



EG Industries 9m24 net profit rises 16.6% to RM33.5 million on improved margins

- *9m24 net profit buoyed by favourable sales mix, reduced operational cost, and reduction in foreign exchange losses*
- *Prospects uplifted by robust demand for optical and AI modules for 5G wireless networks*
- *Announces first ever dividend of 1.00 sen, reflecting strong financial performance*

Sungai Petani, Kedah, Malaysia, 27 May 2024 - Electronic Manufacturing Services (EMS) provider EG Industries Berhad (EG Industries; EG 工业; Bloomberg: EG:MK) posted 16.6% rise in group net profit to RM33.5 million in the nine-month period ended 31 March 2024 (9m24), driven by improved margins from a favourable sales mix, reduced operational costs, and lower foreign exchange losses.

The higher profitability offset a 27.9% decline in 9m24 revenue to RM797.3 million from RM1.1 billion previously, primarily due to softer demand in certain market segments, including consumer electronics. Despite the lower revenue, the Group remains optimistic about its growth prospects, on robust demand for optical and artificial intelligence (AI) modules essential for the expansion of 5G wireless networks.

In the third quarter ended 31 March 2024 (3Q24), group revenue dipped 15.9% to RM294.9 million from RM350.5 million in the previous corresponding quarter, due in part to softer consumer electronics demand. However, the Group demonstrated resilience, maintaining a net profit of RM10.3 million compared to RM10.6 million previously.

“While we remain mindful of current economic challenges, we are encouraged by the gradual recovery of the global electrical and electronics industry, and remain upbeat about our outlook for the rest of 2024 and beyond. The strong demand for advanced optical and AI modules, driven by the rapid expansion of 5G wireless networks in Malaysia and abroad, reinforces our outlook.

We recently signed a second Letter of Intent (LOI) with our US-based customer, a leading research, development, and manufacturing firm, for the exclusive production of next-generation optical modules and the intellectual property transfer of its photonics solutions to EG Industries. The LOI will expand our market share and boost profitability for the long term.

Additionally, the upcoming launch of our Public Bonded Smart Warehouses at our new facilities in Sungai Petani in the fourth quarter of 2024 will further optimize our operations and open up a new revenue stream.”

Dato' Alex Kang (“江邦璉”)

Group Chief Executive Officer and Executive Director of EG Industries Berhad

EG Industries will manufacture optical modules and other new upstream components at its new Smart Factory 4.0 in Penang (PG2), scheduled to commence operations in the second half of 2024. The global market for optical modules is valued at USD13.6 billion in 2024 and is expected to grow at a cumulative annual growth rate of 13.0% to reach USD25.0 billion by 2029, driven by increasing adoption of smart devices, rising data traffic, and growing demand for cloud-based services.



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The Group also announced its inaugural dividend of 1.00 sen. The dividend payout, in respect of the financial year ending 30 June 2024, is estimated at RM4.5 million or 13.5% of 9m24 net profit. The payment date and ex-date of the proposed dividend will be announced in due course.

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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 approximately 3,000 employees in its manufacturing plants in Kedah, Malaysia and Prachinburi, Thailand.

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