

Safety First ♦ Quality ♦ Speed ♦ Teamwork ♦ Excellence

2021 Q3 Online Investor's Briefing

Yeong Guan-KY (1589)

September 7, 2021



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



Business Updates & Strategy



2021 Q2 Financial Highlights



Market Trends



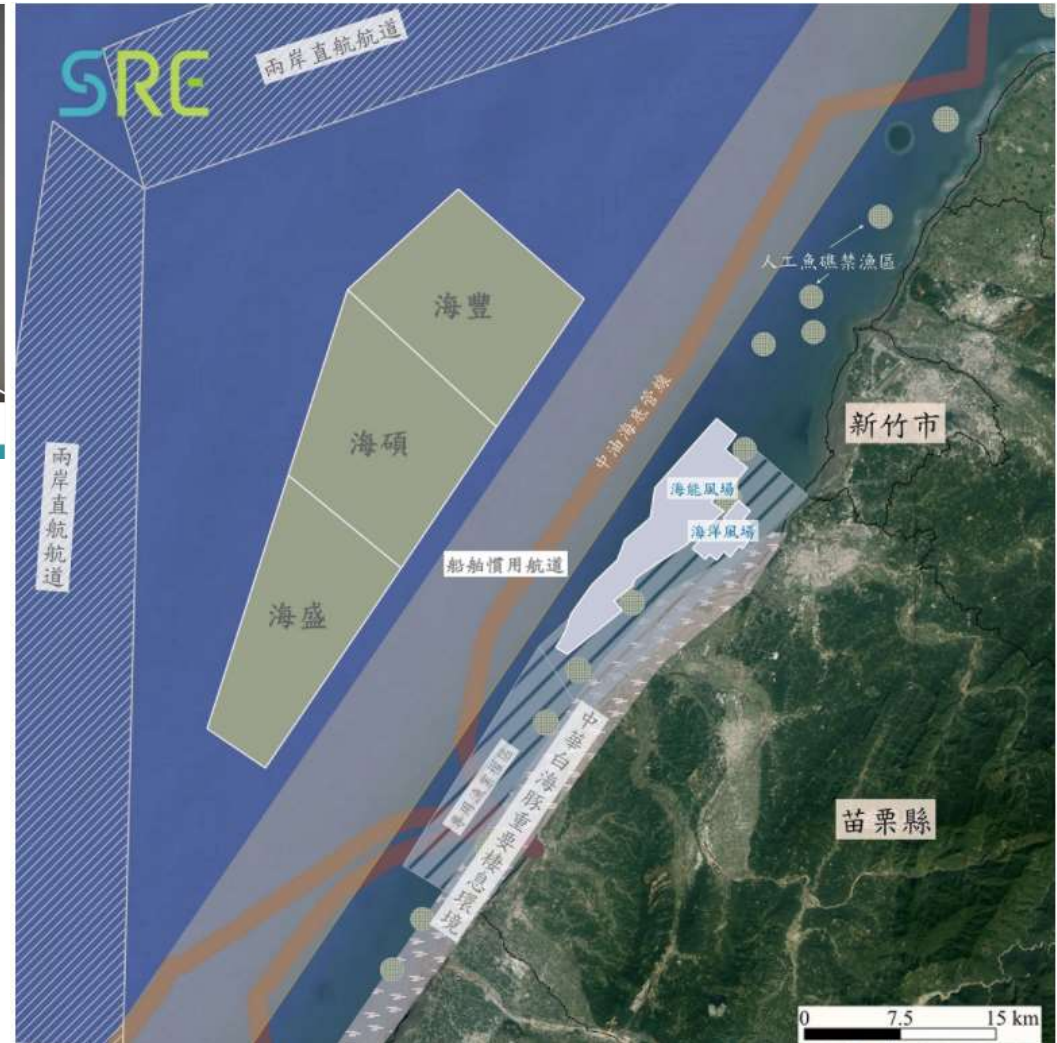
Appendix

Business Updates & Strategy

Offshore Wind Taiwan Team



- ✧ Offshore Wind Taiwan team (YGG, SRE, J&V Energy, Tianli Offshore Wind) plans to build a new large-scale wind farm development project Formosa 4 and Formosa 5 off Miaoli. The potential total installation capacity is 4.4GW (million kW), which can meet the electricity demand of about 4.5 million homes.
- ✧ YGG can gain valuable insights to offshore wind market from the perspective of developers.



Taichung Plant to Start Production in 2022

- ✧ Timeline: Construction started in 2020, targeting trial production by Q2 2022.
- ✧ Capacity: 80,000-100,000 tons/year.
- ✧ 45K by 2023, 60K by 2024, 80K by 2025
- ✧ Advantages:
 - Customers nearby (Siemens/MVOW)
 - Localization requirements
 - Proximity to harbor
 - Government incentives
 - US Supply Chain Focused
- ✧ Capex
 - Phase 1: NT\$ 5.22bn to reach 45k output



Received Construction License in mid January 2021.
Construction underway per original plans.

Construction depends on COVID-19 Situation

- ✧ Construction starts in 2021. Production to begin in 2023.
- ✧ Phase 1: 60,000 tons/year capacity. Onshore Wind, Plastic/Industrial machineries.
- ✧ Advantages:
 - 968,000 m² site with industrial development potential.
 - 8 years tax-free and 5 years halved tax incentives.
 - EIA approved, can be developed in stages
 - US Supply Chain focused
- ✧ Capex: estimated NT\$ 2.6 billion for Phase 1



Thailand's Board of Investment is reviewing Yeong Guan's application in due process.
Factory design being finalized.

Outlook for 2021 and Beyond

✧ Near Term (1-2 years)

- Develop new customers with the global economic recovery
- For 2021, we expect steady demand from Wind and growth from other industries, translating to a 5-10% growth of 185,000-194,000 tons output.
- Taichung factory for wind castings: production in 2022

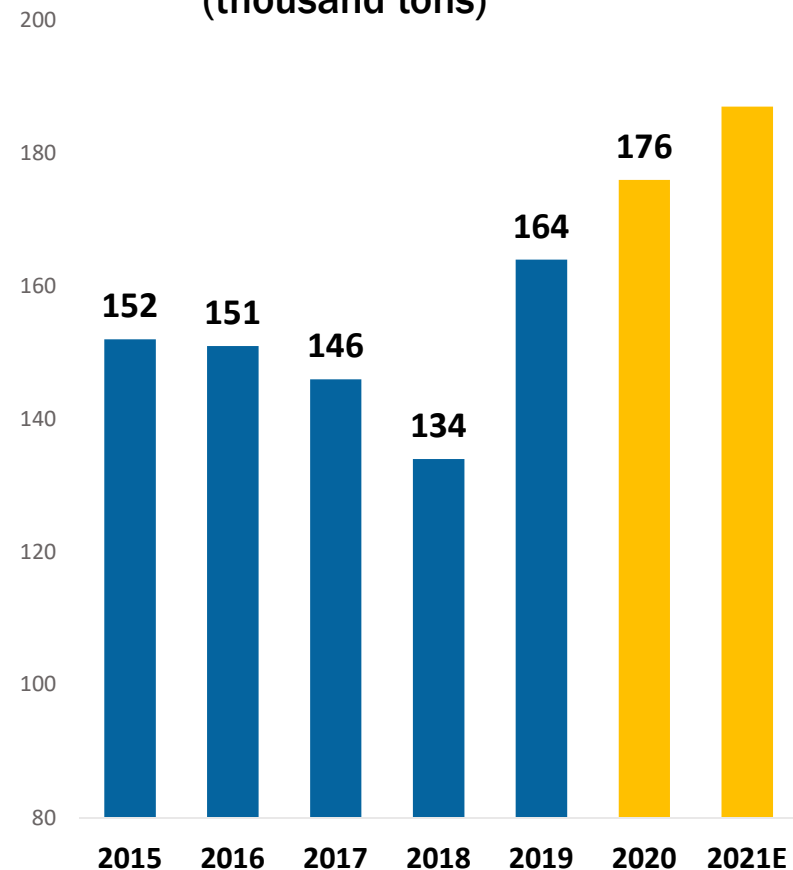
✧ Mid Term (3-5 years)

- Thailand plant: Construction starts in 2021. Production begins in 2023.
- Capacity reaches 250,000 tons/yr.

✧ Long Term (5-10 years)

- Sustainable operations & succession planning
- Building upon ESG framework
- Corporate social responsibility
- Capacity reaches 300,000 tons/yr

Estimated Shipments
(thousand tons)

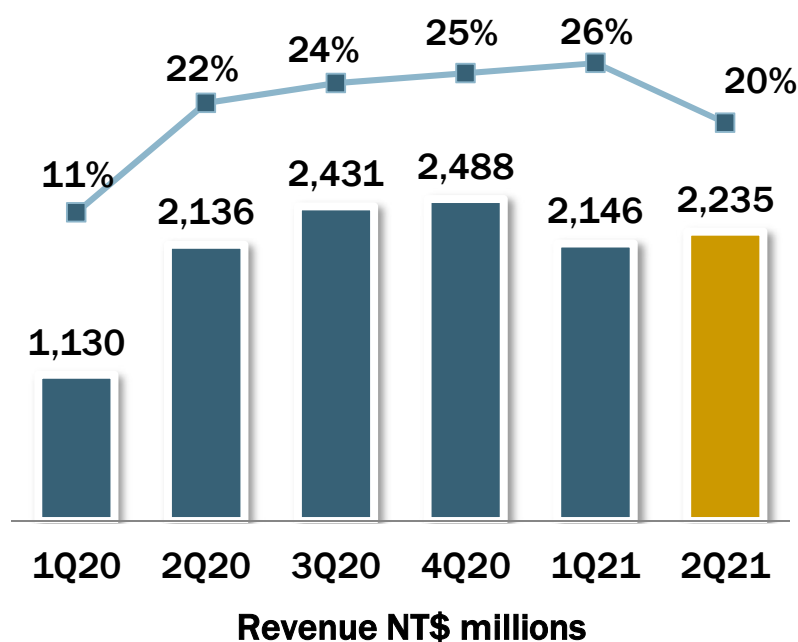


2021 Q2 Financial Highlights

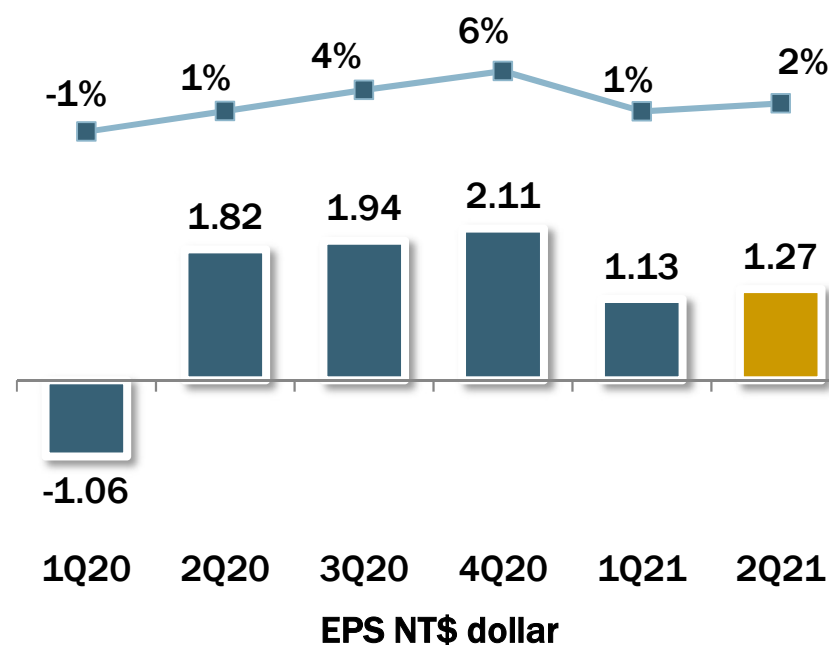
Raw Material increases affect Margin

- ✧ Plastic Injection Molding/Industrial machinery demand continues to grow, wind energy demand stable.
- ✧ Pig Iron and Steel Scrap costs increased dramatically in Q2 2021.

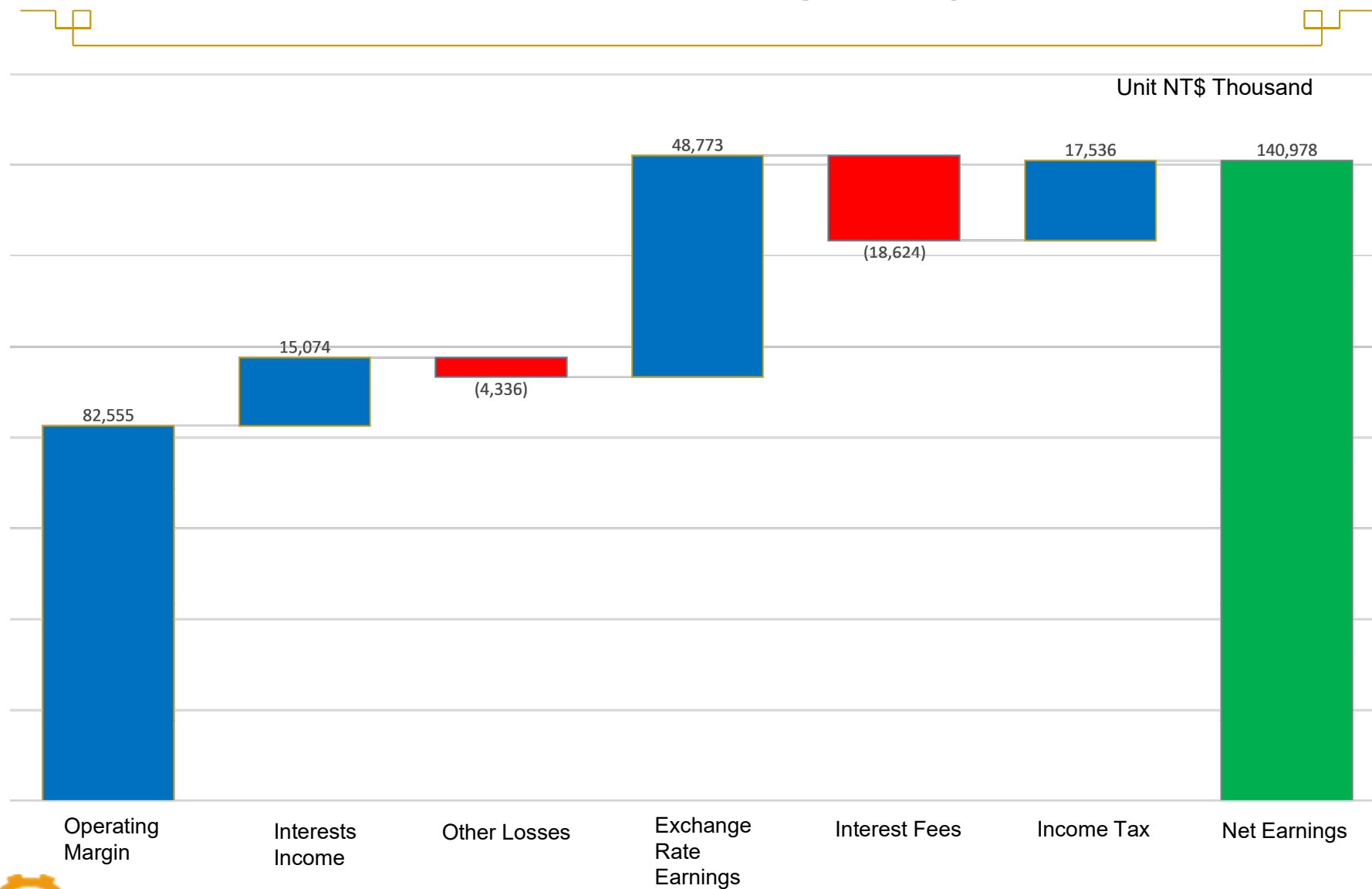
Gross Margin



Return on Equity

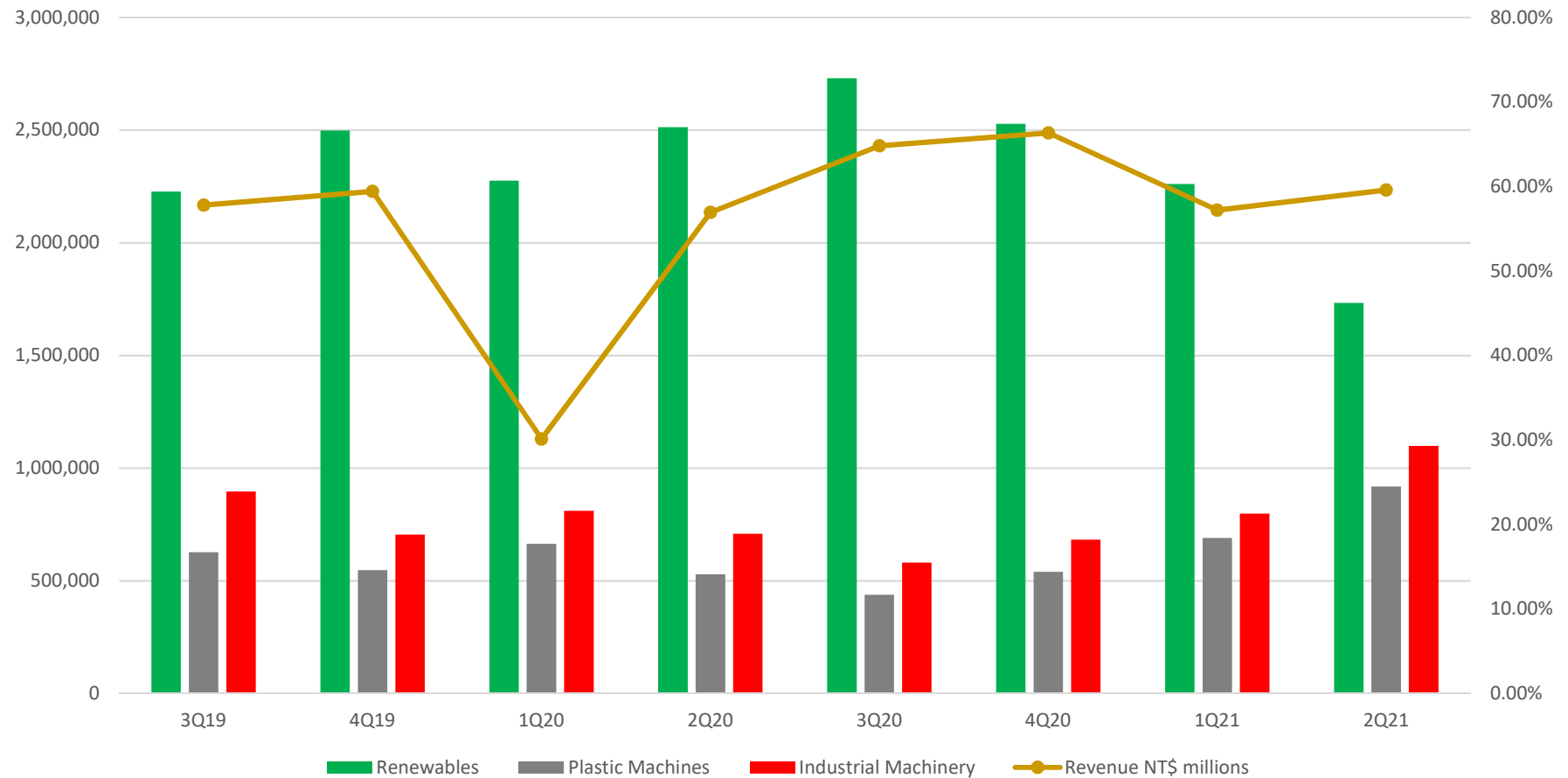


2021 Q2 Net Earnings Analysis



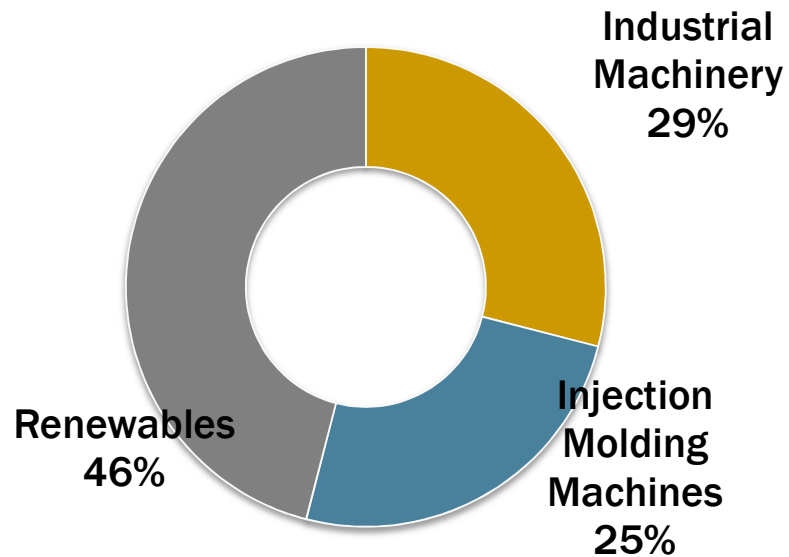
Plastics/Industrial Machinery demand grows

- ✧ 2021 Q2 Revenue composition: Renewables 46.2%, Plastic Injection 24.5%, Industrial Machinery 29.3%
- ✧ Plastic Injection Molding/Industrial Machineries demand grows, while Renewables demand remains steady.

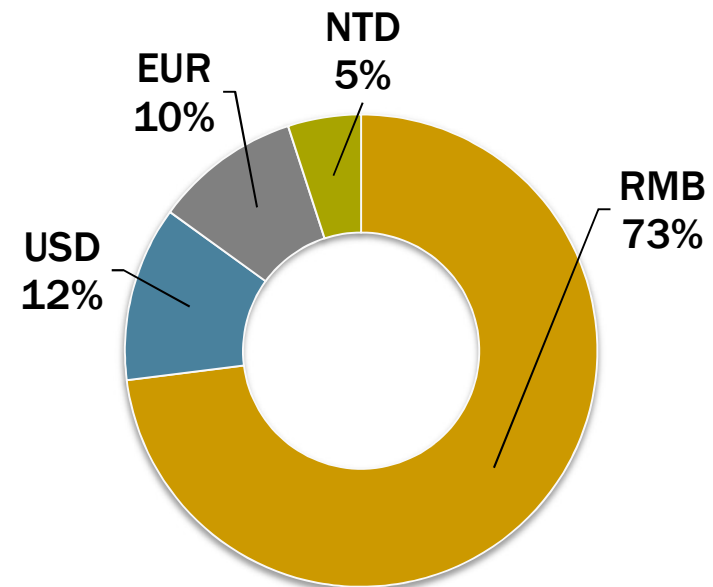


2021 Q2 Revenue Analysis

Revenue by Application (%)



Revenue by Currency (%)



2021 Q2 Income Statement

Unit: Thousand NTD	2Q 2021	1Q 2021	QoQ	2Q 2020	YoY
Revenue	2,234,752	2,145,708	4.1%	2,135,664	4.6%
Gross Profit	450,231	550,607	-18%	465,019	-3.2%
Gross Margin	20%	26%	↓ 6PP	22%	↓ 2PP
Operating Expense	367,676	351,088	4.7%	310,608	18.4%
Operating Income	82,555	199,519	-58.6%	154,411	-46.5%
Operating Profit Ratio	3%	9%	↓ 6PP	7%	↓ 4PP
Non Operating Items	40,887	(42,526)	196.1%	68,353	-40.2%
Profit before Tax	123,442	156,993	-21.4%	222,764	-44.6%
Profit after Tax	140,978	125,705	12.1%	193,094	-27.0%
EPS (Basic \$NTD)	1.27	1.13		1.82	

2021 H1 Balance Sheet

Unit: Thousand NTD	1H 2021	2020	Δ %	1H 2020	YoY
Total Assets	17,213,984	16,394,386	5.0%	13,636,832	26.2%
Cash	1,923,082	2,682,852	-28.3%	1,581,766	21.6%
NR & AR	3,526,949	3,516,934	0.3%	2,707,002	30.3%
Inventory	1,689,744	1,324,434	27.6%	1,354,009	24.8%
Total Non-Current Assets	7,940,468	6,980,605	13.8%	6,516,012	21.9%
Total Liabilities	8,239,555	7,630,444	8.0%	6,118,893	34.7%
Bank Loans	4,087,388	3,498,085	16.9%	4,160,440	-10.3%
NP & AP	1,837,982	1,646,381	11.6%	1,069,589	71.8%
Total Equity	8,974,429	8,763,942	2.4%	7,517,939	19.4%
Common Stock	1,106,175	1,106,175		1,056,175	

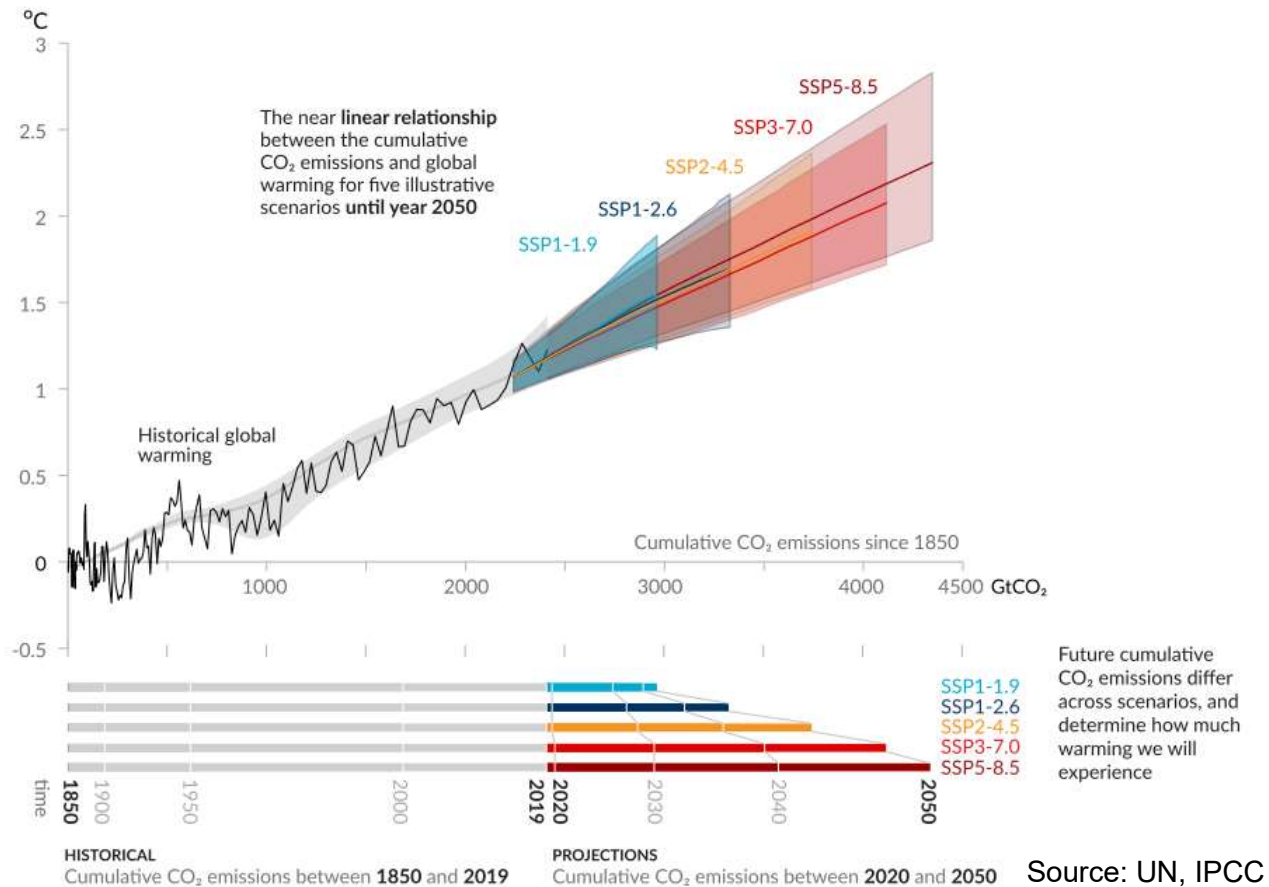
Market Trends

Global Warming for 30 years

Every tonne of CO₂ emissions adds to global warming

Global surface temperature increase since 1850-1900 (°C) as a function of cumulative CO₂ emissions (GtCO₂)

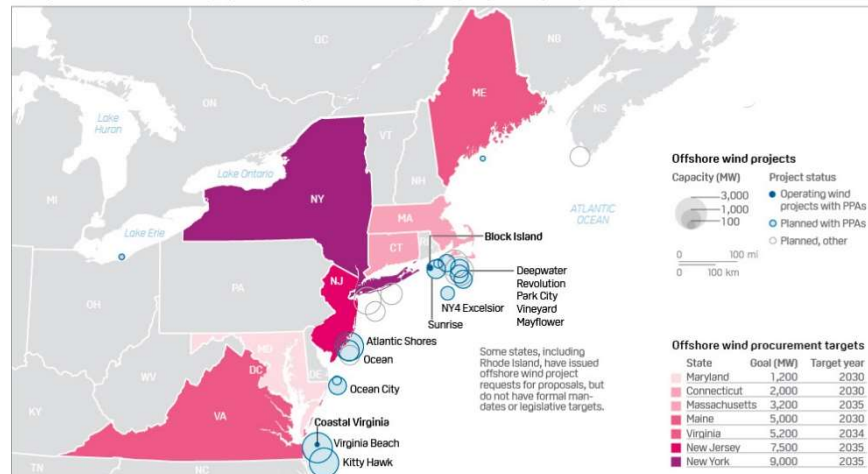
- ✧ United Nations reports: global average temp to increase by 1.5 Celsius. Extreme weather events more common.
- ✧ This report will be reviewed again at COP26 held in Glasgow, UK in November. Countries are expected to further limit emissions in order to control global warming to within 1.5 Celsius.



US Wind Market Developments

US EAST COAST STATES COULD ADD MORE THAN 33 GW OF OFFSHORE WIND POWER CAPACITY BY 2035

US offshore wind power development is slowly moving forward with nearly 24 GW of project capacity in the works along the East Coast, which is an enormous increase from the 42 MW currently operating. The first large-scale projects are expected to come online in the next few years, but challenges remain including questions around ideal transmission solutions, project cost and electricity pricing. There are also a handful of less advanced projects popping up across the country and in Canada. Offshore wind projects are being pursued in Louisiana, Hawaii, Ohio, California, Texas, Illinois, as well as Nova Scotia and British Columbia.



Source: S&P Global Platts Analytics, S&P Global Market Intelligence, Bureau of Ocean Energy Management, NYSEDA

- ✧ In 2020, US installed 17 GW of new wind energy, expects to add 21 GW more in 2021
- ✧ Various States declares 2030 wind energy installation targets: New York 30 GW, California 30 GW, Virginia 12 GW, New Jersey 12 GW, Maryland 12 GW



Denmark's Ørsted owns the first offshore wind project in the U.S., the 30-MW Block Island wind farm. The industry is now bracing for exponential growth.

Source: Scott Eisen/Stringer via Getty Images

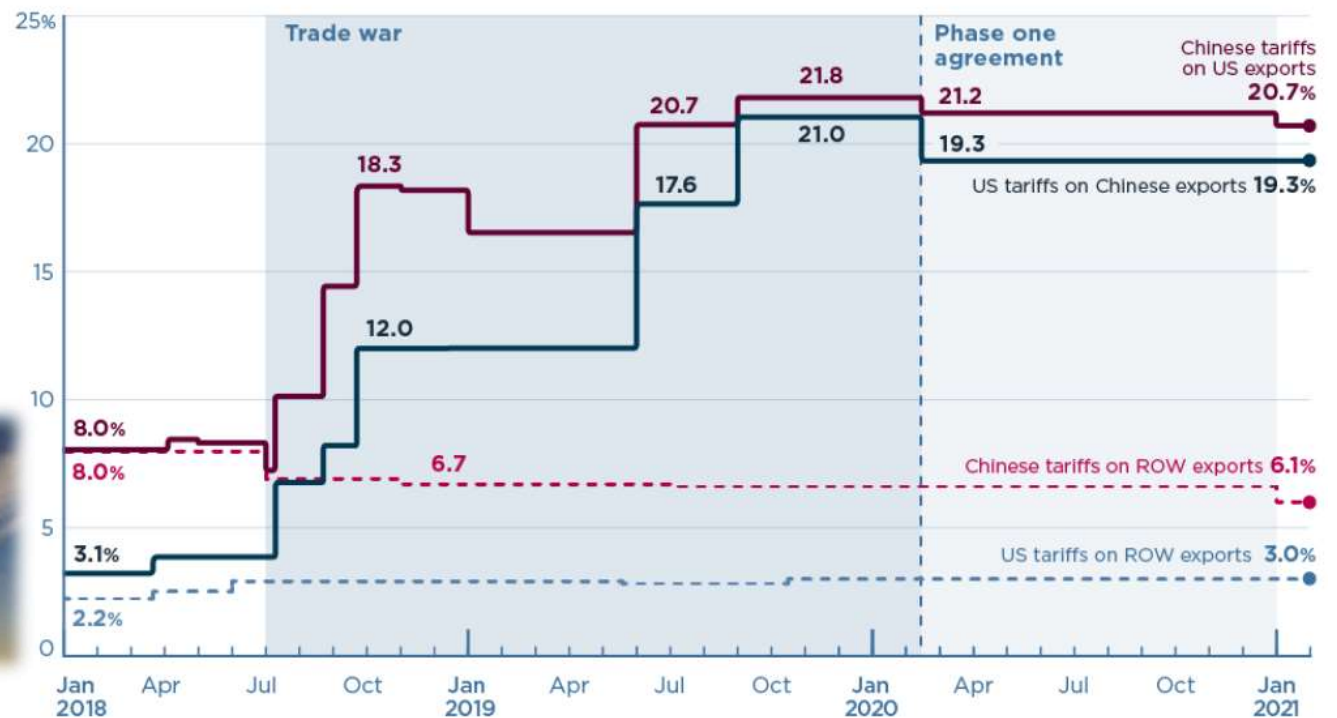
- ✧ Biden Administration: Achieve net zero greenhouse gas emissions by 2050. By 2030, reduce greenhouse gas emissions by at least 50% compared to 2005 levels
- ✧ Build 30 GW of Offshore Wind by 2030
- ✧ US Department of Energy to spend USD 3 billion on offshore wind development

US Wind Market Developments

- ✧ Fmr. Pres. Trump's 25% tariffs against Chinese Wind castings still in effect.
- ✧ YGG Taichung will be an strategic supplier for wind assembly plants in US (GE, SGRE, Vestas)

US-China trade war tariffs: An up-to-date chart

a. US-China tariff rates toward each other and rest of world (ROW)



Source: PIIE

EU Wind Market Developments

- ❖ EU announces Fit for 55 Plan (reduce GHG emissions 55% by 2030)
- ❖ Plan includes raising renewable energy in the overall electricity mix from 32% to 40%
- ❖ EU current renewables is 180 GW, but 451 GW is needed by 2030. Growth is 30 GW/year.

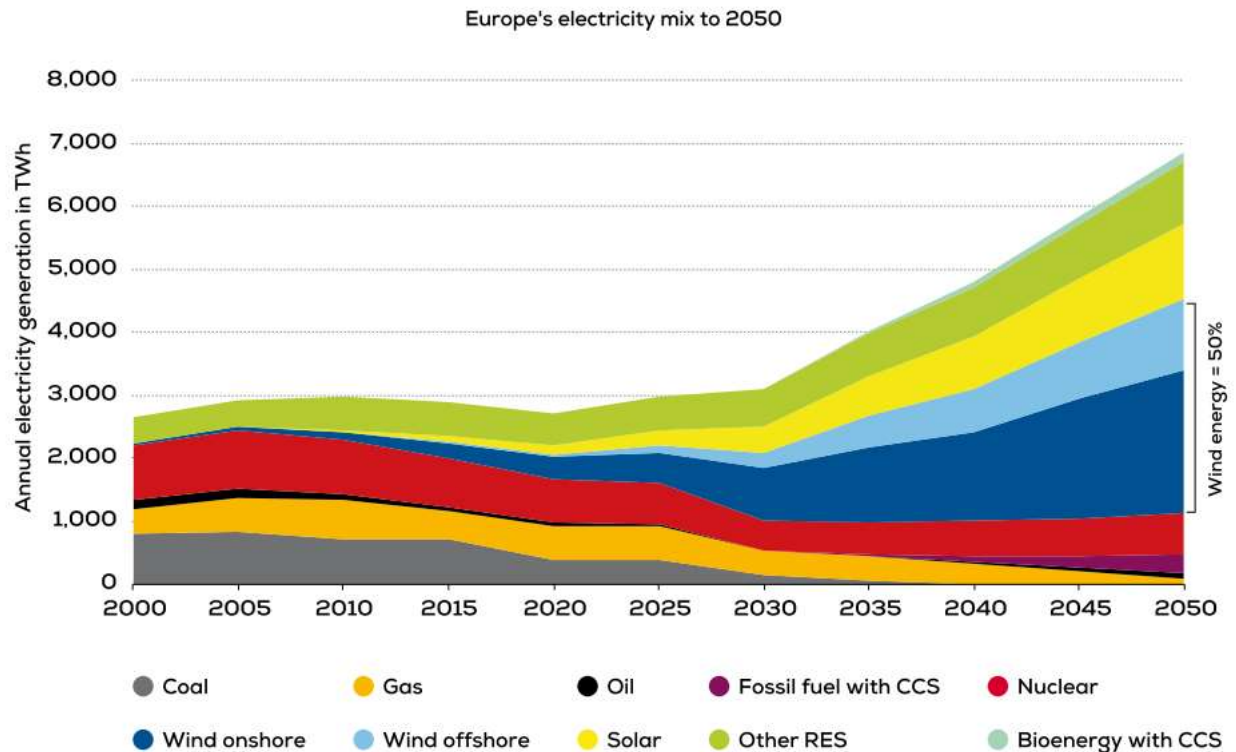
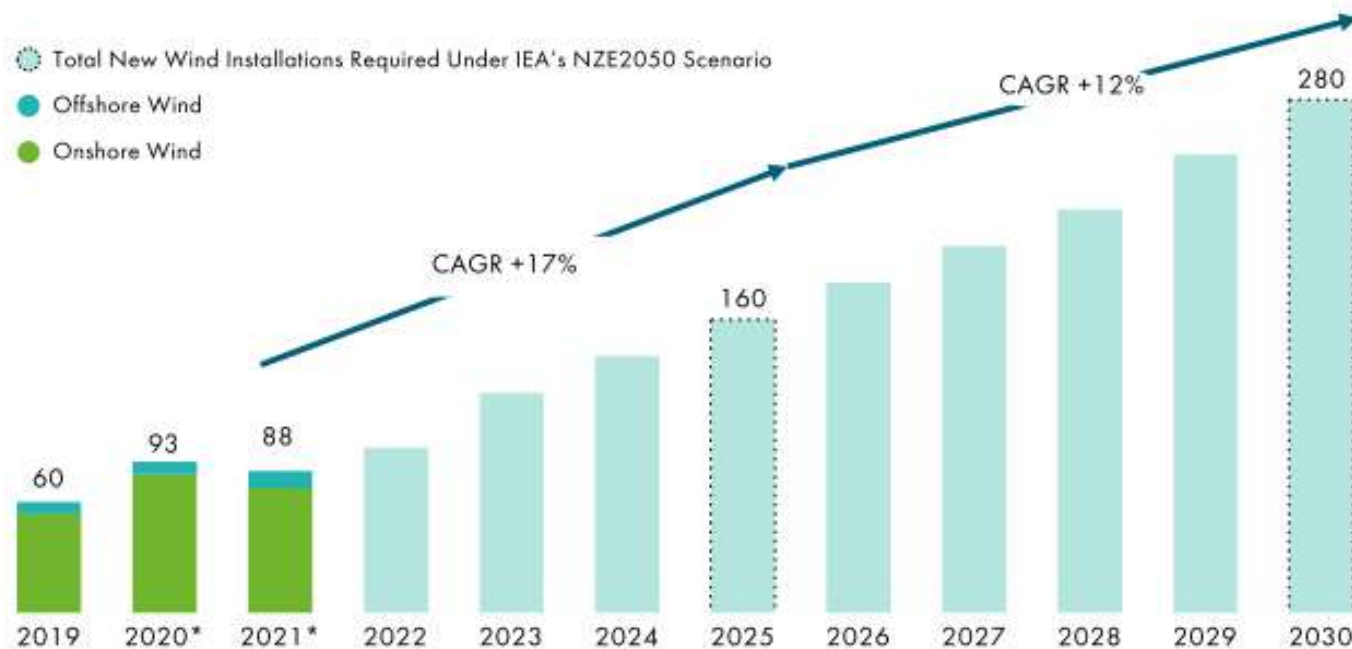


Figure 2. EU27 Electricity production mix to 2050. Source: WindEurope based on European Commission Impact Assessment, COVID MIX scenario, 2020.

Carbon Neutrality by 2050

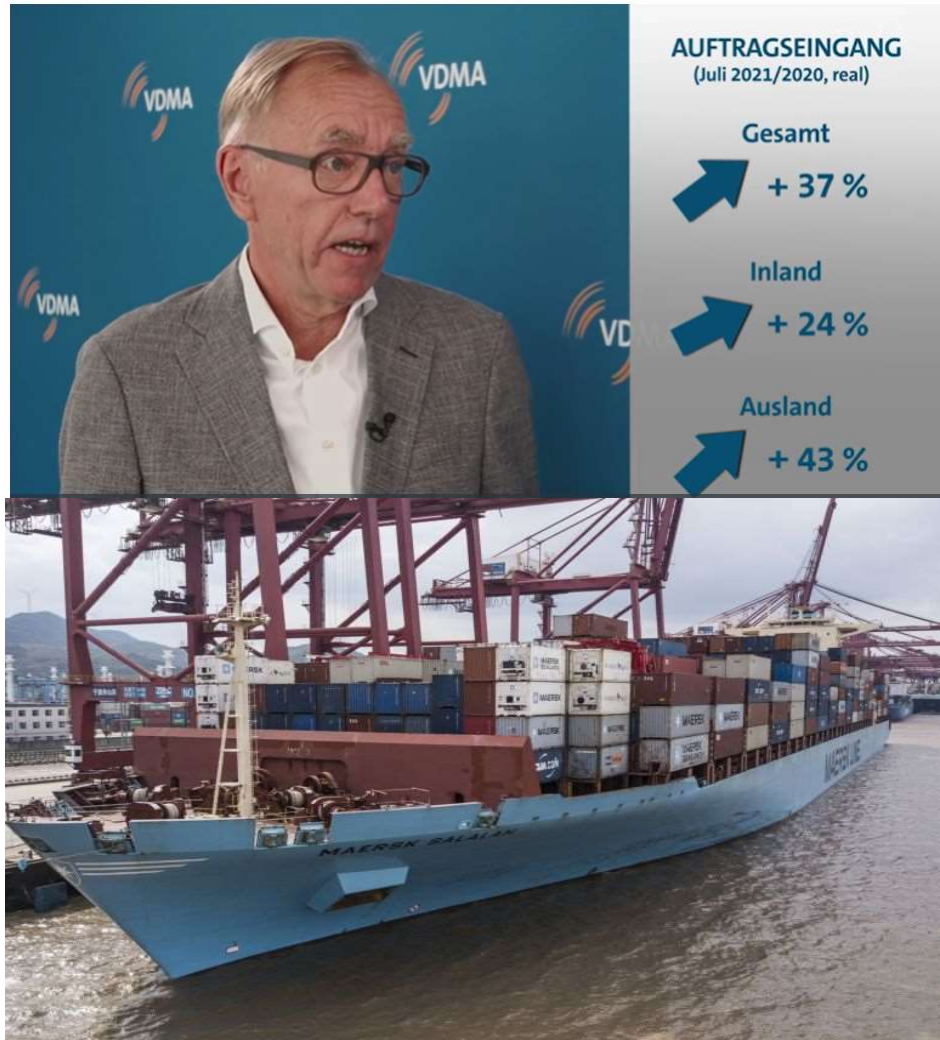
- ✧ International Energy Agency forecasts huge growth in renewables to reach 2050 goal
- ✧ If governments increase wind investments, wind market can reach 160 GW/year by 2025

Annual wind installations must increase dramatically to reach net zero by 2050
New global wind installations (GW)



Source: GWEC Market Intelligence; IEA World Energy Outlook (2020). volume in 2022-2024 and 2026-2029 are estimates

EU and US demand grows/Transport Constraints



AUFTRAGSEINGANG (Juli 2021/2020, real)



- ✕ EU/US/Japan demand for Plastic Injection molding and industrial machinery castings remain high
- ✕ Delta variant causes congestion at major Asian-Pacific sea ports.

Congestion

Key Container Ports Are Seeing Increased Congestion in Asia

Anchorage	Domicile	Total	Waiting	In Port	Congestion	Net Chg
Xiamen	China	53	24	14	63.2%	+31.9%
Ho Chi Minh/Vung Tau	Vietnam	34	9	10	47.4%	+27.4%
Surabaya	Indonesia	31	8	4	66.7%	+18.2%
Port Klang	Malaysia	36	14	15	48.3%	+14.9%
Bangkok/Laem Chabang	Thailand	41	12	20	37.5%	+12.5%
Los Angeles/Long Beach	U.S.	60	31	28	52.5%	+9.1%
Shanghai/Ningbo	China	339	141	97	59.2%	+8.8%
Busan	South Korea	62	8	37	17.8%	+3.9%
HK/Shenzhen/PRD	China/H.K.	186	41	61	40.2%	+1.3%
Tanjung Priok	Indonesia	43	10	16	38.5%	-5.0%
Kaohsiung	Taiwan	37	1	26	3.7%	-7.7%
Singapore	Singapore	60	13	39	25.0%	-14.1%

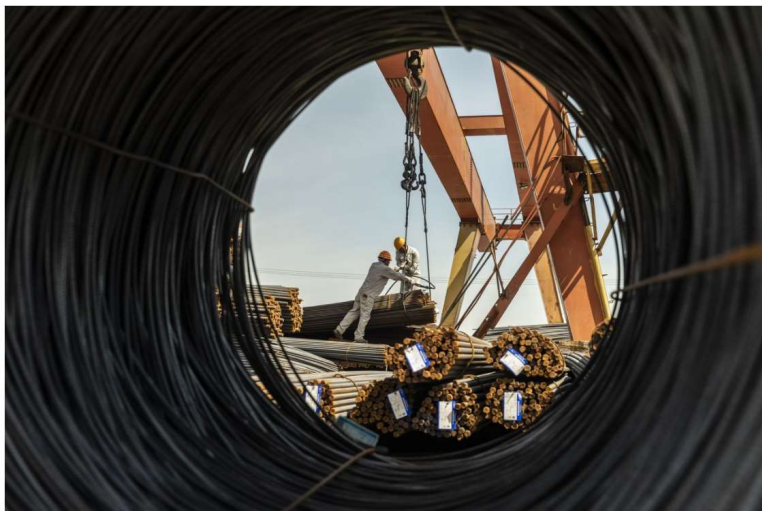
Source: Bloomberg, IHS Markit, Genscape

Note: Congestion is defined as number of anchored ships divided by sum of anchored and moored ships. Net change in congestion shows change in current congestion minus median congestion from April to August. Total containers sums all vessels in anchorage including those in transit.

Bloomberg

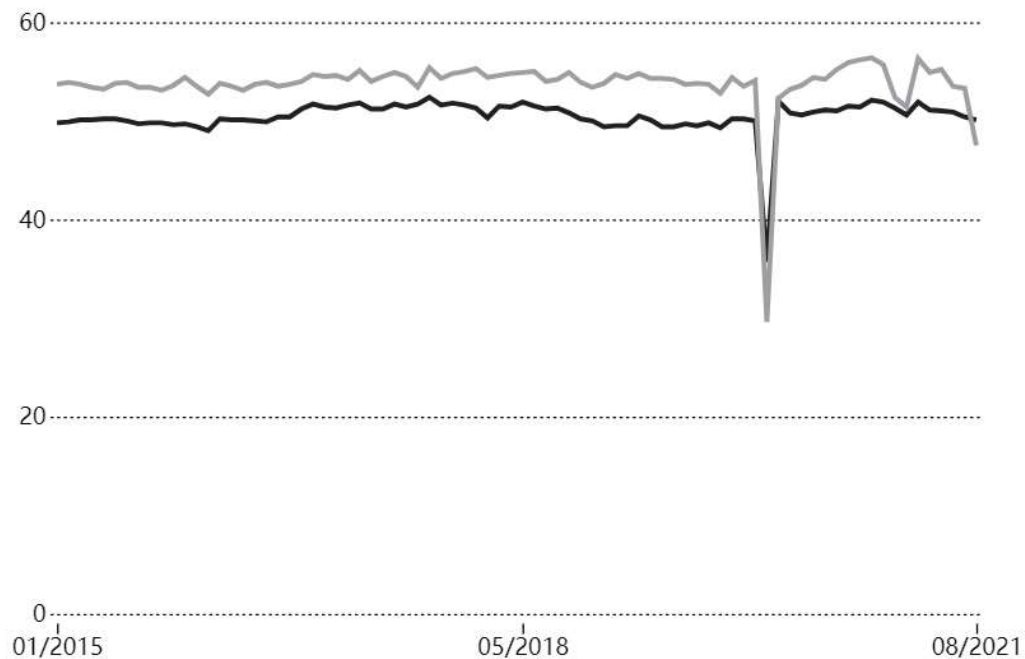
PMI in mainland China / Iron Ore Market Trend

✧ Mainland China's PMI sees downward trend in recent months,



China's official PMI

— Manufacturing — Non-manufacturing



Source: NBS

SCMP

Appendix

Yeong Guan Overview

✧ Nearly half a century in the foundry industry

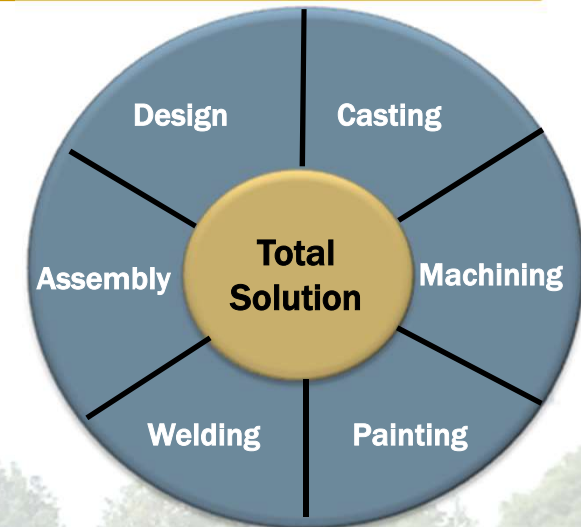
- Founded in Taiwan in 1971, investing in China since 1992. Now with 6 factories.
- Around 2,500 employees
- 2020 Revenue reached NT\$ 8.18 billion, with 176,000 tons of castings shipped
- Annual capacity of 200,000 tons

✧ 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

✧ The 7th Corporate Governance Evaluation Score

- Ranked amongst the 66%~80% percentile for listed companies.
- Amongst electrical machinery stocks with market value of NTD 5 billion to NTD 10 billion, we rank in the 61%~100% percentile.



Historical Income Statement

NT\$ Million	2016	2017	2018	2019	2020	2021 Q2	2020 Q2	YoY (%)				
								2017	2018	2019	2020	2021 Q2 vs 2020 Q2
Sales Revenue	7,374	6,404	6,196	7,900	8,184	2,235	2,136	-13.2	-3.2	27.5	3.6	4.6
Gross Profit	2,419	1,432	831	1,371	1,790	450	465	-40.8	-42	65	30.6	-3.2
Operating Profit	1,144	295	-245	212	545	83	154	-74.2	-183.1	186.5	157.1	-46.1
Income before Tax	1,325	342	-232	221	624	123	223	-74.2	-167.8	195.3	182.4	-44.8
Net Income	997	258	-274	164	517	141	193	-74.1	-206.2	159.9	215.2	-26.9
EPS (NT\$)	8.5	2.28	-2.48	1.54	4.81	1.27	1.82	-73.2	-208.8	162.1	212.3	-30.2

Key financial ratio (%)

Gross Margin	33	22	13	18	22	20	22
Operating Margin	16	4	-4	3	6	3	7
Net Margin	13	4	-4	2	6	6	9
OPEX ratio	17	18	17	15	16	17	15

Historical Balance Sheet

NT\$ Million	2016	2017	2018	2019	2020	2021 H1	2020 H1	YoY(%)				
								2017	2018	2019	2020	2021 H1 vs 2020 H1
TOTAL ASSETS	15,052	14,483	14,531	13,521	16,394	17,214	13,637	-3.8	0.3	-7	21.2	26.2
Cash	4,241	3,316	3,153	1,451	2,683	1,923	1,582	-21.8	-4.9	-54	84.8	21.6
NR & AR	2,186	2,026	2,103	2,947	3,517	3,527	2,707	-7.3	3.8	40.1	19.3	30.3
Inventory	1,261	1,256	1,368	1,226	1,324	1,690	1,354	-0.4	8.9	-10.4	8	24.8
Fixed Asset	5,701	6,279	5,920	5,735	5,756	6,449	5,534	10.1	-5.7	-3.1	0.4	16.5
TOTAL LIABILITIES	4,974	4,768	6,250	5,699	7,630	8,240	6,119	-4.1	31.1	-8.8	33.9	34.7
Bank Loans	619	612	4,584	3,858	4,087	3,733	4,160	-1.1	649	-15.8	-9.3	-1.8
NP & AP	1,098	1,136	1,050	990	1,646	1,838	1,070	3.5	-7.6	-5.7	66.3	71.8
TOTAL EQUITY	10,078	9,715	8,281	7,822	8,764	8,974	7,518	-3.6	-14.8	-5.5	12	19.4
Common Stock	1,188	1,188	1,116	1,056	1,106	1,106	1,056	0	-6.1	-5.4	4.7	4.7
Book value per share	82.3	79.3	72.9	72.5	79.2	81.1	71.2					
A/R turnover days	116	121	123	117	145	148	159					
Inventory turnover days	98	99	97	78	76	86	92					
A/P turnover days	82	82	74	57	75	94	70					
ROE (%)*	9.8	2.8	-3.2	2.1	6.3	3.1	1.1					

Quarterly Income Statement

NT\$ Million	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Sales Revenue	1,552	1,951	2,168	2,229	1,130	2,136	2,431	2,488	2,146	2,235
Gross Profit	218	304	390	459	127	465	582	616	551	450
Operating Profit	(38)	47	105	99	(111)	154	290	212	200	83
Income before Tax	(102)	35	101	186	(128)	223	267	262	157	123
Net Income	(106)	19	80	172	(113)	193	207	230	126	141
EPS (NT\$)	(1.00)	0.18	0.75	1.62	(1.06)	1.82	1.94	2.12	1.13	1.27
Revenue by Application (%)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Renewable Energy	43.3	47.9	59.4	66.6	60.7	67.0	72.8	67.4	60.3	46.2
Injection Molding Machine	26.9	24.3	16.7	14.6	17.7	14.1	11.7	14.4	18.4	24.5
Industrial Machinery	29.8	27.8	23.9	18.8	21.6	18.9	15.5	18.2	21.3	29.3

Thank you for your consideration!



Investor Relations
Kevin Tsai
Office : +886 02 27917198 ext: 17
E-mail : ir@ygget.com



www.ygget.com

