



ASIA ENTERPRISES HOLDING LIMITED

NEWS RELEASE

Asia Enterprises Maintains Sound Financial Position Despite Protracted Weakness of the Steel Market

- 2Q15 revenue down year-on-year as demand for steel products remained depressed
- Weaker sales volume resulted in a marginal loss in 2Q15
- Financial position remained healthy at the end of 2Q15 – NAV per share of 30.33 cents; cash per share of 19.00 cents with zero borrowings
- Well-positioned to overcome the prevailing industry headwinds

Singapore, 4 August 2015 – Asia Enterprises Holding Limited (“Asia Enterprises” or the “Group”), a major regional distributor of steel products to industrial end-users, today reported its financial results for the three months ended 30 June 2015 (“2Q15”).

As demand for steel products from end-users remained sluggish, the Group registered a contraction in its sales volume in 2Q15 as compared to 2Q14. As a result, Group revenue declined 64% year-on-year to S\$7.9 million in 2Q15.

Sales of steel products continued to be weak across the Group’s key customer industries of marine and offshore, engineering/fabrication and construction. Sales to the marine and offshore segment decreased considerably in 2Q15 compared to the year-ago period due to a significant slowdown in newbuilding activities at shipyards.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, “The slump in oil prices which peaked in June 2014, coupled with the softness in the coal commodity markets, took a severe toll on the level of business activities and order flows for shipbuilding and offshore-related sectors. Consequently, the steel purchasing requirements of these end-user industries have also tapered.

As the weakness in demand for steel continued unabated during the first six months of 2015, the Group’s revenue during 2Q15 decreased substantially from 2Q14 before the collapse in oil prices.

In light of the present market circumstances, we continued to adopt a prudent approach in our inventory management and sustained the Group’s gross profit margin in 2Q15. We also maintained a tight control of our operating overheads and closed the quarter under review with a sturdy financial position backed by healthy cash balances and zero borrowings.”

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Notwithstanding the keen competition in the steel distribution industry, the Group posted a gross profit margin of 13.0% in 2Q15, compared to 12.9% in 2Q14. However, the extent of revenue decline in 2Q15 led to a net loss of S\$0.5 million for the quarter compared to a profit of S\$0.7 million in 2Q14.

At the end of June 2015, the Group had cash and cash equivalents of S\$65.0 million and zero borrowings. On a per share basis, the Group had net asset value of 30.33 cents, cash and cash equivalents of 19.00 cents and inventory of 9.58 cents.

The Group expects business conditions to remain challenging in the remaining months of the current financial year. Competition within the steel distribution industry is also expected to remain intense as a result of the supply-demand imbalances in the steel market. As such, the Group is not optimistic of returning to profitability in the second half of FY2015.

Nevertheless, the Group believes it has the ability to ride out the current business slowdown and is ready to capitalise on opportunities when the major steel end-user industries start to experience a recovery momentum in business activities.

“We have a robust financial position that will enable the Group to overcome the prevailing industry headwinds. To ensure business sustainability, it is important that we remain financially and operationally prudent during this downturn, while continuing to be relevant and competitive in the market. We will monitor market trends in the end-user industries and maintain an optimal product range that is aligned to our customers’ project requirements. The Group will also focus on “just-in-time” service to enhance our value-add to customers with shorter delivery lead time and high quality of products,” Ms Lee added.

This news release is to be read in conjunction with the Group’s announcement posted on the SGX website on 4 August 2015.

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