

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FIRST QUARTER 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

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First Quarter Results

Announcement Reference

SG190814OTHRU5B

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 Q1FY2020 Results.

Additional Details

For Financial Period Ended

30/06/2019

Attachments

[VHL%201QFY2020%20Results%20-%20Presentation%20Slides.pdf](#)

Total size =1744K MB



Q1FY20 Results Presentation

Note: This presentation is to be read in conjunction with the announcement issued on SGXNET on 14 August 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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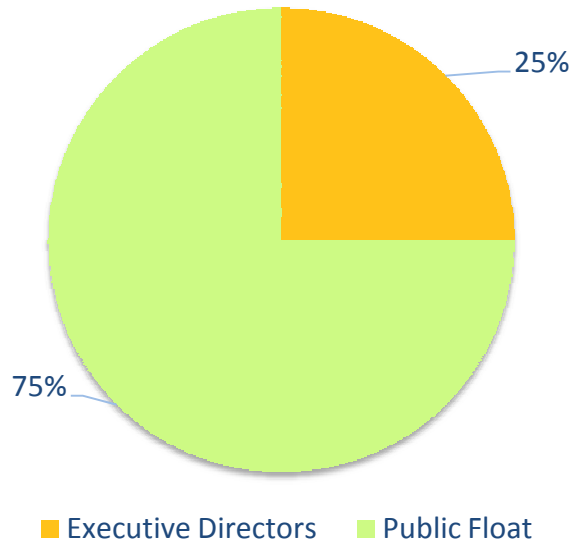
Tel: + 65 6704 9288

Name: Ms Candy Soh

Email: candysoh@cogentcomms.com

Corporate Profile

Shareholding



Bloomberg Code	VALUE.SP
Reuters Code	VLUE.SI
Stock Code	BN2
Index	FTSE ST Singapore, FT ST China, FTSE Global MicroCap
Issued shares (M)	434.0
Mkt cap (SG\$M) (7 Aug 2019)	271.3
Share price (SG\$) (7 Aug 2019)	0.63
Average volume 3-mth ('000)	1,698
52 wk range (SG\$) (7 Aug 2019)	0.59 – 0.79

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 Jun 2019)

Accreditations

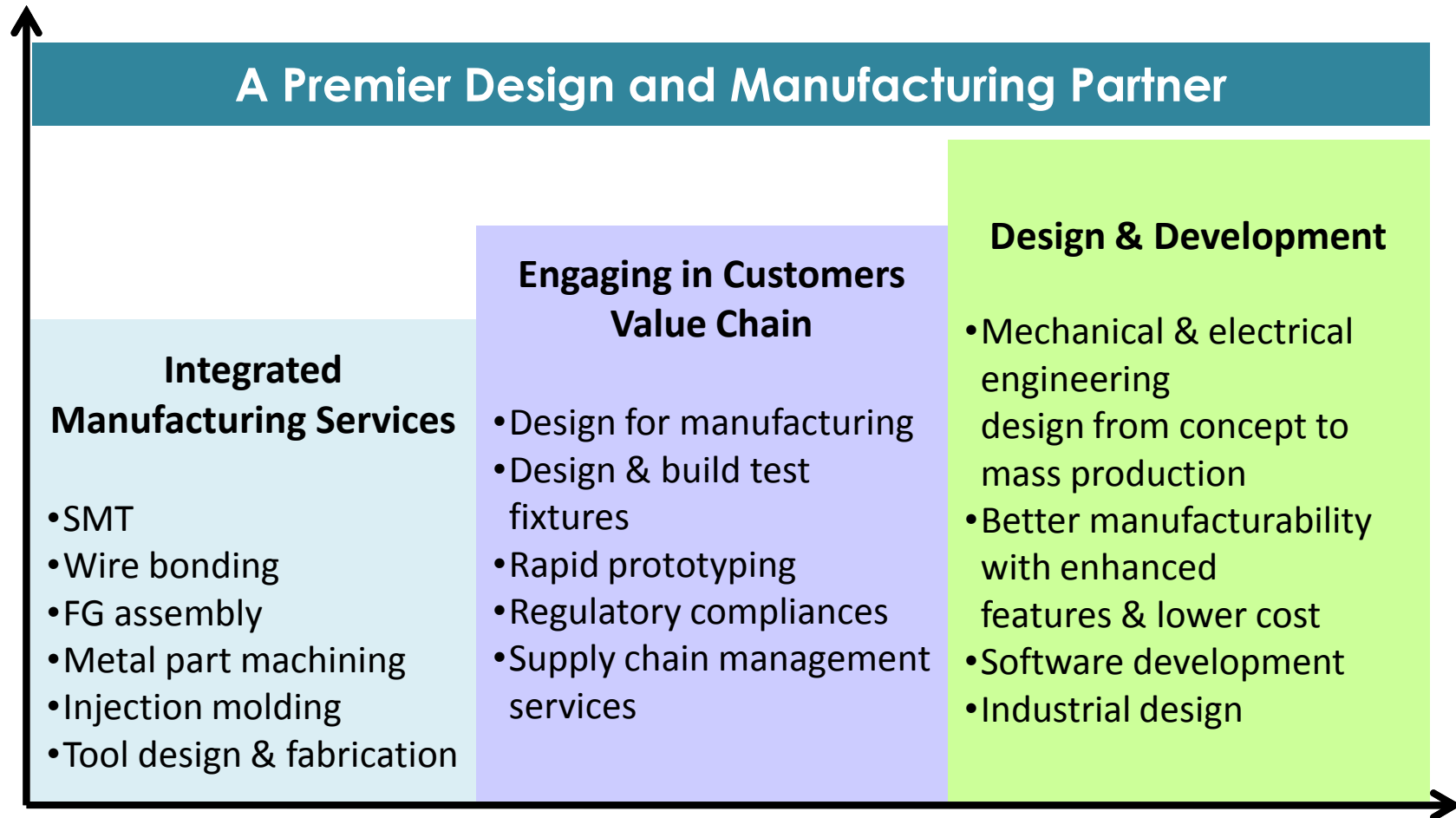
ISO9001:2008, ISO14001:2004, ISO13485: 2003, TL9000 R5.5, TS16949: 2009, IPC J STD-001, IPC-A-610 QML Class 3

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
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

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



Industrial & Commercial Electronics (Cont'd)

Electronic Products for Automotive Industry

Tier 1 Automotive System Manufacturer

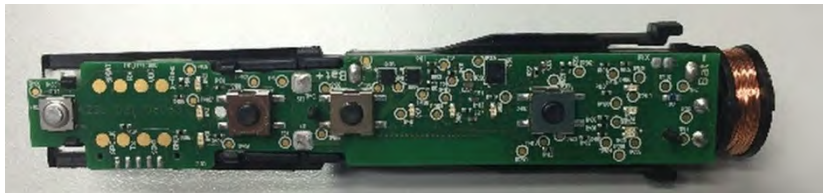
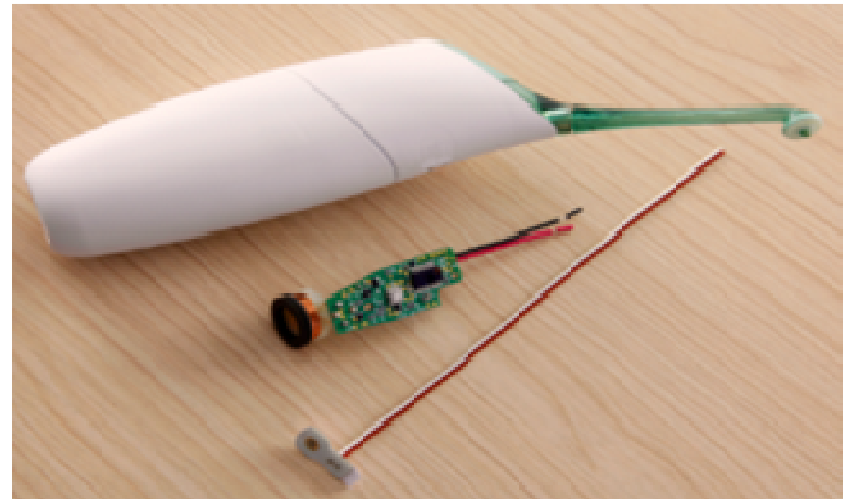


Data and media connectivity module

Consumer Electronics

Consumer Lifestyle Products

Consumer Lifestyle Division of a Dutch MNC



PCBA for Shavers & Electric Toothbrushes for Consumer Use



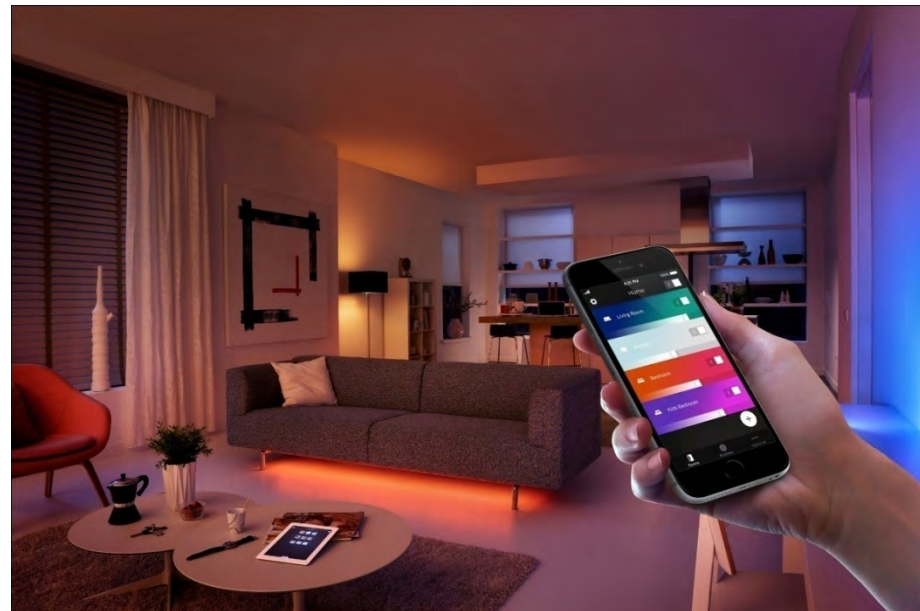
Subsidiary of Homax Group
(Wholly-owned by PE firm)

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**



Q1FY20 Financial Highlights

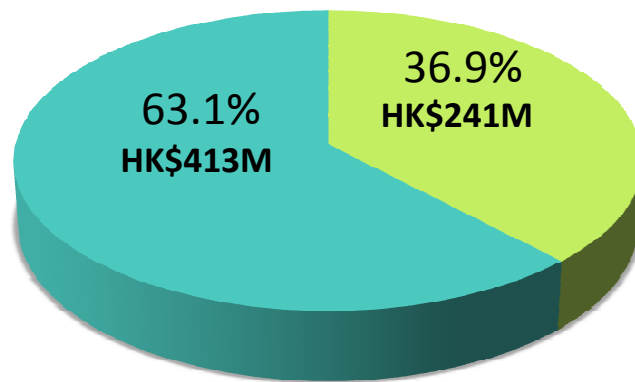
Financial Highlights

HK\$'M	Q1FY20	Q1FY19	% Change
Revenue	654.3	704.0	-7.1
Gross Profit	99.0	102.8	-3.7
Gross Profit Margin	15.1%	14.6%	0.5% pt
Net Profit for the period	48.1	49.7	-3.2
Net Profit Margin	7.4%	7.1%	0.3% pt

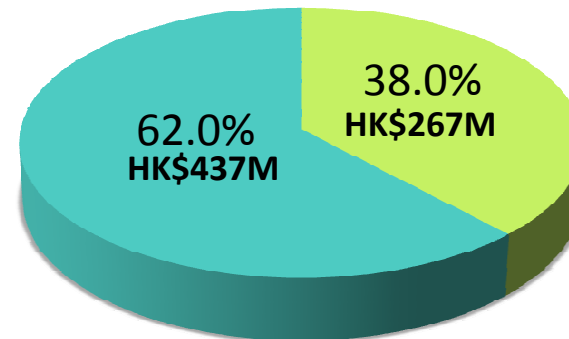
Financial Highlights

Revenue Contribution

Q1FY20

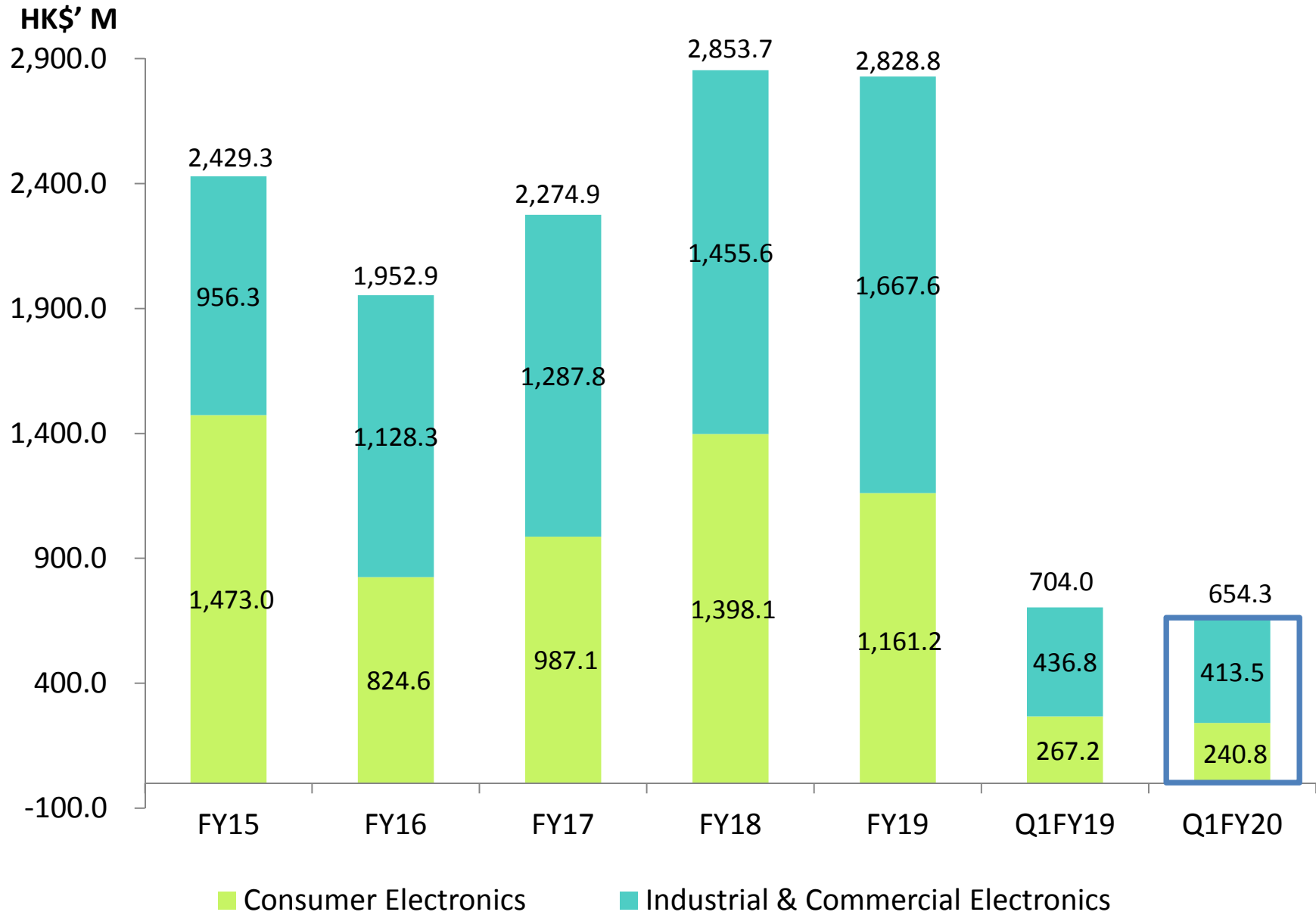


Q1FY19

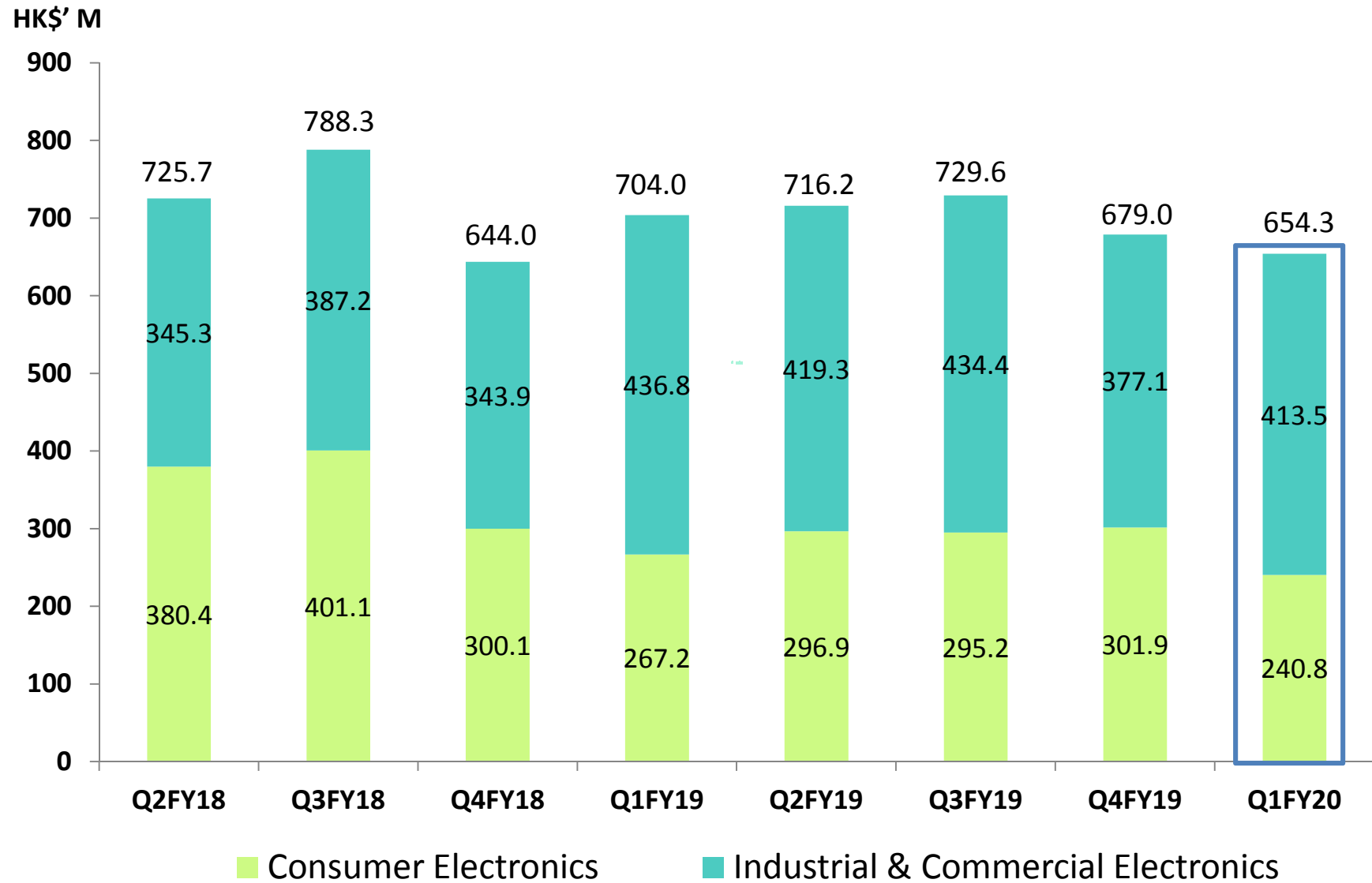


- Consumer Electronics
- Industrial and Commercial Electronics

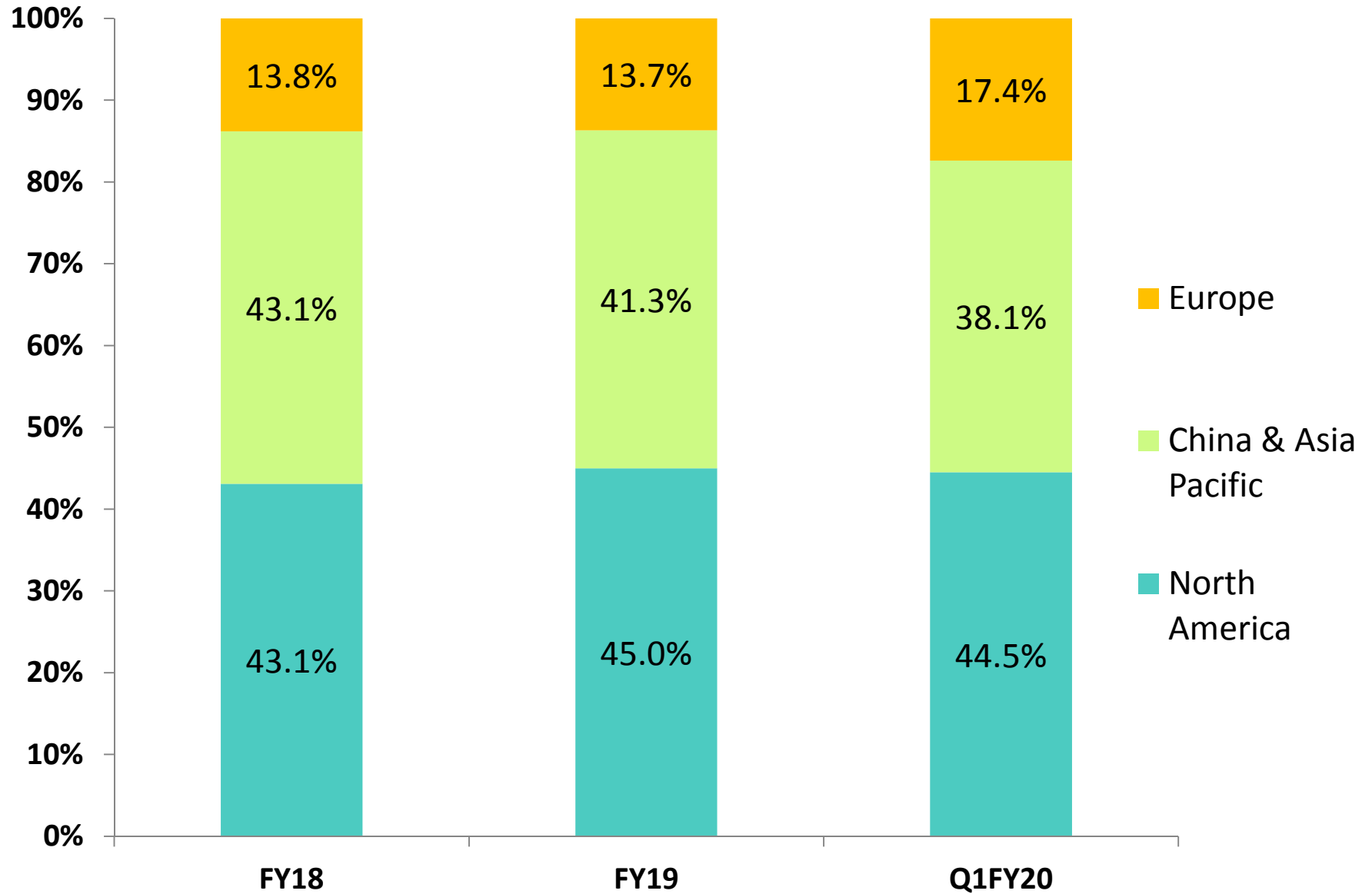
Revenue Trend



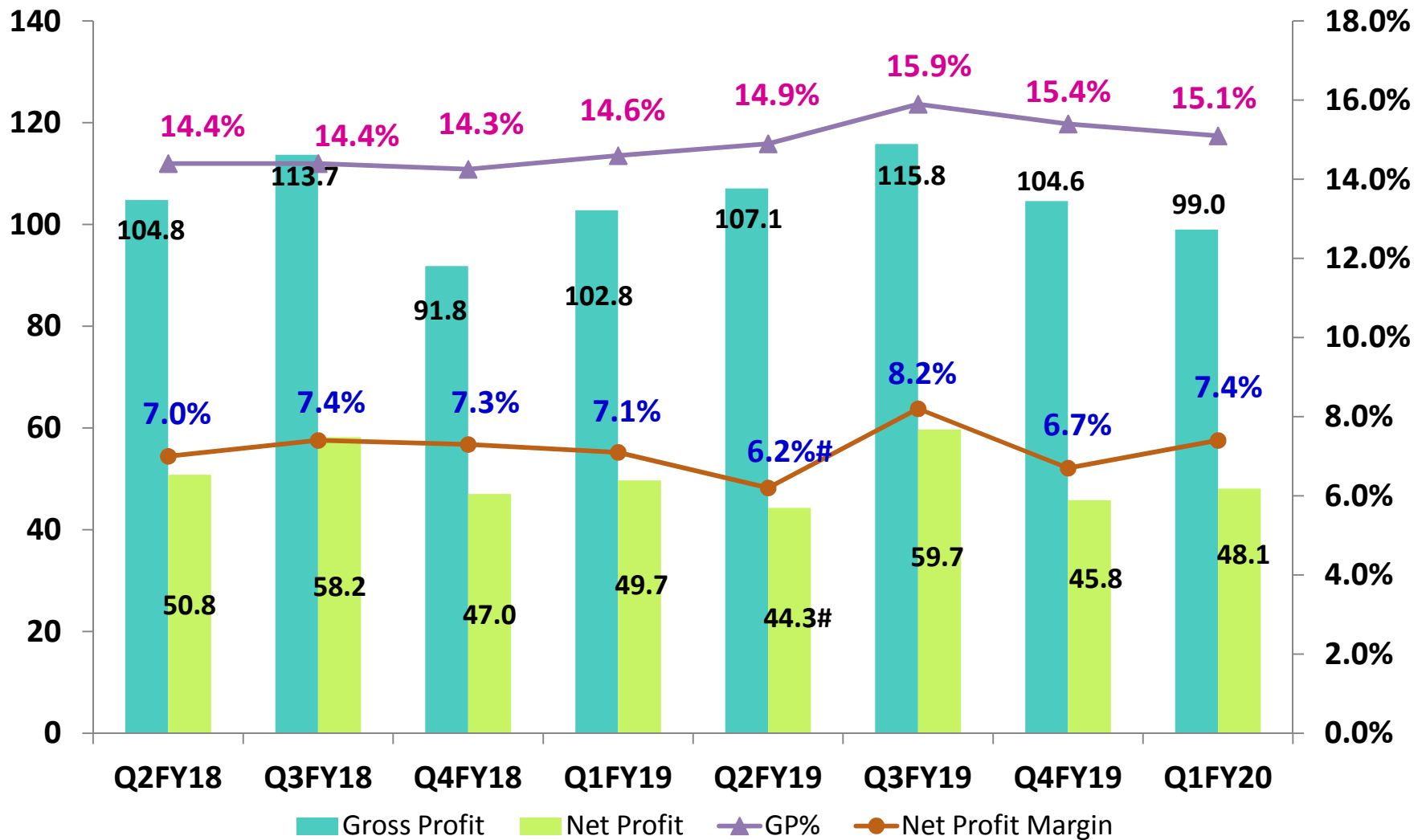
Quarterly Revenue



Revenue by Shipment Destination



Gross Profit & Net Profit Trend



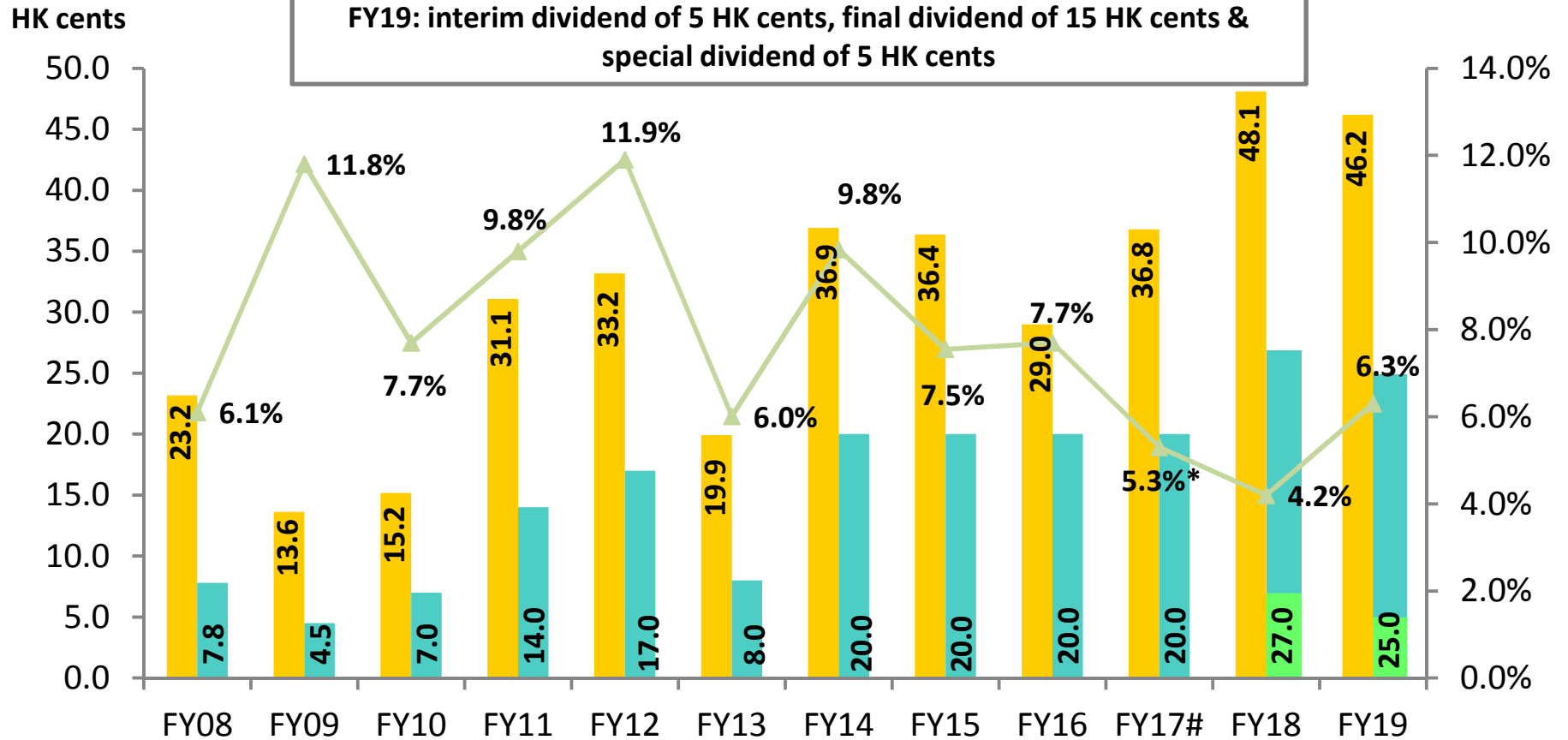
Included the impairment loss of HK\$13.6M recognised in respect of flash floods at the Danshui Factory

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* (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	Q1FY20	Q1FY19
Operating Activities		
Net cash generated from operating activities	73,940	88,540
Investing Activities		
Net cash generated from investing activities		
- Changes in short-term bank deposits	155,000	116,256
- Purchase of PPE	(17,564)	(5,018)
- Others	<u>5,714</u>	<u>2,723</u>
	143,150	113,961
Financing Activities		
Net cash used in financing activities	(296)	-
Net increase in cash and cash equivalents	216,794	202,501
Effect of foreign exchange rate changes	728	(170)
Cash and Cash equivalents		
At beginning of the period	775,445	554,831
At end of the period	992,967	757,162

Balance Sheet & Key Ratios

HK\$'M	Q1FY20	FY19
Working capital		
Inventories	257.5	302.0
Trade Receivables	506.3	436.8
Trade Payables	<u>(411.0)</u>	<u>(391.5)</u>
	<u>352.8</u>	<u>347.3</u>
Net Current Assets	934.3	850.5
Net Cash	993.0	930.4
Net Assets	1,206.2	1,159.3

Turnover Days	Q1FY20	FY19
Inventories	42.3	46.0
Trade Receivables	70.6	56.4
Trade Payables	<u>(67.5)</u>	<u>(59.6)</u>
	<u>45.4</u>	<u>42.8</u>

Key Financial Ratios

	Q1FY20	FY19
Price (SGD) #	0.69	0.68
NAV per share (SGD)*	0.48	0.46
Cash per share (SGD)*	0.40	0.37
Cash to Mkt Cap ratio	58%	54%

	Q1FY20	FY19
Current ratio	2.1	2.0
ROE	16.0%	17.2%
ROA	9.2%	9.9%
PB ratio	1.42	1.47

Share price as at respective period or year end date

*SGD/HKD Ex rate:

Q1FY20: 5.77;

FY19: 5.79

Business Outlook

Macro environment

- Escalation of trade tensions between US and China show no immediate signs of abatement; the Group's operations will continue to be affected negatively
- In Q1FY20 approx. 45% of the Group's revenue was shipped to the US and around half of the Group's US shipment from China was subjected to 25% tariff imposed on customers by US
- Further 10% tariff might be imposed on remaining Chinese imports from 1 September 2019
- More customers deploying diversified procurement strategies, such as adopting and/or evaluating the options of assembling their products out of 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

Strategy

- Vietnam expansion progressing as planned
- Leased site in Vietnam has been qualified by customer and mass production has begun since June 2019, with shipments made from Vietnam to US market
- Intends to acquire a plot of land in an industrial park to build the Group's own manufacturing campus in Vietnam

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.