



BRC Asia Limited

BRC FY2014 net profit falls 20% y-o-y to S\$28.4 million

- **Higher volume of steel delivered in FY2014 vis-à-vis FY2013 on the back of buoyant construction activities**
- **FY2014 revenue declined 7% y-o-y to S\$397.4 million on lower selling prices**
- **Proposes final dividend of 0.8 Singapore cents per ordinary share**

Singapore, 26 November 2014 – 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\$28.4 million on revenue of S\$397.4 million for its financial year ended 30 September 2014 (“FY2014”), which were 20% and 7% lower respectively when compared with the preceding financial year ended 30 September 2013 (“FY2013”). This was despite having achieved a record sales volume in FY2014 in a booming local construction market. The key reason was declining selling prices which fell faster than steel costs due to intensifying competition.

Financial Highlights (S\$'000)

	FY2014	FY2013	FY2012	FY2011	FY2010
Revenue	397,365	425,024	388,466	283,301	258,351
Gross Profit	54,600	64,514	37,528	29,816	39,914
Gross Profit Margin (%)	13.7	15.2	9.7	10.5	15.4
Net Profit	28,433	35,663	16,088	15,197	21,735
Earnings Per Share (Cents)	3.11	4.07	1.96	1.91	3.02
Net Asset Value Per Share (Cents)	17.78	16.38	13.69	12.24	11.27

Despite intensifying competition in the local reinforcing market and constraints posed by the progressive tightening of the foreign labour market, BRC delivered more reinforcing steel than it had ever done in FY2014. This would not have been possible without the fruits borne from our long-term focus on value engineering as well as the investments we had made over the last few years in capacity, productivity and automation. In FY2014, BRC's brand of Prefabricated Reinforcing Solutions gained further traction amongst builders that wished to build **Better • Faster • Cheaper**, enabling us to turn in yet another steady performance.

BRC's achievements would also not have been possible without the unwavering support of our shareholders. To show our appreciation, BRC proposes a final dividend of 0.8 Singapore cents per ordinary share for FY2014.

Going forward

Led by the US, the global economy is expected to be on an expansion path in the coming year, which should benefit both the Singapore and ASEAN economies. For Singapore, which is on course to meet the GDP growth forecast of 2.5%-3.5% in 2014, the Monetary Authority of Singapore (MAS) expects a similar pace of economic expansion next year. While Singapore's external-oriented sectors should be uplifted by the US economic recovery, domestic-oriented sectors such as property development and construction are expected to slow after a number of years of booming demand and supply.¹The latest third quarter 2014 Real Estate Sentiment Index² (RESI), which measures the perceptions and expectations of real estate development and market conditions in Singapore, indicated a bleak market outlook

¹ Macroeconomic Review, October 2014, MAS

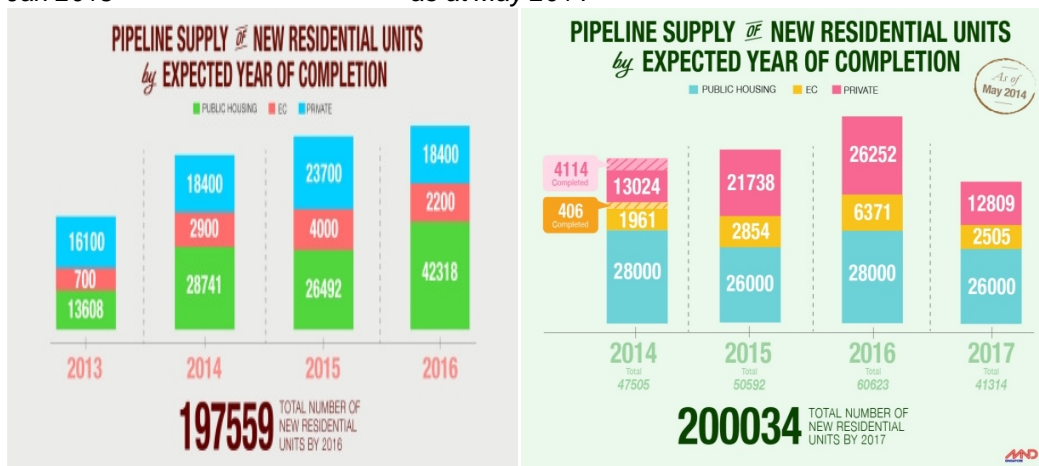
² The Real Estate Sentiment Index (RESI) is jointly developed by the Real Estate Developers' Association of Singapore (REDAS) and the Department of Real Estate (DRE), National University of Singapore (NUS). The quarterly structured questionnaire survey is conducted among senior executives of REDAS member firms. RESI measures the perceptions and expectations of real estate development and market conditions in Singapore.

for the next 6 months.³ The expected slowdown in real estate development activities would curb the growth of demand for construction in the longer term.

However, data by the various Singapore government agencies show that the construction pipelines for both residential and non-residential properties will remain in a heightened state for the foreseeable future, as clearly represented in the following charts and table^{4,5,6}. The outlook for local construction demand, and hence for local reinforcing steel, remains robust.

as at Jan 2013⁷

as at May 2014⁸



Property Type	Supply in the Pipeline	As at 2Q/14	As at 3Q/14
Office Space	Under Construction ('000 sqm)	860	986
	Planned Development ('000 sqm)	195	101
Retail Space	Under Construction ('000 sqm)	627	620
	Planned Development ('000 sqm)	252	264
Hotel Rooms	Under Construction (Rooms)	9,186	10,481
	Planned Development (Rooms)	3,033	1,653
Factory Space	Under Construction ('000 sqm)	3,411	3,282
	Planned Development ('000 sqm)	1,996	1,753
Warehouse Space	Under Construction ('000 sqm)	1,000	1,018
	Planned Development ('000 sqm)	541	604

³<http://www.redas.com/assets/files/publication%20and%20newsletter/3Q14%20RESI%20Report.pdf>

⁴<http://www.ura.gov.sg/uol/media-room/news/2014/oct/~media/User%20Defined/URA%20Online/media-room/2014/oct/pr14-64e2.ashx>

⁵<http://www.jtc.gov.sg/Publications/Industrial-Property-Statistics/Documents/JTC%20Quarterly%20Market%20Report%20for%202Q%202014.pdf>

⁶<http://www.jtc.gov.sg/Publications/Industrial-Property-Statistics/Pages/Supply-in-the-Pipeline.aspx#supplyinpipeline>

⁷<http://mndsingapore.wordpress.com/2013/01/18/enough-homes-for-all/>

⁸<https://mndsingapore.files.wordpress.com/2014/07/pipeline-supply-2014-as-of-may.jpg>

BRC's Group Managing Director, Mr Lim Siak Meng, commented, "*I expect market competition to intensify with an enlarged reinforcing steel industry jostle for shrinking demand as real estate development activities slow after the last few hectic years. On a positive note, I am heartened by the increasing acceptance of **Prefabricated Reinforcing**. We remain committed to innovate and to invest in resources to develop more **Prefabricated Reinforcing Solutions** that will enable our customers to build **Better • Faster • Cheaper!***"

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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

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