



Broadway Industrial Group Limited

1H2022 Results Presentation

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Tan Choon Hoong
Chief Executive Officer

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Tiong Chi Sieng
Chief Financial Officer

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Lew Syn Pau
Chairman



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Business Overview

-  Corporate Profile
-  Prospects
 - HDD Business: Outlook
 - Robotics Business: Latest developments





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 HDD industry
- Focused on high performance enterprise and nearline HDD products
- Headquartered in Singapore with 4 manufacturing facilities in China and Thailand

Robotics Business – Part of our diversification strategy into other industry segments that can leverage our supply chain and manufacturing competencies

- Own a 55% equity stake in Beijing Ant Brothers Technology Co., Ltd. (“BAB”)
- Develops service robots for various purposes including façade cleaning, delivery and disinfection
- Available in China and certain markets in Southeast Asia



Overview of HDD Business



HDD Segment Outlook – Near Term

Demand for HDDs expected to weaken in the second half of FY2022

Supply Chain Challenges

Supply chain disruptions that have led to **ongoing non-HDD component shortages**

Weak Sentiment

Impact of Covid-19 restrictions in Asia and weakening global economic conditions in other end markets

Inventory Glut

Expect **inventory correction due to buildup** from previous quarter

Reduced Production

Major HDD customers announced intention to cut production plans in order to maintain supply discipline as end-customers navigate the difficult macro environment

HDD Segment Outlook – Longer Term

Prospects remain intact with consistent growth drivers

Easing of restrictions



Supply chain restrictions expected to ease further, which will **stabilise sell-through in consumer and channel markets**

Positioned for Recovery



Positioned to **recover quickly once the macroenvironment turns around** and non-HDD component shortages and China’s strict Covid-19 stance ease

Long-Term Visibility



Major customers have strong product roadmaps, deep client relationships and proven track record for disciplined execution

Positive Growth Trends



Growth trends driving demand for data and mass capacity storage solutions remain intact and will continue to fuel demand for enterprise HDDs



Source: Trendfocus, “Economic Weakness Weighs on Seagate’s HDD Shipments in CQ2 ‘22”, 21 July 2022

Strategies to Cushion Near Term Challenges

01. Remain nimble

Closely monitor macroenvironment and markets and adjust strategies accordingly

03. Engage stakeholders

Increase engagement with key customers and suppliers to achieve mutually rewarding outcomes

05. Monitor customer needs

Align production plans in line with key customers

02. Manage utilisation

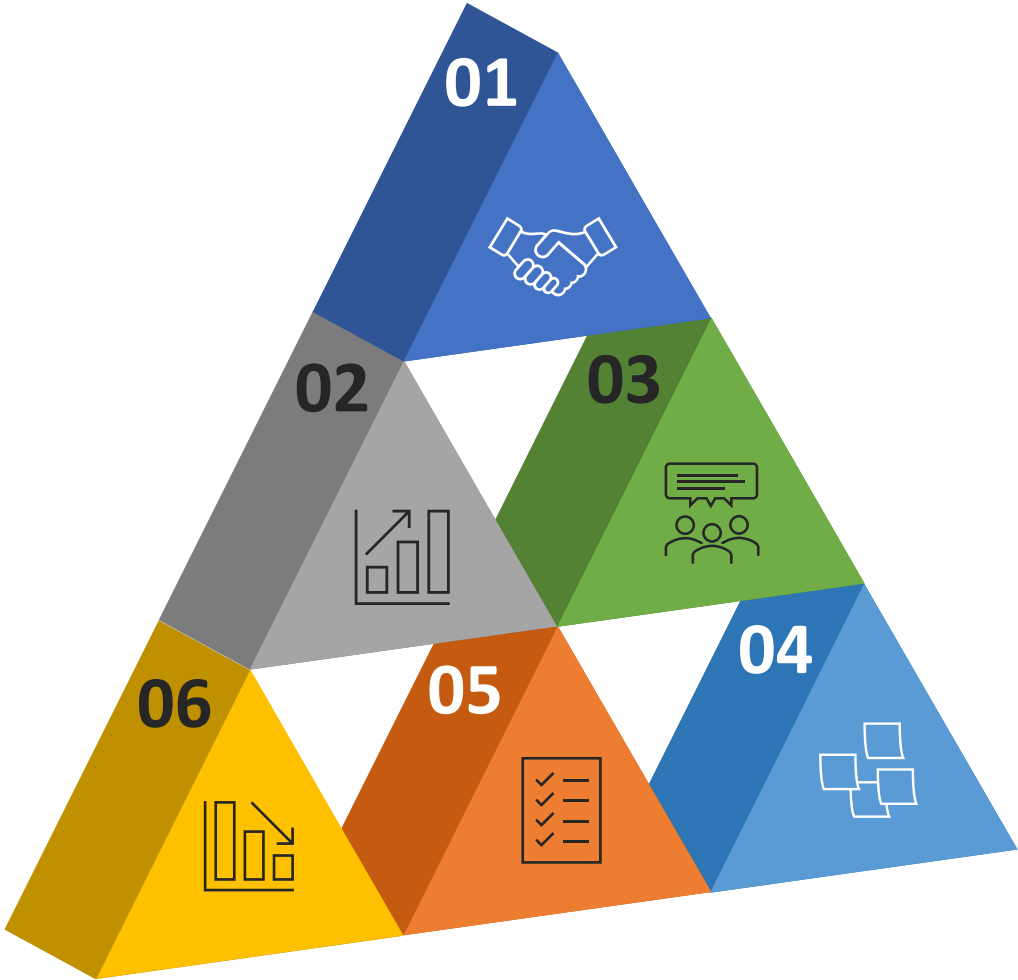
Ensure capacity utilisation is at optimum levels

04. Increase effectiveness

Improve productivity and operational efficiency

06. Exercise financial prudence

Reduce cost and expenses





Overview of Robotics Business



Asia-Pacific Service Robots Market expected to register a CAGR of 46.4% between 2020 and 2025



Service Robots

Disinfection & Air Purification Robots



Service Robots

Delivery Robot

Positive Growth Drivers




- Demand and consumption for service robots are expected to increase in the region, owing to the **rapid technology development to alleviate manpower shortage**.
- **Regulatory support from governments** to add these technologies in personal and professional applications.
- **Increasing deployment of service robots in Asia-Pacific for key industries** including healthcare, cleaning, hospitality and F&B.
- **Supports socially distanced models of operation**, to enable a safer and faster reopening post-Covid 19.

Source:

ASIA PACIFIC SERVICE ROBOTS MARKET - GROWTH, TRENDS, COVID-19 IMPACT, AND FORECASTS (2022 - 2027), <https://www.mordorintelligence.com/industry-reports/asia-pacific-service-robots-market-industry>

New Market Penetration Strategy

Overall strategy

-  To roll out an “end-to-end” solution with a new **leasing model** and/or a **servicing program** to ease the cost of adoption for new customers
-  To adapt robot functionality to meet the immediate needs of each specific market focusing on productivity improvement
-  Target markets: Singapore, Malaysia, Thailand, China and Hong Kong SAR

Region-specific strategy



ASEAN

In discussions with several industry partners to evaluate and launch disinfection service robot and **new façade cleaning and inspection robot** in selected regions (Singapore, Thailand).



China + Hong Kong SAR

Collaboration with selected robotics companies in China to develop and sell service robots that are customised for various industries.

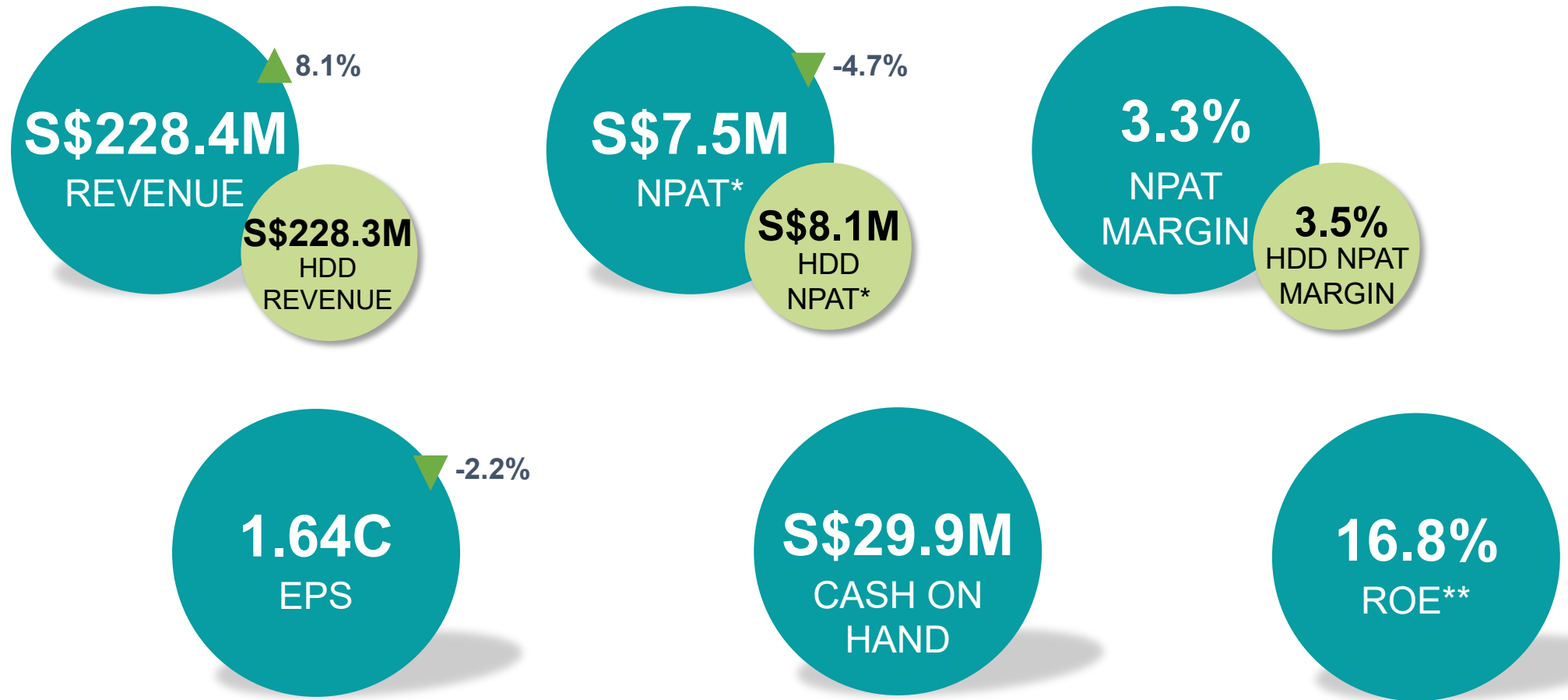




1H2022 Performance Review



1H2022 Financial Highlights



*NPAT is net profit after tax and minority interest

** Annualized RoE

1H2022 Performance Review

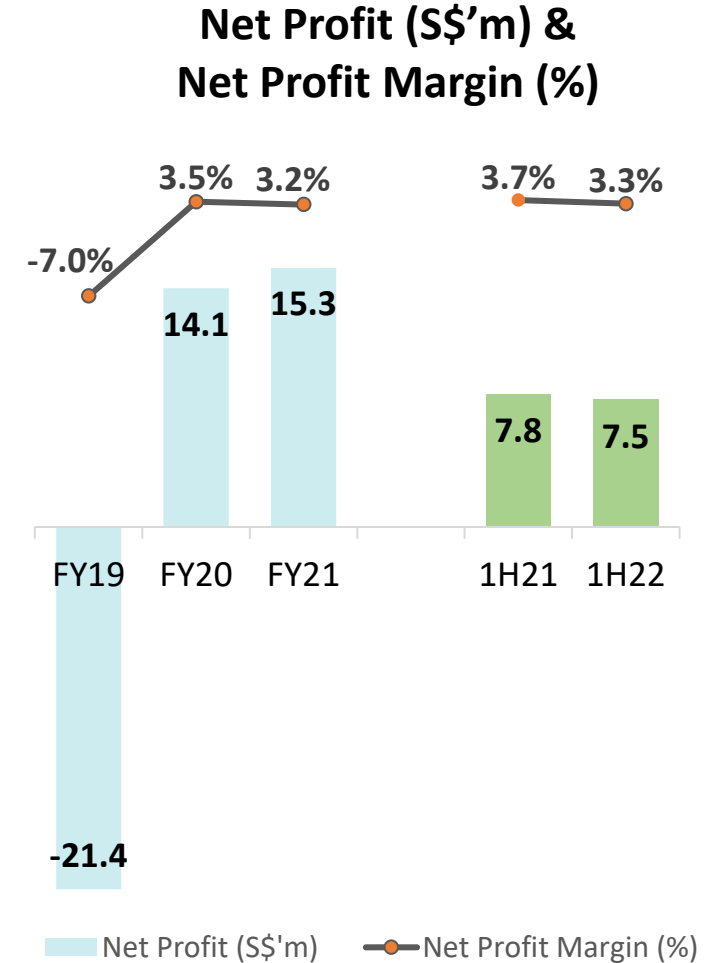
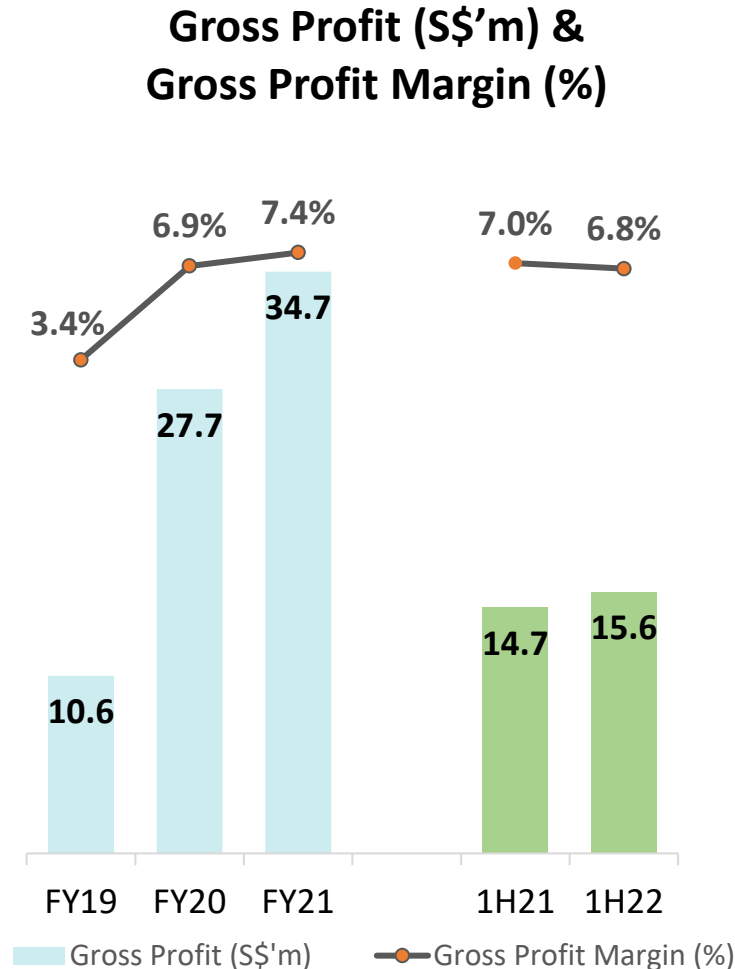
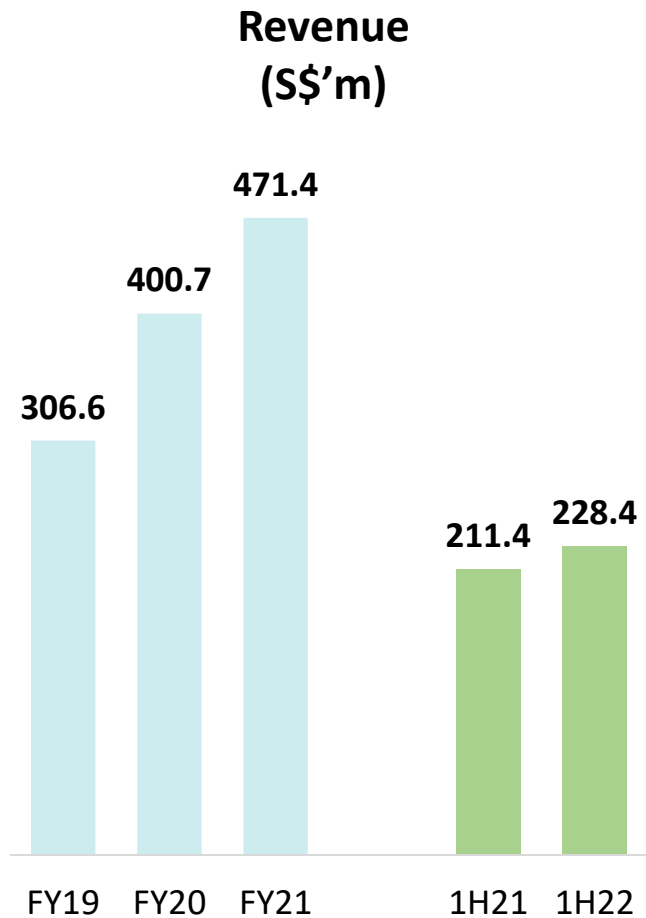


Revenue exceeded 1H2021, benefitting from higher ASP as a result of richer product mix whilst shipped 20% lower volume
Gross margin reduced 20bps compared to 1H2021, impacted by higher raw material prices and lower capacity utilisation

S\$'MIL	HDD				GROUP			
	1H'22	1H'21	Better / (Worse)		1H'22	1H'21	Better / (Worse)	
Revenue	228.3	211.3	8.0%	▲	228.4	211.4	8.1%	▲
Gross Profit	15.6 6.8%	14.7 7.0%	6.0%	▲	15.6 6.8%	14.7 7.0%	6.3%	▲
Net Profit After Tax	8.1 3.5%	9.0 4.3%	-10.4%	▼	7.5 3.3%	7.8 3.7%	-4.7%	▼
EBITDA	16.1 7.1%	16.6 7.8%	-2.7%	▼	15.3 6.7%	14.9 7.0%	2.7%	▲
EPS (Cents)					1.64	1.67	-2.2%	▼

Healthy Results Y-o-Y since FY2019

Delivered stable 1H22 performance despite increasingly challenging macroenvironment



Solid Balance Sheet



S\$ MIL	Jun-19	Dec-19	Jun-20	Dec-20*	Jun-21	Dec-21	Jun-22
Non-current Assets	76.4	97.8	97.4	86.0	82.2	76.7	74.0
PPE	74.9	89.6	86.8	77.3	74.2	71.4	69.4
Other non-current assets	1.4	8.2	10.6	8.7	8.0	5.3	4.6
Current Assets	97.3	95.8	92.7	115.8	133.2	152.0	140.2
Inventories	29.2	35.8	25.3	27.9	29.4	39.7	38.5
Trade and other receivables	37.5	51.2	51.4	58.9	79.1	84.6	71.8
Cash and cash equivalents	11.1	8.7	16.0	29.0	24.7	27.7	29.9
Assets held-for-sale	19.5	-	-	-	-	-	-
Total Assets	173.7	193.6	190.1	201.8	215.4	228.7	214.2
Non-current Liabilities	4.8	9.8	9.3	18.8	15.3	11.6	5.4
Loans and borrowings	0.6	-	-	11.0	8.4	5.6	0.1
Lease Liabilities	0.7	6.5	6.2	5.2	4.5	3.9	3.1
Other non-current liabilities	3.5	3.3	3.0	2.7	2.4	2.0	2.1
Current Liabilities	95.1	122.0	110.8	106.8	115.5	129.4	117.0
Trade and other payables	60.5	84.3	83.5	99.5	101.8	118.1	104.6
Loans and borrowings	29.8	28.5	21.6	2.2	8.2	5.6	5.8
Lease Liabilities	0.7	1.6	1.5	1.5	1.5	1.7	1.8
Other current liabilities	4.1	7.5	4.2	3.7	3.9	3.9	4.9
Total Liabilities	99.9	131.7	120.0	125.6	130.8	141.0	122.4
Shareholders' equity	75.4	61.8	70.0	74.5	83.4	86.9	91.2
Non-controlling Interests	(1.6)	0.0	0.0	1.7	1.2	0.9	0.6
Total Equity	73.8	61.9	70.0	76.2	84.6	87.7	91.8
Net current assets	2.2	(26.2)	(18.1)	9.0	17.7	22.6	23.1

Key Highlights

- *\$29.9 million cash on hand*
- *\$23.1 million net current assets*
- *\$5.9 million outstanding borrowings*
- *\$0.20 per share net assets backing*

*Dec-20 based on restated balance sheet

Key Financial Ratios



Key financial matrices improved in tandem with solid financial and business performance.

S\$ MIL	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21	Jun-22
Working Capital Ratio (Current Assets / Current Liabilities)	1.02	0.79	0.84	1.08	1.15	1.17	1.20
Current Assets	97.3	95.8	92.7	115.8	133.2	152.0	140.2
Current Liabilities	95.1	122.0	110.8	106.8	115.5	129.4	117.0
Net Gearing Ratio ([Total borrowings - Cash at Bank] / Equity)	26.2%	32.0%	8.0%	Nil	Nil	Nil	Nil
Net borrowings / (Cash)	19.3	19.8	5.6	(15.8)	(8.1)	(16.4)	(24.0)
Equity	73.8	61.9	70.0	74.5	83.4	86.9	91.2
Interest Coverage Ratio ([EBITDA - CAPEX payment] / Interest expense)	(3.05)	(3.63)	19.99	22.20	22.34	21.41	16.74
EBITDA	0.8	(0.5)	15.5	29.9	14.9	29.7	15.3
CAPEX Payment	(3.5)	(6.7)	(1.7)	(3.7)	(2.1)	(5.6)	(2.3)
Interest Expenses	0.9	2.0	0.7	1.2	0.6	1.1	0.8
Annualised Return on Equity (%) (Net Profit / Average Equity)	-19.7%	-29.4%	20.5%	20.7%	19.8%	18.9%	16.8%
Net Profit	(7.9)	(21.4)	6.8	14.1	7.8	15.3	7.5
Average Equity	79.6	72.8	65.9	68.2	79.0	80.7	89.0
Annualised Return on Assets (%) (Net Profit / Total Assets)	-9.0%	-11.0%	7.1%	7.0%	7.3%	6.7%	7.0%
Net Profit	(7.9)	(21.4)	6.8	14.1	7.8	15.3	7.5
Total Assets	173.7	193.6	190.1	201.8	215.4	228.7	214.2



Key Investment Highlights



Peer Comparison

	Market Cap (S\$' m)	Price (S\$)	Net profit margin (%)	ROE (%)	Debt / Equity (times)	P/E (times)	Div yield (%)
BIGL^a	73.65	0.162	3.1	16.8	0.06	5.00	9.3
Frencken Group Limited^{bc}	542.32	1.270	7.656	15.61	0.318	9.31	3.227
UMS Holdings Limited^{bc}	806.81	1.210	19.579	19.22	0.170	15.19	4.132
Venture Corporation Limited^{bc}	5,337.18	18.340	10.042	11.49	0.005	17.08	4.088
Micro-Mechanics (Holdings) Ltd^{bd}	519.88	3.020	23.510	35.55	0.036	22.43	3.974
InnoTek Limited^{bc}	97.15	0.420	6.630	6.06	0.126	8.44	4.700

a) Based on Trailing 12M Jun 2022

b) Source: ShareInvestor.com, data extracted on 8 Aug 2022, 1.30pm

c) Based on Full Year Dec 2021

d) Based on Trailing 12M Mar 2022

All figures have been rounded.

HDD Business

- Strategic focus on the high value, high performance enterprise HDD segment
- Positive prospects driven by mass capacity storage demand

Robotics Business

- Ability to quickly adapt robot functionality according to the most immediate needs in each market
- Potential to offer robots across multiple service industries
- Addresses manpower and safety concerns of labour-intensive industries

Diversification Strategy

- Solid balance sheet puts the Group in a good position to pursue suitable and synergistic M&A opportunities for growth



Thank You

