

Koda reports surge in Net Profit of 23.9% to US\$4.4 million for 9M2019

- Revenue increased 12.5% y-o-y to US\$42.3 million for 9M2019
- The Group continues to generate strong positive operating cash flows of US\$2.0 million for 9M2019, with a cash position of US\$10.7 million as at 31 March 2019
- The Group continues to explore expansion into new markets to further fuel Commune's growth

	3Q2019	3Q2018	3Q2017	9M2019	9M2018	9M2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	11,945	13,447	10,976	42,314	37,603	36,182
Gross Profit	3,750	4,890	3,315	13,936	13,267	10,657
Net Profit After Tax	619	1,174	325	4,446	3,589	2,238

Singapore, 10 May 2019 – Mainboard-listed Koda Ltd ("**Koda**" or the "**Group**"), a leading original design manufacturer of furniture and owner of the retail and distribution brand, Commune Lifestyle Pte Ltd ("**Commune**"), has announced its financial results for the third quarter ("**3Q2019**") and nine months ("**9M2019**") ended 31 March 2019.

Driven mainly by higher export sales, the Group's revenue increased 12.5% year-on-year ("y-o-y") to US\$42.3 million for 9M2019. In 3Q2018, the Group shipped orders of US\$2.5 million relating to two projects. The absence of the one-time order shipments contributed to an 11.2% y-o-y decline in revenue for 3Q2019 when compared to 3Q2018. In addition, the third quarter of the Group's financial year is typically a seasonally weak quarter in light of the Lunar New Year holidays in China and Vietnam.

The Group's gross profit rose 5.0% y-o-y to US\$13.9 million for 9M2019 despite a 2.3 percentage point decline in margin from 9M2018 as a result of higher costs of production and changes in sales mix. Net profit for 9M2019 rose 23.9% to US\$4.4 million.

The Group's robust core business operations continued to generate strong positive operating cash flows amounting to US\$2.0 million for 9M2019. This contributed to balance sheet strength as the Group maintained a cash position of US\$10.7 million as at 31 March 2019.

Commune's expansion plans continue to be on track following the opening of its 54th outlet in China, bringing the total number of *Commune* stores to 64. Building upon the strong brand recognition for Commune, the Group is exploring opportunities to roll out new marketing plans and business models in new markets for its retail and distribution business to venture into new regions.

In addition, the Group continues to focus on its product differentiation strategy and efficient supply chain management to further the growth of its manufacturing and export business.

Commenting on the Group's 3Q2019 financial results, **Mr James Koh, Managing Director and Deputy Chairman of Koda** said, *"Our performance for 3Q2019 has somewhat normalised as traditionally, the seasonally weaker third quarter has typically been challenging. Nevertheless, we will continue to leverage on the success of our branding and the quality of our products. Despite weak market sentiments surrounding the trade war, we remain confident in our outlook for the remainder of FY2019."*

Elaborating on Commune's expansion initiatives, **Mr Joshua Koh, CEO of Commune** said, *"Despite the softening consumer sentiments in China, we expect additional outlet growth before the end of 2019. China remains a key market for the brand and currently, we are starting to see results from R&D investments on a differentiated product line to be introduced first to the Chinese market. We are also exploring expansion into new markets to further fuel Commune's growth trajectory."*

- The End -

About Koda Ltd

Established in Singapore and founded in 1972, Koda is backed by a management team with combined experience of close to a century and recognised as a leading Original Design Manufacturer in the world. Koda is a strong contender for home furniture exports and is possibly the largest dining room furniture exporter in Southeast Asia. Koda's range of design-intensive products exudes individuality, sophistication and elegance.

Koda is well-known for its strength in design – leading to appreciation from upscale customers worldwide for its aesthetically pleasing and functional pieces. With proven market experience, strong product development and significant in-house design expertise, Koda is able to offer an extensive range of product models to customers all over the world.

Consistent business strategies and focused growth initiatives differentiate Koda from others. Koda has been emphasising cost-effective expansion, and its enlarged production and sourcing facilities in Vietnam and China enhance its cost competitiveness. In addition to its growing base in Vietnam, the Group has another manufacturing base in Malaysia which specialises in a certain range of products.

About Commune Lifestyle Pte Ltd

Established in 2011, Commune Lifestyle Pte Ltd is a wholly owned subsidiary of Koda. As an in-house brand focusing on retail products, it is managed by the third generation of the founding Koh family and has presence in Singapore, Malaysia, China and Australia.

There are currently a total of 64 *Commune* outlets – three owner-operated stores in Singapore, four distributor-retail ("DR") stores in Malaysia, 54 DR stores in China, one DR store each in the Philippines and Hong Kong, and one brand-in-store presence in Australia.

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