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

BRC reports record revenues and net profit of S$1.7 billion and S$90.2 million respectively for FY2022

- **Revenue increased 45% y-o-y, driven by the increased volumes and higher steel prices**
- **Proposed final dividend of 6 Singapore cents and additional special dividend of 6 Singapore cents**
- **FY2023 is likely to be characterised by a low-key start followed by more robust project activity levels anchored on strong local construction demand and more supportive labour conditions**
- **Going forward, prospects of local construction supply chain dampened by higher costs and heightened credit risks**
- **Order book remains healthy at S$1.4 billion as at 30 September 2022**

SINGAPORE – 29 November 2022 – BRC Asia Limited. ("**BRC**" or the "**Group**"), the leading steel reinforcement solutions provider in Singapore, is pleased to announce its financial results for the twelve months ended 30 September 2022 (**"FY2022").**

Financial Highlights

Financial Highlights	FY2022 (S$'million)	FY2021 (S$'million)	Change (%)
Revenue	1,699.27	1,168.65	45
Gross profit	153.72	82.13	87
Gross profit margin	*9.0%*	*7.0%*	*+2.0 ppts*[2]
Operating expenses[1]	54.07	38.05	42
Operating profit	107.43	58.37	84
Operating profit margin	*6.3%*	*5.0%*	*+1.3 ppts*
Net profit attributable to shareholders	90.22	47.03	92
Net profit margin	*5.3%*	*4.0%*	*+1.3 ppts*
Earnings per share[3]	33.03	19.58	69

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

For FY2022, the Group's revenue increased by 45% year-on-year ("y-o-y") to S$1.7 billion, an all-time high for the Group. This was a result of both increased sales volume and higher steel prices.

In tandem with the revenue growth, gross profit increased by 87% y-o-y to S$153.7 million in FY2022, attributable to higher tonnages delivered during the period. Gross profit margin rose to 9.0% in FY2022 from 7.0% in FY2021, primarily due to a net reversal of provision of onerous contracts of S$12.8 million in FY2022 as compared to a provision of S$45.3 million in FY2021.

Overall operating expenses increased by 42% y-o-y to S$54.1 million in FY2022. In FY2022, the Group incurred higher distribution and administrative expenses of S$6.7 million and S$29.5 million (+17% and +60% y-o-y) respectively, mainly due to higher staff-related costs in tandem with increased profitability, as well as higher trade credit insurance expenses.

Finance costs were up 53% y-o-y to S$7.2 million in FY2022, a result of rising interest rates and increased borrowings.

The Group reported an unprecedented net profit of S$90.2 million for FY2022, up 92% y-o-y. Net profit margin increased 1.3 ppts to 5.3% for FY2022, as compared to 4.0% for FY2021. Earnings per share increased by 69% y-o-y to 33.03 Singapore cents.

As at 30 September 2022, the Group maintained a strong balance sheet position with net assets of S$398.8 million and net asset value per ordinary share of S$1.45.

The Group has proposed a final dividend of 6 Singapore cents and a special dividend of 6 Singapore cents. Together with the interim dividend of 6 Singapore cents, the total dividend declared for FY2022 stands at 18 Singapore cents, which equates to a pay-out ratio of 54% .

Market Overview and Outlook

The Ministry of Trade and Industry ("MTI") in their Economic Survey of Singapore for 2Q 2022 posted a growth in the construction sector of 3.3% y-o-y as compared to 2.4% y-o-y for 1Q 2022[1]. This growth is attributed to the expansion in both the private and public sector's construction output. This output is forecasted by Building and Construction Authority ("BCA") to range between S$27 billion and S$32 billion for 2022, which is an increase over the previous range of S$23 billion to S$28 billion in 2021.

Construction material costs have also stabilised in 3Q2022. According to global construction consultancy firm Linesight, prices of key construction materials in Singapore have tapered down from the spikes recorded in the first half of the year following the outbreak of the Russian-Ukraine war. This includes steel rebar prices, which according to Linesight fell 8.5% q-o-q in 3Q2022. In Linesight's 3Q2022 Singapore Commodity Report, Linesight further projects steel rebar prices to decrease 4.5% q-o-q in 4Q2022 amid a gloomy outlook for global economic activity and rising interest rates.[2]

Despite strong construction demand, project progression rates island-wide seemed to have been a fair bit slower than expected in the second half of 2022. Further, going forward, the prospects of the local construction supply chain is expected to be weighed down by much higher operating costs, particularly for skilled labour and energy. At the same time, the operating climate is likely to be complicated and burdened by high financing cost and heightened credit risks on the back of an inflationary and rising interest rates environment.

Commenting on the Group's performance and outlook, Mr. Seah Kiin Peng, Chief Executive Officer of the Group, said, *"Our extraordinary performance in the past year is testament to the strength of our exit from the Covid-19 pandemic. I'd like to express my gratitude to my management team and staff who have remained agile and adaptable to deliver value to our stakeholders. The strength of our systems and people will enable us to maintain our market*

[1] https://www.mti.gov.sg/Resources/Economic-Survey-of-Singapore/2022/Economic-Survey-of-Singapore-Second-Quarter-2022

[2] https://www.edgeprop.sg/property-news/construction-material-costs-stabilise-3q2022-sector-outlook-remains-uncertain-linesight

leadership in the local construction sector by continuing to deliver our tailor-made reinforcing steel products on a just-in-time basis to our projects, day in day out, to assist our customers in ***Building Better****.*

In view of the record performance, the Board has proposed a final dividend of 6 Singapore cents plus a special dividend of 6 Singapore cents.

We face a much more challenging operating environment going forward, particularly as rising costs for electricity, manpower and financing amid an increasingly competitive landscape caused by slow site progress can be expected to erode margins throughout the construction supply chain. On a more positive note, construction remains a fundamental building block for Singapore and, with the gradual resumption of delayed construction projects, local reinforcing steel demand is expected to improve from 2Q2023 onwards."

As at 30 September 2022, the Group's order book stood at S$1.4 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.

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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Issued for and on behalf of BRC Asia Limited

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

Kamal SAMUEL / Vicki Zhou
Email: kamal@financialpr.com.sg / zhouyan@financialpr.com.sg
Tel: (65) 6438 2990