



ASIA ENTERPRISES HOLDING LIMITED

NEWS RELEASE

Asia Enterprises Delivers Higher Revenue and Profits in 1H18

- PATMI increased to S\$0.8 million from S\$0.1 million in 1H17
- Group revenue rose 31% to S\$19.4 million in 1H18
- EBITDA improved to S\$1.6 million in 1H18 from S\$0.9 million in 1H17
- Sound balance sheet - NAV per share of 27.17 cents; cash per share of 14.45 cents

Singapore, 7 August 2018 – Asia Enterprises Holding Limited (“Asia Enterprises” or the “Group”), a major regional distributor of steel products to industrial end-users, today reported an improved set of financial results for the six months ended 30 June 2018 (“1H18”).

The Group posted a net profit attributable to shareholders (“PATMI”) of S\$0.8 million in 1H18, up significantly from S\$0.1 million in 1H17. This came on the back of revenue growth of 31% to S\$19.4 million in 1H18, thanks to an increase in average selling prices and higher sales volume of the Group’s steel products.

With the recovery in commodity prices, the Group benefited from comparatively higher orders from the marine and offshore sector during 1H18 in tandem with higher shiprepair and newbuild activities of its customers. Sales to the construction segment also improved while sales to the engineering/fabrication segment remained stable in 1H18 compared to 1H17.

The Group’s gross profit margin however eased to 22.7% in 1H18 from 28.5% in 1H17. This was due mainly to an increase in its weighted average cost of inventory sold as the cost of replenishing its stock of steel products rose in tandem with the increase in international steel prices. Nevertheless, gross profit improved to S\$4.4 million in 1H18 from S\$4.2 million in 1H17. Together with its tight control of operating expenses, the Group’s PATMI before interest, tax and depreciation (“EBITDA”) increased to S\$1.6 million in 1H18 from S\$0.9 million in 1H17.

For the three months ended 30 June 2018 (“2Q18”), the Group posted a stable PATMI of S\$0.7 million compared to 2Q17, on revenue growth of 12% to S\$10.9 million.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, “The recovery in commodity prices has helped to shore up steel demand from the marine and offshore industry. During 1H18, the Group witnessed a modest pick-up in steel purchases from customers in the marine sector in tandem with an

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increase in shipbuilding and shiprepair projects. However, the outlook for the broader offshore and marine sector is still uncertain. Demand in the newbuild market is currently being driven by construction of smaller vessels for commodities transport as the offshore support vessel segment has yet to pick up due to a persistent oversupply situation.”

Asia Enterprises envisages business conditions in the region’s steel distribution segment to remain challenging as intense competition is expected to prevail. The Group could also see further increases in its weighted average cost of inventory due to potentially higher cost of inventory replenishment if international steel prices continue to trend higher. As such, the Group remains cautious of its business outlook.

“To be ready to capitalise on a sustained recovery in steel demand, we will continue to closely monitor the demand trends and purchasing patterns of major steel end-users to ensure the Group will be in a position to meet customers’ requirements with a sufficient level of inventory and relevant steel products,” said Ms Lee.

The Group will also ensure it remains in good financial health by maintaining a prudent expense structure and staying vigilant on its credit exposure. With a sound balance sheet, the Group is confident of its business strength and sustainability to withstand challenging market conditions.

As at 30 June 2018, the Group’s balance sheet comprised cash and cash equivalents of S\$49.3 million and zero borrowings. Its net asset value per share stood at 27.17 cents which includes cash of 14.45 cents per share and steel inventory with book value of 4.25 cents per share.

This news release is to be read in conjunction with the Group’s announcement posted on the SGX website on 7 August 2018.

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. 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