



# **Broadway Industrial Group Limited**

## **1H2023 Results Presentation**

10 August 2023

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## Business Overview

Tan Choon Hoong  
Chief Executive Officer

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## 1H2023 Performance Review

Tiong Chi Sieng  
Chief Financial Officer

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## Investment Highlights & Performance Roundup

Lew Syn Pau  
Chairman

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## Q&A

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## Business Overview

-  Brief Corporate Profile
-  1H2023 Operational Highlights
-  HDD Industry Outlook



## Core Businesses

### 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 5 manufacturing facilities in China, Thailand and Vietnam with a total built-up area of 83,000 sqm

### Precision Engineering

- Newly established in late 2022 / early 2023 following a joint venture with Korea-based company
- Involved in the manufacture and distribution of diecasting and machining parts for the 5G equipment and automotive industries
- Sales office in South Korea with manufacturing facilities in Vietnam and within existing Thailand factory

### Non-Core Business: Robotics Business

- Develops robots for various purposes across different industries



**1H2023**

# **Operational Highlights**

# Rapid Progress of PE Business

As at  
1H2023

Commencement of some operations  
*ahead of schedule*

- **Nov 2022:** Signed SHA and secured factory lease
- **Dec 2022:** Incorporated BIGL Korea
- **Jan 2023:** Incorporated BIGL Vietnam
- **Feb 2023:** Started renovations at Vietnam factory
- **May 2023:** Commenced machining operations
- **Jun 2023:** Recorded maiden revenue from PE Business

By  
3Q2023

Complete certification &  
commence customer qualification

- **Ongoing:** Customer qualification activities
- **Jul to Sep 2023:** Undergo necessary regulatory certifications including fire-fighting
- **Sep 2023:** Expect to receive ISO and environmental certifications and more
- **By end Sep 2023:** Expect to complete installation of diecasting equipment

By  
4Q2023

Factory fully  
operational

- Complete customer qualification
- Commence diecasting operations
- Factory fully able to produce diecast and machined parts for the 5G network equipment and automotive industry
- Expect incremental revenue contribution from PE business from commencement of diecasting operations





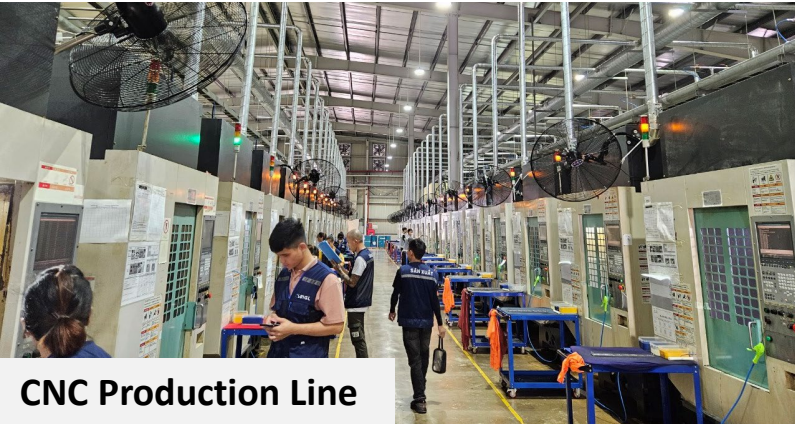
**Factory Façade**



**CNC Machines**



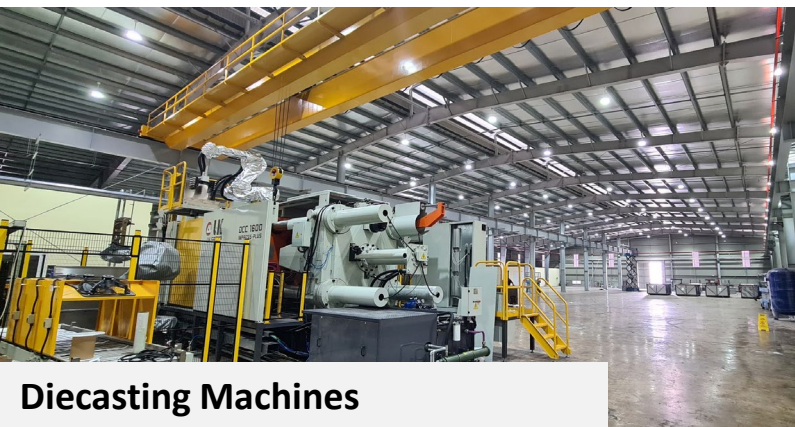
**QA Lab**



**CNC Production Line**



**Office Area**



**Diecasting Machines**

# Snapshots of Vietnam Operations

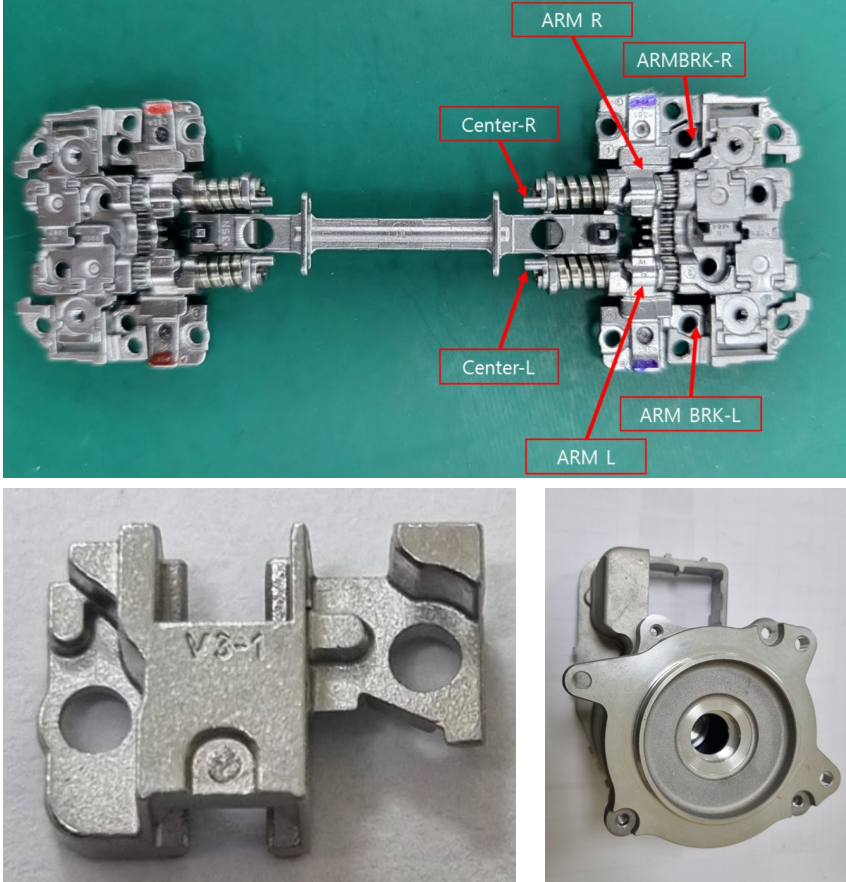


# Our PE Products

**Machined parts  
for wireless infrastructure and microwave energy product**



**Machined parts  
for consumer and automobile products**



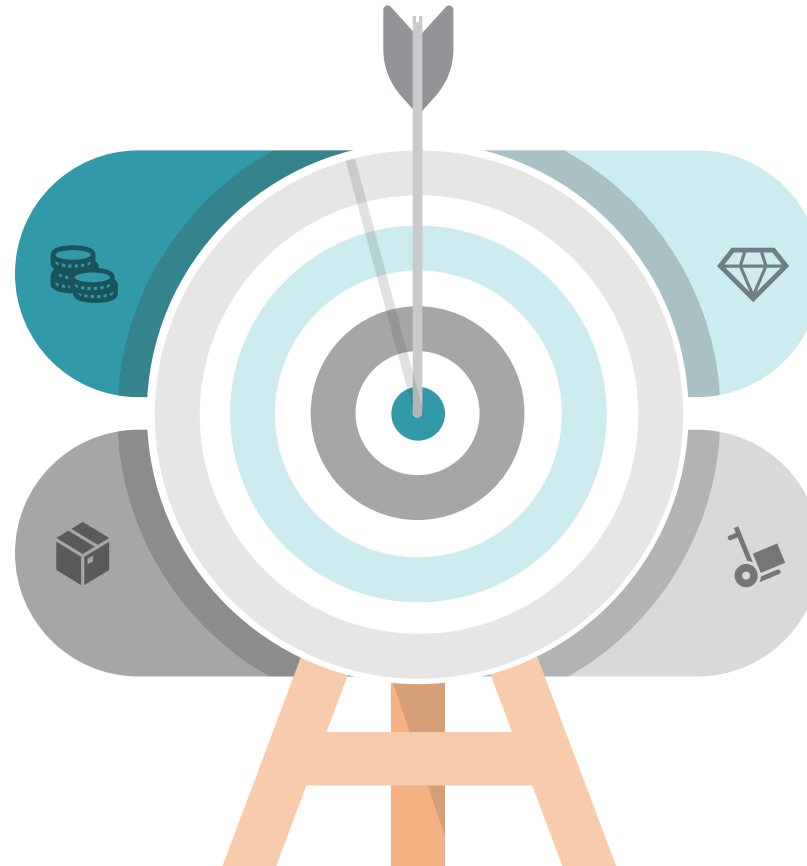


## New income stream

- Establishes new core capabilities in diecasting
  - Positions BIGL as a full turnkey diecasting and machining solution provider

## New growth industries

- Automotive
- 5G communications equipment



## Optimised resources

- Enjoys greater economies of scale through shared manufacturing facilities and resources with core HDD business
- Leverages extensive know-how and established supply chain

## New geographical markets

- Sales office in Korea enables the Group to tap into the country's high growth technology sectors while maintaining a low-cost manufacturing base in Vietnam and Thailand

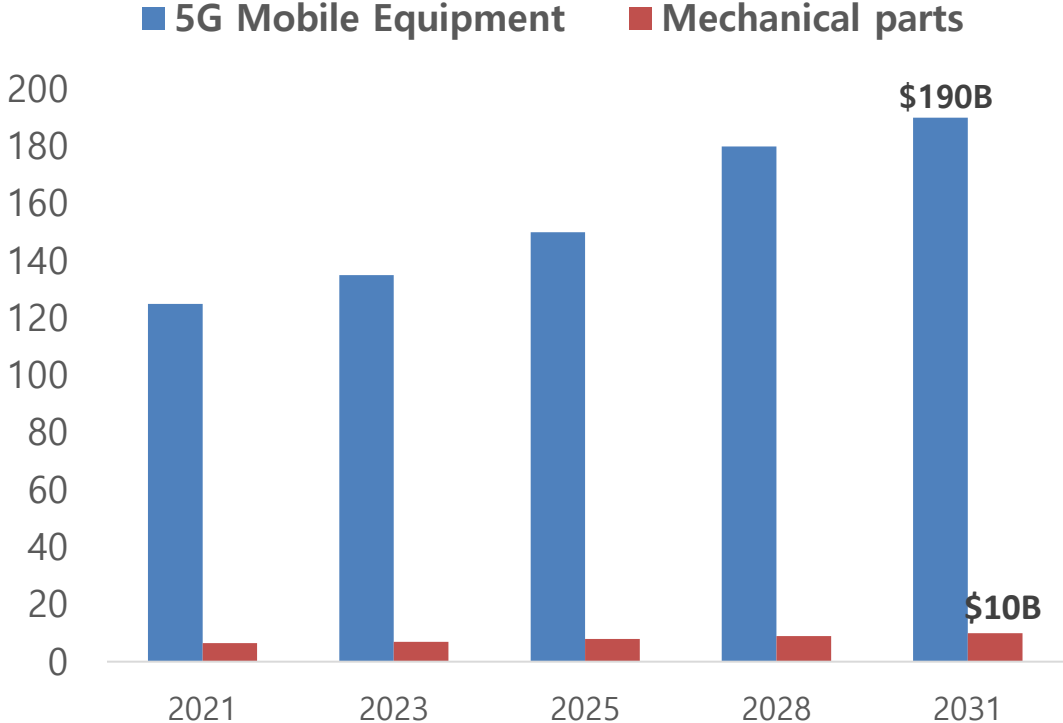
## GROWING DEMAND FOR PRECISION PARTS\*

Driven by increasing sales of electric vehicles in countries, such as China and India, along with the presence of a strong manufacturing hub for such precision parts in the region

## DRIVEN BY KEY GROWTH INDUSTRIES\*

Countries such as India and South Korea are also experiencing a growth in demand for precision engineering machinery in end-use industries like the automotive and power and energy industries

**5G Communication Equipment and its mechanical parts market: increasing over 10% continuously +**



Source:  
 \* Precision Engineering Machines Market Size, Share & Trends Analysis Report By End-use (Automotive, Non-automotive), By Region (North America, Europe, Asia Pacific, Latin America, Middle East & Africa), And Segment Forecasts, 2021 - 2028  
 + Persistent Market Research



# HDD Industry Outlook



# Overall HDD Segment Outlook



Source: Trendfocus, "Seagate Revenue Falls to \$1.6 billion, within prior guidance", 26 July 2023

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# Enterprise HDD 4-Qtr Forecast



	Actuals		4-Qtr Forecast			
	CQ1 '23	CQ2 '23	CQ3 '23	CQ4' 23	CQ1 '24	CQ2 '24
<b>By units</b>						
<b>Total Computing/CE</b>	20.71	20.49	21.08	22.49	19.73	20.11
%		-1.1%	2.9%	6.7%	-12.3%	1.9%
<b>Total Enterprise</b>	12.88	10.79	11.43	12.96	12.51	13.53
%		-16.2%	5.9%	13.4%	-3.5%	8.2%
<b>Total Units</b>	33.59	31.28	32.51	35.45	32.24	33.64
%		-6.9%	3.9%	9.0%	-9.1%	4.3%
<b>Revenue (\$M)</b>	\$3,546.39	\$3,000.34	\$3,380.29	\$3,817.07	\$3,678.80	\$3,968.42
%		-15.4%	12.7%	12.9%	-3.6%	7.9%

High-value, high-performance enterprise HDD segment expected to achieve better performance versus other segments

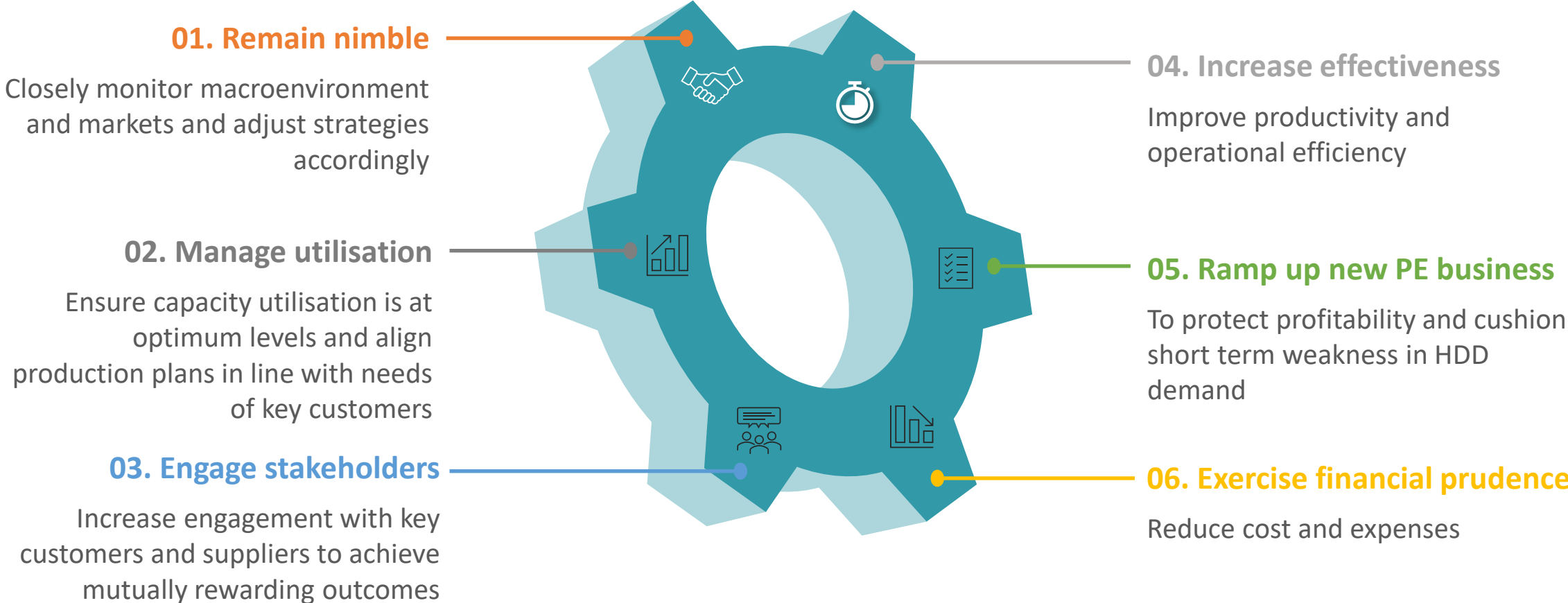
## By Exabytes

<b>Total Computing/CE</b>	54.86	61.25	65.72	73.93	62.51	65.55
%		11.6%	7.3%	12.5%	-15.4%	4.9%
<b>Total Enterprise</b>	181.83	128.14	136.44	158.88	170.24	193.55
%		-29.5%	6.5%	16.4%	7.2%	13.7%
<b>Total Exabytes</b>	236.69	189.39	202.16	232.81	232.75	259.10
%		-20.0%	6.7%	15.2%	0.0%	11.3%

Increase in revenue and Exabytes remain driven by Enterprise programs

Sources:  
\* Trendfocus, "SDAS: HDD Information Service, CQ2'23 Quarterly Update and Four-Quarter Forecast", 4 Aug 2023

# Strategies to Cushion Near Term Challenges



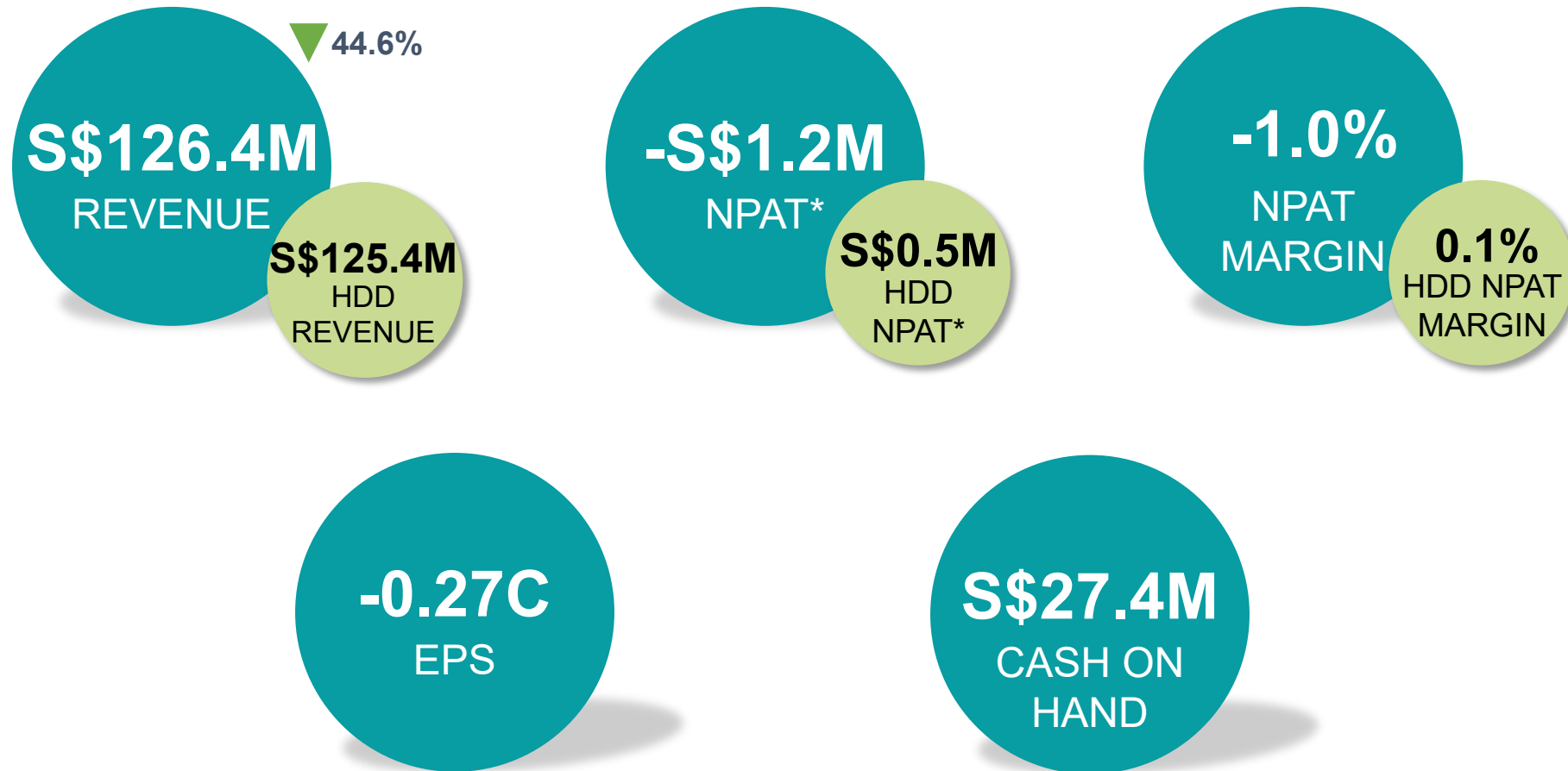




**1H2023**

# **Performance Review**

# 1H2023 Financial Highlights



\*NPAT is net profit after tax and minority interest

# 1H2023 Performance Review



S\$'million	1H2023	1H2022	% Change
Revenue	126.4	228.4	(44.6)
Gross Profit	4.1	15.6	(73.8)
Operating Profit	(0.5)	8.5	NM
NPAT	(1.2)	7.5	NM
EBITDA	5.2	15.3	(65.8)
EPS (Singapore cents)	(0.27)	1.64	NM

## Key Highlights:

- 1H2023 revenue includes maiden contribution of S\$1.0M from new PE business
- Group recorded S\$1.2M loss due to start-up expenses for the new business but HDD segment remains profitable despite significant near-term demand challenges



# Summary of Balance Sheet



S\$'million	FY2019	FY2020	FY2021	FY2022	1H2023
Cash & bank balances	8.7	29.0	27.7	29.4	27.4
Net current assets	(26.2)	9.0	22.6	24.8	23.5
Net non-current assets	88.1	67.2	65.2	63.2	63.5
Total net assets	61.9	76.2	87.7	88.0	87.0
Shareholders' equity	61.8	74.5	86.9	87.2	86.4
Non-controlling interests	0.02	1.7	0.9	0.8	0.6
Total Equity	61.9	76.2	87.7	88.0	87.0

## Key Highlights:

- Balance sheet remained healthy with S\$27.4M cash on hand.
- S\$10.2M inventory reduction in 6 months from conversion of finished goods into cash and receivables

# Key Financial Ratios

- *Key financial matrices remain relatively healthy, which will enable the Group to navigate the current challenges in the operating environment*

S\$'million						FY2019	FY2020	FY2021	FY2022	1H2023
<b>Working Capital Ratio (Current Assets / Current Liabilities)</b>						<b>0.79</b>	<b>1.08</b>	<b>1.17</b>	<b>1.42</b>	<b>1.36</b>
Current Assets						95.8	115.8	152.0	84.2	88.3
Current Liabilities						122.0	106.8	129.4	59.4	64.8
<b>Net Gearing Ratio ([Total borrowings - Cash at Bank] / Equity)</b>						<b>32.0%</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
Net borrowings / (Cash)						19.8	(15.8)	(16.4)	(22.6)	(23.4)
Equity						61.9	74.5	86.9	87.2	86.4
<b>Interest Coverage Ratio ([EBITDA - CAPEX payment] / Interest expense)</b>						<b>(3.63)</b>	<b>22.20</b>	<b>21.41</b>	<b>10.16</b>	<b>2.51</b>
EBITDA						(0.5)	29.9	29.7	21.6	5.2
CAPEX Payment						(6.7)	(3.7)	(5.6)	(4.7)	(2.3)
Interest Expenses						2.0	1.2	1.1	1.7	1.1
<b>Annualised Return on Equity (%) (Net Profit / Average Equity)</b>						<b>-29.4%</b>	<b>20.7%</b>	<b>18.9%</b>	<b>7.2%</b>	<b>(2.8%)</b>
Net Profit						(21.4)	14.1	15.3	6.3	(1.2)
Average Equity						72.8	68.2	80.7	87.0	86.8
<b>Annualised Return on Assets (%) (Net Profit / Total Assets)</b>						<b>-11.0%</b>	<b>7.0%</b>	<b>6.7%</b>	<b>4.1%</b>	<b>(1.5%)</b>
Net Profit						(21.4)	14.1	15.3	6.3	(1.2)
Total Assets						193.6	201.8	228.7	153.5	160.6



# Investment Highlights & Performance Roundup



## **HDD Business:**

- Continued focus on the growing high value, high performance enterprise segment of HDDs, which is expected from the relentless growth in enterprise usage such as data centres and cloud storage

## **Precision Engineering Business:**

- Operations commenced ahead of schedule and already contributed revenue in 1H2023
- Expects incremental revenue contribution from PE business from commencement of diecasting operations
- Paves the way to gain new customers and new geographical markets
- Will provide some cushion against the cyclical challenges in the HDD industry

## **Diversification Strategy:**

- Remains 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

## **Robotics Business:**

- The Group is reviewing its strategies for this business, while continuing to market its existing product line and seeking opportunities to develop its robots for wider usage in various industries across different markets

# Position Among Peers\*

	Market Cap (S\$' m)	Price (S\$)	Net profit margin (%)	ROE (%)	Debt / Equity (times)	P/E (times)	Div yield (%)
<b>BIGL</b>	37.74	0.08	-1.21	7.20	Net Cash	6.01	-
<b>Frencken Group Limited</b>	352.30	0.83	3.01	13.24	Net Cash	6.79	4.41
<b>UMS Holdings Limited</b>	704.06	1.05	21.53	28.83	Net Cash	7.17	2.85
<b>Venture Corporation Limited</b>	4,130.93	14.20	8.75	11.92	Net Cash	11.18	5.28
<b>Micro-Mechanics (Holdings) Ltd</b>	264.16	1.90	15.01	30.39	Net Cash	13.34	6.32
<b>InnoTek Limited</b>	97.15	0.42	1.20	1.28	Net Cash	43.12	4.76

Source: ShareInvestor.com, data as at 8 Aug 2023, 5.10pm  
All figures have been rounded



Thank You

Questions please?