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OSN - Ossen Innovation Co. Ltd. at Global Hunter Securities Energy, China, Metals and Mining Conference

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CORPORATE PARTICIPANTS

Alan Jin *Ossen Innovation Co., Ltd. - CFO*

PRESENTATION

Alan Jin - *Ossen Innovation Co., Ltd. - CFO*

Thank you for coming to today's presentation. My name is Alan Jin; I am the Chief Financial Officer of Ossen Innovation Co., Ltd.

So what is Ossen Innovation and what do we do? Ossen Innovation Company Ltd. is a manufacturer of prestressed steel materials primarily used in the construction of bridges and other infrastructure projects. The Company is headquartered in Shanghai, China, and it currently runs through two operating facilities in Jiangxi Province, Maanshan City, as well as Jiujiang City of Jiangxi Province.

The two facilities has a combined capacity of roughly 140,000 tons of prestressed steel materials a year.

Ossen Innovation is one of the only four companies today in China has the capability to produce coated prestressed steel materials and is the only company in China that has the technology of the rare earth coating that enables the Company to produce rare earth coated prestressed steel wires (inaudible) primarily used in the construction of bridge cables.

The Company is not a traditional steel company. It is very, very technology driven. Today we have 23 patents being granted in China. In addition, we have 7 more patents pending approval, and both of our manufacturing facilities in Maanshan and in Jiujiang City are recognized by local governments as high-end new tech companies. And as a result of that, both companies enjoy 15% lower tax rates as compared to the universal corporate income tax rate of 25% in China.

Ossen Innovation has an established track record for its brand recognition, not just inside China, but also in the overseas markets. In 2008 and before, the Company exported a lot of prestressed materials into the United States and Europe.

After (inaudible) [8] after the year anti-dumping duties being applied to all import of prestressed steel material from China, company quickly turned its focus back to China and taking advantage of the robust growth activities inside China.

What is going on right now in China is very similar to what happened in the United States in the 50s during the Eisenhower times. It is the nationwide infrastructure buildout. Every year, every five years, the Chinese central government will issue a plan, it's called a five-year plan, which will outline the actions in the following five years. And 2011 is the first year of the 12th Five-Year Plan.

In the 12th Five-Year Plan, the central government of China plans to build over 200 new bridges across major rivers inside China, and at the same time will extend or reinforce over 400 existing bridges in the country. Altogether, this will require close to 6 million tons of prestressed steel materials used in the construction of these bridges, most of the bridge cables as well as the bridge bodies. And if we analyze that number, the demand by the construction of these projects is more than double the capacity on the supply side.

If we remember correctly, if we remember clearly, not long ago the Chinese government announced a domestic stimulus package. Nearly 46% of that package, the dollar amounts has been allocated to the rural and urban area infrastructure buildout. And altogether, these represent robust growth opportunities for companies like Ossen Innovation that provides prestressed steel materials for bridge construction as well as the construction of other infrastructure projects.

So what do we manufacture? Our products actually are very simple. It can be characterized by two. One is a coated or galvanized prestressed steel wires and strings. These products are primarily used in the construction of bridge cables and of cables. You see that virtually everywhere on a suspension bridge, straight cable bridge, or arch bridge.



And the second category is the uncoated or plain surface prestressed steel wires and strings. These steel materials go inside concrete plates. Oftentimes you'll see that in the production of a pre-cast concrete plate that can be used on almost types of infrastructure construction, including railways, highways, industrial buildings and airports. And practically any span -- any structure has a span longer than 4 meters, it can use a structure of prestressed steel materials. So this is what we do.

When the Company was still export (inaudible) in 2008 and before, a majority of the revenue was generally from the production and sales of uncoated parts. But when we refocused our sales efforts on the domestic Chinese market, we quickly addressed the product mix and increased the sales of higher-margin coated products. Last year, total revenue generated from the sales of coated products is nearly 50% of the Company's total revenue.

The two manufacturing facilities has a combined capacity of roughly 140,000 tons within which 50,000 tons are on the coated side and 90,000 tons on the uncoated side. And the (inaudible) rate increased significantly. Last year we were running at almost the full capacity. We are not there yet, but very close to full capacity. For 2011, (inaudible) will be running at full capacity. The Company's current plan is to add another 30,000 tons capacity on the coated products by using the proceeds from the IPO [we did] last December.

We expect the new production lines to be completed and become operational in the second -- the first half of 2012. And once it is completed and becomes operational, the capacity on the coated product side will increase from the current 50,000 level to 80,000. That is a 60% increase.

Here gives you a snapshot and idea of the projects that we work on. We are targeting all the major bridge projects inside China, as well as other infrastructure projects. The primary use of our coated products are for the bridge cables. As you can see, there are suspension bridges, straight cable bridges. We don't have an arched bridge picture here, but the [red] one first on the bottom line is the favorite. That bridge across a valley; the vertical distance between the bridge and the bottom of the valley is over 2 kilometers.

Facing such robust growth opportunities in China, the Company's growth strategy is very simple. We will continue -- we will continuously expand our capacity on the higher-margin coated product side. The 30,000 tons of new capacity on the coated products is just first step, and once we complete that, we expect that our 2012 growth will be robust. And at the same time, we will continue to expand our domestic (inaudible) by securing large project contracts as well as exploring the opportunities outside of China.

Last year we realized \$117 million in total revenue. That is about a 15% increase compared with 2009, and \$14.6 million in net income; that was almost an 83% increase compared with the net income we generated in 2009.

I'll just to give you some pages in the presentation, because I wanted to take -- spend a couple of minutes talking about the current market. The market has changed a lot. I still remember 12 months ago at an investor conference, these people asked different questions, and now one in two questions is, is your company real? I know to rebuild trust in the China [hybrid] market space, it takes time. But I just want to briefly describe the Company's history so that you will have an understanding why OSN may be different from other companies and why OSN should be a company that you can trust.

We are relatively young. We went public last December, so been a public company less than 8 months. We did an initial public offering. It's an IPO, it's not an RTO. We are not a reverse merger company. And when we had investor meetings during the IPO roadshow, people asked the questions, and people [sought] (inaudible) use about the auditor we used at the time. So during the roadshow, the Chairman of the Company promised the markets that we will upgrade our auditor.

And we did that in March. In March we announce the engagement of BDO as our new auditor. And BDO started auditing about (inaudible) numbers and it completed its full auditing. So the Company reported our 20-F after in our annual -- 2010 annual numbers before the deadline of June 30. We passed auditing by the new auditor. I think that is a very positive move. What we're trying to do is to complete our Q1 and Q2 numbers and to report that to the market before August 15. That is the reporting schedule for US domestic companies. As a foreign filer, we don't have to do that, but we want to do that to give the market an increased level of transparency. And that is the Company's commitment.



Actually, part of Ossen's culture is really the responsibility. Before, we are very keen to our responsibility to the customers, our employees, and to the environment and to the society. And now we have one more responsibility to all of our shareholders. So that is what we promise the market we will do and that is what we will deliver to our shareholders.

Before I conclude my presentation today, I just want to share with you a story. Before I came to this investor conference, the Chairman of the Company and myself and the rest of the management team had (inaudible) a recent new member of the Chinese Academy of Engineering. He told us a very interesting story. He was a new member, and two months ago he was just a nominee and together with him, there are three more nominees, strong competitors. But only he became a member, and not the other three people. And why was that?

Remember the earthquake, not long ago happened in China in Sichuan province? They are engineers, so they design different projects -- highways, bridges, railways. The earthquake happened. The projects designed by other nominees, his competitors all fail, collapsed. But, the bridges and the buildings he designed still stand there today. So that is the reason why he became a member of the Chinese Academy of Engineering, none of the other three people.

This is very interesting and make us think the quake now happening in the US capital market, the China (inaudible) space. A little patience is in the air, which we believe is true on both sides -- the investor side, who has money investing in China names as well as the Company side, like the management team, like myself. But I believe time will tell the difference.

When the quake is over, when you see a company still standing there, you'll see OSN, and then people will know that OSN is a name that people can trust, and then people will see the value in OSN's stock, and the stock price will reflect intrinsic value, which we believe will happen and it will happen not shortly, but not long from now.

Thank you very much. Any questions?

QUESTIONS AND ANSWERS

Unidentified Audience Member

Can you talk more about your CapEx? Where are you right now, and when should that be completed?

Alan Jin - *Ossen Innovation Co., Ltd. - CFO*

We spent \$7.6 million last December as prepayment for the equipment imports for this 30,000 tons new production lines. The plan is to spend the rest, probably \$6 million, to complete the purchase.

First, the shipments of the equipment will arrive in China around August and do a test run. If everything goes okay, we expect that a second payment will be made sometime in October. We are still looking for other equipment within China to complete our new production lines. And based on the current estimate, the new production lines, all the installation should be completed during the first half of 2012. Total budget at the moment is still under \$23 million. That would include the expansion of the existing factory building.

Unidentified Audience Member

How much visibility do you have into the new business?



Alan Jin - *Ossen Innovation Co., Ltd. - CFO*

This business, actually, is very unique; it's very visible. Everything in China in the infrastructure center is planned by a different level of the government. So way before the construction actually starts, people will know that from the announcements of either regional government or this branch of the central government. Based on the 12th Five-Year Plan and based on the different announcement from regional levels of the government, we have a pretty good idea of what the market on the demand side is for 2012, even for 2013 and '14. So for this business, especially considering the limited competition, including OSN there are only four companies in this sector that have the capability to produce coated products that can be used in bridge construction. The visibility is very high.

Unidentified Audience Member

So does that make your quarterly forecast easier, or is it just --?

Alan Jin - *Ossen Innovation Co., Ltd. - CFO*

The visibility, I would say, is more in the pipeline. Many times we are pretty sure for the project to be constructed in the following, for example, 12 to 18 months. OSN will get a decent piece of business. But it is very hard for us to precisely predict how much revenue will be realized in the following quarter. So what we are looking at this really something like 12 to 18 months from today, how much business roughly the Company can get based on the market outlook, as well as the competition.

Okay. Thank you very much. If you have any further questions, you're always welcome to the (inaudible) meeting sessions. Thank you.

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