



ASIA ENTERPRISES HOLDING LIMITED

NEWS RELEASE

Asia Enterprises' Revenue Jumped 35% yoy to S\$12.5M in 4Q19

- Revenue in FY2019 rose 6% to S\$40.2 million, lifted by higher sales to the marine and offshore sector
- Group posted net profit of S\$0.5 million and S\$0.7 million for 4Q19 and FY2019 respectively
- Sound financial position with cash of S\$47.4 million and zero debt
- Maintains final dividend at 0.50 cents per share

Singapore, 13 February 2020 – 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 attributable to equityholders (“net profit”) of S\$0.5 million as its revenue grew 35% to S\$12.5 million for the 3 months ended 31 December 2019 (“4Q19”).

The Group’s sales growth in 4Q19 was driven primarily by higher demand from customers in the marine and offshore, engineering/fabrication and construction sectors. On a sequential basis, the Group’s revenue also improved from S\$11.8 million in 3Q19.

For its financial year ended 31 December 2019 (“FY2019”), the Group registered a net profit of S\$0.7 million and revenue of S\$40.2 million. The 6% growth in Group revenue was attributed mainly to higher sales volume as this more than counterbalanced the impact of its lower average selling price (“ASP”) which softened in tandem with international steel prices during FY2019 and market price pressures amid intense competition.

Sales to customers in the marine and offshore segment in FY2019 climbed 22% to S\$24.3 million and accounted for a higher 60% share of the Group’s revenue, as compared to 53% in FY2018. Sales to the engineering/fabrication segment dipped marginally to S\$5.1 million due mainly to lower ASP. The construction segment saw sales decline 9% to S\$3.9 million due to lower ASP and slower customer orders. These two segments contributed 13% and 10% respectively to the Group’s revenue in FY2019.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, “We witnessed a tough operating environment for the steel distribution industry during FY2019 as demand from end-users was generally muted amid the slow macroeconomic backdrop. While competition within our industry remained intense, the concerted efforts by our sales team led to an increase in the Group’s revenue during the second half

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of FY2019. We benefited from higher sales in Singapore and a moderate sales recovery in Indonesia on the back of a pick-up in orders from customers in the marine and offshore industry.”

Sales derived from customers in Singapore gained 9% to S\$26.0 million in FY2019 and accounted for the largest share of Group revenue with a contribution of 65%. The Group’s sales to the Indonesia market increased 29% to S\$10.2 million which expanded its revenue contribution to 25% in FY2019 from 21% previously. Sales to Malaysia slipped 39% to S\$2.5 million in FY2019 to account for 6% of Group revenue.

In line with its commitment to reward shareholders for their continuous support, Asia Enterprises is recommending the payment of a final dividend of 0.50 cents per share for FY2019. This amount is the same as the final dividend for FY2018, notwithstanding that the Group’s net profit in FY2019 was lower than S\$1.7 million in FY2018. Correspondingly, the dividend payout for FY2019 shall be 250%. Since its listing on the Singapore Exchange in 2005, the Group has consistently paid dividends representing at least 40% of its earnings every year.

Looking ahead, the Group expects the operating environment in FY2020 to stay challenging as ongoing uncertainties facing the global economy should continue to influence demand from end-users of steel. Keen market competition is expected to prevail which could depress steel selling prices. Fluctuations in international steel prices and the US Dollar vis-à-vis the Singapore Dollar could also affect the Group’s cost of inventory replenishment and market selling prices.

“Given the current global uncertainties, we will stay vigilant on credit exposure to ensure the Group maintains a sound financial position. We will also continue to keep abreast of the demand trends and purchasing patterns of major steel end-users to ensure the Group has sufficient and relevant inventory to provide short delivery lead times to our customers. As China is the world’s largest steel producing country, we are closely monitoring the current COVID-19 outbreak situation as it could potentially lead to a disruption in the global steel supply chain,” said Ms Lee.

As at 31 December 2019, the Group had a balance sheet that was backed by cash of S\$47.4 million and zero debt. On a per share basis, the Group had net asset value of 27.9 cents which included cash and cash equivalents of 13.9 cents and inventory with book value of 4.6 cents.

This news release is to be read in conjunction with the Group’s announcement posted on the SGX website on 13 February 2020.

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