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

BRC Asia starts the new year on a strong note, reporting 164% increase in 1QFY2019 earnings to S$6.2 million

- **Group's revenue increased by 138% year-on-year to S$238.0 million in 1QFY2019, supported by higher steel volume and prices which Lee Metal Group Ltd. ("Lee Metal") had contributed in part**
- **As post-merger synergies gained momentum, the Group generated equivalent to 51% of the FY2018 earnings in 1QFY2019**
- **The stable construction demand will be conducive to the Group as it materialises post-M&A synergistic gains going forward**

SINGAPORE – 12 February 2019 – BRC Asia Limited. ("**BRC**" or the "**Group**"), a leading steel reinforcement solutions provider in Singapore and listed on the SGX Main Board, announced its financial results for the three months ended 31 December 2018 ("**1QFY2019"**) today.

Financial overview

Revenue increased by 138% from S$100.1 million in 1QFY2018 to S$238.0 million in 1QFY2019. This was primarily attributable to the higher volume of value-added sales tonnage delivered as well as higher steel selling prices in 1QFY2019 compared to 1QFY2018, which Lee Metal had also contributed in part.

Gross profit increased by 136% from S$7.1 million in 1QFY2018 to S$16.8 million in 1QFY2019. The growth was primarily contributed by the increase in the amount of steel delivered following the acquisition of Lee Metal. However, gross profit margin remained at 7.1% in 1QFY2019 compared to a year ago.

Financial Highlights	**1QFY2019** (S$'000)	**1QFY2018** (S$'000)	**Change (%)**
Revenue	237,973	100,123	138
Gross profit	16,847	7,133	136
Gross profit margin	*7.1%*	*7.1%*	-
Operating expenses*	9,483	4,715	101
Operating profit	7,583	2,732	178
Operating profit margin	*3.2%*	*2.7%*	*0.5 ppts***
Net profit attributable to shareholders***	6,159	2,330	164
Earnings per share (from continuing operations. Basic and fully diluted. Singapore cents)	2.64	1.25	111

* Operating expenses included distribution expenses, administration expenses, finance costs and other operating expenses

** ppts: Percentage points

*** From continuing operations, net of tax

Operating expenses increased by 101% from S$4.7 million in 1QFY2018 to S$9.5 million in 1QFY2019, primarily due to the higher administrative, distribution and finance cost in relation to the acquisition of Lee Metal. Despite this, the Group's operating profit margin improved from 2.7% in 1QFY2018 to 3.2% in 1QFY2019.

Overall, the Group reported earnings from continuing operations of S$6.2 million in 1QFY2019, an increase of 164% compared to the S$2.3 million in 1QFY2018. Earnings per share from continuing operations was 2.64 Singapore cents in 1QFY2019, compared to 1.25 Singapore cents in 1QFY2018.

As at 31 December 2018, the Group's balance sheet remained strong with net assets of S$242.9 million and net asset value per ordinary share of 104.11 Singapore cents.

Market overview and outlook

According to Building and Construction Authority (BCA), Singapore's total construction demand, as measured by the value of contracts awarded, was S$30.5 billion in 2018. This was at the higher end of BCA's estimated range between S$26 billion and S$31 billion, and 17.3% higher than the S$26 billion average yearly construction demand from 2015 to 2017. In 2018, about 60% of the year's construction demand was contributed by the public sector, and private residential construction demand also rebounded strongly on the back of a wave of collective sales. For 2019, total construction demand has been projected at between S$27 billion to S$32 billion[1], signaling a stabilising market after a few challenging years. The more stable construction demand bodes well for the reinforcing steel industry, an integral part of the construction supply chain.

Commenting on the performance of the Group, Mr. Seah Kiin Peng, Chief Executive Officer of the Group, said, ***"While it may only have been slightly more than 6 months since we acquired Lee Metal, a good amount of progress has already been made in the integration of Lee Metal into the Group, which has contributed to an improved financial performance for the first quarter. It's early days, but I believe that, led by a revitalised management team, a solid foundation has been laid to more fully materialise the gains that will come with realising the synergies from this merger and acquisition.***

As the new year starts, we are in a much stronger position to capitalise on our enlarged capacity and outstanding capabilities in prefabricated steel reinforcement in and beyond Singapore, deliver better products and service to customers and create more value for our shareholders."

--The End—

[1] Source: https://www.bca.gov.sg/newsroom/others/MR_Prospects2019.pdf

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Company Profile

Company Profile BRC Asia Limited (SGX: BEC), incorporated in 1938, headquartered in Singapore and listed on the main board of Singapore Exchange, is a leading solutions provider for prefabricated reinforcing steel, offering products such as 12m standard length rebar, standard and customised welded wire mesh, cut and bend services for rebar and prefabrication service for various structural elements. BRC aims to prefabricate a major portion of reinforcement for in-situ installation or for precast elements. By transferring labourious 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 leading to a “Better, Faster, Cheaper” outcome for all stakeholders. Along with steel reinforcement, BRC is also the leading supplier of steel welded fence mesh products in Singapore under the brand name “BRC Weldfence”. BRC employs more than 1000 people in Singapore, Malaysia and China. In July 2018, BRC Asia completed the 100% acquisition of Lee Metal Group Ltd, and Lee Metal is now wholly-owned by the Group.

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:

Romil SINGH / Reyna MEI
Email: romil@financialpr.com.sg / reyna@financialpr.com.sg
Tel: (65) 6438 2990 / Fax: (65) 6438 0064