



ASIA ENTERPRISES HOLDING LIMITED

## NEWS RELEASE

### **Asia Enterprises Reports Weaker Results for 3Q15 But Maintains Sturdy Financial Position**

- 3Q15 revenue down year-on-year as demand for steel products remained tepid
- Weaker sales volume resulted in a marginal loss in 3Q15
- Sound financial position to overcome prevailing industry headwinds – NAV per share of 30.13 cents; cash per share of 19.57 cents with zero borrowings at the end of September 2015
- Group signals intention to recommend a final dividend at the announcement of its FY2015 results

**Singapore, 3 November 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 September 2015 (“3Q15”).

Amid a weak operating environment, the Group’s revenue declined 43% year-on-year to S\$7.5 million due to a contraction in sales volume and lower average selling prices. Demand for steel products from the Group’s key end-user industries remained modest in 3Q15. In particular, sales to the marine and offshore segment showed a significant decrease in 3Q15 compared to 3Q14 due to the slowdown in newbuilding activities at shipyards.

Amid muted demand conditions experienced this year, the Group’s revenue for the nine months ended 30 September 2015 (“9M15”) slipped 56% to S\$25.3 million from S\$56.8 million in 9M14.

The Group’s gross profit margin in 3Q15 was lower at 9.5% compared to 11.9% in 3Q14 due to weaker average selling prices. However, its gross profit margin for 9M15 was relatively stable at 12.3%.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, “The steel industry continues to suffer from muted end-user demand and excess supply. Steel purchasing requirements from the shipbuilding and offshore-related sectors shrank considerably in tandem with the slump in oil prices and weakness of the coal commodity market since the latter half of 2014. In 3Q15, we also witnessed softer market prices of steel products as the declining cost of raw materials exerted further pressure on selling prices.

While we continued to keep a tight rein on our operating overheads and expenses, this was insufficient to mitigate the effect of the decrease in the Group’s top line. As a result, the Group posted a net loss of S\$0.7 million in 3Q15 and S\$1.7 million for 9M15.

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

**Octant Consulting | phone (65) 6296 3583**

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)

However, the Group's financial position remained sturdy with a cash balance of S\$66.9 million and no borrowings at the end of 3Q15. Given our financial strength and experienced management team, we are confident of the Group's ability to overcome the current industry headwinds and capitalise on recovery opportunities in the future."

On a per share basis, the Group had net asset value of 30.13 cents at the end of September 2015, which includes cash and cash equivalents of 19.57 cents and inventory of 8.56 cents.

Backed by its sound balance sheet, Asia Enterprises has also signalled its intention to recommend a final dividend payment at the announcement of its financial results for the 12 months ending 31 December 2015 ("FY2015") barring any unforeseen circumstances. This demonstrates the Group's unwavering commitment to shareholders notwithstanding the challenging business landscape.

In view of the current market environment, decline in steel prices and traditionally slower business momentum in the last quarter of the year, the Group expects to post a net loss in 4Q15 and for FY2015.

"While the market for steel products is presently slow-moving, we continue to engage our customers regularly to keep abreast of market trends and maintain an optimal product range that is aligned to their project requirements. The Group also believes it should take this opportunity during a market slowdown to commence the redevelopment of one of our warehouses in Singapore. This will take place in phases and is expected to be completed in the third quarter of 2017.

As we focus on ensuring business sustainability for the long term, the Group continues to advocate financial and operational prudence within the organisation. Our inventory of steel products decreased to S\$29.3 million as at 30 September 2015 from S\$38.9 million at the start of the year. This is in line with our strategy to align our stock to prevailing market conditions but without compromising our product mix, quality and delivery lead time to customers," added Ms Lee.

*This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 3 November 2015.*

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### **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)