



Company Profile for investor

Speaker: Nancy Hsu, Special Assistant to Managing Director

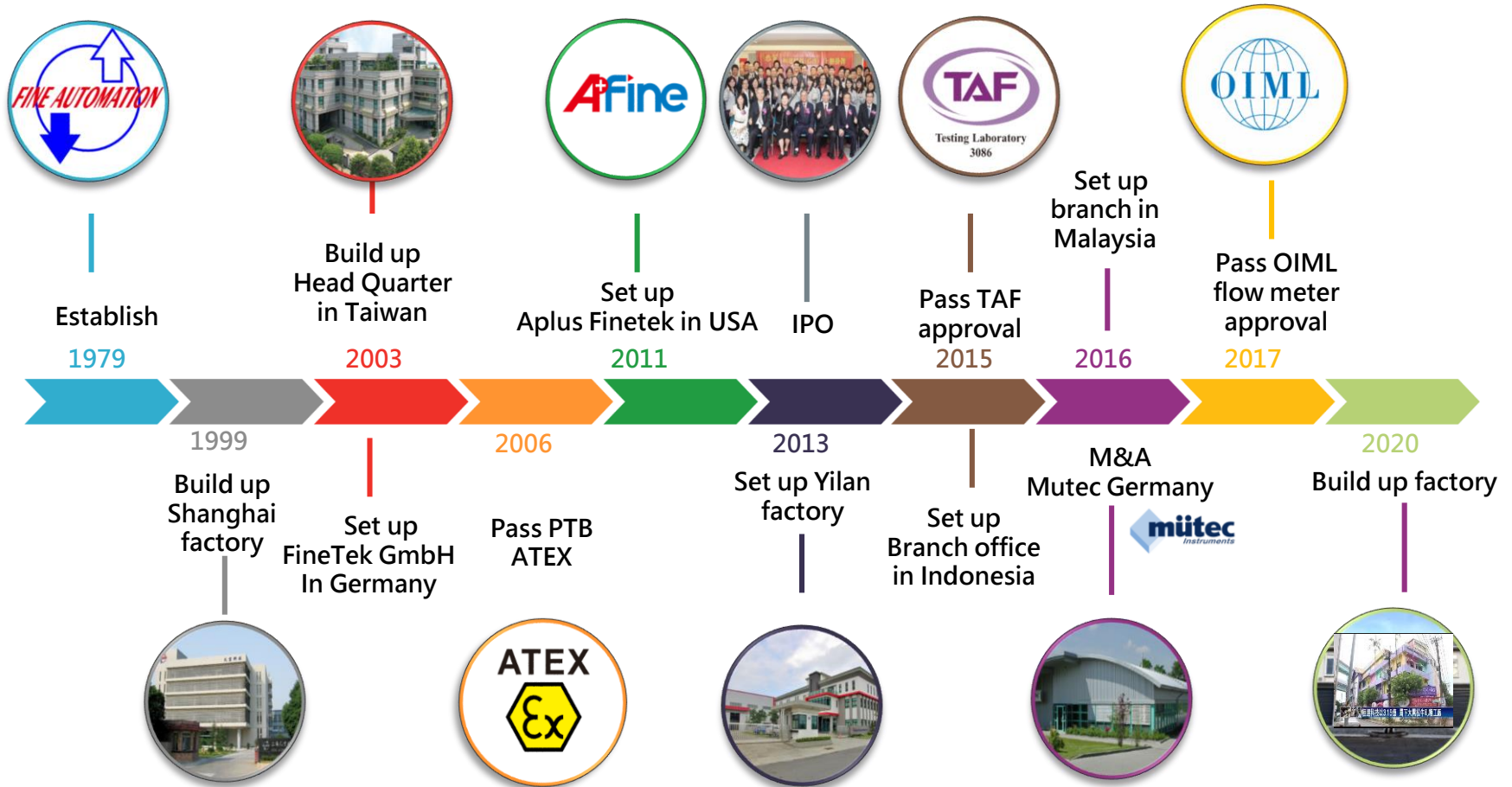


Date: Aug. 27, 2020

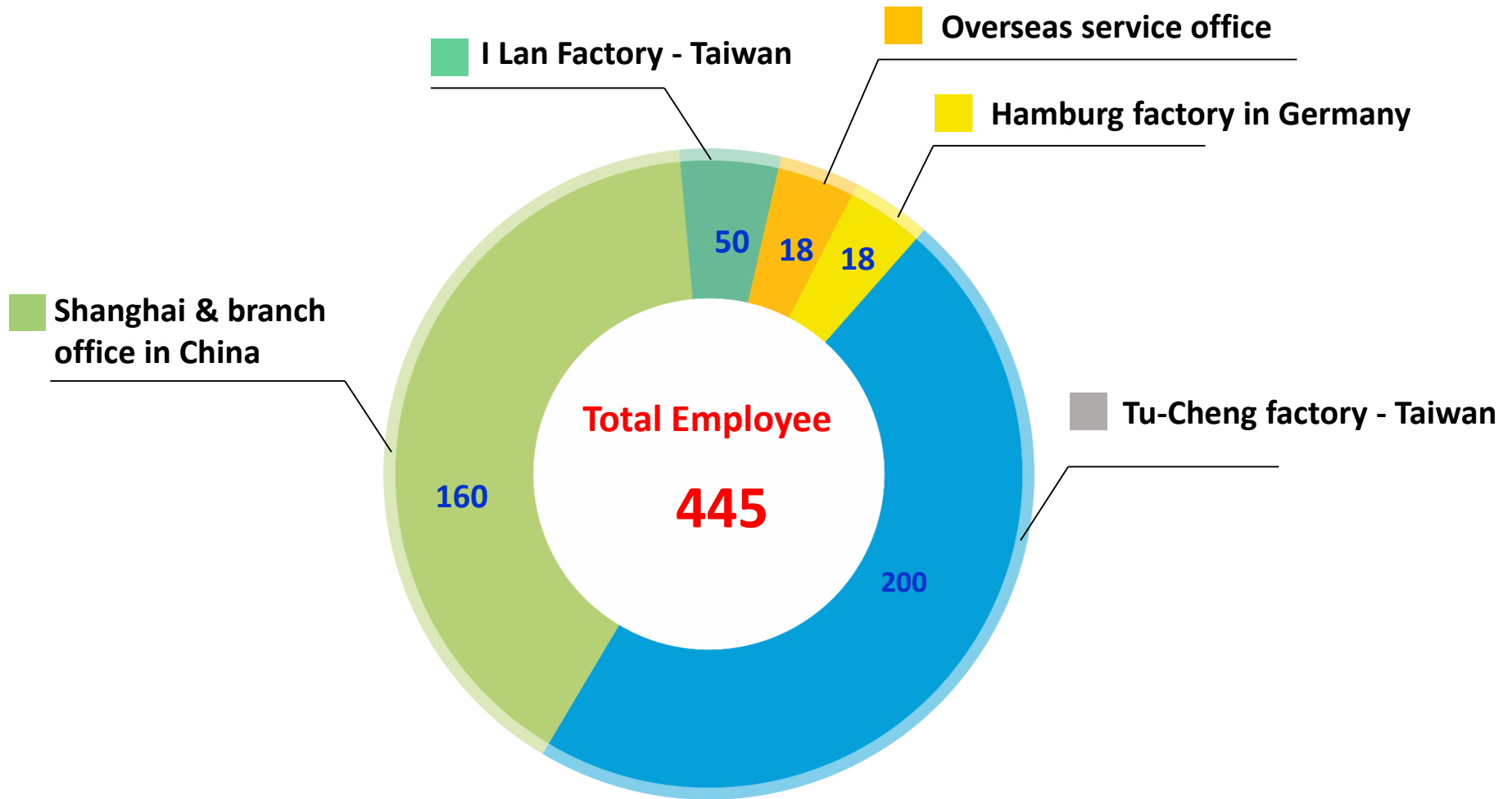
Agenda

- **Finetek Company organization**
- **Q1- Q2 business outlook**
- **Q1 - Q2 financial outlook**
- **Q3 - Q4 sales forecast and capital investment**

Company Milestone



Company Organization



Main Factory



➤ Taiwan Tu-Cheng (Head Quarter)

- Key components production line
- Customs design production line
- supply to China, Taiwan and overseas market



➤ Taiwan I-Lan

- Standard products and high volume orders
- Flow meter Calibration system
- supply for oversea and Taiwan market



➤ China Shanghai

- Simple Assembly line
- supply for China market only

Taiwan (I-Lan factory)



- Standard and mass production products.
- Flow meter production and calibration center.
- Calibration method: Weight+ comparison
(Accuracy: 0.02%)
- Supply Taiwan domestic and oversea market.



Mütec Germany

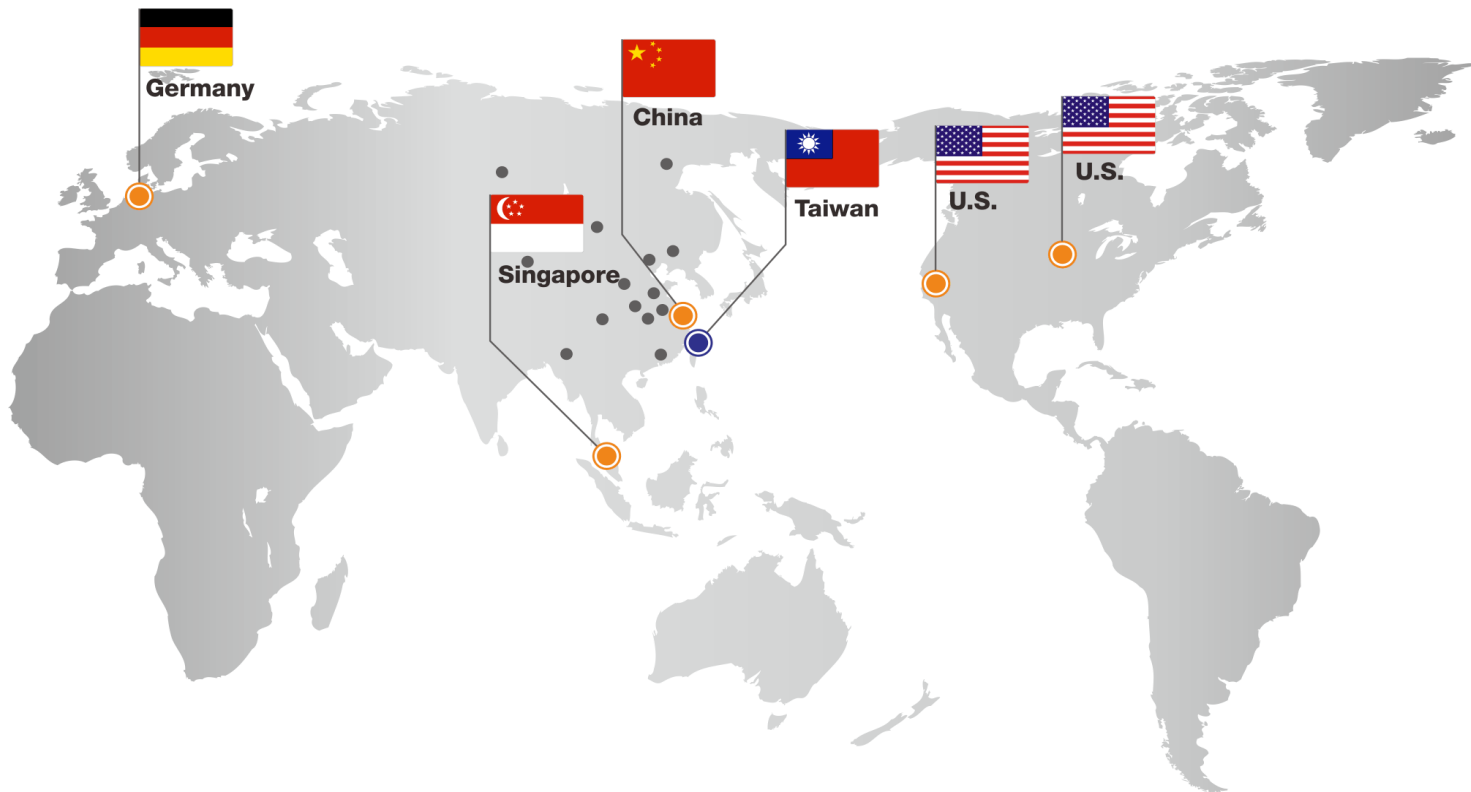
Mütec Instruments GmbH in Germany

Hi-tech and total solution for signal conversion and solid detection.



Global Sales Channel

- Taiwan Head Quarter as Global sales channel development Center
- China - 12 sales branch offices
- Germany, USA, Singapore, Malaysia, Indonesia - Sales subsidiary



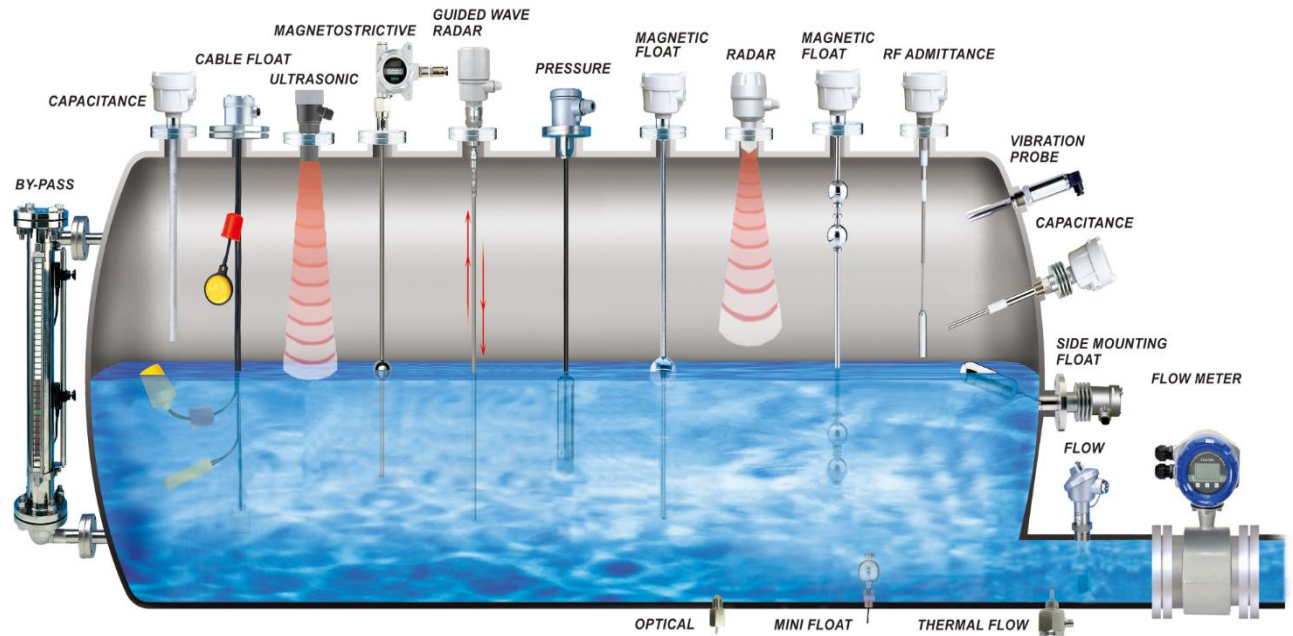
Global Distributor Network

Over 600 Distributors in Global Market



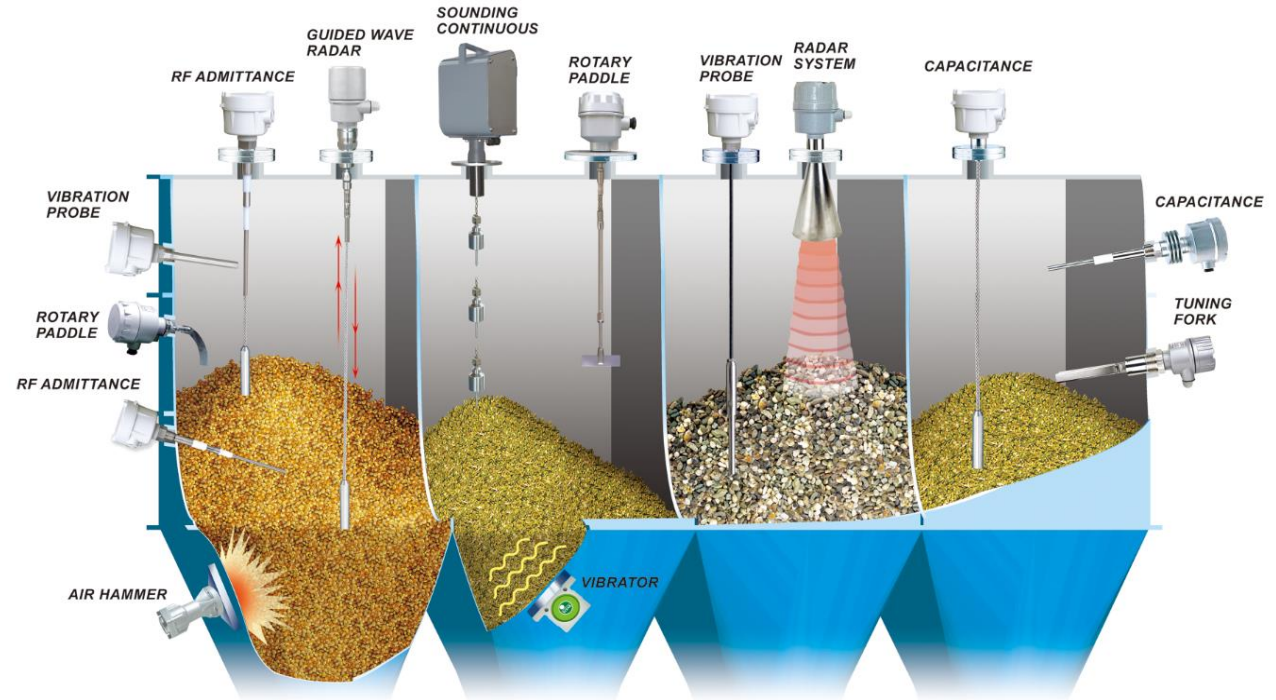
Product Group

Liquid



Product Group

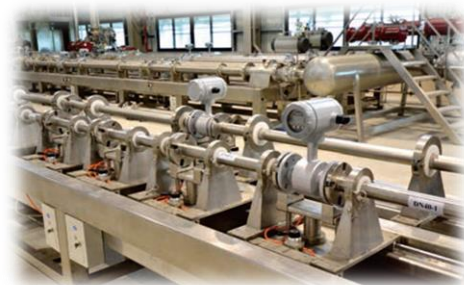
Solid



Flow Meter - product Group

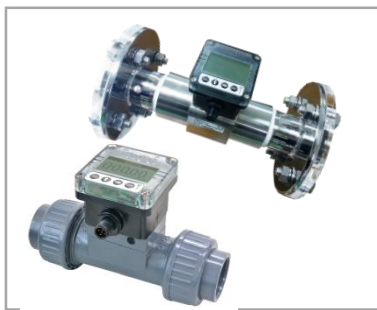


DN40~DN300



**Your Best
Water Treatment
Solution**

**Paddle Wheel Type
Stainless/ Plastic**



**Magnet type
(Remote Display)**



**Magnet type
(Sanitary Grade)**



**Magnet type
(Local Display)**



Total Solution for Powders & Bulk Solids



Moisture Measuring System



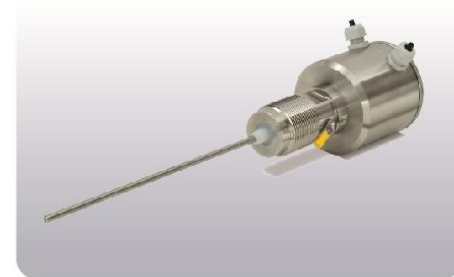
Mass Flow Measuring System



Flow Monitoring System



Level Monitoring System

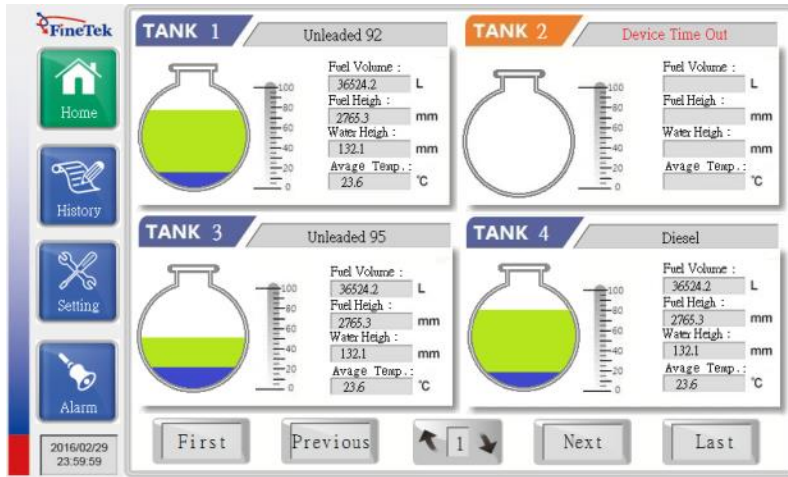


SIL2-Din rail devices



Integrated System- ATG System

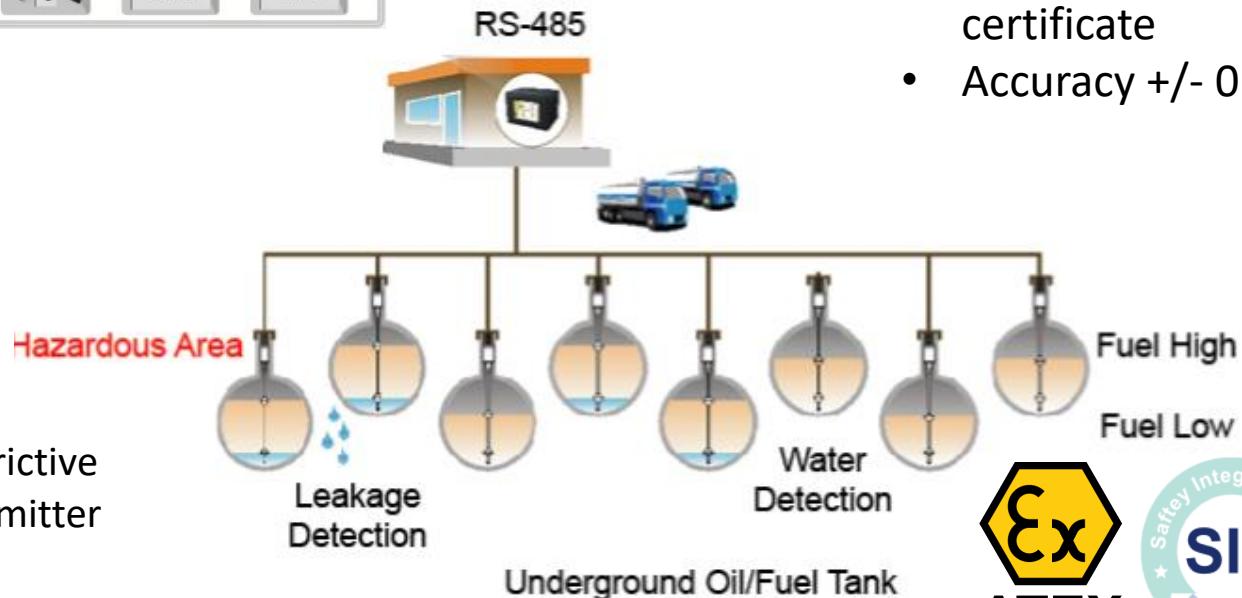
with Magnetostrictive Level Transmitter



- Interface detection
- 1-4 digit temperature display
- Linking Alarm
- Shift record
- Volume / Height conversion
- Ex-proof enclosure certificate
- Accuracy +/- 0.1mm

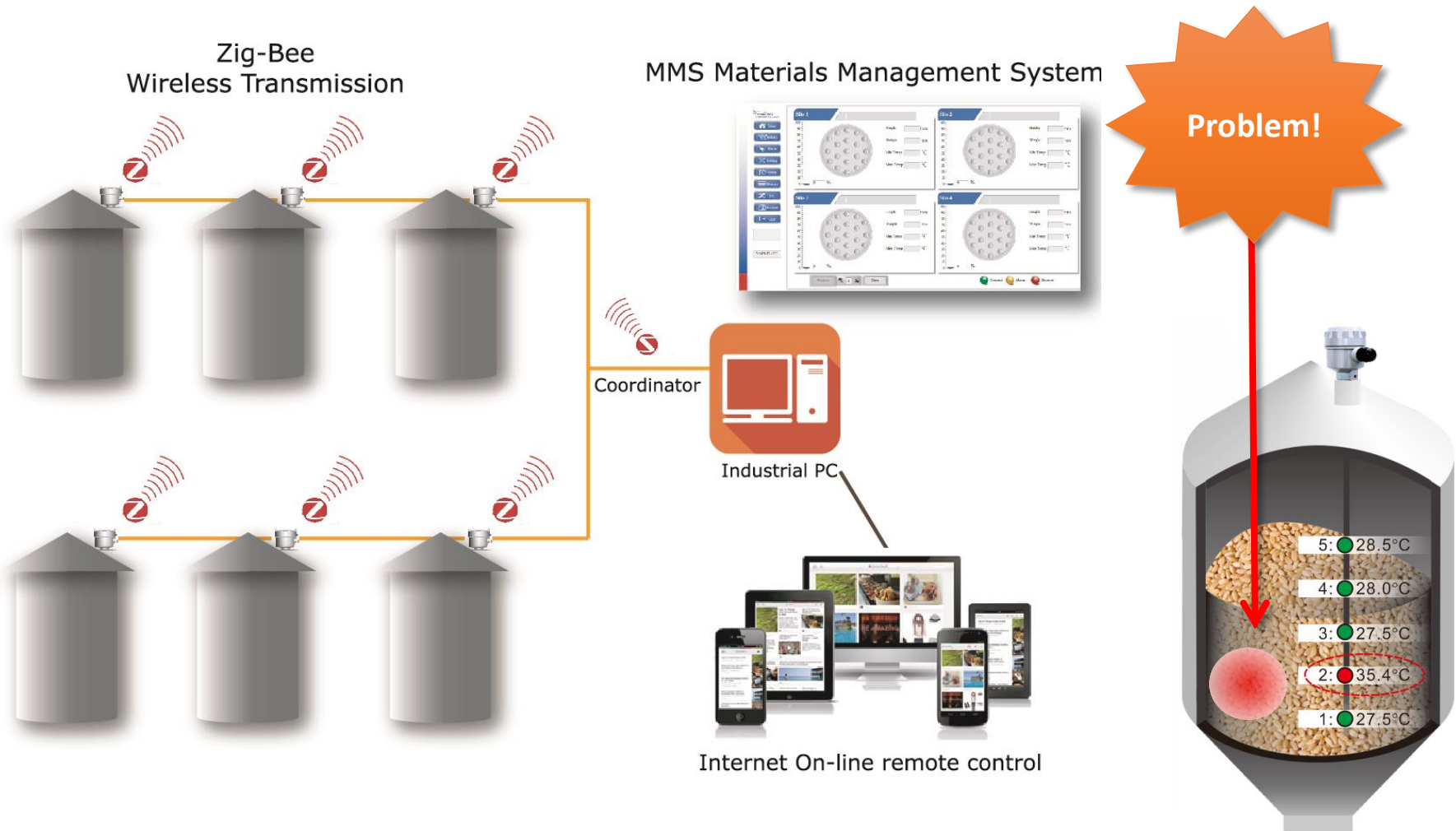


Magnetostrictive Level Transmitter



Integrated System- MMS System + Wireless

with EST120 2 in 1 grain temperature & level monitoring transmitter



Conveyer Safety Product and System



**SRS Series
Safety Cable Pull
Switch**



**SRT Series Conveyor
Belt Misalignment
Switch**



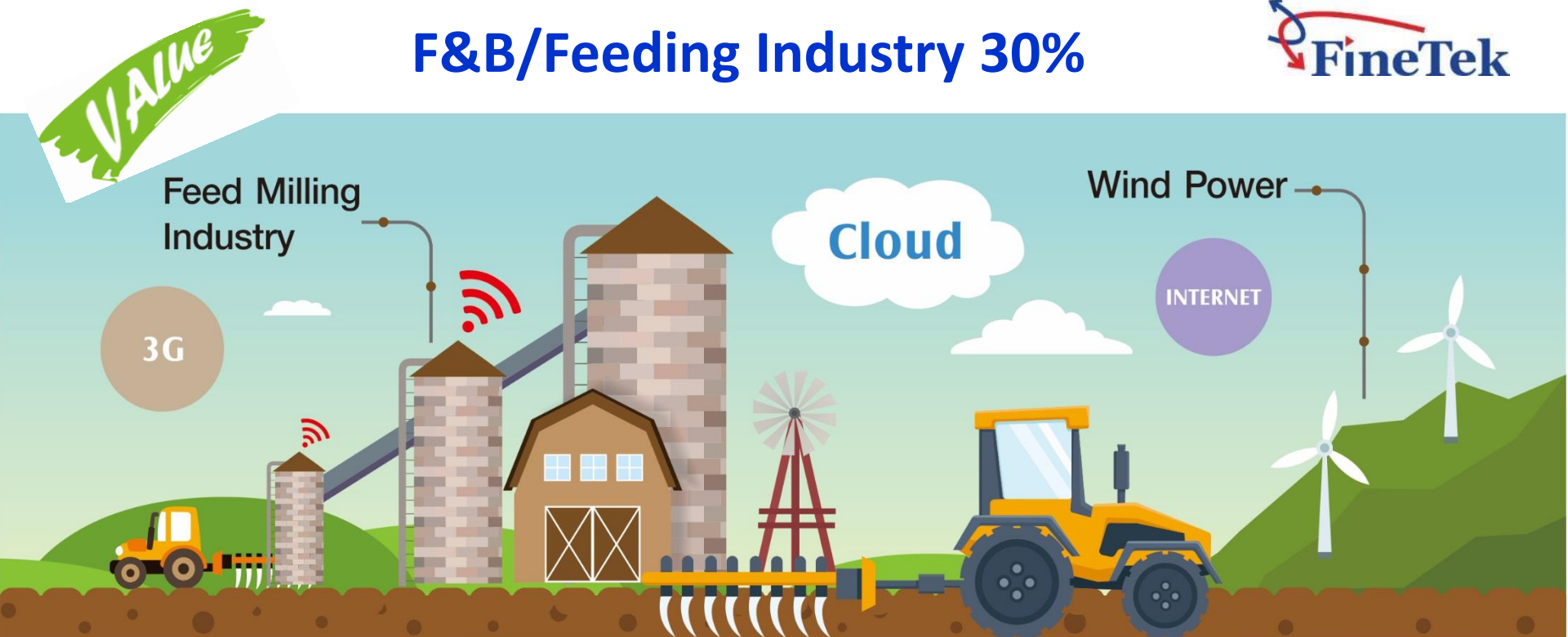
**ED Series Speed
Monitor**



**Materials
Management
System**



F&B/Feeding Industry 30%



多點位儲倉溫度感測線
二合一倉溫料位計



在線水分監控儀



微波粉粒體流動開關



微波物位開關



粉塵濃度偵測感測器



微波粉粒體流動開關

Smart City Water Resource Management 30%



Value

Water treatment
Industry

Disaster prevention
(Mobile device, newsletter, Email)



Smart
Multi-function controller



Remote monitoring



Smart City

Mobile Device
(Smart phones, Tablet, PDA)



Monitoring Center
(PC, IPC, PLC)



超音波流量計



電磁流量計



蹣輪式流量計



智慧水位監測系統



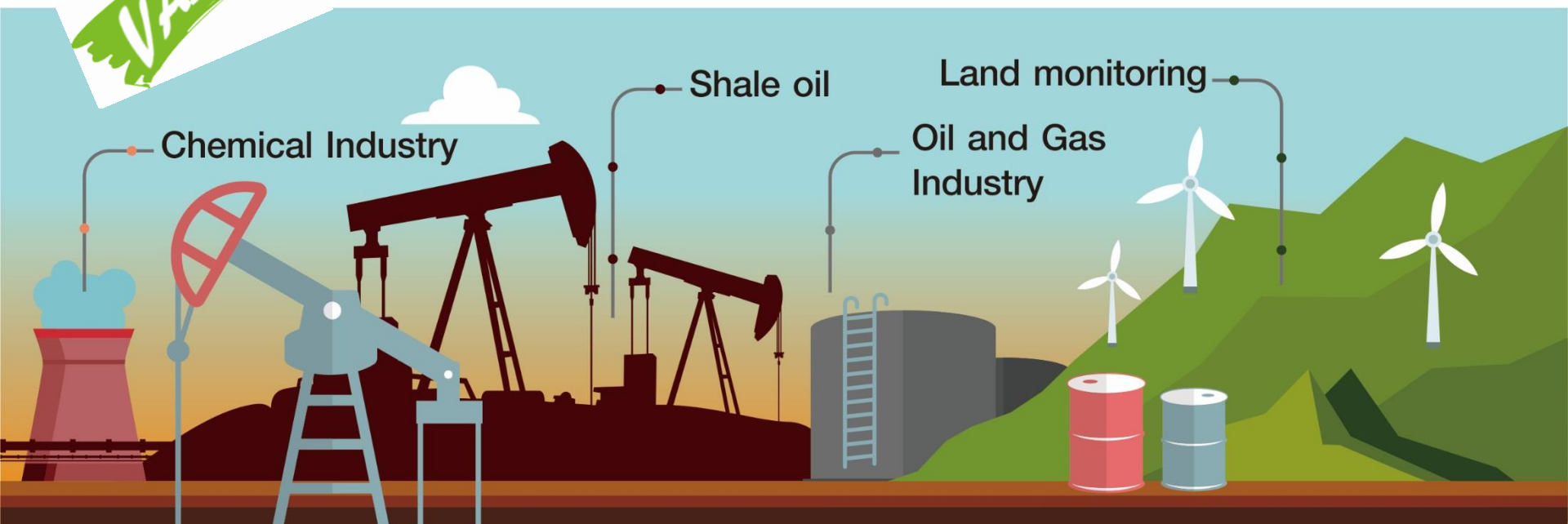
雷達波物/液位傳送器



超音波物/液位傳送器

VALUE

Oil & Gas/Petrochemical 20%



磁致伸縮式液位傳送器



浮球連續式液位傳送器



電磁流量計



超音波物/液位傳送器



磁性浮子式液面計

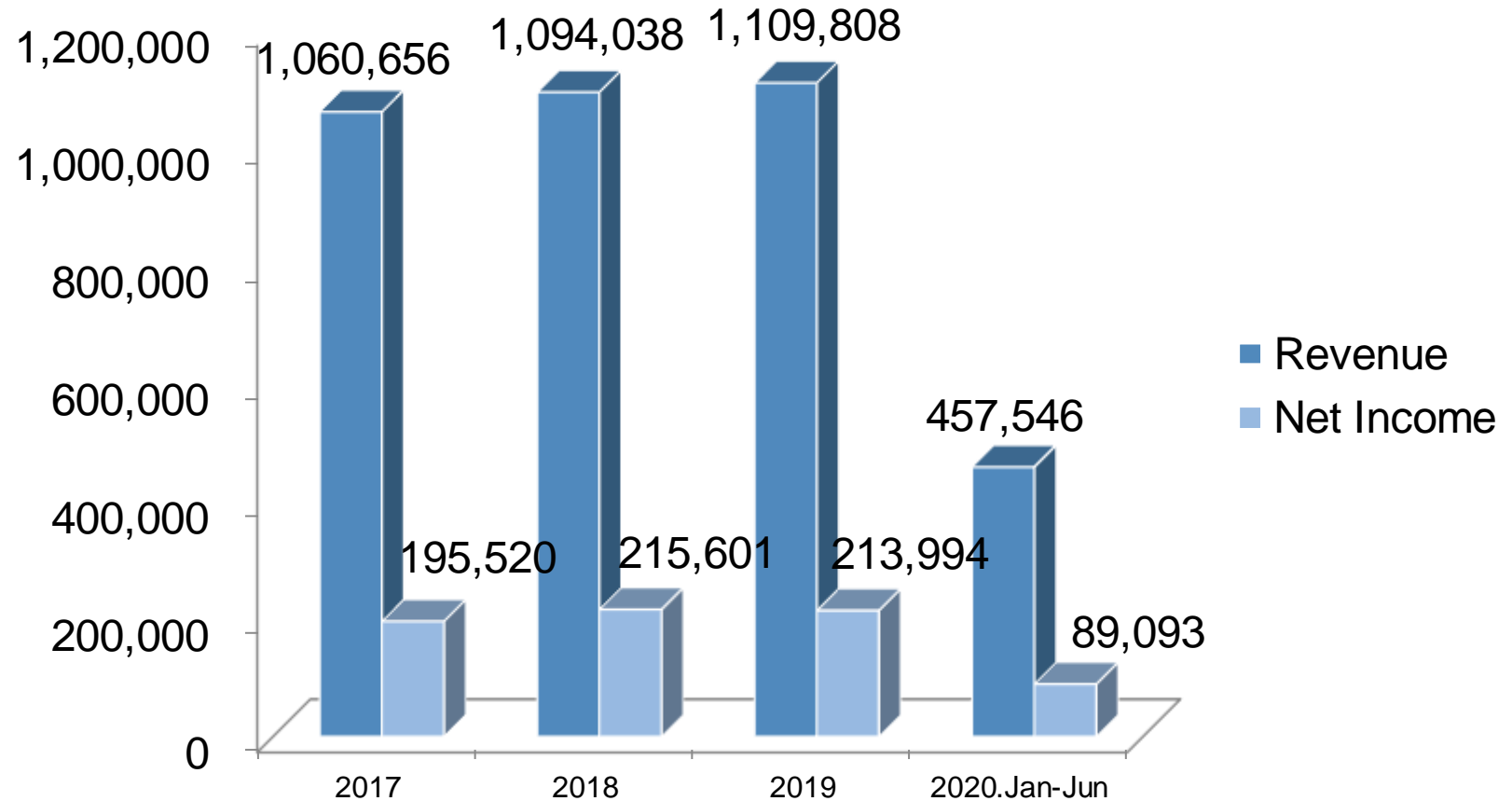


雷達波物/液位傳送器

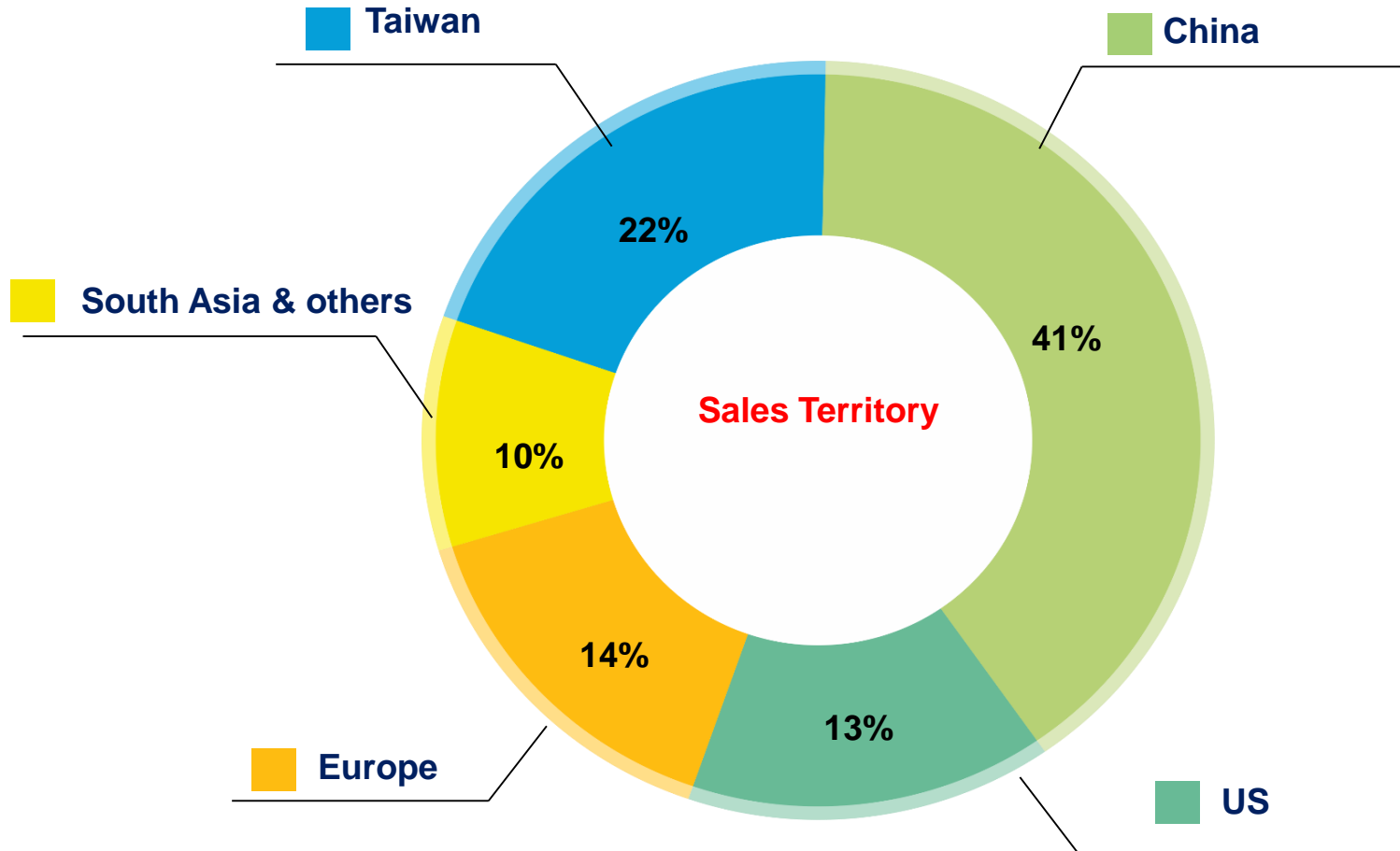
2020 Q1-Q2 Financial outlook

Revenue & Net Income

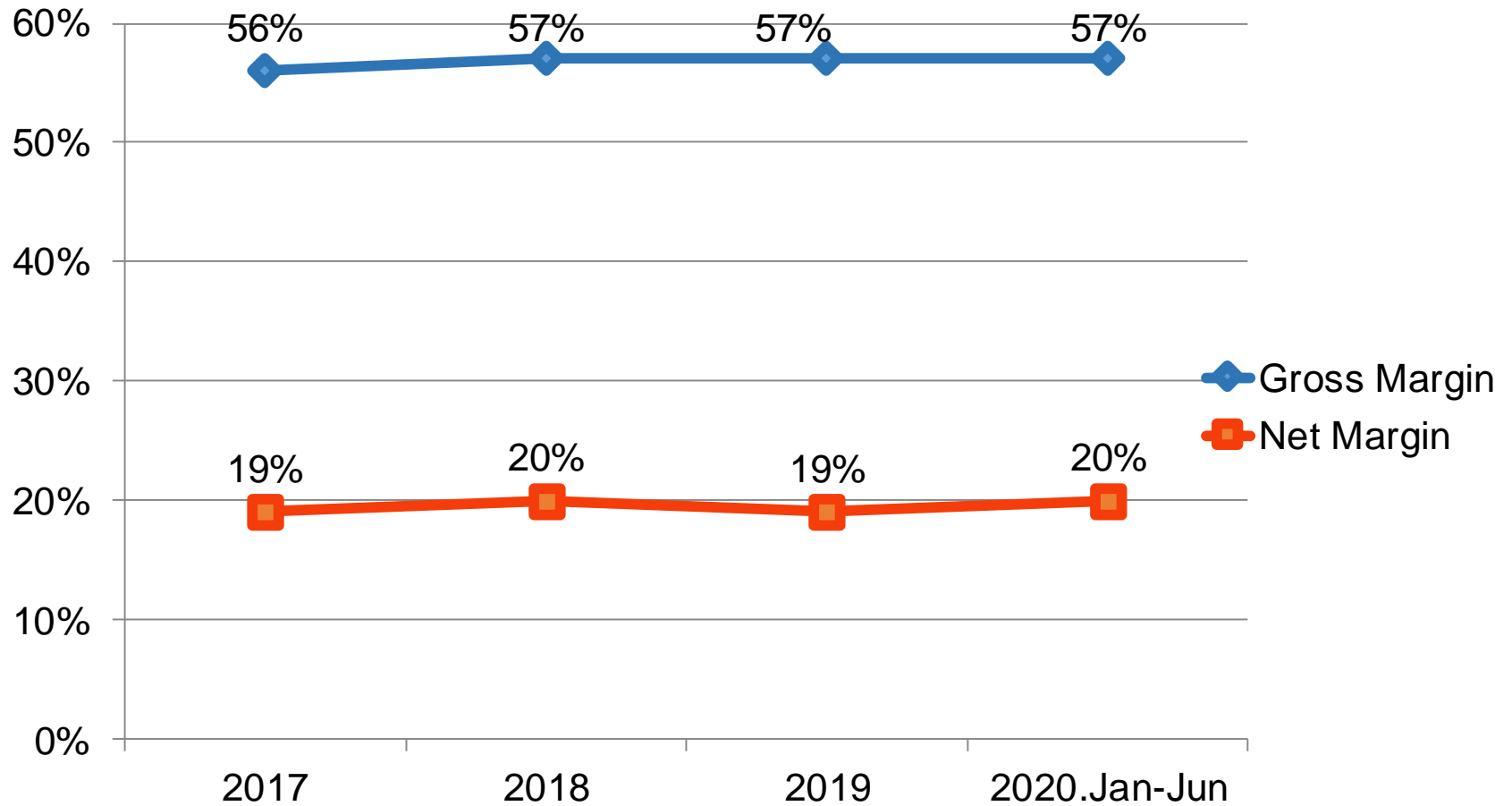
In NTD thousands



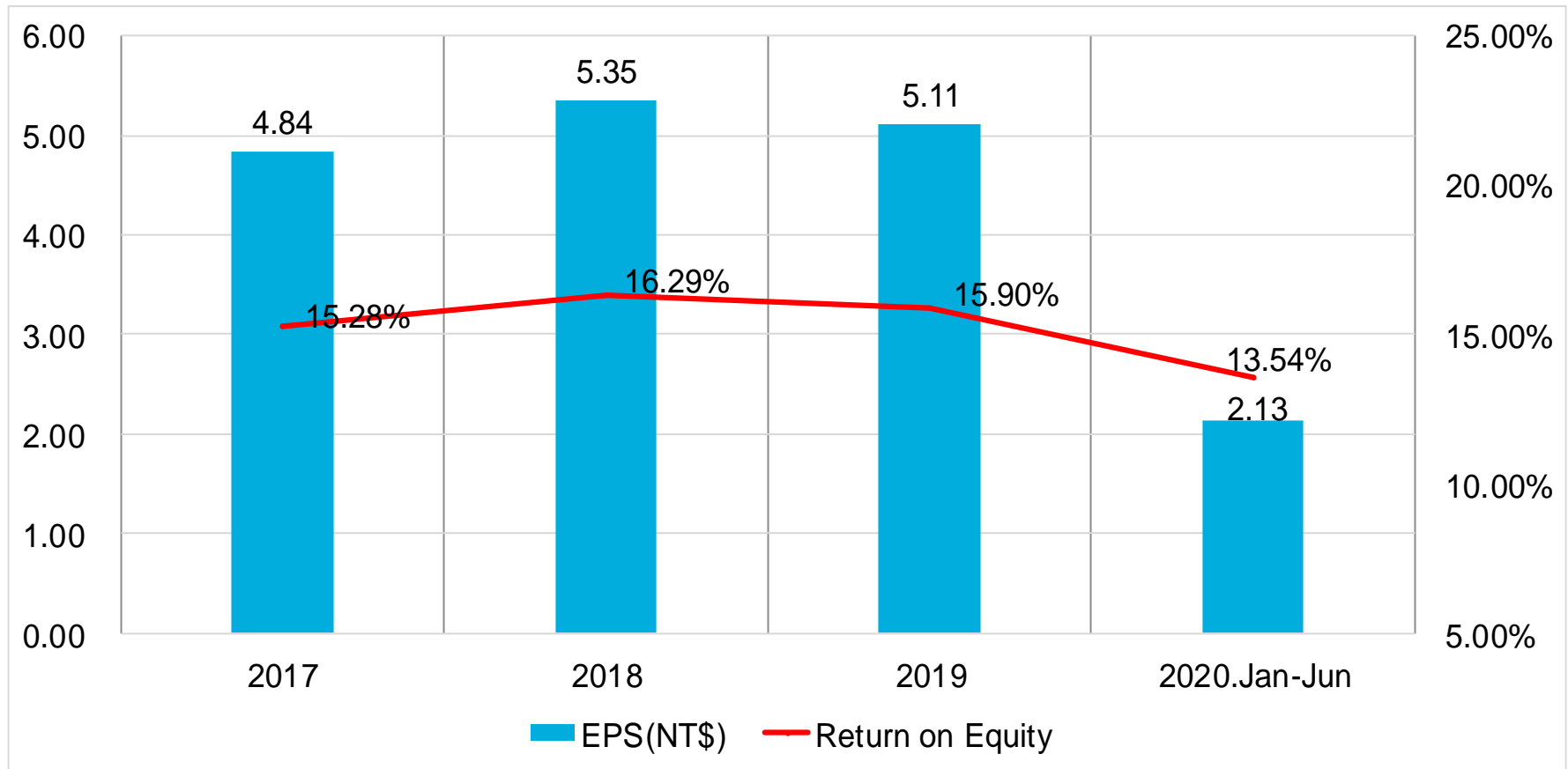
2020 Q1-Q2 Sales by Territory



Gross Margin & Net Margin



Earnings Per Share & Return on Equity(%)



Income statement

In NTD thousands, except EPS

Item	2018		2019		2020.Jan-Jun	
	NT\$	%	NT\$	%	NT\$	%
Sales Revenue	1,094,038	100	1,109,808	100	457,546	100
Gross Profit	623,087	57	638,845	57	258,941	57
Operating Income	260,313	24	268,409	24	87,317	19
Non-operating Income and Expenses	37,044	3	26,709	3	20,797	5
Net Income	215,601	20	213,994	19	89,093	20
Earning Per Share	5.35		5.11		2.13	
Cash dividends	4.0		4.0		-	
Stock dividends	0.5		-		-	
Payout ratio	84%		78%		-	

Balance sheet



In NTD thousands

Item	2018		2019		2020.Jan-Jun	
	NT\$	%	NT\$	%	NT\$	%
Cash and cash equivalents	566,695	36	601,468	36	502,437	26
Receivable	192,923	12	190,521	11	156,080	8
Inventory	219,131	14	191,035	11	201,101	10
Other Current Assets	23,056	1	91,046	5	136,973	7
Property, plant and equipment, Other Non-current Assets	593,296	37	614,760	37	952,186	49
Total Assets	1,595,101	100	1,688,830	100	1,948,777	100
Bank Debt	5,155	-	65,000	4	252,000	13
Other Current Liabilities	196,489	13	195,490	11	367,453	19
Other Long-term liabilities	63,424	4	66,692	4	59,385	3
Total Liabilities	265,068	17	327,182	19	678,838	35
Total Equity	1,330,033	83	1,361,648	81	1,269,939	65
AR Turnover Days	69		65		72	
Inventory Turnover Days	201		197		228	
AP Turnover Days	52		46		57	

Cash flow

In NTD thousands

Item	2018	2019	2020.Jan-Jun
Cash flows from operating activities	299,094	284,485	92,706
Cash flows from investing activities	7,744	(121,988)	(369,092)

Dividend Policy

Year	Cash	Stock	Total
2020	4	0	4
2019	4	0.5	4.5
2018	4	0	4
2017	3	0.5	3.5
2016	2.8	0.2	3
2015	3.8	0.2	4
2014	3	0.5	3.5

Continuous to pay dividend for 8 years

2020 Q3-Q4

sales forecast and capital investment

Taiwan market - 1

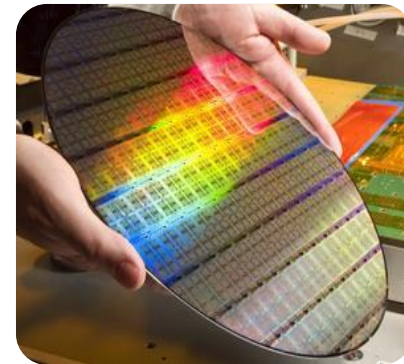
Government Plan

- Multi Water Resource Management
- Hot Spring Management
- Internet of Things - Bureau of Industry, Ministry of Economic Affairs
- Taoyuan City Groundwater Management
- Metropolitan Flood Control Monitoring



Taiwan market - 2

- CP group 雲林 Yunlin AI process new feed factory project
- Expansion Project of Flour Mill in 大成長城
- Offshore wind power generation-new application requirements
- Circuit board cleaning equipment industry-揚博、亞智、敘豐
Affected by the US and China trade war, return to Taiwan to expand and build new factories
- Movable pumping station-new application requirements
(machinery and equipment supplier)



China market - 1

Flour industry:

- Declining demand in 2019 coupled with overcapacity, product quality and branding have become the key to winning the market. The Chinese government has given great support to the development of large-scale groups based on food safety considerations.
- **Wudeli/COFCO/China Grain** Reserves Group builds modern flour processing plants, The world's largest single flour processing base-Wudeli Qingdao Plant has been officially put into operation in August this year.
- Large-scale noodle factories such as Keming Noodle Industry/Jinmailang/Jinshahe upgrade old equipment or build new smart chemical factories, increasing the performance of flour engineering companies such as Xinzhexin, Gedegerui, Porter, etc.
- Jinmailang instant noodle factory has introduced new products such as electromagnetic flowmeter and level gauge, which are expected to be replicated in the industry
- **At present, these large flour processing enterprises have new or expanded projects under negotiation, and their performance growth is expected to continue until 2021.**

China market - 2

Feed industry:

- Pig prices remain high due to African swine fever. In order to stabilize market prices, China will start from August 31, 2019, the National Development and Reform Commission, finance and agriculture departments have successively promulgated "Live Pig Support Policy", subsidies for large-scale farms
- Breeding companies and feed groups such as New Hope, Muyuan, Wen's, Zhengda, Tang Renshen, etc. have increased their breeding scale or invested in breeding business
- Buhler, Muyang, Zhengchang and other whole-plant system vendors; electronic control equipment vendors such as Xinkegu, Fast, Honghuan, and Famu will surge in projects in 2020
- As new projects require more than half a year of planning and design period, the performance growth of the feed industry is expected to continue until 2021

China market - 3

Environmental protection industry

- Benefiting from China's environmental protection policies, most surface treatment companies such as electroplating and electrolysis have moved to the industrial park for centralized pollution control management of waste water, waste gas, and solid waste.
- This project of Jinmaoyuan Environmental Protection Company is an improvement project of Huizhou Electroplating Industrial Park and a newly built project in Jingzhou Surface treatment circle economic industrial park project, expected to ship in Q3~Q4
- In order to solve the problem of municipal waste, waste incineration power plants, due to policy encouragement, have built an average of nearly 40 new plant projects in recent years, and there are as many as 100 projects under construction in 2019.
- China Everbright International, Kangheng Environment, Weiming Environmental Protection, Wangneng Environmental Protection and other customers have stable growth in performance
- Cooperated with Hangzhou Boiler Group to develop Mutec microwave level measurement device dedicated to high-temperature incinerators. It is expected that Q4 will come out the results.

China market - 4

Pharmaceutical Industry

- In vitro diagnostic equipment (IVD) includes biochemistry, immunity, blood cell analysis, molecular diagnosis and POCT (point-of-care rapid diagnosis)
- In 2016-2019, 12 policies were successively introduced to support precision medicine, promote domestic substitution of medical devices, and optimize approvals. Demand continues to grow up.
- The nucleic acid diagnosis and antibody diagnosis required for the new crown epidemic also catalyzed the short-term demand outbreak.

For example, the leading company in blood cell/biochemical analyzer-Mindray Medical; major immunodiagnostic platform manufacturers-Antu Biology, PerkinElmer; key nucleic acid detection company-Aikang Biology; POCT leader-Jidan Biology, etc. in Q3~Q4 order is expected stable growth

- At the same time, our company also participates in the development and testing of new models, and the expected effect can be fermented to 2021

US market

- Affected by COVID-19, shale oil prices are too low, order decrease
Introduce new ODM products to increase revenue
- Carry out product specification optimization and upgrade to expand the petrochemical industry application field
- Enter the famous American food factory (EST warehouse temperature and material level monitoring system)
- Enter the top 3 U.S. tank equipment manufacturers and provide ODM cooperation systems



Germany mutec

- In H1, it was unable to receive orders and ship normally due to the impact of COVID-19
- From July 2020, the order and shipment become normal operation
- Got a big order of MTP transmitter project from Hyundai Group in South Korea this month
- The performance in the H2 is expected to gradually stabilize

SIL2-Din rail devices

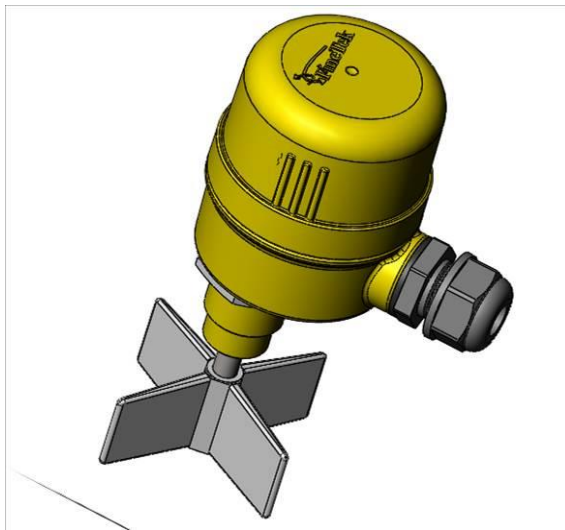


Moisture Measuring System



M&A

- Several targets in Asia are actively under negotiating
- One of them has in-depth discussions on product cooperation projects in the first phase, and plans to enter the second phase to discuss investment cooperation details
- We will continue to evaluate other M&A targets in Europe and America

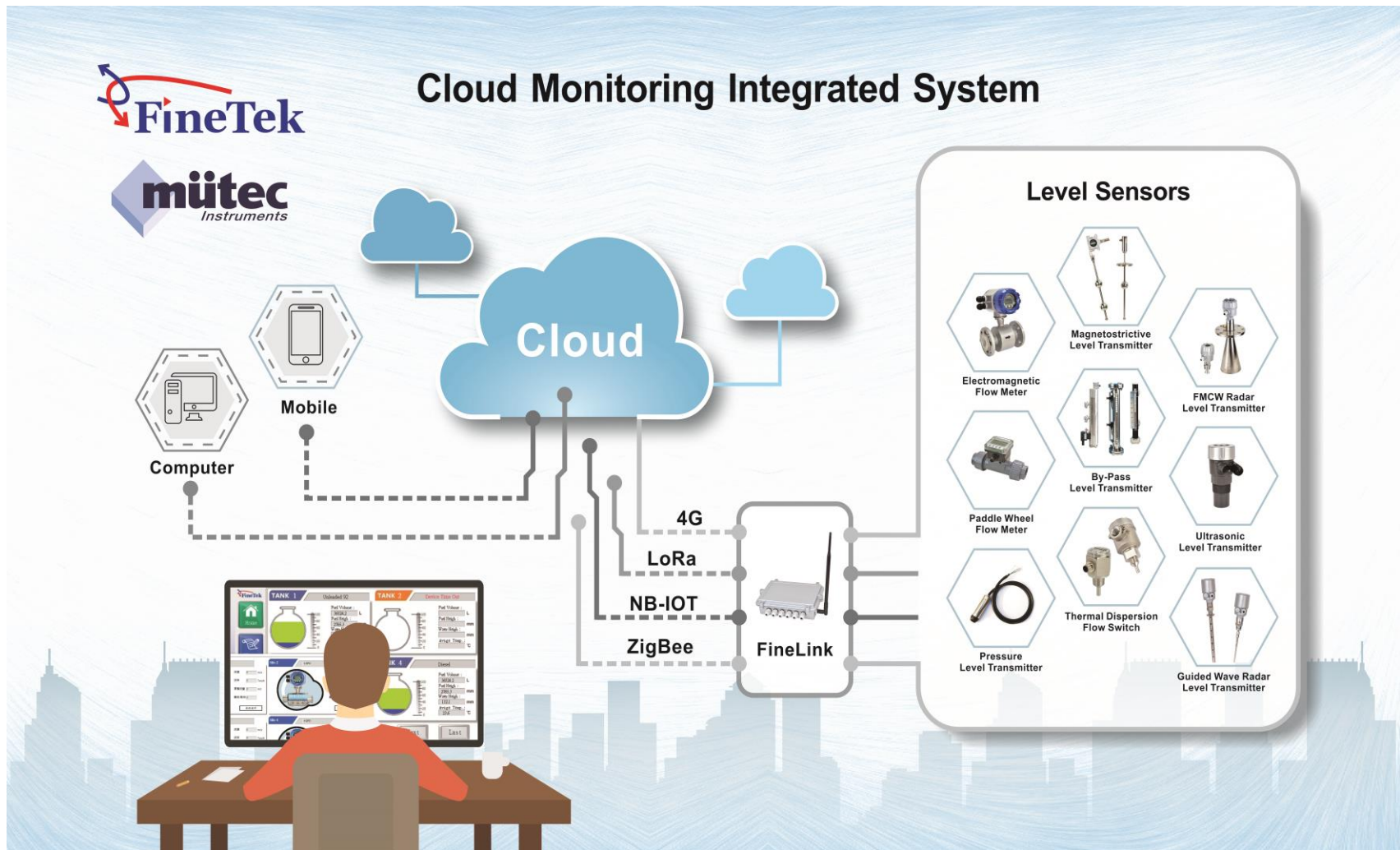


Capital Investment

- Investment amount: Land and buildings NT\$315 million
- Equipment investment: Estimated renovation and equipment investment of NT\$60 million
- Investment purpose:
 1. New product production expansion and ODM order production base
 2. Import AI automated production process
 3. Self-produced key components
 4. Introduce lean production, reduce production costs and increase productivity



5G product & Application



5G Product & Application



Smart City

Water resources management (tap water, ground water, hot spring water)

Disaster prevention warning (flood prevention warning): rivers, underpasses, sewers (water level monitoring)

Environmental protection (air pollution, water pollution) report on dust, sewage and wastewater discharge

Combine 5G for online real-time monitoring

Smart farm (take chicken and pig raising as examples)

Environmental monitoring of temperature and humidity, use of water and fans to cool down

Drinking water monitoring, health management

Feed consumption and immediate feed warning

Sewage discharge, flow monitoring, biogas power generation, excrement storage tank and reaction tank

Smart factory

Process parameter adjustment (temperature, pressure, material level, flow)

Wireless smart sensors (Bluetooth, Lora, NB-IoT, 4G, 5G)

Robust sensor (applicable to various harsh environments: high temperature, high pressure, strong acid, strong alkali)

