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

BRC achieves a record net profit of S$93.5 million in FY2024 on the back of a one-off gain of S$16.5 million from the disposal of an associate

- **Revenue decreased 9% year-on-year ("y-o-y") to S$1.5 billion for FY2024 due to lower steel prices.**
- **Gross profit increased 11% to S$153.8 million for FY2024, driven by the higher-margin steel fabrication segment, and partially offset by a reduction in lower-margin international steel trading business.**
- **The Group is pleased to propose a final cash dividend of 8 Singapore cents, and a special dividend of 6 Singapore cents. Together with the interim dividend of 6 Singapore cents already paid, the total dividend payout ratio and yield for the year are 59% and 8.4%*, respectively.**

SINGAPORE – 21 November 2024 – BRC Asia Limited. ("**BRC**" or the "**Group**"), the leading steel reinforcement solutions provider in Singapore, announces its financial results for the six months ("**2H2024**") and twelve months ("**FY2024**") ended 30 September 2024.

Financial Highlights

In FY2024, the Group saw a steady stream of domestic projects being launched for tender, which strengthened its core reinforcing steel fabrication business. The Group's revenue closed at S$1.5 billion for FY2024, down 9% y-o-y, due to weakening steel prices that impacted our top line growth. Be that as it may, offtake remained steady (if less buoyant than expected compared to contract wins), which resulted in stable profitability during the reporting period.

Gross profit increased by 11% y-o-y to S$153.8 million for FY2024, fuelled by the higher-margin steel fabrication segment, but this was partially offset by a reduction in the lower-margin international steel trading business. Gross profit margins improved to 10.4%, marking a rise of 1.8 ppts.

*The dividend yield is calculated by dividing the dividend per share of S$0.20 by the closing price of S$2.37 on 20 November 2024, as extracted from https://investors.sgx.com/stock-screener.

Financial Highlights	2H FY2024 (S$'million)	2H FY2023 (S$'million)	Change (%)	FY2024 (S$'million)	FY2023 (S$'million)	Change (%)
Revenue	723.1	909.9	(21)	1,481.4	1,627.0	(9)
Gross profit	79.1	86.3	(8)	153.8	139.0	11
Gross profit margin	*10.9%*	*9.5%*	*1.4 ppts*	*10.4%*	*8.5%*	*1.9 ppts*[2]
Operating expenses[1]	35.6	32.3	10	63.9	55.3	16
Operating profit	64.2	58.6	10	111.2	91.2	22
Operating profit margin	*8.9%*	*6.4%*	*2.5 ppts*	*7.5%*	*5.6%*	*1.9 ppts*
Net profit attributable to shareholders	55.0	49.5	11	93.5	75.7	23
Net profit margin	*7.6%*	*5.4%*	*2.2 ppts*	*6.3%*	*4.7%*	*1.6 ppts*
Earnings per share (cents)[3]	20.05	18.05	11	34.10	27.61	24

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

Other income increased by 56% y-o-y to S$22.5 million in FY2024, primarily due to the gain of S$16.5 million from the disposal of associate, Pristine Islands Investment Pte Ltd, and fair value gain on investment securities of S$1.2 million from the 19.9% stake in Angkasa Daehan Steel Pte Ltd. However, this was partially offset by the absence of foreign exchange gain and a reduction in credit insurance claims for bad debts.

Operating expenses grew by 16% y-o-y to S$63.9 million in FY2024. This growth was primarily driven by a 35% rise in administrative expenses due to higher provisions for bonuses and salary related costs, as well as increased legal and professional fees associated with acquisition and disposal projects.

Other operating expenses rose by 39% y-o-y to S$12.3 million in FY2024, due to net foreign exchange loss and net loss from fair value changes on derivatives. This rise was partially offset by a reversal of fair value changes on trade receivables.

As a result, the Group's net profit attributable to shareholders rose to a record high of S$93.5 million for FY2024, marking a 23% increase y-o-y. Alongside this growth, the net profit margin widened by 1.6 ppts to 6.3%, and earnings per share grew by 24% y-o-y to 34.1 Singapore cents.

The Group's balance sheet remained strong with cash and cash equivalents of S$191.4 million as of 30 September 2024. Additionally, the Group's sales order book stood at approximately S$1.4 billion, with projects ranging up to 5 years, which may be subject to further changes.

With a strong project pipeline and substantial and visible public sector construction demand in Singapore going forward, coupled with the Group's strong fundamentals, the Board is pleased to declare a final dividend of 8 Singapore cents and a special dividend of 6 Singapore cents. These bring the total dividend for FY2024 to 20 Singapore cents, representing a dividend payout ratio and yield of 59% and 8.4% respectively.

Market Overview and Outlook

According to the Building Construction Authority ("**BCA**"), Singapore construction demand is anticipated to reach between S$32 billion to S$38 billion by the end of 2024[1], and between S$31 and S$38 billion per year from 2025 to 2028[2]. This growth is primarily underpinned by significant major public projects, including the mega Changi Airport Terminal 5, Tuas Port developments, contracts for phase two of the Cross Island MRT Line and the government pledge to launch 100,000 HDB flats from 2021 to 2025[3].

Despite persistent industry challenges including a skilled labour shortage and rising costs, a substantial array of government stimulus is expected to elevate construction productivity[4]. These initiatives include robust schemes for enterprise funding and support for business digital transformation and automation, which are designed to optimise operational costs and reduce reliance on manpower. These measures are projected to boost Singapore's construction productivity by 12% in 2024[5], outpacing the Ministry of Trade and Industry Singapore's ("**MTI**") 2024 GDP growth forecast of 2% to 3%[6].

[1] Building and Construction Authority: Steady Demand for the Construction Sector Projected for 2024, 15 January 2024
[2] https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2024/01/15/steady-demand-for-the-construction-sector-projected-for-2024
[3] https://www.straitstimes.com/singapore/housing/first-hdb-flats-under-standard-plus-prime-classifications-to-be-rolled-out-in-october-bto-launch#:~:text=The%20authorities%20had%20pledged%20to,down%20from%2080%20per%20cent
[4] EDBI Singapore: Singapore Budget 2024: Initiatives and support measures to help businesses thrive, 14 March 2024
[5] Turner, and Townsend's Singapore Market Intelligence: Singapore's construction industry set to outpace the country's GDP growth rate this year, 4 Sept 2024
[6] Ministry of Trade and Industry Singapore: MTI Narrows 2024 GDP Growth Forecast to "2.0 to 3.0 Per Cent", 13 August 2024

Outside Singapore, global steel demand is forecasted to decline by 0.9% in 2024, mainly attributable to ongoing weakness in housing construction, aggressive monetary tightening, and heightened geopolitical tensions[7]. Notably, China, the largest steel consumption market, has seen its demand fall to less than half of the global total in 2024 for the first time in six years[8]. These factors have collectively contributed to weaker steel prices in 2024. On a positive note, the steel market is expected to recover driven by the US government's actions to cut interest rates and the stimulus package recently introduced by the Chinese government. As a result, global steel demand is forecasted to grow by 1.9% in 2025, following three consecutive years of decline.[5]

Commenting on the Group's performance and outlook, Mr. Seah Kiin Peng, Chief Executive Officer of the Group, said, ***"We are greatly encouraged by the strong performance achieved in FY2024, despite industry headwinds, including slower than expected domestic project offtake and weak international steel demand, which continues to impact our top line growth.***

Nevertheless, domestic demand over the past one year remained strong, with a steady stream of projects being launched for tender, particularly by the public sector. This bodes well for us as the leading reinforcing steel fabricator in the local market and has contributed positively to our margin expansion.

Looking ahead to 2025, our robust sales order book of approximately S$1.4 billion, coupled with an uptick in domestic construction activities and a potential recovery in the global steel market are promising signs for our long-term growth prospects. Moreover, we are gradually introducing automation tools like robotics into our factory operations, aimed at enhancing operational efficiency and getting ready for a larger-scale industry recovery."

--The End--

[7] World Steel Association: Worldsteel Short Range Outlook October 2024, 14 October 2024
[8] Bloomberg: China's Steel Demand Has Shrunk to Less Than Half Global Total, 21 October 2024

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

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

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