



TSANGYOW

TSANG YOW [1568]

2024Q1 OPERATIONAL REPORT



Disclaimer



“

The best strategic partner
for transmission systems

”

The actual operating results, financial condition, and business performance of our company in the future may differ from the forecasted information, whether expressed or implied. This variance may be attributed to various factors, including but not limited to price fluctuations, competitive conditions, international economic situations, exchange rate fluctuations, market demands, and other risks beyond our control.

The forward-looking statements in this presentation reflect our views as of the present and are subject to change. The company is not obligated to provide further reminders or updates in the event of any changes or adjustments to these views in the future.

The content in this presentation is not intended as investment advice.

目錄

CONTENTS





//

01

公司簡介

Company Profile

//

CONTINUOUS IMPROVEMENT

EXCEEDING NEEDS

Company Profile- World-Class Transmission System Manufacturer

設立日
ESTABLISH



1985/1/16

資本額
CAPITAL



1.03billion

員工人數
Employees



360

上市時間
Company Listed



2014

廠區
Plant



Taiwan 4 (Chiayi Minxiong)
Malaysia 1 (Under construction)

Company profile- MIT high quality technology



Headquarters

- Factory area: about 10,710 m²
- Number of employees: 155
- Process attributes: precision machining, tooth processing, grinding, heat treatment, assembly
- Maximum production capacity: 600 million



Chenggong plant

- Factory area: about 5,200 m²
- Number of employees: 80
- Process attributes: precision machining, grinding, laser welding
- Maximum production capacity: 1.1 billion



Chungshan plant #2

- Factory area: about 10,600 m²
- Number of employees: 85
- Process attributes: stamping, precision machining, laser welding
- Maximum production capacity: 650 million



Chungshan plant #3

- Factory area: about 8,700 m²
- Number of employees: 40
- Process attributes: Stamping automated production line, spin forming
- Maximum production capacity: 200 million

Company profile-

Fulfill all OEM AM/OES customer

Casting

- ◆ Automatic mold casting
- ◆ pressure casting
- ◆ gravity casting
- ◆ Precision casting
- ◆ lost wax casting



High quality products

- ◆ Stamping/Mold Design
- ◆ Spin forming
- ◆ Precision Machining
- ◆ Tooth processing
- ◆ heat treatment
- ◆ laser welding
- ◆ Assemble
- ◆ test



OEM
Tier1 supplier



AM/OES
Service parts
OES parts

Forging

- ◆ hot forging
- ◆ Warm forging
- ◆ cold forging
- ◆ extrusion forging



Powder metallurgy

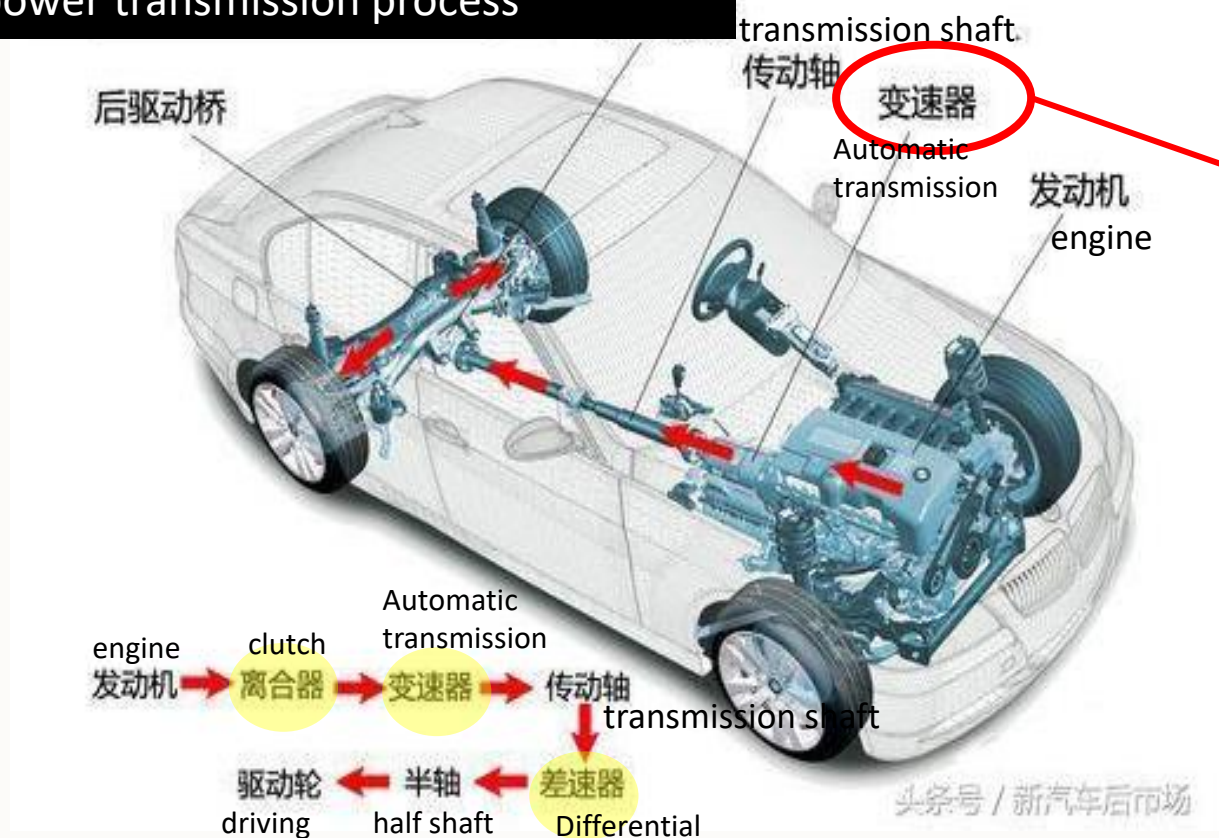


Company profile

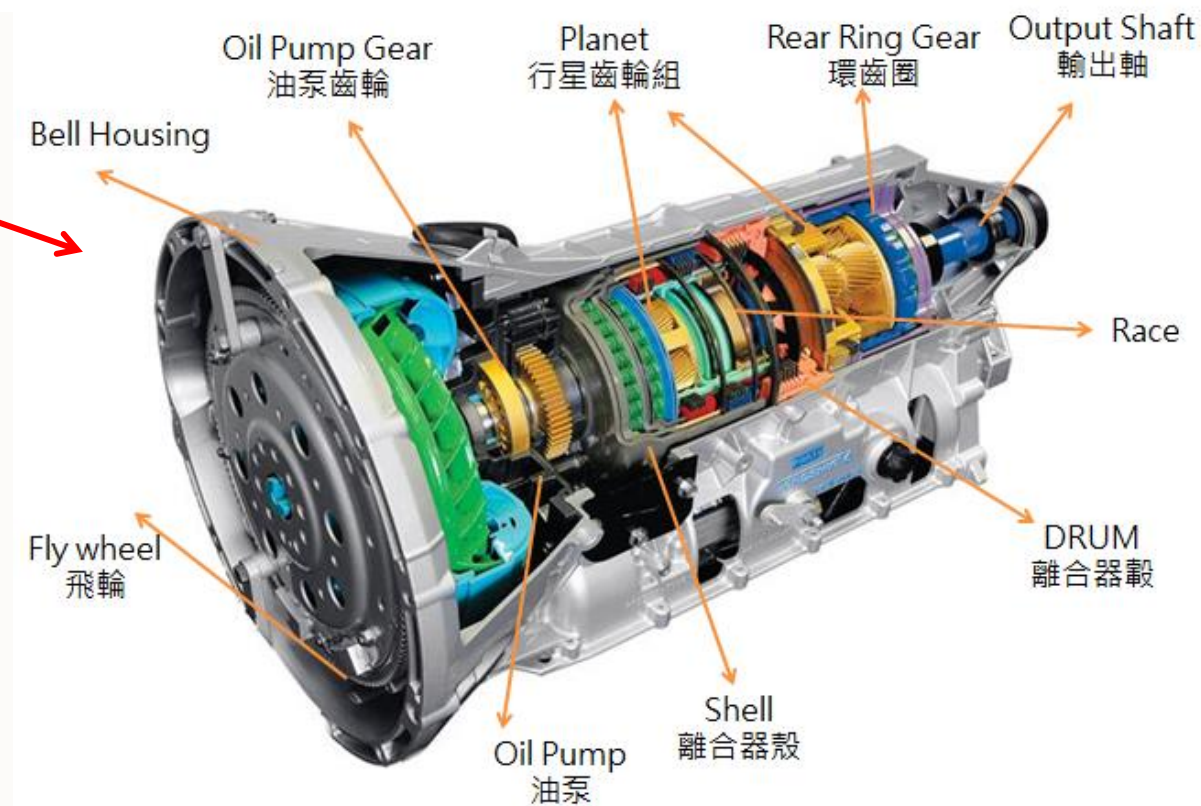
World-Class Transmission System Manufacturer

A vehicle traveling on the road must first set its wheels in motion. The system responsible for transmitting the engine's power to the wheels, enabling the vehicle to move, is known as the drivetrain. The basic drivetrain components include the power transfer unit, transmission mechanism, differential, and drive shaft.

Schematic diagram of automobile power transmission process



Automatic transmission

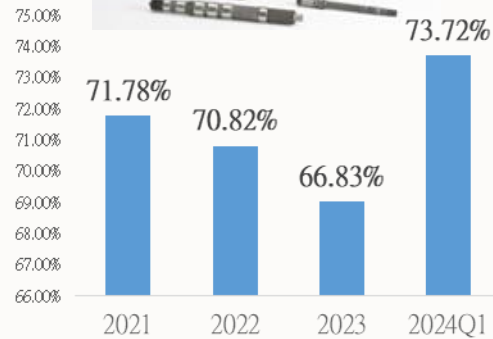


Company profile - Main products

Unit : TWD/Thousand



Automotive



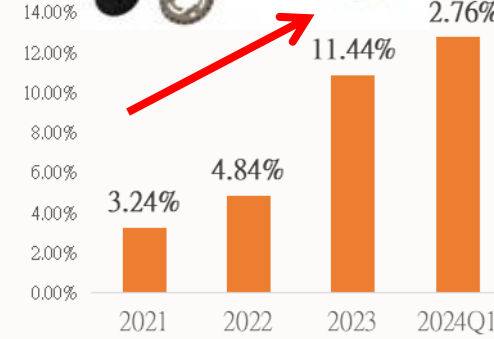
Transmission parts

Customers

Ford 、 GM 、 JUGUAR 、 Range Rover 、
STELLANTIS 、 Volkswagen....等



EV E-bike



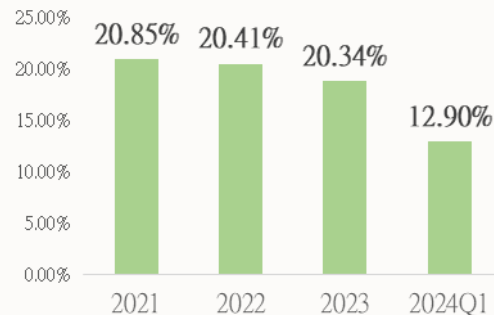
EV E bike components: clutch system parts,
gearbox parts, motor casings

Customers

Ferrari 、 VOLVO 、 Mazda...等



Industry



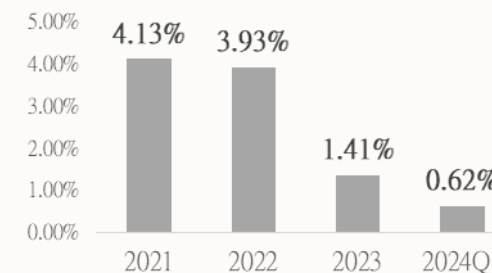
Industrial / off high way/ truck

Customers

SCANIA 、 ABB 、 SUMITOMO 、
CATERILLAR 、 JOHN DEERE...等



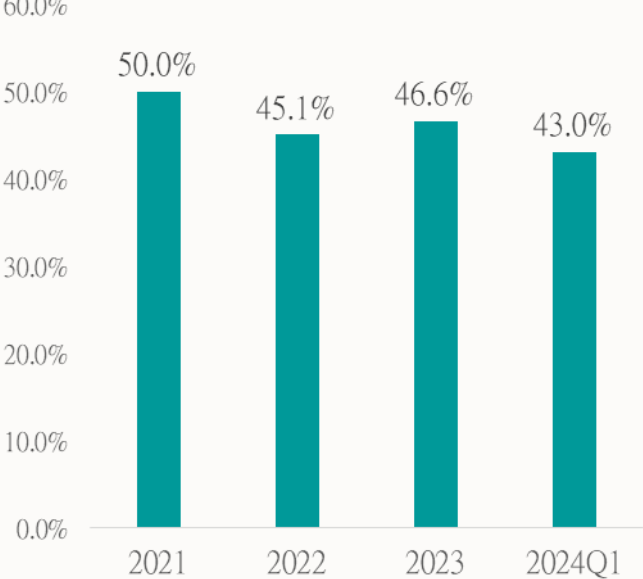
other



Ship transmission and engine system parts, OEM
parts, etc.

Company profile - TA Market products percentage

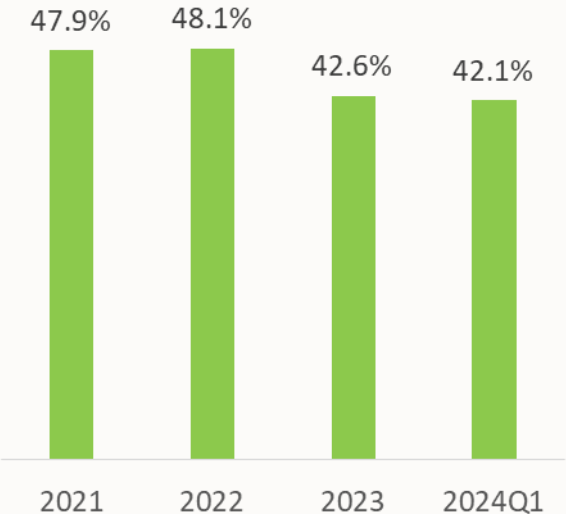
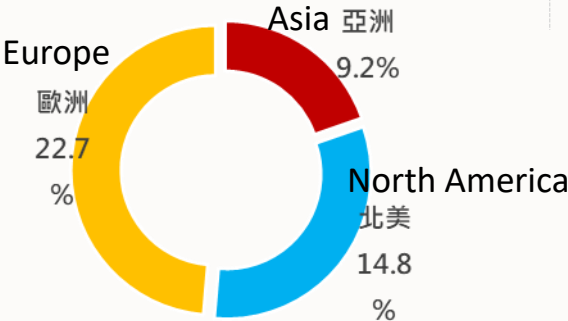
Unit : TWD/Thousand



OEM

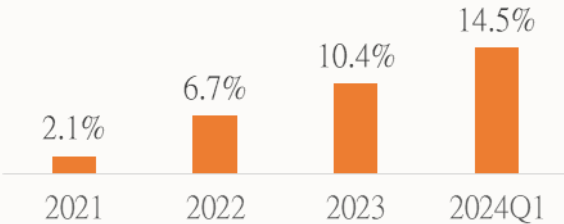
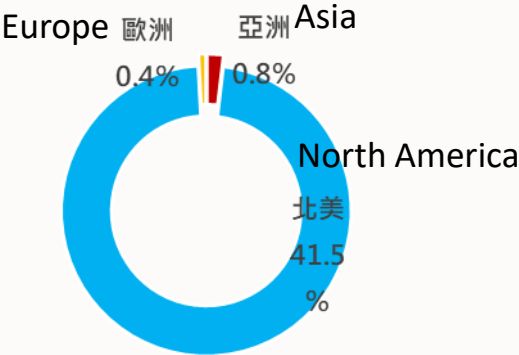
- Automotive transmission system components
- Industrial machinery transmission system components
- New energy vehicle components

Proportion of overall revenue(2023)



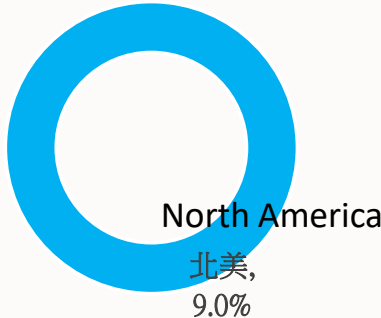
AM

- Automotive transmission system components
- Industrial machinery transmission system components
- engine components



OES

- Automotive transmission system components





//

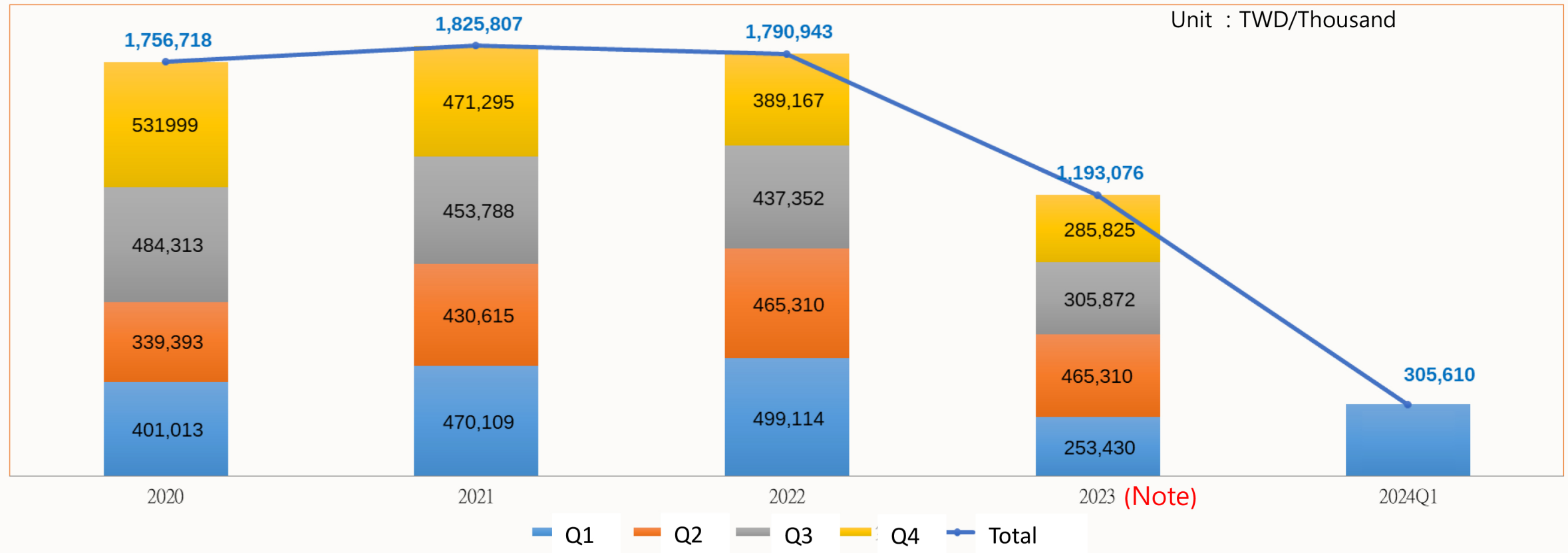
02

營運概況

Operational overview

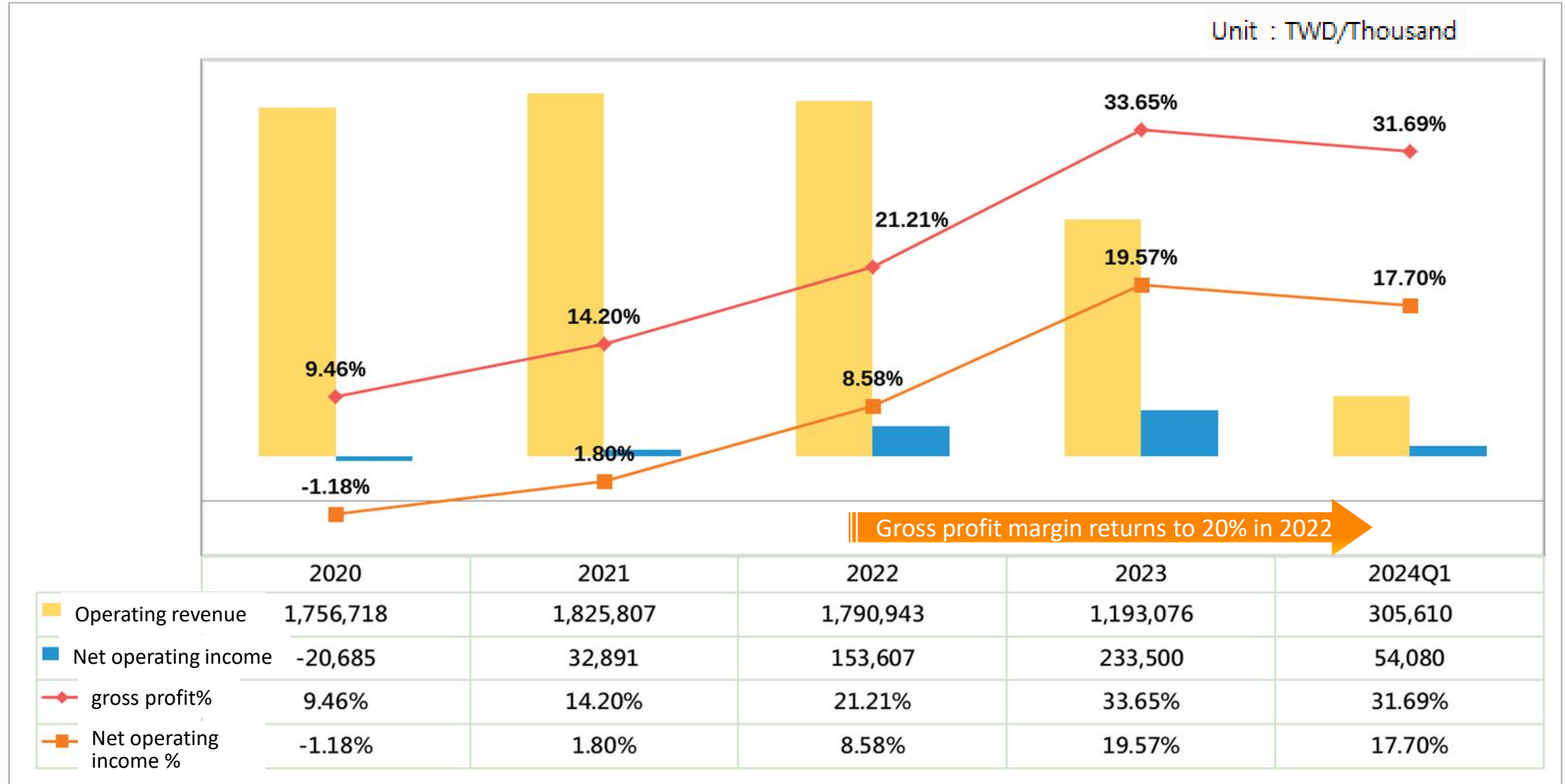
//

Operational Overview – Revenue Performance in the Past Five Years



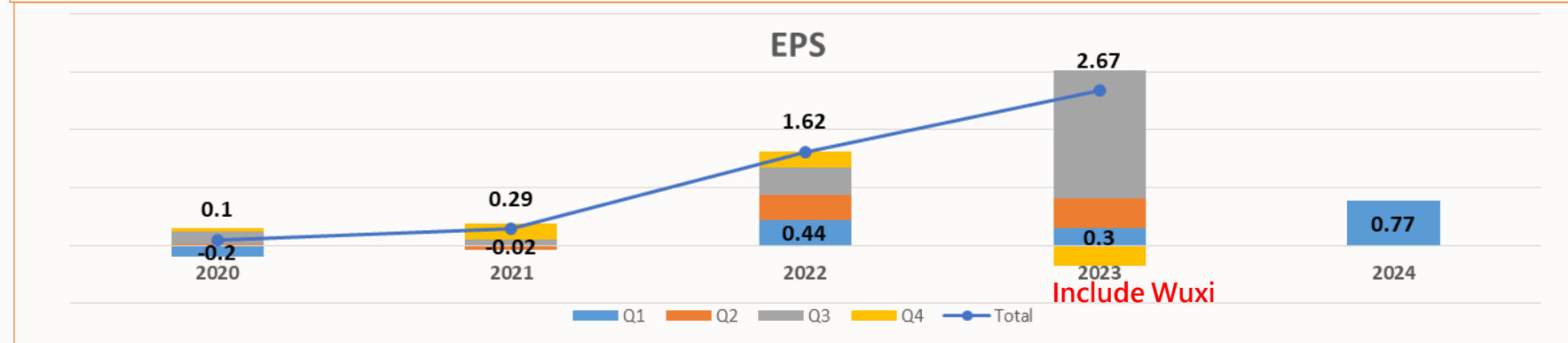
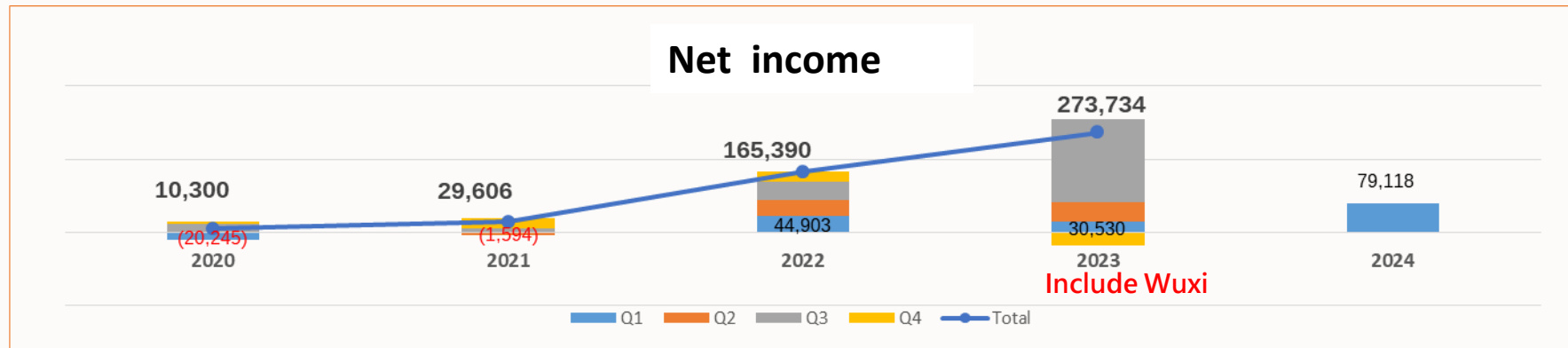
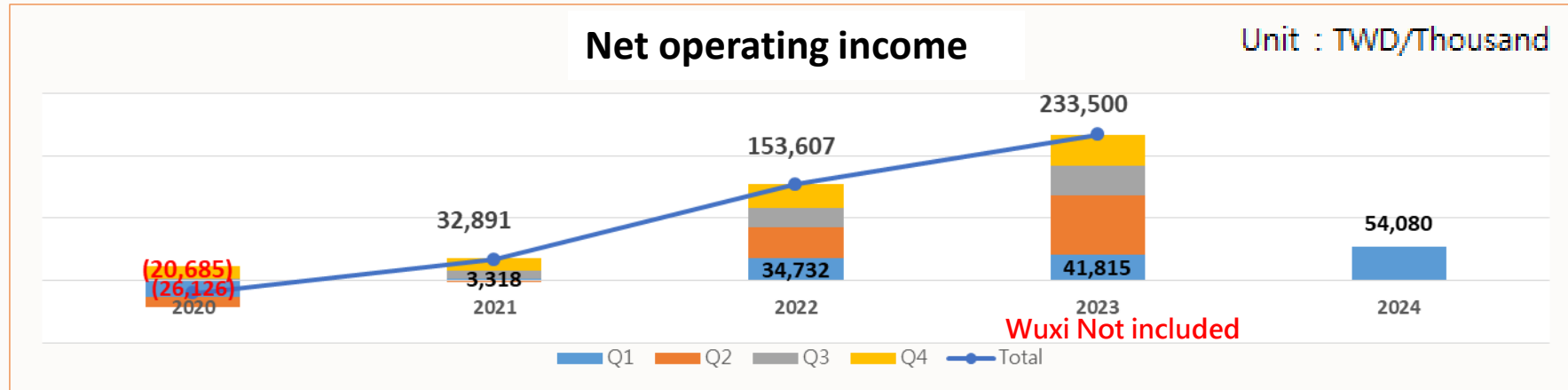
(Note): As the Wuxi subsidiary in China completed its transfer and disposal in July of the 2023 fiscal year, the consolidated income statements for each quarter of the 2023 fiscal year have been adjusted in accordance with IFRS #5. The profit and loss of the Wuxi subsidiary have been reclassified as discontinued operations. Therefore, the income statements for the 2023 fiscal year do not include the results of the Wuxi subsidiary.

Operational Overview – Profitability Performance in the Past Five Years



Wuxi Not included

Operational Overview – Profitability Performance in the Past Five Years





//

03

市場趨勢
Market Trend

//

Transmission system market size

According to a report by foreign research institution **technavio**, the global automotive transmission system market size is expected to grow at a compound annual growth rate of **6.28%** from 2022. to **2027 will reach to \$52.34 billion** . It mainly benefits from the advantages of better fuel efficiency and smoother and faster shifting of automatic transmissions such as CVT and DCT. It is a key component in the technological progress of today's automotive industry towards energy saving, carbon reduction and ESG sustainable development. , promoting the continuous improvement of market penetration rates of CVT and DCT, and also creating a good business development environment for the automotive transmission system-related supply chain.



Market trend-

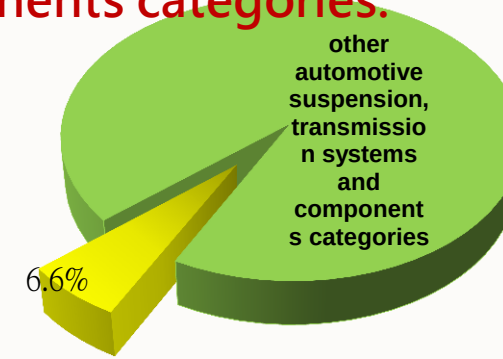
Taiwan auto parts supply chain plays key role in global auto industry

Taiwan auto parts supply chain sales value



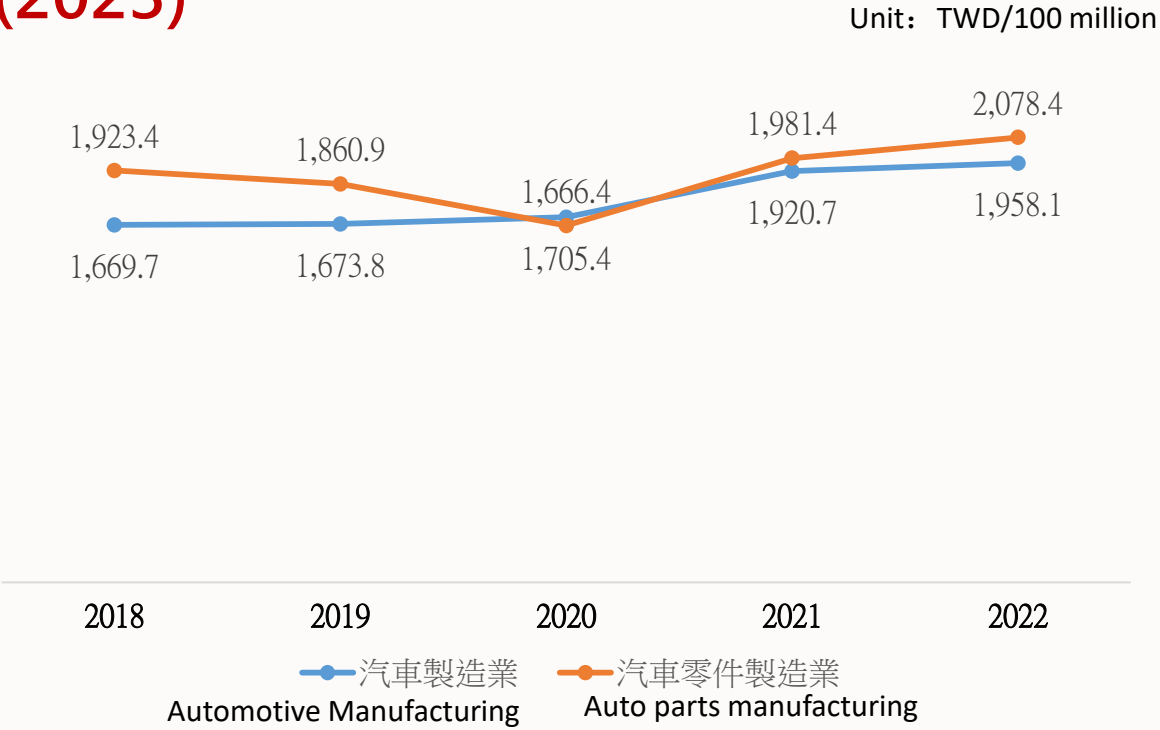
From 2019 to 2022, the output value of Taiwan automobile and parts industry hit new highs: According to Taiwan's industry statistical classification, the automobile and parts industry is subdivided into three subcategories: automobiles, car bodies and automobile parts manufacturing. Among them, automobile and automobile parts Mainly manufacturing, accounting for 42.7% and 55.9% of the 2022 annual output value, and body manufacturing only accounted for 1.4% .

The sales value of Taiwan's auto parts manufacturing industry in the 2023 was NT\$306.9 billion. TY (Taiwan) accounts for approximately 6.6% of the total output value of other automotive suspension, transmission systems and components categories.



Market trend- Taiwan auto parts supply chain plays key role in global auto industry

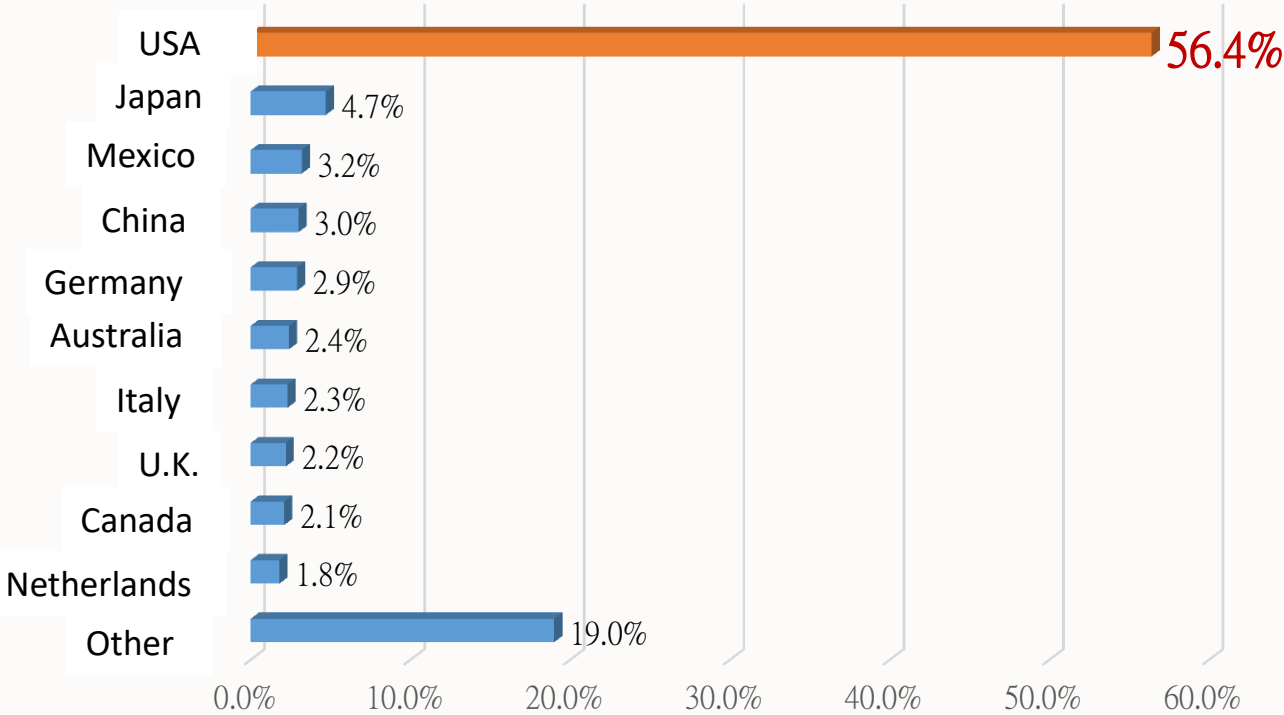
Development Trends of Automobile and Parts Manufacturing Industry (2023)



2018 to 2022 sales value of automotive and parts manufacturing

Source: Statistics Division of the Ministry of Economic Affairs, compiled by Taiwan Trend Research

Most of Taiwan's auto parts are exported, with direct export accounting for about 55%. Body sheet metal, lights, tires, rims, rearview mirrors, etc. are the most important export items. Among the major export countries, the U.S. market is the largest. Importantly, exports to the United States will account for **56%** of all Taiwan's exports in 2022.



Taiwan's auto parts export value by country in 2022

Data source: Customs import and export statistics, Taiwan Vehicle Industry Association, compiled by Taiwan Trend Research

Market trend-

Global electric vehicle market penetration rate increases

In the past, Taiwan was unable to supply parts such as internal combustion engines, which are no longer used in electric vehicles. The new soft and hardware parts of electric vehicles, such as driving information systems, motors, electronic control components, sensors, batteries, etc. , is a field project that Taiwan is more specialized in, and it is also a part that traditional first-tier suppliers are still unable to provide. This development trend creates a big opportunity for Taiwan. °

According to statistics from the International Energy Agency and IEA, more than 10 million electric vehicles were sold globally last year, an increase of 55% from 2021. The number of electric vehicles in the world will reach 26 million in 2022, more than five times more than in 2018. China's electric vehicle ownership is firmly at the top, and sales in Southeast Asia are catching up.

Even though electric vehicles are a minority in the current automobile market compared to fuel vehicles, large cars and SUVs account for more than half of pure electric vehicles.

Figure 1.1 Global electric car stock in selected regions, 2010-2022

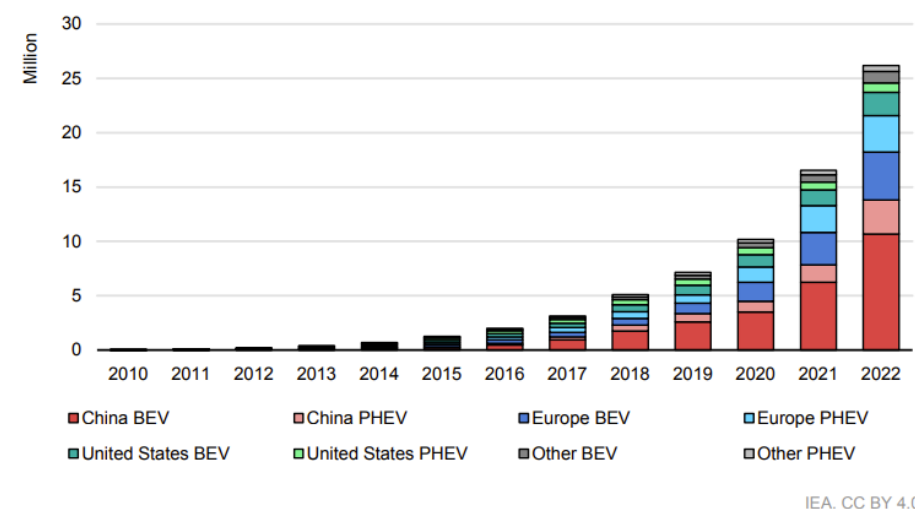
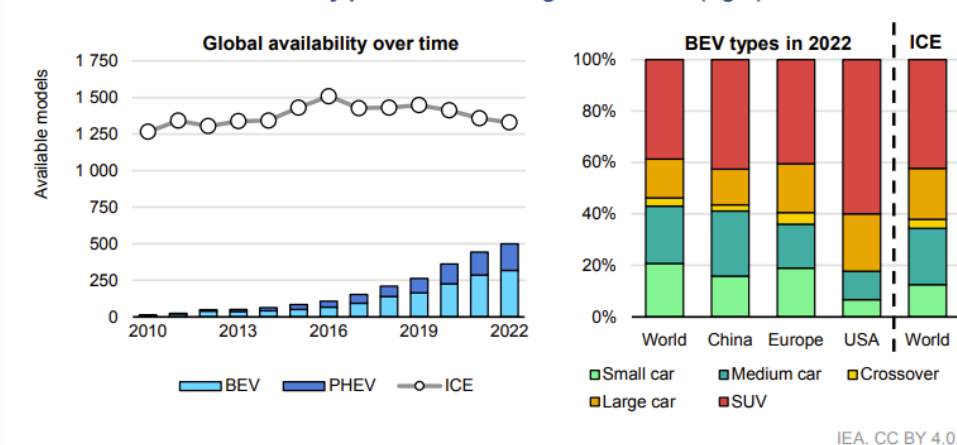


Figure 1.5 Car model availability by powertrain, 2010-2022 (left), and breakdown of available cars by powertrain and segment in 2022 (right)





//

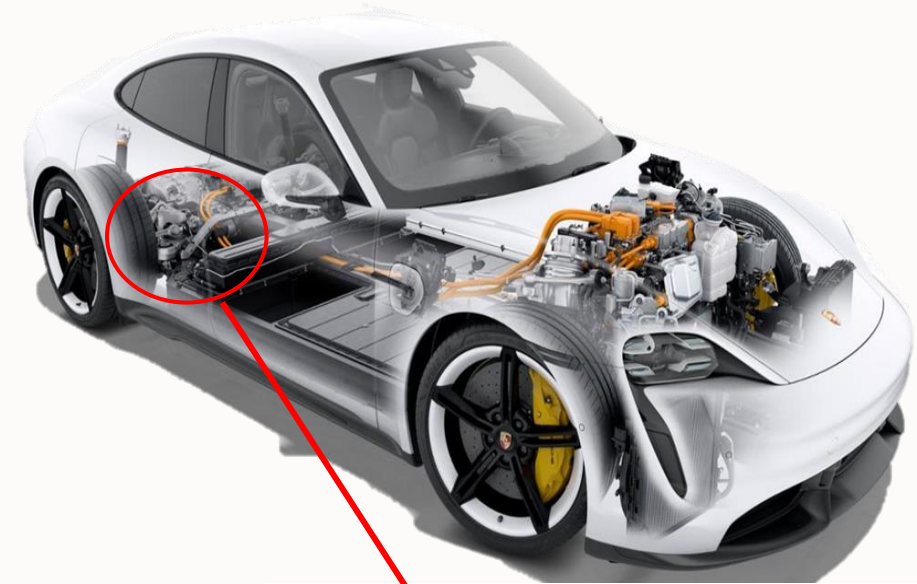
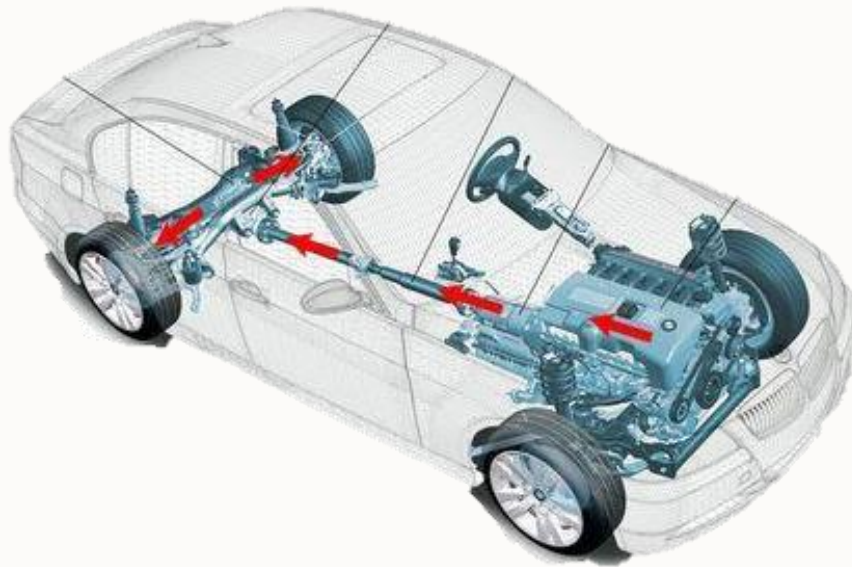
04

未來發展

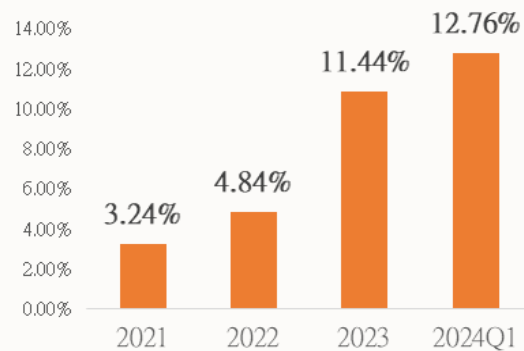
Future Development

//

Future Development-Opportunities for TY in the new energy vehicle market



EV , E-bike

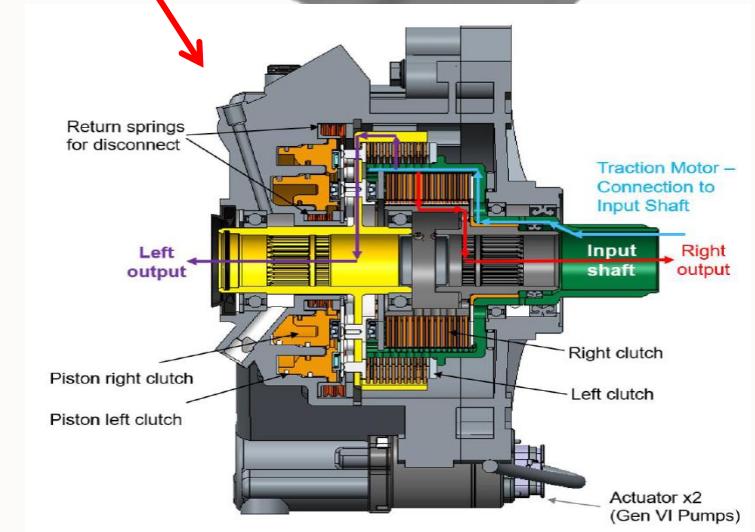


Tsang Yow supply

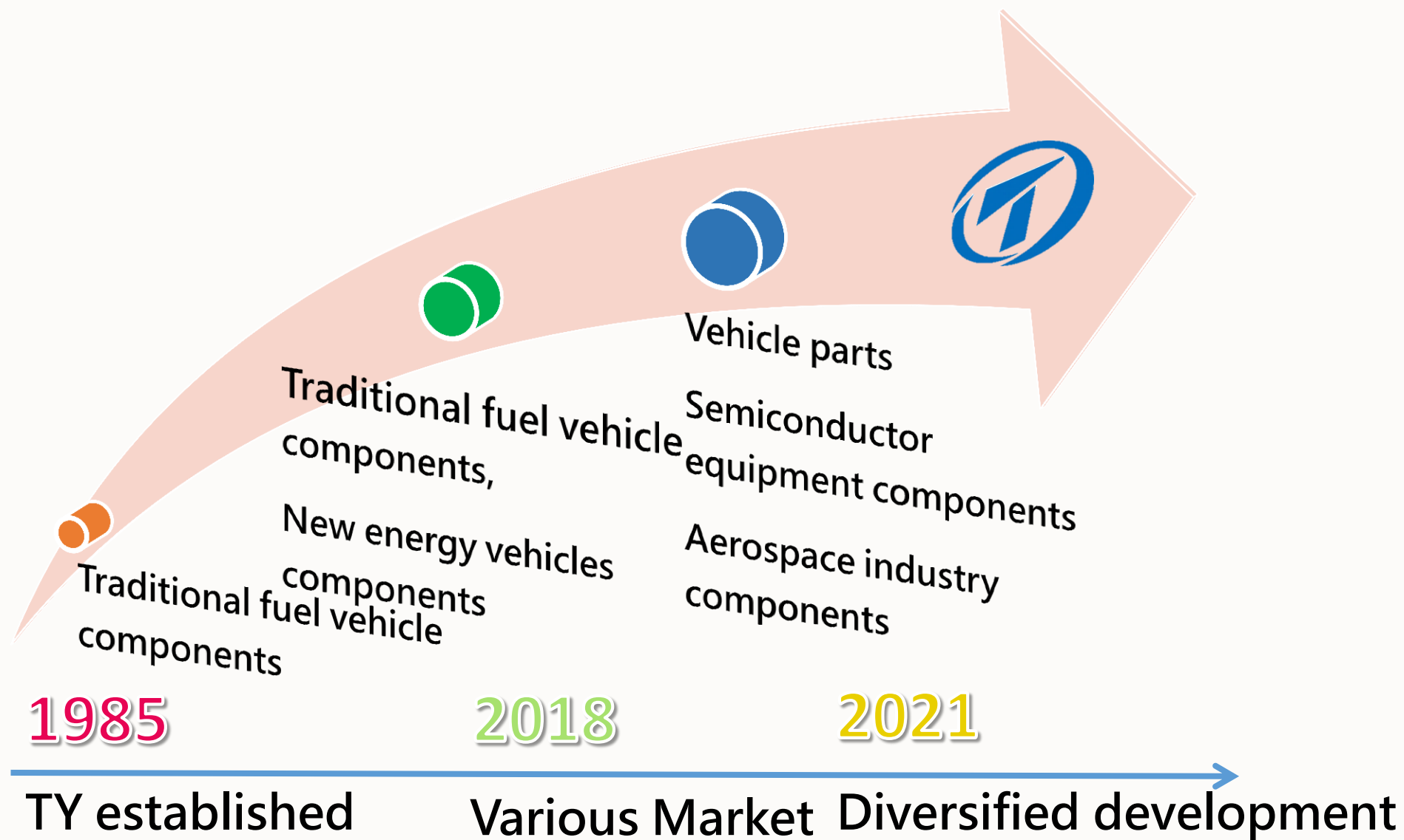
EV, E-bike components: clutch system parts, gearbox parts, motor casings

Customers

Ferrari 、VOLVO、Mazda...etc



Expanding into Various Industries with High-Quality Products



Strive for Niche Market – Product quality management and certification



Diverse industries and market products

- Accumulated many years of experience in the AM market, mastered market demand conditions, had rich reverse development and design capabilities, and had a complete product line to meet customers' One-stop shopping needs
- Main Tier1 and Tier2 suppliers of major automobile manufacturers. We have complete OEM quality management capabilities and have won the trust of customers.
- Successfully entered the sales field of new energy vehicles and continues to improve competitiveness on the path of product transformation
- *Obtained aerospace quality system (AS9100) certification and qualified supplier recognition from major international semiconductor equipment manufacturers, which is conducive to the expansion of business opportunities in diversified market development

Products certification

- The product market certification takes about 2 to 3 years, the production process is complicated, and the industry entry barriers are high, highlighting the high order visibility.
- Obtained aerospace quality system (AS9100) certification and qualified supplier recognition from major international semiconductor equipment manufacturers

Quality Management

- From the procurement of raw materials to the shipment of finished products, strict quality control is implemented to ensure that every step is perfect and smooth.
- Strictly abide by the quality policy and continuously conduct quality control at each stage of incoming materials, semi-finished products and finished products to ensure that all processes meet the highest standards required by customers and maintain quality stability.
- We have implemented the IATF 16949 quality management system and ISO 14001 environmental management system, and have also introduced OEM production line management and TPM, 5S, Kanban management and other production systems from professional car manufacturers, and continue to work towards "lean production".

Strive for Niche market-
one-stop shop with experienced process technology and
customization to meet order needs



Stamping /
Tool design

Flow
Forming

Precision
Machining

Gear
machining

Heat
treatment

Laser
welding

Assembly

Inspection
/Test

35 years of automotive parts stamping forming technology and related mold design and self-made capabilities can effectively shorten the development time of stamping products and ensure the stability of product quality.

Strive for Niche Market- High product quality certification and multi-industry market layout

Highly technical integration capabilities (stamping, precision machining, tooth processing, laser welding, heat treatment, assembly testing, etc.) can produce various high-precision metal parts for automobiles, and can operate in diversified industrial markets (EX: Semiconductors, aerospace...)



IATF 16949:2016



AS9100-D/JISQ 9100:2016/EN
9100:2018



ISO 9001:2015

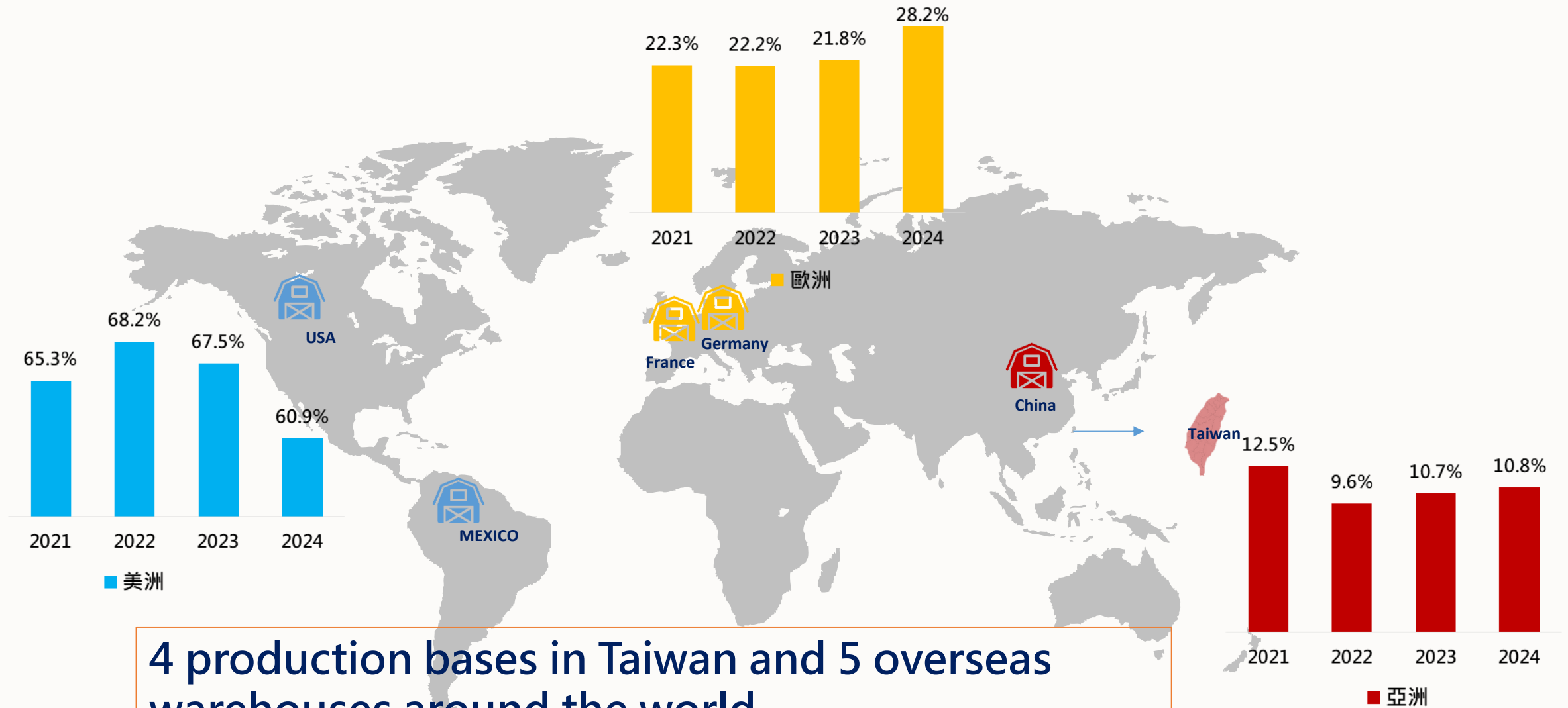


ISO 14001:2015



ISO 45001:2018

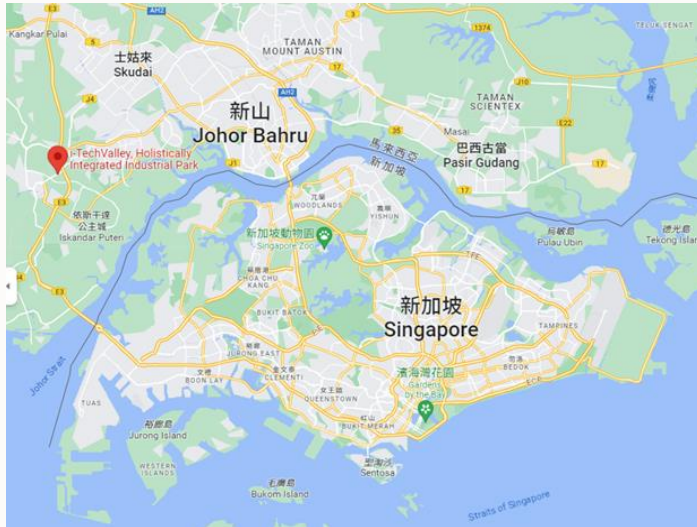
Strive for Niche Market- MIT base , global and timely supply



4 production bases in Taiwan and 5 overseas
warehouses around the world
Produced in one place, supplied globally

Future development - Target Malay Market and expand into diversified industry market layout

| | |
|---------------|---------------------------|
| Land area | 86,695.00 sq. ft. |
| Building area | 51,897.55 sq. ft. |
| Estimate SOP | 2026 Q4 |
| Plant Address | I-Tech Valley Malaysia |



The estimated investment amount is USD 6.6 million (TY holds 55% of the shares)
Target market: critical components for semiconductor equipment

Future development - high product quality certification, multi-industry market layout

Transformation

Refining technological advantages, promoting product transformation, entering new industrial fields and diversified product markets, and increasing revenue capacity

Specialization

Optimize production and sales schedules, continue lean production, ensure quality/cost/delivery optimization and risk control, and maintain operational resilience

Digital transformation

Promote digital transformation, move towards intelligent production and digital management, drive new corporate value and enhance industrial competitiveness



Globalization

Accelerate regional economic layout, establish short-chain supply capabilities, and enhance global competitiveness.

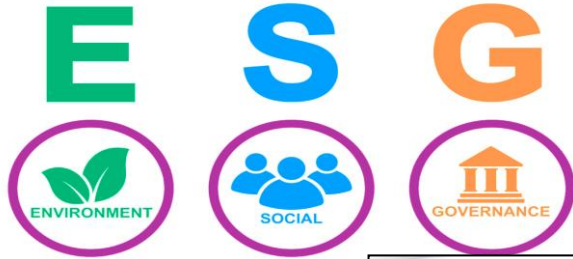
Niche market

Expand business opportunities in the new south to the country. In the past, Taiwan's auto parts exports were focused on European and American countries. In order to diversify the export market and avoid trade risks, also expand into emerging markets such as India and ASEAN as soon as possible.

ESG Sustainability

Implement corporate governance, environmental symbiosis, and social prosperity, and pursue sustainable corporate growth.

Future Development- ESG Sustainability



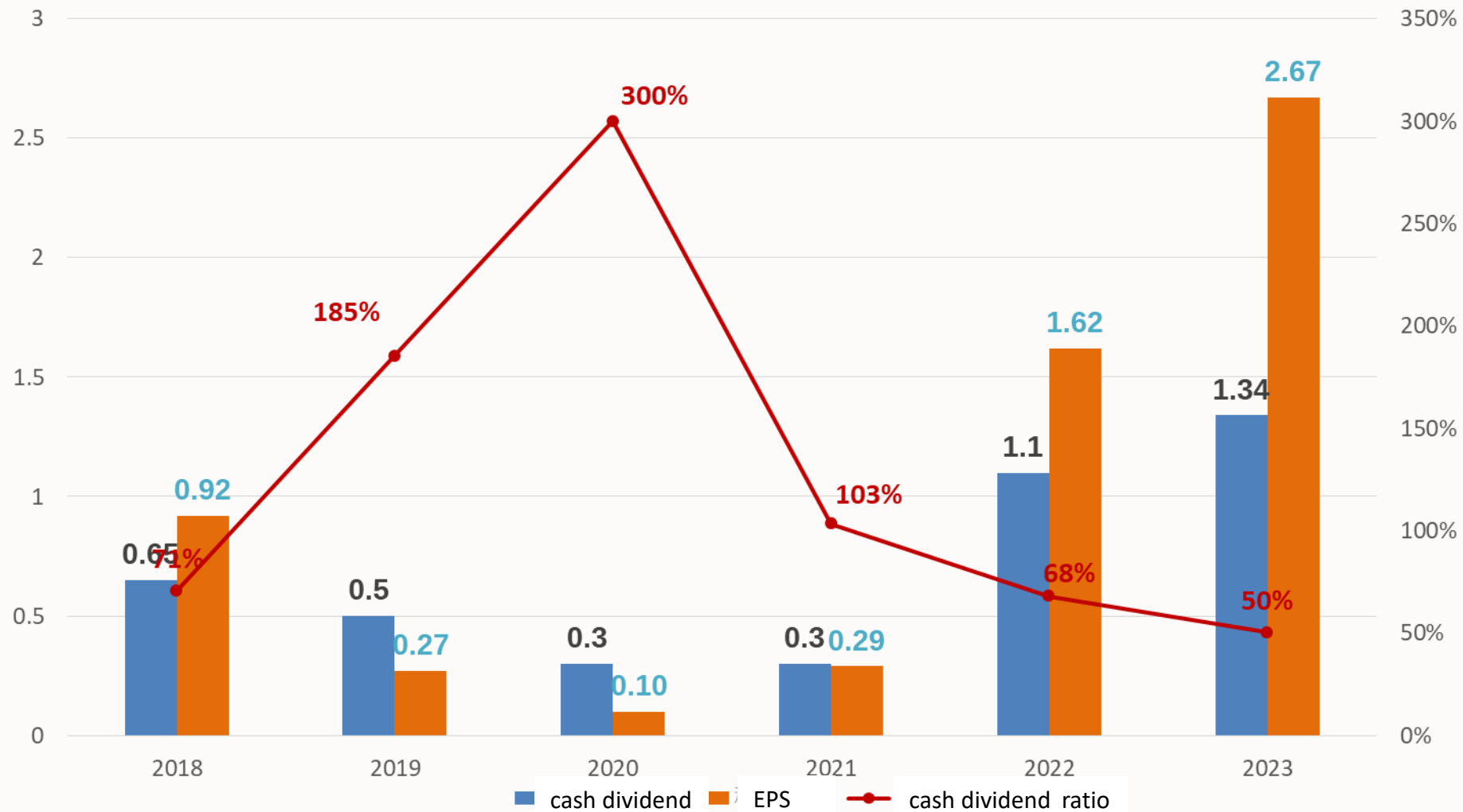
- ISO14001 Certificated
- Completed ISO 14064-1 GHG inventory categories
- Established private own Solar Power Plant (renewable energy)
- To reduce CO2 (carbon dioxide) emission and replace the Energy saving equipment
- Established Tsang Yow charity foundation in 2016
- Participated Blood Donation Event locally in 2023 and 2024
- Sponsor Charitable Fundraising Activities in 2023
- ISO45001Certificated
- National Outstanding Healthy Workplace-Healthy Management Award in 2022
- 2021&2023 Taiwan Outstanding Workplace – Vitality Award
- Support the job opportunity for hearing impairment people , and hire more vulnerable workers
- Formulate an employee assistance plan to help employees work with peace of mind, live happily, and be healthy and secure



Dividend distribution situation

➤ The average cash dividend distribution ratio exceeds 50%

Unit: TWD dollar/%



THANK YOU

Q & A



Tsang Yow is committed to understanding each customer in order to provide services that meet or even exceed customer requirements. Let each other become the best partners on the road to success to achieve WIN-WIN.



: <https://www.tsangyow.com.tw/tw/index.php>