ASIA ENTERPRISES HOLDING LIMITED

MAJOR REGIONAL DISTRIBUTOR OF
STEEL PRODUCTS TO INDUSTRIAL END-USERS

CORPORATE PRESENTATION

RHB INVESTMENT SEMINAR

11 OCTOBER 2016

ASIA ENTERPRISES HOLDING LIMITED

ESTABLISHED STEEL DISTRIBUTOR
IN SINGAPORE AND THE REGION

CORPORATE **OVERVIEW**

ASIA ENTERPRISES HOLDING LIMITED

MAJOR REGIONAL STEEL DISTRIBUTOR

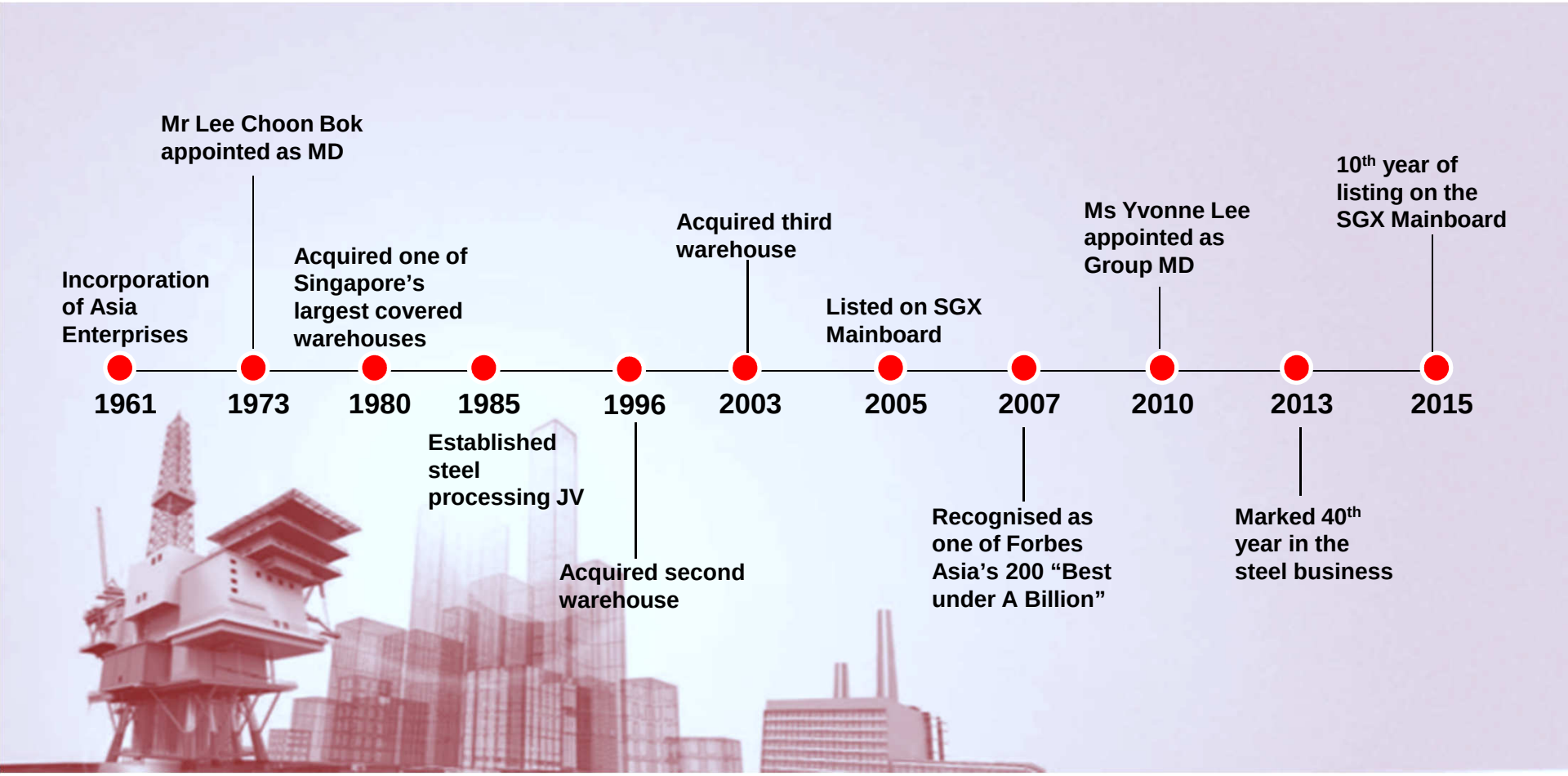
- Over **40 YEARS** of operating history
- Focus on **INDUSTRIAL END-USERS**
- Broad customer base from diverse industries across **ASIA PACIFIC**
- Established reputation as a reliable distributor to the **MARINE AND OFFSHORE SECTOR**
- One of Singapore's **LARGEST SUPPLIERS** of steel products



CORPORATE **OVERVIEW**

ASIA ENTERPRISES HOLDING LIMITED

CORPORATE MILESTONES



STEEL – A BASIC MATERIAL FOR MULTIPLE INDUSTRIAL USES

Some common steel products and their applications :

PRODUCT	APPLICATION
FLAT PRODUCTS	
Shipbuilding Plates	Shipbuilding, ship repair & conversions
High-tensile Plates	High strength hull structures, offshore structures, steel towers & structures
Hot-rolled Plates	Buildings, bridges, steel towers, machining parts, containers
Chequered Plates	Deck flooring in buildings, ships, towers
Electro-galvanised steel coils/sheets	Precision metal stamping, automotive, electrical appliances and electronics
LONG PRODUCTS	
Beams	Support columns and beams for buildings, bridges, underground structures, structural fabrication for ships, machinery, railway coaches
Angles	Structural reinforcement for steel towers, building frames, bridges, ships
Steel Pipes	Line pipes for steam, water, oil and gas transmission, and also used in chemical processing



CORPORATE **OVERVIEW**

STEEL DISTRIBUTORS PLAY A KEY INTERMEDIARY ROLE

Supply



Industry Value Chain

ASIA ENTERPRISES HOLDING LIMITED

Demand



Value-add

FACILITATE IMBALANCES BETWEEN DEMAND AND SUPPLY

- Bridge time lag between production and usage
- Readily available inventory for Just-In-Time delivery
- Flexible order sizes
- Steel processing facilities

CORPORATE **OVERVIEW**

ASIA ENTERPRISES HOLDING LIMITED

ONE-STOP SUPPLIER TO CUSTOMERS IN THE REGION







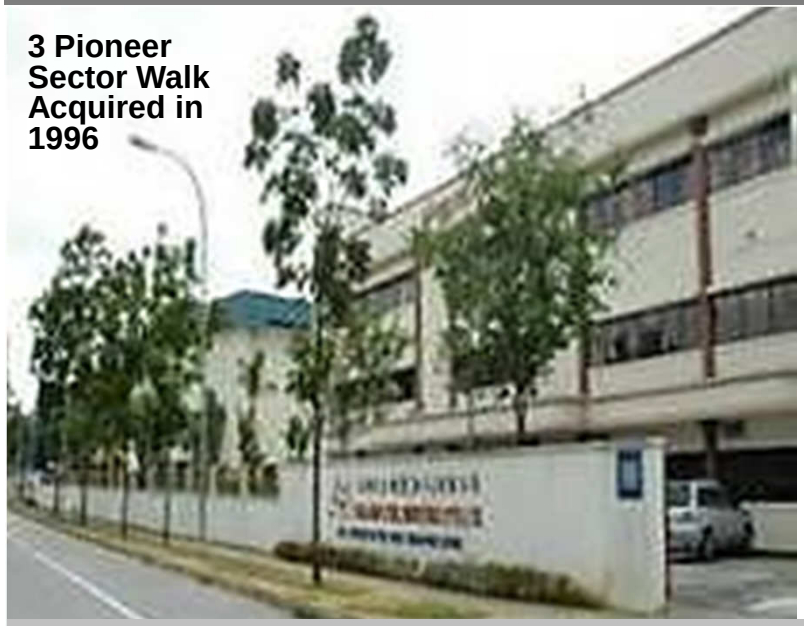
CORPORATE **OVERVIEW**

ASIA ENTERPRISES HOLDING LIMITED

LARGE WAREHOUSING FACILITIES

Combined land area of 45,934 sq m
- ~80% of steel items stored in covered warehouses for protection

3 Pioneer Sector Walk Acquired in 1996



25 Pioneer Sector 2 Acquired in 2003



36 Penjuru Lane Acquired in 1980

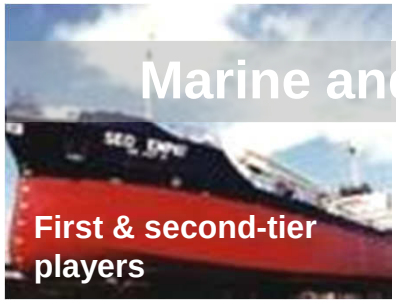
Undergoing re-development for lease renewal. Completion expected in Oct 2017



CORPORATE **OVERVIEW**

ASIA ENTERPRISES HOLDING LIMITED

DIVERSE BASE OF MORE THAN 700 ACTIVE CUSTOMERS





Marine and Offshore

First & second-tier players

Mid-sized yards in the region



ENGINEERING/ FABRICATION

CONSTRUCTION

OIL AND GAS

MANUFACTURING

PRECISION METAL STAMPING











Industrial end-users in Singapore, Indonesia, Malaysia and other countries in Asia Pacific

CORPORATE **OVERVIEW**

ASIA ENTERPRISES HOLDING LIMITED

HIGH BARRIERS TO ENTRY

Capital Intensive

- Substantial inventory with a diverse range of products
- Heavy investment in storage and equipment facilities

Established Network

- Critical mass of customers
- Wide network of established and reliable suppliers

Industry Expertise

- Over 40 years of experience
- Strong network of industry contacts







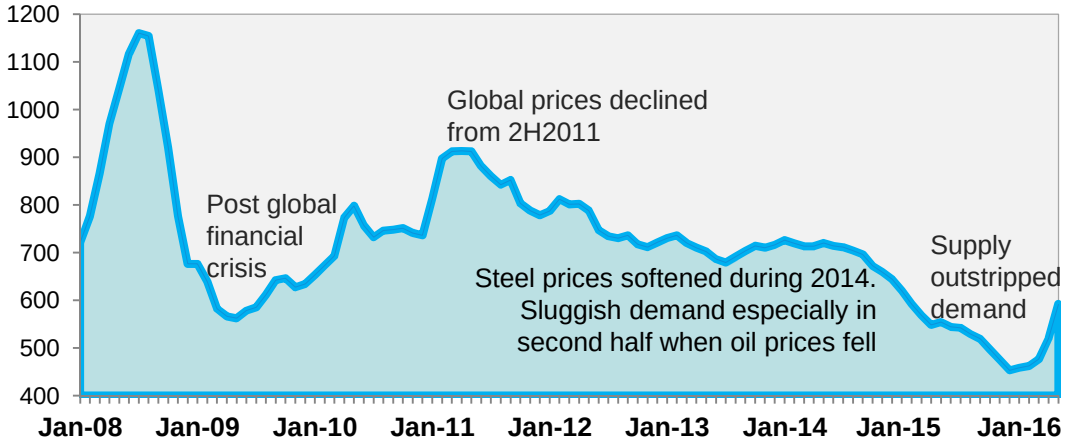
ASIA ENTERPRISES HOLDING LIMITED

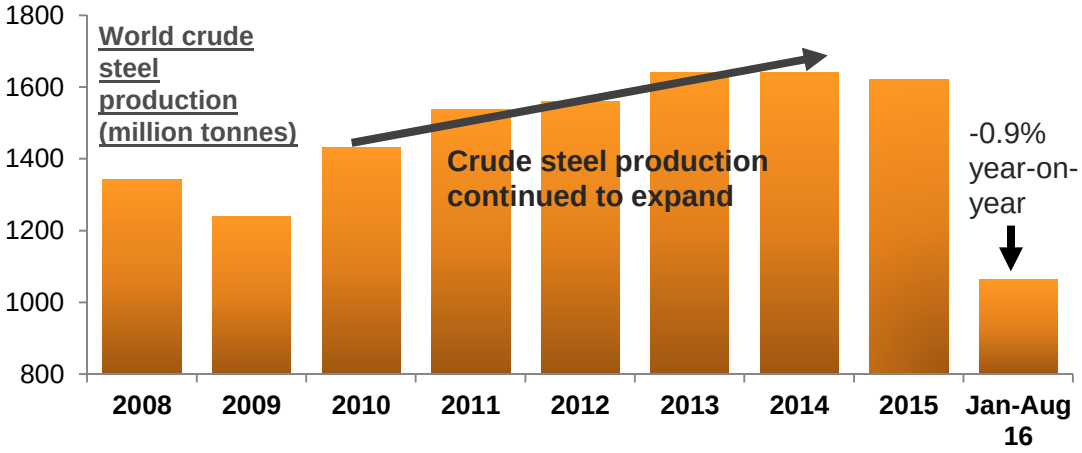
STEEL INDUSTRY
& BUSINESS REVIEW

STEEL **INDUSTRY**

ASIA ENTERPRISES HOLDING LIMITED

MEPS Global Composite Carbon Steel Price* (US$/tonne)





- MEPS Global Steel Price rose for six straight months since the start of 2016
- China steel mills restarted idle capacity
- China accounts for half the world's steel output. Its steel production increased for six straight months from March to August 2016
- Average prices in 1H16 were still below the levels in 1H15

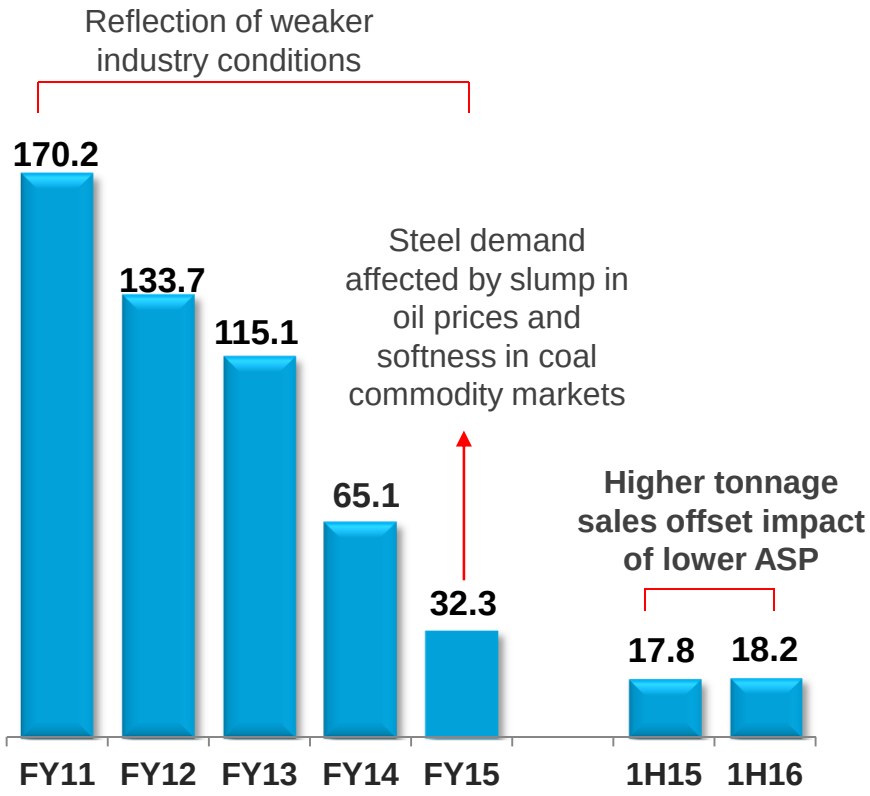
SOURCE : MEPS, WORLD STEEL ASSOCIATION

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

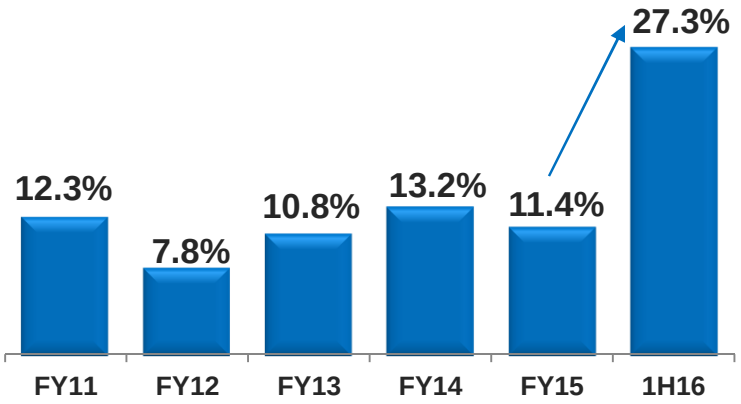
BUSINESS & FINANCIAL **REVIEW**

ASIA ENTERPRISES HOLDING LIMITED

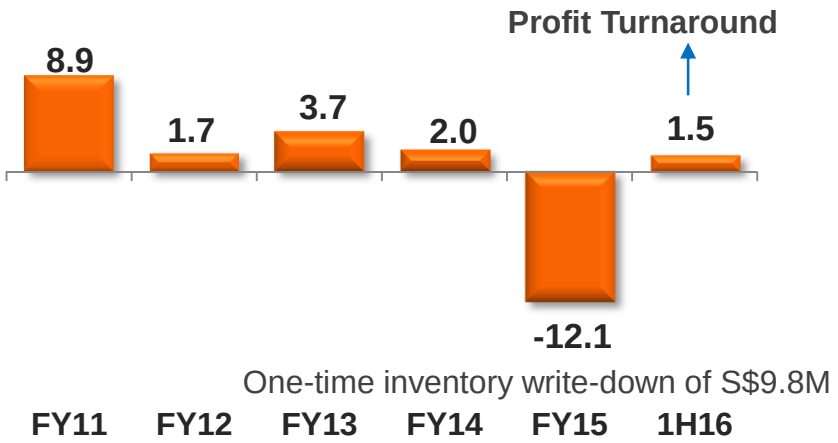
GROUP REVENUE (S$ M)



GROSS PROFIT MARGIN



NET PROFIT (S$ M)

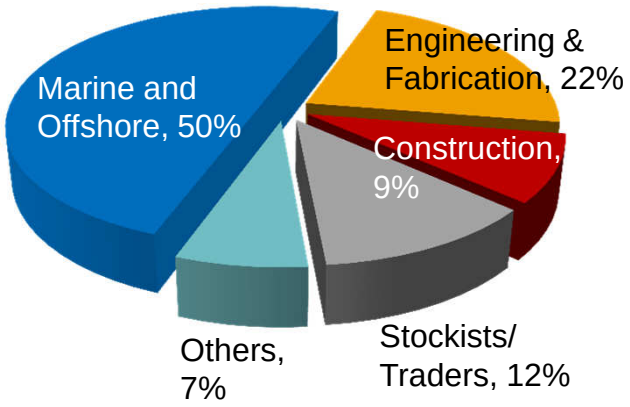


BUSINESS & FINANCIAL **REVIEW**

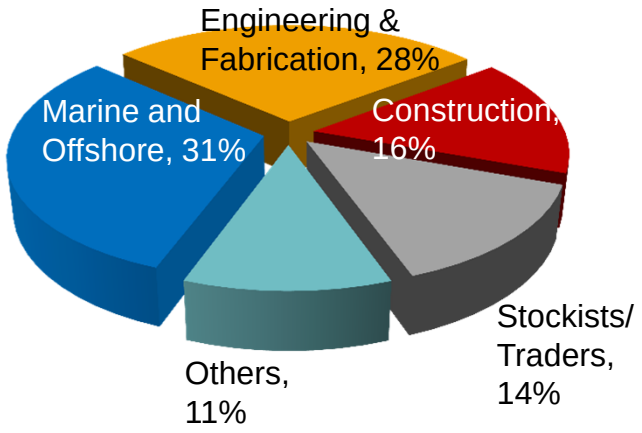
ASIA ENTERPRISES HOLDING LIMITED

By Customer Segment

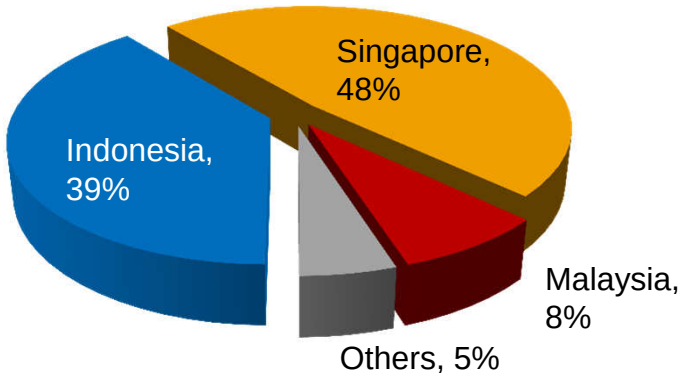
FY2014

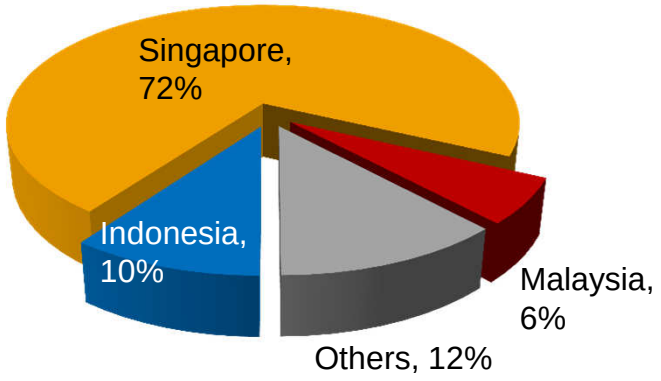


FY2015



By Geographical Market*





*Based on shipment destination

ASIA ENTERPRISES HOLDING LIMITED

POSITIONED TO
RIDE THE STEEL INDUSTRY CYCLES

MARKET **OUTLOOK**

ASIA ENTERPRISES HOLDING LIMITED

INDUSTRY VIEWS

BMI Research[1]:

- Expects lower steel prices in coming quarters
- Weak demand in China will lead to oversupplied market
- Predicts steel prices to edge higher from 2017

MEPS[2]:

- Expects steel prices in China to come under pressure in the second half of 2016 due to ramp-up in output by Chinese mills

GROUP OUTLOOK

Benefited from recovery in steel prices and end-users' restocking activities

Sustained profitability during 1H2016

However, cautious view of the operating environment

Supply-side concerns | End-user demand remains modest | Steel price volatility

Despite prevailing headwinds, Asia Enterprises has a sturdy foundation to endure slower business periods

[1]BMI Steel Report, BMI Research
[2] MEPS, "MEPS Global Steel Price Rises Again in June" published 30 June 2016)

WITHSTANDING **INDUSTRY SLOWDOWN**

ASIA ENTERPRISES HOLDING LIMITED

(S$ million)

	As at 30 June 2016
Cash	**68.1**
Debt (including trust receipts)	**0.0**
Total assets	**102.8**
Total liabilities	**4.6**
Net asset value	**92.5***
Gearing	**Zero borrowings**
Current ratio	**22.6 times**

Well-positioned to withstand challenges

- **Strong balance sheet** – high cash balance and no debt, strong asset position and minimal liabilities
- **Experienced management team** – navigated the Group through several economic and business cycles
- **Focused on sustainability** – Financial discipline and lean operating structure

**Attributable to equity holders of the Company*

CAPITALISING ON **THE DOWN CYCLE**

ASIA ENTERPRISES HOLDING LIMITED

Positioned to capitalise on market recovery opportunities

Taking advantage of slower market conditions to redevelop a warehouse and upgrade equipment



36 Penjuru Lane — *Artists' Impression*



Construction-in-progress



- Expected completion by end-2016
- On completion, it will be **one of the largest multi-storey covered warehouses for steel products in Singapore**

- 30% expansion in gross floor area; doubles storage capacity
- Additional loading bays and new cranes with higher lifting capacities
- Improved design and layout
- Increases operational efficiency, productivity and improves utilisation of manpower resources
- Raises market competitiveness and enhances customer service standards

LONG-TERM **PERSPECTIVE**

ASIA ENTERPRISES HOLDING LIMITED

- **STEEL IS A BASIC MATERIAL THAT IS ESSENTIAL FOR INFRASTRUCTURE AND CONSTRUCTION OF OIL PLATFORMS, VESSELS AND BUILDINGS**
- **READY TO RIDE ON FUTURE RECOVERY**
- **SUSTAIN MARKET POSITION & STAY AHEAD OF COMPETITION**
  - Continue to actively engage customers to address their steel purchase requirements
  - Focus on "**Just-In-Time**" service to achieve shorter lead time and high quality deliveries
  - Aligning our product mix and steel grades to our customers' project needs

SINGAPORE MARKET

- Serve **multiple industries** from marine and offshore, engineering/fabrication to construction
- **Ongoing infrastructure and industrial projects**
- Continue to **serve first-tier shipyards** and adopt a flexible sales strategy

INDONESIA MARKET

- **Established reputation** and customer base
- Sustain market position to **capitalise on shipyards' business activities** when oil and commodities markets recover

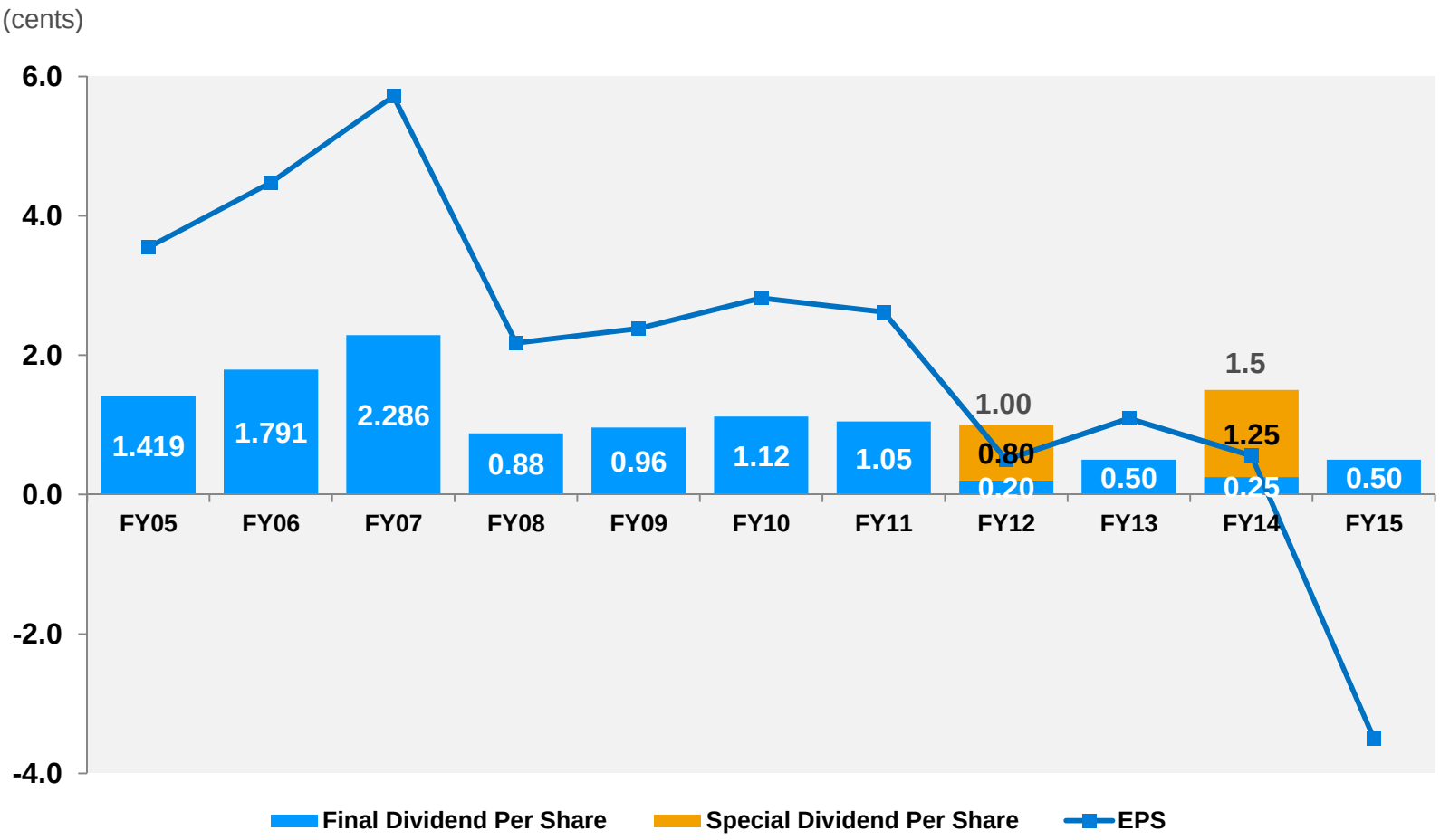
OTHER ASIA-PAC MARKETS

- Singapore is a **key steel sourcing hub** for other geographical markets
- Continue to target the steel requirements of overseas end-users / distributors

COMMITTED TO SHAREHOLDER VALUE

ASIA ENTERPRISES HOLDING LIMITED

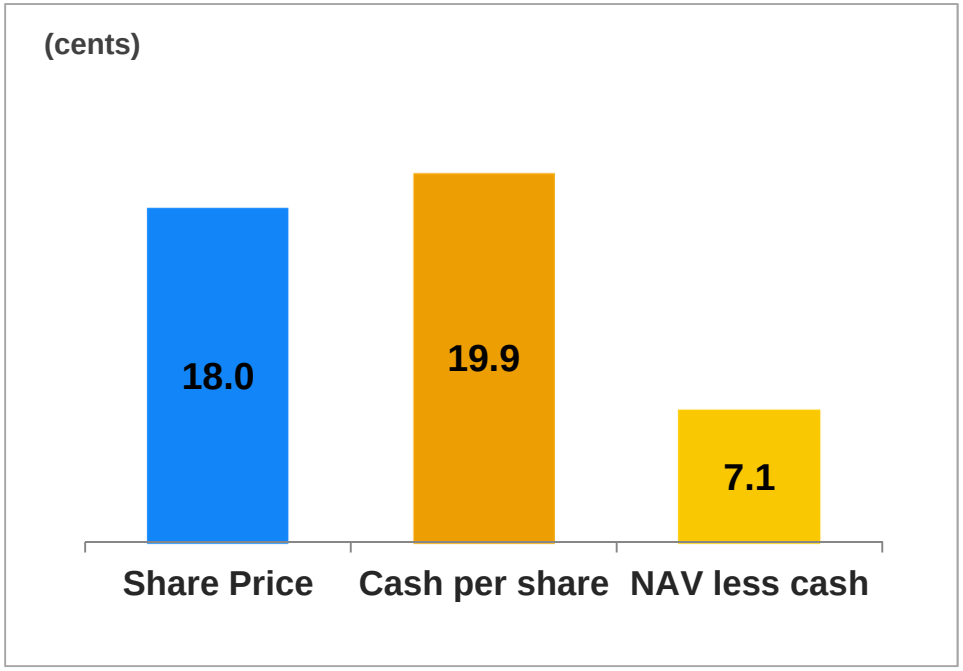
ANNUAL DIVIDEND PAYOUT OF AT LEAST 40% SINCE FY2005



COMMITTED TO SHAREHOLDER VALUE

ASIA ENTERPRISES HOLDING LIMITED

Share Price is fully backed by Cash



As at 30 Jun 2016

NAV per share = 27.04 cents

Price-to-book ratio = 0.67 times*

**based on share price of 18.0 cents on 7 October 2016*

Share Buyback Program

- Commenced in August 2016
- Underscores belief in the company's fundamental value
- Cost-efficient way of returning surplus cash to shareholders
- Provides stability for share price against short-term market volatility

IN **SUMMARY**

ASIA ENTERPRISES HOLDING LIMITED

Established steel distributor with 43 years of history
Consistent business principles and prudent financial management

Committed to reward shareholders
Established track record of dividend payments throughout business cycles

Sturdy financial position and experienced leadership
Confident of our ability to weather cyclical downturns

Ready to capitalise on recovery of steel end-user industries
Steel is a basic material that cannot be easily substituted for infrastructure, construction of vessels and offshore platforms

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.

Investors should assume that the information in this presentation is accurate only as of the date it is issued. Asia Enterprises Holding Limited's business, financial conditions, results of operations and prospects may have changed since that day. Asia Enterprises Holding Limited has no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

ASIA ENTERPRISES HOLDING LIMITED

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