六暉控股股份有限公司

LU HAI HOLDING CORP.

六暉-KY(2115) 2019 H1 Business Review

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
1,363 (As of July 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

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

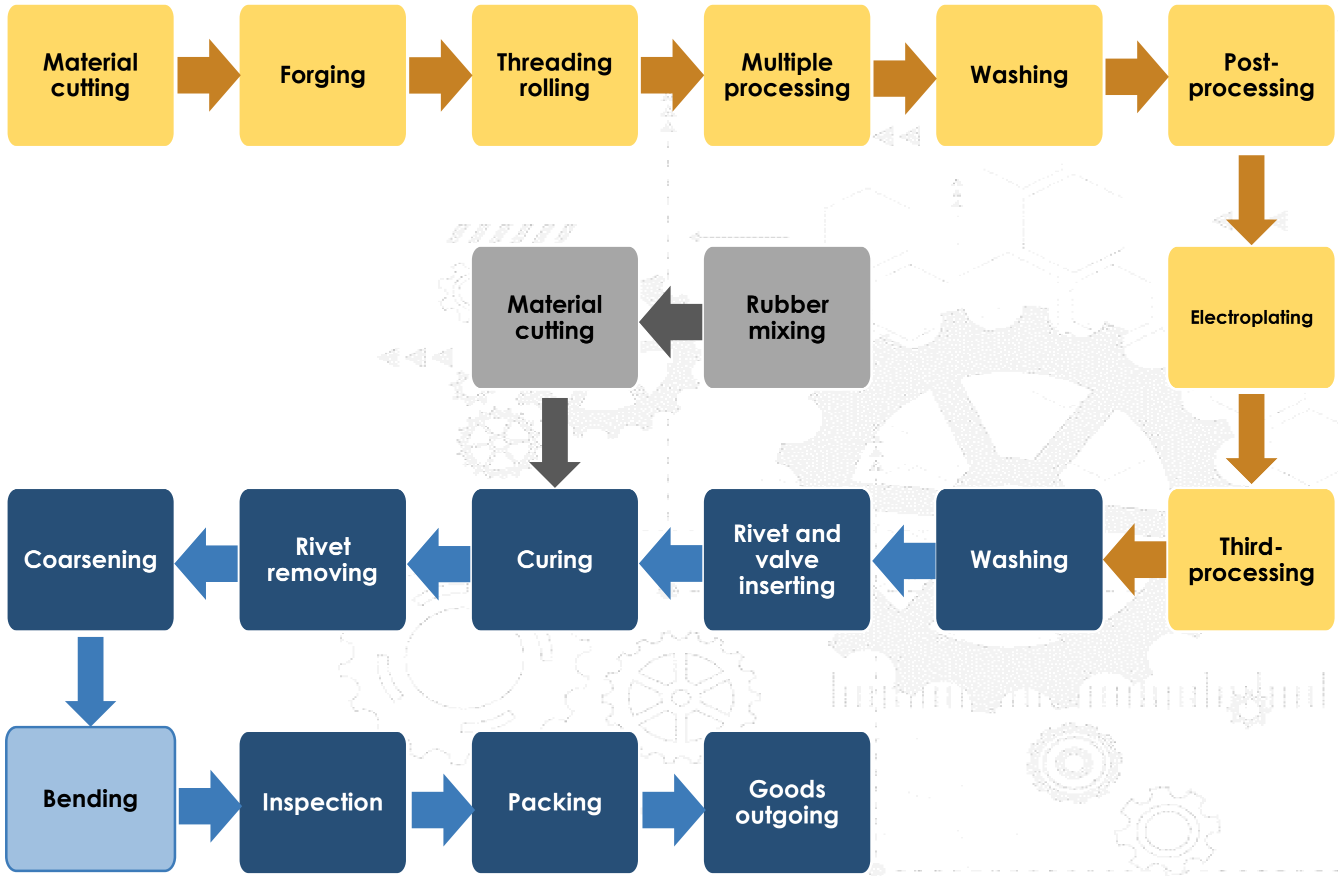
Copper  Aluminum  Rubber 

Copper (SHFE)

Rubber (SHFE)

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

	2016	2017	2018	2019H1	2018H1	YoY(%)
Revenue	2,606,582	2,647,010	2,628,778	1,336,021	1,272,362	5.00
Gross Profit	682,178	681,005	561,055	291,179	250,105	16.42
Gross Profit%	26.17	25.73	21.34	21.79	19.66	
Operation Expense	276,135	285,804	291,713	141,395	145,412	-2.76
Operation Expense%	10.59	10.80	11.10	10.58	11.43	
Operating Profit	406,043	395,201	269,342	149,784	104,693	43.07
Operations Profit%	15.58	14.93	10.25	11.21	8.23	
Net Income	318,406	274,152	208,463	104,443	76,922	35.78
Net Income%	12.22	10.36	7.93	7.82	6.05	
Capital	744,947	819,650	819,650	819,650	819,650	
EPS	4.27	3.35	2.54	1.27	0.94	35.11
Dividend	1+1	1.5	1+0.5			

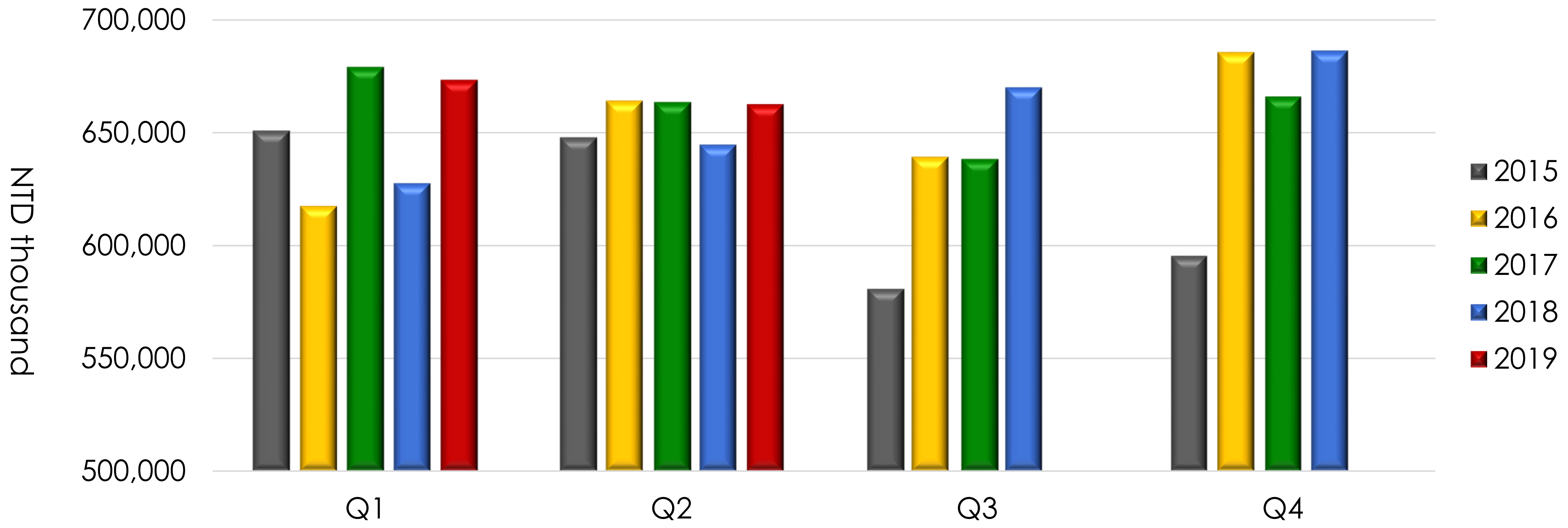
Financial Results

NTD thousand

	2016	2017	2018	2019H1	2018H1
Cash and cash equivalents	880,938	927,331	824,221	811,721	817,582
Accounts/Note receivables	706,473	627,733	666,059	695,419	666,862
Inventories	430,083	627,128	565,263	603,773	525,626
Property, plant and equipment	621,704	634,053	723,273	912,086	686,116
Total assets	3,028,501	3,282,097	3,383,863	3,570,902	3,257,702
Debt ratio(%)	32.51	33.05	34.17	35.97	33.71
The Net Asset Value of Each Share	27.44	26.81	27.18	27.90	26.35
CASH FLOWS FROM OPERATING ACTIVITIES	383,512	244,282	322,913	42,961	129,947
CASH FLOWS FROM INVESTING ACTIVITIES	(273,937)	(214,547)	(340,155)	(123,683)	(190,418)
CASH FLOWS FROM FINANCING ACTIVITIES	(155,990)	22,865	(74,483)	60,496	(59,437)

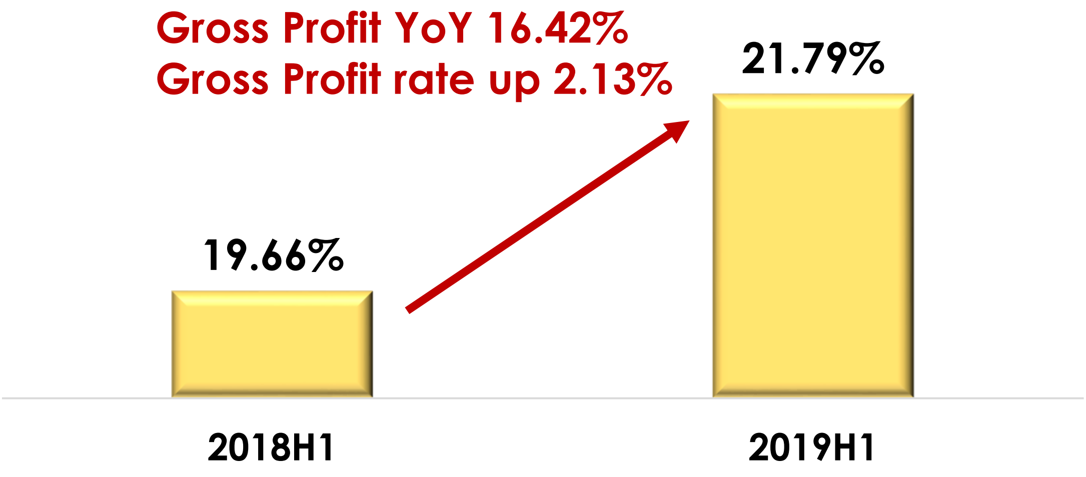
Financial Results

Revenue	2015	2016	2017	2018	2019
Q1	650,772	617,421	679,120	627,683	673,385
Q2	647,847	664,226	663,527	644,679	662,636
Q3	580,666	639,234	638,372	670,075	
Q4	595,342	685,701	665,991	686,341	



Financial Results

	Gross Profit (NTD thousand)					Gross Profit (%)				
	2015	**2016**	**2017**	**2018**	**2019**	**2015**	**2016**	**2017**	**2018**	**2019**
Q1	134,301	155,248	192,125	123,139	144,351	20.64	25.14	28.29	19.62	21.44
Q2	145,910	170,507	172,497	126,966	146,828	22.52	25.67	26.00	19.69	22.16
Q3	123,992	167,761	149,156	147,469		21.35	26.24	23.37	22.01	
Q4	141,437	188,662	167,227	163,481		23.76	27.51	25.11	23.82	



Comparison：

- ✓ Copper Cost declined
- ✓ Sales Portfolio
- ✓ Foreign Exchange effect little

Financial Results

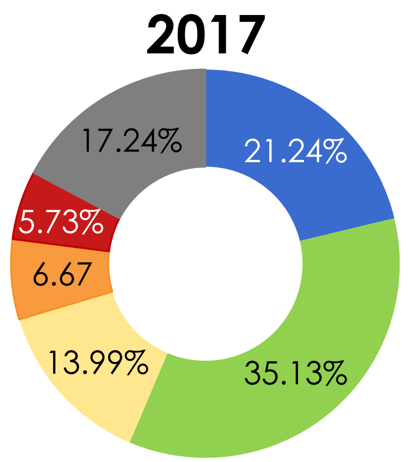
	Operating Profit (NTD thousand)					Operating Profit (%)				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
Q1	67,511	86,912	120,369	52,558	75,673	10.37	14.08	17.72	8.37	11.24
Q2	84,035	107,297	102,190	52,135	74,111	12.97	16.15	15.40	8.09	11.18
Q3	59,947	100,617	79,070	70,074		10.32	15.74	12.39	10.46	
Q4	70,806	111,217	93,572	94,574		11.89	16.22	14.05	13.78	

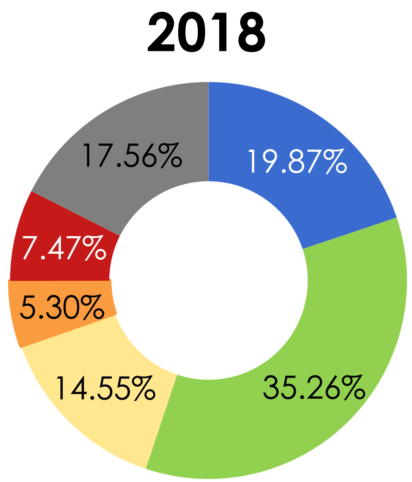
	Net Income (NTD thousand)					Net Income (%)				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
Q1	58,296	65,530	86,399	29,316	54,694	8.96	10.61	12.72	4.67	8.12
Q2	65,198	84,386	74,226	47,606	49,749	10.06	12.70	11.19	7.38	7.51
Q3	66,317	79,801	55,861	55,094		11.42	12.48	8.75	8.22	
Q4	56,694	88,689	57,666	76,447		9.52	12.93	8.66	11.14	

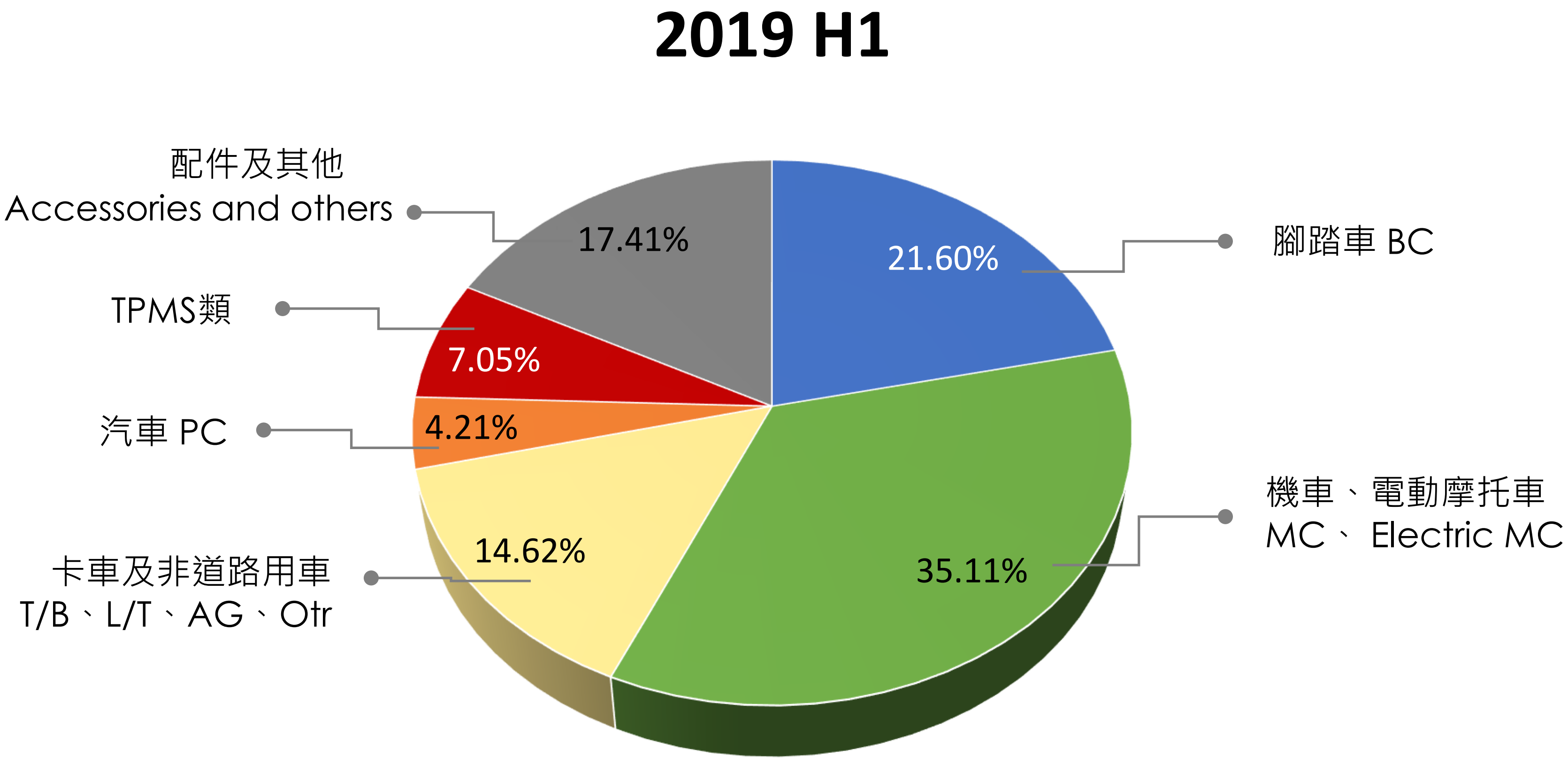
Financial Results

		2016	2017	2018	2019Q1	2019Q2
Capital structure analysis (%)	Debts ratio	32.51	33.05	34.17	31.81	35.97
	Long term funds to fixed assets	398.09	373.34	389.66	379.76	303.80
Liquidity analysis (%)	Current ratio	408.74	268.74	423.90	470.90	298.42
	Quick ratio	324.89	196.85	316.68	356.55	218.37
Operating performance analysis	Average collection turnover (days)	95	94	92	90	95
	Average inventory turnover (days)	86	102	109	102	106
	Average payables turnovers (days)	9.09	7.88	7.63	7.72	7.61
Return on investment analysis (%)	Return on assets(%)	10.93	8.94	6.51	6.68	6.27
	Return on equity(%)	15.52	12.93	9.42	9.56	9.25
	Net income(%)	12.22	10.36	7.93	8.12	7.82

Revenue Breakdown by product category



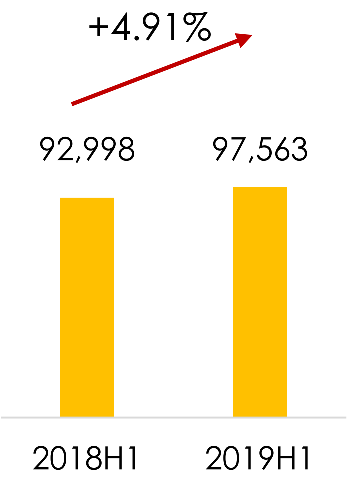




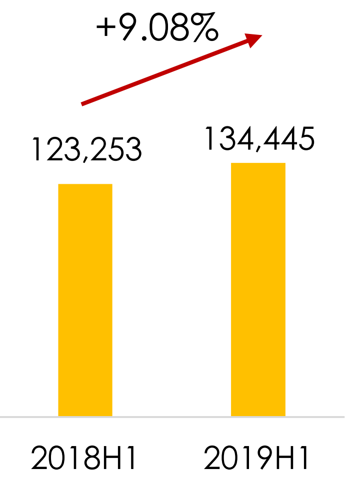
YoY Quantities by Products

Unit：thousand pcs

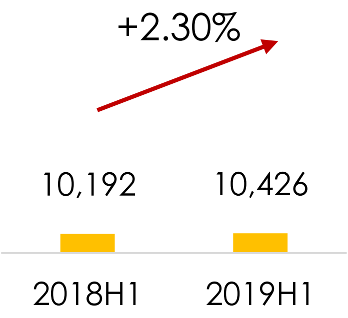
腳踏車(BC)



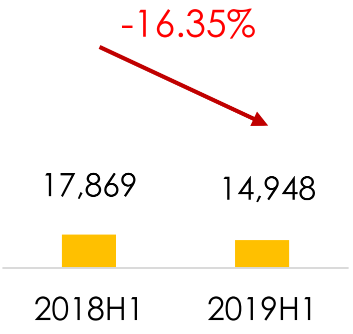
機車、電動摩托車 (MC, E-MC)



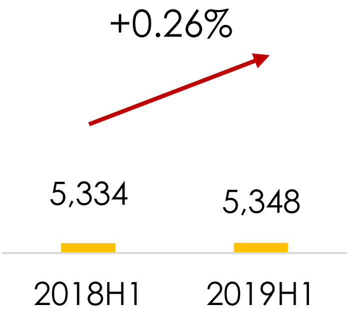
卡車及非道路用車 (T/B, L/T, AG, OTR)



汽車(PC)

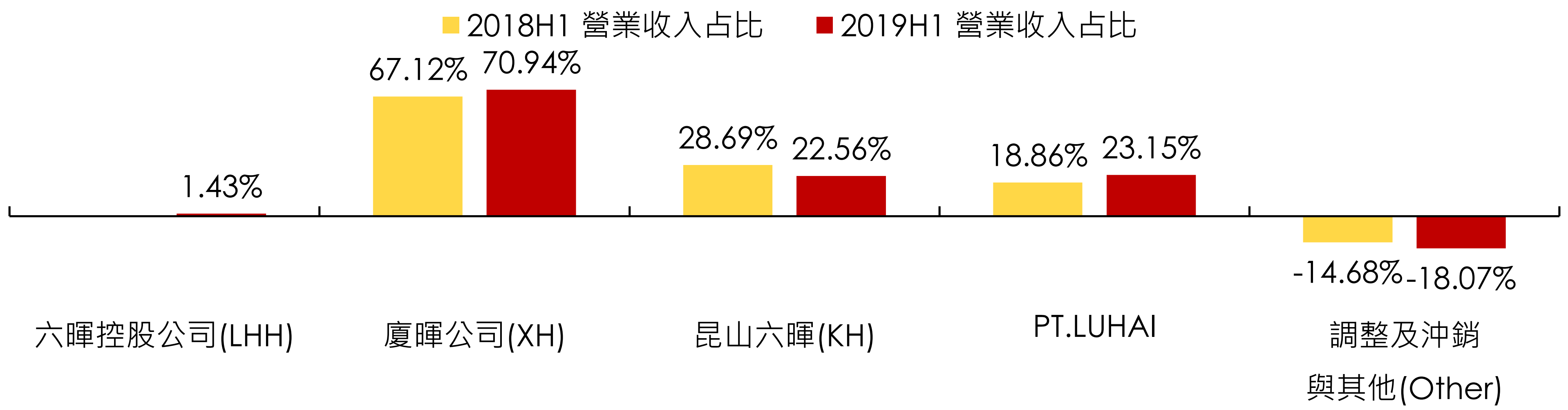


TPMS



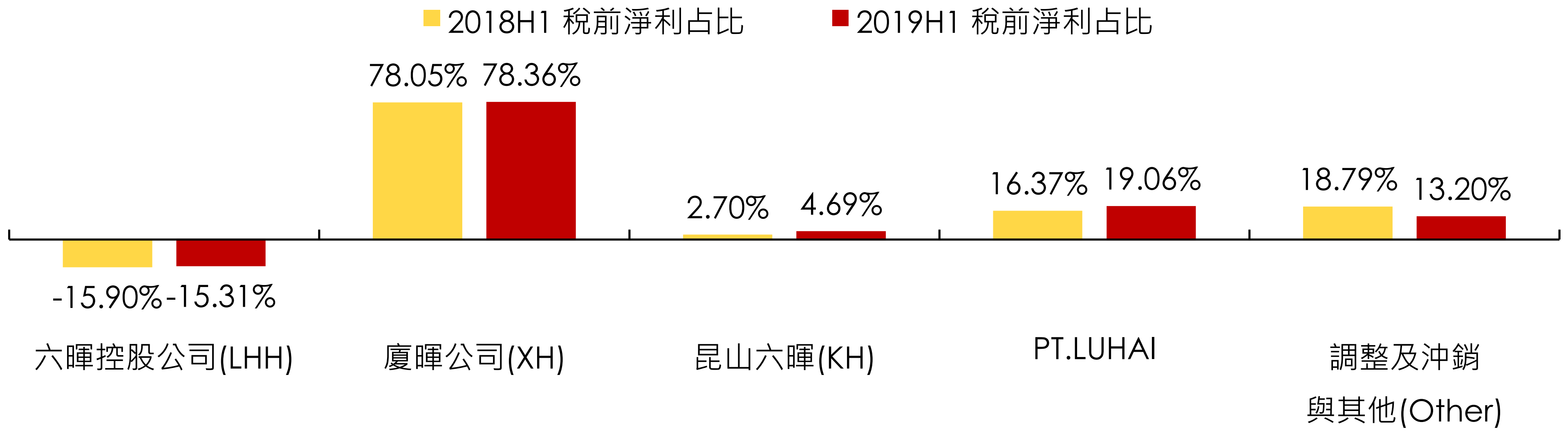
Revenue Breakdown by Locations

Revenue



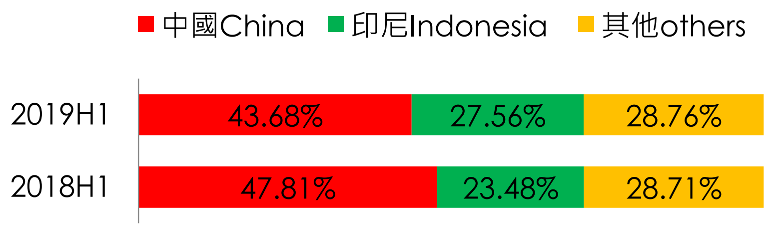
YoY ▲10.97% ▼ 17.45% ▲28.88% ▼29.28%

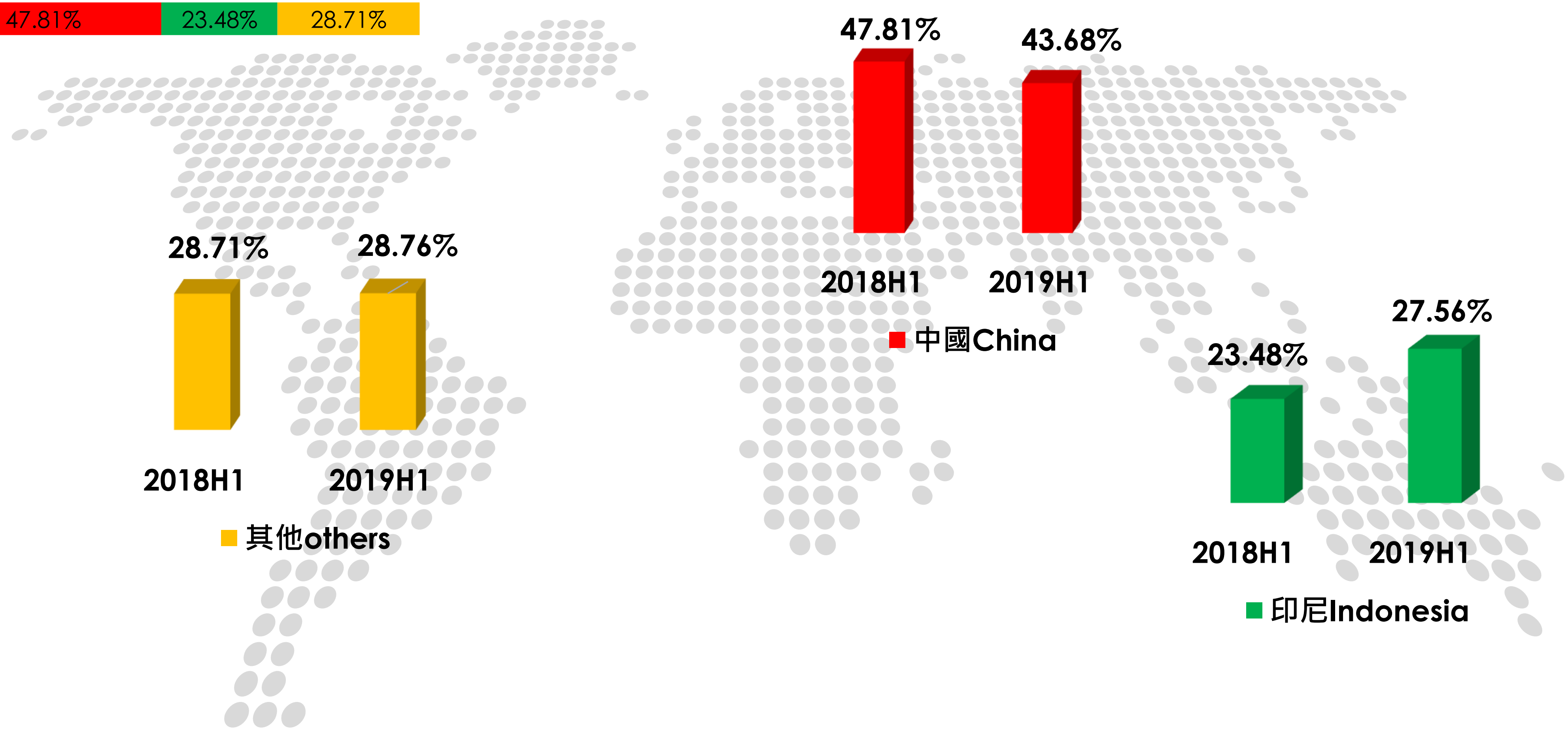
Income before tax



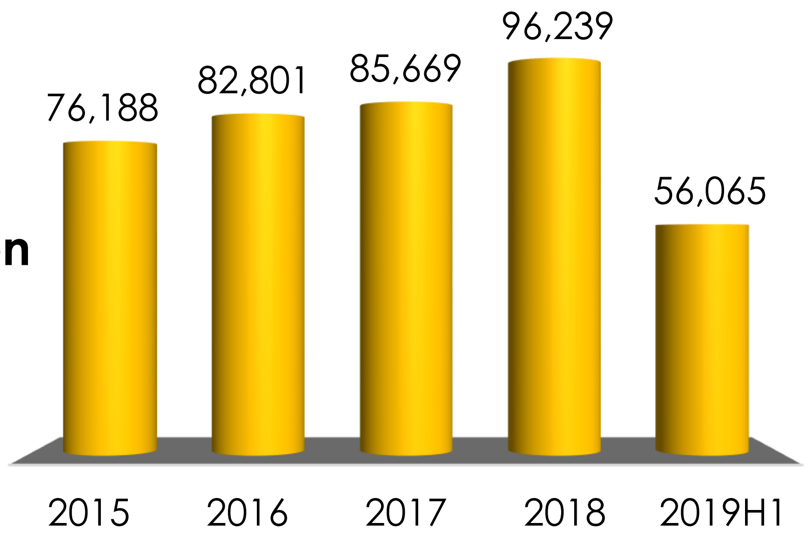
YoY ▼27.78% ▲33.26% ▲130.61% ▲54.61% ▼6.78%

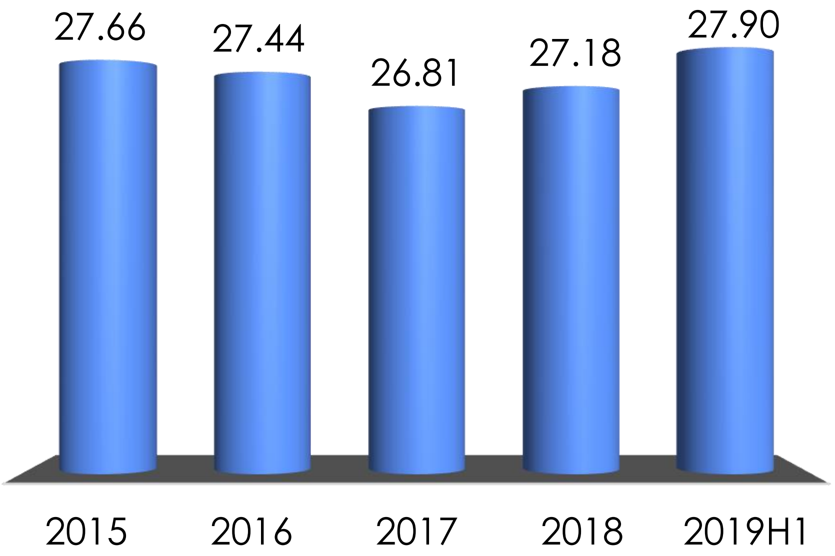
Revenue Breakdown by Area

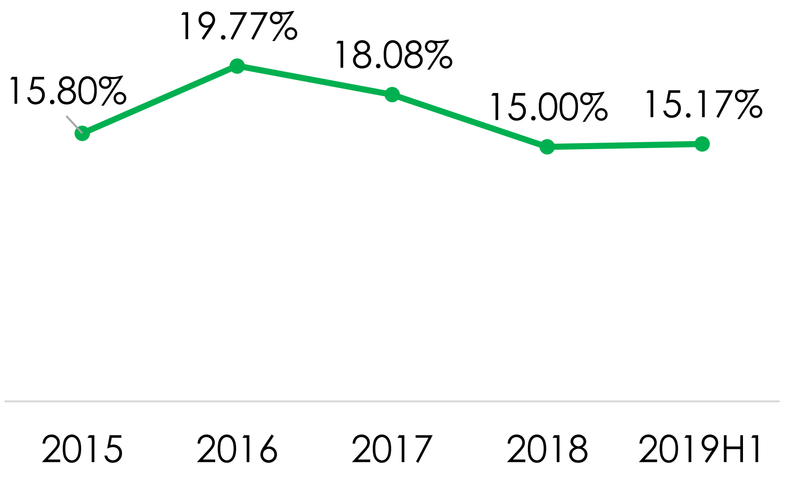


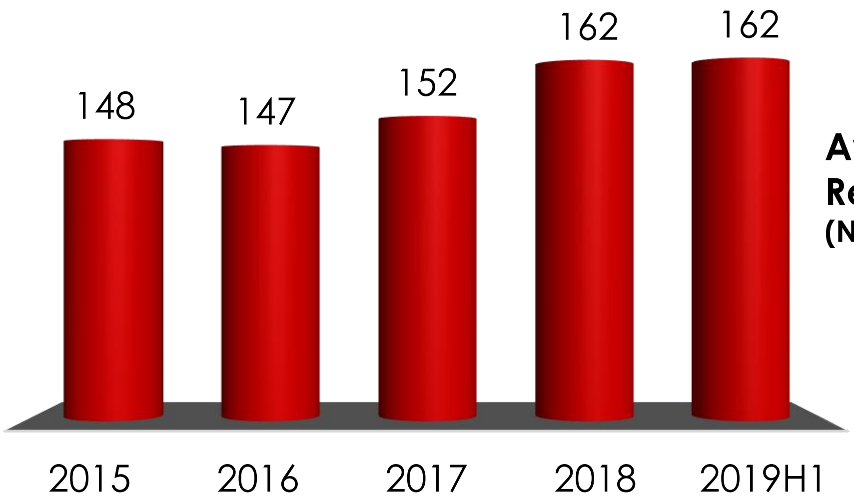


Financial Results







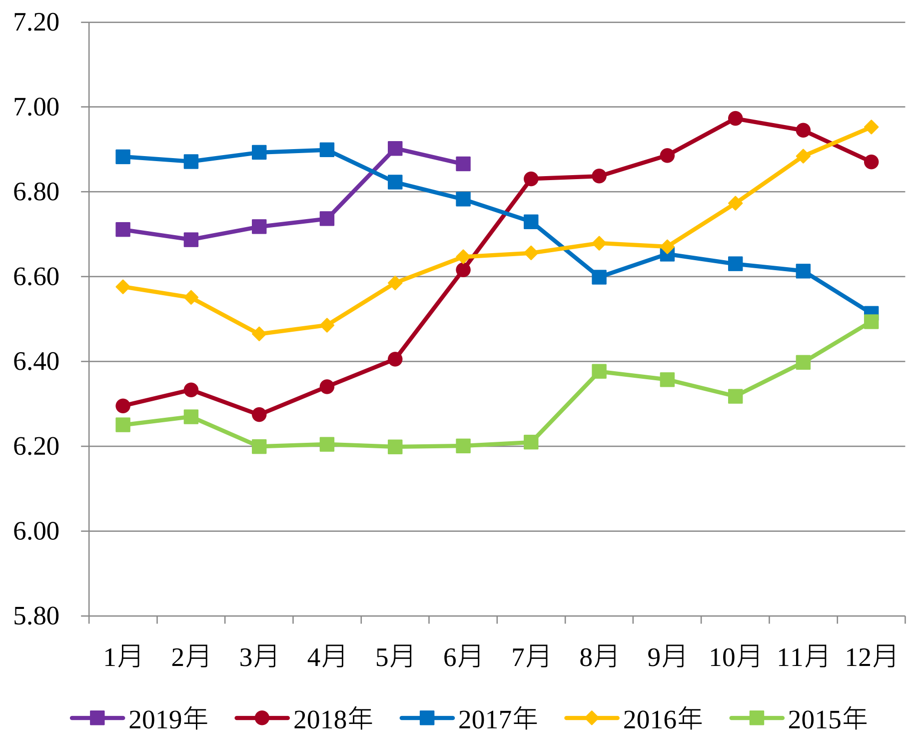


Financial Results

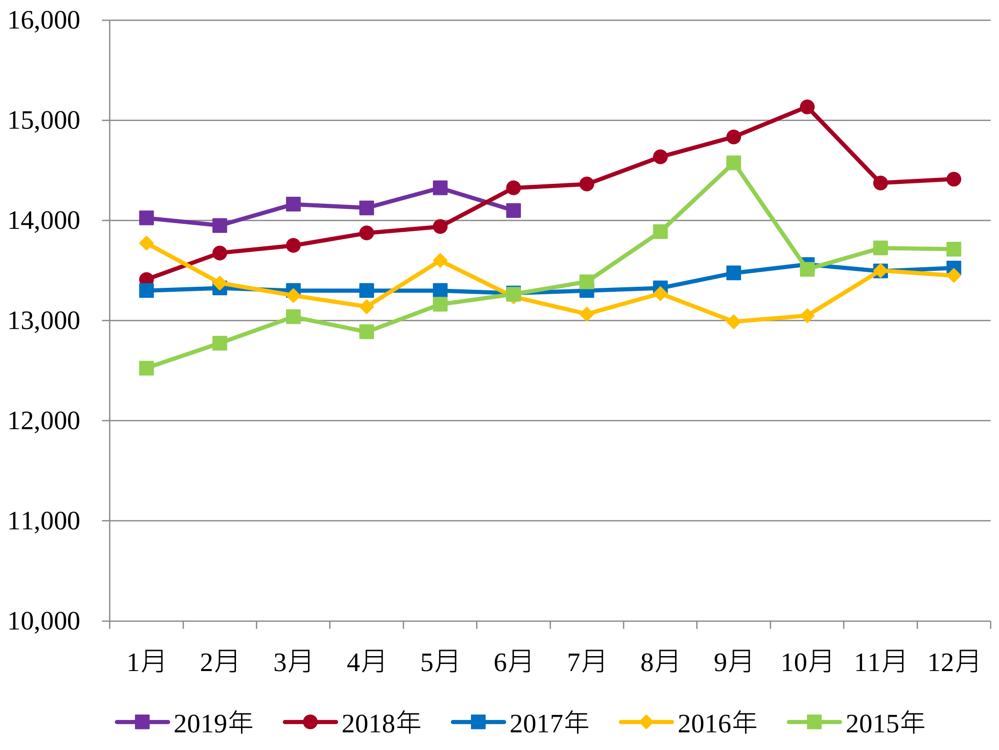
NTD thousand

Foreign Exchange	2015	2016	2017	2018	2018H1	2019H1
Gain/(Loss)	17,435	14,325	(17,681)	4,907	(3,707)	(1,292)
Sales %	0.70	0.55	(0.67)	0.19	(0.29)	(0.097)

USD/RMB



USD/INR



THANK YOU!!

全球產量第一　台灣氣門嘴領導品牌

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

六暉控股股份有限公司
LU HAI HOLDING CORP.
http://www.luhai.com.tw
E-mail://spokesman@luhai.com.tw