廣華控股有限公司
Hiroca Holdings Ltd.

Ticker：1338 T.T

President Steven Huang
CFO & Spokesman S.C. Huang

Dec. 23, 2020

http://www.hirosawa.com.cn/

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Company Profile

- **Basic Information**

Established date
Dec. 8, 2009

Paid-in Capital
NTD 838.4 million

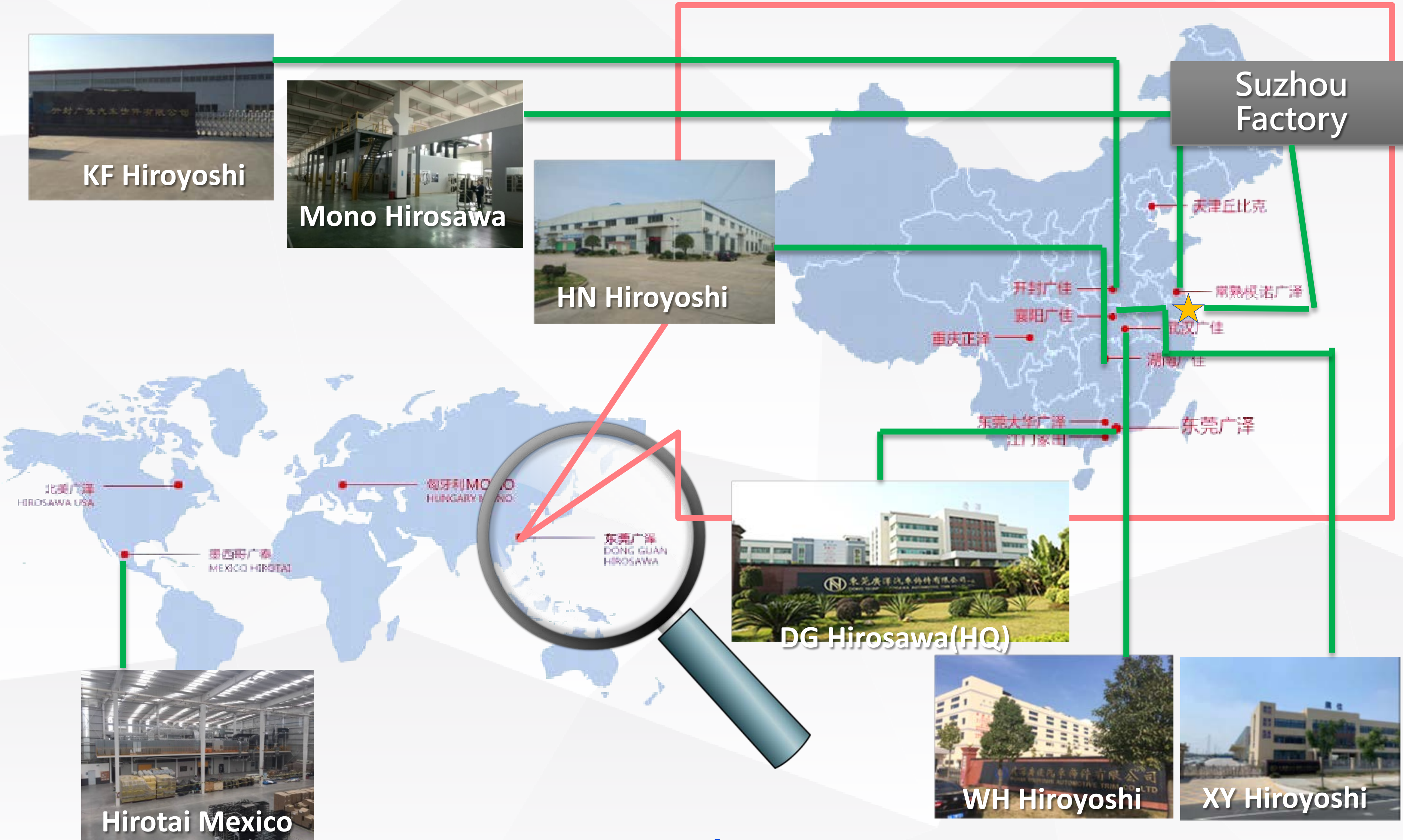
Employees
3,448

- **Hiroca is a tier 2 supplier owning the most diverse automobile plastic interior decoration technologies in the world.**

- **Hiroca provides one-stop vertical and horizontal manufacturing services to its clients through a strategy emphasizing stable quality, competitive cost and prompt delivery (QCD).**

- **Hiroca has already set up subsidiaries in several regions (including Suzhou) in China and a factory in Mexico to serve the emerging American markets, to form a strategic partnership with the big three Japanese and the big three U.S. automakers, and to develop a platform for local production and global shipping.**

Company Profile-Plant Sites



Company Profile-Our Products

东风日产

Company Profile-Our Products

Company Profile-Our Products

广汽 HONDA

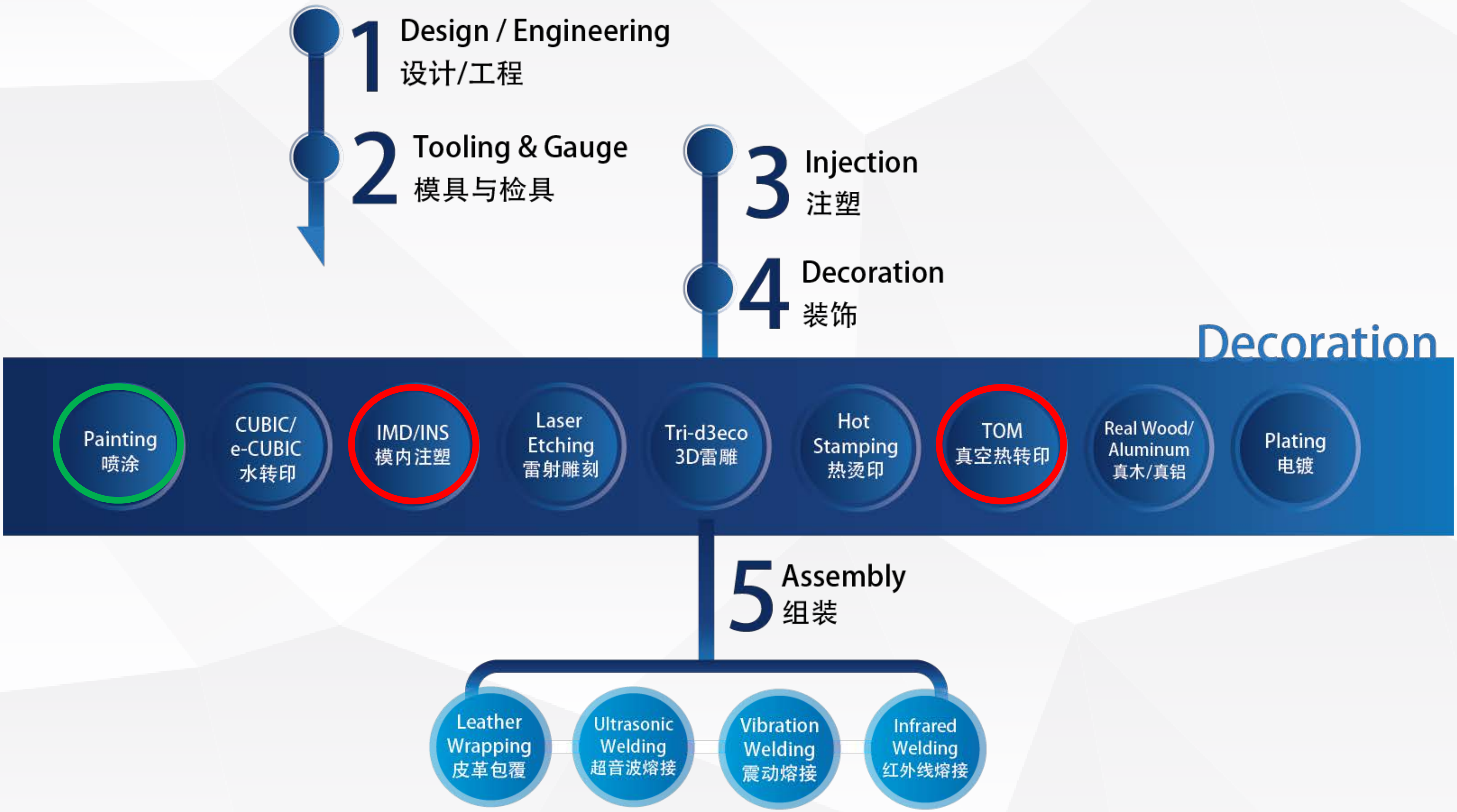
东风 HONDA

Company Profile-Our Products

TOYOTA
广汽丰田

一汽TOYOTA

Company Profile-
Horizontal and Vertical Integration



Company Profile-

Plastic interior decoration technologies

Finishing: 2D — 3D — Stereoscopy — Simulation material — Real material

Appearance, Material properties, ECO, Promotion

Painting	Plating	Hot Stamping	Hydro	IMD/INS	Tri-d3eco	OMD	Real Wood/ Aluminum
PU paint	Ordinary plating	Kurz	Cubic	Type-P	Single-coated Laser	TOM	OPEN SKIN
Electroplating paint	Trivalent light plating		S-Cubic	Type-TR	Double coated Laser	OMF	PUR
Piano black paint	Pearl tone		E-Cubic	Type-S	Three coatings Laser	OMR	
Touch paint	Platinum tones				2 double-Laser		
Water-based paint	Ultra-thin plating				Hydro+ Laser		
UV paint					Laser + Hydro		
Waterborne UV paint							
Anti-fingerprint							
Hardened PU							

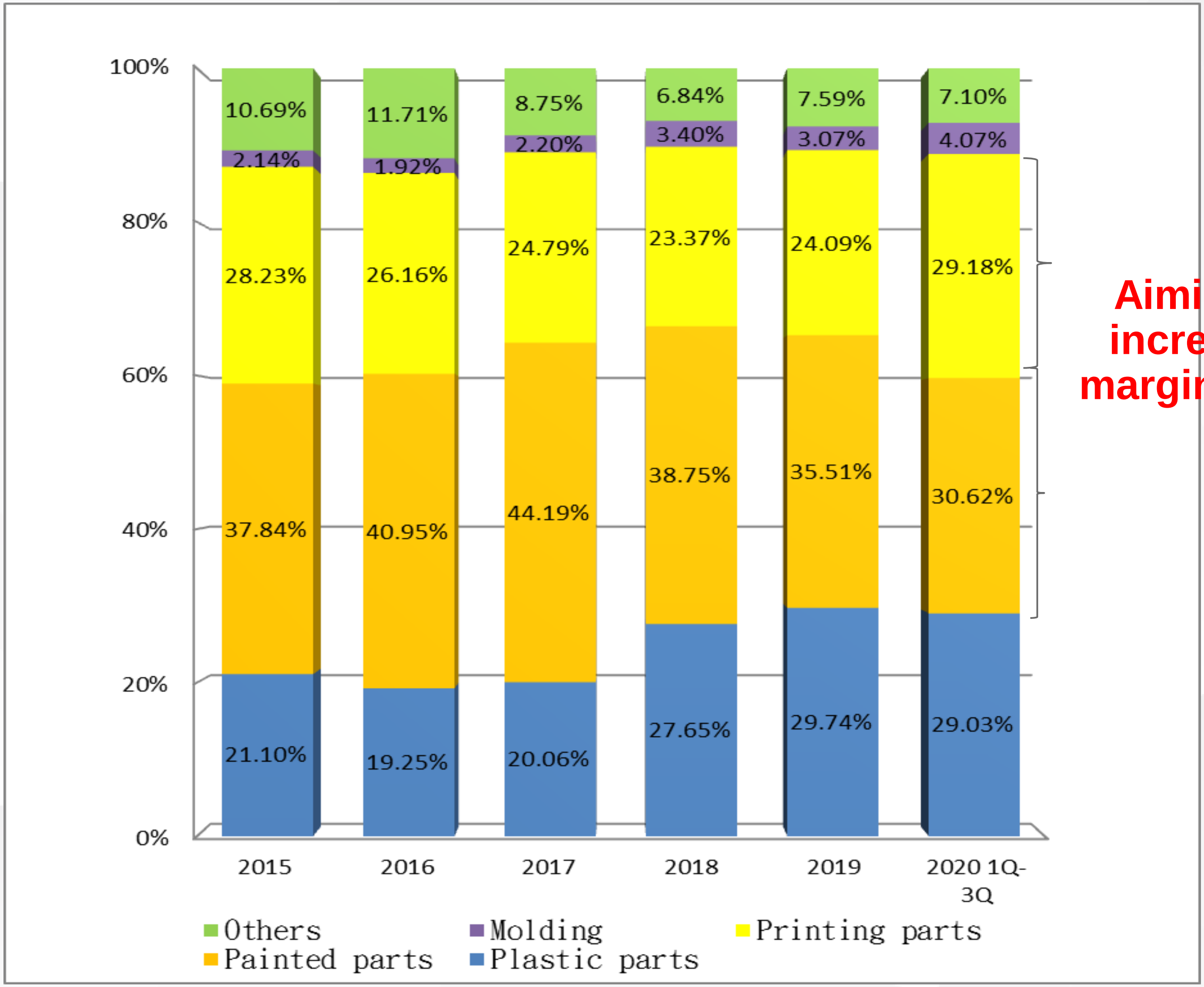
Future

Environment-friendly + CMF design → **Multi-color** / **Ambient light** / **Functions**

Material development, Film pattern design, New process introduction

Company Profile-Sales Breakdown

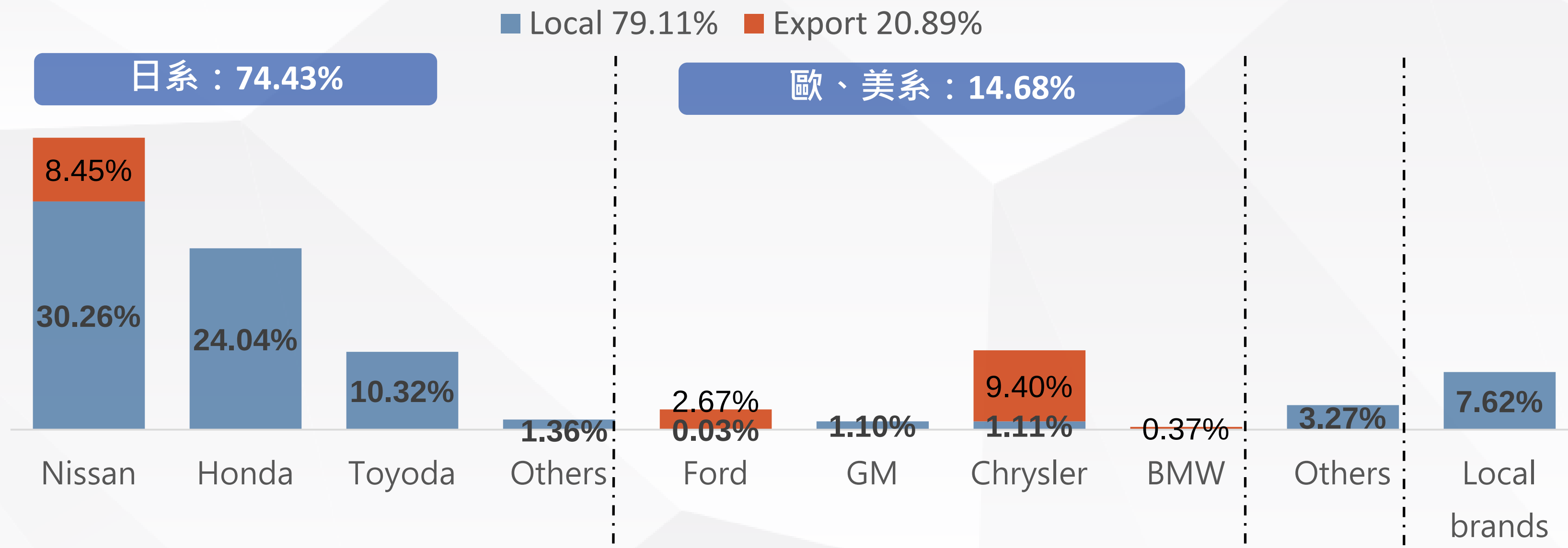
Units:%



Aiming for to increase high margin products

Company Profile- Main Customer

◆2020/1-3Q Customer Breakdown



Local

Dongfeng- Nissan、Dongfeng- Honda、GAC- Toyota、GAC- Honda、GAC- Mitsubishi

Export

Global project:Nissan Trade、Marelli

Local

SAIC- GM、FAW-Volkswagen、Chang'an- Ford、Chang'an- PSA Peugeot Citroen、GAC- Chrysler、GAC- FIAT、Dongfeng- Citroen Dongfeng- Renault、Volov

Export

NA Chrysler、NA Ford
BMW (Shanghai Free Trade Zone)

Local

SAIC Roewe、Geely、GAC、NIO、BYD、GreatWall、DFSK、BYD、Xiaopeng…etc

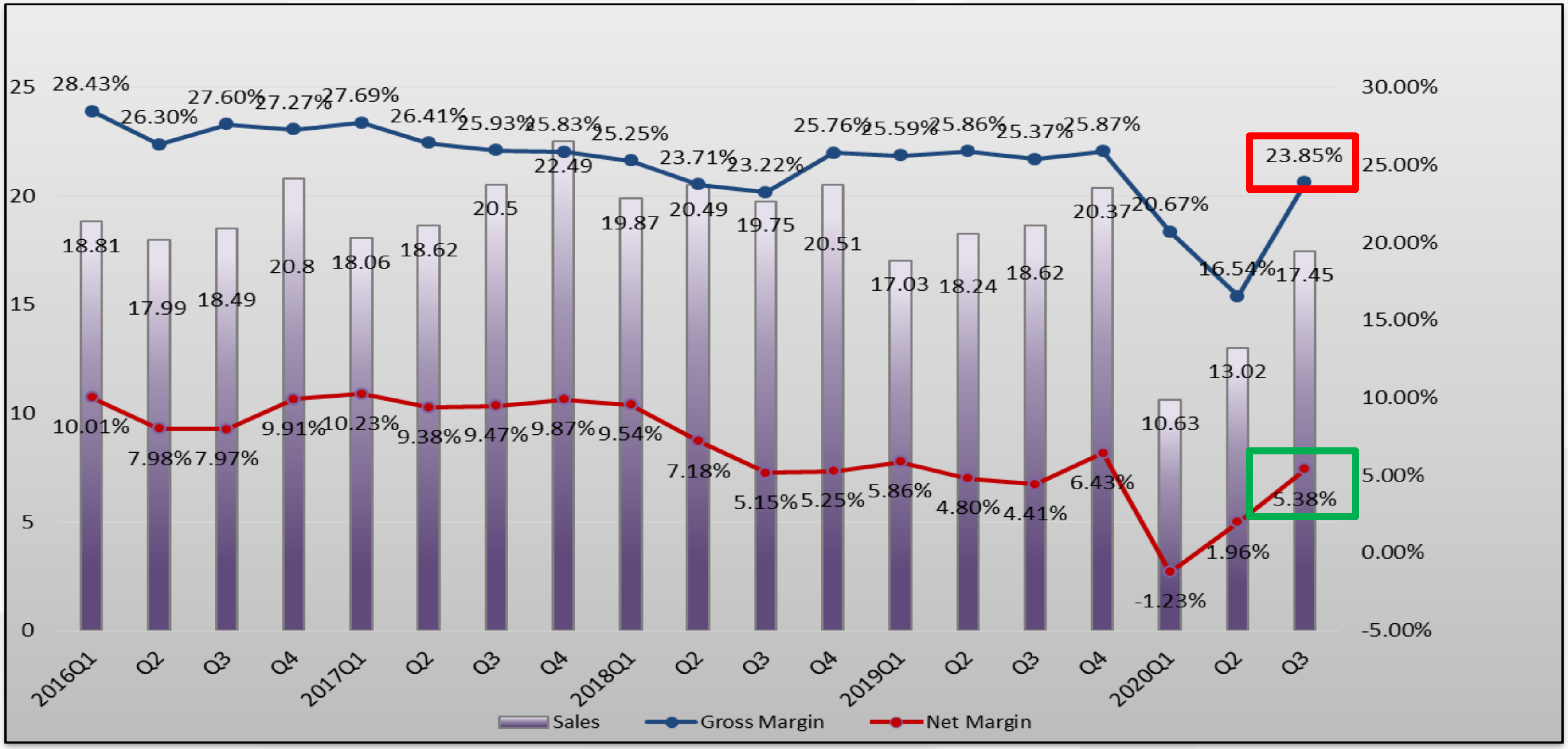
Financial Results

Unit:NTD1,000

	2016		2017		2018		2019		2020 1Q-3Q	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Sales	7,608,372	100.00%	7,967,359	100.00%	8,062,421	100.00%	7,427,876	100.00%	4,109,700	100.00%
Cost of Goods Sold	5,523,206	72.59%	5,863,032	73.59%	6,087,675	75.51%	5,520,730	74.32%	3,258,580	79.29%
Gross Profit	2,085,166	27.41%	2,104,327	26.41%	1,974,746	24.49%	1,907,146	25.68%	851,120	20.71%
Operating Expenses	1,179,791	15.51%	1,183,313	14.85%	1,277,161	15.84%	1,321,811	17.80%	809,338	19.69%
Operating Income	905,375	11.90%	921,014	11.56%	697,585	8.65%	585,335	7.88%	41,782	1.02%
Non-Operating Income	81,894	1.08%	112,325	1.41%	119,011	1.48%	124,397	1.67%	183,391	4.46%
Non-Operating Expenses	127,940	1.68%	57,188	0.72%	137,909	1.71%	140,276	1.89%	61,239	1.49%
Pre-Tax Income	859,329	11.29%	976,151	12.25%	678,687	8.42%	569,456	7.67%	163,934	3.99%
Income Tax Expenses	225,318	2.96%	234,390	2.94%	184,722	2.29%	177,666	2.39%	63,085	1.54%
Net Income Attributable to Parent Company	685,279	9.01%	775,533	9.73%	546,106	6.77%	400,534	5.39%	106,345	2.59%
EPS(adjusted)	8.17		9.25		6.51		4.78		1.27	

Financial Results- Quarterly Revenue & Gross Margin

Unit:NTD100million/%



Financial Results-
Key Financial Ratios

		2016	2017	2018	2019	2020 1Q-3Q
Return on investment analysis	Gross margin ratio	27%	26%	24.49%	25.68%	20.71%
	Operating income ratio	12%	11.6%	8.65%	7.88%	1.02%
	Pre-tax income ratio	11%	12.3%	8.42%	7.67%	3.99%
	Net income ratio	9%	9.7%	6.77%	5.39%	2.59%
Liquisity analysis	Current ratio	220%	201%	219%	196%	171%
	Quick ratio	189%	170%	181%	165%	136%
	Debt ratio	31%	31%	32%	34%	35%
	Interest coverage ratio	30.37	26.78	15.32	9.53	6.34
Operating performance analysis	Average collection turnover (times)	3.27	3.51	3.74	3.69	2.81
	Average inventory turnover (times)	7.01	7.32	6.71	5.90	4.51
	Average paybles turnover (times)	4.8	4.94	5.15	4.85	3.83
Cash Converation Cycle (days)		88	80	81	86	116

China Auto Market Trend

- During to process of “five to six switch”, certain automakers and dealers are piling up their “China V” standard models. To alleviate inventory, the nationwide implementation of “China VI” vehicle emission standard has been delayed for six-month to Jan. 1, 2021. We expect central and local governments’ incentive measures for the auto industry will further stimulate auto demand in coming months.

- In the first eleven months of 2020, the total Chinese vehicle sales were 22.47million units, YOY -2.9% . Among then the passenger car sales decrease 7.6% and SUVs decrease 0.9%.

China： car sales 2020/Jan.-Nov.

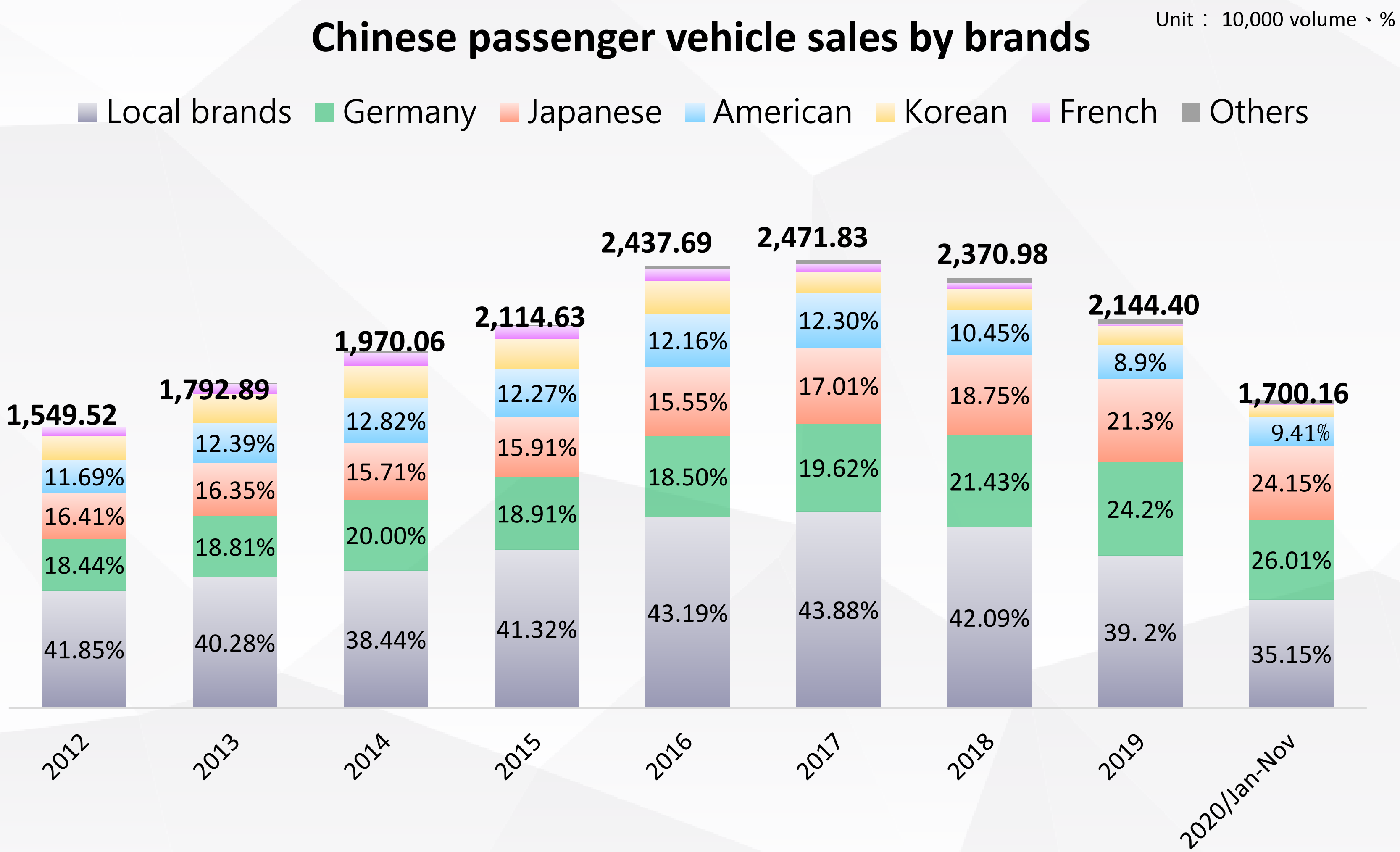
Classificaton	Volume (10,000)	YoY
Total vehicle	2,247.0	-2.9%
Passenger car	1,779.3	-7.6%
Sedan	821.8	-11.3%
SUV	832.3	-0.9%
MPV	91.1	-26.3%
Cross-type	34.1	-3.0%
Commercial V	467.6	20.5%

China： passenger car sales 2020/ Jan.-Nov.

Car Maker	Volume (10,000)	Market share(%)	YoY
Local Brand	597.58	35.15%	-14.3%
Japanese	410.64	24.15%	0.5%
Germany	442.25	26.01%	-4.4%
French	4.53	0.27%	-66.8%
American	159.90	9.41%	-0.1%
Korean	64.01	3.76%	-28.0%

Source：CAA(China Association of Automobile Manufacturers)

China Auto Market Trend



Source：CAA(China Association of Automobile Manufacturers）

Growth Strategies

Future Deployment	Main item / content
Process automation	• Commitment to process automation, rationalization and material autonomy and focus on production and marketing of high gross margin products to enhance future profitability of Hiroca.
New painting process	• One 1-coating-and-1-baking automatic painting line was set up in Dongguan in 2018 • One 1-coating-and-1-baking automatic painting line was set up in Dongguan in 2019
New cubic printing process	• Three IMD (In-Mold Decoration) production lines were set up in 2018 • Dongguan, Wuhan and Mexico will separately set up new IMD production line in 2019 • New IMD production lines will set up in Dongguan
Development of new materials and technologies	• Improvement projects for the next two years include introduction of ECO-Friendly technologies, development of new film materials, adoption of new work methods, penetration into the functional engineering plastic market, etc.
Factory in Suzhou HQ in Dongguan	• Scheduled to mass production in 4Q 2021 • Construction started on Nov. 23, 2020

THANK YOU

Q&A