



ASIA ENTERPRISES HOLDING LIMITED

## NEWS RELEASE

### **Asia Enterprises Records 14% Growth in Net Profit to \$2.8 Million for 1H23**

- Group revenue doubled to \$62.6 million on broad-based increase in sales to key end-user industries
- Sound balance sheet with cash of \$21.6 million and zero borrowings

**Singapore, 11 August 2023** – Asia Enterprises Holding Limited (“Asia Enterprises” or the “Group”), a major regional distributor of steel products to industrial end-users, today reported that its profit before tax for the six months ended 30 June 2023 (“1H23”) jumped 46% to \$3.6 million from \$2.5 million in 1H22, spurred by a doubling of Group revenue to \$62.6 million in 1H23 from \$31.0 million previously.

The Group’s net profit for 1H23 rose at a moderate 14% to \$2.8 million as tax expenses increased significantly due to an absence of unutilised losses and enhanced capital allowances that had been fully utilised in prior financial years.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, “The Group turned in a commendable set of results for 1H23. Notwithstanding lower average selling prices in line with the general downtrend of international steel prices, our revenue in 1H23 doubled on the back of increased sales volume of steel materials to the Group’s key end-user industries spanning the marine and offshore, engineering/fabrication and construction sectors. In particular, we witnessed strong growth in demand from the marine and offshore segment which was driven primarily by higher newbuilding and repair activities at the shipyards in Indonesia.”

In 1H23, the Group’s sales to customers in the marine and offshore segment surged 131% to \$54.5 million from \$23.6 million in 1H22. As a result, this segment continued to account for the largest proportion of the Group’s revenue with a contribution of 88% in 1H23.

The Group also recorded higher sales to the engineering/fabrication and construction segments in 1H23, thanks to an increase in steel purchases by customers for their projects. Sales to the engineering/fabrication climbed to \$4.7 million in 1H23 from \$3.7 million in 1H22, while sales to customers in the construction sector rose to \$1.1 million in 1H23 from \$0.9 million previously.

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On a geographical basis, sales to customers in Indonesia in 1H23 soared on the back of increased volume of sales from shipyards there. This led to a 161% jump in sales to \$39.9 million from \$15.3 million in 1H22, and drove an expansion in Indonesia segment's revenue contribution to 64% in 1H23 compared to 49% previously.

Based on billings to customers in Singapore which comprise sales of products that are shipped to domestic and overseas destinations, the Singapore segment also recorded higher revenue of \$21.0 million in 1H23, up 47% from \$14.3 million in 1H22 on higher sales tonnage. The Singapore segment accounted for 34% of Group revenue in 1H23. Revenue derived from Malaysia market increased 23% to \$1.6 million in 1H23 from \$1.3 million previously as a result of higher customer demand. This market made up 2% of Group revenue in 1H23.

Looking into the second half of 2023, the global economic environment remains fraught with uncertainties. The rise in interest rates, tighter credit markets, high inflation and prevailing geopolitical tensions could continue to fuel downside risks to the momentum of global economic activities.

International steel market prices have also been volatile since the start of 2023 and on a gradual declining trend in recent months. This volatility causes unpredictability in the demand and purchasing patterns of steel end-users as changes in steel prices will affect the economic viability of their projects.

Said Ms Lee, "While the Group benefited from the positive demand for steel materials during 1H23, orders from customers may slow in the second half of 2023 due to changes in their purchasing patterns and growing concerns on the wider economy. High interest rates and restrictive accessibility to financing options may also affect the project pipelines of industrial end-users.

Against this challenging operating backdrop, we are maintaining a cautious business outlook for 2H23. While the Group continues our business development efforts to sustain and build new customer relationships to capitalise on market opportunities, we will also remain vigilant in our sales and credit management."

At the same time, the Group will keep tight control of its operating expenses while continuing to take a prudent approach in inventory management. The Group believes this approach will help to assure a sound, debt-free balance sheet and financial resilience to prepare it for any potential adverse turn in business cycles.

As at 30 June 2023, Asia Enterprises had cash of \$21.6 million and shareholders' equity of \$97.2 million. The Group's net asset value of 28.5 cents per share included cash and cash equivalents of 6.3 cents per share and inventory with book value of 9.1 cents per share.

*This news release is to be read in conjunction with the Group's announcement posted on 11 August 2023.*

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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.

Asia Enterprises presently owns two facilities in Singapore – a multi-storey warehouse and a steel processing plant-cum-warehouse – with a total combined land area of 33,769 square metres.

The Group supplies over 1,200 steel products to more than 700 active customers involved primarily in marine and offshore, engineering/fabrication, oil and gas, construction, as well as precision metal stamping and manufacturing 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](http://www.asiaenterprises.com.sg)