

# VICPLAS INTERNATIONAL LTD

The parent company of  
Forefront Medical and Vicplas Holdings



Corporate Presentation  
1H FY2023 Results

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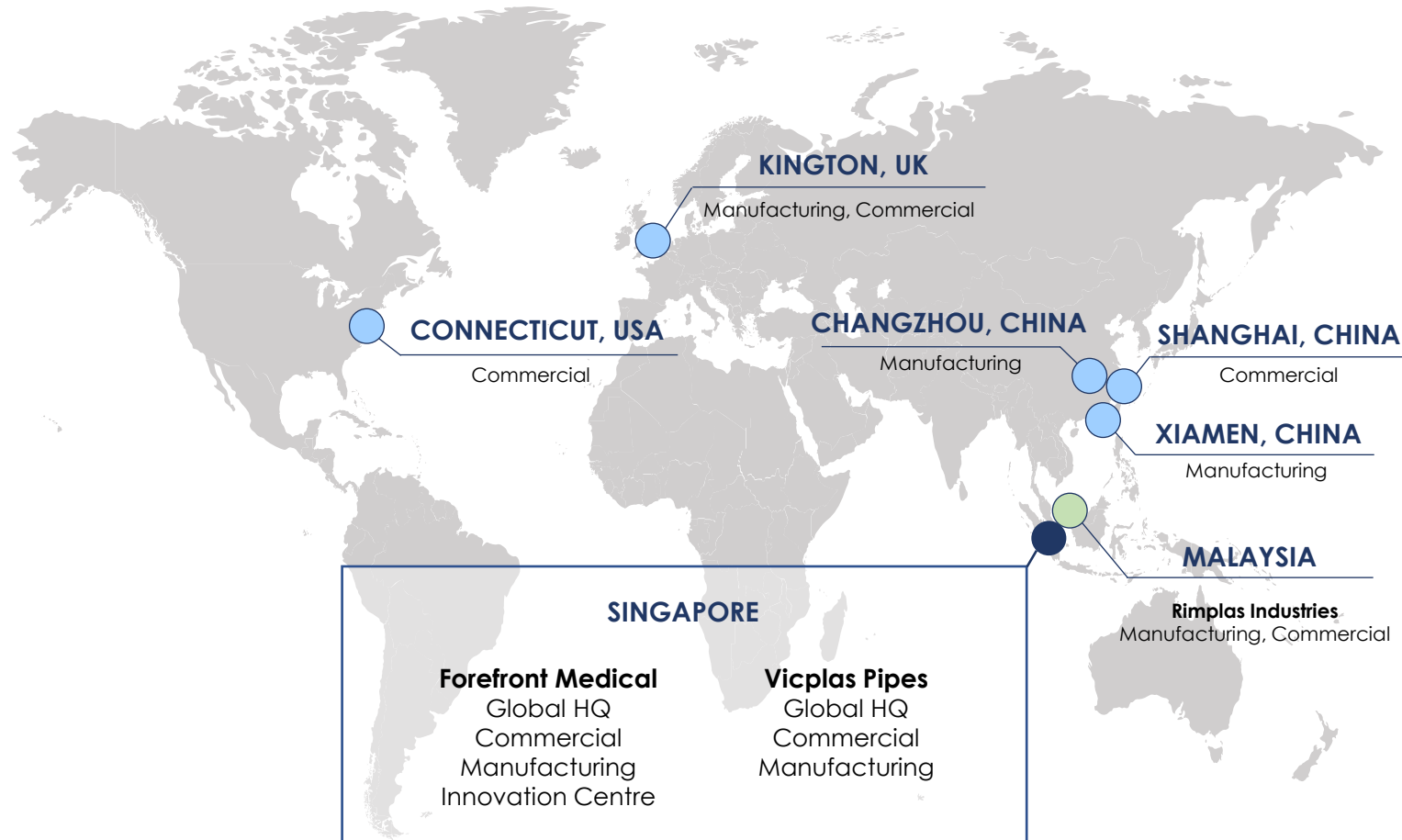


# COMPANY OVERVIEW

VICPLAS INTERNATIONAL LTD



# GLOBAL PRESENCE



## Business Segments

### Medical devices segment

**Forefront Medical** designs, develops and manufactures sterile and non-sterile medical devices

### Pipes & pipe fittings segment

**Vicplas Holdings (“Vicplas Pipes”)** manufactures and distributes piping systems for diverse industries

Total employees : 1,000+ worldwide

## Accreditations

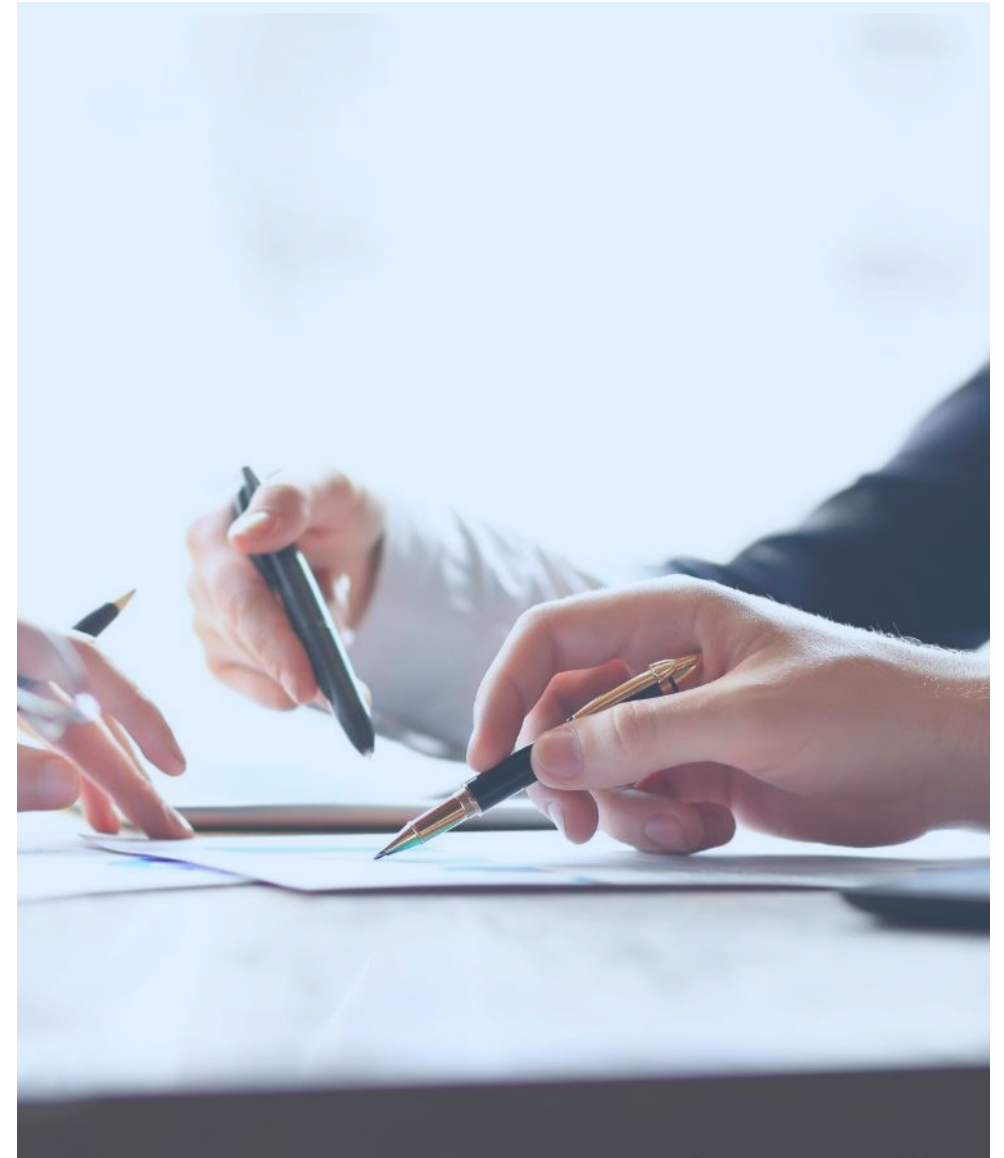
The subsidiaries in the pipes and pipe fittings segment have ISO9001:2015 quality certifications. Vicplas Holdings Pte Ltd additionally is ISO50001:2018, ISO14001:2015 and ISO45001:2018 certified. The subsidiaries in the medical devices segment have EN ISO13485:2016 quality certifications and with the exception of XentiQ (Pte.) Ltd., are registered under the United States Food and Drug Administration (FDA) as a “contract manufacturer for medical devices” and Accreditation certificate of foreign medical device manufacturer from Japan Ministry of Health, Labour and Welfare. Forefront Medical Investments Pte. Ltd. additionally has a Class A, B, C, D Medical Device manufacturer license registered under Health Science Authority (HAS) Singapore and is ISO14001:2015, ISO45001:2018 and ISO50001:2018 certified. Forefront Medical Technology (Jiangsu) Co., Ltd additionally has a Class II Medical Device Manufacturing License in China.

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# FINANCIAL INFORMATION

VICPLAS INTERNATIONAL LTD

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# FINANCIAL OVERVIEW

Group revenue for 1H FY2023 grew by 5.0% and net profit after tax fell by 50.1% compared to 1H FY2022, while Adjusted EBITDA fell by 23.0% to S\$7.4M compared to 1H FY2022.

Net profit margin decreased by 4.1 percentage points to 3.8%.

Medical devices segment continues its upward growth momentum with revenue growing by 5.3%. However, segmental results fell by 55.1% compared to 1H FY2022.

Pipes and pipe fitting segment revenue grew by 4.2% in 1H FY2023 and segmental results rose 76.3% as compared to 1H FY2022.

The Group, in particular the medical devices segment, continues to invest as it builds scale in its global manufacturing footprint to meet both current and future customer demand.

## Group

S\$'000	1H FY2023	1H FY2022	% Change
<b>Revenue</b>	<b>66,413</b>	63,246	5.0
<b>Net Profit before Tax</b>	<b>3,294</b>	5,988	-45.0
<b>Net Profit after Tax</b>	<b>2,503</b>	5,017	-50.1
<b>Net Profit Margin</b>	<b>3.8%</b>	7.9%	-4.1 pts
<b>Adjusted EBITDA<sup>1</sup></b>	<b>7,380</b>	9,581	-23.0

## Segment

S\$'000	1H FY2023	1H FY2022	% Change
<b>Medical Devices Revenue</b>	<b>47,368</b>	44,969	5.3
<b>Segmental Results<sup>2</sup></b>	<b>2,557</b>	5,698	-55.1
<b>Pipes &amp; Pipe Fittings Revenue</b>	<b>19,045</b>	18,277	4.2
<b>Segmental Results<sup>2</sup></b>	<b>3,135</b>	1,778	76.3

<sup>1</sup> Adjusted EBITDA refers to earnings before interest, tax, depreciation and amortisation; and excludes unrealised foreign exchange by adding back unrealised foreign exchange loss and deducting unrealised foreign exchange gain.

<sup>2</sup> The segmental results of the medical devices segment and pipes and pipe fittings segment are before corporate, interest and tax expenses as set out in Note 4 of the Condensed Interim Financial Statements.

# REVENUE GROWTH

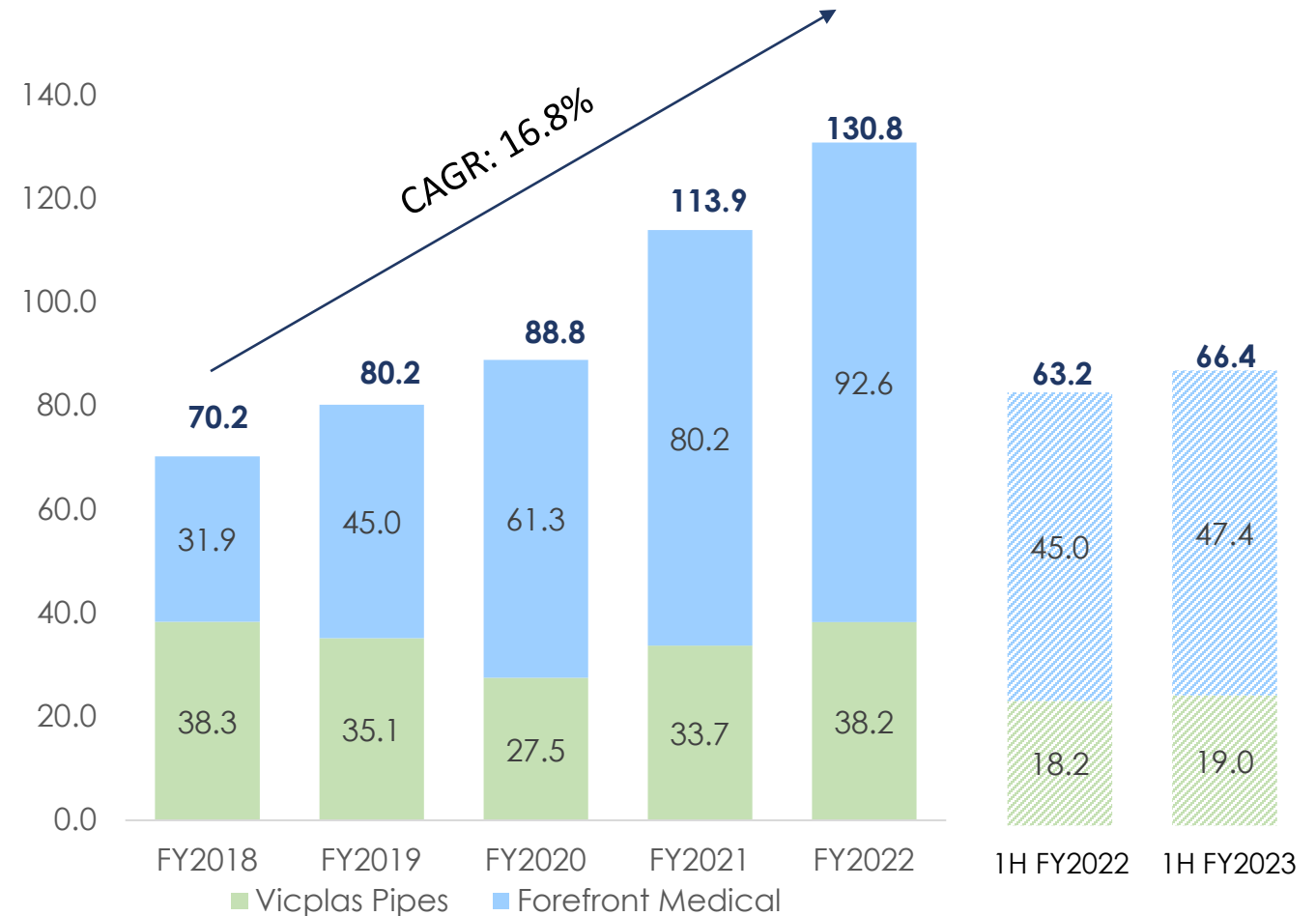
Over the past five financial years, we achieved revenue growth with a CAGR of 16.8%.

Forefront Medical's contribution to Group revenue continues to grow as the Group steadily transforms into a medical device-focused group.

Vicplas Pipes, an industry leader in the supply of pipes and pipe fittings segment, improved performance with the recovery of the construction sector in Singapore. With a manufacturing presence in Singapore, it is well positioned to support customers as the domestic construction industry continues its growth momentum.

Vicplas Pipes provides a stable foundation while Forefront Medical pursues accelerated growth in the growing medical devices segment.

S\$ million



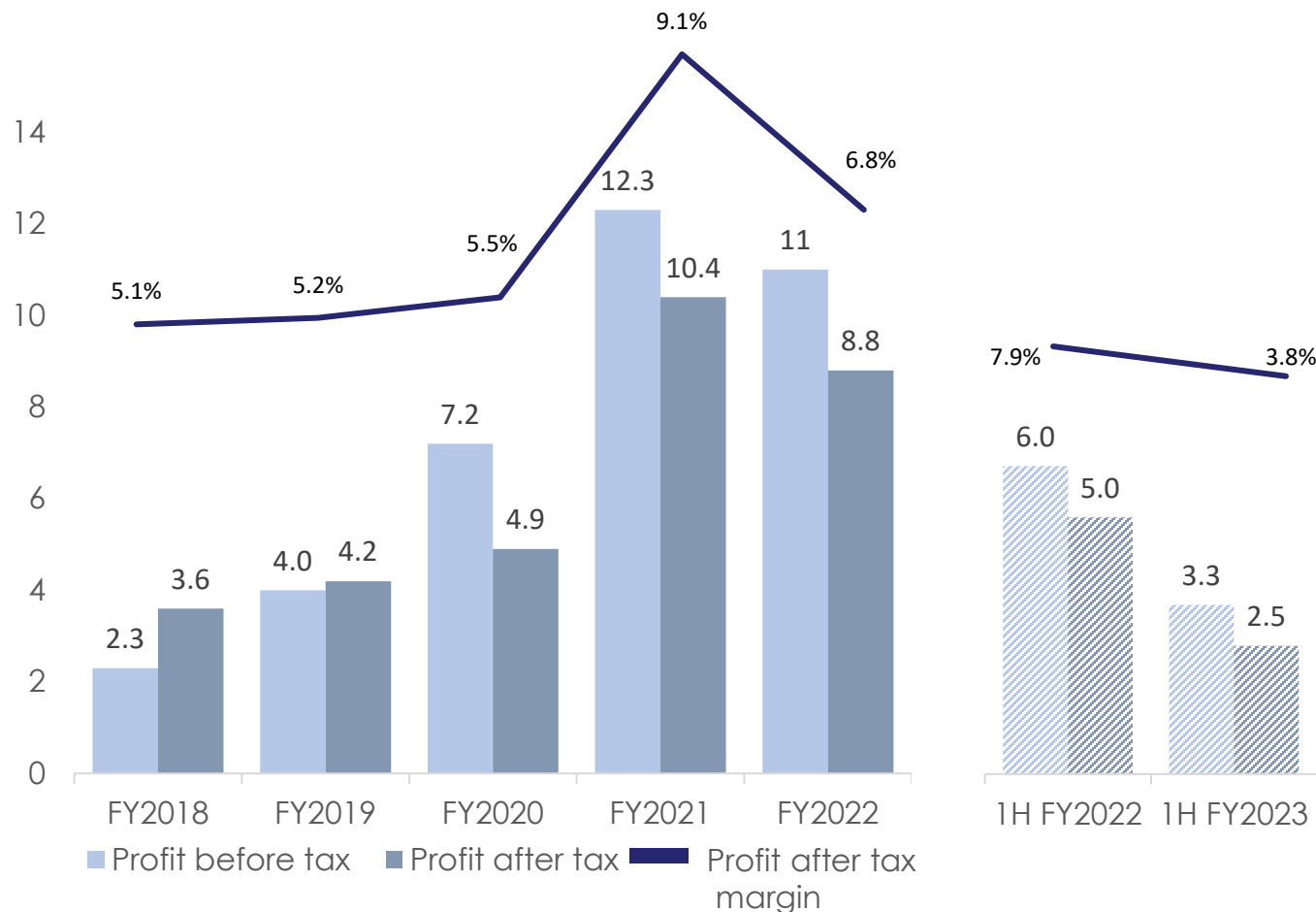


# PROFIT GROWTH

1H FY2023 profit performance compared to 1H FY2022 was impacted by

- 41.8% decrease in other income due to less tooling income from medical devices customers as they postponed or delayed commercialisation of some new projects due to uncertain macroeconomic conditions
- 8.7% increase in raw material and consumables used due to increase in revenue and inflationary pressures for certain raw materials
- 3.4% increase in employee benefits expense due to increased headcount and overtime to meet higher revenue
- 17.7% increase in other operating expenses due to Changzhou plant extension, potential new plant in Mexico, higher marketing and travelling costs and higher forex losses (although significant portion of forex losses is unrealised)
- 83.8% increase in finance costs due to higher borrowings and increase in interest rates

S\$ million

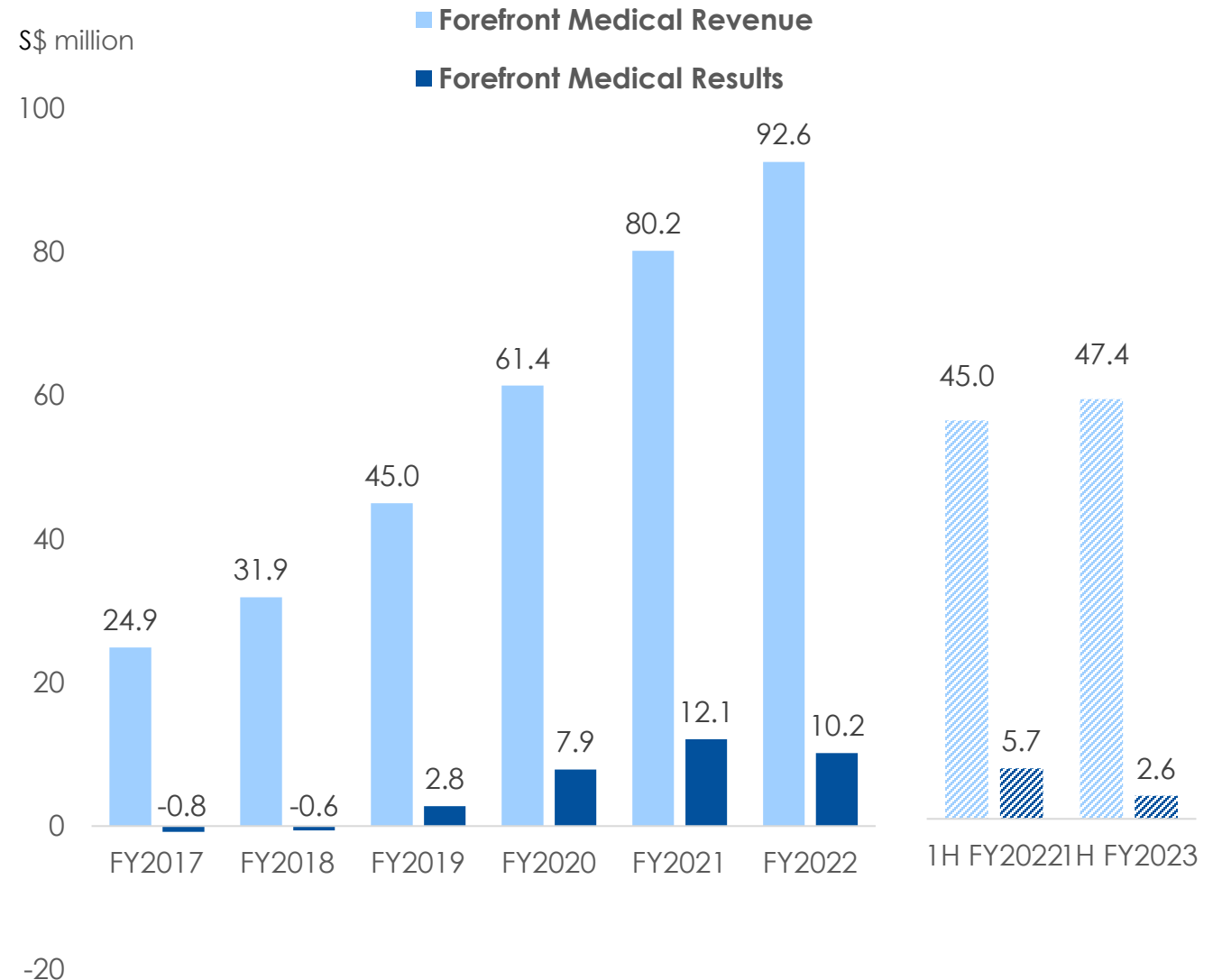


# SEGMENTAL RESULTS – FOREFRONT MEDICAL

In 1H FY2023, Forefront Medical's revenue grew by 5.3% to S\$47.4m but it experienced a weaker segmental result because an earlier LNY festive period and planned plant closures and maintenance led to approx.10 less working days, and the relaxation of zero Covid-19 policy led to increased staff absenteeism.

There were also higher production costs, finance costs, foreign exchange losses (mainly unrealised) as well as additional operating costs from its Changzhou plant extension which opened in 1H FY2023.

There is also a slight slowdown by customers in the rate of new products going to market due to the uncertain global macroeconomic conditions.



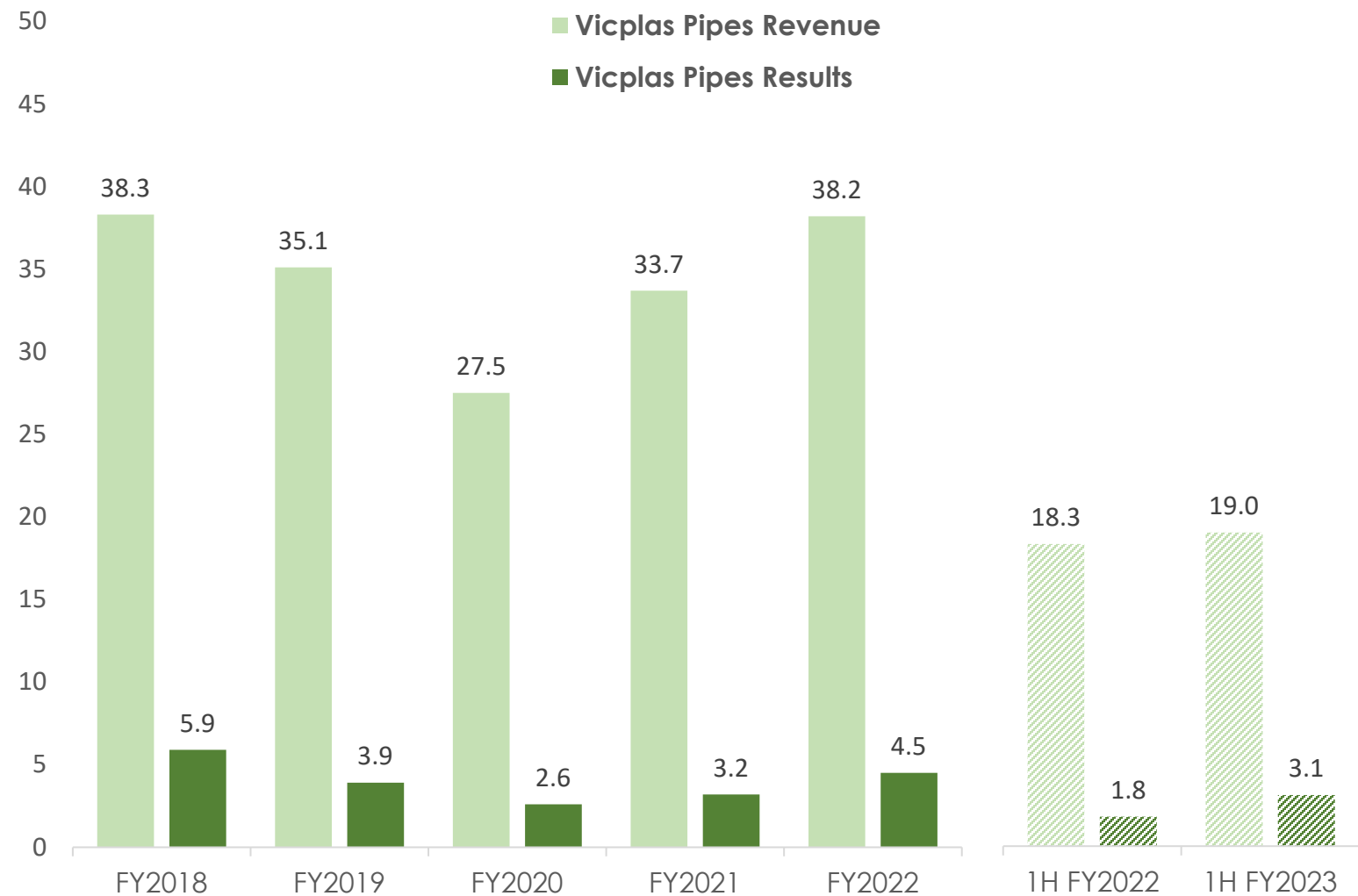
\*The segmental results of the medical devices segment and pipes and pipe fittings segment are before corporate, interest and tax expenses as set out in Note 4 of the Condensed Interim Financial Statements.

# SEGMENTAL RESULTS – VICPLAS PIPES

Vicplas Pipes' 1H FY2023 revenue increased as Singapore's construction industry improved.

Its segment result improved due to supply improvements as well as the implementation of cost saving initiatives.

S\$ million



\*The segmental results of the medical devices segment and pipes and pipe fittings segment are before corporate, interest and tax expenses as set out in Note 4 of the Condensed Interim Financial Statements.



# MEDICAL DEVICES

Walter Tarca  
President



FOREFRONT  
MEDICAL

[WWW.FOREFRONTMEDICAL.COM](http://WWW.FOREFRONTMEDICAL.COM)



## OUR VISION

To be a leading global medical device manufacturing partner with solutions that are preferred by product owners

- 100% focused on manufacturing quality devices for the medical device industry
- Global customer base in five continents
- More than 950 employees
- Committed to providing our customers and their patients with innovative and cost-effective medical devices to enable continuous improvements in healthcare





Singapore – Corporate HQ



Changzhou, China



Xiamen, China



Plant Extension in Changzhou, China

## GLOBAL PRESENCE



### Manufacturing Sites

- Singapore – Corporate HQ (7,410m<sup>2</sup>)
- Xiamen, China (7,000m<sup>2</sup>)
- Changzhou, China (7,024m<sup>2</sup> + 7,000m<sup>2</sup> extension)
- Kington, UK (2,600m<sup>2</sup>)

### Commercial Offices

- Singapore
- Shanghai, China
- Connecticut, USA
- Kington, UK

## OPPORTUNITIES

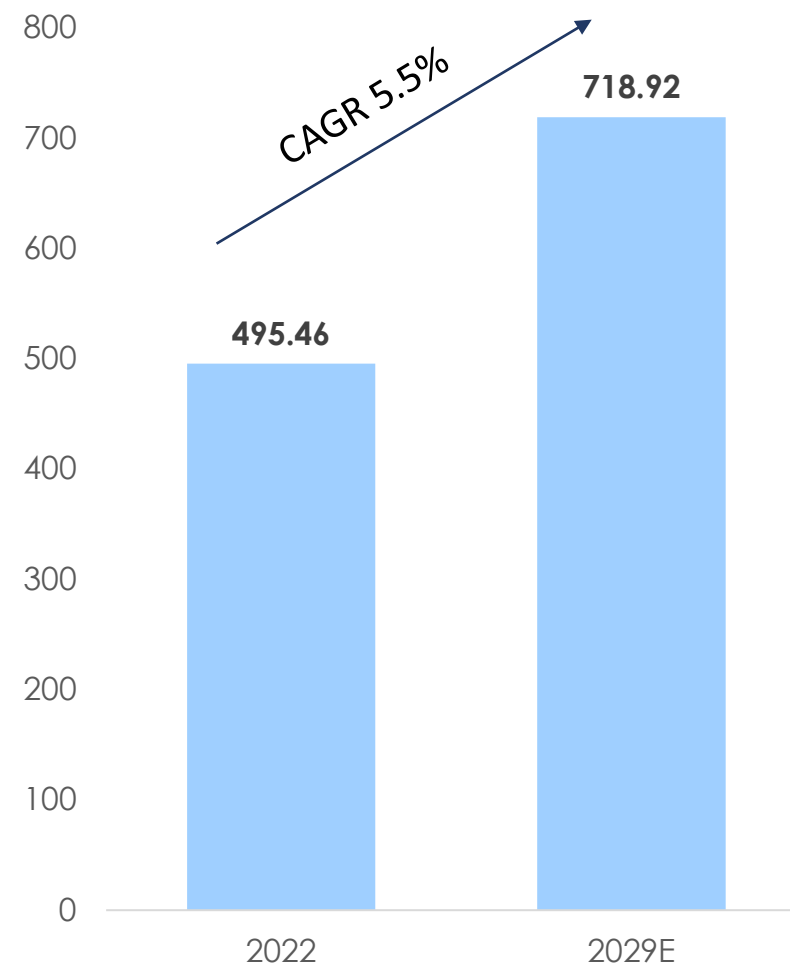
# A GROWING INDUSTRY

The global medical devices market is projected to grow from \$495.46 billion in 2022 to \$718.92 billion by 2029 at a CAGR of 5.5% during the forecast period.\*

### Key drivers:

- Growing prevalence of chronic diseases (including diabetes, cancer, and other infectious diseases)
- Rise in aging population Increasing emphasis on early diagnosis and treatment by healthcare centers
- Greater shift toward homecare settings driving portable medical devices demand
- Rising investments from leading healthcare market players and medtech companies for R&D
- Higher adoption of in-vitro diagnostic testing and treatment of Covid-19

Global Medical Devices Market Size (in USD Billions)



\* <https://www.fortunebusinessinsights.com/industry-reports/medical-devices-market-100085>

## OPPORTUNITIES

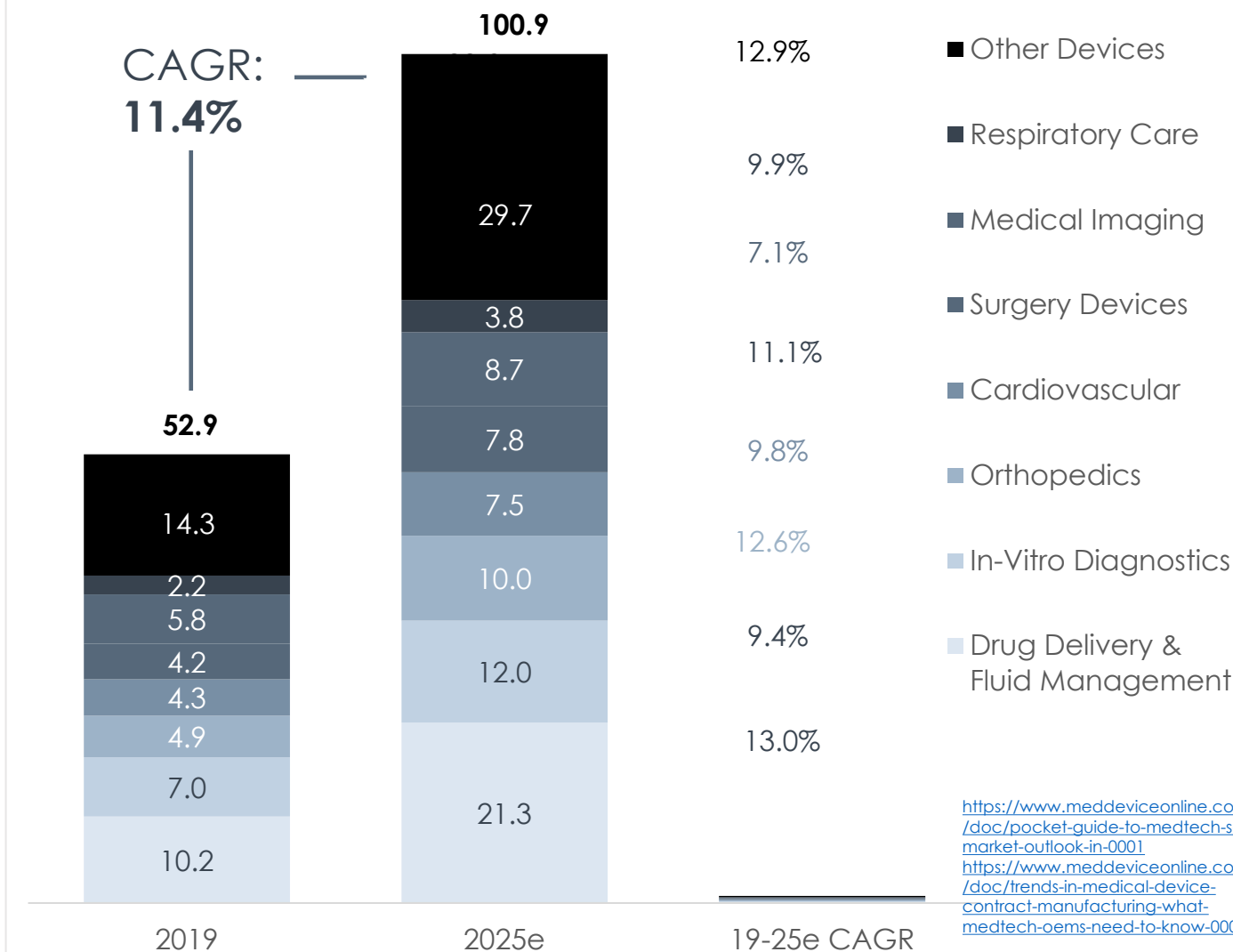
# A GROWING INDUSTRY

The MedTech contract manufacturing market is expected to grow by an average of 11.4% year-on-year through 2025.

### Key drivers:

- Ageing population
- Increased demand for improved healthcare in developing markets
- Increased willingness by product owners to outsource manufacturing to trusted partners that can fully support product and process innovation
- Some softening in 2022 due to slight trend of onshoring and right sizing of supply chains post pandemic

MedTech CDMO Market by Application: 2019-2025e (US\$B)





## OUR BUSINESS

# OUR MEDICAL DEVICE PORTFOLIO

- Vascular
- Pharmaceutical Bottles
- Surgical Devices
- Respiratory
- Orthodontics
- Airway Management
- Cell & Gene Therapy
- Endoscopy
- Drug Delivery
- Diagnostics

**Bringing Medical Innovations to Life**



## EXTENSIVE IN-HOUSE CAPABILITIES

# FROM CONCEPT TO MANUFACTURING



PediGuard  
for Spinal  
Surgery



Feeding PVC  
Tube with  
Tungsten



Laryngeal  
Mask with  
LSR Cuff



Reinforced  
Extruded  
Silicone Tube

Design & Development	<ul style="list-style-type: none"> <li>Product Concept &amp; Realisation</li> <li>Electronics, Software, Metal Parts</li> </ul>	
Rapid Prototyping		
Plastic & LSR Tooling	<ul style="list-style-type: none"> <li>In-house Toolroom &amp; Design Team</li> <li>Insert Mould</li> </ul>	<ul style="list-style-type: none"> <li>Micro Mould</li> <li>2K Mould</li> <li>Stack Mould</li> </ul>
Moulding Capabilities	<ul style="list-style-type: none"> <li>Wide Range of Materials</li> <li>Injection</li> <li>Extrusion</li> </ul>	<ul style="list-style-type: none"> <li>Injection Blow</li> <li>Extrusion Blow</li> </ul>
Production	<ul style="list-style-type: none"> <li>Cleanroom Facility</li> <li>Pilot/Trial Run</li> </ul>	<ul style="list-style-type: none"> <li>Low Mix High Volume</li> <li>High Mix Low Volume</li> </ul>
Quality	<ul style="list-style-type: none"> <li>ISO 13485</li> <li>FDA 510K</li> </ul>	<ul style="list-style-type: none"> <li>CE Mark</li> <li>IQ/OQ/PQ</li> </ul>
Assembly	<ul style="list-style-type: none"> <li>Manual Assembly</li> <li>High Speed Automation</li> </ul>	
Secondary Processes	<ul style="list-style-type: none"> <li>Hydrophilic Coating</li> <li>RF Tipping &amp; Forming</li> </ul>	<ul style="list-style-type: none"> <li>Pad Printing</li> <li>Bonding &amp; Welding</li> </ul>
Packing	<ul style="list-style-type: none"> <li>Rigid Blister</li> <li>Soft Blister</li> </ul>	<ul style="list-style-type: none"> <li>Tyvek Pouch</li> <li>Pallet Optimisation</li> </ul>
Sterilization	<ul style="list-style-type: none"> <li>EtO</li> <li>Gamma</li> </ul>	<ul style="list-style-type: none"> <li>Autoclave</li> <li>E-Beam</li> </ul>

# 1H FY2023 HIGHLIGHTS

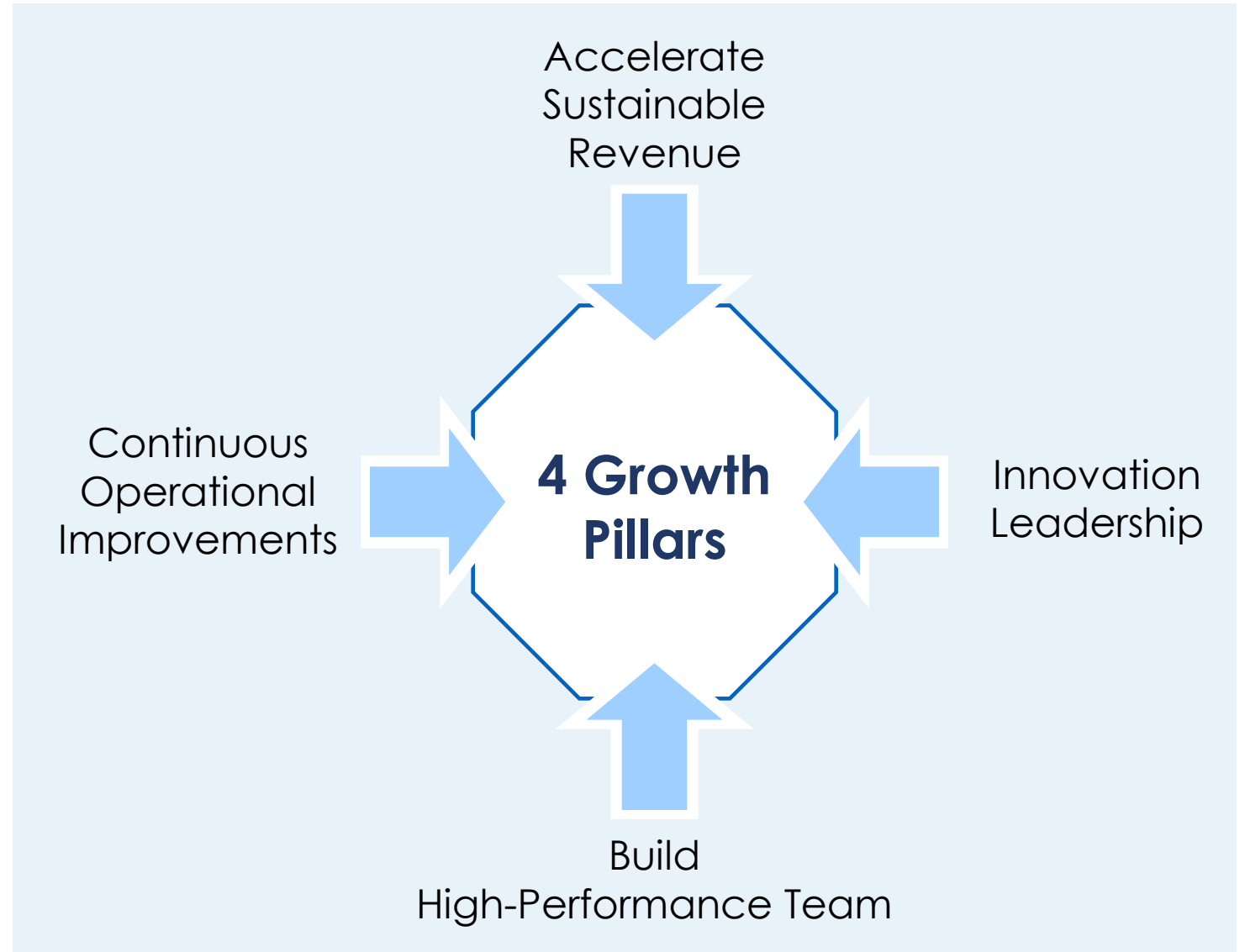
- 1H FY2023 results were negatively impacted by a variety of factors including less working days due to earlier LNY festive period and planned plant shutdowns and maintenance, staff absenteeism due to relaxation of China's zero Covid-19 policy, rising production and financing costs and unrealised foreign exchange rate losses as well as the additional operating costs for Changzhou plant extension
- However, demand remains relatively strong, as the segment has managed to continue its YoY revenue growth trend since 1H FY2017, despite a difficult operating environment and customers slowing rate of new products going to market because of uncertain macroeconomic conditions
- Segment continued to commercialise new projects and further expanded its global customer base in 1H FY2023



## ACHIEVING OUR VISION

# OUR STRATEGIC INTENT

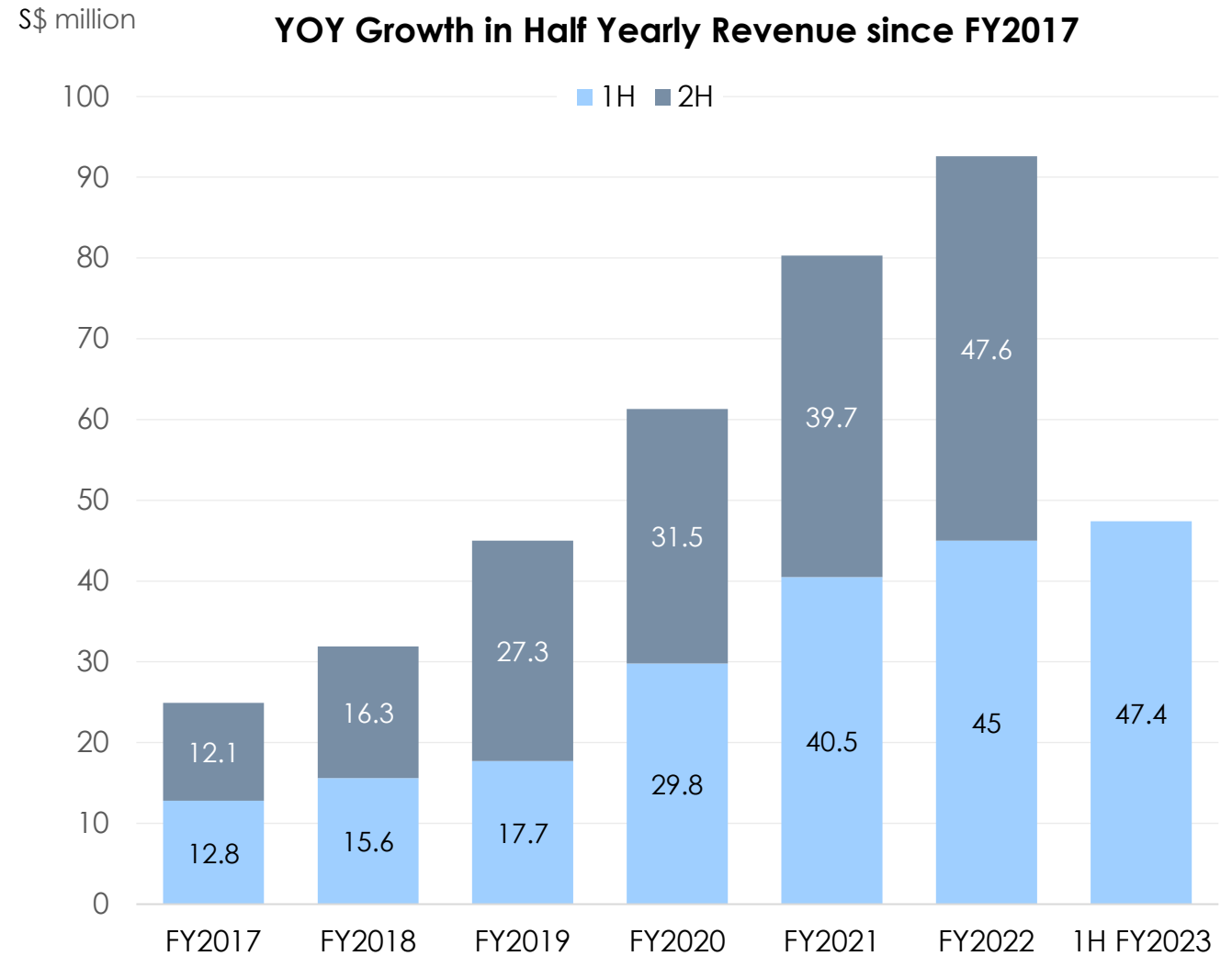
To improve profitability by delivering great solutions for our customers and building sustainable value for all our stakeholders





## FINANCIAL RESULTS

SUSTAINED  
YEAR-ON-YEAR  
SALES GROWTH



# OUR STRATEGIC PRIORITIES

## 1. ACCELERATE CAPITAL INVESTMENTS

- Broaden global footprint to satisfy demand and improve flexibility of supply chains for new and existing customers
  - Changzhou extension completed
  - Juarez, Mexico Plant

## 2. DRIVE CAPABILITY IMPROVEMENTS & INNOVATION

- Build expanded capabilities in medical extrusions , cell and gene therapy and electro-mechanical devices to strengthen new revenue streams
- Continued investment in collaborative projects with MedTech product owners to expand our capabilities and drive growth

## 3. BUILD A HIGH-PERFORMANCE TEAM TO DRIVE GROWTH

- Continue to develop and provide opportunities for our highly engaged, tenured team
- Invest in additional MedTech talent pool to drive new revenue streams and manage growth

# REVENUE GROWTH MOMENTUM

## BUSINESS OUTLOOK

- Priority is to build strong capabilities to provide attractive solutions to customers and improve global manufacturing footprint to give customers more choice and risk diversification
- Segment's performance may continue to experience continued cost pressures as well as customers requiring changes to their currently established global supply chains
- Cautious about the rate of growth given current international trading conditions and geopolitical uncertainties
- However, will continue strong focus to improve manufacturing capabilities, product mix, new plant utilisation and additional investments in sales and marketing to underpin future growth



# PIPES & PIPE FITTINGS

Jay Cheng  
Group Operations Director



VICPLAS  
PIPES

[WWW.VICPLAS.COM.SG](http://WWW.VICPLAS.COM.SG)

# A SUSTAINABLE BUSINESS

## ABOUT US

Vicplas Pipes is a leading solutions provider in the plastic pipe manufacturing industry. Our uPVC piping systems are found in a majority of residential homes across Singapore. Our market leadership is built on the quality and reliability of our products. They are commonly found in:

- **Plumbing and Electrical Works** across residential, commercial, institutional, industrial and other buildings
- **Civil Engineering Works** ranging from telecommunication and power grid pipelines to infrastructure works

## OUR VALUE PROPOSITION TO CUSTOMERS

### Solutions Provider



Proactively look for new product development opportunities to fill industry gaps and meet emerging needs

### Operational Efficiency



Invest in new technologies and improve existing processes to enhance operational and manufacturing efficiency



### Product Reliability

Conduct regular quality checks to ensure that our products meet our stringent quality standards and applicable regulatory requirements



### Green Initiatives

Contribute to a cleaner and greener future by developing environmentally friendly products



### Research & Development

Constantly explore new possibilities in the design and manufacture of our products





SINGAPORE  
**GREEN**  
BUILDING  
**PRODUCT**

**SGBC**

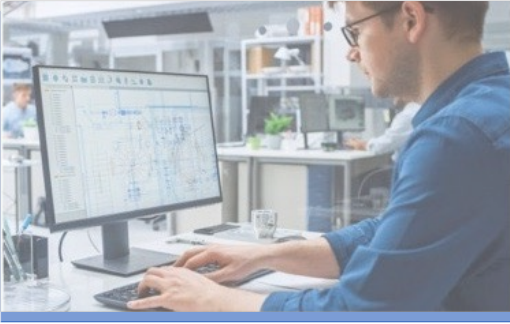


**EXCELLENT**

## Rated Excellent - SGBC Green Products

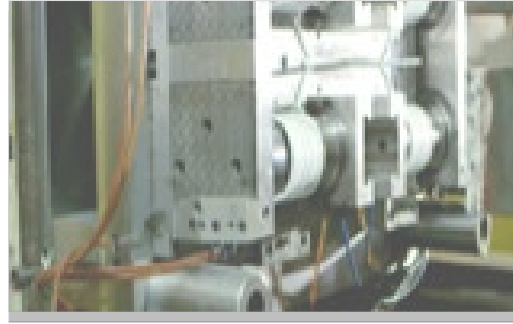
- 1<sup>st</sup> uPVC pipes and pipe fittings producer in Singapore to be Green Mark certified with 3 ticks for waste and potable piping system
- Creates value for customers as the built environment trends towards adopting SGBC certified products for green buildings.
- Broaden opportunities beyond Singapore, SGBC certified products are recognised in regional markets

## OUR CORE CAPABILITIES



### Product Design

Develop practical, cost-efficient solutions that evolve with the changing needs of our customers.



### Processing Techniques

Proficient across a range of polymer processing techniques and are able to offer injection, extrusion, thermal forming and fabrication processes.



### Tool Fabrication

Equipped with in-house mould design and fabrication capabilities.



### Materials Know-how

Extensive working knowledge of polymeric materials such as engineering plastics, specialty elastomers, composites and more.

Vicplas Pipes' products are all certified by international testing bodies to meet the industry standards of product quality.



# PRODUCT APPLICATIONS



## BUILDINGS

Residential homes  
Commercial buildings  
Institutional buildings  
Industrial / Others



## HYDRO-AGRICULTURE

Plastic pipes  
Plastic channels  
Gutters



## CIVIL ENGINEERING

Telecommunication pipelines  
Power grid pipelines  
Infrastructure works



# 1H FY2023 HIGHLIGHTS

- Segmental revenue in 1H FY2023 increased by 4.2% to S\$19.0 million from the same period last year as the construction industry in Singapore improves
- 1H FY2023 segmental result of S\$3.1 million, a 76.3% increase from the same period last year, was mainly the result of supply improvements as well as cost saving initiatives



# BUSINESS OUTLOOK

## WELL-POSITIONED FOR FUTURE GROWTH

- Well-positioned to cater the increase in demand for products expected from the announced increase in public housing units to be launched over the next two years
- Segment will continue focus on civil engineering projects and product expansion
- Overall, segment expects to continue growing revenue for the rest of FY2023, although challenges in the current operating environment like inflationary pressures, credit exposures and prices competition remain

## MAINTAIN STRICT COST CONTROL

- Continue to maintain high level of cost discipline
- To further boost operational efficiencies through continuous innovation and improvement



THANK  
YOU

**Vicplas International Ltd**

Reg No: 199805362R

[www.vicplas.com](http://www.vicplas.com)