



Incorporated in the Republic of Singapore
Company Registration No. 193800054G

BRC Asia reaps benefits of a stronger post-merger entity, reporting S\$20.7 million earnings in 9MFY2019

- **9MFY2019 revenue increased by 91% to S\$678.8 million compared to 9MFY2018, supported by the full contribution of Lee Metal post-acquisition**
- **Gross and operating margins continued to improve as economies of scale and cost synergies reflected in financials**
- **Construction sector recovery will provide conducive market conditions for BRC to deepen the integration and grow the business**

SINGAPORE – 7 August 2019 – BRC Asia Limited (“BRC” or the “Group”), a leading steel reinforcement solutions provider in Singapore and listed on the SGX Main Board, announced its financial results for the three and nine months ended 30 June 2019 (“**3QFY2019**” and “**9MFY2019**” respectively) today.

Financial overview

Revenue increased by 91% year-on-year (“yoy”) to S\$678.8 million in 9MFY2019. This was primarily attributable to the higher volume of value-added sales tonnage delivered since the Group completed the acquisition of the 100% stake in Lee Metal Group Pte. Ltd. (“**Lee Metal**”) in July 2018. Lee Metal contributed to the financial results for the entire 9 months of 9MFY2019 (compared to only a one-month contribution in 9MFY2018).

Gross profit increased by 197% yoy to S\$55.7 million in 9MFY2019. A gross profit margin of 8.2% represented further improvement from the 5.3% recorded for 9MFY2018 and the 6.6% achieved for the first half of FY2019. The higher gross margin was contributed by a higher volume of value-added sales tonnage delivered and cost synergies from bulk raw material

purchases. In addition, compared to a S\$2.2 million reversal of provision for onerous contracts in 9MFY2018, S\$11.5 million worth of such provisions were reversed in 9MFY2019 as we continued to fulfil our obligations for these contracts over time.

Financial Highlights	9MFY2019	9MFY2018	Change (%)	3QFY2019	3QFY2018	Change (%)
	(S\$'000)	(S\$'000)		(S\$'000)	(S\$'000)	
Revenue	678,796	355,075	91	209,726	145,951	44
Gross profit	55,714	18,752	197	24,825	4,533	448
Gross profit margin	8.2%	5.3%	2.9ppts ²	11.8%	3.1%	8.7ppts
Operating expenses ¹	31,019	22,230	40	13,843	11,985	16
Operating profit	25,034	(2,805)	n.m. ⁵	10,959	(6,380)	n.m.
Operating profit margin	3.7%	n.m.	n.m.	5.2%	n.m.	n.m.
Net profit/(loss) attributable to shareholders ³	20,650	(3,843)	n.m.	9,135	(6,835)	n.m.
Earnings per share (from continuing operations. Basic and fully diluted. Singapore cents) ⁴	8.85	(1.83)	n.m.	3.91	(2.96)	n.m.

¹ Operating expenses included distribution expenses, administration expenses, finance costs and other operating expenses

² Ppts: Percentage points

³ From continuing operations, net of tax

⁴ From continuing operations. Basic and fully diluted. Singapore cents

⁵ n.m.: not meaningful

Operating expenses increased by 40% yoy to S\$31.0 million in 9MFY2019, primarily due to the higher administrative, distribution, finance costs and other operating expenses incurred following the acquisition of Lee Metal. The Group's operating profit margin increased from 3.0% in 1HFY2019 to 3.7% in 9MFY2019 as integration post-Lee Metal acquisition deepened and operational efficiency continued to improve.

The Group reported earnings from continuing operations of S\$20.7 million in 9MFY2019, compared to a loss of S\$3.8 million in 9MFY2018. Earnings per share from continuing operations was 8.85 Singapore cents in 9MFY2019.

As at 30 June 2019, the Group's balance sheet remained strong with net assets of S\$254.8 million and net asset value per ordinary share of 109.22 Singapore cents (versus S\$237.0 million and 101.59 Singapore cents respectively as at 30 September 2018).



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Market overview and outlook

The construction sector grew by an estimated 2.2% year-on-year in the second quarter of 2019, after expanding 2.7% in the first quarter. In fact, construction was pinpointed as the sole bright spot during the June 2019 edition of the survey of professional forecasters by the Monetary Authority of Singapore (MAS)¹. The uncertainties associated with the US-China trade disputes and the slowdown of Singapore's economic growth may cast a shadow over the medium to long-term outlook for the construction sector. However, in the short-term, the sector is expected to continue its recent, moderate recovery after 10 consecutive quarters of decline, primarily driven by a slew of mega projects planned by the government, including Changi Airport Terminal 5, North-South Corridor, Tuas Mega Port and the S\$9 billion investment in the expansion of the two integrated resorts.

Commenting on the performance of the Group, Mr. Seah Kiin Peng, Chief Executive Officer of the Group, said, *“The merger of BRC and Lee Metal happened at an opportune time for us to ride the wave of the construction sector recovery. Although we continue to deliver on loss-making contracts taken during the industry downturn over the last few years, the impact has become increasingly manageable compared to the value of the economies of scale and the efficiency gains created by the merger. As the market conditions improve and the landscape of the industry becomes healthier, we are in a good position to play out the synergies and grow the business to the next level.”*

As at 30 June 2019, the Group's order book stood at about S\$1 billion. The duration of projects in the order book may be up to 5 years.

—The End—

¹ <https://www.mas.gov.sg/-/media/MAS/EPG/SPF/2019/Survey-Writeup-Jun2019Web.pdf?la=en&hash=249112585320FAB3A89C85827F769FA6D3D221BB>



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Company Profile

Incorporated in 1938, BRC Asia Limited (“BRC”) is a leading pan-asia prefabricated reinforcing steel solutions provider headquartered in Singapore and listed on the Singapore Stock Exchange.

BRC offers a full suite of reinforcing steel products and services that include standard length rebar, cut and bend services, prefabrication services as well as standard and customised welded wire mesh for the building and construction industry.

With operations spanning Singapore, Malaysia and China and a total workforce of more than 1,000, the Group has an annual processing capacity of 1.2 million MT.

By transferring labourious and unproductive in-situ steel fixing work to factory fabrication, substantial benefits in on-site manpower savings, shorter construction cycle, better buildability and productivity can be achieved for the builder, leading to a “Better, Faster, Cheaper” outcome for all stakeholders

For more information please visit the website at www.brc.com.sg

Issued for and on behalf of BRC Asia Limited (SGX: BEC)

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