



**德龙控股**

DELONG HOLDINGS

Corporate Presentation (FY2007)

# Table of Contents

---

1. FY2007 (4Q2007) Financial Highlights	3
2. Business Overview	14
3. Business Update	17
4. Business Outlook	21
5. Q & A	23



**FY2007 (4Q2007)  
FINANCIAL  
HIGHLIGHTS**



# FY2007 Highlights

SGD (mil)	4Q2007	4Q2006	Change (%)	FY2007	FY2006	Change (%)
Revenue	496.5	229.5*	116.3	1,542	945.3*	63.1
Cost of Sales	(461.7)	(192.4)	139.9	(1,356)	(788)	72.1
Gross Profit	34.8	37.1	(6.1)	186	157.3	18.2
(Loss) Profit after tax	(7.9)	32.4	(124.5)	93.8	131.2	(28.6)
Gross Profit Margin (%)	7	16.9	-	12.1	18.4	-
Net Profit Margin (%)	-	14.1	-	6.3	13.9	-

*\*includes trading segment (Divested on 1 Jan 2007)*

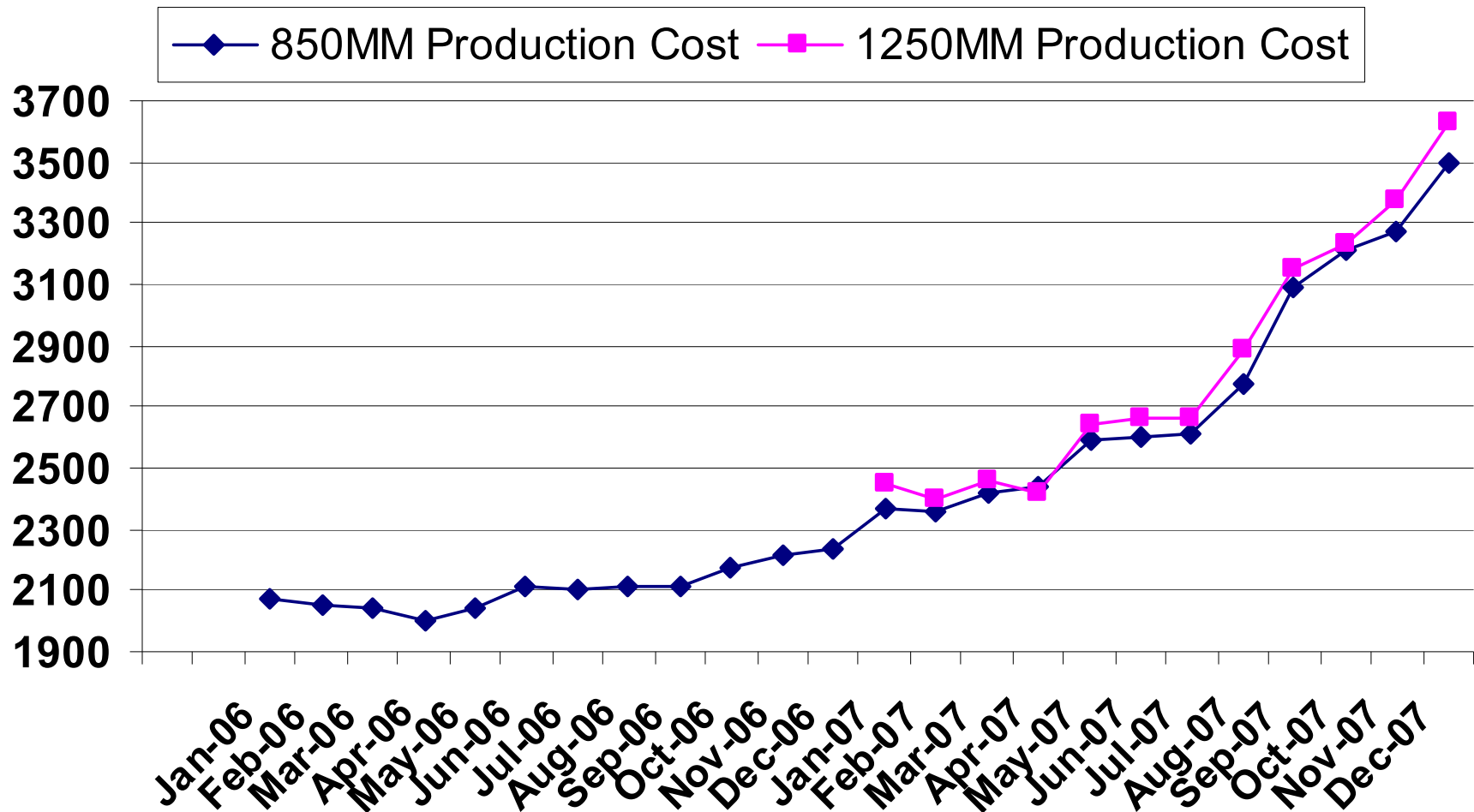
- ✓ **FY2007 revenue increased 116.3% to S\$496.5 million attributable to contributions from expanded capacity and higher average selling prices**
- ✓ **Fully integrated production capacity of 3.0 million tonnes reached in 4Q2007 with completion of Phase 3 of technological enhancements**
- ✓ **Operating margins impacted by higher global raw material prices; tighter iron ore supply globally and rise in freight costs for ore imports**

# 4Q2007 Highlights

- ✓ Engaged in active discussions with other global iron ore suppliers for long-term purchase agreements to mitigate price fluctuations
- ✓ 4Q2007 results impacted by translation losses of S\$9.8 million from proceeds of bond issue held in USD deposits. Delong to progressively utilise proceeds for expansion activities in FY2008.
- ✓ Being a wholly foreign owned enterprise in the PRC, Delong commenced paying enterprise income tax of 15% effective 1 January 2007.
- ✓ Maiden contribution from Phase 1 of latest roller mill project to kick in from 2Q2008; Phase 2 to enter commercial production subsequently
- ✓ Strategic alliance with Russia's second-largest steel maker to benefit Delong significantly
- ✓ Proposes dividend of 4.15 Singapore cents per share representing 23.7% of net profits.

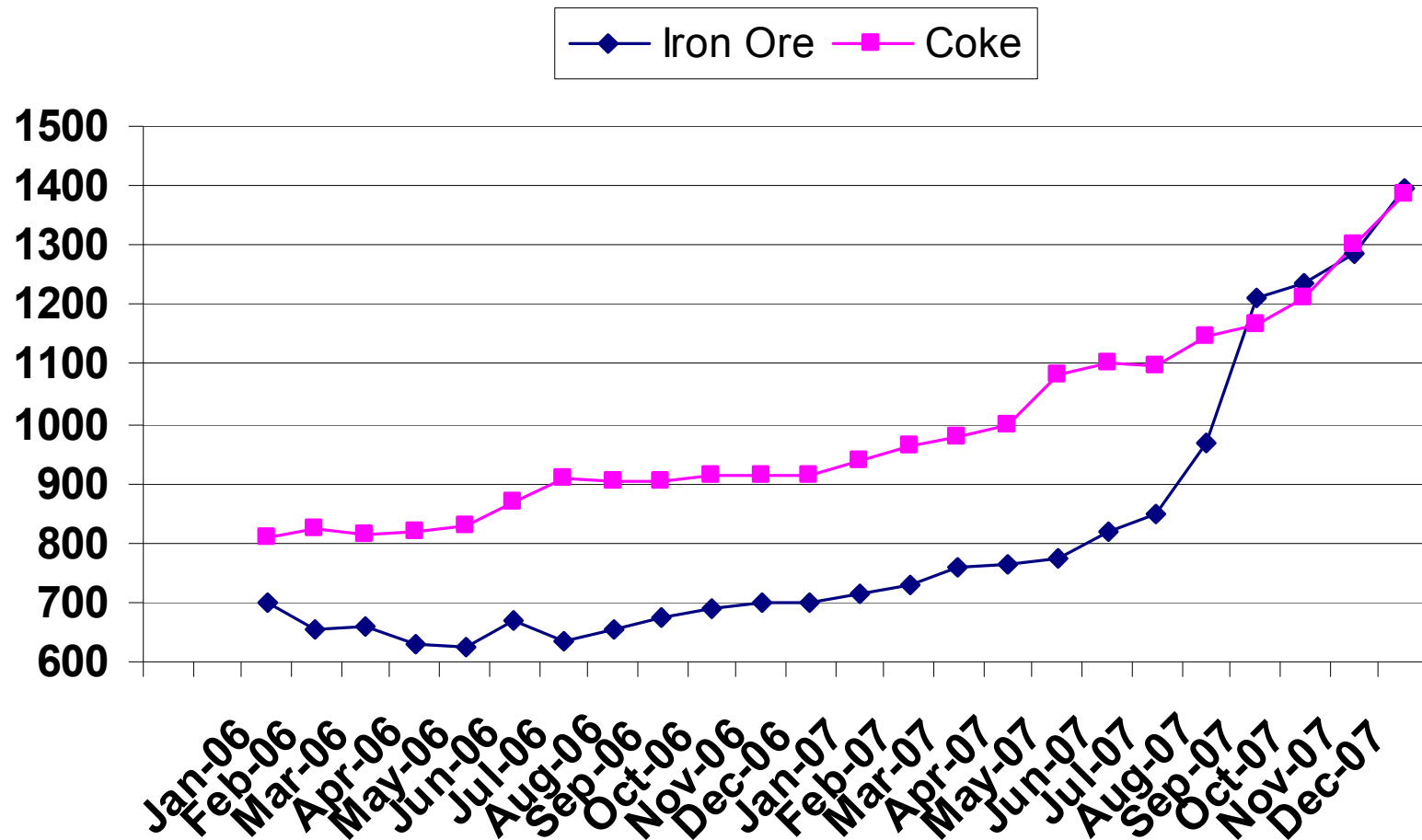
# Delong HRC Production Cost

RMB / Tonne



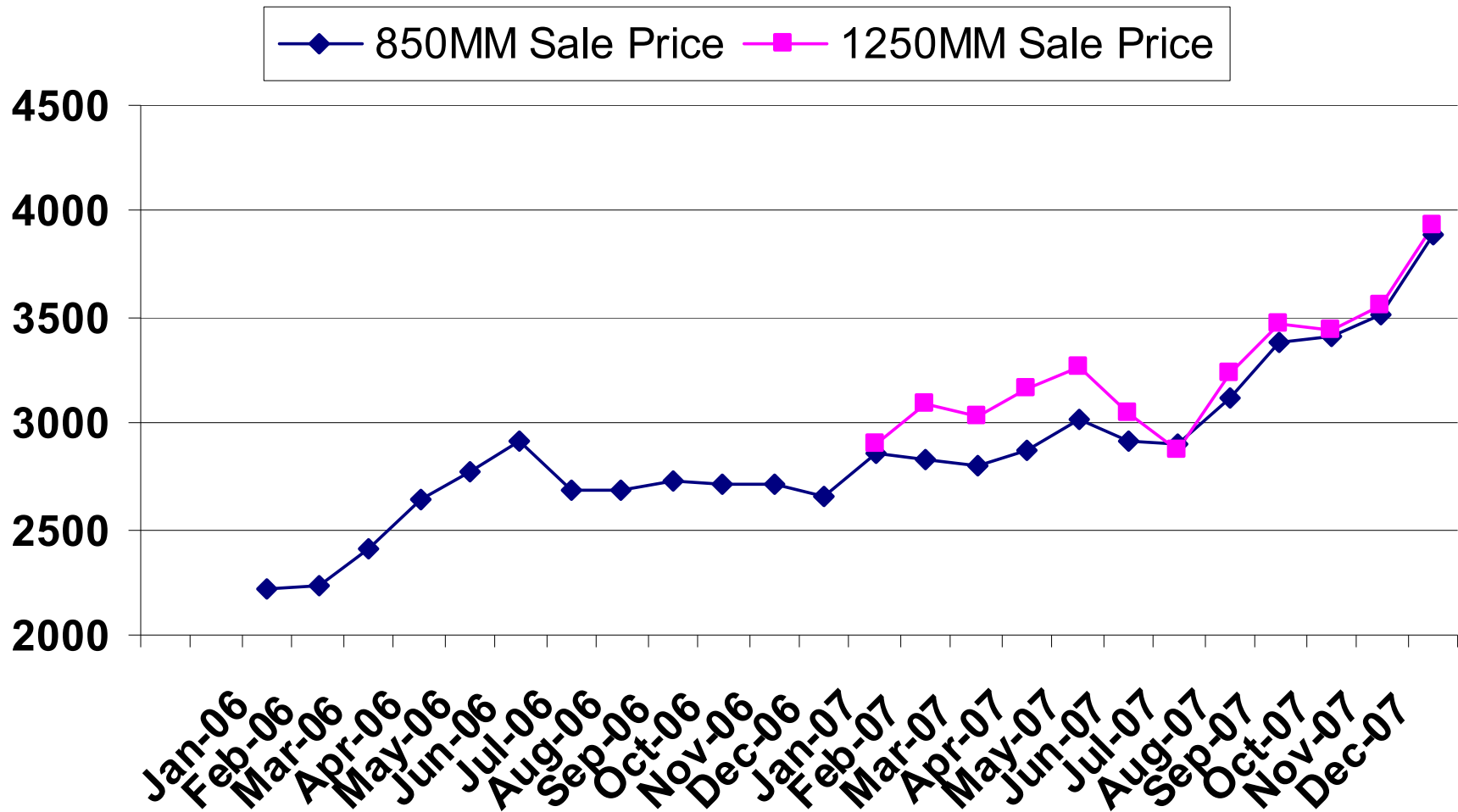
# Delong HRC Raw Material Cost

RMB / Tonne



# Delong HRC Price Trend

RMB / Tonne





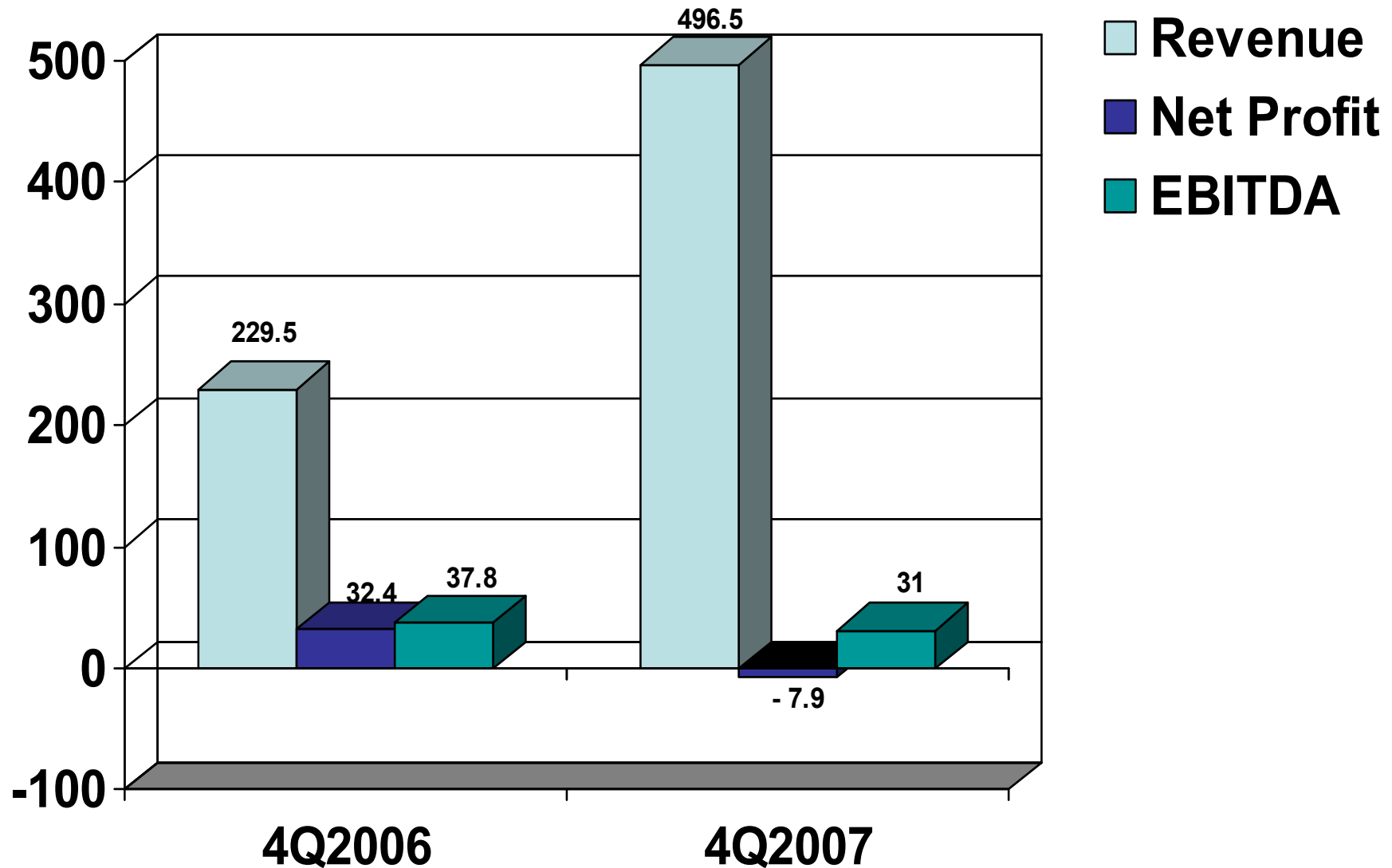
# Strong Demand

FY2007

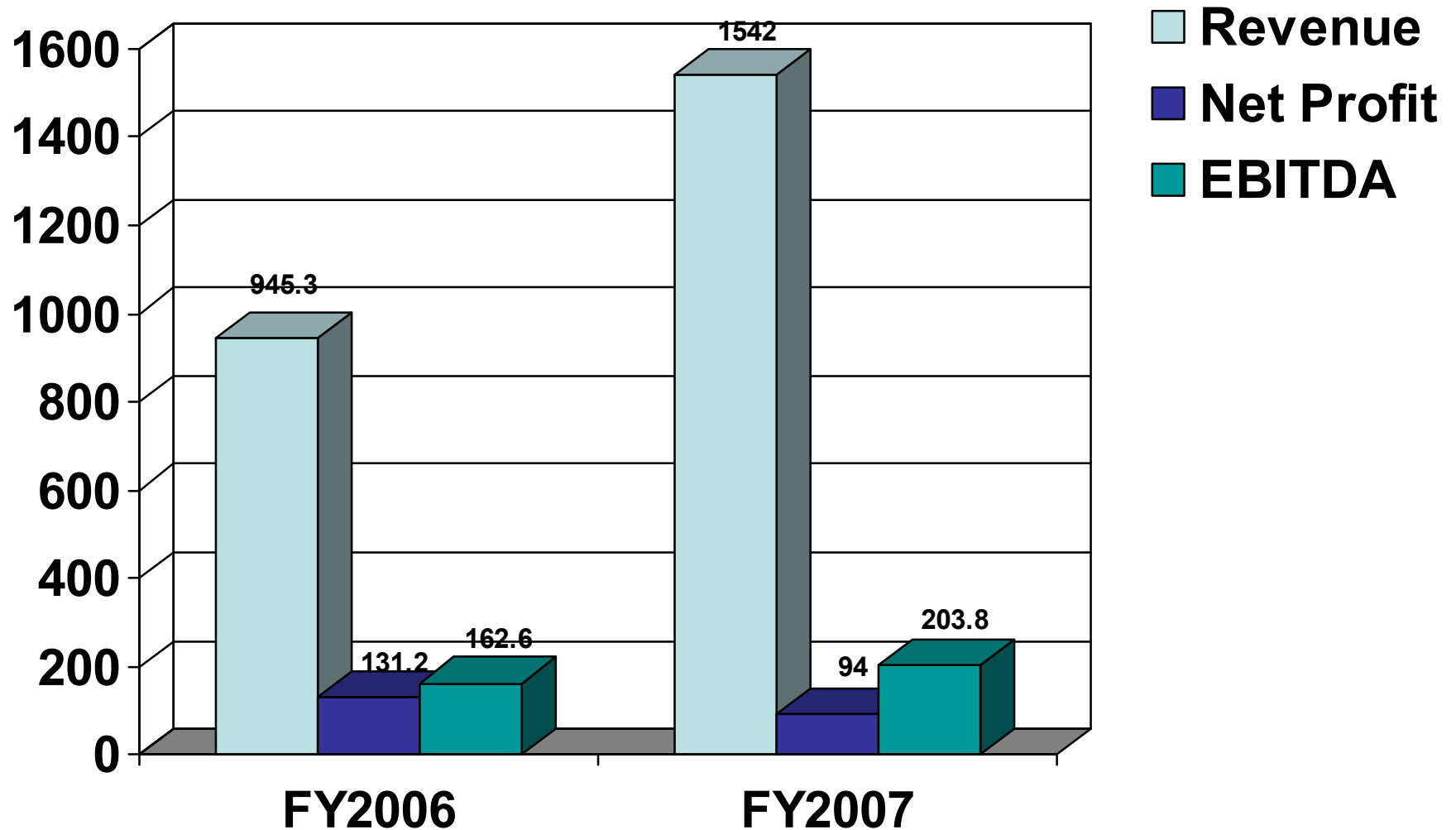
<b>Plant Utilisation Rate</b>	<b>4Q2007: 100%*</b>
<b>Product Mix</b>	Line 1: 45%
	<b>Line 2: 55%</b>
<b>Finished Goods Stock Level</b>	approximately 1 day
<b>Trade Receivables</b>	S\$0.2 million

*\*Based on 2.4 million tonnes integrated capacity*

# 4Q2007 Earnings Highlights



# FY2007 Earnings Highlights



# Balance Sheet Highlights

SGD million	As at 30 Jun 07	As at 30 Sep 07	As at 31 Dec 07
<b>Current Assets</b>	<b>531.9</b>	<b>563.4</b>	<b>560.1</b>
<b>Non-Current Assets</b>	<b>600.6</b>	<b>670.2</b>	<b>703.9</b>
<b>Current Liabilities</b>	<b>386.2</b>	<b>454.6</b>	<b>539.2</b>
<b>Non-Current Liabilities</b>	<b>325.9</b>	<b>340.1</b>	<b>340.6</b>
<b>Total Equity</b>	<b>420.4</b>	<b>438.9</b>	<b>384.2</b>
<b>NTA (S cents) after share consolidation</b>	<b>78.6</b>	<b>82.0</b>	<b>71.8</b>
<b>Gearing Ratio (X)</b>	<b>0.45</b>	<b>0.43*</b>	<b>0.63*</b>

# Cashflow Highlights

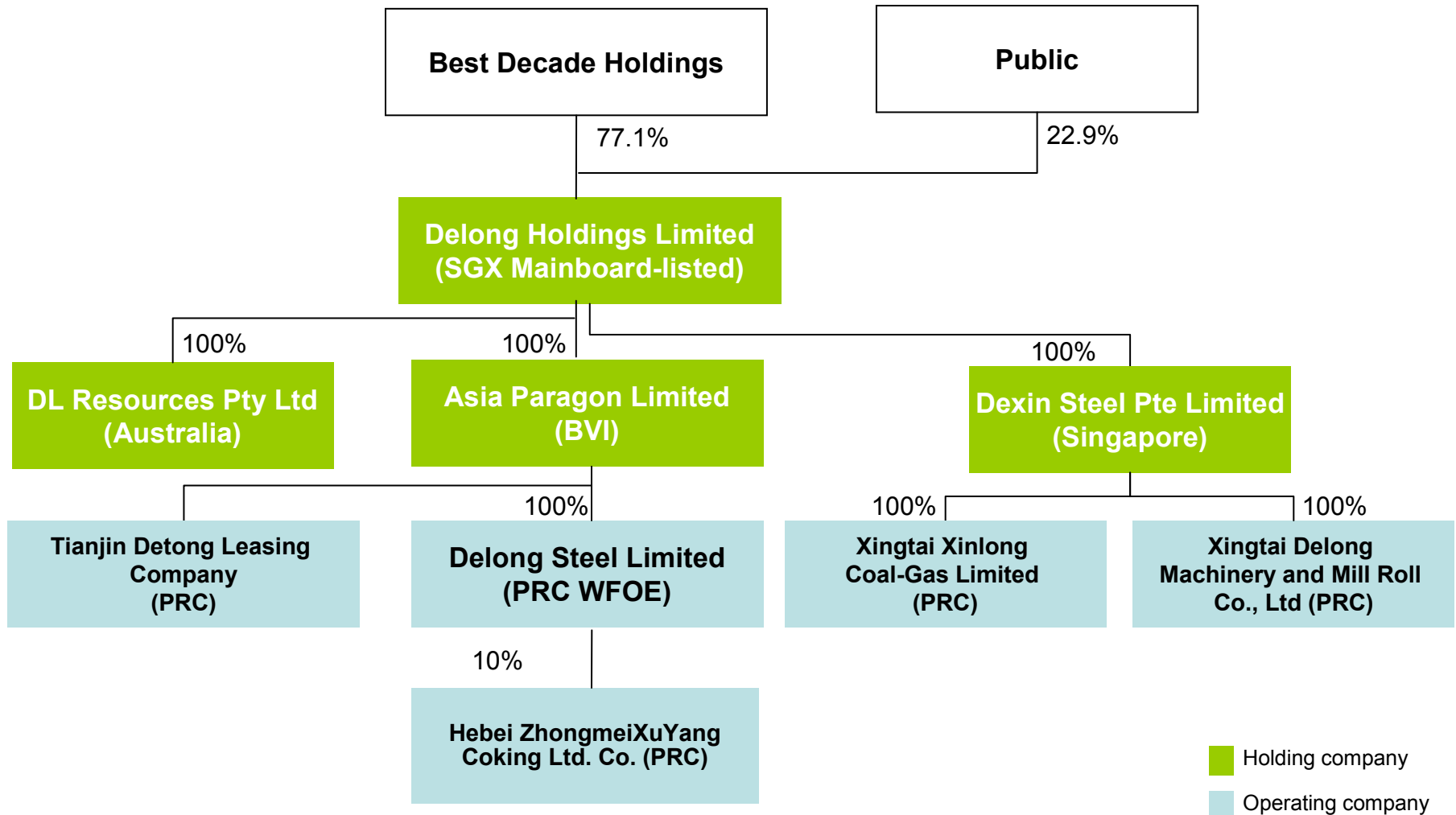
<b>SGD million</b>	<b>Jun 07</b>	<b>Sep 07</b>	<b>Dec 07</b>
<b>Operating</b>	116.5	150.3	110.2
<b>Investing</b>	(85.0)	(160.3)	(208.8)
<b>Financing</b>	267.0	263.9	258
<b>Net Cash Inflow</b>	298.5	253.9	159.3
<b>Ending Cash</b>	335.8	291.2	196.6



# **BUSINESS OVERVIEW**



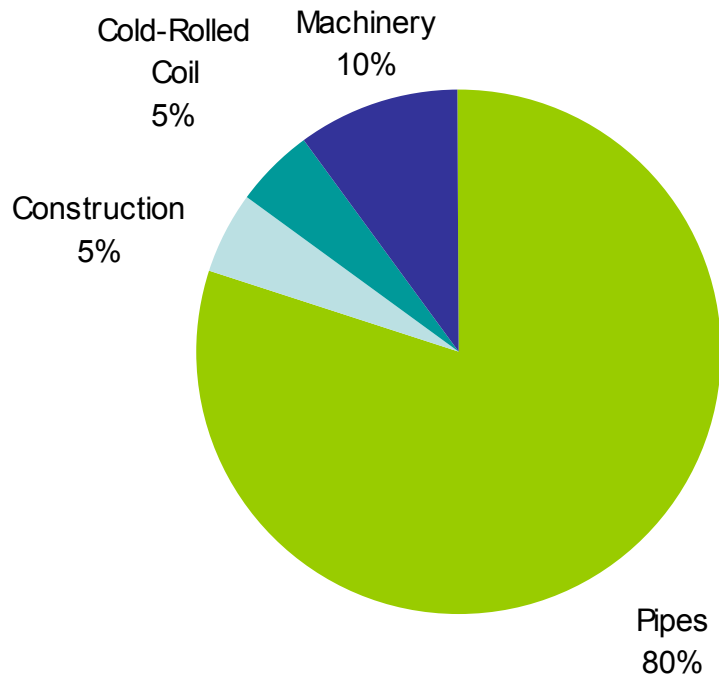
# Corporate Structure



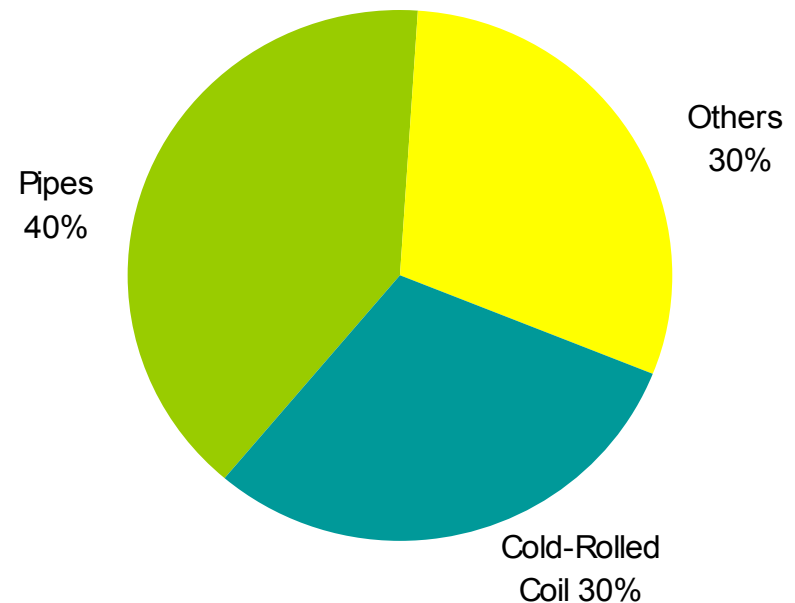
# Diversified Customer Base

- Direct selling to industrial end-users on long-term contracts
- Dynamic sales team and extensive marketing network

850 mm line



1250 mm line



***Leverage on geographical advantages to build strong customer relationships so as to entrench market leadership in HRC***





# **BUSINESS UPDATE**



# Mill Roll Production Facility



Mill Roll Production Line



Mill Roll Products

## Project Overview

- Funded entirely via proceeds from convertible bonds (US\$49.75 million)
- **Principal activities:** design, development, manufacture and sale of large-diameter steel mill rollers and large-cast steel articles
- **Key products:** high-end mill rolls used in hot-rolling of strips, cold-rolling, and large size steel rolling
- First batch of trial products launched in December 2007
- **Phase 1:** To enter production by 2Q2008 (35,000 tonnes per annum)
- **Phase 2:** To be launched subsequently based on market conditions and company's cashflow condition (35,000 tonnes per annum )

# Recycled Coal Gas Plant Project

## Project Overview

- ❖ **Joint-venture agreement with the provincial power company to construct a recycled coal gas power plant at its Xingtai facilities.**
- ❖ **Estimated investments of RMB120 million; to be funded by proceeds from the convertible bonds issue**
- ❖ **This power plant will reduce Delong's dependency on external suppliers for electrical power and even generate an additional revenue stream from the sale of the excess power generated.**
- ❖ **Based on preliminary estimates, the plant will have annual revenue of RMB96.9 million when operational in FY2009**

# Alliance with Global Steelmaker

***February 2008: Best Decade Holdings (Delong's controlling shareholder) has entered into a share purchase agreement with Russia's second-largest steelmaker, Evraz Holdings S.A. (Evraz), for acquisition of 51% stake in Delong\****

## **Benefits of the agreement**

- ❖ *Strategic alliance between Delong & Evraz; Delong stands to benefit through a transfer of technology from Evraz*
- ❖ *Signing of long-term iron ore contract whereby Evraz will supply at least 1 million tonnes to Delong commencing 2008; quantity to be further raised to at least 2 million tonnes in 2009*

*\*As of 25 February 2008, Evraz has already bought over 10.01% of Delong Holdings from Best Decade*



# **BUSINESS OUTLOOK**



# BUSINESS OUTLOOK

- ✓ **During the 11th Five Year Plan period, China's steel industry is expected to continue to enjoy steady growth**
- ✓ **Delong's strategy is in-line with national policy and sector trend**
- ✓ **Strategic alliance with Russia's second largest steelmaker, Evraz, to benefit Delong's development and augment its position in the PRC steel making industry**
- ✓ **The Group will progressively utilize the funds raised from the convertible bond issue to fund various expansion initiatives:-**
  - 1) Construction of a Coal Gas Recycling Power Generation Unit,**
  - 2) Construction of the Rolling Mill**
  - 3) Investment in its subsidiary DL Resources (Australia) Pty Ltd**



**Q & A**





# 德龙控股

DELONG HOLDINGS

[www.dlholdings.com](http://www.dlholdings.com)

## **Delong Holdings Limited**

80 Raffles Place  
#56-02 UOB Plaza I  
Singapore 048624  
Tel: (65) 6535 8208  
Fax: (65) 6535 7505

## ***Investor Contact***

### **WeR1 Consultants Pte Ltd**

29 Scotts Road  
Singapore 228224

Tel: (65) 6737 4844  
Fax: (65) 6737 4944

Lai Kwok Kin, [laikkin@wer1.net](mailto:laikkin@wer1.net)  
Yim Jeng Yuh, [yimjy@wer1.net](mailto:yimjy@wer1.net)