

# SuperAlloy Industrial Co. (1563 TT)

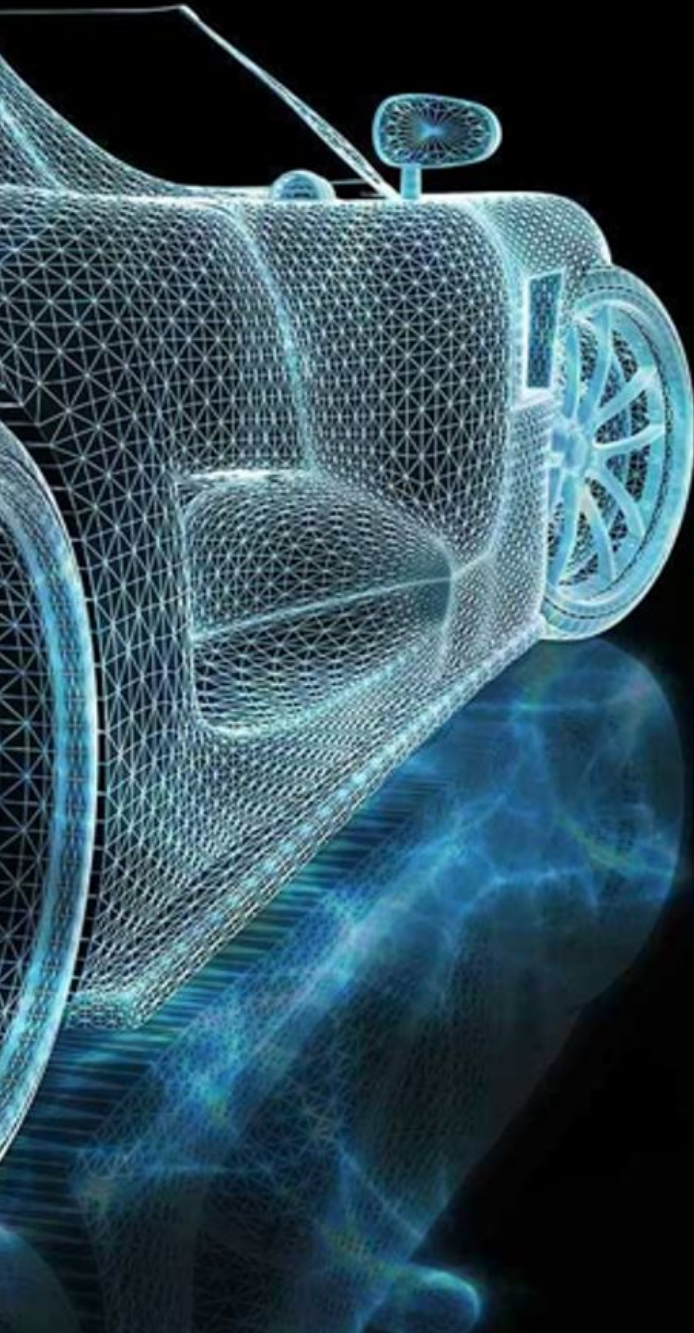
Investor Presentation

**SAI**  
SUPERALLOY



Forging the  
**GREEN FUTURE** of Mobility





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# 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 third largest market cap.



# SAI is the third-largest Tier-1 machining company in Taiwan's automotive sector by market value



## 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**



A red Ferrari sports car is shown from a side profile, parked on a racetrack. The background features a sunset sky with orange and yellow clouds, and distant mountains. The car has a black roof and silver wheels with a yellow Ferrari logo in the center. A semi-transparent blue box is overlaid on the lower left of the car.

# 01 Strengthen Industry Leadership

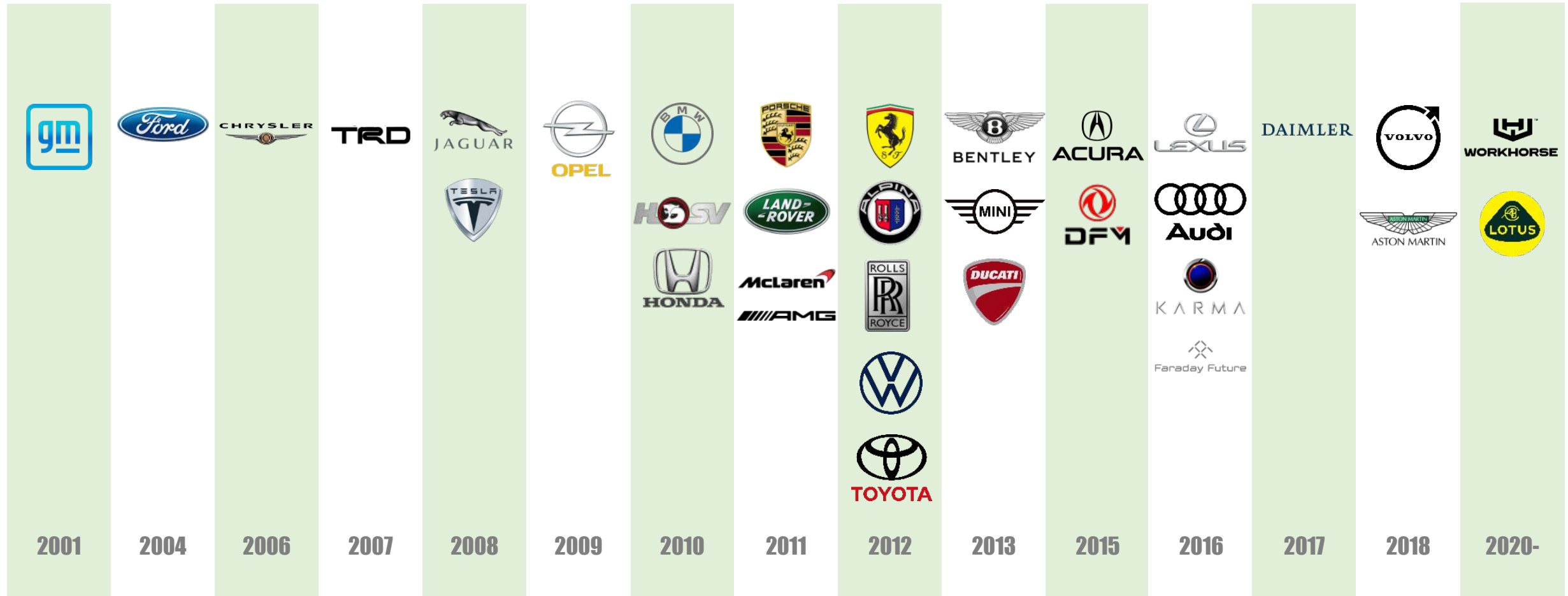


# Tier-One Supplier For Top Global Brands

SAI

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

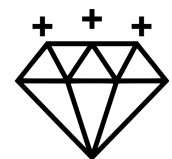




# SAI and Luxury Brands Outgrew The Global Market



- 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%

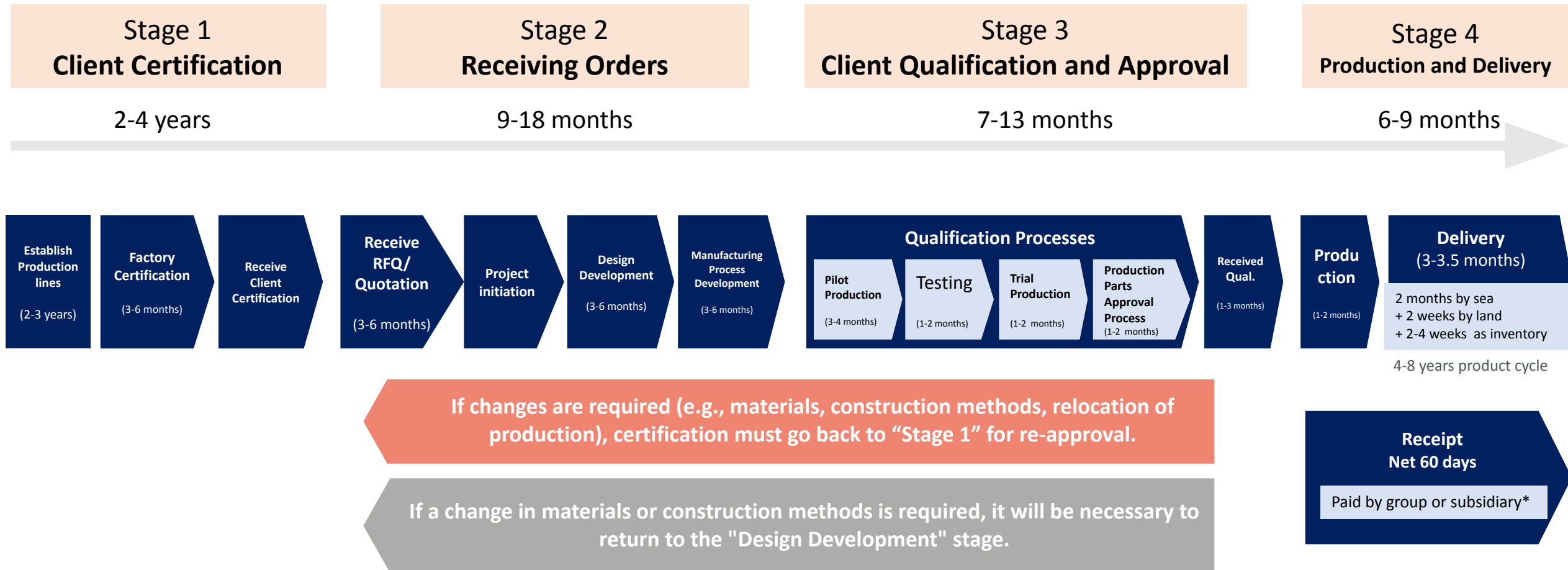
\*Green highlights are SAI's main customers. \*\*Mercedes and BMW high-end shipment is 2021-23 data. Source: Company data



# The High-Entry Barrier of Automotive Supply Chain

Strict Certification Is The Foundation of Strong Partnership With Clients

SAI



\*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 Group 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

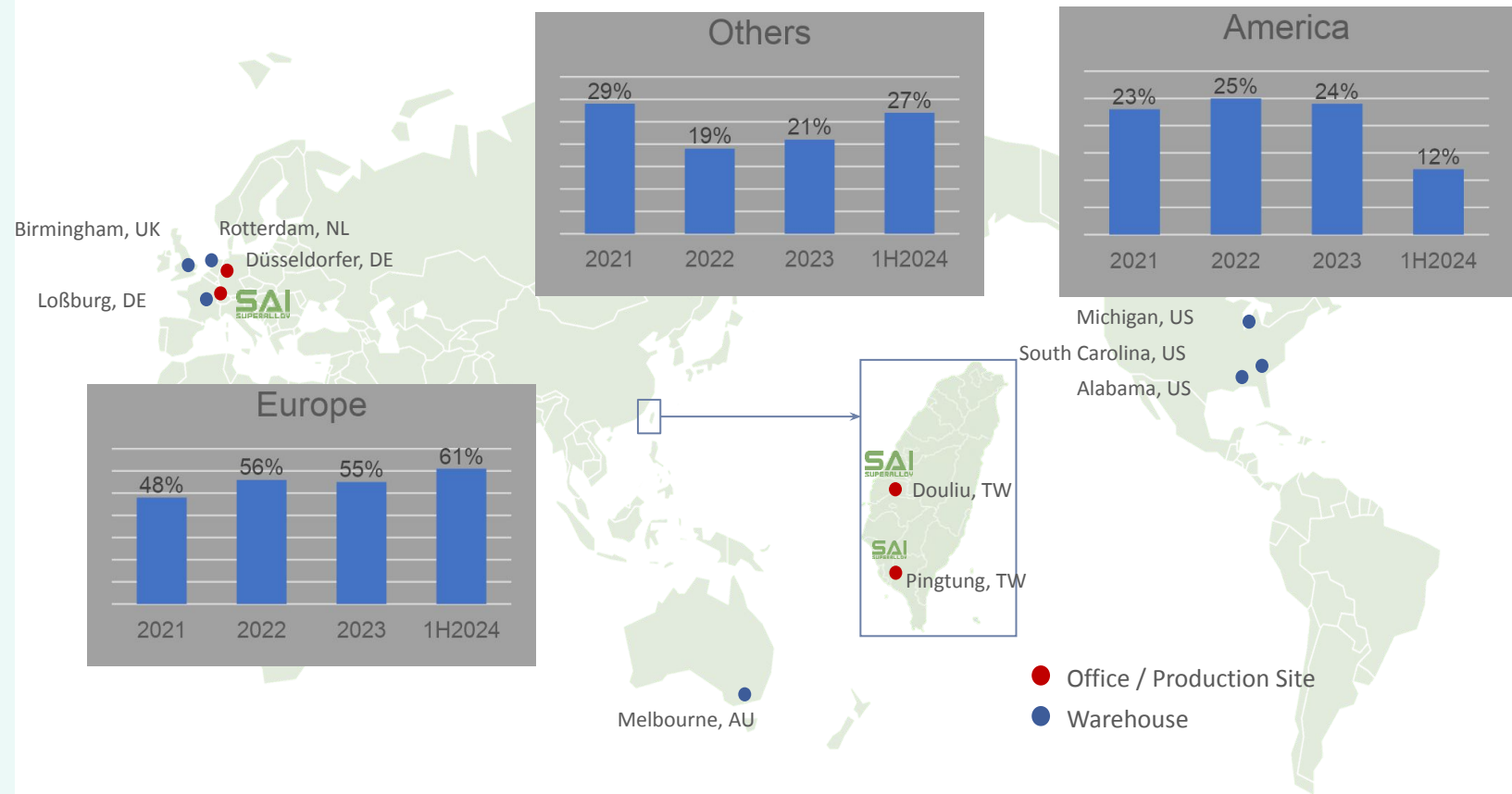
	Douliu	Pingtung P1	Germany
Forging	✓	✓	
Machining	✓	✓	
Polishing	✓	✓	
Painting	✓	✓	✓
Testing	✓		
Melting		✓	
Capacity(pcs)	600,000	300,000	500,000

1,509

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 36 EV Models (11 BEV : 25 PHEV) with 61 in progress



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

Porsche Macan EV 3x model (2023-now)



Porsche Taycan 2x model (2019-now)



Jaguar I-Pace (2018-now)



Mercedes Maybach EQS SUV(2023-now)



BMW i8



Tesla Model X (2015-2018)



Tesla Roadster (2008-2012)



McLaren Artura



Ferrari Stradale & New SF90



Porsche Panamera 4 E-hybrid



Volvo Polestar S60/V60



Range Rover SVA



Bentley Continental GT



Bentley Bentayga



Lexus LC500 HEV



Porsche Cayenne E-hybrid



Acura NSX HEV



Rolls Royce Spectre



Bentley Flying Spur





# Spectre — Rolls Royce's First EV

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

SAI



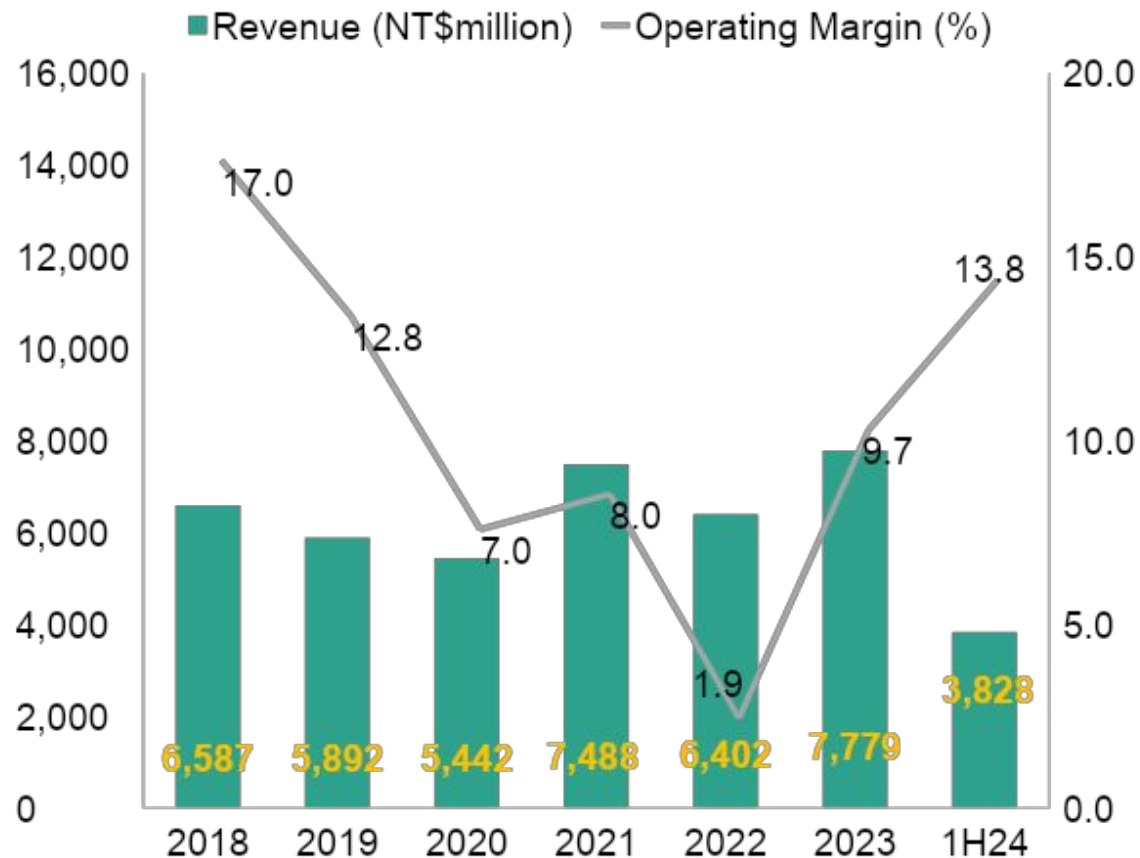




## 02 Increasing Efficiency & Profitability



# 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**



# 2-1 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



DAIMLER



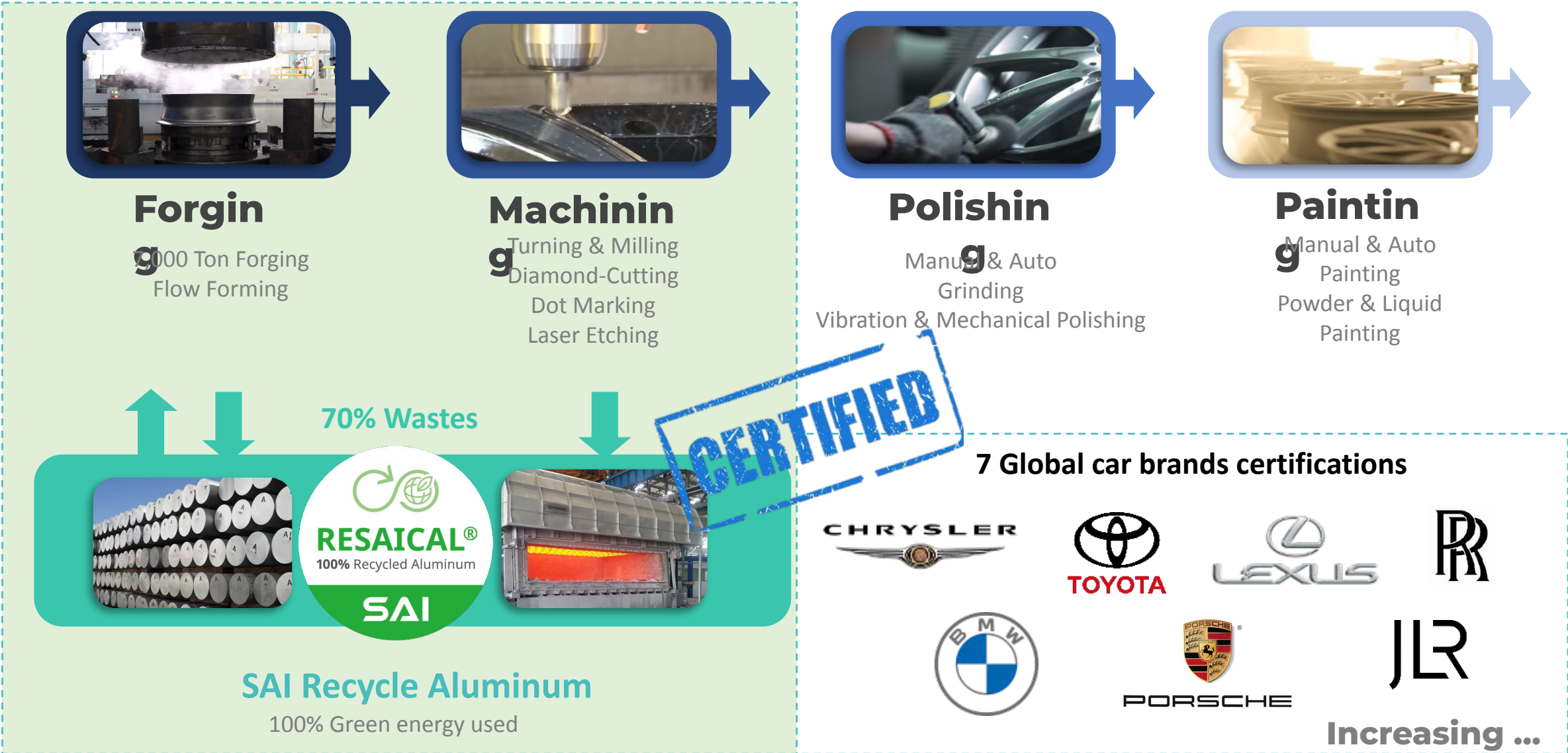
2024MY Macan and 2025MY 911  
62 wheels are under development

2025 EQ  
8 wheels are under development



# 2-2 Increase Profitability by Using Recycled Aluminum

Achieve diversification of supply sources, reduce inventory and cost





# 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%



SAI recycle aluminum : 0.45 (kg CO2e/kg of Al)



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



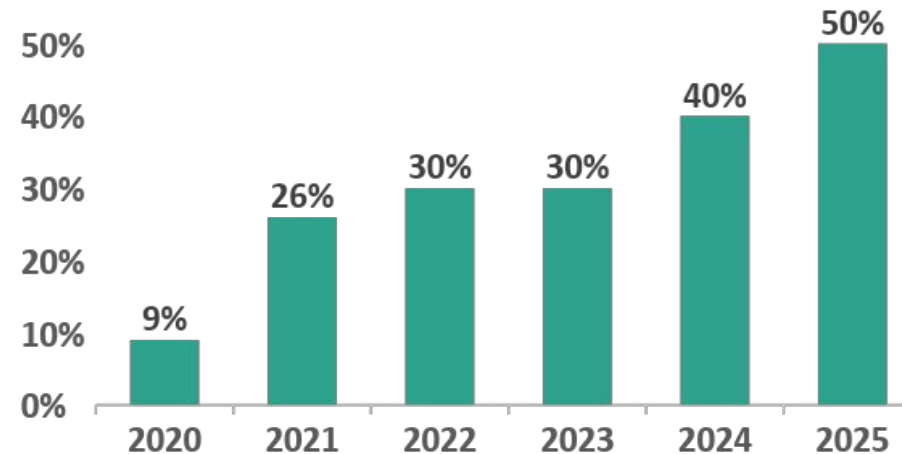
# MOVING INTO GREEN



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

The Usage of rate of RESAICAL® in forged wheels



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



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

# 1.5MW

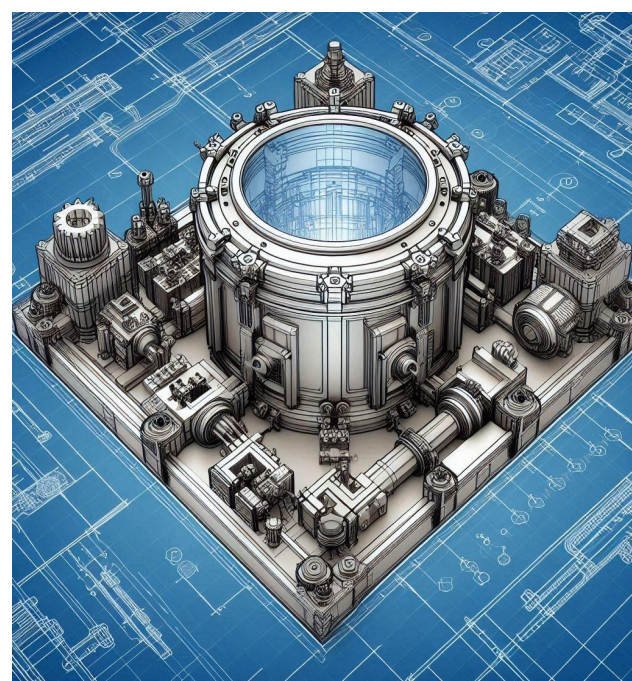
self-consumption solar power plant  
(since 2023/3/31)



# 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

SAI



## Semiconductor equipment

(Front-end Equipment Components)

**TAM US\$500mn**

## Mobility

(Electric Vehicles  
/Commercial Trucks  
/Hydrogen Vehicles)

## Heavy electrical equipment

(Substation Gas Storage Components)

## Others

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



# 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



# 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 50% payout ratio



# Guidance



- **Expected Double-Digit Revenue Growth in 2025:**

Due to global economic conditions and a slowdown in the Chinese auto market, SAI anticipates a low single-digit revenue decline in 2024. However, in 2025, increased demand from key customers and for recycled aluminum and non-passenger vehicle wheels is expected to restore double-digit revenue growth.

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

Ongoing improvements in production efficiency and strategies for recycled and net-shaped aluminum have raised the operating profit margin to about 14% in the first half of 2024, up from 8.5% last year. The outlook for margins remains positive for the full year and into next year.

- **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.





**Q&A**





# Appendix



# 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

