



Broadway Industrial Group Limited

FY2021 Results Presentation

17 February 2022



Contents

Business Overview

Tan Choon Hoong
Chief Executive Officer

FY2021 Performance Review

Tiong Chi Sieng
Chief Financial Officer

Outlook & Investment Highlights

Lew Syn Pau
Chairman



Q&A

Disclaimer: This presentation may contain forward-looking statements. The actual future performance and results of Broadway Industrial Group Limited (the “Company”) and its subsidiaries (together the “Group”) however, may be materially different from those expressed or implied in these forward-looking statements. No reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation, which are based on the current views of the management regarding future events. Neither the Group nor any of its advisers or representatives is representing or warranting that the Group’s actual future performance and results will be as discussed in these forward-looking statements. Neither the Group nor any of its advisers or representatives shall be liable whatsoever for any loss arising, whether directly or indirectly, from any use or distribution of this presentation or the contents herein. The past performance of the Group is not indicative of its actual future performance and results. This presentation is for information only and does not constitute any offer or invitation to purchase or subscribe for the shares in the Company.





Business Overview

-  Corporate Profile
-  HDD Business Unit
-  Robotics Business Unit





Two Key Business Segments

HDD Business – Our core business

- One of the leaders in the manufacture of precision components and assemblies
- Key provider of actuator arms, assemblies and other related parts mainly for the global hard disk drive (“HDD”) industry
- Headquartered in Singapore with 4 manufacturing facilities in China and Thailand

Robotics Business – Our new business and part of our strategy to diversify into different segments of industry by leveraging our supply chain and manufacturing competencies

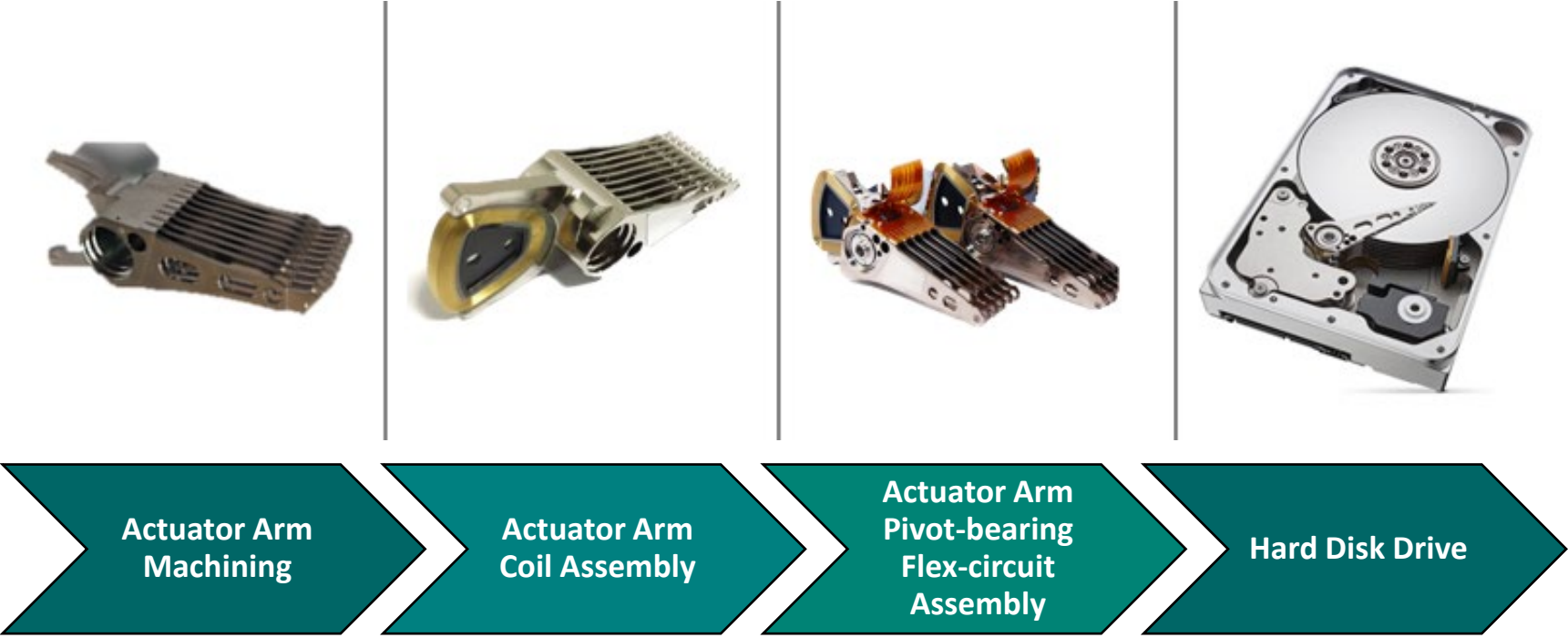
- Own a 55% equity stake in Beijing Ant Brothers Technology Co., Ltd. (“BAB”)
- Develops light weight, low-power consumption and high efficiency cleaning robots for facades service robots for various purposes
- Develops service robots for various purposes including disinfection robots



HDD Business Unit



Core Products



HDD Demand Supported by Positive Trends

Increasing demand

Worldwide HDD industry exabytes shipments expected to see a **CAGR of 23.3% over the 2022–2026 forecast period**

Increasing storage

Average capacity per drive is forecast to increase at CAGR of 25.5% over the same period



On-premises datacentre projects and business reopening trends to drive higher HDD exabytes demand from OEM storage customers^a



HDD demand from cloud service providers and hyperscale datacenter customers expected to remain strong throughout the forecast period^a



HDD exabytes demand remains solid and new demand from blockchain storage and cryptocurrencies such as the Chia are creating higher demand in an already tight market^a



Strong commercial PC sales, tempered by component supply issues limiting total shipments and creating a backlog of demand expected to push into the first half of 2022^b

Sources:

^a IDC press release “IDC Forecasts Solid Growth for the Hard Disk Drive and Solid State Drive Markets to Meet Increasing Demand for Data Storage Capacity” (14 Jun 2021)

^b Trendfocus, “Seagate posts record mass capacity exabyte and non-HDD revenue in CQ4’21”, 26 Jan 2022

HDD Market Long Term Forecast



By units	Actuals		Long-Term Forecast				CAGR
	2021	2022	2023	2024	2025	2026	
Total Computing/CE	171.87	149.74	133.85	116.87	106.14	99.12	-10.4%
%	-8.5%	-12.9%	-10.6%	-12.7%	-9.2%	-6.6%	
Total Enterprise	87.11	91.76	99.62	104.83	116.88	138.72	9.8%
%	21.2%	5.3%	8.6%	5.2%	11.5%	18.7%	
Total Units	258.98	241.50	233.47	221.70	223.02	237.84	-1.7%
%	-0.3%	-6.7%	-3.3%	-5.0%	0.6%	6.6%	
Revenue (\$M)	\$23,296.88	\$23,969.25	\$26,318.67	\$29,075.78	\$34,232.68	\$40,027.55	11.4%
%	15.6%	2.9%	9.8%	10.5%	17.7%	16.9%	

The expected decline in HDD volume is sustainable at CAGR of 1.7% from 258m units in 2021 to 237m units in 2026 but total revenue forecasted to increase at 11.4%

By Exabytes	Actuals		Long-Term Forecast				CAGR
	2021	2022	2023	2024	2025	2026	
Total Computing/CE	390.90	377.96	382.22	381.45	388.99	403.94	0.7%
%	6.3%	-3.3%	1.1%	-0.2%	2.0%	3.8%	
Total Enterprise	947.07	1100.54	1471.34	1852.90	2445.94	3402.86	29.1%
%	45.5%	16.2%	33.7%	25.9%	32.0%	39.1%	
Total Exabytes	1337.97	1478.50	1853.56	2234.35	2834.93	3806.80	23.3%
%	31.4%	10.5%	25.4%	20.5%	26.9%	34.3%	

Exabytes forecasted to increase at CAGR of 23.3% between 2021 and 2026

The increase in revenue and Exabytes are mainly coming from the Enterprise programs

Sources:

* Trendfocus, "SDAS: HDD Information Service, 2021 Long-Term Focus", 2 Feb 2022

Strong Growth Expected from Key Customer



Key Customer

BIGL

Strong growth in CQ4'21; expects revenue growth of 12% to 14% for its fiscal 2022¹
Projected solid cloud demand for nearline to continue



BIGL's key customer
Our key customer's strong performance expected to impact BIGL positively as it contributes major share to the Group's total sales revenue

Focused on enterprise HDD²; expected to ramp-up high capacity nearline products over coming quarters¹
Solid outlook for Key Customer's second half of calendar 2022¹



Business focus aligned with Key Customer's
Positioned to take advantage of the growing high value, high performance enterprise segment of HDDs

Heavy investments in cloud deployments, product innovations and business development²
Strong performance in overall mass capacity HDD shipments in CQ'4 21 illustrated its strength to cloud customers



Positioned to reap benefits
Key provider of actuator arms, assemblies and other related parts mainly for the global hard disk drive (HDD) industry

Growth catalysts from acquisitions²
Ability to generate substantial operating cash flows allows Key Customer to pursue frequent acquisitions, giving it a competitive edge



Positive prospects for BIGL
Headquartered in Singapore with 4 manufacturing facilities in China and Thailand to support Key Customer's business expansion strategy

Sources:
¹ Trendfocus, "Seagate posts record mass capacity exabyte and non-HDD revenue in CQ4'21", 26 Jan 2022
² Zacks Research Report on Seagate Technology Plc, 16 Jan 2022

#1 Management Restructuring

- Eliminated redundancy
- Injected new management
- Optimised competency
- Introduced new corporate values

#2 Operational Improvements

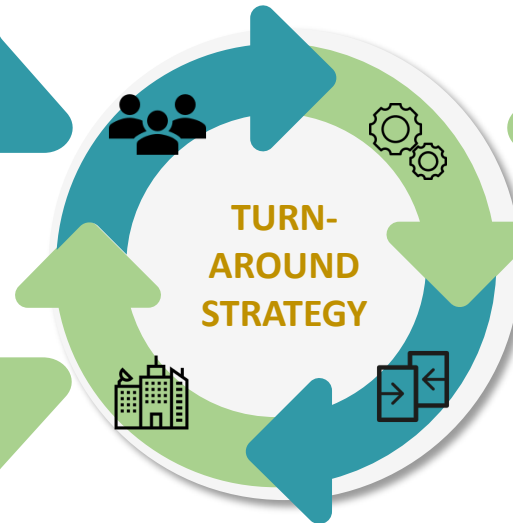
- Labour cost reduction
- Scrap cost reduction
- Quality improvement
- Early engagement on new programmes

#3 Improved Factory Footprint

- Optimised based on customers' geographical sites
- Localised supply chain
- Supported business continuity plan

#4 Supply Chain Optimisation

- Optimised supply chain
- Partnered directly with manufacturers
- Reinforced supply chain quality management

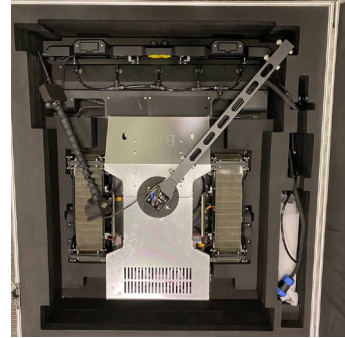




Robotics Business Unit



Expansion of Product Line



Started with one façade cleaning robot

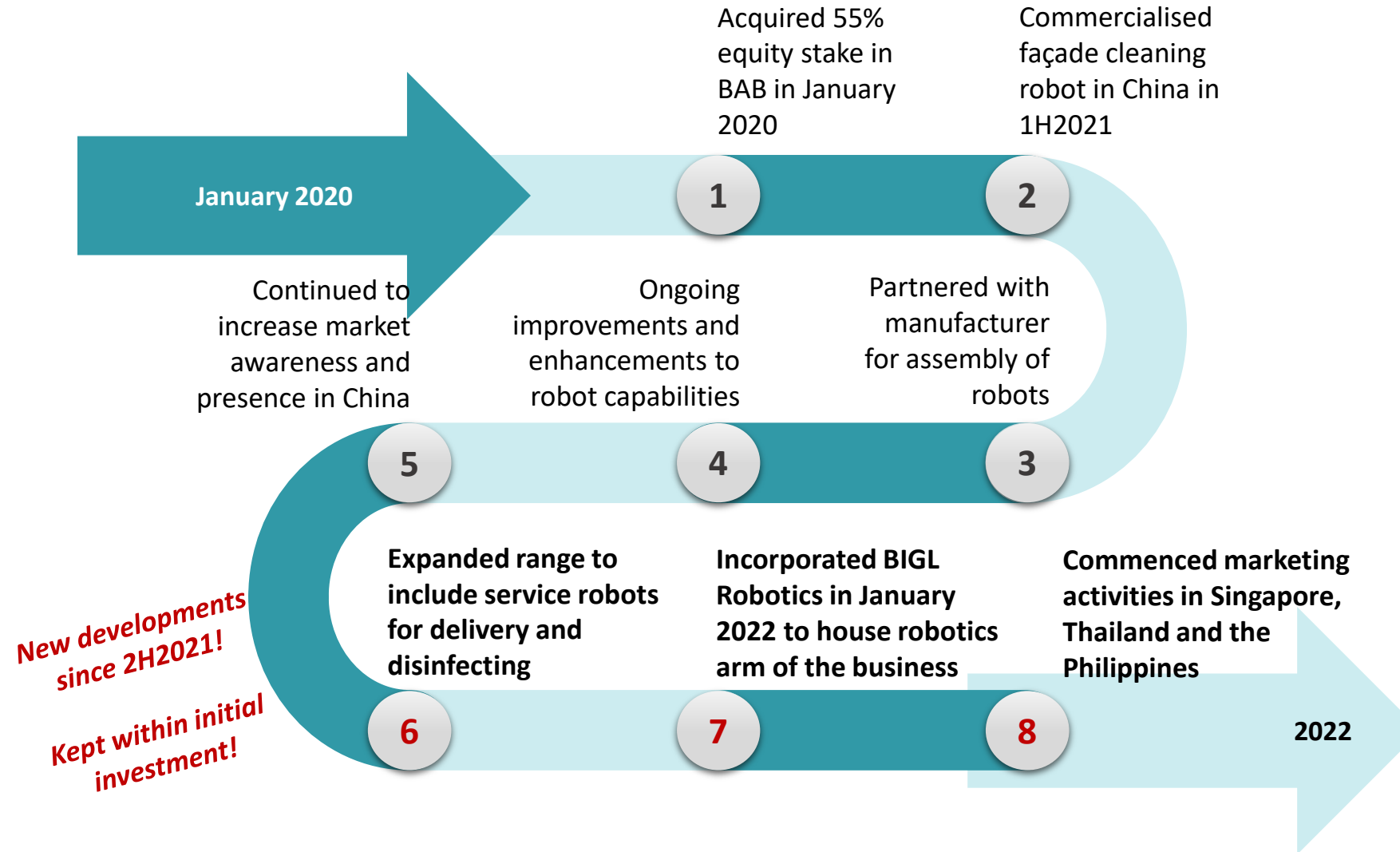
Leveraging BIGL's supply chain and manufacturing competencies to enhance robot design and efficiencies for the cleaning service industry, encompassing office and commercial building facades, other architectural glass curtain walls and solar panels

Applied big data technology in robot service processes and using **artificial intelligence (AI)** to optimize and expand the potential of AI robot for various purposes



Added service robots (including disinfection and delivery robots) to expand the product line card

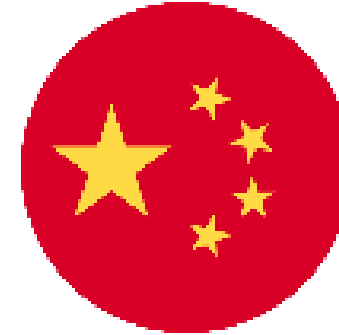
Roadmap to Commercialisation & Sales





Collaboration with institute of higher learning

- Working with institute of higher learning on the improvement to meet the local regulation and requirements to commercialise façade cleaning robot in Singapore
- Institute of higher learning to assist in our BCA BIP (Building Innovation Panel) Application



Product improvements

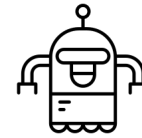
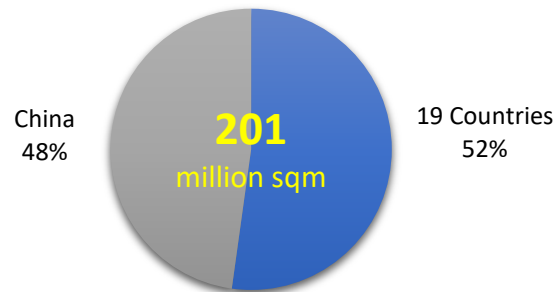
- Modularised RAS (Roof Access System) in progress to be more versatile for various type of building access area
- Continuous improvement on existing cleaning module to provide more effective results
- Collaborate with institute of higher learning to develop and improve robot's performance



Façade Cleaning Robots

- **Global facade market size expected to grow at a CAGR of 6.4% from 2021 to 2028¹**

Skyscrapers (>150m) in Top 20 Countries
Facade Area²



Service Robots

- Disinfection Robots Market is **expected to grow at a CAGR of 30.1% from 2021 to 2028 to reach \$2.79 billion by 2028²**
- **COVID-19 pandemic acted as a growth catalyst** for the disinfection robots market and continues to provide opportunities²
- Potential applications:
 - ✓ Public places such as shopping malls, airports, public transport spaces
 - ✓ Hospitals
 - ✓ Industrial and commercial buildings and offices
 - ✓ Educational institutes and schools
- Emerging economies and technological advancements in robotics expected to drive opportunities²

Sources:

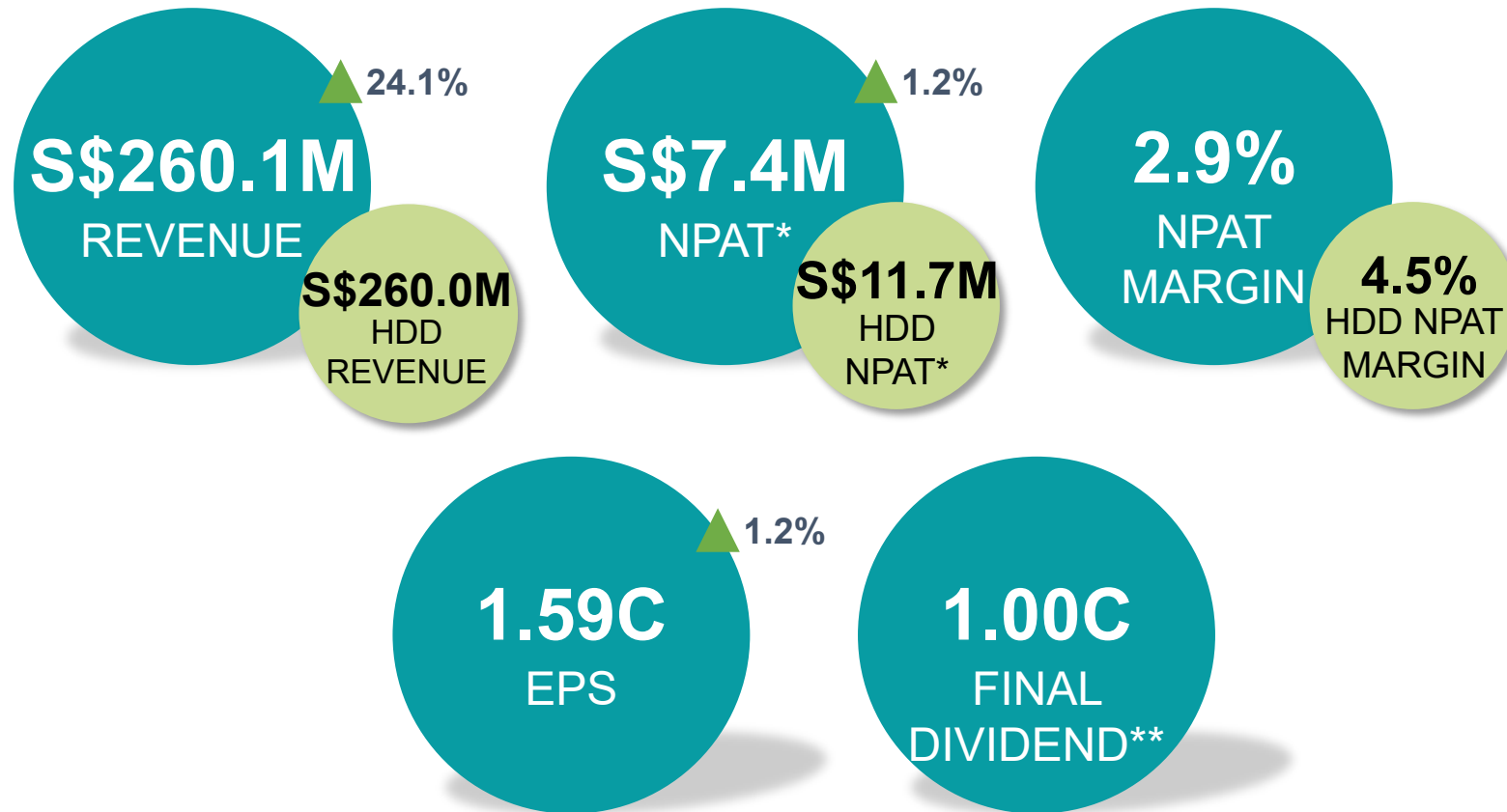
1. www.grandviewresearch.com
2. www.skyscrapercenter.com/buildings
3. Meticulous Research report on Disinfection Robots Market by Type, Technology, End User and Geography - Global Forecast to 2028



FY2021 Performance Review



2H2021 Financial Highlights



* NPAT is net profit after tax and minority interest.

** Final ordinary dividend of 0.5 Singapore cents per share and special dividend of 0.5 Singapore cents per share

2H2021 Performance Review

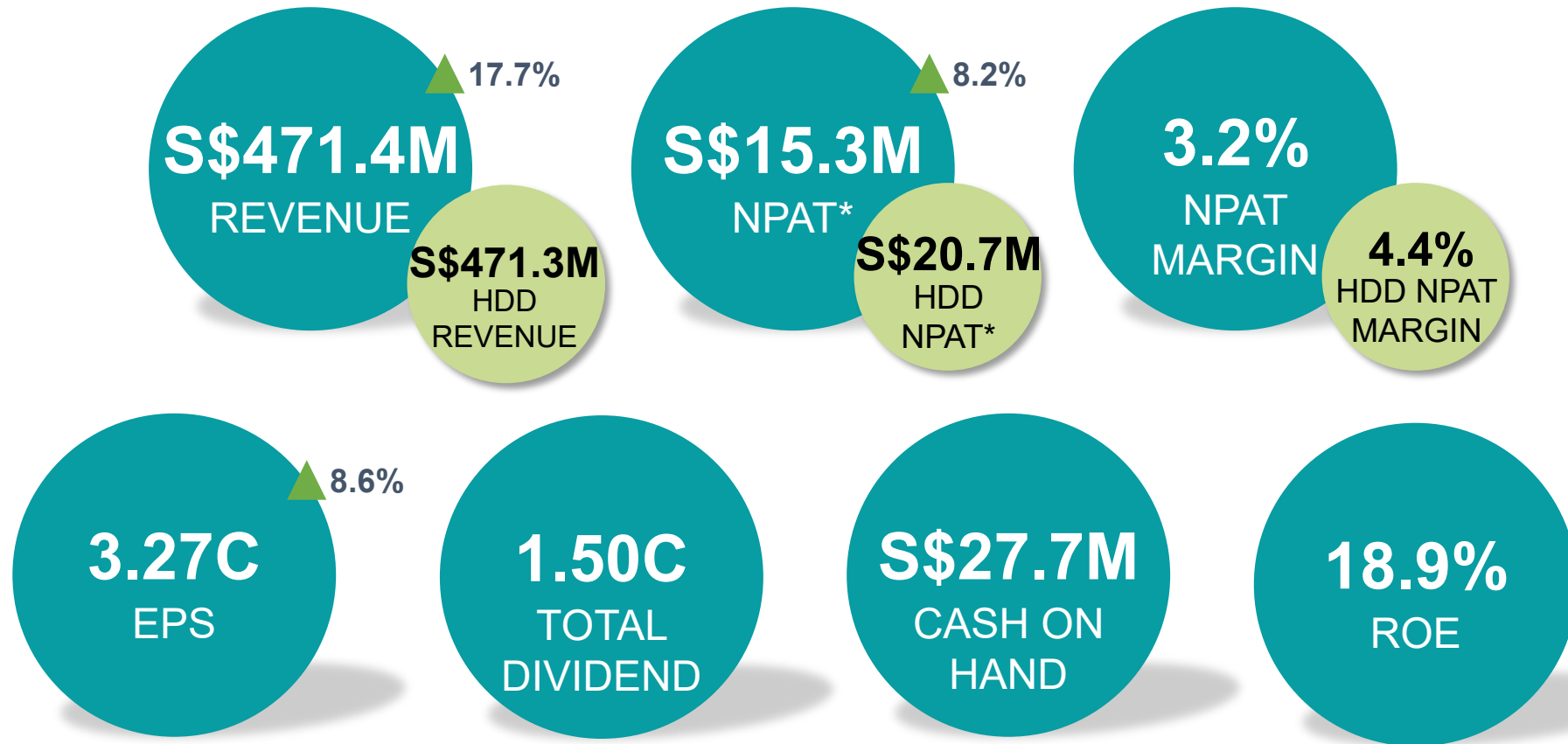


Robust HDD demand lifted 2H2021 revenue 24% y-o-y, 70bps improvement in gross margin benefited from factory capacity utilisation as a result of strong shipment volume.

S\$'MIL	HDD			GROUP		
	2H'21	2H'20	Better / (Worse)	2H'21	2H'20	Better / (Worse)
Revenue	260.0	209.5	24.1% ▲	260.1	209.5	24.1% ▲
Gross Profit	20.2 7.8%	15.0 7.1%	35.3% ▲	20.0 7.7%	15.0 7.2%	33.2% ▲
Net Profit After Tax	11.7 4.5%	7.7 3.7%	52.2% ▲	7.4* 2.9%	7.3 3.5%	1.2% ▲
EBITDA	19.2 7.4%	15.1 7.2%	27.3% ▲	14.8 5.7%	14.4 6.9%	3.3% ▲
EPS (Cents)				1.59	1.57	1.2% ▲

* After S\$2.4 million charge for impairment of goodwill

FY2021 Financial Highlights



* NPAT is net profit after tax and minority interest

FY2021 Performance Review

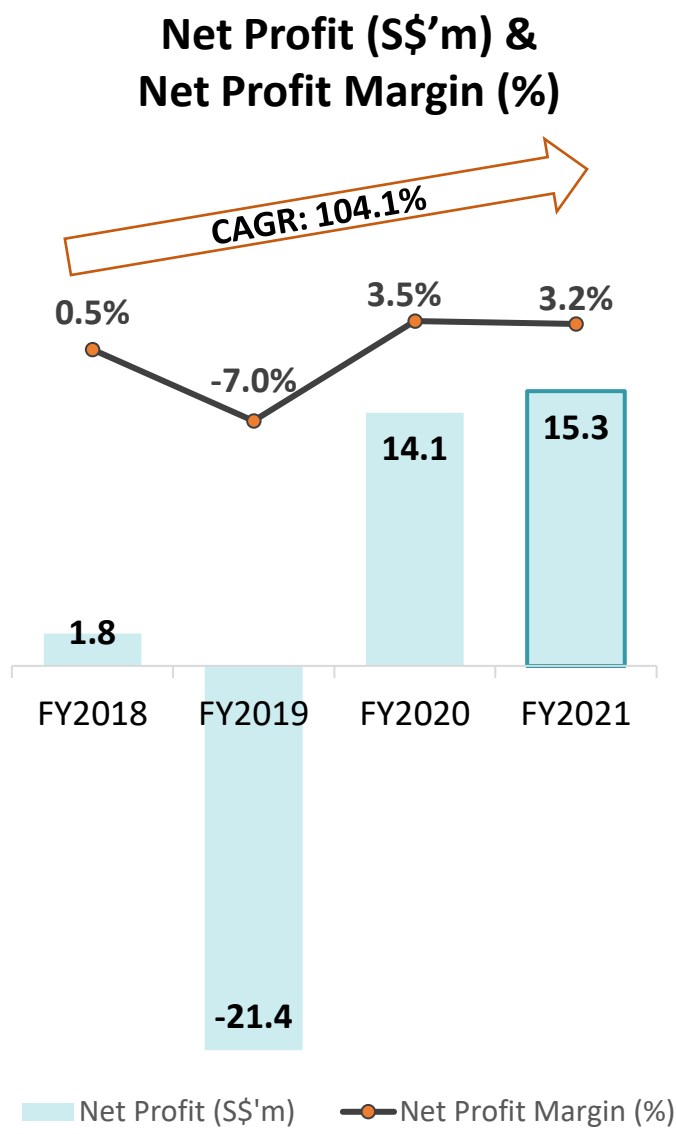
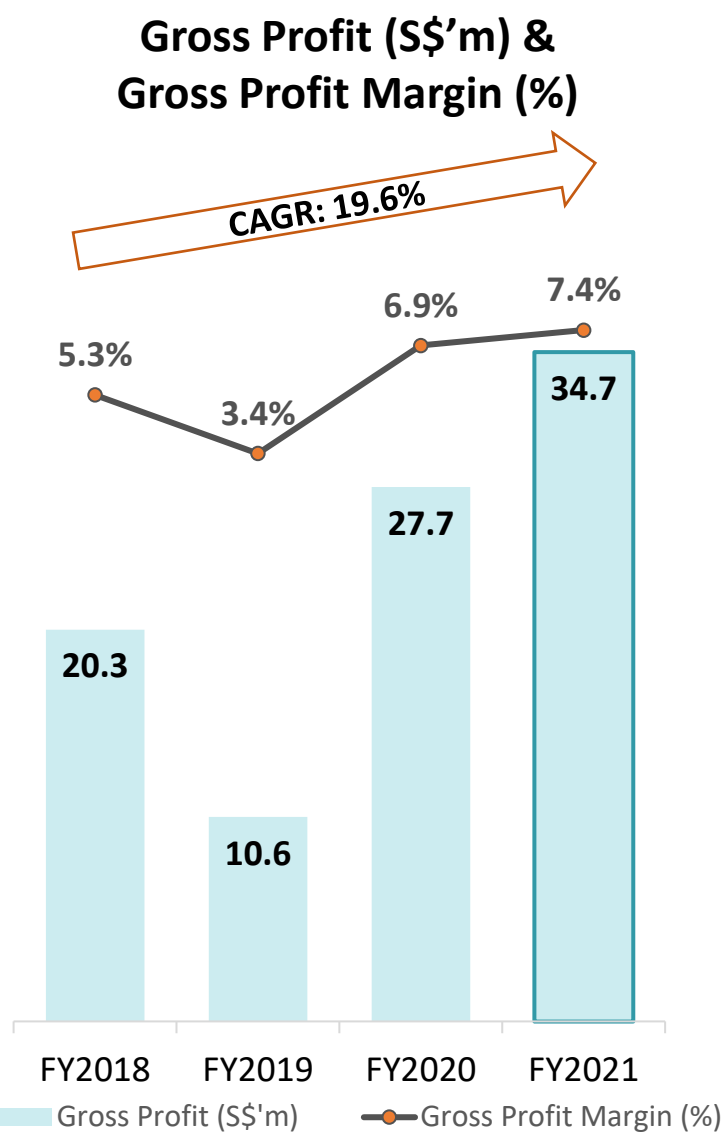
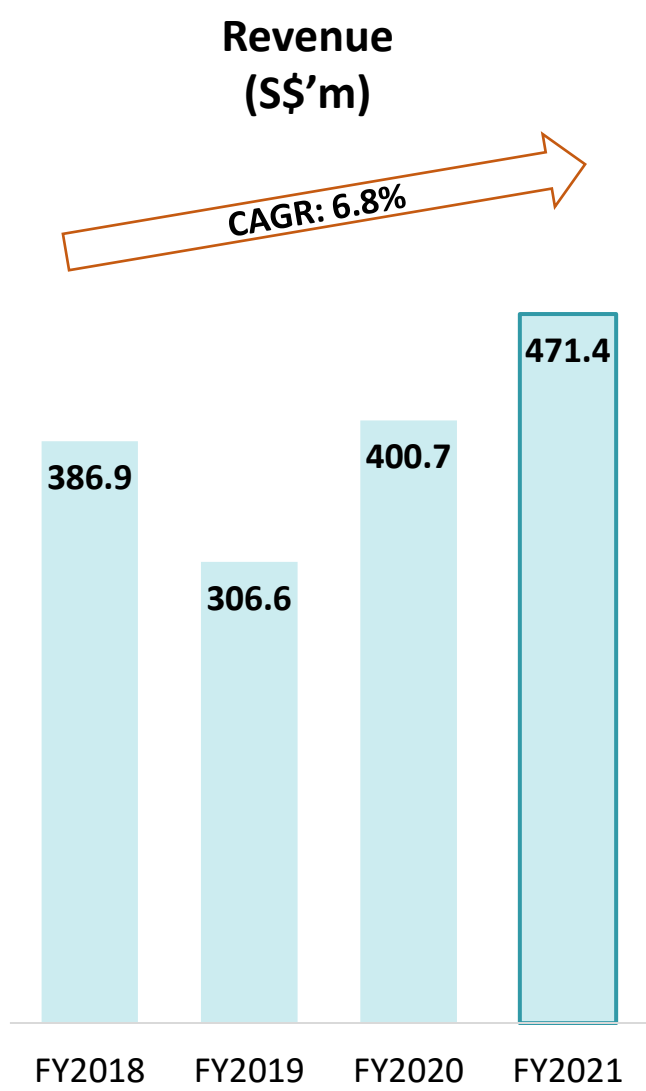


Strong y-o-y revenue and profit growth, benefitting from strong operational execution despite challenging operating environment.

S\$'MIL	1H'21	1H'20	Better / (Worse)	2H'21	2H'20	Better / (Worse)	FY21	FY20	Better / (Worse)
Revenue	211.4	191.1	10.6%	260.1	209.5	24.1%	471.4	400.7	17.7% ▲
Gross Profit	14.7 7.0%	12.7 6.7%	15.4%	20.0 7.7%	15.0 7.2%	33.2%	34.7 7.4%	27.7 6.9%	25.0% ▲
Operating Profit	8.1 3.8%	7.7 4.0%	5.5%	8.2 3.2%	7.1 3.4%	16.3%	16.3 3.5%	14.8 3.7%	10.7% ▲
Net Profit After Tax	7.8 3.7%	6.8 3.5%	15.7%	7.4 2.9%	7.3 3.5%	1.2%	15.3* 3.2%	14.1 3.5%	8.2% ▲
EBITDA	14.9 7.0%	15.5 8.1%	-3.9%	14.8 5.7%	14.4 6.9%	3.3%	29.7 6.3%	29.9 7.5%	-0.5% ▲
EPS (Cents)	1.67	1.44	15.7%	1.59	1.57	1.2%	3.27	3.01	8.6% ▲
Annualized RoE (%)	19.8%	20.5%	-0.7%	18.4%	21.6%	-3.1%	18.9%	20.7%	-1.8% ▲

* After S\$2.4 million charge for impairment of goodwill

Strong Growth Trajectory



Balance Sheet



Balance sheet strength continued to improve in 2021, building from the strong HDD operational performance and prudent fiscal management.

\$S'MIL	Jun-19	Dec-19	Jun-20	Dec-20 Reclassified	Jun-21	Dec-21
Non-current Assets	76.4	97.8	97.4	86.0	82.2	76.7
Current Assets	97.3	95.8	92.7	115.8	133.2	152.0
Inventories	29.2	35.8	25.3	27.9	29.4	39.7
Trade and other receivables	37.5	51.2	51.4	58.9	79.1	84.6
Cash and cash equivalents	11.1	8.7	16.0	29.0	24.7	27.7
Assets held-for-sale	19.5	-	-	-	-	-
Total Assets	173.7	193.6	190.1	201.8	215.4	228.7
Non-current Liabilities	4.8	9.8	9.3	18.8	15.3	11.6
Loans and borrowings	0.6	-	-	11.0	8.4	5.6
Lease Liabilities	0.7	6.5	6.2	5.2	4.5	3.9
Other non-current liabilities	3.5	3.3	3.0	2.7	2.4	2.0
Current Liabilities	95.1	122.0	110.8	106.8	115.5	129.4
Trade and other payables	60.5	84.3	83.5	99.5	101.8	118.1
Loans and borrowings	29.8	28.5	21.6	2.2	8.2	5.6
Lease Liabilities	0.7	1.6	1.5	1.5	1.5	1.7
Other current liabilities	4.1	7.5	4.2	3.7	3.9	3.9
Total Liabilities	99.9	131.7	120.0	125.6	130.8	141.0
Shareholders' equity	75.4	61.8	70.0	74.5	83.4	86.9
Non-controlling Interests	(1.6)	0.0	0.0	1.7	1.2	0.9
Total Equity	73.8	61.9	70.0	76.2	84.6	87.7
Net current assets	2.2	(26.2)	(18.1)	9.0	17.7	22.6

Key Financial Ratios



Balance sheet strength continued to improve in 2021, building from the strong HDD operational performance and prudent fiscal management.

S\$'MIL (where applicable)

	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21
Working Capital Ratio (Current Assets / Current Liabilities)	1.02	0.79	0.84	1.08	1.15	1.17
Current Assets	97.3	95.8	92.7	115.8	133.2	152.0
Current Liabilities	95.1	122.0	110.8	106.8	115.5	129.4
Net Gearing Ratio ([Total borrowings - Cash at Bank] / Equity)	26.2%	32.0%	8.0%	nil	nil	nil
Net borrowings / (Cash)	19.3	19.8	5.6	(15.8)	(8.1)	(16.4)
Equity	73.8	61.9	70.0	76.2	84.6	87.7
Interest Coverage Ratio ([EBITDA - CAPEX payment] / Interest expense)	(3.05)	(3.63)	19.99	22.20	22.34	21.41
EBITDA	0.8	(0.5)	15.5	29.9	14.9	29.7
CAPEX Payment	(3.5)	(6.7)	(1.7)	(3.7)	(2.1)	(5.6)
Interest Expenses	0.9	2.0	0.7	1.2	0.6	1.1
Annualised Return on Equity (%) (Net Profit / Average Equity)	-19.7%	-29.4%	20.5%	20.7%	19.8%	18.9%
Net Profit	(7.9)	(21.4)	6.8	14.1	7.8	15.3
Average Equity	79.6	72.8	65.9	68.2	79.0	80.7
Annualised Return on Assets (%) (Net Profit / Total Assets)	-9.0%	-11.0%	7.1%	7.0%	7.3%	6.7%
Net Profit	(7.9)	(21.4)	6.8	14.1	7.8	15.3
Total Assets	173.7	193.6	190.1	201.8	215.4	228.7



Outlook & Investment Highlights



New Dividend Policy*



- BIGL will be implementing a dividend policy to distribute approximately 30.0% of the Group's net attributable profit annually from the current financial year ending 31 December 2022 onwards.

** Subject to the Group's operating results, financial conditions such as cash position and retained earnings, other cash requirements including capital expenditure, restrictions on payment of dividends imposed on the Group by financing arrangements (if any) and other factors deemed relevant by the Directors including but not limited to circumstances arising from the COVID-19 pandemic.*

HDD Business

- Operating environment remains challenging and uncertain, COVID-19 continues to impact HDD supply chain in Asia
- HDD Demand remains resilient in the seasonally slower first half of the year
- Cost inflation and higher inventory holding to mitigate supply chain disruption remains key challenges
- Focus on operational execution and prudent cost and fiscal management
- Remain optimistic about the prospects for 1H2022

Robotics Business

- Continue to market façade cleaning robots & services in China while engaging market stakeholders in Singapore
- Invest in sales & marketing activities for service robots in selected regional markets
- Significant interest from potential customers such as higher learning institutions, shopping malls, MICE operators and manufacturing industries

Healthy Position Among Peers*

	Market Cap (S\$' m)	Price (S\$)	Net profit margin (%)	ROE (%)	Debt / Equity (times)	P/E (times)	Div yield (%)
BIGL	92.00	0.200	3.73	21.50	0.02	5.21	2.55
Frencken Group Limited	755.83	1.770	7.84	15.74	0.29	13.70	1.70
UMS Holdings Limited	846.82	1.270	21.34	17.21	0.14	17.40	2.52
Venture Corporation Limited	5,364.38	18.450	9.98	11.84	0.01	17.47	4.06
Micro-Mechanics (Holdings) Ltd	456.03	3.300	23.80	32.67	0.03	24.67	3.66
InnoTek Limited	166.66	0.730	9.25	9.47	0.12	9.59	2.74

Source: ShareInvestor.com, data as at 9 Feb 2022, 3.40pm
All figures have been rounded.

HDD Business

- Positioned to take advantage of the growing high value, high performance enterprise segment of HDDs
- 4-pronged turnaround strategy continues to yield results
 - Management restructuring; operational improvements; improved factory footprint; and supply chain optimisation

Robotics Business

- Offers a breakthrough solution for the high-risk, labour-intensive façade cleaning industry and to reduce manpower reliance in the cleaning industry
- Disinfection and delivery service robots highly relevant in current pandemic environment
- Potential collaboration with international AI robotic companies as manufacturing partners

Diversification Strategy

- Focused on M&A targets in high growth industries that also leverages our expertise in the manufacture of precision components for electronics and other industries



Thank You

