六暉控股股份有限公司
LU HAI HOLDING CORP.

六暉-KY(2115) 2018 Business Review

Date：2019/3/26

Safe Harbor Notice

This presentation and discussion contain certain forward-looking statements with respect to the result of operation, financial condition and current expectation. The forward-looking statement are subject to know and unknown uncertainties and risks that could cause actual results to differ materially from those expressed or implied by such statements. Therefore, please refer to the information on MOPS website as the main basis if any adjustment has been made. LUHAI undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date. (http://mops.twse.com.tw)

Company Profile

Foundation : 2009.10.19
Stock Listing : 2013.12.25

Chairman/General Manager
Simon Hsu

Capital
NTD 819.65 million

Number of employees
1,325人 (As of February 2019)

Production
Valves, about 80 %
Accessories and others, about 20%

Production Capacity
66 million pcs / Month

Global Locations

LU HAI INDUSTRIAL CORP.

1. Location：Taiwan
2. Land area：4,899㎡
3. Product Category：Taiwan market's valve
4. Sales Market：100% sale to Taiwan

XIAMEN XIAHUI RUBBER METAL INDUSTRIAL CO., LTD (PLANT XINLING)

1. Location：Jimei District, Xiamen China
2. Land area : 12,820 m²
3. Majority Product Category : Bicycle. Motorcycle. Electric motorcycle.
4. Sales Market : 40% for domestic (South China). 60% For sale abroad.

XIAMEN XIAHUI RUBBER METAL INDUSTRIAL CO., LTD (PLANT GUANKOU)

1. Location：Jimei District, Xiamen China
2. Land area : 16,438 m²
3. Majority Product Category : TPMS Valves. Precision machining accessories.

Global Locations

KH

1997

IH

2011

LUHAI RUBBER METAL INDUSTRIAL (KUNSHAN) CO., LTD.

1. Location：Kun Shan, Jiangsu China
2. Land area : 36,138 m²
3. Majority Product Category : Passenger Car. Light Truck. Truck. Agricultural & OTR
4. Sales Market : 70% for domestic (East China and North China) 30% For sale abroad.

PT. LUHAI INDUSTRIAL

1. Location：Serang, Indonesia
2. Land area : 57,777 m²
3. Majority Product Category : Motorcycle
4. Sales Market : Indonesia (ASEAN and Moslem market)

XIAHUI New Plant

LAND
2018
Acquire land on Jan. 2018

CONSTRUCTION
2018
Factory construction Start on Nov. 2018

PRODUCTION
2020
Started the production on mid-year 2020

Land area : 54,784 m^2
Gross floor area : 90,240 m^2
Floor Area Ratio : 1.64
Building density : 57%

Main Products

Bicycle Valves Series

Motorcycle Valves Series

Passenger Car Valves Series

Truck, Bus, Agricultural & OTR Valves Series

TPMS Valve

TPMS Legislation

Material Trend

Copper

Aluminum

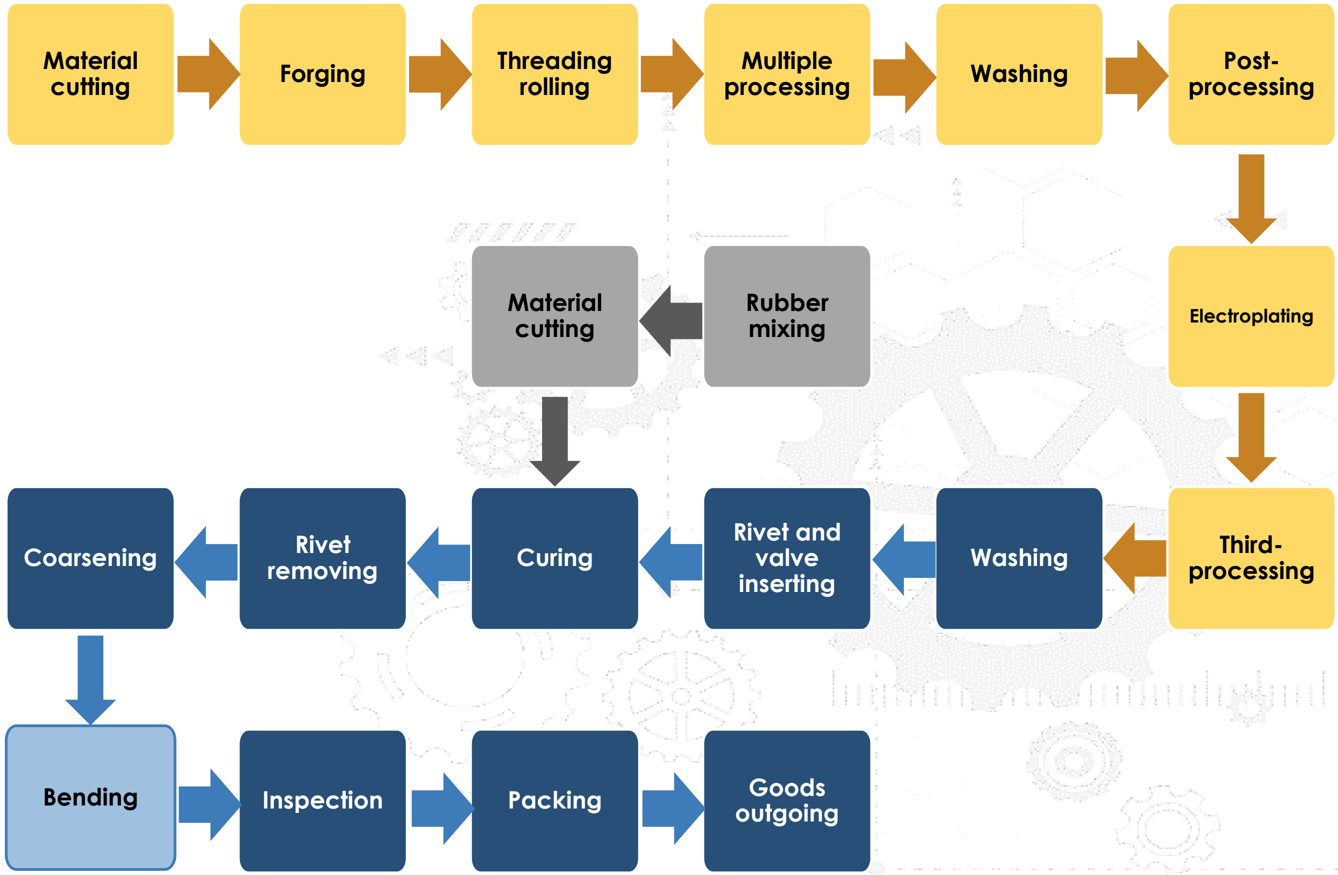
Rubber

Copper

Rubber

Niche Business Model and Production Process

- ✓ Achieve economies of scale, renowned brand and leader manufacturer in the field.
- ✓ Possess well-appointed production line and be able to provide one-stop shopping service.
- ✓ Focus on own field. Only develop market with customer, never compete with customer.
- ✓ Reclaim own copper scrap. That is to decrease cost and ensure copper quality.
- ✓ The electroplating and rubber mixing is all done by our own factory, thus, ensuring product quality.
- ✓ High automation level, attaching great importance to EH&S.
- ✓ Possess three production bases which are relatively located in China and Indonesia. Group production could be allocated flexibly.



Financial Results

NTD thousand

	2014	2015	2016	2017	2018
Sales	2,633,761	2,474,627	2,606,582	2,647,010	2,628,778
Gross Profit	553,696	545,640	682,178	681,005	561,055
Gross Profit%	21.02	22.05	26.17	25.73	21.34
Operation Expense	261,402	263,341	276,135	285,804	291,713
Operation Expense%	9.93	10.64	10.59	10.80	11.10
Operating Profit	292,294	282,299	406,043	395,201	269,342
Operations Profit%	11.10	11.41	15.58	14.93	10.25
Net Income	230,569	246,505	318,406	274,152	208,463
Net Income%	8.75	9.96	12.22	10.36	7.93
Capital	709,947	744,947	744,947	819,650	819,650
EPS	3.25	3.35	4.27	3.35	2.54
Dividend	2.097	2.2	1+1	1.5	1+0.5

Financial Results

NTD thousand

	4Q18	%	3Q18	%	QoQ(%)	4Q17	%	YoY(%)
Sales	686,341	100.00	670,075	100.00	2.43	665,991	100.00	3.06
Gross Profit	163,481	23.82	147,469	22.01	10.86	167,227	25.11	-2.24
Operation Expense	68,907	10.04	77,395	11.55	-10.97	73,655	11.06	-6.45
Operating Profit	94,574	13.78	70,074	10.46	34.96	93,527	14.04	1.12
Net Income	76,447	11.14	55,094	8.22	38.76	57,666	8.66	32.57
EPS	0.93		0.67		38.81	0.70		32.86

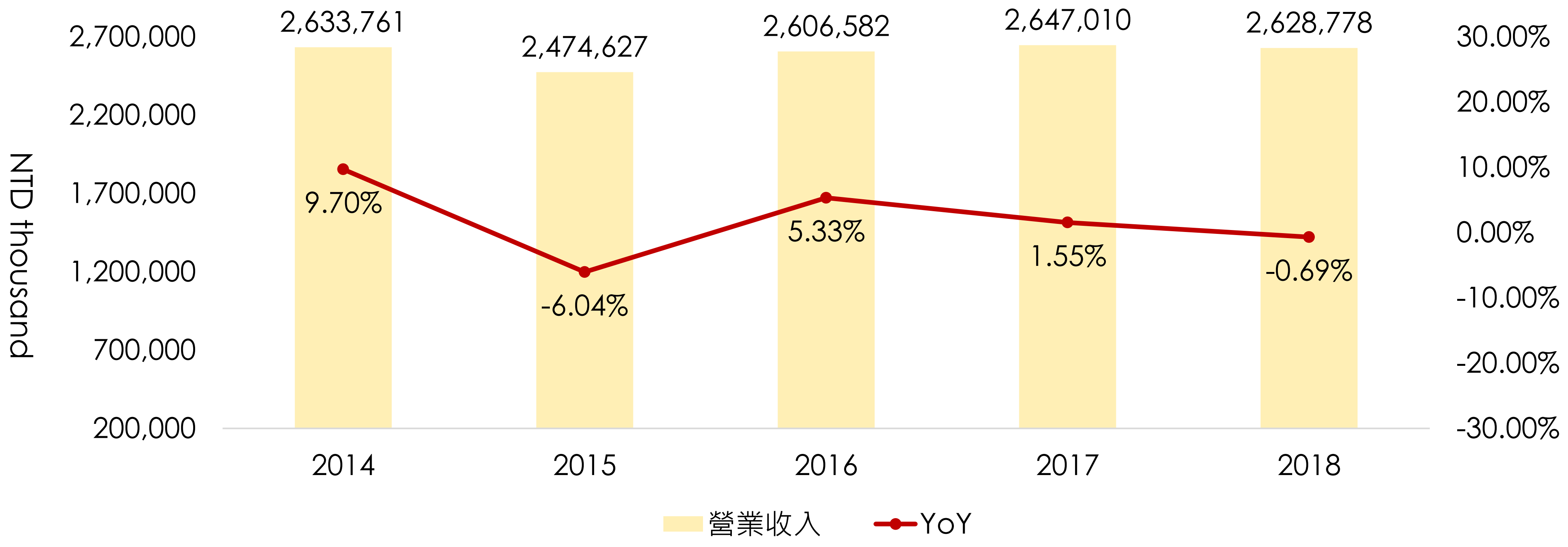
Financial Results

NTD thousand

	2014	2015	2016	2017	2018
Cash and cash equivalents	769,709	991,397	880,938	927,331	824,221
Accounts/Note receivables	696,196	613,555	706,473	627,733	666,059
Inventories	551,606	436,627	430,083	627,128	565,263
Property, plant and equipment	556,092	612,512	621,704	634,053	723,273
Total assets	2,808,076	2,929,575	3,028,501	3,282,097	3,383,863
Debt ratio(%)	36.15	29.67	32.51	33.05	34.17
The Net Asset Value of Each Share	25.25	27.66	27.44	26.81	27.18
CASH FLOWS FROM OPERATING ACTIVITIES	132,769	436,486	383,512	244,282	322,913
CASH FLOWS FROM INVESTING ACTIVITIES	(209,308)	(192,667)	(273,937)	(214,547)	(340,155)
CASH FLOWS FROM FINANCING ACTIVITIES	150,185	(21,260)	(155,990)	22,865	(74,483)

Financial Results

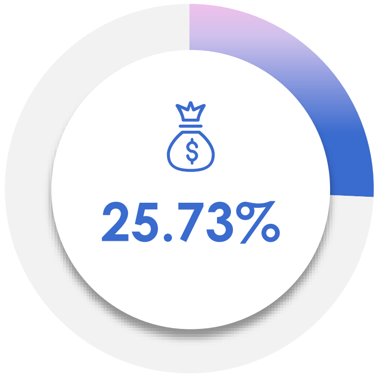
Revenue	2014	2015	2016	2017	2018
Q1	629,072	650,772	617,421	679,120	627,683
Q2	696,019	647,847	664,226	663,527	644,679
Q3	627,904	580,666	639,234	638,372	670,075
Q4	680,766	595,342	685,701	665,991	686,341



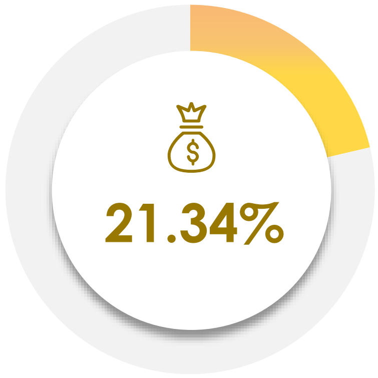
Financial Results

	Gross Profit (NTD thousand)					Gross Profit (%)				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Q1	129,818	134,301	155,248	192,125	123,139	20.64	20.64	25.14	28.29	19.62
Q2	145,202	145,910	170,507	172,497	126,966	20.86	22.52	25.67	26.00	19.69
Q3	133,811	123,992	167,761	149,156	147,469	21.31	21.35	26.24	23.37	22.01
Q4	144,865	141,437	188,662	167,227	163,481	21.28	23.76	27.51	25.11	23.82

Gross Profit (%)



2017



2018

Comparison :

- ✓ Foreign Exchange
- ✓ Copper cost rises
- ✓ Capacity Utilization

Financial Results

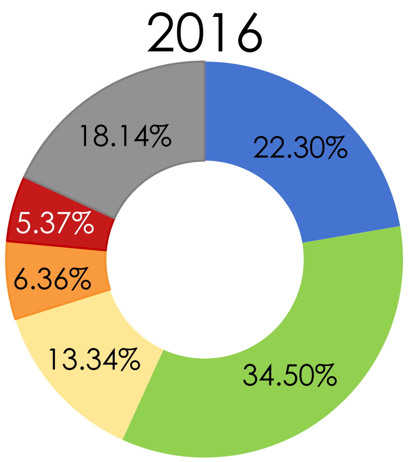
	Operating Profit (NTD thousand)					Operating Profit (%)				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Q1	58,636	67,511	86,912	120,369	52,558	9.32	10.37	14.08	17.72	8.37
Q2	84,126	84,035	107,297	102,190	52,135	12.09	12.97	16.15	15.40	8.09
Q3	76,418	59,947	100,617	79,070	70,074	12.17	10.32	15.74	12.39	10.46
Q4	73,114	70,806	111,217	93,572	94,574	10.74	11.89	16.22	14.05	13.78

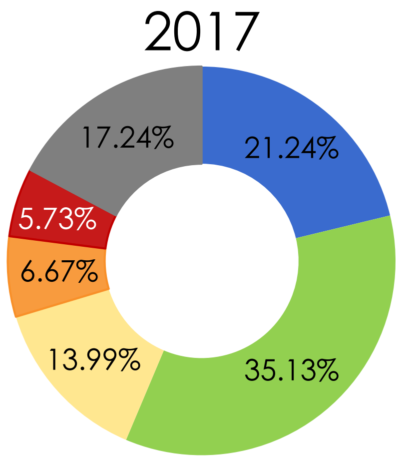
	Net Income (NTD thousand)					Net Income (%)				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Q1	47,460	58,296	65,530	86,399	29,316	7.54	8.96	10.61	12.72	4.67
Q2	66,865	65,198	84,386	74,226	47,606	9.61	10.06	12.70	11.19	7.38
Q3	58,174	66,317	79,801	55,861	55,094	9.26	11.42	12.48	8.75	8.22
Q4	58,070	56,694	88,689	57,666	76,447	8.53	9.52	12.93	8.66	11.14

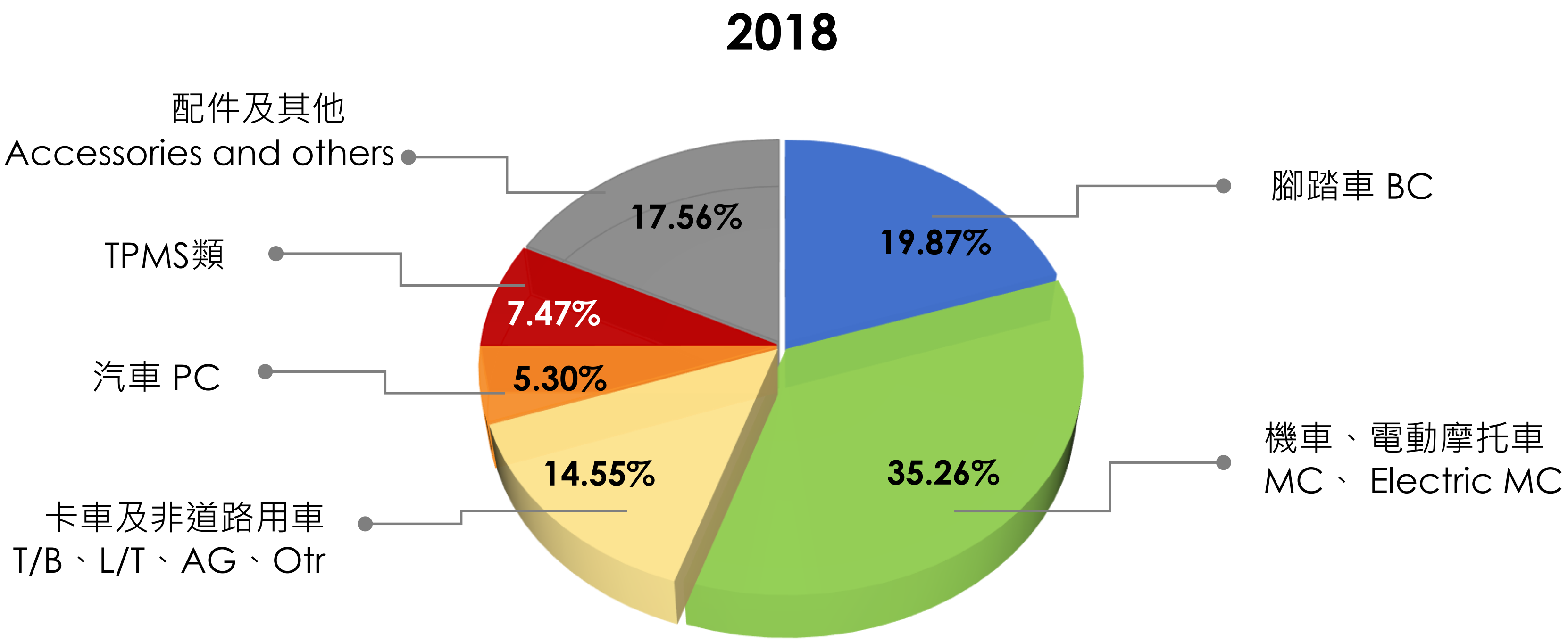
Financial Results

		2014	2015	2016	2017	2018
Capital structure analysis (%)	Debts ratio	36.15	29.67	32.51	33.05	34.17
	Long term funds to fixed assets	368.94	405.61	398.09	373.34	389.66
Liquidity analysis (%)	Current ratio	279.13	484.80	408.74	268.74	423.90
	Quick ratio	202.86	381.06	324.89	196.85	316.68
Operating performance analysis	Average collection turnover (days)	93	99	95	94	92
	Average inventory turnover (days)	90	97	86	102	109
	Average payables turnovers (days)	8.41	9.23	9.09	7.88	7.63
Return on investment analysis (%)	Return on assets(%)	9.25	8.86	10.93	8.94	6.51
	Return on equity(%)	13.84	12.79	15.52	12.93	9.42
	Net income(%)	8.75	9.96	12.22	10.36	7.93

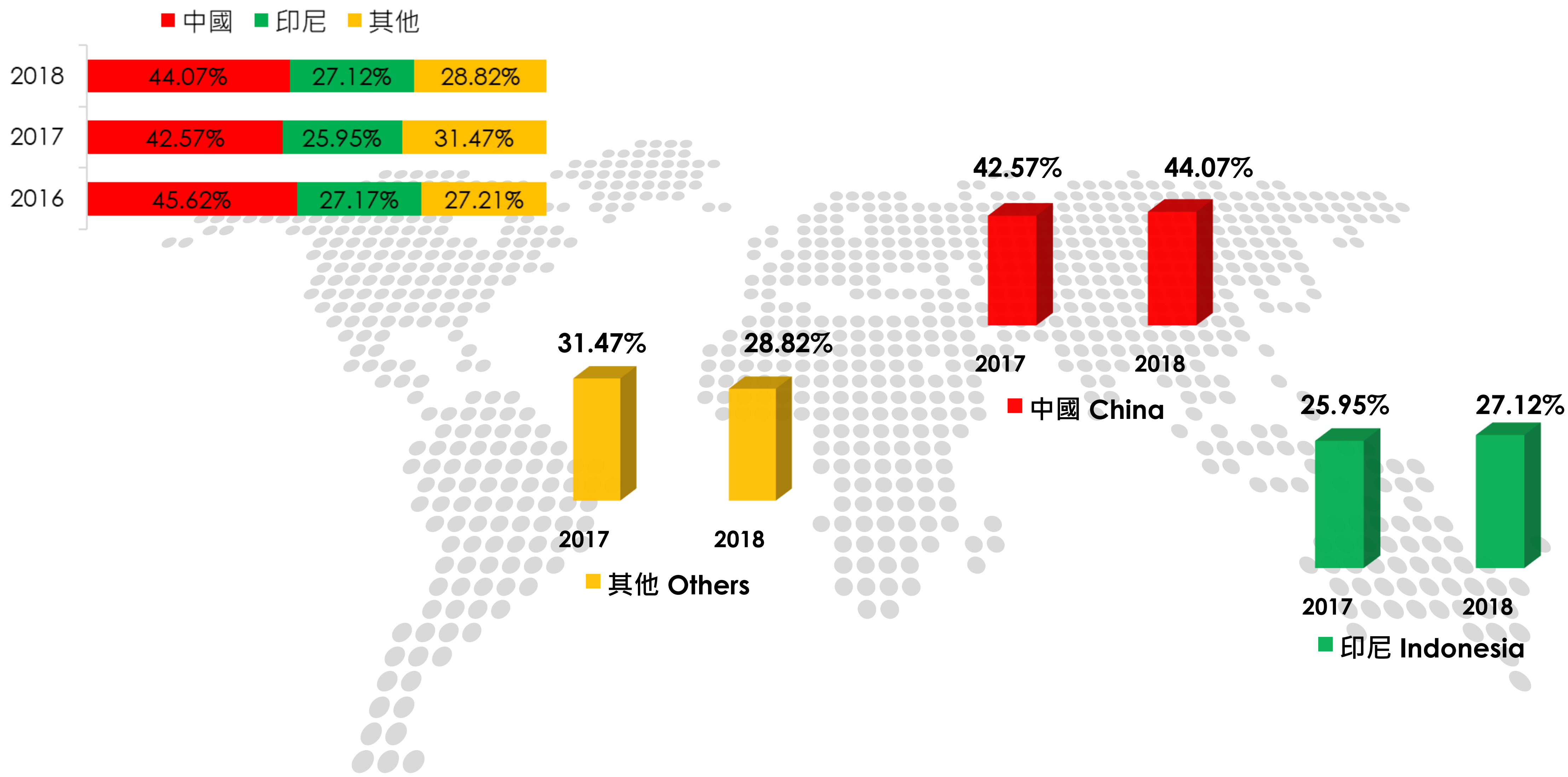
Revenue Breakdown by product category



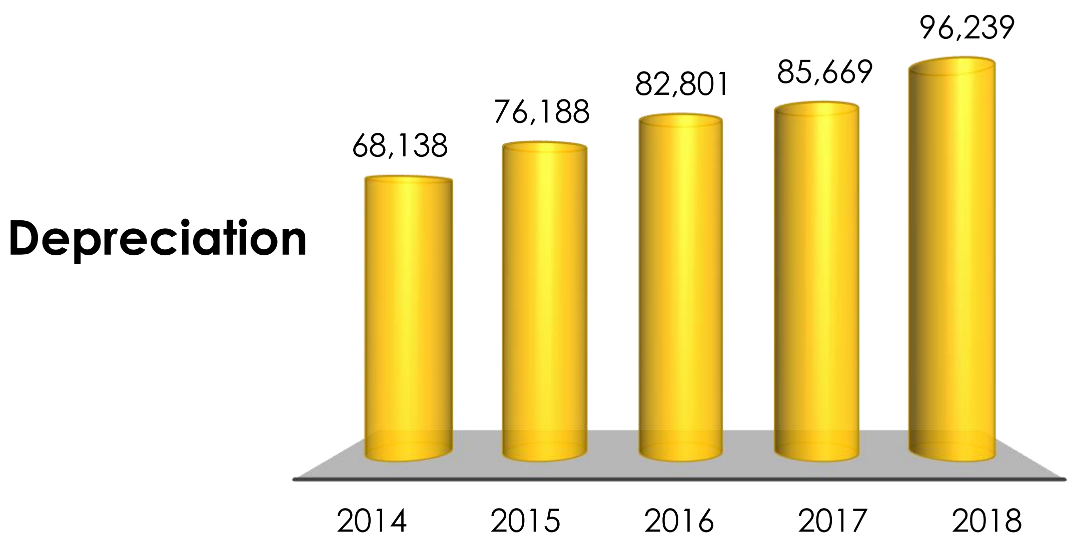


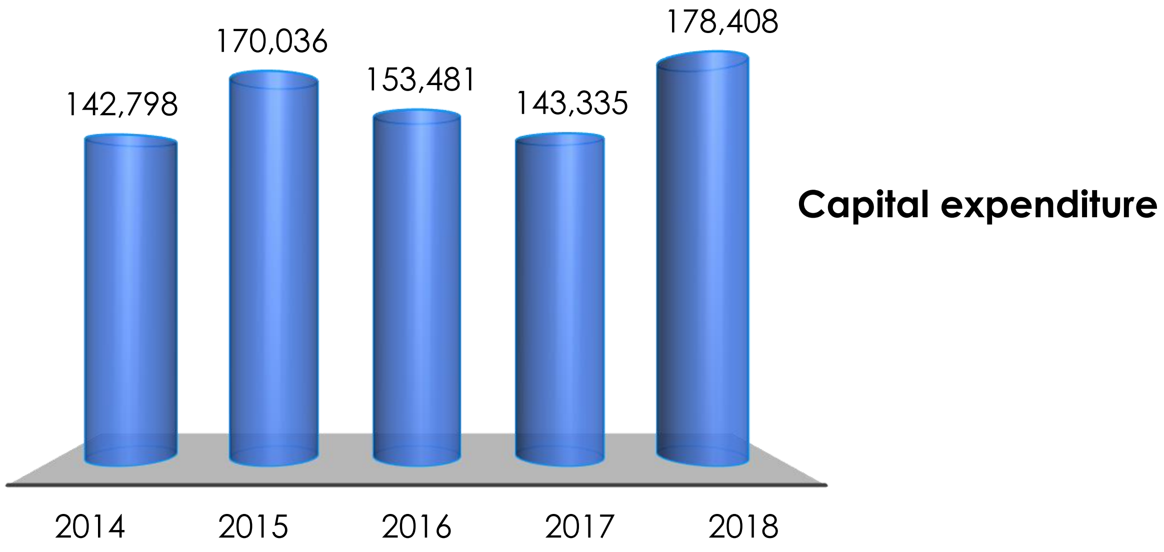


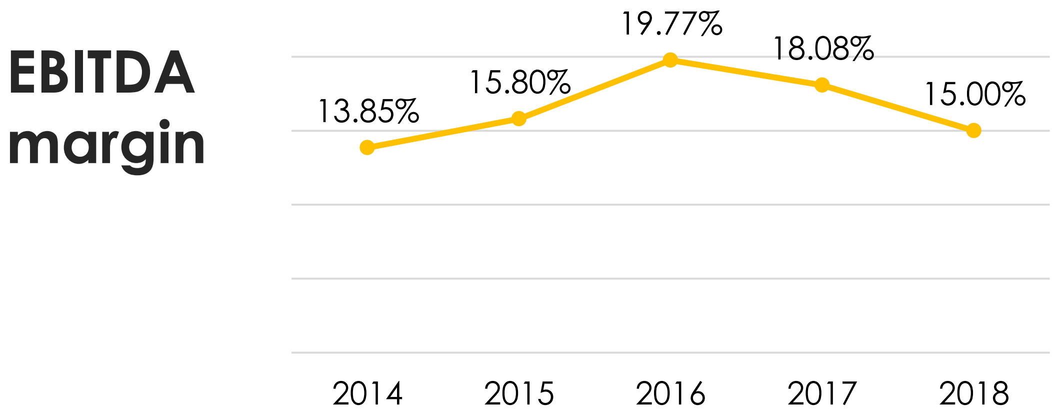
Revenue Breakdown by Area

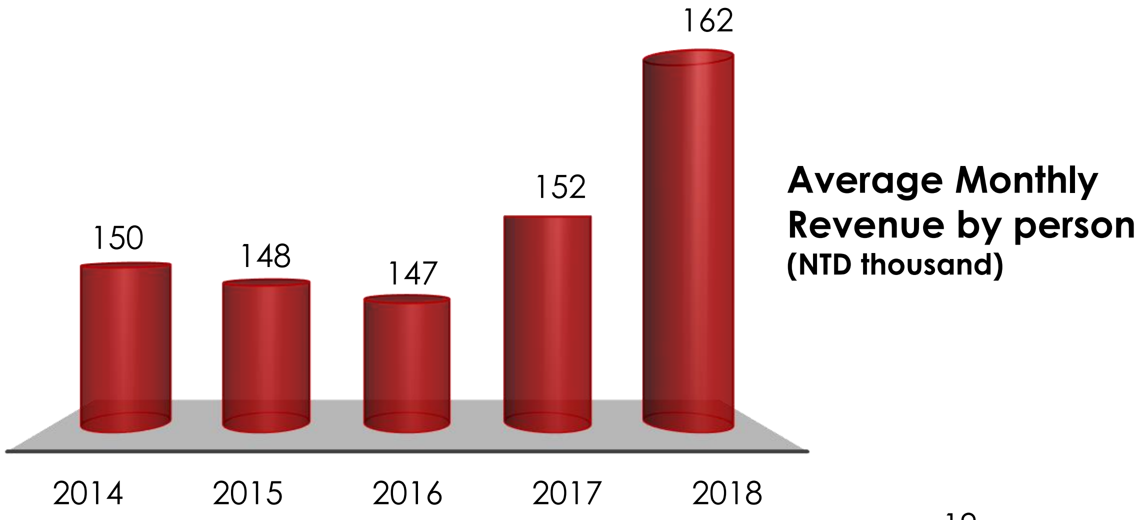


Financial Results







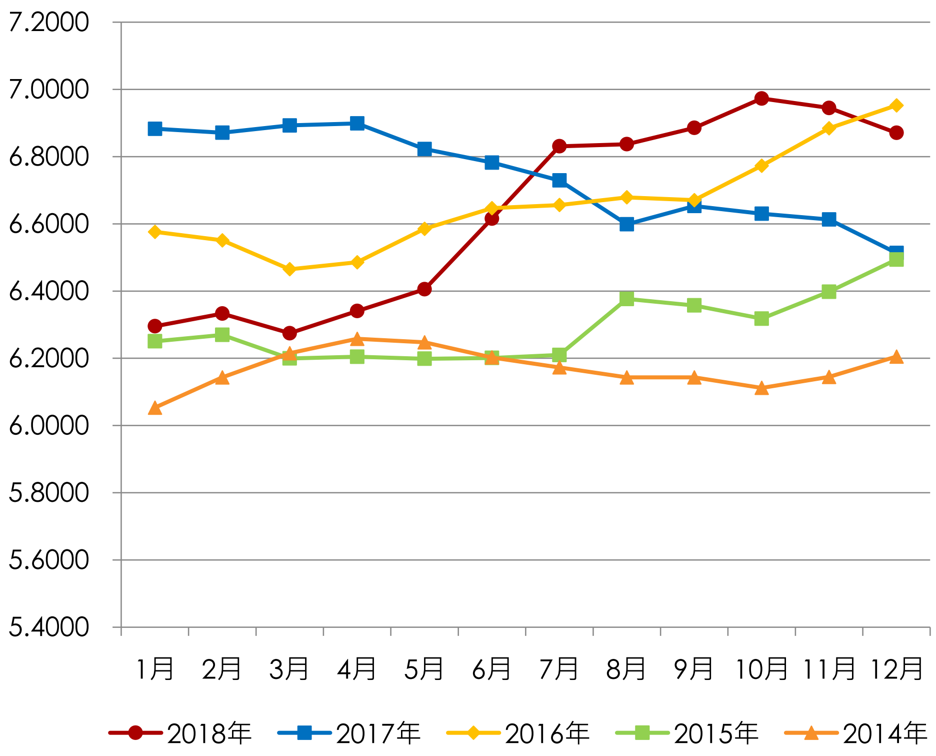


Financial Results

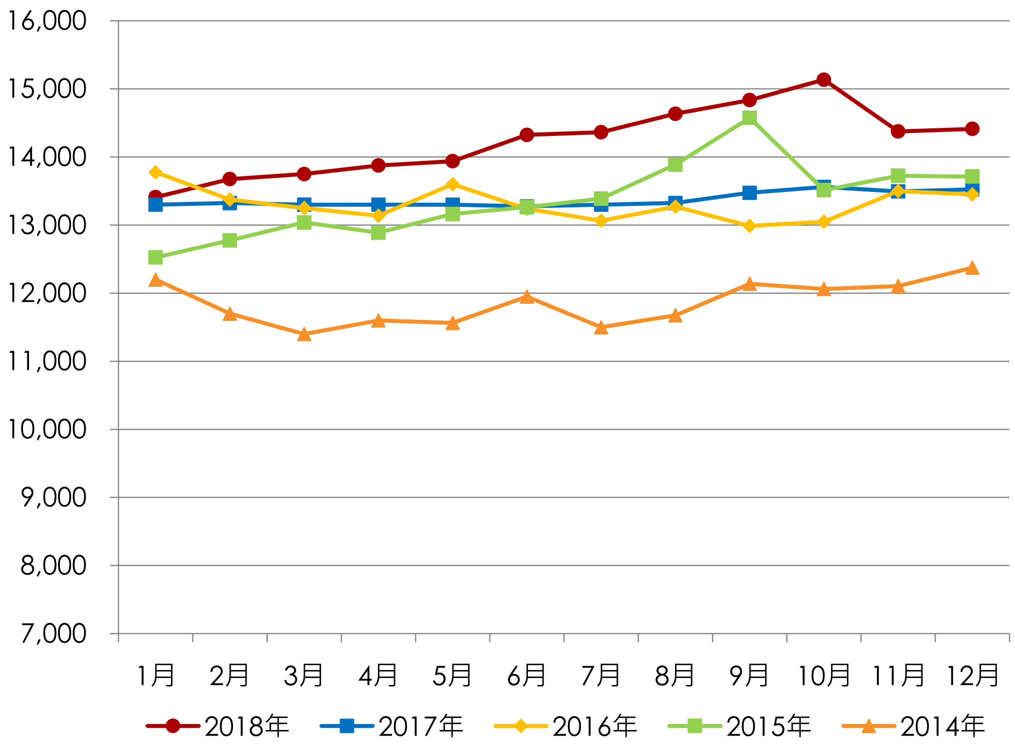
NTD thousand

Foreign Exchange	2014	2015	2016	2017	2018
Gain/(Loss)	(616)	17,435	14,325	(17,681)	4,907
Sales %	(0.02)	0.70	0.55	(0.67)	0.19

USD/RMB



USD/INR



THANK YOU!!

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We Deliver the Best Quality & High-end Technology from Taiwan.

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