

# Voltronic Power Technology (6409 TT) Investor Presentation

**In our world,  
everything is built to last**



UPS · INVERTER · CHARGER

# Agenda

**I. Company Profile**

**II. UPS Industry**

**III. Financial Performance**

**IV. Outlook & Growth Drivers**



# I. Company Profile

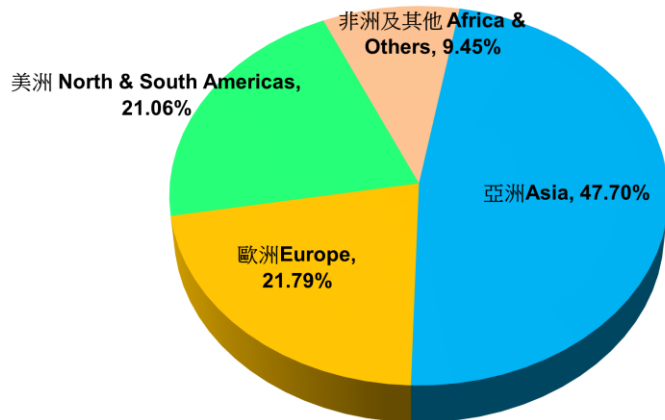


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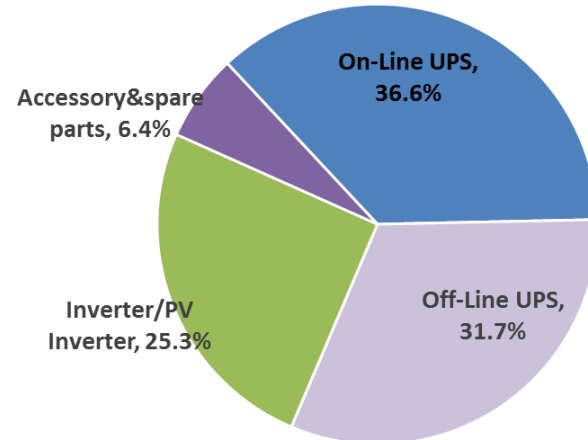
# Company Snapshot

- Leading ODM of uninterruptible power supply (UPS) and inverters
- Provides full service custom solutions from design to manufacturing
- Global client relationships with over 400 customers in more than 100 countries
- Highly customized products including, 10,000 UPS parts and over 3,000 inverter/AVR parts
- Founded in May 2008 by Mr. Alex Hsieh (President & GM)
- Employees: 120 in Taipei and 4,000 in China & Vietnam

地區別營收- 2020  
Revenue by Region – 2020



產品別營收-2020  
Revenue by Product Mix– 2020



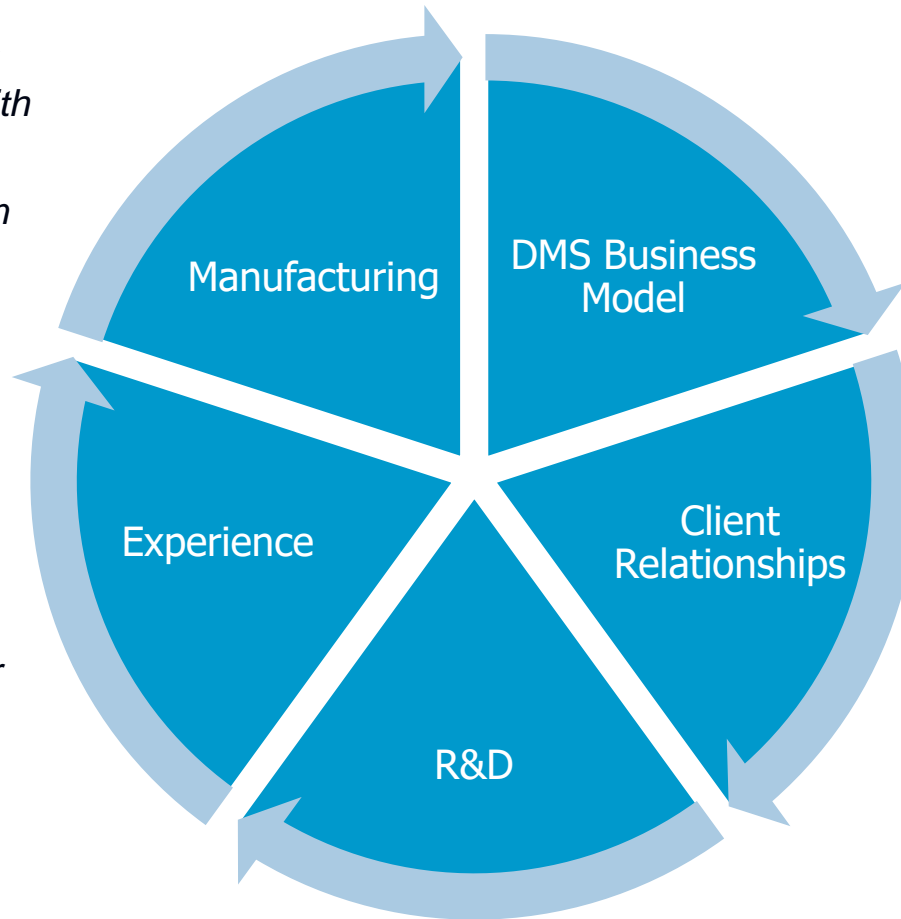
# Summary

- 1 Unique 100% DMS business model that enables the Company to be a valuable supplier to all segments of the UPS market while gaining market share
- 2 Diversified geographic and customer exposure that allows growth across different market cycles
- 3 Strong financial track record of achieving net income CAGR of 27% from 2010-2020 and average ROIC of 37%, well above cost of capital
- 4 Robust and sustainable free cash flow generation used to distribute cash dividends to maximize shareholder return
- 5 Ambition to be the best-governed and most shareholder-friendly company in Taiwan

# Competitive Advantages

*Quality, low-cost China-based manufacturing with scale, semi-automation, and processes for just in time and build to order requirements*

*Leverage teams' 20+ years of professional experience in the power market, and knowledge of country-specific power specifications*



*Ideal partner as the only 100% ODM in UPS without own brand, enabling us to gain trust and business with customers*

*Qualified global supplier for both large global brands and small local players*

*Innovative design with industry-leading technology and energy efficiency*

# Unique DMS Business Model Helps Gain Market Share

- Unequivocally focused as a DMS (Design & Manufacturing Service) enterprise by developing customized solutions and providing exclusive market intelligence for our partners.
- No own brand, will never compete with clients.
- Provide value-add to clients through our design capabilities (example: new higher ASP products, re-design of existing products with cost improvements) and high-quality, low-cost manufacturing enabling customers to compete effectively in the market.
- Close relationships with customers enables us to help strengthen clients' brands and facilitate their growth.



VDE-AR-N 4105  
VDE 0126-1-1

AS 4777  
AS/NZS 3100



# Diversified Customer Base

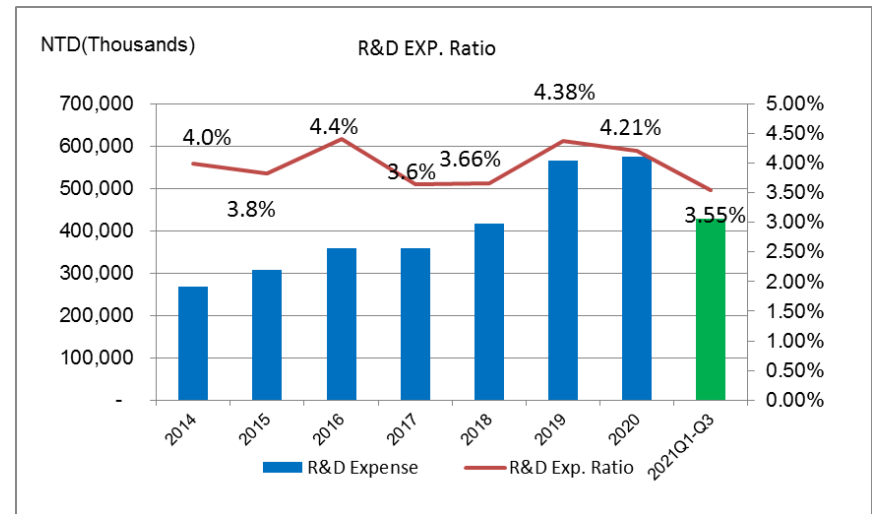
- Over 400 customers in more than 100 countries
- Well-positioned to be the key supplier for all segments of the UPS market globally
- Diversification: top 10 customers made up 35% of total revenue from 2011 to 2020
- Top customers are large and high quality power companies





# Continuous R&D to Expand & Upgrade Product Portfolio

- 300 highly qualified engineers across 7 R&D departments
- Monthly new product launches
- Continuous development of the latest eco-friendly power products that are energy saving and address environmental challenges in energy scarcity



## InfiniSolar – Energy Storage Hybrid PV Inverter



## +Power – Parallel Redundant Modular 3 phase UPS



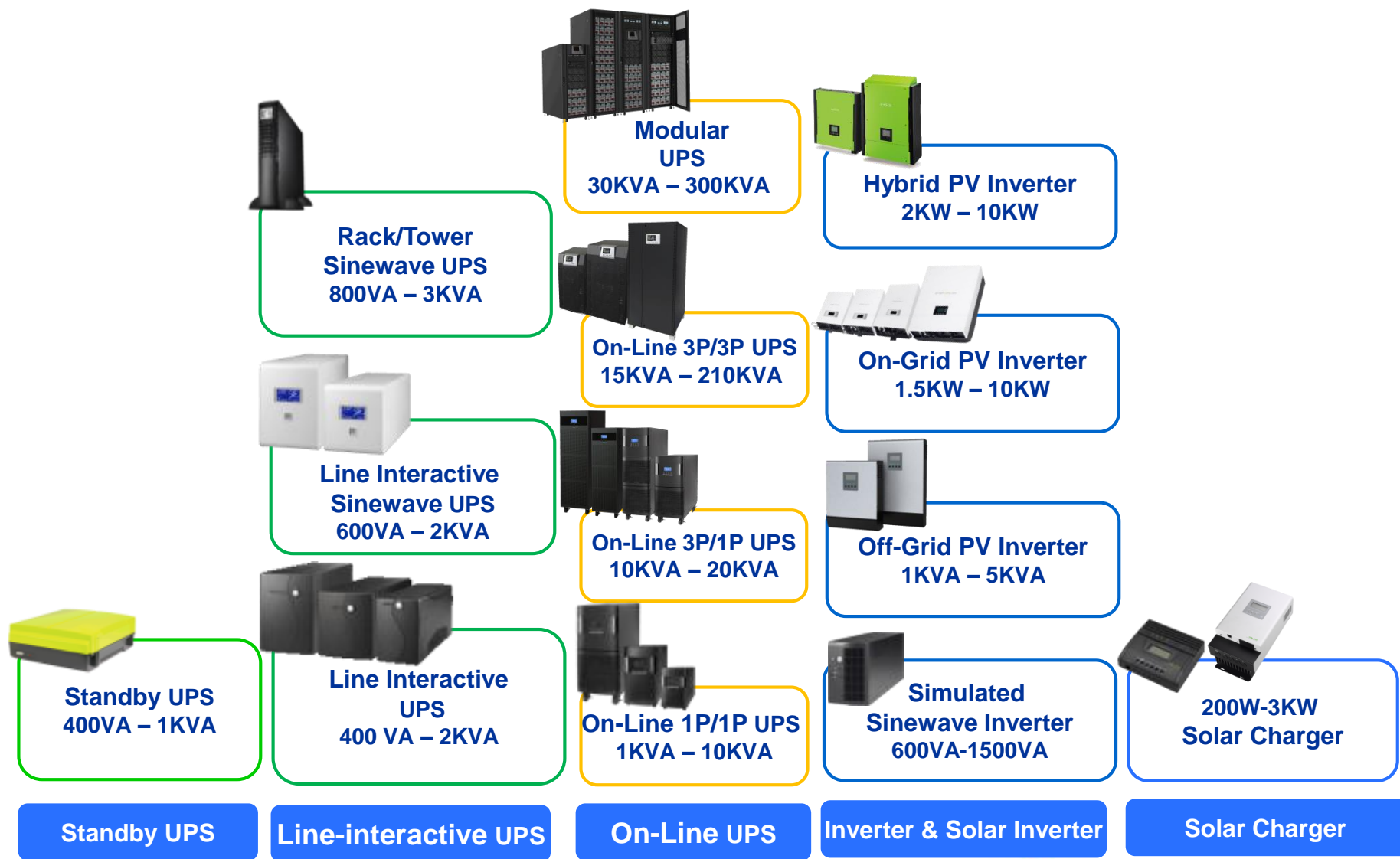
## Galleon II 3-Phase 30-300KVA UPS



## Giant iND 3-Phase Industrial 10-300KVA



# Broad & Continuously Expanding Product Portfolio



# Quality Manufacturing

- Economies of scale, provide cost controlled high performance products & services
- High mix low volume production know-how
- JIT (Just in Time) and BTO (Build to Order)
- In-house production of key components (plastic injection parts and metal cabinets)



# Strong Commitment to Corporate Governance

- Ambition to be the best-governed and most shareholder-friendly company in Taiwan
- One of the highest sustainable dividend payout ratios in Taiwan
  - 93% in 2020 (88% regular cash + 5% special cash)
- One of highest ROE in Taiwan at 38.3% average 2011-2020
- One of the most independent and diversified boards in Taiwan
  - 50% independent
  - 37.5% female
- Consecutive Top 5% ranking from 2016 to 2019 of Taiwan Corporate Governance Evaluation by Taiwan Stock Exchange





## II. UPS Industry



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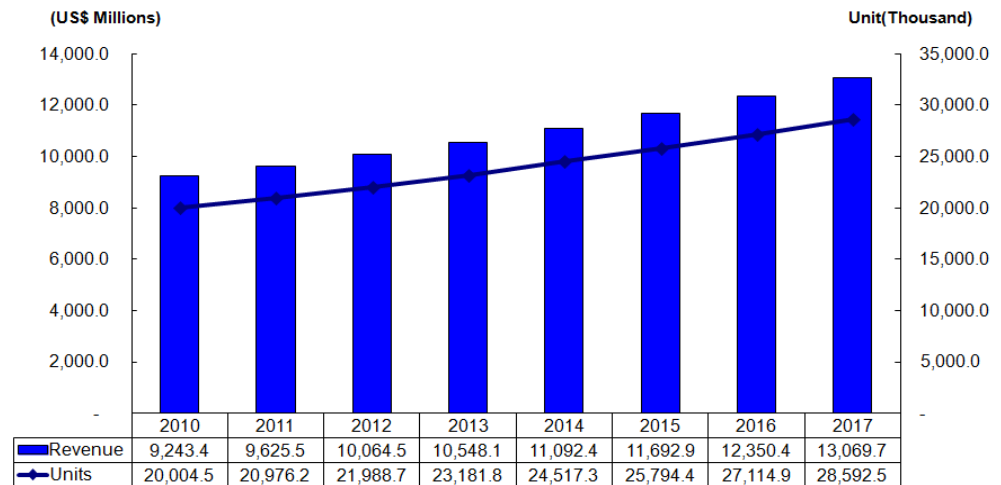
# Products for Critical Applications

Product Categories	Applications	Product Photo
<b>Uninterruptible Power Supply (UPS)</b>  (Revenues, 68%)	<b>PC</b> <b>Server</b> <b>Computer facilities</b> <b>Industrial equipment</b> <b>Medical equipment</b> <b>Communications equipment</b>	 <b>400VA UPS ~ 200KVA Three-phase UPS</b>
<b>Inverter &amp; PV Inverter</b> (Revenues, 25%)  <b>Accessory &amp; Spare parts</b> (Revenues, 7%)	<b>Solar Power System</b>  <b>Any equipment that needs long backup power</b>	 <b>1KVA signal-phase Inverter ~ 10KVA Three-phase Inverter</b>

# Global UPS Industry – Overview

- Growing necessity everywhere: UPS are essential devices for minimizing enterprise risk, insuring against failure of critical systems and avoiding significant downtime costs
- ~75% of market for IT-related applications and ~90% for commercial & industrial use by small / medium / large enterprises, governments and institutions
- ODM entry barriers: client relationships, customer supply-chain qualification process, country-specific power standards
- Stable growth with long-term demand drivers
  - Increasing IT connectivity
  - Growing server and cloud computing
  - Increasing electricity consumption
  - Power grid quality
  - Infrastructure development

**Global UPS Market Size in Value and Units**



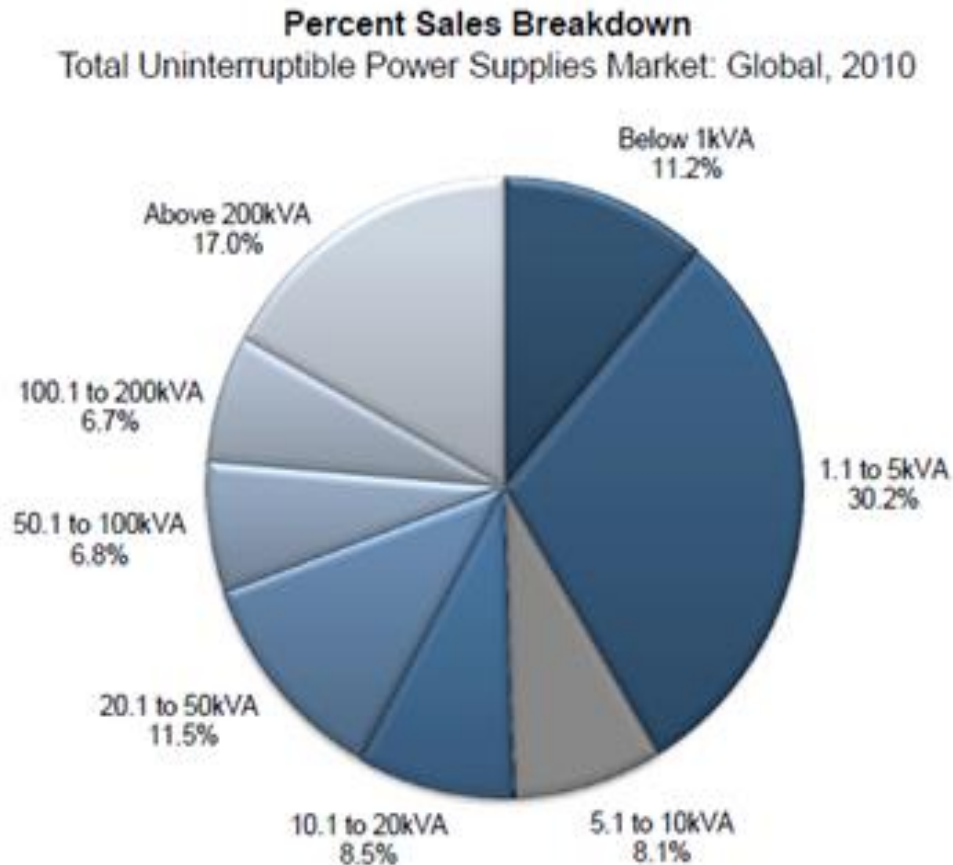
Source: 2012 Frost & Sullivan



# Global UPS Market Segmentation

Market Size estimated at US\$ 13 billion

## By Power Rating



### Small UPS

**< 1 kVA:** Home, small office, small retail

**1-10 kVA:** Small and medium businesses, ATMs, PoS, healthcare, industrial, network equipment, security

### Medium UPS

**10-100 kVA:** Small data centers, server rooms, hospitals, industrial

### Large UPS

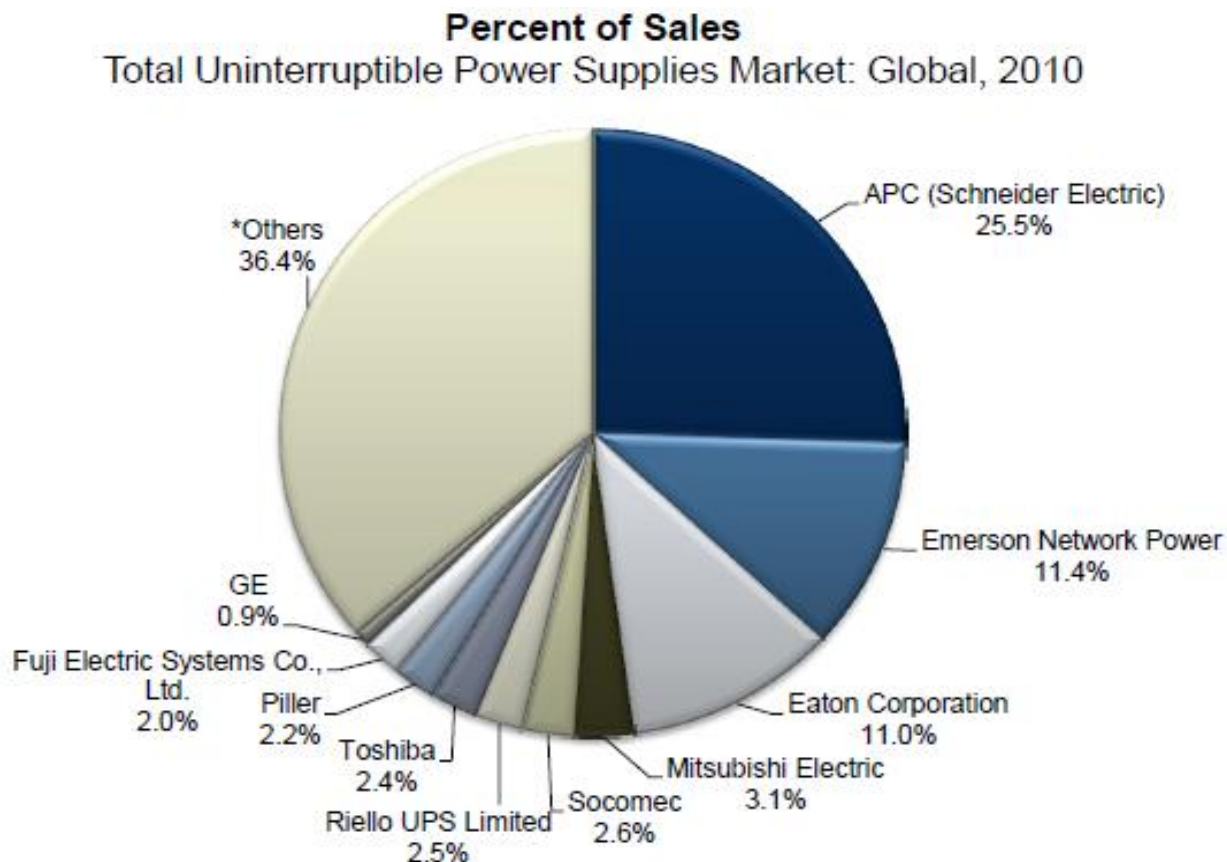
**>100 kVA:** Medium and large data centers, large corporates, government, enterprise



# Global UPS Market Segmentation

By Brand

Market Size estimated at US\$ 13 billion

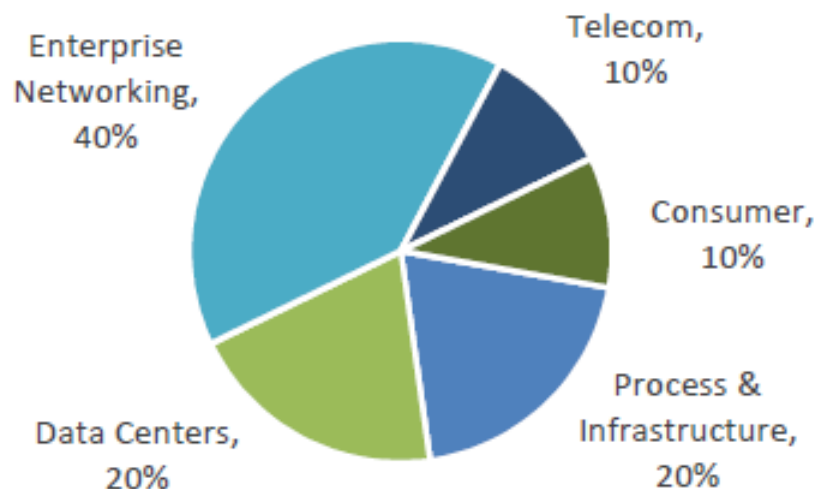


Source: 2012 Frost & Sullivan

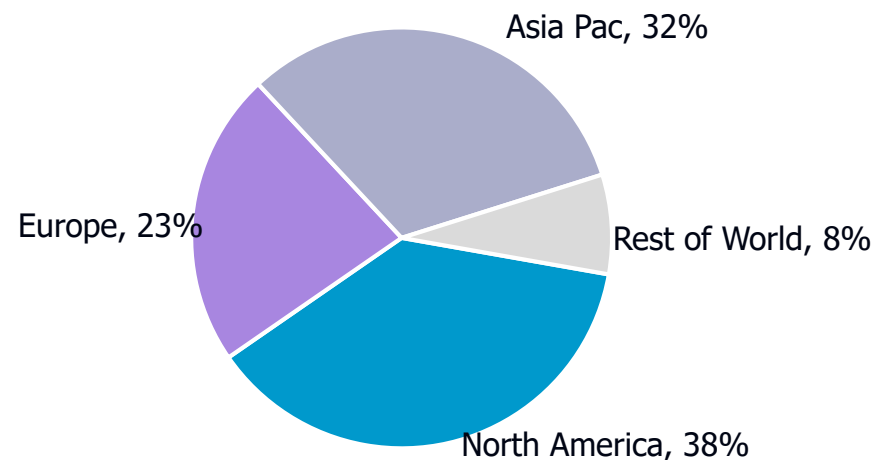
# Global UPS Market Segmentation

Market Size estimated at US\$ 13 billion

## By Application



## By Region

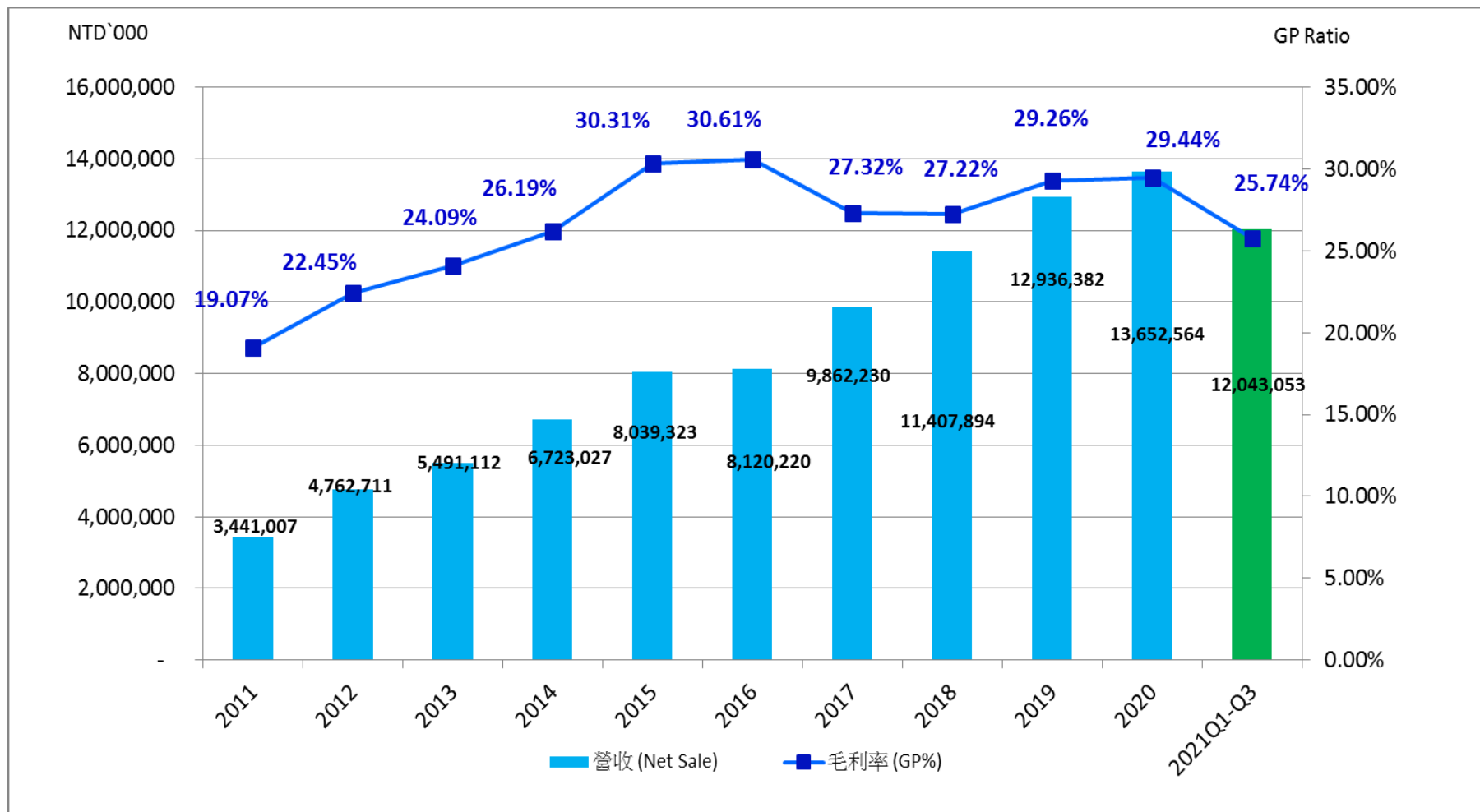


Source: 2012 Frost & Sullivan

### III. Financial Performance

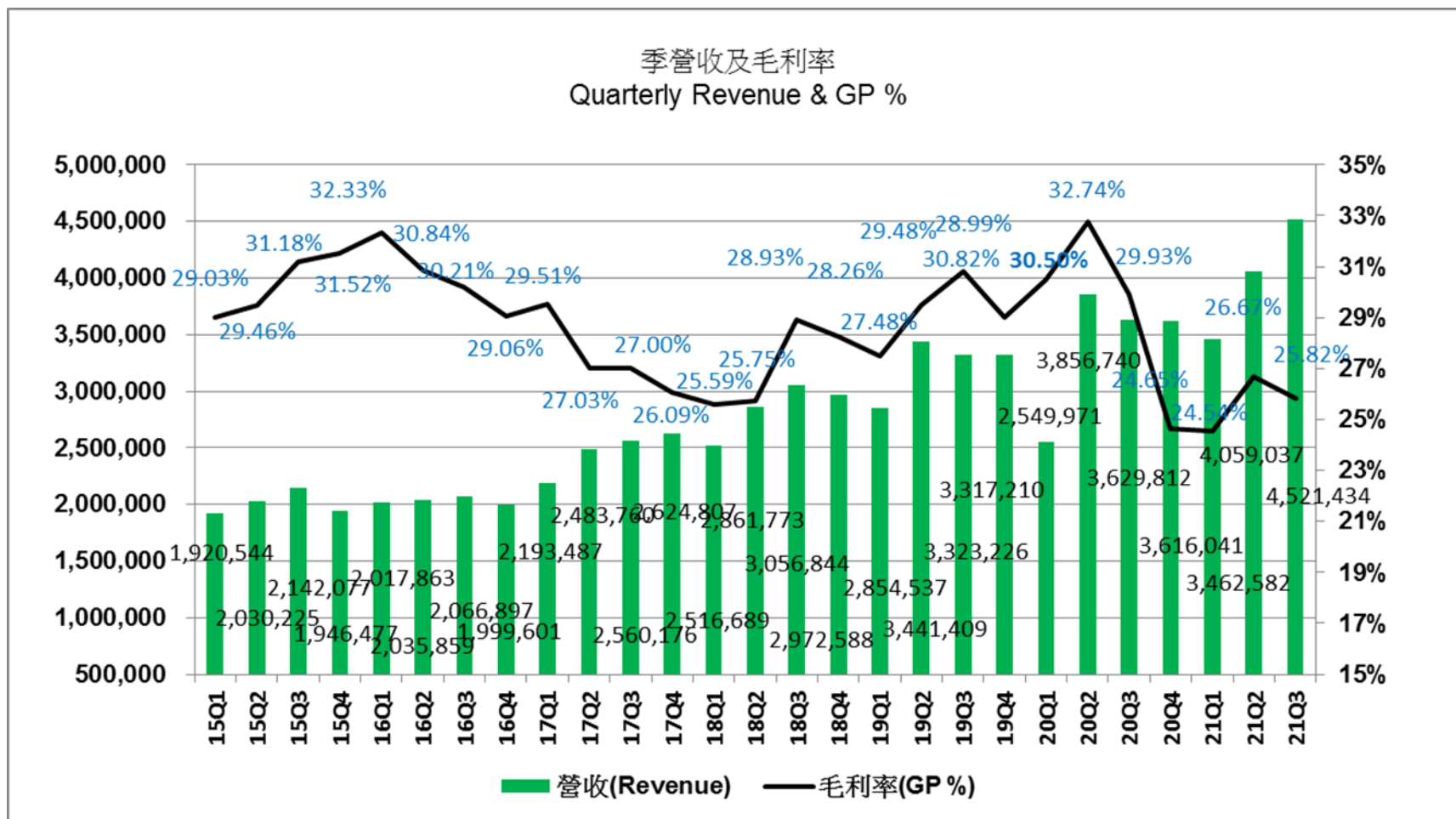


# Revenue and GP



# Quarterly Revenue & GP Ratio Trends

(單位：NT仟元, Unit: NT\$ thousands)

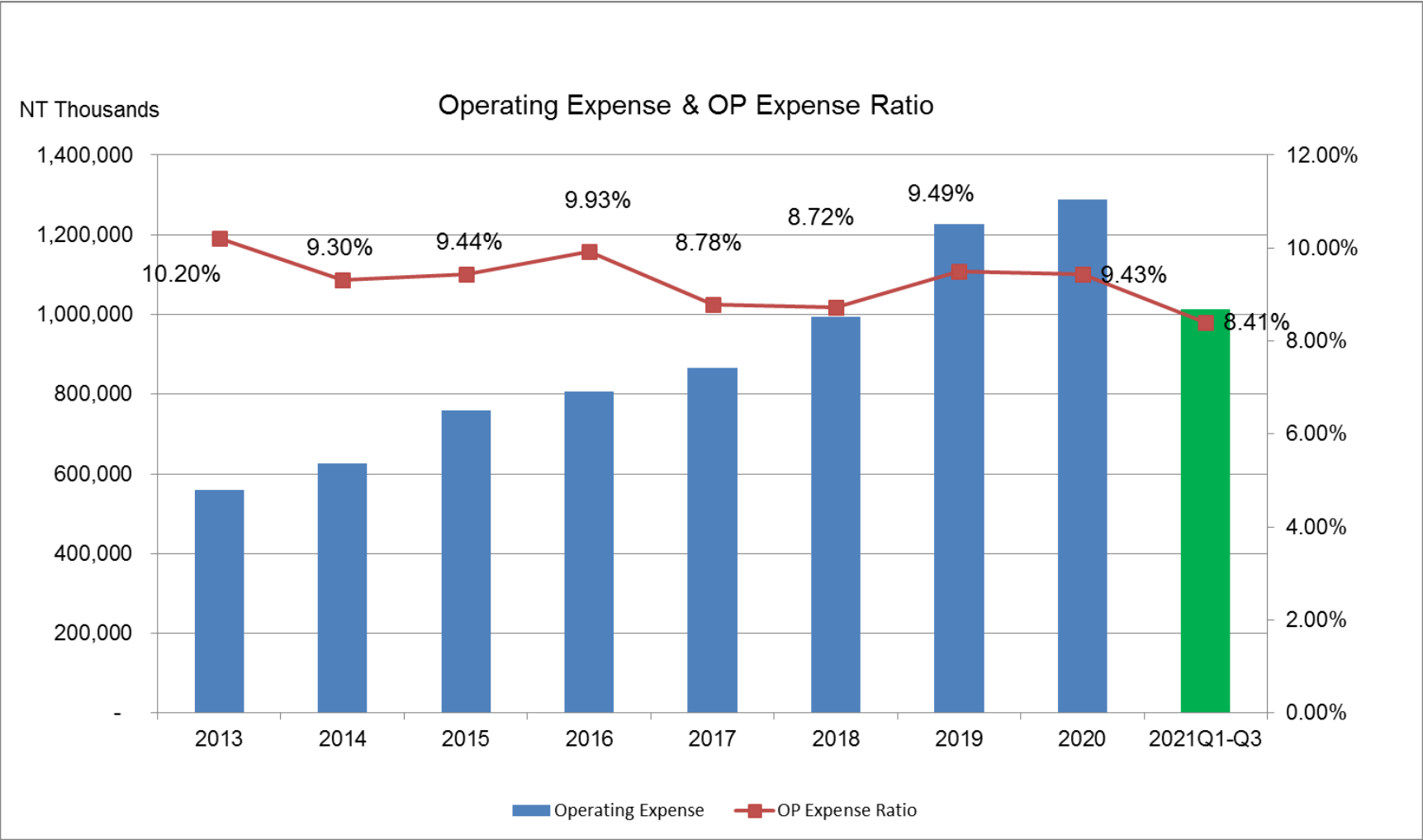


# 綜合損益表-2021Q3

## Statements of Comprehensive Income -2021Q3

(單位：NT千元, in NT\$ thousands)	2021Q3	2021Q2	2020Q3	2021 Q1-Q3	2020 Q1-Q3	2021Q3		2021Q1-Q3
						QOQ	YOY	YOY
收入 Revenue	4,521,434	4,059,037	3,629,812	12,043,053	10,036,523	11.39%	24.56%	19.99%
毛利率 Gross Margin	25.82%	26.67%	29.93%	25.74%	31.15%	-0.85ppt	-4.11ppt	-5.41ppt
營業費用 Operating Expense	334,706	353,291	318,917	1,012,719	994,108	-5.26%	4.95%	1.87%
營業費用率 Operating Expense Ratio	7.40%	8.70%	8.79%	8.41%	9.90%	-1.3ppt	-1.39ppt	-1.49ppt
營業利益 Operating Income	832,818	729,304	767,358	2,086,978	2,132,558	14.19%	8.53%	-2.14%
營業利益率 Operating Margin	18.42%	17.97%	21.14%	17.33%	21.25%	+0.45ppt	-2.72ppt	-3.92ppt
業外收支 Non-Operating Items	20,369	(11,632)	(72,679)	13,644	(21,565)	275.11%	128.03%	163.27%
稅前淨利 Income before Tax	853,187	717,672	694,679	2,100,622	2,110,993	18.88%	22.82%	-0.49%
所得稅 Tax Expense	165,195	101,167	145,398	373,224	369,686	63.29%	13.62%	0.96%
稅後淨利 Net Income	687,992	616,505	549,281	1,727,398	1,741,307	11.60%	25.25%	-0.80%
淨利率 Net Profit Margin	15.22%	15.19%	15.13%	14.34%	17.35%	+0.03ppt	+0.09ppt	-3.01ppt
每股盈餘EPS	7.91	7.09	6.33	19.87	20.06	+0.82	+1.58	-0.19ppt
年化權益報酬率 Annualized ROE	58.61%	48.32%	49.07%	44.51%	47.88%	+10.29ppt	+9.54ppt	-3.37ppt

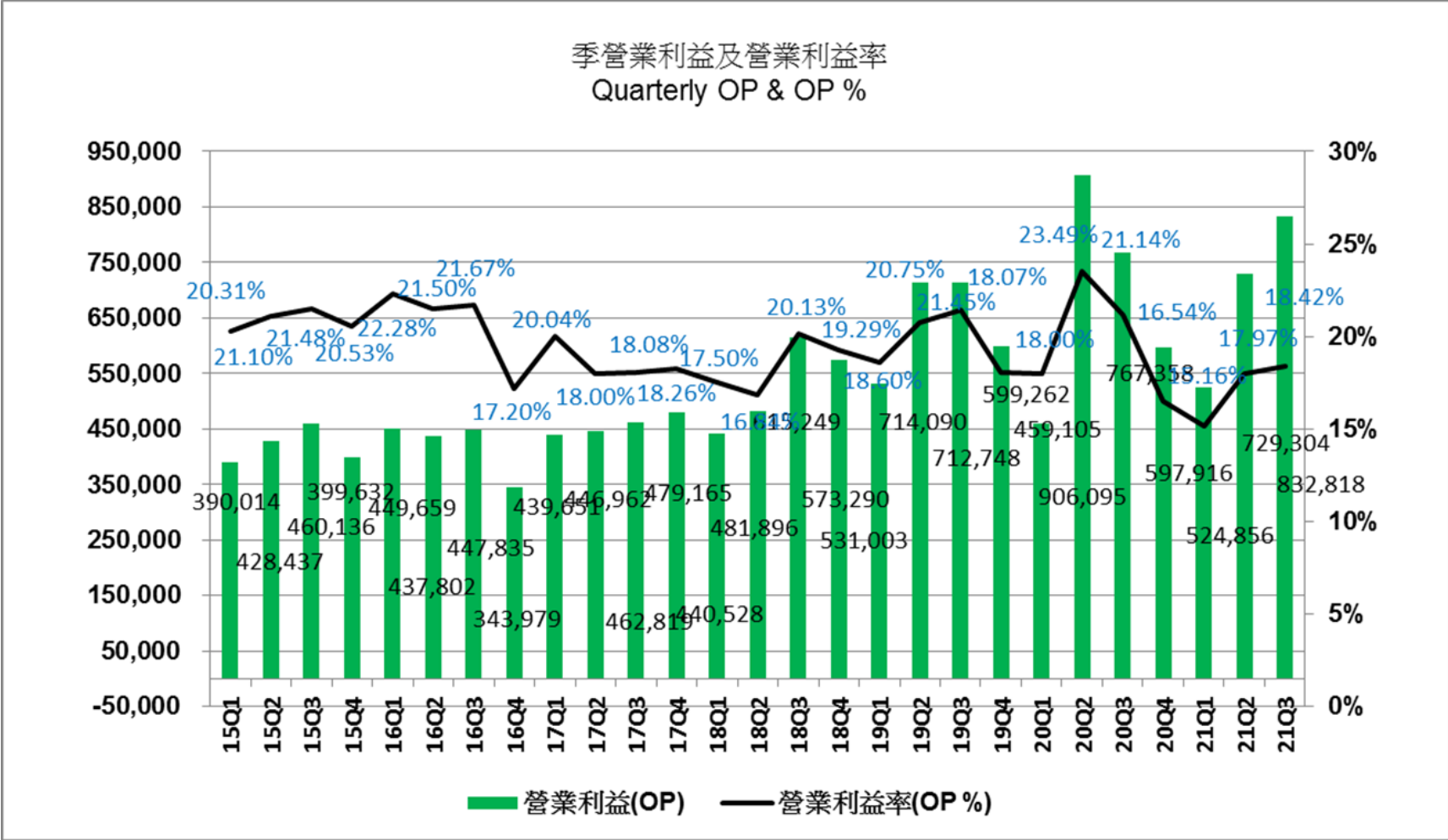
營業費用  
Operating Expense & Ratio



# 季營業利益及營業利益率趨勢

## Quarterly Operating Profit & OP%

(單位：NT仟元, Unit: NT\$ thousands)

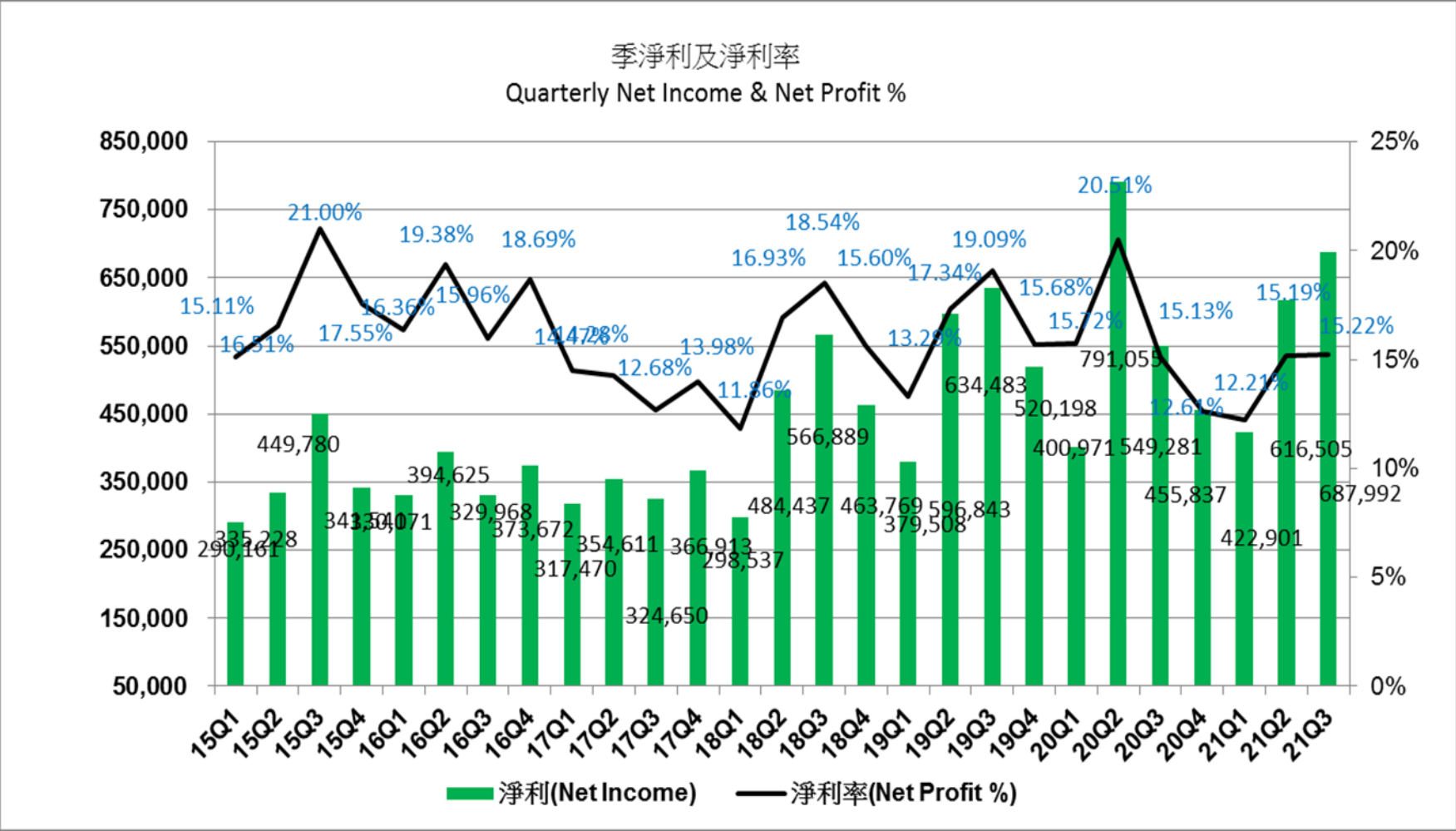




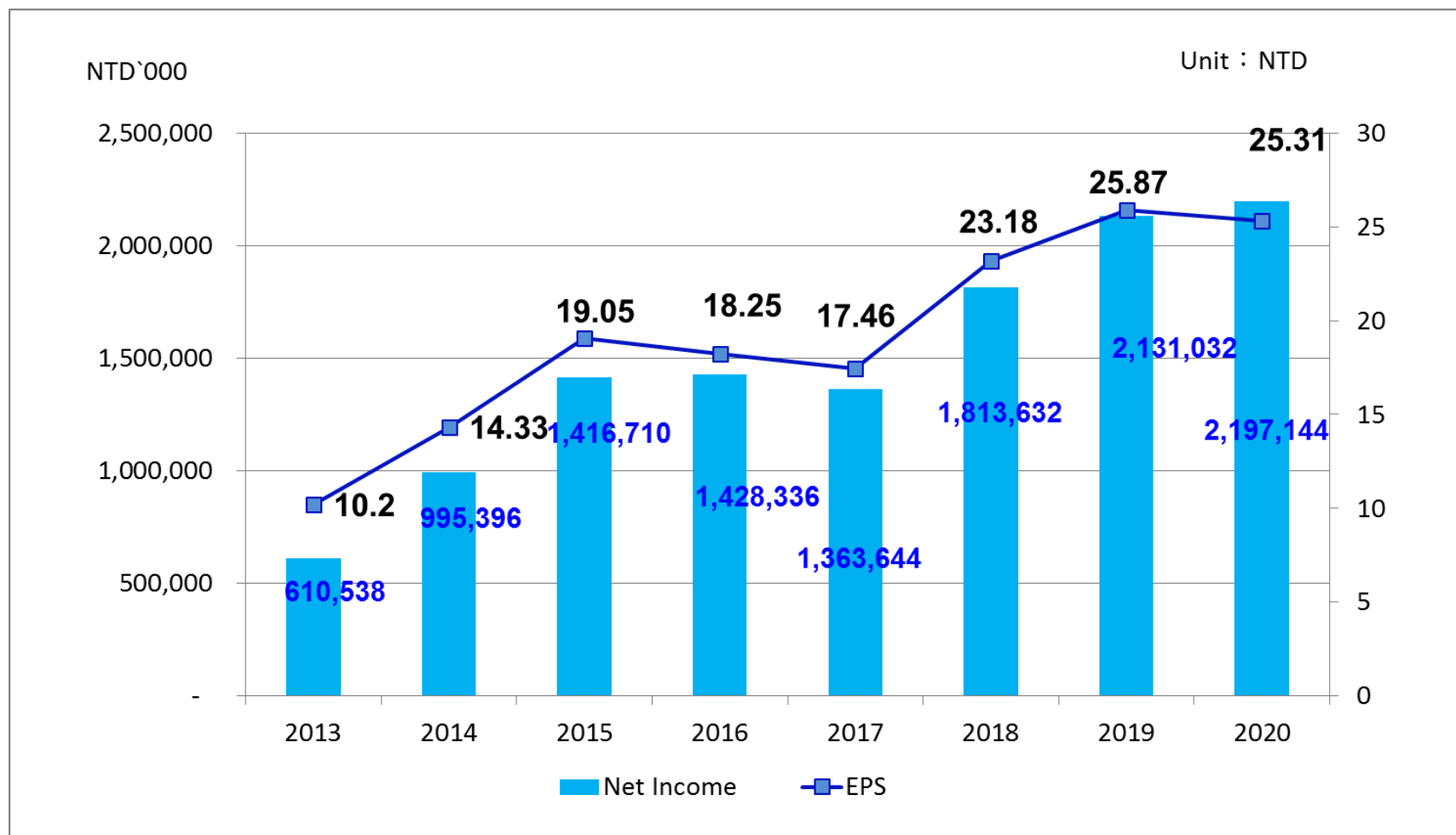
# 季淨利及淨利率趨勢

## Quarterly Net Income & Net Profit Ratio Trends

(單位：NT仟元, Unit: NT\$ thousands)



# Net Income & EPS

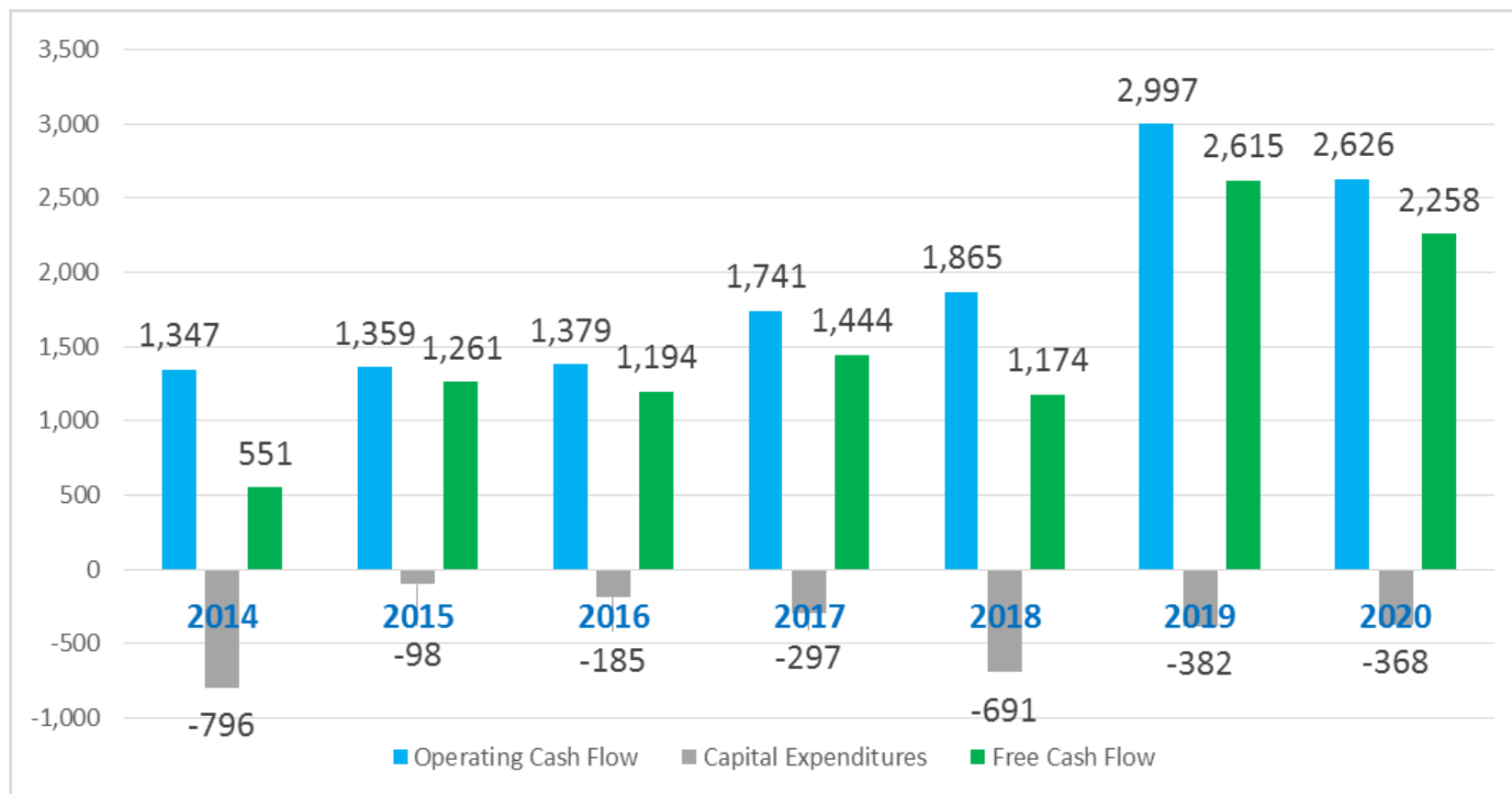


Note: EPS is non-retrospective adjusted

# Strong Cash Flow Generation

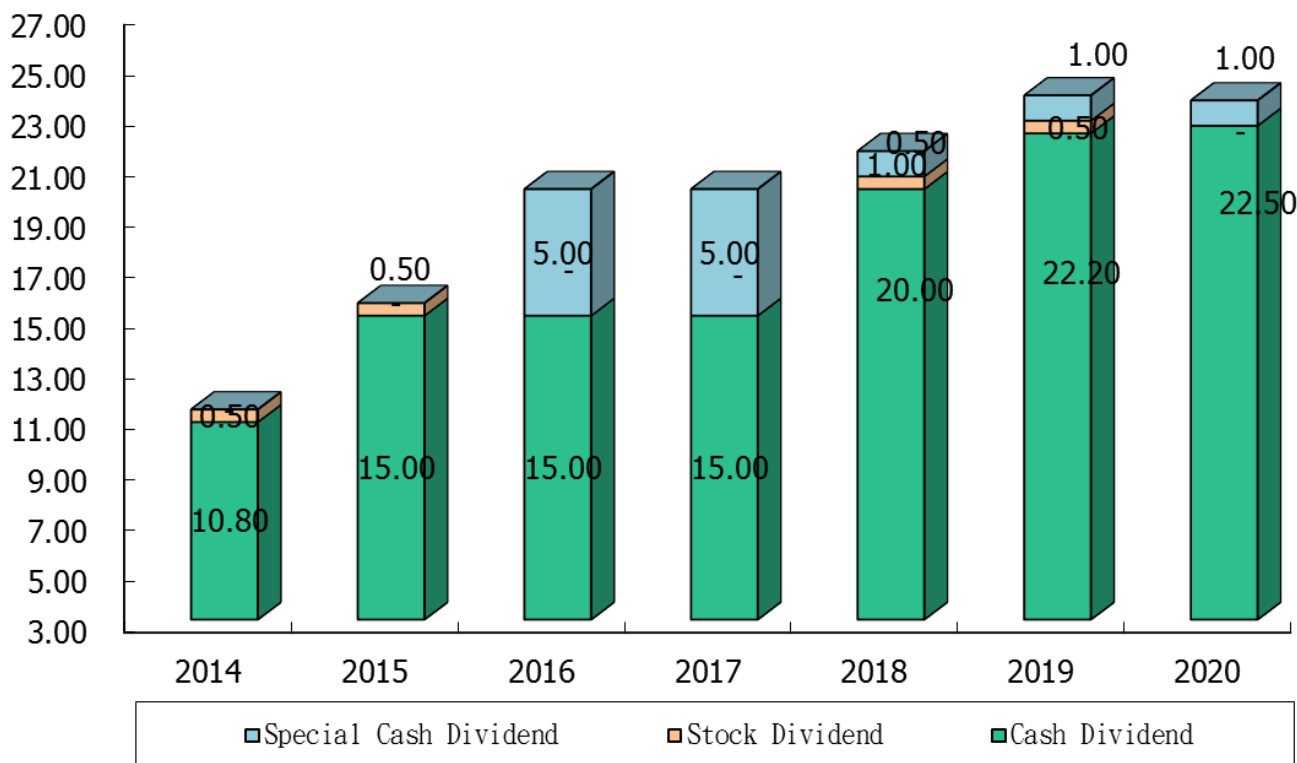
Robust FCF generation with low Capex requirements

NTD/Millions



# Dividend Policy

Unit: NTD



		2014	2015	2016	2017	2018	2019	2020
Earning Per Share		14.33	19.05	18.25	17.46	23.18	25.87	25.31
Dividend	CASH	10.80	15.00	15.00	15.00	20.00	22.20	22.50
	STOCK	0.50	0.50	-	-	0.50	0.50	-
Regular Dividend Ratio		79%	81%	82%	86%	88%	88%	89%
Special Cash Dividend		-	-	5.00	5.00	1.00	1.00	1.00

## IV. Outlook and Growth Drivers



# Near-term Business Strategy

- Growing sales of higher margin products
  - On-Line UPS, higher power rating UPS, inverters
- Product mix and focus on cost control and use of in-house components will mitigate raw material and currency pressure
- We will stay committed to efficient capital allocation and shareholder value creation

# Opportunities

- Untapped outsourcing opportunities with new and existing customers into new products and markets
- Continuous growth of server and cloud computing demand are catalysts for UPS
- New product lines such as the electric vehicle charging module

# Appendix



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# Income Statement

Currency: NTD`000

	2016		2017		2018		2019		2020		2021Q1-Q3	
Sales Revenue	8,120,220	100%	9,862,230	100%	11,407,894	100%	12,936,382	100%	13,652,564	100%	12,043,053	100%
COGS	5,634,608	69%	7,167,582	73%	8,302,728	73%	9,151,380	71%	9,634,383	71%	8,943,356	74%
Gross Profit	2,485,612	31%	2,694,648	27%	3,105,166	27%	3,785,002	29%	4,018,181	29%	3,099,697	26%
Operating Expense	806,337	10%	866,051	9%	994,203	9%	1,227,899	9%	1,287,707	9%	1,012,719	8%
Operating Income	1,679,275	21%	1,828,597	19%	2,110,963	19%	2,557,103	20%	2,730,474	20%	2,086,978	17%
Other Income(Loss)	42,946	1%	(173,407)	-2%	145,413	1%	58,646	0%	(80,923)	-1%	13,644	0%
PBT	1,722,221	21%	1,655,190	17%	2,256,376	20%	2,615,749	20%	2,649,551	19%	2,100,622	17%
TAX Expense	293,885	4%	291,546	3%	442,744	4%	484,717	4%	452,407	3%	373,224	3%
Net Income	1,428,336	18%	1,363,644	14%	1,813,632	16%	2,131,032	16%	2,197,144	16%	1,727,398	14%
EPS (non-retrospective adjusted)	NTD 18.25		NTD 17.46		NTD 23.18		NTD 25.87		NTD 25.31		NTD 19.87	

# Balance Sheet

Currency: NTD`000

	2016		2017		2018		2019		2020		2021Q3	
Cash and cash equivalents	3,039,601	43%	2,694,876	37%	2,629,229	32%	4,002,796	39%	4,886,193	41%	4,130,228	33%
NR & AR	1,522,945	22%	1,791,008	25%	2,198,286	27%	2,278,336	22%	2,346,004	20%	2,958,301	23%
Inventory	725,603	10%	904,007	12%	973,356	12%	1,029,815	10%	1,294,053	11%	2,031,103	16%
Other Current Assets	459,147	6%	289,742	4%	245,739	3%	250,961	2%	272,215	2%	210,045	2%
Fixed and Deferred Assets	1,247,484	18%	1,471,755	20%	2,133,148	26%	2,577,618	25%	2,942,753	25%	3,106,270	25%
Other Assets	84,455	1%	85,786	1%	106,013	1%	200,746	2%	179,992	2%	221,473	2%
<b>Total Assets</b>	<b>7,079,235</b>	<b>100%</b>	<b>7,237,174</b>	<b>100%</b>	<b>8,285,771</b>	<b>100%</b>	<b>10,340,272</b>	<b>100%</b>	<b>11,921,210</b>	<b>100%</b>	<b>12,657,420</b>	<b>100%</b>
Bank Loan	-	-	-	-	397,478	5%	1,091,309	11%	1,768,000	15%	2,403,885	19%
NP & AP	2,022,626	29%	2,360,595	33%	2,369,939	29%	3,002,548	29%	3,321,929	28%	3,771,470	30%
Other Current Liabilities	749,381	11%	697,587	10%	1,067,808	13%	1,173,108	11%	1,234,185	10%	1,275,988	10%
Other Liabilities	18,969	0%	231	0%	541	0%	193,392	2%	258,528	2%	195,980	2%
Equity	4,288,259	61%	4,178,761	58%	4,450,005	54%	4,879,915	47%	5,338,568	45%	5,010,097	40%
<b>Liabilities &amp; Equity</b>	<b>7,079,235</b>	<b>100%</b>	<b>7,237,174</b>	<b>100%</b>	<b>8,285,771</b>	<b>100%</b>	<b>10,340,272</b>	<b>100%</b>	<b>11,921,210</b>	<b>100%</b>	<b>12,657,420</b>	<b>100%</b>

# Corporate History

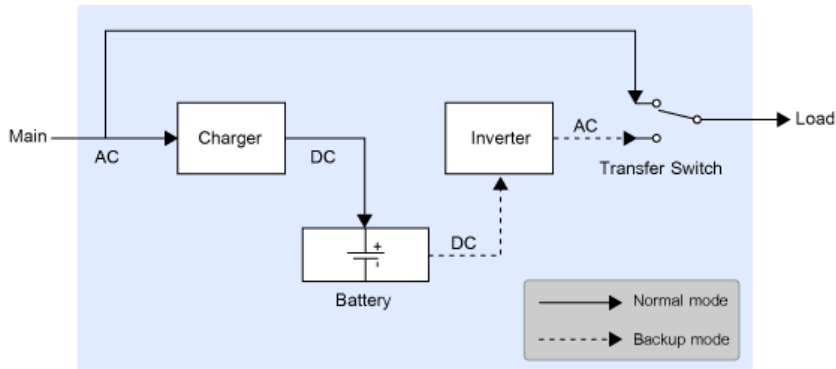
- 2008 Company founded  
Shenzhen Head Factory established  
First container exported in October during global financial crisis
- 2009 Certificates of ISO9001/ISO14001
- 2010 Shenzhen 2<sup>nd</sup> Factory established  
Launched off grid and hybrid solar inverter
- 2011 Shenzhen 3<sup>rd</sup> Factory (for China market) established  
Launched on grid 1k~5kW solar inverter
- 2012 Launched high efficient household and industrial use sine wave Inverter (1~5kVA)  
Launched three phase on-line UPS over 100kVA and modularized UPS
- 2013 Stock listed on Emerging Stock Board in January
- 2014 Stock listed on Taiwan Stock Exchange on March 31st  
Added to the MSCI Global Small Cap Index
- 2015 Added to the FTSE TWSE Taiwan Mid-Cap 100 Index
- 2016 Zhongshan 1<sup>st</sup> Factory established
- 2017 Top 5% ranking in 2016 Taiwan Corporate Governance Evaluation by Taiwan Stock Exchange
- 2018 Top 5% ranking in 2017 Taiwan Corporate Governance Evaluation by Taiwan Stock Exchange  
Zhongshan new Factory established
- 2019 Taiwan and Vietnam new factory established
- 2020 Vietnam second factory established

# UPS Products Explained

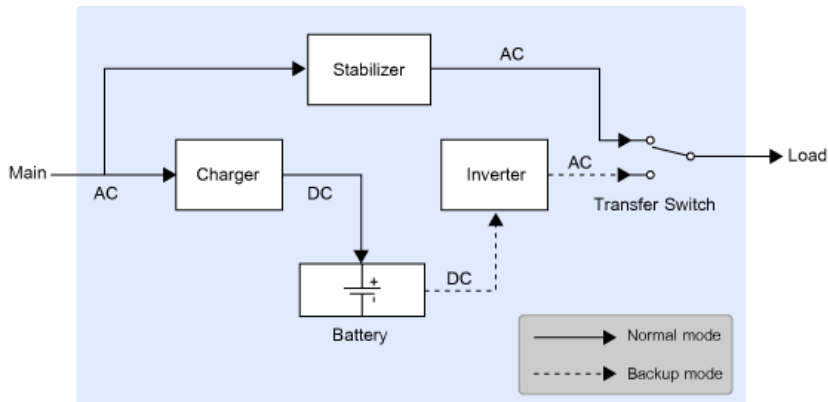
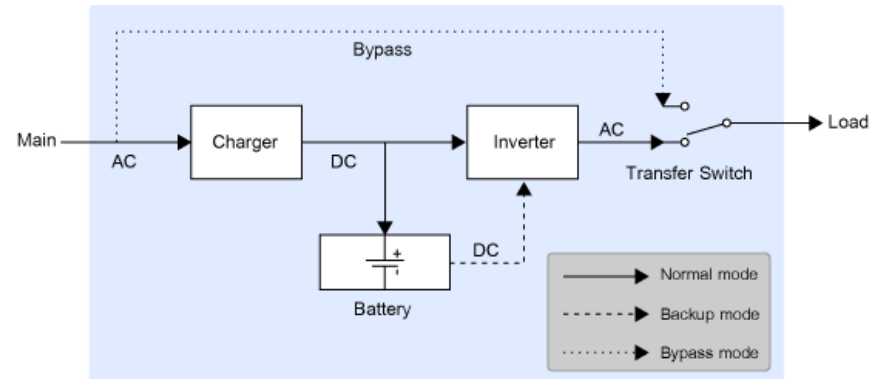
- When the power supply becomes unstable or there is a power black-out, UPS (Uninterruptible Power System) provides a temporary power backup for PCs to prevent the loss of data and system damage.
- When AC supply is normal, the UPS converts AC voltage to DC voltage to charge the battery. When UPS detects AC abnormality or a power failure, the UPS will convert DC voltage stored inside the battery to AC voltage and continue feeding AC to the load without power interruption.
- UPS can be categorized as off-line or on-line. Power capacity ranges from 400VA to 200KVA and above. Voltronic's UPS product line ranges from 400VA up to 300KVA. Mainstream model capacities range from 400VA to 20KVA..
- Off-line UPS only activates when the power is out. There is a transfer time during power outage and UPS activation. The main application is to serve as power backup for computers.
- On-line UPS converts AC to DC for battery storage when power supply is normal. When the power is out, the UPS supplies power to the load by retrieving power from batteries. There is no transfer time between power outage and UPS activation. On-line UPS is mainly used as emergency power backup for servers, cloud devices, telecommunication facilities, and large industrial manufacturing facilities.

# UPS Topology

## 離線式不斷電系統 (Off-line UPS)



## 在線式不斷電系統 (Online UPS)



# Inverter Topology

架構圖

獨立型太陽能逆變器  
(Off-grid Inverter)



併網型太陽能逆變器  
(On-grid Inverter)



儲能型太陽能逆變器 (Energy  
Storage Hybrid Inverter)



# THANK YOU

[investor@voltronic.com.tw](mailto:investor@voltronic.com.tw)

