



東台精機股份有限公司

Tongtai Machine & Tool Co., Ltd. - 4526.TW

2018 Q3 Investor Conference

Nov. 30th, 2018





Disclaimer

The above statements that pertain to future projections constitute the expectations, opinions, outlooks, or predictions of our company and its affiliates based on information available at the time the statements were made. Such statements may be affected by known and unknown risks and inherent uncertainties, the existence or emergence of facts or factors that differ from the assumptions, suppositions, or judgments of the Company, or other factors. Consequently, there may be significant discrepancies between actual results pertaining to the Company's future earnings, management results, financial conditions, and other matters as explicitly or implicitly referred to in the statements and the content of such statements.

The presentation is run exclusively for the purpose of providing information and not for the purpose of soliciting investments or recommending the buying or selling of specific shares or products. The company makes no warranty concerning the accuracy or completeness of the information and will not be liable for any damages arising out of use of the information thereof.



大綱

1

Overview of Taiwan Machine Tools Export (2018 1Q - 3Q)

2

Tongtai and TTGroup Introduction

3

Operating Performance of 2018 3Q

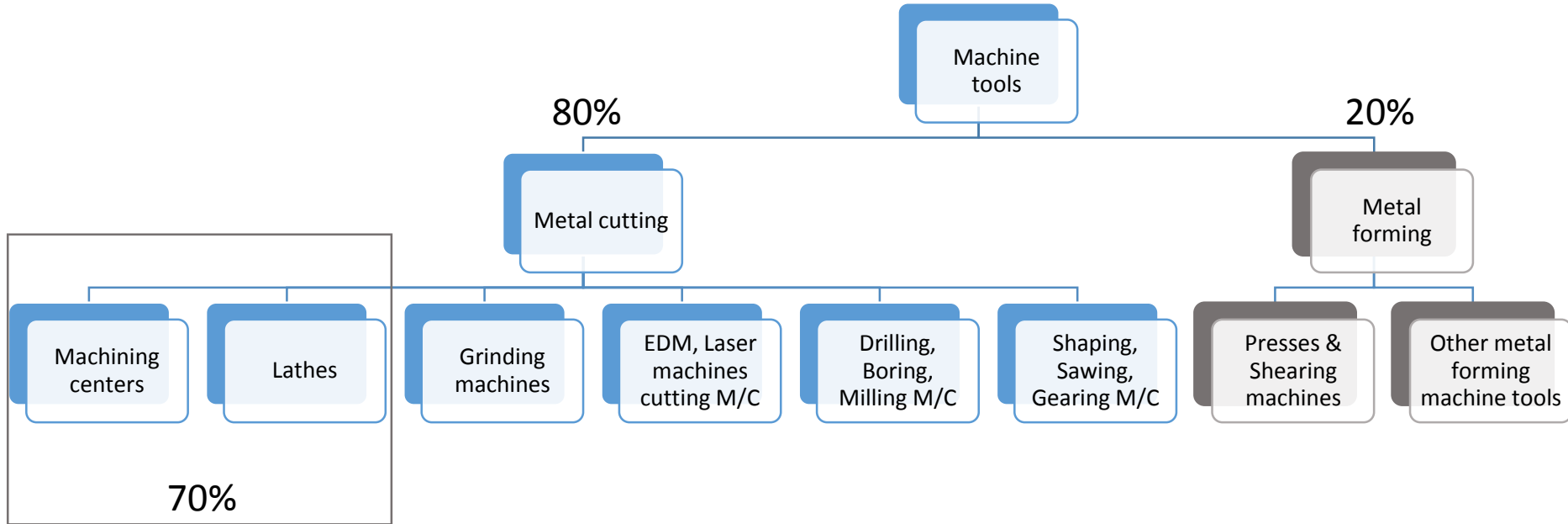
4

Future Prospective

1

Overview of Taiwan Machine Tools Export (20181Q - 3Q)

Categorization of machine tools



Overview of Taiwan machine tools export (2018 1Q-3Q)

- Export value of machining centers and lathes has grown more than the same period of last year.
- The export value in the top 3 exporting countries has raised, only the lathe's domain in China has declined. (Top 3 exporting countries include China, USA, and Turkey.)

表1、2018年1-9月台灣工具機出口統計 單位：千美元

機種	2018年9月全額	2018年8月全額	前月比	2018年1-9月金額	2017年1-9月金額	年同比(%)
放電、雷射、超音波工具機	10,282	12,416	-17.2% ↓	125,315	128,561	-2.5% ↓
綜合加工機	119,968	118,265	1.4% ↑	1,032,336	864,280	19.4% ↑
車床	60,764	60,119	1.1% ↑	520,706	458,393	13.6% ↑
鑽、鏜、銑、攻螺紋工具機	31,551	34,029	-7.3% ↓	295,341	255,698	15.5% ↑
磨床	22,860	19,838	15.2% ↑	202,900	170,311	19.1% ↑
刨、插、拉、齒削工具機	12,968	14,130	-8.2% ↓	139,318	134,874	3.3% ↑
金屬切削工具機	258,393	258,797	-0.2% ↓	2,315,916	2,012,116	15.1% ↑
鍛壓、沖壓成型工具機	33,635	30,284	11.1% ↑	324,540	323,794	0.2% ↑
其他成型工具機	9,228	12,318	-25.1% ↓	91,221	76,147	19.8% ↑
金屬成型工具機	42,863	42,602	0.6% ↑	415,761	399,941	4.0% ↑
工具機總和	301,256	301,399	-0.05% ↓	2,731,677	2,412,057	13.3% ↑

Data Source: Customs Administration, Ministry of Finance

表4、8457 綜合加工機
出口前10大國家

金額：千美元
Value in thousand of U.S.D

名次	國別	2018年1-9月	比重	2017年1-9月	年增率(%)
1	中國(含香港)	278,352	27.0%	240,125	15.9% ↑
2	美國	122,761	11.9%	90,608	35.5% ↑
3	土耳其	73,827	7.2%	47,695	54.8% ↑
4	荷蘭	68,206	6.6%	45,059	51.4% ↑
5	德國	49,971	4.8%	50,977	-2.0% ↓
6	義大利	46,514	4.5%	36,176	28.6% ↑
7	印度	34,544	3.3%	22,778	51.7% ↑
8	泰國	33,557	3.3%	22,354	50.1% ↑
9	南韓	33,431	3.2%	48,579	-31.2% ↓
10	日本	30,520	3.0%	24,181	26.2% ↑
	其他	260,653	25.2%	235,748	10.6% ↑
	全球	1,032,336	100.0%	864,280	19.4% ↑

表5、8458 車床
出口前10大國家

金額：千美元
Value in thousand of U.S.D

名次	國別	2018年1-9月	比重	2017年1-9月	年增率(%)
1	中國(含香港)	134,530	25.8%	147,929	-9.1% ↓
2	美國	85,732	16.5%	55,642	54.1% ↑
3	土耳其	38,689	7.4%	26,042	48.6% ↑
4	俄羅斯	25,722	4.9%	26,126	-1.5% ↓
5	泰國	20,280	3.9%	17,830	13.7% ↑
6	德國	15,901	3.1%	18,629	-14.6% ↓
7	荷蘭	15,622	3.0%	8,260	89.1% ↑
8	印度	15,353	2.9%	13,333	15.2% ↑
9	義大利	14,979	2.9%	9,044	65.6% ↑
10	英國	14,088	2.7%	11,076	27.2% ↑
	其他	139,810	26.9%	124,483	12.3% ↑
	全球	520,706	100.0%	458,393	13.6% ↑

2

Tongtai and TTGroup Introduction



Introduction of Tongtai

Tongtai, established in Kaohsiung, Taiwan, in 1969, was listed on the Taiwan stock exchange market in 2003. We focused on developing special purpose machines in the beginning and then became a manufacturer that owns diverse production lines.



Profile

Capital : NT\$2.56 billion
Stock symbol : 4526.TW
Chairman : Mr. Jui-Hsiung Yen
Employees : 876 (2018.10)
Certification : ISO 9001, ISO 14001
AEO Certification

Vision

Become the top machine and machining solution provider in the global machine tool industry, and to be the most reliable partner for clients.

Mission

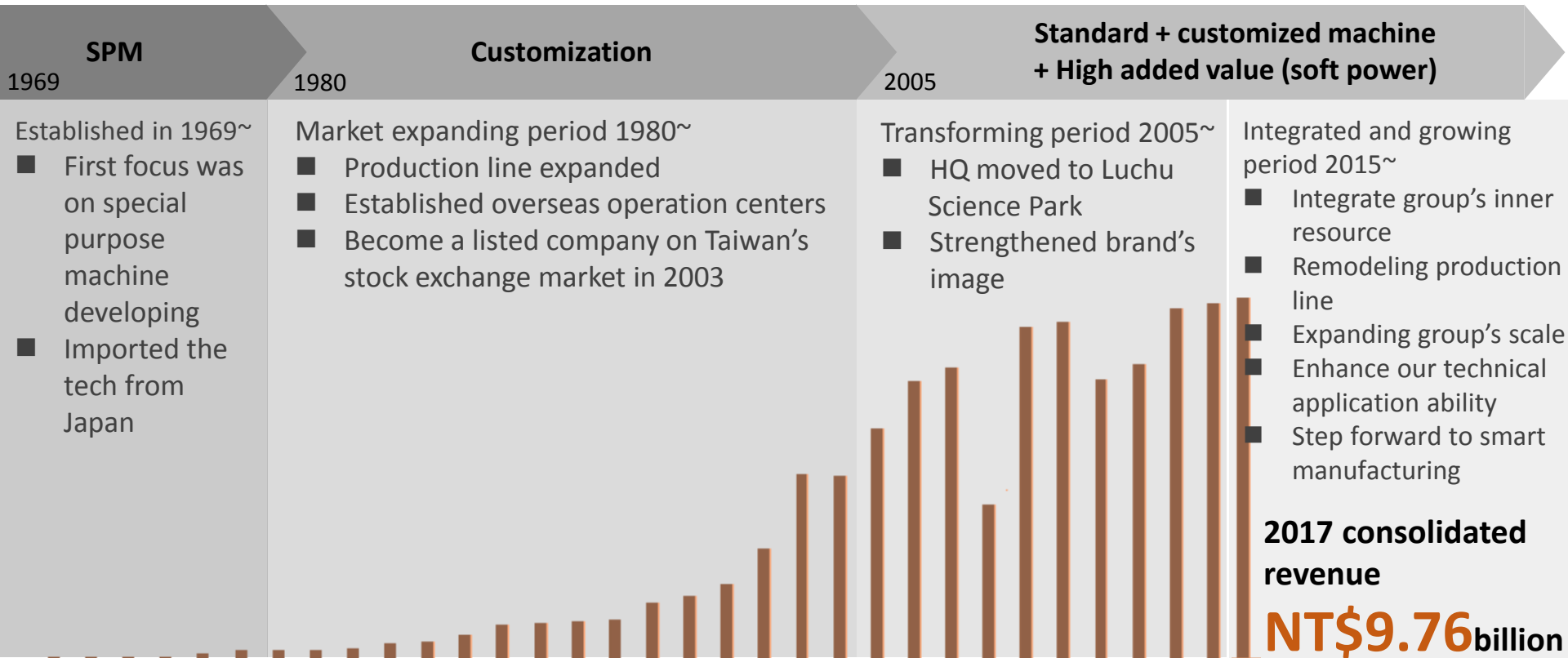
To be the best solution provider of machine equipment and techno services for assisting clients to step into smart manufacturing's field.



Corporation development



MEMBER OF
TT GROUP





Core value

In the past, the customers only wanted to buy machines. Now, the customers need solutions. **The core value of Tongtai is able to integrate machines and technical services for customized solutions. Being a solution provider, we assist our clients to step into the domain of intelligent manufacturing.**

- Standard machine sales



- High value-added products
- Solution provider (hardware and software integration)



Situations of main products in Tongtai

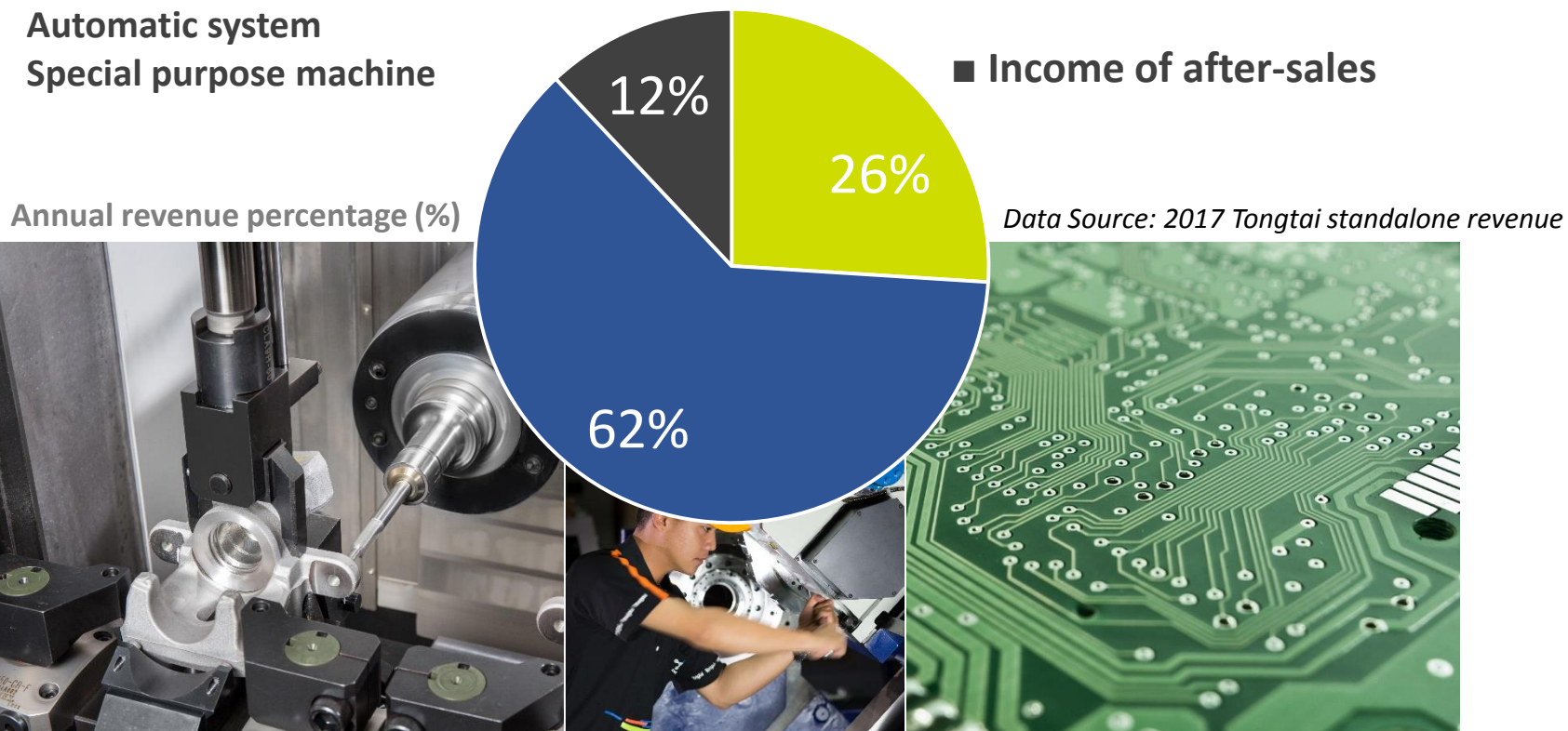
■ CNC metal machining equipment

- Vertical/Horizontal machining center
- Vertical/Horizontal lathe
- Additive manufacturing equipment
- Boring & milling machine
- Automatic system
- Special purpose machine

■ PCB machining equipment

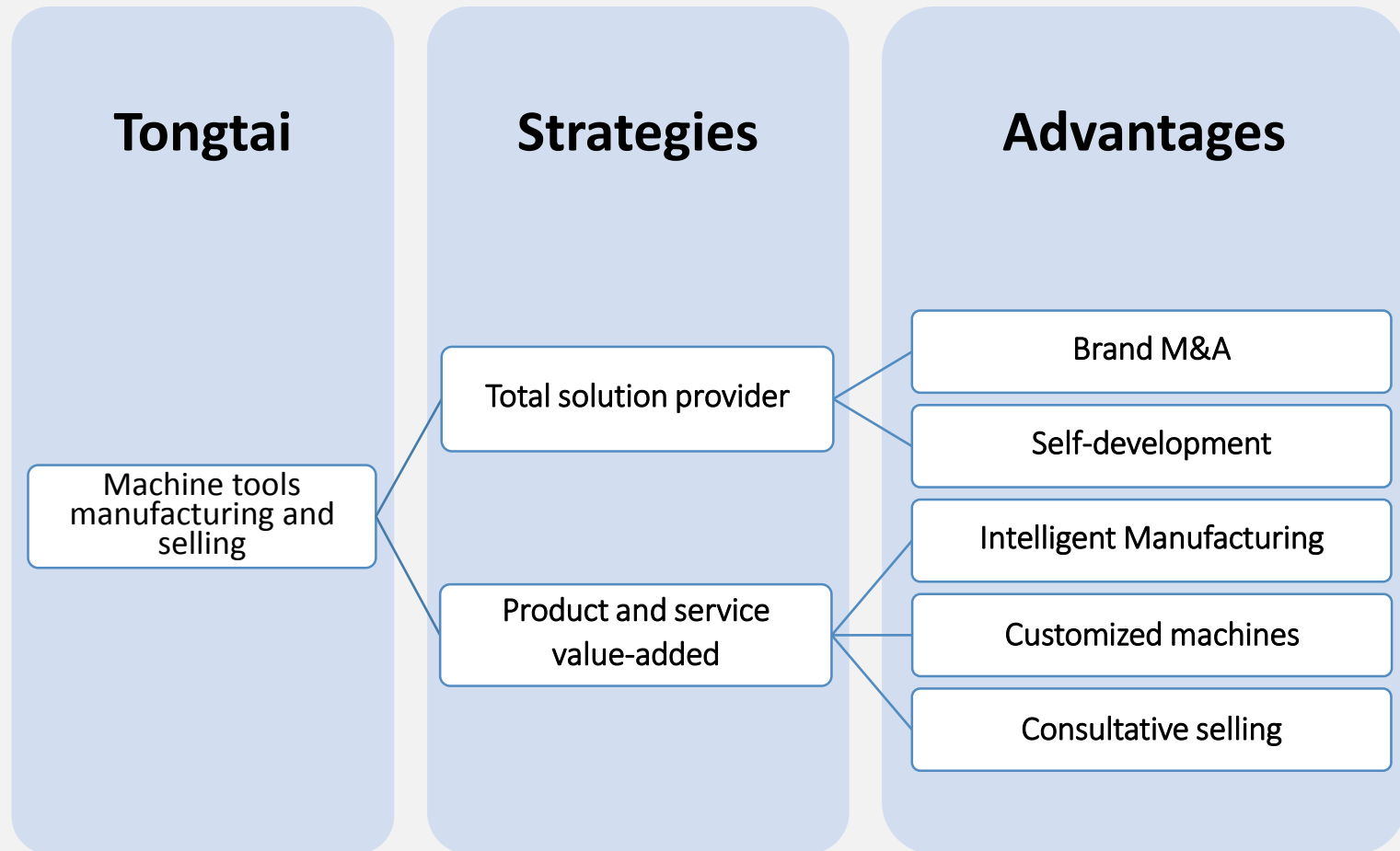
- Laser marking machine
- Laser drilling machine
- PCB drilling machine
- PCB routing machine

■ Income of after-sales





Main strategies and advantages





Self development - Technologies exploration and innovation

Tongtai maintains high attention in Research & Development. The R&D expenditure in each year is over 4.5% of annual revenue. Moreover, the R&D staff is over 22% of all employees in total.



Patents in Tongtai



Patents in TTGroup

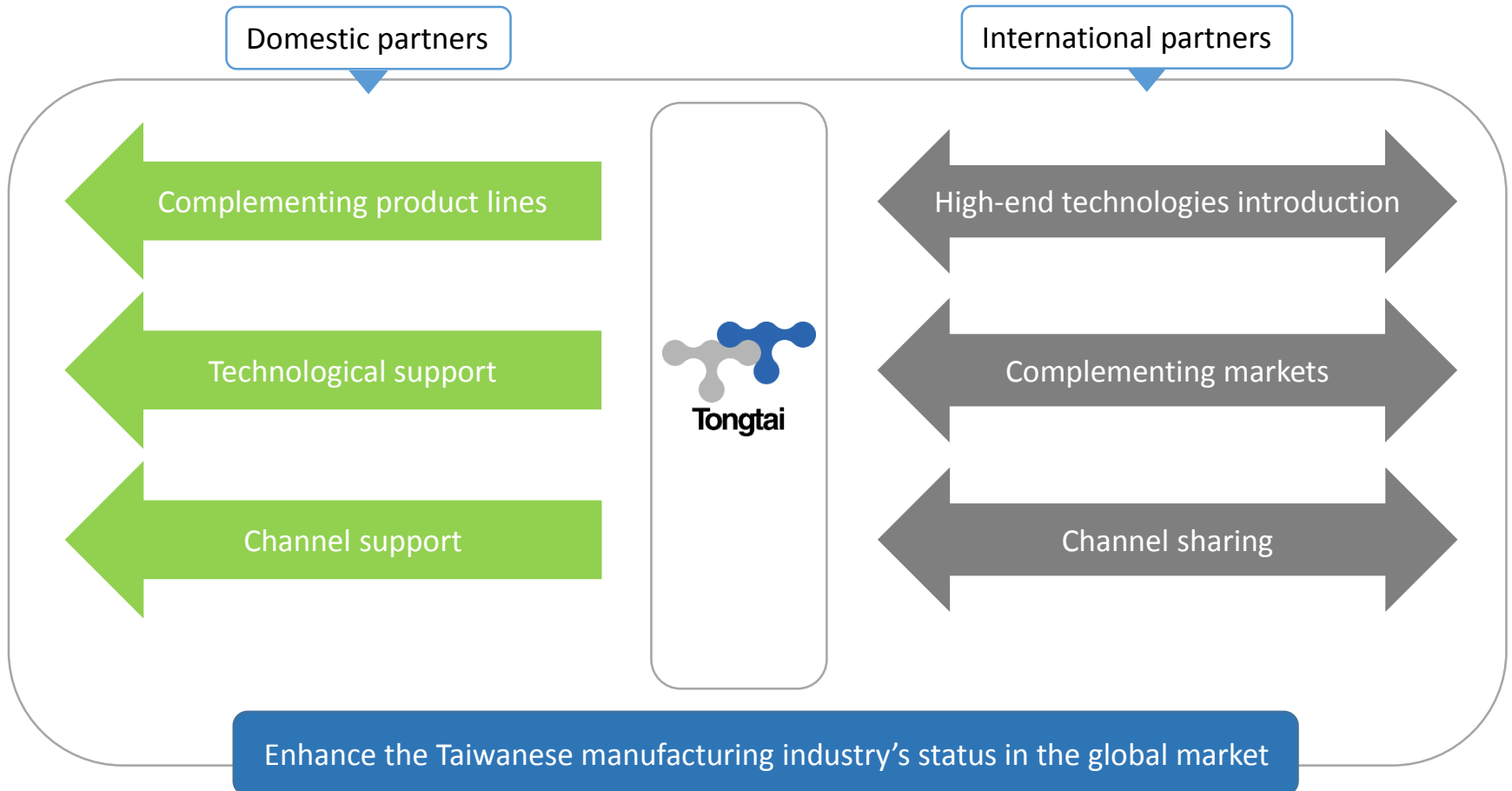
	2015	2016	2017	2018
Taiwan	14	22	12	8
USA	1	2	3	3
Others	8	14	8	15
Applying	8	3	15	20

Data Source: Taiwan Patent Search System



Grouping management

Tongtai plays a main role in TTGroup and integrates international and domestic resources for enhancing the Taiwanese manufacturing industry's status in the global market.





History of M&A (Merge & Acquisition)

2017 Consolidated revenue
NT\$9.76 billions

 99.9%
  100%

QuickTECH
quicktech 52%

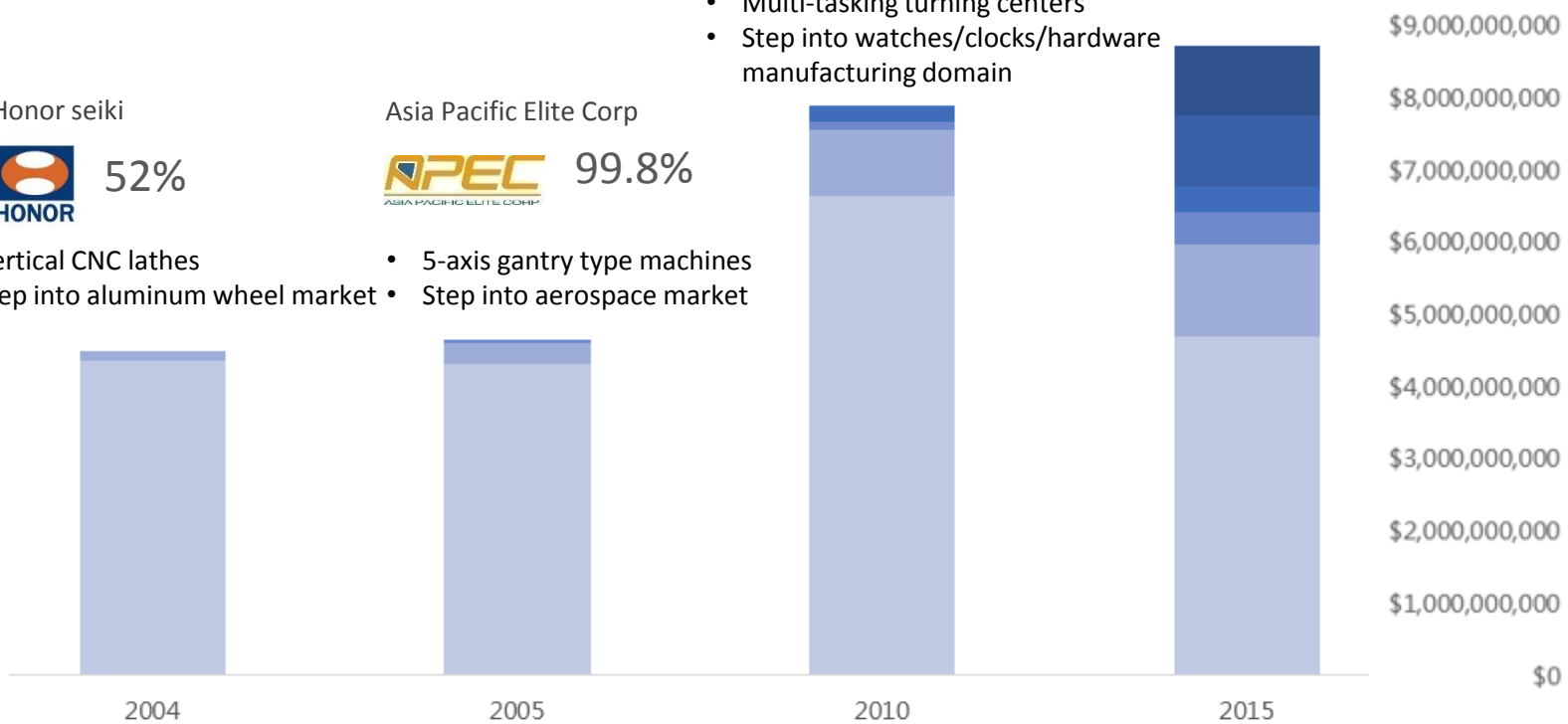
- High-level Turnkey product line
- Expand Tier 1 high-level automotive market

- Multi-tasking turning centers
- Step into watches/clocks/hardware manufacturing domain

Honor seiki
 52%

Asia Pacific Elite Corp
 99.8%

- Vertical CNC lathes
- Step into aluminum wheel market
- 5-axis gantry type machines
- Step into aerospace market



■ 東台精機 (Tongtai) ■ 榮田精機 (HONOR) ■ 亞太菁英 (APEC) ■ 譚泰精機 (QuickTech) ■ PCI-SCEMM ■ ANGER



Diverse products satisfy customers' needs

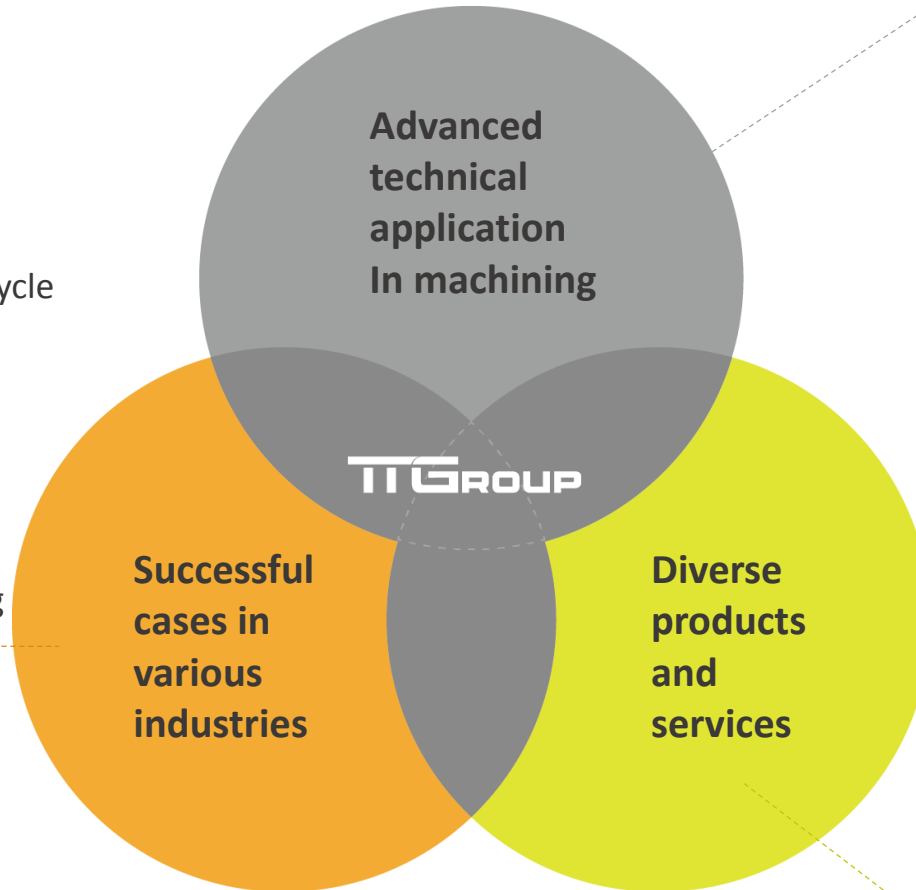


Main classification	Sub-classification	Tongtai	Honor	APEC	QuickTECH	PCI	ANGER
Machining center	Vertical M/C	V					
	Horizontal M/C	V				V	
	5-axis M/C	V					
	5-axis gantry type machine			V			
	Boring and milling machine	V					
	Drilling and tapping machine	V					
CNC lathe	Vertical CNC lathe	V	V				
	Horizontal CNC lathe	V			V		
	Large-sized CNC lathe		V				
	Multi-tasking turning center	V	V		V		
PCB machine	PCB machine						
Laser machine	Laser machine	V					
	Additive manufacturing machine	V					
Special purpose machine (S.P.M.)	Transfer machine						V
	S.P.M.						
Value-added	Automation	V				V	V
	Turnkey solution	V	V	V		V	V



We provide INTEGRATED SOLUTIONS

Aerospace
Automotive / Motorcycle
Biomedical
Mechatronic
Electronic
Energy
ICT
Die & Mold
Industrial Engineering



Additive manufacturing
Laser machining
Metal cutting
Ultrasonic assisted machining
Multi-axis machining
Multi-tasking machining

Smart manufacturing
Automation
Customize equipment
Turnkey
Factory line planning

Integrated services value-added the products

Integrate Tongtai's unique technologies in customization, manufacturing, and application to develop consultative selling patterns for our **Turnkey solutions**.

Consultative Selling



Customization



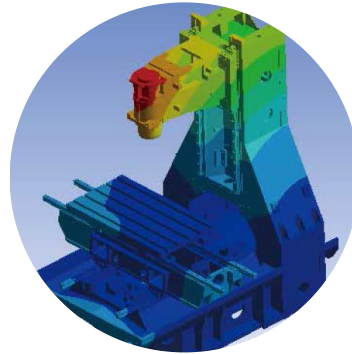
Manufacturing Technology



Application



- Trial manufacturing
- Training
- Insight customer's pain point
- Production line planning



- FEA analysis
- Structure optimization
- Thermal deformation measurement and compensation
- Multi-axis and Multi-tasking
- Electromechanical control



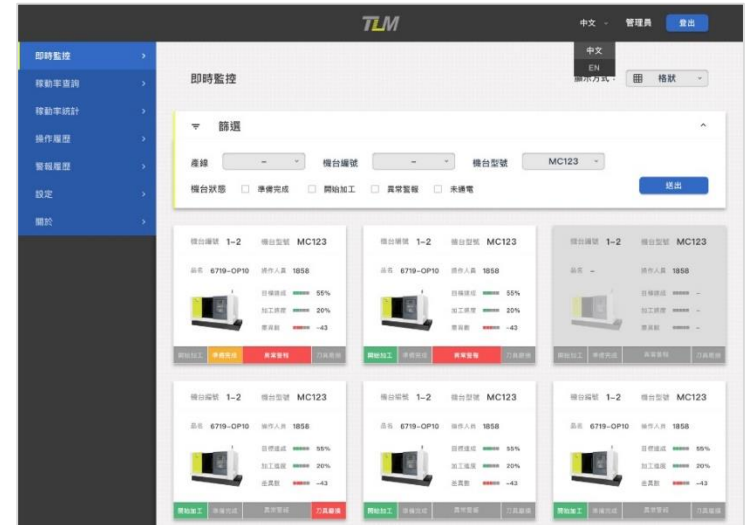
- Precision assembly
- Scrapping
- Precision measurement
- Performance tests and certification



- Engineering analysis
- Tool design
- Jig & fixture design
- Cutting path planning
- Automatic system design
- Measuring device application
- Optical detection & application

Through smart software to value up the products

Within the trend of intelligent machines, Tongtai developed **Tongtai Line Management (TLM)** to monitor real-time machine situations for relative managers. Through production information, the customer is able to optimize production lines and improve the production efficiency by big data analysis



TLM main functions

- ① Real-time machine status
- ② Utilization report
- ③ Operation history
- ④ Alarm history
- ⑤ Programs upload/download
- ⑥ Customized functions



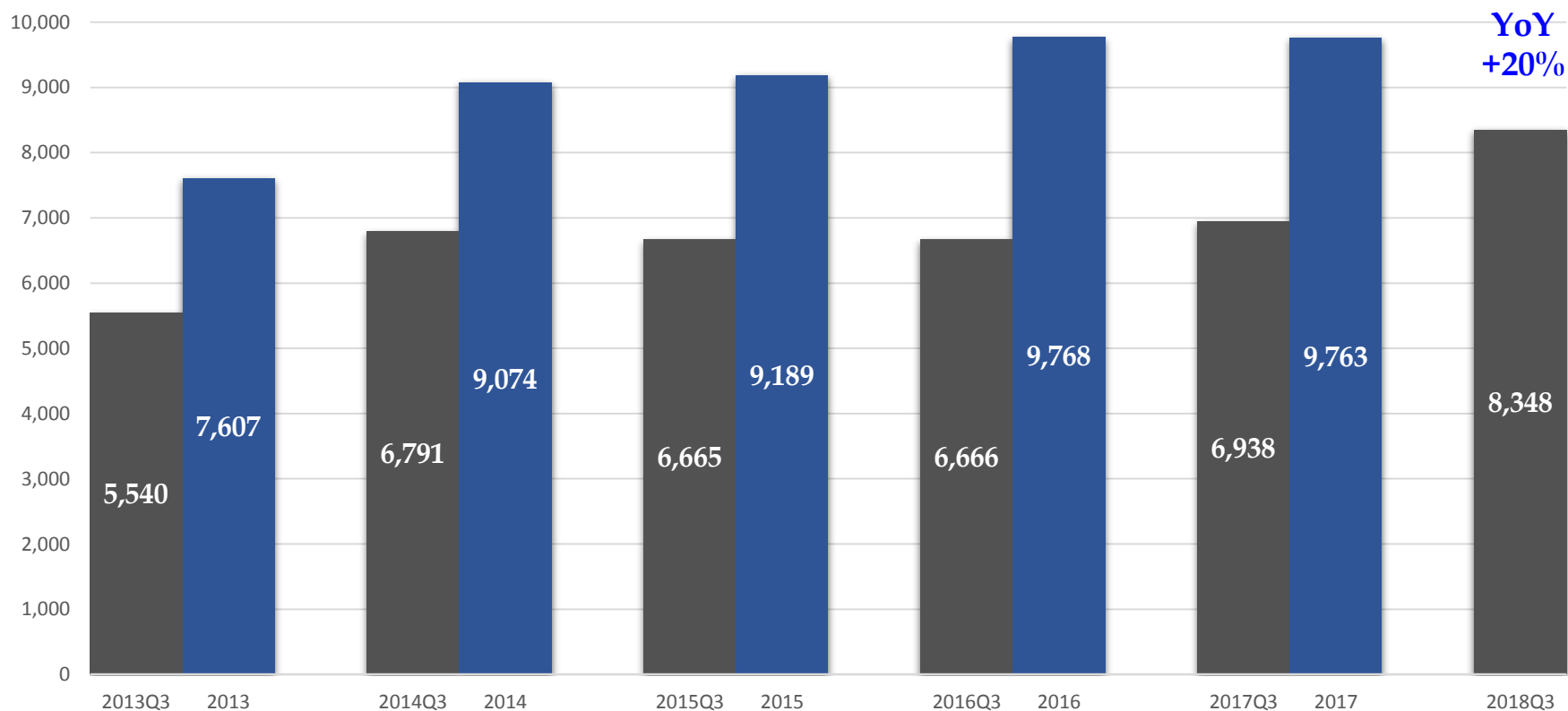
3

Operating Performance of 2018 3Q



Consolidated revenue

Unit: NT\$ million

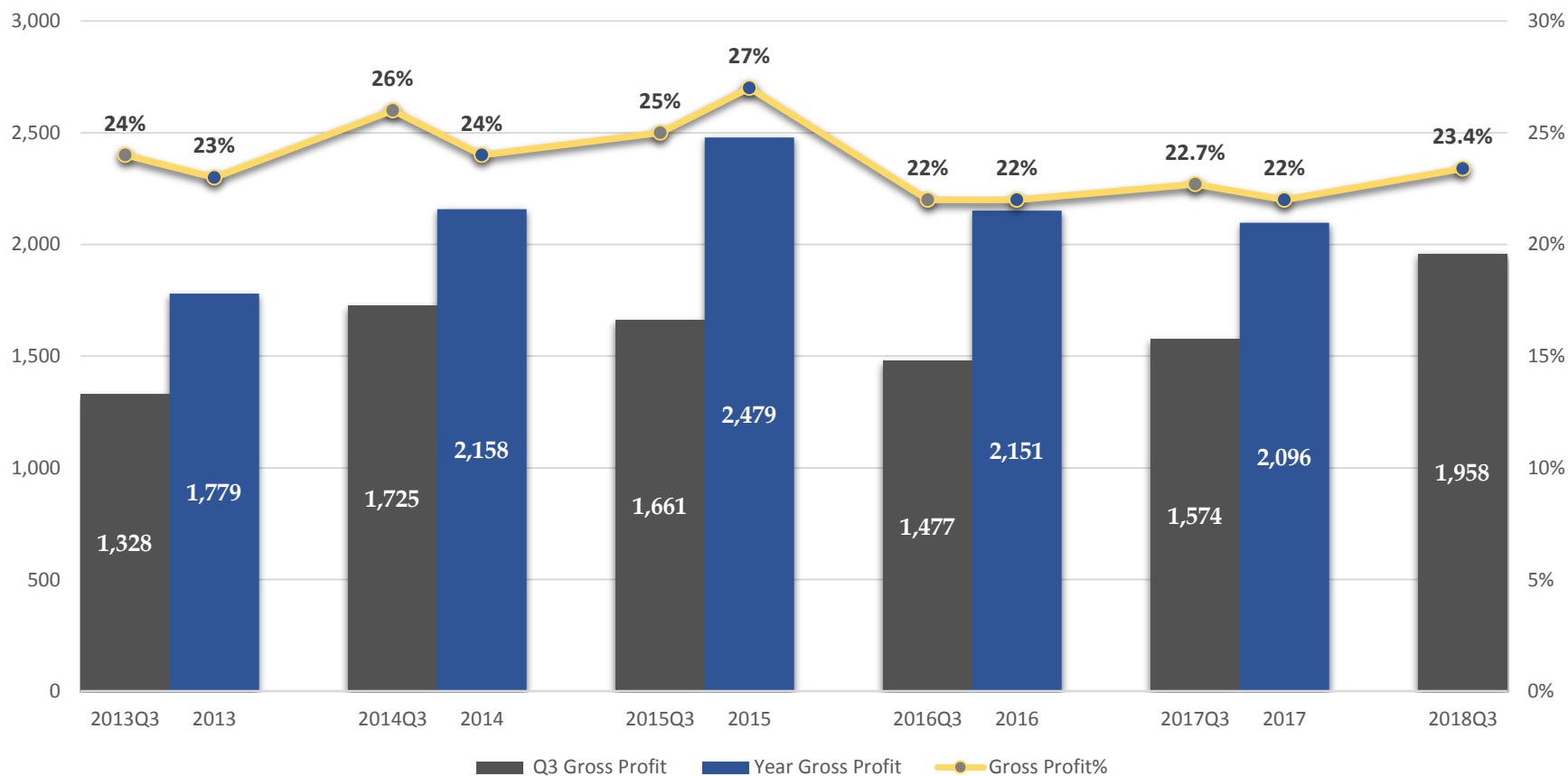


Data Source: 2013-2018 Q3 Audited/Reviewed Consolidated report



Gross profit and gross profit %

Unit: NT\$ million ; %

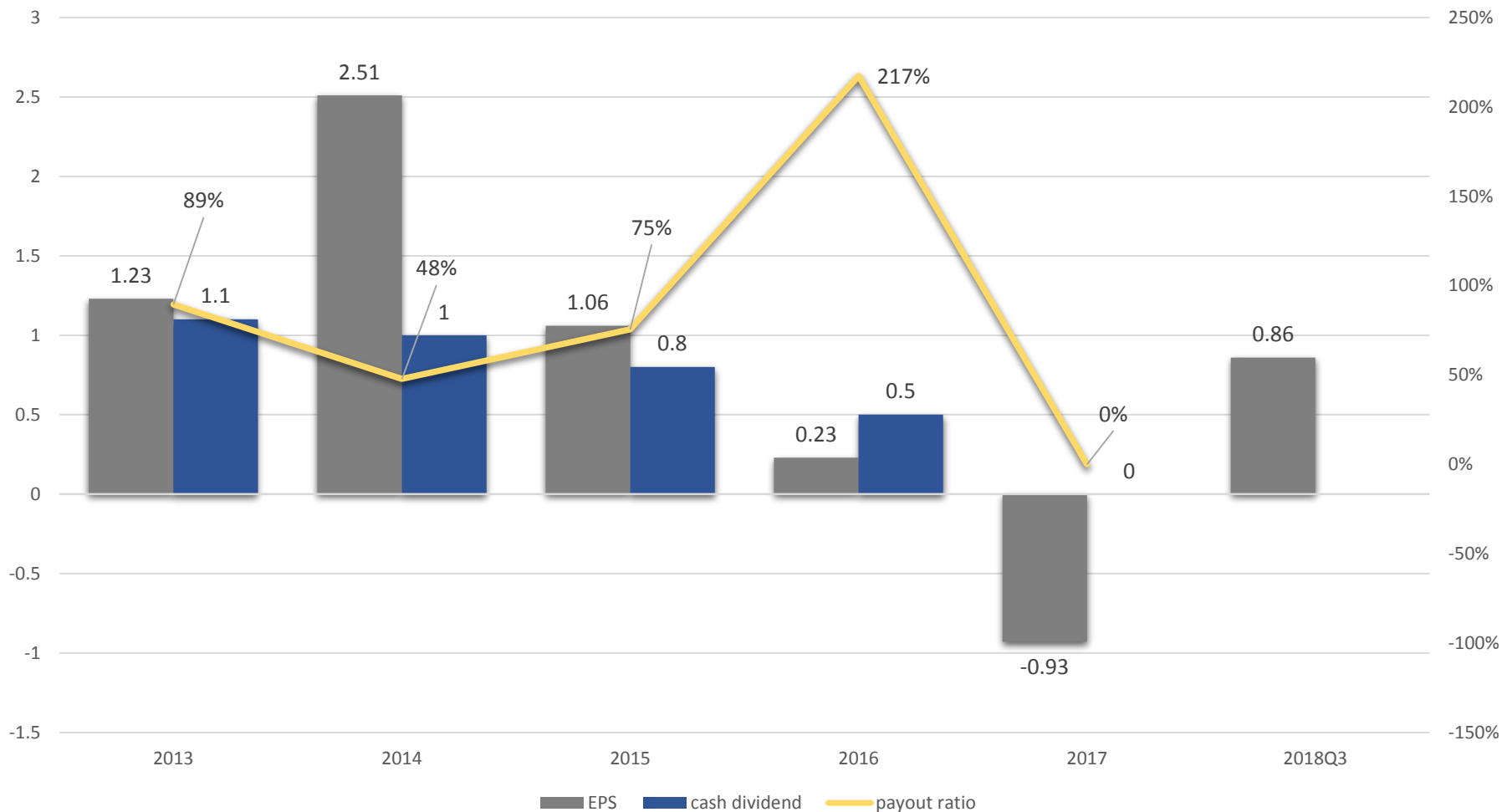


Data Source: 2013-2018 Q3 Audited/Reviewed Consolidated report



EPS and dividend payout rate

Unit: NT\$; %



*FY2014 also declared another stock dividend of NT\$0.2 per share.

Data Source: 2013-2018 Q3 Audited/Reviewed Consolidated report



Consolidated Statements of Comprehensive Income_1Q-3Q

Unit: In NT\$ million, Except Earnings (Loss) Per Share in NT\$

Item	2018 1Q-3Q		2017 1Q-3Q		YoY Change	
	Amount	%	Amount	%	Amount	%
Operating Revenues	8,348	100.0%	6,938	100.0%	1,410	20%
Gross Profit	1,958	23.4%	1,574	22.7%	384	24%
Profit from Operations	323	3.9%	113	1.6%	210	186%
Non-operating income (expenses)	(7)	-0.1%	(210)	-3.0%	203	-97%
Profit (Loss) before Income Tax	315	3.8%	(97)	-1.4%	412	-426%
Net Profit (Loss) for the Year	282	3.4%	(106)	-1.5%	388	-367%
Net Profit (Loss) Attributable to Shareholders of the Parent	218	2.6%	(111)	-1.6%	329	-297%
Basic Earning (Loss) Per Share	0.86		(0.43)		1.29	

Data Source: 2018Q3 Reviewed Consolidated report



Consolidated Statements of Comprehensive Income_Quarterly

Unit: In NT\$ million, Except Earnings Per Share in NT\$

Item	2018 3Q		2018 2Q		QoQ Change		2017 3Q		YoY Change	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Operating Revenues	2,904	100%	3,237	100%	(333)	-10%	2,655	100%	249	9%
Gross Profit	660	23%	741	23%	(81)	-11%	655	25%	5	1%
Profit from Operations	101	4%	158	5%	(57)	-36%	121	5%	(20)	-17%
Non-operating income (expenses)	(54)	-2%	72	2%	(126)	-175%	(53)	-2%	(1)	2%
Profit before Income Tax	47	2%	229	7%	(182)	-79%	69	3%	(22)	-31%
Net Profit for the Year	36	1%	195	6%	(159)	-82%	56	2%	(20)	-36%
Net Profit Attributable to Shareholders of the Parent	14	0%	143	4%	(129)	-90%	35	1%	(21)	-61%
Basic Earning Per Share	0.05		0.56		(0.51)		0.14		(0.08)	

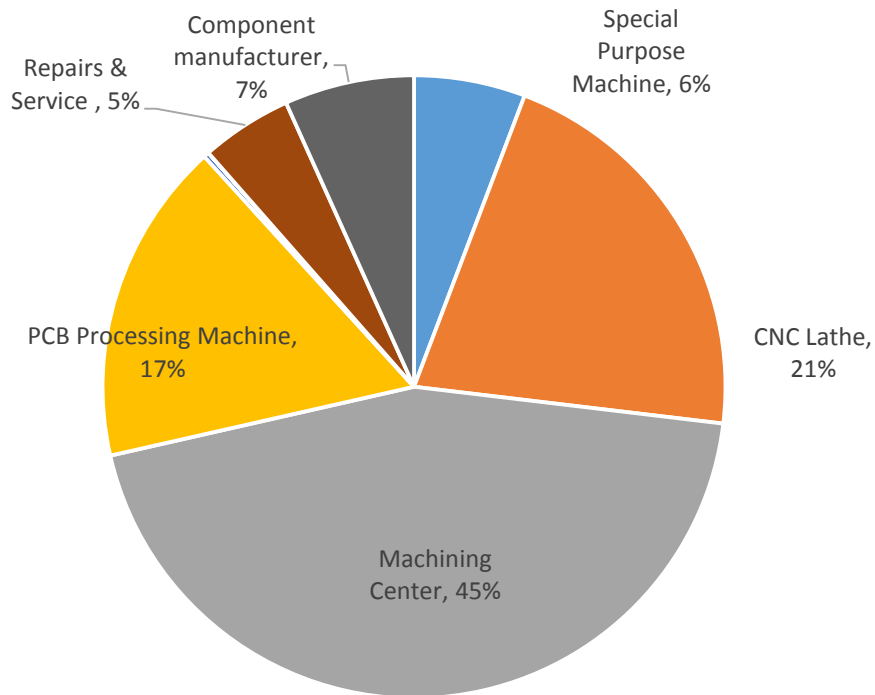
Data Source: 2018Q2、2018Q3 Reviewed Consolidated report



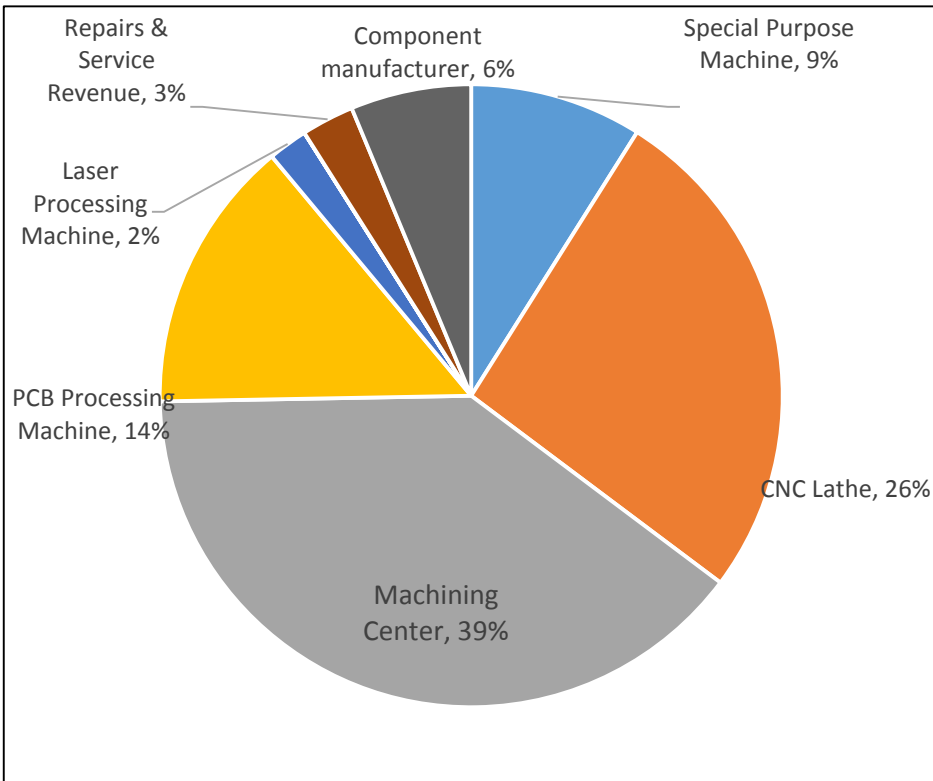
Consolidated Revenue by Product

Unit : % of revenue

1Q-3Q, 2018



1Q-3Q, 2017



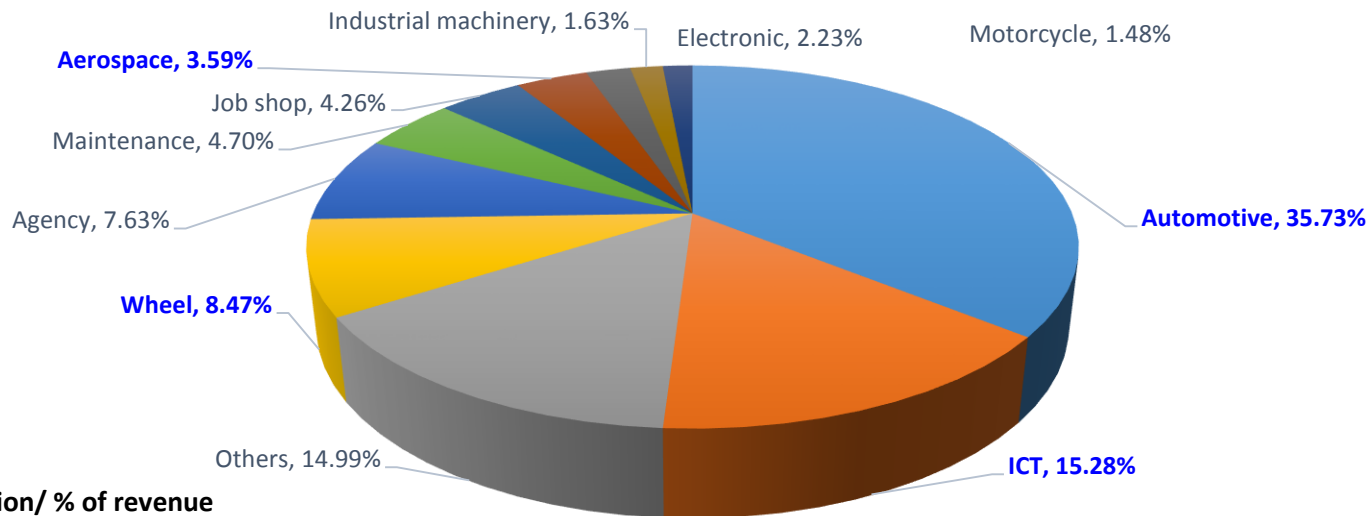
Data Source: Tongtai GAO



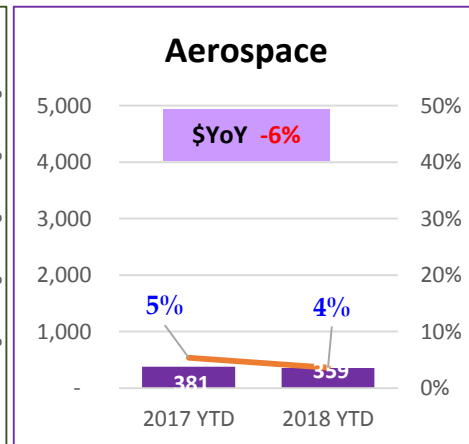
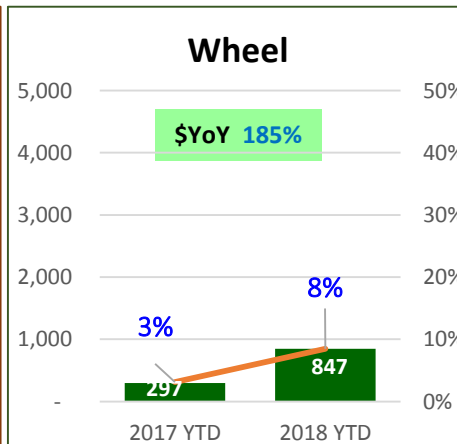
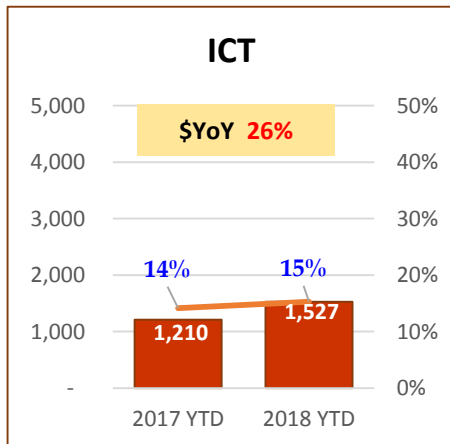
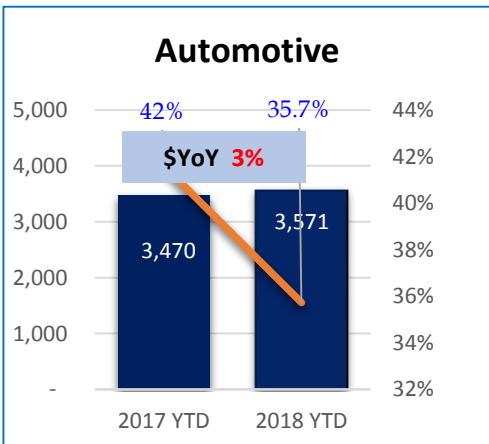
Consolidated Revenue by Application

Unit : % of revenue

1Q-3Q, 2018



Unit : NTD million/ % of revenue



Data Source: Tongtai GAO

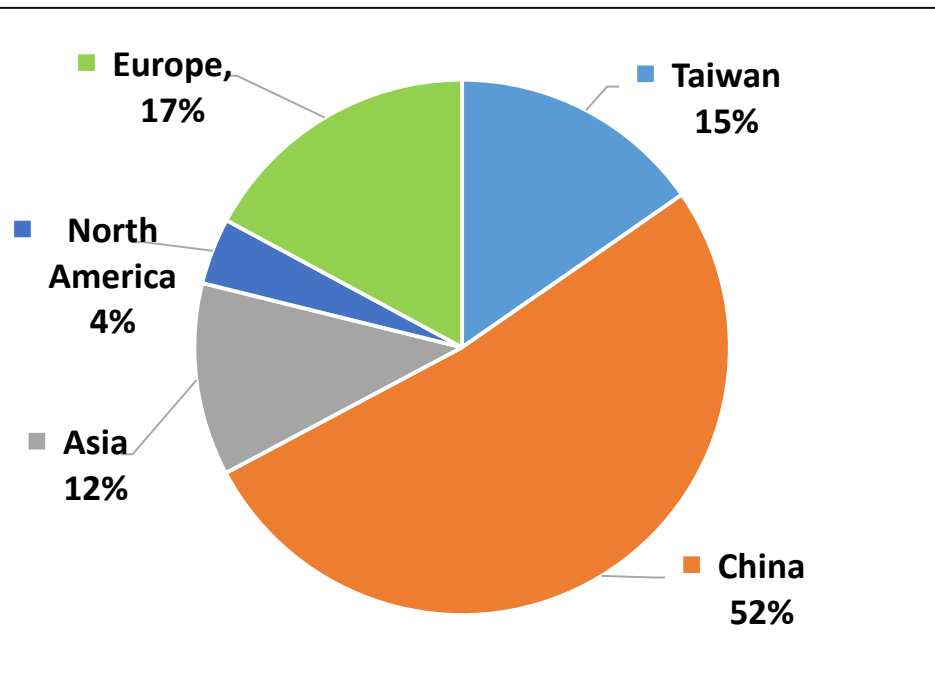
Copyright © 2018 Tongtai Machine & Tool Co., Ltd.



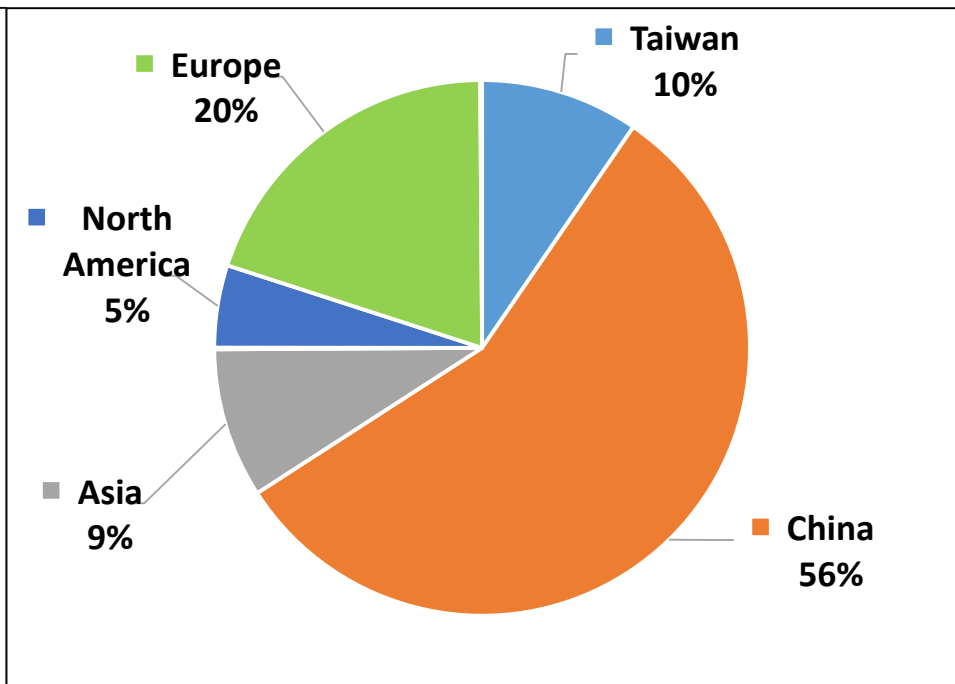
Consolidated Revenue by Geography

Unit : % of revenue

1Q-3Q, 2018



1Q-3Q, 2017



Data Source: Tongtai GAO

4

Future Prospective



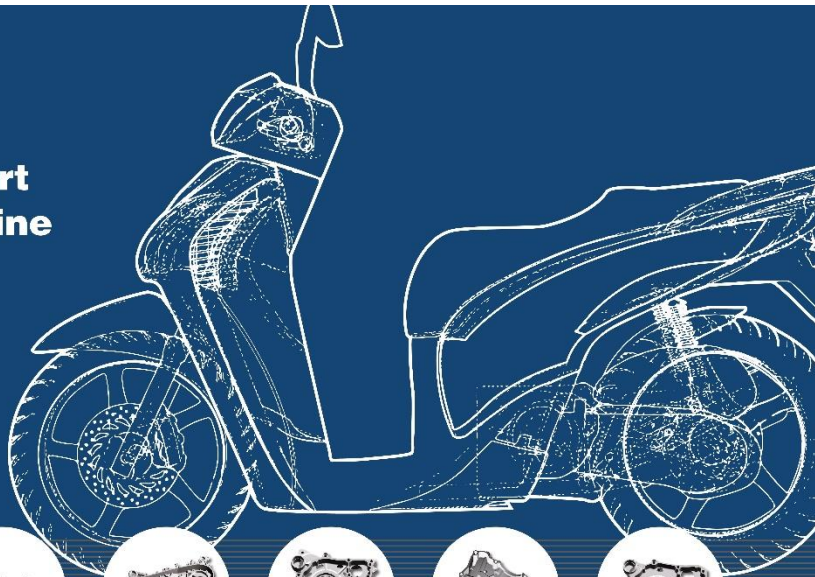
The application in intelligent machines

Demonstration production line
Enhance the confidence

For response Industry 4.0 with government and machine tools industry, Tongtai is cooperating with KYMCO on Intelligent Manufacturing of Motorcycle Key Components Project for developing the 1st intelligent production. Through this project, it will improve the manufacturing efficiency and enhance the international competitiveness line for automotive manufacturing industry. The project period is 30 months and will finish in 2020.



Tongtai smart production line



- Output Value of Unit Area **UP**
- Per Capita Value of Output **UP**
- OEE **UP**
- A new solution for small-volume large-variety production



Tongtai is the 1st company which has the capacity to develop and sell metal additive manufacturing equipment in Taiwan. Starts from metal powder bed fusion machine and step into the domain of direct energy deposition and subtractive manufacturing. Furthermore, Tongtai has crossed into the market of sand binder jetting. Nowadays, Tongtai has various additive manufacturing production lines and is able provide the best relative solution to the customer.



Metal powder bed fusion machine



Metal powder direct energy deposition and subtractive manufacturing machine



Sand binder jetting machine



Integrate TTGroup's resources



Tongtai
Since 1969



Honor
Since 1987



APEC
Since 2003

- Machining centers
- CNC lathes
- Additive manufacturing machine
- PCB machine
- Laser machine
- S.P.M.

Asia
EU

49 years



- Medium- and large-sized vertical lathes
- Multi-tasking turning centers

Asia

31 years



- Large-sized gantry type machines
- Large-sized 5-axis M/C
- Large-sized moving column type M/C

Asia

15 years



QuickTECH
Since 1996



PCI-SCEMM
Since 1940



ANGER
Since 1972

- Multi-tasking turning centers

EU

22 years

- Horizontal M/C
- S.P.M.

EU

78 years

- Transfer machines
- S.P.M.

EU
USA

46 years

- New product development according to electric vehicle needs

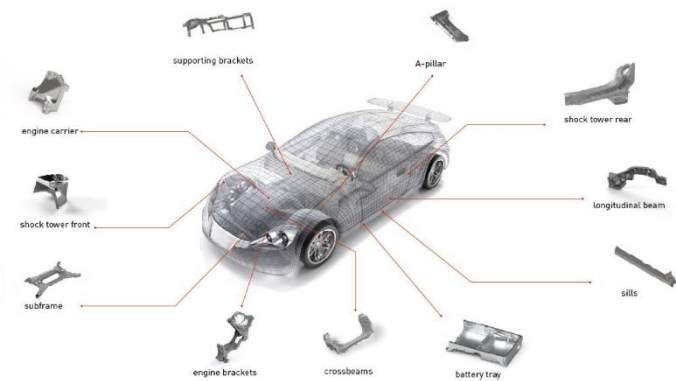
Machining solutions for the structural part and E-architectures – SP series



- Started in EU market and already had successful cases
- Main machining applications - Car's structure, cell case, motor generator

- PCI in responsibility of **structure and unit design**
- ANGER in responsibility of **automatic pallet changer**
- Tongtai in responsibility of **module design and integration**

Technology integration Joint-development



■ New product development according to industrial trends

Smart 5-axis M/C for CFRP composite structure

Special 5-axis for various aero engine casing

High efficiency high MRR 5-axis for Aluminum structure



- Focus on Korea, China, North America, Turkey, India, Japan, SEA aerospace market

- Strategic partner with OEM and Tier 1 aerospace supply chains

- Being a total solutions provider (one stop solutions) instead of machine maker and seller



Tongtai Machine & Tool Co., Ltd.

Thank You

Contact Us

Tel: +886-7-9761588

E-mail: ir@tongtai.com.tw

www.tongtai.com.tw

