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

BRC Asia achieves net profits of S$19.2 million for 1HFY2021 despite on-going Covid situation and higher steel prices

- **Revenue for 1HFY2021 was comparable to a year ago despite Covid-19 related disruptions, reflecting a resilient and recovering business model**
- **Net profits declined 15% year-on-year, taking into account provisions for onerous contracts of S$28.9 million due to higher steel prices**
- **BRC remains cautiously optimistic about its business prospects given its strong cash position and order book of S$1.1 billion; declares interim dividend of S$0.04 per share**

SINGAPORE – 05 May 2021 – BRC Asia Limited. ("**BRC**" or the "**Group**"), a leading steel reinforcement solutions provider in Singapore and listed on the SGX Mainboard, is pleased to announce its financial results for the three months and half year ended 31 March 2021 ("**2QFY2021**" and "**1HFY2021**" respectively).

Financial Highlights

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Revenue	492.7	458.6	(7)	279.3	231.8	20
Gross profit	39.6	55.2	(28)	16.2	25.4	(36)
Gross profit margin	*8.0%*	*12.0%*	*-4.0 ppts*[2]	*5.8%*	*10.9%*	*-5.1 ppts*[2]
Operating expenses[1]	20.5	26.5	(23)	9.0	13.0	(31)
Operating profit	23.6	27.8	(15)	11.6	12.3	(6)
Operating profit margin	*4.8%*	*6.1%*	*-1.3 ppts*[2]	*4.2%*	*5.3%*	*-1.1 ppts*[2]
Net profit attributable to shareholders	19.2	22.7	(15)	9.5	10.0	(5)
Earnings per share[3]	8.08	9.71	(17)	3.97	4.27	(7)

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

The Group reported a higher year-on-year ("yoy") revenue of S$492.7 million for 1HFY2021 due to revenue of S$38.4 million arising from the sale of a development property at Nassim Road as well as higher contract values resulting from escalating steel prices.

Gross margin declined from 12.0% in 1HFY2020 to 8.0% in 1HFY2021, mainly due to provisions for onerous contracts of S$28.9 million, compared to a S$6.4 million reversal in 1HFY2020. The provisions were done in view of the rapid escalation of international steel prices during 1HFY2021, after the Management had assessed and estimated that the unavoidable costs to meet the obligations of certain sales contracts based on the value of inventory on hand plus estimated costs of inventory purchases and conversion costs to be incurred are expected to exceed the economic benefit to be received. Be that as it may, such provisions for onerous contracts can be reversed and credited to the profit and loss statement when deliveries under such sales contracts are executed.

In line with lower gross margins, gross profit fell by 28% to S$39.6 million for 1HFY2021.

Other income increased to S$5.6 million in 1HFY2021 from S$0.9 million in 1HFY2020, mainly due to fair value changes on derivatives and government grants.

Operating expenses declined by 23% yoy to S$20.5 million in 1HFY2021, underpinned by a S$1.7 million decrease in finance costs due to falling interest rates and a lower level of borrowings. Other operating expenses also declined by 44%, or S$3.5 million, mainly due to a S$4.1 million decrease in period-on-period fair value changes on trade receivables subject to provision pricing, and partially offset by an increase in net foreign exchange losses. A S$1.2 million or 33% decline on the provision for impairment loss on trade receivables to S$2.5 million in 1HFY2021 was mainly due to improvement in forecast economic conditions offset by higher receivable balances.

The Group's operating profit margin fell from 6.1% for 1HFY2020 to 4.8% for 1HFY2021. Accordingly, net profit attributable to shareholders for 1HFY2021 declined by 15% to S$19.2 million. Earnings per share was 8.08 Singapore cents for 1HFY2021, compared to 9.71 Singapore cents for 1HFY2020.

As at 31 March 2021, the Group's balance sheet remained strong with net assets of S$283.1 million and net asset value per ordinary share of 116.35 Singapore cents, compared with S$264.6 million and 113.38 Singapore cents as at 30 September 2020 respectively.

In view of the relatively robust results, Covid-19 notwithstanding, as well as to thank shareholders for their patience and support during this trying period, the Group has proposed an interim dividend of 4 Singapore cents for 1HFY2021.

Market Overview and Outlook

In March 2021, the Building and Construction Authority ("BCA") finalised the 2020 construction demand figure at S$21.0 billion and expects construction demand to improve to between S$23 billion and S$28 billion for 2021. Of this, the public sector is expected to contribute about 65% of new contracts, or approximately between S$15 billion and S$18 billion, amid an anticipated stronger demand for public housing and infrastructure projects.

In the longer term, the BCA forecasts that the average construction demand for 2022 to 2025 would range between S$25 billion and S$32 billion per year, excluding the development of Changi Airport Terminal 5 and expansion of Integrated Resorts, with the public sector contributing to an average of about 56% of this expected demand. The major pipeline projects during this period include the Singapore Science Centre Relocation, Toa Payoh Integrated Development, Alexandra Hospital Redevelopment, Integrated Hospital at Bedok, Cross Island MRT Line (Phases 2 and 3), and the Downtown Line Extension to Sungei Kadut.

The Group expects that some of its customers would be more adversely impacted by the current lower efficiency and work productivity, as well as heightened costs, due to in-place measures against Covid-19. Accordingly, the Group will remain focused on mitigating any negative impact through prudency and vigilance in credit control.

Commenting on the Group's performance and outlook, Mr. Seah Kiin Peng, Chief Executive Officer of the Group, said, ***"The Covid-19 pandemic continues to be fluid but we remain cautiously optimistic about our business prospects. As general economic activity begins to recover from the severe disruptions seen in 2020, we expect to see broad base improvements to Singapore's construction demand and output in 2021 and beyond. As one of the market leaders of the reinforcing steel industry, BRC is well-positioned to capitalise on the recovery of the construction sector. We remain in good***

financial shape, backed by a strong order book and, on this note, we are pleased to declare an interim dividend of 4 Singapore cents per share."

As at 31 March 2021, the Group's order book stood at about S$1.10 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

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Issued for and on behalf of BRC Asia Limited

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