



# FY2019 Results Presentation

Note: This presentation is to be read in conjunction with the announcement issued on SGXNET on 29 May 2019.

# 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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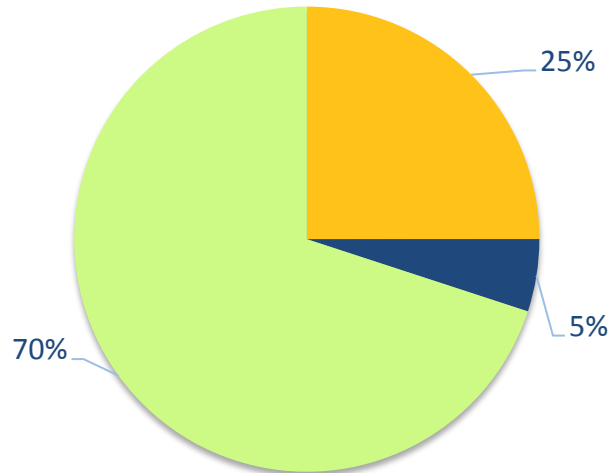
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## Shareholding



■ Executive Directors ■ HSBC Global AM ■ Public Float

Bloomberg Code	VALUE.SP
Reuters Code	VLUE.SI
ISIN Code	BN2
Index	FTSE ST Small Cap, FT ST China
Issued shares (M)	434.0
Mkt cap (SG\$M) (22 May 2019)	262.6
Share price (SG\$) (22 May 2019)	0.61
Average volume 3-mth ('000)	3,014
52 wk range (SG\$) (22 May 2019)	0.59 – 0.83

## 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 (31 Mar 2019)

## 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 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



# 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



# Industrial & Commercial Electronics

## 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

Biotechnology company based in United States and Canada



Networked Chemical Dispenser

# Industrial & Commercial Electronics (Cont'd)

## Communication Products

### United States based Company



Captioning phone for the hearing loss

### Taiwan-listed Company



### Company Based in North America



High Precision GPS for Industrial Use



## Electronic Products for Automotive Industry

### Tier 1 Automotive System Manufacturer

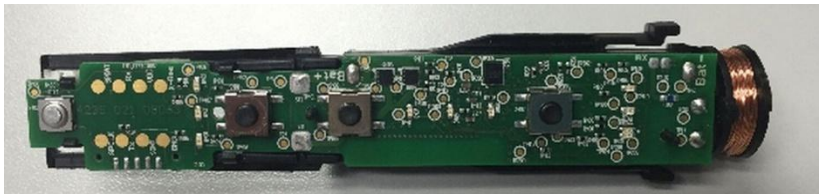
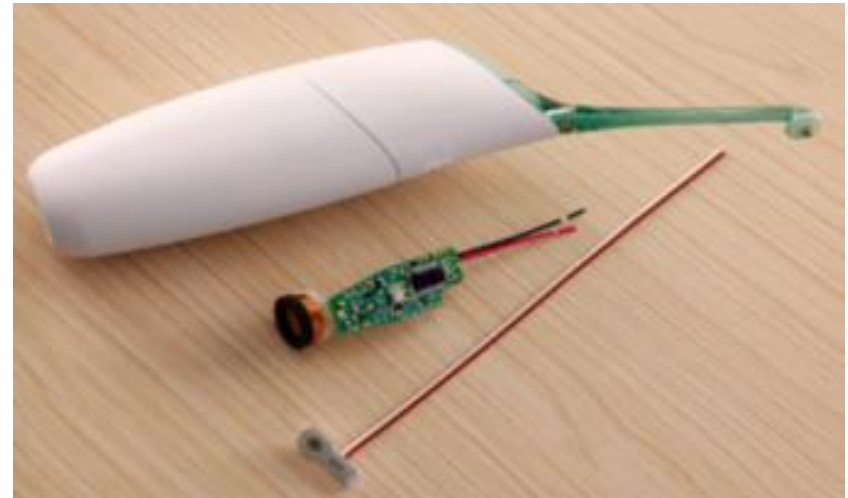


Data and media connectivity module

# Consumer Electronics

## Consumer Lifestyle Products

Consumer Lifestyle Division of a Dutch MNC



PCBA for Shavers & Electric Toothbrushes for Consumer Use



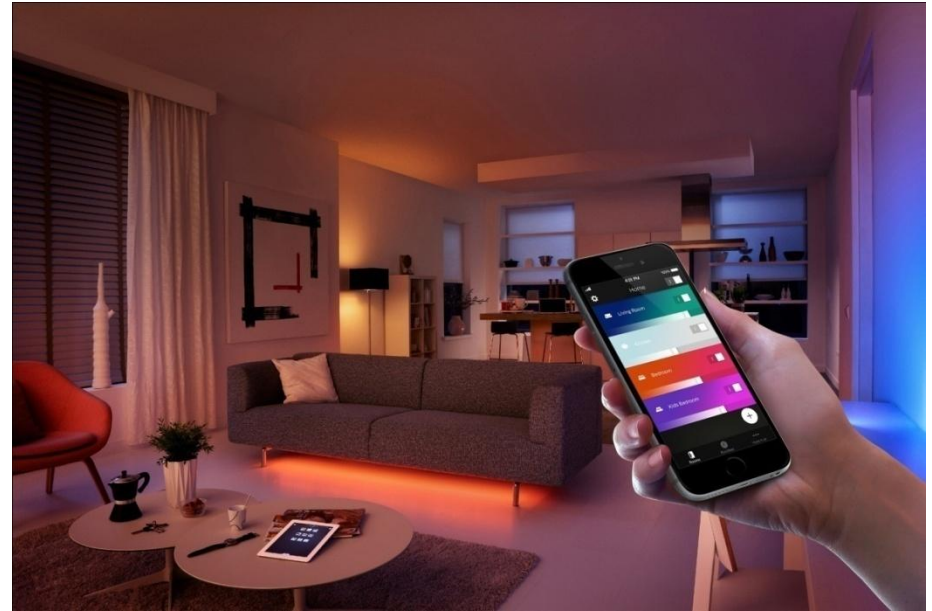
Subsidiary of Homax Group  
(Wholly-owned by PE firm)

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**



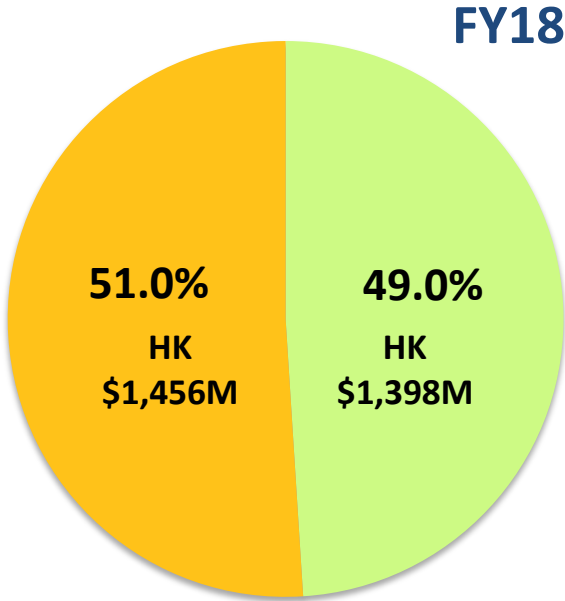
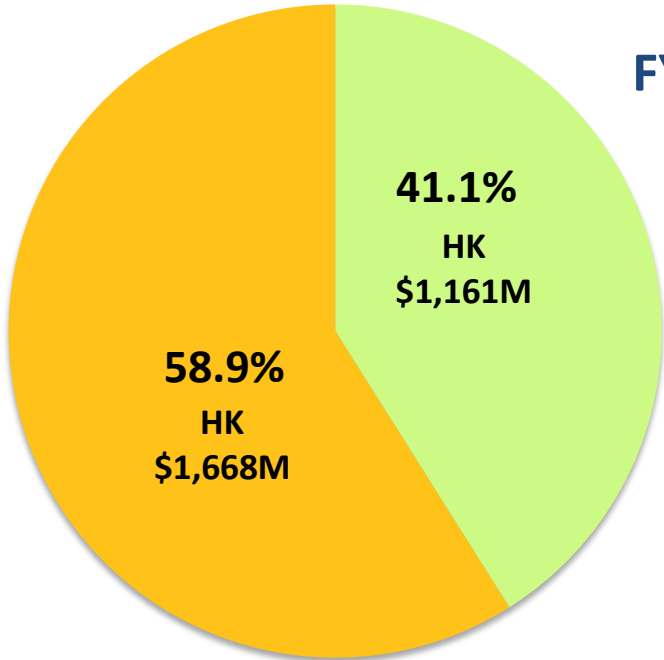
## FY2019 Financial Highlights

# Financial Highlights

HK\$'M	FY19	FY18	% Change
Revenue	2,828.8	2,853.7	-0.9
Gross Profit	430.3	414.6	3.8
Gross Profit Margin	15.2%	14.5%	0.7% pt
Net Profit for the year	199.5	204.7	-2.6
Net Profit Margin	7.1%	7.2%	-0.1% pt

# Financial Highlights

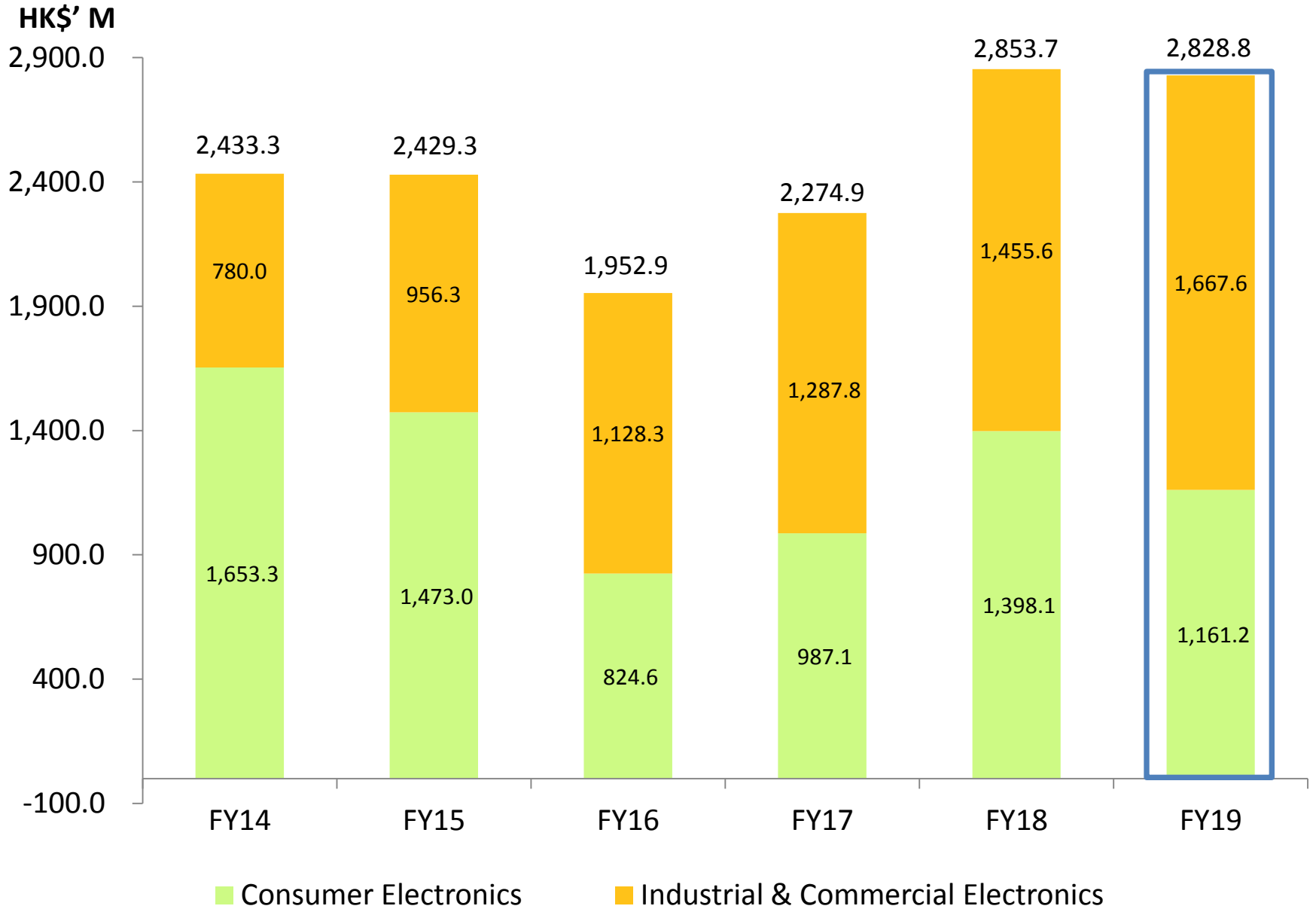
## Revenue Contribution



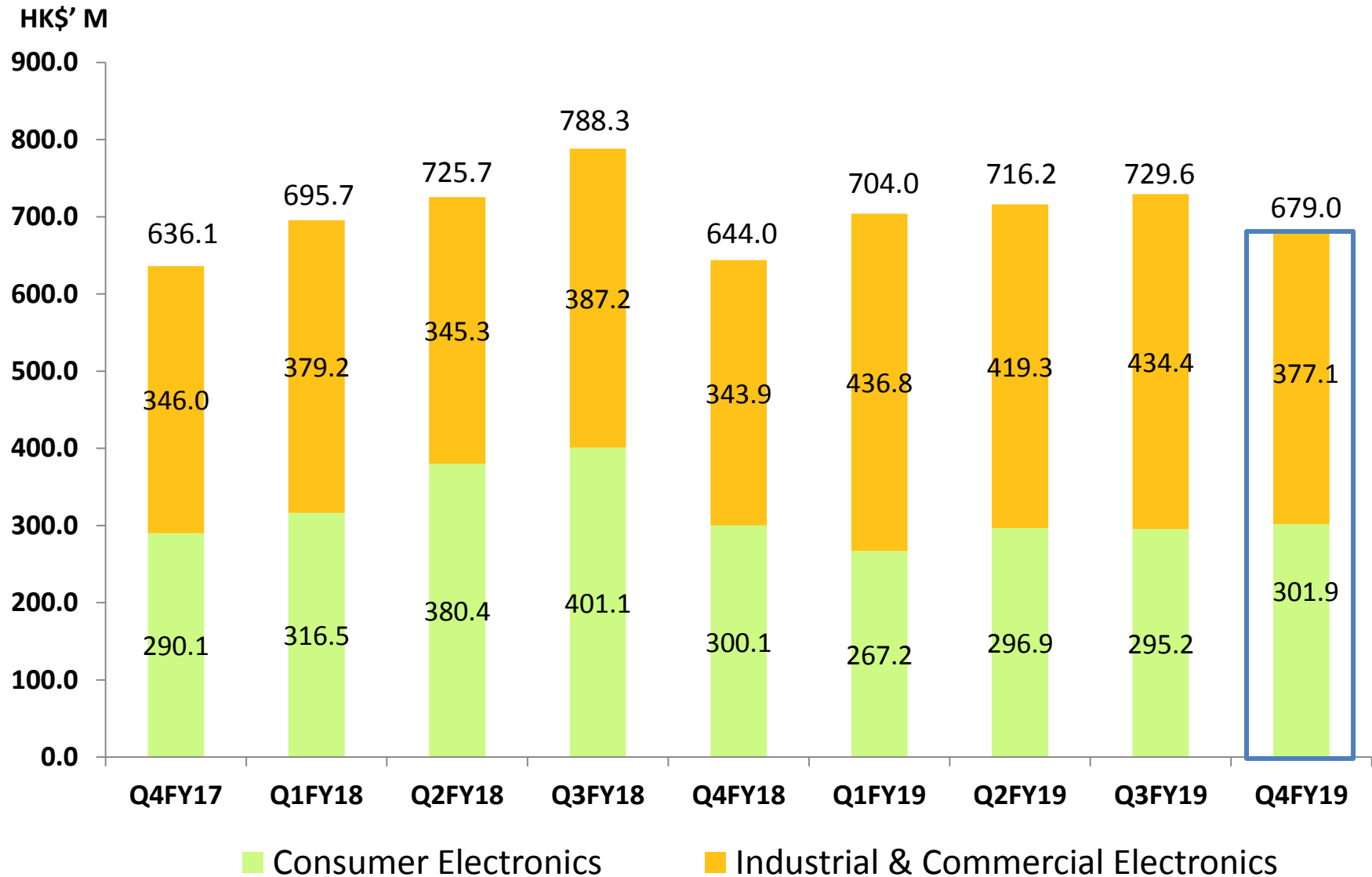
- Consumer Electronics
- Industrial and Commercial Electronics



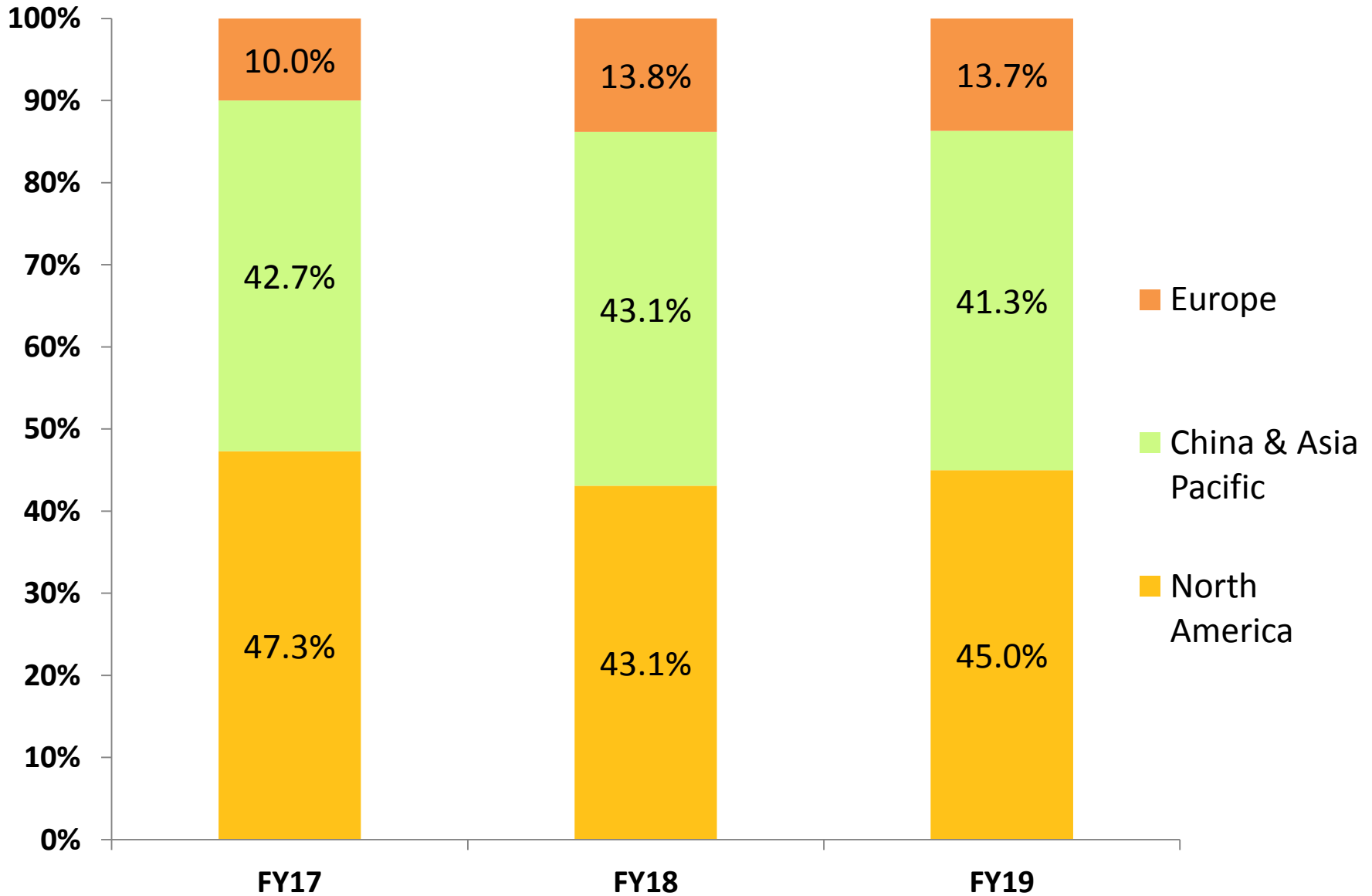
# Revenue Trend



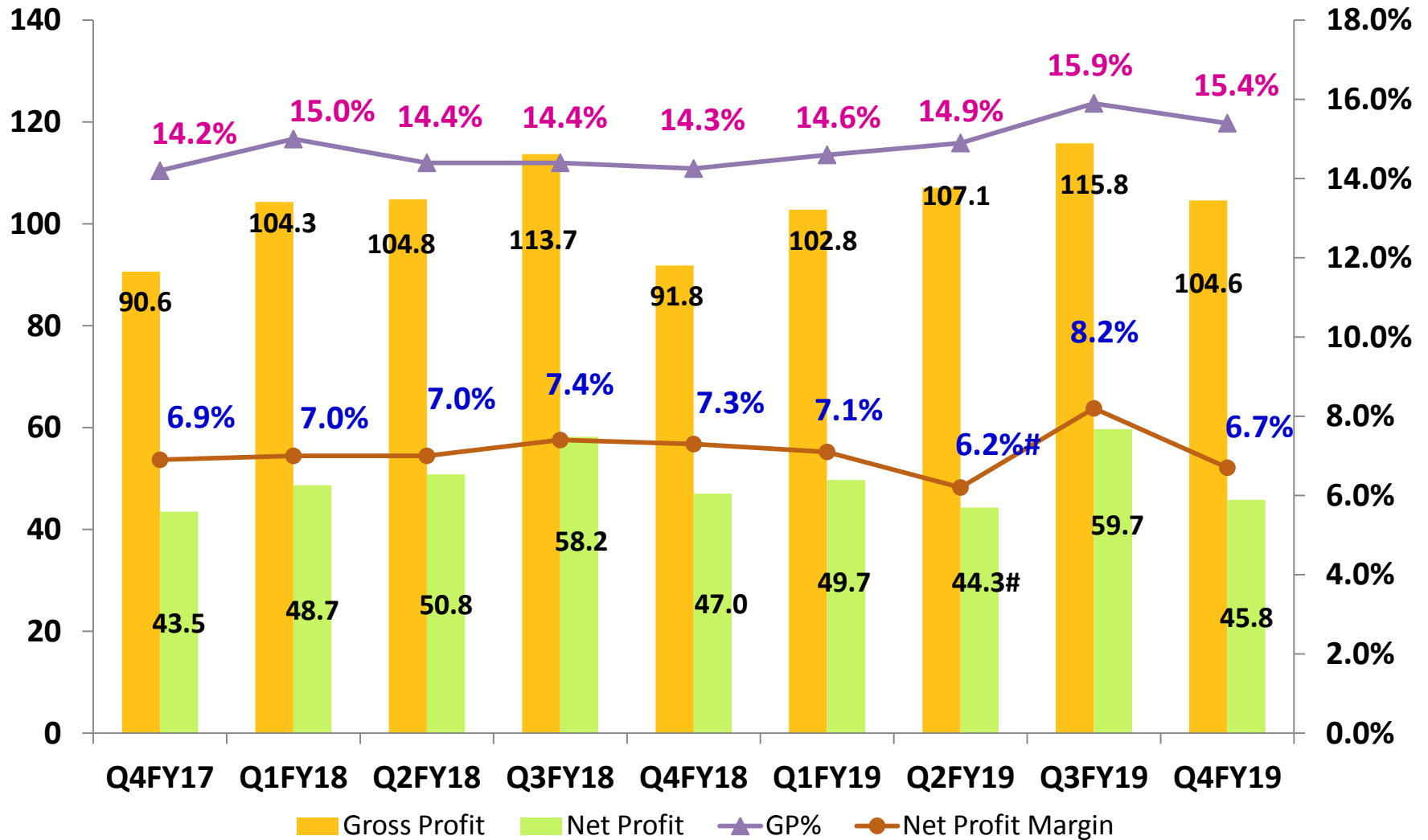
# Quarterly Revenue



# Revenue by Shipment Destination

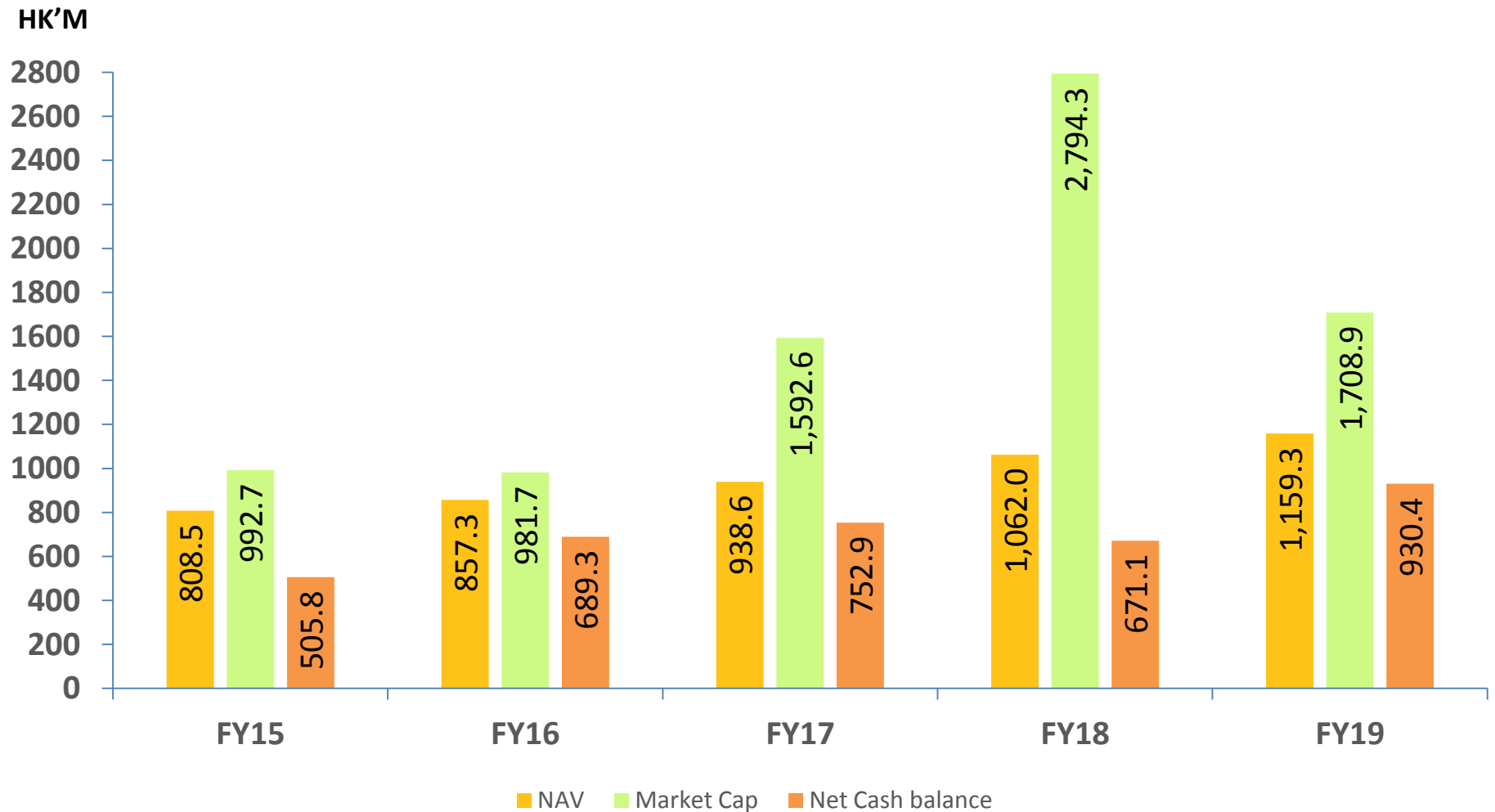


# Gross Profit & Net Profit Trend



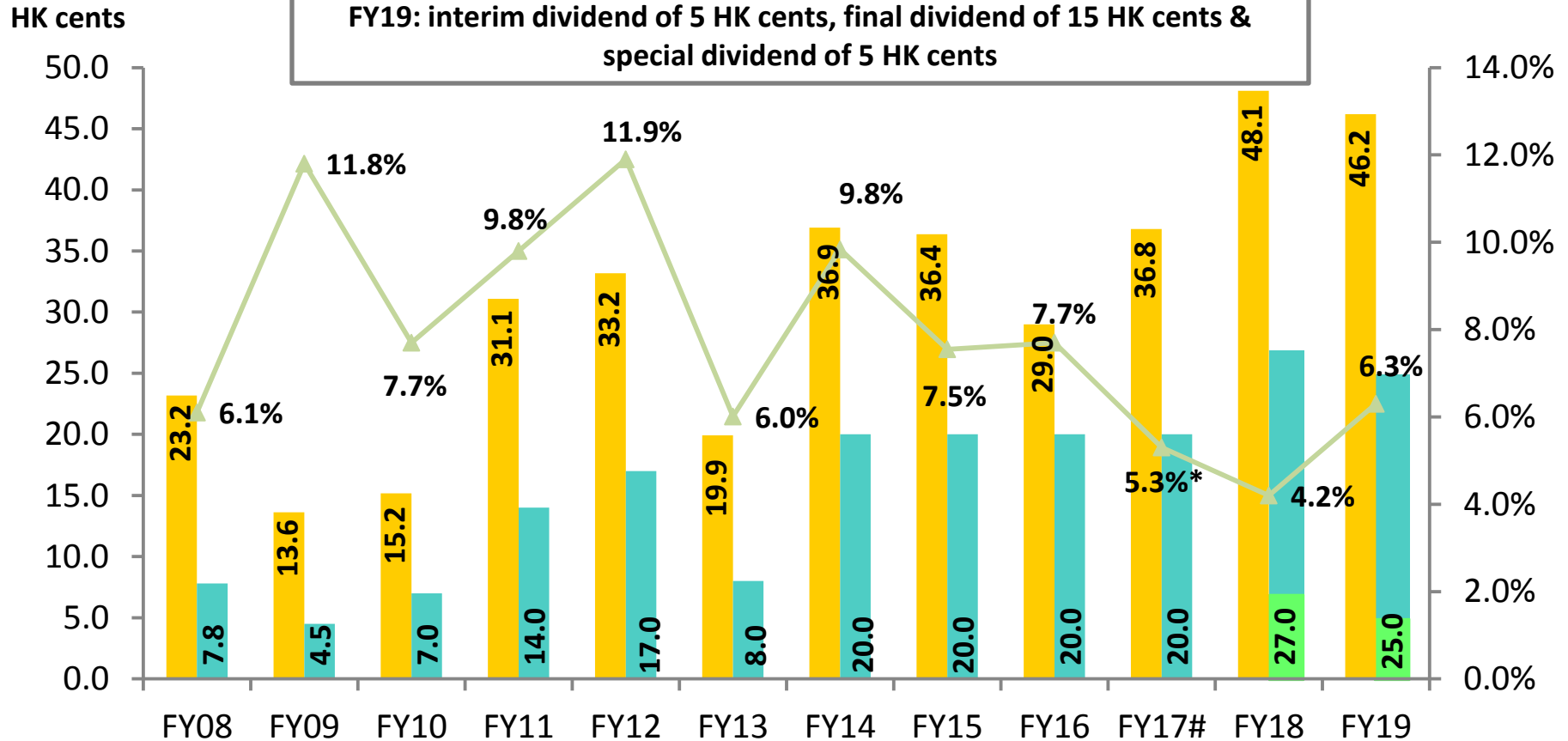
# Included the impairment loss of HK\$13.6M recognised in respect of flash floods at the Danshui Factory

# 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, 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	<b>0.68</b>
Dividend Payout	30%	30%	42%	41%	47%	37%	49%	50%	63%	55% *	57%	<b>54%</b>

■ 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	FY19	FY18
<b>Operating Activities</b>		
Net cash generated from operating activities	<b>404,065</b>	<b>63,529</b>
<b>Investing Activities</b>		
Net cash used in investing activities	<b>(81,721)</b>	<b>(167,782)</b>
- Net increase in short-term bank deposits	(38,744)	(116,256)
- Others	(42,977)	(51,526)
<b>Financing Activities</b>		
Net cash used in financing activities	<b>(101,645)</b>	<b>(94,223)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>220,699</b>	<b>(198,476)</b>
Effect of foreign exchange rate changes	(85)	366
<b>Cash and Cash equivalents</b>		
At beginning of the year	554,831	752,941
<b>At end of the year*</b>	<b>775,445</b>	<b>554,831</b>

\* As at 31 March 2019, cash and bank deposits of the Group amounted to HK\$930,445,000 (31 March 2018: HK\$671,087,000) comprise (i) cash and cash equivalents of HK\$775,445,000 (31 March 2018: HK\$554,831,000; and (ii) term deposits with initial terms of over three months of HK\$155,000,000 (31 March 2018: HK\$116,256,000).

# Balance Sheet & Key Ratios

HK\$'M	FY19	FY18
<b>Working capital</b>		
Inventories	302.0	385.6
Trade Receivables	436.8	582.8
Trade Payables	<u>(391.5)</u>	<u>(482.9)</u>
	<u>347.3</u>	<u>485.5</u>
<b>Net Current Assets</b>	850.5	774.9
<b>Net Cash</b>	930.4	671.1
<b>Net Assets</b>	1,159.3	1,062.0

Turnover Days	FY19	FY18
Inventories	46.0	57.7
Trade Receivables	56.4	74.5
Trade Payables	<u>(59.6)</u>	<u>(72.3)</u>
	<u>42.8</u>	<u>59.9</u>



# Key Financial Ratios

	FY19	FY18
Price (SGD) #	0.68	1.08
NAV per share (SGD)*	0.46	0.41
Cash per share (SGD)*	0.37	0.26
Cash to Mkt Cap ratio	54%	24%

	FY19	FY18
Current ratio	2.0	1.9
ROE	17.2%	19.3%
ROA	9.9%	10.4%
PB ratio	1.47	2.61

# Share price as at respective period or year end date

\*SGD/HKD Ex rate:

FY19: 5.79;

FY18: 5.98

## Overview

- Revenue relatively flat in FY2019 with mixed performance in CE and ICE customer portfolios
- **CE:** - Revenue declined by double digit, solely due to weak performance in smart lighting products, as customer extended their supplier chain outside China. Consumer lifestyle products revenue stable with no obvious sign / impact from customer's diversification plan from China supply chain
- **ICE:** - Double digit revenue growth with strong demand from printer customers, new version of connectivity modules phased in by automotive customer, and contribution from new customers with IOT products

*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.*

## Macro environment

- Escalating US - China trade tension has created an uncertain macro-environment and unpredictable risk over operations
- More customers deploying diversified procurement strategy by adopting and/or evaluating options of assembling products outside China to mitigate risks
- The Group has been actively rolling out initiatives to expand manufacturing footprint outside China in the past few months to alleviate impact
- Vietnam is identified as a possible manufacturing site, and the Group have been working closely with one customer to explore manufacturing solutions at a leased site
- Expect the customer to qualify this initial setup by end of June 2019, followed by mass production for shipment from Vietnam to US market

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## Strategy

- With further development of US-China trade tensions, the Group may further expand its Vietnam production capacity by building own manufacturing facilities
- Will continue the Group's corporate development strategy in expanding footprint in North America through exploring M&A opportunities

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