



ASIA ENTERPRISES HOLDING LIMITED

NEWS RELEASE

Asia Enterprises Delivers Higher Revenue and Profit for 3Q17

- Revenue of S\$9.4 million in 3Q17, up 48% y-o-y
- PATMI increased to S\$0.3 million in 3Q17 from S\$0.2 million in 3Q16
- EBITDA of S\$1.6 million in 9M17 compared to S\$1.3 million in 9M16
- Sound financial position - NAV per share of 27.14 cents; cash per share of 16.61 cents

Singapore, 9 November 2017 – Asia Enterprises Holding Limited (“Asia Enterprises” or the “Group”), a major regional distributor of steel products to industrial end-users, today reported higher revenue and net profit attributable to shareholders for the three months ended 30 September 2017 (“3Q17”).

The Group’s revenue jumped 48% year-on-year (y-o-y) to S\$9.4 million in 3Q17. This was driven mainly by an increase in average selling prices (ASP) of its steel products on the back of rising international steel prices since the beginning of 2017. Group revenue was also buoyed by a moderate pick-up in its sales volume due to higher orders from customers in the marine and offshore, and construction sectors.

While the uptrend in international steel prices raised the cost of replenishing its steel inventory, the Group was able to improve its gross profit margin to 25.4% in 3Q17 from 24.9% in 3Q16 on the back of higher ASP. As a result of higher revenue and gross profit, the Group’s net profit attributable to equity holders (“PATMI”) increased to S\$0.3 million in 3Q17 from S\$0.2 million in 3Q16.

For the nine months ended 30 September 2017 (“9M17”), Group revenue was relatively stable at S\$24.3 million as higher ASP compensated for lower overall sales volume during 9M17. The Group reported lower PATMI of S\$0.4 million in 9M17 compared to S\$1.6 million in 9M16. This was attributable mainly to additional depreciation charges of S\$1.3 million for 9M17 following the redevelopment of a warehouse at the end of FY2016. However, the Group’s PATMI before interest, tax and depreciation (“EBITDA”) was higher at S\$1.6 million for 9M17 compared to S\$1.3 million in 9M16.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, “The Group delivered another quarter of profit in 3Q17, thanks to higher international steel prices and an uptick in steel material purchases from customers in certain market segments.

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Despite the recent pick-up in purchasing volumes, we remain cautious about the sustainability of end-user demand. We envisage steel demand in our key markets within the region to be uneven in the foreseeable future due to prevailing global economic uncertainties, continuing weakness in the offshore and marine sector and tight financing conditions affecting new projects of steel end-users. Coupled with intense competition, we expect the operating environment for the Group's segment of the steel industry to remain challenging."

As at 30 September 2017, the Group maintained a healthy financial position with cash and cash equivalents of S\$56.7 million and zero borrowings. Its net asset value per share of 27.14 cents included cash and cash equivalents of 16.61 cents per share and inventory with book value of 3.80 cents per share.

With its sound balance sheet, Asia Enterprises is well-positioned to withstand periods of market uncertainty and capitalise on business opportunities that arise. The Group will continue to closely engage its customers, keep abreast of market trends and adopt a flexible sales strategy in line with demand trends. The Group will also remain financially prudent in its expenses and inventory procurement decisions, while staying vigilant on its credit exposure to safeguard its financial position.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 9 November 2017.

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