BRC Asia (BRC SP)

9MFY26: Business Momentum Remains Strong

Highlights

- BRC reported 9MFY26 revenue of S$1,360m (+21% yoy) and PATMI of S$79m (+26% yoy), making up 77% and 76% of our forecasts, respectively.
- BRC's orderbook remains robust at S$1.69b, despite accelerated project deliveries in 1HFY26, and provides earnings visibility over five years.
- Maintain BUY with an unchanged target price of S$5.30.

9MFY26/3QFY26 Results

Year to 30 Sep (S$m)	9MFY26	yoy % chg	3QFY26	qoq % chg	yoy % chg
Revenue	1359.6	20.9	428.6	-11.9	4.8
Gross profit	142.1	26.6	48.8	4.8	8.8
Gross Margin (%)	10.4	+0.5ppt	11.4	+1.8ppt	+0.4ppt
PATMI	79.3	25.5	27.3	10.4	27.3
PATMI margin (%)	5.8	+0.2ppt	6.4	+1.3ppt	+1.1ppt

Source: BRC, UOB Kay Hian

Analysis

- **9M26 results slightly ahead of expectations.** BRC Asia (BRC) reported 9MFY26 revenue of S$1,359.6m (+21% yoy) and PATMI of S$79.3m (+26% yoy), representing 77% and 76% of our FY26 forecasts, respectively. Top-line growth continues to be largely attributed to higher tonnage delivered, supported by strong project offtakes coming from Changi T5. Gross profit outpaced revenue growth, growing 27% yoy to S$142m, while gross margin grew to 10.4% (+0.6 ppt yoy), largely due to a more favourable mix of margin profile. Net margin increased to 5.8% (+0.2 ppt yoy).
- **3Q26 top-line weaker due to stronger project offtakes in 1HFY26, but still displayed growth yoy.** 3Q26 revenue of S$429m fell 12% qoq. This was due to accelerated project deliveries in 1HFY26, as early steel reinforcement contracts for Changi Airport Terminal 5 kick off. On a yoy basis, 3Q26 revenue showed growth, growing 5% yoy. BRC also saw a higher mix of value-added prefabricated products in 3Q26 as project execution continues to progress, with gross profits rising 5% qoq and 9% yoy, alongside a higher gross margin of 11.4% (1Q26: 10.5%; 2Q26: 9.6%).
- **BRC's orderbook remains robust at S$1.69b at the end of 9MFY26 (1HFY26: S$1.76b),** despite accelerated project deliveries in 1HFY26. Orderbook continues to be supported by major projects including Changi Airport Terminal 5 substructure. The orderbook runs over five years, with most of the work to be completed within the first three, enhancing earnings visibility.

Key Financials

Year to 30 Sep (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	1,481	1,553	1,756	1,827	1,900
EBITDA	108	116	130	138	142
Operating profit	101	110	126	134	140
Net profit (rep./act.)	94	94	105	112	116
Net profit (adj.)	77	94	105	112	116
EPS (S$ cent)	27.9	34.2	37.9	40.5	42.0
PE (x)	15.5	12.6	11.4	10.7	10.3
P/B (x)	2.5	2.3	2.1	2.0	1.8
EV/EBITDA (x)	11.4	10.5	9.4	8.9	8.6
Dividend yield (%)	4.6	4.6	5.1	5.3	5.3
Net margin (%)	6.3	6.1	6.0	6.1	6.1
Net debt/(cash) to equity (%)	11.4	2.4	3.8	(2.8)	(8.5)
Interest cover (x)	9.5	15.7	15.6	15.9	15.7
ROE (%)	20.7	19.1	19.5	19.2	18.3
Consensus net profit (S$m)	-	-	105	112	116
UOBKH/Consensus (x)	-	-	1.00	1.00	1.00

Source: BRC, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	S$4.32
Target Price	S$5.30
Upside	+22.7%

Stock Data

Sector	Industrials
Bloomberg ticker	BRC SP
Shares issued (m)	274.4
Market cap (S$m)	1,185.2
Market cap (US$m)	927.4
3-mth avg daily t'over (US$m)	0.2

Price Performance (%)

52-week high/low S$4.83 /S$3.48

1mth	3mth	6mth	1yr	YTD
3.1	(8.3)	(3.1)	20.7	3.1

Major Shareholders (%)

Esteel Enterprise P/L	61.2
Hong Leong Asia	20.0

Balance Sheet Metrics

FY26 NAV/Share (S$)	2.02
FY26 Net Cash/ Share (S$)	0.08

Price Chart

Source: Bloomberg

Company Description

BRC Asia designs, manufactures, and markets steel mesh under the BRC brand name. The company's products include non-standard and customised mesh, a wide range of prefabricated products including beam and column cages and complete prefabricated beams.

- **Improving balance sheet position with net cash position.** BRC ended 9MFY26 with a net cash position of S$60.4m (1HFY26: S$52.1m), excluding lease liabilities. Operating cash flow also grew yoy to S$100.8m in 9MFY26, compared with S$82.7m in 1HFY26 and an operating cash outflow of S$35.0m a year ago, reinforcing its cash position. Given the strong balance sheet position and cash generating position, we continue to expect an attractive dividend yield of 5.1% in FY26.
- **Continuing upside from the construction upcycle.** BRC is expected to continue benefitting from Singapore's ongoing construction upcycle. BCA projects total construction demand to stay steady at S$47b-53b in 2026, following 2025 construction demand of S$50.5b. This is supported by the award of additional packages across several projects. Over the medium term, demand is projected to average S$39b-46b per year from 2027 to 2030, which should translate into sustained demand for steel reinforcement bars, benefitting BRC. BRC currently holds a 55-60% share of Singapore's steel market, positioning it to benefit from rising construction activity.
- **Strong construction pipeline supports steel demand and orderbook replenishment.** Singapore's construction sector continues to expand, with 1Q25 output up 16% yoy and steel rebar demand reaching 589,000 tonnes. Ongoing infrastructure and housing developments, including Changi T5, Tuas Mega Port and the Cross Island Line, alongside upcoming projects such as the Marina Bay Sands Integrated Resort expansion, should sustain steel demand and provide BRC with opportunities to replenish its orderbook as existing projects are delivered. As Singapore's dominant steel player, BRC is well positioned to benefit from the sustained construction upcycle. However, we foresee potential headwinds from steel rebar pricing, which has declined by around 7% since May 26. While this may exert pricing pressure, we believe BRC's market leadership and scale should provide some resilience through stronger pricing and volume management.

Valuation/Recommendation

- **We maintain our BUY recommendation with an unchanged PE-based target price of S$5.30.** We also roll over our valuation base of FY27, and peg our target price to a lower 13x FY27F PE multiple (14x FY26F PE previously), based on +1 SD from historical mean. Peers also re-rated slightly lower to 11x FY27PE. The higher multiple continues to reflect BRC's strong positioning as the dominant player in Singapore's steel market and its status as a prime proxy for the ongoing construction upcycle.
- A positive 9MFY26 result continues to highlight BRC's resilient business and strong market leadership. We believe BRC's solid net cash position and resilient operating cash flow, alongside a robust S$1.69b orderbook that enhances earnings visibility over the next few years, positions the group well to sustain margin stability, alongside an attractive FY26 dividend yield of around 5.1%.

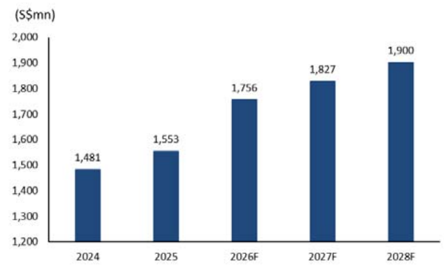
Earnings Revision/Risk

- No changes to our earnings forecasts.

Share Price Catalyst

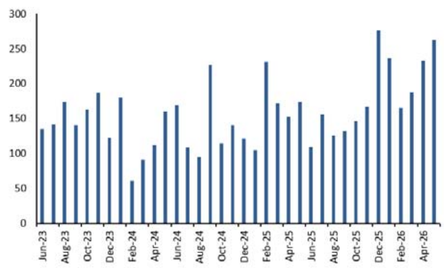
- Faster-than-expected project offtake and construction execution.
- More projects awarded amid a strong pipeline of projects available.
- Further easing of construction manpower constraints.

Revenue Trend



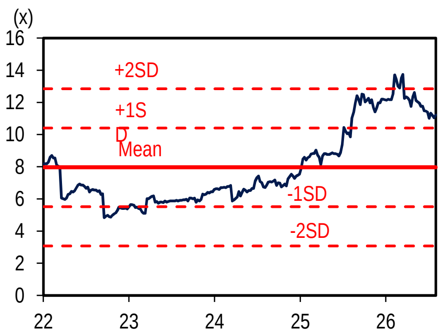
Source: BRC, UOB Kay Hian

Market Demand For Steel Rebars



Source: Singapore Statistics, Bloomberg UOB Kay Hian

Historical PE Band



Source: BRC, Bloomberg UOB Kay Hian

Profit & loss

Year to 30 Sep (S$m)	2025	2026F	2027F	2028F
Net turnover	1,553.1	1,755.6	1,826.5	1,900.3
EBITDA	116.3	130.3	137.9	142.3
Deprec. & amort.	5.8	4.7	3.6	2.5
EBIT	110.5	125.6	134.3	139.8
Total other non-operating income	9.0	8.0	8.0	8.0
Associate contributions	0.4	0.0	0.0	0.0
Net interest income/(expense)	(7.4)	(8.4)	(8.7)	(9.0)
Pre-tax profit	112.6	125.3	133.7	138.7
Tax	(18.5)	(20.7)	(22.0)	(22.8)
Minorities	0.2	0.0	0.0	0.0
Net profit	94.3	104.6	111.7	115.9
Net profit (adj.)	94.3	104.6	111.7	115.9

Balance Sheet

Year to 30 Sep (S$m)	2025	2026F	2027F	2028F
Fixed assets	127.2	118.4	111.0	104.9
Other LT assets	33.2	33.2	33.2	33.2
Cash/ST investment	203.1	134.1	132.4	131.3
Other current assets	573.3	631.9	637.0	660.6
Total assets	936.9	917.7	913.7	930.1
ST debt	202.0	142.0	102.0	62.0
Other current liabilities	178.9	175.8	163.7	167.6
LT debt	13.3	13.3	13.3	13.3
Other LT liabilities	13.2	13.2	13.2	13.2
Shareholders' equity	514.7	558.5	606.7	659.1
Minority interest	14.7	14.7	14.7	14.7
Total liabilities & equity	936.9	917.7	913.7	930.1

Cash flow

Year to 30 Sep (S$m)	2025	2026F	2027F	2028F
Operating	123.2	67.8	118.5	119.7
Pre-tax profit	112.6	125.3	133.7	138.7
Tax	(17.5)	(20.7)	(22.0)	(22.8)
Deprec. & amort.	18.9	16.5	15.4	14.4
Associates	(0.4)	0.0	0.0	0.0
Working capital changes	10.9	(61.7)	(17.3)	(19.6)
Non-cash items	(6.0)	0.0	0.0	0.0
Other operating cashflows	4.8	8.4	8.7	9.0
Investing	(18.1)	(7.7)	(8.0)	(8.3)
Capex (growth)	(6.8)	(7.7)	(8.0)	(8.3)
Investment	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.1	0.0	0.0	0.0
Others	(11.4)	0.0	0.0	0.0
Financing	(93.4)	(129.1)	(112.2)	(112.5)
Dividend payments	(54.9)	(60.7)	(63.5)	(63.5)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	(1.0)	(60.0)	(40.0)	(40.0)
Others/interest paid	(37.5)	(8.4)	(8.7)	(9.0)
Net cash inflow (outflow)	11.7	(69.0)	(1.7)	(1.1)
Beginning cash & cash equivalent	191.4	203.1	134.1	132.4
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	203.1	134.1	132.4	131.3

Key Metric

Year to 30 Sep (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	7.5	7.4	7.6	7.5
Pre-tax margin	7.3	7.1	7.3	7.3
Net margin	6.1	6.0	6.1	6.1
ROA	10.2	11.3	12.2	12.6
ROE	19.1	19.5	19.2	18.3
Growth				
Turnover	4.8	13.0	4.0	4.0
EBITDA	8.1	12.1	5.9	3.1
Pre-tax profit	1.3	11.2	6.7	3.8
Net profit	0.8	10.9	6.8	3.8
Net profit (adj.)	22.4	10.9	6.8	3.8
EPS	22.4	10.9	6.8	3.8
Leverage				
Debt to total capital	28.9	21.3	15.7	10.1
Debt to equity	41.8	27.8	19.0	11.4
Net debt/(cash) to equity	2.4	3.8	(2.8)	(8.5)
Interest cover (x)	15.7	15.6	15.9	15.7