



BRC Asia Limited

BRC 2Q2015 revenue rises, margins thin as competition intensifies

- **2Q2015 revenue rises 10% to S\$107.9 million**
- **2Q2015 gross and net profit margins fall to 9.1% and 5.3% from 14.3% and 6.7% respectively**
- **To reward shareholders with an interim dividend of 0.5 Singapore cents per ordinary share**

Singapore, 13 May 2015 – SGX-Mainboard listed BRC Asia Limited (“BRC” or “The Group”), one of the largest prefabricated steel reinforcement providers in Singapore, reported stronger sales for the half and quarter ended 31 March 2015 (1H2015 and 2Q2015). Despite falling unit selling prices, 1H2015 and 2Q2015 revenue rose 6% and 10% year-on-year to S\$209.9 million and S\$107.9 million respectively as BRC delivered more steel to customers in a buoyant Singapore construction market. On the other hand, amidst a perception that a serious slowdown in the real estate and construction markets loomed after years of strong growth, competition had intensified, causing unit selling prices to decline at a faster rate than their underlying steel prices. The result was lower margins and profits as compared to the same period a year earlier, as illustrated by the following table.

Financial Highlights (S\$'000)

	2Q2015	2Q2014	Change (%)	1H2015	1H2014	Change (%)
Revenue	107,897	98,131	+10	209,877	197,895	+6
Gross Profit	9,790	14,070	(30)	19,565	29,720	(34)
Gross Profit Margin	9.1%	14.3%	-	9.3%	15%	-
Net Profit	5,712	6,555	(13)	10,468	15,105	(31)
Net Profit Margin	5.3%	6.7%	-	5.0%	7.6%	-

Industry Outlook

The record construction demand attained in the last 2 years will continue to drive construction market activity for the remainder of 2015. At the same time, there is a clear swing in construction demand from residential to non-residential projects. According to the Ministry of National Development (MND), the supply in the pipeline of new residential units as of January 2015 has contracted by approximately 15,000 units compared to two years ago. In particular, the Housing & Development Board (HDB) had announced that it planned to launch only 16,900 Build-to-Order (“BTO”) flats in 2015, a figure greatly lower than the average of 24,969 BTO flats launched each year over the last four years¹. On the other hand, the latest first quarter 2015 market report on industrial properties published by the JTC Corporation (JTC) forecasts that about 2.1 million square metres of industrial space will come on-stream in the next 3 quarters of 2015, and another 2.5 million square metres is expected to be completed in 2016 – this is significantly higher than the average annual supply of around 1.5 million sqm per year over the past three years.²

Meanwhile, the Singapore government has set aside another S\$450 million to drive productivity improvements in the construction sector. In announcing this, Dr John Keung, CEO of the Building and Construction Authority (BCA), said, *“Moving forward, our goal is to have more projects adopting a greater extent of Design for Manufacturing and Assembly (DfMA). By transforming construction into a manufacturing process with greater prefabrication off site, there will be less noise and dust during construction. With greater automation in factories, construction can also be faster, less laborious and achieve better quality control.”*³

¹ In 2011, 2012, 2013 and 2014, according to data obtained from HDB’s website, HDB launched 25,200, 27,084, 25,139 and 22,455 BTO flats respectively.

² <http://www.jtc.gov.sg/industrial-property-market-statistics/Documents/JTC%20Quarterly%20Market%20Report%20for%201Q%202015.pdf>

³ http://www.bca.gov.sg/newsroom/others/BCA_Media_Release_COS_2015_100315.pdf

*This bodes well for our **Total Prefabricated Reinforcing Solutions** philosophy. We will step up our research and development activities to support the BCA's productivity drive.*

-End-

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

For more information and media enquiries, please contact:

Mr SEAH Kiin Peng, seah.kiinpeng@brc.com.sg

Ms LEE Chun Fun, lee.chunfun@brc.com.sg

Tel: (65) 6265 2333