



FY 2015 Results Briefing

June 2, 2015



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About Us

- Corporate Profile
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- Our Customers
- Investment Merits
- Business Structure

Corporate Profile



- One of the largest HK-based electronics company involved in the global sourcing and regional distribution of electronics components
- Established in 1981 and listed on the Mainboard of the Singapore Exchange in 2001
- Strong network of offices in the Greater China region as well as Singapore
- Successfully achieved a dual primary listing on The Hong Kong Stock Exchange on 6 Dec 2013

- Sales Offices
- Headquarters

PRODUCTS AND SERVICES Suppliers

WILLAS-ARRAY™
Willas-Array Electronics (Holdings) Limited
威雅利電子(集團)有限公司



Our Customers



We have a growing pool of
over 3,000 active customers
in Hong Kong, China and
Taiwan

Investment Merits

Market insight and strong fundamentals

- Leading components distributor with a wide product range for different sectors
 - Long-standing and excellent capabilities in sales and engineering
- **Extensive and growing network in China**
- **Stable and well-developed relationships** with suppliers, customers and banks

Sound management policies

- Strict financial discipline and tight capital management

Demonstrated resilience

- **Profitable since established in 1981** (except in FY09, when there was a global financial crisis)

Good dividend payouts and attractive dividend yield

- At least **45% payout** since listing
- Dividend yield of 5.5% as at 29 May 2015

Business Structure

Willas-Array Electronics (Holdings) Limited

Greater China

Hong Kong

Willas-Array
Electronics
(Hong Kong)
Limited

Array
Electronics
(China)
Limited

Northern
China

Willas-Array
Electronics
(Shanghai)
Limited

Shanghai
Beijing
Qingdao
Chengdu
Chongqing

Southern
China

Willas-Array
Electronics
(Shenzhen)
Limited

Shenzhen
Guangzhou
Xiamen
Zhongshan

Taiwan

Willas-Array
Electronics
(Taiwan)
Inc.

	Technical	Sales & Marketing	Total
Hong Kong	6	80	177
China	50	175	283
Taiwan	0	15	20
Total Staff :	56	270	480

As of 31 March 2015

FY2015 Results Highlights

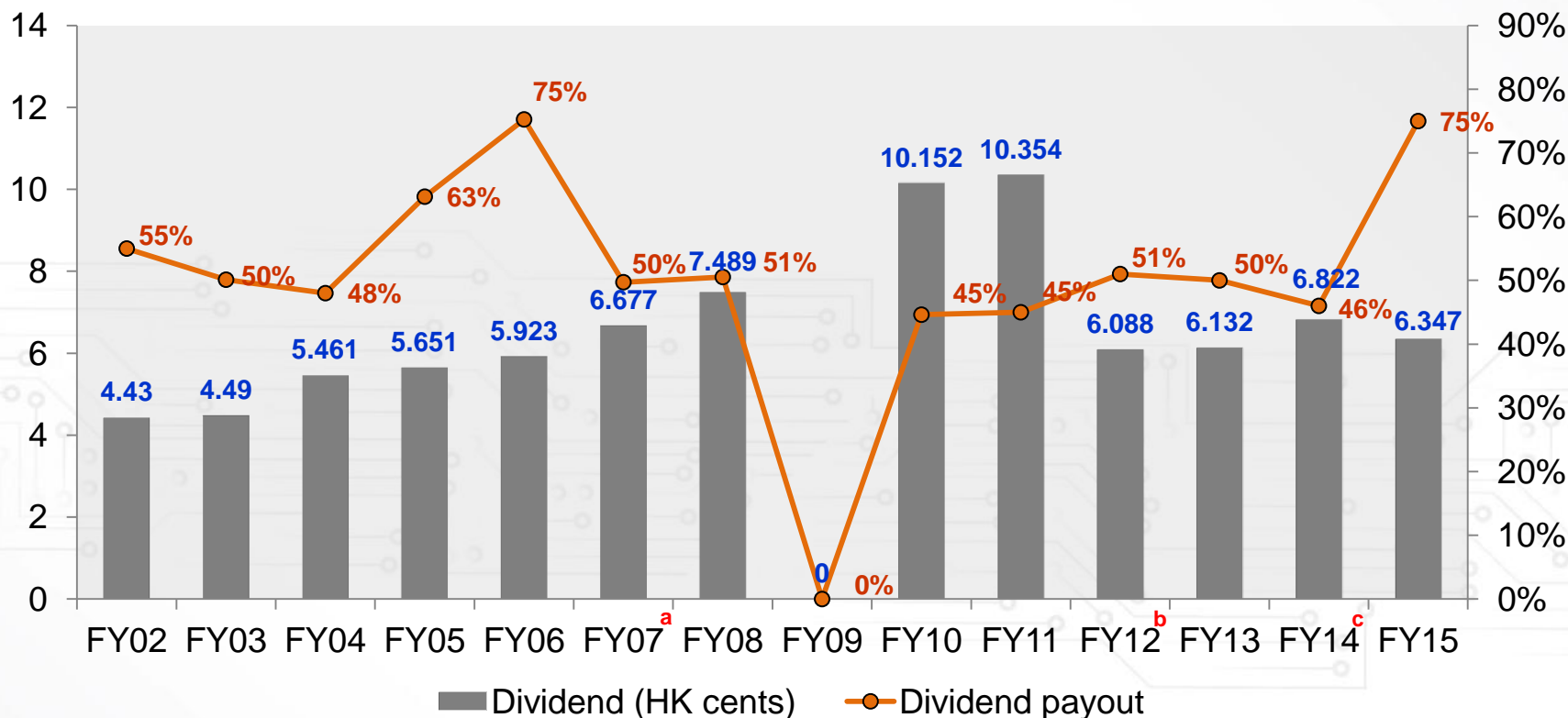
WILLAS-ARRAY™
Willas-Array Electronics (Holdings) Limited
威雅利電子(集團)有限公司



Dividend & Dividend Payout

HK cents

Dividend Payout



^a FY07's dividend payout excludes special dividend of 1.541 HK cents

^b FY12's dividend payout excludes special dividend of 1.826 HK cents

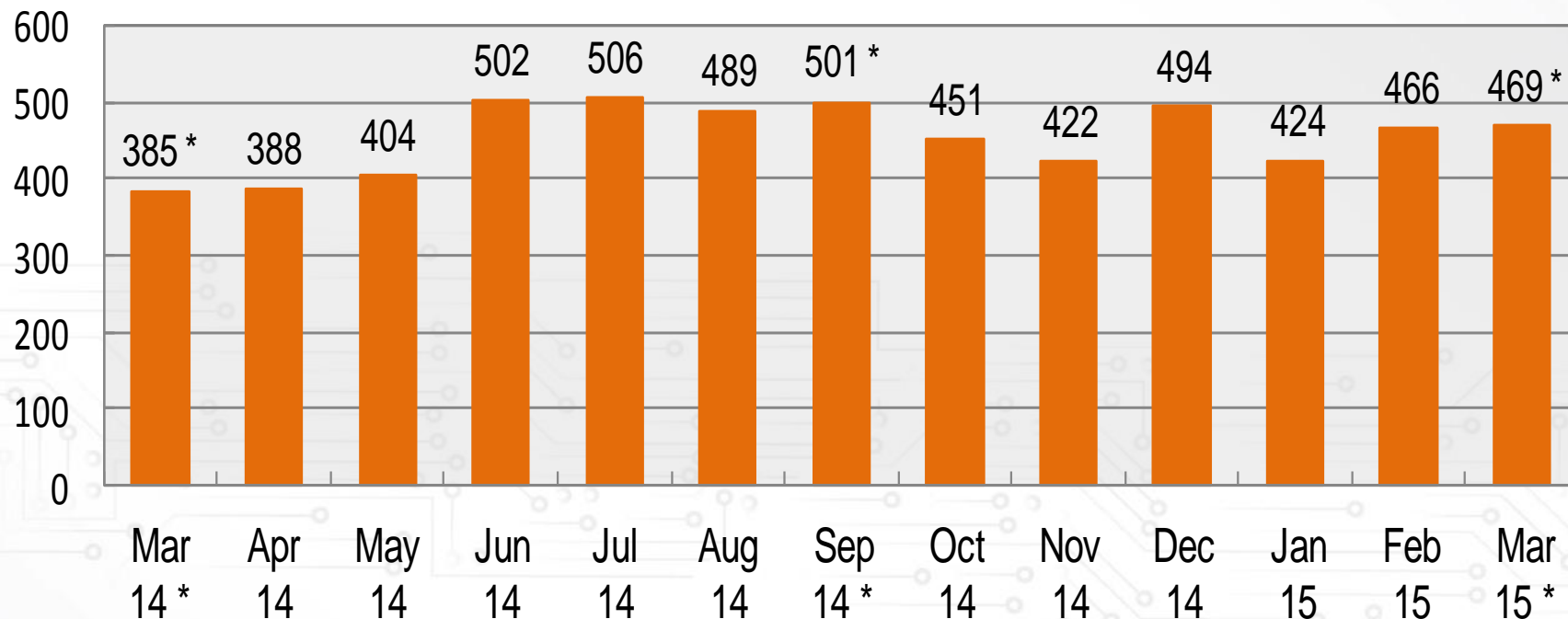
^c FY14's dividend payout excludes the one-off dual listing expenses

Profit & Loss

HK\$'M	FY 15	FY 14	% Change
Turnover	3,392.0	3,196.3	6.1%
EBITDA	70.9	95.1	(25.5%)
Depreciation & Amortization	(11.6)	(11.6)	(0.6%)
Finance costs	(16.9)	(17.2)	(1.5%)
Listing expenses	—	(26.1)	NM
Profit before tax	42.4	40.2	5.3%
Income tax expense	(12.1)	(14.8)	(18.3%)
Profit after tax	30.3	25.4	19.0%
Non-controlling interests	1.7	3.6	(51.8%)
Profit attributable to shareholders	32.0	29.0	10.2%
EPS (HK cents)	8.50	7.78	9.3%

Inventory Level

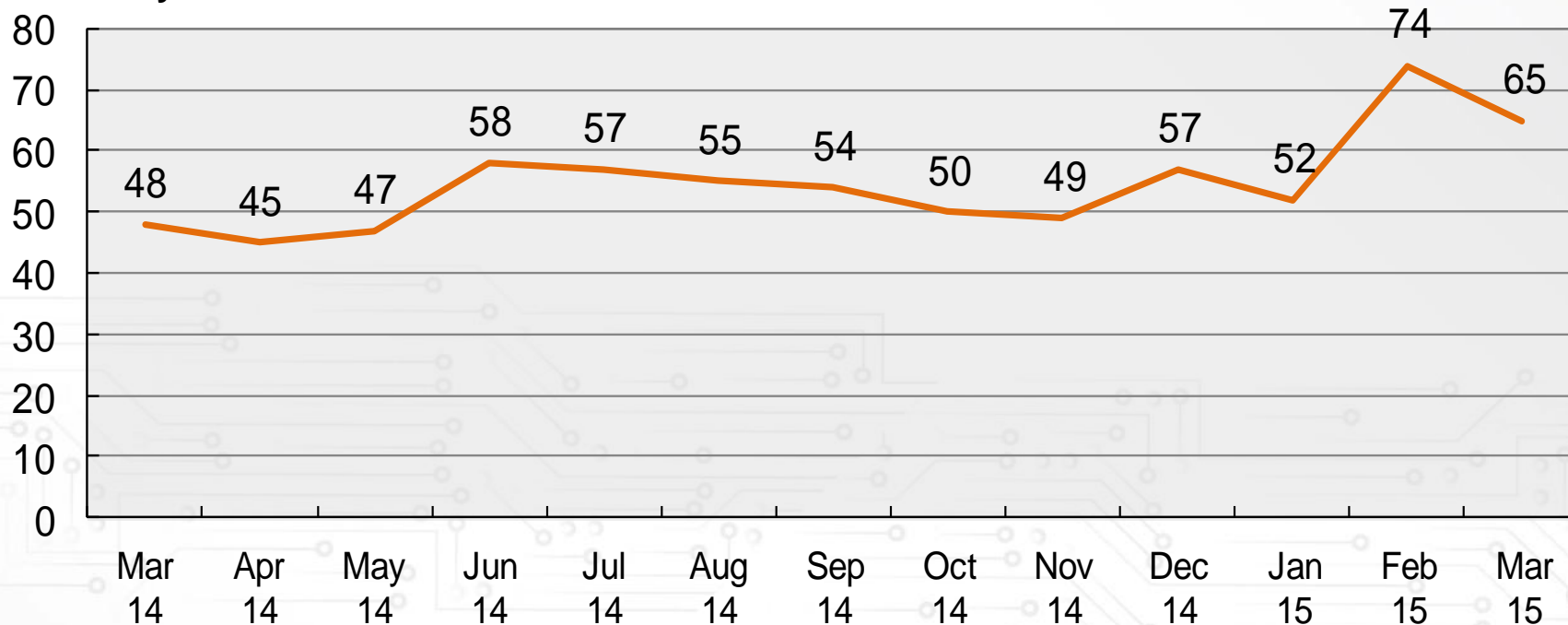
In HK\$'M



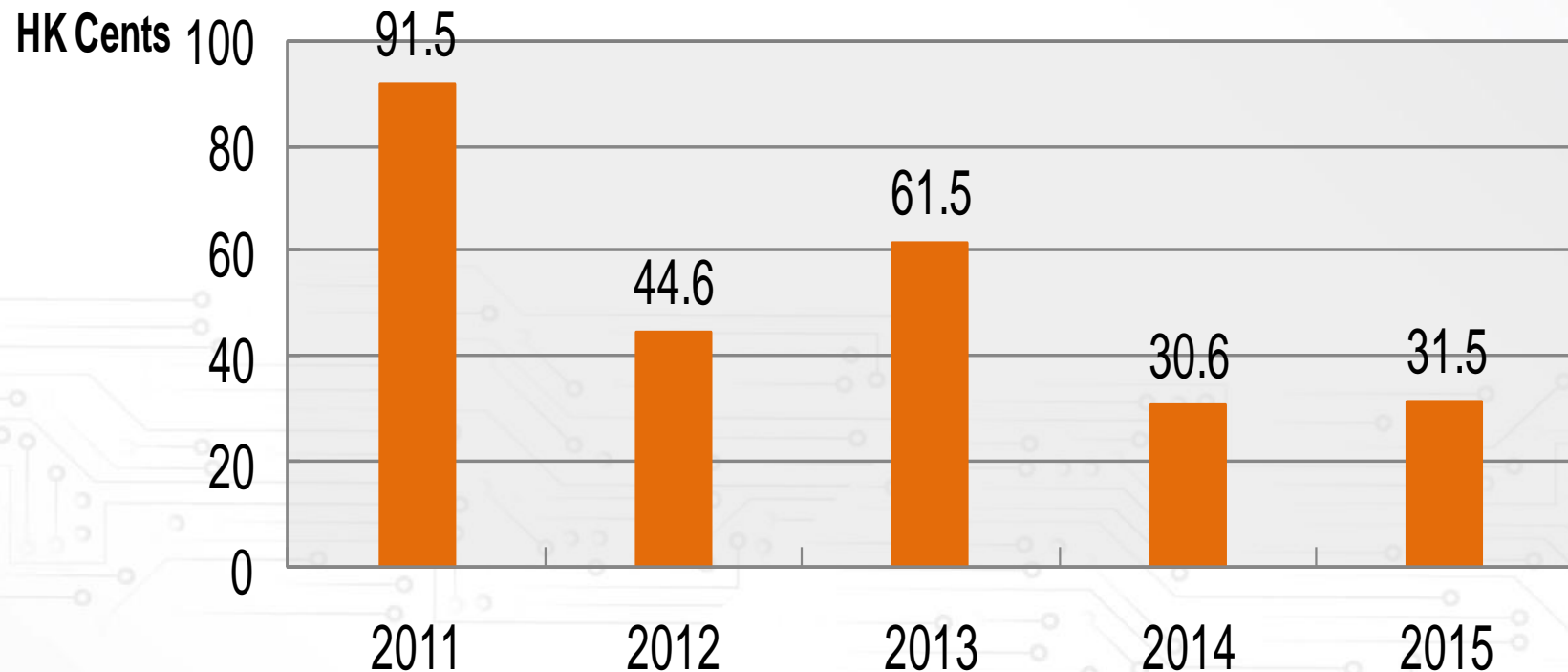
* Excluding Goods-in-Transit

Inventory Turnover Ratio

No. of days




Net Cash Per Share



Net Cash: Cash and bank balances less bank borrowings

Business Review

- Business Segment Review
 - Market Update
 - Segment Strategy
- 

Business Review

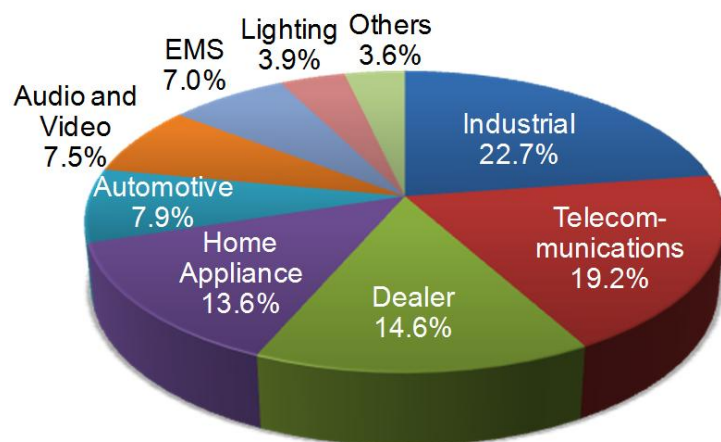
- Business Segment Review

Business Segment Review

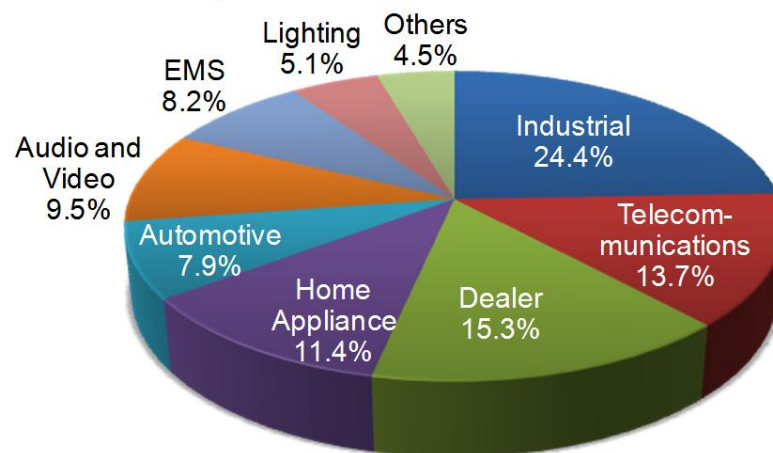
(in HK\$'000)

	FY 2015		FY 2014		Increase (Decrease)	
Turnover		%		%		%
Industrial	770,067	22.7%	779,400	24.4%	(9,333)	(1.2%)
Telecommunications	650,794	19.2%	436,265	13.7%	214,529	49.2%
Dealer	495,653	14.6%	490,094	15.3%	5,559	1.1%
Home Appliance	463,904	13.6%	364,857	11.4%	99,047	27.1%
Automotive	268,436	7.9%	251,847	7.9%	16,589	6.6%
Audio and Video	253,211	7.5%	303,226	9.5%	(50,015)	(16.5%)
EMS	236,316	7.0%	262,241	8.2%	(25,925)	(9.9%)
Lighting	132,091	3.9%	164,179	5.1%	(32,088)	(19.5%)
Others	121,525	3.6%	144,161	4.5%	(22,636)	(15.7%)
	3,391,997	100.0%	3,196,270	100.0%	195,727	6.1%

Segmental Analysis for FY 2015



Segmental Analysis for FY 2014



Business Segment Review

Segment Performance

Market Segment	FY 2015 H1 Change (YoY)	FY 2015 Full year Change (YoY)
Industrial	+1.3%	-1.2%
Telecom	+46.2%	+49.2%
Automotive	+1.5%	+6.6%
Home Appliance	+44.7%	+27.1%
Audio/Video	-21%	-16.5%
Lighting	-9.4%	-19.5%
EMS	+8.6%	-9.9%
Dealer	+4%	+1.1%
Others	-18.6%	-15.7%
Total	+9.2%	6.1%

Business Review

- Market Update
 - ✧ Government Policy
 - ✧ China's Mobile Market

Market Update – Government Policy

- **China Government targets slower GDP growth at 7% for 2015. “New Normal” economic pattern is set: Lower GDP growth rate but with increasing speed of economic restructuring and upgrading.**
- **Industrial upgrade has been one of China Government’s top priorities, and the new China ‘Going Out’ plays a major role in this transition toward higher value manufacturing and technology.**

China Year-on-year GDP quarterly growth rate, 2011-2014



[Source: KPMG China Outlook 2015 & National Bureau of Statistics of China (NBS), 20Jan2015]

Market Update – Government Policy

- **“One belt, one road” (OBOR, 一帶一路) is a national strategy to promote infrastructure development and trade across the region.**
- **OBOR will help China strengthen its influence in global economic and political affairs whilst deepening regional economic cooperation.**
- **OBOR puts emphasizes on identifying new growth drivers for imports and exports by boosting trading activities between China and its neighboring countries.**



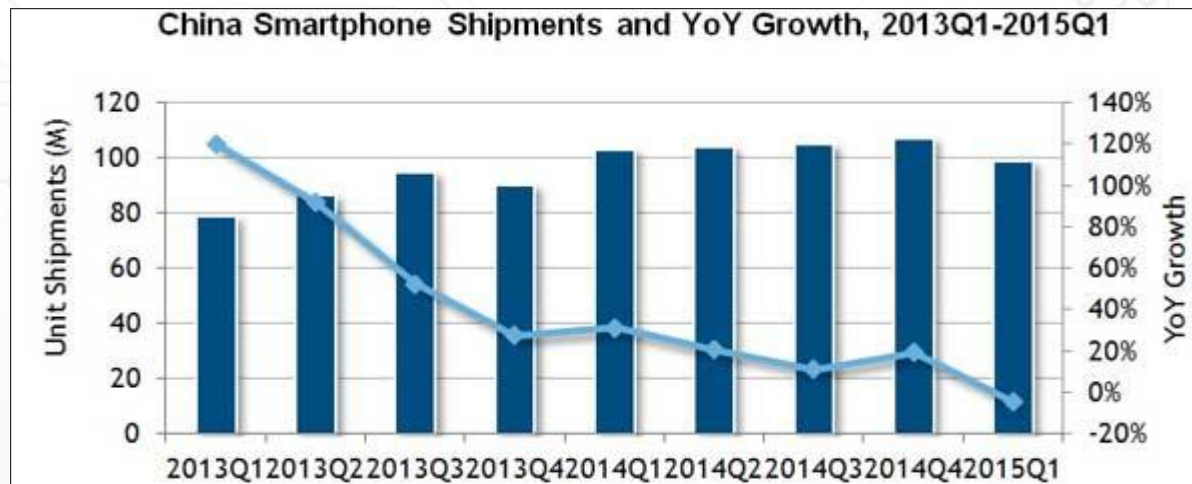
Source : CCTV's Map of the One Belt One Road plan

- **OBOR allows China to export its technologies and oversupplied capacity. It also provides chances for manufacturers to expand in the Asian market**
- **‘Going Out’ model proposed to: “Increase the international market share of Chinese railway, electric power, communications, engineering machinery, automobile, aircraft, electronics, and other equipment.”**
[Premier Li’s Government Work Report Mar 2015]
- **E.g. The State-owned Assets Supervision and Administration Commission had approved the merger of China CNR Corp Ltd. (中国北车) and China CSR Corp Ltd. (中国南车) The coming company named as CRRC Corporation Ltd. and will implement China’s ‘Going Out’ policy for exporting Chinese equipment and higher value goods and services.**
[Source: China Daily, 6Mar2015]

- **The general direction of Made in China 2015 focuses on promoting innovation, smart industrial transition, construction, green industry and the integration of industrialization and information technology to create leading industrial giants that help the country upgrade from its current position as the "world's factory."**
[Premier Li's Government Work Report Mar 2015]

Market Update – China's Mobile Market

- China Smartphone market contracted by 4% YoY with 98.8 million units shipped in Q1 2015 . [Source: IDC, May 2015]
- IDC projects China's smartphone growth, forecast to be 2.5% in 2015, will be slower than the worldwide market.
- Global Smartphone Growth Expected to Slow to 11.3% in 2015



[Source: IDC Asia/Pacific Quarterly Mobile Phone Tracker, May2015]

- While the global smartphone shipments for the first quarter of 2015 reached 291.2M units, a drop of 9.2% compared with the prior quarter.
- According to TrendForce, the weak demand is attributed to several factors: the slowdown of China's economy; lack of noticeable increases in subsidies offered by domestic telecom operators; and the success of iPhone in the first quarter. Furthermore, the depreciation of euros and the simultaneous appreciation of US dollars has curtailed the export momentum of Chinese brands in Eurozone and emerging markets.

[Source: TrendForce 16Apr2015]

Market Update – China's Mobile Market

China Smartphone Shipments by Top 5 Vendor (In millions)

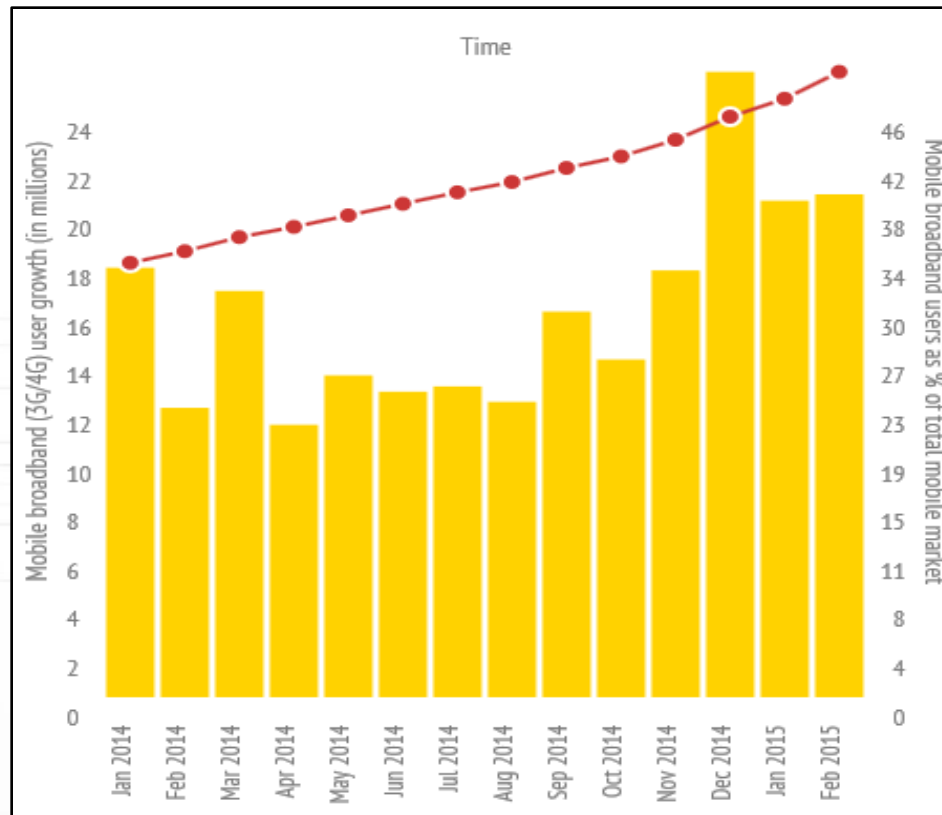
Rank	Vendor	2015 Q1 Shipment Volumes	2015 Q1 Market Share	2014 Q1 Shipment Volumes	2014 Q1 Market Share	Year-on- Year Unit Growth
1	Apple	14.5	14.7%	8.9	8.7%	62.1%
2	Xiaomi	13.5	13.7%	9.5	9.2%	42.3%
3	Huawei	11.2	11.4%	8.0	7.8%	39.7%
4	Samsung	9.6	9.7%	20.5	19.9%	-53.0%
5	Lenovo	8.2	8.3%	10.5	10.2%	-22.1%
	Others	41.7	42.2%	45.7	44.3%	-8.8%
	Total	98.8	100%	103.2	100%	-4.3%
	*Lenovo +Motorola	8.2	8.3%	10.7	10.3%	-23.1%

[Source: IDC Asia/Pacific Quarterly Mobile Phone Tracker, May2015]

- China has reached 1.29 billion total mobile users.
- Mobile broadband subscribers now make up nearly half of China's total mobile phone market.
- 4G is growing especially fast: about 60 million more people signed up to 4G accounts in the first quarter, meaning that 162 million people in China are 4G customers, according to government statistics.
- The output of 4G mobile phones grew by 658.7% year on year in the first four months of 2015 while that of 3G models dropped by 89.5 % year on year.

[Source: China's Ministry of Industry and Information Technology (MIIT), May 2015]

Mobile broadband users in China's mobile market (2014-2015)



- Mobile broadband (3G/4G) user growth (in millions)
- Mobile broadband users as % of total mobile market

[Source: Sina Tech Mar 2015]

Business Review

- Segment Strategy

Segment Strategy

Segment.	Strategy
Industrial	<ul style="list-style-type: none">• Continue to invest in engineering resources to explore more applications• Source for new suppliers to tap the growing new application• Key development area to cope with the Government policy
Telecommunication	<ul style="list-style-type: none">• Capture the 4G growth opportunity• Source new suppliers to expand product offer• Careful inventory control
Automotive	<ul style="list-style-type: none">• Position ourselves as a solution provider• Dedicated task force to manage long-term projects• Cooperation program with supplier to upgrade our technical capability
Home Appliance	<ul style="list-style-type: none">• Further develop application in energy saving segment• Source for new suppliers to expand product offer

Thank You!

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