

Voluntary Announcement

BRC Asia reports 106% increase in 1QFY2020 earnings to S\$12.7 million

- Operating profit increased 104.0% to S\$15.5 million in 1QFY2020
- Revenue of S\$226.8 million for 1QFY2020 was 4.7% lower compared to that of 1QFY2019 due to lower average selling prices
- Gross profit margin increased to 13.1% compared to 7.1% a year ago due to cost savings from bulk purchases, and gross profit increased 77.0% yoy to S\$29.8 million
- While demand for 2020 remains strong, actual performance is likely to hinge on the extent of disruptions caused by the Coronavirus disease (COVID-19) outbreak

SINGAPORE – 28 February 2020 – BRC Asia Limited. ("BRC" or the "Group"), a leading steel reinforcement solutions provider in Singapore and listed on the SGX Mainboard, would like to update the market with the following financial and operational highlights for the quarter ended 31 December 2019 ("1QFY2020").

Financial Highlights

Financial Highlights	1QFY2020	1QFY2019	Change (%)
	(S\$'million)	(S\$'million)	
Revenue	226.8	238.0	(5)
Gross profit	29.8	16.8	77
Gross profit margin	13.1%	7.1%	6.0 ppts ²
Operating expenses ¹	14.3	9.5	51
Operating profit	15.5	7.6	104
Operating profit margin	6.8%	3.2%	3.6 ppts
Profit for the period	12.7	6.2	105
Earnings per share ³	5.45	2.64	106

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

² Ppts: Percentage points

³ Basic and fully diluted. Singapore cents.

The Group's revenue decreased marginally by 4.7% year-on-year ("yoy") to S\$226.8 million in 1QFY2020. The decrease was mainly caused by lower average selling prices. Gross profit margins increased to 13.1% for 1QFY2020 from 7.1% for 1QFY2019, contributed by cost savings from bulk raw material purchases. As a result, gross profit increased by 77.0% yoy to S\$29.8 million in 1QFY2020.

Market Overview and Outlook

According to the Building and Construction Authority ("BCA"), total construction demand continued to grow in 2019 with a 9.5% expansion to a preliminary estimate of S\$33.4 billion, exceeding the upper bound of BCA's forecast of between S\$27 billion and S\$32 billion for 2019. The robust demand was primarily supported by the higher construction demand from the public sector, which was driven by more industrial and institutional building projects. Private sector construction demand for all development types also increased.

For 2020, BCA remains optimistic of the prospects for the local construction sector, estimating total construction demand to reach between S\$28 billion and S\$33 billion in 2020. This bodes well for the reinforcing steel industry, an integral part of the construction supply chain. However, the ongoing COVID-19 outbreak, which started in December 2019 and grew in severity over the following months, is expected to adversely impact Singapore's economy, business and consumer confidence this year.

Commenting on the Group's performance and outlook, Mr. Seah Kiin Peng, Chief Executive Officer of the Group, said, ***"With the integration objectives post-Lee Metal acquisition largely achieved, BRC started the new financial year with an increasingly established and efficient operational system. This contributed to our stable operational and financial performance in a recovering market. Unfortunately, the ongoing COVID-19 outbreak has posed a serious threat to this recovery, at least in the short term. The severe travel restrictions and supply chain restrictions arising from COVID-19 had already started to negatively affect progress at many project sites after the recent Chinese New Year holidays. In turn, this has affected the volume of our steel deliveries, which are lower than usually expected during this season. As it is not possible to predict how this disease outbreak will develop locally and elsewhere going forward, we are unable to meaningfully forecast its impact on our***



BRC ASIA LIMITED
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business at this moment. Having said that, we have put in place measures in our workplaces to try to protect our people as best as we can. Business continuity planning has also been stepped up to minimise disruptions to our operations. We are closely monitoring the evolving situation, evaluating the impact, and will respond dynamically to ensure that the actions we take are timely, prudent and appropriate."

As at 31 December 2019, the Group's order book stood at about S\$900 million. 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.

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

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