



Hi-P International  
Limited



## 2Q2012 Results Briefing

2 Aug 2012

*The Integrated  
Electro-Mechanics  
Solution Provider*



# 2Q2012 Overview

**Mr. Yao Hsiao Tung**  
**Executive Chairman & CEO**



# 2Q2012 Key Financial Highlights (YOY)



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(S\$m)	2Q12	2Q11	YOY % Chg
Revenue	251.8	229.9	9.5
Gross profit	15.1	30.2	(50.0)
Pretax (loss)/ profit (PBT)	(2.3)	15.3	n.m.
Taxation	0.2	(4.1)	n.m.
Net (loss)/ profit (PAT)	(2.1)	11.2	n.m.
EPS (S cts)	(0.25)	1.31	n.m.
NAV/Share (S cts)	68.76	66.72	3.1

## 2Q2012 Key Financial Highlights (YOY)



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**Revenue up 9.5% but gross margin affected by:**

- Business volatility
- Lower value-add due to high level assembly
- Closure of Mexico operations
- Increased depreciation
- Increased start up cost



2QFY12 Results Briefing  
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# 2Q2012 Key Financial Highlights (QOQ)



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(S\$m)	2Q12	1Q12	QOQ % Chg
Revenue	251.8	278.4	(9.6)
Gross profit	15.1	19.7	(23.4)
Pretax (loss)/ profit (PBT)	(2.3)	1.9	n.m.
Taxation	0.2	(0.4)	n.m.
Net (loss)/ profit (PAT)	(2.1)	1.5	n.m.
EPS (S cts)	(0.25)	0.18	n.m.
NAV/Share (S cts)	68.76	71.13	(3.3)

# 2Q2012 Key Financial Highlights (QOQ)



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## Revenue down 9.6% while bottom line affected by:

- Change in product mix
- Capacity timing lapse to cope with high demand in 2H2012
- Closure of Mexico operations
- Exchange loss



# Cash Flow Statement



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Category	2Q12 S\$ m	1Q12 S\$ m
Net cash used in operations <sup>1</sup>	(30.5)	(3.8)
Net cash used in investing activities <sup>2</sup>	(27.1)	(14.1)
Net cash generated from financing activities <sup>3</sup>	17.4	11.3
Cash at end of period	286.7	325.4

# Cash Flow Statement

- <sup>1</sup> - Net cash used in operations of S\$30.5m mainly due to
- Operating cash flow before changes in working capital (S\$18.1m)
  - Increase in inventories (S\$9.2m)
  - Increase in trade and other receivables (S\$10.8m)
  - Increase in prepaid operating expenses (S\$14.0m)\*
  - Decrease in trade and other payables (S\$16.2m)
  - Income tax paid (S\$1.9m)





# Cash Flow Statement

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<sup>2</sup> - Net cash used in investing activities of S\$27.1m mainly due to

- Capital expenditure (S\$29.7m)\*
- Interest received (S\$2.3m)

<sup>3</sup> - Net cash generated from financing activities of S\$17.4m mainly due to

- Dividend payment (S\$19.8m)
- Interest paid (S\$1.2m)
- Proceeds from loans & borrowings (S\$38.3m)



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## **\*CAPEX Update**

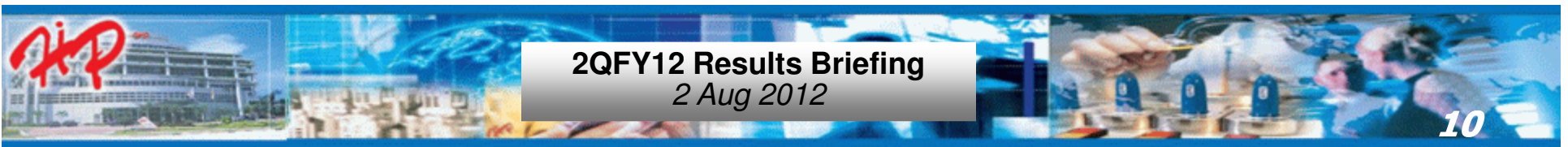
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For 2Q2012, CAPEX amounted to:

- \$55.5m for purchase of PPE
- \$14.6m for prepaid PPE

For 1H2012, CAPEX amounted to:

- \$85.5m for purchase of PPE
- \$22.9m for prepaid PPE



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# Strong Balance Sheet, Net Cash Position

Category	30 Jun 12 S\$ m	31 Dec 11 S\$ m
Net Cash	118.5	220.3

# Business Updates & Future Plans





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# Business Situation Updates

- ❑ Existing and new projects will contribute to FY2012 performance
- ❑ Developing new business opportunities
- ❑ Investing new capabilities to align with market trends
- ❑ Driving efficiency and productivity improvement
- ❑ Maintaining healthy financial position



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# Strategies

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- Move into ODM & EMS business
- Diversify customer base
- Develop new process technologies
- Intensify automation implementation
- Intensify lean manufacturing implementation
- Improve economies of scale



# Opportunities

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- ❑ Growing ODM & EMS businesses
- ❑ Penetrating new market segments & customers
  - ❑ Lifestyle products
  - ❑ Medical devices
  - ❑ Personal grooming devices
  - ❑ Industrial products
- ❑ Developing new processes & products
  - ❑ CAPEX of S\$180m to increase production capacity and capability to support new projects in FY2012



# Earnings Outlook







## Earnings Outlook

- ❑ The Group expects higher revenue in 3Q2012 as compared to 2Q2012. The Group also expects to be profitable in 3Q2012.
  
- ❑ The Group expects similar revenue but higher profit in 3Q2012 as compared to 3Q2011.
  
- ❑ The Group expects higher revenue and profit in 2H2012 as compared to 1H2012.
  
- ❑ The Group expects higher revenue and profit in FY2012 as compared to FY2011.





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# Thank You

## Q & A

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