

InnoTek Reports 1H'20 Net Profit of S\$3.7 Million Despite Major Challenges Due To COVID-19

S\$'000	1H'20	1H'19	Change %
Revenue	79,705	89,327	(10.8)
Gross Profit	17,079	19,929	(14.3)
Gross Profit Margin (%)	21.4	22.3	(0.9) ppt*
Net Profit/(Loss)	3,734	7,728	(51.7)
Earnings/(Loss) Per Share (Singapore cents)	1.65	3.41	(51.6)

* ppt denotes percentage points

SINGAPORE, 13 August 2020 – Despite a temporary shutdown of its factories in China, SGX Mainboard-listed **InnoTek Limited** (“InnoTek” or the “Group”) reported net profit of S\$3.7 million for the six months ended 30 June 2020 (“1H'20”), amid highly challenging conditions due to the COVID-19 pandemic.

The precision metal components manufacturer reported lower production across its Office Automation (“OA”) and Automobile business segments. The Group had shut down its factories due to lockdown measures in China to contain the pandemic. As a result it recorded a decline of 10.8% in 1H'20 revenue to S\$79.7 million from S\$89.3 million in 1H'19.

In line with lower revenue, gross profit decreased to S\$17.1 million, declining 14.3% from S\$19.9 million a year ago. Gross profit margin decreased to 21.4% in 1H'20 from 22.3% in 1H'19.

The COVID-19 pandemic has resulted in a global decline in demand for OA products. The Group’s plant in Rayong, Thailand has commenced commercial production but it has been a challenge to benefit from the shift of production out of China by Japanese customers due to weak market conditions.

The domestic automobile market was impacted in Q1'20 by the COVID-19 pandemic, but recovered gradually in Q2'20. Although reports from the China Automobile Manufacturers Association indicated auto sales in June increasing 11.6% from a year ago, the overseas market continues to be impacted by the COVID-19 pandemic. However the Group expects a recovery in the second half of the year.

Demand for the TV segment was stable on the back of increasing demand for home entertainment products, as more people stayed at home during the pandemic. Barring unforeseen circumstances, the Group’s TV bezel segment is expected to see a steady flow of orders in the second half year.

Earnings per share for 1H'20 declined to 1.65 Singapore cents from 3.41 Singapore cents a year ago. The Group’s net asset value per share increased to 72.3 cents as at 30 June 2020 from 71.1 cents as at 31 December 2019.

The COVID-19 pandemic is currently not yet under control globally and hence the Group will continue to implement cost control measures. The Group is also looking to expand its customer base, both domestically and overseas, and diversifying its products to improve the Group's operational resilience.

Mr Lou Yiliang, InnoTek's Chief Executive Officer, said: "The operating environment is increasingly challenging on all fronts. Most of our customers are facing difficulties in sales and increasing inventory; nevertheless, we will do our best in Quality, Cost, Delivery and Service for our customers, strive to open up new market and deal with difficult situations that are hard to predict in the future."

End of Release

About InnoTek Limited

Singapore Exchange Mainboard-listed InnoTek Limited is a precision metal components manufacturer serving the consumer electronics, office automation and automotive industries. With five manufacturing facilities in the PRC and one facility in Rayong, Thailand, the Group's wholly owned subsidiary, Mansfield Manufacturing Company Limited, provides precision metal stamping, commercial tool and die fabrications and sub-assembly works to a strong and diversified base of international end-customers.

For more information, visit: www.innotek.com.sg

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