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## **BRC posts a 47% y-o-y increase in net profit to S\$38.5 million for 1H FY2024, as recovery gathers pace**

- Revenue rose 6% y-o-y to S\$758.3 million for 1H FY2024, primarily driven by rising domestic construction demand, which boosted site offtake volumes compared to the same time last year's low base.
- In tandem with the revenue growth, gross profit for 1H FY2024 climbed 42% y-o-y to S\$74.7 million. This increase was largely attributable to enhanced contributions from the higher-margin steel fabrication segment and lower inventory costs.
- The Group is pleased to recommend an interim cash dividend of 6 Singapore cents, translating to 43% dividend payout.

**SINGAPORE – 8 May 2024 – 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 ended 31 March 2024 ("1H FY2024").

### **Financial Highlights**

During the period under review, the domestic construction sector remained on track for recovery, underpinned by the increase in construction output from the public sector<sup>1</sup>, thereby boosting deliveries of the Group's reinforcement steel solutions.

In line with the favourable market demand, the Group reported a 6% y-o-y increase in revenue, reaching S\$758.3 million for 1H FY2024. However, this growth was partially offset by a decline in sales volume from its international trading segment.

Gross profit increased by 42% y-o-y to S\$74.7 million for 1H FY2024, mainly attributable to the enhanced contributions from the higher-margin steel fabrication segment and lower inventory costs. Gross profit margin rose to 9.8% for 1H FY2024, up by 2.4 pts.

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<sup>1</sup> <https://www.singstat.gov.sg/-/media/files/news/advgdp1q2024.ashx>

Financial Highlights	1H FY2024	1H FY2023	Change (%)
	(S\$million)	(S\$million)	
Revenue	758.3	717.1	6
Gross profit	74.7	52.7	42
<i>Gross profit margin</i>	9.8%	7.4%	2.4 <i>ppts</i>
Operating expenses <sup>1</sup>	28.3	22.9	24
Operating profit	47.0	32.7	44
<i>Operating profit margin</i>	6.2%	4.6%	1.6 <i>ppts</i>
Net profit attributable to shareholders	38.5	26.2	47
<i>Net profit margin</i>	5.1%	3.7%	1.4 <i>ppts</i>
Earnings per share (cents) <sup>3</sup>	14.04	9.61	46

<sup>1</sup> Operating expenses include distribution expenses, administrative expenses, finance costs, other operating expenses and allowance for expected credit losses on trade receivables

<sup>2</sup> Ppts: Percentage points (rounded)

<sup>3</sup> Basic and fully diluted. Singapore cents

Other income fell by 41% y-o-y to S\$2.2 million in 1H FY2024, primarily due to an absence of foreign exchange gain of S\$2.7 million and a decrease in insurance claims for bad debts of S\$0.4 million. The decline was partially offset by an increase in interest income of S\$1.5 million.

Operating expenses grew by 24% y-o-y to S\$28.3 million in 1H FY2024. This rise was driven by a 28% increase in administrative expenses, including larger provisions for incentives in line with the better financial performance, increased trade credit insurance premiums due to higher fabrication and manufacturing revenue, and increased legal and professional fees related to acquisitions and disposals.

Other operating expenses rose by 71% y-o-y to S\$5.5 million in 1H FY2024, largely due to a net foreign exchange loss of S\$2.1 million, contrasting with a foreign exchange gain of S\$2.7 million in the previous year.

Consequently, the Group's net profit attributable to shareholders for 1H FY2024 reached S\$38.5 million, marking a 47% increase y-o-y. In tandem with this growth, the net profit margin expanded by 1.4 ppts to 5.1%, and earnings per share increased by 46% y-o-y to 14.04 Singapore cents.

During the reporting period, the Group partially repaid its bank loans and borrowings, resulting in a 29% decline in its cash and cash equivalents from the level on 30 September 2023. The Group

continued to maintain a strong balance sheet position with net assets totalling S\$436.5 million and a net asset value per ordinary share of S\$1.59.

Given the ongoing industrial recovery and the Group's improved financial performance, the Board is pleased to declare an interim dividend of 6 Singapore cents to reward its shareholders' unwavering support. This represents a dividend payout ratio of 43%.

### **Market Overview and Outlook**

In 2024, Singapore's economic recovery gained momentum, with the economic growth rate for 2024 revised upward to 2.4% in March from an earlier estimate of 2.3% in December 2023. Notably, the economy expanded by 2.7% year-over-year in 1Q 2024, accelerating from the 2.2% growth in the previous quarter<sup>1</sup>.

As an essential pillar of Singapore's economy, the local construction sector is expected to capitalise on the ongoing economic growth. Total construction demand for 2024 is projected to range from S\$32 billion to S\$38 billion. Furthermore, the Building and Construction Authority ("**BCA**") anticipates that local construction demand will continue to grow steadily in the medium term, projecting annual figures between S\$31 billion and S\$38 billion from 2025 to 2028, with the public sector driving this growth.<sup>2</sup>

Despite ongoing near-term challenges, such as a market shortage of consulting engineering and architectural services, regulatory challenges, and credit concerns with smaller contractors, the local construction sector continued recovering, albeit at a slower pace, growing by 4.3% y-o-y in 1Q 2024<sup>3</sup>. As for BRC, our robust sales order book of S\$1.3 billion as of 31 March 2024 provides a solid foundation for long-term growth. While navigating these short-term difficulties, the Group remains agile and aims to extend its recovery momentum moving forward.

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<sup>2</sup> <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2024/01/15/steady-demand-for-the-construction-sector-projected-for-2024>

Commenting on the Group's performance and outlook, Mr. Seah Kiin Peng, Chief Executive Officer of the Group, said, *"BRC's growth trend aligns with the recovery path of Singapore's economy and the local construction sector, as evidenced by its swift resurgence from the 2023 headwinds and achieving a substantial net profit of S\$38.5 million in 1H FY2024.*

*We are greatly encouraged by the rising construction demand in both public and private sectors, which is anticipated to further strengthen our order book, thereby enhancing our revenue visibility and fuelling our growth."*

--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](http://www.brc.com.sg)*

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Issued for and on behalf of BRC Asia Limited

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