BRC Asia Limited

BRC makes S$16.5 million net profit on record revenues of S$388.4 million for FY2012

- **FY2012 revenue jumped >S$100 million (+37%) to S$388.4 million;**
- **Gross profit up 26% to S$37.5 million;**
- **Net profit improves 9% to S$16.5 million;**
- **Proposes total dividend of 1 Singapore cent per ordinary share**

Singapore, 26 November 2012 – SGX-Mainboard listed BRC Asia Limited ("BRC" or "The Group"), one of the largest prefabricated steel reinforcement providers in Singapore, reported net profit of S$16.5 million for its financial year ended 30 September 2012 ("FY2012"). FY2012 saw BRC's revenue rising by more than S$100 million to a record level of S$388.4 million. This was driven by record sales volume in a buoyant local construction market and a resolute tightening of the foreign labour supply by the Government which has pushed building contractors to increase their adoption of more productive building methods including prefabricated steel reinforcement. Hence, gross profit rose 26% to S$37.5 million despite margin falling to 9.7% in FY2012 from 10.5% in FY2011.

Financial Highlights (S$'000)

	FY2012	FY2011	FY2010	FY2009
Revenue	388,446	283,300	258,351	270,641
Gross Profit	37,528	29,815	39,914	29,701
Gross Profit Margin (%)	9.7	10.5	15.4	11
Net Profit	16,489	15,197	21,735	16,461
Earnings Per Share (Cents)	1.96	1.91	3.02	2.46
Net Asset Value Per Share (Cents)	13.69	12.24	11.27	10.84

With the US economy continuing to stagnate, a slowdown in China, and the European sovereign debt crisis rumbling in the background, there were few positives to look back on in the global economy in the past year. Singapore's open economy has not been spared. It is only expected to grow by 1.5% in 2012. This is a far cry from the growth of 4.8% and 14.5% recorded in 2011 and 2010 respectively.

One of the main reasons cited by the Ministry of Trade and Industry (MTI) on why the Singapore economy had even grown at all in 2012 despite the challenging external conditions was the continued strength of the local construction market.[1] This strong demand underpinned the record revenues achieved by BRC during FY2012.

At the same time, the past year has seen the major players ramping up their production capacities and an expanding circle of smaller competitors in the local reinforcing steel market.

Nevertheless, enabled by fruits borne by the investments made in capacity, productivity and automation over the last few years, BRC has managed to remain a leading player in the local reinforcing steel market, delivering more steel than it has ever did in FY2012 whilst maintaining a credible bottom line.

The performance of the Group's Joint Venture (JV) in China remains lacklustre due to an intensely competitive marketplace and a general slowdown of the Chinese economy.

BRC sincerely appreciates the unwavering support given by shareholders, and proposes a final (one-tier) tax exempt dividend of 0.8 Singapore cents per ordinary share and a special (one-tier) tax exempt dividend of 0.2 Singapore cents per ordinary share for FY2012.

[1] http://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-Third-Quarter-2012/PR_3Q12.pdf

Going forward

The outlook for construction demand, and hence for reinforcing steel, remains robust.

Based on an announcement released by the Housing & Development Board (HDB) on 21 November 2012, HDB's total flat supply for 2012 was 34,237 units, of which Build-To-Order (BTO) flat supply was a record high of 27,084 units. This bolsters the already strong pipeline of public flats from the 40,000 or so units launched in 2010 and 2011. In the same announcement, HDB also stated that it will launch at least 20,000 BTO flats in 2013, and will adjust supply to meet demand if necessary. [2]

In addition, latest data released by the Urban Redevelopment Authority (URA) on 29 October 2012 showed that, as at end September 2012, there were 93,799 private residential and executive condominium units in the supply pipeline. URA highlighted that this figure was the highest ever recorded since such data were first available in 2001. URA also expects that another 10,070 units to be added to the supply pipeline soon. Taken together, there will be close to 104,000 units, many of which will be completed in the next 3 to 4 years. At the same time, about 5.9 million square metres of office, shop and factory spaces are expected to be built from 2012 until 2016 and beyond. [3]

Since the Economic Strategies Committee released its report in early 2010 which, amongst other things, warned against being overly dependent on foreign workers, the Government has progressively tightened the supply of foreign labour. Despite pleas and criticism from across business sectors, the Government has stayed the course, and has indicated time and again that there will be no U-turn this time around. For the local construction industry, this means that it will have to embark on serious efforts to improve productivity by changing the way it builds. One consequence is an increase in adoption of prefabricated steel reinforcement.

[2] http://www.hdb.gov.sg/fi10/fi10296p.nsf/PressReleases/073889C114DCCD4C48257ABC0030957E?OpenDocument
[3] http://www.ura.gov.sg/pr/text/2012/pr12-120.html

BRC's Group Managing Director, Mr Lim Siak Meng, commented, "*We are committed to do our part to raise productivity at site by continuing to raise our game by innovating and developing* ***Better • Faster • Cheaper*** *Prefabricated Reinforcing Solutions through continuous investments in productivity, automation and our people."*

Going forward, BRC is optimistic of local business prospects for the financial year 2013.

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About BRC Asia Limited

BRC Asia Limited is one of the largest reinforcing steel fabricators in Singapore. The Group's core business is in providing a complete range of reinforcing solutions - steel welded mesh, prefabricated reinforcing steel cages, cut & bent reinforcement bars - for the construction industry.

The Company was incorporated in Singapore in 1938 as the Malayan Wire Mesh & Fencing Co Ltd and was listed on the SGX-ST Mainboard in July 2000.

For more information, please visit the Group's website at www.brc.com.sg

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