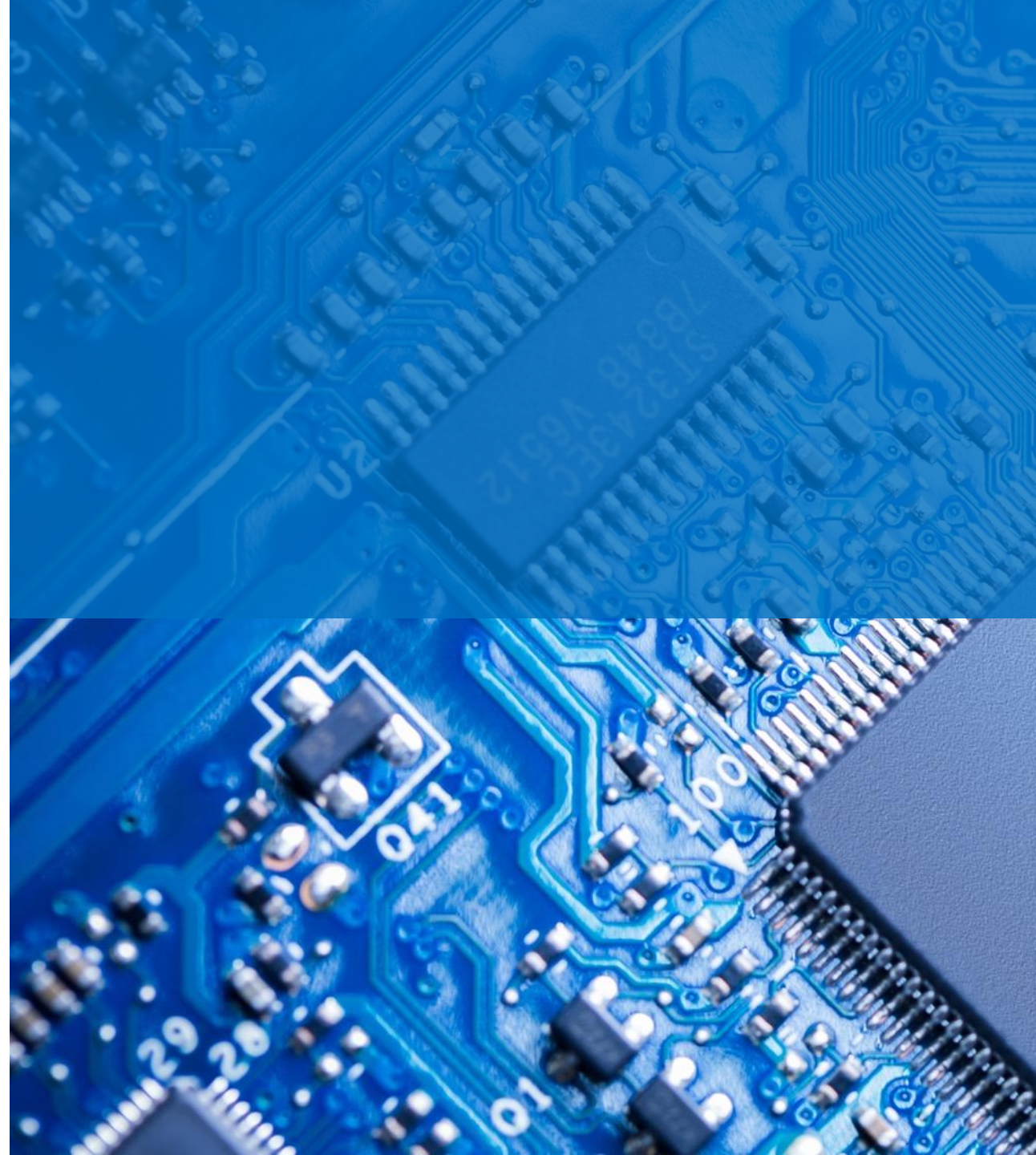




Computime Group Limited
(Stock Code: 320.HK)

2020/21 Annual Results Presentation

29 June 2021



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Contents

01

Company
Overview

02

2020/21
Annual Results
Review

03

2020/21
Operational
Highlights

04

Outlook

01 Company Overview

What We Do

Stock Code: 320.HK
Listing Date: 9 October 2006
No. of Issued Share: 839,740,000

Computime Group is a technology, product and manufacturing solutions company. COMPUTIME operates three main businesses: **Computime Control Solutions**, **Salus Controls** and **Computime Brands**. The Group operates R&D, engineering, sales and manufacturing centers in **15** locations worldwide.




Established in 2004, Salus Controls is a **B2B** IoT Technology-based company focus on branded energy efficiency and environmental control products with operations in over 8 locations covering 30+ countries.



Computime Control Solutions is a **technology & manufacturing** company providing green and smart control products to customer around the world. We specialize in **Appliance Controls, HVAC, Home Controls**, and **Industrial Controls**.



Computime Brands is a **B2C** global brand and product leader in the home and baby markets, providing stylish, innovative, and quality solutions directly to consumers through online and offline retail channels.



02 2020/21 Annual Results Review

FY20/21 Financial Highlights

Re-engineered Cost Base with Business Risk Drive Down

- **Multiple cost rationalization exercises** executed in realizing significant cost savings
- **Significant enhancement** in efficiency & quality of receivable management



Strong Financial Position & Efficiency Working Capital Management

- **Net cash** reached record high of HKD 508m
- **Cash conversion cycle** significantly shortened to 30 days



Re- accelerated Topline Sales Growth Momentum

- **Revenue** uplifted by 10.2% vs LY from both existing & new customers
- **Sales pipeline** continues to build up strongly into next fiscal year

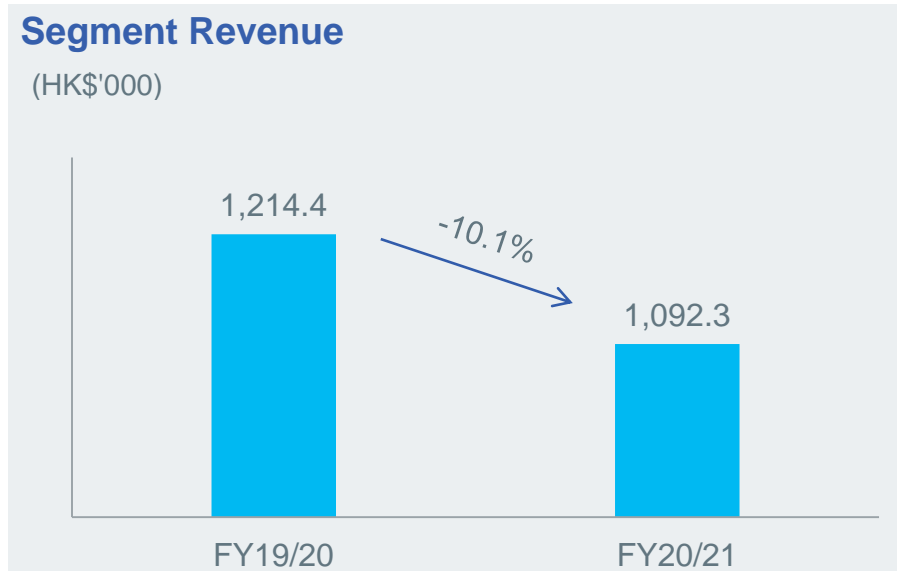


Summary of Key P/L Items

(HK\$ million)	FY19/20	FY20/21	Change	
Revenue	3,262.5	3,596.7	+10.2%	• New businesses won from both existing & new customers
Gross profit	438.1	465.8	+6.3%	
Gross profit margin	13.4%	13.0%	-0.4 p.p.	• Unfavorable sales mix – higher margin home installation business of HVAC disrupted by COVID-19
Total SG&A expenses	419.9	384.4	-8.5%	• Multiple restructuring and cost rationalization exercises executed to re-engineer and reduce cost base
Total SG&A expenses to revenue ratio	12.9%	10.7%	-2.2 p.p.	
Finance costs	24.7	13.3	-46.1%	
Other operating income (net)	2.6	9.0	+249.4%	
Profit for the Year	11.0	81.4	+641.7%	
Net profit margin	0.3%	2.3%	+2.0 p.p.	
Basic earnings per share (HK Cents)	1.31	9.69	+639.7%	

COVID-19 Adversely Impacted Group's Sales Mix yet Our Own Brand Salus Managed a Strong YoY Growth

Smart Solutions (SS)



% of Group revenue

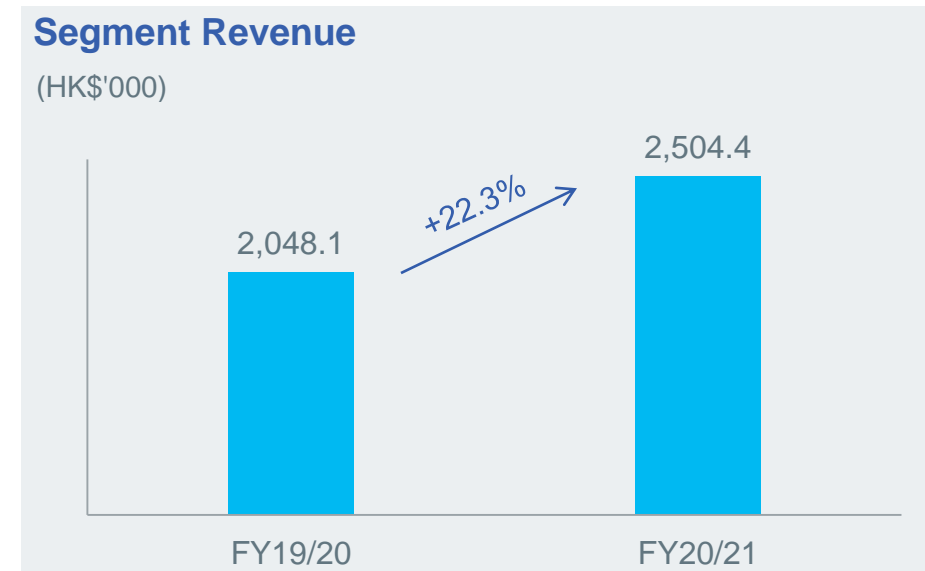
37.2%

30.4%

Segment Dynamics

- Decrease in revenue is mainly attributable to difficulty of home installation of HVAC during COVID-19 lockdown while our own Salus business grew by 28%
- Segment margin dropped from 4.0% to 3.0% impacted by lower sales volume and unfavorable sales mix

Contract Manufacturing Services (CMS)



% of Group revenue

62.8%

69.6%

Segment Dynamics

- Segment revenue increase contributed by good demand of home usage of appliances, power tools and gardening devices, etc.
- Segment margin improved significantly from 4.1% to 6.7% contributed by higher sales volume, and the effect in driving factory productivity and material cost reduction

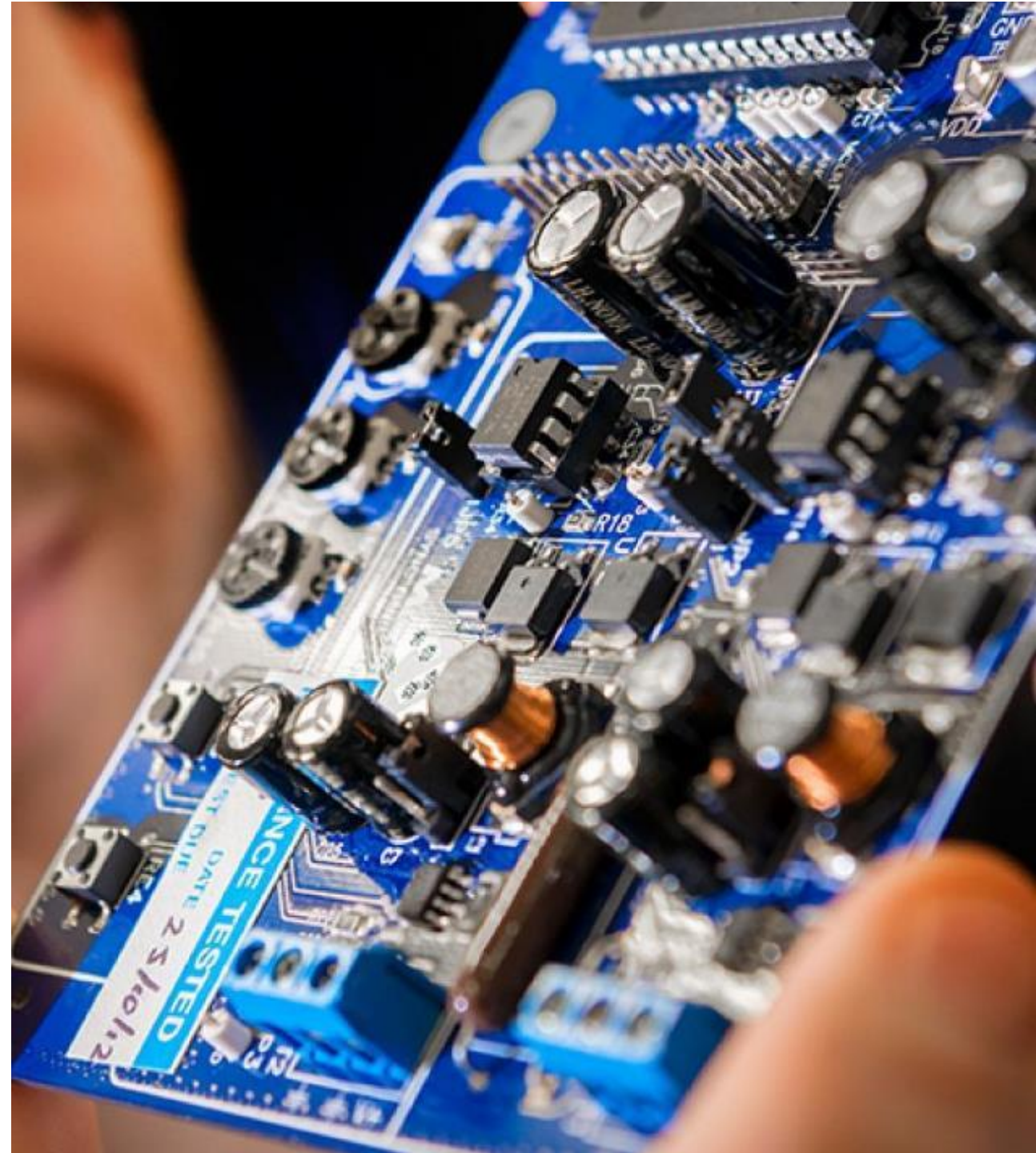
Strong Balance Sheet and Effective Capital Management Under Challenging Market Environment

	(HK\$'000)	As at 31 March 2020	As at 31 March 2021	Change
Key Balance Sheet Items & Cash Position	Inventories	718,676	739,223	
	• Inventory turnover days	93 days	86 days	↓ 7 days
	Trade receivables	489,785	404,382	
	• Days sales outstanding	53 days	34 days	↓ 19 days
	• Overdue as % of receivables (> 1 month)	5.7%	2.8%	↓ 2.9 p.p.
	Net cash*	292,932	507,749	
	Trade and bills payables	715,432	771,143	
	• Trade payable turnover days	92 days	90 days	↓ 2 days
Cash Conversion Cycle	Interest-bearing bank borrowings	139,099	83,454	↓ 40.0%
	CCC	54 days	30 days	↓ 24 days

*Net cash = total cash and cash equivalents less total interest-bearing bank borrowings

Sustainable Profit Growth

- Reduced material cost by re-vamping supply base, e-auctioning and alternative parts substitution
- Restructured organization and reduced headcount globally
- Reduced overhead expenditure and simplified processes and flows
- Restructured Salus NA and EU
- Restructured manufacturing sites in China



Globalizing Manufacturing Footprint



Shenzhen, China



Yunfu, China (VM)



Penang, Malaysia



HCM, Vietnam (VM)

FUTURE FOOTPRINT: MEXICO & EASTERN EUROPE

BY 2025, ONE-THIRD OF OUR MANUFACTURING WILL COME FROM SOUTHEAST ASIA, ONE-THIRD WILL COME FROM CHINA AND ONE THIRD WILL COME FROM THE REST OF THE WORLD INCLUDING THE US, ROMANIA AND MEXICO

04 Outlook

2021/22 CORPORATE PRIORITIES



PROFITABILITY + CASHFLOW

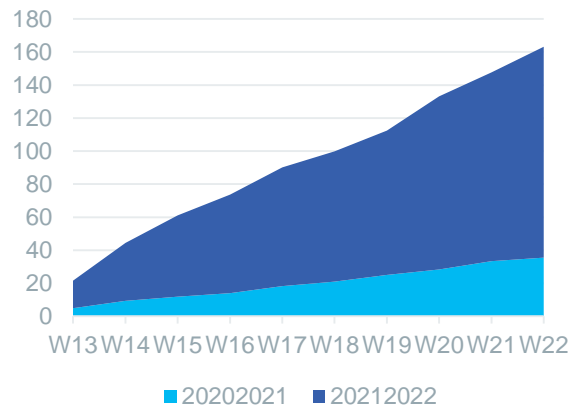
Competitive Cost	World Class Operations	Technology Driven	Focused Growth
<ul style="list-style-type: none">✓ Accelerate implementation of alternative material plan✓ Maximize individual customer margin✓ Optimize inventory level✓ Continue tight fiscal control	<ul style="list-style-type: none">✓ Launch LEAN initiative✓ Expand global manufacturing footprint✓ Finalize manufacturing technology roadmap✓ Launch VRI across all businesses/operations✓ Implement SAP	<ul style="list-style-type: none">✓ Expand smart home and HVAC platforms✓ Launch CT AWS Cloud platform✓ Establish Romania lab and FAE function✓ Develop new tech platforms in AI, APC, heat pump and robotics	<ul style="list-style-type: none">✓ Expedite "HiPo" customer growth✓ Rebuild Salus NA business model✓ Expand Salus EU geographically and launch online business✓ Execute CT B2C strategy✓ Redefine CIM sub-categories

Building the "A" Team/Increasing Talent Density

Balanced Scorecard/Talent Management/PDMS/Bonus

Current Situation

Accumulated Order In-Flow
20/21 v 21/22



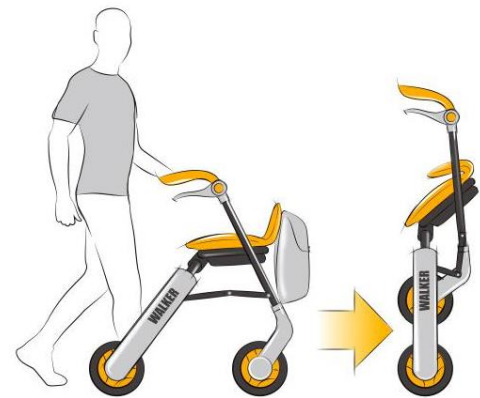
Strong Order In Flow

- ROFO exceeded budget
- Orders exceeded budget
- X3 times YOY



Strong Project Pipeline

- 23 new projects
- 2/7 customers new
- More in pipeline



Innovative Platforms

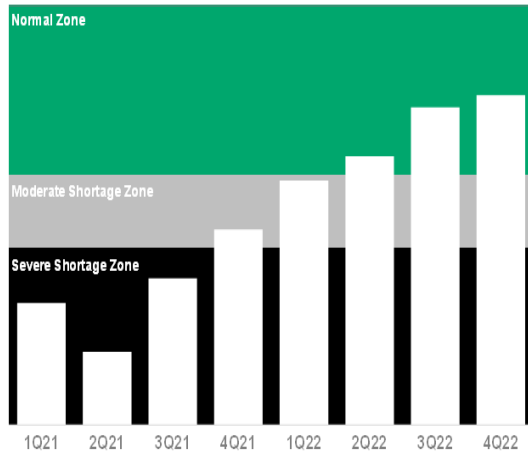
- AI/Cloud platforms
- Robotic platforms
- Irrigation/gardening platforms



Global Footprint Expansion

- Guadalajara, Mexico
- Romania/Eastern Europe

Current Challenges

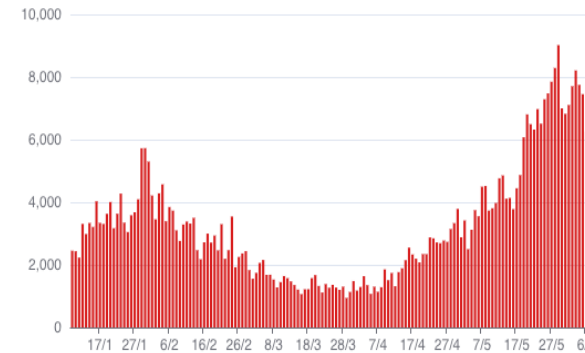


Material Issues

- Price increase
- Delivery shortage
- Working with customers

New Confirmed Cases

Covid-19 Malaysia - www.outbreak.my



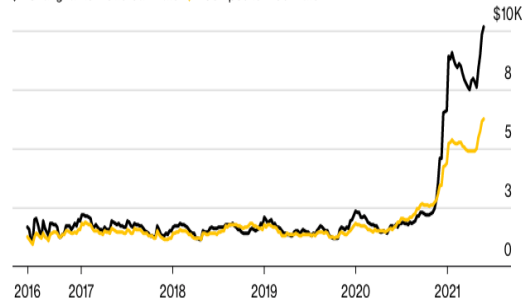
COVID Challenges

- SE Asia: Malaysia, Vietnam
- China: Southern China
- Down time & supply chain

Record Rates

Container-shipping costs soar to the highest on record

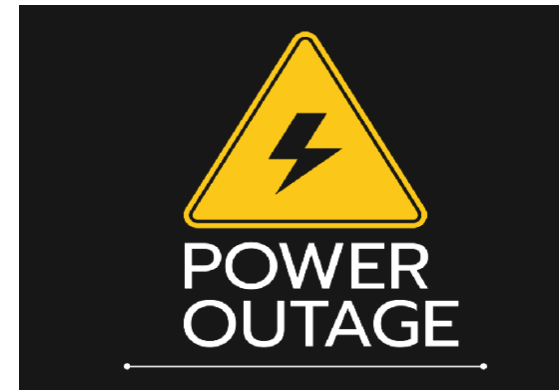
Shanghai-to-Rotterdam rate Composite-index rate



Source: Drewry Shipping Consultants

Logistic Issues

- Container shortage/cost
- Yantian limited service
- Shipment & supply chain



Power Outage

- Guangdong power outage
- Very short notice
- Down time & supply chain

M&A Projects



Our key objective is to accelerate our transformation into a technology, manufacturing and brand company through strategic M&A activities.

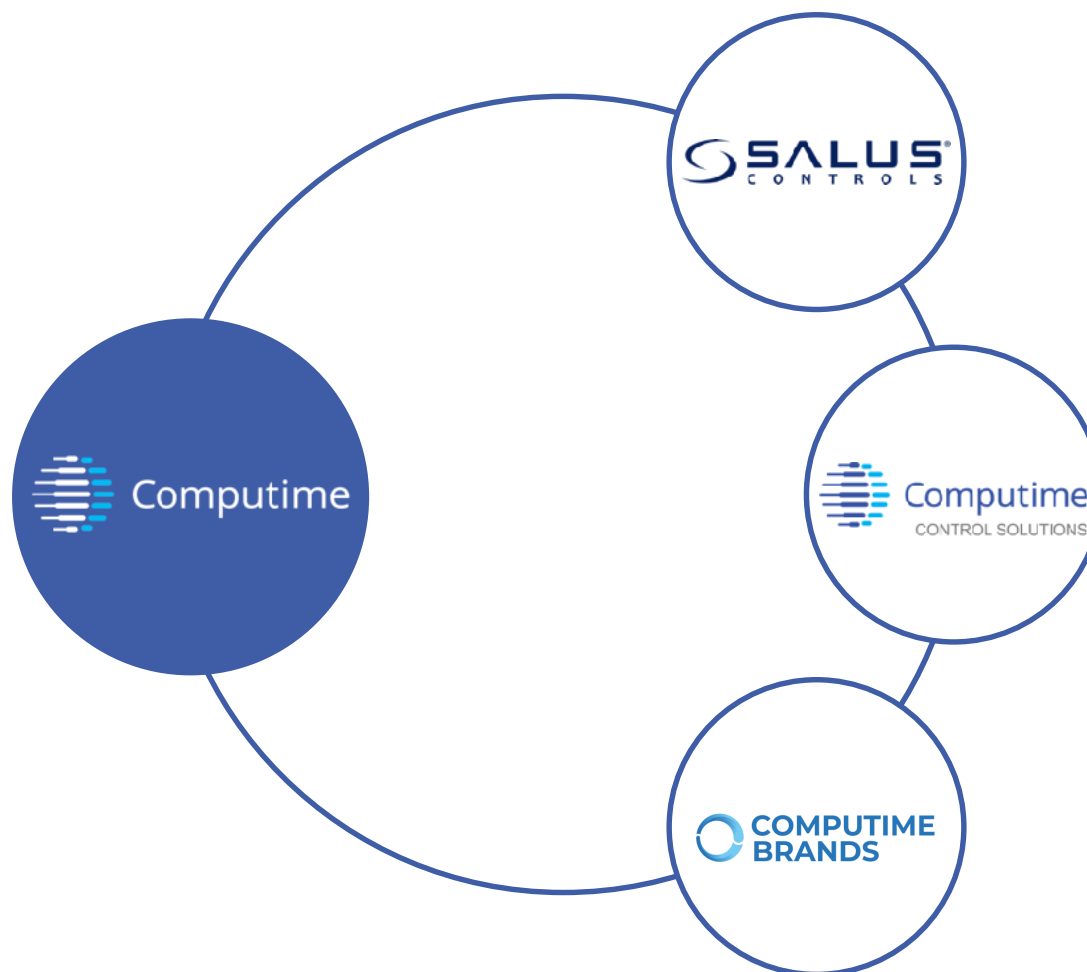
- **Transform from hardware to ecosystem/subscription model**
- Product line expansion
- Geographical expansion
- IP acquisition
- **Transform from OEM to ODM (design capabilities)**
- Economies of scale and growth acceleration
- Global footprint setup
- New market entry
- **Establish own brand**
- New product area
- New online business model

STRATEGIC PLAN

Technology,
Manufacturing & Brand

Smart Controls and IoT

Residential and
Industrial Applications



B2B Branded Business

OEM/ODM Business

B2C Branded Business

PLEASE VISIT
OUR NEW
WEBSITE

www.computime.com

JUNE 2021