

Ticker : 4552



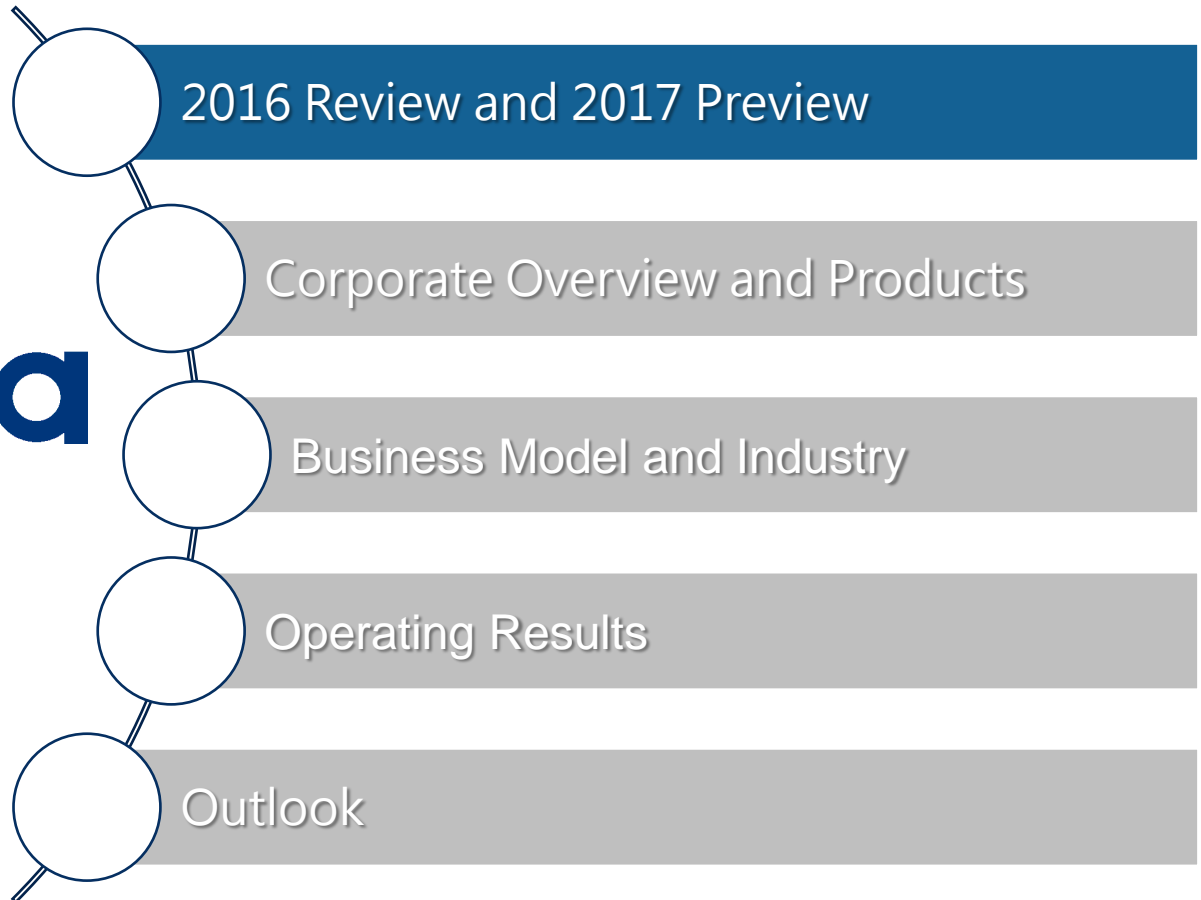
Lida Holdings Limited

Corporate Presentation

March 2017

Leading player in the general-purpose
air compressor segment in China

2016 Review and 2017 Preview



2016 Review



2016 Financial Data Review

- The Company was Listed on the TWSE on July 20,2016, and margin trading from Feb 2 ,2017 .
- Pre-tax income was NT1,518 million · YoY+8.24%(RMB+12.34%)
Net income was NT1,022 million · YoY+9.34%(RMB+13.49%)
Earnings Per Share was NT10.8 dollars.
- Gross profit margin 23.96% · YoY-3.78% · Operating profit margin 17.46% · Operating expense ratio 6.50% · Pre-tax income ratio 18.37% · Net income ratio 12.36% .
- F-Variable Screw Compressors : Sales YoY+18%(RMB+22%)
Scroll Compressors : Sales YoY+26%(RMB+31%)
- Shareholders Equity : NT4,864 million · ROE25%

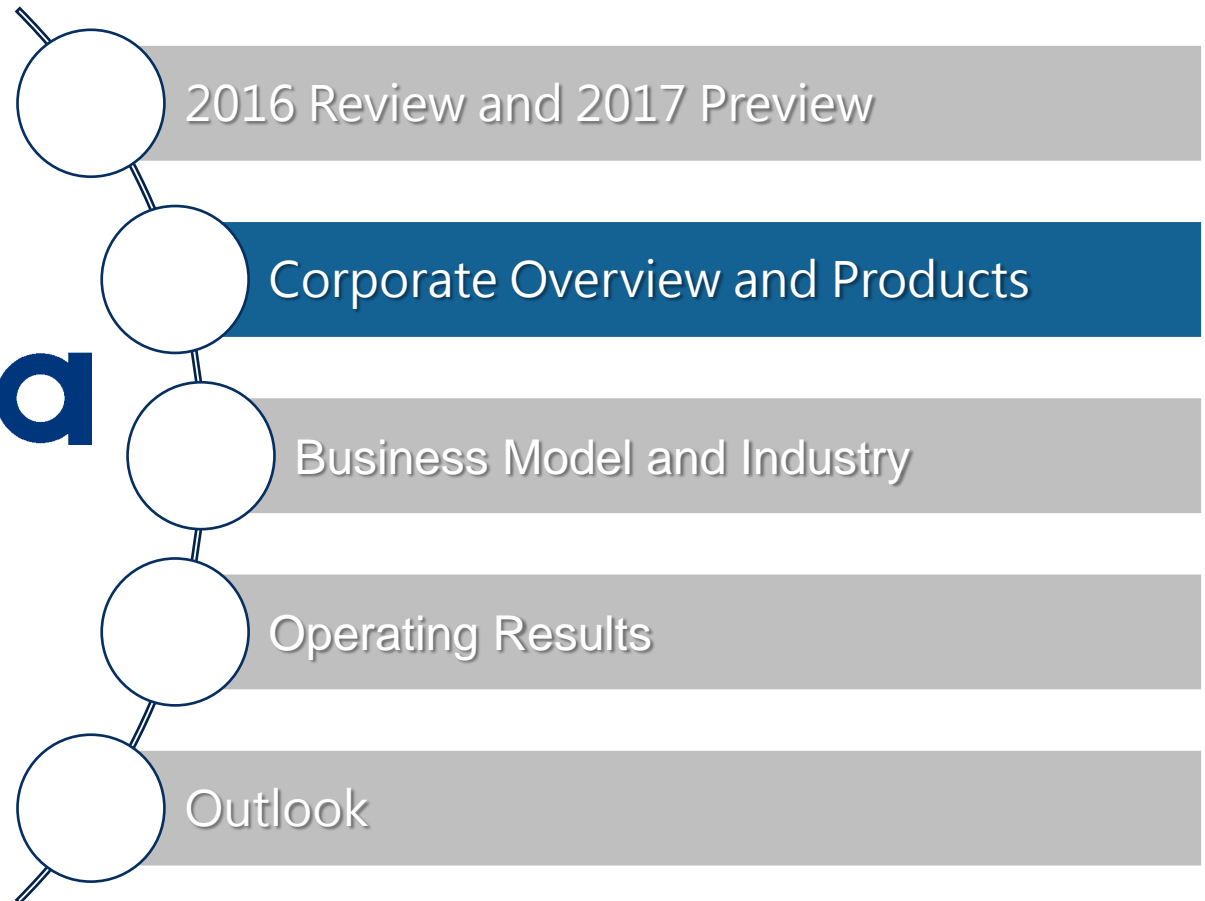
2017 Preview



2017 Company Preview

- Continued to be the leading player in the general-purpose air compressor segment in China.
- Improve the sales percentage of high gross profit product.
- Strengthen the mainstream products development and focus on energy saving and intelligent products development.
- Raise the production capacity and output to lower the production and transportation cost.
- With automation equipment driving the industry, Continuously contribute to raise the product efficiency and upgrade production line.
- Strength R&D and develop new high-efficient products.
- Enhance sales effort at regions/provinces where we traditionally have lesser presence and assist our tier-1 distributors to expand their tier-2 distribution network and enduser space.

Corporate Overview



Corporate Overview



Date of Establishment	May 11, 2012
Chairman	Wu Chien-Neng (Representative of Yi Yuan Enterprises Ltd)
General Manager	Chen Yi-Ping
Paid-in Capital	NT\$1 billion
Business Scope	Engage in the research, development, manufacturing and marketing of self-branded air compressors through trade names including "Luowei", "Lida" and "Chao Bao".
Consolidated Revenue	NT\$7.6 billion (FY2015) NT\$8.3 billion (FY2016)
Production Sites	<ol style="list-style-type: none">1. Quanzhou City, Fujian Province - Lida (China) Machine Equipment Co., Ltd.2. 九江, Jiangxi Province - Lida (Jiangxi) Machine Equipment Co., Ltd.
No. of Employees	1,496 (as of March 27, 2017)

Production Sites



Lida (China)

Location

Area

Position



Quanzhou City,
Fujian Province

37,101m²

R&D, production
and sales for
overseas
markets and coastal
provinces

Lida (Jiangxi)






九江, Jiangxi
Province

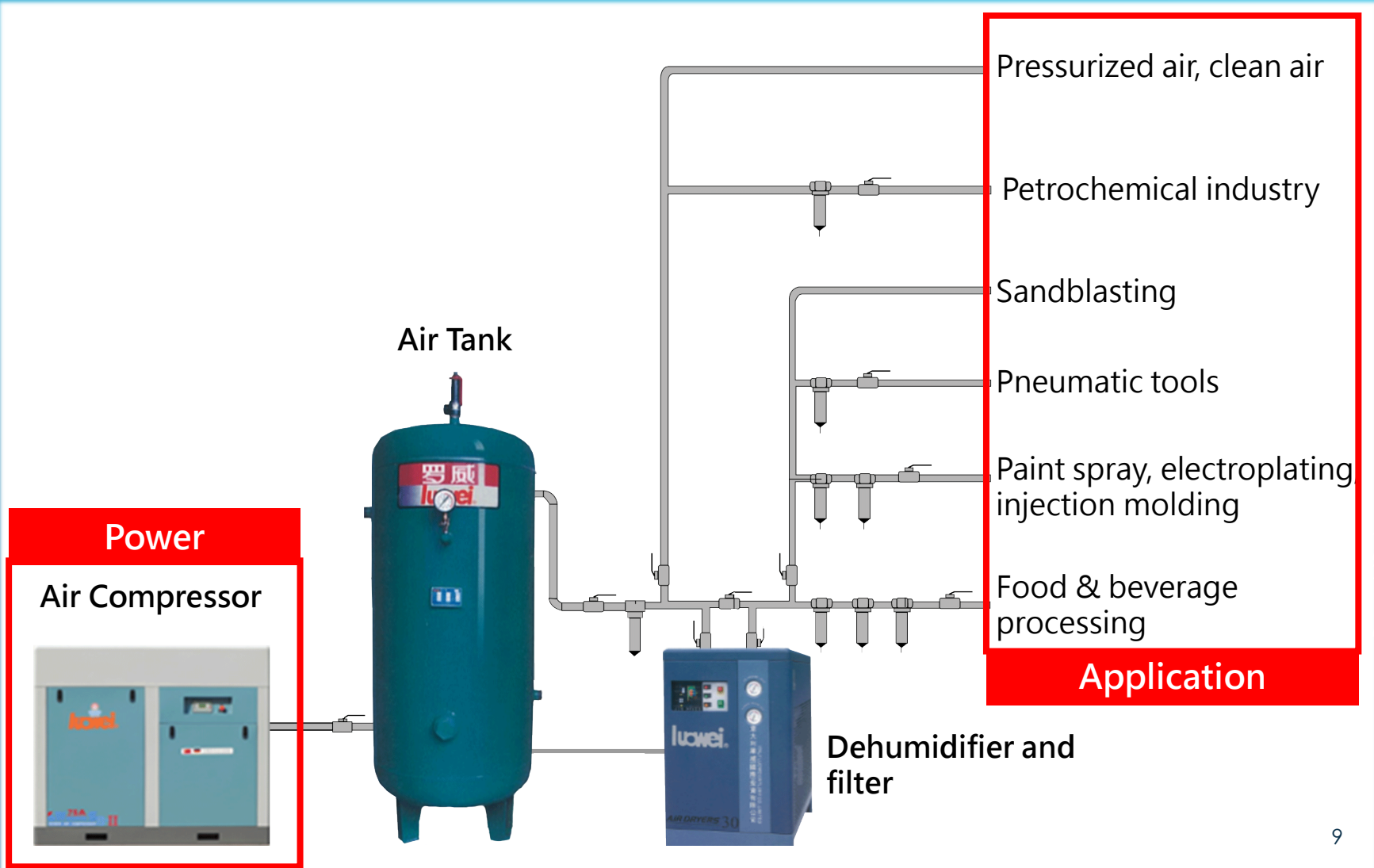
58,529m²

Production and sales
(inland provinces)

Products

Category		Revenue % (2015)	Revenue % (2016)	Attributes & Application
Piston-type		51%	46%	<ul style="list-style-type: none"> ● Ease of use, high mobility, affordability. ● Wide range of users, from individuals to small- and medium- enterprises.
Screw-type		37%	41%	<ul style="list-style-type: none"> ● Medium- to large-sized manufacturers, including but not limited to: industrial production, automobile, textile, packaging and petrochemicals. ● Higher operating efficiency, especially under continuous operation. ● Energy efficiency and ease of operation.
Scroll-type		10%	12%	<ul style="list-style-type: none"> ● High quality compressed air. ● Particularly suitable in safety-conscious applications, such as medical, pharmaceutical, food and beverage, as well as precision industries ● Growing industry attention on scroll-type designs. Offers high operating efficiency and dependability, low noise levels, with reduced size and weight.

Air Compressor Process Flow



Compressors Supply Chain

upstream

material industry

Case
Cylinder
Compressors Head
Crankcase
Motor
Iron Plate
Iron Core
Rotor

midstream

R&D and manufacturing

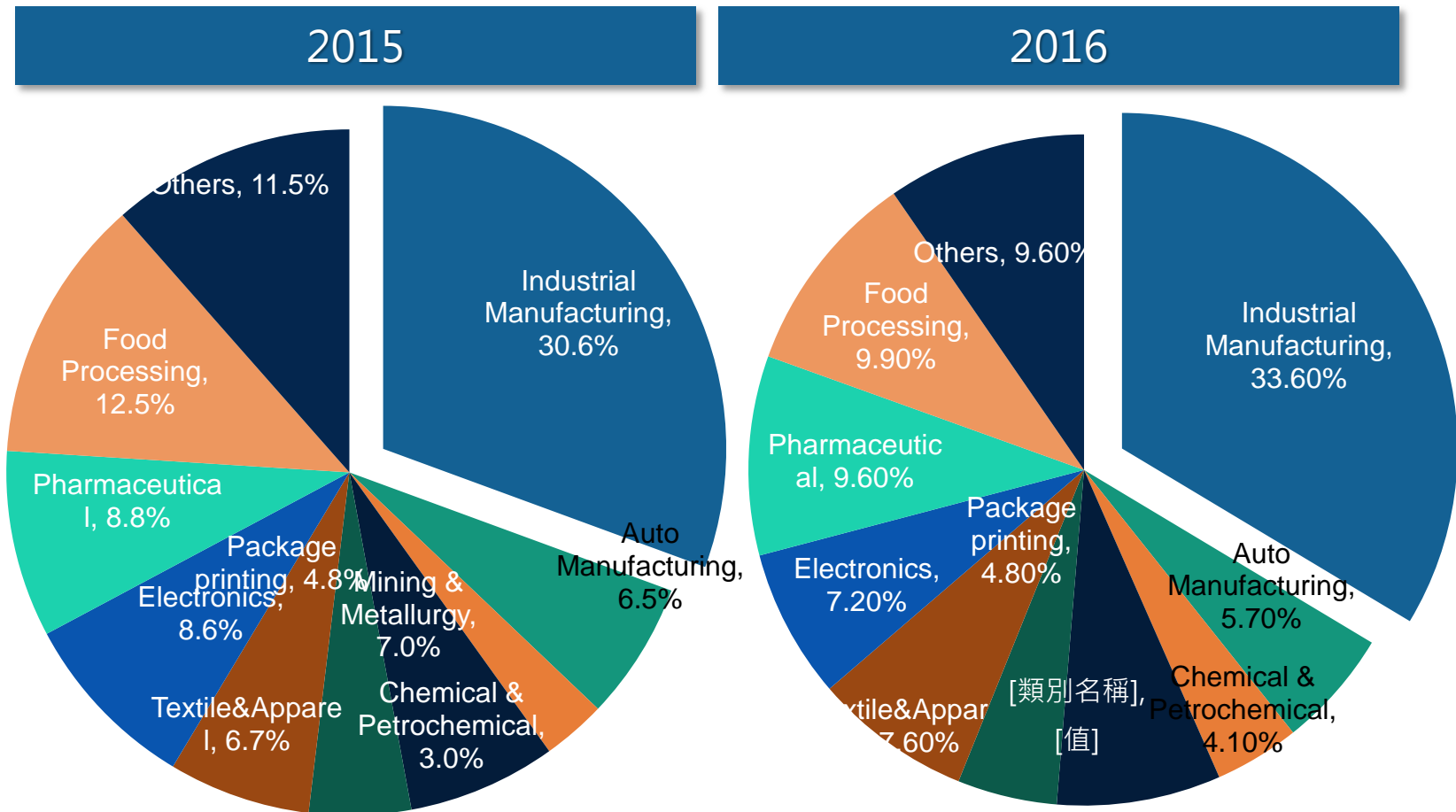


downstream

Terminal application

Industrial Manufacturing
Food
Pharmaceutical
Textile
Transport
Chemical
Petrochemical
Refrigeration
Gas Separation
Mining & Metallurgy

Lida end users, by Industry



Source: Lida

Real World Use of Air Compressors



Industrial Manufacturing

Pneumatic Power

- Numerous air-driven tools, such as: pneumatic pick, riveter, tamping machine, lift, and pneumatic drill
- Automated equipment, such as dynamic movie theater seat, robot arm, laser, printing press, CNC machine center, machine tool and air valve

Laser Cutting



Robot Arms



CNC Machine Center



Measuring Equipment Accessories



Real World Use of Air Compressors

Dynamic Movie Theater



PET Blowing



Paint Spraying



Printing Equipment



Pneumatic Tools



Equipment Application



Real World Use of Air Compressor

Food & Pharmaceutical
& Textile

Pneumatic Power

- Spraying, e.g. painting and rust removal
- PET bottle blowing
- Soda carbonation, automated packaging lines
- Air-powered sewing machines
- Sandblasting of denims

Textile Equipment



Production line



Medical equipment



Food & Beverage processing



Real World Use of Air Compressors

Transport

Pneumatic Power

- Automotive brakes, opening/close of bus doors, railway engineering equipment



Chemical & Petrochemical

Pneumatic Power

- Synthesis and polymerization of chemical raw materials, such as synthetic nitrogen, methanol and urea
- Long distance transmission of natural gas



Refrigeration & Gas Separation

Refrigeration & Gas Separation · Transmission

- Refrigerated air, Freon compressor
- Transmission of refrigerated air and/or separated air



Mining & Metallurgy

Pneumatic Power · Transmission

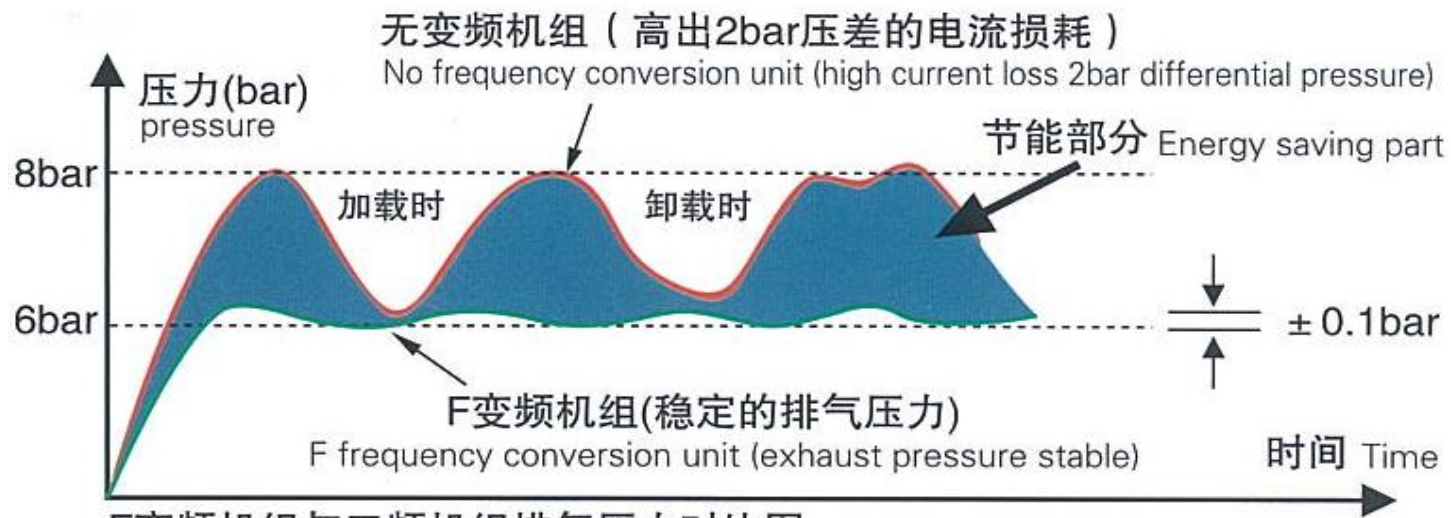
- Drilling equipment, such as rock drill, pneumatic drill & hammer
- Transmission of combustion gases, cement, and provision of air in mines



New Product – Screw Compressor

New Product – Screw Compressor

- Ability to set air pressure at any desired level and output at constant pressure, providing greater energy savings



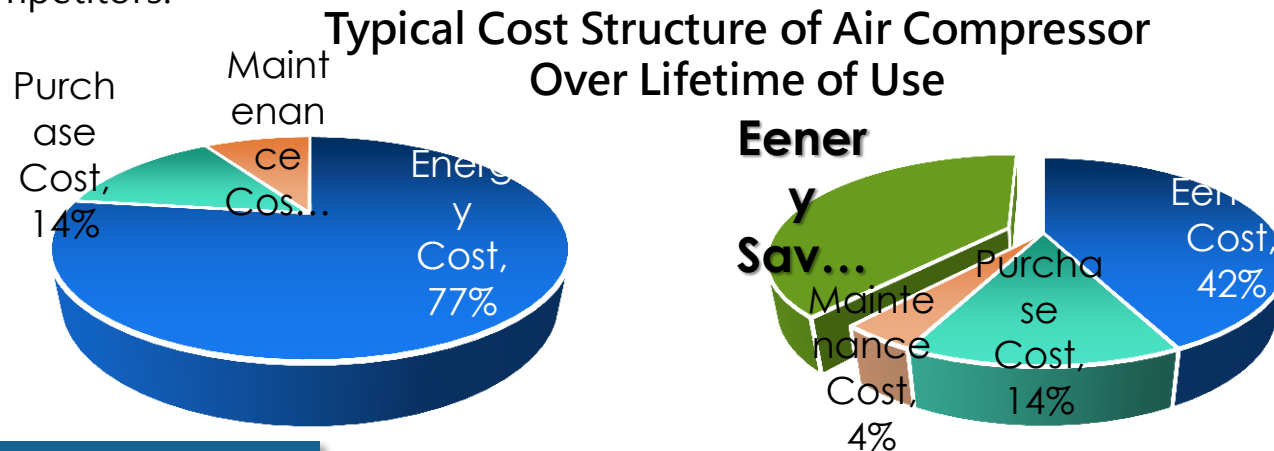
F变频机组与工频机组排气压力对比图

F frequency conversion unit and power turbine exhaust pressure comparison chart

New Product – Screw Compressor

Competitive Advantage

- 23%-40% more energy efficient compared to traditional air compressors.
- 13%-20% more energy efficient compared to F-Variable Frequency compressors offered by competitors.



Growth Rates

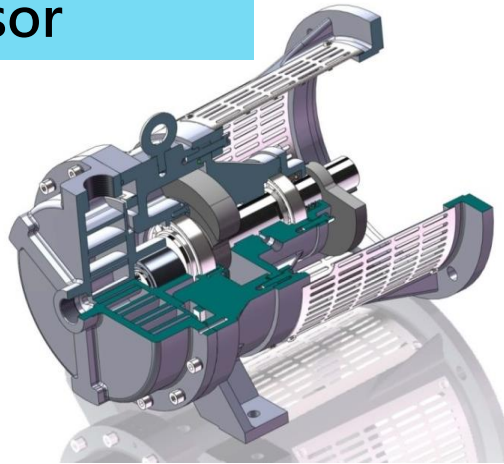
- For the year ended 31 December 2016, the revenue of F-Variable frequency screw compressors was NT\$477.06 million, representing 136.30% of the Group's full year target of NT\$350 million.

New Product – Scroll Compressor

Scroll Compressor

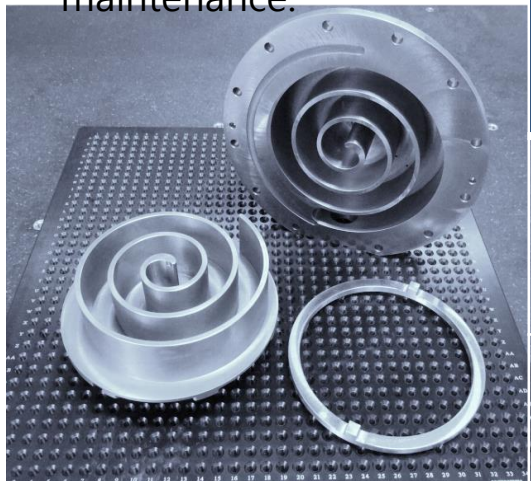
Reduced size, longer operating life and higher dependability

- High volumetric efficiency.
- Low torque variation and less vibration.
- Ease and lower cost of maintenance.



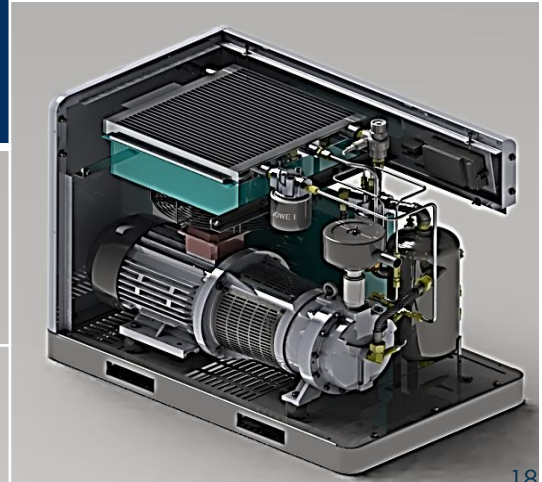
Dual cooling systems

- Automated system adjustment according to operating conditions.
- Intelligent suite of protection system, including temperature, phase, over-voltage etc.

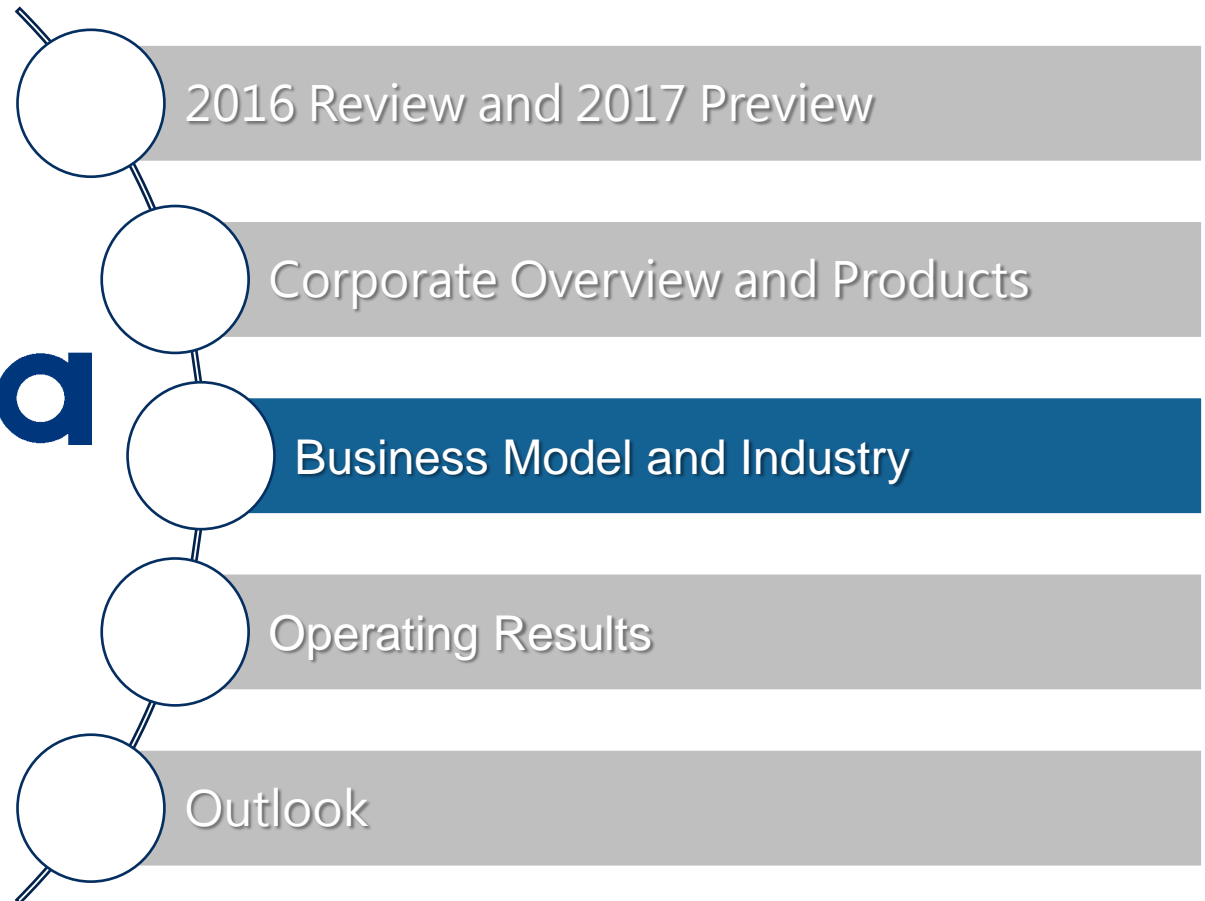


Radial flexible compensating mechanism offers 10% efficiency gain

- Lower and more stable operating temperature improves compression efficiency by 1~5%
- Improved electrical system performance by 2~5% when operating at 80-90% loading



Business Model and Industry



Sales Networks

Operating Model

- Through professional competency in R&D, production and marketing, our selfbranded general-purpose air compressors are sold through a comprehensive network of distributors.

Sales Channels

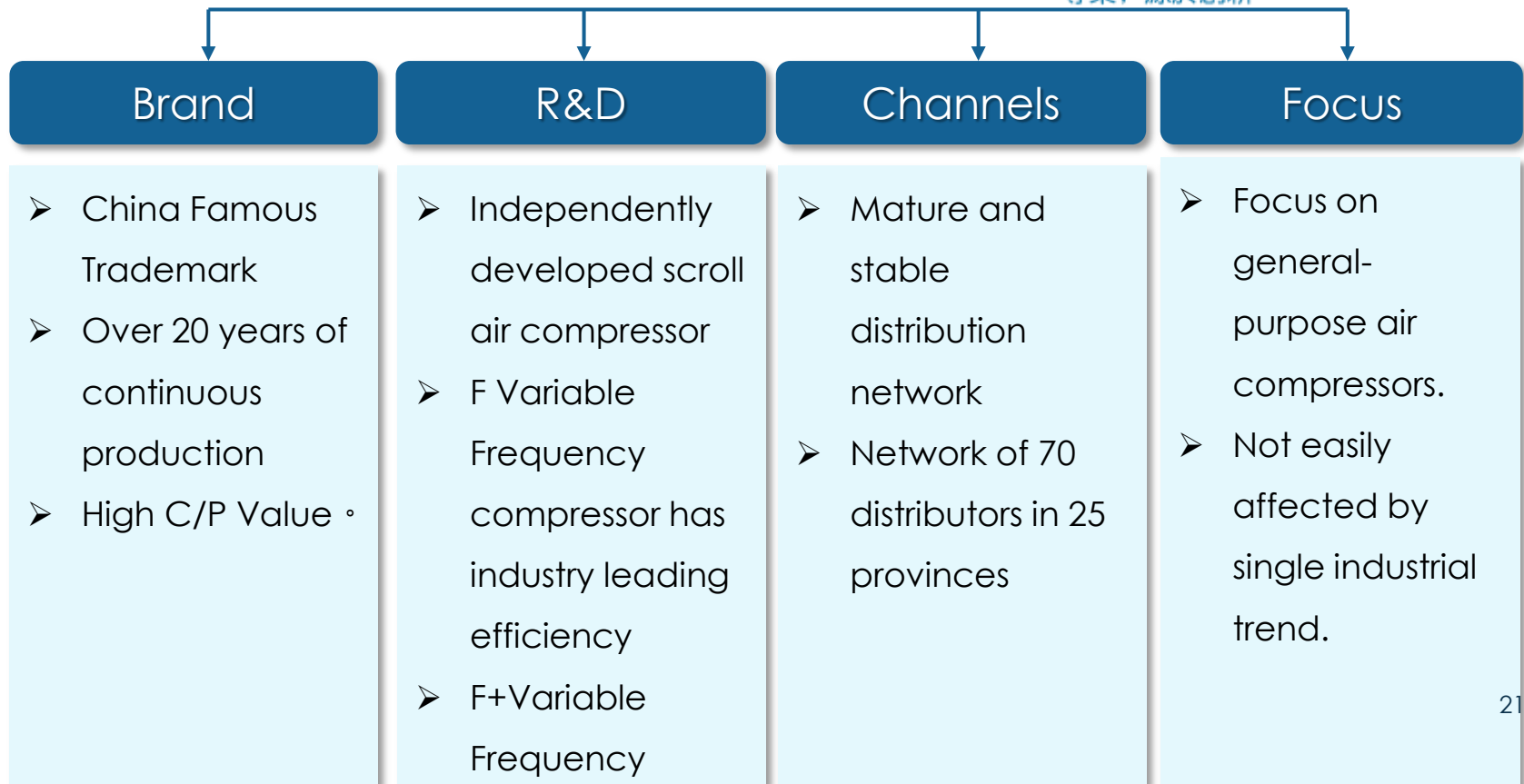
- China: a network of 70 key distributors
- Overseas: importers & trading houses

Major markets

- China: 25 provinces and centrally-governed cities, including Beijing, Sichuan, Hubei and Jiangsu
- Overseas: Southeast Asia, Turkey, South Africa
- Percentage of domestic sales and foreign sales in 2016 are 91% and 9%








Competitive Advantages



compressor

Competitive Landscape

■ Major local players

Name	Introduction	Major Products
Atlas Copco (Wuxi) Compressor 	Found in 1873, headquarter located in Sweden. Atlas Copco (Wuxi) was set up in 1994.	Piston, oil-free, screw compressors, oil-lubricated air compressors, oil-free centrifugal compressors, control and monitoring systems and portable screw compressors
Shanghai Ingersoll Rand Compressor 	Joint venture between Ingersoll Rand Compressor (USA) and Shanghai Compressors. Ingersoll Rand is one of the top 500 enterprises globally.	Screw compressors, portable compressors, centrifugal compressors
Zhejiang Kaishan Compressor 	Found in 2012. Kaishan is the largest screw compressor manufacturer in China. It is a publicly traded company in China.	Screw air compressor, refrigeration compressor, screw expander generator, and process gas compressor.
Shanghai Hanbell Precise Machinery 	Taiwanese-invested enterprises set up in 1996. It is a publicly traded company in China.	Refrigerating compressor, screw refrigerant compressor, vacuum pump
ZheJiang Hongwuhuan Machinery 	Founded in 1997. Products mainly used in construction, tunneling, power and mining machinery.	Piston compressor, screw air compressor, pneumatic rock drill, pneumatic and hydraulic down hole drill, breakers, drilling wagon.

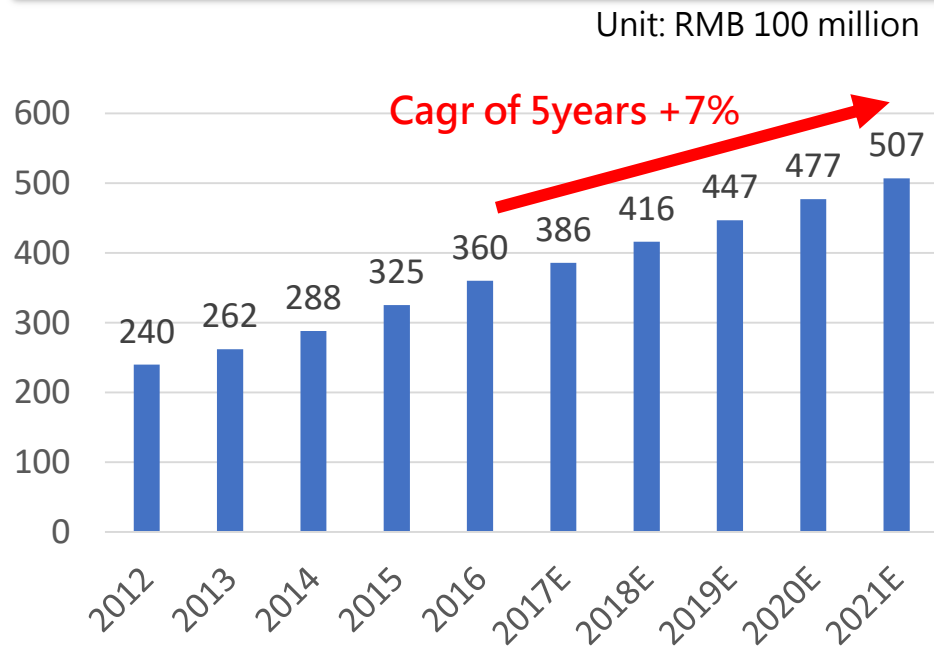
Competitive Landscape



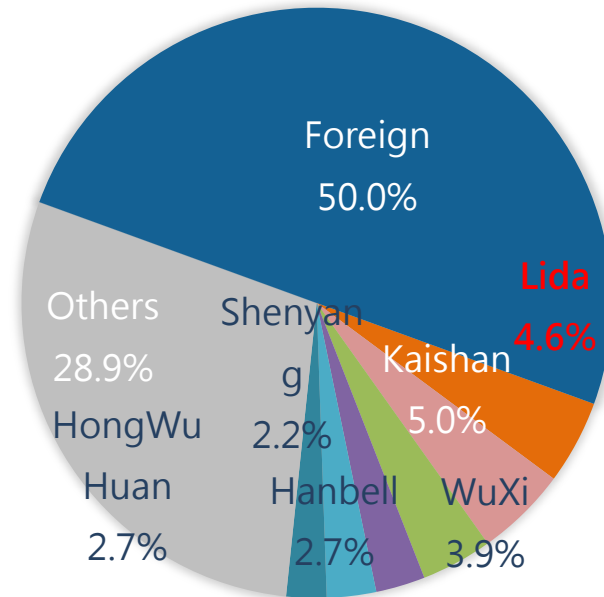
Items	Lida (4552 TW)	Kaishan (300257 CH)	Hanbell (002158 CH)
Revenue, by region	China 91% Overseas 9%	China 95% Overseas 5%	China 93% Overseas 7%
Sales model	Distributors 100%	Mainly distributors with some direct sales	Mainly direct sales with some sales through distributors
Target customers	Machine manufacturing, food processing pharmaceutical, auto industry, textile and garment, automation industry	Metallurgical industry, chemical industry, large scale construction industry	Refrigerant compressors, primarily supplied to air- conditioner manufacturers
Revenue, by product (2016H1)	Piston 46% Screw 40% Scroll 12% Others 2%	Piston 4% Screw 80% Others 16%	Screw refrigerant 60% Air compressors 24% Others 16%

Size of Chinese Air Compressor Industry

Estimate of China market Scale

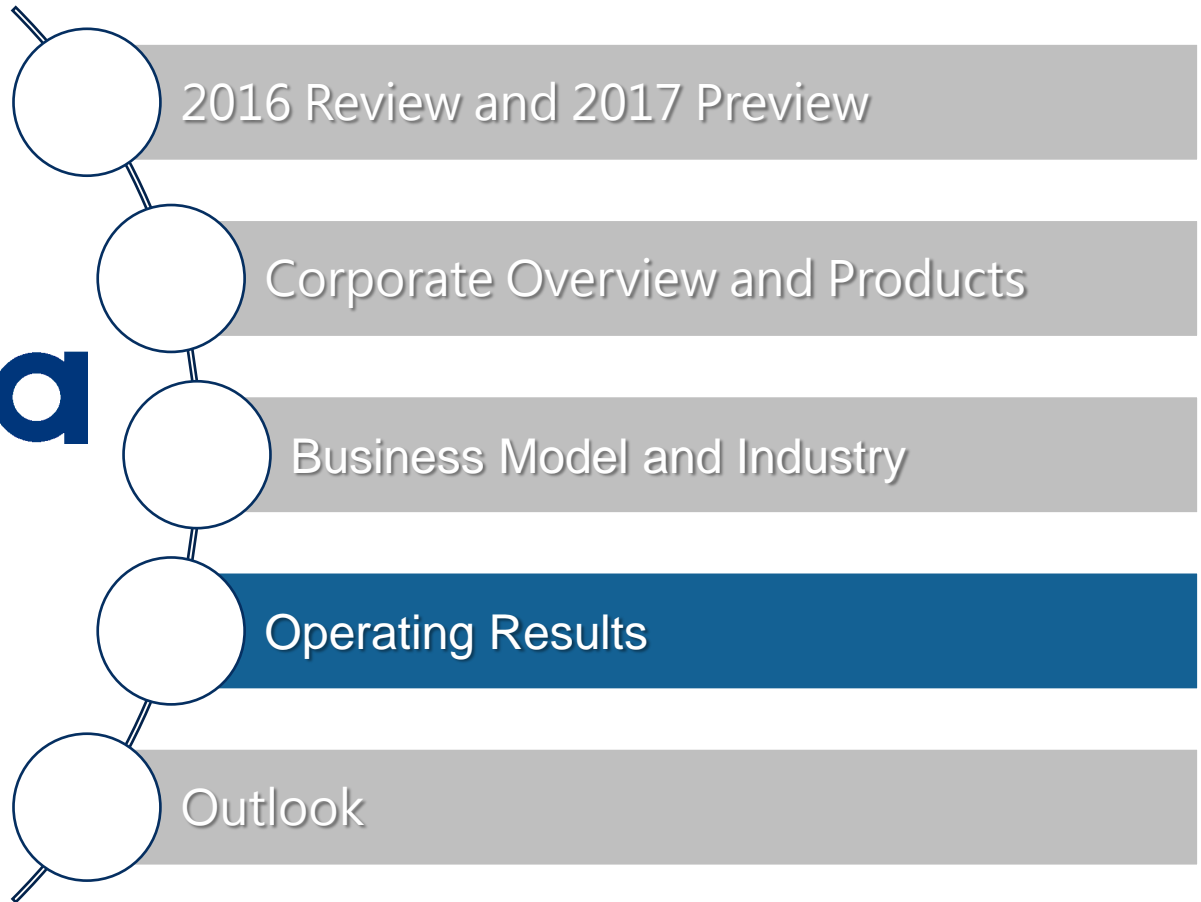


Major Players market Share

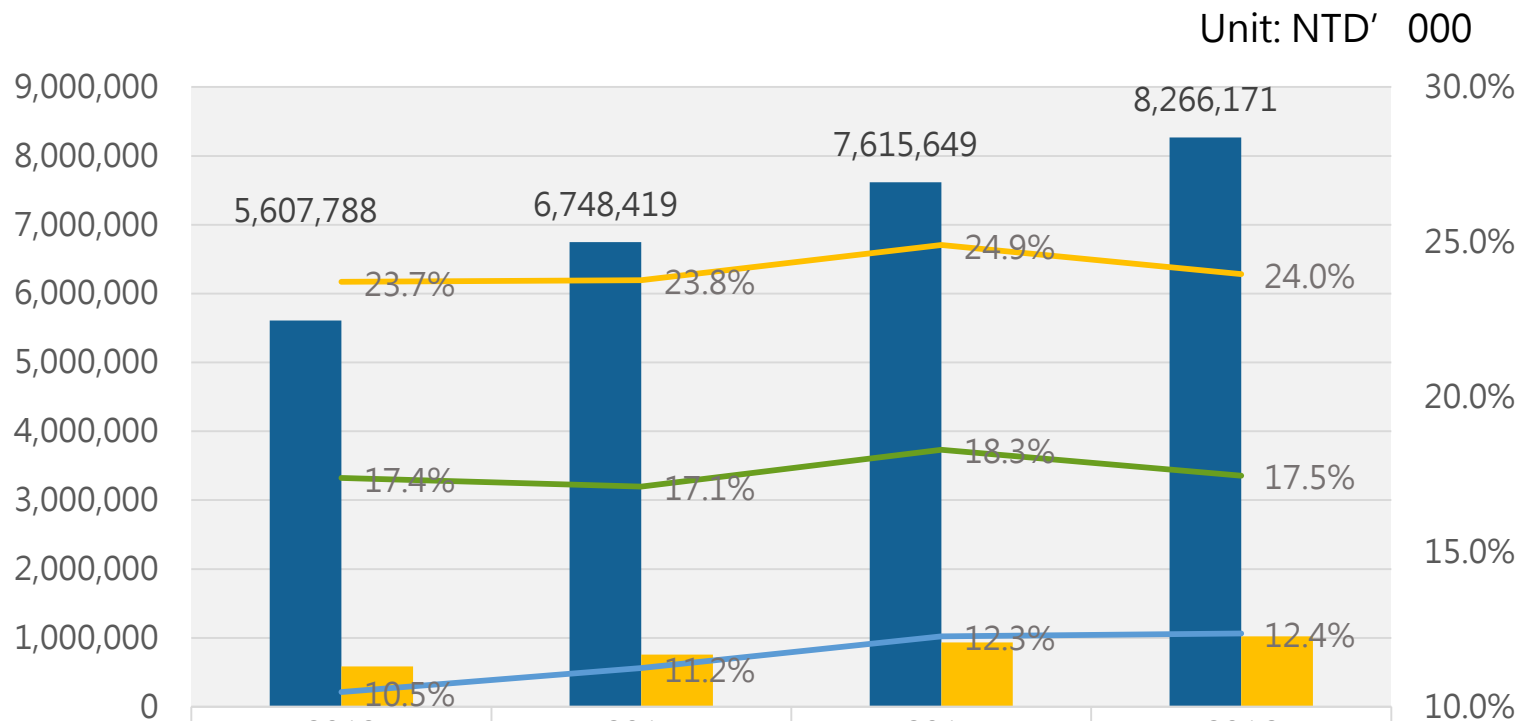


- In tandem with China's economic growth and increased adoption of industrial automation, the market size of the Chinese air compressor industry is expected to reach RMB 50.7 billion by 2021.

Operating Results



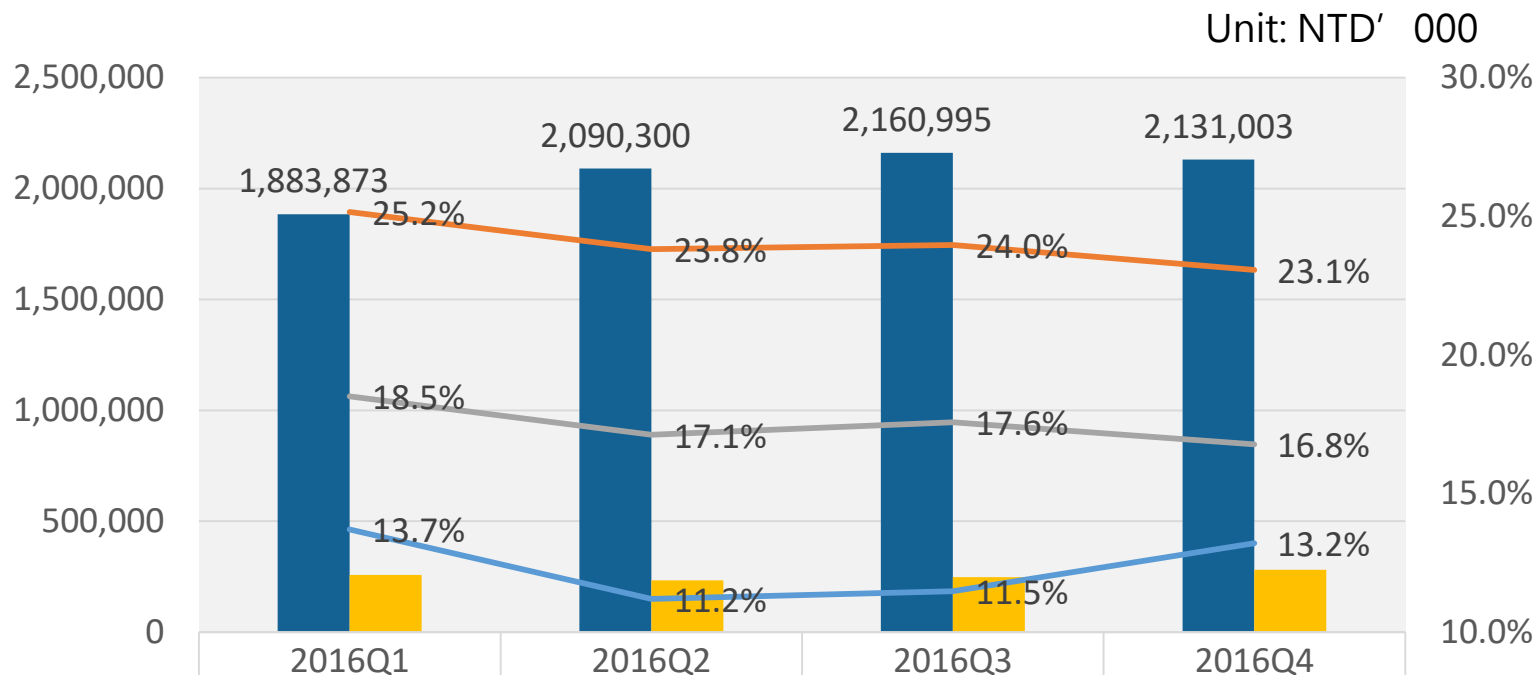
Revenue and Profit by Year



Revenue	5,607,788	6,748,419	7,615,649	8,266,171
Net profits	587,118	758,945	934,530	1,021,831
Gross profit margin	23.7%	23.8%	24.9%	24.0%
Operating margin	17.4%	17.1%	18.3%	17.5%
Net profits margin	10.5%	11.2%	12.3%	12.4%

■ Revenue
 ■ Net profits
 — Gross profit margin

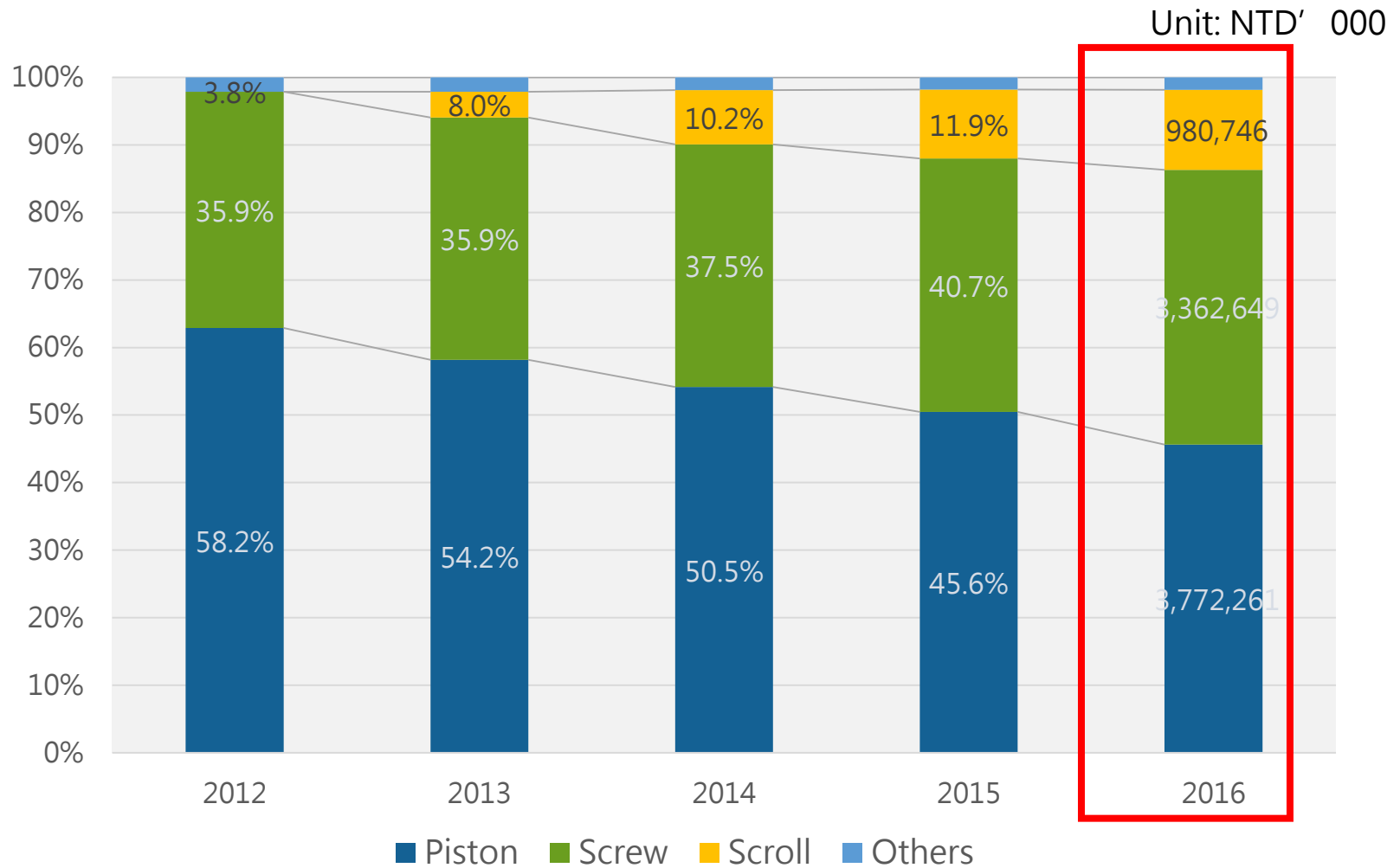
Revenue and Profit by Quarter



Revenue	1,883,873	2,090,300	2,160,995	2,131,003
Net profits	258,198	234,153	248,025	281,455
Gross profit margin	25.2%	23.8%	24.0%	23.1%
Operating margin	18.5%	17.1%	17.6%	16.8%
Net profits margin	13.7%	11.2%	11.5%	13.2%

■ Revenue
 ■ Net profits
 — Gross profit margin
 — Operating margin
 — Net profits margin

Revenue Percentage by Products



Gross Profits Margin by Products

- Due to the continuous rise in steel price in the second half of 2016, the Group has increased the selling prices of all products in January 2017, ranging from 2% to 8%, to offset the effect of increase in rise of steel price. °

Product/Year	2014	2015	2016
Piston	23.0%	23.6%	21.3%
Screw	24.5%	25.8%	25.8%
Scroll	22.6%	25.6%	26.1%
Others	36.9%	39.1%	34.7%
Total	23.8%	24.9%	24.0%

5years Steel Prices Trend

Steel Prices in China



Income Statement



Unit: NTD' 000

Items	2013		2014		2015		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
Revenue	5,607,788	100%	6,748,419	100%	7,615,649	100%	8,266,171	100%
Gross profits	1,329,677	24%	1,604,375	24%	1,896,336	25%	1,980,860	24%
Operating profits	974,685	17%	1,154,017	17%	1,392,685	18%	1,443,630	17%
Income before tax	898,959	16%	1,144,557	17%	1,403,075	18%	1,518,620	18%
Income tax	311,841	6%	385,612	6%	468,545	6%	496,789	6%
Net profits	587,118	10%	758,945	11%	934,530	12%	1,021,831	12%
EPS	7.67		9.15		10.38		10.80	

Note: EPS was calculated based on the retrospective weighed average no. of shares.

Income Statement (in RMB)



Unit: NTD' 000

Items	2016Q3	2016Q4	QoQ(%)		2015年	2016年	YoY(%)	
	Amount	Amount	TWD	RMB	Amount	Amount	TWD	RMB
Revenue	2,160,995	2,131,003	-1.4%	0.9%	7,615,649	8,266,171	8.5%	12.7%
Gross profits	517,820	491,591	-5.1%	-2.7%	1,896,336	1,980,860	4.5%	8.4%
Operating profits	379,822	357,352	-5.9%	-3.5%	1,392,685	1,443,630	3.7%	7.6%
Income before tax	387,654	405,062	4.5%	5.9%	1,403,075	1,518,620	8.2%	12.3%
Net profits	248,025	281,455	13.5%	15.5%	934,530	1,021,831	9.3%	13.5%
EPS	2.52	2.82	11.9%		10.38	10.80	4.0%	

- The revenue and net profits growth in NT\$ was relatively lower than that in RMB since Taiwanese dollars have sharply appreciated against Renmibi since July 2016. Nevertheless, the effect of such appreciation has no impact on the operation of the Group.

Balance Sheet



Unit: NTD' 000

Items	2013	2014	2015	2016
Cash	945,189	1,474,402	1,179,482	2,853,285
Trade receivables	629,374	720,605	799,463	925,129
Inventories	275,063	258,653	231,324	253,759
Other current assets	8,846	421,943	1,609,153	1,627,634
Fixed assets	487,541	510,467	483,323	445,417
Other assets	62,871	44,590	42,461	47,154
Total assets	2,408,884	3,430,660	4,345,206	6,152,378
Short-term borrowings	98,459	106,932	104,895	96,957
Trade payables	388,735	438,950	459,892	569,760
Other current liabilities	931,412	419,947	550,965	621,669
Total liabilities	1,418,606	965,829	1,115,752	1,288,385
Share capital	465,541	900,000	900,000	1,000,000
Capital reserves	352,753	536,966	536,966	1,548,200
Retained earnings	164,335	923,280	1,740,810	2,582,641
Other reserves	7,649	104,585	51,678	-266,848
Total equity	990,278	2,464,831	3,229,454	4,863,993



Strengthen the product and revenue structure

- The Company began to launch two new scroll-type air compressors in July 2016 ,and showing a good response from customers. We expected F-variable frequency screw compressors and scroll-type air compressors will be the main engines for the growth of the Group in future.
- The Company has increased the selling prices of all products in January 2017, ranging from 2% to 8%, to offset the effect of increase in rise of steel price.
- Strength R&D and develop new high-efficient products.

Positively expands sales market

- Enhance sales effort at regions/provinces where we traditionally have lesser presence.
- Assist our tier-1 distributors to expand their tier-2 distribution network and enduser space.

Development policies in China

- Initiation of several high-profile national level development policies by the Chinese government, including 13th Five-Year Plan, China Manufacturing 2025, One Belt One Road, Supply Side Reform, and New-type Urbanization, all serve to promote industrial automation, reduce emission, and enhance energy efficiency.

13th Five-Year Plan	China Manufacturing 2025	One Belt One Road
<ul style="list-style-type: none">➤ Industrial Robot Applications➤ Expands Railway construction➤ Strengthen energy conservation and environmental consciousness➤ Improve medicine and medical quality➤ New energy vehicles	<ul style="list-style-type: none">➤ Upgrade China from a manufacturer of quantity to one of quality➤ Apply smart technologies➤ Green manufacturing implementation➤ Strengthen brand quality construction➤ Pursue green development	<ul style="list-style-type: none">➤ Enhance infrastructure and facilities connectivity➤ Five connections: policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bonds.

Thank You.
Q&A