

InnoTek 1H'23 Net Profit of S\$3.1 Million Reverses S\$1.7 Million Net Loss as GP Margin Rises; Strategic Initiatives Gain Momentum Despite Slower Growth in China

S\$'000	1H'23	1H'22	Change %
Revenue	92,861	84,441	10.0
Gross Profit	15,659	11,559	35.5
Gross Profit Margin (%)	16.9	13.7	3.2 ppt*
Profit/(Loss) before Tax	3,811	(1,645)	NM^
Net Profit/(Loss) after Tax	3,106	(1,668)	NM
(Loss)/ Earnings Per Share (Singapore cents)	1.49	(0.72)	NM

* ppt denotes percentage points

^ NM denotes Not Meaningful

SINGAPORE, 14 August 2023 – InnoTek Limited (“InnoTek” or the “Group”) announced today net profit for the six months ended 30 June 2023 (“1H'23”) of S\$3.1 million, reversing a loss a year earlier, on the back of higher revenue and improved margins as its strategies to expand its customer base and move up the value chain gained momentum despite slower economic growth in China.

Revenue rose 10.0% to S\$92.9 million in 1H'23 from S\$84.4 million a year ago, mainly due to higher turnover from Office Automation (“OA”) and emerging segments. The Group secured new projects while sales from key customers, and improved productivity after the pandemic to meet the growing demand.

The SGX Mainboard-listed precision metal components manufacturer is also reaping success from its efforts to move up the value chain, with its sub-assembly business gaining business momentum. Meanwhile, InnoTek recorded higher revenue contributions from other businesses, as it commenced mass production of metal casings for high-end graphics processing unit (GPU) servers, as well as ramping up the production of gaming machines.

The increase was offset by lower sales in the Automotive and TV/Display segments. The former segment was impacted by uncertainties in the Chinese market caused by the price war, strong EV penetration, foreign brand losing market share, and delayed orders from overseas customers. The latter saw sluggish demand in the European market, coupled with lower order flows as customers continue to digest inventory, partially mitigated by new product launches.

1H'23 gross profit grew 35.5% to S\$15.7 million from S\$11.6 million a year ago, outpacing revenue growth, as the Group improved production efficiency and yield rates while emphasising quality control. Gross profit margin rose to 16.9% in 1H'23 from 13.7% a year ago.

Earnings per share rose to 1.49 Singapore cents for 1H'23, a reversal from a loss per share of 0.72 Singapore cents for 1H'22, while net asset value per share slightly decreased to 74.9 Singapore cents as at 30 June 2023 from 76.4 cents as at 31 December 2022.

InnoTek wins Supplier of the Year Awards

InnoTek also announced that it was named “Supplier of the Year” by three separate companies, of which two are Tier-1 Automotive companies (Continental and Vitesco Technologies) – the first time InnoTek has received awards from this sector – with the third being InnoTek’s fourth consecutive win from a valued long-term partner, Ricoh.

Mr. Lou Yiliang, InnoTek’s Chief Executive Officer, said: “We are extremely delighted to receive not one but three highly prestigious awards which recognise InnoTek’s commitment to quality products, exceptional service, and strong ability to adapt and support our valued customers.

“I am elated that we were amongst six winners, and the only stamping parts supplier, out of 17,000 global vendors to receive this award from Vitesco Technologies. The awards are a testament to the excellent work of the InnoTek team and motivate us to continue providing innovative products and solutions in the years ahead.”

Outlook

On the outlook, the OA sector saw a short-term boost in demand, offsetting a longer-term trend toward a shift of manufacturing activities from China to Southeast Asia. In response, the Group will continue to enhance its sub-assembly business to maintain, if not improve, margins.

The Group expects the TV/Display sector to improve, as key customers are projected to maintain their market share within the high-end TV market. The Group is improving technical capabilities, upgrading products, and maintaining a low-cost structure to maintain its competitive edge.

On the Automotive front, continued uncertainties have led to challenging short-term demand in the Chinese and overseas markets. The Group is also accelerating its foray into emerging industries such as medical equipment, GPU servers for AI applications, and gaming machines.

Meanwhile, InnoTek's facility in Rayong, Thailand, has been actively enhancing capacity to secure new OA orders and strengthen its foothold in the region. Its facility in Bac Ninh, Vietnam, has successfully commenced production of TV bezels in the first half of 2023 and is expected to ramp up production in the coming months.

"We are pleased that our strategies have resulted in a strong recovery in 1H'23. Building on the momentum of an encouraging first half, the Group will continue to improve Quality, Cost, Delivery, and Service ("QCDS"), and we will continue to grow our customer base and product portfolio, improve operational efficiencies and strengthen our track record as a reliable partner, especially in the EV sector," added Mr Lou.

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, one facility in Rayong, Thailand, and two facilities in Vietnam. The Group's wholly-owned subsidiary, Mansfield Manufacturing Company Limited, provides precision metal stamping, commercial tool and die fabrications and precision machining works to a strong and diversified base of international end-customers.

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

InnoTek Limited contact:

160 Robinson Road, SBFC #24-12

Singapore 068914

Tel: (65) 6535 0689

Fax: (65) 6533 2680

Ivy Neo, innotek@innotek.com.sg

Investor Relations contact:

WeR1 Consultants Pte Ltd

1 Raffles Place, #02-01, One Raffles Place Mall
Suite 332, Singapore 048616

Tel: (65) 6721 7161

Isaac Tang, innotek@wer1.net