



Asia Enterprises Holding Limited

SGX Main Board (ASEH SP / ASEH.SI)

Major Regional Distributor of Steel Products to Industrial End-Users

Asia Enterprises is a leading steel distributor in Singapore, serving diverse industrial end-users in Asia Pacific

investment proposition

Profitability track record	<ul style="list-style-type: none"> Delivered annual profits in the past 40 years Weathered multiple economic downturns
Strong business fundamentals	<ul style="list-style-type: none"> Proven management capability and strategy Excellent reputation with established customer & supply network
Regular dividend payouts	<ul style="list-style-type: none"> Annual dividend of about 40% of earnings since listing in 2005
Healthy balance sheet	<ul style="list-style-type: none"> Emphasis on sound financial practices Buffer against market slowdown and ready for organic expansion and/or acquisitive opportunities
Strength in marine and offshore	<ul style="list-style-type: none"> Built status and competitive edge in supply of steel products to marine and offshore-related customers

STOCK INFORMATION

Price (19/3/2014)	S\$0.225
Shares Issued	341.9m
Market Cap	S\$76.9m
52-wk high	S\$0.251
52-wk low	S\$0.205
Free Float	39%
Major Shareholders	Shenton Investment (37.3%) Chong Thim Pheng (6.1%) Sin Hock Chong (6.2%) Harmaidy (5.4%) Minh-Chieh Investments (5.1%)
Listing date	1 September 2005

business overview

- Distributes steel products to industrial end-users in Asia Pacific and operates a steel processing facility to provide customised sizes of steel coils and sheets**
- Product inventory :**
 - 25 product categories comprising over 1,200 items of steel products
- Customer base :**
 - Singapore, Indonesia, Malaysia and other Asia Pacific markets
 - Marine and offshore, construction, engineering/fabrication, oil and gas, precision metal stamping, manufacturing
 - More than 700 active customers
- Storage facilities:**
 - 2 warehouses and a warehouse-cum-steel processing facility
 - Combined storage capacity of 45,934 square metres
- Supply network:**
 - Source from steel mills and international steel traders worldwide, including Russia, Ukraine, Europe, Japan, Korea and China
- Key intermediary role between steel mills and end-users:**
 - Bridges time lag between production and usage with JIT delivery
 - Offers end-users a variety of products and flexible order sizes

Product range

Shipbuilding plates / High tensile plates
Hot-rolled plates / chequered plates
Wide-flanged beams
Bulb flats
Channels
Equal angles / unequal angles / inverted angles
Round bars / Square bars / Flat bars
Hollow sections
Seamless/ERW API grade pipes
Serrated galvanised gratings
Cold-rolled steel coils/sheets
Electro-galvanised steel coils/sheets
Hot-dipped galvanised steel coils / sheets
Stainless steel coils/sheets

corporate history

1961
Incorporation in Singapore
1973
Mr Lee Choon Bok appointed as MD to focus on steel distribution
1980
Acquired one of Singapore's largest covered warehouses
1985
Established steel processing JV
1996
Acquired second warehouse
2003
Acquired third warehouse
2005
Listed on SGX Main Board
2007
Forbes Asia's 200 Best Under A Billion award
2010
Ms Yvonne Lee appointed as MD
2011
Completed 1-for-4 bonus share issue
2013
Marked 40th year in the steel business

business strengths

- **Established reputation and network**
 - Exposure to different customer industries and geographies
 - Wide network of established and reliable suppliers
- **Specialist in distribution of steel products to marine and offshore sectors**
 - Long-term relationships with companies such as Keppel Offshore & Marine group and SembCorp Marine group of companies, as well as the mid-tier and regional yards
- **Strong industry expertise**
 - Over 30 years of experience in steel industry
- **Sizeable infrastructure and wide product offering**
 - Heavy investment in storage and equipment facilities
 - Substantial inventory with diverse range of products to provide JIT delivery
- **Disciplined and prudent inventory and credit risk management**
 - Sound financial position to withstand market volatility
- **Proven management capability and strategy**
 - Unbroken track record of profitability

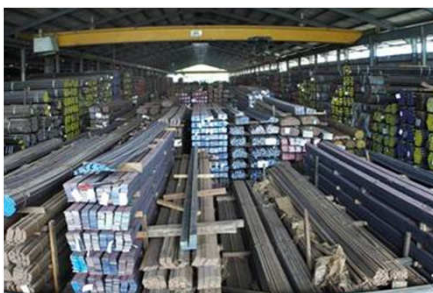
corporate strategy

- Carbon steel is a key and basic material that will continue to be used for various applications from shipbuilding, steel structures, infrastructure to construction

Primary revenue sources	<ul style="list-style-type: none"> • Steel distribution • Steel processing
Long term drivers	<ul style="list-style-type: none"> • Steel industry growth led by higher end-user activities • Increase market share and penetrate new markets
Strategies	<ul style="list-style-type: none"> • Sustain and grow position in the industry • Develop business prospects with new customers in primary markets and other Asia Pacific markets • Broaden range of steel products to increase customer penetration and win new customers • Consistently apply prudent financial and management principles <ul style="list-style-type: none"> • Withstand market volatility • Ability to capitalise on favourable steel market trends

Key Business Risks:

Steel price fluctuations | Inventory holding costs | Cyclical slowdown in customer industries | Customer credit risks



financial data

P&L SNAPSHOT (\$ million)				
	FY2010	FY2011	FY2012	FY2013
Revenue	127.2	170.2	133.7	115.1
Gross Profit	19.2	20.9	10.4	12.4
PBT	11.0	11.0	2.2	4.5
Net Profit	9.7	8.9	1.7	3.7
PATMI	9.6	9.0	1.7	3.7

BALANCE SHEET (\$ million)				
Current Assets	111.7	118.5	118.5	113.8
LT Assets	7.7	7.5	7.1	6.8
Current Liabilities	6.1	7.7	9.2	3.9
LT Liabilities	0.6	0.6	0.6	0.6
Equity	106.2	111.3	109.4	109.7

KEY FINANCIAL RATIOS (%)				
Sales Growth	(13)	34	(21)	(14)
PATMI Growth	19	(8)	(81)	118
EPS Growth	18	(7)	(81)	118
GP Margin	15.1	12.3	7.8	10.81
NP Margin	7.6	5.3	1.2	3.24
ROA	8.1	7.1	1.3	4.13
ROE	9.1	8.0	1.6	4.53
Net Gearing	Net Cash	Net Cash	Zero	Zero
			borrowings	borrowings

FY : Financial year ended 31 December
* Annualised

KEY STATISTICS	
	FY2013 (Jan to Dec 2013)
Price to Sales	0.7
Price to Earnings	20.6
Price to NAV	0.7
Dividend Yield	2.22%

PER SHARE DATA (cents)				
	FY2010	FY2011	FY2012	FY2013
EPS*	2.82	2.62	0.50	1.09
Cash / Share*	12.09	12.6	11.8	12.0
NAV / Share*	31.05	32.55	32.00	32.1
DPS*	1.12	1.05	1.0 [#]	0.5

* Adjusted for 1-for-4 Bonus Issue
Includes special dividend of 0.8 cents

REVENUE BREAKDOWN (FY2013)	
Marine and offshore	67%
Engineering/fabrication	14%
Construction	7%
Stockists & traders	8%
Others	4%

key management

Chairman - Mr Lee Choon Bok (substantial shareholder)

direct and deemed interest = 38.37%

Managing Director – Ms Yvonne Lee (substantial shareholder)

deemed interest = 38.37%

Group Financial Controller – Mr Lim Lian Peng

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