



Q2FY18 Results Presentation

Note: This presentation is to be read in conjunction with the announcement issued on SGXNET on 9 November 2017.

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

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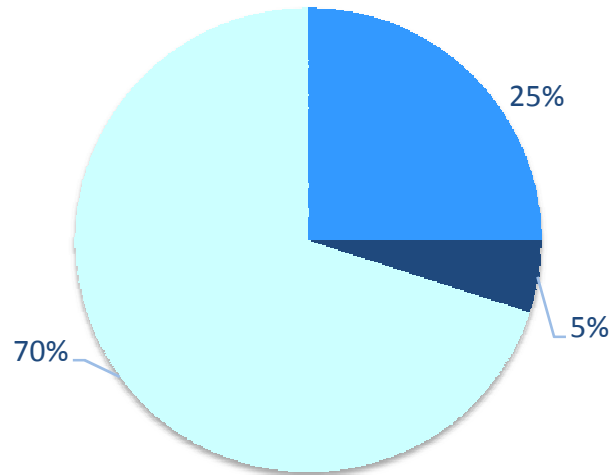
Tel: + 65 6704 9288

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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) (30 Oct 2017)	443.2
Share price (SG\$) (30 Oct 2017)	1.025
Average volume 3-mth ('000)	1,766
52 wk range (SG\$) (30 Oct 2017)	0.445 – 1.03

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 (30 Sep 2017)

Accreditations

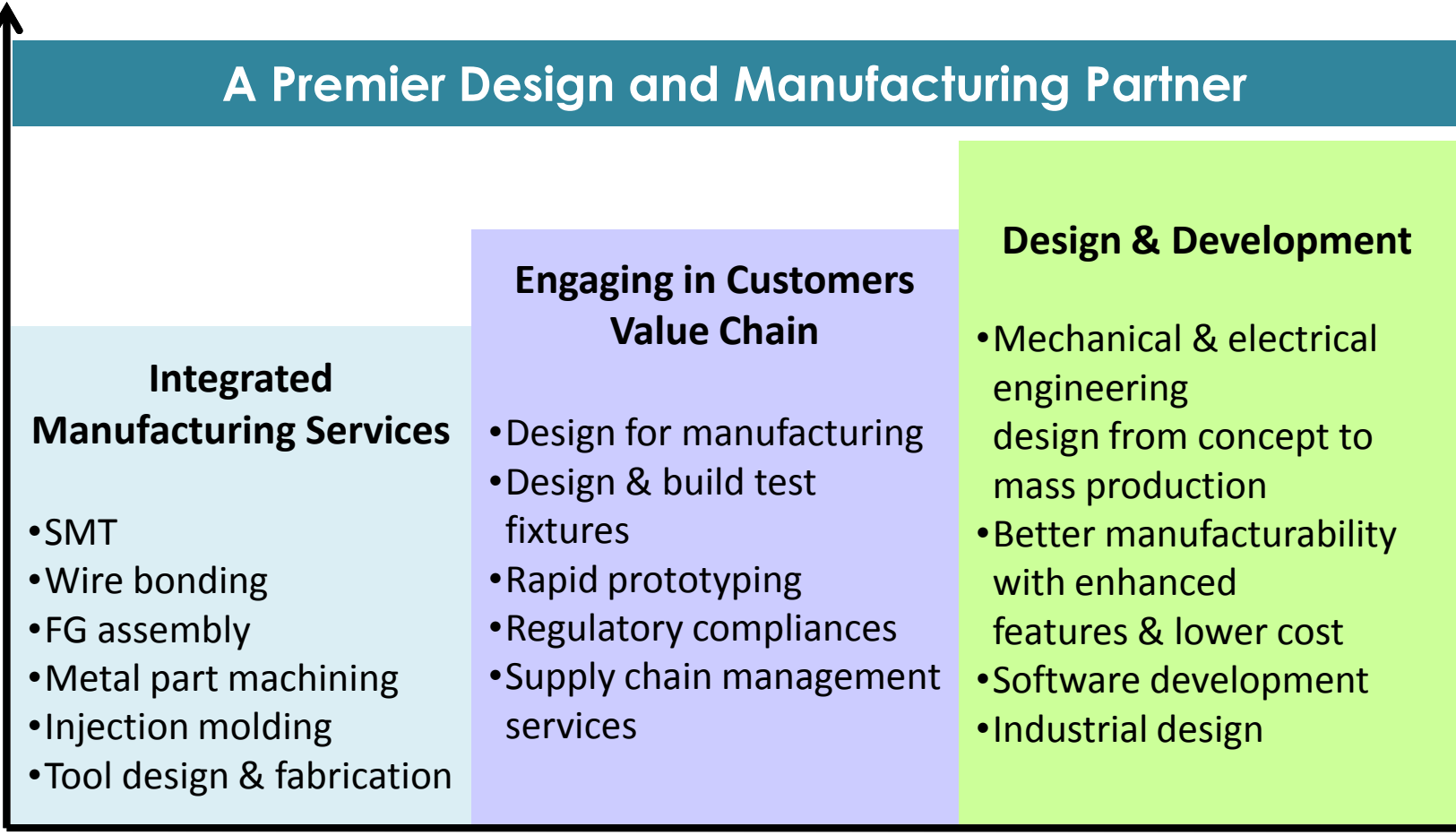
ISO9001:2008, ISO14001:2004, ISO13485: 2003, TL9000 R5.5, TS16949: 2009, IPC J STD-001, IPC-A-610 QML Class 3

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 th 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

Temperature Sensing Devices

Unit of a NYSE-listed MNC



Cold Chain Temperature Monitor for Industrial & Commercial Use

Global Brand owned by NYSE-listed MNC



Thermal Label Printer 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

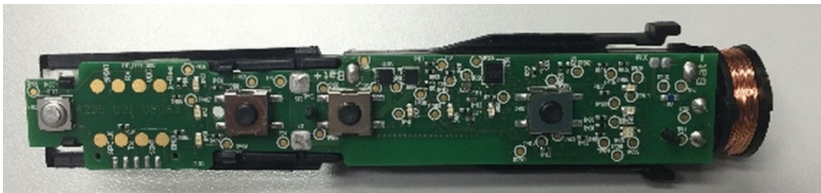
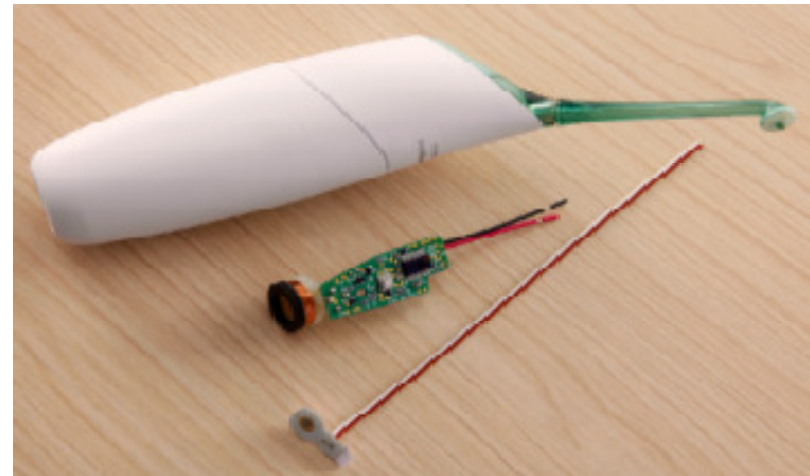


In-vitro Diagnostic Medical Equipment
for Testing Human Tissue Samples

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

Lighting Division of a Dutch MNC



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



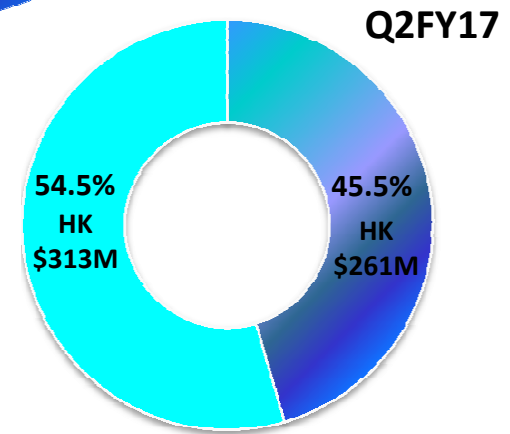
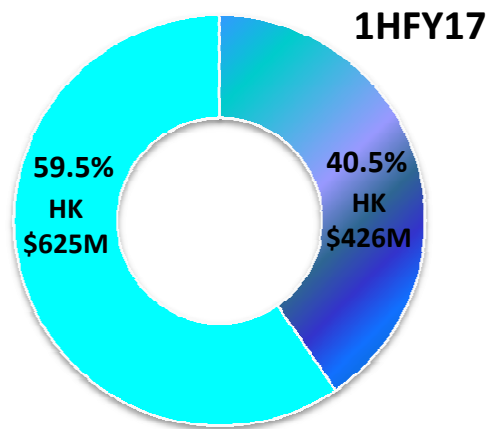
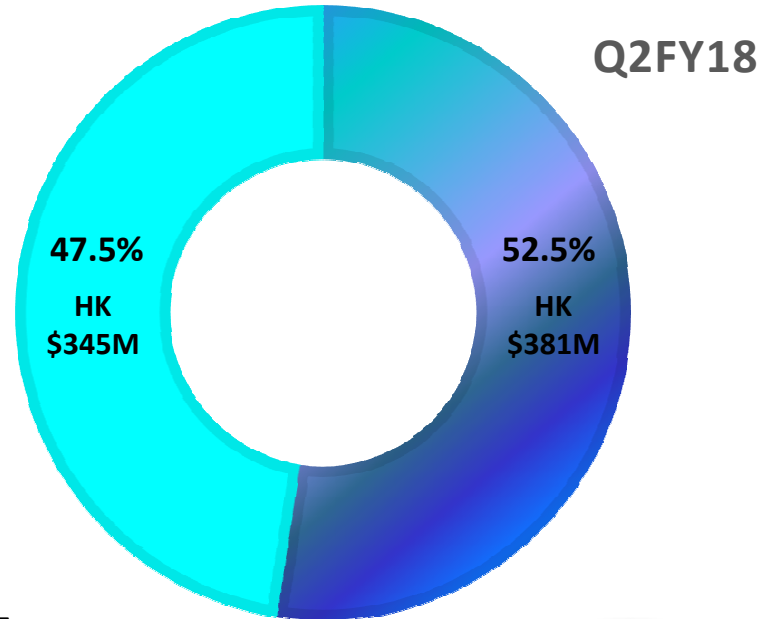
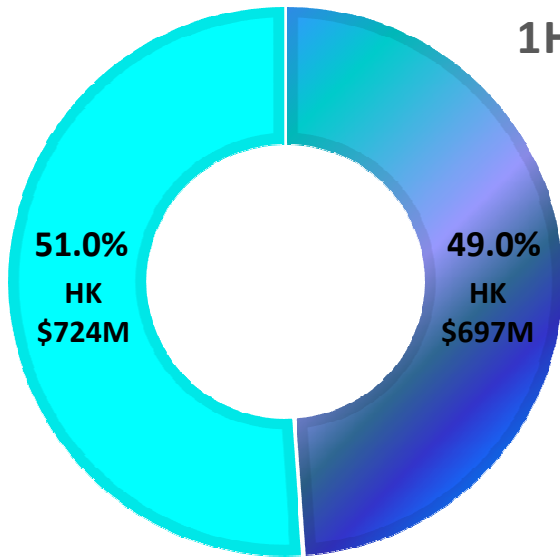
Q2FY18 Financial Highlights

Financial Highlights

HK\$'M	1HFY18	1HFY17	% Change	Q2FY18	Q2FY17	% Change	Q1FY18
Revenue	1,421.4	1,051.2	35.2	725.7	573.7	26.5	695.7
Gross Profit	209.2	160.1	30.6	104.8	83.5	25.5	104.3
Gross Profit Margin	14.7%	15.2%	-0.5% pt	14.4%	14.6%	-0.2% pt	15.0%
Net Profit for the period	99.6	67.6	47.2	50.8	38.1	33.5	48.7
Net Profit Margin	7.0%	6.4%	0.6% pt	7.0%	6.6%	0.4% pt	7.0%

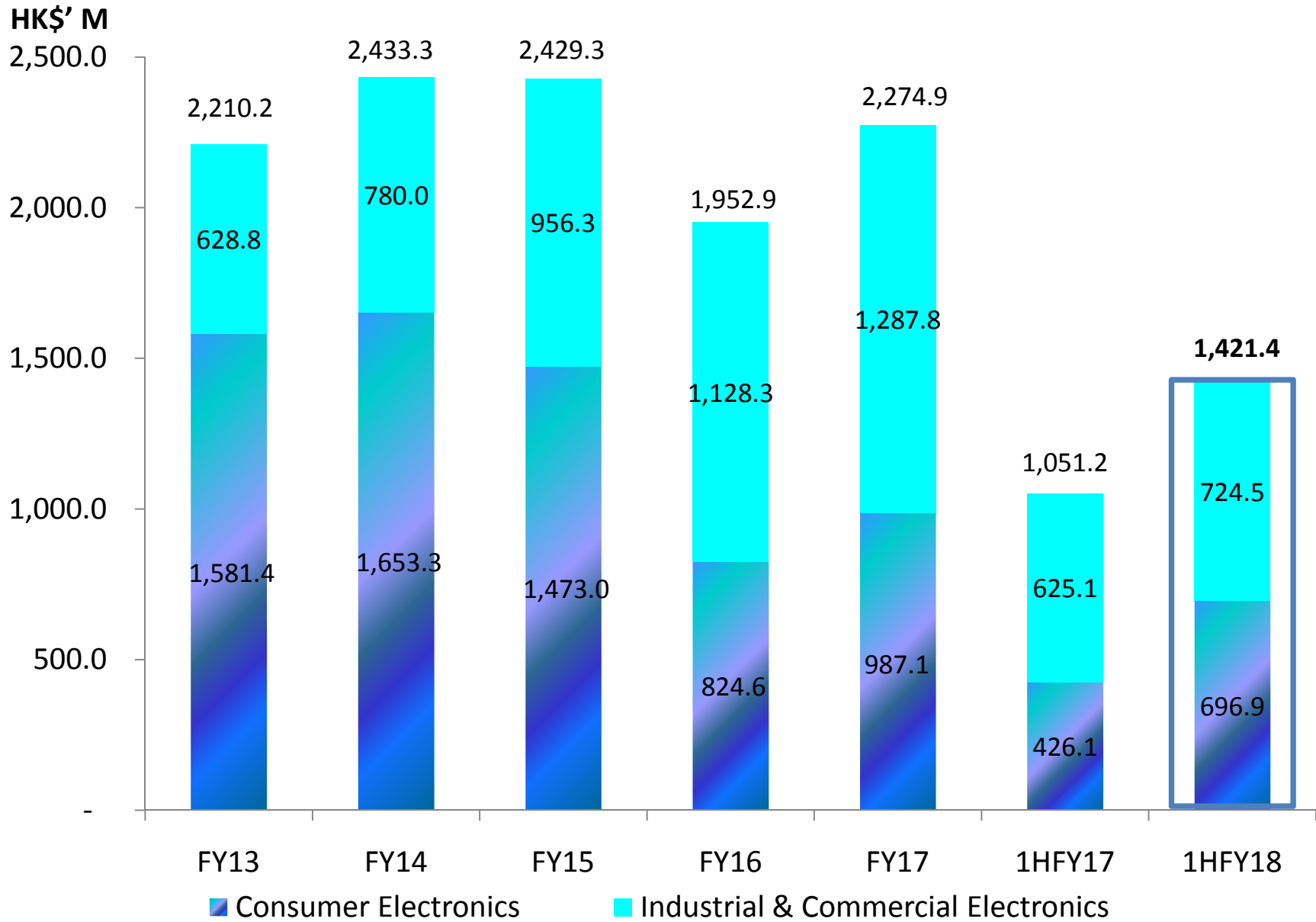
Financial Highlights

Revenue Contribution

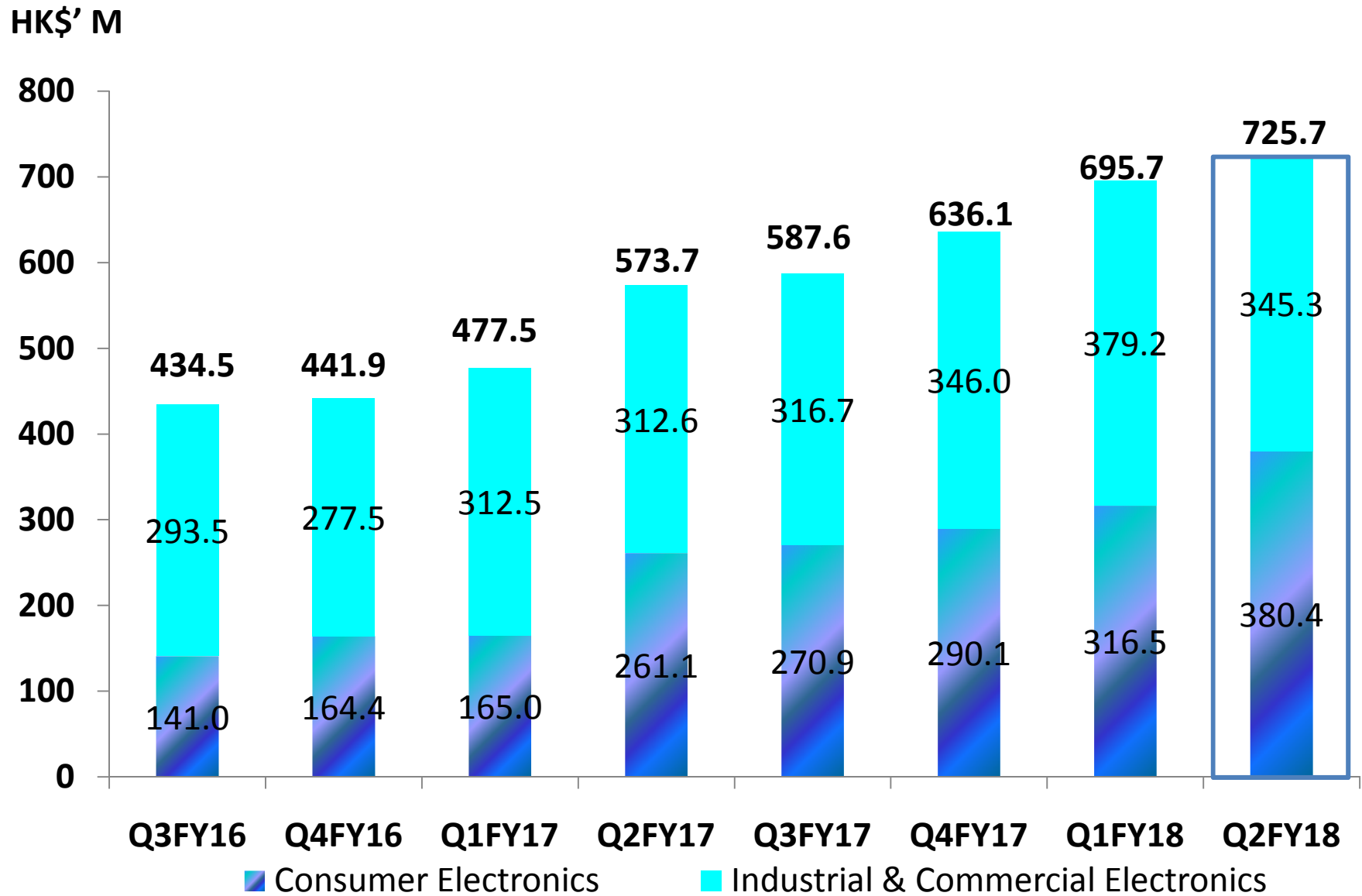


■ Consumer Electronics
■ Industrial and Commercial Electronics

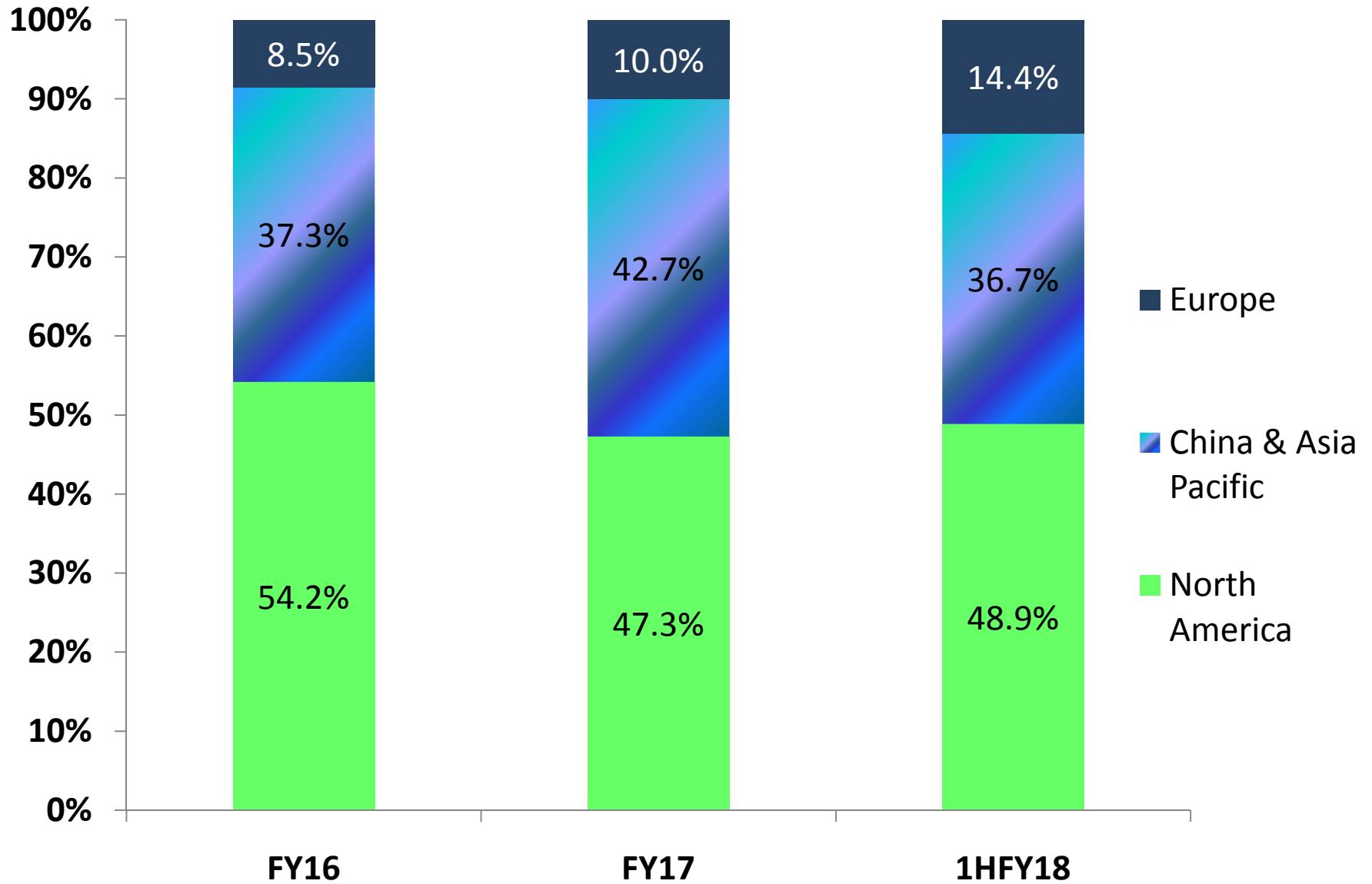
Revenue Trend



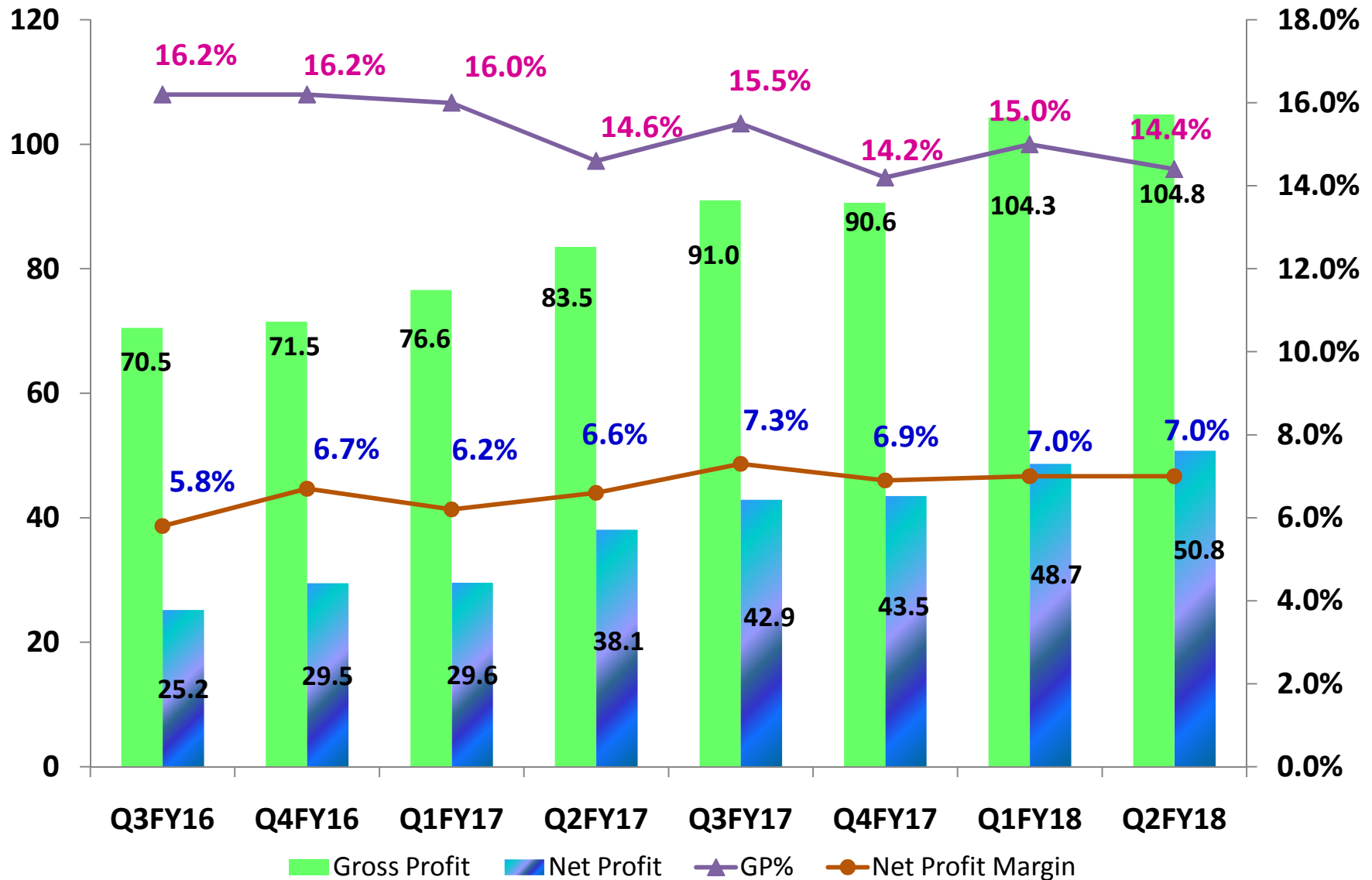
Quarterly Revenue



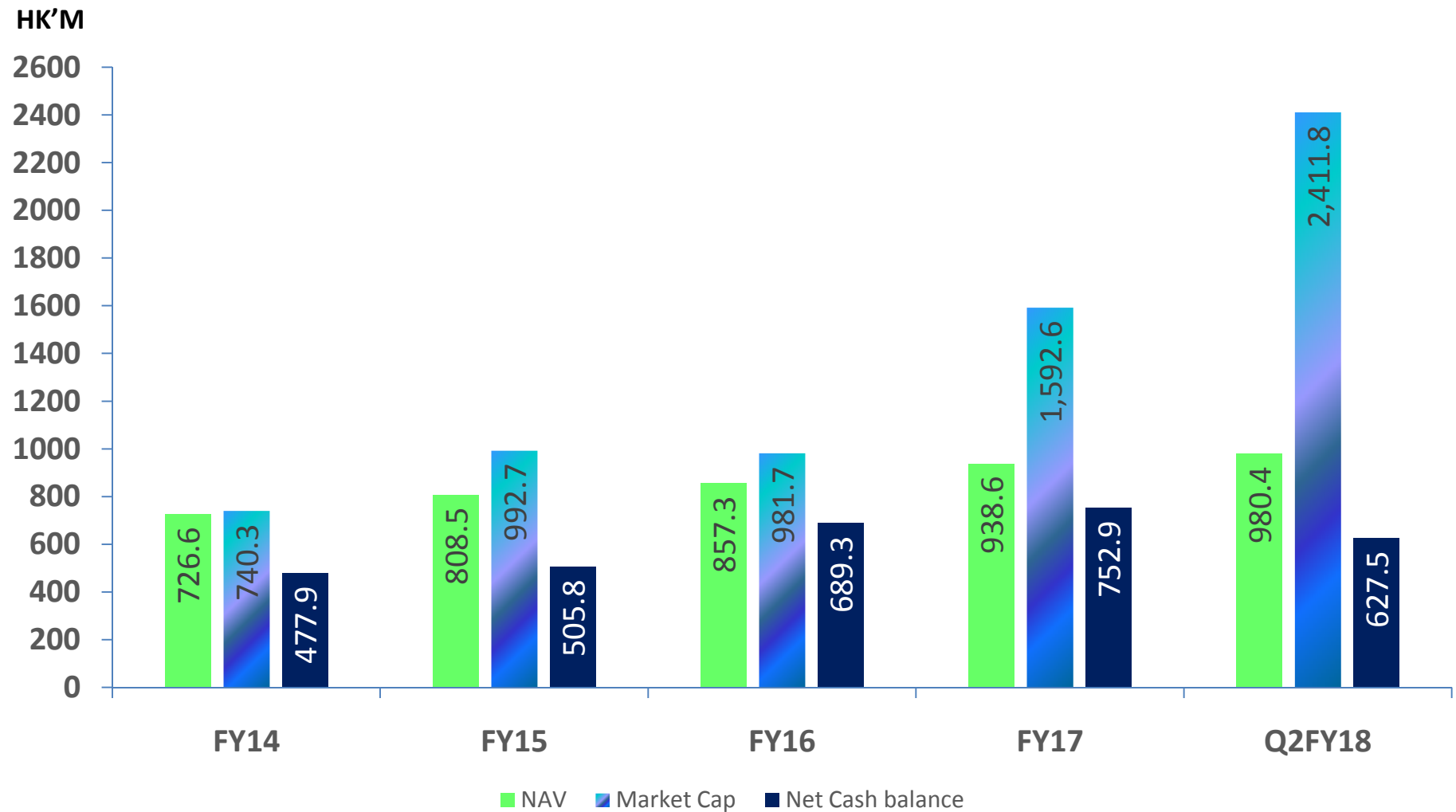
Revenue by Shipment Destination



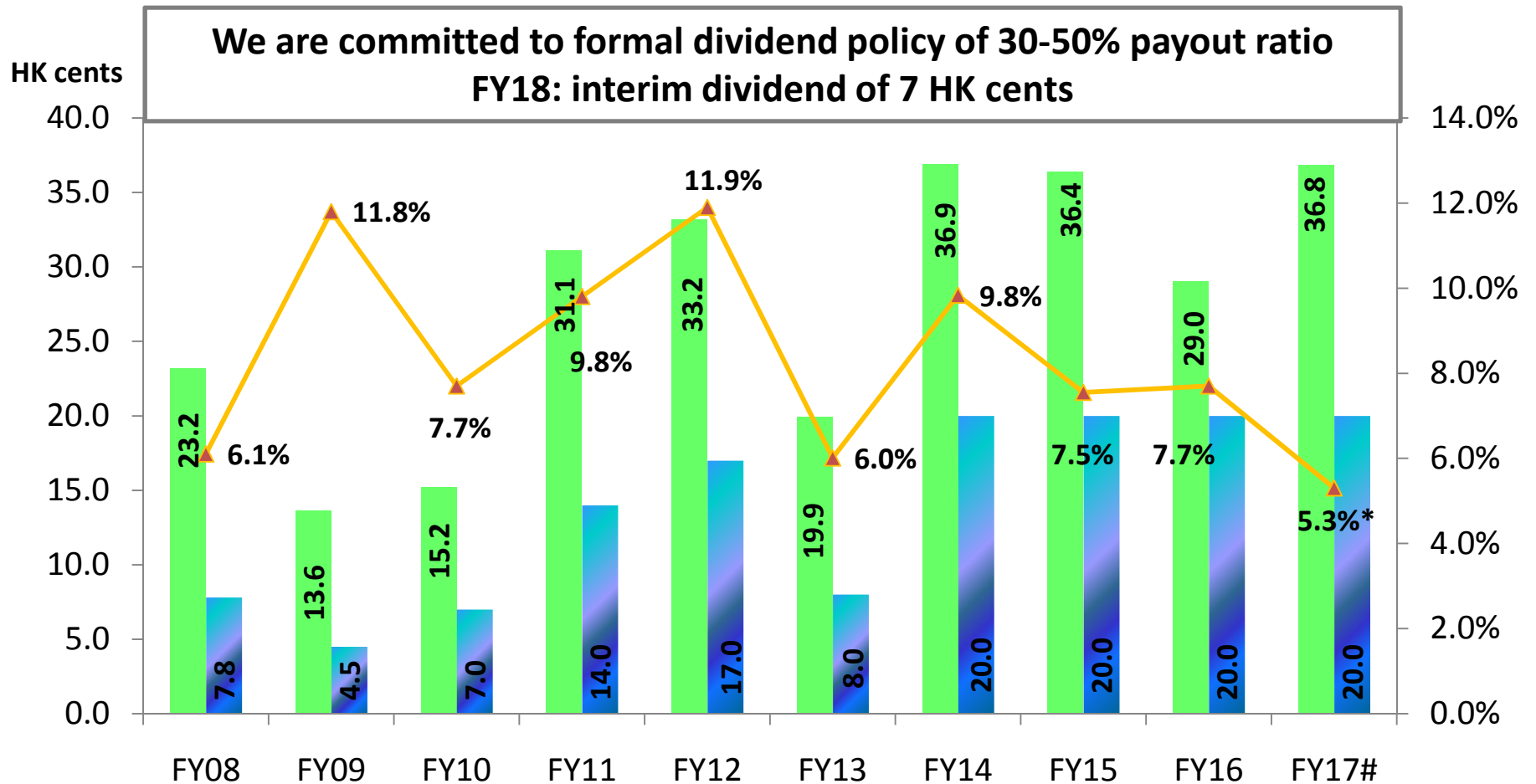
Gross Profit & Net Profit Trend



Market Capitalisation & Net Cash Balance



Earnings Per Share & Dividends Per Share



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

■ EPS *

■ Dividend per share

▲ Dividend Yield

* Adjusted for 1:10 bonus issue

Quantum of dividend has increased by 10% under 1:10 bonus issue

Summary of Cash Flows

HK\$'000	1HFY18	1HFY17	Q2FY18	Q2FY17
Operating Activities				
Net cash generated from / (used in) operating activities	8,280	36,597	(14,627)	(10,968)
Investing Activities				
Net cash (used in) / generated from investing activities	(69,689)	6,873	(11,470)	(1,453)
Financing Activities				
Net cash used in financing activities	(64,190)	(74,014)	(66,276)	(74,014)
Net decrease in cash and cash equivalents	(125,599)	(30,544)	(92,373)	(86,435)
Effect of foreign exchange rate changes	141	469	523	681
Cash and Cash equivalents				
At beginning of the period	752,941	689,260	719,333	744,939
At end of the period	627,483	659,185	627,483	659,185

Balance Sheet & Key Ratios

HK\$'M	Q2FY18	FY2017	Q2FY17	Turnover Days	Q2FY18	FY2017	Q2FY17
Working capital							
Inventories	416.4	291.9	267.8	Inventories	62.7	55.1	54.9
Trade Receivables	588.8	486.3	455.8	Trade Receivables	75.6	78.0	79.1
Trade Payables	<u>(584.9)</u>	<u>(484.7)</u>	<u>(426.0)</u>	Trade Payables	<u>(88.1)</u>	<u>(91.5)</u>	<u>(87.3)</u>
	<u>420.3</u>	<u>293.5</u>	<u>297.6</u>		<u>50.2</u>	<u>41.6</u>	<u>46.7</u>
Net Current Assets	713.4	734.0	622.0				
Net Cash	627.5	752.9	659.2				
Net Assets	980.4	938.6	851.9				

Key Financial Ratios

	Q2FY18	FY2017
Price (SGD) #	0.97	0.68*
NAV per share (SGD)*	0.40	0.40*
Cash per share (SGD)*	0.25	0.32*
Cash to Mkt Cap ratio	26%	47%

	Q2FY18	FY2017
Current ratio	1.7	1.8
ROE	20.3%	16.4%
ROA	10.0%	8.5%
PB ratio	2.44	1.68

Share price as at respective period or year end date

*Restated/adjusted based on 1:10 bonus issue

SGD/HKD Ex rate:

Q2FY18: 5.75;

FY2017: 5.56

Business Outlook

Overview

- Record results for Q2FY2018 and 1HFY2018 with strong performance across both CE and ICE segments
- Revenue, gross profit and net profit all hit record levels

Capturing CE opportunities

- Strong growth mainly driven by the smart LED lighting products with IOT features
- Demand for smart LED lighting products increased significantly due to continued market penetration and their broad range compatibility with iOS, Android and voice activated smart home devices of largest US e-commerce company

Capturing ICE opportunities

- Growth mainly driven by in-car connectivity modules used in the automotive industry
- Demand for connectivity features in vehicles now seen as essential need and this offers exciting demand for in-car connectivity modules

Business Outlook

Macro environment

- Various indicators show economic activities in US, our largest market, growing moderately
- Thus our customers and the Group may benefit from the continuous growth momentum in the second half
- Continue to see supply chain challenges such as fluctuations in raw material price and extension of lead time in procurement

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.