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

For Immediate Release

BRC Asia remains profitable with earnings of S$20.1 million for 9MFY2020 despite the April-June Circuit Breaker

- **Compulsory stoppages of manufacturing operations during Circuit Breaker led to 83% decline in revenue for 3QFY2020, with 9MFY2020 revenue down by 27%**
- **Building on the strong performance of 1HFY2020, the Group reported earnings of S$20.1 million for 9MFY2020, despite a net loss of S$2.5 million for 3QFY2020**
- **Most of BRC's workers have been cleared to start work since early July 2020, and activities in the construction sector are showing signs of picking up**
- **The Group is prepared to deal with the 'new normal' in COVID-19 in the near-to-medium term, given its strong financial position and order book of S$934.0 million**

SINGAPORE – 5 August 2020 – BRC Asia Limited. ("**BRC**" or the "**Group**"), a leading steel reinforcement solutions provider in Singapore and listed on the SGX Main Board, voluntarily announced its financial results for the three months and nine months ended 30 June 2020 ("**3QFY2020**" and "**9MFY2020**" respectively) today.

Financial Highlights

Due to the restriction on the Group's manufacturing operations under the Circuit Breaker ("CB") measures, sales slowed and revenue declined by 83% to S$36.6 million for 3QFY2020. A gross loss of S$4.1 million for 3QFY2020 was reported due to the lower sales but with continuing expenses.

For 9MFY2020, Group's revenue declined by 27% to S$495.1 million. The Group reported gross profit of S$51.1 million for 9MFY2020, 2% lower than that of 9MFY2019. Gross profit margin improved by 2.6 ppts to 10.3% for 9MFY2020.

Financial Highlights	9MFY2020 (S$'million)	9MFY2019 (S$'million)	*Change (%)*	3QFY2020 (S$'million)	3QFY2019 (S$'million)	*Change (%)*
Revenue	495.1	678.8	*(27)*	36.6	209.7	*(83)*
Gross profit/(loss)	51.1	51.9	*(2)*	(4.1)	21.0	*n.m.*[2]
Gross profit margin	*10.3%*	*7.7%*	*2.6 ppts*[3]	*n.m.*	*10.0%*	-
Operating expenses[1]	27.9	27.2	*3*	1.1	10.0	*(89)*
Operating profit/(loss)	24.9	25.0	*n.m.*	(2.9)	11.0	*n.m.*
Operating profit margin	*5.0%*	*3.7%*	*1.3 ppts*	*n.m.*	*5.2%*	-
Profit/(loss) for the period	20.1	20.7	*(3)*	(2.5)	9.1	*n.m.*
Earnings per share[4]	8.63	8.85	*(2)*	(1.08)	3.91	*n.m.*

[1] Operating expenses include distribution expenses, administration expenses, finance costs, other operating expenses and impairment loss on trade receivables
[2] Denotes not meaningful
[3] Ppts: Percentage points
[4] Basic and fully diluted. Singapore cents

Key variables for 9MFY2020 included (1) lower finance costs as borrowings were reduced and interest rates were lower, (2) higher other operating expenses for 9MFY2020 due to fair value changes on trade receivables that were subjected to provisioning pricing. In addition, a net reversal of the impairment loss on trade receivables of S$1.4 million and S$5.1 million were made in 9MFY2020 and 3QFY2020 respectively, which was mainly due to significantly lower trade receivables.

The Group reported earnings of S$20.1 million for 9MFY2020, 3% lower than 9MFY2019. Earnings per share was 8.63 Singapore cents for 9MFY2020, compared to 8.85 Singapore cents for 9MFY2019.

As at 30 June 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).

Market Overview and Outlook

The construction sector in Singapore has become one of the hardest-hit sectors since the country went into a Circuit Breaker ("CB") on 7 April 2020, where the country locked down to try to deal with the COVID-19 outbreak. The progress of work resumption in construction works since the CB ended on 1 June 2020 has been much slower than expected, under the government's prudent stance to ensure a safe restart in a sector that accounted for the majority of COVID-positive cases. On a more encouraging note, most of the workers at BRC have been cleared to start work since early July 2020, while activities in the construction sector are showing signs of picking up.

However, the Group recognises that given the severity of the COVID-19 situation, its serious impact on the economy and lack of visibility, it will take some time for market conditions to recover and for the construction sector to resume its normal level of activities.

Commenting on the Group's performance and outlook, Mr. Seah Kiin Peng, Chief Executive Officer of the Group, said, ***"As a result of the pandemic, the April-June quarter has been one of the toughest periods for the construction sector and the wider economy in a long time. We survived a major hit by building on a strong start in the first half of FY2020. This past quarter, we optimised costs and managed to remain profitable for 9MFY2020. Although we cannot be complacent to think that the worst is over, the restart of work seems to be progressing in the right direction.***

We are mentally prepared for a slowdown in economic activities in the near-to-medium term, and operationally prepared for dealing with lower productivity as a result of periodic disruptions to work due to safety measures. We are also committed to accelerating our digital and automation transformation to adapt to the new normal post Covid-19. We remain financially adequate, and we stand ready to support our customers' projects as they progressively restart their respective works."

As at 30 June 2020, the Group's sales order book stood at approximately S$934.0 million. The duration of the projects in the sales order book range up to 5 years, although this 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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