

Xxentria

QIC Taiwan CEO Week

2023 April SG/HK



XXENTRIA
Low Waste. High Efficiency.

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2022 Financial Highlights &
2023 Outlook

The Growth Strategy –
From the Cyclical to Secular

Appendix

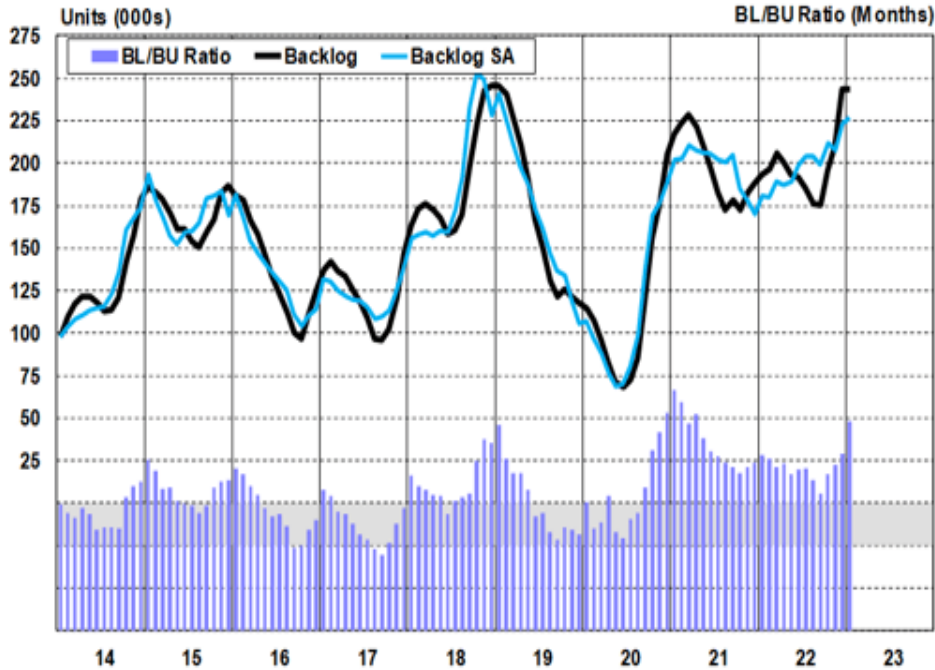
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Total Trailers Backlog & Backlog/Build Ratio

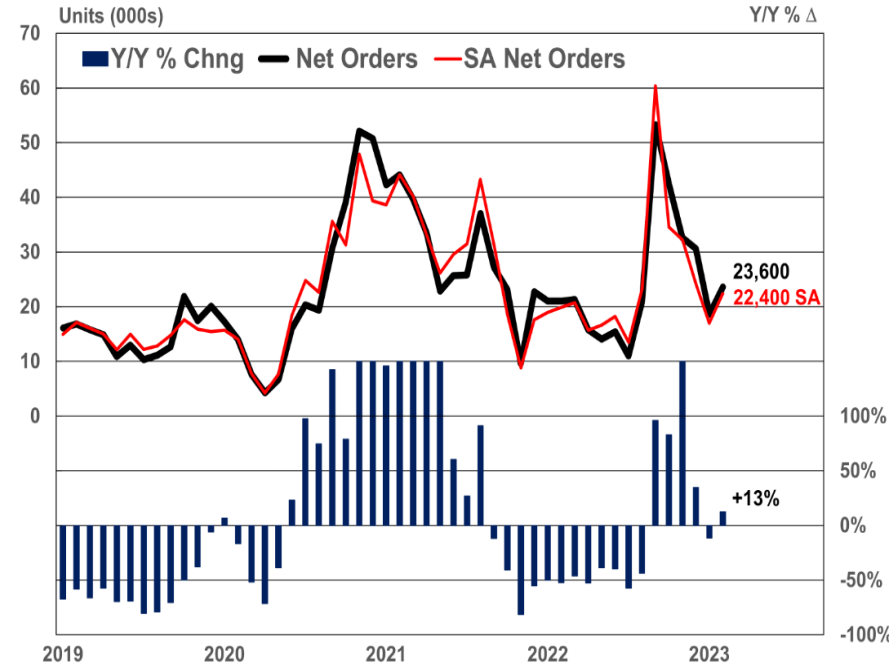
January 2014 - January 2023



Source: ACT Research Co. © 2023

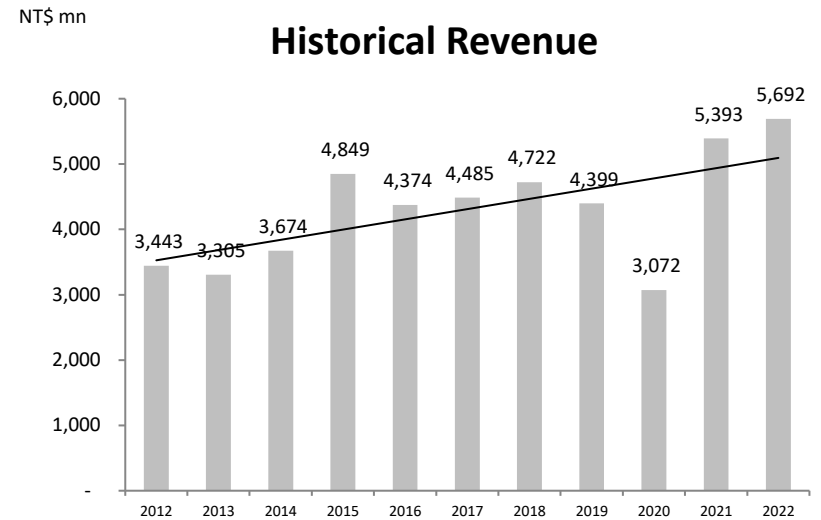
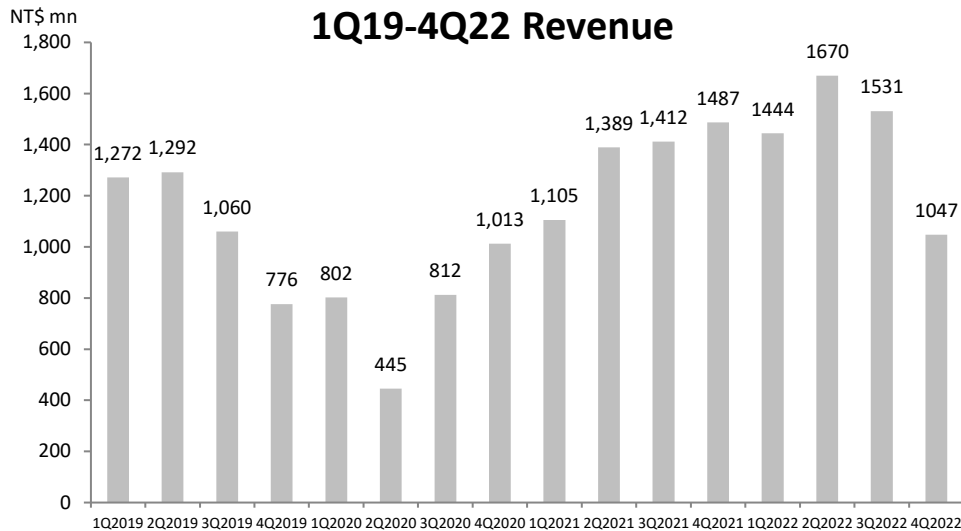
NA Classes 8 Net Orders

January 2019 - February 2023 Prelim



Source: ACT Research Co. © 2023

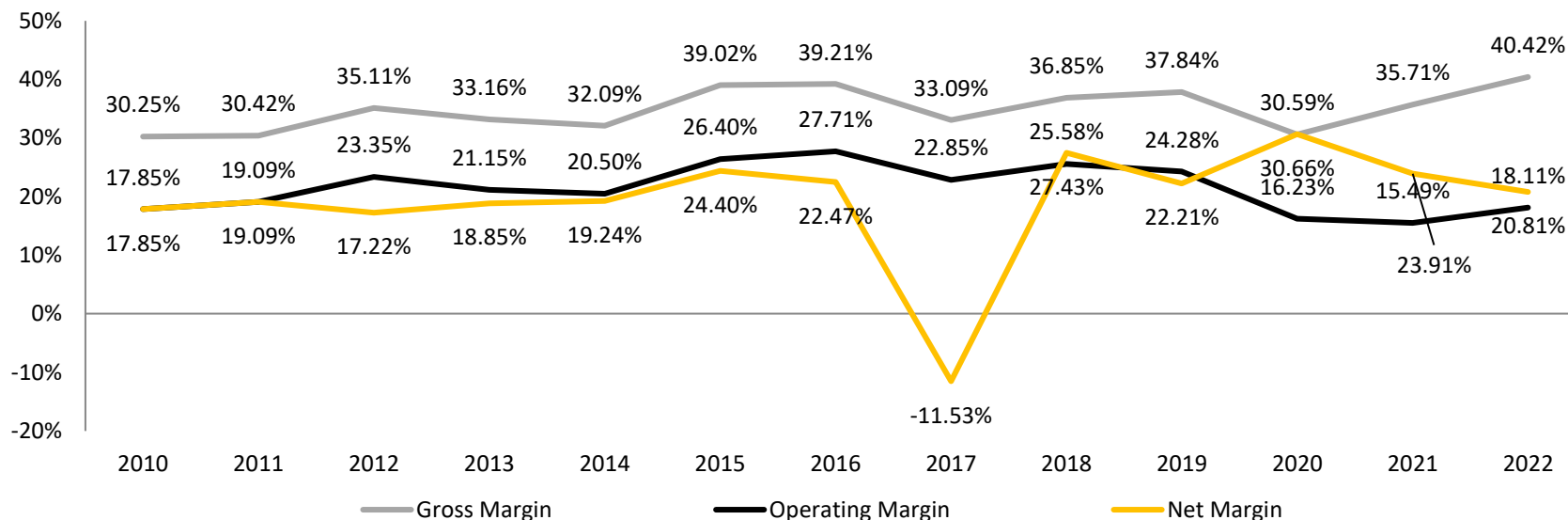
- Nearly as soon as a build slot is available, there is a fleet ready to fill it with an order. Demand remains strong, and with the backlog-to-build ratio near the 10-month mark, on average, fleets needing trailers continue to stay the course.



Source: FTR, Trailer OEMs -- Total U.S. Trailer Orders (Subject to Revision)

Trailer Makers Expect Demand to Exceed Capacity Through 2023

Margin Trend



- Gross margin increased to 40.42% from 35.71 % in 2021. Due to material cost up and transportation cost increased, Xxentria hiked our ASP in 2022.
- Due to transportation cost increased, operation expenses increased.
- Non-operating income and expenses was NT\$ 586 million in 2022. Mainly from 1) other loss of NT\$267 million from financial assets at fair value through profit or loss. 2) FX gain of NT\$715 million. 3) other revenue of \$76 million from dividend revenue.

2022 Review

Consolidated P&L (NT\$ mn)	4Q2022		4Q2021		YoY	2022		2021		YoY
	Amount	%	Amount	%		Amount	%	Amount	%	
Revenue	1,046	100	1,487	100	-30%	5,692	100%	5,393	100%	5%
COGS	-754	-72	-877	-59	-14%	-3,391	-60%	-3,467	-64%	-2%
Gross Profit	292	28	610	41	-52%	2,301	40%	1,926	36%	19%
S&M	-141	-14	-253	-19	-46%	-1,121	-20%	-925	-17%	21%
G&A	-38	-4	-49	-2	-22%	-143	-2%	-157	-3%	-9%
R&D	-5	0	-13	0	--71%	-6	0%	-8	0%	-35%
Operating Expense	-184	-18	-315	-21	-42%	-1,270	-22%	-1,090	-20%	16%
Operating Profit	108	10	295	20	-63%	1,031	18%	835	16%	23%
Non-operating Income and Expenses	-188	-18	49	3	-480%	587	11%	665	12%	-12%
Profit before Tax	-80	-8	344	23	-123%	1,618	29%	1,500	28%	8%
Income Tax	-42	-4	-64	-4	-35%	-433	-8%	-210	-4%	106%
Net Profit	-122	-12	280	19	-144%	1,185	21%	1,290	24%	-8%
Basic EPS	-0.74		1.70		-	7.89		7.81		-
Fully Diluted EPS	-0.74		1.70		-	7.88		7.80		-

2022 Review

Consolidated Balance Sheet (NT\$ mn)	2022.12.31		2021.12.31	
	Amount	%	Amount	%
Key Items				
Cash & Equivalent	2,836	17	1,504	10
AR & NR	313	2	1,350	8
Inventory	1,350	8	1,235	8
PP&E	4,537	27	4,276	27
Current Liability	6,189	37	7,085	45
Non-Current Liability	1,541	9	483	3
Total Shareholder's Equity	9,046	54	8,252	52
Total Asset	16,319	100	15,820	100

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Top Trailer Body Panel in the US

Establishment:1994

Ticker: 8942 TT

Over 300 Full Time Employees worldwide

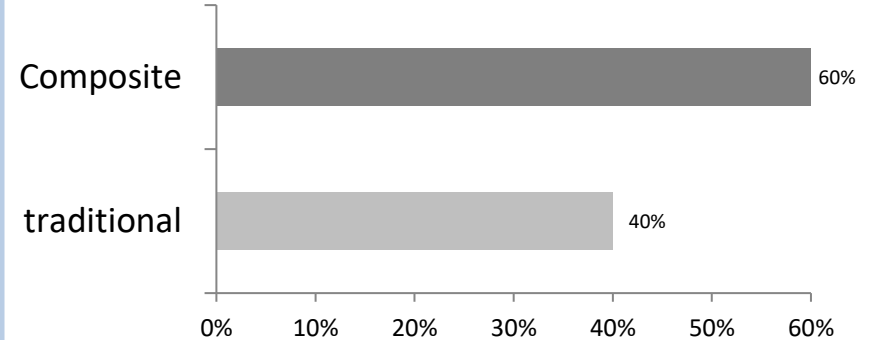
Dedicated in R&D and manufacturing of Galvanized steel, Aluminum composite panel and other specialized metal finishing

2021/2022 Revenue of NT\$ 5.3bn/5.7bn

Market Cap: US\$ 365 mn (2023/03/17)

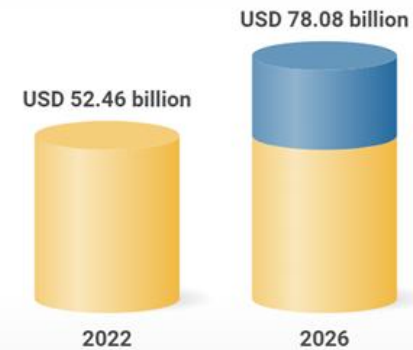
- Headquarters: Tainan, Taiwan
- Guiren Plant: 4 Composite Line, 4 mn m²/yr
- Rende Plant: 3 Composite Line, 3.5 mn m²/yr

2022 US Overall Trailer Panel Market



Global Trailer Market

Market forecast to grow at CAGR of 10.5%

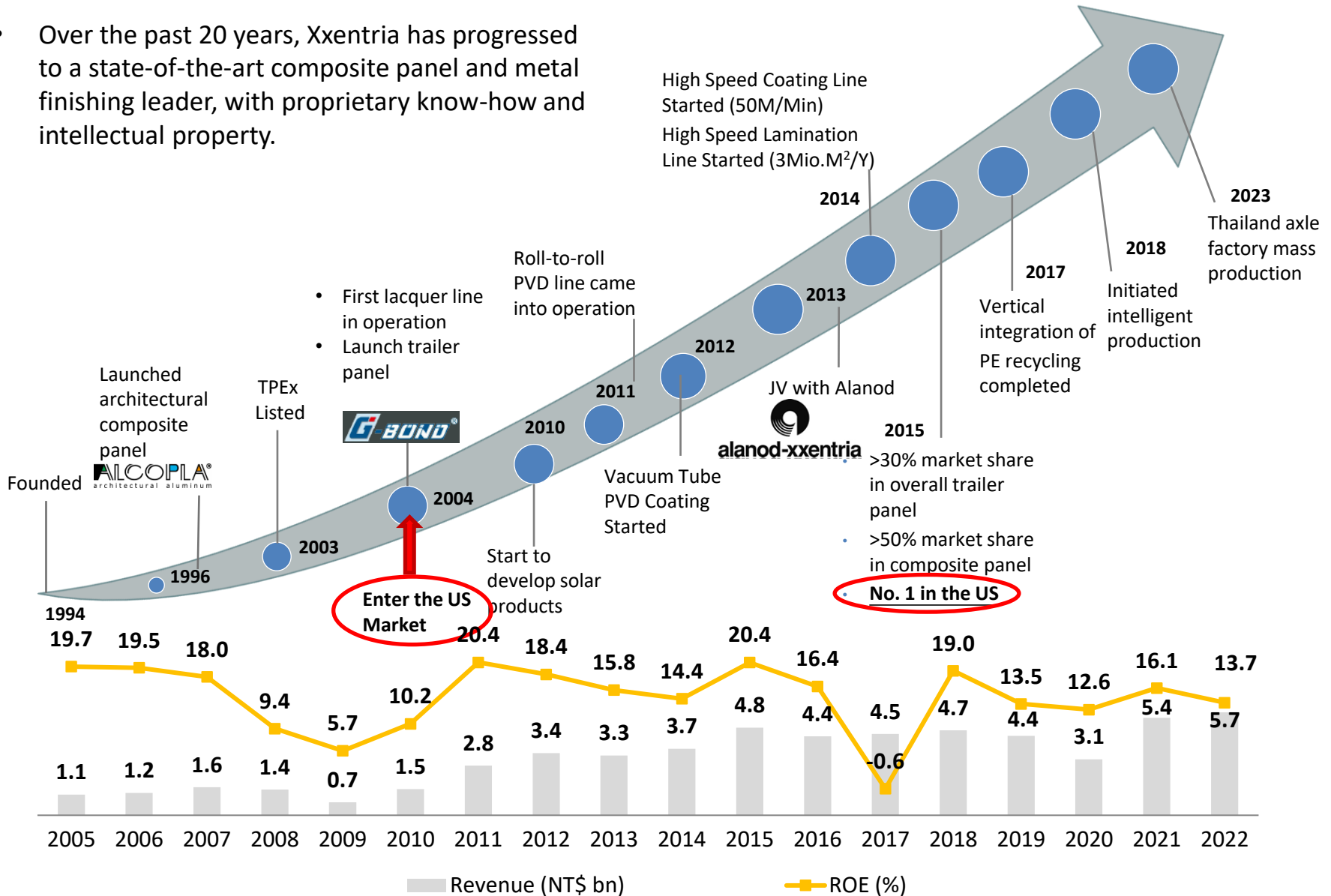


<https://www.researchandmarkets.com/reports/5591876>

RESEARCH AND MARKETS
THE WORLD'S LARGEST MARKET RESEARCH STORE

Innovation, Innovation, Innovation!

- Over the past 20 years, Xxentria has progressed to a state-of-the-art composite panel and metal finishing leader, with proprietary know-how and intellectual property.



Superior Products for Trailers

Flagship product – G-Bond accounts for ~30% of the Dry Van market (2019), No. 1 in the U.S.

- **Leader in Industry Transformation** - Light weight. Strong. Safe. Higher Capacity. Lower Emissions. Lower Fuel Consumption. Streamlined Appearance. Xxentria's trailer panels incorporate all requisites for the next generation transportation industry.
- **Superior Performance & Easy to Install** - G-BOND Galvanized Steel Composite Panels have superior performance in trailer bodies compared with traditional Aluminum or Steel panel. It can decrease the need for rivets and subframes, and increases the internal space of the trailer while maintaining high safety and durability standards through high-impact resistant testing.



With years of experience and dedication in sharpening our craft and technique, Xxentria excels in metal finishing, PE foaming and lamination, to provide superior high-quality products to our clients.

Lacquer

- Xxentria's roll-to-roll continuous lacquering technology is capable of maximizing paint usage to ensure a uniform coating thickness.
- Xxentria provides various types of lacquers and uses the latest IR heating system to dry paint immediately; ensuring color is consistent and maintains good gloss. All materials are corrosion and weather resistant, and have perfect color retention.

Foaming

- Xxentria's unique continuous foaming technology produces a uniform thickness and homogeneous PE foam, which can reduce weight and provide a solid lining to the composite panel.
- Xxentria's special process can turn recycled PE waste into high-quality material. The strength and elasticity of the PE foam, along with specialized metal sheet, can meet the US road transportation requirements.

Lamination

- With decades of experience and development, Xxentria utilizes its roll-to-roll continuous laminating technology to bond thin metal sheets on either side of a polyethylene core or fire-retardant core.
- Xxentria controls the precise pressure and temperature in order to create metal composite panels with a uniform foamed plastic core, superior flatness, and rigidity.

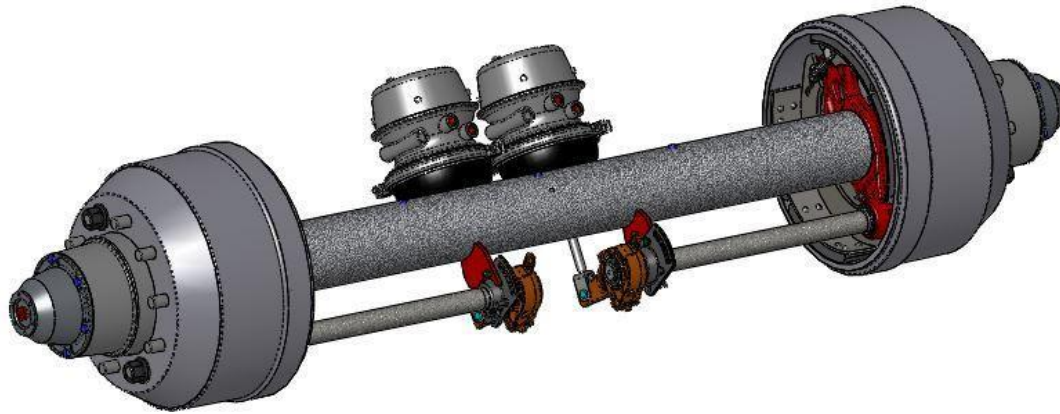
Technologies



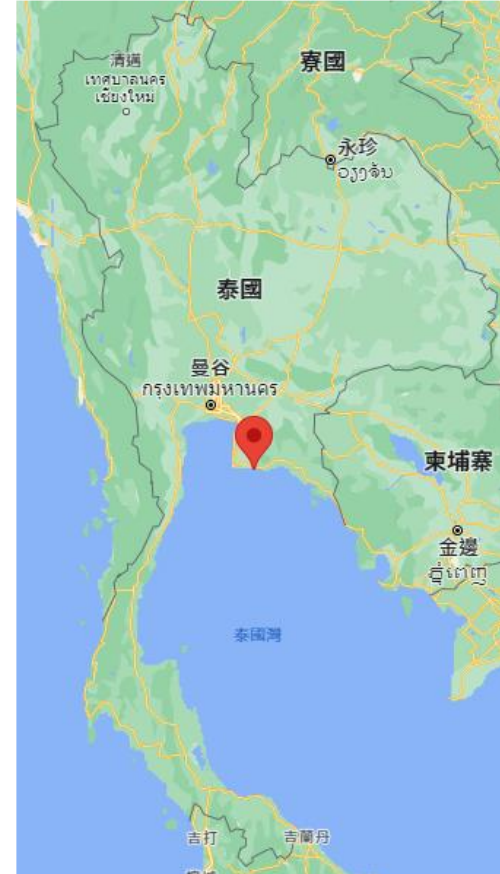
Future Growth Driver



Axles



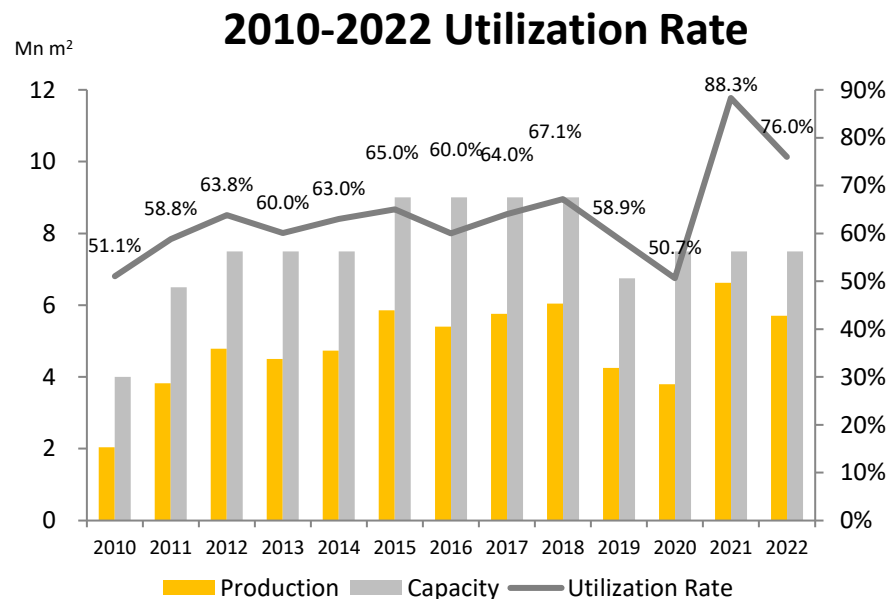
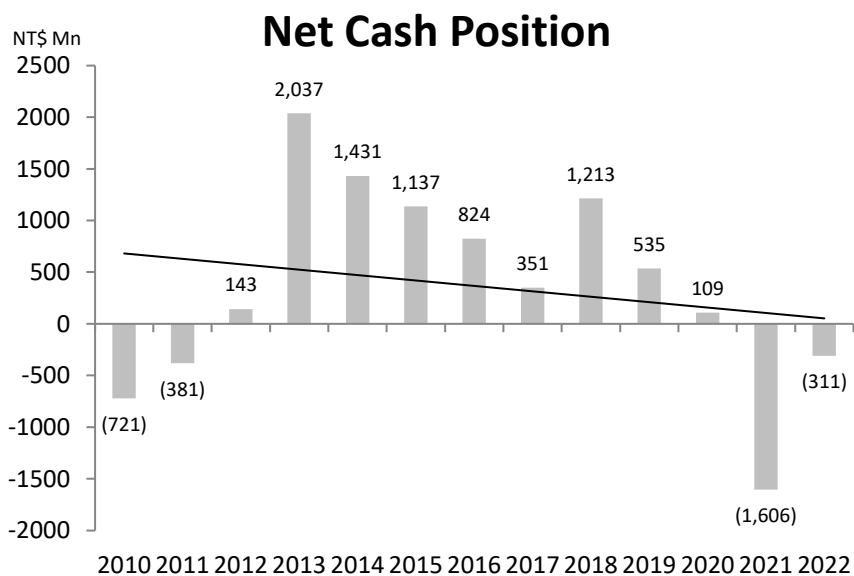
- Trailer Axles is an important part. Each trailer is equipped with 6-8 axles.
- Xxentria started to invest in Axles production in 2022.
- We expect the factory will start to mess product and have benefit to the company in 4Q2023.



Axles production facility in Rayong, Thailand

Targeting to maintain superior resource management

- To reach its ROE target, Xxentria will carefully review its capital structure and consider multiple measurements such as capital reduction or optimized debt-equity ratio.
- Xxentria's carefully planned capital expenditures allow the company to take advantage of growth in existing and new markets, with considerable flexibility for investment in upcoming new products.
- Xxentria intends to maximize its payout ratio, backed by our solid cash position and limited capex.



Initiated in 2018, Xxentria is introducing multiple automation and intelligent production into manufacturing process and refining QA/QC to improve operation efficiency

- To modularize and calculate resources needs throughout the life cycle of client order. From receiving the order, intelligent scheduling, manufacturing, quality control and assurance, delivering to closing. Aiming to lower waste and increase efficiency.
- Utilizing multiple sensors and scientific analysis to improve yield and collecting data to identify and break the manufacturing bottleneck, as well as increase total capacity.
- In a long run, Xxentria will leverage the experiences and data collected from production line to further improve operation efficiency and get ready to migrate to industry 4.0.



Our Commitment to Shareholders



- Our mission is to create innovative products for a greener environment and a brighter future.
- We are committed to be globally No.1 in the truck composite panel industry.
- We strive to achieve sustainable revenue and earnings growth, despite industry cyclicality.
- In the past 5 years, we maintained an average dividend payout over 80% of net profit.
- We pledge to maximize return to our shareholders through execution of our promising growth strategy, and maintain high margin.

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Historical Cash Dividend 2014-2022

NT\$ Million	2014	2015	2016	2017	2018	2019	2020	1H2021	2H2021
Net Income	\$707	\$1,183	\$983	(\$517)	\$1,296	\$977	\$942	\$746	\$544
Cash Dividend	\$620	\$932	\$870	\$498	\$912	\$656	\$492	\$248	\$415
DPS (NT\$/share)	\$4.00	\$5.99	\$5.50	\$3.00	\$5.50	\$4.00	\$3.00	\$1.50	\$2.50
Cash Yield (%)⁽¹⁾	4.1%	6.8%	7.7%	3.8%	7.0%	7.18%	4.10%	2.21%	3.71%
Payout Ratio (%)	88%	79%	88%	-	70%	67%	52%	33%	75%
Ex-div Date	<i>2015/6/16</i>	<i>2016/6/23</i>	<i>2017/7/24</i>	<i>2018/6/12</i>	<i>2019/6/13</i>	<i>2020/07/16</i>	<i>2021/07/01</i>	<i>2021/12/03</i>	<i>2022/05/26</i>

Source:TWSE

Note 1 : Stock price based on closing price the day before Ex-div date

5-year Income Statement

NT\$ Million	2017	2018	2019	2020	2021	2022	YoY (%)					
							2017	2018	2019	2020	2021	2022
Sales Revenue	4,485	4,722	4,399	3,072	5,393	5,692	2.5	5.3	(6.8)	(30.2)	75.6	5.54
Gross Profit	1,484	1,740	1,665	940	1,926	2,301	(13.5)	17.2	(4.3)	(43.5)	104.9	19.47
Operating Profit	1,025	1,208	1,068	499	835	1,031	(15.4)	17.9	(11.6)	(53.3)	67.3	23.47
Income before Tax	(416)	1,438	1,194	1,054	1,500	1,618	(134.1)	-	(17.0)	(24.6)	42.3	7.86
Net Income	(517)	1,296	977	942	1,290	1,185	(152.6)	-	(24.6)	(11.7)	36.9	(8.14)
EPS (NT\$)	(0.23)	7.83	6.00	5.77	7.81	7.89	(103.5)	-	(23.4)	(3.6)	35.4	1.02

Key Financial ratio (%)

Gross Margin	33.1	36.8	37.8	30.6	35.7	40.4
Operating Margin	22.9	25.6	24.3	16.2	15.5	18.1
Opex ratio	10.3	11.3	13.6	14.4	20.2	22.3
Net Margin	(11.5)	27.4	22.2	30.7	23.9	20.8

5-year Balance Sheet

NT\$ Million	2017	2018	2019	2020	2021	2022	YoY (%)					
							2017	2018	2019	2020	2021	2022
TOTAL ASSETS	11,182	10,714	10,118	11,234	15,820	16,776	6.3	(4.2)	(5.6)	11.0	40.8	6.0
Cash	4,313	3,893	2,566	2,791	1,505	2,836	67.6	(9.7)	(34.1)	8.8	(46.1)	(13.1)
NR & AR	777	628	295	743	1,359	313	0.8	(19.0)	(53.0)	151.9	82.9	88.4
Inventory	1,323	1,155	1,154	920	1,235	1,350	(12.0)	(12.7)	(0.1)	(20.3)	34.2	9.3
Fixed Asset	4,095	4,090	4,141	4,221	4,276	4,537	(11.3)	(0.1)	1.2	1.9	1.3	6.1
TOTAL LIABILITIES	4,796	3,458	2,845	3,496	7,568	7,730	54.1	(27.9)	(17.7)	22.9	116.5	2.1
Bank Loans	3,961	2,579	2,031	2,683	6,509	6,550	132.2	(34.0)	(21.2)	32.1	142.6	1.0
NP & AP	154	251	76	201	269	250	6.9	62.5	(69.7)	164.5	33.8	(7.0)
TOTAL EQUITY	6,386	7,257	7,273	7,737	8,252	9,046	(13.8)	13.6	0.2	6.38	6.7	9.60

A/R turnover days	63	54	38	62	71	54
Inventory turnover days	172	152	140	178	113	139
A/P turnover days	18	25	22	39	31	26
ROE (%)	(0.6)	19.0	13.5	12.6	16.1	13.7
ROA (%)	(4.5)	6.9	9.6	8.7	9.5	7.3

*ROE & ROA are annualized.

Thank You

THANK YOU

New Products to Expand Market Share

Targeting new products to account for **5.0%** of revenue by 2024

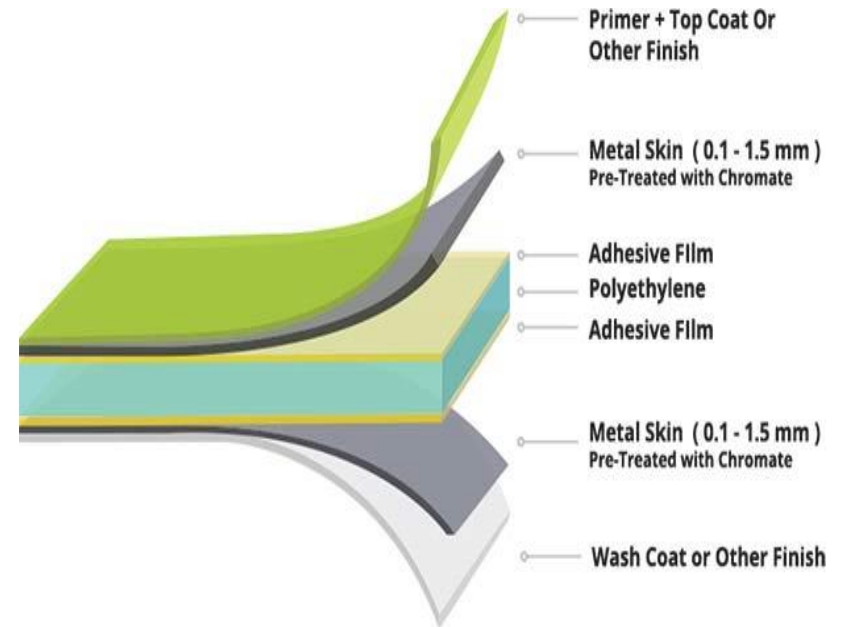
A-Bond

Products

- New generation composite panel, using high-tech aluminum alloy
- 50% weight reduction in comparison to conventional trailer, decreasing fuel consumption and carbon emissions, and increasing capacity
- Superior corrosion resistance feature

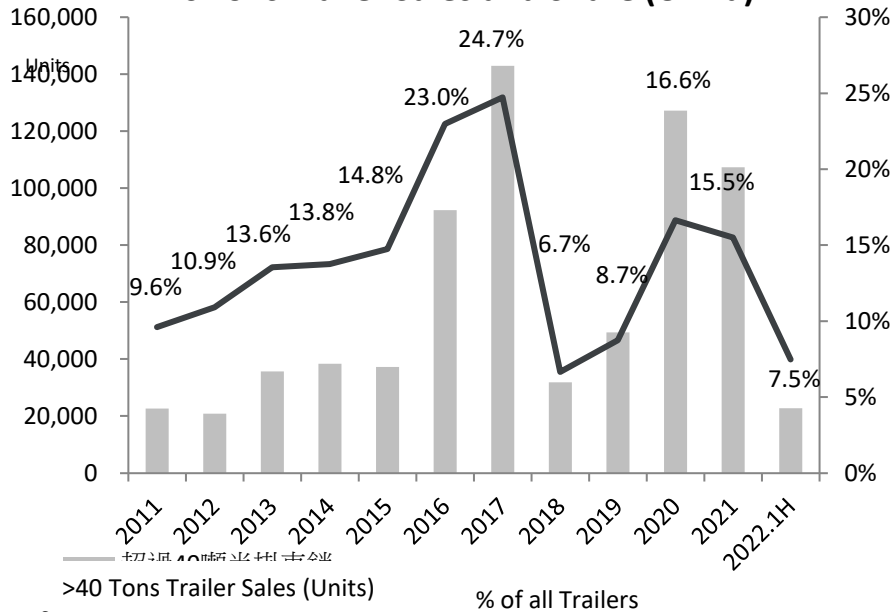
Target Market

- Customers with high demand in anti-corrosion, light weight, low fuel consumption, and low emission



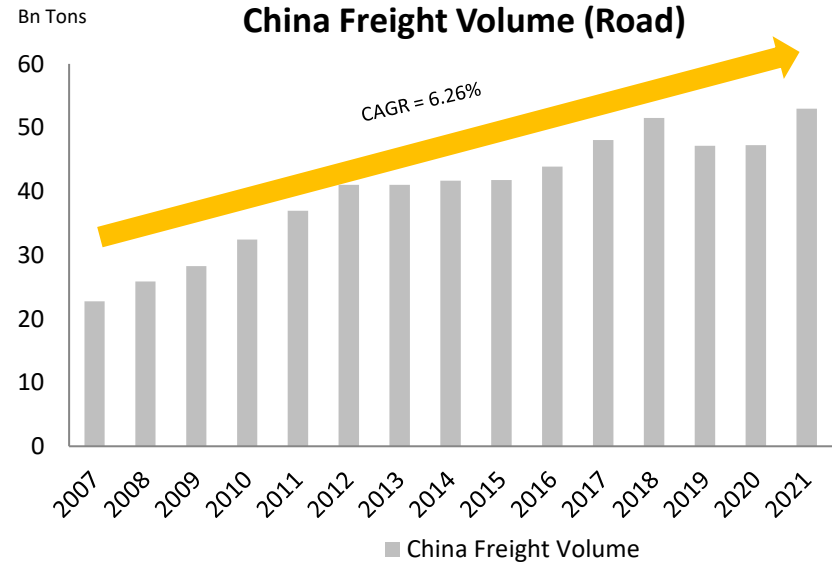
- Demand for higher quality, more advanced trailer panels will take off as the Chinese economy recovers, Xxentria has started to penetrate this new market and is ready to duplicate its successful experience in the US to grow in China.
- According to Ministry of Transport, the total freight traffic volume in China continues to increase. After COVID-19, the inflation cause cost increase. The fleet control their capex, so the demand postpone to next year.
- Xxentria is also exploring opportunities in other countries with vast inland territory and high demand of inland transportation. We started shipping to UK, East-South Asia, and Central and South America.

>40 Tons Trailer Sales and Share (China)



Source: <http://www.chyxx.com/tag/%E5%8D%8A%E6%8C%82%E7%89%B5%E5%BC%95%E8%BD%A6/1.html>

China Freight Volume (Road)



Source: National Bureau of Statistics of the People's Republic of China