



Hi-P International
Limited



3Q2012 Results Briefing

2 Nov 2012

*The Integrated
Electro-Mechanics
Solution Provider*



3Q2012 Overview

Mr. Yao Hsiao Tung
Executive Chairman & CEO



3Q2012 Key Financial Highlights (YOY)



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(S\$m)	3Q12	3Q11	YOY % Chg
Revenue	271.7	308.6	(12.0)
Gross profit	24.0	26.7	(10.2)
Pretax profit (PBT)	3.6	8.8	(58.7)
Taxation	(0.6)	(2.3)	(72.0)
Net profit (PAT)	3.0	6.5	(53.8)
EPS (S cts)	0.35	0.76	(53.9)
NAV/Share (S cts)	67.73	70.65	(4.1)

3Q2012 Key Financial Highlights (YOY)



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Revenue down 12.0% due to lower sales volumes resulting from delays in projects' start up from existing and new customers

Gross margin affected by:

- Lower revenue
- Increased depreciation
- Increased start up cost
- Increased labour cost



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3Q2012 Key Financial Highlights (QOQ)



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(S\$m)	3Q12	2Q12	QOQ % Chg
Revenue	271.7	251.8	7.9
Gross profit	24.0	15.1	58.6
Pretax profit (PBT) / (loss)	3.6	(2.3)	n.m.
Taxation	(0.6)	0.2	n.m.
Net profit (PAT) / (loss)	3.0	(2.1)	n.m.
EPS (S cts)	0.35	(0.25)	n.m.
NAV/Share (S cts)	67.73	68.76	(1.5)

3Q2012 Key Financial Highlights (QOQ)



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Revenue and bottom line increased due to:

- Increase in orders in 3Q2012 as compared to 2Q2012
- Improved economies of scale



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Cash Flow Statement



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Category	3Q12 S\$ m	2Q12 S\$ m
Net cash generated from / (used in) operations ¹	36.7	(30.5)
Net cash used in investing activities ²	(63.9)	(27.1)
Net cash (used in) / generated from financing activities ³	(34.6)	17.4
Cash at end of period	216.7	286.7

Cash Flow Statement

- ¹ - Net cash generated from operations of S\$36.7m mainly due to
- Operating cash flow before changes in working capital (S\$26.3m)
 - Increase in inventories (S\$32.9m)
 - Increase in trade and other receivables (S\$20.8m)
 - Decrease in prepaid operating expenses (S\$11.0m)
 - Increase in trade and other payables (S\$55.8m)
 - Decrease in accrued operating expenses (S\$6.2m)
 - Income tax refund (S\$3.7m)



Cash Flow Statement

² - Net cash used in investing activities of S\$63.9m mainly due to

- Capital expenditure (S\$65.9m)
- Interest received (S\$0.9 m)

³ - Net cash used in financing activities of S\$34.6m mainly due to

- Interest paid (S\$0.9m)
- Repayment of loans & borrowings (S\$33.6m)



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CAPEX Update

For 3Q2012, CAPEX amounted to:

- \$39.0m for purchase of PPE

For 9M2012, CAPEX amounted to:

- \$124.6m for purchase of PPE



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Healthy Balance Sheet, Net Cash Position



Category	30 Sep 12 S\$ m	31 Dec 11 S\$ m
Net Cash	82.4	220.3

Business Updates & Future Plans





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Business Situation Updates

- ❑ Existing and new projects will contribute to 4Q2012 performance and flow over to FY2013
- ❑ Developing new business opportunities
- ❑ Investing new capabilities to align with market trends
- ❑ Driving efficiency and productivity improvement
- ❑ Maintaining healthy financial position



Strategies

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



Opportunities

- ❑ 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
 - ❑ Investment of \$300m in Nantong, China to integrate manufacturing facilities and enhance efficiency





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Earnings Outlook





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Earnings Outlook

- ❑ The Group expects higher revenue and profit in 4Q2012 as compared to 3Q2012.
- ❑ The Group expects lower revenue and profit in FY2012 as compared to FY2011.





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Thank You

Q & A

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