

2023/03



## Disclaimer

The information contained in this document was verified by an independent third party. YG does is not responsible for the accuracy, fairness, and completeness of any information contained in this document. You should not assume any information in this document to be accurate, fair, nor complete. The information or opinions contained in this document is provided on a specified date, which YG reserves all right to update. YG has no obligation to notify you of any updates after a specific date or any development of information in the documents. YG will not accept any liability for any loss resulting from the use of this document or its contents or for other reasons related to this document.

This document does not constitute an offer or solicitation of an offer of purchase or acquisition to sell or issue shares of YG or any of its subsidiaries or related parties in any jurisdictions, does not serve as a part an offer or incentive, nor should be interpreted as such. Any part thereof or distribute the facts does not constitute the basis of any contract or commitment, and should not be relied upon in respect of any contract or commitment.

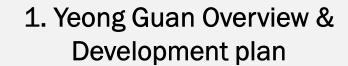
Your acceptance of this document constitutes your agreement that the information contained in the document is kept strictly confidential, securities researchers should have eligibility of the securities research and follow any relevant securities laws and regulations and restrictions of the appropriate jurisdiction before publishing research results on YG.

This document is provided for the securities researchers for use as their research reference only. Any part of the document cannot be photocopied, copied, forwarded, or in any manner, directly or indirectly transferred to any other person or for public announcement and for any other purpose.



## **Outline**







2. Market Trends



3. Development Strategy



4. Detailed Financial Figures



# YEONG GUAN OVERVIEW & DEVELOPMENT PLAN



## Yeong Guan Overview

#### Nearly half a century in the foundry industry

- Founded in Taiwan in 1971, investing in China since 1992. Now with 6 factories.
- Around 2,500 employees

#### Lead the Industry in Environment, Health and Safety (EHS) Best Practices

- Several of our plants have earned recognition from local regulatory authorities.
- EHS qualification is required to gain long-term order flows from Tier 1 MNCs.
- The installation of high standard, environmental friendly equipment enhances our cost-competitiveness
- > Optimizing Lean Production: Improve efficiency



Casting

Machining

Total



Design

**Assembly** 

Industrial Machinery

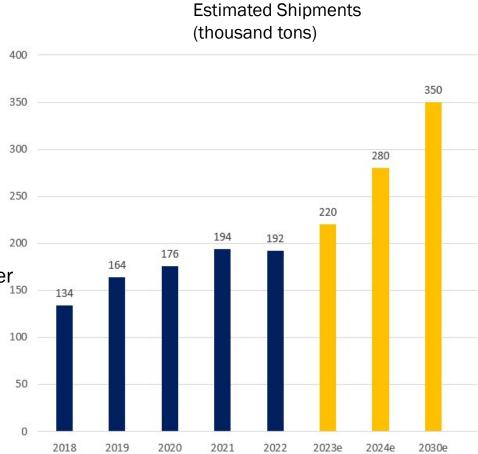
## Development plan

#### **X** Near Term

- In 2021, the turnover will reach NT\$8.95 billion, and the shipment will reach 194,000
- In 2022, the turnover will reach NT\$9.38 billion, and the shipment will reach 192,000
- 15~20% Shipment Growth in 2023
- 2024 Shipments Estimates Promise 50% Growth Over 22

#### **Mid Term**

- Taichung factory: 2023 Q3 certification
- Thailand factory: 2025 Q1 put into operation
- Cooperation case of Jiuquan First Heavy Industry Wind Power Group: central enterprise/Goldwind cooperation (including wind farm development)
- Capacity optimization of existing production bases



6



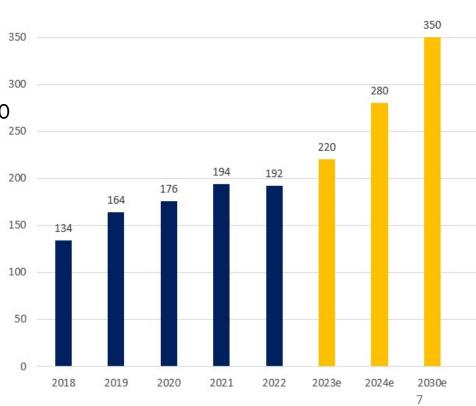
## Development plan

400

#### ★ Long Term

- Sustainable Management and Inheritance
- Deepening Environmental, Social and Corporate Governance (ESG) and Fulfilling Corporate Social Responsibility (CSR)
- The annual production capacity is expected to exceed 350,000 tons

# Estimated Shipments (thousand tons)





### Sustainability and Sustainable Management

#### **Environmental**



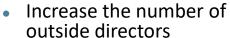
- Invest in wind farms
- Reserve green energy resources
- Calculating carbon emissions; managing carbon footprint

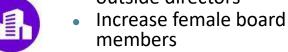
#### **%** Social



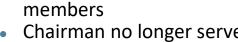
- Technology bring home
- Industry-academia collaboration
- Talent cultivation

#### **%** Governance





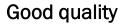
 Chairman no longer serve CEO at the same time







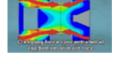
## Core Competitiveness: Strengthening of Professional and Technical Capabilities



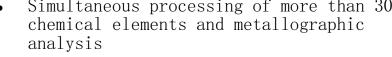


- Accumulation of decades of work experience by the professional team
- Excellent product quality, high reliability and long service life





- Simultaneous processing of more than 30 chemical elements and metallographic
- Professional processing capabilities of high standards, high specifications, and special materials



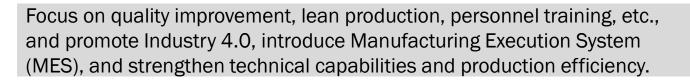
#### Ability to support advanced equipment

- Production equipment selection and design planning
- Adaptive integration capability of automation and intelligent equipment
- High-end, precision, large-scale, continuous investment in automation equipment

#### Excellent production management ability and product line change planning

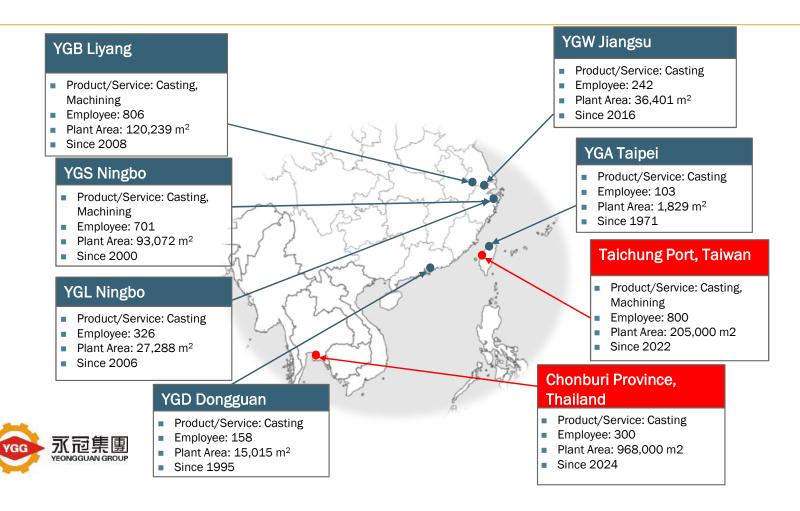
- Quick response to mold on-line and line change
- A small amount of various production arrangements to respond to rapid changes in customer demand
- Modularization of process design, intensive production







## **Our Production Sites**



renewable energy

## top ton might quartity ous tomors in the industry

































Injection molding machine











The goal is to win more global high-end equipment and international first-line manufacturers, and work closely together to develop new products.



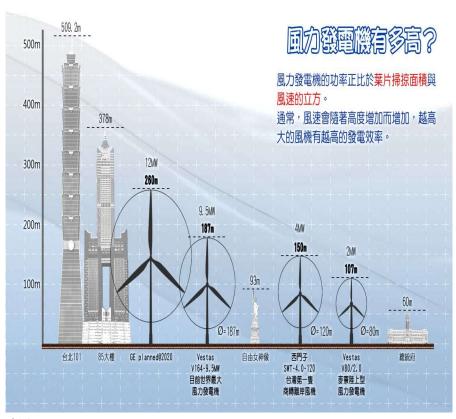
# Direct Drive Wind Turbine





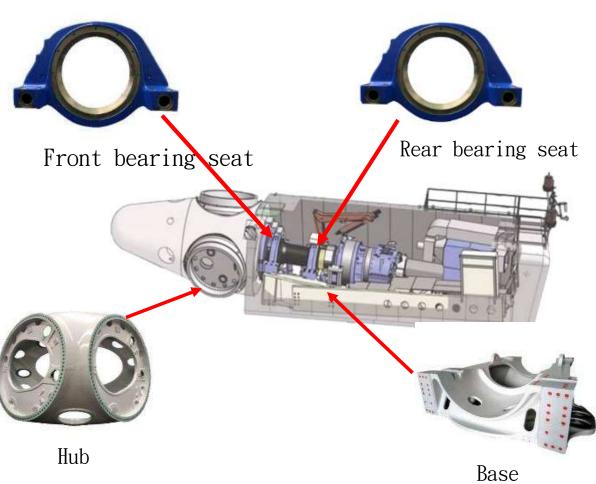


# Doubly-fed wind turbine



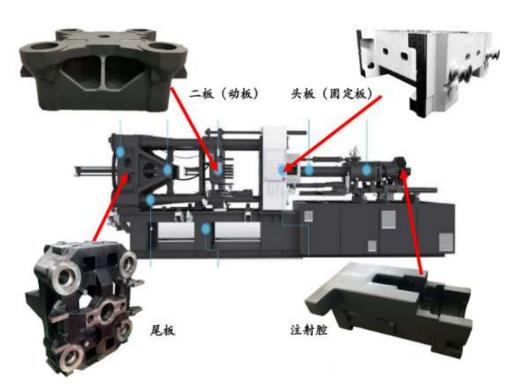






# 產品應用廣泛

#### Injection molding machine



#### Industrial machinery







空壓機

螺帽機

齒輪加工機

印刷機械









沖床

橡膠機

船舶引擎

造磁磚機









水泥機械設備

閘門(水道)

齒輪箱

醫療設備









YGG

沖壓模

加工中心

壓鑄模

運輸設備零件

14

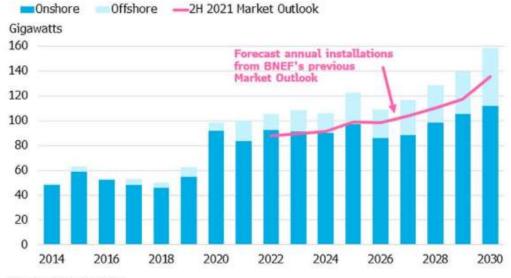
# MARKET TRENDS



## Global Market Trends

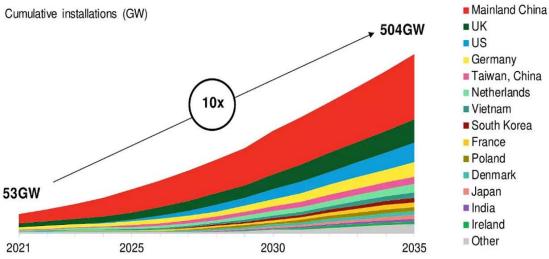
#### Storming Ahead

More wind capacity now forecast to be added each year than previously expected



Source: BloombergNEF

The demand of the global wind energy market has greatly exceeded expectations and the growth rate has been astonishing



Source: BloombergNEF. Note: Other = Portugal, Italy, Finland, Lithuania, Latvia, Estonia, Greece, Norway, Sweden, Spain, Brazil, Belgium, Colombia. Cumulative 2030 installations are 287GW.



## Global Market Trends

Global (various regions) newly added capacity of offshore wind farm installations every year

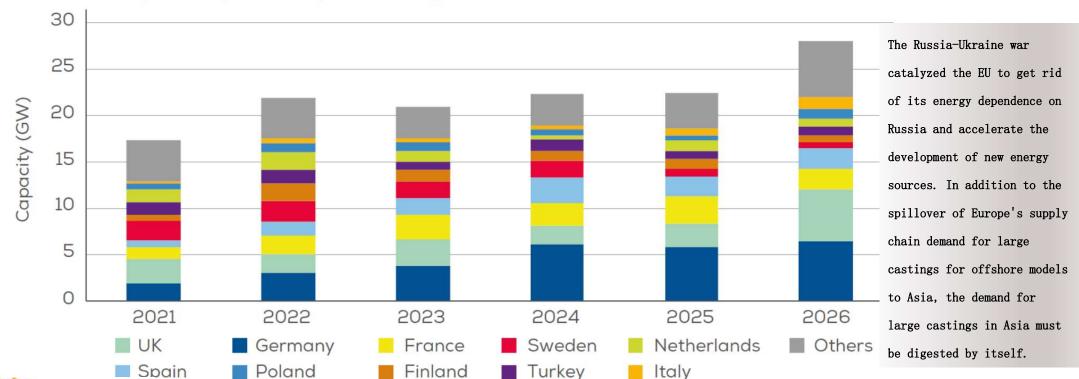




# European Market Trend

The demand for wind power in the EU will remain above 20GW annually from 2022, especially in Germany and the UK.

New installations per country – WindEurope's Realistic Expectations Scenario

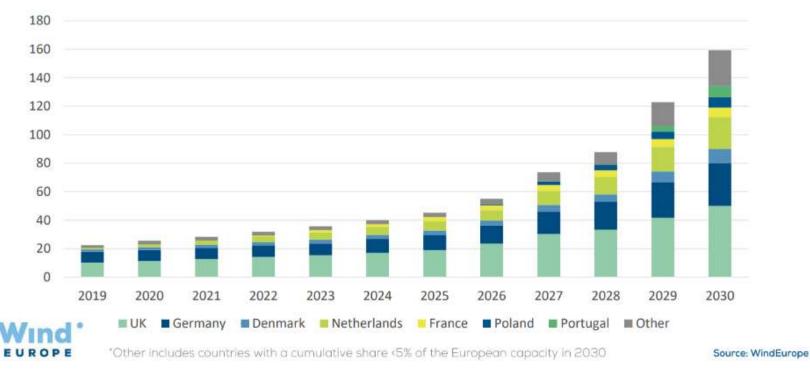




Source: WindEurope

# 歐盟市場潛力

# European Government pledges now add up to 160 GW of offshore wind by 2030, delivering on this ambitions is key





### EU market trends



150GW; and the European

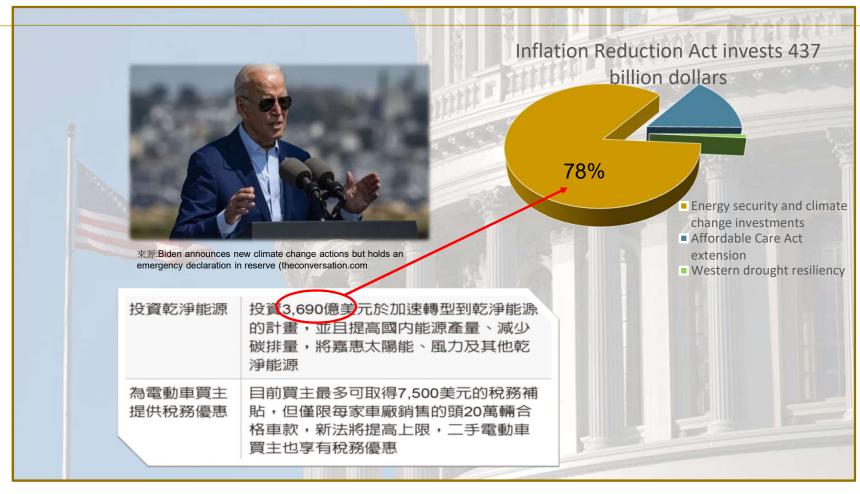
bound to be unable to meet

casting supply chain is

the demand

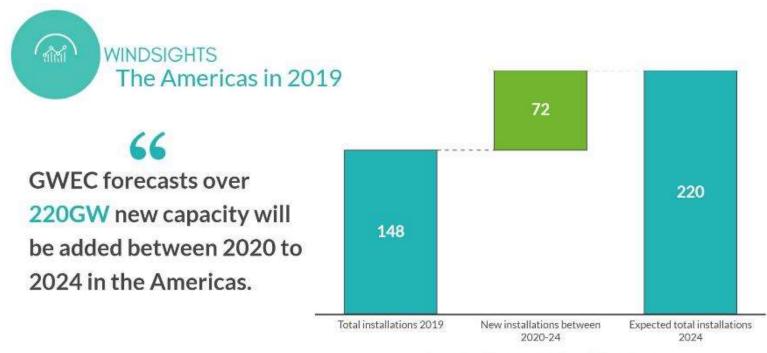
來源:https://twitter.com/#NorthSeaSummit







# 美洲市場亮點



Total installed capacity - GW onshore

美洲市場預計至2024年達到220 GW陸上風電量





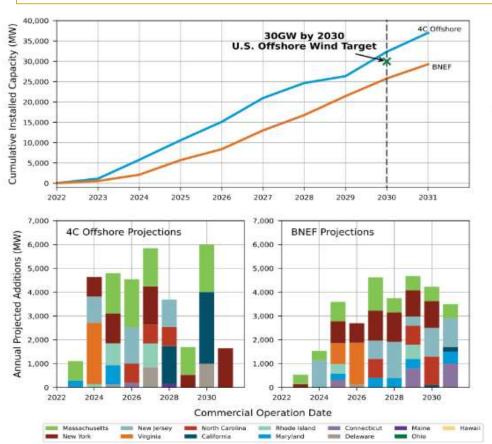


Figure 6. Industry offshore wind U.S. deployment projections to 2031

In the forecasts of different agencies, the American market is expected to achieve substantial

Offshore Wind Market Report: 2022 Edition

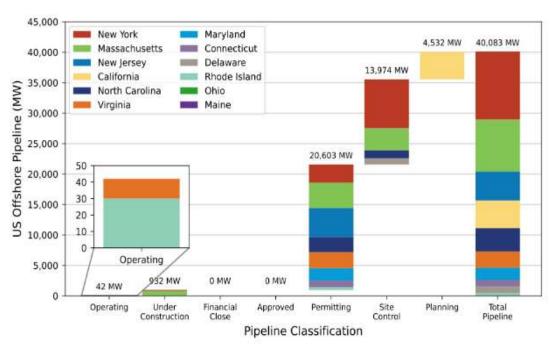
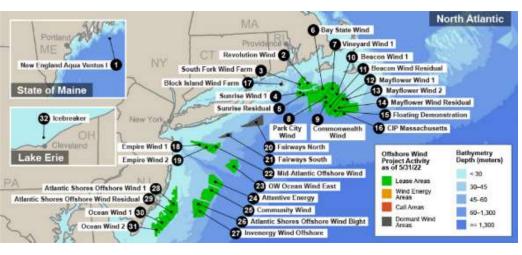


Figure 1. U.S. project pipeline classification by status



There are abundant offshore wind energy resources in the United States, and 56 wind farms have been planned in the east and west coasts, the Great Lakes region, the Gulf of Mexico and the Hawaiian waters;

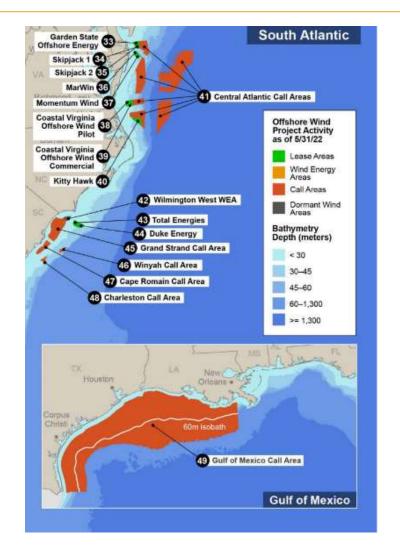
At the same time, it is expected to bring 80,000 job opportunities before 2030.













# Asian Market Highlights

# 2035 Offshore wind power installation plans



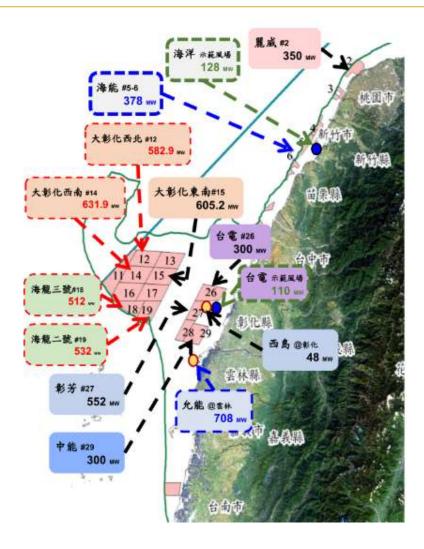
資料來源:經濟部工業局

- The scale and rapid development of offshore wind power in Asia
- Technology and Supply Chain Integrity
- According to the 14th
   Five-Year Plan, by 2030,
   China's annual new
   installed capacity will
   not be less than 60GW

## Taiwan Offshore Wind Power Market

- Block development from 2026 to 2035: It is planned to release 15GW of installed capacity, which is nearly three times that of the previous two stages. The cumulative installation capacity is 20.7GW.
- X Target 2025, the total installed capacity of offshore wind power will reach 5.7GW



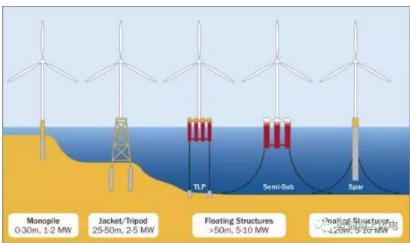




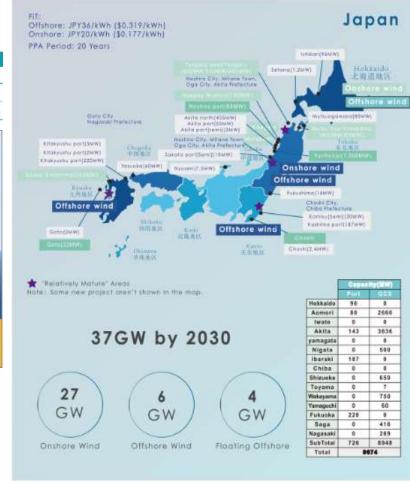
# Japan Wind Power Market Planning

## Installed wind power generation and future targets

	2018	2019	2030
陸上	3,589	3,858	27,000
離岸	6.5	65	10,000
總共	3,654	3,923	37,000



The 2030 offshore wind power target is 10GW, of which 4GW are floating projects.





# South Korea's Wind Power Market Vision



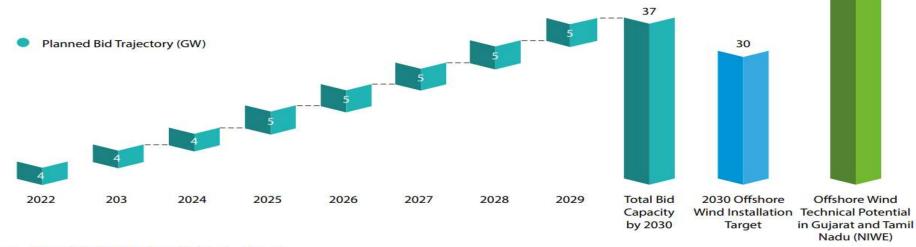
- According to the South Korean government's announcement in 2021, 16.5 GW of new wind power generation capacity will be built in 2030 (of which offshore wind power will account for 12 GW)
- As of 2021, South Korea currently has 87 offshore wind farm projects under construction or approved, of which five have already generated electricity.
- Aim to become a top 5 offshore wind power country by 2030



Source: English Translation of Renewable Energy 3020

## Indian Wind Power Market Vision

- % The Indian government announced that from 2022, the wind farms for bidding will be 4GW per year; from 2025, 5GW per year
- \*\* Accumulated to 37 GW by 2030, of which 30GW is offshore wind power.

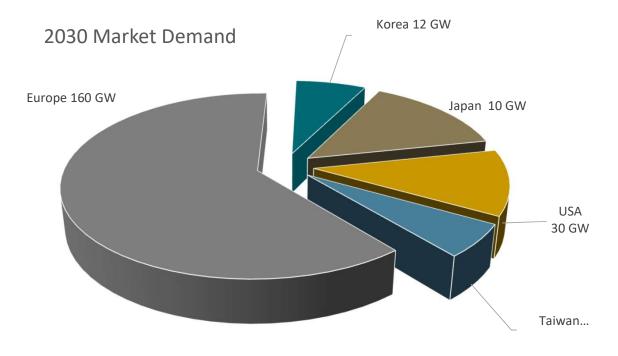






70

# Anticipated market demand conversion orders



- Large-scale foundries around the world's ports and offshore wind power – rare
- About 1.5GW = 20,000 tons of orders
- The United States has a 25% tariff condition for China
- The only manufacturer of domestically produced castings for wind power in Taiwan
- Price & gross profit are higher than onshore wind power



# 新能源汽車市場願景









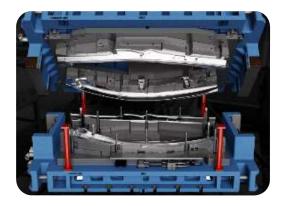






EV battery packs differ in shape & mounting position depending on vehicle type, size, driving performance, etc...









# 新產能投資&發展願景



### **Taichung Foundry State**

2023 2Q Go into operation 2023
Commissioning 7k – 10K
tons

2024

Capacity reach to 50k tons

- X Schedule: 2020 ground breaking, 2023 2Q go into operation
- Max capacity: 100k tons/year
   renewable energy industry 60%,
   plastic injection and industrial
   machinery 40%
- \*\* Advantage:
  - Next to Siemens Gamesa & Vestas
  - Localization policy
  - Located in port reduce logistic cost
  - Government support
  - Avoid trade frictions





Already signed a contract with Siemens, Taichung foundry will provide 30K tons/year for Taiwan market & 50K tons/year for global market.

# With the No. 1 market share, Siemens Gamesa settled in Taichung Po



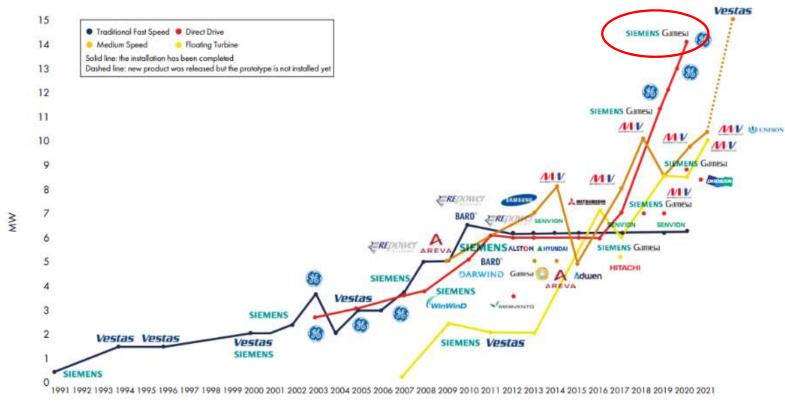
感謝 #TVBS十點不一樣 來到西門子歌美國位於臺中的 #離岸風機 機艙組裝廠採訪,直擊「風機的





# Market share No. 1 Siemens Gamesa looks to the world

Offshore Wind Turbine Technology Road Map (excluding China)



Siemens is in the leading position in fan technology (traditional/medium-speed/direct/floating) that has reached the stage of commercial transformation



# 泰國厰投資案







### Thailand Foundry

2022 August

2024 4Q

2025

groundbreaking

Go into operation

Commissioning 20k tons

- ★ Schedule: 2022 August ground breaking, 2024 go into operation
- % Capacity: 80k tons/ year,
  Renewable industry (
   onshore wind power),
   Injection molding machine
  & industrial machinery
- ★ Advantage
  - 968,000 square meters
  - 8 years tax-free; 5 years 50% off for tax
  - ASEAN huge market (major appliance automotive industry)
  - Abundant human resources & low cost





# Cooperation case of Jiuquan First Heavy Industry Wind Power Group

- Central enterprise/Goldwind/Yongguan joint development (equipment base/wind field)
- At present, 600MW franchise has been obtained
- Northwest wind farm development (Jiuquan wind farm estimated total generating capacity is about 80GW)

• In line with China's One Belt One Road policy, radiating Central Asia/Middle East



# **Detailed Financial Figures**



# **Historical Income Statement**

							YoY(%)						
NT\$ Million	2018	2019	2020	2021	2022 Q3	2021 Q3	2018	2019	2020	2021	2022 Q3 VS 2021 Q3		
Sales Revenue	6,196	7,900	8,184	8,948	6,624	6,651	-3.2	27.5	3.6	9.3	-0.4		
Gross Profit	831	1,371	1,790	1,770	851	1400	-42	65	30.6	-1.1	-9.4		
Operating Profit	-245	212	545	316	-76	318	-183.1	-186.5	-157.1	-42	-124		
Income before Tax	-232	221	624	321	-379	316	-167.8	-195.3	-182.4	-48.6	-220		
Net Income	-274	164	517	214	-436	295	-206.2	-159.9	-215.2	-58.6	-247.8		
EPS (NT\$)	-2.48	1.54	4.81	1.95	-3.87	2.68	-208.8	-162.1	-212.3	-59.5	-244.4		
Key financial ratio (%)													
Gross Margin													

Gross Margin	13	18	22	20	13	21
Operating Margin	-4	3	6	3	-1	5
Net Margin	-4	2	6	2	<b>-7</b>	4
OPEX ratio	17	15	16	17	14	16



## **Historical Balance Sheet**

									YoY(%)	)	
NT\$ Million	2018	2019	2020	2021	2022 Q3	2021 Q3	2018	2019	2020	2021	2022 Q3 VS 2021 Q3
TOTAL ASSETS	14,531	13,521	16,394	18,470	21,569	17,943	0.3	-7	21.2	12.7	20
Cash	3,153	1,451	2,682	1,994	2,217	2,176	-4.9	-54	84.8	-25.7	2
NR & AR	2,103	2,947	3,517	3,242	3,531	3,630	3.8	40.1	19.3	-7.8	-2.72
Inventory	1,368	1,226	1,324	1,660	1,894	1,672	8.9	-10.4	8	25.4	13
Fixed Asset	5,920	5,735	5,756	7,239	9,326	6,520	-5.7	-3.1	0.4	25.8	43
TOTAL LIABILITIES	6,250	5,699	7,630	9,635	12,929	9,151	31.1	-8.8	33.9	26.3	41
Bank Loans	4,584	3,858	3,498	4,344	8,044	4,855	649	-15.8	-9.3	24.2	71
NP & AP	1,050	990	1,646	2,422	2,392	1,898	-7.6	-5.7	66.3	47.1	26
TOTAL EQUITY	8,281	7,822	8,764	8,835	8,641	8,792	-14.8	-5.5	12	8.0	-1.71
Common Stock	1,116	1,056	1,106	1,106	1,106	1,106	-6.1	-5.4	4.7	0	0
Book value per share	72.9	72.5	79.2	79.9	78.1	80					
A/R turnover days	123	117	145	139	141	149					
Inventory turnover days	97	78	76	77	86	80					
A/P turnover days	74	57	75	103	114	92					



ROE (%)\*

2.5

-4.8

3.4

6.3

-3.2

2.1

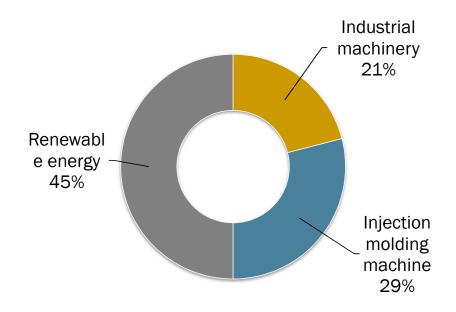
# **Quarterly Income Statement**

NT\$ Million	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
Sales Revenue	2,136	2,431	2,488	2,146	2,235	2,270	2,296	1,813	2330	2,481
Gross Profit	465	582	616	551	450	400	369	196	307	349
Operating Profit	154	290	212	200	83	36	(2)	(118)	-17	59
Income before Tax	223	267	262	157	123	36	5	(217)	-87	(75)
Net Income	193	207	230	126	141	29	(82)	(196)	-91	(135)
EPS (NT\$)	1.82	1.94	2.12	1.13	1.27	0.27	(0.72)	(1.75)	(0.81)	(1.21)
Revenue by Application (%)	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
Renewable Energy	67.0	72.8	67.4	60.3	46.2	43.2	41.1	33.8	42.3	45.7
Injection Molding Machine	14.1	11.7	14.4	18.4	24.5	26.5	30.7	32.4	27.6	30.2
Industrial Machinery	18.9	15.5	18.2	21.3	29.3	30.3	28.2	33.8	30.1	24.1

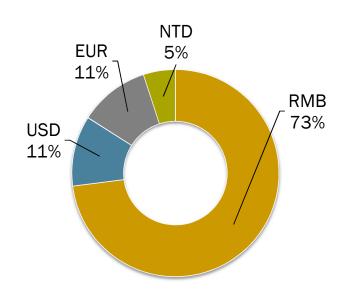


# 2022 Q3 Revenue by Application and Exchange Rate

#### Revenue by product application (%)



#### Currency specific revenue (%)





# 感謝您的關注!



世界級品質·一流的服務

www.ygget.com

