



# InnoTek Limited

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## InnoTek Records 9 Months Net Profit of S\$12.4 Million; Gross Profit Margin Increases to 22.4% amidst Challenging Conditions

- 9 months net profit of S\$12.4 million amidst challenges rise due to Sino-U.S. trade war and slower economic growth in China
- Gross profit margin increases to 22.4% attributed by the continued process improvements, automation and reduced headcount

S\$'000	Q3'19	Q3'18	Change %	9M'19	9M'18	Change %
Revenue	46,405	62,506	(25.8)	135,732	162,484	(16.5)
Gross Profit	10,421	16,624	(37.3)	30,350	34,614	(12.3)
Gross Profit Margin (%)	22.5	26.6	(4.1) ppt*	22.4	21.3	1.1 ppt*
Profit before Tax	5,469	9,315	(41.3)	14,589	14,827	(1.6)
Net Profit	4,680	7,122	(34.3)	12,408	12,952	(4.2)
Earnings Per Share (Singapore cents)	2.07	3.15	(34.3)	5.48	5.76	(4.9)

\* ppt denotes percentage points

**SINGAPORE, 11 November 2019 – InnoTek Limited** (“InnoTek” or the “Group”) announced today a net profit of S\$12.4 million for the nine months ended 30 September 2019 (“9M’19”) amidst challenging conditions due to the Sino-U.S. trade war, slower economic growth in China and relocation of customers to Southeast Asia. It also reported higher gross profit margin attributed to the continued process improvements, automation and headcount reduction.

The Singapore Exchange Mainboard-listed precision metal components manufacturer said 9M’19 net profit declined to S\$12.4 million from S\$12.9 million a year earlier. This is compared with a 16.5% fall in revenue to S\$135.7 million from S\$162.5 million over the comparative periods.

Nonetheless, gross and net profit saw a significantly smaller decline compared to revenue, after recent investments in automation and employee incentives boosting productivity. As a result, gross profit margin increased to 22.4% for 9M’19, up 1.1 percentage points from 21.3% a year ago.

For the three months ended 30 September 2019 (“3Q’19”), the Group’s revenue declined 25.8% to S\$46.4 million from S\$62.5 million for 3Q’18. In line with lower revenue, net profit fell to S\$4.7 million from S\$7.1 million over the comparative periods.

With the exception of TV back panels, revenue across the Group's business segments for the quarter were negatively impacted. InnoTek's precision machining segment saw lower orders for TV bezels amidst a shift to plastic from metal for panels under 55 inches while commercial display products and heatsink orders are coming to the end of production.

Economic and trade war uncertainty have impacted auto products, leading to lower revenue amidst reports that China's year-on-year car sales have declined for a 15<sup>th</sup> consecutive month. This has led some customers to bring forward end-of-life of their existing product, while delaying the launch of new products. The Group expects new auto programmes to be launched next year.

In response to more Office Automation customers shifting production from China to Southeast Asia, the Group's plant in Rayong, Thailand is currently undergoing stringent audits to ensure quality standards are in place. Mass production is expected to begin in early 2020.

Earnings per share decreased to 5.48 Singapore cents in 9M'19 from 5.76 cents in 9M'18. The Group's net asset value per share increased to 68.9 Singapore cents per share as at 30 September 2019 from 66.1 cents as at 31 December 2018.

Mr Lou Yiliang, Chief Executive Officer of InnoTek, said: "We are facing a very uncertain operating environment with challenges coming from many fronts. The Group will continue to focus on our core competencies, expand our customer base, increase production automation and reduce headcount."

**## 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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