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

BRC Asia reports 97% increase in 1HFY2020 earnings to S$22.7 million

- **Gross profit increased 79% yoy to S$55.2 million for 1HFY2020 on the back of cost savings from bulk purchases and higher gross profit margin of 12.0% compared to 6.6% a year ago**
- **The "circuit breaker" measures caused a suspension of non-exempted activities, which could weigh on the Group's financial performance for the April-June quarter**
- **The Group remains cautiously optimistic on its business prospects given its strong financial position**

SINGAPORE – 13 May 2020 – BRC Asia Limited. ("**BRC**" or the "**Group**"), a leading steel reinforcement solutions provider in Singapore and listed on the SGX Mainboard, is pleased to announce its financial results for the three months and six months ended 31 March 2020 ("**2QFY2020**" and "**1HFY2020**" respectively).

Financial Highlights

Despite the higher sales volume, the Group reported revenue of S$458.6 million for 1HFY2020, 2% lower compared to that of 1HFY2019 due to lower average selling prices. Gross profit margin improved from 6.6% for 1HFY2019 to 12.0% for 1HFY2020, contributed by the cost synergies from bulk raw material purchases. As a result, gross profit increased by 79% year-on year ("**yoy**") to S$55.2 million for 1HFY2020.

Financial Highlights	1HFY2020	1HFY2019	*Change (%)*	2QFY2020	2QFY2019	*Change (%)*
	(S$'million)	(S$'million)		(S$'million)	(S$'million)	
Revenue	458.6	469.1	*(2)*	231.8	231.1	*0.3*
Gross profit	55.2	30.9	*79*	25.4	14.0	*81*
Gross profit margin	*12.0%*	*6.6%*	*5.4 ppts*[2]	*11.0%*	*6.1%*	*4.9 ppts*
Operating expenses[1]	26.8	17.2	*56*	12.5	7.7	*62*
Operating profit	27.8	14.1	*97*	12.3	6.5	*89*
Operating profit margin	*6.1%*	*3.0%*	*3.1 ppts*	*5.3%*	*2.8%*	*2.5 ppts*
Profit for the period	22.7	11.5	*97*	10.0	5.4	*85*
Earnings per share[3]	9.71	4.93	*97*	4.27	2.30	*86*

[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

Operating expenses increased by 56% yoy to S$26.8 million in 1HFY2020. While distribution and administrative expenses increased in line with the enlarged operations, finance costs decreased after repayment of the bank loan associated with the acquisition of Lee Metal Group in full in the previous financial year.

The Group's operating profit margin increased from 3.0% for 1HFY2019 to 6.1% for 1HFY2020. Earnings was S$22.7 million for 1HFY2020, an increase of 97% compared to that of 1HFY2019. Earnings per share was 9.71 Singapore cents for 1HFY2020, compared to 4.93 Singapore cents for 1HFY2019.

As at 31 March 2020, the Group's balance sheet remained strong with net assets of S$267.9 million and net asset value per ordinary share of 114.83 Singapore cents, compared with S$262.9 million and 112.68 Singapore cents as at 30 September 2019 respectively.

Market Overview and Outlook

Since the implementation of the "circuit breaker" ("CB") measures from 7 April 2020, the economic activities in many industries slowed to a near standstill, including in the construction sector. Moreover, work permit and S Pass holders in the construction sector are on mandatory stay-home notices until at least 18 May 2020 as the Government strives to contain the spread of the COVID-19 in Singapore. In conjunction with this, the Group has suspended all its non-exempted operations at its manufacturing facilities in Singapore, and this will have an adverse direct financial impact on its performance for April and May 2020.

The Group also expects that some of its customers would be more adversely impacted by the CB measures than others, which may result in higher credit risks going forward. Accordingly, the Group had recorded an increase in allowance for expected credit losses, at 31 March 2020.

Commenting on the Group's performance and outlook, Mr. Seah Kiin Peng, Chief Executive Officer of the Group, said, ***"These are unprecedented and trying times for many people and businesses, and the disruptions will inevitably have some negative impact on our business. However, BRC remains in good financial shape, and our order book, which contains a large proportion of government projects, remains strong. Having attained a successful first half of the financial year, we will work closely with our customers in the second half to pull through this tough period together. The COVID-19 situation is a test to us all, and I believe that we have built a solid business foundation to withstand the test and come out of it stronger."***

As at 31 March 2020, the Group's order book stood at about S$980.0 million. These duration of projects in our sales order book range up to 5 years and may be subject to further changes.

--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

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Issued for and on behalf of BRC Asia Limited

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