NTI® NanoFilm
ADVANCING TECHNOLOGY SOLUTIONS

Nanofilm Technologies International Limited

Nanofilm Technologies International

FY2020 Results Announcement

26 February 2021

Nanofilm Technologies International Limited

Results Overview

FY2020

Leading Deep-Tech Provider of Nanotechnology Solutions

Differentiated technology-based solutions provider

- **Advanced Materials,** via proprietary vacuum deposition process, with special surface properties
- **Proprietary nanofabrication** technologies for affordable mass-production of critical components
- **Redrawing the boundaries** of materials science to enable new end-product material & nanoscale / nanofeature possibilities

Mission-critical products to enable our customers

- **Joint collaboration and R&D** with customers
- **Single source supplier** to many of our top customers

Multiple avenues of growth with projected TAM(1) for advanced materials of **US$24.3bn** by 2023F with additional **US$423.0bn** components manufacturing TAM(2)

Proprietary and versatile in-house nanotechnology platform combined with engineering & operational excellence

Listed on SGX Mainboard in 2020
Track record of strong financial performance

- Sustainable, driven by our core value propositions

Our solutions being an integral part of modern daily lives

>70 (ex. >20 pending)
Patents and Trademarks

>270
Employees engaged in R&D and Engineering

>5,000,000
Daily turn-around parts capacity with flexibility to handle close to 300 product types

Source: Company information, Frost & Sullivan
(1) Total Addressable Market
(2) Based on Frost & Sullivan's forecast of the market size for advanced materials in its report "Independent Market Research (IMR) on the Global Advanced Materials Industry"

FY2020: Record Financial Year

Revenue –
Strong and accelerated growth

Adjusted EBITDA –
Grew at faster pace

PATMI –
Up 61% YoY

(S$m)

(S$m)

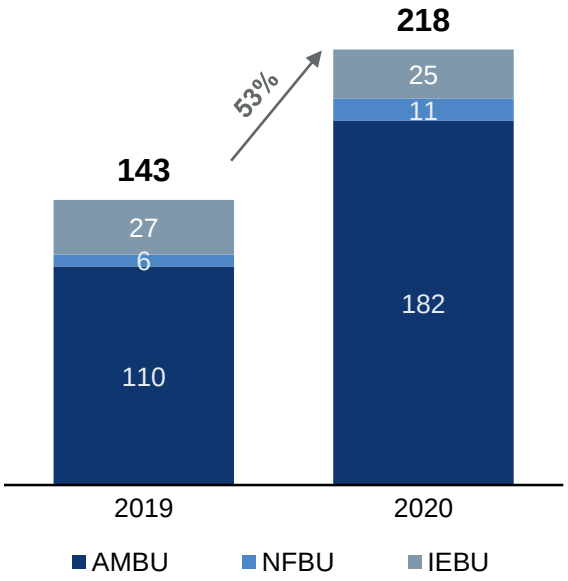
(S$m)

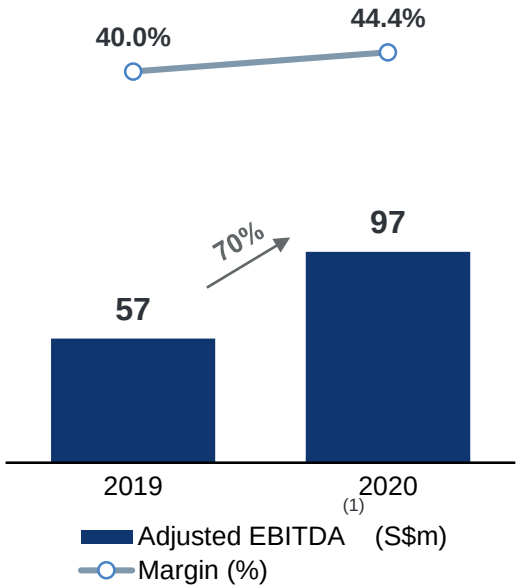
NTI Group YoY Growth (%)

16% 53% 13% 70% 22% 61%

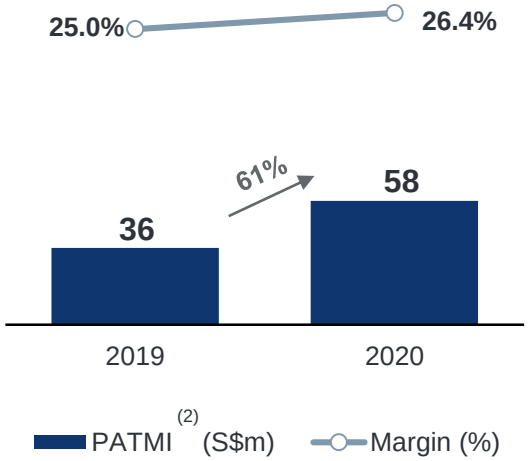
- AMBU strong growth underwritten by 3C and Automotive sub-segments
- Strong growth from NFBU driven by mass production of Fresnel lenses

- Higher rate of growth in income benefited from economies of scale and operational excellence, with increased efficiency and effectiveness of our production processes
- Notwithstanding the incurrence of one-off net listing expenses of S$2.2 mil and restricted shares award costs of S$3.2 mil, partially offset by the receipt of Covid-19 related government grants of S$1.2 mil





(1)



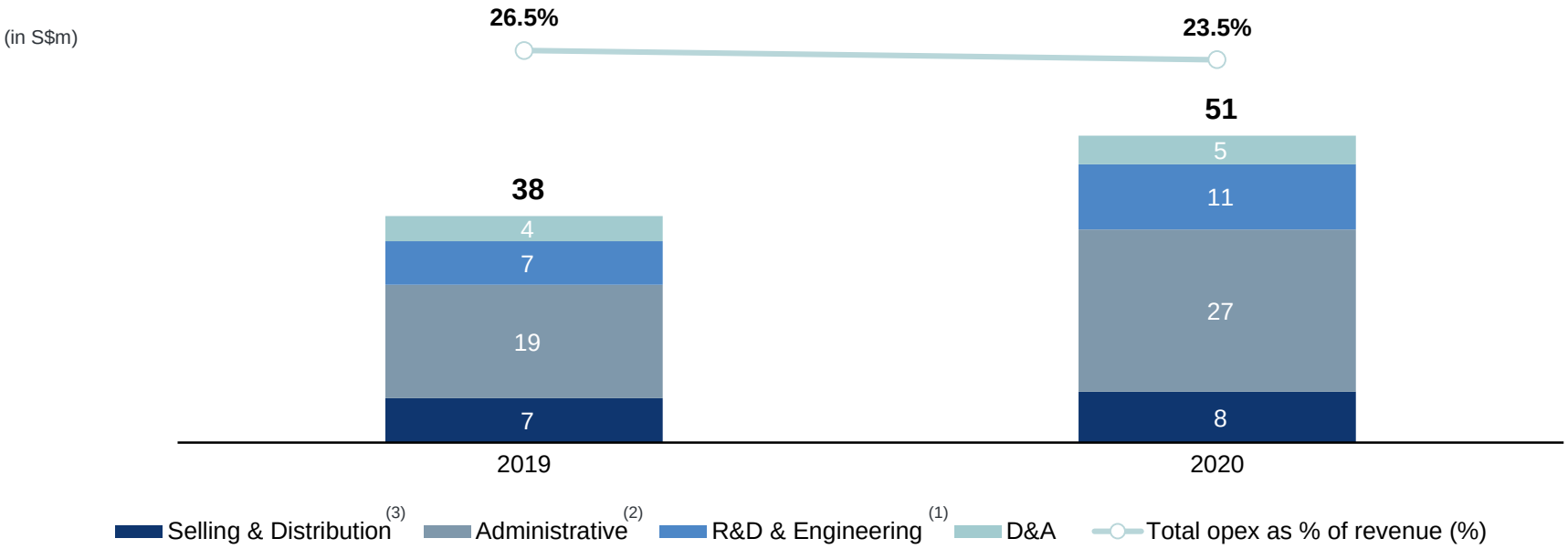
(2)

Source: Company information
(1) Adjusted EBITDA is reconciled from profit before income tax by adding back depreciation, amortization, net finance expenses, listing-related expenses, other professional fees, and other exceptional items
(2) Refers to profit attributable to equity holders of the Company

Benefiting from Economies of Scale & Operating Excellence

Operating expenses – Decline in % proportion to revenue

	2019		2020	
	S$m	*% of revenue*	*S$m*	*% of revenue*
D&A	**4.2**	**2.9%**	**4.8**	**2.2%**
R&D & Engineering (1)	**7.3**	**5.1%**	**10.9**	**5.0%**
Administrative (2)	**19.0**	**13.3%**	**27.2**	**12.4%**
Selling & Distribution (3)	**7.4**	**5.2%**	**8.5**	**3.9%**

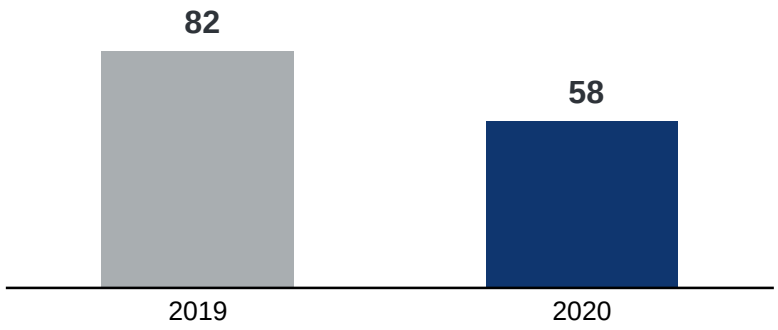


Source: Company information
(1) R&D & Engineering expense excludes Depreciation & Amortisation expenses
(2) Administrative expense excludes Depreciation & Amortisation expenses
(3) Selling & Distribution expense excludes R&D & Engineering and Depreciation & Amortisation expenses

Effective Working Capital Management

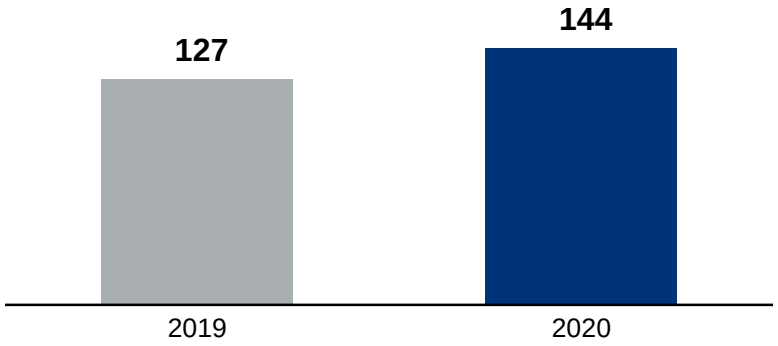
Inventory turnover period[1]

(in days)



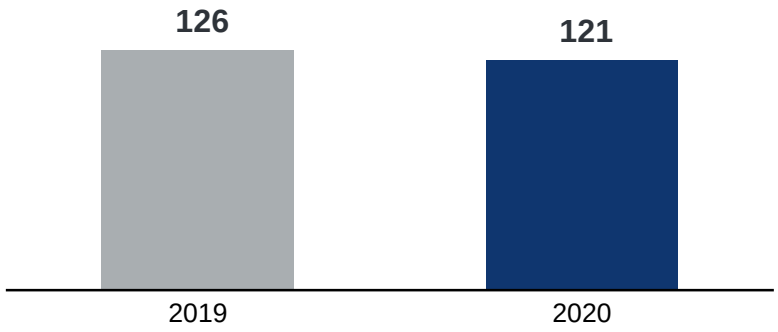
Trade receivables turnover period[2]

(in days)



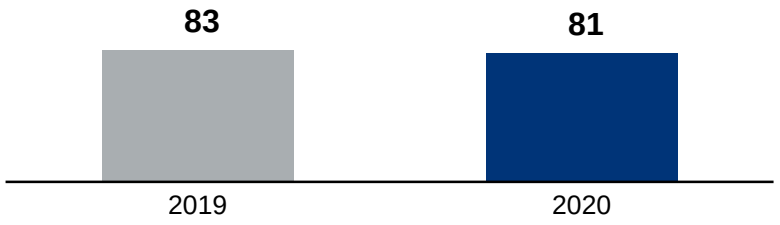
Trade payables turnover period[1]

(in days)



Cash conversion cycle[3]

(in days)



Source: Company information

(1) Computed by multiplying the amount of inventories (trade payables) at the end of each year by the number of calendar days in the year and dividing the resulting figure by the cost of sales (cost of inventories consumed and consumables used) in respect of that year

(2) Computed by multiplying the amount of trade receivables at the end of each year by the number of calendar days in the year and dividing the resulting figure by the total revenue in respect of that year

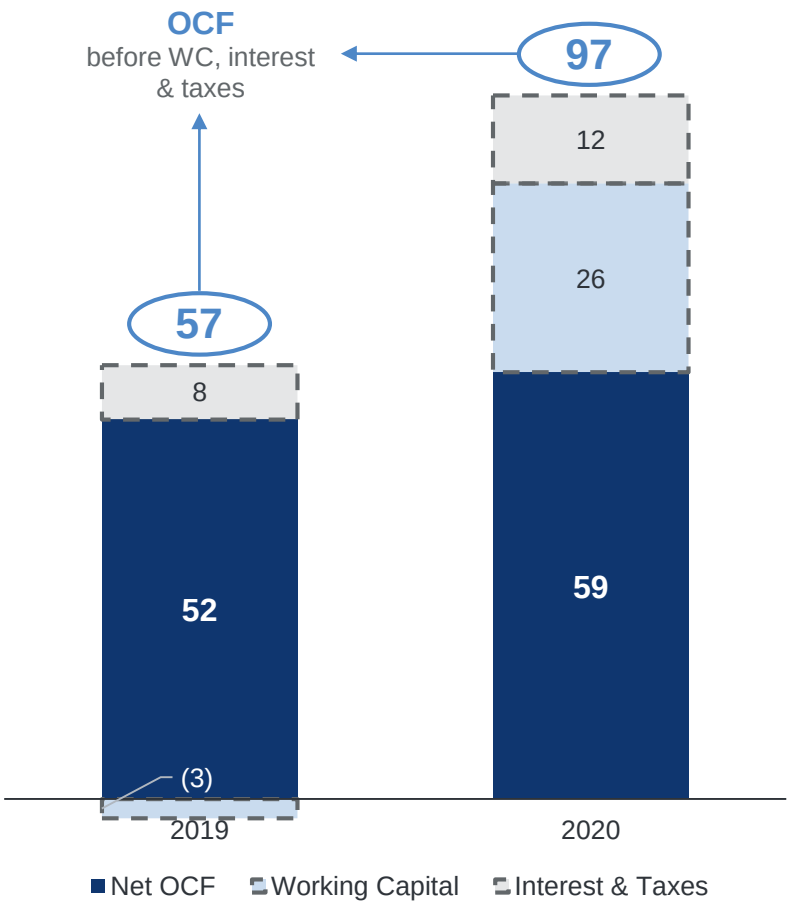
(3) Sum of inventory turnover period and trade receivables turnover period less trade payables turnover period

Strong Cash Flow Generation

Net cash balance provides financial flexibility

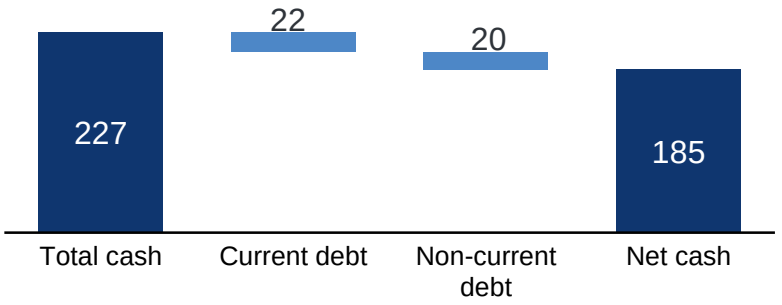
Strong operating cash flow

(in S$m)



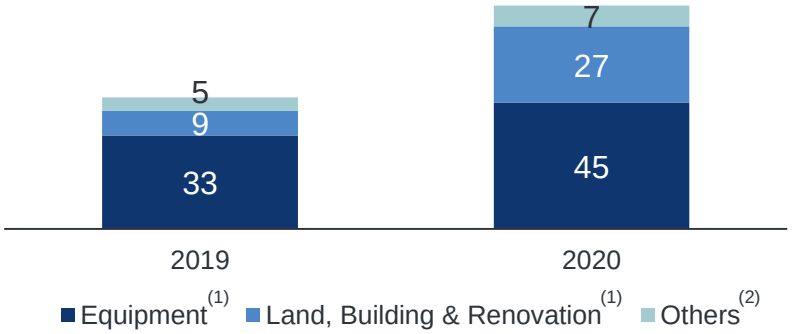
Net cash balance as of 31 December 2020

(in S$m)



Capex spend on infrastructure and equipment paving way for long-term growth

(in S$m)



Source: Company information
(1) Includes Construction-in-progress
(2) Other capex spend includes office equipment, tools and supplies, and motor vehicles

Nanofilm Technologies International Limited

Segmental Information

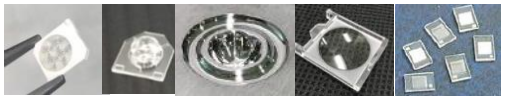
FY2020

Focused on Strategy Execution to Deliver Strong Growth

Advanced Materials BU ("AMBU")

- Provides mission critical surface solutions based on vacuum coating technologies and processes

Nanofabrication BU ("NFBU")[3]



- Part of our value chain integration and positions us to capture the nanoproducts (US$8bn) TAM opportunity[4]

Industrial Equipment BU ("IEBU")

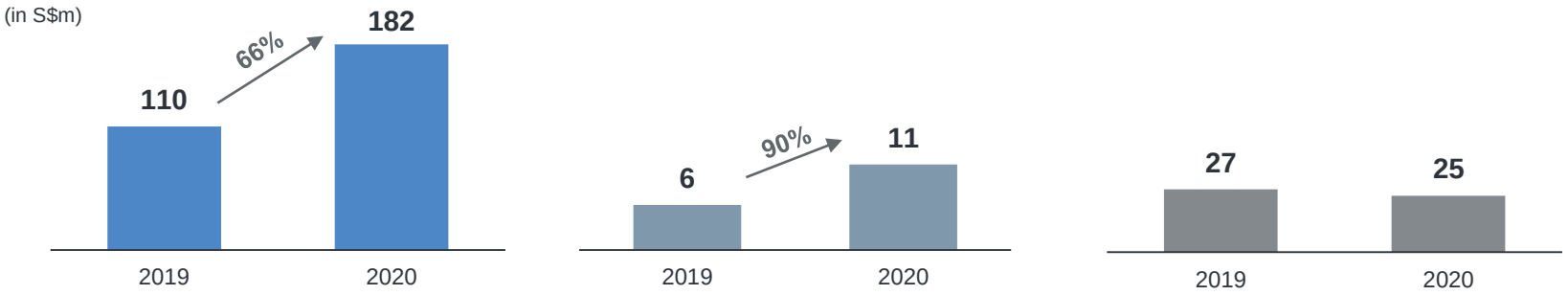
- Manufactures turnkey equipment systems for AMBU and for sale to selected customers[1]

Strong and Accelerating Growth

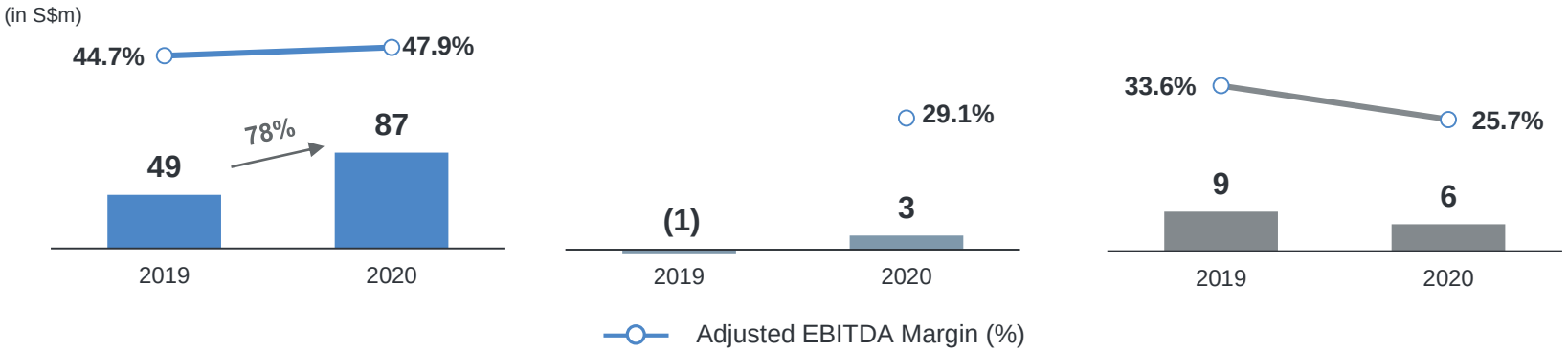
Synergistic Growth Engine

Selectively Serves Customers to Support AMBU

Revenue

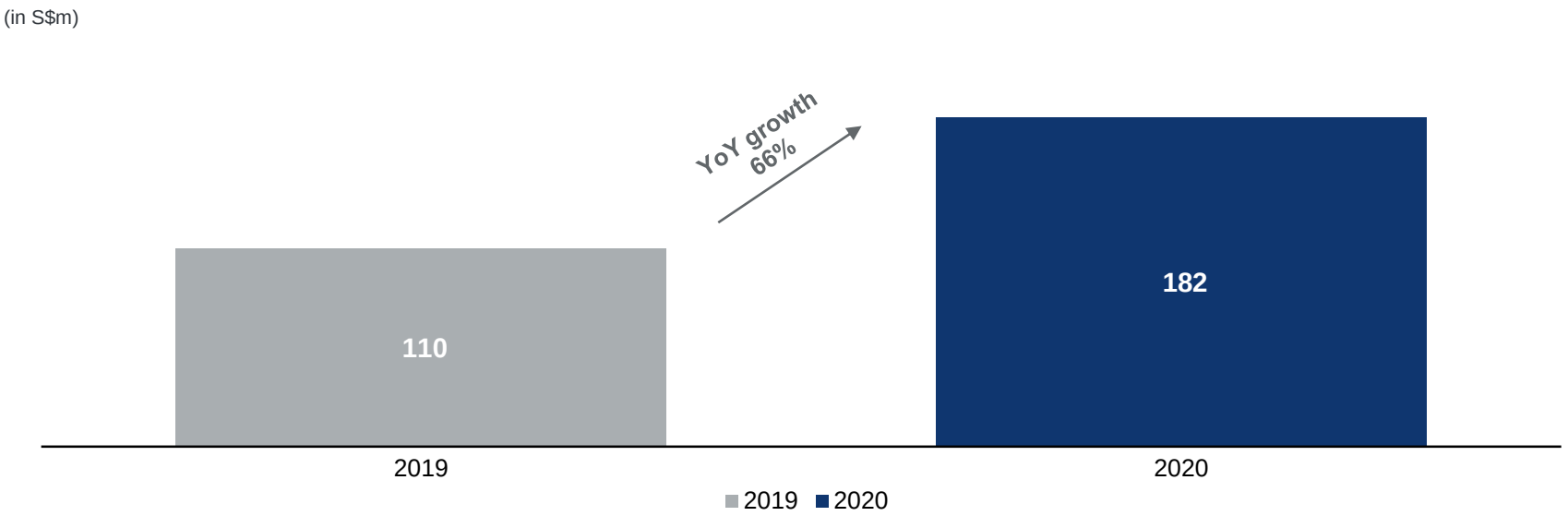


Adjusted EBITDA[2]



Source: Company information, numbers may not tie due to rounding (refer to results announcement)
(1) Company also provides customised operating software, training, spare-parts, customer service and after-sales support to IEBU customers
(2) Adjusted EBITDA is reconciled from profit before income tax by adding back depreciation, amortization, net finance expenses, listing-related expenses, other professional fees, and other exceptional items
(3) Nanofabrication BU is a start up that was acquired in 2018
(4) Based on Frost & Sullivan's forecast of the growth in the global market size for nanoproducts to US$7.8 billion in 2023 (IMR)

AMBU: Increasing Market Adoption of our Advanced Materials

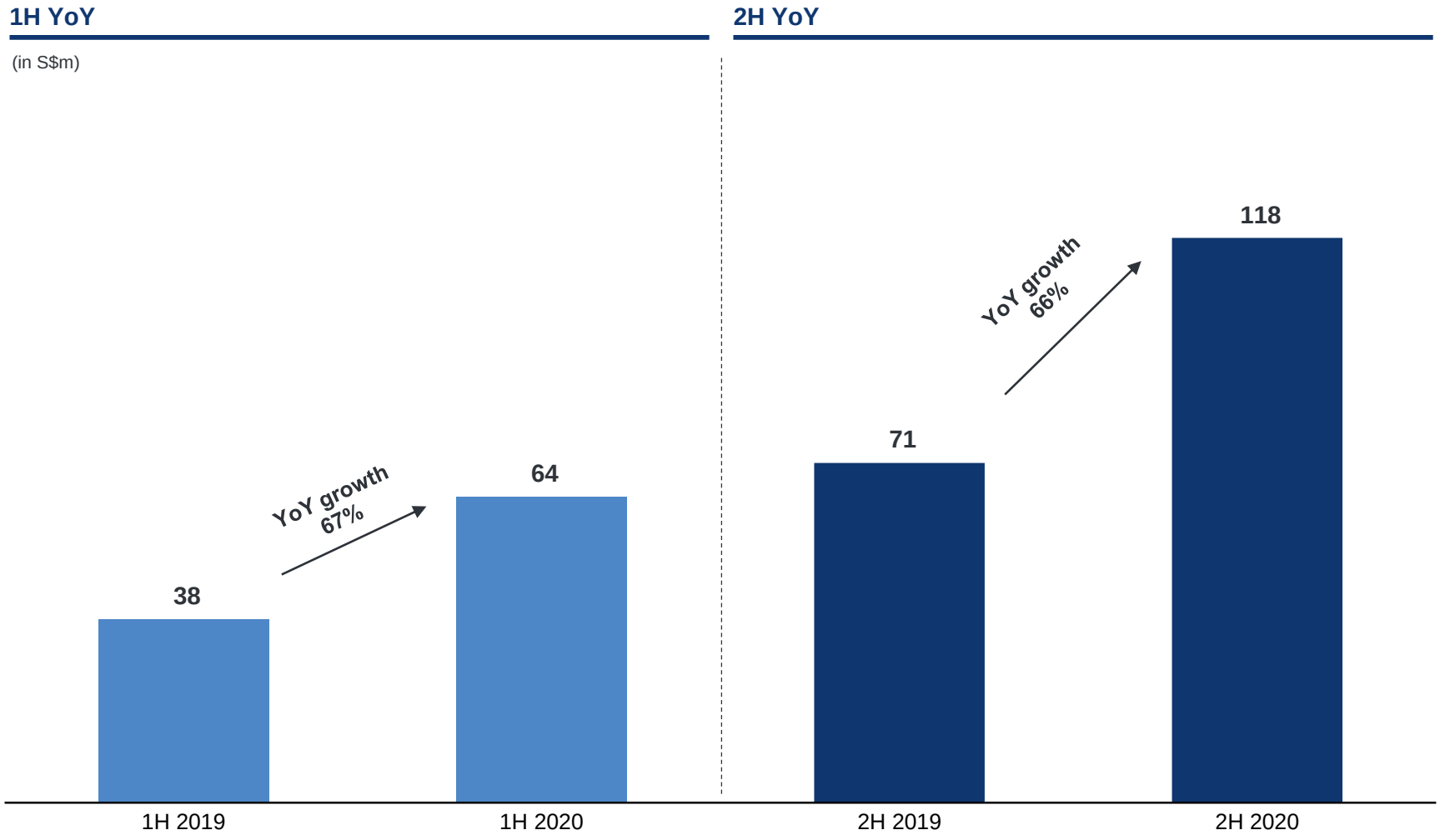


- **Increase in demand for our surface solutions across key product sub-segments**
  - The increase of 66% YoY was driven by increased revenue contributions from 3C and Automotive product sub-segments
  - While 3C sub-segment remains a key contributor, we are diversifying our revenue base into other sub-segments such as Automotive

Source: Company information

Accelerating Growth in AMBU Revenues

2H 2020 increased 66% YoY, from higher base



Source: Company information, numbers may not tie due to rounding (refer to results announcement)

Key Operating Data: AMBU

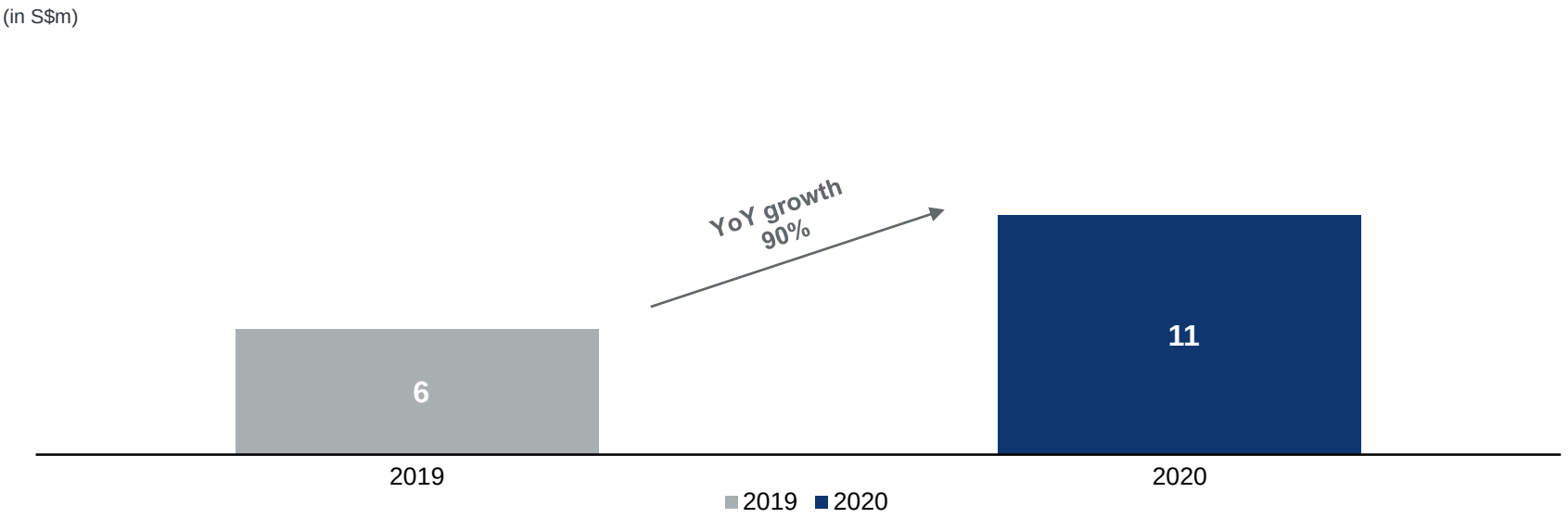
Key performance indicators for AMBU

	2019	2020
Coating equipment (no.)[1]	103	**176**
In-line coating equipment (no.)[2]	3	**4**
Equipment utilisation (%)[3]	71%	**74%**

- **Equipment utilisation**: Our long-term target optimal utilisation rate is ~80% with remaining un-utilized time catering for sufficient downtime to cycle between different customer orders, for maintenance and unforeseen breakdowns
- **AMBU production space**: Additional AMBU production space of 66,406 sqm is operational from Feb 2021 onwards with completion of our Shanghai Plant 2. This increases the Group's total gross floor area across all of its production facilities to over 110,000 sqm

Source: Company information
(1) Based on the number of coating equipment at the end of the financial year/period which are utilised to fulfil revenue generating customer orders only. This excludes coating equipment used for our R&D activities
(2) In-line coating equipment consists of several coating equipment and the capacity of an in-line coating equipment is approximately 4.5 coating equipment
(3) Utilisation rate is calculated by dividing the average number of operating hours of our coating equipment and in-line coating system by the number of hours in a day (i.e. 24 hours)

NFBU: Strong Growth Driven by Mass Production Projects



- **Relatively newer business that is gaining momentum with increasing contributions.** We acquired a 51% stake in Nanofab Technologies Pte Ltd(1) in Jan 2018, and further increased our stake twice as follows:
  - i. 70% in Nov 2018
  - ii. 90% in Jun 2020
  - iii. The increase of 90% YoY was primarily due to new projects for mass production of Fresnel lenses for smartphone applications

Source: Company information
(1) Nanofab Technologies Pte Ltd and its wholly owned subsidiaries, MG Consulting Co., Ltd, Nanofab Japan Co., Ltd and Nanofab Vietnam Co., Ltd

Key Operating Data: NFBU

Key performance indicators for NFBU

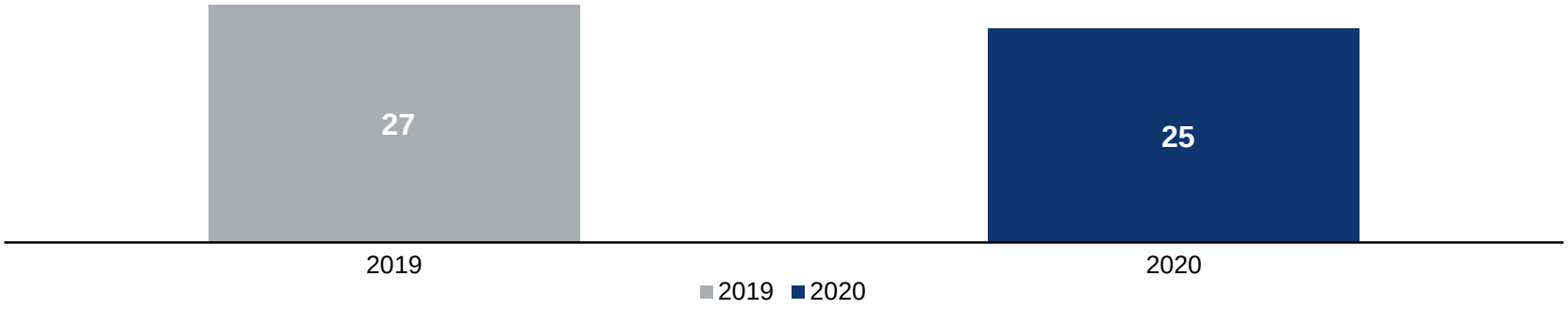
	2019	2020
Injection molding equipment (no.)[1]	14	**14**
Utilisation (%)	39%	**43%**

- Key equipment in NFBU includes:
  - **Tooling equipment**
  - **Injection mold equipment**
  - **AVI and testing equipment**

Source: Company information
(1) Figures only include equipment in our Hai Duong plant; as at the end of the period

IEBU: Caters to AMBU and remains Selective in Sales

(in S$m)



- The Group remains selective on equipment sales to external customers. The majority of coating equipment manufactured during the year were proprietary in nature and retained within the Group to support the Advanced Materials business unit

Source: Company information

Key Operating Data: IEBU

Key performance indicators for IEBU

	2019	2020
Equipment produced (no.)[(1)]	41	**83**
Equipment sold (no.)	8	**9**
Equipment used internally (no.)	33	**74**

- Over the years, we have been strategic in sales of our industrial equipment to select customers
- We balance our production output between our internal AMBU production capacity requirements and customer needs in industries where adopting coating services business model is not feasible
- In 2020, we have ramped up overall equipment production, primarily to increase our AMBU production capacity to meet the growing needs of our customers for our advanced materials coating solutions

Source: Company information
(1) Includes in-line coating equipment, figures as at the end of the period

Outlook

Outlook: Well-Positioned for Multiple Avenues of Growth

Executing Right Strategy to Maximize our Core Enabling Technologies in Applications & End-Markets to Achieve Sustainable Long-Term Growth

Advanced Materials Market size 2023E: US$24.3bn(1)

Value Chain Integration - Components TAM 2023E: US$423bn(1)

Capturing greater share in Established End-Markets	Take-off in Recently Established End-Markets	Vertical & Horizontal Integration	Future New Areas
3Cs	Automotive	FATP, Module / End Component New Applications	FMCG Personal grooming
Printing and Imaging	Optical Lens	*Automotive*	New Energy
Precision Engineering / HPLC Pumps / Valves	Optical Sensors	*Fuel Cell*	Medical Lens
		Optical lens	Biomedical
		Optical sensors	IoT Optics
		FMCG	
Continue to increase sales to existing customers and grow customer base	*Ramp-up demonstrated share gains in new markets*	*Leverage synergies across business segments to offer customers integrated solutions*	*Opportunistically enter new markets leveraging easily adaptable nature of technology*

Source: Frost & Sullivan, Company Information.
(1) Based on Frost & Sullivan's forecast in its IMR

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Thank You