

NEWS RELEASE

Asia Enterprises Reports 30% Increase in Revenue to S\$11.8M in 3Q19

- Revenue lifted mainly by sales to customers in the marine and offshore industry
- 3Q19 net profit gained 9% year-on-year to S\$0.2 million
- Group maintains its healthy, debt-free financial position

Singapore, 5 November 2019 – 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 2019 (“3Q19”).

In 3Q19, the Group’s revenue increased 30% to S\$11.8 million, lifted primarily by higher orders for steel products from its end-user customers in the marine and offshore industry. It also recorded improved sales to the engineering/fabrication sector, as well as other stockists and traders. On a sequential basis, the Group’s revenue in 3Q19 increased from S\$8.9 million in 2Q19 and S\$7.0 million in 1Q19 mainly on the back of rising sales to the marine and offshore industry.

The Group’s gross profit increased 4% to S\$1.9 million in 3Q19. Its gross profit margin however eased to 16.3% from 20.5% in 3Q18 due mainly to softer average selling prices as well as the effect of higher weighted average cost of inventory sold in 3Q19 vis-à-vis 3Q18.

For 3Q19, the Group reported a 9% gain in its profit attributable to equityholders (“PATMI”) to S\$0.2 million. For the nine months ended 30 September 2019 (“9M19”), the Group posted revenue of S\$27.7 million and PATMI of S\$0.2 million. Excluding interest, income tax and depreciation expenses, the Group recorded earnings attributable to equityholders of S\$1.8 million in 9M19 as compared to S\$2.1 million in 9M18.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, “The Group has witnessed muted end-user demand for steel and heightened competitive pressures since the start of 2019. Nonetheless, we continue to intensify our sales efforts which yielded increased sales in Singapore market during 9M19 compared to the same period last year. The Group also registered a gradual recovery of sales to Indonesia over the first three quarters of this year amid a moderate pick-up in orders from our customers in the marine and offshore industry.

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As we head into the last quarter of FY2019, the Group expects the operating environment to stay challenging as ongoing global uncertainties will continue to affect the demand from end-users of steel. In addition, customer demand is generally subdued towards the year-end due to seasonality factors while keen market competition is also expected to prevail.”

Asia Enterprises continues to exhibit a healthy financial position. As at 30 September 2019, the Group had a balance sheet that was backed by cash of S\$45.6 million and zero debt. On a per share basis, the Group had a net asset value of 27.0 cents which included cash and cash equivalents of 13.4 cents and inventory with book value of 4.4 cents.

Barring unforeseen circumstances, the Group remains confident of its business resilience and sustainability in the long term.

“We will maintain our sound financial position by staying vigilant on credit exposure and keeping a tight control of expenses as part of our prudent financial management. This will ensure the Group is well placed to capitalise on a recovery in steel demand when it arises,” said Ms Lee.

To maintain its market competitiveness, the Group will continue to closely monitor the demand trends and purchasing patterns of major steel end-users, and ensure it has sufficient and relevant inventory to provide shorter delivery lead times to customers.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 5 November 2019.

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.

Asia Enterprises presently owns three facilities in Singapore – a multi-storey warehouse, a single-storey warehouse and a steel processing plant-cum-warehouse – with a total combined land area of 45,934 square metres.

The Group 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.

Asia Enterprises 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