



1HFY2023 Results Presentation

Note: This presentation is to be read in conjunction with the announcement issued on SGXNET on 11 Nov 2022

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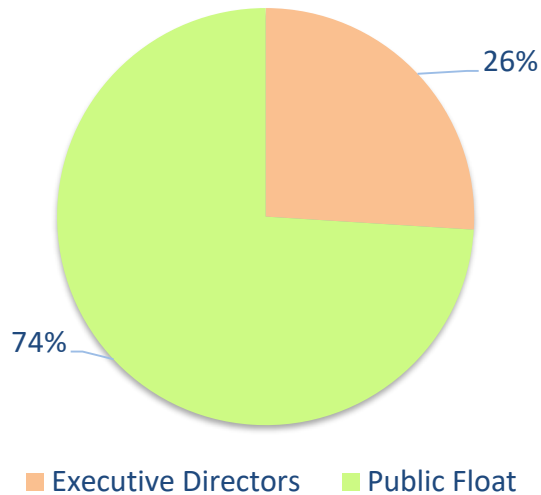
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Cogent.

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) (10 Nov 2022)	209.1
Share price (SG\$) (10 Nov 2022)	0.48
52 wk range (SG\$) (10 Nov 2022)	0.44 – 0.605

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 (30 minutes from Hanoi International Airport)
- Auditors: PricewaterhouseCoopers
- Globally around 3,500 employees (30 Sep 2022)

Accreditations

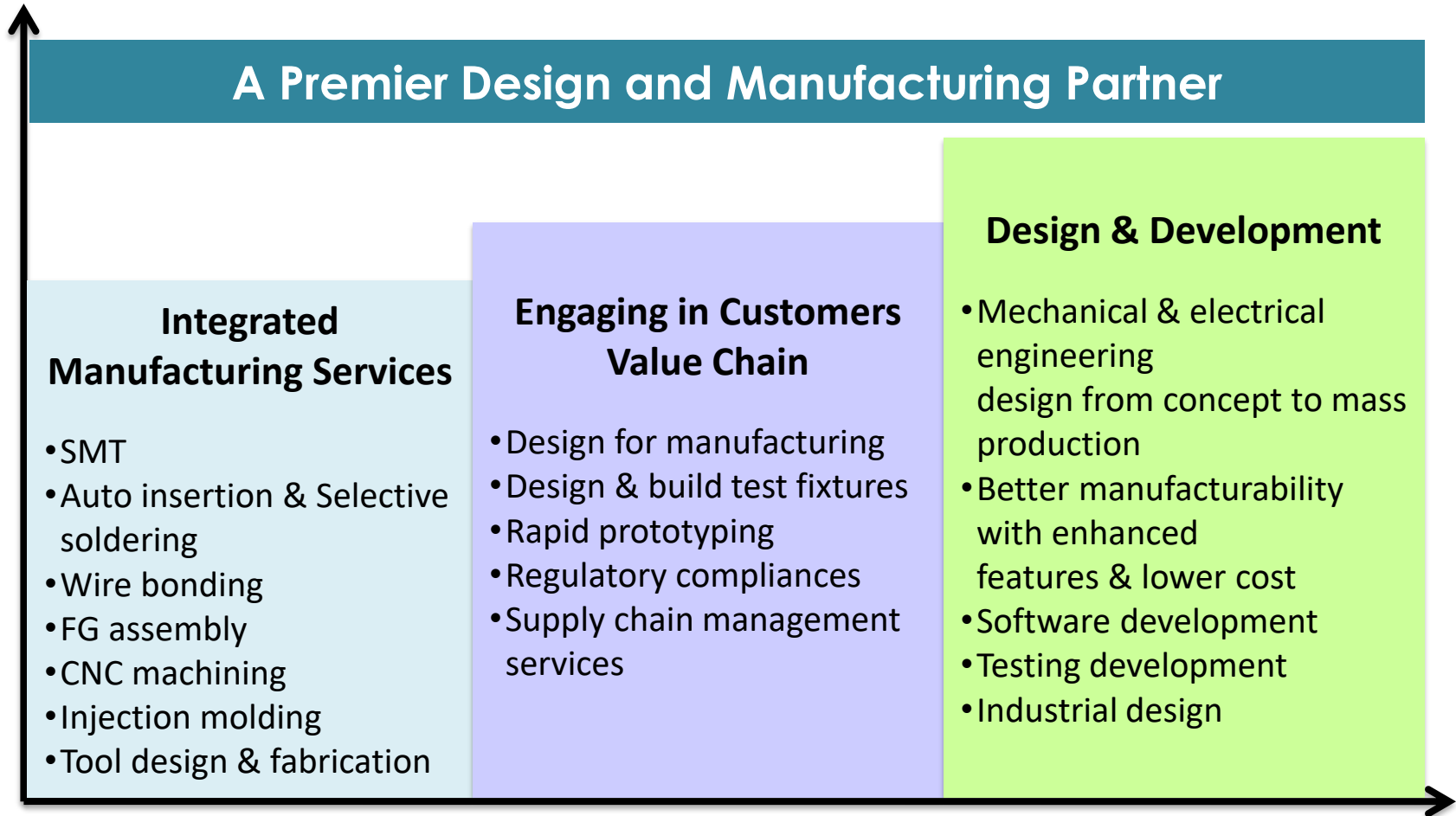
ISO9001:2015, ISO14001:2015, TL9000:2016(H) R6.2/5.7, IATF16949: 2016, IPC J STD-001, IPC-A-610 QML Class 3

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
- Integrated Manufacturing Sites in China and Vietnam

Business Model

Value Add



Proactive deployment of Design & Development capabilities

Key Milestones

1992

Headquartered in Hong Kong with manufacturing facilities in Danshui Town PRC



2002

Use of ROHS equipment and accredited with TL9000



2003

Adopted work cell management & updated to ISO9001:2000



2005

Became Philips preferred supplier for its consumer lifestyle segment



2007

Listed on SGX-Mainboard & commenced construction for Daya Bay Facility



2008

Became Phillips preferred supplier for its Lighting segment



2008

Completed Phase 1 construction of Daya Bay Facility



2012

Celebrated 20th anniversary with revenue crossing HK\$2 billion



2014

Adoption of formal dividend policy



2015

Received TS16949 certification



2017

Received 2016 Above & Beyond – Pinnacle Award for Supplier Excellence from Delphi



2019

Awarded 2019 Sustainability Award, Small Cap – Runner Up from SIAS



2019

Established Manufacturing footprint in Vietnam



2021

Completed construction of Vietnam Campus



Multi-national Footprint



China Campus

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

Vietnam Campus

- Land use rights acquired in 2019
- Total site area > 52,000 sq m



Customer & Product Portfolio

**Industrial & Commercial
Electronics**

Consumer Electronics

- **Ability to accommodate customers requirement for various volume, mix and complexity**
- Customer base ranges from emerging enterprises in Northern American (low-volume complex custom product) to top global multinational 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 (Cont'd)

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



Industrial & Commercial Electronics (Cont'd)

Electronic Products for Automotive Industry

Tier 1 Automotive System Manufacturer

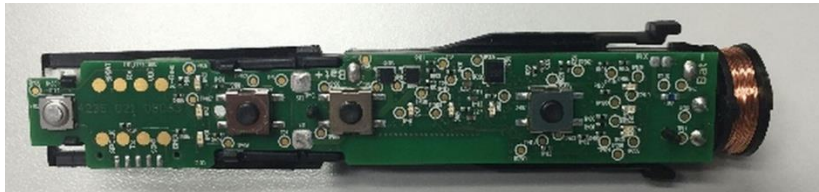
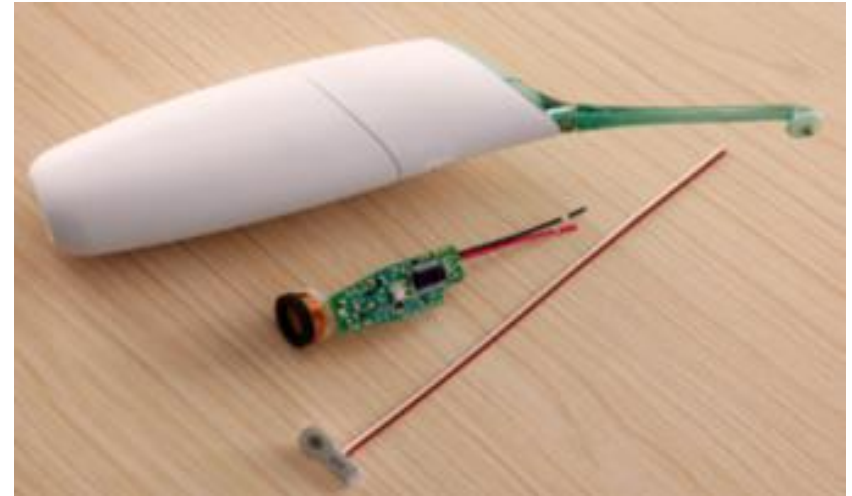


Data and media connectivity module

Consumer Electronics

Consumer Lifestyle Products

Consumer Lifestyle Division of a Dutch MNC

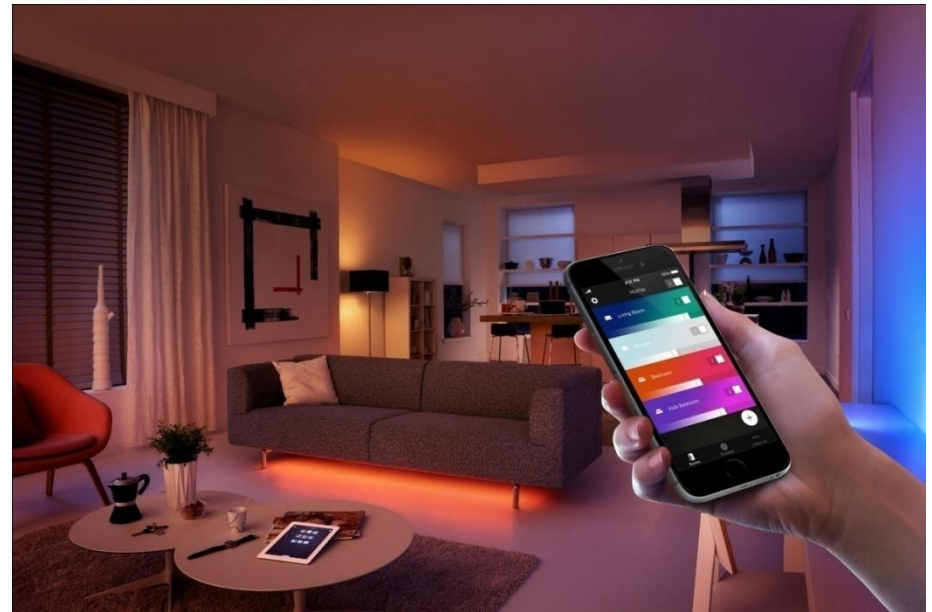


PCBA for Shavers & Electric Toothbrushes for Consumer Use

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



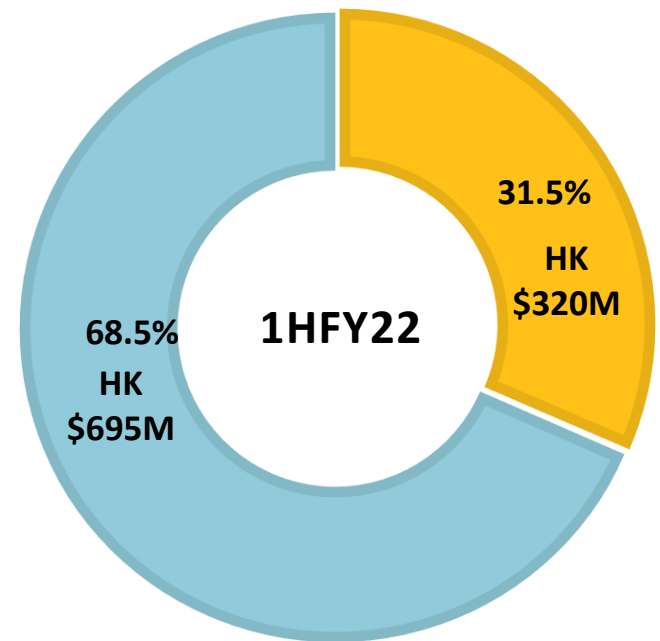
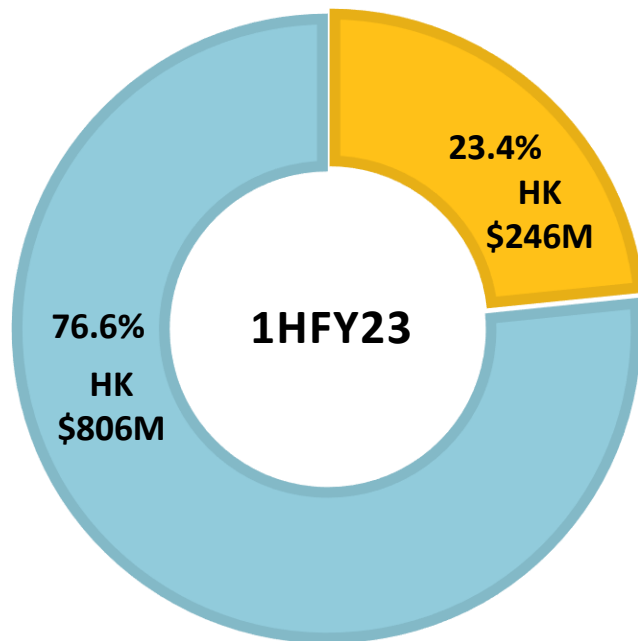
1HFY2023 Financial Highlights

Financial Highlights

HK\$'M	1HFY23	1HFY22	% Change
Revenue	1,051.5	1,014.5	3.6
Gross Profit	131.2	143.6	-8.6
Gross Profit Margin	12.5%	14.2%	-1.7% pt
Net Profit for the period	57.9	56.6	2.2
Net Profit Margin	5.5%	5.6%	-0.1% pt

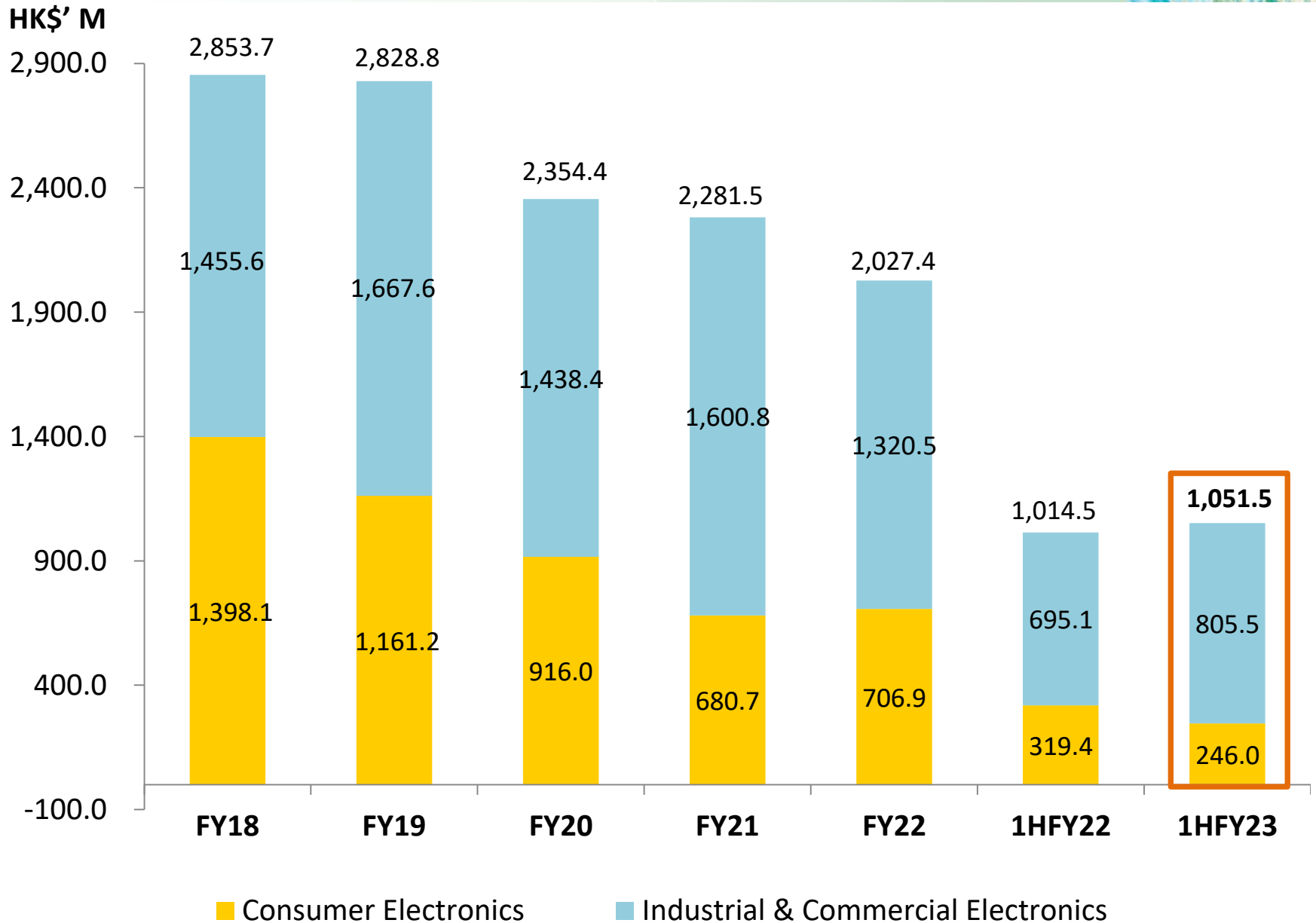
Financial Highlights

Revenue Contribution

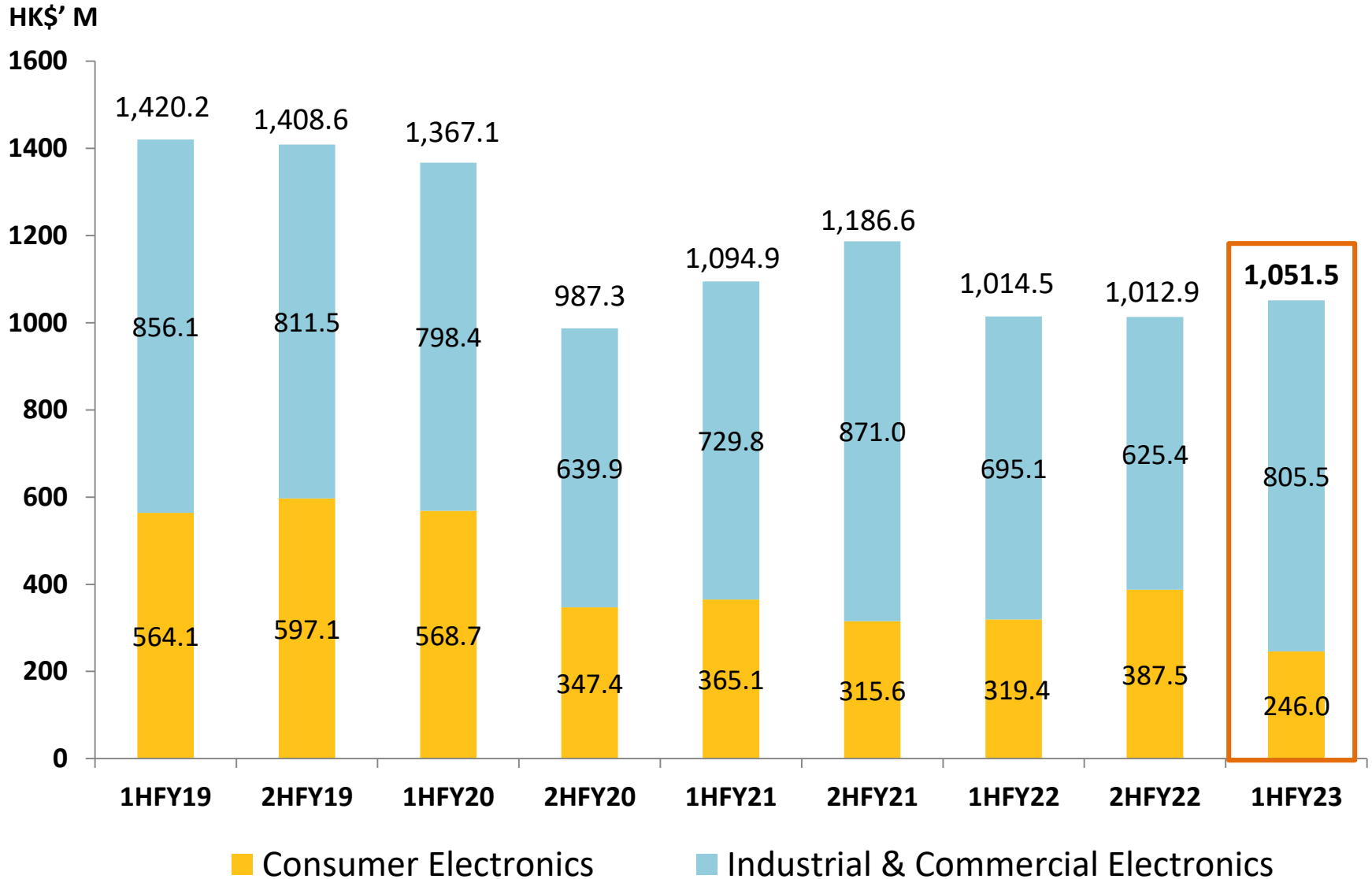


- Consumer Electronics
- Industrial and Commercial Electronics

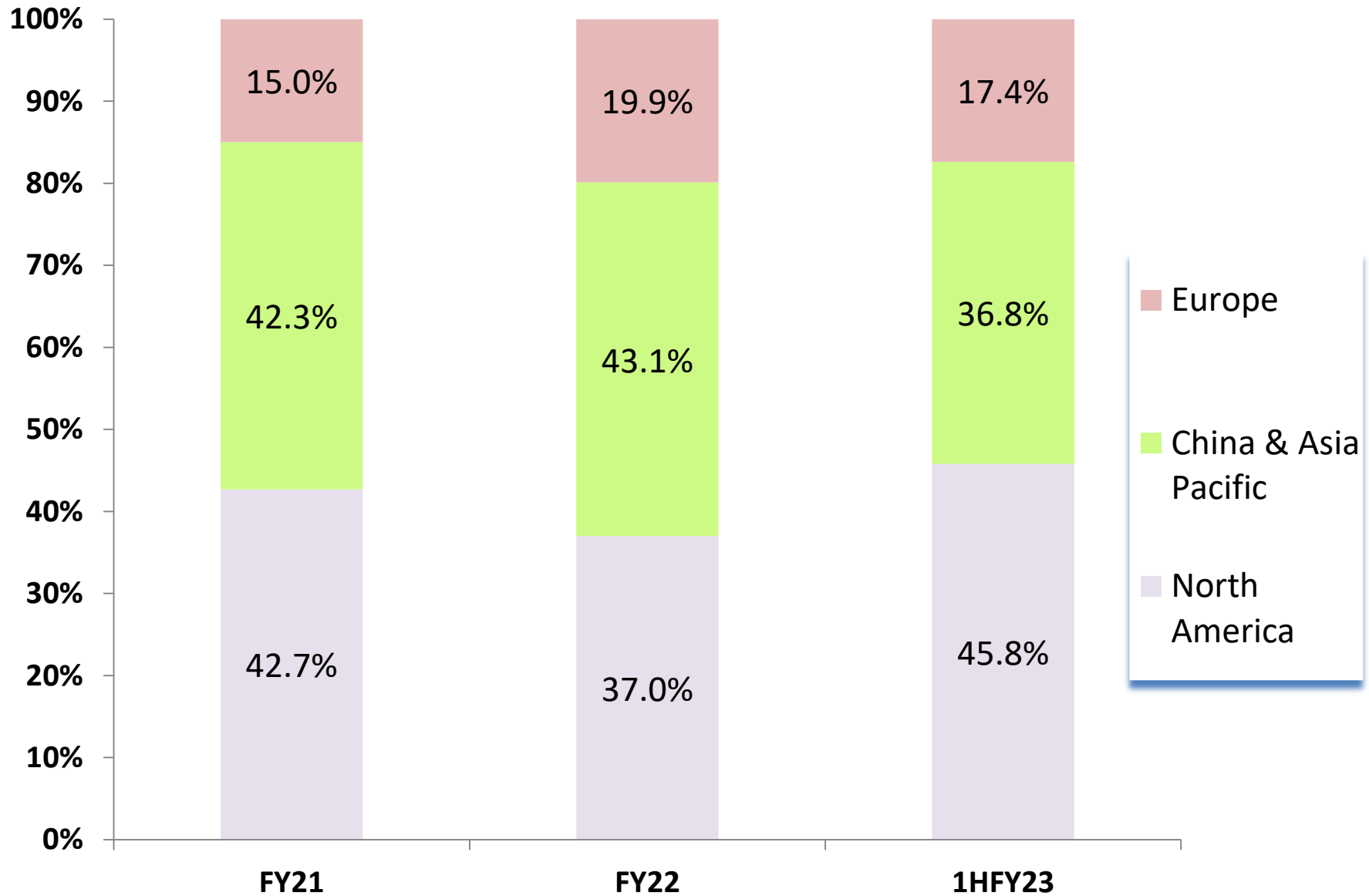
Revenue Trend



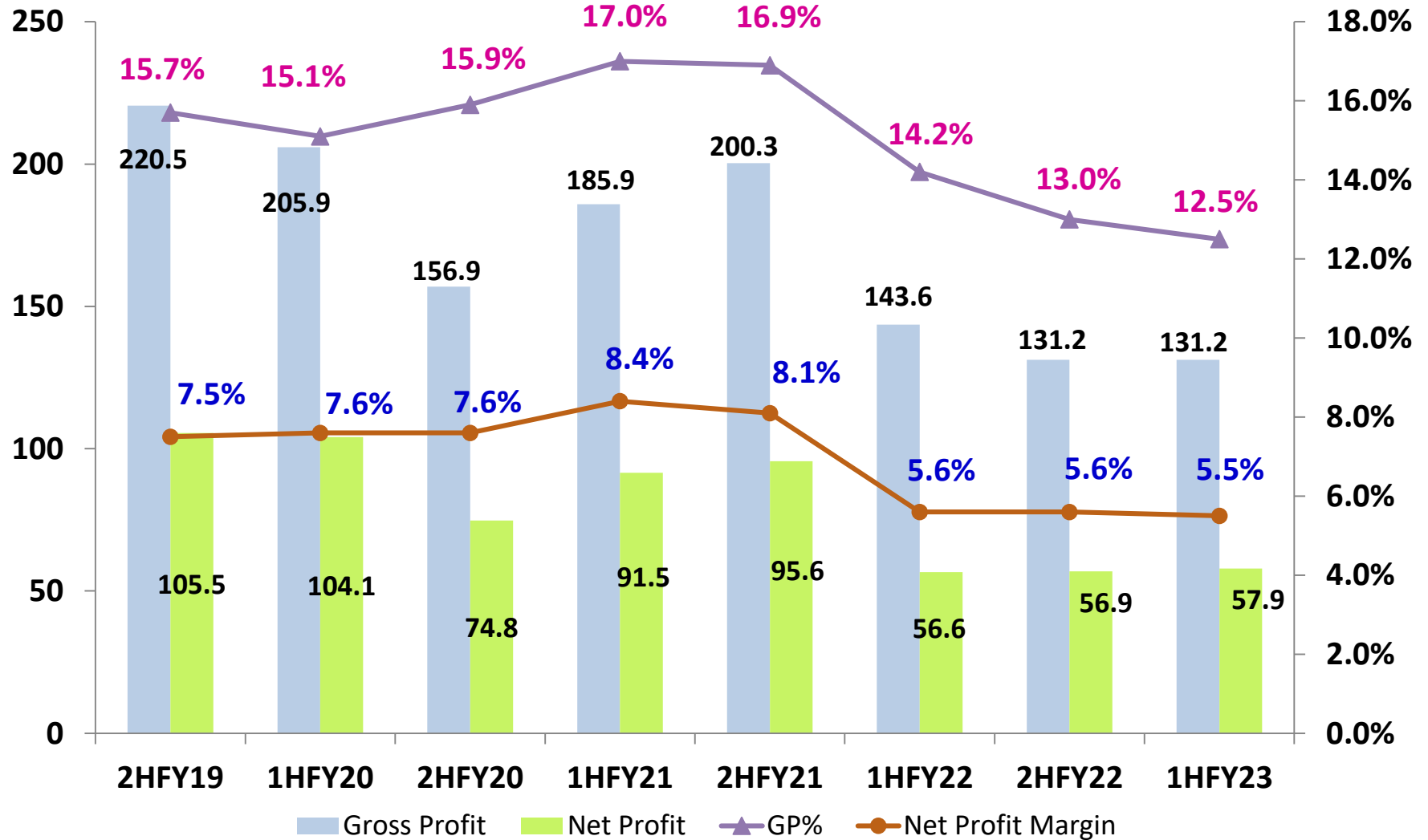
Half-Year Revenue Trend



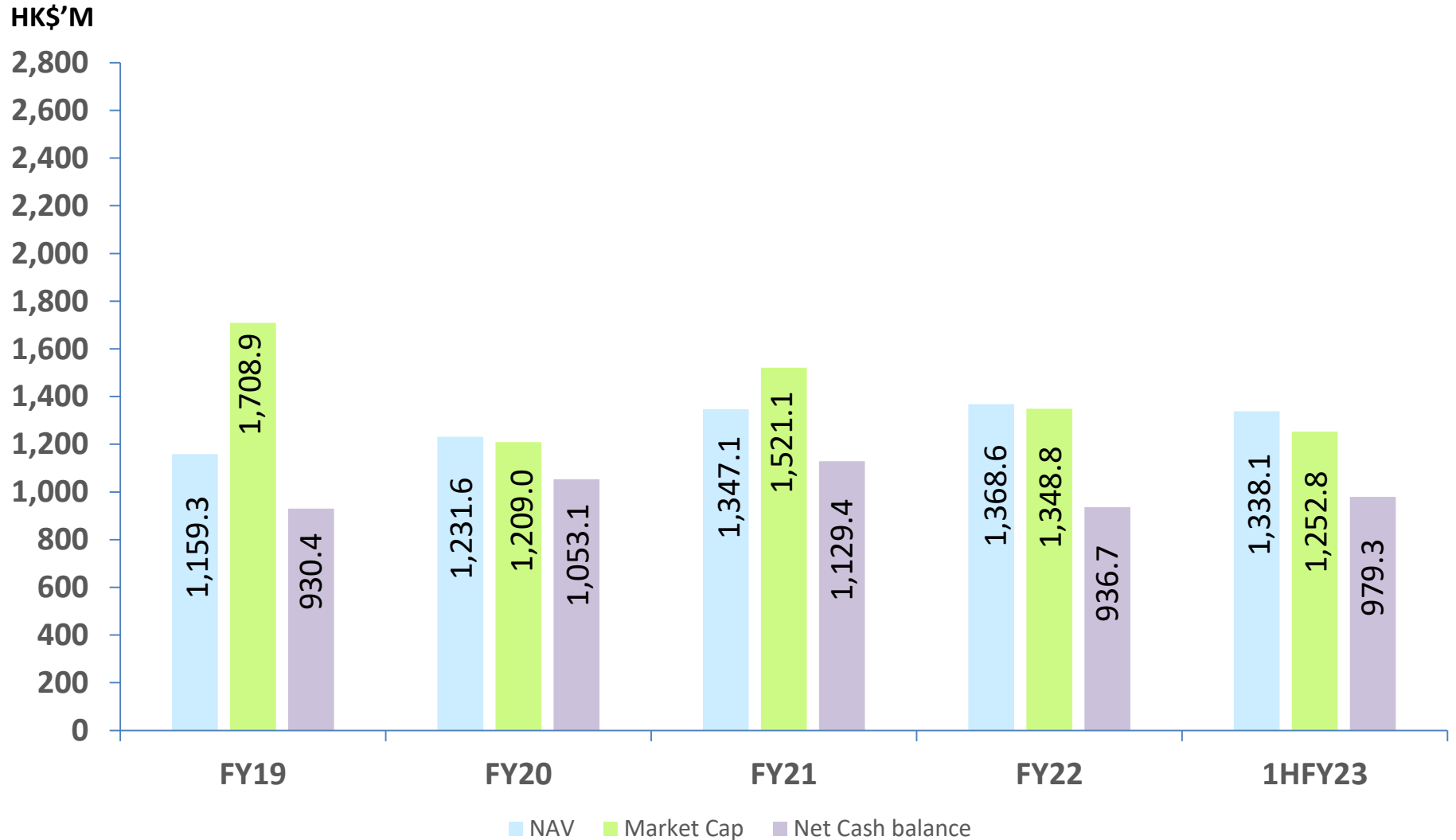
Revenue by Shipment Destination



Gross Profit & Net Profit Trend

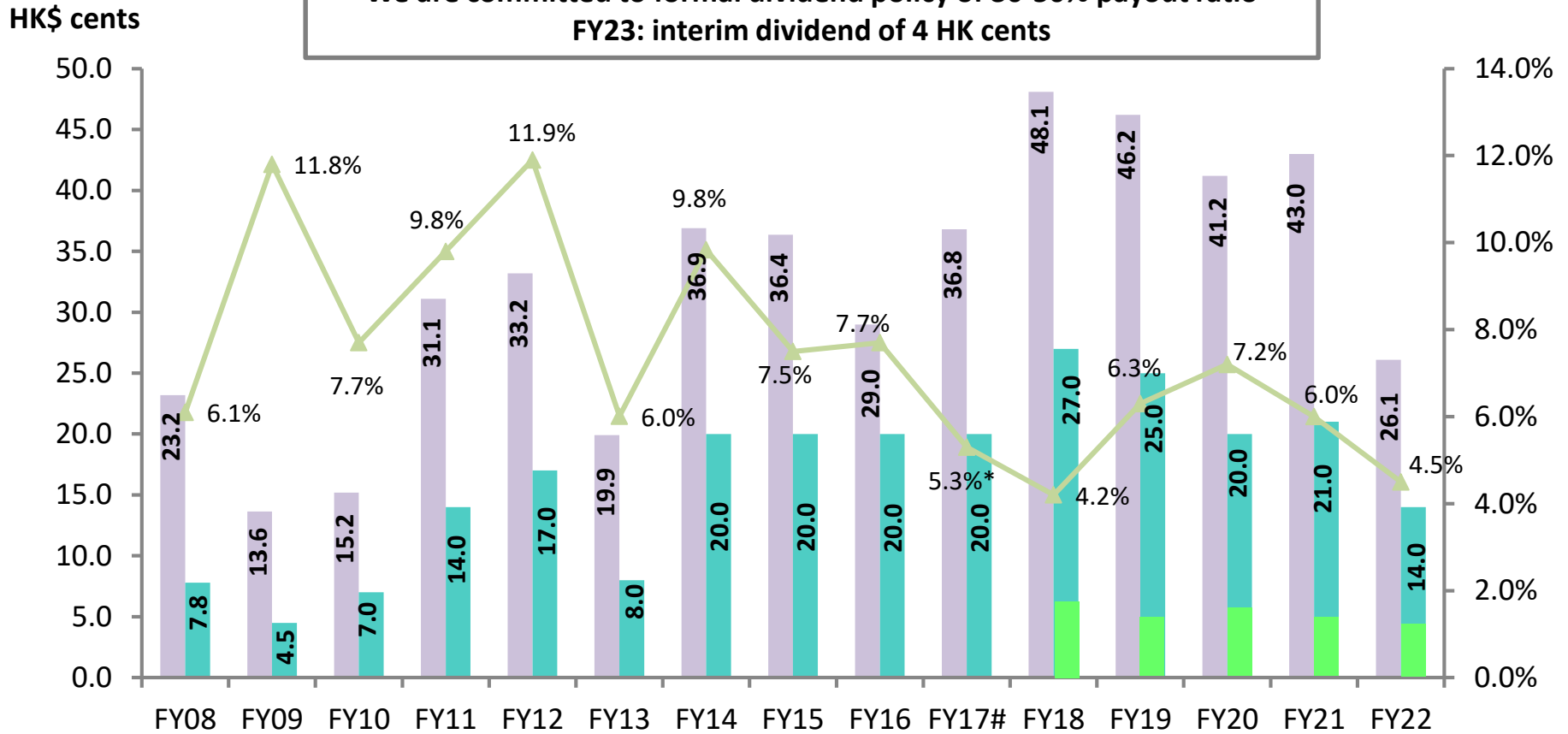


Market Capitalisation & Net Cash Balance



Earnings Per Share & Dividends Per Share

We are committed to formal dividend policy of 30-50% payout ratio
FY23: interim dividend of 4 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	0.61	0.535
Dividend Payout	30%	30%	42%	41%	47%	37%	49%	50%	63%	55% *	57%	54%	49%	49%	53%

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	1HFY23	1HFY22
Operating Activities		
Net cash generated from / (used in) operating activities	137,695	(57,245)
Investing Activities		
Net cash used in investing activities	(19,154)	(68,952)
- CAPEX	(24,999)	(72,710)
- Others	5,845	3,758
Financing Activities		
Net cash used in financing activities	(74,118)	(69,700)
- Dividend paid	(42,669)	(69,700)
- Purchase of treasury shares	(31,449)	-
Net increase / (decrease) in cash and cash equivalents	44,423	(195,897)
Effect of foreign exchange rate changes	(1,777)	3,132
Cash and Cash equivalents		
At beginning of the period	936,665	1,129,446
At end of the period	979,311	936,681

Balance Sheet & Key Ratios

HK\$'M	1HFY23	FY22
Working capital		
Inventories	259.9	273.5
Trade Receivables	439.6	430.7
Trade Payables	<u>(315.2)</u>	<u>(262.7)</u>
	<u>384.3</u>	<u>441.5</u>
Net Current Assets	952.4	962.1
Net Cash	979.3	936.7
Net Assets	1,338.1	1,368.6

Turnover Days	1HFY23	FY22
Inventories	51.5	57.0
Trade Receivables	76.3	77.5
Trade Payables	<u>(62.5)</u>	<u>(54.7)</u>
	<u>65.3</u>	<u>79.8</u>

Key Financial Ratios

	1HFY23	FY22
Price (SGD) #	0.53	0.54
NAV per share (SGD)*	0.58	0.54
Cash per share (SGD)*	0.43	0.37
Cash to Mkt Cap ratio	78%	69%

	1HFY23	FY22
Current ratio	2.2	2.3
ROE	8.6%	8.3%
ROA	5.5%	5.4%
PB ratio	0.90	0.99

Share price as at respective period or year end date

*SGD/HKD Ex rate:

1HFY23: 5.48

FY22: 5.79

Business Review

1HFY2023 review

- Deliver stable results with 2% profit growth
- Better able to navigate the global components shortage

Opportunities

- Relaxation of travel restrictions and the resumption of global travel
- Have been hosting visits by potential customers to demonstrate the Group's EMS capability in Vietnam
- Confident that some of these leads will convert into new business in FY2024

Optimizing cost structure

- Completed the consolidation of the various Vietnam facilities into one campus site since Jun 2022
- Achieve greater economies of scale and operational efficiency

Reader should refer to section 4 under Other Information 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.

Business Review

Macro-environment remains challenging

- Russia-Ukraine conflict, rising geopolitical tensions, inflation, US Fed aggressive interest rate hikes
- Shaking business confidence, eroding consumer purchasing power
- Weakening demand forecast from some customers
- Working closely with affected customers to mitigate risks associated with this headwind

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Business Review

Business Outlook

- Macroeconomic uncertainty factors unlikely to be resolved soon
- Anticipate potential headwinds ahead
- Riding on the strong fundamentals: manufacturing experience and capabilities in different countries, strong cash flows, and a robust balance sheet that is without debt
- Barring unforeseen circumstances, the Group remains optimistic to be profitable for FY2023

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Business Review

Building a sustainable future

- Invested HK\$12 milion on solar power system in China campus
- Since July 2022, approximately 20% of the electricity used in China came from this renewable source
- Saving of 753 tonnes of carbon dioxide up to Oct 2022
- Alternative source of power to deal with the potential power shortages in China, should it arise

Share buyback update

- HK\$250 million Share Buyback Program announced on 28 Feb 2022
- HK\$48 million has been utilized to repurchase an aggregate of 16 million shares
- The Group intends to continue with the Share Buyback Program

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Sustainability

Corporate Sustainability Highlights



Local Community Engagement

Carried out such engagements at least once every quarter



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



Carbon Reduction

Installed solar panels for China campus that will generate power output for factory use and reduce carbon emissions



Thank you.