



ASIA ENTERPRISES HOLDING LIMITED

## NEWS RELEASE

### **Asia Enterprises Posts Stable Net Profit of S\$0.7 M in 2Q17**

- 2Q17 revenue grew 14% year-on-year to S\$9.7 million
- Gross profit margin marginally lower at 27.0% compared to 29.1% in 2Q16
- Sound financial position - NAV per share of 27.06 cents; cash per share of 16.18 cents

**Singapore, 1 August 2017** – Asia Enterprises Holding Limited (“Asia Enterprises” or the “Group”), a major regional distributor of steel products to industrial end-users, today reported a stable net profit attributable to equity holders of S\$0.7 million for the three months ended 30 June 2017 (“2Q17”).

The Group’s revenue increased 14% year-on-year to S\$9.7 million in 2Q17, lifted mainly by higher average selling prices (ASP) during the quarter compared to 2Q16. On a quarter-on-quarter basis, the Group saw its revenue increase by 85% from S\$5.2 million in 1Q17 due mainly to higher purchases from customers in the marine and offshore, as well as construction sectors.

The Group’s gross profit margin softened slightly to 27.0% in 2Q17 from 29.1% in 2Q16 as the rising cost of replenishing inventory has led to an increase in its weighted average cost of inventory sold. This was in line with the uptrend in international steel prices over the past 12 months.

For the six months ended 30 June 2017 (“1H17”), the Group’s revenue decreased 18% to S\$14.9 million due mainly to sluggish sales during 1Q17. Coupled with an increase of S\$0.9 million in depreciation charges following the completion of its warehouse redevelopment, the Group recorded a lower net profit attributable to equity holders of S\$138,000 in 1H17, compared to S\$1.5 million in 1H16.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, “While the Group witnessed a pick-up in restocking of steel materials from customers during 2Q17, the general business sentiment remains cautious as end-user demand is still slow and uneven.

Despite the difficult market conditions and an increase in depreciation charges, the Group delivered a profitable performance in 2Q17 and maintained a sound financial position at the end of the quarter.”

As at 30 June 2017, the Group had a balance sheet with cash and cash equivalents of S\$55.2 million and zero borrowings. Its net asset value per share stood at 27.06 cents, including cash of 16.18 cents and inventory of steel products with book value of 4.64 cents.

#### **Media and Investor Relations Contact**

**Octant Consulting | phone (65) 62963583**

Herman Phua | mobile 9664 7582 | email [herman@octant.com.sg](mailto:herman@octant.com.sg)

Lisa Heng | mobile 9090 9887 | email [lisa@octant.com.sg](mailto:lisa@octant.com.sg)

The Group expects cautious business sentiment to prevail due to ongoing global economic uncertainties, continuing weakness in the offshore and marine sector and tight financing conditions which are affecting the outlook for new projects of steel end-users. As a result, steel demand is likely to remain uneven in the foreseeable future.

In view of the uncertainty in demand conditions, volatile international steel prices and intense industry competition, the operating environment for the Group is expected to remain challenging.

“With our healthy financial position, Asia Enterprises is well-positioned to withstand the present market uncertainties and to capitalise on business opportunities when they arise. We will continue to closely engage our customers, keep abreast of market trends and adopt a flexible sales strategy to capture emerging demand trends. At the same time, the Group will remain financially prudent in its expenses and inventory procurement decisions, while staying vigilant on its credit exposure to safeguard our financial position,” said Ms Lee.

*This news release is to be read in conjunction with the Group’s announcement posted on the SGX website on 1 August 2017.*

---

### **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](http://www.asiaenterprises.com.sg)