

Sunningdale completes Penang facility as planned and reports revenue of S\$169.0 million for 1Q2018

- Construction of the Group's 20th manufacturing facility in Penang completed as planned at end 1Q2018; pilot runs for mass production in the Consumer/IT segment scheduled for ramp up in the second half of 2018 have commenced
- Robust operating cash flow generation contributed to a cash balance of S\$105.4 million while the Group continues to reinvest in the future to stay relevant
- Foreign exchange fluctuations in the Group's key operating currencies such as US Dollar, Chinese Yuan and Malaysian Ringgit weighed on top and bottom-line performances

SINGAPORE – 23 April 2018 – Singapore Exchange Mainboard-listed Sunningdale Tech Ltd. ("Sunningdale Tech" or "the Group"), a leading manufacturer of precision plastic components, announced its financial results for the first quarter ("1Q2018") ended 31 March 2018.

Financial Highlights

(S\$'000)	1Q2018	1Q2017	Change
Revenue	168,974	171,781	(1.6)%
Gross Profit	21,409	25,851	(17.2)%
Gross Profit Margin (%)	12.7	15.0	(2.3) pts
Net profit	1,940	7,698	(74.8)%
Net Profit Margin (%)	1.1%	4.5%	(3.4) pts
Net Profit (Excluding one-off gains/costs & FX gains/losses)	7,109	9,547	(25.5)%
EBITDA*	15,324	19,049	(19.6)%
Earnings per Share - Basic (Sing cents)	1.03	4.09	(74.8)%
Net Asset Value per Share (Sing \$)	1.98	1.86	6.5%

*EBITDA=Gross profit - G&A + depreciation + one-off SG&A expenses excluding JV profit/loss

Amid challenging market conditions and rising competition, the Group reported a stable revenue of S\$169.0 million for 1Q2018. While growth was registered across the Group's Automotive, Healthcare and Mould Fabrication segments, overall top-line performance was weighed down by the decline in the Consumer/IT segment.

Revenue from the Group's Automotive segment increased 2.9% yoy to S\$69.3 million while the Healthcare segment increased 3.1% yoy to S\$14.1 million. Similarly, revenue from the Mould Fabrication segment improved 11.5% yoy to S\$27.7 million.

Conversely, revenue from the Consumer/IT segment decreased 12.2% yoy to S\$57.8 million. This was attributed to declining demand and end-of-life for certain projects. It was a challenging comparison because in 1Q2017 orders were pulled up which resulted in higher-than-expected revenue recorded then. However, the Group expects new projects within the Consumer/IT segment to ramp up progressively in the second half of FY2018.

During the quarter, the Group was impacted by foreign exchange losses stemming from the weakening of the USD against the Chinese Renminbi, Malaysian Ringgit and Singapore Dollar. If exchange rates had remained the same as 1Q2017, an additional S\$4.5 million would have been added to the Group's top-line.

Despite continued improvements to operational efficiency, the Group's gross profit declined 17.2% yoy to S\$21.4 million while gross margin declined to 12.7%. This decline was due primarily to lower utilisation levels as a result of lower orders in the Consumer/IT segment. Furthermore, if exchange rates had remained the same as 1Q2017, the Group would have reported an additional S\$2.8 million gross profit while gross margin would have been at 14.0%.

(S\$'000)	1Q2018	1Q2017	Change
Profit for the period	1,940	7,698	(74.8)%
Adjustments:			
Foreign exchange loss	5,205	2,123	n.m.
Retrenchment costs	-	113	n.m.
Gain on disposal of PP&E	(36)	(387)	n.m.
Core net profit	7,109	9,547	(25.5)%

During 1Q2018, the Group suffered foreign exchange losses of S\$5.2 million as compared to foreign exchange losses of S\$2.1 million for 1Q2017. This was primarily attributed to the depreciation of the US Dollar against the respective functional currencies of the Group's entities. Excluding the impact of foreign exchange losses, one-off disposal gains and retrenchment costs, the Group's core net profit declined 25.5% yoy to S\$7.1 million.

The Group continued to generate strong positive operating cash flows of S\$6.9 million for 1Q2018. This contributed to balance sheet strength with cash and cash equivalents amounting to S\$105.4 million.

Commenting on the latest quarter's financial performance, **Group's CEO & Executive Director, Mr Khoo Boo Hor**, *"Our profitability during the quarter suffered as a result of macroeconomic factors. In particular, greater-than-average fluctuations ranging from seven to ten percent in our key operating currencies, namely US Dollar, Chinese Yuan and Malaysian Ringgit weighed on both our top and bottom-line performances. We are cognisant of the adverse impact caused*

by such volatility and will continue to monitor the situation closely. This includes exploring all options available to mitigate the impact in order to ensure earnings stability.

Such challenges will however create a level playing field over time as all industry players will face the same prevailing issue. As such, we remain confident and focused on driving long-term value and sustainability underpinned by our resilient business model. We continue to chart steady growth as our global manufacturing footprint and competitive edge as a leading one-stop precision plastic engineering company allow us to win new projects across a diverse range of blue-chip customers globally.”

Looking ahead, the Group continues to reinvest in technology and new machinery in order to stay ahead of the curve in a dynamic business environment where change is the only constant. To that end, CAPEX rose to S\$13.2 million for 1Q2018.

Despite the slowdown in the Consumer/IT segment during the quarter, there are plans to progressively ramp up production for new projects within this segment that will carry through to the second half of 2018. This is supported by the latest opening of the Group’s 20th manufacturing facility located at Penang, Malaysia. Being strategically located in close proximity to the Group’s customers, capacity would be added progressively to support new contract wins. Over-time, this latest facility is also expected to serve customers in the Group’s other two business segments –Automotive and Healthcare.

In conclusion, **Mr Khoo** added, ***“Our order book is stable as existing organic growth initiatives have led to queries from new and existing customers who are confident in our ability to handle challenging projects on a global scale.***

Heading into the remainder of the year, we are vigilant of the headwinds such as foreign exchange volatility and rising labour costs. Our focus on boosting the productivity and operational efficiency of our core operations continues to garner momentum. While the business environment and macroeconomic uncertainty present challenges to our operations, we remain confident in the Group’s long-term sustainability and profitability.”

- 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.



Sunningdale Tech Ltd
51 Joo Koon Circle
Singapore 629069
Co Reg No. 199508621R

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

For more information please contact: James BYWATER

Email: tech@financialpr.com.sg Tel: (65) 64382990 Fax: (65) 64380064