

NEWS RELEASE

**Asia Enterprises Posts Stable Net Profit of S\$0.5M and
Higher Revenue of S\$42.8M in FY2020 Amid Challenging Conditions**

- Revenue in FY2020 buoyed by higher sales to the marine and offshore segment
- Group maintains final dividend at 0.50 cent per share
- Sound financial position with cash of S\$51.2 million and zero borrowings

Singapore, 8 February 2021 – Asia Enterprises Holding Limited (“Asia Enterprises” or the “Group”), a major regional distributor of steel products to industrial end-users, today reported a net profit of S\$0.5 million for the 12 months ended 31 December 2020 (“FY2020”).

The Group’s stable net profit came on the back of higher revenue of S\$42.8 million in FY2020 in spite of the difficult operating environment due to the Covid-19 pandemic. The 6% growth in the Group’s revenue was attained mainly on the back of higher volume of sales which more offset the impact of lower average selling prices in FY2020 as compared to FY2019.

During FY2020, the Group recorded higher volume of sales to customers in the marine and offshore segment due to a recovery in shipbuilding activities. This helped to offset softer sales registered across other key end-user segments.

Sales to the marine and offshore segment rose 34% to S\$32.6 million which widened its revenue contribution to 76% in FY2020 compared to 60% in FY2019. Sales to the engineering/fabrication segment eased 12% to S\$4.5 million in FY2020 in tandem with lower customer demand during the second half of the year. As a result, this segment accounted for a lower 10% of Group revenue in FY2020.

The Group witnessed a steep decline in sales to the construction segment in FY2020 as customer orders contracted in line with widespread delays in project schedules caused by the Covid-19 pandemic. The construction segment’s sales fell 72% to S\$1.1 million in FY2020 which saw its revenue contribution shrinking to 3% compared to 10% in FY2020.

On a geographical basis, an increase in the Group’s sales to the Indonesia market during FY2020 more than counterbalanced the sales decline in Singapore market.

MEDIA AND INVESTOR RELATIONS CONTACT

OCTANT CONSULTING

phone (65) 62963583

Herman Phua | mobile 9664 7582 | email herman@octant.com.sg

Lisa Heng | mobile 9090 9887 | email lisa@octant.com.sg

The Group's sales to Indonesia more than doubled to S\$23.2 million in FY2020, driven mainly by higher purchases of steel products from shipyards for newbuilds. Accordingly, the Indonesia market's revenue contribution expanded to 54% in FY2020 from 25% in FY2019.

Sales in Singapore fell 37% to S\$16.4 million in FY2020 and accounted for 38% of Group revenue, compared to 65% in FY2019. The decline was due mainly to lower orders received from customers in the marine and offshore, engineering/fabrication and construction segments.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, "Although market conditions were extremely challenging since the beginning of FY2020, we are pleased that the Group was still able to deliver sales growth and stay profitable in FY2020.

Looking ahead to FY2021, the global economy is likely to be plagued by continuing uncertainties due to the Covid-19 pandemic. We expect business conditions to remain challenging as the economic fallout from the pandemic may continue to dampen steel demand from industrial end-users in the Group's key markets. The resurgence of new infections and variants will also raise concerns on the possible recovery of business activities to pre-pandemic level."

Notwithstanding this challenging business landscape, the Group remains committed to rewarding its shareholders for their continuous support. As such, the Board of Directors is recommending the payment of a final dividend of 0.5 cents per share for FY2020, which is the same as the dividend for FY2019. This translates to a dividend payout of 325% for FY2020. Since its listing on the Singapore Exchange in 2005, Asia Enterprises has consistently paid dividends representing at least 40% of its earnings every year.

The Covid-19 pandemic has led to short-term disruptions in the global steel supply chain. As a result, lead times for delivery of shipments from steel mills have lengthened while international steel prices have risen sharply during the last quarter of 2020, which has raised the cost of replenishing steel inventories.

"Given the current volatility in steel prices and supply, the Group will continue to focus on prudent management of our inventory purchases to ensure that we have sufficient stock and mix of steel products to meet the project requirements of customers.

The Group has a sound and debt-free balance sheet which will enable us to weather through difficult business periods. We will continue exercising prudence and vigilance in our sales, inventory and credit management to safeguard our financial position and ensure long term sustainability," said Ms Lee.

As at 31 December 2020, the Group had a robust balance sheet that was backed by cash of S\$51.2 million and zero debt. On a per share basis, the Group had net asset value of 27.6 cents which included cash and cash equivalents of 15.0 cents and inventory with book value of 4.1 cents.

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.

The Group 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.

Asia Enterprises 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