

NEWS RELEASE

**Asia Enterprises Reports Higher Revenue and Net Profit for FY2018**

- PATMI increased 23% to S\$1.7 million
- Revenue grew 23% to S\$37.8 million
- Maintains final dividend at 0.50 cents per share; translates to 100% pay-out ratio
- Sound financial position with cash of S\$48.8 million and zero borrowings

**Singapore, 29 January 2019** – 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”) improved 23% to S\$1.7 million for its financial year ended 31 December 2018 (“FY2018”).

Notwithstanding the slow business conditions and highly competitive environment in the steel distribution industry during FY2018, the Group still posted revenue growth of 23% to S\$37.8 million from S\$30.8 million in FY2017. This was due to higher average selling prices (“ASP”) of steel materials and a modest improvement in the Group’s sales volume during FY2018.

To reward shareholders for their support, Asia Enterprises is recommending the payment of a final dividend of 0.50 cents per share for FY2018, which is the same as the final dividend for FY2017. This translates to a pay-out of 100% of its earnings per share in FY2018. Since its listing on the Singapore Exchange in 2005, the Group has consistently distributed dividends every year representing at least 40% of its annual earnings.

During FY2018, Asia Enterprises’ revenue was driven by increased sales to the marine and offshore, construction and engineering/fabrication sectors which offset lower sales to other stockists and traders. The Group derived higher revenue from customers in the marine and offshore segment on the back of higher ASP and increased sales volume. The marine and offshore segment remained as the Group’s largest end-user market with an expanded revenue contribution of 53% compared to 47% in FY2017.

Sales to the construction segment also gained 59% to S\$4.3 million due to higher customer orders and better ASP. As a result, the construction segment accounted for a higher 11% of Group revenue in FY2018 compared to 9% in FY2017. The engineering/fabrication segment recorded a 10% increase in sales to S\$5.4 million to comprise 14% of Group revenue in FY2018.

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In terms of geographical markets, the Group's sales in Singapore jumped 56% to S\$23.8 million in FY2018 and made up the largest share of revenue with a contribution of 63%. The increase was driven mainly by higher sales to shipyards, and customers in the local construction and engineering industries.

The Group saw its gross profit margin narrowing to 20.9% in FY2018 from 27.8% in FY2017. Gross profit margin has moderated in FY2018 as the cost of replenishing its stock of steel products rose in tandem with the increase in international steel prices between the two financial years.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, "During 2018, overall demand for steel materials in the region generally benefited from improving conditions in the marine and offshore industry as a result of recovering commodity prices, particularly for oil. As a result, the Group saw an increase in sales to the marine and offshore segment, mainly due to higher steel requirements from our customers in the Singapore market.

While the Group continued pursuing opportunities in steel end-user markets that show greater demand prospects, we remained prudent in our approach in view of the fragile business backdrop. To this end, we believe it is important to balance sales objectives with our emphasis on profitability and credit quality to sustain our sound financial position."

Indeed, the Group closed the financial year under review with a sound balance sheet comprising cash and cash equivalents of S\$48.8 million and zero borrowings. Its net asset value per share stood at 27.43 cents which includes cash of 14.31 cents per share and steel inventory with book value of 5.40 cents per share.

Asia Enterprises believes that its financial strength will better position the Group against any adverse changes in market conditions, as the operating environment is expected to remain challenging amid worries over the impact of trade relations and political risks on the global economy.

Intense competition in the region's steel distribution segment is likely to prevail, while the Group's weighted average cost of inventory could continue to be affected if international steel prices rise and/or the US Dollar appreciates against the Singapore Dollar.

Said Ms Lee, "The Group will continue to monitor the flow of business activities of our key steel end-user market segments and seek opportunities with existing and new customers. Concurrently, we will also ensure that the Group maintains a relevant portfolio of steel products that is in line with customers' current needs. We carry stock for more than 25 product categories of steel products at our warehouses in Singapore. With a sturdy financial position and sizeable warehousing facilities, the Group has the ability to increase our inventory of steel products when a recovery in steel demand arises."

*This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 29 January 2019.*

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