



LUNG HWA
ELECTRONICS

TWSE 2424

LUNG HWA ELECTRONIC

Investor Conference

Year 2024

November 26, 2024

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Company Profile



- ◇ Established on January 24, 1973
- ◇ Date of Listing September 11, 2000
- ◇ Paid-up Capital NTD 574,250,000
- ◇ Chairman : K.S Wang
- ◇ G.M : Sharon Wang
- ◇ Main Products Introduction :
 - Satellite communication service
 - Video compression & transmission technology



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2024 Q3 Financial Results

Quarterly P&L - Consolidated

Item	Q3'24		Q3'23		YoY
	Amount	%	Amount	%	%
Net Revenue	26,337	100%	17,157	100%	54%
Cost of sales	(43,951)	167%	(38,983)	-227%	-13%
Gross Profit	(17,614)	-67%	(21,826)	-127%	19%
Operating Expenses	(32,996)	-125%	(35,255)	205%	6%
Operating Loss	(50,610)	-192%	(57,081)	-333%	11%
Other Income/Expenses	(658)	-2%	(5,831)	-34%	89%
Income Before Tax	(51,268)	-195%	(62,912)	-367%	19%
Net Income	(51,268)	-195%	(62,912)	-367%	19%
EPS(NT\$)	(0.83)		(1.21)		31%

Year P&L - Consolidated

Item	2024/1/1~2024/09/30		2023/1/1~2023/09/30		YoY
	Amount	%	Amount	%	%
Net Revenue	70,960	100%	63,882	100%	11%
Cost of sales	(134,371)	189%	(113,516)	178%	-18%
Gross Profit	(63,411)	-89%	(49,634)	-78%	-28%
Operating Expenses	(124,554)	176%	(91,894)	144%	-36%
Operating Loss	(187,965)	-266%	(141,528)	-222%	-33%
Other Income/Expenses	7,003	10%	(13,039)	-20%	154%
Income Before Tax	(180,962)	-255%	(154,567)	-242%	-17%
Net Income	(180,962)	-255%	(154,567)	-242%	-17%
EPS(NT\$)	(3.12)		(3.09)		-1%

Balance Sheet- Consolidated

Amount : NT\$ Thousands

Item	2024/9/30		2023/9/30		YoY
	Amount	%	Amount	%	%
Cash and cash equivalents	160,922	27%	173,832	27%	-7%
Other current assets	98,970	16%	82,629	13%	20%
Non-current assets	342,133	57%	382,188	60%	-10%
Total assets	602,025	100%	638,649	100%	-6%
Current liabilities	226,874	38%	214,111	34%	6%
Noncurrent liabilities	71,702	12%	153,404	24%	-53%
Total liabilities	298,576	50%	367,515	58%	-19%
Capital stock	574,250	96%	510,250	80%	13%
Retained earnings	(280,079)	-47%	(251,841)	-39%	-11%
Other equity	8,643	1%	359	0%	2308%
Non-controlling interests	635	0%	12,366	2%	-95%
Total equity	303,449	50%	271,134	42%	12%
Total liabilities and equity	602,025	100%	638,649	100%	-6%

Cash Flows - Consolidated

Amount : NT\$ Thousands

Item	2024/1/1~2024/9/30	2023/1/1~2023/9/30	YOY
Cash flows from operating activities	(93,386)	(87,445)	(5,941)
Cash flows from investing activities	(21,029)	(7,125)	(13,904)
Cash flows from financing activities	97,712	105,425	(7,713)
Exchange rate influence	778	684	94
Net change in cash and cash equivalents	(15,925)	11,539	(27,464)
Cash and cash equivalents at beginning of period	176,847	162,293	14,554
Cash and cash equivalents at end of period	160,922	173,832	(12,910)



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Overview on Lung Hwa's products and services

Our services cover a wide range of areas, including satellite systems, satellite operations, networking equipment and LHSat services, providing a full range of solutions. Each field has unique technical advantages and application scenarios to meet the needs of customers in different industries.



Lung Hwa's main products and services

1 Satellite system

Acting as an agent for satellite bandwidth and being used in multiple markets such as maritime/mobile/land/air/ground master/satellite equipment

2 Satellite operations

Provide satellite ground master station management and satellite operation services, and operate the satellite communication market

3 Networking equipment

Stable sales quality and high integration of server hosts, built-in LHSat related services, according to the market demand to provide high-end and economical networking equipment

4 LHSat service

Videosoft image compression processing technology, in harsh network bandwidth environment.
It provides stable image transmission and effectively reduces transmission costs
Dualog Marine Management Services to enhance the efficiency of shipowner management

Satellite system



Partners

Lung Hwa has established close cooperative relations with a number of top satellite companies to jointly promote the innovation and progress of satellite application technology



Performance

The Fleet Branch and the Dongnansha Branch of the Coast Guard have established a formal cooperative relationship with the Company to establish a satellite master station, provide satellite bandwidth, and contract follow-up operation services



Future developments

Actively cooperate with foreign low-orbit satellite companies to establish low-orbit satellite master stations/assist in system development, and integrate the all-round development of low-earth and low-orbit satellite systems



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Satellite operations

The management and operation services of the high-orbit satellite ground master station optimize the smooth communication between the master station and the external environment (such as weather/network congestion, etc.), and maintain good communication quality.

Performance

Fleet Sub-Directorate of the Coast Guard – assists in the operation of the satellite network

Future opportunities

In the future, Lung Hwa will continue to strengthen cooperation with satellite companies other than Hughes, gradually introduce independent energy of key technologies, assist in the development of potential customers through professional software operation services, as well as future government satellite launches, other emergency rescue projects, etc., Lunghwa's professional team can participate in them.



Networking equipment

Sell stable quality and high-end server hosts, integrate LHSat related services, and provide various network communication equipment according to market demand

Performance

Taiwan Shipbuilding International Corporation

- new shipbuilding communication antenna and its peripheral equipment

Unmanned aerial vehicle (UAV) – a lightweight version of the networking device

Networking equipment for maritime applications

Future opportunities

Integrate LHSat services and develop high-end/cost-effective networking equipment for UAVs and LEO satellites

Through cooperation with satellite companies, we provide low-orbit satellite dedicated networking equipment.





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LHSat service

Videosoft and Dialog

Innovative intelligent communication system to optimize the efficiency of ship management.

Integrate self-developed hardware and software services to meet the needs of modern shipping.



Videosoft - Video streaming

The company provides high-quality, low-latency video streaming technology that can maintain stable transmission even when the network is unstable or the bandwidth is limited. The company includes portable camera systems, hardware encoders, and software tools that can be integrated into third-party systems to reduce transmission costs and improve fleet safety monitoring.

Performance

Thunder Tiger Corporation - UAV development

Skytrac – Aircraft Imagery Tracking & Connectivity

U.S. Oil Company - Low-bandwidth constant monitoring in uninhabited areas of energy exploitation

Future opportunities

Assist domestic drones, offshore wind power, and shipbuilders to develop and build local supply chains for Taiwanese manufacturers.



Dualog Maritime Management Services

Dualog focuses on providing maritime data management and transmission solutions, including data synchronization, IoT data collection, file transfer and secure communication tools, with the aim of improving fleet operational efficiency and cybersecurity. Our company has obtained the exclusive regional agency rights for Asia.

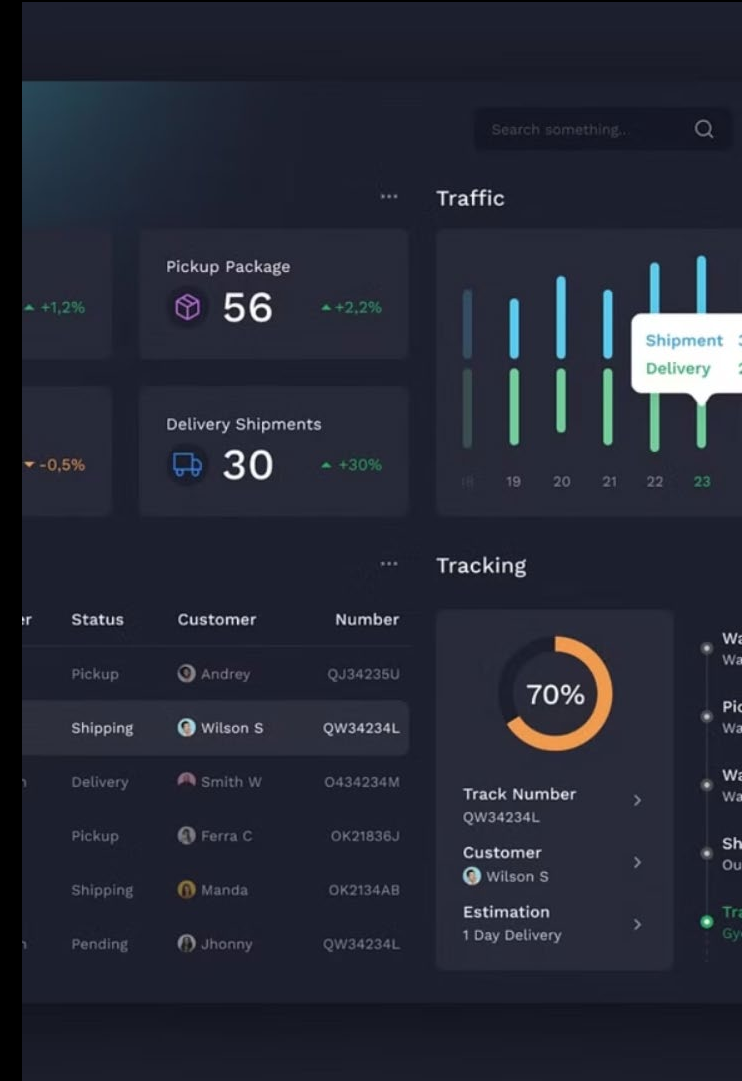
Service Content

Quota Management: Simplified interface and low cost to achieve the advanced level of allocation management.

Drive and Protect Secure: Supports file synchronization to reduce transfer times while strengthening fleet cybersecurity.

Future opportunities

Combined with the LHSat service, it provides a secure and convenient data and information processing platform for satellite commercial users.



An overview of our target audience

Commercial shipping

The world's major shipping companies demand high-end communication solutions

Fishing fleet

Offshore and distant-water fishing vessels are looking for cost-effective communication services

Offshore energy

Petroleum and natural gas platforms require high-belt connections

Coast guard

It is necessary to stabilize real-time maritime communications to meet mission requirements

Fire department

Disaster Command Center network backup requires handling a large volume of continuous streaming technology

Emergency relief

Searching for victims in the wilderness relies on satellite communications

Future outlook

According to statistics, Taiwan's satellite industry achieved a total output value of NT\$246.7 billion in 2023, and it is projected to surpass NT\$300 billion by 2025. Ground equipment accounts for over 90% of the industry's output value, while satellite manufacturing and services each contribute about 3%, reflecting significant growth potential in these areas.

Currently, Lung Hwa's satellite business employs a combination of geostationary and low Earth orbit (LEO) satellites for redundancy. The company collaborates with international satellite giants such as Hughes and Iridium to provide maritime broadband communication services. Operating under long-term contracts with monthly subscription fees, the business has secured contracts for over 60 vessels.

Looking ahead to 2025, Lung Hwa will focus on expanding its satellite communication channels. It plans to actively collaborate with other satellite companies to deliver hardware and software solutions tailored for maritime, land, air, tactical video streaming, and fleet management. These enhancements to its LHSat services aim to capture opportunities for up to 500 vessels, creating additional revenue streams in satellite communications.

Lung Hwa expects to obtain a satellite operation license by 2025, making it the only private enterprise in Taiwan, alongside Chunghwa Telecom, capable of independently building satellite systems and providing satellite operations. The company also plans to establish ground stations in collaboration with LEO satellite operators and is working to secure a LEO satellite operation license to enhance its flexibility and agility in delivering services.





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Q & A



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Thanks