



**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*





# *Contents*



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

# Kung Long Batteries

<b>Established date</b>	<b>Jan. 25, 1990</b>
<b>Listed date</b>	<b>Jan. 22, 2002 (TWSE : <b>1537</b>)</b>
<b>HQ address</b>	<b>No.6 Tzu-Li 3 Rd, Nantou city</b>
<b>Plant</b>	<b>Taiwan-Kung Long(1990) 、 Le Long(1995) Vietnam-Ben Luc(1996) 、 Duc Hoa(2007)</b>
<b>Capital</b>	<b>NTD 817,853,940</b>
<b>Main activity</b>	<b>Batteries for renewable energy and storage system, batteries for telecom and switch stations, UPS batteries 、 EV batteries 、 Starting batteries</b>
<b>Numbers of employees</b>	<b>About 4,093 people</b>

# 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



Motorcycle



Electric Tools



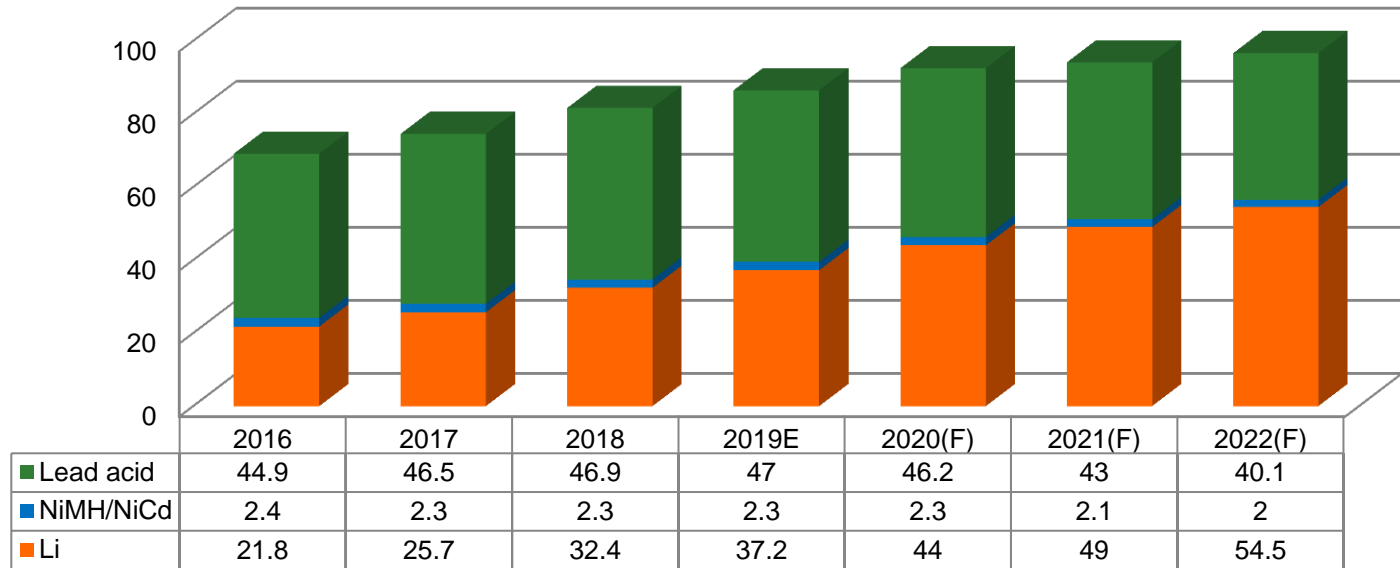
Electric Vehicle



Telecom



# Market outlook

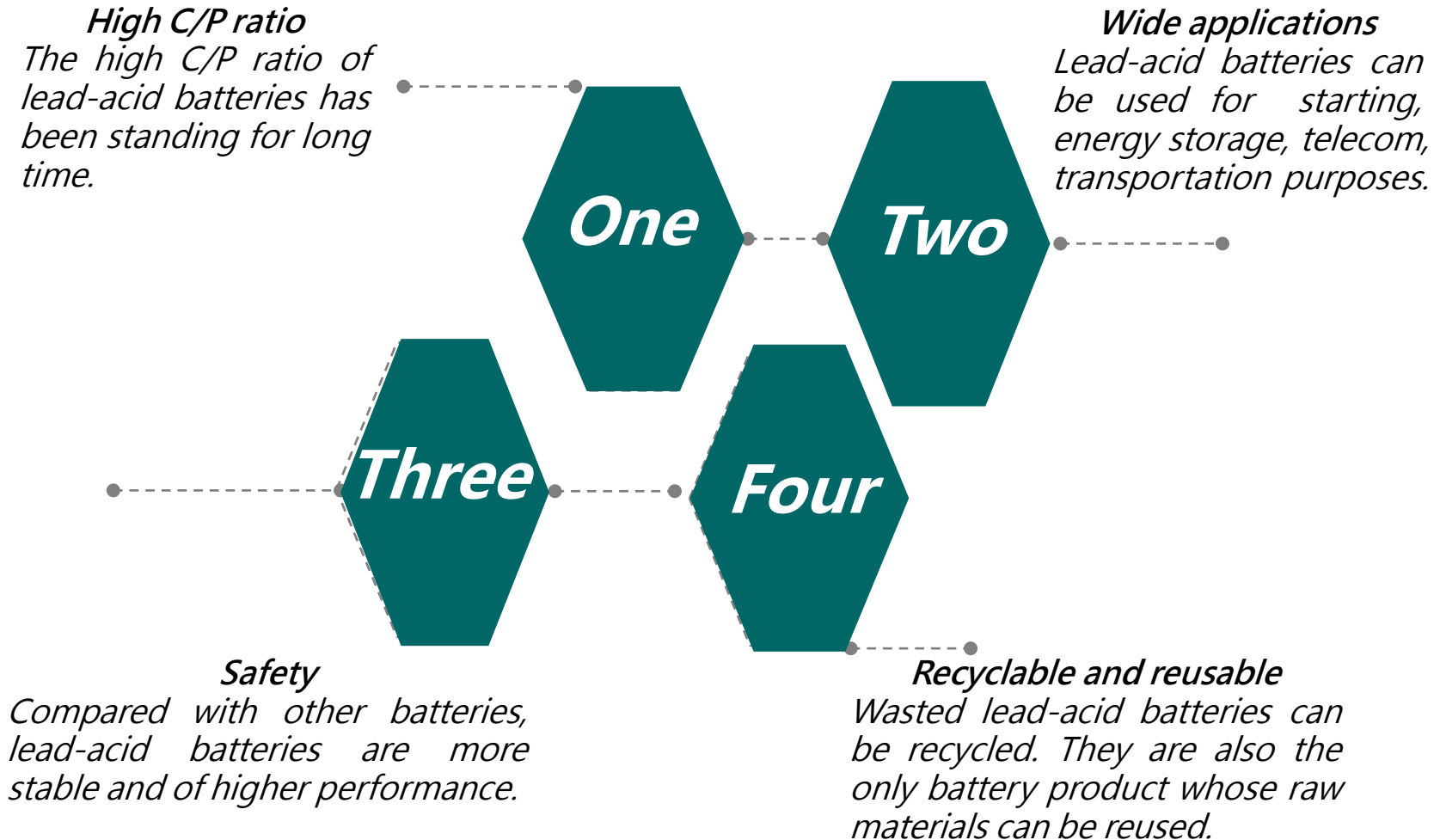


Lead-acid Batteries Market Scope Forecast (Unit: billion USD\$)

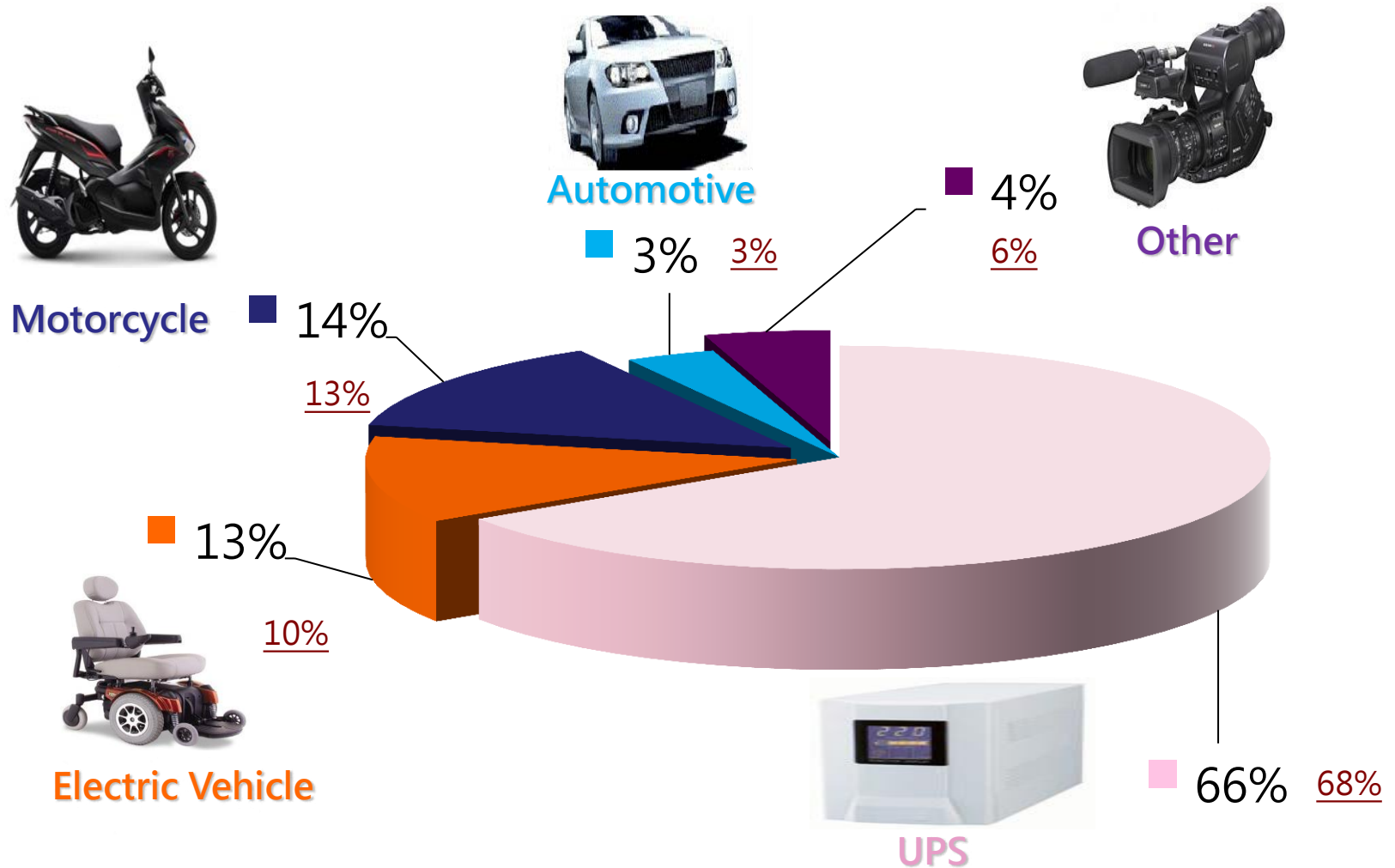
Sources- IEKof ITRI ( Apr./2019)

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 fileds. 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



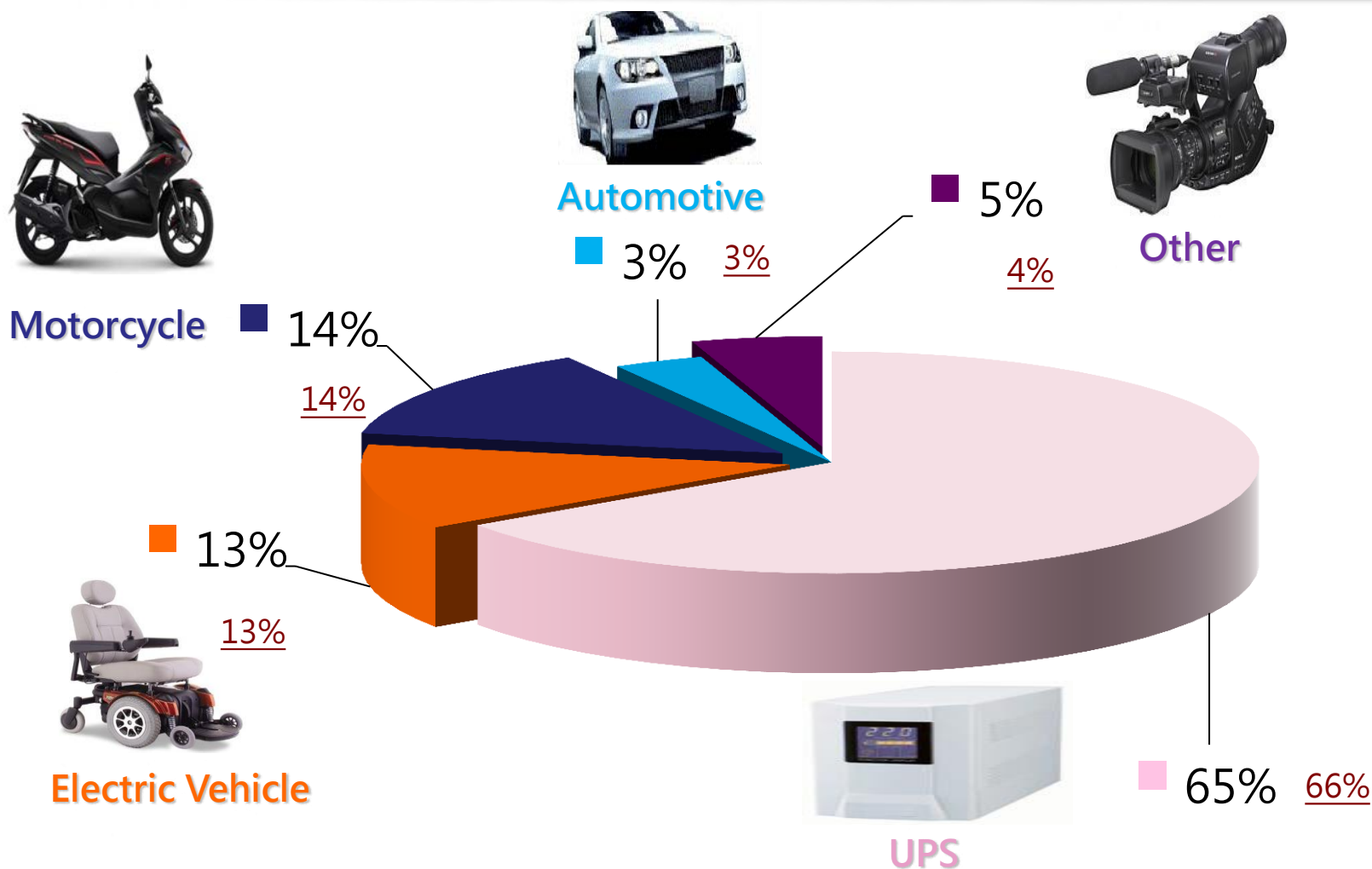
# 2019 Sales Profile by application



PS Letters highlighted in red stand for the numbers of 2018

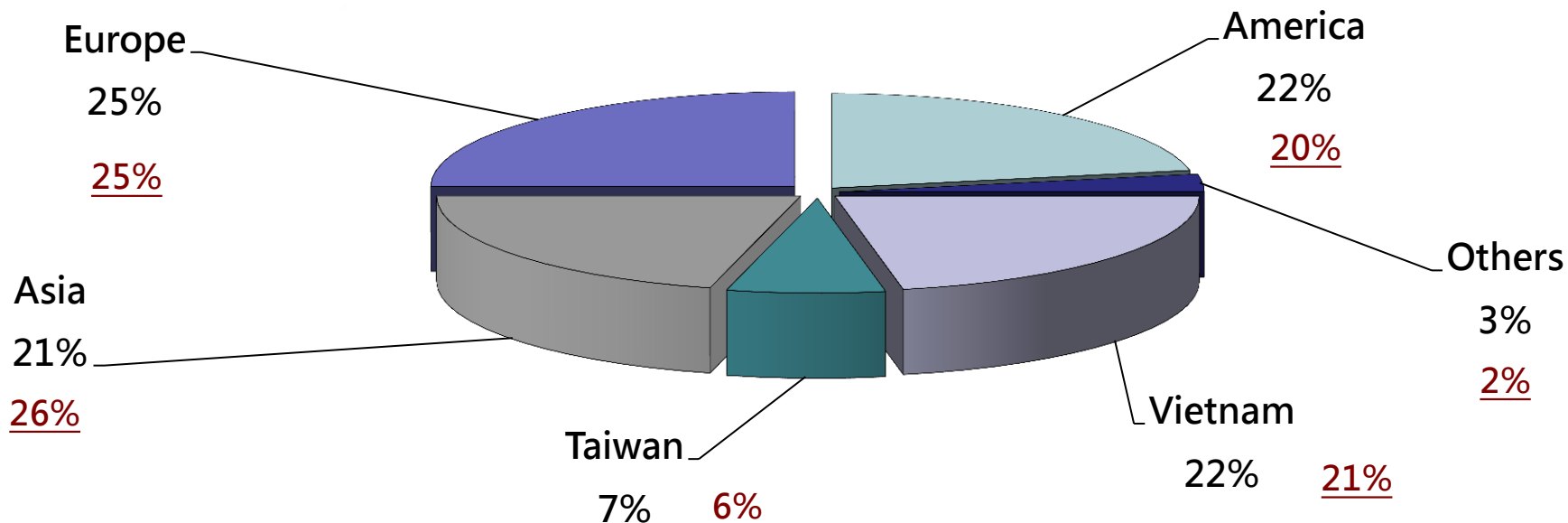


# 2020 3Q Sales Profile by application



PS Letters highlighted in red stand for the numbers of 2019

# 2019 Sales Profile by geography

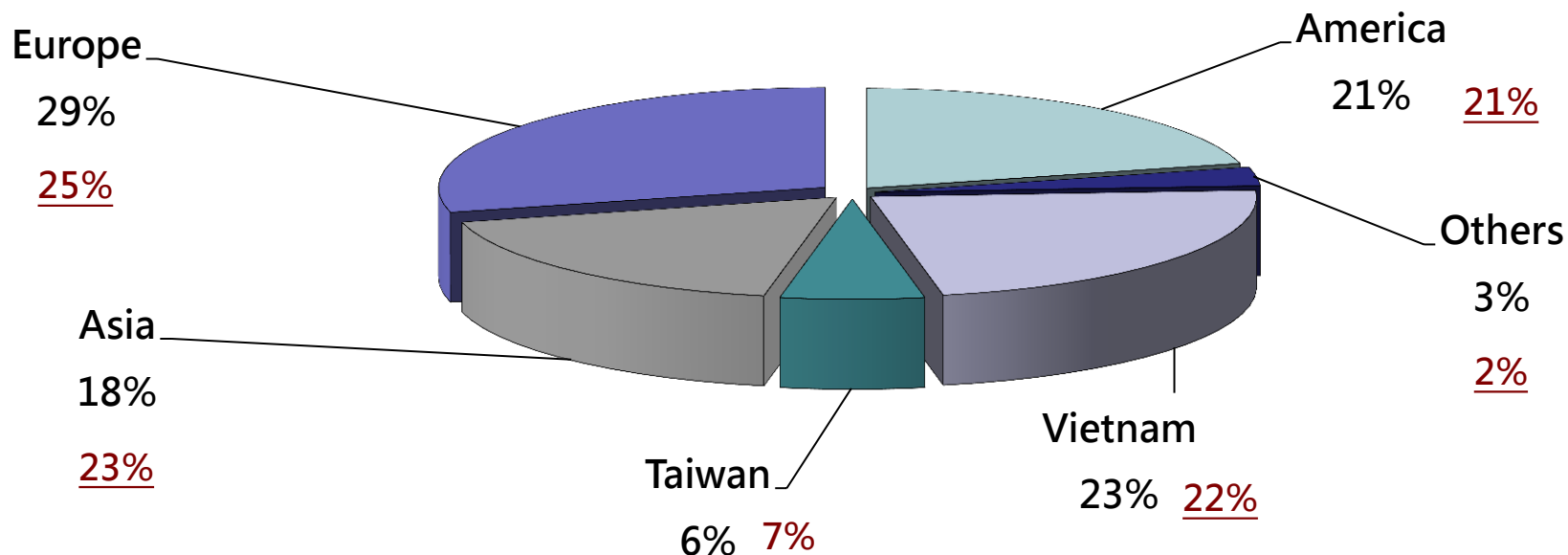


PS Letters highlighted in red stand for the numbers of 2018

Currency: thousand NTD

Area	America	Europe	Asia	Taiwan	Vietnam	Others
2019	1,725,702	1,975,166	1,688,216	550,405	1,789,875	204,225
%	22%	25%	21%	7%	22%	3%
2018	1,750,792	2,087,880	2,092,338	489,596	1,897,588	171,672
%	20%	25%	26%	6%	21%	2%

# 2020 3Q Sales Profile by geography



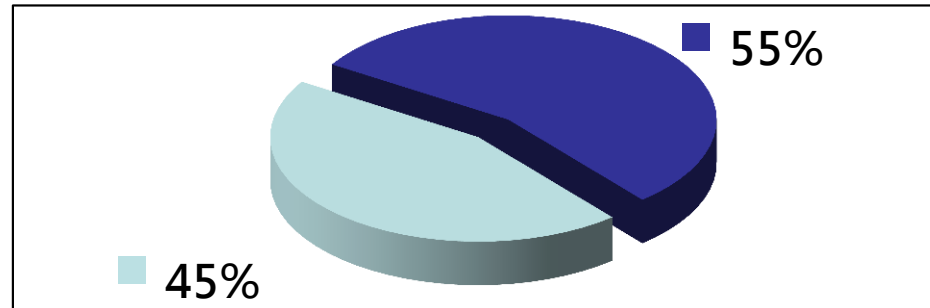
PS Letters highlighted in red stand for the numbers of 2019

Currency: thousand NTD

Area	America	Europe	Asia	Taiwan	Vietnam	Others
2020年3Q	1,109,725	1,544,785	930,852	308,358	1,188,765	148,840
%	21%	29%	18%	6%	23%	3%
2019年3Q	1,245,571	1,489,473	1,383,761	389,776	1,293,071	142,935
%	21%	25%	23%	7%	22%	2%

# Sales by brand-consolidated

- Percentage of own brand and OEM brand in 2020 3Q



own brand      OEM



*worldwide*

*Vietnam*

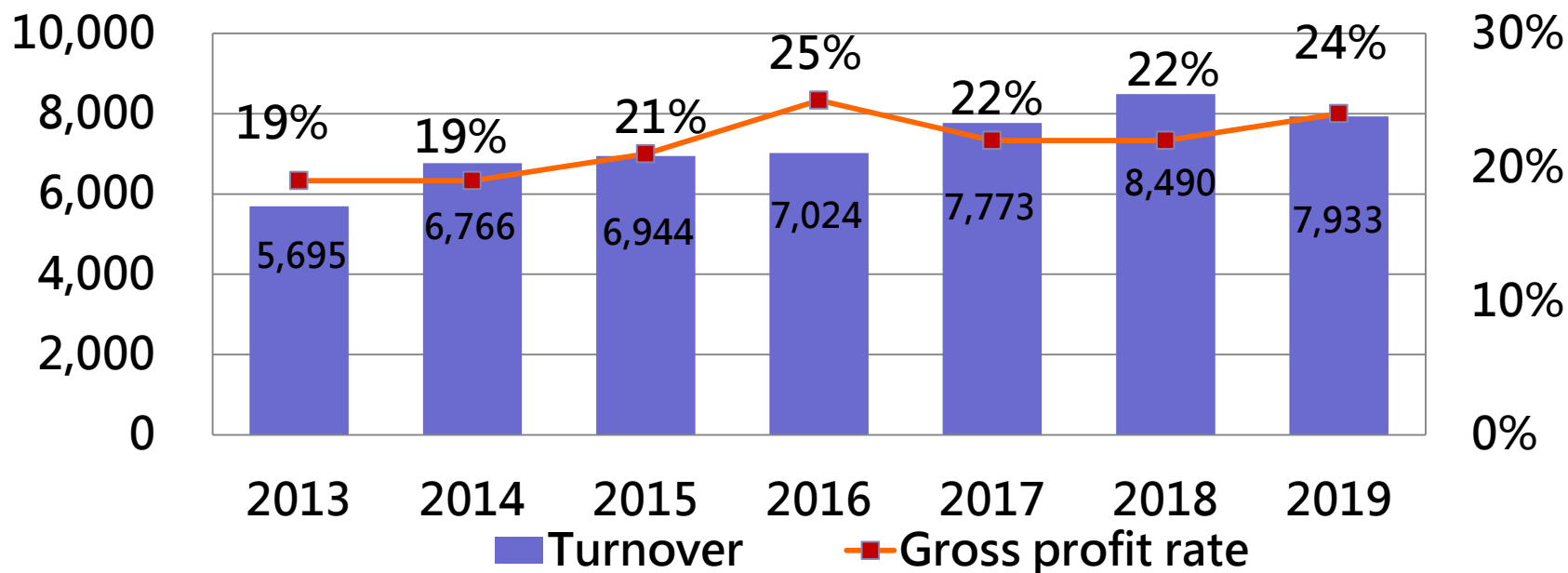
# Financials -Consolidated income statement

Currency: million NTD

category	2015	2016	2017	2018	2019	For the nine months ended Sep. 20	For the three months ended Sep. 20
Operating revenue	6,944	7,024	7,773	8,490	7,933	5,231	1,838
Gross profit	1,430	1,732	1,755	1,831	1,854	1,192	456
Gross Margin	21%	25%	22%	22%	24%	23%	25%
Operating profit	968	1,229	1,261	1,243	1,312	864	333
Pre-tax Profit	1,052	1,251	1,198	1,332	1,344	867	329
After-tax profit	802	948	906	983	1,007	647	241
Profit attributable to former owner of business combination under common control	769	923	901	983	1,007	647	241
EPS(NTD)	9.42	11.31	11.04	12.03	12.32	7.91	2.95
Average LEAD price(USD/ton)	1,786	1,871	2,318	2,244	1,998	1,798	1,876

Average  
11.22

# Consolidated Sales

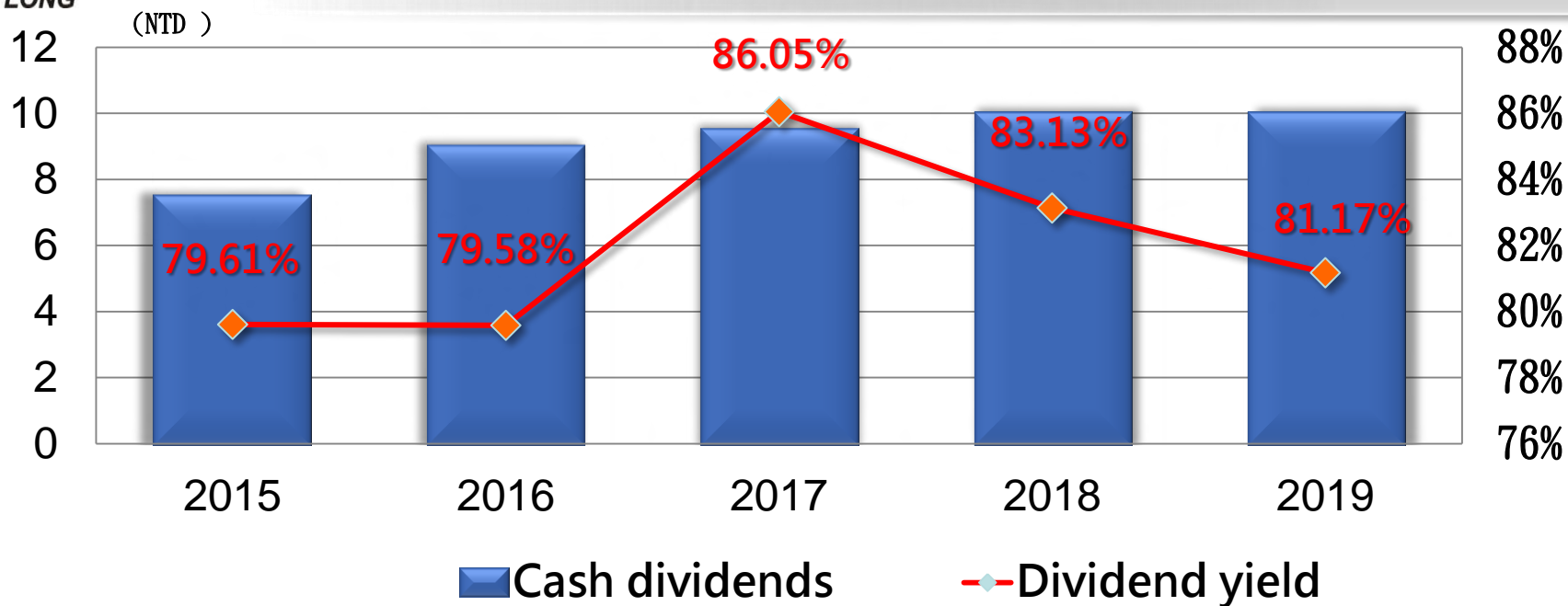


Consolidated Turnover	5,695	6,766	6,944	7,024	7,773	8,490	7,933
LME average price(USD/MT)	2,142	2,096	1,786	1,871	2,318	2,244	1,998
Gross Profit Margin	19%	19%	21%	25%	22%	22%	24%
After-tax EPS	7.02	8.09	9.42	11.31	11.04	12.03	12.32

Average  
21.7%

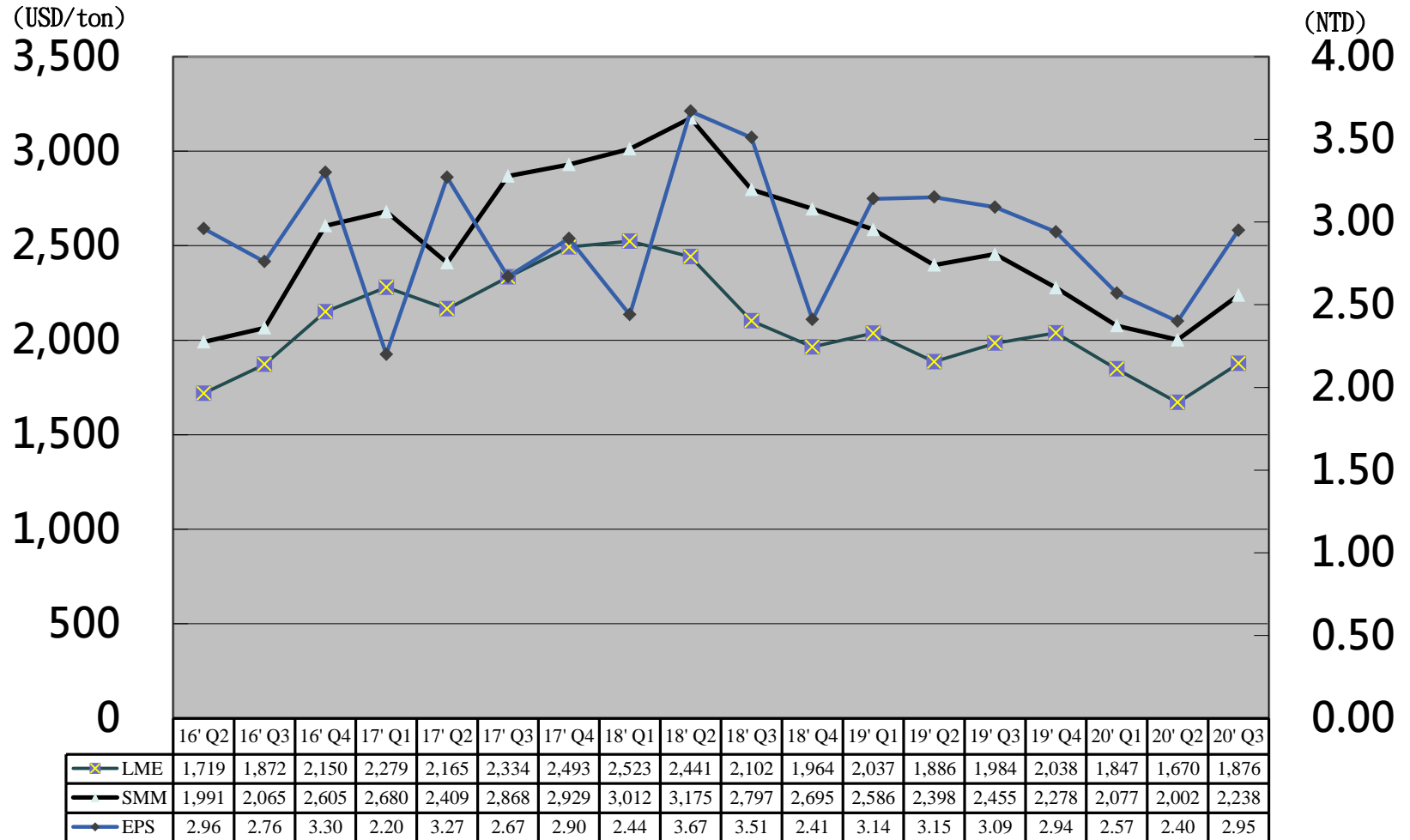


# Dividend policy

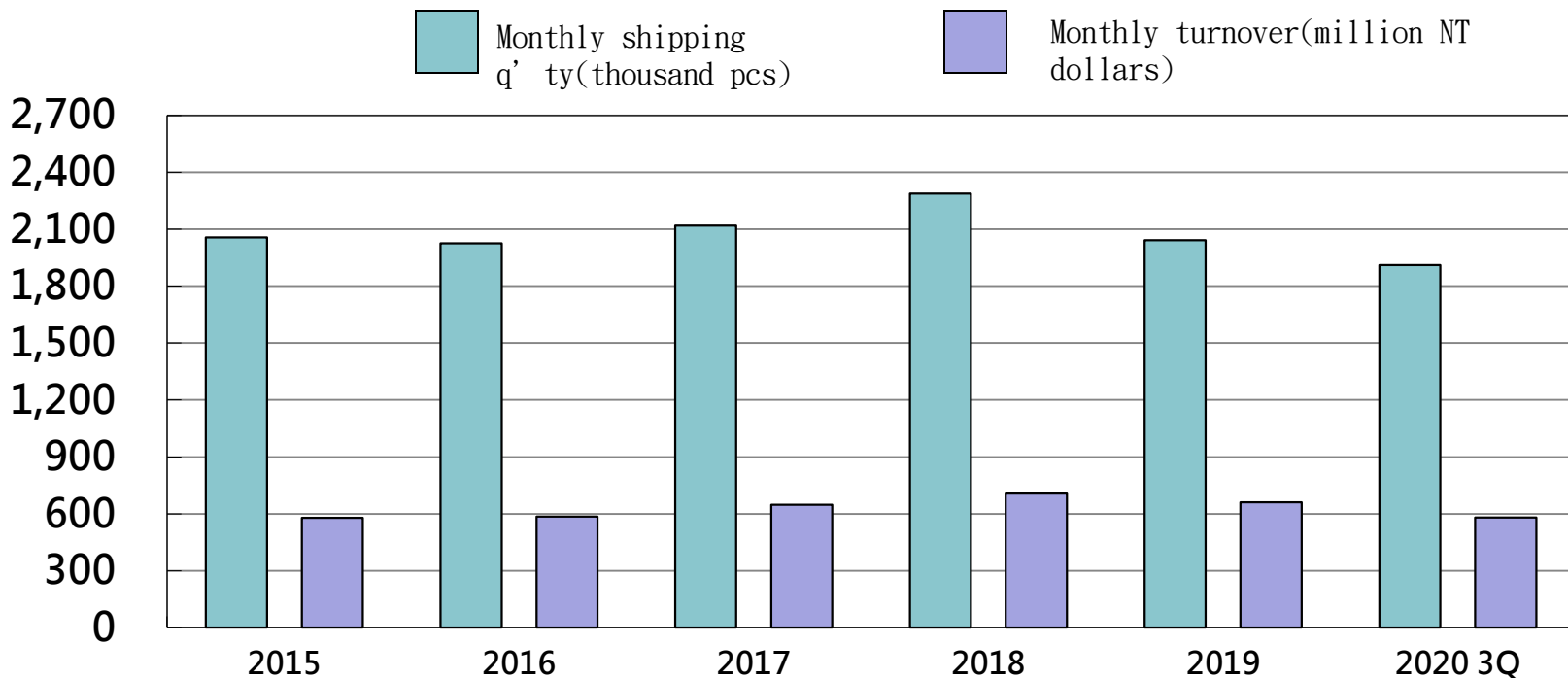


		2015	2016	2017	2018	2019
EPS		9.42	11.31	11.04	12.03	12.32
Dividend distribution	Cash dividends	7.50	9.00	9.50	10.00	10.00
	Stock dividends	-	-	-	-	-
Dividend yield		79.61%	79.58%	86.05%	83.13%	81.17%

# Comparison chart of LME, SMM, and EPS



# Sales Quantity by KL group



Monthly shipping q' ty	2,057	2,026	2,119	2,288	2,024	1,911
Growth rate of shipping q' ty	-2%	-2%	5%	8%	-11%	-6%
Monthly turnover	579	585	648	707	661	581
Growth rate of turnover	3%	1%	11%	9%	-7%	-12%

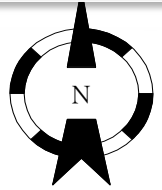
# Location



*Vietnam*



# Location



***Hanoi Sale Office***

***Danang Sale Office***

***Ho Chi Minh Sale Office***

***Duc Hoa Factory(2007)***

***Ben Luc Factory(1996)***

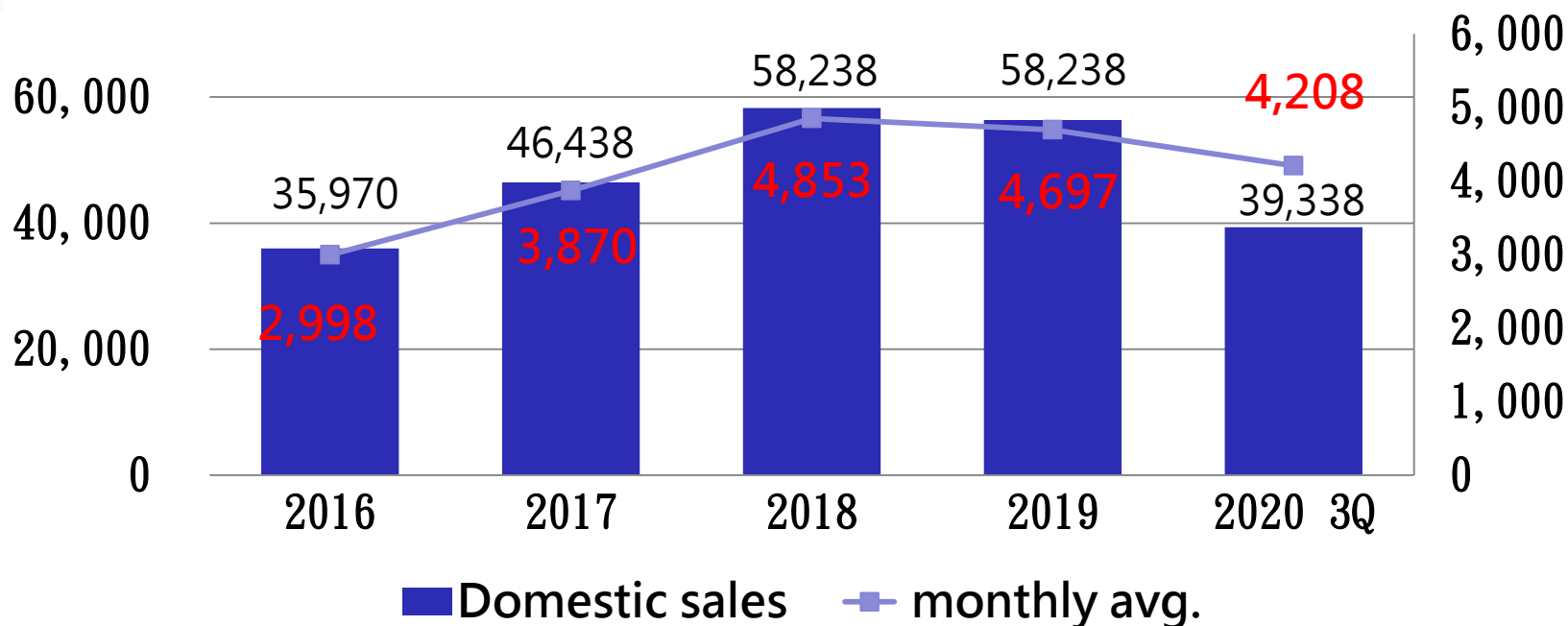


# Location





# Turnover of Le Long Vietnam



currency : thousand USD

Category	2016	2017	2018年	2019	2020 3Q
Domestic sales	35,970	46,438	58,238	56,369	39,338
Domestic sales monthly avg.	2,998	3,870	4,853	4,697	4,371

# Overview of Vietnam plant

## *Ben Luc plant*



*36,500 square meters*

# Turnover of Le Long Vietnam

## *Ben Luc plant*



*36,500 square meters*



# Overview of Vietnam plant

## *Duc Hoa plant*



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

# Turnover of Le Long Vietnam

## *Duc Hoa plant*



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

# Core value





# Kung Long's 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.

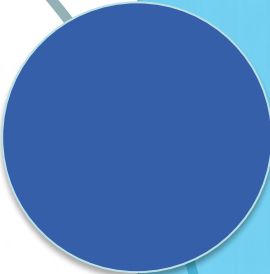
## *R&D ability*

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.

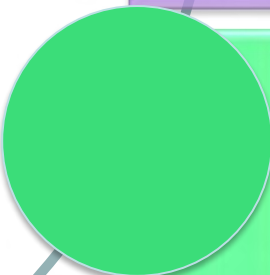
# Strength



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.

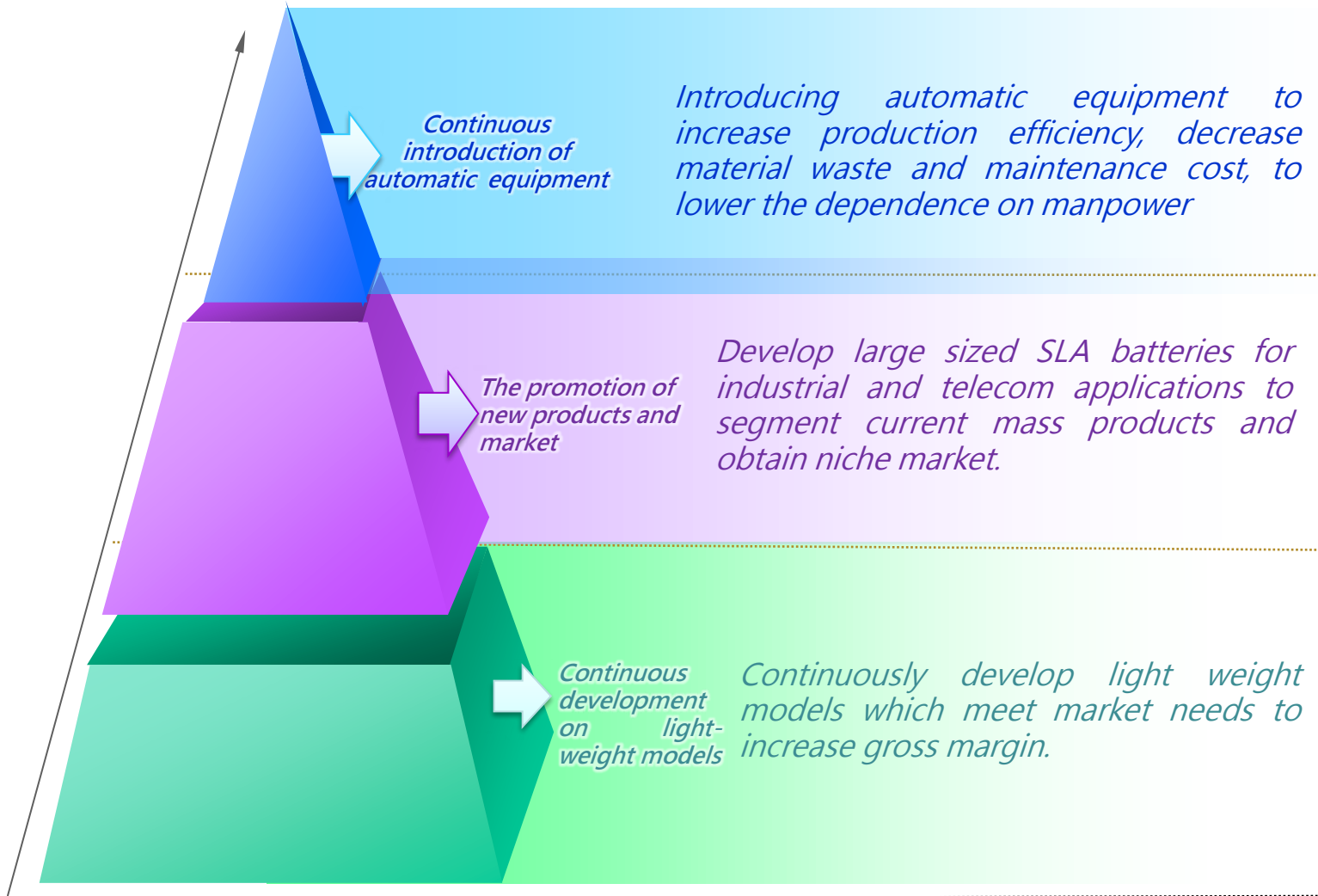


Main production bases of small/ medium sized SLA batteries are located in China and Vietnam. When Chinese labor costs keep rising, RMB is under pressure for appreciation, and SLA industry is limited, Chinese battery manufacturers are forced to move to outside. However it’s difficult to find a suitable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

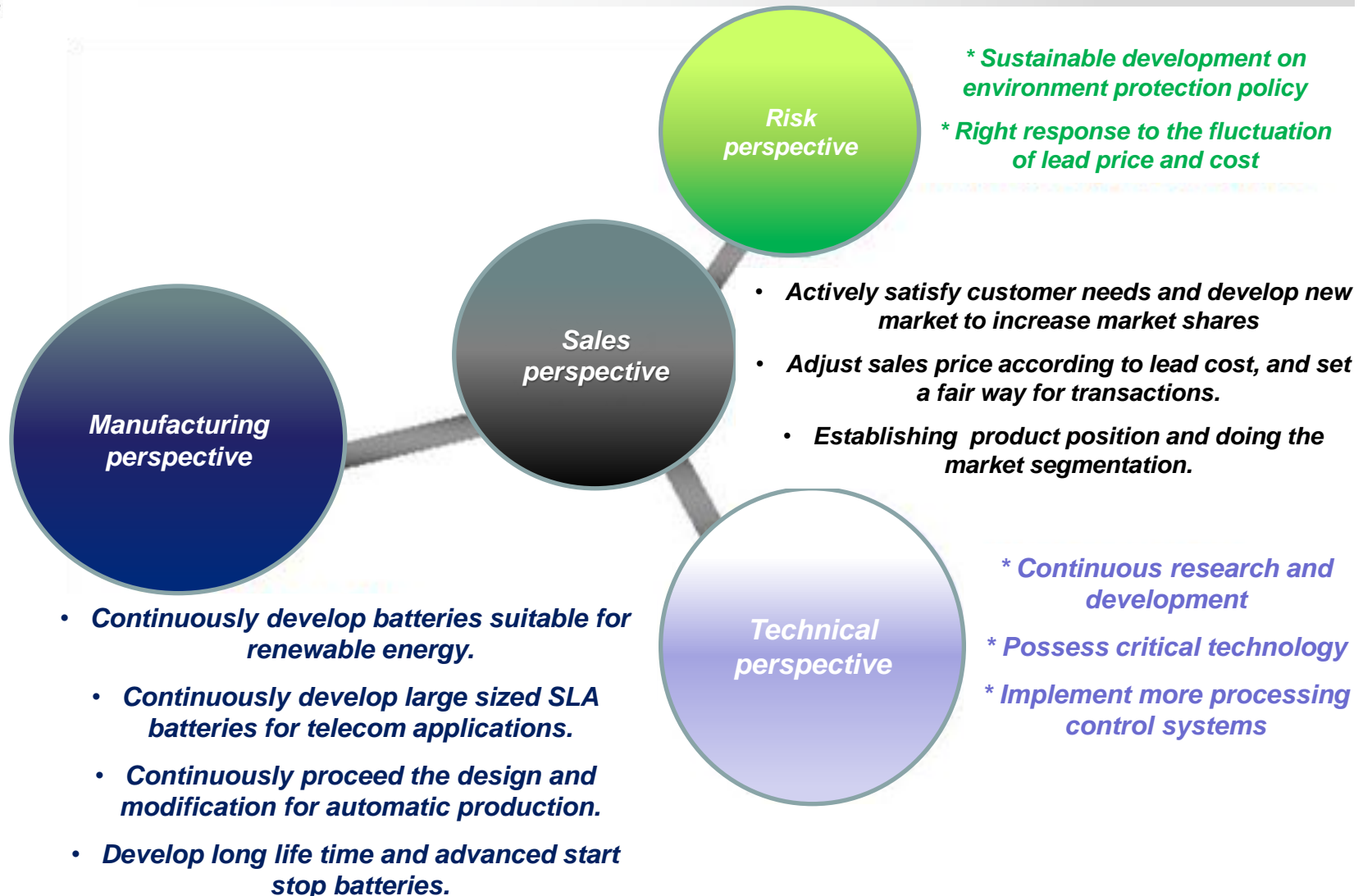


China publishes the notice for imposing consuming tax on batteries and pasting – starting from 1/1/2016, 4% consuming tax will be imposed on lead-acid battery manufacturing, OEM, and import. This bring significant burden to Chinese lead-acid battery factories.

# Future outlook



# Future outlook







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