



## **FY2021 Results Presentation**

**Note: This presentation is to be read in conjunction with the announcement issued on SGXNET on 29 May 2021**

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## Cogent.

**Investor Relations Contact:**

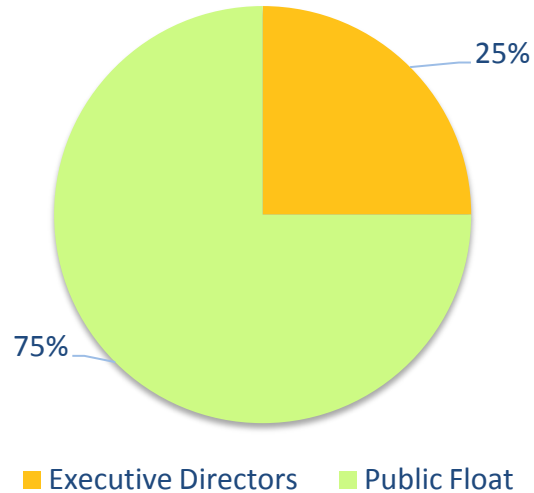
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# Corporate Profile

## Shareholding



Bloomberg Code	VALUE.SP
Reuters Code	VLUE.SI
Stock Code	BN2
Index	FTSE ST Small Cap, FTSE ST China, FTSE Global MicroCap
Issued shares (M)	435.6
Mkt cap (SG\$M) (21 May 2021)	265.7
Share price (SG\$) (21 May 2021)	0.61
Average volume 3-mth ('000)	1,257
52 wk range (SG\$) (21 May 2021)	0.515 – 0.69

## 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, Guangdong, PRC (60 minutes from Shenzhen) and Vinh Phuc Province, Vietnam
- Auditors: PricewaterhouseCoopers
- Globally around 3,500 employees (31 Mar 2021)

## Integrated EMS Provider

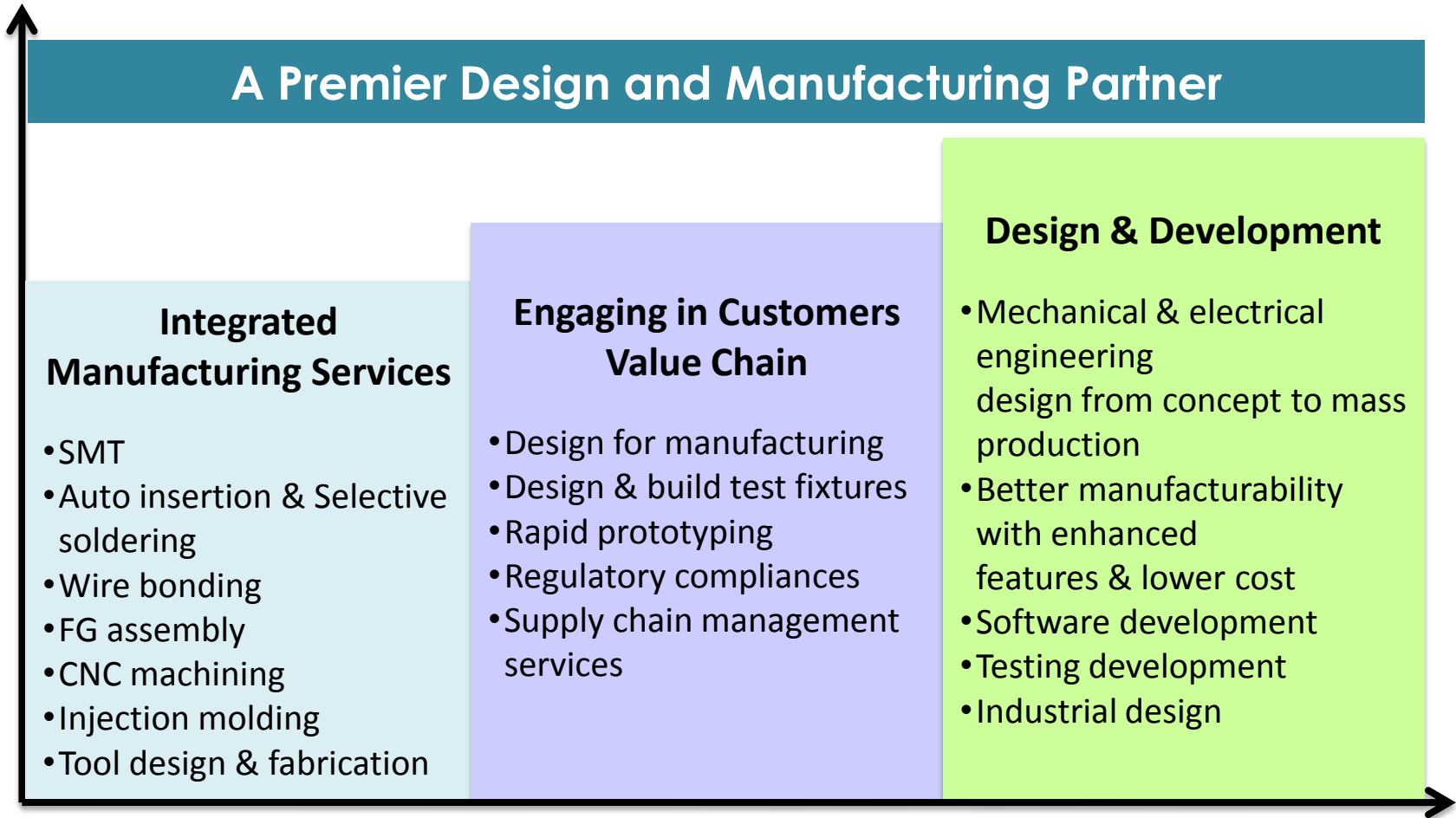
- Engineering Design & Development
- Product Design & Deployment
- Plastic Injection Moulding
- Tool Design and Tool Fabrication
- Metal Stamping & Machining
- Printed Circuit Box Assembly and Box Build Assembly
- Supply Chain Management

## Accreditations

ISO9001:2008, ISO14001:2004, ISO013485: 2003, TL9000 R5.5, TS16949: 2009, IPC J STD-001, IPC-A-610 QML Class 3















# Business Model

Value Add



**Proactive deployment of Design & Development capabilities**

# Key Milestones

1992	2002	2003	2005	2007	2008	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	Completed Phase 1 construction of Daya Bay Facility
						
2009	2012	2014	2015	2017	2019	2019
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	Awarded 2019 Sustainability Award, Small Cap – Runner Up from SIAS	Established Manufacturing footprint in Vietnam
						

# Daya Bay Facility – Bird's-Eye View

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



# Vietnam Campus



**Phase I - Lease manufacturing facility**  
Commenced production in June 2019



**Phase II - Leased standard factory (Trial production started in May 2020)**

Located in the reputable Japanese run Industrial Park. Factory area: 4,000 sqm.



**Phase III - Vietnam Campus (Expected to commence production by the end of FY2022)**  
Located in the same reputable Japanese run Industrial Park as Phase II. Land area: 52,541 sqm.

# 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**

**Global Brand owned by NYSE-listed MNC**



**Thermal Label Printer for Industrial & Commercial Use**

# Industrial & Commercial Electronics

## Sensing Devices

Unit of a NYSE-listed MNC



Cold Chain Temperature Monitor for Industrial & Commercial Use

Biotechnology company based in United States and Canada



Networked Pheromone Dispenser

# Industrial & Commercial Electronics (Cont'd)

## Communication Products

**United States based 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

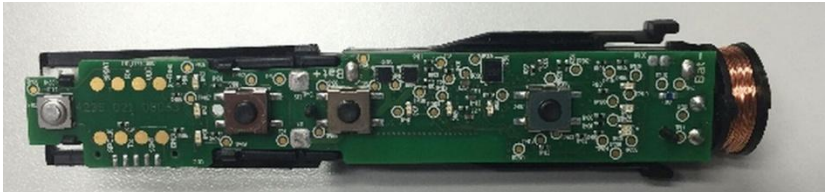
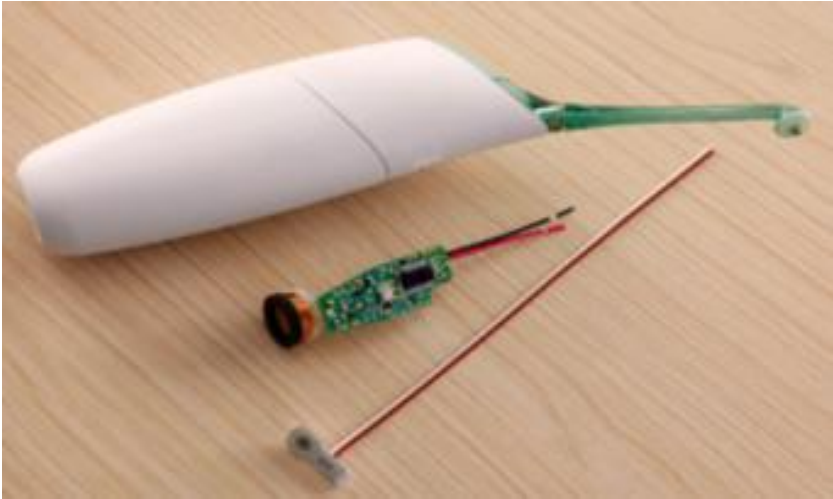


Data and media connectivity module

# Consumer Electronics

## Consumer Lifestyle Products

### Consumer Lifestyle Division of a Dutch MNC

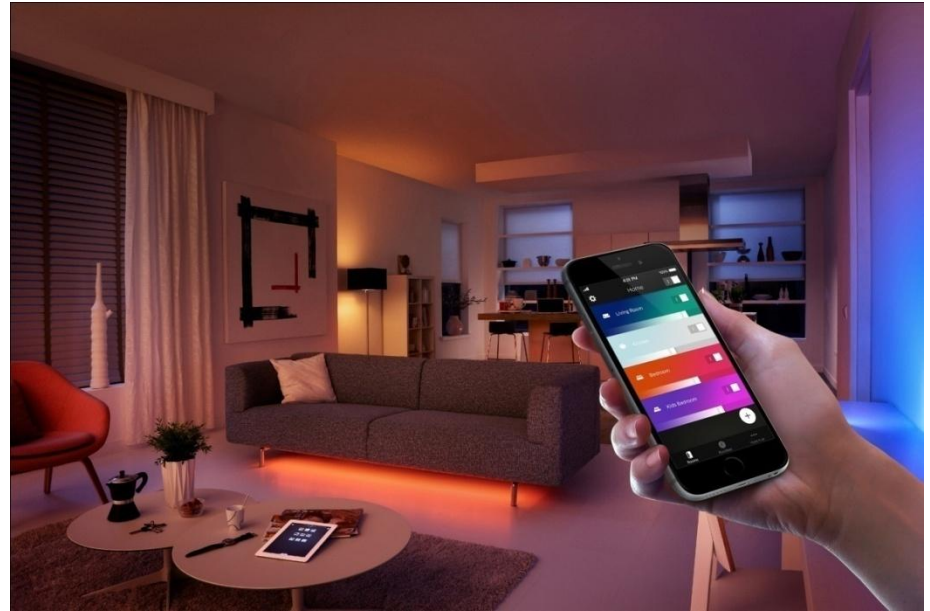


PCBA for Shavers & Electric Toothbrushes for Consumer Use

# Consumer Electronics (Cont'd)

## Smart Lighting with IOT Features

**World leader in lighting for professionals and consumers and lighting for IOT**



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



## **FY2021 Financial Highlights**

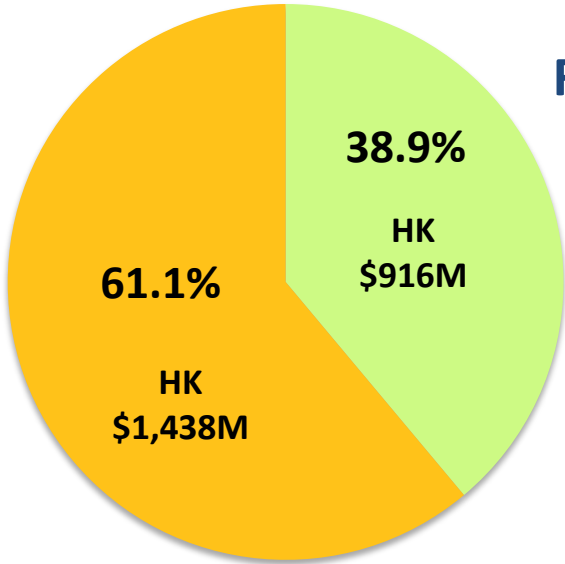
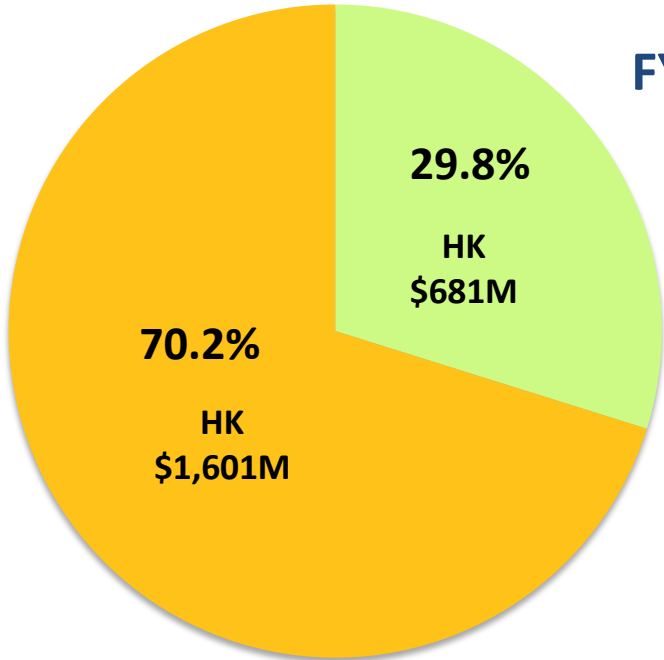
# Financial Highlights

HK\$'M	FY21	FY20	% Change
Revenue	2,281.5	2,354.4	-3.1
Gross Profit	386.2	362.8	6.5
Gross Profit Margin	16.9%	15.4%	1.5% pt
Net Profit for the year	187.1	178.9	4.6
Net Profit Margin	8.2%	7.6%	0.6% pt



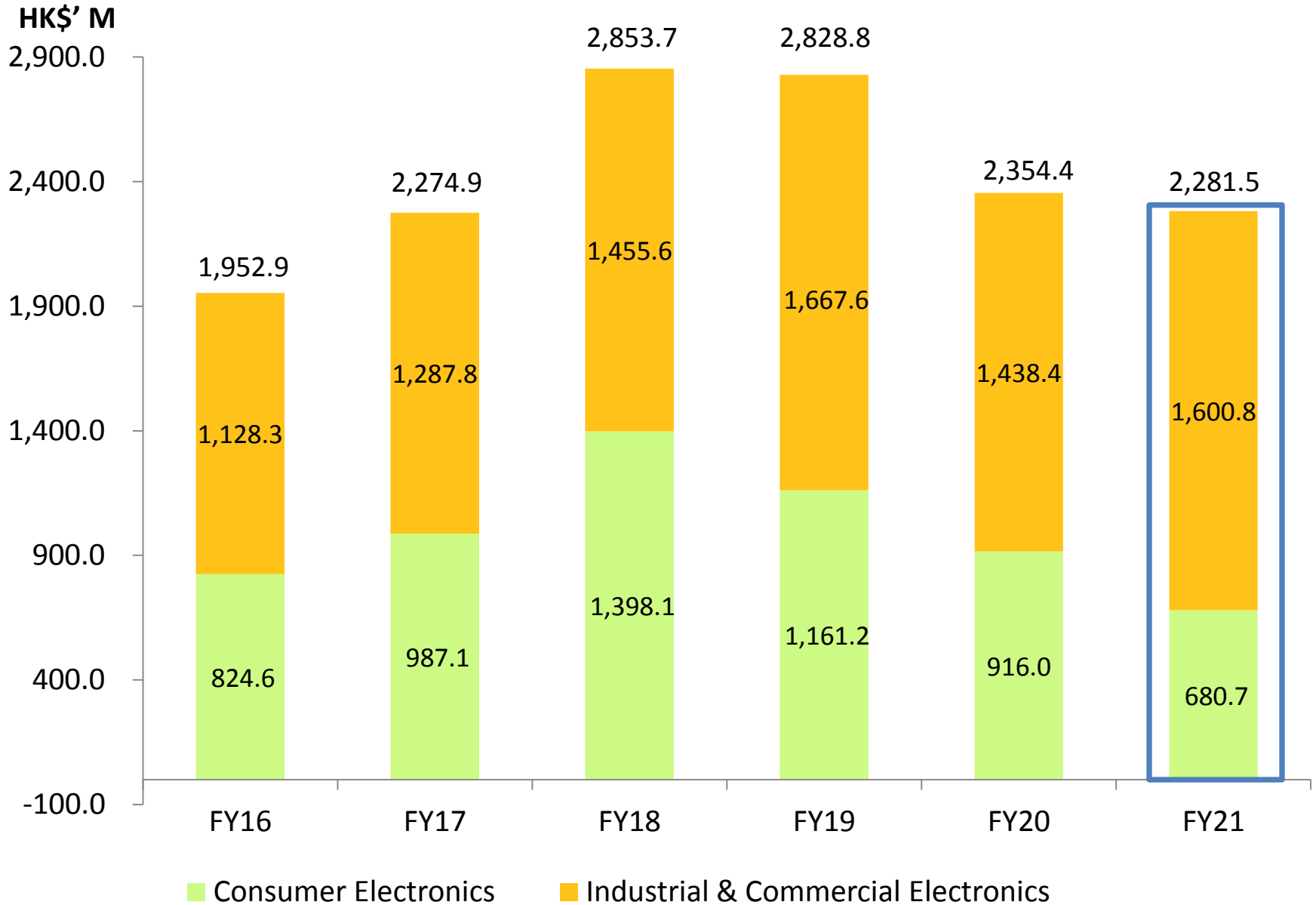
# Financial Highlights

## Revenue Contribution

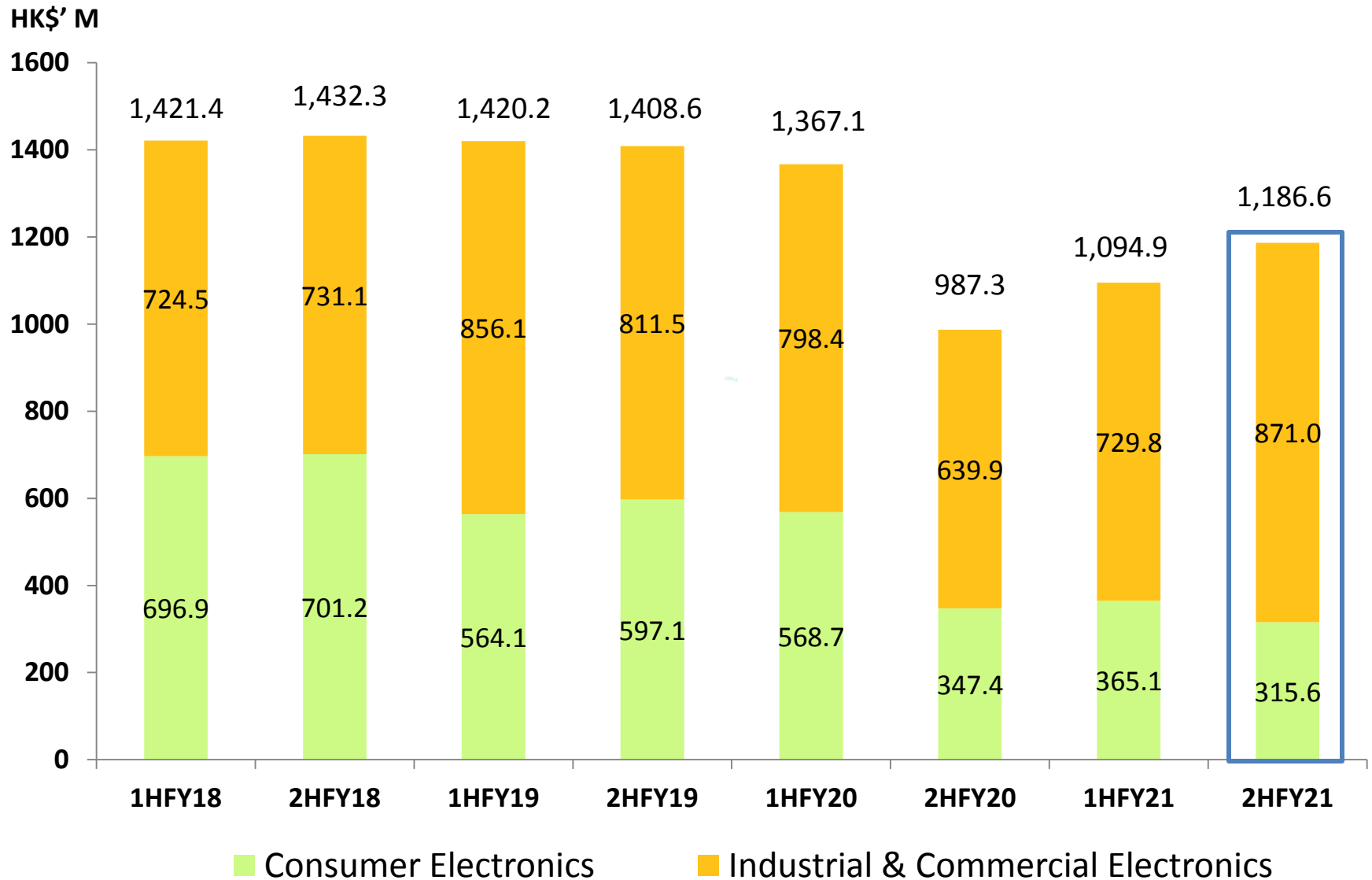


- Consumer Electronics
- Industrial and Commercial Electronics

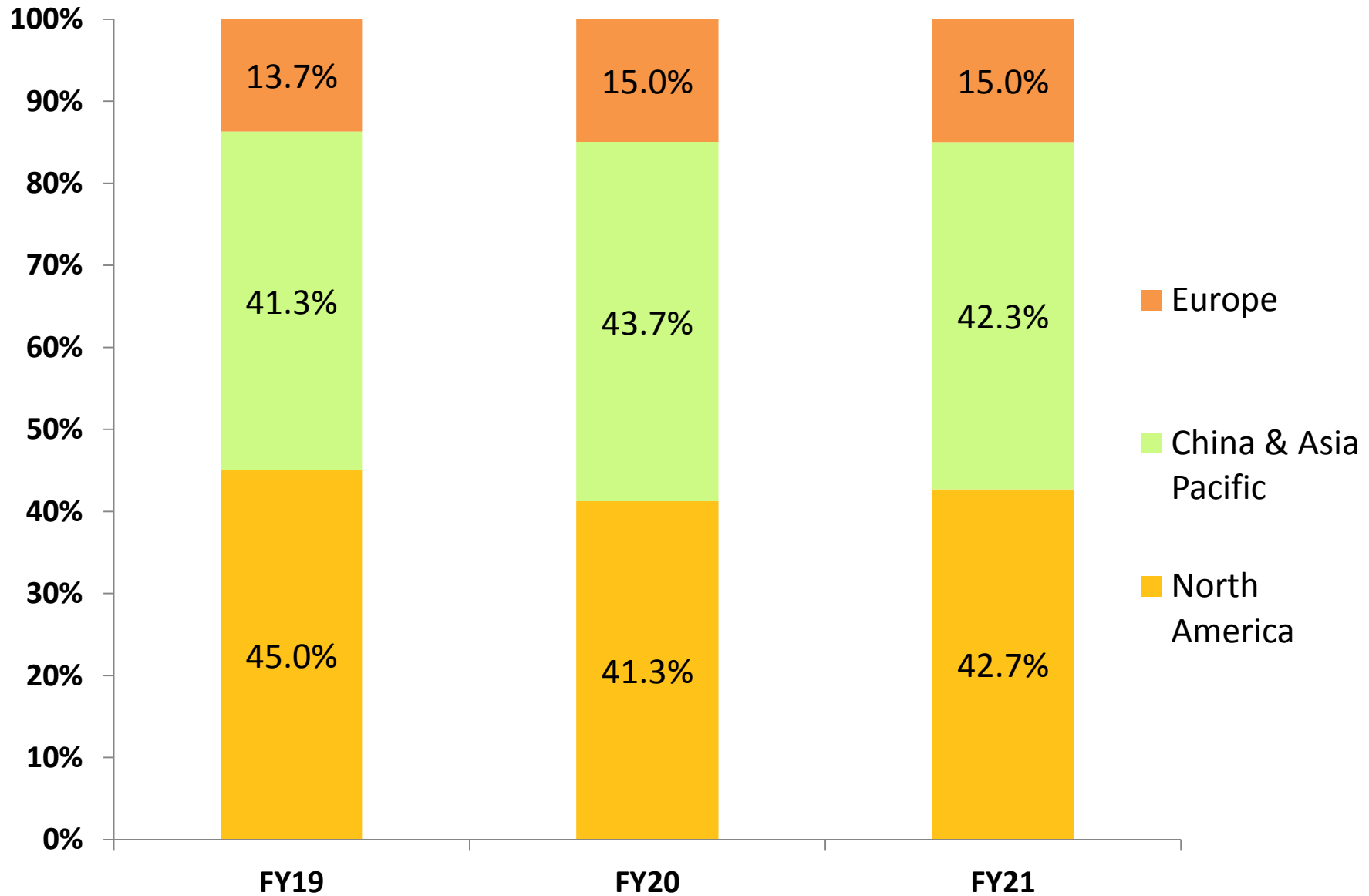
# Revenue Trend



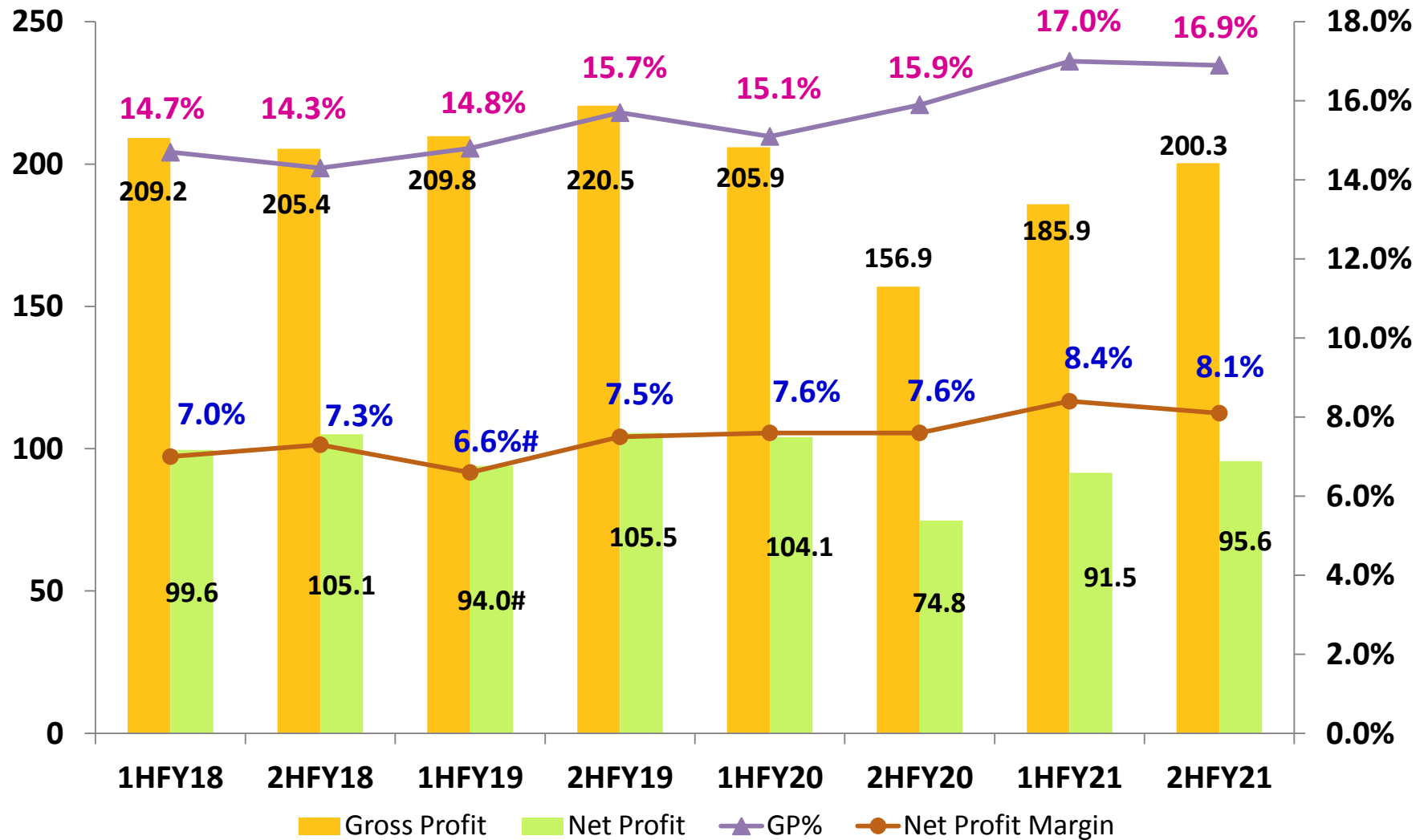
# Half-year Revenue



# Revenue by Shipment Destination

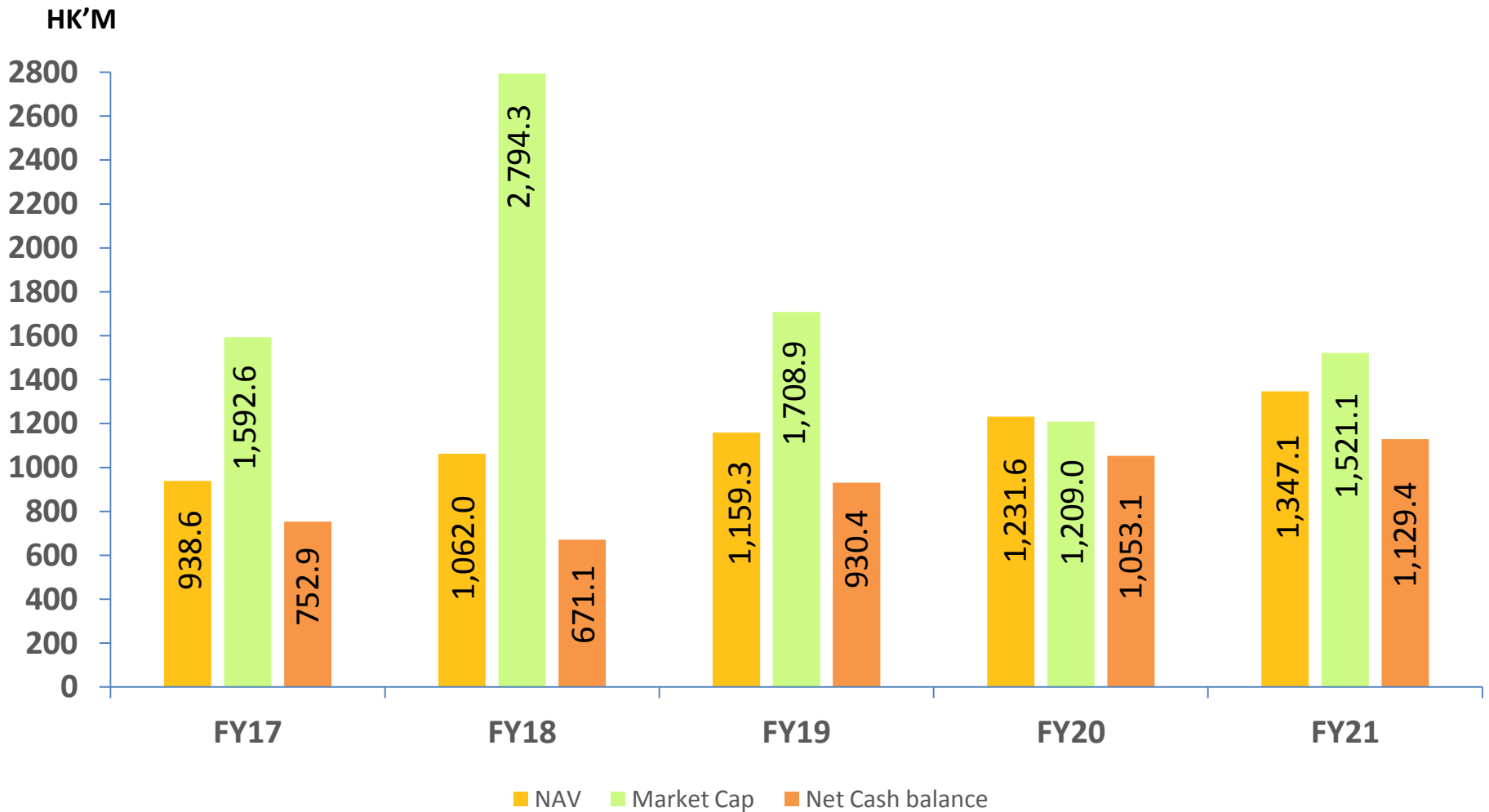


# Gross Profit & Net Profit Trend



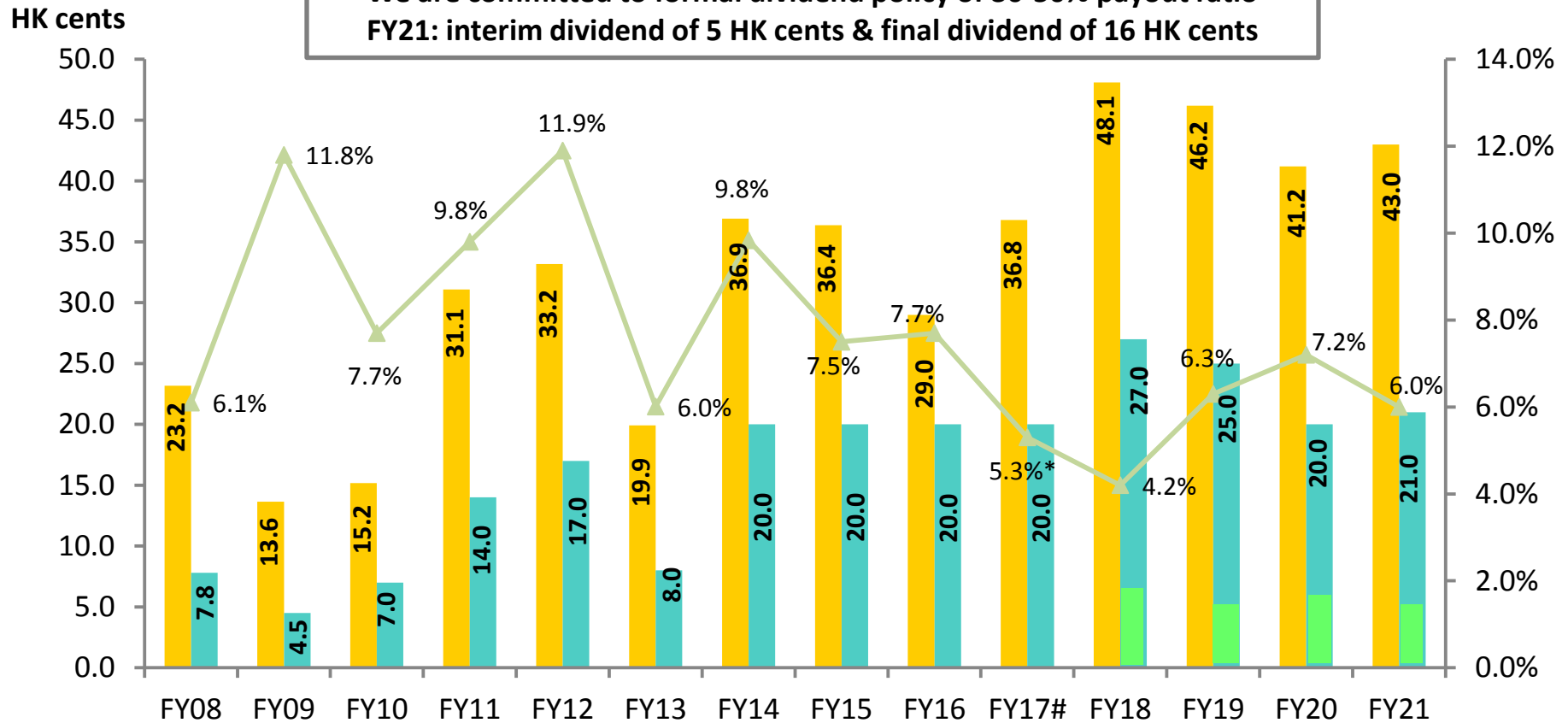
# Included the impairment loss of HK\$13.6M recognised in respect of flash floods at the Danshui Factory

# Market Capitalisation & Net Cash Balance



# Earnings Per Share & Dividends Per Share

We are committed to formal dividend policy of 30-50% payout ratio  
 FY21: interim dividend of 5 HK cents & final dividend of 16 HK cents



Share Price* (S\$)	0.21	0.07	0.15	0.21	0.21	0.19	0.30	0.43	0.41	0.68	1.08	0.68	0.51	<b>0.61</b>
Dividend Payout	30%	30%	42%	41%	47%	37%	49%	50%	63%	55%*	57%	54%	49%	<b>49%</b>

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

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

# Summary of Cash Flows

HK\$'000	FY21	FY20
<b>Operating Activities</b>		
Net cash generated from operating activities	213,071	327,822
<b>Investing Activities</b>		
Net cash (used in)/generated from investing activities	(51,061)	56,596
- Net redemption of short-term bank deposits	-	155,000
- Redemption of financial assets at fair value	38,630	-
- CAPEX	(97,238)	(118,755)
- Others	7,547	20,351
<b>Financing Activities</b>		
Net cash used in financing activities	(82,062)	(110,518)
<b>Net increase in cash and cash equivalents</b>	<b>79,948</b>	<b>273,900</b>
Effect of foreign exchange rate changes	(3,598)	3,751
<b>Cash and Cash equivalents</b>		
At beginning of the year	1,053,096	775,445
<b>At end of the year</b>	<b>1,129,446</b>	<b>1,053,096</b>



# Balance Sheet & Key Ratios

HK\$'M	FY21	FY20
<b>Working capital</b>		
Inventories	214.1	227.9
Trade Receivables	490.5	326.4
Trade Payables	<u>(365.2)</u>	<u>(291.2)</u>
	<u>339.4</u>	<u>263.1</u>
<b>Net Current Assets</b>	<b>975.3</b>	<b>902.4</b>
<b>Net Cash</b>	<b>1,129.4</b>	<b>1,053.1</b>
<b>Net Assets</b>	<b>1,347.1</b>	<b>1,231.6</b>

Turnover Days	FY21	FY20
Inventories	41.2	41.8
Trade Receivables	78.5	50.6
Trade Payables	<u>(70.3)</u>	<u>(53.4)</u>
	<u>49.4</u>	<u>39.0</u>

# Key Financial Ratios

	FY21	FY20
Price (SGD) #	0.61	0.51
NAV per share (SGD)*	0.54	0.52
Cash per share (SGD)*	0.45	0.44
Cash to Mkt Cap ratio	74%	87%

	FY21	FY20
Current ratio	2.1	2.2
ROE	13.9%	14.5%
ROA	8.3%	8.9%
PB ratio	1.13	0.98

# Share price as at respective year end date

\*SGD/HKD Ex rate:

FY21: 5.77;

FY20: 5.44

# Business Review

## Overview

- Despite the uncertainties during the COVID-19 pandemic, the Group posted relatively stable revenue and profits in FY2021 compared to FY2020 largely due to an unexpected rebound in customer demand in the second half

## CE

- A key customer experienced weak demand under COVID-19 containment measures and the scheduled switch-over from the Group's China factory to another vendor in an ASEAN

## ICE

- Selective customers benefited from surge in demand in logistic industry and e-commerce during lockdown
- Prolonged pandemic delayed an automotive customer switch-over schedule from the Group's China factory to another vendor in North America, which led to continued orders in FY2021
- Revenue growth in ICE partially offset the decline in CE

*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.*

# Outlook

**Operating environment remains challenging**

- No sign of slow down in COVID-19 pandemic, constantly evolving situation causes business disruptions globally
- Negative impact from the automotive customer switch-over from Group's China factory to another vendor in North America will be reflected in FY2022
- Global components shortage may affect the Group's ability to meet orders
- Higher component prices owing to tight supply, together with a stronger Renminbi, may lead to a decline in profit margin
- Attempt to mitigate these adverse impacts via various measures: diversifying its sources of supply; negotiating new prices with customers

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# Outlook

## Progress of Vietnam expansion

- Construction of Vietnam campus on track in FY2021
- Target to commence production by 4QFY2022, unless pandemic situation in Vietnam deteriorates
- Together with 4,000 sqm leased factory, the Group will be fully equipped to accommodate customers' request for shifting production from China to Vietnam to mitigate Sino-US trade tensions, and to seize new opportunities emerging from the Group's extended geographical footprint

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# Outlook

## Uncertainties & Volatility

- Uncertainties & volatility will continue:
  - Prolonged COVID-19 pandemic
  - Loss of orders resulted from customers switching supply chain under Sino-US trade tensions
  - Supply chain issues
- Expect FY2022 financial results to be significantly lower compared to FY2021

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## Sustainability

# Corporate Sustainability Highlights



## Sustainability Award (Small Cap) 2019 Runner Up

Recognised for the efforts in adopting and reporting on environment, social and governance practices



## Environmental Compliance

Achieved ISO14000 accreditation, standards for environmental management since 2008



## Diversity

Achieved an almost equal ratio of worker and staff distribution by gender and no incidents of discrimination reported



## Local Community Engagement

Carried out such engagements at least once every quarter





**Thank you.**