



Q1FY19 Results Presentation

Note: This presentation is to be read in conjunction with the announcement issued on SGXNET on 14 August 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

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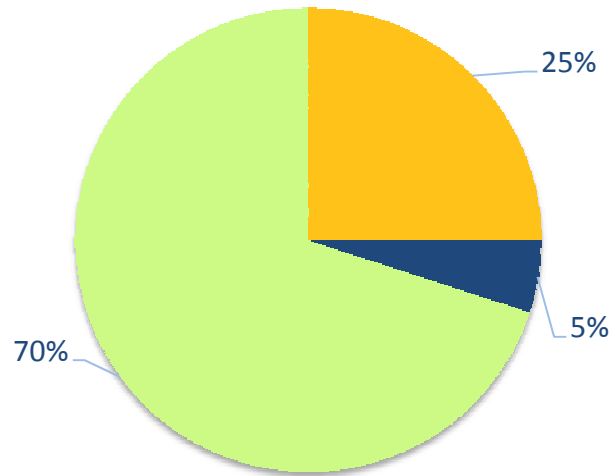
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Corporate Profile

Shareholding



■ Executive Directors
 ■ HSBC Global AM
 ■ Public Float

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 June 2018)

Accreditations

ISO9001:2008, ISO14001:2004, ISO13485: 2003, TL9000 R5.5, TS16949: 2009, IPC J STD-001, IPC-A-610 QML Class 3

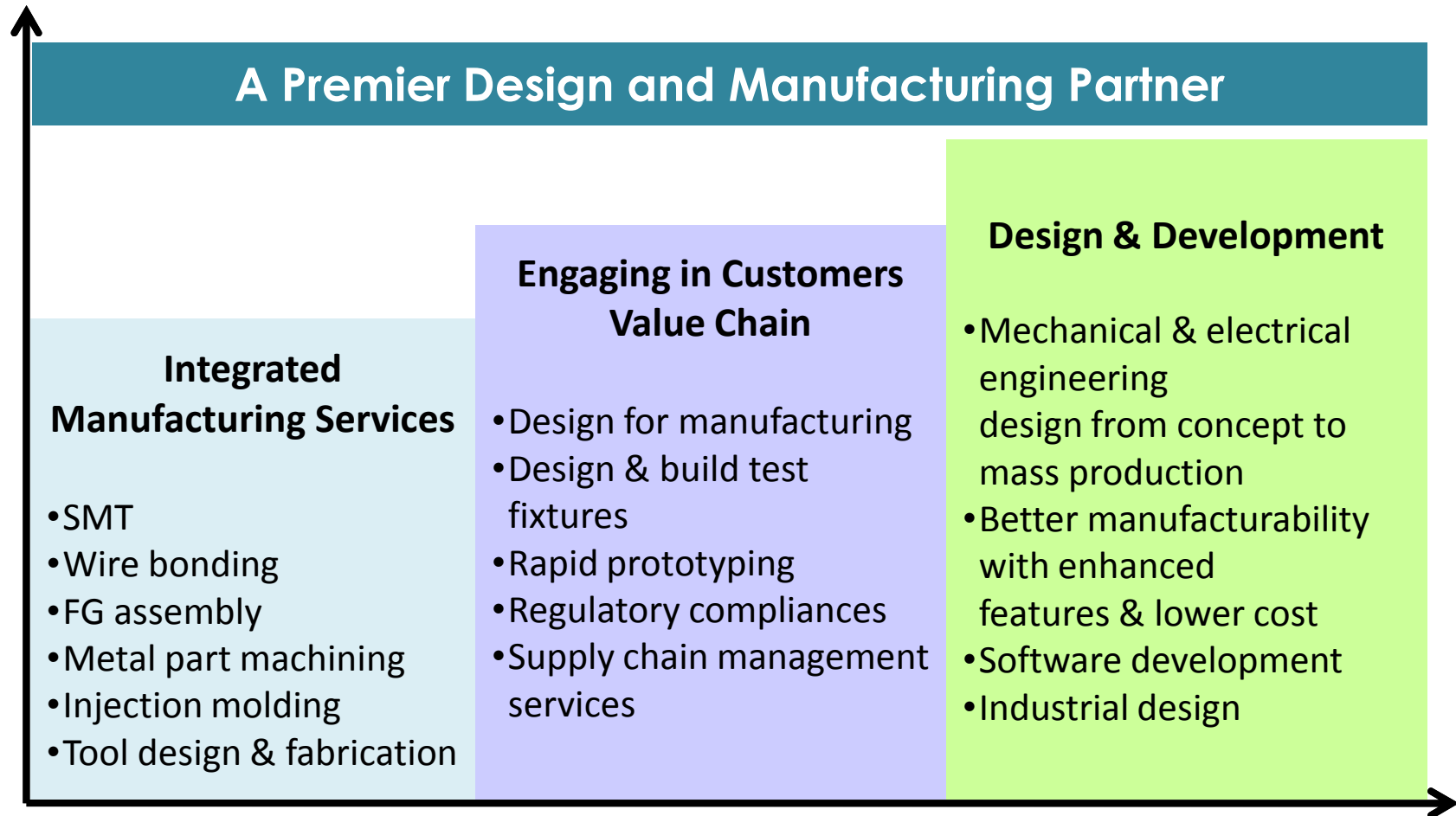
Bloomberg Code	VALUE.SP
Reuters Code	VLUE.SI
ISIN Code	BN2
Index	FTSE ST Small Cap, FT ST China
Issued shares (M)	432.4
Mkt cap (SG\$M) (8 Aug 2018)	276.7
Share price (SG\$) (8 Aug 2018)	0.64
Average volume 3-mth ('000)	2,680
52 wk range (SG\$) (8 Aug 2018)	0.61 – 1.12

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



Proactive deployment of Design & Development capabilities

Key Milestones

1992	2002	2003	2005	2007	2008
Headquartered in Hong Kong with manufacturing facilities in Danshui Town PRC	Use of ROHS equipment and accredited with TL9000	Adopted work cell management & updated to ISO9001:2000	Became Philips preferred supplier for its consumer lifestyle segment	Listed on SGX-Mainboard & commenced construction for Daya Bay Facility	Became Phillips preferred supplier for its Lighting segment
					
2008	2009	2012	2014	2015	2017
Completed Phase 1 construction of Daya Bay Facility	Opened Daya Bay Facility, acquired medical business	Celebrated 20 th anniversary with revenue crossing HK\$2 billion	Adoption of formal dividend policy	Received TS16949 certification	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



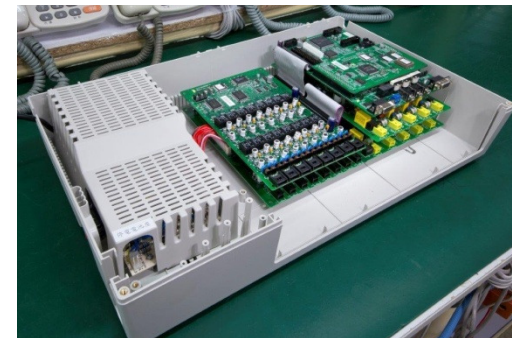
Taiwan-listed Company



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

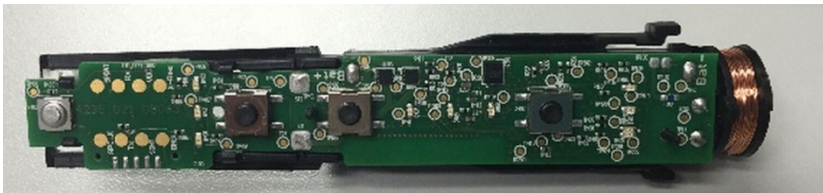
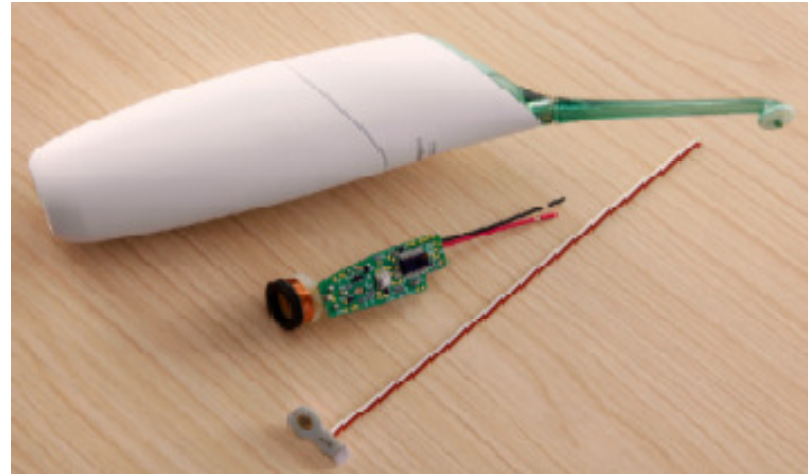


In-vitro Diagnostic Medical Equipment
for Testing Human Tissue Samples

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**



Q1FY19 Financial Highlights

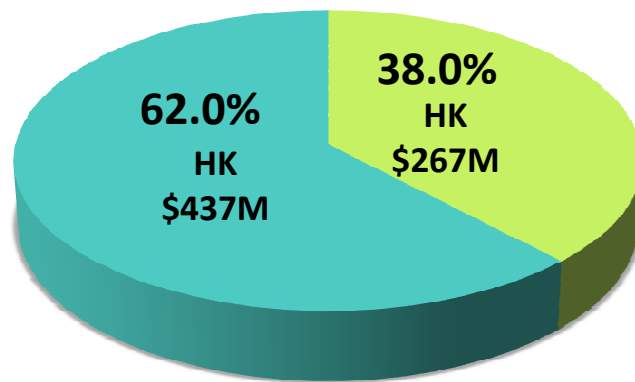
Financial Highlights

HK\$'M	Q1FY19	Q1FY18	% Change
Revenue	704.0	695.7	1.2
Gross Profit	102.8	104.3	-1.5
Gross Profit Margin	14.6%	15.0%	- 0.4% pt
Net Profit for the period	49.7	48.7	1.9
Net Profit Margin	7.1%	7.0%	0.1% pt

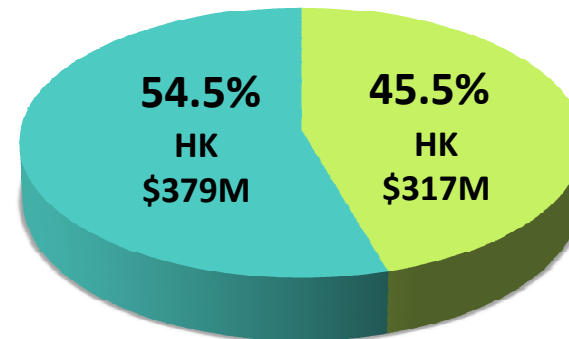
Financial Highlights

Revenue Contribution

Q1FY19

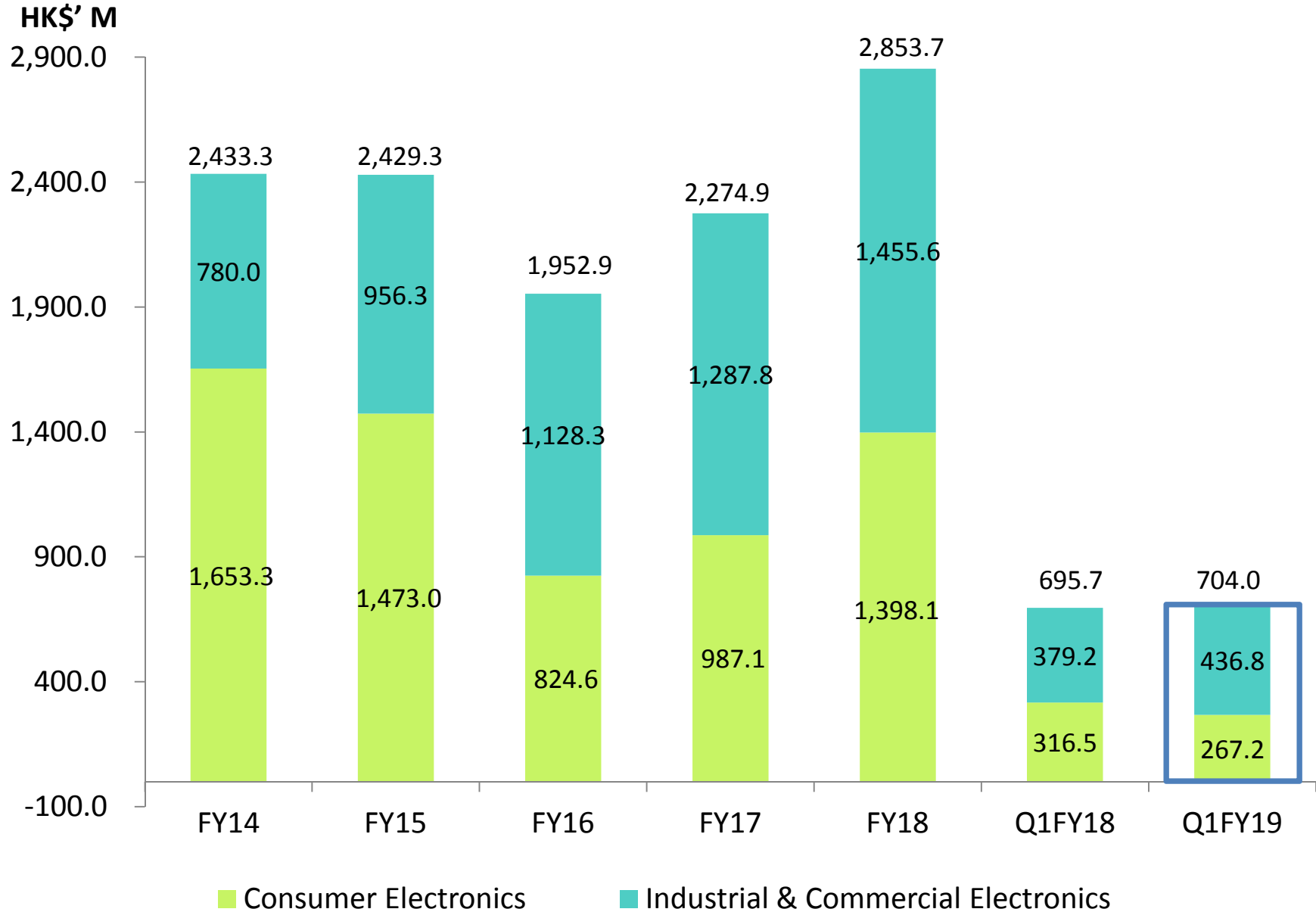


Q1FY18

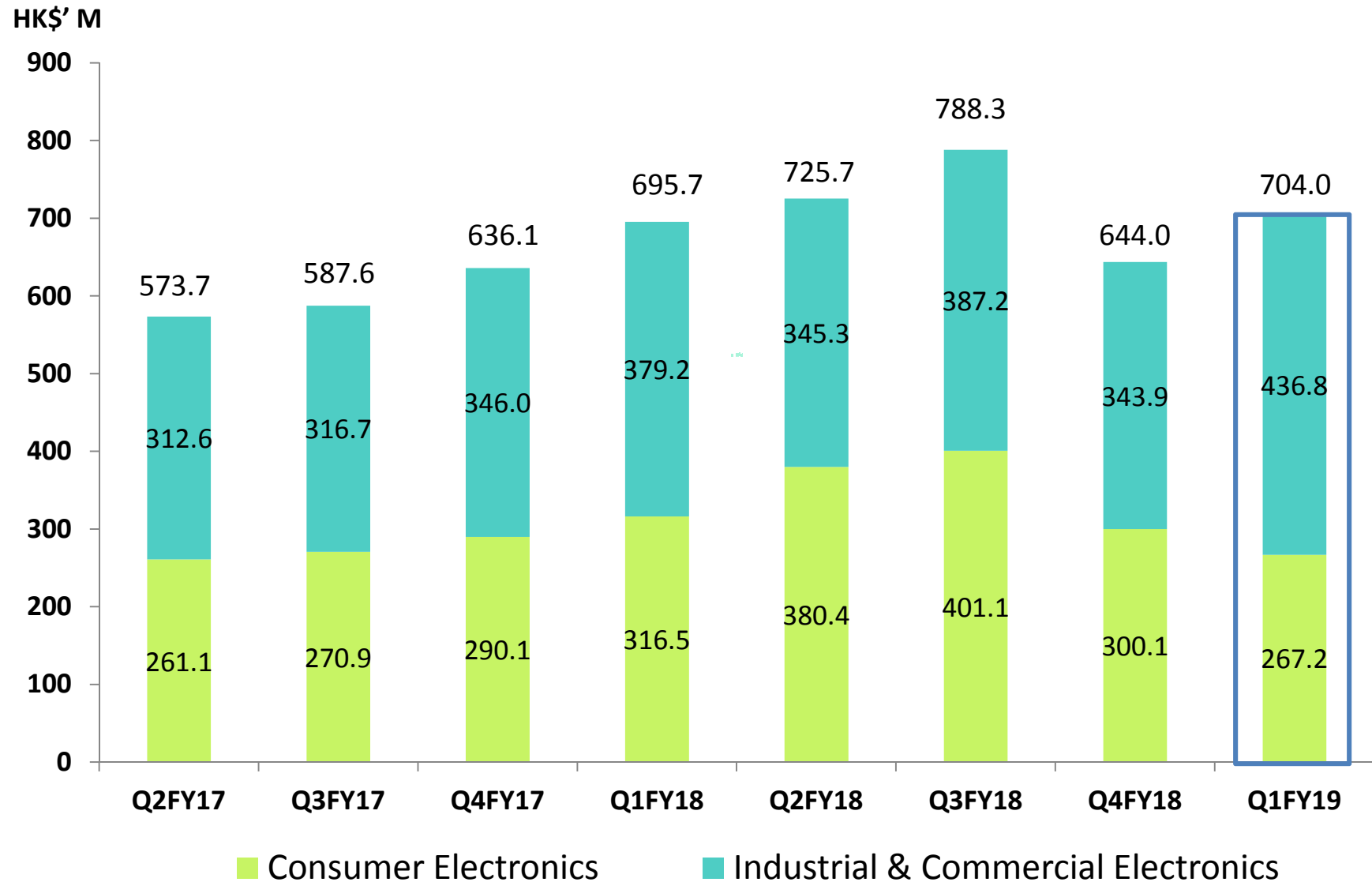


- Consumer Electronics
- Industrial and Commercial Electronics

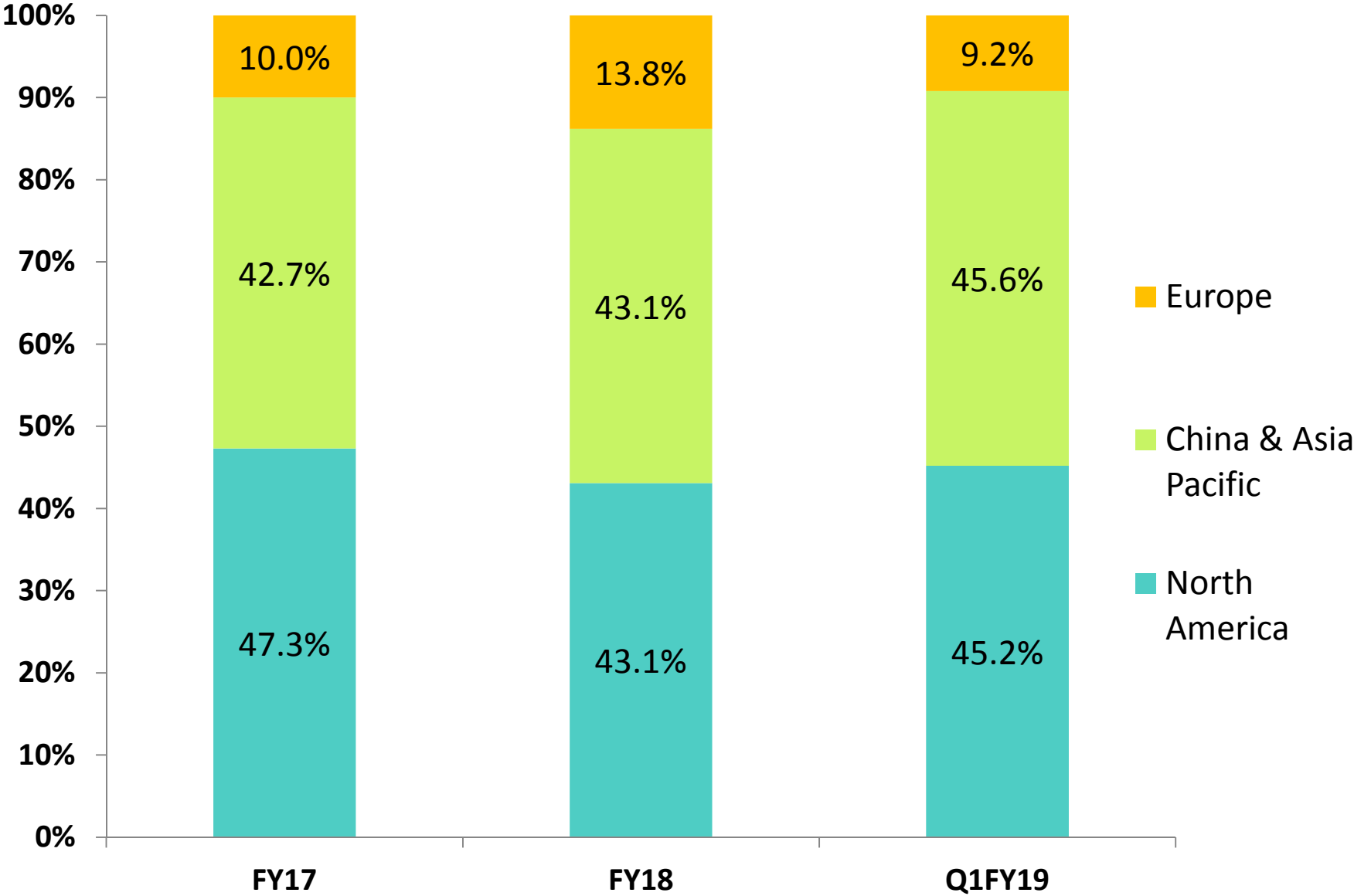
Revenue Trend



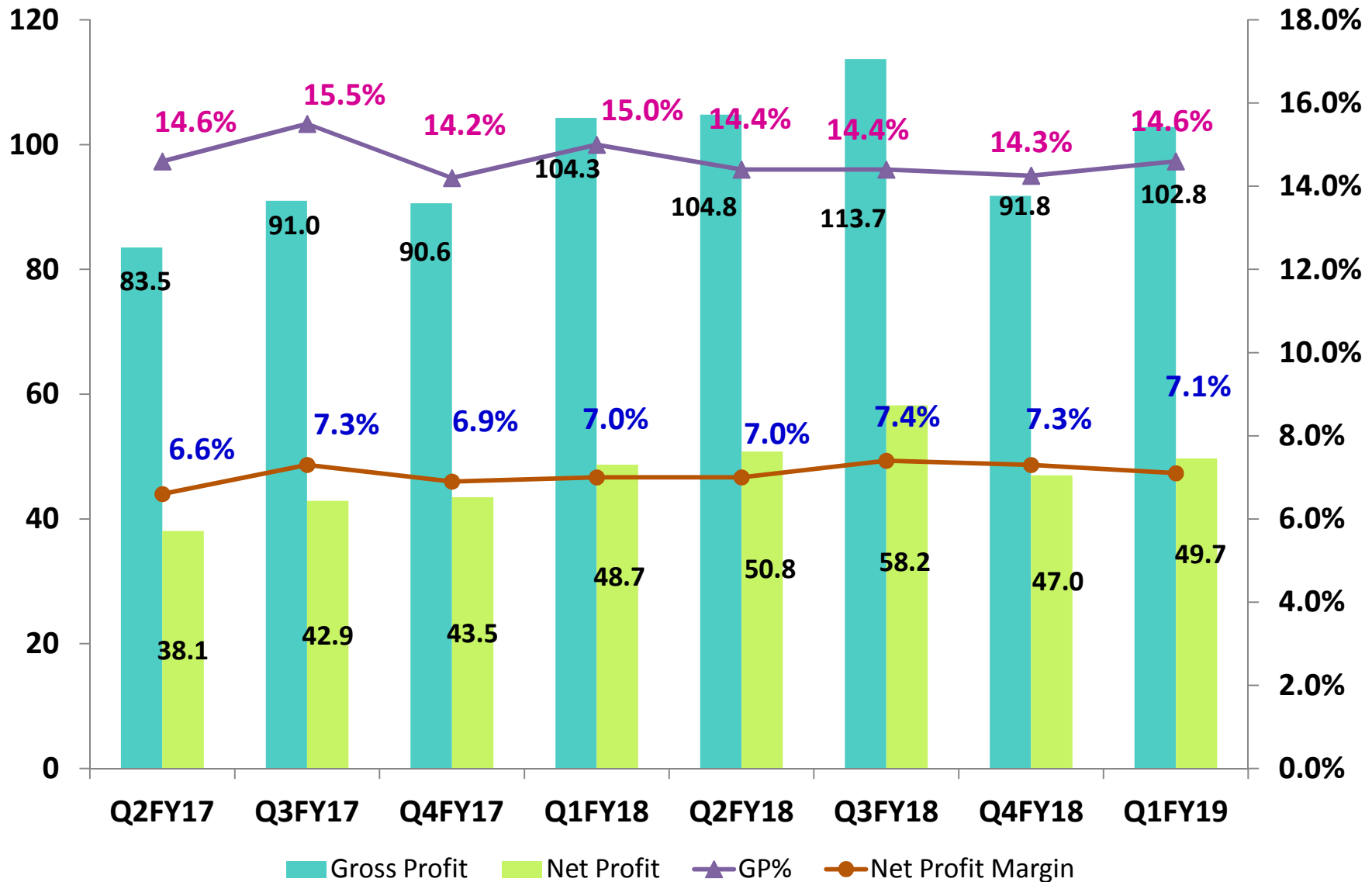
Quarterly Revenue



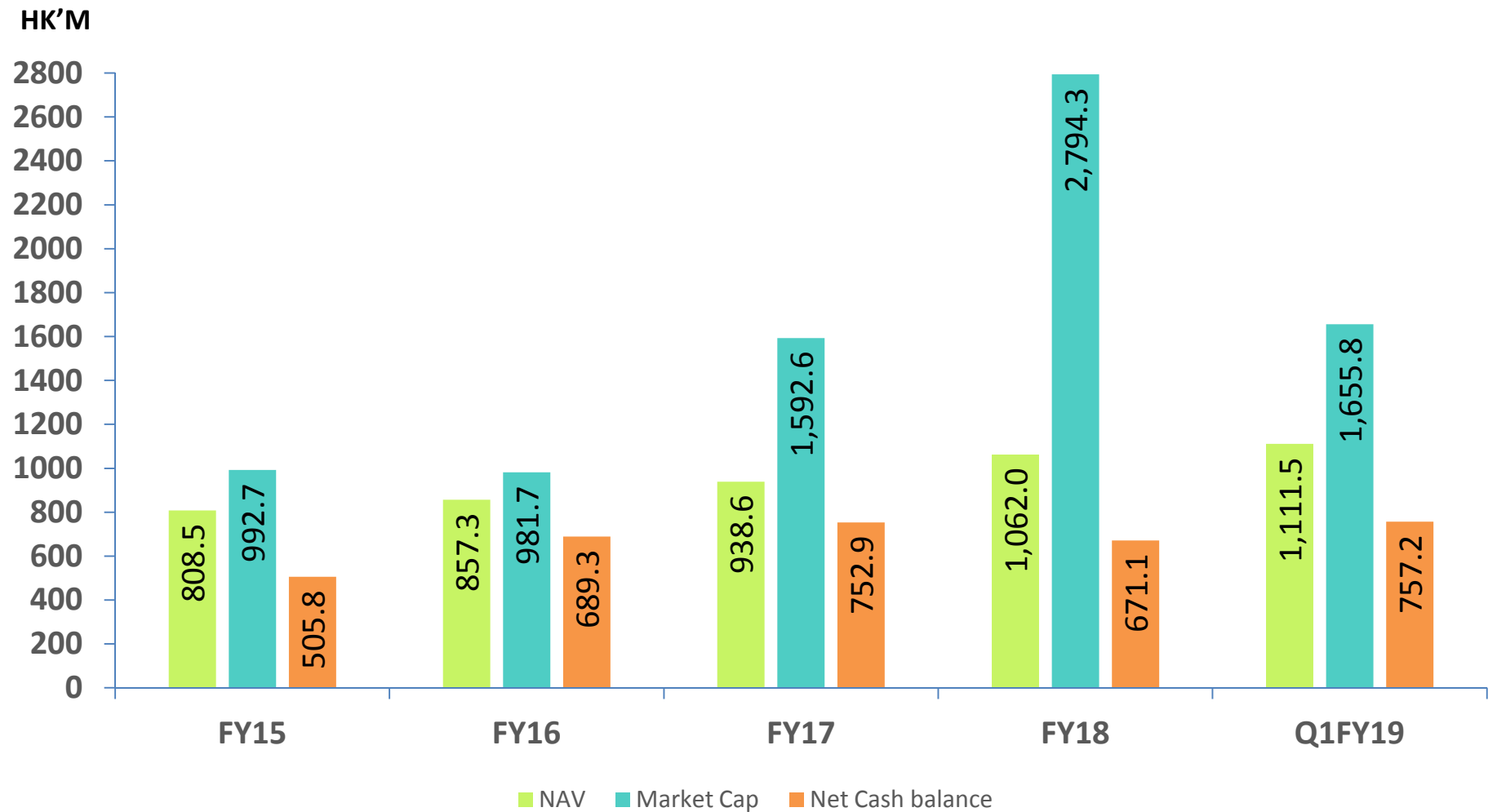
Revenue by Shipment Destination



Gross Profit & Net Profit Trend

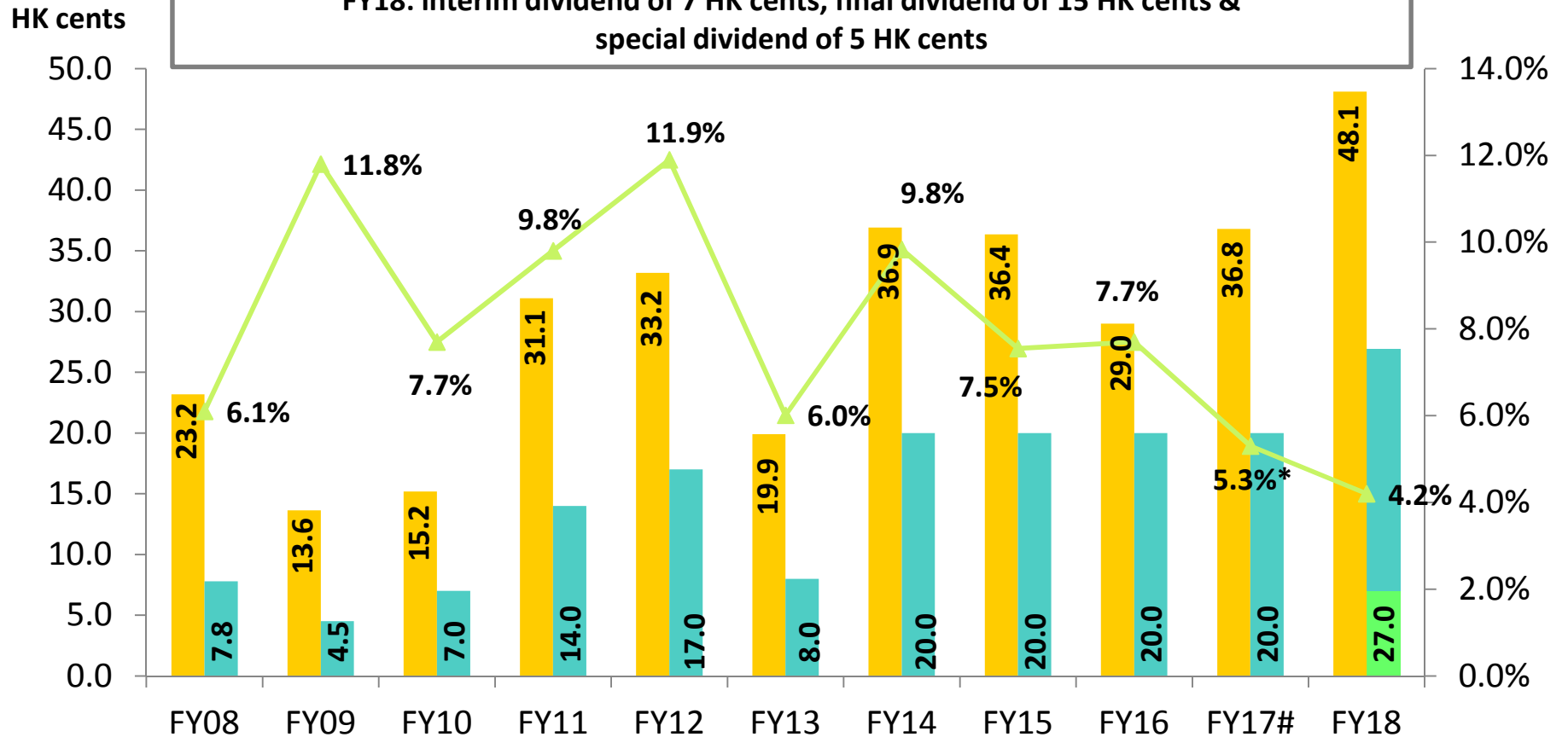


Market Capitalisation & Net Cash Balance



Earnings Per Share & Dividends Per Share

We are committed to formal dividend policy of 30-50% payout ratio
 FY18: interim dividend of 7 HK cents, final dividend of 15 HK cents &
 special dividend of 5 HK cents



Share Price* (\$)	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	Q1FY19	Q1FY18
Operating Activities		
Net cash generated from operating activities	88,540	22,907
Investing Activities		
Net cash generated from/(used in) investing activities		
- Changes in short-term bank deposits	116,256	-
- Purchase of PPE	(5,018)	(37,255)
- Others	<u>2,723</u>	<u>(20,964)</u>
	113,961	(58,219)
Financing Activities		
Net cash generated from financing activities	-	2,086
Net increase/(decrease) in cash and cash equivalents	202,501	(33,226)
Effect of foreign exchange rate changes	(170)	(382)
Cash and Cash equivalents		
At beginning of the period	554,831	752,941
At end of the period	757,162	719,333

Balance Sheet & Key Ratios

HK\$'M	Q1FY19	FY18
Working capital		
Inventories	366.8	385.6
Trade Receivables	640.1	582.8
Trade Payables	<u>(538.4)</u>	<u>(482.9)</u>
	<u>468.5</u>	<u>485.5</u>
Net Current Assets	832.1	774.9
Net Cash	757.2	671.1
Net Assets	1,111.5	1,062.0

Turnover Days	Q1FY19	FY18
Inventories	55.7	57.7
Trade Receivables	83.0	74.5
Trade Payables	<u>(81.7)</u>	<u>(72.3)</u>
	<u>57.0</u>	<u>59.9</u>

Key Financial Ratios

	Q1FY19	FY18
Price (SGD) #	0.67	1.08
NAV per share (SGD)*	0.45	0.41
Cash per share (SGD)*	0.31	0.26
Cash to Mkt Cap ratio	46%	24%

	Q1FY19	FY18
Current ratio	1.9	1.9
ROE	17.9%	19.3%
ROA	9.5%	10.4%
PB ratio	1.48	2.61

Share price as at respective period or year end date

*SGD/HKD Ex rate:

Q1FY19: 5.76;

FY18: 5.98

Business Outlook

Overview

- Double digit growth in ICE segment in Q1
- CE segment saw a decline in revenue due to weak performance in smart lighting products, as highlighted previously in Q4FY18 results

CE

- Smart Lighting customer indicated in their most recent financial results released at the end July of 2018 that their sales between April and June 2018 were weak due to their trade partners winding down inventories to more normalised levels
- Customer also indicated that they will be expecting more product sales in the remainder of the year, thus the Group expects to ride on this recovery trend
- Expects consumer lifestyle products in the CE segment to continue its growth momentum on the back of new series of innovative products

Business Outlook

ICE

- Continued its double-digit revenue growth during the period, in particular strong performance in connectivity modules used in automotive industry
- Automotive products expected to remain as the primary driver for the ICE segment's growth with increasing demand for in-car connectivity

Macro environment

- Currently operates in an uncertain macro-economic environment, caused by geopolitical and trade tensions and also supply chain challenges such as rising raw material prices and longer procurement lead times
- Continue to advance by maintaining its focus on operational improvements and working proactively with customers in order to navigate this dynamic macro-environment

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.