

明揚國際科技股份有限公司

Launch Technologies Co., Ltd.

Stock Code: 8420





Disclaimer

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Agenda

1. Company Profile

2. Products and Industry Highlight

3. Competitive Advantage and
Operational Performance

4. Future Outlook



Company Profile

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Company Profile

- Chairman and President : Robert Liu
- Capital : 509,900 (KNTD)
- Established : July 28, 2006
- Product : Golf Balls
- Address : No.38, JingJian Rd. P.E.P.Z. Taiwan R.O.C.
- Application for (OTC) listing : Nov. 10, 2014

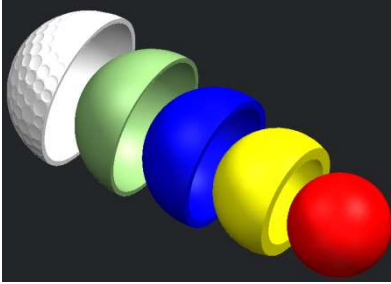


Product and Industry Highlight

- Products
- Market Highlight



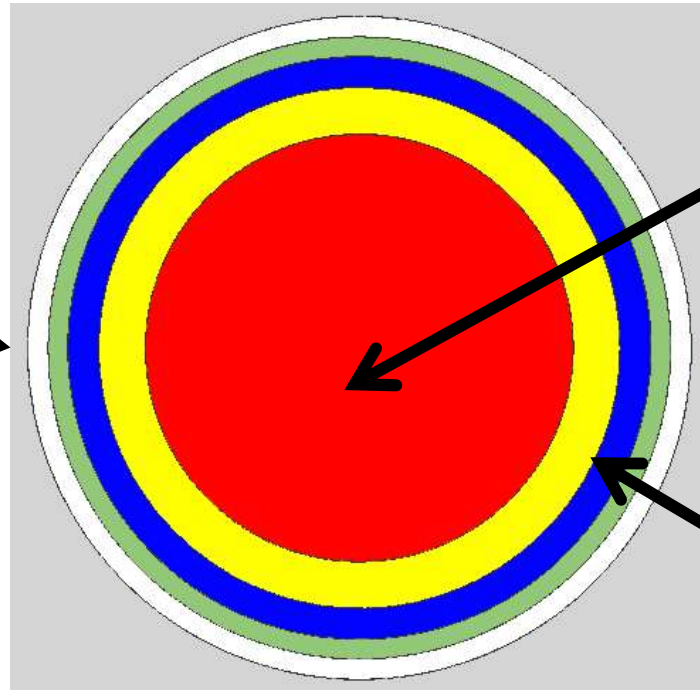
Product Introduction



- Core : Distance 、 feeling
- Mantle : back spin control and distance.
- Cover : Less air resistance 、 drop-and -stop

Cover (Injection)

- Size/Roundness
- Concentricity
- Bond strength
- Dimple
- Durability
- Softness



Core (Rubber)

- Elasticity
- Compression
- Size/Roundness

Mantle (Injection)

- Size/Roundness
- Concentricity
- Bond strength
- Elasticity
- Thickness

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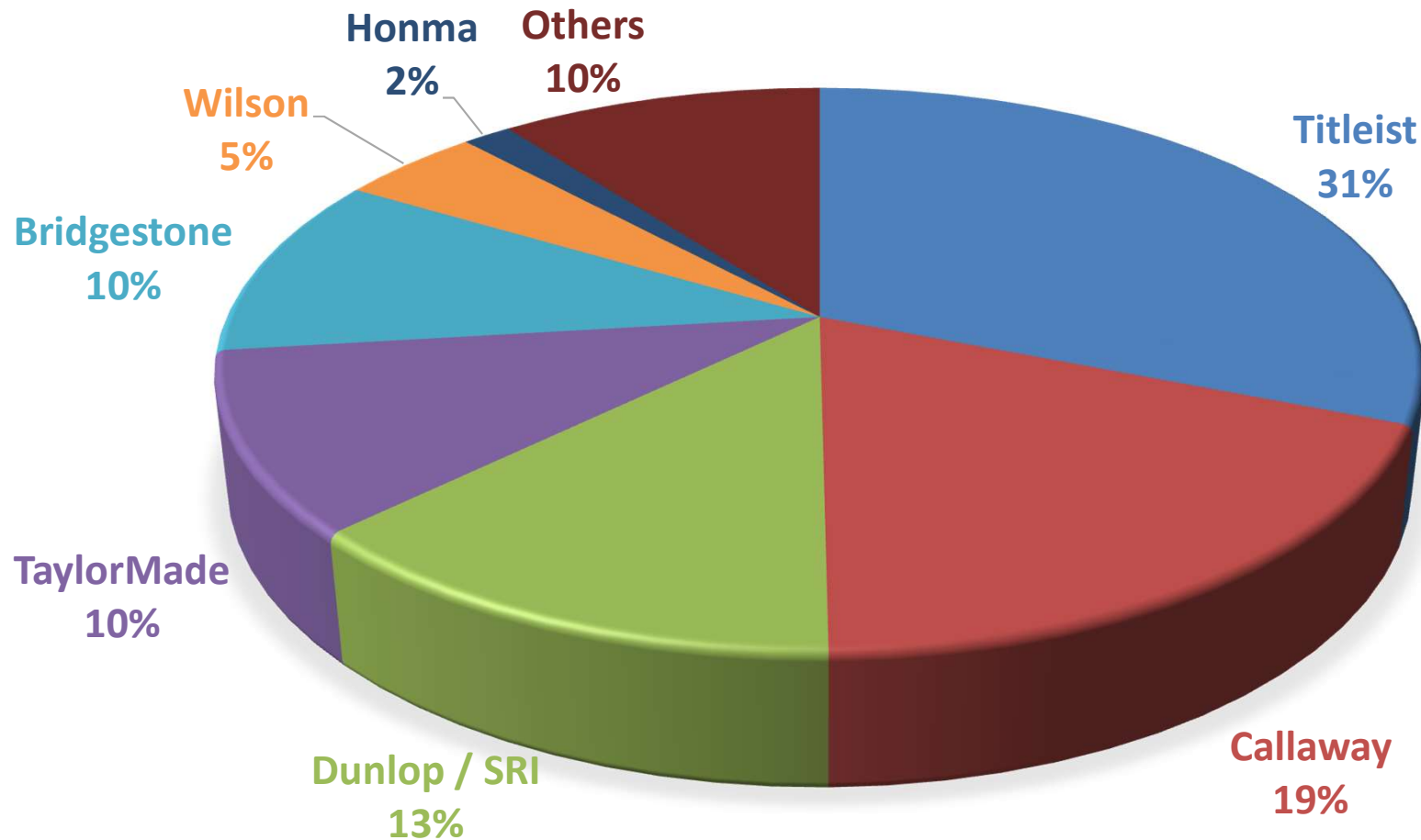
Market Highlight

Construction	Material	Product appeal	Price USD/DZ*	Market share
3-piece & Multi-layer ball	PU	<ul style="list-style-type: none"> • For professional golfers • High performance soft cover, increased the control and feeling of short iron and putter • Hardness to match the faster swing speed of golf player 	\$30 ~ \$48	30%~35%
	Surlyn Higher price ball	<ul style="list-style-type: none"> • Whole function design, but the performance for short irons is slightly inferior to that of professional. • Best Choice for customers pursued high performance with great value 	\$20 ~ \$32	10%~15%
2-piece	Higher price ball	Diversity in development: <ul style="list-style-type: none"> • Color balls • Softness • Focus on lady golfers with low swing speed. 	\$16 ~ \$22	20%~30%
	Low-price ball	<ul style="list-style-type: none"> • Low price • Choice for rookies and price-sensitive consumers. 	\$10~\$16	30%~40%

* Source from: Golf Data Tech and the estimate of procurement of each golf ball brands.

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Market share of Golf Ball Brands



* Source from: Golf Data Tech and the estimate of procurement of each golf ball brands.

Expanding Market



Brand
Outsourcing

Developing
Countries
Income
Increasing

Global Golf
Events
heating up

Included in
2016
Olympics
sport

US Market
Re-growth



Competitive Advantages and Operational Performance

- Competitive Advantages
- Operational Performance

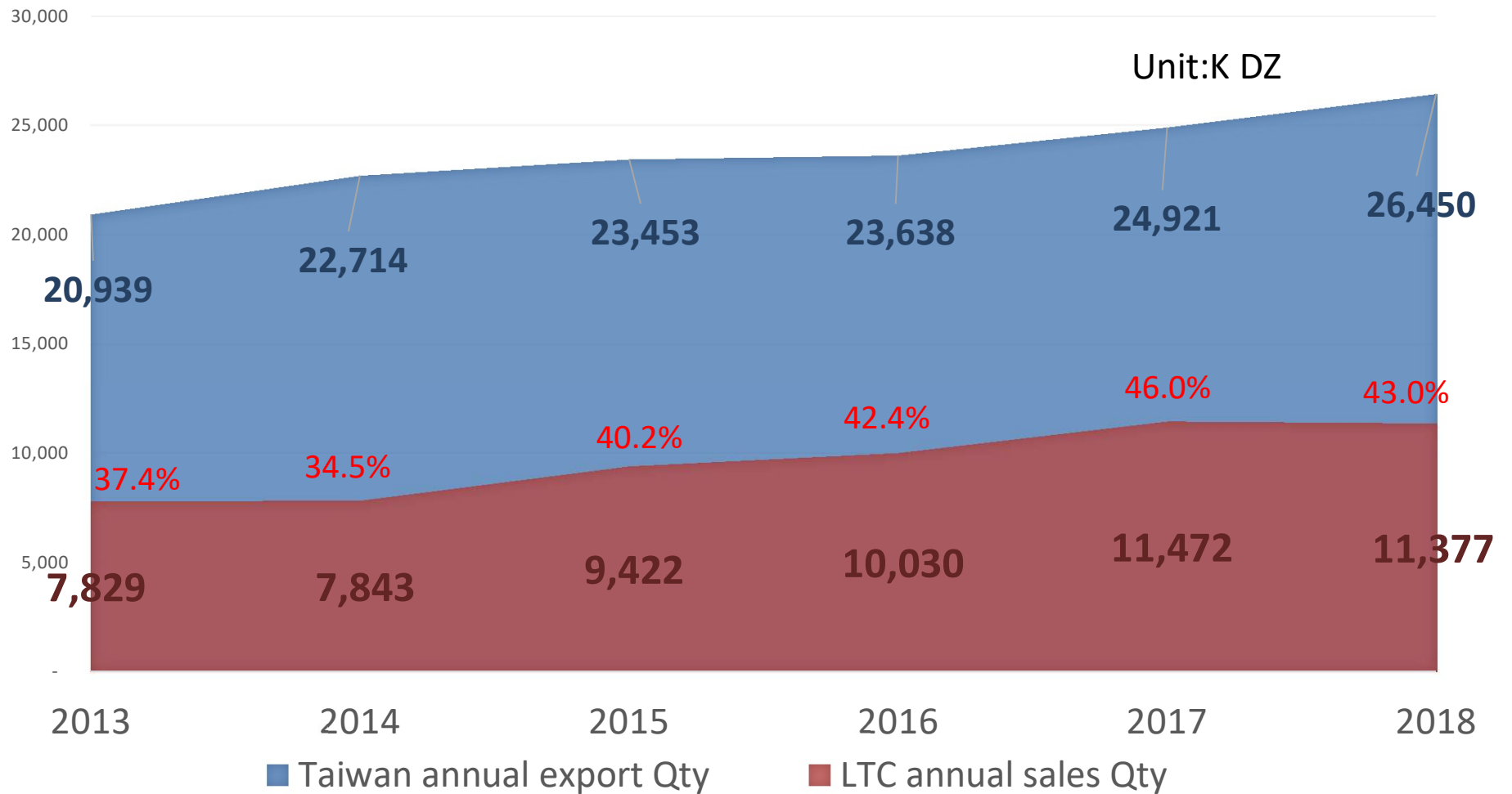


Competitive Advantages

Sales	Research and development	Manufacture	Management
<ul style="list-style-type: none">• Dedicated team• Strong customer relationship	<ul style="list-style-type: none">• Dedicated team• Government, industry, university Alliance• Development can be completed within 1 month• 2008 first one who imported high speed think cover IM in Golf industrial.	<ul style="list-style-type: none">• Dedicated production line• High flexibility• Good appearance• Good process capability and stability• Good staff working efficiency• Received Project Assistance from the Industrial Bureau on "Smart Manufacturing and Supply Chain Integration Platform"	<ul style="list-style-type: none">• Complete internal and external training programs to enhance staff ability• ERP information system management• New plant capacity expansion brings more potentiality• Supply chain localization



Sales growth is better than industry average

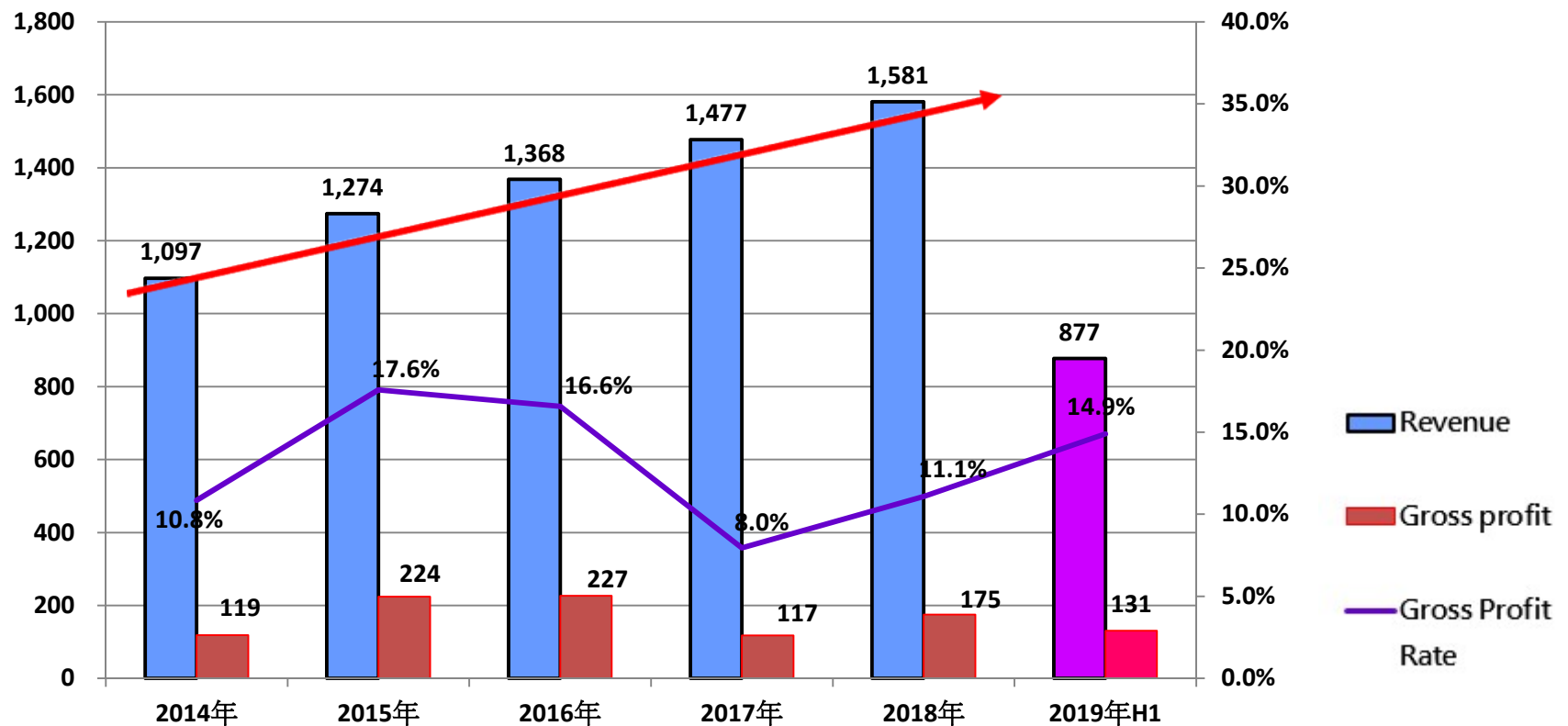


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Revenue, sales gross profit, gross profit margin in the past six years

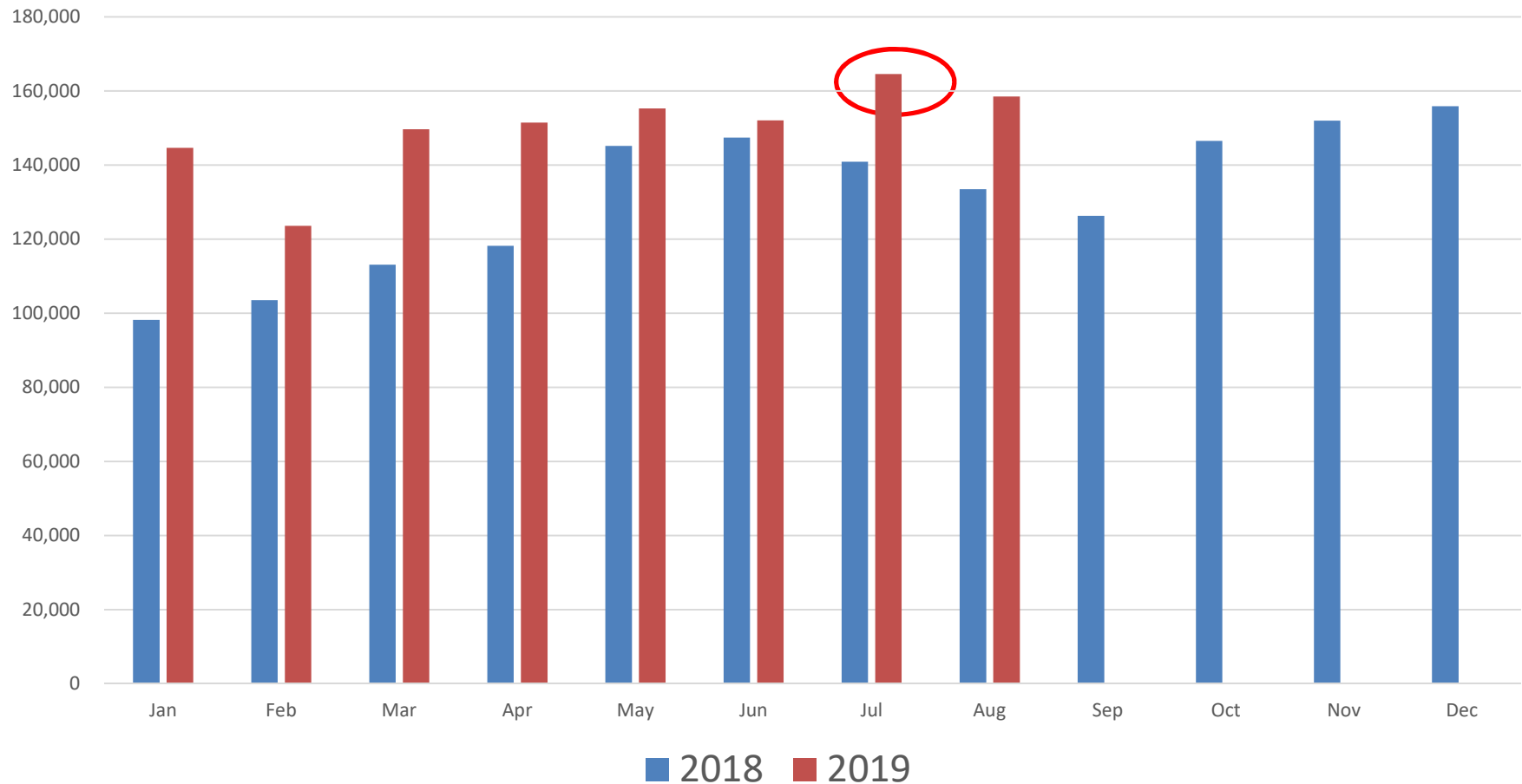
Unit: NTD in Millions



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Revenue performance by months



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2018 Q2~2019 Q2 Income Statement

Unit: KNTD, Except Earnings Per Share

Item	2018Q2		2018Q3		2018Q4		2019Q1		2019Q2		2019 Q2	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	YoY	QoQ
Net revenue	410,719	100%	400,682	100%	454,320	100%	417,851	100%	458,769	100%	↑ 12%	↑ 10%
Gross profit	47,908	12%	45,981	11%	74,984	17%	55,292	13%	75,232	16%	↑ 57%	↑ 36%
Operating expenses	24,241	6%	22,094	6%	20,790	5%	28,889	7%	26,684	6%	↑ 10%	↓ 8%
Income from operation	23,873	6%	24,490	6%	54,578	12%	27,356	7%	49,466	11%	↑ 107%	↑ 81%
Income before income tax	33,174	8%	25,868	6%	56,849	13%	31,030	7%	52,034	11%	↑ 57%	↑ 68%
Net income	28,074	7%	22,287	6%	48,573	11%	29,638	7%	38,723	8%	↑ 38%	↑ 31%
EPS	0.55		0.44		0.95		0.58		0.76			

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Balance Sheet

Unit: KNTD

	2019/6/30		2018/12/31		2018/6/30		YoY %
	Amount	%	Amount	%	Amount	%	
Cash and cash equivalents	97,200	6	39,462	3	58,723	5	66
Notes and accounts receivable	228,002	15	231,743	19	213,426	20	7
Inventories	293,402	19	283,190	23	248,914	23	18
Property, plant and equipment	945,431	60	697,134	56	567,255	52	67
Total assets	1,564,035	100	1,251,529	100	1,088,318	100	44
Short-term loans	51,142	3	88,584	7	74,152	7	(31)
Accounts payable	324,430	21	234,936	19	235,320	22	38
Long-term loans	331,424	21	98,396	8	20,092	2	1,550
Total liabilities	706,996	45	421,916	34	329,564	30	115
Common Stock	509,900	33	509,900	41	509,900	47	0
Total equity	857,039	55	829,613	66	758,754	70	13

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Cash Flow

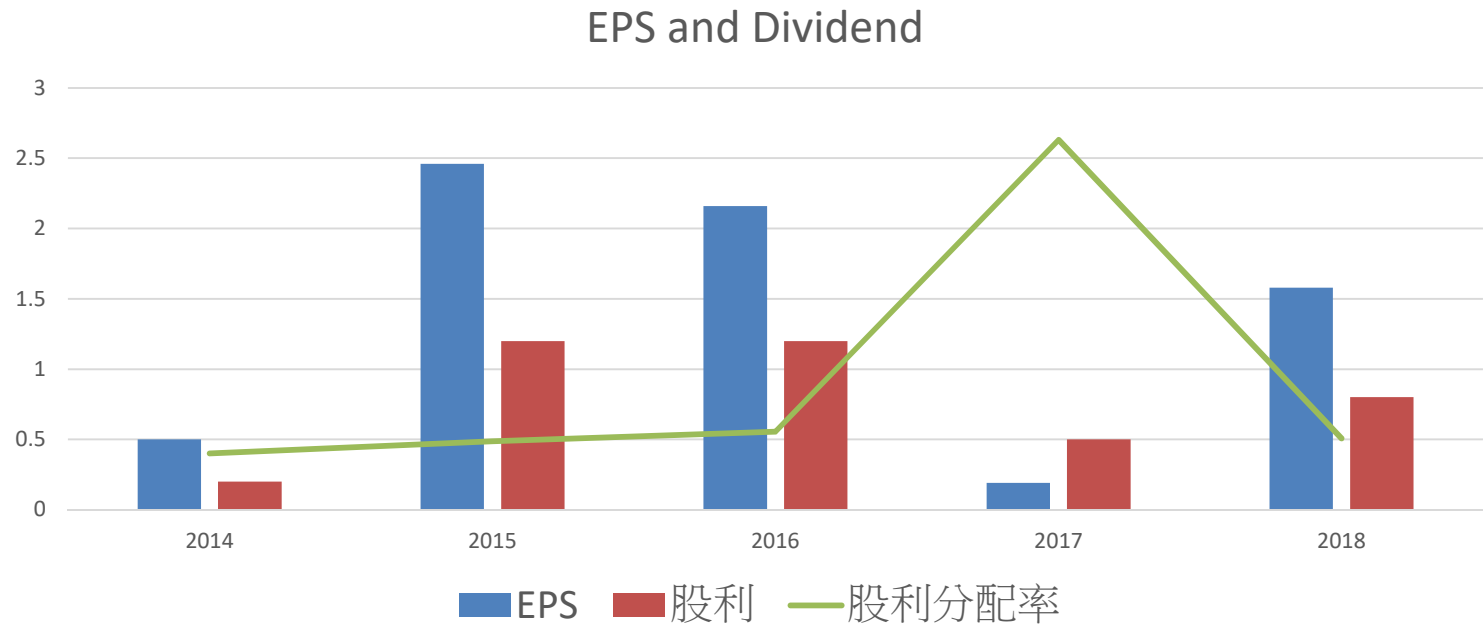
Unit: KNTD

	2019 H1	2018 H1
Net cash generated by operating activities	130,251	29,035
Net cash used by investing activities	(187,374)	(52,670)
Net cash used by financing activities	114,861	38,545
Net increase in cash and cash equivalents	57,738	9,189
Cash and cash equivalents, end of period	97,200	58,723

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Dividend in the past five years



Year	2014	2015	2016	2017	2018
EPS	0.5	2.46	2.16	0.19	1.58
Dividend	0.2	1.2	1.2	0.5	0.8
Dividend distribution yield	40%	49%	56%	263%	51%

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Future Outlook



Future Innovation

- Self-developing rubber recipe and cover materials.
- Process development and improvement for energy saving and carbon reduction of environment protection.
- New dimple design.
- Multi-color and large area stamping.
- Construction for Artificial Intelligent production lines.

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Sustainable Environment



- Apply physical treatment for suspended solids in the grinding wastewater to reduce the amount of chemicals used, therefore reduce the impact on the environment.
- The water used in the grinding process is recovered by more than 92%.
- Energy-saving and carbon-reducing, greenhouse gas management, power-saving results reached 330,000 degrees in 2017.

Social Care



- Sponsored Moon Cake Charity Sales hold by Genesis Social Welfare Foundation
- Participated in "Christmas Dreams Come True" event hold by Taiwan Fund for Children and Families and donated 41 gifts for children.
- Being a sponsor of National Kaohsiung Center for the Arts (Weiwuying) to support southern Taiwan's performing arts.
- Sponsored Three bond TPGA Challenge Tour.
- Regularly hold "blood donation for love" events.

Friendly Workplace



- Continually hold Occupational Safety and Health training, and obtained the "OHSAS18001:2007 Occupational Safety and Health Management System" certification.
- Actively invest in intelligence projects.
- Hosting Family Day, Cultural Festivals Activities, Physical and Mental Health Lectures and Aerobics Courses.



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