



Hi-P International  
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# FY2012 Results Briefing

22 February 2013

*The Integrated  
Electro-Mechanics  
Solution Provider*



# FY2012 Overview

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



# FY2012 Key Financial Highlights (YOY)



(S\$m)	FY12	FY11	YOY % Chg
Revenue	1,166.7	1,203.9	-3.1
Gross Profit	97.9	130.8	-25.2
Pretax Profit (PBT)	22.6	59.4	-62.0
Tax expense	-4.6	-14.4	-68.1
Net profit (PAT)	18.0	45.0	-60.1
EPS (S cts)	2.12	5.28	-59.8
NAV/Share (S cts)	70.10	72.13	-2.8

# **FY2012 Key Financial Highlights (YOY)**

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**Revenue down by 3.1%** mainly due to slowdown in business climate and lower demand

**Lower gross margin of 8.4% due to:**

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





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## Key Financial Highlights (QOQ)

(S\$m)	4Q12	4Q11	YOY % Chg	3Q12	QOQ % Chg
Revenue	365.0	422.1	-13.5	271.7	34.3
Gross Profit	39.1	34.1	14.6	24.0	62.9
Pretax Profit (PBT)	19.3	11.3	71.5	3.6	436.1
Tax expense	-3.7	-1.8	104.8	-0.6	516.7
Net profit (PAT)	15.6	9.4	65.0	3.0	420.0
EPS (S cts)	1.84	1.11	65.8	0.35	425.7
NAV/Share (S cts)	70.10	72.13	-2.8	67.73	3.5

# 4Q2012 Key Financial Highlights (YOY)



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## Revenue down by 13.5%

- ❑ Lower sales volume and delays in projects' start up

## But net profit up 65.0% mainly due to:

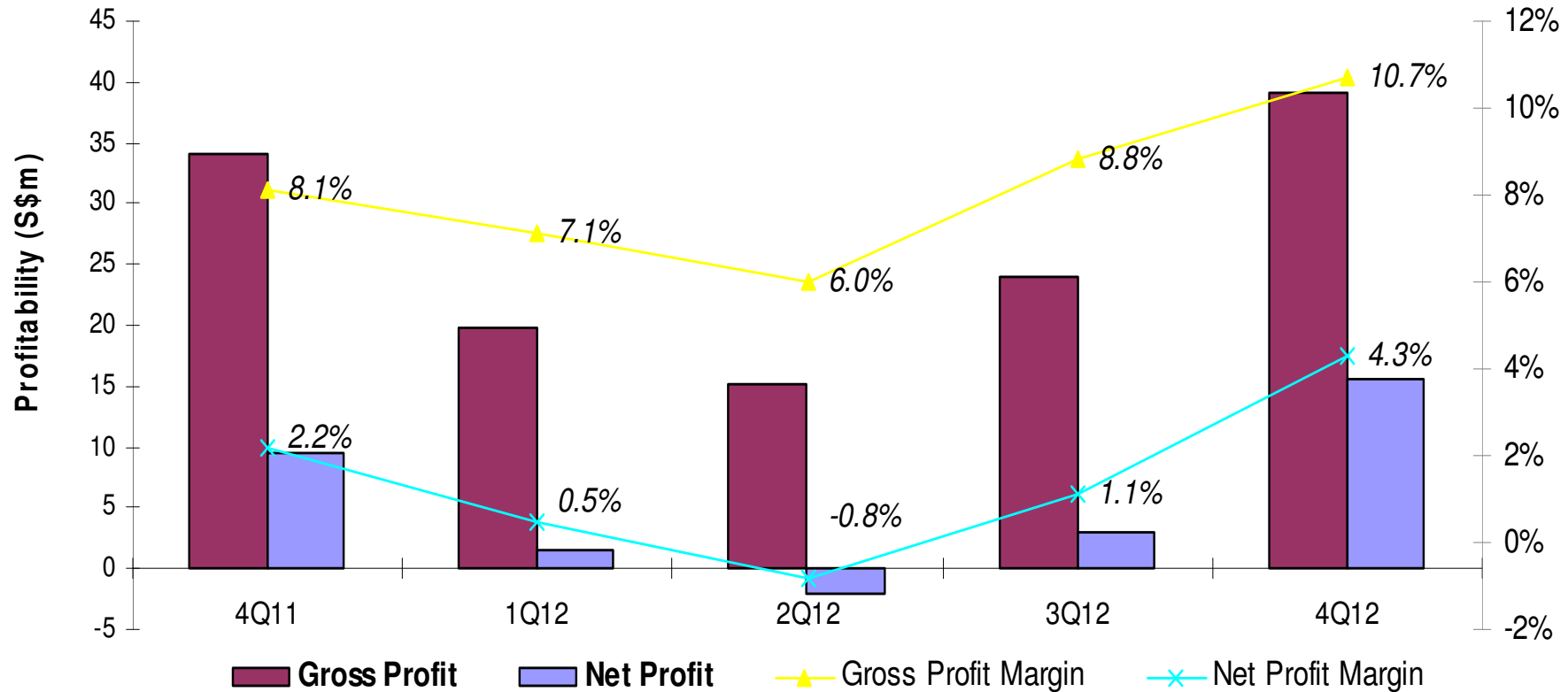
- ❑ Lower material costs due to change in product mix
- ❑ Reversal of impairment loss on PPE



# Profitability Status



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# Cash Flow Statement

Category	FY12 S\$ m	FY11 S\$ m
Net cash (used in)/ generated from operations <sup>1</sup>	-13.3	101.5
Net cash used in investing activities <sup>2</sup>	-142.7	-56.2
Net cash generated from financing activities <sup>3</sup>	6.9	74.1
Cash at end of year	178.6	339.7



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# Cash Flow Statement

- <sup>1</sup> - Net cash used in operations of S\$13.3m mainly due to
- Operating cash flow before changes in working capital (S\$100.0m)
  - Increase in trade and other receivables (S\$48.1m)
  - Increase in inventories (S\$30.4m)
  - Decrease in trade and other payables (S\$35.5m)
  - Increase in accrued operating expenses (S\$3.6m)
  - Income tax paid (S\$2.4m)



# Cash Flow Statement

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2 - Net cash used in investing activities of S\$142.7m mainly due to

- Purchase of PPE (S\$151.0m)
- Interest received (S\$6.7m)

3 - Net cash generated from financing activities of S\$6.9m mainly due to

- Proceeds from loans & borrowings (S\$31.2m)
- Dividends paid (S\$19.8m)
- Interest paid (S\$4.0m)



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## **\*CAPEX Update**

For 4Q2012, CAPEX amounted to:

- \$42.0m for purchase of PPE

For FY2012, CAPEX amounted to:

- \$166.5m for purchase of PPE



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# Healthy Balance Sheet, Net Cash Position

Category	31 Dec 12 S\$ m	31 Dec 11 S\$ m
<b>Net Cash</b>	<b>33.2</b>	<b>220.3</b>



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# Business Updates



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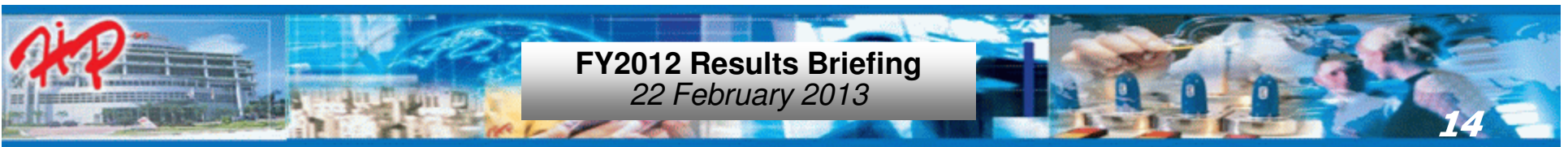




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# Business Situation Updates

- ❑ Existing and new projects will contribute to FY2013 performance
- ❑ Development of new business opportunities
- ❑ Pursue more allocations from existing programs
- ❑ Investment in new capabilities to align with market trends
- ❑ Effective management of currency volatility
- ❑ Financial position remains healthy

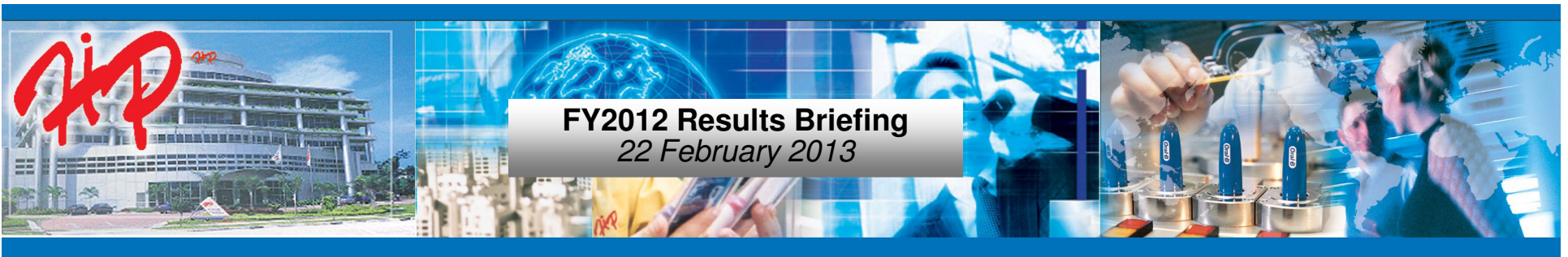


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# Earnings Outlook



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# Earnings Outlook

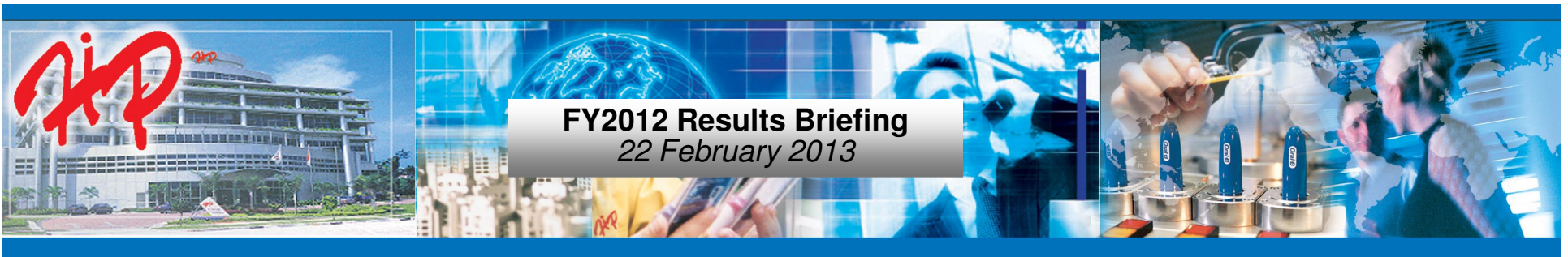
- ❑ The Group expects to record similar revenue but a loss in 1Q2013 compared to 1Q2012.
- ❑ The Group expects higher revenue and profit in FY2013 as compared to FY2012.





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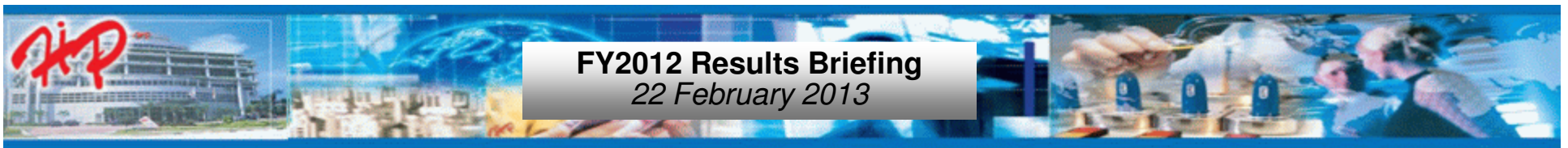
# Future Plans



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# Opportunities

- ❑ Diversify customer base for EMS and ODM businesses
- ❑ Increase utilisation rate of existing capacity
- ❑ Continue to consolidate Group's operations
- ❑ Invest in capacity and capability to cope with new business in FY2013
  - ❑ Capex for FY2013 to be between S\$80m and S\$90m





# Strategies

- ❑ Strengthen ODM & EMS business
- ❑ Diversify customer base
- ❑ Develop new process technologies
- ❑ Automation
- ❑ Intensify lean manufacturing implementation
- ❑ Improve economies of scale through consolidation
- ❑ Organisation alignment to improve operational efficiency





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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)

