



SAMURAI 2K AEROSOL LIMITED
(Company Registration Number 201606168C)
(Incorporated in the Republic of Singapore)

MEDIA RELEASE

Samurai 2K Aerosol reported a weaker performance in the first half of FY2020 with net profit of RM3.2 million

- For the first half of FY2020 (“1H FY2020”), Samurai reported a net profit of RM3.2 million compared to a net profit of RM7.7 million a year ago in 1H FY2019.
- Overall earnings fell on weaker revenue which decreased by 26% between 1H FY2019 and 1H FY2020 as 1H FY2019 revenue was buoyed strong sales volume.
- However, gross profit margins expanded a little, from 46% in 1H FY2019 to 47% in 1H FY2020 on firmer average selling prices.
- Management is expecting a challenging operating environment for the coming 12 months but will continue to look for opportunity to expand into new markets, tighten cost further and develop more innovative products. The Group has secured patents for its unique single head 2K aerosol system in US, EU and other key jurisdictions including Japan and the People’s Republic of China more recently.

(RM'000)	1H FY2020	1H FY2019	% Change
Revenue	28,443	38,376	-26%
Gross profit	13,253	17,600	-25%
Net profit attributable to shareholders	3,204	7,886	-59%

SINGAPORE, [14] November 2020 – Samurai 2K Aerosol Limited (“**Samurai**” and together with its subsidiaries, the “**Group**”), a producer of automotive aerosol paints and aerosol solution specialist, reported weaker year-on-year 1H FY2020 performance. Revenue fell from RM38.4 million in 1H FY2019 to RM28.4 million in 1H FY2020 as underlying sales volume dipped by 28%. 1H FY2019 revenue was particularly strong, buoyed by some inventory building in key markets including Malaysia due to a “GST holiday” in July and August 2018. Consequently, earnings were affected and net profit attributable to shareholders fell 59% from RM7.9 million in 1H FY2019 to RM3.2 million in 1H FY2020.

(RM'000)	2Q FY2020	2Q FY2019	% Change
Revenue	16,552	32,578	-49%
Gross profit	7,815	15,500	-50%
Net profit attributable to	1,851	9,562	-81%

shareholders

Thanks to a strong revenue base in 2Q FY2019, net profit attributable to shareholders for 2Q FY2019 was a sterling RM9.6 million, a performance not repeated in the latest second quarter. Therefore, compared to a year ago, 2Q FY2020 net profit attributable to shareholders fell 81% to RM1.9 million.

Encouragingly, gross profit margins firmed up marginally, from 46% in 1H FY2019 to 47% in 1H FY2020. Quarter-on-quarter, gross profit margins also improved a little, from 46% in 1Q FY2020 to 47% in 2Q FY2020. Net profit attributable to shareholders also strengthened quarter-on-quarter, from RM1.3 million in 1Q FY2020 to RM1.9 million in 2Q FY2020 or by 37%.

All in all, the Board of Director of the Company expects the Group's operating environment and condition to be challenging for the next 12 months due to trade barriers and pending impact on global trade. Nevertheless, the Group continues to make efforts to explore new market opportunity, tighten cost and develop more innovative products to maintain its competitiveness and to enhance the Group's market position strategically.

For the longer term, the Group continues to study the various commercial options so as to better maximise the value of its single head 2K aerosol system patents. To date, the Group have successfully patented the single head 2K aerosol system in the US, Canada, Russia, Singapore, South Korea, New Zealand, Japan and, most recently, in the People's Republic of China.

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This news release is to be read in conjunction with the Company's results announcement for 1HFY2020 posted on the SGX website on 14 November 2019.

About Samurai 2K Aerosol Limited

The Group is a leading aerosol coating specialist with a focus on high performance coating solutions for the automotive refinishing and refurbishing industry. We are principally engaged in the manufacturing, distribution and marketing of our products under our own brands, including "Samurai 2K", "Samurai", "Kurobushi", "Khameleon", "Canbrush", Ninjutsu, "Geigi", "CanArt" and "Bushido". In addition to the two-wheelers in the emerging markets, the Group is making foray into the North American automotive market.

Issued by **Samurai 2K Aerosol Limited**

This announcement has been prepared by Samurai 2K Aerosol Limited (the “Company”) and its contents have been reviewed by UOB Kay Hian Private Limited (the “Sponsor”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalyst.

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