



ASIA ENTERPRISES HOLDING LIMITED

**MAJOR REGIONAL DISTRIBUTOR OF STEEL
PRODUCTS TO INDUSTRIAL END-USERS**

ANNUAL GENERAL MEETING

FY2016

20 APRIL 2017

CORPORATE OVERVIEW



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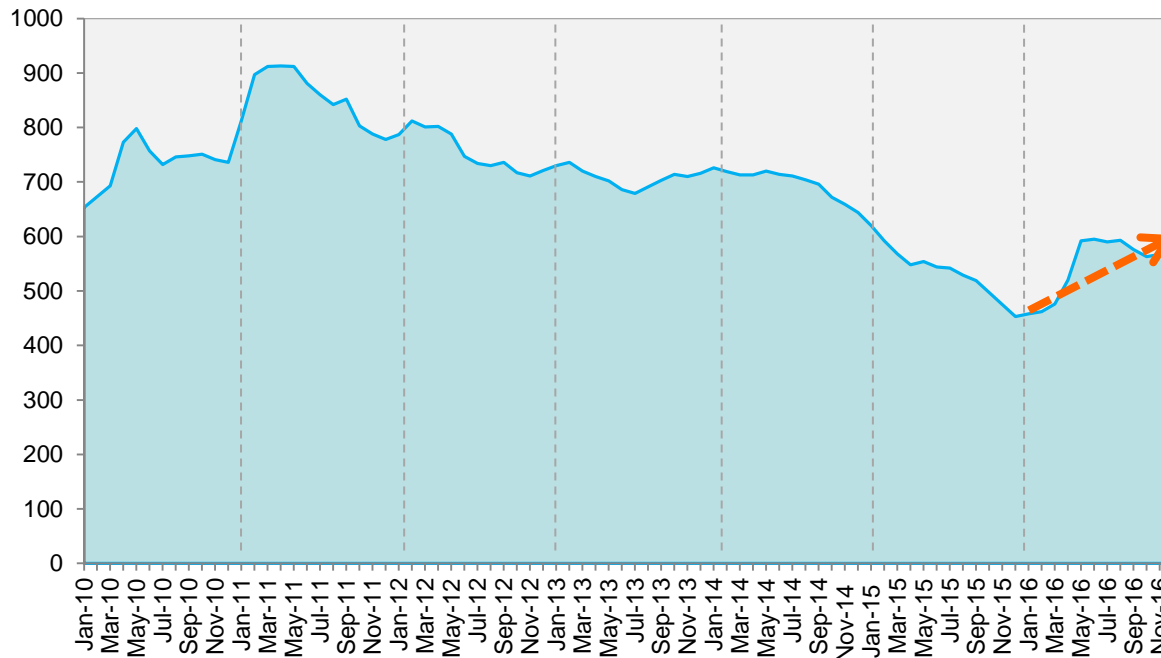
MAJOR REGIONAL STEEL DISTRIBUTOR

- 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



Steel prices staged recovery in 2016 while remaining volatile

MEPS All Products Price Global*
(US\$/tonne)



- MEPS global steel selling prices have been on an upward trend throughout 2016 with the MEPS' World Steel Price soaring by more than a third year-on-year in December.
- Steel mills announced a series of price hikes in November and December 2016 due to large increases in raw material costs

SOURCE : MEPS

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

FINANCIAL SUMMARY

Profit turnaround in FY2016

(S\$ million)	FY2016	FY2015	y-o-y change (%)
Revenue	30.9	32.3	(4)
Gross Profit	8.1	3.7	122
<i>GP Margin</i>	26.4%	11.4%	-
Other Income	1.0	0.8	20
Selling and Administrative costs	(6.6)	(6.4)	3
Finance and Other Charges	(0.1)	(10.2)	(99)
Profit / Loss Before Tax	2.4	(12.2)	n.m.
Net Profit / Loss	2.4	(12.1)	n.m.
Net Profit / Loss to equityholders	2.3	(12.1)	n.m.

FY: Financial years ending 31 December

SOUND FINANCIAL POSITION

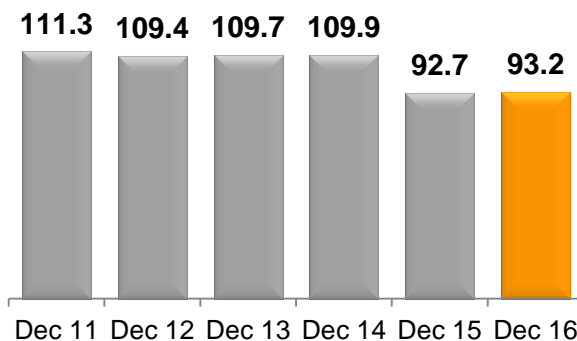


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Strong balance sheet; Well-positioned to withstand challenges

	31 Dec 16	31 Dec 15
Cash	60.5	68.4
Debt (incl trust receipts)	0.0	0.0
Net Cash	60.5	68.4

Equity (S\$ million)



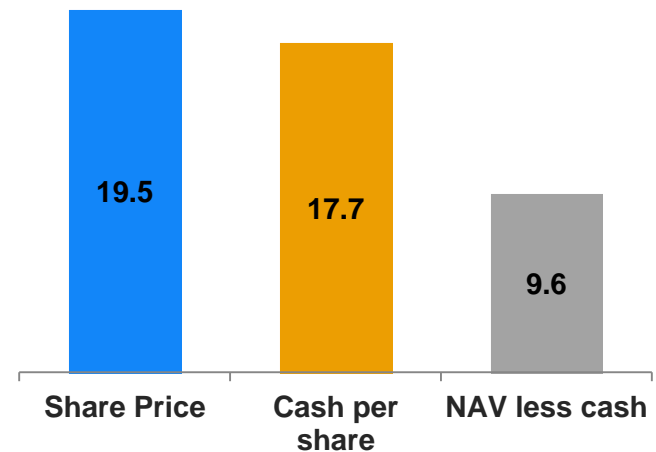
As at 31 Dec 2016

NAV per share
= 27.32 cents

Price-to-book
ratio = 0.71
times*

90% of Share Price is backed by Cash

(cents)



*based on share price of 19.5 cents on 14 April 2017

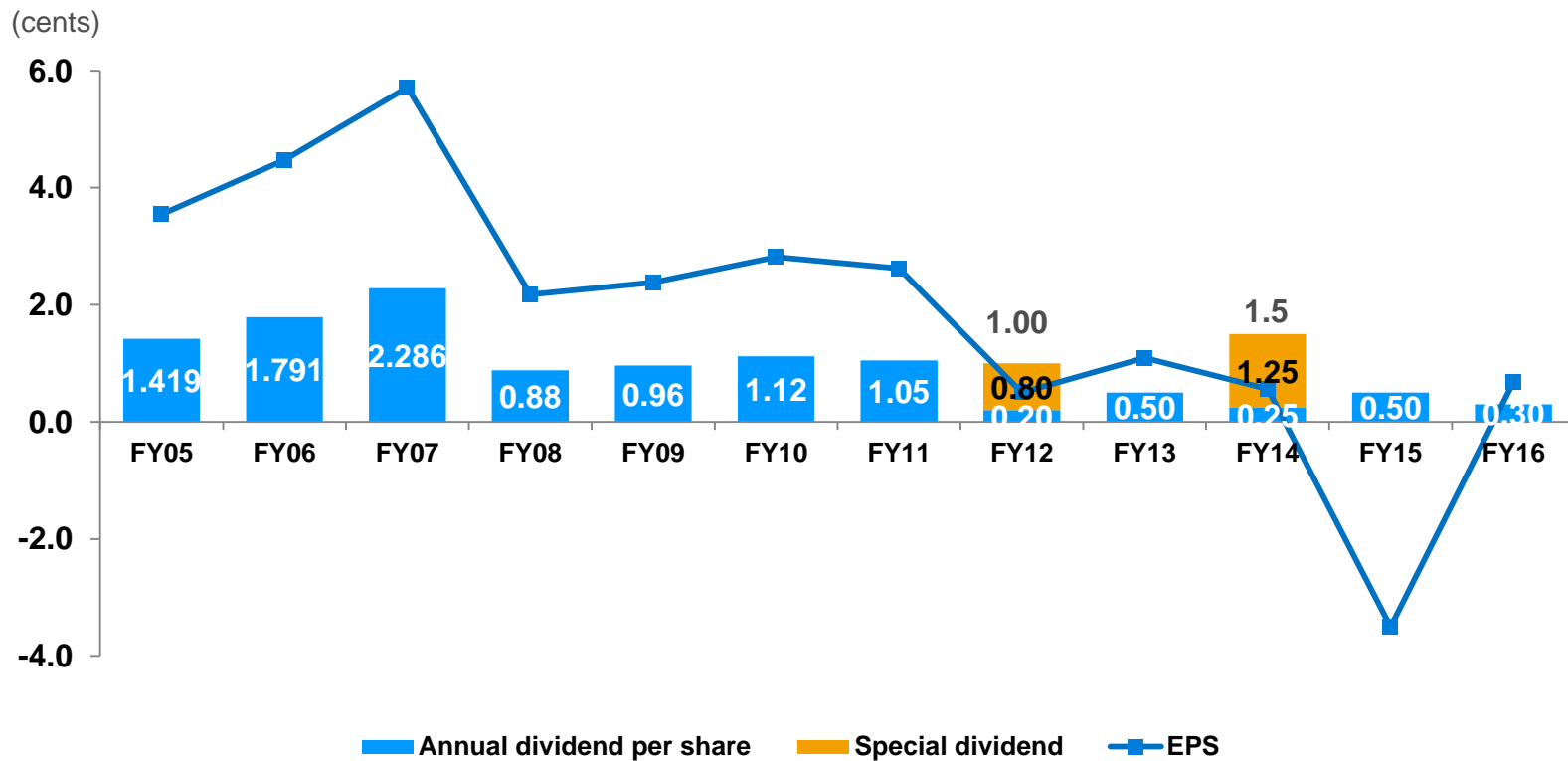
DIVIDEND TRACK RECORD



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Proposing final dividend of 0.3 cents for FY2016

Annual dividend payout of at least 40% since FY2005

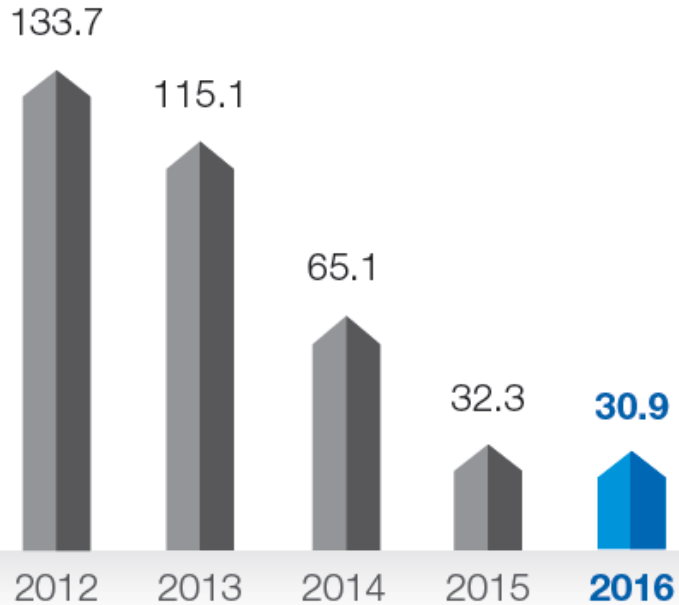


GROUP REVENUE



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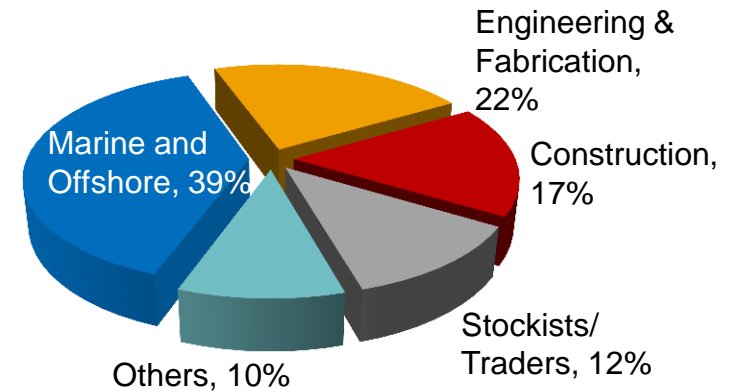
S\$ M



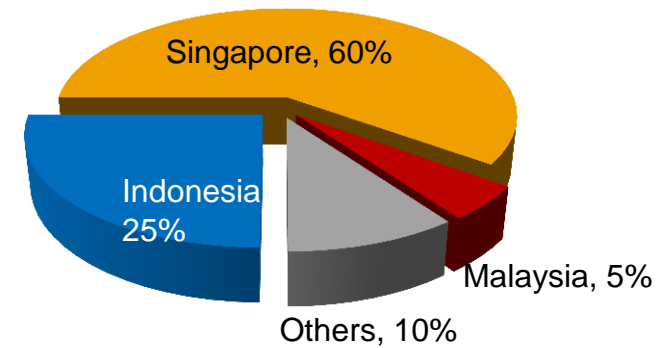
Revenue in FY2016 dipped 4%

- Despite the general upward trend in international steel prices during FY2016, ASP in FY2016 was lower than FY2015 due to modest end-user demand and intense competition in our operating markets
- Buffered by higher sales volume in FY2016

By Customer Segment



By Geographical Market*

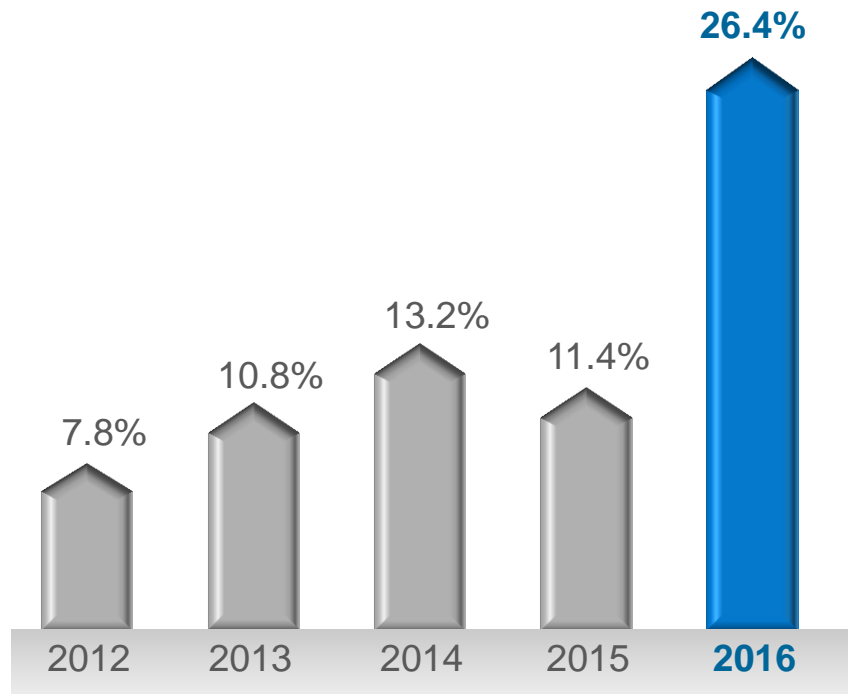


*Based on shipment destination

GROSS PROFIT MARGIN



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GP Margin expanded to 26.4% in FY2016

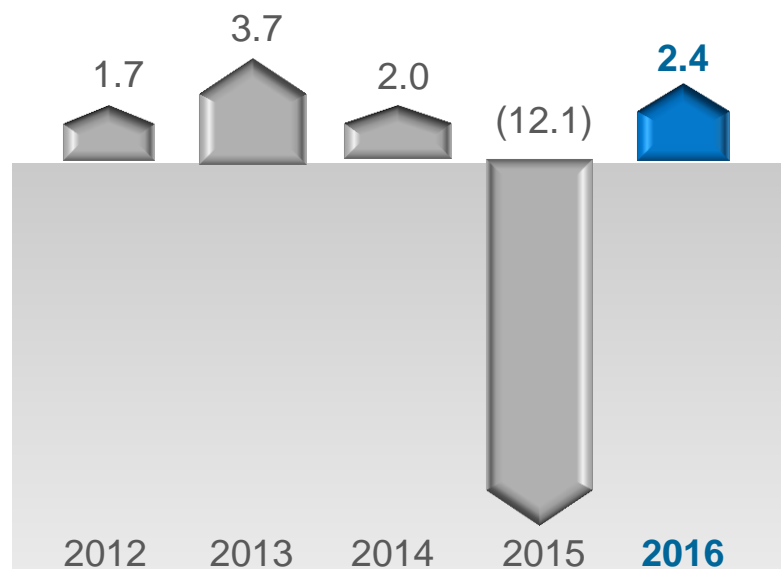
- Attributable mainly to lower weighted average cost of inventory sold following an inventory write-down at the end of 4Q15

GROUP NET PROFIT



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S\$ M



Returned to Profit in FY2016

- Four consecutive quarters of profit
- Higher gross profit and tight control of operating expenses

OPERATING ENVIRONMENT

Steel Prices:

- International steel prices in 4Q16 improved from 3Q16
- However, price volatility is expected to remain

Challenging operating environment:

- Continuing uncertainties in the economic outlook
- Slowdown in the marine and offshore sector
- Overall demand from end-user industries remains modest and uneven
- Intense industry competition
- USD fluctuations against the SGD may affect cost of inventory replenishment

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Sturdy foundation to endure slower business periods

- ✓ **Strong balance sheet** – High cash balance, zero debt, minimal liabilities
- ✓ **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
 - Warehouse redevelopment
 - Increase storage capacity and improve operational efficiency
 - Construction has been completed

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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