



# Aztech Global Ltd.

Q3 2021 Business Performance Update

14 October 2021

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# FINANCIAL PERFORMANCE REVIEW

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# Key Financial Highlights

- 9M 2021 net profit of \$ 47.4 million on revenue of \$ 390.7 million
- Earnings per share of 6.46 cents in 9M 2021 <sup>(1)</sup>
- 9M 2021 EBITDA of \$ 61.9 million
- Lower effective tax rate of 12.1 % for 9M 2021 <sup>(2)</sup>
- Net Cash of \$ 191.8 million as at 30 September 2021
- Net asset value per share of 34.4 cents as at 30 September 2021<sup>(3)</sup>






*(1) EPS for 9M 2021 has been computed based on the profit attributable to equity holders of our Company and weighted average no. of ordinary share of 734,017,004. 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 30 September 2021 has been computed based on the net assets of our Company and no. of ordinary share of 773,825,545.*

# 9M 2021 Results – YoY Comparison






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(\$ million)	9M 2021	9M 2020	% change
<b>Revenue <sup>(1)</sup></b>	<b>390.7</b>	<b>262.2</b>	 <b>49.0</b>
EBITDA	61.9	43.9	 41.0
<b>Profit Before Tax</b>	<b>53.9</b>	<b>36.6</b>	 <b>47.3</b>
PBT Margin (%)	13.8	14.0	(20 bps)
Income Tax Expense	(6.5)	(6.1)	6.6
Effective Tax Rate %	12.1	16.7	
<b>Net Profit</b>	<b>47.4</b>	<b>30.5</b>	 <b>55.4</b>
Net Profit Margin (%)	12.1	11.6	50 bps
<b>EPS (cents) <sup>(2)</sup></b>	<b>6.46</b>	<b>4.93</b>	 <b>31.0</b>

- (1) 9M 2020 revenue was affected by the COVID-19 pandemic that delayed the re-start of production at our manufacturing facility in China & facility renovations in Malaysia.
- (2) EPS for 9M 2021 has been computed based on the profit attributable to equity holders of our Company and weighted average no. of ordinary share of 734,017,004. 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 9M 2020 has been computed based on the profit attributable to equity holders of our Company and share capital of 618,720,000 Shares.

# Q3 2021 Results – QoQ Comparison

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(\$ million)	Q3 2021	Q2 2021	% change
<b>Revenue <sup>(1)</sup></b>	<b>141.1</b>	<b>133.7</b>	 <b>5.5</b>
EBITDA	22.9	21.1	 8.5
<b>Profit Before Tax</b>	<b>20.3</b>	<b>18.4</b>	 <b>10.3</b>
PBT Margin (%)	14.4	13.8	60 bps
Income Tax Expense	(2.3)	(2.2)	4.5
Effective Tax Rate %	11.3	11.9	
<b>Net Profit</b>	<b>18.0</b>	<b>16.2</b>	 <b>11.1</b>
Net Profit Margin (%)	12.8	12.1	70 bps
<b>EPS (cents) <sup>(2)</sup></b>	<b>2.45</b>	<b>2.28</b>	 <b>7.5</b>

(1) EPS for Q3 2021 has been computed based on the profit attributable to equity holders of our Company and weighted average no. of ordinary share of 734,017,004. 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 Q2 2021 has been computed based on the profit attributable to equity holders of our Company and share capital of 713,782,829 Shares.

# Sequential Quarters Trend Summary

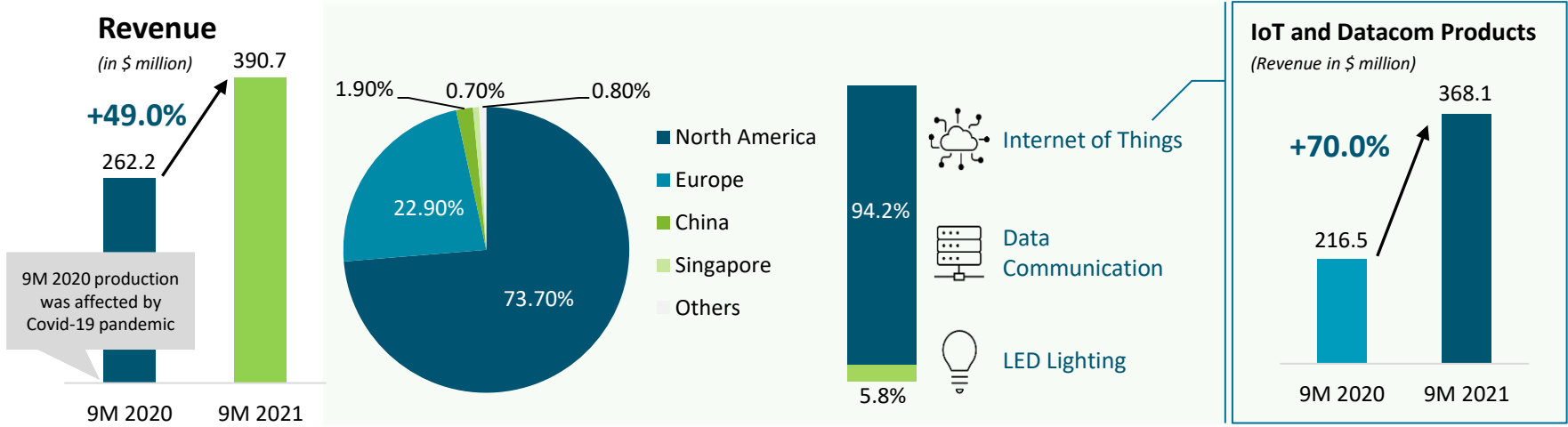
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(\$ million)	Q1 2021	Q2 2021	Q3 2021	9M 2021
<b>Revenue</b>	<b>115.9</b>	<b>133.7</b>	<b>141.1</b>	<b>390.7</b>
EBITDA	17.9	21.1	22.9	61.9
<b>Profit Before Tax</b>	<b>15.2</b>	<b>18.4</b>	<b>20.3</b>	<b>53.9</b>
PBT Margin (%)	13.1	13.8	14.4	13.8
Income Tax Expense	(2.0)	(2.2)	(2.3)	(6.5)
Effective Tax Rate %	13.1	11.9	11.3	12.1
<b>Net Profit</b>	<b>13.2</b>	<b>16.2</b>	<b>18.0</b>	<b>47.4</b>
Net Profit Margin (%)	11.4	12.1	12.8	12.1
<b>EPS (cents) <sup>(1)</sup></b>	<b>2.01</b>	<b>2.28</b>	<b>2.45</b>	<b>6.46</b>

(1) EPS for Q3 2021 has been computed based on the profit attributable to equity holders of our Company and weighted average no. of ordinary share of 734,017,004. 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 Q2 & Q1 2021 has been computed based on the profit attributable to equity holders of our Company and share capital of 713,782,829 & 653,164,444 Shares.

# 9M 2021 Results Snapshot

## IoT Devices & Data-Com Products Key Driver of Revenue Growth



- 9M 2021 revenue increased by 49.0 % to \$390.7 million driven by higher production volume and shipment of IoT devices and Data-communication products to customers.
- Geographically, we derived close to 74% and 23% of our revenue from the North America and the Europe regions respectively.

# FINANCIAL POSITION AND CASH FLOW

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# Balance Sheet Summary

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Healthy Balance Sheet with Strong Cash Position

(\$ million)	30 September 2021	31 December 2020
Cash & Bank Balances	205.7	11.5
Net Current Assets	243.8	17.9
Net Non-current Assets	22.5	23.7
<b>Total Net Assets</b>	<b>266.3</b>	<b>41.6</b>
Accumulated Profits	64.3	32.3
Share Capital & Reserves	202.0	9.3
<b>Total Equity</b>	<b>266.3</b>	<b>41.6</b>

# Comparison of Net Cash / (Net Debt) Position

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(\$ million)	30 September 2021	31 December 2020
Cash & Cash Equivalents	205.7	11.5
Total Borrowings	13.9	33.0
<b>Net Cash (Net Debt)</b>	<b>191.8</b>	<b>(21.5)</b>

- As at 30 September 2021, the Group recorded a net cash position of \$191.8 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 Singapore Exchange Securities Trading Limited (“SGX-ST”), and after deducting net cash dividend payment of \$15.3million in Q2 2021.

# Comparison of Working Capital

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(\$ million)	30 September 2021	31 December 2020
Current Assets	437.3	270.3
Current Liabilities	193.5	252.3
<b>Working Capital</b>	<b>243.8</b>	<b>18.0</b>

- Working capital position had increased from \$18.0 million as at 31 December 2020 to \$243.8 million as at 30 September 2021 due mainly to the inclusion of net IPO proceeds amounting to \$188.6 million.

# BUSINESS UPDATE & OUTLOOK

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- The Group delivered majority of its customer orders on schedule despite components and labour constraints at its manufacturing facilities in Dongguan, China and the 60% workforce limitation at the Johor plant in Malaysia.
- China plant continued to account for the bulk of Q3 2021 production volume.
- Continued with the phasing out of labour intensive products to meet the growing demand for our IoT and Data-communication activities.

- The global components situation remains tight and we continued to secure majority of components that are in high demand to meet scheduled production by
  - Leveraging on the strong relationships our customers have with their suppliers to secure the allocation of key components;
  - Collaborating with our long-term suppliers to secure required components;
  - Purchasing components in the spot buy market with the price variance approved by customers; and
  - Expanding our resourceful base of alternative suppliers or supplies that are more readily available with innovative product redesigns.

*<sup>(1)</sup> Owing to the strong demand for their products, our customers are willing to absorb the additional cost of securing the necessary components for the production of their orders with minimal impact to the Group's profit margins.*

# Q3 2021 Business Update

- In line with the higher demand and shipment of IoT devices and data-communication products, we have increased our production headcount in Dongguan, China.
- As at date of this announcement, vaccination statistics of our employees in Dongguan, China and Johor, Malaysia are as follows:

Location	Vaccinated – 2 doses	Vaccinated – 1 dose	Not Vaccinated
Dongguan, China	93%	2%	5%
Johor, Malaysia	85%	14%	1%

- With the vaccination rate above 80%, the Malaysia operations would be able to operate at 100% workforce by the third week of October 2021.

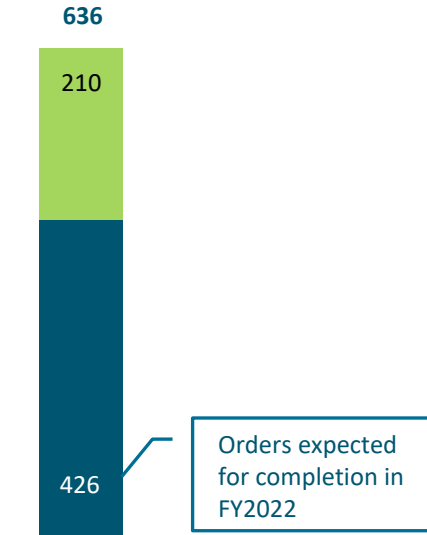
<sup>(1)</sup> Vaccination rate is calculated based on employees who are eligible (based on age and health condition) for the inoculation against COVID-19 virus in compliance with local vaccination guidelines.

# Outstanding Order Book

## Order Book Remains Strong

### Outstanding Order Book

(in \$ million)



- Order book as at 1 October 2021 was \$569 million, and the Group has since received additional orders of \$67 million as at 14 October 2021.
  - Included are \$426 million orders scheduled for completion in FY2022

<sup>(1)</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.



- We expect the global components shortages to continue in the next 6-12 months. To mitigate the impact, we will continue our close collaborative efforts with suppliers, customers and relevant business partners to achieve smooth production and timely delivery of customers' orders.
- We have put in place measures to comply with regulations on power usage by the local authorities at our Dongguan manufacturing facilities to minimise disruption to production schedule.

- Barring unforeseen circumstances, we are cautiously optimistic of Q4 2021 performance taking into consideration:
  - Continuous demand for IoT and data-communication products in the global market;
  - Improving vaccination rates against COVID-19 virus in countries where the Group has operations in;
  - Strong order book secured; and
  - Steps that were put in place to comply with regulations on power usage by the local authorities to minimise disruption to production schedule in Dongguan, China.

*(1) The global demand for IoT and the Data-communication are expected to achieve 2019-2023 CAGR of 20.8% and 5.9% to an estimated US\$425.2 billion and US\$59.0 billion, respectively. Source: Frost & Sullivan, Global IoT and Data Communication Markets, January 2021*

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.

**THANK YOU!**

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