



SINMAG

股票代號: 1580.tw

SINMAG EQUIPMENT CORPORATION

2023 Q3 Operations Report

Embrace New Opportunities for Baking Consumption
&
Create New Value for Corporate Advantages

Based in Taiwan, Deeply Cultivate in Asia, Think Globally

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2023.11.30



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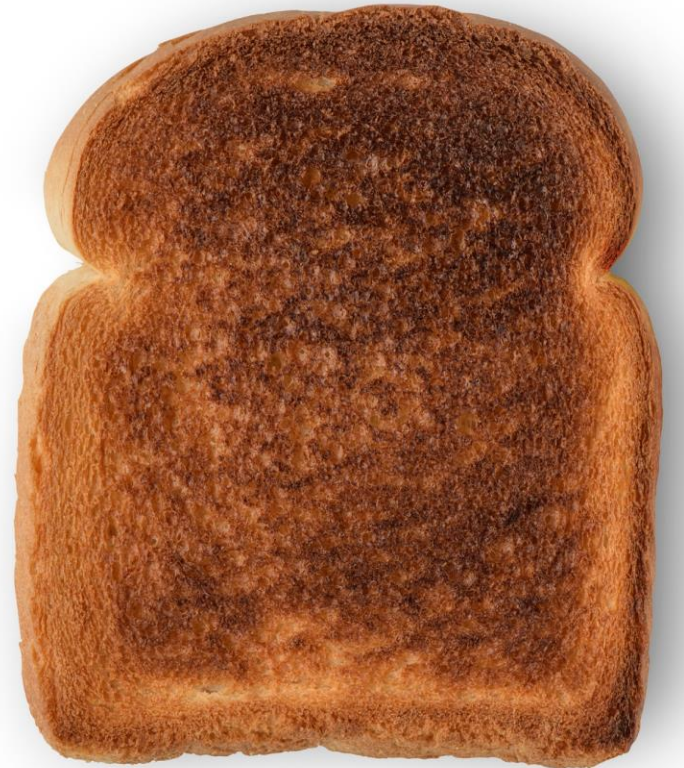
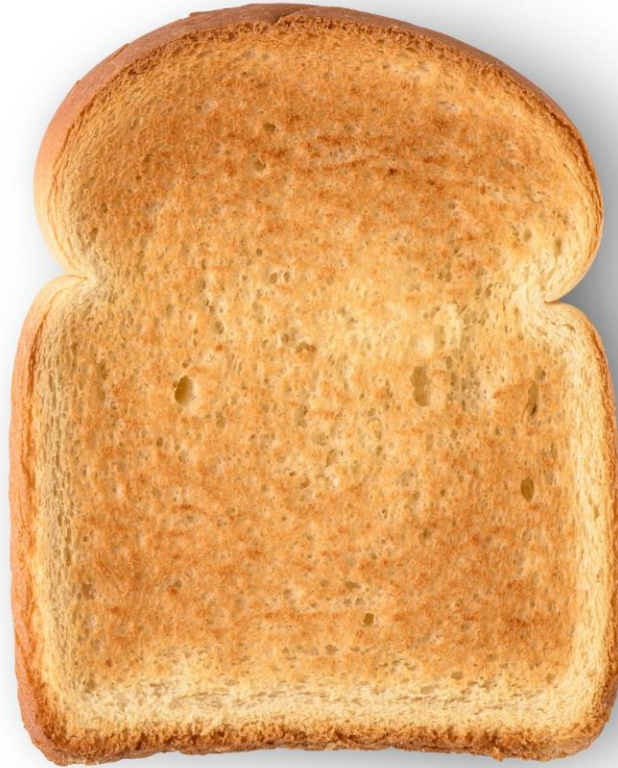
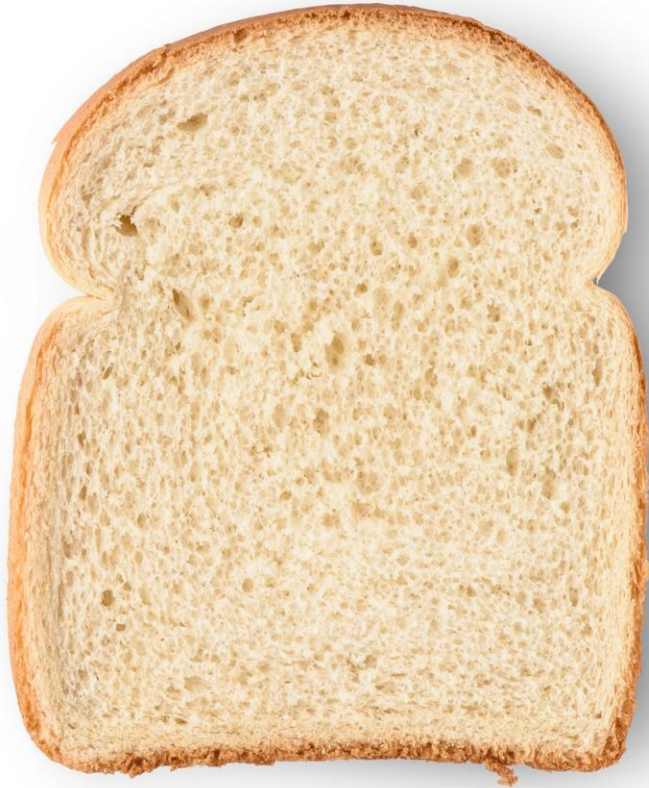
1. Company Overview



2. Financial Performance



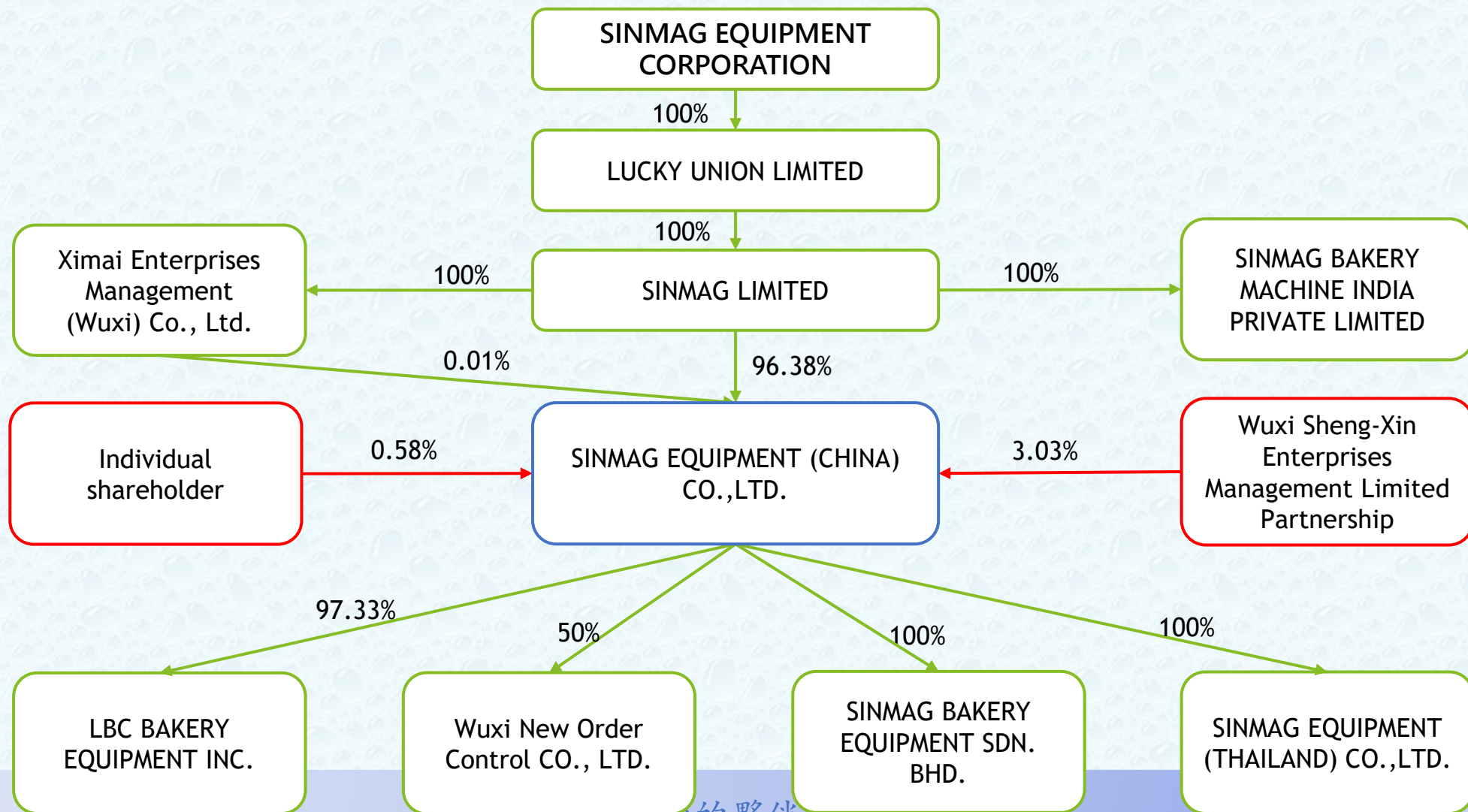
3. Future Prospects



1.Company Overview

- Date of Incorporation: September 27, 1983
- Chairman(General Manager): Hsieh, Shun-ho
- Paid-in capital: NT\$ 502.302 thousand
- Main business: Researching and development, manufacturing and selling of bakery equipment
- Number of group employees: About 1400
- Listing time on OTC: December 10, 2007
- 10 years average dividend: 7.08
- Average yield on November 20, 2023: 5.94%





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Sinmag Taiwan



- **Location:** Wugu District, New Taipei City, R.O.C.
- **Land area:** 1,000 square meter
- **Plant area:** 3,200 square meter
- **Plant Structure:** Basement 1、6 stories
- **Start up production:** 1996
- **Utilization rate:** 100%

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Sinmag Wuxi (1st Plant)

- **Location:** Xishan Economic Development Zone, Wuxi, Jiangsu (China)
- **Land area:** 56,667 square meter with 23,333 square meter lease land
- **Plant area:** 67,167 square meter with 5,000 square meter lease plant
- **Plant Structure:** Multiple 2-4 story buildings
- **Start up production:** 1996-2021
- **Utilization rate:** 100%



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Sinmag Wuxi (2nd Plant)



- **Location:** Xishan Economic Development Zone, Wuxi, Jiangsu (China)
- **Land area:** 33,334 square meter (used 23,333 square meter)
- **Plant area:** 50,000 square meter
- **Plant Structure:** Basement 1、4 stories
- **Start up production:** September 2019
- **Utilization rate:** 100%



- **Location:** Tulalip, Seattle, Washington (U.S.A)
- **Land area:** 15,333 square meter
- **Plant area:** 2,700 square meter
- **Plant Structure:** 2 stories of office、1 story of warehouse
- **Start up production:** April 2016
- **Utilization rate:** 100%

- Location: Puchong, Selangor (Malaysia)
- Land area: 3,333 square meter
- Plant area: 1,700 square meter
- Plant Structure: 3 stories of office、1 story of warehouse
- Start up production: May 2019
- Utilization rate: 100%





Market Advantage of Sinmag

Complete Product Matrix

Strong Manufacturing Capability

Excellent Product Quality

Intensive Service Station

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SINMAG Products

Mix Series



Mold Series



Proof Series



Bake Series



Display



Kitchen



Industrial



Other



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2. Financial Performance

Income Statement

Unit: Thousand NTD/EPS

| | | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023Q1-Q3 |
|----------------------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Revenue | | 4,614,233 | 4,312,015 | 4,164,628 | 3,300,489 | 4,294,503 | 3,936,519 | 3,303,399 |
| Growth Rate% | | 7.37% | -6.55% | -3.42% | -20.75% | 30.12% | -8.34% | |
| Gross Profit | | 1,897,745 | 1,718,306 | 1,705,525 | 1,339,739 | 1,583,271 | 1,467,105 | 1,397,675 |
| Gross Profit Margin% | | 41.13% | 39.85% | 40.95% | 40.59% | 36.87% | 37.27% | 42.31% |
| Operating Expense | | 1,069,547 | 1,061,006 | 1,043,445 | 850,898 | 890,857 | 914,278 | 739,821 |
| Operating Expense Ratio% | | 23.18% | 24.61% | 25.05% | 25.78% | 20.74% | 23.23% | 22.40% |
| Profit From Operations | | 828,198 | 657,300 | 662,080 | 488,841 | 692,414 | 552,827 | 657,854 |
| Operation Profit Margin% | | 17.95% | 15.24% | 15.90% | 14.81% | 16.12% | 14.04% | 19.91% |
| Profit Before Income Tax | | 790,236 | 689,261 | 687,551 | 492,790 | 702,266 | 626,695 | 706,747 |
| Earning Before Tax Margin% | | 17.13% | 15.98% | 16.51% | 14.93% | 16.35% | 15.92% | 21.39% |
| Net Profit | | 534,153 | 473,613 | 503,361 | 340,940 | 510,167 | 336,569 | 476,224 |
| Net Parfit Margin% | | 11.58% | 10.98% | 12.09% | 10.33% | 11.88% | 8.55% | 14.42% |
| EPS | | 10.63 | 9.43 | 10.02 | 6.79 | 10.16 | 6.70 | 9.48 |



Balance Sheet (Assets)

Unit: Thousand NTD

| | | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023Q3 |
|---------------|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <u>Assets</u> | | | | | | | | |
| | Cash and cash equivalents | 848,267 | 816,499 | 845,718 | 993,154 | 999,220 | 1,073,511 | 1,096,979 |
| | Trade receivables | 727,270 | 611,712 | 484,490 | 477,393 | 543,348 | 440,182 | 531,577 |
| | Inventories | 703,672 | 669,144 | 631,628 | 624,587 | 829,656 | 838,442 | 787,459 |
| | Property, plant and equipment | 736,700 | 843,929 | 1,065,760 | 1,020,344 | 1,070,009 | 1,137,526 | 1,185,448 |
| | Other assets | 289,022 | 290,683 | 273,851 | 331,257 | 275,630 | 229,644 | 230,305 |
| Total Assets | | 3,304,931 | 3,231,967 | 3,301,447 | 3,446,735 | 3,717,863 | 3,719,305 | 3,831,768 |

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Balance Sheet (Liabilities and Equity)

Unit: Thousand NTD

| | | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023Q3 |
|---|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <u>Liabilities</u> | | | | | | | | |
| Short-term borrowings | | 209,314 | 150,000 | 113,391 | 202,119 | 350,784 | 76,500 | 0 |
| Trade payables | | 297,382 | 257,649 | 243,259 | 265,898 | 275,113 | 202,895 | 267,265 |
| Other payables | | 256,556 | 258,506 | 288,970 | 242,497 | 230,335 | 220,285 | 215,540 |
| Current tax liabilities | | 138,802 | 115,731 | 78,527 | 169,814 | 95,945 | 201,942 | 157,052 |
| Current portion of long-term borrowings and bonds payable | | 5,968 | 6,121 | 5,906 | 4,155 | 19,980 | 0 | 0 |
| Long-term borrowings | | 93,659 | 89,615 | 81,866 | 21,346 | 2,674 | 10,119 | 16,279 |
| Other liabilities | | 258,598 | 235,870 | 254,150 | 208,881 | 318,130 | 301,218 | 277,992 |
| Total liabilities | | 1,260,279 | 1,113,492 | 1,066,069 | 1,114,710 | 1,292,961 | 1,012,959 | 934,128 |
| | | | | | | | | |
| Total equity | | 2,044,652 | 2,118,475 | 2,235,378 | 2,332,025 | 2,424,902 | 2,706,346 | 2,897,640 |



Financial Analysis

| Item | 2018 | 2019 | 2020 | 2021 | 2022 | 2023Q3 |
|--------------------------------------|--------|--------|--------|--------|--------|--------|
| Debts ratio | 34.45 | 32.29 | 32.34 | 34.77 | 27.23 | 24.37 |
| Current ratio | 236.68 | 231.91 | 191.08 | 175.11 | 249.00 | 274.84 |
| Quick ratio | 162.03 | 156.6 | 127.24 | 104.73 | 154.78 | 176.32 |
| Average collection turnover | 5.97 | 7.11 | 6.6 | 8.18 | 7.8 | 8.83 |
| Average collection days | 61 | 51 | 55 | 45 | 47 | 41 |
| Average inventory turnover | 3.77 | 3.78 | 3.12 | 3.72 | 2.96 | 3.12 |
| Average payables turnover | 8.08 | 8.67 | 7.02 | 8.91 | 9.37 | 10.57 |
| Average inventory turnover days | 97 | 97 | 117 | 98 | 123 | 116 |
| Return on total assets | 15.05 | 15.95 | 10.6 | 14.58 | 9.66 | 17.73 |
| Return on total stockholders' equity | 23.31 | 23.68 | 15.48 | 21.84 | 13.82 | 23.84 |
| Net income to sales | 11.25 | 12.37 | 10.71 | 12.09 | 9.01 | 15.16 |
| Earning per share | 9.43 | 10.02 | 6.79 | 10.16 | 6.70 | 9.48 |

Sales Analysis by Area

| Area | 2018 | 2019 | 2020 | 2021 | 2022 | 2023Q1-Q3 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Asia (not includes China and Taiwan) | 15% | 16% | 14% | 16% | 21% | 19% |
| Africa | 3% | 3% | 3% | 3% | 4% | 3% |
| America | 16% | 16% | 20% | 19% | 27% | 31% |
| Europe | 3% | 4% | 3% | 4% | 4% | 3% |
| China | 59% | 55% | 54% | 53% | 40% | 41% |
| Taiwan | 3% | 4% | 3% | 3% | 3% | 2% |
| Others (includes insurance and commission) | 1% | 2% | 2% | 1% | 2% | 1% |
| Total Sales | 100% | 100% | 100% | 100% | 100% | 100% |

Performance of subsidiaries (1)

Taiwan

- The market situation is sluggish. No big projects, only sporadic orders.
- Chains and supermarkets remain replacement or single equipment purchase. 85° C has only few new franchisee opening.

China

- The proportion of mainland supermarkets continues to shrink.
- Chains are the main source of revenue in 2023. Pizza Hut becomes the largest domestic customer.
- North America is the main growth area for export sales, including US subsidiaries, US agents, and Mexican agents.
- The increase in gross profit is due to the stabilization of raw material prices and the depreciation of RMB.

America

- American supermarkets continue to grow. Walmart and Albertsons continue to increase sales.
- The chain like Nothing Bundt Cakes has steady growth in order.
- The freight rate of the West American line has fallen sharply since Q2 2022, returning to the pre-epidemic price, which has increased the gross profit.

Performance of subsidiaries (2)

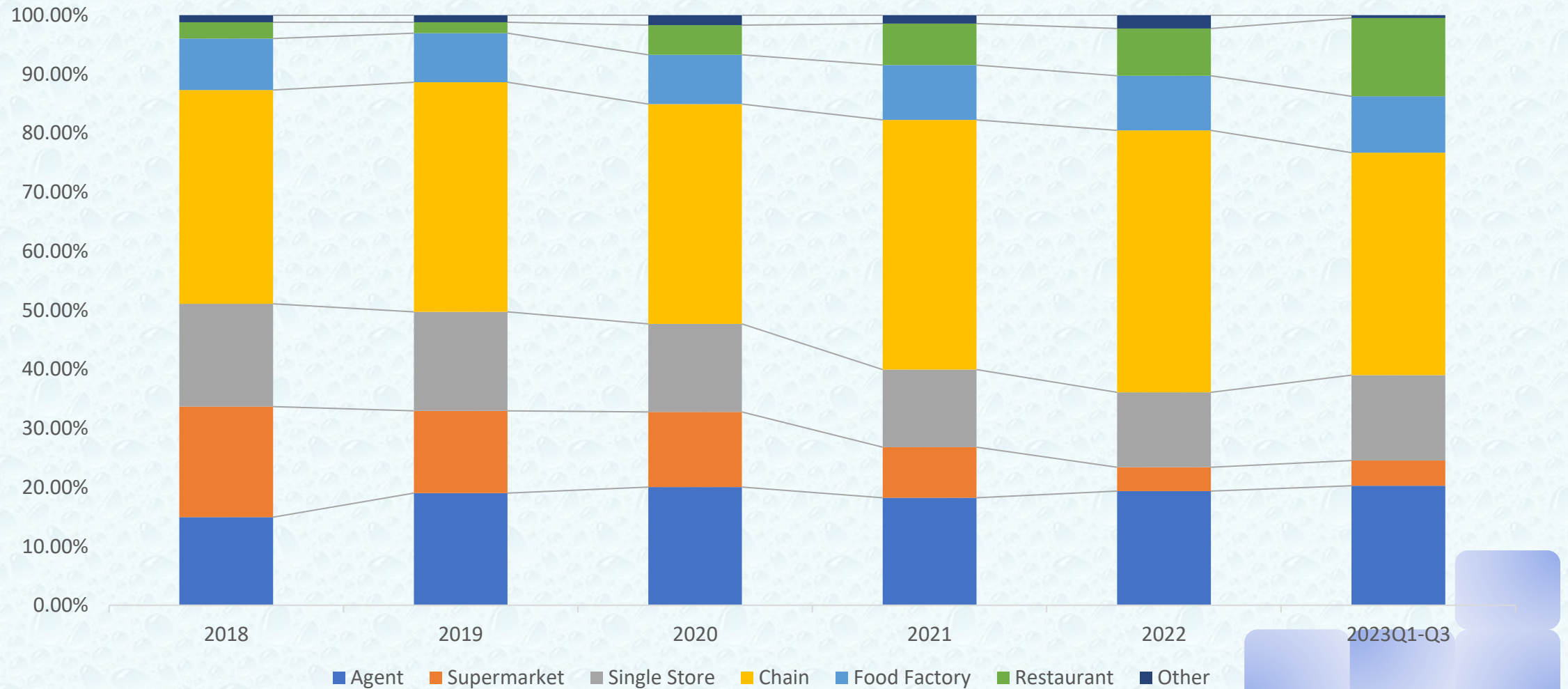
Malaysia

- Sales of mixers to pizza chains after receiving orders from Domino's Pizza contribute to revenue growth.
- Sea freight in Southeast Asia has returned to normal price since 2022Q2, and gross profit has increased relatively.
- Sales mix change, sales of bakeware reached 29% of operating revenue in the first three quarters of 2022, compared to only 11% in the same period of 2023. Homemade machines have higher gross profit than agent machines.

Thailand

- Trade-in program of supermarket customers like Makro and Central Food, benefiting a lot to the operating revenue.
- Thai Yamazaki grow relative to other chains, driving the growth of operating revenue.
- Sea freight in Southeast Asia has returned to normal price since 2022Q2, and gross profit has increased relatively.

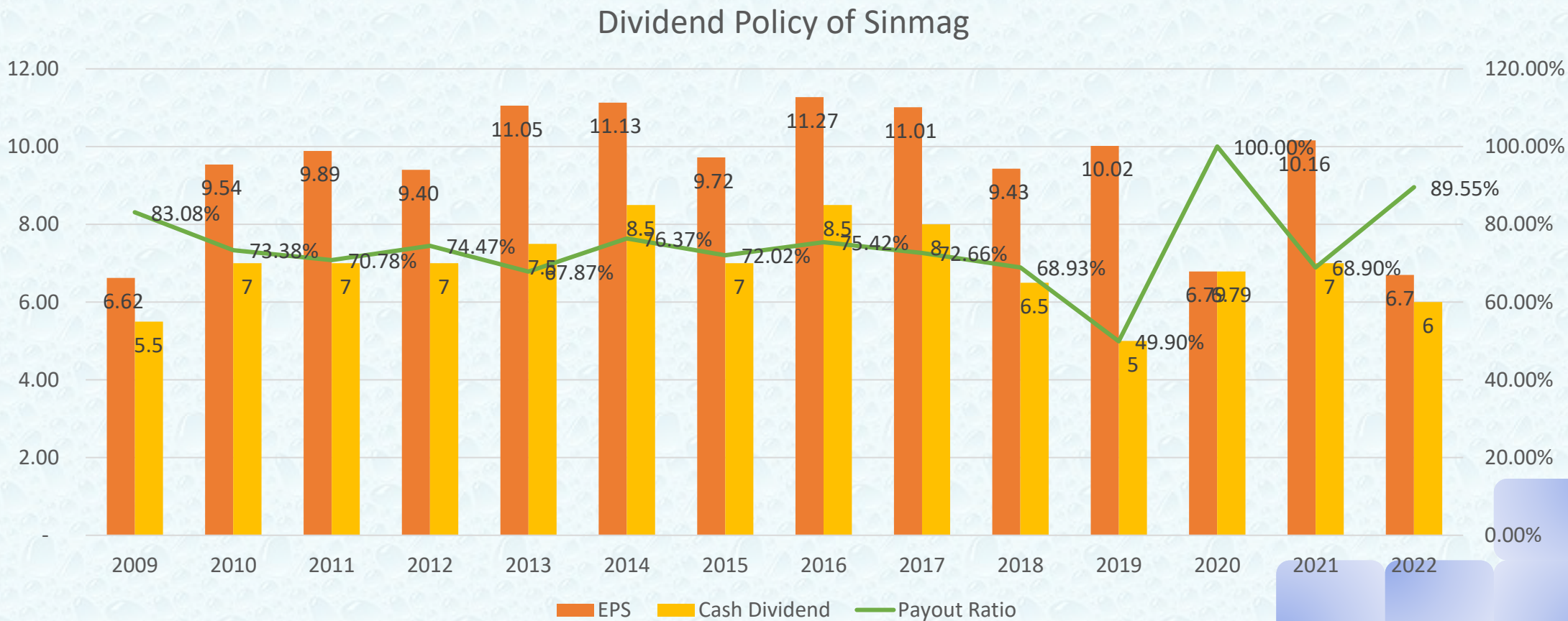
Channels of Sales in China



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Financial Performance-Dividend Policy



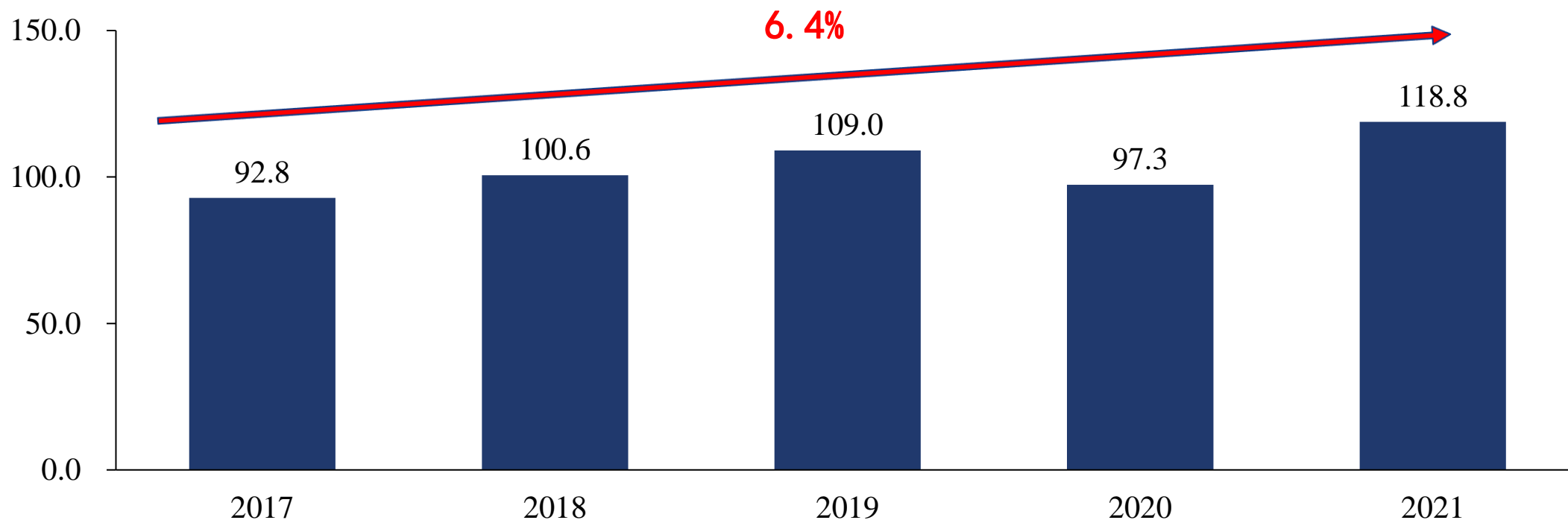
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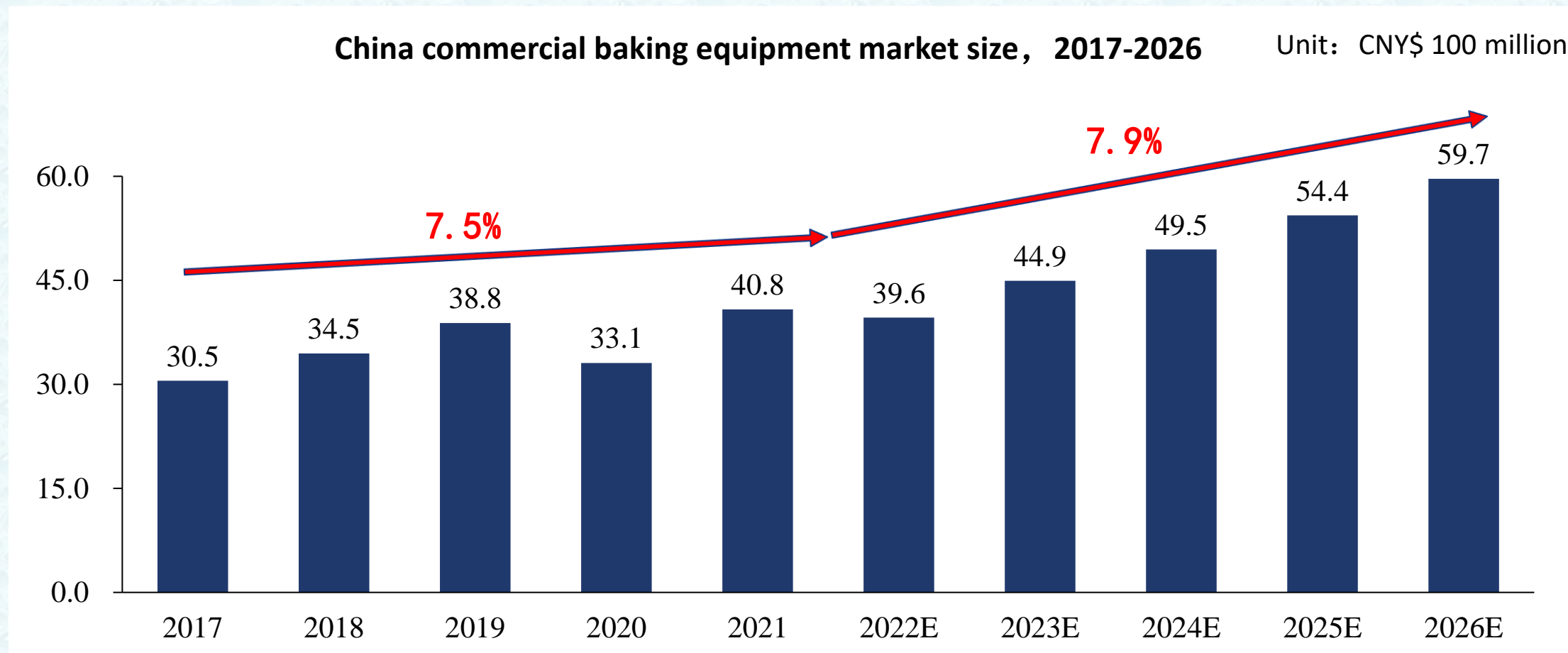
3.Future Prospects

Global commercial baking equipment market size, 2017-2021

Unit: US\$ 100 million



Source: National Bureau of Statistics and China Insights Consultancy

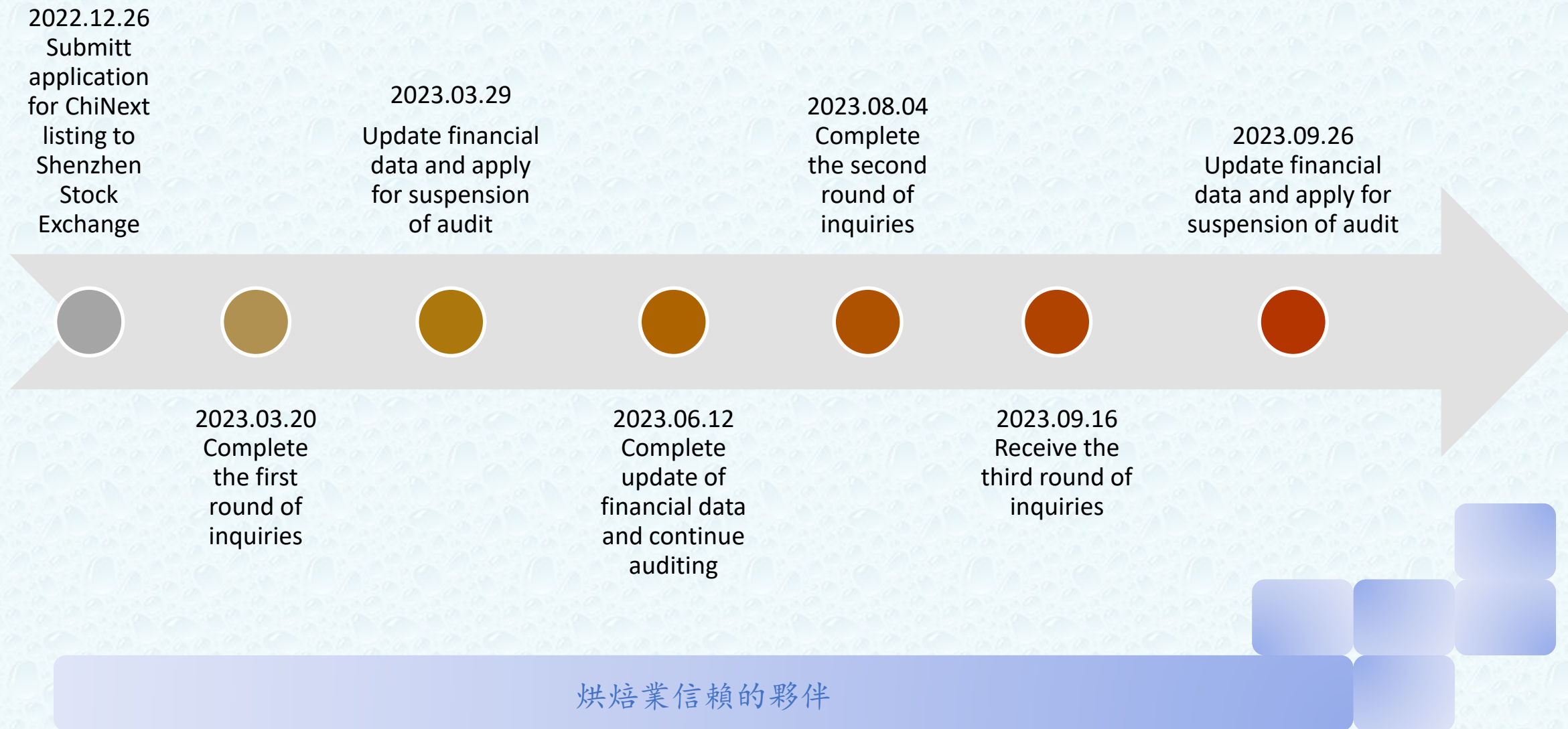


Source: National Bureau of Statistics and China Insights Consultancy

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Shenzhen Stock Exchange listing progress



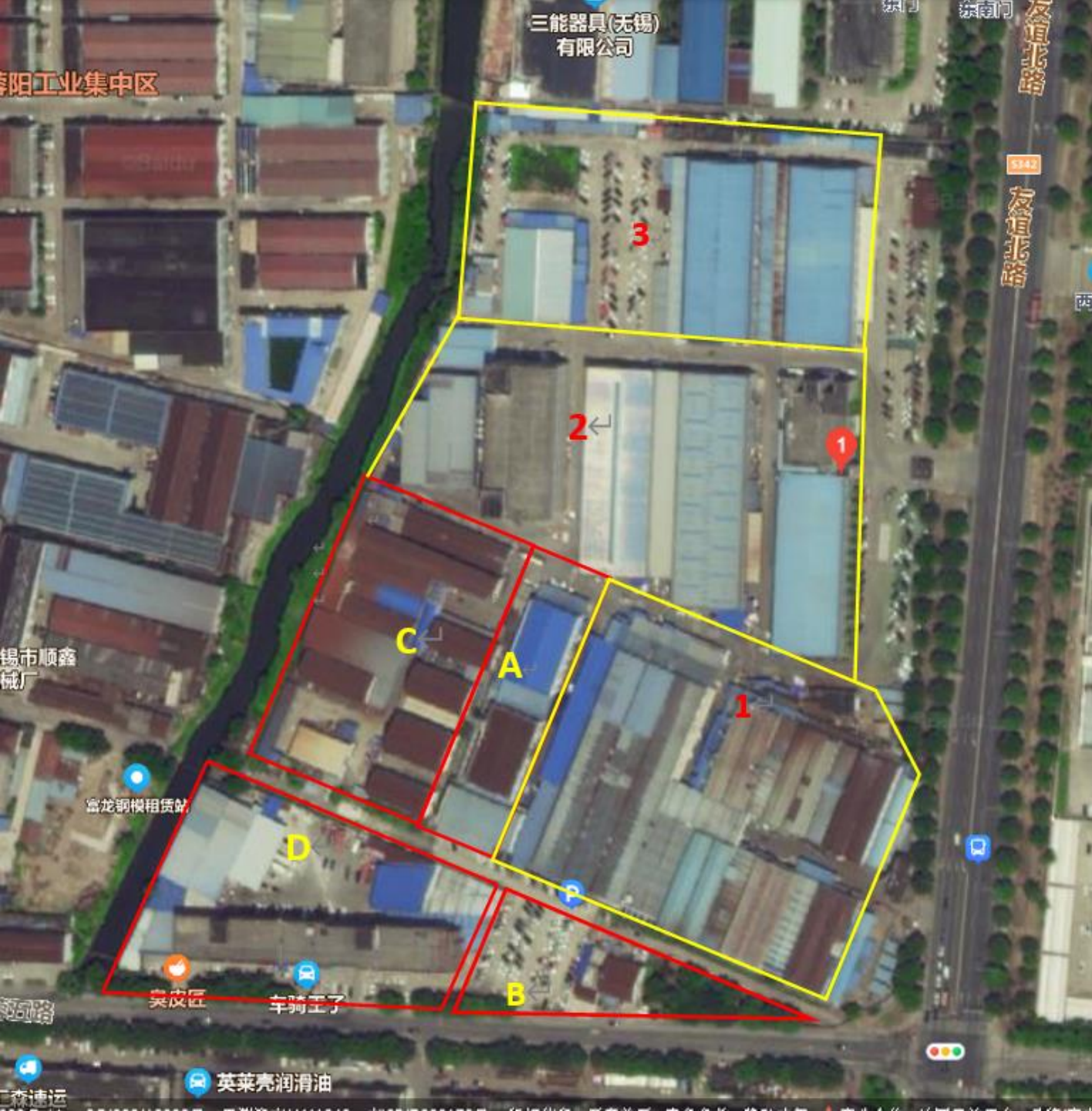
Project of Funds Raised for Listing on Shenzhen Stock Exchange

Increase 20400 Sets of Intelligent Bakery Equipment Production Capacity

Upgrade Marketing Network

Construct Assembly Center

Supplementary Working Capital



Increase 20400 Sets of Intelligent Bakery Equipment Production Capacity

- Yellow line area 1-2 are the lands of Sinmag Wuxi (1st Plant)
- Yellow line area 3 is the land of Zeelandia(leased)
- Red line area AC are the lands of Sinmag leased from the government
- Red line area BD are not the lands used for Sinmag
- Estimated to get lands of red line areaABCD
- Yellow line area1 and red line areaABCD are the construction land for new production capacity

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Upgrade Marketing Network Branches with Real Estate

Beijing

Guangzhou

Hefei

Chengdu

Kunming

Hangzhou

Harbin

Jinan

Guiyang

Fuzhou

Taiyuan

Changchun

Xi-an

Shenyang

Qingdao

Nanning

Nanjing

Zhengzhou

Chongqing

Xiamen

Changsha

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SINMAG

Upgrade Marketing Network Plan to Buy Property

Shanghai

Dalian

Tianjin

Ningbo

Shenzhen

Wuhan

烘焙業信賴的夥伴



- **Location:** Xishan Economic Development Zone, Wuxi, Jiangsu (China)
- **Land area:** 33,334 square meter (use 10,000 square meter)
- **Plant area:** 14,000 square meter
- **Plant Structure:** 2 stories
- **Start up construction:** April 2023
- **Plan to use:** Spring 2024



Construct Assembly Center



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Chinese market

- Deepen cooperation with well-known chain brands
- Adjust the structure of production capacity in response to the trend of market maximization and minimization
- Strengthen cooperation with traders to find new customers

US market

- Continue the current supermarket sales channels and stabilize supermarket orders
- Actively participate in various exhibitions to increase exposure in the US
- Use agents to extend sales to all levels of bakery customers

Southeast Asian market

- Further penetration into wholesale factories with automated equipment
- Strengthen the service team to ensure the needs of chain supermarket customers

European market

- Actively develop new products to meet market demand
- Invite European sales agents to the mainland for communication

African market

- Assist customers to seize market share and provide superior products for local sales



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Thank you all for listening



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