

PRECISION
TSUGAMI
CHINA

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

2024-2025

Interim Results Presentation

14 November 2024

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Agenda

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Interim Results Summary



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Interim Business Review



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Appendix



1

Interim Results Summary

(April to September 2024)



1.1 Financial Results Summary



1.2 Key Financial Indicators



1.3 Sales Revenue by Product Category



1.4 Distribution of Domestic and Overseas
Sales Revenue



1.5 Distribution of Domestic Downstream
Customers by Industry

1.1 Financial Results Summary

- Sales revenue totaled approximately RMB1.98 billion, a year-on-year increase of approximately 32.4%;
- As a result of the increase in sales revenue and the Company's efforts to reduce costs and improve efficiency, both gross profit and net profit increased significantly;
- Gross profit margin and net profit margin reached 32.1% and 17.2%, respectively, marking the highest levels in the Company's history.

(Unit: RMB' 000)

Item	1H FY2022	1H FY2023	1H FY2024	1H FY2025	YoY Growth%
Sales Revenue	2,370,339	2,200,360	1,494,386	1,978,056	32.4%
Gross Profit (Gross Profit Margin)	658,826 (27.8%)	534,098 (24.3%)	414,077 (27.7%)	634,943 (32.1%)	53.3% +4.4pct
Operating Profit (Operating Profit Margin)	533,240 (22.5%)	403,766 (18.3%)	283,808 (19.0%)	456,253 (23.1%)	60.8% +4.1pct
Net Profit (Net Profit Margin)	377,657 (15.9%)	300,693 (13.7%)	221,258 (14.8%)	340,036 (17.2%)	53.7% +2.4pct
Earnings Per Share (EPS) (RMB)	0.99	0.79	0.58	0.90	55.2%

For the Six Months Ended September 30

1.2 Key Financial Indicators

1. Safety	1H FY2024	FY2024	1H FY2025
1.1 Current Ratio (Current Assets ÷ Current Liabilities)	4.1	3.7	4.3
1.2 Quick Ratio ((Current Assets - Inventory) ÷ Current Liabilities)	2.8	2.6	3.0
1.3 Gearing Ratio ((Total Liabilities ÷ Total Assets)×100%)	22.9%	25.6%	22.8%
2. Revenue	1H FY2023	1H FY2024	1H FY2025
2.1 Return on Equity (ROE) ((Net Profit ÷ Net Assets) × 100%)	13.0%	8.6%	12.1%
2.2 Return on Assets (ROA) ((Net Profit ÷ Total Assets)×100%)	8.6%	6.4%	9.2%
3. Cash Flow (RMB' 000)	1H FY2023	1H FY2024	1H FY2025
3.1 Net Cash Flows Generated from Operating Activities	163,679	277,677	9,462
3.2 Cash and Cash Equivalents	550,576	650,434	788,391
3.3 Current Account Ratio ((Current Income ÷ Current Expenses)×100%)	108%	121%	101%
4. Capital Turnover	1H FY2023	1H FY2024	1H FY2025
4.1 Average Inventory Turnover Days	113	161	122
4.2 Average Turnover Days of Trade and Notes Receivables	96	94	97
4.3 Average Turnover Days of Trade and Notes Payables	82	85	67

1.3 Sales Revenue by Product Category

- Due to the recovery of the manufacturing industry and the Group's continuous improvement of product competitiveness, the sales of all types increased year-on-year;
- Sales of the main type of precision lathes increased by 36.1% year-on-year, while the sales of precision machining centers and precision grinding machines increased by 8.7% and 5.4%, respectively.

(Unit: RMB' 000)

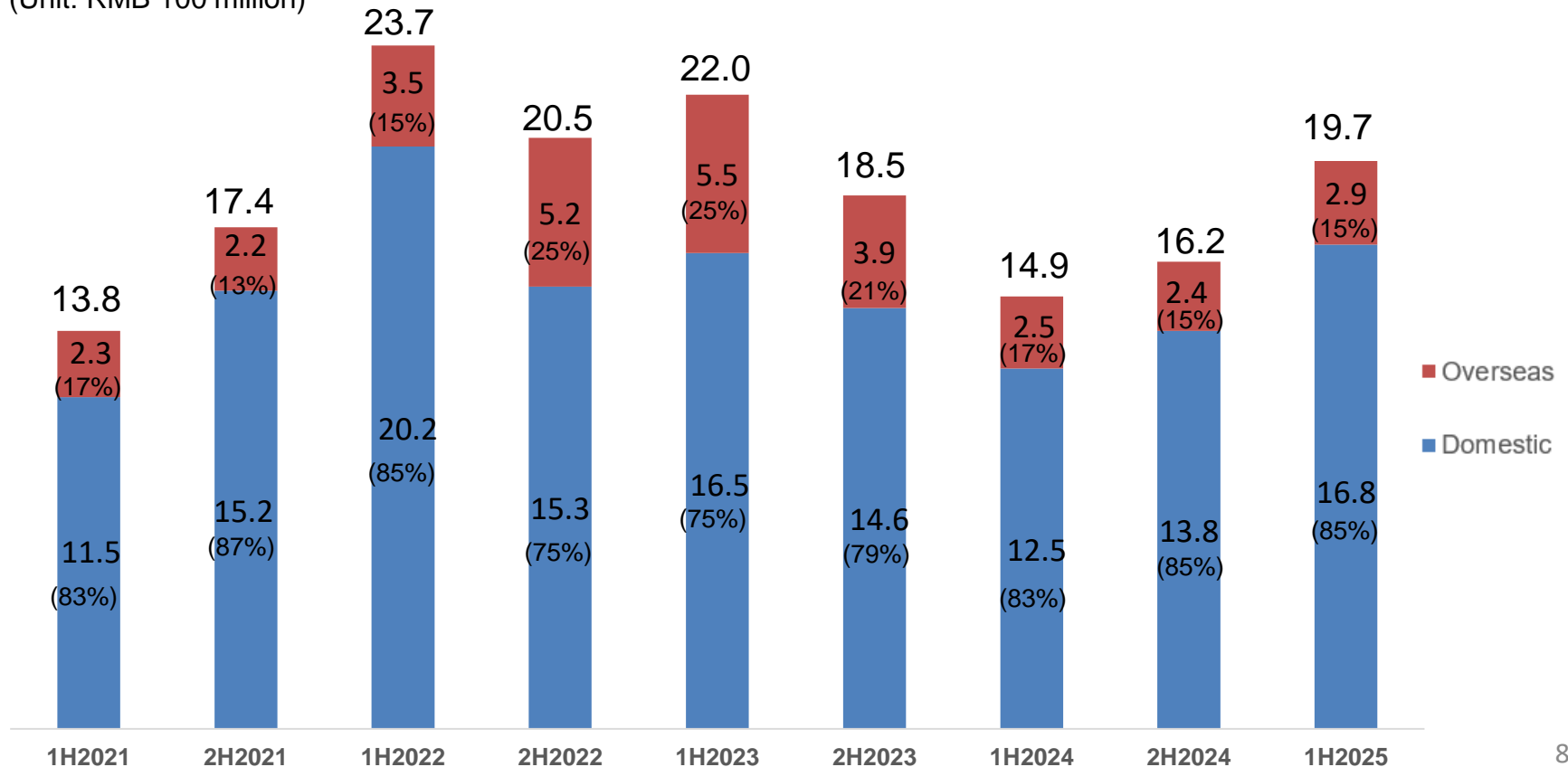
Type	1H FY2023	Proportion	1H FY2024	Proportion	1H FY2025	Proportion	YoY increase%
Precision Lathes	1,877,570	85.3%	1,261,406	84.4%	1,717,388	86.8%	36.1%
Precision Machining Centers	152,315	6.9%	73,961	5.0%	80,429	4.1%	8.7%
Precision Grinding Machines	82,048	3.7%	81,227	5.4%	85,608	4.3%	5.4%
Other*	88,426	4.0%	77,792	5.2%	94,631	4.8%	21.6%
Total	2,200,360	100.0%	1,494,386	100.0%	1,978,056	100.0%	32.4%

Other *: Includes revenue from sales of precision thread and form rolling machines, parts sales and after-sales services

1.4 Distribution of Domestic and Overseas Sales Revenue

- Domestic sales revenue increased by 34.9% year-on-year and 21.8% from the preceding half-year period;
- Overseas sales revenue increased by 19.4% year-on-year and 21.3% from the preceding half-year period.

(Unit: RMB 100 million)



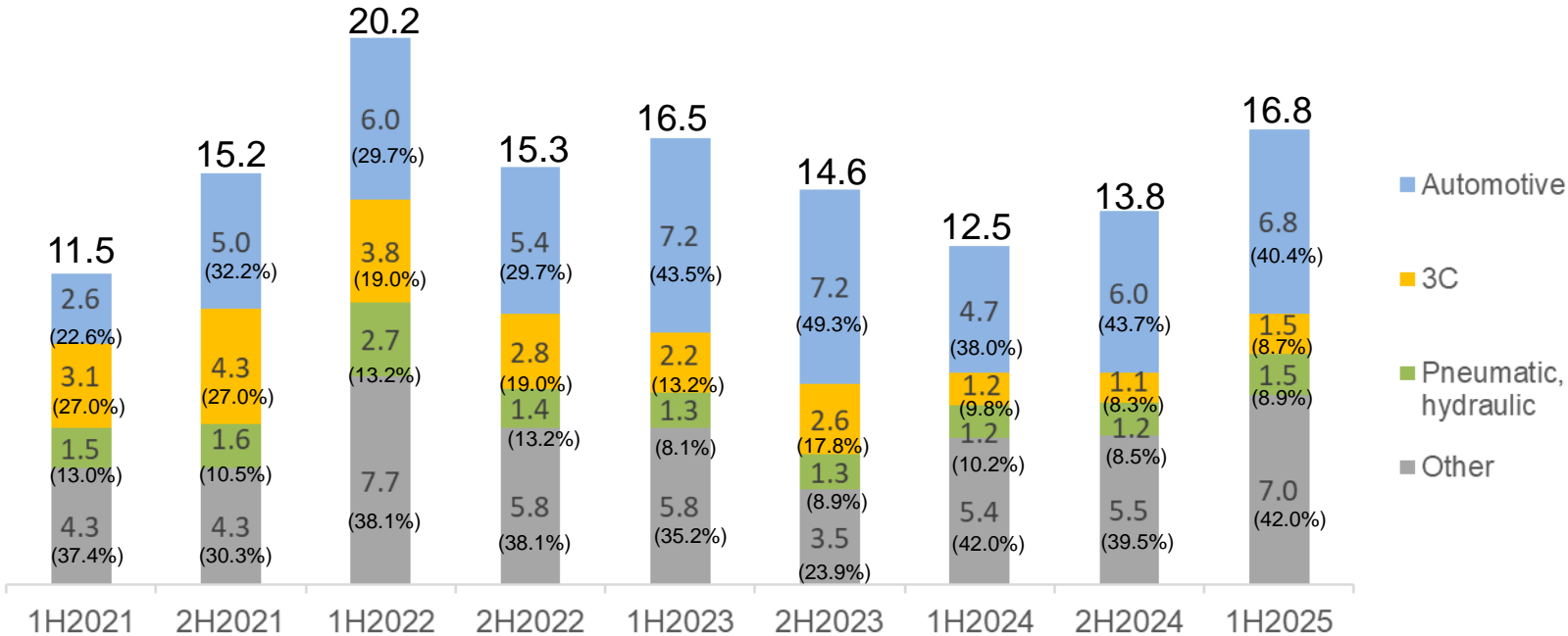
1.5 Distribution of Domestic Downstream Customers by Industry

With the gradual recovery of the domestic manufacturing industry, demand for machine tools, especially in the automotive and general machining industries, has increased:

- Sales to the automotive industry increased by 43.4% year-on-year and by 12.5% from the preceding half-year period;
- Sales to the 3C* industry increased by 18.8% year-on-year and by 27.2% from the preceding half-year period;
- Sales to the pneumatic and hydraulic industries increased by 17.9% year-on-year and by 27.8% from the preceding half-year period.

* 3C: Computer, communication and consumer electronics

(Unit: RMB 100 million)



2

Interim Business Review



2.1 New Product Introductions and applications



2.2 Ongoing Capacity Expansion



2.3 Enhancement of Sales and After-Sales Services



2.4 Interim Dividend

2.1.1 Continuous Investment in New Product Launches and Development of New Modes

While enriching the product line, the Company is optimizing the design of existing models and exploring potential demand in specific market segments.

Type	Model	Applicable Industries	Highlights
Precision Turret lathe	M08JL5L-II	Automotive industry	Specifically designed for differential housings; It uses the first human-machine dialog programming interface in China, making operation easier.
Precision Automatic Lathe	B0327W	Medical industry	Specifically designed for ultrasonic scalpel: the independent tool post design enhances machining efficiency.



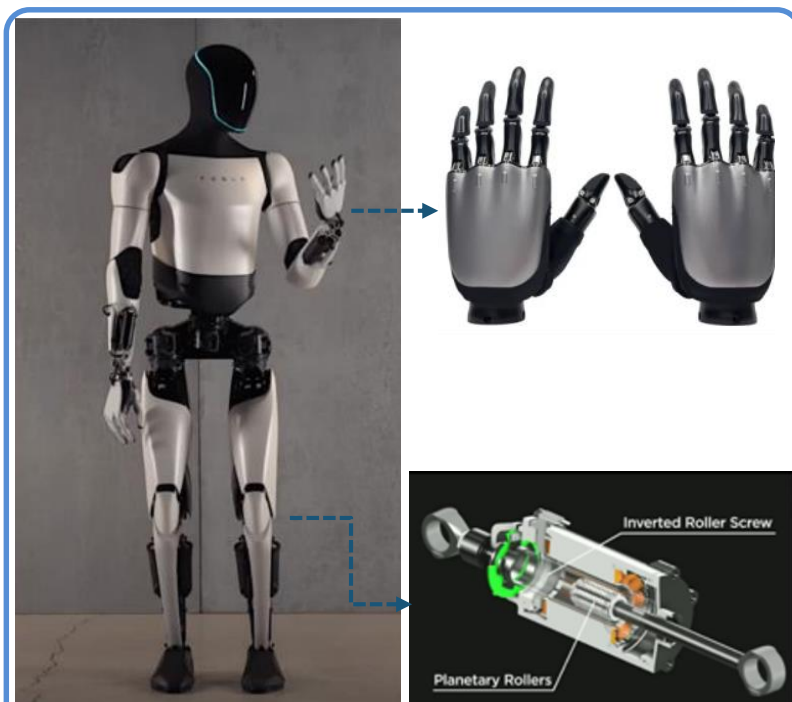
M08JL5L-II



B0327W

2.1.2 Exploration of New Industries, New Fields, and New Applications (1)

Humanoid Robot



Products: planetary roller screw, robotic dexterous hand
Equipment: automatic lathe, turret lathe, thread and form rolling machines, thread grinding machine (planned for introduction)

AI



Products: GPU cooler connector
Equipment: automatic lathe

2.1.2 Exploration of New Industries, New Fields, and New Applications (2)

Medical



Products: ultrasonic scalpel, dental pins,
dental abutments
Equipment: automatic lathe

Automobile



Products: electric motor shafts for new
energy vehicles, hub bearings,
automotive lens parts, etc.
Equipment: grinding machine, turret lathe,
automatic lathe, Gang tool
machine

2.2 Continuous Production Expansion - Pinghu Plant Fifth Zone

- The renovation and expansion of the Pinghu Plant Fifth Zone has been successfully completed, and it was officially put into use in October 2024;
- It is mainly used as a turret lathe assembly workshop, with an estimated annual production capacity of approximately 3,000 - 4,000 units.



Photo of the fifth zone

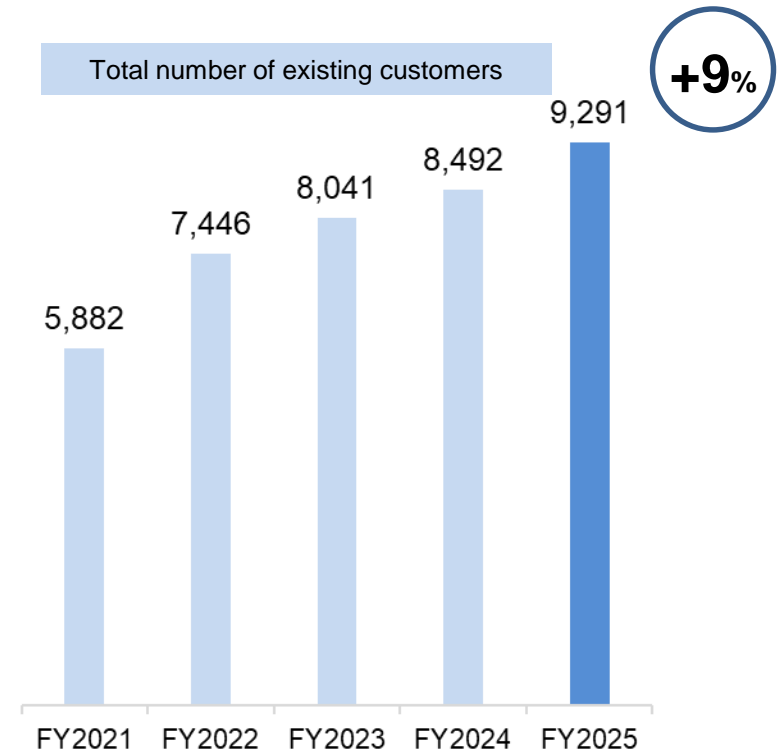
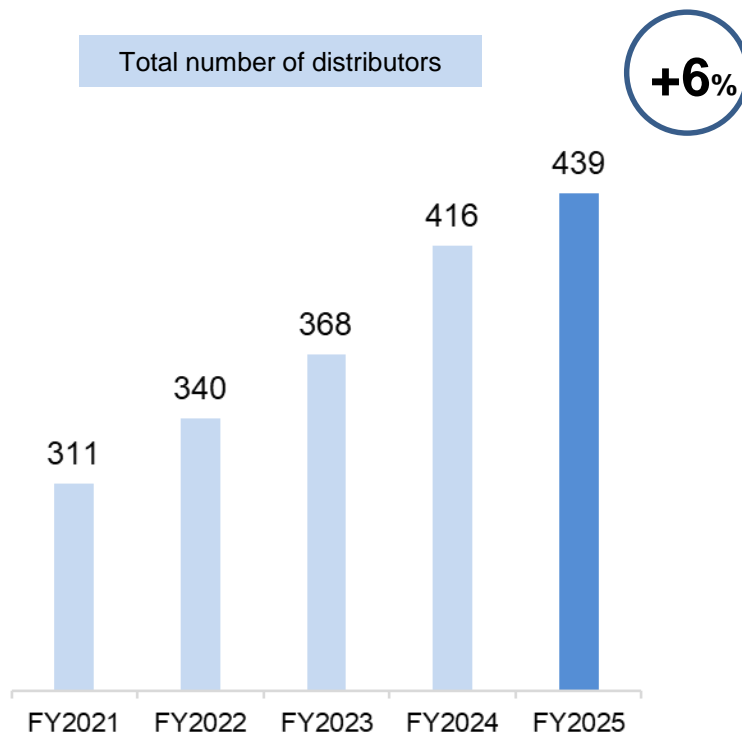


Turret lathe assembly workshop

2.3 Enhancement of Sales and After-Sales Services (1)

- The Group actively recruited new distributors to attract new customers. Market penetration continued to increase.
- During the period under review, there were a total of 439 distributors and 9,291 existing customers ^(note) .

Figures as of 30 September 2023



Note: Existing customers are those who have previously purchased equipment from the Company.

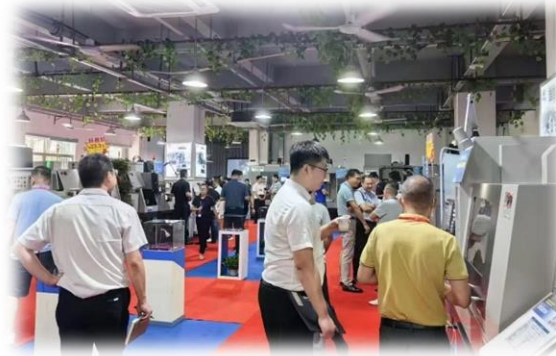
2.3 Enhancement of Sales and After-Sales Services (2)

- The Group's branches actively organized trade fairs and participated in various local trade fairs in China to strengthen ties with end customers.

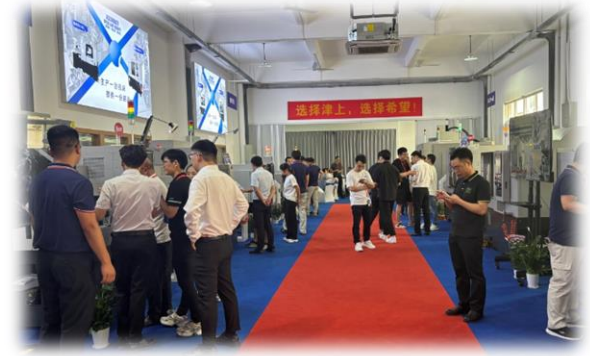
Branch Trade Fairs



Pinghu Plant Trade Fair in June



South China Trade Fair in August

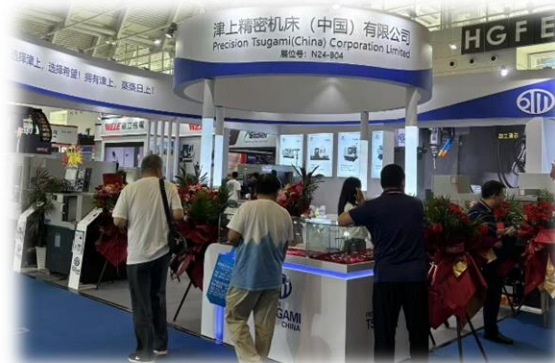


Ningbo Branch Trade Fair in September

Domestic Trade Fairs



Chongqing Lijia International Intelligent Equipment Fair in May



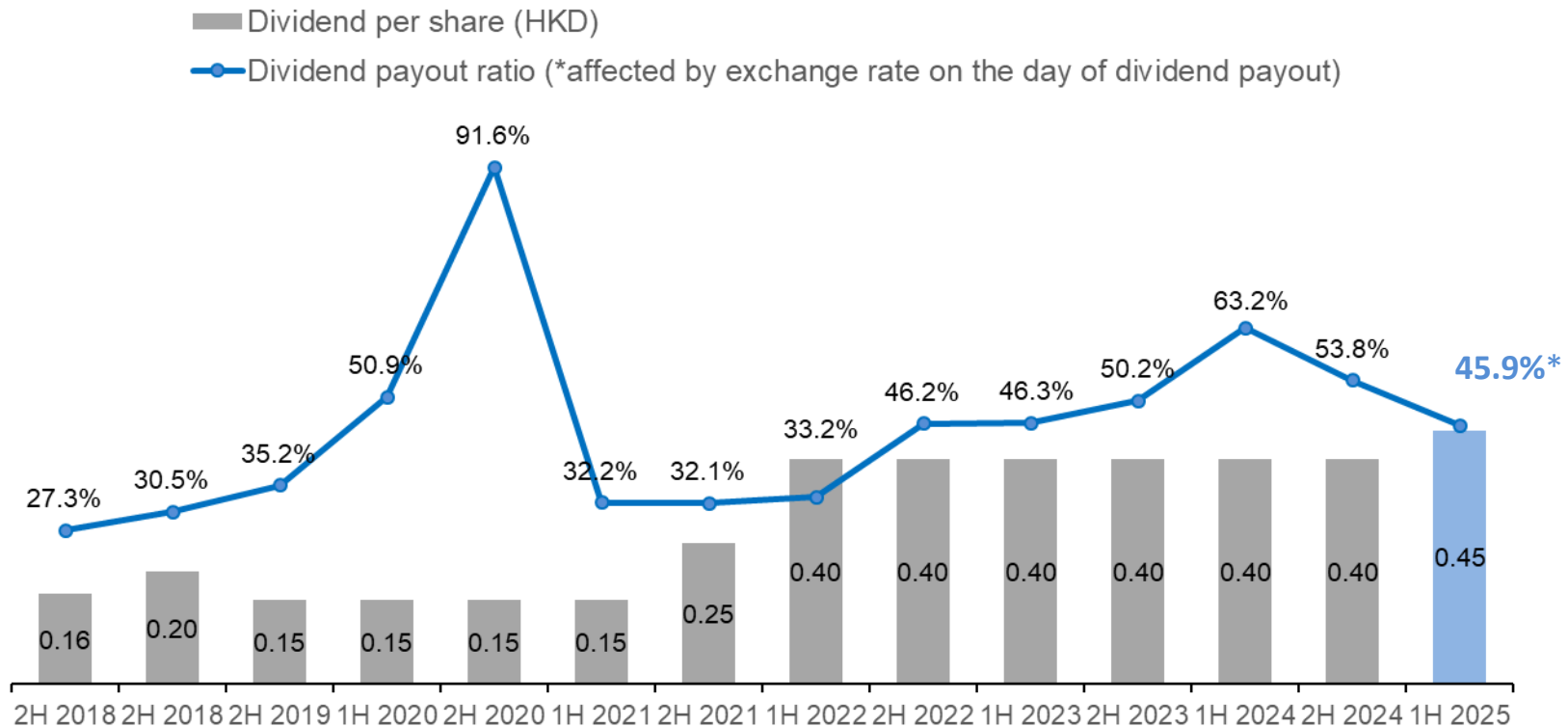
CMES Tianjin International Machine Tool Exhibition in August



China (Pinghu) International Machine Tool Fair in September

2.4 Interim Dividend

- A dividend of HK\$0.45 per share will be distributed for the first half of FY2025, the highest interim dividend since listing. The Company has distributed dividends of HK\$4.06 per share since listing;
- The Company is committed to increasing sales revenue, expanding market share and generating investment returns for shareholders through organic growth.



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Appendix

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September

No.	(RMB'000)	FY2023 Interim	FY2024 Interim	FY2025 Interim
1	Income	2,200,360	1,494,386	1,978,056
2	Cost of sales	(1,666,262)	(1,080,309)	(1,343,113)
3	Gross profit	534,098	414,077	634,943
4	Other income and gains	42,815	49,056	36,460
5	Selling and distribution expenses	(75,672)	(76,062)	(93,057)
6	Administrative expenses	(54,660)	(54,207)	(85,633)
7	Impairment on financial assets, net	571	1,326	(70)
8	Other expenses	(4,306)	(7,545)	(750)
9	Finance costs	(70)	(606)	(402)
10	Profit before tax	442,776	326,039	491,491
11	Income tax expense	(142,083)	(104,781)	(151,455)
12	Total comprehensive income for the period	300,693	221,258	340,036
13	Earnings per share attributable to ordinary equity holders of the parent (RMB)	0.79	0.58	0.90

Appendix II. Consolidated Statement of Financial Position

No.	(RMB'000)	FY2024 Interim	FY2024	FY2025 Interim
1	Property, plant and equipment	563,555	567,773	573,213
2	Right-of-use assets	73,248	71,262	70,106
3	Intangible assets	5,229	5,475	6,512
4	Equity investments designated at fair value through other comprehensive income	3,775	3,775	3,775
5	Deferred tax assets	24,723	20,932	25,413
6	Total non-current assets	670,530	669,217	679,019
7	Inventories	883,526	857,075	968,719
8	Trade and notes receivables	738,106	981,537	1,141,877
9	Prepayments, other receivables and other assets	19,534	13,343	16,832
11	Cash and bank balances	1,071,934	1,111,063	948,520
12	Total current assets	2,713,100	2,963,018	3,075,948
13	Total assets	3,383,630	3,632,235	3,754,967
14	Trade and notes payables	393,577	533,783	459,253
15	Other payables and accruals	187,637	189,754	163,097
16	Tax payable	66,742	73,492	78,138
17	Lease liabilities	2,258	2,184	2,001
18	Provisions	7,371	6,995	8,927
19	Total current liabilities	657,585	806,208	711,416
20	Lease liabilities	2,441	1,902	1,682
21	Deferred tax liabilities	84,439	91,280	111,679
22	Deferred income	15,994	18,099	17,349
23	Other long-term liabilities	13,142	13,157	12,617
24	Total non-current liabilities	116,016	124,438	143,327
25	Total liabilities	773,601	930,646	854,743
26	Issued capital	319,836	319,836	319,626
27	Treasury shares	-	(27,431)	(31,141)
28	Reserves	2,290,193	2,409,184	2,611,739
29	Total equity	2,610,029	2,701,589	2,900,224
30	Liabilities + Total Equity	3,383,630	3,632,235	3,754,967

Appendix III. Consolidated Cash Flow Statement

No.	(RMB'000)	FY2023 Interim	FY2024 Interim	FY2025 Interim
	Cash flows from operating activities			
1	Profit before tax	442,776	326,039	491,491
	Adjustments for :			
2	Finance costs	70	606	402
3	Interest income	(5,875)	(15,841)	(7,326)
4	Provision for/ (reversal of) trade receivables and impairment loss	(285)	(270)	310
5	Provision for/ (reversal of) impairment of prepayments, other receivables and other assets	(5)	(2)	1
6	Provision of/ (reversal for) impairment of financial assets at fair value through other comprehensive income	(281)	(1,054)	(241)
7	Losses from disposal of items of property, plant and equipment	296	63	33
8	Depreciation of property, plant and equipment	28,867	26,909	25,704
9	Reversal of provision for inventory write-down	(216)	(304)	(1,614)
10	Depreciation of right of use assets	2,304	2,168	2,492
11	Amortization of intangible assets	693	663	785
12	Equity-settled share based payment	-	-	2,790
13	Adjusted profit before tax	468,344	338,977	514,827
14	(Increase)/ decrease in inventories	(35,204)	171,969	(110,030)
15	(Increase)/ decrease in trade and notes receivables	66,447	81,110	(160,409)
16	(Increase)/ decrease/ in prepayments, other receivables and other assets	(5,587)	223	(3,490)
17	(Decrease) in trade and notes payables	(116,958)	(233,096)	(74,530)
18	Increase/ (decrease) in other payables and accruals	(6,434)	12,903	(1,129)
19	Increase/ (decrease) in other liabilities	1,200	1,042	(540)
20	Increase/ (decrease) in contract liabilities	(91,654)	8,262	(25,528)
21	Decrease in deferred income	(424)	(424)	(750)
22	Increase/ (decrease) in provisions	(7)	(2,303)	1,932
23	Cash generated from operating activities	286,233	378,663	140,353
24	Income taxes paid	(122,554)	(100,986)	(130,891)
25	Net cash flows from operating activities	163,679	277,677	9,462

Appendix III. Consolidated Cash Flow Statement (Cont'd)

No.	(RMB'000)	FY2023 Interim	FY2024 Interim	FY2025 Interim
	Cash flows from investing activities			
26	Interest received	5,875	15,841	7,326
27	Purchases of items of property, plant and equipment	(16,798)	(54,704)	(31,466)
28	Purchase of equity investments designated at fair value through other comprehensive income	(2,800)	(975)	-
29	Proceeds from disposal of items of property, plant and equipment	623	166	289
30	Purchase of intangible assets	(318)	(748)	(1,822)
31	Withdrawal of time deposits with original maturity of more than three months	-	495,500	388,000
32	Investment in time deposits with original maturity of more than three months	-	(578,000)	(115,073)
		(13,418)	(122,920)	247,254
	Cash flows from financing activities			
33	Repurchase of ordinary shares	-	-	(5,819)
34	Dividend paid	(131,633)	(140,122)	(138,372)
35	Interest paid	(70)	(606)	(402)
36	Principal portion of lease payments	(1,321)	(2,167)	(1,739)
37	Net cash flows used in financing activities	(155,118)	(142,895)	(146,332)
38	Net increase/ (decrease) in cash and cash equivalents	(4,857)	11,862	110,384
39	Cash and cash equivalents at the beginning of the period	555,433	638,572	678,007
40	Cash and cash equivalents at the end of the period	550,576	650,434	788,391

Q&A Session