



HPMT Holdings Berhad

FY2021 and Q4FY2021
Financial Results Presentation

1 March 2022





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Disclaimer

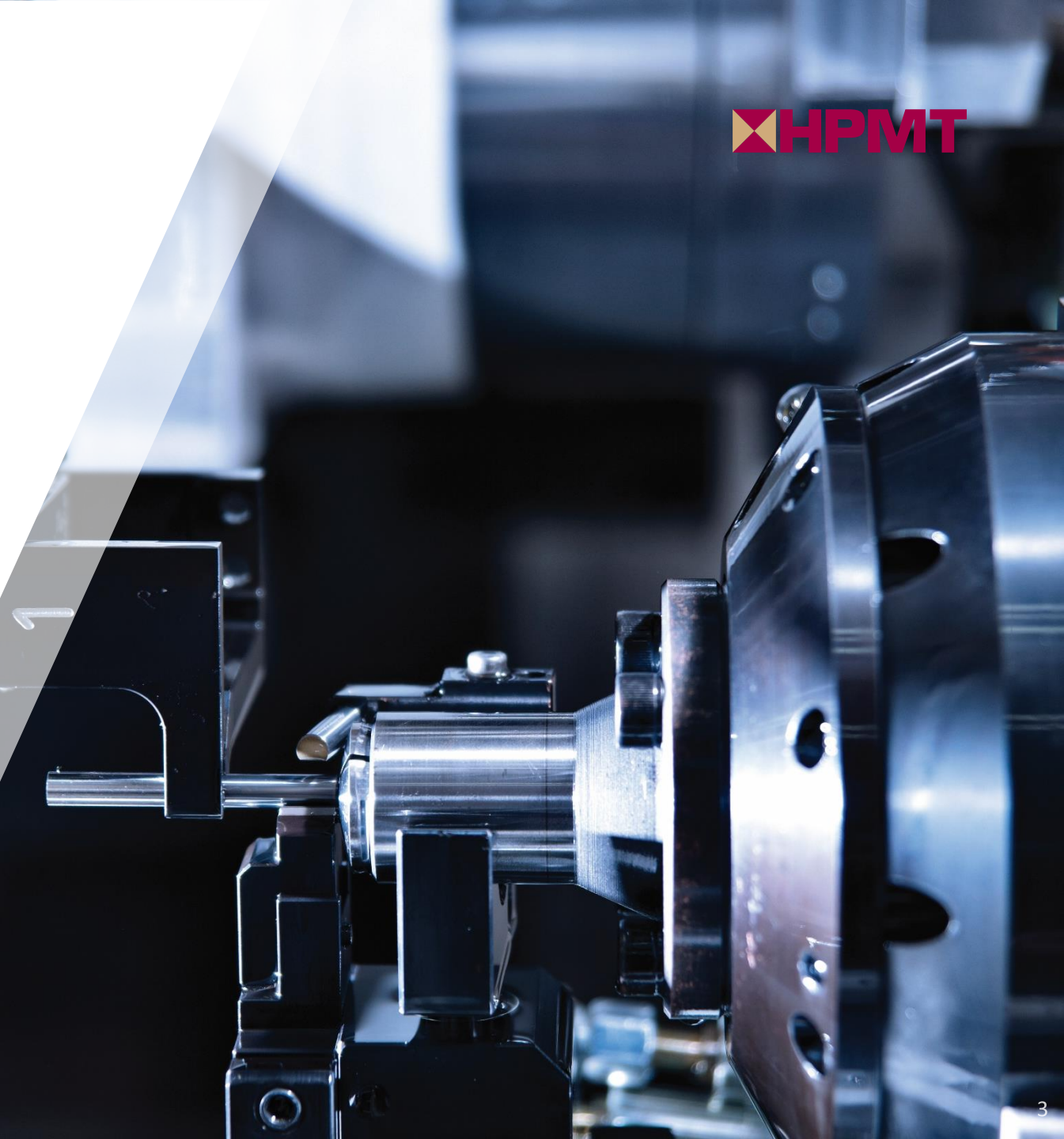


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A close-up photograph of a precision machining process. A metal drill bit is shown cutting into a metal plate, with metal shavings scattered around the cut. The background is blurred, showing industrial machinery.

COMPANY AND BUSINESS OVERVIEW

Company Overview

Snapshot of HPMT Holdings Berhad



Listed on the Main Market of Bursa Malaysia Securities Berhad in June 2019, HPMT Holdings Berhad (“HPMT”) is principally engaged in:

- a) **Manufacturing** and distribution of cutting tools
- b) **Trading** of third-party cutting tools, supporting equipment and accessories for metalworking
- c) Provision of **physical vapor deposition (“PVD”) coating services**



A global network of distributors in more than **30 countries**, including Europe and Asia.

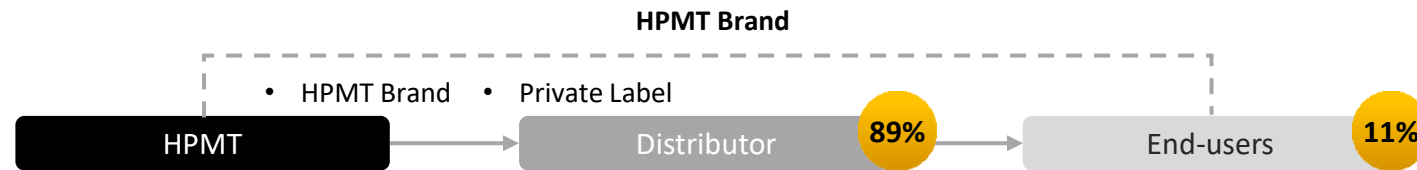
Business Overview

Business Model



DISTRIBUTION CHANNELS

Cutting tools under the **HPMT brand and private labels** are distributed in the following manner:



“HPMT brand contributed to approximately half of its manufacturing revenue”

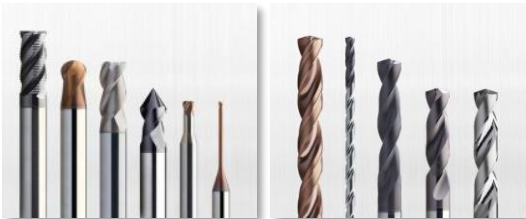
PRODUCTS

Standard Tools

A portfolio of **17,000** standard cutting tools for Milling and Drilling processes.

End Mills

Drills



Special Tools

Customise tools to meet customers' requirements for special specifications and applications

T-slow Cutter Step Burnishing Drill



Trading Items



CNC Machines



Indexable



Tool Holder



Boring Tools



Taps



Pre-setters

PVD Coating

PVD coating services for:

- Cutting tools
- Mould and dies
- Component wear parts

Business Overview

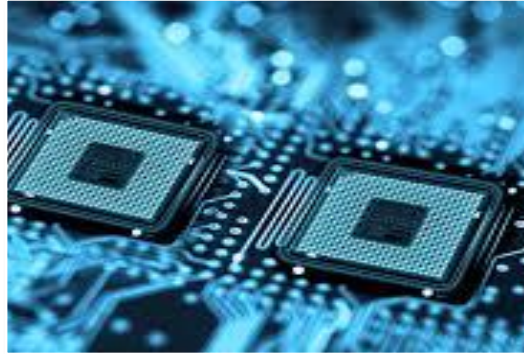
Products Widely Used Across Various Industries



MOULD AND DIE



SEMI-CONDUCTOR



AUTOMOTIVE



AEROSPACE



MEDICAL



CONSUMER ELECTRONICS



Business Overview

Global Cutting Tools Consumption by Country (\$ MM): 2019 - 2025



<u>Country</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>CAGR 20-25</u>
China	5,394.7	4,312.2	4,720.4	5,075.7	5,388.9	5,757.5	6,124.6	7.3%
United States	3,766.6	3,002.3	3,401.3	3,545.3	3,706.9	3,884.8	4,070.3	6.3%
Germany	2,831.4	2,277.4	2,544.5	2,648.9	2,744.4	2,853.2	2,963.9	5.4%
Japan	1,385.1	1,039.1	1,203.0	1,264.6	1,330.3	1,400.2	1,477.0	7.3%
Korea	1,087.8	813.5	940.7	984.0	1,024.6	1,069.4	1,115.8	6.5%
India	937.5	740.3	844.1	949.7	1,059.2	1,178.4	1,318.5	12.2%
France	952.1	749.5	841.1	874.1	900.8	931.4	961.0	5.1%
Brazil	814.2	653.2	724.7	760.9	792.8	829.8	873.0	6.0%
Taiwan	726.0	590.5	655.6	696.2	730.5	767.8	809.3	6.5%
United Kingdom	767.1	569.1	648.9	681.1	707.1	736.0	764.3	6.1%
Italy	646.3	482.2	541.2	555.0	567.1	582.0	596.1	4.3%
Russia	524.3	393.5	456.1	472.4	485.4	502.7	518.1	5.7%
Switzerland	464.7	365.2	431.1	448.3	463.9	482.1	499.8	6.5%
Spain	323.8	255.9	286.5	305.1	324.2	345.0	367.5	7.5%
CIS	165.7	130.1	145.8	152.8	159.8	166.6	174.2	6.0%
Other NAFTA	815.0	658.5	733.9	772.7	812.7	855.4	898.1	6.4%
Other EU	649.1	506.2	572.7	602.2	633.7	664.9	702.0	6.8%
Other Asia/Pacific	507.5	388.1	444.1	488.8	532.1	578.8	631.8	10.2%
Other Europe	483.4	375.7	436.9	455.7	472.3	489.9	510.4	6.3%
Other Latin America	274.4	207.4	242.6	259.9	278.1	298.1	319.9	9.1%
Rest World	274.7	207.7	239.4	264.0	291.3	321.7	357.0	11.4%
Total	23,791.3	18,717.9	21,054.6	22,257.3	23,406.1	24,695.5	26,052.6	6.8%
CARG Yr-Yr	-	-21.3%	12.5%	5.7%	5.2%	5.5%	5.5%	-

Source: Dedalus Consulting

Business Overview

Global Cutting Tools Consumption by End-User Industries (\$ MM): 2019 - 2025



<u>End-User Industry</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>CAGR 20-25</u>
Aerospace	1,657.8	1,290.0	1,490.9	1,564.4	1,627.4	1,698.3	1,769.3	6.5%
Automation & Machinery	1,345.8	956.2	1,146.2	1,233.7	1,319.5	1,417.3	1,522.5	9.8%
Automotive	2,346.6	1,831.4	2,017.9	2,163.6	2,304.6	2,463.0	2,634.9	7.5%
Chemical Processing	1,234.3	1,033.8	1,129.3	1,181.0	1,224.3	1,276.3	1,329.2	5.2%
Communications	1,162.5	925.4	1,037.3	1,099.9	1,161.7	1,229.4	1,301.3	7.1%
Construction	1,127.0	909.0	1,012.9	1,051.9	1,088.2	1,127.0	1,166.4	5.1%
Data Management	777.8	637.3	699.2	765.7	834.3	910.6	992.1	9.3%
Defense/Military	902.1	714.9	811.4	845.8	876.8	913.7	949.9	5.8%
Die & Mold	1,158.4	868.6	989.9	1,049.9	1,105.6	1,168.8	1,235.9	7.3%
Electronics	1,247.8	904.4	1,046.5	1,099.9	1,154.0	1,212.6	1,274.1	7.1%
Energy/Power Generation	845.9	714.9	781.7	854.9	926.9	1,008.6	1,096.1	8.9%
Food, Bev & Agriculture	799.7	586.9	681.0	712.8	744.1	779.1	815.0	6.8%
Home Appliances	671.2	551.6	611.1	648.0	686.0	729.3	775.0	7.0%
Infrastructure	696.6	549.7	617.8	655.5	690.3	728.3	766.9	6.9%
Job Shops	1,181.2	940.9	1,070.4	1,106.3	1,140.8	1,179.5	1,219.6	5.3%
Machining General	1,395.3	1,103.8	1,251.1	1,314.2	1,371.8	1,437.4	1,505.2	6.4%
Medical/Research	1,454.4	1,194.8	1,320.6	1,413.6	1,505.1	1,604.3	1,709.2	7.4%
Oil, Gas & Mining	993.8	784.0	874.3	917.1	956.8	1,004.0	1,054.6	6.1%
Paper & Pulp	631.5	493.9	552.0	570.5	588.1	607.1	626.7	4.9%
Textile Manufacturing	591.4	437.8	500.0	530.1	559.7	591.1	625.9	7.4%
Transportation	1,148.3	950.9	1,037.7	1,090.1	1,139.5	1,195.4	1,253.8	5.7%
Other	422.0	338.0	375.6	388.6	400.7	414.7	429.1	4.9%
Total	23,791.3	18,717.9	21,054.6	22,257.3	23,406.1	24,695.5	26,052.7	6.8%
CAGR Yr-Yr	-	-21.3%	12.5%	5.7%	5.2%	5.5%	5.5%	-

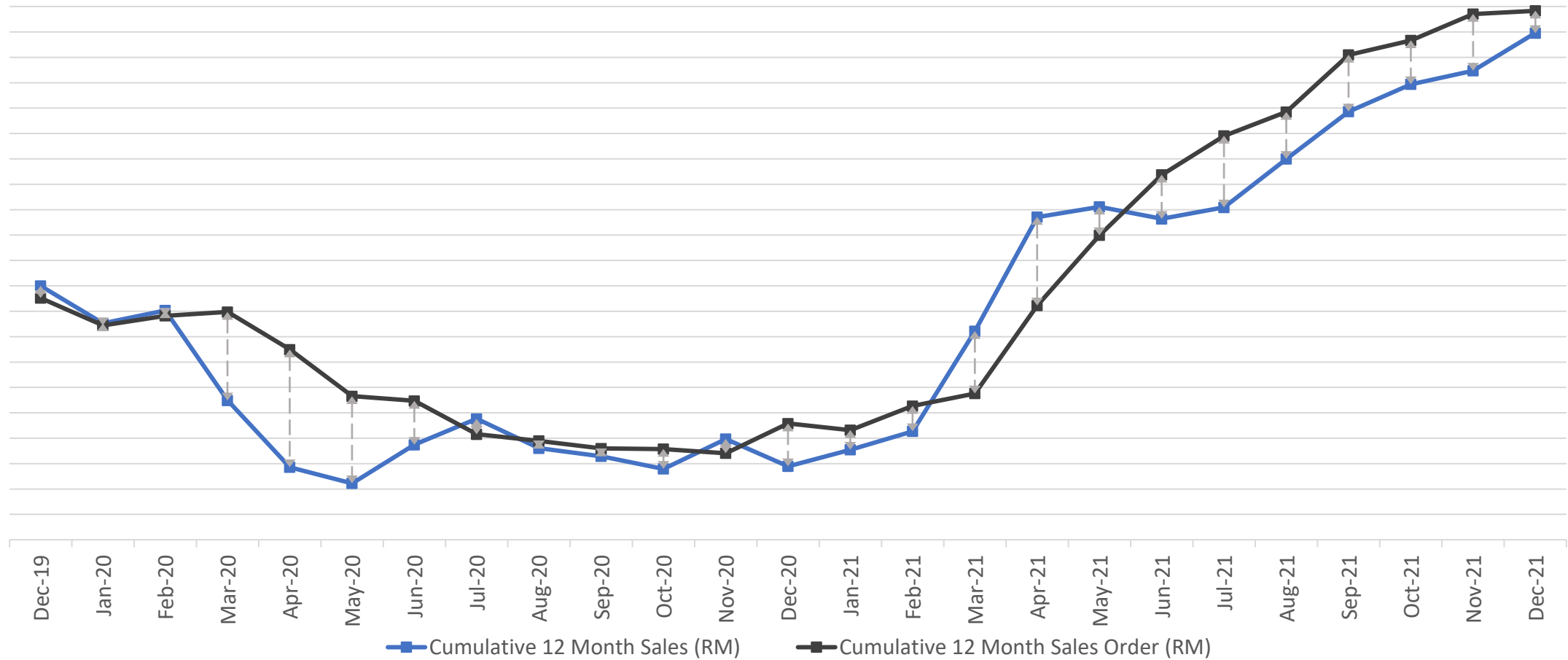
Source: Dedalus Consulting

Business Overview

Trailing 12 Months Sales and Sales Orders Trend



Trailing 12 months Sales vs Sales Orders (HPMT Industries Sdn. Bhd.)



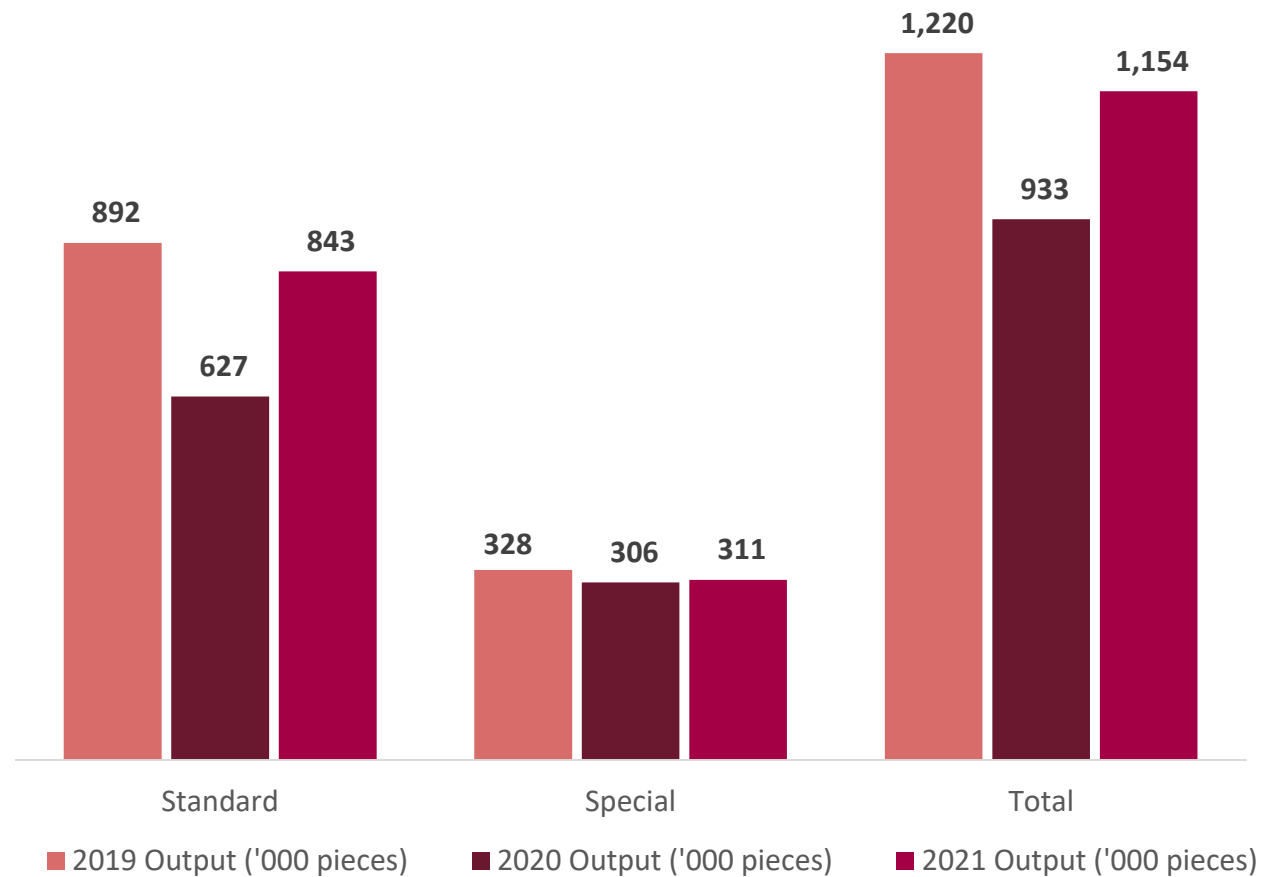


 **HPMT**

THE FUTURE OF PRECISION MACHINING

Business Overview

Manufacturing Output



COVID-19 Pandemic (Unprecedented event)

- Manufacturing output reduced 23.5% in FY2020 concurrent with the 6 weeks of MCO where manufacturing activities were halted.
- FY2021 manufacturing plant is running at 60% capacity and output is back on track, achieving product mix of standard products (70%) and special products (30%).
- In July 2021, manufacturing activities was halted for 1 week due to EMCO.

A close-up photograph of a precision machining process. A metal drill bit is shown cutting into a metal plate, with metal shavings scattered around the cut. The background is blurred, showing industrial machinery.

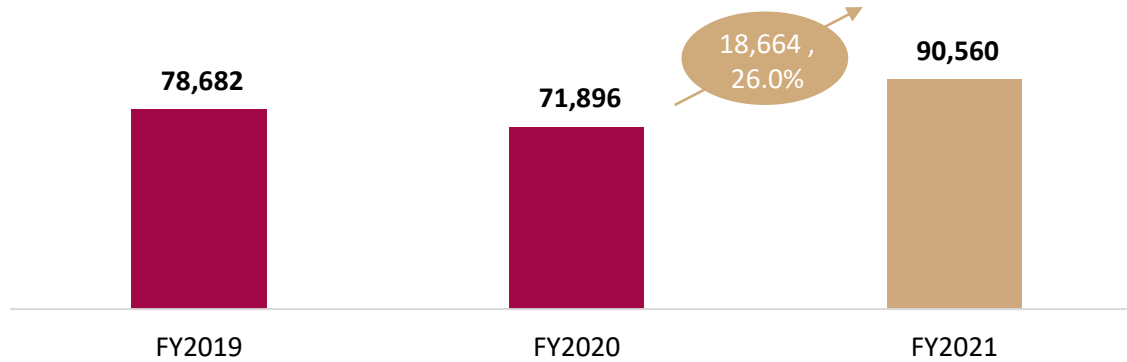
FINANCIAL OVERVIEW

Financial Overview

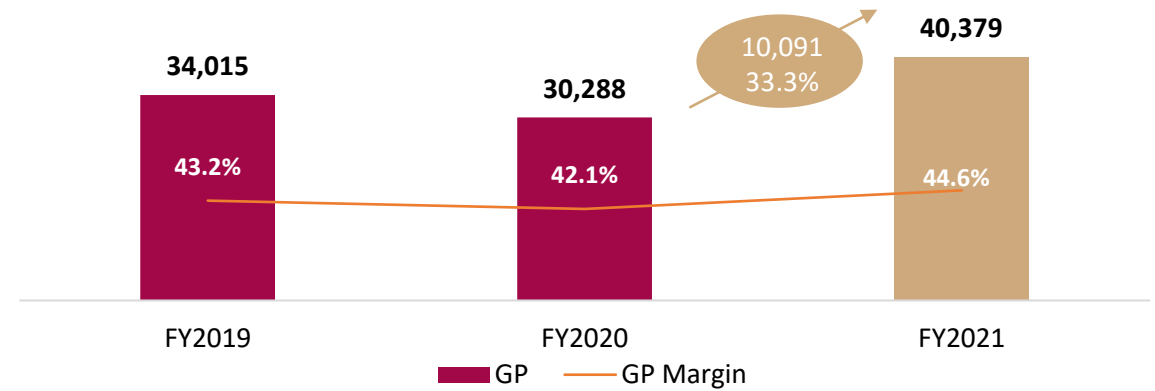
Annual Performance



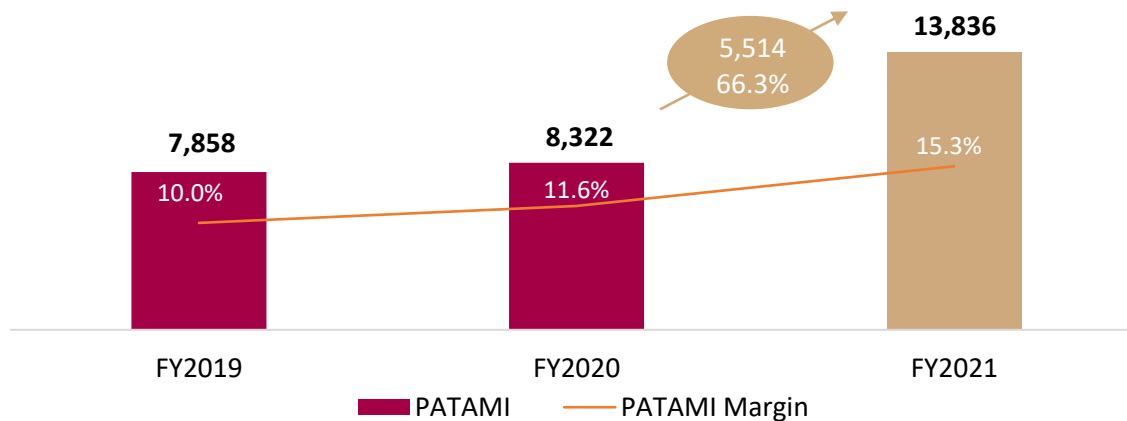
Revenue (RM '000)



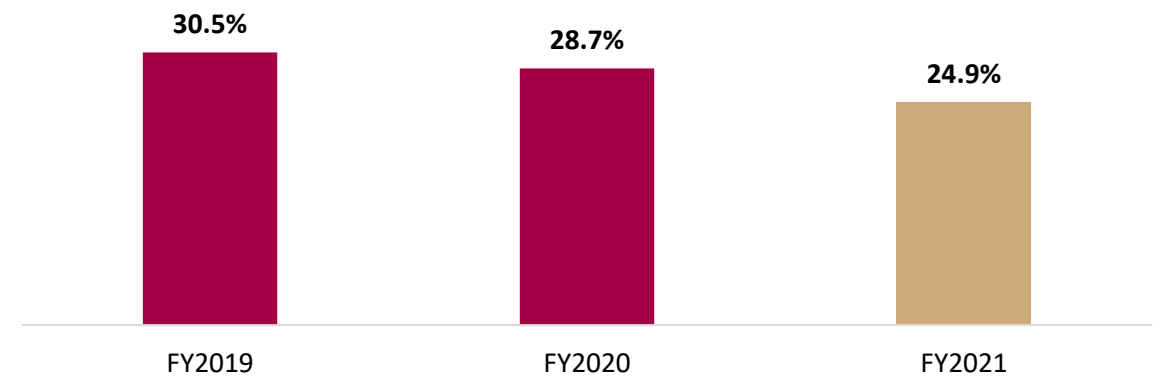
Gross Profit (RM '000)



PATAMI (RM '000)



Operating Expense Ratio * (%)



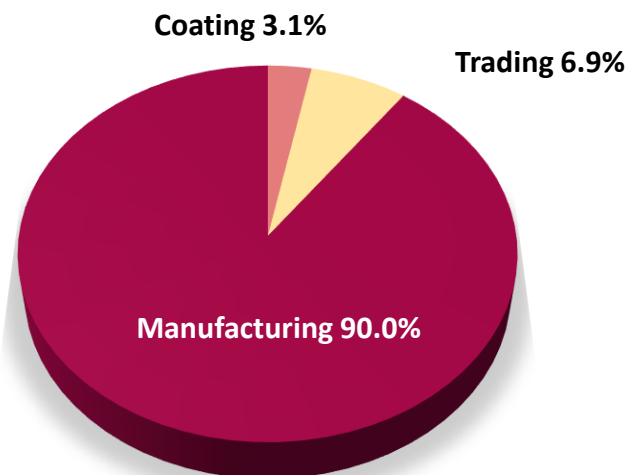
* Calculated based on operating expenses (administrative, selling and distribution expenses, finance costs and other income) over revenue

Financial Overview

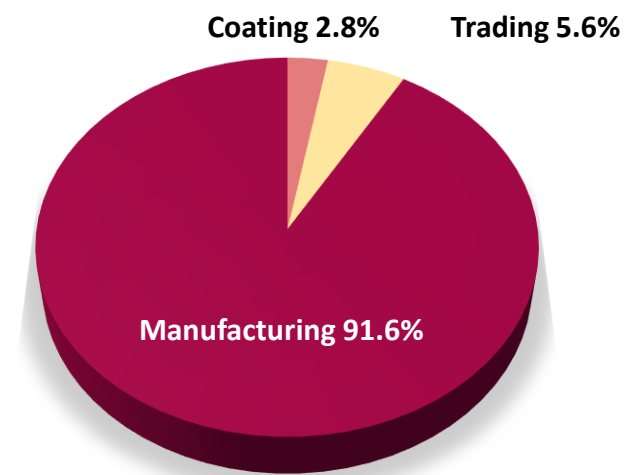
Annual Segmental Performance - FY2020 vs FY2021



FY2020 Revenue Contribution



FY2021 Revenue Contribution



Business Segmental	FY2020 (RM '000)	FY2021 (RM '000)	% Change
Manufacturing	64,709	82,970	28.2
Trading	4,967	5,024	1.1
Coating	2,220	2,566	15.6
Total	71,896	90,560	26.0

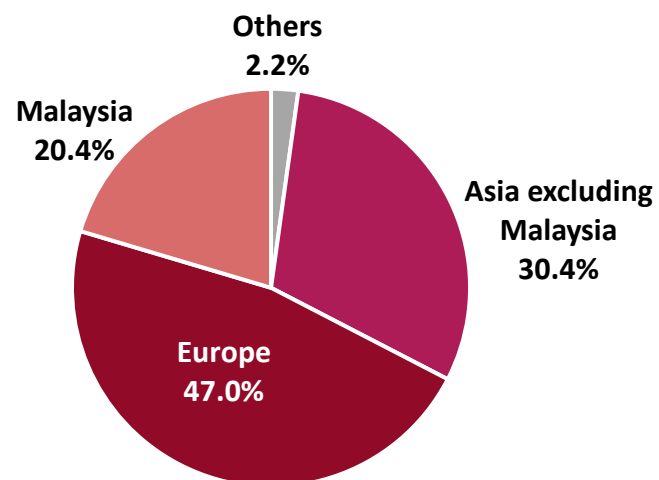
Financial Overview

FY2021 vs FY2020 Contribution by Location

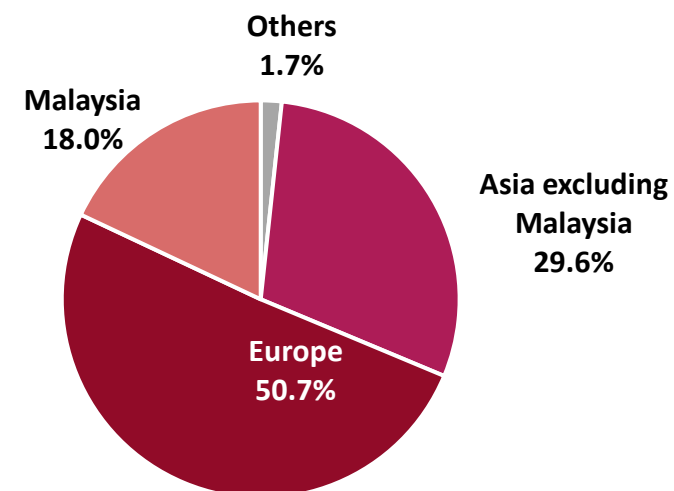


GEOGRAPHICAL REVENUE CONTRIBUTION – TOP 5 COUNTRIES

Revenue Breakdown for FY2020 (By region)



Revenue Breakdown for FY2021 (By region)



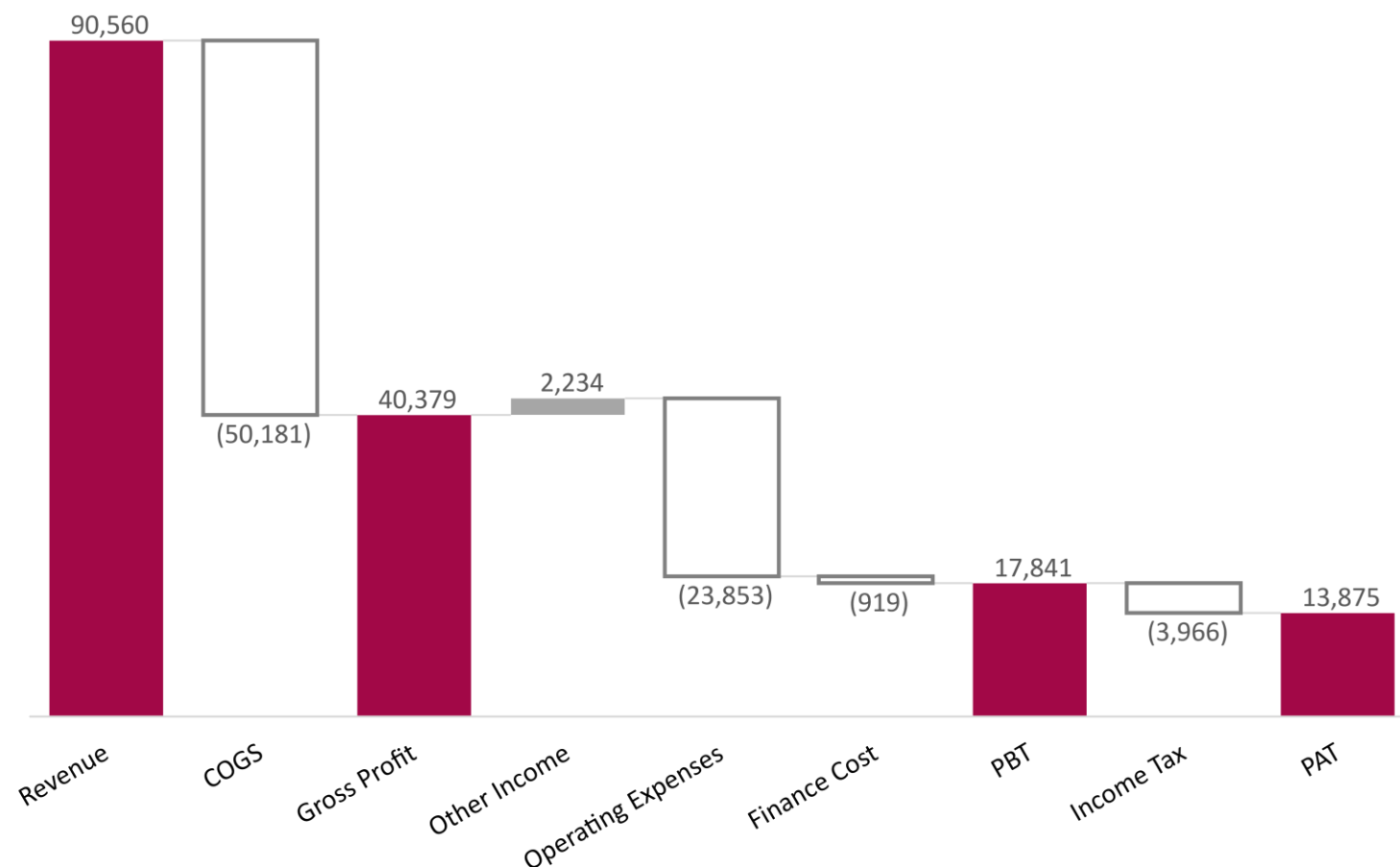
Country	FY2020 (RM' 000)	FY2021 (RM' 000)	% Change
Italy	9,441	16,396	73.7%
Malaysia	14,689	16,264	10.7%
Germany	8,894	11,001	23.7%
Czech Republic	6,247	7,581	21.4%
Japan	6,407	7,329	14.4%

Financial Overview

FY2021 Performance Summary



FY2021 Profit & Loss Overview (RM '000)



KEY RATIOS & STATISTICS

Revenue	▲ 26.0%
Gross profit	▲ 33.3%
Gross profit margin	44.6%
Profit before tax	▲ 85.1%
Profit before tax margin	19.7%
Earnings per share	4.21 sen
Dividend payout (FY2021)	41.5%
Return on equity	10.5%
Cash & short-term cash investments	RM57.8 m
Borrowings	RM24.2 m

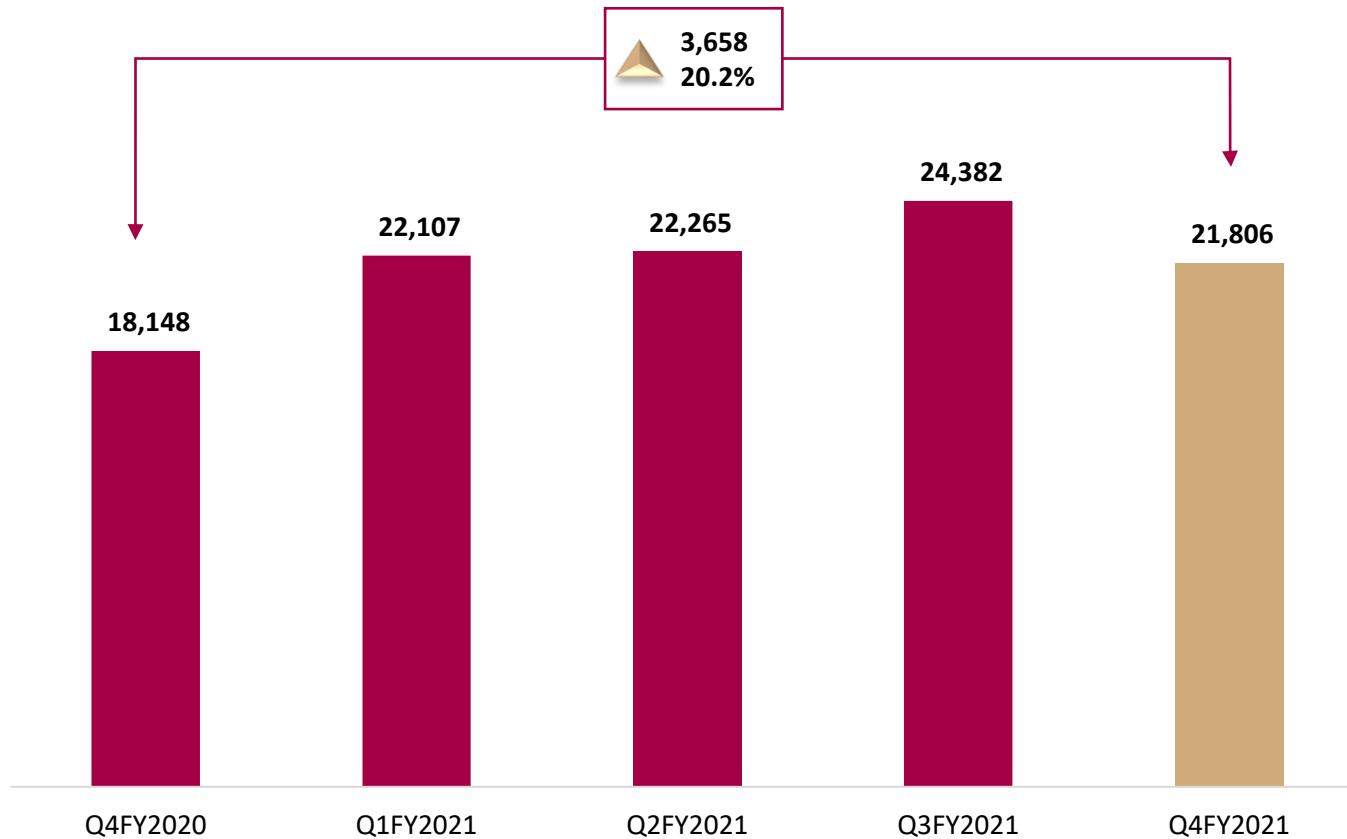
*FY: Financial year ending 31st December 2021
Comparative: FY2020*

Financial Overview

Quarterly Performance



Revenue (RM '000)



Q4FY2021 vs Q4FY2020

▲ 20.2%

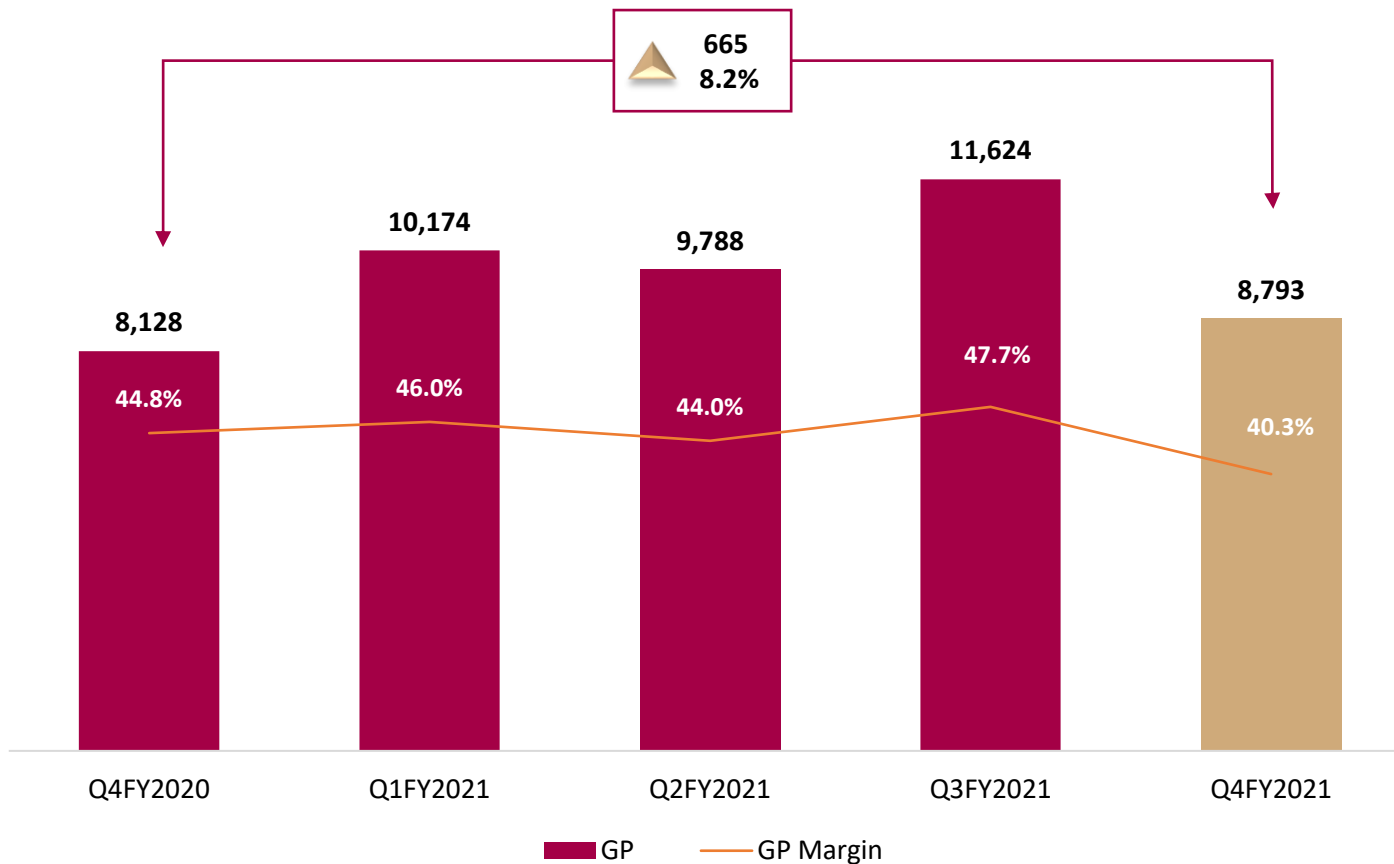
- The higher revenue was attributed to higher revenue generated within all the business segments, particularly the manufacturing segment.

Financial Overview

Quarterly Performance



Gross Profit (RM '000)



GROSS PROFIT MARGIN REMAINED ABOVE 40%

Q4FY2021 vs Q4FY2020

▲ 8.2%

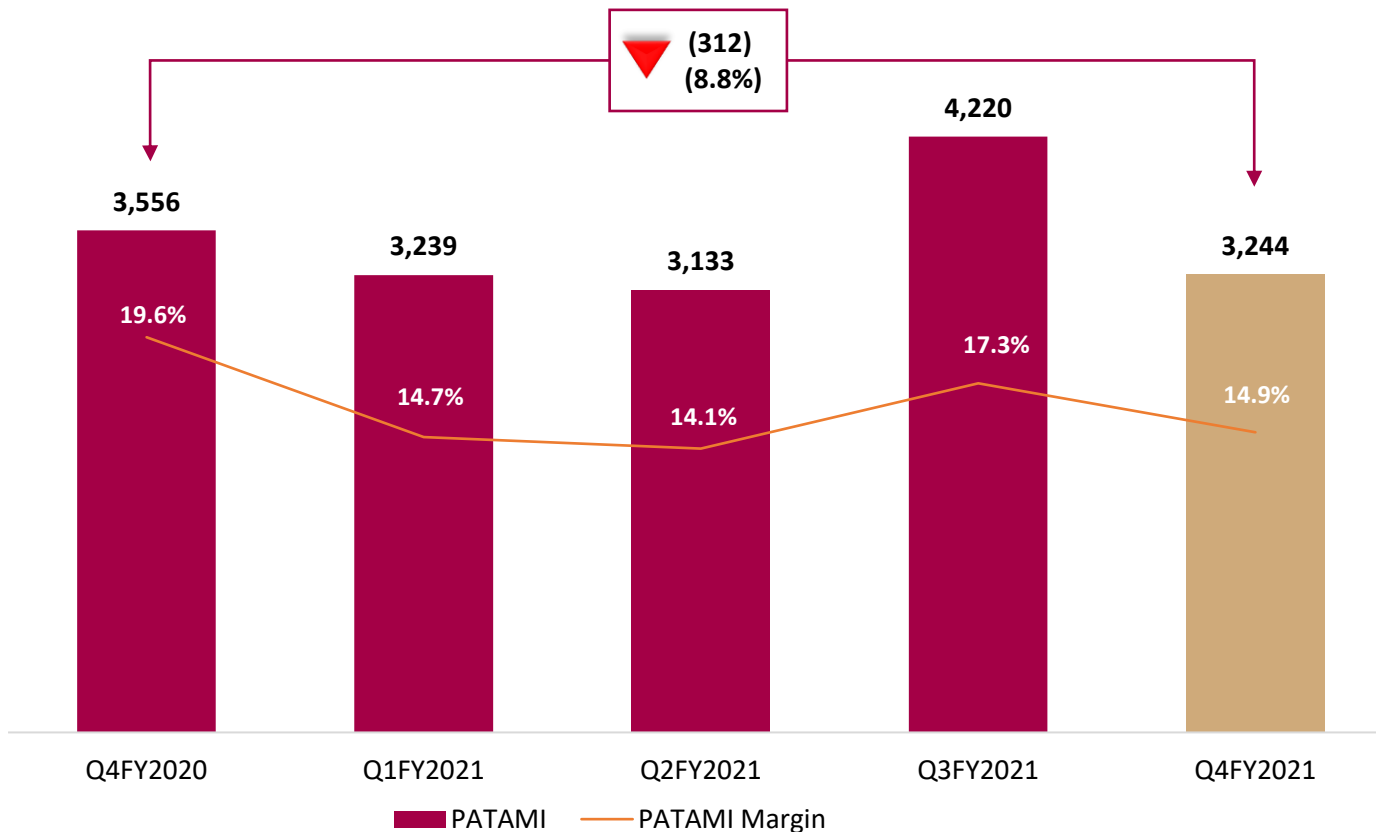
- The higher gross profit was due to the higher revenue.

Financial Overview

Quarterly Performance



PATAMI (RM '000)



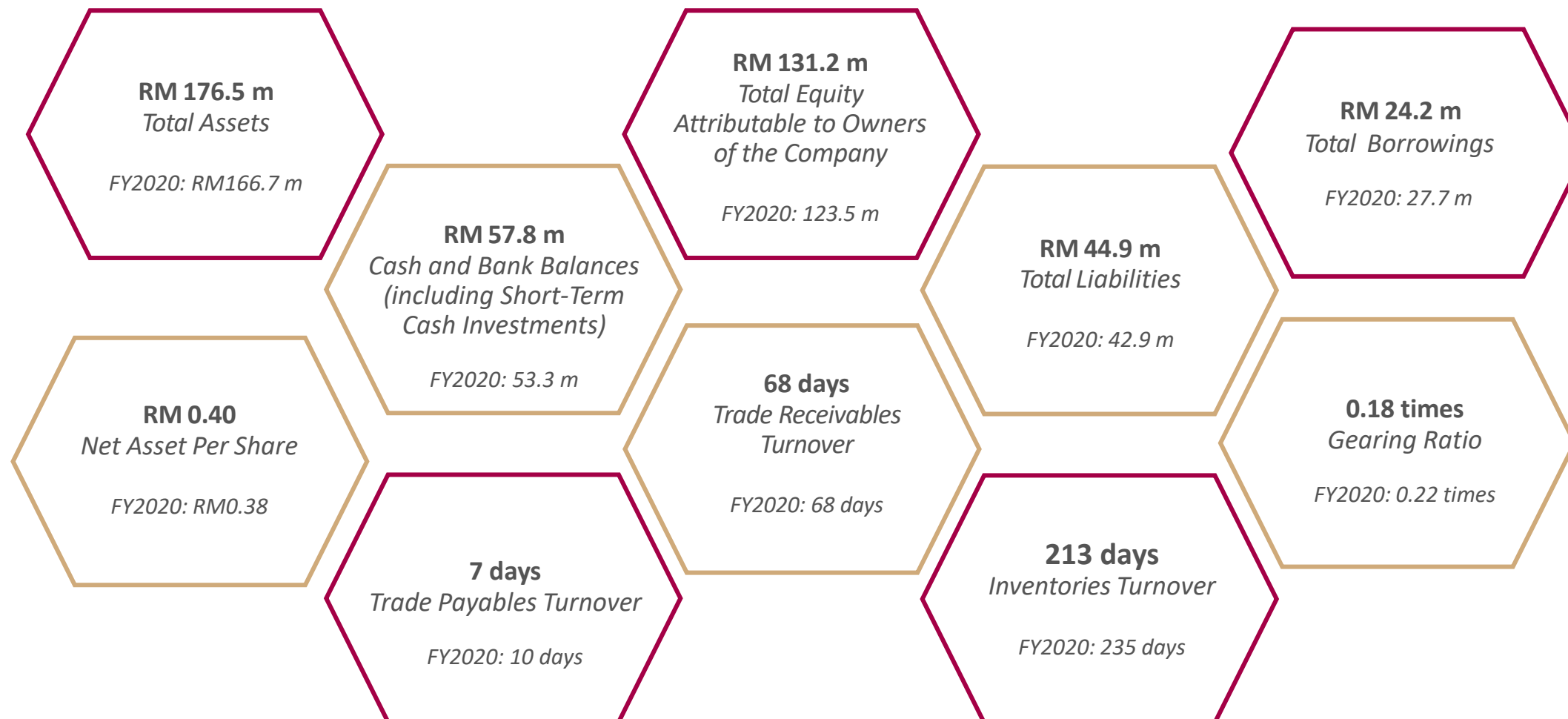
Q4FY2021 vs Q4FY2020

▼ 8.8%

- The marginal dip in PATAMI was mainly due to the wage subsidies of RM311k received in Q4FY2020.

Balance Sheet

As at 31 December 2021



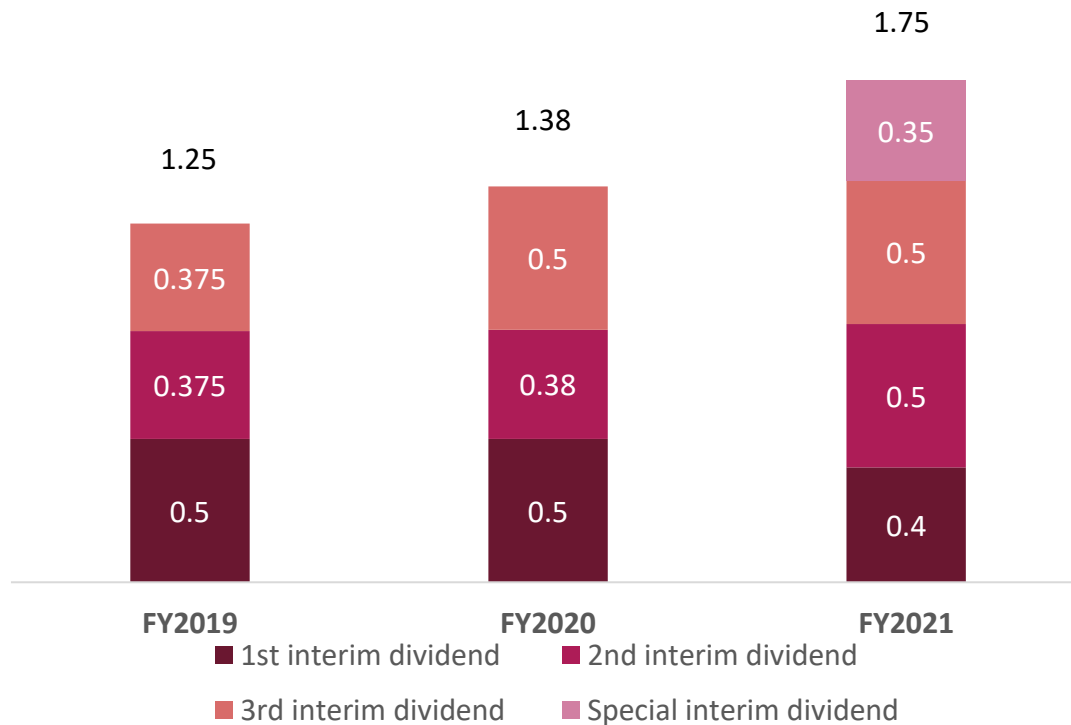
Dividend Performance

Higher Total Dividends At 1.75 Sen Per Share For FY2021



Total dividend payout since listing : **4.38 SEN** per share

Dividend Per Share (Sen)



Dividend Payout Ratio

FY2019	FY2020	FY2021
52.3%	54.5%	41.5%

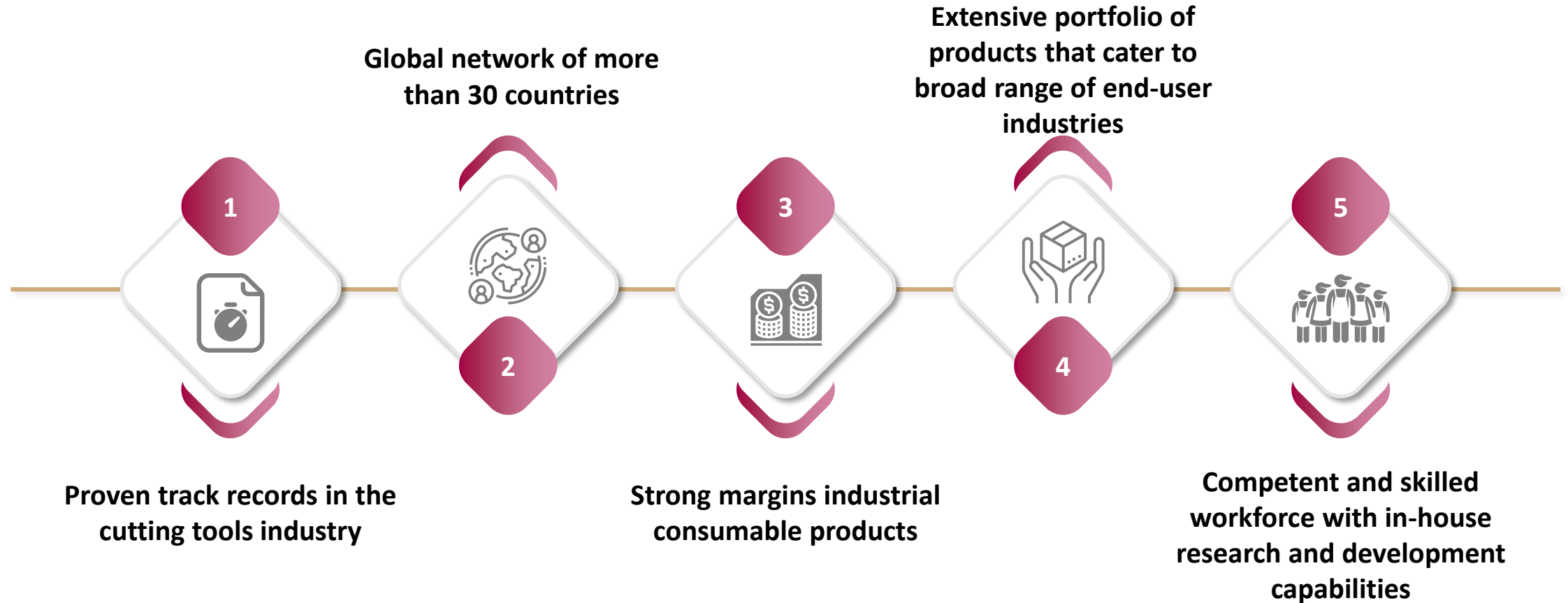
Dividends are subjected to Board approval and working capital requirements

Total dividend payout for FY2021: RM5.75 million.

A close-up photograph of a precision machining process. A metal drill bit is shown cutting into a metal plate, with metal shavings scattered around the cut. The background is blurred, showing industrial machinery.

KEY INVESTMENT HIGHLIGHTS

Key Investment Highlights



A close-up photograph of a precision machining process. A vertical metal drill bit is shown cutting into a metal plate. The plate has several large, rectangular slots cut into it. The background is blurred, showing a factory or workshop setting with various metal parts and machinery.

MOVING FORWARD

Moving Forward

Short-Term Plans in the Pipeline



1. Capital Expenditure Plan

- Due to lack of business visibility caused by the **COVID-19 pandemic**, the Group is cautious in its capital expenditure, where **investment in machineries** will be **phased according to prevailing market sentiments and capacity utilization rates**.
- With the **positive outlook** on incoming order trend and the highest ever annual revenue recorded in FY2021 since its listing on the Main Market of Bursa Malaysia, the management has decided **to resume its investments in machineries** to prepare the Group for market recovery.
 - FY2022 (4 units of CNC Universal Machines)
 - FY2022 (4 units of filtration system)
 - FY2022 (1 unit of coating machine)

2. Operational Improvement Plan

- Investment in **cloud-based enterprise resource planning (ERP) solutions**.
- Investment in **Automated Guided Vehicle** for automation project.

Moving Forward

Short-Term Plans in the Pipeline



3. Product Development

- The **EZ Line, composed of both endmills and drills**, was launched in Q4FY2021 to replace selected tools in the general and more price-competitive market segment.
- **Product extensions** of the DR-S drill series and NiTiCo 30 endmills series will be launched in Q2FY2022 to leverage the success of such series and complement their product offering



4. Sales & Marketing

- The new **general catalogue E** will be launched in Q1FY2022 with an updated product and technical information and improved ease of use to support our global sales network
- Our **marketing plan continues to leverage on digital tools** as well as will **restart participation to physical exhibitions** from 2HFY2022 to leverage the return to normal business practices in Europe



A close-up, high-angle photograph of a precision machining process. A shiny, cylindrical metal drill bit is positioned vertically, drilling into a thick, grey metal plate. The plate has several large, rectangular and circular holes already drilled. Numerous small, dark metal shavings are scattered around the drilling site. The background is blurred, showing industrial machinery.

STOCK INFORMATION

Stock Information



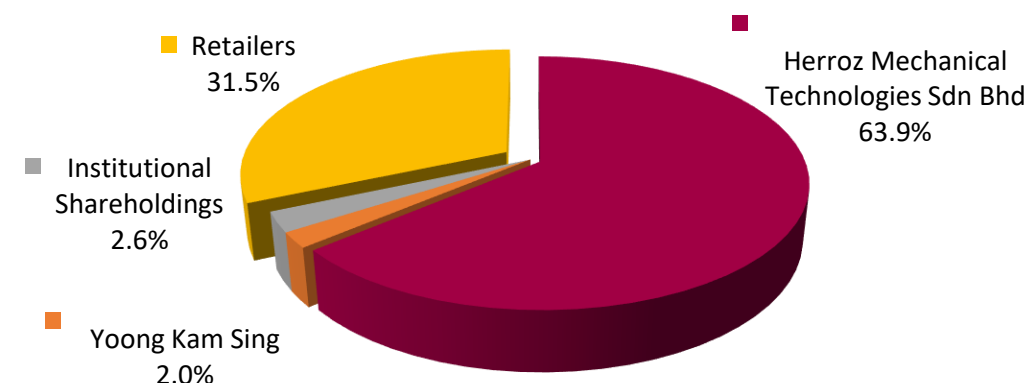
Bloomberg Ticker	HPMT:MK
52-Week Range (High) (RM)	0.76
52-Week Range (Low) (RM)	0.45
30 Day Avg Volume	2,425,253
Market Cap (MYR) (mil)	198.7
Issued and Paid-up Shares (Million)	328.49

Date	Major Announcements made through Bursa Securities
28/2/22	<ul style="list-style-type: none"> Q4FY2021 Results Announcement Special interim dividend of 0.35 sen
22/11/21	<ul style="list-style-type: none"> Q3FY2021 Results Announcement Third interim dividend of 0.5 sen
23/8/21	<ul style="list-style-type: none"> Q2FY2021 Results Announcement Second interim dividend of 0.5 sen
20/5/21	<ul style="list-style-type: none"> Q1FY2021 Results Announcement First interim dividend of 0.4 sen
12/4/21	Proposed renewal of shareholders' mandate for Share Buy-back by the company to purchase up to 10% of the total number of issued shares.
22/2/21	<ul style="list-style-type: none"> Q4FY2020 Results Announcement Third interim dividend of 0.50 sen
23/11/20	<ul style="list-style-type: none"> Q3FY2020 Results Announcement Second interim dividend of 0.38 sen



Source: Bloomberg as at 28 February 2022

Shareholdings (as at 31 December 2021)





THANK YOU

For Investor Relations related queries, please contact the following:



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