



# Valuetronics Holdings Ltd

## Back to growth after 6 years

### SINGAPORE | TECHNOLOGY(MANUFACTURING)| 2H25 RESULTS

- FY25 results were within expectations. Revenue and PATMI were 98%/100% respectively of our FY25e forecasts. 2H25 earnings were 6% points lower due to start-up losses in Hong Kong AI investment Trio. Ordinary dividends rose 15% to HKD0.15, excluding HKD0.12 special.
- After six years of decline, Valuetronics reported revenue growth in FY25, led by 11% YoY growth in 2H25. Of the four new customers, networking and theme park entertainment products grew the fastest. Valuetronics TrioAI (55% JV) is still undergoing customer testing using China GPUs as a service.
- We nudge our FY26e earnings higher by 2% to HK\$176.9mn from higher gross margins. However, we lowered revenue by 5% due to the phasing out of legacy consumer electronic products. Our Hong Kong dollar assumption is reduced by 3.5%. We maintained our target price of S\$0.785, in line with industry valuations of 11x PE. We downgrade from BUY to ACCUMULATE due to share price performance. Dividend yield is 4% with 63% of the market cap in net cash of HK\$1.09bn (S\$182mn). Growth to be driven by new industrial customers with higher margins. FY26e will be a transition as older consumer products exit. We have not factored in any revenue contribution from the TrioAI venture.

#### Results at a glance

HKD 000s	2H25	2H24	YoY	Comments
Revenue	866,945	778,543	11.4%	
- CE	173,571	183,142	-5.2%	Legacy electric toothbrush and shavers.
- ICE	693,374	595,401	16.5%	Growth from network/entertainment products.
Gross profit	148,904	126,261	17.9%	Higher ICE margins.
Operating exp.	-92,511	-84,879	9.0%	
Interest income	22,414	29,551	-24.2%	Net cash HK\$1.09bn (FY24: HK\$1.16bn)
EBITDA	85,737	62,880	36.4%	
PATMI	79,862	77,445	3.1%	Includes HKD4.6mn fair value loss.
Gross Margins	17.2%	16.2%	1.0%	Higher margin from new products.
DPS - Final (cts)	11.0	9.0	22.2%	
- Special	12.0	12.0	0.0%	Includes 1H25 interim special of 4 cts

Source: Company, PSR #CE – consumer electronics, ICE – industrial and commercial electronics

#### The Positives

**+ Jump in revenue growth.** Revenue jumped the highest in six years with a growth of 11% YoY in 2H25. Industrial and Commercial Electronics (ICE) led the growth with strong demand from new customers, namely Canadian networking products. Consumer Electronics (CE) declined despite contributions from the new theme entertainment customer; overall revenue fell as legacy consumer household products are phased out.

#### The Negatives

**- TrioAI losses.** TrioAI suffered an estimated HKD8.4mn loss, with Valuetronics' share at around HKD4.6mn. The losses dragged 2H25 net profit by around 6%. TrioAI is in Phase 2 and has acquired more GPUs. Around HKD200mn has been spent.

#### Outlook

As new customers contribute meaningfully, Valuetronics can phase out its low-margin consumer products with little financial impact. Vietnam's production is expected to surpass China in FY26, further derisking the business. The effect of tariffs is still uncertain. Customers did not front-load orders, as the larger concern is weakness in US consumer sentiment.

#### Downgrade from BUY to ACCUMULATE with unchanged TP of S\$0.785

9 June 2025

#### ACCUMULATE (Downgraded)

CLOSING PRICE	SGD 0.700
FORECAST DIV	SGD 0.028
TARGET PRICE	SGD 0.785
TOTAL RETURN	16.2%

#### COMPANY DATA

Bloomberg CODE:	VALUE SP
O/S SHARES (MN) :	405.7
MARKET CAP (USD mn / SGD mn) :	220 / 284
52 - WK HI/LO (SGD) :	0.71 / 0.48
3M Average Daily T/O (mn) :	0.78

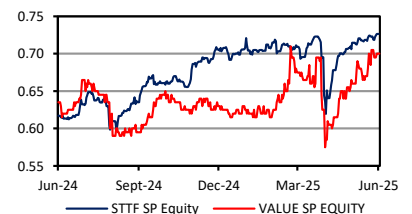
#### MAJOR SHAREHOLDERS

Tse Chong Hing	18.7%
Chow Kok Kit	7.9%

#### TOTAL PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	6.9	3.7	12.9
STTF RETURN	2.6	2.1	6.4

#### PRICE VS. STTF



Source: Bloomberg, PSR

#### KEY FINANCIALS

Y/E Mar, HKD (mn)	FY24	FY25	FY26e	FY27e
Revenue	1,670	1,729	1,799	1,934
EBITDA	148.8	160.7	187.3	202.7
Net Profit	159.6	170.4	176.9	187.6
EPS (SGD cents)	6.7	6.9	7.2	7.6
P/E (X)	10.5	10.1	9.8	9.2
Dividend Yield	6.2%	6.4%	4.0%	4.5%
ROE	11.6%	11.9%	11.9%	11.9%
ROA	7.7%	8.0%	8.1%	8.3%

Source: Company, PSR

#### VALUATION METHOD

11x PE Multiple FY26e

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## Financials

### Income Statement

Y/E Mar, HKD mn	FY23	FY24	FY25	FY26e	FY27e
<b>Revenue</b>	<b>2,013.7</b>	<b>1,669.9</b>	<b>1,729.1</b>	<b>1,799.2</b>	<b>1,933.9</b>
Gross profit	261.7	265.2	293.7	320.3	338.4
<b>EBITDA</b>	<b>155.9</b>	<b>148.8</b>	<b>160.7</b>	<b>187.3</b>	<b>202.7</b>
Depreciation & amortisation	(53.4)	(43.8)	(42.4)	(47.6)	(48.9)
<b>EBIT</b>	<b>100.9</b>	<b>103.9</b>	<b>117.3</b>	<b>138.4</b>	<b>152.6</b>
Net Finance Inc/(Exp)	20.7	54.7	52.1	43.4	43.0
Profit before tax	132.4	167.9	174.7	184.8	198.5
Taxation	(9.4)	(8.3)	(8.2)	(10.7)	(11.9)
Minority interest	-	-	(3.9)	(2.8)	(1.0)
<b>PATMI</b>	<b>123.0</b>	<b>159.6</b>	<b>170.4</b>	<b>176.9</b>	<b>187.6</b>

### Per share data (SGD Cents)

Y/E Mar	FY23	FY24	FY25	FY26e	FY27e
EPS, Reported	5.2	6.7	6.9	7.2	7.6
DPS	3.5	4.3	4.5	2.8	3.2
BVPS	57.7	58.5	59.1	61.5	66.1

### Cash Flow

Y/E Mar, HKD mn	FY23	FY24	FY25	FY26e	FY27e
<b>CFO</b>					
<b>Profit before tax</b>	<b>132.4</b>	<b>167.9</b>	<b>174.7</b>	<b>184.8</b>	<b>198.5</b>
Adjustments	34.3	(9.4)	(3.3)	49.3	50.6
WC changes	36.3	85.3	45.7	(97.3)	(27.6)
Cash generated from ops	203.0	243.8	217.1	136.7	221.5
Tax paid	(4.8)	(10.1)	(9.2)	(10.3)	(11.5)
<b>Cashflow from ops</b>	<b>198.2</b>	<b>233.7</b>	<b>207.9</b>	<b>126.4</b>	<b>210.0</b>
<b>CFI</b>					
CAPEX, net	(34.6)	(21.1)	(228.0)	(20.0)	(20.0)
Others	23.8	56.8	56.2	-	-
<b>Cashflow from investments</b>	<b>(10.8)</b>	<b>35.7</b>	<b>(171.8)</b>	<b>(20.0)</b>	<b>(20.0)</b>
<b>CFF</b>					
Share issuance, net	(53.4)	(14.5)	(1.6)	-	-
Loans, net of repayments	-	-	-	-	-
Dividends	(59.4)	(99.2)	(102.8)	(115.0)	(73.9)
Others	-	-	-	-	-
<b>Cashflow from financing</b>	<b>(112.8)</b>	<b>(113.7)</b>	<b>(104.4)</b>	<b>(115.0)</b>	<b>(73.9)</b>
Net change in cash	74.5	155.8	(68.3)	(8.6)	116.0
<b>CCE, end</b>	<b>1,009.9</b>	<b>1,164.5</b>	<b>1,096.2</b>	<b>1,086.8</b>	<b>1,202.0</b>

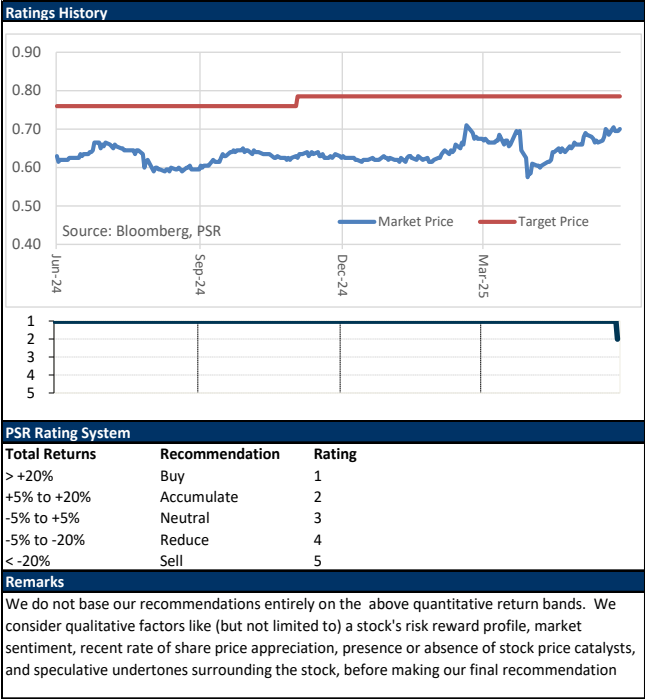
Source: Company, Phillip Securities Research (Singapore) Estimates

### Balance Sheet

Y/E Mar, HKD mn	FY23	FY24	FY25	FY26e	FY27e
<b>ASSETS</b>					
Trade and other receivables	463.8	381.9	373.4	395.8	425.5
Cash	1,009.9	1,164.5	1,093.8	1,084.4	1,199.6
Inventories	203.6	173.1	171.7	197.9	212.7
Others	29.4	33.6	35.7	35.7	35.7
<b>Total current assets</b>	<b>1,706.7</b>	<b>1,753.1</b>	<b>1,674.7</b>	<b>1,713.9</b>	<b>1,873.6</b>
PPE	286.0	261.9	450.5	422.9	394.0
Others	83.1	73.9	58.6	57.3	56.1
<b>Total non-current assets</b>	<b>369.2</b>	<b>335.8</b>	<b>509.1</b>	<b>480.2</b>	<b>450.1</b>
<b>Total Assets</b>	<b>2,075.9</b>	<b>2,088.9</b>	<b>2,183.8</b>	<b>2,194.1</b>	<b>2,323.6</b>
<b>LIABILITIES</b>					
Accounts payable	233.6	237.3	273.6	224.9	241.7
Bank borrowings	-	-	-	-	-
Other payables	397.7	375.2	379.9	379.9	379.9
Others	82.2	72.7	68.3	68.3	68.3
<b>Total current liabilities</b>	<b>713.4</b>	<b>685.1</b>	<b>721.8</b>	<b>673.1</b>	<b>690.0</b>
Deferred tax liabilities	0.5	-	-	-	-
Long-term borrowings	-	-	-	-	-
Others	-	4.2	5.8	5.8	5.8
<b>Total non-current liabilities</b>	<b>0.5</b>	<b>4.2</b>	<b>5.8</b>	<b>5.8</b>	<b>5.8</b>
<b>Total Liabilities</b>	<b>713.9</b>	<b>689.3</b>	<b>727.7</b>	<b>678.9</b>	<b>695.8</b>
<b>Equity</b>					
Share capital	43.6	43.6	43.6	43.6	43.6
<b>Shareholder Equity</b>	<b>1,362.0</b>	<b>1,399.6</b>	<b>1,456.1</b>	<b>1,515.1</b>	<b>1,627.8</b>

### Valuation Ratios

Y/E Mar	FY23	FY24	FY25	FY26e	FY27e
P/E (X)	13.4	10.5	10.1	9.8	9.2
P/B (X)	1.2	1.2	1.2	1.1	1.1
EV/EBITDA (X)	4.1	3.4	3.9	3.4	2.6
Dividend Yield	5.0%	6.2%	6.4%	4.0%	4.5%
<b>Growth &amp; Margins</b>					
<b>Growth</b>					
Revenue	-0.7%	-17.1%	3.5%	4.1%	7.5%
EBITDA	-10.0%	-4.6%	8.0%	16.5%	8.3%
EBIT	-9.6%	3.0%	12.9%	18.0%	10.2%
Net profit, adj.	8.3%	29.8%	6.8%	3.8%	6.1%
<b>Margins</b>					
Gross margin	13.0%	15.9%	17.0%	17.8%	17.5%
EBITDA margin	7.7%	8.9%	9.3%	10.4%	10.5%
EBIT margin	5.0%	6.2%	6.8%	7.7%	7.9%
Net profit margin	6.1%	9.6%	9.9%	9.8%	9.7%
<b>Key Ratios</b>					
ROE	9.0%	11.6%	11.9%	11.9%	11.9%
ROA	5.9%	7.7%	8.0%	8.1%	8.3%
Net Gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Net Debt/EBITDA (X)	n.a.	n.a.	n.a.	n.a.	n.a.



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