

1H22 Results Presentation

11 August 2022



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1H22 Highlights

Acquired new subsidiaries in March 2022



- Engaged in manufacturing of parts, modules and tooling for the aerospace, medical and semiconductor industries
- Access to patents, know-how and capabilities
- Facilitates GVT's expansion into the aerospace and medical business segments, initially in China, then internationally



- Engaged in manufacture of precision sheet metal, machine structure weldment and provides electro-mechanical machine assembly services
- Supplements GVT's manufacturing nodes, increases capacity and provides complementary capabilities
- Accelerates time to market and onboarding of new customers
- Facilitates expansion into front-end semiconductor and in life sciences business

1H22 Key Developments

- Robust engagement with front-end Semiconductor customers
- Expansion into aerospace business following completion of J-Dragon acquisition
- Relocation of some back-end capacity to Johor Bahru, Malaysia following completion of Formach acquisition
- Continued investments in talent, competency and capacity for long-term growth
- Challenges with capacity utilisation due to Russia-Ukraine conflict, macroeconomy developments and COVID-19 restrictions in China

Revenue growth across all segments

Semiconductor: 7.2% increase YoY to S\$41.6m

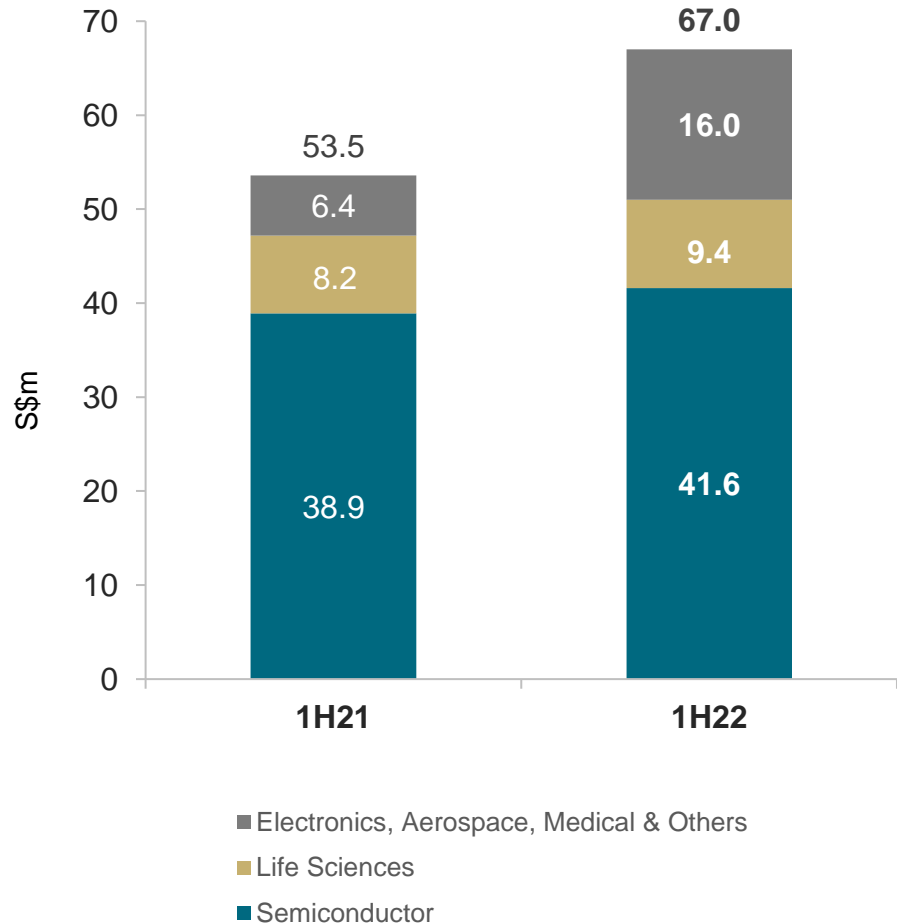
- Sustained demand for semiconductor chips
- Addition of new projects from Formach

Life Sciences: 14.2% increase YoY to S\$9.4m

- Increased production volume of existing mass spectrometers + bolt-on products
- Expanded wallet share with new customers

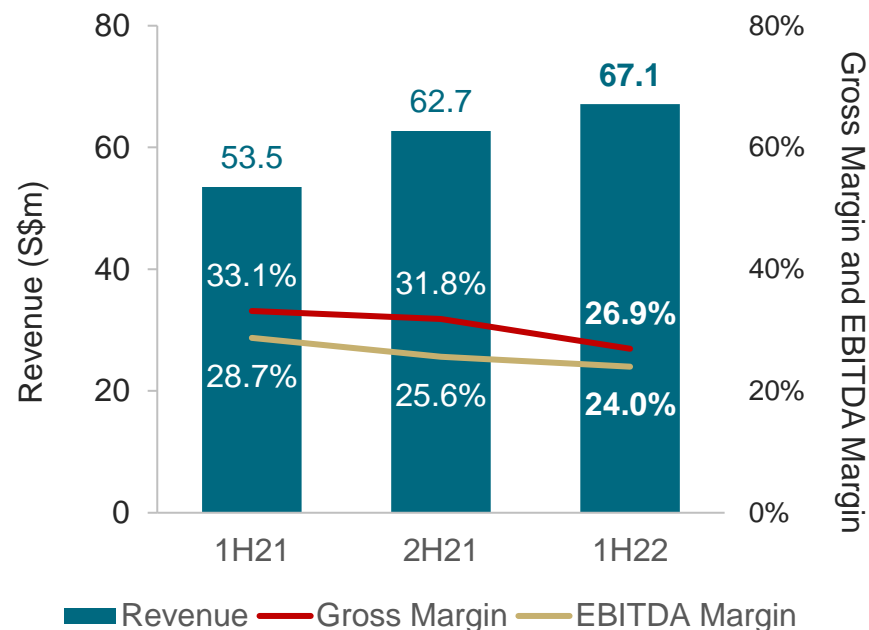
Electronics, Aerospace, Medical and Others: 149.0% increase YoY to S\$16.0m

- Robust demand growth across all key customers
- Maiden contribution from J-Dragon, including S\$3.2m from aerospace



Performance Review

- **Strong revenue momentum across business segments**
 - Robust customer demand
 - Maiden contribution from recent acquisitions
- **Decline in gross margin**
 - Capacity absorption for future growth
 - Higher materials and energy cost
 - Ongoing cost transfer to customers
- **Increased G&A**
 - Consolidation of new subsidiaries' costs
 - Talent and competency acquisition
- **Increase in operating expenses**
 - Higher MRO and depreciation of non-production assets with expanded business volume
 - Amortisation of customer relationships and order backlog
- **Non-recurring expenses**
 - S\$0.6m (M&A inventories, order backlog)
 - S\$0.3m (professional expenses for M&A, others)

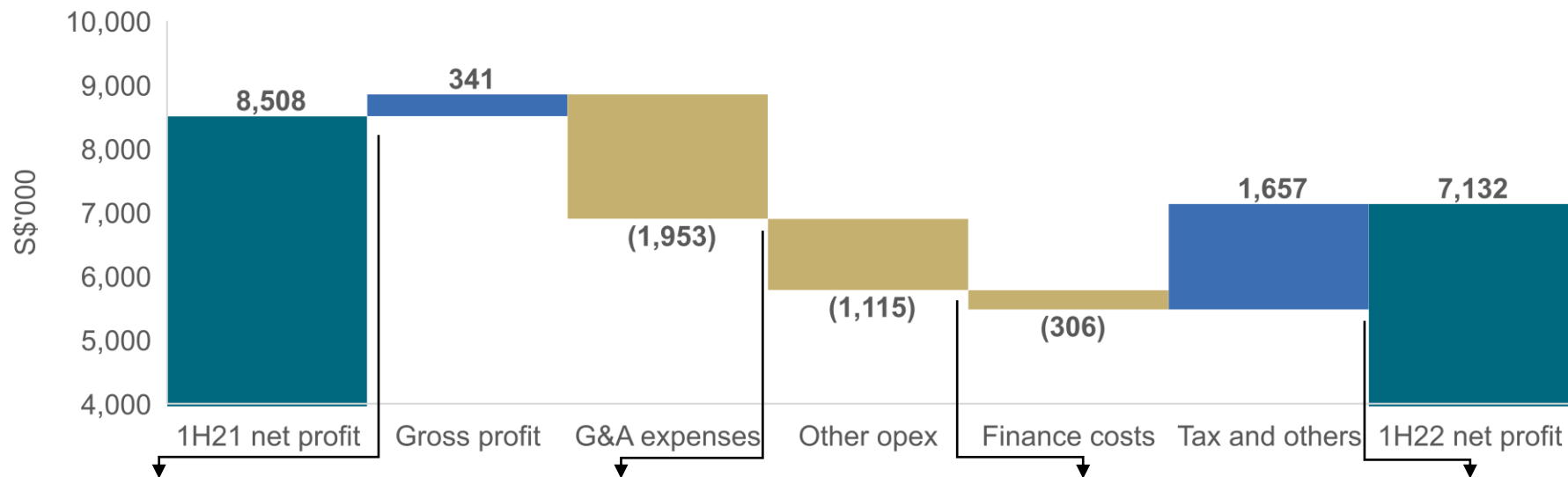


S\$m	1H21	2H21	1H22
EBITDA	15.4	16.0	16.1
Net Profit	8.5	9.0	7.1

Interim dividend (1H22) of 0.3 cent per share

Performance Review

Net profit bridge - 1H22



Revenue growth 25.3%, albeit at GPM of 26.9% in 1H22 vs 33.1% in 1H21

Lower GPM mainly driven by:

- S\$0.4m one-off fair value adjustment in relation to M&A inventories
- Capacity and capabilities for growth absorbed
- Change in customer/product mix

Higher G&A expenses:

- S\$0.3m one-off professional fees for M&A, and others
- Consolidation of J-Dragon and Formach overheads
- Growth in organic headcount

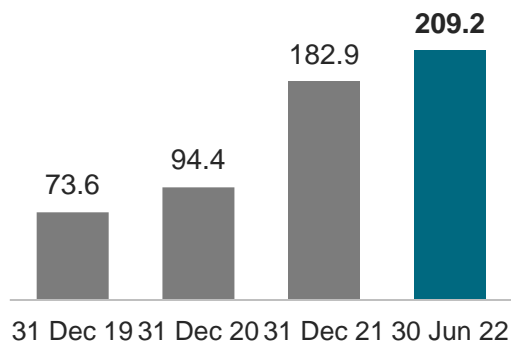
Higher level of other opex:

- S\$0.2m non-recurring amortisation of order backlog of J-Dragon and Formach
- S\$0.1m higher amortisation of customer relationships from newly acquired entities
- Higher overheads on bigger business volume, along with consolidation of J-Dragon and Formach's

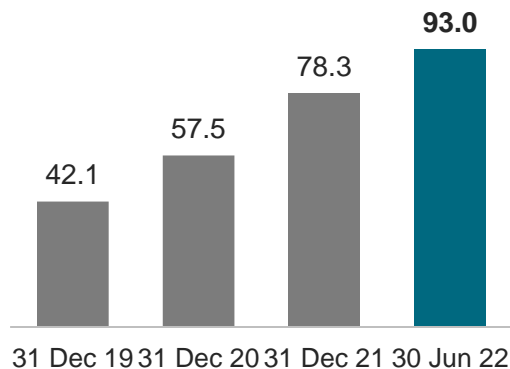
- S\$0.7m higher FX gain
- S\$0.7m lower tax expense

Financial Position

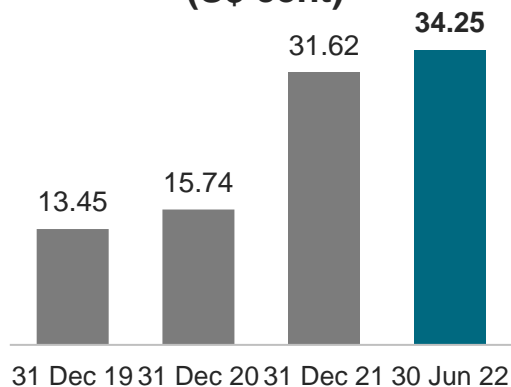
Total Assets (S\$m)



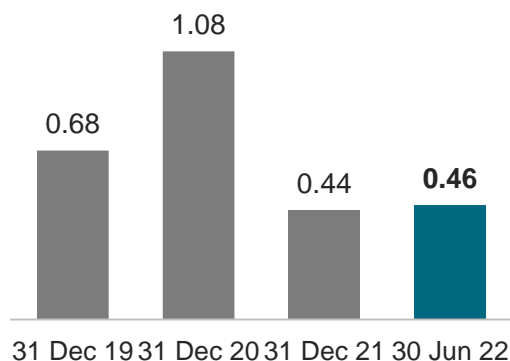
Total Liabilities (S\$m)



Net Asset Value Per Share (S\$ cent)



Debt / Equity (x)



Increase in **total assets**:

- Consolidation of J-Dragon and Formach's fixed and current assets
- Addition of equipment to support capacity expansion
- Partially offset by cash deployed for capex and acquisition of J-Dragon and Formach

Increase in **total liabilities**:

- Increase in loans and borrowings to support capex on capacity expansions
- Increase in lease liabilities in respect of J-Dragon and Formach's production facilities

Robust customer demand with macro challenges in mind

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- **Expansion into front-end semiconductor business** to offset softening demand from back-end semiconductor customers from potential headwinds
 - ➡ Good progress in engaging prospective front-end customers
 - **Resilient demand** from the Life Sciences segment given the typically long lifecycles of customers' products
 - **Healthy business activity** in the Medical segment
 - ➡ Tapping J-Dragon to engage new customers
 - **Rise in operating costs on the back of inflationary pressures** may result in some margin erosion
 - ➡ Successfully locked in lower, fixed interest rate for the financing of its Singapore loan facility in early 2022.
 - ➡ Mitigation of cost increase with automation of factory floors, cross-site production synergies, passing on costs to customers and mid-term fixed utility contracts.
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Expanded customer developments

- Penetrate front-end semiconductor, onboarded customers in metrology, wafer inspection and transport
- Forge ahead in discussions with and onboarding of potential customers engaged in the manufacture of etching, and wafer deposition equipments
- Synergistic customer developments, cross-sell, across new subsidiaries (J-Dragon and Formach Asia) in life sciences and healthcare sectors

Develop capabilities across subsidiaries

- Deploy capacities of new subsidiaries, J-Dragon and Formach Asia. Ramp up precision sheet metal manufacturing
 - Add precision machining and manufacturing capabilities to Formach Asia
 - Add mechatronics assembly capabilities to J-Dragon
 - Ongoing organic/inorganic developments of advanced materials capabilities
- This will help increase wallet share with existing life sciences and semiconductor customers, as well as attract new customers in the front-end semiconductor space

Synergise and utilise capacity across all facilities

Continue rollout of Industry 4.0

- Ongoing rollout to subsidiaries in Suzhou, China and Penang, Malaysia.

Continue to manage costs

- Improve cost efficiency and optimise margins

Appendix



*Engineering the future of
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What we do



Value engineering

Early customer engagement and participating in the design process to maximize manufacturability and streamline assembly (DFM / DFA)



Produce, assemble & test

One-stop solution with fully integrated and end-to-end manufacturing capabilities, ranging from precision machining, sheet metal fabrication, assembly & testing



Deliver, support & upgrade

Provides product life cycle management to customers, allowing for strong and lasting customer relationships to be formed

Markets we serve



Global Presence & Exposure

- **Southeast Asia**
Up-and-coming manufacturing and R&D hub for global customers
- **Asia (ex. Southeast Asia)**
Existing manufacturing powerhouse
- **North America & Europe**
Existing R&D nexus for customers



End-Markets (Key Modules)

- **Semiconductor**
Capital equipment for front-end (CVD etc.) and back-end (wire bonder, DRAM/Analog test etc.)
- **Life Sciences**
Single & hybrid mass spectrometer etc.
- **Medical**
Surgical microscope etc.
- **Aerospace**
Landing gear systems
- **Electronics Manufacturing**
Surface mount technology etc.
- **Industrial Automation**
Hard drive assembly automation etc.

The GVT advantage



Experience & expertise

- Average 27+ years of precision engineering experience across mgmt.
- Award-winning and qualified supplier to top global OEMs
- Strong competencies in ultra-high precision machining, complex mechatronics and sub-assembly



Market & customer access

- Sticky customer base across diff high-tech industries
- 5 highly strategic facilities (Singapore, Malaysia, China) near customers
- Well-positioned to benefit from industry trends (supply chain shift to Asia and capabilities integration etc.)



Scaling with profitability

- Profitable since 2016
- Healthy cash flow generation allowing for reinvestment into capacity growth and capability enhancement

Selected core competency: Submicron precision machining

What is Sub-Micron Machining?

- Also known as “ultra-precision machining”
- A high-precision manufacturing process: materials are processed at an atomic scale, in the vicinity of one micron
- Requires the use of single crystal diamond tools for ultrafine cutting or very fine abrasives for lapping or polishing

Selected Sub-micron Machining Applications

Analytical Life Sciences Instruments

- Mass spectrometers is used to identify the kinds of particles present in any given substance
- Used in analytical life sciences research, environmental testing, F&B testing, forensic analysis, pharma applications and clinical diagnosis
- GVT supplies key components to single and hybrid mass spectrometers, such as vacuum chambers and interfaces, complex parts of the mass filters and the ion source, which requires ultra high precision machining to manufacture

End Application: Mass Spectrometer



Selected Components that GVT Manufactures



Quadrupole Mass Filter

Ion Source

Q2 & Entrance Lens

GVT Value Proposition

Provides one stop solution from ultra-precision mechanical component fabrication and sub-micron measurement, design and fabrication of assembly jigs for laser welding and precision assembly alignment requirement down to **tenths of a micron in a clean room environment.**

Differentiated capabilities to serve and cross-sell to a differentiated blue-chip customer base



Capabilities	Semiconductor	Life Sciences	Aerospace	Electronics, Medical & Others
Design for Manufacturability / Assembly	✓	✓	✓	✓
Ultra Precision Machining (Sub-micron)	●	✓	✓	●
High Precision Machining	✓	✓	✓	✓
Vacuum Parts Manufacturing	✓	✓		
Ultra-high Vacuum Production Processing	●	✓		
Engineering Plastic, Ceramics & Quartz Machining	✓	✓	●	✓
Complex Sheet Metal Fabrication	✓	✓	●	✓
Assembly (Medium / High Complexity)	✓	✓	✓	✓
Assembly (High Complexity in Class 10K Cleanrooms)	●	✓		
Customized Engineering Solutions	✓	✓	✓	✓
Examples of mission critical end-products which GVT produces components & key modules for	Equipment for Front & Back-end Processes	Single & Hybrid Mass Spectrometers	Landing Gear Systems	Surgical Microscopes, SMT Feeder Systems
Examples of key customers who are blue-chip companies and leaders in their respective industries				



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