



YUNGTAY ENGINEERING



2019.12.26

YUNGTAY ENGINEERING INVESTORS PRESENTATION

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.
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COMPANY OVERVIEW





COMPANY BACKGROUND

FOUNDED	: 1966
LISTING YEAR	: 1989
TICKER NO.	: 1507.TT
PAID-IN CAPITAL	: 4.11 B
2018 REVENUE	: 14.8 B
NO. OF EMPLOYEES	: 5,100 (as of Q3 2019)
CORE PRODUCTS	: Elevators, Escalators, Moving Walkways





ORGANIZATIONAL STRUCTURE



YUNG TAY ENGINEERING CO., LTD

SUBSIDIARIES

YUNG TAY ELEVATOR
EQUIPMENT(CHINA) CO., LTD.

YUNG TAY-HITACHI CONSTRUCTION
MACHINERY CO., LTD.

YUNGCHUN CAPITAL, INC.

RELATED COMPANIES

TAIWAN CALSONIC CO.,LTD.

EVEST CORPORATION





CORE PRODUCTS

“ Yungtay has a complete, comprehensive line of products in the elevator and lifts industry ”



Villa Elevator



Escalator



Freight Elevator



Passenger Elevator



Firefighter Elevator



Dumbwaiter



Room-less Elevator



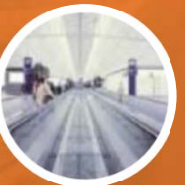
Hospital Bed Elevator



Hydraulic Elevator



Panoramic Elevator



Moving Walkway



YUNGTAI (TAIWAN) FACTORY

TAOYUAN FACTORY

Land Area 40,507 m²
Factory Area 36,936 m²

MAIN PRODUCTION LINE

Steel Board, Compound
machining production line, Painting
process line, Motor process line, Welding
production line, Motor process line,
Electronics assembly production line



6 Branch Offices
5 Sales Departments
24 Service Maintenance Stations



YUNGTAI (MAINLAND CHINA) FACTORIES

LAND AREA

Shanghai	112,189	m ²
Tianjin	63,937	m ²
Chengdu	60,000	m ²
Jiyi	28,661	m ²

FACTORY AREA

Shanghai	46,270	m ²
Tianjin	34,993	m ²
Chengdu	33,278	m ²
Jiyi	30,830	m ²

MAIN PRODUCTION LINE

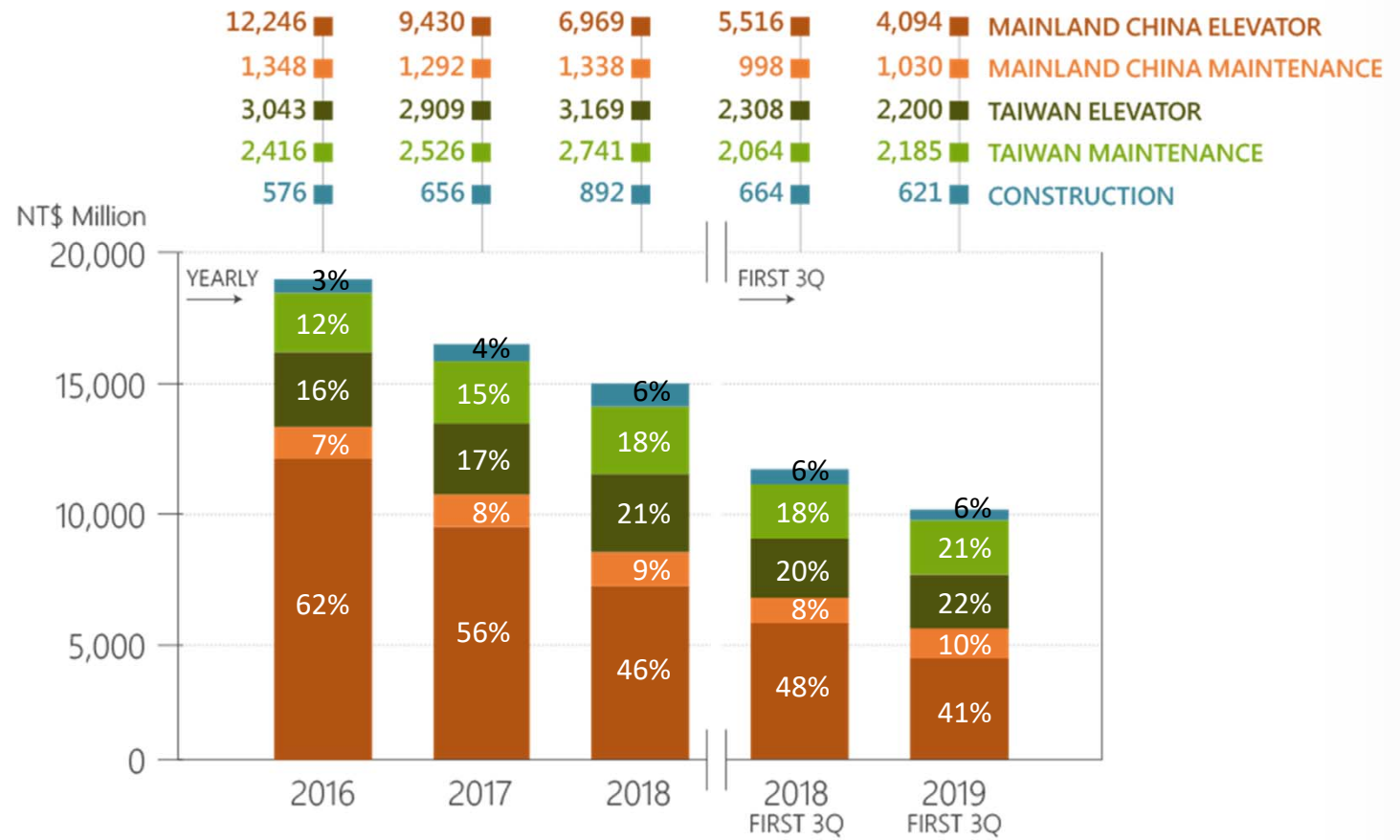
Steel Board, Compound machining production line, Cold work, Motor process line, Painting process Line, Control cabinet assembly line, PCB assembly line



136 Sales Department/Branch Offices
380 Service Maintenance Stations



REVENUE BREAKDOWN



OPERATION REPORTS





SALES BREAKDOWN BY SEGMENT

Revenue of elevator business in both Mainland China and Taiwan from 3Q19 has improved significantly in terms of the YoY growth

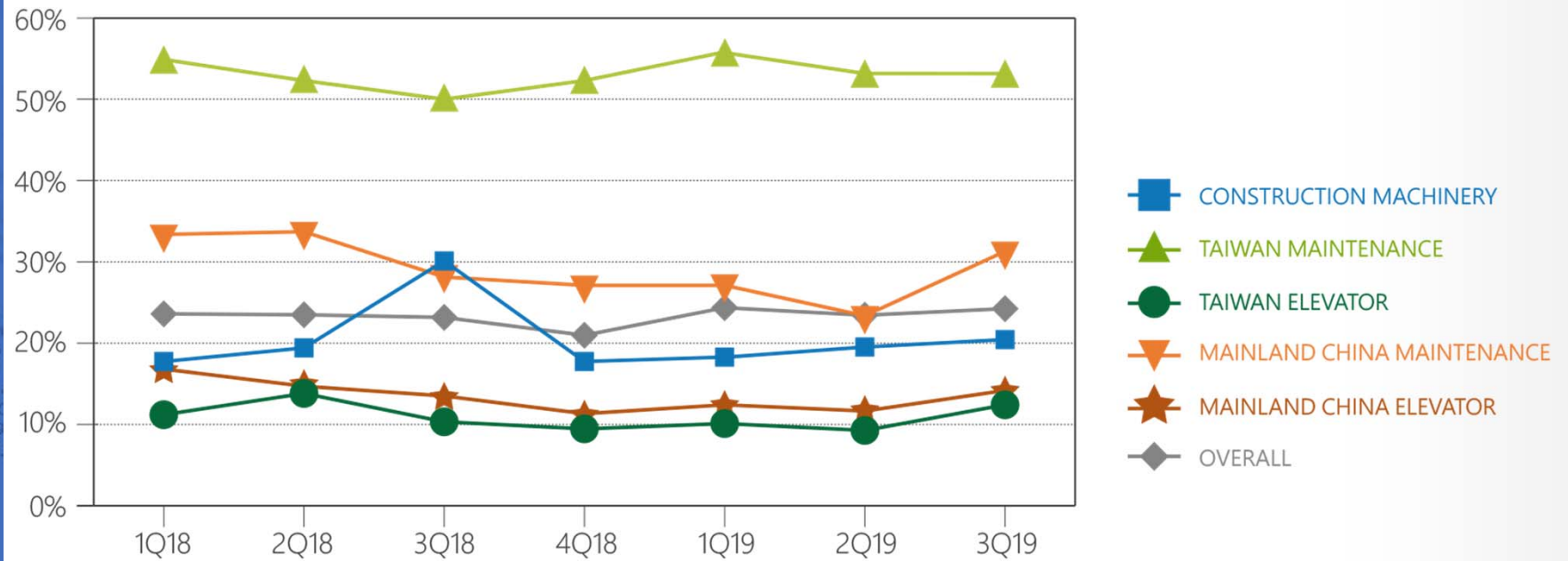
(Unit: NT\$ millions)	3Q19	(%)	Q on Q Change	Y on Y Change	FIRST 3Q19	(%)	Y on Y Change
MAINLAND CHINA	1,856	51%	18%	-2%	5,124	51%	-21%
Elevator	1,495	41%	19%	-5%	4,094	41%	-26%
Maintenance	361	10%	12%	13%	1,030	10%	3%
TAIWAN	1,587	43%	9%	14%	4,385	43%	0%
Elevator	847	22%	15%	22%	2,200	22%	-5%
Maintenance	740	21%	3%	7%	2,185	21%	6%
Construction Machinery	201	6%	-18%	-21%	621	6%	-6%
Others	8	0%	-2%	3%	23	0%	3%
Total	3,571	100%	10%	3%	9,981	100%	-12%

*Total includes write-off from related parties



QUARTERLY GROSS MARGIN TREND

Gross margin of elevator and maintenance business in both Mainland China and Taiwan for 3Q19 was flat-to-up, compared with those in 1Q and 2Q19.





CONSOLIDATED INCOME STATEMENT (FIRST 3Q)

Core-business operating income dropped for first 3Q of 2019 compared to previous year, but overall income increased due to disposal of land.

(Unit: NT\$ millions)	FIRST 3Q19	%	FIRST 3Q18	%	Y on Y Change
Operating Revenue	9,981	100.0%	11,381	100.0%	-12%
Gross Profit	2,392	24.0%	2,695	23.7%	-11%
Operating Expenses	(1808)	-18.1%	(1858)	-16.3%	-3%
Income from Operations	584	5.9%	837	7.4%	-30%
Non-Operating Income and Expenses	389	3.9%	39	0.3%	897%
Income before Income Tax	973	9.7%	876	7.7%	11%
Net Income (Attributed to Stockholders of the Company)	732	7.3%	590	5.2%	24%
EPS (NT Dollar)	1.79		1.44		



CONSOLIDATED INCOME STATEMENT (SINGLE QUARTER)

Operating income, non-operating income, and net income improved YoY.

(Unit: NT\$ millions)	3Q19	%	2Q19	%	QoQ Change	3Q18	%	YoY Change
Operating Revenue	3,571	100.0%	3,234	100.0%	10%	3,478	100.0%	3%
Gross Profit	876	24.5%	748	23.1%	17%	810	23.3%	8%
Operating Expenses	(614)	-17.2%	(630)	-19.5%	-3%	(604)	-17.4%	2%
Income from Operations	262	7.3%	118	3.6%	123%	206	5.9%	27%
Non-Operating Income and Expenses	314	8.8%	45	1.4%	598%	54	1.6%	481%
Income before Income Tax	576	16.1%	163	5.0%	254%	260	7.5%	122%
Net Income (Attributed to Stockholders of the Company)	498	13.9%	108	3.3%	361%	160	4.6%	211%
EPS (NT Dollar)	1.22		0.24			0.39		

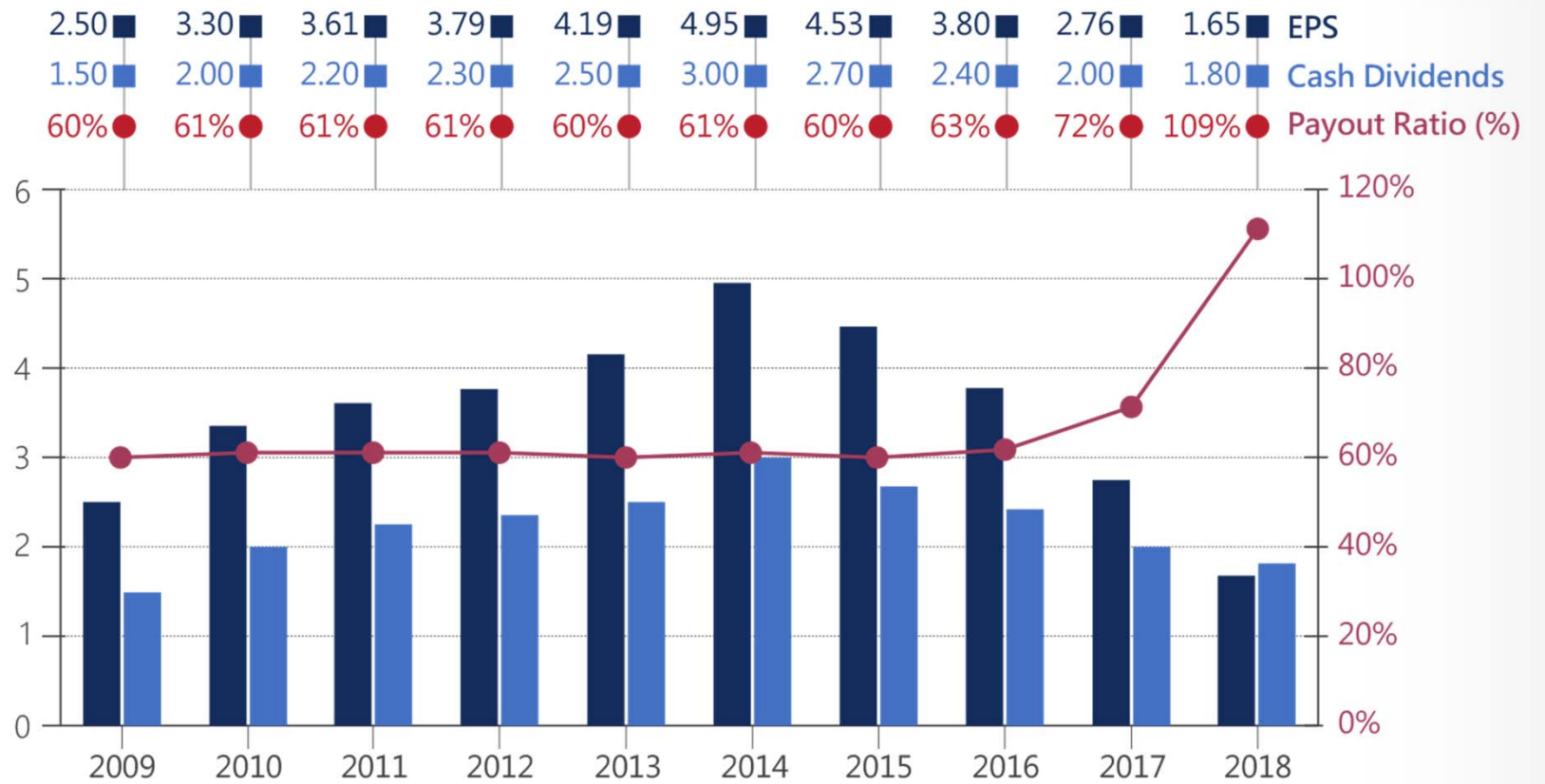


CONSOLIDATED BALANCE SHEET

(Unit: NT\$ millions)	3Q19	%	2Q19	%	3Q18	%
Cash and cash equivalents	3,669	17%	3,669	17%	2,067	10%
Financial asset at fair value through profit or loss	1,076	5%	1,274	6%	1,856	8%
Accounts receivable, net	3,352	15%	3,213	14%	3,416	16%
Inventories	5,308	24%	5,392	24%	5,461	25%
Investments accounted for using the equity method	344	2%	352	2%	384	2%
Property, plant and equipment	5,093	23%	5,278	24%	5,488	25%
Others	3,030	14%	2,978	13%	3,065	14%
Total assets	21,872	100%	22,156	100%	21,737	100%
Accounts payable	1,912	9%	1,886	8%	1,823	8%
Current contract liabilities/Advanced received	6,369	29%	6,354	29%	6,328	29%
Others	2,275	10%	2,881	13%	2,286	11%
Total liabilities	10,556	48%	11,121	50%	10,437	48%
Total equity	11,316	52%	11,035	50%	11,300	52%



DIVIDEND POLICY



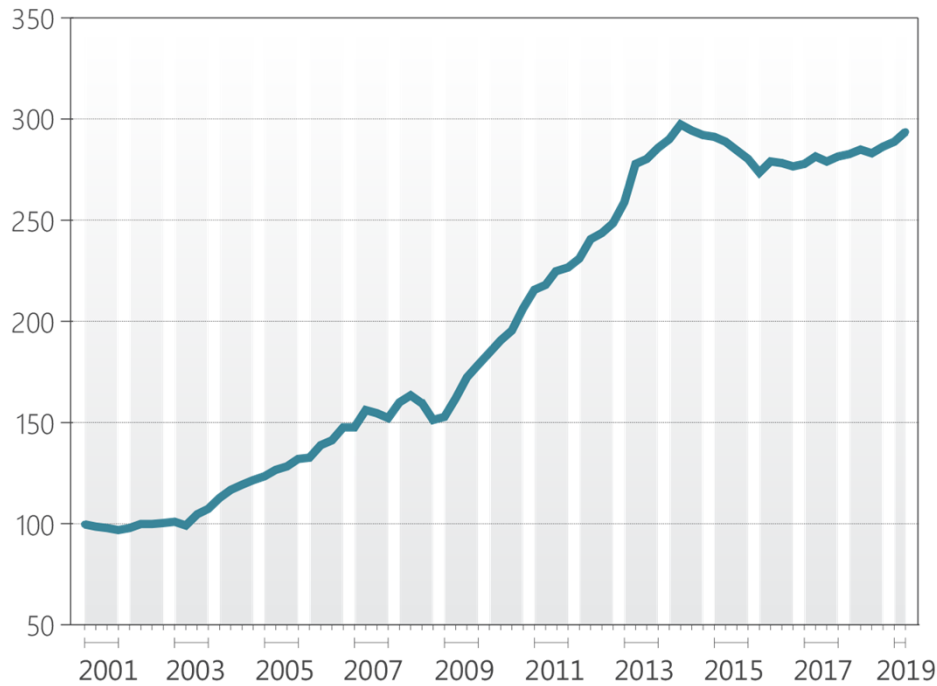


INDUSTRY & YUNGTAY OUTLOOK



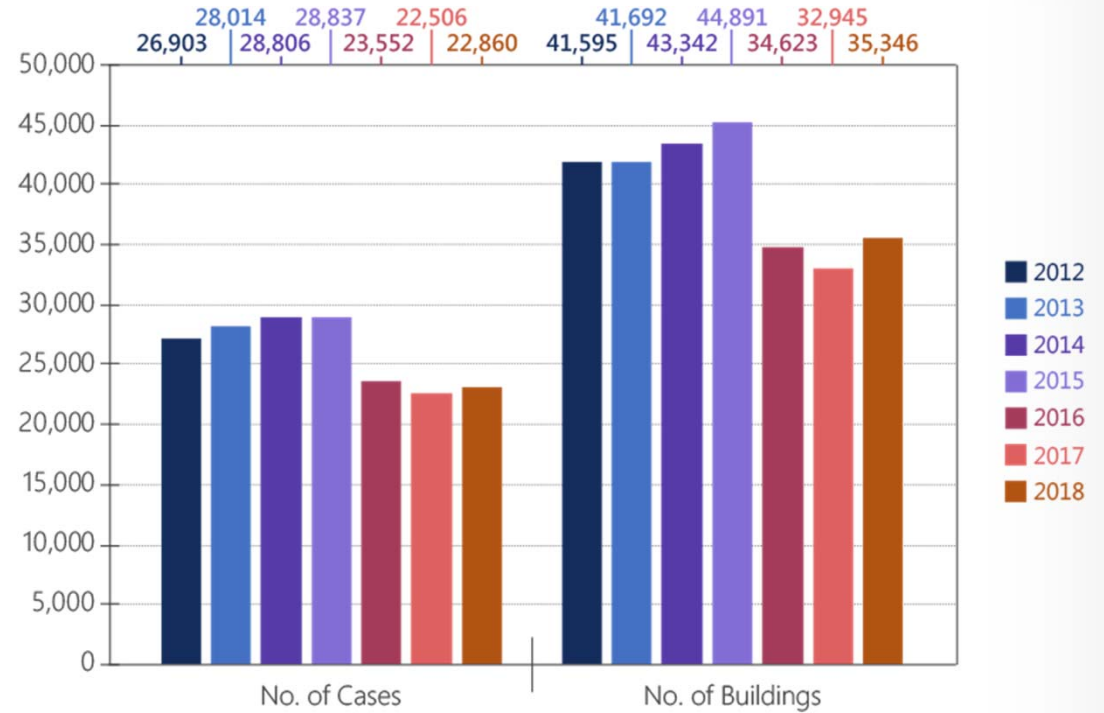
TAIWAN REAL ESTATE MARKET

Sinyi Housing Price Index



SOURCE: Sinyi Real estate Planning and Research

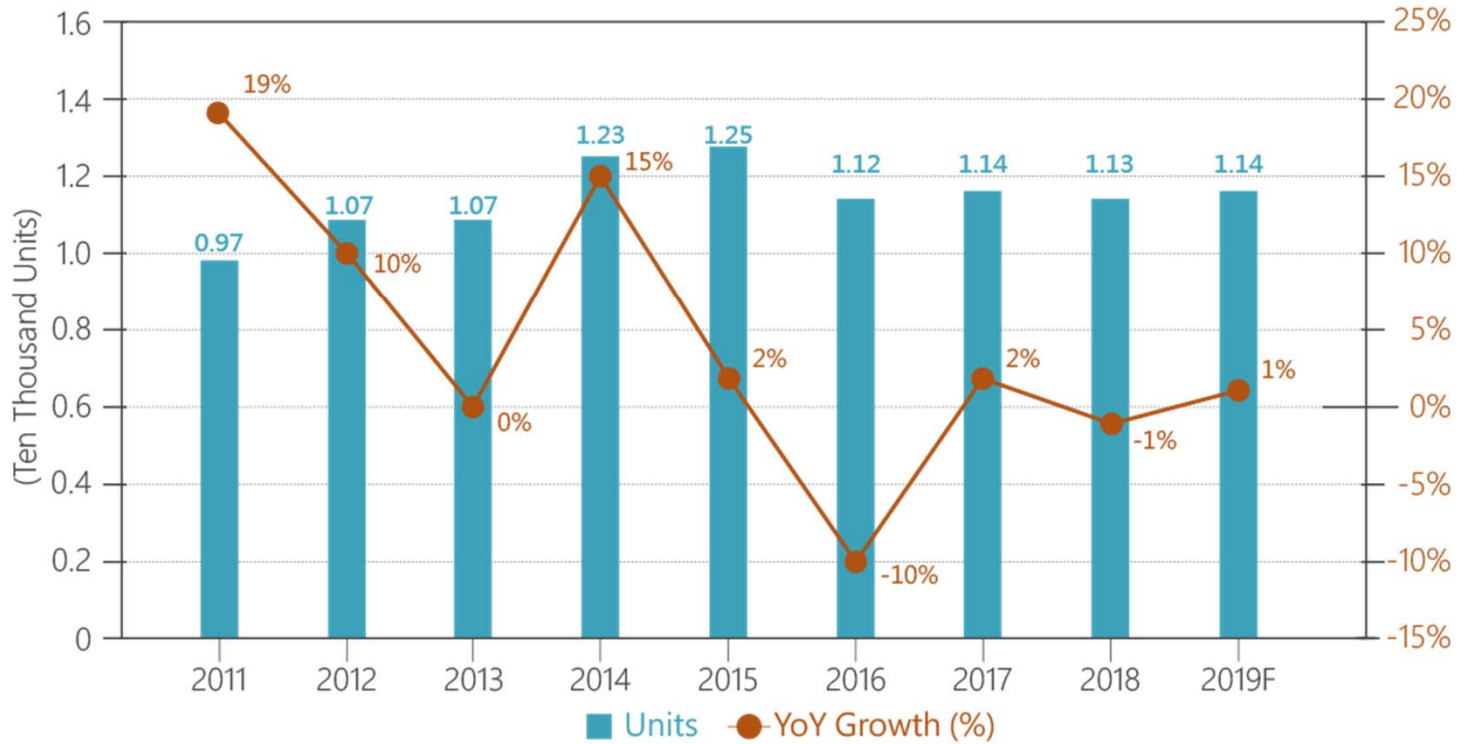
Buildings Licensed for Use



SOURCE: Construction and Planning Agency Ministry of the Interior, R.O.C.



TAIWAN ELEVATOR MARKET OUTPUT

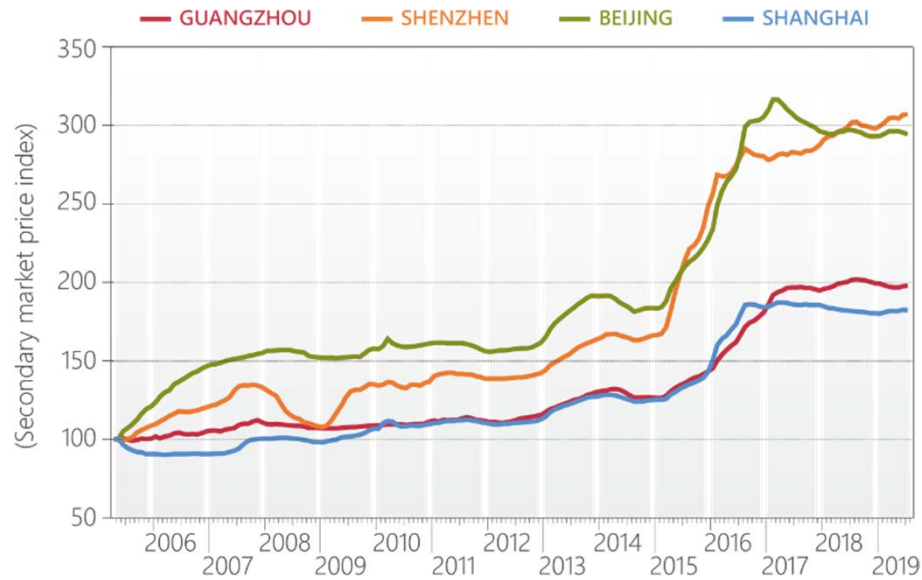


SOURCE: MOEA Economics Statistics



MAINLAND CHINA REAL ESTATE MARKET

Secondary market price index



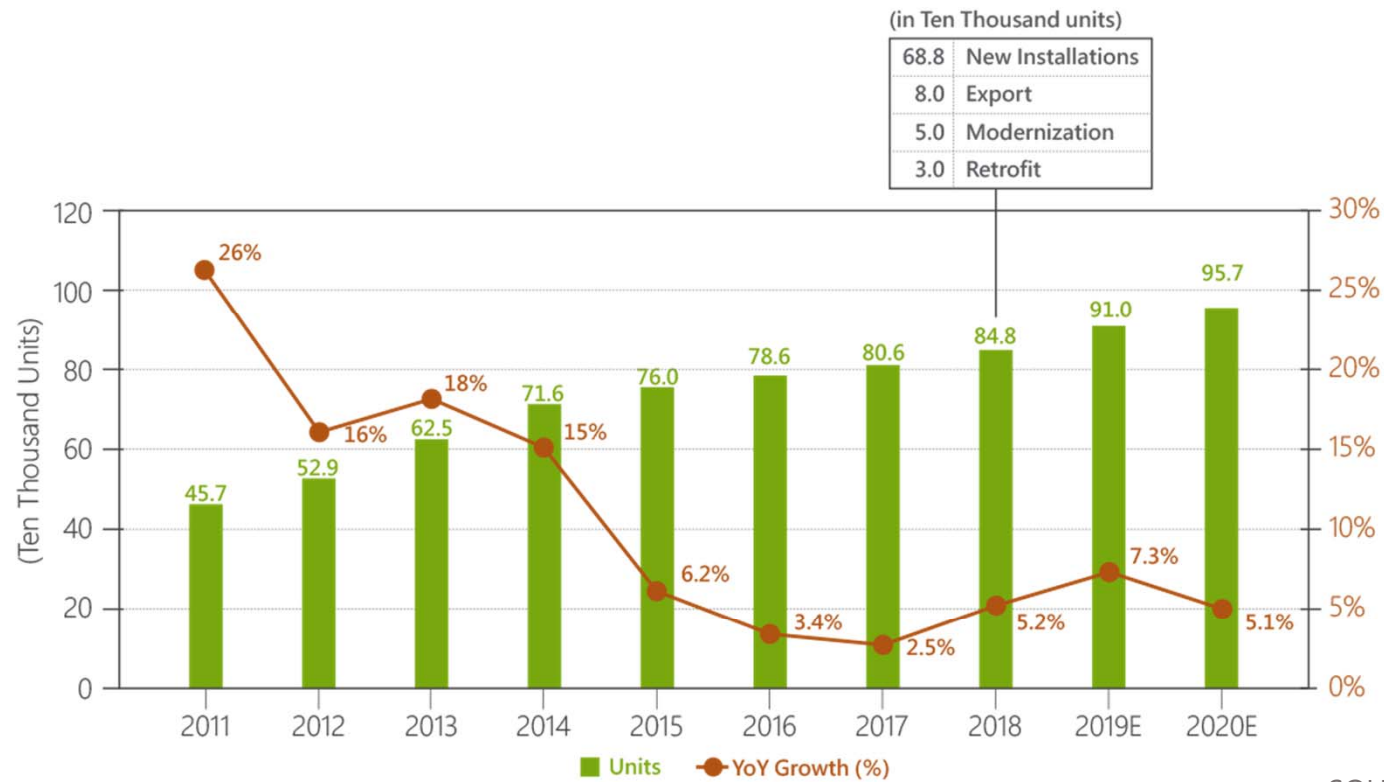
Recent slowdown of real estate investment

	YoY (%)	2012	2013	2014	2015	2016	2017	2018	2019 Jan~Sep
Real Estate Investment Amount		16.2	19.8	10.5	1.0	6.9	7.0	9.5	10.5
Housing Construction Area		13.2	16.1	9.2	1.3	3.2	3.0	5.2	8.7
Housing New Construction Area		-7.3	13.5	-10.7	-14.0	8.1	7.0	17.2	8.6
Housing Completion Area		7.3	2.0	5.9	-6.9	6.1	-4.4	-7.8	-8.6
Land Purchase Area		-19.5	8.8	-14.0	-31.7	-3.4	15.8	14.2	-20.2
Land Transaction Price		-16.7	33.8	1.0	-23.9	19.8	49.4	18.0	-18.2
Commercial Housing Transaction Area		1.8	17.3	-7.6	6.5	22.5	7.7	1.3	-0.1
Commercial Housing Sales Price		10.0	26.3	-6.3	14.4	34.8	13.7	12.2	7.1
Products for Sale Area		27.0	35.2	26.1	15.6	-3.2	-15.3	-11.0	-7.2

SOURCE: China NBS



MAINLAND CHINA ELEVATOR MARKET OUTPUT



SOURCE: China Elevator Association



YUNG TAY'S STRATEGY

Business Development Strategy

- ◆ Reinitiate global composition, using Vietnam as a platform to advance towards SEA region.
- ◆ Commitment to reach record highs in operating revenue and profits in Taiwan.
- ◆ Aggressively approach Mainland China business opportunities and break-even in the short term, aim to reach global top10.

Market Development Strategy

- ◆ Expand sales team and marketing channels.
- ◆ Increase other-brand-elevator modification market, provide flexible solutions.
- ◆ Strive for metro, airport, and public transportation projects, and large-scale commercial projects.
- ◆ Vigorously invest in the retrofit and residential elevator market, and provide new products to gain first-mover advantages.

Product Development Strategy

- ◆ Redefine and categorize markets more accurately for residential and commercial sectors, focus on smart-systems for commercial elevators.
- ◆ Compliance to newest international standards for component development, certification and standardization.
- ◆ Seize the retrofit and home elevator market by developing new, targeted products.

Maintenance Strategy

- ◆ Leverage IoT technology, lower failure rate and increase preemptive security capabilities.
- ◆ Introduce VR Training technology, increase maintenance training efficiency.
- ◆ Increase attachment rates, and offer menu-style maintenance.



RECENT TREND OF YUNGTAI (MAINLAND CHINA) ORDERS & DEPOSITS

2019 JAN - NOV

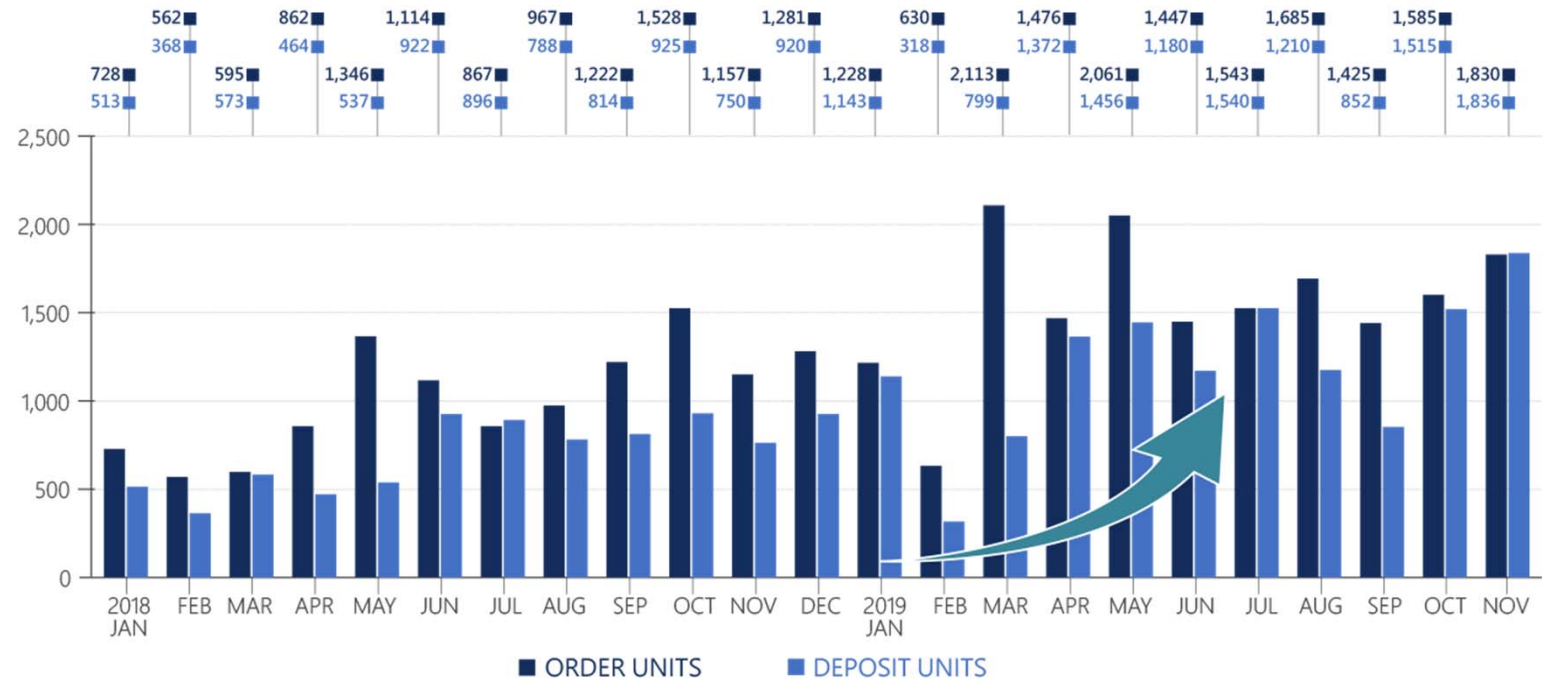
AVERAGE ORDERS 1,548 UNITS/MONTH
DEPOSIT UNITS 1,202 UNITS/MONTH

2018 JAN - NOV

AVERAGE ORDERS 995 UNITS/MONTH
DEPOSIT UNITS 686 UNITS/MONTH

YoY GROWTH

ORDERS: 56% DEPOSITS: 75%



SOURCE: Company Data



YUNG TAY'S NEW PRODUCT STRATEGY

New Products Introduced for 2020

CTP Elevator

- ◆ Light, thin and small, thus saving on shaft space and increasing steel rope longevity.

6m/s High Speed Elevator

- ◆ Develop 6m/s, 2,000kg loading elevators, and increase market penetration for high-end residential, and commercial buildings
- ◆ Increase product quality and competitiveness, import core and safety components

Escalator Automatic Detection Safety System

- ◆ Develop main components for automatic detection, and detection of irregular passenger activities
- ◆ Combined with Remote Surveillance System, can pre-emptively detect malfunctions and potential risks, to ensure escalator comfort and safety

Public Transport Type Escalator

- ◆ Standardized Escalators, Moving Walkways for Public Transport, for use in conjunction with railway systems, airports and traffic hubs
- ◆ Increase product precision and quality, increase product longevity, incorporate Remote Surveillance Systems, to ensure comfort and safety

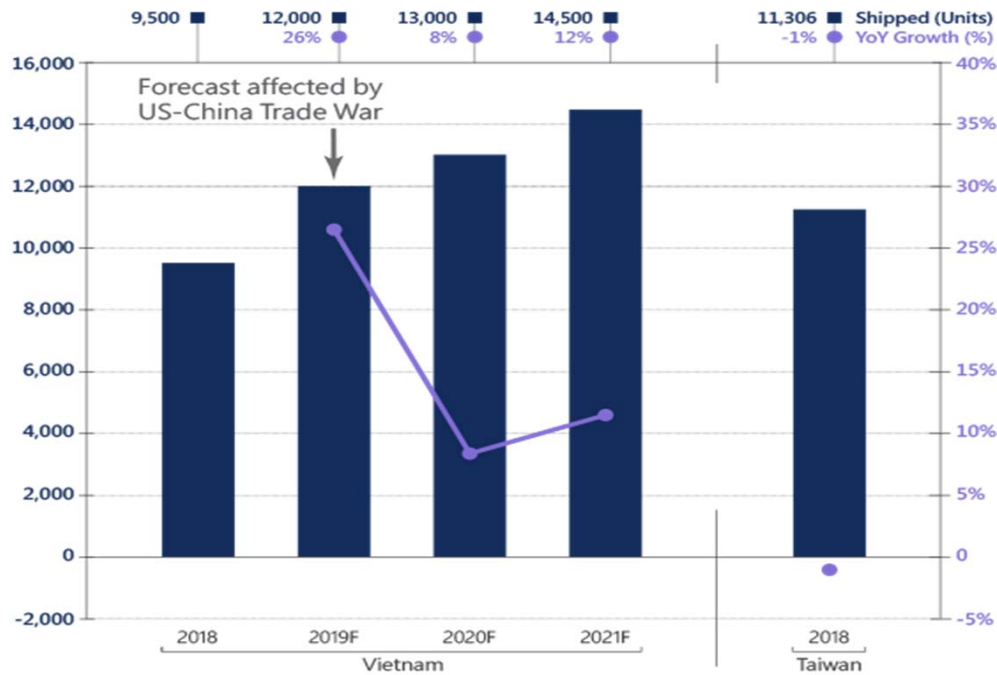
IoT Safeguard Security

- ◆ Satisfy local regulations, and implement connections with local government backend platforms
- ◆ Incorporate elevator operational data, analyze big data to achieve hazard prevention and pre-emptive maintenance





VIETNAM ELEVATOR MARKET



The overall market size in Vietnam could reach roughly 800k units at full capacity, according to its population of 90mn. Thus, in the coming 15 years, its annual shipments of new elevators could increase to the range of 10-15K.

STRATEGY IN SEA MARKETS

STRATEGY

- ◆ Vietnam as platform to advance to Malaysia, Cambodia, Indonesia, Thailand, etc.
- ◆ Develop elevators catered to the local regulations and market demands.
- ◆ Establish sales strategies focused on local distributors.
- ◆ Establish local Yungtay installation & maintenance team.
- ◆ Strive for 5%+ market share in Vietnam.

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THANK YOU

