

超乎馭想 蛻變之作

—— 新世代跑旅 ——

Sanyang Motor 2023

Taiwan CEO Week

Apr | Taipei

MMBCU

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Taiwan Leading Motorcycle and Automobile Manufacturer



Establishment: 1961

Ticker: 2206 TT

Full Time Employees: 2,300

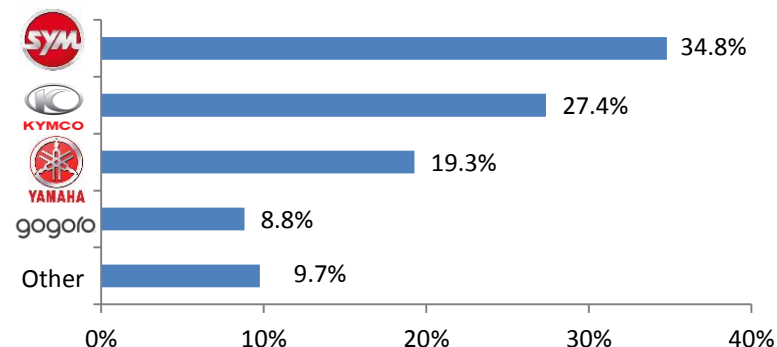
Dedicated in R&D, manufacturing and marketing of motorcycle, scooter, all terrain vehicle (ATV) and automobile

2022 Revenue of NT\$ 50.9bn

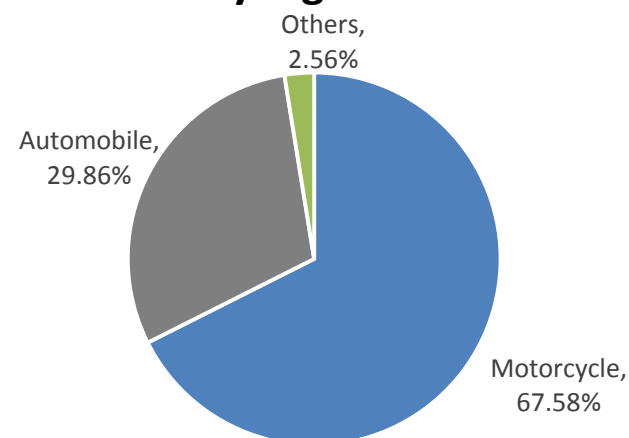
Market Cap: US\$ 1.39 bn (2023/04/19)

- Headquarters: Hsinchu, Taiwan
- Hsinchu Plant: 280,000 units (2 wheel); 12,000 units (4 wheel)/yr
- Xiamen Plant: 250,000 units (2 wheel)
- Vietnam Plant: 120,000 units (2 wheel)

2022 Taiwan Motorcycle Market Share



2022 Sanyang Product Mix



Value Creation – Sanyang Style



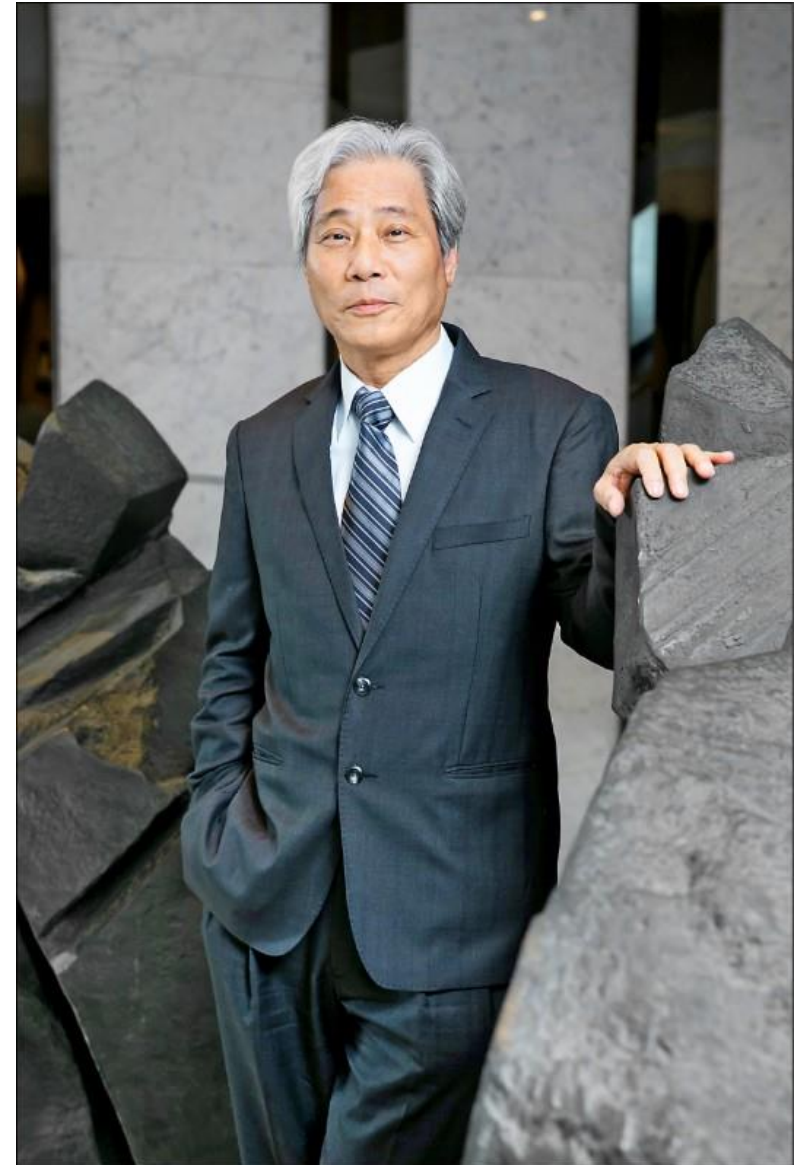
- Sanyang Motor's business across motorcycle and automobile. The motorcycle division manufactures and markets own brand (SYM) motorcycle in Taiwan, also own brand and OEM in overseas market. SYM's 2022 motorcycle market share in Taiwan is 34.8%.
- The automobile division manufactures and imports Hyundai vehicles in Taiwan Market.
- After Mr. Wu, Ching-yuan was elected as the Vice Chairman of Sanyang Motor in 2014, he initiated a series of transformation plan for Sanyang to expand economies of scale and vertical integration.
- Under Mr. Wu's leadership, Sanyang returned to #1 motorcycle brand in Taiwan market.
- Sanyang's mid-term target:
 - 1) Maintain its #1 position in Taiwan market;
 - 2) Global motorcycle sales over 750,000 units;
 - 3) Hyundai's market share improved to top 8 in Taiwan.

Strong Leadership

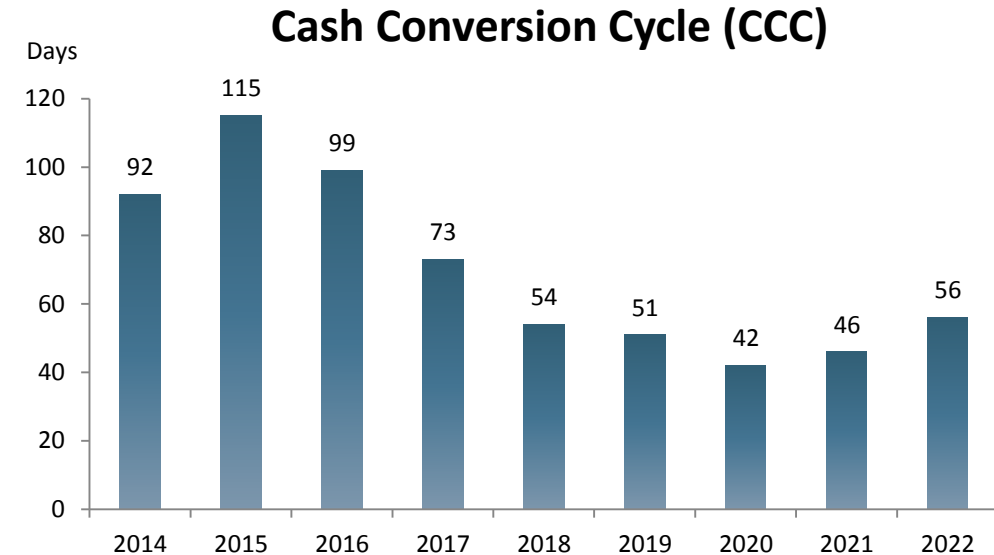
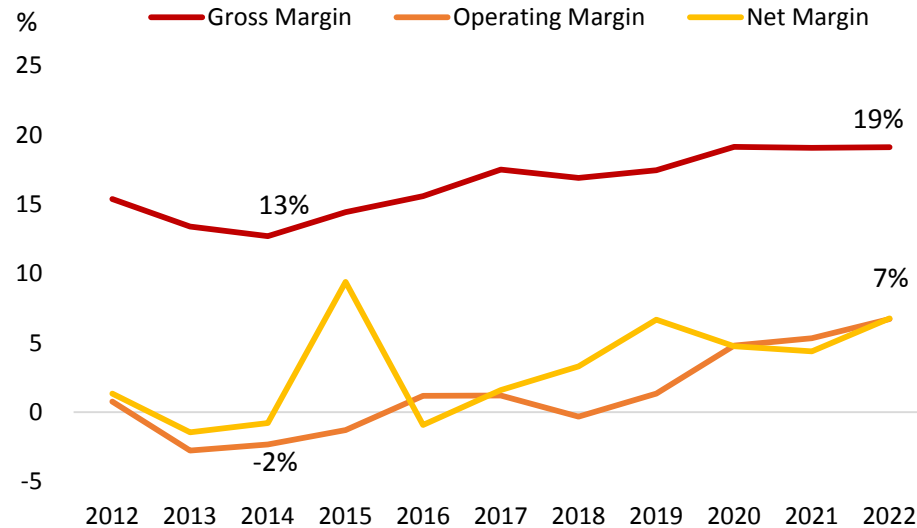


Chairman: Wu, Ching-Yuan

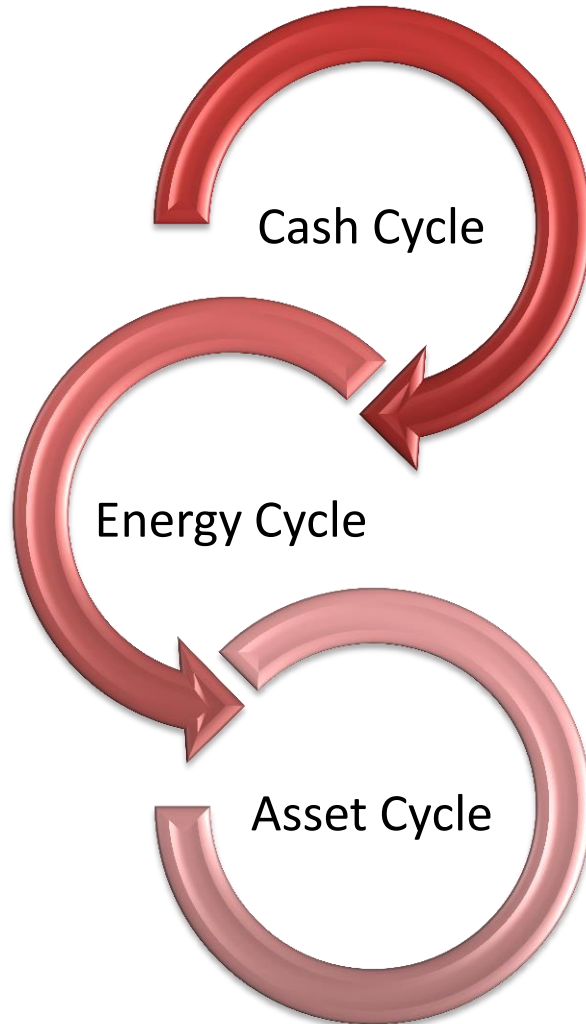
- Chairman Wu graduated from National Taipei University of Technology and hold the associate degree in Mechanical engineering, he also holds a Masters degree in architecture & Urban Planning from Chung Hua University.
- Mr. Wu was elected to be the Vice Chairman in 2014, and Chairman & CEO in 2017.
- Chairman Wu initiated 3x3 year development plan in 2014, accelerating the transformation of Sanyang Motor, improved product quality and competitiveness.
- Under his leadership, SYM's motorcycle market share in Taiwan for single month has increased from the bottom of 9% in 2014 to 39.6% in February 2023, reaching record high. 2022 EPS reached NT\$ 3.93, achieving historical high.



Improved Profitability and Efficiency after Transformation



- Under Chairman Wu's leadership, the Company re-focused on the core business. Sanyang developed a series of fuel-efficient and low emission engine –with more power output. Using high quality parts and electronic control unit in all models of products. Competitors without innovative products and fast response to the market lose share and Sanyang grabbed more market share far ahead of its second-place competitor by 10.5ppts in March, 2023.
- Gross margin was improved from 12.7% in 2014 to 19.1% in 2022.
- Sanyang is pledged to maintain its #1 position in Taiwan market.



- Focus on core business, improve revenue, margin and ROE. Targeting sustainable ROE over 15%.
 - Expand market share of SYM and Hyundai, Strengthen brand image.
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- Develop multiple battery technologies for different application.
 - Leverage the next generation Aluminum battery technology to develop a sustainable energy business to become a new revenue stream for Sanyang.
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- Reactivate land asset of Sanyang, and re-invest profit back to core business.
 - Targeting ROI >20% from each project.

Motorcycle



Sanyang's Transformation



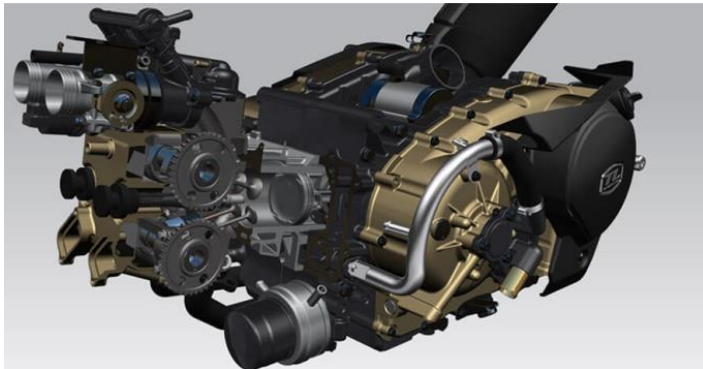
	From	To
Manufacturing Efficiency	Various of frames and engine; Uneven quality of parts	Integrated frame platform Integrated engine platform Parts center
Strengthen Distribution	Traditional channel	Distribution strategy based on numbers, and provide better after market services and products
Marketing Strategy	Conventional product line through distribution channel	Younger target audience Building committed riders
Better Design	Traditional fuel engine products	New generation of clean technology Launch high-end models

Improved Manufacturing Efficiency

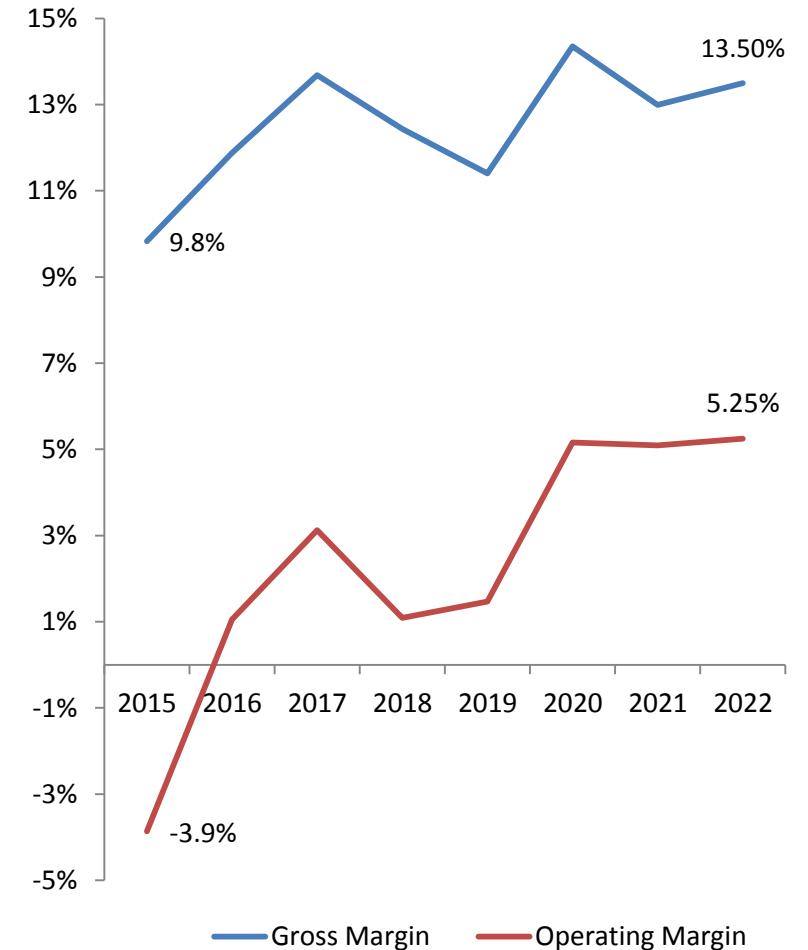
Leaner, Faster, Better



- Integrated motorcycle frame and engine platform: Develop new models with shared frame and engine, to centralize procurement, improve production efficiency and fast response to market needs.
- Set up Parts Center which belongs to Sanyang, unify the quality of original parts and aftermarket parts. Increased quality has elevated customer satisfaction, and increase profit.



Improving Motorcycle Business Profitability



Strengthen Distribution Channel

Easier Access, Higher Satisfaction



Leveraging social media, quick respond to the market: Sanyang collected rider's feedback through comments on the internet or social media, and its distribution channels as well as repair shops. Find out rider's problem and integrate the solutions into new models.



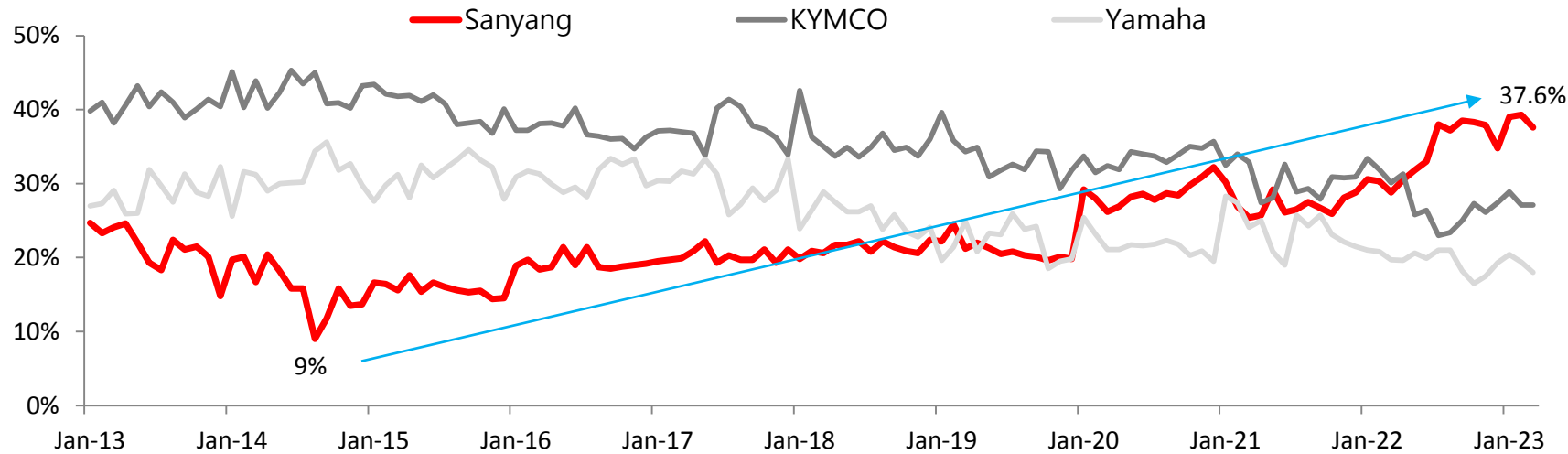
More dealer and Sanyang specialty store: Focused on territories with weaker sales channel coverage, increase more dealer and specialty store to expand access and appeal to more potential customers.



Better training: Provides new product training programs to dealer/ specialty store and repair shop, ex. Jet engine, electrical parts and wiring, latest engine model repair...etc. The program improved the brand loyalty to channels, improved customer satisfaction of aftermarket services and strengthen the commitment of riders.

Creative Marketing Strategy

Younger, Stickier, More Conversion



- We are developing a younger SYM brand name, and targeting 18-35 year old riders.
- We have a wide range of promotion campaign, ex. Collaboration with video games, participated in TSR* championship to boost our sales; We also paid a lot of efforts building SYM rider's community, to serve current over 4 million SYM Riders in Taiwan.
- The new marketing initiative increased test ride rate, conversion rate and commitment of the riders to SYM brand.
- After 16 years and 5 months, SYM returned to #1 market share in Taiwan in May, 2022.

* TSR=TAIWAN SPIRIT RIDERS ASSOCIATION



Better Design

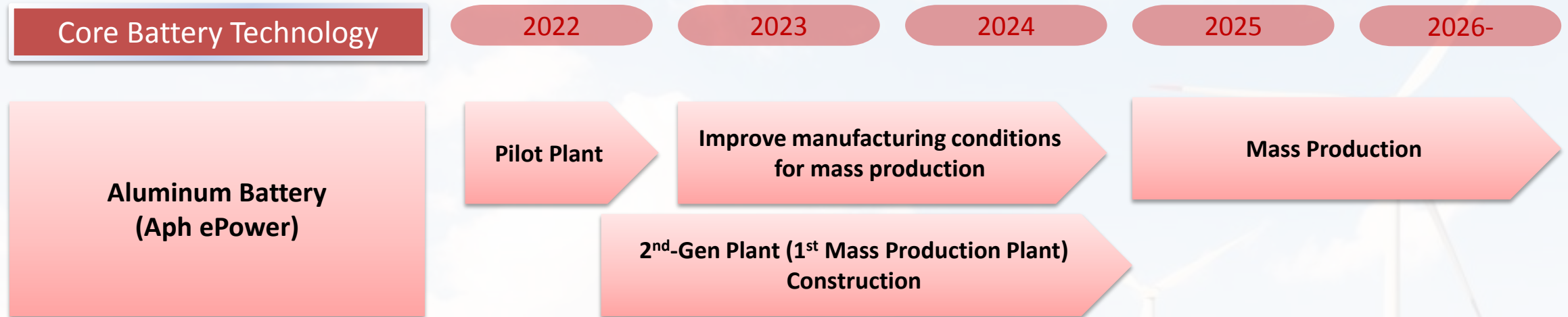
Stronger, Faster, More Spectacular

- **Shortened new product development:** Design based on shared frame and engine, improve quality and largely shortened R&D timeline, from 18 months per model down to as short as 8 months.
- **Quality design improved ASP:** Develop more powerful fuel efficient engine and high-end motorcycle, to elevate ASP.
- **SYM Re-brand:** Design younger model, includes JET SR, 4 sacred beasts series to forge the brand name.
- **Agility of competition:** Fast react to the latest regulation of emission and fuel consumption. The first company which all of the products meet the latest regulation.

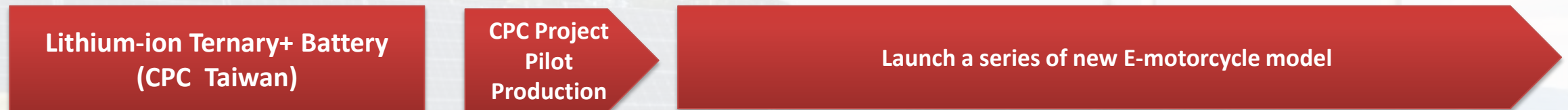


Energy Strategy

Greener, Cleaner, More Sustainable



Tolerate wide temperature range, low manufacturing pollutions, long life cycle, fast charging / discharging, can replace lead-acid batteries and apply to budget models. The battery is also good for energy storage.



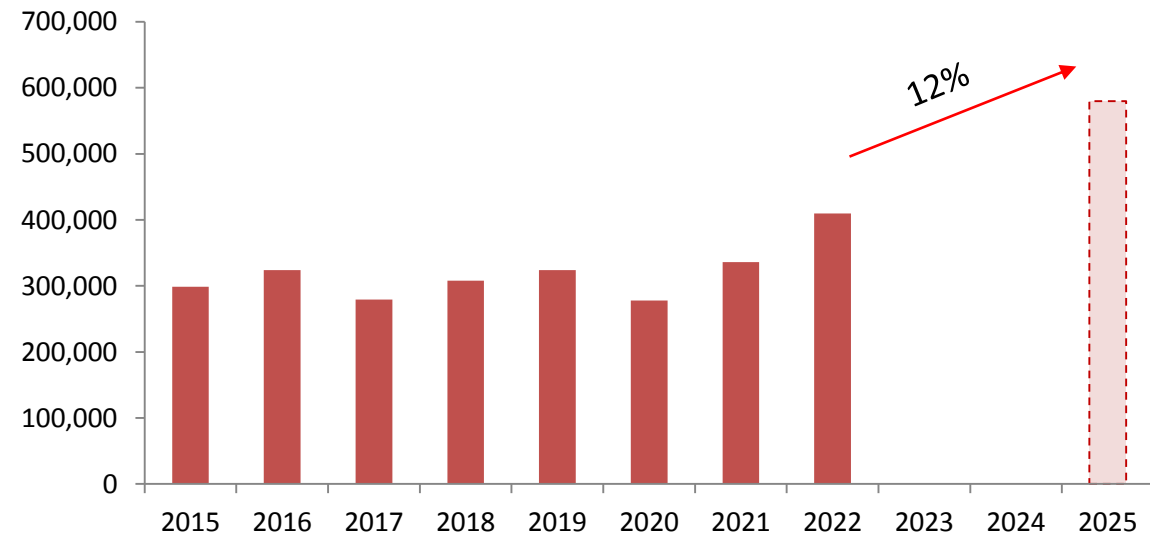
High energy density, long life cycle and fast charging/ discharging, will be used in high-end models. The project also leverages the advantage of over 2,000 service stations of CPC Taiwan.

Global Market



- Sanyang had set up a new International Business Development Sector to centralize resources and coordinate capacity in Hsinchu, Xiamen and Vietnam for global motorcycle market.
- Current footprints across China, ASEAN countries, Northeast Asia, Europe and the Americas.
- Other than own brand products, Sanyang also signed OEM contract with Lambretta (Italy) and Peugeot (France).

SYM Ex-Taiwan Shipment

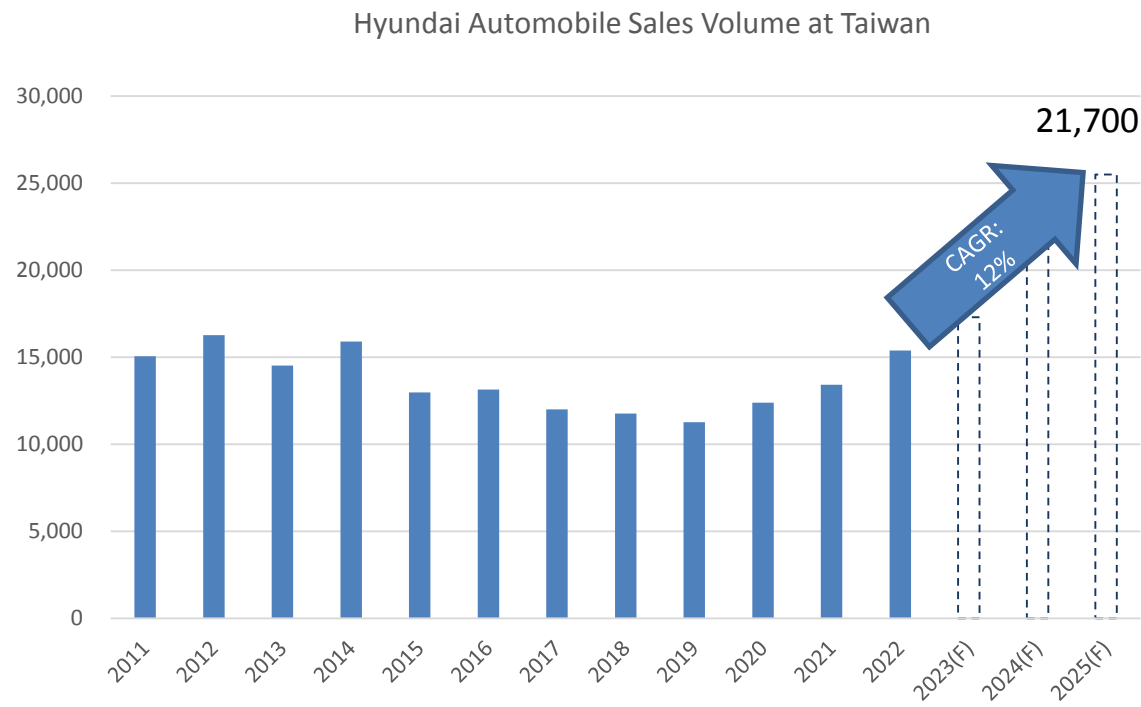


IONIQ 6

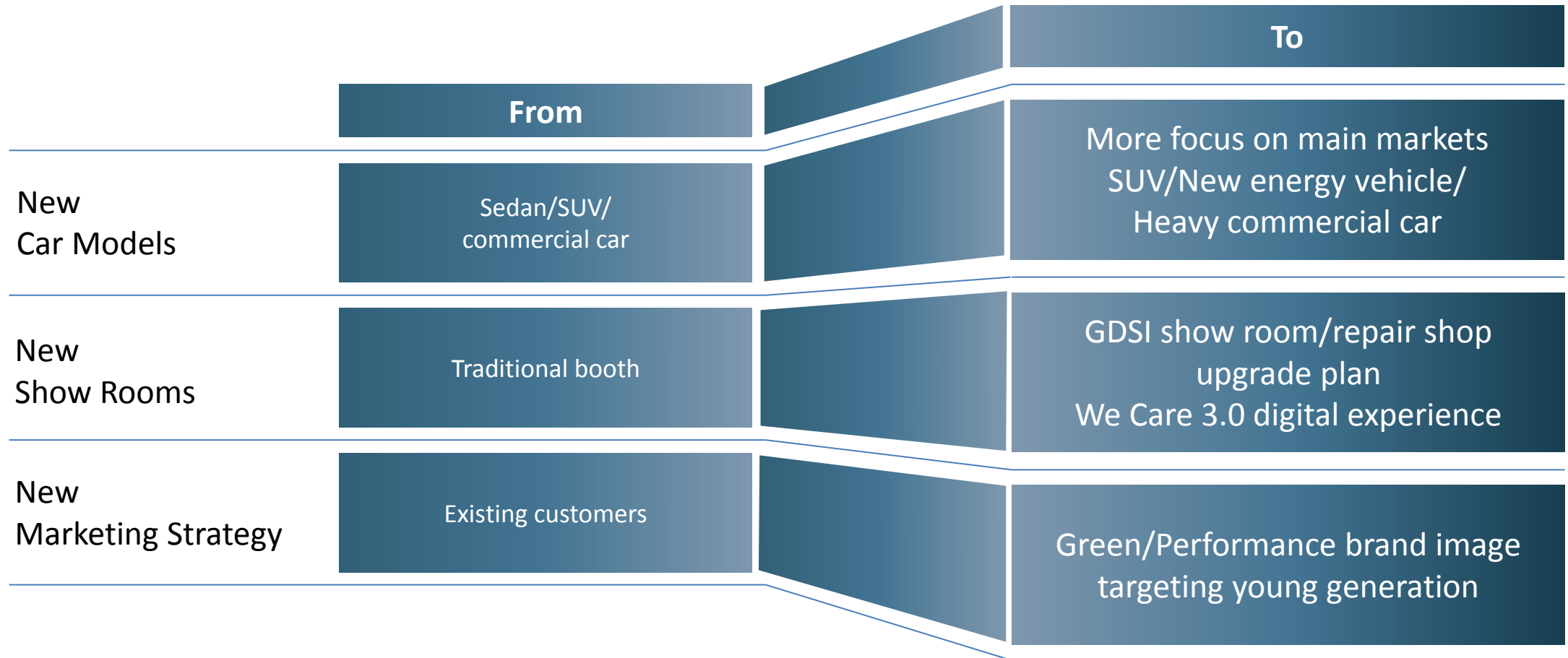
Automobile



- Hyundai's sales volume was 15,419 cars in 2022, account for 3.6% of the market share. Its sales increased 15% YoY, ranked No.1 among domestic automotive brands and achieved growth for three years in a row
- 2025 sales volume target: 21.7k, accounting for **5.0%** of market share and become the top 8 brand in Taiwan



Rank	Brand	2022 Market share	2024 Market share target
1	Toyota	29.5%	5.0%
2	Mitsubishi	9.8%	
3	Nissan	5.6%	
4	Honda	6.4%	
5	M.Benz	5.4%	
6	Ford	5.7%	
7	Lexus	4.5%	
8	BMW	3.9%	
9	Mazda	3.6%	
10	Hyundai	3.6%	
11	VW	2.8%	5.0%
12	Volvo	2.1%	
13	Skoda	1.5%	
14	Suzuki	1.5%	
15	Tesla	2.7%	



Mid to Long-Term Strategy

Leading SUV Brand

Top 3 domestic made SUV Brand/
Comprehensive Product Line



Next Generation Power Technology

No.1 in Non-Luxury Brands/
E-GMP

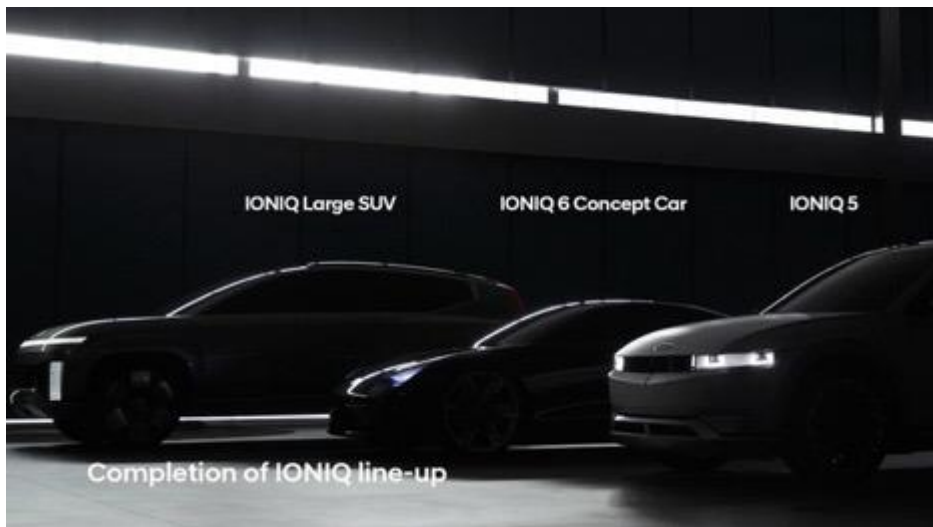
IONIQ

Commercial Car

No.1 in 3.5t Models/
Heavy Commercial Cars



- Follows Hyundai's "Strategy 2025" project that committed to become top 3 EV manufacturer by 2025, accelerated introducing EV.
 - Smart Mobility Solution Provider initiative will invest US\$ 52bn, to design 44 new EV models and sell **1 million** BEVs and FCEVs annually; become **top 3** EV manufacturer with **10%** EV market share by 2025.
- Sanyang plans to domestic-produce Tucson Hybrid in 2023, becoming the 2nd company in Taiwan producing hybrid vehicles.
- Sanyang introduces Hyundai's new energy car models each year. Since 2020, we have introduced Kona Hybrid (2020), Santa Fe Hybrid / Kona EV (2021), IONIQ 5 EV (2022), IONIQ 6 EV (2023). The charging efficiency of each model has made significant progress every year. We cooperate with U-Power, offering fast charging service for 2 years free of charge, also setting up charging stations in all 5 of our e-Stores in Taiwan.



WE CARE 3.0 (Digital Experience)

Operation

Service

Mobile APP

HEO Digital Platform

Digital service & Internet of Vehicle

CTB digital experience process

Quotation system for metal plating & painting

Real-time mobile & digital services

Real-time Internet of Vehicle data platform

Online reservation for maintenance



Financials



Historical Cash Dividend 2015-22



NT\$ mn	2015	2016	2017	2018	2019	2020	2021	2022
Net Income	\$3,093	\$-322	\$509	\$1,038	\$2,226	\$1,938	\$1,830	\$3,116
Cash Dividend	\$880	\$880	\$841	\$826	\$811	\$1,044	\$1,037	\$1,435
DPS (NT\$/share)	\$1.00	\$1.03	\$1.02	\$1.00	\$1.01	\$1.31	\$1.30	\$1.80
Cash Yield (%)⁽¹⁾	4.1%	4.7%	4.7%	4.8%	4.8%	5.7%	4.5%	5.4%
Payout Ratio (%)	29%	-	171%	79%	37%	54%	57%	46%
Ex-Dividend Date	<i>2016/8/30</i>	<i>2017/7/18</i>	<i>2018/7/24</i>	<i>2019/7/19</i>	<i>2020/7/21</i>	<i>2021/8/10</i>	<i>2022/7/20</i>	<i>-</i>

Source:TEJ, Capital IQ

Note 1 : Stock price based on the average closing price of the year

5-year Income Statement

NT\$ Million	2018	2019	2020	2021	2022	YoY (%)				
						2018	2019	2020	2021	2022
Sales Revenue	31,351	33,383	40,775	41,617	50,851	(1.0)	6.5	22.1	2.1	22.2
Gross Profit	5,298	5,823	7,807	7,933	9,718	(4.4)	9.9	34.1	1.6	22.5
Operating Profit	-100	451	1,959	2,223	3,417	(125.9)	-	334.4	13.5	53.7
Income before Tax	1,168	2,410	2,494	2,341	4,050	114.7	106.3	3.5	(6.1)	73.0
Net Income to Parent	1,038	2,226	1,938	1,830	3,116	104.0	114.4	(12.9)	(5.6)	70.3
EPS (NT\$)	1.26	2.71	2.41	2.30	3.93	111.3	115.0	(11.1)	(4.6)	70.9

Key Financial ratio (%)

Gross Margin	16.9	17.4	19.1	19.1	19.1
Operating Margin	(0.3)	1.4	4.8	5.3	6.7
Opex ratio	17.2	16.1	14.3	13.7	12.4
Net Margin	2.3	6.6	5.0	4.7	6.8

5-year Balance Sheet



NT\$ Million	2018	2019	2020	2021	2022	YoY (%)				
						2018	2019	2020	2021	2022
TOTAL ASSETS	37,397	41,122	44,018	46,531	57,077	2.1	10.0	7.0	5.7	22.7
Cash	7,420	3,983	4,861	4,830	7,868	118.5	(46.3)	22.0	(0.6)	62.9
NR & AR	2,477	2,284	2,136	2,463	2,737	5.0	(7.8)	(6.5)	15.4	11.1
Inventory	4,085	4,635	5,657	6,875	9,864	(1.7)	13.5	22.1	21.5	43.5
Fixed Asset	10,884	12,050	12,711	12,639	13,801	(2.8)	10.7	5.5	(0.6)	9.2
TOTAL LIABILITIES	23,296	25,881	27,951	29,712	36,835	5.9	11.1	8.0	6.3	24.0
Bank Loans	14,998	16,656	15,662	17,352	23,067	11.3	11.1	(6.0)	10.8	32.9
NP & AP	2,469	2,809	4,114	4,331	4,595	2.4	13.8	46.4	5.3	6.1
TOTAL EQUITY	14,101	15,241	16,067	16,820	20,242	(3.7)	8.1	5.4	4.7	20.3
A/R turnover days	31	29	23	24	22					
Inventory turnover days	57	57	57	68	74					
A/P turnover days	34	35	38	46	40					
ROE (%)	5.05	14.94	13.11	11.95	18.56					
ROA (%)	2.45	6.06	5.24	4.69	7.07					



附錄

平凡——
讓人厭煩

ONLY FOR
DRG BT
2021 **R** Edition



About Taiwan Tea Corp. (2913)



- Sanyang bought 8.01% stakes of Taiwan Tea Corp. (2913 TT) through its solely owned subsidiary Shang Yang Asset Management and became the biggest shareholder in 2018. Currently Shang Yang owns 27.58% (as of March. 2023) of TTC.

Rationale:

- Replicate the successful experiences in Sanyang, to rebuild Taiwan Tea Corp.
- Rejuvenate the Company and the brand, to achieve sustainable profitability
- Optimize the utilization of its abundant land asset

