

For immediate release

KINGBOARD LAMINATES HOLDINGS LIMITED

Underlying net profit up 11% on improved margin in 2015

Financial Highlights

	FY2015 <i>HK\$'million</i>	FY2014 <i>HK\$'million</i>	Change
Revenue	12,769.7	13,282.7	-4%
EBITDA*	2,346.8	2,146.2	+9%
Profit before tax*	1,486.5	1,302.9	+14%
Net profit attributable to owners of the Company			
- Underlying net profit*	1,211.5	1,095.5	+11%
- Reported net profit	1,265.4	1,121.8	+13%
Earnings per share			
- Based on underlying net profit*	HK40.4 cents	HK36.5 cents	+11%
- Based on reported net profit	HK42.2 cents	HK37.4 cents	+13%
Full-year dividend per share	HK17.7 cents	HK16.0 cents	+11%
- Interim dividend per share	HK6.4 cents	HK6.0 cents	+7%
- Proposed final dividend per share	HK11.3 cents	HK10.0 cents	+13%
Dividend payout ratio[#]	44%	44%	
Net asset value per share	HK\$4.39	HK\$4.43	-1%
Net gearing	15%	18%	

*Excluding:

FY2015: Gain on fair value changes of investment properties of HK\$68.4 million and impairment loss recognised on available-for-sale investments of HK\$14.5 million.

FY2014: Gain on fair value changes of investment properties of HK\$28.5 million and share-based payments of HK\$2.1 million.

[#]Calculated based on underlying net profit.

Hong Kong, March 21, 2016 –The world’s largest laminate manufacturer Kingboard Laminates Holdings Limited (the “Company”) (HKEx: 1888) and its subsidiaries (the “Group”) announced satisfactory results for the year ended 31 December 2015. Consequent to the decline in the prices of commodities, the price of copper, major metal material for laminates production, dropped significantly during the year. The Group has therefore lowered the selling price of laminates, resulting in a slight decrease of 4% in Group revenue to HK\$12,769.7 million. Benefitting from a smaller adjustment in laminates’ selling price relative to the drop in material costs, the profit margin has improved, driving yearly underlying net profit (excluding non-recurring items) to rise 11% to HK\$1,211.5 million.

The board of the Company has proposed a final dividend of HK11.3 cents per share, which together with the interim dividend of HK6.4 cents per share, constitutes a full-year dividend of HK17.7 cents, representing a payout ratio of 44%.

In 2015, the Group’s consolidated revenue was HK\$12,769.7 million, achieved on an average monthly

shipment volume of 9.6 million square metres, an increase of 1% over the previous year. Driven by demand for high-end electronics products such as smartphones, telecommunications base stations, servers and automobiles, the aggregate shipment volumes of composite epoxy material laminates (“CEM”) and glass epoxy laminates (“FR4”) surged 8%. Revenue from these products accounted for 64% of Group revenue in 2015, while paper laminates sales contributed 16% of total revenue. The balance mainly comprised sales of upstream materials and other products. The Group’s gross profit margin improved to 17% from 15% for the corresponding period last year. Earnings before interest, tax, depreciation and amortisation (“EBITDA”) (excluding non-recurring items) also increased 9% to HK\$2,346.8 million.

Kingboard Laminates Chairman Mr. Cheung Kwok Wa said: “At the onset of 2016, strong demand is witnessed in downstream electronics market for high-performance laminates. Staying focused on raising the production efficiency of its plants, we are confident of achieving steady profit growth.”

As production of FR4 laminates approaches full capacity, management has started to identify appropriate acquisition targets with a view to raising capacity for high-performance laminates and expediting market consolidation. Meanwhile, the Group plans to increase the capacity of glass fabric, an upstream material, and the capacity will increase 18% to 39 million meters per month.

The Group is also actively leveraging its own production technologies and management expertise to seek expansion into high value-added manufacturing in other industries where it enjoys an advantage. To this end, the team of PVB business is undertaking research and development into a third-generation PVB film with sound insulation function. Management believes this new product will drive the Group’s further development in the PVB market. As new energy vehicles, in particular electric ones, lead the growth of the automobile industry, it is foreseeable that the demand for copper foil used in batteries will go up. The Group owns battery-use copper foil technologies that have already been accredited by numerous well-known automobile manufacturers. In the next few years, the Group will step up efforts in research and development, as well as capacity investments, in related technologies in order to meet market demand.

The Group relocated its glass fabric plant in Shenzhen to Qingyuan, Guangdong Province. The new plant has commenced operation smoothly. The former plant site in Shenzhen has received approval for the renovation and redevelopment. Management is actively exploring different ways to redevelop the site. Residential properties in Kunshan and Jiangyin, Jiangsu Province will be completed consecutively from this year onwards. The pre-sale proceeds from these properties will be booked at proper time. The Group has no current intention to increase its land bank, but will focus on completing the existing projects with the aim of delivering greater returns for shareholders.

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About Kingboard Laminates Holdings Limited

Kingboard Laminates Holdings Limited (HKEx: 1888) is a leading vertically-integrated electronics materials manufacturer, specialising in the production of laminates, a fundamental material ultimately used for the production of all kinds of electronic products. The Company is the global leader in rigid laminates, with a strategic network of more than 20 manufacturing facilities in the PRC.

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