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Media Release

Valuetronics' Q3FY2018 net profit rose 35.7% to HK\$58.2 million

- The Group's 9MFY2018 revenue grew by 34.8% to HK\$2,209.7 million and net profit rose 42.7% to HK\$157.7 million

Singapore, 9 February 2018 – SGX Mainboard listed Valuetronics Holdings Limited (“Valuetronics”, “鸿通电子控股有限公司” or collectively with its subsidiaries, the “Group”), a premier design and manufacturing partner for the world’s leading brands in the Consumer Electronics (“CE”) and Industrial and Commercial Electronics (“ICE”) sectors today announced that its net profit for the three months ended 31 December 2017 (“Q3FY2018”) increased by 35.7% to HK\$58.2 million.

Q3FY2018 Financial Highlights

HK\$'M	3 months ended 31 December			9 months ended 31 December		
	2017	2016	% Change	2017	2016	% Change
Revenue	788.3	587.6	34.2%	2,209.7	1,638.8	34.8%
Gross Profit	113.7	91.0	24.9%	322.9	251.2	28.6%
Gross Profit Margin	14.4%	15.5%	- 1.1pt	14.6%	15.3%	- 0.7pt
Net Profit attributable to owners of the Company	58.2	42.9	35.7%	157.7	110.5	42.7%

Mr Ricky Tse Chong Hing (“谢创兴”), Chairman and Managing Director of Valuetronics commented: *“Despite uncertainties in the global economic environment, we have stayed focused and delivered double digit growth in revenue, gross profit and net profit for the third quarter and nine months of our financial year. Both our Industrial and Commercial Electronics and Consumer Electronics segments saw growth in the quarter due to increases in demand from certain customers. We continue to actively support our existing customers’ product development roadmaps, while simultaneously developing new customers who can benefit from our technical service, expertise and experience.”*

The Group’s revenue rose by 34.2% from HK\$587.6 million for the three months ended 31 December 2016 (“Q3FY2017”) to HK\$788.3 million in Q3FY2018.

Segmental Revenue			
HK\$’M	Q3FY2018	Q3FY2017	% Change
Consumer Electronics (“CE”)	401.1	270.9	48.1%
Industrial & Commercial Electronics (“ICE”)	387.2	316.7	22.3%
Total	788.3	587.6	34.2%

In Q3FY2018, the CE segmental revenue grew by 48.1% to HK\$401.1 million from HK\$270.9 million in Q3FY2017. The increase was mainly due to the increase in demand of consumer lifestyle products and smart LED lighting products with Internet of Things (“IOT”) features.

ICE segmental revenue grew by 22.3% to HK\$387.2 million in Q3FY2018 from HK\$316.7 million in Q3FY2017 with the increase in revenue attributed to the increase in demand from some ICE customers such as printers and in-car connectivity modules used in the automotive industry.

The Group's gross profit for Q3FY2018 increased by 24.9% to HK\$113.7 million from HK\$91.0 million in Q3FY2017. As there was a change in product sales mix during the period under review with a higher revenue contribution from the Consumer Electronics segment, gross profit margin decreased slightly to 14.4% in Q3FY2018 from 15.5% in Q3FY2017.

The Group's other income increased to HK\$5.2 million in Q3FY2018 as compared to HK\$2.2 million in Q3FY2017 as a result of an increase in net exchange gains.

With the increase in Q3FY2018 revenue, selling and distribution expenses correspondingly rose by 48.7% to HK\$12.1 million while administrative expenses increased by 10.8% to HK\$39.6 million in Q3FY2018 mainly due to the increase in staff cost.

As a result of the above, the Group's net profit in Q3FY2018 grew by 35.7% to HK\$58.2 million from HK\$42.9 million in Q3FY2017.

Healthy Financial Position

As at 31 December 2017, the Group had net current assets of HK\$733.6 million (31 March 2017: HK\$734.0 million), total assets of HK\$2,132.3 million (31 March 2017: HK\$1,823.0 million) and shareholders' funds of HK\$1,010.5 million (31 March 2017: HK\$938.6 million). As at 31 December 2017, the Group continued to maintain its zero debt position and had cash and cash equivalents of HK\$640.4 million (31 March 2017: HK\$752.9 million).

Business Outlook

Valuetronics delivered another set of record results in Q3FY2018 with strong revenue growth across all segment.

The strong performance in the CE segment was driven by consumer lifestyle products and smart LED lighting products with IOT features. The Group's smart LED lighting customer continues their strategy to add new features and enhancements to their app and ecosystem, so as to further strengthen their market penetration. This in turn, may provide further opportunities for the Group.

The ICE segment continued its double digit growth with strong performance in printers, and connectivity modules used in automotive. Growth from the printer sales came from existing customers as well as a new customer that provides barcode and transaction printing solutions across a broad range of industries. During the period, the Group's key automotive customer completed its corporate restructuring into a technology company that focuses on active safety, autonomous driving, enhanced user experiences and connected services. The Group will also pursue opportunities in the future of mobility by providing vertical integrated services with design and development capabilities.

As a manufacturer, the Group operates in a dynamic macro-economic environment. Supply chain challenges, such as raw material price fluctuations and extended procurement lead times, will continue to affect the Group. Notwithstanding this, the Group will also continue to navigate the dynamic macro-environment by sticking to its fundamentals and keeping in close touch with customers.

Barring unforeseen circumstances, the directors expect the Group to achieve profit growth for the financial year ending 31 March 2018.

End.

Note: This media release is to be read in conjunction with the announcement issued on SGXNET on the same date.

About Valuetronics Holdings Limited

Valuetronics Holdings Limited was listed on the SGX Mainboard in 2007 and is currently a constituent stock on the FTSE ST Small Cap and FTSE ST China Indices. Valuetronics is an Electronic Manufacturing Service (“EMS”) provider which focuses on the design and development of products that meet the ever-changing needs of customers. It is the preferred choice of several successful global companies that are involved in consumer electronics and industrial and commercial electronics products, with core competencies ranging from tool fabrication, injection moulding, metal stamping, machining, surface mount technology (“SMT”) and finished product assembly on full turnkey basis. Valuetronics’ EMS business is classified into two reportable segments namely consumer electronics products and industrial and commercial electronics products. Headquartered in Hong Kong, the Group’s main manufacturing facility is located in Long Shan 2nd Road, Western District of Science and Technology Park, Dayawan Economy and Technology Development District, Huizhou City, Guangdong Province, PRC.

For more information, please visit <http://www.valuetronics.com.hk>

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