BRC Asia Limited

FY2015 saw BRC's net profit plunge 46% y-o-y to S$15.4 million despite record sales volume

- **Record-breaking amount of steel delivered in FY2015**
- **FY2015 revenue fell 3% y-o-y to S$384.9 million due to declining unit selling prices**
- **Proposes final dividend of 2 Singapore cents per ordinary share**

Singapore, 27 November 2015 – SGX-Mainboard listed BRC Asia Limited ("BRC" or "The Group"), one of the largest prefabricated steel reinforcement providers in Singapore, reported revenue and net profit of S$384.9 and S$15.4 million respectively for its financial year ended 30 September 2015 ("FY2015"), which were 3% and 46% lower as compared to the same period a year ago ("FY2014"). This was despite recording a highest ever sales volume in FY2015. The key reason was intensive competition in a rapidly weakening local property and construction market where unit selling prices for reinforcing steel dropped far quicker than underlying steel costs, which declined throughout FY2015.

Financial Highlights (S$'000)

	FY2015	FY2014	FY2013	FY2012	FY2011
Revenue	384,927	397,365	425,024	388,466	283,301
Gross Profit	31,998	54,600	64,514	37,528	29,816
Gross Profit Margin (%)	8.3	13.7	15.2	9.7	10.5
Net Profit	15,403	28,433	35,663	16,088	15,197
Earnings Per Share (Cents)	8.27*	15.53*	4.06	1.96	1.91
Net Asset Value Per Share (Cents)	89.78*	88.90*	16.36	13.69	12.24

**After taking into consideration share consolidation of every 5 existing ordinary shares into 1 consolidated ordinary share during FY2015. FY2014 comparative figures were adjusted accordingly.*

Singapore is coming off a six-year long building and construction boom.

In the private residential sector, data provided by the Urban Redevelopment Authority of Singapore (URA) showed that total supply of uncompleted units in the pipeline had shrunk to 58,348 as at the end of third quarter 2015, from 61,237[1], 68,201[2], 68,960[3] and 74,496[4] units as at the end of each of the preceding four quarters. In a statement titled "*Singapore property developer sentiment worsens in Q3: survey*" released by the Real Estate Developers' Association of Singapore (REDAS) on 4 November 2015, it reported that its latest survey – the Real Estate Sentiment Index (RESI) – indicated that developer sentiment in the past six months and for the next six months had worsened.[5] In its latest half-yearly macroeconomic review released on 27 October 2015, the Monetary Authority of Singapore (MAS) also pointed out that "*The continued weakness in the private real estate segment will have negative spillovers into construction, architectural & engineering services, and domestic lending.*"

On the public housing front, the Housing & Development Board (HDB) launched 15,100 Build-To-Order (BTO) flats in 2015, marking the first time in five years in which less that 20,000 such flats were launched in a year. For 2016, the new Minister for National Development, Lawrence Wong hinted that the planned number of new BTO flats might be above 15,000 units but not more than 20,000 units. Be that as it may, the Minister also clarified that the Government was "***continuing to taper the housing programme and…will continue to move in that direction****. But…may need to make some temporary adjustments in order to accommodate this higher demand in housing arising from policy changes.*"[6] (Emphasis added.)

The only bright spark seems to come from public infrastructure projects, with the newly-elected government committed to an intensive building programme of roads, MRT lines, hospitals and other public facilities in its current five-year term.

---

[1] http://www.ura.gov.sg/uol/media-room/news/2015/oct/pr15-50.aspx
[2] http://www.ura.gov.sg/uol/media-room/news/2015/jul/pr15-39.aspx
[3] http://www.ura.gov.sg/uol/media-room/news/2015/apr/pr15-18.aspx
[4] http://www.ura.gov.sg/uol/media-room/news/2015/jan/pr15-03.aspx
[5] http://www.redas.com/assets/files/press%20release/Singapore%20property%20developer%20sentiment%20worsens%20in%20Q3,%20survey.pdf
[6] http://www.channelnewsasia.com/news/singapore/hdb-may-increase-new-flat/2196802.html

We can be proud that, despite worsening business conditions, BRC continued to expand its market share while remaining moderately profitable. This would not have been possible without our far-sighted investments in capacity and automation, and our single-minded focus on value engineering to assist contractors to build **Better • Faster • Cheaper** using time- and labour-saving Prefabricated Reinforcing Solutions. It would also not have been possible without the steadfast support of our shareholders. To show our appreciation, BRC proposes a final dividend of 2 Singapore cents per ordinary share for FY2015.

The highly cyclical nature of the property and construction sectors dictates that, going forward, the market environment will get worse before it gets better. As one of the pioneers in the local reinforcing industry, BRC is confident that its proven track record and value engineering expertise will be decisive differentiating factors and stand BRC in good stead to weather the forthcoming challenges.

-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
Fax: (65) 6261 9302