

FOR IMMEDIATE RELEASE

## Willas-Array achieves three straight quarters of growth with earnings firmly back in the black

- Reverses net attributable loss to achieve profit of HK\$37.3 million in 3Q FY2021 and HK\$59.7 million in YTD 3Q FY2021.
- Performance driven by new norms of working from home and staying at home that propelled demand for consumer electronic goods and home office equipment.
- Revenue from the Industrial, Home Appliance and Automotive segments boosted by the Chinese government's economic and business support policies.

| Financial Highlights in HK\$m                       | 3 months ended 31 December           |           |          | 9 months ended 31 December    |               |          |
|---|--------------------------------------|-----------|----------|-------------------------------|---------------|----------|
|   | 3Q FY2021                            | 3Q FY2020 | % Change | YTD 3Q FY2021                 | YTD 3Q FY2020 | % Change |
| Revenue   | <b>1,062.7</b>                       | 851.4     | 24.8     | <b>2,749.9</b>                | 2,523.8       | 9.0      |
| Gross profit  | <b>88.3</b>                          | 57.0      | 54.9     | <b>225.4</b>                  | 156.2         | 44.3     |
| Profit (loss) attributable to owners of the Company | <b>37.3</b>                          | (4.5)     | NM       | <b>59.7</b>                   | (60.3)        | NM       |
| Basic earnings (loss) per share (HK cents)*         | <b>43.76</b>                         | (5.29)    | NM       | <b>70.04</b>                  | (70.80)       | NM       |
| NAV per share (HK cents) <sup>+</sup>               | <b>766.72</b><br>(as at 31 Dec 2020) |           |          | 669.79<br>(as at 31 Mar 2020) |               |          |

\* Basic earnings (loss) per share was computed based on 85,207,049 weighted average number of shares.

<sup>+</sup> NAV was computed based on 85,207,049 ordinary shares.

NM denotes not meaningful.

**SINGAPORE – 10 February 2021** – Despite a challenging financial year, **Willas-Array Electronics (Holdings) Limited** (“Willas-Array” or the “Group”), has achieved its third straight quarter of growth with revenue leaping 24.8% year-on-year (“YOY”) to HK\$1,062.7 million for the three months ended 31 December 2020 (“3Q FY2021”). The Group also reversed a net attributable loss from the previous corresponding three months (“3Q FY2020”) to achieve a net attributable profit of HK\$37.3 million for the period under review.

The stellar 3Q FY2021 topline performance was driven by strong double-digit sales increase from eight out of nine of the Group's market segments, bumping up the Group's revenue by 9.0% to HK\$2,749.9 million for the nine months ended 31 December 2020 ("**YTD 3Q FY2021**") with net attributable profit coming in at HK\$59.7 million compared to a loss in the previous corresponding nine months ("**YTD 3Q FY2020**").

The higher sales from the market segments that required the Group's value-added services and a significant decrease in clearance of buffer stocks as well as reversals of stock provision pushed up gross profit margin to 8.3% and 8.2% in 3Q FY2021 and YTD 3Q FY2021 respectively (3Q FY2020: 6.7%; YTD 3Q FY2020: 6.2%).

Earnings per share rose in tandem with the sterling results to 70.04 HK Cents in YTD 3Q FY2021 as compared to loss per share of 70.80 HK cents in the previous corresponding period. The Group's net asset value per share increased to 766.72 HK cents as at 31 December 2020 as compared to 669.79 HK cents as at 31 March 2020.

As at 31 December 2020, the Group had a working capital of HK\$386.1 million, which included a cash balance of HK\$271.4 million, compared to a working capital of HK\$302.0 million, which included a cash balance of HK\$264.8 million as at 31 March 2020. The slight increase in cash was mainly due to the net effect of cash inflow of HK\$193.1 million generated from operating activities and cash outflow of HK\$191.5 million in financing activities.

#### ***Year-to-date segment review***

The new norms of working from home and staying at home that emerged from the ongoing COVID-19 pandemic propelled a sharp increase in sales of consumer electronic products and home office equipment such as personal computers, tablets, video call aids, home entertainment, home appliances and DIY tools for both the domestic and export markets over the last three financial quarters. This strong demand was reflected in the revenue performance of the Group's Home Appliance, EMS, Audio and Video and Lighting segments, which rose YOY in YTD 3Q FY2021 by 4.8%, 16.7%, 7.6% and 19.7%, respectively.

The series of economic and business support policies introduced by the Chinese government also served as a growth driver to spur strong domestic demand in the second half of 2020, lifting the performance of Willas-Array's Industrial, Home Appliance and Automotive segments. In particular, its Industrial segment, which generated a 15.2% YOY increase in revenue in YTD 3Q

FY2021, had benefitted from China's strategy to encourage more city infrastructure development and power saving initiatives. Higher revenue achieved by the Group's Automotive segment continued to reflect its strategy to deploy more resources to key growth areas, rising 26.7% YOY.

### **Outlook**

China achieved positive growth of 2.3% in its 2020 gross domestic product despite a pandemic year. Although this was its slowest growth rate since 1976, it was also likely to be the only major economy to expand last year.<sup>1</sup> This quick rebound of its key market bodes well for Willas-Array.

**Willas-Array's Chairman, Mr Lawrence Leung,** said: *"Despite the positive outlook for our domestic China market, we are mindful that the global COVID-19 situation remains fluid. Despite the gradual rollout of COVID-19 vaccines, there are public concerns about the efficacy of these vaccines due to adverse reports about side effects. In addition, there appears to be a resurgence of the virus in certain countries and reports about new strains. Such challenges will continue to undermine the global economy and business environment as some countries have returned to lockdown mode and this will in turn have an impact on our industry.*

*"Furthermore, the ongoing tense relations between the US and China may continue to present challenges to trade between the two nations. Nevertheless, in view of the Chinese government's economic and business support policies, the Group expects China's economy to be resilient with great potential for growth."*

The pandemic had accelerated the development of Internet of Things products with the deployment of 5G network, and many new innovative ideas. The Group expects the current trends and the new normal as well as the momentum of new product development to be sustained, which will lead to continuous growth in these market applications.

Given three straight quarters of strong growth, Willas-Array is cautiously confident that its FY2021 performance will be better than FY2020. The Group will continue to be prudent in managing its resources and expenses to ensure that its operations remain sustainable and able to weather external business challenges.

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<sup>1</sup> SCMP article: China GDP: economy ends coronavirus-ravaged year with strong growth surge, 18 Jan 2021 (<https://www.scmp.com/economy/china-economy/article/3118116/chinas-coronavirus-hit-economy-grew-23-cent-2020-lowest-rate>)

**About Willas-Array Electronics (Holdings) Limited**

Established in the early 1980s, and listed on the Main Board of Singapore Exchange Securities Trading Limited in 2001 (SGX: BDR) and also on the Main Board of The Stock Exchange of Hong Kong Limited in 2013 (SEHK: 854), Hong Kong-based Willas-Array Electronics (Holdings) Limited (“Willas-Array” and together with its subsidiaries, the “Group”) is principally engaged in the distribution of electronic components for use in the industrial, audio and video, telecommunications, home appliance, lighting, electronic manufacturing services and automotive segments, as well as the provision of engineering solutions.

Backed by long-standing relationships with over 20 internationally reputable principal suppliers, Willas-Array carries a wide product mix, distributing and marketing over 10,000 product items which cater to over 3,000 customers. Its main markets are in mainland China, Hong Kong and Taiwan.

The Group’s reputation is well-established among suppliers, customers and banks, many of whom are its long-term partners. Its sound management policies have ensured healthy inventory and cash flow levels. The Group was generally able to achieve healthy financial results and has strong profit track record period.

In mainland China, Willas-Array has established a network of offices strategically located in Beijing, Chengdu, Chongqing, Guangzhou, Qingdao, Shanghai, Shenzhen, Xiamen and Zhongshan. It has a wholly-owned subsidiary in the Free Trade Zone in Shanghai, which serves as a logistics centre for the Group in northern China. Willas-Array also has a wholly-owned subsidiary in Taipei to tap on the growing number of large electronic manufacturers in Taiwan doing business in China.

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