



ASIA ENTERPRISES HOLDING LIMITED

## NEWS RELEASE

### **Asia Enterprises Turns Around in FY2016 with Net Profit of S\$2.4 M**

- Achieves turnaround on the back of four straight quarters of profits
- Rewarding shareholders with a final dividend of 0.3 cents per share
- Completed the redevelopment of an existing warehouse in Singapore
- Sound balance sheet; cash of S\$60.5 million and zero borrowings

**Singapore, 24 January 2017** – Asia Enterprises Holding Limited (“Asia Enterprises” or the “Group”), a major regional distributor of steel products to industrial end-users, has recorded four straight quarters of profits to close its financial year ended 31 December 2016 (“FY2016”) with a full-year net profit of S\$2.4 million, marking a sharp turnaround from the net loss of S\$12.1 million in FY2015.

Despite difficult operating conditions in the steel industry during FY2016, the Group recorded an increase in sales volume of steel products. This helped to cushion the impact of lower average selling prices (“ASP”) on the Group’s revenue which declined a marginal 4% to S\$30.9 million in FY2016 from S\$32.3 million in FY2015.

Notwithstanding the lower ASP, the Group saw a 19% increase in sales to the marine and offshore segment to S\$12.0 million in FY2016 on the back of higher sales volume. Sales to customers in the construction segment in FY2016 were relatively stable, buoyed by increased orders of steel products.

Asia Enterprises’ return to profitability in FY2016 was achieved on the back of higher gross profit and its continued tight rein on operating overheads. The Group’s gross profit margin expanded to 26.4% from 11.4% in FY2015 due mainly to lower weighted average cost of inventory sold following a write-down in the value of certain steel products in the Group’s inventory at the end of 2015.

To reward shareholders for their continued support, the Group has recommended a final dividend payment of 0.3 cents per share for FY2016 which represents a pay-out of 44% of its net profit. Since its public listing on the Singapore Exchange in 2005, Asia Enterprises has consistently paid dividends representing at least 40% of its earnings every year.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, “The operating conditions in the steel industry remained difficult during FY2016. The end-user demand for steel products continued to be

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modest and uneven. This has in turn contributed to intense market competition with ample inventory in the supply chain.

Notwithstanding the tough operating environment, the Group managed to increase its sales volume in FY2016 which provided a buffer against lower average selling prices. With higher gross profit and our continued tight rein on operating overheads, the Group was able to stage a return to profit in FY2016.”

As at 31 December 2016, the Group remained in a sound financial position with cash and cash equivalents of S\$60.5 million and zero borrowings. Its net asset value per share of 27.32 cents as at 31 December 2016 included cash and cash equivalents of 17.73 cents per share and inventory of steel products with book value of 3.76 cents per share.

As part of its efforts to enhance shareholder value, the Group had purchased a total of 788,600 shares in the Company as at 31 December 2016 from the open market since receiving approval of the Share Buy Back mandate in 2016.

Said Ms Lee, “Although international steel prices have shown improvement in 4Q16 from the preceding quarter, the current outlook for the steel market remains clouded by uncertainties in the global economy. Prices are expected to be volatile while demand could remain in an unstable state amid cautious business sentiment among the steel end-users.

Backed by a strong cash balance and no borrowings, we believe the Group has the ability to weather slower business conditions and also respond quickly to a recovery in steel demand when it arises. With our financial strength, the Group was also able to take advantage of the market slowdown to redevelop one of our three warehouses in Singapore during FY2016. This redevelopment has been completed and we are awaiting the necessary approvals from the regulatory authorities to commence operations this year.”

*This news release is to be read in conjunction with the Group’s announcement posted on the SGX website on 24 January 2017.*

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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.

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](http://www.asiaenterprises.com.sg)