

## BUSINESS UPDATE FOR THE FIRST QUARTER ENDED 31 DECEMBER 2023

### KEY FINANCIAL HIGHLIGHTS FOR GROUP

Summarised Statement of Comprehensive Income	1Q2024 S\$'000
Revenue	399,204
Gross profit	35,437
Profit after tax	17,146
Total comprehensive income for the period	17,354

Summarised Balance Sheet	31.12.2023 S\$'000
Non-current assets	130,838
Current assets	856,428
Total assets	987,266
Current liabilities	515,377
Non-current liabilities	27,224
Total liabilities	542,601
Net assets	444,665

Loans and Borrowings	31.12.2023 S\$'000
Current	368,518
Non-current	18,745
Total loans and borrowings	387,263
Cash and cash equivalents	180,744
Net loans and borrowings	206,519

Summarised Statement of Cash Flows	1Q2024 S\$'000
Net cash flows generated from operating activities	9,443
Net cash flows generated from investing activities	46
Net cash flows used in financing activities	(10,097)
Net decrease in cash and cash equivalents	(608)
Cash and cash equivalents at beginning of period	184,624
Effects of exchange rate changes on cash and cash equivalents	(3,272)
Cash and cash equivalents at end of financial period	180,744

## COMMENTARY

Based on advance estimates provided by the Ministry of Trade and Industry ("MTI"), the Singapore economy grew by 2.8% on a year-on-year ("y-o-y") basis in the fourth quarter of 2023 ("4Q2023"), which was faster than the 1.0% growth recorded in the previous quarter. For the construction sector, it grew by 9.1% y-o-y in 4Q2023 in tandem with increased output from both the public and private sectors, accelerating from the 6.2% growth in the previous quarter.

On the whole, the Singapore economy grew by 1.2% in 2023, slowing from the 3.6% expansion of 2022.<sup>1</sup> For 2024, the Government had forecast that Singapore's GDP would be expected to grow by 1% to 3%, with much dependent on the external environment.<sup>2</sup>

In a briefing on 15 January 2024<sup>3</sup>, the Building and Construction Authority ("BCA") revealed that preliminary data showed that construction demand for 2023 reached S\$33.8 billion due to an uptrend in tender prices, expediting of construction awards for several private residential projects and the ramping up of public housing projects. This exceeded BCA's forecast of S\$27 billion to S\$32 billion in January 2023.

BCA also projected that total construction demand<sup>4</sup> for 2024 would be between S\$32 billion and S\$38 billion in nominal terms, with the public sector contributing about 55% of the total demand. BCA highlighted that some of the major upcoming public sector projects scheduled to be awarded in 2024 include the Housing and Development Board's ("HDB") new Built-To-Order ("BTO") developments, additional Cross Island MRT Line contracts (Phase 2), infrastructure works for the future Changi Airport Terminal 5 (T5) and Tuas Port developments and other major road enhancement and drainage improvement works. This would bring expected public sector construction demand in 2024 to between S\$18 billion and S\$21 billion.

For the private sector, construction demand in 2024 would come mainly from residential developments under the Government Land Sales, expansion of the two Integrated Resorts, redevelopment of commercial premises, as well as development of mixed-used properties and industrial facilities, and this was expected bring public sector construction demand in the year to between S\$18 billion and S\$21 billion.

A breakdown of the total construction demand for 2023 (preliminary) and 2024 (forecast) is shown in the following figures:



Source: BCA-REDAS Built Environment and Property Prospects Seminar 2024

Further, BCA expects a steady improvement in construction demand over the medium term, projecting it to reach between S\$31 billion and S\$38 billion per year from 2025 to 2028.

<sup>1</sup> <https://www.mti.gov.sg/Newsroom/Press-Releases/2024/01/Singapore-GDP-Grew-by-2.8-Per-Cent-in-the-Fourth-Quarter-of-2023-and-by-1.2-Per-Cent-in-2023>

<sup>2</sup> <https://www.straitstimes.com/business/singapore-economy-grows-28-in-q4-as-manufacturing-recovers-2023-growth-at-12#:~:text=The%20Government's%20growth%20forecast%20remains,depend%20on%20the%20external%20environment%E2%80%9D.>

<sup>3</sup> <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2024/01/15/steady-demand-for-the-construction-sector-projected-for-2024>

<sup>4</sup> Total construction demand refers to the value of construction contracts to be awarded.

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## **COMMENTARY (cont'd)**

Despite continuing concerns about credit risk amid the heightened inflationary environment currently, the strong forecasts for construction demand in Singapore bode well for the local reinforcing steel industry in the short-to-medium term. As of 31 December 2023, our sales order book stood at approximately S\$1.3 billion. The duration of projects in our sales order book range up to 5 years and may be subject to further changes.

On behalf of the Board of Directors

Seah Kiin Peng  
Director and Chief Executive Officer

6 February 2024