

Lelon Taps Growth Fields to Cushion Pandemic Impacts

While most manufacturers feel the brunt of the coronavirus disease (COVID-19) pandemic in their businesses, Lelon Electronics Corp. has been fortunate to experience year-on-year revenue growth at least for the first eight months of this year. The growth has been stirred by fifth-generation (5G) communications standard as well as the medical equipment markets. Expansion of sales from telecommunications and network fields also contributed to this growth amid the increasing usage of internet bandwidth as more people has to work and study from home in this time of pandemic.

In an interview with AEI, Jimmy Wu, Chief Executive Officer at Lelon said the company initially thought the impact of the pandemic will already be bad for the business at the onset, but their factories have been operating normally and the decreases in some traditional growth fields, such as automotive and energy fields, have been offset by the growth of the telecom and information technology (IT). However, Wu said they expect sales might still slightly reduce for the last quarter as an offshoot of a weakened global economy, which

he said might linger until the first half of next year.

“We think (revenue) in October, November and December will drop 10 to 20 percent because world economy is not so good, and we feel (global) economy will slow down until first half of next year. However, we want to carry on and China, right now, has been investing so there are lots of opportunities for the business to grow,” said Wu.

For the first half of the year, Lelon’s consolidated revenue grew 4.96 percent year-on-year to NT\$3.6 billion (US\$124.6 million) with net income also increasing 42.6 percent to NT\$328 million (US\$11.35 million) compared to the same period of last year. Telecom and network applications comprise 17.9 percent of the total aluminum capacitors revenue for the period growing 13.3 percent while IT and Cloud, which has a 4 percent share in the total aluminum capacitors revenue, grew 11.1 percent. Meanwhile, power and energy applications, which has 18.8 percent of the company’s total aluminum capacitors revenue for the first half of the year, contracted 9.7 percent while automotive, which has 7.5 percent share, also went down 8.5 percent.



Artist's rendition of Lelon's factory in Suzhou, China



Jimmy Wu, Chief Executive Officer, Lelon Electronics Corp.

Taps 5G, Medical

To cushion the continuing impact of the pandemic to the company’s business as triggered by weakened global economy, Lelon is eyeing to tap 5G, medical equipment market, and automotive as possible growth fields for next year.

“In 5G market, Lelon is the strategic supplier of major telecom equipment manufacturers in China and Europe. In China, the undergoing new infrastructure policy will accelerate the construction of 5G base station and it is estimated that 600,000 base stations will be built in 2020. Lelon will be able to grasp the opportunity of the rapid growth of 5G market, and will continue to meet the needs of customers in the future,” said Wu.

“The demand of medical care equipment, such as ventilator and physiologic monitor has increased due to the pandemic. In 1H, Lelon’s capacitors have been adopted by many new medical customers,” he added.

Wu said for this year, China’s market share in its revenue has significantly grown to over 50 percent, which is usually around 36 to 40 percent only. However, he said the company’s focus will remain towards the global market.

Supply chain availability is one of the many issues manufacturers worldwide have been facing at this time of pandemic but this has not been the case for Lelon, Wu said. The company was even tapped by other companies who faced supply limitation

from countries that imposed strict restrictions as part of pandemic protocols.

“We have very strong connections with our material suppliers, we even increased some stocks in our hand so we don’t have any supply chain problems,” said Wu.

Drums up Edge in Automotive

Although Lelon’s revenue from the automotive field contracted for the first half of the year, Wu said it has started to pick up since August as manufacturers brace to introduce new car models for next year.

Lelon has recently developed and started shipping aluminum electrolytic capacitors for 48V power supply systems to three automotive electronics manufacturers in China. Its customers in Europe are currently in the testing phase of this product and the company expects this as a growth driver starting either in second half of 2021 or early 2022.

Explaining the competitive edge of its aluminum electrolytic capacitors for the

automotive field, Wu noted that the company’s factories, namely Suzhou factory, has been verified to conform to the IATF 16949 quality management system. He also noted that their products have been adopted by many Tier 1 automotive electronics manufacturers and has even been awarded with the 2019 General Motors Supplier Quality Excellence Award.

Wu said specific automotive products also conform to strict quality, conforming to automotive grade standards AEC-Q200, VDA 6.3, and PPAP, with features include high temperature resistance, low impedance, and longer life cycle. Among product application examples include body control, battery management systems, navigation and telematics, dashboard, pump control, airbag control, LED lighting, and advanced driver-assistance systems (ADAS).

Globally, the automotive field has been one of the difficult industries to penetrate, but Wu said Lelon’s foray has been a success because it was able to

focus on three distinct criteria, namely timing, location, and people and data.

Gives Weight on Speed, Quality

Lelon has been putting premium in quality production to meet customer’s needs across all fields, be it in medical, telecommunications, automotive, aeronautical, among others.

“We have installed quality production systems to service the needs of our customers and we follow what trend our customers are following. We work together with them. Speed is very important to meet customer needs and customer production. Quality and speed are two major criteria that we give importance,” said Wu.

In response to the market demand for advanced applications, Wu said Lelon will expand the capacity of polymer and electrolytic capacitors. The third factory in Huizhou was completed last year while Suzhou’s new factory will be completed in Q2 of 2021, both of which are located in China. □

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