



Broadway Industrial Group Limited

FY2022 Results Presentation

28 February 2023

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Lew Syn Pau
Chairman




Q&A

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Business Overview

-  Corporate Profile
-  HDD Business Unit & Outlook
-  Introduction to new Precision Engineering Business & Outlook



Core Businesses

HDD Business Unit

- 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 Unit

- Newly established in late 2022 / early 2023 following a joint venture with Korea-based company
- Manufactures and sells a broader range of parts and components for the 5G wireless network, microwave system, engineering and automotive industries
- Leverages the Group’s machining competencies

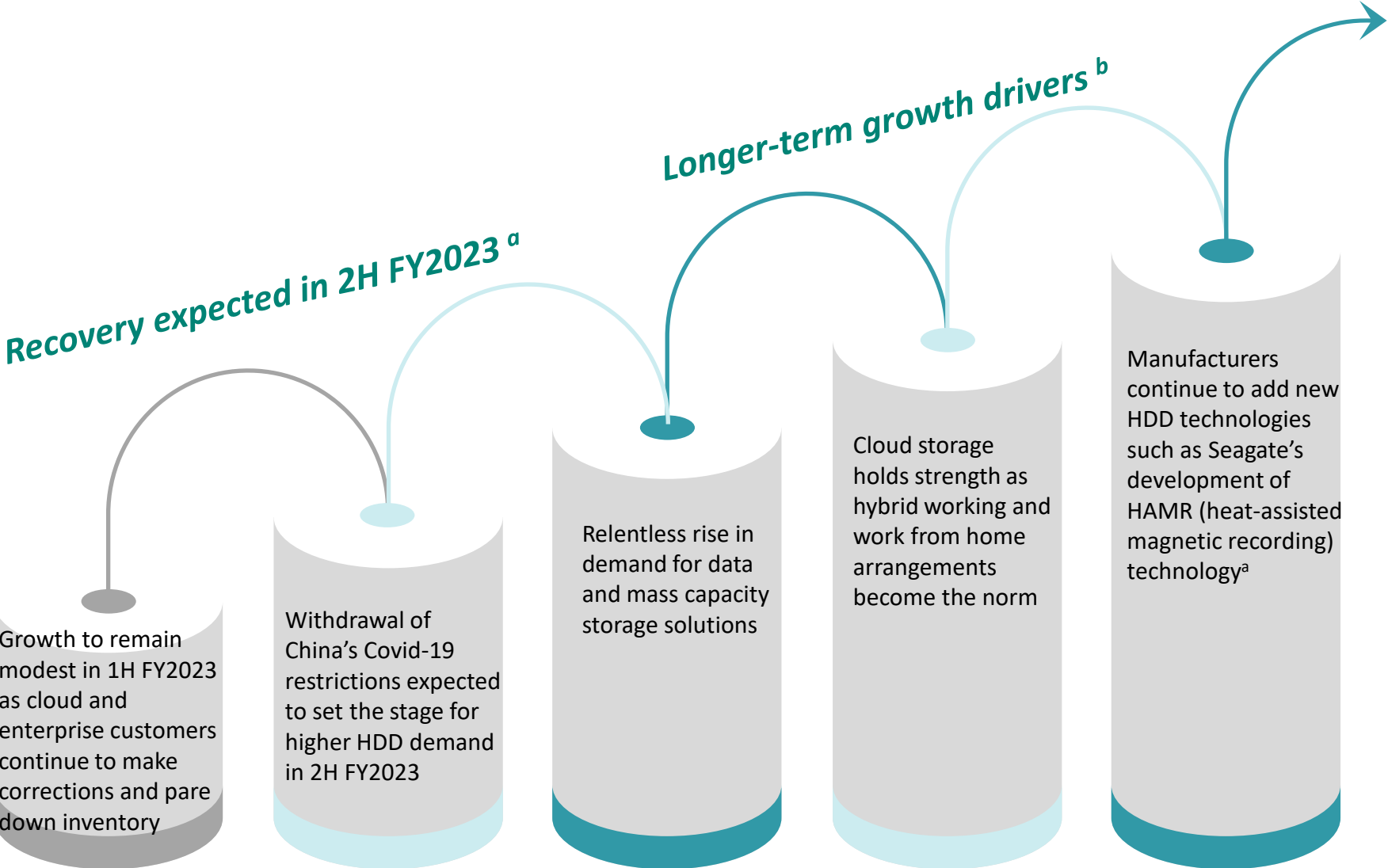
Non-Core Business: Robotics Business Unit

- Develops robots for various purposes across different industries



HDD Business Unit & Outlook

Outlook for Enterprise HDD



Prospects remain intact with consistent growth drivers to fuel demand for enterprise HDDs

Sources:
^a Trendfocus, "SDAS: HDD Information Service CQ4 '22 Quarterly Update and Long-Term Forecast", 7 Feb 2023
^b Trendfocus, "Weathering tough market conditions, Seagate proclaims imminent HAMR product launch", 25 Jan 2023

Long Term Forecast for Enterprise Segment



By units	Actuals		Long-Term Forecast				CAGR
	2022	2023	2024	2025	2026	2027	
Total Computing/CE	102.41	87.74	94.84	90.42	87.28	83.03	-4.1%
%	-40.4%	-14.3%	8.1%	-4.7%	-3.5%	-4.9%	
Total Enterprise	69.65	72.72	86.78	91.93	106.10	110.36	9.6%
%	-20.0%	4.4%	19.3%	5.9%	15.4%	4.0%	
Total Units	172.06	160.46	181.62	182.35	193.38	193.39	2.4%
%	-33.6%	-6.7%	13.2%	0.4%	6.0%	0.0%	
Revenue (\$M)	\$18,288.21	\$18,698.14	\$23,267.65	\$26,102.59	\$30,361.54	\$32,864.98	12.4%
%	-21.7%	2.2%	24.4%	12.2%	16.3%	8.2%	

Enterprise segment expected to grow modestly in 2023 due to potential recession.

Performance enterprise shipments expected to rebound in 2024, driven by an expected economic recovery.

By Exabytes	Actuals		Long-Term Forecast				CAGR
	2022	2023	2024	2025	2026	2027	
Total Computing/CE	259.47	256.08	328.63	351.37	370.27	379.03	7.9%
%	-33.6%	-1.3%	28.3%	6.9%	5.4%	2.4%	
Total Enterprise	893.98	1,025.20	1,478.02	1,873.98	2,557.91	3,026.55	27.6%
%	-5.6%	14.7%	44.2%	26.8%	36.5%	18.3%	
Total Exabytes	1,153.45	1,281.27	1,806.65	2,225.35	2,928.18	3,405.58	24.2%
%	-13.8%	11.1%	41.0%	23.2%	31.6%	16.3%	

Total enterprise exabytes forecasted to increase at CAGR of 27.6% between 2023 and 2027

The increase in revenue and Exabytes remain driven by Enterprise programs

Sources:
* Trendfocus, "SDAS: HDD Information Service, CQ4'22 Quarterly Update and Long-Term Focus", 7 Feb 2023

Strategies to Cushion Near Term Challenges

01. Remain nimble
Closely monitor macroenvironment and markets and adjust strategies accordingly

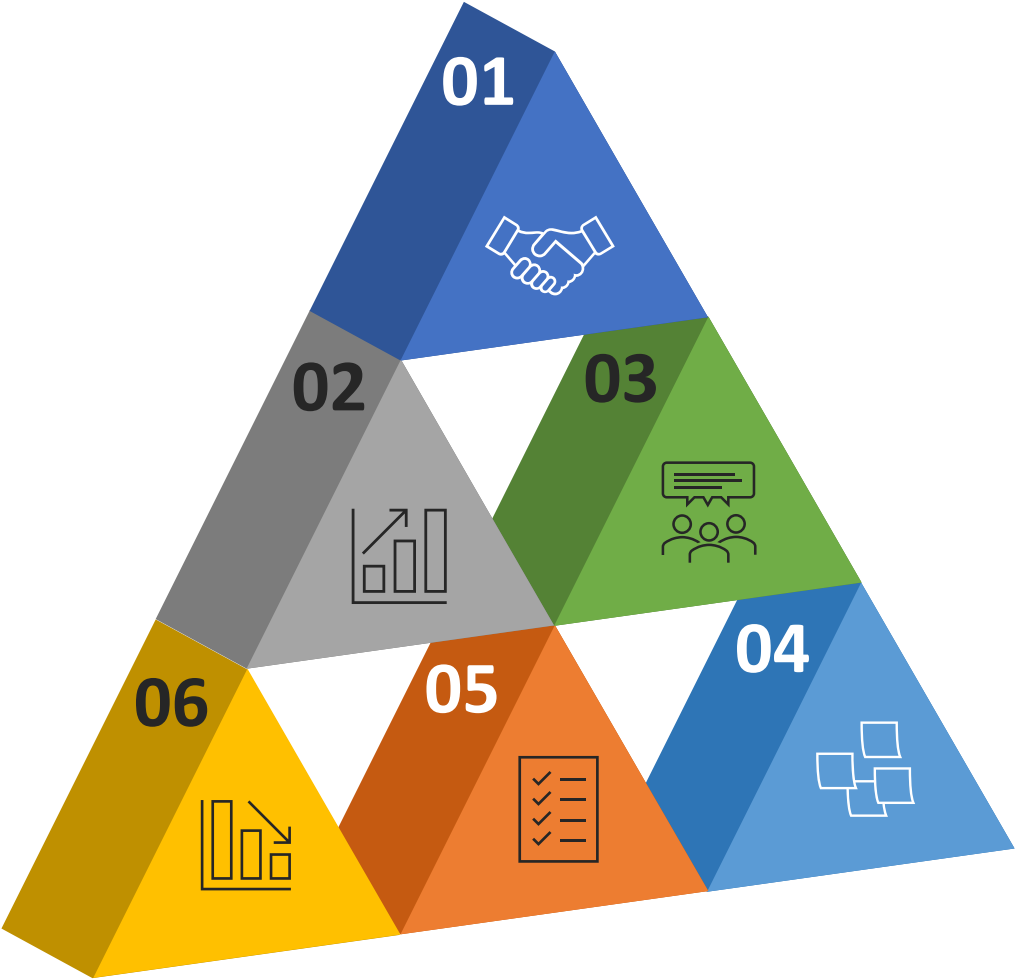
03. Engage stakeholders
Increase engagement with key customers and suppliers to achieve mutually rewarding outcomes

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

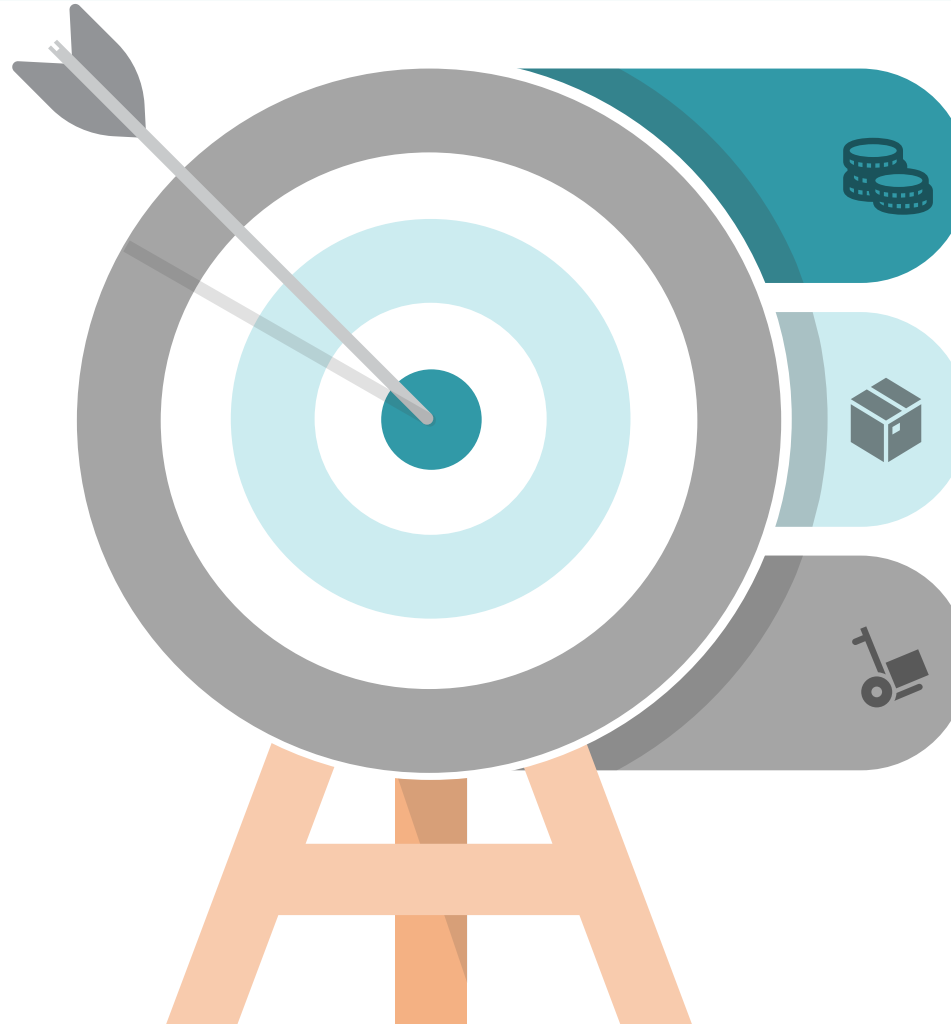




**Introduction to new
Precision Engineering
Business Unit
& Outlook**

DIVERSIFICATION INTO PRECISION ENGINEERING

- **Dec 2022:** Established a JVCo – BIGL Korea
- **Jan 2023:** Established a subsidiary – BIGL Vietnam
- Enables BIGL to enjoy greater **economies of scale through shared manufacturing facilities and resources** with core HDD business
- **Potential opportunity to expand the value add supply chain** into the upstream die casting business and **positions BIGL as a full turnkey machining solution provider**
- Reduces dependence on HDD demand
- Expected to commence operations in the second half of 2023



New income stream

- Provides new revenue and profit stream from non-HDD customers

New growth industries

- Paves the way to expand into the wireless **5G communications network, microwave systems, engineering and automotive industries**

New 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

Positioned to Ride Regional 5G Opportunities

5G adoption is expected to accelerate the Internet of Things (IoT) in the region.



South Korea is expanding networks following initial deployments and was expected to move to standalone 5G by the end of 2022.

The country has built 5G enabling speeds that are 3-5 times faster than 4G.¹



Japan was expected to move to standalone 5G by the end of 2022, with acceleration in activity expected following the iPhone launch.¹



Since 2021, India's network operators have been enhancing their network cores to prepare for the additional traffic loads that 5G radio interfaces will carry.²

Shipments of 5G smartphones have risen by 74% in 2022 even as overall mobile phone shipments declined by 8%.³

By 2025, Japan and South Korea are expected to see 150 million IoT connections, which represents a CAGR of +29%¹

5G coverage expected to extend nationwide by end 2024²

Sources:

1. JP Morgan Research "The Future of 5G Adoption", 24 May 2021
2. Network World Asia "The state of 5G in India: 5G services begin to roll out", 15 Oct 2022
3. Cyber Media Research "5G smartphone shipments in India rises by 74% last year", 8 Feb 2023



Automotive Industry*

- The automotive industry is the largest market for precision machined parts.
- Currently, the automotive manufacturing industry is ranked 1st out of all global manufacturing industries in terms of market size.
- Global market for Automotive Manufacturing was valued at \$2.9 trillion in 2022. Predicted to continue growing at a **CAGR of 3.71% between 2020 to 2030.**



Microwave Systems**

- Used in various communication applications such as cellular, radio telecommunication broadband, satellite, radar and navigation
- Deployed in areas where it is difficult to lay the optical fibres and support full packer communications for long distances
- Supports the rapid deployment of 5G around the globe

Sources:

* AZO Materials "The Current State of the Global Automotive Manufacturing Market", 24 Nov 2022

** Persistent Market Research "Digital Microwave System Market Forecast 2017-2025".

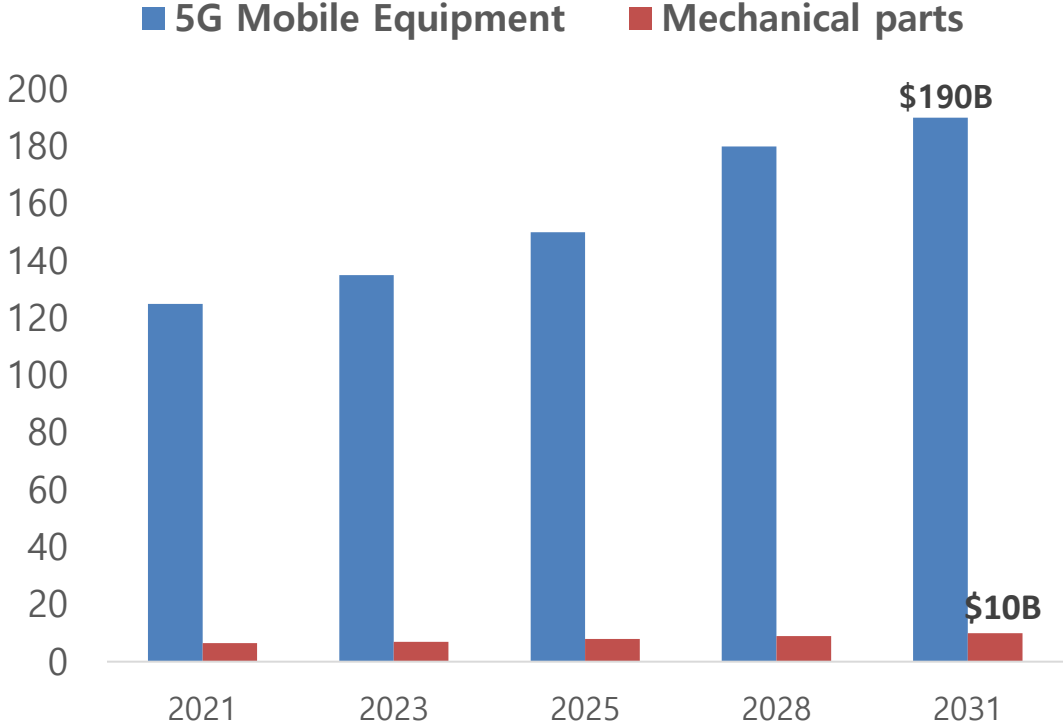
GROWING DEMAND FOR PRECISION PARTS*

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

Our PE Products

Machined parts for wireless infrastructure and microwave energy product



Machined parts for immersive display (Smart Windows)



Controller Unit



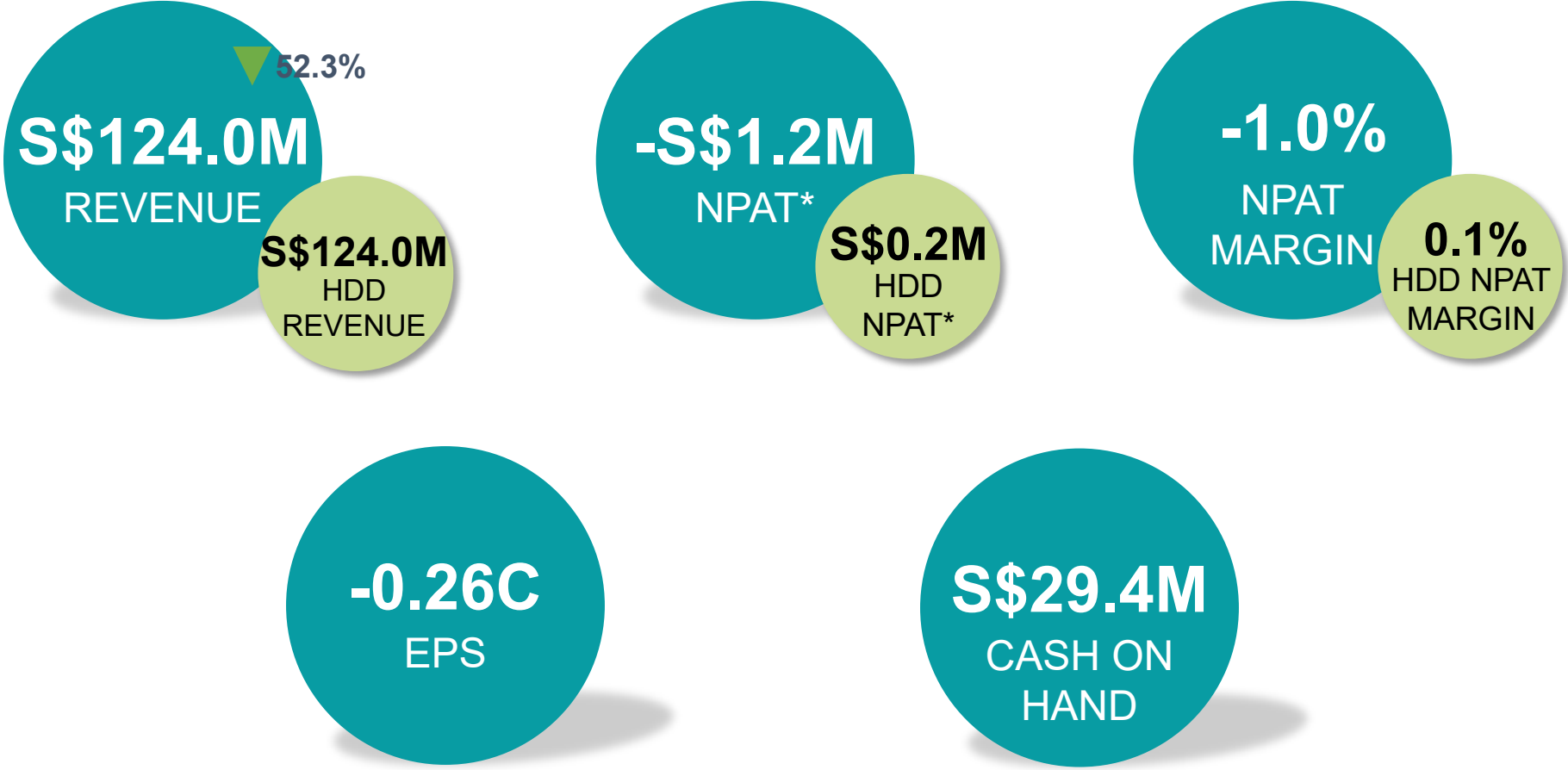
Bracket



FY2022

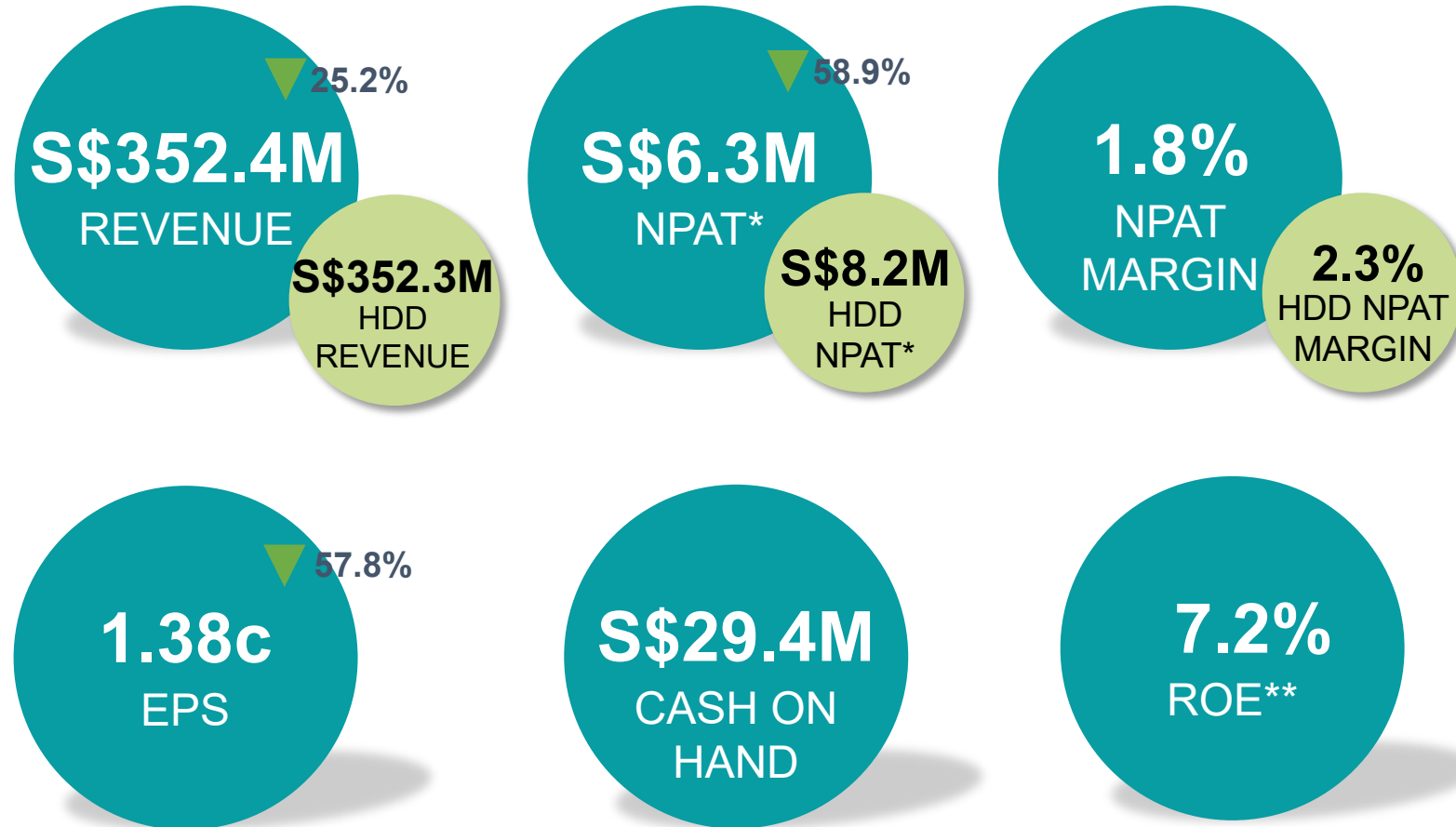
Performance Review

2H2022 Financial Highlights



*NPAT is net profit after tax and minority interest

FY2022 Financial Highlights



* NPAT is net profit after tax and minority interest

** Annualised RoE

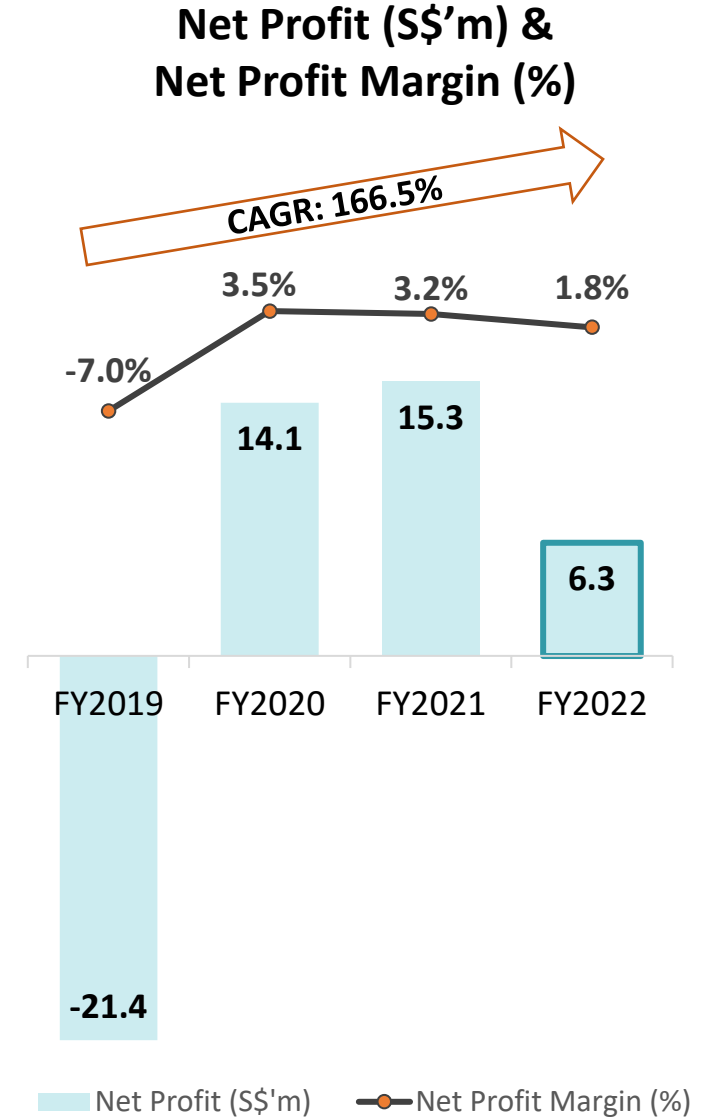
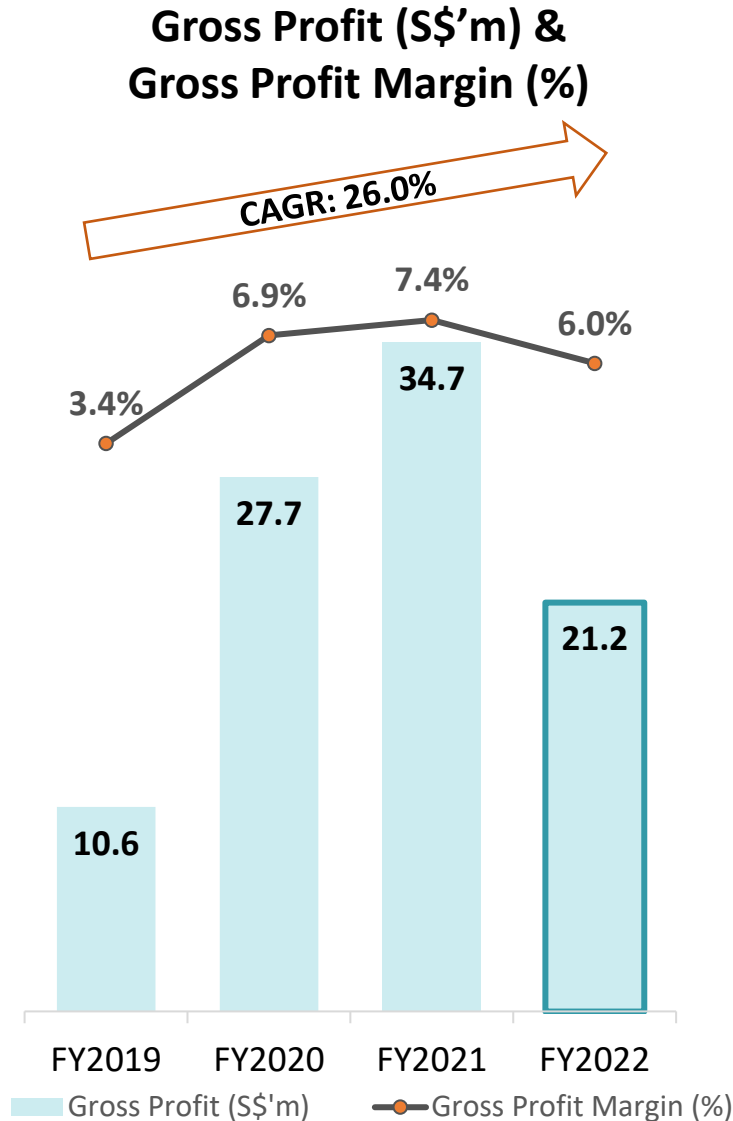
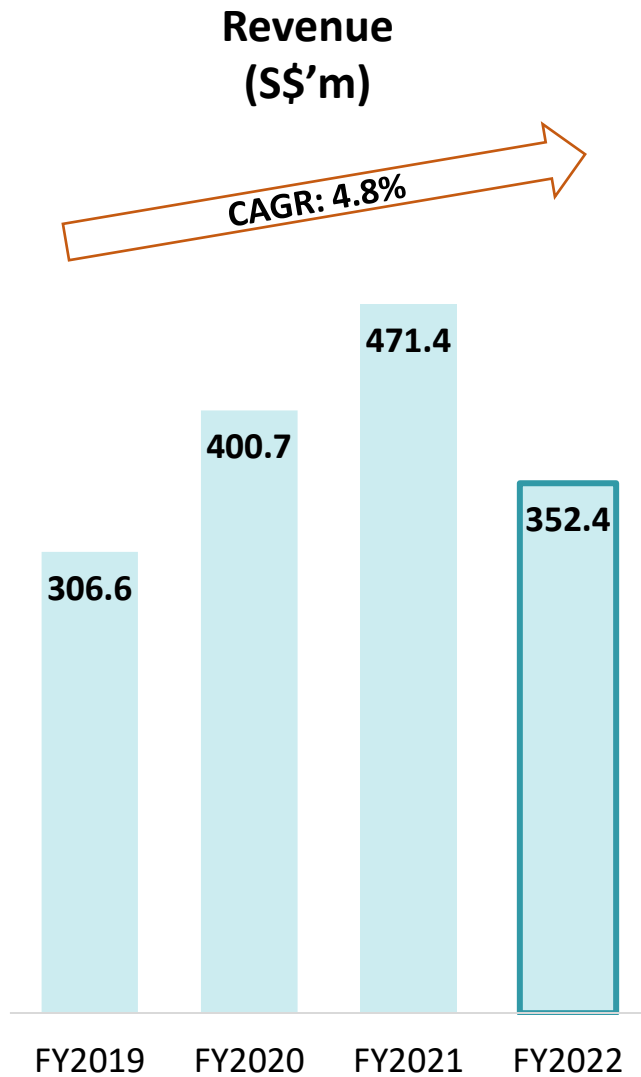
FY2022 Performance Review

- Sharp decline in HDD market demand in 2H FY2022, which led to the lowest unit shipment and revenue in recent history. This severely impacted performance and depressed margins due to factory resource underutilisation.
- Remained profitable in FY2022 despite challenging second half. Continued to realign manufacturing resources and capacity to new market demand dynamics resulting in \$2.5 million redundancy costs

S\$'million	1H FY2022	1H FY2021	% Change	2H FY2022	2H FY2021	% Change	FY2022	FY2021	% Change
Revenue	228.4	211.4	8.1	124.0	260.1	(52.3)	352.4	471.4	(25.2)
Gross Profit	15.6	14.7	6.3	5.5	20.0	(72.2)	21.2	34.7	(38.9)
Operating Profit	8.5	8.1	4.6	(0.1)	8.2	N.M.	8.4	16.3	(48.7)
NPAT	7.5	7.8	(4.7)	(1.2)	7.4	N.M.	6.3	15.3*	(58.9)
EBITDA	15.3	14.9	2.7	6.3	14.8	(57.4)	21.6	29.7	(27.3)
EPS (Singapore cents)	1.64	1.67	(2.2)	(0.26)	1.59	N.M.	1.38	3.27	(57.8)
Annualised RoE (%)							7.2	18.9	(11.7% pts)

* After a S\$2.4 million charge for impairment of goodwill.

Healthy Performance since Restructuring



Summary of Balance Sheet

S\$'million	31 December			
	2019	2020	2021	2022
Cash & bank balances	8.7	29.0	27.7	29.4
Net current assets	(26.2)	9.0	22.6	24.8
Net non-current assets	88.1	67.2	65.2	63.2
Total net assets	61.9	76.2	87.7	88.0
Shareholders' equity	61.8	74.5	86.9	87.2
Non-controlling interests	0.02	1.7	0.9	0.8
Total Equity	61.9	76.2	87.7	88.0
NAV per share (S'pore cents)	13.2	15.9	19.0	19.2

Key Highlights:

- Balance sheet continued to strengthen in FY2022.
- Inventories, receivables and payables declined in line with reduced revenue in 2H2022
- \$6.8 million outstanding borrowings
- Recent valuation of Land and Building in Shenzhen, China at S\$45.5 million far exceed S\$17.5 million net carrying value on the books.

Key Financial Ratios

- Key financial matrices remain relatively healthy despite reduced profits, increased industry headwinds and challenging macroeconomic environment.

						31 December			
S\$ Mil						2019	2020	2021	2022
Working Capital Ratio (Current Assets / Current Liabilities)						0.79	1.08	1.17	1.42
Current Assets						95.8	115.8	152.0	84.2
Current Liabilities						122.0	106.8	129.4	59.4
Net Gearing Ratio ([Total borrowings - Cash at Bank] / Equity)						32.0%	Nil	Nil	Nil
Net borrowings / (Cash)						19.8	(15.8)	(16.4)	(22.6)
Equity						61.9	74.5	86.9	87.2
Interest Coverage Ratio ([EBITDA - CAPEX payment] / Interest expense)						(3.63)	22.20	21.41	10.16
EBITDA						(0.5)	29.9	29.7	21.6
CAPEX Payment						(6.7)	(3.7)	(5.6)	(4.7)
Interest Expenses						2.0	1.2	1.1	1.7
Annualised Return on Equity (%) (Net Profit / Average Equity)						-29.4%	20.7%	18.9%	7.2%
Net Profit						(21.4)	14.1	15.3	6.3
Average Equity						72.8	68.2	80.7	87.0
Annualised Return on Assets (%) (Net Profit / Total Assets)						-11.0%	7.0%	6.7%	4.1%
Net Profit						(21.4)	14.1	15.3	6.3
Total Assets						193.6	201.8	228.7	153.5



Investment Highlights

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:

- Leveraging machining competencies of the HDD business to expand into high growth industries such as wireless 5G network, microwave systems, engineering and automotive
- Diversification of customers, industries and markets
- Potential expansion into upstream value add die casting operations
- Enjoy economies of scale from utilisation of existing machining facilities and resources in Thailand

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

Diversification Strategy:

- Remained 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

Position Among Peers*

	Market Cap (S\$' m)	Price (S\$)	Net profit margin (%)	ROE (%)	Debt / Equity (times)	P/E (times)	Div yield (%)
BIGL	44.01	0.10	1.79	7.22	Net Cash	7.03	9.7
Frencken Group Limited	478.27	1.12	6.86	14.27	0.032	9.01	3.59
UMS Holdings Limited	751.00	1.12	18.51	19.99	Net Cash	12.33	3.52
Venture Corporation Limited	5,043.12	17.33	9.97	12.51	Net Cash	14.54	4.14
Micro-Mechanics (Holdings) Ltd	319.77	2.30	20.91	31.76	Net Cash	19.47	5.24
InnoTek Limited	112.18	0.49	1.50	1.43	Net Cash	42.64	4.21

**Source: ShareInvestor.com, data as at 27 Feb 2023, 5.30pm
All figures have been rounded*



Thank You

Questions please?