SAKURA
享受智能 » 樂在生活

SAKURA GROUP
櫻花集團

Company Profile

- Established in **1978**
- Chairman of the Board：**Chang, Yung Chieh**
- Paid-in Capital：**NTD 2.21 billion**
- Production Base ：
  Taiwan - Daya main div. / Daya 2nd div. / Shenkang / Wufeng
  China - Kunshan, Jiangsu / Shunde, Guangdong
- Employees: **1,040 (Taiwan) / 3,200 (China)**

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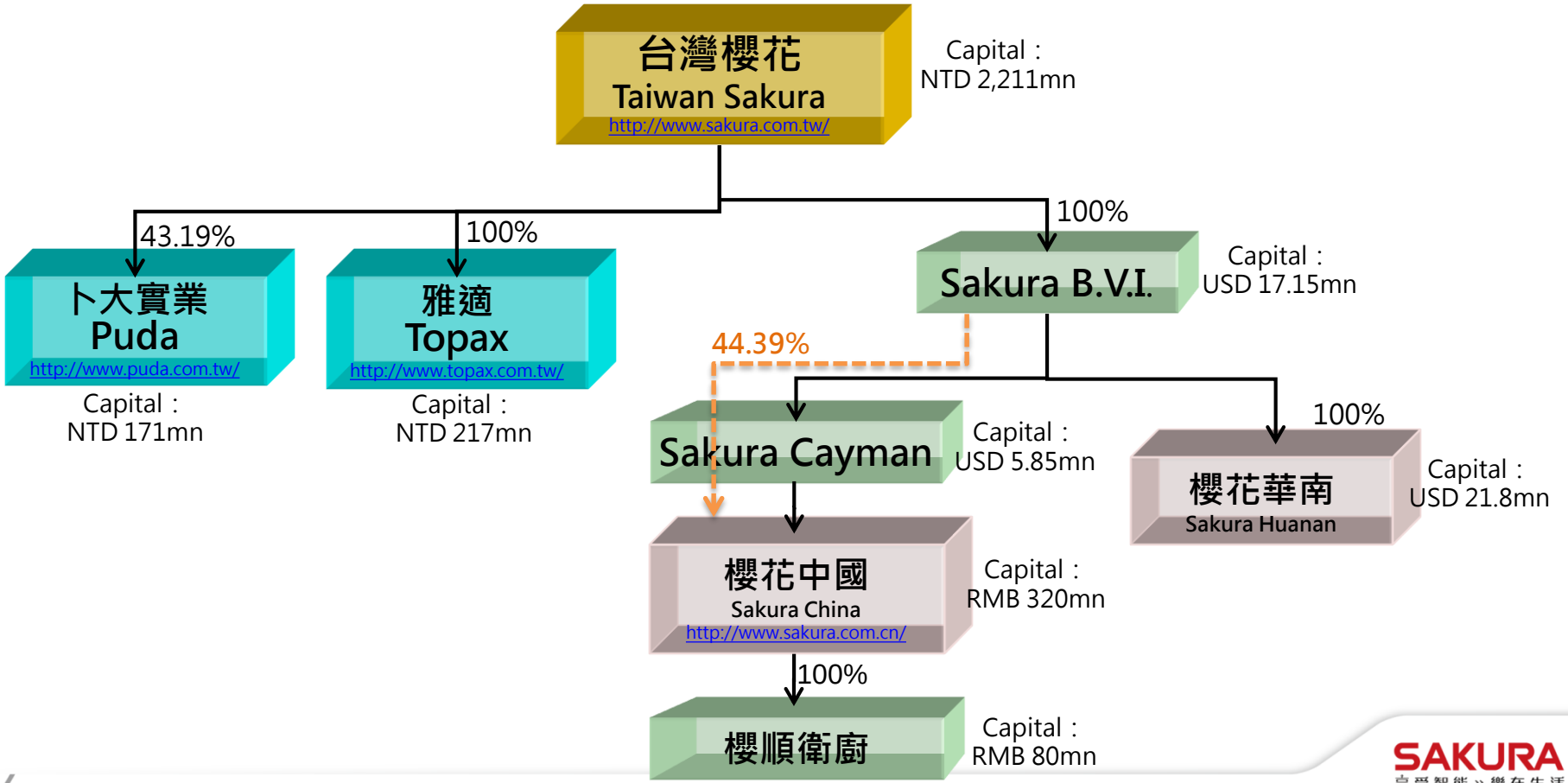
Corporate Structure



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SAKURA Milestones

1978
「**SAKURA**」 established

1980
"free oil filter with a door to door delivery" as the free permanent

1987
"free examination of water heater" as the free permanent

1994
"SAKURA (China) Bath and Kitchen Co., Ltd" officially began the production and sales activities

1995
began to produce **kitchen cabinet** to constructors

1997
established the franchising chain store **"Sakura Kitchen Life Store"**

2008
gained right of agency of **SVAGO** and **Electrolux**.

2009
SAKURA China began to produce **kitchen appliance**

2010
started producing and marketing the **"Solar Water Heater"**

2014
Promoting the **four major upgrades**, and reshaping the experience of consumer with us

2017
Sakura brand toward intelligent products concept

Brands of SAKURA GROUP

Water Heater/ Kitchen Appliance

SAKURA

topax 莊頭北

Imported Kitchen Appliance

Electrolux 台灣廚電總代理

JOY OF COOKING svago®

Kitchen Solution

櫻花整體廚房

櫻花廚藝 kitchen life 生活館

TLK KITCHENS

Bathroom Solution

PUDA 卜大整體浴室

Product

Water Heater/ Kitchen Appliance

SAKURA topax 莊頭北

Kitchen Solution

櫻花整體廚房

Imported Kitchen Appliance

Electrolux svago

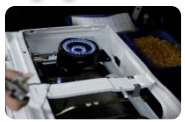
Bathroom Solution

PUDA 卜大整體浴室

Business Concept

NPS(new product systems)applied

High-pressure leak test



Ignition Switch Test

Constant temperature and moisture duration test

Withstand voltage test

Meet the needs of local consumers

DFSS/DFMEA

SAKURA CARE

24/7 service hotline
all the year on duty service

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Global Sakura Brand Distribution Network

ODM/OEM

- ✓ Hong Kong
- ✓ Korea
- ✓ Australia
- ✓ USA
- ✓ Brazil
- ✓ Dominican Republic
- ✓ Ecuador

OBM

- ✓ Hong Kong
- ✓ Macau
- ✓ USA
- ✓ Canada
- ✓ Vietnam
- ✓ Myanmar
- ✓ Philippine
- ✓ Indonesia
- ✓ Mexico
- ✓ Peru

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Core Strategy in SAKURA GROUP

- **Being a value-based enterprise and maximizing of the value for consumers and shareholders are our goal.**

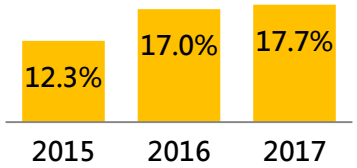
『Value for end-user』

『Value in brand mindshare 』

『Value for shareholder (performance)』

ROE 20%

➢ ROE of Taiwan SAKURA：



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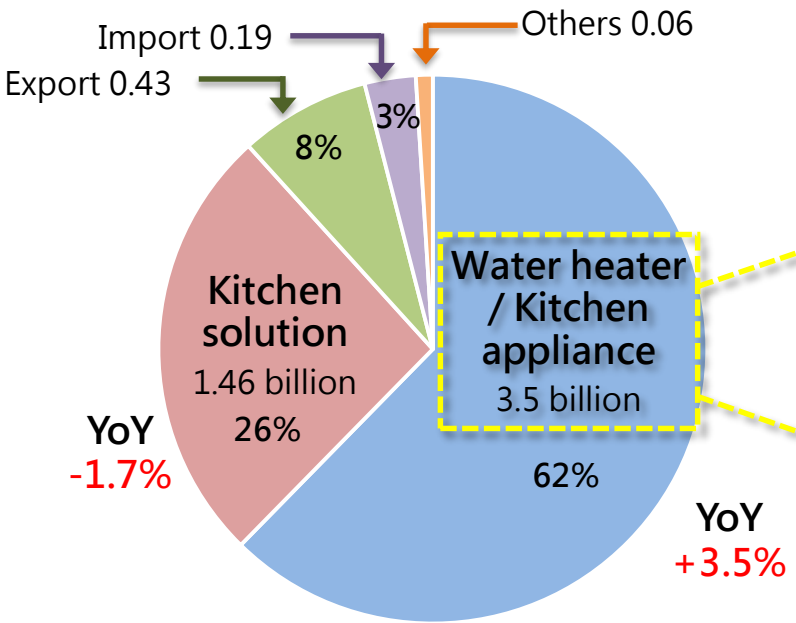
Taiwan SAKURA_Sales Breakdown

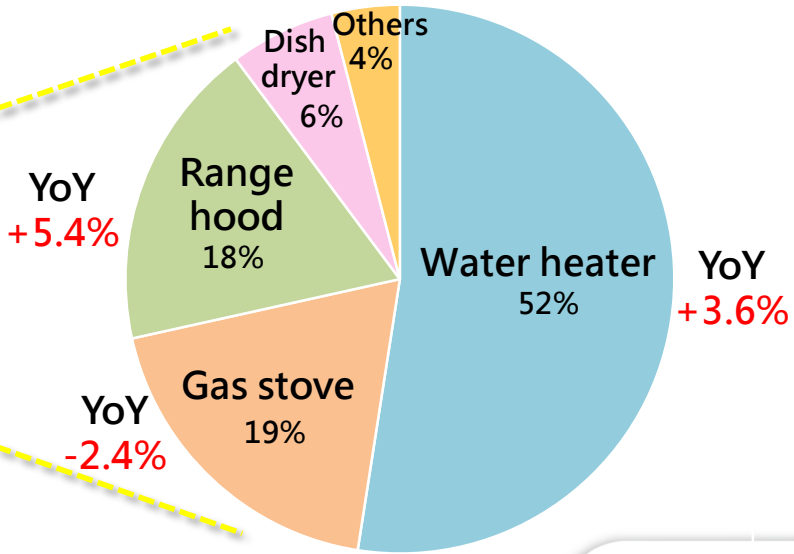
FY2017 NTD 5.6 billion

Department

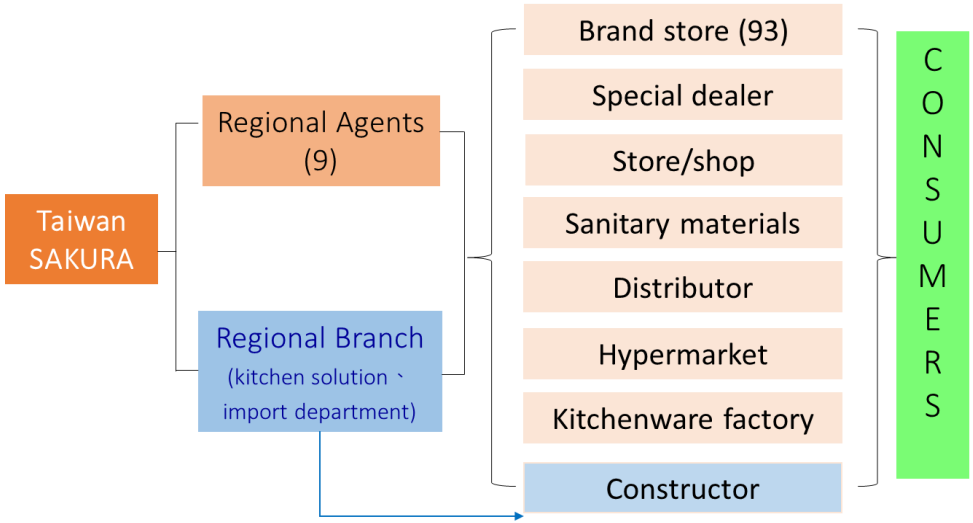


FY2017 NTD 3.5 billion

Product

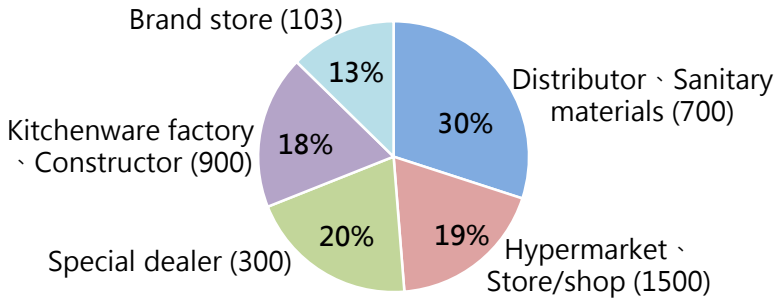


Taiwan SAKURA_Distribution

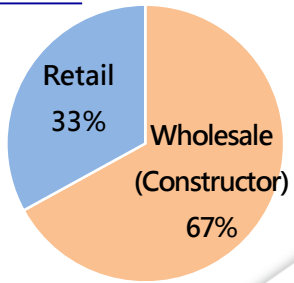


Sales Breakdown by Channel, 2017

➢ Water Heater/ Kithch Appliance



➢ Kitchen Solution



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Taiwan SAKURA
Future Growth Opportunities

- Keep promoting **smart product** and **high-end products** penetration.
- **Constantly increase the market share** of kitchen solution, both in retail and wholesale.
- **Deep plowing/ cross-industry/ internationalization** explore new business opportunity and invest for future growth momentum .

智 能 化 商 品

廚房→居家空間

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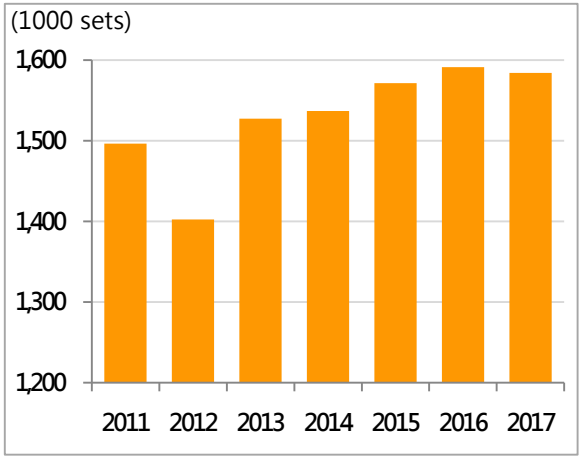
Overall market

Kitchen appliance

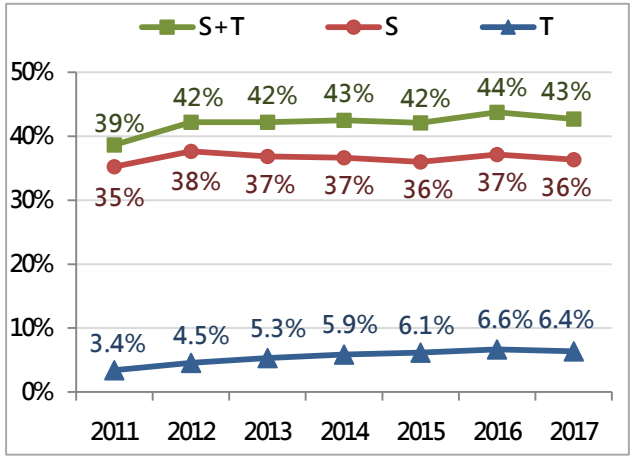
the market is about
1.55million units



Strategies in Taiwan SAKURA

Taiwan SAKURA

market share in Taiwan



➢ Dual brand strategy

- Increase profit by promoting high-end product in brand S
- Increase market share in brand T

➢ Expand channel for kitchen solution

- Retail module improvement
- New business module

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Taiwan SAKURA_Innovative product

10L
RF Water Heater
NTD 7,500

16L
Intelligent Turbo Boost
Water Heater
NTD 23,900

Gas Stove
NTD 4,700

Intelligent Built-in
Hob with Double
Vertex Flames
NTD 18,300

Slope-side
Range Hood
NTD 6,590

3D Ring Suction DC
motor Range Hood
NTD 25,600

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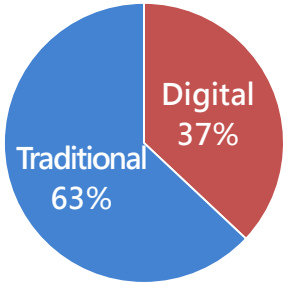
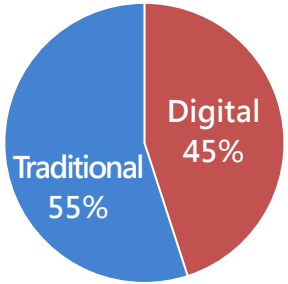
Water Heater_digital thermostat

Overall market

FY2013

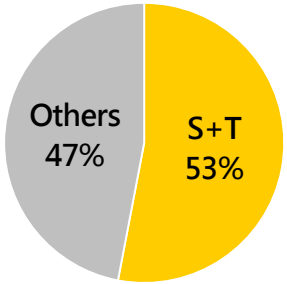


FY2017

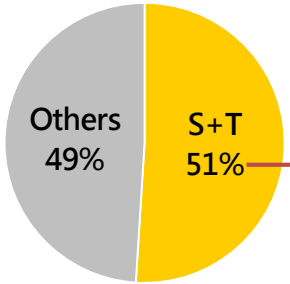


Market share(S+T)

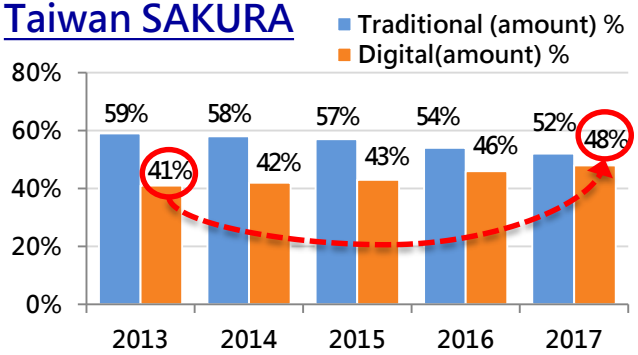
FY2013



FY2017



Taiwan SAKURA



Increase value

1.Wireless remote
2.Turbo boost
3.High output

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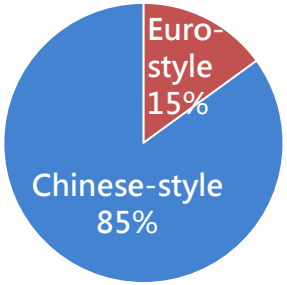
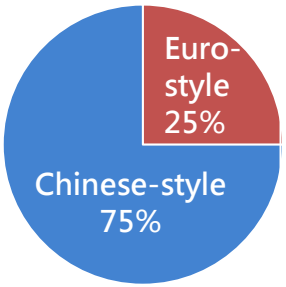
Rang Hood_BLDC motor series

Overall market

FY2013

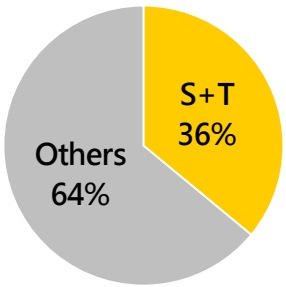


FY2017

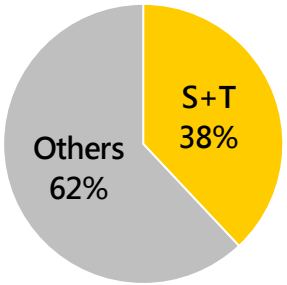


Market share(S+T)

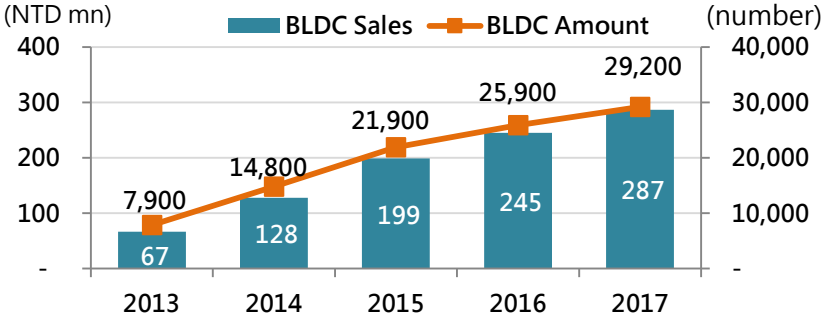
FY2013



FY2017



Taiwan SAKURA



Increase value

1. BLDC
2. 3D ring suction
3. Euro-style

BLDC motor series accounts for 23% of total hoods sales qty

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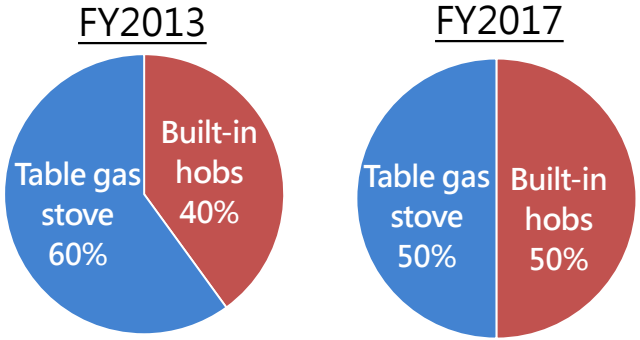
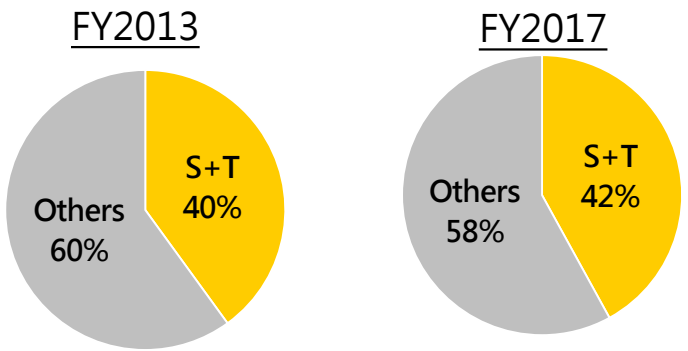
Stoves_smart stove

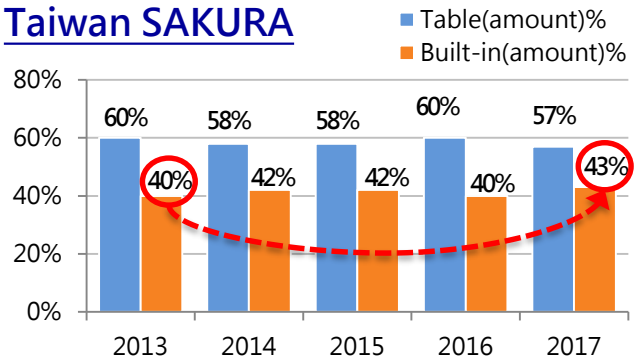
Overall market



Market share(S+T)



Taiwan SAKURA



Increase value

1. Level 1 energy efficiency
2. Timer、temperature control
3. Smart temperature sensor

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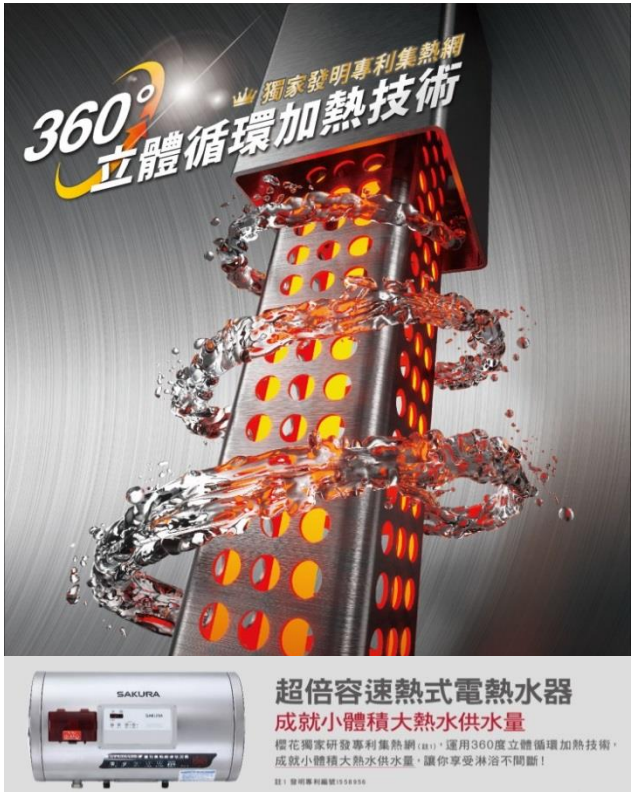
2018 New Product



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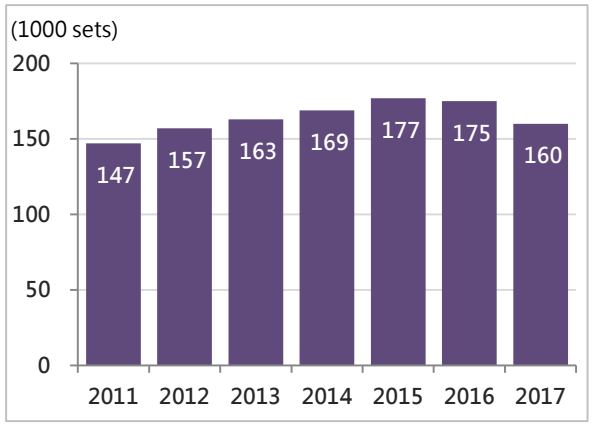
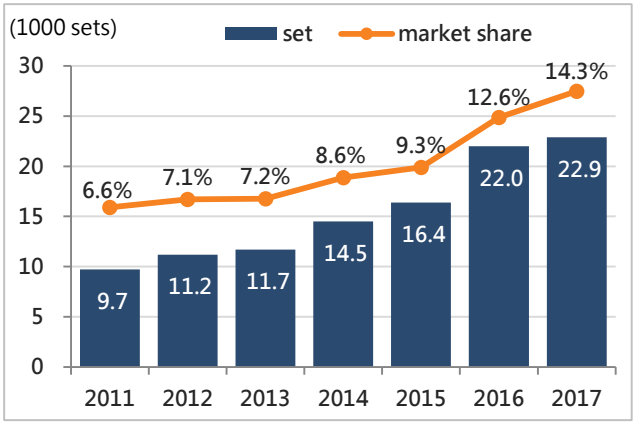
Kitchen Solution

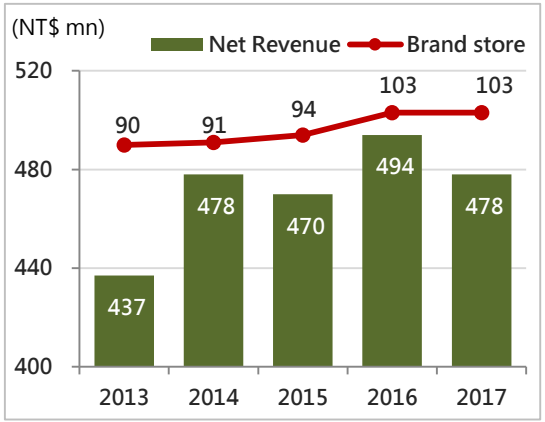
Overall market
about 160,000 sets

Constantly increase
the market share

Increased to 120 brand stores
→ focus on shop sales module
→ upgrade shops revenue







Two strategies for future growth :

- Retail module improvement
- New business module

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Kitchen Solution_Retail module improvement

Module Shop

Store Appearance

Design Guidelines

Exploring customer needs and letting customers participate in planning

4th Generation stores plan

Retail sales

$12mn→$30mn

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Kitchen Solution_New business module

Current customer base

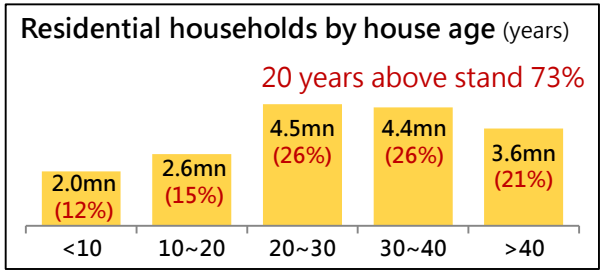
Construction Deco House

Used House Deco

Potential customer base

Kitchen parts

Micro Deco market size 50~100 thousand unit



2018 New Product

Elegant 臻美廚房

臻萃美緻 在廚房

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Targets for Next 3 years

1. The market share keeps growing while the average retail price and margin are going up by selling more the high end products.
2. Kitchen Solution hits 30% above market share in the constructor market; sakura kitchen life stores focus on improving single-store efficiency.
3. Capital expenditures will spend on new factory, Information technology and new channel development.
4. Revenue and profit will keep growing stably to support the high cash dividend policy

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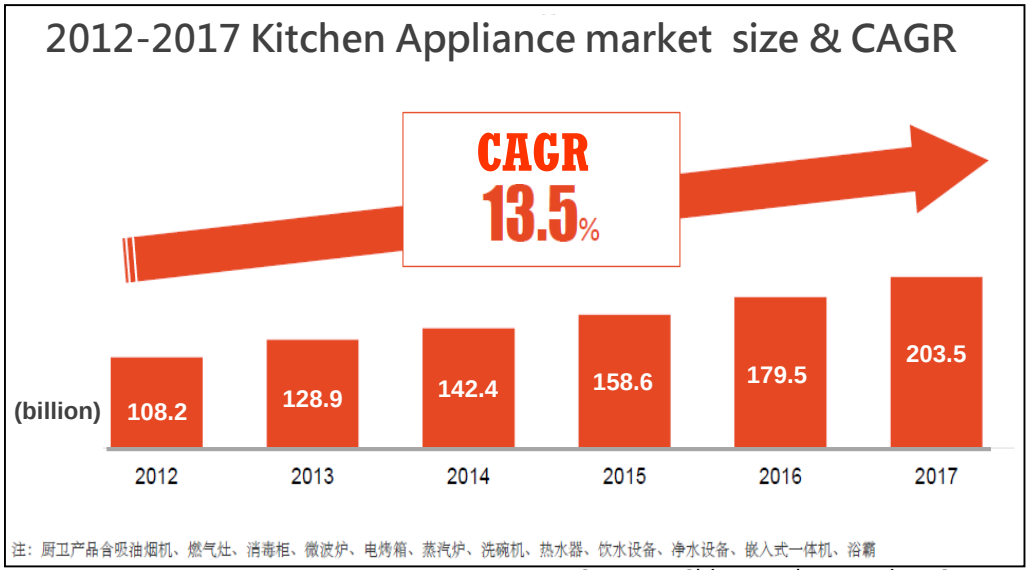
SAKURA

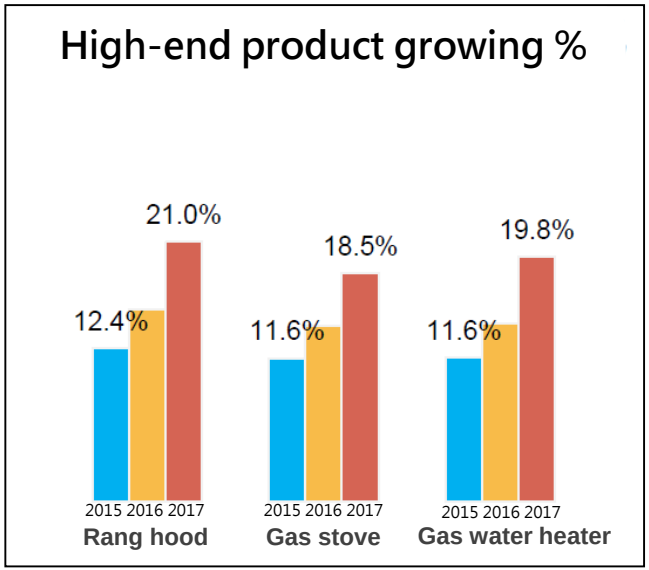
SAKURA China

櫻花中國

China Kitchen Appliance Market Trends - Keep on growing / Retail price upgrade



Source：China Market Monitor Co.,LTD



- The Kitchen Appliance market size is expected to reach 226.8 billion by 2018, **YoY+11.5%**.
- The ratio of High-end product divided by sales grew by **8%**

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Sakura China 2018 Operate Straegic

Focus on revenue & profit growing

- **Middle-high products –**

  Gas Water Heater /European Range Hood / Wall hung boiler

- **Stable profit growing –**

  Expense management / cost reduce

- **Channel development –**

  E-commerce / Retail shops/ Decorated channel

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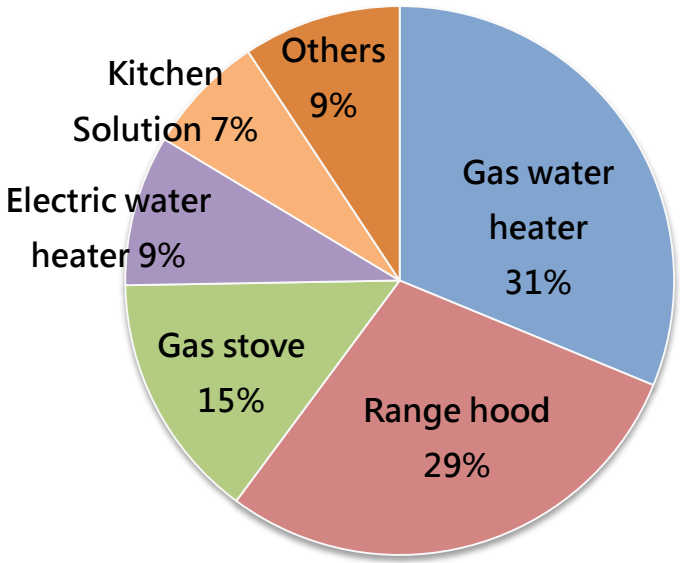
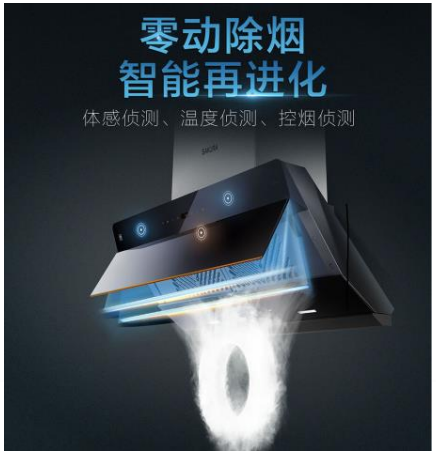
Two key product series
-Kitchen appliances and Water heaters

Sales Breakdown by Product, 2017



Intelligent gas water heater

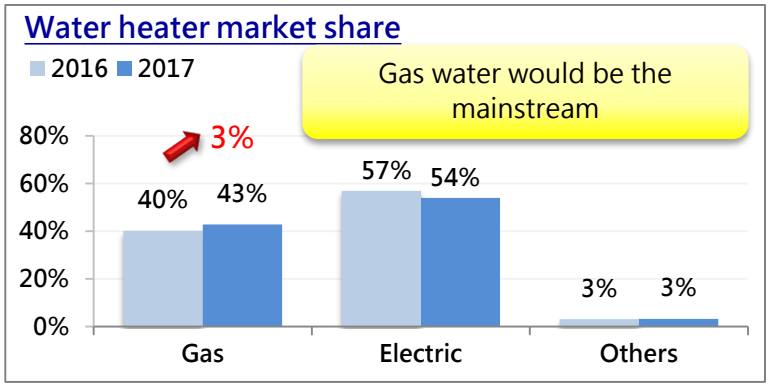
1. Growing segment due to the penetration of gas pipe infrastructure
2. Sakura has the advantage of R&D
3. Few strong brand in the segment

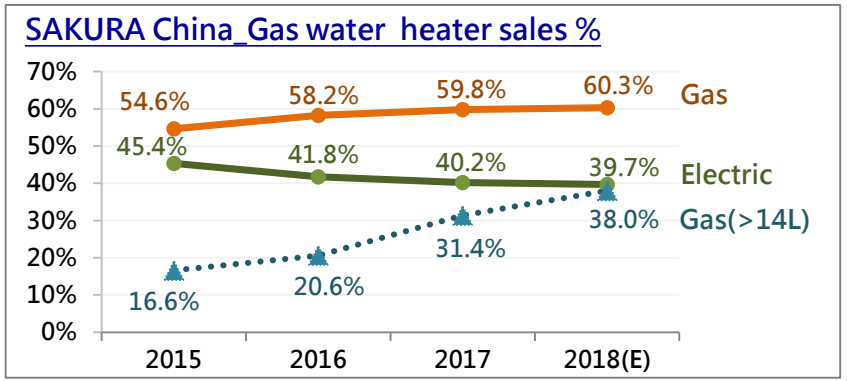


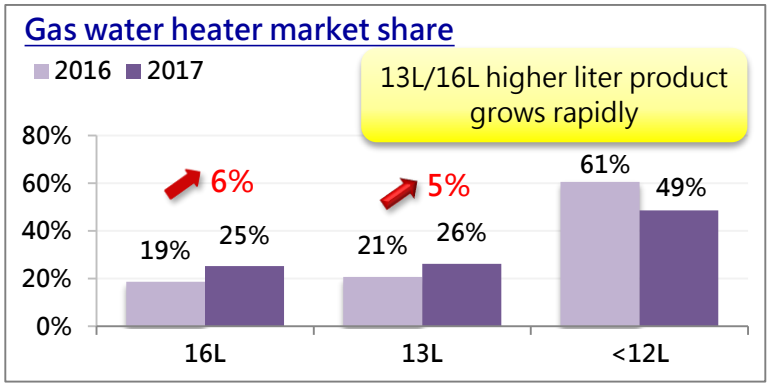
Euro-style / Near suction Rang hood

1. Mainstream product (increase both on quantity and price)
2. Sakura has the advantage on brand, service and R&D

Two key product series
_Intelligent gas water heaters







Targets and key strategy for 2018

1. Focus Middle –High product growing. Higher liter (above14L) sales to 38%。
2. Gas Water Heater Market share from 1.5% to 2.3%。

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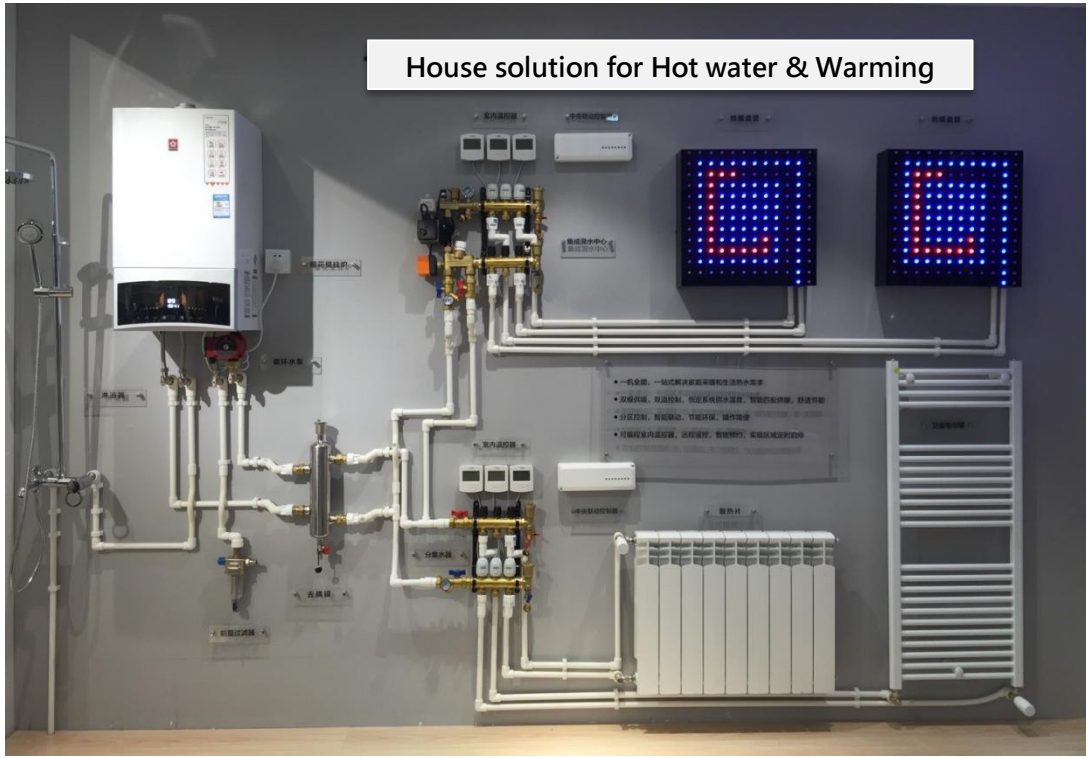
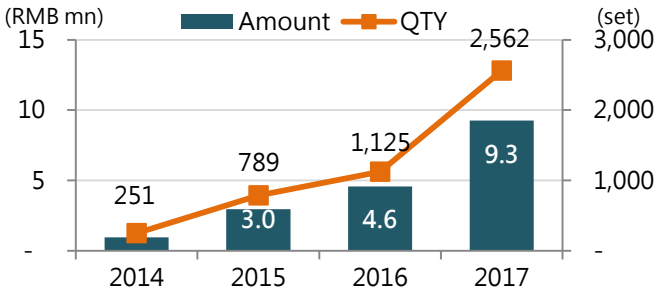
Potential product – Wall hung boilers



Base on policy “coal to gas”, expect growing rapidly of wall hung boiler.

2017 wall hung boiler sales revenue growing YoY+45.6%, SAKURA China YoY+102.6%.

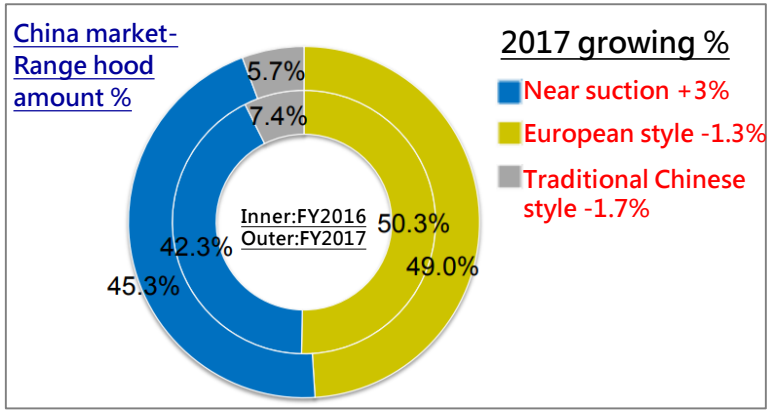
SAKURA China-Sales of wall hung boilers



P.S. GPM of Wall hung boiler is about 34%~41%, retail price comparison：

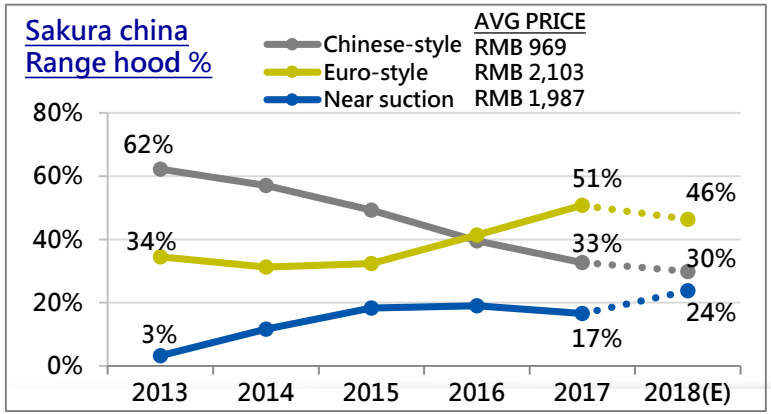
- Wall hung gas boiler ￥7500～￥13500
- 16L Gas water heater ￥3200～￥10000
- 12L Gas water heater ￥2500～￥4500

Two key product series
_Euro-style / Near suction Rang hoods



Targets and key strategy for 2018

1. Near suction style sales increase from 17%→24%
2. Focus on Middle-High product
3. Expand product items
4. Market share from 1.7% to 3% (in 4 years)



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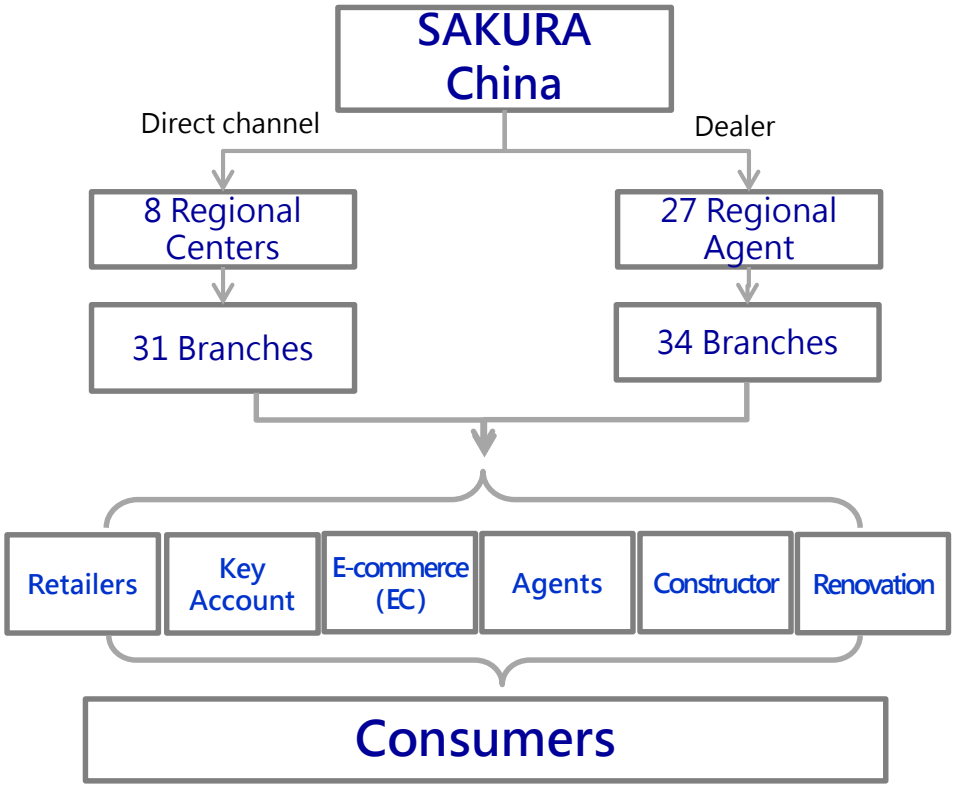
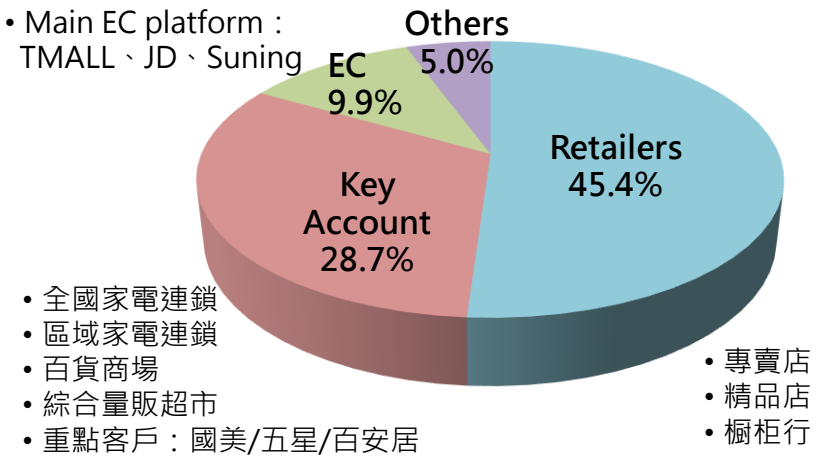
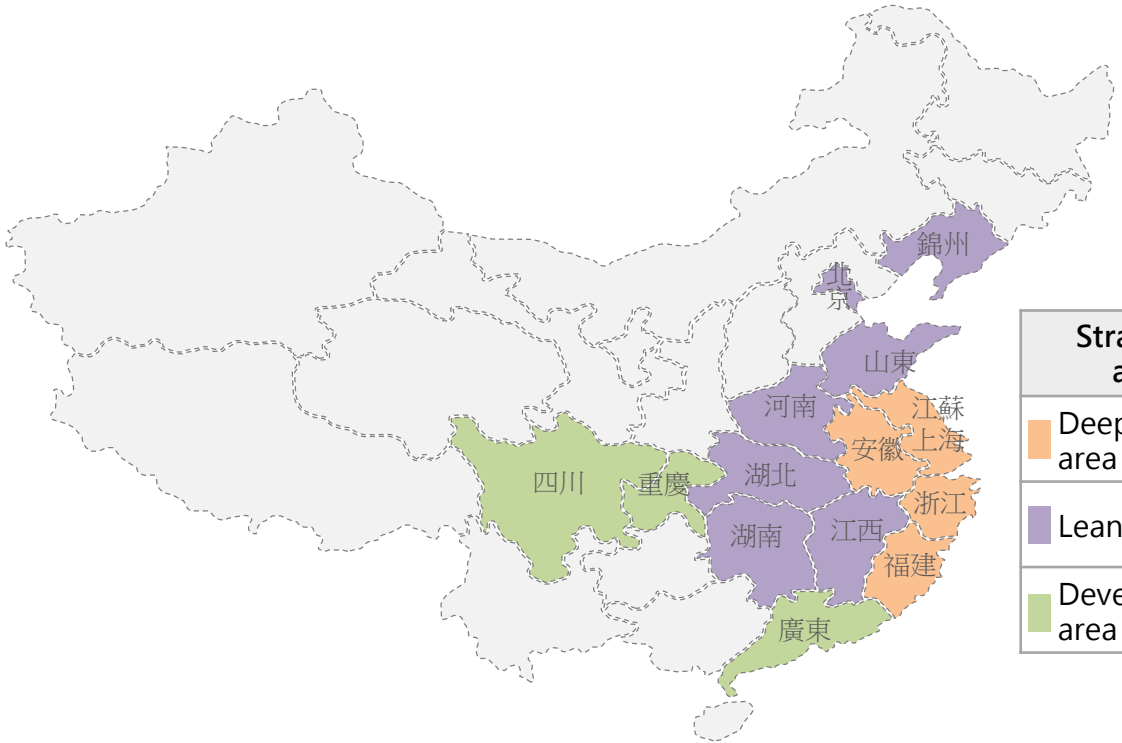
SAKURA China_Distribution



Sales Breakdown by Channel, 2017



Sales Area of Retailers/Key Account



2017 Area Sales Revenue

Strategic area	Geographic area	Strategic	Revenue %
Deep plow area	East China	Stable growing	58.4%
Lean area	Middle China / North China	Efficient	12.9%
Development area	South China / Southwest China	Adjustment	22.6%

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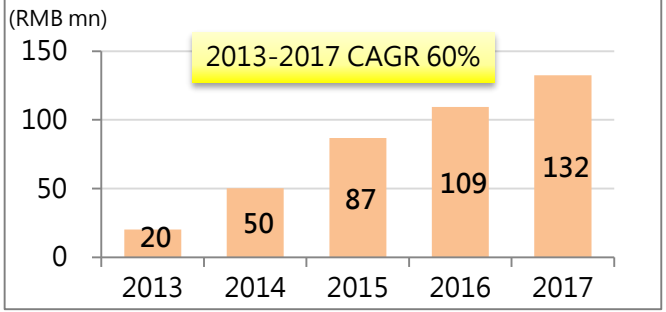
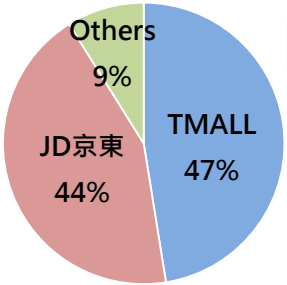
E-commerce

SAKURA China - Sales amount of EC



Sales Breakdown by Customer, 2017



2018 growth target: 66%

2017年YoY	
TMALL	7%
JD京東	46%
Others	6%
Total	21%

TMALL天猫

京东

E-commerce operate segment (promote / product)

TMALL天猫

CXW-200-89+A37
顶吸式吸抽油烟机燃气灶套装套餐

京东

CXW-200-89+A37
18立方大吸力抽油烟机灶具套装

京 东 价 ¥3980.00 降价通知

促 销 满送 满1999元另加399元即赠热销商品，赠完即止

苏宁易购 suning.com

CXW-200-89+A37
欧式触控式抽油烟机燃气灶烟灶套餐

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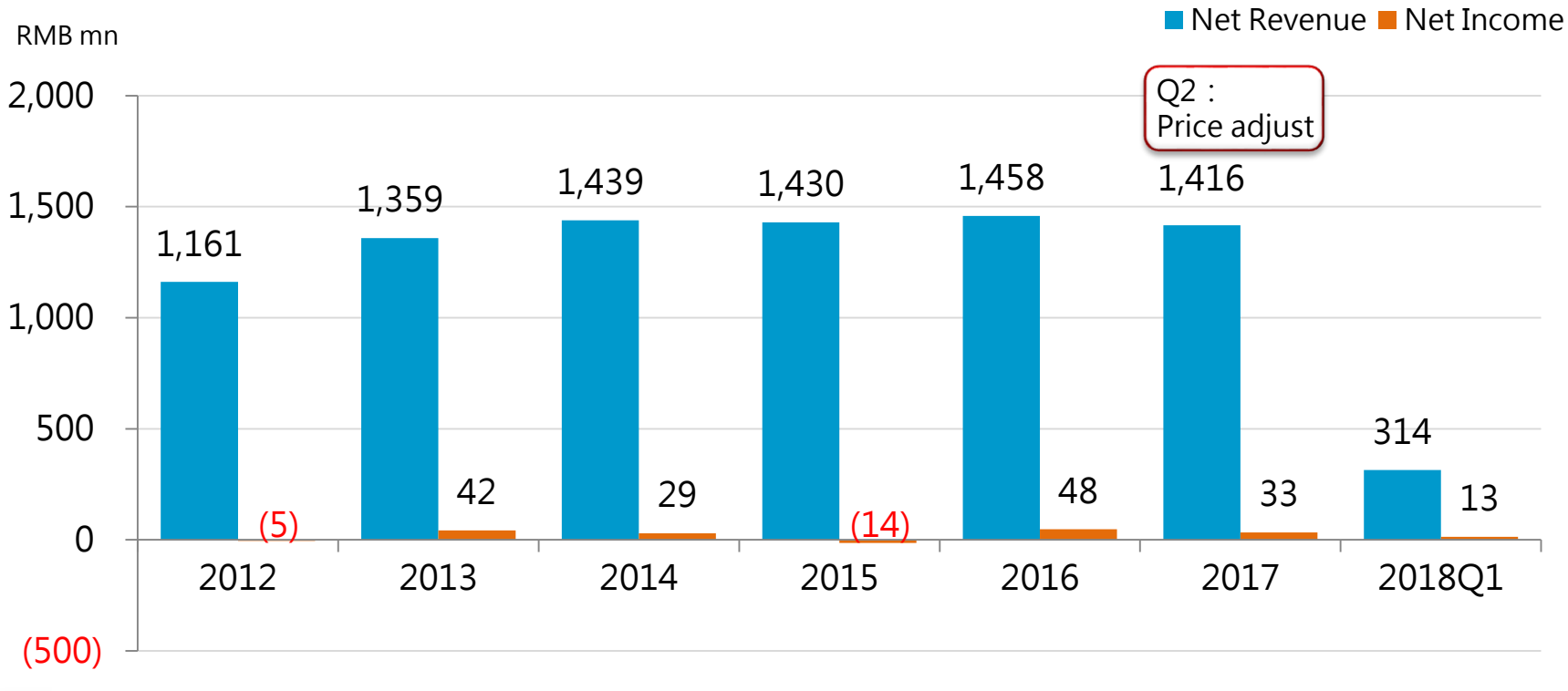
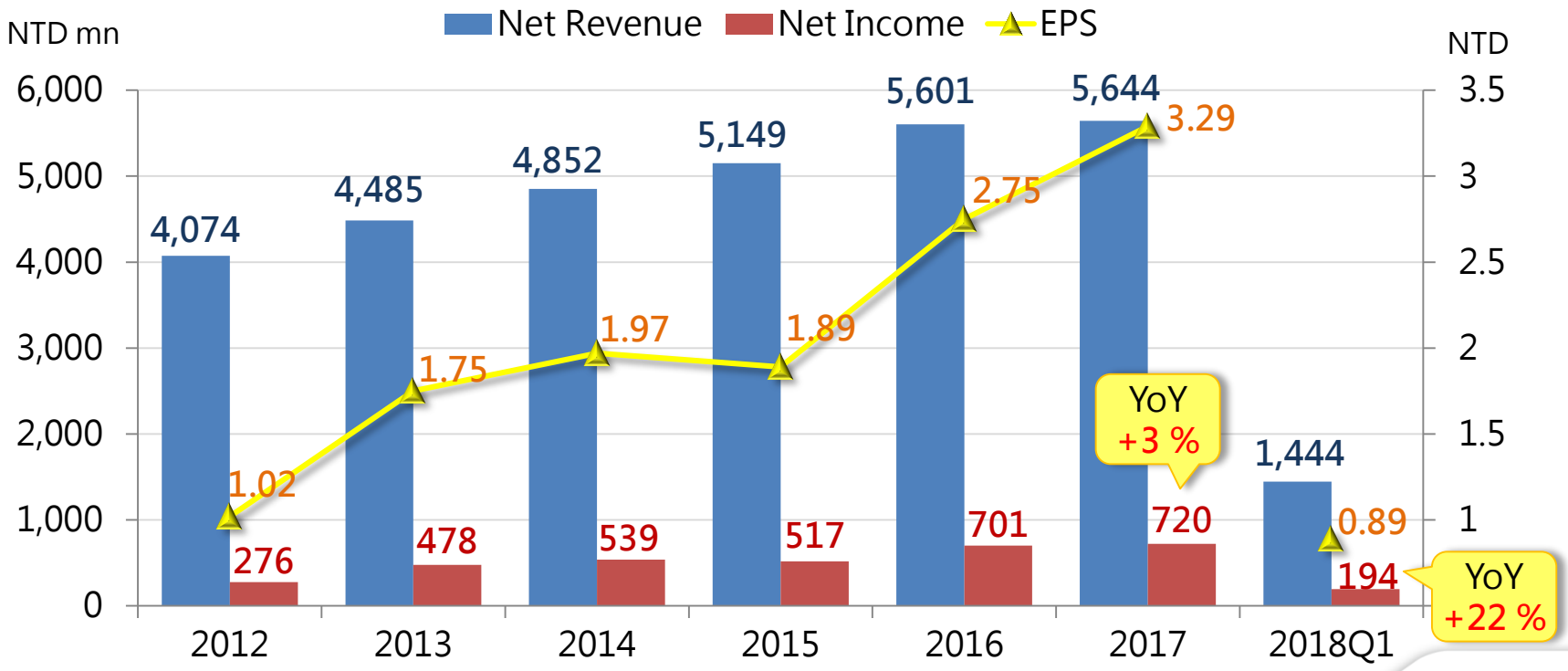
SAKURA China
- Performance and Milestone



SAKURA Group
Key Financial Indicators (consolidated)



SAKURA GROUR
Income Statement (Consolidated)

NTD mn	2012	2013	2014	2015	2016	2017	2018Q1
Net Revenue	4,074	4,485	4,852	5,149	5,601	5,644	1,444
Gross Profit	1,214	1,371	1,461	1,617	1,825	1,908	508
Gross Profit Margin	30%	31%	30%	31%	33%	34%	35%
Operating Expenses	928	1,000	960	1,012	1,124	1,152	310
Operating Profit	286	371	501	606	701	756	198
Nonoperation Income (Losses)	51	198	136	25	148	107	44
Profit Before Tax	337	570	637	631	849	863	242
Net Profit	276	478	539	517	701	720	194
EPS (NTD)	1.02	1.75	1.97	1.89	2.75	3.29	0.89
Dividend per share	0.7	1.2	1.3	1.3	2.5	2.6	-
Dividend Payout Ratio	70%	69%	67%	70%	79%	80%	-

Strategic Layout in SAKURA GROUP

- **Deep plowing in Taiwan · Focusing on China · Looking to Asia**
  - Taiwan SAKURA： deep plowing、cross-industry、internationalization
  - SAKURA China ： elevate the brand、 improve the distribution network 、increase the market share expanding
- **Direction of development**
  - Enterprise Development → smart enterprise
  - Kitchen Solution → home furnishing industry
  - Asian market development

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THANK YOU!

SAKURA