

10 in 10 – iWOW Technology (SGX Code: NXR)

10 Questions in 10 Minutes with SGX-listed companies



10 Questions for iWOW Technology

Company Overview

iWOW Technology (iWOW) is a home-grown technology provider specialising in integrated wireless Internet of Things (IoT) solutions offered as a service. Established in 1999, iWOW stands for inspiring the world of wireless. The Group combines custom designed hardware with state-of-the-art cloud-based software to create innovative IoT solutions for a smarter, greener and safer world.

[Link to Stock Screener company page.](#)

SGX Code: NXR	BBG: IWOW SP	RIC: IWOW.SI
Market cap on 27 Feb (S\$m)	60.6	
Price on 27 Feb (S\$)	0.230	
52 wk high/low (S\$)	0.285 - 0.196	
12m ADTV (S\$)	90,258	
Shares Outstanding (m)	263.4	
Float	26.9%	
P/E (LTM)	11.5	
P/B (LTM)	3.8	
Dividend Yield	1.6%	

Source: Refinitiv (27 Feb 2023)

1. iWOW is a IoT solutions provider, could you elaborate on the products and services that you provide clients?

- iWOW has 2 main business segments – Smart City Solutions (SCS) and IoT-as-a-Service (IaaS). Our main products and solutions include:

Segment	Product / Solution
Smart City Solutions ("SCS")	Smart Metering
	Trace Token
	Alarm Alert System ("AAS")
IoT as-a-Service ("IaaS")	Smart Metering
	Alarm Alert System ("AAS")
	Electronic Monitoring System ("EMS")

iWOW's key products & services

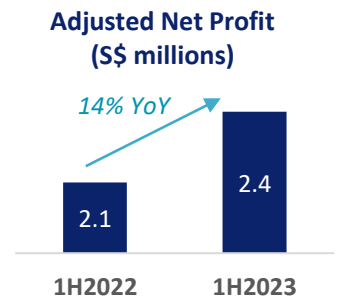
- Smart Metering System (SMS)** – This solution helps building-owners track utility consumption in order to uncover unconscious waste, automate tenant billing and sustainability reporting processes. We use specially designed modems to transmit consumption readings in real-time to our cloud-based software, which customers can access to generate reports and get alerts when abnormal consumption patterns are detected.
 - Alarm Alert System (AAS)** – The solution consists of wireless & battery-powered SOS buttons that seniors can activate to call for help during emergencies. The solution supports push-to-talk voice message while maintaining a battery life of up to 5 years. To date, more than 20,000 SOS buttons have been deployed.
 - Electronic Monitoring System (EMS)** – We are the technology partner for the Ministry of Home Affairs' EMS for almost a decade. Our solutions include specially designed IoT ankle tags that monitor the whereabouts of persons-of-interest (e.g. prisoners-on-parole or youth-at-risk).
 - TraceTogether Tokens** – We were commissioned by the Singapore Government to develop TraceTogether tokens for contact tracing during the height of the COVID-19 pandemic.
 - With the recent acquisition of Roots Communication (Roots), a Singapore-based telecommunications solutions provider, the Group is also able to cover wireless infrastructure projects such as base-stations for telecommunication providers, tetra radio for rail operators as well as public Wi-Fi for commercial buildings, schools and malls.

2. What is iWOW's competitive edge vs your industry peers?

- The Group's competitive advantage lies in our research & development (R&D) capability as well as our "IoT-as-a-service" & "asset-light" strategies. Our R&D competency ensures that our products are designed from the start to meet customer's needs while our "IoT-as-a-service" strategy enables us to close the design loop as we are directly involved in the use of our technology. Lastly, as the Group does not own fab or factories, we can be more agile, which is a crucial advantage in the fast-changing wireless innovation sector.

3. Describe iWOW's recent financial performance.

- Excluding the one-off listing expenses of S\$0.6 million in 1H2022, the Group achieved a 14% increase in adjusted net profit of S\$2.4 million in 1H2023, up from S\$2.1 million in 1H2022. Despite marginal revenue decrease of 3% year-on-year (y-o-y) to S\$17.1 million in 1H2023 due to lower revenue from the SCS segment, higher margins for the IaaS segment propelled the Group's net profits.
- Revenue for SCS declined 15% y-o-y to S\$12.9 million due to the completion of the TraceTogether Tokens and AAS projects. On the other hand, recurring revenue from our IaaS segment grew 66% y-o-y to S\$3.0 million on higher sales for the EMS and AAS Services.
- The Group also generated positive operating cashflow of S\$4.1 million. Cash and cash equivalent stood at S\$13.1 million as of 30 September 2022, resulting in a robust net cash position of S\$12.3 million.



4. How would the acquisition of Roots Communications affect the Group's financials and what synergies can be expected from the acquisition?

- The acquisition, priced at 6x forward net profit multiple, is value-accretive and we expect it to provide an immediate earnings uplift to the Group. As a reference, Roots recorded a historical revenue of S\$25.5m and a net profit of S\$0.9m for the last financial year ended 31 Dec 2021.
- Both companies are veterans in the wireless technology sector, with Roots specialising in infrastructure building, and iWOW specialising in developing and deploying innovative IoT solutions for end customers. Together, the Group believes that the combined portfolio & capability will enhance our competitive advantage, especially for larger scale Smart Nation projects.
- Lastly, we see significant cross-selling opportunities, especially in the commercial property, education and healthcare sectors. For example, Roots has a strong and loyal base of enterprise customers that engage Roots to manage their buildings' Wi-Fi and other wireless communication infrastructure. With the acquisition, the Group can now cross-sell additional end-user IOT applications such as Smart Metering & Smart Building Solutions to these customers.

5. Could you elaborate on the company's involvement in the recent Ministerial Community Visit that was covered by the mainstream media?

- During the ministerial community visit by Deputy Prime Minister (DPM) Lawrence Wong, on 1 Nov 2022, our AAS product was showcased as one of the promising eldercare initiatives being piloted in Yio Chu Kang which is set to be the "first dementia-friendly constituency".
- In this project, we deployed the AAS to 80 elderly residents across 3 blocks of Housing Development Board (HDB) flats.
- This pilot is one of several Business to Government (B2G) initiatives that we are involved in to support the government's "Successful Aging Action Plan". We believe that technology can play a key part in addressing the challenges of our aging population and we are working to roll out more eldercare IoT solutions for the Singapore market and beyond.

6. Could you elaborate on the future direction for the Group's various business segments?

- With significant business exposure to the B2G space, the Group is optimistic about its long-term structural growth, as we continue to leverage on opportunities that arise from the Singapore Government's Smart Nation programmes.
- In addition, we are laser-focused in expanding our IoT solutions for eldercare as we see strong demand not only from the government but also from consumers. As such, we plan to launch a suite of new IoT solutions that are designed to help seniors who live alone, be active and safe.
- The Group is also gearing up for our next phase of growth, which includes plans to expand our geographical reach and strategic acquisitions of complementary businesses to enhance our product portfolio.
- Finally, iWOW will continue our efforts deliver sustainable growth by shifting our revenue mix towards higher-margin IaaS segment.



Ministerial Community Visit which showcased iWOW's eldercare IOT product

7. What do you think are some key drivers or trends in the business segments and in the market that you operate?

- We identified three megatrends in our operating markets:
 - **Environment Sustainability** – Globally, the smart metering market is forecast to reach US\$54.3 billion by 2030, growing at a compound annual growth rate of 10.1% from 2021 to 2030¹. Similar trends are also seen in Singapore, driven by the Singapore Green Plan and Greenmark 2021². As such, we are focused on developing IoT Solutions that will help businesses uncover unconscious waste in their use of water and electricity.
 - **Ageing Population** – The Group believes that technology will play a big part in Singapore's response to tackling aging population. For example, the government recently announced that S\$18.0 million will be pumped into the Singapore Community Care Digital Transformation Plan³. Therefore, we are focused on building up our portfolio of IoT solutions to help seniors stay active and safe.
 - **Rapid Urbanisation** – By 2045, 68% of the world population is projected to live in urban areas⁴, which could pose challenges such as resource constraints and higher crime rates. Therefore, cities would require smarter solutions to maintain the quality of living. For example, the Singapore Government has announced plans to spend S\$3.8 billion in ICT in 2022⁵. As a home-grown technology company, we strive to position ourselves to seize the Smart Nation opportunities in the pipeline.

8. With expectations of slowing global growth in 2023, how is iWOW ensuring that its business remains resilient and continues to grow?

- Our exposure in the B2G space makes us more resilient compared to our competitors, especially those in the consumer technology sector. Furthermore, by focusing on needs related to sustainability, aging population and rapid urbanisation, we are well-positioned to ride on the megatrends.
- Also, with our strong cashflow and robust net cash position of S\$12.3 million in 1H2023, we believe that we have sufficient resources to seize good strategic acquisition opportunities as well.

¹ Source: <https://www.alliedmarketresearch.com/smart-meters-market>

² Source: <https://www.greenplan.gov.sg/splash>

³ Source: <https://www.straitstimes.com/singapore/community-care-sector-to-get-18m-under-new-initiative-to-drive-digital-efforts-aic>

⁴ Source: <https://www.worldbank.org/en/topic/urbandevelopment/overview>

⁵ Source: <https://www.businesstimes.com.sg/government-economy/government-to-spend-s38b-in-ict-in-fy2022-80-of-contracts-open-to-smes>

9. Sustainability has increasingly been a key focus, how is iWOW committed towards sustainability?

- iWOW's vision is to build a smarter, greener and safer world through innovation in wireless technology. As such, sustainability and ESG have always been at the heart of our business. We believe that our products should not only generate profit for the business, but also serve a bigger purpose. For example, our EMS product helps ex-offenders reintegrate back into society; our AAS product keeps seniors, who live alone, safe; and our SMS product helps our customers uncover unconscious waste in water and electricity.
- In recognition of our commitment to sustainability, we were selected by the United Nations Global Compact Network Singapore (GCNS) as the winner of the Singapore Apex Corporate Sustainability Award in 2018. We are grateful for the recognition and will continue to strive to improve our ESG impact.



Singapore Apex Corporate Sustainability Award Ceremony

10. Why should investors take a closer look at iWOW?

- We believe that there are 5 key reasons why investors should take a closer look at iWOW:
 - We have proven track-record in delivering innovative IoT projects at scale for both government and commercial customers.
 - We have deep capability in R&D and service delivery which give us competitive advantage.
 - Our solutions are well-positioned to ride the megatrends of environmental sustainability, ageing population and rapid urbanisation.
 - Our “IoT as a service” strategy ensures higher-margin and longer-term recurring revenue.
 - Our asset-light business model allows us to be more agile and less constrained by capital expenditure.

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Designed to be a short read, 10 in 10 provides insights into SGX-listed companies through a series of 10 Q&As with management. Through these Q&As, management will discuss current business objectives, key revenue drivers as well as the industry landscape. Expect to find wide-ranging topics that go beyond usual company financials.

This report contains factual commentary from the company's management and is based on publicly announced information from the company.

For more, visit sgx.com/research.

For more company information, visit <https://www.iwow.com.sg/>
Click [here](#) for iWOW Technology's 1H2023 Financial Results.



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