



## InnoTek Limited

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### **InnoTek Posts 9M'17 Net Profit of S\$7.1 Million, Led By Growth In TV Segment; On Track for Expansion In Thailand**

**SINGAPORE, 14 November 2017** – InnoTek Limited (“InnoTek” or the “Group”) announced today that its net profit for the nine months ended 30 September 2017 (“9M'17”) rose 0.4% to S\$7.1 million from S\$6.8 million a year ago, due mainly to improved labour efficiency, lower depreciation and higher sales from its television segment.

The SGX Mainboard-listed precision components manufacturer said revenue for 9M'17 declined 1.7% to S\$156.6 million (9M'16: S\$159.4 million). This was due in part to Japanese customers in the Office Automation (“OA”) sector moving operations out of China, while new programmes for the Automotive industry have yet to commence production ramp.

This decline was offset by higher revenue from the precision machining business with stronger sales for TV bezels and a new component, heat sinks, over the comparative periods. Its heat sink, introduced last quarter, recorded strong orders for use in TVs and computers. Overall, the TV segment accounted for 41% of quarterly revenue, overtaking OA (31%), and is expected to remain the Group's main revenue driver in the near term.

Despite lower revenue, 9M'17 gross profit rose to S\$29.6 million (9M'16: S\$28.7 million) as subsidiary Mansfield Group cut labour costs and disposed of some older assets, which lowered depreciation. GP margin increased to 18.9% (9M'16: 18.0%) due to a higher mix of TV-related sales from the Precision Machining business.

Earnings per share for 9M'17 increased to 3.16 cents from 3.04 cents compared to a year earlier. Group Net Tangible Assets as at 30 September 2017 increased by 3.2% to S\$129.0 million from S\$125.0 million as at 31 December 2016.

For the three months ended 30 September 2017 (“Q3'17”), revenue rose 1.3% to S\$56.5 million (Q3'16: S\$55.8 million) on a net profit of S\$4.0 million (Q3'16: S\$5.0 million). This was due mainly to higher tax liability from profit-making Magix Mechatronics (Dongguan) Co. Ltd, which has fully utilised all carried-forward losses in FY2017. Excluding the tax expense, the Group would have posted a S\$5.9 million profit.

The Group incorporated a new subsidiary, Mansfield Technology (Weihai) Co. Ltd. (“Mansfield Weihai”) in Shandong Province, China during the quarter. Mansfield Weihai will support the local operations of new client Hewlett Packard, which recently acquired Samsung's printer business for US\$1.05 billion. Mansfield Weihai is principally engaged in the R&D, design and manufacturing of precision metal stamping and tooling, among others.

To mitigate the impact of Japanese OA customers' migrating operations out of China, the Group has incorporated a manufacturing subsidiary in Rayong, Thailand. Construction is scheduled for completion in the first half of FY2018 ("1H'18") with production starting in 2H'18. Until then, the Group's Thailand operations will be supported from Dongguan, China. Revenue contribution is expected to commence in 2H'18 and gather momentum from FY2019.

In the Automotive sector, the Group will pursue more programmes and orders for car seat moulds and stamped products. It also plans to ramp up involvement in the car seat business by extending into the children's car seat segment as a new revenue stream.

The Group is encouraged by the market response for new products such as CNC-machined aluminium heat sink for TVs. It expects the TV segment to remain a significant revenue contributor amid growing consumer demand for high-definition TV panels with thin yet strong bezels.

Commenting on the outlook, Mr Lou Yiliang, Chief Executive Officer of InnoTek, said the Group continues to adopt new technological innovations, such as automation, to improve manufacturing and cost efficiencies as labour costs in China continue to rise.

## End of Release ##

### **About InnoTek Limited**

Singapore Exchange Mainboard-listed InnoTek Limited ("Innotek" or "the Group") is a precision metal components manufacturer serving the consumer electronics, office automation and automotive industries.

With five manufacturing facilities in the PRC, the Group's wholly owned subsidiary, Mansfield Manufacturing Company Limited ("MSF"), provides precision metal stamping, commercial tool and die fabrications and sub-assembly works to a strong and diversified base of Japanese and European end-customers.

For more information, visit: [www.innotek.com.sg](http://www.innotek.com.sg)

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