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## Market Value of Homegrown Nanofilm Close To S\$2 Billion

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ONE of Asia's leading providers of nanotechnology solutions, Nanofilm Technologies International (NTI), made its debut on the SGX Mainboard on Friday.

Strong investor demand signalled that the market clearly understands the specialised business of [NTI](#), which involves the manufacturing and supply of advanced materials and coating technology. The international placement of 73.4 million shares was 23 times oversubscribed.

Together, more than a dozen cornerstone investors collectively held 104.3 million shares or 52.9 per cent of the offer (representing a 15.8 per cent stake). The cornerstone investors included Venezio Investments Pte Ltd (an indirect wholly owned subsidiary of [Temasek](#)), [AIA Investment Management](#), [Aberdeen Standard Investments \(Asia\)](#), [Credit Suisse](#), and [JPMorgan Asset Management \(Singapore\)](#).

Other cornerstones included [Avanda Investment Management Pte Ltd](#), [Eastspring Investments \(Singapore\)](#), the Employees Provident Fund Board, [Fullerton Fund Management Company](#), [Lion Global Investors](#), [Nikko Asset Management Asia](#), [Principal Asset Management \(S\) Pte Ltd](#) and the SMALLCAP World Fund, Inc and American Funds Insurance Series - Global Small Capitalization Fund.

The listing also reinforced the competitiveness of both [Singapore](#)'s primary and secondary market. The stock ended its first trading session at S\$2.91, 12 per cent higher than the initial offer price of S\$2.59 with close to S\$300 million of shares changing hands.

NTI also commanded a valuation that is in line with the global tech leaders, indicating that new [Singapore](#) tech listings are competing well with international peers.

The median price-to-earnings ratio for the top quartile of technology companies by market value is close to 40 times. Based on the Friday closing price, NTI maintains a similar price-to-earnings ratio based on its earnings per share for the 12 months ended June 30, 2020, adjusted for the issuance of the conversion shares, the new cornerstone shares and the offering.

With a current market capitalisation of S\$1.92 billion, and a full year revenue of over S\$142.9 million for its FY19 (ended Dec 31), this places the company at a price-to-sales ratio of around 13 times. NTI's revenue grew at CAGR of 17 per cent from FY17 to FY19, with an adjusted Ebitda margin of 40 per cent for FY19, driven by its advanced materials segment.

NTI's listing is also testament to the supportive economic ecosystem in [Singapore](#) for tech startups. Nanyang Technological University's Shi Xu founded NTI in 1999 with US\$300,000. It started as a tech start-up spun off from [Singapore](#)'s NTU, where he worked as an associate professor.

The business grew throughout the years with the support of the [Singapore](#) government and investors. For instance, in 2015, the business developed its proprietary coating and coating systems through R&D with the help of SPRING [Singapore](#)'s Capability Development Grant.

In 2016, OCBC and Lion-OCBC Capital Asia I Holding made an equity investment and in 2018, a group of Heliconia and UOB managed private equity funds, and EDB Investments subscribed to the firm's convertible notes.

NTI now supports over 300 customers across multiple industries such as Microsoft, Huawei, Canon, Sunny Optical and Customer Z which is its largest customer contributing to more than 50 per cent of its revenue for its H1FY20. Customer Z's name has not been identified due to confidentiality restriction agreements, but is known to be a global technology company that designs, develops and sells consumer electronics, computer software and online services.

NTI has a unique position in the advanced materials and surface solutions industry with its

patented Filtered Cathodic Vacuum Arc (FCVA) and Hybrid FCVA technology to solve complex problems compared to conventional coating technologies and material.

NTI operates three main business units namely advanced materials, nanofabrication, and industrial equipment. Key end-use segments for advanced materials and nanoproducts include automotive, smartphones, semiconductors, computers, and wearables and could be positioned to benefit from secular growth trends such as digitalisation, Internet of Things, and 5G implementation.

Read the [original article](#) on The Business Times.