



Aztech Global Ltd.

1H 2021 Results Presentation

30 July 2021

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FINANCIAL PERFORMANCE REVIEW

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Key Financial Highlights

- 1H 2021 net profit of \$29.4 million on revenue of \$249.7 million
- Earnings per share of 4.12 cents in 1H 2021 ⁽¹⁾
- 1H 2021 EBITDA of \$39.0 million
- Lower effective tax rate of 12.5% for 1H 2021 ⁽²⁾
- Net Cash of \$191.1 million as at 30 June 2021
- Net asset value per share of 32 cents as at 30 June 2021⁽³⁾

(1) EPS for 1H 2021 has been computed based on the profit attributable to equity holders of our Company and weighted average no. of ordinary share of 713,782,829. The fully diluted EPS is the same as the EPS based on the weighted average no. of ordinary shares on issue (as there were no options granted or outstanding during the financial year).

(2) Our China entity enjoys preferential tax treatment from the China tax regime.

(3) NAV per share as at 30 June 2021 has been computed based on the net assets of our Company and no. of ordinary share of 773,825,545.

Q2 2021 Results – YoY Comparison

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(\$ million)	Q2 2021	Q2 2020	% change
Revenue ⁽¹⁾	133.7	91.8	 45.6
EBITDA	21.1	16.8	 25.6
Profit Before Tax	18.4	14.2	 29.6
PBT Margin (%)	13.8	15.5	(170 bps)
Income Tax Expense	(2.2)	(1.7)	(29.4)
Effective Tax Rate %	11.9	12.0	
Net Profit	16.2	12.5	 29.6
Net Profit Margin (%)	12.1	13.6	(150 bps)
EPS (cents) ⁽²⁾	2.28	2.01	 13.4

(1) 1H 2020 revenue was affected by the COVID-19 pandemic that delayed the re-start of production at our manufacturing facility in China & facility renovations in Malaysia.

(2) EPS for Q2 2021 has been computed based on the profit attributable to equity holders of our Company and weighted average no. of ordinary share of 713,782,829. The fully diluted EPS is the same as the EPS based on the weighted average no. of ordinary shares on issue (as there were no options granted or outstanding during the financial year). EPS for Q2 2020 has been computed based on the profit attributable to equity holders of our Company and share capital of 618,720,000 Shares.

Q2 2021 Results – QoQ Comparison

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(\$ million)	Q2 2021	Q1 2021	% change
Revenue	133.7	115.9	 15.4
EBITDA	21.1	17.9	 17.9
Profit Before Tax	18.4	15.2	 21.7
PBT Margin (%)	13.8	13.1	70 bps
Income Tax Expense	(2.2)	(2.0)	(10.0)
Effective Tax Rate %	11.9	13.1	
Net Profit	16.2	13.2	 22.7
Net Profit Margin (%)	12.1	11.4	70 bps
EPS (cents) ⁽¹⁾	2.28	2.01	 13.4

(1) EPS for Q2 2021 has been computed based on the profit attributable to equity holders of our Company and weighted average no. of ordinary share of 713,782,829. The fully diluted EPS is the same as the EPS based on the weighted average no. of ordinary shares on issue (as there were no options granted or outstanding during the financial year). EPS for Q1 2021 has been computed based on the profit attributable to equity holders of our Company and share capital of 653,164,444 Shares.

1H 2021 Results Comparison

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(\$ million)	1H 2021	1H 2020	% change
Revenue ⁽¹⁾	249.7	129.1	 93.4
EBITDA	39.0	20.3	 92.1
Profit Before Tax	33.6	15.3	 119.6
PBT Margin (%)	13.4	11.9	150 bps
Income Tax Expense	(4.2)	(2.3)	(82.6)
Effective Tax Rate %	12.5	15.0	
Net Profit	29.4	13.0	 126.1
Net Profit Margin (%)	11.8	10.1	170 bps
EPS (cents) ⁽²⁾	4.12	2.10	 96.2

(1) 1H 2020 revenue was affected by the COVID-19 pandemic that delayed the re-starting of production at our manufacturing facility in China.

(2) EPS for 1H 2021 has been computed based on the profit attributable to equity holders of our Company and weighted average no. of ordinary share of 713,782,829. The fully diluted EPS is the same as the EPS based on the weighted average no. of ordinary shares on issue (as there were no options granted or outstanding during the financial year). EPS for 1H 2020 has been computed based on the profit attributable to equity holders of our Company and share capital of 618,720,000 Shares.

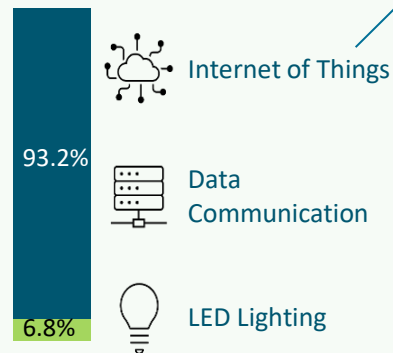
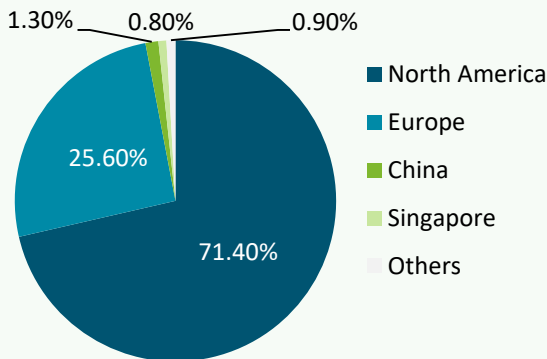
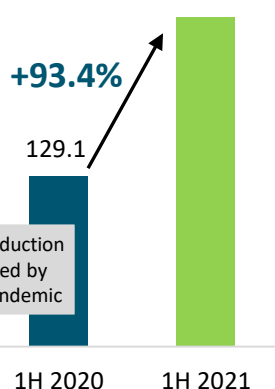
1H 2021 Results Snapshot

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IoT Devices & Data-Com Products Key Driver of Revenue Growth

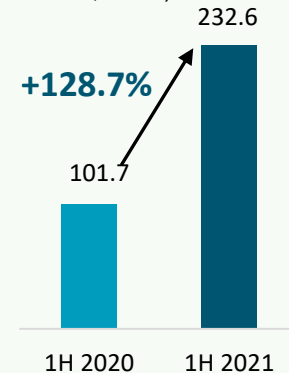
Revenue

(in \$ million)



IoT and Datacom Products

(Revenue in \$ million)



- 1H 2021 revenue increased by 93.4% to \$249.7 million driven by higher production volume and shipment of IoT devices and Data-communication products to customers
- Higher manufacturing activities during 1H 2021 compared with 1H 2020 as:
 - facilities in China were shut down for a shorter period during CNY holiday in February 2021 to meet higher production needs, and
 - additional manufacturing contribution from Malaysia plant.

FINANCIAL POSITION AND CASH FLOW

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Balance Sheet Summary

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Healthy Balance Sheet with Strong Cash Position

(\$ million)	30 June 2021	31 December 2020
Cash & Bank Balances	203.0	11.5
Net Current Assets	224.7	17.9
Net Non-current Assets	23.2	23.7
Total Net Assets	247.9	41.6
Accumulated Profits ⁽¹⁾	46.3	32.3
Share Capital & Reserves	201.6	9.3
Total Equity	247.9	41.6

(1) Accumulated profits as at 30 June 2021 excluded FY2020 final dividend payment of \$15.3 million paid on 18 June 2021

Comparison of Net Cash / (Net Debt) Position

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(\$ million)	30 June 2021	31 December 2020
Total Borrowings	11.9	33.0
Cash & Cash Equivalents	203.0	11.5
Net Cash (Net Debt)	191.1	(21.5)

- As at 30 June 2021, the Group recorded a net cash position of \$191.1 million. following the inclusion of net proceeds of \$188.6 million raised from the IPO exercise in conjunction with its listing on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”), and cash dividend payment of \$15.3million in Q2 2021.

(1) Cash dividend payment of \$15.3 million relates to the final dividend of FY2020 that was paid on 18 June 2021.

Comparison of Working Capital

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(\$ million)	30 June 2021	31 December 2020
Current Assets	413.3	270.3
Current Liabilities	188.6	252.3
Working Capital	224.7	18.0

- Working capital position had increased from \$18.0 million as at 31 December 2020 to \$224.7 million as at 30 June 2021 due mainly to the inclusion of net IPO proceeds amounting to \$188.6 million.

EBITDA Reconciliation

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(\$ million)	1H 2021	1H 2020
Profit for the financial year	29.4	13.0
Add: Finance Costs	0.4	0.7
Add: Income tax expense	4.2	2.3
EBIT	34.0	16.0
Add: Amortisation & Depreciation expenses	5.0	4.3
EBITDA	39.0	20.3
EBITDA Margin %	15.6	15.7

BUSINESS UPDATE & OUTLOOK

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- The global components shortage intensified as the supply chain was affected by COVID-19 infection-related shut down to stem the spread. The Group continued with its close collaboration with customers and suppliers to secure the required key components to ensure continuous production at its manufacturing facilities to deliver customers' orders.
- Overall net minimum impact brought about by the national MCO 3.0 at the Group's facility in Malaysia in June 2021 as some production orders were transferred to its China facilities. Seamless collaboration between manufacturing facilities in China and Malaysia enabled smooth production and order delivery.

Business Update – COVID-19 Impact (Cont'd)

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- As at 30 July 2021, vaccination statistics of our employees in Dongguan, China and Johor, Malaysia are as follows:

Location	Vaccinated – 2 doses	Vaccinated – 1 dose	Not Vaccinated
Dongguan, China	74%	26%	0%
Johor, Malaysia	0.4%	7.51%	92.09%

- In Malaysia, we have submitted application to MITI for plant wide vaccination program. Meanwhile, eligible citizens in Malaysia have also been encouraged to apply through the MySejahtera app for their own vaccination.

⁽¹⁾ Vaccination rate is calculated based on employees who are eligible (based on age and health condition) for the inoculation against COVID-19 virus in compliance with local vaccination guidelines.

All currencies are in Singapore dollars unless otherwise specified.

- Capacity utilisation rates remained inline with historical pattern. Q-o-q improvement on higher demand and shipment of IoT devices and Data-communication products. China continued to account for the bulk of Q2 2021 production volume.
- Completed the expansion of production facility in Malaysia, and total built up area increased from 45,500 sq ft to 86,000 sq ft.
- Recent COVID-19 infection resurgence led to delay in original schedule to transfer production from China to Malaysia facility, while plan to construct 500,000 sq ft new manufacturing facility has been deferred to end-2022 or beginning-2023, pending locations evaluation till improvement in COVID-19 situation.
- Continue with production maximisation plan to meet the growing demand for IoT and Data-communication activities.

Outstanding Order Book

Order Book Remains Strong

Outstanding Order Book

(in \$ million)



- Order book as at 1 July 2021 was \$530.4 million, and the Group has since received additional orders of \$74.0 million as at 30 July 2021.
 - Barring worsening of infection by COVID-19 virus and supply chain constraints, the majority of the order book secured is expected to be completed in 2021
 - Included are \$150.0 million orders scheduled for completion in FY2022

⁽¹⁾ The Group's order book in respect as at any particular date is subject to changes in its customers' transactions and may not be indicative of its revenue for any succeeding periods.

All currencies are in Singapore dollars unless otherwise specified.

Strategic Growth Roadmap – Reimagining Growth

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Reimagining
Growth –
Building
Faster, Better,
Stronger

Enhance R&D capabilities to develop new products and technologies

Expand ODM/JDM business to capitalise on opportunities in the growing IoT market

Improve production efficiencies doing more and better with less

Transformation
Completed
1986-2017

From OEM player into
**Full Fledged
Manufacturer** with
ODM and JDM solutions



Reimagining Growth
2018-2022

**Key technology enabler for the
connected world of tomorrow
riding on our core strengths into
the growing IoT**



Scaling Growth
2023-future

1) Double manufacturing capacity
2) Expand through investments,
M&As, JVs and/or strategic
collaborations



Positive Growth Prospects of the IoT & Data-Communication Markets



IoT Market 2019-2023 CAGR: 20.8% @ Est. \$425.2B₍₂₀₂₃₎



Data-Comm Mk 2019-2023 CAGR: 5.9% @ Est. US\$59.0B₍₂₀₂₃₎

Consumer IoT

Est. 2019-2023 CAGR: 23.4% @ US\$94.8B₍₂₀₂₃₎



Home monitoring & security systems (incl. camera) Shipment @
Est. 2019-2023 CAGR: 25.8% to 351.7 million units



Connected consumer electronics Shipment @
Est. 2019-2023 CAGR: 32.5% to 2,741.4million units

Our Products & Technologies

Smart home automation, IP security cameras, smart LED lighting, pet trackers/feeders, air monitoring & purifying devices, wearable sensors, etc.

Non-Consumer IoT

Est 2019-2023 CAGR: 20.2% @ US\$330.4B₍₂₀₂₃₎

Building Automation, Security & Surveillance @
Est. 2019-2023 CAGR: 13.1% to 2,132.8 million unit shipments



Factory & Industrial Automation Shipment @
Est. 2019-2023 CAGR: 21% to 5,932.8 million units

Our Products & Technologies

Smart factory automation, smart security & surveillance system, smart energy monitoring system, smart LED lighting, smart city, etc.

Data-Communications

Routers & Switches
Est. 2019-2023 CAGR: 6.1% to US\$48.4B₍₂₀₂₃₎

Cable Modems
Est. 2019-2023 CAGR: 6.5% to US\$9.4B₍₂₀₂₃₎



Our Products & Technologies

Modems(analog/ADSL/VDSL), WiFi routers, routers, WiFi repeater/extenders, WiFi mesh node and HomePlugs devices

Source: Frost & Sullivan, Global IoT and Data Communication Markets, January 2021

- The global component shortage situation is unlikely to abate in the next 6-12 months. Collaborative efforts with suppliers, customers and relevant business partners to continue to achieve smooth production and timely delivery of its customers' orders.
 - Leverage on strong customer-supplier relations to secure components
 - Product redesign & innovation to reduce or substitute components
 - Strong cash reserves to optimally fund component purchases
- Growth trajectory offered by the global IoT and data-communication markets, together with the increasing rate of vaccination against COVID-19 virus in countries where the Group has operations in, coupled with strong order book secured to-date and the steps that were put in place to manage and mitigate the impact of the pandemic, the Group is cautiously optimistic of its 2021 performance, barring unforeseen circumstance.



Note on Forward-Looking Statements

This presentation may contain certain forward-looking statements including, but not limited to, statements as to future operating results and plans.

These statements are based on our assumptions and estimates and are subject to known and unknown risks and uncertainties and other factors which may cause the actual results, performance or achievements of the Group to differ materially from any future results, performance or achievements expressed or implied by those projected in the forward-looking statements.

Consequently, readers are cautioned not to place undue reliance on any forward-looking statements.



THANK YOU!

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