

For immediate release

KINGBOARD LAMINATES HOLDINGS LIMITED

Underlying net profit rises significantly by 92% to HK\$3.7 billion in FY2017

A final dividend of HK52.6 cents per share declared

Financial Highlights

	FY2017 <i>HK\$'million</i>	FY2016 <i>HK\$'million</i>	Change
Revenue	18,242.8	15,531.7	+17%
EBITDA	5,259.4	3,230.6	+63%
Profit before tax	4,613.1	2,503.3	+84%
Net profit attributable to owners of the Company			
- Underlying net profit	3,735.0	1,947.2	+92%
- Reported net profit	3,764.5	4,346.6	-13%
Earnings per share			
- Based on underlying net profit	HK121.6 cents	HK64.9 cents	+87%
- Based on reported net profit	HK122.5 cents	HK144.9 cents	-15%
Interim dividend per share	HK32.6 cents	HK13.5 cents	+141%
Proposed final dividend per share	HK52.6 cents	HK18.5 cents	+184%
Special interim dividend per share	-	HK50.0 cents	N/A
Proposed special final dividend per share	-	HK30.0 cents	N/A
Net asset value per share	HK\$5.67	HK\$4.80	+18%
Net cash	1,062.1	1,750.5	

Hong Kong, March 23, 2018 –The world’s largest laminate manufacturer Kingboard Laminates Holdings Limited (the “Company”) (01888.HK) and its subsidiaries (the “Group”) delivered outstanding results for the financial year ended 31 December 2017. The Group recorded a 17% increase in revenue to HK\$18,242.8 million. Underlying net profit (excluding non-recurring items) rose significantly by 92% to HK\$3,735.0 million. During 2017, prices of upstream materials and laminates rose to different extents owing to tight supply. Benefitting from the increase in the average selling price, the Group’s gross profit margin was lifted to 29% from last year’s 22%.

The Company declared a final dividend of HK52.6 cents per share. Together with the interim dividend of HK32.6 cents per share, it will constitute a total dividend of HK85.2 cents per share for the full year with the dividend pay-out ratio increased to 70%.

Kingboard Laminates Chairman Mr. Cheung Kwok Wa said: “Driven by the applications in automobile electronics, smart home appliances and light-emitting-diode (“LED”) products, overall demand for laminates remained robust in 2017. Prices of copper foil, glass yarn, epoxy resin and other upstream materials have surged, thereby driving laminates’ selling prices to increase consecutively. The Group commands a comprehensive and efficient vertical supply chain, enabling it to enjoy the benefits of price hikes of both laminates and upstream materials, thus helping to raise its profit margin.”

Laminates

Average monthly shipment volume was 10 million square metres. Among these, composite epoxy material laminates (“CEM”) and glass epoxy laminates (“FR4”) contributed an aggregate revenue of HK\$10,388.5 million, accounting for 57% of the Group’s revenue. Paper laminates delivered a revenue of HK\$2,246.5 million, representing 12% of the total.

The Group expects the demand for laminates to continue to expand in 2018. As the Group enters a new capacity expansionary cycle, management is confident in the prospects of the Group’s business development. The glass yarn and fabric facilities completed by the end of last year have been commissioned in phases, helping the Group to resolve the bottleneck in laminates capacity expansion. Laminates production volume will therefore increase gradually. The planned new laminates and copper foil capacities are under construction and expected to commence operation consecutively during this year. These new facilities will help the Group meet high demand in the market.

Demand for laminates will grow further on the back of a strong electronics market and the activation of the supply chain for 5G telecommunication. It is expected that the supply of laminates and upstream materials will remain tight, driving ongoing steady price increases. The Group plans to increase capacity for high value-added products such as thin, high-frequency and high-speed, and halogen-free laminates in order to enhance its product portfolio. Thus, the performance of the average selling price of laminates of the Group will likely yield a better result than that of market average.

Property

The property division recorded a revenue of HK\$1,789.4 million, or 10% of the Group’s revenue, reflecting the partial booking of sales from Kunshan Development Zone Kingboard Yu Garden Phases 2-3, Huaqiao Kingboard Yu Garden Phase 4 and Jiangyin Kingboard Yu Garden during the year.

Sales of the residential projects in Kunshan, Jiangsu Province, moved ahead satisfactorily. Continued booking of property sales is anticipated for this year. The Group currently has no plan to increase its land bank, and as existing projects are near completion, construction expenses are expected to reduce substantially. Net cash inflow from the property business will increase significantly.

About Kingboard Laminates Holdings

Kingboard Laminates Holdings Limited (01888.HK) is a leading vertically-integrated electronic materials manufacturer, specialising in the production of laminates, a fundamental material of printed circuit boards which 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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