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

BRC Asia records a 46% surge in net profit to S$29.3 million for 9MFY2021 despite the ongoing Covid-19 pandemic-related disruptions

- **Revenue for 9MFY2021 surged 68% yoy to S$832.9 million, as the construction sector recovers from an extraordinarily low base in FY2020 due to the Circuit Breaker**
- **The Group reported a 46% increase in net profit for 9MFY2021 after providing S$40.4 million for onerous contracts, reflective of a resilient business model**
- **The Group remains confident in thriving in this new normal, supported by a strong financial position and an order book of S$1.1 billion**

SINGAPORE – 4 August 2021 – BRC Asia Limited. ("**BRC**" or the "**Group**"), the leading steel reinforcement solutions provider in Singapore, is pleased to announce its financial results for the three months and nine months ended 30 June 2021 ("**3QFY2021**" and "**9MFY2021**" respectively).

Financial Highlights

Financial Highlights	9MFY2021	9MFY2020	Change (%)	3QFY2021	3QFY2020	Change (%)
	(S$'million)	(S$'million)		(S$'million)	(S$'million)	
Revenue	832.9	495.1	68	340.2	36.6	830
Gross profit	57.4	51.1	12	17.8	(4.1)	n.m.[2]
Gross profit margin	*6.9%*	*10.3%*	*-3.4 ppts[3]*	*5.2%*	*n.m.*	*n.m.*
Operating expenses[1]	26.9	27.9	(4)	6.4	1.1	482
Operating profit/(loss)	35.9	24.9	44	12.3	(2.9)	n.m.
Operating profit margin	*4.3%*	*5.0%*	*-0.7 ppts[3]*	*3.6%*	*n.m.*	*n.m.*
Net profit attributable to shareholders	29.3	20.1	46	10.2	(2.5)	n.m.
Earnings per share[4]	12.27	8.63	42	4.19	(1.08)	n.m.

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

2 Denotes not meaningful

3 Ppts: Percentage points (rounded)

4 Basic and fully diluted. Singapore cents

For 3QFY2021 and 9MFY2021, the Group's revenue surged by 830% and 68% year-on-year ("yoy") to S$340.2 million and S$832.9 million respectively as construction activities recovered from an extraordinarily low base in FY2020, when construction work was suspended during the government-imposed Circuit Breaker ("CB") from 7 April to 1 June 2020, and a subsequent gradual resumption was implemented.

Gross profit margins declined from 10.3% in 9MFY2020 to 6.9% in 9MFY2021 after providing for onerous contracts of S$40.4 million in 9MFY2021, compared to a S$6.4 million reversal in 9MFY2020. The provisions were done according to relevant accounting standards. These provisions should be reversed when deliveries under such sales contracts are executed, or when the contractual obligations no longer exist, or when the costs to meet the obligations no longer exceed the sales value.

In line with much higher revenue, gross profit increased by 12% yoy to S$57.4 million for 9MFY2021, despite lower gross profit margins.

Other income increased to S$6.7 million in 9MFY2021 from S$4.7 million in 9MFY2020, mainly due to fair value changes on derivatives, partially offset by a reduction in government grants.

Underpinned by a S$2.1 million decrease in finance costs due to falling interest rates and lower level of borrowings vis-à-vis 9MFY2020, operating expenses declined by 4% yoy to S$26.9 million in 9MFY2021. Other operating expenses also declined by 50% yoy, or by S$4.8 million, mainly due to a lower fair value loss on trade receivables. Reduction of operating expenses were partially offset by a provision of impairment loss on trade receivables of S$3.0 million in 9MFY2021, compared to a reversal of S$1.4 million in 9MFY2020, as trade receivables increased following higher sales after the easing of CB measures.

The Group reported net profit attributable to shareholders of S$29.3 million for 9MFY2021, 46% higher than that of 9MFY2020. Earnings per share was 12.27 Singapore cents for 9MFY2021, compared to 8.63 Singapore cents for 9MFY2020.

As at 30 June 2021, the Group's balance sheet remained strong with net assets of S$293.1 million and net asset value per ordinary share of 120.44 Singapore cents, compared with S$264.5 million and 113.38 Singapore cents as at 30 September 2020 respectively.

Market Overview and Outlook

In July 2021, the Singapore Ministry of Trade and Industry ("MTI") reported that, based on advance estimates, the Singapore economy grew by 14.3% yoy in the second quarter of 2021 ("2Q21"). For the construction sector, it grew by 98.8% yoy in 2Q21 due to low base effect but, in absolute terms, the value-add for this sector remained 31.6% below its pre-pandemic levels.[1]

While it is encouraging to see a broad-based recovery for the construction sector, recovery to pre-pandemic levels could be impeded by any re-tightening of foreign labour supply by the Singapore government and border controls, as the Covid-19 situation remains fluid. This comes as the construction sector continues to observe a foreign labour crunch and a greater number of foreign workers looking to return to their home countries.

The Movement Control Order 3.0 ("MCO 3.0") imposed by the Malaysian government has also disrupted the production of various building materials, such as precast concrete components, and the construction progress of certain sites in Singapore could be affected if MCO 3.0 continues for an extended period of time. The Group has been working closely with its customers to try to minimise the adverse impact of MCO 3.0.

Commenting on the Group's performance and outlook, Mr. Seah Kiin Peng, Chief Executive Officer of the Group, said, ***"The Covid-19 induced resource and labour crunch has brought on new challenges for the Singapore construction sector, of which BRC is an integral part of. In the short term, given the continued volatility due to the ongoing Covid-19 pandemic, we may not see a recovery of the construction sector to the pre-pandemic levels. In the longer run, this pandemic may also have seeded certain substantial structural changes to how the sector operates. As the leading player in our space within this sector, we strive to stay at the very forefront of these changes, constantly innovating to stay ahead of the game, to deliver Better, Faster, Cheaper reinforcing steel solutions for the market and our customers.***

Further, notwithstanding the pandemic, BRC remains in good financial shape, backed by a strong order book and, led by a committed team of experienced professionals, we remain confident of navigating the uncertain times that lie ahead of us."

[1] https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2021/07/AdvEst_2Q21.pdf

As at 30 June 2021, the Group's order book stood at about S$1.1 billion. The duration of projects in our sales order book range up to 5 years and may be subject to further changes.

--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.

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 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

---

Issued for and on behalf of BRC Asia Limited

By Financial PR Pte Ltd
For more information, please contact:

Romil SINGH / Jass LIM
Email: romil@financialpr.com.sg / jass@financialpr.com.sg
Tel: (65) 6438 2990