



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 maintains RM1.0 billion topline in FY20 despite MCO

- *Core earnings before depreciation, amortization, one-off provisions and exception expenses amounted to RM78.4 million*
- *MCO restrictions impeded financial performance; stepping up efforts to improve strategic and resource planning to weather current headwinds*

Sungai Petani, Kedah, Malaysia, 28 August 2020 - Electronic Manufacturing Services (EMS) provider **EG Industries Berhad's** (EG Industries; EG 工业; Bloomberg: EG:MK; Reuters: EGCM.KL) maintained RM1.0 billion revenue in the financial year ended 30 June 2020 (FY20) despite the implementation of the MCO in response to the COVID-19 pandemic.

The Group recognised one-off exceptional provisions of approximately RM7.0 million which includes provision of slow moving stocks and impairment loss on trade receivables and intangible assets. Excluding these one-off provisions, the Group's earnings before depreciation, amortization and exceptional expenses amounted to RM78.4 million, a 7.8% decrease from RM85.0 million previously.

Despite the stable topline, the Group recorded a net loss of RM12.5 million on higher production costs, increased fixed operating expenses, unfavourable product mix and higher depreciation expenses.

“FY20 has been a challenging year for the company as the unexpected COVID-19 pandemic, trade tensions between US and China, as well as fluctuation of the US Dollar against Malaysian Ringgit were among factors which resulted in the shortage of raw materials and the global economic slowdown.

Nonetheless, we will strive to bounce back from this setback by continuing to execute growth strategies and fulfilling all orders on a timely basis. Our recommencement of operations since May 2020 helps us get back on track, but it may take some time to achieve optimal production efficiency. Our management team would also look to improve strategic planning, implement logical cost-cutting initiatives and better organise allocation of resources to weather current headwinds.

Besides our commitment to improve the efficiency of operations, we constantly ensure adherence to all COVID-19 precautions issued by the Government as we strongly value the wellbeing of our employees. In line with this, we recently started manufacturing surgical face masks for all employees to promote stronger hygiene at the workplace. Additionally, we donated some of these face masks to a local public hospital in April 2020 and would also look to sell excess masks to generate some extra income.”

Dato' Alex Kang (“江邦健”)

Group Chief Executive Officer and Executive Director of EG Industries Berhad



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Financial results for the three months ended 30 June 2020 (4Q20)

EG Industries registered revenue of RM230.5 million in 4Q20, a 17.8% decrease from RM280.4 million recorded in the preceding year's corresponding period.

In addition, the Group recognised one-off exceptional provisions of approximately RM7.0 million which includes provision of slow moving stocks and impairment loss on trade receivables and intangible assets. Excluding these one-off provisions, the Group's earnings before depreciation, amortization and exceptional expenses amounted to RM15.0 million, a 29.6% decrease from RM21.3 million a year ago.

In line with lower topline contributions, the Group recorded net loss of RM12.9 million in 4Q20 versus a net profit of RM1.3 million previously. The factors which mitigated earnings include higher cost of production and fixed operating expenses incurred as a result of lower sales, less favourable product mix, higher depreciation from initial set up cost of new plant which recently commenced operations and higher labour cost as products manufactured in the new plant remained under initial learning and development stage.

Financial Summary (Unaudited Consolidated Results)						
RM'000	4Q20 30.6.2020	4Q19 30.6.2019	Change	FY20 30.6.2020	FY19 30.6.2019	Change
Revenue	230,479	280,380	-17.8%	1,003,652	1,012,926	-0.9%
Earnings before depreciation, amortization and exceptional expenses	14,971	21,260	-29.6%	78,400	85,003	-7.8%
Pre-tax (Loss)/Profit	(12,400)	1,655	-849.2%	(11,735)	13,103	-189.6%
Net (loss)/profit to shareholders	(12,924)	1,286	-1105.0%	(12,471)	12,584	-199.1%
Basic (LPS)/EPS (sen)	(5.0)	0.5	-1124.5%	(4.9)	4.8	-201.5%

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 3,500 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:

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