



# EG Industries Berhad (222897-W)

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

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## PRESS RELEASE

### **EG Industries acquires neighbouring land and factory for RM12.4 million**

- *Acquisition to expand Group's factory land area by approximately 80% from 31,000 sq m currently to 55,000 sq m*
- *4Q18 net profit rises 31.4% to RM2.9 million; FY2018 revenue increases to RM1.0 billion*

Sungai Petani, Kedah, Malaysia, 30 August 2018 - Electronic Manufacturing Services (EMS) provider **EG Industries Berhad** (EG Industries; EG 工业; Bloomberg: EG:MK; Reuters: EGCM.KL) is acquiring the property next to its present manufacturing facilities in Sungai Petani, Kedah for RM12.4 million to expand its production land area by approximately 80%.

EG Industries announced today that its subsidiary SMT Technologies Sdn Bhd (SMTT) had signed the Sale and Purchase Agreement with S&O Electronics (Malaysia) Sdn Bhd to acquire the land, together with the double-storey factory building and single-storey warehouse in Bakar Arang Industrial Estate, Sungai Petani.

The acquisition would increase EG Industries' factory land area by approximately 80%, from 31,000 square metre (sq m) currently to 55,000 sq m altogether.

“EG is clearly on the growth path; a fact that has been firmly established in recent years. From SMTT's main production base in 1993, we expanded in 2014 by buying the adjoining land and factory that forms EG Operations, and are now acquiring the facilities of our other neighbour.

The enlarged capacity through increased machinery fleet, production lines and larger workforce in the future would substantially increase our ability to take on higher sales orders to sustain our growth momentum going forward. Moreover, the strategic location of the land would enable greater streamlining across our operations, hence optimising our workflow processes to enhance cost-efficiency.

Ultimately, this exercise positions EG Industries favourably as a growth-centric player that is intent on becoming a regional leader in the vertically-integrated EMS sector for international clientele.”

**Dato' Alex Kang (“江邦健”),**  
**Group Chief Executive Officer and Executive Director of EG Industries Berhad**

The purchase price of RM12.4 million would be financed by internally generated funds and bank borrowings.



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The acquisition is subject to approvals from regulatory authorities. Barring unforeseen circumstances, the acquisition is expected to be completed by mid-2019.

## **Financial results for the fourth quarter and financial year ended 30 June 2018 (4Q18 and FY2018)**

EG Industries recorded 31.4% higher net profit to RM2.9 million in the fourth quarter ended 30 June 2018 (4Q18) from RM2.2 million previously, on account of higher-margin mix in its consumer electronics segment.

This was despite revenue decreasing 1.9% to RM255.7 million from RM260.8 million a year ago, largely due to lower sales of data storage products, which was offset by the higher sales of consumer electronics products.

For the financial year ended 30 June 2018 (FY2018), EG Industries' revenue increased to RM1.0 billion on higher sales of consumer electronic products. However, FY2018 net profit declined 15.4% to RM18.8 million from RM22.3 million due to higher depreciation costs arising from enlarged machinery base, higher freight costs and one off corporate exercise expenses.

The mass-volume electronics segment of Printed Circuit Board Assembly (PCBA) made up 83% or RM840.9 million of FY2018 group revenue, while the higher-value box-build segment contributed the remaining 17% or RM173.3 million to group revenue.

## **About EG Industries Berhad (“EG 工业”, [www.eg.com.my](http://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.

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