



Hi-P International  
Limited



## 3Q2013 Results Briefing

1 Nov 2013

*The Integrated  
Electro-Mechanics  
Solution Provider*



# 3Q2013 Overview

Mr. Yao Hsiao Tung  
Executive Chairman & CEO





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# Key Financial Highlights

(S\$m)	3Q13	3Q12	YOY % Chg
Revenue	365.2	271.7	34.5
Gross profit	23.8	24.0	(0.6)
Pretax profit (PBT)	3.8	3.6	4.3
Tax expense	(0.7)	(0.7)	0.0
Net profit (PAT)	3.1	3.0	5.2
EPS (S cts)	0.38	0.35	8.6
NAV/Share (S cts)	73.86	68.76	7.4

*Note: YOY change is calculated based on figures in thousands*



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# 3Q2013 Key Financial Highlights (YOY)



**Revenue increased by 34.5%** mainly due to more high component content assembly orders.

## **Gross margin affected by:**

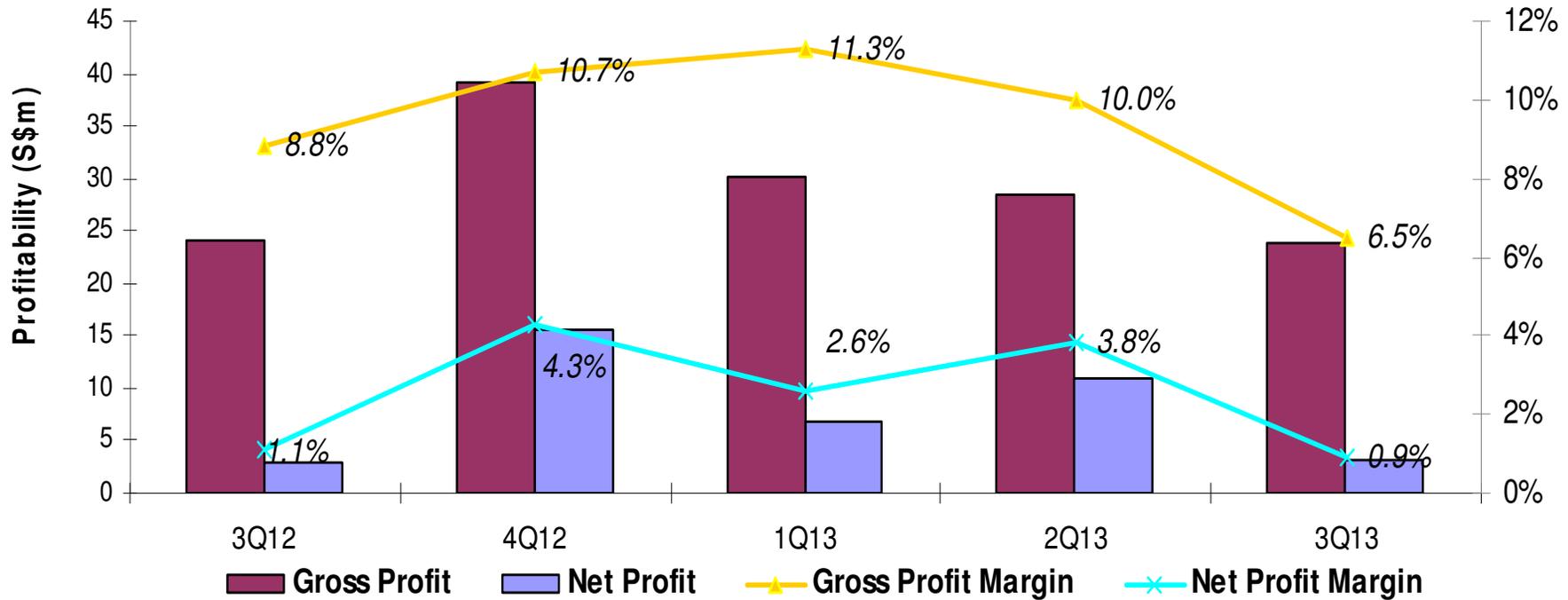
- Higher material content
- Increased labor cost
- Increased inventory provision
- Increased depreciation



# Profitability Status



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# Cash Flow Statement

Category	3Q13 S\$ m	3Q12 S\$ m
Net cash (used in)/ generated from operations <sup>1</sup>	(103.9)	36.7
Net cash used in investing activities <sup>2</sup>	(13.4)	(63.9)
Net cash generated from/ (used in) financing activities <sup>3</sup>	37.2	(33.7)
Cash and cash equivalents at end of period	108.2	165.5



# Cash Flow Statement

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- 1 - Net cash used in operations of S\$103.9m is mainly due to
- Operating cash flow before changes in working capital S\$29.5m
  - Increase in trade and other receivables (S\$94.5m)
  - Increase in inventories (S\$57.8m)
  - Increase in trade and other payables S\$13.5m
  - Increase in accrued operating expenses S\$11.7m
  - Increase in prepaid operating expenses and other long term assets (S\$4.3m)
  - Income tax paid (S\$1.9m)





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# Cash Flow Statement

2 - Net cash used in investing activities of S\$13.4m is mainly due to

- ❑ Purchase of PPE (S\$14.6m)

3 - Net cash generated from financing activities of S\$37.2m is mainly due to

- ❑ Net proceeds from loans & borrowings S\$21.9m
- ❑ Decrease in short term deposits pledged S\$16.1m





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# CAPEX Update

For 9M2013, CAPEX amounted to:

- S\$42.2m for purchase of PPE & LUR

For FY2013, CAPEX is estimated at S\$70m

- For Nantong:
  - S\$15.4m for purchase of PPE & LUR in 9M2013
  - S\$21.0m will be allocated for purchase of PPE in 4Q2013





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## Net Debt/Cash Position

Category	30 Sep 13 S\$ m	31 Dec 12 S\$ m
<b>Net (Debt)/Cash</b>	<b>(31.6)</b>	<b>34.3</b>



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# Business Updates



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# Business Situation Updates

- Volatile market situation and pricing pressure
- Pressure from labor constraints and US dollar depreciation
- Diversification of product markets and customer base
- Prudent and effective investment in capex
  - Capex for FY2013 to be around S\$70m
  - Slow down Nantong construction due to current uncertain market situation
- Continue to focus on currency volatility management
- Financial position remains healthy



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# Earnings Outlook



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## Earnings Outlook

- ❑ The Group expects lower revenue and profit in 4Q2013 as compared to 4Q2012.
- ❑ The Group expects higher revenue but lower profit in 2H2013 as compared to 1H2013.
- ❑ The Group expects higher revenue and profit in FY2013 as compared to FY2012.





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# Thank You

## Q & A

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