



Hi-P International  
Limited



## 3Q2011 Results Briefing

2 November 2011



*The Integrated  
Electro-Mechanics  
Solution Provider*





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# 3Q2011 Overview

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



# 3Q2011 Key Financial Highlights (YOY)



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(S\$m)	3Q11	3Q10	YOY % Chg
Revenue	308.6	285.5	8.1
Gross Profit	26.7	64.6	-58.7
Pretax Profit (PBT)	8.8	38.8	-77.3
Tax expense	-2.3	-5.6	-58.5
Net profit (PAT)	6.5	33.2	-80.5
EPS (S cts)	0.76	3.83	-80.2
NAV/Share (S cts)	70.65	64.11	10.2

# 3Q2011 Key Financial Highlights (YOY)



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## Revenue up by 8.1% but net profit down by 80.5%

- High level assembly caused lower gross margin
- Deferred demand caused mismatch of labor requirement
- Price erosion
- Wages increase
- Higher depreciation
- Higher tax rate
- Consolidation costs





# 3Q2011 Key Financial Highlights (QOQ)



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(S\$m)	3Q11	2Q11	QOQ % Chg
Revenue	308.6	229.9	34.2
Gross Profit	26.7	30.2	-11.7
Pretax Profit (PBT)	8.8	15.3	-42.3
Tax expense	-2.3	-4.1	-42.2
Net profit (PAT)	6.5	11.2	-42.4
EPS (S cts)	0.76	1.31	-42.0
NAV/Share* (S cts)	70.65	66.72	5.9

# 3Q2011 Key Financial Highlights (QOQ)



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**Revenue up by 34.2% but net profit down by 42.4%**

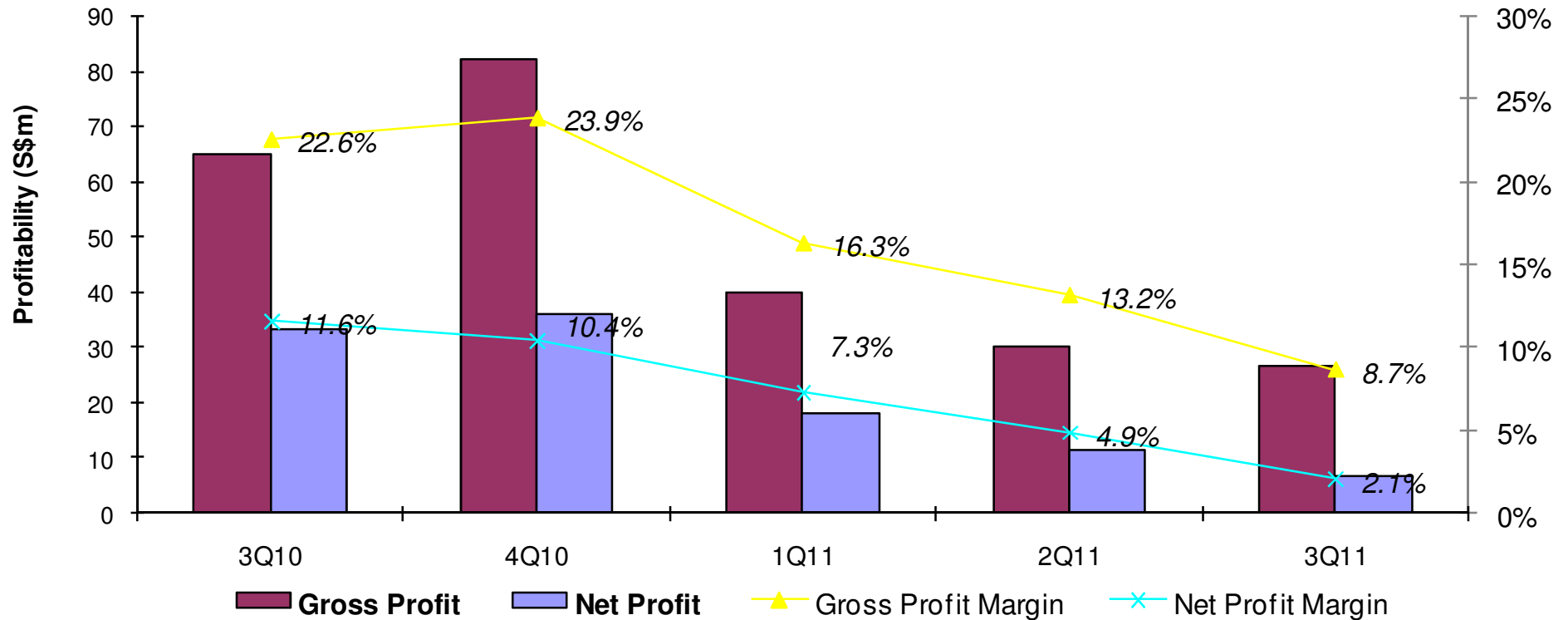
- High level assembly caused lower gross margin
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- Price erosion
- Wages increase
- Consolidation costs



# Profitability Status



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# Cash Flow Statement

Category	3Q11 S\$ m	3Q10 S\$ m
Net cash (used in)/ generated from operations <sup>1</sup>	-3.8	5.7
Net cash generated from/ (used in) investing activities <sup>2</sup>	5.4	-4.7
Net cash generated from/ (used in) financing activities <sup>3</sup>	60.6	-18.5
Cash at end of period	290.1	177.8



# Cash Flow Statement



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<sup>1</sup> - Net cash used in operations of S\$3.8m mainly due to

- Operating cash flow before changes in working capital (S\$28.4m)
- Increase in inventories (S\$26.9m)
- Increase in trade and other receivables (S\$54.4m)
- Increase in prepaid operating expenses (S\$9.7m)
- Increase in trade and other payables (S\$63.0m)
- Income tax paid (S\$4.6m)



# Cash Flow Statement



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<sup>2</sup> - Net cash generated from investing activities of S\$5.4m mainly due to

- Capital expenditure (S\$12.1m)
- Proceeds from short term investment (S\$16.4m)

<sup>3</sup> - Net cash generated from financing activities of S\$60.6m mainly due to

- Proceeds from loans & borrowings (S\$61.1m)



# Strong Balance Sheet, Net Cash Position



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<b>Category</b>	<b>30 Sept 11 S\$ m</b>	<b>31 Dec 10 S\$ m</b>
<b>Net Cash</b>	<b>200.7</b>	<b>211.1</b>



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# Business Updates





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# Business Situation Updates

- Financial position remains healthy
- Existing and new projects will contribute to 4Q2011 revenue
- Investment in new capabilities to align with market trends
- Uncertain market conditions
- Revenue growth with margin pressure
- Currency volatility
- Consolidation activities to continue till 3Q 2012







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# Earnings Outlook



**3QFY11 Results Briefing**  
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# Earnings Outlook



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- ❑ The Group expects higher revenue and profit in 4Q2011 as compared to 3Q2011
- ❑ The Group expects higher revenue but lower profit in 2011 as compared to 2010



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# Future Plans





# Opportunities

- ❑ Growing ODM & EMS businesses
  - ❑ Wireless industry
  - ❑ Household appliances & personal grooming devices
  - ❑ Computing & peripherals
- ❑ New processes & products
- ❑ New market segments & customers

# Strategies



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



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# Thank You

## Q & A

**For Investor Relations Enquiries, please contact:**



Tel: (65) 6438 2990

Fax: (65) 6438 0064

Email: [staff@financialpr.com.sg](mailto:staff@financialpr.com.sg)

