



EG Industries Berhad (222897-W)

Plot 102, Jalan 4, Bakar Arang Industrial Estate, 08000 Sg. Petani, Kedah D.A., Malaysia.

Tel: + 604 - 4229881 Fax: + 604 - 4229885

PRESS RELEASE

EG Industries optimistic of charting growth in the second half of FY2018

- *Reports 2Q18 net profit of RM4.06 million on revenue of RM254.5 million*
- *Revenue rose 1.6% to RM502.4 million for 1H18*
- *Expects sales for data storage products to normalise in 3Q18*

Sungai Petani, Kedah, Malaysia, 27 February 2018 - Electronic Manufacturing Services (EMS) provider EG Industries Berhad (EG Industries; EG 工业; Bloomberg: EG:MK; Reuters: EGCM.KL) is optimistic of charting growth in the second half of the financial year ending 30 June 2018 (FY2018) despite posting net profit of RM4.1 million in the second quarter ended 31 December 2018 (2Q18) from RM7.6 million a year ago on revenue of RM254.5 million from RM259.7 million previously.

For the first half ended 31 December 2017 (1H18), EG Industries' revenue rose 1.6% to RM502.4 million, from RM494.4 million previously on higher sales of consumer electronic products. However, 1H18 net profit declined 20.7% to RM11.7 million from RM14.8 million due to higher administrative expenses arising from corporate exercise expenses and higher depreciation costs from enlarged machinery base.

The financial performance in 2Q18 was affected by the change of a new complex product model with smaller components by its existing data storage customer, resulting to longer prequalification time due to change in procedures on product qualifications, functional test coverage and requirements. These factors led to overall lower sales of mass data storage products for its existing data storage customer. The Group also faced longer delivery time for components that resulted in delays in mass production project. However, the Group is still experiencing high demand for its consumer electronic products which has partially offset the decrease in revenue in 2Q18.

The mass-volume electronics segment of Printed Circuit Board Assembly (PCBA) made up 79.8% or RM401.0 million of 2Q18 group revenue, while the higher-value box-build segment contributed 20.2% or RM101.4 million to group revenue.

“We expect the sales of data-storage products to normalize, with sales resuming in February 2018. Having equipped ourselves with the latest technical knowhow and new requirements, we can ensure that long pre-qualification periods will be avoided going forward. We are also in various stages of pre-qualification for few product models with other multinational customers.

Furthermore, we will embark on higher automation to benefit from greater precision, output capacity and higher operational efficiency to meet customers' stringent demands. The commencement of our International Procurement Hub in December 2017 will also be part of our long-term strategy to enjoy economies of scale.”

Mr. Alex Kang (“江邦健”)
Group Chief Executive Officer and Executive Director
EG Industries Berhad



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About EG Industries Berhad (“EG 工业”, www.eg.com.my)

EG Industries is a leading Electronic Manufacturing Services (EMS) and Vertical Integration provider for world-renowned brand names of electrical and electronic products for several industries including consumer electronics, ICT, medical, automotive and telecommunications.

Listed as one of the top 50 EMS players in the world, EG Industries provides services in original equipment manufacturing and original design manufacturing with full turnkey solutions for completed final products assembly (box-build), printed circuit board assembly and modular components assembly.

The Group has a workforce of more than 2,300 employees in its manufacturing plants in Kedah, Malaysia and Prachinburi, Thailand.

Issued for and on behalf of EG INDUSTRIES BERHAD by Aquilas Advisory (Malaysia) Sdn Bhd. For media enquiries, please contact:

Ms. Julia Pong

E: julia@aquilas.com.my

Tel: 03-27111391 / 012-3909258