



ASIA ENTERPRISES HOLDING LIMITED

NEWS RELEASE

Asia Enterprises' Financial Position Stays Strong Amid Weaker Market Climate

- 1Q15 revenue down year-on-year due to weaker demand for steel products; but higher than 4Q14
- Maintained robust financial position at the end of 1Q15 despite incurring a marginal loss
- NAV per share of 31.97 cents; cash per share of 19.45 cents with zero borrowings
- Group is well-positioned to ride through this difficult period

Singapore, 5 May 2015 – Asia Enterprises Holding Limited (“Asia Enterprises” or the “Group”), a major regional distributor of steel products to industrial end-users, today reported its financial results for the three months ended 31 March 2015 (“1Q15”).

The slow demand conditions from steel end-users during the fourth quarter of 2014 persisted into 1Q15. This resulted in a 55% decrease in the Group’s revenue to S\$9.9 million in 1Q15 compared to S\$21.9 million in 1Q14. The Group saw a broad-based decline in sales orders from its key customer industries, particularly the marine and offshore segment as newbuilding activities at shipyards has slowed.

On a quarter-on-quarter basis however, Group revenue in 1Q15 was 19.9% higher than S\$8.3 million in 4Q14 on the back of higher orders from customers in the marine and offshore, engineering/fabrication and construction sectors.

Notwithstanding intense competition in the steel distribution industry, the Group sustained its gross profit margin in 1Q15 at 13.9%, which was slightly higher than 13.7% in 1Q14. While the Group’s operating expenses declined in 1Q15, the extent of the revenue decline led to a net loss of S\$0.6 million for the quarter compared to a profit of S\$0.6 million in 1Q14.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, “We saw demand for steel products weakening in the latter half of 2014 with the soft market conditions continuing in 1Q15. The uncertainties in oil and other commodities markets are also clouding the visibility of future order flows for certain steel end-user industries such as shipbuilding and oil & gas-related sectors. In tandem with lower activities of our customers, the Group faced reduced demand for steel products in 1Q15 compared to the same period last year.

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Despite the prevailing headwinds, we are confident our sturdy financial position will enable the Group to ride through this difficult phase. In the past 42 years, the Group has weathered several economic cycles and also experienced the cyclical nature of the marine and offshore industry, which forms the largest component of our revenue. Steel is a basic material that cannot be easily substituted for construction of vessels, offshore platforms, and infrastructure. Hence, we believe the Group is ready to capitalise on opportunities when the end-user industries start to experience a recovery in business activities.”

At the end of March 2015, the Group had a robust financial position with cash and cash equivalents of S\$66.5 million and zero borrowings. On a per share basis, the Group had net asset value of 31.97 cents, cash and cash equivalents of 19.45 cents, and inventory of 10.45 cents per share.

Ms Lee added, “While newbuilding of vessels are generally slower now than in the past, our customers are also engaged in ship repair work and fabrication of steel structures. We will continue to maintain an optimal product range with the quality grades that are aligned to our customers’ project requirements. To remain ahead of competition, the Group will also focus on “just-in-time” service to achieve shorter lead time and high quality deliveries to our customers.”

This news release is to be read in conjunction with the Group’s announcement posted on the SGX website on 5 May 2015.

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