Hollysys Automation Technologies Ltd.

Investors Presentation

May 2019

Safe Harbor

This presentation may contain forward-looking statements within the meaning of the private securities litigation reform act of 1995. Forward looking statements are statements that are not historical facts. 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. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: business conditions in China; continued compliance with government regulations; legislation or regulatory environments, requirements or changes adversely affecting the businesses in which Hollysys is engaged; cessation or changes in government incentive programs: potential trade barriers affecting international expansion; fluctuations in customer demand; management of transitions to new markets; intensity of competition from or introduction of new and superior products by other providers of automation and control system technology; timing, approval and market acceptance of new product introductions; as well as other relevant risks detailed in Hollysys' filings with the securities and exchange commission. The information set forth herein should be read in light of such risks. Hollysys does not assume any obligation to update the information contained in this presentation or filings.

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

Corporation Overview

Market Data	▪ NASDAQ: HOLI ▪ Approximately 60MM shares outstanding
History	▪ Founded in 1993 ▪ The leading provider of automation & control technologies in China
Operation	▪ Headquartered in Beijing ▪ Nationwide presence in 60 cities ▪ Worldwide subsidiaries and offices in Singapore, Dubai, Malaysia, India, etc.
Offerings	▪ Proprietary technologies and products tailored to Industrial, Rail, Subway and Nuclear Industries
Headcounts	▪ 3,000 employees worldwide ▪ 1400+ in R&D & Engineering

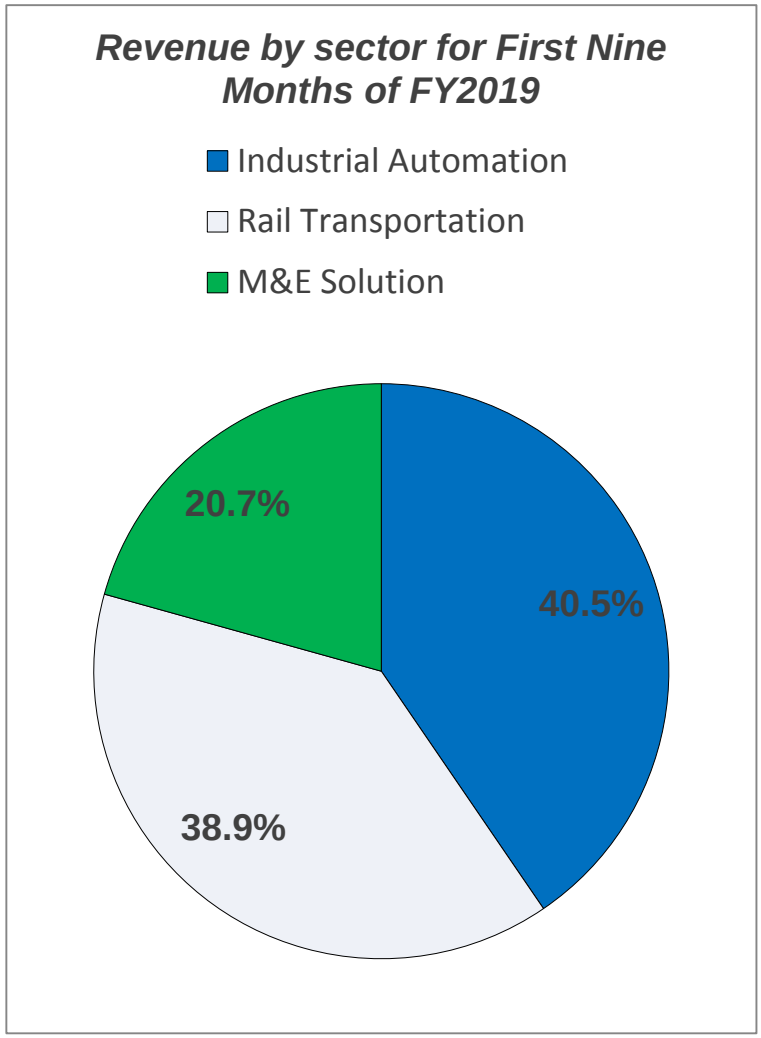
HollySys

Agenda

1. Business Overview
2. Industrial Automation
3. Rail Transportation
4. Overseas
5. Management & Market Leadership Position
6. Financials

HollySys

Business Overview



Industrial Automation:

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

Rail Transportation:

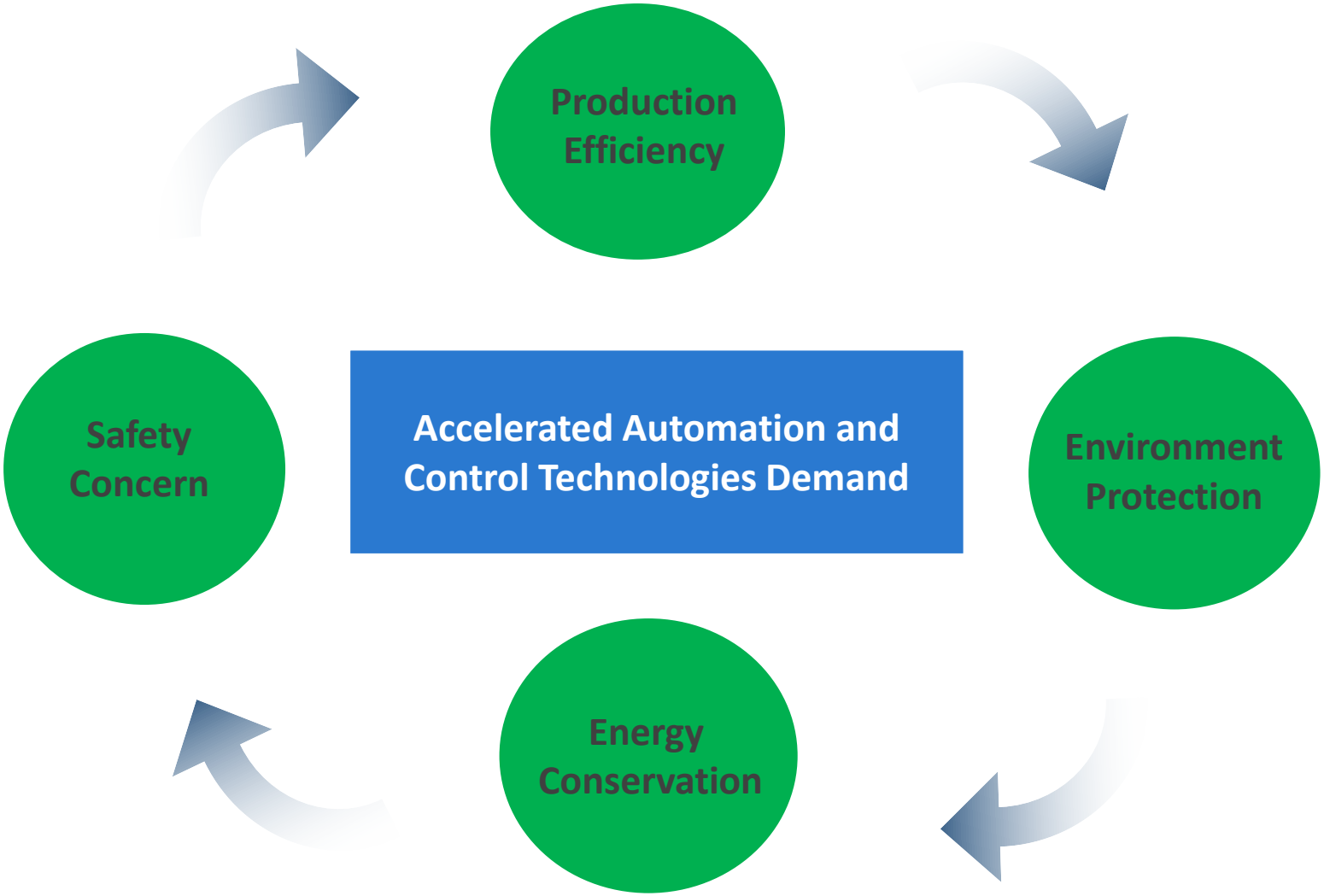
- High-speed rail signaling system: ATP, TCC, and etc.
- Subway SCADA and CBTC

Mechanical & Electrical Solution and others:

- Design, electrification and engineering service
- Other businesses

HollySys

Industrial Automation Growth Drivers



HollySys

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 25,000 projects completed.

- ***Clients:***

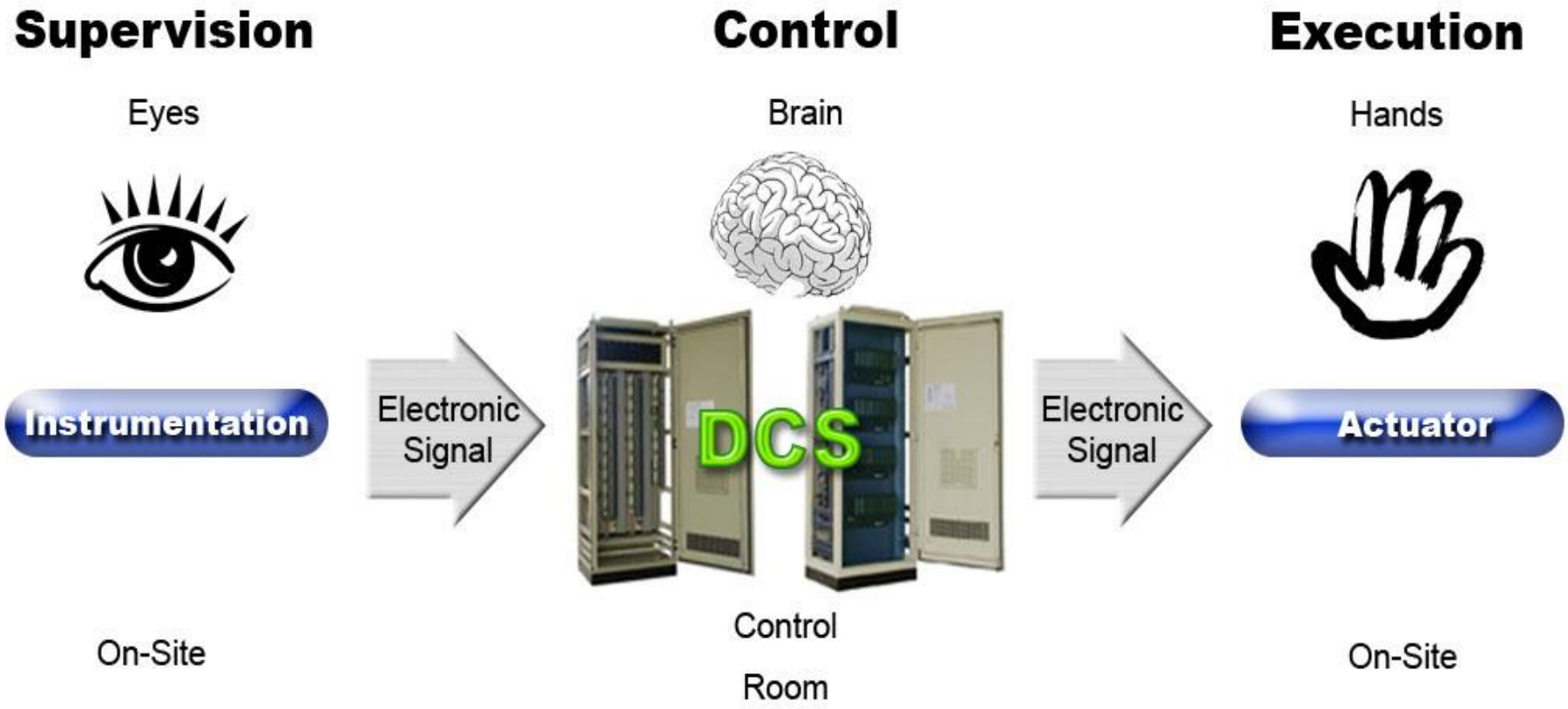
  15,000+ customers, including SOEs, Multinationals, and SMEs.

- ***Competitors:***

  ABB, Siemens, Emerson, Honeywell,Supcon

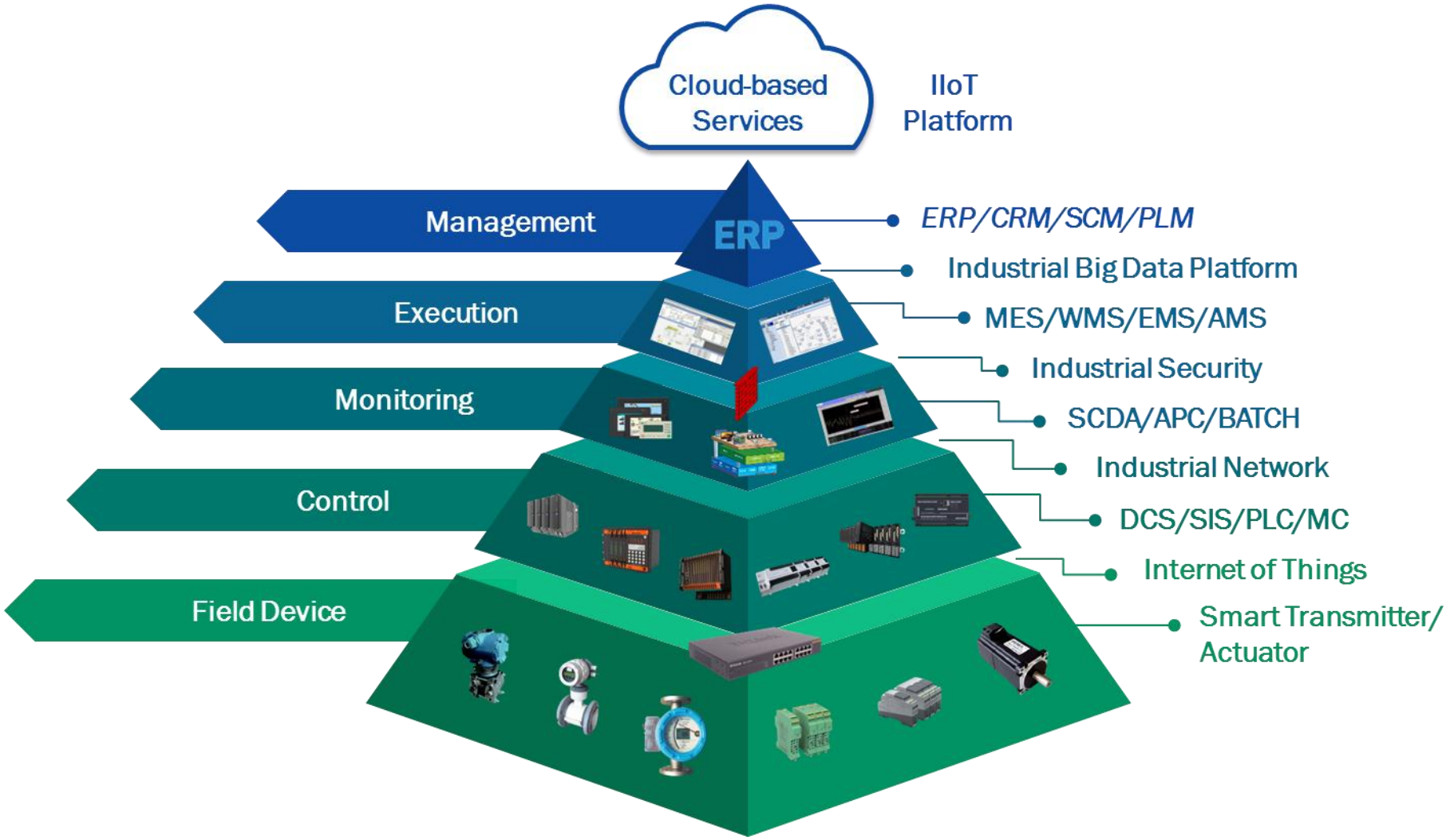
HollySys

Distributed Control System



HollySys

Industrial Total Solution



HollySys

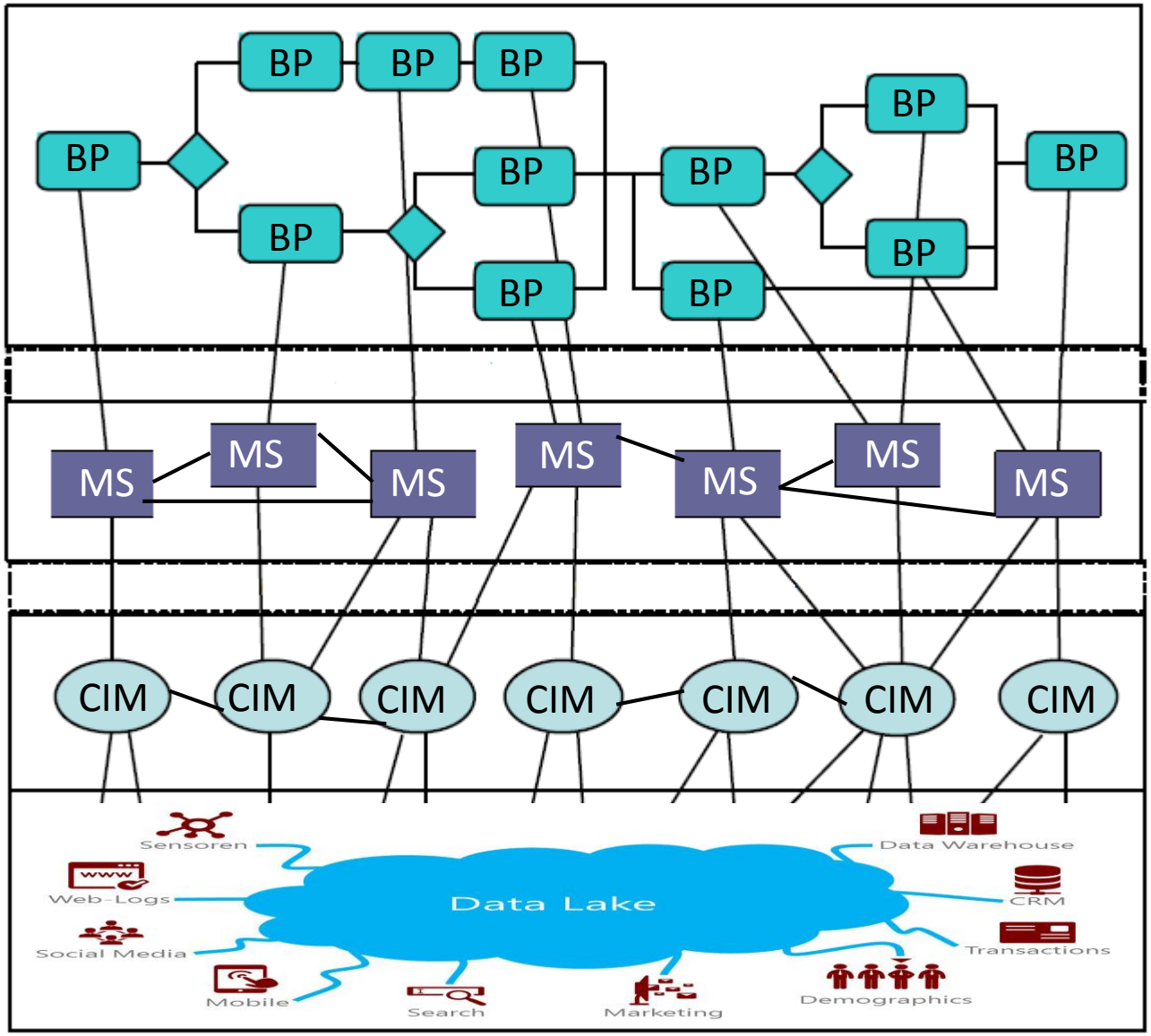
Industrial Internet of Things (IIOT)

Application

MicroService Pool

Model Reservoir

Data Lake



HollySys

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

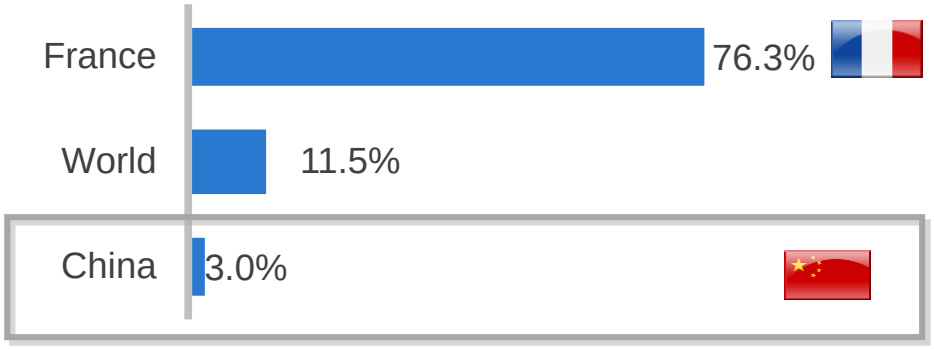
- Provide control application in coal mining industry, as well as intrinsic safety device
- JV with Shenhua Group

Machine Control

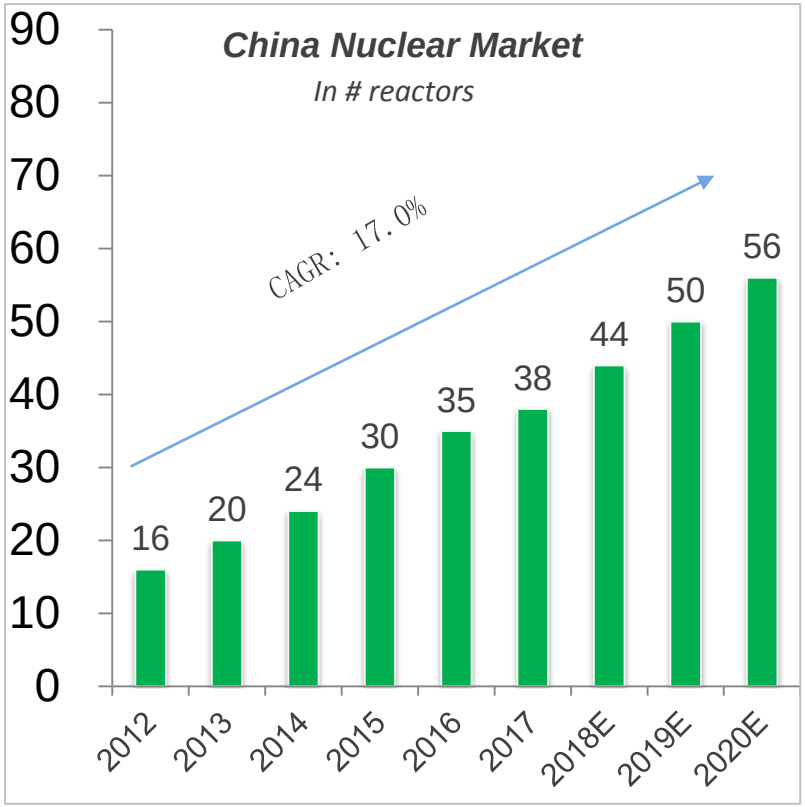
- MC1000 motion coordinator and LK/LE PLC control servo or stepper motors, up to 32 Axes.
- Build-in Industry Ethernet : EtherCAT, RTEX, Ethernet/IP
- Safety: IEC61508 SIL2 Certification
- Security: Achillies Level 1 Certification

HollySys

Industrial Automation – Nuclear Power Control



	Nuclear Electricity (TWh)	Total Electricity (TWh)	Nuclear Utilization (%)
France	419	549	76.3%
World	2,441	21,226	11.5 %
China	161.2	5,373	3.0 %



(As of July, 2018. Source: World Nuclear Association, IAEA)

HollySys

Nuclear Power – Business Overview

Offerings

- Proven proprietary nuclear power plant control systems and reactor protection system.
- Engineering design, procurement, integration, installation, support, and specialized services for the safe, reliable, and economical operation of the nuclear power plant

Market Position

- The only proven domestic company to supply control systems to nuclear power automation market in China
- J/V with the China's largest nuclear station operator: China General Nuclear Power Group (CGNPG)

Projects

- Qin Shan I/II/III, Da Yawan, Ling Ao, Tian Wan, Hong Yanhe, Ning De, Yang Jiang, Fang Cheng Gang, etc.

Competitors

- SIEMENS/AREVA/INVENSYS

HollySys

Industrial Automation – Competitive Advantages

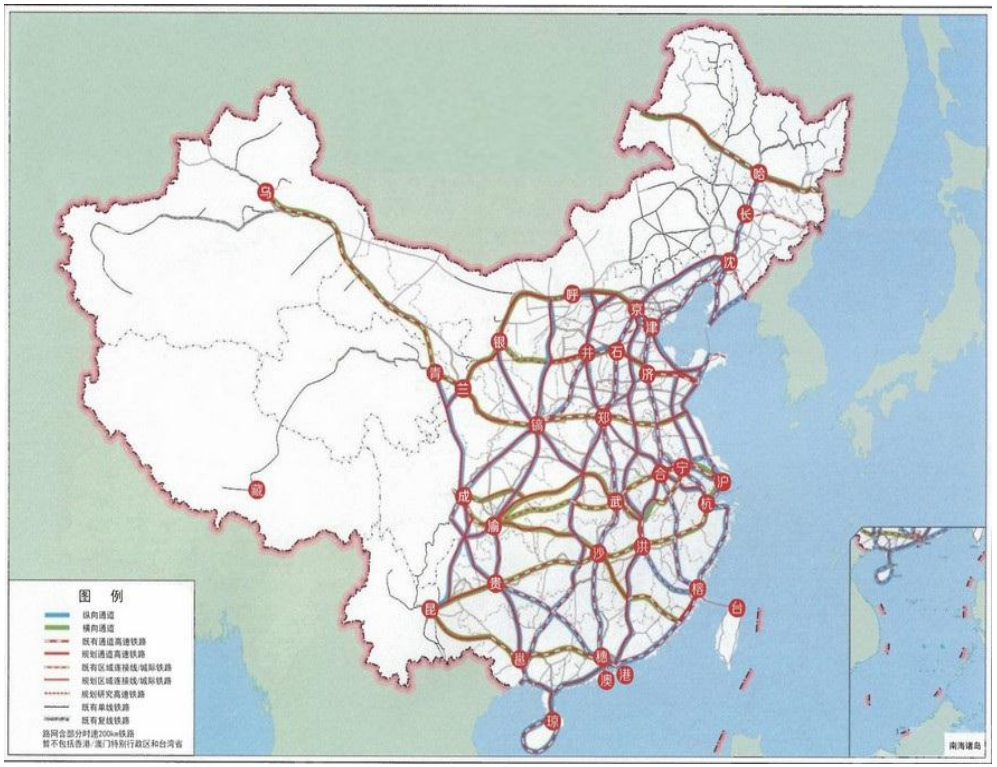
Items	HOLI	Multis	Local
Brand Name	★★	★★★	★
Pricing	★★★	★	★★★
Service	★★★	★★	★
Customization	★★★	★	★★
Quality	★★★	★★★	★★

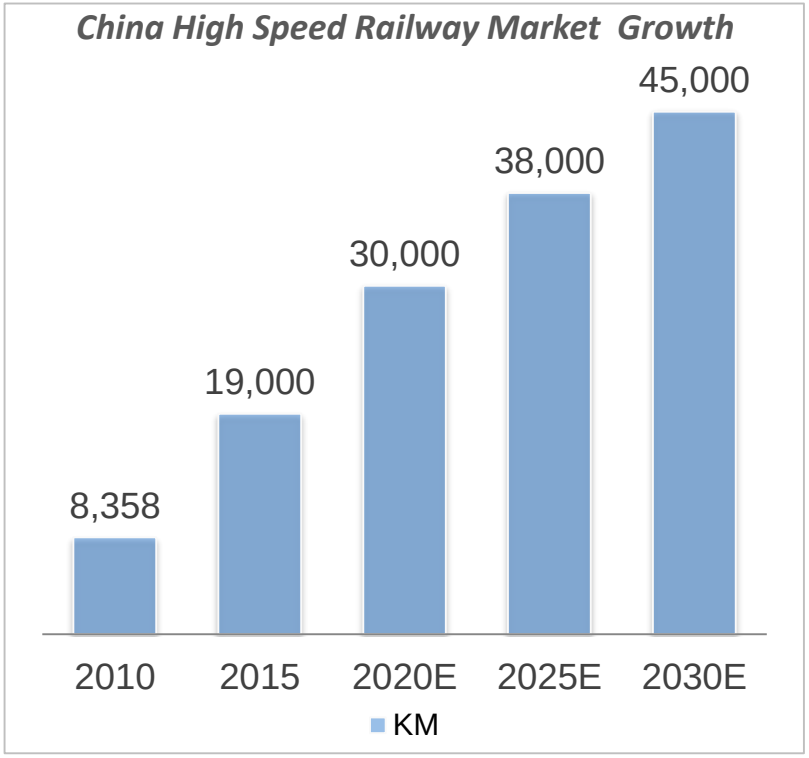
Advantages of Hollysys

- Industry leading brand name recognition through more than 20 years' operation.
- Continuous investment in R&D to deliver advanced technology.
- Extensive service network in more than 60 industrial cities across China, focusing on service and long-term client relationship.
- Cost structure advantage enables Hollysys deliver pricing competitive solution and products.

HollySys

High-speed Rail Market of China

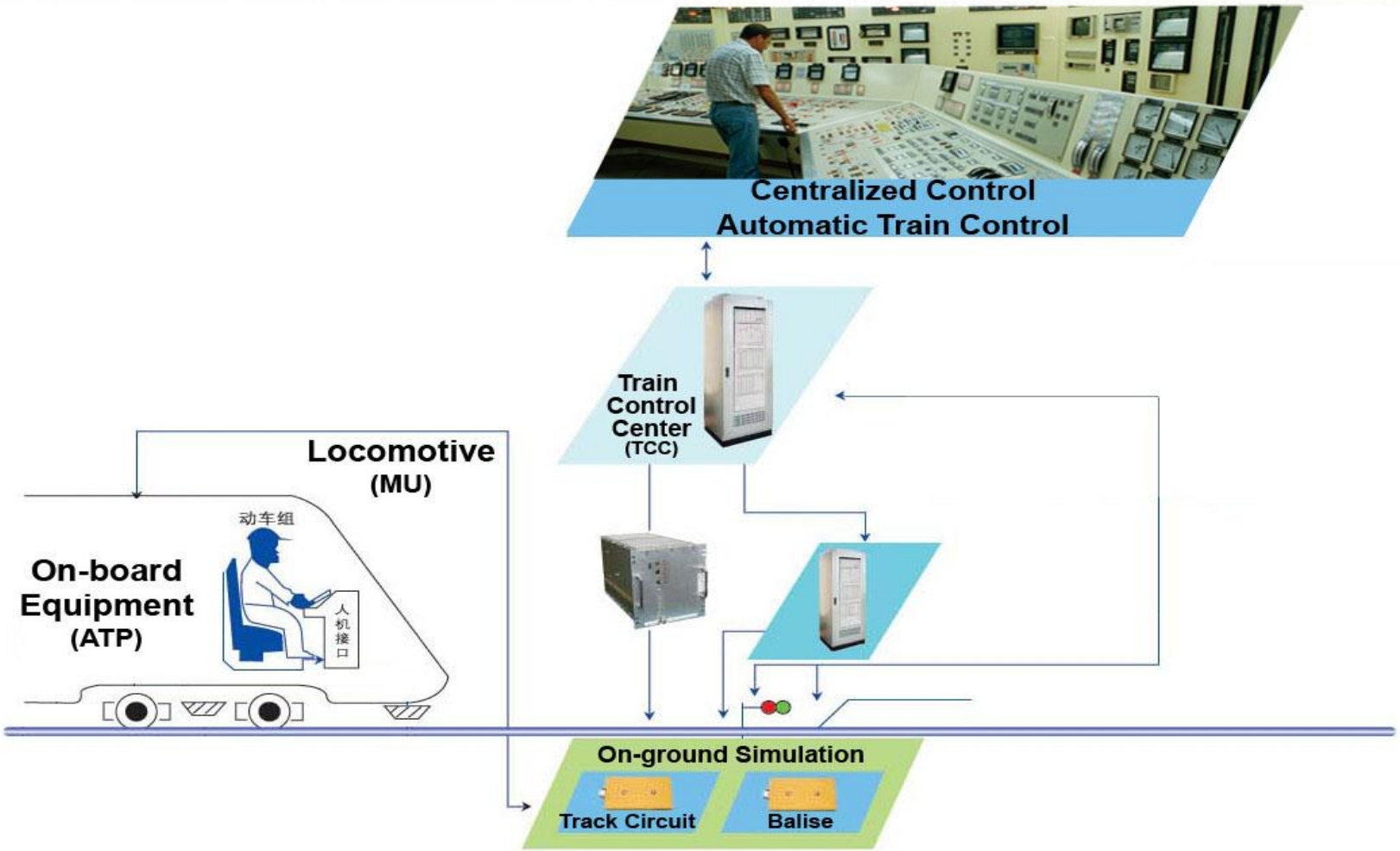




(As of July, 2016. Source: National Development and Reform Commission)

HollySys

High-speed Rail – Signaling System



High-speed Rail – Business Overview

High-speed Rail Signaling System

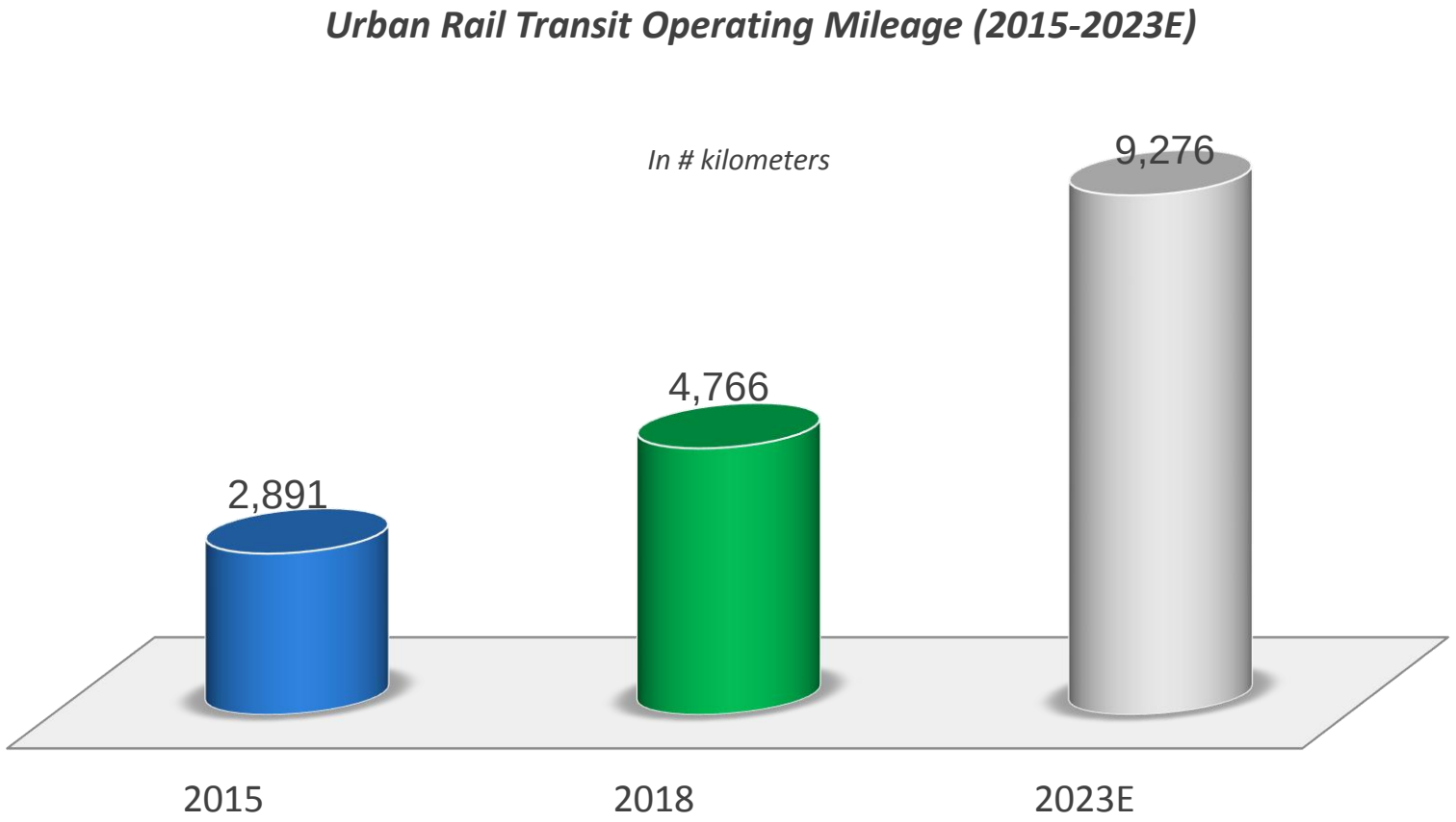
- **HSR signaling products:** ATP , TCC, LEU and etc.
- **In China:**
  - **Market Position:**
    - ✓ 1 of the only 3 approved providers in 300-350km/h segment;
    - ✓ 1 of the only 3 approved providers in 200-250km/h segment,

  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.

HollySys

China Subway Market



Source: CAMET, Frost & Sullivan

HollySys

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**:

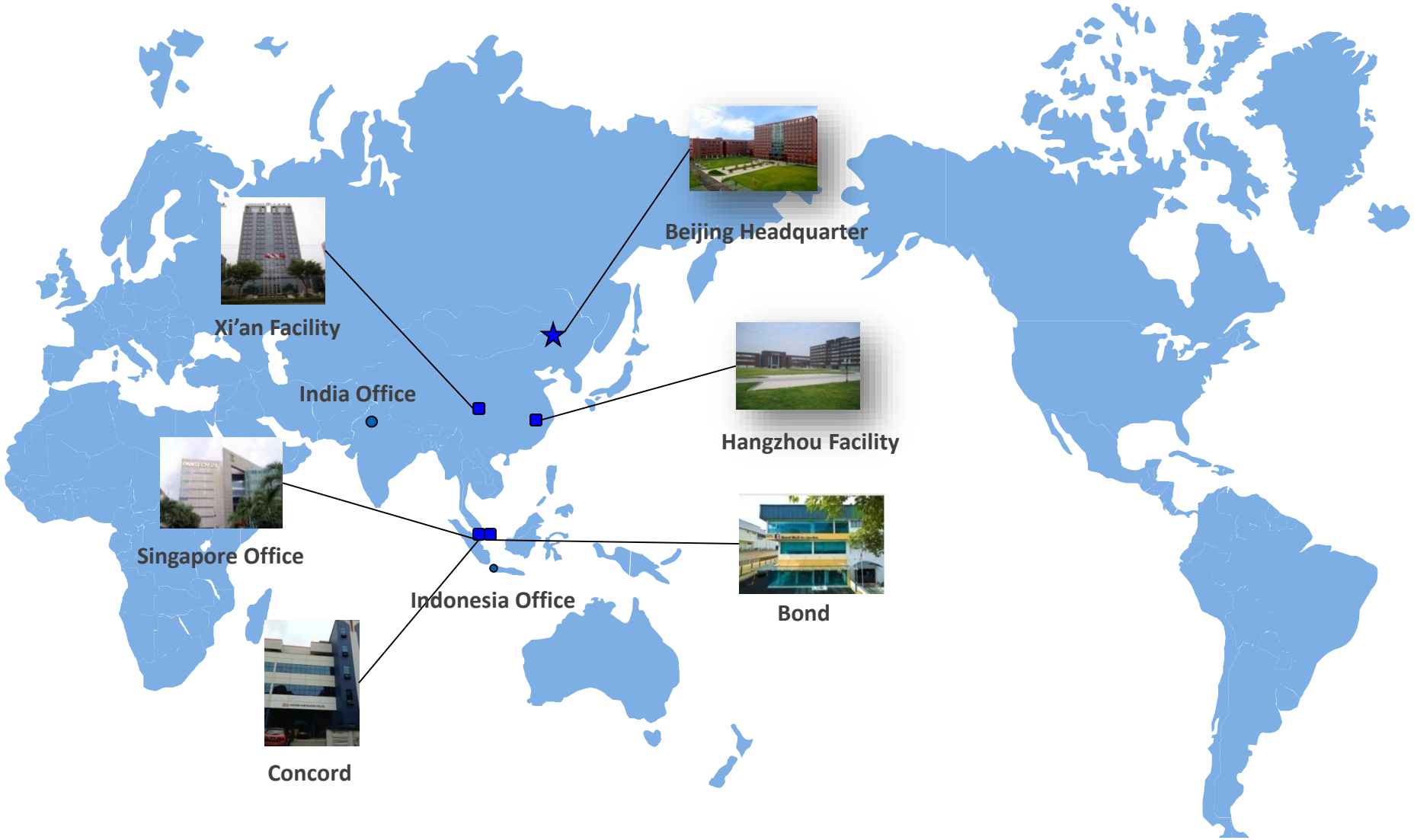
  The leading SCADA (Supervisory Control and Data Acquisition) system supplier

- **Competitor**:

  Nanjing Automation Research Institute (NARI)

HollySys

Internationalization Presence



HollySys

Hollysys Management Team

Name	Title	Working Years	Previous Experience
Mr. SHAO Baiqing	*CEO & Chairman*	25 years	• General Manager of Hollysys Group • Master of Computer Science from the 6th Research Institute of China Electronics Corporation and MBA from Peking University
Mr. WANG Steven	*CFO*	23 years	• Previously as Chief Financial Officer and Vice President of Xinhua Lian Investment Co., Ltd. • Previous experience at various managerial positions at Globe Specialty Metals Inc. and Zoomlion Heavy Industry Science & Technology Co.,Ltd. • MBA degree in Finance from the Wharton School, the University of Pennsylvania.

HollySys

Market Leadership Position

- 15,000+ customers
- 25,000 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
- 1400+ R&D & Engineers

HollySys

State of the Art Production Line

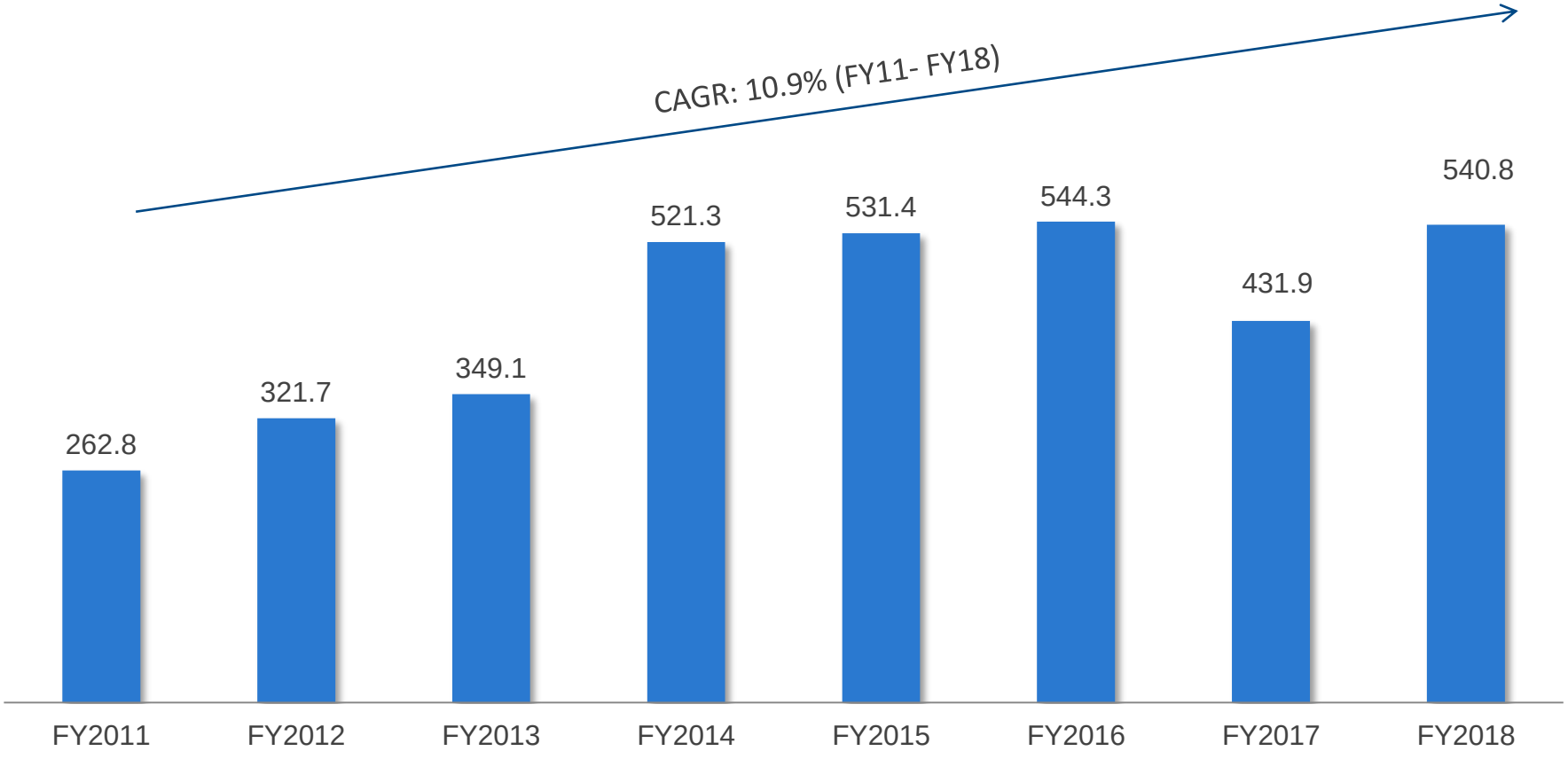
In-house Production

- 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

HollySys

Revenue by Fiscal Year

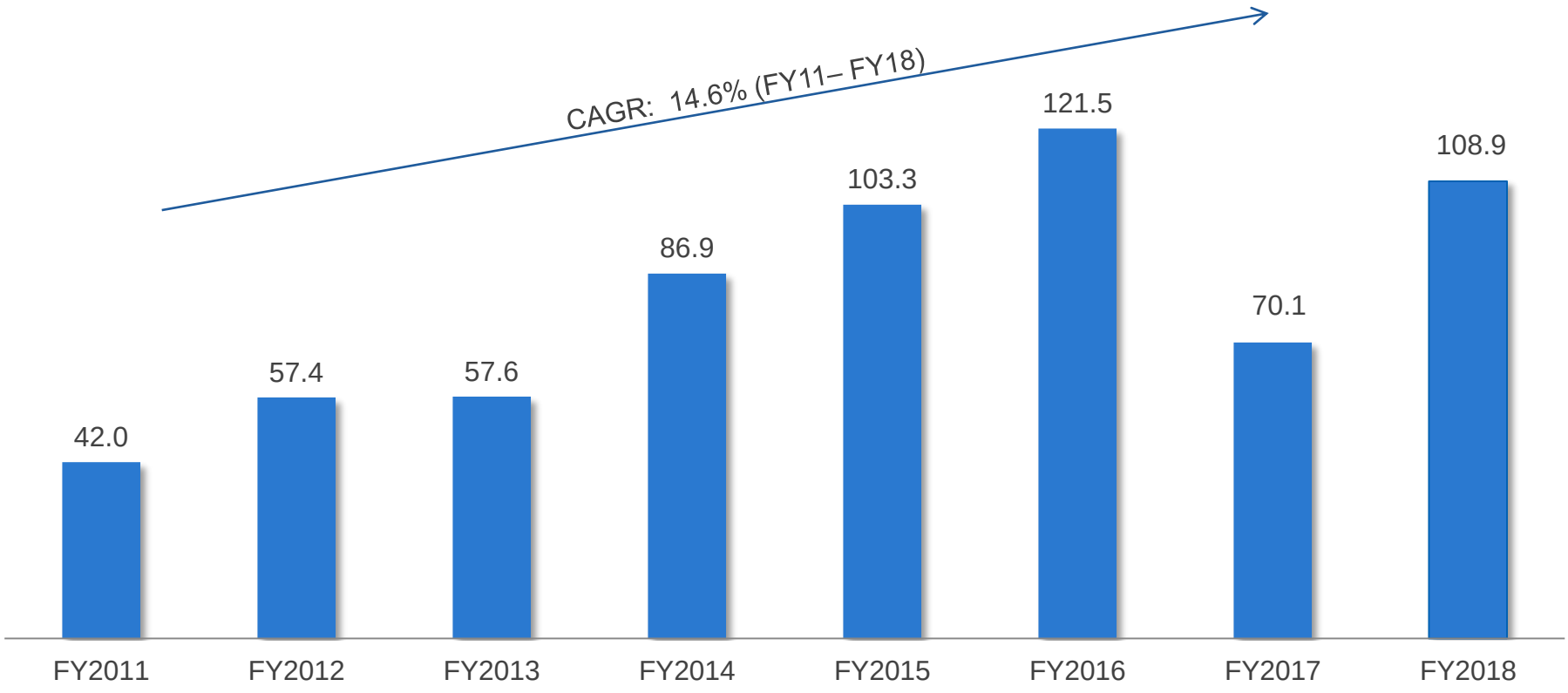
In US$ million



HollySys

Non-GAAP Net Income by Fiscal Year

In US$ million

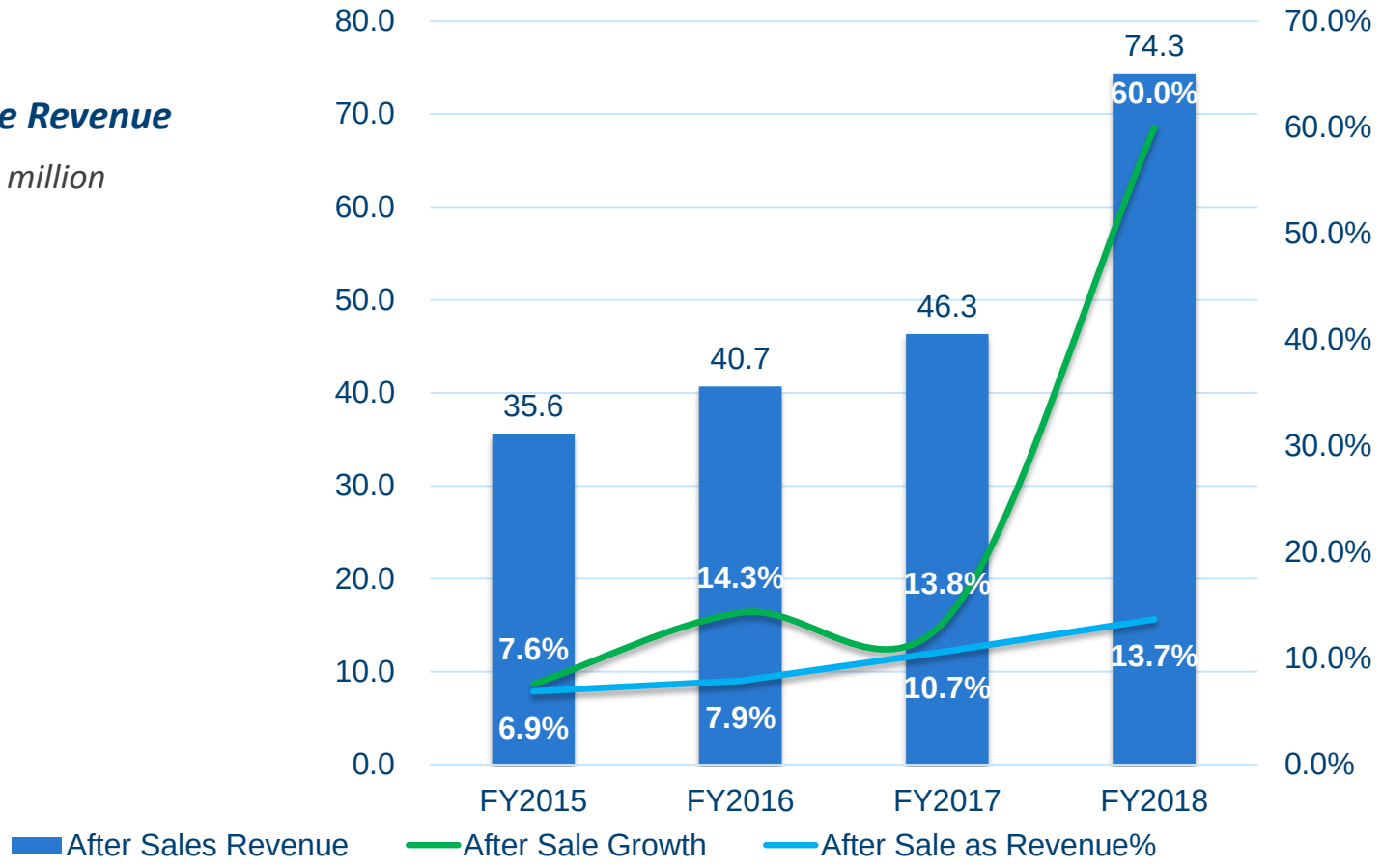


HollySys

National Spread Service Network, Professional & High Quality Service

After Sale Revenue

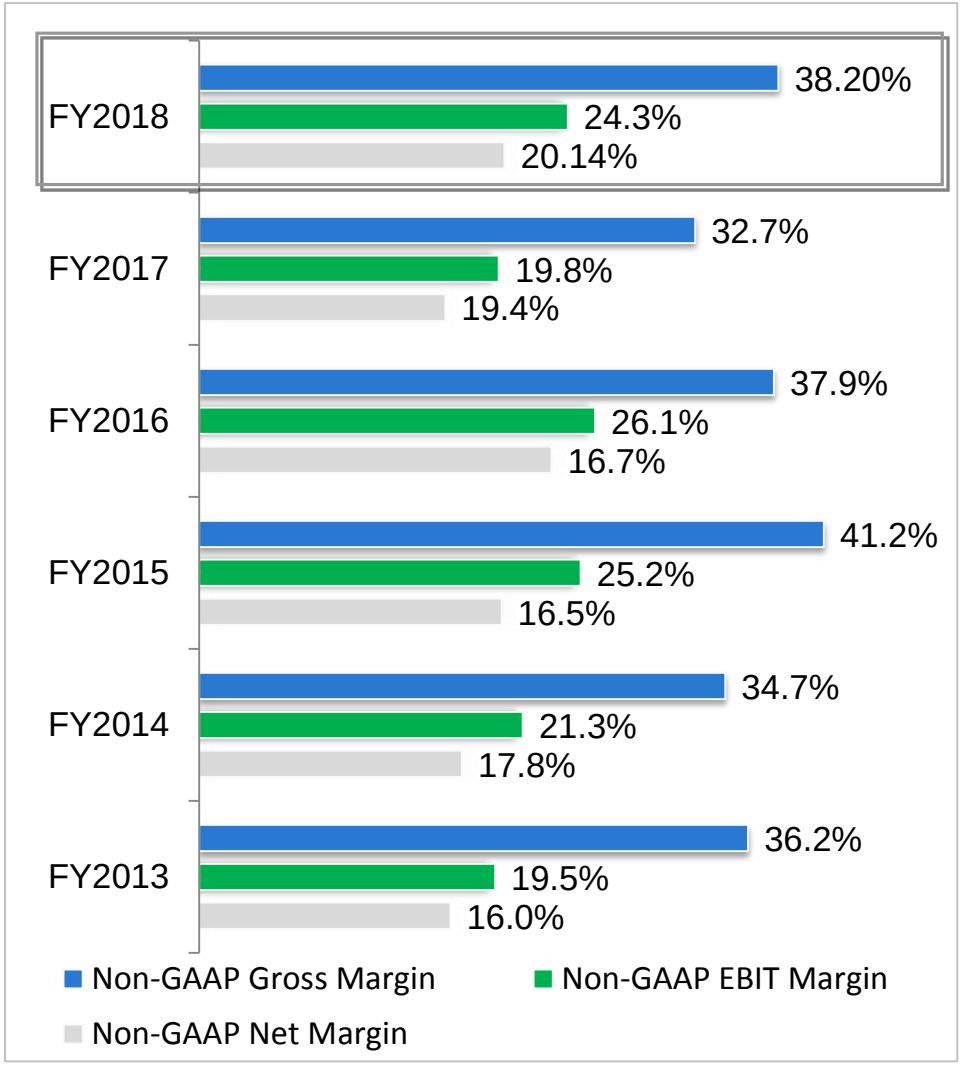
In US$ million



HollySys

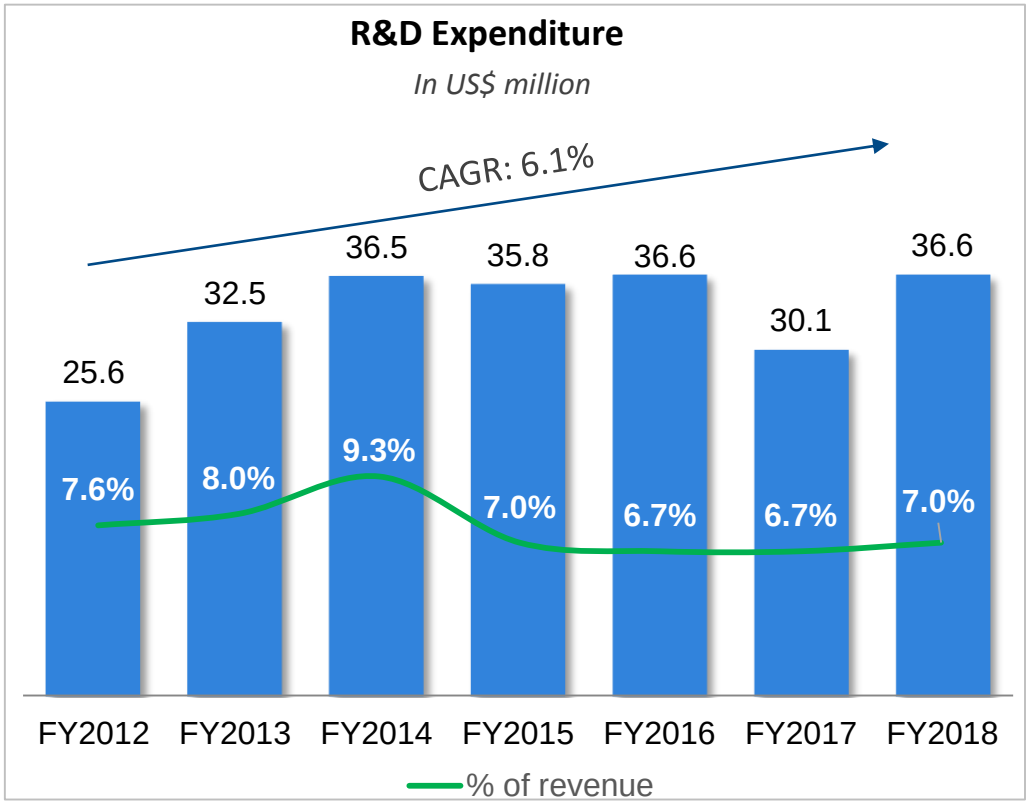
Gross Margin & EBIT Margin Performance

Gross Margin of Each Business Sector		
Industrial Automation	Total Solution	35% - 40%
	Nuclear	60% - 75%
Rail Transportation	High-speed Rail Signaling	40% - 50%
	Subway SCADA	15% - 20%
M&E Solution and others	Design, electrification, installation	10%- 15%



HollySys

Heavy R&D Investment to Continuously Deliver Leading Technologies

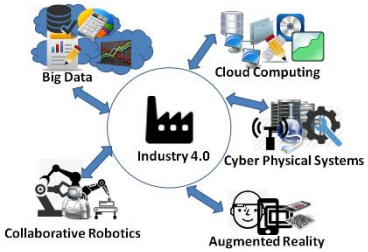


New Products Development

Subway Signaling

Motion Control

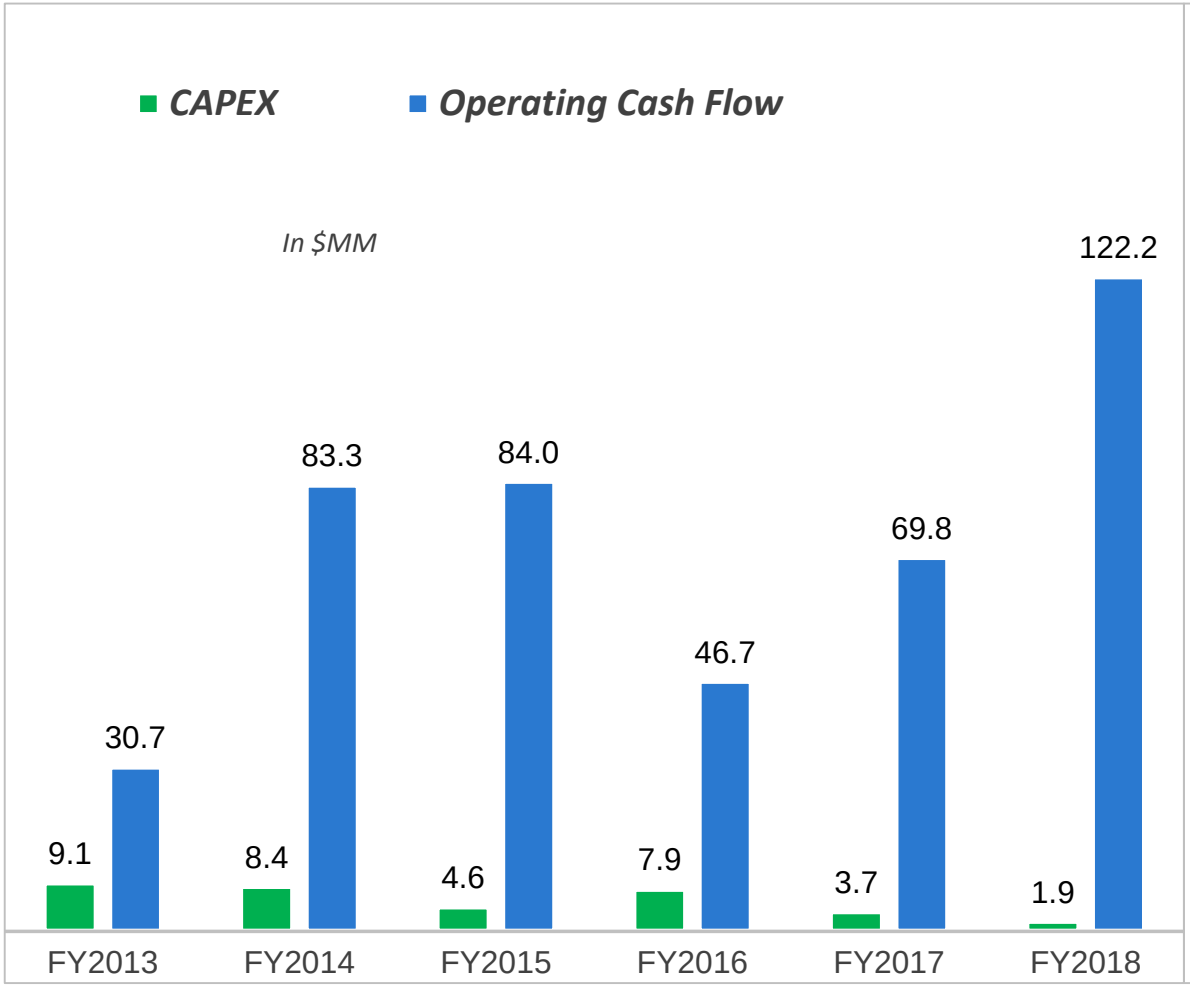
Energy Conservation Environment Protection

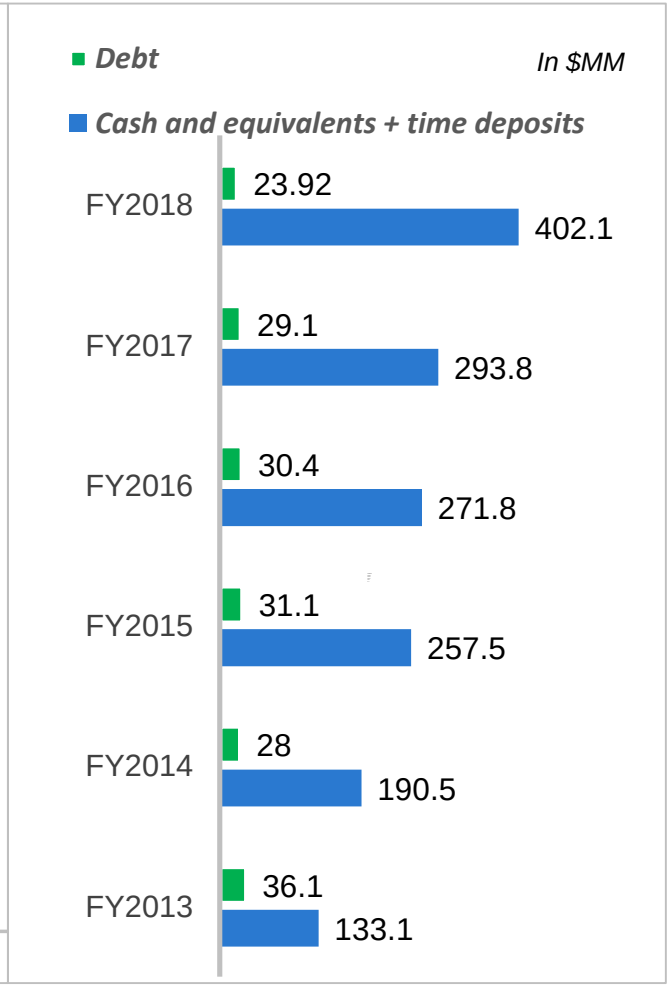


Industrial Internet of Things (IIOT)

HollySys

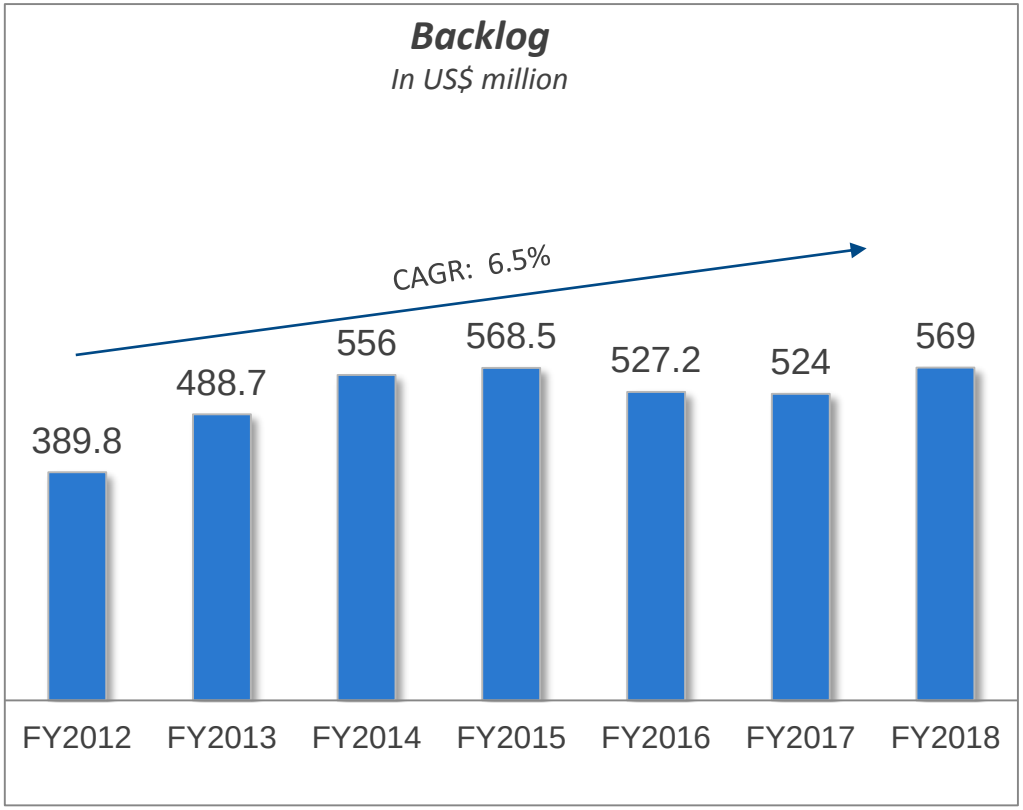
Sufficient Cash On-hand & Solid Operating Cash Flow Performance

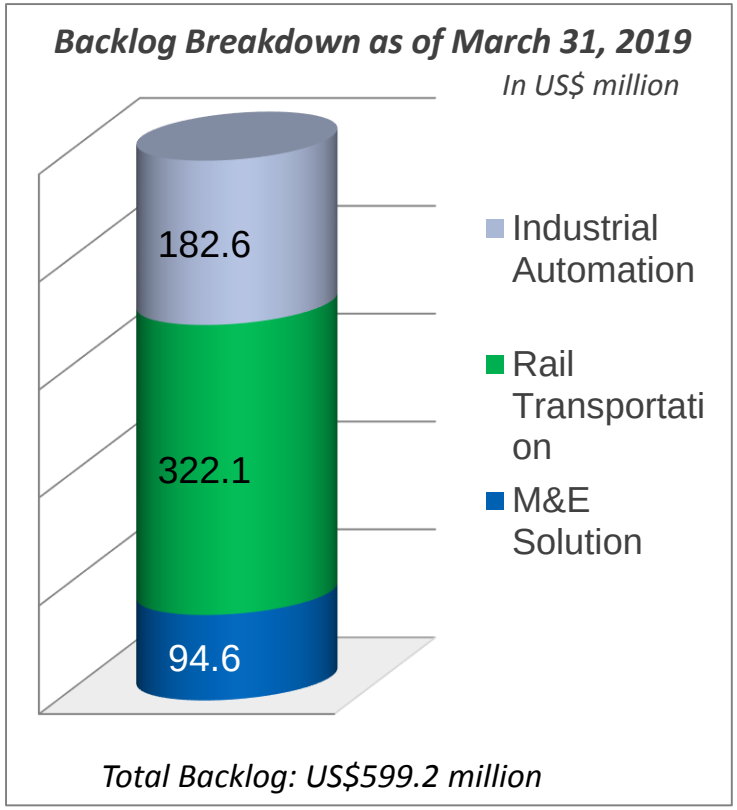




HollySys

High Backlog Ensures Another Strong Year Ahead





HollySys

Automation for Better Work , Life and Environment

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

HollySys

Automation for Better Life

Contact Information:

Investor Relations
(8610) 5898-1386
investors@hollysys.com

HollySys