



ASIA ENTERPRISES HOLDING LIMITED

NEWS RELEASE

Asia Enterprises Posts Net Profit of S\$0.6 Million for 1Q14

- Revenue declined 46% to S\$21.9 million amid slower demand for steel products
- Gross profit margin however improved to 13.7% from 9.8% previously
- Balance sheet remains sound with cash of S\$57.1 million and zero borrowings

Singapore, 5 May 2014 – Asia Enterprises Holding Limited (“Asia Enterprises” or the “Group”), a major regional distributor of steel products to industrial end-users, today reported that its net profit for the three months ended 31 March 2014 (“1Q14”) decreased 62% to S\$0.6 million from S\$1.7 million a year earlier, due mainly to weaker revenue.

Group revenue in 1Q14 shrank 46% year-on-year to S\$21.9 million due to lower volume of sales. The Group however saw a smaller decline of 24% in its gross profit to S\$3.0 million as gross profit margin improved to 13.7% in 1Q14, compared to 9.8% previously.

The decline in Group revenue was mainly due to lower orders of steel products from marine and offshore customers. Demand from shipyards has been slow since the latter half of 2013 in tandem with the level of newbuilding activities. On the other hand, sales to engineering/fabrication customers improved in 1Q14, while sales derived from the construction segment remained steady when compared to 1Q13.

Nevertheless, Asia Enterprises maintained a strong financial position at the end of March 2014, with cash and cash equivalents of S\$57.1 million and zero borrowings. Net asset value per share rose to 32.26 cents as at end of March 2014, from 32.09 cents as at 31 December 2013.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, “While international steel prices did not experience major fluctuations in the first quarter of 2014, the slowdown in end-users’ purchases of steel materials during the second half of 2013 carried through into 1Q14. The operating environment remained highly competitive due to muted end-user demand, combined with ample inventory in the steel supply chain. On a brighter note, the Group reaped better gross profit margin and stayed profitable in 1Q14, as a result of higher average selling prices compared to the previous corresponding period.”

In its short range outlook published on 9 April 2014, the World Steel Association (worldsteel) forecasts that global apparent steel use in 2014 will increase by 3.1% to 1527 Mt, which is slightly slower than the growth of 3.6% seen in 2013. While apparent steel use in the United States and Europe are expected to move into positive growth in 2014, the structural issues and financial market volatility of many emerging economies, as well as China’s deceleration, led to a lower growth forecast for 2014.

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Ms Lee said, "We expect business conditions to remain challenging in the second quarter as demand from our primary markets is unlikely to show a major rebound within a short timeframe. The Group will remain perceptive of market trends and align our product range to the project requirements of our marine and offshore customers. At the same time, we will also continue to pursue business from other sectors such as the engineering/fabrication industry, to maintain a diversified customer base. We believe that our financial base is sufficiently strong to enable the Group to withstand challenges and be ready to seize opportunities in a market recovery."

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 5 May 2014.

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.

Supported by three facilities in Singapore – two warehouses and a steel processing plant-cum-warehouse with a combined land area of 45,934 square metres – Asia Enterprises supplies over 1,200 steel products to more than 700 active customers involved primarily in marine and offshore, oil and gas, construction, as well as precision metal stamping, manufacturing and engineering/fabrication industries.

The Group 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