



Taiwan Tea Corp. 2023

QIC Taiwan CEO Week

November | Taipei

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Executive Summary

Established in 1950, Taiwan Tea (2913 TT) is dedicated to four major business lines:

- 1 Tea cultivation, tea leaf, and tea product manufacturing, and marketing
- 2 Agriculture tourism
- 3 Land asset operation outsourcing
- 4 Land Development

In 2019, Mr. Wu, Ching-yuan was elected as the Chairman of Taiwan Tea. He initiated a series of margin improvement plans to turn TTC profitable.

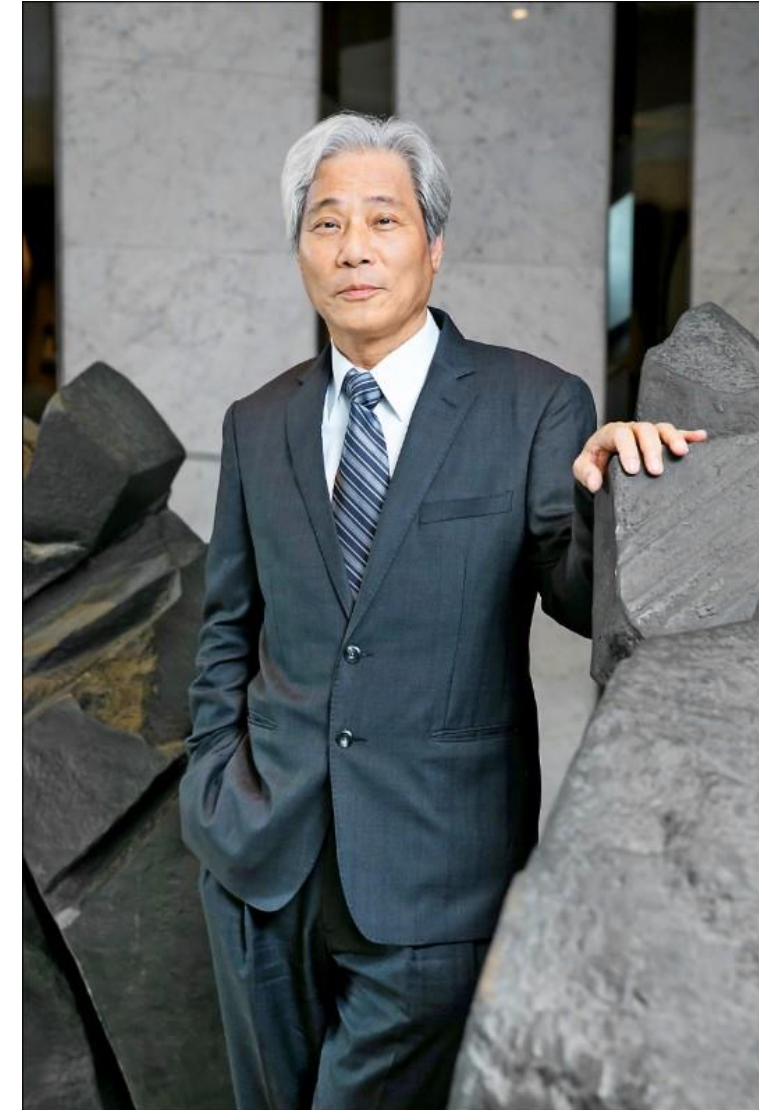
TTC is the 2nd largest landowner in Taiwan with land assets of 3,747 ha, the current market cap is US \$560 mn (2023/3/24). 2022 revenue was NT\$ 377mn.



Taiwan Tea also leverages its tea garden and tea culture to develop a tourism business. At the same time, the management team actively reviews its own land assets for further development and collaboration, to create sustainable revenue and profit.

Strong Leadership- Chairman: Wu, Ching-Yuan

- ✦ Chairman Wu graduated from the National Taipei University of Technology and holds an associate degree in Mechanical engineering, he also holds a Master's Degree in architecture and urban Planning from Chung Hua University.
- ✦ Mr. Wu was elected to be the Chairman in 2019 and was re-elected in 2022. He is now promoting corporate transformation and margin improvement.
- ✦ Chairman Wu spent 9 years to reform Sanyang Motor and led the company to achieve record high revenue and margin. Meanwhile, Chairman Wu will keep introducing the successful experience of Sanyang Motor and make TTC profitable in the shortest time.
- ✦ Under his leadership, Taiwan Tea's 2022 revenue grew 26% versus 2019 and the revenue has grown four years in a row.



TTC' s Way to Success

Core Business

Maintain and strengthen TTC' s leading position in the tea market in Taiwan.

Taiwan Tea' s tea leaf production reaches 500 tons/ year, accounting for 3% of the total production of Taiwan.

Tourism

Leveraging tea plantations and land in the beautiful mountainous areas with great potential for tourism and leisure and become a solid second revenue and profit stream.

Margin Improvement

Under the new management team' s observation and operation, to achieve the goal of sustainability and margin improvement, TTC will reform part of its tea and recreational business.

Land Assets

The land capital of Taiwan Tea should be utilized properly. With continuous revitalization and reinvestment, to maximize the value of the land.

Tea Production



Photo Credit: <https://ezgm.coa.gov.tw/zh-TW/Front/News/Detail/1279>

Tea Garden & Factories

三義茶廠、銅鑼茶廠 SANYI、TONGLUO TEA FACTORY

Area: 4.5 ha

Cultivars: Oriental Beauty Tea



老埤農場 LAUPI TEA FARM

Area: 717 ha

(Tea Garden Approx. 150ha)

Cultivars: TTES No. 8, No. 12, No. 17, No. 18,
No. 20 Chin-Shin Da Pan and Shi-Ji-Chun
(Four Season)



熊空茶廠、大寮茶文館 XIONGKONG TEA GARDEN

Area: 3 ha

Cultivars: Organic Green Tea, black tea



魚池茶廠、日月老茶廠 ANTIQUE ASSAM TEA FARM

Area: 20 ha

Cultivars: TTES No. 8, No. 18, No. 21



鹿篙咖啡莊園 LUGAO COFFEE GARDEN

Coffee Garden field: 13 ha

Local Specialty: Sun Moon Lake Coffee



First Smart Tea Garden in Taiwan

Micro-Weather Management

We set up 6 micro-weather stations and soil moisture sensors to monitor the parameters of plant growth, and to analyze the best conditions for cultivation.

Precision Irrigation

Applying precision irrigation technology developed by Netafim. With 14,000 drip holes per hectare covering over 94% of the planting area, we managed to save 70% of irrigation water and 50% of fertilizer.

Big Data Management

We applied 3 platforms to collect big data:

- 1) Smart Agri-management Platform(SAMP) for product traceability
- 2) Dispatching App to monitor the productivity of each production unit
- 3) Plant doctor App to monitor the entire process of cultivation.

Organic and High Quality

We started our organic plantation in 2003. TTC pledged to produce our tea leaves at the highest safety and highest quality standards. We also use biodegradable bioplastic for our product packaging.

Tourist Farm



Recreational Business Highlights

DALIAO
HISTORICAL HOUSE



2.7 ha

DAXI TEA FACTORY



9.8 ha

TONGLUO TEA
FACTORY



15.9 ha

ANTIQUE ASSAM
TEA FARM



3.7 ha

LUGAO COFFEE
GARDEN



7.5 ha

Recreation Operating Revenue (Unit: NT\$Thousand)	2023 First Quarter	2022 First Quarter	YoY Change	YoY Change(%)
Daliao Historical House	1,733	1,437	296	21%
Daxi Tea Factory	21,993	24,195	(2,202)	-9%
Tongluo Tea Factory	12,188	12,142	46	0%
Antique Tea Factory	46,201	48,693	(2,492)	-5%
Lugao Coffee Garden	23,484	24,799	(1,315)	-5%



Margin Improvement

Margin Improvement

NT \$ mn	2017	2018	2019	2020	2021	2022	2023 First Quarter
Revenue	2,252	254	299	312	369	377	290
Gross Profit	740	116	121	125	118	165	102
Operating Profit	386	-173	-169	-148	-182	-155	-99

- Since the high operating costs of Taiwan Tea's tea cultivation and recreational tourism business are unfavorable to the company's profit, Chairman Wu has decided to make Taiwan Tea profitable in a short period of time, turning it into a sustainable enterprise.
 - Taiwan Tea will suspend its capacity expansion plan and turn 200+ ha of its tea garden into solar power plants in Miaoli, Nantou, and Pingtung.
 - To improve the operation efficiency and reduce the operating cost, Taiwan Tea will outsource the operation of its tourist farms gradually. Xiongkong Tea Garden will be the first outsourced tourist farm and the rest will be planned based on its operation result.
- The two plans above will be implemented in the next three to five years, turning Taiwan Tea into profit-making in the shortest period.



Land Development

Land Development - Selected Cases



Commercial Park



TTC Sanyi Industrial/Commercial Park

- In 2022, acquired feasibility planning approval
- In 2023, acquired project development approval
- In 2023, acquired approval of the Environmental Impact Assessment Committee



Industrial Park



Northern Miaoli Tongluo Industrial Park

- In 2021, acquired feasibility planning approval
- In 2023, under the review of the regional development committee
- In 2023, under the review of the Environmental Impact Assessment Team



Residential Project



Miaoli Tongluo Residential Project

- In 2014, acquired development permission
- In 2019, completed water conservation and land preparation
- In 2019, completed revising the land functional zone



Shopping Mall/Hotel



Miaoli Tongluo Industrial / Commercial Park

- In 2014, acquired development permission
- In 2019, completed water conservation and land preparation
- In 2019, completed revising the land functional zone

Development Process



- ✓ Professional Consulting
- ✓ Potential Cases Selection
- ✓ Financial Investment



Land Development

Increase asset value

📋 Land asset vitalization has been our main goal since 2007

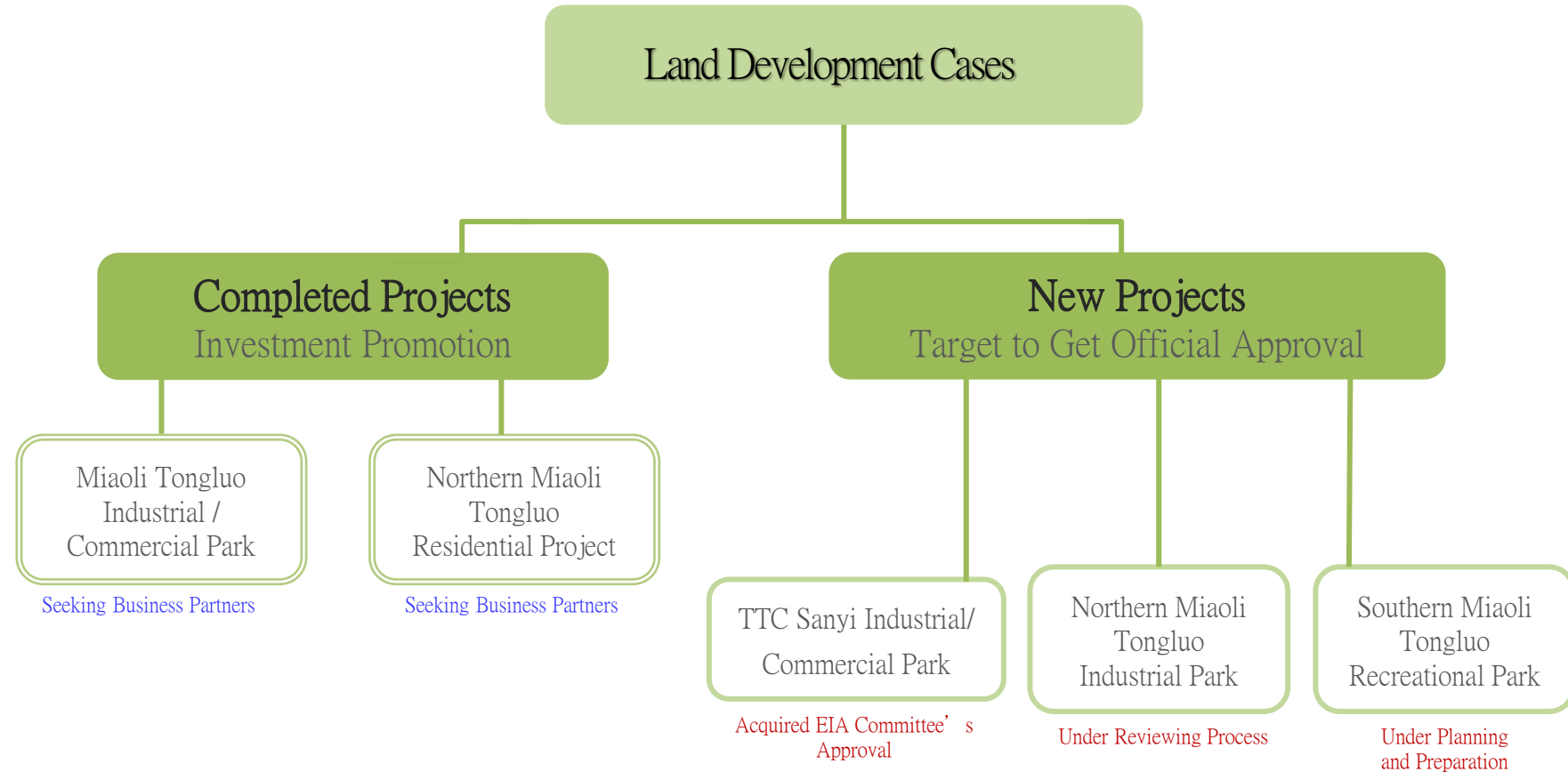
📋 Developed large land cases step into constructing and operating phases

📋 Collaborate with financial partners for the projects completed changing of land category

Land Development Strategy

To Increase Asset Value

- Revitalize land assets and evaluate the potential profit of each project
- Initiate promising development projects in accordance with the government's land policy
- Collaborate with financial partners for the projects completed changing of land category

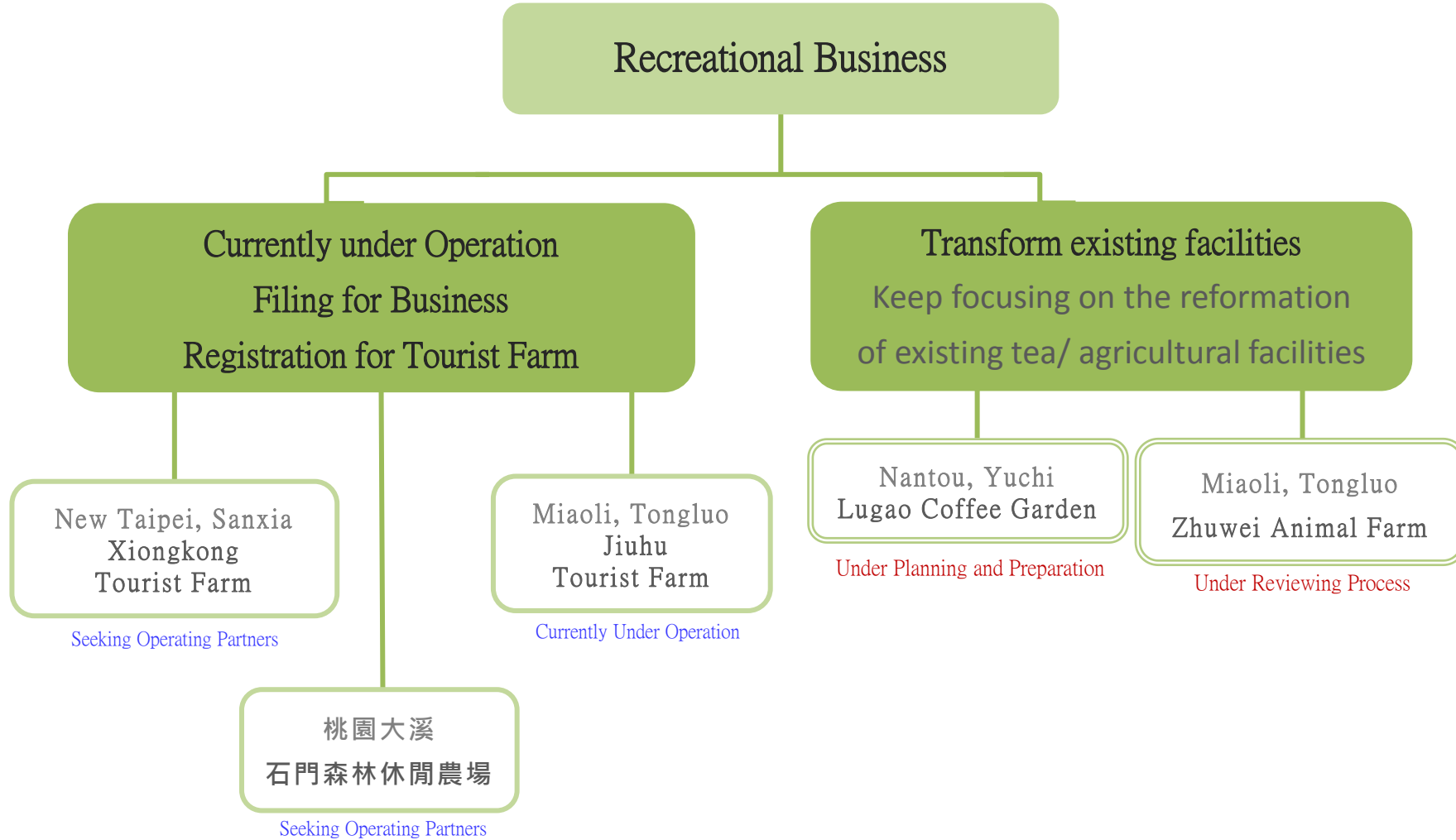


Recreational Business Strategy

Completed Projects
Investment Promotion

Develop Recreational Business

- Develop and expand the tea tourism business
- Transform existing agricultural facilities into tourist farm
- Build up well well-organized agriculture tourism business



Taiwan Tea Corp. ESG



ESG: Resource Protection & Reduction



- 6 micro weather stations
- 70% reduction in water usage
- 50% reduction in fertilizer usage
- Water storage facilities to reduce groundwater extraction during drought conditions



- 475 hectares of afforestation
- Protection of old-growth forest
- 20+ endemic animals sighted on company properties



- 538 kW of rooftop solar
- 688 MWh of electricity production annually
- NT\$180k per annum electricity reduction by LED light replacements
- High-efficiency gas boiler upgrade



- Since 2014, most tea bags, threads, and labels are made from biodegradable materials at a higher cost

Global Recognition on ESG Performance



Sustainalytics Score

- 13.5 Sustainalytics score
- Ranked 2nd out of 181 in industry by Sustainalytics



International Certification

- ISO22000 & HACCP International food safety certification
- Requires TQF, HACCP, ISO, BRC, and FSC certification from the supplier



Quality Assurance

- Passed 473 pesticide residue inspection
- Certified organic products
- 99.2% of products passed SGS inspection



Diversity & Equality

- 53% male, 47% female workforce
- 1:1.2 female-to-male pay ratio at the supervisor level
- 1:1.02 female to male pay ratio at non-supervisor level



Sustainability Funds

- Inclusion in DFA Emerging Markets Social Core Equity Portfolio
- Inclusion in DFA Emerging Markets Sustainability Core 1 Portfolio

Financials



Historical Cash Dividend 2018-22



NT \$ MN	2018	2019	2020	2021	2022
Net Income	\$-42	\$-146	\$-17	\$-1,122	\$-1,635
Cash Dividend	\$237	\$0	\$0	\$0	\$0
DPS (NT\$/share)	\$0.30	\$0.00	\$0.00	\$0.00	\$0.00
Cash Yield(%) ⁽¹⁾	1.9%	0.0%	0.0%	0.0%	0.0%
Payout Ratio(%)	-	0%	0%	0%	0%

Ex-div Date

2019/8/23

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Source:TEJ, Capital IQ

Note 1 : Stock price based on the closing price the day before the Ex-div date

5-Year Income Statement



NT\$ Million	2019	2020	2021	2022	2023 First Quarter	YoY (%)				
						2019	2020	2021	2022	2023 First Quarter
Sales Revenue	299	312	369	377	290	17.6	4.3	18	2.2	1.8
Gross Profit	121	125	118	165	102	4.5	3.1	-5.6	40	-20
Operating Profit	-169	-148	-182	-155	-99	-	-	-	-	-
Income Before Tax	-173	-33	-1,135	-1,614	-159	-	-	-	-	-
Net Income to Parent	-146	-17	-1,122	-1,635	-156	-	-	-	-	-
EPS(NT\$)	-0.18	-0.02	-1.42	-2.07	-0.20	-	-	-	-	-

Key Financial Ratio (%)					
Gross Margin	40.4	40.0	32	44	35
Operating Margin	(56.5)	(47.3)	(50)	(41)	(34)
Opex Ratio	96.9	87.3	82	85	69
Net Margin	(48.8)	(5.6)	(304)	(434)	(54)

5-Year Balance Sheet



NT\$ MN						YoY (%)				
	2019	2020	2021	2022	2023 First Quarter	2019	2020	2021	2022	2023 First Quarter
TOTAL ASSETS	24,596	25,098	24,249	21,850	21,641	1.0	2.0	(3.4)	(9.9)	(10.5)
Cash	125	176	215	239	102	(32.6)	40.5	22.2	11.1	(4.2)
NR & AR	19	18	38	33	43	19.9	(5.5)	111.1	(13.1)	37.6
Inventory	885	895	902	946	949	7.6	1.2	0.8	4.8	1.1
Fixed Assets	6,092	6,504	6,693	6,250	6,317	1.2	6.8	2.9	(6.6)	(2.2)
TOTAL LIABILITIES	8,832	9,306	9,572	8,864	8,811	7.7	5.4	2.9	(7.4)	(8.6)
Bank Loans	5,396	5,923	6,253	5,549	5,054	16.3	9.8	5.6	(11.3)	(19.5)
NP & AP	13	16	37	14	13	(28.2)	19.6	131.3	(62)	2.1
TOTAL EQUITY	15,764	15,792	14,678	12,986	12,830	(2.4)	0.2	7.1	(11.5)	(11.8)
A/R das	20.7	21.1	26.7	33.5	47.6					
Inventory days	1,749.5	1,736.3	1,304	1,659	1,834					
A/P days	32.4	28.3	38.0	43.5	25.9					
ROE(%)	(0.9)	(0.1)	(7.4)	(11.8)	(1.2)					
ROA(%)	(0.6)	(0.1)	(4.3)	(6.7)	(0.4)					

Q&A





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THANK YOU