

**Name of Announcer**

HI-P INTERNATIONAL LIMITED

**Company Registration No.**

198004817H

**Announcement submitted on behalf of**

HI-P INTERNATIONAL LIMITED

**Announcement is submitted with respect to**

HI-P INTERNATIONAL LIMITED

**Announcement is submitted by**

Yao Hsiao Tung

**Designation**

Director

**Date & Time of Broadcast**

05-Nov-2007 21:29:08

**Announcement No.**

00160

**Announcement Details****Announcement Title**

Q3 FY2007 RESULTS BRIEFING

**Description**

PLEASE REFER TO ATTACHMENT

**Attachments:**

 [HiP\\_Q3FY2007\\_Results\\_Briefing.pdf](#)

Total size = 265K

(2048K size limit recommended)



# Hi-P International Ltd

## Q3 FY07 Results Briefing

5 November 2007

*Integrated*  
Contract  
Manufacturer



# ***Q3 Overview***

**Robert Mahoney**  
**Chief Executive Officer**



# Q3 FY07 YoY Performance



Hi-P INTERNATIONAL  
LIMITED

	Q307	Q306	+/-
Revenue	\$ 262 m	\$ 220 m	+19%
Gross profit	\$ 20 m	\$ 28 m	-28%
Operating profit	\$ 4 m	\$ 15 m	-72%
Taxation	64.4%	4.8%	
Net profit	\$ 0.3 m	\$ 15 m	-98%
Earnings/share	0.05 cts	1.73 cts	-97%

# Q3 FY07 QoQ Performance



Hi-P INTERNATIONAL  
LIMITED

	Q307	Q207	+/-
Revenue	\$ 262 m	\$ 201 m	+30%
Gross profit	\$ 20 m	\$ 28 m	-28%
Operating profit	\$ 4 m	\$ 16 m	-73%
Taxation	64.4%	6.4%	
Net profit	\$ 0.3 m	\$ 13 m	-98%
Earnings/share	0.05 cts	1.52 cts	-97%

# Revenue by SBU YoY



Hi-P INTERNATIONAL  
LIMITED

---

	<u>YOY</u>	<u>QOQ</u>
<b>WIRELESS TELECOMS</b>	<b>+17%</b>	<b>+45%</b>
<b>CONSUMER E&amp;E</b>	<b>+24%</b>	<b>+14%</b>
<b>COMPUTING / AUTOMOTIVE</b>	<b>+9%</b>	<b>+30%</b>

## ***Q3 largely impacted by situational issues***



Hi-P INTERNATIONAL  
LIMITED

- **Continued losses at Poland (S\$7.8 m) due to production yield issues and higher-than-expected operating costs.**
- **Following review of projects and internal procedures and controls:-**
  - (i) Inventory write-offs \$7.8m for FY07 and \$3.3m for FY06 due to earlier than expected EOL, provisions and failed projects.**
  - (ii) One-off recognition of costs previously incurred \$4.9m for FY07 and \$2.1m for FY06 and previous years.**

## *On the bright side....*

---



Hi-P INTERNATIONAL  
LIMITED

- **Q3 sales were actually better-than-expected across the board and profitability would have been better than Q2 if not for these issues.**
- **Controls are being strengthened for next phase of growth.**

# Key Financials



HI-P INTERNATIONAL  
LIMITED

	Q1 FY07	Q2 FY07	Q3 FY07
<b>Payable Days</b>	<b>88</b>	<b>104</b>	<b>74</b>
<b>Receivable Days</b>	<b>65</b>	<b>72</b>	<b>60</b>
<b>Inventory Days</b>	<b>77</b>	<b>83</b>	<b>60</b>
<b>Cash Cycle</b>	<b>54</b>	<b>51</b>	<b>46</b>
<b>Gross Gearing</b>	<b>3.0%</b>	<b>2.2%</b>	<b>7.3%</b>

# *A New Chapter for Hi-P*

---



Hi-P INTERNATIONAL  
LIMITED

- **Continue to build upon the success of Mr CT Yao's leadership and execution foundation**
- **New Management Team will add breadth and depth**
  - **new group of GMs injects new blood and vigour**
  - **more focused with formation of new corporate roles eg BD, QC, Supply Chain, R&D**

# *A New Chapter for Hi-P*

---



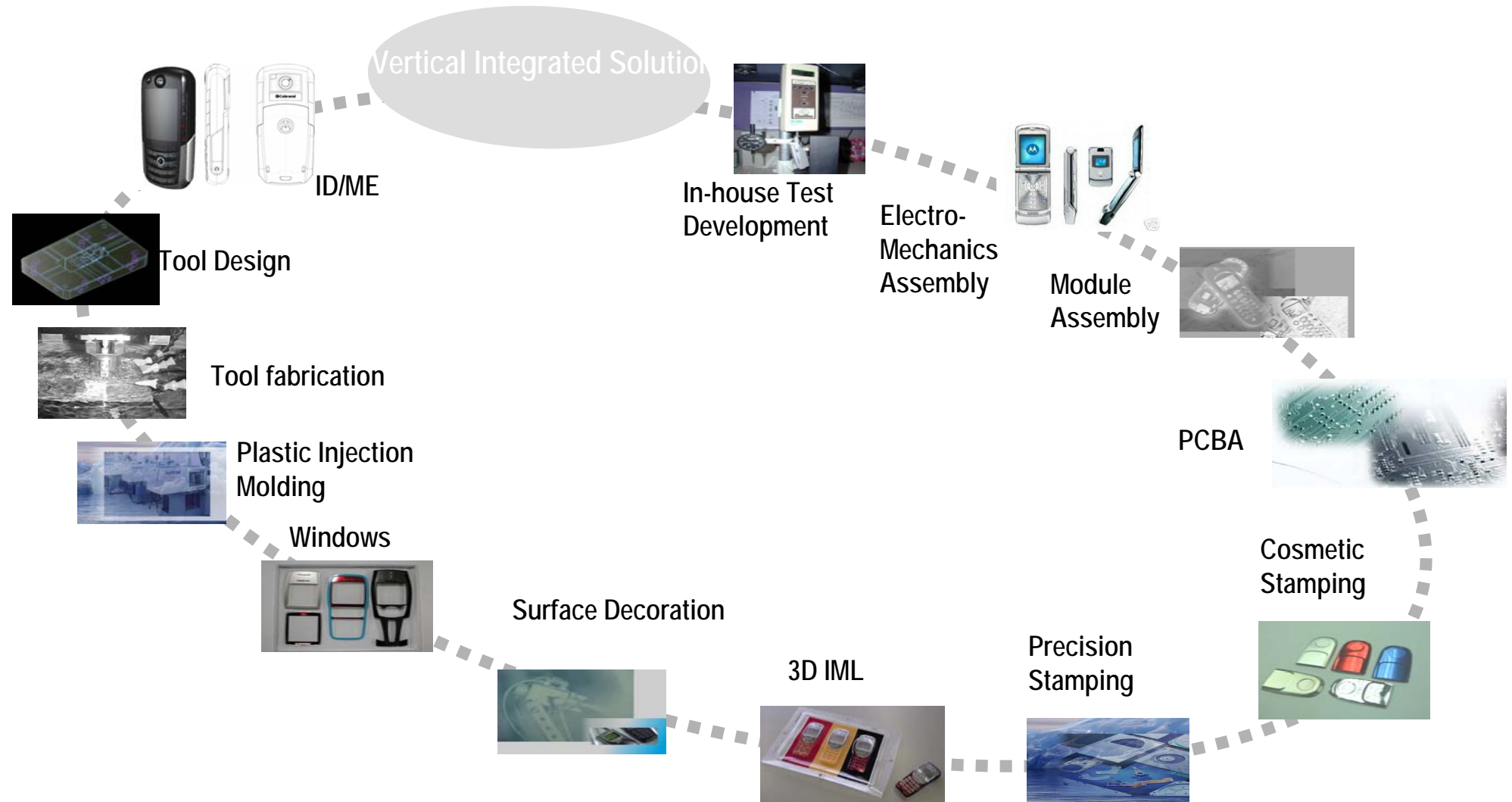
Hi-P INTERNATIONAL  
LIMITED

- **New Strategic Focus to develop Hi-P as a global supplier of Integrated Electro-Mechanics Solution Provider (iMechanics)**
  - differentiated one-stop solutions provider in market segments where technology and speed are valued

# Hi-P iMechanics Strategy



Hi-P INTERNATIONAL  
LIMITED





# Integrated Electro-Mechanics Solution Provider

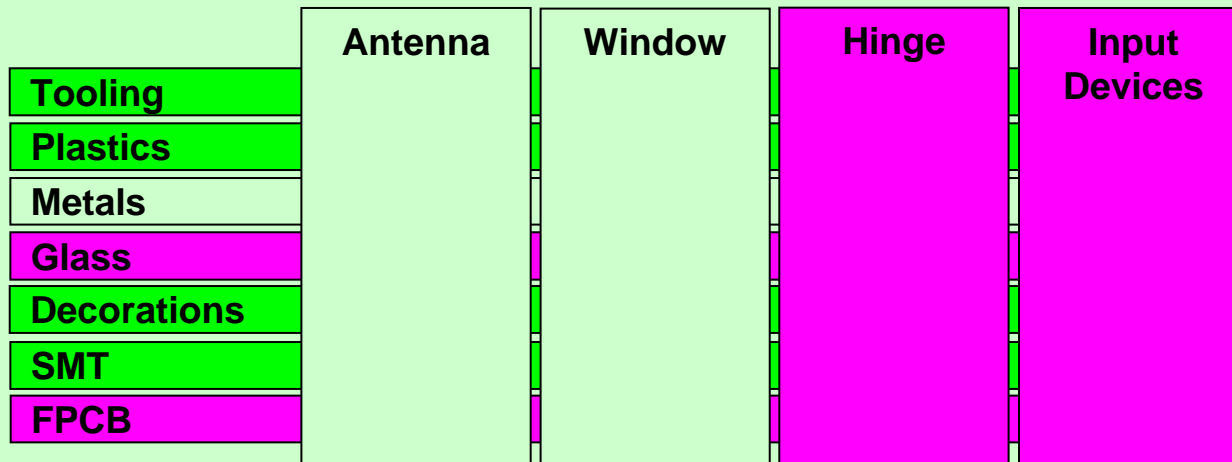
## Product Life Cycle Management

R&D & Program Management

NPI & Project Management

Customer Interface  
Management

Solution Delivery



Electro-Mechanics Assemblies

 Available Capabilities

 Available. Need to extend capabilities

 Need to build capabilities

# *A New Chapter for Hi-P*

---



Hi-P INTERNATIONAL  
LIMITED

- **Main Priorities**
  - **Grow Sales, Improve Profitability**
  - **Consolidate technology and process offerings across SBUs**
  - **Raise awareness amongst non-WL customers of one-stop solution offering**
  - **Align technology and cultural transfer with proximity to customers**

# *Looking Ahead*

---



Hi-P INTERNATIONAL  
LIMITED

## Q4 FY07

- Revenue to be similar to Q3
- Profit to be better than Q3 due to:
  - lower losses from Poland
  - significantly lower inventory provisions
  - absence of one-off provisions

## FY07

- Revenue will be higher than FY06
- Profit will be lower

# *Longer-term Prospects*

---



Hi-P INTERNATIONAL  
LIMITED

- **Poland to breakeven by Q2 FY08**
- **Continuous improvement to cost structure**
- **iMechanics strategy to yield positive results**
- **Restore profitability to previous peak levels within 2-3 years.**



**Q & A Session**



**Thank You !**

For more information, contact:

Juliet Ang, NRA Capital

Email : [juliet.ang@nracapital.com](mailto:juliet.ang@nracapital.com)

Mobile : +65 9839 9016