

Koda posts higher revenues; maintains profitability and declares higher cash dividends for FY2019

- Revenues rose 10.5% y-o-y to US\$57.9 million and achieved Net Profit of US\$5.3 million;
- Generates positive operating cash flows of US\$5.4 million and bolstering a higher cash position of US\$13.4 million
- Declares a final dividend and a special final dividend totaling 2.00 Singapore cents, increasing the total dividends for FY2019 to 2.50 Singapore cents per share (FY2018: 1.75 Singapore cents per share)

	FY2019	FY2018	Change (%)
	US\$'000	US\$'000	
Revenue	57,892	52,400	10.5
Gross Profit	18,244	18,591	(1.9)
Net Profit After Tax	5,309	5,413	(1.9)

Singapore, 29 August 2019 – Mainboard-listed Koda Ltd (“Koda” or the “Group”), a leading original design manufacturer of furniture and owner of the retail and distribution brand, Commune Lifestyle Pte Ltd (“Commune”), has announced its financial results for 12 months ended 30 June 2019 (“FY2019”).

Higher sales from key export markets continues to drive topline growth for the Group as revenue increased to US\$57.9 million for FY2019. While revenue rose 10.5% year-on-year (y-o-y), increased costs of material and labour along with a change in sales mix and research and development costs saw the Group recording higher cost of sales. Overall, the Group posted net profit after tax of US\$5.3 million for FY2019, quite close to the preceding year.

Stemming from favourable core business performance and efficient working capital management, the Group continued to generate positive operating cash flows of US\$5.4 million for FY2019. The overall financial position improved as at 30 June 2019 with a higher cash balance of US\$13.4 million (30 June 2018: US\$10.5 million) and lower gearing ratio of 0.01 (30 June 2018: 0.02).

The planned rollout of 100 *Commune* stores by 2020 remains on track with its ongoing product development efforts to expand customer segments. Operationally, the Group will continue to focus on supply chain management and invest in improving manufacturing efficiency.

Commenting on the Group’s FY2019 financial results, **Mr James Koh, Managing Director and Deputy Chairman of Koda** said, *"The US-China trade war does not present a short-term negative impact on our manufacturing business, as we do see more sourcing from Vietnam factories like ours for the time being. However, we expect this factor to escalate competition, leading to rising costs over a longer term. In view of these potential headwinds, we intend to integrate our supply chain more effectively with other sub-contracting networks, so as to expand our eco-system beyond our existing facilities in Malaysia and Vietnam."*

Elaborating on Commune's expansion initiatives, **Mr Joshua Koh, CEO of Commune** said, "*China's slowing economy in recent times has resulted in a slowdown in the pace of growth and erosion of margins due to the weakening RMB. However, we still see positive growth coming from this market with interest coming back for new shop openings. Beyond China, we will look at expanding our brand reach across Asia and the rest of world to diversify our revenues base. We will also continue to invest in digitalisation to differentiate ourselves from regular furniture brands as seen in our recent launch of our Commune In-Motion consumer experience which provides our customers with a seamless omni-channel experience.*"

As a mark of confidence in the Group's long-term prospects, the Board of Directors declares a final dividend and a special final dividend totaling 2.00 Singapore cents, increasing the total dividends for FY2019 to 2.50 Singapore cents per share (FY2018: 1.75 Singapore cents). This represents a payout ratio of 0.29 for FY2019 (FY2018: 0.16).

- The End -

About Koda Ltd

Established in Singapore and founded in 1972, Koda is backed by a management team with combined experience of close to a century and recognised as a leading Original Design Manufacturer in the world. Koda is a strong contender for home furniture exports and is possibly the largest dining room furniture exporter in Southeast Asia. Koda's range of design-intensive products exudes individuality, sophistication and elegance.

Koda is well-known for its strength in design – leading to appreciation from upscale customers worldwide for its aesthetically pleasing and functional pieces. With proven market experience, strong product development and significant in-house design expertise, Koda is able to offer an extensive range of product models to customers all over the world.

Consistent business strategies and focused growth initiatives differentiate Koda from others. Koda has been emphasising cost-effective expansion, and its enlarged production in Vietnam and sourcing facilities in China enhance its cost competitiveness. In addition to its growing base in Vietnam, the Group has another manufacturing base in Malaysia which specialises in a certain range of products.

About Commune Lifestyle Pte Ltd

Established in 2011, Commune Lifestyle Pte Ltd is a wholly owned subsidiary of Koda. As an in-house brand focusing on retail products, it is managed by the third generation of the founding Koh family and has presence in Singapore, Malaysia, China and Australia.

There are currently a total of 67 *Commune* outlets – four owner-operated stores in Singapore, four distributor-retail ("DR") stores in Malaysia, 56 DR stores in China, one DR store each in the Philippines and Hong Kong, and one brand-in-store presence in Australia.

Issued for and on behalf of Koda Ltd by Financial PR

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