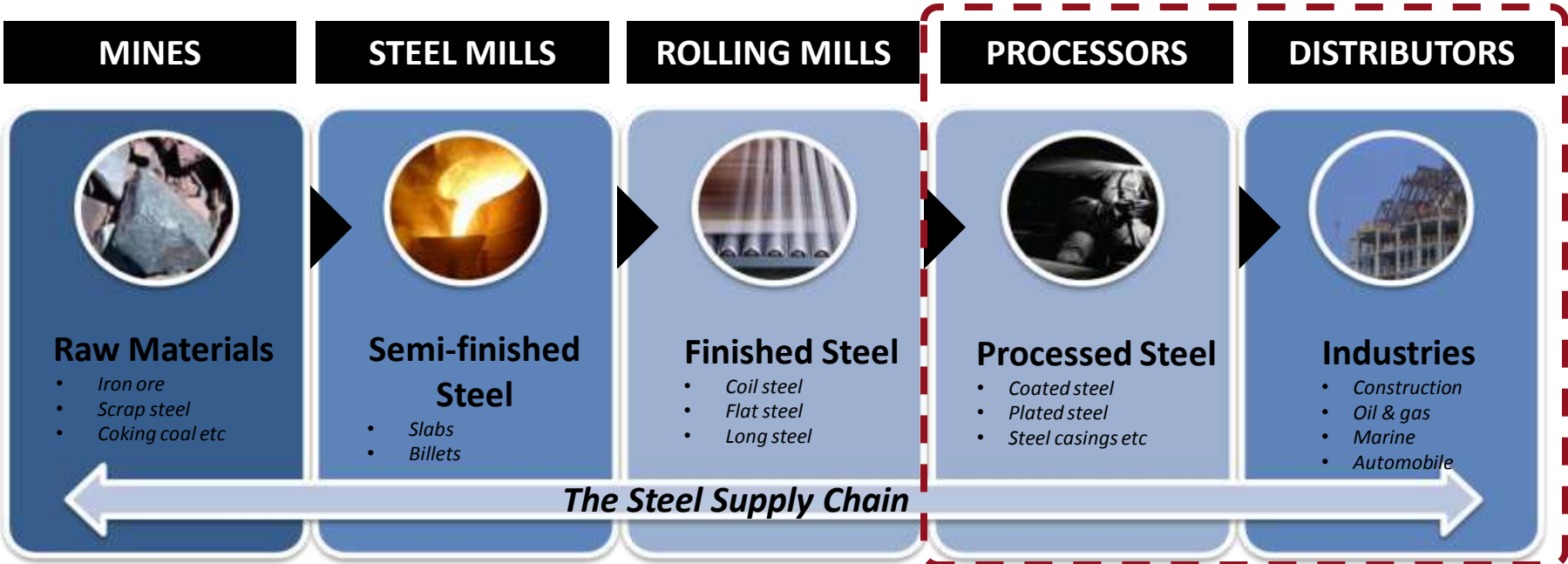
- Carries **more than 2,000 types of products in stock**, comprising **ship plates / steel plates (50%), bars (25%), beams (10%), pipes (10%)** and others (10%)

800,000

- One of the **largest steel warehouse and processing facilities in Singapore**
- Close to **800,000 sq ft of storage facilities**
- **Comprehensive range of downstream value-added and processing services** such as cutting, bending, welding, slitting etc

- **Strong brand equity**
- **Large & diversified customer base**
 - **One-stop “hypermarket” strategy – wide range of products at competitive prices**
- **Large-scale facilities**
- **Comprehensive value-added downstream processing services to provide customised products**

A Key Player in the Steel Supply Chain



Led by an Experienced Management Team

Highly experienced management team with an average of
20 years of experience in the Asia steel industry

GOH Kian Sin

*Managing Director &
CEO*

- More than 20 years of experience in the steel industry
- Founded the Oriental Castle Group (“OCG”) in 1999, one of the region’s key players in the foundation steel sector
- One of the OC group’s business units – Oriental Sheet Piling – has a joint venture with ArcelorMittal, the largest steel producer globally

TAN Chan Too

*Executive Director &
Co-Founder*

- One of the three founders of the Group
- More than 40 years of experience in the steel industry
- Spearheads the Group’s distribution business/commodity trading

Georges KEIPES

*COO Long Processing
Business Unit*

- 16 years of experience in the steel industry
- 6 years as a Professor-Engineer at Luxembourg Ministry of National Education
- 16 years in Arcelor group of Companies

HO Vui Soon

*COO Flat Steel Processing
Business Unit*

- 4 years of experience in the steel industry
- Formerly General Manager Strategy of Oriental Castle Group and Senior Manager of Oriental Sheet Piling
- 7 years in global data solutions company, Recall Asia; held several positions including Commercial Planning and Regional CFO

Leveraging our Strategic Investor

Leverage on the expertise and relationship network of our major shareholder to extend our capabilities

ORIENTAL
CASTLE GROUP



Strategic Investor

- The Oriental Castle Group (“OCG”) has a 23.66% stake in HG Metal, which could increase to 29.0% in early 2012 upon exercise of its call option
- Founded by our CEO Mr. Goh Kian Sin in 1998, OCG is one of the region’s major players in the steel foundation solutions business
- One of OCG’s business units – Oriental Sheet Piling – has a joint venture with ArcelorMittal, the largest steel producer globally

Synergistic Opportunities

- OCG’s know-how compliments HG Metal’s strength in commodity steel products
- We can tap on OCG’s network to widen business opportunities

OCG’s quality assurance



Our Growth Story



Multi-Pronged Growth Strategy

1

Diversify Business Model

2

Expand Product Range

3

Widen Geographical Reach

4

Strengthen Customer Relationships

5

Enhance Processing Capabilities

Diversify Business Model

We are diversifying our business model from a commodity-based steel stockist to focus on higher value, niche products and services

Present

Future



Distribution

- Focus on expanding distribution channels beyond Singapore, into ASEAN



Project Sales

- Focus on direct sales with end-users who require large and customised orders for specific projects



Processing

- Focus on adding value to steel products:
 1. Flat Processing
 2. Bar Processing
 3. Specialised Processing

Expand Product Range

We are adding difficult-to-attain, higher grade, non-standard products to our portfolio, to strengthen our one-stop “hypermarket” strategy

Present

Future

Current product portfolio

Ship Plates / Steel Plates

Bars

Pipes &
Tubes

Beams



Ship Plates



Round Bars



ERW Pipes



Steel Plates



Channel Bars



API Pipes



Chequered Plates



Square Bars



I-Beams

Higher grade steel products



High-strength beams



Hot formed hollow sections



High-strength plate for pressure vessels



Abrasion resistant plate



High-strength rebars for construction



High-strength plate for shipbuilding

3 Widen Geographical Reach

We will leverage Singapore as a hub to expand into ASEAN, South Asia, Middle East and Australia

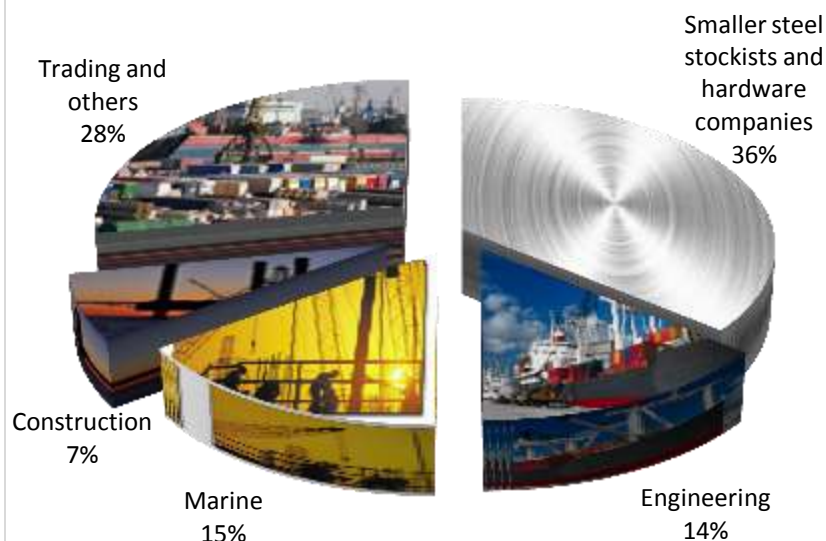


- Our current markets are predominantly Singapore, Malaysia and Indonesia; and on a smaller scale, Sri Lanka, Thailand, Myanmar and Vietnam
- Regional markets suffer from lack of high value products, high degree of fragmentation and limited domestic reach
- To date, we have signed a MOU with a company in Indonesia specialising in trading of high strength and abrasion resistant steel plates, to be our distribution agent in Indonesia

Strengthen Customer Relationships

We are focusing on handling projects directly with end-users to enhance customer loyalty

Present breakdown of customers by industry segment



- Strategy is to engage our end-users directly, so as to understand their needs and enable us to provide more comprehensive solutions
- Fixed-price contracts reduce our exposure to commodity price swings
- Target construction, civil engineering, marine engineering, energy, oil & gas sectors
- Signed on first Indian oil & gas project in December 2010

Enhance Processing Capabilities

We aim to add greater value to our end-users
by offering more downstream services – in Flat Processing...

Present

Future

MANUFACTURING



Pipes, Square, Rectangular
Hollow Sections



Lip Channel, Metal Deck,
Scaffold, Flat Bars

PRE-PROCESSING SERVICES



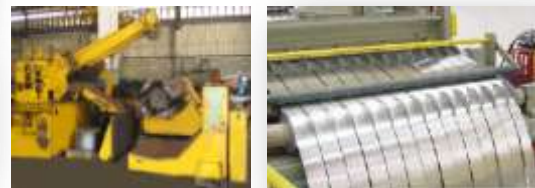
Purlin Hole-Punching



Shearing :
Plate to Plate



Sandblasting &
Coating



Coil Slitting

HRC-To-Sheet

- Flatten hot rolled coils (HRC) and shear to required length

CRC-To-Sheet

- Flatten cold rolled coils (CRC) and shear to required length

Beveling

- Edge preparation on heavy gauge plate for subsequent welding process

2D-Profile Cutting and Plasma Cutting

- Cut steel plate into required shape for subsequent processing

Kitting

- Pack pre-processed parts into “group of parts” for subsequent sub-assembly processes

Enhance Processing Capabilities

... and in Long Processing

Present

Future

STOCK HOLDING



(PRE-) PROCESSING SERVICES



Industry Prospects



Outlook of Steel Industry

Emerging Asia Steel demand is expected to grow 14% in 2011-12



According to the World Steel Association, the world steel industry is recovering at a faster pace than expected. After a strong rebound in 2010, the recovery in global steel demand will slow in 2011, in line with slower growth in the world economy.



Steel demand in emerging Asia, without China, registered a growth rate of 12% in 2010 and is expected to grow further by 14% in 2011 and 2012.



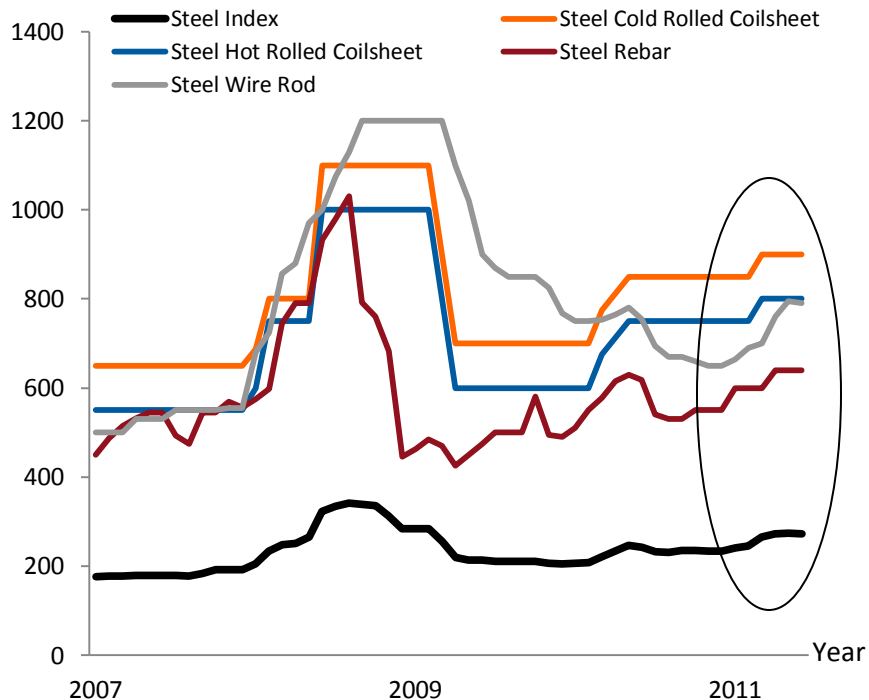
Downside risks remain, including further rises in steel raw material prices, continuing sluggish growth in advanced economies and high oil prices.

Source: OECD and South East Asia Iron and Steel Institute

Global Steel Price Trends and Apparent Steel Use (Finished Steel)

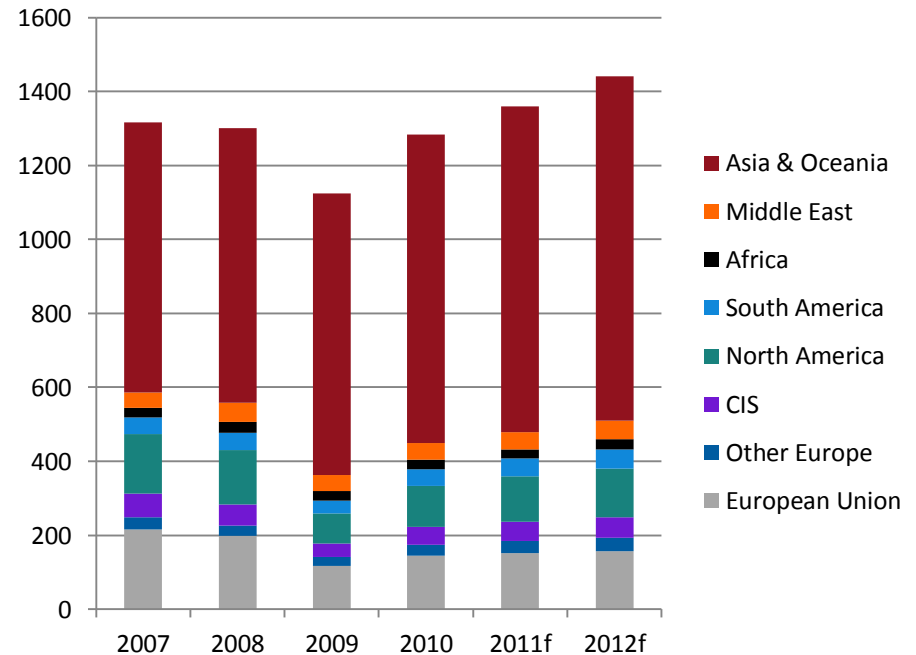
Global steel prices are stabilising

US\$/metric tonne



Global apparent steel use is increasing, with Asia & Oceania dominating the world market for steel

Million metric tonnes



Source: World Steel

Note: Apparent steel use reflects the deliveries of steel to the market place from the steel producers as well as from importers

Spotlight on ASEAN

ASEAN will be the next growth engine in Asia

- ✓ ASEAN steel industry picked up significantly in 2010 with a double digit growth rate after suffering from the financial crisis in 2008.
- ✓ Total steel consumption in ASEAN reached nearly 49 mm tonnes in 2010 (+17.5% y-o-y), driven mainly by strong growth in Thailand, Indonesia and Malaysia.
- ✓ According to the Tata Steel Group, the steel industry in SEA is expected to be one of the faster growth regions of the world with CAGR of 7.6% for the next 10 years, compared to the average growth rate of 6.2% over the past 10 years.
- ✓ The construction sector is the major driver for steel consumption in the region. About 63% of the steel consumption in the region comes from the construction sector.

Source: South East Asia Iron and Steel Institute

Financials and Valuations



Financial Highlights

Financial year ended 30 September

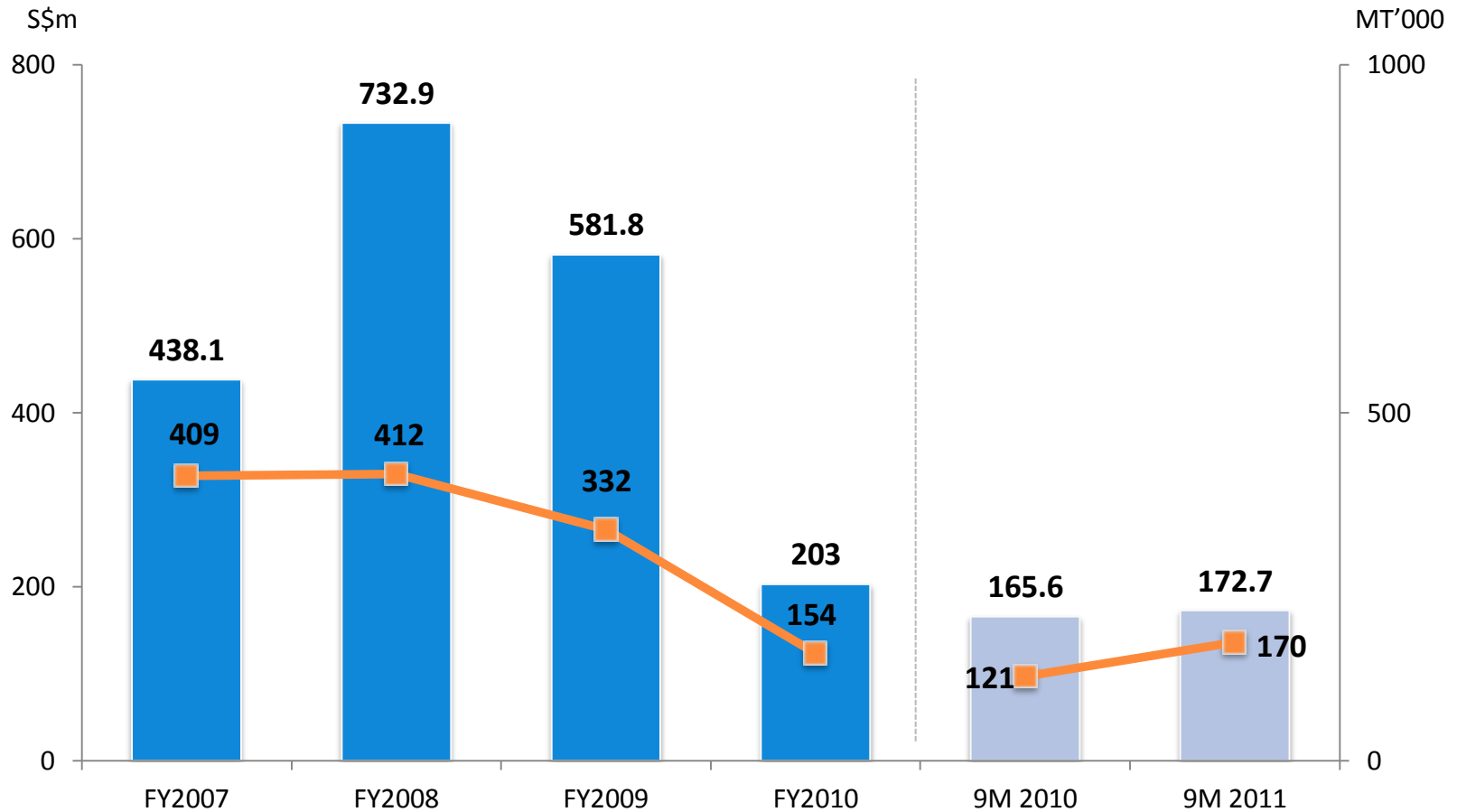
	3Q 2011 (S\$/m)	3Q 2010 (S\$/m)	Change (%)	9M 2011 (S\$/m)	9M 2010 (S\$/m)	Change (%)
Revenue	67.2	34.4	95	172.7	165.6	4
Gross Profit	7.4	4.2	75	20.9	20.7	1
Net Profit / (Loss)	6.6	(0.3)	nm*	15.3	10.7	42
Basic Earnings / (Loss) Per Share**						
(a) Basic (cents)	0.72	(0.05)	nm*	1.67	0.99	69
(b) Diluted (cents)	0.59	(0.04)	nm*	1.36	0.76	79

* Nm denotes not meaningful

**Earnings per share were calculated based on weighted average number of shares of 912,213,629 during the period ended 30 June 2011 and 775,671,962 number of shares as at 30 June 2010. Diluted earnings per share were calculated based on adjusted weighted average number of shares of 1,119,760,226 and 1,005,242,386 as of 30 June 2011 and 30 June 2010, respectively.

Revenue and Volume

Revenue grew due to higher sales volumes



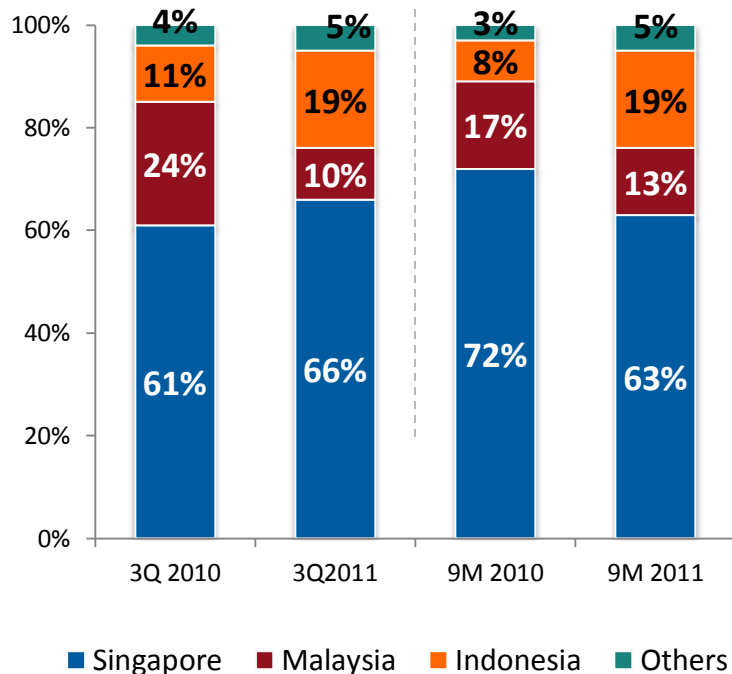
Financial year ended 30 September

Revenue by Geography and Product

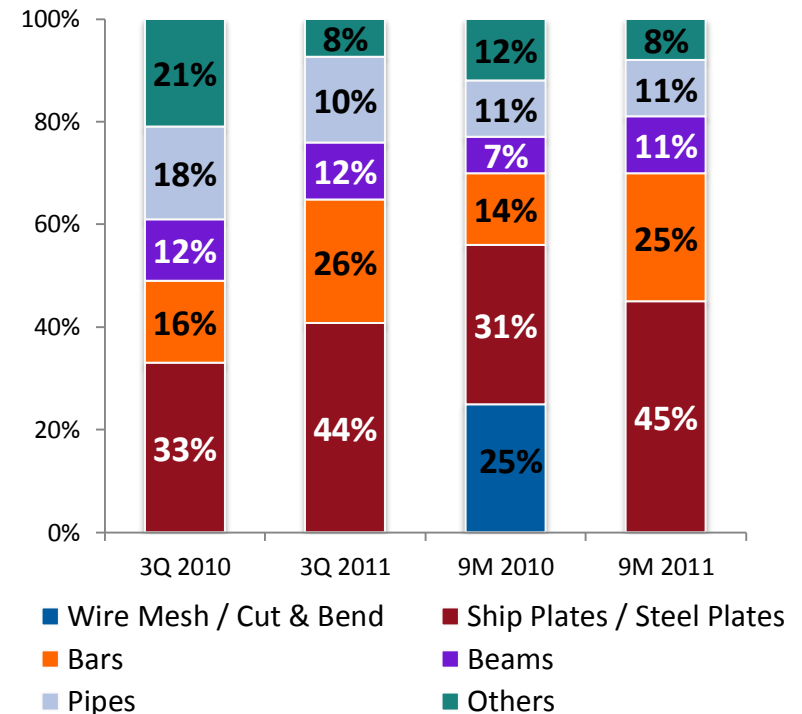
We are widening our sales reach beyond Singapore

Ship/steel plates are major contributors to our revenue, recording the highest margins

Revenue by Geographical Region



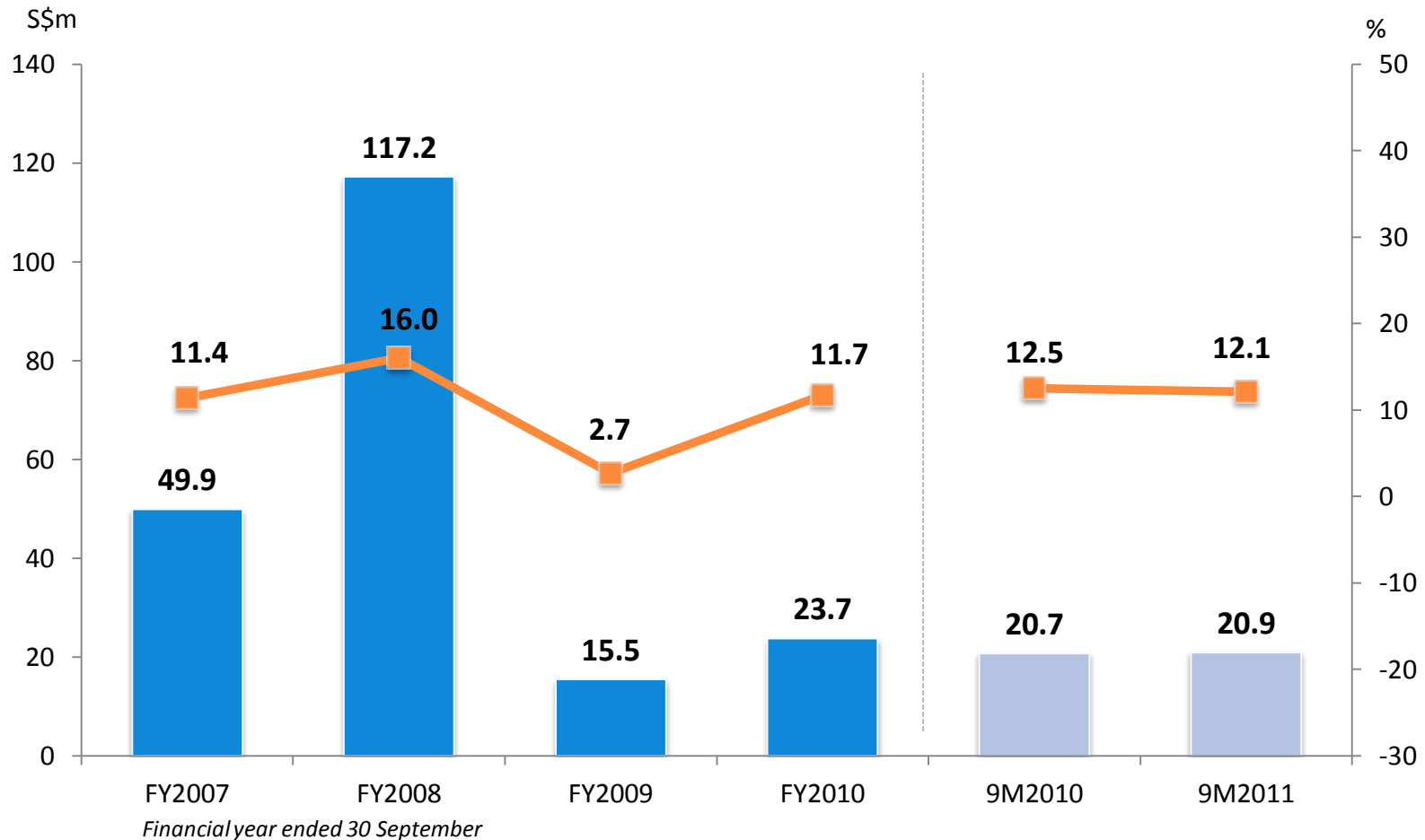
Revenue by Product



Note: BRC Asia Limited ("BRC"), whose products and services include wire mesh and cutting/bending, ceased to be a subsidiary of the Group from December 2009. Its financials have not been consolidated into the Group since 2Q 2010.

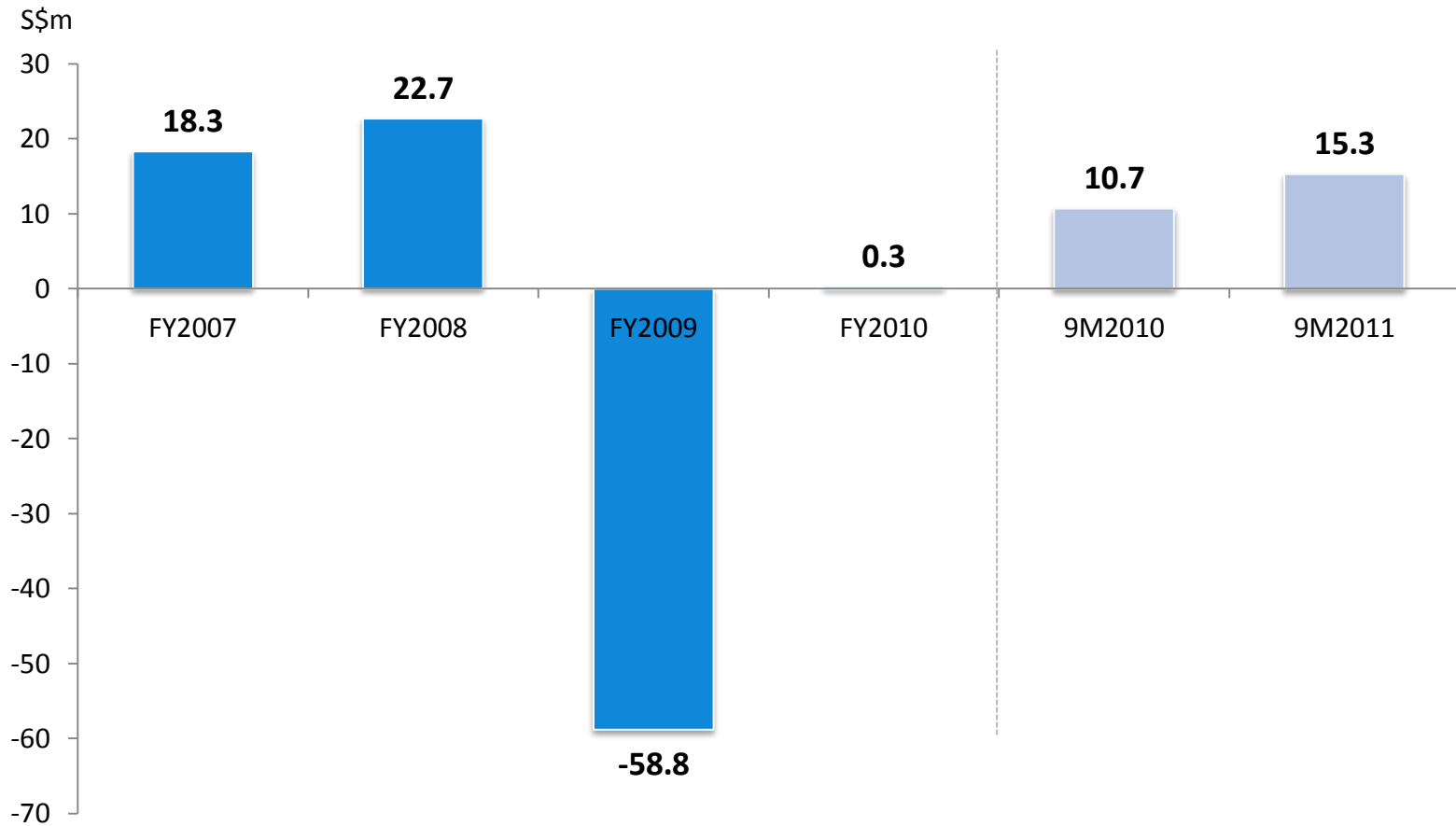
Gross Profit and Gross Profit Margin

We are maintaining our gross profit margin at double-digit levels



Net Profit

We have returned to profitability



Financial year ended 30 September

Financial Indicators

Profitability Ratios (%)	9M 2010	9M 2011
Return on assets	9.2	7.2
Return on equity	9.6	12.1

Balance Sheet (S\$' million)	As at 30 Sept 2010	As at 30 Jun 2011
Total assets	163.9	211.2
Total liabilities	63.3	84.5
Total shareholders' equity	100.6	126.6
Net gearing (times)	0.31	0.30

Cash Flow (S\$' million)	9M 2010	9M 2011
Net cash (used in) / generated from operating activities	8.5	(16.4)
Net cash used in investing activities	4.4	(1.9)
Net cash (used in) / generated from financing activities	(23.0)	22.0
Cash and cash equivalents at end of financial period	5.8	8.0

Turnover Days (No. of days)	As at 30 Sep 2010	As at 30 Jun 2011
Inventory turnover	207	141
Trade receivables turnover	98	51
Trade payables turnover	93	61

Q & A

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