

Innotek Limited

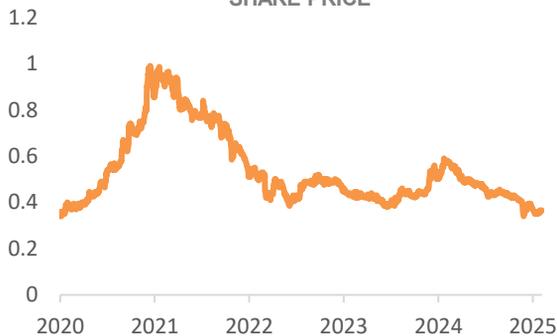
23 June 2025

Non-Rated

BBG	INNOT SP	
Market Cap	S\$83.9m	
Price (23 Jun 2025)	S\$0.365	
52-week range	S\$0.34 - 0.58	
Shares Outstanding	229.8m	
Free Float	50.0%	
Major Shareholder	Advantec Holding SA	36.3%
	Lou Yiliang	13.5%

Source: Company Data, Bloomberg, SAC Capital

SHARE PRICE



Source: Bloomberg, SAC Capital

ANALYST

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KEY FINANCIAL HIGHLIGHTS

Year ended Dec (S\$'m)	FY22	FY23	FY24
Revenue	186.8	205.6	238.0
EBIT	3.6	7.4	7.3
Net profit attributable to owners of the Company	2.3	4.7	5.8
EPS (S\$ cents)	1.0	2.0	2.5
Dividend per share (S\$ cents)	2.0	2.0	2.0
Net cash (*includes other investments)	77.5	63.3	65.1
Valuation			
Gross profit margin (%)	14.6%	16.0%	15.3%
Net profit margin (%)	1.2%	2.3%	2.4%
EV/EBITDA (x)	1.7	2.2	2.1
P/E (x)	37.2	18.2	14.5
P/B (x)	0.5	0.5	0.5
Dividend yield (%)	5%	5%	5%
ROE (%)	1.3%	2.5%	3.1%

Precision in the AI Era

Innotek Limited is a precision manufacturing group headquartered in Singapore and listed on the SGX Mainboard since 1998. The Group primarily operates through its subsidiary, Mansfield Manufacturing Company Limited, which specialises in designing and manufacturing high-precision metal components and assemblies, serving a wide range of industries including automotive, office automation, TV/display, and more recently, GPU servers for AI applications. With production facilities across China, Thailand, and Vietnam, Innotek has established a diversified regional footprint, allowing it to support global clients pursuing “China+1” manufacturing strategies.

Financial Results Revenue grew 15.8% yoy to S\$238.0m in FY2024, with higher contributions from most of the business segments. Gross profit grew by 10.6% yoy to S\$36.4m, with gross profit margin declining slightly from 16.0% to 15.3% due to higher allowances for inventory and tooling obsolescence arising from the Group’s efforts to streamline its customer base. Net profit attributable to owners of the Company rose 23.4% yoy to S\$5.8m in 2024, driven by higher other income, improved joint venture contributions, lower finance costs, and a reduced tax expense. Excluding one-off effects, adjusted net profit would have grown by 87.3% yoy to S\$11.8m in 2024. The Group remains in a strong net cash position of S\$65.1m, representing 77.6% of market cap.

Investment Thesis Innotek is transitioning from a traditional precision metal components manufacturer to a strategic supplier aligned with global trends such as AI, EV adoption, and regional supply chain diversification. The group’s pivot into GPU server manufacturing and EV components has opened higher value revenue streams, with GPU segment alone contributing approximately 15% of total revenue in FY2024. Innotek’s strong net cash position provides the group flexibility to pursue regional expansion as well as evaluate potential acquisition opportunities. Its continued expansion in ASEAN helps mitigate concentration risk from its China operations.

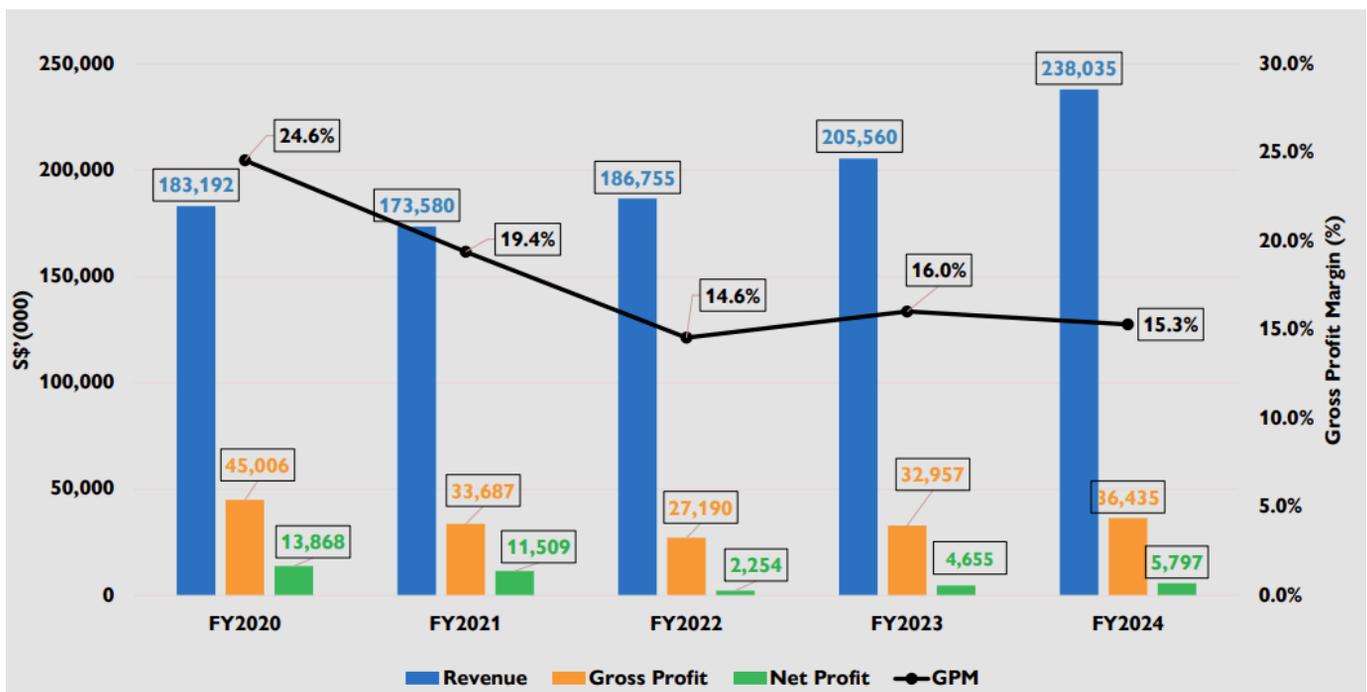
Business Segments Innotek operates across six business segments. The Automotive segment supplies stamped and assembled metal parts for both traditional combustion and electric vehicles. The EV shift has introduced volatility and asset write-downs due to project lifecycle risks and tooling obsolescence. In Office Automation, Innotek

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manufactures parts for printers and multifunction machines, with stronger ASEAN demand helping to offset softness in China. The TV/Display segment saw a rebound in FY2024, supported by new model launches from key customers. The GPU Servers segment expanded rapidly on the back of AI infrastructure demand, with revenue surging 73.7% yoy to S\$35.6 million, contributing approximately 15.0% of total revenue. The Others segment captures non-core revenue streams such as tooling and scrap sales. Lastly, the group is building momentum in the New Field segment, which includes parts for gaming, medical and financial equipment, seen as a long-term growth driver.

Risks Innotek’s Automotive segment remains exposed to volatility, with lower-margin legacy projects, demand fluctuations, and tooling obsolescence. Secondly, the loss of business from one or more of the major customers will have an adverse impact on Innotek. Thirdly, ongoing US-China geopolitical tensions and evolving trade regulations may disrupt cross-border operations. Lastly, rising labour and utility costs in both China and ASEAN could place pressure on operating margins going forward.

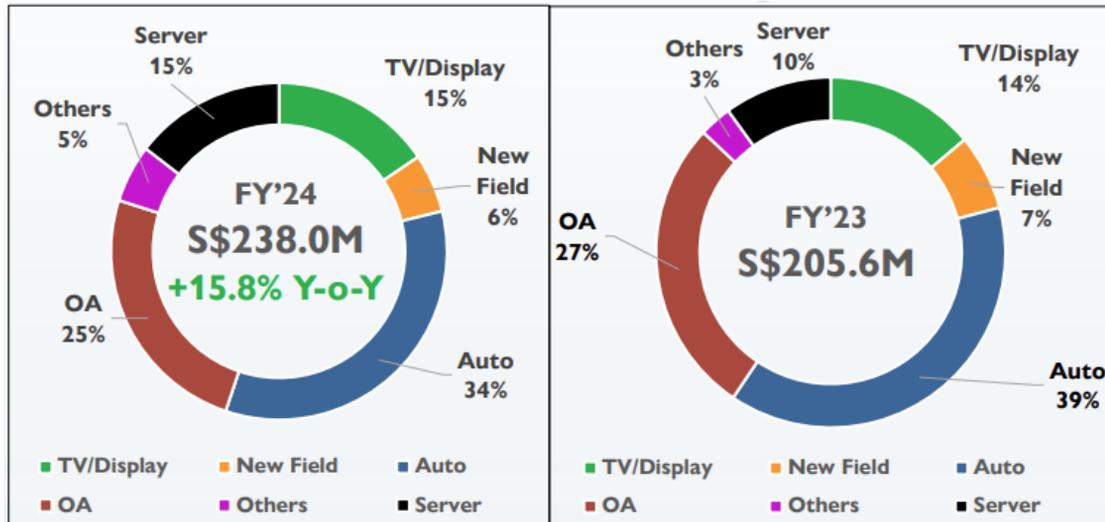
Valuation Innotek is currently trading at 14.5x P/E and 0.5x P/B, relative to the Mainboard board average of 16.1x P/E and 1.1x P/B.



Source: Company

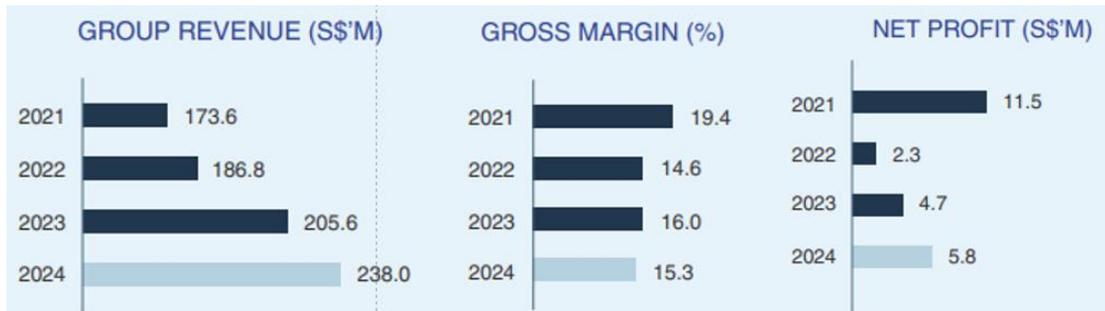
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YOY segmental breakdown



Source: Company

Group revenue grew steadily from 2021 to 2024, with gross margin and net profit showing signs of recovery following a dip in 2022



Source: Company

Consistently distributed dividends during the pandemic, with steady growth from 0.5¢ to 2.0¢ per share.

Year	Dividend Per Share (Singapore cents)
FY2024	2.0
FY2023	2.0
FY2022	2.0
FY2021	2.0
FY2020	2.0
FY2019	1.5
FY2018	1.0
FY2017	1.0
FY2016	0.5

Source: Company

Income Statement

FYE Dec (S\$'m)	FY22	FY23	FY24
Revenue	186.8	205.6	238.0
Cost of sales	(159.6)	(172.6)	(201.6)
Gross profit	27.2	33.0	36.4
Interest income	1.0	1.2	2.1
Other income	5.3	4.9	7.3
Selling and distribution	(3.7)	(3.7)	(4.4)
Administrative expenses	(24.8)	(24.8)	(29.8)
Finance costs	(2.2)	(2.2)	(2.1)
Other expenses	(0.2)	(1.7)	(1.5)
Share of results of joint venture	(0.2)	(0.3)	(0.8)
Profit before tax	2.4	6.4	7.3
Income tax expense	(0.1)	(2.0)	(1.8)
Net Profit	2.3	4.4	5.5
Less: Non-Controlling Interest	-	0.3	0.3
Net profit attributable to owners of the Company	2.3	4.7	5.8

Balance Sheet

FYE Dec (S\$'m)	FY22	FY23	FY24
Assets			
Property, plant and equipment	31.1	35.7	39.8
Right-of-use assets	18.6	15.8	12.7
Investment properties	26.9	26.5	27.0
Intangible assets	0.5	0.4	0.9
Investment in joint venture	1.1	0.8	0.0
Deferred tax assets	1.7	1.6	1.3
Other receivables	1.2	1.5	1.1
Total non-current assets	81.1	82.3	82.8
Inventories	41.8	37.6	32.9
Trade and other receivables	54.3	64.7	67.2
Income tax recoverable	0.3	0.0	0.1
Contract assets	0.6	4.6	5.4
Prepayments	2.9	4.5	4.2
Other investments	18.5	20.1	21.2
Cash and short-term deposits	59.0	50.2	48.9
Total current assets	177.4	181.7	180.0
Total assets	258.4	264.1	262.8
Liabilities			
Provisions	0.0	0.0	0.0
Income tax payable	2.1	3.6	4.2
Trade and other payables	54.4	56.2	58.5
Contract liabilities	3.5	4.3	2.3
Loans and borrowings	0.0	7.0	5.0
Lease liabilities	4.8	6.1	6.9
Total current liabilities	64.8	77.2	76.9
Provisions	0.4	0.4	0.4
Deferred tax liabilities	2.2	2.1	2.0
Other payable	0.0	0.0	0.4
Lease liabilities	14.3	11.1	6.9
Total non-current liabilities	16.9	13.6	9.7
Total liabilities	81.7	90.8	86.6
Net assets	176.7	173.3	176.2
Equity			
Share capital	98.0	98.0	98.0
Treasury shares	(8.9)	(8.9)	(8.9)
Retained earnings	88.2	87.6	89.0
Other reserves	(0.6)	(4.4)	(2.6)
Equity attributable to owners of the Company	176.7	172.3	175.5
Non-controlling interests	-	1.0	0.7
Total equity	176.7	173.3	176.2
Total liabilities and equity	258.4	264.1	262.8

Cash Flow Statement

FYE Dec (S\$'m)	FY22	FY23	FY24
Profit before tax	2.4	6.4	7.3
Adjustments for:			
Depreciation of property, plant and equipment	5.4	5.1	5.7
Amortisation of intangible assets	0.2	0.2	0.2
Depreciation of right-of-use assets	5.4	5.8	6.1
Net loss/(gain) on disposal of property, plant and equipment	(0.0)	0.0	(0.2)
Gain on termination of lease	(0.0)	0.0	0.0
Share-based payments	0.5	0.0	0.1
Net fair value gain on investment securities	(0.1)	(0.1)	(1.6)
Net loss on disposal of other investments	0.0	0.2	0.0
Net fair value gain on investment properties	(0.5)	(0.6)	(0.2)
Allowance for expected credit losses on financial assets at amortised cost	0.0	0.1	0.4
Allowance for expected credit losses on debt securities	0.1	0.0	0.0
Share of results of joint venture	0.2	0.3	0.8
Net reversal of provisions	(0.0)	(0.0)	(0.0)
Interest expense	2.2	2.2	2.1
Interest income	(1.0)	(1.2)	(2.1)
Dividend income from other investments	(0.3)	(0.3)	(0.4)
Net allowance for inventory obsolescence	0.3	0.1	1.3
Net impairment loss on capitalised contract costs	0.0	0.1	1.6
Impairment loss on property, plant and equipment	0.0	0.5	0.5
Impairment loss on right-of-use assets	0.0	0.9	0.6
Exchange differences	(4.2)	(1.7)	0.6
Operating cash flows before changes in working capital	10.6	18.0	22.8
Changes in working capital:			
Increase in trade and other receivables and contract assets	(7.1)	(15.2)	(3.0)
Decrease/(increase) in inventories	(6.3)	3.9	1.9
Increase in prepayments	(0.1)	(0.2)	0.7
Increase in trade and other payables and contract liabilities	9.6	2.5	0.7
Decrease in provision	0.0	(0.0)	0.0
Cash flows from operations	6.7	9.0	23.1
Interest paid	(2.2)	(2.2)	(2.1)
Interest received	1.0	1.2	1.5
Income taxes paid	(0.1)	(0.4)	(1.0)
Income taxes refunded	0.0	0.2	0.0
Net cash flows generated from operating activities	5.4	7.8	21.5
Investing activities			
Purchase of property, plant and equipment	(6.4)	(11.7)	(10.1)
Additions to prepaid property, plant and equipment	0.0	0.0	0.0
Proceeds from disposal of property, plant and equipment	0.1	0.0	0.1
Deposit paid for property, plant and equipment	(0.4)	(1.4)	(0.4)
Purchase of intangible assets	(0.1)	(0.0)	(0.7)
Purchase of other investments	(5.5)	(7.2)	(4.5)
Proceeds from disposal of other investments	6.5	6.0	5.3
Dividend received from other investments	0.3	0.3	0.4
Increase / (Decrease) in structured deposit	0.0	0.0	0.0
Acquisition of subsidiary	0.0	0.0	0.0
Decrease/(increase) in bank balance under portfolio investment management	(1.5)	0.7	0.7
Net cash flows used in investing activities	(7.1)	(13.3)	(9.2)
Financing activities			
Proceeds from exercise of share options	1.1	0.0	0.0
Proceeds from bank loans	0.0	5.8	3.8
Proceeds from loan from non-controlling interests	0.0	1.2	0.0
Repayment of bank loan	(1.1)	0.0	(5.7)
Payment of principal portion of lease liabilities	(4.5)	(5.1)	(7.0)
Dividend paid on ordinary shares	(4.6)	(4.6)	(4.6)
Capital contribution from non-controlling interests	0.0	1.3	0.0
Net cash flows used in financing activities	(9.1)	(1.5)	(13.5)
Net decrease in cash and cash equivalents	(11.0)	(7.0)	(1.2)
Effect of exchange rate changes on cash and cash equivalents	(2.2)	(1.1)	0.6
Cash and cash equivalents at 1 January	69.8	56.8	48.7
Cash and cash equivalents at 31 December	56.8	48.7	48.2

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