



Q2FY19 Results Presentation

Note: This presentation is to be read in conjunction with the announcement issued on SGXNET on 12 November 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@kogentcomms.com

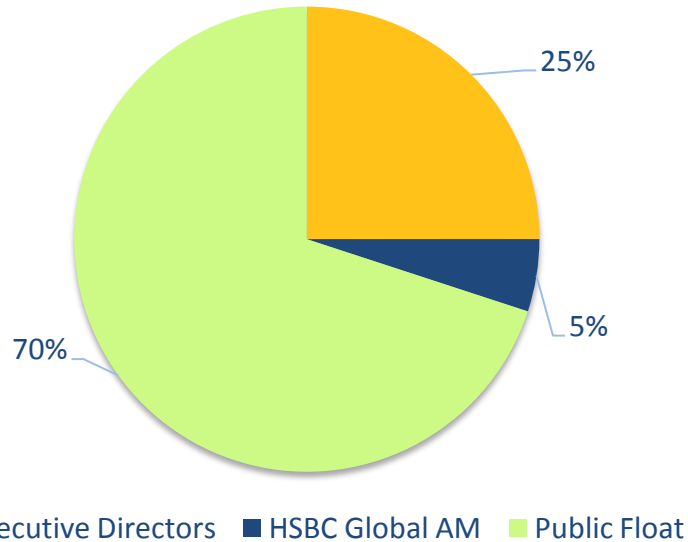
Tel: + 65 6704 9288

Name: Ms Candy Soh

Email: candysoh@kogentcomms.com

Corporate Profile

Shareholding



Bloomberg Code	VALUE.SP
Reuters Code	VLUE.SI
ISIN Code	BN2
Index	FTSE ST Small Cap, FT ST China, FTSE ST Shariah
Issued shares (M)	434.0
Mkt cap (SG\$M) (1 Nov 2018)	277.8
Share price (SG\$) (1 Nov 2018)	0.64
Average volume 3-mth ('000)	3,384
52 wk range (SG\$) (1 Nov 2018)	0.59 – 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 (30 Sept 2018)

Accreditations

ISO9001:2008, ISO14001:2004, ISO013485: 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

A Premier Design and Manufacturing Partner

Integrated Manufacturing Services

- SMT
- Wire bonding
- FG assembly
- Metal part machining
- Injection molding
- Tool design & fabrication

Engaging in Customers Value Chain

- Design for manufacturing
- Design & build test fixtures
- Rapid prototyping
- Regulatory compliances
- Supply chain management services

Design & Development

- Mechanical & electrical engineering design from concept to mass production
- Better manufacturability with enhanced features & lower cost
- Software development
- Industrial design

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



2009

Opened Daya Bay Facility, acquired medical business



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



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

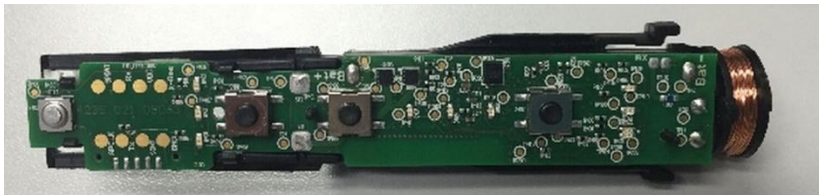
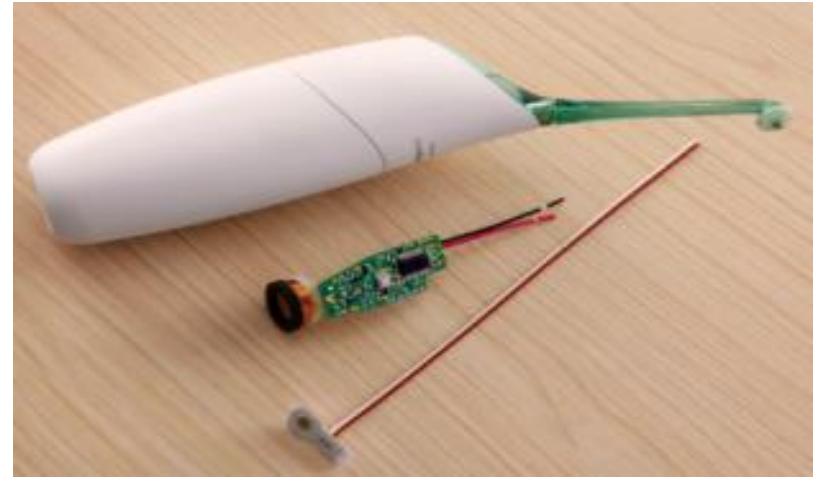


In-vitro Diagnostic Medical Equipment for Testing Human Tissue Samples

Consumer Electronics

Consumer Lifestyle Products

Consumer Lifestyle Division of a Dutch MNC



PCBA for Shavers & Electric Toothbrushes for Consumer Use



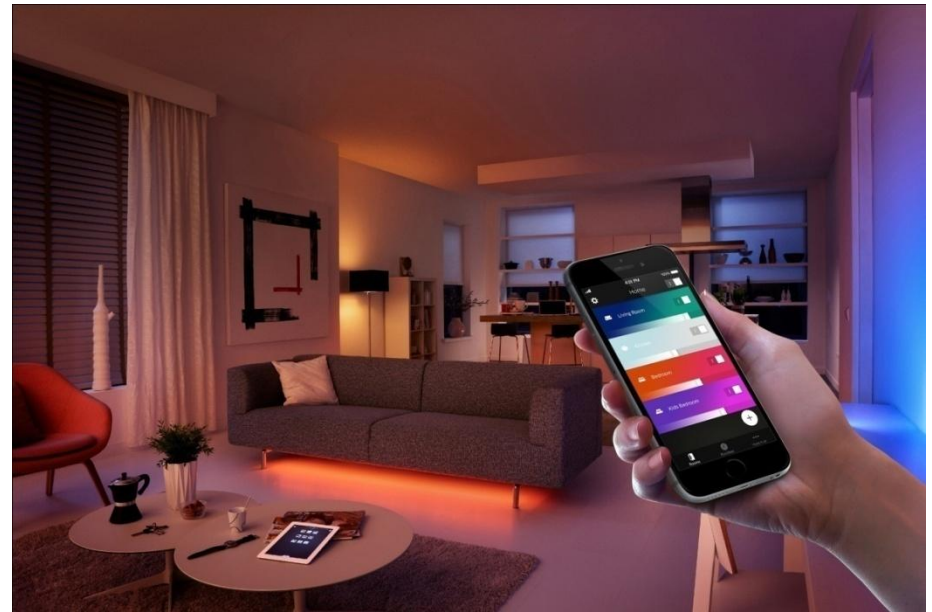
Subsidiary of Homax Group
(Wholly-owned by PE firm)

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**



Q2FY19 Financial Highlights

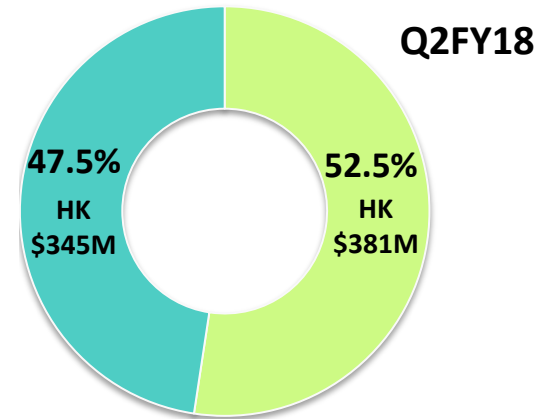
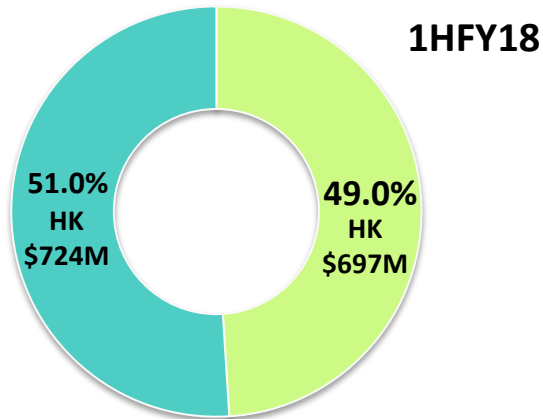
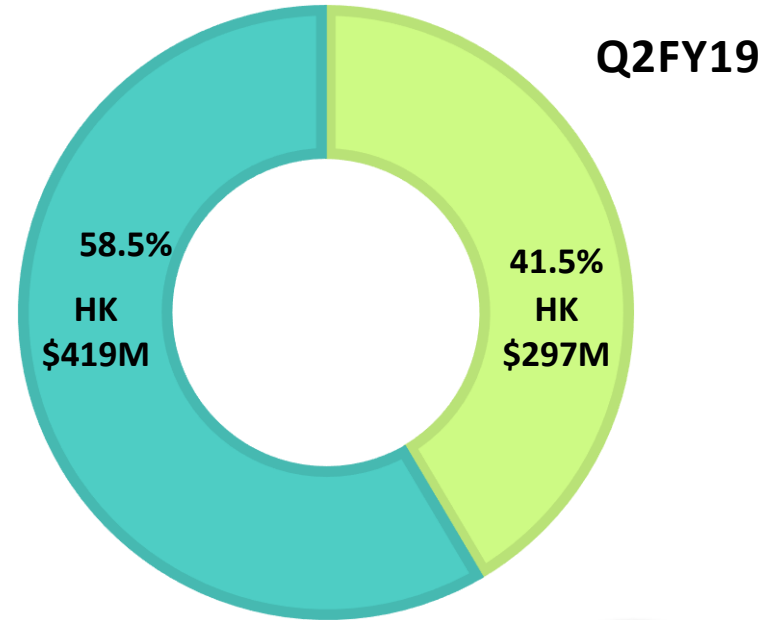
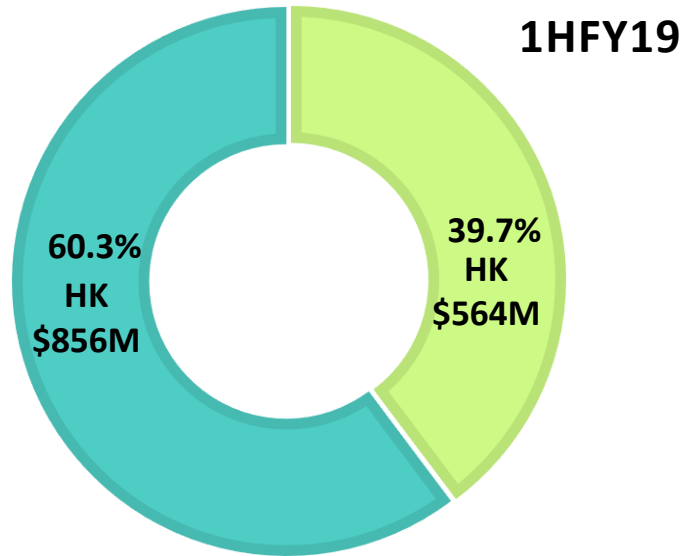
Financial Highlights

HK\$'M	1HFY19	1HFY18	% Change	Q2FY19	Q2FY18	% Change	Q1FY19
Revenue	1,420.2	1,421.4	-0.1	716.2	725.7	-1.3	704.0
Gross Profit	209.8	209.2	0.3	107.1	104.8	2.1	102.8
Gross Profit Margin	14.8%	14.7%	0.1% pt	14.9%	14.4%	0.5% pt	14.6%
Net other operating loss#	(13.6)	-	NM	(13.6)	-	NM	-
Net Profit for the period	94.0	99.6	-5.6	44.3	50.8	-12.8	49.7
Net Profit Margin	6.6%	7.0%	-0.4% pt	6.2%	7.0%	-0.8% pt	7.1%

Impairment loss recognised in respect of flash floods that occurred on 17 September 2018 at the Danshui Factory

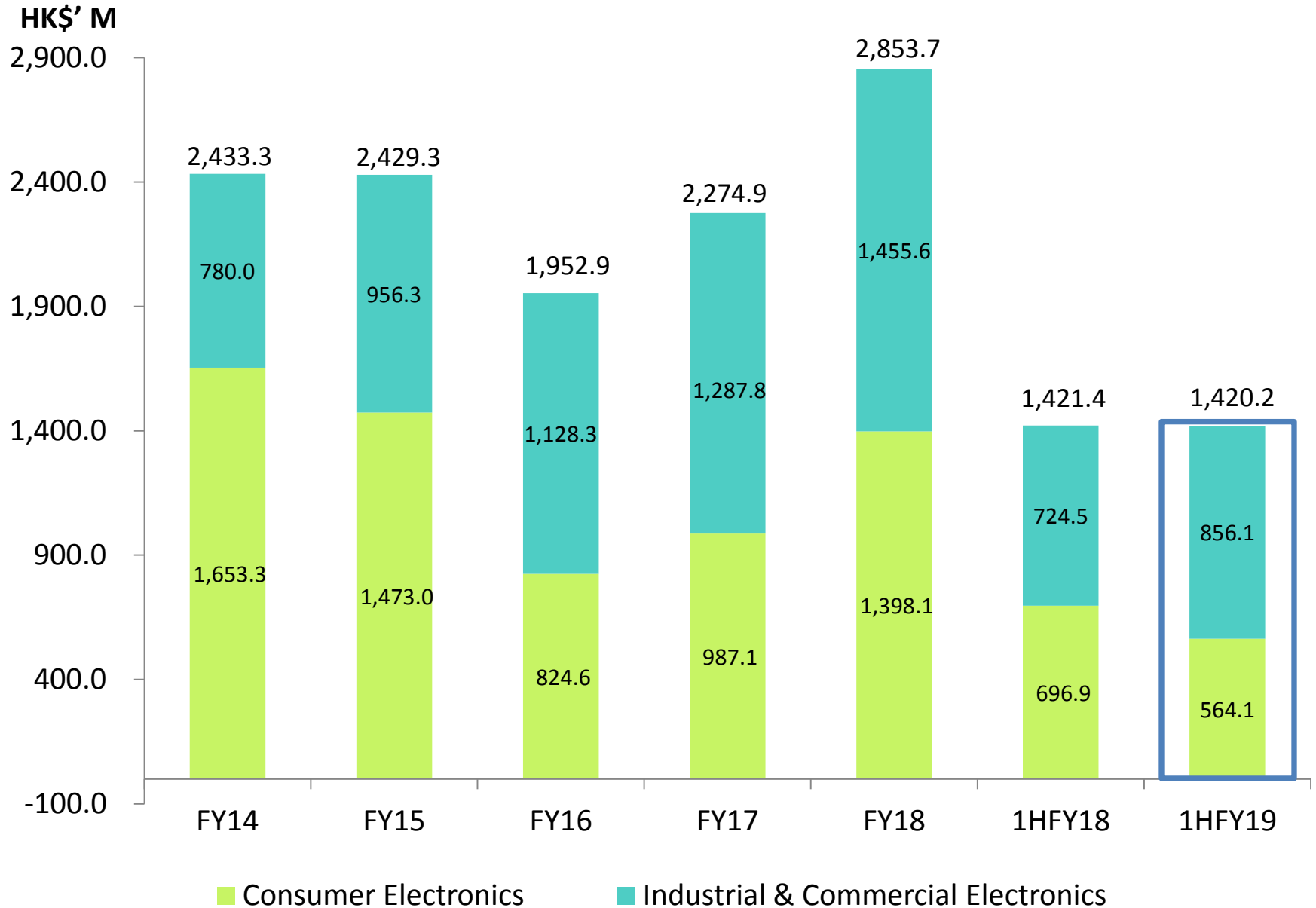
Financial Highlights

Revenue Contribution

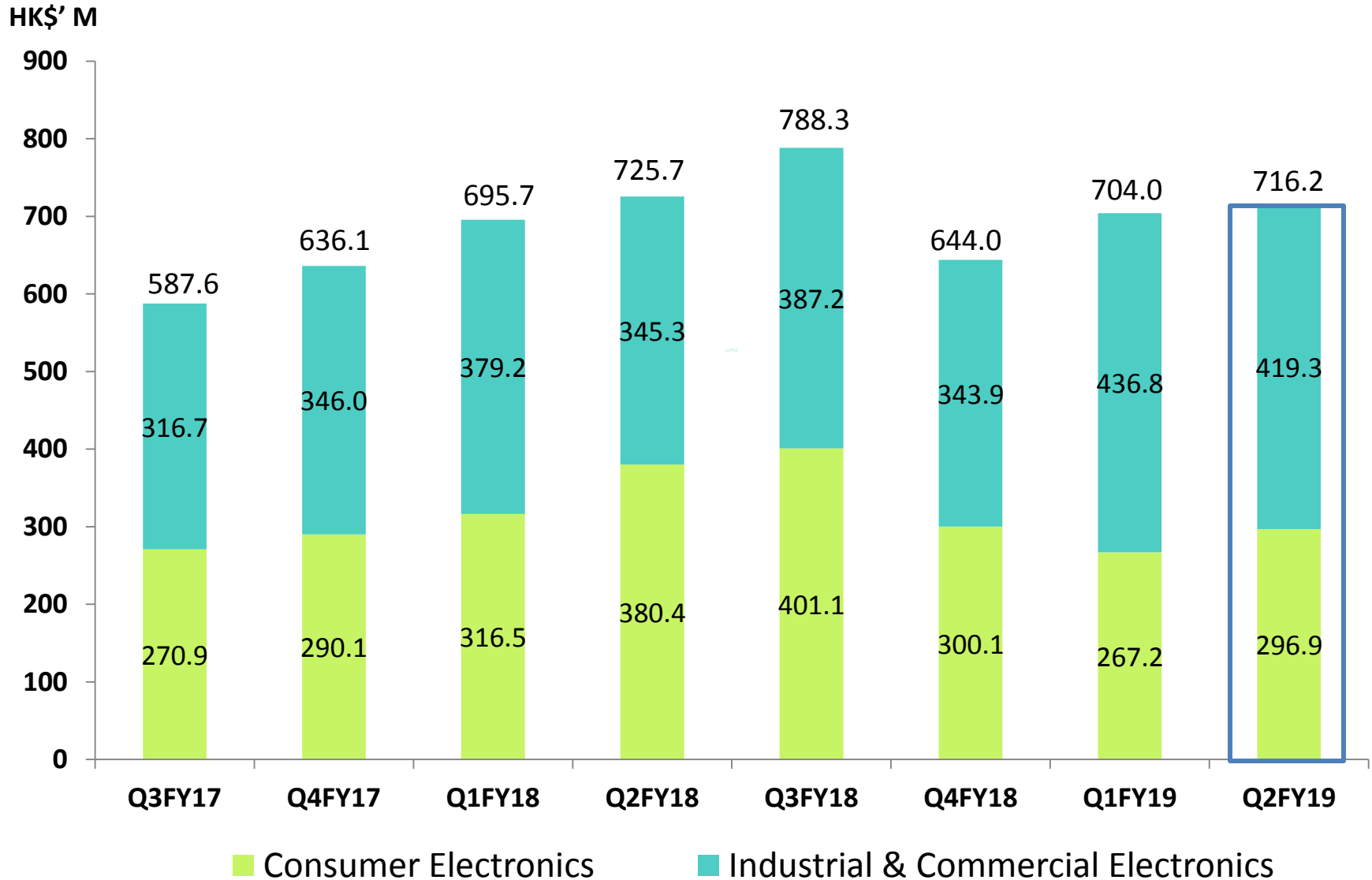


- Consumer Electronics
- Industrial and Commercial Electronics

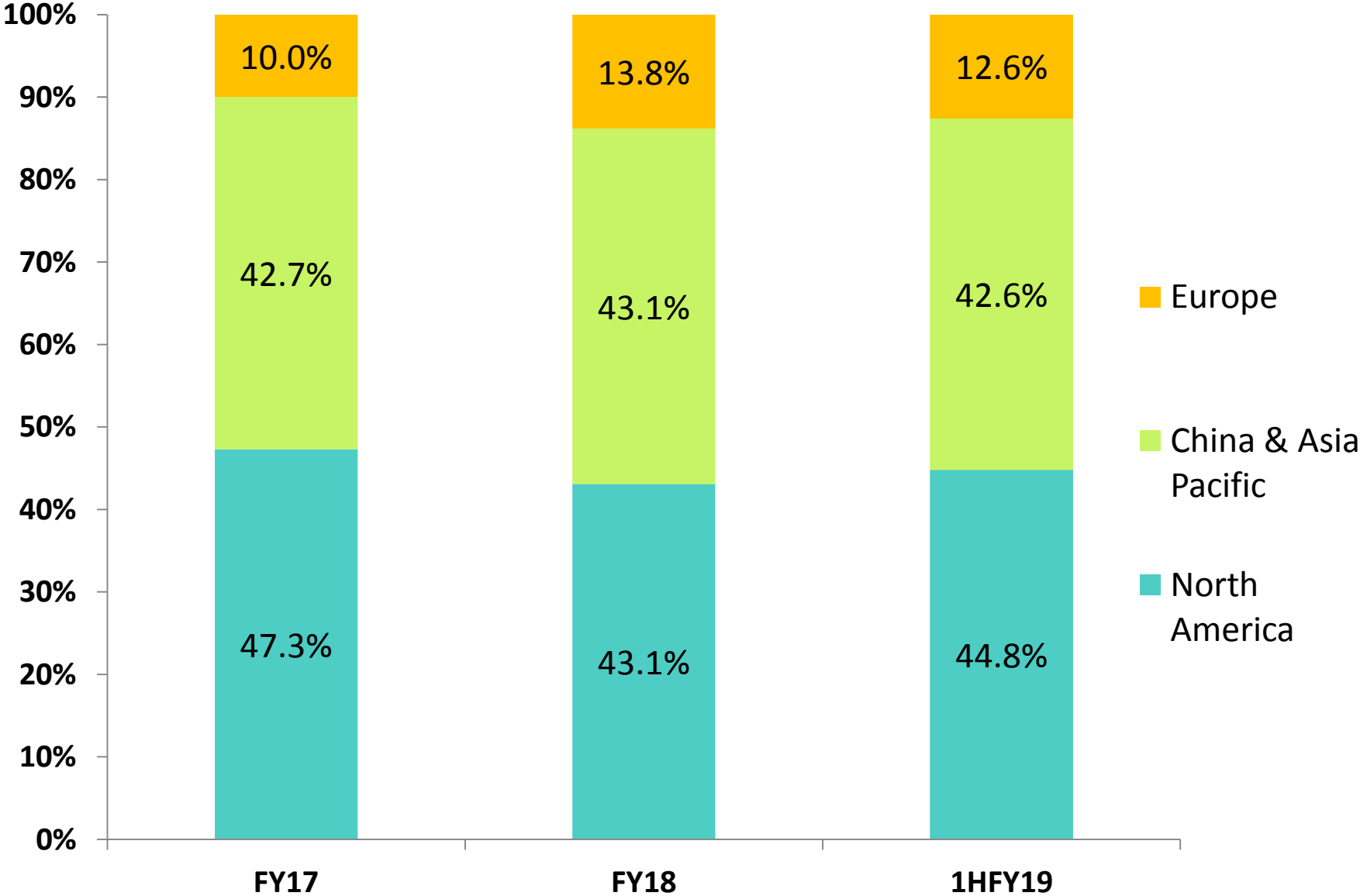
Revenue Trend



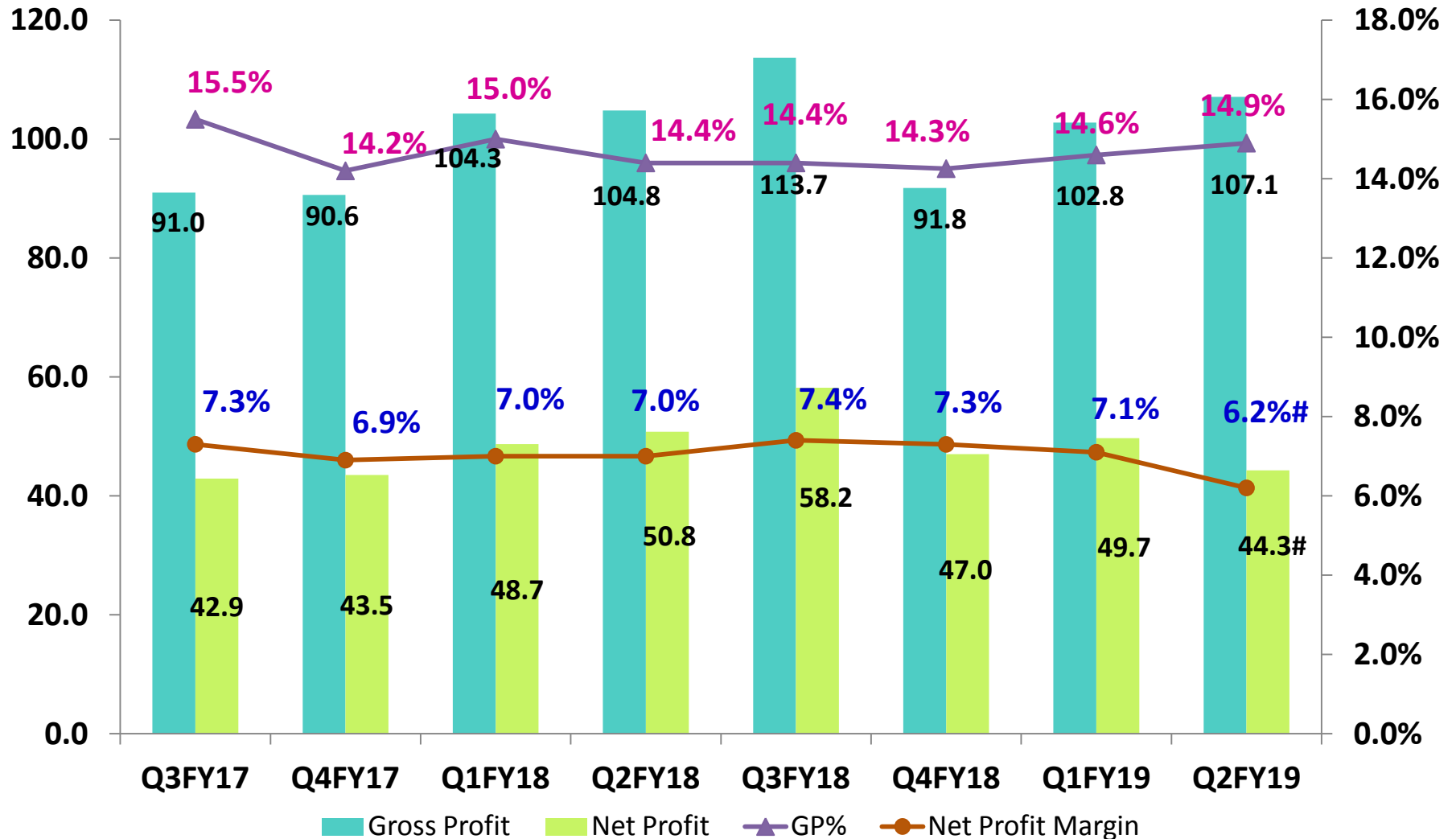
Quarterly Revenue



Revenue by Shipment Destination

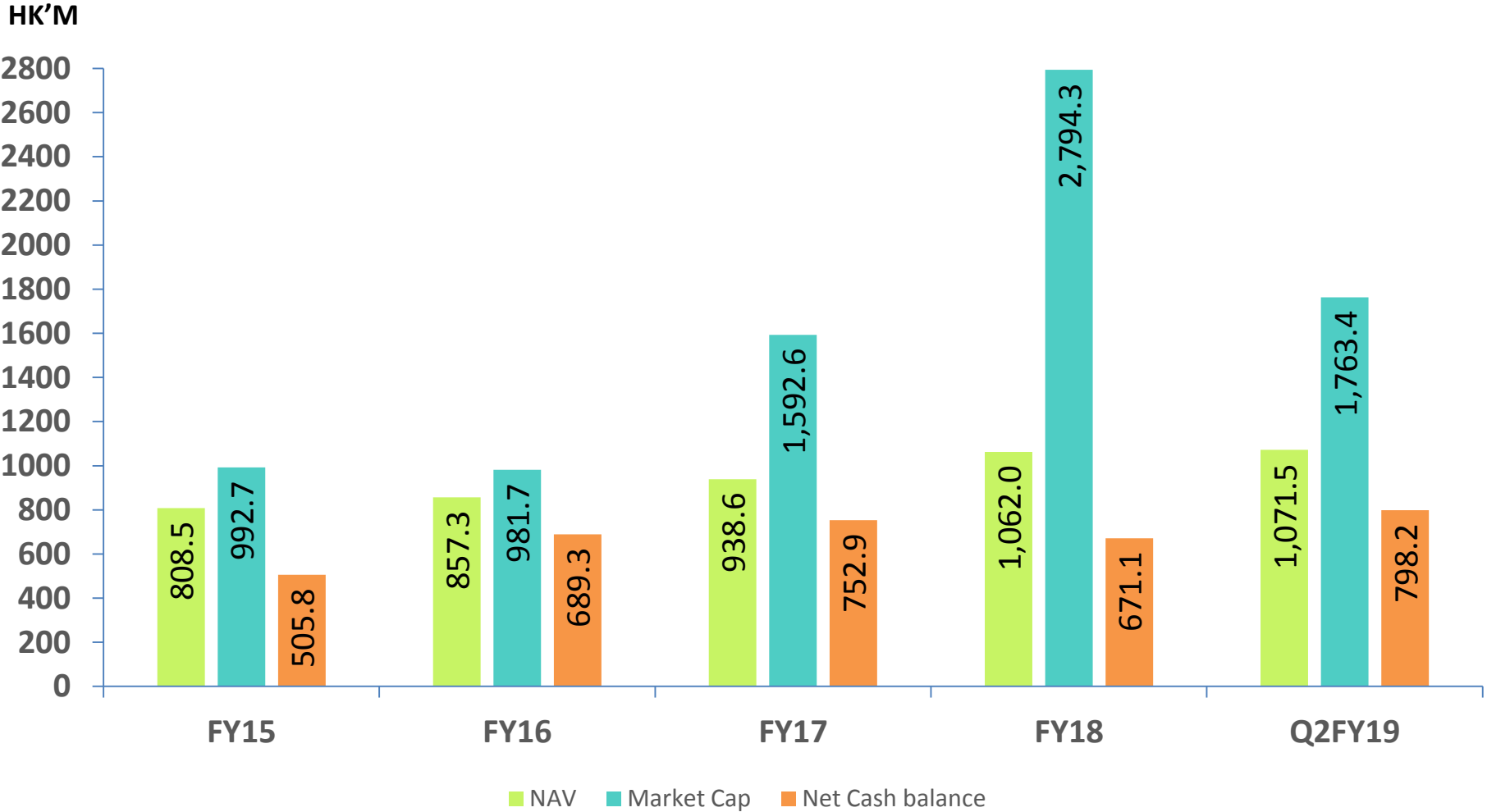


Gross Profit & Net Profit Trend



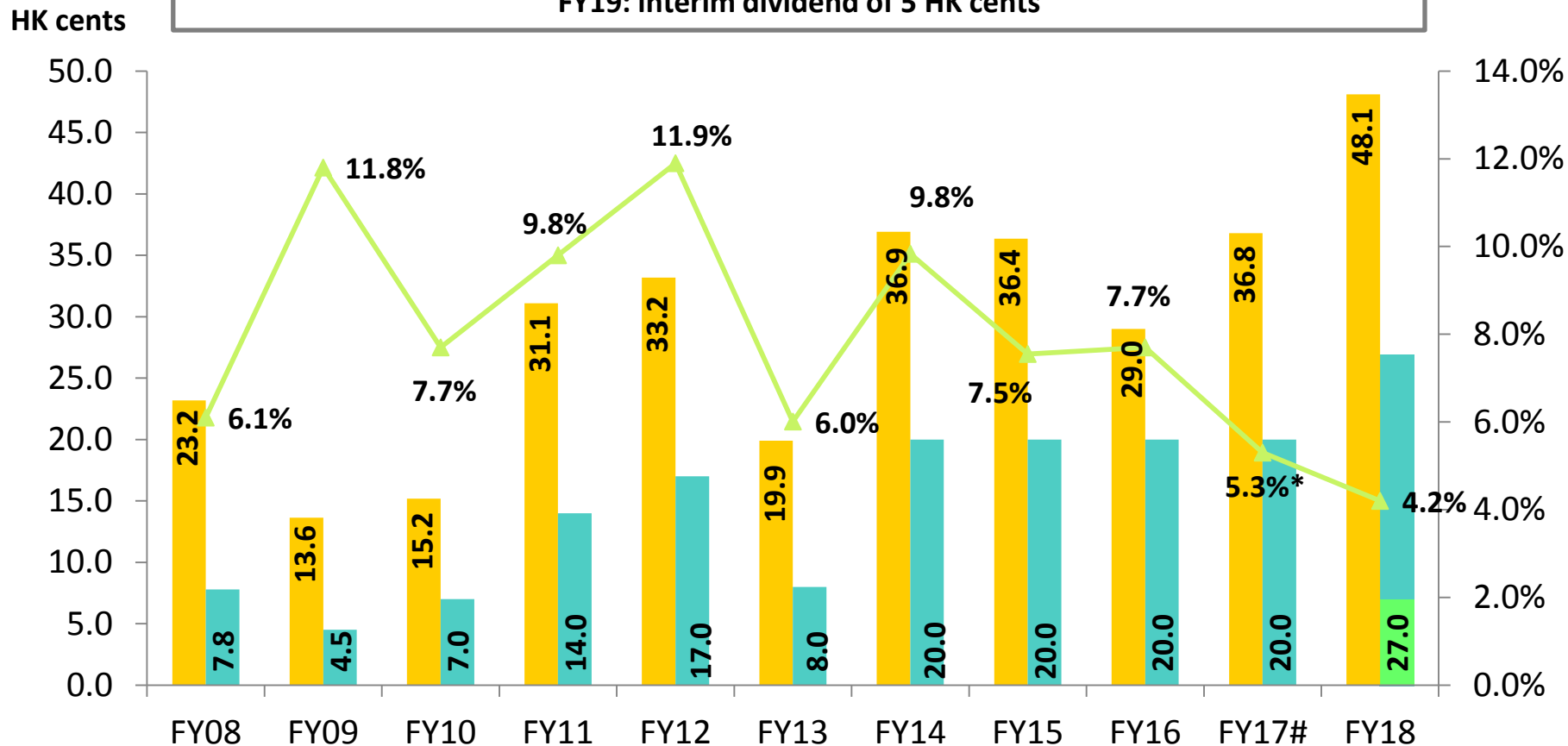
Included the impairment loss of HK\$13.6M recognised in respect of flash floods at the Danshui Factory

Market Capitalisation & Net Cash Balance



Earnings Per Share & Dividends Per Share

We are committed to formal dividend policy of 30-50% payout ratio
FY19: interim dividend of 5 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
Dividend Payout	30%	30%	42%	41%	47%	37%	49%	50%	63%	55% *	57%

■ 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	1HFY19	1HFY18	Q2FY19	Q2FY18
Operating Activities				
Net cash generated from / (used in) operating activities	221,834	8,280	133,294	(14,627)
Investing Activities				
Net cash used in investing activities	(14,144)	(69,689)	(11,849)	(11,470)
Financing Activities				
Net cash used in financing activities	(80,184)	(64,190)	(80,184)	(66,276)
Net increase / (decrease) in cash and cash equivalents	127,506	(125,599)	41,261	(92,373)
Effect of foreign exchange rate changes	(374)	141	(204)	523
Cash and Cash equivalents				
At beginning of the period	671,087	752,941	757,162	719,333
At end of the period	798,219	627,483	798,219	627,483

Balance Sheet & Key Ratios

HK\$'M	Q2FY19	FY2018	Q2FY18
Working capital			
Inventories	392.6	385.6	416.4
Trade Receivables	494.7	582.8	588.8
Trade Payables	<u>(514.4)</u>	<u>(482.9)</u>	<u>(584.9)</u>
	<u>372.9</u>	<u>485.5</u>	<u>420.3</u>
Net Current Assets	793.0	774.9	713.4
Net Cash	798.2	671.1	627.5
Net Assets	1,071.5	1,062.0	980.4

Turnover Days	Q2FY19	FY2018	Q2FY18
Inventories	59.2	57.7	62.7
Trade Receivables	63.6	74.5	75.6
Trade Payables	<u>(77.6)</u>	<u>(72.3)</u>	<u>(88.1)</u>
	<u>45.2</u>	<u>59.9</u>	<u>50.2</u>

Key Financial Ratios

	Q2FY19	FY18
Price (SGD) #	0.71	1.08
NAV per share (SGD)*	0.43	0.41
Cash per share (SGD)*	0.32	0.26
Cash to Mkt Cap ratio	45%	24%

	Q2FY19	FY18
Current ratio	1.9	1.9
ROE	17.5%	19.3%
ROA	9.3%	10.4%
PB ratio	1.64	2.61

Share price as at respective period or year end date

*SGD/HKD Ex rate:

Q2FY19: 5.72;

FY18: 5.98

Business Outlook

Overview

- Group's revenue remained flat (2QFY19 vs 2QFY18)
- **CE:** revenue decline (2QFY19 vs 2QFY18) due to weak performance in smart lighting products and production disruptions at Danshui Factory in late September due to flash flooding;
However, there is an 11.1% increase in CE revenue in Q2FY2019 as compared to Q1FY2019.
- **ICE:** Continued double-digit revenue growth, benefitted from strong performance from printer and automotive customers

Supply chain

- Some relief in the supply chain challenges with the normalisation of lead times and stabilisation of prices in passive electronic components.

Business Outlook

Macro environment

- Operating in an uncertain macro-economic environment caused by geo-political and trade tensions. The trade tension, if escalated, could potentially undermine the global economy and impact the supply chains of companies serving US market
- Whilst there is no material immediate direct economic impact at this juncture, indirect and consequential impact cannot be ruled out if the trade tensions were to escalate
- Have been working with customers in evaluating various measures to mitigate impact of tariffs on goods imported to US market, including options of assembly of products outside China

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.