



華豐橡膠工業股份有限公司  
HWA FONG RUBBER Ind. Co., Ltd.



# **HWA FONG RUBBER Ind. Co.,Ltd. INSTITUTIONAL INVESTORS CONFERENCE**

## **3Q23' FINANCIAL RESULTS AND OUTLOOK**

NOV. 30<sup>th</sup>, 2023

# DISCLAIMER

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The information from this presentation was obtained by the company from various reliable sources. The information published is subjected to change caused by future uncertainties. Please refer to the information published on MOPS if the above circumstances take place.

# COMPANY PROFILE

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- Foundation: December, 1945
- TWSE Listing Date: May 8<sup>th</sup>, 2000
- Headquarter: Chunghwa County, Taiwan
- Capital: NTD 2.79 Billion
- Chairman: Kuo-Jung Shen
- Total Number of Employees: 2,347 (Group)



# BRAND VALUE



**DURO** is derived from the English word “**Durability**”, which reflects Hwa Fong Rubber Group’s highest corporate principle: “ **Quality first**”. The four letters– **D**、**U**、**R**、**O** – represent the four pillars upholding this principle of highest quality : **Dependable, Utility, Rapid , Outstanding.**

## **Dependable**

With more than 70 years' devotion to tire manufacturing, Hwa Fong Rubber Group is your reliable partner providing DURO tires with best quality.

## **Utility**

DURO's comprehensive product line meets and satisfies every customer's needs, from passenger car, light truck, SUV, motorcycle, ATV, bicycle, trailer, specialty to race kart.

## **Rapid**

Dedicated to exceeding our customer's expectations in full satisfaction, from swift communication to smooth delivery with maximum efficiency, not to mention the superb high speed stability and performance of DURO tires.

## **Outstanding**

Great quality, advanced technology and excellent service are our commitment to fulfill a wide range of interests and applications. Numerous certifications and awards are the proof, e.g. winners of the Red Dot Award and the Taiwan Excellence Award of 2018.

# CONDENSED STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED)

| Unit : NTD 0.1 Billion                              | 2023Q3 | 2022Q3 | Diff   | Diff. % |
|-----------------------------------------------------|--------|--------|--------|---------|
| Sales Revenue                                       | 34.93  | 41.5   | -6.57  | -18.81% |
| Cost of Good Sold                                   | 28.34  | 33.06  | -4.72  | -16.65% |
| Gross Profit                                        | 6.59   | 8.43   | -1.84  | -27.92% |
| Gross Profit Ratio                                  | 18.87% | 20.31% | -0.014 | -7.67%  |
| Operating Expenses                                  | 4.22   | 3.87   | 0.35   | 8.29%   |
| Operating Expenses Ratio                            | 12.08% | 9.33%  | 0.0276 | 22.81%  |
| Operating Income                                    | 2.37   | 4.56   | -2.19  | -92.41% |
| Operating Income Ratio                              | 6.78%  | 10.99% | -0.042 | -61.94% |
| Net Income to Shareholders of<br>the Parent Company | 3.02   | 2.8    | 0.22   |         |
| EPS(NT Dollar)                                      | 1.08   | 1      | 0.08   |         |

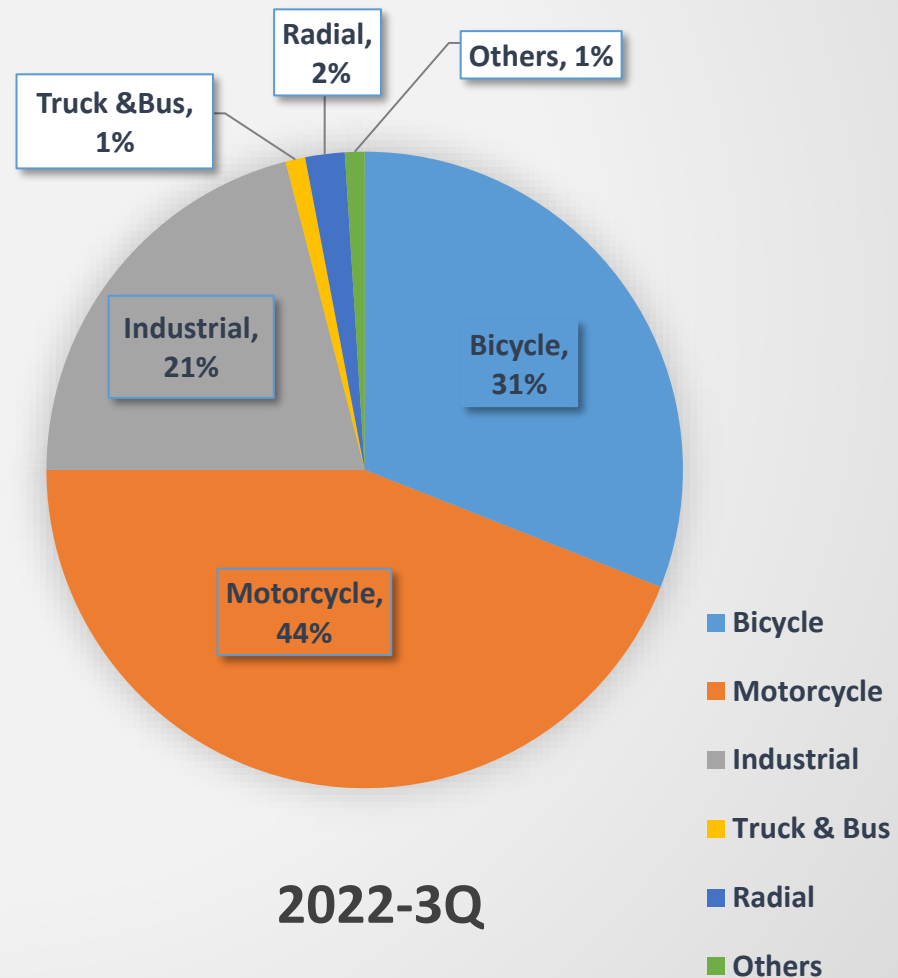
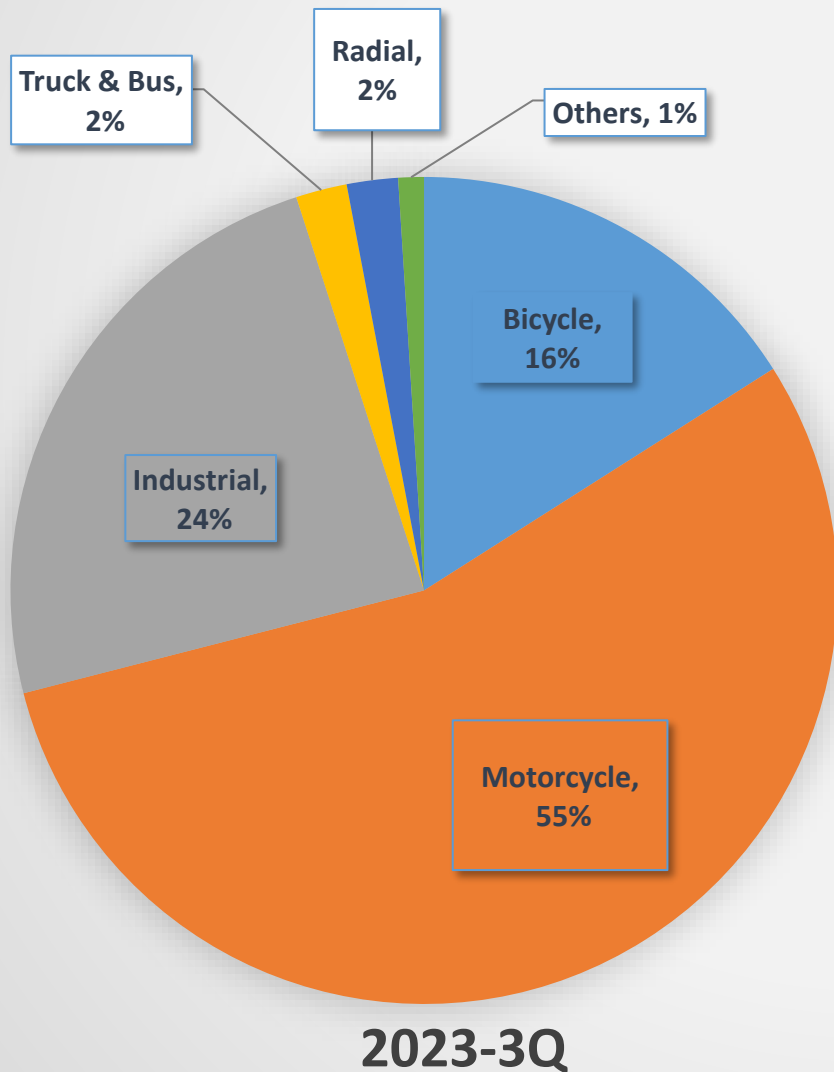
# CONDENSED BALANCE SHEET (CONSOLIDATED)

| Unit : NTD 0.1 Billion                 | 2023Q3 | 2022Q3 | Diff  | Diff. %  |
|----------------------------------------|--------|--------|-------|----------|
| Cash and Cash Equivalents              | 24.02  | 14.85  | 9.17  | 38.18%   |
| Net Receivable                         | 6.31   | 8.73   | -2.42 | -38.35%  |
| Inventories                            | 9.87   | 12.92  | -3.05 | -30.90%  |
| Net PP&E                               | 27.27  | 33.12  | -5.85 | -21.45%  |
| Other                                  | 11.93  | 13.03  | -1.1  | -9.22%   |
| Total Assets                           | 79.4   | 82.65  | -3.25 | -4.09%   |
| Current Liabilities                    | 27.68  | 19.13  | 8.55  | 30.89%   |
| Non-current                            | 3.33   | 17.24  | -13.9 | -417.72% |
| Total Liabilities                      | 31.01  | 36.37  | -5.36 | -17.28%  |
| Shareholders' Equity of Parent Company | 33.05  | 31.33  | 1.72  | 5.20%    |
| Total Shareholders' Equity             | 48.39  | 46.28  | 2.11  | 4.36%    |

# CONDENSED STATEMENT OF CASH FLOW (CONSOLIDATED)

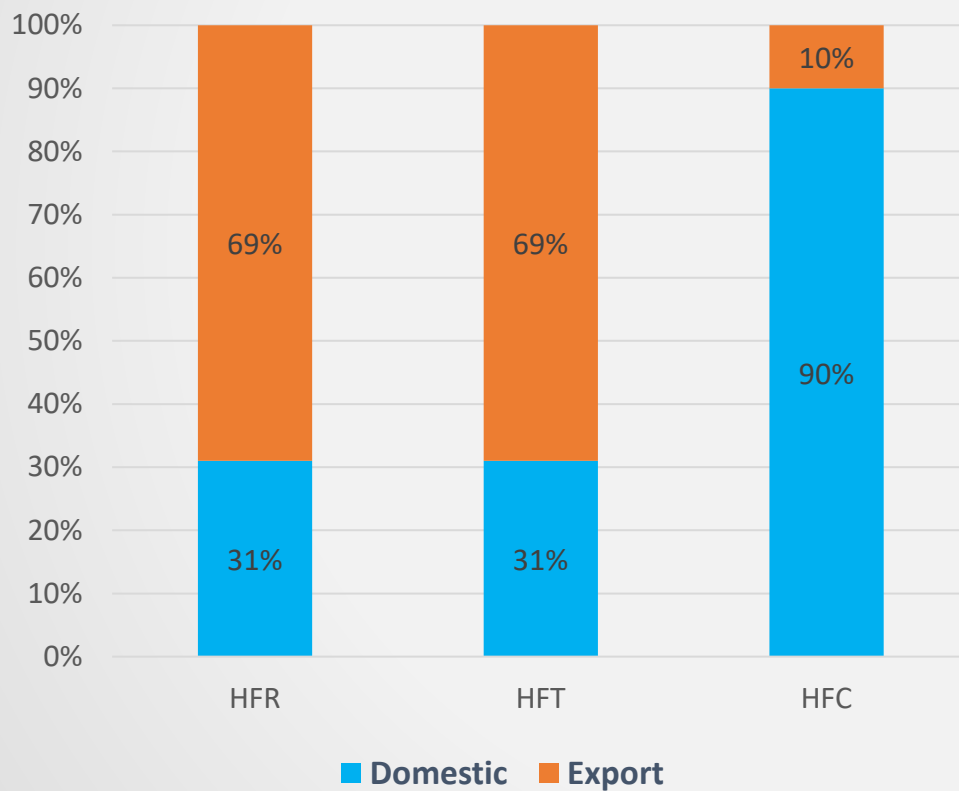
| Unit : NTD 0.1 Billion                                 | 2023Q3 | 2022Q3 | Diff  |
|--------------------------------------------------------|--------|--------|-------|
| Cash and cash equivalents,<br>Beginning of period      | 17.03  | 13.71  | 3.32  |
| Net cash(used in) from Operating<br>activities         | 4.81   | 4.15   | 0.66  |
| Capital expenditures                                   | -0.78  | -0.81  | 0.03  |
| Short-term debt                                        | -2.65  | -0.42  | -2.23 |
| Long-term debt                                         | -3.77  | -1.26  | -2.51 |
| Cash Dividends                                         | -2.2   | -2.59  | 0.39  |
| Other                                                  | 11.58  | 2.08   | 9.5   |
| Cash and cash equivalents,<br>End of period            | 24.02  | 14.85  | 9.17  |
| Net Decrease(increase) in cash and<br>cash equivalents | 6.99   | 1.15   |       |

# SALES SHARE BY PRODUCT CATEGORY

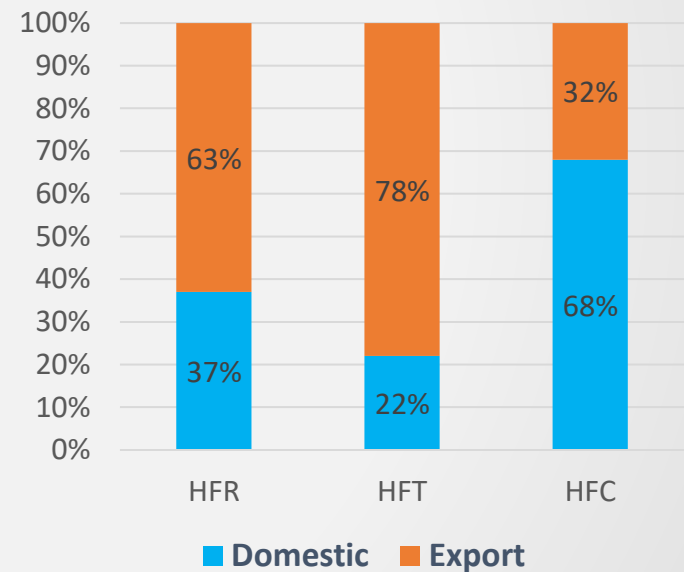


# SALES RATIO OF DOMESTIC AND EXPORT

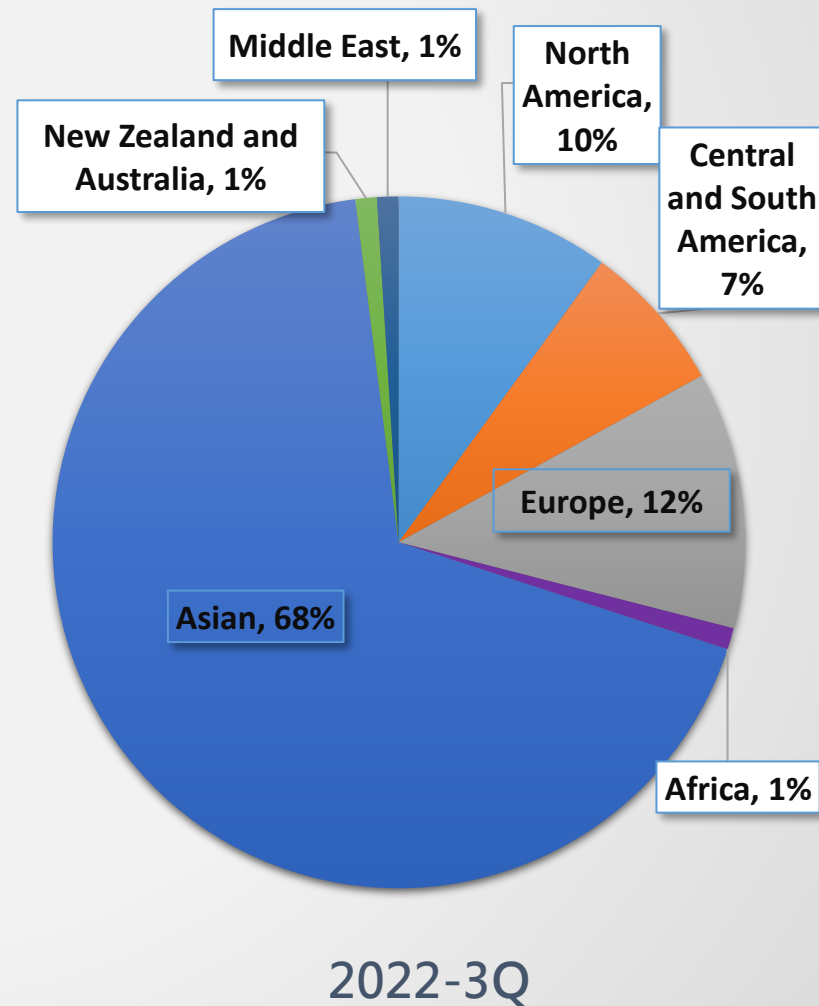
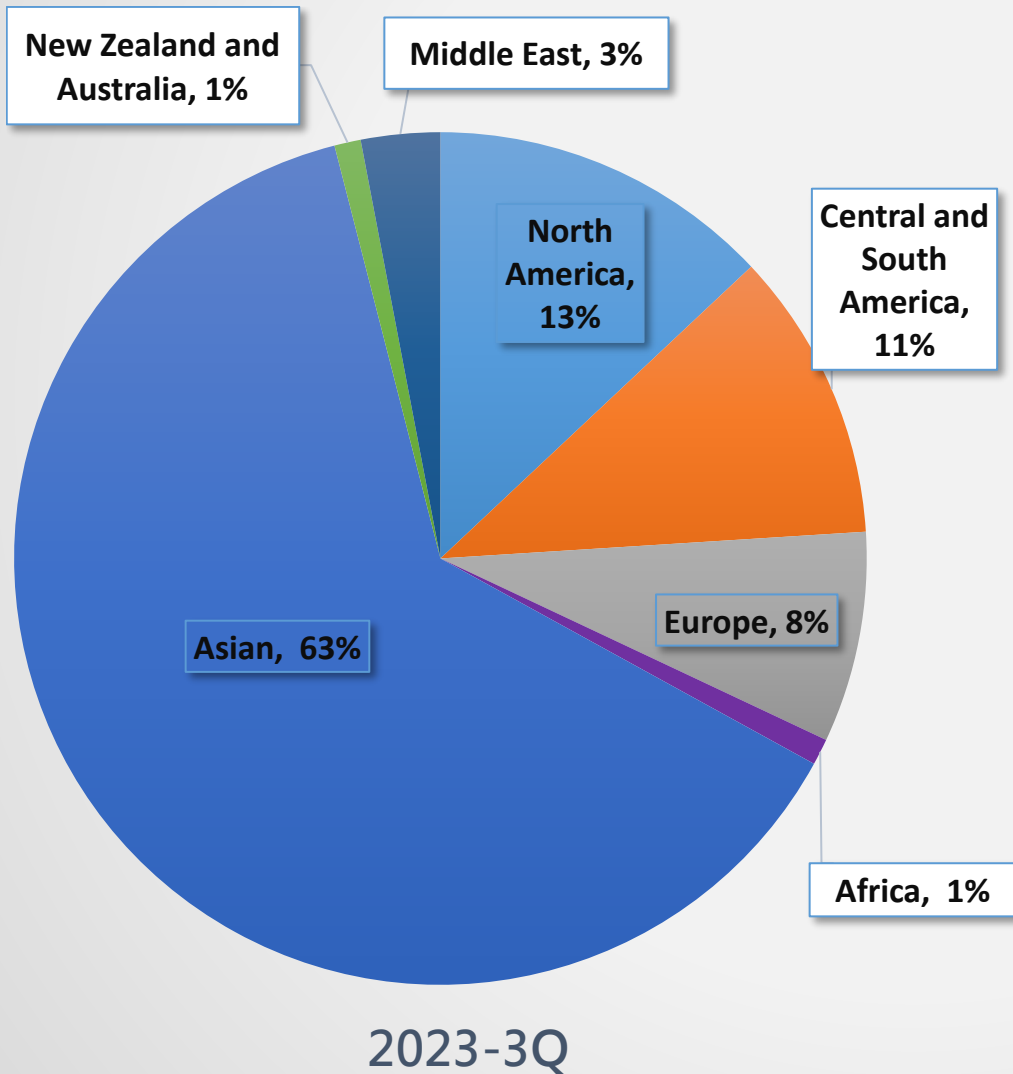
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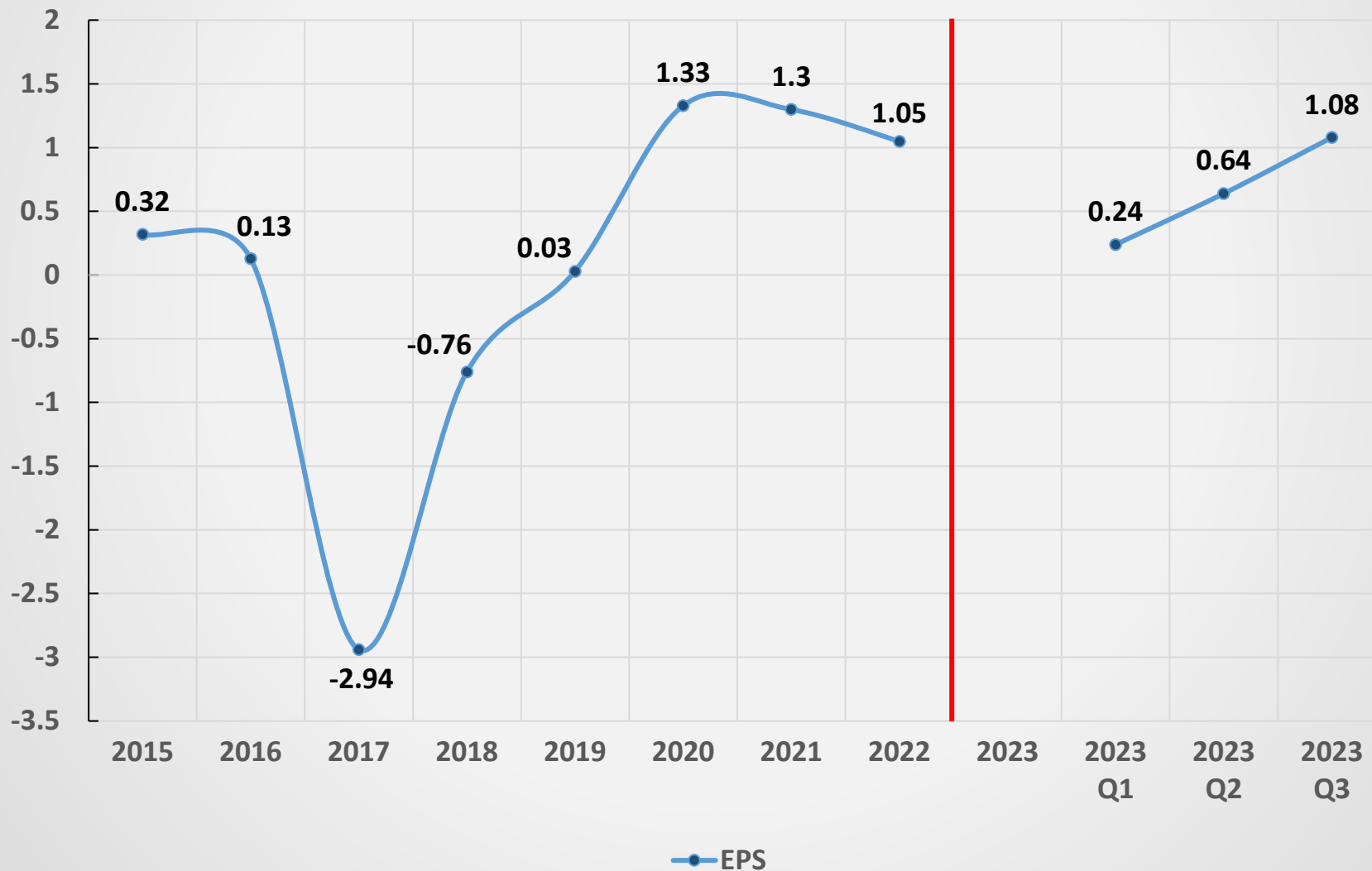
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# SALES SHARE BY REGION



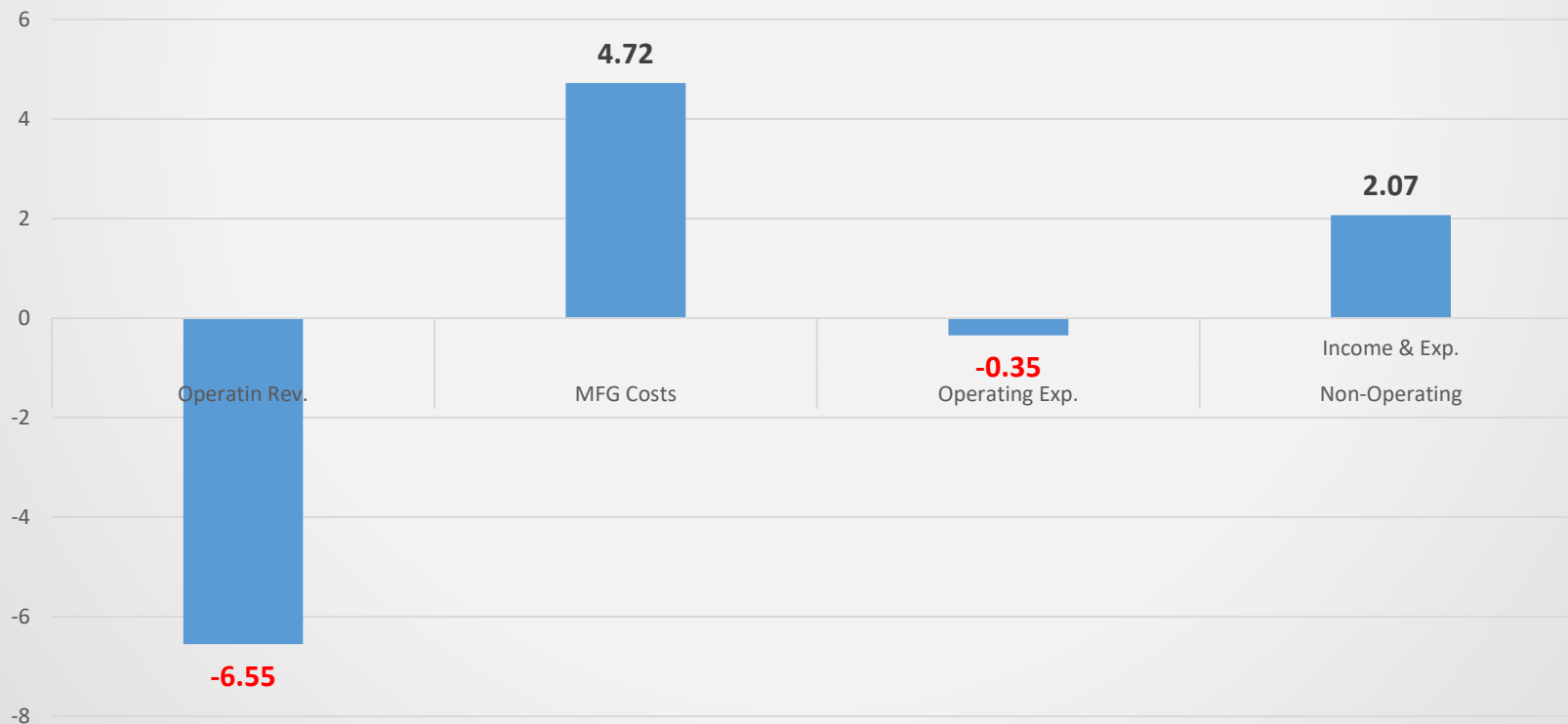
# EARNINGS PER SHARE HISTORY IN LAST DECADE



# OPERATING RESULTS

Unit : NTD 0.1 Billion

| 2022-Q3<br>Operating Income | Operating<br>Rev. | MFG Costs | Operating Exp. | Non-Operating<br>Income & Exp. | 2023-Q3<br>Operating Income |
|-----------------------------|-------------------|-----------|----------------|--------------------------------|-----------------------------|
| 6.06                        | -6.55             | 4.72      | -0.35          | 2.07                           | 5.95                        |



# FUTURE OUTLOOK

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## ➤ **Continuously Expand The Market**

Strengthen and deepen relationships with OE customers/partners, and consistently collaborate to develop new models of original equipment tires. In addition to cultivating existing aftermarket customer channels, leverage the advantages of different production bases to continuously strengthen the development of new channels in specific markets, showcasing the operational synergy of the group.

## ➤ **Improvement & Enhancement of Production Efficiency**

Continuously enhance per capita output while reducing various losses in the production process, improving yield and reducing scrap rates to achieve the goal of lean production. Through effective management, minimize waste and strive for energy efficiency and sustainability.

## ➤ **R&D and Innovation**

Investing in the research and development of environmentally friendly and green energy materials to meet and surpass international regulatory requirements. Collaborating closely with key customers to jointly develop new products that meet market demands, continuously enhancing brand competitiveness. Ongoing research and development of low rolling resistance/energy-efficient products to cater to the specific performance requirements of various electric vehicles (EV).

# FUTURE OUTLOOK

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## ➤ Global Expansion & Deployment

Establishing roots in Taiwan, positioning it as a primary marketing and research & development center, complemented by production facilities in both Taiwan and Thailand. Implementing lean production for **DURO** and OEM brand products, while seeking additional production partners to strengthen the **DURO** product line and meet the needs of American channels and other market customers. This aims to enhance customer satisfaction and consistently demonstrate the operational efficiency of the group. Promoting and advertising the **DURO** brand and a variety of tire products, steadily cultivating our proprietary brand.

## ➤ Environmental Sustainability

With the rising global awareness of environmental protection, the demands of environmental regulations are becoming increasingly stringent. In addition to using materials compliant with environmental regulations to minimize impact on the environment, there is a continuous effort to strengthen energy-saving and carbon reduction measures, contributing to the sustainable protection of Earth's resources in response to these challenges.

Q & A

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