

NEWS RELEASE

Asia Enterprises Posts Higher Net Profit (PATMI) of S\$1.0 million in 4Q17

- PATMI in FY2017 declined to S\$1.4 million due mainly to higher depreciation charges
- EBITDA improved to S\$2.9 million in FY2017, compared to S\$2.0 million in FY2016
- Rewarding shareholders with final dividend of 0.5 cent per share
- Sound financial position - NAV per share of 27.43 cents; cash per share of 16.78 cents

Singapore, 6 February 2018 – 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 attributable to shareholders (“PATMI”) for the three months ended 31 December 2017 (“4Q17”) climbed 41% to S\$1.0 million, from S\$0.7 million in 4Q16.

For its financial year ended 31 December 2017 (“FY2017”), Asia Enterprises posted a lower PATMI of S\$1.4 million compared to S\$2.3 million in FY2016. This was attributable mainly to additional depreciation charges of S\$1.8 million during FY2017 following the completion of a warehouse redevelopment at the end of FY2016.

However, the Group’s PATMI before interest, tax and depreciation (“EBITDA”) improved to S\$2.9 million in FY2017 compared to S\$2.0 million in FY2016.

The Group registered relatively stable revenue of S\$30.8 million in FY2017 as higher average selling prices (“ASP”) of its steel products compensated for a decrease in its overall sales volume for the year. Despite the flat revenue, the Group’s gross profit rose 5% to S\$8.6 million in FY2017, thanks to an expansion in its gross profit margin to 27.8% as a result of higher ASP.

In line with its practice of rewarding shareholders for their support, the Group has recommended a higher final dividend payment of 0.5 cent per share for FY2017, representing a pay-out of 122.0% of its earnings per share of 0.41 cent. Asia Enterprises has consistently paid dividends representing at least 40% of its earnings every year since listing on the Singapore Exchange in 2005.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, “We are pleased to reward our shareholders with a higher final dividend as the Group was able to maintain profitability in FY2017 despite subdued demand from steel end-users. Excluding the impact of higher depreciation expenses,

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the Group recorded better operating profit on the back of the favourable steel price trend in FY2017, coupled with our strong financial discipline to keep a tight rein on expenses.”

During FY2017, Asia Enterprises saw higher sales to customers in the marine & offshore and stockists & traders segments, which offset sales declines of its other end-user segments. Sales to the marine & offshore segment rose 21% to S\$14.5 million, primarily on the back of higher ASP to account for the largest share of Group revenue with a contribution of 47% in FY2017. The Group also witnessed recovering demand in the Indonesia market where its sales increased to S\$12.1 million in FY2017 from S\$7.7 million in FY2016, due mainly to higher orders from customers in the marine & offshore segment.

“Due to ongoing uncertainty and uneven demand conditions in the steel end-user markets in Singapore and the region, particularly the offshore & marine sector, we expect the operating environment for the Group’s segment of the steel industry to remain challenging.

Nonetheless, our people are working continuously to improve the Group’s performance. We will continue to closely engage our customers, keep abreast of the latest market trends and adopt a flexible sales strategy to cater to the market’s demand trends. We will also remain financially prudent in our expenses and inventory procurement decisions, while staying vigilant on credit exposure to safeguard the Group’s financial position,” said Ms Lee.

Asia Enterprises closed the year with a healthy financial position. As at 31 December 2017, it had cash and cash equivalents of S\$57.2 million and zero borrowings. The Group also had a net asset value per share of 27.43 cents, which includes cash and cash equivalents of 16.78 cents per share and inventory with book value of 4.18 cents per share.

This news release is to be read in conjunction with the Group’s announcement posted on the SGX website on 6 February 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.

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