



(Company Registration No.: 200909384G)

## AZTECH GLOBAL ACHIEVES 33.5% SURGE IN FY2021 EARNINGS TO RECORD \$74.4 MILLION ON RESILIENT 4Q REVENUE GROWTH

Proposes tax-exempt final dividend of 5 cents per share

**SINGAPORE, 22 February 2022** - SGX Mainboard-listed Aztech Global Ltd and its group of subsidiaries ("the Group"), a key technology enabler focusing on providing one-stop design and manufacturing services, today reported record net profit and revenue for the financial year ended 31 December 2021 ("FY 2021").

### Financial Highlights

\$ Million	FY2020	FY2021	FY21/20 Change
Revenue	484.3	624.4	28.9%
EBITDA	76.3	95.8	25.6%
Pre-tax Profit	66.5	85.0	27.7%
Income Tax Expense	(10.8)	(10.6)	(1.9%)
Effective Tax Rate (%)	16.2	12.5	(370 bps)
Net Profit	55.7	74.4	33.5%
Net Profit Margin	11.5	11.9	40 bps
EPS (cents) <sup>1</sup>	9.01	10.0	11.0%
Net Cash as at 31 December	(21.6)	186.8	N.M.
Net Asset Value ('NAV') Per Share as at 31 December (cents) <sup>2</sup>	6.73	38.0	464.6%

<sup>1</sup> EPS for 2021 and 2020 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 and pre-invitation share capital of 618,720,000 shares respectively. 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).

<sup>2</sup> NAV per share as at 31 December 2021 and as at 31 December 2020 and 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 respectively.

All currencies are in Singapore dollars unless otherwise specified.



The Group attained record net profit of \$74.4 million, and revenue of \$624.4 million for FY2021 following resilient performance for the quarter ended 31 December 2021 (“4Q FY2021”). This led to a strong 2018-2021 CAGR of 21.7% and 54.9% for the Group’s revenue and net profit respectively.

Amidst tough operating environment posed by the global logistical and component challenges, revenue for 4Q FY2021 jumped 65.3% q-o-q and 5.2% y-o-y to \$233.7 million, a new quarterly record. IoT devices and data-communication products continued to be key growth driver. In FY2021, the segment advanced 39.5% to \$597 million, or 95.6% of total revenue, buoyed by the core markets of North America and Europe which contributed over 96% of total revenue compared with 95% a year ago

A solid 4Q FY2021 revenue growth and initiative to phase out labour-intensive products led to 48% q-o-q increase in EBITDA to \$33.9 million, and contributed to the 25.6% growth in FY2021 EBITDA to \$95.8 million.

Meanwhile, the preferential tax treatment at our operations in Dongguan, China and tax grant received for automation equipment led to 370bps reduction in effective tax rate to 12.5% for FY2021, and lifted net profit margin by 40 bps to 11.9%. Net profit surged 33.5% to \$74.4 million, while earnings per share increased by 11.0% to 10.0 cents for FY2021.

### **Healthy Balance Sheet**

The Group’s balance sheet remains healthy with cash and bank balances of \$201.5 million, while total borrowings more than halved to \$14.7 million, leading to a strong net cash of \$186.8 million as at 31 December 2021, following the inclusion of net proceeds of \$188.6 million raised from the IPO exercise in March 2021, and after deducting net cash dividend payment of \$15.3 million in June 2021.

Net current asset also expanded from \$18.0 million as at 31 December 2020 to \$271.3 million as at 31 December 2021. Excluding cash and bank balances, the increase was attributed mainly to higher trade receivables resulting from higher 4Q revenue and inventories held to

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meet production requirements amid component tightness. The Group generated free cash flow of \$37.1 million during the year.

As at 31 December 2021, NAV per share increased to 38.0 cents from 6.7cents as at 31 December 2020, while its accumulated reserves more than doubled to \$91.3 million.

### **Proposed Final Dividend**

In view of the strong performance, the Board of Directors is pleased to recommend a final dividend of 5 cents a share on a one-tier tax-exempt basis for the financial year ended 31 December 2021, subject to approval by the shareholders at the forthcoming Annual General Meeting.

The total estimated dividend payment amounts to \$38,597,647 or a dividend payout of 51.9% of FY2021 net profits excluding exceptional items. The book closure date and the dividend payment date will be on 9 and 18 May 2022 respectively.

### **2022 Growth Through Five Focuses**

Following its successful transformation to a full-fledged manufacturer with ODM and JDM capabilities in 2018, the Group has entrenched its positioning with valued customers through its growth roadmap.

This year, the Group is committed to fortify business resiliency through five key focuses to pivot growth and diversification across multi-sectors powered by the IoT trend. The five key focuses are as follows:

- 1) Grow new IoT customers and products to enhance growth resiliency and widen our portfolio of high-quality customers;
- 2) Deepen manufacturing, technology and IoT expertise to drive innovation and growth in anticipation of new demands;
- 3) Excellent business execution capability to optimise factors of production and output;

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- 4) Integrate sustainability into business model & strategic formulation to future-proof business resiliency; and
- 5) Discipline balance sheet and cost management to ensure adequacy of financial resources for operational and expansion needs.

### **Order Book and Business Outlook**

As at 31 December 2021, the Group's order book was \$495.8 million, and it has since received additional orders of \$266.2 million as at 22 February 2022, bringing the total order book to \$762 million for FY2022<sup>3</sup>.

The global supply chain remains vulnerable to disruptions amidst the COVID-19 pandemic. As we navigate the global component and logistical challenges, the Group will continue to take precautionary measures including business continuity plans, and adhere to guidelines from the relevant authorities to protect the welfare of and provide a safe workplace for all our employees.

We are optimistic of our business prospects and are confident of our business fundamentals. With the above focuses to fortify our business resiliency, the Group expects its business to benefit from the unabating global demand for IoT devices and data communication products as well as smart lighting solutions<sup>4</sup> and the strong order book secured to-date.

In addition, we expect our operations to benefit from the improving vaccination rates against COVID-19 in countries the Group has operations in. To-date, 98% of our eligible employees in China had been fully vaccinated and 46% have received their third dose. In Malaysia, our manufacturing facility is back to operating at 100% workforce after achieving a plant-wide

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<sup>3</sup> The Group's order book in respect as at any particular date is subject to changes in its customers' transactions and may not be indicative of its revenue for any succeeding periods.

<sup>4</sup> Facts & Factors, Jan 2022: Global IoT market is projected to grow at a 2021-2028 CAGR of 24.5% to US\$1,842 billion in 2028 | Fortune Business Insights, Jun 2021: Global IoT healthtech market is projected to grow at 2021-2028 CAGR of 25.9% from US\$89.07 billion to US\$446.52 billion | BlueWeave Consulting & Research, Dec 2021: Global automotive IoT market is estimated to grow at 2021-2028 CAGR of 25.5% from US\$58.7 billion to US\$286.8 billion | Verified Market Research, Jul 2021: Global consumer IoT market is estimated to grow at 2021-2028 CAGR of 16.7% to reach US\$153.8 billion in 2028 | Grand View Research, Jun 2021 Global industrial IoT market is estimated to grow at 2021-2028 CAGR of 22.8% to US\$1.11 trillion in 2028 | Grand View Research, Aug 2021: Smarting lighting market is projected to grow at 2021-2028 CAGR of 20.4% to US\$46.9 billion in 2028 | Grand View Research, Dec 2021: 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

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vaccination rate of 100% with close to 17% of eligible workforce vaccinated with the third dose currently<sup>5</sup>.

Last but not least, the Group believes our strong balance sheet, healthy net cash position and low gearing would enable us to navigate this uncertain and inflationary landscape and capitalise on opportunities to build resilient and sustainable value for our shareholders.

**Aztech Global's Chairman and CEO Mr Michael Mun** commented, "We are satisfied with our progress thus far, and pleased that the Board has recommended a final dividend of 5 cents a share. This translates into a dividend payout ratio of 51.9%, a vote of confidence in the ability of our business to generate sustainable positive cash earnings growth forward."

Mr Mun added, "The Group would continue with the growth roadmap to fortify our business resiliency to deliver quality growth and value to shareholders. We remain confident of our business fundamentals and is optimistic of our prospects especially for the mid- to longer term."

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<sup>5</sup> Vaccination rate is calculated based on employees who are eligible (based on age and health condition) for the inoculation against COVID-19 virus in compliance with local vaccination guidelines

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### **About Aztech Global Ltd.**

The Group is a key technology enabler for the connected world of tomorrow, with a focus on providing one-stop design and manufacturing services.

Supported by our core strengths in R&D, design, engineering and manufacturing, our key products are IoT Devices, Data-communication products and LED lighting products.

Leveraging on our expertise, we also provide one-stop design and manufacturing services to blue chip customers, technology start-ups and other companies with innovative products.

Headquartered in Singapore, the Group has four R&D centers in Singapore, Hong Kong and the PRC namely in Shenzhen and Dongguan and three manufacturing facilities in Dongguan, PRC and Johor, Malaysia. To date, the Group has over 2,500 employees worldwide.

### **For more information, please contact:**

Ms Clarie Lim (Corporate Communications Manager)

Tel: +65 6594 2280

E-mail: [Clarie.Lim@aztech.com](mailto:Clarie.Lim@aztech.com)

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