BRC Asia Limited
Company Registration No. 193800054G
(Incorporated in the Republic of Singapore)

BRC Asia reports 162% increase in FY2019 earnings to S$31.6 million, showcasing the value of accretive acquisition of Lee Metal in 2018

- **FY2019 revenue increased 61% to S$913.3 million, due to improved business environment and full-year consolidation of Lee Metal**

- **Gross profit margin and operating margin improved as management continues to realise economies of scale and cost synergies post acquisition of Lee Metal**

- **Group proposed full-year dividend of 8 Singapore cents, representing payout of 59%**

SINGAPORE – 20 November 2019 – BRC Asia Limited ("**BRC**" or the "**Group**"), a leading steel reinforcement solutions provider in Singapore and listed on the SGX Mainboard, announced its financial results for the twelve months ended 30 September 2019 ("**FY2019**") today.

<u>Financial overview</u>

Revenue increased 61% year-on-year ("yoy") to S$913.3 million in FY2019. The increase was primarily attributable to the full-year consolidation of Lee Metal following the Group's 100% acquisition of Lee Metal Group Pte. Ltd. ("**Lee Metal**") in July 2018. The higher revenue was also attributable to an increase in steel trading and distribution activities.

Gross profit increased 70% yoy to S$76.6 million in FY2019. The gross profit margin was 8.4% for FY2019, compared to 7.9% for FY2018. The higher gross margin was attributed to the higher volume of value-added sales tonnage delivered and costs synergies from bulk raw material purchases.

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Financial Highlights	FY2019 (S$'000)	FY2018 (S$'000)	Change (%)
Revenue	913,287	567,009	61
Gross profit	76,570	45,071	70
Gross profit margin	*8.4%*	*7.9%*	*0.5ppts*[2]
Operating expenses[1]	40,128	31,075	29
Operating profit	38,435	15,650	146
Operating profit margin	*4.2%*	*2.8%*	*1.4ppts*[2]
Net profit attributable to shareholders[3]	31,562	12,043	162
Earnings per share[4]	13.53	5.57	143

[1] Operating expenses included distribution expenses, administrative expenses, finance costs, other operating expenses and impairment loss on trade receivables

[2] Ppts: Percentage points

[3] From continuing operations, net of tax

[4] From continuing operations. Basic and fully diluted. Singapore cents

Operating expenses increased 29% yoy to S$40.1 million in FY2019, primarily due to the higher finance costs on higher loans and borrowings to fund the acquisition of Lee Metal and the increase in raw material purchases to meet higher sales volume for the enlarged Group.

The Group's operating profit margin increased from 2.8% in FY2018 to 4.2% in FY2019 as we continued to improve operational efficiencies resulting from the integration of Lee Metal.

The Group reported earnings from continuing operations of S$31.6 million for FY2019, compared to S$12.0 million for FY2018. Earnings per share from continuing operations was 13.53 Singapore cents for FY2019, compared to 5.57 Singapore cents for FY2018, an increase of 143%.

As at 30 September 2019, the Group's balance sheet remained strong with net assets of S$262.9 million and net asset value per ordinary share of 112.68 Singapore cents (versus S$237.0 million and 101.59 Singapore cents as at 30 September 2018 respectively).

The Group proposed full-year dividend of 8 Singapore cents, representing a dividend payout of 59%.

Market overview and outlook

Despite uncertainties associated with the US-China trade disputes and weak global economic outlook, the Singapore domestic construction sector remains on a recovery path. Contracts awarded, a leading indicator of construction activity, continues to trend up since late 2018, supporting the sector's growth for three consecutive quarters so far in 2019. The steady recovery is supported by a healthy pipeline of both public and private sector projects, particularly in public infrastructure construction. Examples include the Punggol Digital District, PUB's Tuas Water Reclamation Plant for the Deep Tunnel Sewerage System Phase 2, the North-South Corridor and the Thomson-East Coast Line. Official data indicates that construction activities for private residences, executive condominiums (ECs), offices, hotels and industrial properties have also been expanding since 2018.

Commenting on the performance of the Group, Mr. Seah Kiin Peng, Chief Executive Officer of the Group, said, ***"We strove to integrate Lee Metal into the Group and I am pleased with the progress made in FY2019, as reflected in the improved efficiencies and higher margins. After a good start in the past financial year, we stand in good stead to make good use of the opportunities offered by the bigger business scale, operational synergies and a recovering market. The sustained recovery in local construction demand and tightening resources in the construction supply chain suggest a more promising outlook for BRC's business."***

As at 30 September 2019, the Group's order book stood at about S$950 million. The duration of the projects in our sales order book may be up to 5 years.

—The End —

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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 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 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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