

**FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::HALF YEARLY RESULTS**

## Issuer &amp; 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 &amp; Time of Broadcast

11-Nov-2020 07:05:55

## Status

New

## Announcement Sub Title

Half Yearly Results

## Announcement Reference

SG201111OTHRZFH1

## 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 1HFY2021 Results.

## Additional Details

## For Financial Period Ended

30/09/2020

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## Attachments

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[VHL-Presentation Slides-1HFY2021 Results.pdf](#)

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Total size = 1906K MB

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## **1HFY21 Results Presentation**

# 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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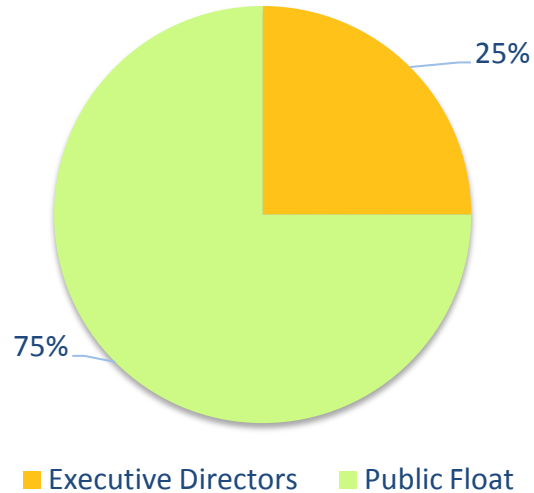
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# Corporate Profile

## Shareholding



Bloomberg Code	VALUE.SP
Reuters Code	VLUE.SI
Stock Code	BN2
Index	<b>FTSE ST Small Cap, FTSE ST China, FTSE Global MicroCap</b>
Issued shares (M)	<b>435.6</b>
Mkt cap (SG\$M) (4 Nov 2020)	<b>246.1</b>
Share price (SG\$) (4 Nov 2020)	<b>0.565</b>
Average volume 3-mth ('000)	<b>1,059</b>
52 wk range (SG\$) (4 Nov 2020)	<b>0.435 – 0.86</b>

## 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) and Vinh Phuc Province, Vietnam
- Auditors: PricewaterhouseCoopers
- Around 3,500 employees (31 Mar 2020)

## 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

## Accreditations

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

# Business Model

Value Add

## A Premier Design and Manufacturing Partner

### Integrated Manufacturing Services

- SMT
- Auto insertion & Selective soldering
- Wire bonding
- FG assembly
- CNC 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
- Testing development
- Industrial design

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**

**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 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

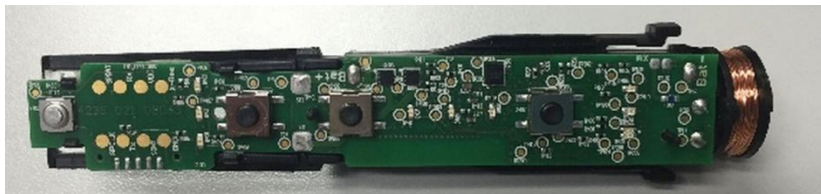
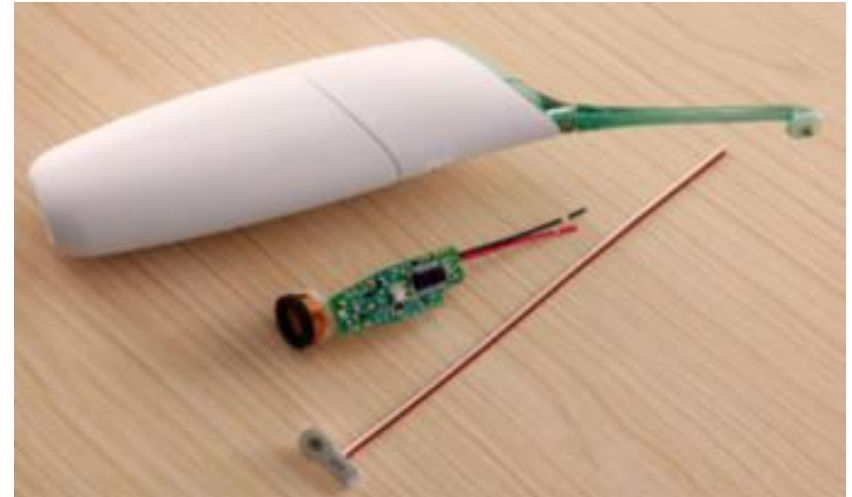


Data and media connectivity module

# Consumer Electronics

## Consumer Lifestyle Products

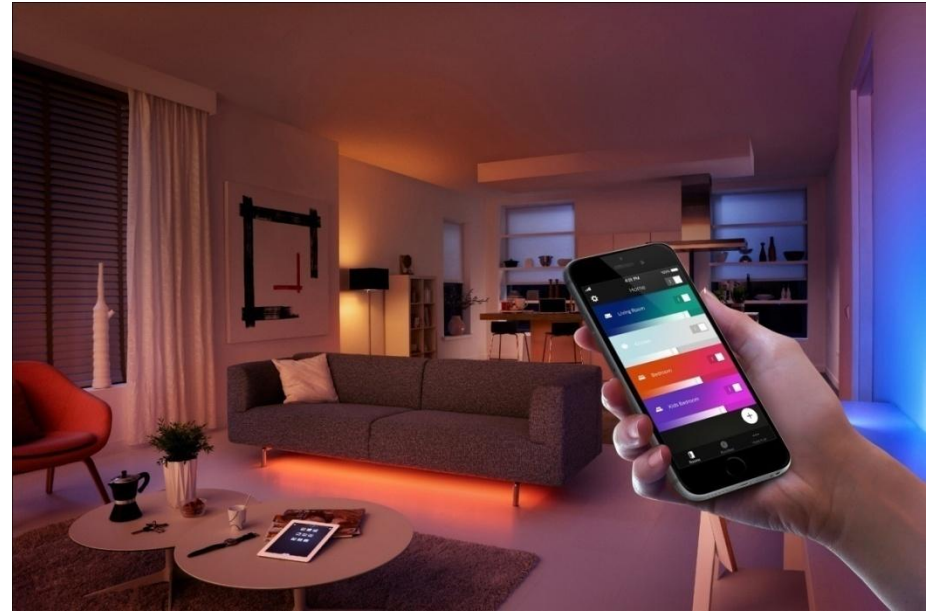
Consumer Lifestyle Division of a Dutch MNC



PCBA for Shavers & Electric Toothbrushes for Consumer Use

# Consumer Electronics (Cont'd)

## Smart Lighting with IOT Features



**Wireless lighting contain various LED specially chosen to produce wide range of intensities and over 16 million colours;  
Wirelessly controlled by mobile application**



## **1HFY21 Financial Highlights**

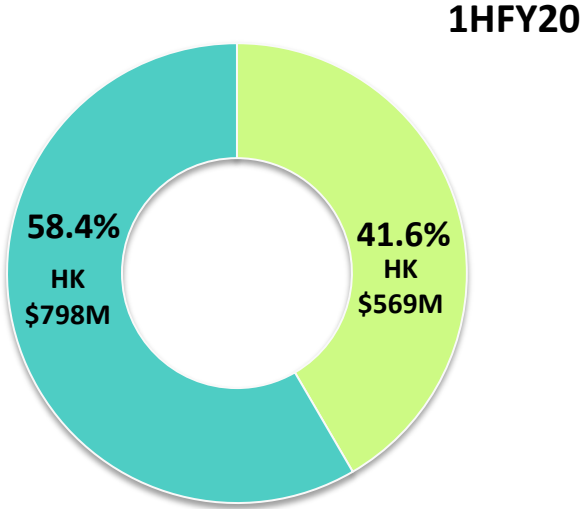
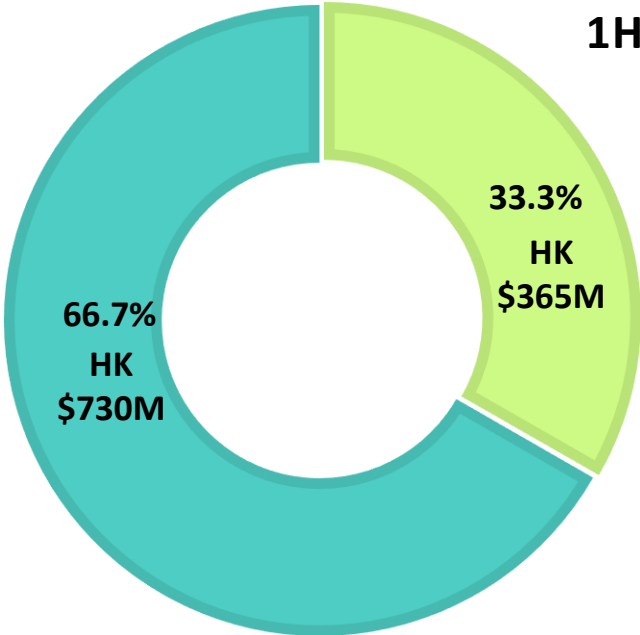


# Financial Highlights

HK\$'M	1HFY21	1HFY20	% Change
Revenue	1,094.9	1,367.1	-19.9
Gross Profit	185.9	205.9	-9.7
Gross Profit Margin	17.0%	15.1%	1.9% pt
Net Profit for the period	91.5	104.1	-12.1
Net Profit Margin	8.4%	7.6%	0.8% pt

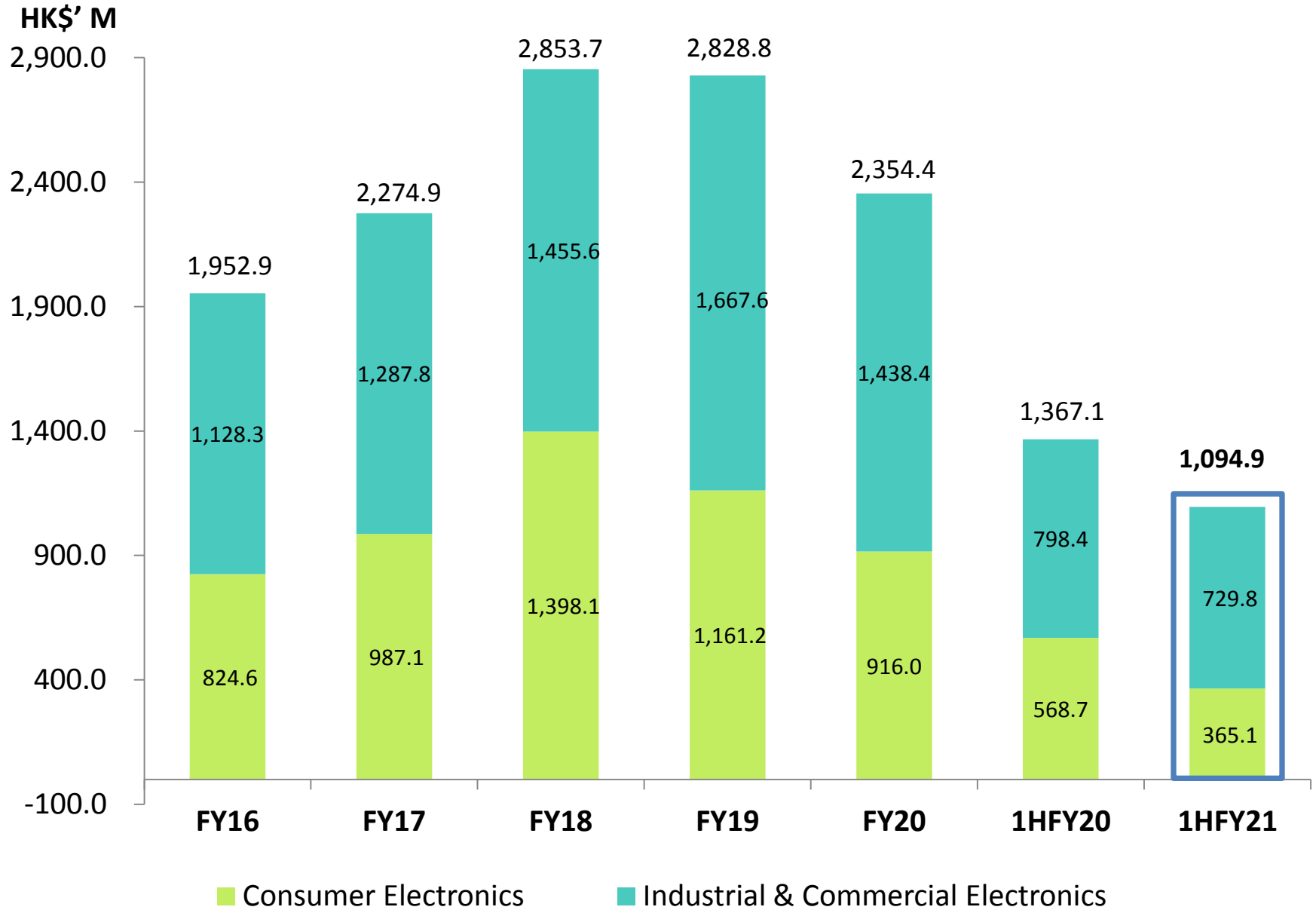
# Financial Highlights

## Revenue Contribution

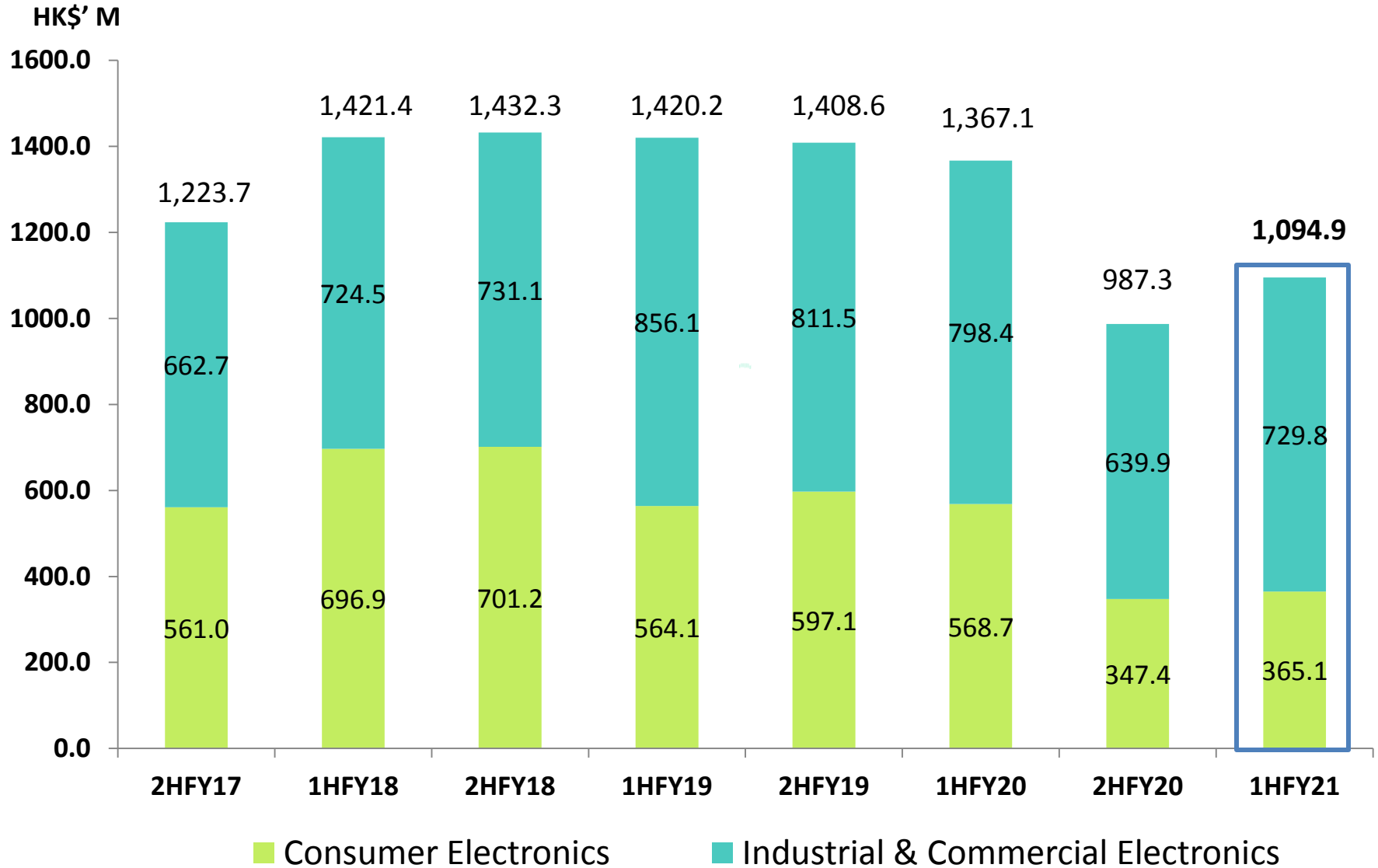


- Consumer Electronics
- Industrial and Commercial Electronics

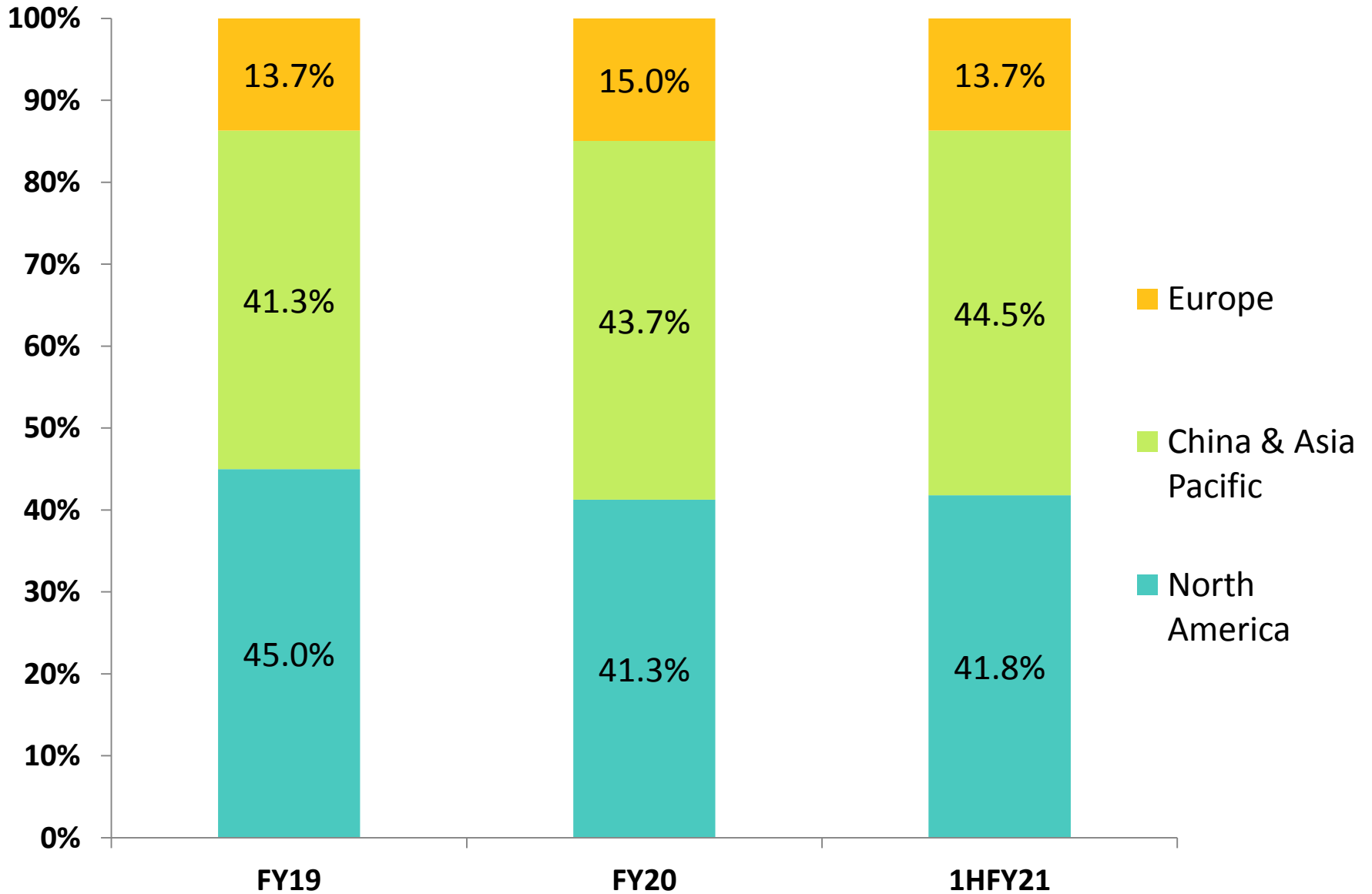
# Revenue Trend



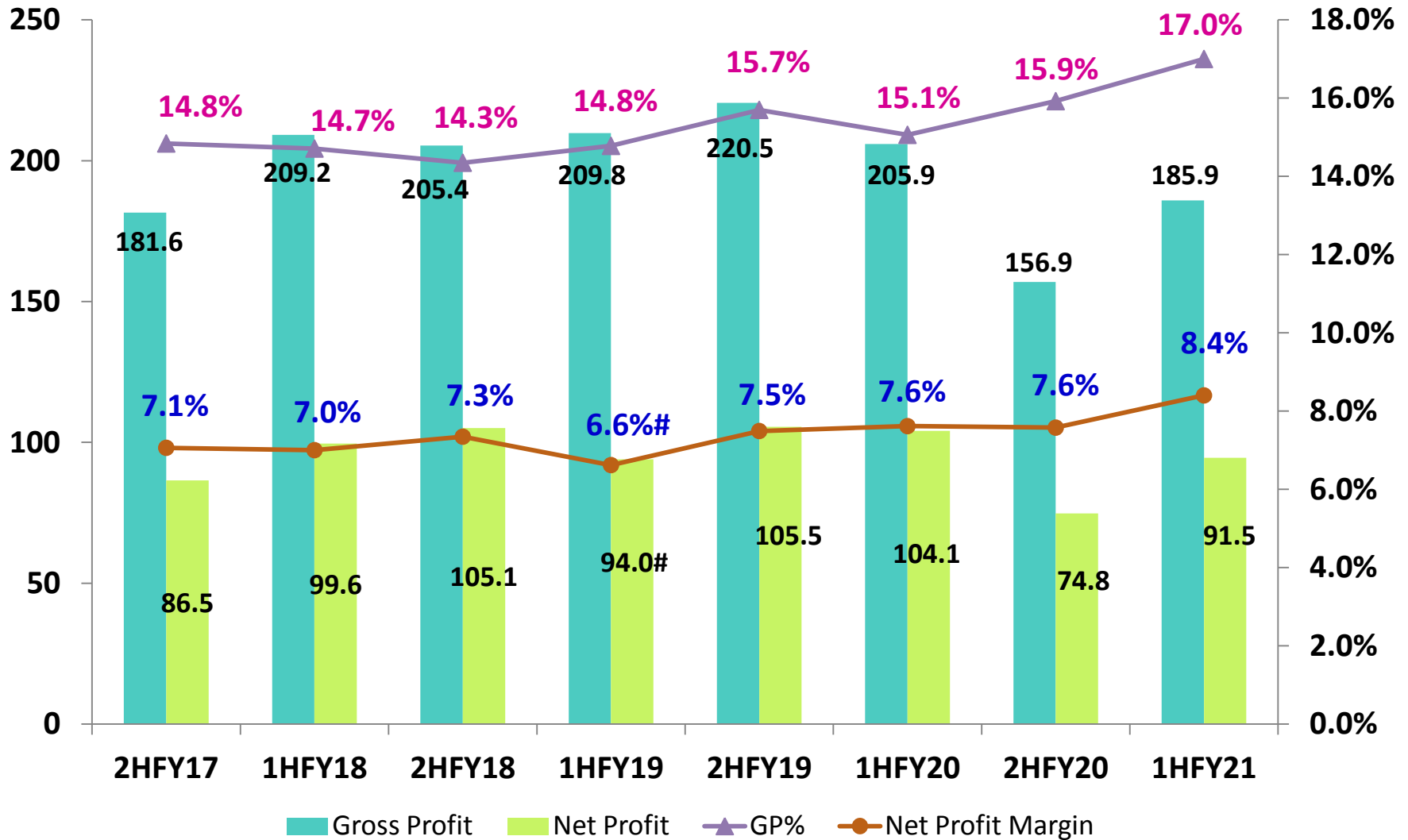
# Half-year Revenue



# Revenue by Shipment Destination

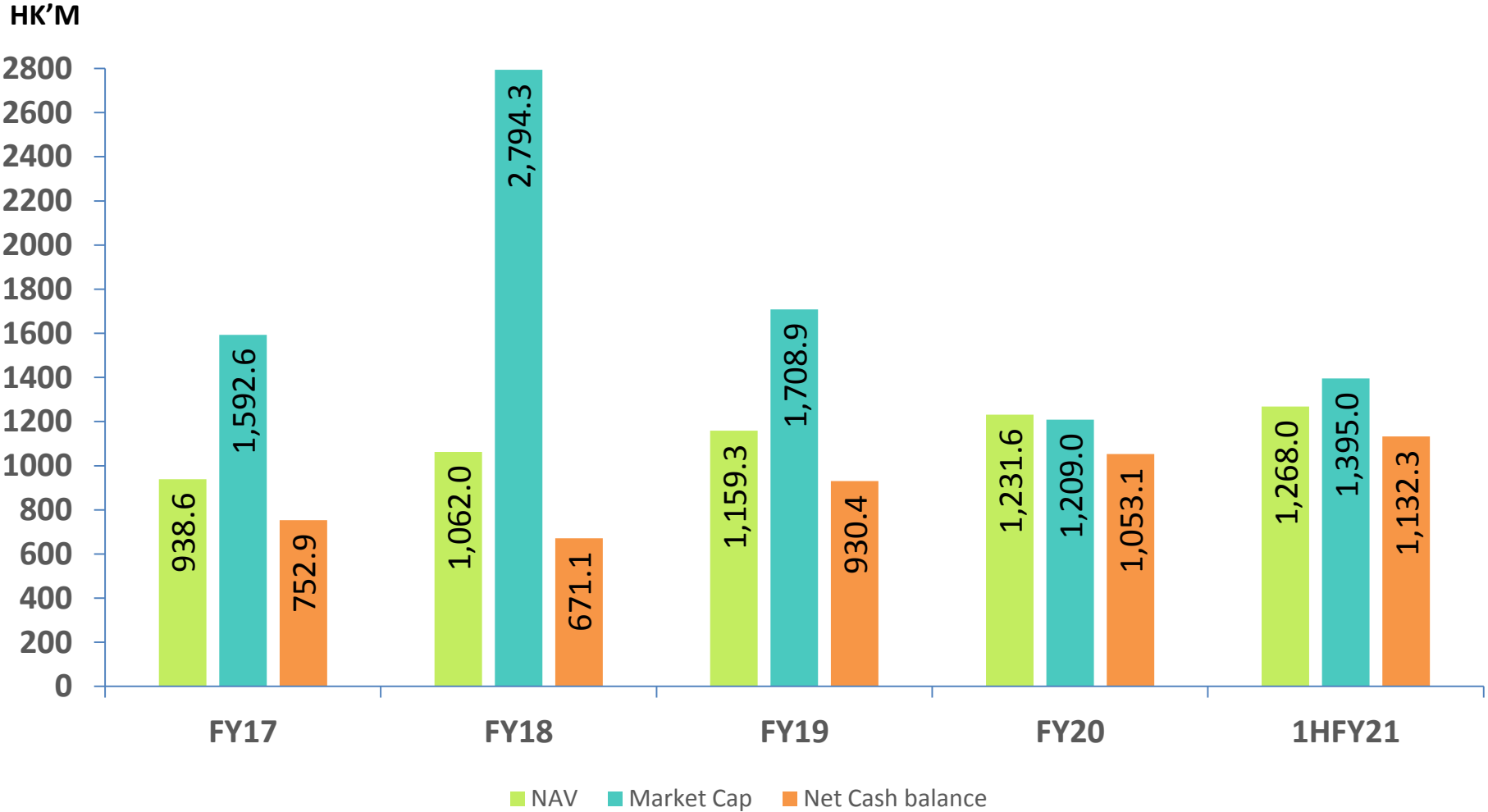


# Gross Profit & Net Profit Trend



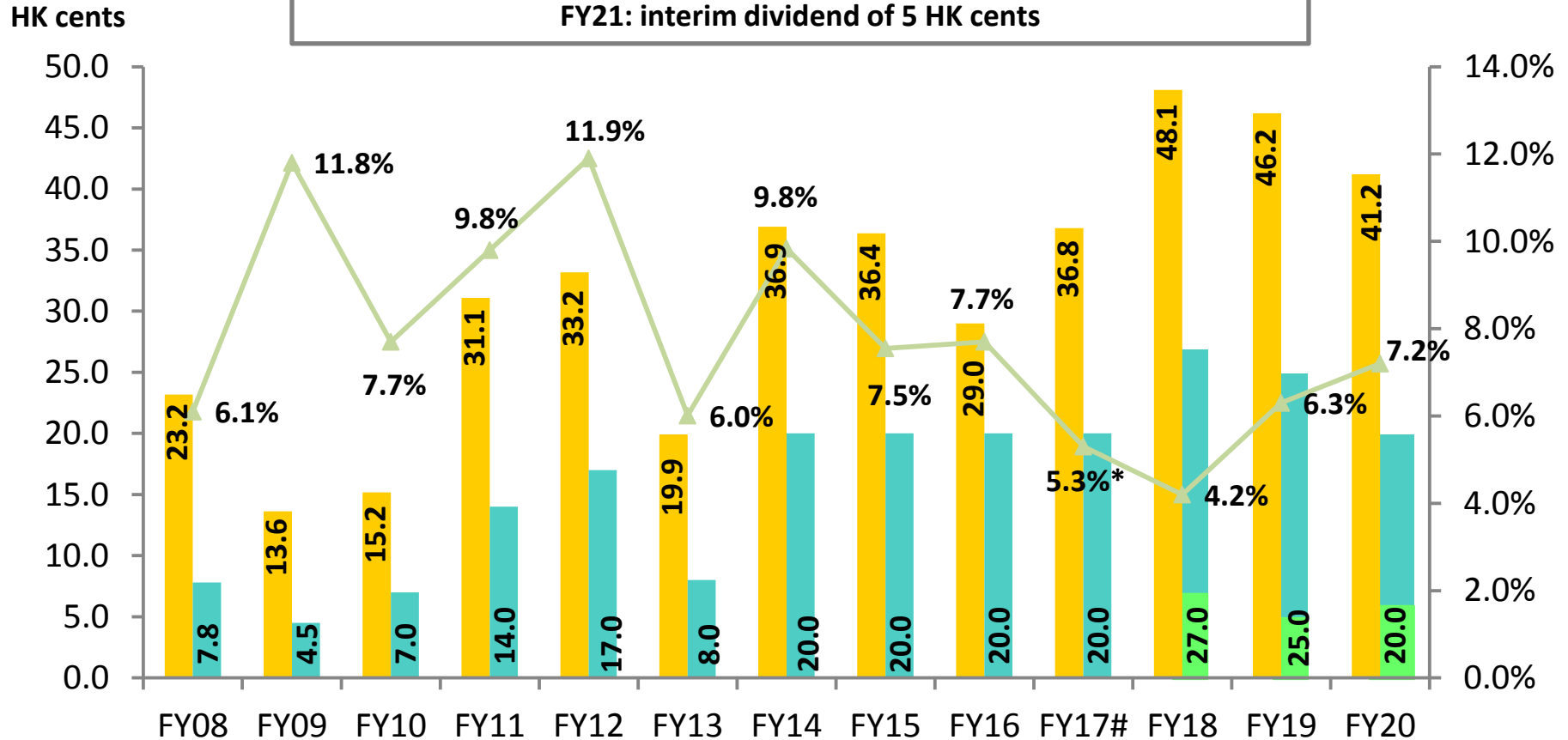
# Included the impairment loss of HK\$13.6M recognised in respect of flash floods at the Danshui Factory

# Market Capitalisation & Net Cash Balance



# Earnings Per Share & Dividends Per Share

We are committed to formal dividend policy of 30-50% payout ratio  
FY21: interim 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	<b>0.51</b>
Dividend Payout	30%	30%	42%	41%	47%	37%	49%	50%	63%	55% *	57%	54%	<b>49%</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	1HFY21	1HFY20
<b>Operating Activities</b>		
Net cash generated from operating activities	131,504	187,883
<b>Investing Activities</b>		
Net cash generated from / (used in) investing activities	8,501	(7,561)
- CAPEX	(34,965)	(18,994)
- Redemption of financial assets at fair value	38,630	-
- Others	4,836	11,433
<b>Financing Activities</b>		
Net cash used in financing activities	(61,538)	(83,769)
<b>Net increase in cash and cash equivalents</b>	<b>78,467</b>	96,553
Effect of foreign exchange rate changes	763	1,282
<b>Cash and Cash equivalents</b>		
At beginning of the period	1,053,096	930,445
<b>At end of the period</b>	<b>1,132,326</b>	1,028,280

# Balance Sheet & Key Ratios

HK\$'M	1HFY21	FY20
<b>Working capital</b>		
Inventories	210.2	227.9
Trade Receivables	513.5	326.4
Trade Payables	<u>(433.6)</u>	<u>(291.2)</u>
	<u>290.1</u>	<u>263.1</u>
<b>Net Current Assets</b>	936.4	902.4
<b>Net Cash</b>	1,132.3	1,053.1
<b>Net Assets</b>	1,268.0	1,231.6

Turnover Days	1HFY21	FY20
Inventories	42.2	41.8
Trade Receivables	85.6	50.6
Trade Payables	<u>(87.1)</u>	<u>(53.4)</u>
	<u>40.7</u>	<u>39.0</u>

# Key Financial Ratios

	1HFY21	FY20
Price (SGD) #	0.57	0.51
NAV per share (SGD)*	0.51	0.52
Cash per share (SGD)*	0.46	0.44
Cash to Mkt Cap ratio	81%	87%

	1HFY21	FY20
Current ratio	2.0	2.2
ROE	14.4%	14.5%
ROA	8.2%	8.9%
PB ratio	1.10	0.98

# Share price as at respective period or year end date

\*SGD/HKD Ex rate:

1HFY21: 5.67;

FY20: 5.44

# Business Review

## Supply Side

- Stringent travel restrictions in China gradually released so China factories were able to fill up the workforce since the start of FY2021

## Demand Side

- Under COVID-19 pandemic, customer demand from both CE and ICE segments continues to weaken, with the exception of printers and sensing devices customers

*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 Review

## Progress of Vietnam expansion

- Construction of Vietnam campus has started in July 2020
- 4,000 sqm leased factory, located a few miles away from the Vietnam campus, has commenced production during the period
- This demonstrates the Group's immediate solution for customers who seek to diversify their procurement chain outside China
- A few existing customers are in different stages of production transfer from the Group's China site to Vietnam site

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# Business Outlook

## Near term outlook

- In efforts to mitigate the increasing risk of Sino-US trade tensions, some customers in the auto industry and CE segment continue their planned transfer of their production for the US end-market from China to North America and ASEAN
- Switch-over to other suppliers in these regions expected to complete in FY2021 and its negative impact to reflect in FY2022
- Expect to remain profitable for FY2021, however the outlook of the near term beyond FY2021 continue to be highly uncertain due to far-from-over COVID-19 pandemic and Sino-US trade tensions

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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. No incidents of discrimination reported.



## Local Community Engagement

Carried out such engagements at least once every quarter