



ASIA ENTERPRISES HOLDING LIMITED

**MAJOR REGIONAL DISTRIBUTOR OF STEEL
PRODUCTS TO INDUSTRIAL END-USERS**

ANNUAL GENERAL MEETING FY2018

18 APRIL 2019

CORPORATE OVERVIEW

➤ MAJOR REGIONAL STEEL DISTRIBUTOR

Established since **1961**

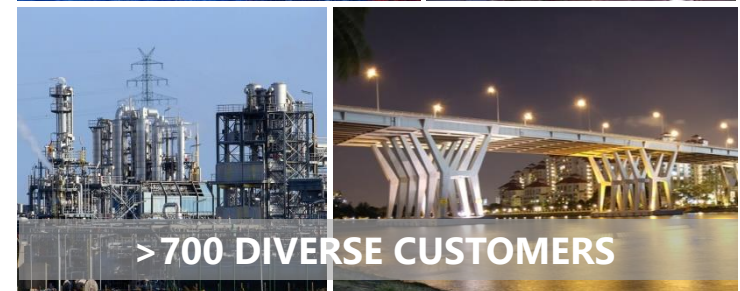
One of Singapore's **largest suppliers** of steel products

Focus on **industrial end-users** | Specialist in distribution of steel products to **marine and offshore sector**

Broad customer base in **Asia Pacific region** | More than 700 active customers

Large-scale **storage facilities** with total land area of over 45,000 sq m

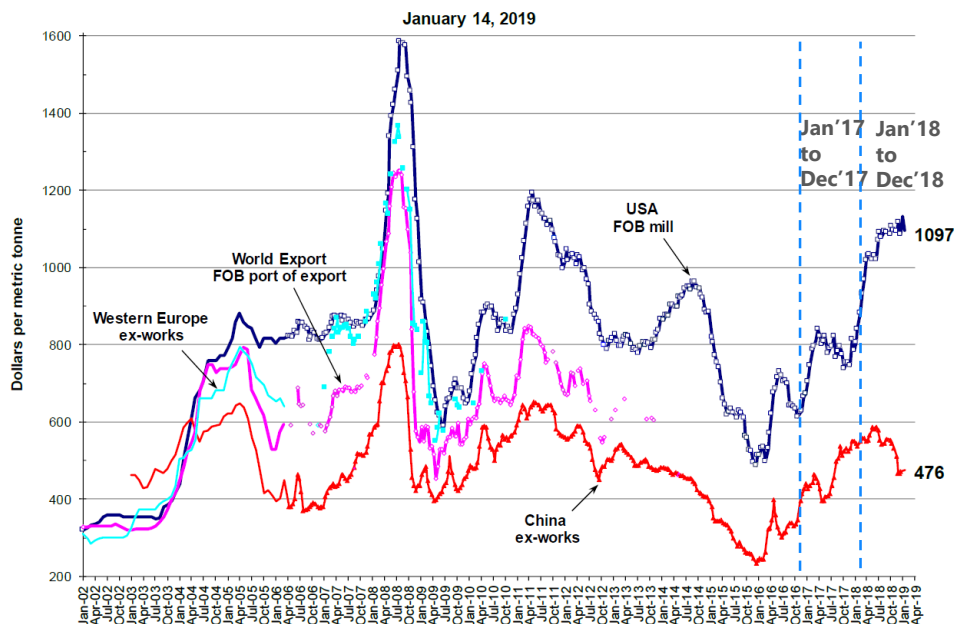
Listed on the **SGX Mainboard** since 2005



INDUSTRY REVIEW

INTERNATIONAL STEEL PRICES IN FY2018 WERE GENERALLY HIGHER THAN FY2017

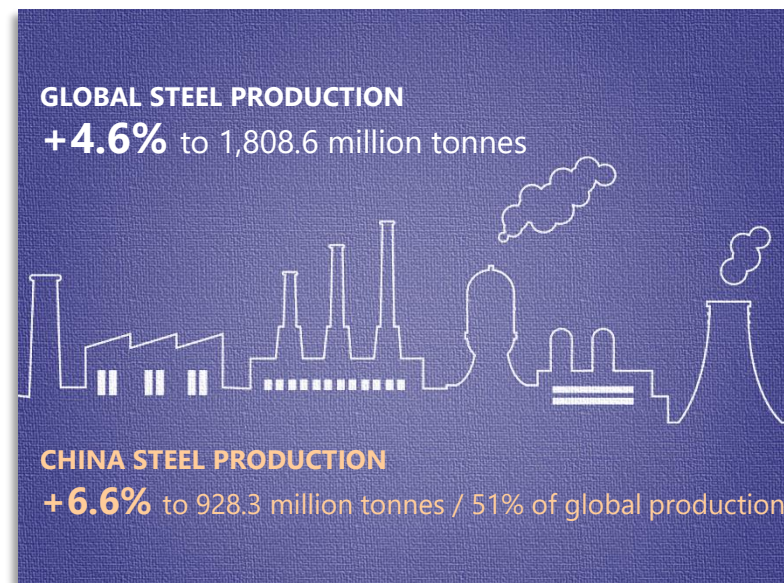
**SteelBenchmarker™ Plate Price
USA, China, Western Europe and World Export**



Source : SteelBenchmarker

*Prices illustrate the general steel price trend and are not representative of the Group's buying/selling prices

**Global Steel Production
JAN TO DEC 2018**



Statistics Source :World Steel Association

Image : Created by Freepik

FINANCIAL SUMMARY

HIGHER REVENUE AND PROFIT FOR FY2018

(\$ million)	FY2018	FY2017	y-o-y change (%)
Revenue	37.8	30.8	23
Gross Profit	7.9	8.6	(8)
<i>GP Margin</i>	20.9%	27.8%	-
Other Income	1.0	0.8	20
Selling and Administrative costs	(7.5)	(7.8)	(4)
Finance and Other Charges	0	(0.4)	n.m.
Profit Before Tax	1.4	1.2	12
Net Profit	1.5	1.2	22
Net Profit to equityholders (PATMI)	1.7	1.4	23
EBITDA*	3.0	2.9	0.4

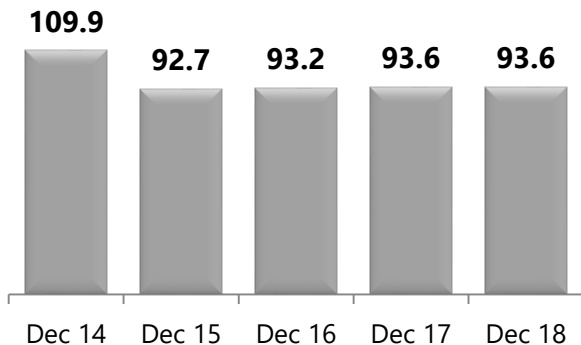
*EBITDA – PATMI before interest, tax and depreciation
 FY: Financial year ending 31 December

SOUND FINANCIAL POSITION

➤ ROBUST BALANCE SHEET; WELL-POSITIONED TO WITHSTAND CHALLENGES

	31 Dec 18	31 Dec 17
Cash	48.8	57.2
Debt (incl trust receipts)	0.0	0.0
Net Cash	48.8	57.2

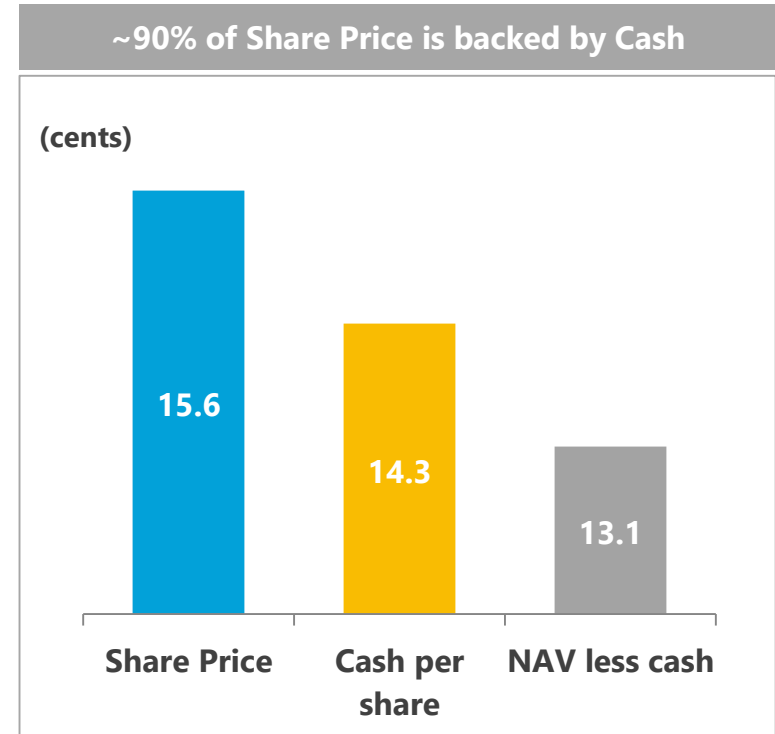
Equity (S\$ million)



As at 31 Dec 2018

NAV per share = 27.43 cents

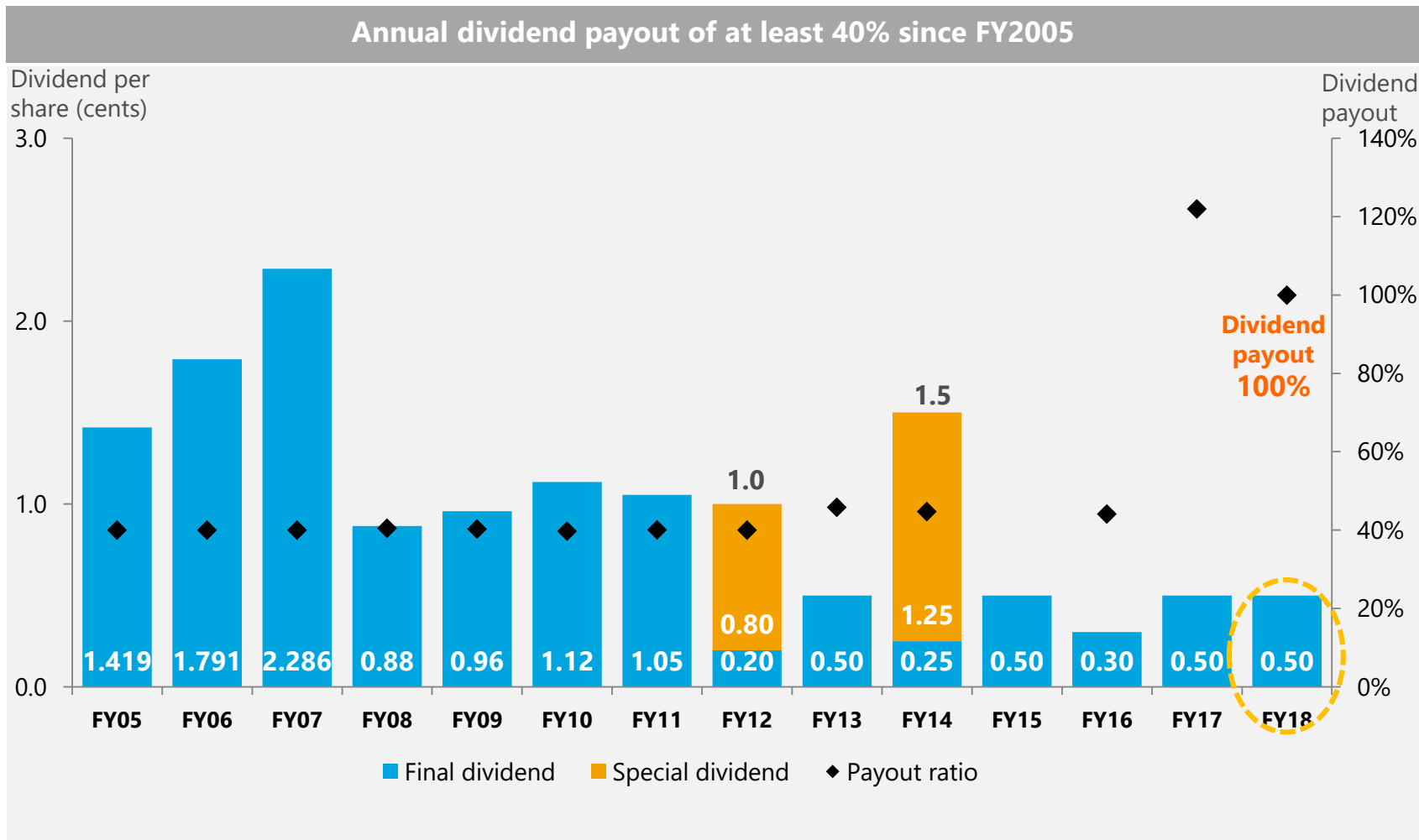
Price-to-book ratio = 0.6 times*



*based on share price of 15.6 cents on 10 April 2019

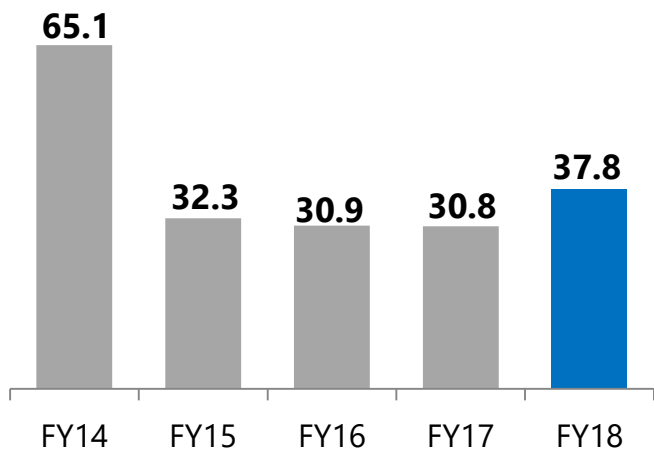
DIVIDEND TRACK RECORD

➤ PROPOSED FINAL DIVIDEND OF 0.5 CENTS FOR FY2018

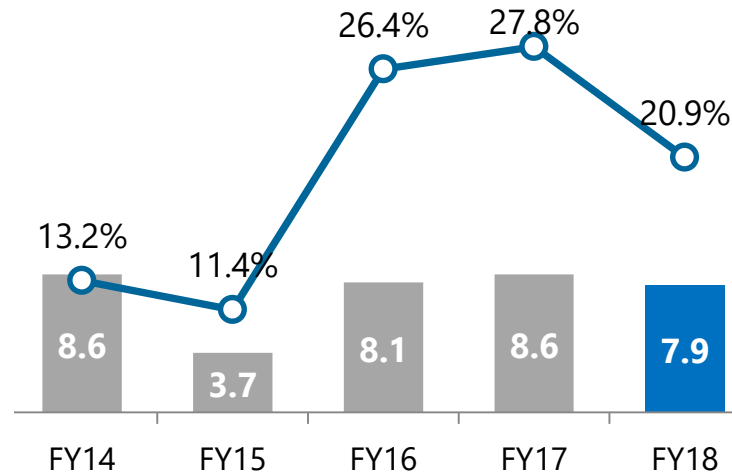


GROUP REVENUE & PROFIT

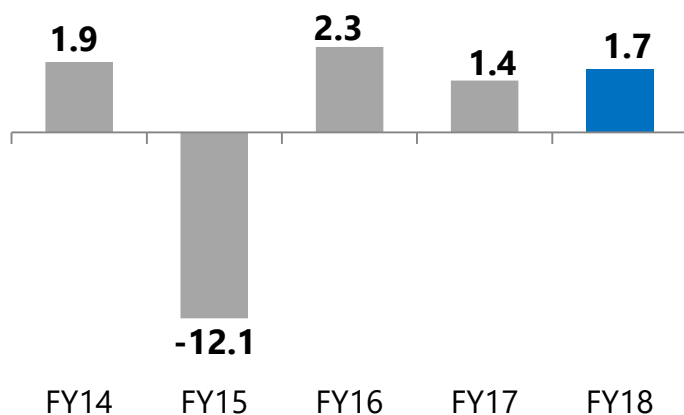
GROUP REVENUE (S\$ M)



GROSS PROFIT (S\$ M)



PATMI (S\$ M)



Revenue up 23%

Higher ASP and modest increase in sales volume

GP margin softened

Increase in weighted average cost of inventory sold
Also affected by certain larger orders in 4Q18 which fetched lower profit margins

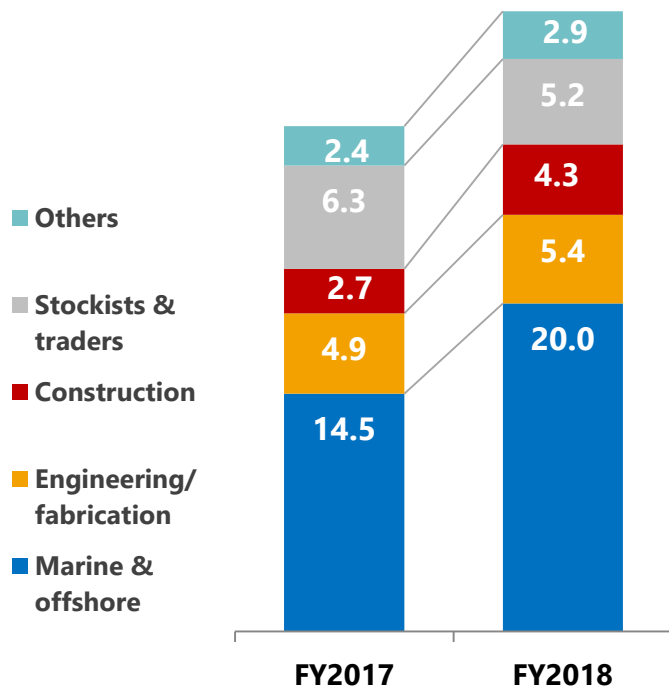
PATMI up 23%

Higher other income and tight control of expenses

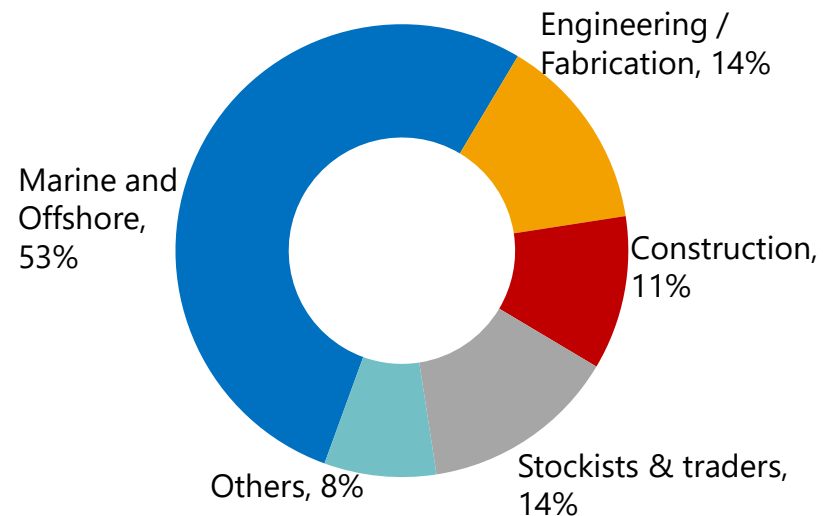
REVENUE BREAKDOWN

BY CUSTOMER SEGMENT

SALES (S\$ M)



PERCENTAGE BREAKDOWN (FY2018)

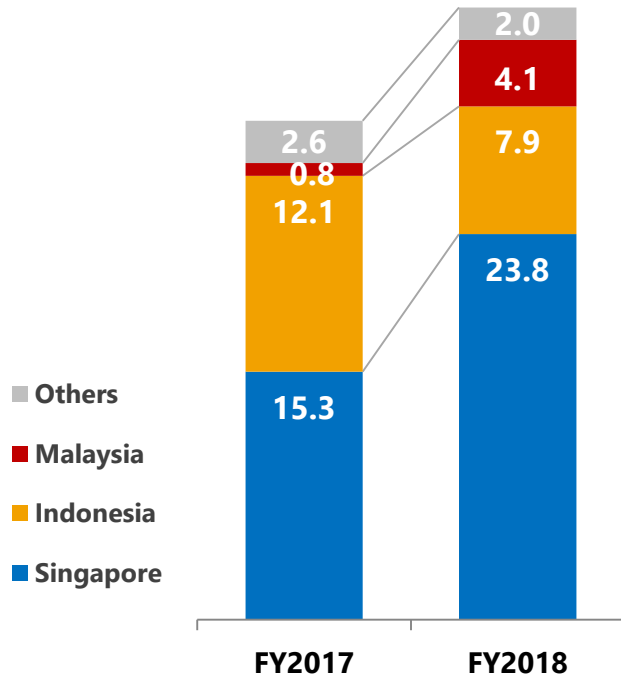


- Increased sales to customers in the marine & offshore, engineering and construction segments
 - Contribution from marine & offshore expanded to 53% from 47% in FY2017

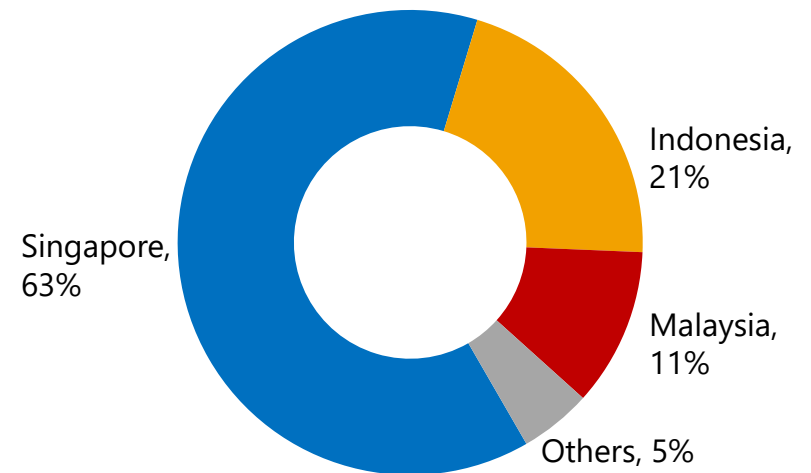
REVENUE BREAKDOWN

BY GEOGRAPHICAL MARKET*

SALES (\$ M)



PERCENTAGE BREAKDOWN (FY2018)



- Sales to Singapore market boosted by higher sales to shipyards, and local construction and engineering sectors
 - Contribution from Singapore market increased to 63% from 50% in FY2017

*Based on shipment destination

BALANCE SHEET

SUMMARY (S\$ M)

	31 Dec 18	31 Dec 17
Non-current assets	26.1	25.0
Current assets	77.7	79.4
Non-current liabilities	0.6	0.7
Current liabilities	4.4	4.6

FINANCIAL RATIOS

	31 Dec 18	31 Dec 17
Trade receivables turnover	84 days	84 days
Inventory turnover	225 days	234 days
Net gearing	Zero borrowings	Zero borrowings
Current ratio	17.7 times	17.1 times

KEY TAKEAWAYS

- Registered higher revenue and profit in FY2018 notwithstanding that business conditions remained slow and highly competitive
 - Benefited from higher steel demand mainly from shipyards in Singapore, as a result of the recovery in crude oil prices
 - However, the operating environment is expected to remain challenging due to continuing concerns over the global economic outlook
 - Fluctuations in steel prices will continue to affect the Group's selling and buying prices, and hence profit margins
- **Continue to monitor the flow of business activities of our key steel end-user market segments and seek opportunities with existing and new customers**
 - **Remain prudent and vigilant with regards to credit exposure and expenses**
 - **Sturdy financial position and sizeable warehousing facilities – well-positioned to weather any adverse changes in market conditions; ability to increase our inventory when recovery in steel demand arises**



SAFE HARBOUR FOR FORWARD-LOOKING STATEMENTS

This presentation contains certain statements that are not statements of historical fact, i.e. forward-looking statements. Investors can identify some of these statements by forward-looking items such as 'expect', 'believe', 'plan', 'intend', 'estimate', 'anticipate', 'may', 'will', 'would', and 'could' or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. These forward-looking statements are based on current expectations, projections and assumptions about future events. Although Asia Enterprises Holding Limited believes that these expectations, projections, and assumptions are reasonable, these forward-looking statements are subject to the risks (whether known or unknown), uncertainties and assumptions about Asia Enterprises Holding Limited and its business operations.

Some of the key factors that could cause such differences are, among others, the following:

- changes in the political, social and economic conditions and regulatory environment in the jurisdictions where we conduct business or expect to conduct business;
- the risk that we may be unable to realise our anticipated growth strategies and expected internal growth;
- changes in currency exchange rates;
- changes in customer preferences and needs;
- changes in competitive conditions in the industry and our ability to compete under these conditions;
- changes in pricing for our products; and
- changes in our future capital needs and the availability of financing and capital to fund these needs.

Given these risks, uncertainties and assumptions, the forward-looking events referred to in this presentation may not occur and actual results may differ materially from those expressly or impliedly anticipated in these forward-looking statements. Investors are advised not to place undue reliance on these forward-looking statements.

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