

*Automation for Better Life*



# **Hollysys Automation Technologies Ltd.**

*Investors Presentation*

*FY2023Q4*

## Safe Harbor

This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact included herein are "forward-looking statements," including statements regarding the ability of the Company to achieve its commercial objectives; the business strategy, plans and objectives of the Company; growth in financial and operational performance of the Company; and any other statements of non-historical information. These forward-looking statements are often identified by the use of forward-looking terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "target," "confident," or similar expressions involve known and unknown risks and uncertainties. Such forward-looking statements, based upon the current beliefs and expectations of Hollysys' management, are subject to risks and uncertainties, which could cause actual results to differ from the forward-looking statements. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. Investors should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including those discussed in the Company's reports that are filed with the Securities and Exchange Commission and available on its website (<http://www.sec.gov>). All forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these factors. Other than as required under the securities laws, the Company does not assume a duty to update these forward-looking statements.

\* All \$ amounts in this presentation are in USD unless otherwise noted.

# Corporation Overview

## Market Data

- NASDAQ: HOLI
- Approximately 62MM shares outstanding

## History

- Founded in 1993
- The leading provider of automation & control technologies in China

## Operation

- Headquartered in Beijing
- Facilities in Hangzhou and Xi'an
- Worldwide subsidiaries and offices in Singapore, Dubai, Malaysia, India, etc.

## Offerings

- Proprietary technologies and products tailored to Industrial and Railway Transportation

## Headcounts

- 5,000+ employees worldwide
- 3,200+ in R&D & Engineering

# Agenda

**1 Business Overview**

**2 Industrial Automation**

**3 Rail Transportation**

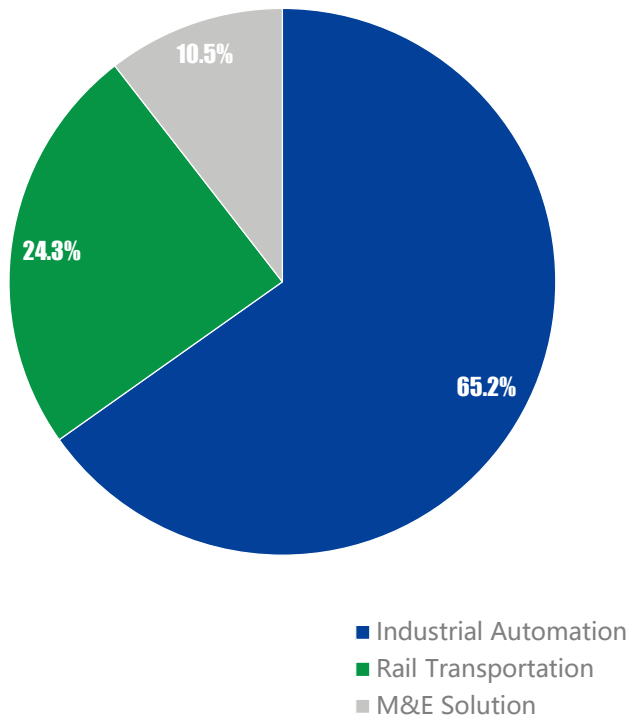
**4 Overseas**

**5 Management & Market Leadership Position**

**6 Financials**

# Business Overview

Revenue Contribution of FY2023



## Industrial Automation:

- Intelligent plant automation solution;
- DCS, PLC, MC, SCADA, MES and etc.



## Rail Transportation:

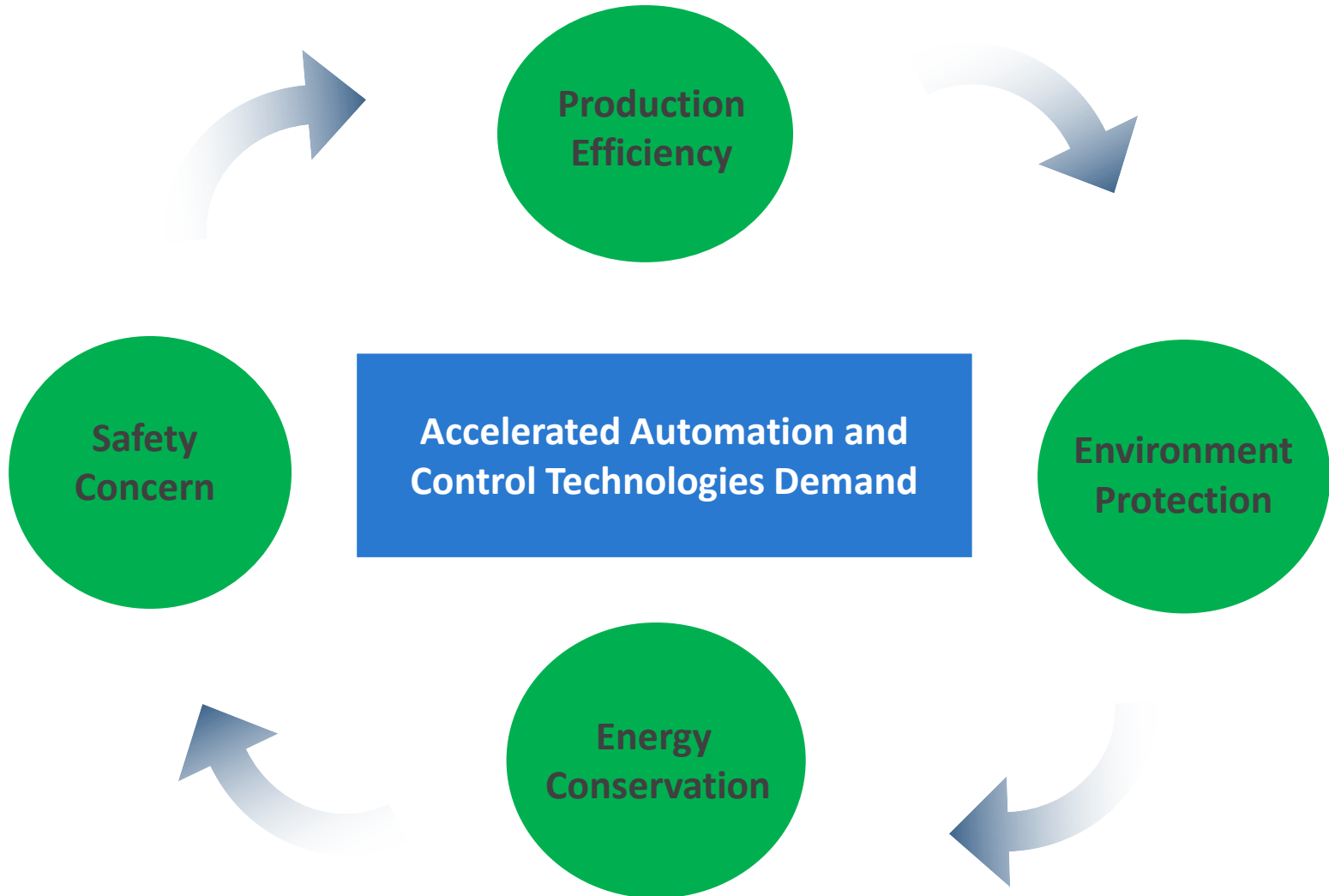
- High-speed rail signaling system: ATP, TCC, and etc.
- Subway SCADA and CBTC



## Mechanical & Electrical Solution and others:

- Design, electrification and engineering service
- Other businesses

# Industrial Automation Growth Drivers



# Industrial Automation – Process Control



## Plant Automation Solution

- **Offering:**

Proprietary technologies in solution, design, manufacture, Integration and installation.

- **Products:**

DCS, Batch, MES (Manufacturing Execution System), AMS (Asset Management System), SIS (Safety Instrumentation System), etc.

- **Track record:**

More than 45,000 projects completed.

- **Clients:**

23,000+ customers, including SOEs, Multinationals, and SMEs.

- **Competitors:**

ABB, Siemens, Emerson, Honeywell, Supcon

# Distributed Control System

## Supervision

Eyes



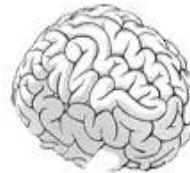
**Instrumentation**

On-Site

Electronic  
Signal

## Control

Brain



**DCS**



Control  
Room

Electronic  
Signal

## Execution

Hands

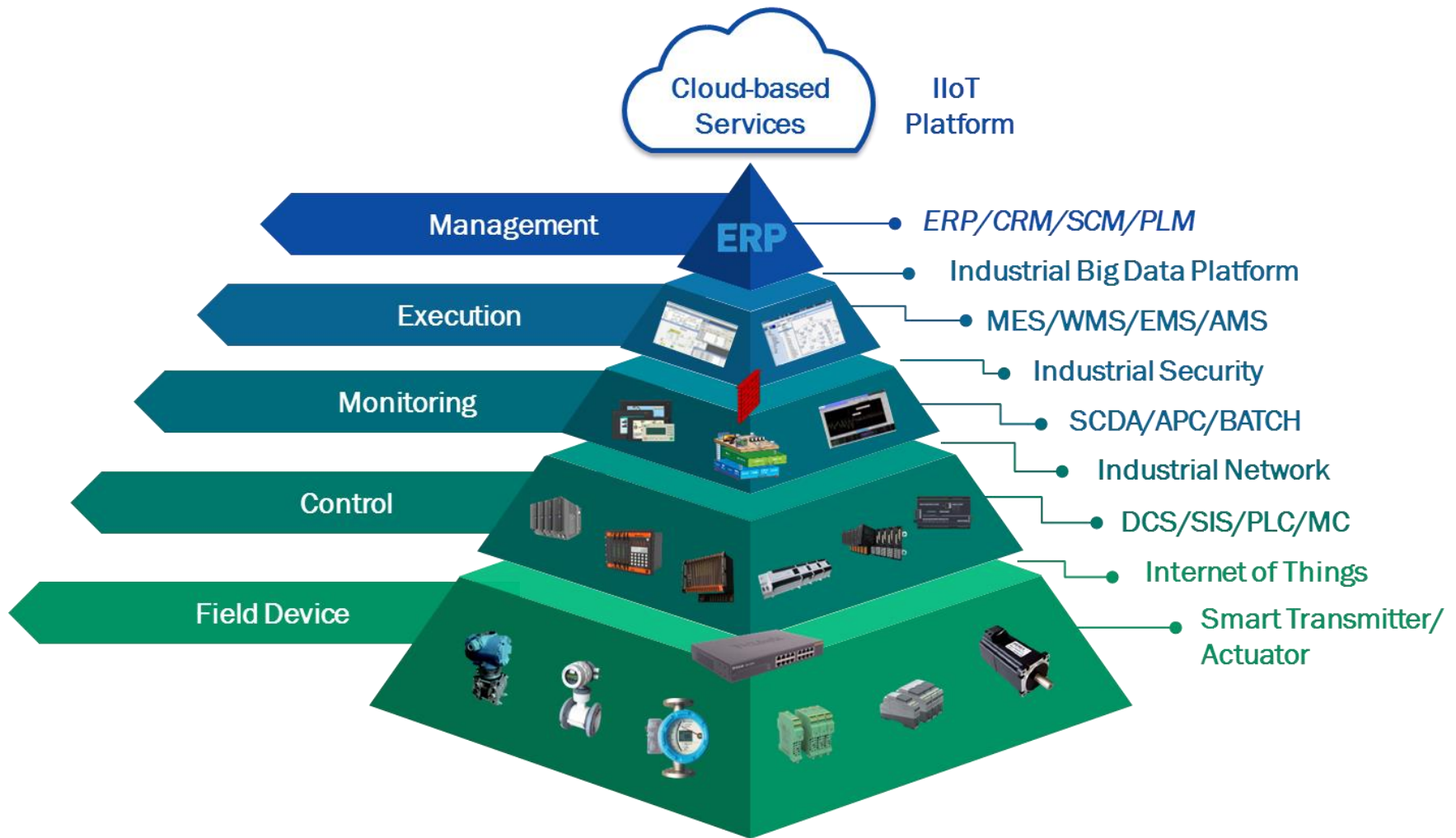


**Actuator**

On-Site



# Industrial Total Solution



# Industrial Automation - Discrete Control

## PLC, MC and SCADA

### City Transportation and Sewage Treatment



- Supply intergrate solution of city transportation and sewage treatment, including SCADA, LE PLC, LK PLC etc.
- Major player
- Plenty of successful completed projects

### Coal Mining



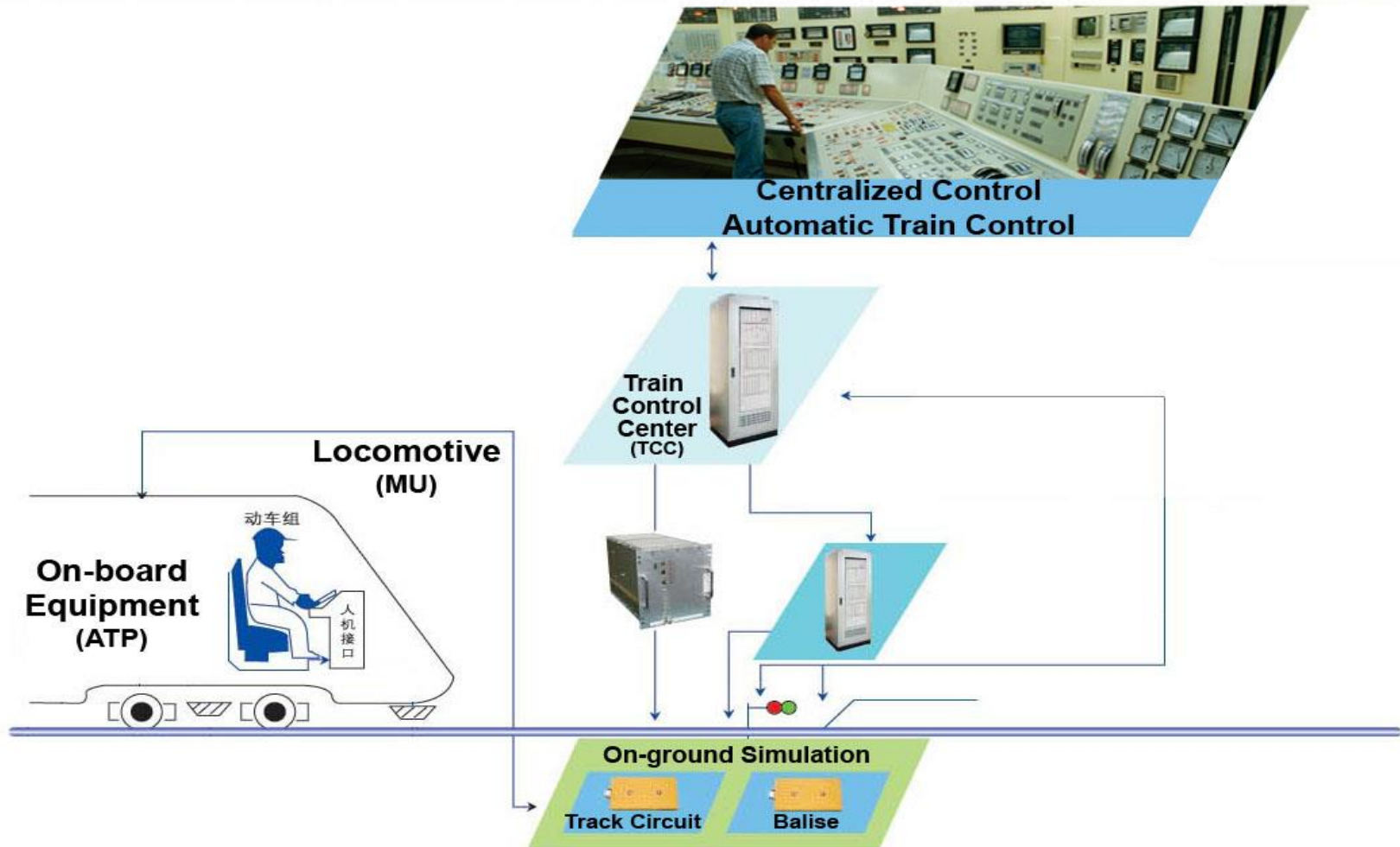
- Provide control application in coal mining industry, as well as intrinsic safety device
- JV with Shenhua Group

### Machine Control



- MC1000 motion coordinator and LK/LE PLC control servo or stepper motors, up to 32 Axes.
- Build-in Industry Ethernet : EtherCAT, RTEX, Ethernet/IP
- Safety: IEC61508 SIL2 Certification
- Security: Achillies Level 1 Certification

# High-speed Rail – Signaling System



# High-speed Rail – Business Overview

## High-speed Rail Signaling System



- HSR signaling products: ATP , TCC, LEU and etc.

- In China:

- Market Position:

- ✓ one of the main providers in 300-350km/h segment;
    - ✓ one of the main providers in 200-250km/h segment,

**Competitors:** China Railway Signal & Communication Corp (CRSC), Academy of Railway Science, Zhuzhou CRRC

- Overseas:

- Market Position: First international contract win from Hong Kong MTR for HongKong-Shenzhen High-speed rail line
  - Competitors: Bombardier, Siemens, Ansaldo, Hitachi.

# Subway Automation – Business Overview

## Signaling System



### ■ Clients:

China and international subway construction authorities

### ■ Market position:

One of the key proprietary subway signaling system provider

### ■ Competitors:

Siemens, Alstom, Thales

## SCADA



### ■ Clients:

Beijing, Shenzhen, Guangzhou, Hong Kong MTR

### ■ Market position:

The leading SCADA (Supervisory Control and Data Acquisition) system supplier

### ■ Competitor:

Nanjing Automation Research Institute (NARI)

# Market Leadership Position

- 23,000+ customers
- 45,000 projects
- Customer base
- Industry leading automation and control brand name

- JV with China General Nuclear Power Holding Corp
- JV with Shen Hua Group
- Successful integration of rail team
- Acquisition of Concord and Bond



- Early entry to high-speed rail
- Early entry to nuclear
- Re-focusing in industrial automation
- Increasing R&D investment

- Wide range of core technologies
- Various industry expert solutions
- 3,200+ R&D & Engineers



# State of the Art Production Line

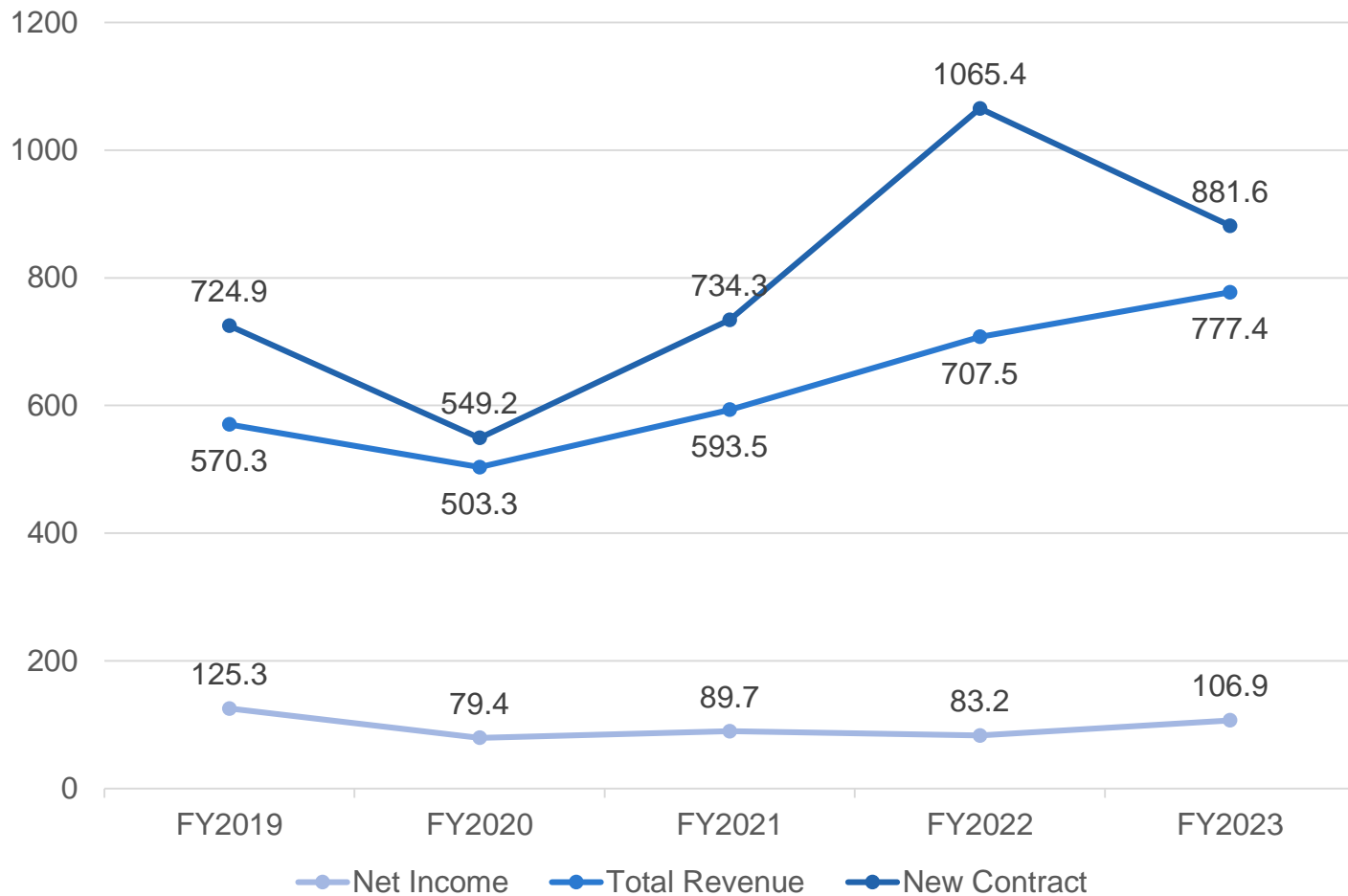
## In-house Production



- State of the art production line
- Almost fully automated production process
- Multiple rounds of precise testing
- Flexible and efficient in house production for different demand

## FINANCIAL SUMMARY

IN US\$ MILLION

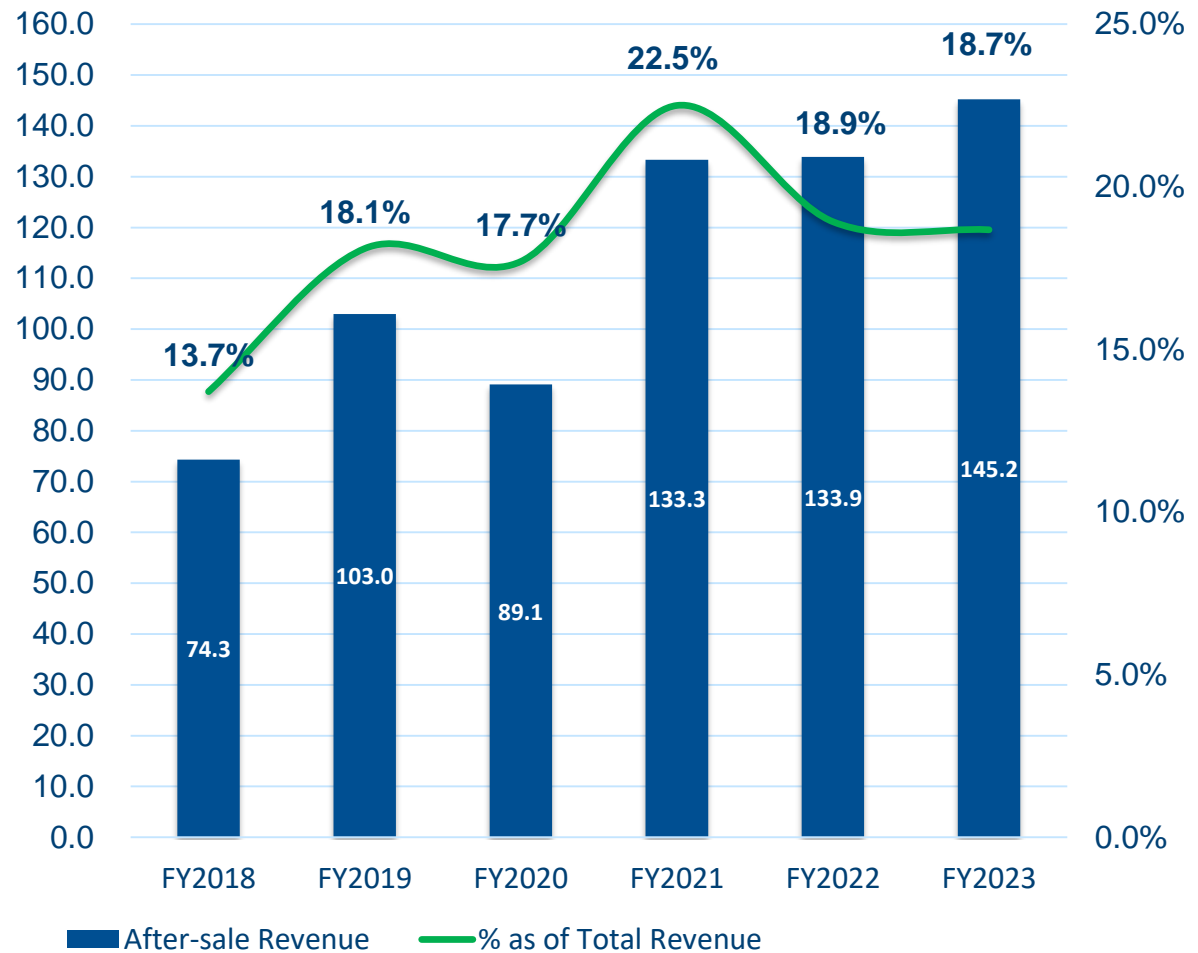




## National Spread Service Network, Professional & High Quality Service

### After-sale Revenue

*In US\$ million*



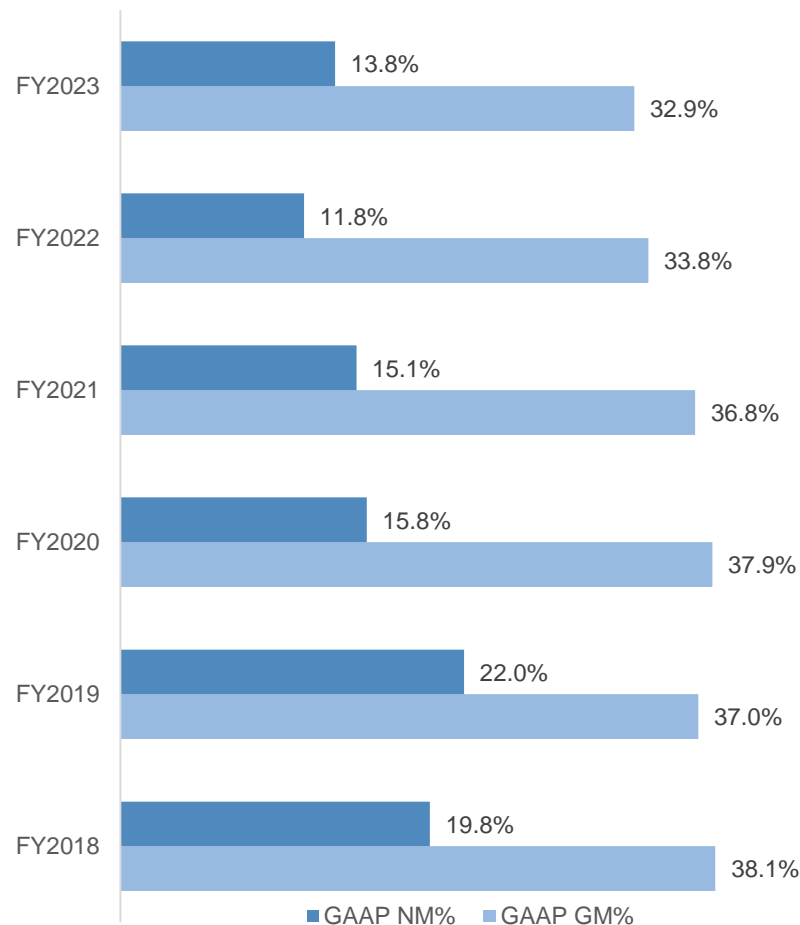
Note: After-sale revenue is calculated as product sales revenue plus service rendered revenue.

## Gross Margin & Net Margin Performance

### Gross Margin of Each Business Sector

<b>Industrial Automation</b>	Total Solution	30% - 35%
<b>Rail Transportation</b>	High-speed Rail Signaling	40% - 50%
	Subway SCADA	10% - 20%
<b>M&amp;E Solution and others</b>	Design, electrification, installation	10%- 15%

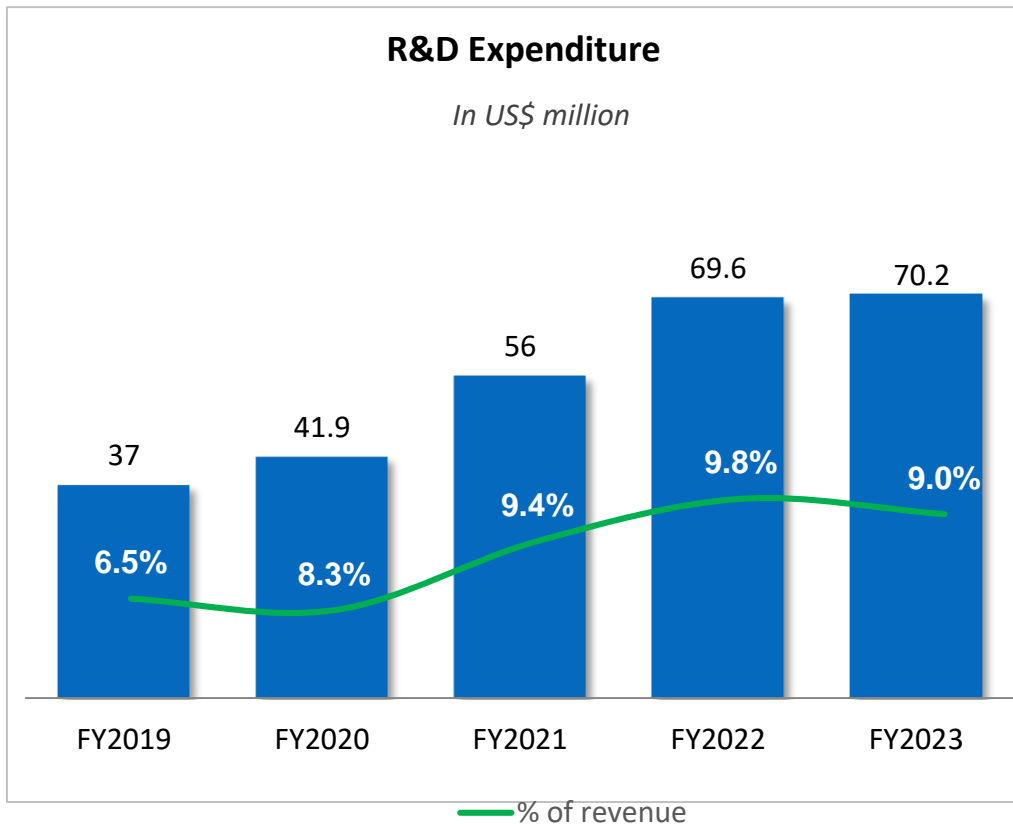
### GAAP Gross Margin & Net Margin



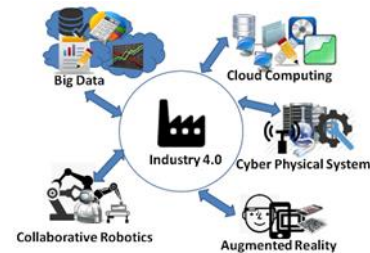
# Heavy R&D Investment to Continuously Deliver Leading Technologies

## R&D Expenditure

*In US\$ million*



## New Products Development



**Industrial Internet of Things (IIOT)**



**Smart Factory**

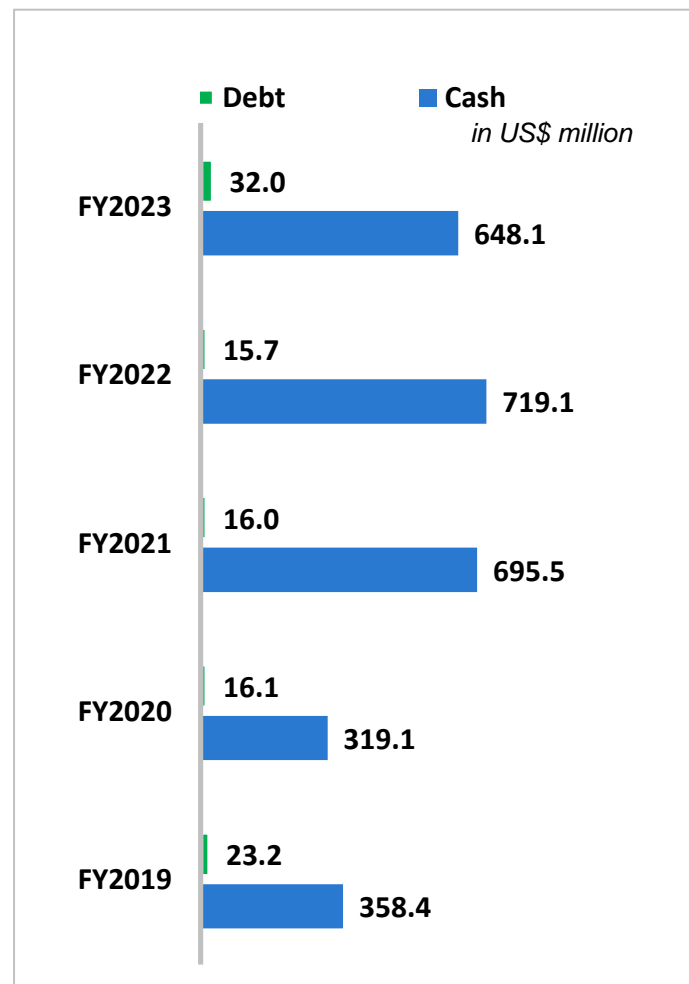
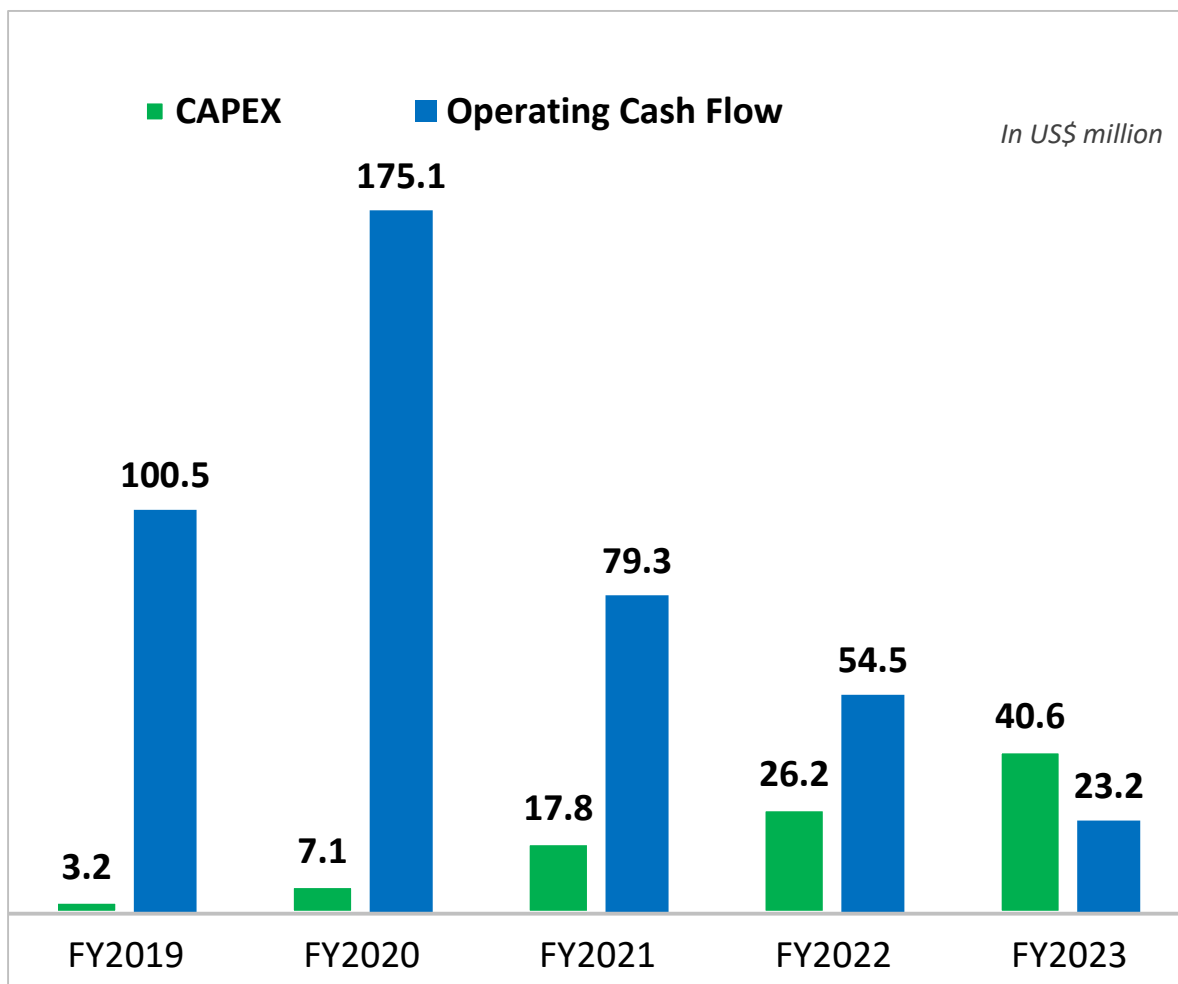


**Energy Conservation  
Environment Protection**



**Subway Signaling**

## Sufficient Cash On-hand & Solid Operating Cash Flow Performance



Note: CAPEX compiled from items in cash flow statement including purchase of and proceeds from disposal of PP&E.

Cash refers to cash and cash equivalents + current and non-current restricted cash.

Debt refers to current portion of long-term loans + short-term bank loans + long-term loans

# Backlog Performance

In US\$ million



# Intelligence for Excellence

**Striving to be a world leading automation and control system provider**

## Macro Enviroment

- Demographic Change, shortage of labor
- Environmental protection
- Urbanization Process of China
- Customer's buying behavior change



## Strategy

- Automation solutions to offset labor cost increase
- Dedicated customized solutions for energy conservation and efficiency improvment
- Leading position in China's high-speed rail and subway automation control market
- Customer- centric approach, enlarge service team and enhance service capabilities

***Intelligence for Excellence***

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