BRC Asia reports earnings of S$20.4 million for FY2020 after taking in share of losses of non-core associates of S$14.4 million

- **Achieves core earnings of S$34.8 million before accounting for share of operating and impairment losses of S$14.4 million from 17% minority stake in Maldives assets**
- **Revenue declined by 32.9% year-on-year to S$612.4 million for FY2020 on substantially lower sales volume due to severe disruptions during and after the Circuit Breaker**
- **Gross profit declined by 13.6% year-on-year to S$66.2 million while gross margin improved to 10.8% for FY2020 compared to 8.4% for FY2019**
- **The Group proposed a full-year dividend of 6.0 Singapore cents, representing a pay-out of 68.8%**
- **The Group has an order book of S$1 billion as at 30 September 2020 with the duration of projects ranging up to 5 years (subject to potential changes)**

SINGAPORE – 28 November 2020 – BRC Asia Limited. ("**BRC**" or the "**Group**"), the leading steel reinforcement solutions provider in Singapore and listed on the SGX Mainboard, is pleased to announce its financial results for the twelve months ended 30 September 2020 ("**FY2020**").

Financial Highlights

Due to rising Covid-19 infections, particularly within foreign worker dormitories, Singapore entered into lockdown (known as "Circuit Breaker" or "CB") from 7 April 2020. As a result, almost all construction worksites had to stop work from 7 April 2020; likewise, the Group's manufacturing facilities in Singapore had to suspend all non-exempted activities. The scale and complexity of trying to contain the spread of Covid-19 infections within the foreign worker dormitories prevented the clearance of the majority of these workers, whom the construction sector rely chiefly on for its activities, when CB ended on 1 June 2020. In fact, only about 5% of foreign workers living in dormitories were cleared to go back to work by end-June 2020, when Singapore entered Phase Two reopening, and it was by early August 2020 that the all clear was given. Even then, it took some time for the construction sector to restart its activities in the new normal working under Covid-19 safe management measures. As the Group's business is largely concentrated in Singapore, sales revenue for FY2020 declined substantially by 32.9% to S$612.4 million compared to that of FY2019 (**year-on-year**, or "**yoy**").

Consequently, despite an improvement in gross profit margin to 10.8% in FY2020 from 8.4% in FY2019, which was mainly attributable to the lower costs from bulk raw material purchases, gross profit declined by 13.6% yoy to S$66.2 million for FY2020.

Financial Highlights	FY2020 (S$'000)	FY2019 (S$'000)	Change (%)
Revenue	612,378	913,287	(33)
Gross profit	66,151	76,570	(14)
Gross profit margin	*10.8%*	*8.4%*	*2.4 ppts*[2]
Operating expenses[1]	35,075	40,128	(13)
Operating profit	26,990	38,435	(30)
Operating profit margin	*4.4%*	*4.2%*	*0.2 ppts*[2]
Net profit attributable to shareholders	20,352	31,562	(36)
Earnings per share[3]	8.72	13.53	(36)

1 Operating expenses include distribution expenses, administrative expenses, finance costs, other operating expenses and impairment loss on financial assets
2 Ppts: Percentage points (rounded)
3 Basic and fully diluted. Singapore cents

The Group's operating profit margin increased from 4.2% for FY2019 to 4.4% for FY2020. Excluding the share of losses of associates amounting to S$14.4 million, which arose solely from a 17% equity interest in an airport, hotel and resort in the Maldives, the Group's achieved core earnings of S$34.8 million for FY2020, a 3.3% increase from FY2019.

Overall, the Group reported net earnings of S$20.4 million for FY2020, a 35.5% decrease from FY2019. Earnings per share was 8.72 Singapore cents for FY2020, compared to 13.53 Singapore cents for FY2019.

As at 30 September 2020, the Group's balance sheet remained strong with net assets of S$264.6 million and net asset value per ordinary share of 113.38 Singapore cents (versus S$262.9 million and 112.68 Singapore cents as at 30 September 2019 respectively).

The Group will be proposing a full-year dividend of 6.0 Singapore cents per ordinary share, representing a dividend pay-out of 68.8%.

Market Overview and Outlook

According to the Ministry of Trade and Industry ("MTI"), Singapore's economy expanded by 9.2% in the third quarter of 2020 on a quarter-on-quarter seasonally adjusted basis. However, the economy continued to contract substantially, by 5.8%, extending the year-on-year decline of 13.3% in the second quarter of 2020.

Construction has been one of the hardest-hit sectors during this period, shrinking 59.9% and 46.6% on a year-on-year basis in the second and third quarters of 2020 respectively. On 17 September 2020, the Building and Construction Authority ("BCA") revised its projected construction demand for 2020 from the earlier forecast of S$28 billion - S$33 billion released in January 2020 to S$18 billion - S$23 billion. This was primarily "*due to a drop in private sector construction demand, and postponements in the award of some public sector projects from 2020 to 2021, as contractors and suppliers have asked for more time to assess the impact of Covid-19 on resource management and project implementation timelines.*" According to BCA, construction demand is expected to recover to some extent from 2021, and this will be supported by public residential developments and upgrading works, developments at the Jurong Lake District, construction of new healthcare facilities and various infrastructure projects such as the construction of the Cross Island MRT Line.

Commenting on the Group's performance and outlook, Mr. Seah Kiin Peng, Chief Executive Officer of the Group, said, ***"Despite the Covid-19 induced disruptions in the past few months, we managed to control the magnitude of the decline in earnings, very much thanks to our strong performance in the first half of the financial year, as well as astute management that ensured as best a restart as there could have been. From early July 2020, we stood ready to support our customers' projects as they progressively restarted their respective works and, by the second half of August 2020, our manufacturing activities had recovered to economically-viable levels. Nevertheless, we remain***

cautious about the outlook for the industry, as general economic activity is likely to remain subdued until a permanent solution for the pandemic is found. We need to stay vigilant and diligent to deal with several potential complexities such as limited labour resources and credit risk. However, I remain confident that, supported by BRC's strong financial position and a sizable order book, and led by a committed team of experienced professionals, BRC will navigate safely through the uncertain times that are still ahead of us."

As at 30 September 2020, the Group's sales order book stood at approximately S$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

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