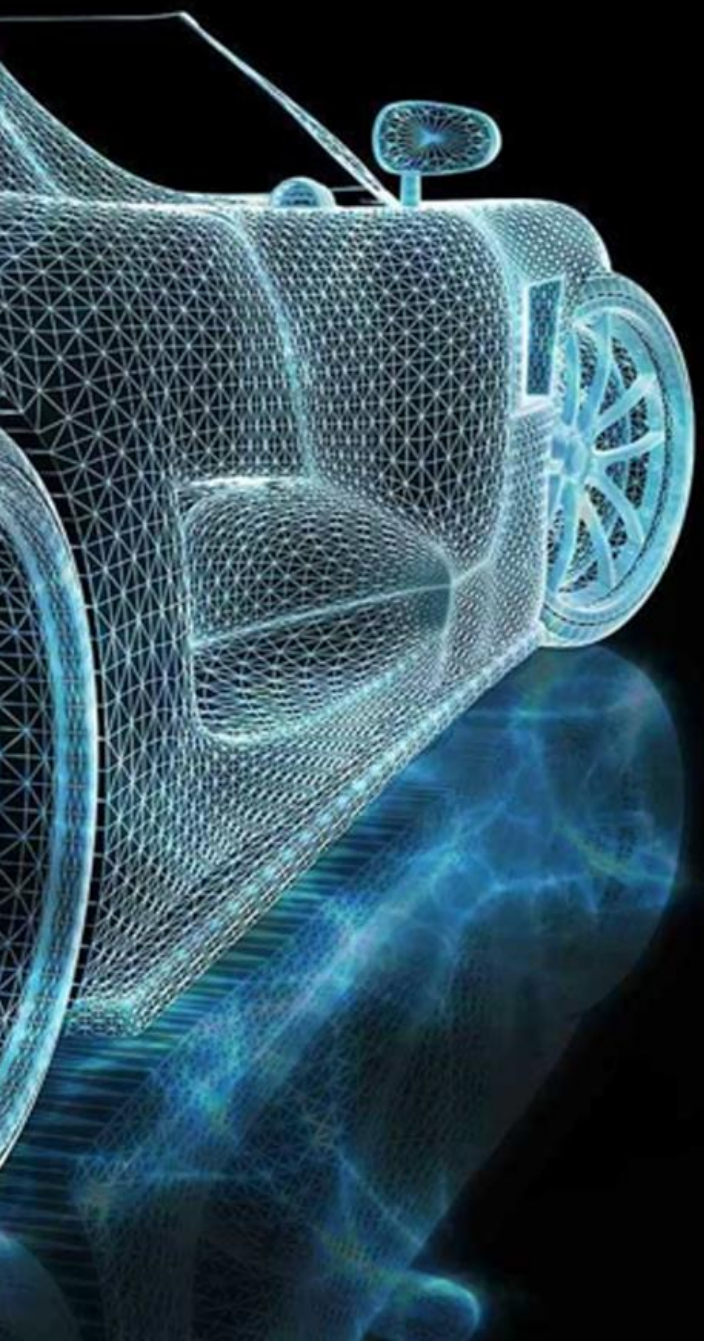


# SuperAlloy Industrial Co.

**(1563 TT)**

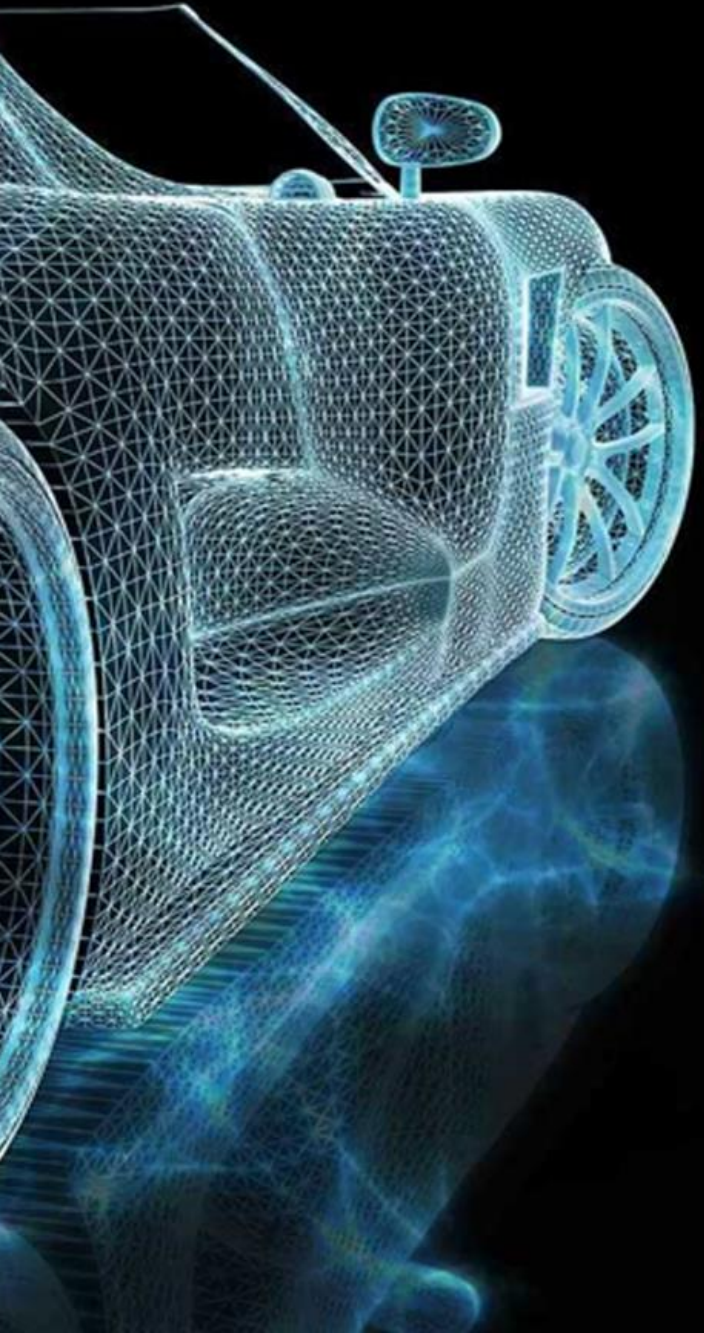
2Q24 Investor Presentation

Forging the  
**GREEN FUTURE** of Mobility



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# Agenda

**2Q24 Results And 2024 Guidance**

**SAI's Growth Strategy And Goals**

**Q&A**



# 2Q24 Results And 2024 Guidance

# 2Q24 Income Statement



NT\$ million	2Q24	1Q24	2Q23	QoQ	YoY
<b>Net Revenue</b>	1,873	1,954	1,924	-4%	-2.64%
<b>Gross Profit</b>	505	521	390	-3%	29.39%
<b>Gross Margin</b>	27%	27%	20%		
<b>Operating Expenses</b>	247	249	254	-1%	-2.59%
<b>SG&amp;A percent of Sales</b>	13%	13%	13%		
<b>Operating Income</b>	258	272	136	-5%	88.88%
<b>Operating Margin</b>	14%	14%	7%		
<b>Net Non-Operating Income (Loss)</b>	-55	40	76	-238%	-171.87%
<b>Pre-Tax Income</b>	203	312	213	-35%	-4.49%
<b>Income Tax Expense</b>	39	62	42		
<b>Minority Interest</b>	0	0	0		
<b>Net Income to Parent</b>	164	249	170	-34%	-3.67%
<b>Net Margin</b>	9%	13%	9%		
<b>EPS (NT\$)</b>	0.72	1.17	0.82	-38%	-12.20%
<b>ROE – not annualized</b>	2%	3%	2%		
<b>Depreciation and Amortization</b>	238	242	242		
<b>CAPEX</b>	22	48	168		

# 1H24 Income Statement

NT\$ million	1H24	1H23	YoY
Net Revenue	3,828	3,715	3.05%
Gross Profit	1,026	800	28.30%
Gross Margin	27%	22%	
Operating Expenses	496	485	2.30%
SG&A percent of Sales	13%	13%	
<b>Operating Income</b>	<b>530</b>	<b>315</b>	<b>68.39%</b>
<b>Operating Margin</b>	<b>14%</b>	<b>8%</b>	
Net Non-Operating Income (Loss)	-15	64	-123.72%
Pre-Tax Income	515	378	35.98%
Income Tax Expense	101	77	
Minority Interest	0	0	
Net Income to Parent	413	302	37.02%
Net Margin	11%	8%	
<b>EPS (NT\$)</b>	<b>1.88</b>	<b>1.45</b>	<b>29.66%</b>
ROE – not annualized	4%	4%	
Depreciation and Amortization	480	480	
CAPEX	70	70	

# 2Q24 Balance Sheet

NT\$ million	2024/6/30		2024/3/31		2023/6/30	
	\$	%	\$	%	\$	%
Cash and Cash Equivalents	1,994	11%	1,673	10%	1,061	6%
Notes & Accounts Receivable, Net	1,044	6%	1,043	6%	1,000	6%
Inventories	5,736	33%	5,890	34%	6,571	37%
Other Current Assets	188	1%	160	1%	187	1%
Long-term Investments	35	0%	34	0%	25	0%
Fixed Assets	8,038	46%	8,219	47%	8,534	48%
Other Long-term Assets	353	2%	313	2%	276	2%
<b>Total Assets</b>	<b>17,388</b>	<b>100%</b>	<b>17,333</b>	<b>100%</b>	<b>17,655</b>	<b>100%</b>
Current Liabilities	2,881	17%	3,653	21%	4,538	26%
LT Debt	4,903	28%	5,967	34%	5,726	32%
Other Non-Current Liabilities	39	0%	39	0%	43	0%
<b>Total Liabilities</b>	<b>7,822</b>	<b>45%</b>	<b>9,658</b>	<b>56%</b>	<b>10,307</b>	<b>58%</b>
Common Stock	2,378		2,143		2,183	
<b>Total Equity</b>	<b>9,566</b>	<b>55%</b>	<b>7,674</b>	<b>44%</b>	<b>7,348</b>	<b>42%</b>
Book Value per Share (NT\$)	40.2		35.8		33.7	
Current Ratio	311%		240%		194%	
Net Cash (Debt) to Equity	3.3%		5.7%		1.1%	

# 2024 Guidance



- **Annual Revenue Continues to Grow:**

Despite global economic conditions and the slowdown in the Chinese automotive market affecting luxury car demand and delivery schedules, SAI expects its 2024 revenue to grow year-over-year.

- **Operating Profit Margin Continues to Improve:**

Thanks to optimized production processes and increased adoption of recycled aluminum and net shape forged wheels, the operating profit margin for the first half of 2024 has risen to 14%, up from 8.5% last year. The outlook for 2024 operating profit margin remains optimistic.

- **Recycled Aluminum Adoption to Reach 40%:**

SAI's recycled aluminum products have gained approval from seven luxury car brands, including Rolls-Royce. With increasing demand for new energy vehicles, we expect recycled aluminum adoption to reach 40% in 2024, reducing raw material costs by 10-15%.

- **Inventory Reduction Goals:**

SAI aims to reduce inventory by NT\$500 million annually and to lower inventory days to 200 days in the long term.



A side-profile view of a red Ferrari sports car, likely a 488 GTB, parked on a racetrack. The car is positioned in the lower half of the frame, with a blue semi-transparent banner overlaid on its side. The background shows a racetrack with a red and white curb, a grey asphalt surface, and a horizon with mountains under a cloudy, sunset-colored sky.

# SAI's Growth Strategy And Goals



# SAI Aims to Maximize Shareholder Return

**01**

Reinforce the  
Leading Position  
in the Global  
Luxury/Premium  
Car  
Forging Industry

**02**

Enhance Operational Efficiency  
and Profitability

2-1

Expand Net Shape  
Aluminum  
Forged Wheels

2-2

Green Economy  
Recycled Aluminum


**03**

Long-Term  
Goals

# SAI and Luxury Brands Outgrew The Global Market



- During 2018-23, luxury and premium car shipment has outgrown global automotive market.
- Our high-end forged wheels business will continue to grow with global luxury and premium cars.

	2018	2019	2020	2021	2022	2023	2018-23 CAGR
Global Cars Shipment (mn)	94	90	76	79	78	85	-2%
Luxury and Premium Cars Shipment							
 Rolls-Royce	4,194	5,100	3,756	5,586	6,021	6,032	9%
Ferrari	9,251	10,131	9,119	11,155	13,221	13,663	10%
Porsche	256,255	280,800	272,162	301,915	309,884	320,221	5%
<b>SAI Revenue (NT\$mn)</b>	<b>6,587</b>	<b>5,892</b>	<b>5,442</b>	<b>7,488</b>	<b>6,402</b>	<b>7,779</b>	<b>4%</b>
Mercedes	2,382,791	2,385,432	2,087,200	1,943,900	2,040,700	2,044,100	-3%
*Mercedes-Maybach, AMG, G & S	-	-	-	283,300	328,200	328,300	8%
 BMW	2,486,150	2,537,500	2,325,180	2,521,510	2,399,630	2,554,180	1%
*BMW-M Performance	-	-	-	163,542	177,257	202,530	12%
Lexus	698,300	765,330	718,715	760,012	625,365	824,258	4%
JLR	578,915	508,659	439,588	376,381	354,662	431,733	-5%

\*Green highlights are SAI's main customers. \*\*Mercedes and BMW high-end shipment is 2021-23 data. Source: Company data

# Improve Operational Efficiency through Expanding Net Shape Forged Wheels



## Advantages of Net Shape Forged Wheels

- ◆ Our Net Shape Forged Wheels utilize precision forging to shorten post-forging processes, simplify the production process, which leading to less production time and lower cost.  
It is suitable for bulk orders of premium car brands, which increases our utilization rate and higher asset turnover.

	Fully-Machined Forging	Net & Near Net Shape Forging
Rim type	Super and luxury car (i.e.: Ferrari, McLaren, Rolls Royce, Bentley)	Premium car (i.e.: BMW, Mercedes-Benz, Porsche, Lexus)
Forging process	Shorter, cheaper and less exact mold	More exact mold with higher tooling costs
CNC machining time	Longest and requires the most plant floor area for CNC machines	Reduced need for machining
Design process	High machining complexity and long toolpath design time	Three passes of forging, and the mold flow analysis time is long
Material costs	High	Less
Advantages	Enhanced design options Best Appearance and precision Small volume orders	Lower production costs Stable quality with high automation Large volume orders

# More Net Shape Forged Wheel Projects Are Coming

14 net shape forged wheels are in mass production. 71 are under development.



DODGE



Charger, Challenger, Durango SRT series  
10 wheels are in mass production  
1 wheel is under development



2021MY M3 M4 Competition  
4 wheels are in mass production



2024MY Macan and 2025MY 911  
62 wheels are under development

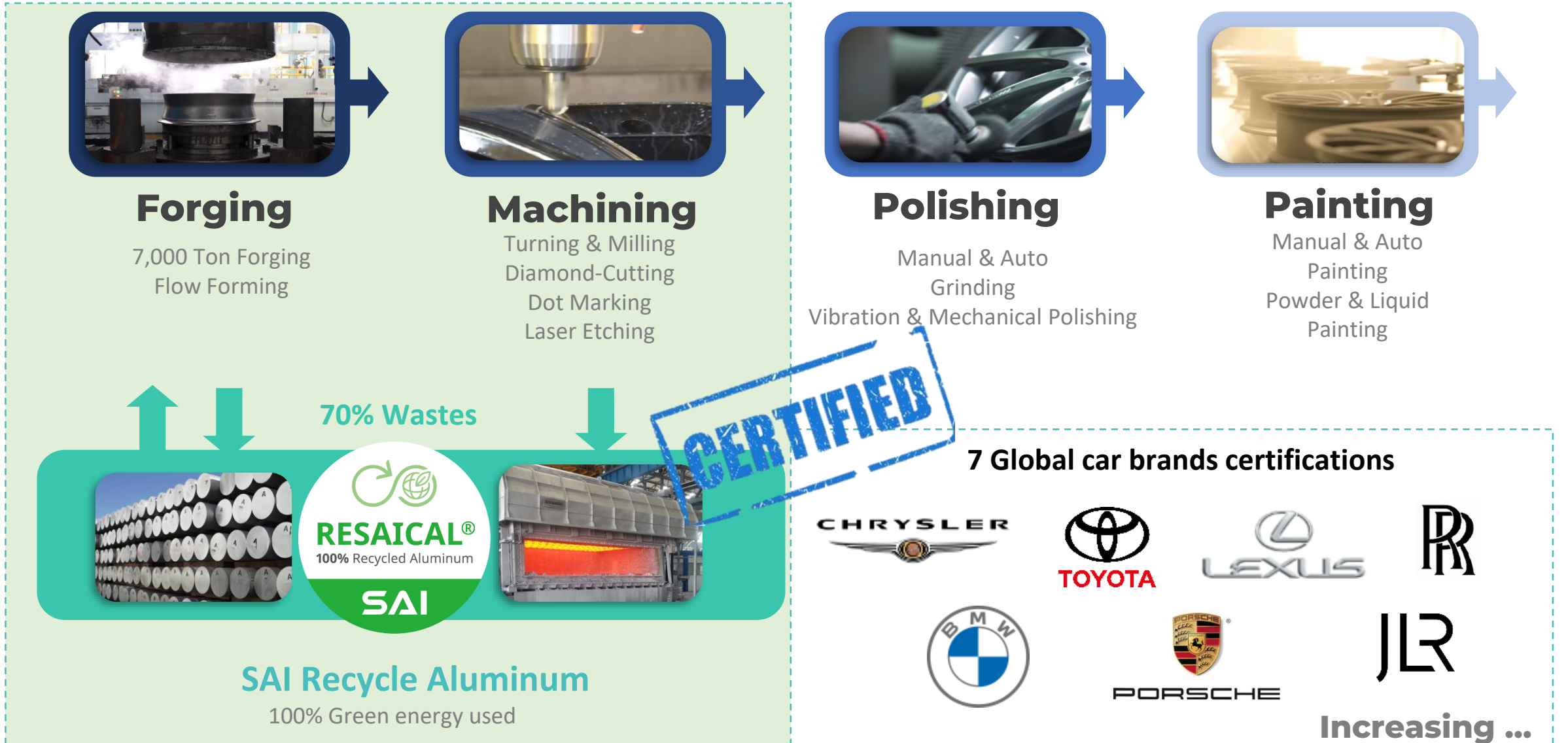
DAIMLER



2025 EQ  
8 wheels are under development

# Increase Profitability by Using Recycled Aluminum

Achieve diversification of supply sources, reduce inventory and cost



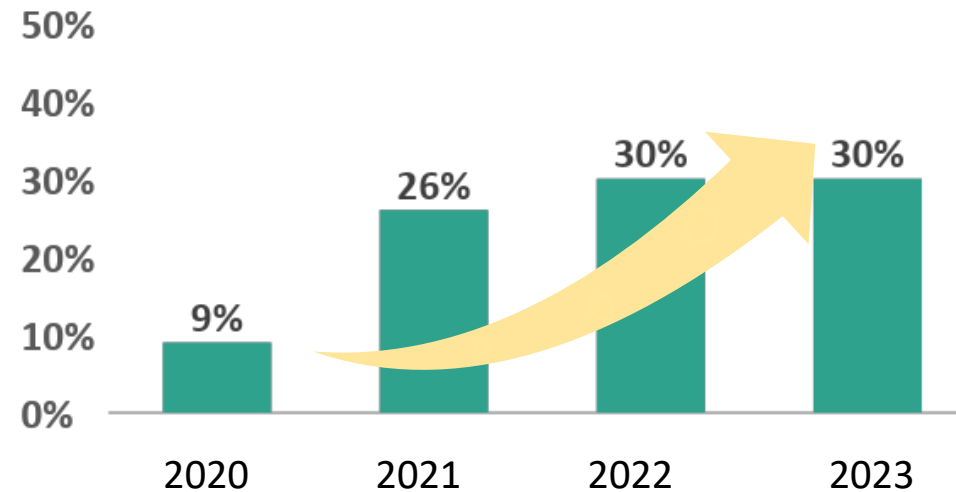
# MOVING INTO GREEN



## Green Milestone

- The yield rate of RESAICAL® recycled aluminum increased from 69% in 2020 to 97% in 2023. Our current recycled aluminum annual capacity is 40k tons and new production capacity will continue to be built. Usage of RESAICAL® recycled aluminum is currently maintained at **32%** of total production, with a target of **40%** by the end of 2024.

Usage of RESAICAL®

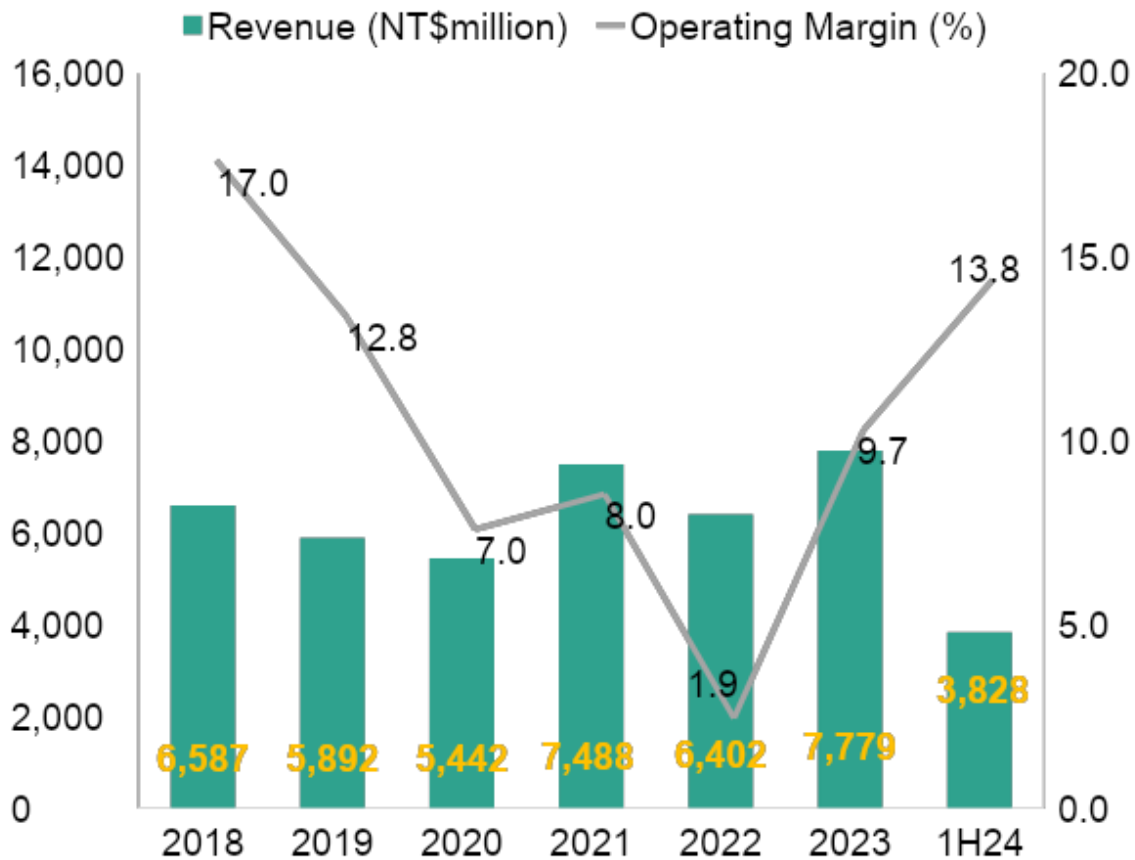


SAI is in the process of being certified as a [Performance Standard ASI supplier](#) and will be certified by 2024.

# 1.5MW

self-consumption solar power plant (since 2023/3/31)

# SAI Aims to Deliver Sustainable Long-term Shareholders Returns through the Enhancement of Operational Efficiency and Profitability



Long-term operational goals :  
**15-20% Operating Margin**  
**Double-Digit ROE**



# Sustainable Operation and Growth



**Profitability Improvement and Sustainable Revenue Growth**



**Listed on TWSE on May 13th  
TW No.2 Machining Tier-1 supplier**

**Green  
Factory**

- Increase the proportion of recycled aluminum used
- Increase utilization rate

**Growing  
TAM**

- Full-Machining, Net-Shape Forged Wheels & Others to increase market share
- Increase brand penetration rate
- Expanding into the semiconductor industry

**Profitability  
Improvement**

- Optimize operational efficiency
- Long-term operating margin target: 15-20%

**Sustainable  
Return**

- Generating a sustainable double-digit ROE
- Maintain at least 50% payout ratio



**Q&A**

# 2Q24 Income Statement



NT\$mn	2020	2021	2022	2023	1H24	YoY (%)			
						2021	2022	2023	1H24
<b>Revenue</b>	<b>5,442</b>	<b>7,488</b>	<b>6,402</b>	<b>7,779</b>	<b>3,828</b>	<b>-14.5</b>	<b>11.2</b>	<b>21.5</b>	<b>3.0</b>
Gross Profit	992	1,922	1,213	1,734	1,026	-36.9	25.2	43.0	28.3
Operating Expenses	-611	-1,326	-1,094	-980	-496	-17.5	-20.9	-10.4	2.3
<b>Operating Profit</b>	<b>381</b>	<b>596</b>	<b>119</b>	<b>755</b>	<b>530</b>	<b>-80.0</b>	<b>1,118.6</b>	<b>534.6</b>	<b>68.4</b>
Pretax Income	260	418	700	762	515	67.6	-6.6	8.8	36.0
Tax Expenses	-38	-77	-118	-153	-101	52.0	13.9	30.4	31.9
<b>Net Income to Parent</b>	<b>222</b>	<b>340</b>	<b>583</b>	<b>608</b>	<b>413</b>	<b>71.2</b>	<b>-10.7</b>	<b>4.4</b>	<b>37.0</b>
<b>Basic EPS (NT\$)</b>	<b>1.14</b>	<b>1.75</b>	<b>2.90</b>	<b>2.88</b>	<b>1.88</b>	<b>65.7</b>	<b>-16.2</b>	<b>-0.7</b>	<b>29.7</b>
<b>Key Financial Ratios (%)</b>									
Gross Margin	18.2	25.7	18.9	22.3	26.8				
Operating Expense Ratio	11.2	17.7	17.1	12.6	13.0				
Operating Margin	7.0	8.0	1.9	9.7	13.8				
Effect Tax Rate	14.5	18.5	16.8	20.1	19.7				
Net Margin	4.1	4.5	9.1	7.8	10.8				

Source: TEJ

# 2Q24 Balance Sheet



NT\$mn	2020	2021	2022	2023	1H24	YoY (%)			
						2021	2022	2023	1H24
<b>Total Assets</b>	<b>16,820</b>	<b>16,444</b>	<b>17,562</b>	<b>17,376</b>	<b>17,388</b>	<b>-2.2</b>	<b>6.8</b>	<b>-1.1</b>	<b>-1.5</b>
Cash	771	1,135	878	1,237	1,994	47.2	-22.6	40.9	87.8
AR & NR	795	875	827	1,021	1,044	10.1	-5.4	23.4	4.3
Inventories	5,072	4,972	6,413	6,241	5,736	-2.0	29.0	-2.7	-12.7
Fixed Assets	9,274	8,678	8,736	8,339	8,038	-6.4	0.7	-4.5	-5.8
<b>Total Liabilities</b>	<b>9,580</b>	<b>9,265</b>	<b>10,280</b>	<b>9,641</b>	<b>7,822</b>	<b>-3.3</b>	<b>11.0</b>	<b>-6.2</b>	<b>-24.1</b>
AP & NP	409	408	504	469	430	-0.2	23.4	-6.8	-38.1
<b>Total Equity</b>	<b>7,240</b>	<b>7,179</b>	<b>7,281</b>	<b>7,735</b>	<b>9,566</b>	<b>-0.8</b>	<b>1.4</b>	<b>6.2</b>	<b>30.2</b>
<b>Key Financial Ratios</b>									
A/R Turnover Days	49.3	40.1	47.9	42.8	48.1				
Inventory Turnover Days	406.8	324.8	394.9	376.8	395.3				
A/P Turnover Days	31.5	26.4	31.6	29.0	36.1				
Cash Conversion Days	424.7	338.5	411.2	390.6	407.3				
ROE (%)	3.0	4.7	8.1	8.1	9.8				
ROA (%)	1.3	2.0	3.4	3.5	4.7				

Source: TEJ

# Key Financial Performance

