



Nico Steel Holdings Limited

尼尔金属控股有限公司

The Metallurgical Solutions Provider

(Stock Code – **SGX: 5GF** | **Bloomberg: NICO SP** | **Reuters: NICO.SI**)



FY2019 Results Briefing

26 April 2019

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Nico Steel is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) under the stock code 5GF.

Financial Highlights



FYE Feb (US\$'000)	FY19	FY18	YoY Change	HY19
Income Statement				
Revenue	15,094	13,215	+ 14.2%	8,022
Gross profit	4,537	3,448	+ 31.6%	2,378
<i>Gross margin</i>	<i>30.1%</i>	<i>26.1%</i>	<i>+ 4.0pp</i>	<i>29.6%</i>
Profit before tax	469	209	> 100%	257
Net profit⁽¹⁾	243	34	> 100%	121
Balance Sheet				
	As at 28-Feb-19		As at 28-Feb-18	
Non-current assets	3,373		3,517	
Current assets	18,080		15,728	
Cash at bank	5,044		2,204	
Current liabilities	4,787		4,856	
Financial liabilities	2,542		2,488	
Shareholders' Equity	16,656		14,379	
NAVPS ⁽²⁾ (US cents)	0.44		2.28	
NAVPS ⁽³⁾ – fully diluted (US cents)	0.34		0.31	

Notes: (1) Profit attributable to owners of the Company.

(2) Net asset value per share (“NAVPS”) were computed based on weighted average share capital of 3,754.8mn shares for FY19 and 629.7m for FY18.

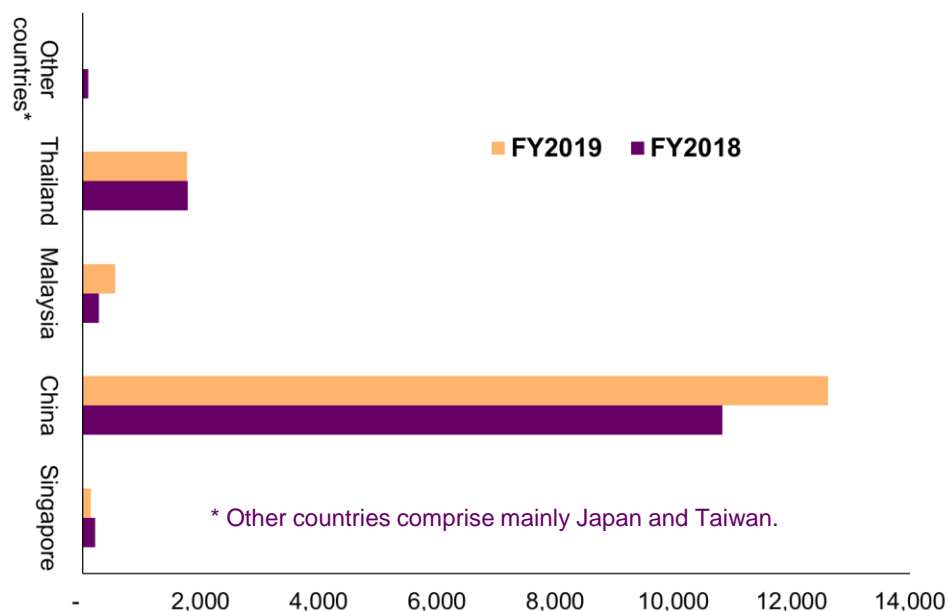
(3) NAVPS were computed based on share capital of 4,962.2mn shares.

Revenue Analysis

❖ By Product Segments

FYE 28 Feb	FY19		FY18		YoY Change	HY19	
	US\$'000	% of revenue	US\$'000	% of revenue		US\$'000	% of revenue
Customised Solutions	10,865	72.0	10,154	76.8	+ 7.0%	5,431	67.7
Nico Brand of Metal Alloys	4,229	28.0	3,061	23.2	+ 38.2%	2,591	32.3
Total Revenue	15,094	100.0	13,215	100.0	+ 14.2%	8,022	100.0
Gross Profit	4,537		3,448		+ 31.6%	2,378	
Gross Margin	30.1%		26.1%			29.6%	

❖ By Geographical



Corporate Update

- ❖ **Patents** on technological processes and **registered trademarks** for Nico branded range of metal alloys and customised services
 - **intellectual property** and **valuable business assets**:
 - ✓ 12 existing patents and 7 in applications
 - ✓ 18 registered trademarks
- ❖ **Termination of redeemable convertible bonds in September 2018**
- ❖ **Secured new monthly orders** from both existing and new customers for customised metallurgical solutions (customised solutions and proprietary metal alloys)
 - ☑ continue to be **sole supplier** on shielding solutions for renowned global brand owners and world's largest drone manufacturer
 - ☑ customised metallurgical solutions for LED back panel for existing customer
 - ☑ proprietary aluminium alloy for aesthetic aspect on printers for one of the top printer solutions manufacturers
- ❖ **Expansion of electroplating production capacity in January 2019**
 - ☑ increase production capacity with customised wastewater treatment and water recycling system in **anticipation of increasing orders**

Business Environment

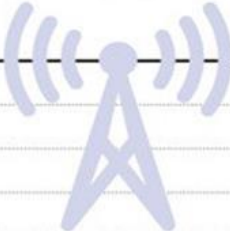
- ❖ **Trade dispute, geopolitical uncertainties, global economic slowdown**
 - ☑ delays in new product development projects and launches
- ❖ **Environmental issues**
 - ☑ Chinese government no longer issue electroplating license
- ❖ **5G revolution**
 - ☑ challenges and opportunities



The 5G Revolution

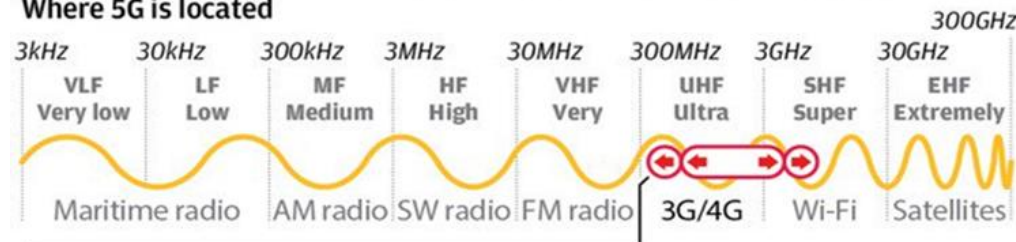
The faster 5G network coming soon

With the first 5G-ready smartphones expected to be released in 2019, mobile phone operators are gearing up to test the new super-fast network



Comparison	4G	5G
Latency	10	1 millisecond(s)
Data traffic	7.2	50 exabytes/month*
Available spectrum	3	30 GHz
Connection density	0.1	1 million connections/km ²

Where 5G is located



Electromagnetic spectrum: 5G will occupy clutter-free areas around 3G/4G (European allocations shown - Sub 1GHz, 1GHz-6GHz, above 6GHz)

Mobile network evolution

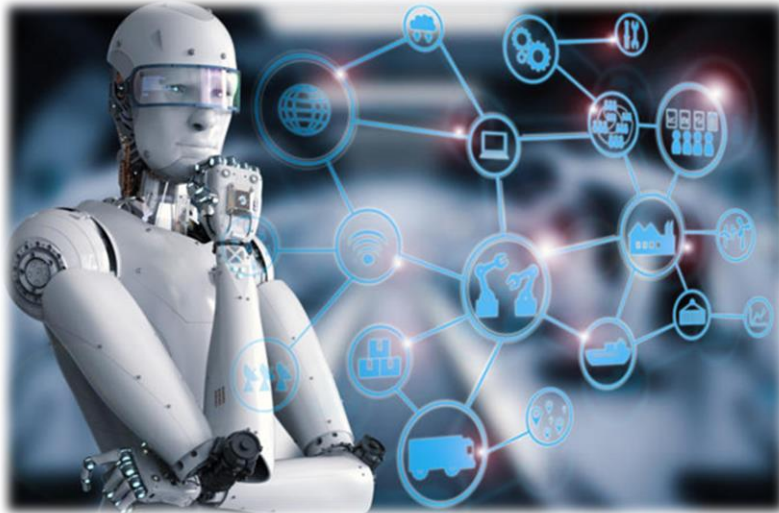
Year	Generation	Maximum data speed**	Data transfer per second**	Time to download full HD movie***
1979	1G	none (voice only)	n/a	n/a
1991	2G	14.4 Kbps	1.8K	Over a month
2000	2.5G	53.6 Kbps	6.7K	Over a week
2001	3G	384 Kbps	48K	Over a day
2010	4G	100 Mbps	12.5MB	7 minutes
2020	5G	1 Gbps	125MB	40 seconds

* 1 exabyte = 1 billion gigabytes

** Theoretically possible

*** 5GB file size

Evolving Smart Living Trends



- ❖ We will need **more sophisticated and reliable mobile devices** to carry out activities in our daily lives.

Addressing the Challenges

- ❖ The Group believes a single metal material with limited properties will not be able to cover the spectrum of requirements in the next generation of mobile devices. At Nico, we aim to create a **“Single Metal with Cross or Multi-properties”** to resolve design limitations and overcome potential concerns (functionality and performance) arising from these designs of mobile and electronics devices.

- ❖ **Nico targets to resolve:-**
 - ☑ **Thermal Management** ▶ heat transfer is crucial for all digital devices with increasing bandwidth and speed
 - ☑ **Electromagnetic Interference (“EMI”) Management / Shielding** ▶ enable the receiving and sending of dedicated signals to communicate and execute actions/commands concurrently
 - ☑ **Insulation or Surface Conductive Management** ▶ reduction of heat transfer between objects of thermal contact
 - ☑ **Weight Management** ▶ lighter and slimmer digital devices lead to thinner and compact components
 - ☑ **Strength Management** ▶ hardness, toughness and strength of materials to enhance functionality of the digital devices

Seizing the Opportunities

- ❖ The Group builds on our **value-creation strategy for our customers** through
 - ☑ **close collaboration with customers**
 - ▶ **provides metallurgical solutions at design stage** to achieve the requirements and applications (functionality and performance) of the end products for our customers
 - ▶ once our **materials are spec in**, we will **support our customers from mass production to end-of-life** for the end products
 - ☑ **continuous innovation of proprietary metal alloys and technical processes**
 - ▶ **develops own formula and properties to create Nico's proprietary range of metal alloys** targeted for specific applications
eg: Nico branded aluminium alloy ("**AL50**") is applied as the base metal material for LED panel frames used in smartphones, tables and laptops
 - ▶ **improved technical processes raise production yield** for our customers
eg: the "**fingerless slitting method**" is a critical process for all metal materials that are looking to **achieve near zero defect on the surface finishing**
⇒ Group's latest technological invention and the **first of its kind in the metal processing** industry
 - ☑ **generating cost benefits for customers**
 - ▶ the success of Nico's proprietary range of metal alloys and customised solutions is build on the **successes of our customers' products**

Nico's Metallurgical Solutions

❖ The Group's proprietary metallurgical solutions include:

☑ **customised alloys**

☑ **Nico brand of copper and aluminium alloys**

- ▶ work closely with metal mills to formulate own range of copper and aluminium alloys under “**Nico**” brand

☑ **N-Clad solutions**

- ▶ put 2 or 3 different metals together to form one single piece of material

☑ **N-Plate solutions**

- ▶ process to deposit a layer of metal on material by electrolysis

☑ **N-Coat solutions**

- ▶ apply a layer of organic or non-organic cost on the surface of material

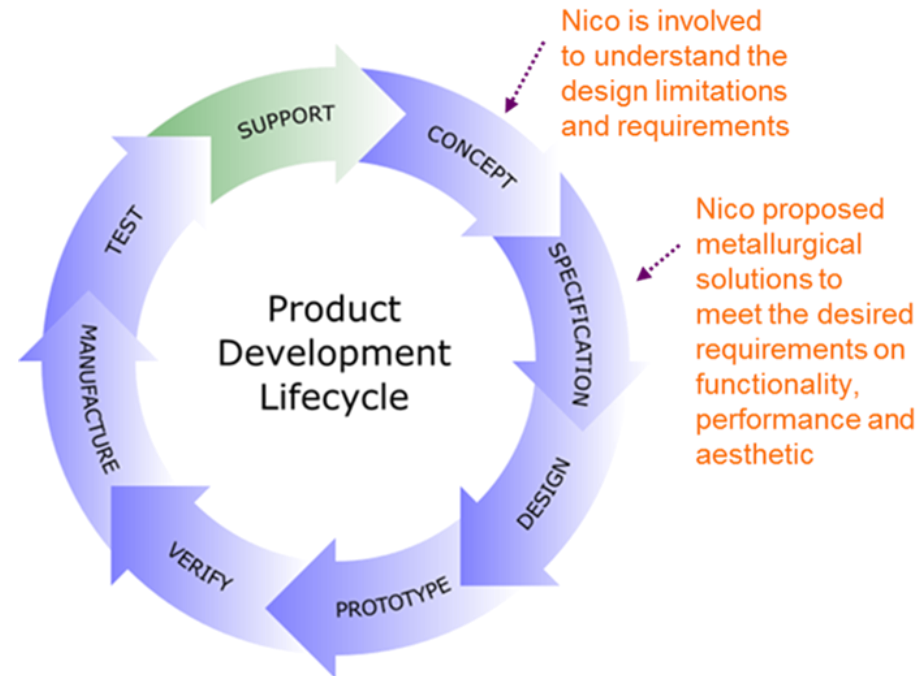
☑ **customised services**

☑ **coating**

☑ **polishing**

☑ **slitting and shearing**

☑ **levelling**



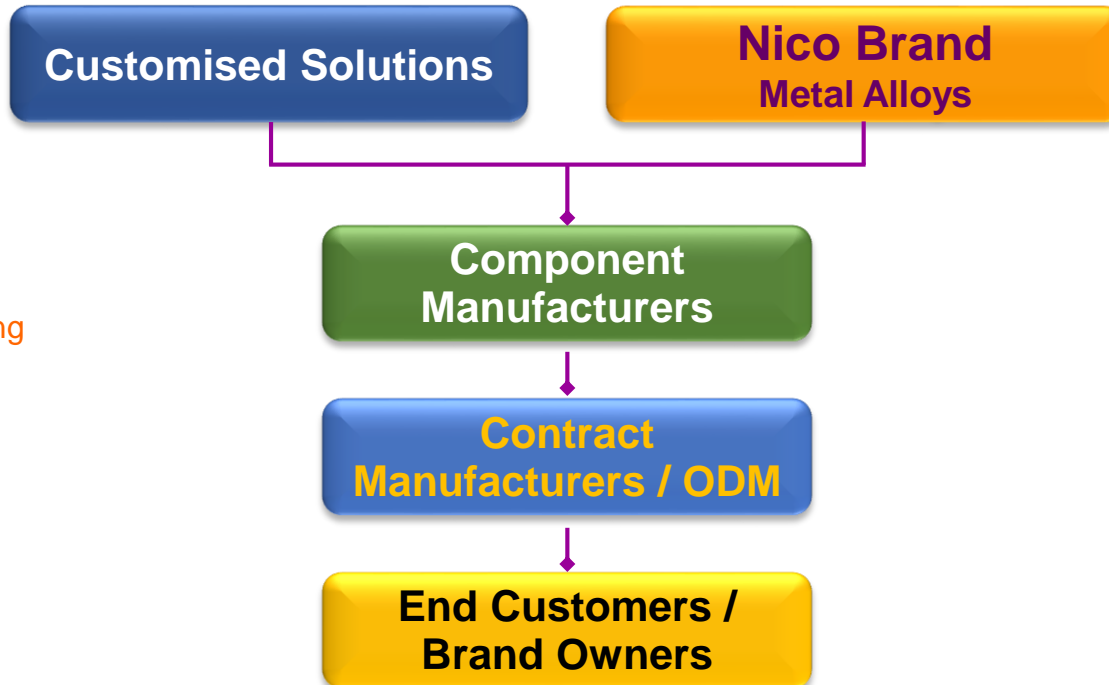
Business Model

- ❖ Two-pronged approach to **strengthen earnings base through product scalability and economies of scale** for the long-term

Materials from Worldwide Mills



- ▶ Provides customised solutions as value-added services to component and contract manufacturers to meet their metal fabrication requirements
 - coating
 - polishing
 - slitting and shearing
 - levelling



- ▶ Cultivates demand from brand owners to meet the evolving and stringent requirements of electronic devices (at design stage) with Nico's metal material solutions:

- Proprietary Metal Alloys
- N-Clad Solutions
- N-Plate Solutions
- N-Coat Solutions



product validation process

- ✓ testing of materials at the R&D design phase
- ✓ production in small quantity
- ✓ commercial production

Nico's Growth Strategy



❖ Strengthen financial health

- ☑ **broaden customers' products applications** with Nico's range of metallurgical solutions
 - continues to work with design and engineering teams of global brand leaders/manufacturers on their latest devices ▶ opportunities for orders on new product models and series
- ☑ **increasing acceptance of Nico's proprietary metallurgical solutions** by global brand leaders **attracts new customers** in the communications, automotive and consumer electronics sectors
 - currently a few key projects are in various testing stages
- ☑ Nico's range of proprietary metallurgical solutions and customised services **cater for both new applications and replacement of conventional materials**
 - improve functionality and performance of new and existing products ▶ create cost benefits for customers
- ☑ continue to **reinvent growth with a focus on material solutions**
 - expand beyond metal materials into non-metal materials

❖ Improve shareholders' value

- ☑ Company is in the process of applying to SGX-ST for the proposed **adoption of the share buyback** mandate, subject to the approval of shareholders at an EGM

❖ To exit both the financial and the MTP watch-lists

- ☑ Company will apply to SGX-ST for a **12-month extension** from the expiry date of the financial watchlist
- ☑ Board to monitor and review Company's progress in meeting the requirements to exit the MTP watch-list

Selected Projects & Status

- ❖ The breakthroughs Nico Steel achieved with the global brand leaders bring forth more opportunities:

Brand Leaders / Manufacturers	End Customer Products / Nico Brand Solutions	Status
American multinational technology company that designs, develops, and sells consumer electronics, computer software, and online services	<ul style="list-style-type: none"> • laptops, tablets ➤ display module rear cover • smartphones ➤ shielding solutions • smartphones (new generation) ➤ thermal management • laptops (new) ➤ thermal management 	<ul style="list-style-type: none"> - mass production for ongoing models - designing new thermal module - trial production
World's largest provider for the TOP500 supercomputers in 2018	<ul style="list-style-type: none"> • laptops, desktops ➤ thermal & weight management • CPU plate ➤ thermal management • keyboards ➤ shielding solutions and thermal management 	<ul style="list-style-type: none"> - ongoing mass production - ongoing mass production - trial production
Largest Japanese smartphone manufacturer	<ul style="list-style-type: none"> • smartphones – mid plate ➤ shielding and thermal management 	<ul style="list-style-type: none"> • sole supplier - ongoing mass production

Selected Projects & Status (cont'd)

Brand Leaders / Manufacturers	End Customer Products / Nico Brand Solutions	Status
<p>World's largest software company</p>	<ul style="list-style-type: none"> • laptops, tablets ➤ shielding solutions • touchscreen ➤ shielding solutions for thermal module • hololens ➤ shielding solutions • CPU plate ➤ thermal management 	<ul style="list-style-type: none"> • sole supplier - mass production for existing and new series to be launched - mass production - trial production - product design
<p>World's largest drone manufacturer</p>	<ul style="list-style-type: none"> • drones ➤ lightweight shielding solutions ➤ materials selected for 5 new models in 2019 	<ul style="list-style-type: none"> • sole supplier - mass production for existing models and a newly launched model
<p>World's largest LCD panel maker</p>	<ul style="list-style-type: none"> • LED display panels ➤ display module rear cover 	<ul style="list-style-type: none"> • sole supplier - ongoing mass production
<p>Japanese LCD technology joint venture</p>	<ul style="list-style-type: none"> • LED display panels ➤ display module rear cover for automotive 	<ul style="list-style-type: none"> • sole supplier - ongoing mass production

Selected Projects – in the Pipeline

- ❖ The Group is working on more than 20 new projects for customers at various stages of the product development process.

Brand Leaders / Manufacturers	End Customer Products / Nico Brand Solutions	Status
Leading Chinese LCD and LCM products manufacturer	<ul style="list-style-type: none"> • TFT-LCD mobile display panels ➤ display module rear cover for smartphones 	<ul style="list-style-type: none"> - waiting for final verification for proposed proprietary alloy with electroplating solutions - testing on proposed metal alloy for new models
Leading Chinese IoT company	<ul style="list-style-type: none"> • LED display panels ➤ display module rear cover for laptops, smartphones, tablets, and automotive 	<ul style="list-style-type: none"> - testing on proposed metal alloy for applications in new devices
Taiwanese largest LCD panel maker	<ul style="list-style-type: none"> • LED display panels ➤ display module rear cover 	<ul style="list-style-type: none"> - testing proposed metal alloy
World's largest telecommunications equipment manufacturer	<ul style="list-style-type: none"> • smartphones, tablets ➤ FPC, finger touch sensor, shielding solutions 	<ul style="list-style-type: none"> - testing proposed metal alloy

Selected Projects – in the Pipeline (cont'd) Nico Steel Solutions Think Innovation

Brand Leaders / Manufacturers	End Customer Products / Nico Brand Solutions	Status
<p>One of the leading design and manufacturers of connectivity and sensors solutions</p>	<ul style="list-style-type: none"> • connectors ➤ replacement of conventional metal materials 	<ul style="list-style-type: none"> - testing on proposed proprietary alloy for first product - submitting proprietary alloy material for 2nd product - Nico's proprietary alloy is spec in earlier for another product
<p>Leading Chinese smartphones manufacturer (ranked top 5 in terms of shipment worldwide)</p>	<ul style="list-style-type: none"> • back cover of smartphones ➤ enhanced plastic housing to achieve surface hardness 	<ul style="list-style-type: none"> • Exclusive testing - proposed alternative materials for new models

❖ Product development cycle usually **takes 6 to 18 months** before mass production.



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Thank You!

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