

# FY22 Results Presentation

20 February 2023



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# FY22 Key Developments

- **Acquired J-Dragon and Formach** in March 2022
  - Expansion into aerospace business through J-Dragon
  - Relocation of some back-end capacity to Formach
- Robust engagement and **onboarding of front-end Semiconductor customers**, with commencement in FY22 leading to FY23
- Investing ahead of the curve. With the onboarding of new customers, capacity utilisation can be expected to improve in the later part of FY23.
- **Business growth** from the Life Sciences and the Electronics, Aerospace, Medical and Others segments
- Continued investments in talent, competency and capacity for organic expansion

# Revenue Highlights

**Group: 12.8% increase YoY to S\$131.1m**

**Semiconductor: 12.2% decrease YoY to S\$72.6m**

- Reflects general industry slowdown, particularly backend memory market
- Generated maiden revenue from providing front-end semiconductor services

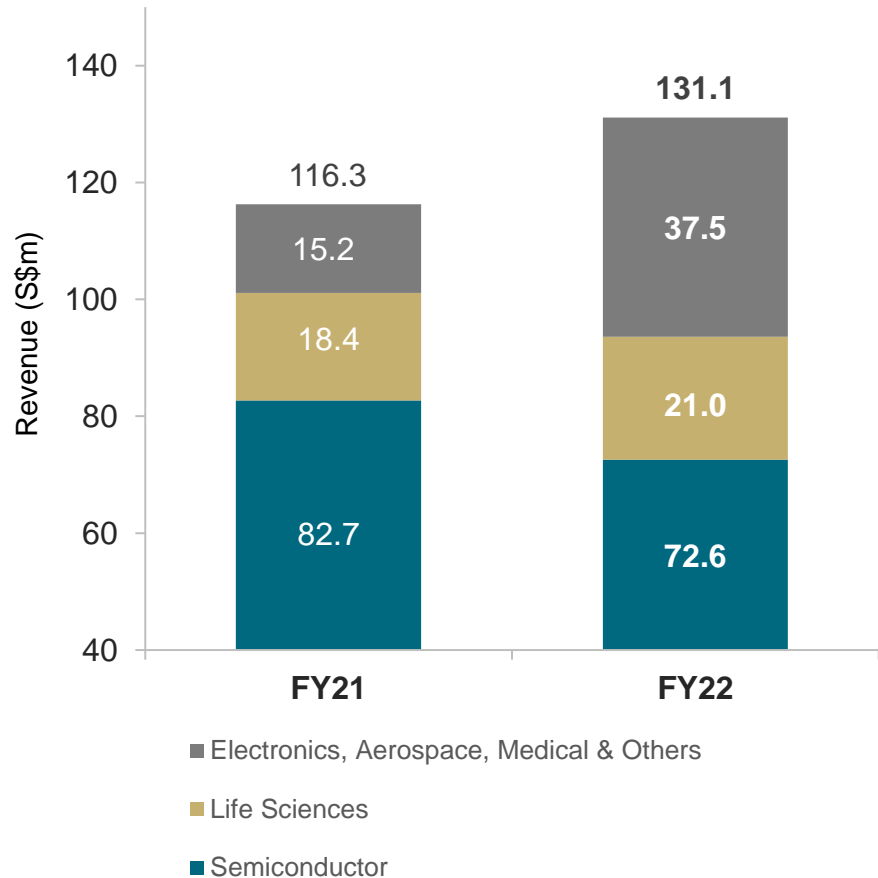
**Life Sciences: 14.0% rise YoY to S\$21.0m**

- Expanded wallet share with customers
- Secure more orders for production of mass spectrometers + bolt-on products
- More first article inspections converted to production

**Electronics, Aerospace, Medical and Others:**

**147.0% increase YoY to S\$37.5m**

- Strong demand from all key customers
- Maiden contribution from J-Dragon, including S\$8.9m from aerospace



# Performance Review

## Overall revenue expansion

- Healthy customer demand in Life Sciences and Electronics, Aerospace, Medical, and Others segments

## Decline in gross margin

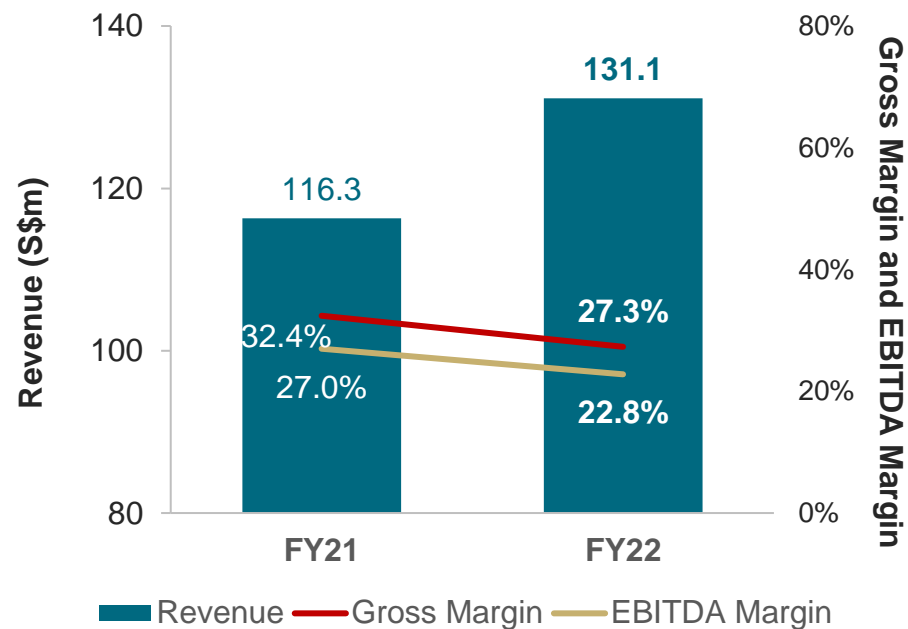
- Preparation for onboarding of new Semiconductor customers
- Non-recurring fair value adjustments made to inventories of J-Dragon and Formach

## Increased G&A

- Organic staff expansion
- Expenses from J-Dragon and Formach
- Forex loss

## Increased other operating expenses

- Consolidation expenses from acquisition of J-Dragon and Formach
- Expenses from the amortisation of customer relationships and order backlog relating to J-Dragon and Formach
- Depreciation in conjunction with organic expansion

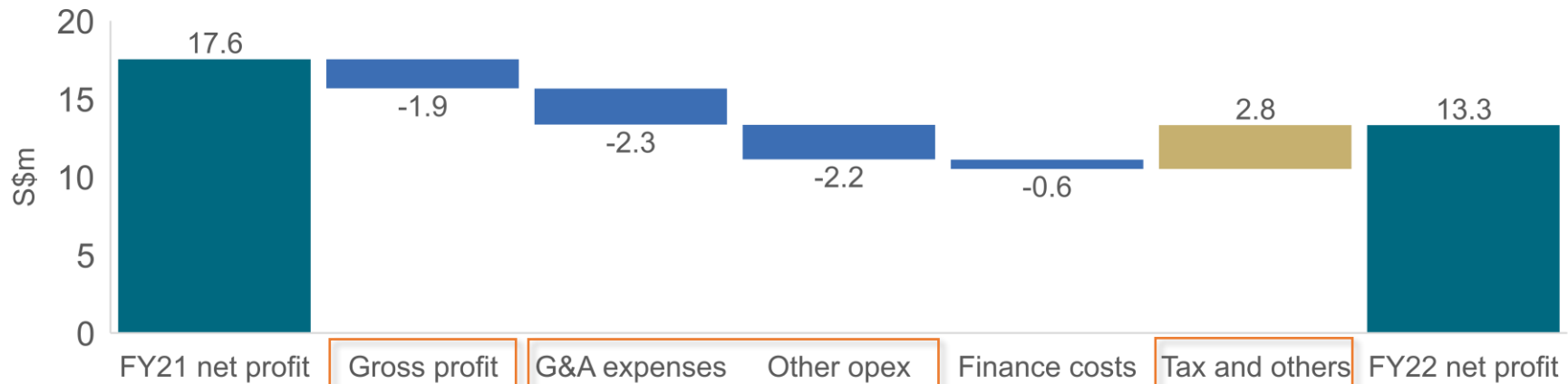


EBITDA*	31.4	29.9
Net Profit	17.6	13.3

**FY22 total dividend: 0.6 cent/share**  
Includes proposed final dividend of 0.3 cent/share

\*Adjusting against one-off expenses and FX loss of S\$1.4 million, EBITDA in FY22 would have maintained at S\$31.4m.

# Net Profit Changes



Business growth in Life Sciences and Electronics, Aerospace, Medical, and Others segments eroded by slower activity in back-end semiconductor segment

Decline in gross margin to 27.3%, from 32.4% in FY21, factoring in

- Expenses and capacity absorbed for onboarding of new customers amid softer semiconductor demand
- Non-recurring expenses of S\$0.9m including fair value adjustments charged to cost of sales for inventories added from the acquisition of J-Dragon and Formach

Increased G&A:

- S\$1.1m increase in staff cost from headcount expansion
- S\$0.8m expenses from J-Dragon and Formach
- S\$0.2m forex loss and S\$0.3m other one-off expenses

Increased other operating expenses:

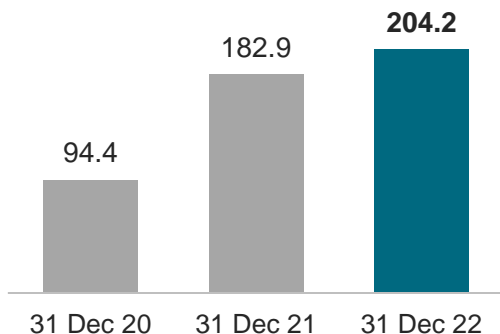
- S\$1.2m in consolidation expenses from acquisition of J-Dragon and Formach
- S\$0.5m in expenses from the amortisation of customer relationships and order backlog relating to J-Dragon and Formach
- S\$0.4m depreciation from organic expansion

Lower income tax expense

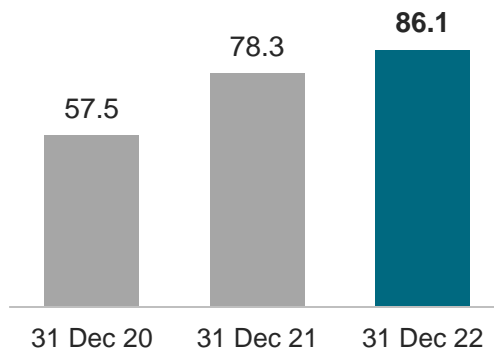
- In line with lower profit and S\$0.8m government tax incentives

# Financial Position

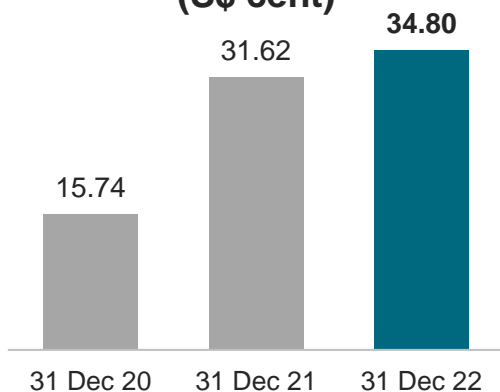
## Total Assets (S\$m)



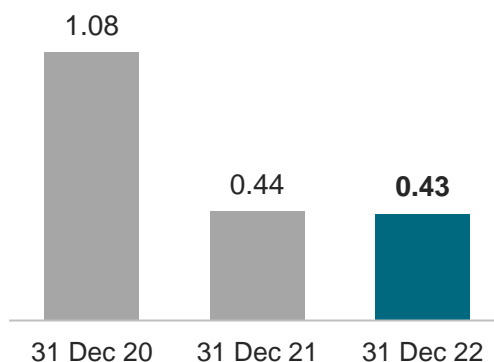
## Total Liabilities (S\$m)



## Net Asset Value Per Share (S\$ cent)



## Debt / Equity (times)



### Increase in total assets:

- Increase in fixed assets, including those acquired from J-Dragon and Formach, to support capacity expansion
- Cash deployed for capex and acquisition of J-Dragon and Formach

### Decrease in total liabilities:

- Increase in loans and borrowings to support capex on capacity expansions
- Increase in lease liabilities in respect of J-Dragon and Formach's production facilities
- Maintained gearing level, headroom for next phase of expansion

# The Year Ahead

- **Near-term challenges** in the macro semiconductor environment amid prevailing geopolitical and economic factors
- Obtaining qualifications from **front-end semiconductor** customer and preparation of capabilities for long-term growth
- **Gradual recovery in semiconductor market** expected from the **later part of 2023**
- **Aerospace sector** expected to benefit from the lifting of pandemic travel restrictions
- Expects **resilient demand** from life sciences, medical and electronics industries

## **Developing front-end semiconductor business**

- Focus on onboarding several new customers
- Continue engaging other prospective customers
- Dedicated capacities in Singapore, Johor and Penang all operational
- Stable demand from back-end semiconductor customers

## **Moving up the value chain**

- Provide higher-level assembly services to the life sciences, medical and electronics sectors

## **Expanding footprint in aerospace**

- Enlarged J-Dragon facility to be able to meet any increase in demand

## **Explore opportunities to acquire capabilities in advanced materials**



# Appendix



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## What we do



### Value engineering

Early customer engagement and participating in the design process to maximize manufacturability and streamline assembly (DFM / DFA)



### Produce, assemble & test

One-stop solution with fully integrated and end-to-end manufacturing capabilities, ranging from precision machining, sheet metal fabrication, assembly & testing



### Deliver, support & upgrade

Provides product life cycle management to customers, allowing for strong and lasting customer relationships to be formed

## Markets we serve



### Global Presence & Exposure

- **Southeast Asia**  
Up-and-coming manufacturing and R&D hub for global customers
- **Asia (ex. Southeast Asia)**  
Existing manufacturing powerhouse
- **North America & Europe**  
Existing R&D nexus for customers



### End-Markets (Key Modules)

- **Semiconductor**  
Capital equipment for front-end (CVD etc.) and back-end (wire bonder, DRAM/Analog test etc.)
- **Life Sciences**  
Single & hybrid mass spectrometer etc.
- **Medical**  
Surgical microscope etc.
- **Aerospace**  
Landing gear systems
- **Electronics Manufacturing**  
Surface mount technology etc.
- **Industrial Automation**  
Hard drive assembly automation etc.

## The GVT advantage



### Experience & expertise

- Average 27+ years of precision engineering experience across mgmt.
- Award-winning and qualified supplier to top global OEMs
- Strong competencies in ultra-high precision machining, complex mechatronics and sub-assembly



### Market & customer access

- Sticky customer base across diff high-tech industries
- 5 highly strategic facilities (Singapore, Malaysia, China) near customers
- Well-positioned to benefit from industry trends (supply chain shift to Asia and capabilities integration etc.)



### Scaling with profitability

- Profitable since 2016
- Healthy cash flow generation allowing for reinvestment into capacity growth and capability enhancement

# Selected core competency: Submicron precision machining

## What is Sub-Micron Machining?

- Also known as “ultra-precision machining”
- A high-precision manufacturing process: materials are processed at an atomic scale, in the vicinity of one micron
- Requires the use of single crystal diamond tools for ultrafine cutting or very fine abrasives for lapping or polishing

## Selected Sub-micron Machining Applications

### Analytical Life Sciences Instruments

- Mass spectrometers is used to identify the kinds of particles present in any given substance
- Used in analytical life sciences research, environmental testing, F&B testing, forensic analysis, pharma applications and clinical diagnosis
- GVT supplies key components to single and hybrid mass spectrometers, such as vacuum chambers and interfaces, complex parts of the mass filters and the ion source, which requires ultra high precision machining to manufacture

### End Application: Mass Spectrometer



### Selected Components that GVT Manufactures



Quadrupole Mass Filter

Ion Source

Q2 & Entrance Lens

### GVT Value Proposition

Provides one stop solution from ultra-precision mechanical component fabrication and sub-micron measurement, design and fabrication of assembly jigs for laser welding and precision assembly alignment requirement down to **tenths of a micron in a clean room environment.**

# Differentiated capabilities to serve and cross-sell to a differentiated blue-chip customer base



Capabilities	Semiconductor	Life Sciences	Aerospace	Electronics, Medical & Others
Design for Manufacturability / Assembly	✓	✓	✓	✓
Ultra Precision Machining (Sub-micron)	●	✓	✓	●
High Precision Machining	✓	✓	✓	✓
Vacuum Parts Manufacturing	✓	✓		
Ultra-high Vacuum Production Processing	●	✓		
Engineering Plastic, Ceramics & Quartz Machining	✓	✓	●	✓
Complex Sheet Metal Fabrication	✓	✓	●	✓
Assembly (Medium / High Complexity)	✓	✓	✓	✓
Assembly (High Complexity in Class 10K Cleanrooms)	●	✓		
Customized Engineering Solutions	✓	✓	✓	✓
<b>Examples of mission critical end-products which GVT produces components &amp; key modules for</b>	<b>Equipment for Front &amp; Back-end Processes</b>	<b>Single &amp; Hybrid Mass Spectrometers</b>	<b>Landing Gear Systems</b>	<b>Surgical Microscopes, SMT Feeder Systems</b>
<b>Examples of key customers who are blue-chip companies and leaders in their respective industries</b>	<p>On-boarded front-end semiconductor customers</p>	<p>Leading North American Life Sciences Company</p>		<p>Global Producer of Surgical Microscopes Large-scale industrial automation customers</p>



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**Grand Venture Technology Limited**

2 Changi North Street 1

Singapore 498828

T : +65 6542 3000

Investor relations contact:

**Ark Advisors Pte Ltd**

[ir@gvt.com.sg](mailto:ir@gvt.com.sg)