六暉控股股份有限公司
LU HAI HOLDING CORP.

六暉-KY(2115) 2020 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 860.63 million

Number of employees
1,271人 (As of July 2020)

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

Production Capacity
66 million pcs / Month

Global Locations

LUH HAI HOLDING CORP. (TAIWAN BRANCH)/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 m^2
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 m^2
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. Majority Product Category : Passenger Car. Light Truck. Truck. Agricultural & OTR
3. Sales Market : 70% for domestic (East China and North China) 30% For sale abroad.

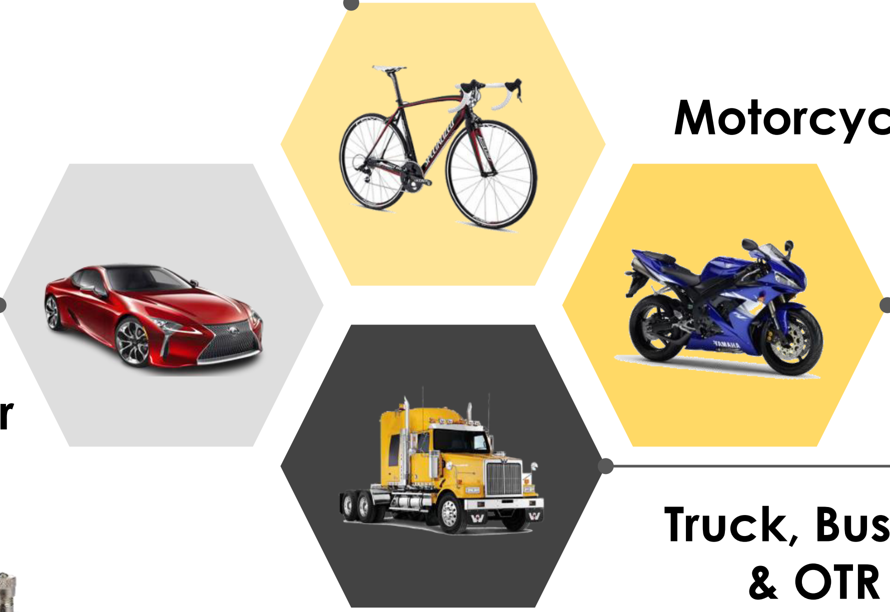
PT. LUHAI INDUSTRIAL

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

Main Products

Bicycle Valves Series

Motorcycle Valves Series



Passenger Car Valves Series

Truck, Bus, Agricultural & OTR Valves Series

TPMS Valve


TPMS Legislation
AMERICA
2005.10
EUROPE
2012.11
RUSSIAN
2016.01
CHINA
2020
JAPAN unknown
KOREA 2013.01
TAIWAN
2016.07

Material Trend

Copper

Aluminum

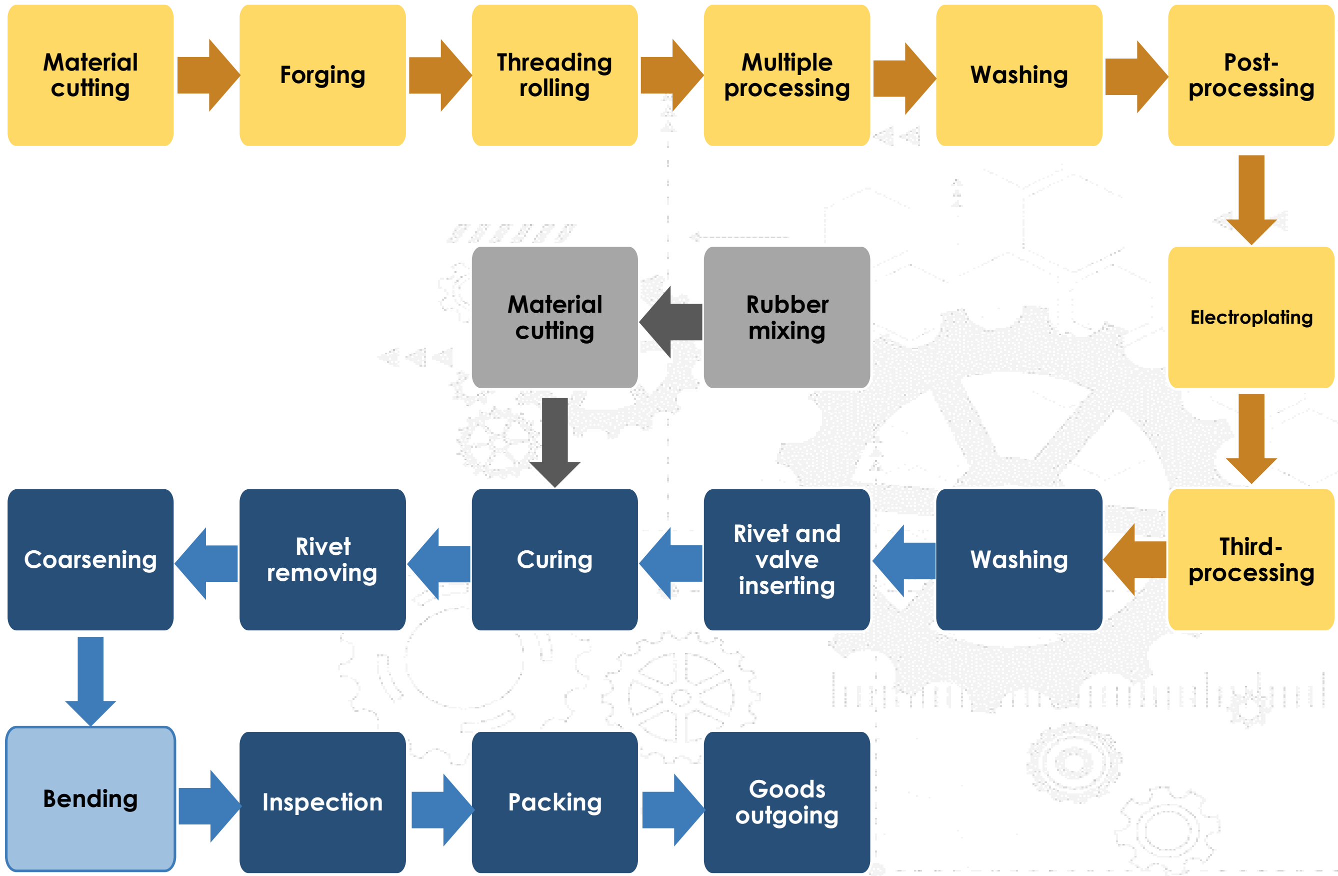
Rubber

Copper (LME)

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

	2017	2018	2019	2020H1	2019H1	YoY(%)
Revenue	2,647,010	2,628,778	2,716,889	1,029,145	1,336,021	-22.97
Gross Profit	681,005	561,055	615,058	224,348	291,179	-22.95
Gross Profit%	25.73	21.34	22.6	21.80	21.79	
Operation Expense	285,804	291,713	302,423	145,435	141,395	2.86
Operation Expense%	10.80	11.10	11.13	14.13	10.58	
Operating Profit	395,201	269,342	312,635	78,913	149,784	-47.32
Operations Profit%	14.93	10.25	11.51	7.67	11.21	
Net Income	274,152	208,463	241,910	404,040	104,443	286.85
Net Income%	10.36	7.93	8.90	39.26	7.82	
Capital	819,650	819,650	860,632	860,632	819,650	
EPS	3.35	2.54	2.81	4.69	1.21	287.60
Dividend	1.5	1+0.5	2.2+0.5			

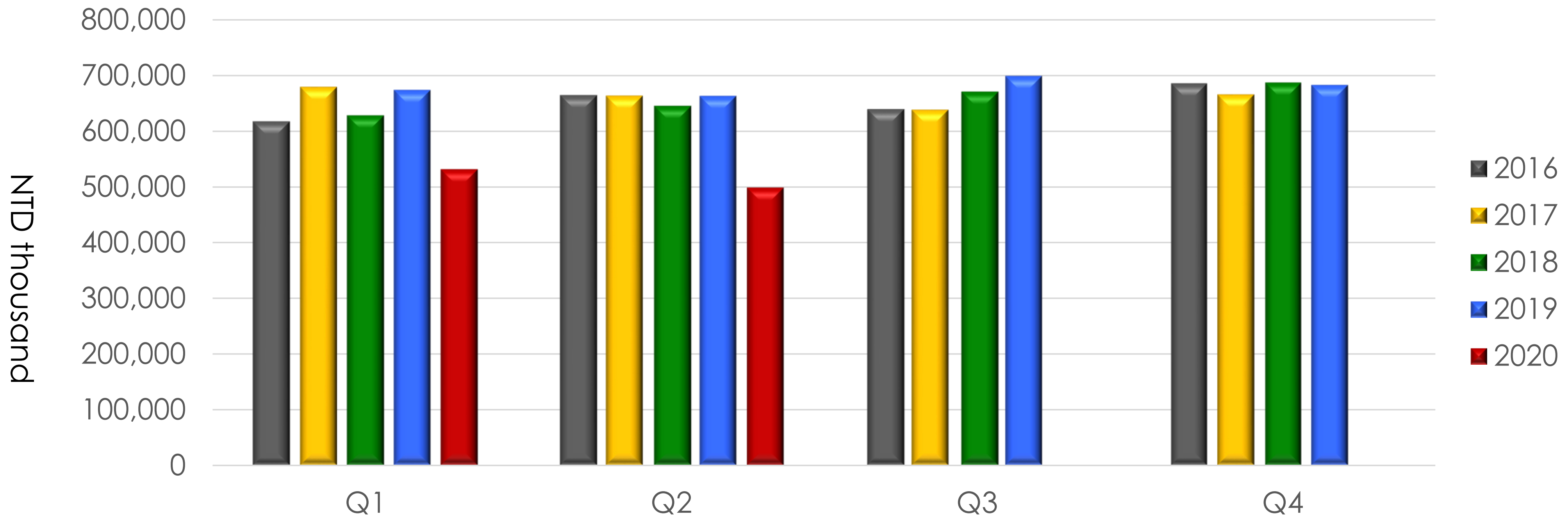
Financial Results

NTD thousand

	2017	2018	2019	2020H1	2019H1
Cash and cash equivalents	927,331	824,221	1,122,302	739,677	811,721
Accounts/Note receivables	627,733	666,059	634,681	491,793	695,419
Inventories	627,128	565,263	615,928	550,206	603,773
Property, plant and equipment	634,053	723,273	1,148,538	1,288,098	912,086
Total assets	3,282,097	3,383,863	4,146,656	3,818,324	3,570,902
Debt ratio(%)	33.05	34.17	44.51	36.18	35.97
The Net Asset Value of Each Share	26.81	27.18	26.73	28.31	27.90
CASH FLOWS FROM OPERATING ACTIVITIES	244,282	322,913	283,441	112,598	42,961
CASH FLOWS FROM INVESTING ACTIVITIES	(214,547)	(340,155)	121,249	(370,645)	(123,683)
CASH FLOWS FROM FINANCING ACTIVITIES	22,865	(74,483)	(61,778)	(107,110)	60,496

Financial Results

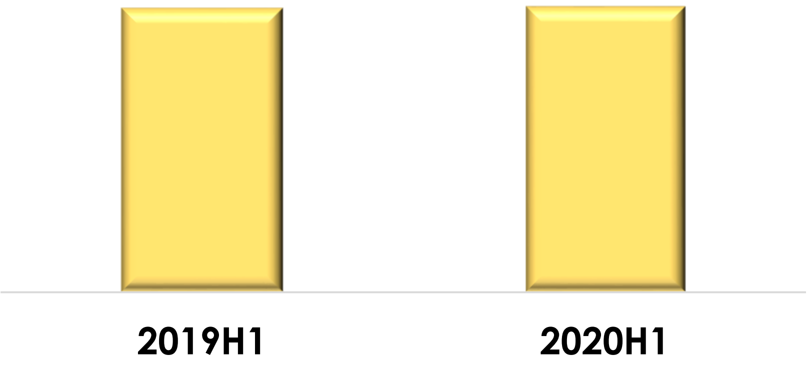
Revenue	2016	2017	2018	2019	2020
Q1	617,421	679,120	627,683	673,385	530,954
Q2	664,226	663,527	644,679	662,636	498,191
Q3	639,234	638,372	670,075	698,324	
Q4	685,701	665,991	686,341	682,544	



Financial Results

	Gross Profit (NTD thousand)					Gross Profit (%)				
	2016	**2017**	**2018**	**2019**	**2020**	**2016**	**2017**	**2018**	**2019**	**2020**
Q1	155,248	192,125	123,139	144,351	121,143	25.14	28.29	19.62	21.44	22.82
Q2	170,507	172,497	126,966	146,828	103,205	25.67	26.00	19.69	22.16	20,72
Q3	167,761	149,156	147,469	153,571		26.24	23.37	22.01	21.99	
Q4	188,662	167,227	163,481	170,308		27.51	25.11	23.82	24.95	

2020H1 Gross Profit rate 21.8%
2019H1 Gross Profit rate 21.79%



2019H1/2020H1 Comparison：

- ✓ Copper Cost declined, ASC declined
- ✓ Covid-19 effect from Feb. to May 2020
- ✓ Foreign Exchange effect little

Financial Results

	Operating Profit (NTD thousand)					Operating Profit (%)				
	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
Q1	86,912	120,369	52,558	75,673	50,695	14.08	17.72	8.37	11.24	9.55
Q2	107,297	102,190	52,135	74,111	28,218	16.15	15.40	8.09	11.18	5.66
Q3	100,617	79,070	70,074	67,784		15.74	12.39	10.46	9.71	
Q4	111,217	93,572	94,574	95,067		16.22	14.05	13.78	13.93	

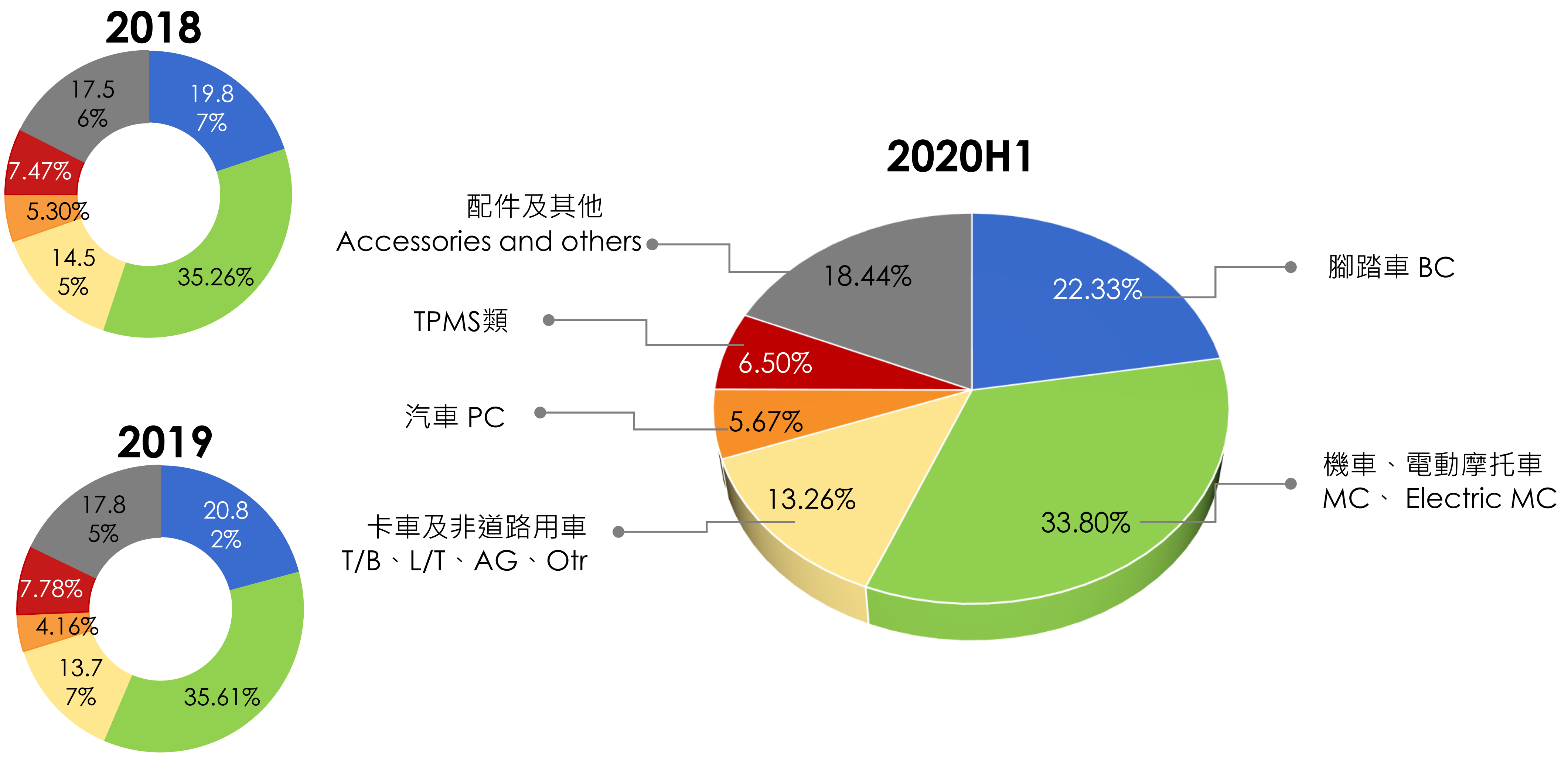
Exclude relocation profit, 2020Q2 Operating Profit is 42,652 thousand; 2020Q2 net income is 40,122 thousand, net income rate is 8.05%

	Net Income (NTD thousand)					Net Income (%)				
	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
Q1	65,530	86,399	29,316	54,694	39,761	10.61	12.72	4.67	8.12	7.49
Q2	84,386	74,226	47,606	49,749	364,279	12.70	11.19	7.38	7.51	73.12
Q3	79,801	55,861	55,094	67,255		12.48	8.75	8.22	9.63	
Q4	88,689	57,666	76,447	70,212		12.93	8.66	11.14	10.29	

Financial Results

		2017	2018	2019	2020Q1	2020H1
Capital structure analysis (%)	Debts ratio	33.05	34.17	44.52	42.93	36.18
	Long term funds to fixed assets	373.34	389.66	243.85	232.64	244.58
Liquidity analysis (%)	Current ratio	268.74	423.90	203.02	206.45	337.45
	Quick ratio	196.85	316.68	153.18	149.98	248.67
Operating performance analysis	Average collection turnover (days)	94	92	89	100	101
	Average inventory turnover (days)	102	109	106	142	137
	Average payables turnovers (days)	7.88	7.63	7.53	7.07	8.92
Return on investment analysis (%)	Return on assets(%)	8.94	6.51	6.67	4.11	20.47
	Return on equity(%)	12.93	9.42	10.68	6.96	34.12
	Net income(%)	10.36	7.93	8.90	7.49	39.26

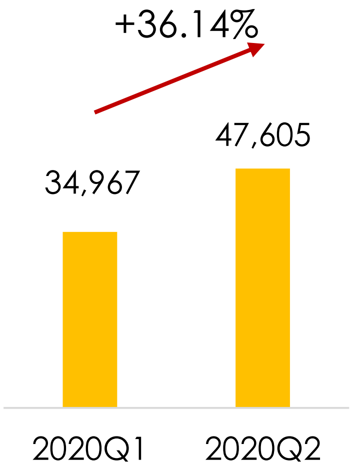
Revenue Breakdown by product category



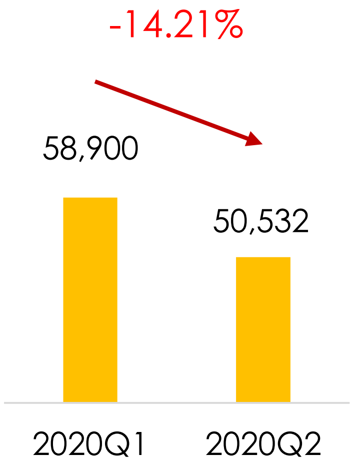
QoQ Quantities by Products

Unit：thousand pcs

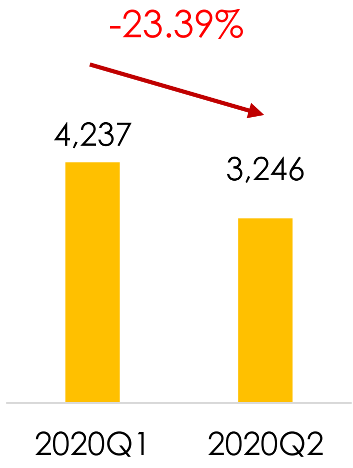
腳踏車(BC)



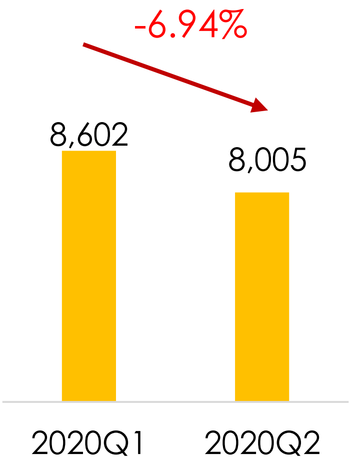
機車、電動摩托車 (MC, E-MC)



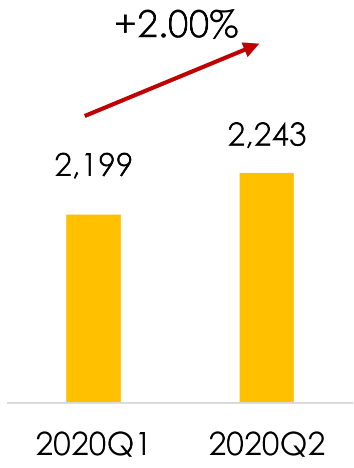
卡車及非道路用車 (T/B, L/T, AG, OTR)



汽車(PC)

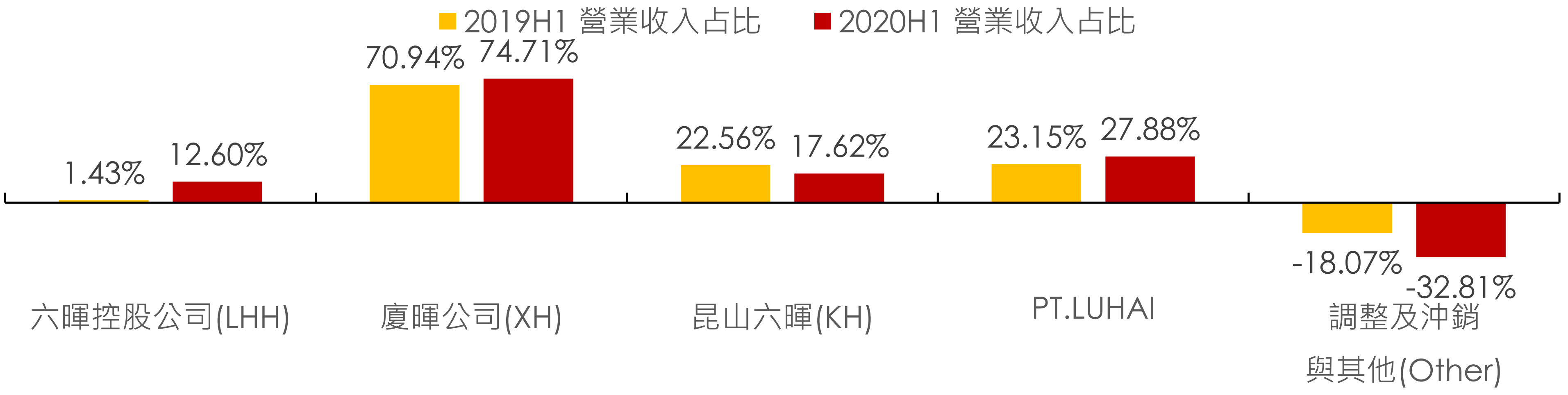


TPMS



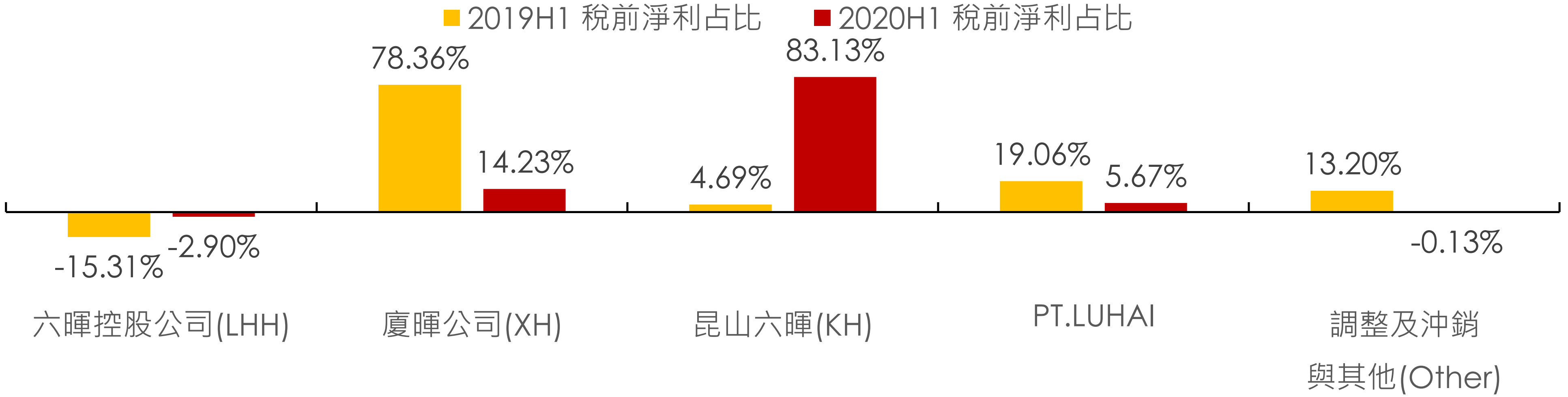
Revenue Breakdown by Locations

Revenue



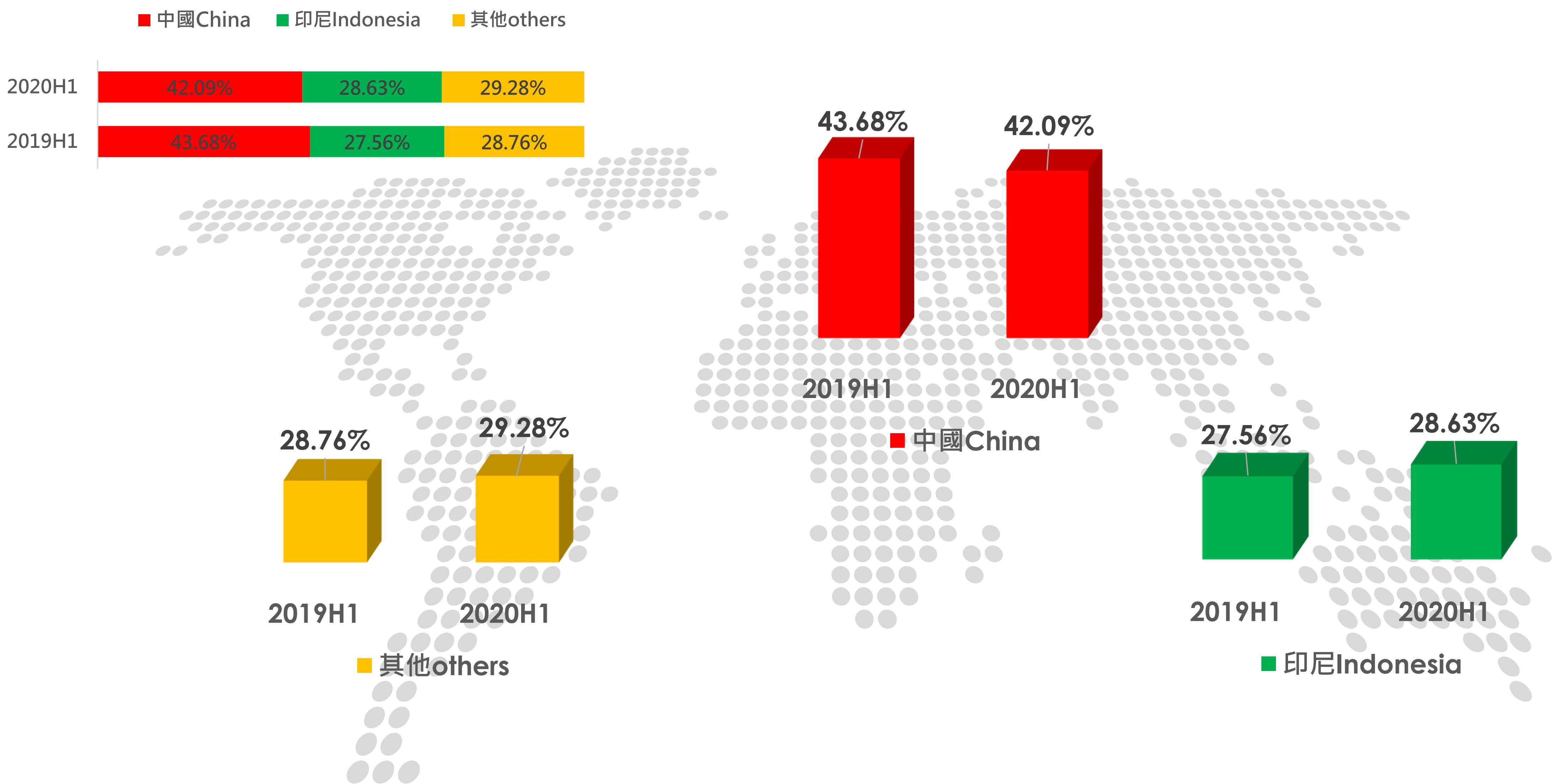
YoY	▲508.33%	▼ 18.87%	▼ 39.84%	▼7.23%	▼39.84%

Income before tax



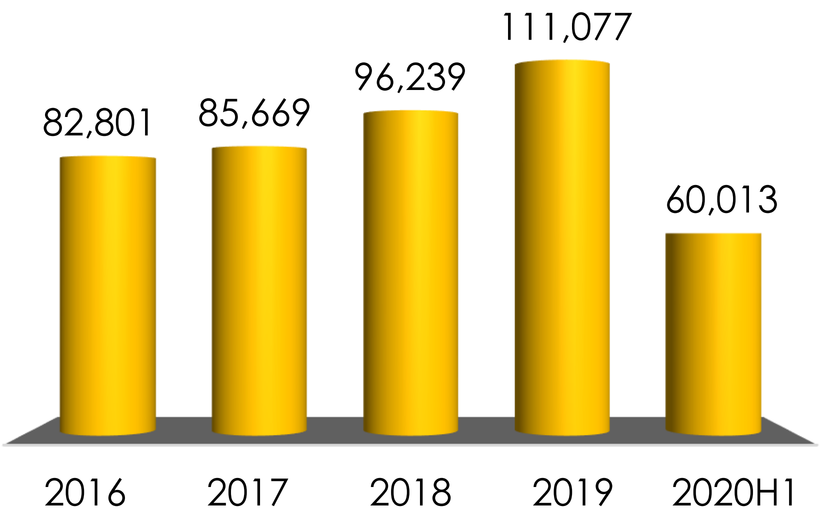
YoY	▲36.07%	▼ 29.49%	▲6779.95%	▲15.41%	▼103.84%

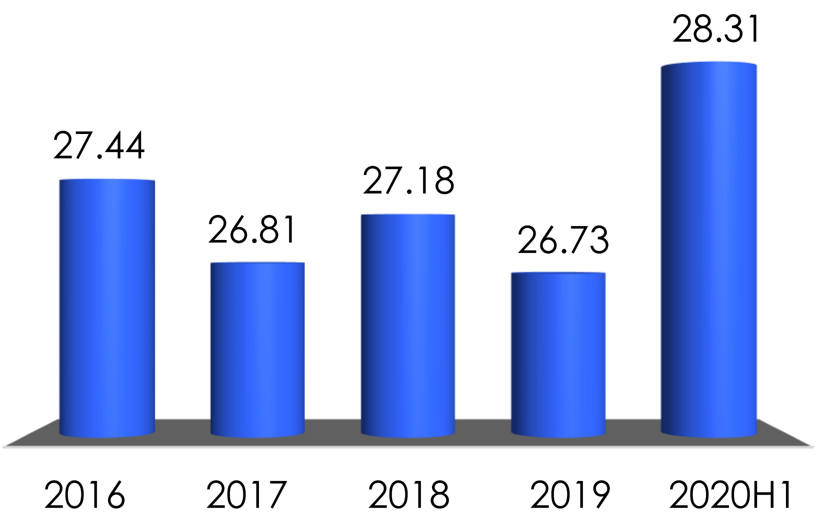
Revenue Breakdown by Area



Financial Results

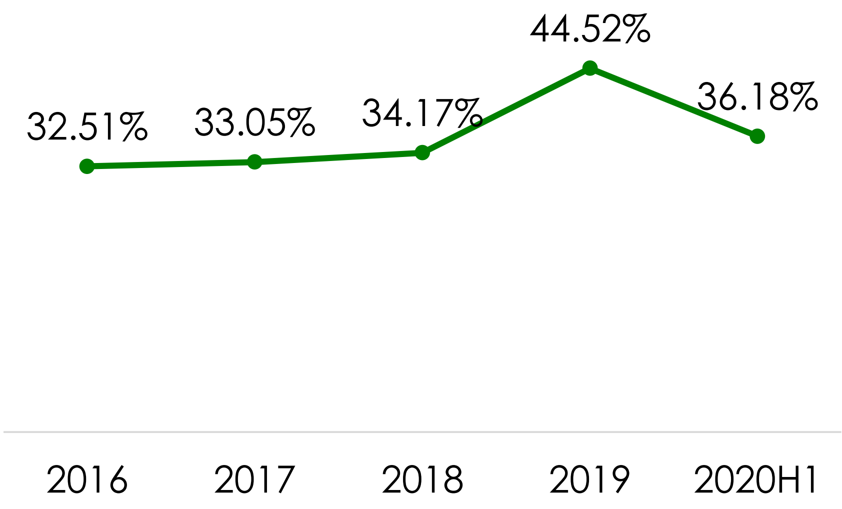
Depreciation
(NTD thousand)

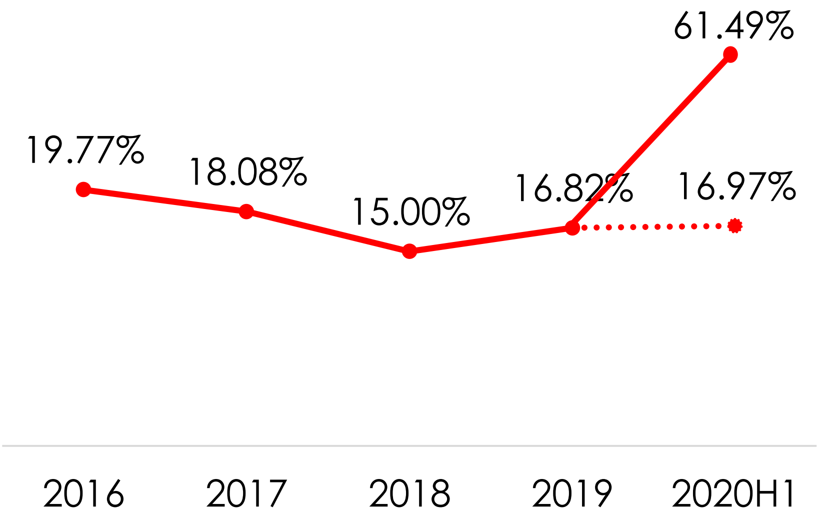




Net Value per share(NTD)

Debts ratio





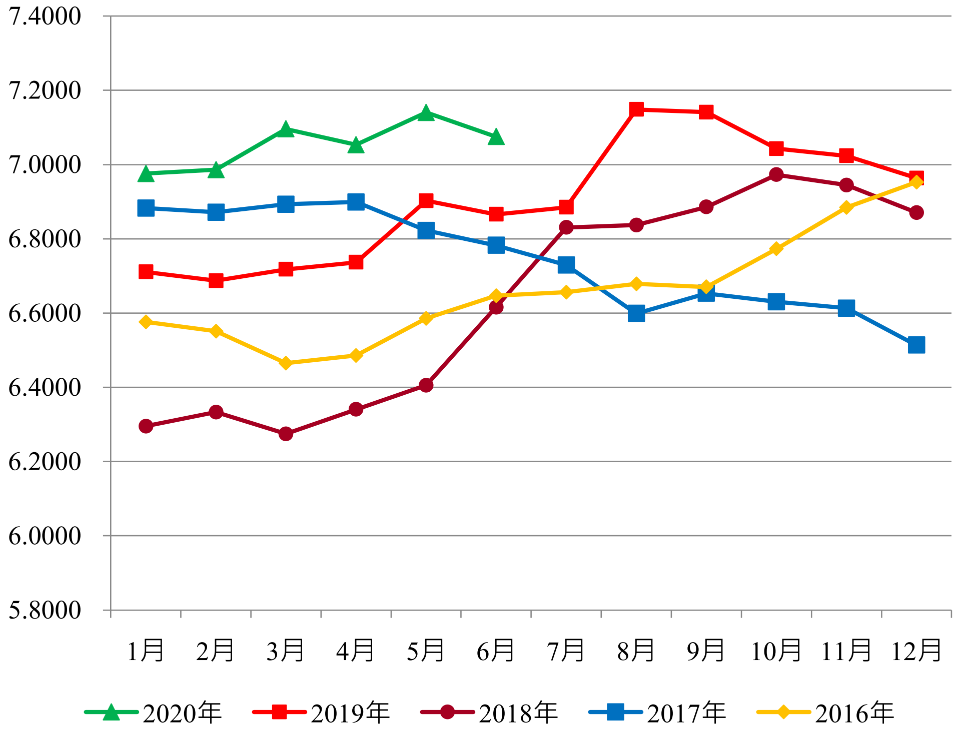
EBITDA Margin

Financial Results

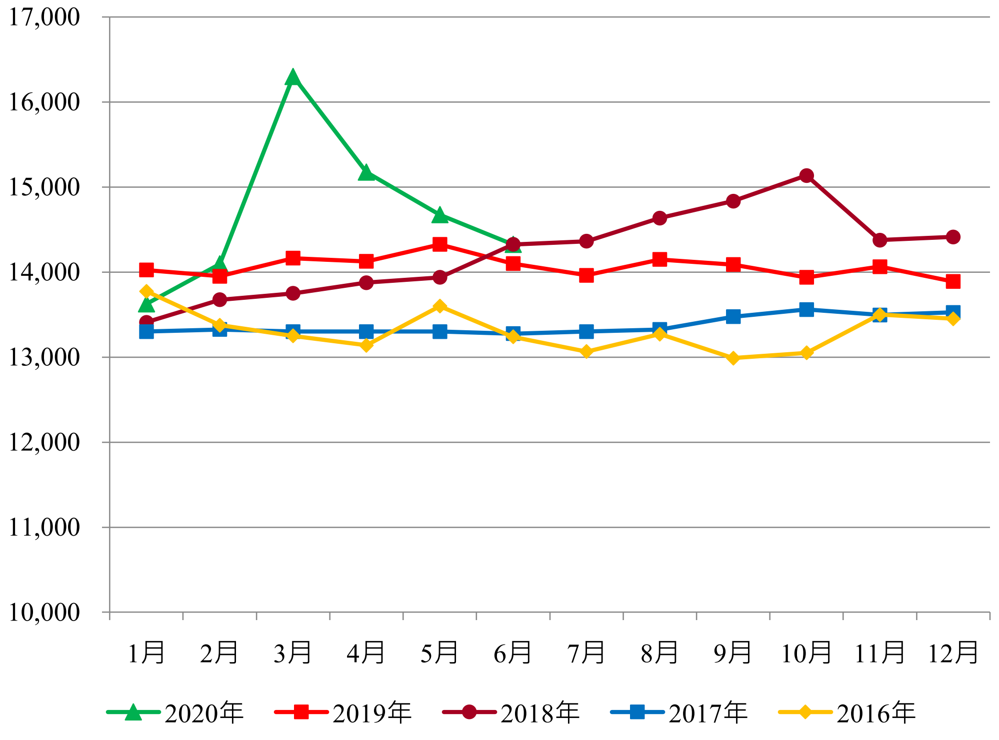
NTD thousand

Foreign Exchange	2016	2017	2018	2019	2020H1	2019H1
Gain/(Loss)	14,325	(17,681)	4,907	26,263	4,931	(1,292)
Sales %	0.55	(0.67)	0.19	0.97	0.48	(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.

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