



Global Tek Fabrication (4566.TW)

Analyst Conference

Presentation

2018.06.13



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Company Overview

01

Company Snapshot

| | |
|-------------------------|--|
| Establishment | 2008/11/07 |
| President | Mr. Donald Huang |
| CEO | Mr. Donald Huang |
| Paid-in capital | NT\$660,000,000 |
| Business scope | R&D, manufacture & sale of precision metal working parts for industrial, automotive & aviation niche-markets |
| Employee No. | 919 employees (2017/12/31) |
| Production sites | Taiwan: Xinwu (337 persons) China: Wuxi (448 persons) & Xi'an (134 persons) |

Milestones

2000-2008

[Establish & Develop]

- 2000 Incorporated with production base in Sanxia Taipei, Taiwan
- 2001 Wuxi factory set up, be ready for great opportunity of China automotive market
- 2004, we passed TS16949 automotive certificate
- 2005 Industrial instrumentation plant established in Xi'an to meet Emerson Group requirement
- 2005 we passed AS9100 aviation certification
- 2005-2008 20%+ YoY sales growth, topping US\$42mn in 2008

2009-2013

[Challenge & Reinvention]

- Top line halved during financial crisis; sunk into red for first time
- Strengthened organization culture and reform - introduced strategic planning workshop to foster team learning and vision leadership
- Built salesforce to penetrate niche markets with long-term potential
- Established ~11,900sqm production base in Xinwu to shore up proprietary know-how and manufacturing capability
- Ramped up dedicated in-house precision casting line exclusively to aerospace business

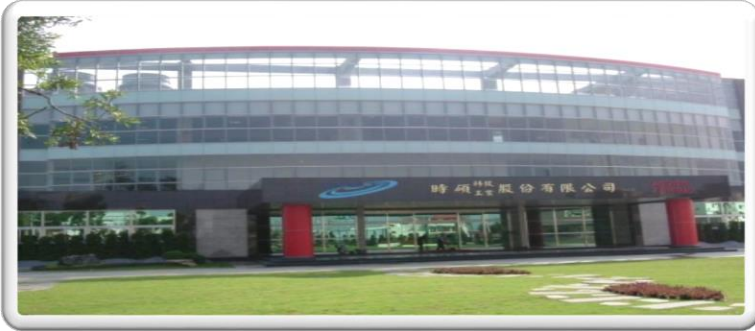
2014 - Now

[Longevity & Sophistication]

- Sales consistently rising by 25%+ YoY, catalyzed by new auto powertrain & emission system & burgeoning new industries
- Re-organizing to cultivate entrepreneurial leaders and foster healthy internal competition
- Introducing strategic fund to invest in advanced equipment, eyeing long-term competitiveness
- New R&D center empowered by intelligence manufacturing planning to raise our game for future development
- 2016/12 IPO approved
- 2017/2 Listing on TPEX Emerging Board
- 2017/11 Approval from Securities Listing Review Committee
- 2018/01/16-01/18 Securities auctions
- 2018/02/05 TWSE listing

Production centers – Diversified and specialized marketing and manufacturing base

Xinwu, Taiwan



Quality system: Automotive – TS16949;
Aviation – AS9100; Aerospace Special
Process – NADCAP

Specialization: Automotive; Industrial
application; semi conductor equipment; high-
end bicycle; Aerospace & more

Core processes: Dewaxing casting; CNC
machining (Turning/milling/compound
machining); 5 axis machining process)

Sales contribution (2017): 40%

Wuxi, China



Quality system: TS16949 – Automotive

Specialization: Automotive safety systems;
transmission /emission & powertrain system
components

Core processes: Casting; CNC machining
(turning & milling center; automated mass
production)

Sales contribution (2017): 52%

Xi'an, China







Quality system: AS9100 (Aviation);
ISO14001 (EMS)

Specialization: Industrial instrumentation &
industrial control

Core processes: CNC machining
(Turning/milling/compound process)

Sales contribution (2017): 8%

Niche markets

| Commodity team | Airbag Inflator components | Automotive transmission & emission system components | Industrial application parts | Aerospace components |
|--------------------------|--|---|--|--|
| Revenue present of Group | (2017)35% (2018 Q1)26% | (2017)35% (2018 Q1)41% | (2017)22% (2018 Q1)23% | (2017)8% (2018 Q1)10% |
| Application | Key components of airbag inflator such as igniter; inflator subassembly; diffuser, sealing | Key parts for powertrain & emission systems; modular crankshaft head & tailstock; vibration control system; double clutch transmission system | Parts for industrial flow meter; semi conductor equipment components; pressure control sensor; high-end bike suspension system; patent rubber belt wheel transmission system | Parts for primary/ secondary flight control actuator, landing gear, engine, proximity sensor |
| Illustration |  |  |  |  |

Word-of-mouth is our best endorsement

Strategic partnerships with top-five clients in each Niche Market

Safety system



Transmission & Emission
system parts



Industrial applications/
Semi conductor equipment



Aerospace
applications



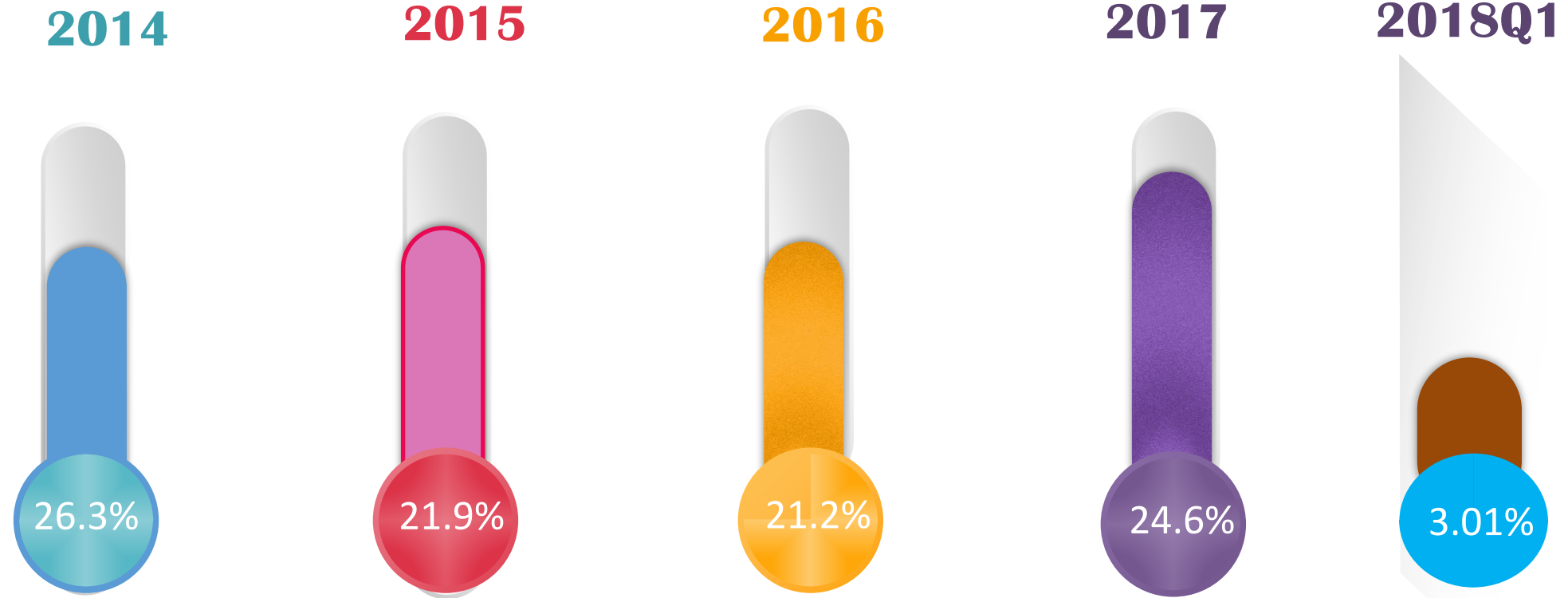
A man in a dark suit and tie holds a large, detailed globe of the Earth. Several small, dark, cube-shaped objects float around him. The background features a city skyline with various skyscrapers, partially obscured by a layer of white clouds. A teal-colored rectangular box is positioned over the upper left portion of the image, containing the text 'Business Performance'.

Business Performance

02

Revenue growth over the years

2014-2018 Q1



1. Continuously 20%+ YoY growth for 4 years
2. Enter high-tech aviation & automotive industries
3. Successful strategy & business model

2018 Q1 sales growth



Keep Growth

+3.01%

**2018 Q1 Revenue
Growth Rate**

+34.4%



**Engine and
transmission**

-34.3 %



Car safety system

+13.6%



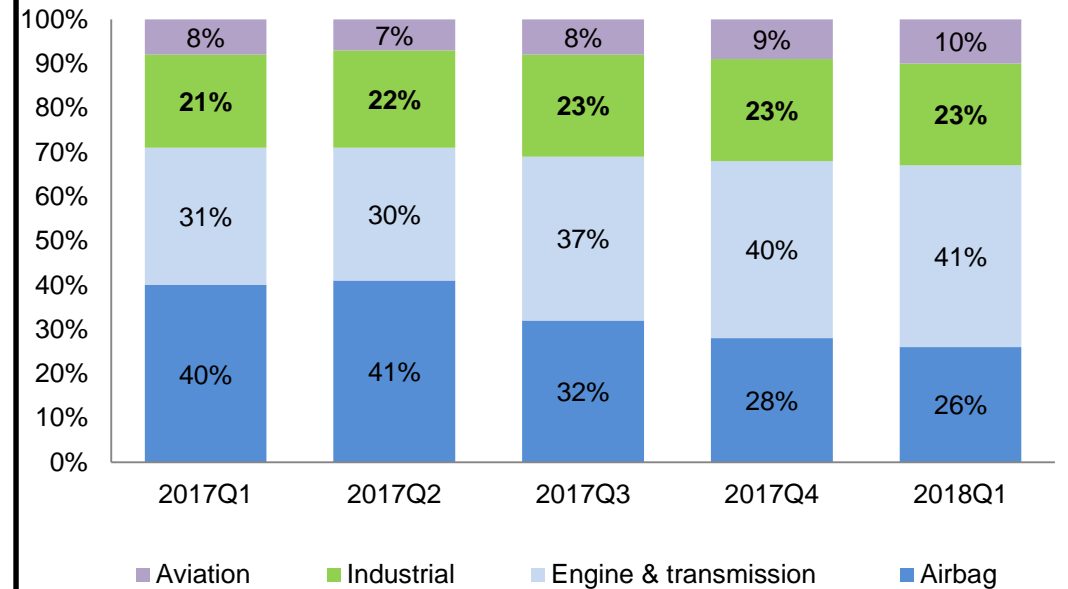
Industry Application

+39.9%



Aviation

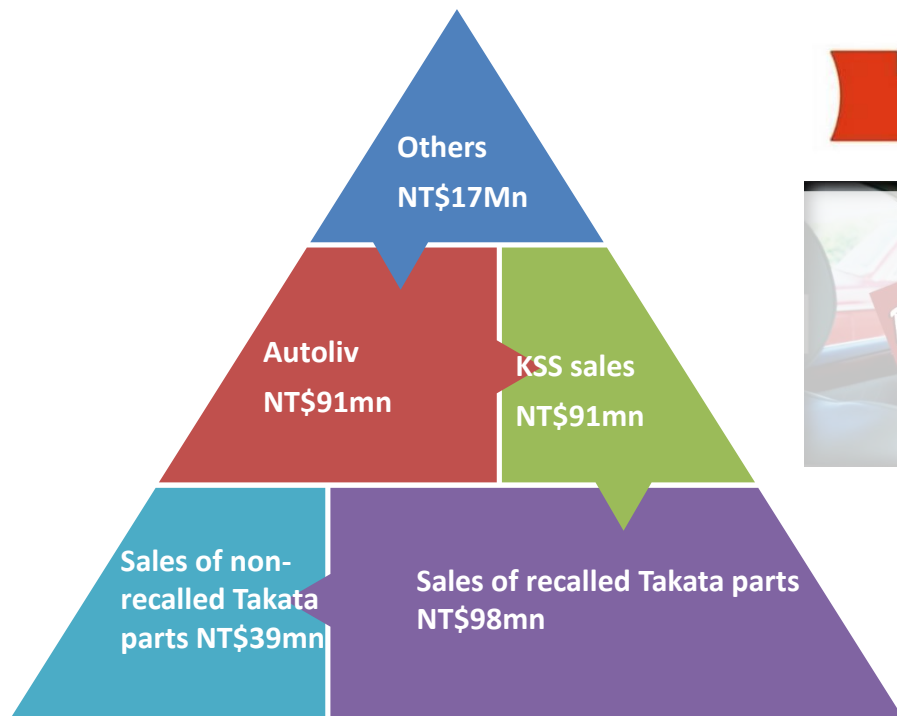
**Industries revenue changes over
years**



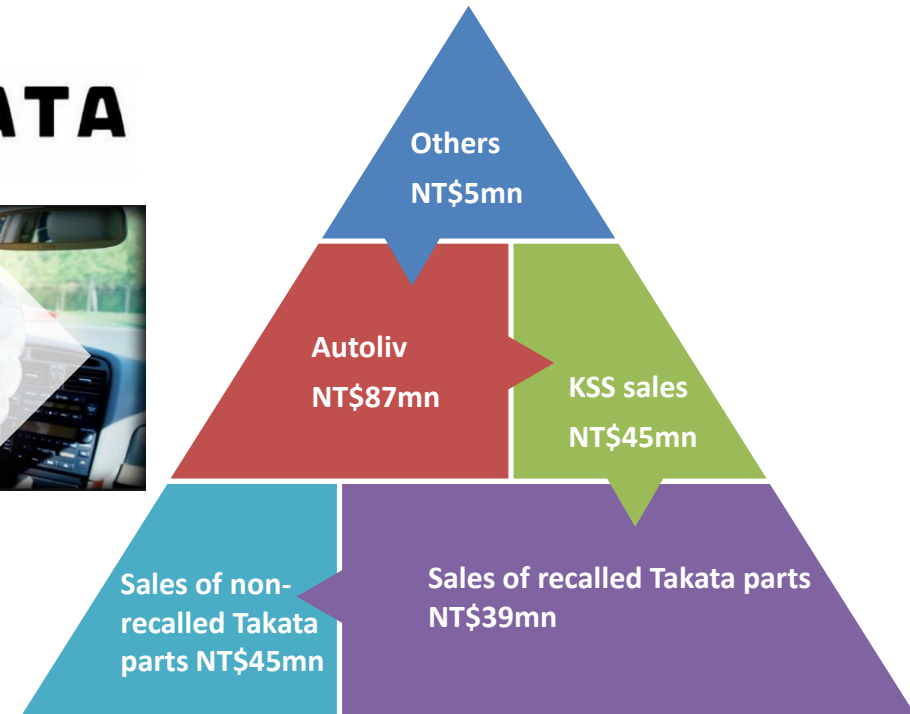
Airbag inflators Revenue Changes

Main cause: Takata recalls orders and KSS orders declined

2017 Q1 sales: NT\$ 336 mn

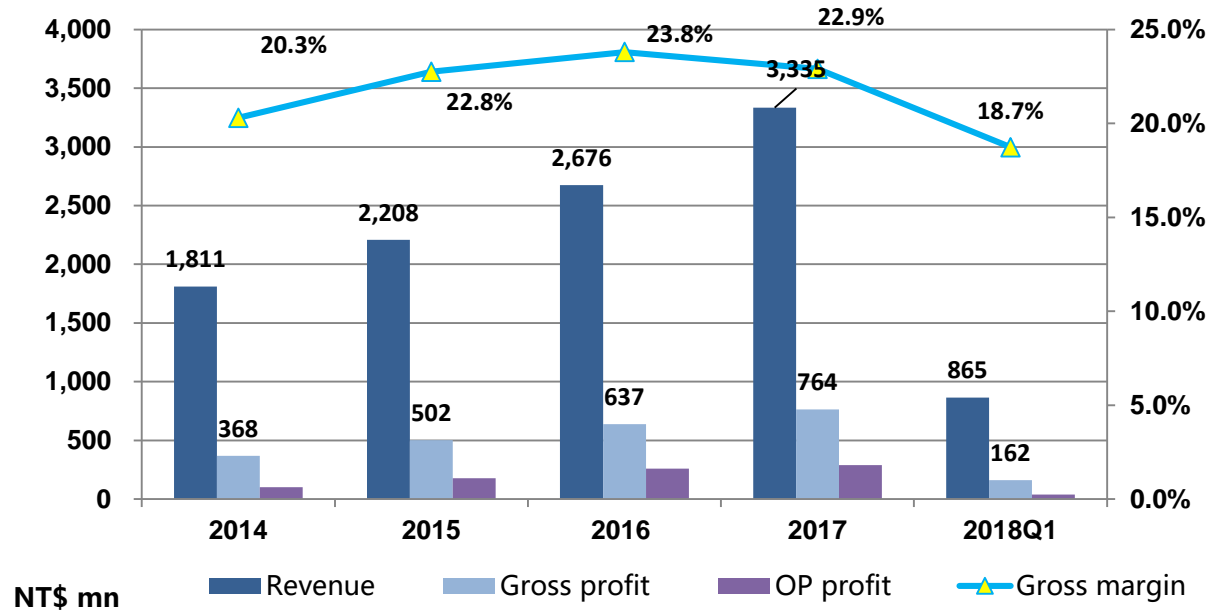


2018 Q1 sales: NT\$ 221 mn

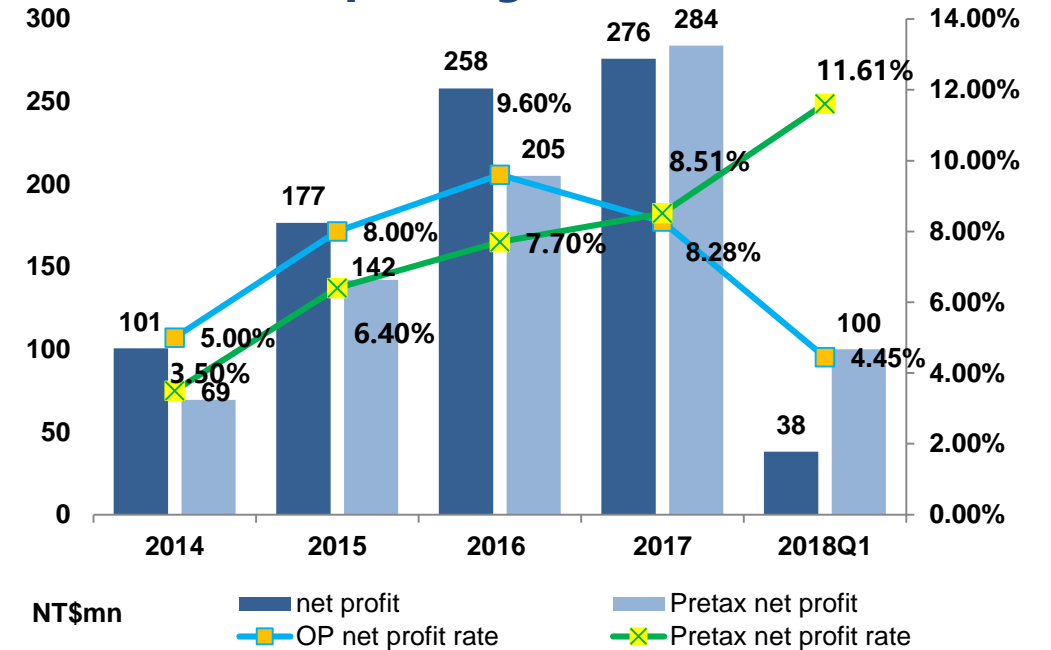


Business Performance

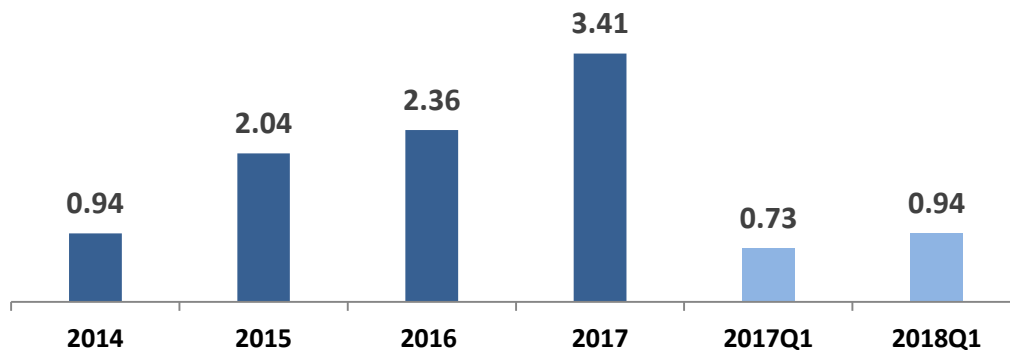
Revenue & Gross profit growth trends



Core profit growth trend



Group EPS



2018 Product Strategy for Niche Markets

03



Key product of Automotive – OAD

Performance

- **Improve system durability ; save fuel at least 1% ; reduce vibration to make car ride more comfortable.**

End User Car maker

- **TOYOTA, NISSAN, GM, VW, FORD, HYUNDAI and other world-famous car brands are using OAD to increase driving performance and comfort.**
- **All Chinese own-brand carmakers (except Chery) list OAD as standard equipment.**



Key automotive product - DCT

current Sales status

- **SAIC & Great Wall:** for DCT equipped models, such as Roewe I6/RX5/360 and WEY VV5, VV7, etc. **sales are flat.**
- **SGMW – Baojun:** 520 & 530 model launch time **postponed**
- **High Inventory :** Whole-car makers and clients need to digest the high inventory built earlier on certain expectations, which is affecting current order.

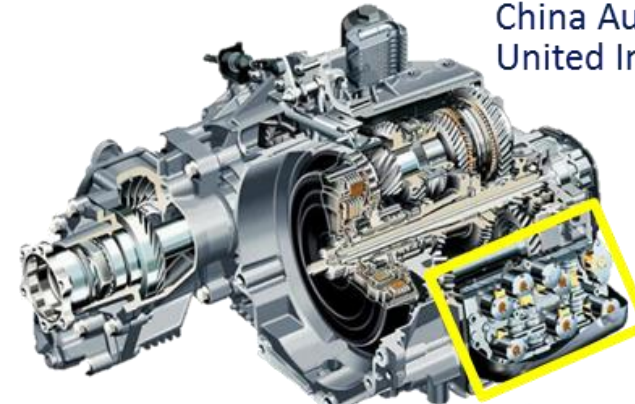


 **BorgWarner**

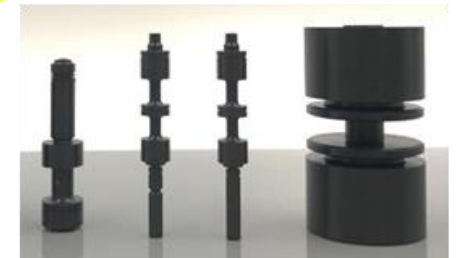
X

中发联投资公司

China Automobile Development
United Investment Co., Ltd. (CDUI)



Control Modules
VFS



Key automotive product- Airbag inflator

Revenue analysis

- With TAKATA Chinese factory' s product recall project ended, TAKATA' s China-market sales are likely to shrink.
- KSS sales should decrease in 2018F due to foreign suppliers using low price segmentation to gain orders.

Joyson Safety founded



- Joyson has completed acquisitions of KSS (US) and TAKATA (JP).
- After KSS's integrated TAKATA market share will be second only to Autoliv, the right to speak will be further enhanced. At the same time, it will achieve capacity expansion and it is expected to enter the Japanese market and the Japanese automobile plant supply chain system. This will bring new development opportunities to Global Tek.

Joyson completes TAKATA acquisition for US\$1.58bn

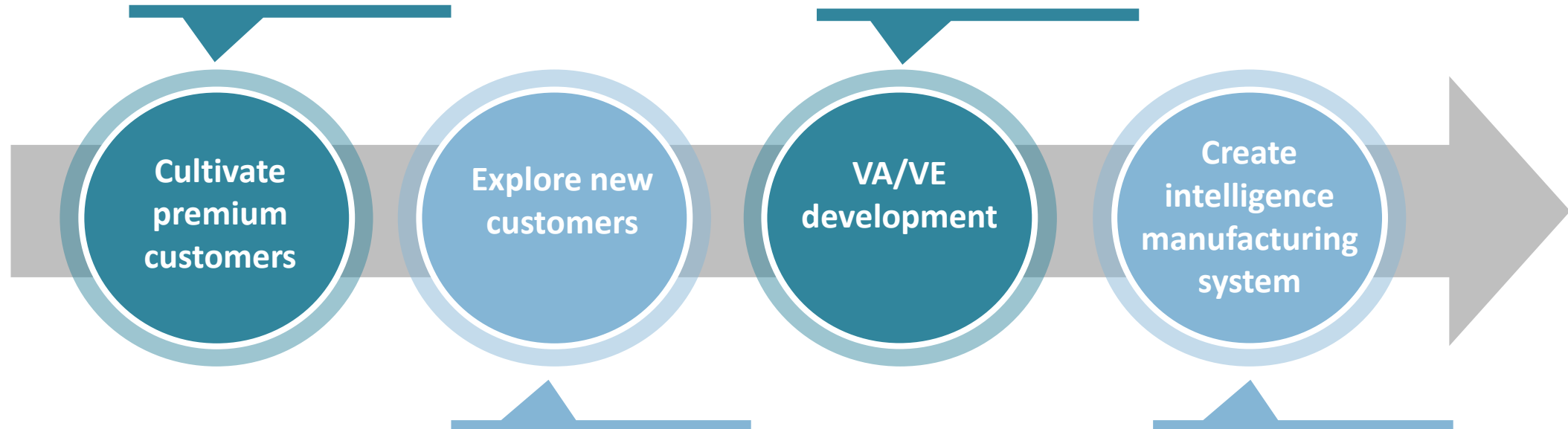
April 12, from auto.gasgoo.com. Ningbo Joyson Electronics announced that its subsidiary, Joyson Safety Systems , has successfully completed the acquisition of Takata (JP) Assets. The acquisition of the major assets which excludes the phase-stabilised ammonium nitrate (PSAN) airbag business, was at US\$1.588 billion.

Outlook – Automotive products

New opportunity and growth strategy

Working with current premium customers to simultaneously develop next-generation hybrid-power or EV key components

Continue to take earlier sampling opportunities and improve on-site procedures



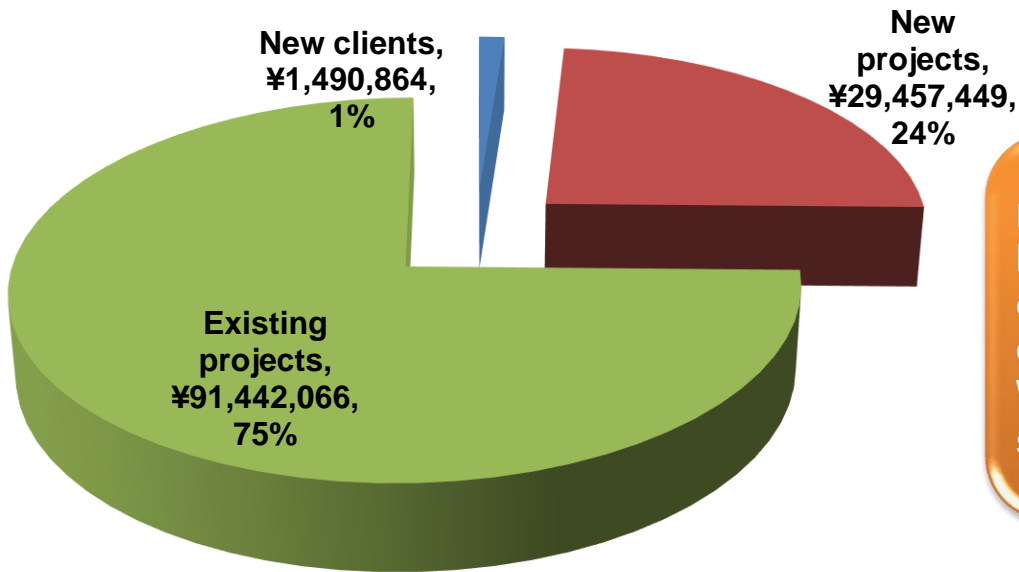
Explore new customers with similar requirements and develop new projects

Enhance its own competitiveness by digitization, systematization and intelligentization.

Outlook – Automotive products

New opportunity and growth strategy

2018 Jan-Apr, new op revenue percentage



■ New clients ■ New projects ■ Existing projects

In 2017, new business opportunities contributed 26.8% to Wuxi plant's total sales.

In Jan-Apr 2018, accumulative sales from new business opportunities shared 25% of Wuxi plant's total sales.

For 2018F, sales weighting of new businesses should be exceed 2017 growth rate.

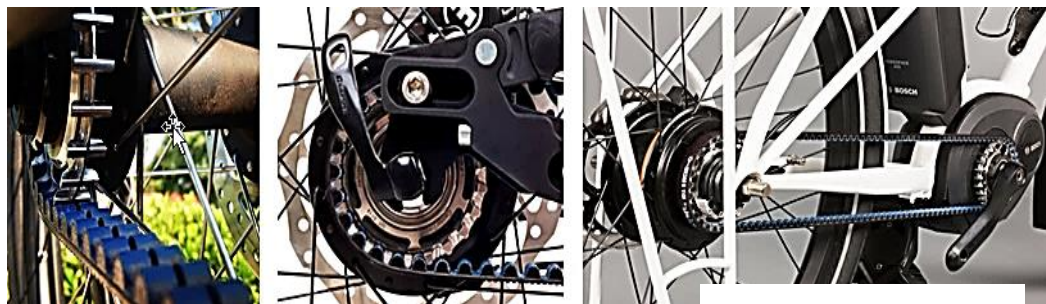
Industrial application – Bicycle suspension system



- Bicycle market value is over NT\$7bn; yearly component procurement is over NT\$2.5bn in Taiwan
- In Q2/2017, bicycle suspension system production will be entirely **relocated to the new plant in Taiwan.**
- Continue to usher in sampling opportunities in 2018-19
- Continue to expand sales and market share via acquisitions



Industrial application – Bicycle Gates product market



- Delve into **full-size** sprocket and hub markets
- Rebate Program & Super Market Replenishment Plan → it can be expected that 2018F demand will be increased up to 180k pcs and to over 200k pcs in 2019F.
- Beating competition in product cost and production efficiency.

THANKS

