



## **FY2023 Results Presentation**

**Note: This presentation is to be read in conjunction with the announcement issued on SGXNET on 30 May 2023**

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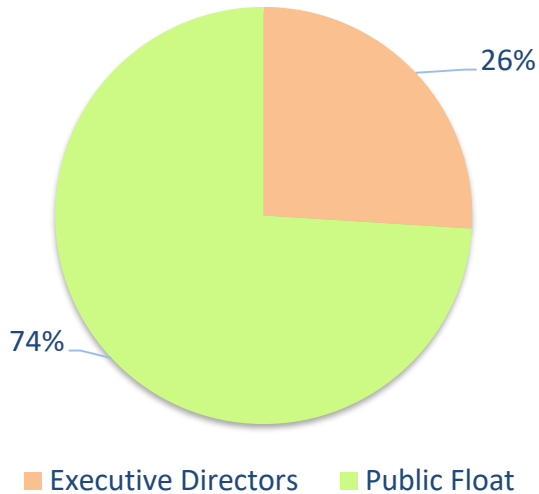
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**Cogent.**

# Corporate Profile

## Shareholding



Bloomberg Code	VALUE.SP
Reuters Code	VLUE.SI
Stock Code	BN2
Index	FTSE ST Small Cap, FTSE Global MicroCap
Issued shares (M)	435.6
Mkt cap (SG\$M) (25 May 2023)	217.8
Share price (SG\$) (25 May 2023)	0.50
52 wk range (SG\$) (25 May 2023)	0.44 – 0.57

## 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 (31 Mar 2023)

## Accreditations

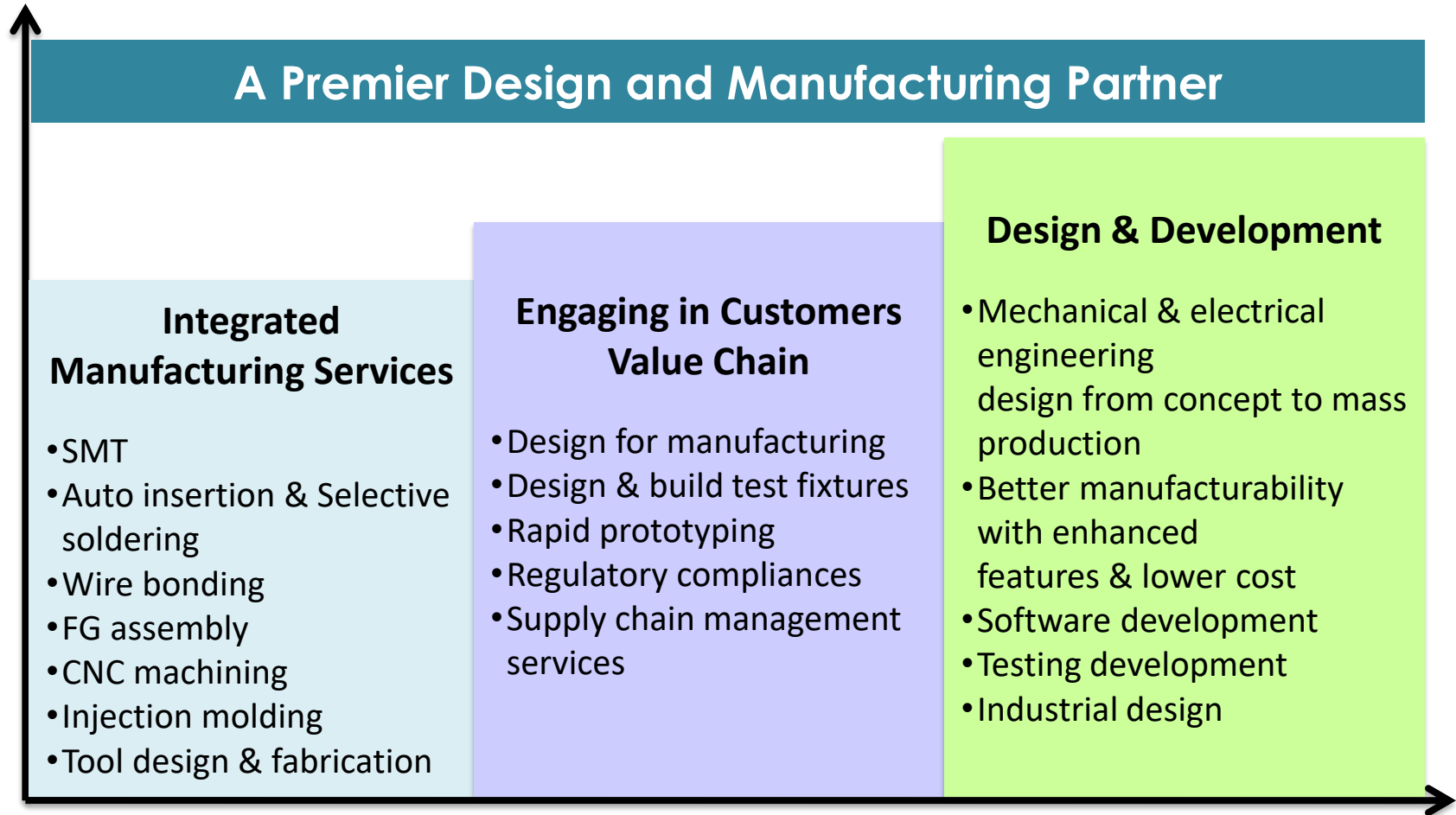
ISO9001:2015, ISO14001:2015, TL9000:2016(H) R6.3/5.7, IATF16949: 2016, IPC J STD-001/ IPC-A-610 QML Class 3, ANSI/ESD S20.20 - 2014

## 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 20<sup>th</sup> 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



**2022**

Vietnam Campus commenced mass production



# 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



### United States & Canada-based Company



### Cooling solutions for HPC environments

### Taiwan-listed Company



# Industrial & Commercial Electronics (Cont'd)

## Electronic Products for Automotive Industry

### Tier 1 Automotive System Manufacturer



Data and media connectivity module

# Industrial & Commercial Electronics (Cont'd)

## Industrial & Commercial Applications

**Startup owned by PE Fund**



**Hardware Provider for Retail Chain Stores**

**NYSE-listed United States  
Company**

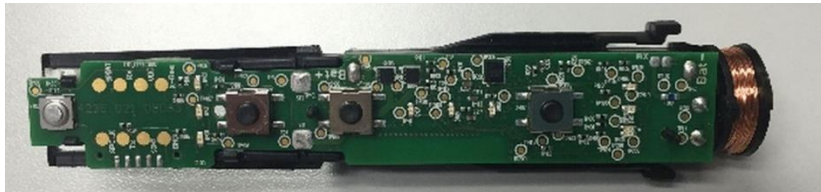
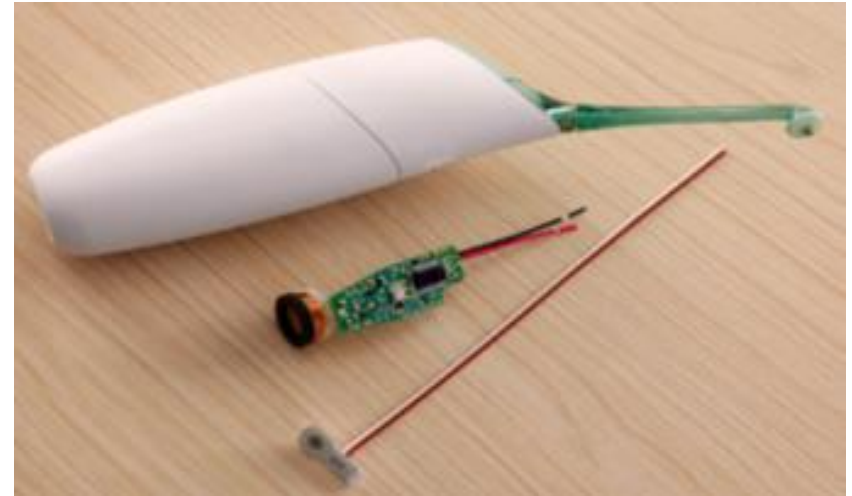


**Residential and Commercial Water Solutions**

# Consumer Electronics

## Consumer Lifestyle Products

### Consumer Lifestyle Division of a Dutch MNC

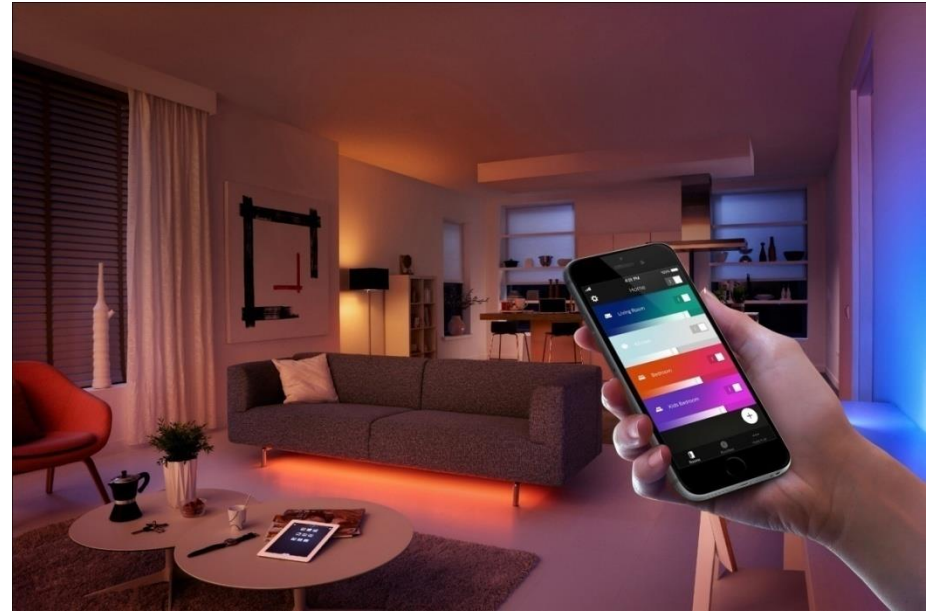


PCBA for Shavers & Electric Toothbrushes for Consumer Use

# 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



## **FY2023 Financial Highlights**

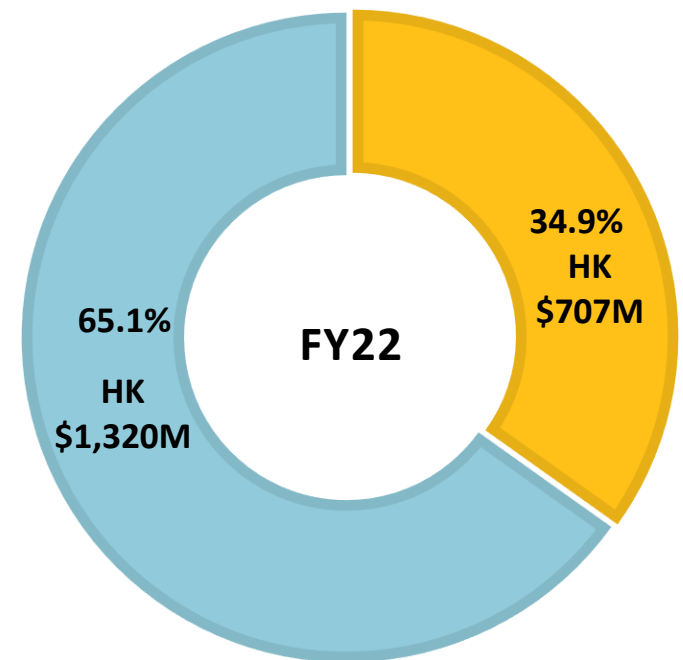
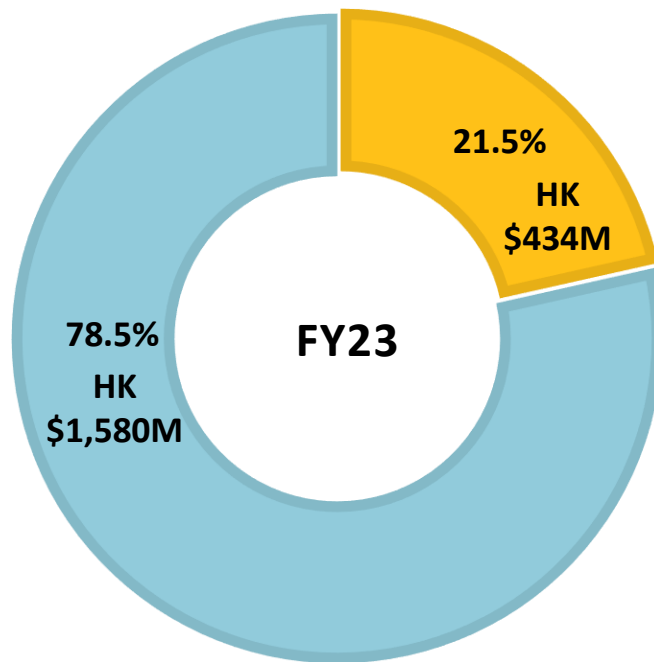
# Financial Highlights

HK\$'M	FY23	FY22	% Change
Revenue	2,013.7	2,027.4	-0.7
Gross Profit	261.7	274.8	-4.8
Gross Profit Margin	13.0%	13.6%	-0.6% pt
Net Profit for the year	123.0	113.5	8.3
Net Profit Margin	6.1%	5.6%	0.5% pt



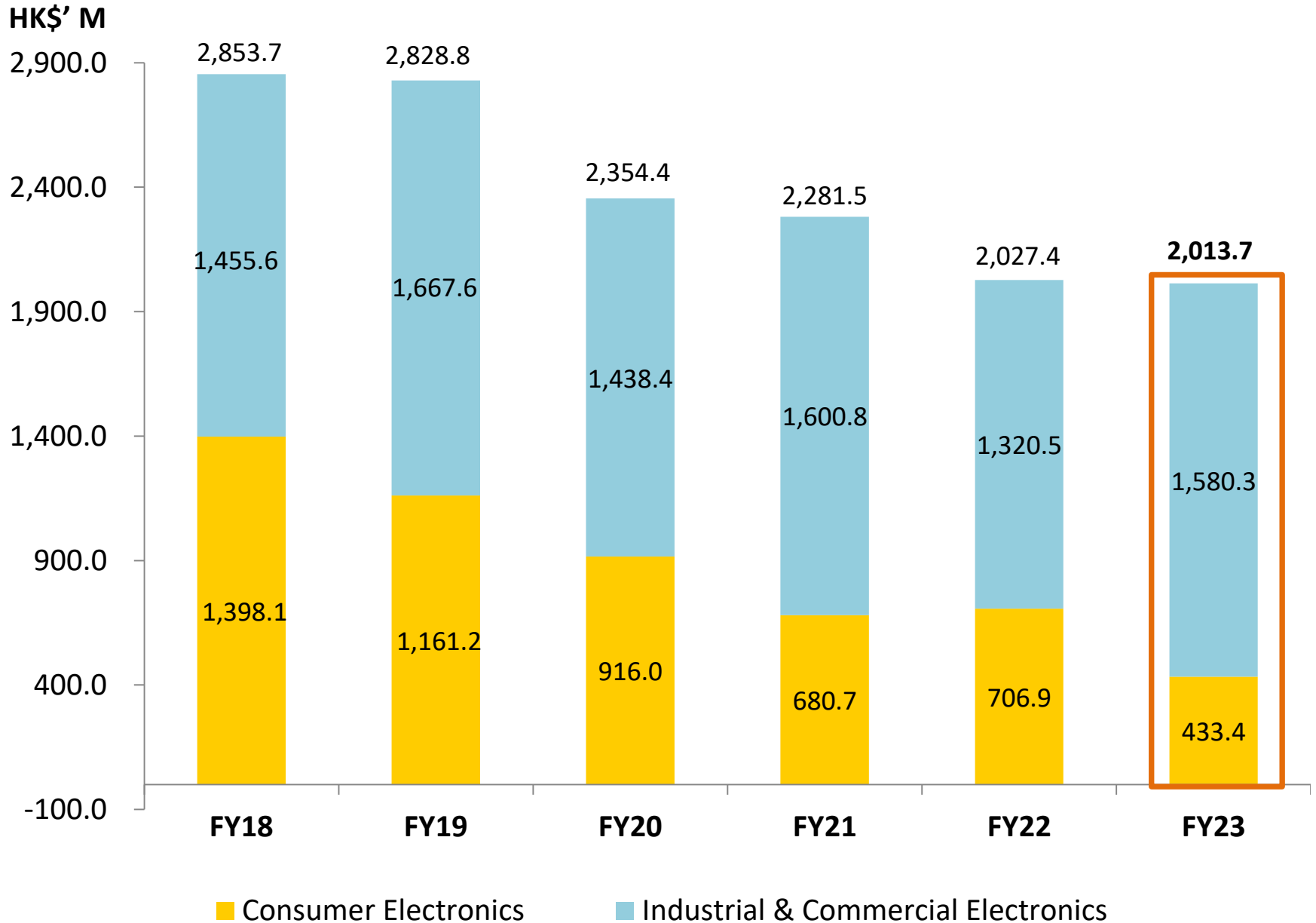
# Financial Highlights

## Revenue Contribution

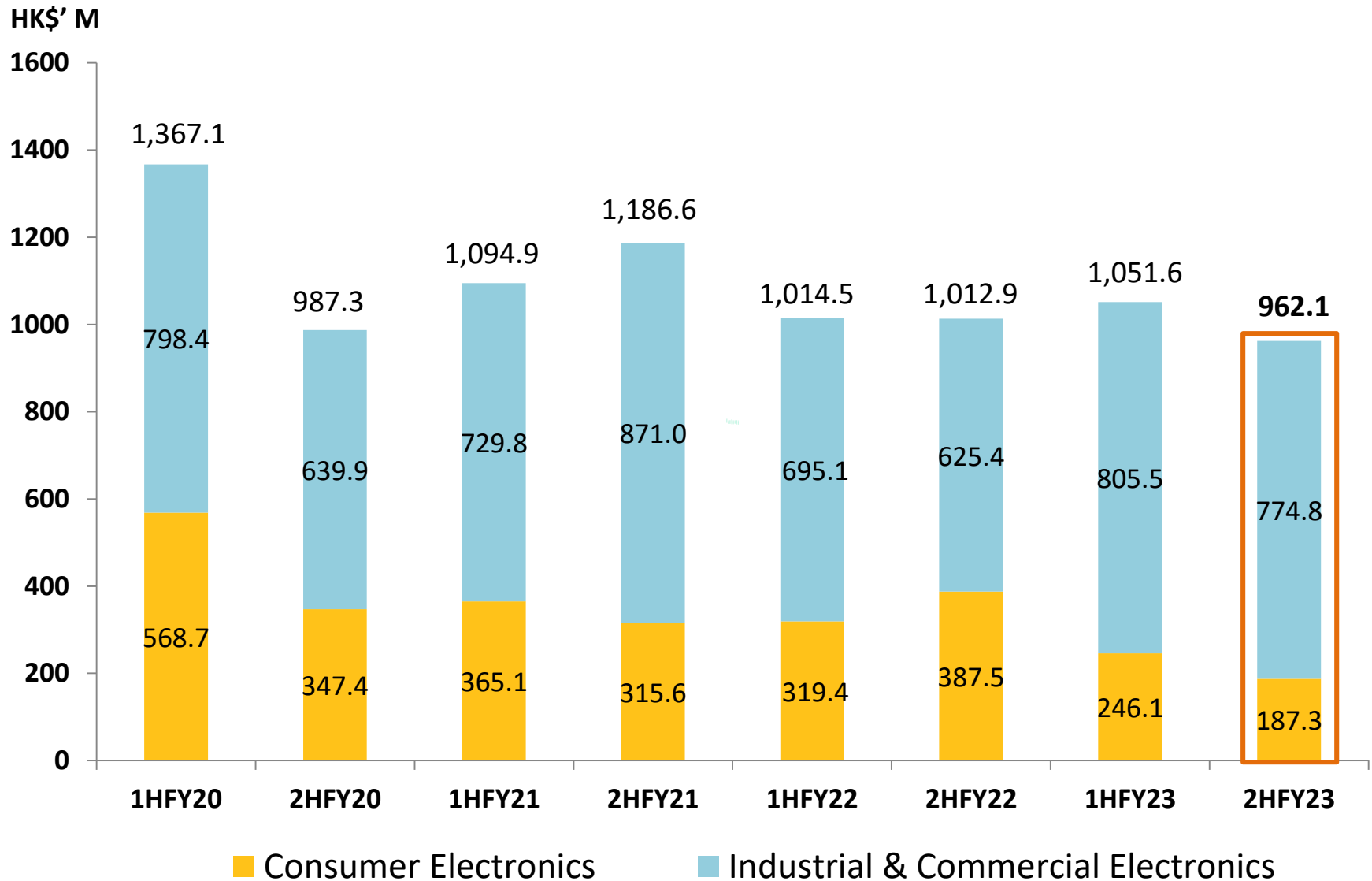


- Consumer Electronics
- Industrial and Commercial Electronics

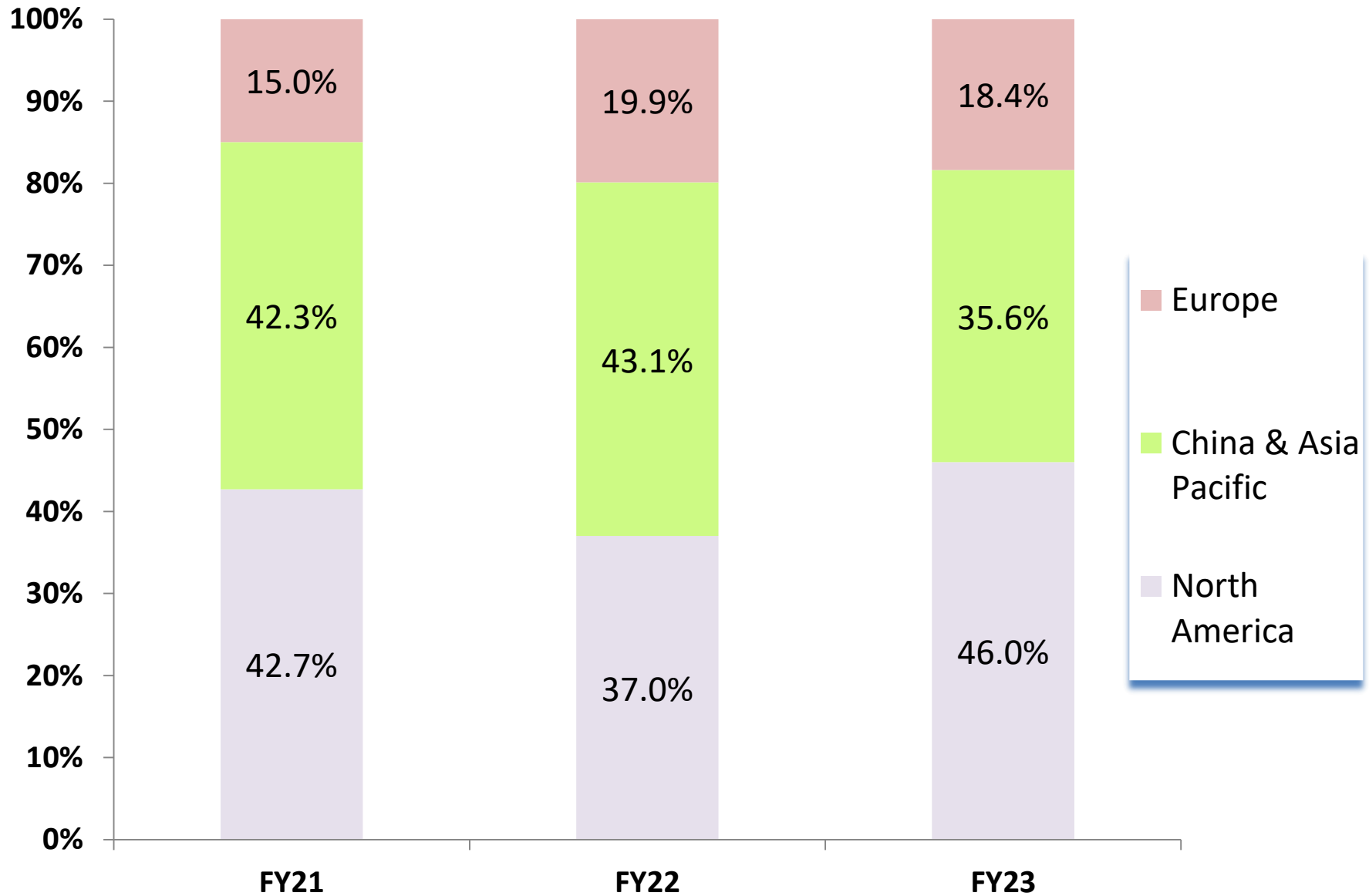
# Revenue Trend



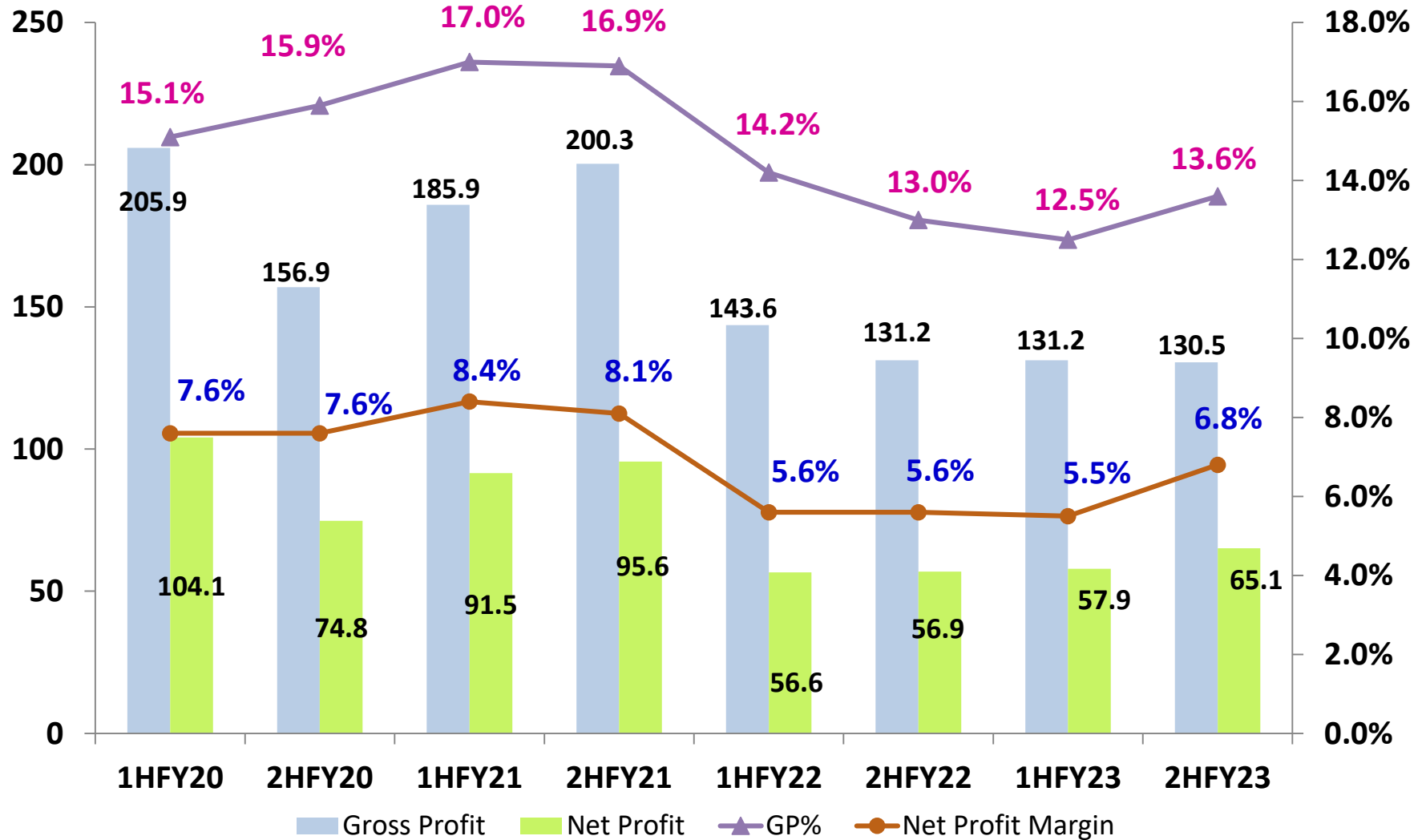
# Half-Year Revenue Trend



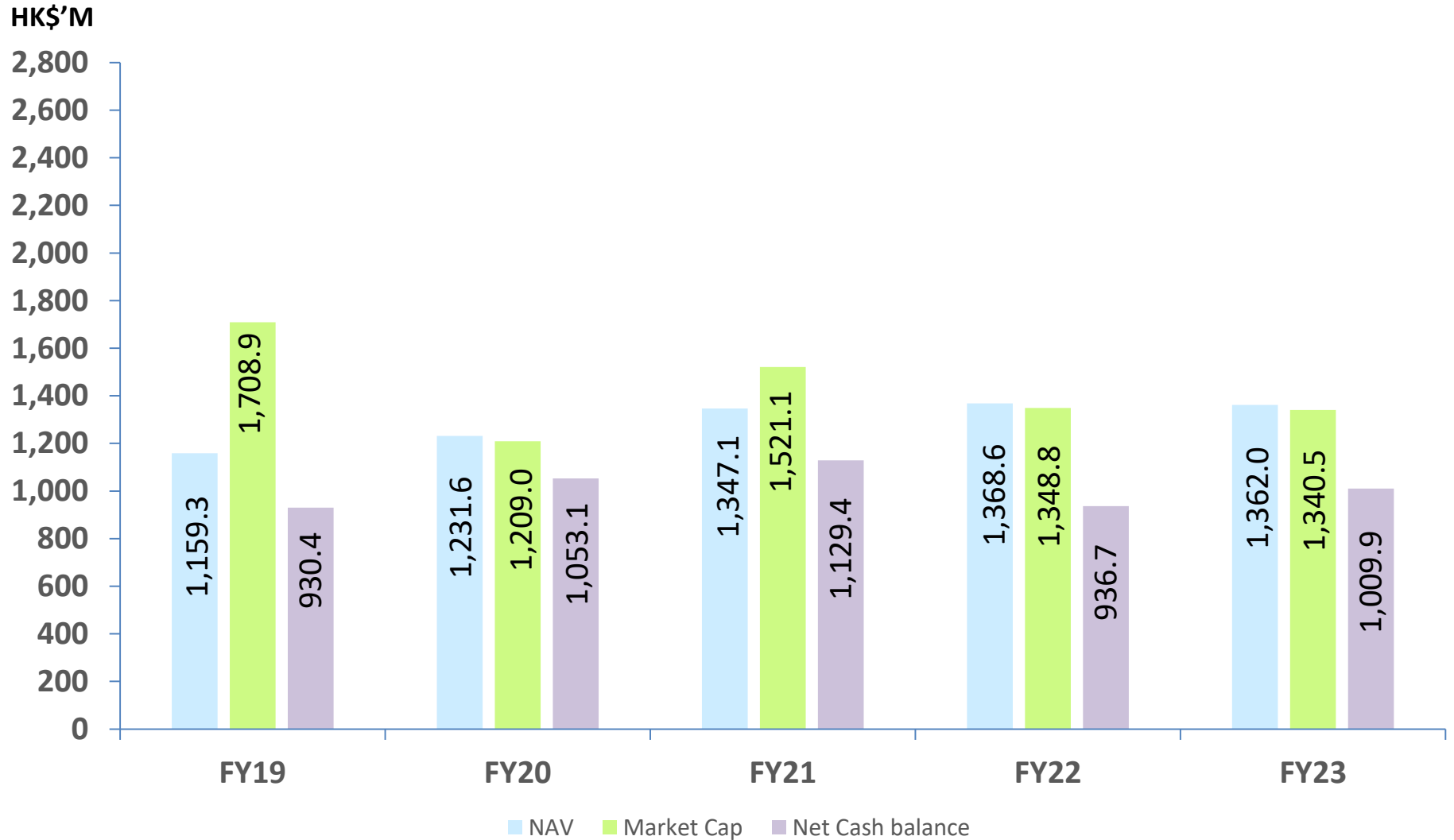
# Revenue by Shipment Destination



# Gross Profit & Net Profit Trend

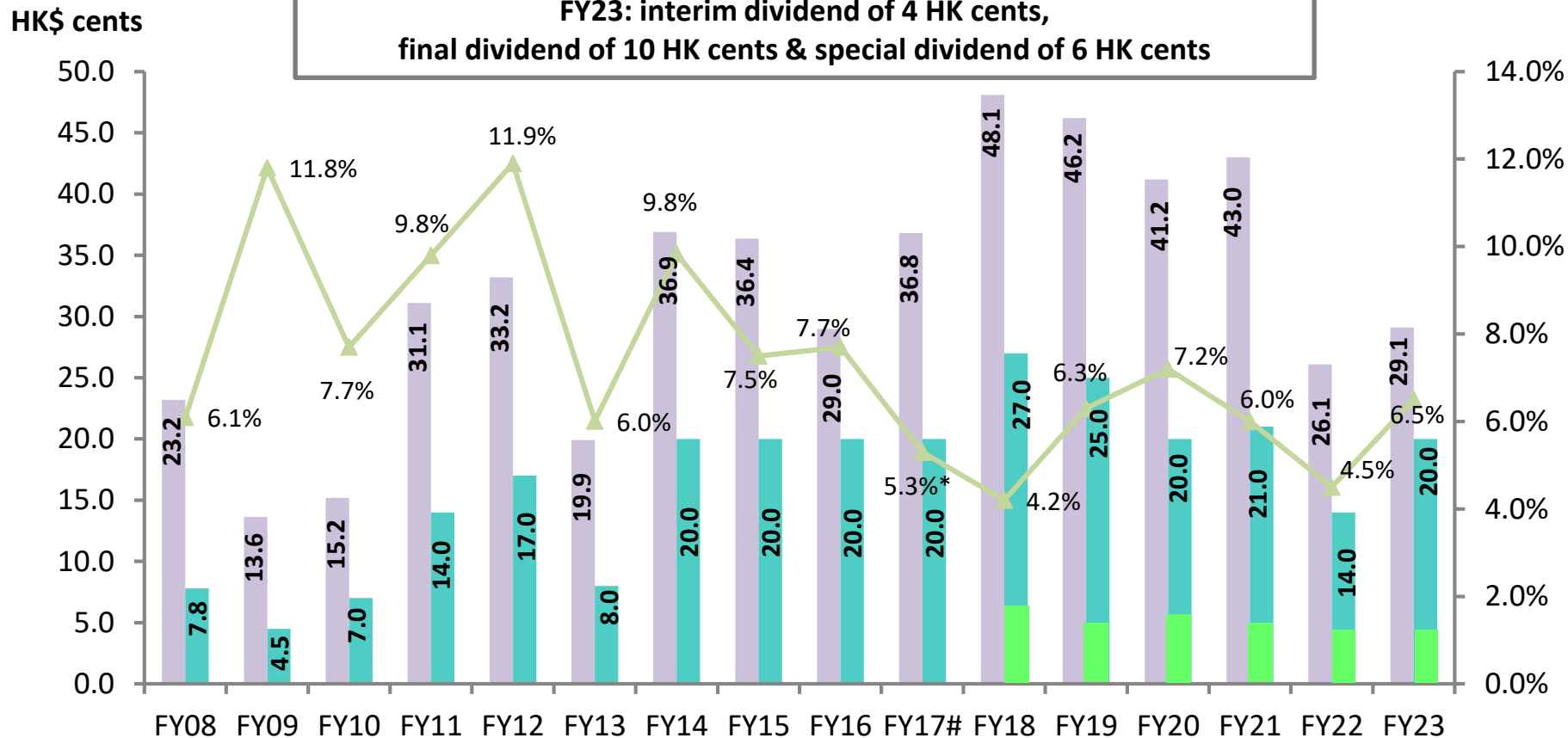


# Market Capitalisation & Net Cash Balance



# 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,  
 final dividend of 10 HK cents & special dividend of 6 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	<b>0.52</b>
Dividend Payout	30%	30%	42%	41%	47%	37%	49%	50%	63%	55%*	57%	54%	49%	49%	53%	<b>68%</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	FY23	FY22
<b>Operating Activities</b>		
Net cash generated from / (used in) operating activities	<b>198,173</b>	<b>(10,919)</b>
<b>Investing Activities</b>		
Net cash used in investing activities	<b>(10,826)</b>	<b>(85,242)</b>
- CAPEX	(34,627)	(93,316)
- Interest received	21,238	2,289
- Others	2,563	5,785
<b>Financing Activities</b>		
Net cash used in financing activities	<b>(112,800)</b>	<b>(98,245)</b>
- Dividend paid	(59,434)	(87,125)
- Purchase of treasury shares	(53,366)	(11,120)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>74,547</b>	<b>(194,406)</b>
Effect of foreign exchange rate changes	(1,282)	1,625
<b>Cash and Cash equivalents</b>		
At beginning of the year	936,665	1,129,446
<b>At end of the year</b>	<b>1,009,930</b>	<b>936,665</b>



# Balance Sheet & Key Ratios

HK\$'M	FY23	FY22
<b>Working capital</b>		
Inventories	203.6	273.5
Trade Receivables	463.8	430.7
Trade Payables	<u>(233.6)</u>	<u>(262.7)</u>
	<u>433.8</u>	<u>441.5</u>
<b>Net Current Assets</b>	993.3	962.1
<b>Net Cash</b>	1,009.9	936.7
<b>Net Assets</b>	1,362.0	1,368.6

Turnover Days	FY23	FY22
Inventories	42.4	57.0
Trade Receivables	84.1	77.5
Trade Payables	<u>(48.7)</u>	<u>(54.7)</u>
	<u>77.8</u>	<u>79.8</u>

# Key Financial Ratios

	FY23	FY22
<b>Price (SGD) #</b>	0.52	0.54
<b>NAV per share (SGD)*</b>	0.56	0.54
<b>Cash per share (SGD)*</b>	0.41	0.37
<b>Cash to Mkt Cap ratio</b>	75%	69%

	FY23	FY22
<b>Current ratio</b>	2.4	2.3
<b>ROE</b>	9.0%	8.3%
<b>ROA</b>	5.9%	5.4%
<b>PB ratio</b>	0.94	0.99

# Share price as at respective year end date

\*SGD/HKD Ex rate:

FY23: 5.92

FY22: 5.79

# Business Review

## Challenges Ahead - Macro-environment challenges

- Impact of interest rate hikes and inflation on consumer spending
- Geopolitical tensions (Russia-Ukraine conflicts) and potential US regional bank crisis leading to cautious market sentiments
- Weakened end market demand, customer order deferrals and ongoing component supply chain challenges
- May affect revenue and gross profit margins in FY24<sup>^</sup>

<sup>^</sup>

*FY23: Financial year ended 31 March 2023*

*FY24: Financial year ending 31 March 2024*

*FY25: Financial year ending 31 March 2025*

*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

## Regional Footprint Strategy & New Customer Acquisition

- Strategic decision to establish manufacturing site in Vietnam yields positive results
- Regional manufacturing footprint strategy attracts new customers seeking diversified supply chains with lower labor costs in various Asian countries
- Two new customers onboarded towards the end of FY23<sup>^</sup>:
  - Hardware provider for retail chain stores
  - Customer providing cooling solutions for high performance computing environments
- Demonstrates effectiveness of regional manufacturing strategy and revenue diversification
- Anticipate full year revenue contribution from these two new customers in FY24<sup>^</sup>

<sup>^</sup>

FY23: Financial year ended 31 March 2023

FY24: Financial year ending 31 March 2024

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# Business Review

## Further Expansion of Customer Base

- Recent acquisition of two additional new customers:
  - Supplying electronic products to leading global entertainment conglomerate
  - Network access solutions provider based in Canada
- Signifies ongoing success in expanding customer base and ability to serve diverse industries
- Initial shipments scheduled for the second half of FY24<sup>^</sup>
- Anticipate ramping up production in FY25<sup>^</sup>

<sup>^</sup>

*FY23: Financial year ended 31 March 2023*

*FY24: Financial year ending 31 March 2024*

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# Business Review

## Navigating Challenging Environments

- Confidence in navigating challenges with
  - Strong balance sheet
  - Diverse customer base
  - Regional manufacturing footprint
  - Operational excellence
- Maintaining focus on customer acquisition efforts for long-term growth
- Expect to remain profitable for FY24<sup>^</sup>

<sup>^</sup>

*FY23: Financial year ended 31 March 2023*

*FY24: Financial year ending 31 March 2024*

*FY25: Financial year ending 31 March 2025*

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# Business Review

## Share Buyback

- HK\$250 million Share Buyback Program announced on Feb 22 to increase shareholder value and improve return on equity
- Utilization of HK\$65 million to repurchase 22 million company shares
- Intention 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.**