

## InnoTek 1H'19 Net Profit Rises 32.6% To S\$7.73 Million Despite Lower Revenue; Operating Environment Increasingly Challenging

S\$'000	Q2'19	Q2'18	Change %	1H'19	1H'18	Change %
<b>Revenue</b>	45,092	52,366	(13.9)	89,327	99,978	(10.7)
<b>Gross Profit</b>	10,361	10,563	(1.9)	19,929	17,990	10.8
<b>Gross Profit Margin (%)</b>	23.0	20.2	2.8 ppt*	22.3	18.0	4.3 ppt*
<b>Net Profit before Tax</b>	4,682	4,657	0.5	9,120	5,512	65.5
<b>Net Profit before exceptional gain</b>	3,837	3,636	5.5	7,579	3,753	101.9
<b>Net Profit</b>	3,837	5,713	(32.8)	7,728	5,830	32.6
<b>Earnings Per Share (Singapore cents)</b>	1.70	2.53	(32.8)	3.41	2.60	31.2

\* ppt denotes percentage points

**SINGAPORE, 13 August 2019 – InnoTek Limited** (“InnoTek” or the “Group”) today announced that its net profit rose 32.6% or S\$1.9 million to S\$7.7 million for the six months ended 30 June 2019 (“1H'19”) compared to a year ago despite lower revenue and an increasingly challenging operating environment for all three main business segments in China.

Net profit before exceptional gain was S\$7.6 million for 1H'19 compared to S\$3.8 million in 1H'18. The exceptional gain in 1H'18 was a write-back of S\$2.1 million tax provision made in 2017 for obtaining a three-year tax concession.

The Singapore Exchange Mainboard Listed precision metal components manufacturer said the profit growth was achieved on 1H'19 revenue of S\$89.3 million, which was 10.7% lower than S\$100 million in 1H'18. Overall, demand for automotive products declined amidst market consolidation; sale of TV bezels declined amidst replacement by plastic for TV panels smaller than 55-inch; and the migration out of China to Southeast Asia by Japanese Office Automation (“OA”) manufacturers continues to gather pace.

Despite the decline in revenue, gross profit increased to S\$19.9 million, up 10.8% from S\$18.0 million for the comparative period a year ago. Gross profits margin increased by over four percentage points to 22.3% in 1H'19 from 18.0% in 1H'18 mainly due to reduced headcount and improved production efficiency which resulted in lower direct and indirect wages, as well as changes in design of component parts and product mix.

For the three months ended 30 June 2019 (“Q2'19”), the Group reported a profit before exceptional gain of S\$3.8 million while revenue declined 13.9% to S\$45.1 million in Q2'19, compared to revenue of S\$52.4 million in Q2'18. The decline was due to the lower sales across the three segments and a one-time current commercial display products order reaching its tail-end.

Earnings per share for Q2'19 reduced to 1.70 Singapore cents from 2.53 Singapore cents in Q2'18. The Group's net asset value per share increased to 67.6 cents as at 30<sup>th</sup> June 2019 from 66.1 cents as at 31<sup>st</sup> December 2018.

On the TV segment, while there is a shift towards plastic for TV bezels below 55 inches, the Group expects that demand will remain for larger-size HDTV bezels. The business has been further impacted by the end-of-life for heatsinks and commercial display programmes.

As concerns of the Sino-U.S. trade dispute increase, some Japanese OA customers who are transferring production to Southeast Asia are consolidating their suppliers, with more emphasis on cost control.

Mr Lou Yiliang, InnoTek's Chief Executive Officer, said: "As the Sino-US trade dispute continues to intensify bringing about uncertainties to the global economy, China economy is expected to face a downturn. The Group is moving ahead cautiously. Both revenue and profit will be impacted in the second half of 2019 compared to the same period in the previous year."

**## 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 and one facility in Rayong, Thailand, 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](http://www.innotek.com.sg)

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