

Live Smart



Computime

Go Green

Computime Group Limited

(Stock Code: 320.HK)

2019/20 Annual Results Presentation

24 June 2020



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Development Strategies**

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Company Overview

Go Green



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



CT★**NOVA**

CT Nova is a B2C brand and technology company focusing on **smart home and smart nursery products**



 **Computime**
CONTROL SOLUTIONS

Computime is global technology and manufacturing company providing **smart and green controls solutions** to its customers in commercial, industrial and consumer markets



 **SALUS**
CONTROLS

Salus is a B2B brand and engineering company focusing on **heating controls and renewable energy systems**

Why Computime

40+ years 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 of 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

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 and Appliance ecosystems



EXPERTISE

Offer design expertise that cover all engineering disciplines in our industry



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

2019/20

Annual Results Review

Go Green



FY19/20 Results Highlights

Improvements in Capital Management

- **Trade receivables** decreased by 19.2% yoy to HK\$489.8 million
- **Net cash position** improved from HK\$226.4 million to HK\$292.9 million as at 31 March 2020



- Encouraging revenue growth of 12.4% yoy in local currencies
- Successfully introduced new features such as fault-sensing and efficient energy-monitoring
- Lay down a solid foundations for partnering with several property managements in North America for the trial run of its smart solutions



Volatile Macroeconomic Environment and Weaker Product Shipment

- **Revenue** decreased slightly by 4.6% yoy to HK\$3,262.5 million, attributable to the prudence among customers under volatile macroeconomic environment
- **Gross Margin** lifted up by 1.7%pt to 13.4% contributed by multiple margin enhancement initiatives



Scope of Business

Segment revenue
As % of total revenue
FY19/20 | FY18/19

FY19/20 Revenue : HK\$ 3,262.5 million

1,214.4 mn | 1,295.9 mn
37.2% | 37.9%

Smart Solutions (SS)

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

Connected Solutions (Non-branded)



SALUS (House brand)



2,048.1 mn | 2,124.3 mn
62.8% | 62.1%

Contract Manufacturing Services (CMS)

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

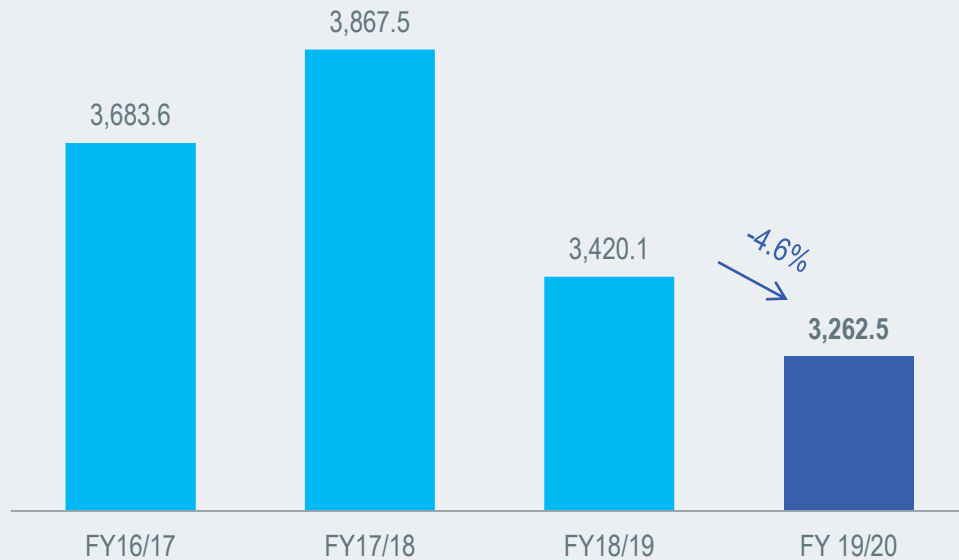


Income Statement Summary

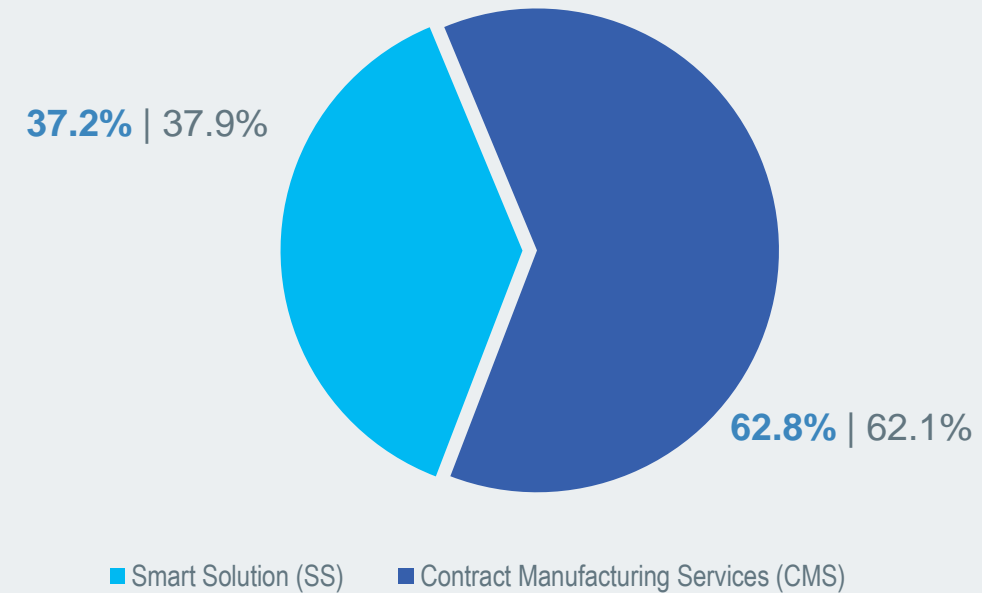
(HK\$ million)	FY18/19	FY19/20	Change	
Revenue	3,420.1	3,262.5	-4.6%	<ul style="list-style-type: none"> Attributable to the prudence among customers under the volatile market environment and the COVID-19 disruption to the global supply chain
Gross profit	401.2	438.1	+9.2%	
Gross profit margin	11.7%	13.4%	+1.7p.p.	<ul style="list-style-type: none"> Driven by multiple margin enhancement initiatives in both raw material sourcing and manufacturing operations
Total operating expenses	377.2	419.9	+11.3%	
Total operating expenses to revenue ratio	11.0%	12.9%	+1.9p.p.	<ul style="list-style-type: none"> Attributable to the increase in talent pool to drive multiple corporate projects to capitalize profit enhancement opportunities, including the margin enhancement initiatives
Finance costs	25.4	24.7	-2.7%	
Profit attributable to owners of the company	10.3	11.0	+6.8%	
Net profit margin	0.3%	0.3%	-	
Basic earnings per share (HK Cents)	1.23	1.31	-	

Revenue Analysis

Total Revenue Trend
(HK\$'000)



Revenue Contribution Breakdown by Business Segment
FY19/20 | FY18/19

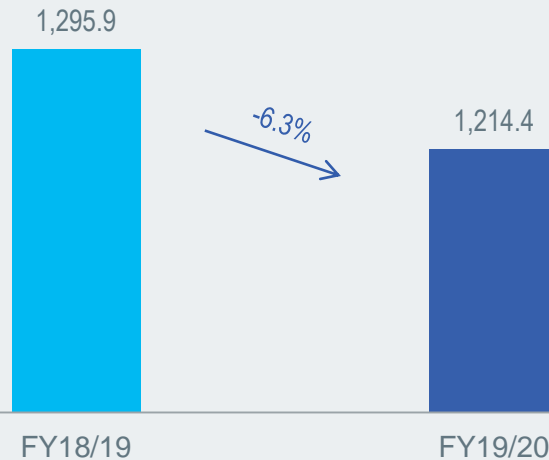


Segment Analysis

Smart Solutions (SS)

Segment Performance

(HK\$'000)



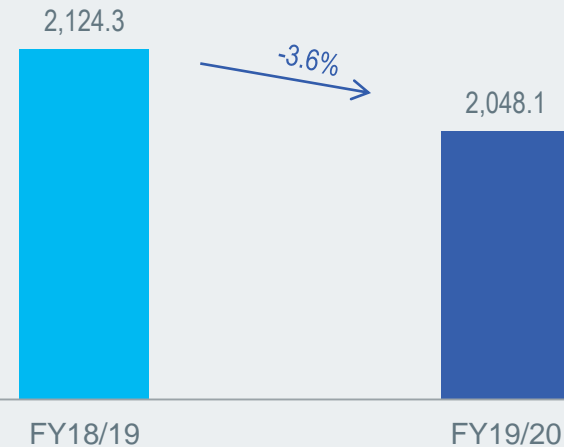
Segment Details

- Segmental profit margin decreased to 4.0% (from 8.2% last year) attributable to lower sales volume and unfavourable product mix

Contract Manufacturing Services (CMS)

Segment Performance

(HK\$'000)



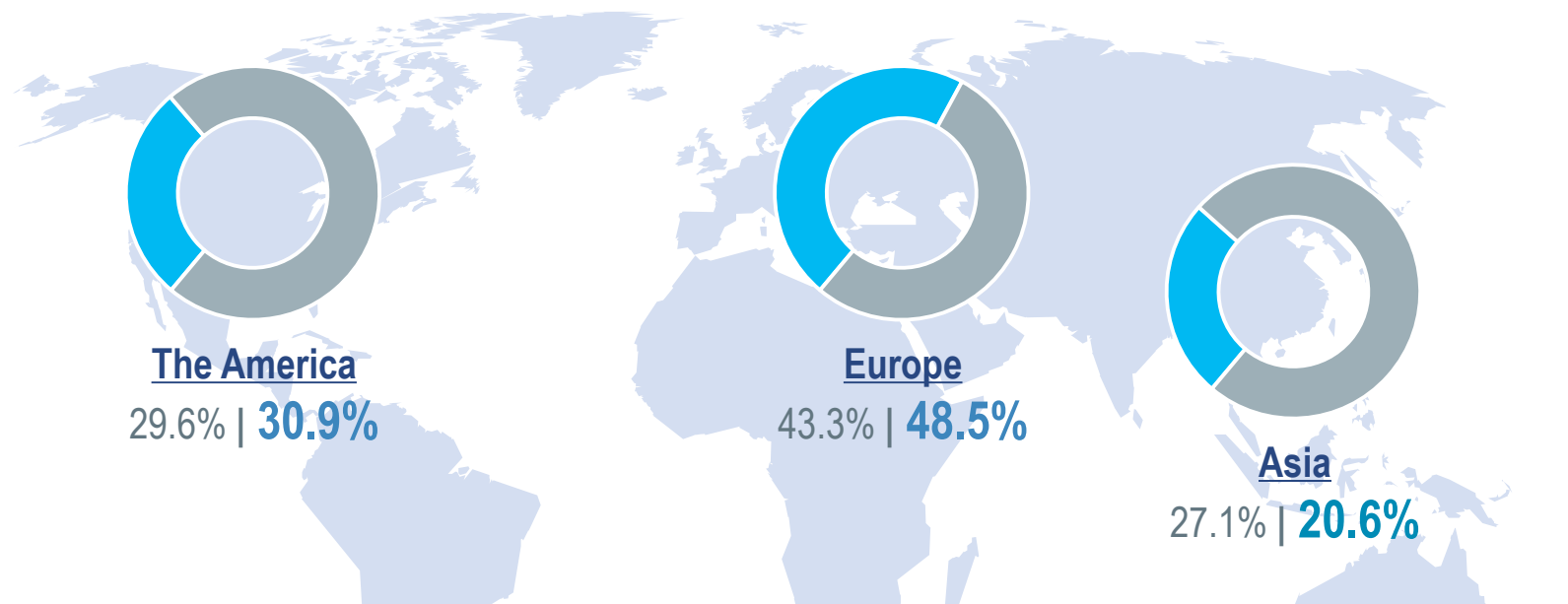
Segment Details

- Segment revenue stayed flat despite customers remained cautious amid uncertainties caused by US-tariff issues, European economic downturn and unresolved Brexit issues
- Segmental profit margin increased to 4.1% (from 0.1% last year) contributed by margin enhancement initiatives

Increasing Contribution from the European Market based on Customer Base Location

% to Revenue

FY18/19 | FY19/20



(HK\$'000)	FY18/19	%	FY19/20	%	Change
The America	1,013,993	29.6%	1,008,680	30.9%	+1.3p.p.
Europe	1,479,939	43.3%	1,582,565	48.5%	+5.2p.p.
Asia	926,199	27.1%	671,251	20.6%	-6.5p.p.
Total	3,420,131	100%	3,262,496	100%	-

Enhanced Capital Management

		As at 31 March 2019	As at 31 March 2020	Change
Inventories	Inventories	671.0	718.7	+7.1%
Cash position	Trade receivables	605.9	489.8	-19.2%
	Net cash*	226.4	292.9	+29.4%
	Trade and bills payables	592.1	715.4	+20.8%
	Interest-bearing bank borrowings	210.0	139.1	-33.8%
Cash conversion cycle (days)	Inventory	81	93	+12
	Trade receivable turnover days	54	53	-1
	Trade payable turnover days	72	93	+21
	Cash conversion cycle	63	53	-10

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

Live Smart

**Outlook &
Development Strategies**

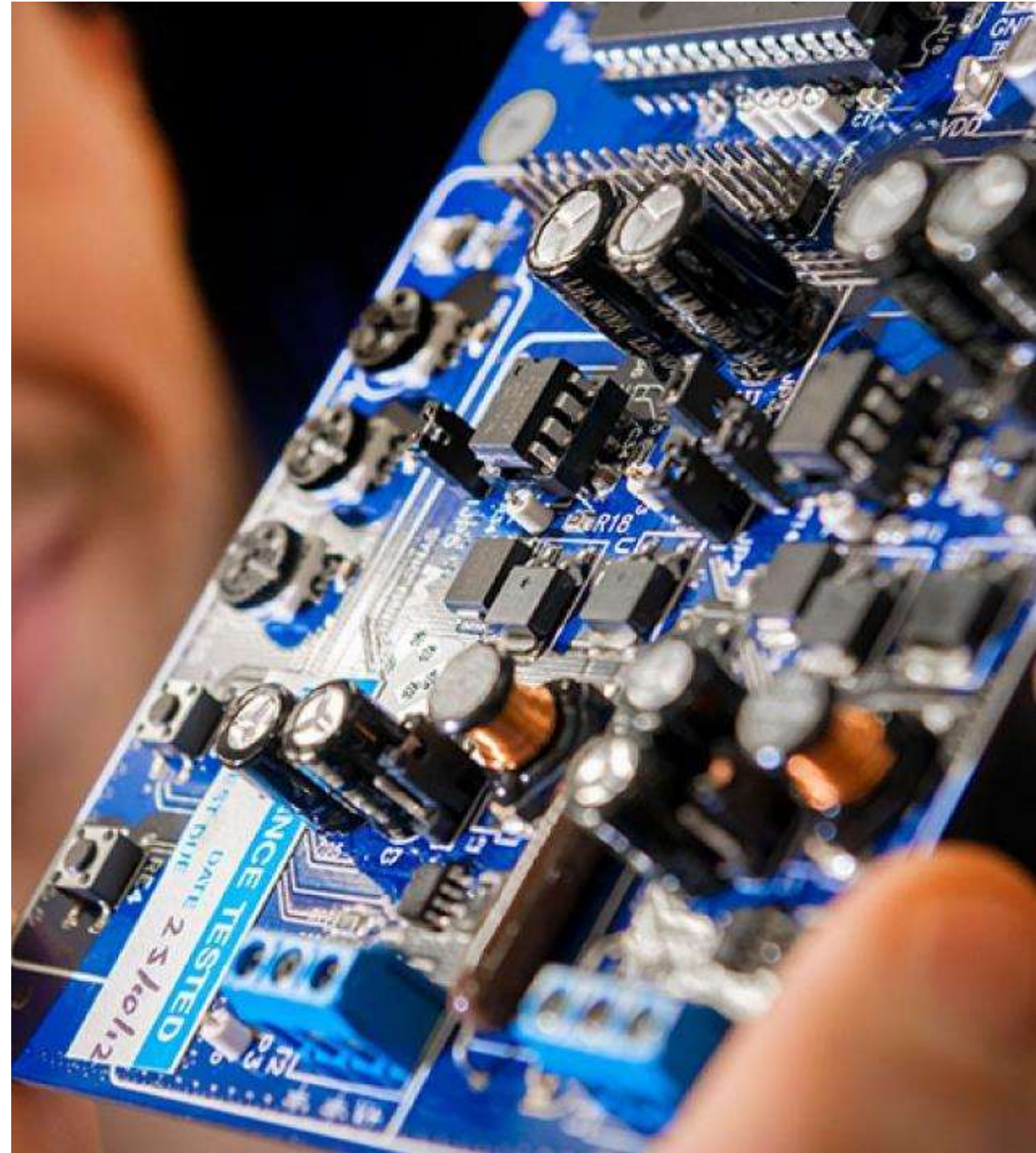
Go Green



RESTRUCTURE COST BASE

Since April 1, we have focused our effort in 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

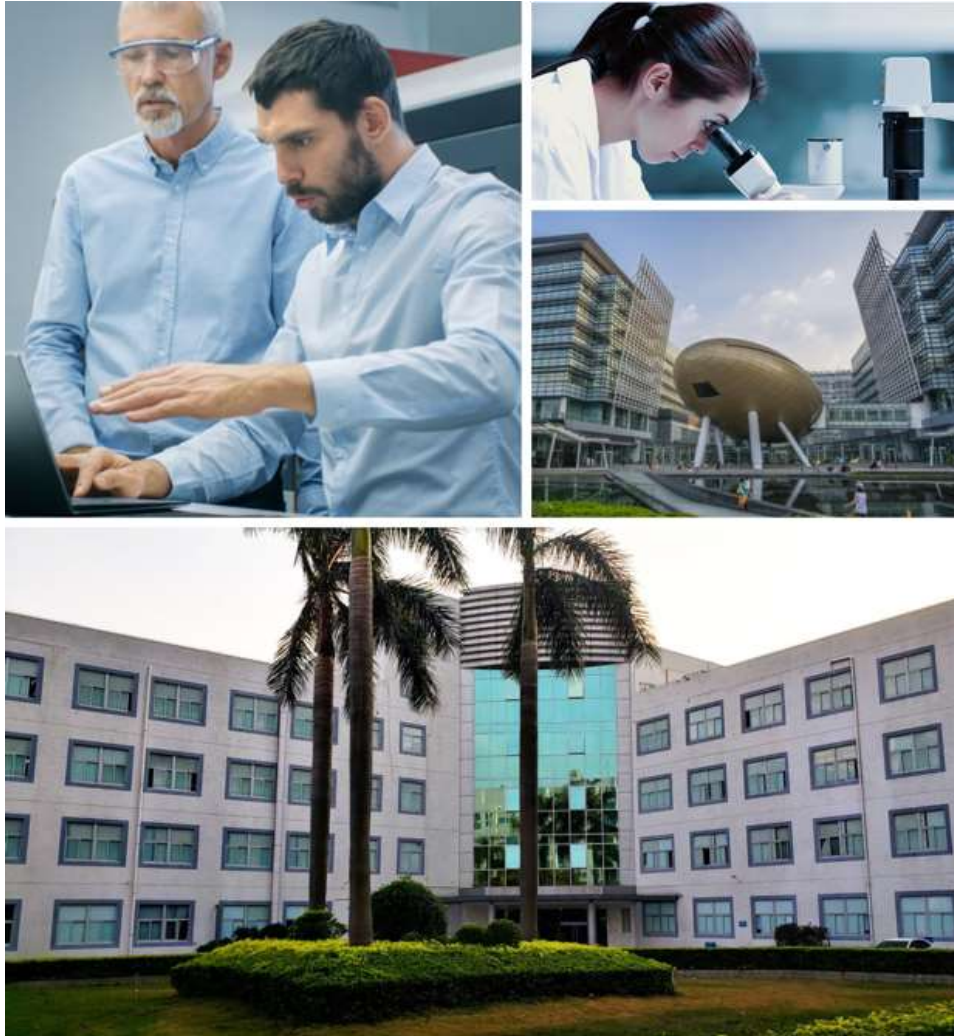
US, ROMANIA & MEXICO

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.

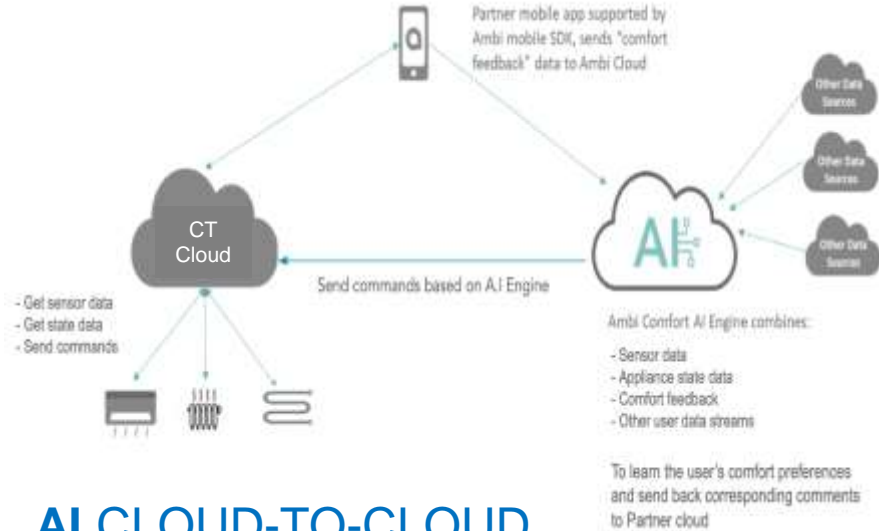
By 2025, one-third of our manufacturing will will from Southeast Asia, one-third will come from China and one third will come from the rest of the world including the US, Romania and Mexico

DEVELOP MGTP & MGPP ROADMAP



- Multi-Generation Technology and Product Roadmap
- First project is to focus on our strength in HVAC and Energy Management technology and product roadmap
- 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



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 on 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&A with established brand in North America with distribution channel



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



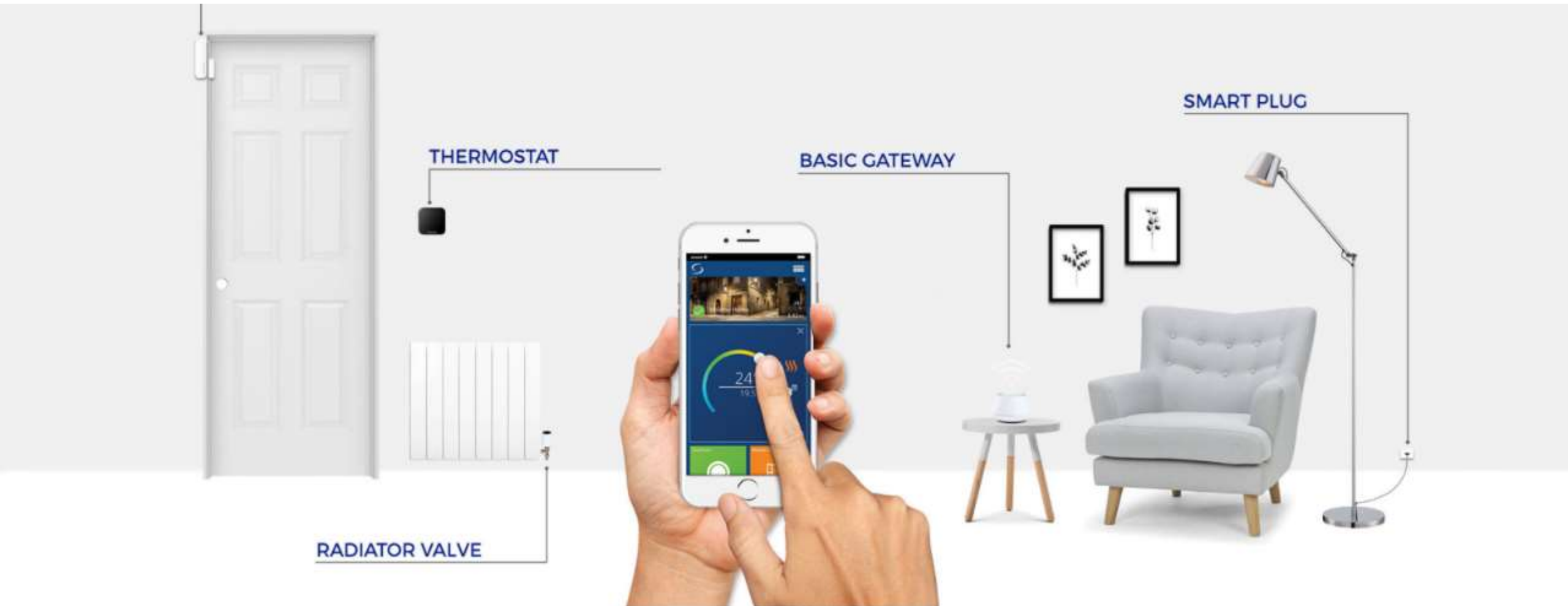
HYDRONIC SYSTEM

- 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

SALUS®
Think Smart | Think SALUS



CT NOVA B2C



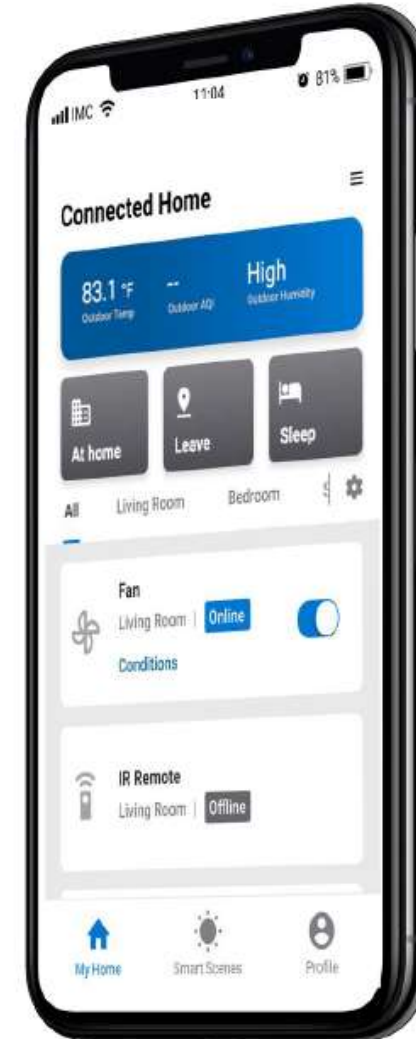
- Two licensing agreements with a tier consumer brand on floor care, connected home/nursery and baby products in North America.
- The two contracts cover 26 product categories
- Key Product Launch:
 - Floor care in Q3 2020
 - Connected thermostats products in Q1 2021
 - Baby monitors in Q1 2021
 - Connected 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!