

Sunningdale nearly triples core net profit to S\$5.0 million for 4Q2019; declares final dividend of 5 Singapore cents per share

- FY2019, revenue declines 7.3% yoy to S\$673.8 million as the Group continues to be impacted by the slowdown across global automotive markets and lower demand from customers
- Continuing the turnaround from a loss-making 2Q2019 to returning to profitability in 3Q2019, gross profit margin expands from 10.4% for 4Q2018 to 11.1% for 4Q2019 driven by a change in product mix, tightening cost controls and the completion of relocation of the Group's parts operations from one plant in Shanghai to Chuzhou
- Within the Healthcare segment, the Group continues to garner momentum having secured new projects from new and existing customers
- Board of Directors declares a final dividend of 5 Singapore cents per share, bringing total dividends to 8 Singapore cents per share for FY2019 (FY2018: 8 Singapore cents per share), representing an effective dividend yield of 6.3%¹

SINGAPORE – 28 February 2020 – Singapore Exchange Mainboard-listed Sunningdale Tech Ltd. ("Sunningdale Tech" or "the Group"), a leading manufacturer of precision plastic components, has announced its financial results for the fourth quarter ("4Q2019") and full year ("FY2019") ended 31 December 2019.

Financial Highlights

(S\$'000)	4Q2019	4Q2018	Change	FY2019	FY2018	Change
Revenue	167,352	184,195	(9.1)%	673,791	726,795	(7.3)%
Gross Profit	18,521	19,175	(3.4)%	74,321	87,133	(14.7)%
Gross Profit Margin (%)	11.1	10.4	0.7 pts	11.0	12.0	(1.0) pts
Net profit	2,706	10,559	(74.4)%	7,988	29,758	(73.2)%
Core Net Profit (excluding FX gains/losses, retrenchment costs, onerous rental, penalties on early termination of rental contracts, gains on the disposal of PPE, allowance for impairment on PPE)	5,047	1,743	189.6%	11,853	20,914	(43.3)%
Net Asset Value per Share (Sing \$)	1.93	2.00	(3.5)%	1.93	2.00	(3.5)%

Amid challenging market conditions, the Group reported a 7.3% year-on-year ("yoy") decline in revenue to S\$673.8 million for FY2019. Within the Automotive segment, the Group continued to be impacted by the global slowdown in automotive sales and certain projects reaching end-of-life. Revenue from the Automotive segment declined 9.2% yoy to S\$245.1 million for FY2019.

Similarly, the Group's Consumer/IT segment was impacted by a slowdown in demand from customers. In addition, the Group had made a deliberate and strategic decision to shift away from lower-margin projects to focus on more complex engineering projects. Accordingly, revenue from the Consumer/IT segment declined 7.7% yoy to S\$253.0 million for FY2019.

¹ Based on the closing price of \$1.27 on 27 Feb 2020

Within the Healthcare segment, revenue increased 1.0% yoy to S\$57.3 million for FY2019. This was attributed to new projects from both new and existing customers.

Continuing the turnaround from the loss-making 2Q2019 to returning to profitability in 3Q2019, gross profit margin expanded from 10.4% for 4Q2018 to 11.1% for 4Q2019 driven by a change in product mix, tightening cost controls and the completion of relocation of the Group's parts operations from one plant in Shanghai to Chuzhou.

The Group reported a 74.4% yoy decline in net profit to S\$2.7 million for 4Q2019. However, excluding the impact arising from foreign exchange gains/losses, retrenchment costs, onerous rental, penalties on the early termination of rental contracts, gains on the disposal of property, plant and equipment ("PPE") and allowance for impairment on PPE, the Group reported a 189.6% yoy increase in core net profit to S\$5.0 million for 4Q2019. For 3Q2019, the Group reported core net profit of S\$5.6 million following a loss making 2Q2019 and core net profit of S\$1.9 million for 1Q2019.

(S\$'000)	4Q2019	4Q2018	Change (%)
Profit for the period	2,706	10,559	(74.3)
Adjustments:			
Net foreign exchange loss/(Gain)	1,004	(237)	n.m.
Retrenchment costs	676	3,926	(82.8)
Onerous rent ²	67	-	n.m.
Penalty on the early termination of rental contracts	354	-	n.m.
Net loss on disposal of PPE	22	68	(67.6)
Net gain on disposal of property	-	(13,125)	n.m.
Allowance for impairment on PPE	218	552	n.m.
Core Net Profit	5,047	1,743	189.6

Group CEO & Executive Director Mr Khoo Boo Hor said, *"For FY2019, we were impacted by the global slowdown in the automotive segment and overall weakening demand. In addition, we were further impacted by the shift of our operations from Shanghai to the lower-cost region of Chuzhou which led to a duplication of costs and the launch of our new plant in Penang which led to lower levels of overall utilisation."*

"Since 3Q2019, we have begun to turnaround our operations with a key focus on tightening cost controls and enhancing operational efficiency. This momentum continued in 4Q2019 as seen via improved levels of profitability, despite the decline in revenue. Amid a challenging business environment and the onset of Covid-19 which has caused major disruptions across global supply chains, we will continue to tighten cost controls while aggressively pursuing new projects."

²Onerous rent refers to rent paid at the Group's operations in Shanghai and Thailand despite the shifting of operations from these locations. The Group was required to pay rent at these vacant premises till the contracts expired in 4Q2019.

While the slowdown across global automotive markets and slowing demand from customers have weighed on our Automotive and Consumer/IT segments, we remain positive on our Healthcare segment as we have secured new projects from both new and existing customers.

Notwithstanding the difficult market conditions, we remain confident in our resilient business model and healthy balance sheet as the long-term sustainability of our operations remain on track. As a mark of confidence in the Group's long-term growth strategies, the Board has declared a final dividend of 5 Singapore cents per share, bringing total dividends for FY2019 to 8 Singapore cents per share (FY2018: 8 Singapore cents per share)."

- The End -

About Sunningdale Tech Ltd. (Bloomberg Code: SUNN:SP)

Sunningdale Tech Ltd is a leading manufacturer of precision plastic components. The Group provides one-stop, turnkey plastic solutions, with capabilities ranging from product & mould designs, mould fabrication, injection moulding, complementary finishings, through to the precision assembly of complete products.

Boasting a total factory space of more than 3 million sq feet, with more than 1000 injection moulding machines and a tooling capacity of 2,500 moulds per year, Sunningdale Tech is focusing on serving four key business segments – automotive, consumer/IT/environment, healthcare and tooling.

With manufacturing facilities across Singapore, Malaysia (Johor, Penang), China (Chuzhou, Guangzhou, Shanghai, Suzhou, Tianjin and Zhongshan), Latvia (Riga), Mexico (Guadalajara), Indonesia (Batam), Thailand (Rayong), India (Chennai) and Brazil (Atibaia). Sunningdale Tech is strategically positioned to target and capture opportunities in diverse business sectors globally using third-party logistic partners.

For more information, please visit <http://www.sdaletech.com>.

Issued for and on behalf of Sunningdale Tech Ltd. by Financial PR

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