



BRC Asia Limited

BRC 1Q16 net profit dives 79% y-o-y to S\$1.02 million

- **Revenue declines 13% y-o-y to S\$89.18 million despite record amount of steel delivered**
- **Gross profit margin falls to 6.1% from 9.6% y-o-y**
- **Construction demand of S\$27-S\$34 billion forecast for 2016**

Singapore, 12 February 2016 – SGX-Mainboard listed BRC Asia Limited (“BRC” or “The Group”), one of the largest prefabricated steel reinforcement providers in Singapore, reported a significant 13% year-on-year decline in revenue to S\$89.18 million for its first quarter ended 31 December 2015 (“1Q2016”) despite delivering a record amount of steel to its customers. This was a result of sharp falls in selling prices throughout 2015 as players in the reinforcing steel industry scrambled to secure projects amid a softening property and construction market. Consequently, BRC's profits and profit margins suffered. Gross and net profits for 1Q2016 dropped to S\$5.48 million and S\$1.02 million respectively compared to S\$9.78 million and S\$4.76 million in the same period of the last financial year (“1Q2015”) as margins plunged from 9.59% to 6.14% (gross) and from 4.66% to 1.14% (net).

Financial Highlights (S\$'000)

| | 1Q2016 | 1Q2015 |
|-----------------------------------|---------------|---------------|
| Revenue | 89,181 | 101,980 |
| Gross Profit | 5,476 | 9,775 |
| Gross Profit Margin (%) | 6.1 | 9.6 |
| Net Profit | 1,018 | 4,756 |
| Earnings Per Share (Cents) | 0.54 | 2.54* |

* The computations of comparative earnings per share and weighted average number of shares were adjusted for the effect of share consolidation.

Industry Outlook

The Building and Construction Authority (“BCA”) reported that Singapore’s total construction demand for 2015 came in preliminarily at S\$27.2 billion, which was below the lower bound of the BCA’s forecast of S\$29.0 billion. The main reason given was the rescheduling of some major infrastructure projects from the last quarter of 2015 to 2016. For 2016, while BCA had projected that total construction demand in Singapore would remain at a reasonably heightened level of between S\$27-S\$34 billion, this would almost entirely be due to an expected surge in demand for civil engineering projects, which made up about 40% of the overall forecast demand. Excluding construction demand for civil engineering works, total construction demand for 2016 was forecast to be between S\$16.3-S\$21.2 billion only, compared to S\$21.9 billion in 2015 and S\$27.5 billion in 2014.

In addition, the local reinforcing steel supply overhang which had built up during the last few buoyant years can be expected to worsen going forward in a downward trending Singapore property and construction market. Consequently, local market players in the reinforcing steel industry are expected to compete ferociously for projects, further putting pressure on industry profits and margins.

BRC’s Group Managing Director, Mr Lim Siak Meng, commented, “*Whilst the outlook may be gloomier, we, with our expertise in Total Prefabricated Reinforcing Steel Solutions to help contractors build **Better • Faster • Cheaper**, stand in good stead to compete, especially in a productivity-driven, labour-lean and space-starved built environment!*”

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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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