

# COMPANY PRESENTATION

FY2014



**沃得**  
WORLD



## FORWARD-LOOKING STATEMENTS



This presentation contains forward-looking statements which can be identified by the context of the statement and generally arise when the Company is discussing its beliefs, estimates or expectations. Such statements may include comments on industry, business or market trends, projections, forecasts, and plans and objectives of management for future operations and operating and financial performance, as well as any related assumptions.

Readers of this presentation should understand that these statements are not historical facts or guarantees of future performance but instead represent only the Company's belief at the time the statements were made regarding future events, which are subject to significant risks, uncertainties and other factors, many of which are outside of the Company's control. Actual results and outcomes may differ materially from what is expressed or implied in such forward-looking statements.

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**Investment Merits**

# CORPORATE PROFILE



- Top 3 integrated manufacturer of precision metal stamping machines in the PRC
- Strategically located in Jiangsu Province, close to Yangtze River Delta manufacturing hubs
- Major supplier to Chinese automobile, home appliances and electronics sectors
- Listed on SGX since April 2006, track record of paying dividends for past years

# BUSINESS MODEL



Steel Suppliers



Distributors


## Components Manufacturers



**Home Appliances**  
32%\*



**Automobile**  
38%\*



**Electronics**  
12%\*



**Others**  
18%\*

## Branded vendors /Assemblers

Haier 海尔 SUPOR 苏泊尔  
演绎生活智慧  
Midea 美的  
AUX 奥克斯  
Galanz 格兰仕  
Meiling 美菱

吉利汽车 GEELY AUTOMOBILE  
长城汽车 长安汽车  
一汽轿车  
CHERY  
JMC  
BYD

DIAMOND  
LG  
SONY  
SAMSUNG  
通達集團 TONGDA GROUP

CNR  
JINGWEI  
Ginde  
Mexin 美心

\* Based on FY2014 revenue

# DIVERSE CUSTOMER SPREAD



Jilin



Shandong  
**Haier**  
海尔

Jiangsu



Anhui / Zhejiang



Chongqing



Guangdong



Fujian



## WIDE RANGE OF PRODUCTS

- Over 200 different models of stamping machines
- Average lifespan of products: 20 years



### Conventional

- Manufacturing lead time: 1 – 3 months
- Price range: RMB10,000 - 150,000
- e.g. Manually operated & simple structure



### High performance and high tonnage

- Manufacturing lead time: 6 – 9 months
- Price range: RMB10,000 – 3 million
- e.g. Computerised numerical control (CNC) machine



# ESTABLISHED FACILITIES



Subsidiary	Location	Completion	Products Type	Capacity Utilisation			
				FY2011	FY2012	FY2013	FY2014
World Precise Machinery	Danyang, Jiangsu	Since 1953, upgraded in 2006	Conventional and high performance	69%	60%	62%	64%
World Heavy Machine Tools	Danyang, Jiangsu	Year 2008	High performance and high tonnage	64%	43%	44%	55%
World CNC Machine Tool	Danyang, Jiangsu	Year 2009	CNC based technology	55%	57%	60%	56%
WPM Shenyang	Shenyang, Liaoning	Year 2013	High performance and high tonnage	-	-	-	4%

## HIGH BARRIERS TO ENTRY

- Estimated capex of RMB200 million at current prices to set up a typical equipment manufacturing plant of 20,000 sqm
- Capex of about RMB767 million already spent over 1953-2011 to build the Group's existing plants; Current replacement cost of the plants is about RMB2 billion
- 2 years qualification process for automotive sector and high end machining equipment
- Engineering skills and talent



# BRAND QUALITY



## ➤ Products conform to various quality standards



2010 Jiangsu Province Renowned Product



ISO14001:2004



GB/T28001-2001



ISO9001:2008



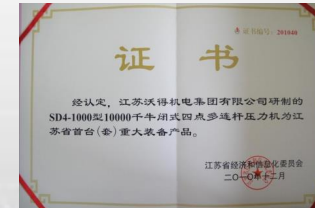
China Top 100 overseas invested enterprise



Enterprise Technology Centre of Jiangsu Province in Year 2008



Leading Enterprise in China's industrial sector from 2005 to 2009



Jiangsu Province First Major Equipment in Dec 2010



Recognised as High-Tech enterprise in Jiangsu Province since year 2007

# EXPERIENCED MANAGEMENT TEAM



## Mr. Shao Jianjun

- Executive Chairman
- Senior Machinery Professional Engineer
- >35 years in stamping machine industry
- Exec MBA from CEIBS in 2007



## Mr. Wu Yufang

- Executive Director & CEO
- in charged of overall operations of the Group
- > 20 years in stamping machine industry

## Ms. Jiang Hongdi

- Executive Director
- China CPA
- In charge of overall Finance operations
- > 10 years in stamping machine industry

## Mr. Zheng Yulin

- Chief Technology Officer in charged of product development
- > 20 years in stamping machine industry
- Diploma in Machinery Engineering from Wuxi Light Industry Institute

## Mr. Ge Baoping

- Chief Marketing Officer & GM of WPM Marketing Co
- > 10 years in stamping machine industry
- Based mainly in Guangdong Province with overall responsibility for marketing and sales for the Group

## Mr. Samuel Ng Keong Khoon

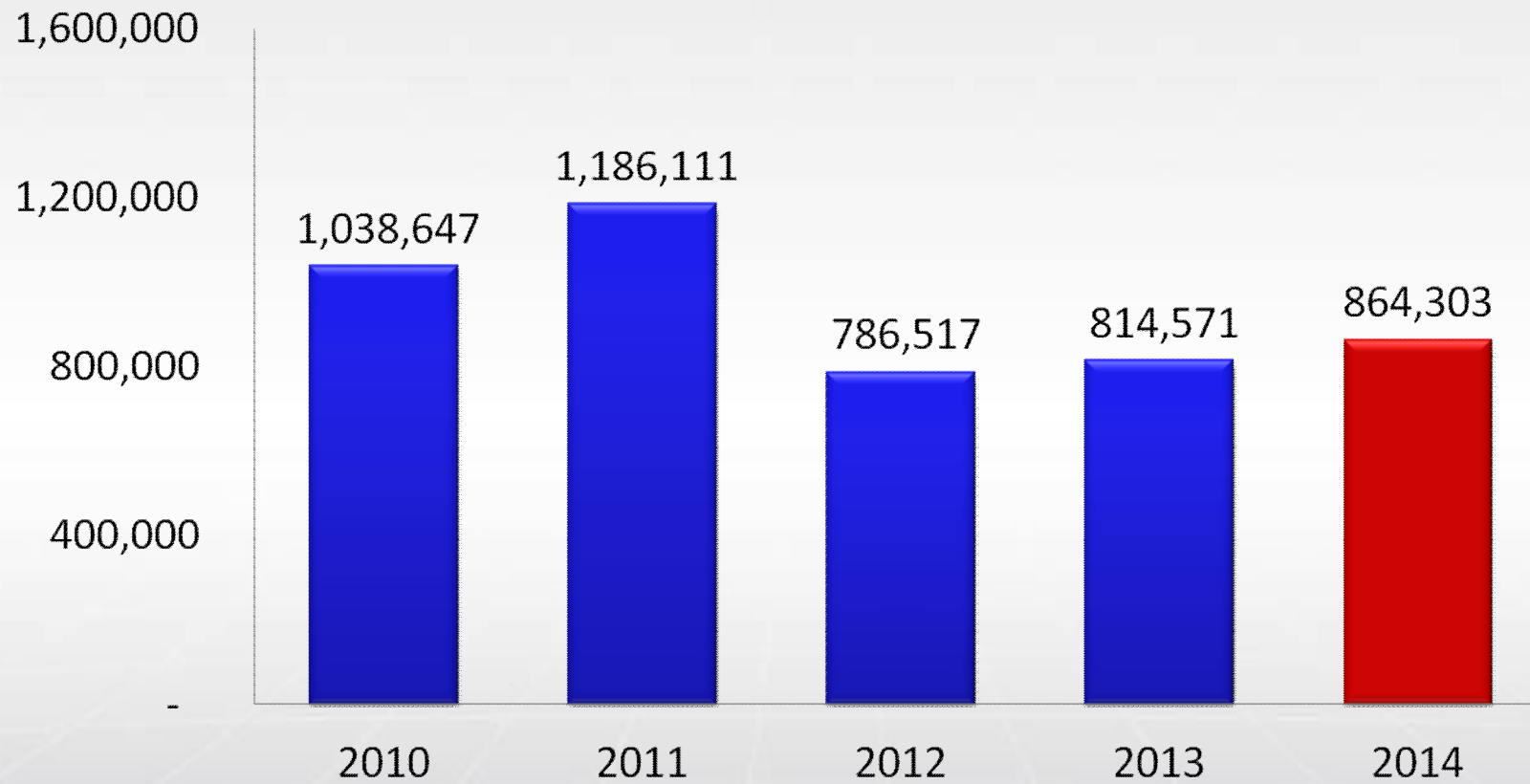
- CFO
- ACCA and Associate member of CPA Singapore
- > 10 years International accounting experience

# FINANCIAL HIGHLIGHTS



## REVENUE TREND

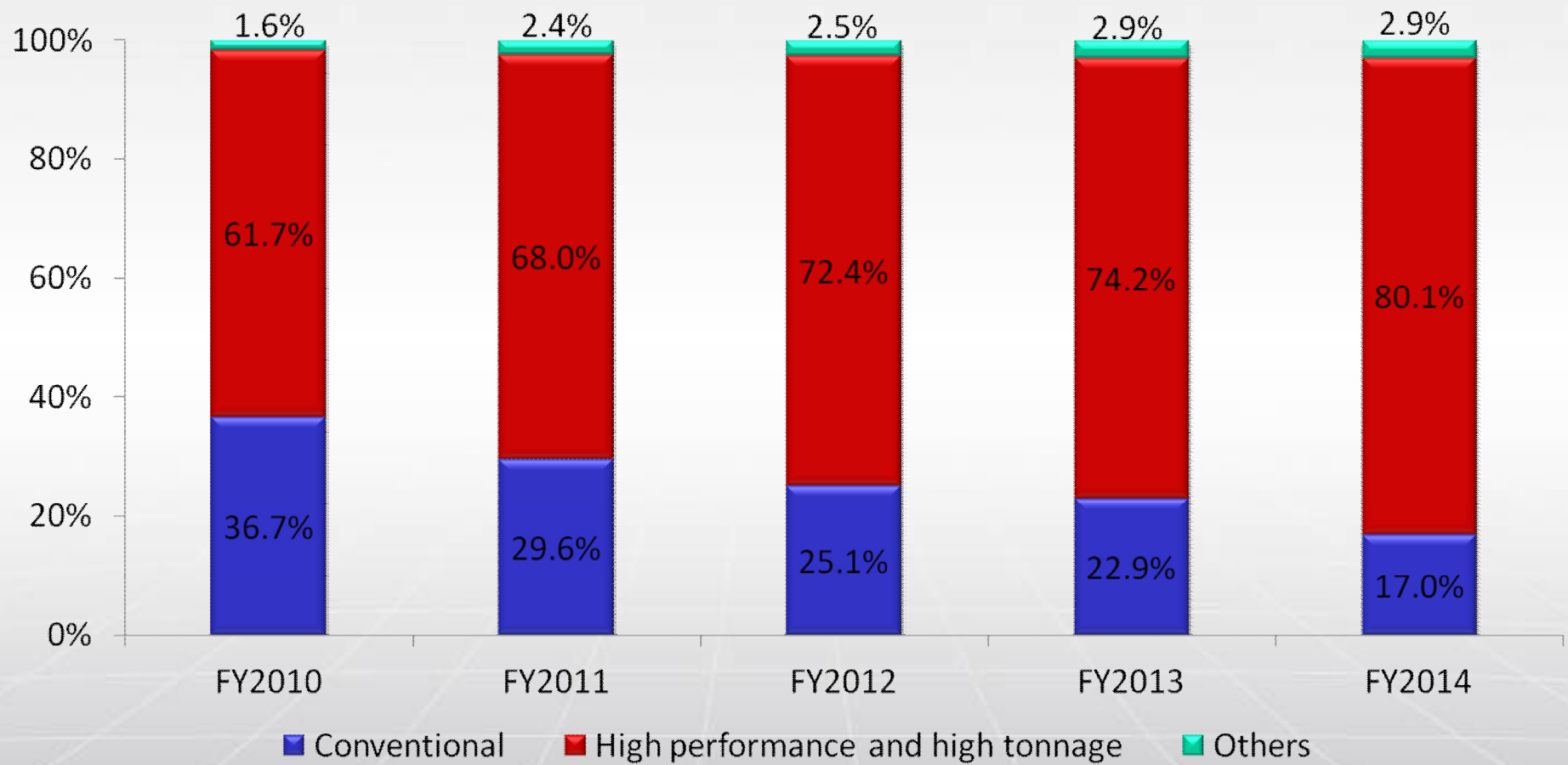
### Revenue (RMB '000)



# GROWING HIGH-END CONTRIBUTIONS



## Change In Sales Mix



# CONVENTIONAL STAMPING MACHINES



## Sales Volume (Unit) & ASP (RMB/Unit)

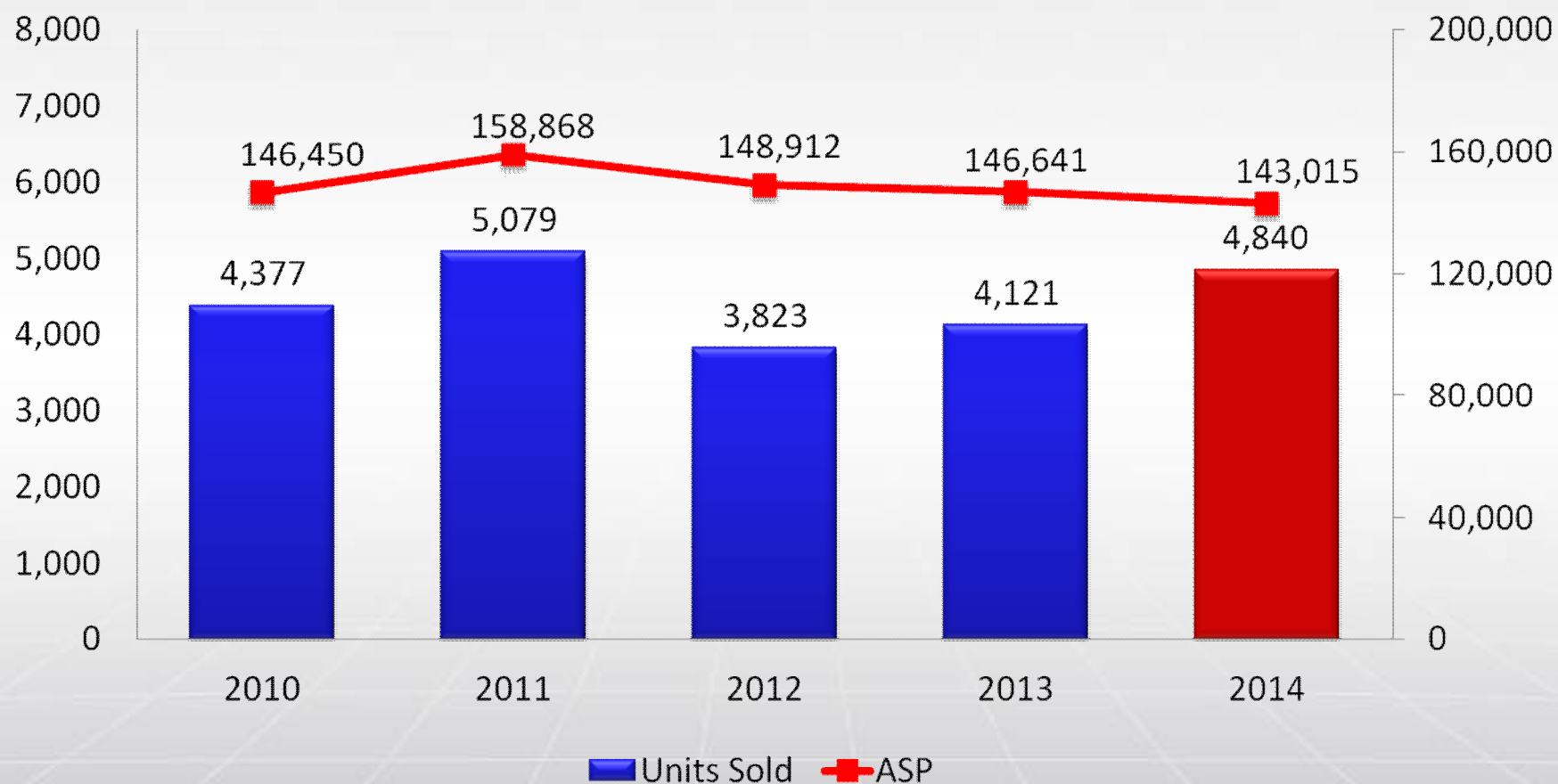




# HIGH TONNAGE/ PERFORMANCE MACHINES



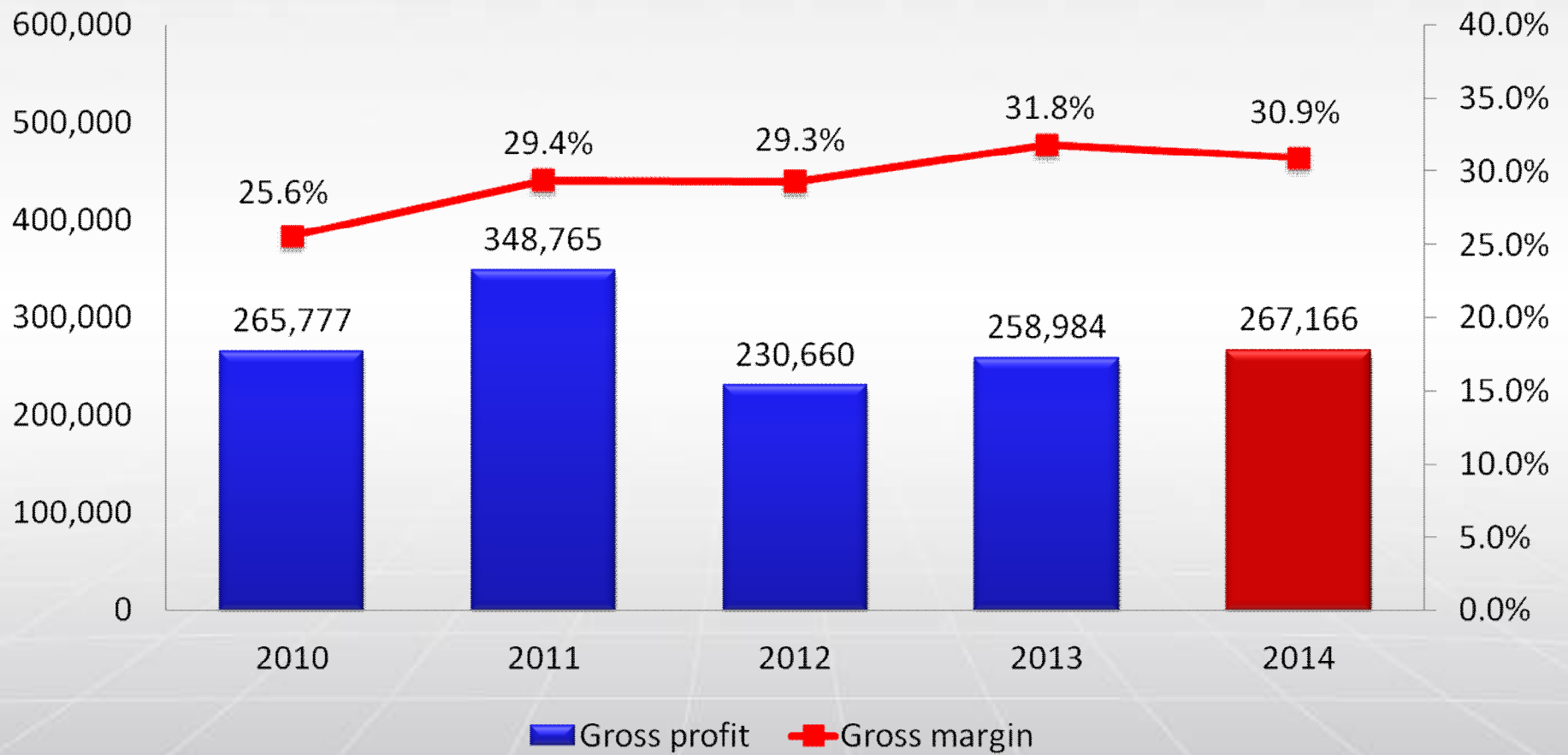
## Sales Volume (Unit) & ASP (RMB/Unit)



# GROSS PROFIT AND MARGIN



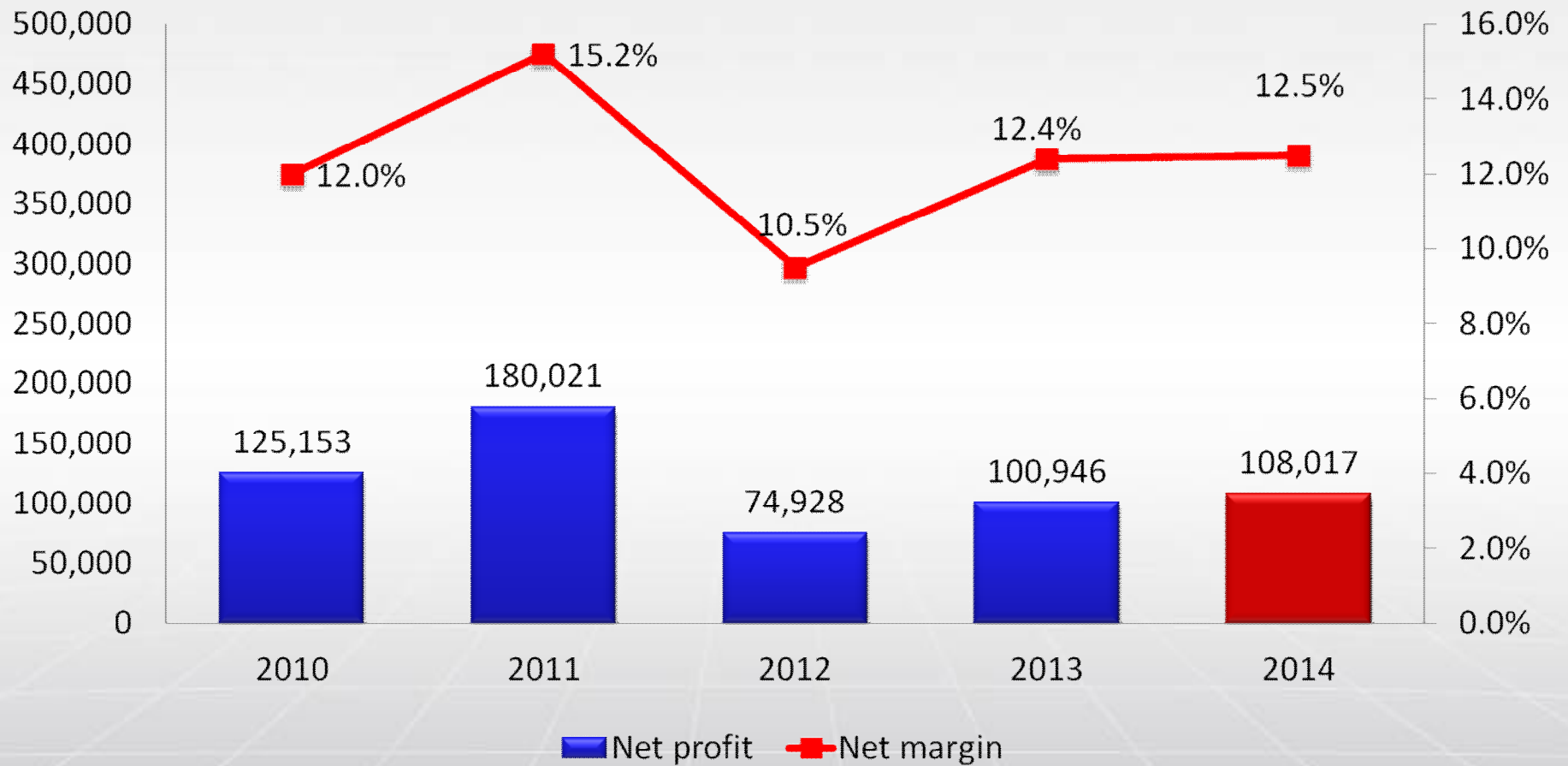
## Gross Profit (RMB '000) & Gross Margin (%)



# NET PROFIT AND MARGIN



## Net Profit (RMB '000) & Net Margin (%)



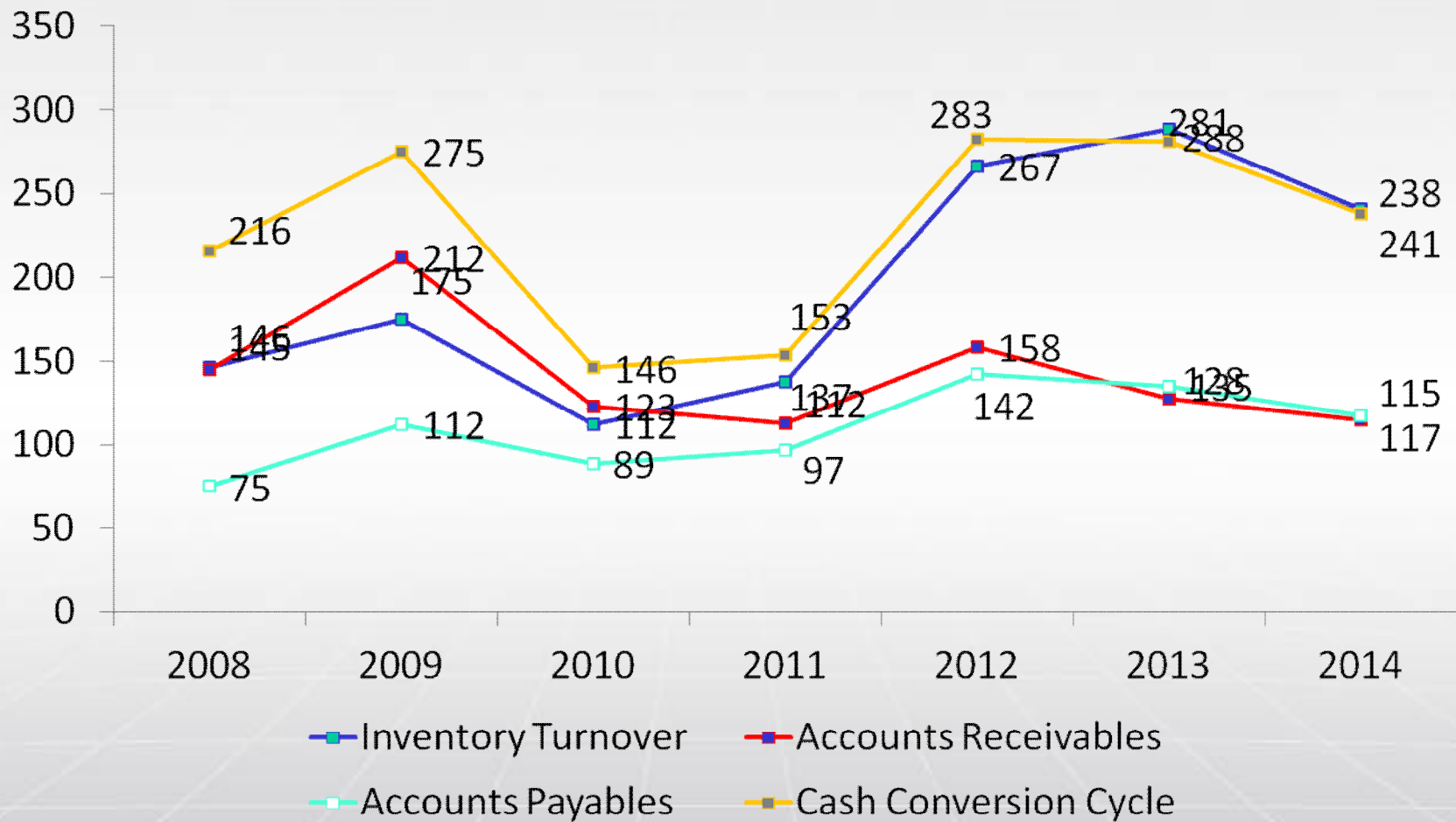
# HEALTHY FINANCIAL POSITION



(RMB'000)	As at 31 Dec 2014	As at 31 Dec 2013
Total assets	1,665,571	1,723,668
- Cash & bank balances	50,916	35,284
- Inventories	347,792	439,351
- Trade receivables	300,980	242,888
- Property, plant and equipment	764,895	809,818
Total liabilities	556,942	658,142
- Trade payables	185,455	198,205
- Bank loans	235,000	300,000
Total equity	1,108,629	1,065,528
Net gearing Ratio	16.6%	24.8%

# TURNOVER DAYS

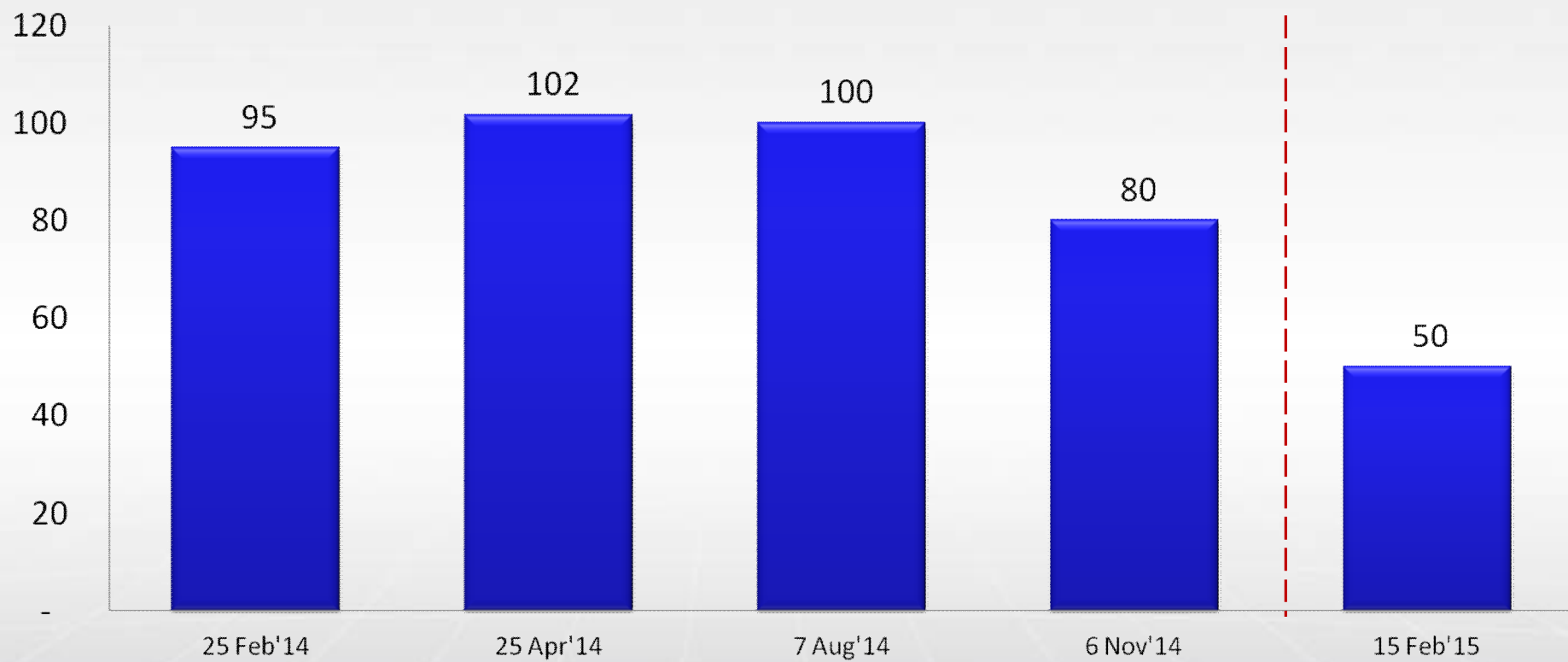
## Turnover Days



# ORDER BOOK TREND



## Order Book (RMB 'Million)



# INDUSTRY OUTLOOK



➤ **China to Expand High-end Equipment Sector (May 2012)**

- High-end equipment manufacturing as one of the seven “strategic emerging industries” under China’s 12<sup>th</sup> Five-year plan
- Triple sales revenue of high-end equipment manufacturing sector to RMB6 trillion by 2015

Source: People Daily, <http://english.peopledaily.com.cn/90778/7811016.html>

➤ **China “White Goods” Market: Consumers increasing desire to go green for home appliances even without the subsidies (May 2013)**

- Previous incentives reshaped consumers’ buying habits to seek even greener home appliances
- Emerging high end technology spurs demand for higher-end products

Source: China Daily, [http://www.chinadaily.com.cn/cndy/2013-05/24/content\\_16526909.htm](http://www.chinadaily.com.cn/cndy/2013-05/24/content_16526909.htm)

➤ **China’s new round of electric car subsidies (Sep 2013)**

- Government to provide up to RMB60,000 to buyers of all-electric, “near all-electric” and hydrogen vehicles until 2015
- China aims to put 5 million “new-energy” vehicles on the road by 2020

Source: BBC, <http://www.bbc.co.uk/news/business-24140329>



➤ **China's High Speed Railway Ready for Export (Nov 2013)**

- China's high speed railway to export technology and expertise to neighbouring countries
- Beneficial to Group's further development in China's high speed railway sector along with higher investments

Source: China Daily, [http://www.chinadaily.com.cna/china/2013-11/04/content\\_17080491.htm](http://www.chinadaily.com.cna/china/2013-11/04/content_17080491.htm)

➤ **China's Central Banker to Overhaul Economy (Nov 2013)**

- Championing for a more consumer-based economy to stimulate capital and increase loans available to private firms to boost foreign investments
- China's need of reforms to further promote trade and investment advantageous to raise spending in various sectors of China such as transport and railway, public infrastructure and facilities, thus driving demand for high-end equipment

Source: Wall Street Journal, <http://online.wsj.com/news/articles/SB10001424052702304200804579164003669215172>

# GROWTH STRATEGIES



**GROWTH  
STRATEGIES**



**Vertically  
Integrated  
Business Model**

**Moving Up The  
Technology Ladder**



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**Technical Alliance  
With Foreign  
Companies**

**Geographic  
Expansion**

## **VERTICALLY INTEGRATED BUSINESS MODEL**



- **In-house design and manufacturing**
  - Capabilities to design about 90% of equipment produced
  - Over 200 R&D and technical staff in Danyang , and R&D expenditure typically takes up 2.5% of sales
  - Margin improvement with in-house design
  
- **Bulk purchase of steel at competitive prices**
  - Place order at Group level & short delivery time
  - Price locked in upon contract signing
  - Steel takes about 83% of cost of goods sold
  
- **Long-term relationship with a few vendors to maintain lower logistics costs**

# MOVING UP THE TECHNOLOGY LADDER



Conventional

High Performance

Products



- Conventional Products
- simple structure



- High performance products
- Higher Efficiency
- 2 points / pistons



- More High performance products
- 4 pistons

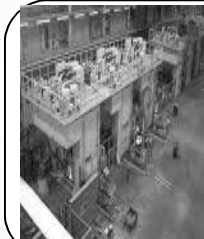
Tech



- Manually Operated
- Lower tech



- Computer Numerical Control (CNC)
- High Precision



- Pressing Line Solutions
- Robotics
- Higher Precision

Tonnage



- < 300 tonnage



- 300 – 1,600 tonnage



- Up to 5,000 tonnage



## TECHNICAL ALLIANCE WITH AIDA



- Technological alliance with Aida Engineering Ltd, a Japan based global manufacturer of metal stamping presses for automotive industry, since 2002
- Blue chip customers including Honda, Magna Cosma, Flextronics, Fisher Barton
- Opens doors to Japanese manufacturers eg. world's fastest stamping machine to Honda



- A Fortune-500 auto parts supplier and engineering solutions for OEM customers
- Located in Shanghai; adjacent to major markets
- **WPM has delivered 1 unit of 1,000T Ultra High-Speed Stamping Machine to Magna in December 2010**

### Honda



- One of world's fastest servo-press line in automotive industry
- Located in Guangzhou
- **WPM has selected by Aida as partner after rigorous process, and helped to set up China's only production line in March 2011**

# GEOGRAPHIC EXPANSION



## ➤ Rationale

- To tap the huge market in Northern China, especially **Bohai Rim\*** (京津唐)
- Proximity to raw materials and customers will lower the raw materials and transportation costs by 5%, respectively
- Better accommodate customers' buying needs - 307 existing customers from Bohai Rim contributed **RMB 105 mil** to revenue in FY2014

Location	FY2011			FY2012			FY2013			FY2014		
	No. of Customer	Sales		No. of Customer	Sales		No. of Customer	Sales		No. of Customer	Sales	
		(RMB' mil)	(%)		(RMB' mil)	(%)		(RMB' mil)	(%)		(RMB' mil)	(%)
Bohai Rim*	377	174	15%	383	126	16%	346	101	12%	307	105	12%
Jiangsu	1,162	267	23%	948	195	25%	951	221	27%	831	223	26%
Shanghai	307	134	11%	227	61	8%	215	63	8%	158	71	8%
Zhejiang	838	201	17%	633	86	11%	585	103	13%	446	99	11%
Guangdong	1,492	248	21%	1,587	169	21%	1,118	163	20%	783	194	23%
Other	428	162	13%	445	150	19%	438	164	20%	346	172	20%
<b>Total</b>	<b>4,604</b>	<b>1,186</b>	<b>100%</b>	<b>4,223</b>	<b>787</b>	<b>100%</b>	<b>3,653</b>	<b>815</b>	<b>100%</b>	<b>2,871</b>	<b>864</b>	<b>100%</b>

\* Bohai Rim is the economic hinterland surrounding Beijing and Tianjin, also including areas in Hebei, Liaoning and Shandong which surrounds the Bohai Sea.

# SHENYANG NEW PLANT



	Area (m2)	Estimated capex (RMB 'Mil)	Designed annual output value (RMB 'Mil)	Commence construction	Estimated complete construction
Land acquisition	364,923	123.3	N/A	N/A	May 2011
Phase I	N/A	300-400	300	July 2011	2H2012
Phase II	N/A	100-200	300	Not yet commence	-
<b>Total</b>	<b>364,923</b>	<b>500-700</b>	<b>600</b>	<b>-</b>	<b>-</b>

沃得精机(沈阳)有限公司 鸟瞰图



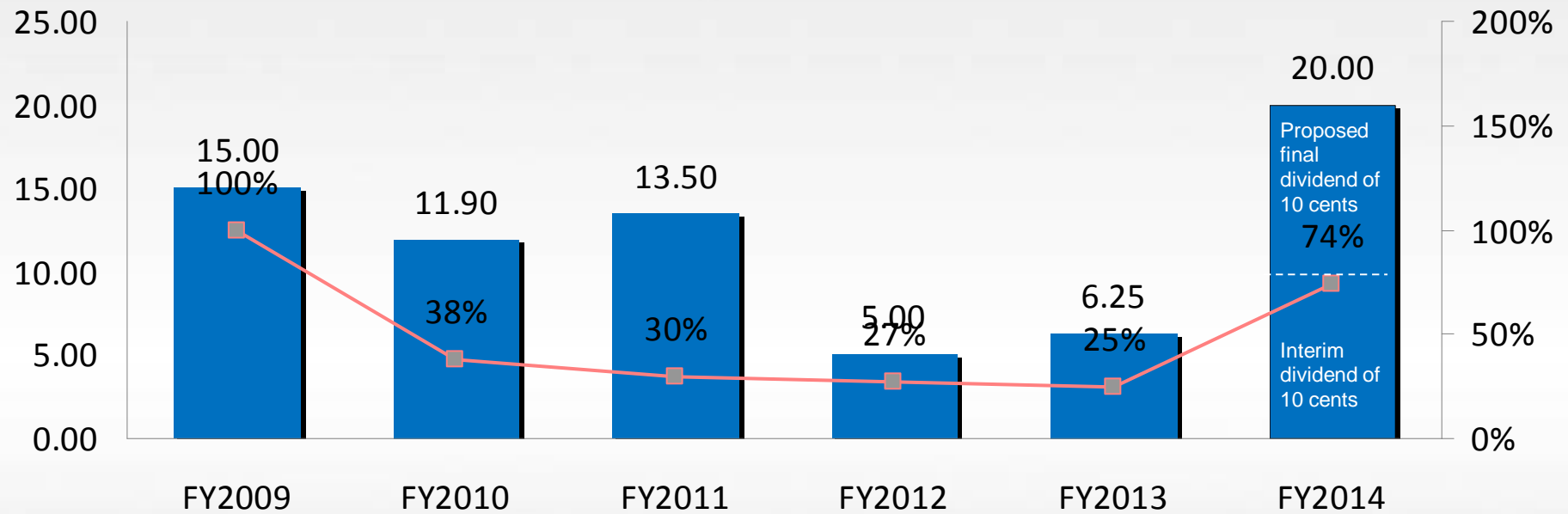


- China's top 3 largest integrated manufacturer of precision metal stamping machines
- Proxy to PRC's booming auto parts and home appliance markets
- The four-pronged strategies to further boost the Group's profitability
- Stable return with high dividend payout

# CONTINUED DIVIDEND PAYOUT



Dividend payout per share (RMB 'Cent) & ratio (%)



RMB'000	FY2010	FY2011	FY2012	FY2013	FY2014
Cash and Bank Balance	62,102	41,694	145,574	35,285	50,916
Dividend Amount	47,500	54,000	20,000	25,000	80,000

\* Calculated based on the weighted average number of 400,000,000 ordinary shares

**THANK YOU**



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