



**廣隆光電科技股份有限公司**  
KUNG LONG BATTERIES INDUSTRIAL CO., LTD.

# Performance and future outlook

**Stock Code : 1537**



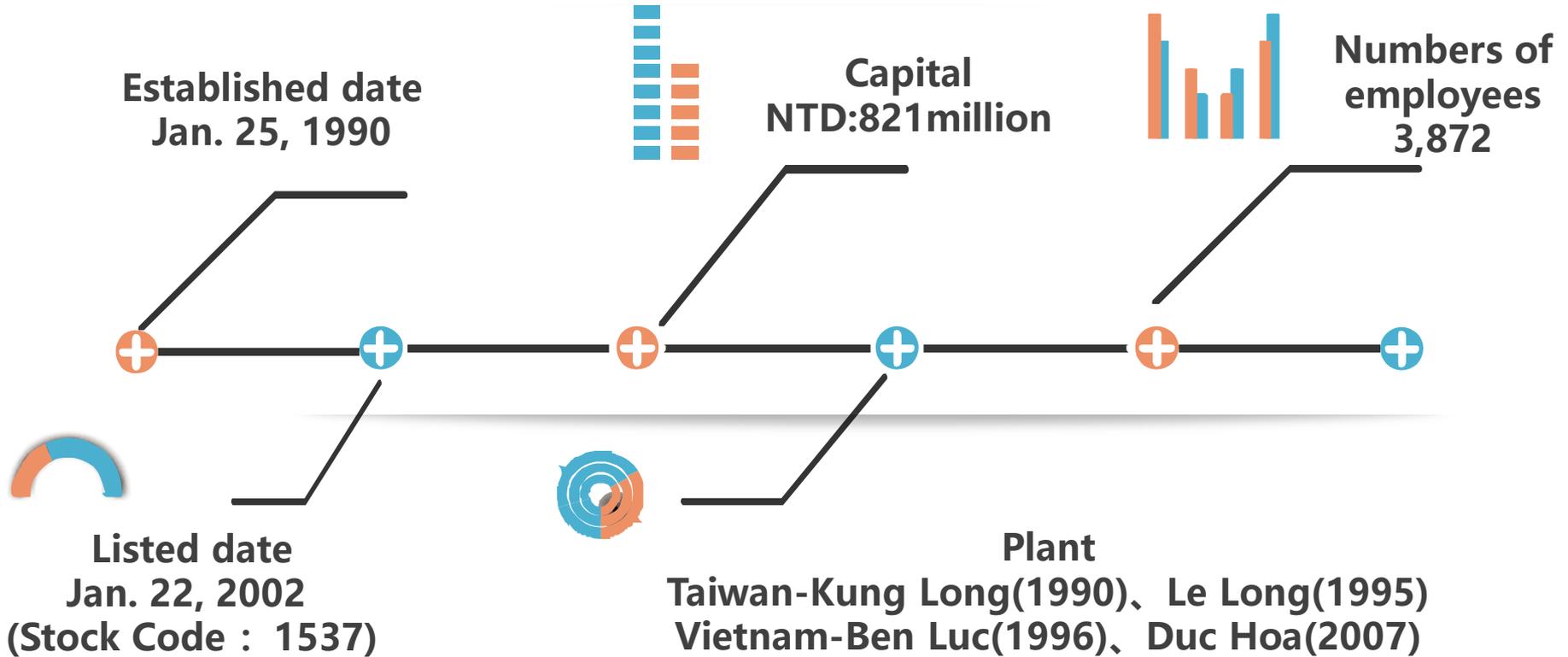
POWER of

Power your life  
**LONG**



- Company introduction
- Industry overview
- Sale Profile
- Financials
- Performance of Vietnam plant
- Our strength and outlook

# Kung Long Batteries



# Main products



## Backup Power

For UPS, Security, Fire Alarm System



## High Power

For Telecommunication,  
UPS System



## Green Power

For Solar and Renewable Energy,  
Deep Cycle



## Electric Vehicle Power

For Mobility Scooter, Electric Vehicle,  
Golf Trolley, Medical



## Long Life Power

For Telecommunication,  
UPS System



## Cyclic Power

For Multi-Purpose

# Main products

## UPS



## Automotive



## ISS Battery



## Electric Tools



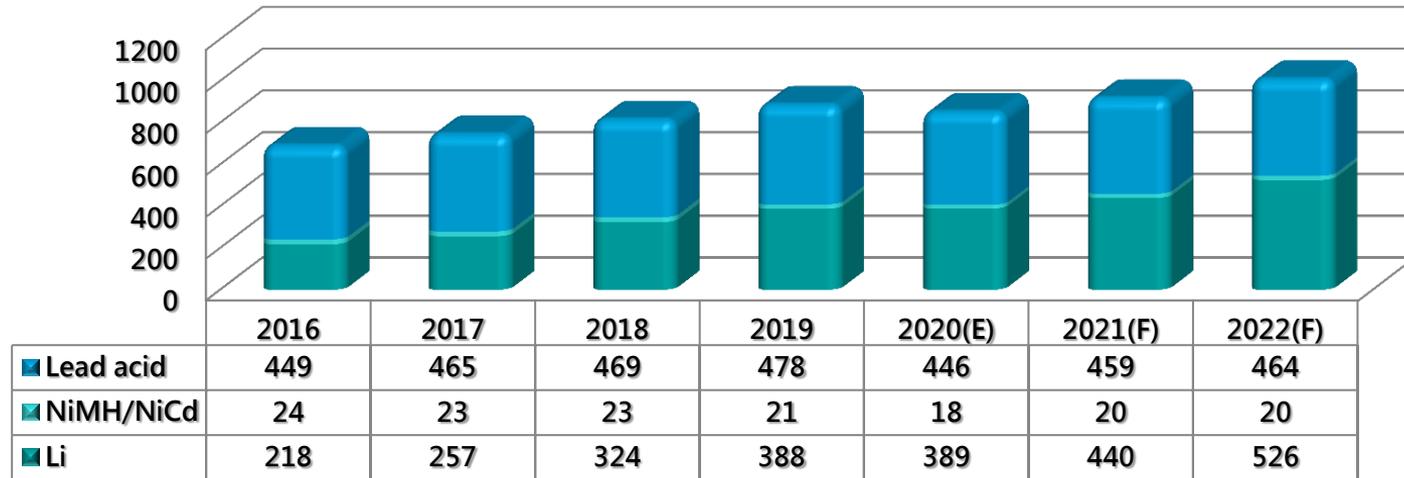
## Electric Vehicle



## Telecom



# Market outlook



Lead-acid Batteries Market Scope Forecast (Unit: billion USD\$)

Sources- IEKof ITRI ( Apr./2019)

**In terms of current market size of lead-acid batteries, it is USD 47 billion globally in year 2019 for automobiles, motorcycles and energy storage fields. In comparison with the market size of Nickel secondary batteries being USD 2.3 billion, and that of Lithium batteries being USD 37.2 billion, lead-acid batteries are still the electricity storage products with the biggest shares.**

# *The strength of lead-acid batteries*

## **High C/P ratio :**

The high C/P ratio of lead-acid batteries has been standing for long time.

## **Wide applications :**

Lead-acid batteries can be used for starting, energy storage, telecom, transportation purposes.



## **Safety :**

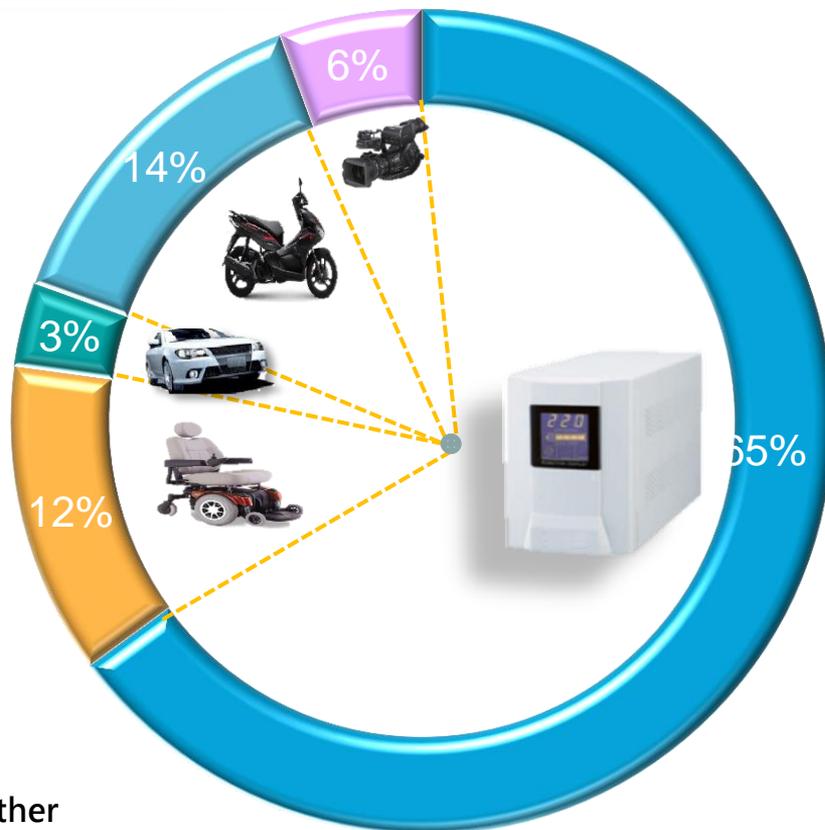
Compared with other batteries, lead-acid batteries are more stable and of higher performance.

## **Recyclable and reusable :**

Wasted lead-acid batteries can be recycled. They are also the only battery product whose raw materials can be reused.

# 2020 Sales Profile by application

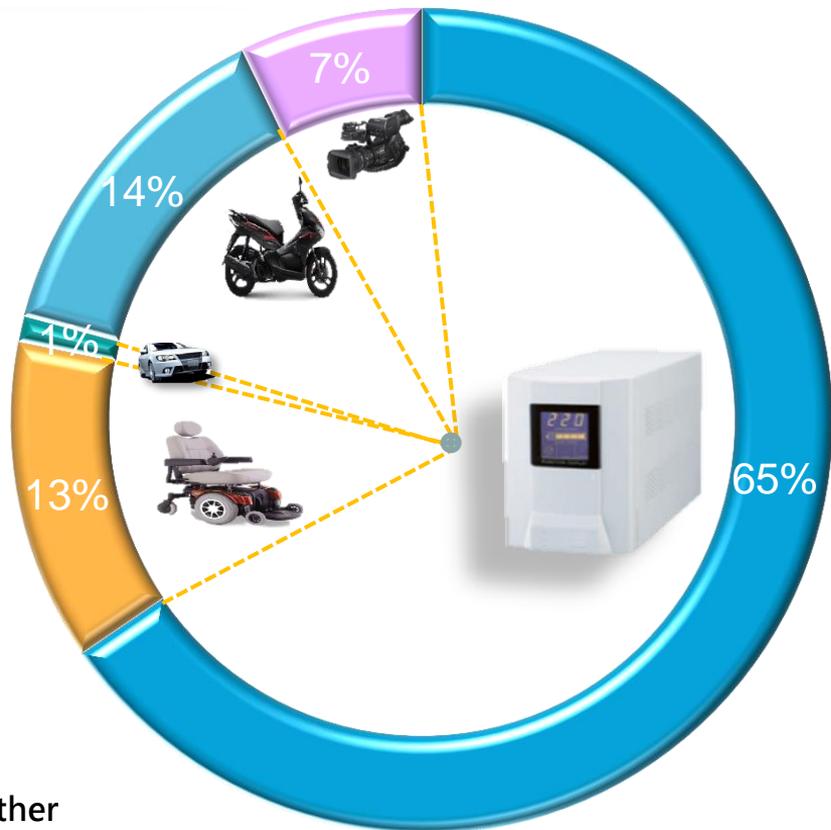
Product	2020	2019
UPS	65%	66%
Motorcycle	14%	14%
Electric Vehicle	12%	13%
Automotive	3%	3%
Other	5%	4%



■ UPS 
 ■ Electric Vehicle 
 ■ Automotive 
 ■ Motorcycle 
 ■ Other

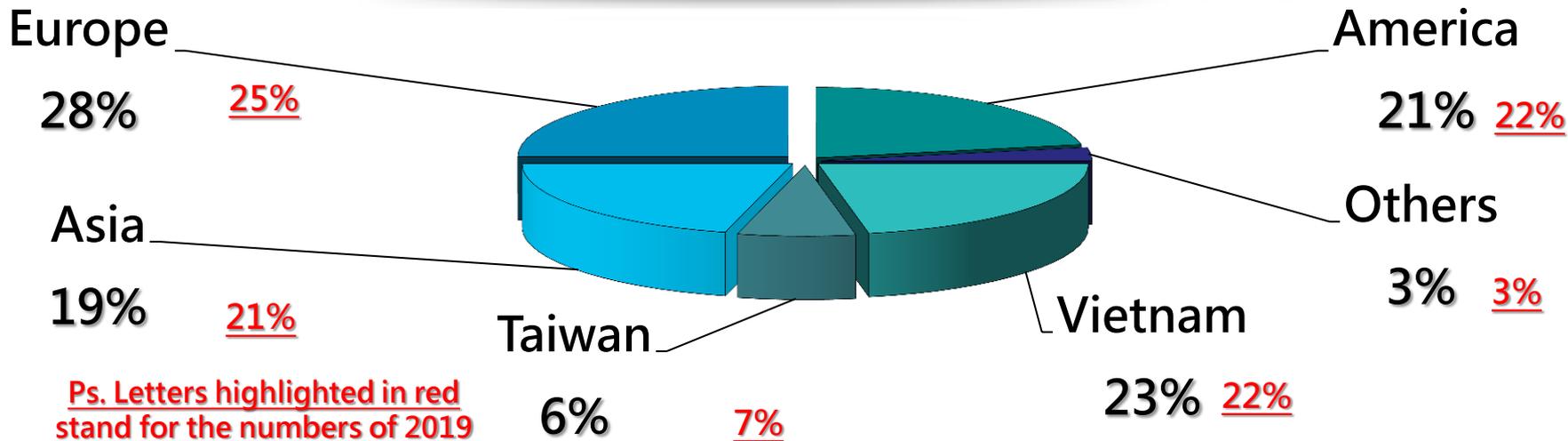
# 2021 3Q Sales Profile by application

Product	2021 3Q	2020 3Q
UPS	65%	65%
Motorcycle	14%	14%
Electric Vehicle	13%	13%
Automotive	1%	3%
Other	7%	5%



■ UPS 
 ■ Electric Vehicle 
 ■ Automotive 
 ■ Motorcycle 
 ■ Other

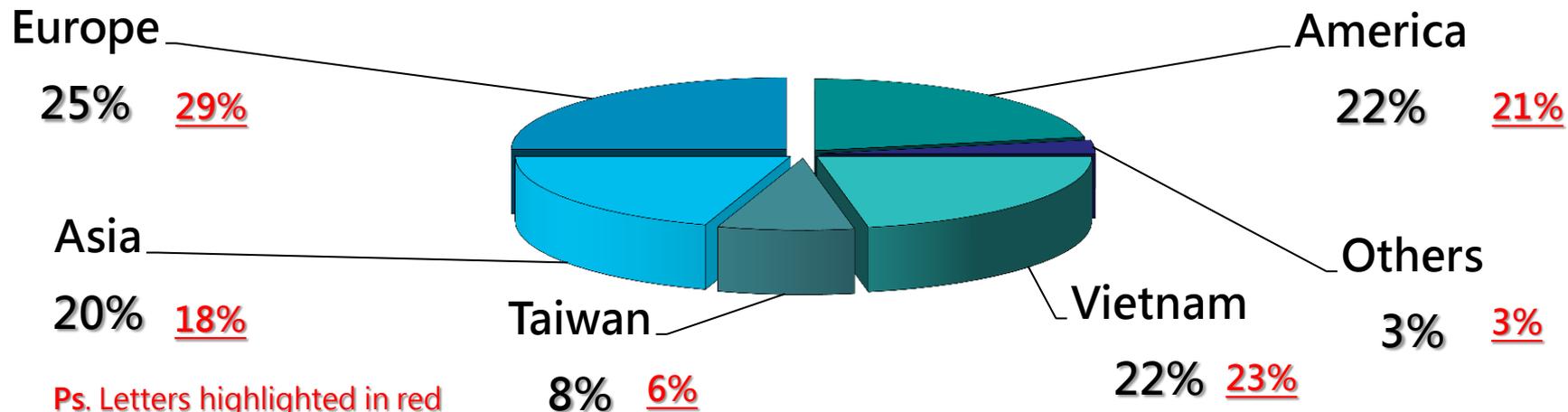
# 2020 Sales Profile by geography



Currency: thousand NTD

Area	America	Europe	Asia	Taiwan	Vietnam	Others
2020	1,491,535	1,977,938	1,370,678	405,776	1,664,860	204,633
%	21%	28%	19%	6%	23%	3%
2019	1,725,702	1,975,166	1,688,216	550,405	1,789,875	204,225
%	22%	25%	21%	7%	22%	3%

# 2021 3Q Sales Profile by geography



Currency: thousand NTD

Area	America	Europe	Asia	Taiwan	Vietnam	Others
2021 3Q	981,241	1,110,215	886,707	335,039	972,872	138,659
%	22%	25%	20%	8%	22%	3%
2020 3Q	1,109,725	1,544,785	930,852	308,358	1,188,765	148,840
%	21%	29%	18%	6%	23%	3%

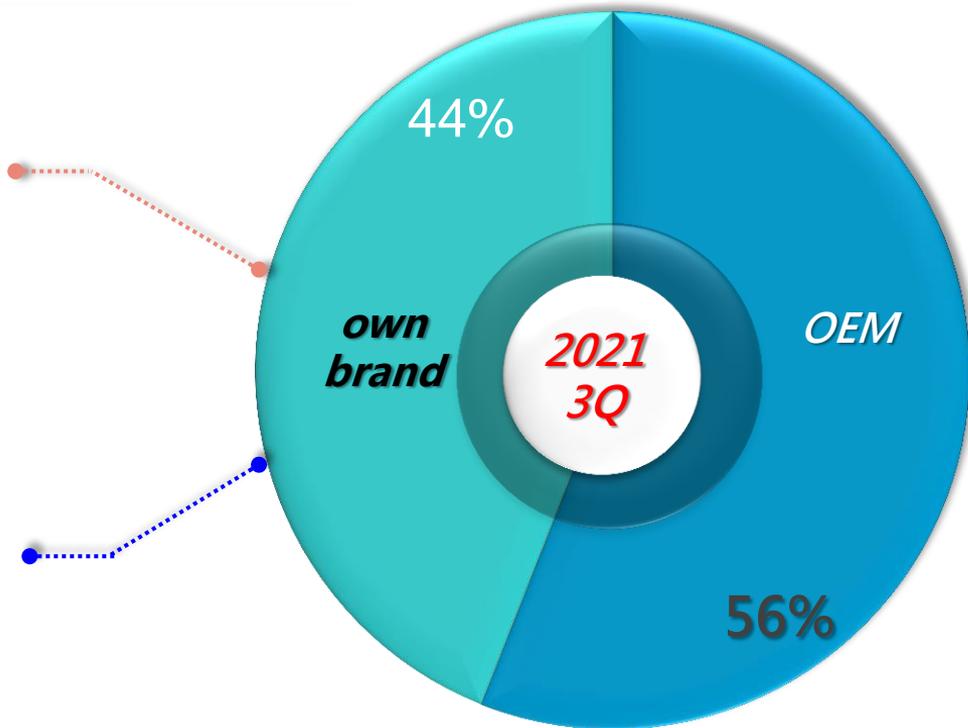
# Sales by brand-consolidated



Worldwide



Vietnam



# Financials -Consolidated income statement

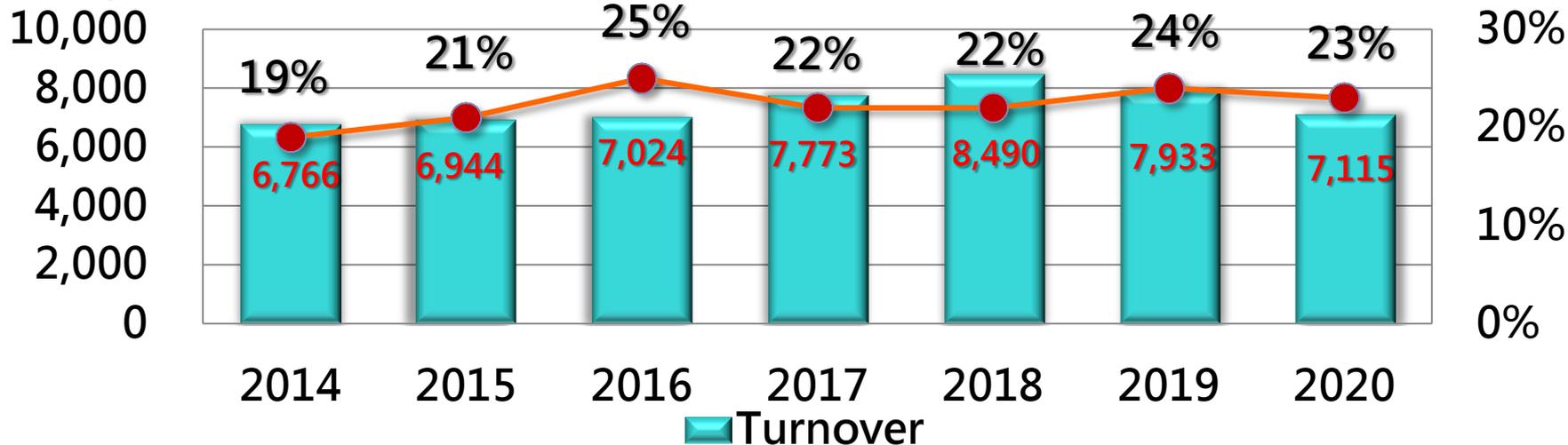
Currency: million NTD

category	2016	2017	2018	2019	2020	2021 3Q
Operating revenue	7,024	7,773	8,490	7,933	7,119	4,425
Gross profit	1,732	1,755	1,831	1,854	1,655	935
Gross Margin	25%	22%	22%	24%	23%	21%
Operating profit	1,229	1,261	1,243	1,312	1,199	615
Pre-tax Profit	1,251	1,198	1,332	1,344	1,186	626
After-tax profit	948	906	983	1,007	879	482
Profit attributable to former owner of business combination under common control	923	901	983	1,007	879	482
EPS(NTD)	11.31	11.04	12.03	12.32	10.75	5.89
Average LEAD price(USD/ton)	1,871	2,318	2,244	1,998	1,824	2,163

AVG  
11.49

# Consolidated Sales

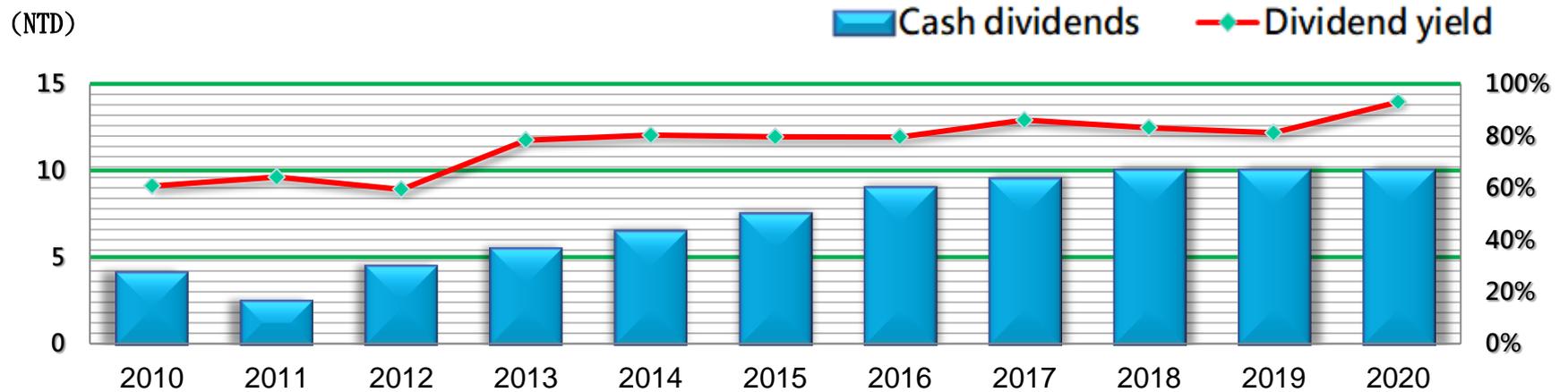
Currency: million NTD



Consolidated Turnover	6,766	6,944	7,024	7,773	8,490	7,933	7,115
LME average price(USD/MT)	2,096	1,786	1,871	2,318	2,244	1,998	1,824
Gross Profit Margin	19%	21%	25%	22%	22%	24%	23%
After-tax EPS	8.09	9.42	11.31	11.04	12.03	12.32	10.75

**AVG  
22.3%**

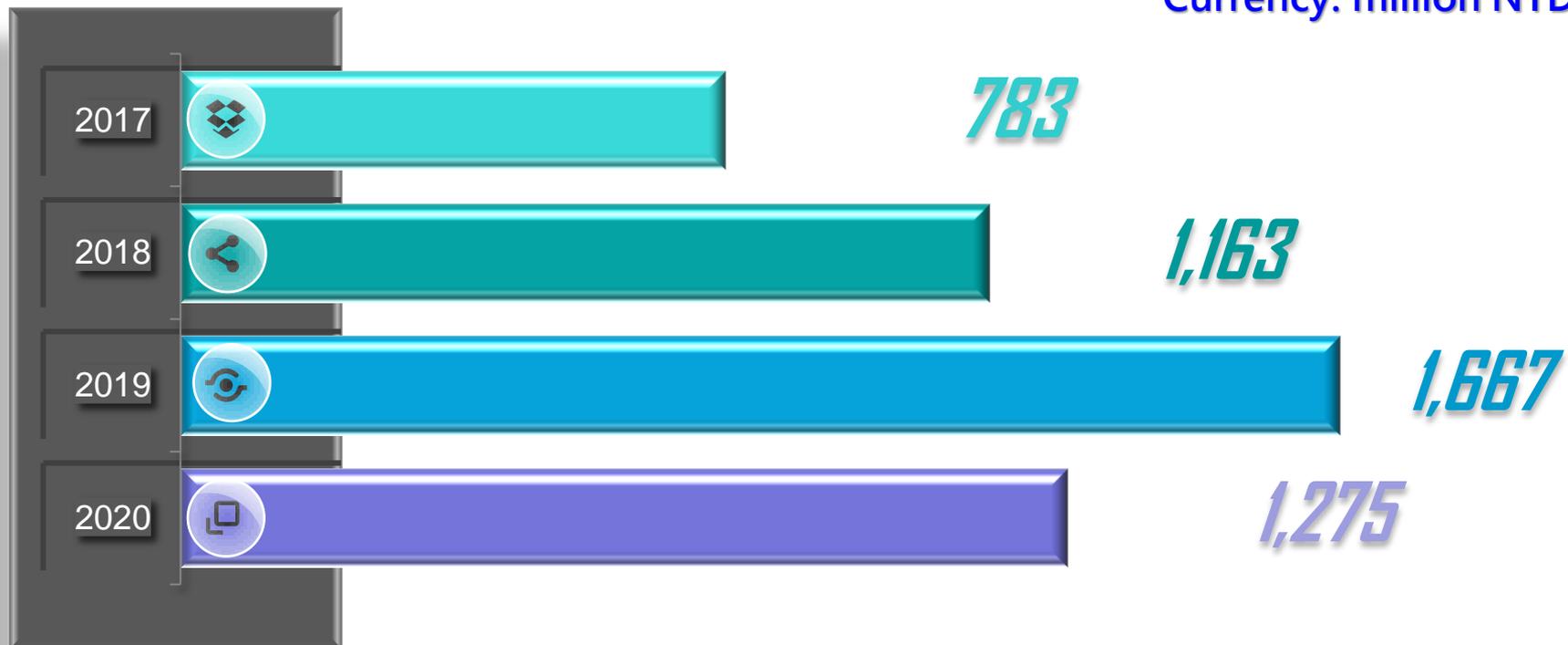
# Dividend policy



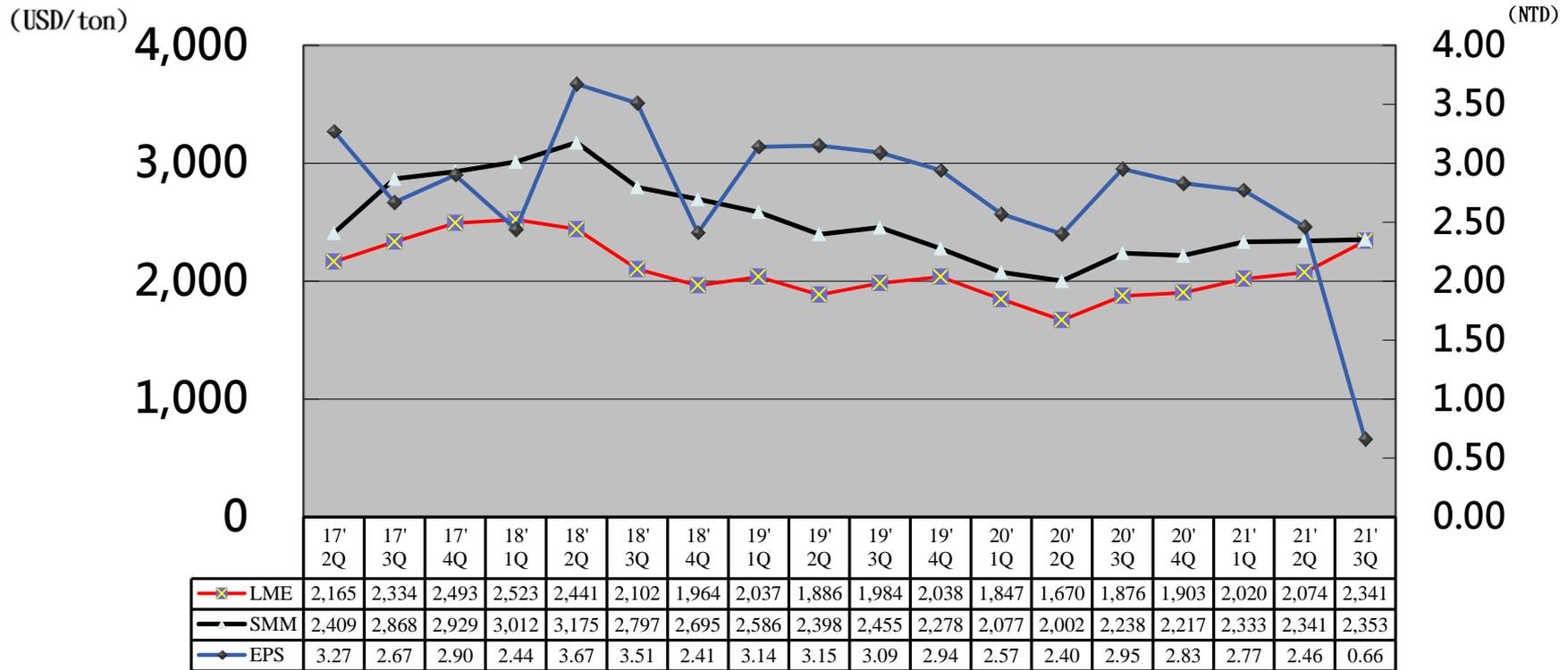
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
EPS	6.82	3.9	7.58	7.02	8.09	9.42	11.31	11.04	12.03	12.32	10.75
Cash dividends	4.14	2.5	4.5	5.5	6.5	7.5	9	9.5	10	10	10
Dividend yield	61%	64%	59%	78%	80%	79%	80%	86%	83%	81%	93%

# Operating cash flow

Currency: million NTD



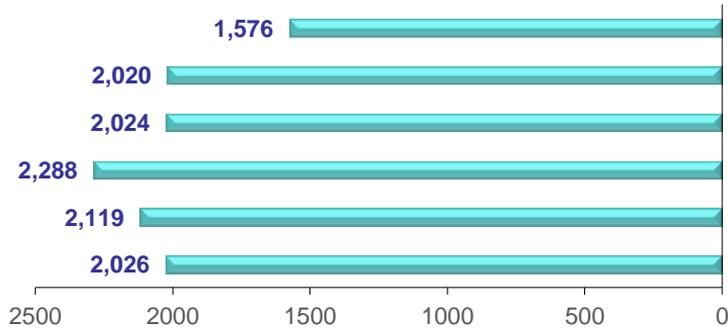
# Comparison chart of LME, SMM, and EPS



# Sales Quantity by KL group



Monthly shipping quantity (thousand pcs)



Monthly turnover (million NT dollars)

2021 3Q

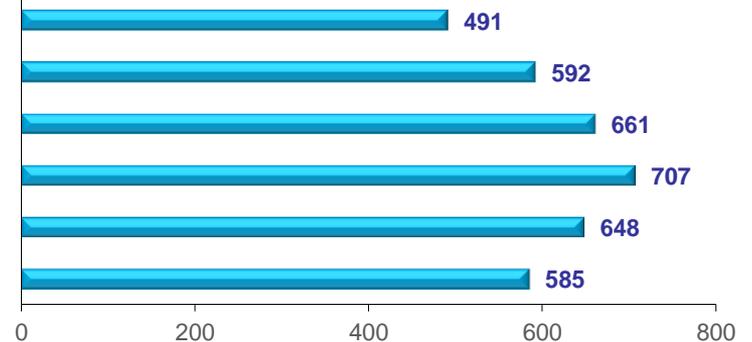
2020

2019

2018

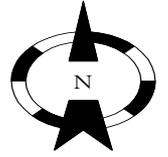
2017

2016



	2016	2017	2018	2019	2020	2021 3Q
Monthly shipping quantity	2,026	2,119	2,288	2,024	2,020	1,576
Growth rate of shipping quantity	-2%	5%	8%	-11%	-	-22%
Monthly turnover	585	648	707	661	592	491
Growth rate of turnover	1%	11%	9%	-7%	-10%	-17%

# Location

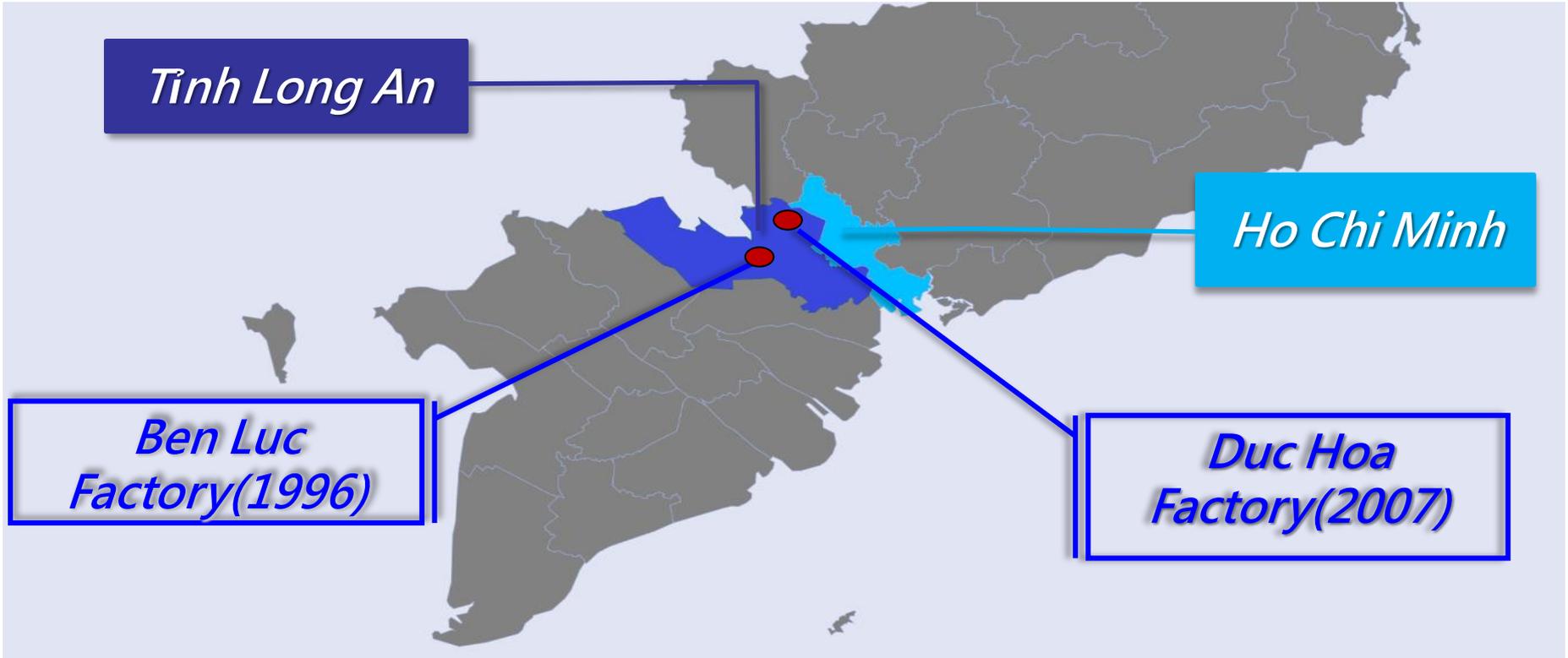


**Hanoi Sale Office**

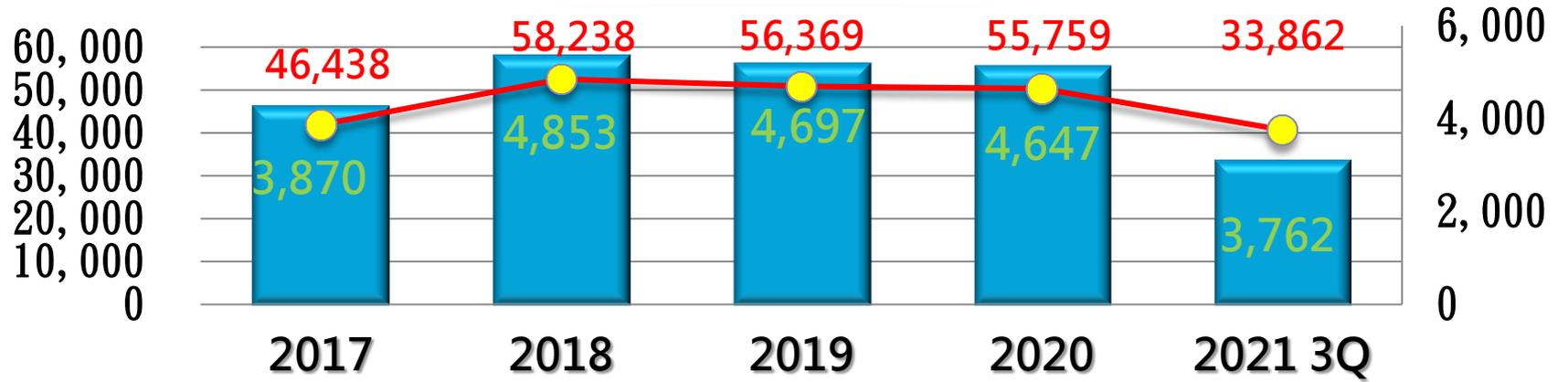
**Danang Sale Office**

**Ho Chi Minh Sale Office**

# Location



# Turnover of Le Long Vietnam



■ Domestic sales ● monthly avg.

currency : thousand USD

Category	2017	2018	2019	2020	2021 3Q
Domestic sales	46,438	58,238	56,369	55,759	33,862
Domestic sales monthly AVG	3,870	4,853	4,697	4,647	3,762

# *Overview of Vietnam plant*

## *Ben Luc plant*



*36,500 square meters*

# *Overview of Vietnam plant*

## *Ben Luc plant*



*36,500 square meters*

# *Overview of Vietnam plant*

## *Duc Hoa plant*



*350,000 square meters (200,000 square meters are developed)*

# *Core value*



# *KLB ESG presence*



## Environment

- *Green Procurement*
- *Energy Management*
- *Environmental Protection Facilities*
- *To Improve Manufacturing Process*



## Social Responsibility

- *To Promote Local Culture*
- *To Popularize Art and Culture Activities*
- *To Care Social Vulnerable Groups*
- *To Sponsor The Academics*



## Corporate Governance

- *To Advance Shareholders Equity*
- *To Enhance Information Transparency*
- *To Strengthen Governor's Function*
- *To Operate Business Honestly*

**To Expand Social Responsibility as the Core of Business**

# Strength

## *Excellent quality*

The production of lead-acid batteries comprises the know-how of electrochemistry and complex system of manufacturing & management. It is not easy to produce quality batteries stably for the long term.

## *High Entry Barrier*

With more and more people realizing the importance of environmental protection, China has imposed lots of restrictions on the manufacturing of lead-acid batteries including the production scale, facilities, and environmental protection...etc. This standard is also considered by many other countries, and therefore there' s no new comer for many years. And besides China, there' re few manufacturers in other Asian.

## *Qualified Standard*

It takes long time to test individual battery performance and service life. The most important is that the incoming inspection can not determine the service life of batteries. Thus, quality customers will set up high qualification procedure and field audit for new comers. We are able to develop the products meeting customer needs.

# Strength

## Localization

All our supervisors are Vietnamese, and Taiwanese management people can communicate with them in Vietnamese language without problem. By the way, we enter Vietnam market early and take high shares in M/C AM market. Our batteries have been recognized as high quality. Our brand images is also well established. All of these are very helpful for our profits. Also, the investment environment in Vietnam is good and government seldom interferes.

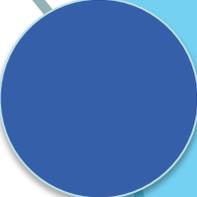
## R&D ability

We' re devoted to the upgrade and diversity of lead-acid batteries. Through the enhancement of battery performance, we not only make more profits but also develop lower-end products to help customers take more market shares. Our program has been extended from current small sized SLA to medium/large sized ones. We also develop star stop batteries to expend client bases.

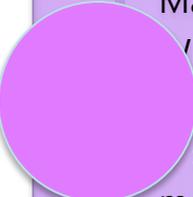
## Quality client

Our customers include leading companies in each industries, thus the importers in each areas are willing to distribute our products. Moreover, as the sales territories and customers are properly diversified, we can avoid the huge impacts resulted by single industry and economic factors.

# Strength



Most of our competitors has factory in China. But the issuance of “manufacturing permission of SLA batteries ” in 2011 has limited the development of SLA industry and eliminated lagging production. We’ re the professional UPS battery manufacturer with biggest capacity in Southeast Asia, and it can help us to take more orders than our competitors.

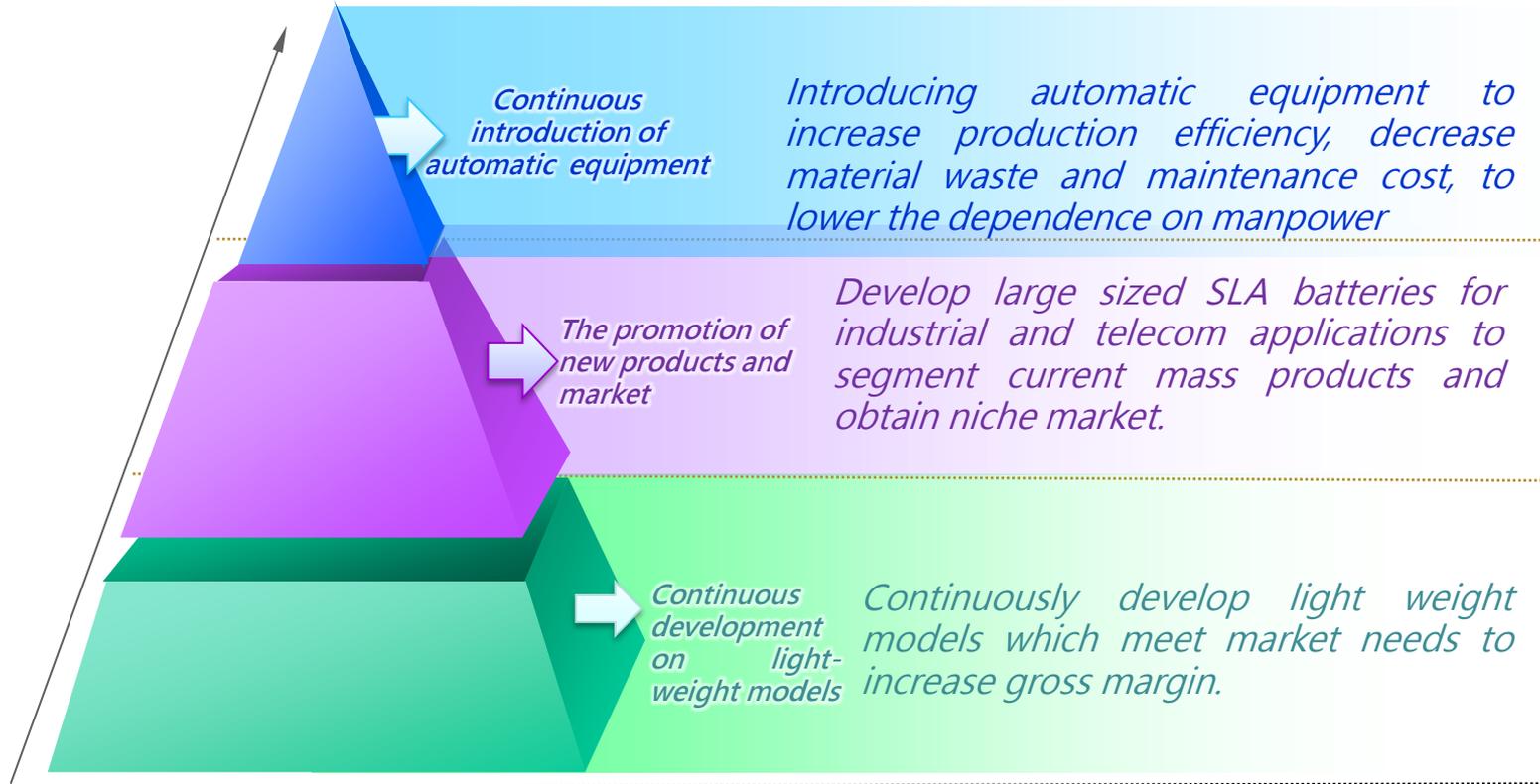


Main production bases of small/ medium sized SLA batteries are located in China and Vietnam. When Chinese labor costs keep rising, RMB is under pressure for appreciation, and SLA industry is limited, Chinese battery manufacturers are forced to move to outside. However it’ s difficult to find suitable location. While we’ re producing in Vietnam and we can expand our capacities to maintain our advantages



China publishes the notice for imposing consuming tax on batteries and pasting – starting from 1//1/2016, 4% consuming tax will be imposed on lead-acid battery manufacturing, OEM, and import. This bring significant burden to Chinese lead-acid battery factories.

# Future outlook



# Future outlook

## Manufacturing perspective

- **Continuously develop batteries suitable for renewable energy.**
- **Continuously develop large sized SLA batteries for telecom applications.**
- **Continuously proceed the design and modification for automatic production.**
- **Develop long life time and advanced start stop batteries.**

## Sales perspective

## Risk perspective

- \* **Sustainable development on environment protection policy**
- \* **Right response to the fluctuation of lead price and cost**
- **Actively satisfy customer needs and develop new market to increase market shares**
- **Adjust sales price according to lead cost, and set a fair way for transactions.**
- **Establishing product position and doing the market segmentation.**

## Technical perspective

- \* **Continuous research and development**
- \* **Possess critical technology**
- \* **Implement more processing control systems**



HTP12100A/HTP12100AV0



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