

FINANCIAL AND BUSINESS OUTLOOK

On 16 March 2020, Excelpoint Technology Ltd (“Excelpoint” and together with its subsidiaries, “the Group”) announced that with effect from this financial year ending 31 December 2020 (“FY2020”), it will adopt half-yearly announcements instead of quarterly announcements. Accordingly, for FY2020, the next financial results announcement will be for the financial year ending 31 December 2020. The Group also mentioned that it will continue to proactively engage with stakeholders on any relevant material developments, between the announcements of half-yearly financial statements.

Group Performance Review for 3Q2020

Excelpoint’s Strong Net Profit of US\$3.3M for 3Q2020 sheds a positive light amidst this pandemic

	3Q2020 US\$'000	3Q2019 US\$'000	Change (%)	9M2020 US\$'000	9M2019 US\$'000	Change (%)
Revenue	296,586	247,226	20.0	806,544	718,120	12.3
Gross Profit	17,478	12,541	39.4	43,806	42,448	3.2
Gross Margin (%)	5.9%	5.1%	15.7	5.4%	5.9%	(8.5)
Net Profit	3,348	119	N.M.	5,397	1,291	318.0
Basic and diluted earnings per share (US cents)	2.80	0.10	N.M.	4.51	1.08	317.6

N.M. = Not meaningful

The Group’s revenue increased by 20.0% from US\$247.2 million for 3Q2019 to US\$296.6 million for 3Q2020 and gross profit increased by 39.4% from US\$12.5 million for 3Q2019 to US\$17.5 million for 3Q2020, mainly due to higher sales from the Singapore and Hong Kong business units.

Operating costs remained relatively stable in 3Q2020 as compared to 3Q2019. The Group reported net profit of US\$3.3 million for 3Q2020.

	30 Sep 2020 US\$'000	31 Dec 2019 US\$'000	Change (%)
Trade and other debtors	179,710	158,464	13.4
Stocks	140,602	147,375	(4.6)
Cash and short-term deposits	40,378	14,483	178.8
Total assets	372,993	331,203	12.6
Trade and other creditors	(188,762)	(139,996)	34.8
Interest-bearing loans and borrowings	(87,319)	(104,643)	(16.6)
Total liabilities	(290,778)	(254,491)	14.3
Total equity	82,215	76,712	7.2
Net asset value	82,215	76,712	7.2
Net asset value per share (US cents)	68.66	64.06	7.2

Total assets increased from US\$331.2 million as at 31 December 2019 to US\$373.0 million as at 30 September 2020 mainly due to increase in cash and short-term deposits of US\$25.9 million, trade and other debtors of US\$21.2 million from higher sales and partially offset by decrease in stocks of US\$6.8 million.

Total liabilities increased from US\$254.5 million as at 31 December 2019 to US\$290.8 million as at 30 September 2020 mainly due to increase in trade and other creditors of US\$48.8 million and partially offset by the lower interest-bearing loans and borrowings of US\$17.3 million.

** To note that the above figures have not been audited or reviewed by our auditors.*

Business Outlook

While the outbreak of the COVID-19 pandemic has created uncertainties among global economies, it has accelerated the scale of technology adoption in both hardware and software. People are now adjusting and adapting their social, communal and business activities such as telecommuting, work-from-home and virtual learning as part of their lifestyle.

China remains the key market for Excelpoint and the Group has been closely following the COVID-19 situation since the onset of the pandemic. With the resumption of economic activities in the second quarter of 2020, the Chinese economy has recovered progressively as the COVID-19 situation stabilises and remains under control.

Among the various industry segments served by Excelpoint, the Group has seen rising demand for semiconductor chips and solutions in the communications segment due to the shift towards a more digital lifestyle. Similarly, we are seeing recovery from the other markets we operate in, especially Vietnam, as more opportunities arise from infrastructure projects.

In addition, the Group is well-positioned to harness the opportunities in the 5G, Artificial Intelligence and Internet of Things market segment given our capabilities and track record in the sensors and communications segment.

While the events relating to COVID-19 are still unfolding globally, the Group will continue to monitor these developments closely and calibrate our sales and marketing strategies to target new market trends arising from the COVID-19 situation.

Thank you for your continued support and trust to Excelpoint.

BY ORDER OF THE BOARD

Wong Yoen Har
Company Secretary
3 November 2020