



東台精機股份有限公司

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

2020 Q3 Operating Performance and Outlook

Tongtai Machine & Tool Co., Ltd.
2020 Investor Conference

2020.12.11





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Agenda

1

Tongtai and TTGroup Introduction

2

Operating Performance of 2020 Q3

3

Outlook



Tongtai and TTGroup Introduction



Introduction of Tongtai

- Tongtai was established in 1969, and was listed on the stock exchange market in 2003. We focused on developing special purpose machines in the beginning and then become a manufacturer that owns diverse production lines. The trade mark of Tongtai is made of two “T”s. The gray “T” represents what Tongtai provides and the blue “T” represents what customers gain.



Profile

Capital : NT\$2.56 billion
Stock symbol : 4526.TW
Chairman : Mr. Jui-Hsiung Yen
Employees : 734 (2020.11)
Certification : ISO 9001 、 ISO 14001 、
ISO 50001 、 AEO Certification

Vision

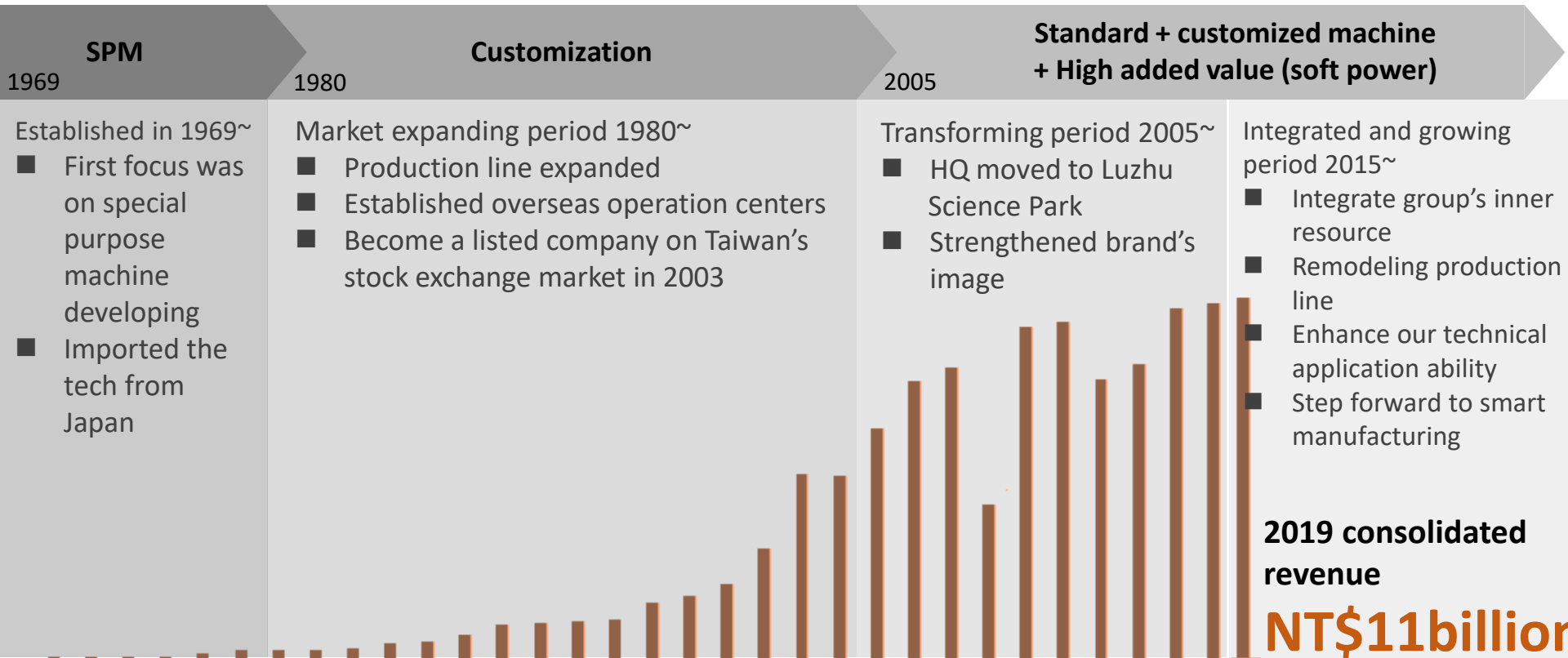
Become the top machine and machining solution provider in the global machine tool industry, and to be the most reliable partner for clients.

Mission

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

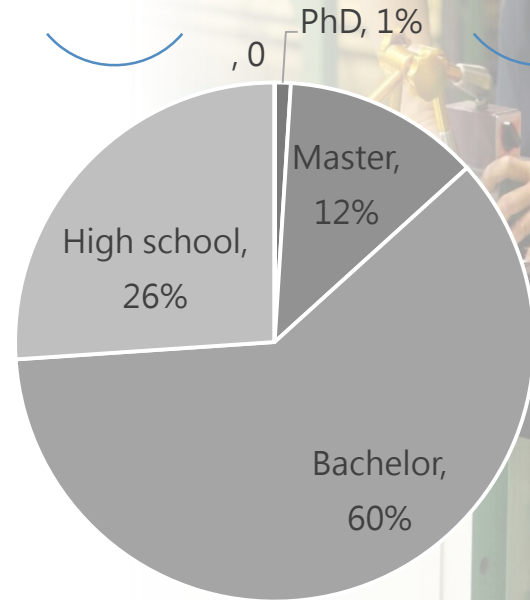
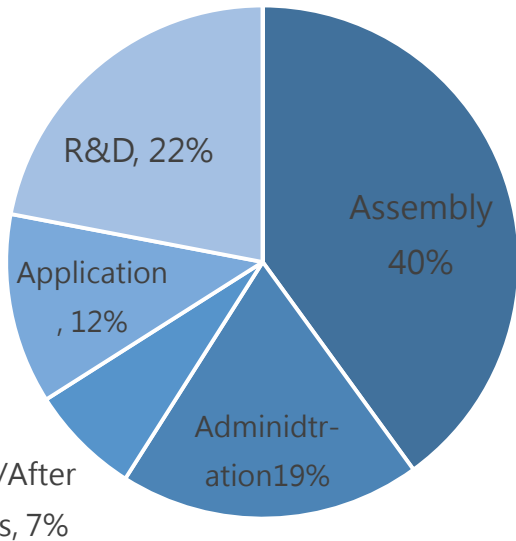
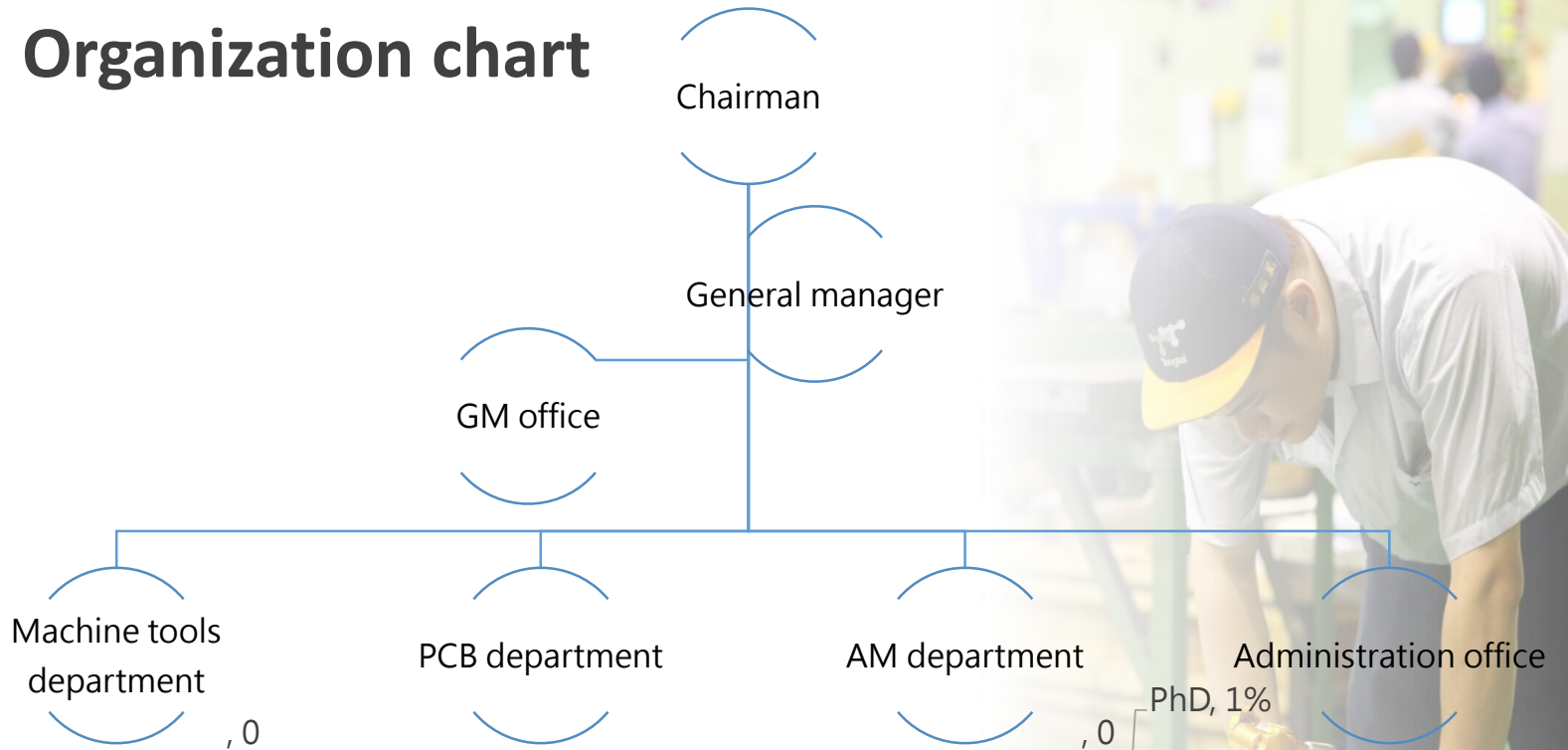


Corporation development





Organization chart



Product overview of machine tools department

S.O.I

S tandard
O ption
I ntegration



Standard Machine



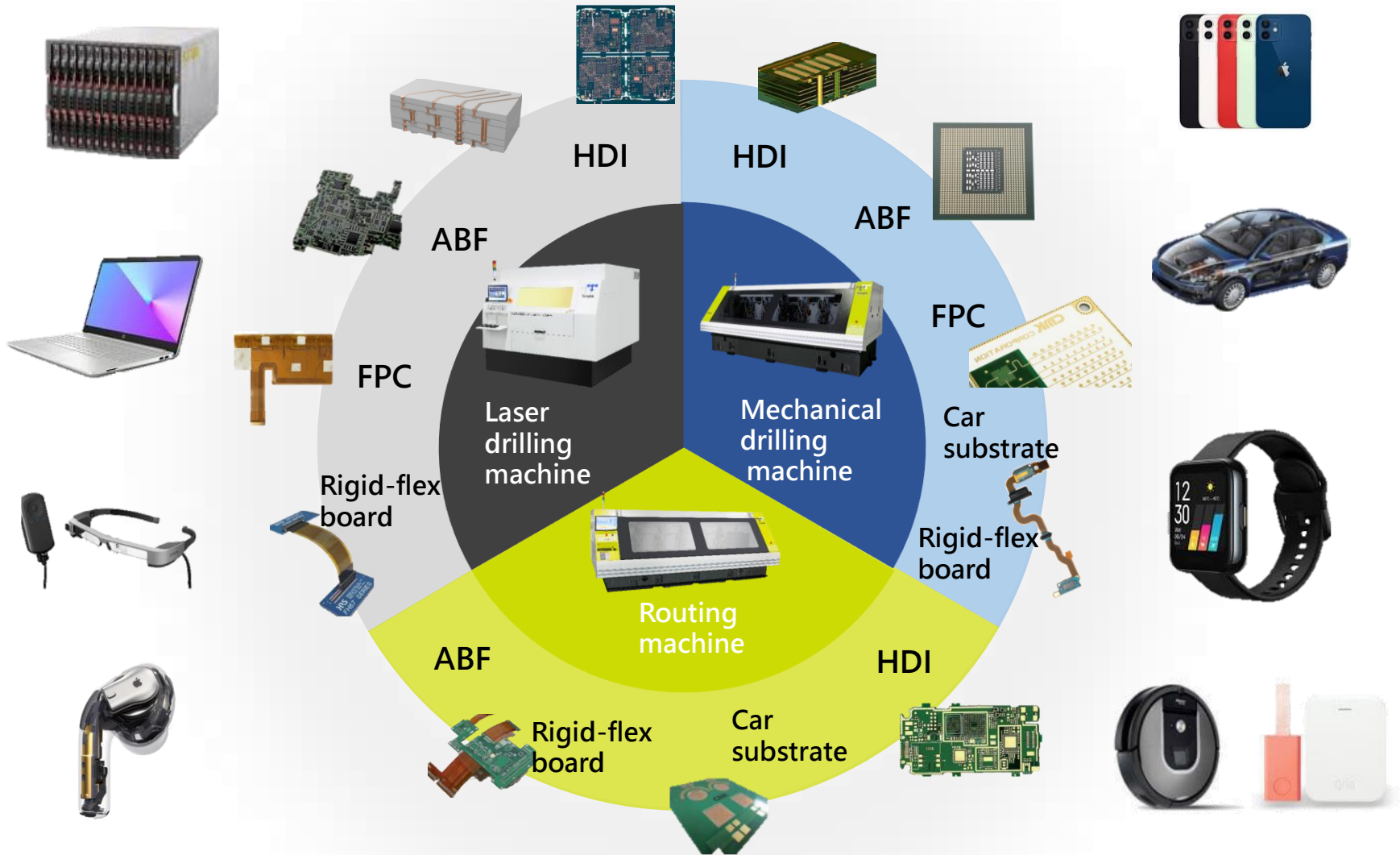
Special purpose machine



Turnkey
Smart machine/Automation
Smart production line/Automation
Smart factory






Relevant items of PCB department





Three major processes achieve high precision, high efficiency and efficient production

Drilling machine 	Mechanical drilling	Multilayer PCB	Car substrate	Server PCB	Depth control	BGA	FPC	HDI	CCD
	SD	V	V	V	V	V	V	V	
	SDL	V	V	V	V	V	V	V	
	TCDM	V	V	V	V	V	V	V	V
Routing machine 	Routing machine	Shape Cutting	Depth control	Aluminum substrate	Multi-axis correction	CCD			
	TRM	V		V		V			
	DCRM	V	V	V		V			
	TCRM	V	V	V	V	V			
Laser drilling 	Laser drilling	HDI	BGA	FPC	Composite Material	Marking	IC Assembly		
	TLC-2H22	V	V	V	V		V		
	TLU-1H22			V		V	V		
	TLMG-400					V	V		
	TLCU-660				V	V	V		

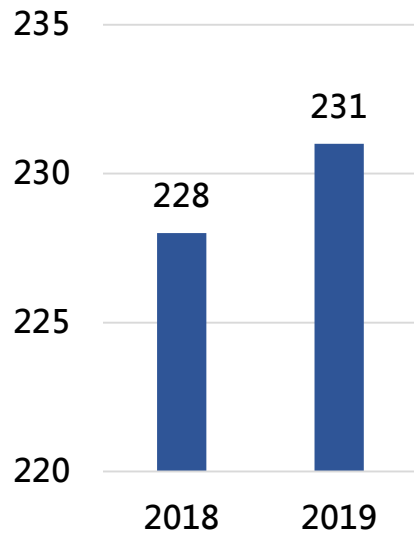


Core Value: R&D and Innovation

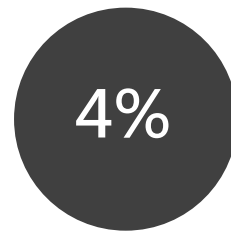
- Tongtai makes great efforts on R&D. The R&D expense to revenue ratio is about 4%/yr



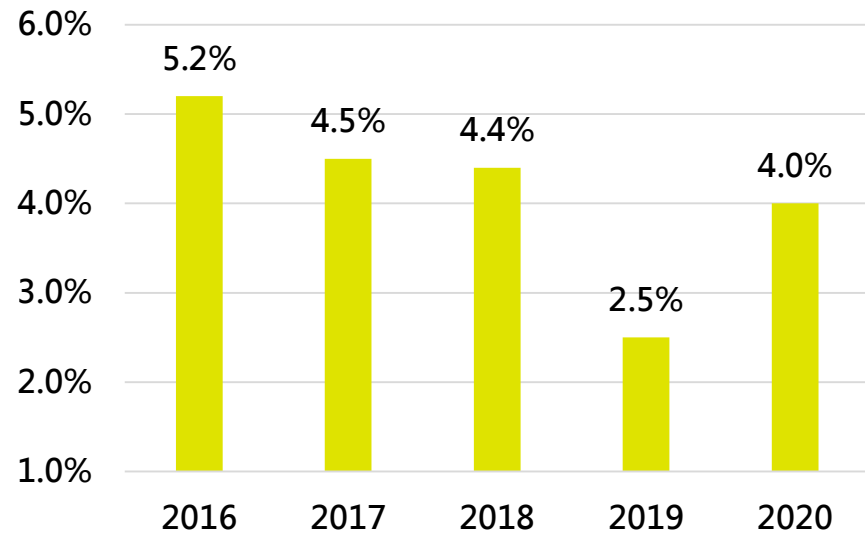
Number of patent



■ Number of patent



R&D expense to revenue ratio



■ R&D expenses



Global Networking

Tongtai has 3 factories, 20 overseas branches, and over 60 overseas agents to provide customers with professional, thoughtful sales & after-sales services.

3

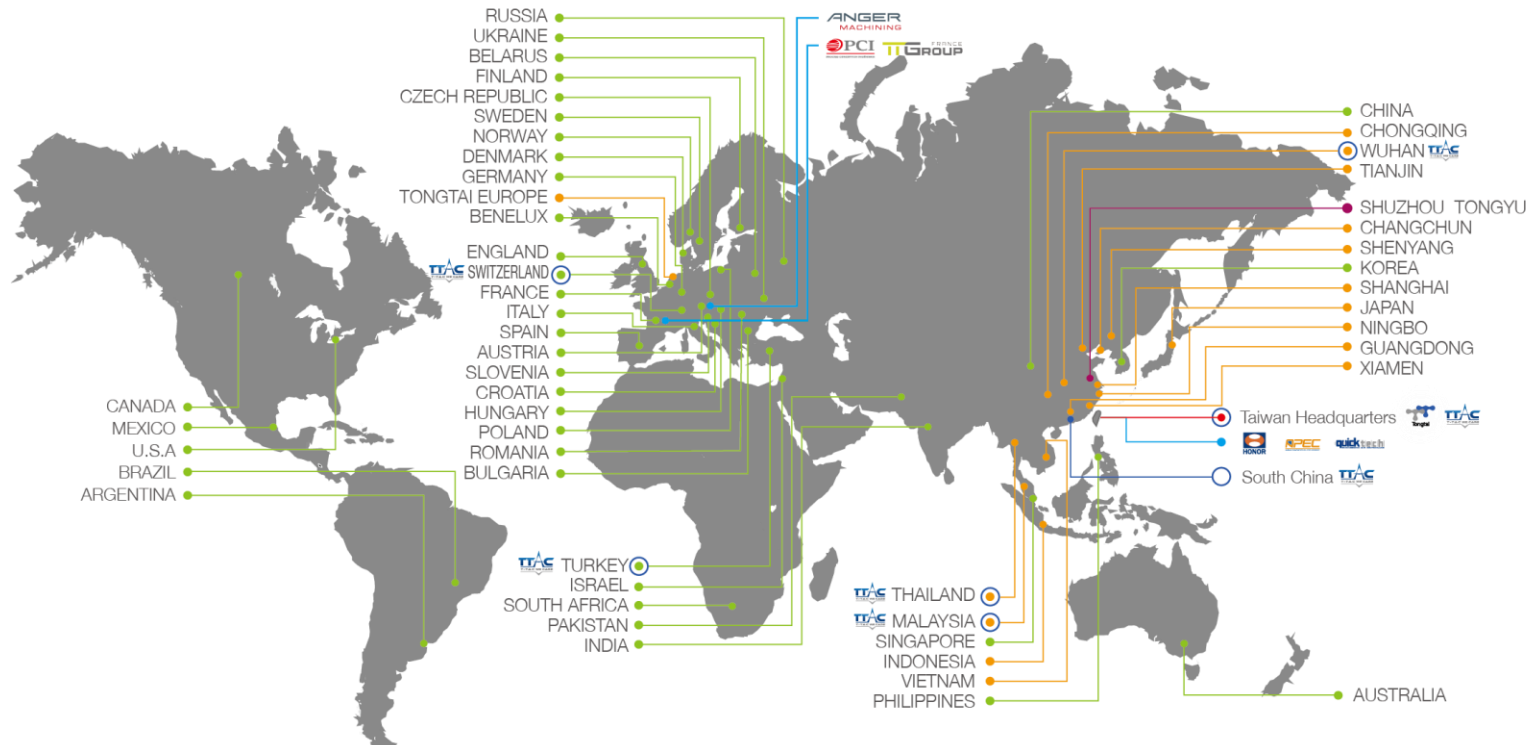
Factories

20+

Overseas Branches

60+

Overseas Agents



● Headquarters ● Sister companies ● Branch ● Foreign Agency ● China Operation Center

Tongtai-Technical Application Center



Tongtai Technical Application Center (T-TAC)



In order to provide customers with integrated services, Tongtai have established 7 T-TAC around the world. We hold events irregularly and also provide sampling and training services.

Taiwan | South China | Wuhan | Switzerland | Thailand | Turkey | Malaysia

**Trial
Production**



**Machining
Technical
Application**



**Training &
Developing**



**Machine
Optimization**



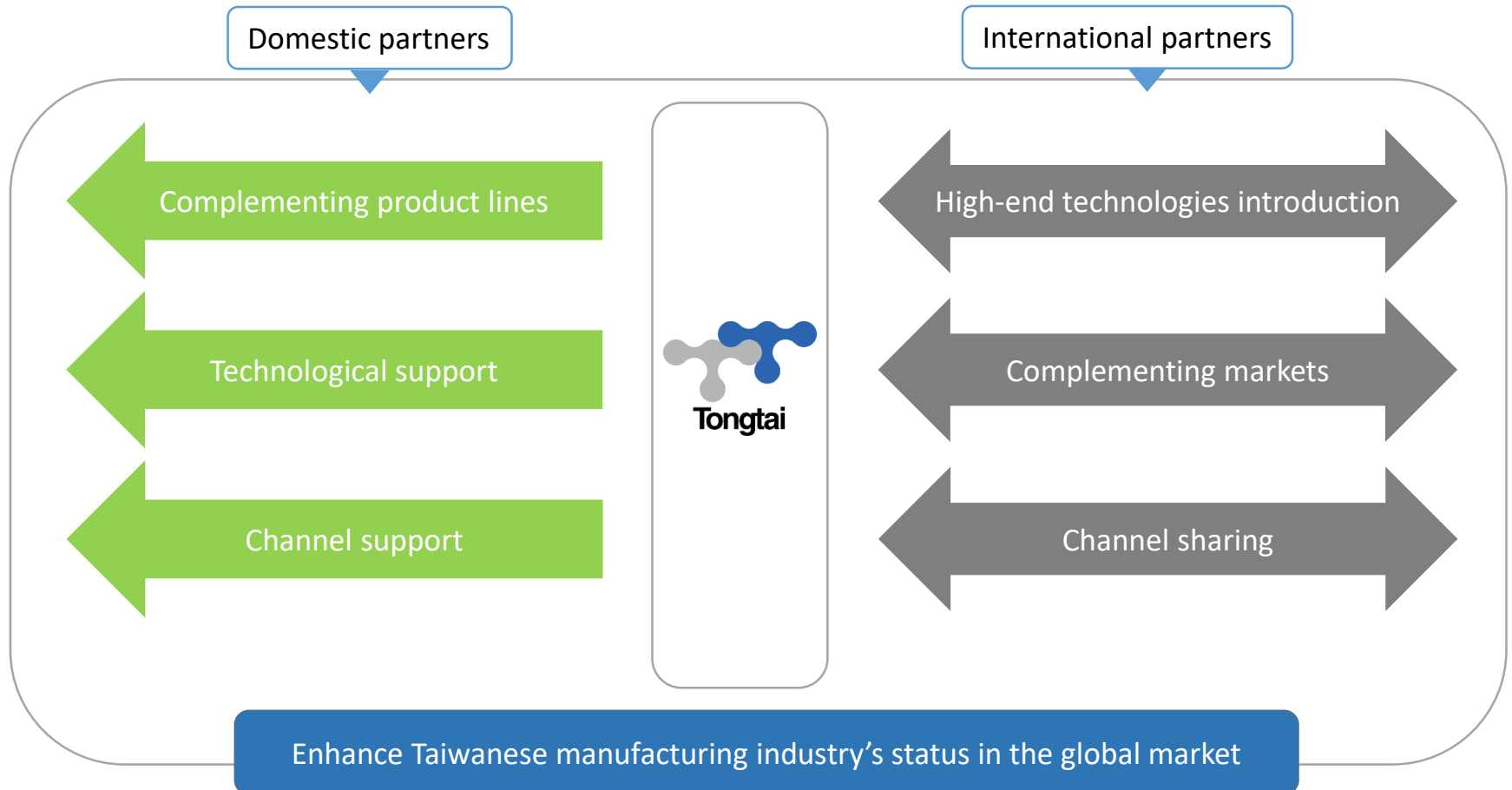
**Seminar
& Exhibition**






TTGroup management philosophy

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






M&A history



100%

ANGER
MACHINING



100%

PCI
PROCESS CONCEPTION INGENIERIE

- High-end Turnkey solutions
- Tier 1 automotive market

quicktech 52%

- Multi-tasking turning center
- Hardware market



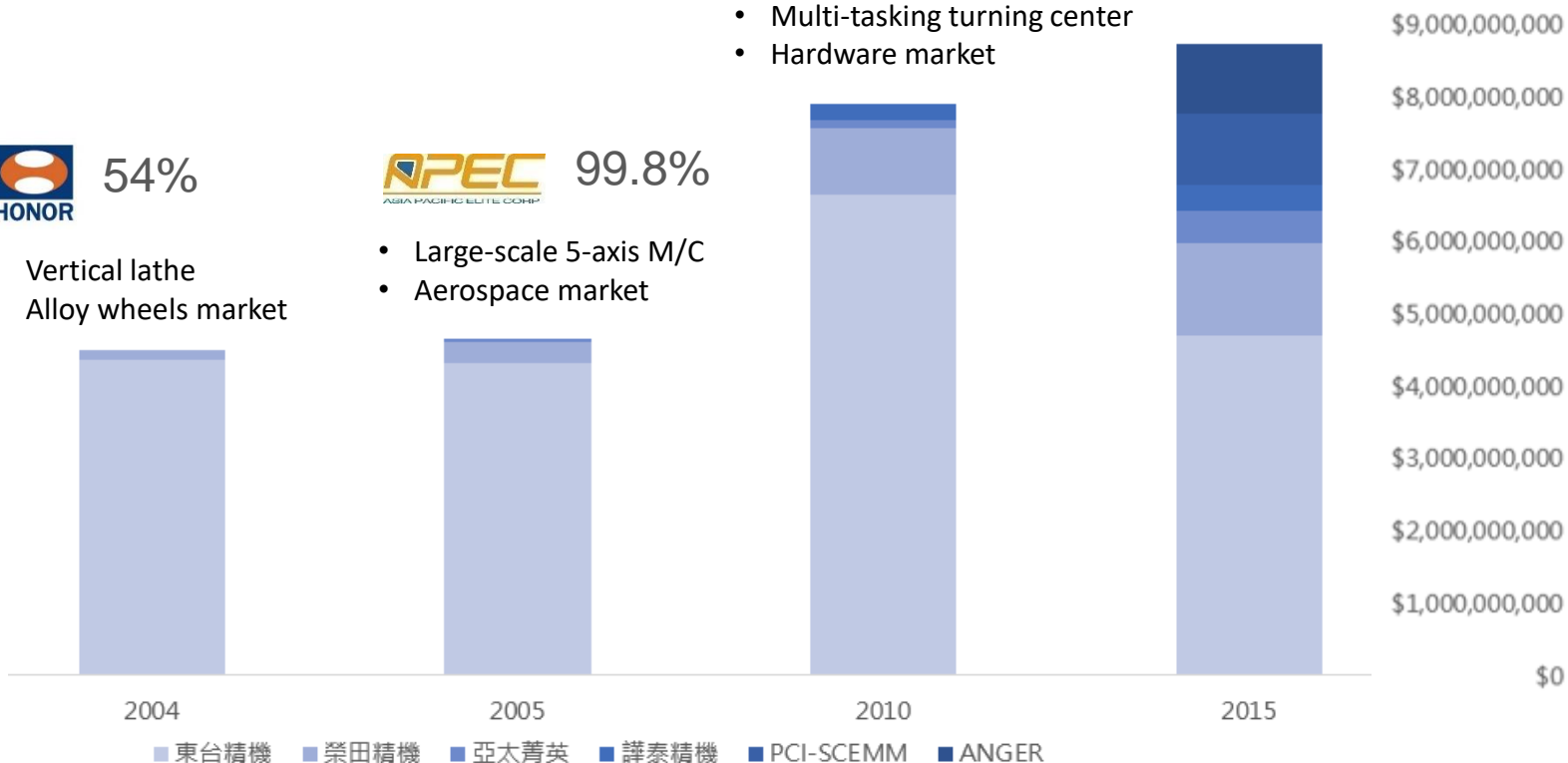
54%

- Vertical lathe
- Alloy wheels market



99.8%

- Large-scale 5-axis M/C
- Aerospace market



Classification of investees

Tongtai (TW-4526)
Machine manufacturer



%

>50%

Component manufacturer/Solution provider (Business area : Parts manufacturing and maintenance service)		
TongYeh (Kaohsiung) 60.00%	TongFong (Kaohsiung) 99.93%	SKTD (Japan) 98.73%
Chin Jig (SH) 69.98%	HPC (Austria) 100%	

Machine manufacturer (Business area : Machinery manufacturing)		
Shuzhou TongYu 100%	Honor Seiki (Kaohsiung) 53.96%	Asia Pacific (Taichung) 99.83%
Quicktech (Tainan) 51.99%	PCI (France) 100%	ANGER (Austria) 100%

Trading (Business area : machinery trading)				
TTM (Thailand) 100%	TTVN (Vietem) 100%	TTS (Malaysia) 52%	TTE (Netherlands) 100%	TTGF 100%
TTGMx (Mexico) 100%	TTJP 100%	TSU 100%	Anger USA 100%	Anger Deutschland 100%

5%

94%

1%

% of consolidated revenue

<50%

Control Technology 4.16%

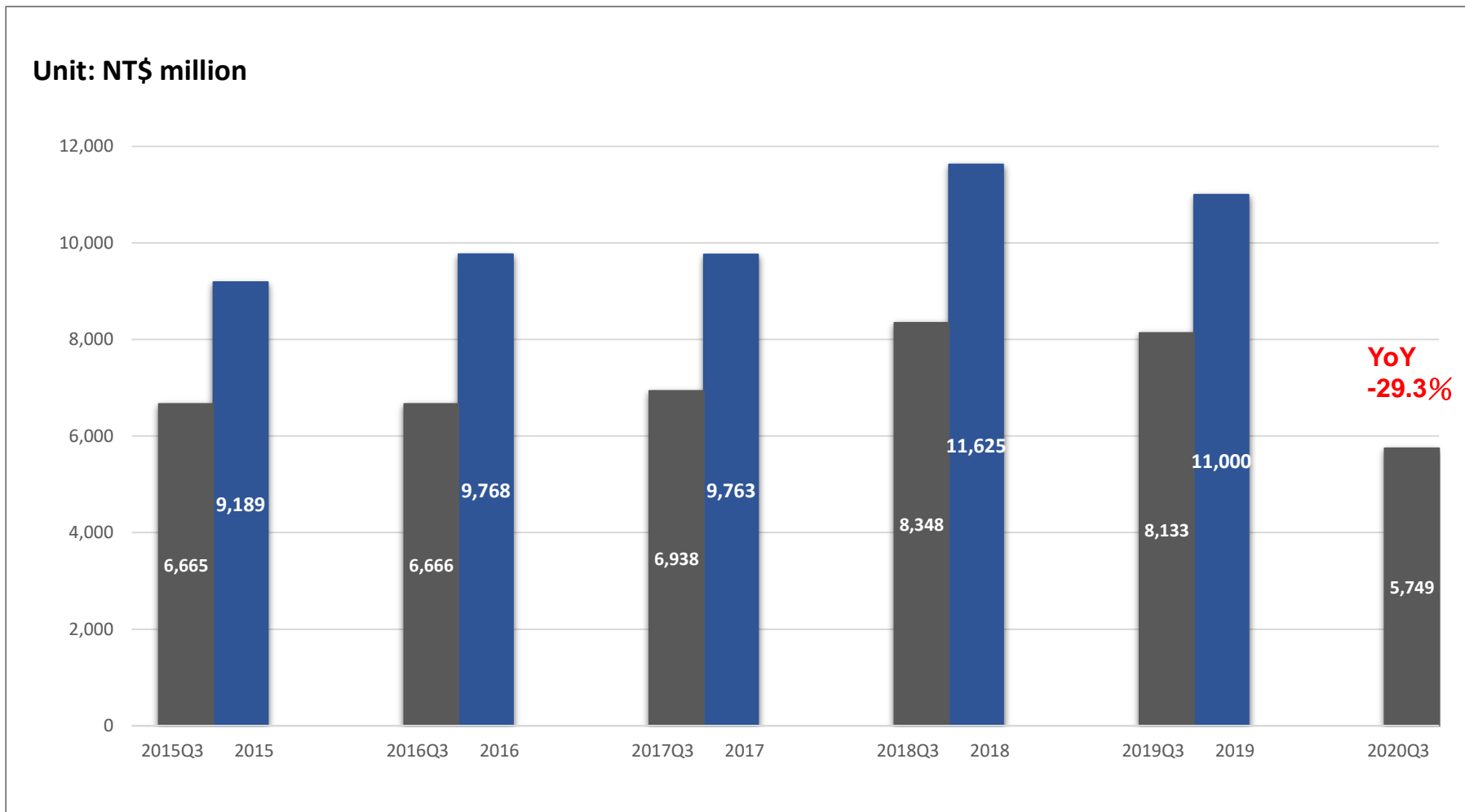
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Operating Performance of 2020 Q3



Consolidated revenue

- Consolidated revenue for 2020 Q3 decreased by 30% YoY due to the COVID-19 pandemic, similar to the industry situation.

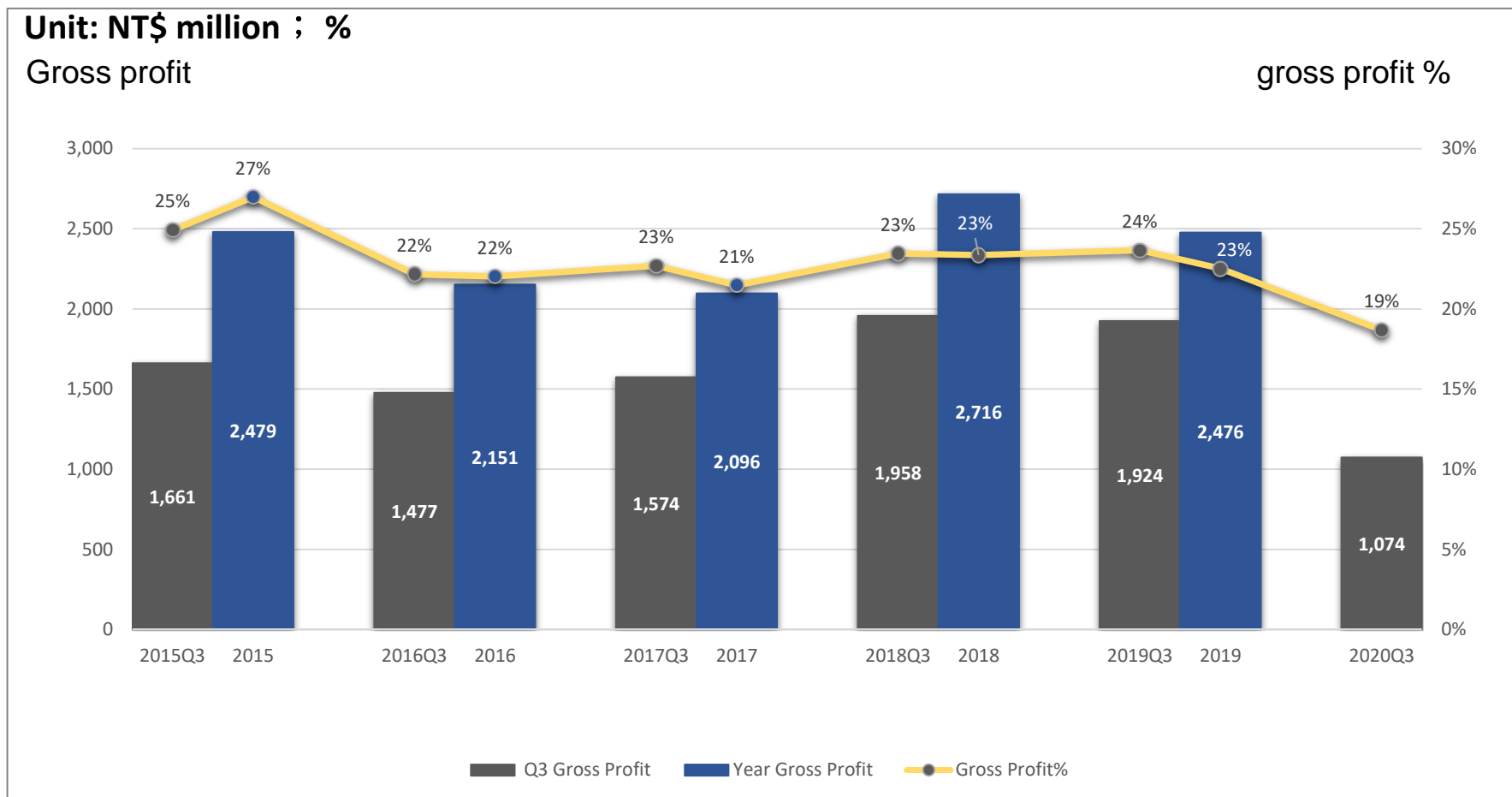


Data Source: 2015-2019 Audited Consolidated Report & 2015 Q3-2020 Q3 Reviewed Consolidated Report



Gross profit and gross profit %

■ Gross profit decreased following the decrease of revenue and the impact of the exchange rate

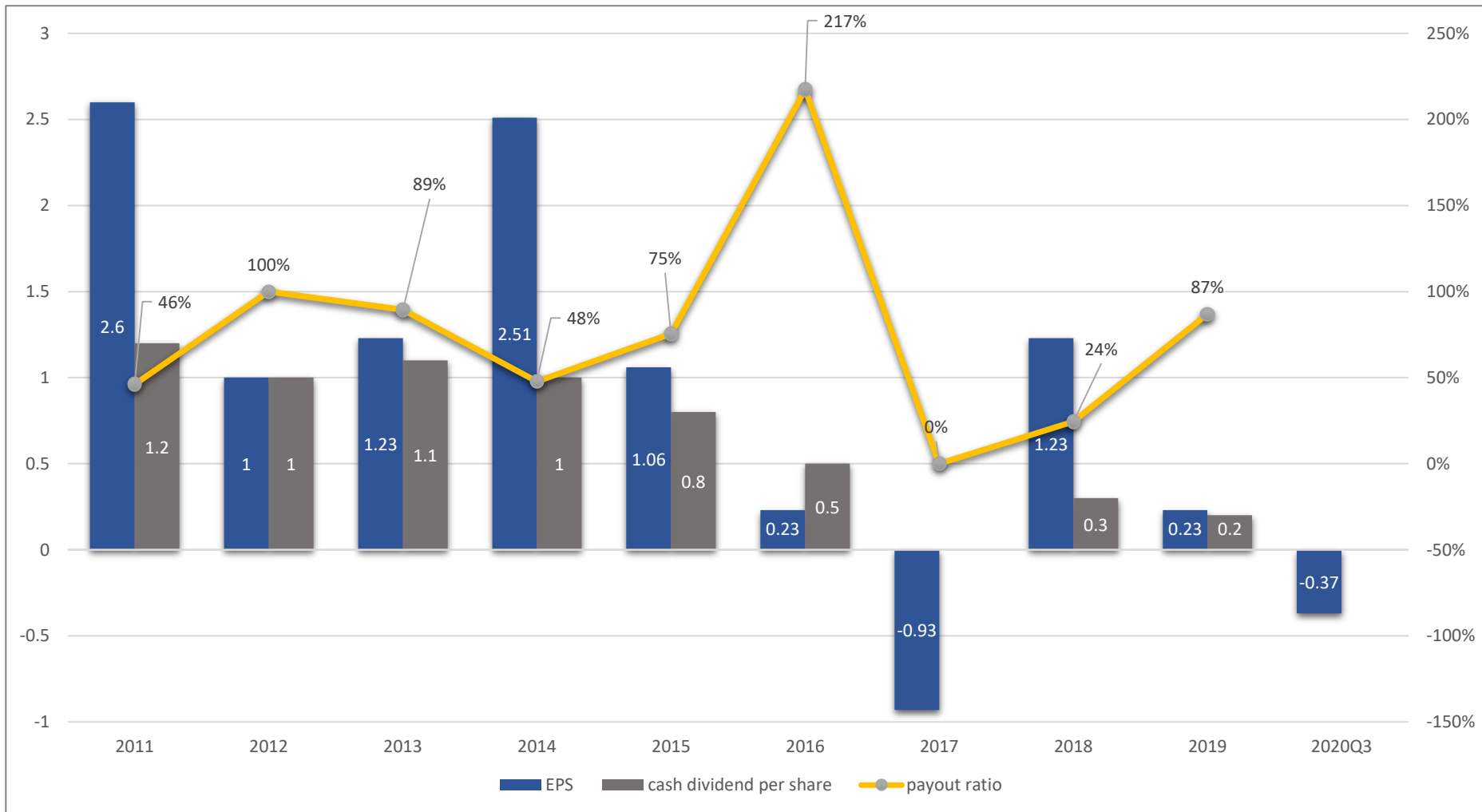


Data Source: 2015-2019 Audited Consolidated Report & 2015 Q3-2020 Q3 Reviewed Consolidated Report



EPS and dividend payout rate

Unit: NT\$; % ■ Dividend distribution policy adjusts with development of the company.



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

Data Source: 2011-2019 Audited Consolidated Report & 2020 Q3 Reviewed Consolidated Report



Consolidated Statements of Comprehensive Income_Q3 (YTD)

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

Item	Jan~Sep, 2020		Jan~Sep, 2019		YoY Change	
	Amount	%	Amount	%	Amount	%
Operating Revenues	5,748	100.0%	8,133	100.0%	(2,385)	-29.3%
Gross Profit	1,074	18.7%	1,924	23.7%	(850)	-44.2%
Profit (Loss) from Operations	(211)	-3.7%	301	3.7%	(512)	170.1%
Non-operating income (expenses)	70	1.2%	(63)	-0.8%	133	211.1%
Profit (Loss) before Income Tax	(141)	-2.5%	238	2.9%	(379)	159.2%
Net Profit (Loss) for the Year	(80)	-1.4%	176	2.2%	(256)	145.5%
Net Profit (Loss) Attributable to Shareholders of the Parent	(94)	-1.6%	124	1.5%	(218)	175.8%
Basic Earning (Loss) Per Share	(0.37)		0.49		(0.86)	

Data Source: 2020 Q3 Reviewed Consolidated report



Consolidated Statements of Comprehensive Income_Quarterly

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

Item	2020 3Q		2020 2Q		QoQ Change		2019 3Q		YoY Change	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Operating Revenues	1,829	100%	2,159	100%	(330)	-15%	2,570	100%	(741)	-29%
Gross Profit	333	18%	437	20%	(104)	-24%	611	24%	(278)	-45%
Profit (Loss) from Operations	(59)	-3%	(59)	-3%	0	0%	128	5%	(187)	-146%
Non-operating income (expenses)	76	4%	33	2%	43	130%	(107)	-4%	183	-171%
Profit before Income Tax	17	1%	(26)	-1%	43	-165%	21	1%	(4)	-19%
Net Profit for the Year	28	2%	11	1%	17	155%	28	1%	0	0%
Net Profit Attributable to Shareholders of the Parent	22	1%	16	1%	6	38%	1	0%	21	2100%
Basic Earning Per Share	0.09		0.06		0.03		0.01		0.08	

Data Source: 2020 Q3 、 Q2 Reviewed Consolidated report



Key Consolidated Balance Sheet Items & Indices

Unit: In NT\$ million

Item	2020.09.30		2020.06.30		QoQ Change		2019.09.30	
	Amount	%	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	1,528	9%	1,601	9%	(73)	-5%	1,219	7%
Notes and accounts receivable	3,659	22%	3,604	21%	55	2%	4,049	23%
Inventories	5,346	32%	5,377	32%	(31)	-1%	6,234	35%
Total current assets	11,689	70%	11,727	70%	(38)	0%	12,898	72%
Property, plant and equipment	3,281	20%	3,326	20%	(45)	-1%	3,353	19%
Total Assets	16,783	100%	16,850	100%	(67)	0%	17,946	100%
Short-term loans and bills payable	3,435	20%	3,493	21%	(58)	-2%	3,512	20%
Long-term loans - current portion	1,918	11%	2,138	13%	(220)	-10%	1,084	6%
Notes and accounts payable	1,316	8%	1,611	10%	(295)	-18%	1,674	9%
Total current liabilities	8,968	53%	9,207	55%	(239)	-3%	8,770	49%
Long-term bank loans	1,328	8%	1,175	7%	153	13%	2,296	13%
Total Liabilities	11,037	66%	11,141	66%	(104)	-1%	11,827	66%
Equity attributable to shareholders of the parent	5,104	30%	5,073	30%	31	1%	5,390	30%
Total Equity	5,746	34%	5,709	34%	37	1%	6,119	34%
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Current ratio	130%		127%				147%	
Debt to Equity ratio	192%		195%				193%	

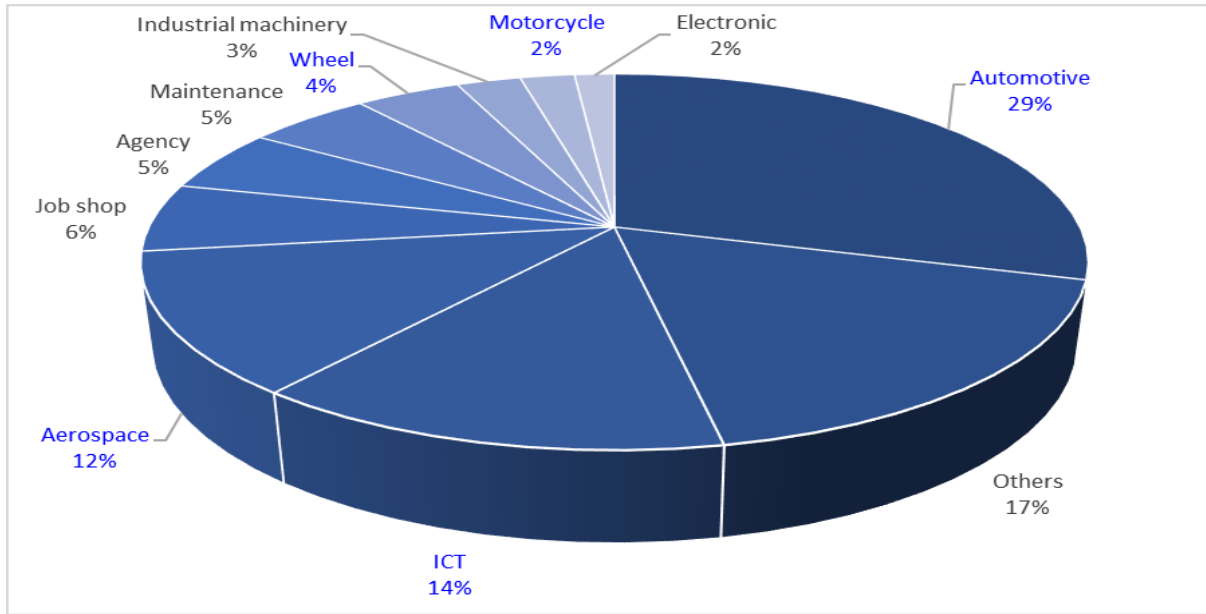
Data Source: 2020 Q3 · Q2 Reviewed Consolidated report



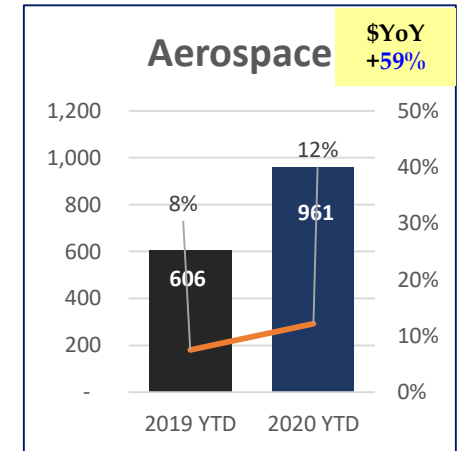
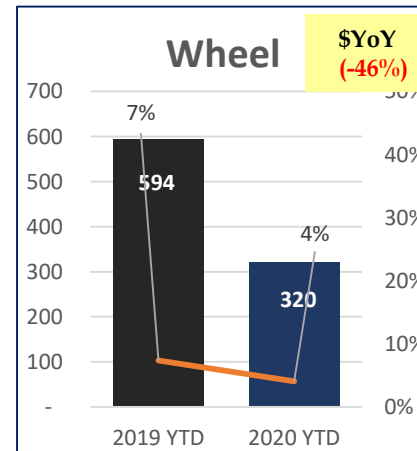
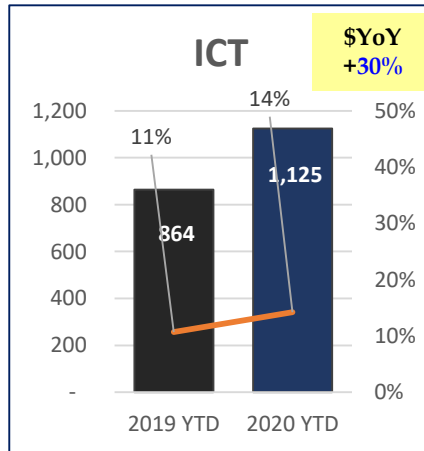
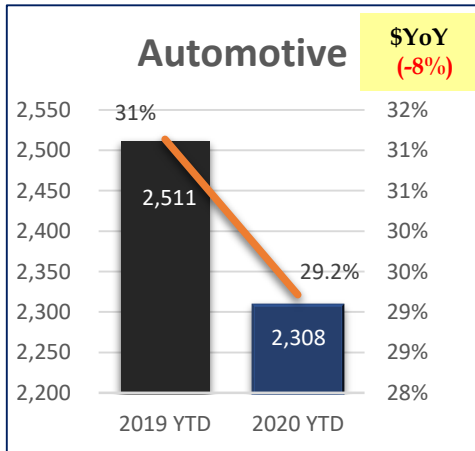
Consolidated Revenue by Application

Unit : % of revenue

2020Y 1-11



Unit : NTD million/% of revenue



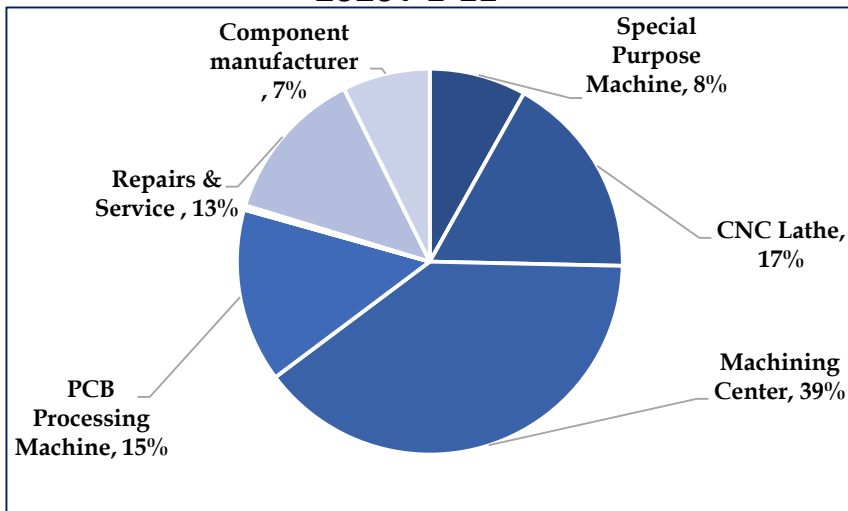


Consolidated Revenue by Product and by Geography

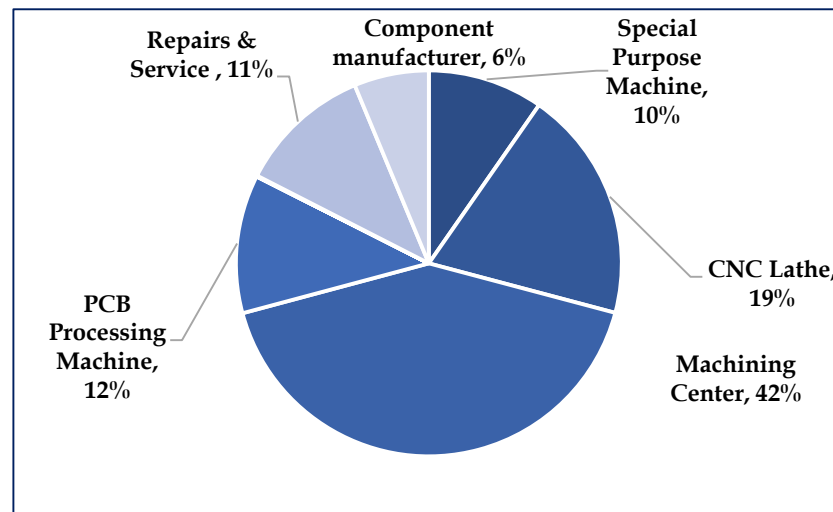
Unit : % of revenue

By Product

2020Y 1-11

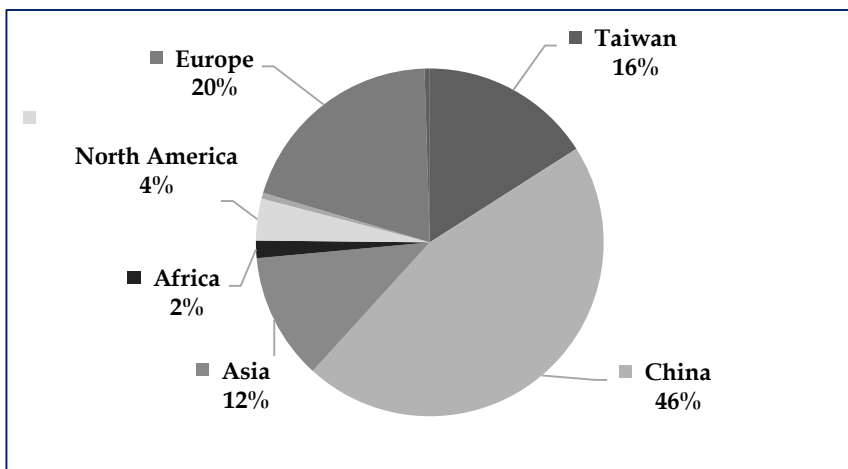


2019Y 1-11

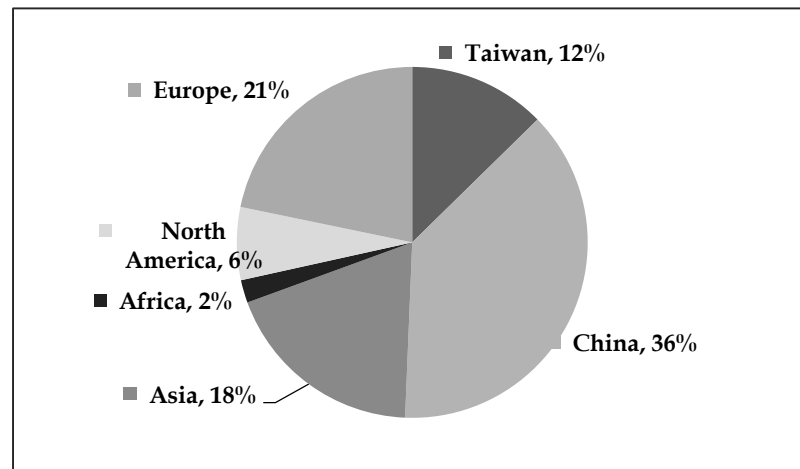


By Geography

2020Y 1-11



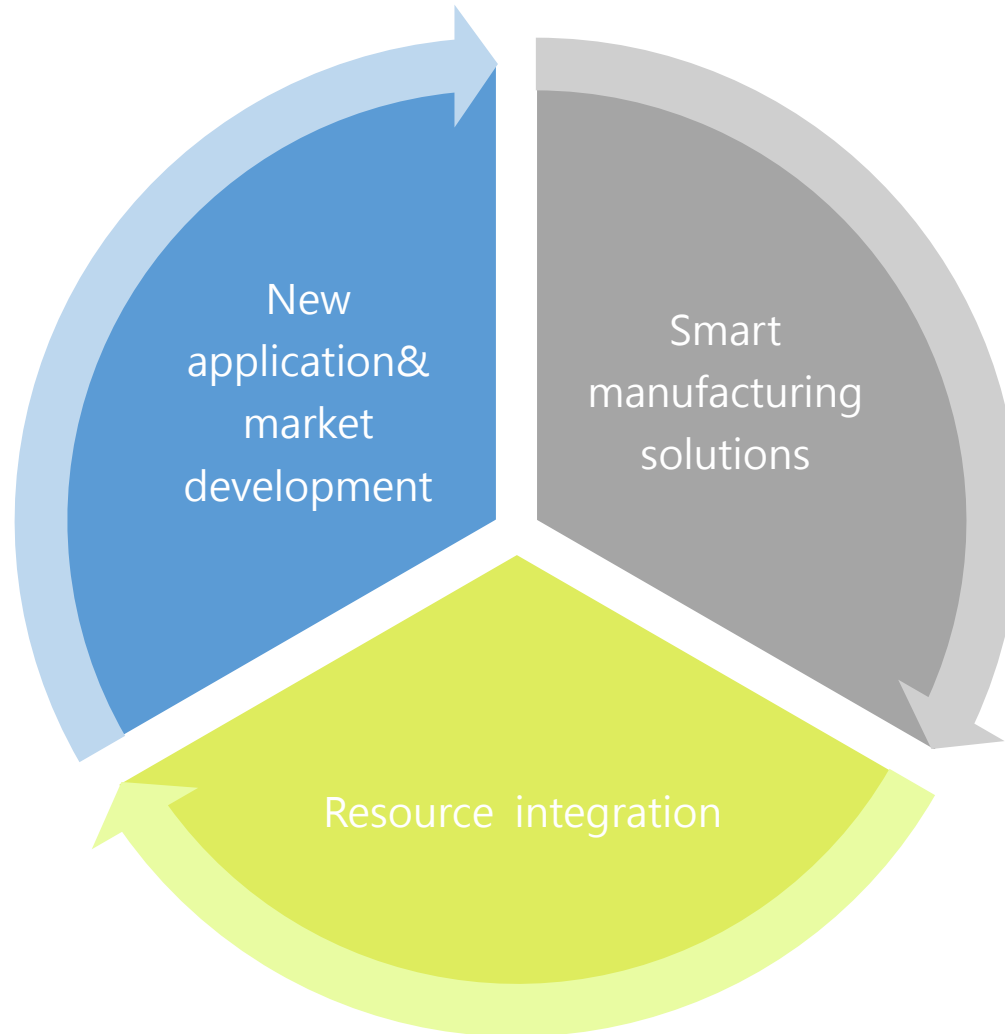
2019Y 1-11



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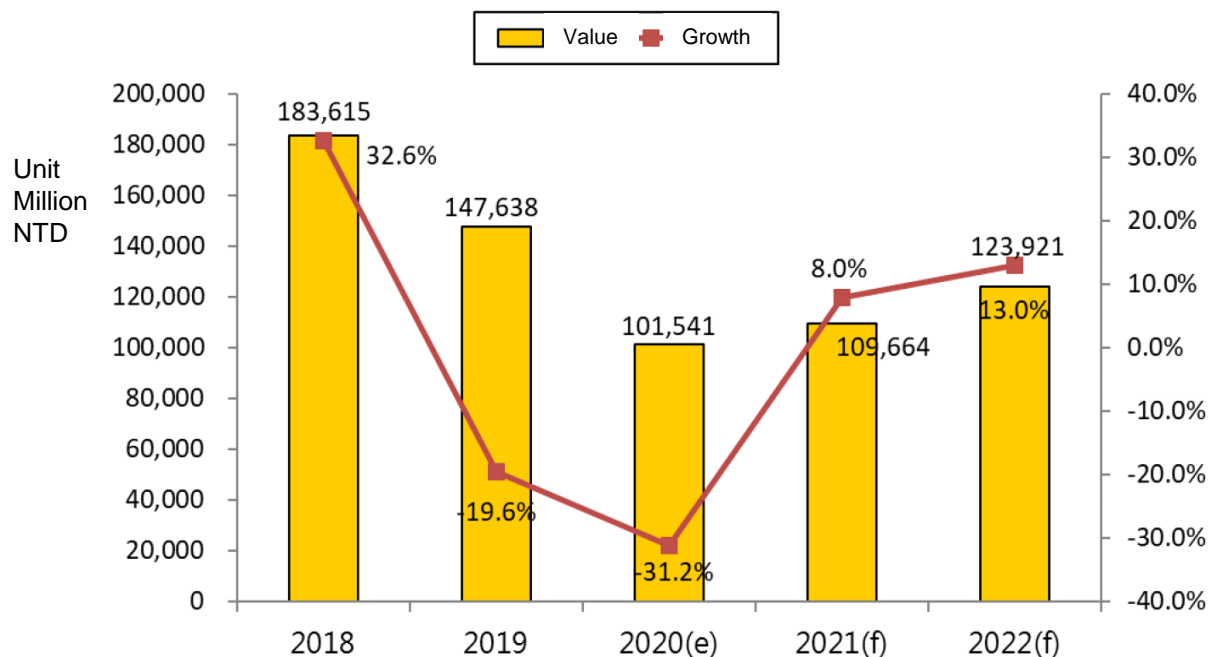
Outlook

Three strategies to increase revenue growth



M/C Tool Division Focus is on Smart Mfg. Solutions

- Estimated Taiwan Machine Tool value for 2020 to be NTD\$101.5 billion, down by 31.2% YoY.
- Estimated value for 2021 to be 109.6 billion, up by 8% YoY.



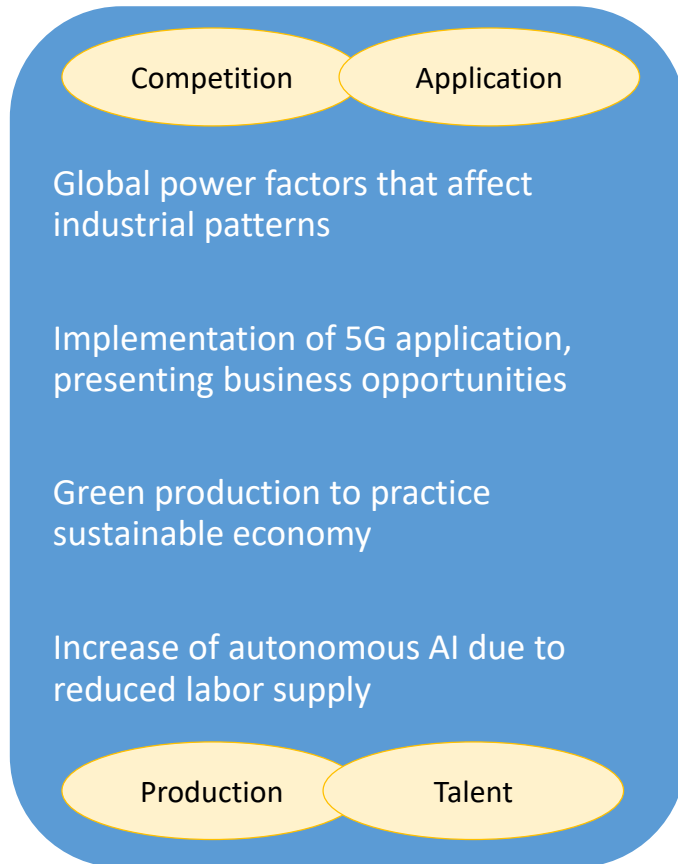
Reason for growth

- Less international restrictions
- Upturn of China's manufacturing industry
- Growth of automotive, 3C demands
- Growth of semiconductor, 5G equipment demands
- Investment from Taiwanese entrepreneurs

工業科技國際策略發展所 資料來源：工研院產科國際所(2020/10)

PCB: Focus on 5G applications

Four global trends of 2020-2022



Challenges of Taiwan PCB market

- Migration and restructuring of global value chain
- Impact of COVID 19 on global industry and economy
- Competition from Mainland Chinese suppliers
- Rise of niche products that brings challenges to suppliers
- Dilemma of investments

資料來源：TPCA; 工研院產科國際所



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