

Broadway Industrial Group Limited

1H2021 Results Presentation

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Tan Choon Hoong
Chief Executive Officer

Financial Updates

Tiong Chi Sieng
Chief Financial Officer





Key Investment Highlights

Lew Syn Pau
Chairman

Q&A






Business Updates

-  Corporate Profile
-  HDD Business
-  Robotics Business
-  1H2021 Business Highlights



Corporate Profile



HDD 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

-  Acquired a 55% equity stake in Beijing Ant Brothers Technology Co., Ltd. (BAB)
-  Develops light weight, low-power consumption and high efficiency cleaning robots for large glass facades on building exterior

1H2021 Business Highlights

*Launch of glass façade
cleaning robot* in China in 1H2021



NEW PRODUCT LAUNCH

4% increase (1H2020 to 1H2021)¹
Driven by growth in demand for Enterprise HDD



INCREASED HDD SHIPMENTS

Healthy 1H 2021 Performance

Net profit: S\$7.83 million (↑ 15.8%)
Revenue: S\$211.24 million (↑ 10.5%)



TOP & BOTTOM-LINE GROWTH IN 1H 2021

Achieved *three consecutive
halves of profitability*





POSITIVE EARNINGS SINCE 2020

¹ Source: TRENDFOCUS, 10 August 2021



HDD Business

-  About the Products
-  4-Pronged Strategy Yields Results
-  HDD Outlook

About the Products



**Actuator Arm
Machining**

**Actuator Arm
Coil Assembly**

**Actuator Arm
Pivot-bearing
Flex-circuit
Assembly**

Hard Disk Drive

4-Pronged Strategy Yields Results

#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



HDD Outlook – Near-Term

HDD demand expected to remain strong in 2H2021

- Post-pandemic macroeconomic recovery expected to provide *additional tailwinds for the storage device market for the remainder of 2021*²
- Industry expectations of a *transition away from declining end-markets to a period of financial health*²
- *Nearline shipments projected to achieve a record in CQ2'21* – nearline units should approach 19.4 million units and over 242 exabytes shipped³
- Strength in mid-capacity *HDD demand supports the idea that OEM demand continues to improve*, despite ongoing uncertainties triggered by new COVID outbreaks in many regions³
- Seasonally, *overall storage demand expected to improve*, at least partially countering some of the impact of a cloud digestion phase kicking in prior to the end of the year³

Sources:

² TRENDFOCUS, 21 July 2021

³ TRENDFOCUS, 4 August 2021

HDD Outlook – Long-Term

HDDs expected to dominate and maintain market share

Cloud Exabyte market

HDDs currently **dominate the cloud exabyte market**

▼

Lowest cost per terabyte based on price, cost, capacity, power, performance, reliability and data retention⁴

Cloud Data Centres

HDDs **represent the predominant storage for cloud data centres**

▼

Provide best total cost of ownership (TCO) for the vast majority of cloud workloads⁴

Superior Price and Performance

HDDs **offer a better combination of price and performance than SSDs**

▼

From cloud-based gaming and surveillance applications to personal and enterprise-level computing⁴

Poised for growth

HDDs are **well-positioned to dominate data centres for the next 10 years**

▼

More than 90% of exabytes in cloud data centres are stored on HDDs⁴

HDD Outlook – Long-Term





- Total Computing/CE forecast to **decline** by CAGR of 9.2% from 2020 to 2025
- Total Enterprise forecast to **grow** by CAGR of 9.7% from 2020 to 2025
- Total Revenue forecast to **grow** by CAGR of 10.3% from 2020 to 2025

	2020	2021	2022	2023	2024	2025	
	Actual	Revised Long-Term Forecast					CAGR
Total Computing/CE	187.93	182.35	154.00	140.26	126.89	115.92	-9.2%
%	-23.9%	-3.0%	-15.5%	-8.9%	-9.5%	-8.6%	
Total Enterprise	71.88	86.19	87.12	90.18	100.91	114.33	9.7%
%	1.9%	19.9%	1.1%	3.5%	11.9%	13.3%	
Total Units	259.81	268.54	241.12	230.44	227.80	230.25	-2.4%
%	-18.2%	3.4%	-10.2%	-4.4%	-1.1%	1.1%	
Total Revenue (\$M)	\$20,155.75	\$23,716.46	\$22,799.20	\$24,035.99	\$28,105.59	\$32,900.00	10.3%
%	-4.2%	17.7%	-3.9%	5.4%	16.9%	17.1%	

Source: TRENDFOCUS, 10 August 2021



Robotics Business



-  About the Product
-  Updates
-  Market Potential
-  Market Opportunity

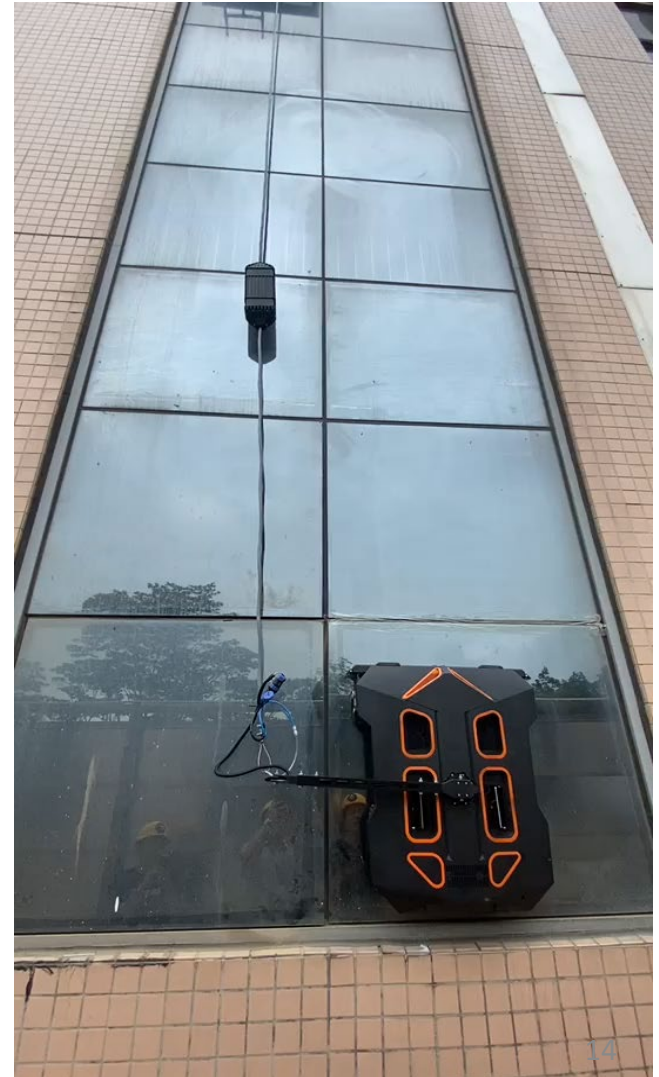
About the Product



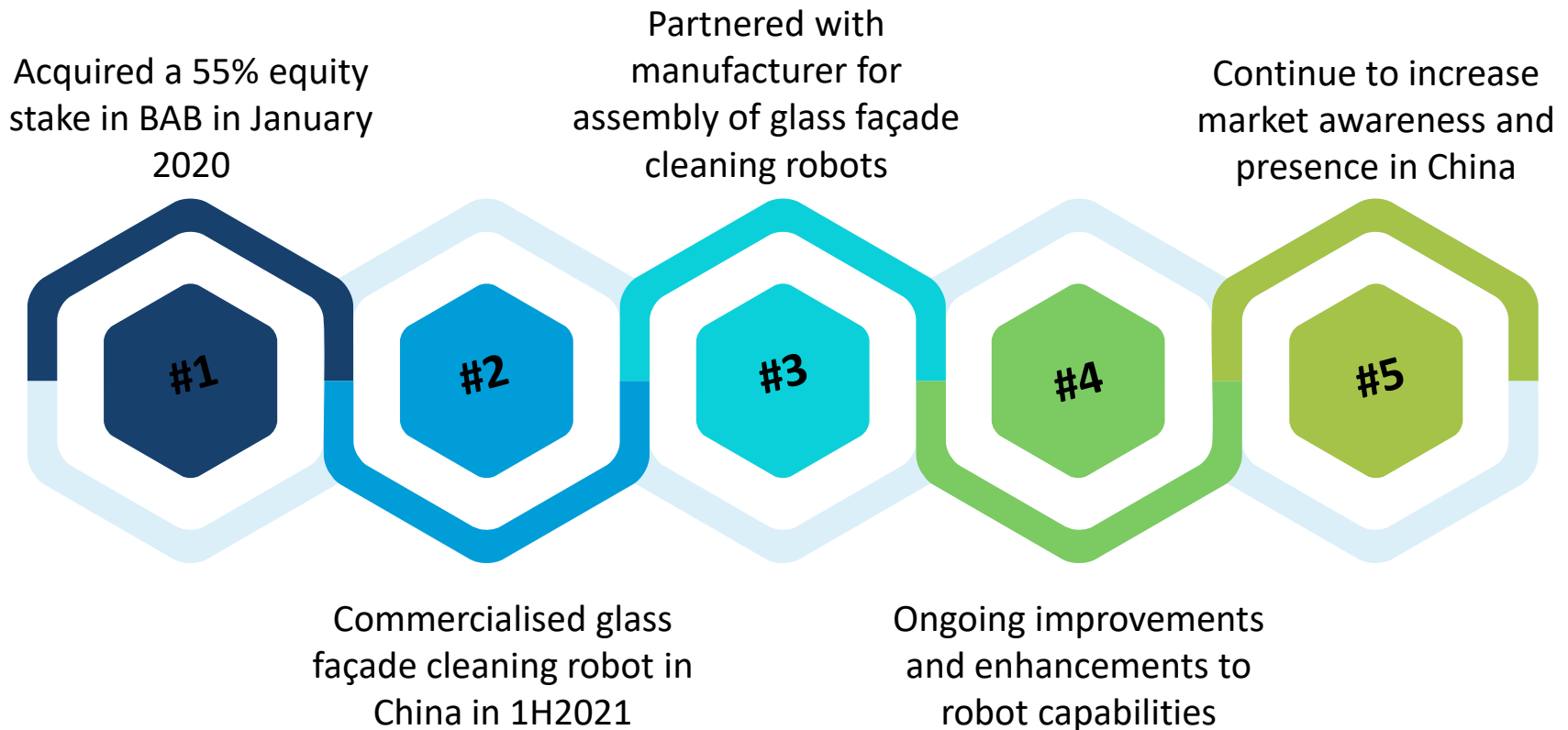
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A Member Of BIGL Group

-  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
-  Applying big data technology in robot service processes and utilise **artificial intelligence (AI)** to optimise the potential of AI robot cleaning



Updates

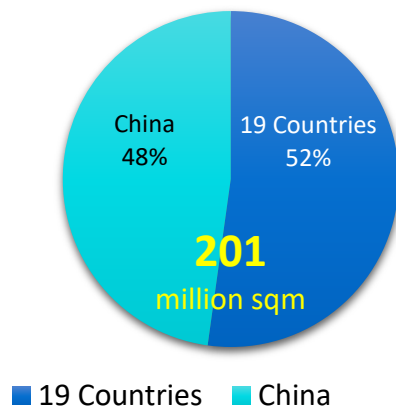


Market Potential

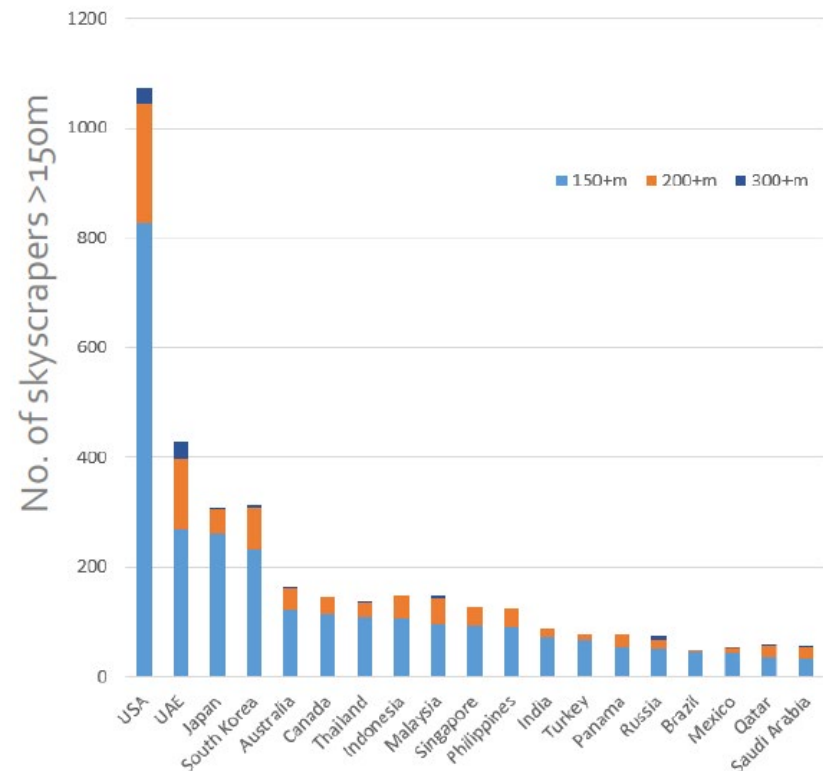
- Global facade market size expected to grow at a compound annual growth rate of 6.4% from 2021 to 2028.⁵
- Asia Pacific accounting for the largest share of more than 35.0% in 2020. Increasing construction of new commercial and industrial buildings in countries, including China, India, and Southeast Asia, is contributing to the growth of the regional market.⁵

Rank	Country	150+m	200+m	300+m
1	China	2395	823	95
2	USA	825	220	28
3	UAE	268	129	31
4	Japan	261	44	1

Skyscrapers (>150m) in Top 20 Countries
Facade Area⁶



Top 19 countries (ex China) Skyscraper >150m

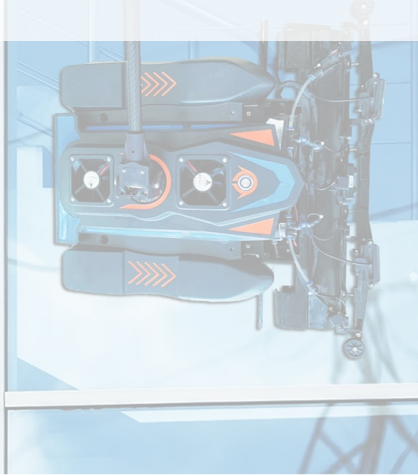


Sources:

⁵ www.grandviewresearch.com

⁶ <https://www.skyscrapercenter.com/buildings>

Market Opportunity

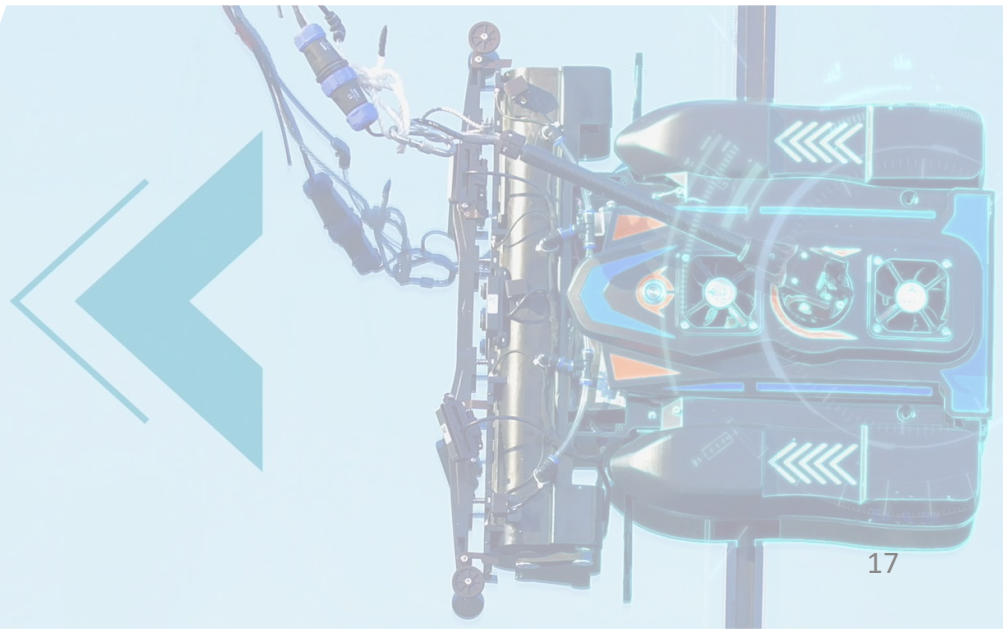


AI Cleaning Robot

- AI cleaning robot is the ideal substitute
- Smart cleaning: Efficient and autonomous
- Significantly reduces safety risk
- Able to work longer hours






Manual Cleaning

- High risk
- More stringent safety requirements
- Lesser people willing to engage in the profession
- Leaving the job to the aged or foreign workers
- More challenging to clean increasingly taller and larger buildings

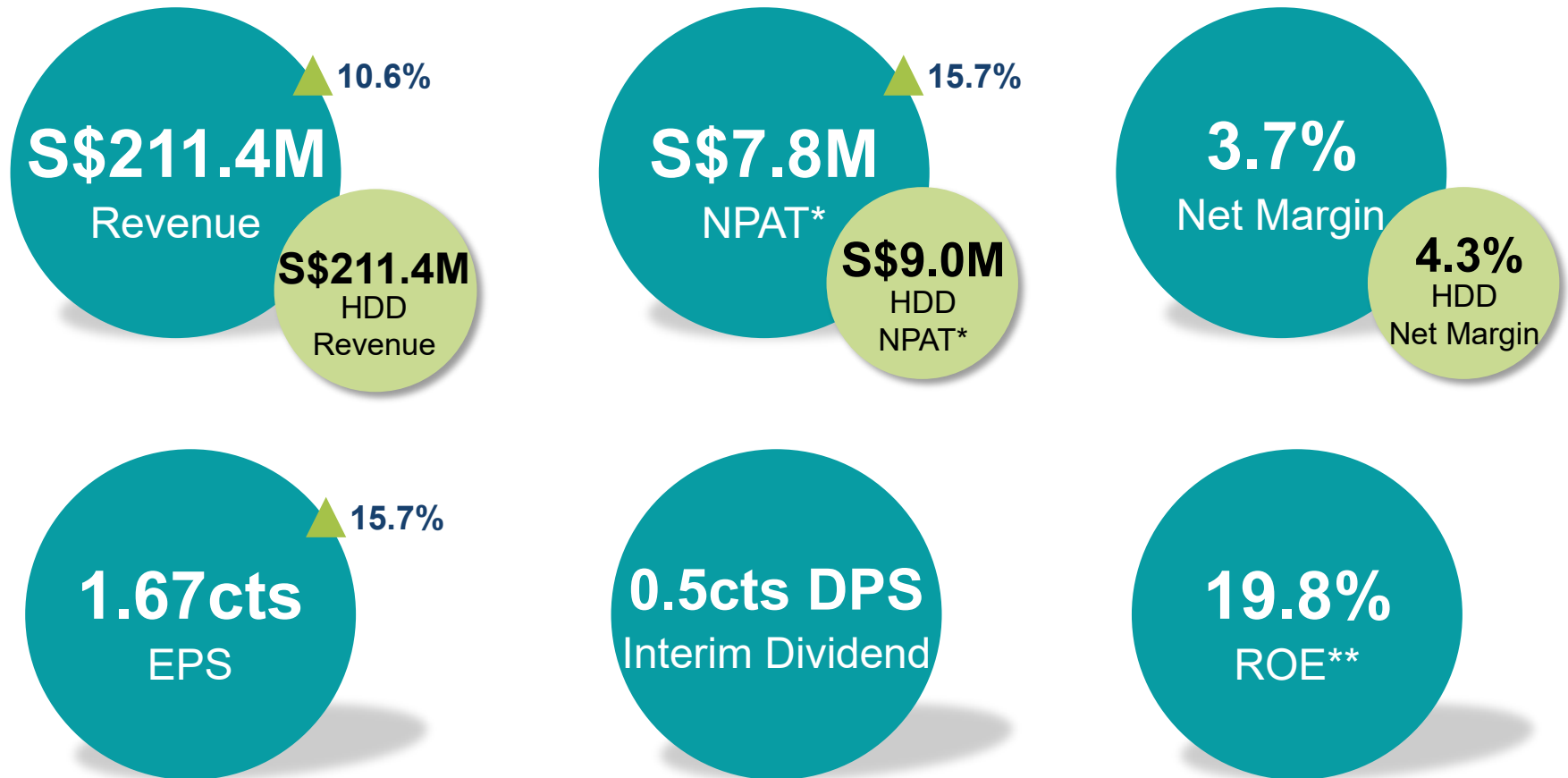




Financial Updates

-  1H2021 Financial Highlights
-  Group Financial Trend
-  Balance Sheet Trend
-  Financial Indicators
-  2H2021 Outlook

1H2021 Financial Highlights



* NPAT refers to net profit after tax and minority interest.

** Annualised ROE

Group Financial Trend

Three consecutive halves of profitability - product mix shift, supply chain efficiency, structural cost reduction, asset utilization and working capital management

S\$ MIL	1H2018	2H2018	1H2019	2H2019	1H2020	2H2020	1H2021
Revenue	192.7	194.2	131.2	175.5	191.1	209.5	211.4
Gross Profit	11.6 6.0%	8.8 4.5%	2.3 1.7%	8.3 4.7%	12.7 6.7%	15.0 7.2%	14.7 7.0%
Operating Profit / (Loss)	3.3 1.7%	0.8 0.4%	(6.8) -5.2%	(8.9) -5.1%	7.7 4.0%	7.1 3.4%	8.1 3.8%
Net Profit /(Loss) After Tax	2.0 1.1%	(0.2) -0.1%	(7.9) -6.0%	(13.5) -7.7%	6.8 3.5%	7.3 3.5%	7.8 3.7%
EBITDA	10.3 5.4%	8.5 4.4%	0.8 0.6%	(1.2) -0.7%	15.5 8.1%	14.4 6.9%	14.9 7.0%
EPS (Cents)	0.43	(0.05)	(1.67)	(2.89)	1.44	1.57	1.67

Balance Sheet Trend

Strengthening balance sheet, valuation of Shenzhen property significantly exceeds book value (Valuation range: S\$45 – S\$50 million)

S\$'MIL	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21
Cash & Bank Balances	11.1	8.7	16.0	29.0	24.7
Net Current Assets	2.2	(26.2)	(18.1)	9.0	17.7
Net Non-Current Assets	71.6	88.1	88.1	67.2	66.9
Total Net Assets	73.8	61.9	70.0	76.2	84.6
Shareholders' Equity	75.4	61.9	70.0	74.5	83.4
Non-Controlling Interests	(1.6)	0.0	0.0	1.7	1.2
Total Equity	73.8	61.9	70.0	76.2	84.6
NAV per Share (Cents)	16.1	13.2	14.9	15.9	17.8

Financial Indicators

Improving indices driven by momentum of solid financial performance despite challenging operating environment

S\$'MIL (where applicable)	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21
Working Capital Ratio (Current Assets / Current Liabilities)	1.02	0.79	0.84	1.08	1.15
<i>Current Assets</i>	97.3	95.8	92.7	115.8	133.2
<i>Current Liabilities</i>	95.1	122.0	110.8	106.8	115.5
Net Gearing Ratio ([Total borrowings - Cash at Bank] / Equity)	25.6%	32.0%	8.0%	Nil	Nil
<i>Net borrowings / (Cash)</i>	19.3	19.8	5.6	(15.8)	(8.1)
<i>Equity</i>	75.4	61.8	70.0	74.5	83.4
Interest Coverage Ratio ([EBITDA - CAPEX payment] / Interest expense)	(3.05)	(3.63)	19.99	22.20	22.34
<i>EBITDA</i>	0.8	(0.5)	15.5	29.9	14.9
<i>CAPEX Payment</i>	(3.5)	(6.7)	(1.7)	(3.7)	(2.1)
<i>Interest Expenses</i>	0.9	2.0	0.7	1.2	0.6
Annualised Return on Equity (%) (Net Profit / Average Equity)	-19.7%	-29.4%	20.5%	20.7%	19.8%
<i>Net Profit</i>	(7.9)	(21.4)	6.8	14.1	7.8
<i>Average Equity</i>	79.6	72.8	65.9	68.2	79.0
Annualised Return on Assets (%) (Net Profit / Total Assets)	-9.0%	-11.0%	7.1%	7.0%	7.3%
<i>Net Profit</i>	(7.9)	(21.4)	6.8	14.1	7.8
<i>Total Assets</i>	173.7	193.6	190.1	201.8	215.4

2H2021 Outlook

HDD Business

- Near term demand for HDD products remains strong
- Rising COVID-19 cases in Southeast Asian countries may cause supply chain constraint
- Mitigation efforts undertaken throughout the entire supply chain
- Focus on executing efficiency, productivity and cost improvement initiatives, and maximising capacity utilisation
- Optimise working capital management
- Improve balance sheet strength
- Remain hopeful about the prospects for 2H2021

Robotics Business

- Continue to build market awareness and improve functionality



Key Investment Highlights

Key Investment Highlights

HDD Business

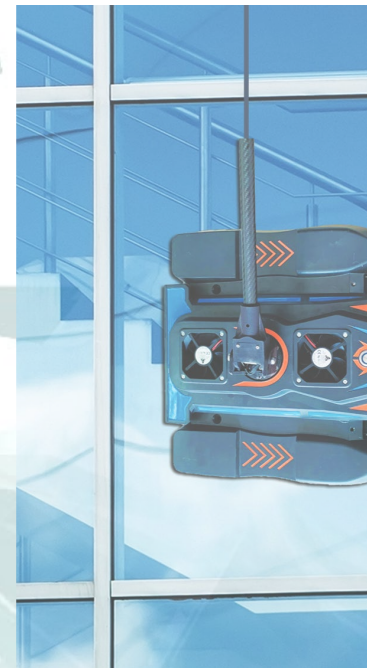
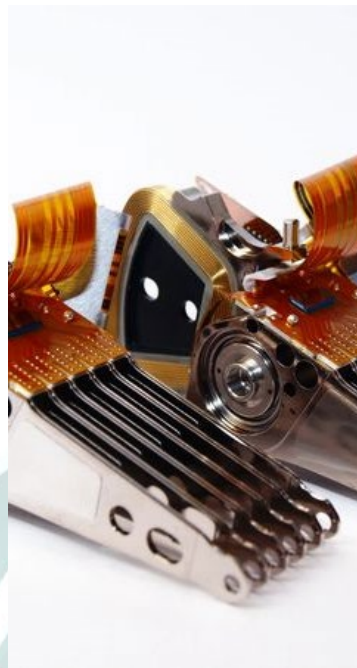
- Positioned to take advantage of the growing high value, high performance enterprise segment of HDDs
- 4-pronged turnaround strategy continues to yield results
 - Management restructuring; operational improvements; improved factory footprint; and supply chain optimisation

Robotics Business

- Offers a breakthrough solution for the high-risk, labour-intensive façade cleaning industry
- Potential collaboration with international AI robotic companies as manufacturing partners
- Paves the way to explore other types of cleaning robots

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

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