



SunningdaleTech

Sunningdale Tech Limited

VOLUNTARY ANNOUNCEMENT

**Unaudited Business Update for the
Second Quarter (“2Q2020”) ended 30 June 2020**

Key Financial Highlights

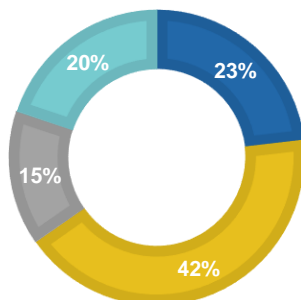
(S\$'000)	2Q2020	2Q2019	Change
Revenue	129,649	163,129	-20.5%
Gross profit	18,758	15,585	20.4%
Gross profit margin (%)	14.5%	9.6%	4.9pts
Net profit/(loss) after tax	5,832	(1,085)	637.5%
Net profit margin (%)	4.5%	-0.7%	5.2pts
Core net profit/(loss) <i>(Excluding FX (gain)/loss, retrenchment costs, onerous rental, allowance for impairment of PPE, (gain)/loss on disposal of PPE, government grant on Covid-19 and reduction and exemption of social security contribution and FWL)</i>	2,527	(660)	-482.9%
Earnings per share – Basic (Sing cents)	3.04	(0.57)	663.9%
NAV/Share (S\$)	2.00	1.94	3.1%

Segmental Revenue

(S\$'000)	Apr – Jun 2020	Apr – Jun 2019	Inc/(Dec) %
Automotive	30,032	60,037	-50.0%
Consumer/IT	54,631	62,260	-12.3%
Healthcare	19,199	15,158	26.7%
Mould Fabrication	25,787	25,674	0.4%
	129,649	163,129	-20.5%

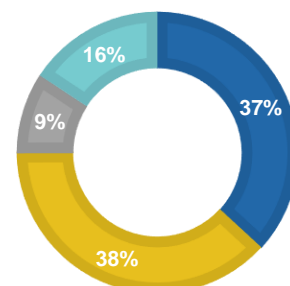
APR - JUN 2020

■ Automotive ■ Consumer/IT
■ Healthcare ■ Mould Fabrication



APR - JUN 2019

■ Automotive ■ Consumer/IT
■ Healthcare ■ Mould Fabrication



Balance Sheet Summary

(\$'000)	As at 30.06.2020	As at 31.12.2019
Cash & cash equivalents	132,318	103,366
Short term debt (excluding lease liabilities)	66,810	63,698
Long term debt (excluding lease liabilities)	34,209	40,670
Shareholder's equity	383,658	369,542
Gearing ratio	0.26	0.28
NAV/Share (\$)	2.00	1.93

Business Review

Segmental Revenue

The Group's revenue decreased 20.5% year-on-year ("yoy") from \$163.1 million for 2Q19 to \$129.6 million for 2Q20. The decline in revenue was attributed to a decrease in revenue from all business segments except for the Group's Healthcare segment and Mould Fabrication segment which increased 26.7% yoy to \$19.2 million and 0.4% yoy to \$25.8 million respectively, mainly driven by the increase in orders due to COVID-19 and new projects launched.

Revenue from the Group's Automotive segment decreased 50.0% yoy to \$30.0 million for 2Q20. This was mainly due to (i) the movement control order ("MCO") in Malaysia which was announced on 18 March 2020, instructing all firms to close except for those involved in certain essential goods and services, and eventually lifted on 28 April 2020; (ii) the Government of India first ordered a nationwide lockdown on 24 March 2020 to 10 May 2020. After the partial resumption of work on 11 May 2020, another lockdown order began from 19 June 2020 to 5 July 2020. The country has been under a partial lockdown since 6 July 2020, and this is currently expected to be in place up till 31 August 2020; (iii) the Mexican federal government mandated on 31 March 2020 that all non-essential businesses temporarily suspend operations until 31 May 2020. Although all operations have fully resumed except for India and Mexico, orders are low as the Group's customers in US and Europe are affected by COVID-19 shutdowns.

Revenue from the Group's Consumer/IT business segment decreased 12.3% yoy to \$54.6 million for 2Q20. This was mainly due to the (i) MCO in Malaysia, (ii) circuit-breaker measures in Singapore and (iii) delays in project launches. The decline in revenue within the Consumer/IT segment was partially offset by strong orders from three customers.

Revenue from the Group's Mould Fabrication business segment increased marginally by 0.4% yoy to \$25.8 million for 2Q20. This was mainly driven by demand from the Group's Healthcare segment which offset the decrease in demand from its Automotive and Consumer/IT segments.

Gross Profit

The Group's gross profit increased 20.4% yoy from \$15.6 million for 2Q19 to \$18.8 million for 2Q20. Correspondingly, the Group's gross profit margin increased from 9.6% for 2Q19 to 14.5% for 2Q20. This was mainly due to (i) the completion of the relocation of the Group's parts operations from one plant in Shanghai to Chuzhou; (ii) change in product mix; (iii) tightened cost controls, pay cuts and the implementation of shorter work weeks in plants where orders are low; (iv) improvement in operational



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efficiency; (v) reduction and exemption of social security contribution by the Human Resource and Social Security Bureau in China; (vi) waiver of foreign worker levy in Singapore. Without the reduction and exemption on social security contribution and exemption on the social contribution and foreign worker levy, the gross margin would be 13.3%.

Core Net Profit

(\$'000)	Apr – Jun 2020	Apr – Jun 2019	Change
Net profit/(loss) for the period reported	5,833	(1,085)	-637.6%
Adjustments:			
Net foreign exchange loss/(gain)	1,494	(337)	-543.3%
Retrenchment costs	63	308	-79.5%
Onerous rent*	–	173	n.m.
Allowance for impairment on PPE	–	491	n.m.
Net loss/(gain) on disposal of PPE	168	(210)	-180.0%
Government grant on Covid-19	(3,344)	–	100.0%
Reduction and exemption on social security contribution and foreign worker levy	(1,687)	–	100.0%
Core net profit/(loss)	2,527	(660)	-482.9%

*Onerous rent refers to rent paid at the Group's operations in Shanghai and Thailand despite the shifting of operations from these locations. The Group was required to pay rent at these vacant premises during 2Q19 as the rental agreements will expire at a later date.

The Group achieved a net profit of \$5.8 million for 2Q20 compared to a net loss of \$1.1 million for 2Q19. Excluding the impact from foreign exchange loss/(gain), retrenchment costs, onerous rental, allowance for impairment on property, plant and equipment ("PPE"), net loss/(gain) on the disposal of PPE, various grants received by the Group due to Covid-19 and reduction and exemption on social contribution and foreign worker levy (FWL), core net profit would have been \$2.5 million for 2Q20 as compared to a core net loss of \$0.7 million for 2Q19, representing a 482.9% yoy increase. This increase in core net profit was mainly due to (i) the completion of the relocation of the Group's parts operations from one plant in Shanghai to Chuzhou; (ii) change in product mix; (iii) tightened cost controls, pay cuts and the implementation of shorter work weeks in plants where orders are low; (iv) improvement in operational efficiency; (v) reduction and exemption of social security contribution by the Human Resource and Social Security Bureau in China; (vi) waiver of foreign worker levy in Singapore

By Order of the Board

KHOO BOO HOR
Executive Director & Chief Executive Officer
6 August 2020