



**Aztech Global Ltd.**

**FY2021 Results Presentation**

**22 February 2022**

***Aztech***

## 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.

# FY2021 Results Briefing Scope

1. Financial Performance Review
2. Fortifying Business Resiliency
3. Order Book Update & Outlook

# Financial Performance Review

Design to Build Resilient & Sustainable Manufacturability

**Aztech**

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## Resilient FY2021 Performance Despite Global Logistics & Components Challenges

### Revenue

**+28.9%**

\$624.4 M

### EBITDA

**+25.6%**

\$95.8 M

### Effective Tax Rate

**-370bps**  
12.5%

### Net Profit

**+33.5%**

\$74.4 M

### Net Profit Margin

**+40bps**  
11.9%

### EPS

**+11.0%**  
10 Cents

As at 31 December 2021

### Net Cash

**\$186.8M**

31 December  
2020: (\$21.6 M)

### NAV/Share

**38.0 Cents**

31 December  
2020: 6.73 Cents

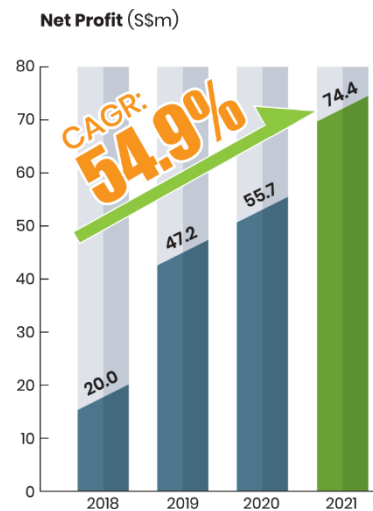
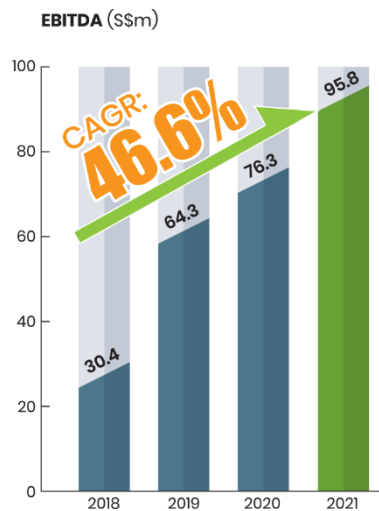
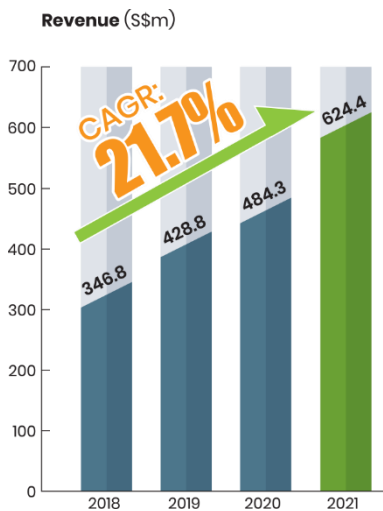
- (1) EPS for 2021 has been computed based on the profit attributable to equity holders of our Company and weighted average no. of ordinary share of 743,892,381. The fully diluted EPS is the same as the EPS based on the weighted average no. of ordinary shares on issue (as there were no options granted 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 31 December 2021/2020 has been computed based on the net assets of our Company and no. of ordinary share of 771,952,945 and pre-invitation share capital of 618,720,000 Shares.

### Higher Dividend Payout Ratio of 51.9% on Strong FY2021 Financial Performance

Proposed  
**Final Dividend Per Share**  
**5 cents**

- Dividend payout ratio of 51.9% was higher than the indicated distribution of at least 30% of net profits excluding exceptional items
- Proposed final tax-exempt dividend is subject to shareholders' approval at the upcoming Annual General Meeting

## Attain Another Year of Record Performance



# FY2021 Results Y-o-Y Comparison



## Growth Momentum Continued into FY2021

\$ Million	FY2018	FY2019	FY2020	FY2021	FY21/20 Change
<b>Revenue</b>	<b>346.8</b>	<b>428.8</b>	<b>484.3</b>	<b>624.4</b>	<b>28.9%</b>
EBITDA	30.4	64.3	76.3	95.8	25.6%
<b>Pre-tax Profit</b>	<b>22.1</b>	<b>54.8</b>	<b>66.5</b>	<b>85.0</b>	<b>27.7%</b>
PBT Margin (%)	6.4	12.8	13.7	13.6	(10 bps)
Income Tax Expense	(2.1)	(7.6)	(10.8)	(10.6)	(1.9%)
Effective Tax Rate (%)	9.4	13.9	16.2	12.5	(370 bps)
<b>Net Profit</b>	<b>20.0</b>	<b>47.2</b>	<b>55.7</b>	<b>74.4</b>	<b>33.5%</b>
Net Profit Margin (%)	5.8	11.0	11.5	11.9	40 bps
<b>EPS (cents)<sup>(1)</sup></b>	<b>3.23</b>	<b>7.62</b>	<b>9.01</b>	<b>10.00</b>	<b>11.0%</b>

(1) EPS for 2021 has been computed based on the profit attributable to equity holders of our Company and weighted average no. of ordinary share of 743,892,381. 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 2018 to 2020 has been computed based on the profit attributable to equity holders of our Company and pre-invitation share capital of 618,720,000 Shares.



## 2H 2021 Results Y-o-Y Comparison

### Achieve Better 2H 2021 Net Profit on Record 4Q 2021 Sales & Lower Effective Tax Rate

\$ Million	2H 2021	2H 2020	% Change	Q4 2021	Q4 2020	% Change
<b>Revenue</b>	<b>374.7</b>	<b>355.2</b>	<b>5.5</b>	<b>233.7</b>	<b>222.0</b>	<b>5.2</b>
EBITDA	56.9	56.1	1.4	33.9	32.4	4.8
<b>Profit Before Tax</b>	<b>51.3</b>	<b>51.2</b>	<b>0.2</b>	<b>31.1</b>	<b>29.9</b>	<b>3.8</b>
PBT Margin (%)	13.7	14.4	(70 bps)	13.3	13.5	(20 bps)
Income Tax Expense	(6.4)	(8.5)	(25.4)	(4.1)	(4.7)	(13.1)
Effective Tax Rate (%)	12.4	16.7	(430 bps)	13.1	15.7	(260 bps)
<b>Net Profit</b>	<b>45.0</b>	<b>42.7</b>	<b>5.3</b>	<b>27.0</b>	<b>25.2</b>	<b>6.9</b>
Net Profit Margin (%)	12.0	12.0	(0 bps)	11.5	11.4	10 bps
<b>EPS (cents)<sup>(1)</sup></b>	<b>5.9</b>	<b>6.9</b>	<b>(14.5)</b>	<b>3.6</b>	<b>4.1</b>	<b>(12.2)</b>

(1) EPS for 2H 2021 has been computed based on the profit attributable to equity holders of our Company and weighted average no. of ordinary share of 743,892,381. 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 2H 2020 has been computed based on the profit attributable to equity holders of our Company and pre-invitation share capital of 618,720,000 Shares.

## Deliver Sequential Record 4Q 2021 Performance

\$ Million	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY2021
<b>Revenue</b>	<b>115.9</b>	<b>133.7</b>	<b>141.1</b>	<b>233.7</b>	<b>624.4</b>
EBITDA	17.9	21.1	22.9	33.9	95.8
<b>Profit Before Tax</b>	<b>15.2</b>	<b>18.4</b>	<b>20.3</b>	<b>31.1</b>	<b>85.0</b>
PBT Margin (%)	13.1	13.8	14.4	13.3	13.6
Income Tax Expense	(2.0)	(2.2)	(2.3)	(4.1)	(10.6)
Effective Tax Rate (%)	13.1	11.9	11.3	13.1	12.5
<b>Net Profit</b>	<b>13.2</b>	<b>16.2</b>	<b>18.0</b>	<b>27.0</b>	<b>74.4</b>
Net Profit Margin (%)	11.4	12.1	12.8	11.5	11.9
<b>EPS (cents)<sup>(2)</sup></b>	<b>2.01</b>	<b>2.11</b>	<b>2.34</b>	<b>3.54</b>	<b>10.0</b>

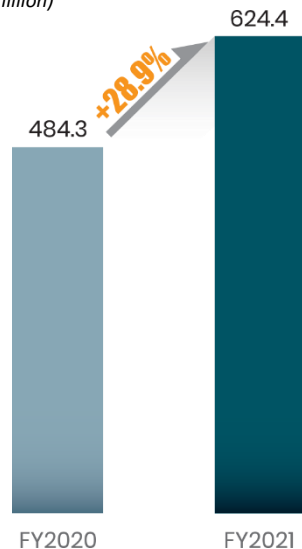
Production facilities in Dongguan, China has been instrumental in the delivery of customers orders during the enhanced MCO restrictions in Malaysia from June to October 2021. Production plant in Malaysia has returned to 100% workforce following achievement of 100% plant-wide vaccination rate.

(1) EPS for 2021 has been computed based on the profit attributable to equity holders of our Company and weighted average no. of ordinary share of 743,892,381. 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).

## IoT Devices & Data-Communications Products Continued to be Revenue Growth Driver

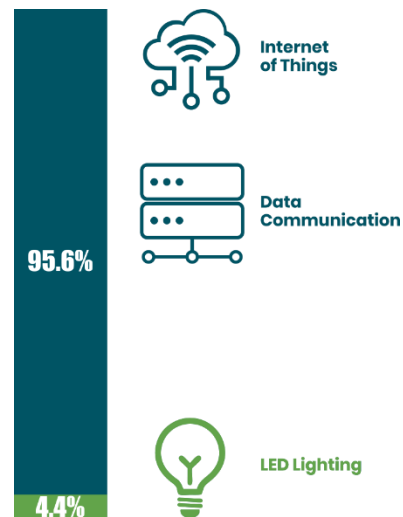
### Revenue

(in \$ million)



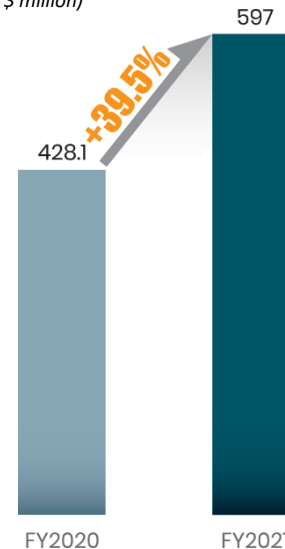
### Segment Revenue

(in \$ million)



### IoT and Datacom Products

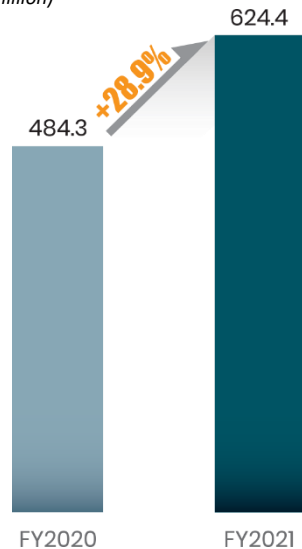
(Revenue in \$ million)



### Core Markets of North America & Europe Make Up Over 96% of Revenue

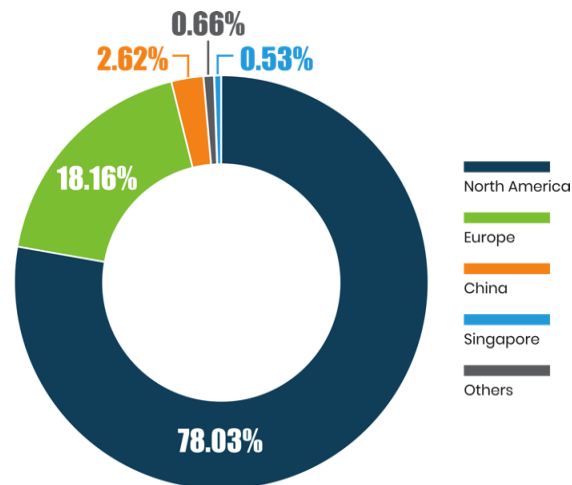
#### Revenue

(in \$ million)



#### Revenue by Countries

(in \$ million)



Revenue contribution from core markets of North America and Europe grew from 95% in FY2020 to 96.2% in FY2021 driven by lifestyle consumer electronics, consumer healthtech and smart lighting products.

# Balance Sheet Summary as at 31 December 2021

## Healthy Balance Sheet with Strong Cash Position

(\$ million)	31 December 2021	31 December 2020
Cash & Bank Balances	201.5	11.5
Net Current Assets	271.3	17.9
Net Non-current Assets	21.7	23.7
<b>Total Net Assets</b>	<b>293.0</b>	<b>41.6</b>
Accumulated Profits	91.3	32.3
Share Capital & Reserves	201.7	9.3
<b>Total Equity</b>	<b>293.0</b>	<b>41.6</b>

As at 31 December 2021, the Group recorded a strong cash and bank balances of \$201.5 million, while accumulated profits more than doubled to \$91.3 million.

## Balance Sheet Summary as at 31 December 2021

### Healthy & Positive Net Cash Position

(\$ million)	31 December 2021	31 December 2020
Cash & Cash Equivalents	201.5	11.5
Less Total Borrowings	14.7	33.0
<b>Net Cash (Net Debt)</b>	<b>186.8</b>	<b>(21.5)</b>

As at 31 December 2021, the Group recorded a net cash of \$186.8 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 SGX-ST, and after deducting net cash dividend payment of \$15.3 million in Q2 2021.

## Balance Sheet Summary as at 31 December 2021

### Positive Free Cash Flow

(\$ million)	FY2021	FY2020
Cash Flow From Operating Activities	41.9	28.6
Less Capital Expenditure	4.8	11.2
<b>Free Cash Flow</b>	<b>37.1</b>	<b>17.4</b>

The Group generated free cash flow of \$37.1 million for FY2021.

In FY2020, the Group invested \$11.2 million in the purchase of plant and equipment as well as renovation for its facility in Johor, Malaysia during the financial year ended 31 December 2020.

# Fortifying Business Resiliency


Design to Build Resilient & Sustainable Manufacturability

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## Pivoting Growth & Diversification across multi-sectors powered by the IoT trend

- 
- Grow New Internet of Things (IoT) Customers & Products
  - Manufacturing, Technology & Talent Development
  - Business Execution Capability
  - Business Sustainability
  - Discipline Balance Sheet and Cost Management

## Enhancing Growth Resiliency & Widening Portfolio of High Quality Customers

### Existing Customers

- Entrench positioning
- Seamless enabling of existing and new product development roadmap

### Grow our JDM & ODM Business

- To increase revenue contribution from JDM & ODM business



### New Customers

- Add 2-3 new customers a year
- Derive 10% of FY2022 revenue from new customers

### Deepen and Widen our Customer Reach across Different Growth Sectors

- Develop our footprint in growing sectors including Healthtech, Automotive, Lifestyle Electronic Devices, Industrial, etc.
- Identified sectors growing at between 2021-2028 CAGR of 17%-26%

- (1) Global IoT market is projected to grow at a 2021-2028 CAGR of 24.5% to US\$1,842 billion in 2028. (Source: Facts & Factors, January 2022)
- (2) Global IoT healthtech market is projected to grow at 2021-2028 CAGR of 25.9% to US\$446.5 billion in 2028 from US\$89.07 billion. (Source: Fortune Business Insights, June 2021)
- (3) Global IoT automotive market is estimated to grow at 2021-2028 CAGR of 25.5% from US\$58.7 billion to US\$286.8 billion. (Source: BlueWeave Consulting & Research Pvt Ltd, December 2021)
- (4) Global consumer IoT market is estimated to grow at 2021-2028 CAGR of 16.7% to reach US\$153.8 billion in 2028. (Source: Verified Market Research, July 2021)
- (5) Smarting lighting is projected to grow at 2020-2028 CAGR of 20.4% to US\$46.9 billion in 2028. (Source: Grand View Research, August 2021)
- (6) North America Smart home security camera is projected to grow at a 2021-2028 CAGR of 17.4% to US\$7.88 billion in 2028. (Source: Grand View Research, December 2021)
- (7) Global IoT industrial market is estimated to grow at 2021-2028 CAGR of 22.8% to US\$1.11 trillion in 2028. (Source: Grand View Research, June 2021)

## Deepening Manufacturing & IoT Expertise Driving Innovation & Growth



**Enhance Manufacturing Capabilities & Flexibility**



**Improve Technological Offerings & Innovation**



**Expand Manufacturing Capacity**



Deepen IoT Domain Expertise and Innovation eg Edge AI, NB-IoT, LEO, 5G etc.



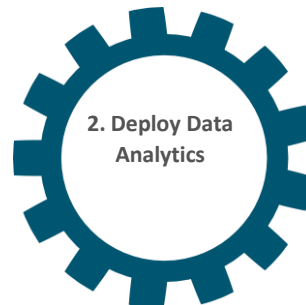
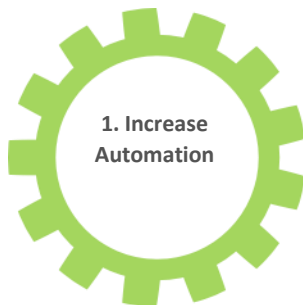
## Excellent Execution with Automation, Data-Analytics & Proactive Customers Engagement



**Harnessing the prowess of data analytics through interactive platform with our customers to achieve greater security in our execution capability**




Optimise production through better planning and management of components




### Measures to Manage Component Shortage



Actively  
collaborate with  
customers on  
design changes to  
use alternative  
component



Collaborate  
with our long-  
term suppliers  
to secure  
required  
components



Expand our  
resourceful  
base of  
alternative  
suppliers

### Component Management Approach

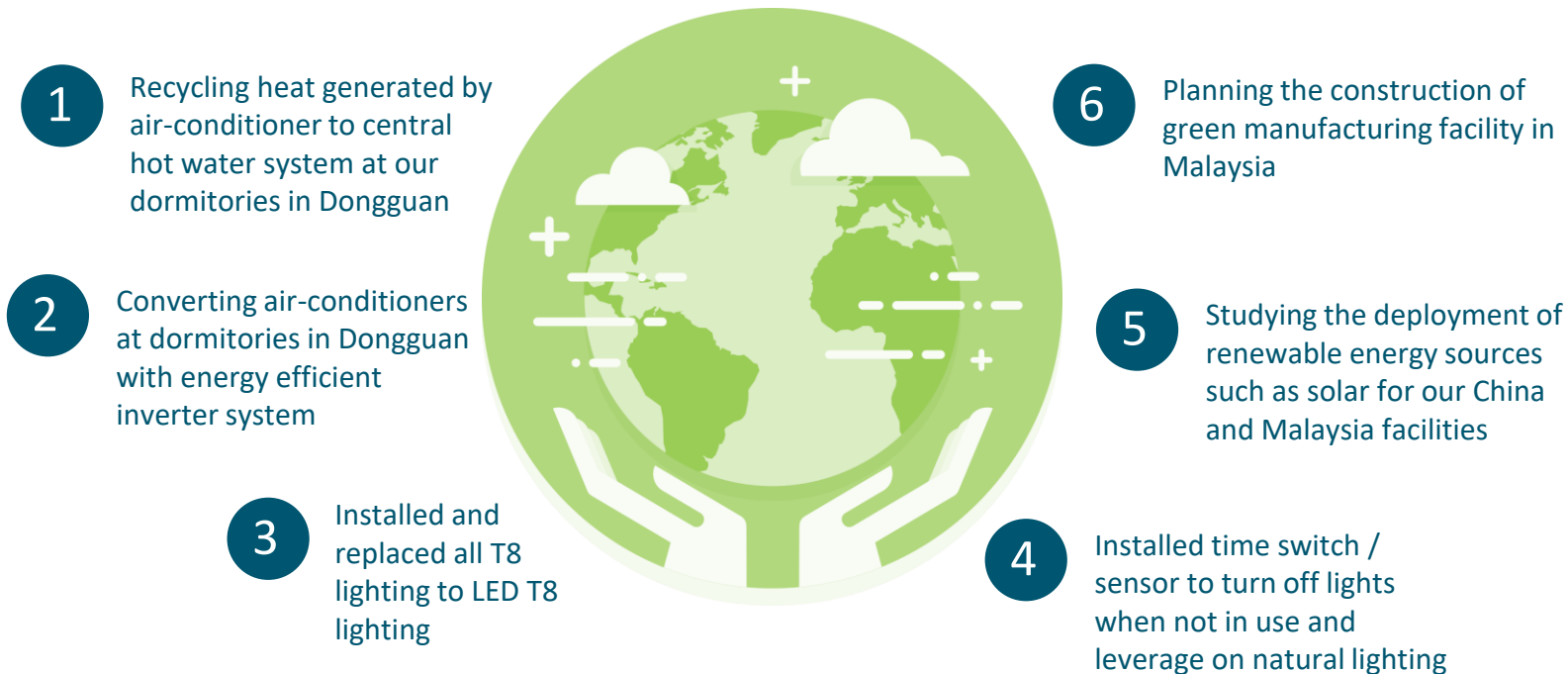
## Taking the Smart path with Sustainability



Sustainability vision is anchored on our core values – Integrity, Commitment and Excellence. We strive to do the right thing even when it is not easy and we are committed to transform a promise into a reality while embracing excellence as a cornerstone of everything we do. We are committed to conduct our business in a responsible and sustainable manner.

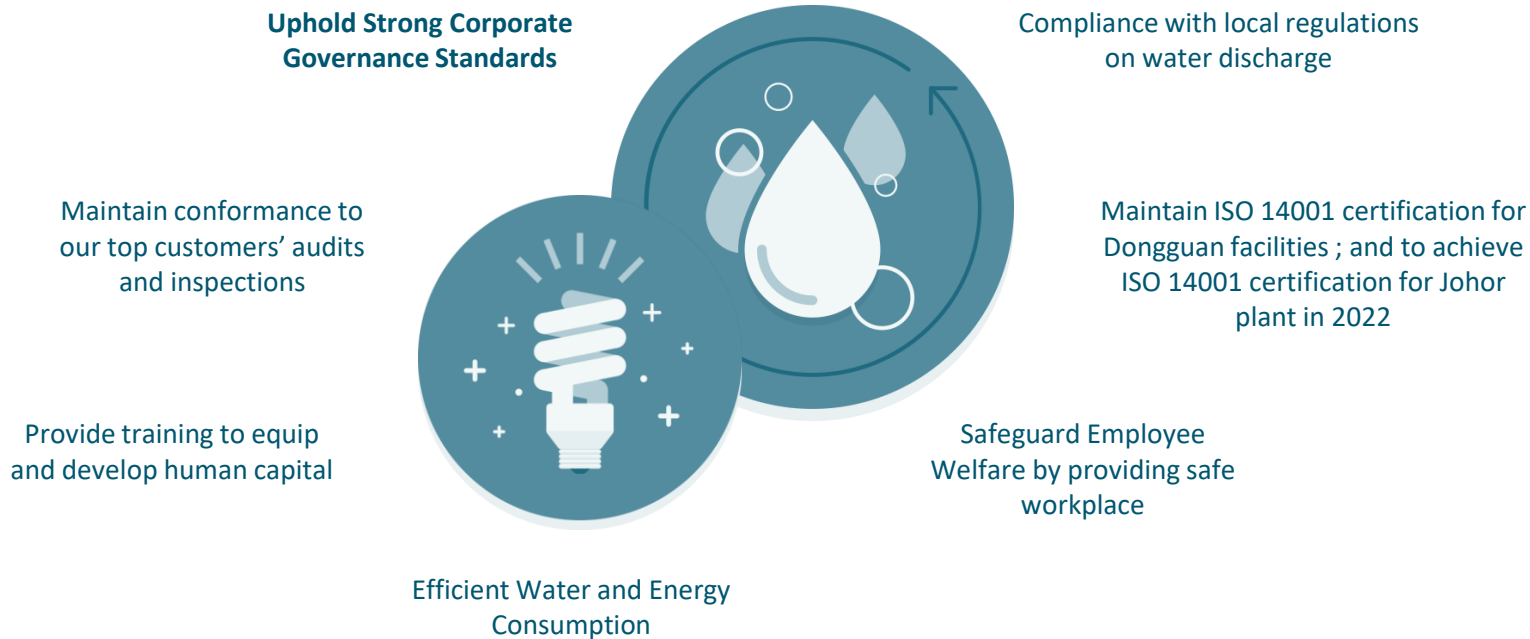
Click here to access our Sustainability Report 2020:  
<https://www.aztechglobal.com/sustainability/index.html>

## Reducing carbon footprint through more efficient energy consumption





## Some of the Key EESG Targets



## Discipline Management of Financial Resources to Maintain Strong Net Cash Position

**Proactive working capital management** to achieve robust liquidity



**Maintain healthy debt to equity ratio** of not more than 20%



**Active foreign exchange management** to minimise risk of losses resulting from volatile exchange rate fluctuations



Operate with a **lean and nimble structure** to reduce overheads



**Effective tax management** to achieve reasonable effective tax rate



To continue to reward shareholders with **dividend payout** of **≥30%** of net profit excluding exceptional items



# Order Book Update & Outlook

Design to Build Resilient & Sustainable Manufacturability

**Aztech**

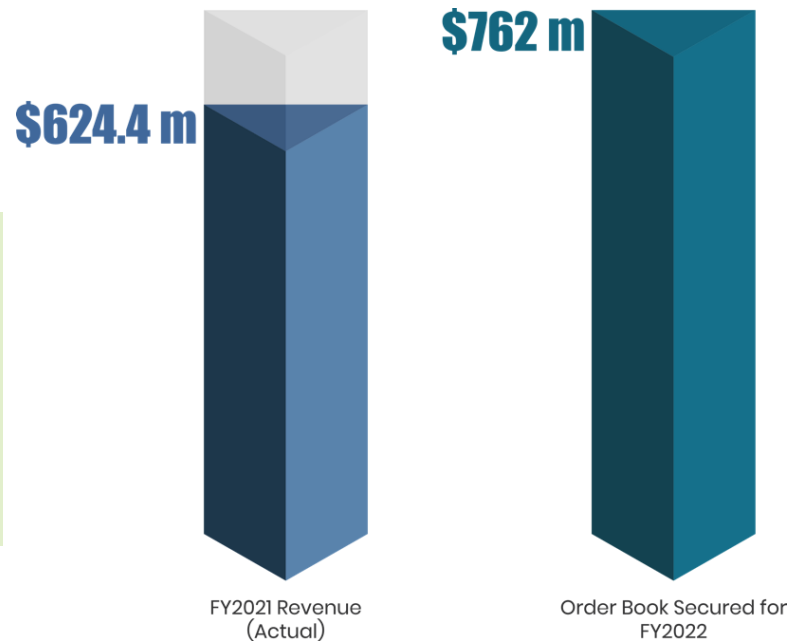
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### Order book remains Strong



Order book remains strong

- As at 31 December 2021, order book was \$495.8 million
- The Group has since secured additional orders of \$266.2 million as at 22 February 2022
- total order book was \$762 million for FY2022



## **Optimistic of 2022 business outlook with various measures & growth initiatives in place to fortify business resiliency amidst global component shortage & logistics challenges.**

We are optimistic of 2022 business outlook as we navigate through the global component and logistics challenges expected in the next 12 months. With the various measures and growth focuses put in place to fortify our business resiliency, we expect our operations to benefit from

- Unabating global demand for IoT and data communication products;
- Improving vaccination rates against COVID-19 in countries where the Group has operations in;
- Strong order book secured; and
- Robust balance sheet to support growth.



# Thank You

22 Feb 2022



*Aztech*