

PRECISION  
**TSUGAMI**  
CHINA

PRECISION TSUGAMI (CHINA) CORPORATION LIMITED  
津上精密機床(中國)有限公司

**2020-2021**  
**Annual Results Presentation**  
**29 June 2021**

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# Agenda

1

**Annual Results  
Summary**



2

**Annual Business  
Review**



03



**Appendix**



# 1

## Annual Results Summary

(April 2020 to March 2021)

-  1.1 Financial Results Summary
-  1.2 Key Financial Indicators
-  1.3 Sales Revenue by Product Category
-  1.4 Domestic and Overseas Sales Revenue and Distribution
-  1.5 Domestic Downstream Customers Distribution by Industry

# 1.1 Financial Results Summary

- The Group's sales revenue, gross profit, net profit, and earnings per share hit a record high;
- Sales revenue amounted to RMB3.117 billion. Gross profit was RMB765 million. Net profit was RMB392 million. Earnings per share were RMB1.03;
- Sales revenue increased by 60.4%. Gross profit rose by 95.2%. Net profit surged by 151.5%.

(Unit: RMB'000)

Item	FY2019	FY2020	FY2021	YoY Increase/ (Decrease)
Sales Revenue	2,850,883	1,943,569	3,116,976	60.4%
Gross Profit (Gross Margin)	712,816 (25.0%)	392,093 (20.2%)	765,307 (24.6%)	95.2% 4.4ppt
Operating Profit (Operating Profit Margin)	470,274 (16.5%)	207,840 (10.7%)	544,563 (17.5%)	162.0% 6.8ppt
Net Profit (Net Profit Margin)	367,605 (12.9%)	155,823 (8.0%)	391,952 (12.6%)	151.5% 4.6ppt
EPS (RMB)	0.96	0.41	1.03	151.2%

For the Year Ended March 31<sup>st</sup>

# 1.2 Key Financial Indicators

<b>1. Safety</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>
1.1 Current Ratio (Current assets ÷ Current liabilities)	2.9	3.2	2.4
1.2 Quick Ratio ((Current assets - Inventory) ÷ Current liabilities)	1.7	1.8	1.6
1.3 Gearing Ratio ((Total Liabilities ÷ Total Assets)×100%)	28.4%	23.9%	35.1%
<b>2. Revenue</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>
2.1 Return on Equity (ROE) ((Net profit ÷ Net assets) × 100%)	26.0%	10.6%	24.3%
2.2 Return on Assets (ROA) ((Net profit ÷ Total assets) × 100%)	18.6%	8.1%	14.5%
<b>3. Cash Flow (RMB'000)</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>
3.1 Net Cash Flow Generated from Operating Activities	272,972	175,953	300,711
3.2 Cash and Cash Equivalents	400,275	205,010	430,115
3.3 Current Account Ratio ((Current income ÷ Current expenses) × 100%)	110.3%	109.7%	112.6%
<b>4. Capital Turnover</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>
4.1 Average Inventory Turnover Days	98	149	100
4.2 Average Turnover Days of Trade and Bills Receivables	71	88	83
4.3 Average Turnover Days of Trade and Bills Payables	72	80	66

# 1.3 Sales Revenue by Product Category

- The Group's main product, precision lathes, maintained a leading position in China. Sales revenue increased by 61.1% year-on-year to reach a record high;
- Driven by the automotive and 3C\* industries, the precision machining centers category achieved an outstanding sales performance with a record year-on-year increase of 82.5%.

(Unit: RMB'000)

Type	FY2019	Proportion	FY2020	Proportion	FY2021	Proportion	YoY Increase/ (Decrease)
Lathes	2,441,490	85.6%	1,677,004	86.3%	2,701,274	86.7%	61.1%
Machining Centers	108,745	3.8%	107,907	5.5%	196,918	6.3%	82.5%
Grinding Machines	150,887	5.3%	82,988	4.3%	107,942	3.5%	30.1%
Thread and Form Rolling Machines	15,831	0.6%	11,826	0.6%	12,983	0.4%	9.8%
Others*	133,930	4.7%	63,844	3.3%	97,859	3.1%	53.3%
<b>Total</b>	<b>2,850,883</b>	<b>100%</b>	<b>1,943,569</b>	<b>100%</b>	<b>3,116,976</b>	<b>100%</b>	<b>60.4%</b>

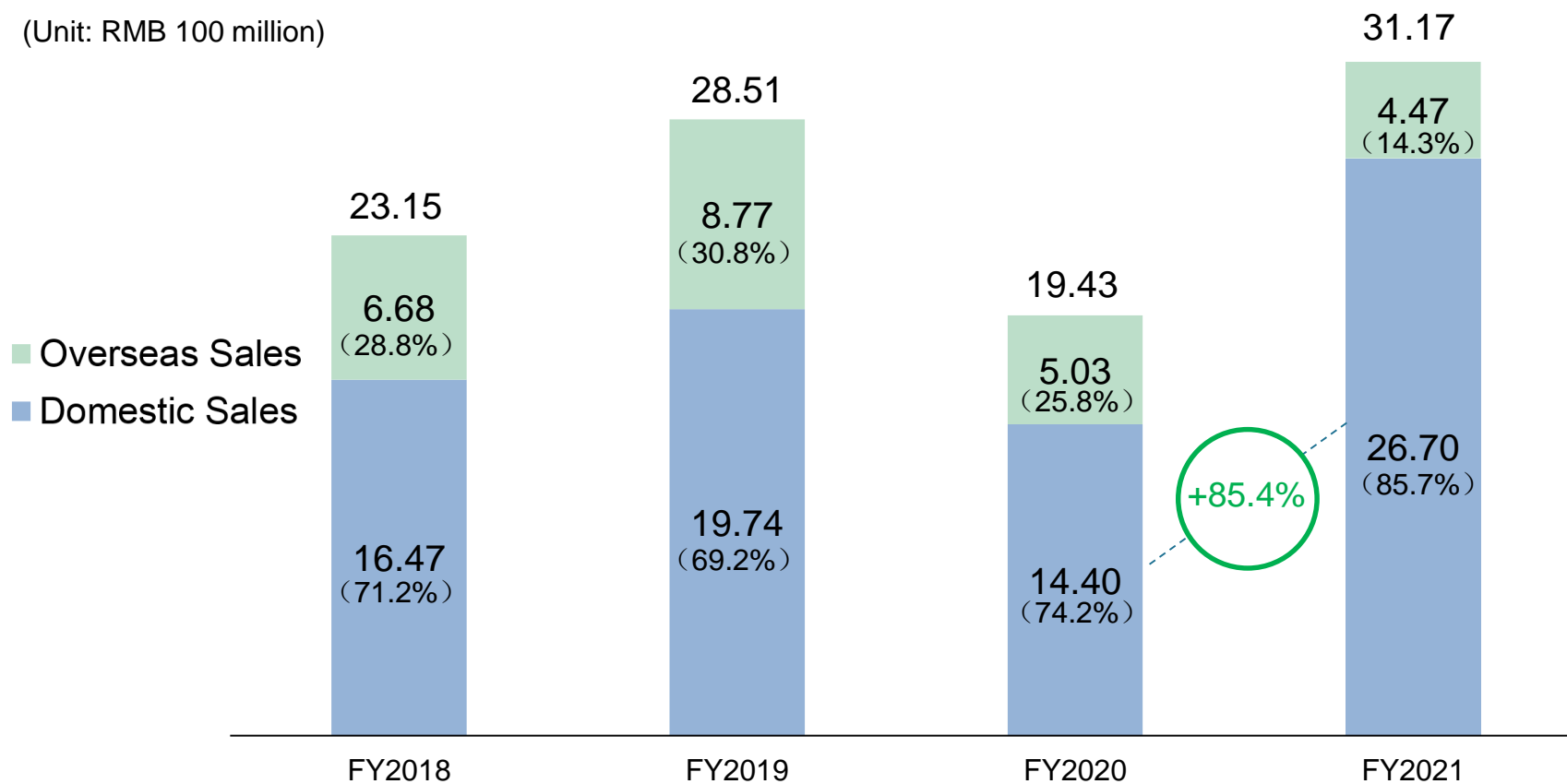
3C\*: Computers/Communications/Consumer Electronics

Others\*: includes revenue from sales of parts and after-sales services

# 1.4 Domestic and Overseas Sales Revenue and Distribution

- With a huge demand for high-end CNC machine tools from domestic downstream industries, sales revenue increased by 85.4% year-on-year to reach a historical high of RMB2.67 billion.

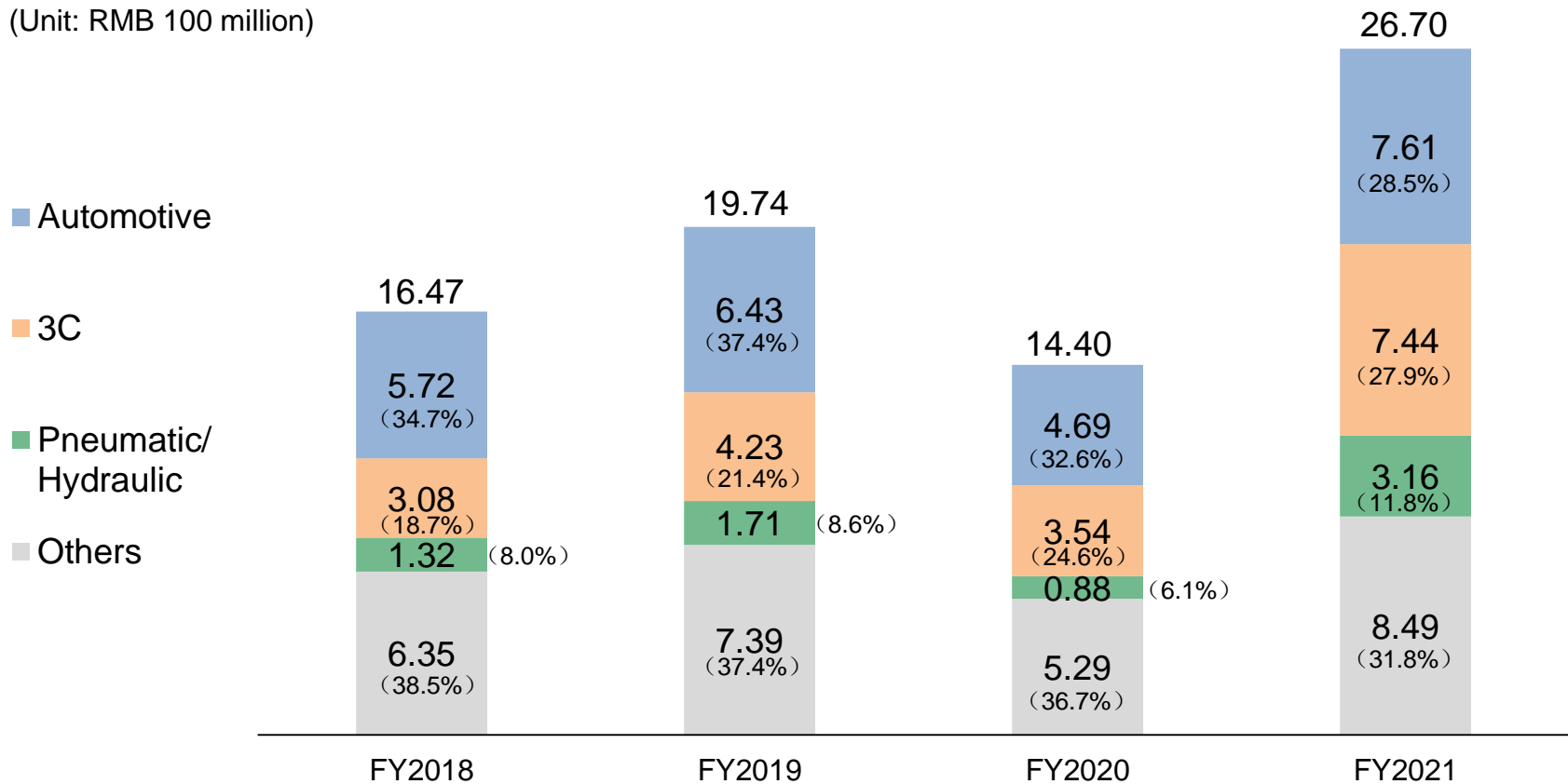
(Unit: RMB 100 million)



# 1.5 Sales Revenue from and Distribution of Domestic Downstream Customers by Industry

- Benefiting from the strong performance of the communications, cell phone, automation and construction machinery industries, sales in the 3C and pneumatic and hydraulic industries increased significantly; the automotive industry improved notably compared with the first half of the fiscal year, with annual sales revenue increasing significantly year-on-year

(Unit: RMB 100 million)



3C : Computers/Communications/Consumer Electronics

# 2 Annual Plans & Progress



2.1 Launch of New Models



2.2 Active Capacity Expansions



2.3 Business Improvements



2.4 Stable Dividend Policy

# 2.1 New Models Launched This Fiscal Year

Type	Model	Highlights
Precision Lathe	BW329ZJ	Oriented to the auto parts and hydraulic parts industries, can be controlled at 9 axes at the same time, company's most high-end product.
Precision Lathe	BM162	Oriented to smartphone parts industry such as lens gasket processing, using high precision and low cost as weapons to expand market share.



BW329ZJ



BM162

# 2.1 New Models to be Launched

Type	Model	Highlights
Precision Lathe	M10J	10-12 inch chuck series launched for the first time, filling the gap in the turret lathe product line. Will become an important product to expand sales in the automotive industry
Precision Machining Center	VL4	The BT40 series is built for the long haul and is used for the processing of large and high-rigidity parts.



M10J



VL4

## 2.2 Active Capacity Expansion - Completion and Production Commencement in Anhui New Factory

- The new factory in Anhui was completed in March, providing impetus to the Group's development
- The new plant is expected to contribute about 30% cast supply of the Group and increase the overall production capacity of CNC machine tools by 10% to 25%.



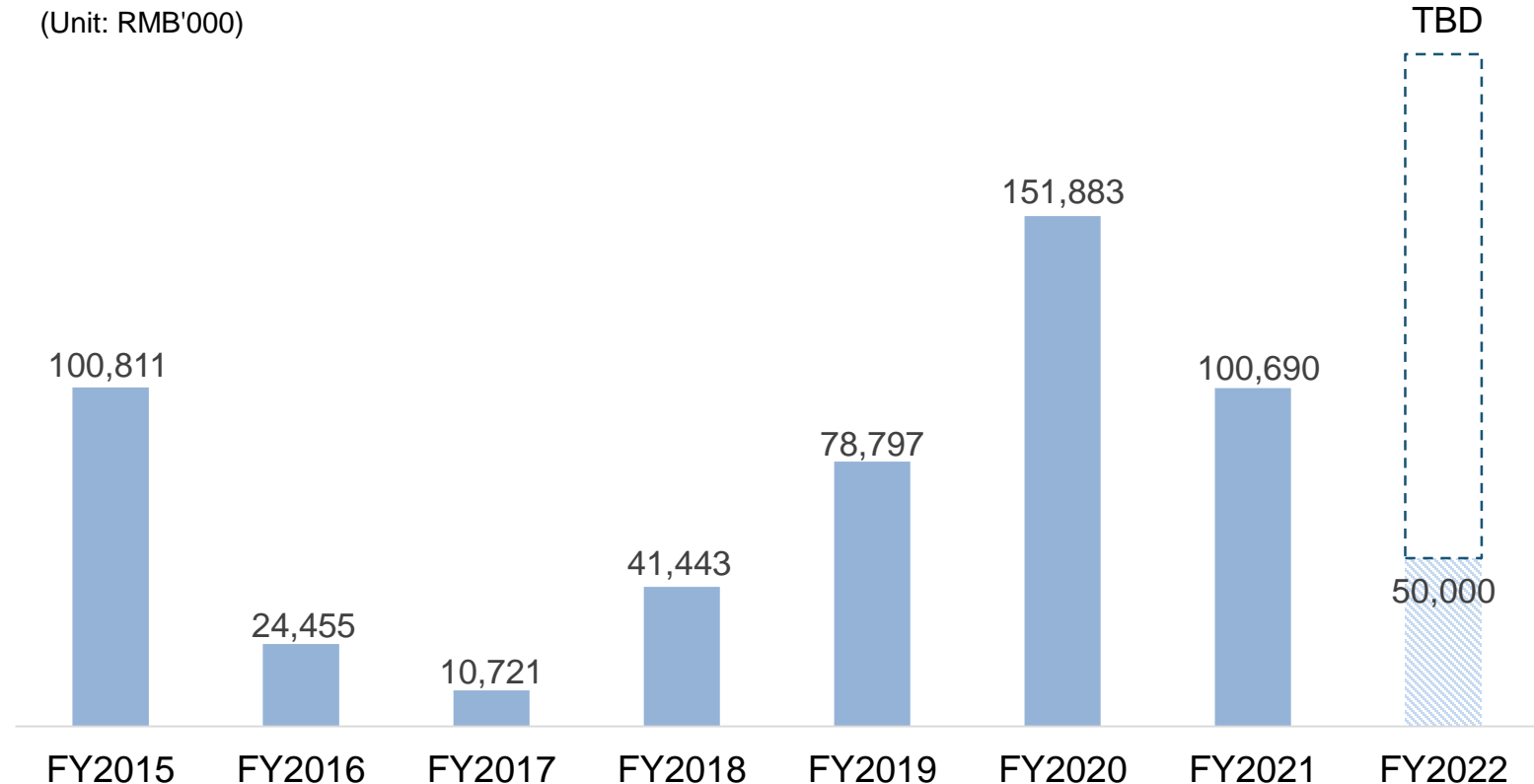
Casting Workshop



Anhui PTC's first batch was successfully shipped on 25 March 2021

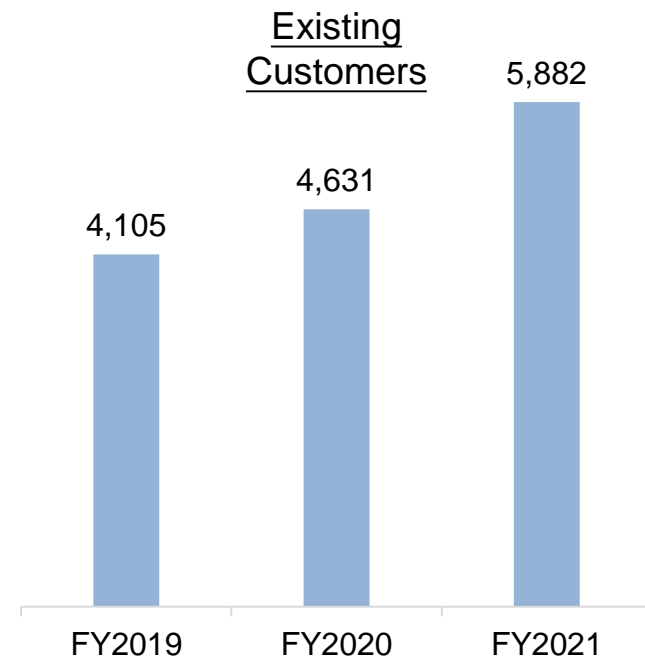
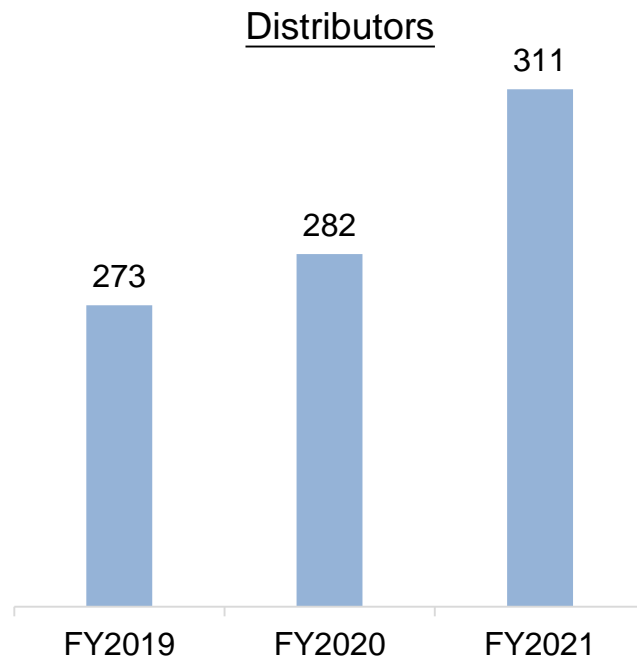
## 2.2 Active Expansion of Production Capacity – Continuous Increases in Capital Expenditure

- The Group is confident about the growth of China's CNC machine tool market and will continue to increase capital expenditures to further expand in scale.



## 2.3 Improvements in Business Strength

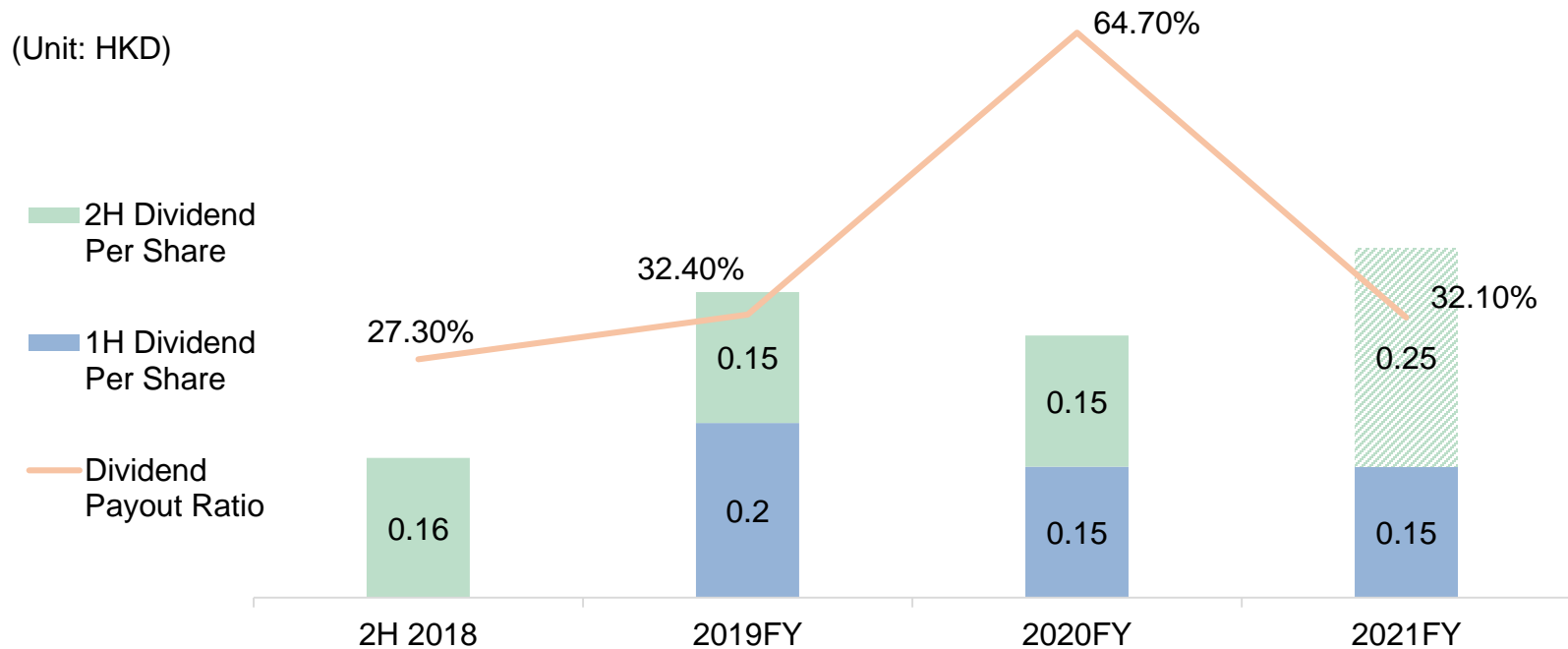
- The Group continues to increase business outlets, intensively develop markets in the "three provinces and one city", and strengthen sales and service forces to improve customer satisfaction;
- The Group actively cultivates new distributors to attract new customers - it had 311 distributors and 5,882 existing customers in the review period;
- YoY growth of existing customers reached 27% , further increasing market penetration.



Statistics as of March 31<sup>st</sup> 2021.

## 2.4 Stable Dividend Policy

- In the second half of the year, the Board of Directors recommended a dividend of HK\$0.25 per share, representing a total dividend of HK\$0.4 for the year and totaling HK\$151 million, the highest since listing;
- The Company will continue to generate investment returns for shareholders through organic growth.



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# Appendix

# Appendix I. Consolidated Statement of Profit and Loss and Other Comprehensive Income

## For the Year Ended 31 March

No.	(RMB'000)	FY2019	FY2020	FY2021
1	<b>Income</b>	<b>2,850,883</b>	<b>1,943,569</b>	<b>3,116,976</b>
2	Cost of sales	(2,138,067)	(1,551,476)	(2,351,669)
3	<b>Gross profit</b>	<b>712,816</b>	<b>392,093</b>	<b>765,307</b>
4	Other income and gains	18,157	16,937	37,785
5	Selling and distribution expenses	(113,670)	(106,443)	(126,931)
6	Administrative expenses	(128,872)	(77,810)	(93,813)
7	Impairment loss on financial assets	(1,008)	196	(8,795)
8	Other expenses	(3,726)	(1,484)	(2,305)
9	Finance costs	-	(76)	(990)
10	<b>Profit before tax</b>	<b>483,697</b>	<b>223,413</b>	<b>570,258</b>
11	Income tax expenses	(116,092)	(67,590)	(178,306)
12	<b>Profit and total comprehensive income for the year</b>	<b>367,605</b>	<b>155,823</b>	<b>391,952</b>
13	<b>Profit attributable to equity holders of the company (RMB: yuan)</b>	<b>0.96</b>	<b>0.41</b>	<b>1.03</b>

# Appendix II. Consolidated Statement of Financial Position

No.	(RMB'000)	FY2019	FY2020	FY2021
1	Property, plant and equipment	346,093	452,116	<b>507,688</b>
2	Right-of-use assets	-	45,590	44,997
3	Prepaid land lease payments	42,235	-	-
4	Intangible assets	3,936	3,592	4,151
5	Deferred tax assets	8,664	10,416	16,358
6	<b>Total non-current assets</b>	<b>400,928</b>	<b>511,714</b>	<b>573,194</b>
7	Inventories	647,303	618,849	675,419
8	Trade and notes receivables	499,345	437,789	988,204
9	Prepayments, other receivables and other assets	14,362	18,987	34,484
10	Pledged deposits	14,627	17,088	7,539
11	Financial assets measured by fair value and changes of which are included in current profit and loss	-	120,000	-
12	Cash and cash equivalents	400,275	205,010	430,115
13	<b>Total current assets</b>	<b>1,575,912</b>	<b>1,417,723</b>	<b>2,135,761</b>
14	<b>Total assets</b>	<b>1,976,840</b>	<b>1,929,437</b>	<b>2,708,955</b>
15	Trade and notes payables	384,866	297,185	554,473
16	Other payables and accruals	133,076	122,053	275,399
17	Tax payable	14,939	12,030	55,314
18	Lease liabilities	-	1,560	2,279
19	Provision	12,791	6,344	7,877
20	<b>Total current liabilities</b>	<b>545,672</b>	<b>439,172</b>	<b>895,341</b>
21	Lease liabilities	-	1,427	1,013
22	Deferred income tax liabilities	2,126	2,075	28,953
23	Deferred income	13,000	13,000	18,000
24	Other liabilities	-	4,900	7,300
25	<b>Total non-current liabilities</b>	<b>15,126</b>	<b>21,402</b>	<b>55,266</b>
26	<b>Total liabilities</b>	<b>560,798</b>	<b>460,574</b>	<b>950,608</b>
27	Issued share capital	320,312	320,312	319,835
28	Treasury shares	-	(747)	-
29	Reserves	1,095,730	1,149,298	1,438,512
30	<b>Total equity</b>	<b>1,416,042</b>	<b>1,468,863</b>	<b>1,758,348</b>
31	<b>Liabilities+Total Equity</b>	<b>1,976,840</b>	<b>1,929,437</b>	<b>2,708,955</b>

# Appendix III. Consolidated Statement of Cash Flow

For the Year Ended 31 March

No.	(RMB'000)	FY2019	FY2020	FY2021
	<b>Cash flow from operating activities</b>			
1	Profit before tax	483,679	223,413	570,258
	<b>Adjustments for:</b>			
2	Finance costs	-	76	990
3	Bank interest income	(3,096)	(4,808)	(10,615)
4	Net gain/(loss) on disposal of items of property, plant and equipment	2,301	(277)	(19)
5	Depreciation of property, plant and equipment	41,957	44,881	43,325
6	Depreciation of right-of-use assets/2019: Recognition of prepaid land lease payments	1,073	2,719	3,297
7	Amortization of intangible assets	944	945	988
8	Impairment (reversal)/loss of trade and notes receivables	981	(172)	822
9	Provision/(reversal) for impairment of inventories	(1,310)	5,231	(968)
10	Impairment (reversal)/loss of financial assets included in prepayments, other receivables and other assets	27	(24)	-
	<b>Adjusted profit before tax</b>	<b>526,574</b>	<b>271,984</b>	<b>616,050</b>
11	Increase in pledged deposits	(1,869)	(2,461)	9,549
12	Decrease/(increase) in inventories	(142,451)	23,223	(55,602)
13	Decrease/(increase) in trade and notes receivables	114,117	61,728	(559,209)
14	(Increase)/decrease in prepayments, other receivables and other assets	3,101	(5,968)	(15,497)
15	Decrease/(increase) in trade and notes payable	(71,550)	(87,681)	257,288
16	Increase/ (decrease) in other payables and accruals	(5,769)	4,446	36,032
17	Increase/(decrease) in other liabilities	-	4,900	2,400
18	Decrease in contract liabilities	(33,167)	(15,469)	117,313
19	(Decrease)/ increase in provision	1,659	(6,447)	1,533
20	Increase in deferred income	13,000	-	5,000
21	Income tax paid	(130,673)	(72,302)	(114,086)
22	<b>Cash generated from operations</b>	<b>272,972</b>	<b>175,953</b>	<b>300,771</b>
23	<b>Net cash flow from operating activities</b>	<b>272,972</b>	<b>175,953</b>	<b>300,771</b>

# Appendix III. Consolidated Statement of Cash Flow (Cont.)

For the Year Ended 31 March

No.	(RMB'000)	FY2019	FY2020	FY2021
	<b>Cash flow from investing activities</b>			
24.	Interest received	3,096	4,808	10,615
25.	Purchase of items of property, plant and equipment	(66,948)	(151,282)	(99,143)
26.	Proceeds from disposal of items of property, plant and equipment	1,338	655	265
27.	Purchase of financial assets measured by fair value and changes of which are included in current profit and loss	-	(120,000)	-
28.	Repurchase of financial assets measured by fair value and changes of which are included in current profit and loss	-	-	120,000
29.	Purchase of intangible assets	(1,236)	(601)	(1,547)
30.	Increase of prepaid land lease payments	(10,613)	-	-
31.	<b>Net cash flow from investing activities</b>	<b>(74,363)</b>	<b>(266,420)</b>	<b>30,190</b>
	<b>Cash flow from financing activities</b>			
32.	Repurchase of shares	-	(747)	(2,532)
33.	Principal portion of lease payments	-	(1,720)	(2,399)
34.	Dividends paid	(120,094)	(102,255)	(99,935)
35.	Interest paid	-	(76)	(990)
36.	<b>Net cash flow used in financing activities</b>	<b>(120,094)</b>	<b>(104,798)</b>	<b>(105,856)</b>
37.	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>78,515</b>	<b>(195,265)</b>	<b>225,105</b>
38.	<b>Cash and cash equivalents at beginning of the year</b>	<b>321,760</b>	<b>400,275</b>	<b>205,010</b>
39.	<b>Cash and cash equivalents at end of the year</b>	<b>400,275</b>	<b>205,010</b>	<b>430,115</b>
	<b>Analysis of cash and cash equivalent balances</b>			
40.	Cash and cash equivalents	<b>400,275</b>	<b>205,010</b>	<b>430,115</b>

# Q&A