

Press Release

For Immediate Release

10 November 2016, Hong Kong



Singapore-listed GP Batteries announces 2016/2017 interim results

GP Batteries International Limited, listed in Singapore and a subsidiary of Gold Peak Industries (Holdings) Limited (*stock code: 40*), today announced its unaudited interim results for the six months ended 30 September 2016.

GP Batteries is 64.7% owned by GP Industries Limited, which is also listed in Singapore and an 85.5% subsidiary of Gold Peak.

Summary of results of GP Batteries

	<i>(For the six months ended 30 September)</i>		% of change
	2016	2015	
Turnover	S\$371.4 million	S\$402.5 million	- 7.7%
Profit attributable to equity holders of GP Batteries	S\$3.84 million	S\$12.59 million	- 69.5%

Summary of Business Review of GP Batteries

Turnover for the six months ended 30 September 2016 was S\$371.4 million, a decrease of 7.7% over the corresponding period last year.

Global demands for primary batteries and Nickel Metal Hydride batteries were very slow growing and price competition was very keen. Sales of primary batteries and rechargeable batteries decreased by 5.4% and 17.5% respectively over the corresponding period last year. The drop in the revenue of rechargeable batteries was mainly due to the discontinuation of a contract with a major customer of the Taiwan plant.

Sales in the Americas and Asia decreased by 38.0% and 8.5% respectively while sales in Europe increased by 31.6%. The decrease in sales in the Americas and increase in sales in Europe were largely due to the relocation of the procurement office of a major customer from the USA to Europe.

Profit before income tax for the six months ended 30 September 2016 was S\$17.2 million as compared to S\$23.7 million last year. Gross profit margin was 22.0% as compared to 22.6% last year.

Distribution expenses were S\$30.3 million as compared to S\$37.3 million last year. The decrease is mainly due to the lower advertising and promotion expenses during the period and the provision for doubtful debt of S\$4.0 million made in the second quarter last year.

Finance costs for the three months and six months ended 30 September 2016 were S\$1.6 million and S\$3.3 million respectively as compared to S\$2.0 million and S\$3.2 million over the respective corresponding periods last year. The reduction in the quarter is mainly due to lower interest rates for the S\$85 million three-year term loan facility as a result of the improvement in a key financial ratio that determines the interest margin applicable.

Net other operating income was S\$8.6 million as compared to S\$14.1 million last year mainly due to a smaller foreign exchange gain of S\$2.0 million recorded this financial quarter as compared to a foreign exchange gain of S\$9.2 million recorded over the same period last year.

Share of profits of associates was S\$2.9 million as compared to S\$2.4 million last year. The performance of AZ Limited, GP Batteries' 40%-owned associate in Russia, has recovered significantly whilst the performance of STL Group has decreased.

Prospects of GP Batteries

Commenting on the business prospects, Victor Lo, Chairman and Chief Executive Officer of GP Batteries, said, “The market for primary batteries and Nickel Metal Hydride batteries is expected to continue with slow growth, and price competition is expected to remain very keen. There is apparently quite a bit of unsold capacity among competitors in Asia.”

“The rechargeable Lithium battery business, while representing less than 5 percent of GP Batteries’ business currently, will require some time to develop new applications and new key customers to replace the contract lost by the Taiwan plant. Development of the new factories in Malaysia and Vietnam is on schedule and is expected to bring in additional revenue during the coming six to twelve months. At the same time, GP Batteries is downsizing some of the smaller plants, such as the ones in Taiwan and Shanghai, consolidating the production with the bigger plants in Ningbo, Guangdong and Malaysia. Some of the more labour intensive manufacturing may be moved to Vietnam. This is incurring closure costs during the current financial year. However, overall cost competitiveness is expected to improve when the consolidation is completed.”

“GP Batteries will continue to invest on building the “GP” brand and expanding the distribution network globally.” Lo is also Chairman of GP Industries and Chairman and Chief Executive of Gold Peak.

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