

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::THIRD 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

Date & Time of Broadcast

12-Feb-2019 07:03:24

Status

New

Announcement Sub Title

Third Quarter Results

Announcement Reference

SG190212OTHR78GX

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:

Media Release - Valuetronics' Q3FY2019 Net Profit rose to HK\$59.7 million

Additional Details

For Financial Period Ended

31/12/2018

Attachments

[VHL%20FY2019Q3%20Results%20-%20Media%20Release.pdf](#)



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Media Release

Valuetronics' Q3FY2019 Net Profit rose to HK\$59.7 million

Singapore, 12 February 2019 – SGX Mainboard listed Valuetronics Holdings Limited (“Valuetronics”, “鸿通电子控股有限公司” or collectively with its subsidiaries, the “Group”), a premier design and manufacturing partner for the world’s leading brands in the Consumer Electronics (“CE”) and Industrial and Commercial Electronics (“ICE”) sectors today announced that its net profit for the three months ended 31 December 2018 (“Q3FY2019”) increased by 2.6% to HK\$59.7 million.

Q3FY2019 Financial Highlights

	3 months ended 31 December			9 months ended 31 December		
HK\$'M	2018	2017	% Change	2018	2017	% Change
Revenue	729.6	788.3	- 7.5	2,149.8	2,209.7	- 2.7
Gross Profit	115.8	113.7	1.8	325.6	322.9	0.8
Gross Profit Margin	15.9%	14.4%	1.5% pt	15.1%	14.6%	0.5% pt
Net Profit attributable to owners of the Company	59.7	58.2	2.6	153.7	157.7	- 2.6

Mr Ricky Tse Chong Hing (“谢创兴”), Chairman and Managing Director of Valuetronics commented: *“In Q3FY2019, we saw changes to our product mix with CE revenue decreasing, which was partially offset by increasing ICE revenue. This led to a slight increase in our net profit to HK\$59.7 million.”*

The Group’s revenue decreased by 7.5% from HK\$788.3 million for the three months ended 31 December 2017 (“Q3FY2018”) to HK\$729.6 million in Q3FY2019.

Segmental Revenue			
HK\$’M	Q3FY2019	Q3FY2018	% Change
Consumer Electronics (“CE”)	295.2	401.1	- 26.4
Industrial & Commercial Electronics (“ICE”)	434.4	387.2	12.2
Total	729.6	788.3	- 7.5

In Q3FY2019, the CE segmental revenue decreased by 26.4% to HK\$295.2 million from HK\$401.1 million in Q3FY2018. The decrease was mainly due to the slowdown in demand of smart LED lighting products.

The ICE segmental revenue grew by 12.2% to HK\$434.4 million in Q3FY2019 from HK\$387.2 million in Q3FY2018 with the increase in revenue attributed to the increase in demand from some ICE customers such as printers and in-car connectivity modules used in the automotive industry.

The Group’s gross profit for Q3FY2019 increased by 1.8% to HK\$115.8 million from HK\$113.7 million in Q3FY2018. Gross profit margin increased to 15.9% in Q3FY2019 from 14.4% in Q3FY2018 as a result of change in product sales mix during the period under review.

The Group's other income remained stable at HK\$5.3 million in Q3FY2019 as compared to HK\$5.2 million in Q3FY2018.

Selling and distribution expenses decreased by 10.2% to HK\$10.9 million in Q3FY2019 which was mainly due to the decrease in logistics expenses as a result of a lower revenue. Administrative expenses increased by 10.3% to HK\$43.7 million in Q3FY2019 which was mainly due to the increase in staff cost.

As a result of the above, the Group's net profit in Q3FY2019 grew by 2.6% to HK\$59.7 million from HK\$58.2 million in Q3FY2018.

Healthy Financial Position

As at 31 December 2018, the Group had net current assets of HK\$815.6 million (31 March 2018: HK\$774.9 million), total assets of HK\$2,050.5 million (31 March 2018: HK\$1,968.8 million) and shareholders' funds of HK\$1,109.6 million (31 March 2018: HK\$1,062.0 million). As at 31 December 2018, the Group continued to maintain its zero-debt position and had cash and bank deposits of HK\$754.9 million (31 March 2018: HK\$671.1 million).

Business Outlook

With a mixed performance in the CE and ICE segments, there was a single digit revenue decline quarter on quarter. The ICE segmental revenue continued its double-digit growth, benefitting from the strong performance of the Group's printer and automotive customers. The CE segment reported a revenue decline in Q3FY2019 due to weak performance in smart LED lighting products which is expected to continue to weaken in the near term.

As a manufacturer with global sales, the Group is operating in an uncertain macro-economic environment, caused by geo-political and trade tensions. Whilst there is no material immediate direct economic impact to the Group at this juncture, any indirect and consequential impacts cannot be ruled out, such as margin pressures or even the potential loss of customers should they switch to alternative suppliers, if the trade tensions do not ease.

The continued trade tensions have driven the Group's customers to adopt a more diversified procurement strategy as they evaluate options of assembling products outside China to mitigate the impact of tariffs on goods imported to the US market. In response to the uncertainty, the Group is also exploring options to diversify its manufacturing footprint into North America and the Southeast Asian countries.

Barring unforeseen circumstances, the directors expect the Group to remain profitable for the financial year ending 31 March 2019.

End.

Note: This media release is to be read in conjunction with the announcement issued on SGXNET on the same date.

About Valuetronics Holdings Limited

Valuetronics Holdings Limited was listed on the SGX Mainboard in 2007 and is currently a constituent stock on the FTSE ST Small Cap and FTSE ST China Indices. Valuetronics is an Electronic Manufacturing Service (“EMS”) provider which focuses on the design and development of products that meet the ever-changing needs of customers. It is the preferred choice of several successful global companies that are involved in consumer electronics and industrial and commercial electronics products, with core competencies ranging from tool fabrication, injection moulding, metal stamping, machining, surface mount technology (“SMT”) and finished product assembly on full turnkey basis. Valuetronics’ EMS business is classified into two reportable segments namely consumer electronics products and industrial and commercial electronics products. Headquartered in Hong Kong, the Group’s main manufacturing facility is located in Long Shan 2nd Road, Western District of Science and Technology Park, Dayawan Economy and Technology Development District, Huizhou City, Guangdong Province, PRC.

For more information, please visit <http://www.valuetronics.com.hk>

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