



# YUNGTAY ENGINEERING

2020.12.10

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	: NT\$4.1 Billion
2019 REVENUE	: NT\$13.7 B billion
NO. OF EMPLOYEES	: 5,146 (as of Q3 2020)
CORE PRODUCTS	: Elevators, Escalators, Moving Walkways





# Organizational Structure



YUNGTAY ENGINEERING CO., LTD

## SUBSIDIARIES

YUNGTAY ELEVATOR  
EQUIPMENT(CHINA) CO., LTD.

YUNGTAY-HITACHI CONSTRUCTION  
MACHINERY CO., LTD.

YUNGCHUN CAPITAL, INC.

SHANGHAI GIE EM CO., LTD.

## RELATED COMPANIES

EVEST CORPORATION





# Core Products

“ Yungtai 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



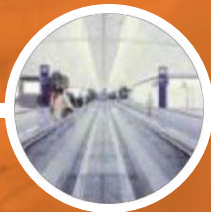
Hospital Bed Elevator



Hydraulic Elevator



Panoramic Elevator



Moving Walkway



# Yungtai (Taiwan) Factory

## TAOYUAN FACTORY

Land Area           40,619 m<sup>2</sup>  
Factory Area        38,032 m<sup>2</sup>

## MAIN PRODUCTION LINE

- Steel Board
- Compound Machining Production Line
- Painting Process Line
- Motor Process Line
- Welding Production Line
- IM Motor Process Line
- Electronics Assembly Production Line
- Permanent Magnet Assembly Production Line

6 Branch Offices  
5 Sales Departments  
30 Service Maintenance Stations





# Yungtai (China) Factories

## LAND AREA

Shanghai	112,189	m <sup>2</sup>
Tianjin	63,937	m <sup>2</sup>
Chengdu	60,000	m <sup>2</sup>
Gie	28,661	m <sup>2</sup>

## FACTORY AREA

Shanghai	46,270	m <sup>2</sup>
Tianjin	34,993	m <sup>2</sup>
Chengdu	33,278	m <sup>2</sup>
Gie	30,830	m <sup>2</sup>

## MAIN PRODUCTION LINE

- Steel Board
- Compound Machine PL
- Cold Work
- Motor Process Line
- Painting PL
- PCB Assembly Line
- Control Cabinet Assembly Line





# OPERATION REPORTS





## Year-to-3Q20 Results: Profitability increased significantly

- ◆ Sales of first 9 months in 2020 increased **8.5%** yoy
- ◆ Gross Margin improved to **25.6%**, **+1.6pp**
- ◆ Op Profit was **NT\$968 mn**, up **65.7%** yoy
- ◆ Op Margin raised to **8.9%**, **+3.0pp**
- ◆ Overall, enhancement in profitability is expected to continue in coming years

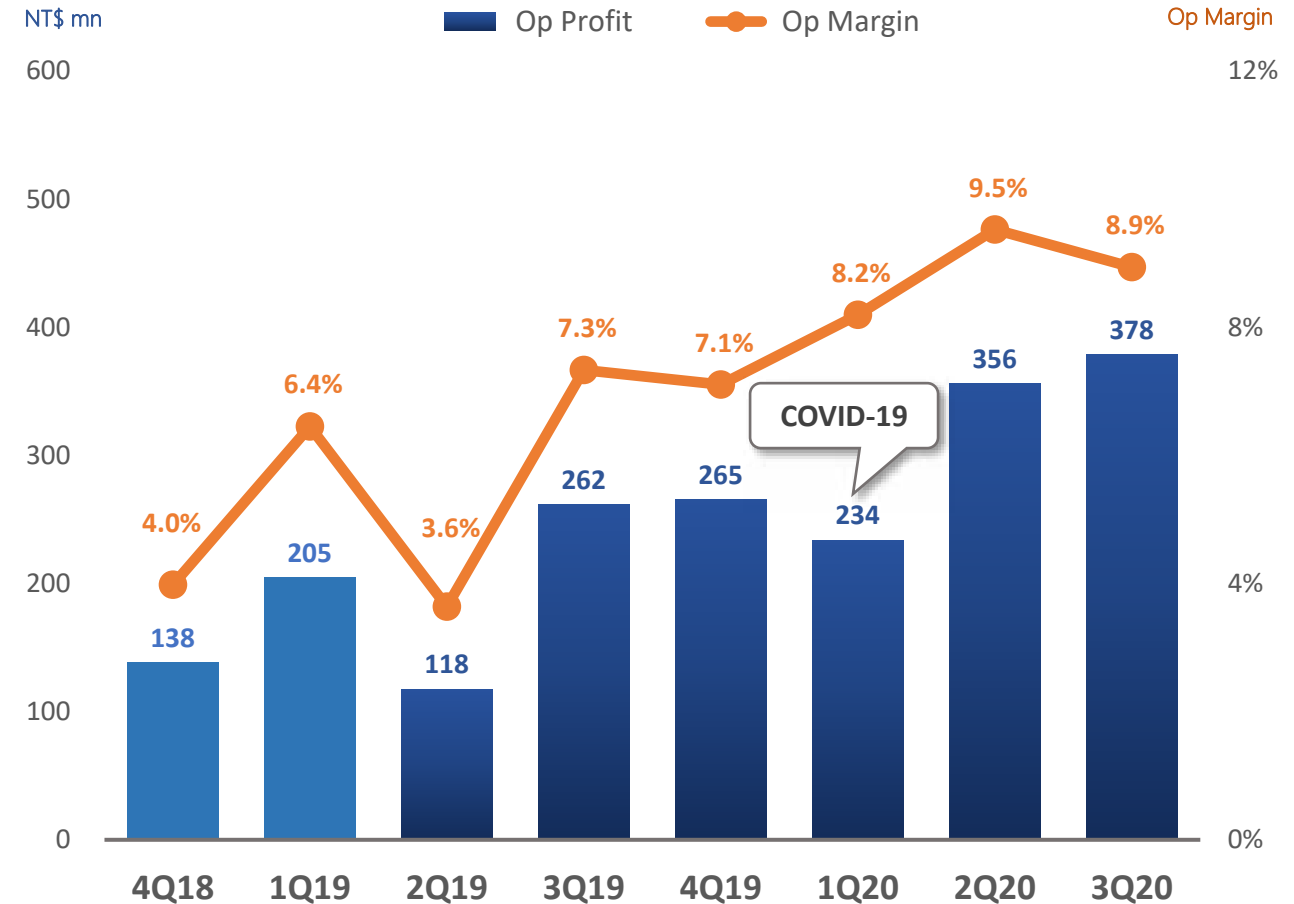
	First 3Q (Unit: NT\$ millions)	FY2020	FY2019	YoY
Revenue		10,827	9,981	8.5%
Gross Profit		2,774	2,392	16.0%
Operating Profit		968	584	65.7%
Net Profit		1,005	761	32.1%
Gross Margin		25.6%	24.0%	+1.6%pt
Op Margin		8.9%	5.9%	+3.0%pt
Net Margin		9.3%	7.6%	+1.7%pt

Source: Company Data



# 3Q20 Results: Substantial OM enhancement from 2Q19

- ◆ Gross Margin accretive action:
  - New product strategy (segmentation)
  - Supply chain management & Cost reduction
- ◆ Op Margin enhancement:
  - Effective cost controls & Scale economies
- ◆ 3Q20 Op Profit up **221.5%** from 2Q19
- ◆ 3Q20 Op Margin enhanced to **8.9%** from 3.6% in 2Q19



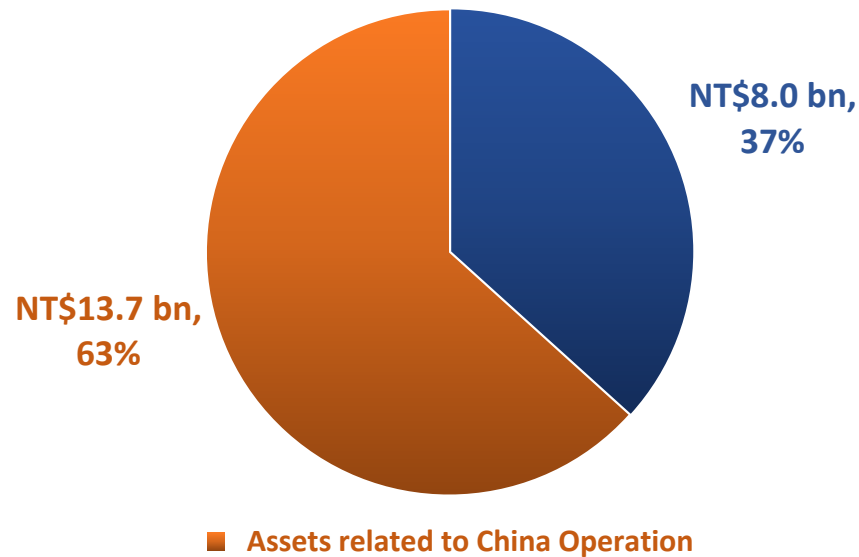
Source: Company Data



# China Market: Key focus for future earning growth

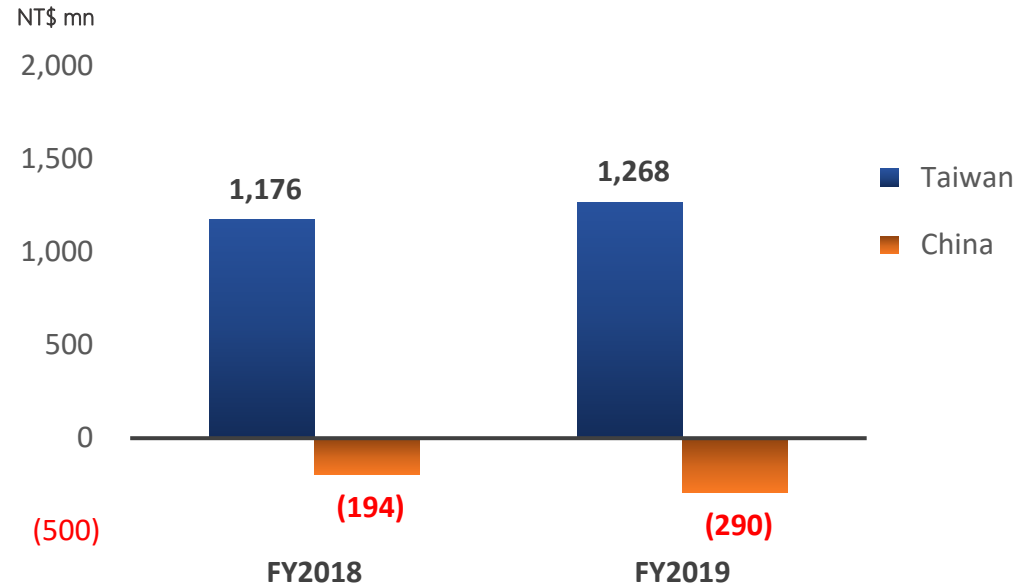
- ◆ China subsidiaries collectively account for ~63% of consolidated assets
- ◆ Op loss was reported for 2018/2019, due to drop in sales & lack of op scale
- ◆ China market is our key focus to enhance the overall profitability

Over 60% of consolidated assets in China



Source: Company, as of 2019/12/31

Op Profit: China subsidiaries were the profit drag



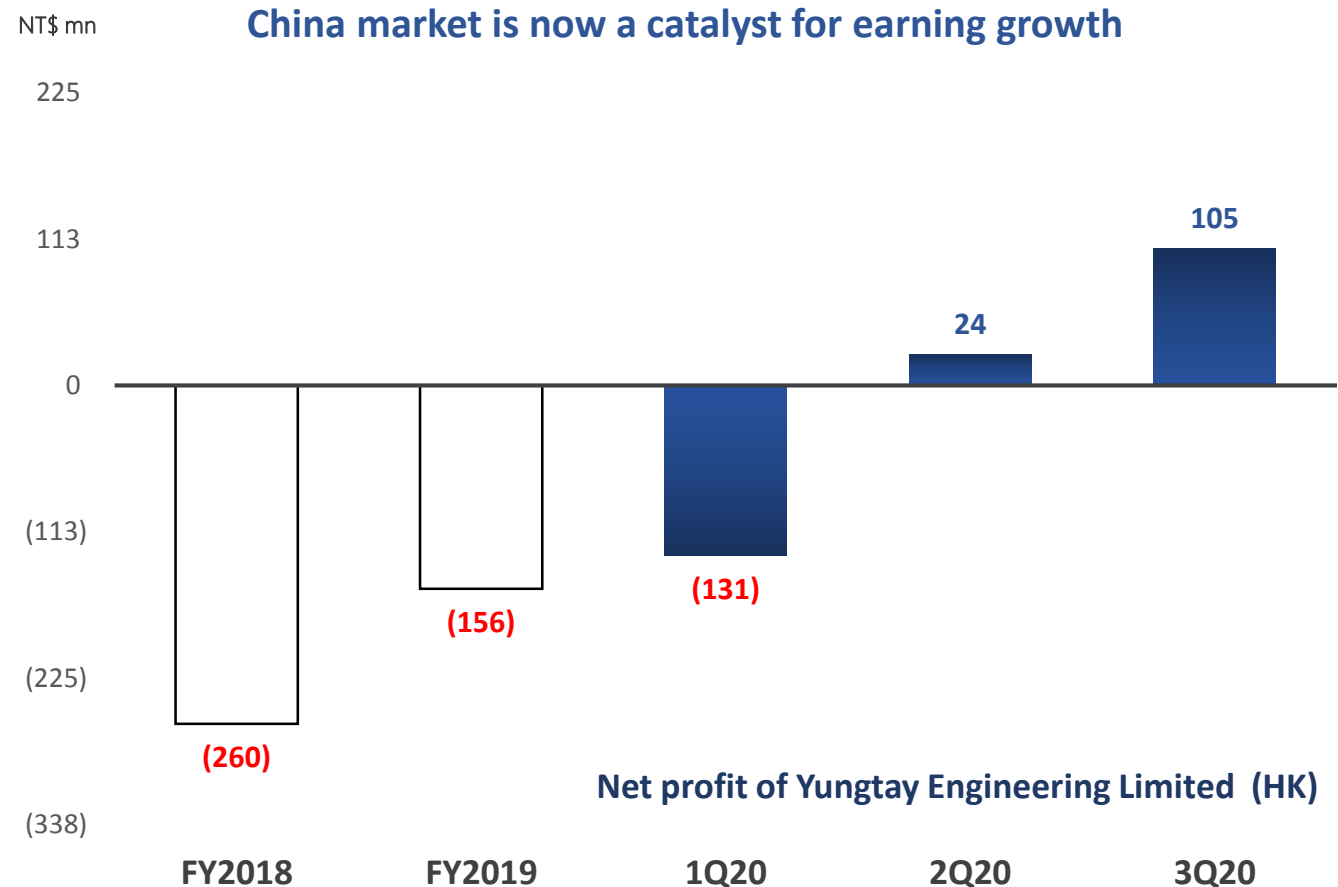
Source: Company, Elevator Sales & Service Only





# China Subs: Turnaround achieved and profit on the rise

- ◆ Operational results start to reflect our efforts in the last 18 months
- ◆ China Sub posted a turnaround for 2Q20 and over **NT\$100 mn profit for 3Q20**
- ◆ Successful and impactful approaches:
  - New product strategies
  - Alternate component sourcing
  - Direct-selling business model, and
  - Strategic customer expansion



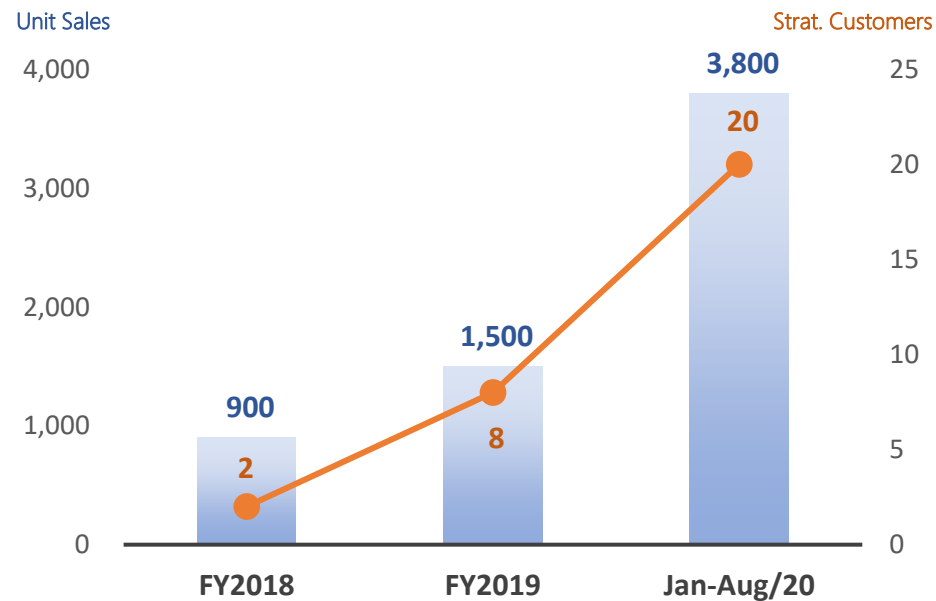
Source: Company Data



# Our China strategies are effective and promising

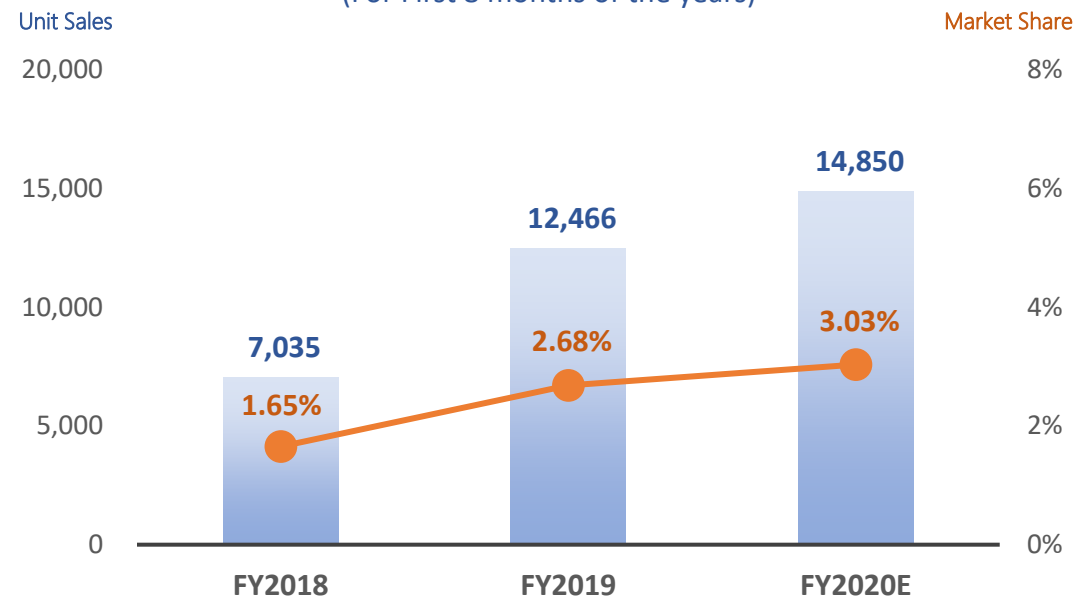
- ◆ **Strategic Customer:** expanding the base from **2** (2018) to **23** (as of Sep '20)
- ◆ **Direct Sales Model:** up from **15%** (2019) to **27%** (Jan-Sep/20) of Sales
- ◆ **Market share gain:** up from **1.65%** (2018) to **3.03%** (2020), up **111%** in unit sales

Expanding Alliances in China



Source: Company, Data

Gaining Great Traction in China Market  
(For First 8 months of the years)



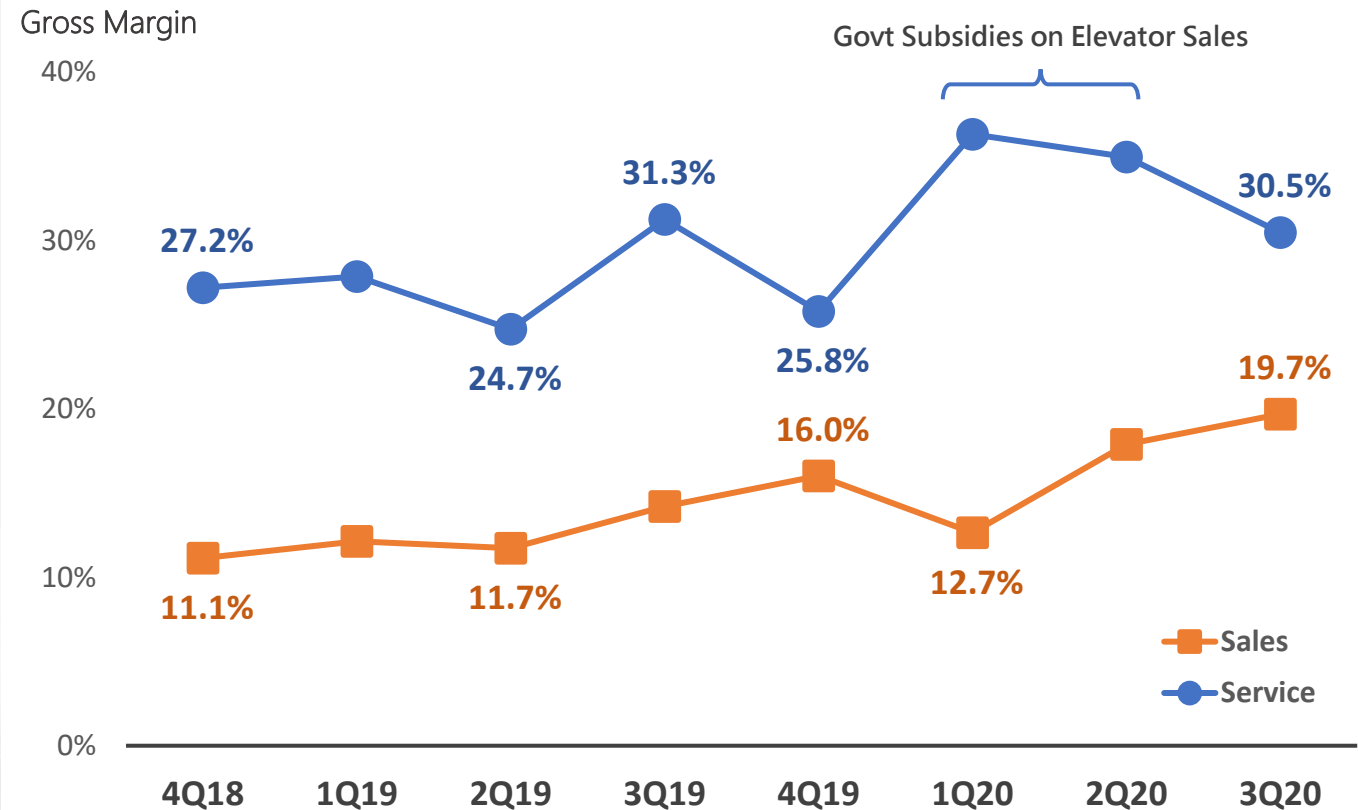
Source: China Elevator Association, Company data



# Strategies working, China gross margin continues to trend up

- ◆ Sales GM improved substantially from **11.7%** (2Q19) to **19.7%** (3Q20)
- ◆ Service GM also enhanced significantly from **24.7%** (2Q19) to **30.5%** (3Q20)
- ◆ New China strategies since 2Q19 are proven successful and expected to further enhance profitability

Sales & Service Margins on the Upward Trend



Note: Government subsidies in 1Q20 & 2Q20

Source: Company Data

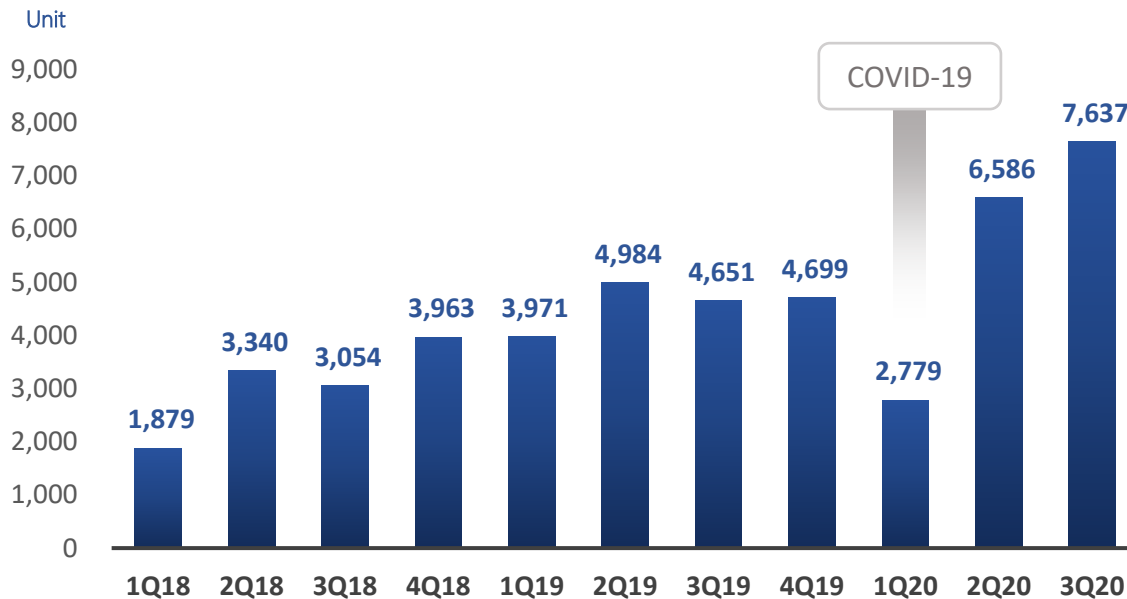




# China: Strong order book sets the foundation for future growth

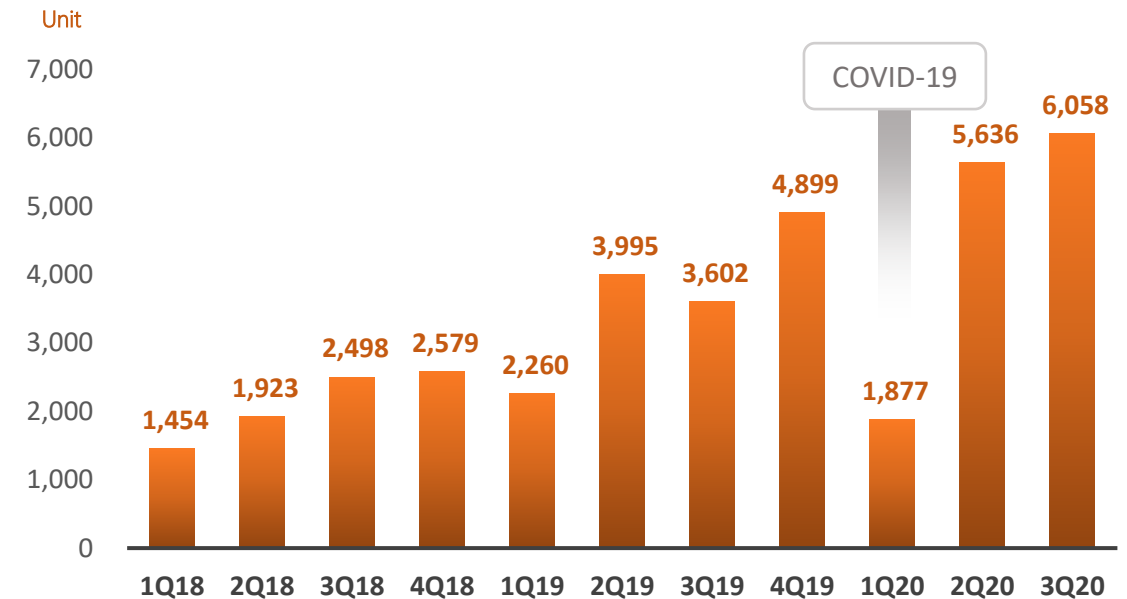
- ◆ Fast-growing China order book, 3Q20 up 64% yoy, radically secure the growth for next 1~2 years
- ◆ Growth in deposit orders was robust, 3Q20 up 68% yoy, indicating strong customer commitment
- ◆ Year-to-Nov, order book up 26.7% yoy and deposit orders up 33.8% yoy; indicating an upbeat outlook for China market

**Orders in China: Gaining market share**



Source: Company Data

**Deposits in China: Strong customer commitment**



Source: Company Data





# Expecting a lot more from China market

**Step-1:** Sales & Profit Generation via Market Share Gain

**Step-2:** Build a Solid Installation Base at Scale

**Expected Outcome:** Gradual Increase on High-margin After-Sales Service Business



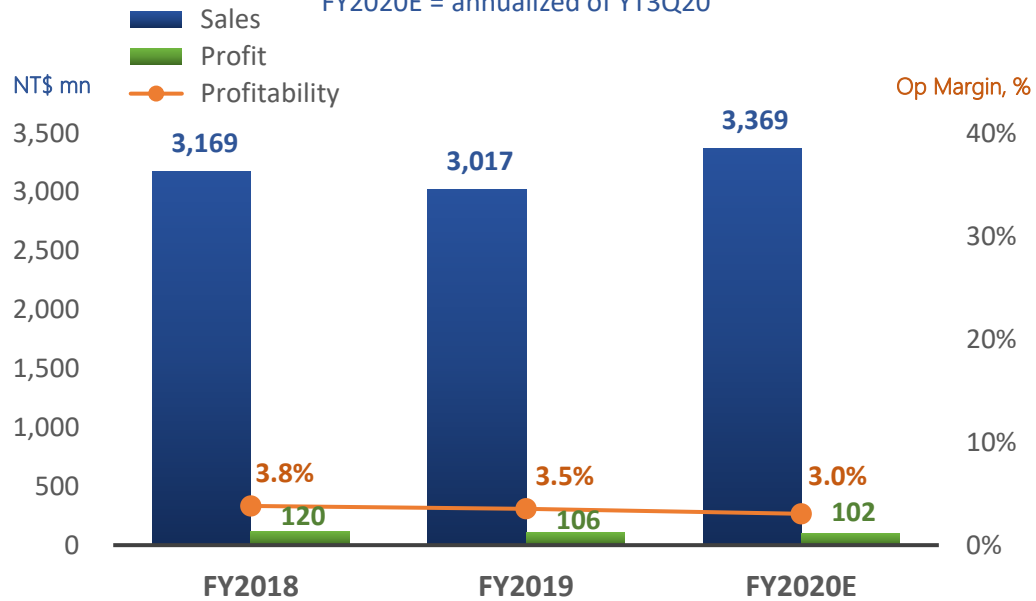


# Taiwan: Demonstrates proven high-margin service business

- ◆ Elevator/Escalator Sales builds a solid installation base with Op Margin around 3%
- ◆ Solid installation base, in return, stimulates consistent demand for After Sales Service
- ◆ Superior service capabilities generates Service Business Op Margin >40%, on a large scale

## Elevator / Escalator Sales in Taiwan

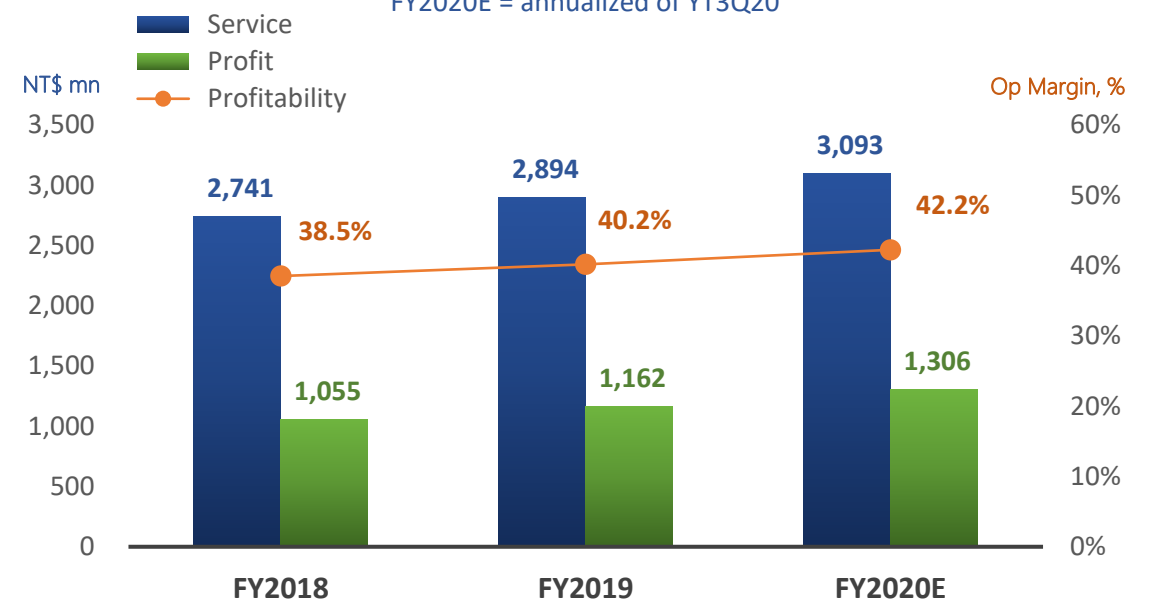
FY2020E = annualized of YT3Q20



Source: Company Data

## Service Business in Taiwan

FY2020E = annualized of YT3Q20



Source: Company Data

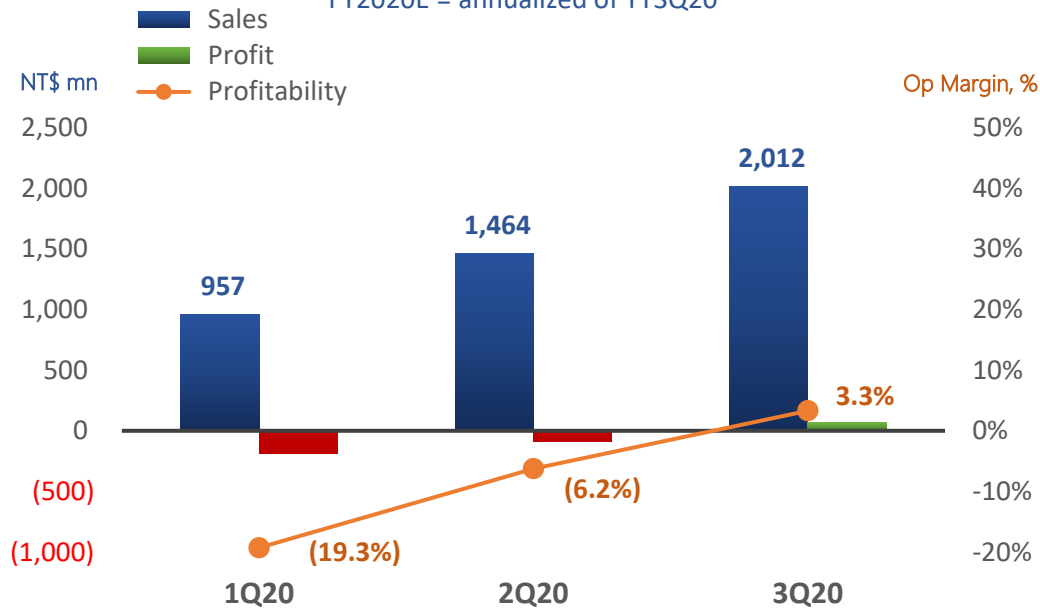


# China: Expansion + Stable Customer Base = Increase in Op Profit

- ◆ Ranked 9<sup>th</sup> in China; market share >3%; China accounted for 50% of YT3Q20 sales
- ◆ Expand market share & enhance profitability, and build a solid base, which will drive Service Business
- ◆ 3Q20 Sales OM > 3%; YT3Q Service OM is around 19% (huge upside potential, compared to >40% in TW)

## 3Q20 Sales OM improved to >3%

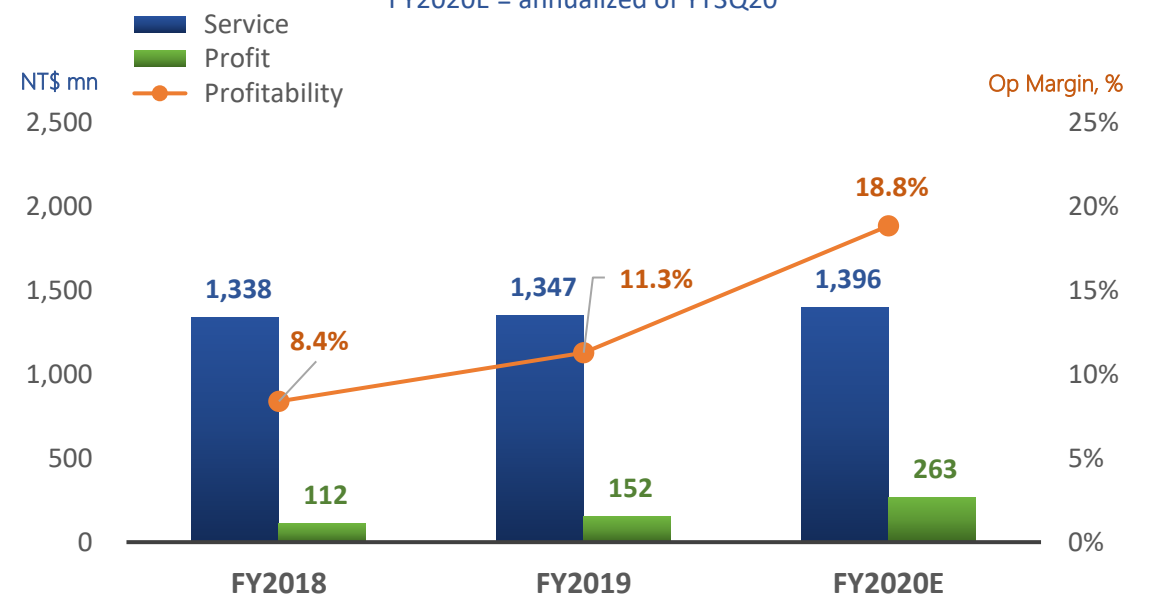
FY2020E = annualized of YT3Q20



Source: Company Data

## Service OM improved significantly for YT3Q20

FY2020E = annualized of YT3Q20



Source: Company Data



# INDUSTRY & YUNGTAY OUTLOOK



# Taiwan Real Estate Market

Domestic Real-Estate

## Sale Transfer

(Acc. Jan – Aug)

**200K** BUILDINGS

YoY Growth 2.5%

## Construction Area

(Acc. Jan – Sep)

**31M** m<sup>2</sup>

YoY Growth 16.2%

## Commenced Construction Area

(Acc. Jan – Sep)

**22M** m<sup>2</sup>

YoY Growth 13.7%

## Construction Loans

(Acc. Jan – Sep)

**NTD 2.3 Trillion**

YoY Growth 16.1%

Domestic Residential

## Construction Area

(Acc. Jan – Sep)

**17M** m<sup>2</sup>

YoY Growth 8.8%

## Commenced Construction Area

(Acc. Jan – Sep)

**13M** m<sup>2</sup>

YoY Growth 11.3%

## Home Loans

(Acc. Jan – Sep)

**NTD 7.8 Trillion**

YoY Growth 7.7%



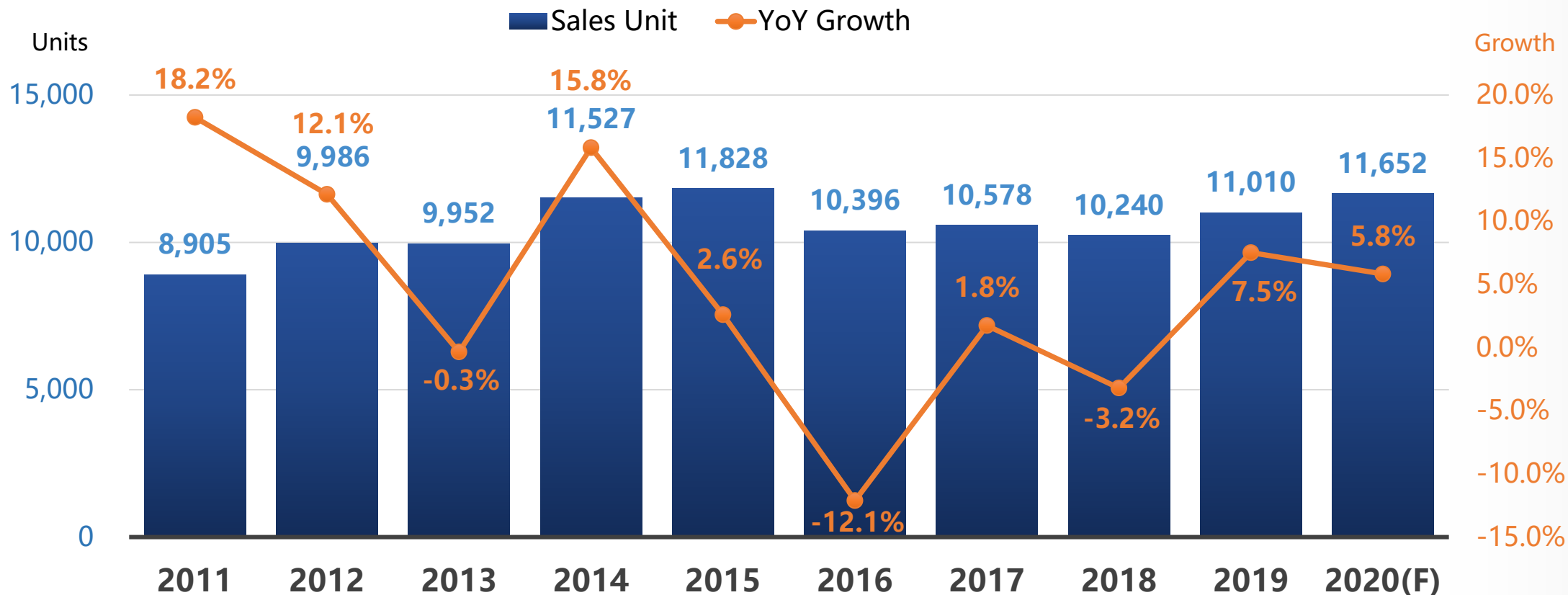
**Domestic Market Continues Growth**



**Elevator Demand Continues Upwards**



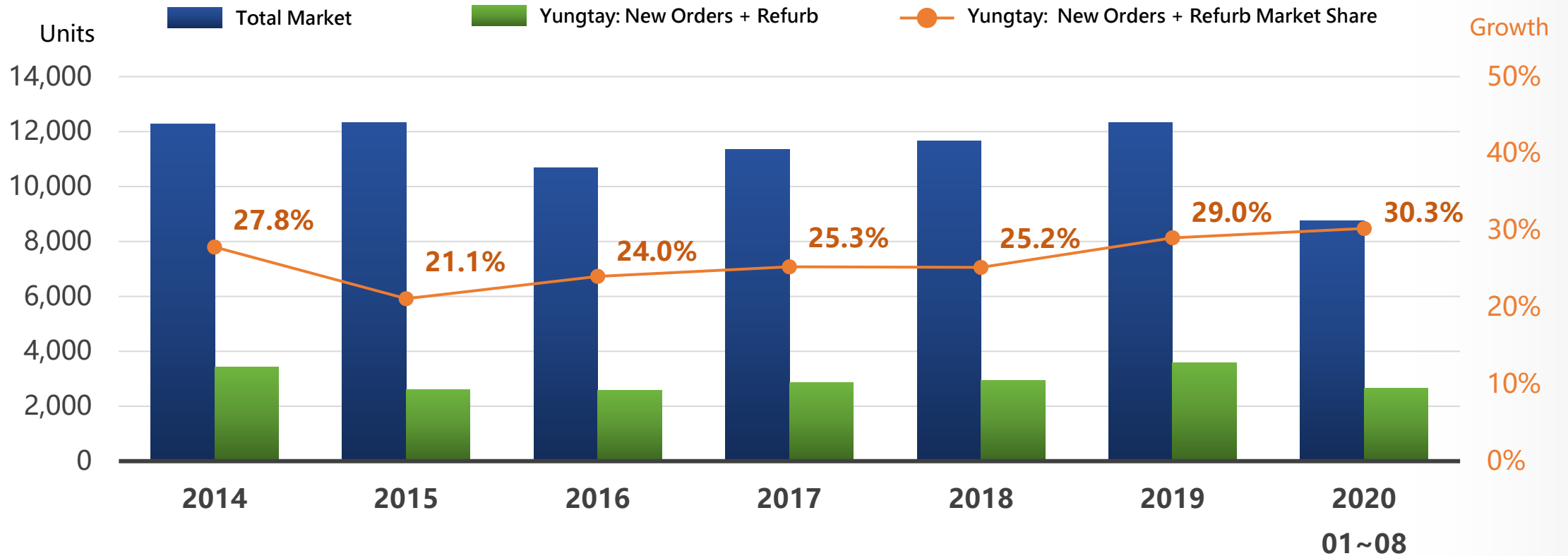
# Taiwan Market: Total Addressable Market



Source: MOEA Industrial Statistics, Company Estimations



# Taiwan Market: Yungtai's Market Share



Source: MOI Construction and Planning Agency, MOF Statistics, Company Estimations



# China Real Estate Market

Domestic Real-Estate

## Investment

(Acc. Jan – Sep)

RMB**10.35 Trillion**

YoY Growth 5.6%

## New Construction Area

(Acc. Jan – Sep)

**1.6 Billion m<sup>2</sup>**

YoY Decline 3.4%

## Sales Area

(Acc. Jan – Sep)

**1.17 Billion m<sup>2</sup>**

YoY Decline 1.8%

## Inventory Area

(Acc. Jan – Sep)

**495.8 Million m<sup>2</sup>**

YoY Growth 0.5%

Domestic Residential

## Investment

(Acc. Jan – Sep)

RMB**7.66 Trillion**

YoY Growth 6.1%

## New Construction Area

(Acc. Jan – Sep)

**1.17 Billion m<sup>2</sup>**

YoY Decline 4.2%

## Sales Area

(Acc. Jan – Sep)

**1.04 Billion m<sup>2</sup>**

YoY Decline 1.0%



Cumulative indicators continue to rise/decreases are narrowing

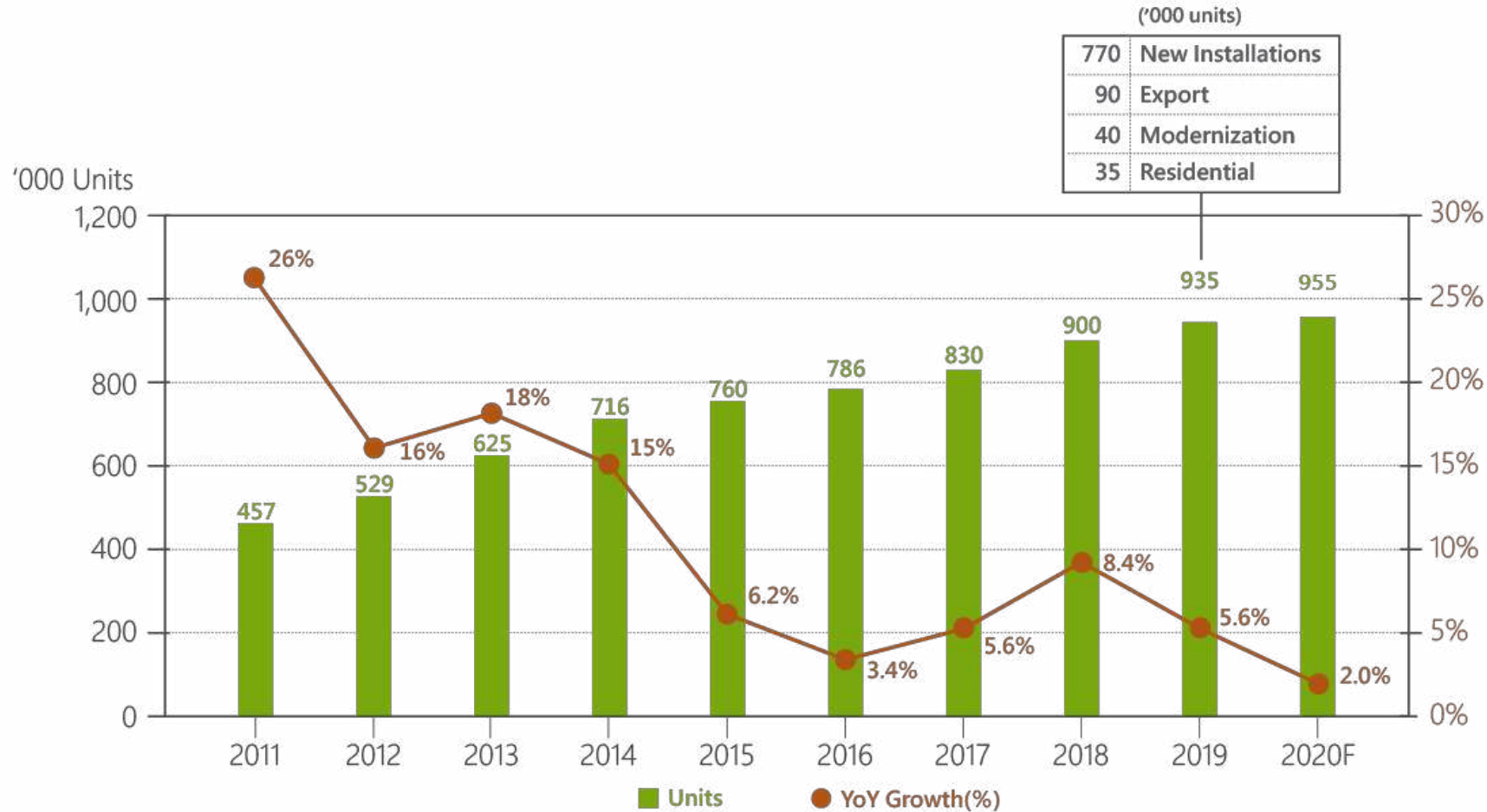


Purchasing demands gradually increase as pandemic abates





# China Elevator Market: Production Output



Source: China Elevator Association



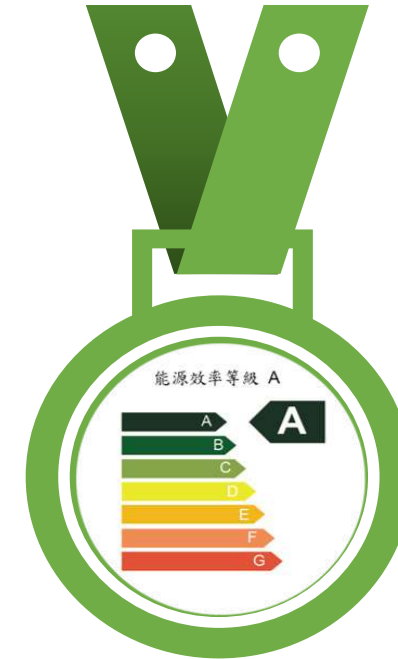
# Our Product Strategies: Epidemic Prevention, Smart (IoT+AI) & Energy Saving



**All-round Epidemic  
Prevention Elevator**



**E PASS  
Smart Safety Elevator**



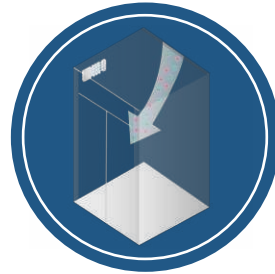
**VDI 4707  
EU Energy Saving 5A  
Certification**



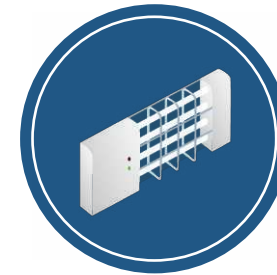
# Epidemic Prevention Elevators

## All-round Epidemic Prevention Elevator

Multiple  
sterilization  
technology



Plasma ion air purifier  
Nano photo-catalyst air purifier



UV germicidal lamp

Non-contact elevator



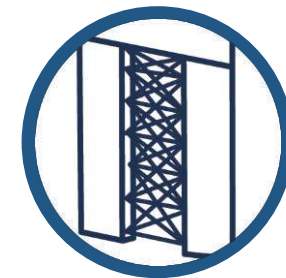
Non-contact  
Elevator Call



Gesture Elevator  
Call



Voice-activated  
Elevator Call



Infrared light curtain



# Smart (IoT+AI) Elevators (1)

## E PASS Smart Safety Elevator



ENERGY EFFICIENCY



PREVENTIVE MAINTENANCE



ARTIFICIAL INTELLIGENCE



SAFETY



SECURITY



# Smart (IoT+AI) Elevators (2)

## E PASS Smart Safety Elevator – IoT





## Smart (IoT+AI) Elevators (3)

### E PASS Smart Safety Elevator – Smart AI



Targeted Elevator Call



Facial Recognition



FT3X Group Control



YUNGTAY AI



Voice-activated Elevator Call



Crowd Control



Mobile Elevator Call



# Energy Saving Elevators

## VDI 4707 EU Energy Saving 5A Certification



Yungtay products have passed the review of the world-renowned certification body (TÜV Rheinland), and the entire series of passenger elevators have obtained energy efficiency certification, highlighting Yungtay's elevators reaching advanced international standards in energy efficiency.

電梯能源效率標章	
製造商:	永大機電工業股份有限公司
安裝位置:	桃園市桃園區春日路 1352 號
電梯型號:	YHVF
電梯型式:	乘客用電梯
序號:	ET94D12
額定載重:	2000 kg
額定速度:	4.0 m/sec
每年運轉天數:	365
待機需求: 218 W (待機能量需求等級 D)	特定運行需求: 0.333 mWh/(kg · m) (運行能量需求等級 A)
依據 VDI 4707 使用類別 5 僅限相同使用類別時方能比較能源效率等級	每年額定能量需求: 22,443 kWh
日期: 2020 年 7 月 1 日 參考依據: VDI 4707 Part 1 (2009 年 3 月頒布)	
標章編號: I0220042	有效期限: 2023 年 6 月 30 日



- High performance PM (permanent magnet) synchronous gearless traction machine
- Full series of LED lighting systems
- Intelligent floor indicating device
- Green energy-saving energy feedback system

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THANK YOU



永大機電工業股份有限公司  
YUNG TAY ENGINEERING CO., LTD.

