ASIA ENTERPRISES HOLDING LIMITED

MAJOR REGIONAL DISTRIBUTOR OF STEEL PRODUCTS TO INDUSTRIAL END-USERS

ANNUAL GENERAL MEETING

FY2017

19 APRIL 2018

CORPORATE **OVERVIEW**

ASIA ENTERPRISES HOLDING LIMITED

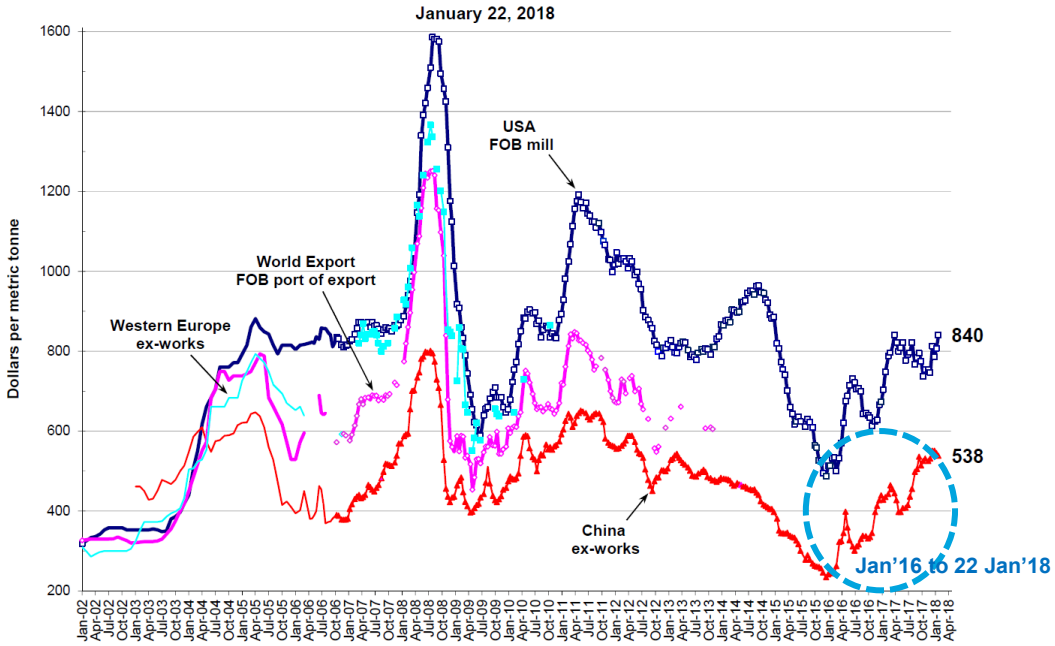
MAJOR REGIONAL STEEL DISTRIBUTOR

- Established since **1961**
- Focus on **INDUSTRIAL END-USERS**
- Specialist in distribution of steel products to **MARINE AND OFFSHORE SECTOR**
- Broad customer base in **ASIA PACIFIC REGION**
- One of Singapore's **LARGEST SUPPLIERS** of steel products



INTERNATIONAL STEEL PRICES ON RISING TREND DURING 2017

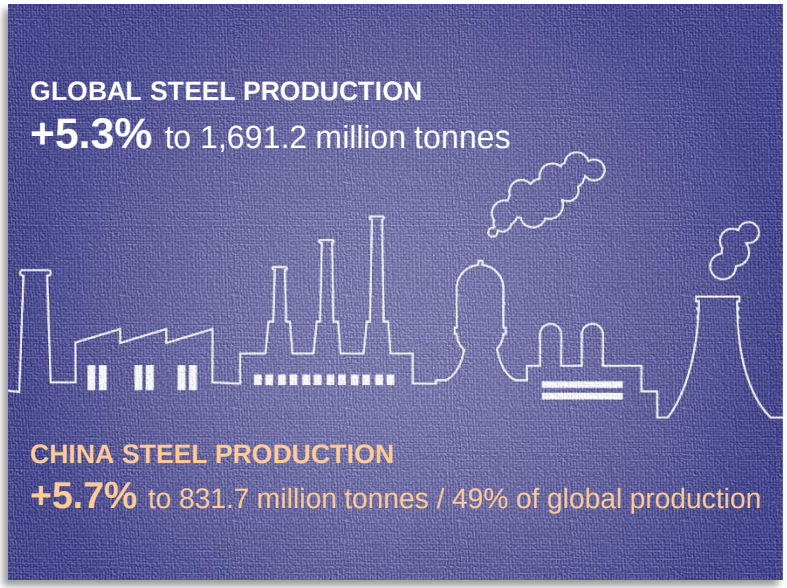
SteelBenchmarker™ Plate Price
USA, China, Western Europe and World Export



Source : SteelBenchmarker

**Prices illustrate the general steel price trend and are not representative of the Group's buying/selling prices*

Global Steel Production
Year 2017 vs 2016



Statistics Source :World Steel Association
Image : Created by Freepik

FINANCIAL **SUMMARY**

ASIA ENTERPRISES HOLDING LIMITED

FY2017 EBITDA IMPROVED 45% TO S$2.9M FROM S$2.0M PREVIOUSLY

(S$ million)	**FY2017**	**FY2016**	**y-o-y change (%)**
Revenue	**30.8**	30.9	(0)
Gross Profit	**8.6**	8.1	5
GP Margin	***27.8%***	*26.4%*	-
Other Income	**0.8**	1.0	(18)
Selling and Administrative costs	**(7.8)**	(6.6)	17
Finance and Other Charges	**(0.4)**	(0.1)	n.m.
Profit / Loss Before Tax	**1.2**	2.4	(50)
Net Profit / Loss	**1.2**	2.4	(48)
Net Profit / Loss to equityholders (PATMI)	**1.4**	2.3	(40)
EBITDA*	**2.9**	2.0	45

*EBITDA – PATMI before interest, tax and depreciation
FY: Financial years ending 31 December

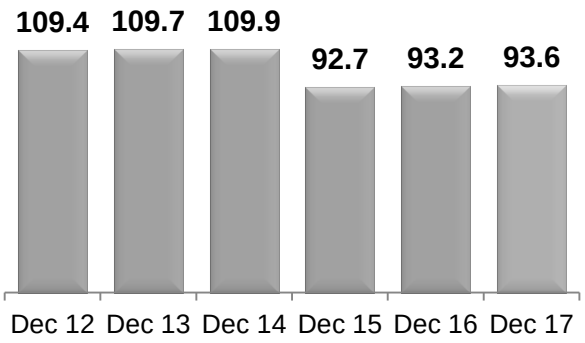
SOUND **FINANCIAL POSITION**

ASIA ENTERPRISES HOLDING LIMITED

ROBUST BALANCE SHEET; WELL-POSITIONED TO WITHSTAND CHALLENGES

	31 Dec 17	31 Dec 16
Cash	**57.2**	**60.5**
Debt (incl trust receipts)	**0.0**	**0.0**
Net Cash	**57.2**	**60.5**

Equity (S$ million)

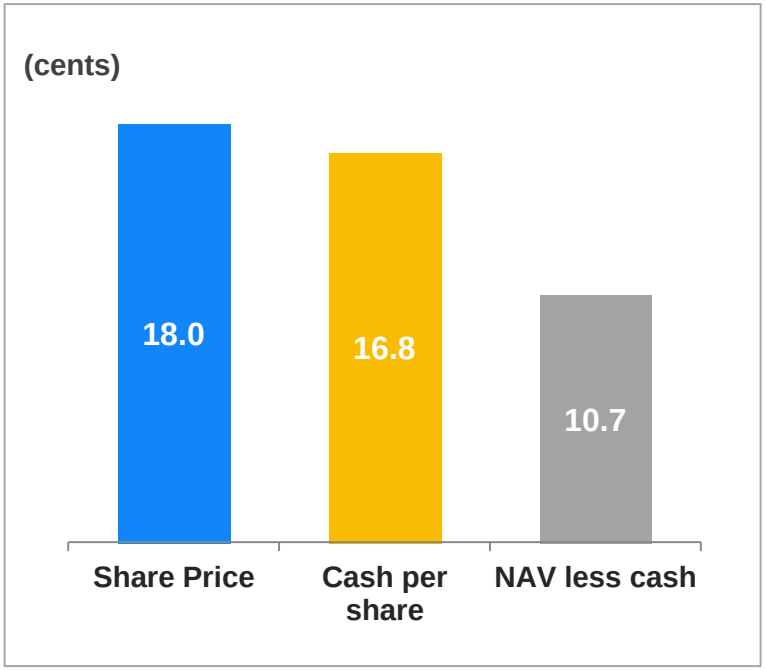


As at 31 Dec 2017

NAV per share = 27.43 cents

Price-to-book ratio = 0.66 times*

Over 90% of Share Price is backed by Cash



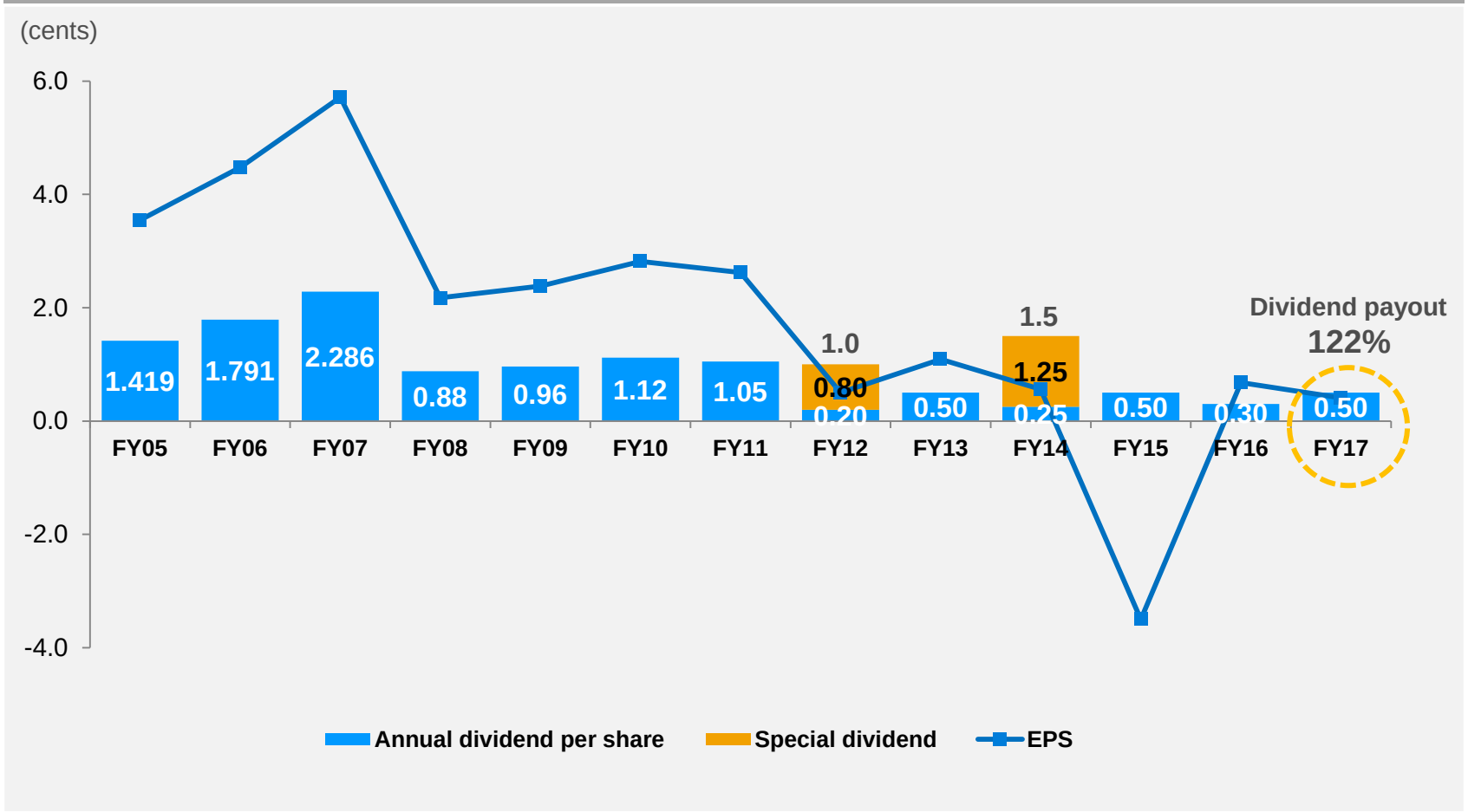
*based on share price of 18.0 cents on 10 April 2018

DIVIDEND **TRACK RECORD**

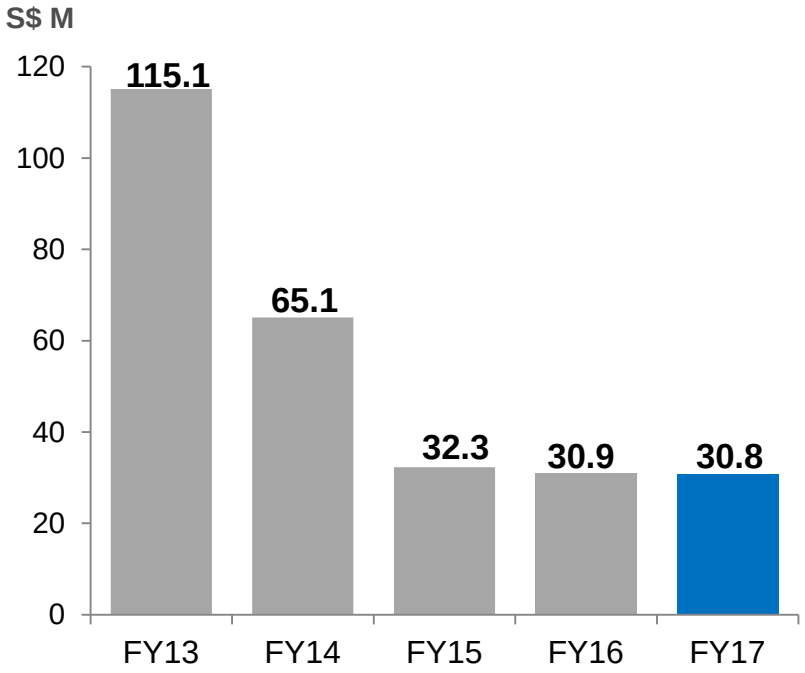
ASIA ENTERPRISES HOLDING LIMITED

PROPOSED FINAL DIVIDEND OF 0.5 CENTS FOR FY2017

Annual dividend payout of at least 40% since FY2005



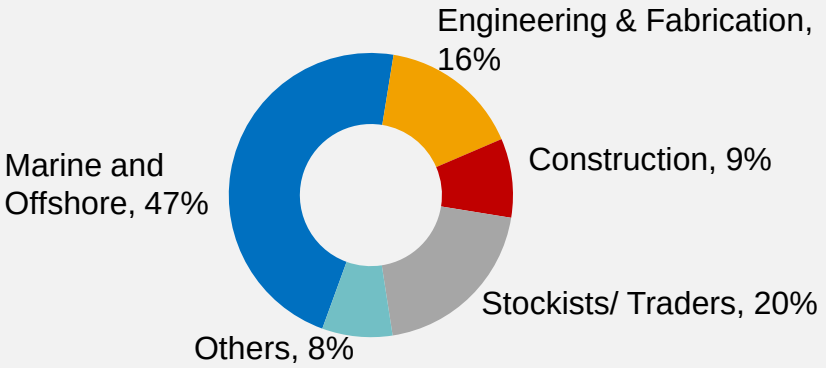
GROUP **REVENUE**



FY2017 revenue held steady

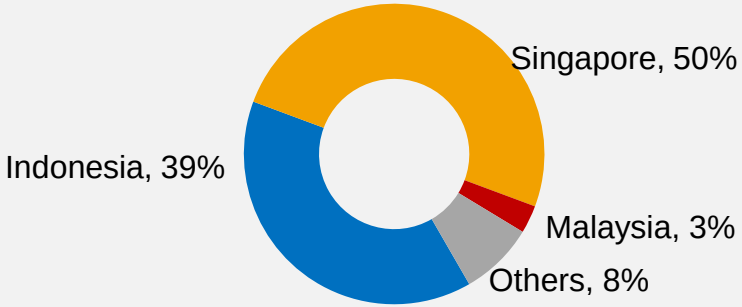
- Steel demand from industrial end-users remained subdued in FY2017
- Higher ASP offset overall lower sales volume in FY2017

By Customer Segment (FY2017)



Contribution from M&O customers increased to 47% in FY2017 from 39% in FY2016

By Geographical Market* (FY2017)

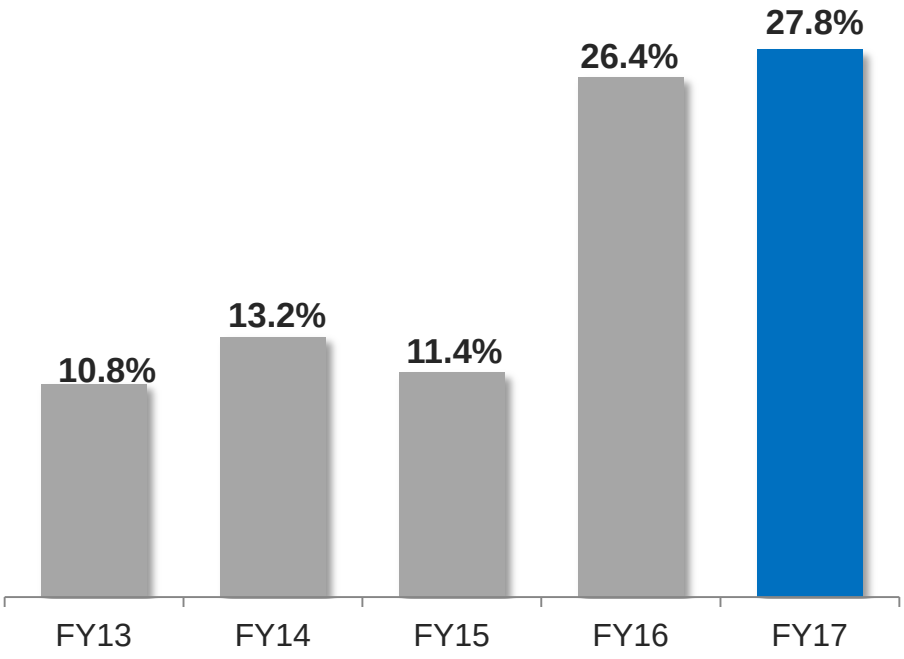


Indonesia's revenue contribution expanded to 39% in FY2017 from 25% in FY2016, in line with increased sales to M&O customers

*Based on shipment destination

GROSS PROFIT **MARGIN**

ASIA ENTERPRISES HOLDING LIMITED



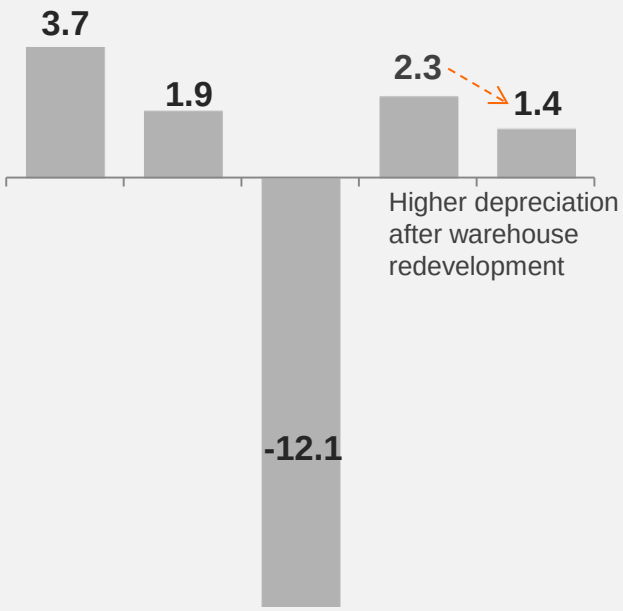
GP Margin increased to 27.8% in FY2017 versus FY2016

- Higher ASP in line with the trend of international steel prices

NET PROFIT TO **EQUITY HOLDERS**

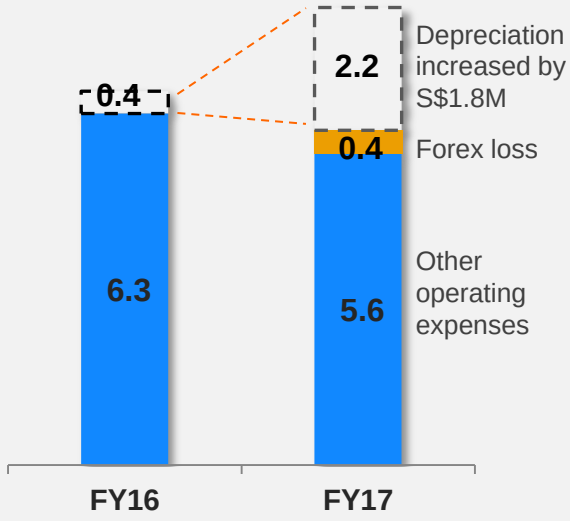
ASIA ENTERPRISES HOLDING LIMITED

Annual PATMI (S$ M)

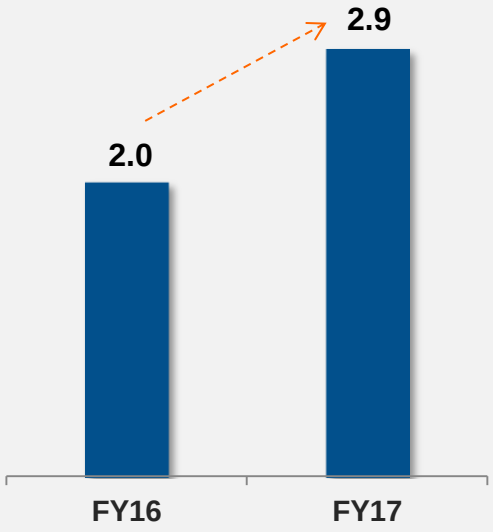


FY13	FY14	FY15	FY16	FY17
Net Profit Margin				
3.2%	3.0%	n.m.	7.7%	4.0%

Group Operating Expenses (S$'M)



EBITDA* (S$'M)



FY2017 EBITDA improved 45% from FY2016

- Lifted by higher gross profit and lower other operating expenses
- Offset a negative swing of S$0.5M arising from a forex loss of S$0.4M in FY2017 versus a gain of S$0.1M in FY2016

*EBITDA – PATMI before interest, tax and depreciation

BALANCE **SHEET**

ASIA ENTERPRISES HOLDING LIMITED

Summary (S$ million)

	31 Dec 17	31 Dec 16
Non-current assets	**25.0**	24.0
Current assets	**79.4**	79.2
Non-current liabilities	**0.7**	0.7
Current liabilities	**4.6**	3.4

Financial Ratios

	31 Dec 17	31 Dec 16
Trade and other receivables	**S$7.1 M**	S$5.8 M
Trade receivables turnover (annualised)	**84 days**	69 days
Inventory	**S$14.3 M**	S$12.8 M
Inventory turnover (annualised)	**234 days**	206 days
Net gearing	**Zero borrowings**	Zero borrowings
Current ratio	**17.1 times**	23.2 times

GROUP **OUTLOOK**

ASIA ENTERPRISES HOLDING LIMITED

OPERATING ENVIRONMENT

International steel prices expected to remain volatile

- China's steel production growth may continue to be moderated by another round of steel production restrictions from November 2017 to March 2018
- Supply-demand changes in China to impact steel price fluctuations

Challenging operating environment:

- Ongoing uncertainty and uneven demand conditions in major steel end-user markets
- Continuing challenges in marine & offshore sector
- Steel end-users' outlook for new projects and their business volume remain cautious
- Intense industry competition
- USD fluctuations against the SGD may affect cost of inventory replenishment

ASIA ENTERPRISES

Sturdy foundation to endure slower business periods

STRONG BALANCE SHEET –
High cash balance, no borrowings

EXPERIENCED MANAGEMENT TEAM –
Navigated the Group through several economic and business cycles

FOCUSED ON SUSTAINABILITY –
Financial discipline and lean operating structure

READY FOR RECOVERY –
Positioned to capitalise on recovery opportunities

EXPOSURE TO DIVERSE INDUSTRIES –
Engage customers closely and adopt flexible sales strategies to target end-user segments that present demand opportunities

SAFE HARBOUR FOR **FORWARD-LOOKING STATEMENTS**

ASIA ENTERPRISES HOLDING LIMITED

This presentation contains certain statements that are not statements of historical fact, i.e. forward-looking statements. Investors can identify some of these statements by forward-looking items such as 'expect', 'believe', 'plan', 'intend', 'estimate', 'anticipate', 'may', 'will', 'would', and 'could' or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. These forward-looking statements are based on current expectations, projections and assumptions about future events. Although Asia Enterprises Holding Limited believes that these expectations, projections, and assumptions are reasonable, these forward-looking statements are subject to the risks (whether known or unknown), uncertainties and assumptions about Asia Enterprises Holding Limited and its business operations.

Some of the key factors that could cause such differences are, among others, the following:

- changes in the political, social and economic conditions and regulatory environment in the jurisdictions where we conduct business or expect to conduct business;
- the risk that we may be unable to realise our anticipated growth strategies and expected internal growth;
- changes in currency exchange rates;
- changes in customer preferences and needs;
- changes in competitive conditions in the steel industry and our ability to compete under these conditions;
- changes in pricing for our products; and
- changes in our future capital needs and the availability of financing and capital to fund these needs.

Given these risks, uncertainties and assumptions, the forward-looking events referred to in this presentation may not occur and actual results may differ materially from those expressly or impliedly anticipated in these forward-looking statements. Investors are advised not to place undue reliance on these forward-looking statements.

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