

# Nanofilm Technologies International

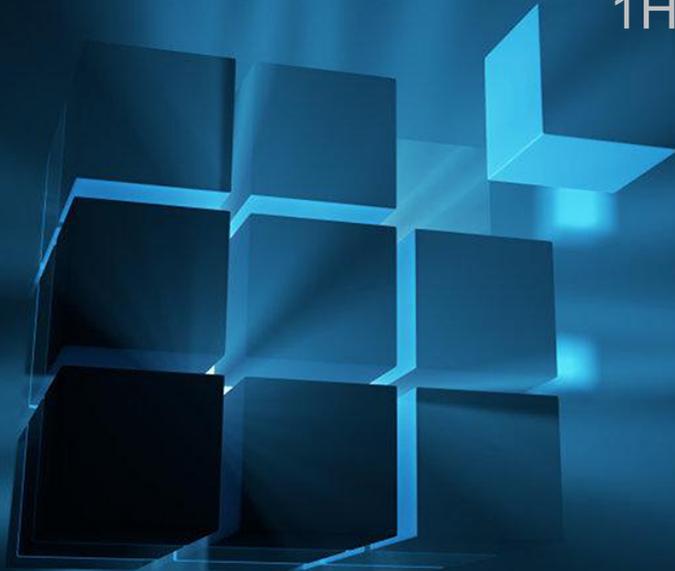
1H 2021 Results Announcement

16 August 2021



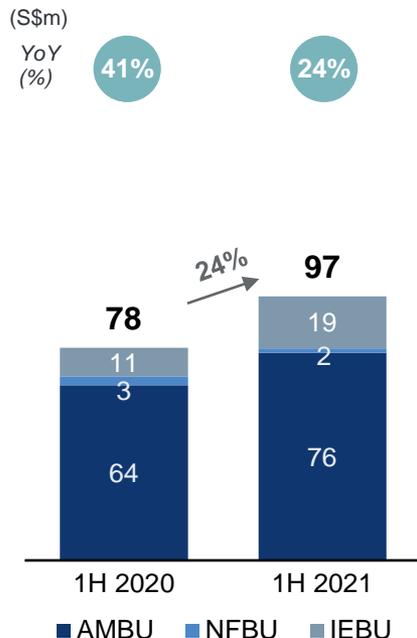
# Results Overview

1H 2021

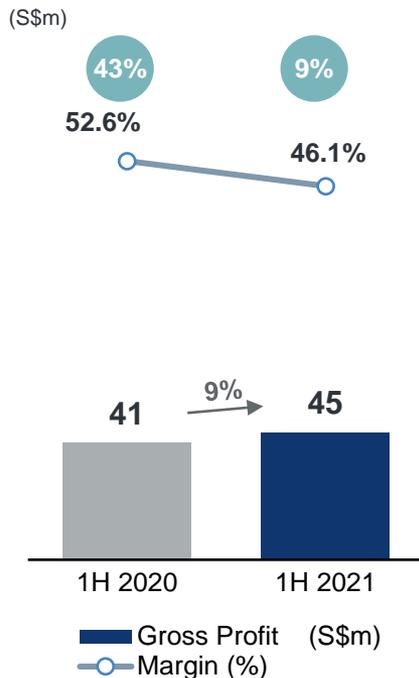


# 1H2021 Top Line Growth Despite Supply Chain Disruptions

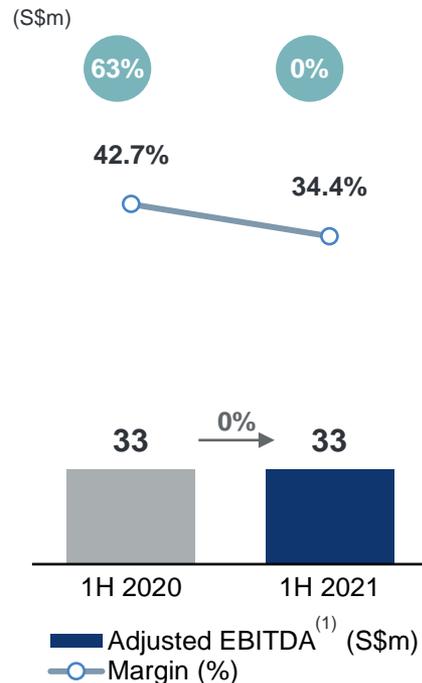
## Revenue – 24% YoY growth



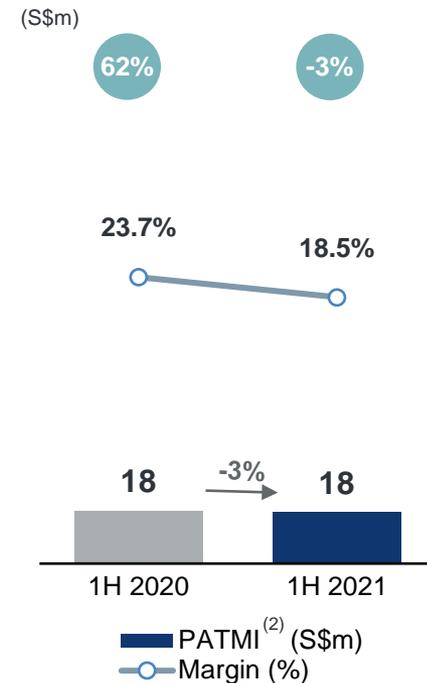
## Gross Profit – 9% YoY growth



## Adjusted EBITDA – Flattish YoY



## PATMI – Down 3% YoY



- 1H2021 growth led by AMBU and IEBU despite severe global chip shortage
- Partially offset by decline in revenue from NFBU

- Lowered margins impacted by costs totalling S\$5.4m associated with new Shanghai Plant 2 and equipment qualification costs, as well as higher new product introduction costs involving new projects yet to contribute meaningfully to revenue
- Also partially impacted by product mix, where projects of lower average margins were executed in 1H2021

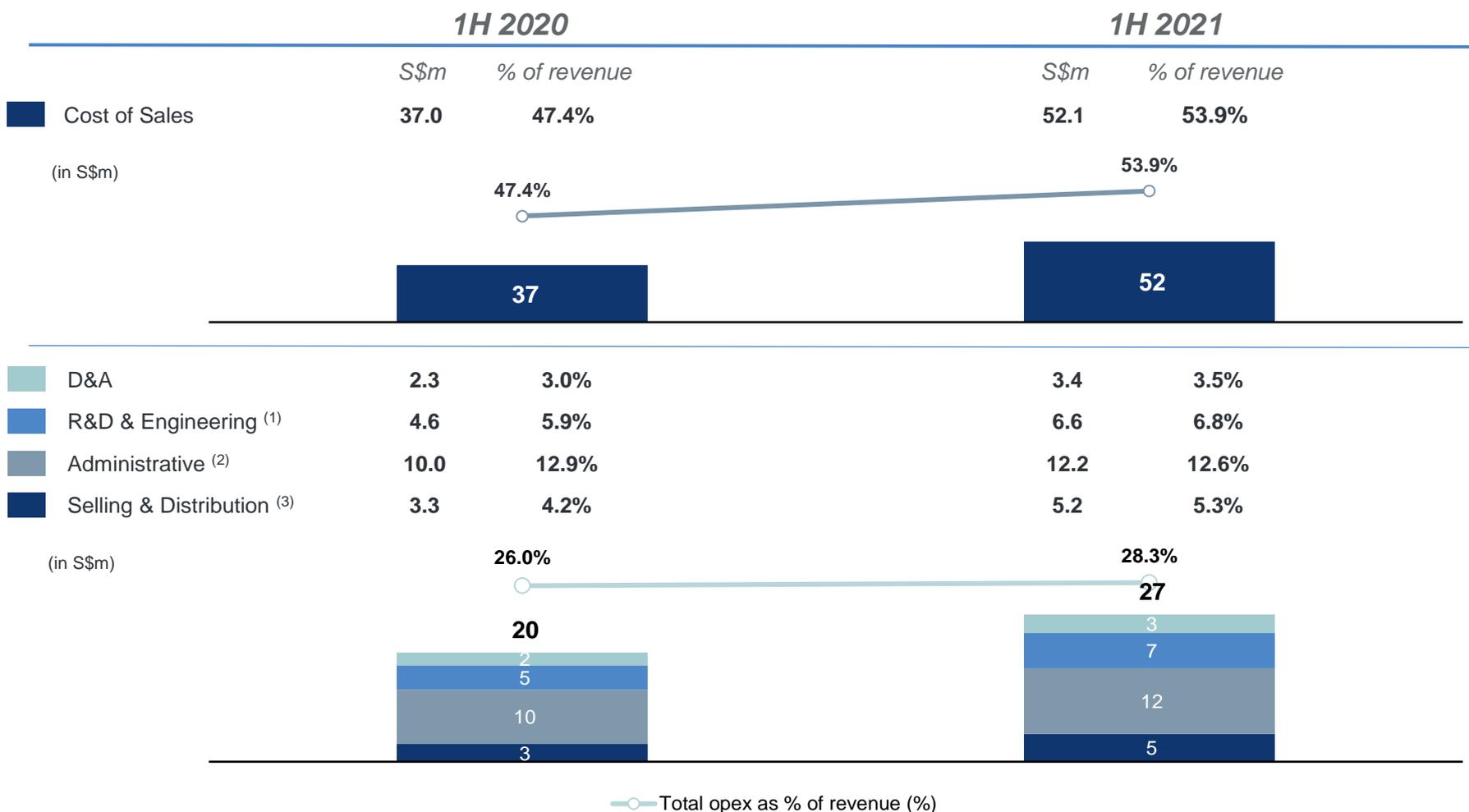
Source: Company information

(1) Adjusted EBITDA is reconciled from profit before income tax by adding back depreciation, amortization, net finance expenses, other professional fees, and other exceptional items

(2) Refers to profit attributable to equity holders of the Company

# Higher Expenses in Preparation for New Capacity & Peak Period

*Expenditure – Increase in % proportion to revenue primarily due to new Shanghai Plant 2, NPI<sup>(4)</sup> projects and indirect labour increases in line with business expansion plan*



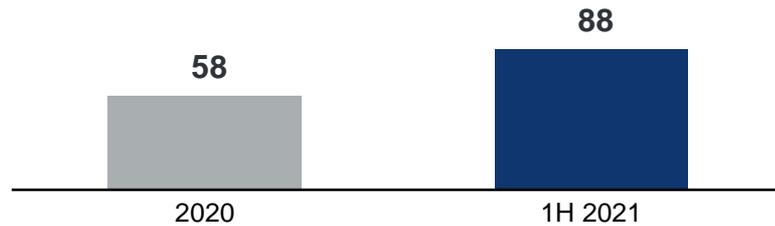
Source: Company information

- (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
- (4) NPI refers to New Product Introduction

# Working Capital Changes Tracking Business Season

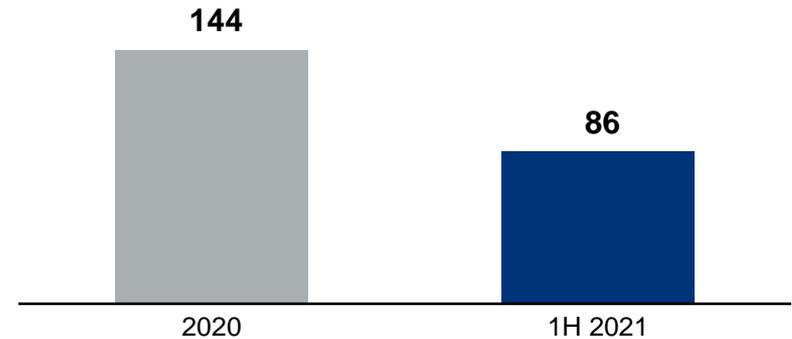
## Inventory turnover period<sup>(1)</sup>

(in days)



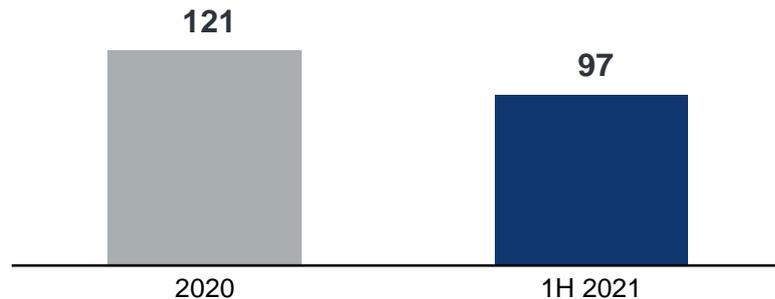
## Trade receivables turnover period<sup>(2)</sup>

(in days)



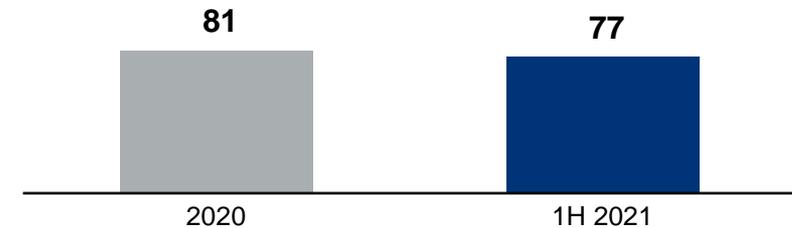
## Trade payables turnover period<sup>(1)</sup>

(in days)



## Cash conversion cycle<sup>(3)</sup>

(in days)



Source: Company information

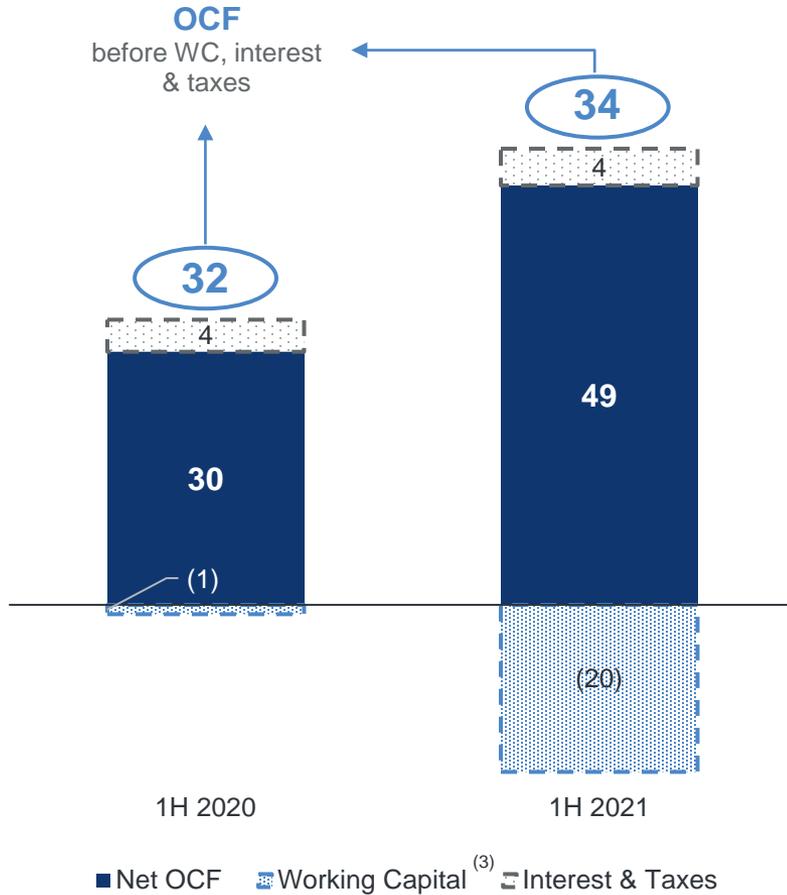
- (1) Computed by multiplying the amount of inventories (trade payables) at the end of each period by the number of calendar days in the period and dividing the resulting figure by the cost of sales (cost of inventories consumed and consumables used) in respect of that period
- (2) Computed by multiplying the amount of trade receivables at the end of each period by the number of calendar days in the period and dividing the resulting figure by the total revenue in respect of that period
- (3) Sum of inventory turnover period and trade receivables turnover period less trade payables turnover period

# Strong Operating Cash Flow Generation

Net cash balance, well positioned to fund growth opportunities

## Strong operating cash flow

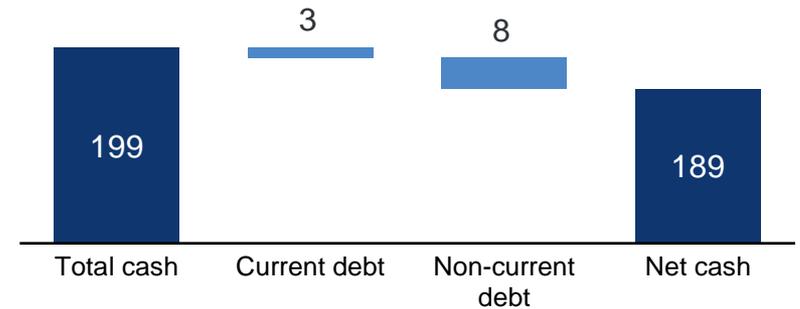
(in S\$m)



## Net cash balance post repayment of S\$40m loan

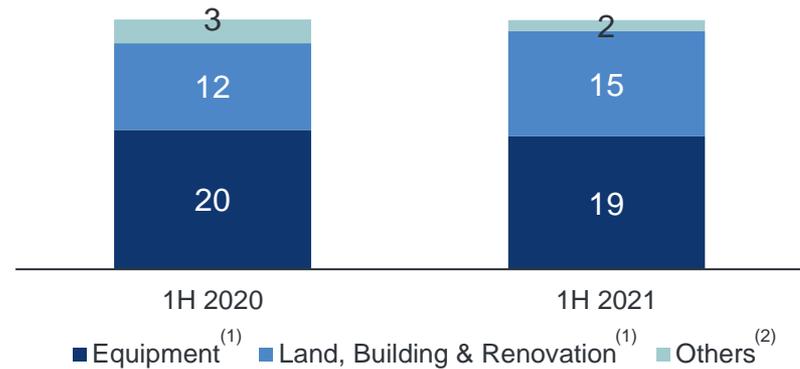
as of 30 June 2021

(in S\$m)



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

(in S\$m)



Source: Company information

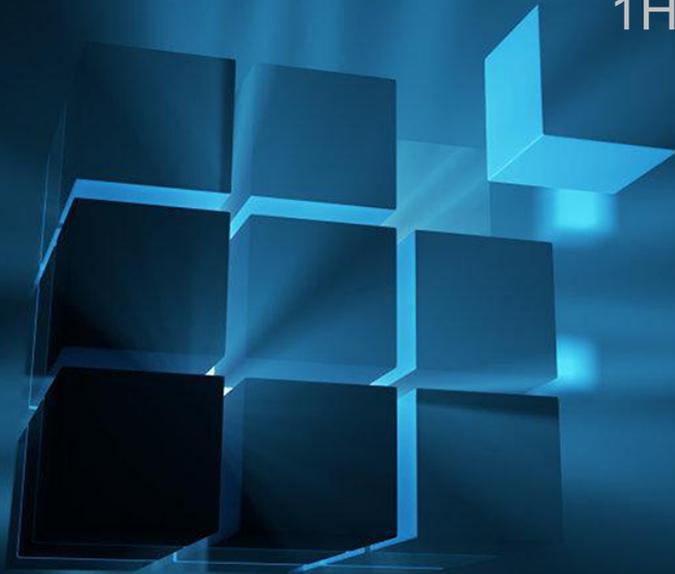
(1) Includes Construction-in-progress

(2) Other capex spend includes office equipment, tools and supplies, and motor vehicles

(3) Negative working capital denotes positive cash flows

# Segmental Information

1H 2021



# Focused on Execution to Deliver Sustainable Growth

## Advanced Materials BU ("AMBU")



- Provides mission critical surface solutions based on vacuum coating technologies and processes across multiple industries & value chains

## Nanofabrication BU ("NFBU")<sup>(3)</sup>



- Part of our value chain integration and positions us to capture the nanoproducts (US\$8bn) TAM opportunity<sup>(4)</sup>

## Industrial Equipment BU ("IEBU")



- Manufactures turnkey equipment systems for AMBU and for sale to selected customers<sup>(1)</sup>

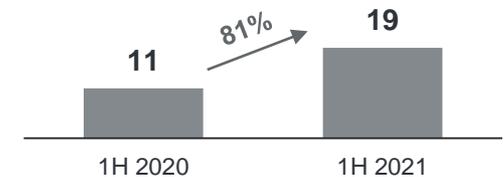
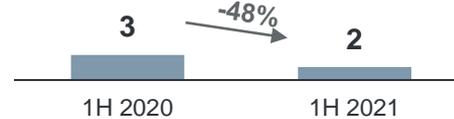
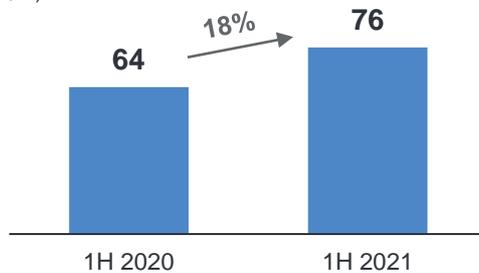
### Delivering Sustainable Growth

### Synergistic Technological Pillar

### Growing Order Book

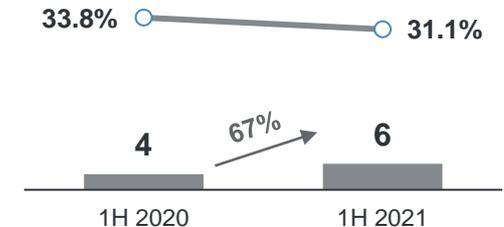
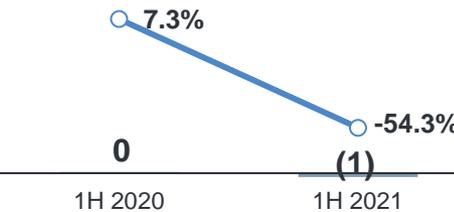
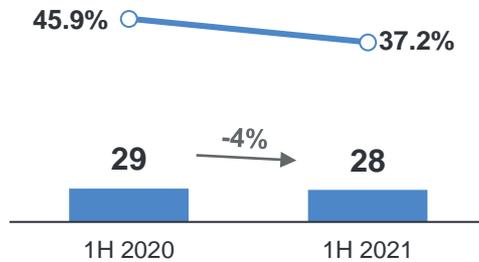
Revenue

(in S\$m)



Adjusted EBITDA<sup>(2)</sup>

(in S\$m)



Adjusted EBITDA Margin (%)

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

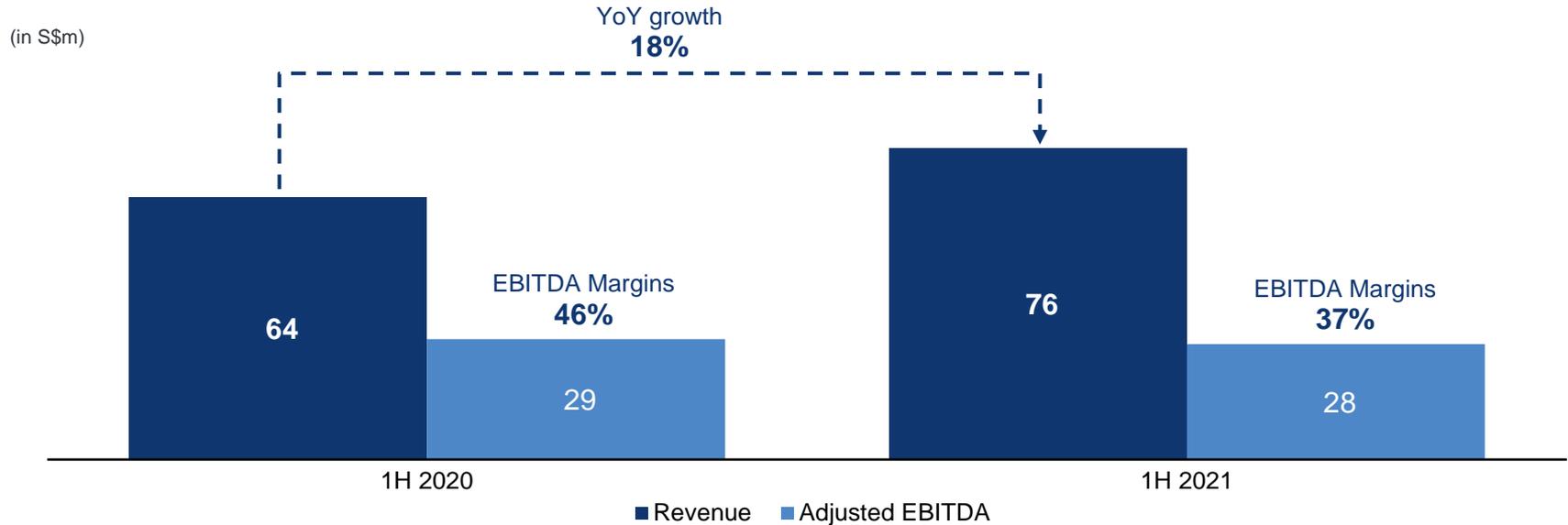
(1) Company also provides customised operating software, training, spare-parts, customer service and after-sales support to IEBU customers

(2) Adjusted EBITDA is reconciled from profit before income tax by adding back depreciation, amortization, net finance expenses, 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: Growth Achieved Despite Supply Chain Bottlenecks



## ■ Continuing increase in adoption of our surface solutions

- The increase of 18% YoY was driven by increased revenue contributions from 3C and Automotive sub-segments
- Growth was still achieved despite supply chain disruptions caused by the global chip shortage
- 1H2021 EBITDA impacted by costs associated with equipment qualification costs incurred for new Shanghai Plant 2, increase in NPI costs involving new projects yet to reach mass production status and product mix changes

Source: Company information

# Key Operating Data: AMBU

## Key performance indicators for AMBU

	1H 2020	1H 2021
Coating equipment (no.) <sup>(1)</sup>	122	186
In-line coating equipment (no.) <sup>(2)</sup>	4	4
Equipment utilisation (%) <sup>(3)</sup>	73%	61%

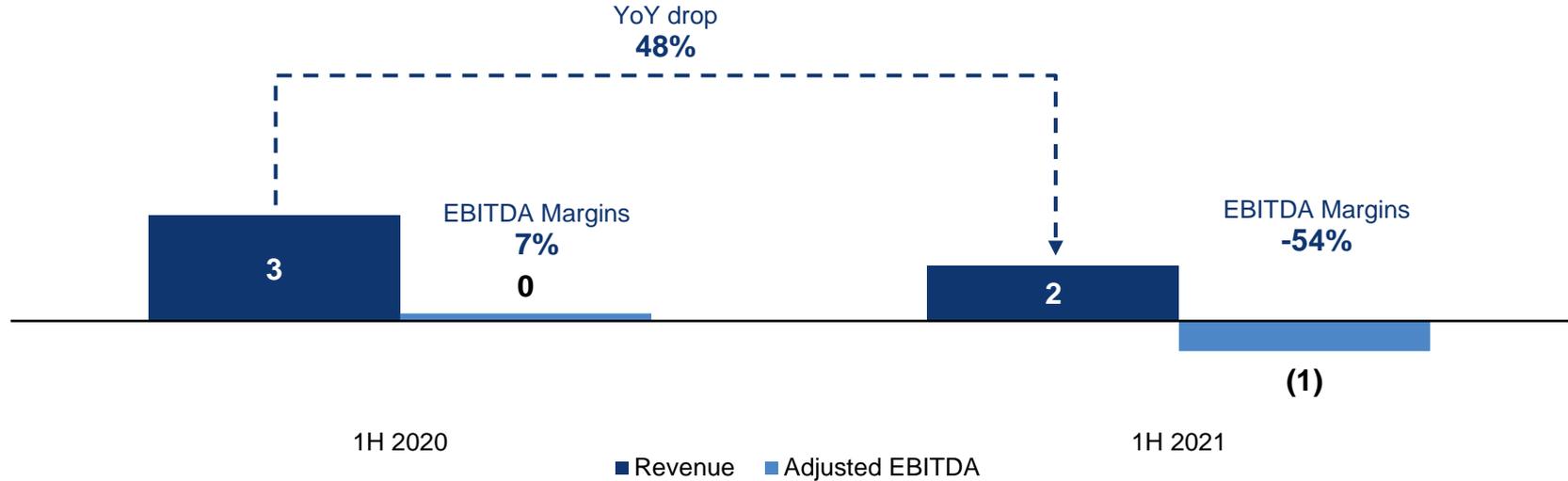
- Equipment utilisation: Our long-term target optimal utilisation rate is ~80% with remaining un-utilized time catering for sufficient cycle switch between different customer projects execution, for maintenance and unforeseen breakdowns
- With the TOP of new Shanghai Plant 2 in Feb 2021, coating equipment has been progressively installed in 1H2021 and qualified in preparation for production. Given the increase in coating equipment, the utilisation was 61% in 1H 2021, down from 73% in 1H 2020

Source: Company information

- (1) Based on number of coating equipment at the end of the financial year/period which are utilised to fulfil revenue generating customer orders only, excludes coating equipment used for 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: End-of-Life Project Impacted Revenue

(in S\$m)



- 48% YoY drop in the topline due to end of life of projects coupled with delay in securing new projects
- Resultant negative adjusted EBITDA of S\$0.9m in 1H2021

Source: Company information

# Key Operating Data: NFBU

## Key performance indicators for NFBU

	1H 2020	1H 2021
Injection molding equipment (no.) <sup>(1)</sup>	13	13
Utilisation (%)	30%	11%

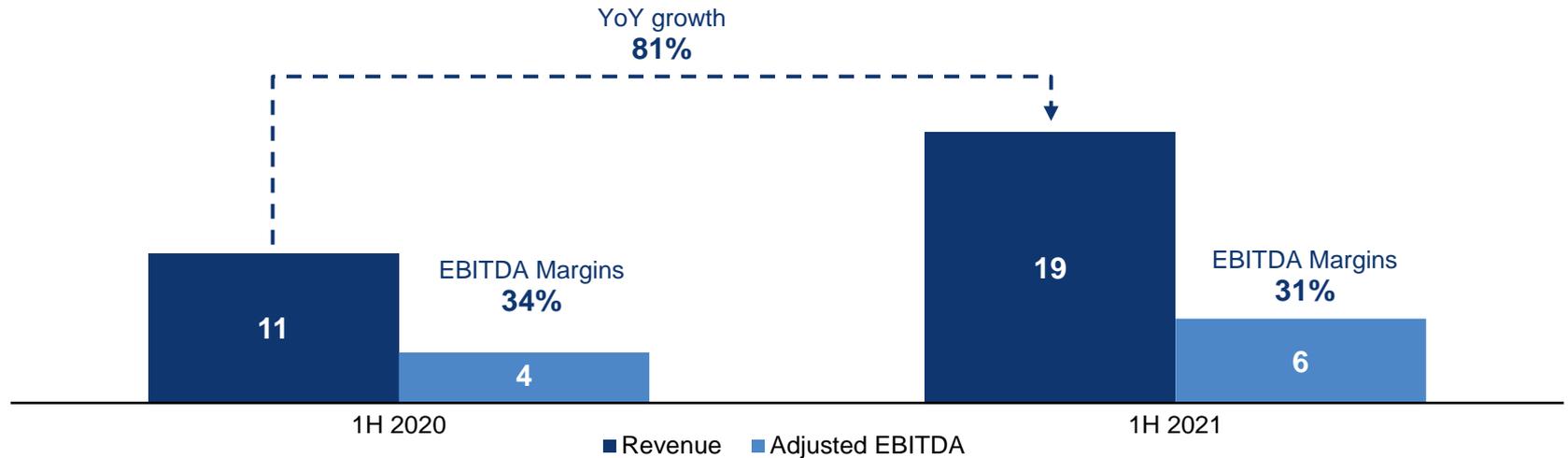
- Key equipment in NFBU include:
  - Tooling equipment
  - Injection mold equipment
  - AVI and testing equipment

Source: Company information

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

# IEBU: Higher Demand with Returning & New Capex Spend from Customers

(in S\$m)



- YoY growth came in at 81% driven by an increase in external sales of customized industrial equipment to customers
- Adjusted EBITDA of S\$5.9m in 1H2021, up from S\$3.5m (or 67%) in 1H2020

Source: Company information

# Key Operating Data: IEBU

## Key performance indicators for IEBU

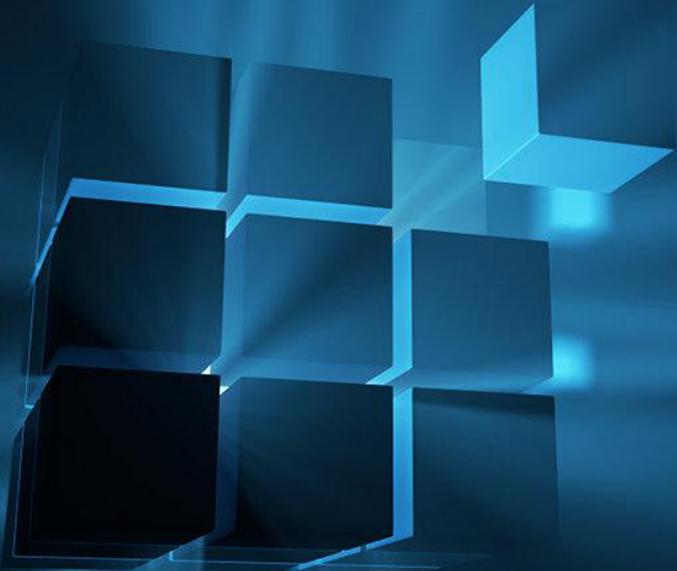
	1H 2020	1H 2021
Equipment produced (no.) <sup>(1)</sup>	23	<b>16</b>
Equipment sold (no.)	4	<b>6</b>
Equipment used internally (no.)	19	<b>10</b>

- In 1H 2021, IEBU continued to build for the production needs of the AMBU while the sales of coating equipment remain selective to industries where coating services business model may not be feasible
- During the period, IEBU saw an increase in external sales in line with the return of capex and new capex spend from customers, particularly in the glass lens mold and precision engineering industries

Source: Company information

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

## Outlook

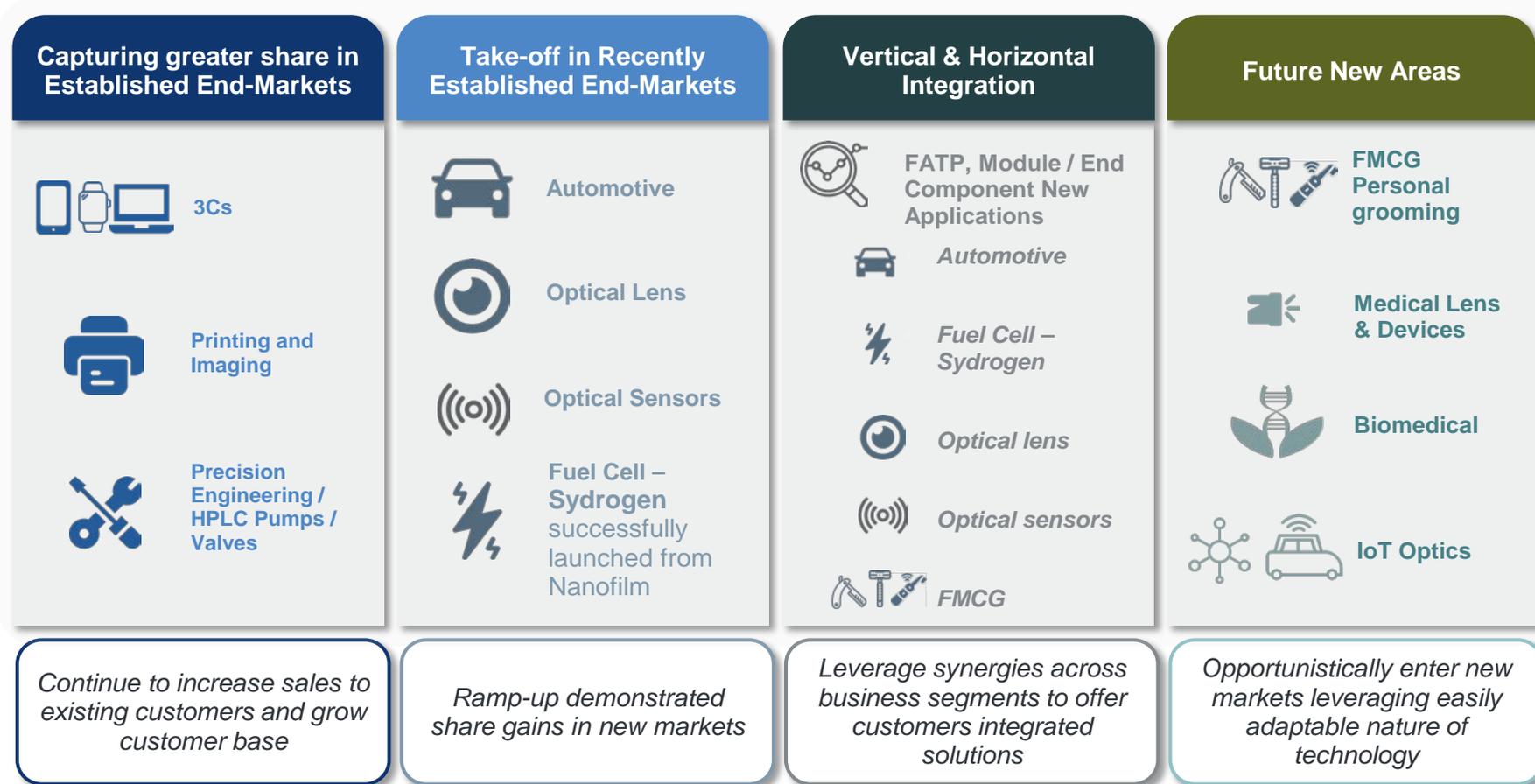


# Outlook: Well-Positioned for Multiple Avenues of Growth

Leveraging Core Enabling Technologies in End-Market Applications and Value Chains of Strategic Partners to Achieve Sustainable Long-Term Growth

Advanced Materials Market size 2023E: US\$24.3bn<sup>(1)</sup>

Value Chain Integration - Components TAM 2023E: US\$423bn<sup>(1)</sup>



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

Thank You

