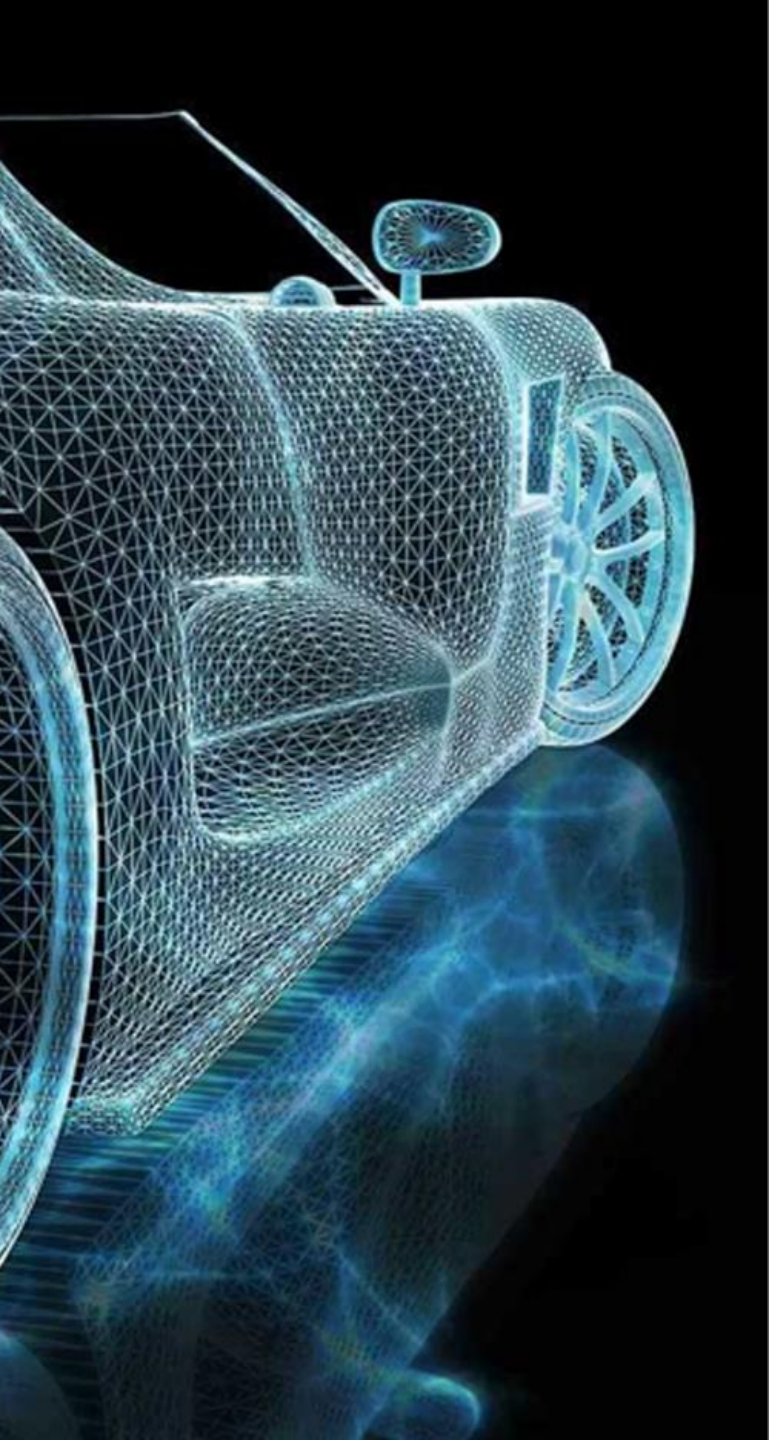
SuperAlloy Industrial Co. (1563 TT)

2Q24 Investor Presentation

Forging the **GREEN FUTURE** of Mobility



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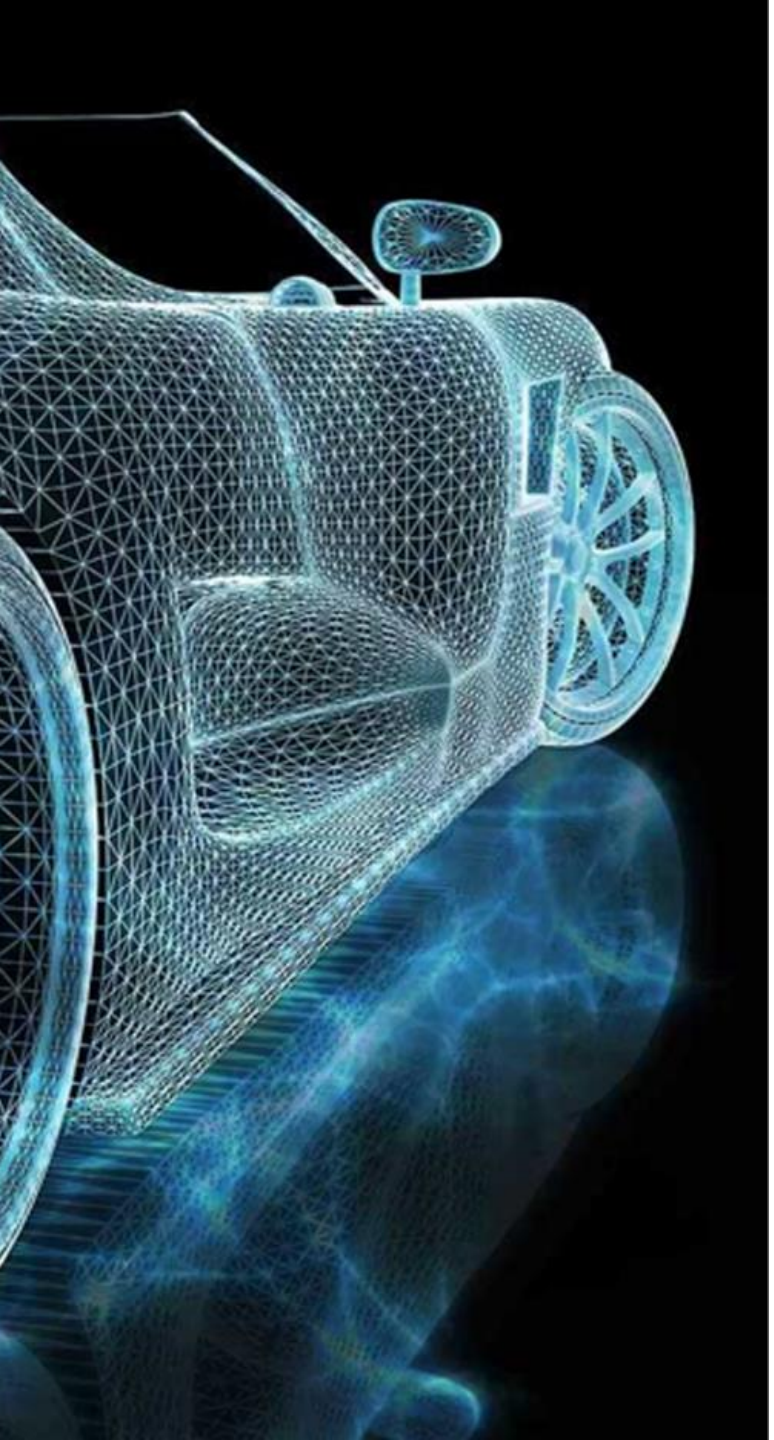


Agenda

- 1Q25 Results And Guidance
- SAI’s Growth Strategy And Goals
- Q&A

1Q25 Results And Guidance

1Q25 Income Statement

NT$ million	1Q25	4Q24	1Q24	QoQ %	YoY %
Net Revenue	1,918	1,928	1,954	(0.5)	(1.9)
Gross Profit	545	532	521	2.5	4.6
Gross Margin	**28.4%**	**27.6%**	**26.66%**		
Operating Expenses	246	251	249	(2.1)	(1.1)
SG&A percent of Sales	13%	13%	13%		
Operating Income	299	281	272	6.5	9.9
Operating Margin	**15.6%**	**14.6%**	**13.92%**		
Net Non-Operating Income (Loss)	144	-88	40	(262.9)	262.9
Pre-Tax Income	443	193	312	129.7	42.0
Income Tax Expense	89	39	62		
Minority Interest	0	0	0		
Net Income to Parent	354	153	249	130.9	42.0
Net Margin	**18.5%**	**8.0%**	**12.76%**		
EPS (NT$)	**1.53**	**0.64**	**1.17**	**139.1**	30.8

Source: TEJ

1Q25 Balance Sheet

NT$ million	1Q25		4Q24		1Q24		QoQ (%)	YoY (%)
	$	%	$	%	$	%		
Cash and Cash Equivalents	1,265	7	2,153	12	1,673	10	(41.3)	(24.4)
Notes & Accounts Receivable, Net	1,179	7	1,055	6	1,043	6	11.7	13.1
Inventories	6,244	36	5,994	34	5,890	34	4.2	6.0
Other Current Assets	637	4	127	1	160	1	403.2	299.2
Long-term Investments	35	0	35	0	34	0	(1.4)	2.0
Fixed Assets	7,731	44	7,819	45	8,219	47	(1.1)	(5.9)
Other Long-term Assets	320	2	335	2	313	2	(4.4)	2.2
Total Assets	**17,412**	**100**	**17,520**	**100**	**17,333**	**100**	(0.6)	0.5
Current Liabilities	4,318	25	3,417	20	3,653	21	26.4	18.2
LT Debt	4,054	23	4,261	24	5,967	34	(4.8)	(32.1)
Other Non-Current Liabilities	35	0	27	0	39	0	30.3	(9.7)
Total Liabilities	**8,408**	**48**	**7,704**	**44**	**9,658**	**56**	9.1	(12.9)
Common Stock	2,378	14	2,378	14	2,143	12	0.0	11.0
Total Equity	**9,004**	**52**	**9,815**	**56**	**7,674**	**44**	(8.3)	17.3
Book Value per Share (NT$)	37.9		41.3		35.8		(8.3)	5.7

Source: TEJ

Outlook

Expected Double-Digit Revenue Growth in 2025:

Due to global economic conditions and a slowdown in the Chinese automotive market, demand for luxury vehicles has decreased. SAI anticipates a low single-digit revenue decline in 2024 but expects to return to double-digit growth in 2025, driven by increased demand for luxury SUVs and minivans from European and Japanese brands, along with rising demand for RESAICAL® recycled aluminum.

Operating Profit Margin Continues to Improve:

With ongoing enhancements in production efficiency and increased utilization of RESAICAL® recycled aluminum and net-shape aluminum wheels, the operating profit margin is expected to rise in Q4 2024. This margin is projected to reach its highest level since 2019 in 2024, with a long-term target of 15% to 20% by 2025.

Recycled Aluminum Adoption to Reach 40%:

In 2Q24, SAI's recycled aluminum gained a 7th client, Rolls-Royce. We expect luxury brand adoption to rise from 40% to 50% by 2025, cutting raw material costs by 10-15%. We plan to build a second smelting plant to increase production capacity and expand applications for recycled aluminum.

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.

SAI's Growth Strategy And Goals

SAI Aims to Maximize Shareholder Return

SAI’ s Three-Step Approach to Maximizing Sustainable Profits and Shareholder Returns

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
- 2-3 Promoting aluminum applications across fields

03

Sustainable and corporate governance

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	2024	2018-24 CAGR
Global Cars Shipment (mn)	94	90	76	79	78	87	89	-1%
Luxury and Premium Cars Shipment								
Rolls-Royce	4,194	5,100	3,756	5,586	6,021	6,032	5,712	6%
Ferrari	9,251	10,131	9,119	11,155	13,221	13,663	13,752	8%
Porsche	256,255	280,800	272,162	301,915	309,884	320,221	310,718	4%
SAI Revenue (NT$mn)	**6,587**	**5,892**	**5,442**	**7,488**	**6,402**	**7,779**	**7,474**	**2%**
Mercedes	2,382,791	2,385,432	2,087,200	1,943,900	2,040,700	2,044,100	1,983,400	-3%
Mercedes - Maybach, AMG, G & S	-	-	-	283,300	328,200	328,300	281,500	-0.2%**
BMW	2,486,150	2,537,500	2,325,180	2,521,510	2,399,630	2,554,180	2,450,804	-1%
BMW - M Performance	-	-	-	163,542	177,257	202,530	206,582	9%**
Lexus	698,300	765,330	718,715	760,012	625,365	824,258	851,214	4%
JLR	578,915	508,659	439,588	431,733	354,662	431,733	430,812	-4%

*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.

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

2025 EQ
8 wheels are under development

Increase Profitability by Using Recycled Aluminum

Achieve diversification of supply sources, reduce inventory and cost

Forging

7,000 Ton Forging
Flow Forming

Machining

Turning & Milling
Diamond-Cutting
Dot Marking
Laser Etching

Polishing

Manual & Auto
Grinding
Vibration & Mechanical Polishing

Painting

Manual & Auto
Painting
Powder & Liquid
Painting

70% Wastes

RESAICAL®
100% Recycled Aluminum
SAI

CERTIFIED

SAI Recycle Aluminum

100% Green energy used

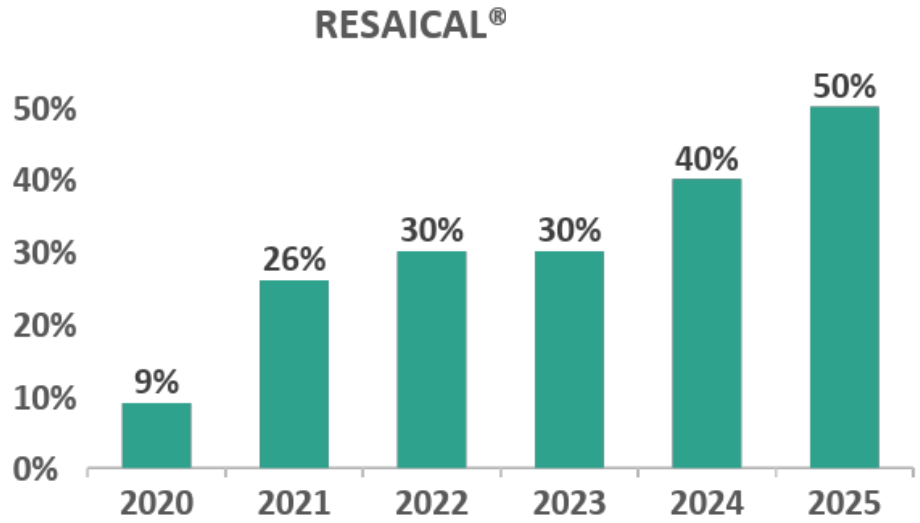
7 Global car brands certifications

CHRYSLER
TOYOTA
LEXUS
BMW
PORSCHE
JLR

Increasing ...

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. Usage of rate of RESAICAL® recycled aluminum in forged wheels reached **40%** in 2024, with an expected increase to **50%** in 2025.



- An additional 60,000 tons of aluminum smelting capacity is expected to be added in 2025 for non-forged wheel products.

asi Aluminium Stewardship Initiative

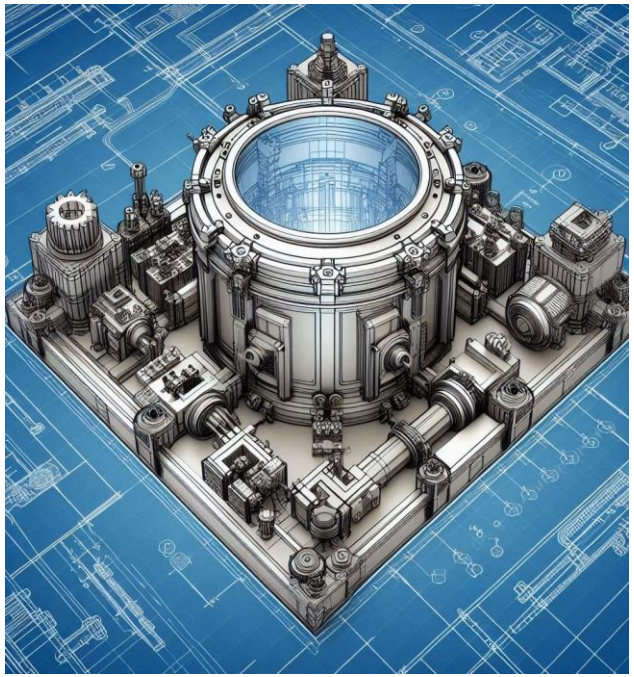
SAI is certified as a Performance Standard ASI supplier in 2024.

1.5MW

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

Promoting diverse aluminum applications to boost long-term profitability

With aluminum's lightweight, strength, and corrosion resistance, SAI aims to raise non-passenger vehicle aluminum wheel revenue from 15% to over 40% in three years



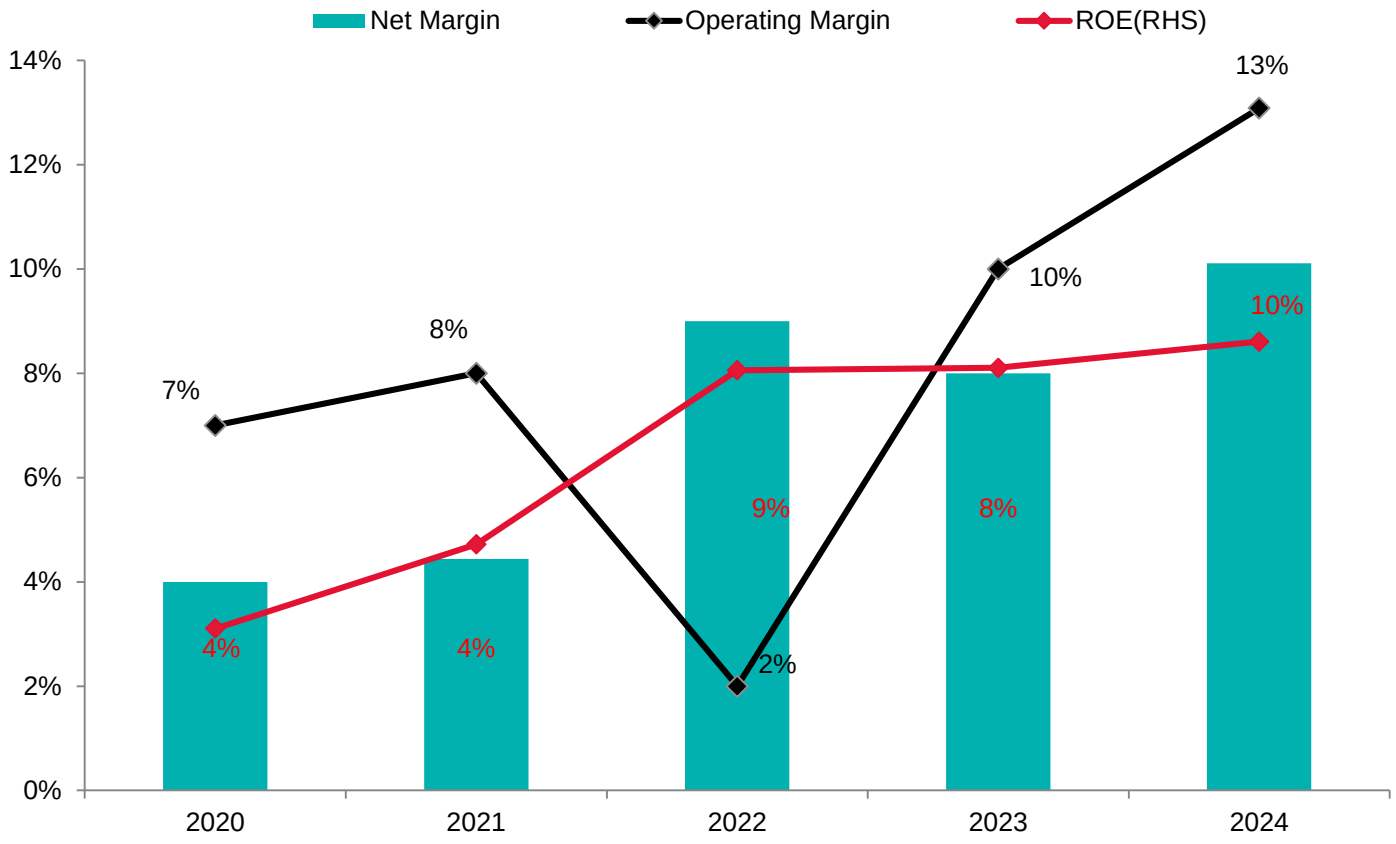
Semiconductor equipment (Front-end Equipment Components)

Mobility (Electric Vehicles /Commercial Trucks /Hydrogen Vehicles)

Heavy electrical equipment (Substation Gas Storage Components)

Others (Aerospace/Medical Materials/Raw materials & Contract Manufacturing)

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

Source: TEJ

Sustainable Operation and Growth

Profitability Improvement and Sustainable Revenue Growth

Listed on TWSE on May 13th
TW No.3 Machining Tier-1 supplier

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

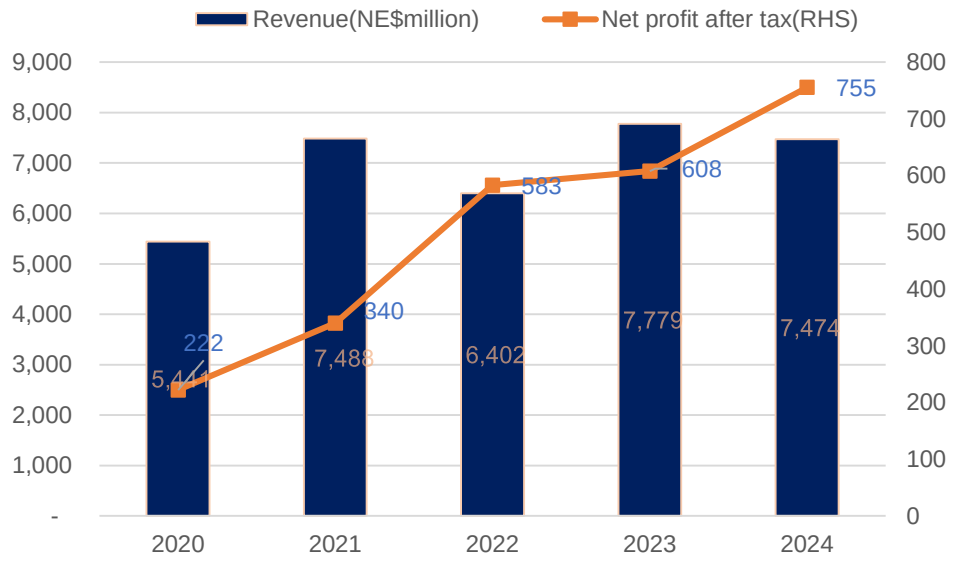
Growing TAM
- Full-Machining, Net-Shape Forged Wheels & Others to increase market share
- Increase brand penetration rate
- Expanding into the semiconductor industry

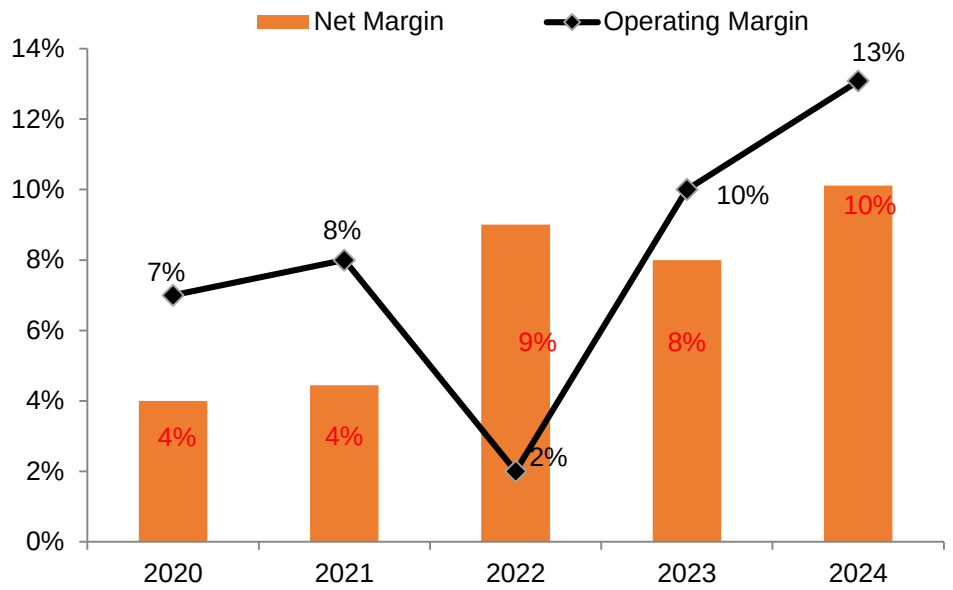
Profitability Improvement
- Optimize operational efficiency
- Long-term operating margin target: 15-20%

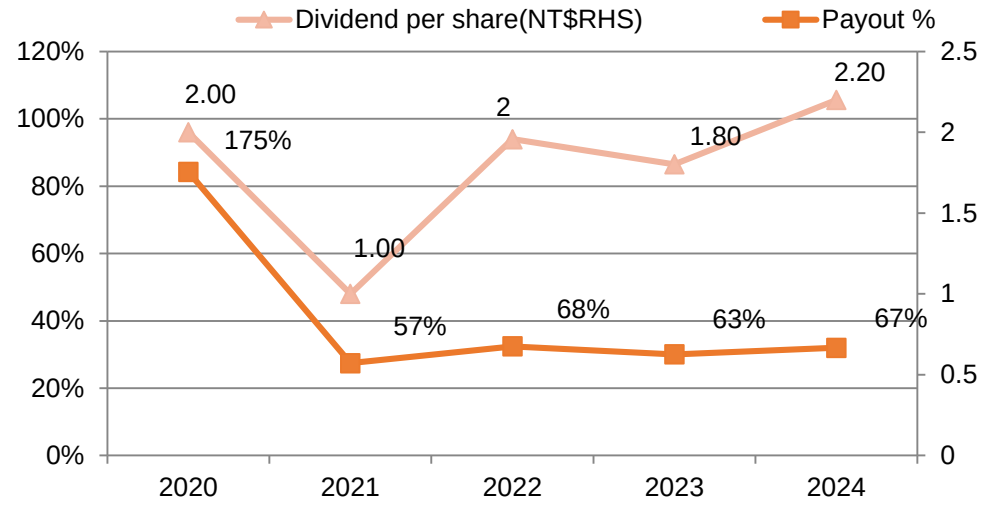
Sustainable Return
- Generating a sustainable double-digit ROE
- Maintain at least 60% payout ratio

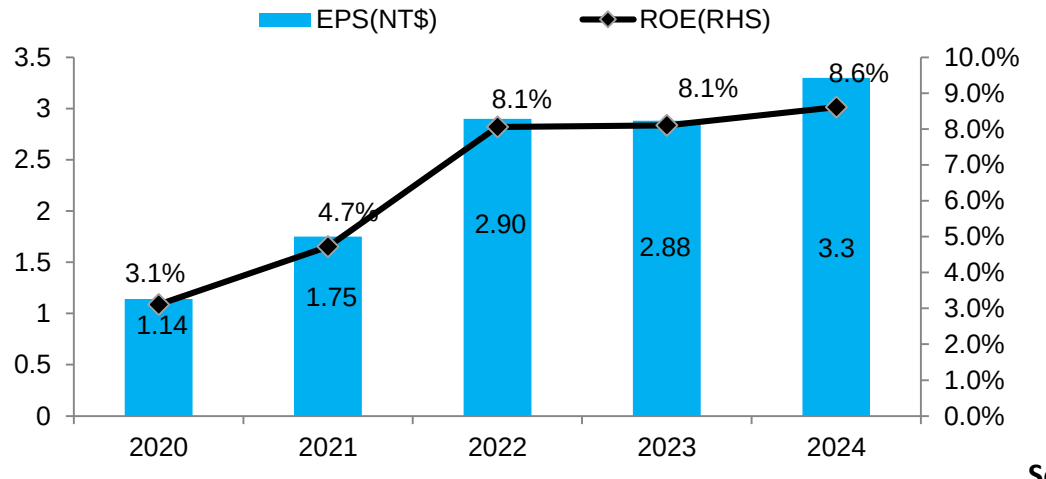
Q&A

Key financial numbers









Source: TEJ

Appendix

SAI Is The Proxy For The Growth Of Luxury Cars

We target to achieve sustainable return from our green investment

- With 30 years of forging, shaping and surface treatment expertise, SAI stands as the world's top one aluminum forged wheel supplier for luxury automotive brands like Rolls Royce, Ferrari and Porsche. During 2018-23, SAI and these brands have outgrown the overall automotive market with higher CAGR.

- With our US$200 million Green factory and a 2025 milestone aimed at achieving a 50% proportion of recycled aluminum in total production, we have expanded our product portfolio from full machining to net shape forged wheels, capturing market share among premium car brands such as Mercedes, BMW, JLR and Lexus.

- In the next decade, we aim to achieve a 15-20% operating margin, double-digit return on equity (ROE), and a 50% payout ratio as our green investments yield sustainable returns for long-term shareholders. We successfully launched our TWSE IPO on May 13th, 2024, and being the Taiwan automotive tier-one supplier with the second largest market cap.

01
Strengthen Industry Leadership

Tier-One Supplier For Top Global Brands

SAI is the world's top 1 aluminum forged wheel maker for Super and Luxury cars.
We will continue to develop various projects to enhance customer penetration rate.

Top 5 Clients: Lexus(Toyota) 、JLR 、 Porsche 、 BMW and Mercedes-Benz

2001	2004	2006	2007	2008	2009	2010	2011	2012	2013	2015	2016	2017	2018	2020-
gm	Ford	CHRYSLER	TRD	JAGUAR TESLA	OPEL	BMW HSV HONDA	PORSCHE LAND ROVER McLaren AMG	FERRARI ALPINA ROLLS ROYCE VW TOYOTA	BENTLEY MINI DUCATI	ACURA DFM	LEXUS Audi KARMA Faraday Future	DAIMLER	VOLVO ASTON MARTIN	WORKHORSE LOTUS

The High-Entry Barrier of Automotive Supply Chain

Strict Certification Is The Foundation of Strong Partnership With Clients

Stage 1 **Client Certification**	Stage 2 **Receiving Orders**	Stage 3 **Client Qualification and Approval**	Stage 4 **Production and Delivery**
2-4 years	9-18 months	7-13 months	6-9 months

Establish Production lines (2-3 years) → **Factory Certification** (3-6 months) → **Receive Client Certification** → **Receive RFQ/ Quotation** (3-6 months) → **Project initiation** → **Design Development** (3-6 months) → **Manufacturing Process Development** (3-6 months)

Qualification Processes: **Pilot Production** (3-4 months) → **Testing** (1-2 months) → **Trial Production** (1-2 months) → **Production Parts Approval Process** (1-2 months)

→ **Received Qual.** (1-3 months) → **Produ ction** (1-2 months) → **Delivery** (3-3.5 months)

2 months by sea
+ 2 weeks by land
+ 2-4 weeks as inventory

4-8 years product cycle

If changes are required (e.g., materials, construction methods, relocation of production), certification must go back to "Stage 1" for re-approval.

If a change in materials or construction methods is required, it will be necessary to return to the "Design Development" stage.

Receipt
Net 60 days

Paid by group or subsidiary*

*Note: Some customers place orders, receive goods or make payments on behalf of the group. For example, Mercedes-AMG GmbH is the client and Mercedes Benz Gorup AG pays the bill.

Made in Taiwan For the Global Market

The clientele for Super/Luxury and Premium cars spans across regions such as Europe, the Americas, and Japan.

3 Production Sites

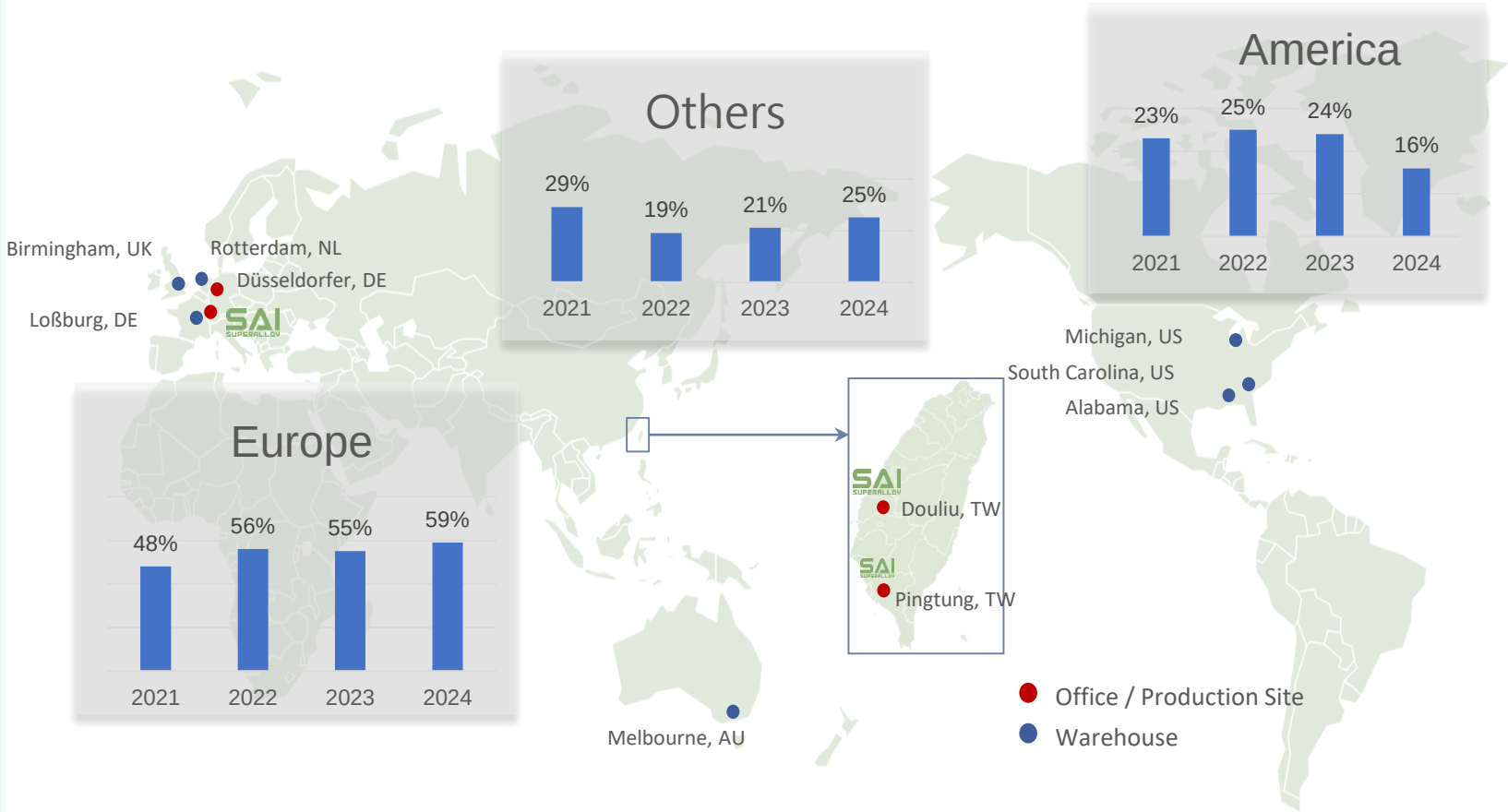
	Douliu	Pingtung P1	Germany
Forging	✓	✓	
Machining	✓	✓	
Polishing	✓	✓	
Painting	✓	✓	✓
Testing	✓		
Melting		✓	
Capacity(pcs)	600,000	300,000	500,000

1,585

Global Employees

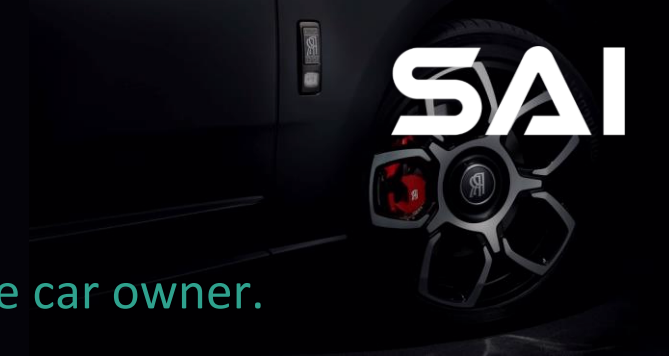
As of 2023/12/31

Global footprint and revenue distribution



The Forged Wheels Continue to Drive Upward Sales For Global Car Brands

Forged wheel performs better than cast wheel, highlighting the status and taste of the car owner.



Forged Wheel	Indicator	Cast Wheel
★★★★★	Strength	★★★
★★★★★	Durability	★★
★★★★★	Elongation	★★
★★★★★	Impact Resistance	★★★
★★★★★	Fuel Economic	★★★
★★★★★	Unsprung Weight	★★★
★★★★★	Vehicle Handling	★★★
★★	Price	★★★★

Wheel Size	Forged Wheel	Cast Wheel	Weight Reduction Ratio
19x9.5	11.77kg	15.70kg	-25%
20x11	13.01kg	18.08kg	-28%
21x10	14.91kg	21.30kg	-30%

Source: SAI Lab. Differences in weight are also influenced by design and load restrictions. The tested wheels are of a similar design and size.

SAI Supplies 32 EV Models (9 BEV : 23 PHEV) with 61 in progress

Aluminum forged wheels can simultaneously meet the high torque acceleration, lightweight, handling and safety requirements of electric vehicles

Porsche Taycan 2 design models (2019-now)

Jaguar I-Pace (2018-now)

BMW i8

Tesla Model X (2015-2018)

Tesla Roadster (2008-2012)

McLaren Artura

Ferrari Stradale

Porsche Panamera 4 E-hybrid

Volvo Polestar S60/V60

Range Rover SVA

Bentley Bentayga Hybrid

Lexus LC500 HEV

Porsche Cayenne E-hybrid

Acura NSX HEV

Rolls Royce Spectre

Spectre – Rolls Royce's First EV

Joining hands with SAI to pioneer a new category of automobiles: Ultra-Luxury Electric Super Coupé

02
Increasing Efficiency & Profitability

We Help Automakers Accelerate Their Carbon Neutrality Goals

The use of recycle aluminum can reduce emissions by up to 95% compared to primary aluminum

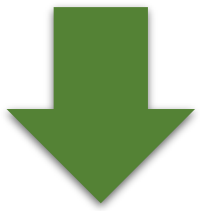
- **Automakers apply more recycled aluminum**

BMW requires suppliers to use more than 50% of recycled aluminum by 2025; JLR increases the proportion of recycled aluminum used, which can reduce the carbon emissions of the production process by 26% within a few years. Audi, Toyota, and VW have all launched plans to use recycled aluminum.

Year of Caron Neutrality	Automakers
2030	Porsche, Bentley
2035	Toyota
2039	Daimler, JLR
2040	GM, Volvo
2045	Hyundai
2050	VW, Audi, Ford, RR, Nissan

- **The carbon emissions of SAI's recycle aluminum are much lower than those of Emirates Global Aluminium (EGA) primary aluminum**

Carbon emissions generated in aluminum production per ton



95%

RESAICAL® 100% Recycled Aluminum SAI

SAI recycle aluminum : 0.32 (kg CO2e/kg of Al)

EGA الإمارات العالمية للألمنيوم EMIRATES GLOBAL ALUMINIUM

EGA's primary aluminum: 11.9 (kg CO2e/kg of Al)

Source: Ducker Frontier , Industry News , SAI & EGA

03
Sustainability

Independent Directors Reached 40% of Board Seats; Two Female Directors In The Board

Diverse board members to continuously optimize operation and corporate governance

Independent directors

Cheng, Ming-Siou

Specialty: Law

- Independent director, Celxpert Energy
- Distinguished Professor, Department of Law, Soochow University

Liou, Wan-Yu

Specialty: Carbon credit, Sustainability

- Independent Director, Lion Travel
  Distinguished Professor, College of Agriculture and Natural Resource, National Chung Hsing University
  Review Committee Member, Ministry of Science and Technology, Executive Yuan

Cheng, Ting-Wang

Specialty: Accounting & Taxation

- Member of the Auditing Standards Board, Accounting Research and Development Foundation
  Chair Professor, Department of Accounting, National Chengchi University

Chen, Wun-Zong

Specialty: Finance

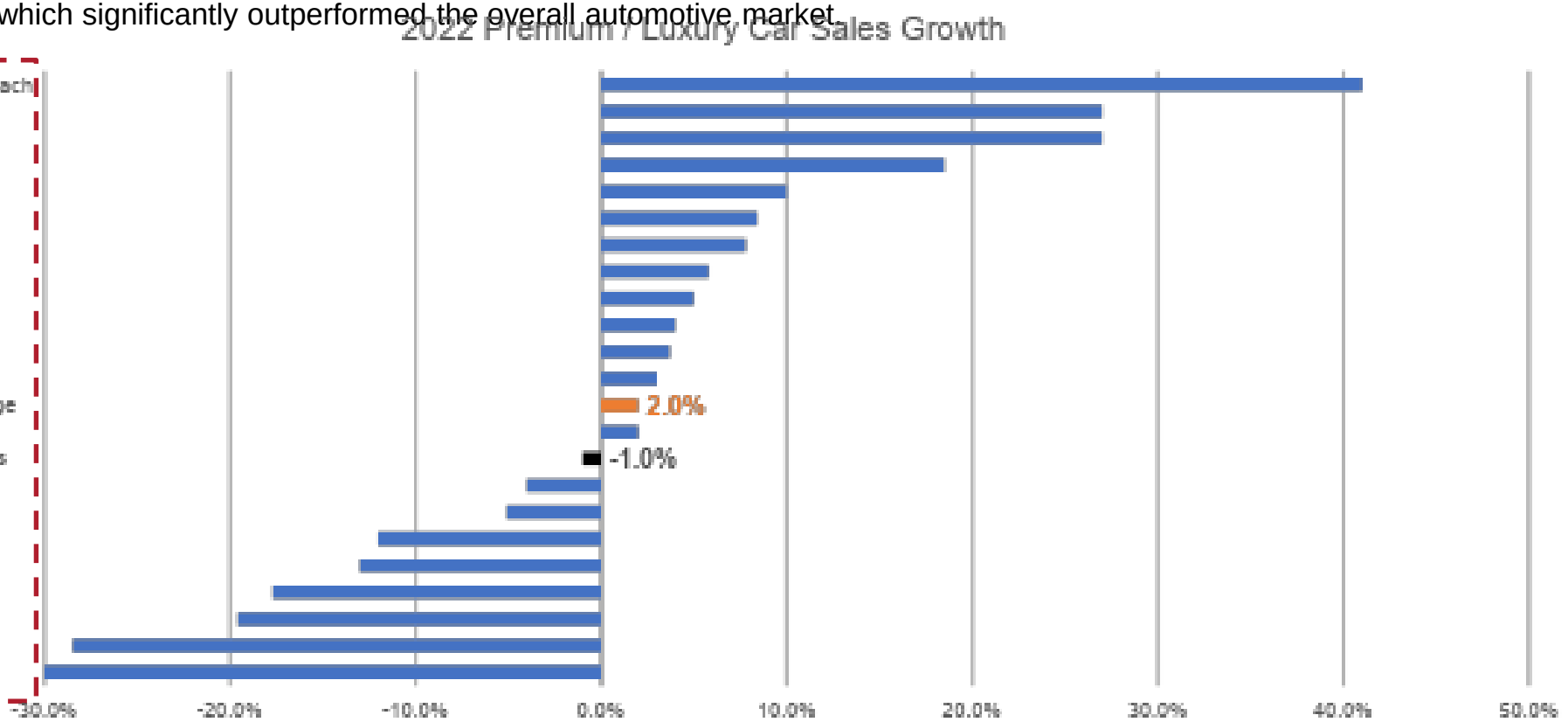
- VP, China Bills Finance Corporation

Pingtung Plant Production Capacity Plan	2022E Capacity	2025E Capacity	2027E Capacity
Forging	300,000	600,000	900,000
Machining	300,000	600,000	900,000
Polishing	300,000	600,000	900,000
Painting	600,000	600,000	600,000
Recycle Aluminum	40,000 ton	Planning	

(Based on no. of net shaped forged wheels)

- In 2021, while global car sales grew by only 4%, the growth rate for high-end models was 21.6%. Brands such as Aston Martin, Bentley, BMW, Rolls Royce, Porsche, Ferrari, Maserati, Lamborghini, and Bugatti all set new historical sales records.
- In 2022, global car sales decreased by 1% year-on-year, but the growth rate for high-end models remained at 2%, highlighting the stable growth of the luxury car market, which significantly outperformed the overall automotive market.

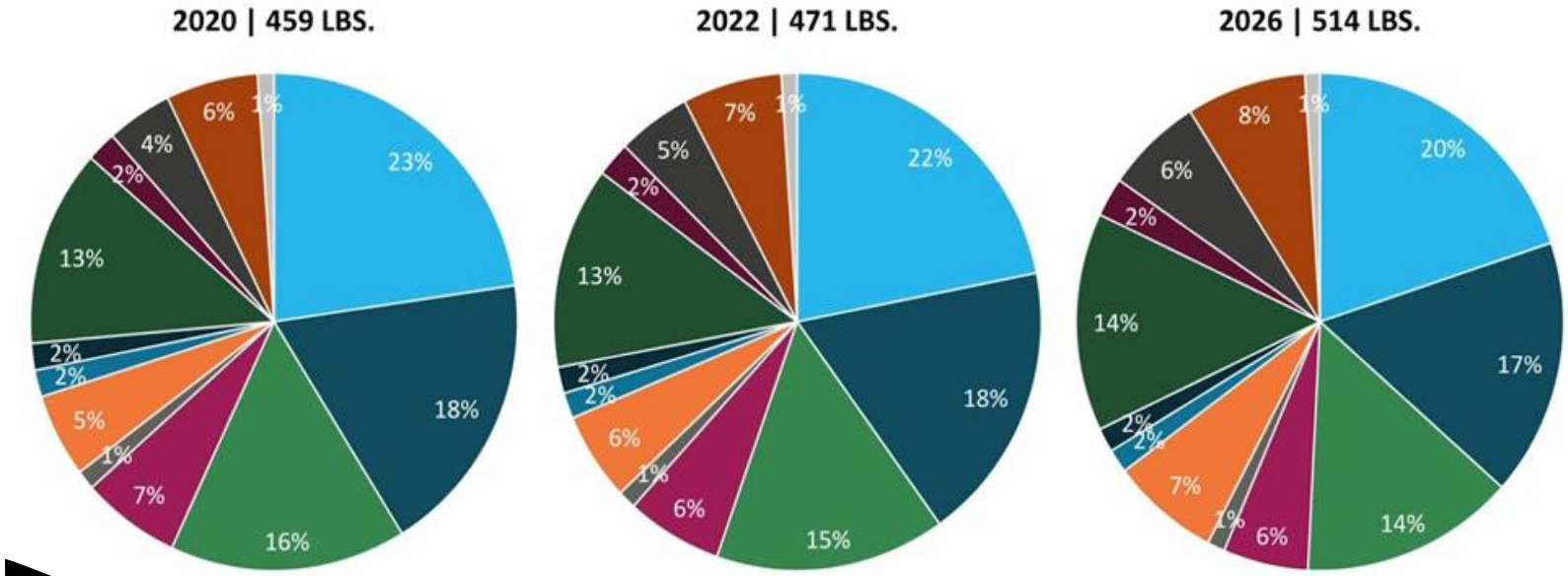
SAI supplies premium segment and above



Source: Canalys, Annual reports from makers

As aluminum penetration continue to grow in closures and body structures, suspension components are also projected to increase aluminum usage. Parts dedicated to EV (e.g. battery box, motor housing, converter housing, BMS housing, etc.) will also adopt aluminum to reduce weight.

System PPV	2016	2020	2022	2026
Engines	110	104	103	102
Transmissions & Drivelines	83	85	86	86
Wheels	65	72	72	73
Heat Exchangers	32	30	30	29
Heat Shields	6	6	6	6
Suspensions/Cradles/Subframes	21	25	27	37
Steering Components	8	8	8	8
Brakes	8	8	8	8
Closures	41	59	62	73
CMS	7	9	11	13
Body Stamping	11	20	23	33
Other Body	14	28	31	41
All others	5	5	5	5
Total	*411*	*459*	*471*	*514*



Average luxury car weights above 3,882 lb (1,760 kg)
Tesla Model S weights 4,323–4,960 lb (1,961–2,250 kg)

Source: [Ducker Frontier]