

## FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::SECOND QUARTER AND/ OR HALF YEARLY RESULTS

### Issuer & Securities

#### Issuer/ Manager

VALUETRONICS HOLDINGS LIMITED

#### Securities

VALUETRONICS HOLDINGS LIMITED - BMG9316Y1084 - BN2

#### Stapled Security

No

### Announcement Details

#### Announcement Title

Financial Statements and Related Announcement

#### Date & Time of Broadcast

13-Nov-2019 07:28:43

#### Status

New

#### Announcement Sub Title

Second Quarter and/ or Half Yearly Results

#### Announcement Reference

SG191113OTHRQSWN

#### Submitted By (Co./ Ind. Name)

Tse Chong Hing

#### Designation

Chairman and Managing Director

#### Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

PLEASE SEE ATTACHED:

Presentation slides in relation to Q2FY2020 Results.

### Additional Details

#### For Financial Period Ended

30/09/2019

### Attachments

[VHL%202QFY2020%20Results%20-%20Presentation%20Slides.pdf](#)

---

Total size = 2023K MB

---



## Q2FY20 Results Presentation

Note: This presentation is to be read in conjunction with the announcement issued on SGXNET on 13 November 2019. 1

# 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@cogentcomms.com](mailto:woon@cogentcomms.com)**

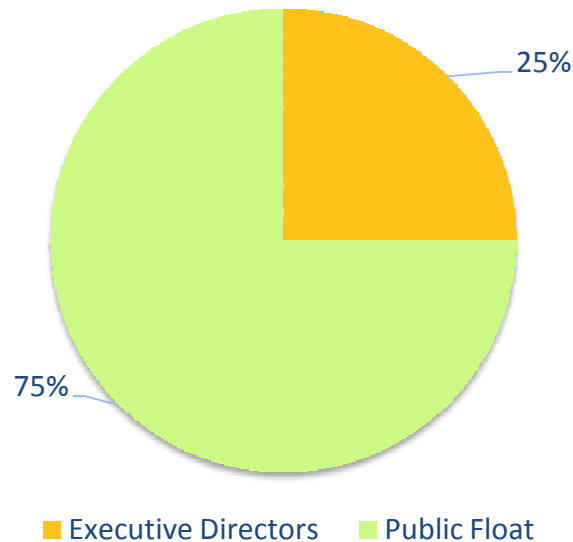
**Tel: + 65 6704 9288**

**Name: Ms Candy Soh**

**Email: [candysoh@cogentcomms.com](mailto:candysoh@cogentcomms.com)**

# Corporate Profile

## Shareholding



Bloomberg Code	VALUE.SP
Reuters Code	VLUE.SI
Stock Code	BN2
Index	FTSE ST Small Cap, FTSE ST China, FTSE Global Micro Cap
Issued shares (M)	435.6
Mkt cap (SG\$M) (12 Nov 2019)	296.2
Share price (SG\$) (12 Nov 2019)	0.680
Average volume 3-mth ('000)	28,830
52 wk range (SG\$) (12 Nov 2019)	0.587 – 0.755

## 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 Sep 2019)

## Accreditations

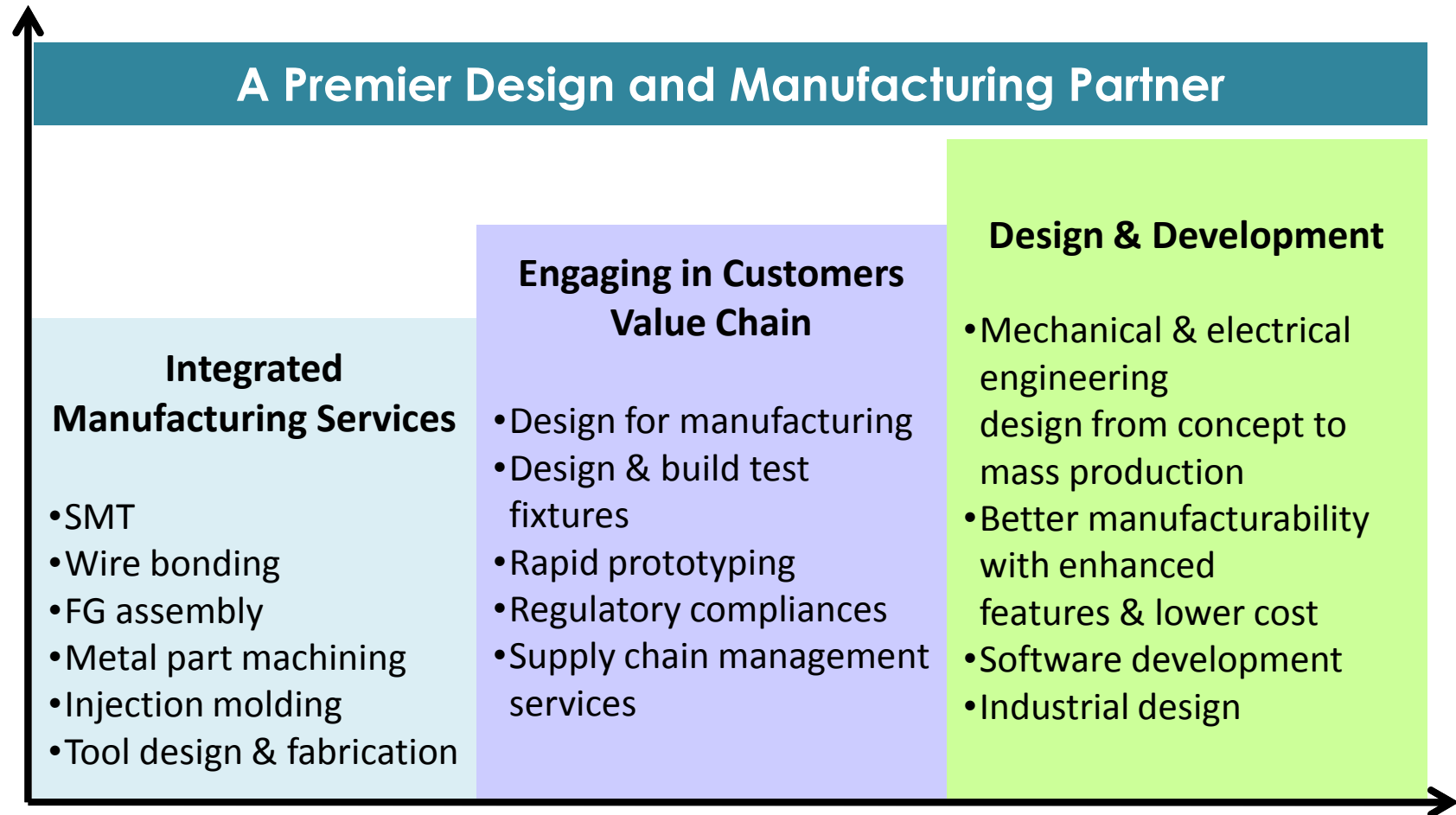
ISO9001:2008, ISO14001:2004, ISO13485: 2003, TL9000 R5.5, TS16949: 2009, IPC J STD-001, IPC-A-610 QML Class 3

## 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



Proactive deployment of Design & Development capabilities

# Key Milestones

1992	2002	2003	2005	2007	2008	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	Completed Phase 1 construction of Daya Bay Facility
						
2009	2012	2014	2015	2017	2019	2019
Opened Daya Bay Facility, acquired medical business	Celebrated 20 <sup>th</sup> 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	Awarded 2019 Sustainability Award, Small Cap – Runner Up from SIAS	Established Manufacturing footprint in Vietnam
						



# 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

### Company Based in North America



High Precision GPS for Industrial Use

### Taiwan-listed Company



# Industrial & Commercial Electronics (Cont'd)

## Electronic Products for Automotive Industry

### Tier 1 Automotive System Manufacturer

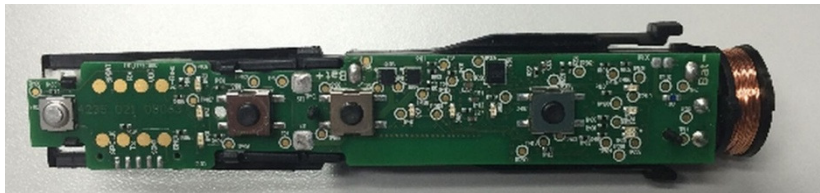
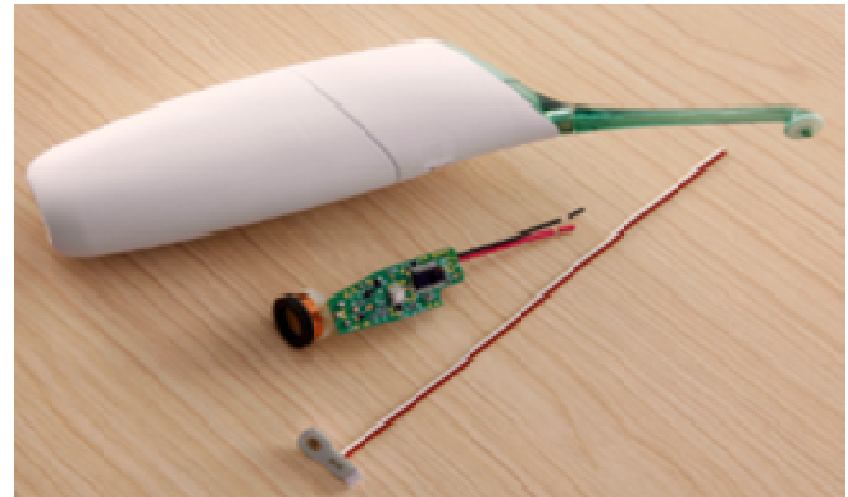


Data and media connectivity module

# 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





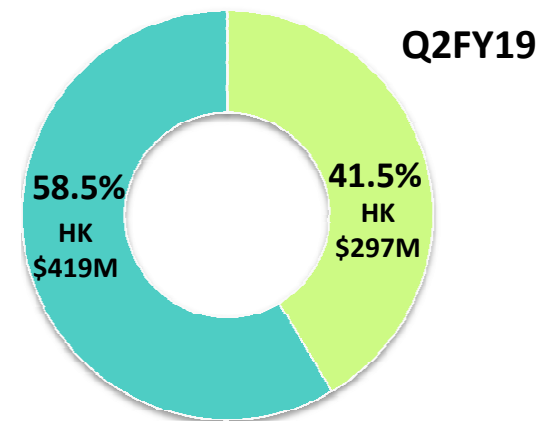
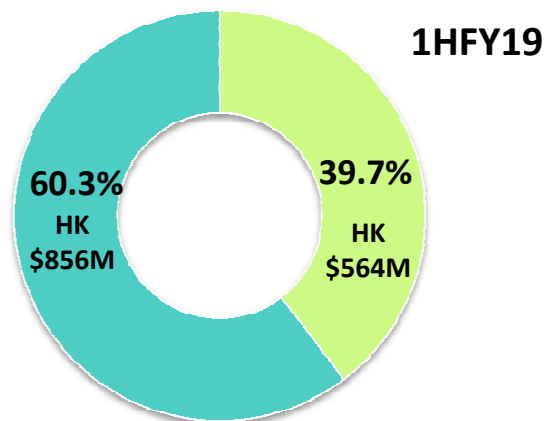
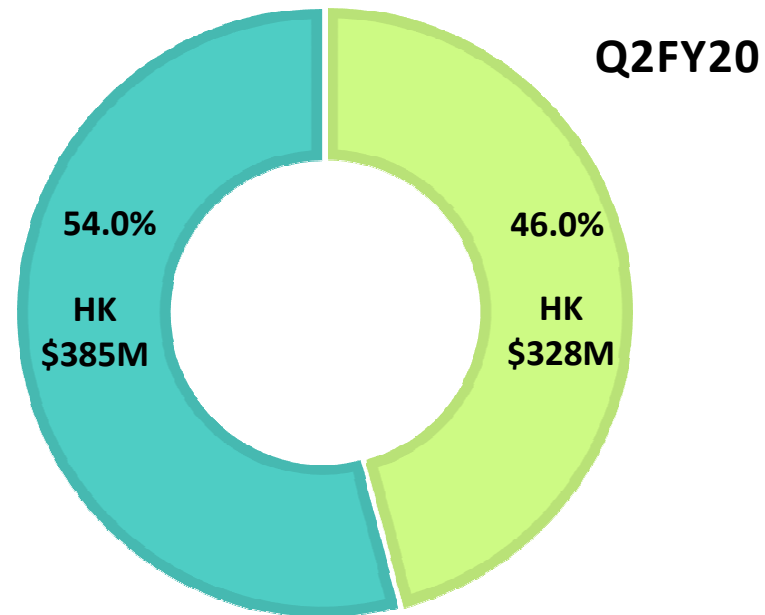
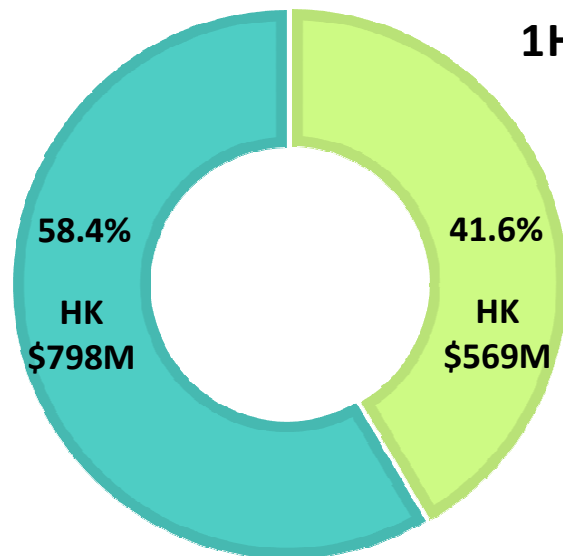
## Q2FY20 Financial Highlights

# Financial Highlights

HK\$'M	1HFY20	1HFY19	% Change	Q2FY20	Q2FY19	% Change	Q1FY20
Revenue	1,367.1	1,420.2	-3.7	712.8	716.2	-0.5	654.3
Gross Profit	205.9	209.8	-2.0	106.9	107.1	-0.5	99.0
Gross Profit Margin	15.0%	14.8%	0.2% pt	15.0%	14.9%	0.1% pt	15.1%
Net other operating loss#	-	(13.6)	NM	-	(13.6)	NM	-
Net Profit for the period	104.1	94.0	10.8	56.0	44.3	26.3	48.1
Net Profit Margin	7.6%	6.6%	1% pt	7.9%	6.2%	1.7% pt	7.4%

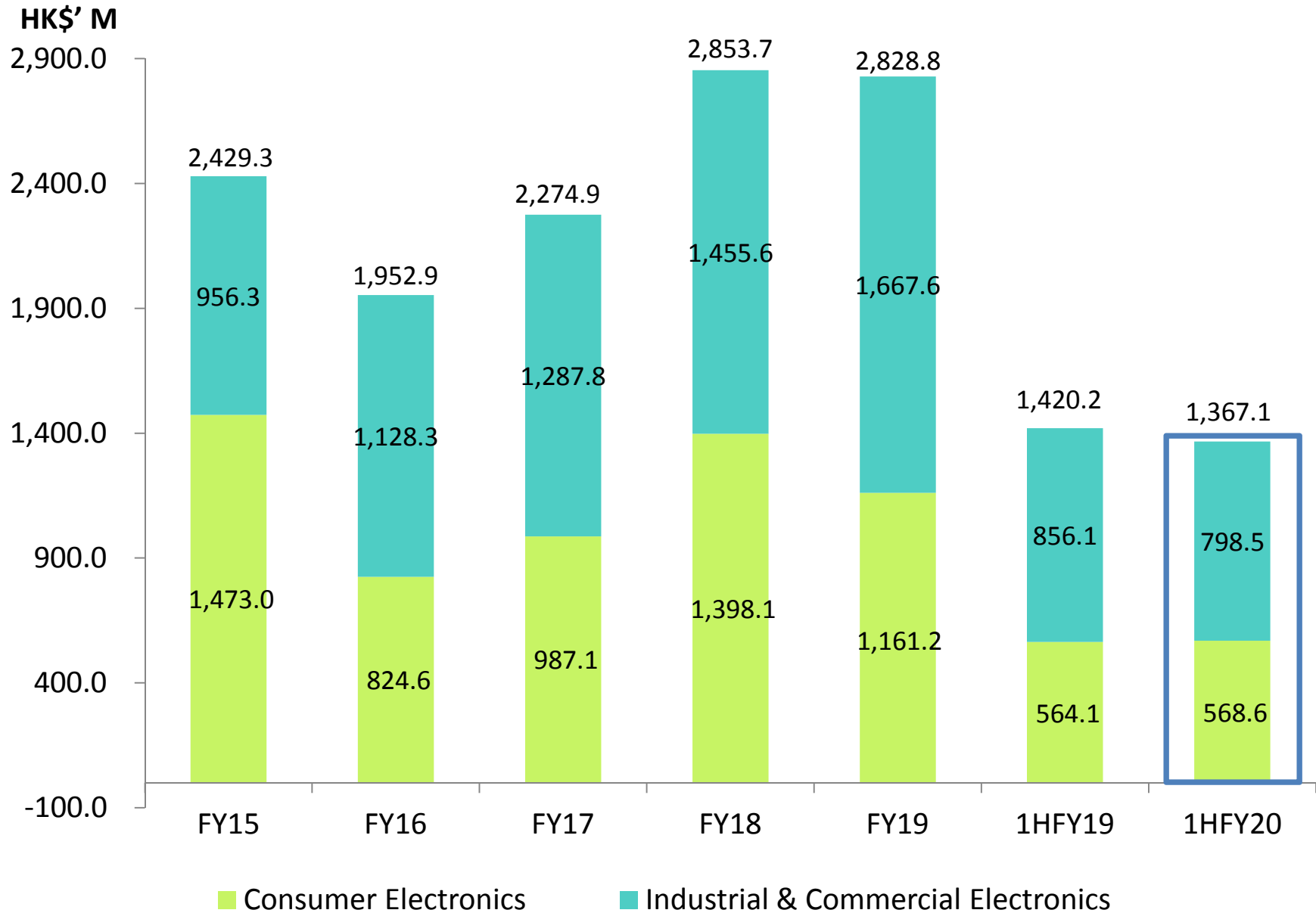
# Financial Highlights

## Revenue Contribution

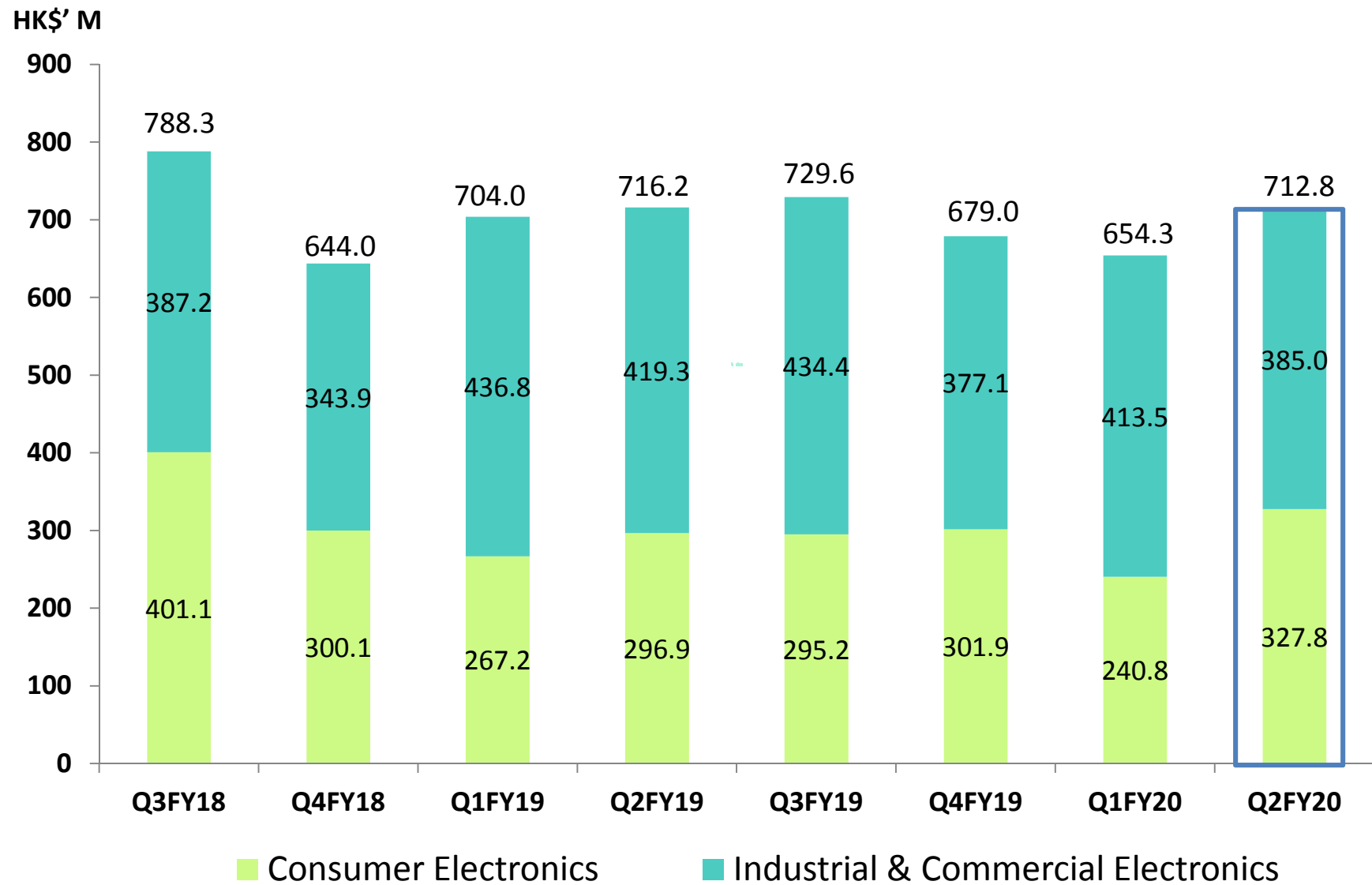


■ Consumer Electronics  
■ Industrial and Commercial Electronics

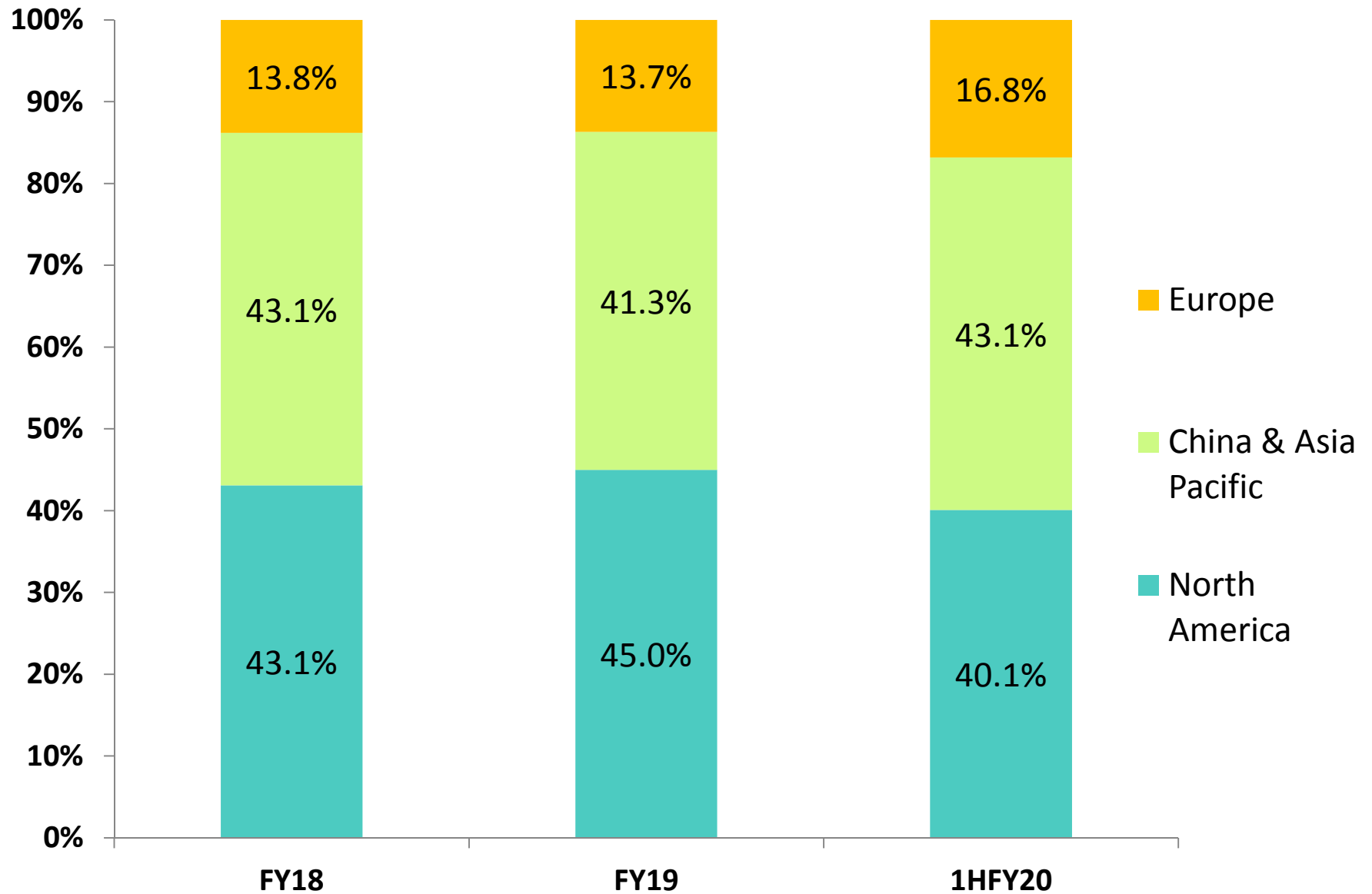
# Revenue Trend



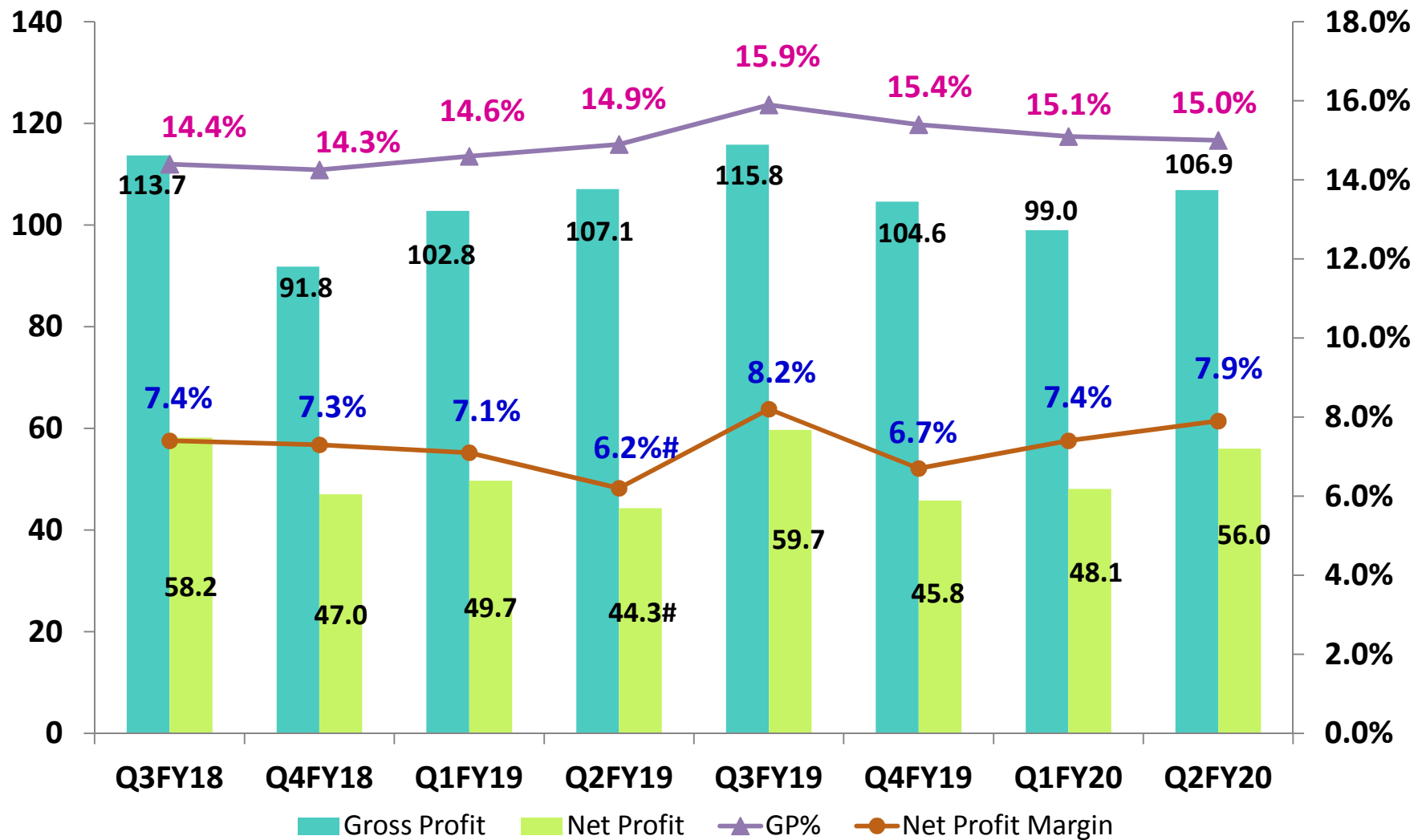
## Quarterly Revenue



## Revenue by Shipment Destination



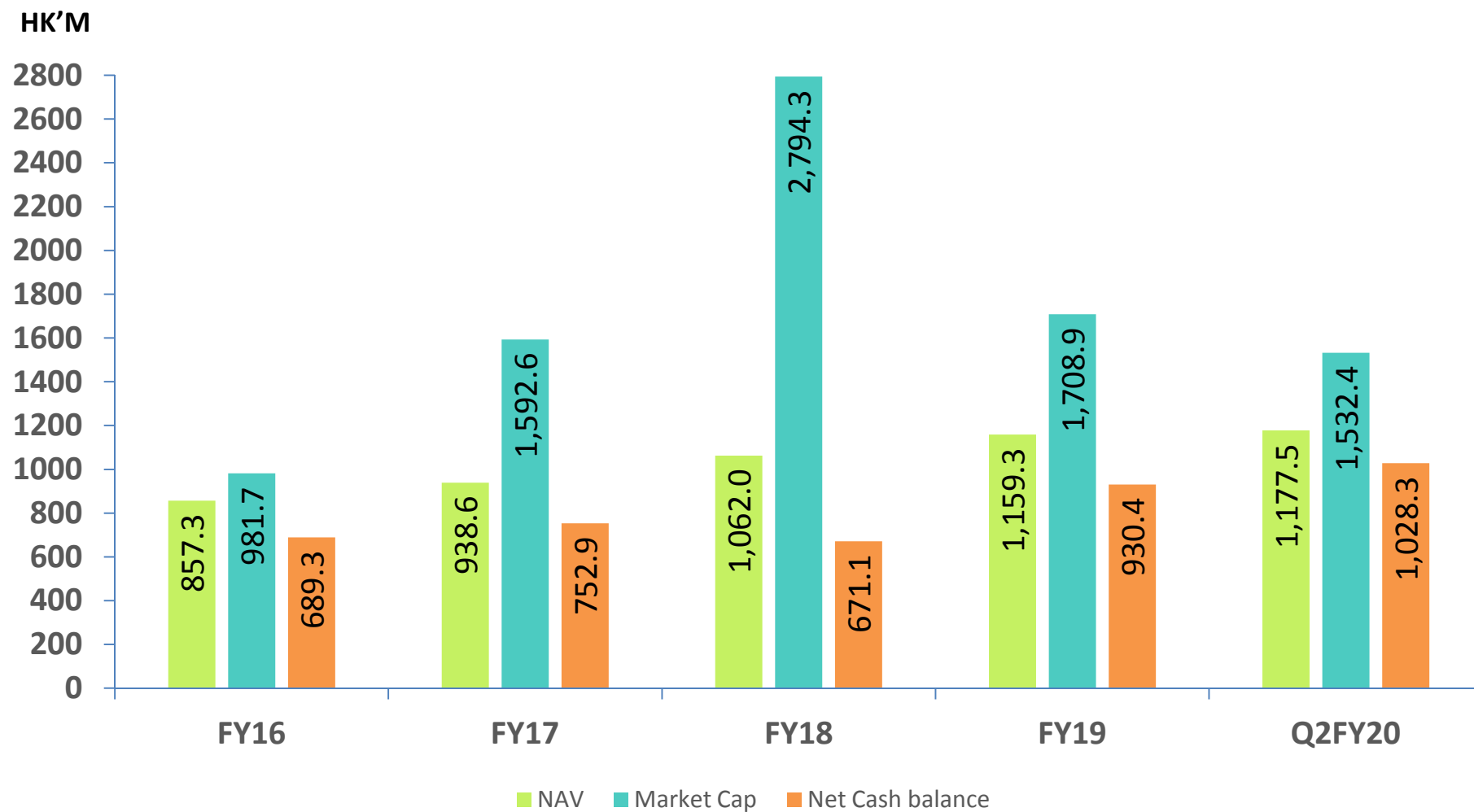
## Gross Profit & Net Profit Trend



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

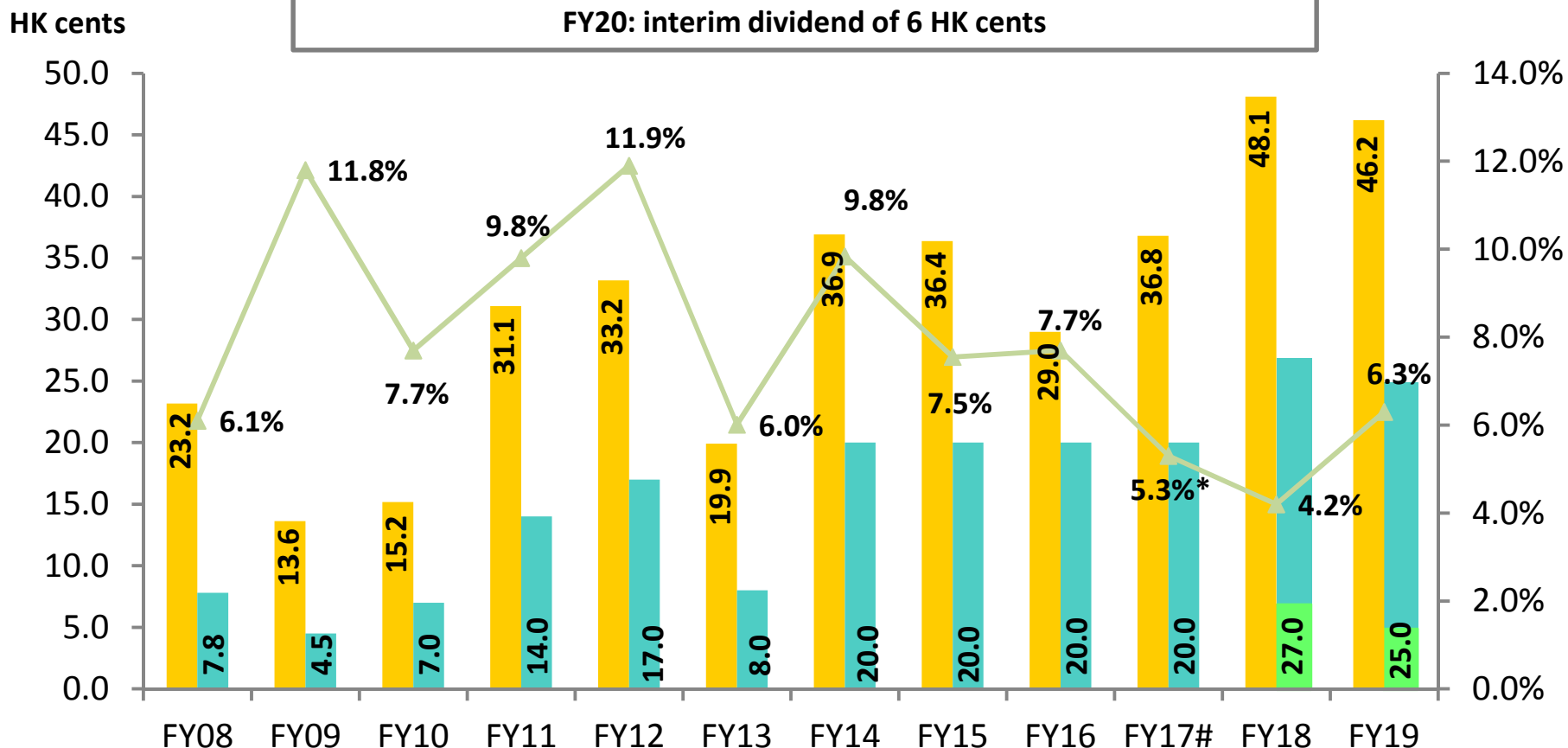


# Market Capitalisation & Net Cash Balance



# Earnings Per Share & Dividends Per Share

We are committed to formal dividend policy of 30-50% payout ratio  
FY20: interim 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
Dividend Payout	30%	30%	42%	41%	47%	37%	49%	50%	63%	55% *	57%	54%

■ 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	1HFY20	1HFY19	Q2FY20	Q2FY19
<b>Operating Activities</b>				
Net cash generated from operating activities	187,883	221,834	113,943	133,294
<b>Investing Activities</b>				
Net cash (used in) / generated from investing activities	(7,561)	(14,144)	4,289	(11,849)
<b>Financing Activities</b>				
Net cash used in financing activities	(83,769)	(80,184)	(83,473)	(80,184)
<b>Net increase in cash and cash equivalents</b>	<b>96,553</b>	<b>127,506</b>	<b>34,759</b>	<b>41,261</b>
Effect of foreign exchange rate changes	1,282	(374)	554	(204)
<b>Cash and Cash equivalents</b>				
At beginning of the period	930,445	671,087	992,967	757,162
<b>At end of the period</b>	<b>1,028,280</b>	<b>798,219</b>	<b>1,028,280</b>	<b>798,219</b>

## Balance Sheet & Key Ratios

HK\$'M	Q2FY20	FY2019	Q2FY19
<b>Working capital</b>			
Inventories	214.3	302.0	392.6
Trade Receivables	559.9	436.8	494.7
Trade Payables	<u>(447.5)</u>	<u>(391.5)</u>	<u>(514.4)</u>
	<u>326.7</u>	<u>347.3</u>	<u>372.9</u>
<b>Net Current Assets</b>	917.8	850.5	793.0
<b>Net Cash</b>	1,028.3	930.4	798.2
<b>Net Assets</b>	1,177.5	1,159.3	1,071.5

Turnover Days	Q2FY20	FY2019	Q2FY19
Inventories	33.7	46.0	59.2
Trade Receivables	74.7	56.4	63.6
Trade Payables	<u>(70.3)</u>	<u>(59.6)</u>	<u>(77.6)</u>
	<u>38.1</u>	<u>42.8</u>	<u>45.2</u>

# Key Financial Ratios

	Q2FY20	FY19
<b>Price (SGD) #</b>	<b>0.62</b>	<b>0.68</b>
<b>NAV per share (SGD)*</b>	<b>0.48</b>	<b>0.46</b>
<b>Cash per share (SGD)*</b>	<b>0.42</b>	<b>0.37</b>
<b>Cash to Mkt Cap ratio</b>	<b>67%</b>	<b>54%</b>

	Q2FY20	FY19
<b>Current ratio</b>	<b>2.0</b>	<b>2.0</b>
<b>ROE</b>	<b>17.7%</b>	<b>17.2%</b>
<b>ROA</b>	<b>9.7%</b>	<b>9.9%</b>
<b>PB ratio</b>	<b>1.30</b>	<b>1.47</b>

# Share price as at respective period or year end date

\*SGD/HKD Ex rate:

Q2FY20: 5.67;

FY19: 5.79

# Business Outlook

## Macro environment

- Trade conflict between US and China has continued for more than 17 months with fourth tariff list imposed in September 2019
- Escalated US-China trade tensions have resulted in customers deploying diversified procurement strategies
- With the expanding tariff list, revenue will further be impacted when more customers diversify their product assembly 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.*

## Business Outlook

### Vietnam Expansion

- In anticipation of customers' changing needs, the Group has expanded its manufacturing footprint to Vietnam, providing customers with an alternate manufacturing platform outside China
- First leased manufacturing facility in Vietnam begun mass production in June 2019 and shipments have since been made from Vietnam to the US market
- Additional standard factory with an approx. 4,000 sqm of floor area was leased to cater for customer increasing demands which the first facility could not fulfill
- Standard factory would allow the Group to ramp up its integrated manufacturing capability in Vietnam by Q1 of calendar year 2020.
- Will be acquiring land use rights for around 50,000 sqm to build own Vietnam manufacturing campus, which will serve medium to long term needs for extra capacity in Vietnam
- Infrastructure development of the campus will be divided into two phases, with the first phase expected to be completed by the first half of calendar year 2021

*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.*





## Sustainability

# Corporate Sustainability Highlights



## **Sustainability Award (Small Cap)**

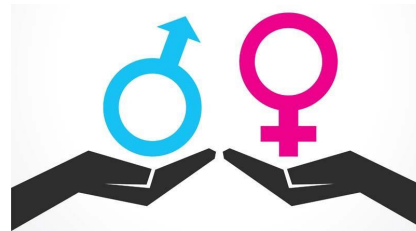
**Runner Up**

Recognised for the efforts in adopting and reporting on environment, social and governance practices



## **Environmental Compliance**

Achieved ISO14000 accreditation, standards for environmental management since 2008



## **Diversity**

Achieved an almost equal ratio of worker and staff distribution by gender. No incidents of discrimination reported.



## **Local Community Engagement**

Carried out such engagements at least once every quarter