



# Yeong Guan Group (1589 TT)

## 2023 Q1 Financial Results

2023/05

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# Outline



1. Yeong Guan Overview & Development plan



2. Market Trends



3. Development Strategy



4. Detailed Financial Figures

# YEONG GUAN OVERVIEW & DEVELOPMENT PLAN



# Yeong Guan Overview

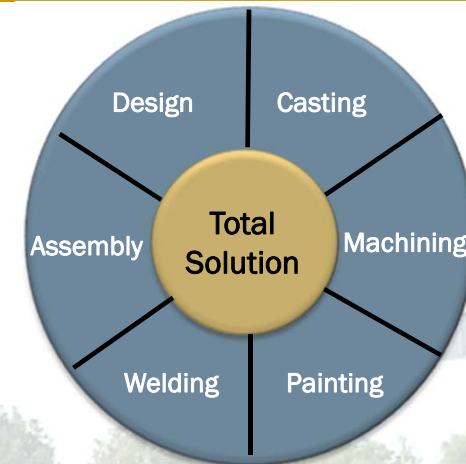
## ✧ Nearly half a century in the foundry industry

- 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



Renewables



Plastic Injection



Industrial Machinery

# Development plan

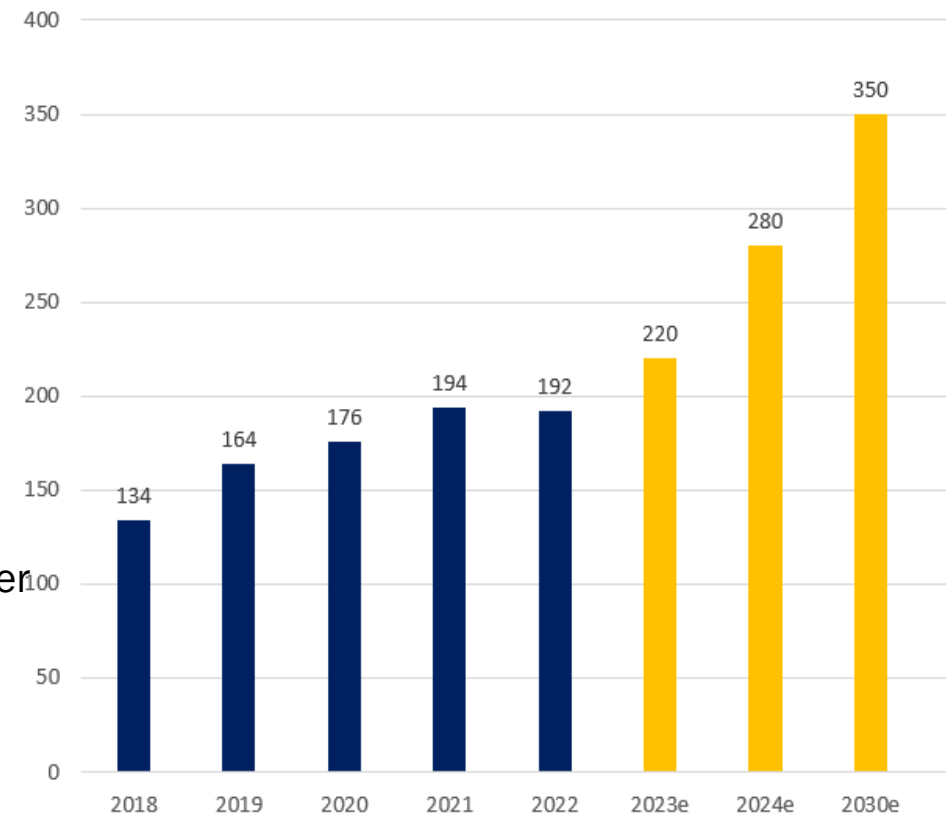
## ✦ Near Term

- 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
- Energy optimization of existing production sites
- Gross profit margin improvement

## ✦ 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)

Estimated Shipments  
(thousand tons)

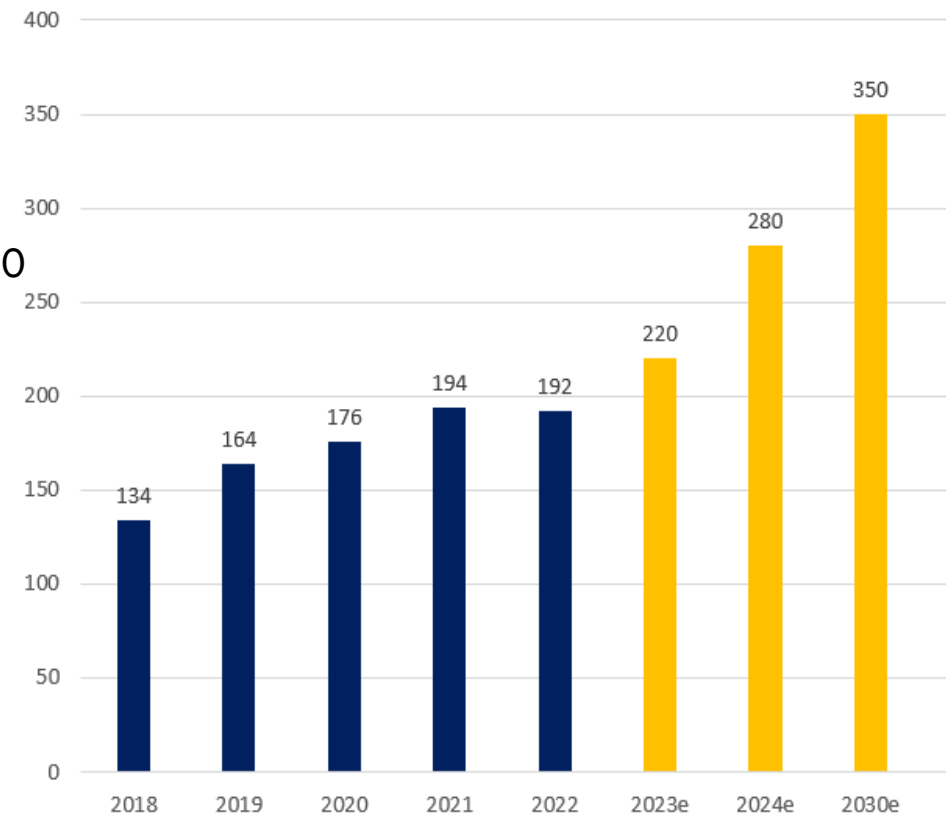


# Development plan

## ✦ 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
  - Increase the number of outside directors
  - Increase female board members
  - Chairman no longer serve CEO at the same time



來源:TCSA台灣企業永續獎::TCSA台灣企業永續獎 (tcsaward.org.tw)

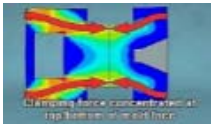


# Core Competitiveness: Strengthening of Professional and Technical Capabilities



## Good quality

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



## Advanced Material Formula Control Capabilities

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



## Ability to support advanced equipment

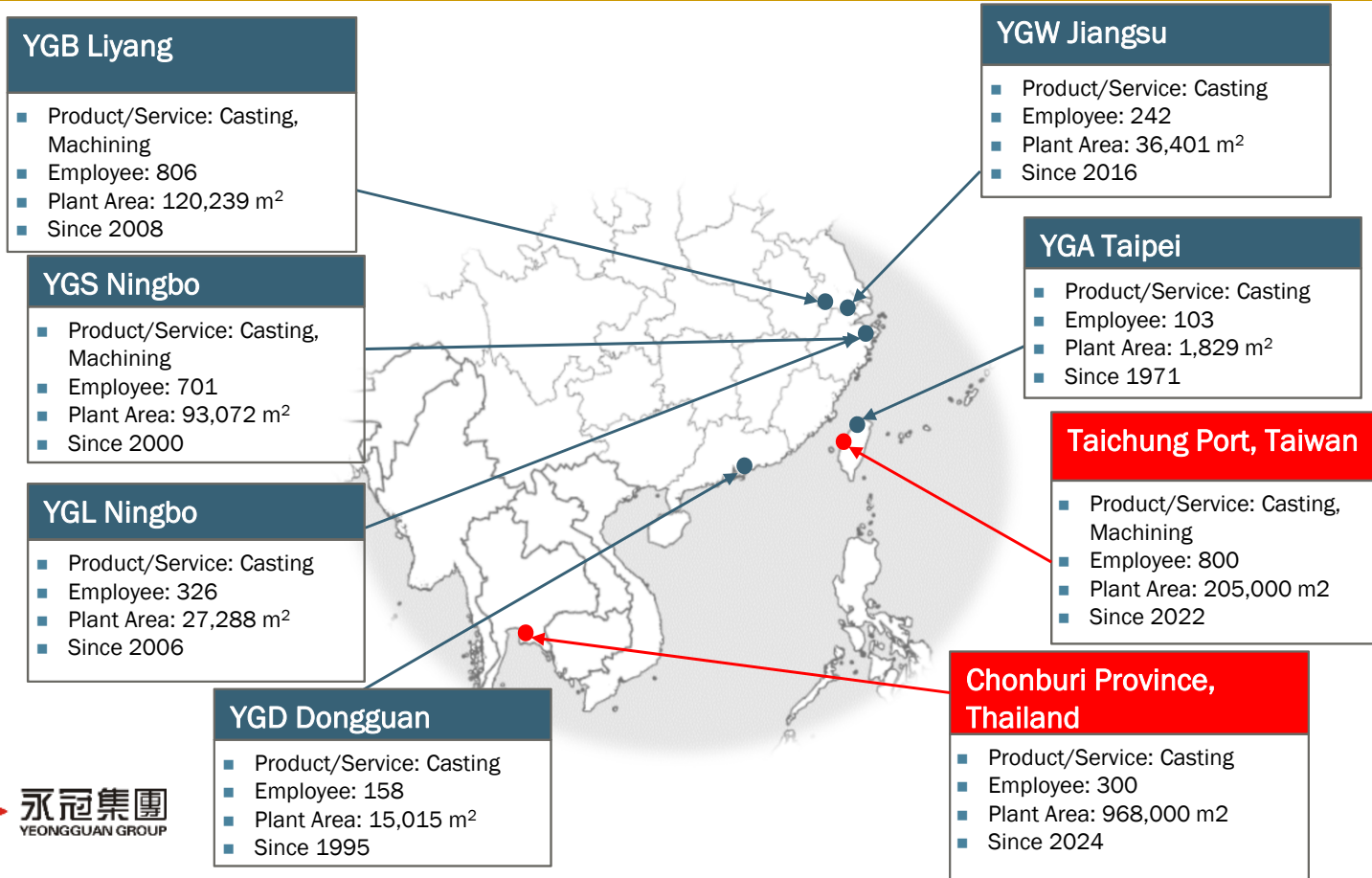
- Production equipment selection and design planning
- Adaptive integration capability of automation and intelligent equipment
- High-end, precision, large-scale, continuous investment in automation equipment

## 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

Focus on quality improvement, lean production, personnel training, etc., and promote Industry 4.0, introduce Manufacturing Execution System (MES), and strengthen technical capabilities and production efficiency.

# Our Production Sites



renewable energy

# THE TOP 100 HIGH QUALITY CUSTOMERS in the industry



Renewable energy

SIEMENS Gamesa

NORDEX  
We've got the power

acciona  
Windpower

ENVISION



上海电气  
SHANGHAI ELECTRIC

Vestas



Injection molding machine

Krauss Maffei

ENGEL  
be the first.

NISSEI

Sumitomo  
SHI DEMAG

MILACRON  
Manufacturing Technologies

Wilmann Battenfeld

YIZUMI



Industrial machinery

DMG MORI  
ANILINGPAPI.SCHAFT

Atlas Copco

Elekta

BOBST

CATERPILLAR

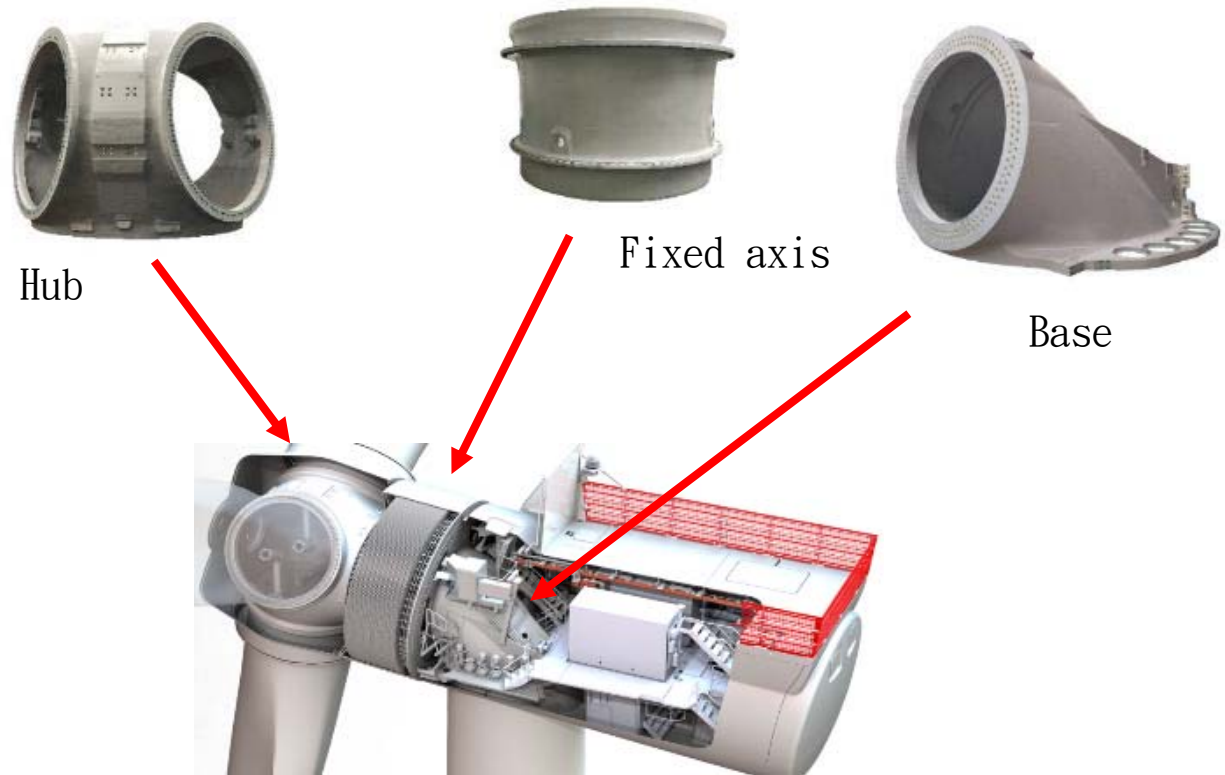
SACMI

SCHULER  
Member of the ANDRITZ GROUP

WÄRTSILÄ

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

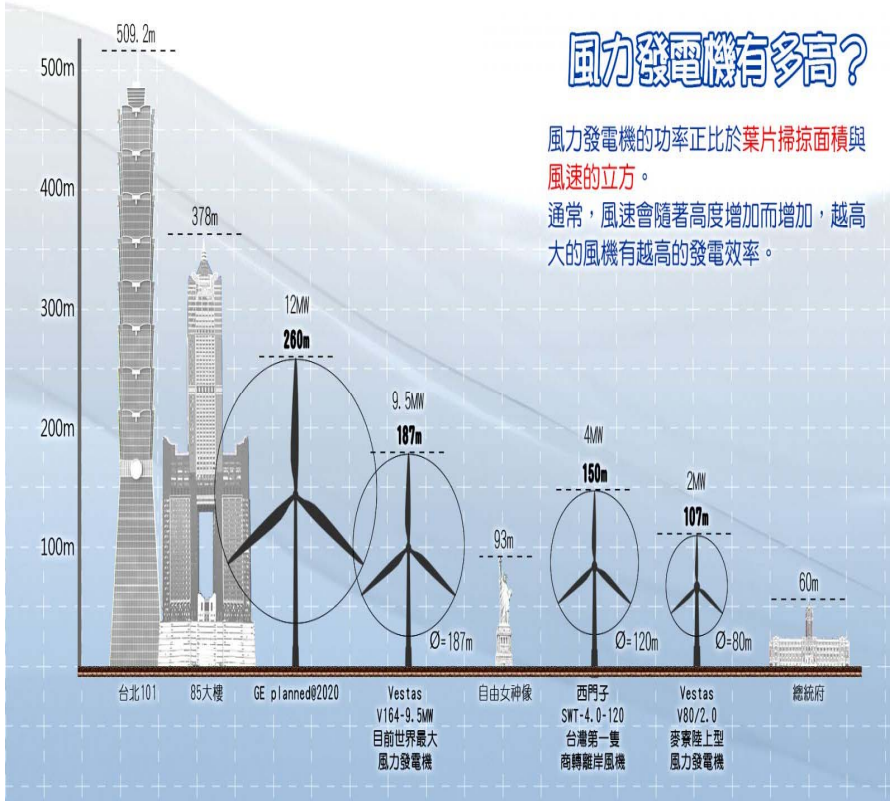
# Direct Drive Wind Turbine



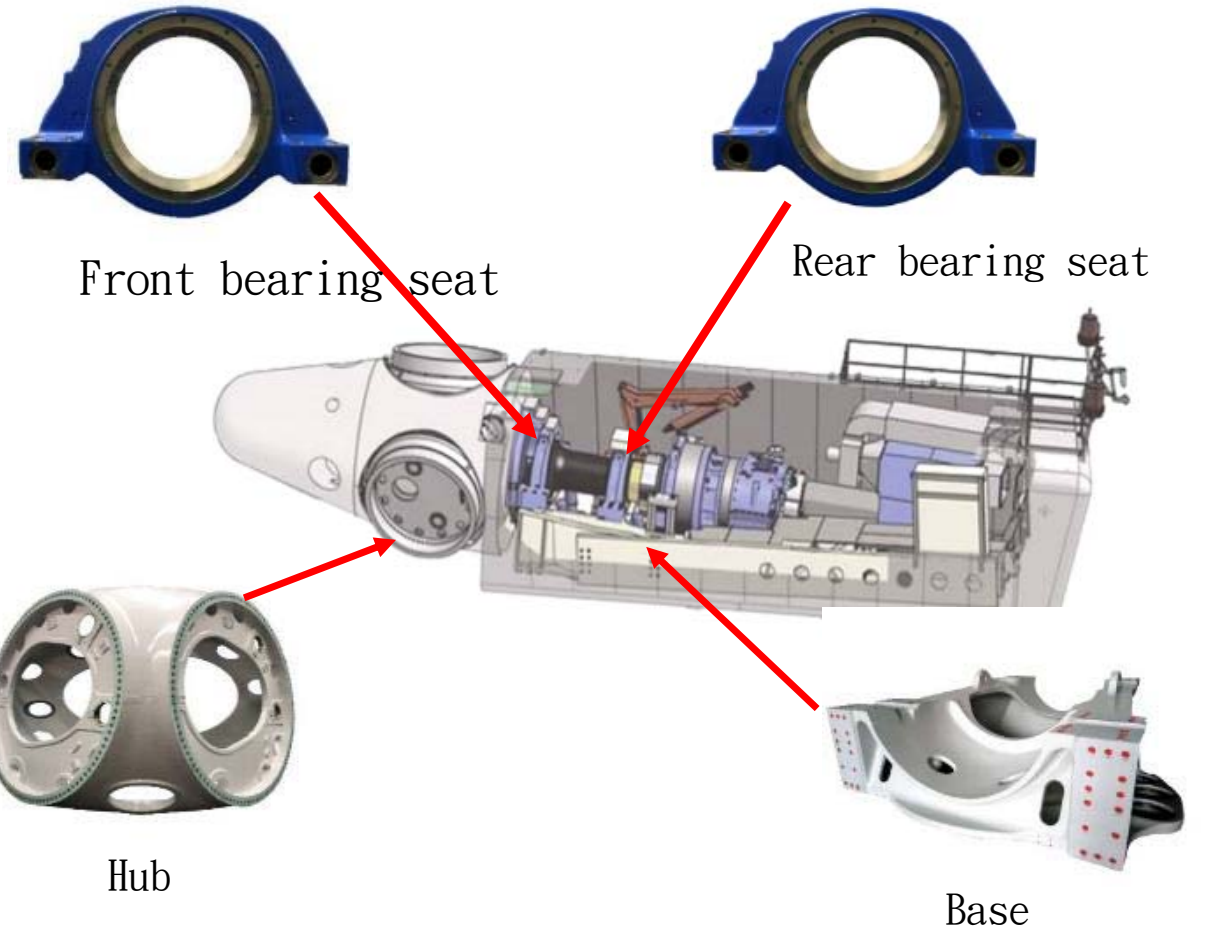
# Doubly-fed wind turbine

## 風力發電機有多高?

風力發電機的功率正比於葉片掃掠面積與風速的立方。  
通常，風速會隨著高度增加而增加，越高大的風機有越高的發電效率。

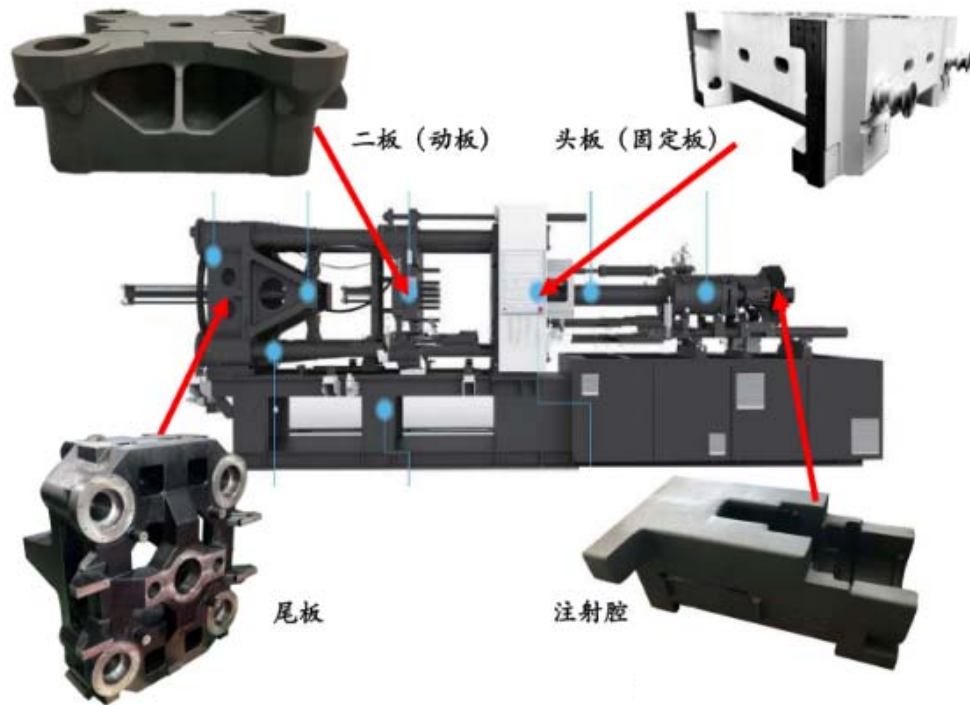


來源：  
<https://learnenergy.tw/index.php?inter=knowledge&caid=5&id=341&page=9>



# 產品應用廣泛

Injection molding machine



Industrial machinery



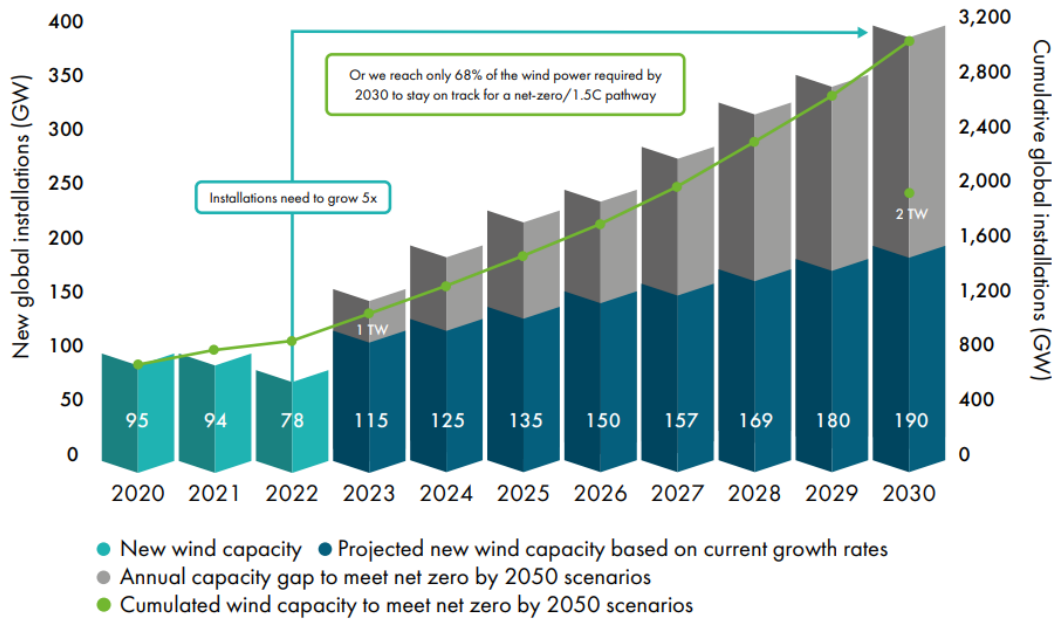


# MARKET TRENDS



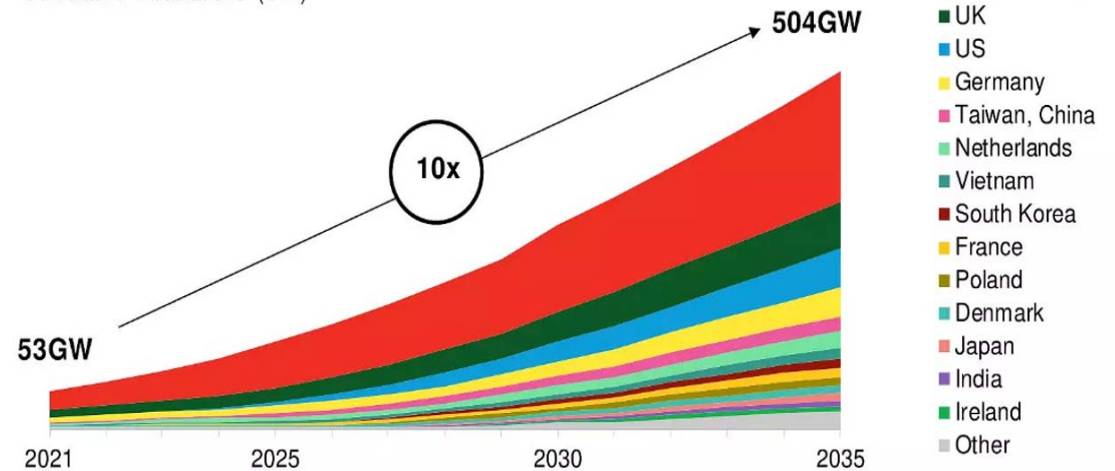
# Global Market Trends

The 2 TW milestone is expected to be achieved in just seven years



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

Cumulative installations (GW)

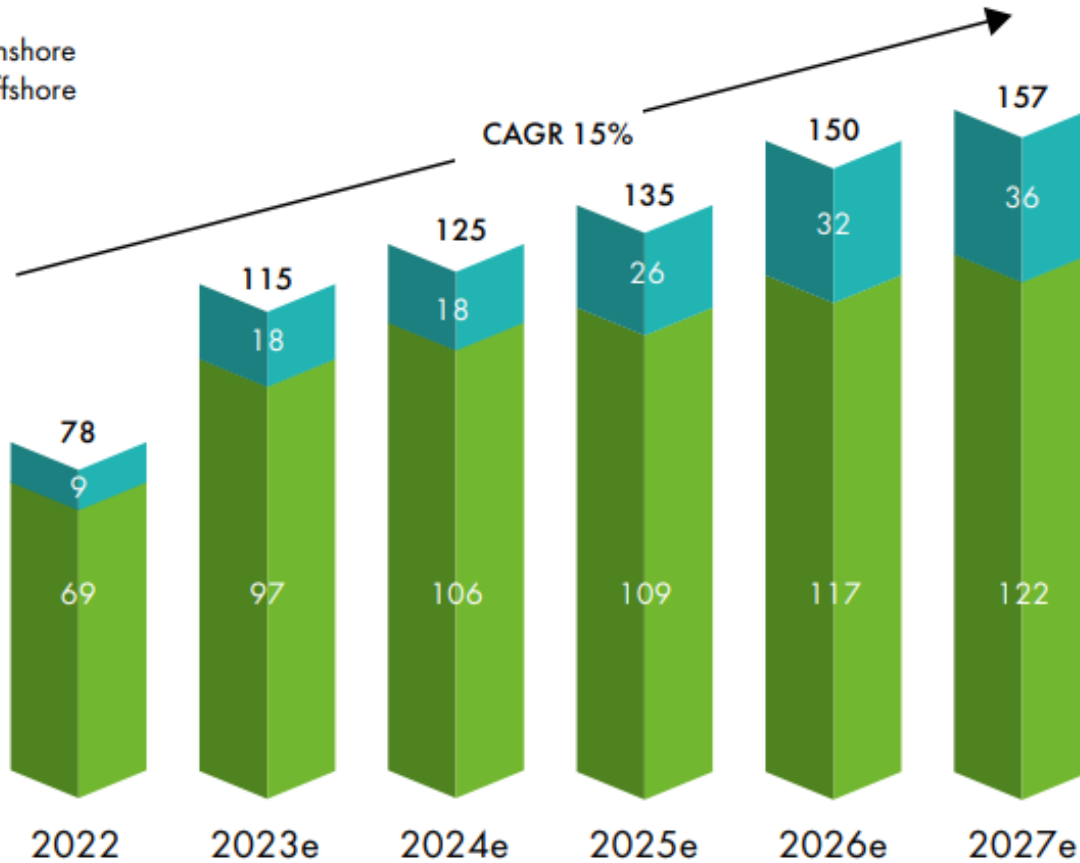


Source: BloombergNEF. Note: Other = Portugal, Italy, Finland, Lithuania, Latvia, Estonia, Greece, Norway, Sweden, Spain, Brazil, Belgium, Colombia. Cumulative 2030 installations are 287GW.

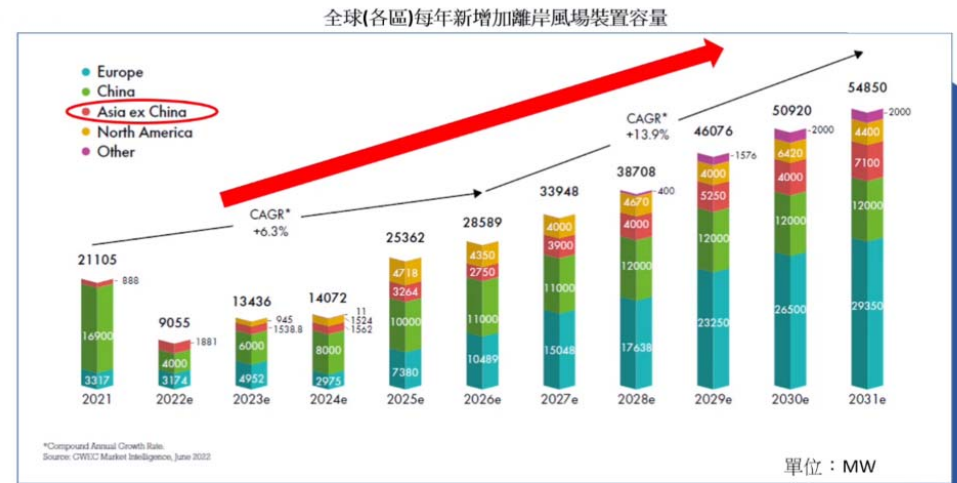


# Global Market Trends

● Onshore  
● Offshore



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

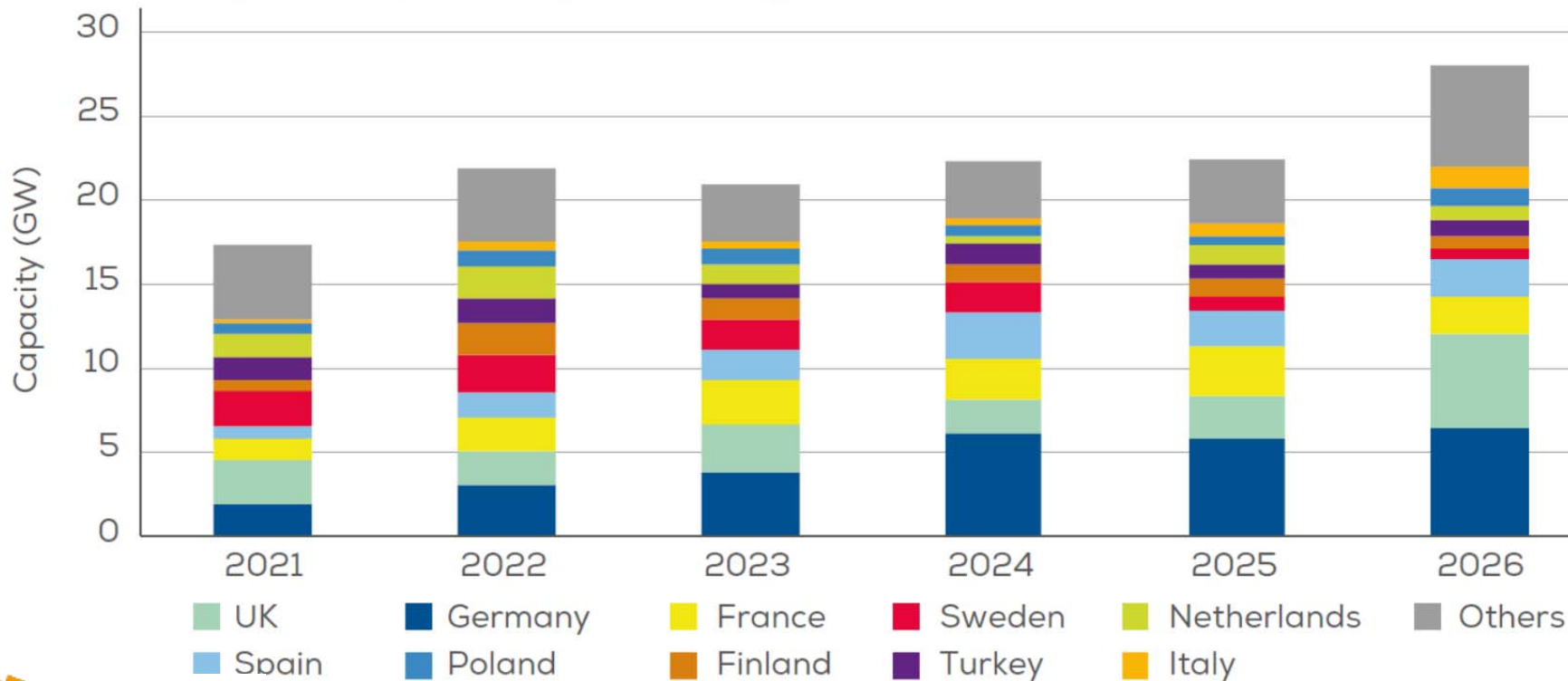


資料來源：全球風能委員會 市場調查報告 2022年6月

# European Market Trend

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

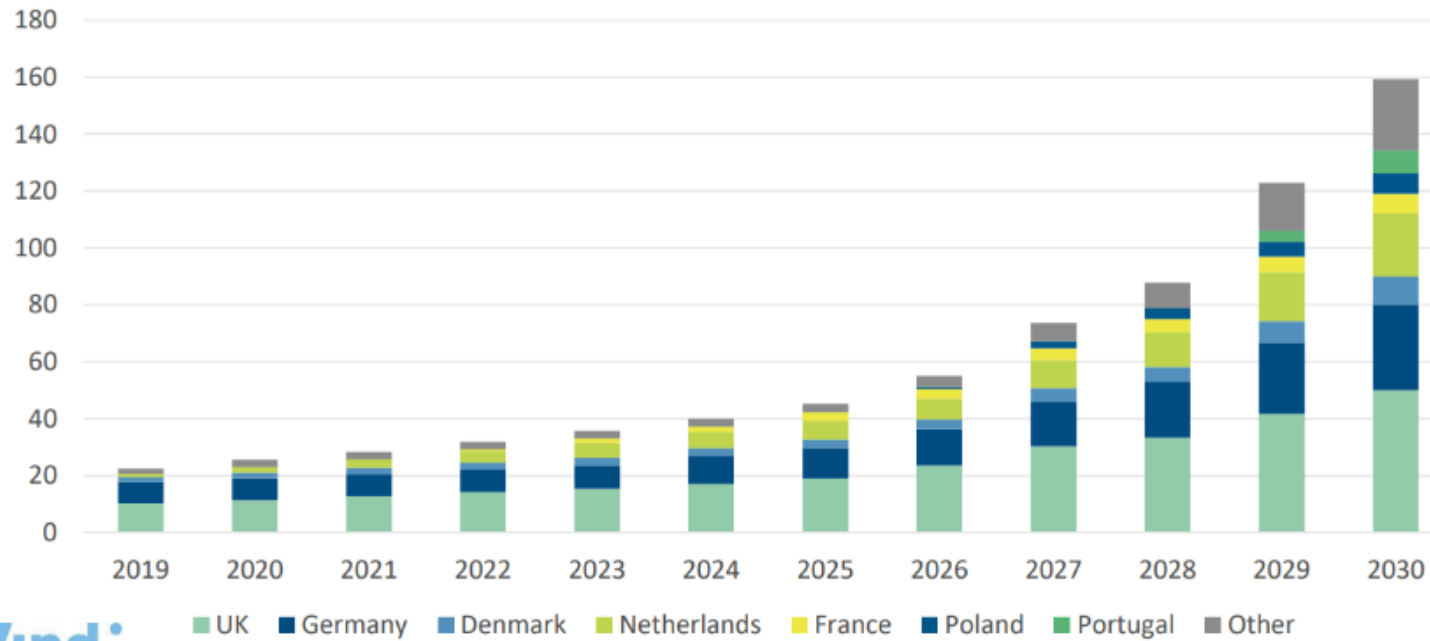
New installations per country – WindEurope’s Realistic Expectations Scenario



The Russia-Ukraine war catalyzed the EU to get rid of its energy dependence on Russia and accelerate the development of new energy sources. In addition to the spillover of Europe's supply chain demand for large castings for offshore models to Asia, the demand for large castings in Asia must be digested by itself.

# 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 mulls streamlining permitting process and subsidies for manufacturing  
 歐盟优化核准流程并提供制造业补贴



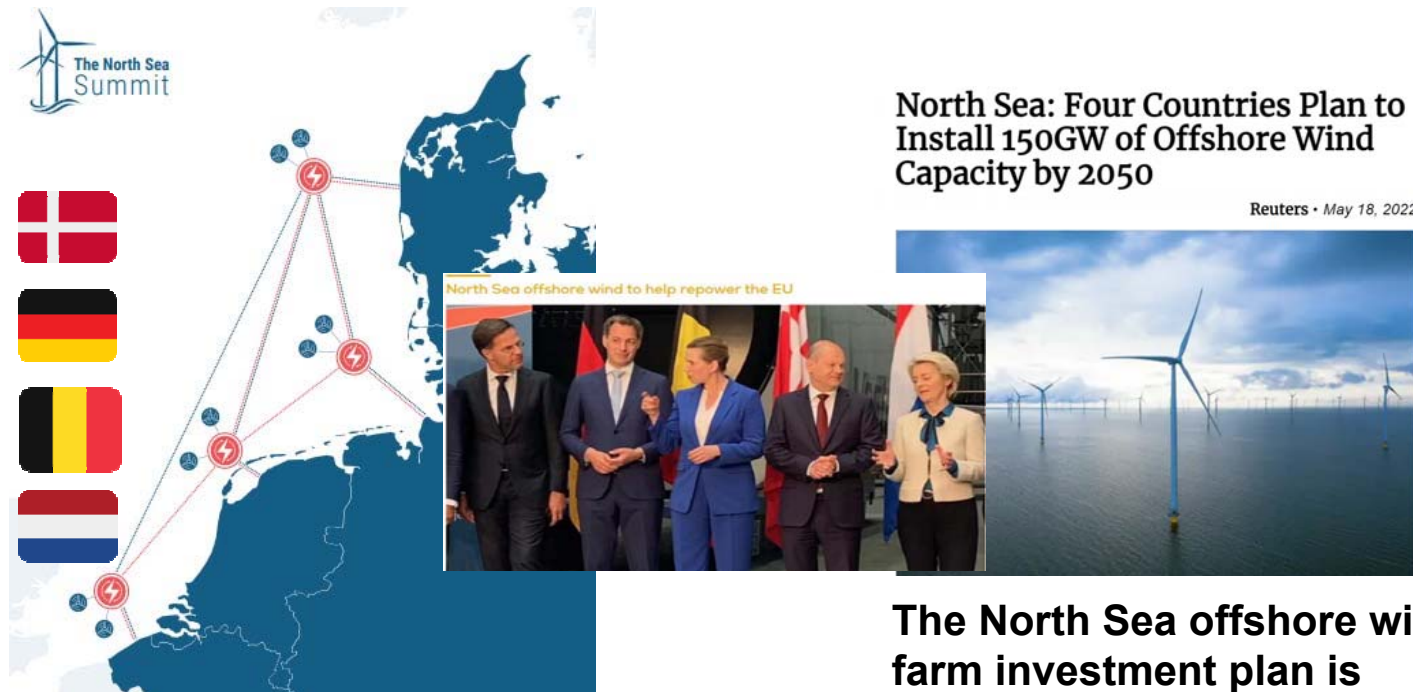
Wind  
EUROPE

UK Germany Denmark Netherlands France Poland Portugal Other

\*Other includes countries with a cumulative share <5% of the European capacity in 2030

Source: WindEurope


# EU market trends



**The North Sea offshore wind farm investment plan is 150GW; and the European casting supply chain is bound to be unable to meet the demand**

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

# American market trends



Inflation Reduction Act invests 437 billion dollars

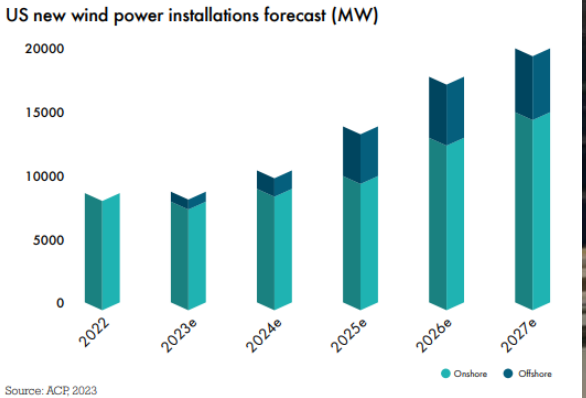
78%

- Energy security and climate change investments
- Affordable Care Act extension
- Western drought resiliency

來源: Biden announces new climate change actions but holds an emergency declaration in reserve (theconversation.com)

投資乾淨能源	投資3,690億美元於加速轉型到乾淨能源的計畫，並且提高國內能源產量、減少碳排量，將嘉惠太陽能、風力及其他乾淨能源
為電動車買主提供稅務優惠	目前買主最多可取得7,500美元的稅務補貼，但僅限每家車廠銷售的頭20萬輛合格車款，新法將提高上限，二手電動車買主也享有稅務優惠

US new wind power installations forecast (MW)



Source: ACP, 2023

# American market trends

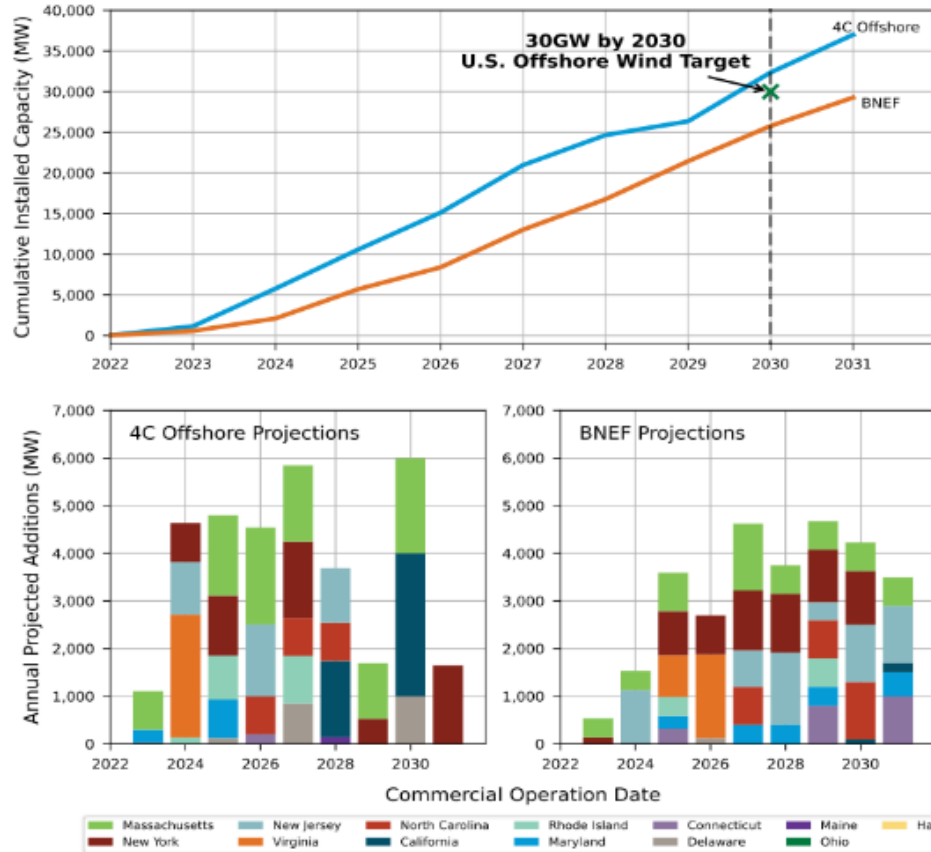


Figure 6. Industry offshore wind U.S. deployment projections to 2031

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

Offshore Wind Market Report: 2022 Edition

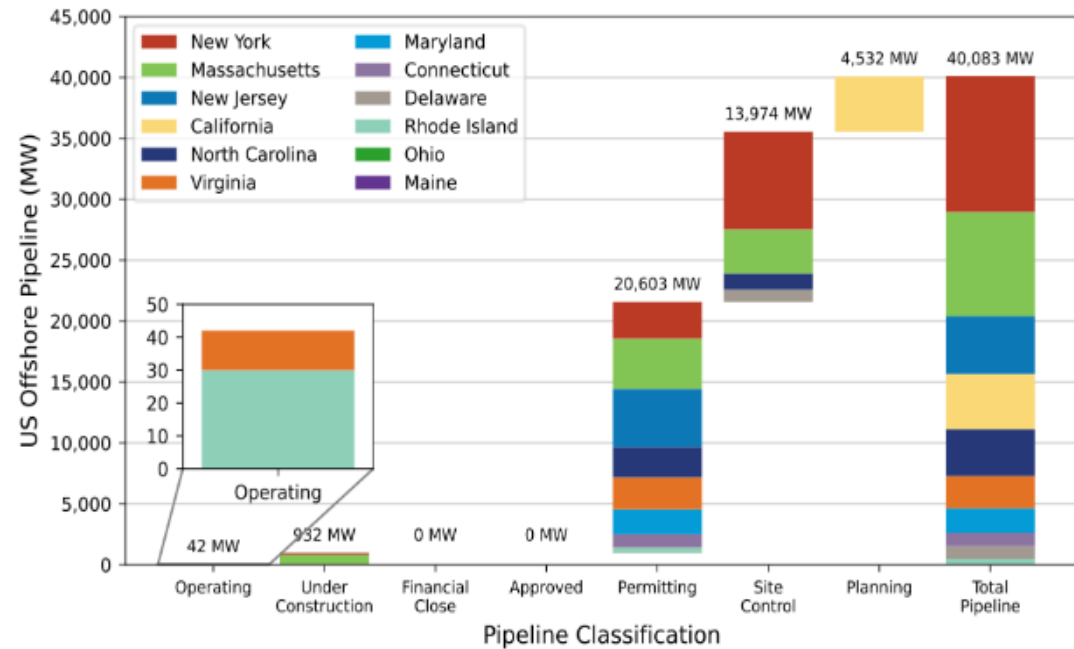
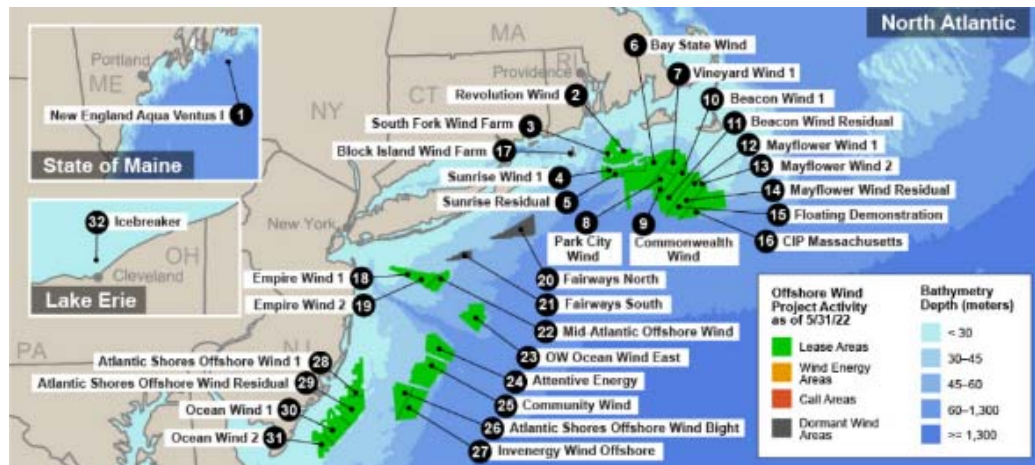
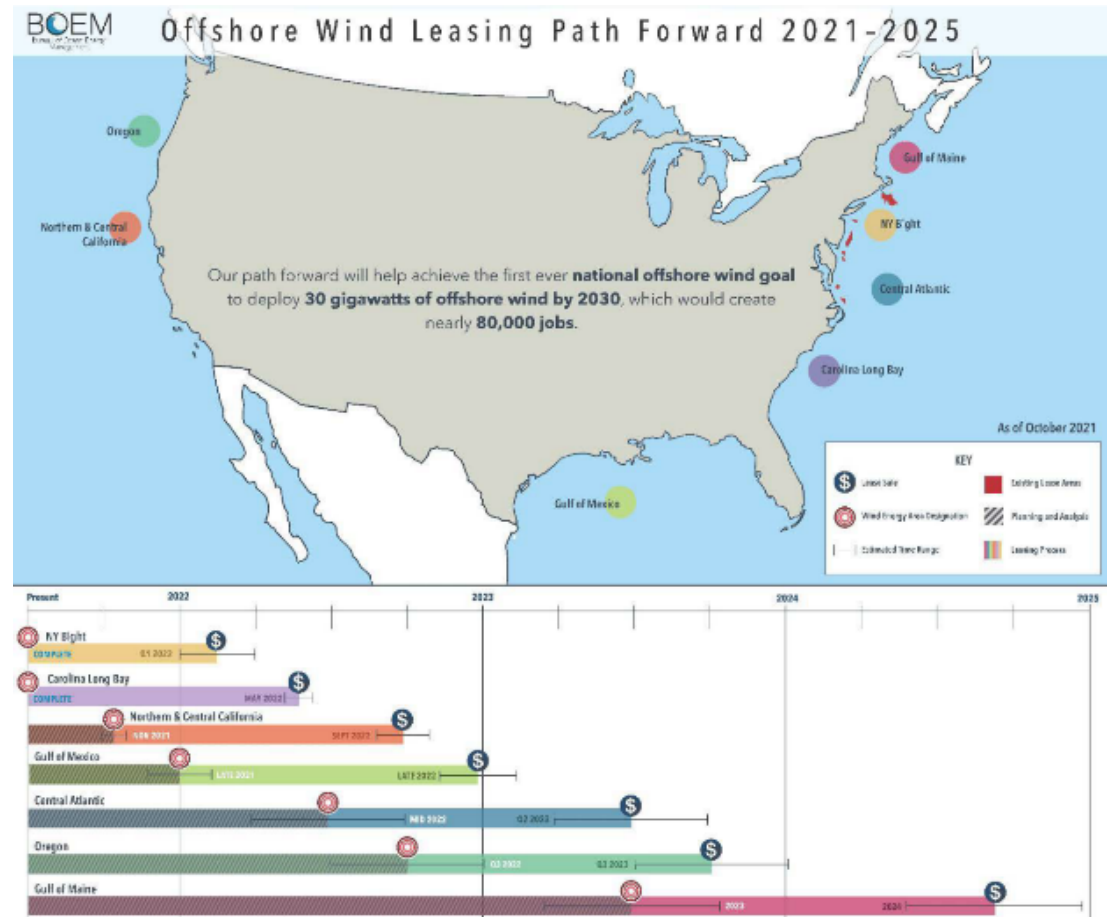


Figure 1. U.S. project pipeline classification by status

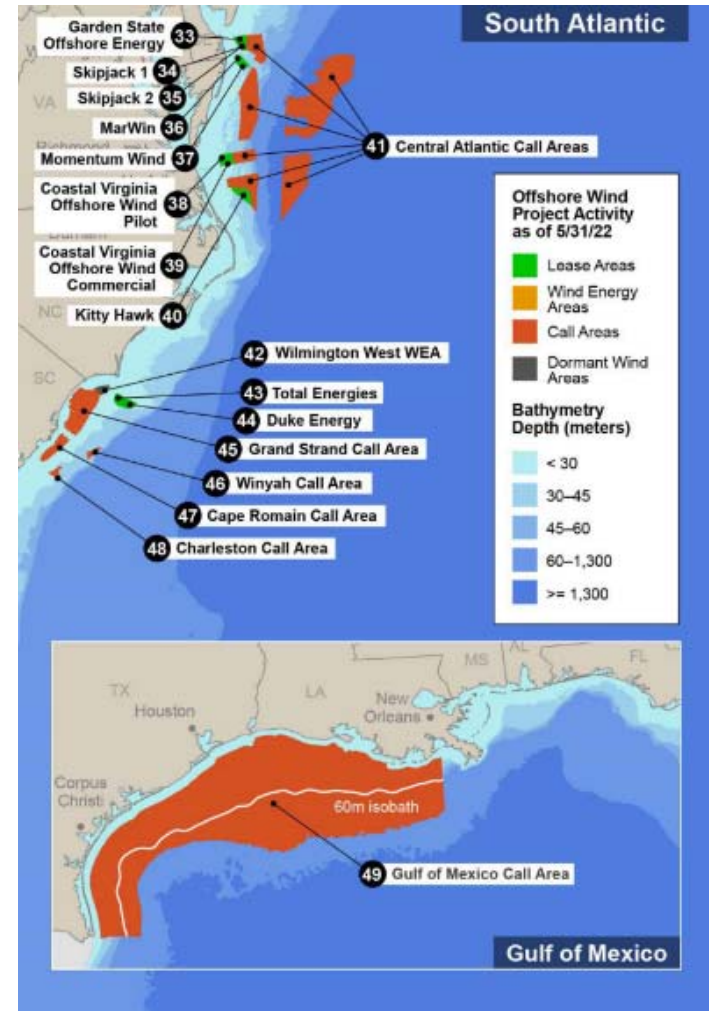
# American market trends

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.



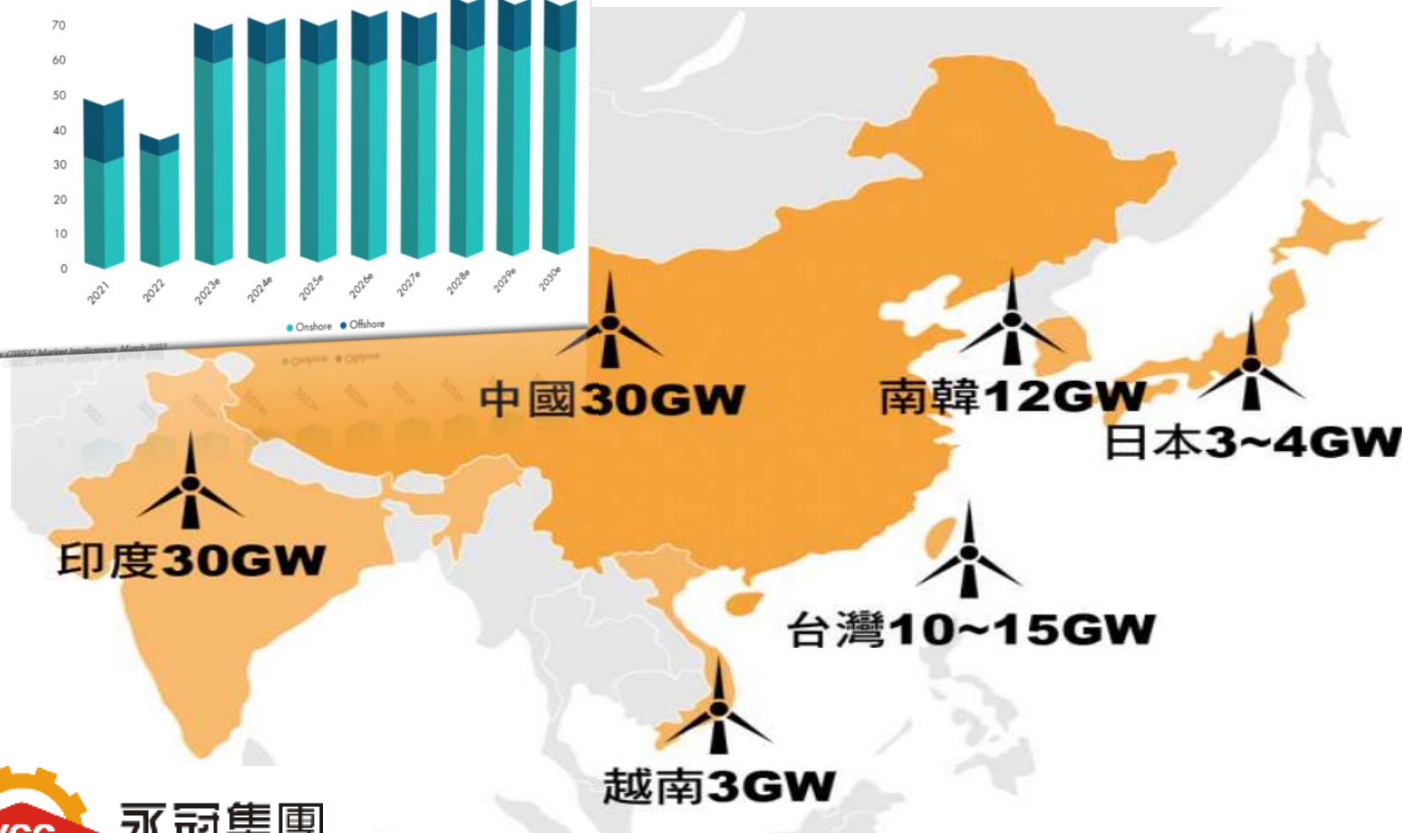
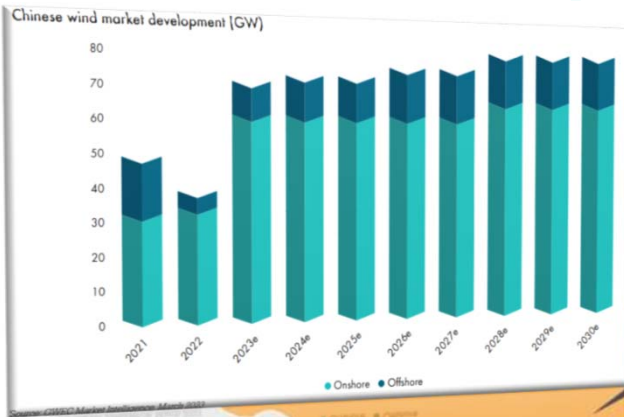
# American market trends





# Asian Market Highlights

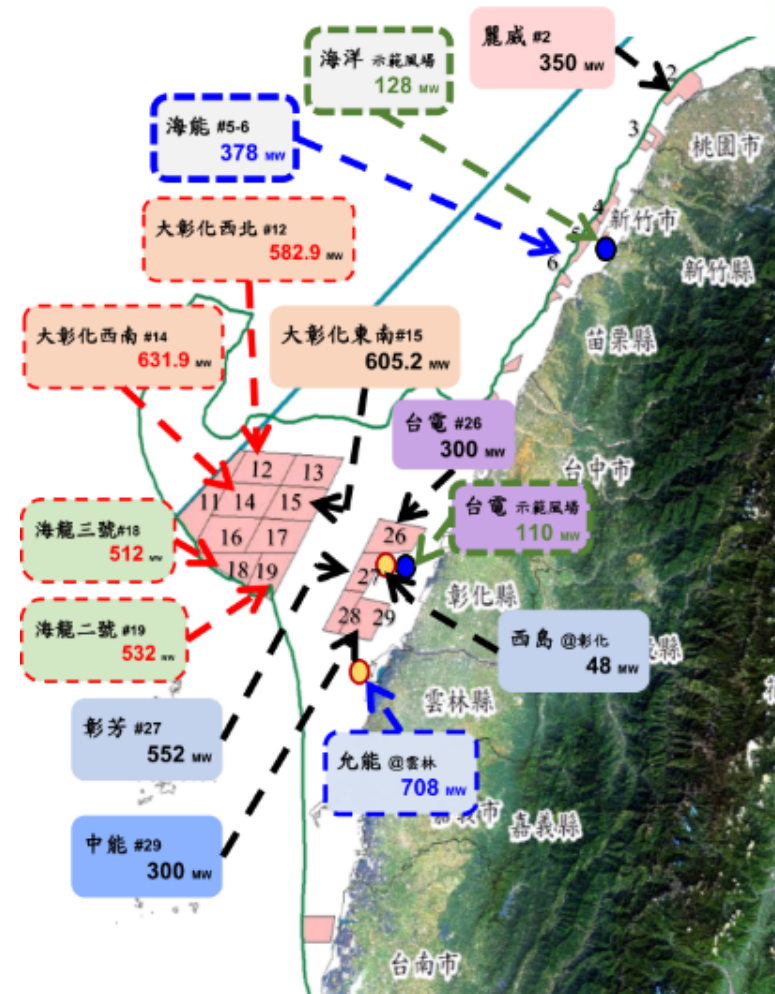
## 2035 Offshore wind power installation plans in Asian countries



- 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

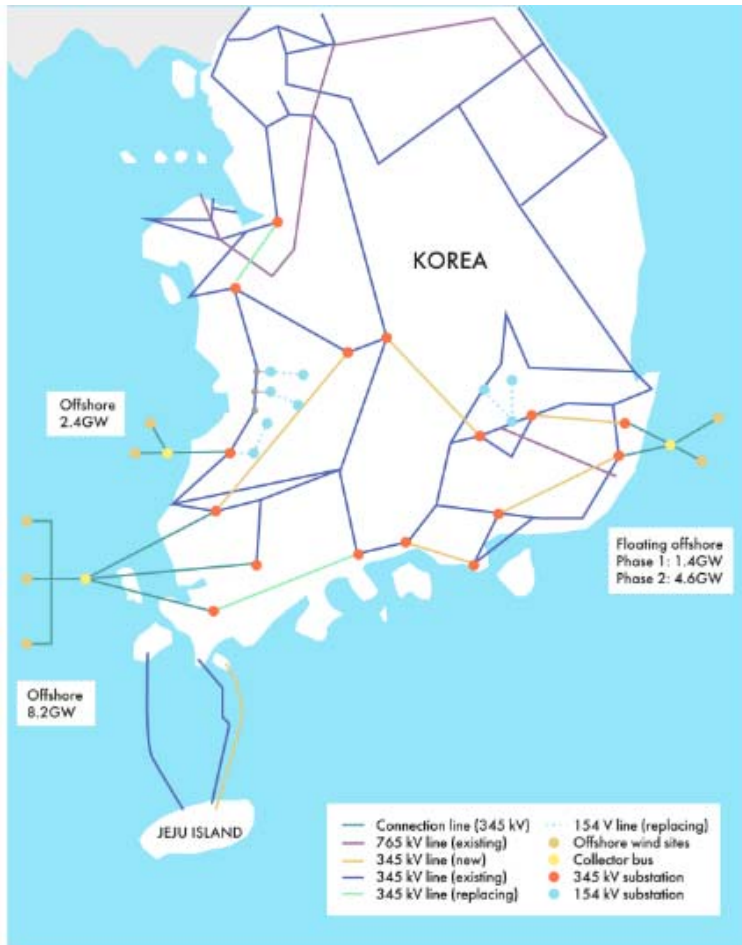
# Taiwan Offshore Wind Power Market

- ✦ 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.
- ✦ Target 2025, the total installed capacity of offshore wind power will reach 5.7GW

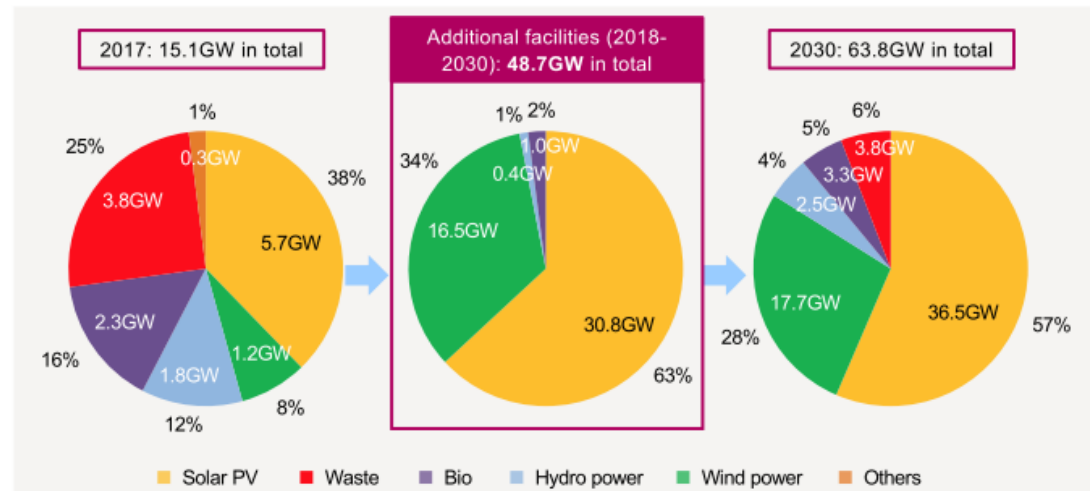




# South Korea's Wind Power Market Vision



- ✧ 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



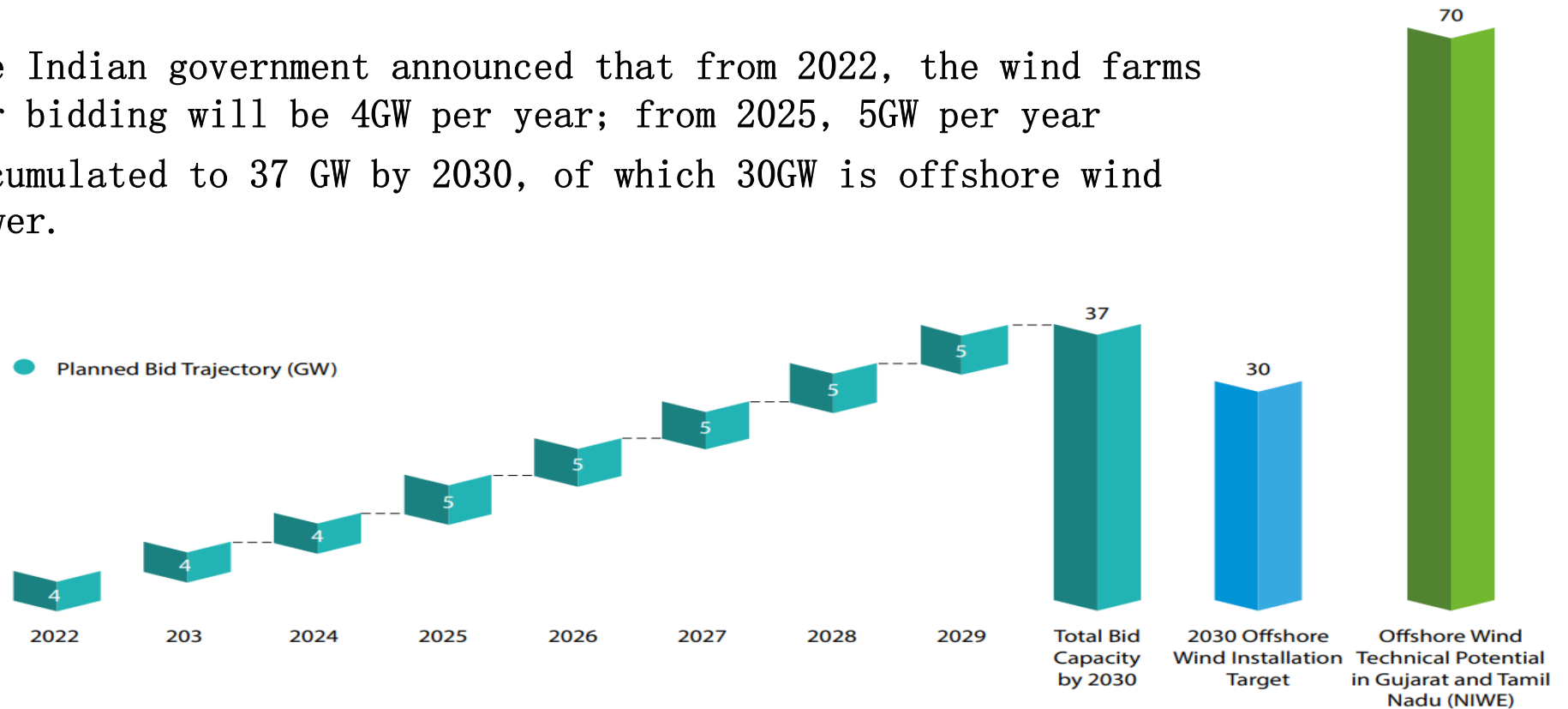
Source: English Translation of Renewable Energy 3020



Source: MOTIE. Offshore wind power generation plan. 2020. IEA. Korea Electricity Security Review.

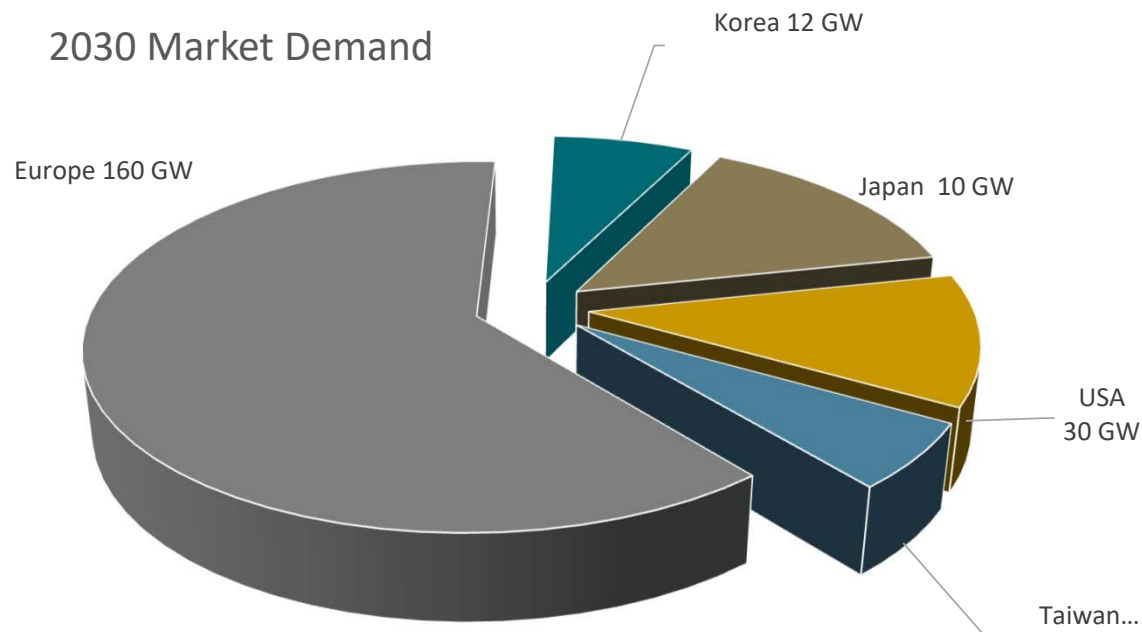
# Indian Wind Power Market Vision

- ✧ 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.



Credit: MNRE, NIWE, GWEC Market Intelligence

# 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



**BMW i3:**  
96 Cells (60Ah) + 8 Modules (1 M/D equates to 12 Cells) = 1 Pack



**Tesla Model S**



**GM Volt**



**VW E-up**

Upper Case (Cover)

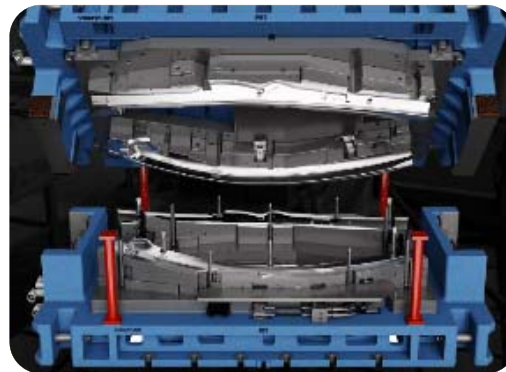


**Nissan Leaf**

Lower Case (Tray)



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



- ✦ 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

**SG** 西門子歌美風台灣  
2021年10月18日 · 9

感謝 #TVBS十點不一樣 來到西門子歌美風位於臺中的 #離岸風機 機艙組裝廠探訪，直擊「風機的心臟」- 機艙的組裝基地！

臺中機艙組裝廠：  
★西門子歌美風在歐洲外首座離岸風機機艙組裝廠  
★臺灣第一座離岸風機機艙組裝廠..... 顯示更多

**設廠獨愛台灣**



台中

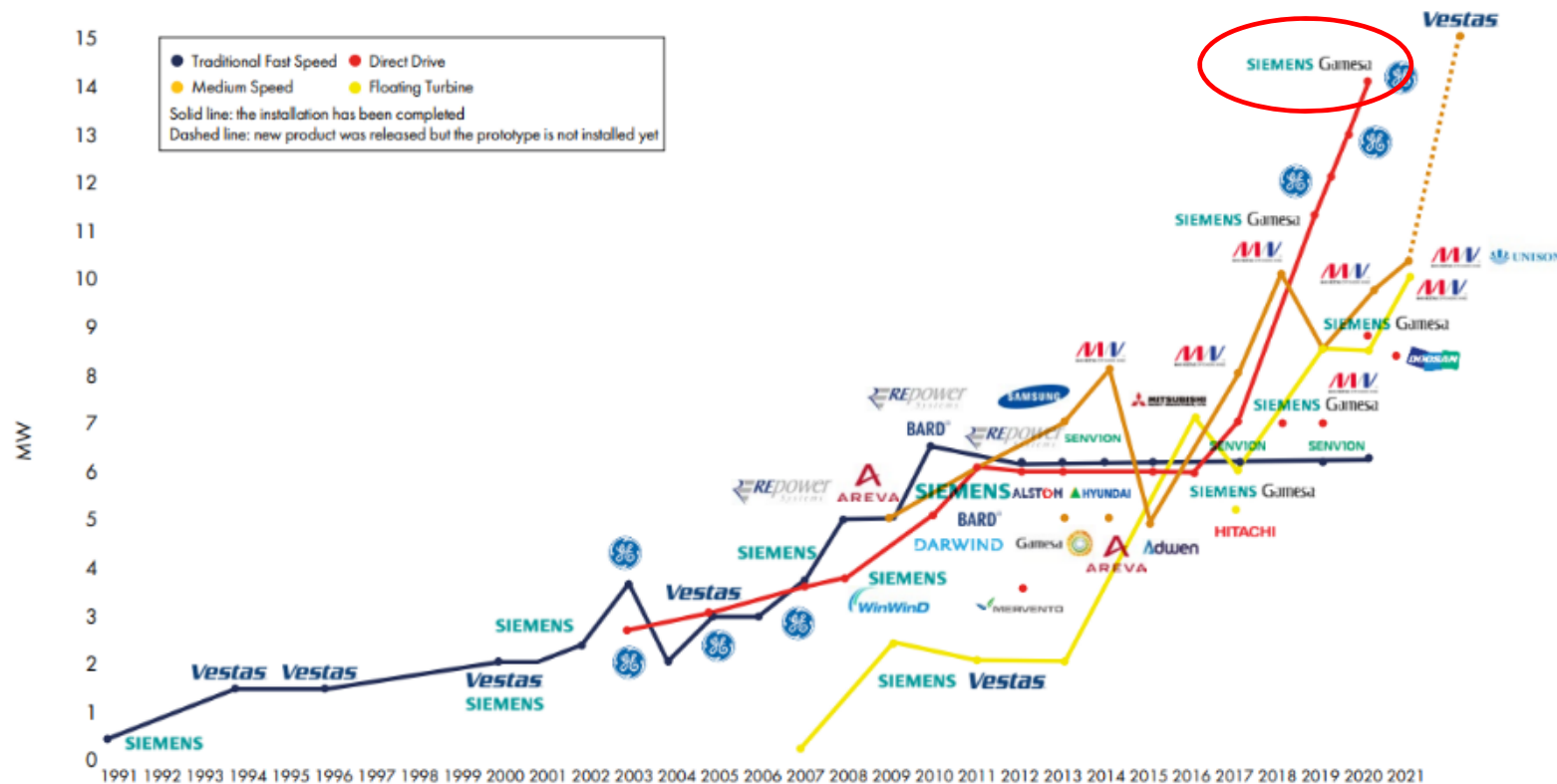
**風機巨頭獨鍾台灣 設亞洲首座風機組裝廠**

掌握新聞脈動 ▶ 訂閱TVBS NEWS頻道



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

Offshore Wind Turbine Technology Road Map (excluding China)

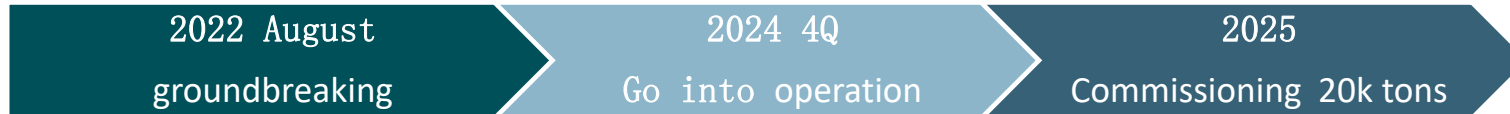


Siemens is in the leading position in fan technology (traditional/medium-speed/direct/floating) that has reached the stage of commercial transformation

# 泰國廠投資案



# Thailand Foundry

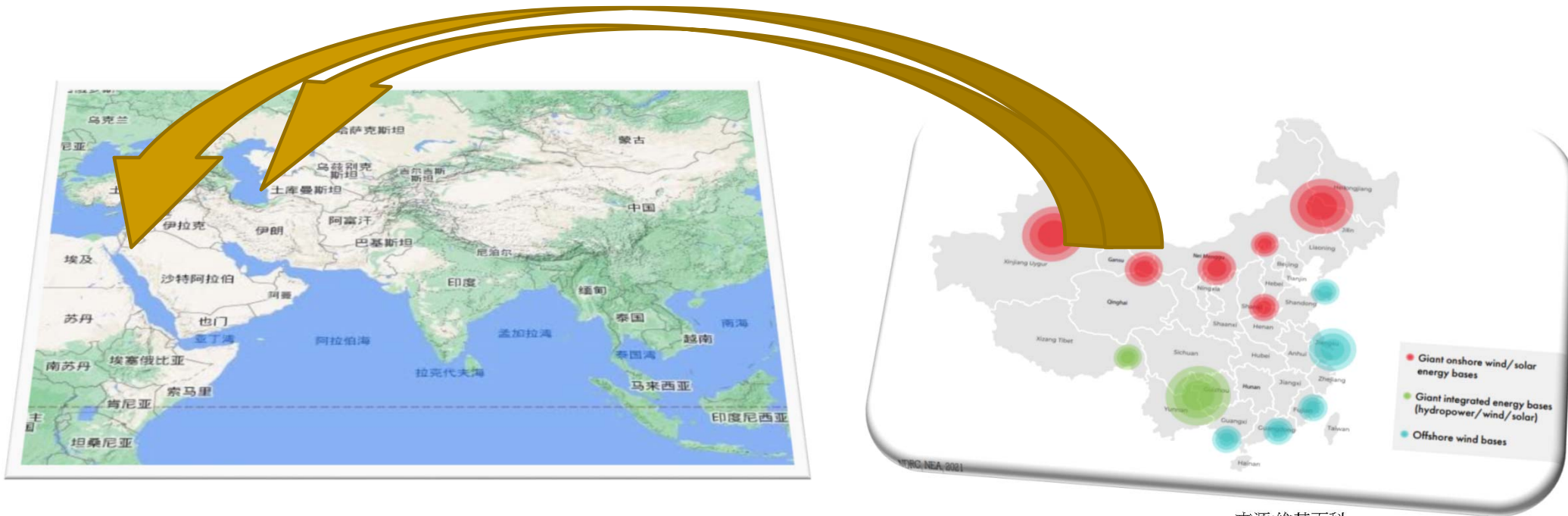


- ✦ Schedule: 2022 August ground breaking, 2024 go into operation
- ✦ Capacity: 80k tons/ year, Renewable industry ( onshore wind power) , Injection molding machine & industrial machinery
- ✦ Advantage
  - 968,000 square meters
  - 8 years tax-free;5 years 50% off for tax
  - ASEAN huge market (major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



來源:維基百科

## Detailed Financial Figures

# Quarterly Income Statement

NT\$ Million	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
Sales Revenue	2,488	2,146	2,235	2,270	2,296	1,813	2330	2,481	2,760	2,218
Gross Profit	616	551	450	400	369	196	307	349	493	424
Operating Profit	212	200	83	36	(2)	(118)	(17)	59	174	102
Income before Tax	262	157	123	36	5	(217)	(87)	(75)	65	91
Net Income	230	126	141	29	(82)	(196)	(91)	(135)	(21)	69
EPS (NT\$)	2.12	1.13	1.27	0.27	(0.72)	(1.75)	(0.81)	(1.21)	(0.19)	0.62
Revenue by Application (%)	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
Renewable Energy	67.4	60.3	46.2	43.2	41.1	33.8	42.3	45.7	56.4	58.4
Injection Molding Machine	14.4	18.4	24.5	26.5	30.7	32.4	27.6	30.2	21.5	18.5
Industrial Machinery	18.2	21.3	29.3	30.3	28.2	33.8	30.1	24.1	22.1	23.1



# Historical Income Statement

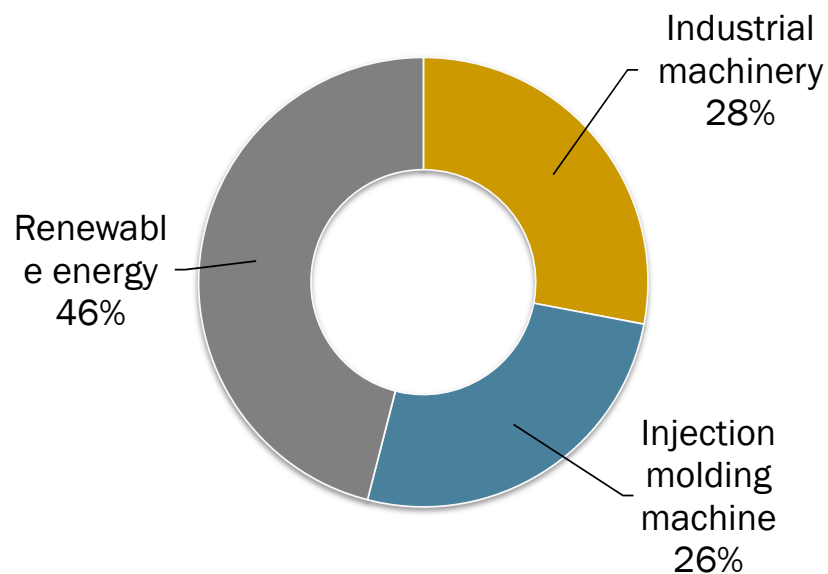
NT\$ Million	2019	2020	2021	2022	YoY(%)			
					2019	2020	2021	2022
Sales Revenue	7,900	8,184	8,948	9,384	27.5	3.6	9.3	4.9
Gross Profit	1,371	1,790	1,770	1,344	65	30.6	-1.1	-24
Operating Profit	212	545	316	98	-186.5	-157.1	-42	-69
Income before Tax	221	624	321	-314	-195.3	-182.4	-48.6	-198
Net Income	164	517	214	-444	-159.9	-215.2	-58.6	-307
EPS (NT\$)	1.54	4.81	1.95	-3.96	-162.1	-212.3	-59.5	-303
<b>Key financial ratio (%)</b>								
Gross Margin	18	22	20	14				
Operating Margin	3	6	3	1				
Net Margin	2	6	2	-5				
OPEX ratio	15	16	17	13				

# Historical Balance Sheet

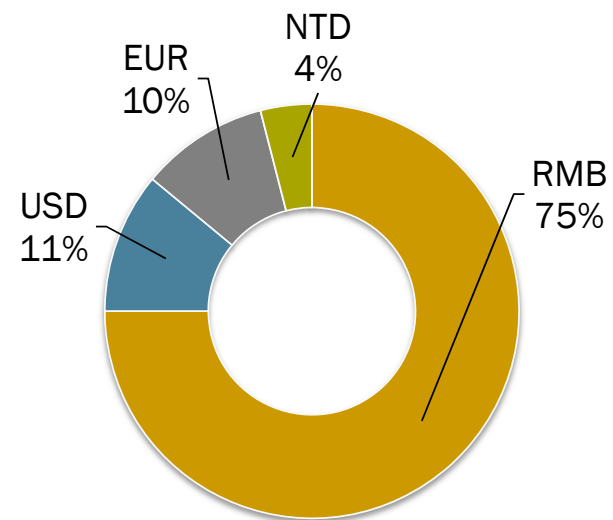
NT\$ Million	2019	2020	2021	2022	YoY(%)			
					2019	2020	2021	2022
<b>TOTAL ASSETS</b>	<b>13,521</b>	<b>16,394</b>	<b>18,470</b>	<b>21,891</b>	<b>-7</b>	<b>21.2</b>	<b>12.7</b>	<b>18.5</b>
Cash	1,451	2,682	1,994	2,114	-54	84.8	-25.7	5.7
NR & AR	2,947	3,517	3,242	3,742	40.1	19.3	-7.8	15.4
Inventory	1,226	1,324	1,660	1,858	-10.4	8	25.4	11.9
Fixed Asset	5,735	5,756	7,239	9,651	-3.1	0.4	25.8	33.2
<b>TOTAL LIABILITIES</b>	<b>5,699</b>	<b>7,630</b>	<b>9,635</b>	<b>13,399</b>	<b>-8.8</b>	<b>33.9</b>	<b>26.3</b>	<b>39</b>
Bank Loans	3,858	3,498	4,344	8,482	-15.8	-9.3	24.2	95
NP & AP	990	1,646	2,422	2,296	-5.7	66.3	47.1	-5.2
<b>TOTAL EQUITY</b>	<b>7,822</b>	<b>8,764</b>	<b>8,835</b>	<b>8,492</b>	<b>-5.5</b>	<b>12</b>	<b>0.8</b>	<b>-3.9</b>
Common Stock	1,056	1,106	1,106	1,106	-5.4	4.7	0	0
Book value per share	72.5	79.2	79.9	76.8				
A/R turnover days	117	145	139	137				
Inventory turnover days	78	76	77	82				
A/P turnover days	57	75	103	107				
ROE (%)*	2.1	6.3	2.5	-5.1				

# 2022 Revenue by Application and Exchange Rate

Revenue by product application (%)



Currency specific revenue (%)



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