



ASIA ENTERPRISES HOLDING LIMITED

## NEWS RELEASE

### **Asia Enterprises Reports Net Profit of \$3.7 Million for FY2022**

- Group revenue more than doubled to \$73.5 million
- Recommending a final dividend of 0.8 cents; equivalent to payout ratio of 72.7% of net profit
- Sound balance sheet with cash of \$33.7 million and zero borrowings

**Singapore, 9 February 2023** – Asia Enterprises Holding Limited (“Asia Enterprises” or the “Group”), a major regional distributor of steel products to industrial end-users, has reported that its profit before tax for the 12 months ended 31 December 2022 (“FY2022”) rose 37% to \$5.5 million from \$4.0 million in FY2021. This was achieved on the back of a 108% jump in Group revenue to \$73.5 million which was driven by relatively higher average selling prices (“ASP”) and an increase in the volume of sales.

The Group’s net profit for FY2022 however was steady at \$3.7 million compared to FY2021. This was attributed to a significant increase in income tax expenses to \$1.7 million in FY2022 from \$0.3 million previously arising from the absence of unutilized losses/enhanced capital allowances which were fully utilised in prior financial years.

In line with its commitment to reward shareholders, Asia Enterprises has recommended the payment of a final dividend of 0.8 cent per share in respect of FY2022 which translates to a payout ratio of 72.7% of the Group’s net profit.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, “Notwithstanding the difficult operating environment in FY2022, the Group still delivered a respectable performance. Our revenue more than doubled on the back of a pick-up in orders for steel materials from customers across our key market segments which drove an increase in profit before tax.”

In terms of end-user industries, the Group’s marine and offshore segment registered the strongest improvement in FY2022 as sales soared 135% to \$57.7 million on increased demand and higher ASP. This segment accounted for the largest proportion of Group revenue with a contribution of 79% in FY2022.

The Group also saw sales to the engineering/fabrication and construction segments climb to \$8.0 million in FY2022 from \$5.2 million in FY2021, driven mainly by an increase in steel purchases by customers for their

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projects. Sales to the construction segment also rose to \$1.9 million from \$1.1 million previously, and made up 3% of Group revenue in FY2022.

On a geographical basis, the Group recorded higher billings from customers across its key markets in FY2022. Based on billings to customers in Singapore which comprise products that are shipped to domestic and overseas destinations, sales to this market jumped 68% to \$39.2 million in FY2022 which was driven by higher sales tonnage and ASP. The Singapore segment accounted for 53% of Group revenue in FY2022.

Sales to customers in Indonesia trebled to \$31.0 million in FY2022 from \$9.9 million in FY2021, lifted by higher ASP and increased volume of sales to meet the newbuilding activities of shipyards there. Accordingly, Indonesia segment's revenue contribution expanded to 42% in FY2022 from 28% in FY2021. Revenue derived from Malaysia market doubled to \$3.2 million in FY2022, from \$1.6 million in FY2021 as a result of higher customer demand and made up 4% of Group revenue in FY2022.

Said Ms Lee, "While the Group was able to improve its financial performance in FY2022, we maintain a cautious business outlook for FY2023 in view of the myriad uncertainties that continue to weigh on the global economy and steel market."

After deteriorating significantly during 2022, the global economic environment is expected to remain challenging this year due to continuing headwinds from prevailing geopolitical tensions, the prolonged Russia-Ukraine war and economic slowdown in China. Moreover, further supply chain disruptions, rising interest rates and inflationary pressures could fuel downside risks to the global economic growth outlook.

"The steel industry in Singapore is expected to experience challenging operating conditions due to increased volatility of international steel prices, inflationary cost pressures and heightened competitive conditions amid a backdrop of potentially slower demand from steel industrial end-users," said Ms Lee.

Volatile steel prices cause unpredictability in the demand and purchasing patterns of steel end-users as changes in steel prices affect the economic viability of their projects. In addition, rising interest rates and cost inflation could lead to a reduction in capital investments which has an adverse impact on steel-intensive industries such as construction and shipbuilding.

"To be prepared for potential opportunities and challenges in the global business environment, the Group will remain vigilant in our sales and credit management, as well as maintain tight control of our operating expenses. We will also take a prudent approach in inventory management while ensuring sufficient steel inventory and mix of products to meet the project requirements of customers," added Ms Lee.

The Group believes these steps are imperative to its ability to sustain a sound, debt-free balance sheet and build financial resilience to weather difficult business cycles.

As at 31 December 2022, Asia Enterprises had cash of \$33.7 million and shareholders' equity of \$97.2 million. The Group's net asset value of 28.5 cents per share included cash and cash equivalents of 9.9 cents per share and inventory with book value of 10.0 cents per share.

*This news release is to be read in conjunction with the Group's announcement posted on 9 February 2023.*

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### **About Asia Enterprises**

Since 1973, Asia Enterprises has grown into a major distributor of a wide range of steel products to industrial end-users in Singapore and the Asia-Pacific region. It has also built a strong reputation in the marine and offshore sector.

Asia Enterprises presently owns two facilities in Singapore – a multi-storey warehouse and a steel processing plant-cum-warehouse – with a total combined land area of 33,769 square metres.

The Group supplies over 1,200 steel products to more than 700 active customers involved primarily in marine and offshore, engineering/fabrication, oil and gas, construction, as well as precision metal stamping and manufacturing industries.

Asia Enterprises was listed on the Main Board of the SGX-ST on 1 September 2005.

For further information on Asia Enterprises, please visit the Group's website at: [www.asiaenterprises.com.sg](http://www.asiaenterprises.com.sg)