

## FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FULL 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

26-May-2022 06:56:57

#### Status

New

#### Announcement Sub Title

Full Yearly Results

#### Announcement Reference

SG220526OTHRI5JP

#### 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 FY2022 Results.

### Additional Details

#### For Financial Period Ended

31/03/2022

### Attachments



[VHL - FY2022 Results-Presentation Slides.pdf](#)





## **FY2022 Results Presentation**

**Note: This presentation is to be read in conjunction with the announcement issued on SGXNET on 26 May 2022**

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**Investor Relations Contact:**

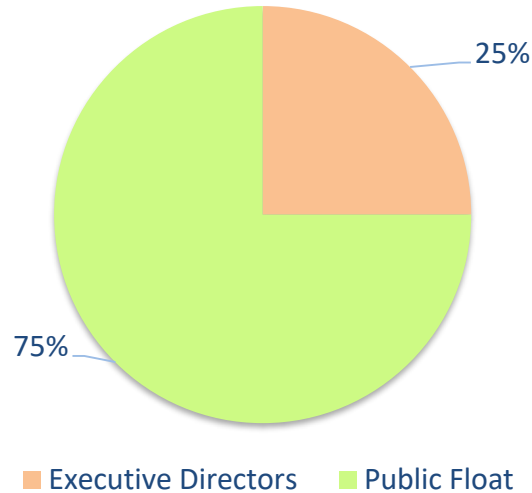
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**Cogent.**

# Corporate Profile

## Shareholding



Bloomberg Code	VALUE.SP
Reuters Code	VLUE.SI
Stock Code	BN2
Index	FTSE ST Small Cap, FTSE ST China, FTSE Global MicroCap
Issued shares (M)	435.6
Mkt cap (SG\$M) (20 May 2022)	228.7
Share price (SG\$) (20 May 2022)	0.525
Average daily volume 3-mth ('000)	481
52 wk range (SG\$) (20 May 2022)	0.505 – 0.64

## 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 March 2022)

## Accreditations

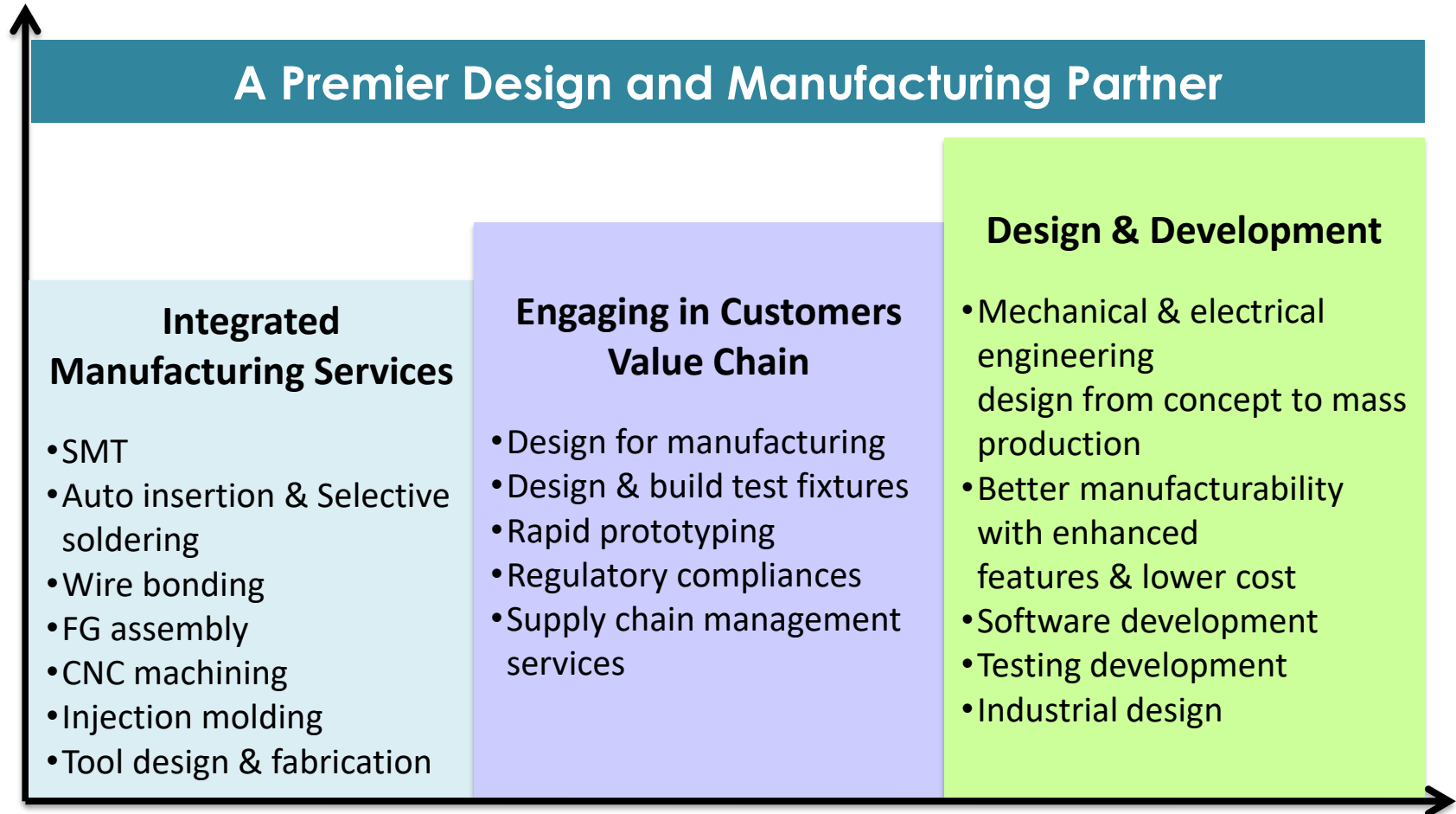
ISO9001:2015, ISO14001:2015, TL9000:2016(H) R6.2/5.7, IATF16949: 2016, IPC J STD-001, IPC-A-610 QML Class 3

## 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
						
2012	2014	2015	2017	2019	2019	2021
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	Completed construction of Vietnam Campus
						



# Daya Bay Facility – Bird's-Eye View

- Land use rights acquired in 2006
- Total site area > 110,000 sq m





# Vietnam Campus



**Phase I - Leased manufacturing facility** (Commenced production in 2019)



**Phase II - Leased standard factory** (Commenced production in 2020)  
Located in the reputable Japanese run Industrial Park. Factory area: 4,000 sqm.



**Phase III - Vietnam Campus** (Commenced production in 2022)  
Located in the same reputable Japanese run Industrial Park as Phase II.  
Land area: 52,541 sqm

# Production in the Vietnam Campus



**SMT Line**



**Plastic Injection Workshop**



**Assembly line**

# 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

## 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



### 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

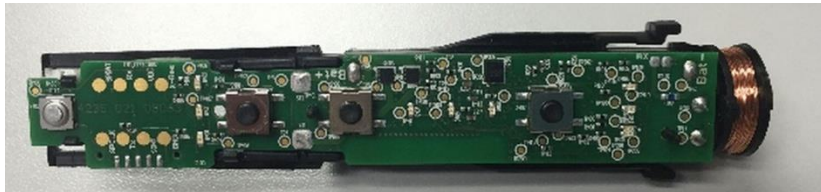
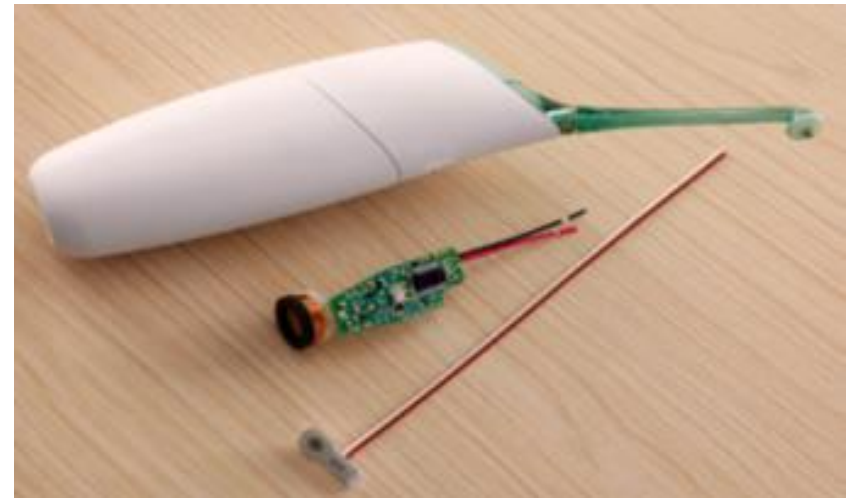


Data and media connectivity module

# Consumer Electronics

## Consumer Lifestyle Products

### Consumer Lifestyle Division of a Dutch MNC

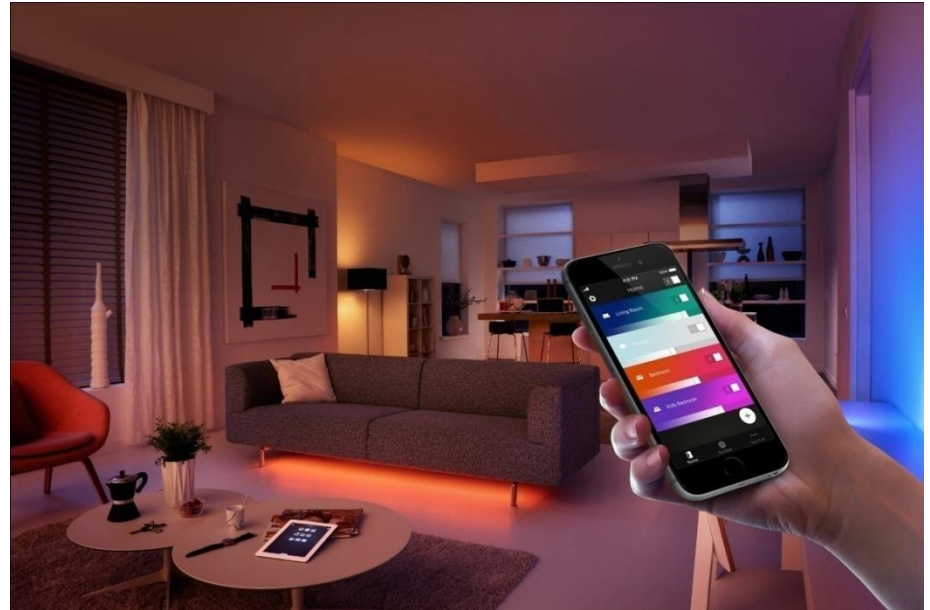


PCBA for Shavers & Electric Toothbrushes for Consumer Use

# 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**



## **FY2022 Financial Highlights**

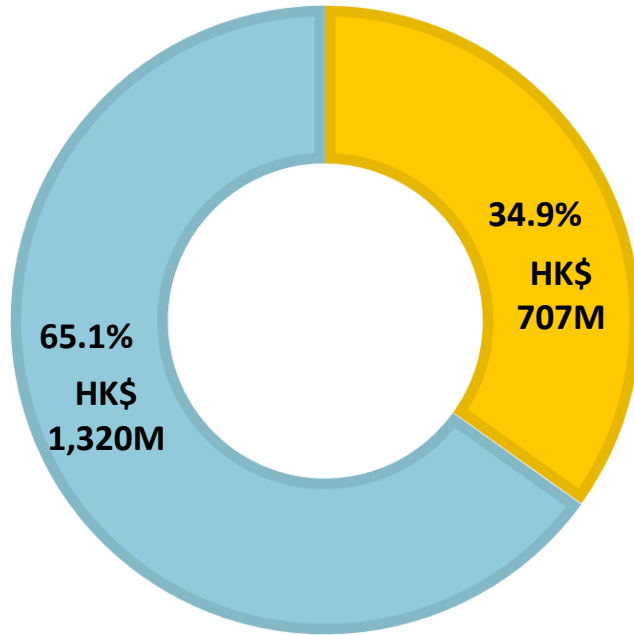
# Financial Highlights

HK\$'M	FY22	FY21	% Change
Revenue	2,027.4	2,281.5	-11.1
Gross Profit	274.8	386.2	-28.8
Gross Profit Margin	13.6%	16.9%	-3.3% pt
Net Profit for the year	113.5	187.1	-39.3
Net Profit Margin	5.6%	8.2%	-2.6% pt

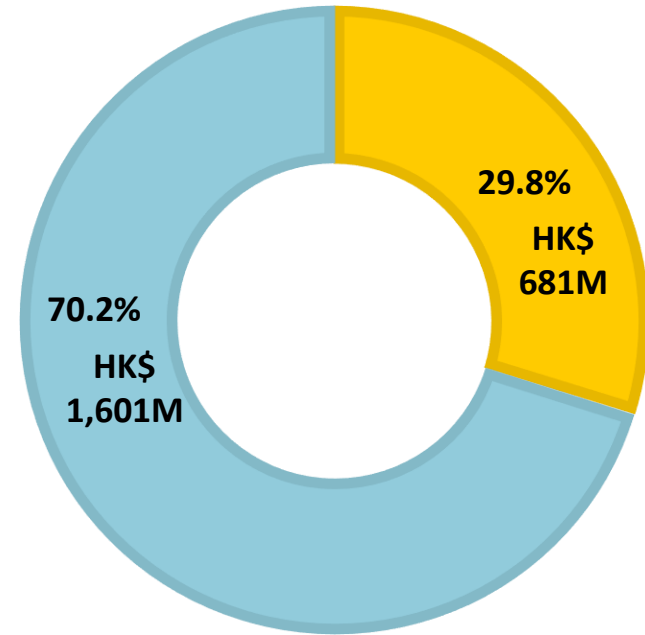
# Financial Highlights

## Revenue Contribution

**FY22**

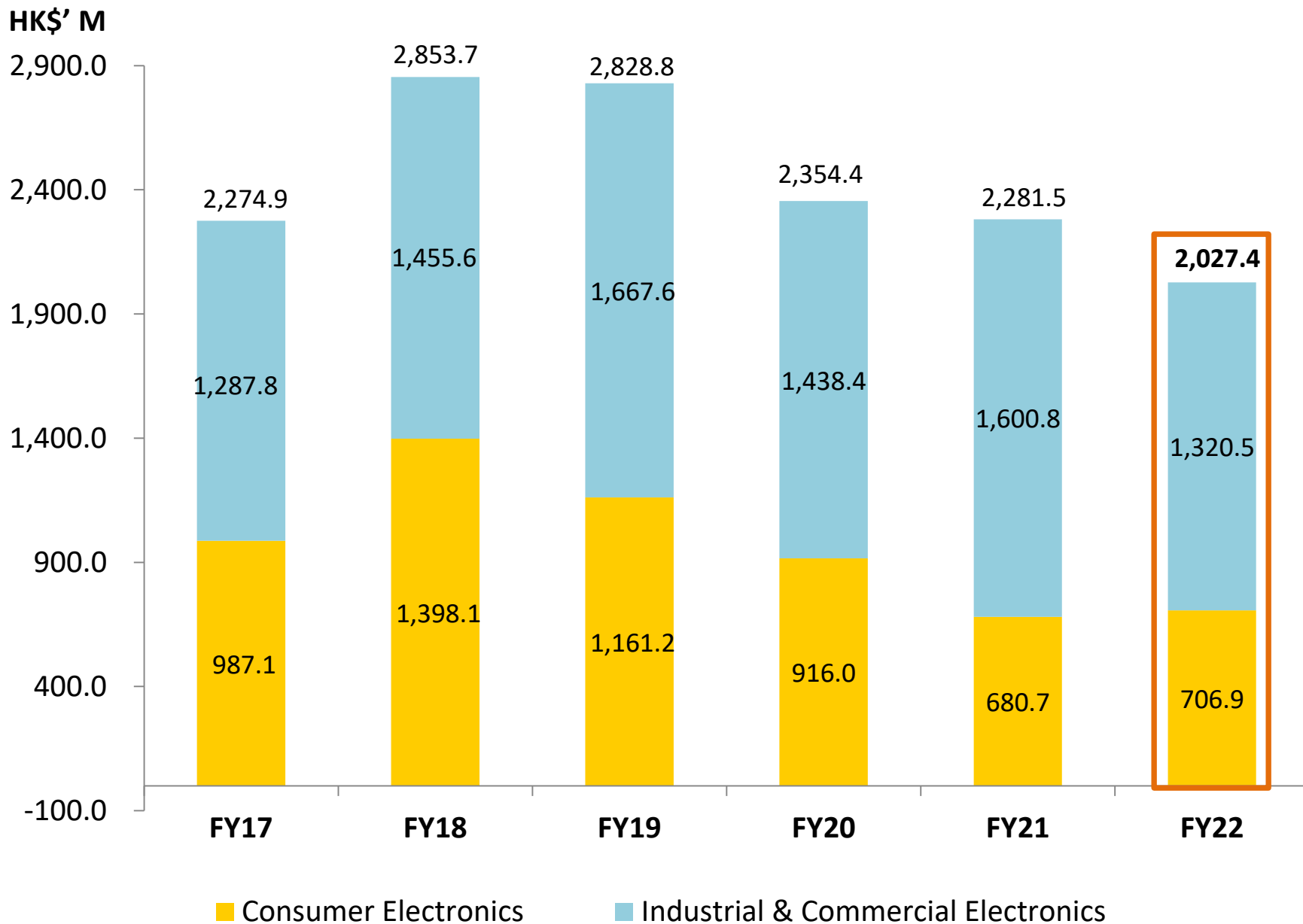


**FY21**

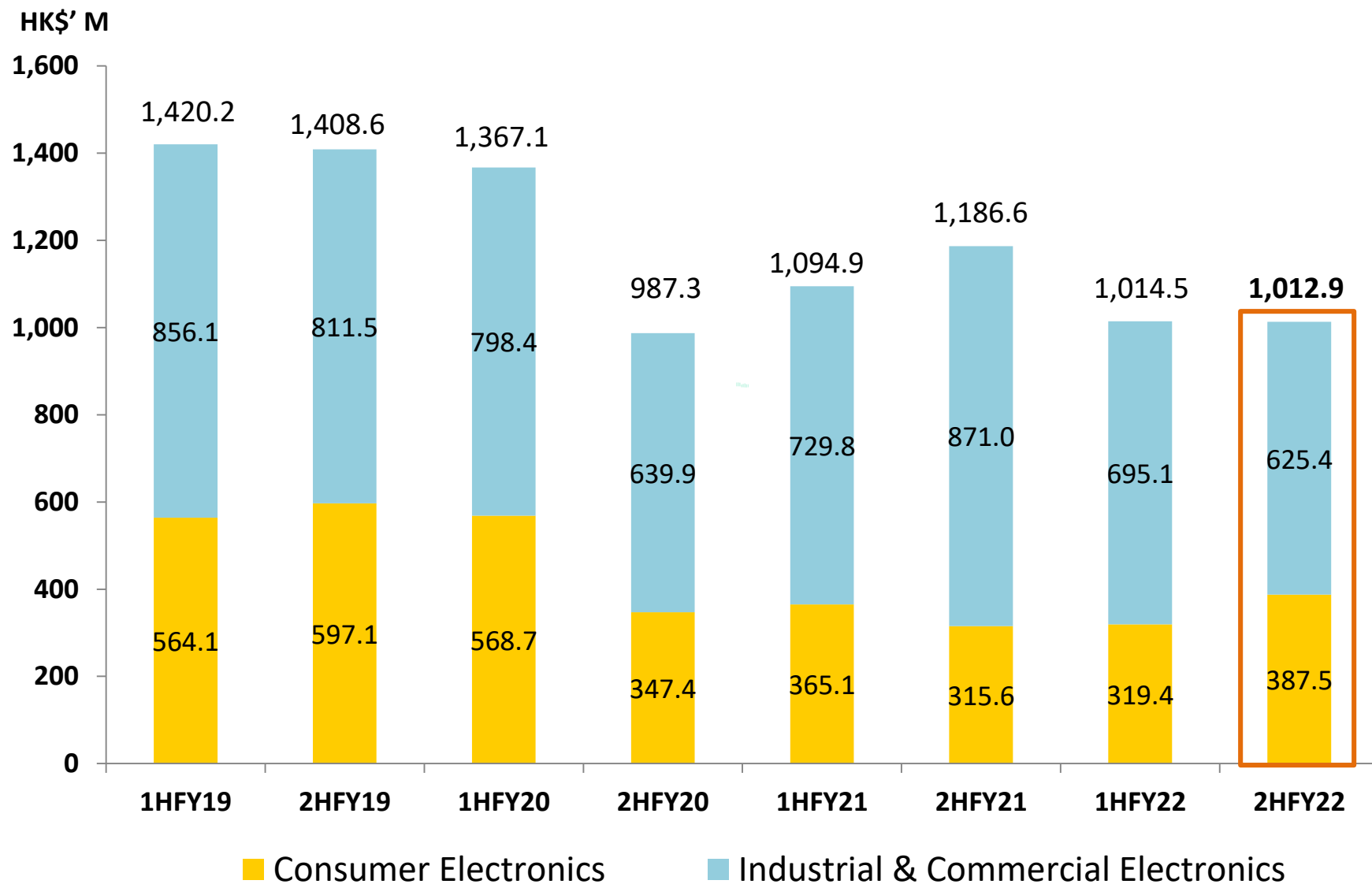




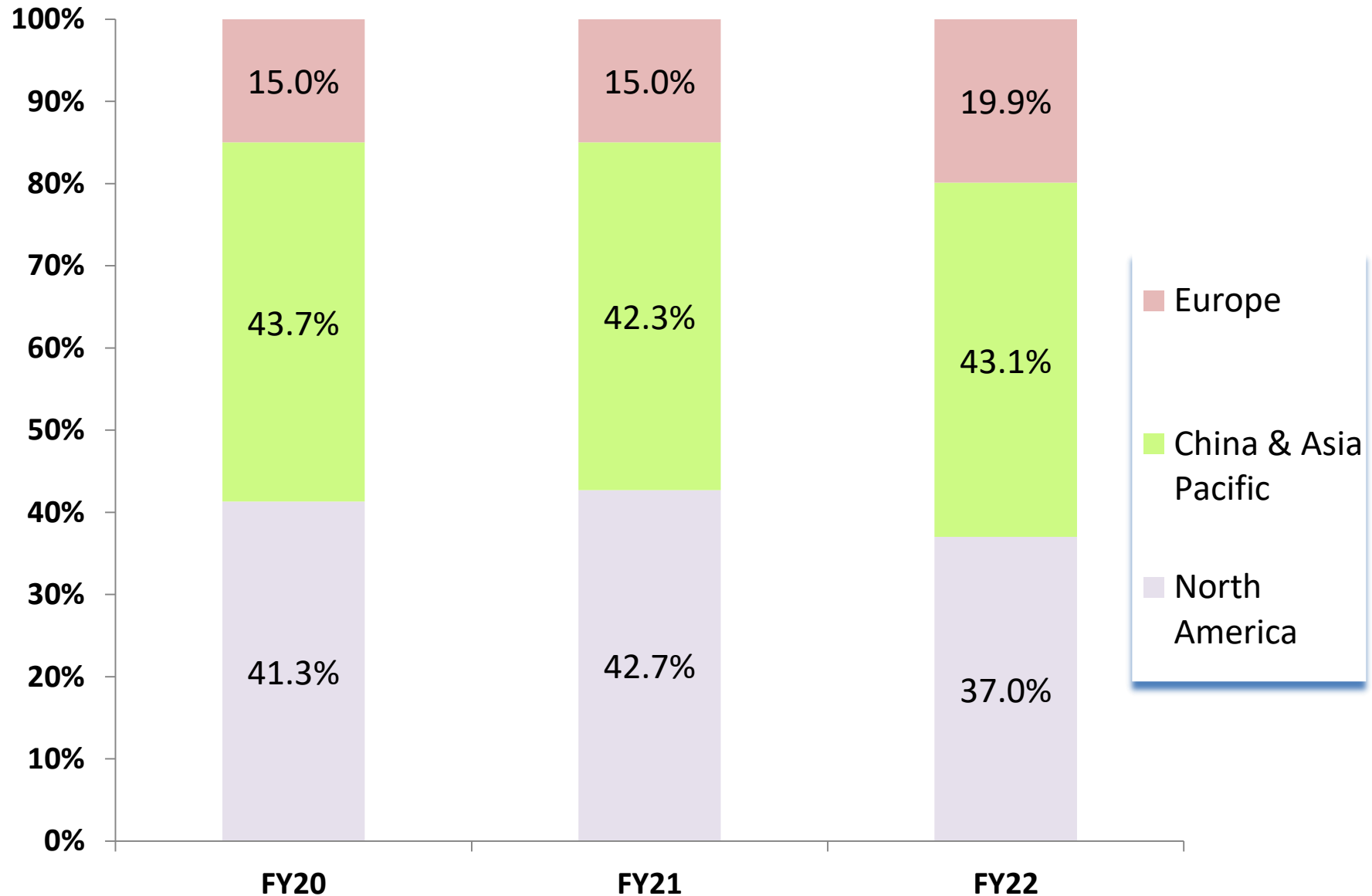
# Revenue Trend



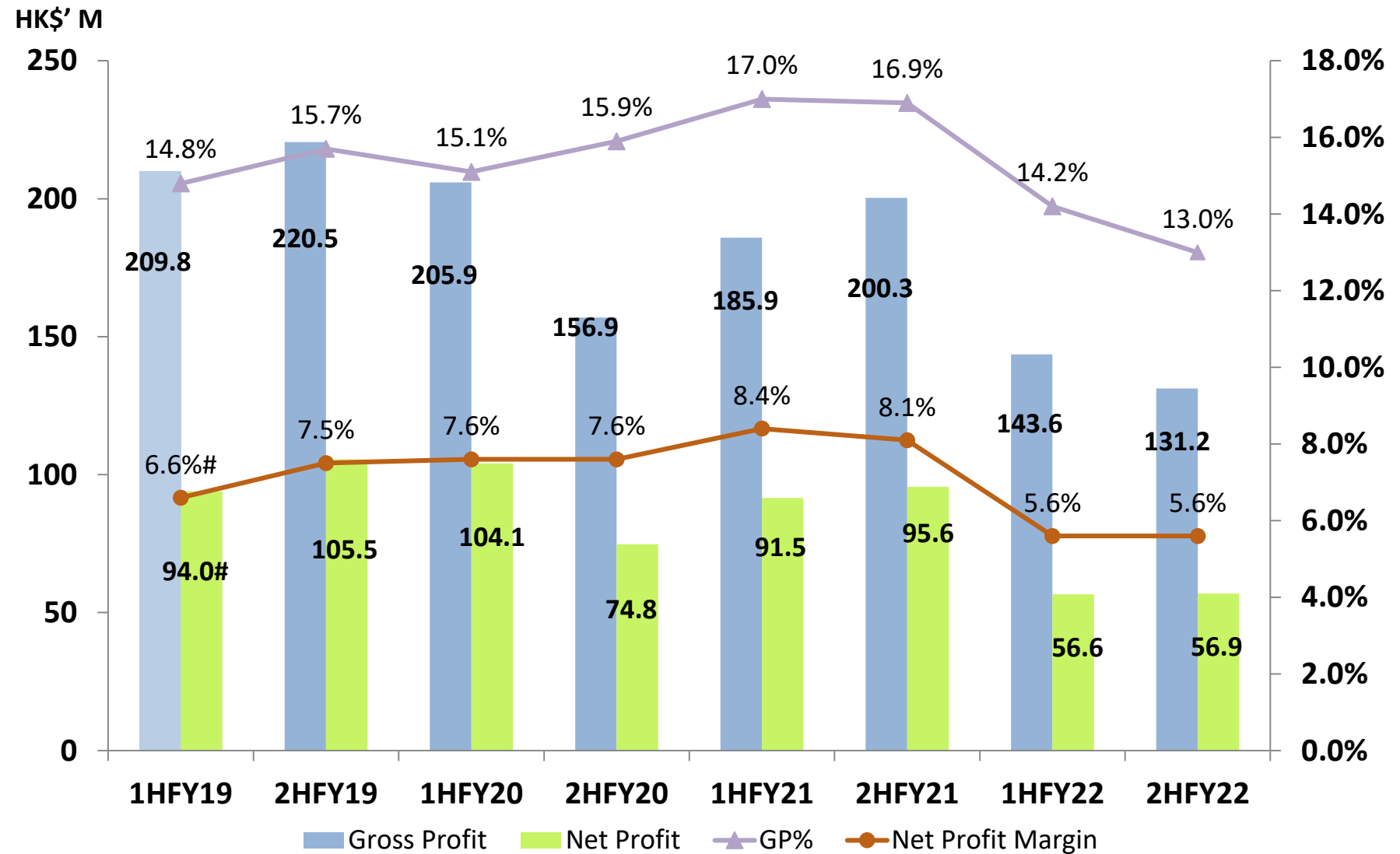
# Half Yearly Revenue Trend



# Revenue by Shipment Destination

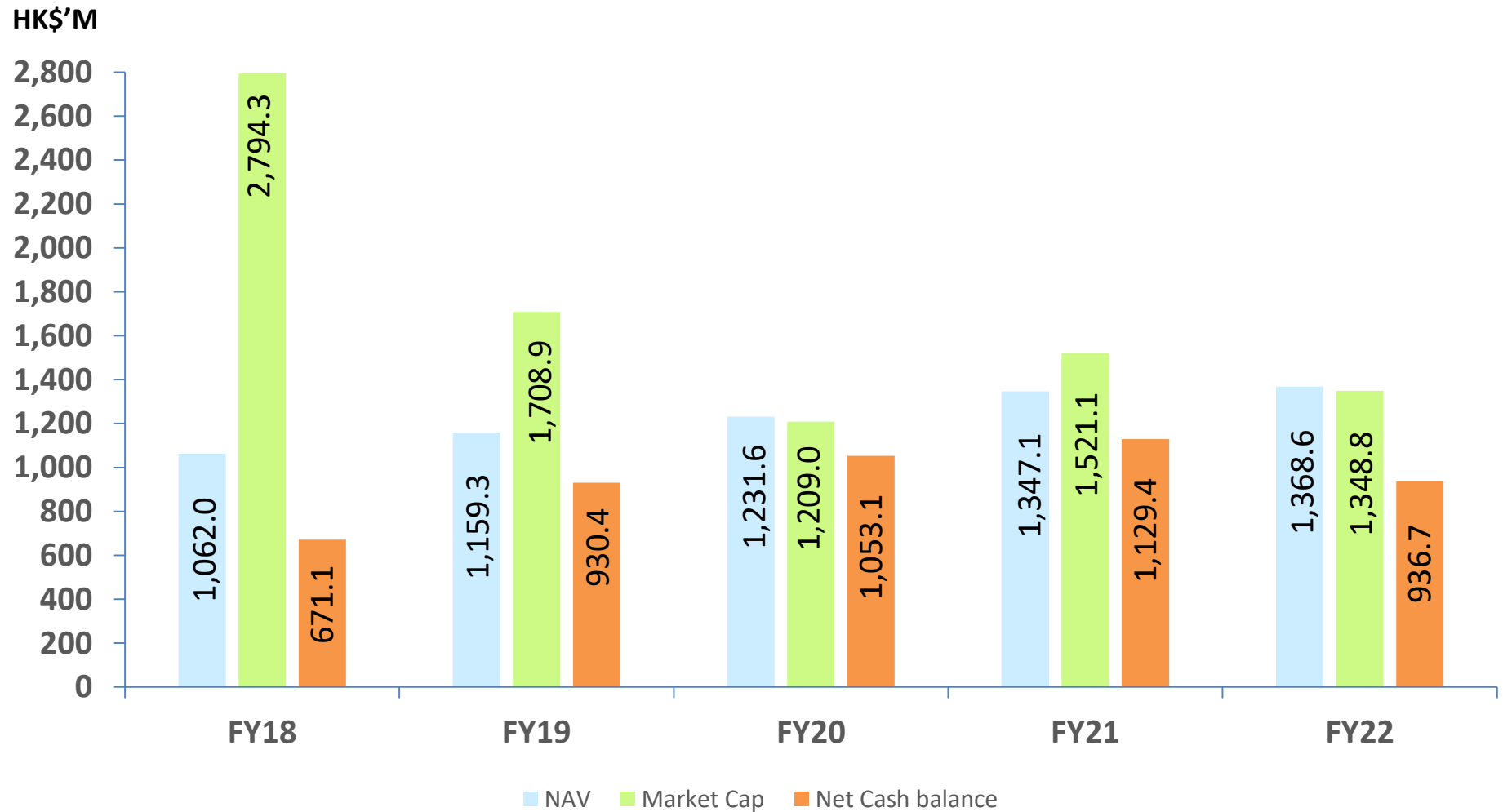


# Gross Profit & Net Profit Trend



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

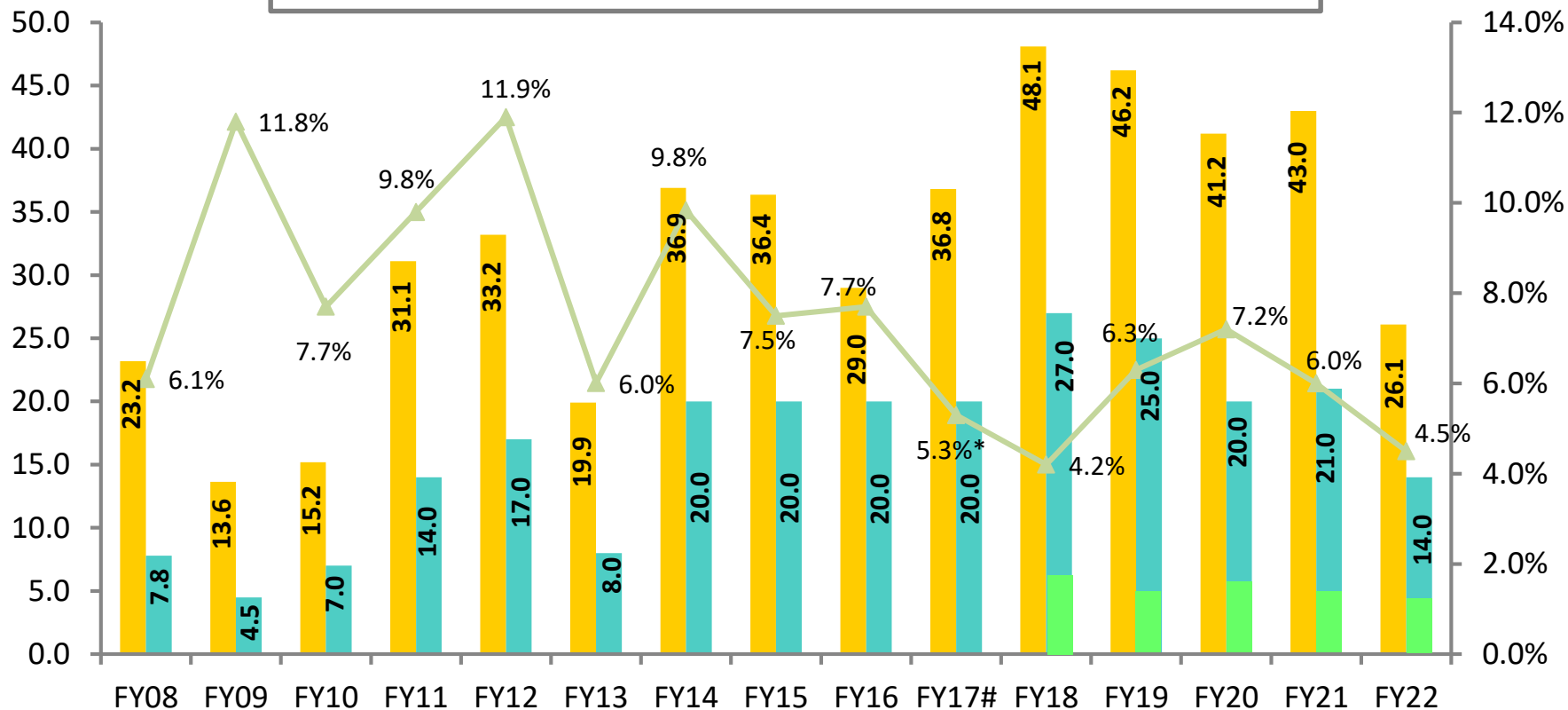
# Market Capitalisation & Net Cash Balance



# Earnings Per Share & Dividends Per Share

We are committed to formal dividend policy of 30-50% payout ratio  
FY22: interim dividend of 4 HK\$ cents & final dividend of 10 HK\$ cents

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	0.68	0.51	0.61	0.535
Dividend Payout	30%	30%	42%	41%	47%	37%	49%	50%	63%	55% *	57%	54%	49%	49%	53%

■ 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	FY22	FY21
<b>Operating Activities</b>		
Net cash (used in) / generated from operating activities	(10,919)	213,071
<b>Investing Activities</b>		
Net cash used in investing activities	(85,242)	(51,061)
- CAPEX	(93,316)	(97, 238)
- Redemption of financial assets at fair value	-	38,630
- Others	8,074	7,547
<b>Financing Activities</b>		
Net cash used in financing activities	(98,245)	(82,062)
- Purchase of treasury shares	(11,120)	-
- Dividend paid	(87,125)	(82,650)
- Others	-	588
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(194,406)</b>	<b>79,948</b>
Effect of foreign exchange rate changes	1,625	(3,598)
<b>Cash and Cash equivalents</b>		
At beginning of the period	1,129,446	1,053,096
<b>At end of the period</b>	<b>936,665</b>	<b>1,129,446</b>

# Balance Sheet & Key Ratios

HK\$'M	FY22	FY21
<b>Working capital</b>		
Inventories	273.5	214.1
Trade Receivables	430.7	490.5
Trade Payables	<u>(262.7)</u>	<u>(365.2)</u>
	<u>441.5</u>	<u>339.4</u>
Net Current Assets	962.1	975.3
Net Cash	936.7	1,129.4
Net Assets	1,368.6	1,347.1

Turnover Days	FY22	FY21
Inventories	57.0	41.2
Trade Receivables	77.5	78.5
Trade Payables	<u>(54.7)</u>	<u>(70.3)</u>
	<u>79.8</u>	<u>49.4</u>

# Key Financial Ratios

	FY22	FY21
<b>Price (SGD) #</b>	0.54	0.61
<b>NAV per share (SGD)*</b>	0.54	0.54
<b>Cash per share (SGD)*</b>	0.37	0.45
<b>Cash to Mkt Cap ratio</b>	69%	74%

	FY22	FY21
<b>Current ratio</b>	2.3	2.1
<b>ROE</b>	8.3%	13.9%
<b>ROA</b>	5.4%	8.3%
<b>PB ratio</b>	0.99	1.13

# Share price as at respective period or year end date

\*SGD/HKD Ex rate:

FY22: 5.79

FY21: 5.77

# Business Review

- As highlighted in FY2021 annual report and FY2022 interim announcement, severe shortages of certain key electronic components has affected the Group's ability to meet orders on a timely basis, leading to a decline in revenue and decrease in profits
- Component supply problem has resulted in extreme price surges, prolonged order lead times, frequent delivery delinquency and consequential productivity losses
- Ongoing COVID-19 pandemic and lockdowns in major cities further disrupted the capacity and logistics of electronic component industry, worsening the situation
- Continue to proactively mitigate adverse impacts by identifying alternative parts, re-engineering products to lower cost, and leveraging the Group's supply chain knowledge to identify new sources of supply
- Despite efforts, component shortages together with cost pressures from inflation will continue to affect gross profit margin until global component market is back to normal

*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

## CE Segment

- CE revenue increased by 3.8% in FY2022, with increased orders from smart lighting customer
- Rebound not expected to continue due to lower customer forecasts and component shortage problem

## ICE Segment

- Significant drop in sales from automotive customer, which switched their production to another vendor in North America
- Components shortage has also affected the order fulfillment for certain ICE customers
- Preparing for trial production for newly acquired customers in ICE segment, including a hardware provider customer for retail chain stores, and a customer providing cooling solutions for high performance computing environments, which is expected to contribute revenue in FY2023

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# Vietnam Expansion

- The Group's Vietnam expansion remained on track in the midst of COVID-19 pandemic
- Vietnam campus commenced mass production for three customers in the last quarter of FY2022, following successful completion of ISO and customer audits
- Mass production projects will serve as a reference for other customers on the readiness and scalability of Vietnam campus
- With Vietnam campus operational, the Group's regional manufacturing footprint strategy targets diversified needs of global customers

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# Significant Trends & Competitive Conditions

- Lockdowns in major China cities affecting global supply chains and increases backlog of critical component supply and affects cross border logistics
- Ripple effect of supply chain bottlenecks could last beyond 2022
- With the component shortages, COVID-19 pandemic, Russia-Ukraine conflict, and US China trade tensions, the Group anticipates potential headwinds
- Barring unforeseen circumstances, cautiously optimistic to remain profitable for FY2023 given track record and strong fundamentals in terms of capability that is supported by a strong balance sheet

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**Sustainability**

# Corporate Sustainability Highlights



## **Sustainability Award (Small Cap) 2019 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 and no incidents of discrimination reported



## **Local Community Engagement**

Carried out such engagements at least once every quarter



**Thank you.**