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EG INDUSTRIES BERHAD
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EG INDUSTRIES BERHAD ANNOUNCES 30 YEAR RECORD-HIGH PROFIT IN FY2024 DRIVEN BY A STRATEGIC ALIGNMENT OF THE PRODUCT MIX AND OPERATIONAL EXCELLENCE

Growth driven by robust demand for optical modules for 5G wireless network both locally and globally

Sungai Petani, Kedah, Malaysia - 28 August 2024

EG Industries Berhad (“EG Industries or Group”), a leading Malaysian and Global Top 30 Electronics Manufacturing Services (“EMS”) provider, today announced its financial results for the fourth quarter (“4QFY2024”) and full year ended 30 June 2024 (“FY2024”), achieving record-high profitability driven by strategic product mix alignment and improving yield and efficiency.

Financial Highlights

Fourth Quarter FY2024

Revenue: RM346.9 million, representing a strong 42.8% increase from RM242.9 million in the same quarter last year.

Profit Before Tax: RM19.3 million, an impressive 54.5% growth compared to RM12.5 million in the previous corresponding quarter. This improvement was primarily driven by higher sales orders from key customers, a more favorable product sales mix in consumer electronics, and improved yield from 5G wireless access and photonic-related products.

Sequential Growth: Compared to the immediate preceding quarter, revenue grew by 17.6% from RM294.9 million, while profit before tax surged by 81.1% from RM10.7 million. The stellar performance was attributed to the continued recovery in market demand for consumer electronics, 5G wireless access, and photonic-related products, coupled with a decrease in net foreign exchange loss.

Full Year FY2024

Revenue: RM1.14 billion, 15.1% lower than RM1.35 billion in the preceding year. The decline in revenue was mainly due to slower market demand during the first half of FY2024 for consumer electronic products and 5G wireless access and photonic-related products.

Profit Before Tax: RM53.9 million, a 30.3% increase from RM41.4 million in the previous corresponding period, marking a record-high profit for the Company. This milestone was achieved through much-improved margins, resulting from strategic alignment of the product mix and a constant focus on enhancing yield and operational efficiency.

Operational Highlights

Expansion and Capacity Enhancement: During the year, EG Industries successfully expanded its production capacity to meet the growing demand from key customers and to support the increasing adoption of 5G technology.

Sustainability Initiatives: The Company furthered its commitment to sustainability by implementing initiatives aimed at reducing its carbon footprint and improving energy efficiency across its operations.

Dividend

In August 2024, EG Industries paid an interim single-tier dividend of 1.0 sen per ordinary share to its shareholders. This payment underscores the Company's commitment to rewarding its shareholders for their ongoing support. Going forward, EG Industries will continue to carefully balance the distribution of future dividends with the need to reinvest in the business to drive sustainable growth.

CEO & Executive Director Statement

Dato' Alex Kang (“江邦璉”), the **Chief Executive Officer of EG Industries Berhad**, commented: "We are thrilled to announce that EG Industries has achieved a 30 year record-high profitability for the full year 2024. This remarkable accomplishment is a testament to our strategic focus on aligning our product mix with high-margin offerings, coupled with our relentless pursuit of yield improvements and operational efficiencies. Despite the challenges posed by the macroeconomic environment, our team's dedication and the strategic initiatives we've implemented have propelled us to new heights."

"Looking ahead, I'm confident that EG Industries will continue to grow in FY2025, driven by the robust demand we're seeing for our Advanced High-Speed Optical Modules. The recent agreements we've secured, including a second Letter of Intent for the exclusive production of next-generation Optical Modules and a confirmed USD117 million purchase order for 5G photonics-related products, are strong indicators of the expanding opportunities in wireless networking technology. In line with our new Smart Factory 4.0 in Batu Kawan coming online in the first quarter of 2025, we anticipate more such purchase orders from both our existing key customers and new customers, further strengthening our market position and driving long-term growth."

"As we move forward, we remain committed to driving sustainable growth and maximizing shareholder value, while continuing to explore new opportunities within the EMS sector. Additionally, we will strategically move upstream within the E&E industry, pushing our boundaries and allowing EG Industries to demonstrate our capabilities in the assembly of higher-value products. This move is expected to not only enhance our market position but also expand our margins in the long term.

Prospects and Outlook for 2025

The Group acknowledges various macroeconomic challenges, including a sluggish market economy, intense competition from both local and overseas manufacturers, foreign currency fluctuations, inflationary pressures, and potential interest rate hikes. However, EG Industries remains optimistic about the outlook for FY2024/2025. Signs of gradual recovery in the global electrical and electronics (“E&E”) industry are emerging,

and the Group is well-positioned to capitalize on this trend. With recent foreign direct investments (FDIs), Malaysia has once again garnered the attention of global multinational corporations (MNCs), driving increased activity, particularly in the Northern Region, which serves as the Malaysian hub for the E&E sector. Notably, Malaysia has been investing heavily in building data centers, which will likely require network switches and 5G photonics. The Group is well-prepared to seize these opportunities and further strengthen our market position.

We anticipate robust demand for our Advanced High-Speed Optical Signal Transmitters and Receivers (“Optical Modules”) and AI modules, driven by the expanding landscape of wireless networking technology both locally and globally.

Further bolstering our growth strategy, the Group is in the process of establishing Public Bonded Smart Warehouses at our newly built facilities in Sungai Petani, Kedah. These warehouses, scheduled to begin operations in the fourth quarter of 2024, will complement our manufacturing activities and serve as a new revenue stream for the Group.

These strategic initiatives are expected to significantly expand our market share and enhance profitability in the long term. The Group remains steadfast in our vision to propel EG Industries toward a trajectory of accelerated and sustainable growth in the coming years.

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About EG Industries Berhad (EG 工业; Bloomberg: EG:MK)

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.

For more information of the Company, please visit: <https://eg.com.my/>

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Issued by BCT Asia Associates Sdn Bhd on behalf of EG Industries Berhad

Thank you.

With best regards,



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