

Press Release

For Immediate Release

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Singapore-listed GP Batteries announces 2016/2017 Q3 results

GP Batteries International Limited, listed in Singapore and a subsidiary of Gold Peak Industries (Holdings) Limited (*stock code: 40*), today announced its unaudited quarterly results for the nine months ended 31 December 2016.

GP Batteries is 64.9% 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 nine months ended 31 December)</i>		% of change
	2016	2015	
Turnover	S\$568.1 million	S\$595.6 million	- 4.6%
Profit attributable to equity holders of GP Batteries	S\$7.51 million	S\$13.24 million	- 43.3%

Summary of Business Review of GP Batteries

Turnover for the nine months ended 31 December 2016 was S\$568.1 million, a decrease of 4.6% over the corresponding period last year.

Global demands for primary batteries and Nickel Metal Hydride batteries were slow growing and price competition was very keen. While sales of primary batteries increased by 2.6% for the three months ended 31 December 2016, sales for the nine months ended 31 December 2016 decreased by 2.8% over the corresponding periods last year. Sales of rechargeable batteries decreased by 6.9% and 14.2% for the three months and nine months ended 31 December 2016 respectively over the respective corresponding periods last year. The drop in the revenue of rechargeable batteries was mainly due to the discontinuation of a contract with a major customer of GP Batteries' Taiwan plant, which has ceased production.

For the nine months ended 31 December 2016, sales in the Americas decreased by 31.6% while sales in Europe increased by 32.8%. The decrease in sales in the Americas and increase in sales in Europe was largely due to the relocation of the procurement office of a major customer from the USA to Europe.

Profit before income tax for the nine months ended 31 December 2016 was S\$27.9 million as compared to S\$32.8 million last year. Gross profit margin for the period was 22.2% as compared to 23.0% last year, mainly due to loss of income of the Taiwan plant.

Distribution expenses for the three months ended 31 December 2016 were S\$20.0 million as compared to S\$15.3 million last year mainly due to increase in advertising and promotion expenses in order to capture market share. Distribution expenses for the nine months ended 31 December 2016 were S\$50.3 million as compared to S\$52.5 million last year. The decrease was mainly due to a provision for doubtful debt of S\$4.0 million that was made in the second quarter last year.

Finance costs were S\$5.0 million as compared to S\$5.1 million last year. The reduction was mainly due to lower interest rates charged for the S\$85 million three-year term loan facility.

Net other operating income for the three months ended 31 December 2016 was S\$8.4 million as compared to S\$2.2 million over the corresponding period last year, mainly due to (a) a higher foreign exchange gain of S\$8.7 million was recorded in the third quarter this year as compared to a foreign exchange gain of S\$1.1 million in the third quarter last year; which was partially offset by (b) a payment of US\$1.45 million made in the third quarter this year pursuant to a customer's quality dispute on Lithium rechargeable batteries that were delivered in 2014 and 2015. Net other operating income for the nine months ended 31 December 2016 was S\$17.0 million as compared to S\$16.4 million over the corresponding period last year, mainly due to (a) a higher year-to-date exchange gain of S\$12.6 million was recorded this year as compared to a year-to-date exchange gain of S\$9.9 million last year; which was partially offset by (b) the aforementioned dispute settlement of US\$1.45 million.

Share of profits of associates was S\$5.8 million as compared to S\$3.7 million last year, mainly due to the improved performance of AZ Limited, GP Batteries' 40%-owned associate in Russia; and TG Battery, GP Batteries' 50%-owned joint venture with Toshiba, which manufactures cylindrical carbon zinc batteries.

Prospects of GP Batteries

Commenting on the business prospects, Victor Lo, Chairman and Chief Executive Officer of GP Batteries, said, "There is conceivably significant unsold capacity within the industry and competition will continue to be keen. The strategy of consolidating smaller factories into bigger ones is on schedule and it is expected that cost competitiveness will improve after the consolidation. The production facilities for primary button batteries in Shanghai will be relocated to Ningbo and GP Batteries will incur some closure costs as a result in the fourth quarter of this financial year. As the new factories in Malaysia and Vietnam come on stream, they will start to contribute to revenue growth."

"GP Batteries will continue to invest resources 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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