



YUNG TAY

2018.12.27

Safe Harbor Notice

- ❑ YUNGTAY's statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.
- ❑ Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

Company Introduction



1-1 Company Introduction

- ◆ Established in 1966
- ◆ IPO in 1989
- ◆ Investment capital : NT\$4.108 billion
- ◆ Consolidated revenue : NT\$16.7 billion in 2017
- ◆ Employees : 5,125
- ◆ Products : elevator 、 escalator 、 moving walkway



1-2 Group Organization



1-3 Main Products

YUNGTAY Elevator has complete line of products in lift industry

Including Passenger Elevator, Panoramic Elevator, Firefighter Elevator, Hospital Bed Elevator, Freight Elevator, Dumbwaiter, Escalator and Moving Walkway.



Villa Elevator



Escalator



Freight Elevator



Passenger Elevator



Firefighter Elevator



Dumbwaiter



Roomless Elevator



Hospital Bed Elevator



Hydraulic Elevator



Panoramic Elevator



Moving Walkway

1-4 Factory

Land of area :

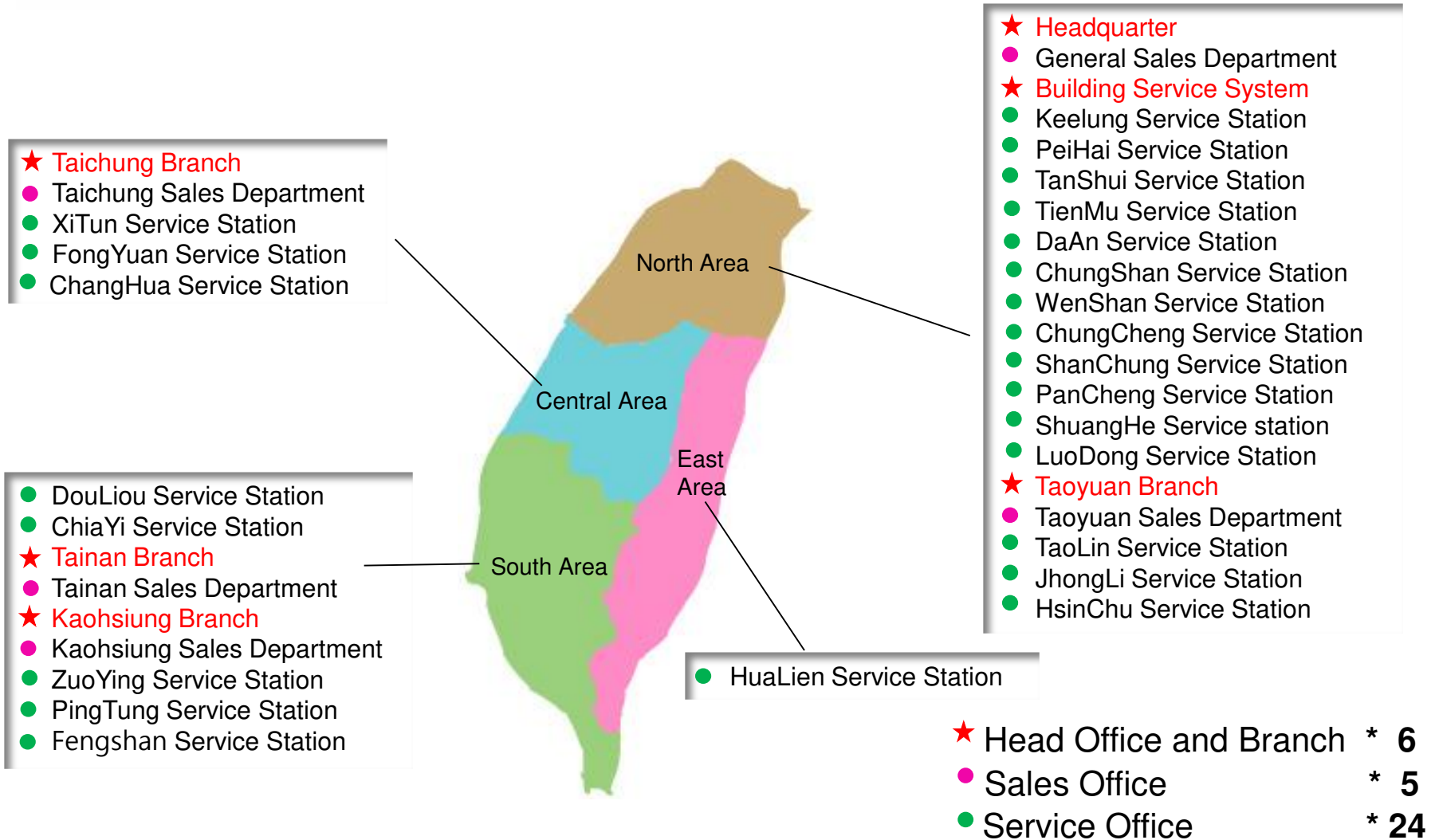
Taoyuan	40,507 m ²
Shanghai	122,759 m ²
Tianjin	63,937 m ²
Chengdu	60,000 m ²

Main production line :

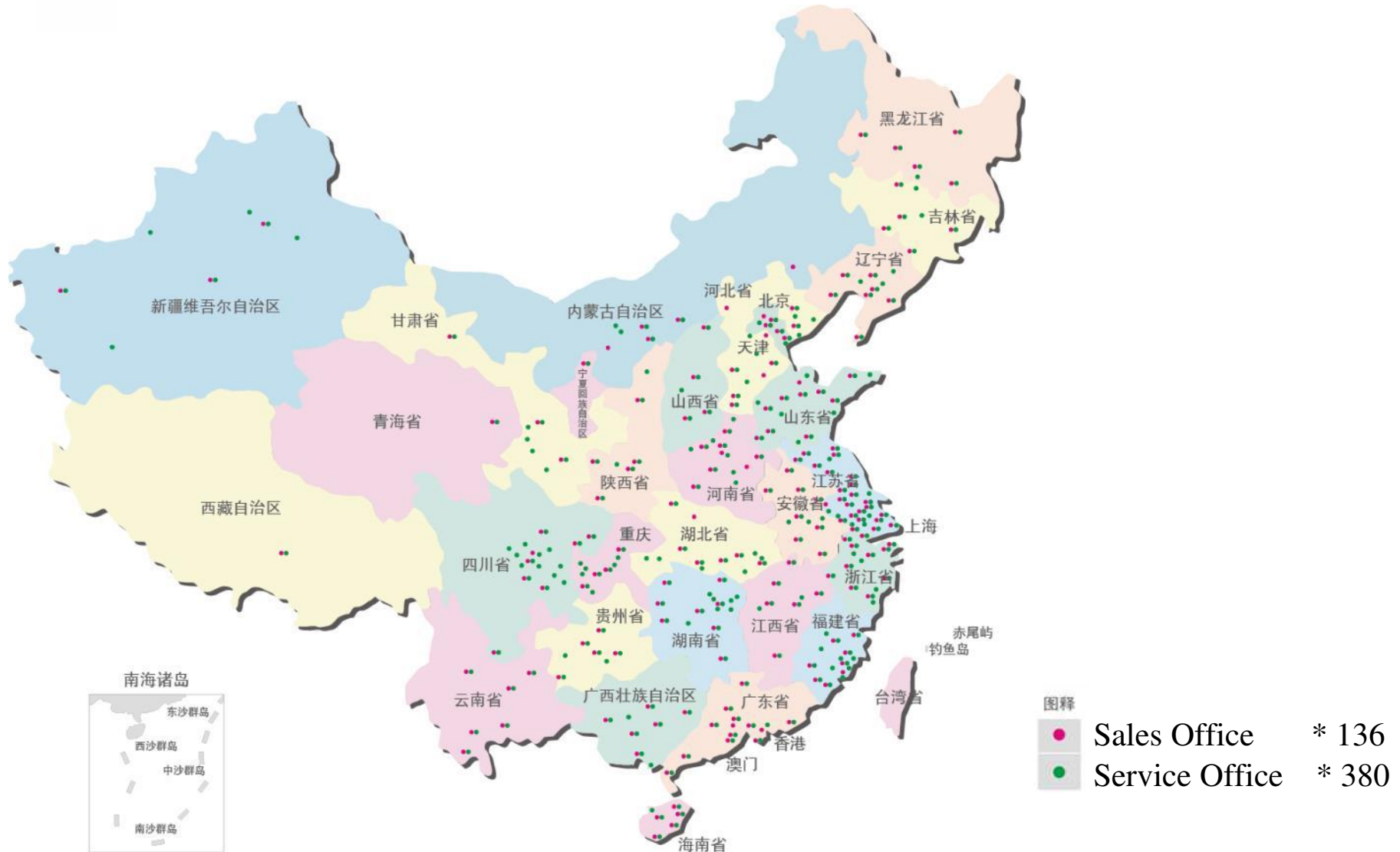
Steel Board 、 Cold Work 、 Painted 、
Motor process line 、 Tractor assemble line 、
Production assemble line



1-5 Sale and Service Network in Taiwan



1-5 Sale and Service Network in China



Financial Overview



2-1 Annual Elevator Revenue

In NT\$ Thousand

25,000,000

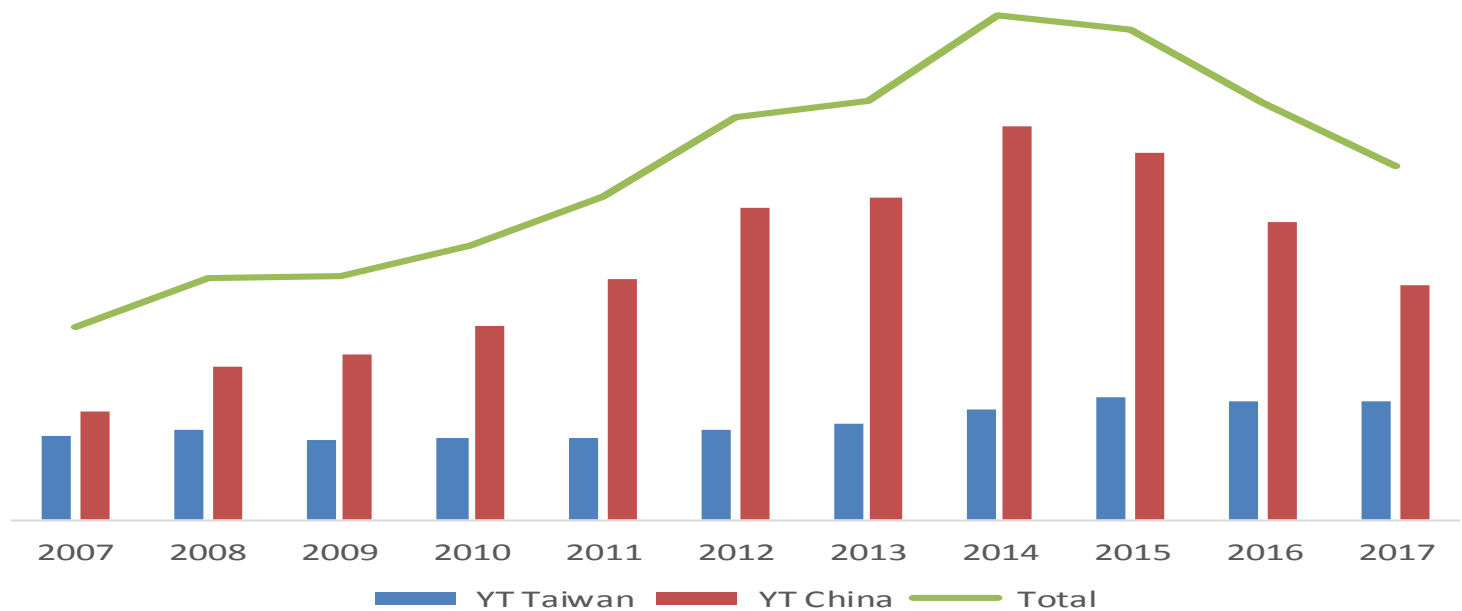
20,000,000

15,000,000

10,000,000

5,000,000

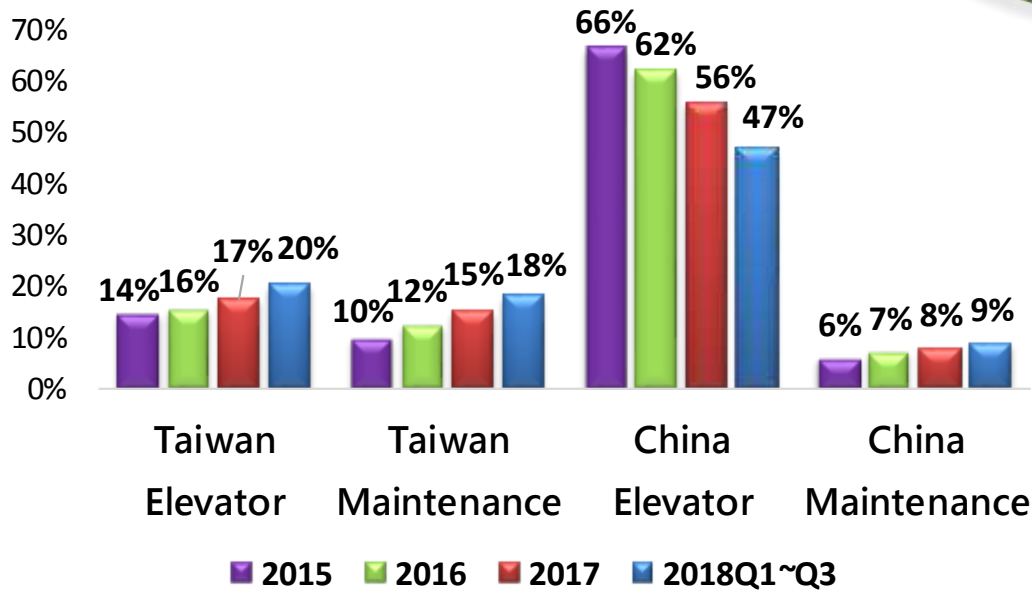
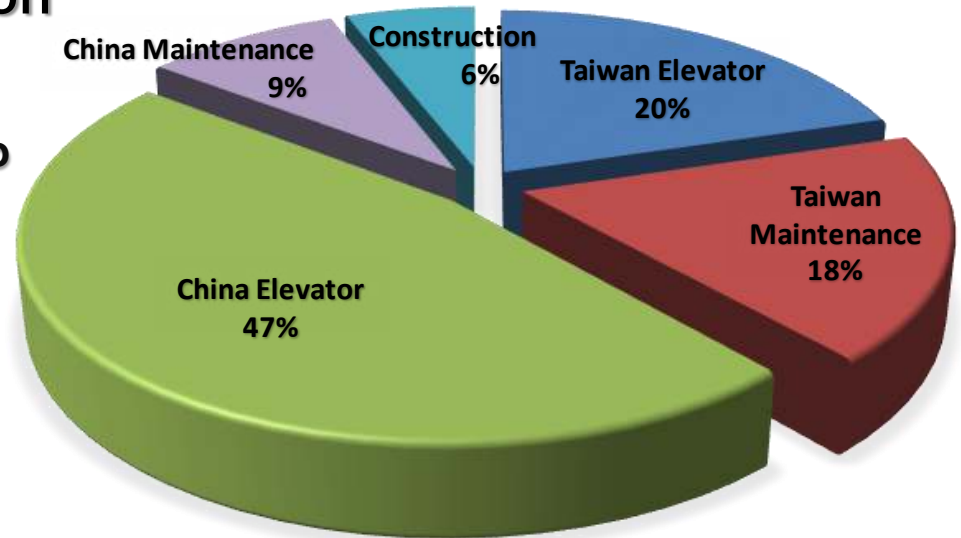
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Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018Q1~Q3
YT Taiwan	3,862,258	4,108,121	3,623,469	3,703,190	3,777,602	4,095,820	4,427,780	5,067,152	5,606,256	5,459,528	5,434,930	4,372,086
YT China	4,978,368	6,960,713	7,557,249	8,813,430	10,999,721	14,282,258	14,716,647	17,933,103	16,775,235	13,594,743	10,722,263	6,514,098
Total	8,840,626	11,068,834	11,180,718	12,516,620	14,777,323	18,378,078	19,144,427	23,000,255	22,381,491	19,054,271	16,157,193	10,886,184

2-2 Group Revenue Distribution

2018Q1~Q3 Revenue Ratio



Revenue Ratio Trend

2-3 Consolidated Statements of Comprehensive Income

In NT\$ Thousand

	3Q18		3Q17		YoY
	Amount	%	Amount	%	
Operating revenue	11,381,176	100%	13,065,436	100%	-13%
Gross profits from operations	2,695,256	24%	3,580,617	27%	-25%
Total operating expenses	1,857,977	16%	2,246,507	18%	-17%
Operating income	837,279	8%	1,334,110	9%	-37%
Total non-operating income and expenses	39,173	-	83,360	1%	-53%
Profit before tax	876,452	8%	1,417,470	10%	-38%
Net income for the year	627,073	6%	995,523	7%	-37%
Profit attributable to owners of parent	590,066	6%	974,517	7%	-39%
EPS (NT\$)	1.44		2.38		
	2017		2016		YoY
	Amount	%	Amount	%	
Operating revenue	16,752,217	100%	19,581,652	100%	-14%
Gross profits from operations	4,454,863	27%	5,647,641	29%	-21%
Total operating expenses	2,975,940	18%	3,509,672	18%	-15%
Operating income	1,478,923	9%	2,137,969	11%	-31%
Total non-operating income and expenses	69,980	-	47,182	-	48%
Profit before tax	1,548,903	9%	2,185,151	11%	-29%
Net income for the year	1,157,169	7%	1,584,489	8%	-27%
Profit attributable to owners of parent	1,127,886	7%	1,554,995	8%	-27%
EPS (NT\$)	2.76		3.8		

2-4 Parent Company Only Statements of Comprehensive Income

	In NT\$ Thousand				YoY
	3Q18		3Q17		
	Amount	%	Amount	%	
Operating revenue	4,394,502	100%	4,161,346	100%	6%
Gross profits from operations	1,375,968	31%	1,391,454	33%	-1%
Total operating expenses	463,173	11%	438,205	11%	6%
Operating income	912,795	21%	953,249	23%	-4%
Total non-operating income and expenses	(141,272)	-3%	263,200	6%	-154%
Profit before tax	771,523	18%	1,216,449	29%	-37%
Net income for the year	590,066	13%	974,517	22%	-39%
EPS (NT\$)	1.44		2.38		
	2017		2016		YoY
	Amount	%	Amount	%	
	Amount	%	Amount	%	
Operating revenue	5,465,334	100%	5,489,385	100%	0%
Gross profits from operations	1,763,190	32%	1,883,004	34%	-6%
Total operating expenses	613,954	11%	608,139	11%	1%
Operating income	1,149,236	21%	1,274,865	23%	-10%
Total non-operating income and expenses	286,218	5%	591,956	11%	-52%
Profit before tax	1,435,454	26%	1,866,821	34%	-23%
Net income for the year	1,127,886	21%	1,554,995	28%	-27%
EPS (NT\$)	2.76		3.8		

2-5 Consolidated Balance Sheets

		In NT\$ Thousand					
		3Q18		2017		3Q17	
	Note	Amount	%	Amount	%	Amount	%
Cash and cash equivalents		2,067,038	10%	4,135,644	17%	2,491,073	10%
Financial asset at fair value through profit or loss		1,855,883	9%	211,202	1%	1,440,602	6%
Accounts receivable, net		3,416,327	17%	3,334,774	14%	3,533,434	15%
Inventories		5,461,352	25%	6,535,659	27%	6,671,401	28%
Investments accounted for using the equity method		383,742	2%	381,021	2%	384,975	3%
Property, plant and equipment		5,488,347	25%	5,811,956	25%	5,850,125	24%
Others		3,064,112	12%	3,518,581	14%	3,708,510	14%
Total assets		21,736,801	100%	23,928,837	100%	24,080,120	100%
Accounts payable		1,823,322	8%	2,002,065	8%	1,986,926	8%
Current contract liabilities	(*)	6,328,274	30%				
Advanced received				7,438,298	31%	7,762,041	32%
Others		2,285,553	10%	2,723,538	11%	2,637,657	11%
Total liabilities		10,437,149	48%	12,163,901	50%	12,386,624	51%
Total equity		11,299,652	52%	11,764,936	50%	11,693,496	49%

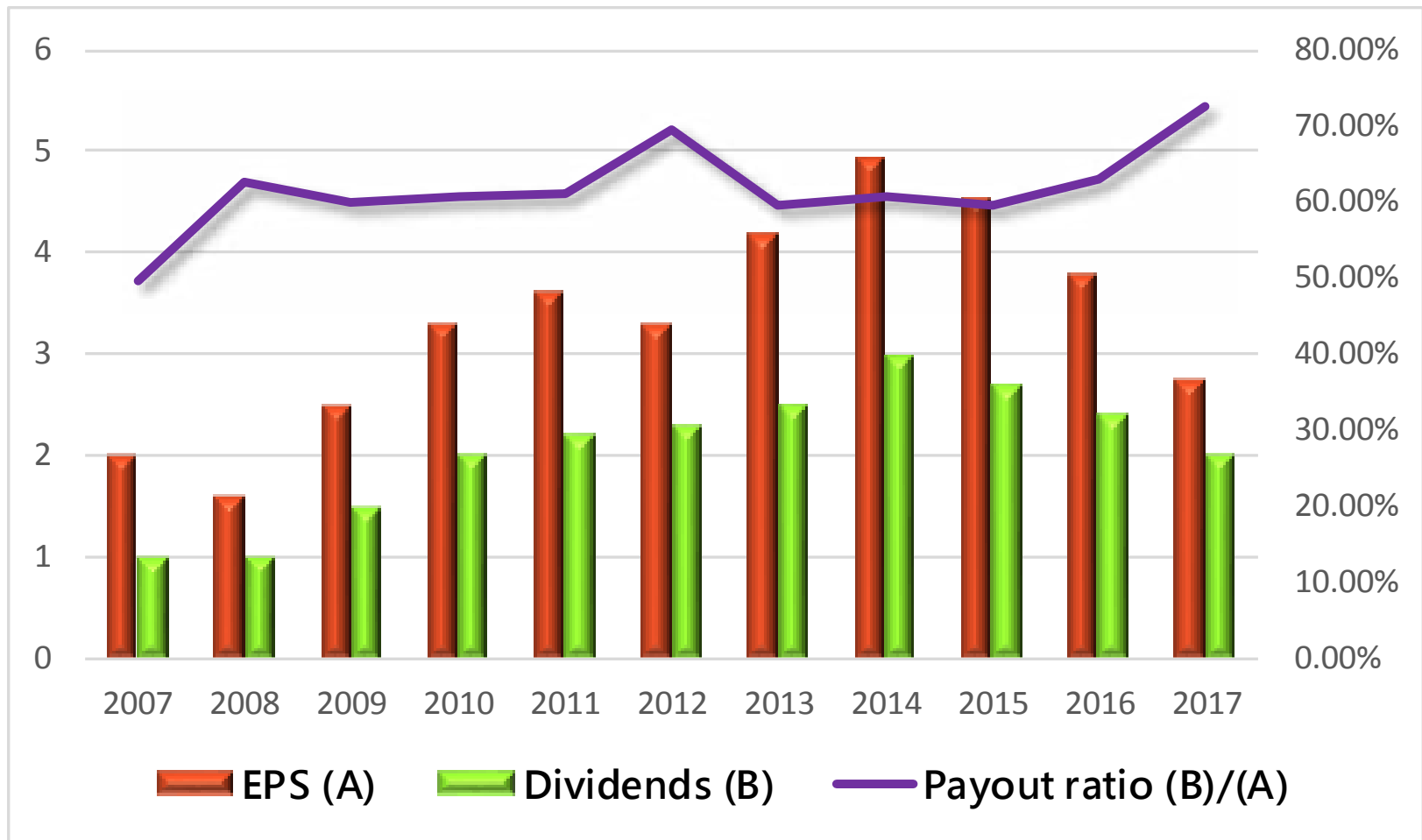
Note: The account after 2018/01/01 was changed to current contract liabilities, and it was called advanced received before 2017/12/31.

2-6 Consolidated Financial Ratio Analysis

Key Indices	3Q18	2017	2016	2015
Debts Ratio (%)	48.02	50.83	57.3	59.97
Current Ratio (%)	143.86	138.6	129.95	126.95
Quick Ratio (%)	86.43	76.61	70.36	66.60
A/R Turnover (Times)	4.04	4.07	3.91	4.66
Days Sales In A/R	90.38	89.68	93.35	78.32
Inventory Turnover (Times)	1.93	1.7	1.61	1.68
Average Days In Sale	189.05	214.7	226.7	217.26
Profit Margin (%)	5.51	6.91	8.09	8.13
Earnings Per Share (NT\$)	1.44	2.76	3.8	4.53

2-7 Dividend Policy

- The yearly dividend has been consistently issued in last 10 years. Dividend is more than 60% of earning per share.



Business Outlook

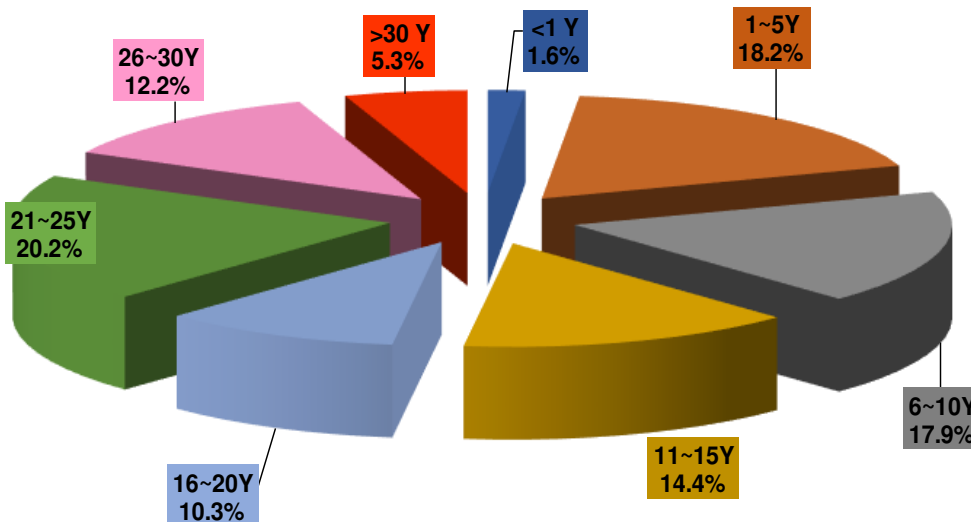


3-1 Replacement Market

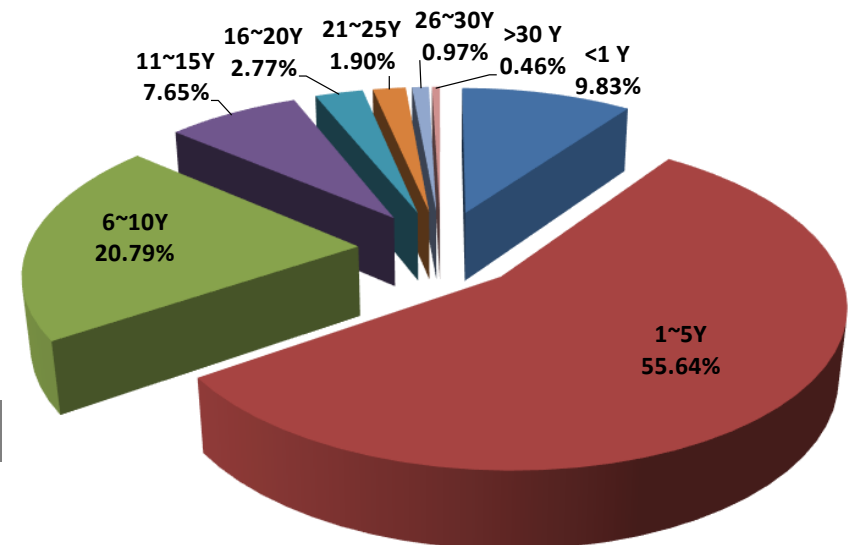
- Average life expectancy of elevator is around 20 years, and currently in Taiwan there are approximately 100,000 elevators that are overdue for replacement. Yungtay has about 25,000 units in this market. We aggressively explore this segment and expect two-digit growth per year which will power up the business for the company.
- There are 5.88 million elevators installed in China and there are approximately 200,000 elevators that are overdue for replacement. They will reach its expectancy progressively. The prospect of the replacement demand is very bright.

Elevator usage life ratio

Taiwan



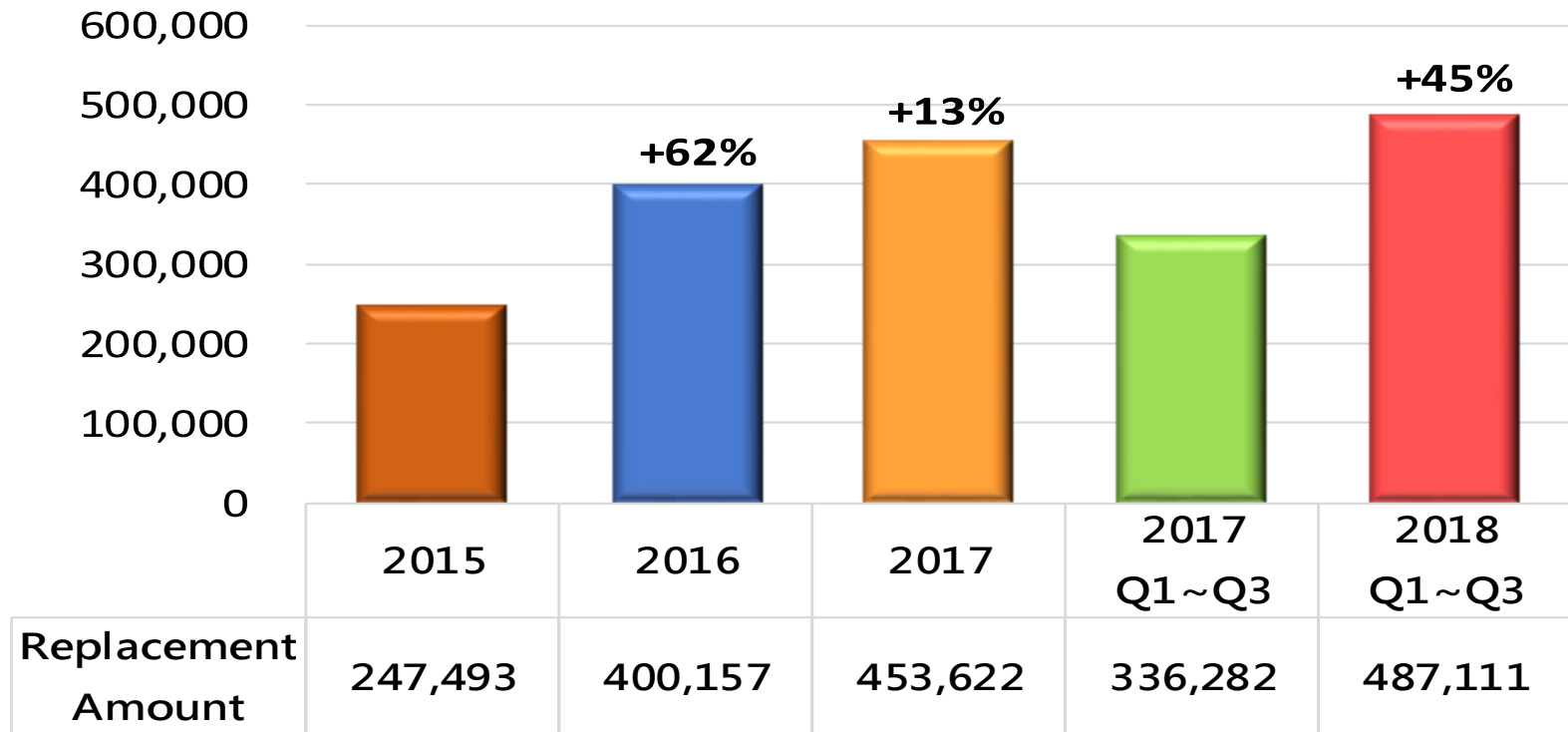
China



3-2 Replacement Amount – YT Taiwan

- The replacement business has been rapidly grown for Yungtay in Taiwan. The order amount till 3Q in 2018 has passed the annual amount in 2017. It will generate considerable revenue for the company.

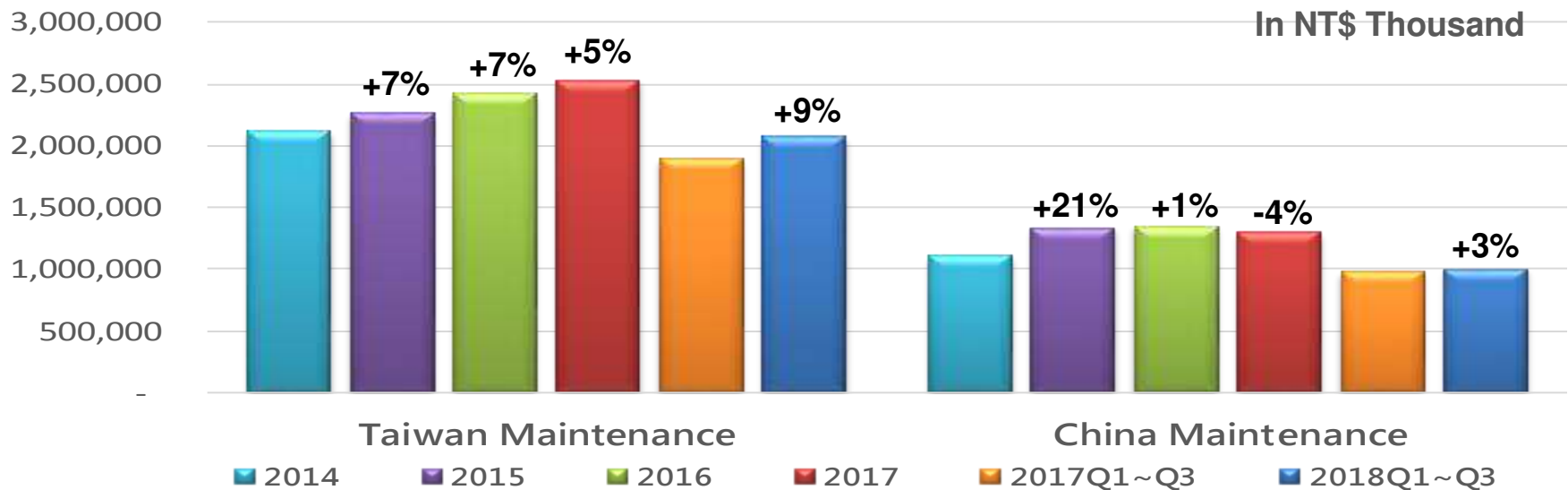
In NT\$ Thousand



Note: The amount includes partial replacement, but not includes additional units.

3-3 Maintenance Service Sector

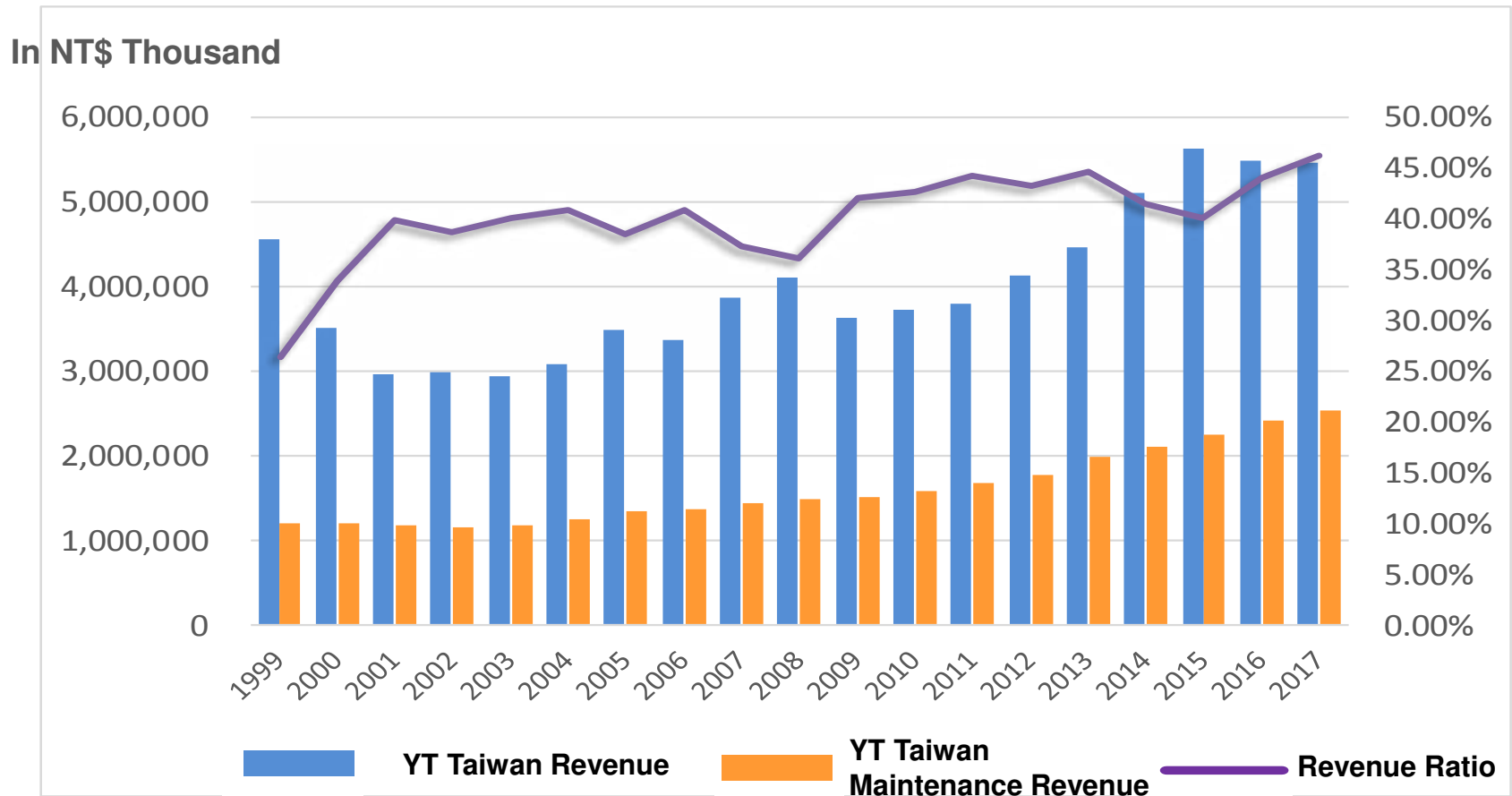
- Original elevator manufacturer maintenance ratio is over 80% in Taiwan, and Yungtai maintains more than 50,000 units currently. The maintenance revenue has about 5% growth every year which contributes steady cash flow and profits.
- Due to increase of public safety incidents in China, Chinese government has since then introduces several elevator safety regulations and national standards on elevator components. We expect that the elevator maintenance market has great potential growth in the future.



	2014	2015	2016	2017	2017Q1~Q3	2018Q1~Q3
Taiwan Maintenance	2,113,880	2,258,820	2,416,044	2,525,539	1,895,360	2,063,920
China Maintenance	1,105,176	1,331,972	1,348,444	1,291,866	971,773	998,354

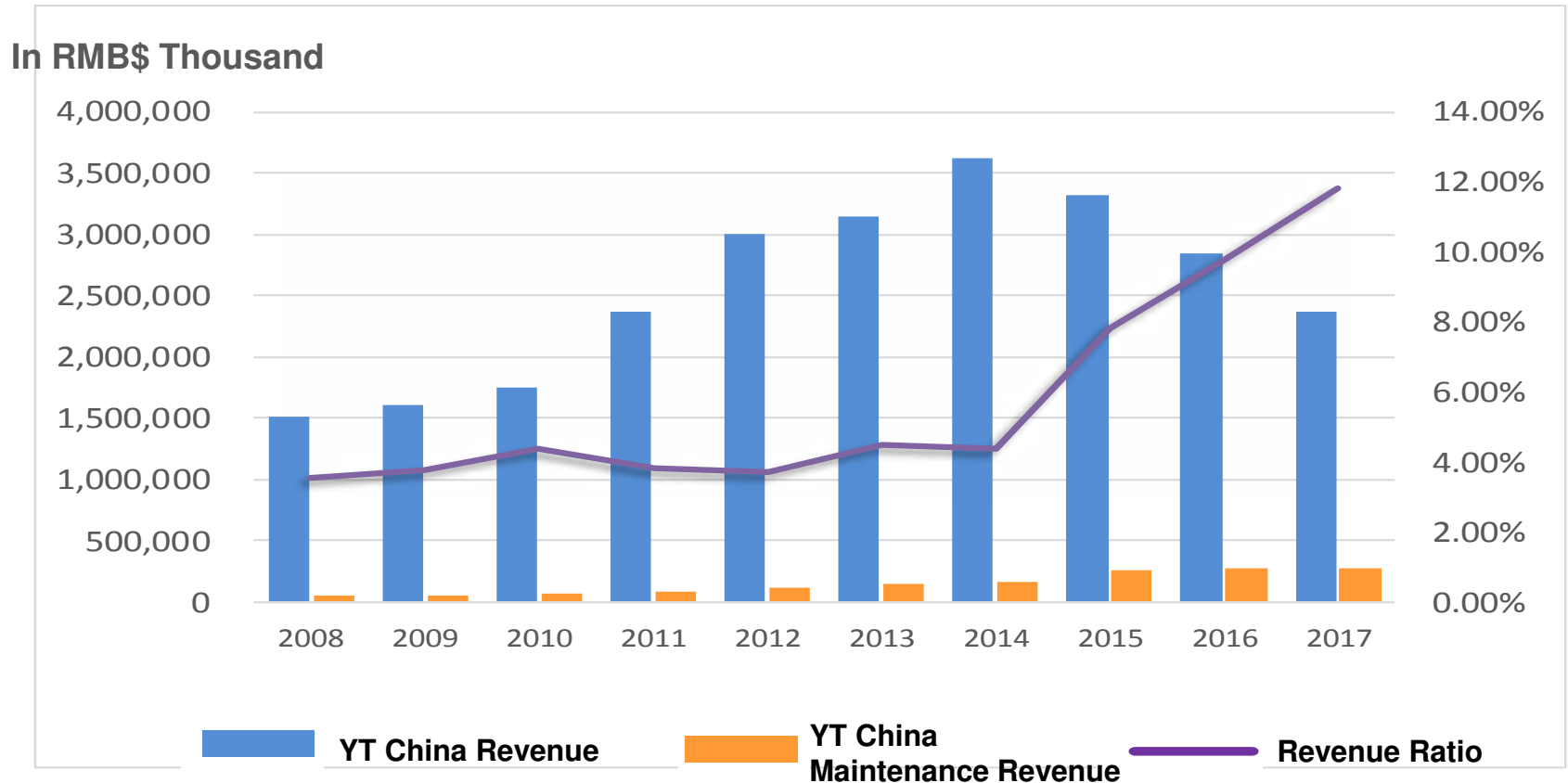
3-4 Maintenance Revenue Trend – YT Taiwan

- The maintenance revenue has grown from 1 billion to more than 2.5 billion in past 19 years. The revenue ratio has increased from 30% to near 50%. The maintenance revenue is consistently growth and is not impacted by the housing market recession.



3-4 Maintenance Revenue Trend – YT China

- The maintenance revenue is RMB 280 million in 2017. Based on Yungtay Taiwan maintenance experience in the past 20 years, the maintenance revenue and the revenue ratio in Yungtay China has great potential growth in the future.



3-5 Elevator Market Business – Taiwan

The property status in the third quarter of 2018 - Taiwan

Registration of Transaction	Property Projects	Floor Space of Construction License	Floor Space of Houses Newly Started	Construction loan
<p>69,702 buildings</p> <p>Growth Rate YoY:2.6% Growth Rate QoQ: 0.5% Accumulate Growth Rate YoY:4.5%</p>	<p>360.3 billion cases</p> <p>Growth Rate YoY:141.5% Growth Rate QoQ:28.5%</p>	<p>7.57 million m²</p> <p>Growth Rate YoY:5.0% Growth Rate QoQ:3.7% Accumulate Growth Rate YoY:8.7%</p>	<p>6.81 million m²</p> <p>Growth Rate YoY:16.4% Growth Rate QoQ:8.3% Accumulate Growth Rate YoY:10.7%</p>	<p>1,800 billion NT\$</p> <p>Growth Rate YoY:6.3% Growth Rate QoQ:1.6%</p>



Property slowly warmed up



Potential elevator purchases continue to rise

Source of information : CPAMI、Cathay Real Estate、MOI、Central Bank

3-5 Elevator Market Business – China

The property status in the first nine months of 2018 - China

Floor Space under Construction	Floor Space of Houses Newly Started	Land Acquisition Area	Floor Space of Commercial Buildings Sold	Floor Space of Commercial Housing for Sale
7,672 million m ²	1,525 million m ²	193 million m ²	1,193 million m ²	531 million m ²
Growth Rate YoY:3.9%	Growth Rate YoY:16.4%	Growth Rate YoY:15.7%	Growth Rate YoY:2.9%	Growth Rate YoY: -13.0%



The amount of property land purchases continues to grow



Potential elevator purchases continue to rise

Source of information : National Bureau of statistics

3-6 Elevator Market Total Demand Comparison

- The China elevator market is estimated about 680,000 units and is approximately 60% of global elevator demand. However, Taiwan elevator market is estimated about 660,000 units and is approximately 66% of global elevator demand. Therefore, Taiwan elevator market is relatively smaller market compared to China elevator market.
- All global elevator companies put their emphasis on China market and have to cultivate the market. During these years, Yungtay faced some challenges and competitions, but we will continue to work on expanding the market in China.

Year	New elevator in Taiwan market
2016	10,396 units
2017	10,578 units
2018 (Estimated)	10,398 units

Year	New elevator in China market (Domestic)
2016	645,000 units
2017	658,000 units
2018 (Estimated)	680,000 units

Source of information : Department of Statistics, MOEA 、 Company estimate

3-7 Contribution to the group by YT China

YT China Source of capital stock	
	Total Amount
Original investment	US\$ 15 million (NT\$ 450 million)
Earnings transferred capital increase	US\$ 41 million
Capital stock	US\$ 56 million
Distribution of earnings	NT\$ 1,460 million

YT China Company net value		
	2017	3Q18
Total assets	NT\$ 14,880 million	NT\$ 14,530 million
Total liabilities	NT\$ 7,470 million	NT\$ 6,670 million
Net Value	NT\$ 7,410 million	NT\$ 7,860 million
Cash deposits (*)	NT\$ 2,610 million	NT\$ 2,540 million

Note : include cash equivalents and financial instruments

3-8 YT China Strategy

Product Strategy

Elevator



Distinguish between Business and Residential For Business

1. Loading: 1000-2000kg
2. Speed: 1.0-5.0m/s
3. Upgrade Interior

For Residential

1. Loading: 800-1150kg
2. Speed: 1.0-2.0m/s
3. Replanning interior
4. Strengthen cost competitiveness

Escalator



For Business

1. 5.5m or less in line with market conditions
2. Significant increase in stability

Heavy Duty

1. Customized by bidding documents
2. Develop rail transit project

Home Elevator



1. Reduce the size of tunnel
2. Diversify Interior
3. Pit in the bottom of tunnel under 250mm

Additional Installation



Four major district market layout

The new project grouping, with the civil engineering hostway, government relations, application process approval, "think more for customers"

3-8 YT China Strategy

Sales Strategy

Customer Strategy

Maintenance Strategy

- Restructure the sales organization and quickly respond to customer demand
- Detailed business division and satisfying service
- Increase sales commission and encourage sales energy
- Target strategic customers are more than 20
- Build up big customer supporting department and establish the communication channel between headquarter and big customer
- Participate Top 50 strategic procurement bid
- Stabilize long term customer relationships
- Rebuild service team and establish service culture
- Strengthen the service team skill
- Increase the quality and quantity of maintenance contract

Thank you!

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