



InnoTek Limited

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InnoTek Achieves Q3'18 Net Profit of S\$7.1 Million Due to Manufacturing Automation and Sales Growth

S\$'000	Q3'18	Q3'17	Change %	9M'18	9M'17	Change %
Revenue	62,506	56,345	10.9	162,484	156,530	3.8
Gross Profit	16,624	12,166	36.6	34,614	29,591	17.0
Gross Profit Margin (%)	26.6	21.6	5.0ppt*	21.3	18.9	2.4ppt*
Profit before Tax	9,315	5,874	58.6	14,827	10,517	41.0
Net Profit	7,122	3,992	78.4	12,952	7,063	83.4
Earnings Per Share (Singapore cents)	3.15	1.78	77.0	5.76	3.15	82.9

* ppt denotes percentage points

SINGAPORE, 13 November 2018 –InnoTek Limited (“InnoTek” or the “Group”) announced today that its net profit for the three months ended 30 September 2018 (“Q3'18”) increased to S\$7.1 million from S\$4.0 million a year ago, on the back of manufacturing automation for its stamping business and strong sales in precision machining.

The SGX Mainboard-listed precision metal components manufacturer said its revenue for Q3'18 increased to S\$62.5 million, up 10.9% from S\$56.3 million in Q3'17. While turnover for precision components was slightly higher than Q3'17, the Group's precision machining segment performed well due to increased sales of car display panels, as well as heat sinks for use in TVs and computers. It also benefited from a one-off order for commercial display panel in Q2'18, for which production continued in Q3'18.

During the quarter, both the office automation (“OA”) segment and the automotive segment maintained stable growth. The Group's newly secured automotive projects have begun, or are scheduled to commence, mass production in the second half of 2018 (“2H'18”) or in FY'19. The Group's TV back panel business also performed well during the quarter, with seasonal growth despite lower demand and intense competition in China.

Gross profit for Q3'18 rose 36.6% to S\$16.6 million from S\$12.2 million in Q3'17, while gross profit margin edged up to 26.6% in Q3'18 from 21.6% in Q3'17. This was largely due to higher sales from the precision machining segment, increased manufacturing automation, and various employee incentives for cost reduction and improved productivity.

For the nine months ended 30 September 2018 (“9M'18”), the Group posted a net profit of S\$13.0 million, an increase of S\$5.9 million from S\$7.1 million in 9M'17. Its bottom-line benefited from the reversal of a 2017 tax provision amounting to S\$2.1 million (RMB9.9 million) as well as lower foreign exchange losses.

Revenue for 9M'18 was S\$162.5 million, a slight increase from S\$156.5 million in 9M'17. In terms of Hong Kong dollars (“HK\$”) – which weakened against the Singapore dollar year-on-year – revenue increased to HK\$949.0 million, up 8.0% from HK\$878.3 million previously.

Earnings per share increased to 5.76 Singapore cents in 9M'18 from 3.15 cents in 9M'17. As at 30 September 2018, the Group had cash and short-term deposits of S\$46.3 million and a net asset value of 62.9 Singapore cents per share.

The Group's core business, Mansfield Group ("Mansfield"), officially opened its plant in Rayong, Thailand ("Mansfield Thailand") in June 2018 and has already begun local shipments with support from the Group's Dongguan plant. It aims to start its own production in December 2018.

Mansfield's plant in Weihai, China ("Mansfield Weihai") has also secured key customers and commenced local production, but now faces serious challenges due to intense price competition and adjustments to certain important customers' supply chain management. In view of these factors, which have affected the supply-demand equation, the Group's management has decided that Mansfield Weihai will gradually reduce production and withdraw from Weihai in the near future.

Commenting on the Group's performance, Mr Lou Yiliang, Chief Executive Officer of InnoTek, said: "Despite ongoing challenges in the operating environment, such as unstable raw material prices, labour costs and the Sino-U.S. trade war, our prudent approach to business has paid off with this quarter's strong performance. We will continue to expand our suite of offerings, ramp up research and development, and increase manufacturing automation to improve output. This will form a strong foundation for future growth."

"The Group will seek to increase our market share in office automation by shifting from single-component supply to assembly supply. We are also committed to developing our automotive business and will commence mass production for more clients in this sector next year," he added.

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

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