

NANOFILM TECHNOLOGIES INTERNATIONAL

FY2021 Results Announcement

23 February 2022



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Management Panel



GARY HO
Group CEO



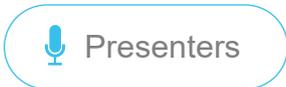
KAY LIM
Group CFO



GIAN YI-HSEN
Group Chief Commercial
& Strategy Officer



Sean Tan
Group CHRO





1 | FY2021 OVERVIEW

FY2021 Performance at a Glance



REVENUE

FY2021

S\$ **247** m

+13% YoY

2H2021

S\$ **150** m

+7% YoY

FY2021

PAT S\$ **63** m

+8% YoY

2H2021

S\$ **44** m

+12% YoY



CASH FLOW FROM OPS

S\$ **73** m

+24% YoY



PPE⁽¹⁾

S\$ **290** m

+66% YoY



R&D AND ENGINEERING SPEND

S\$ **17** m

+34% YoY

7.1%⁽²⁾

% of revenue



TOTAL DIVIDEND ⁽³⁾

2¢

per ordinary share

Source: Company information

(1) Property, plant and equipment

(2) R&D & Engineering expense excludes Quality Assurance expense and includes depreciation & amortisation expenses

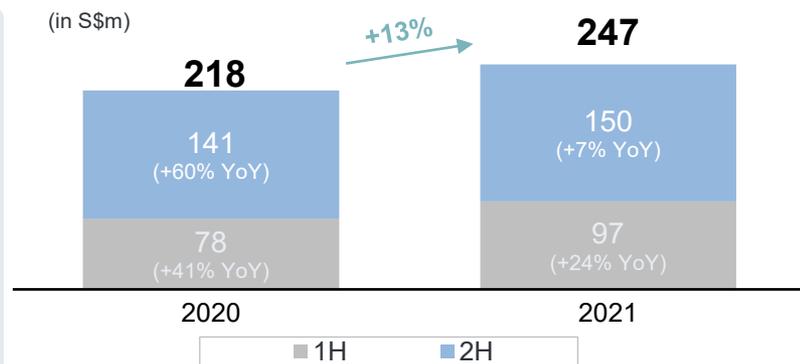
(3) Includes the interim dividend of one Singapore cent paid on 08 Sep 2021 and the proposed final dividend of one Singapore cent to be paid in May 2022

2 | FY2021 FINANCIAL HIGHLIGHTS



FY2021: Our Underlying Performance is Much Stronger

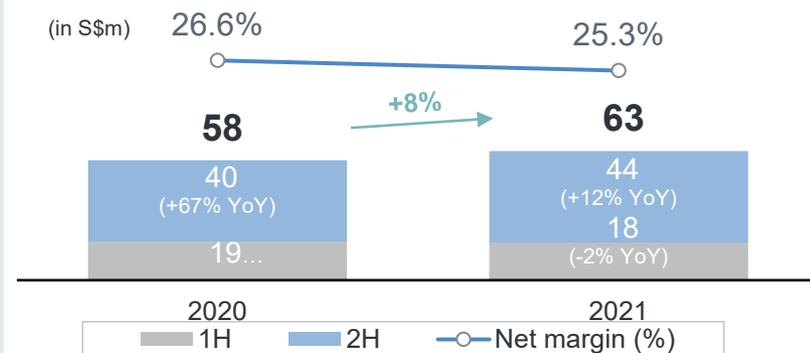
REVENUE



- Top line increased 13% YoY despite a challenging operating environment
- Revenue contribution from other customers ⁽¹⁾ increased from 32% to 39% YoY
- Revenue contribution by BUs:

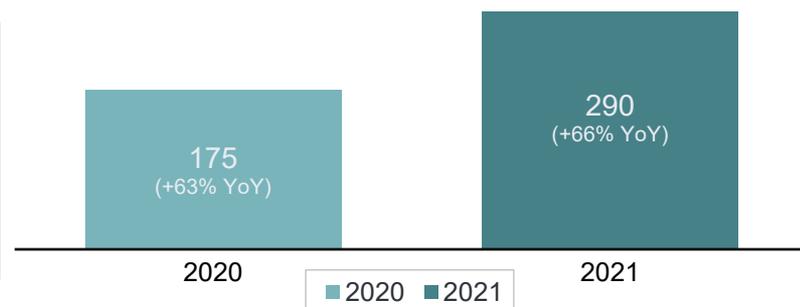
S\$m	2020	2021	YoY
AMBU	182.5	194.3	6.5%
NFBU	11.3	7.8	-30.7%
IEBU	24.6	44.6	81.3%
TOTAL	218.3	246.7	13.0%

PAT



- FY2021 PAT took in non-recurring expenses of S\$2.9m and a net loss of S\$1.0m from Sydron Energy
- Considering higher R&D and Engineering spent of S\$4m
- Increased in other operating income was tied to business activities related mainly to government grants and incentives

PPE



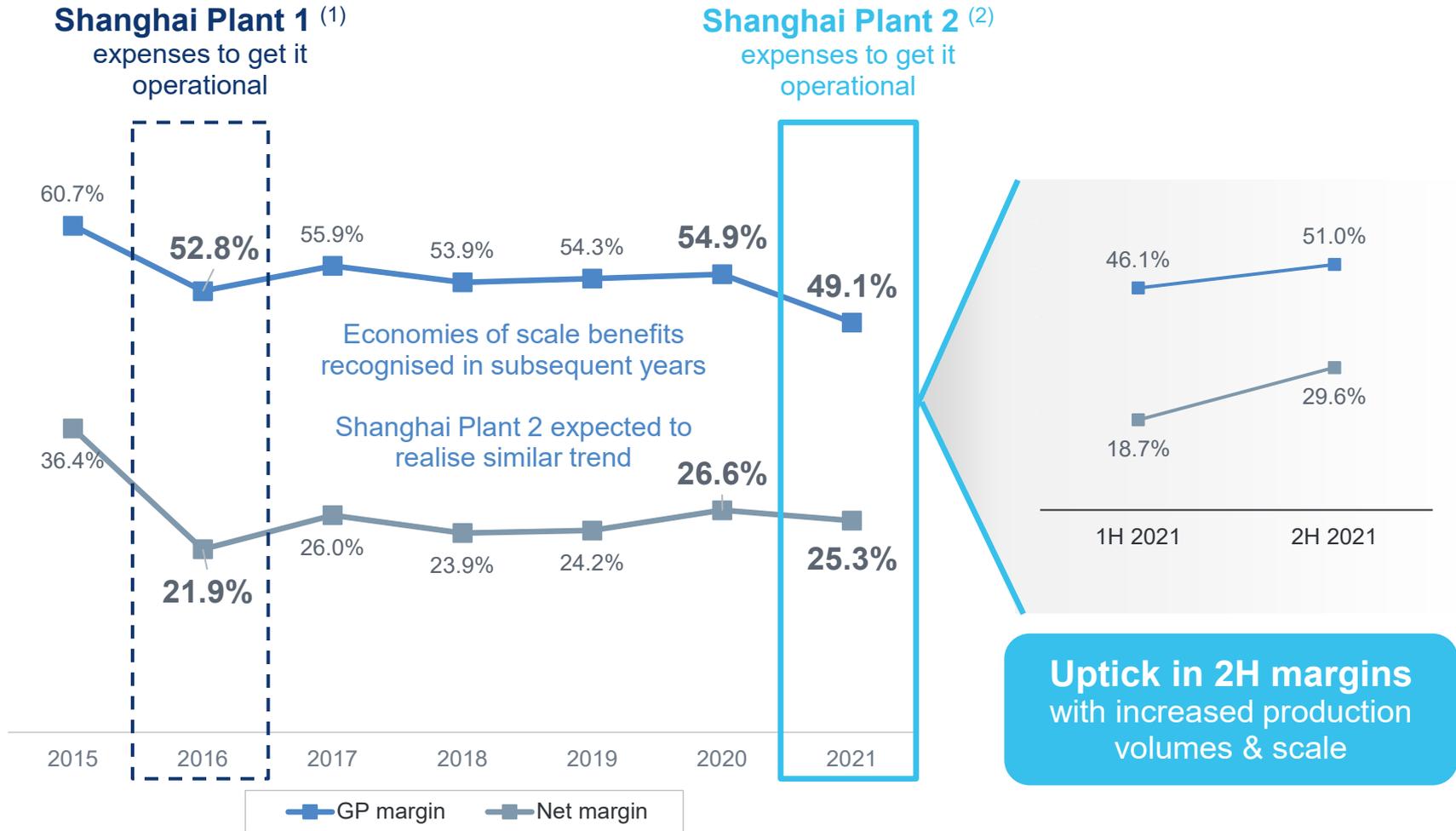
- Investments and expenses in Group's new Shanghai Plant 2 (approx. 2x size of Plant 1) and addition of 59 new coating equipment from 176 to 235, have significantly boosted the Group's long-term production capacity
- FY2021 depreciation expenses increased S\$6m YoY

Source: Company information

(1) Customers other than the Group's single largest customer

Capacity Prepared for Growth – Deja Vu

Scale & Operational Excellence Leading to Stronger Margins



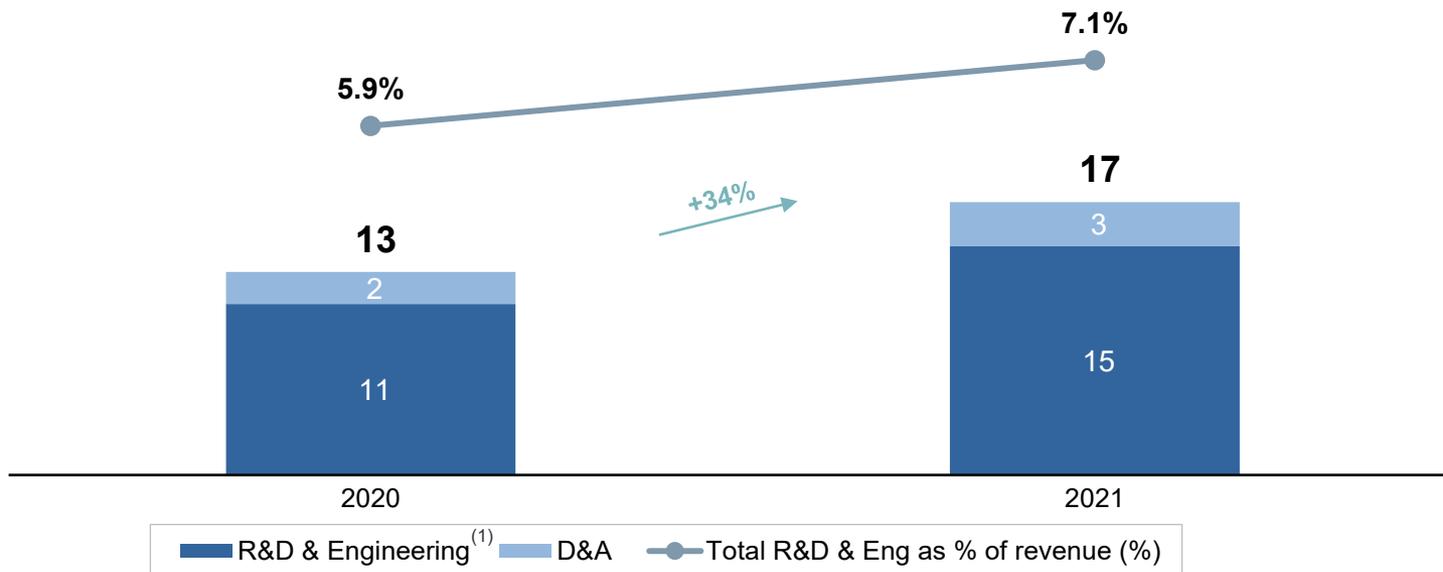
Source: Company information

- (1) Shanghai Plant 1 has a gross built-up area of 35,184 sqm
- (2) Shanghai Plant 2 has a gross built-up area of 66,406 sqm

Investing in Technology & Innovation: Through Higher R&D Spend

R&D and Engineering expenses

(in S\$m)



R&D and Engineering expenses, including depreciation and amortisation, increased 34% YoY to S\$17.4m (equivalent to 7.1% of revenue)

Intensified development efforts in new exciting areas

Sustainable innovation remains a core competency and a key pillar in Nanofilm's Sustainability Strategy

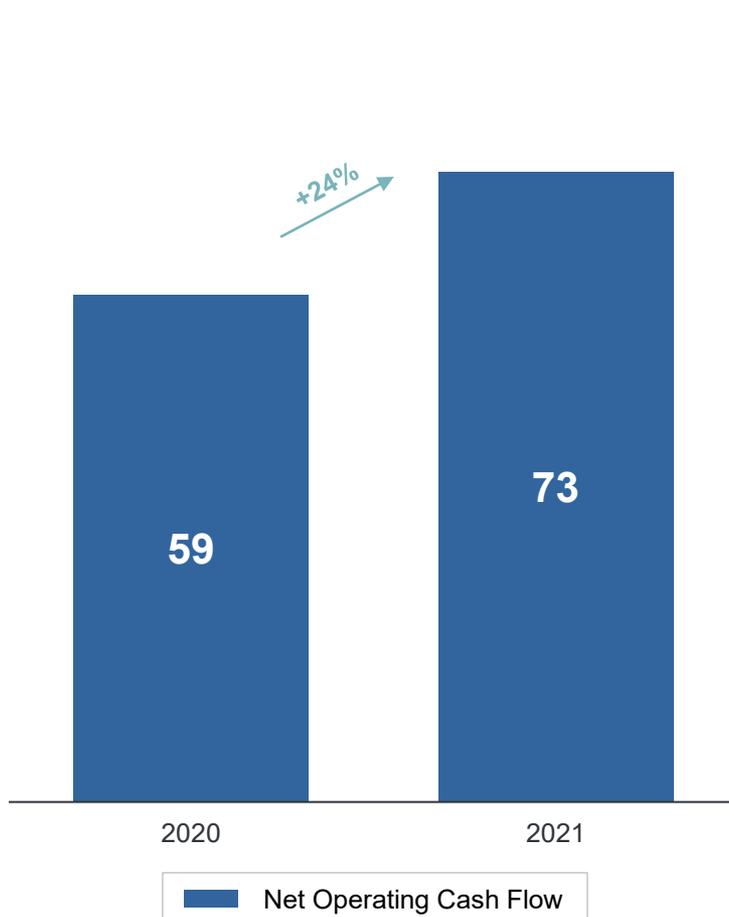
Source: Company information

(1) R&D & Engineering expense excludes Quality Assurance expense and depreciation & amortisation expenses

Cash Flow: Strong Cash Flow Generation Coupled with Effective Cash Management

Solid operating cash flow

(in S\$m)



Cash flow + strong balance sheet

to support business requirements & reward shareholders



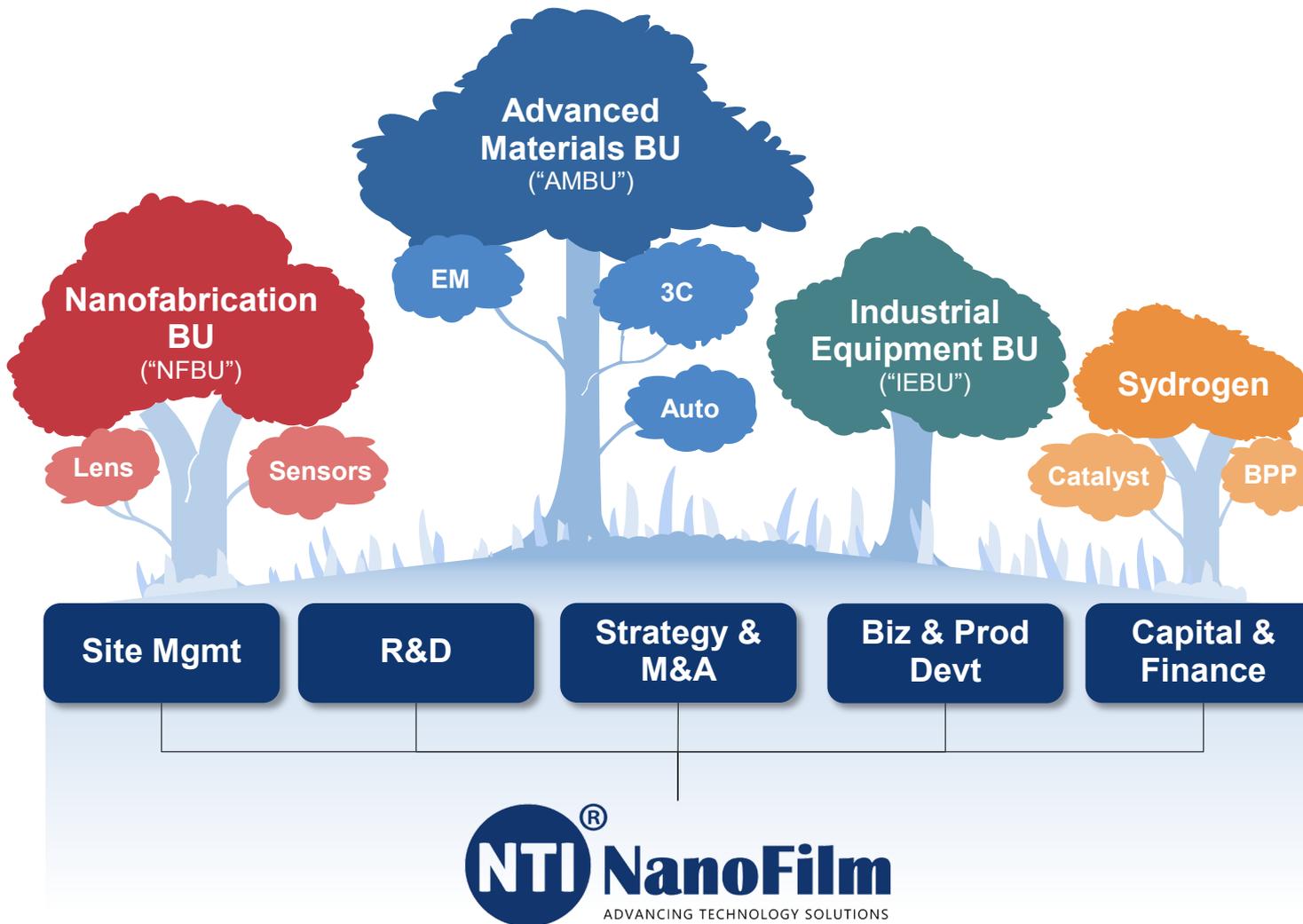
Source: Company information

(1) Includes the interim dividend of one Singapore cent paid on 08 Sep 2021 and the proposed final dividend of one Singapore cent to be paid in May 2022

3 | BUSINESS OUTLOOK



Connecting Deep-Tech to the Commercial World



Enabling our BUs to branch out to the **Commercial World**

Core centralised functions & systems
Providing strategic support

Rooted by **Nanofilm's deep technologies**

Business Outlook

GROUP

- Expanding our horizons: strengthen BU-centric structure and operational excellence, intensify BD and sales infrastructure, increase sales coverage in various geographies
- Focus on operational excellence to mitigate inflationary pressures; embracing Industry 4.0 with investments in automation and digitalisation systems, economies of scale benefits expected to be realised at Shanghai Plant 2
- Embedding sustainability in all that we do, contributing to a sustainable world through proprietary deep-technologies that create innovative products and solutions

R&D / Product Devt

- Accelerating efforts to develop core technology and new product offerings, as well as driving synergistic technology solutions combining nanofabrication with advanced materials as enabling catalysts
- Continue to invest in new exciting areas cover transformational fields and disciplines:
 - i. New classes of advanced materials through greener and sustainable composites;
 - ii. Engineered optics for VR and AR; and,
 - iii. Hydrogen fuel cell technologies and components for decarbonisation

M&A and Venture

- Continue to actively assess and seek synergistic M&As or strategic partnerships
- Focused on product value chain that carry the Group's nanotechnology solutions

Business Outlook (cont'd)

AMBU

- Easing of supply chain disruptions
- Growing adoption trend of our advanced materials solutions across the verticals, which will continue to provide a solid business pipeline

NFBU

- With new projects ramping up, optimistically confident of its business performance
- Turnaround expected in FY2022, gaining traction with our unique technologies as part of our value chain integration strategy

IEBU

- Continue to recognise robust demand from external customers with a visible order book going into FY2022
- Developing new equipment designs and solutions in a bid to further penetrate the renewable energy industry

Sydragen

- Continue building its foundation for technology and production capacity
- On track to recognise initial revenue in an automotive project in 2H2022

THANK YOU



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SUPPLEMENTAL INFORMATION

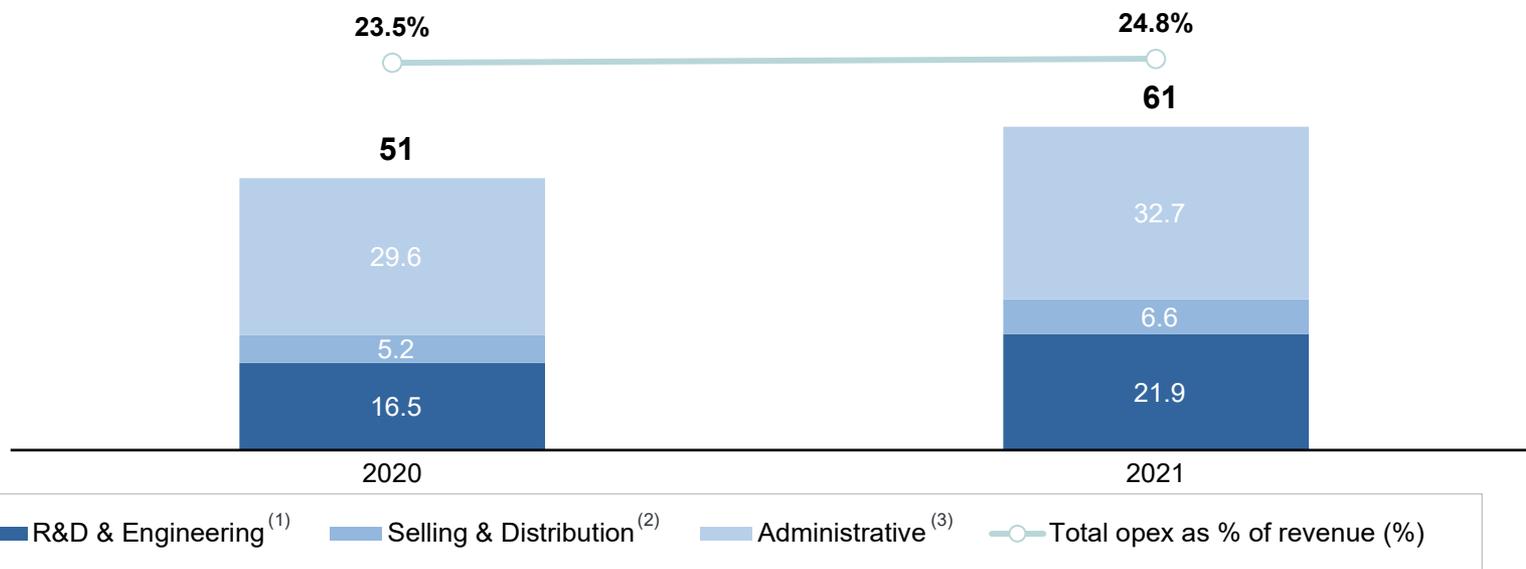


Investing in Technology, Ops Excellence & Capacity...

Operating expenses breakdown

	2020		2021	
	S\$m	% of revenue	S\$m	% of revenue
R&D & Engineering ⁽¹⁾	16.5	7.5%	21.9	8.9%
Selling & Distribution ⁽²⁾	5.2	2.4%	6.6	2.7%
Administrative ⁽³⁾	29.6	13.6%	32.7	13.2%

(in S\$m)



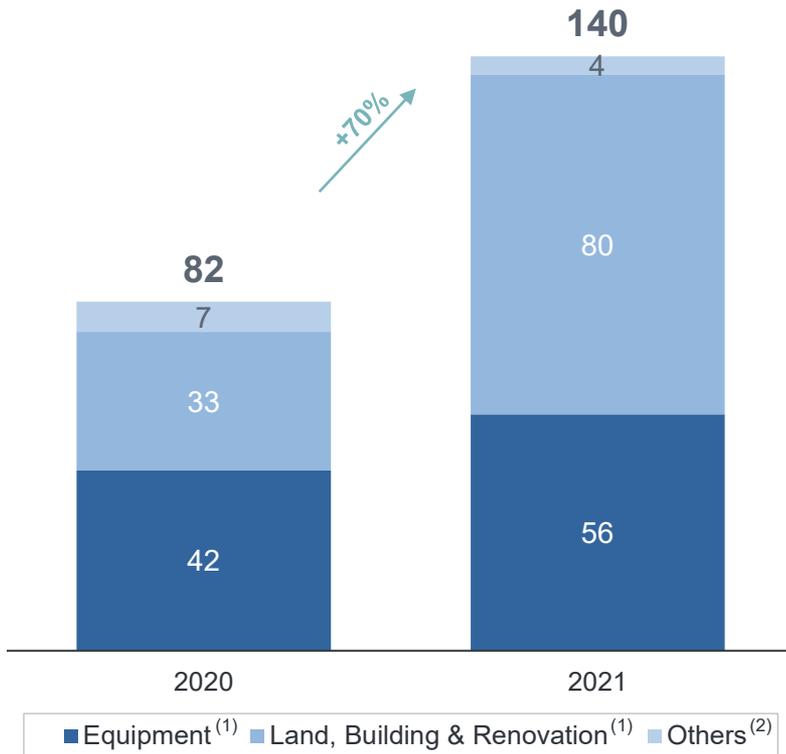
Source: Company information

- (1) R&D & Engineering expense includes Quality Assurance expense and depreciation & amortisation expenses
- (2) Selling & Distribution expense includes depreciation & amortisation expenses
- (3) Administrative expense includes depreciation & amortisation expenses

...Paving the Way for Long-Term Growth

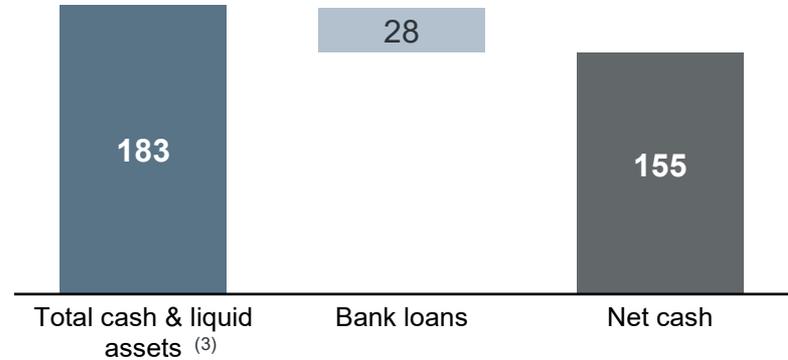
Breakdown of capex spend

(in S\$m)



Net cash balance as at 31 December 2021

(in S\$m)



Laying a **strong foundation** to position Nanofilm for future growth

Incurrence of capex related to Shanghai Plant 2 as well as Nanofilm's new global headquarters in Singapore (Tai Seng)

Focus on operational excellence

Source: Company information

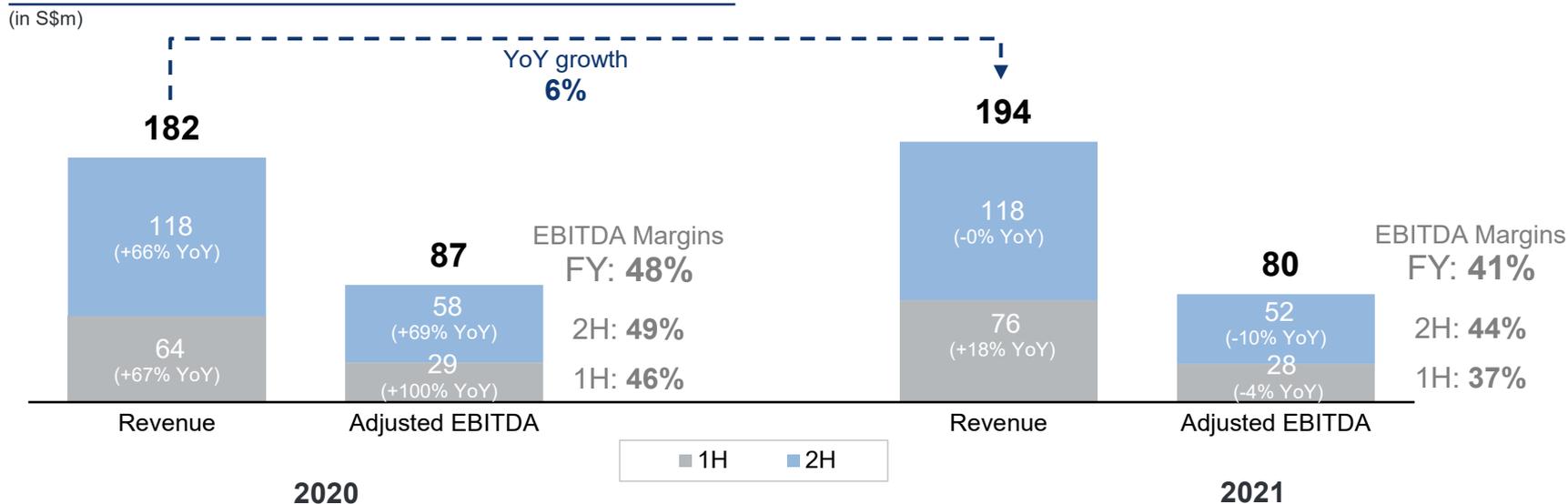
(1) Includes Construction-in-progress

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

(3) Includes liquid financial assets of S\$6.4m

AMBU: Achieved Growth Despite Persistent Supply Chain Disruptions

Financial performance



Key operating data

	2020	2021
Coating equipment (no.) ⁽¹⁾	176	235 ⁽⁴⁾
In-line coating equipment (no.) ⁽²⁾	4	4
Equipment utilisation (%) ⁽³⁾	74%	76%

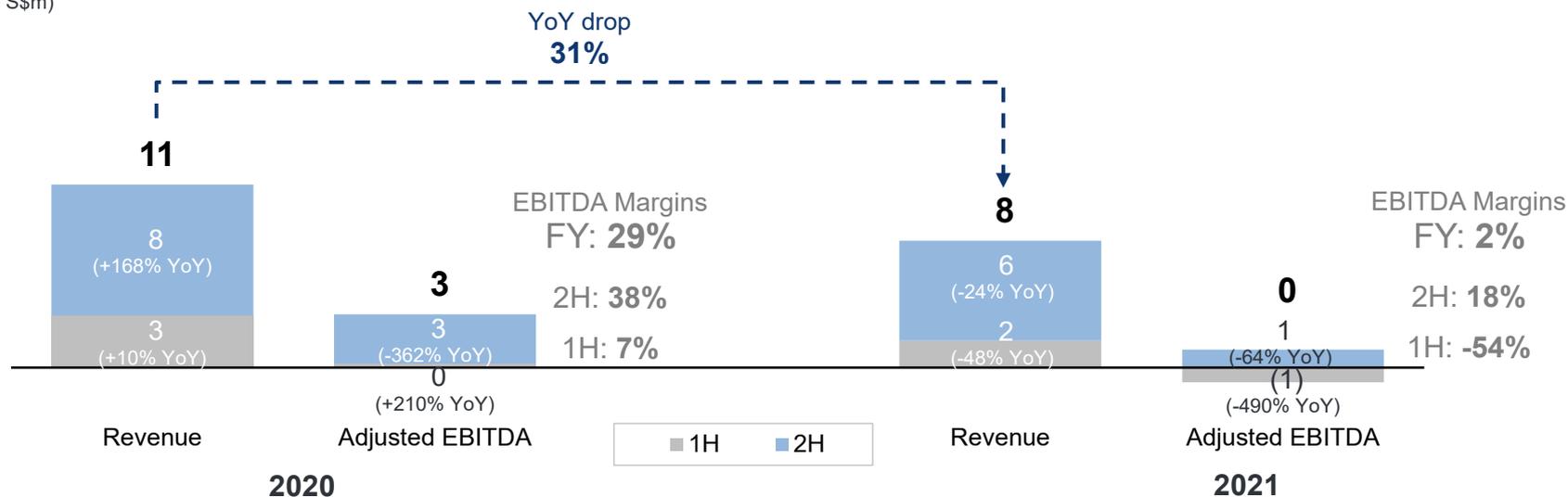
Source: Company information

- (1) Based on number of coating equipment at the end of the 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)
- (4) Includes one coating equipment transferred from R&D to production

NFBU: Impacted Due to Early End-of-Life Project

Financial performance

(in S\$m)



Key operating data

	2020	2021
Injection molding equipment (no.) ⁽¹⁾	14	14
Equipment utilisation (%)	43%	13%

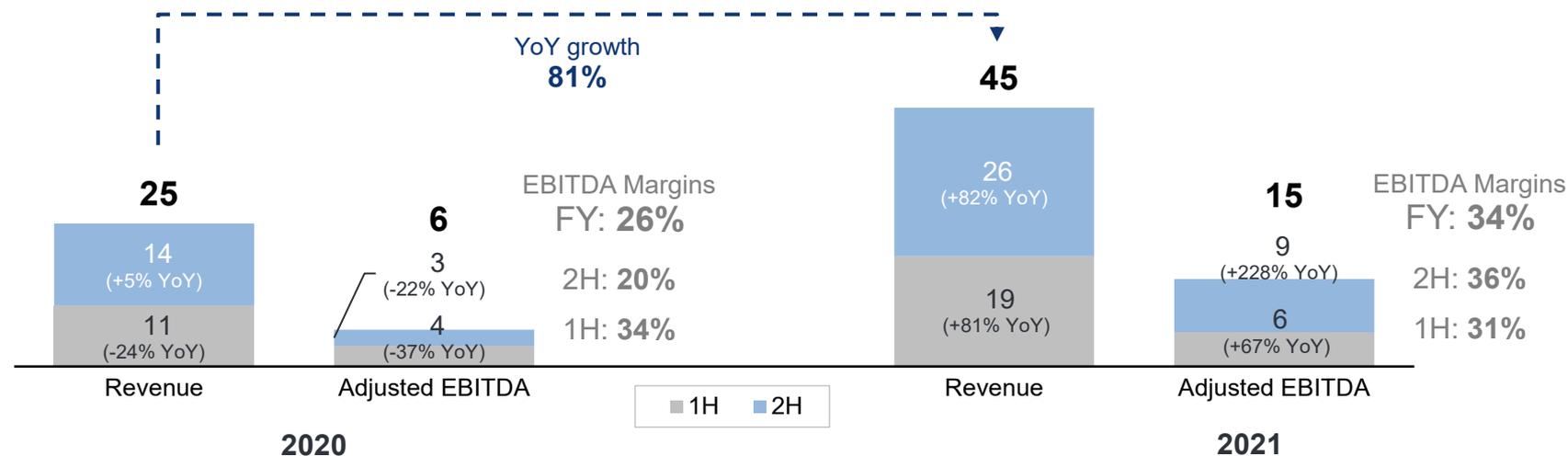
Source: Company information

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

IEBU: Higher Demand by Sustained Recovery in Customers' Capex Cycle

Financial performance

(in S\$m)



Key operating data

	2020	2021
Equipment produced (no.) ⁽¹⁾	83	76
Equipment sold (no.)	9	18
Equipment used internally (no.)	74	58

Source: Company information

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

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Thank You

