

Live Smart



Computime

Go Green

Computime Group Limited

(Stock Code: 320.HK)

2020/21 Interim Results Presentation

2 December 2020



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Company Overview

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About Computime

Stock Code: 320.HK

Listing Date: 9 October 2006

No. of Issued Share: 839,740,000

COMPUTIME GROUP is a technology, product and manufacturing solution company specialized in Internet of Things (IoT), intelligent controls and wireless connectivity (Wifi, Zigbee, BLE and Z-Wave)

COMPUTIME operates three main businesses:

- **Computime Control Solutions** provides OEM and ODM in smart and green control
- **Salus Controls** is a B2B branded company focusing on heating controls and renewable energy systems
- **CT Nova** is a B2C branded company focusing on smart home and smart nursery products

Now operate R&D, engineering, sales and manufacturing centers in **14** locations worldwide

APPLIANCE CONTROLS

White Goods

Brown Goods

Grill

Air Treatment

Water Treatment



HVAC CONTROLS

Heating

Ventilation

Air Conditioning

Fireplace

Solar Controls



HOME CONTROLS

Power Tools

Gardening

Security

Bathroom

Blinds/Doors



INDUSTRIAL CONTROLS

Industrial Device

Point of Sales

Pro Audio

Medical Devices

Wellness





OUR **VISION** IS TO BE A LEADING INNOVATOR AND ENABLER OF SMART AND SUSTAINABLE LIVING

OUR **MISSION** IS TO UNIVERSALIZE **SMART AND SUSTAINABLE** LIVING THROUGH TECHNOLOGIES, PRODUCTS AND MANUFACTURING SOLUTIONS

OUR **VALUES**: CUSTOMER FOCUS, SOLUTION DRIVEN, INNOVATION, COLLABORATION, INTEGRITY

What We Do



Established in 2004, Salus Controls is a **B2B** IoT Technology-based company focus on branded energy efficiency and environmental control products with operations in UK, Germany, US, Canada, Poland, Romania, France and Nordic countries.



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



We aim to become 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.



Why Computime

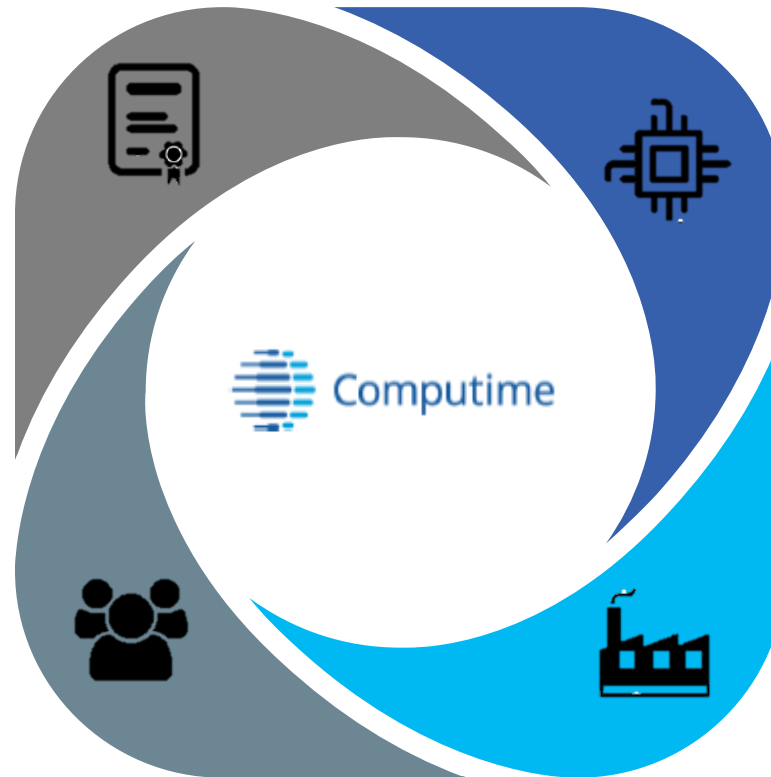
40+ years of experience in the electronic design, technology and manufacturing industry

SUPERB QUALITY

Our facilities are ISO 9001, ISO/TS 16949, ISO 13485 and ISO 14000 certified. Our ANSI ESD S20.20 control program helps eliminate sensitive component failures

EXPERIENCED MANAGEMENT

Comprising industry veterans across all areas of expertise, our leadership team is responsible for guiding our global expansion



SPECIALIZED R&D

With over **200+** engineers, Computime is a global specialists in design and engineering of smart controls and IoT devices

GLOBAL MANUFACTURING

We operate **5** manufacturing sites around the world with over **4,000** workers, covering a wide range of manufacturing services

What We Offer

PLATFORMS

Provide platforms in HVAC, IoT, ignition, heating element, bathroom, IAQ, irrigation and appliance ecosystems

EXPERTISE

Offer design expertise that cover all engineering disciplines in our industry



Hardware Design



Design For X



Software Design



Simulation



Mechanical Design



Regulatory Approval



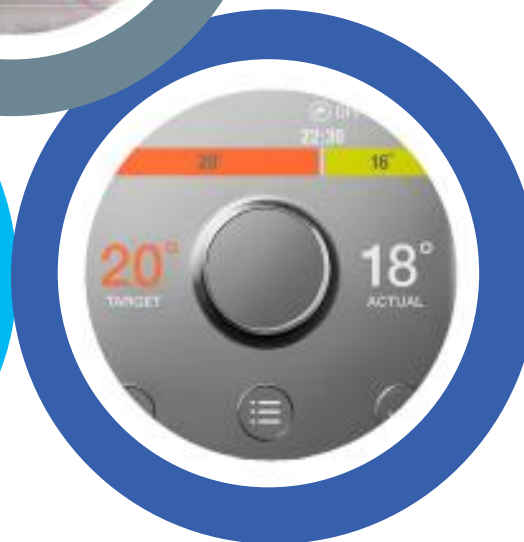
System Integration



Reliability Testing



Product Industrialization



SOLUTIONS

Deliver solutions based on Computime's five core technologies:



Human Machine Interface (UI/UE/UX)



Control Solutions (HW/SW)



Sensor Technologies



Energy Management Technologies



Connectivity (Wireless Technology, Cloud, APP) (RF, WiFi, Z-Wave, Zigbee, Bluetooth, LoRa, NFC)

Live Smart

2020/21

Interim Results Review

Go Green



FY20/21 Interim Results Highlights

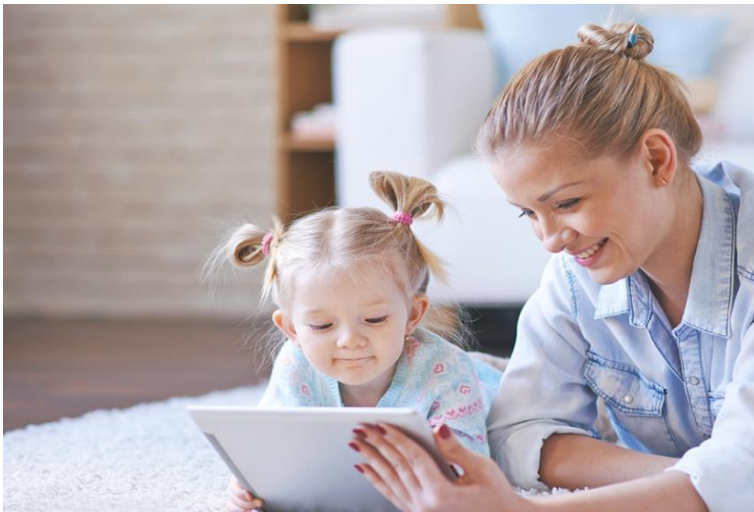
Robust Balance Sheet and Effective Capital Management under Acute Trading Environment

- **Net cash position** increased to HK\$283m (vs. HK\$224m in 1H LY)
- **Receivable cycle** efficiency and quality improved vs. LY
- Positive trend also achieved in **payable cycle** and **inventory days forward**



Growing Products and Production Capability

- Made strides in thermostats and temperature monitoring systems **data analysis** to enhance user experience and improve energy saving
- Expanded presence in **preventive maintenance** systems
- **Malaysia manufacturing site** has commenced operation and is now ramping up output



Resilient Business Portfolio and Ongoing Benefits from Restructuring

- **Revenue** declined only by 6.2% y-o-y even under severe COVID-19 supply chain disruption and market lockdown
- Ongoing **cost savings** to be realized from the restructuring exercises and the significant one-time restructuring cost incurred



Scope of Business

Segment revenue
As % of total revenue

1H20/21 | 1H19/20

1H20/21 Revenue : HK\$ 1,501.9 million

483.5 mn | 632.8 mn
32.2% | 39.5%

Smart Solutions (SS)

Focus: products and total system solutions
within the Internet of Things (IoT) space

*Connected Solutions
(Non-branded)*



*SALUS
(House brand)*



1,018.4 mn | 968.6 mn
67.8% | 60.5%

Contract Manufacturing Services (CMS)

Focus: providing cost-efficient manufacturing services
to notable brand owners around the world

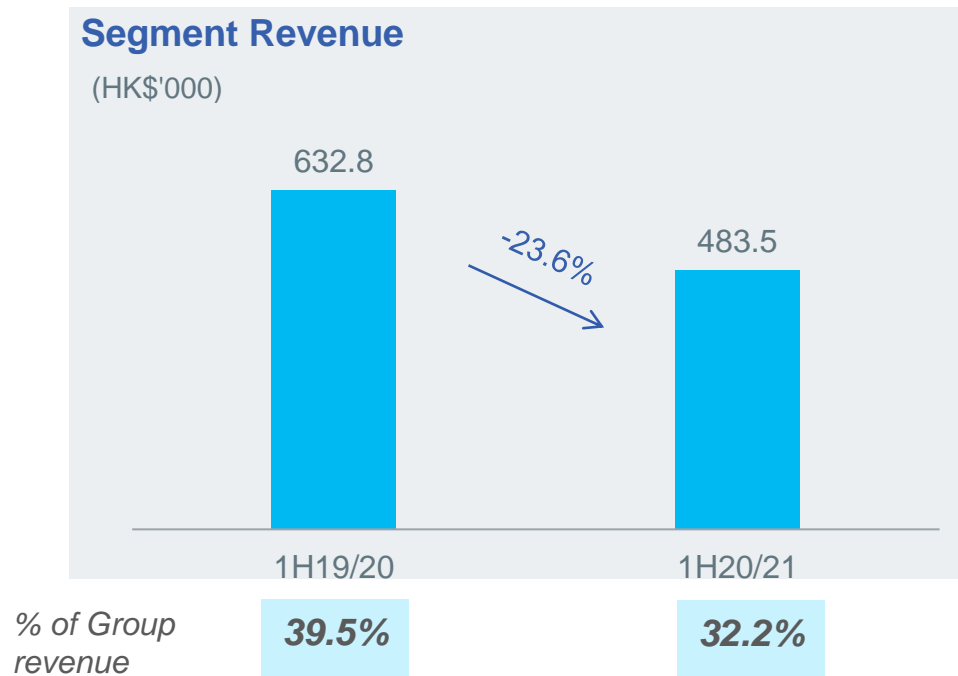


Summary of Key P/L Items

(HK\$ million)	1H19/20	1H20/21	Change	
Revenue	1,601.4	1,501.9	-6.2%	<ul style="list-style-type: none"> COVID-19 supply chain disruption esp. at the beginning of the fiscal year
Gross profit	223.0	172.2	-22.8%	
Gross profit margin	13.9%	11.5%	-2.4 p.p.	<ul style="list-style-type: none"> Unfavourable sales mix impacted by the lockdown in key markets as well as significant one-time factory staff redundancy cost for future benefits in COGS
Total SG&A expenses	(198.1)	(175.7)	-11.3%	
Total SG&A expenses to revenue ratio	12.4%	11.7%	-0.7 p.p.	<ul style="list-style-type: none"> Multiple cost rationalization exercises to realize significant cost savings
Finance costs	(14.0)	(7.6)	-45.7%	
Other Income and net other operating income / (expenses)	4.4	15.2	+245.5%	
Profit attributable to owners of the company	16.7	2.1	-87.4%	
Net profit margin	1.0%	0.1%	-0.9 p.p.	
Basic earnings per share (HK Cents)	1.99	0.25	-87.4%	

Our Business Segments Experienced Different Impact from COVID-19 Supply Chain Disruption and Lockdown

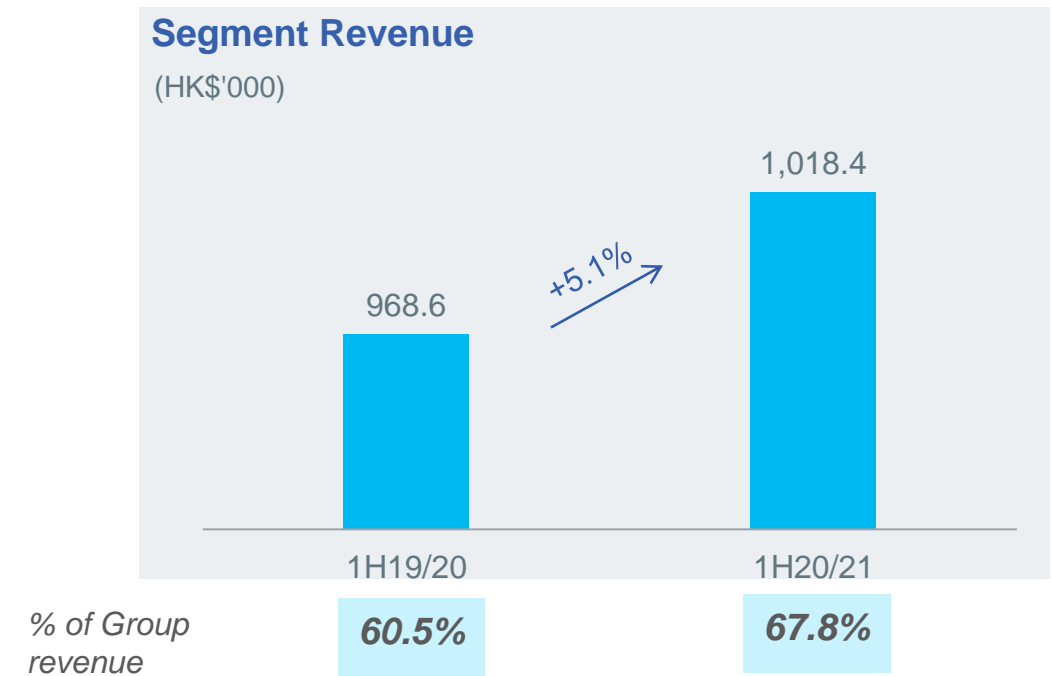
Smart Solutions (SS)



Segment Dynamics

- Segment revenue declined mainly attributable to COVID-19 supply chain and customer demand disruption (e.g. UK lockdown)
- Segment profit margin decreased to 2.1% (from 5.9% in 1H19/20) attributable to unfavourable sales mix and reduction in sales volume

Contract Manufacturing Services (CMS)



Segment Dynamics

- Segment revenue increased as demand from consumer home products increased during lockdown (e.g. power tools, gardening equipment and home comfort devices)
- Segment profit margin maintained at 4.1% (4.1% in 1H19/20)

Strong Balance Sheet and Effective Capital Management Computime

Under Challenging Market Environment

	(HK\$'000)	As at 31 March 2020	As at 30 September 2020	Change
Key Balance Sheet Items & Cash Position	Inventories	718,676	773,899	+7.7%
	• Inventory turnover days (Historical Sales)	93 days	102 days	+9 days
	• Inventory turnover days (Forward Forecast Sales)	107 days	78 days ↓	-29 days
	Trade receivables	489,785	346,364	-29.3%
	• Days sales outstanding	53 days	35 days ↓	-18 days
	• Overdue as % of receivables (> 1 month)	5.7%	3.8% ↓	-1.9 p.p.
	Net cash*	292,932	282,754 (223,792 as at 30 September 2019)	-3.5%
	Trade and bills payables	715,432	709,115	-0.9%
	• Trade payable turnover days	92 days	93 days ↑ (82 days as at 30 Sep 2019)	+1 days
Cash Conversion Cycle	Interest-bearing bank borrowings	139,099	116,804	-16.0%
	CCC – Historical Sales	54 days	44 days ↓	-10 days
	CCC – Forward Forecast Sales	67 days	20 days ↓	-47 days

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

Live Smart

**Outlook &
Development Strategies**

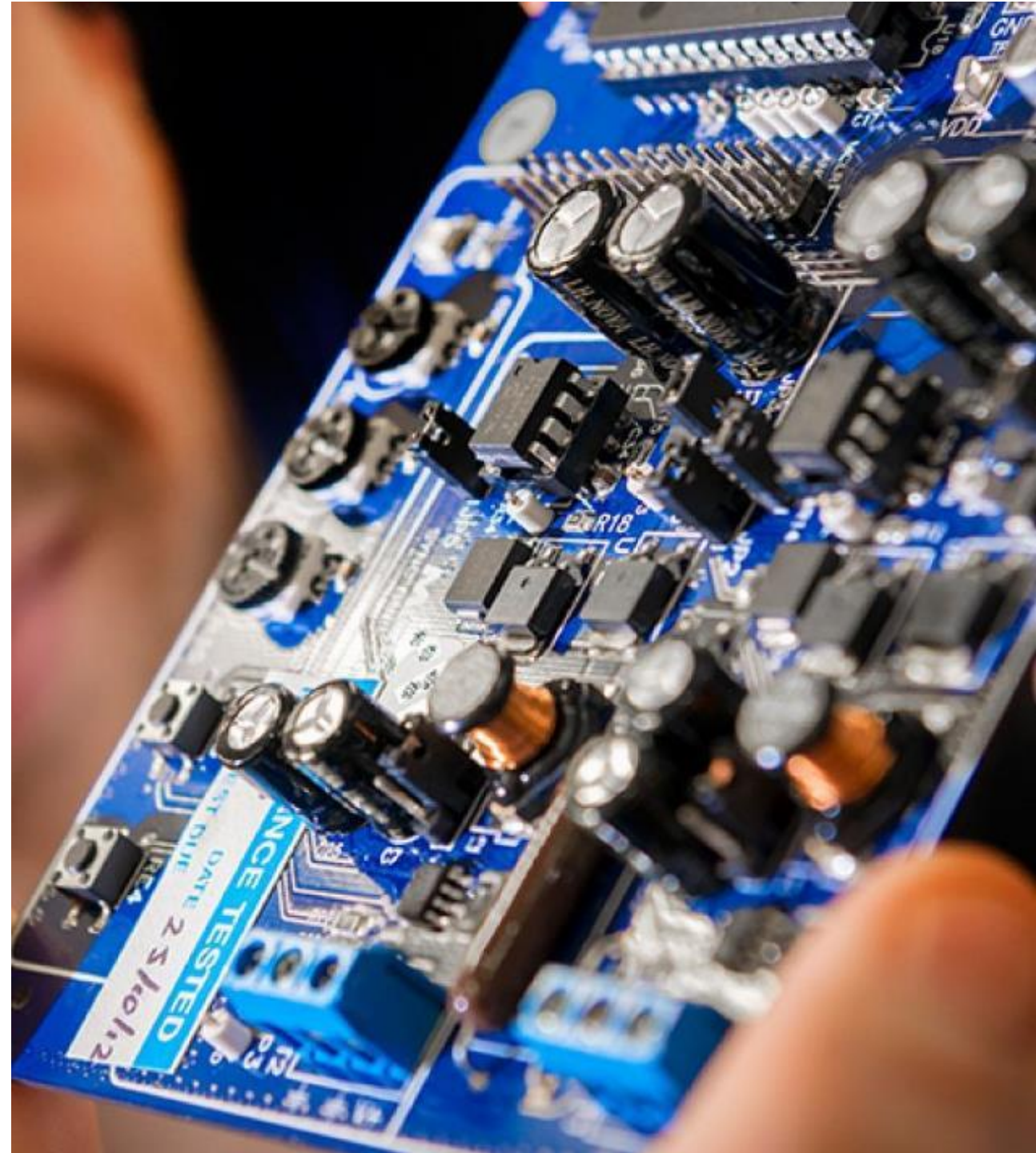
Go Green



RESTRUCTURE COST BASE

Since April 1, we have focused our effort on restructuring our cost base

- Material Cost Reduction
- Headcount Reduction
- Overhead Reduction
- Restructure Salus EU/NA
- Restructure China Operations



GLOBALIZE FOOTPRINT



CHINA



SOUTHEAST ASIA

MALAYSIA & VIETNAM



ROW

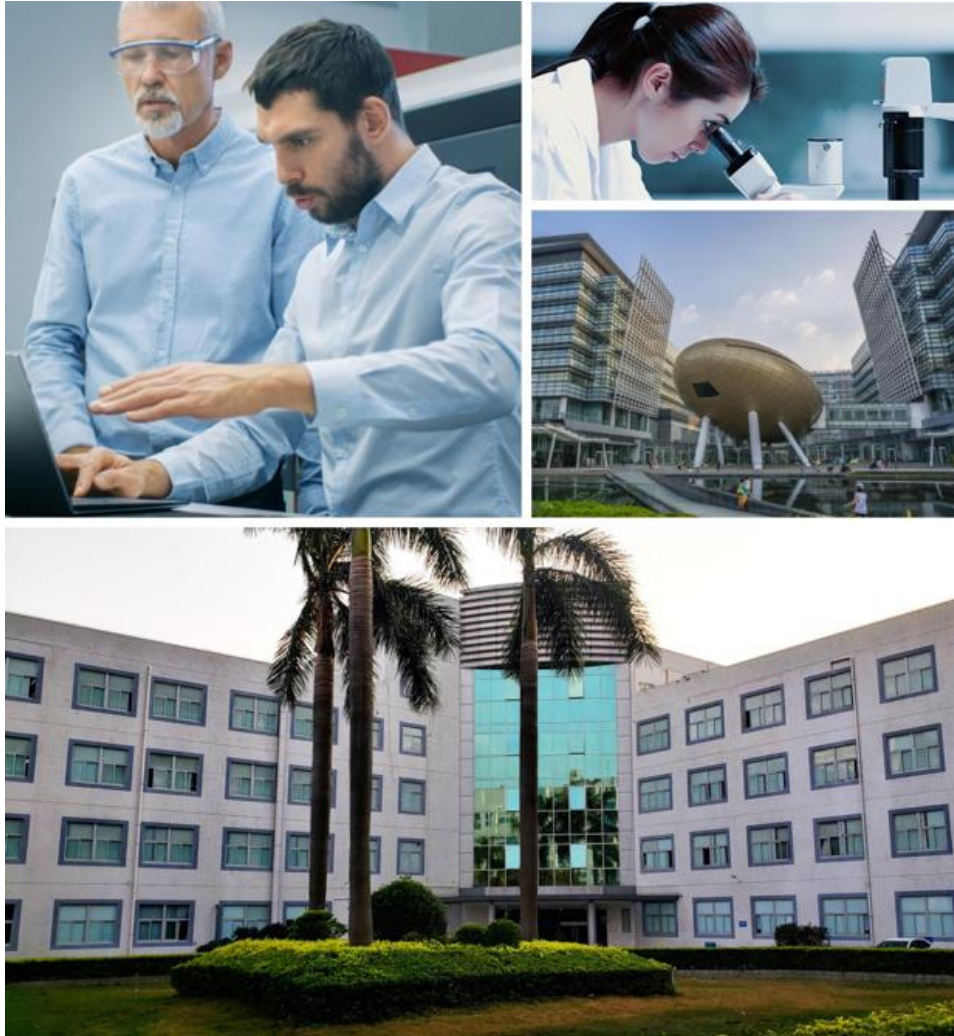
EASTERN EUROPE, HK & MEXICO

Our Malaysian factory in Penang is in operation today. Our Vietnam factory will be in full operation by Q3 of 2020.

We are currently working on new sites in the US, Romania and Mexico.

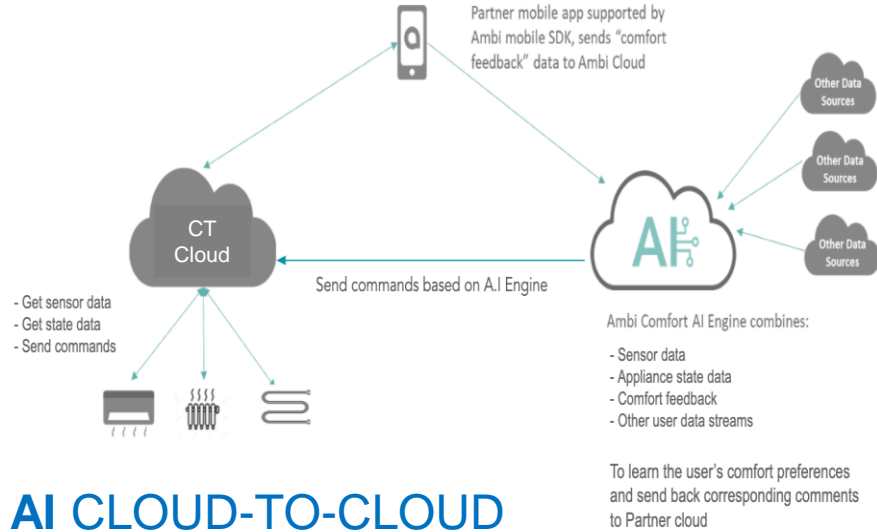
By 2025, one-third of our manufacturing will come from Southeast Asia, one-third will come from China and one third will come from the rest of the world including the US, Romania and Mexico

DEVELOP MGTP & MGPP ROADMAP



- Multi-Generation Technology and Product Roadmap
- First project is to focus on our strength in HVAC and energy management technology
- Completed market research, both in Europe and North America, and identify growth opportunity by combining market needs and our core platforms and technologies
- Identify product roadmap which will fuel our growth in the next 1-3 years:
 - AI Cloud to Cloud
 - Zigbee 3.0
 - Universal Force Air Controller
 - Super Quiet Smart TRV
 - Branded WiFi Thermostats

MULTI-GENERATION PRODUCT PLANNING



AI CLOUD-TO-CLOUD



UNIVERSAL FORCE AIR CONTROL



ZIGBEE 3.0



NEW MODULAR THERMOSTAT



SUPER QUIET SMART TRV

CONTROL SOLUTIONS

- Define core focus categories
- Relentless drive in material cost reduction
- Increase ODM business proportion by introducing technology platforms
- Identify "Star Customers" (top 5) and mega projects (top 5 including opportunity outside of China)
- Realign sales team priority target list and sales activities

APPLIANCE CONTROLS

White Goods
Brown Goods
Grill
Air Treatment
Water Treatment



HVAC CONTROLS

Heating
Ventilation
Air Conditioning
Fireplace
Solar Controls



HOME CONTROLS

Power Tools
Gardening
Security
Bathroom
Blinds/Doors



INDUSTRIAL CONTROLS

Industrial Device
Point of Sales
Pro Audio
Medical Devices
Wellness



SALUS B2B

- Focus on launch of new Quantum product line in Europe
- In EU, focus on growth in core markets; Germany, UK, Eastern Europe, Nordic
- Successful restructuring to lower cost base and breakeven point
- Pursue licensing opportunity in North America for Pro channel
- Explore possible M&As with established brands and distribution channels in North America



FORCE AIR SYSTEM

- Controls for conventional heating and cooling systems, heat pump systems and fan coil systems
- Products include thermostats, internet gateway, wired pump wiring centers, wired valve controllers, radiator controllers and actuators

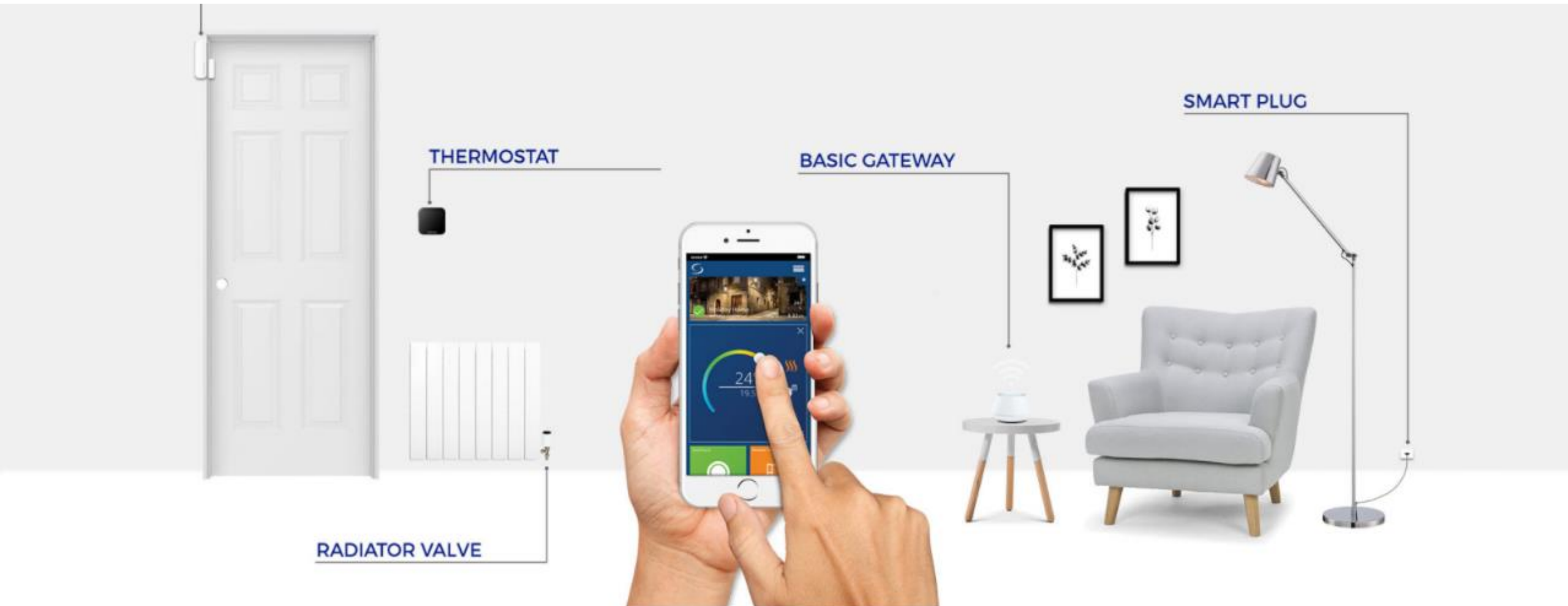


HYDRONIC SYSTEM

- Offer both wired and wireless hydronic controls
- Products include thermostats, internet gateway, wired pump wiring centers, wired valve controllers, radiator controllers and actuators



SMART HOME



CT NOVA B2C

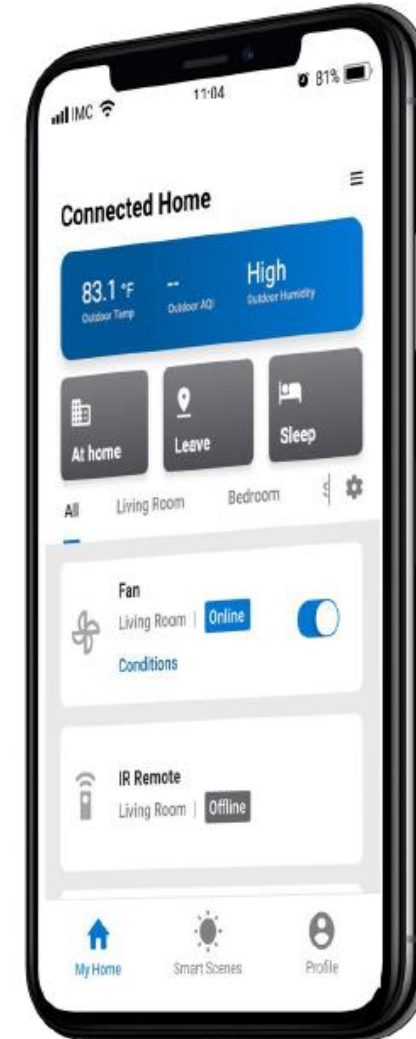
- Two licensing agreements with A-tier consumer brand on floor care, connected home/nursery and baby products in North America
- The two contracts cover 26 product categories
- Key Product Launch:
 - Floor care in Q3 2020
 - Connected thermostats products in Q1 2021
 - Baby monitors in Q1 2021
 - Connected products in Q2 2021
 - Baby products in Q2 2021
- Future expansion in Europe and Asia has been discussed



SEAMLESS CONNECTION

All devices in our ecosystem will be connected to **one APP**. Its user interface is clean, easy to set up and use. Our APP also provides key features such as:

- Remote control On/Off function
- Programmable/scheduled switching
- Remote real time status monitoring
- Programmable scene creation
- Works seamlessly with Alexa and Google





Q & A

Live Smart, Go Green



Thank You!