



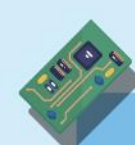
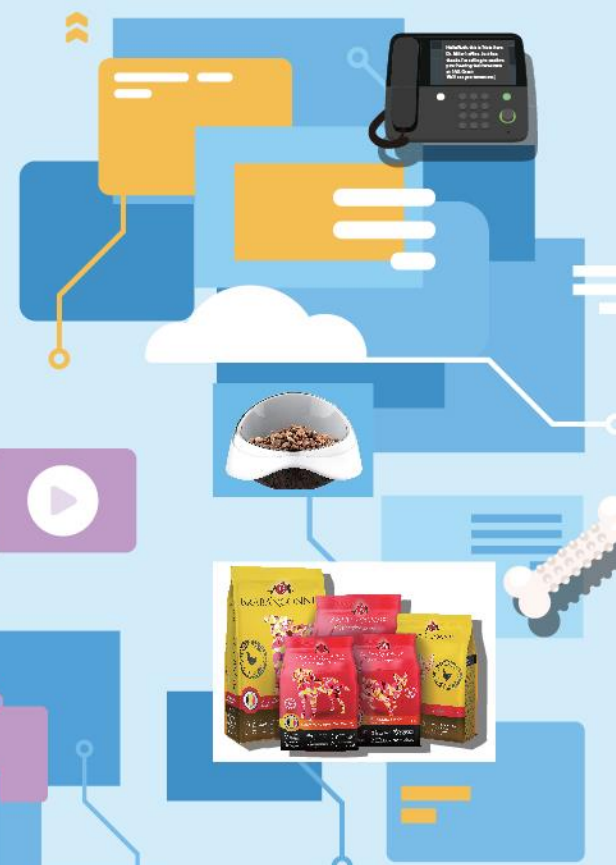
SUGA INTERNATIONAL HOLDINGS LIMITED

信佳國際集團有限公司

FY2018/19 Annual Results Announcement
Corporate Presentation
8 July 2019



Financial Highlights

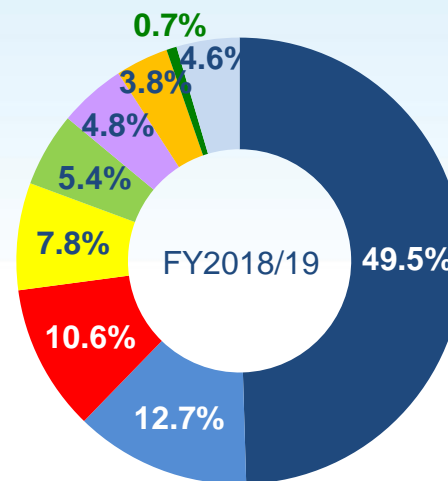
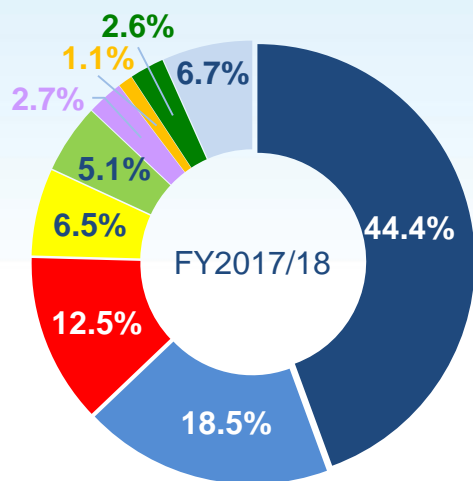


Financial Highlights

Year ended 31 Mar

HK\$ million	FY2017/18	FY2018/19
Revenue	1,510.5	1,681.9
- Electronic products	1,180.2	1,395.6
- Pet business	330.4	286.3
Gross profit	231.1	227.0
Gross profit margin	15.3%	13.5%
Net profit	74.1	55.6
Net profit margin	4.9%	3.3%
Earnings per share		
- Basic (HK cents)	26.29	19.64
- Diluted (HK cents)	26.11	19.63
Total dividend per share (HK cents)	15.0	12.0
- Interim, paid	7.0	6.0
- Final	8.0	6.0

Revenue by Geographical Segment



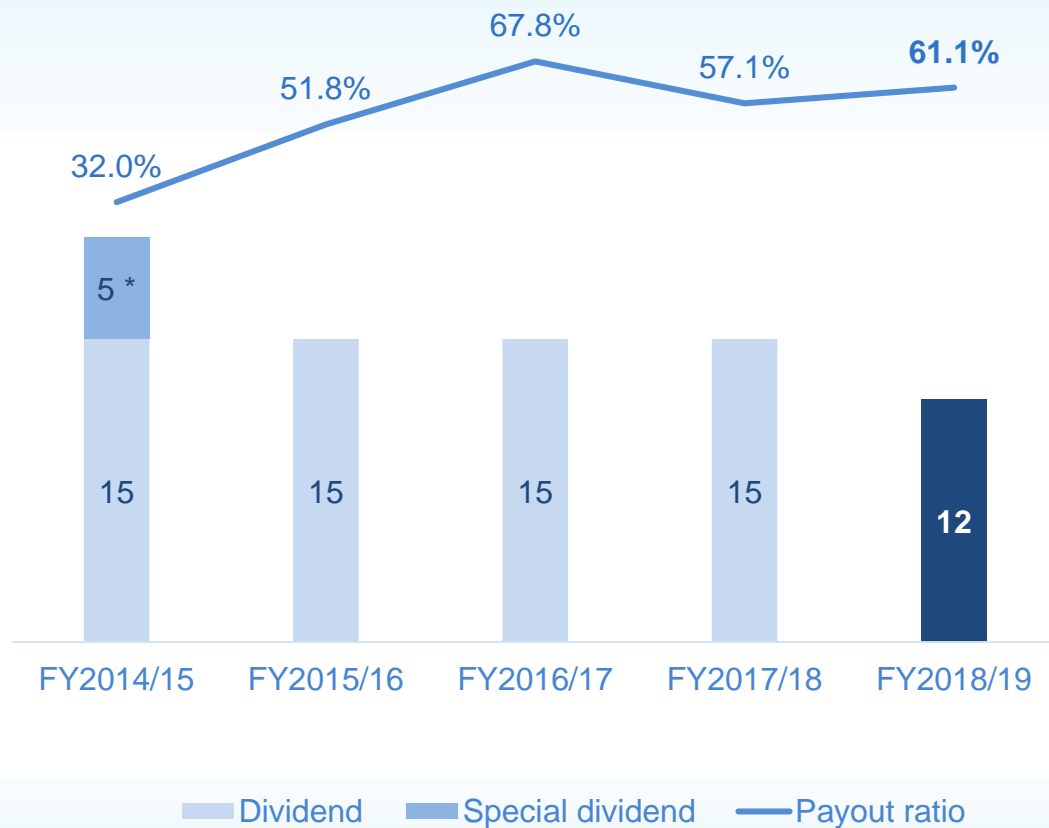
- USA
- Japan
- PRC (including HK)
- Taiwan
- Australia
- Germany
- France
- UK
- Others

HK\$'000	FY2017/18	FY2018/19
The United States of America	670,865	832,952
Japan	279,015	214,264
PRC (including Hong Kong)	189,524	178,725
Taiwan	97,538	130,510
Australia	77,454	90,294
Germany	40,274	81,504
France	16,184	64,376
United Kingdom	38,625	12,543
Others	101,025	76,694
Total	1,510,504	1,681,862

Stable Dividend Payout



HK cents



* Included a special dividend of HK5 cents for selling a land parcel in Buji, Shenzhen

Key Financial Ratios



As at 31/3/2018

As at 31/3/2019

Liquidity

Liquidity ratio (times)

(current assets over current liabilities)

2.10

2.13

Cash and bank balances (HK\$)

165.1 million

127.8 million

Bank borrowings (HK\$)

68.9 million

69.5 million

Gearing ratio

(total bank borrowings / total equity)

9.4%

9.6%

Net cash (HK\$)

(total cash and bank balances less total bank borrowings)

96.2 million

58.3 million

Turnover ratio

Inventory turnover (days)

66

70

Debtors turnover (days)

50

46

Net asset value per share (HK\$)

2.59

2.56

Business Review



Electronic Products



- Generated stable revenue for the Group
- Professional audio equipment performed particularly well
- Revenue from telephones for the hearing impaired was similar to that of the previous year
- Affected adversely by the market environment, the performance of other products such as smart card and NFC products as well as communications products from Japanese clients has declined



Electronic Products - IoT



- Allocated resources to incorporate the Internet of Things (IoT) technology in different products
- Gained the recognition of current business partners
- Secured a new economy customer in the US and developed an asset tracker with IoT technology
- Although this business is still at the cultivation stage, it has brought a contribution within the year, so the Group believes this product has potential of growth
- Enables SUGA to access different types of customers



Electronic Products – New Facility in Vietnam

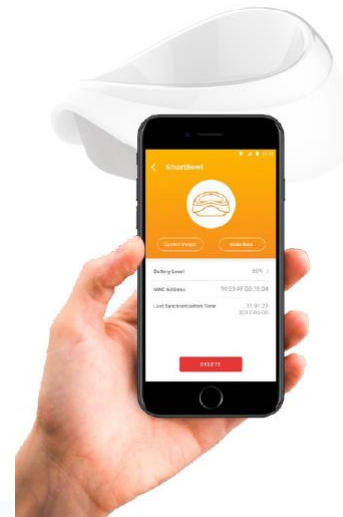
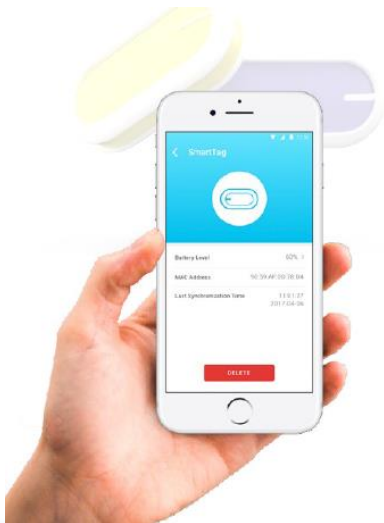
- Established a manufacturing facility in Vietnam
 - Capitalize on the preferential tax rates, competitive labor cost, stable labor market and strategic location there to mitigate the pressure from the US-China trade war and rising costs in China
 - Location: Dai Dong-Hoan Son Industrial Park, Bac Ninh Province, Vietnam
 - Area: 4,134 sq. m.
 - Initial investment: ~HK\$20 million
 - Two production lines have commenced operation this Feb, to meet the strong demand for production out of China from partners



Pet Business – Pet Electronic



- Drop in sales was mainly due to declining orders of pet training devices as a result of the reduction of inventory by the Group's business partners



Pet Business – Pet Food



- Strived to develop the pet food business in recent years
 - Unexpected avian influenza outbreak last year affected the import into China of Brabanconne pet food produced in Belgium
 - The epidemic has subsided
 - Wait for the resumption of import approval by China's government
 - Determination to develop the pet food business remains unshaken
- 
- Continued raising the awareness of the Brabanconne brand, so this arm still managed to record revenue growth
 - Actively participated in different types of domestic and overseas pet exhibitions and fairs
 - e.g. Interpets in Tokyo and the Spring All Pet Supplies Fair in Osaka for the first time in Mar 2019, aiming to enter the market in Japan
 - satisfy the strong demand for quality pet food among local consumers
 - diversify market risk
- 



Pet Business – Pet Insurance



- Targeting the enormous potential of pet insurance, the Group launched an online pet insurance platform, PetbleCare, with partners, in Sep 2018
- Cover the pets' medical illness, accident, third party liability and other protection to provide a more comprehensive service to pet owners and their beloved animals
- Generate synergies with existing pet business



One Stop Pet Insurance Platform

Prospects



Vietnam Plant



- Vietnam plant has completed trial production
- Mainly shifted the manufacturing of the products affected by the trade war to the Vietnam factory and advanced the extent of automated production processes, mainly non-labor intensive parts
- Received some enquiries from new customers, expressing wishes for SUGA's Vietnam plant to produce their products, so as to mitigate the effects of the trade war on them
- Will flexibly allocate resources according to its customers' needs and can adjust its production scale as needed



Pet Business



- To secure stable supply sources in order to diversify the risks of supply and meet the needs of its customers, the Group has studied various options and explored the feasibility of cooperation with other suppliers such as overseas and domestic quality pet food producers
- Brabanconne has gained a certain degree of recognition in mainland China, hence the Group will continue to grasp opportunities to further penetrate other Asian markets
 - Received positive feedback after SUGA participated in the exhibitions in Japan
 - Will expedite the development of its pet food business based on indicators of market acceptance



Q & A

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