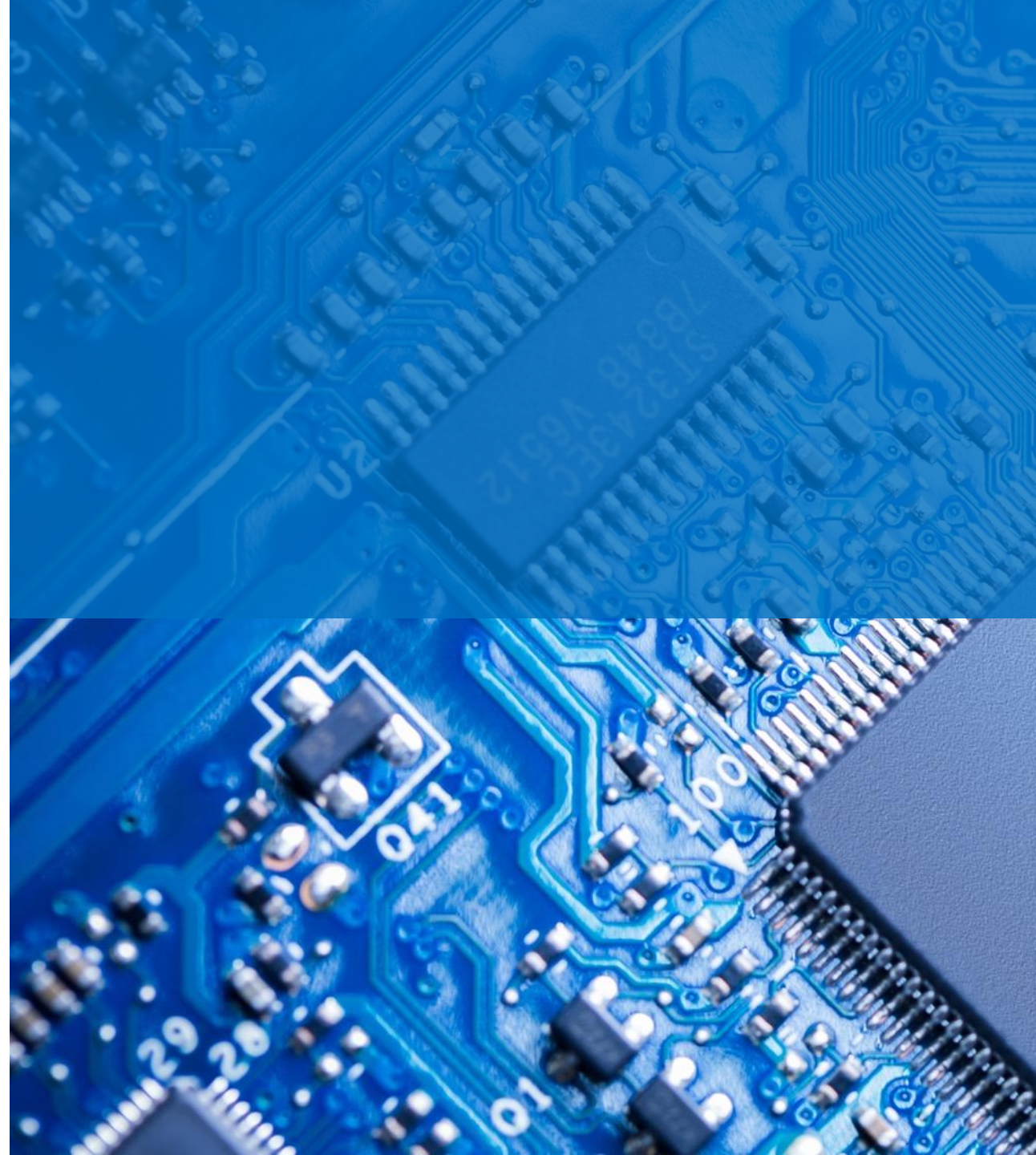




Computime Group Limited  
(Stock Code: 320.HK)

# 2020/21 Annual Results Presentation

29 June 2021



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# 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



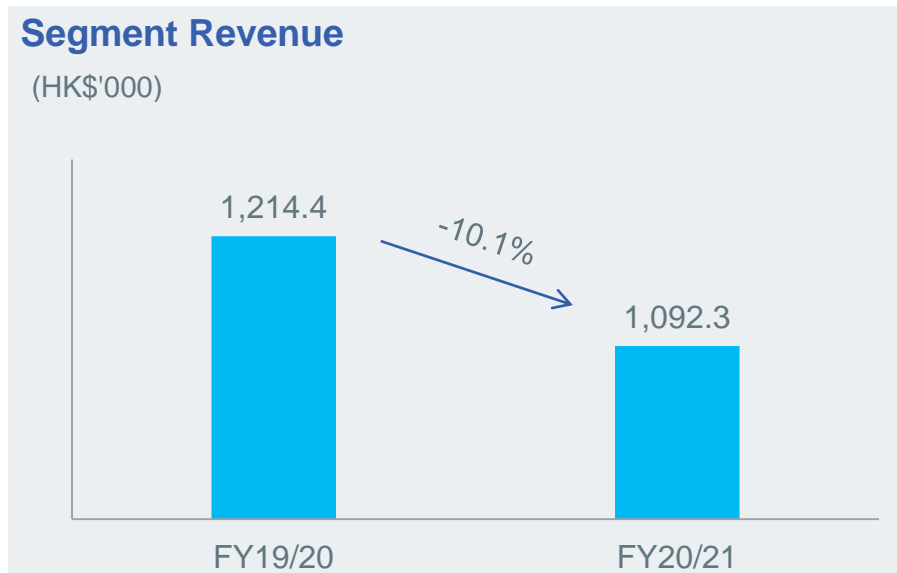
# Summary of Key P/L Items

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

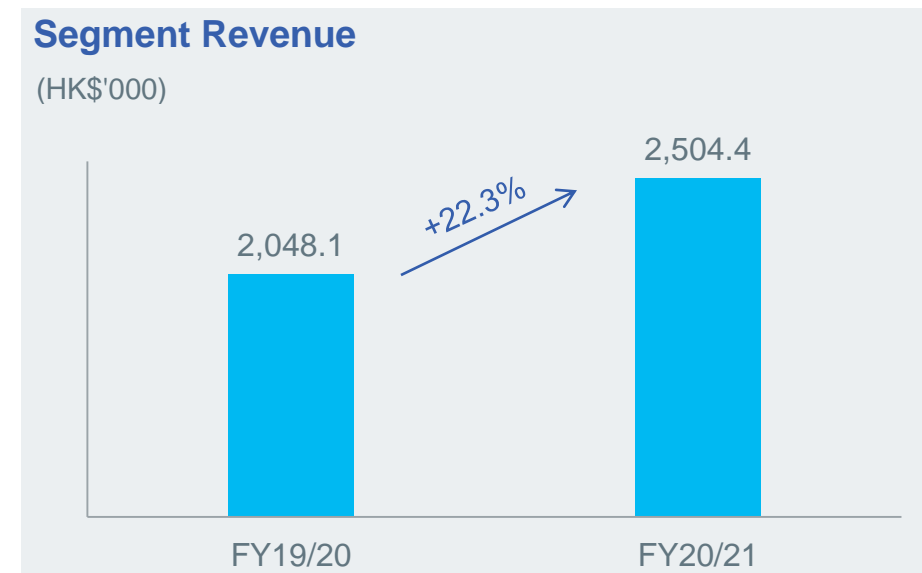
**37.2%**

**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



# 03 2020/21 Operational Highlights

# Set the Path to Growth

- Renewed focus on Key Customers for all our business units
- Developed New Customers and build a strong and focused pipeline
- Developed new business sector to diversify the scope of business
- Developed new technology platforms consolidate leadership position in IoT and smart control industries

## Control Solutions

Won 77 RFQs  
7 New Customers  
25% conversion rate



## Salus Controls

100 Global New Accounts  
Serving 30+ countries  
From hardware to ecosystem



## Computime Brands

Launched in Nov 2020  
Opened 19 new accounts  
20+ new projects

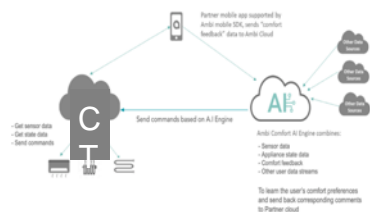




# INNOVATIVE R&D PLATFORMS

Consolidate leadership position in IoT and smart control industries

## ✓ AI CLOUD-TO-CLOUD



## ✓ SUPER QUIET SMART TRV



## ✓ REMOVABLE RING THERMOSTAT



## ✓ SMART THERMOSTAT AWS/TUYA



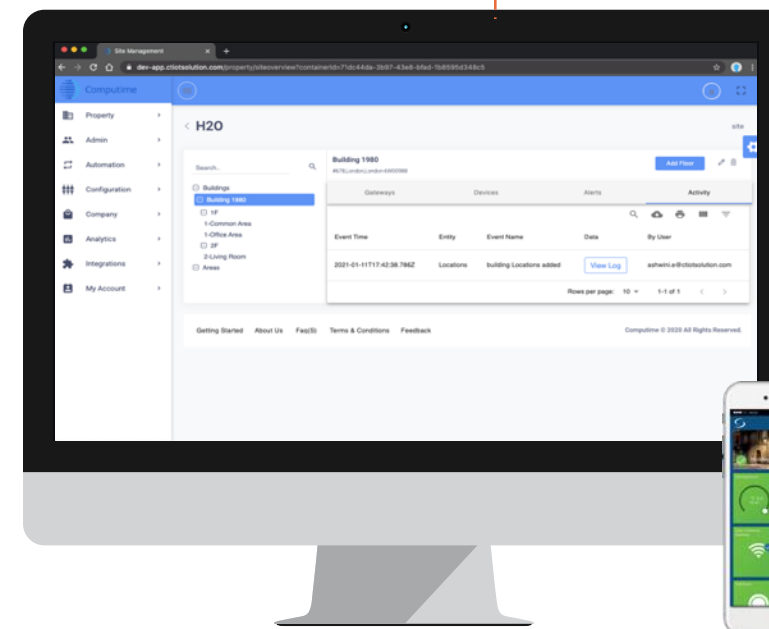
## ✓ ZIGBEE 3.0

Viessmann, Glen Dimplex,  
Purmo, Siemens, Vaillant

## ✓ IoT GATEWAY

Viessmann, Glen Dimplex,  
Purmo, Siemens, Vaillant

Centers of Excellence:  
HK, China, Romania, US



# TOTAL ENGINEERING SOLUTIONS

Expand from hardware offering to ecosystem and smart home focus



Hard wired and RF non-connected thermostats

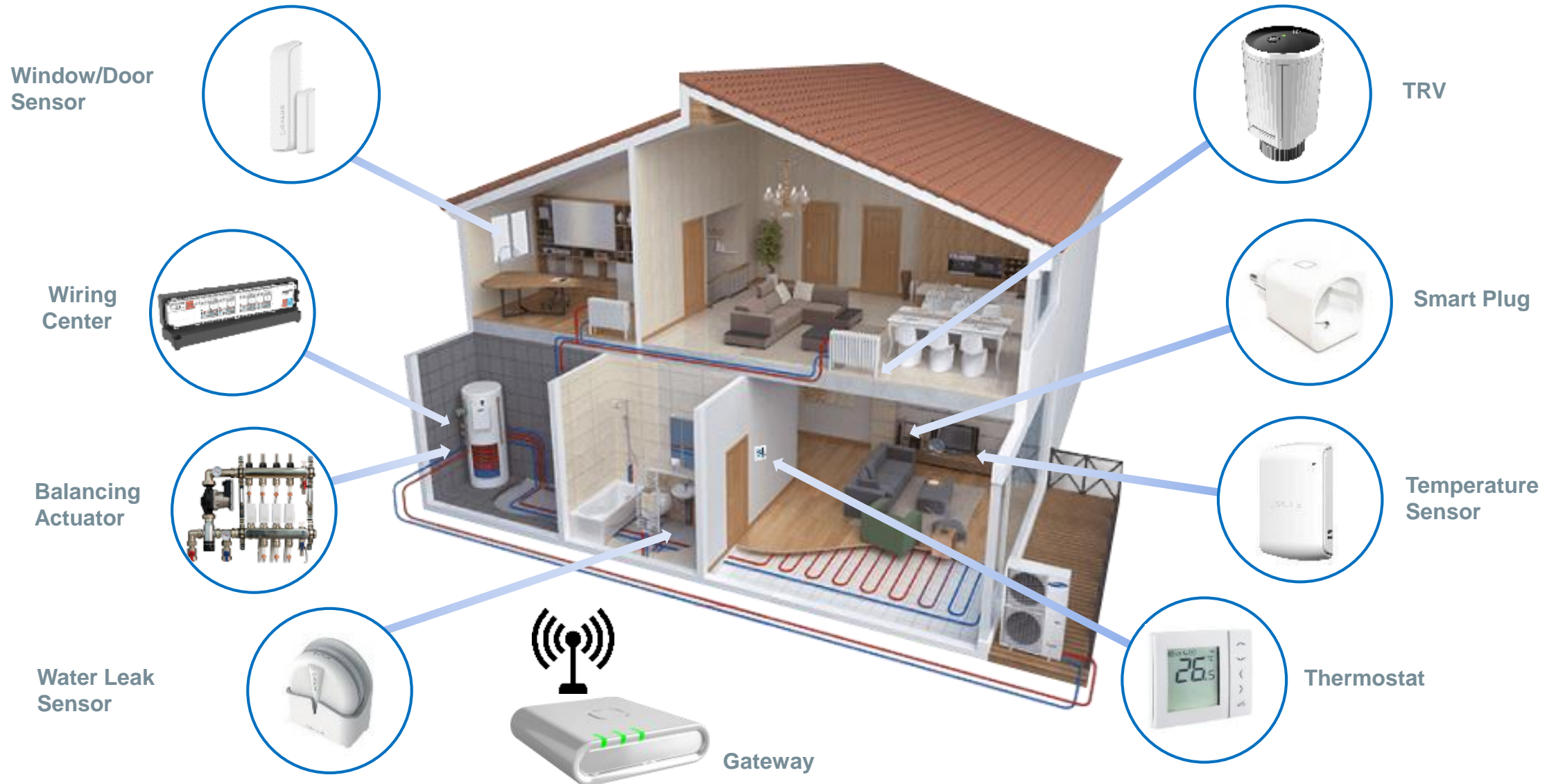
Connected thermostats

Ecosystem and Smart Home PaaS and Subscription model



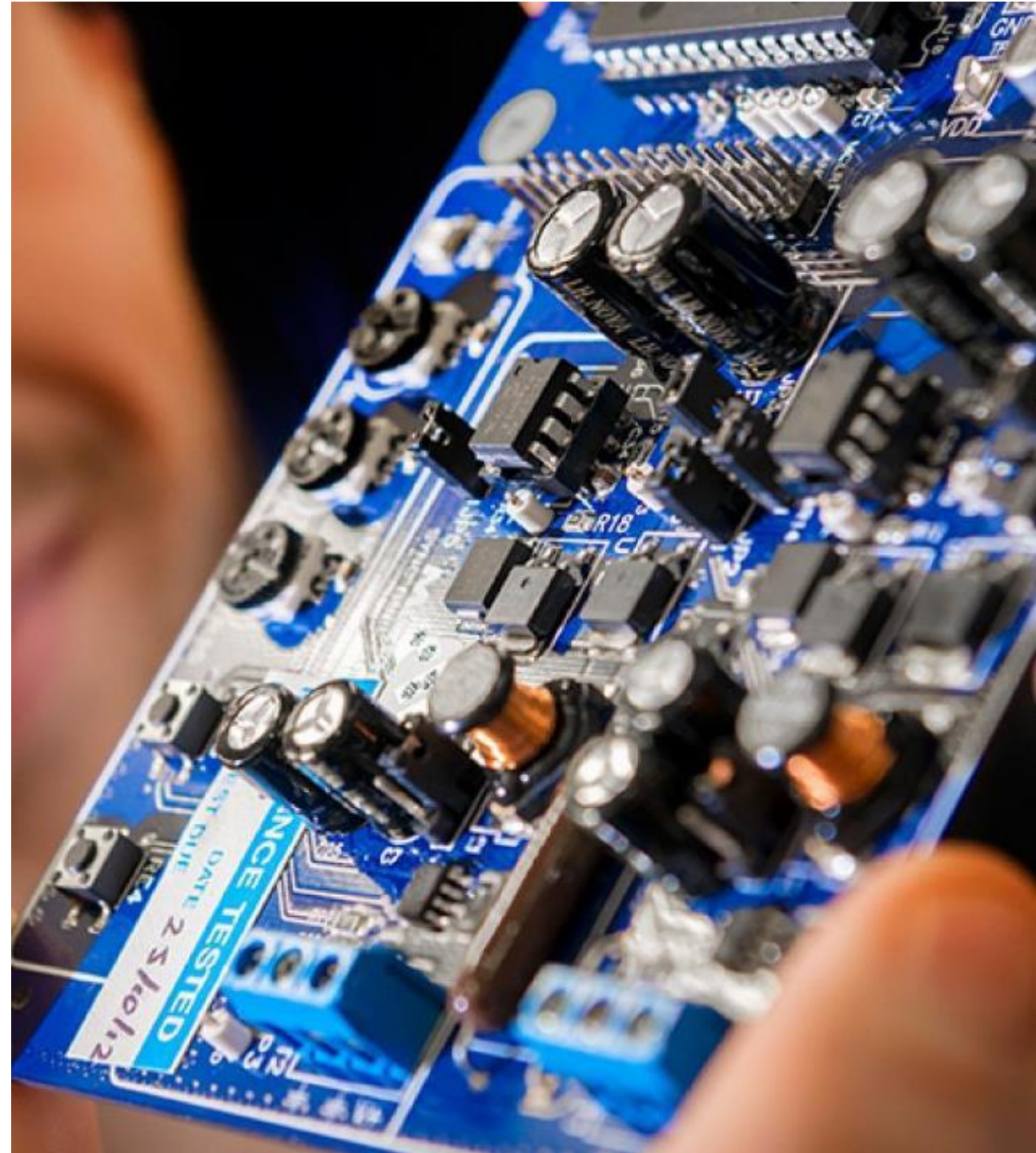
# COMPREHENSIVE PRODUCT OFFERING

One-stop shop for IoT and smart home solutions



# 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



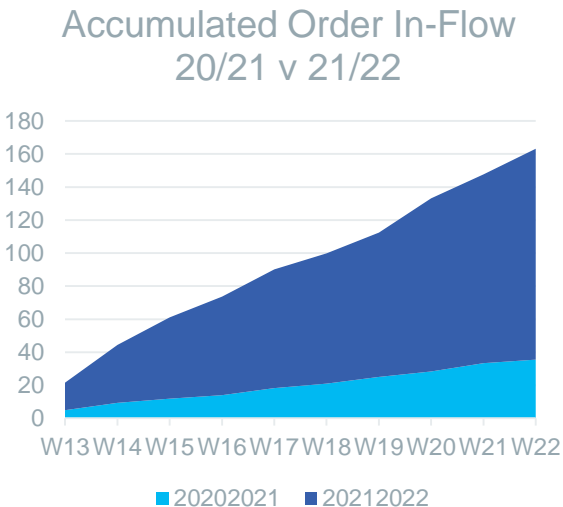
## PROFITABILITY + CASHFLOW

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

Building the "A" Team/Increasing Talent Density

Balanced Scorecard/Talent Management/PDMS/Bonus

# Current Situation



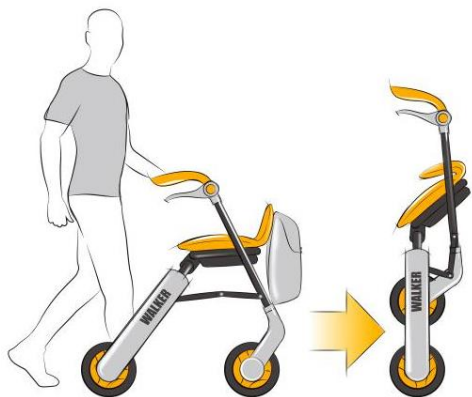
## Strong Order In Flow

- 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

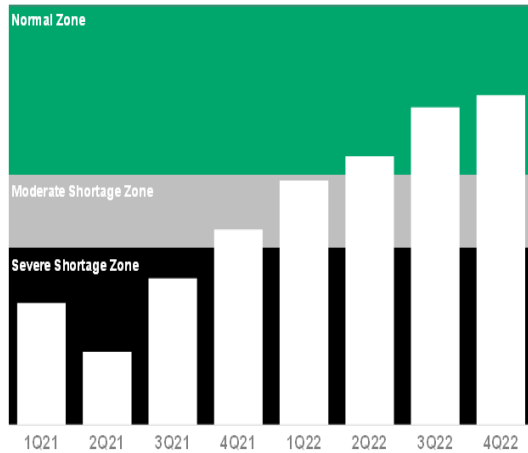


## Global Footprint Expansion

- Guadalajara, Mexico
- Romania/Eastern Europe



# Current Challenges

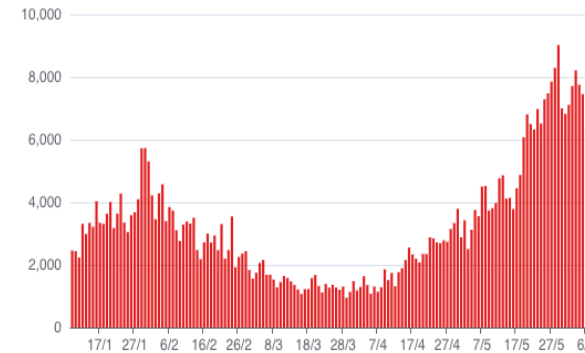


## Material Issues

- Price increase
- Delivery shortage
- Working with customers

## New Confirmed Cases

Covid-19 Malaysia - www.outbreak.my



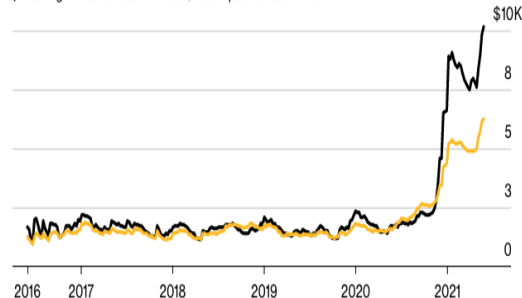
## COVID Challenges

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

## Record Rates

Container-shipping costs soar to the highest on record

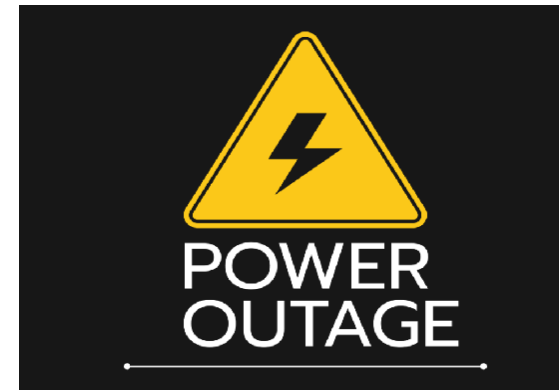
Shanghai-to-Rotterdam rate Composite-index rate



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.

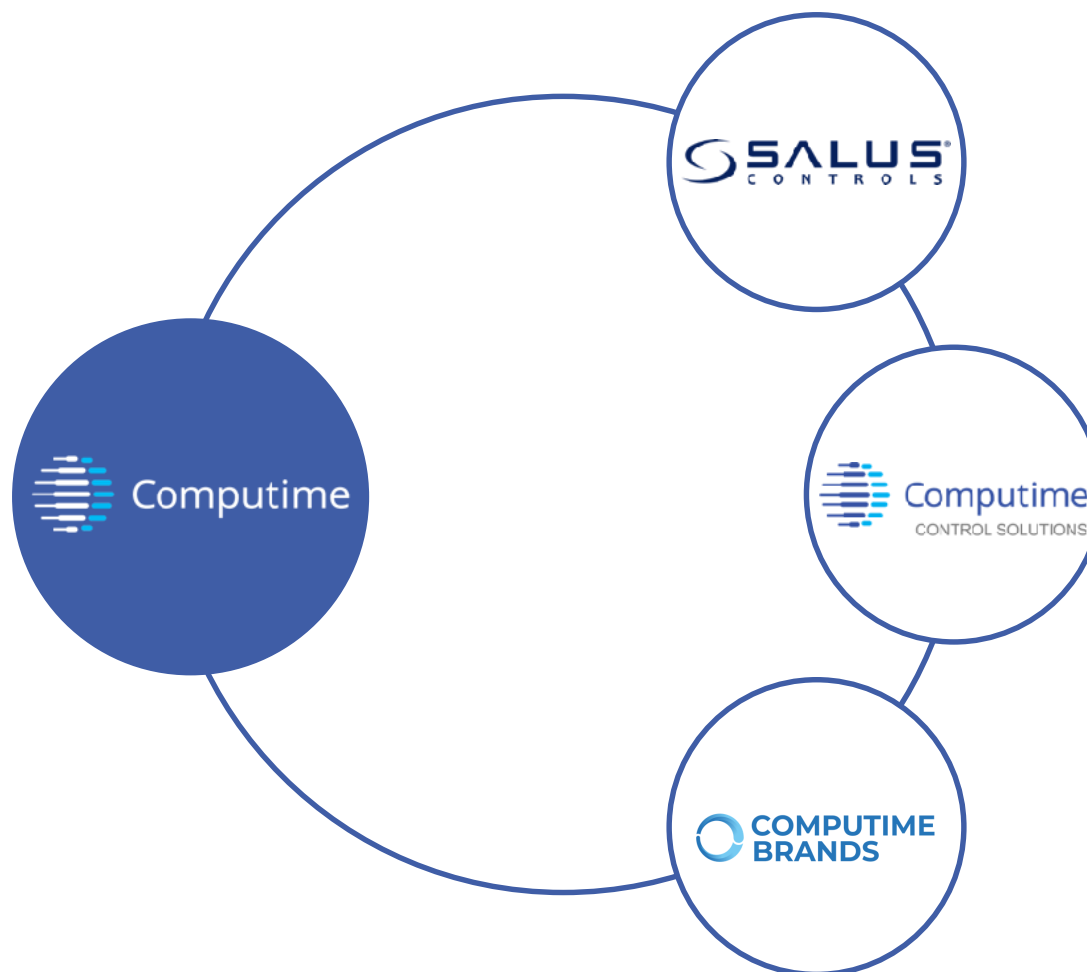
- **Transform from hardware to ecosystem/subscription model**
- Product line expansion
- Geographical expansion
- IP acquisition
- **Transform from OEM to ODM (design capabilities)**
- Economies of scale and growth acceleration
- Global footprint setup
- New market entry
- **Establish own brand**
- New 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](http://www.computime.com)

JUNE 2021