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

Recovery in 2H FY2023 enables BRC to deliver a FY2023 net profit of S$75.7 million

- **Higher half-yearly net profit of S$49.5 million in 2H FY2023 was mainly driven by quicker site progress and improved sales volume.**
- **Net profit on a full-year basis decreased 16% y-o-y due to losses and impairment of the Maldives investment by S$7.8 million and the slower site progress in 1H FY2023.**
- **The local construction sector continues to recover with the accelerating site progress and strengthening construction demand. The Group is well-positioned to fulfil its strong order book of S$1.3 billion and seize additional growth opportunities in the foreseeable future.**
- **With the improving industry outlook and solid company fundamentals, the Group is declaring a final dividend of 5.5 Singapore cents and a special dividend of 5.5 Singapore cents. Together with the interim dividend for 1H FY2023, the total dividend of 16 Singapore cents for FY2023 translates to a dividend payout of 58%.**

SINGAPORE – 21 November 2023 – BRC Asia Limited. ("**BRC**" or the "**Group**"), the leading steel reinforcement solutions provider in Singapore, is pleased to announce its financial results for the six months and twelve months ended 30 September 2023 ("**2H FY2023**" and "**FY2023**" respectively).

Financial Highlights

In FY2023, the Group navigated a temporary slowdown in the local construction industry resulting from project safety timeouts and delivered a resilient set of results in spite of losses and impairment of some S$7.8 million in the Maldives investment.

FY2023 revenue declined slightly by 4% year-on-year ("**y-o-y**") to S$1.63 billion, mainly attributable to a lower contractual offtake in 1H FY2023 and market-driven lower selling prices. The decrease was partially offset by improved sales volume during the reporting period.

Financial Highlights	2H FY2023 (S$'million)	2H FY2022 (S$'million)	Change (%)	FY2023 (S$'million)	FY2022 (S$'million)	Change (%)
Revenue	909.9	905.9	0	1,627.0	1,699.3	(4)
Gross profit	86.3	84.9	2	139.0	153.7	(10)
Gross profit margin	*9.5%*	*9.4%*	*0.1 ppt*[2]	*8.5%*	*9.0%*	*(0.5) ppt*
Operating expenses[1]	32.3	29.6	9	55.3	54.1	2
Operating profit	58.6	60.0	(2)	91.2	107.4	(15)
Operating profit margin	*6.4%*	*6.6%*	*(0.2) ppt*	*5.6%*	*6.3%*	*(0.7) ppt*
Net profit attributable to shareholders	49.5	50.4	(2)	75.7	90.2	(16)
Net profit margin	*5.4%*	*5.6%*	*(0.2) ppt*	*4.7%*	*5.3%*	*(0.6) ppt*
Earnings per share (cents)[3]	18.05	18.36	(2)	27.61	33.03	(16)

1 Operating expenses include distribution expenses, administrative expenses, finance costs, other operating expenses and impairment loss on trade receivables

2 Ppts: Percentage points (rounded)

3 Basic and fully diluted. Singapore cents

In tandem with the weaker revenue, FY2023 gross profit fell by 10% y-o-y to S$139.0 million and FY2023 gross profit margin stood at 8.5%. The Group recorded a net reversal of provision for onerous contracts of S$23.8 million in FY2023 compared to S$12.8 million in the preceding financial year.

Other income jumped to S$14.4 million in FY2023 from S$5.1 million in FY2022, primarily due to the increased insurance claims for bad debt, net foreign exchange gain, and interest income from an associate. The reduction in government grants partially offset the increase.

Operating expenses were up slightly by 2% y-o-y to S$55.3 million, mainly driven by higher distribution expenses and higher finance costs, due to higher costs associated with the increase in trading business and rising interest rates respectively. This was partially offset by lower administrative expenses in line with lower revenue in the Fabrication & Manufacturing business, coupled with the decrease in other operating expenses due to absence of net foreign exchange loss.

Furthermore, in spite of our share of losses and impairment to the tune of S$7.8 million suffered by our 17% stake in the Maldives resorts investment, the Group delivered a net profit of S$75.7 million for FY2023, down 16% y-o-y. FY2023 net profit margin edged down by 0.6 ppt y-o-y to

4.7%. Accordingly, earnings per share declined by 16% y-o-y to 27.73 Singapore cents for FY2023.

Despite the weaker FY2023 performance compared to the record results of the preceding year, the Group has embarked on a steady recovery path over the last six months, with gradually normalising activity levels of local construction projects. Notably, 2H FY2023 revenue stayed flat at S$0.9 billion and 2H FY2023 net profit only dropped marginally by 2% y-o-y to S$49.5 million.

The Group's balance sheet remained strong, with cash and cash equivalents standing at S$184.6 million as of 30 September 2023. In addition, the Group recorded a total sales order book of approximately S$1.3 billion, indicating a project delivery timeframe of up to 5 years, which may be subject to further changes.

On the back of improving industry prospects and solid company fundamentals, the Group is proposing a final dividend of 5.5 Singapore cents and a special dividend of 5.5 Singapore cents, bringing the total dividend for FY2023 to 16 Singapore cents. This corresponds to a payout ratio of 58%.

Market Overview and Outlook

Singapore's economy has demonstrated sequential improvements since the first quarter of the calendar year 2023. According to the advance estimates report published by the Ministry of Trade and Industry ("**MTI**"), Singapore's overall GDP grew by 0.7% y-o-y in the third quarter of 2023, building on the GDP growth rate of 0.4% y-o-y and 0.5% y-o-y registered in the preceding two quarters respectively. On a quarter-on-quarter seasonally adjusted basis, the economy expanded by 1.0% in the third quarter of 2023, significantly outpacing the 0.1% growth rate attained in the previous quarter.[1]

With reference to the above data, the Monetary Authority of Singapore ("**MAS**") highlighted in its recent semi-annual macroeconomic review that the third quarter of 2023 is likely to be the turning

[1] https://www.mti.gov.sg/Newsroom/Press-Releases/2023/10/Singapore-GDP-Expanded-by-0_7-Per-Cent-in-the-Third-Quarter-of-2023

point in the domestic economy slowdown, and a broader recovery is expected to happen in the second half of 2024. MAS also expects inflation to further moderate and slow to an average of 2.5-3.5% for 2024, while warning that both upside and downside risks persist due to the uncertain global economic environment.[2]

In 2023, the local construction sector continued to grow in the third quarter, posting a y-o-y growth rate of 6%, which has been backed by the expansions in both public and private sector construction output.[1] Prospects for construction demand are anticipated to be favourable. Singapore's Building and Construction Authority ("**BCA**") projected total construction demand for 2023 to fall within the range of S$27 billion to S$32 billion[3]. Moreover, the advancement of mega-infrastructure projects, such as Changi Terminal 5 and Tuas Mega Port, are expected to make substantial contributions to the long-term industry outlook. Nevertheless, near-term challenges, such as labour shortages, workplace safety concerns, and increasing utility costs, continue to persist in the sector.

Commenting on the Group's performance and outlook, Mr. Seah Kiin Peng, Chief Executive Officer of the Group, said, ***"FY2023 marks another good year for BRC Asia. Despite generally slower project progress across Singapore in the first half of our financial year 2023 and suffering significant losses from our 17% minority investment in the Maldives, the Group still managed to secure the second-highest full-year net profit of S$75.7 million in its history on the back of a strong second half.***

We are also honoured to receive 'Overall Sector Winner' and 'Highest Returns to Shareholders Over Three Years' at The Edge Centurion Dollar Club Award 2023. These awards serve as confirmation of our commitment to achieving business excellence and generating sustainable value for our stakeholders. This would not have been possible without the unwavering support from our customers, and we remain steadfast in our

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[2] https://www.mas.gov.sg/news/monetary-policy-statements/2023/mas-monetary-policy-statement-13oct23#:~:text=MAS%20expects%20Singapore's%20GDP%20growth,output%20gap%20remaining%20slightly%20negative.

[3] https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2023/01/12/singapore's-construction-demand-to-remain-strong-in-2023

dedication to assisting them in Building Better by providing Better • Faster • Cheaper reinforcing steel services and solutions."

--The End--

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.

By transferring laborious 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 outcome for all stakeholders.

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

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