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

BRC reports revenue and net profit of S$793.3 million and S$39.8 million respectively for first half FY2022

- **Revenue increased 61% y-o-y, boosted by increased sales volume and higher steel prices**
- **Net profit more than doubled y-o-y on the back of continuing construction sector recovery**
- **Proposed interim dividend of 6 Singapore cents per ordinary share**

SINGAPORE – 11 May 2022 – 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 2022 (**"1H FY2022").**

In 1H FY2022, in line with more deliveries and higher steel prices, the Group's revenue increased by 61% year-on-year ("y-o-y") to S$793.3 million. Volume growth was driven by the low base in the aftermath of the shutdown of the construction sector during the Circuit Breaker. Steel prices have increased by at least 40% during the comparative period[1], contributing to the significant revenue growth.

On the back of this increase in volume and prices, the Group's gross profit increased by 73% y-o-y to S$68.8 million for 1H FY2022, with net profit of S$39.8 million for 1H FY2022, 108% higher y-o-y. Earnings per share increased to 14.65 Singapore cents for 1H FY2022, compared to 8.08 Singapore cents for 1H FY2021, and net profit margin increased from 3.9% in 1H FY2021 to 5.0% in 1H FY2022.

[1] https://www.businesstimes.com.sg/energy-commodities/high-material-prices-to-remain-a-drag-on-singapore-construction-this-year-report

Financial Highlights

Financial Highlights	1H FY2022 (S$'million)	1H FY2021 (S$'million)	Change (%)
Revenue	793.3	492.7	61
Gross profit	68.8	39.6	73
Gross profit margin	*8.7%*	*8.0%*	*+0.7 ppts[2]*
Operating expenses[1]	24.4	20.5	19
Operating profit	47.4	23.6	101
Operating profit margin	*6.0%*	*4.8%*	*+1.2 ppts[2]*
Net profit attributable to shareholders	39.8	19.2	108
Net profit margin	*5.0%*	*3.9%*	*+1.1 ppts[2]*
Earnings per share[3]	14.65	8.08	81

[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

Out of the recorded provision for onerous contracts of S$46.1 million at the beginning of the financial period, a net reversal of S$1.8 million was made in 1H FY2022. Reversal of provision for onerous contracts were attributed to reversal of provisions made as at 30 September 2021 for deliveries in 1H FY2022, partly offset by additional provisions for deliveries beyond 31 March 2022.

Operating expenses increased by 19.0% y-o-y to S$24.4 million in 1H FY2022 from S$20.5 million in 1H FY2021, mainly due to an increase in administrative expenses from S$8.4 million in 1H FY2021 to S$13.0 million in 1H FY2022, which were largely attributable to higher staff-related costs and trade credit insurance expenses commensurate with higher revenue. While distribution expenses remained stable during 1H FY2022, other operating expenses increased by S$0.8 million to S$5.4 million in 1H FY2022, mainly due to higher fair value loss on trade receivables. The increase in operating expenses was offset by a reduction in impairment loss on trade receivables by S$0.9 million in 1H FY2022 due to a smaller increase in trade receivables y-o-y.

Market Overview and Outlook

The Ministry of Trade and Industry ("MTI") posted advance growth estimates on 14 April 2022 based off data from the first two months of 2022. This early estimate showed that the Singapore economy grew by 3.4% y-o-y for 1Q 2022, down from the 6.1% growth in 4Q 2021. The higher growth rate in 1Q 2021 can be attributed to recovery over the impact and low base of 1Q 2020 when COVID-19 first affected the economy.

The local construction sector continued recovering, albeit at a slower pace, growing by 1.8% y-o-y in 1Q 2022, after the phenomenal double-digit y-o-y growth rates of 2Q and 3Q of 2021. However, in absolute terms, the value-added of the sector remained 25.3% below the pre-pandemic levels as labour shortages from border restrictions slow down the rate that activities may resume.

With the lifting of border restrictions in 2022[2], many companies have stepped up their hiring to meet the demand of project delivery[3]. These border restrictions had previously hampered hiring as new or replacement foreign workers required a lengthy quarantine stay regardless of vaccination status.

From the start of the geo-political conflict in Ukraine in February this year, the price of steel rebar has risen by 18% to S$1,300 per tonne.[4] This can affect the ongoing fixed price lump sum contracts developers have, as well as future contracts they bid for as prices are volatile. For public housing, HDB has stepped in to aid their main contractors through an extended period of protected steel price.[5]

Commenting on the Group's performance and outlook, Mr. Seah Kiin Peng, Chief Executive Officer of the Group, said, ***"This is a good set of half-year results, and we would like to thank shareholders for their continuing support by locking in an interim dividend of 6 Singapore***

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[2] https://www.straitstimes.com/singapore/singapore-to-ease-border-restrictions-travel-to-be-almost-like-before-covid-19-pm-lee

[3] https://www.straitstimes.com/singapore/jobs/singapore-steps-up-hiring-of-foreign-labour-in-q1-as-it-gradually-reopens-borders

[4] https://www.businesstimes.com.sg/companies-markets/soaring-raw-material-prices-may-cause-singapore-developers-to-delay-projects

[5] https://www.straitstimes.com/singapore/politics/no-significant-disruptions-to-supply-of-construction-materials-or-bto-projects-due-to-ukraine-crisis-desmond-lee

cents for 1H FY2022. The local construction sector has continued to recover well amidst Singapore's resolute re-opening, and while we can expect stability on this front, external factors are weighing downs the pace of the sector's recovery somewhat. COVID-19 spikes in China and its strict COVID strategy have caused global supply chain disruptions through lockdowns and port traffic delays. The ongoing Russia-Ukraine conflict is also adding a layer of uncertainty in the markets, particularly on commodities and energy. Nevertheless, we should expect these macro issues to sort themselves out in the next 12 months. For BRC, our focus is on the fine-tuning of our processes and products through further mechanisation and digitisation to better serve our customers with our just-in-time total reinforcing steel solutions."

As at 31 March 2022, the Group's order book stood at S$1.0 billion. These projects are expected to be delivered progressively in the next 5 years.

--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

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Issued for and on behalf of BRC Asia Limited

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