



## **FY2018 Results Presentation**

**Note: This presentation is to be read in conjunction with the announcement issued on SGXNET on 25 May 2018.**

# Important Notice

*This presentation contains forward-looking statements which can be identified by the context of the statement and generally arise when the Company is discussing its beliefs, estimates or expectations. Such statements may include comments on industry, business or market trends, projections, forecasts, and plans and objectives of management for future operations and operating and financial performance, as well as any related assumptions.*

*Readers of this presentation should understand that these statements are not historical facts or guarantees of future performance but instead represent only the Company's belief at the time the statements were made regarding future events, which are subject to significant risks, uncertainties and other factors, many of which are outside of the Company's control. Actual results and outcomes may differ materially from what is expressed or implied in such forward-looking statements.*

*The Company cautions readers not to place undue reliance on any forward-looking statements included in this presentation, which speak only as of the date made; and should any of the events anticipated by the forward-looking statements transpire or occur, the Company makes no assurances on what benefits, if any, the Company will derive therefrom.*

## **Cogent** Communications

**Investor Relations Contact:**

**Name: Mr Gerald Woon**

**Email: [woon@cogentcomms.com](mailto:woon@cogentcomms.com)**

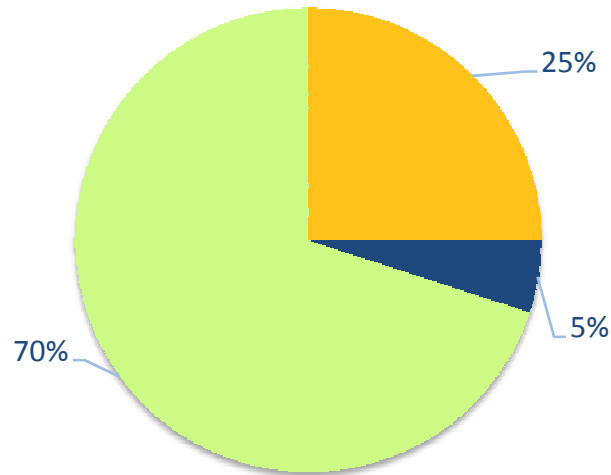
**Tel: + 65 6704 9288**

**Name: Ms Candy Soh**

**Email: [candysoh@cogentcomms.com](mailto:candysoh@cogentcomms.com)**

# Corporate Profile

## Shareholding



■ Executive Directors
 ■ HSBC Global AM
 ■ Public Float

Bloomberg Code	VALUE.SP
Reuters Code	VLUE.SI
ISIN Code	BN2
Index	FTSE ST Small Cap, FT ST China
Issued shares (M)	432.4
Mkt cap (SG\$M) (24 May 2018)	346.0
Share price (SG\$) (24 May 2018)	0.8
Average volume 3-mth ('000)	4,400
52 wk range (SG\$) (24 May 2018)	0.64– 1.12

### Corporate Information

- Electronic Manufacturing Services (“EMS”) player established in 1992 in Hong Kong
- Listed on Main Board of SGX on 28 March 2007
- Production facilities in Daya Bay & Danshui Town, Guangdong, PRC (60 minutes from Shenzhen)
- Auditors: PricewaterhouseCoopers
- Around 4,000 employees (31 Mar 2018)

### Accreditations

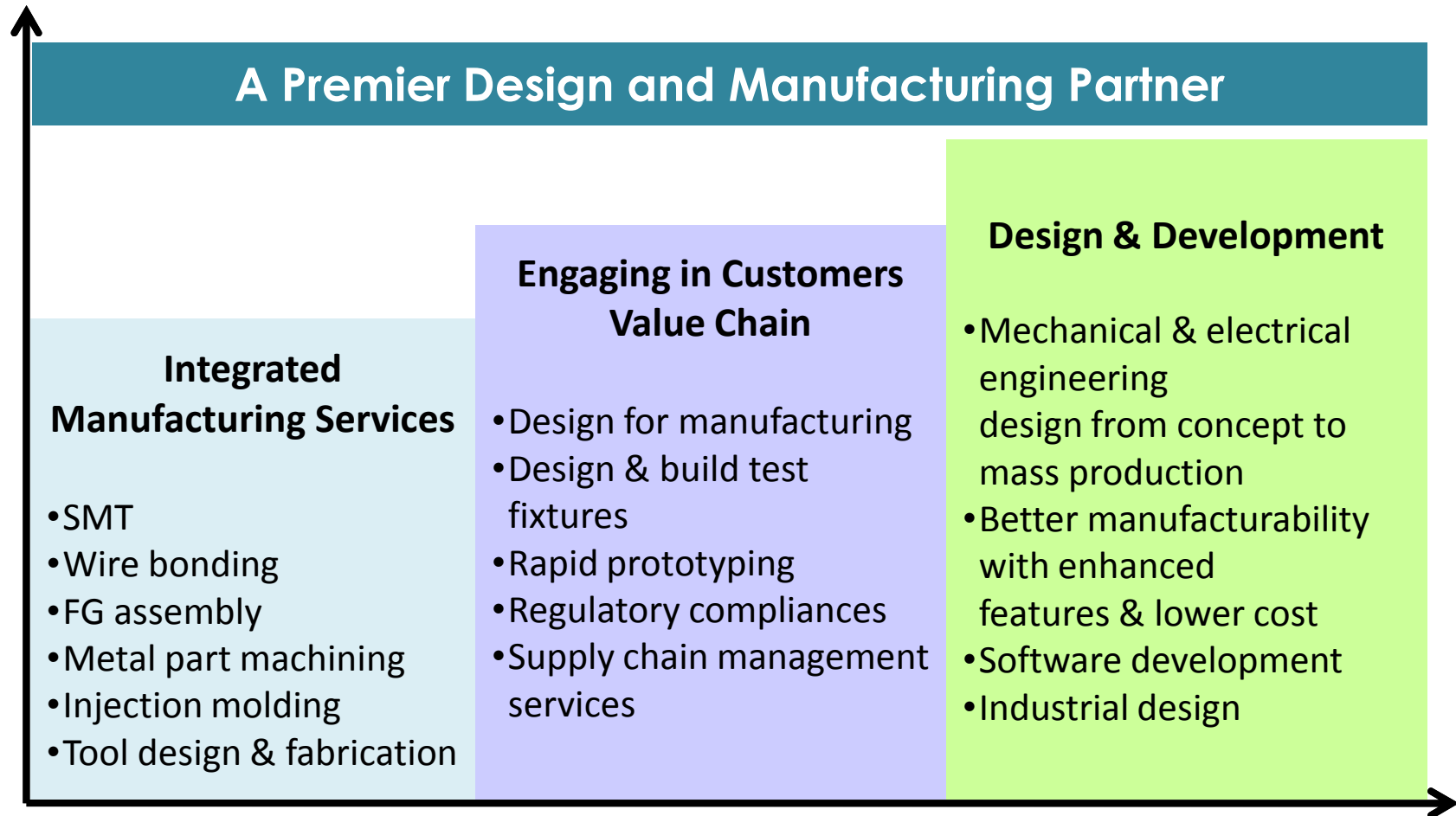
ISO9001:2008, ISO14001:2004, ISO13485: 2003, TL9000 R5.5, TS16949: 2009, IPC J STD-001, IPC-A-610 QML Class 3

### Integrated EMS Provider

- Engineering Design & Development
- Product Design & Deployment
- Plastic Injection Moulding
- Tool Design and Tool Fabrication
- Metal Stamping & Machining
- Printed Circuit Box Assembly and Box Build Assembly
- Supply Chain Management



# Business Model


Value Add



Proactive deployment of Design & Development capabilities

# Key Milestones

1992	2002	2003	2005	2007	2008
Headquartered in Hong Kong with manufacturing facilities in Danshui Town PRC	Use of ROHS equipment and accredited with TL9000	Adopted work cell management & updated to ISO9001:2000	Became Philips preferred supplier for its consumer lifestyle segment	Listed on SGX-Mainboard & commenced construction for Daya Bay Facility	Became Phillips preferred supplier for its Lighting segment
					

2008	2009	2012	2014	2015	2017
Completed Phase 1 construction of Daya Bay Facility	Opened Daya Bay Facility, acquired medical business	Celebrated 20 <sup>th</sup> anniversary with revenue crossing HK\$2 billion	Adoption of formal dividend policy	Received TS16949 certification	Received 2016 Above & Beyond – Pinnacle Award for Supplier Excellence from Delphi
					



# Daya Bay Facility – Bird's-Eye View

- Land use rights acquired in 2006
- Total site area > 110,000 sq m



# Customer & Product Portfolio

**Industrial & Commercial  
Electronics**

**Consumer Electronics**

- **Ability to accommodate customers requirement for various volume, mix and complexity**
- Customer base ranged from emerging enterprises in Northern American (low-volume complex custom product) to top global Multi-National Corporations (high-volume standards product)

# Industrial & Commercial Electronics

## Printers

Nasdaq-listed Company



Transaction Printer for Slot, POS & Teller Station Machines

Company owned by a UK PE Fund



Barcode and Transaction Printing Solution Provider for Retail, Banking, Manufacturing, Logistics and Healthcare industries

Global Brand owned by NYSE-listed MNC



Thermal Label Printer for Industrial & Commercial Use

## Temperature Sensing Devices

Unit of a NYSE-listed MNC



Cold Chain Temperature Monitor for Industrial & Commercial Use

Company owned by a UK PE Fund



Electronic Thermostats



# Industrial & Commercial Electronics (Cont'd)

## Communication Products

**Toronto-listed Company**



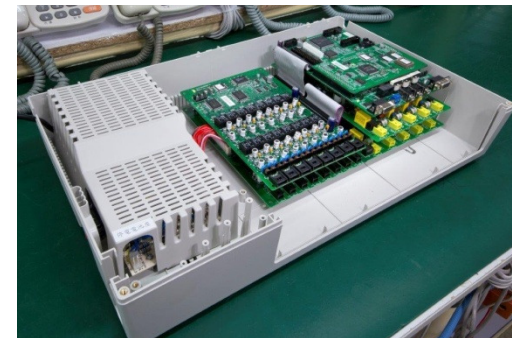
**Taiwan-listed Company**



**Company Based in North America**



**High Precision GPS for Industrial Use**



# Industrial & Commercial Electronics (Cont'd)

## Electronic Products for Automotive Industry

### Tier 1 Automotive System Manufacturer



Data and media connectivity module

## Others

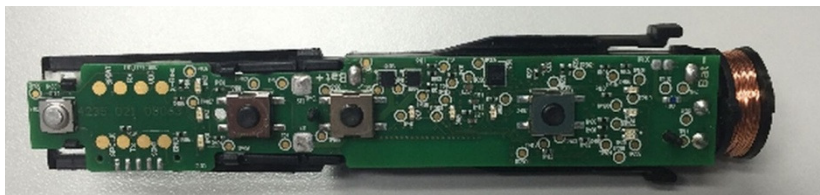
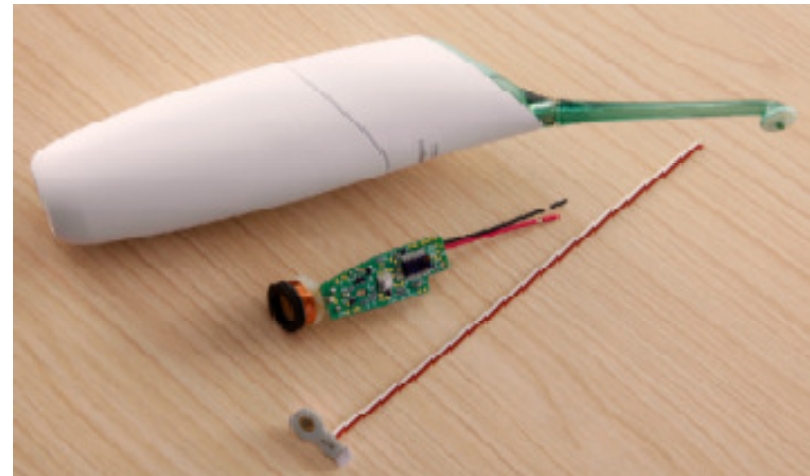


In-vitro Diagnostic Medical Equipment for Testing Human Tissue Samples

# Consumer Electronics

## Consumer Lifestyle Products

Consumer Lifestyle Division of a Dutch MNC



PCBA for Shavers & Electric Toothbrushes for Consumer Use



Subsidiary of Homax Group  
(Wholly-owned by PE firm)

15W and 40W Bug Zappers



# Consumer Electronics (Cont'd)

## Smart Lighting with IOT Features



**Wireless lighting contain various LED specially chosen to produce wide range of intensities and over 16 million colours;  
Wirelessly controlled by mobile application**





# **FY2018 Financial Highlights**

# Financial Highlights

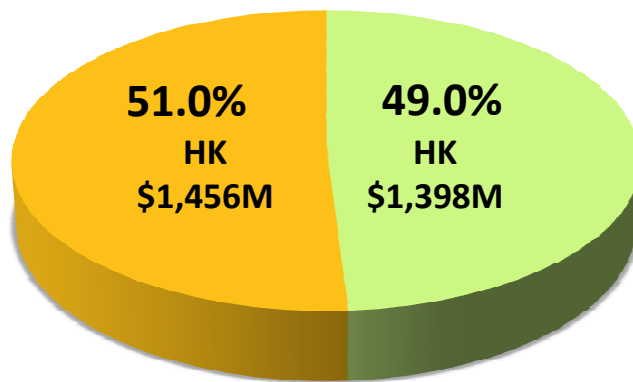
HK\$'M	FY18	FY17	% Change
Revenue	2,853.7	2,274.9	25.4
Gross Profit	414.6	341.7	21.3
Gross Profit Margin	14.5%	15.0%	-0.5% pt
Net Profit for the year	204.7	154.1	32.9
Net Profit Margin	7.2%	6.8%	0.4% pt



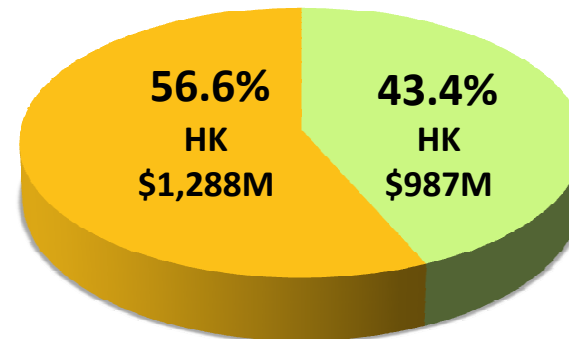
# Financial Highlights

## Revenue Contribution

**FY18**

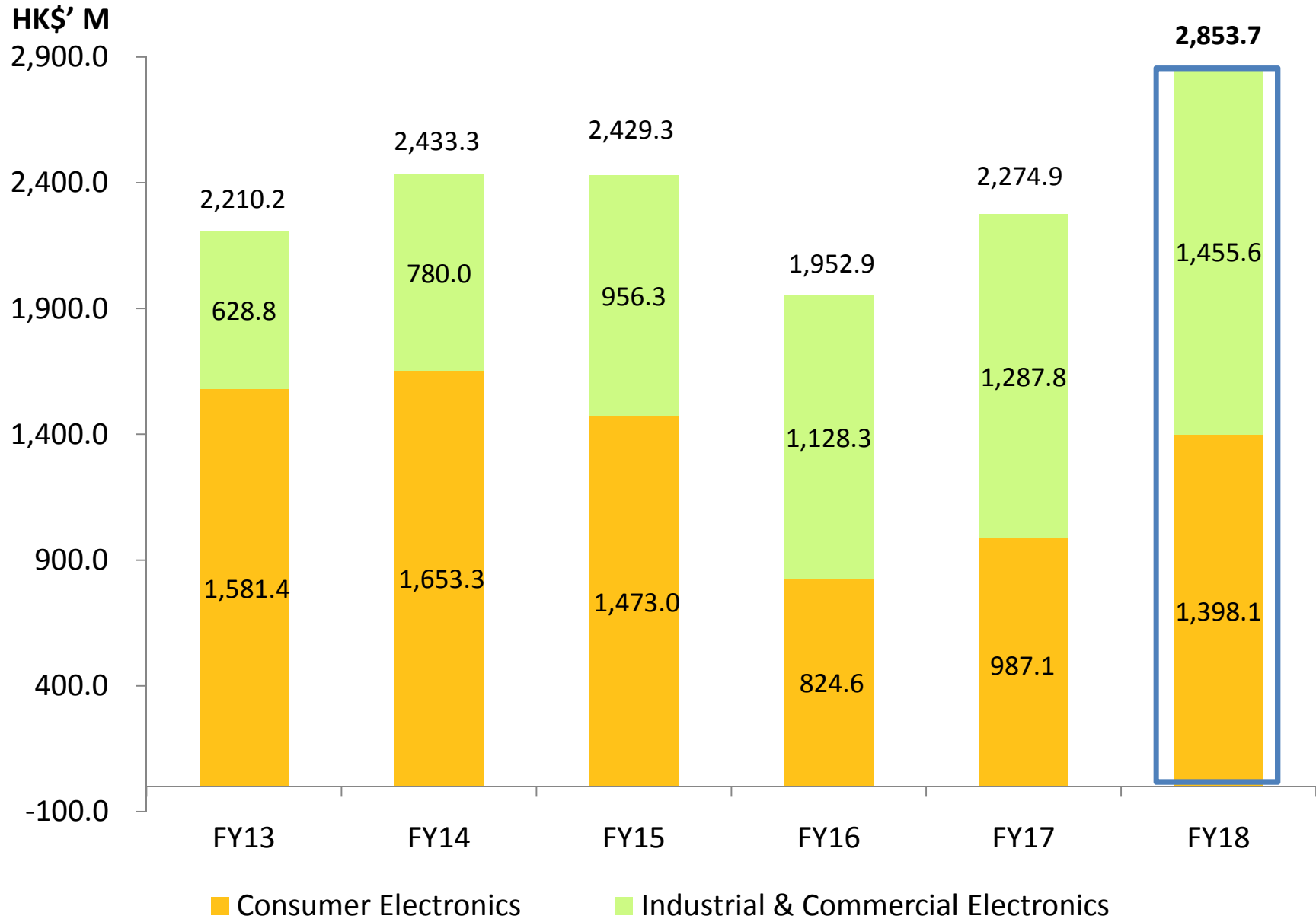


**FY17**

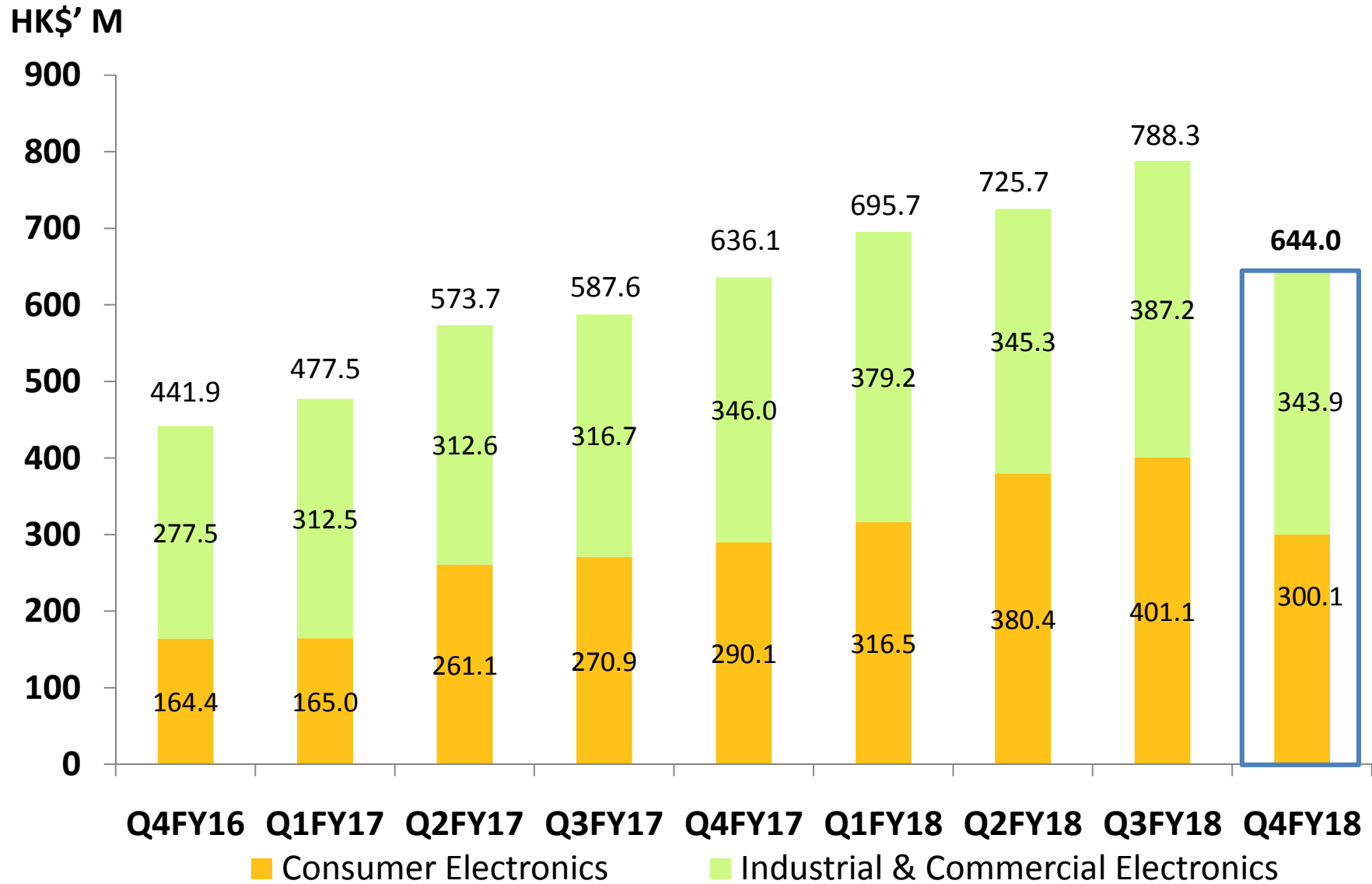


- Consumer Electronics
- Industrial and Commercial Electronics

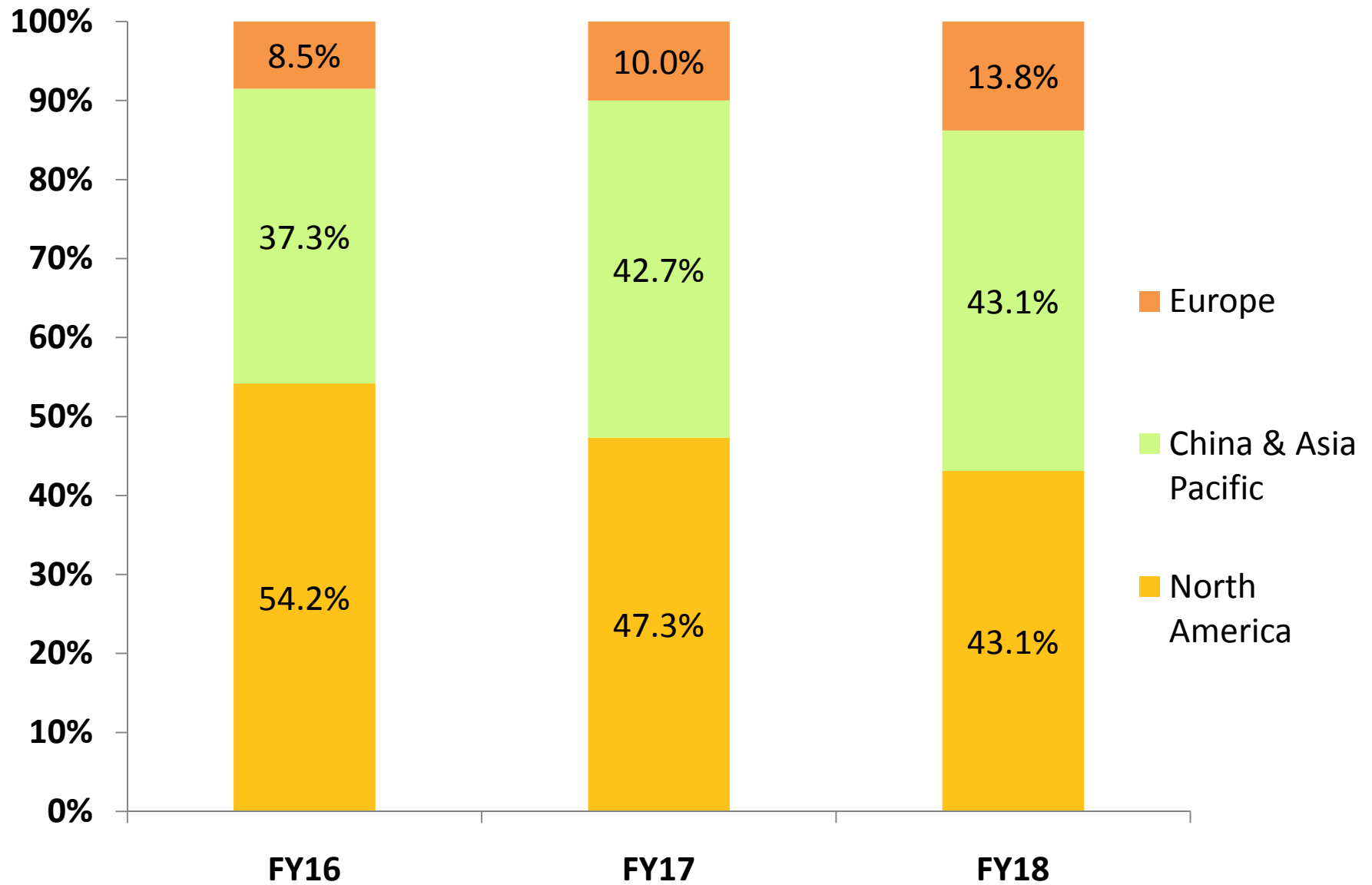
# Revenue Trend



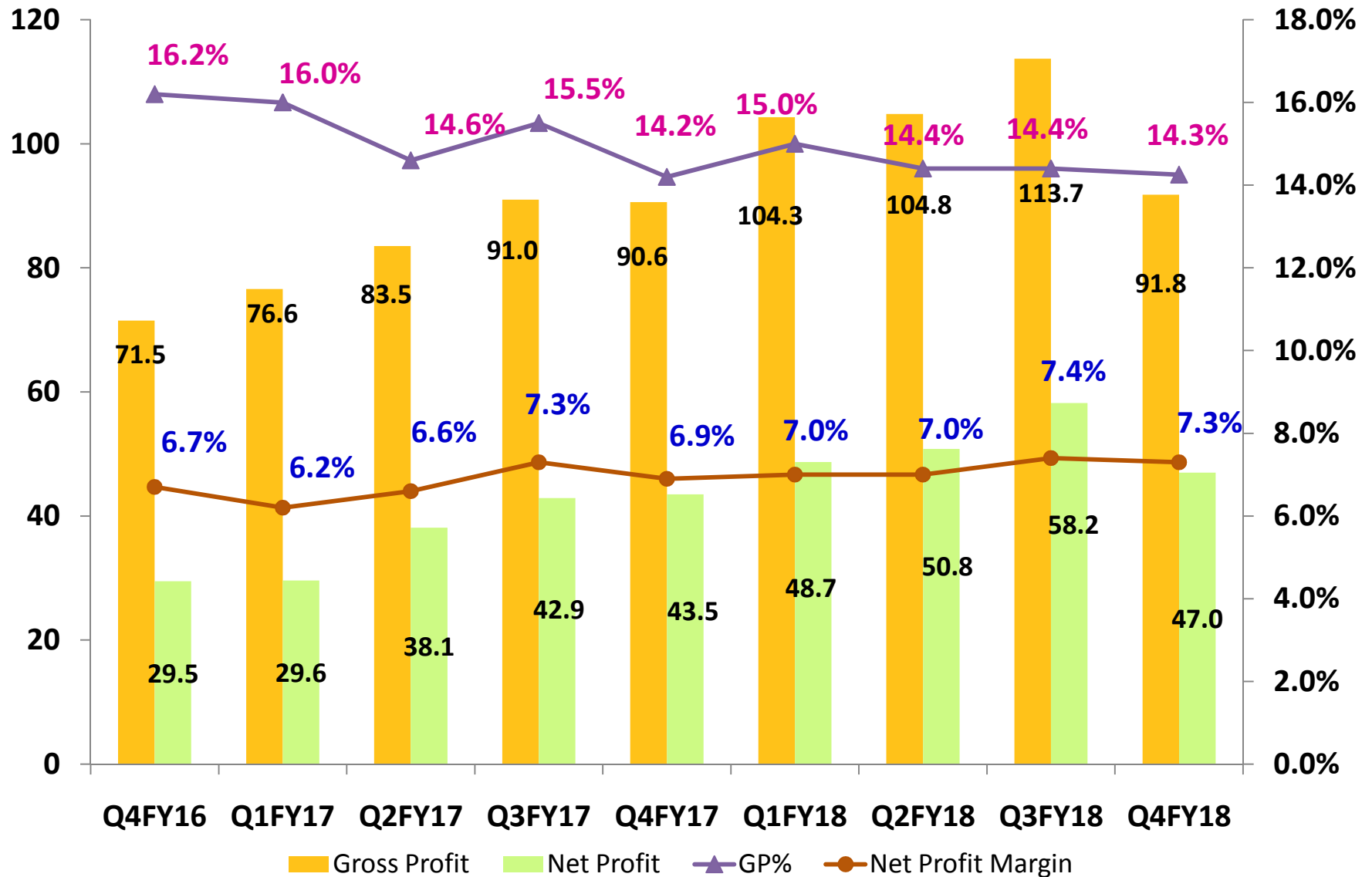
# Quarterly Revenue



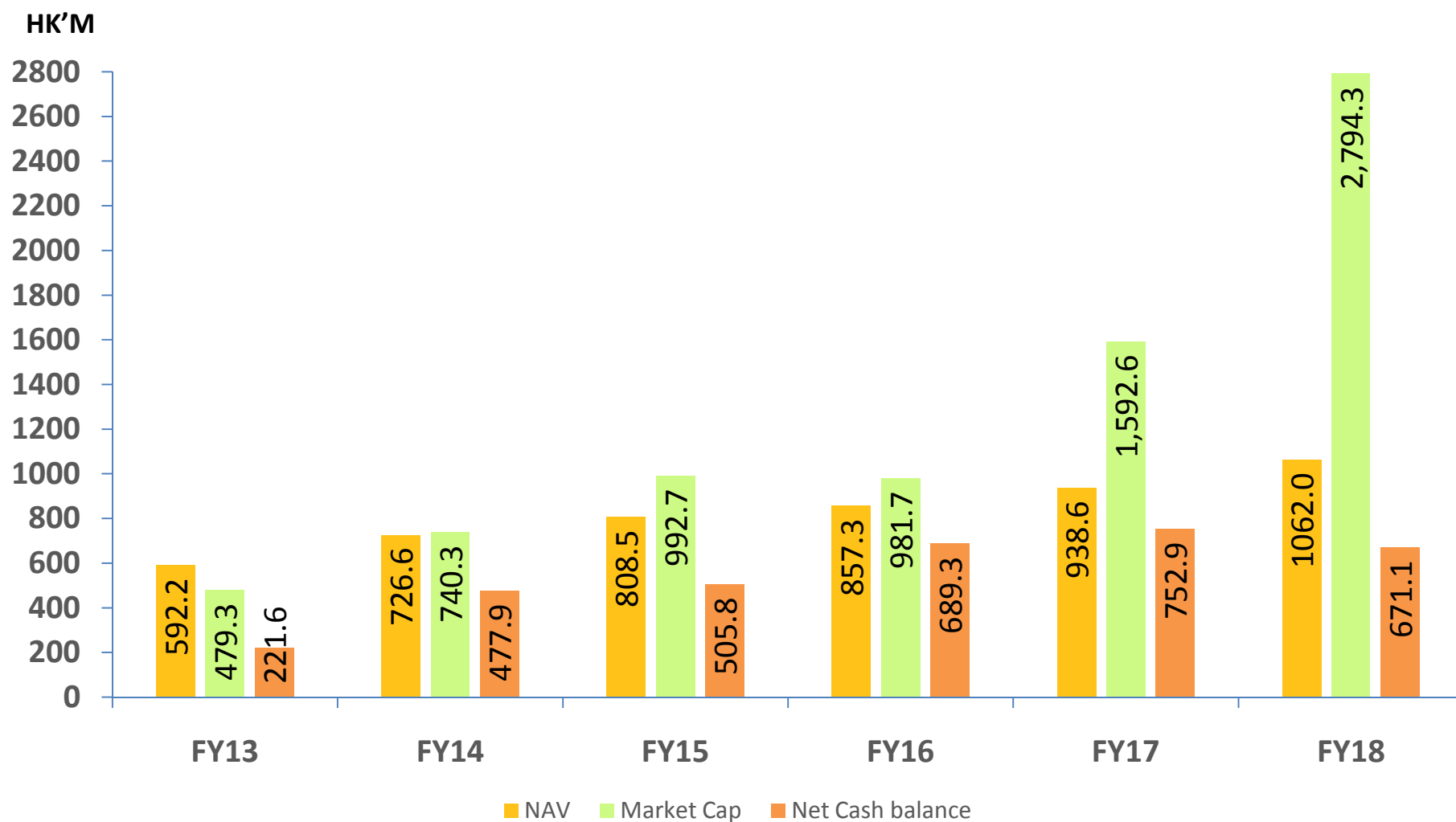
# Revenue by Shipment Destination



# Gross Profit & Net Profit Trend



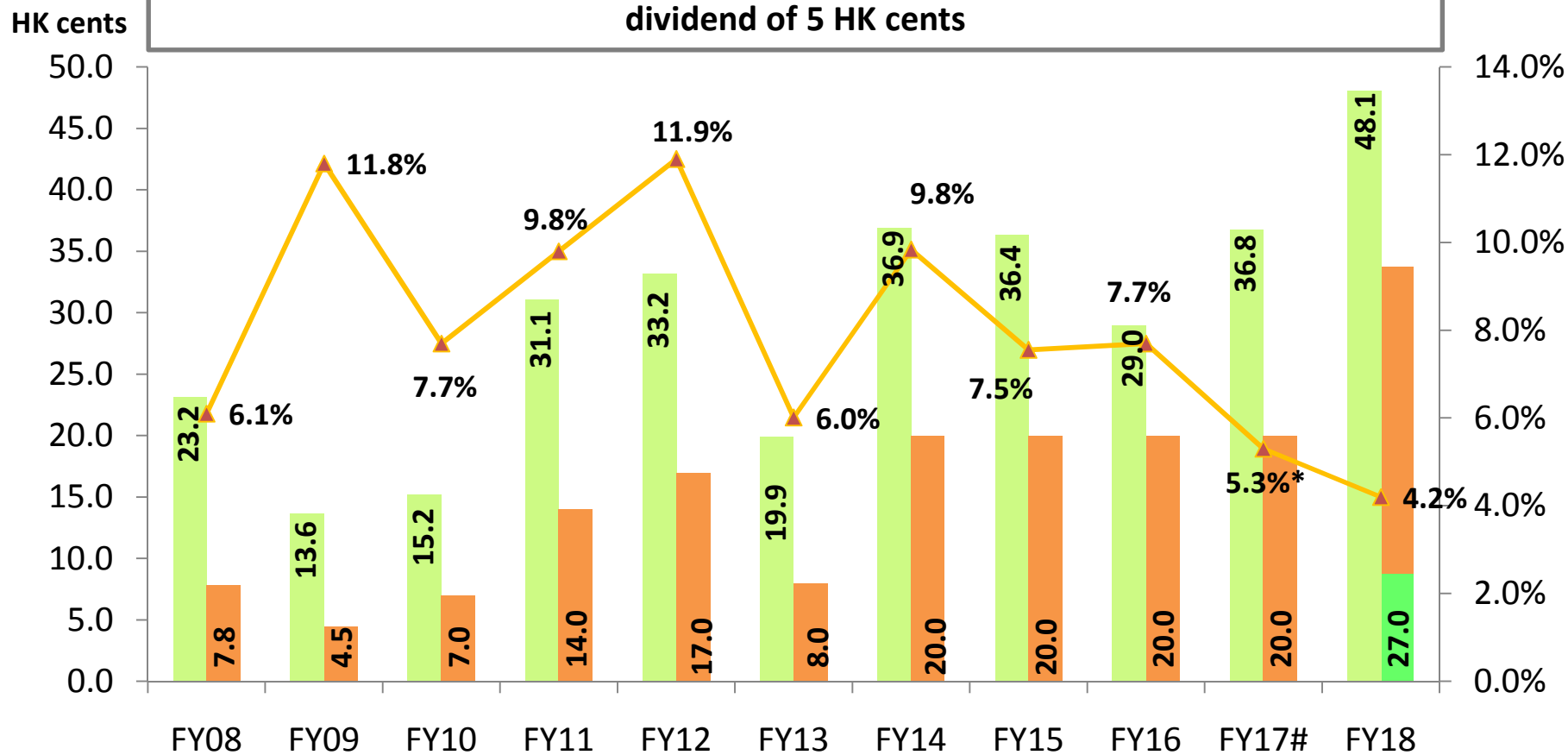
# Market Capitalisation & Net Cash Balance





# Earnings Per Share & Dividends Per Share

We are committed to formal dividend policy of 30-50% payout ratio  
 FY18: interim dividend of 7 HK cents, final dividend of 15 HK cents & special dividend of 5 HK cents



Share Price* (\$)	0.21	0.07	0.15	0.21	0.21	0.19	0.30	0.43	0.41	0.68	<b>1.08</b>
Dividend Payout	30%	30%	42%	41%	47%	37%	49%	50%	63%	55%*	<b>57%</b>

■ EPS \*    
 ■ Dividend per share    
 ▲ Dividend Yield  
■ Interim Dividend

\* Adjusted for 1:10 bonus issue completed on Jun 2017  
 # Quantum of dividend has increased by 10% under 1:10 bonus issue

# Summary of Cash Flows

HK\$'000	FY18	FY17
<b>Operating Activities</b>		
Net cash generated from operating activities	<b>63,529</b>	<b>160,536</b>
<b>Investing Activities</b>		
Net cash used in investing activities	<b>(167,782)</b>	<b>(23,210)</b>
- Net increase in short-term bank deposits	(116,256)	-
- Others	(51,526)	(23,210)
<b>Financing Activities</b>		
Net cash used in financing activities	<b>(94,223)</b>	<b>(75,312)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(198,476)</b>	<b>62,014</b>
Effect of foreign exchange rate changes	366	1,667
<b>Cash and Cash equivalents</b>		
At beginning of the year	752,941	689,260
<b>At end of the year*</b>	<b>554,831</b>	<b>752,941</b>

\* As at 31 March 2018, cash and bank deposits of the Group amounted to HK\$671,087,000 comprise (i) cash and cash equivalents of HK\$554,831,000; and (ii) term deposits with initial terms of over three months of HK\$116,256,000.

# Balance Sheet & Key Ratios

HK\$'M	FY18	FY17
<b>Working capital</b>		
Inventories	385.6	291.9
Trade Receivables	582.8	486.3
Trade Payables	<u>(482.9)</u>	<u>(484.7)</u>
	<u>485.5</u>	<u>293.5</u>
<b>Net Current Assets</b>	774.9	734.0
<b>Net Cash</b>	671.1	752.9
<b>Net Assets</b>	1,062.0	938.6

Turnover Days	FY18	FY17
Inventories	57.7	55.1
Trade Receivables	74.5	78.0
Trade Payables	<u>(72.3)</u>	<u>(91.5)</u>
	<u>59.9</u>	<u>41.6</u>

# Key Financial Ratios

	FY18	FY17
Price (SGD) #	1.08	0.68*
NAV per share (SGD)*	0.41	0.40*
Cash per share (SGD)*	0.26	0.32*
Cash to Mkt Cap ratio	24%	47%

	FY18	FY17
Current ratio	1.9	1.8
ROE	19.3%	16.4%
ROA	10.4%	8.5%
PB ratio	2.61	1.68

# Share price as at respective period or year end date

\*Restated/adjusted based on 1:10 bonus issue

SGD/HKD Ex rate:

FY18: 5.98;

FY17: 5.56

# Business Outlook

## Overview

- Record breaking results for FY2018 driven by operational excellence and strong demand from CE and ICE customers

## CE

- Strong performance driven by consumer lifestyle products and smart LED lighting products with IOT features
- Remains optimistic on growth prospects of consumer lifestyle products as customers continue to launch new series of innovative products and increase their penetration in new markets including China
- Conservative on smart LED lighting products as customer signaled in their recent first quarter results disclosure which had slower demand allowing for inventory reductions at their trade partners, which will inevitably impact the Group's sales in FY2019
- In the same disclosure, customer also indicated their confidence in the long-term growth of smart LED lighting products and expects their sales to normalize in second half of calendar year 2018, which corresponds to the Group's second and third quarter in FY2019

# Business Outlook

## ICE

- Strong performance with printers, and in-car connectivity modules used in the automotive industry
- Automotive products expected to remain as main primary driver for ICE growth with increasing demands for in-car connectivity
- Pursue opportunities in the future of mobility by providing vertical integrated services with design and development capabilities

## Macro environment

- Continue to see supply chain challenges such as rising raw material price and extension of lead time in procurement
- Continue to navigate dynamic macro-environment by focusing on operational improvements and working proactively with customers

*Reader should refer to section 10 of the Results Announcements for the complete commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.*