



Sunny Optical Technology (Group) Company Limited

舜宇光學科技(集團)有限公司

Stock Code: 2382.HK

2018 Annual Results Announcement Corporate Presentation

March 2019

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Agenda

1. Financial Highlights
 2. Operations Review
 3. Future Outlook
 4. Q&A Session
 5. Appendix
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Financial Highlights



Financial Highlights

<i>For the year ended 31 December (RMB mn)</i>	2017	2018	Change
Revenue	22,366.3	25,931.9	+15.9%
Gross Profit	4,802.8	4,913.1	+2.3%
Profit Before Tax	3,318.3	2,851.3	-14.1%
Income Tax Expense	(404.2)	(338.6)	-16.2%
Effective Tax Rate (%)	12.2	11.9	-0.3ppt
Profit for the Year Attributable to Owners of the Company	2,901.6	2,490.9	-14.2%
Earnings per Share - Basic <i>(RMB cents)</i>	266.8	227.9	-14.6%

Operating Expenses Analysis

<i>For the year ended 31 December</i>		2016		2017		2018	
<i>(RMB mn)</i>							
		<i>(as % of revenue)</i>		<i>(as % of revenue)</i>		<i>(as % of revenue)</i>	
Revenue	14,611.8	100.0%	22,366.3	100.0%	25,931.9	100.0%	
Total Operating Expenses	1,179.5	8.2 %	1,762.2	7.8 %	2,006.1	7.8 %	
Selling and Distribution Expenses	153.9	1.1 %	205.1	0.9 %	209.9	0.8 %	
R&D Expenditure	694.4	4.8 %	1,168.2	5.2 %	1,362.3	5.3 %	
Administration Expenses	331.2	2.3 %	388.9	1.7 %	433.9	1.7 %	

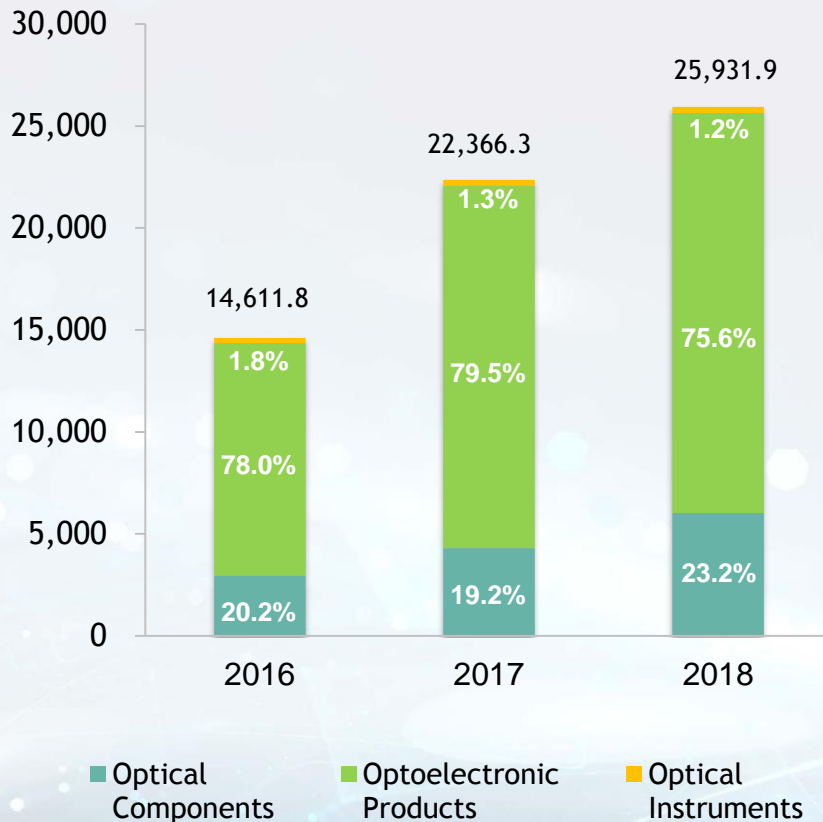
Solid Financial Position

<i>As at 31 December/ for the year ended 31 December</i>	2016	2017	2018
Current Ratio (<i>Times</i>)	1.4	1.5	1.9
Operating Cash Inflow (<i>RMB mn</i>)	1,615.5	2,436.3	3,567.9
Cash and Cash Equivalents (<i>RMB mn</i>)	2,754.7	3,339.5	7,248.6
Pledged Bank Deposits (<i>RMB mn</i>)	101.0	140.3	214.7
Financial Assets at Fair Value through Profit or Loss (<i>RMB mn</i>)	2,027.5	1,952.3	4,759.6
Bank Balances and Cash (<i>RMB mn</i>)	626.2	1,246.9	2,274.3
Net Cash per Share (<i>RMB cents</i>)	171.2	183.1	154.3
Gearing Ratio (%)	7.8	8.6	24.3
ROE (%)	25.9	38.8	27.1
Capital Expenditure (<i>RMB mn</i>)	972.7	1,765.5	2,617.4

Revenue and Gross Profit Margins By Business Segments

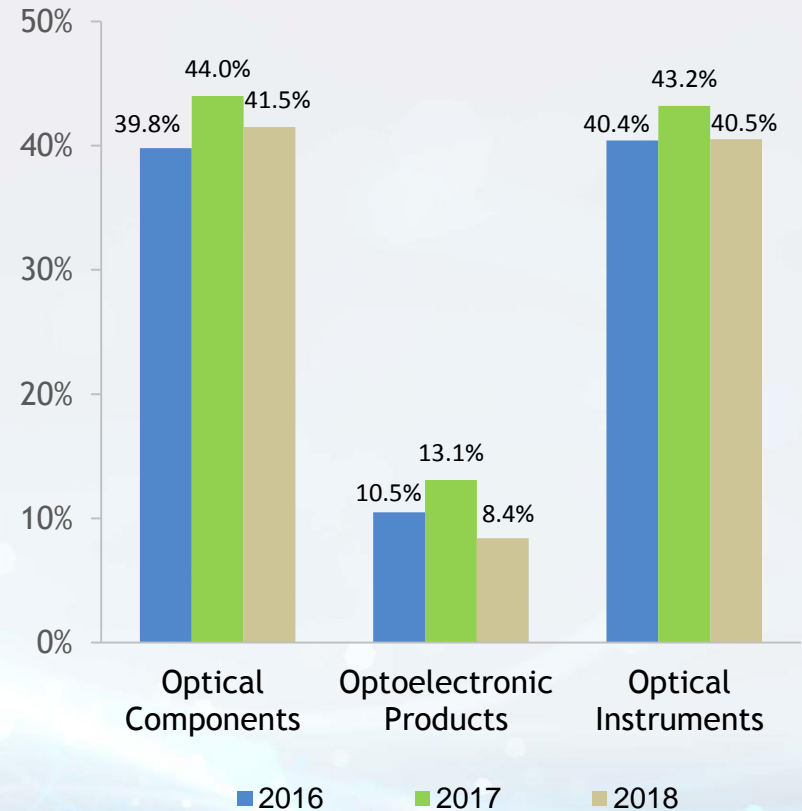
Revenue by Business Segments

(RMB mn)



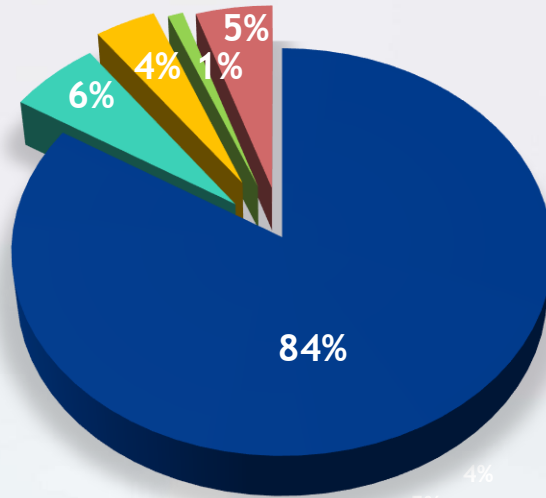
For the year ended 31 December

Gross Profit Margins by Business Segments



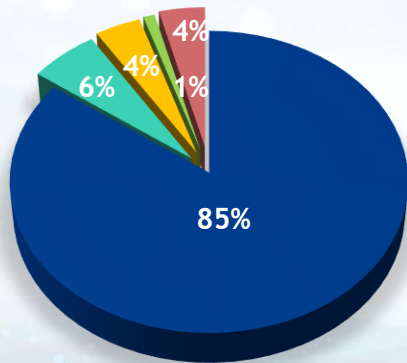
For the year ended 31 December

Revenue Breakdown by Product Applications

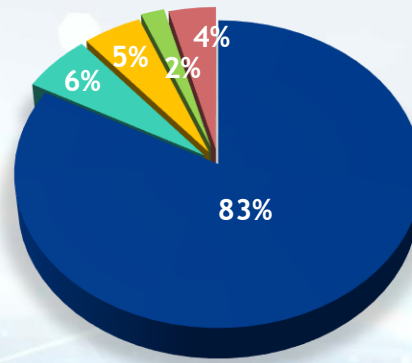


2018

- Handset Related Products
- Vehicle Lens Sets
- Digital Camera Related Products
- Optical Instruments
- Other Products



2017



2016

For the year ended 31 December

Operations Review



Focus on Patents Layout Strengthen Competitive Advantage

2018

958
patents

- 7P wide-angle lens sets
- Stray light automatic detecting equipment and automatic detecting method
- Device and method for detecting camera modules
- Camera Module and Array Camera Module with Circuit Board Unit and Photosensitive Unit and Manufacturing Method Thereof
- ...

2017

634
patents

- Ultra wide-angle lens sets
- Array lens sets and array camera modules
- Automatic testing equipment and testing method for camera modules' open circuit or short circuit
- Array Imaging Module and Molded Photosensitive Assembly and Manufacturing Method Thereof for Electronic Device
- ...

2016

411
patents

- One new long-wave infrared athermal lens sets
- 3D interactive projection lens sets
- A new type of automatic testing equipment for handset cameras
- Focus-free autofocus modules
- ...

* As at 31 December

Significant Achievements in R&D

Build Hi-tech Barriers



Expert in
Optics

2017

- A variety of high-end large aperture handset lens sets with 6P have achieved mass production
- The R&D on handset lens sets with 7P has been completed
- Hybrid handset lens sets have achieved mass production
- A variety of 20-mega pixel tiny handset lens sets have achieved mass production
- 16-mega pixel with FNo.1.65 handset lens sets have achieved mass production
- VR fresnel lenses have achieved mass production



Optical
Components

2018

- The R&D on ultra-large aperture (FNo.1.4) handset lens sets with 7P has been completed
- 48-mega pixel handset lens sets have achieved mass production
- 32-mega pixel miniaturized head handset lens sets have achieved mass production
- Variable aperture (7P) handset lens sets have achieved mass production
- Collimating lens sets for 3D have achieved mass production
- The R&D on 8-mega pixel vehicle lens sets has been completed

- The R&D on periscope-style tiny optical zoom modules and periscope-style dual camera modules with high magnification optical zoom function has been completed
- 16-mega pixel with FNo.1.65 handset camera modules have achieved mass production
- 3D structured-light products have been completed R&D and achieved batch production
- The qualification of automotive camera modules has been obtained from a globally renowned Tier 1 client



Optoelectronic
Products

- The periscope-style tiny modules with high magnification optical zoom function have achieved mass production
- TOF modules for handsets have achieved mass production
- The R&D on linear TOF products has been completed
- The R&D on high accuracy TOF products with wide angle has been completed
- The R&D on various kinds of surround view, front view and interior automotive camera modules has been completed, some of which have achieved mass production

- The LED invert fluorescence microscopes with automatic fluorescence switch first applied in China in life science field have achieved mass production
- The automatic production line solution of automotive camera modules has achieved mass production
- The equipment of infrared cut-off filter (IRCF) defect inspection and IRCF module defect inspection based on AI have achieved mass production



Optical
Instruments

- Fully automated research and inverted microscopes have achieved production in small batches
- Scanning detection equipment for anisotropic conductive film (ACF) have achieved mass production
- The Mycobacterium tuberculosis microscopy scanning systems have achieved mass production

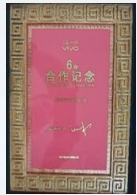
Awards and Recognitions



Panasonic
“Excellent Supplier Award”



Company T
“Top Partner Award”



Vivo
“Six Anniversary Commemoration of Cooperation”, “Innovation Award”, “Quality Award”

“Institutional Investor”
All-Asia Technology/Hardware
“Most Honored Company”
“Best Investor Relations Program”
“Best Corporate Governance”
“Best ESG SRI Metrics”
MSCI upgrades the Company's latest ESG rating from “B” to “BB”



Huawei
“Excellent Quality Award”
“Global Gold Supplier Award”



Panasonic (Vietnam)
“Best Collaboration Award”



LG
“Excellent Supplier Award”



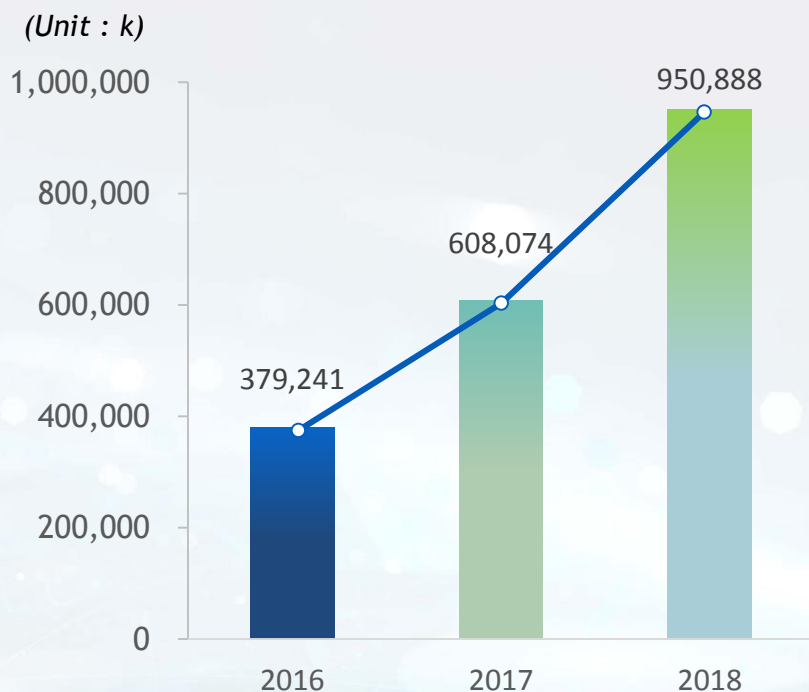
Panasonic
“Excellent Supplier Award”



Xiaomi
“Best Strategy Partner Award”

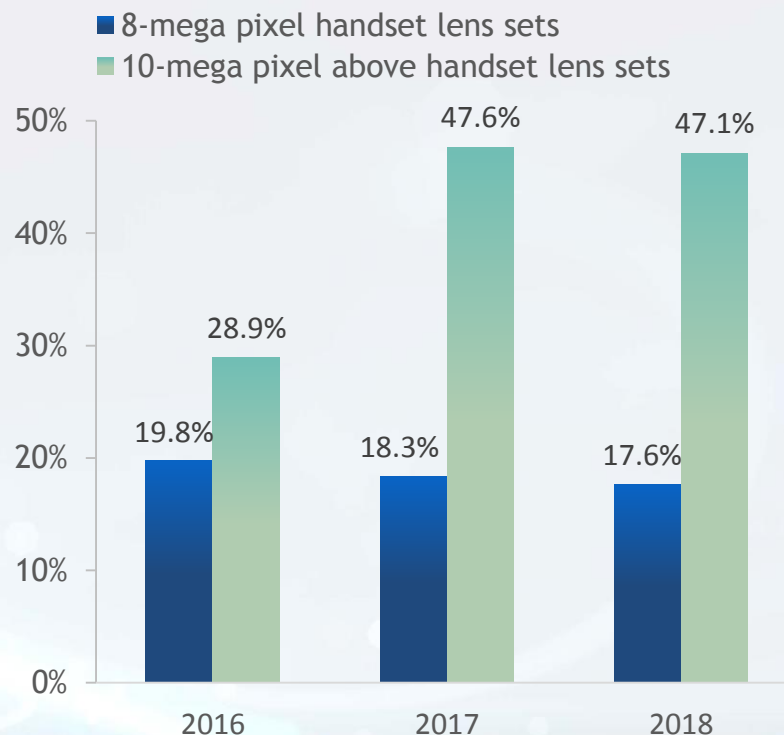
Continue to Gain Global Market Share Strive for Domestic No.1 and Global No.2

Shipment Volume of the Company's Handset Lens Sets



For the year ended 31 December

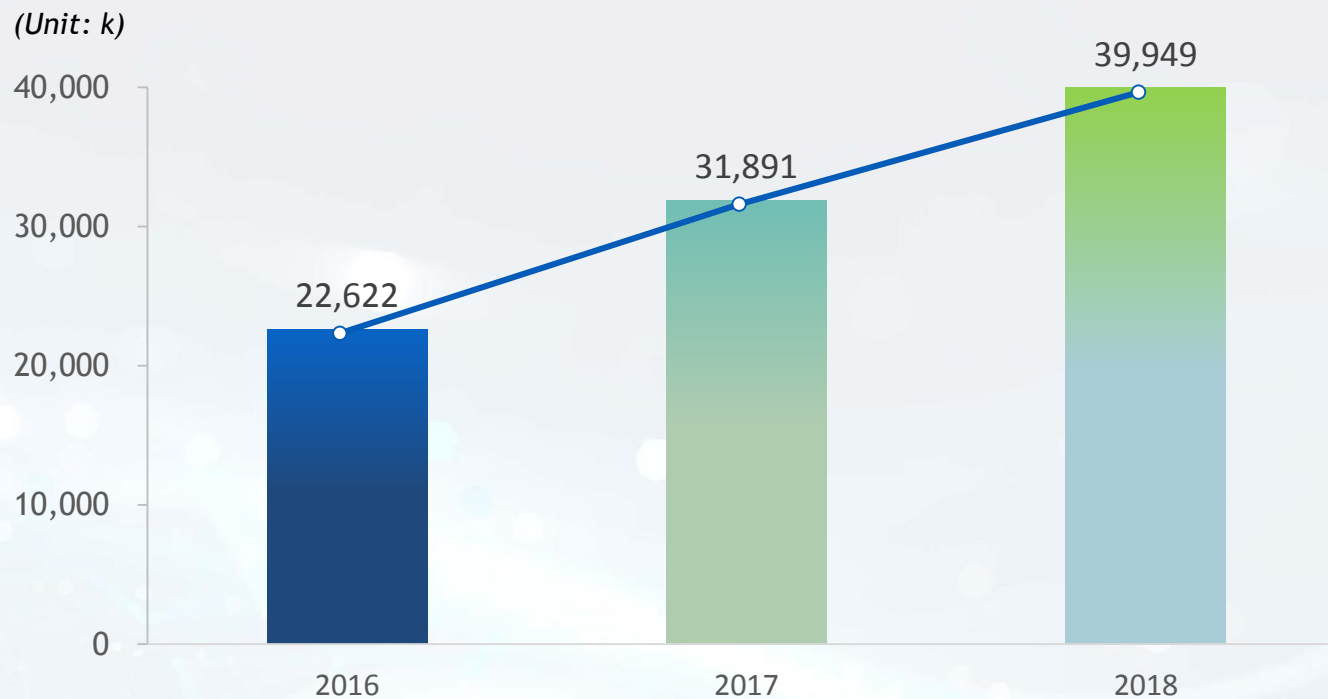
Shipment Volume Proportion of the Company's Handset Lens Sets by Pixels



For the year ended 31 December

Maintain No.1 Position in Global Market Further Expand the Market Share

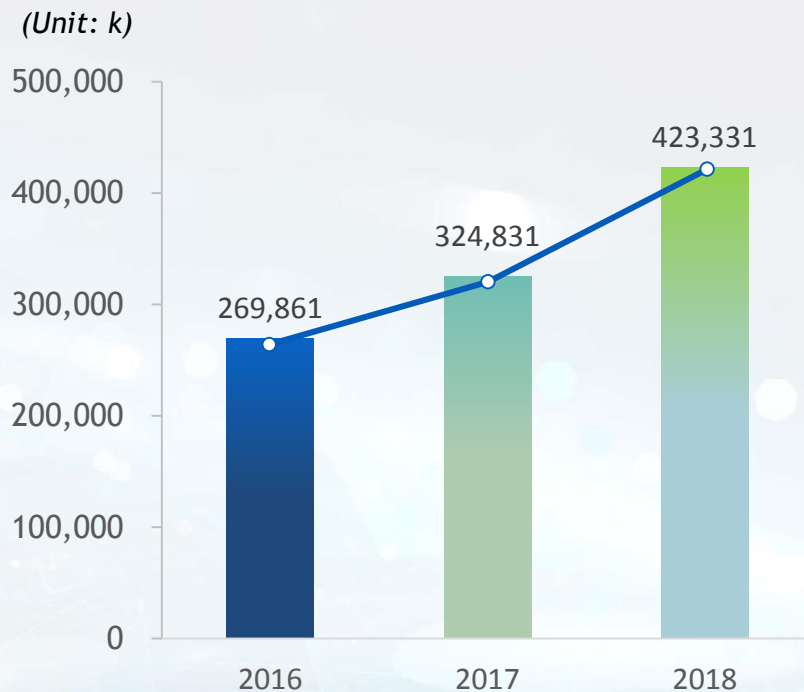
Shipment Volume of the Company's Vehicle Lens Sets



For the year ended 31 December

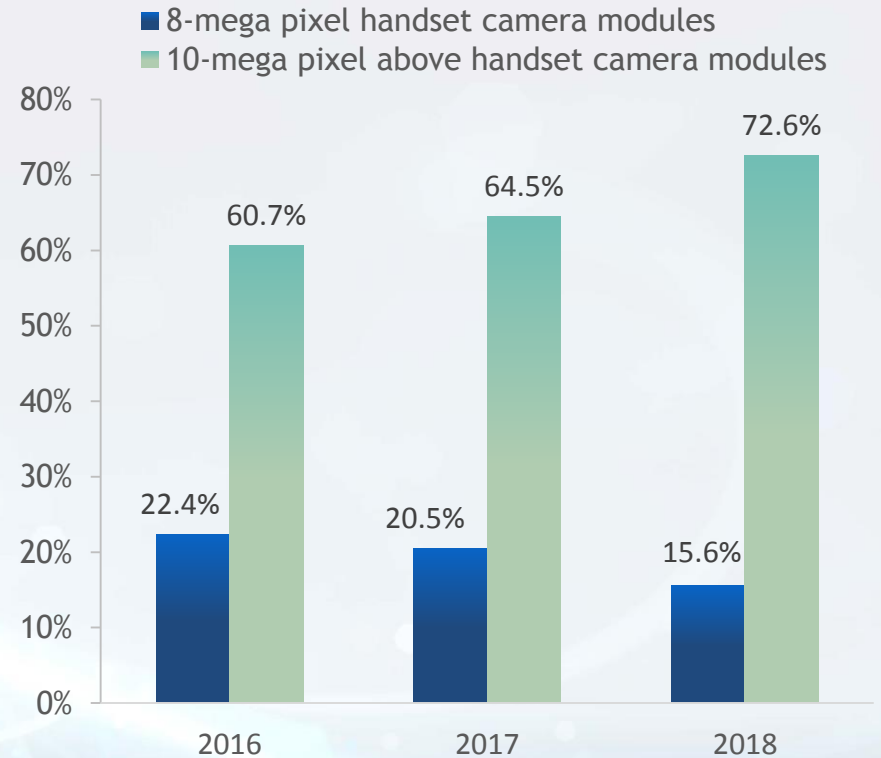
Solidify Leading Position in Domestic Market Further Capture Overseas Clients

Shipment Volume of the Company's Handset Camera Modules



For the year ended 31 December

Shipment Volume Proportion of the Company's Handset Camera Modules by Pixels



For the year ended 31 December

Future Outlook



Distinctly Upgrade in Handset Lens Sets Broad Application Prospects

Large image area and large aperture

- Improve the transmittance of light, making the photosensitive elements receive sufficient light
- 1/3-1/1.7...

Optical zoom

- 3X, 5X...

Ultra-wide angle and macro shooting

- 120° close to the human eye perspective
- 25mm macro shooting

Triple cameras and multiple cameras

Front cameras with ultra miniaturized head

Under-glass optical fingerprint lens sets

TOF/ structured light lens sets

- Higher screen-to-body ratio

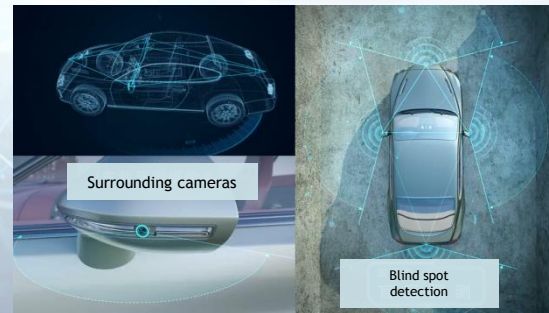
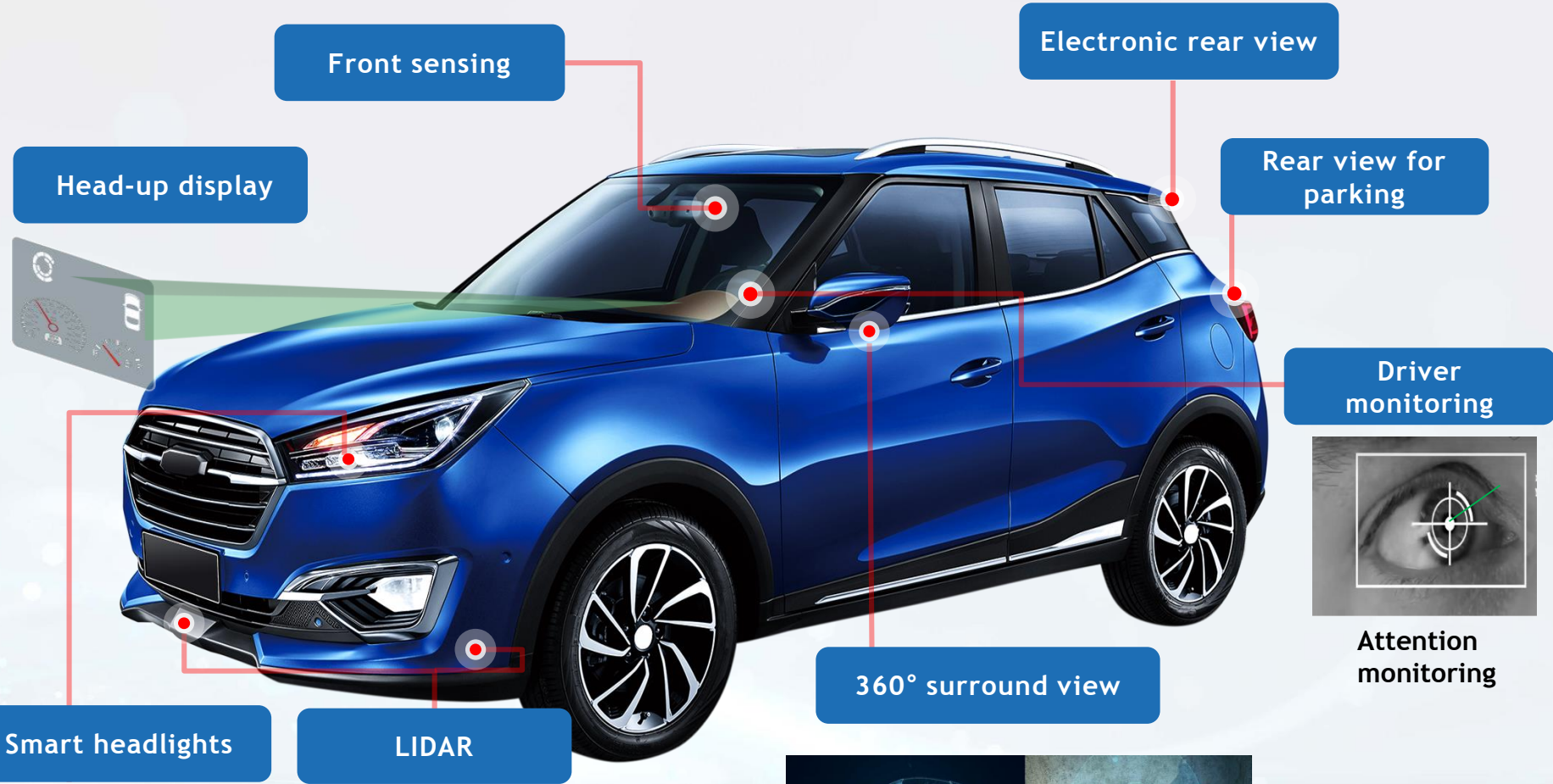
- 3D modeling
- Facial recognition
- AR interaction



Rapid Progress of Autonomous Driving Huge Potential in Optical Application



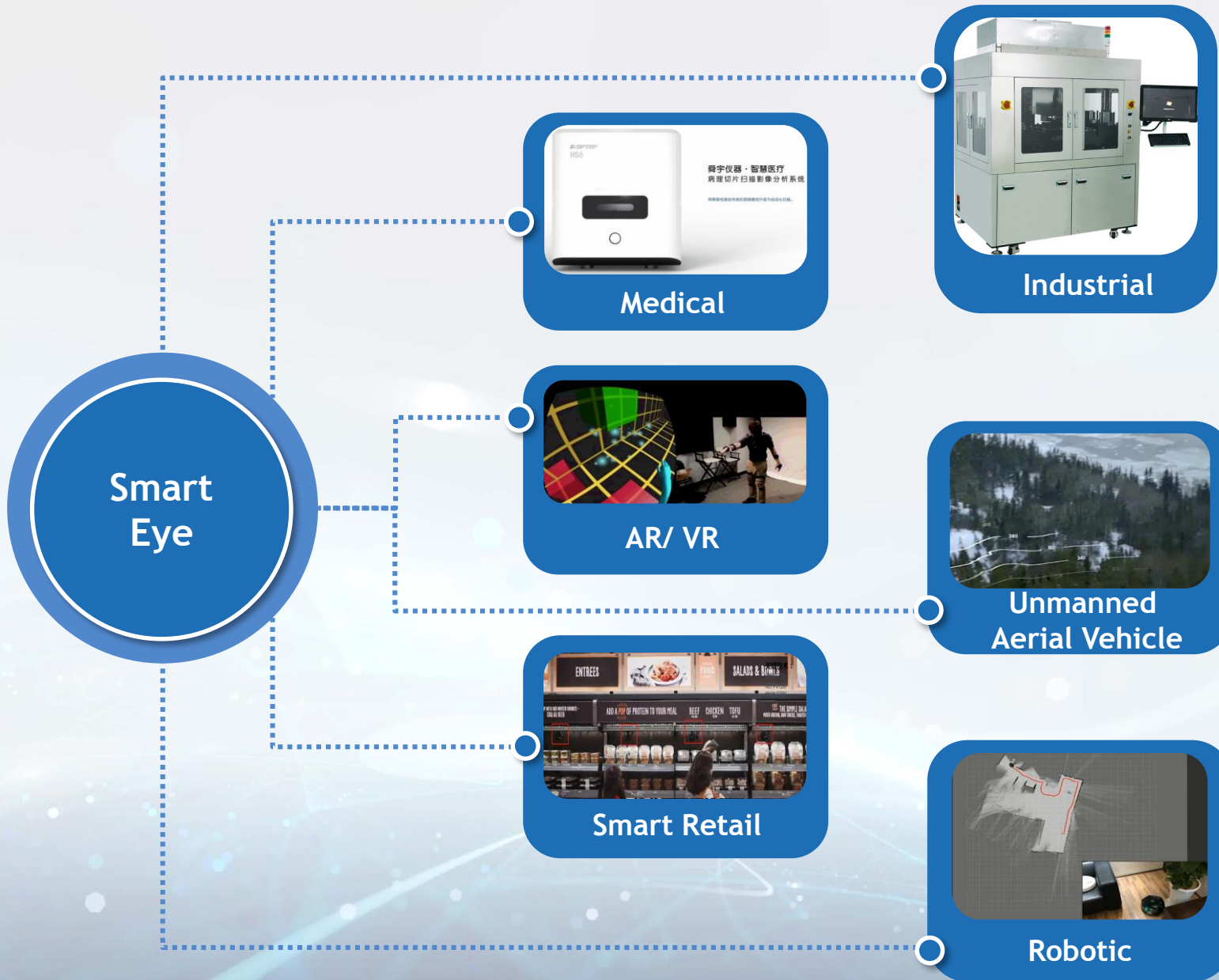
Expert in
Optics



Potentials in the Different Fields



Expert in Optics



Q & A Session

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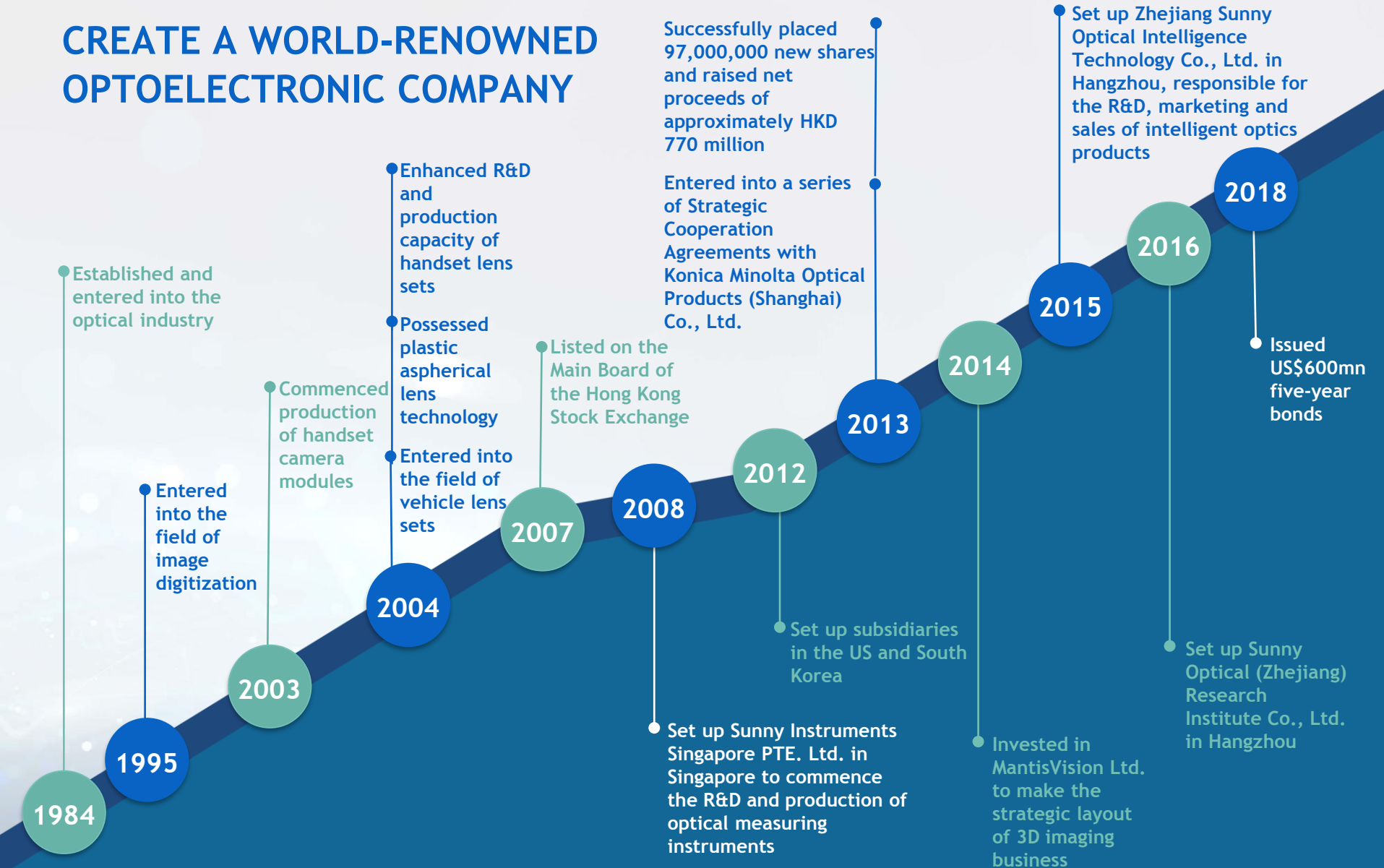
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Appendix



CREATE A WORLD-RENOUNDED OPTOELECTRONIC COMPANY



Shareholding Structure



(1) The Sunny Group Employee Offshore Trust is a trust which holds the entire issued share capital of Sun Ji Limited. Mr. Wang Wenjian, together with TMF Trust (HK) Limited, is one of the two trustees and one of the beneficiaries of the Sunny Group Employee Offshore Trust.

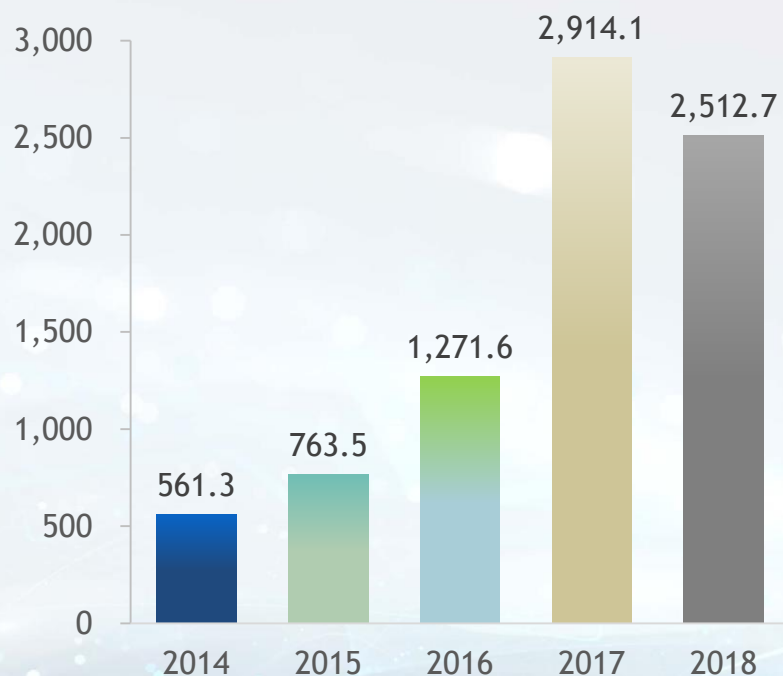
* As at 31 December 2018

Investment Highlights

OUTSTANDING PERFORMANCE IN NET PROFIT

Net Profit

(RMB: mn)

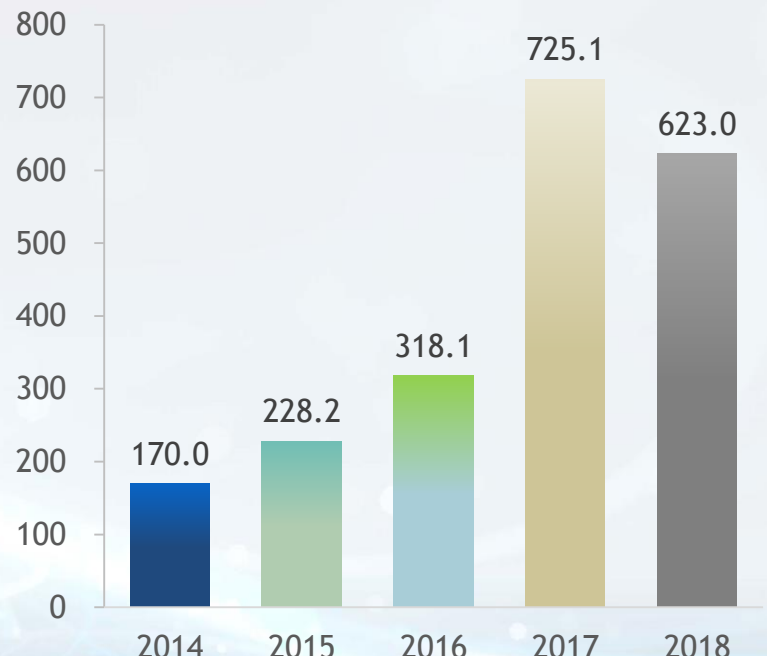


For the year ended 31 December

FINAL DIVIDENDS PAYOUT RATIO AT 20%-30% OF THE PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

Dividends

(RMB: mn)



(Proposed)

For the year ended 31 December