

For immediate release

KINGBOARD LAMINATES HOLDINGS LIMITED

Underlying net profit of HK\$991.0 million posted in 2023, final dividend of HK10 cents proposed

Financial Highlights

	FY2023 HK\$'million	FY2022 HK\$'million	Change
Revenue	16,750.2	22,363.7	-25%
EBITDA*	2,450.3	4,378.6	-44%
Net profit attributable to owners of the Company			
- Underlying net profit*	991.0	2,002.7	-51%
- Reported net profit	907.4	1,909.1	-52%
Earnings per share			
- Based on underlying net profit*	HK31.8 cents	HK64.2 cents	-50%
- Based on reported net profit	HK29.1 cents	HK61.2 cents	-52%
Full-year dividend per share	HK16.0 cents	HK35.0 cents	-54%
- Interim dividend per share	HK6.0 cents	HK15.0 cents	-60%
- Proposed final dividend per share	HK10.0 cents	HK20.0 cents	-50%
Net asset value per share	HK\$4.79	HK\$4.82	-1%
Net gearing	16%	7%	

*Excluding

2023: Loss on fair value changes of investment properties of HK\$34.9 million and share-based payments of HK\$48.8 million.

2022: Loss on fair value changes of investment properties of HK\$45.6 million and share-based payments of HK\$48.0 million.

Hong Kong, 18 March 2024 – The world’s largest laminates manufacturer Kingboard Laminates Holdings Limited (the “Company”) (01888.HK) and its subsidiaries (the “Group”) reported the annual results for the financial year ended 31 December 2023. On the basis of a healthy financial position, a final dividend of HK10 cents was proposed.

Despite intense market competition due to excess capacity in the industry, the Group has successfully leveraged its vertically integrated supply chain, continuous technological enhancements and stringent cost control to strengthen its competitive position. Together with active new business development and end customer certification, the Group now commands a broader and more diversified clientele network, enabling the Group to achieve a 3% increase in annual sales volume.

However, segment revenue of the Laminates Division was adversely affected by the general decline in laminate market's selling prices. As the remaining saleable properties diminished, the Property Division also recorded a decline in revenue. The Group’s revenue decreased 25% year on year to HK\$16,750.2 million, and underlying profit attributable to the owners of the Company (excluding non-recurring items) decreased by 51% to HK\$991.0 million.

The Period saw the electronics industry facing a decline in demand, but the Laminates Division made satisfactory progress with its product portfolio enhancement efforts as it actively pursued growth in new market arenas. There was a continued rise in the sales of high-end and high-value-added products. This

high-end portfolio includes thin laminates designed for portable devices, lead-free and halogen-free laminates complying with stringent environmental standards, and fire-resistant laminates with wide compatibility, as well as high-frequency and high-speed laminates ensuring low loss and high transmission speed. Fierce competition in the industry, with selling prices dropping more steeply than production costs, resulted in a year-on-year decrease in gross profit margin, leading many industry participants to incur losses in 2023.

Segment revenue of the Laminates Division declined 14% to HK\$16,447.8 million. Earnings before interest, taxes, depreciation and amortisation (“EBITDA”) were down 21% to HK\$2,402.3 million.

Inventories of PCBs makers and end-user customers have substantially been cleared up after a downward cycle of nearly two years. Export orders are gradually picking up, with rapid growth in demand for new energy vehicles and peripheral products such as charging stations, the popularization of photovoltaics and other clean energy sources, and widespread application of artificial intelligence and big data technologies. It is expected that the laminates market will gradually stabilize and rebound.

The Group has completed the development of low dielectric constant/low thermal expansion coefficient products for AI computing applications. These products have a high proportion of domestic materials and are currently undergoing comprehensive testing with customers. In line with the demands of the Group’s PCBs production and the industry, the products are actively being introduced to the market.

Furthermore, raw material prices have been consistently dropping during this market downturn. While this trend has put tremendous price pressure on the Group’s inventory materials, it is worth noting that almost all raw materials used in laminates production, save for copper, have now reached extremely low price points. This is set to improve the Group’s gross profit margin in 2024.

Kingboard Laminates Chairman Mr Philip Cheung Kwok Wa said: “We have full confidence in the ongoing development of the Group. All business units remain steadfast in their commitment to upholding high quality standards while maintaining effective cost controls. It is also anticipated that the years of research and development and technical enhancements invested in by the Group will gradually yield positive results towards its goal of driving new-quality production, thus achieving high-quality sustainable growth.”

The Group has plans to expand its laminates monthly capacities in Thailand in 2024 by 400,000 sheets to cope with the development pace. Echoing the state’s promotion of energy saving and emissions reduction, the Group is systematically establishing distributed solar photovoltaic power projects across all buildable area within the facilities in stages, with a view to significantly reducing electricity expenses and bringing long-term benefits.

About Kingboard Laminates Holdings

Kingboard Laminates Holdings Limited (01888.HK) is the world’s top laminates producer for eighteen consecutive years.

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