



# BRC Asia Ltd

## Volume expansion drives growth

### SINGAPORE | INDUSTRIAL | 3Q25 UPDATE

- BRC Asia provided 3Q25 update with limited financials. 9M25 revenue/PATMI were within expectations, at 70%/71% of our FY25e forecasts. 3Q25 revenue/adj PATMI increased 7%/24% YoY, driven by an estimated 22% YoY increase in steel volume delivered in 3Q25.
- BRC Asia recently secured contracts worth S\$570mn to supply steel reinforcement for the substructure of Changi Airport T5. This boosts their latest order book by 38% to a record S\$2bn as of 31 July 2025. Trailing-12-month (T12M) construction contracts awarded rose by 38% YoY in June 2025. With about 60% market share in steel rebar in Singapore, we believe BRC Asia can secure more contracts with the rising construction demand in Singapore.
- We maintain ACCUMULATE with a higher TP of S\$4.10 (prev. S\$3.40). We maintain our FY25e forecasts. Our WACC is lowered to 10% (prev. 11%) by lowering our beta assumptions from 1.3 to 1.1, due to higher visibility from the record order book and favourable construction demand. BRC Asia trades at an attractive FY25e dividend yield of ~5.7%.

#### Results at a glance

S\$ mn	3Q25	3Q24	YoY	Comments
Revenue	408.9	381.7	7.1%	Offset by an est. 12% YoY drop in steel rebar prices
Gross profit	44.8	32.6	37.5%	Est. 22% YoY volume growth
Gross margins	11.0%	8.5%	2.4%	
PATMI	21.8	34.1	-36.0%	Includes one-off S\$16.5mn gain on disposal of associate in 3Q24
Adj. PATMI	21.8	17.6	23.9%	Excludes one-off gain. Driven by volume growth
Adj. net margin	5.3%	4.6%	0.7%	
Orderbook (S\$bn)	2,000	1,320	51.5%	S\$570mn T5 contracts awarded

Source: Company, PSR

#### The Positives

**+ Record order book.** BRC Asia announced on 14 July 2025 that it secured S\$570mn worth of contracts to Changi Airport T5. This brings their order book to a record S\$2bn, 35% higher than their FY24 revenue. The S\$2bn order book will last up to five years, but we believe most of the orders would complete within the next three years due to the construction cycle.

**+ Volume growth offsets the drop in steel rebar prices.** BRC Asia's revenue increased by 7% YoY in 3Q25, the highest increase since 1Q24. This was driven by higher project offtake and steel delivery volume (we estimate +22% YoY), despite a 12% YoY drop in steel rebar price in 3Q25. T12M contracts awarded and progress payments rose by 38% and 10% respectively in June 2025, driving demand for steel rebar. We believe BRC Asia's steel volume delivery the next two years will be supported by the progress of major projects such as Changi Airport T5, MRT expansions, HDB BTO supply, Tengah Hospital development.

#### The Negative

- Nil.

22 August 2025

### ACCUMULATE (Maintained)

LAST CLOSE PRICE	SGD 3.76
FORECAST DIV	SGD 0.21
TARGET PRICE	SGD 4.10
TOTAL RETURN	14.7%

#### COMPANY DATA

BLOOMBERG CODE:	BRC SP
O/S SHARES (MN):	274
MARKET CAP (USD mn / SGD mn):	802 / 1032
52 - WK HI/LO (SGD):	3.78 / 2.13
3M Average Daily T/O (mn):	0.04

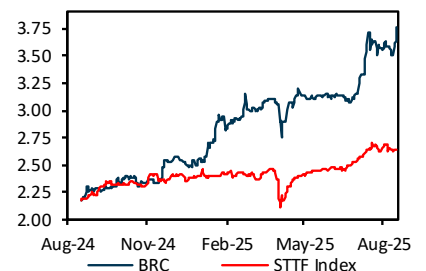
#### MAJOR SHAREHOLDERS

Esteel Enterprise Pte Ltd	61.2%
Hong Leong Asia	20.0%

#### TOTAL RETURN (%)

	1MTH	3MTH	YTD
COMPANY	(1.9)	16.3	52.0
STTF RETURN	1.7	10.0	15.6

#### PRICE VS. STTF



Source: Bloomberg, PSR

#### KEY FINANCIALS

Y/E Sep (S\$mn)	FY23	FY24	FY25e	FY26e
Revenue	1,627	1,481	1,610	1,606
Gross Profit	157	173	177	177
EBIT	113	107	115	113
NPAT	77	77	90	90
P/NAV (x)	2.4	2.2	2.0	1.9
Adj. P/E (x)	13.5	13.5	11.5	11.5
Dividend yield	4.3%	5.3%	5.7%	5.7%
ROE	18.6%	17.0%	18.3%	17.2%

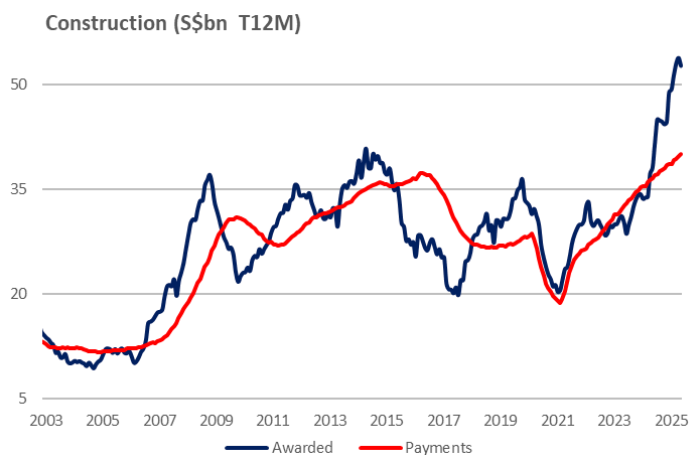
Source: Company, PSR

#### VALUATION METHOD

DCF (WACC: 10%; Terminal g: 2.5%)

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Fig 1: T12M contracts awarded and progress payments rose by 38% and 10% respectively in June 2025.



Source: CEIC, PSR

**Maintain ACCUMULATE with higher a target price of S\$4.10 (prev. S\$3.40)**

We maintain our FY25e forecasts. We lower our WACC to 10% (prev. 11%) by lowering our beta assumptions from 1.3 to 1.1, due to higher visibility from record order book and favourable construction demand.

## Financials

### Income Statement

Y/E Sep, (\$'mn)	FY22	FY23	FY24	FY25e	FY26e
<b>Revenue</b>	<b>1,699.3</b>	<b>1,627.0</b>	<b>1,481.4</b>	<b>1,609.9</b>	<b>1,606.5</b>
Cost of sales	(1,527.8)	(1,469.5)	(1,308.4)	(1,432.8)	(1,429.8)
<b>Gross profit</b>	<b>171.4</b>	<b>157.5</b>	<b>173.0</b>	<b>177.1</b>	<b>176.7</b>
Distribution expense	(6.7)	(7.6)	(7.6)	(7.5)	(7.5)
Admin expense	(29.5)	(24.2)	(32.8)	(24.0)	(23.9)
Others	(22.9)	(12.9)	(25.5)	(31.0)	(31.9)
<b>Operating profits</b>	<b>112.3</b>	<b>112.8</b>	<b>107.0</b>	<b>114.6</b>	<b>113.4</b>
Net finance expenses	(7.2)	(12.9)	(11.3)	(6.1)	(6.1)
Results of assoc and JV	2.7	(7.0)	(1.1)	(1.5)	-
Exceptional	<b>(0.4)</b>	<b>(1.7)</b>	<b>16.5</b>	-	-
<b>Profit before tax</b>	<b>107.4</b>	<b>91.2</b>	<b>111.2</b>	<b>107.0</b>	<b>107.2</b>
Taxation	(17.2)	(15.5)	(17.6)	(17.1)	(17.2)
<b>Net Profit</b>	<b>90.2</b>	<b>75.7</b>	<b>93.5</b>	<b>89.9</b>	<b>90.1</b>
<b>Adj. PATMI</b>	<b>88.7</b>	<b>76.7</b>	<b>76.6</b>	<b>89.9</b>	<b>90.1</b>

### Per share data (\$ Cents)

Y/E Sep	FY22	FY23	FY24	FY25e	FY26e
BVPS	145.4	155.8	173.2	184.7	196.2
DPS	18.0	16.0	20.0	21.3	21.3
Adj. EPS	32.3	27.9	27.9	32.8	32.8

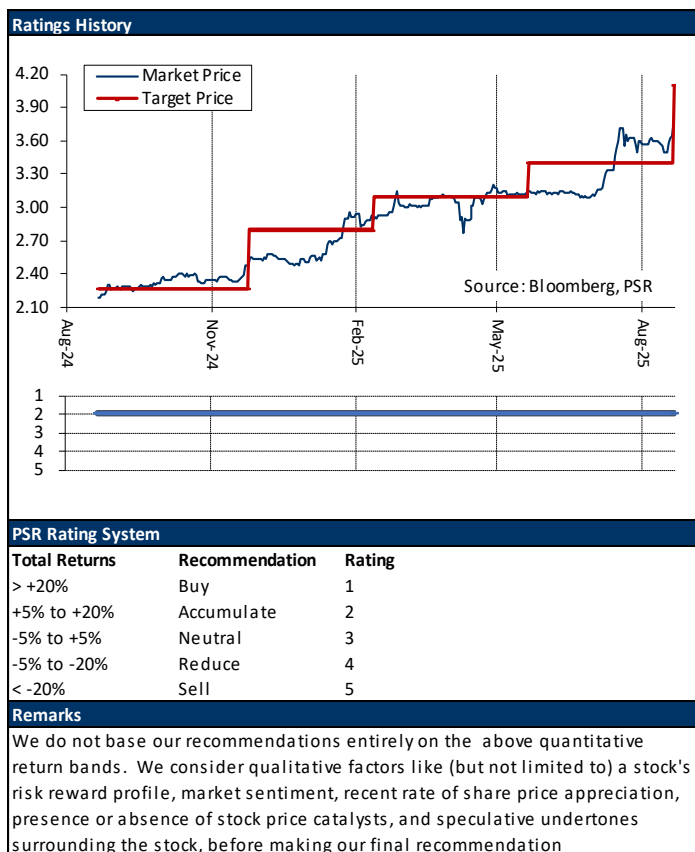
### Cash Flow

Y/E Sep, (\$'mn)	FY22	FY23	FY24	FY25e	FY26e
<b>CFQ</b>					
<b>Profit before tax</b>	<b>107.4</b>	<b>91.2</b>	<b>111.2</b>	<b>107.0</b>	<b>107.2</b>
Adjustments	10.1	14.3	13.2	26.3	25.7
WC changes	(54.4)	72.0	83.6	(71.5)	1.0
<b>Cash generated from ops</b>	<b>63.2</b>	<b>177.4</b>	<b>207.9</b>	<b>61.8</b>	<b>134.0</b>
Others	(22.1)	(24.1)	(20.2)	(21.7)	(21.4)
<b>Cashflow from ops</b>	<b>41.1</b>	<b>153.3</b>	<b>187.7</b>	<b>40.1</b>	<b>112.5</b>
<b>CFI</b>					
CAPEX, net	(2.9)	(3.3)	(22.1)	(10.0)	(13.0)
Disposal of PPE/associate	0.03	0.02	19.37	-	-
Others	0.00	-	-	-	-
<b>Cashflow from investments</b>	<b>(2.9)</b>	<b>(3.3)</b>	<b>(2.7)</b>	<b>(10.0)</b>	<b>(13.0)</b>
<b>CFE</b>					
Dividends paid to owners	(38.4)	(32.9)	(30.2)	(58.4)	(58.5)
Net proceeds from borrowings	22.0	(82.0)	(142.1)	-	-
Others	45.8	-	-	-	-
<b>Cashflow from financing</b>	<b>29.3</b>	<b>(114.9)</b>	<b>(172.2)</b>	<b>(58.4)</b>	<b>(58.5)</b>
<b>Net change in cash</b>	<b>67.5</b>	<b>35.2</b>	<b>12.7</b>	<b>(28.3)</b>	<b>41.0</b>
Cash at start of period	83.0	154.6	184.6	191.4	163.1
Currency translation	4.1	(5.1)	(6.0)	-	-
Others	-	-	-	-	-
<b>Ending cash</b>	<b>154.6</b>	<b>184.6</b>	<b>191.4</b>	<b>163.1</b>	<b>204.1</b>

Source: Company, Phillip Securities Research (Singapore) Estimates

### Balance Sheet

Y/E Sep, (\$'mn)	FY22	FY23	FY24	FY25e	FY26e
<b>ASSETS</b>					
PPE & Investment Properties	131	120	113	101	95
Others	29	16	29	26	24
<b>Total non-current assets</b>	<b>159</b>	<b>136</b>	<b>142</b>	<b>127</b>	<b>119</b>
Cash and cash equivalents	155	185	191	163	204
Inventories	446	407	377	409	408
Trade and other receivables	188	181	153	182	182
Others	26	44	40	40	40
<b>Total current assets</b>	<b>814</b>	<b>816</b>	<b>762</b>	<b>794</b>	<b>834</b>
<b>Total Assets</b>	<b>973</b>	<b>952</b>	<b>904</b>	<b>922</b>	<b>953</b>
<b>LIABILITIES</b>					
Trade and other payables	44	89	128	118	118
ST borrowings	410	360	227	227	227
Others	65	47	43	40	40
<b>Total current liabilities</b>	<b>519</b>	<b>495</b>	<b>398</b>	<b>385</b>	<b>384</b>
LT borrowings	48	21	18	18	18
Others	8	9	12	12	12
<b>Total non-current liabilities</b>	<b>55</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>
<b>Total Liabilities</b>	<b>574</b>	<b>525</b>	<b>429</b>	<b>415</b>	<b>415</b>
<b>EQUITY</b>					
Share Capital	185	185	185	185	185
Retained profits	217	246	293	325	356
Others	(3)	(4)	(3)	(3)	(3)
<b>Total equity</b>	<b>399</b>	<b>427</b>	<b>475</b>	<b>507</b>	<b>538</b>
<b>Total equity and liabilities</b>	<b>973</b>	<b>952</b>	<b>904</b>	<b>922</b>	<b>953</b>
<b>Valuation Ratios</b>					
Y/E Sep	FY22	FY23	FY24	FY25e	FY26e
P/E (X) - adjusted	11.6	13.5	13.5	11.5	11.5
P/B (X)	2.6	2.4	2.2	2.0	1.9
EV/EBITDA (X)	10.3	9.4	7.6	8.4	8.1
Dividend Yield	4.8%	4.3%	5.3%	5.7%	5.7%
<b>Growth &amp; Margins</b>					
<b>Growth</b>					
Revenue	45.4%	-4.3%	-9.0%	8.7%	-0.2%
Gross profit	71.2%	-8.1%	9.9%	2.4%	-0.2%
EBIT	81.7%	-9.2%	17.7%	-7.6%	0.2%
Adj. PATMI	81.9%	-13.5%	0.0%	17.3%	0.2%
<b>Margins</b>					
Gross profit margin	10.1%	9.7%	11.7%	11.0%	11.0%
EBIT margin	6.6%	6.9%	7.2%	7.1%	7.1%
Net profit margin,adj	5.2%	4.7%	5.2%	5.6%	5.6%
<b>Key Ratios</b>					
ROE	25.3%	18.6%	17.0%	18.3%	17.2%
ROA	9.5%	8.0%	8.3%	9.8%	9.6%
Net Gearing (%)	76.1%	45.9%	11.4%	16.3%	7.7%



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