

A microscopic view of a circuit board with a glowing soldering point. The image is a close-up, high-magnification shot of a printed circuit board (PCB) being worked on. A central point of contact is glowing with a bright orange and yellow light, suggesting a soldering or welding process. The surrounding components and traces are in a soft, blue-tinted focus, creating a technical and industrial atmosphere.

INNOTEK

InnoTek Limited

Annual General Meeting FY'18

30 April 2019

Outline

INNOTEK

1. Corporate Highlights

2. Company Background

3. Financial Highlights



Corporate Highlights

- **11 Jun 18** – Official Opening of Mansfield (Thailand) Co. Ltd
 - *Investment in Thailand to support a major office automation customer's decision to transfer new products to Thailand*
 - *Other plans in place for Thailand to capture other business opportunities of existing auto/OA customers with operations in Thailand and southeast Asia.*



Company Background



Business Description

- Businesses primarily run by wholly-owned Mansfield Manufacturing Company Limited (“MSF”)
- MSF is a precision metal components manufacturer serving 3 industries
 - Office Automation
 - Automotive
 - TV and Display
- 3 business units
 - Precision Metal Stamping
 - Tools and Die design and fabrications
 - Precision Machining
- Strong and diversified International customers



Products under Business segments

Mansfield was established in 1975 and is a large and leading enterprise engaged in precision component stamping, precision machining and tooling, die design and fabrication after more than 40 years of development and growth

A > Precision Component Stamping



B > Tooling , Die Design and Fabrication



C > Precision machining



Manufacturing Plants Locations

- Precision Components Stamping division; 600+ stamping machines, highly versatile in customizing products to customer's needs
 - Sun Mansfield Manufacturing (Dongguan) Company Limited (**SMW**)
 - Mansfield Manufacturing (Wuhan) Company Limited (**WHM**)
 - Mansfield (Suzhou) Manufacturing Company Limited (**SZM**)
 - Mansfield (Thailand)Co., Ltd (**TLM**)
- Tooling, Die Design and Fabrication produces high-quality 3D tools and die designs
 - Feng Chuan Tooling (Dongguan) Company Limited (**FTD**)
- Precision Machining
 - Magix Mechatronics Company Limited / Magix Mechatronics (Dongguan) Company Limited (**MXD**)

Locations in China



Customers by Product Industry

After more than 40 years of development, the group's business has becoming more diversified and internationalized. Most of the customers are large high-tech manufacturers over the world such as shown below :

A> Office automation

RICOH
imagine. change.

Canon

EPSON
EXCEED YOUR VISION

KYOCERA



IKONICA MING LTD.

FUJI XEROX



B> Automotive

Continental



Calsonic Kansei

IMASEN
ELECTRIC INDUSTRIAL CO., LTD.



BOSCH

Invented for life

u-shin

C> TV/Display(incl TV back panel)

wistron

SONY
make.believe

INNOLUX
群創光電

AMTC

KONKA

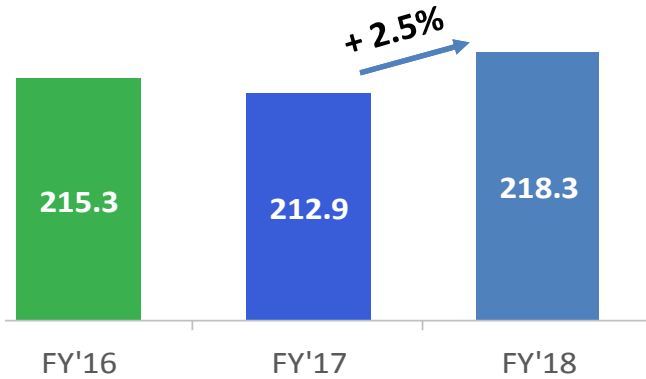
Skyworth 创维

Financial Highlights



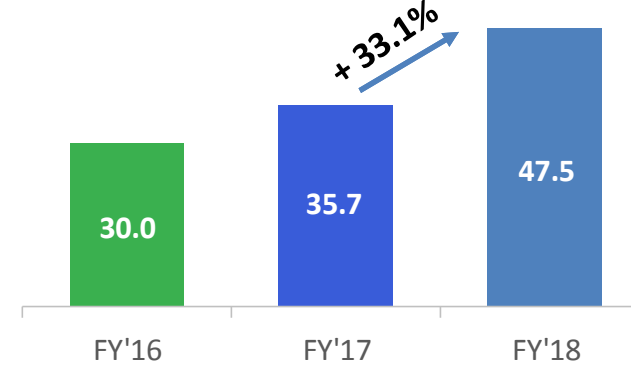
Financial Performance: FY'18

Revenue (\$\$'M)



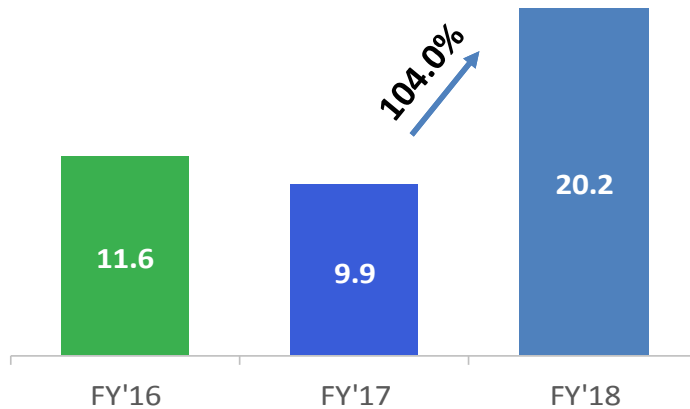
(1) Increase comes mainly from higher sales in automotive and OA tooling, plus a one-time order for a commercial display

Net Cash Position (\$\$'M)



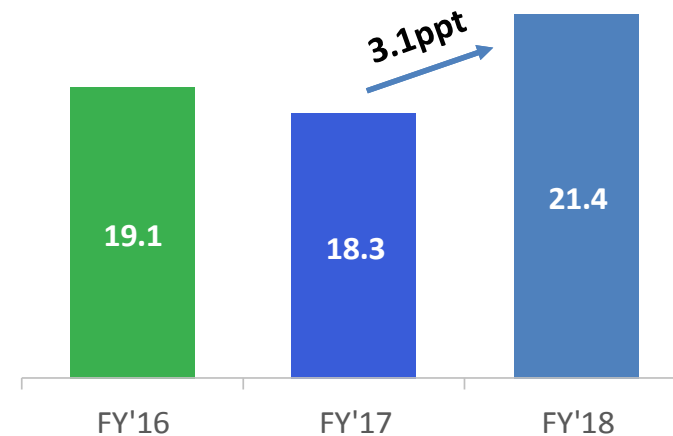
(2) Increase due to positive cash flow from operations

NPAT (\$\$'M)



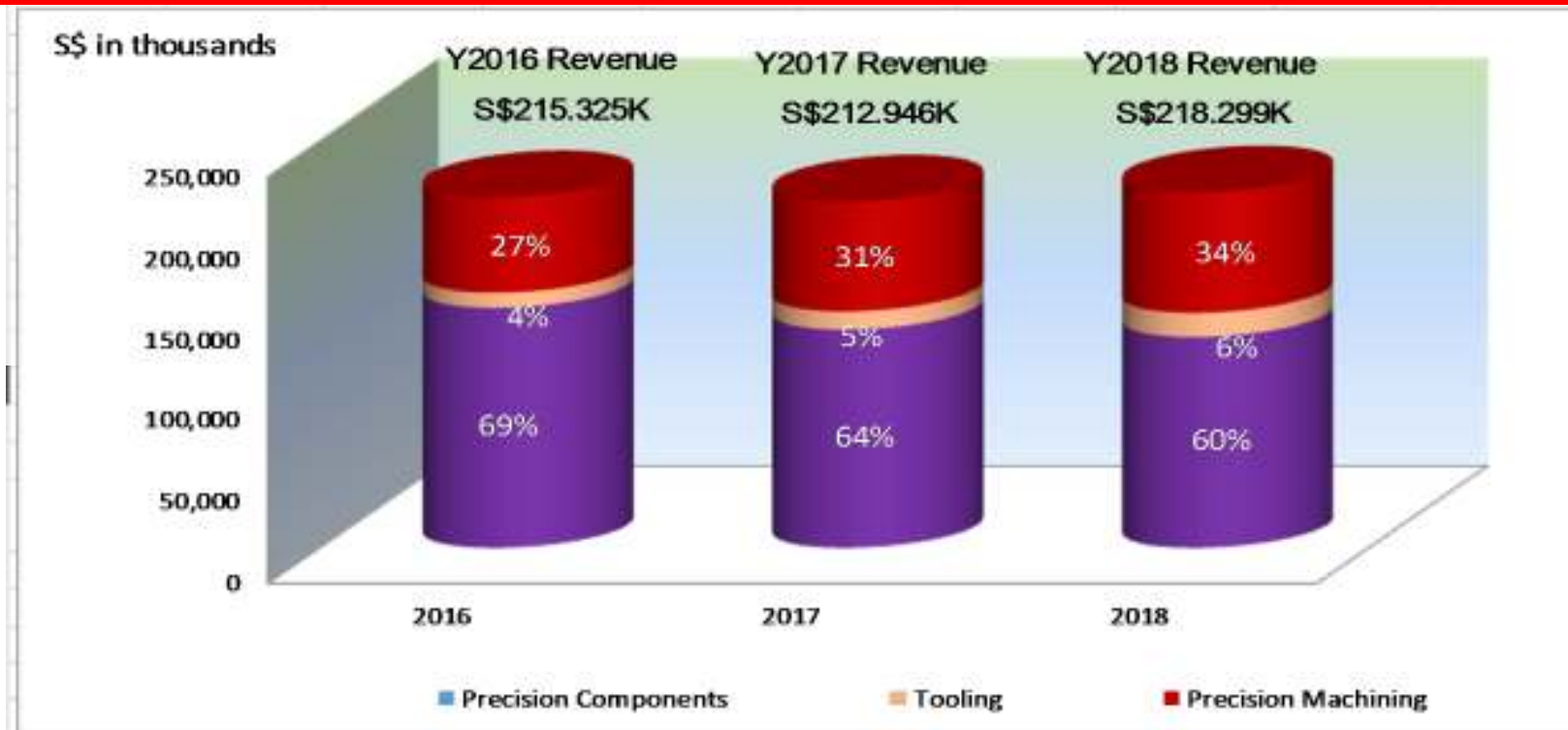
(3) Increase due to reduced headcount and better production efficient through automation

Gross Margin (%)



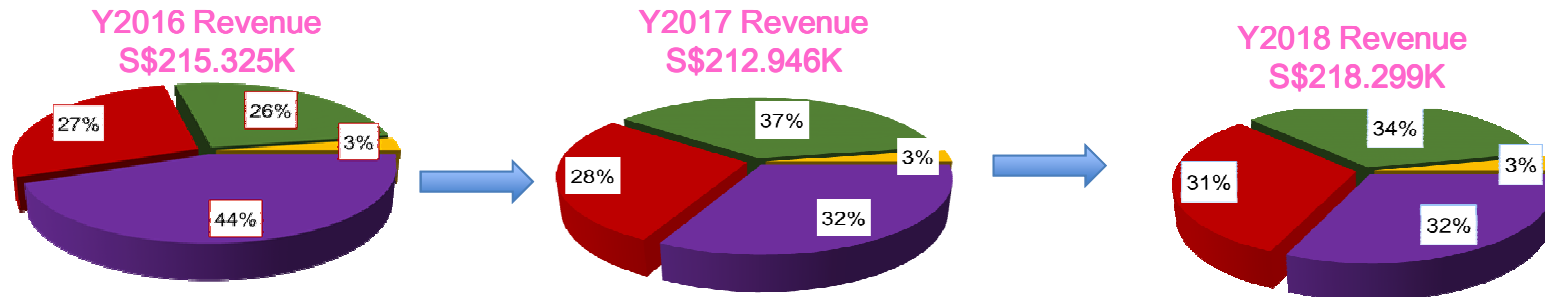
(4) Increase due to higher mix of sales from Precision Machining, better production efficiency through automation and employee incentives

Trend of Sales by Business Segment



- ◆ Precision Component stamping products have decreased slightly in the past three years, 2016-2017 are affected by the products model transition period, 2017-2018 affected by customer/product mix adjustment period
- ◆ New orders for Tooling have increased since 2017 as they are for new Precision Component stamping products launched in 2018
- ◆ Precision machining revenue increased due to increased demand for car display components, Heat sink and commercial display but offset by reduction in demand for TV Bezels

Sales Trends by Product Industry



Recent Performance

- TV / Display – TV Bezel reducing / Commercial display, Back Panel Increasing
- OA - Stable with slight increase (Tooling Sales increased)
- AUTO – Gradually get over the impact of the transition and start growing

■ OA
■ AUTO
■ TV/Display
■ Others

Environmental Change and Customer Trend

Action Plans

TV/Display

Larger size & higher definition TV (4K→8K), demand for aluminum bezel declining , requires technological innovation

Improve the ability to provide technical solutions, pursue high added value item, and keep staying at the high-end TV products

OA

Customer moving away to Southeast Asia will continue but gradually stabilized; Customer become more cost oriented and centralized their purchasing, Customers speed up to outsource their assembly process

Improve cost competitiveness; improve assembly capacity and Thailand's production capacity; ensure customer stability, increase market share

Auto

The growth of automobile in China has slowed down, new energy car development accelerated, and the price competition is fierce. Some European and American customers have adjusted their China strategy, and Japanese enterprises relatively stable.

Strengthen Sales ability (to European and American enterprises) to develop big customers and open overseas markets, keep stable growth rate for automotive business

Balance Sheet Highlights

S\$M	31/12/2016 (Restated for FRS115)	31/12/17	31/12/18	Change %
Cash & short-term deposit	30.1	35.8	34.6	
Structured Deposit with a bank (in other investment)	-	-	12.9	
Total Cash and bank deposit	30.1	35.8	47.5	32.7%
Investment portfolio at fair value(in other investment)	15.3	14.8	12.6	-14.9%
Cash and Bank deposit and other Investments	45.4	50.6	60.1	18.8%
Total Assets	197.4	208.8	223.6	7.1%
Total Borrowings	0.1	0.1	0.1	-
Shareholders' Funds	124.9	134.0	149.6	11.6%
Net Asset Value / share (cents)	55.8	59.8	66.1	10.5%

Note 1

Note 2

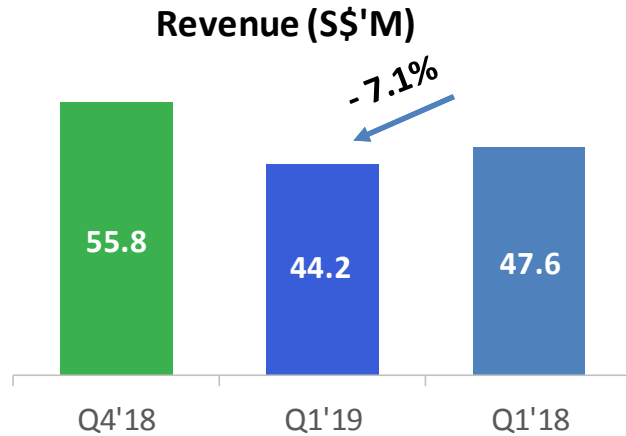
Note 3

Note 1 : Temporary excess cash are placed in structured deposit with a bank to earn higher interest.

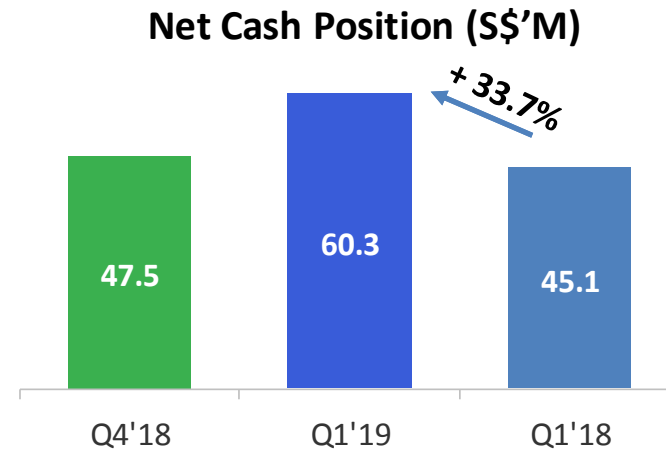
Note 2 : Increase mainly from cash generated from operation offset by purchase of PPE in FY18

Note 3 : Decrease due to withdrawal for payment of dividend in May 2018

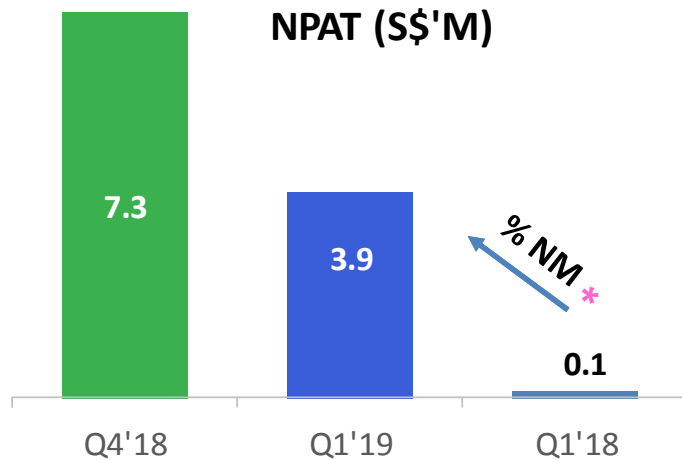
Financial Performance: Q1'19



(1) Decrease mainly from lower sales in automotive ,TV back panel and bezel offset by higher sale of commercial display and tooling

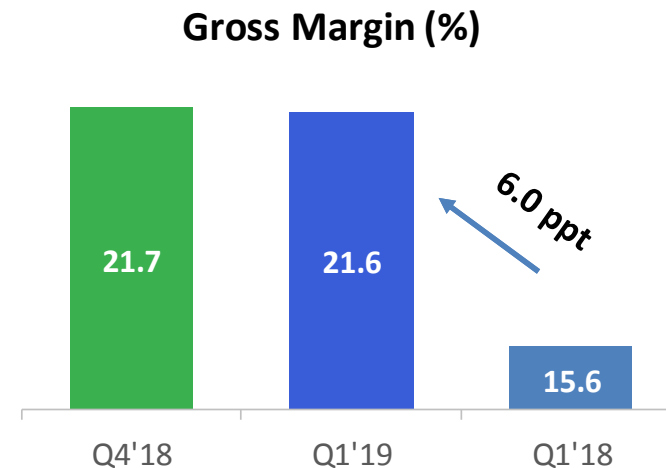


(2) Increase due to positive cash flow from operation



(3) Increase due to reduced headcount and better production efficient through automation

* NM denotes Not meaningful



(4) Increase due to higher mix of sales from Precision Machining , better production efficiency through automation and employee incentives

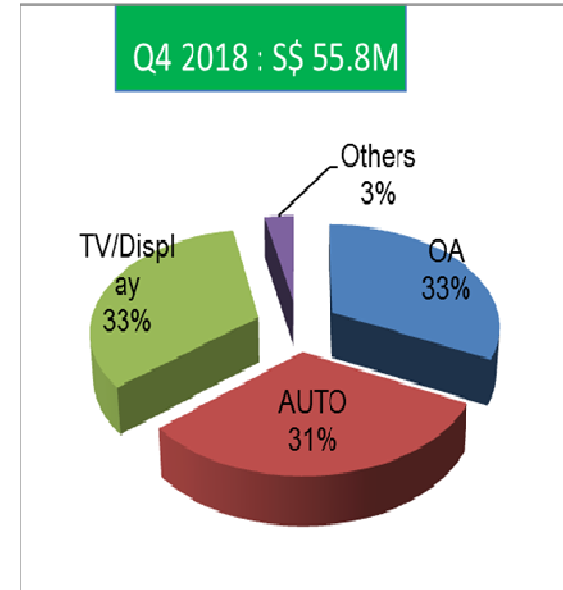
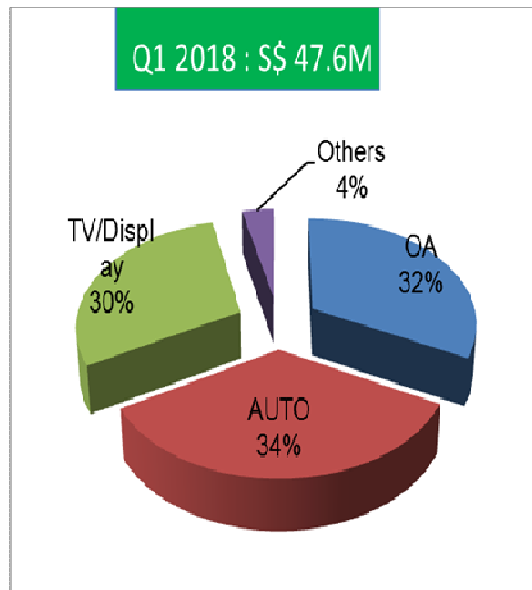
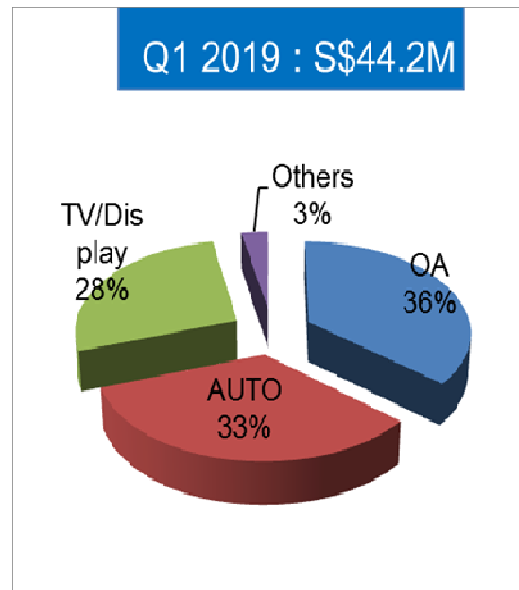
Balance Sheet

S\$M	31/3/18	31/03/19	31/12/18	Change %
Cash & short-term deposit	26.6	39.6	34.6	
Structured Deposit with a bank in other investment	18.5	20.7	12.9	
Total Cash and bank deposit	45.1	60.3	47.5	26.9%
Investment portfolio at fair value in other investment	13.3	12.1	12.6	-4.0%
Cash and Bank deposit and other Investments	58.4	72.4	60.1	20.5%
Total Assets	213.3	219.7	223.6	-1.7%
Total Borrowings	0.1	* 1.8	* 0.1	NM
Shareholders' Funds	136.5	153.3	149.6	2.5%
Net Asset Value / share (cents)	60.4	67.7	66.1	2.4%

* The Group adopted SFRS(1) 16 which come into effect 1 January 2019. Upon adoption of SRRS(1) 16, the Group recognise right-of-use assets and lease liabilities in the balance sheet from 1 January 2019 for those leases expiring from 1 January 2020 onward without restating information relating to prior year before 1 January 2019. Hence total borrowings increase effective 1 January 2019.

NM denotes "No meaning"

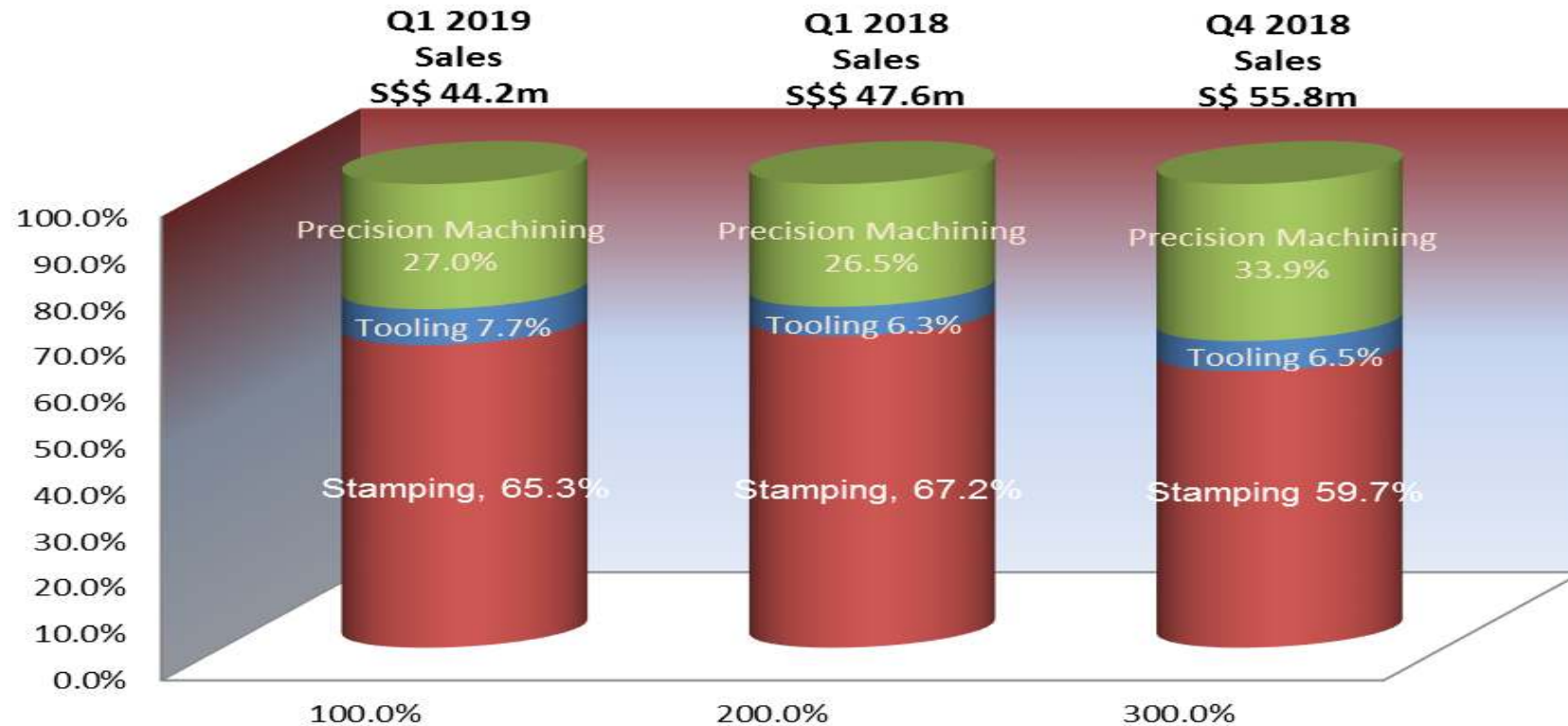
Sales by Product



Q1 2019 vs Q1 2018

TV and Display	Decrease mainly due to reduction of TV back panels and lower 55 inches TV bezels offset by higher one-time sale of commercial display panels
Auto	Decrease due to current existing stamping products nearing end-of-life and lower sales from newly secured programs as a result of slow-down of automotive industry
Office Automation (OA)	Increase due to higher sales from toolings

Sales by Business Segment



Q1 2019 vs Q1 2018

Precision Machining	Mainly lower sales of TV bezels offset by higher sales from car and commercial display panel
Tooling	Increased sales from new programmes
Precision stamping components	Lower sales from automotive products

Industry Outlook

TV and display business:

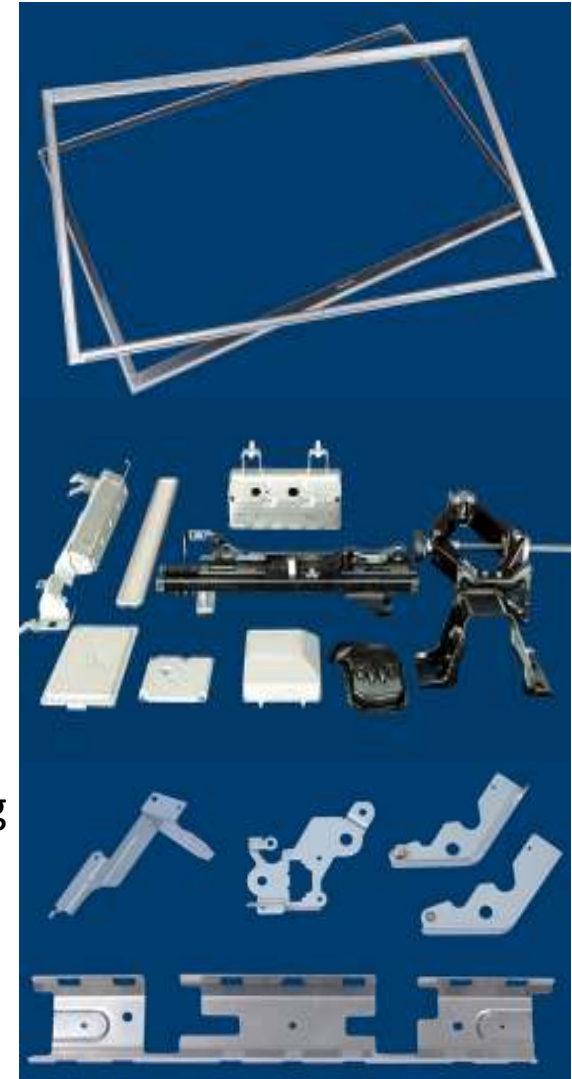
- Demand for TV bezels above 55-inches is expected to continue while demand for smaller TV bezels will decrease
- Demand for heat sinks for use in TVs, PCs expected to stabilize the sales for Precision Machining.
- Try to secure new orders for commercial display panel

Automotive business :

- New automobile projects secured by the Group have started mass production in 2019
- Despite the soft market, the Group expects the automotive business to continue to towards its revenue.

Office Automation:

- The Group expects steady growth as it responds to the changing needs of the customer in terms of quality and delivery time
- First phase of production in Thailand has begun, with mass production projected to start 1H'19
- The Group intends to increase its market share by shifting from single-component supply to assembling.





Thank you

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