

For immediate release

KINGBOARD LAMINATES HOLDINGS LIMITED
Business continued to grow amid trade issues in FY2018
A final dividend of HK35 cents per share declared

Financial Highlights

	FY2018 <i>HK\$'million</i>	FY2017 <i>HK\$'million</i> <i>(Restated)</i>	Change
Revenue	20,645.8	18,338.0	+13%
EBITDA*	5,120.0	5,259.4	-3%
Profit before tax	4,415.5	4,613.1	-4%
Net profit attributable to owners of the Company			
- Underlying net profit*	3,190.1	3,735.0	-15%
- Reported net profit	3,250.4	3,764.5	-14%
Earnings per share			
- Based on underlying net profit*	HK103.5 cents	HK121.6 cents	-15%
- Based on reported net profit	HK105.5 cents	HK122.5 cents	-14%
Interim dividend per share	HK17.5 cents	HK32.6 cents	-46%
Proposed final dividend per share	HK35.0 cents	HK52.6 cents	-33%
Net asset value per share	HK\$5.68	HK\$5.67	-
	Net gearing 11%	Net cash 1,062.1	

* Excluding:

FY2018: Gain on fair value changes of investment properties of HK\$91.1 million and written off of property, plant and equipment of HK\$30.8 million.

FY2017: Gain on fair value changes of investment properties of HK\$29.5 million.

Hong Kong, March 20, 2019 – The world’s largest laminates manufacturer Kingboard Laminates Holdings Limited (the “Company”) (01888.HK) and its subsidiaries (the “Group”) delivered solid results for the financial year ended 31 December 2018. The Group reported a 13% increase in revenue to HK\$20,645.8 million in 2018. Underlying net profit (excluding non-recurring items) decreased by 15% to HK\$3,190.1 million. The Company declared a final dividend of HK35 cents per share. Together with the interim dividend of HK17.5 cents per share, it will constitute a total dividend of HK52.5 cents per share for the full year.

Kingboard Laminates Chairman Mr. Cheung Kwok Wa said: “During the year, global trade disputes brought greater uncertainty to the electronics industry. This, coupled with the slowed growth in the demand for auto mobile and home appliances in China, had posed downward pressure on demand in the laminates industry. Nevertheless, the Group was able to capitalise on its vertical laminates supply chain, effective cost control and diversified business portfolio to sustain revenue growth. The Group’s overall profitability has continuously outperformed its peers.”

Laminates

The management team introduced new sales initiatives in tune with the market conditions, and expedited the upgrade of the product mix, thus resulting in an increase in the average selling price (“ASP”) during 2018. However, in view of the overall weakened demand for laminates, the division was unable to fully shift the cost increases of the materials, such as copper and chemicals to customers. Laminates sales showed a modest decline with the average monthly shipment volume standing at 9.64 million square metres. The laminates division’s segment revenue rose 2% to HK\$16,747.4 million. Earnings before interest, tax, depreciation and amortisation (“EBITDA”) declined 30% to HK\$3,378.9 million.

Stepping into 2019, investments in the industrial chain of 5G mobile networks and the introduction of consumption stimulus policies in China are expected to drive a rebound in laminates demand. Prices of laminates are already on the upward track, while costs have remained relatively stable. This is favourable for the division to expand its profit margin. Coping with market needs, the division will work in full force to speed up the upgrade of thin, high-frequency and high-speed, halogen-free laminates. The steadily growing proportion of sales of high-value-added products will provide new impetus for business growth.

The Group has also initiated a number of expansion programmes, with new capacities due to be commissioned consecutively. In Guangdong Province, capacities of copper foil in Lianzhou and those of glass fabric in Qingyuan have both been expanded, further strengthening the Group’s vertical production setup. To cope with the demand growth for high-end laminates in the 5G era, and to satisfy expanding overseas market requirements, the Group has planned the phased commissioning of new capacities in Jiangmen and Shaoguan, Guangdong Province, and Thailand within this year. These plans are expected to propel the laminates division into a new growth cycle.

Property

The property division sped up project sales during the second half of the year. The sales of Kunshan Development Zone Kingboard Yu Garden Phase 2, Huaqiao Kingboard Yu Garden Phase 4 and Jiangyin Kingboard Yu Garden Phase 1 were partially booked for the year. Segment revenue thus rose significantly by 104% to HK\$3,644.0 million, delivering a 221% EBITDA growth to HK\$1,535.1 million.

The Group will also continue to increase the pace of sales of its residential projects in Kunshan City, Jiangsu Province in China. It is expected that a substantial volume of property sales can be booked this year. The Group has no intention of increasing its land bank for the time being. With all existing projects close to completion, and thus construction expenses set to decrease, it is expected that there will be an increase in net cash inflow for the property business.

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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