

# VENTURE CORPORATION

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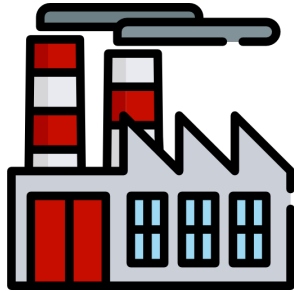
# AGENDA

1. INDUSTRY OVERVIEW
2. COMPANY OVERVIEW
3. COMPETITOR OVERVIEW
4. FINANCIAL ANALYSIS
5. FUTURE IMPLICATIONS

# INDUSTRY OVERVIEW

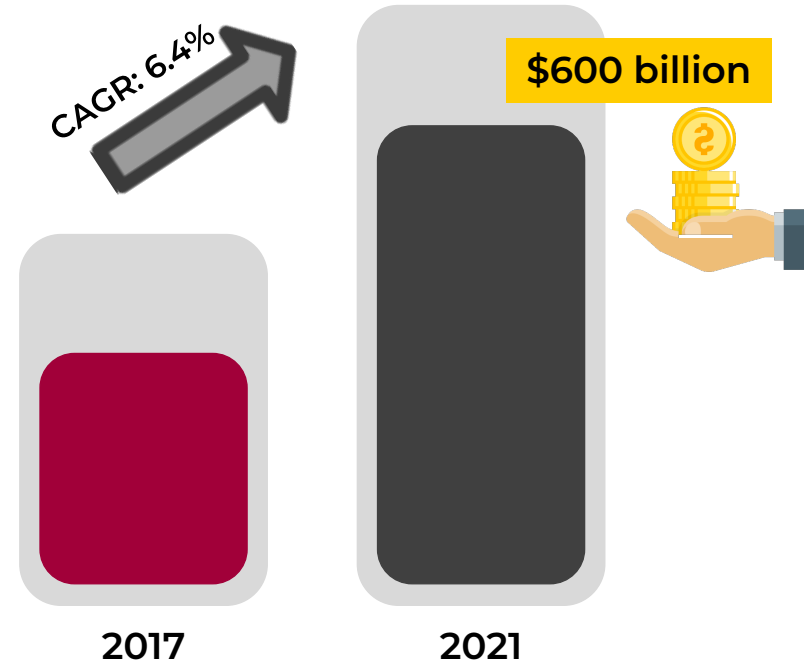
GLOBAL ELECTRONICS MANUFACTURING SERVICE

# INDUSTRY OVERVIEW



## Electronics Manufacturing Service (EMS)

- Economies of scale production
- Design and manufacturing expertise
  - Raw materials procurement



# INDUSTRY OVERVIEW

Growth Driver



## **Connectivity and Smart Electronics**

- Growth rate of 23.6% CAGR until 2020



# COMPANY OVERVIEW

VENTURE CORPORATION

# VENTURE CORPORATION

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Founded in 1984



Singapore-based technology  
service provider



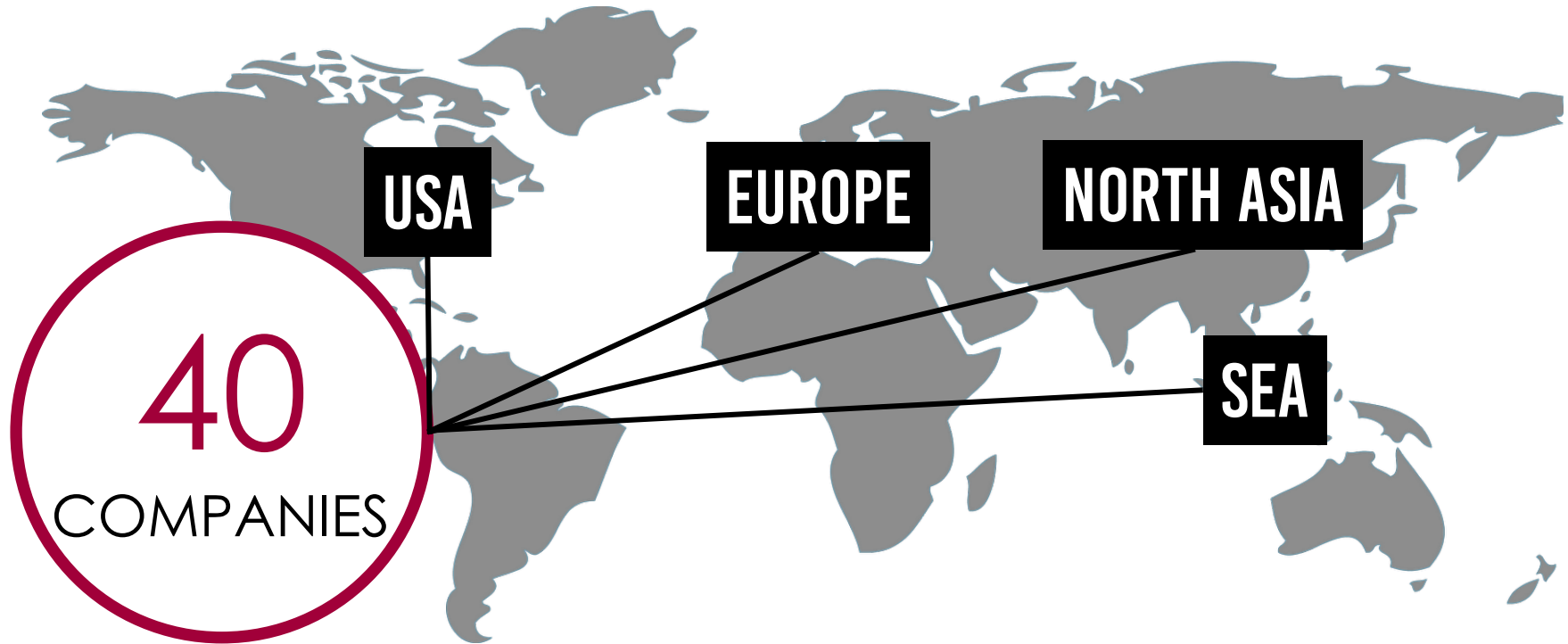
**Wide range of expertise**

Handheld interactive scanning and  
computing products, industrial  
products and installations etc.





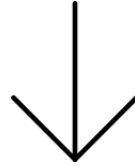
# COMPANY OVERVIEW



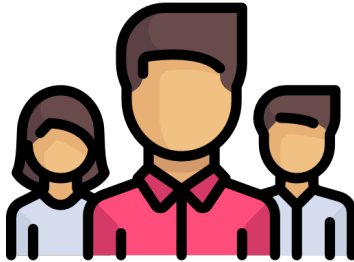
# COMPANY OVERVIEW

>5,000

Products and Solutions



>100



Global  
Clients

# COMPANY OVERVIEW

## STRENGTHS

- Broad portfolio of services offerings
- Operations across diverse verticals

## OPPORTUNITIES

- Growing electronic components market
- Increase in demand for the electronic manufacturing services

## SWOT ANALYSIS

## WEAKNESS

- Lack of scales as compared to peers

## THREAT

- Rapid changing technology

# COMPETITOR OVERVIEW

BENCHMARK ELECTRONICS | FLEXTRONICS INTERNATIONAL

# COMPETITOR ANALYSIS



- Offers services to OEMs of industrial control equipment, telecommunications equipment and other products
- America, Asia and Europe

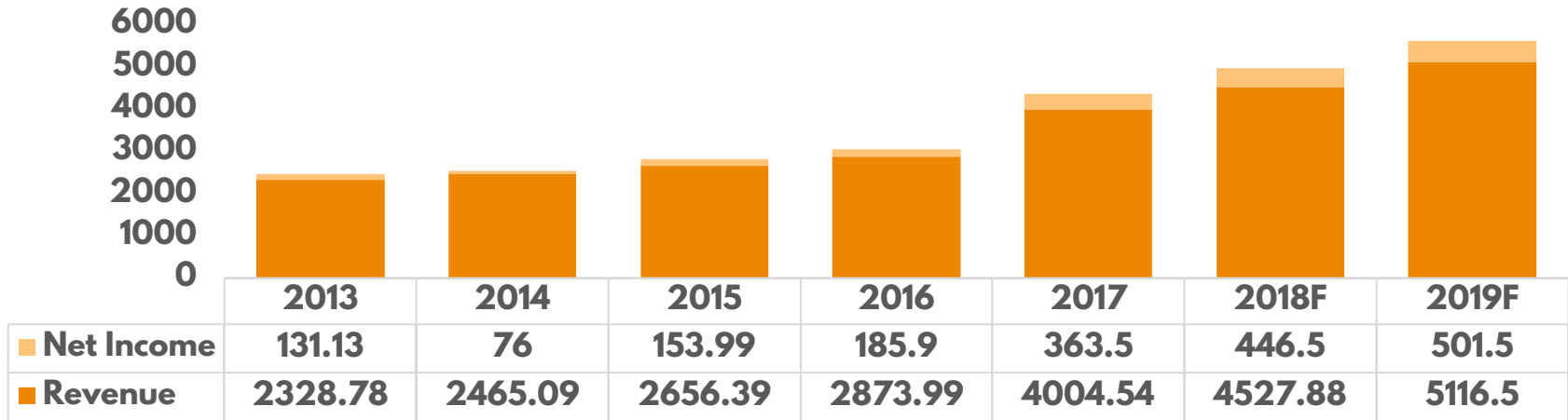


- End to end supply chain solutions company
- Provides electronic designs, manufacturing and aftermarket services to OEMs
- America, Asia and Europe

# FINANCIAL ANALYSIS

NET INCOME| ROA| ROE| EPS | DIVIDEND GROWTH MODEL| WACC

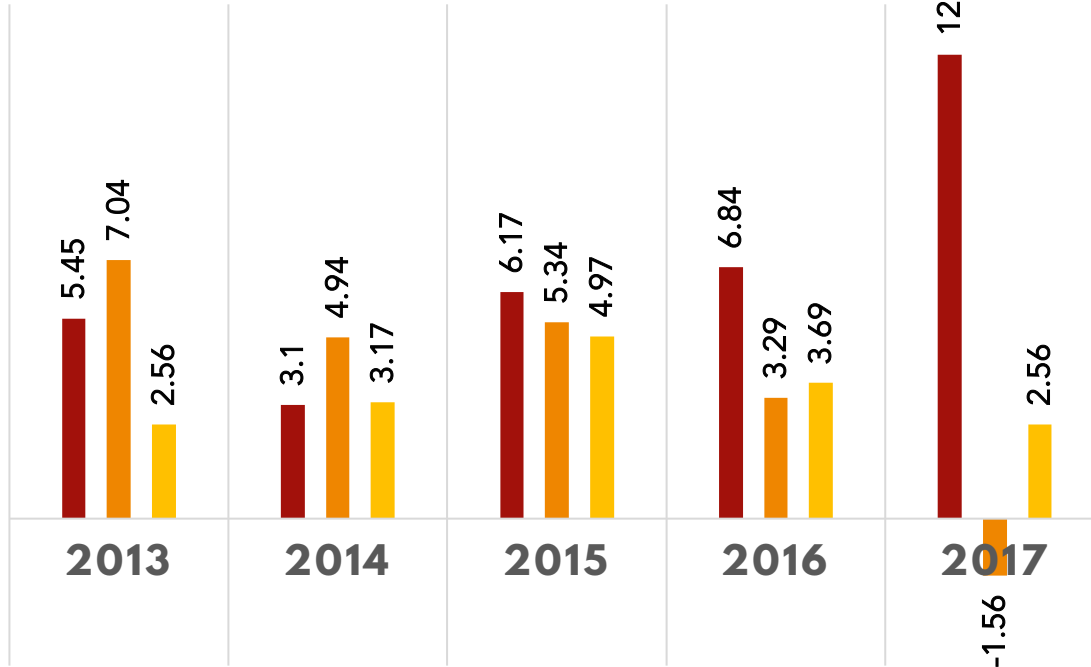
# GROWTH OF NET INCOME



- Net income margin expected to grow by 8.84%
- Operating margin in 2017 (10.87%) surpassed competitors
- Potential 2.5 billion revenue stream – production of new device
- Operating income forecasted to surpass estimate of 2018

# RETURN ON ASSET

■ Venture Corporation    ■ Benchmark Electronics



## 1) DIP IN 2014

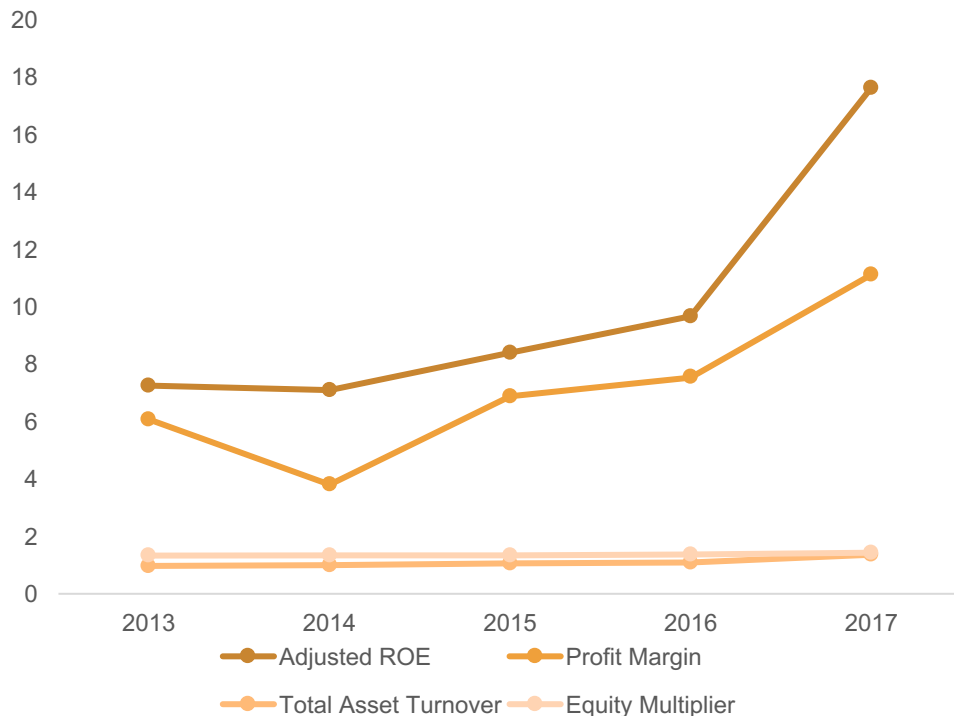
- 2% dip, can be improved by setting up a more sensitive supply chain

## 2) INCREASE IN ROA, 2015

- Surpass major competitors
- In 2017 doubled from 2016
- Substantiated by improving asset turnover ratio



# RETURN ON EQUITY



## 1) MULTIPLIER IS LOW

- Less debt to finance its assets

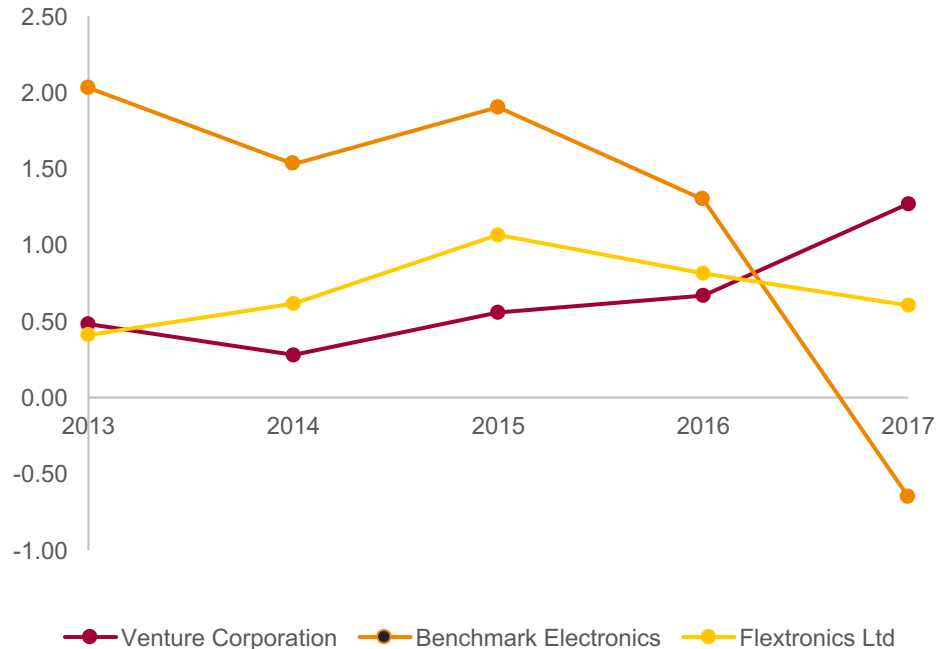
## 2) ASSET TURNOVER RATIO

- 1.36 in 2017, above industry average of 0.65

## 3) PROFIT MARGIN DRIVER OF ROE

- As profit margin grows, investors should remain confident

# EARNINGS PER SHARE



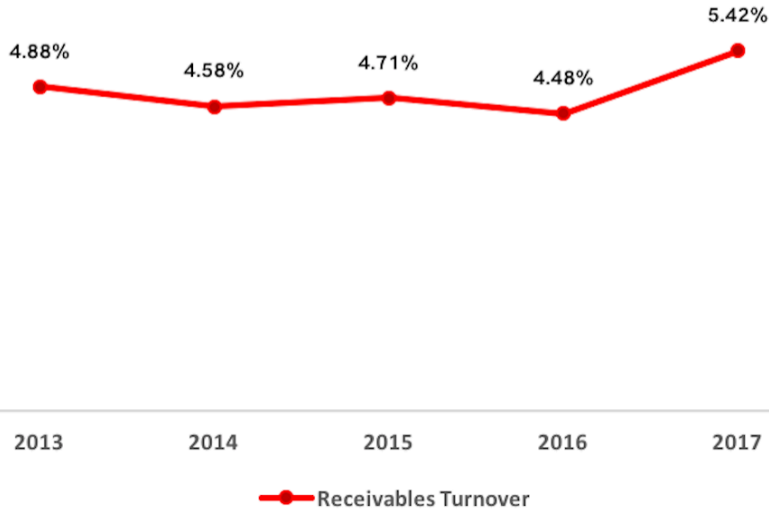
## 1) EPS LOWER THAN COMPETITORS

- Total shares issued 270 million VS BE 50 million
- 2013 to 2016 highlights how equity heavy VC is

## 2) DOUBLED EPS in 2017

- Despite having a larger share capital, VC surpassed both BE and Flextronics

# RECEIVABLES TURNOVER



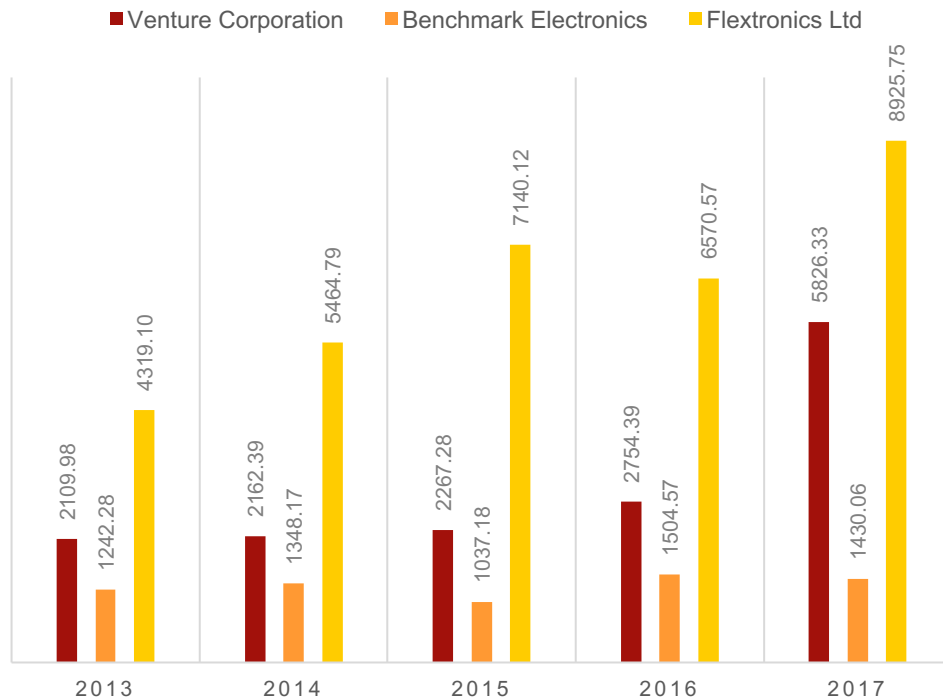
## 1) VC'S LOW TURNOVER

- VC only collects its receivables 5.42 times on average per year, which translates to 67.29 days in a year
- Indicates poor collecting processes or bad credit policy

## 2) NEED TO REASSESS CREDIT POLICY

- Analyse customer credit portfolio and past transaction histories

# MARKET-TO-BOOK VALUE



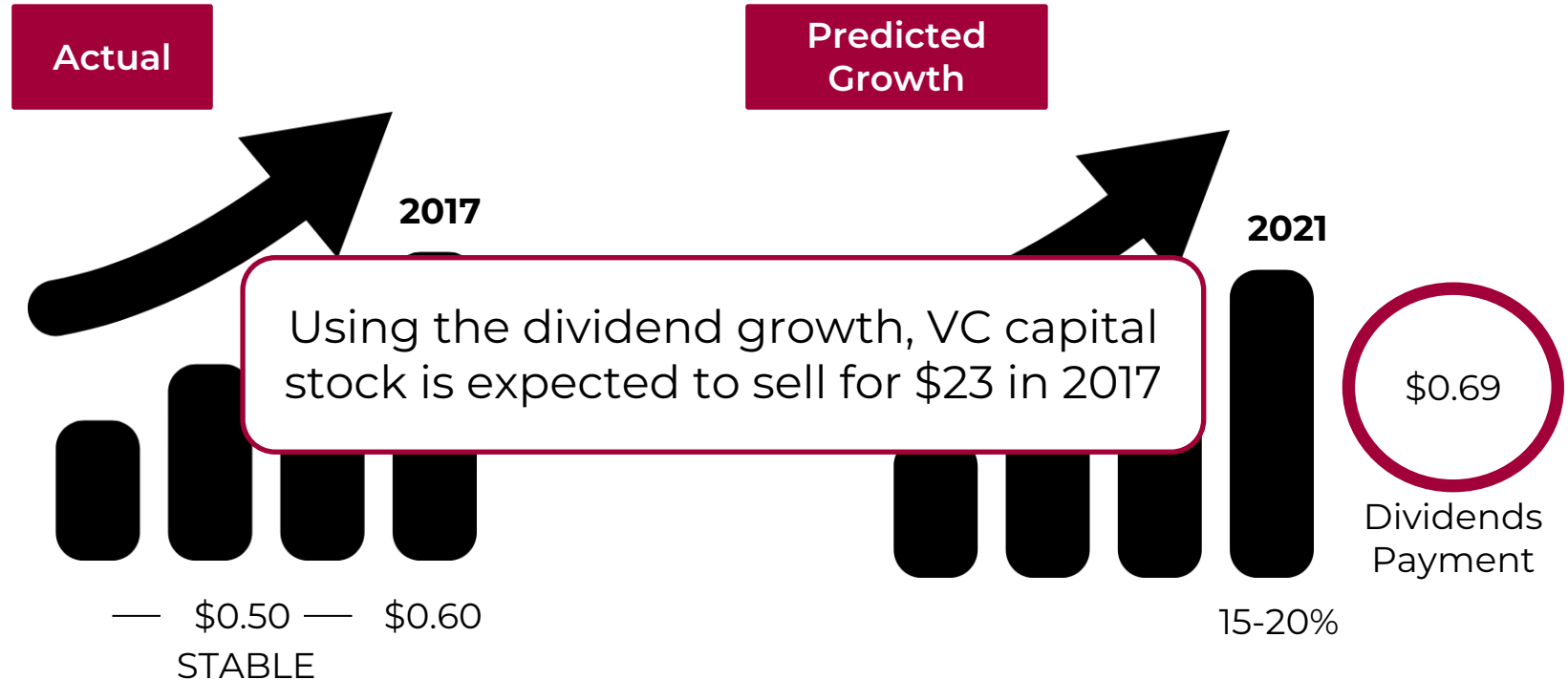
## 1) VC'S MTB VALUE RISING

- FY2013 to FY2016: avg of 1.24.
- Although depicts stock overvaluation, it did not consider future earning prospects and the 25.21% intangible assets of VC.

## 2) MARKET CAPITALISATION

- Between \$2 billion and \$10 billion
- Mid-cap companies is less volatile than small-cap companies

# DIVIDENDS PER SHARE



# DIVIDENDS PER SHARE

= \$2.53  
*under valued*

- Investors may be able to pull comfortable short-run returns
- However, this method assumes dividends grow at stable rate
- Non-constant growth model is a better solution

# WEIGHTED AVERAGE COST OF CAPITAL



Remained relatively stable

5.4% - 6%



Company capital structure

90% Equity-based

10% Debt-based



Annualised returns

28.91%

# BUY OPTION

- Strong sentiment for all investors to execute a long-term buy option in VC's stocks
- Recent share buybacks by VC'S CEO provide clear positive signal of the direction the company is heading towards

**Trust me, 10 years later you will thank me....**





A surreal landscape featuring a perspective view of a grid floor that recedes into the distance. Numerous 3D cubes of varying sizes are scattered across the grid, some resting on the surface and others floating in the air. The scene is illuminated by a bright, glowing light source on the horizon, creating a strong lens flare and casting long, soft shadows. The overall color palette is dominated by warm, golden-yellow and orange tones, giving it a dreamlike, ethereal quality.

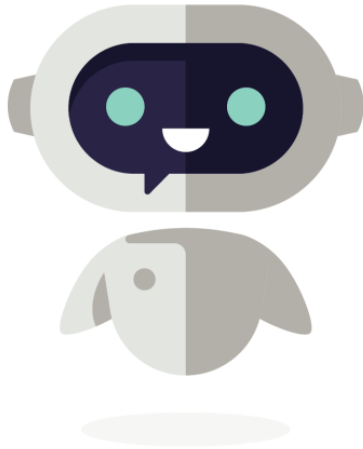
THE FUTURE

# VERTEERANE



- VR is in its initial stage limited at the visual-auditory scale of humans
- Research scientists are looking to make human beings the “ultimate videogame controller”

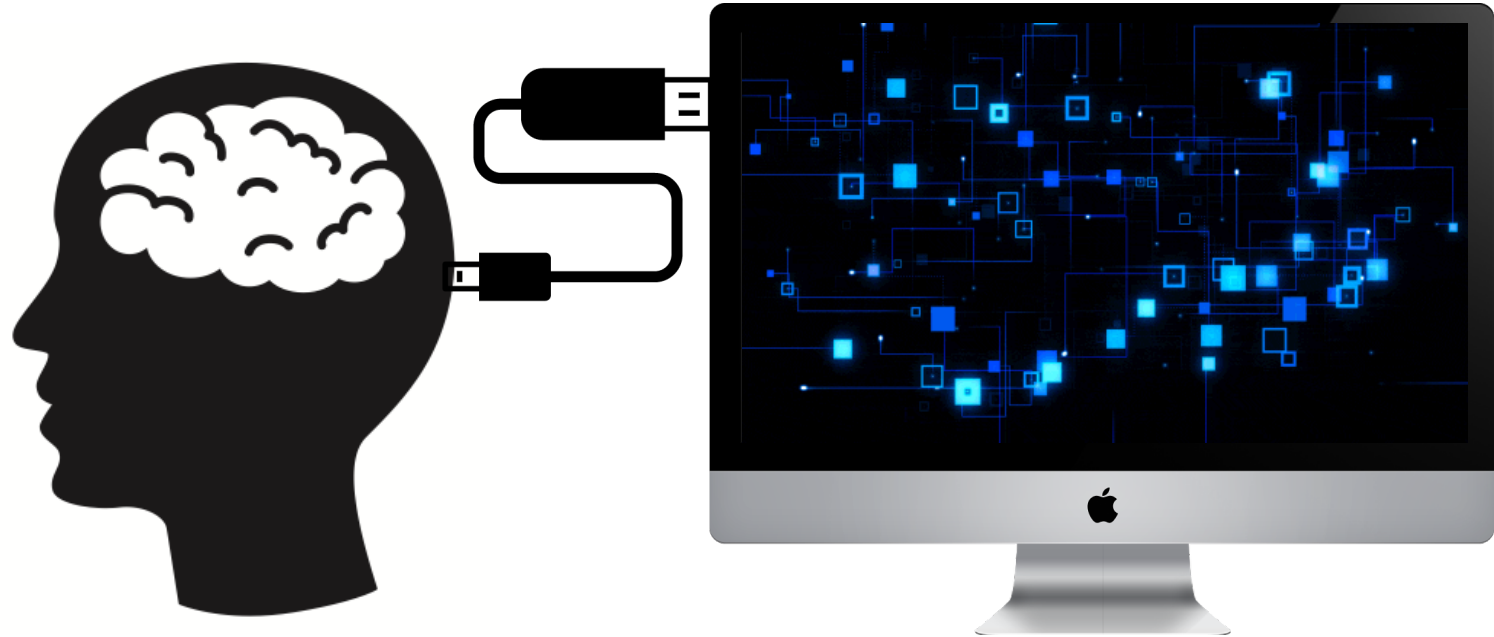
# NANO7ECHNOLOGY



- Programmable matter such as **utility fog**, holds the key to unlocking the next phase of nanotechnology
- Beyond simulation capabilities in nanocomputers, its uses extend to practical applications such as collision compressors



# MIND-UPLOADING



Thank you

Remember to  
invest in S&P 500!!!

