

## Press Release

For Immediate Release

5 February 2021, Hong Kong



### **Singapore-listed GP Industries announces 2020/2021 Q3 business update**

Gold Peak Industries (Holdings) Limited's (stock code: 40) 85.5% subsidiary, the Singapore-listed GP Industries Limited, today issued an announcement to provide an overview on its business performance for the nine-month period ended 31 December 2020 ("Q3YTDFY2021").

#### **Overview of GP Industries' business performance**

GP Industries' revenue for 3QYTDFY2021 amounted to S\$873.9 million, representing a 5.6% increase when compared to the revenue for the nine-month period ended 31 December 2019 ("3QYTDFY2020"). Revenue of the Batteries Business increased by 13.7%, due mainly to a 16.4% increase in sales of primary batteries. Revenue of the Electronics and Acoustics Business decreased by 19.1% despite a year-on-year 16.6% increase in sales of KEF products. Sales of both KEF's traditional premium loudspeakers and new media products increased. KEF's new products launched during the three-month period ended 31 December 2020 ("3QFY2021") were very well received in both the American and European markets. Sales of private label professional audio products and Celestion professional speaker drivers decreased by 46.4% and 32.9% respectively, due mainly to cessation of public performances in most major markets amid the COVID-19 pandemic. Revenue of the Automotive Wire Harness Business also decreased by 18.2% during 3QYTDFY2021 due mainly to the impact of the pandemic on the automotive market in the US and in Europe.

GP Industries' revenue for 3QFY2021 increased by 12.4% when compared to the same period last year, attributable also mainly to the increase in sales of GP Batteries products and KEF products.

Gross profit margin for 3QYTDFY2021 improved slightly to 27.3% when compared to 26.9% last year. A surge in freight rates during 3QFY2021 and increase in brand building activities during 3QYTDFY2021 contributed to an increase in distribution costs for 3QYTDFY2021.

Appreciation of Renminbi against US dollar during 3QYTDFY2021 contributed to an exchange loss of S\$8.2 million for 3QYTDFY2021, compared to an exchange gain of S\$2.3 million last year.

Profit for 3QYTDFY2020 also included a significant net gain attributable to the disposal of a factory building by the Electronics and Acoustics Business, net of related restructuring cost provision. Excluding such net exceptional gain reported during 3QYTDFY2020, profit attributable to the equity holders of GP Industries for 3QYTDFY2021 was at a similar level to that for last year.

### **Impact of COVID-19**

In early January 2021, two of GP Industries' battery factories in Malaysia voluntarily suspended their operations for about a week for complete factory cleaning and all employees scanned for COVID-19 after an asymptomatic case was identified among its employees.

Production of Nickel Metal Hydride rechargeable batteries in Malaysia has commenced during 3QFY2021. However, the relocation of production facilities for private label professional audio products to Thailand has yet to be completed.

### **Prospect**

Commenting on the prospects of GP Industries, Chairman and Chief Executive Officer, Victor Lo said, "Although the COVID-19 pandemic is still prevalent globally, consumer demand for GP Industries' batteries and premium loudspeakers remains satisfactory. Availability of vaccines now may lead to the end of the pandemic and may subsequently restart the demand for GP Industries' professional audio products as music performances resume after social distancing measures are relaxed."

"The on-going trade issues between China and the US, if remain unresolved, will likely continue to have an impact on GP Industries' businesses. Strengthening of the Renminbi and volatility of raw material prices may affect profitability. Global

component supply shortages and insufficient global shipping capacity could also temporarily affect the operation effectiveness and our logistics costs.”

“On 5 January 2021, GP Industries announced that the Batteries Business has entered into an agreement to lease certain land and buildings located in Dongguan, China, as a new manufacturing campus. On 31 January 2021, GP Industries announced that it has entered into agreements to dispose of two of its subsidiaries, which owns certain land and buildings in China. The existing battery manufacturing activities of these two subsidiaries will be transferred either to the new Dongguan campus or to other facilities in Southeast Asia.”

“GP Industries will continue its strategy to build its brands, business network and e-Commerce infrastructure and capabilities. It will also continue to invest into technology, developing new products and further automating its factories to further enhance its competitiveness.” Lo is also Chairman and Chief Executive of Gold Peak.

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