



BRC ASIA LIMITED

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

BRC Asia continues delivering synergistic value from Lee Metal acquisition, reports 285% increase in 1HFY2019 earnings to S\$11.5 million

- Revenue synergies reflected in 124% year-on-year increase in Group's revenue to S\$469.1 million in 1HFY2019, supported by higher volume of value-added sales tonnage delivered and higher selling price of steel.
- Cost synergies reflected in 76% increase in operating profit margin from 1.7% in 1HFY2018 to 3.0% in 1HFY2019.
- Group now commands a leading position in the industry in Singapore, well-poised to ride the next wave of construction projects in Singapore's continued large-scale development drive.
- Group aims to pay out at least 30% of net profit attributable to Shareholders, excluding non-recurring, one-off and exceptional items, for FY2019 and FY2020, and intends to pay a final dividend of no less than 5 Singapore cents for FY2019

SINGAPORE – 13 May 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 and six months ended 31 March 2019 (“**2QFY2019**” and “**1HFY2019**” respectively) today.

Financial overview

Revenue increased by 124% year-on-year (“yoy”) to S\$469.1 million in 1HFY2019. This was primarily attributable to the higher volume of value-added sales tonnage delivered, as well as higher selling prices in 1HFY2019 compared to 1HFY2018. The Group completed the acquisition

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of the 100% stake in Lee Metal Group (“Lee Metal”) in July 2018, and the higher revenue in 1HFY2019 is inclusive of Lee Metal’s contribution.

Gross profit increased by 117% yoy to S\$30.9 million in 1HFY2019. Gross profit margin remained relatively stable at 6.6% for 1HFY2019, compared to 6.8% for 1HFY2018.

Financial Highlights	1HFY2019 (S\$'000)	1HFY2018 (S\$'000)	Change (%)	2QFY2019 (S\$'000)	2QFY2018 (S\$'000)	Change (%)
Revenue	469,070	209,124	124	231,097	109,001	112
Gross profit	30,889	14,220	117	14,042	7,087	98
Gross profit margin	6.6%	6.8%	(0.2) ppts**	6.1%	6.5%	(0.4) ppts
Operating expenses*	17,176	10,245	68	7,693	5,530	39
Operating profit	14,075	3,576	294	6,492	844	669
Operating profit margin	3.0%	1.7%	1.3 ppts / 76	2.8%	0.8%	2.0 ppts / 250
Net profit attributable to shareholders***	11,515	2,991	285	5,356	661	710
Earnings per share ****	4.93	1.49	231	2.30	0.31	642

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

** Ppts: Percentage points

*** From continuing operations, net of tax

**** From continuing operations. Basic and fully diluted. Singapore cents

Compared to the increase at the revenue and gross profit levels (124% and 117% respectively) with the Group’s enlarged scale of operations following the acquisition of Lee Metal, operating expenses increased by only 68% yoy to S\$17.2 million in 1HFY2019. The Group’s operating profit margin improved from 1.7% in 1HFY2018 to 3.0% in 1HFY2019.

Overall, the Group reported earnings from continuing operations of S\$11.5 million in 1HFY2019, an increase of 285% yoy compared to S\$3.0 million in 1HFY2018. Earnings per share from continuing operations was 4.93 Singapore cents in 1HFY2019, compared to 1.49 Singapore cents in 1HFY2018.



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As at 31 March 2019, the Group's balance sheet remained strong with net assets of S\$246.3 million and net asset value per ordinary share of 105.57 Singapore cents (versus S\$237.0 million and 101.59 Singapore cents respectively as at 30 September 2018). Our order book as of 31 March 2019 stood at about three-quarters of a billion Singapore dollars. The duration of the projects in the sales order book may be up to 5 years.

The Group also announced its dividend policy for the financial year ending 30 September 2019 ("FY2019") and 30 September 2020 ("FY2020") that aims to pay dividend to shareholders with a target annual payout of not less than 30% of net profit attributable to Shareholders, excluding non-recurring, one-off and exceptional items. In view of the Group's unaudited financial results for the second quarter of FY2019 and the financial prospects, the Group intends to pay a final dividend of no less than 5 Singapore cents per share for FY2019, subject to the Board's recommendation and Shareholders' approval.

Market overview and outlook

The construction industry in Singapore has shown signs of recovery. The construction output registered the first expansion in the fourth quarter of 2018 after nine consecutive quarters of contraction. In fact, a Fitch Solutions report estimated the real growth for Singapore's construction industry would be at an average of 3.3% from 2019 to 2028¹. This is backed by the surge of successful collective sales in 2017 to early 2018 in the private residential sector and a stable project pipeline in the public residential sector. In addition, the construction demand will be anchored by large mega infrastructure projects such as the Changi Airport Terminal 5 and the Tuas Mega Port, as well as the S\$9 billion investment in the expansion of the two integrated resort.

Commenting on the performance of the Group, Mr. Seah Kiin Peng, Chief Executive Officer of the Group, said, ***"The acquisition of Lee Metal has proven to be value accretive both internally and externally. Internally, the deepened integration between BRC and Lee Metal***

¹ <https://sbr.com.sg/building-engineering/in-focus/construction-industry-grow-33-in-2019-2028-amidst-transport-megaprojec>



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and enhanced operational efficiency and cost savings have led to an encouraging set of financial results. Externally, the market landscape is becoming healthier as the supply and demand imbalances throughout the construction supply chain righted themselves as the downturn in the last few years drew to a close. BRC is now in a strong position to capitalize on both internal and external opportunities to create more value for both our customers and shareholders.”

--The End--

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 which is now wholly-owned by the Group.

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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