



ASIA ENTERPRISES HOLDING LIMITED

## NEWS RELEASE

### **Asia Enterprises Posts 62% Jump in Net Profit to \$6.1 Million for FY2023**

- Group revenue grew 30% to \$95.5 million on the back of higher sales to key end-user industries
- Proposing higher final dividend of 1.0 cent per share; equivalent to payout of 56.2% of net profit
- Sound balance sheet with cash of \$41.9 million and zero borrowings

**Singapore, 8 February 2024** – Asia Enterprises Holding Limited (“Asia Enterprises” or the “Group”), a major regional distributor of steel products to industrial end-users, today reported that its net profit jumped 62% to \$6.1 million for the 12 months ended 31 December 2023 (“FY2023”) from \$3.7 million in FY2022. The improved performance was achieved on the back of 30% growth in the Group’s revenue to \$95.5 million in FY2023 from \$73.5 million in FY2022.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, “Notwithstanding the weak macroeconomic environment and downtrend in international steel prices during FY2023, the Group delivered our strongest set of financial results over the past decade. This was driven by a general improvement in demand for steel materials from customers in our key marine & offshore segment. In particular, we saw higher steel requirements for newbuilding and repair activities at our customers’ shipyards in Indonesia.

To share the Group’s better results with shareholders, our Board of Directors has recommended the payment of a higher final dividend of 1.0 cent per share for FY2023, compared to 0.8 cent in FY2022. The proposed dividend represents a payout of 56.2% of the Group’s net profit for FY2023 and is in line with our longstanding commitment to reward shareholders for their support.”

The marine & offshore segment registered a 41% increase in sales to \$81.5 million in FY2023, lifted mainly by higher demand from shipyards which moderated the impact of softer average selling prices (ASP) of the Group’s steel products. As a result, the marine & offshore segment continued to account for the largest proportion of Group revenue with a contribution of 85% in FY2023.

The construction segment also recorded higher sales of \$2.3 million in FY2023, compared to \$1.9 million in FY2022, to contribute 2% to Group revenue. However, sales to the engineering/fabrication segment dipped 6% to \$7.5 million in FY2023 due mainly to lower ASP. This segment accounted for 8% of Group revenue in FY2023.

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On a geographical basis, sales to customers in Indonesia rose 49% to \$46.2 million in FY2023 from \$31.0 million in FY2022, spurred by increased volume of sales to shipyards in tandem with higher newbuilding and repair activities. This saw the revenue contribution from Indonesia segment expanding to 48% in FY2023 compared to 42% in FY2022.

Based on billings to customers in Singapore which comprise sales of products shipped to both domestic and overseas destinations, the Singapore segment's sales climbed 21% to \$47.5 million in FY2023 on higher sales tonnage to account for 50% of Group revenue. Revenue derived from Malaysia market was \$1.6 million and made up the remaining 2% of Group revenue in FY2023.

Looking ahead to FY2024, the Group will continue to adopt a cautious business view due to numerous global uncertainties. High interest rates, tight credit markets, inflationary pressures and rising geopolitical tensions may threaten downside risks to the global economy.

With the ongoing volatility of international steel prices, the demand and purchasing patterns of steel end-users may remain unpredictable as changes in steel prices have an impact on the economic viability of their projects. Project pipelines of steel end-users are also affected by high interest rates and restrictive accessibility to financing. Moreover, fluctuations in international steel prices and the US Dollar versus the Singapore Dollar also affect the cost of replenishing inventory and the market selling prices of steel products, which invariably have an influence on the Group's gross profit margin.

Said Ms Lee, "The steel distribution industry in Singapore is expected to continue facing operating cost pressures and a competitive environment. Given the prevailing economic uncertainties and tapering of end-user demand after a robust first half in FY2023, we remain cautious this softer trend could persist into FY2024."

To be prepared for potential opportunities and challenges in the global business environment, the Group will continue with its business development plans while maintaining a tight control on costs.

"We intend to continue our marketing efforts to sustain and build new customer relationships, and remain vigilant of our credit management and operating expenses. We will also take a prudent approach in inventory management while ensuring there is sufficient steel inventory and mix of products to meet the project requirements of our customers," said Ms Lee.

The Group believes this approach will help to assure a sound balance sheet and build financial resilience to overcome any difficult business cycles.

As at 31 December 2023, the Group's balance sheet remained sound with cash and cash equivalents of \$41.9 million and zero borrowings. The Group's net asset value of 29.5 cents per share included cash and cash equivalents of 12.3 cents per share and inventory with book value of 7.8 cents per share.

*This news release is to be read in conjunction with the Group's announcement posted on 8 February 2024.*

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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)