



廣隆光電科技股份有限公司
KUNG LONG BATTERIES INDUSTRIAL CO., LTD.

Performance and future outlook

Stock Code : 1537



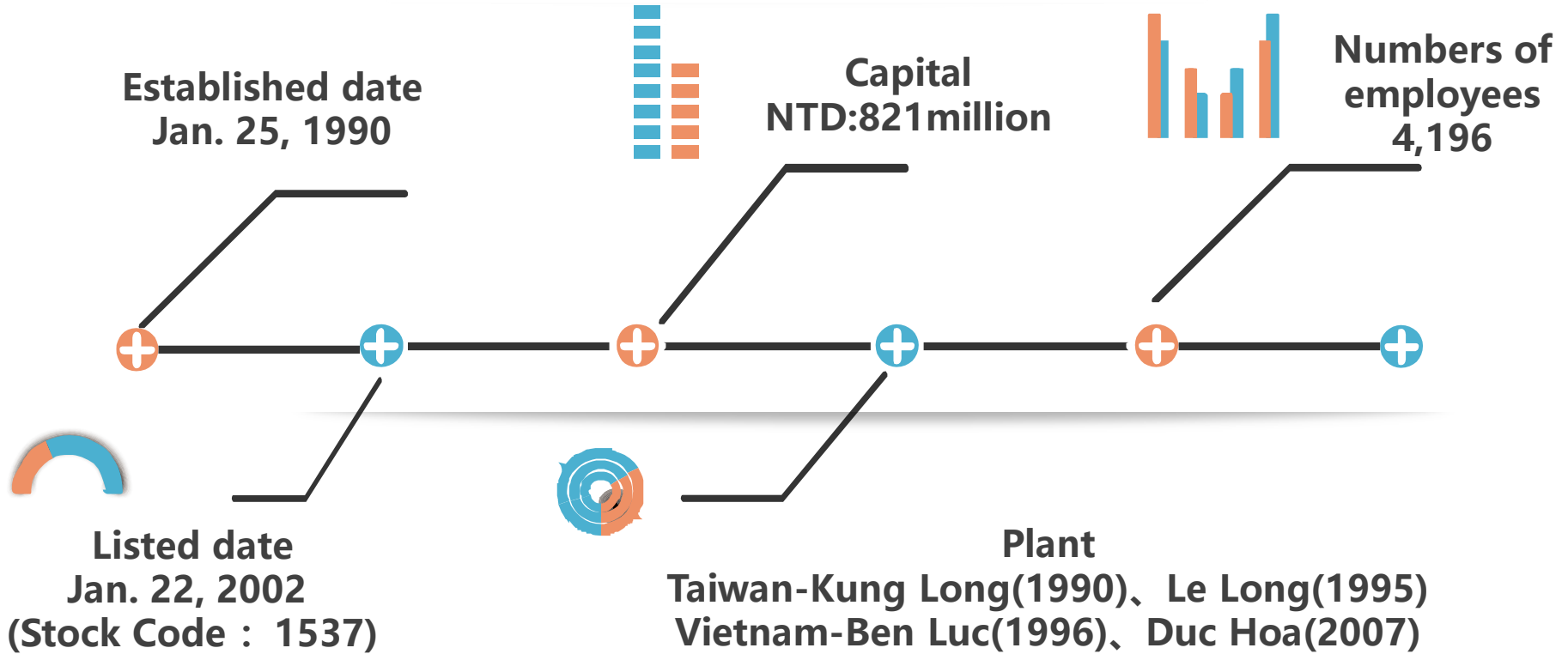
POWER of





- Company introduction
- Industry overview
- Sale Profile
- Financials
- Performance of Vietnam plant
- Our strength and outlook

Kung Long Batteries



Established date
Jan. 25, 1990

Capital
NTD:821million

Numbers of
employees
4,196

Listed date
Jan. 22, 2002
(Stock Code : 1537)

Plant
Taiwan-Kung Long(1990)、 Le Long(1995)
Vietnam-Ben Luc(1996)、 Duc Hoa(2007)

Main products



Backup Power

For UPS, Security, Fire Alarm System



High Power

For Telecommunication,
UPS System



Green Power

For Solar and Renewable Energy,
Deep Cycle



Electric Vehicle Power

For Mobility Scooter, Electric Vehicle,
Golf Trolley, Medical



Long Life Power

For Telecommunication,
UPS System



Cyclic Power

For Multi-Purpose

Main products

UPS



Automotive



ISS Battery



Electric Tools



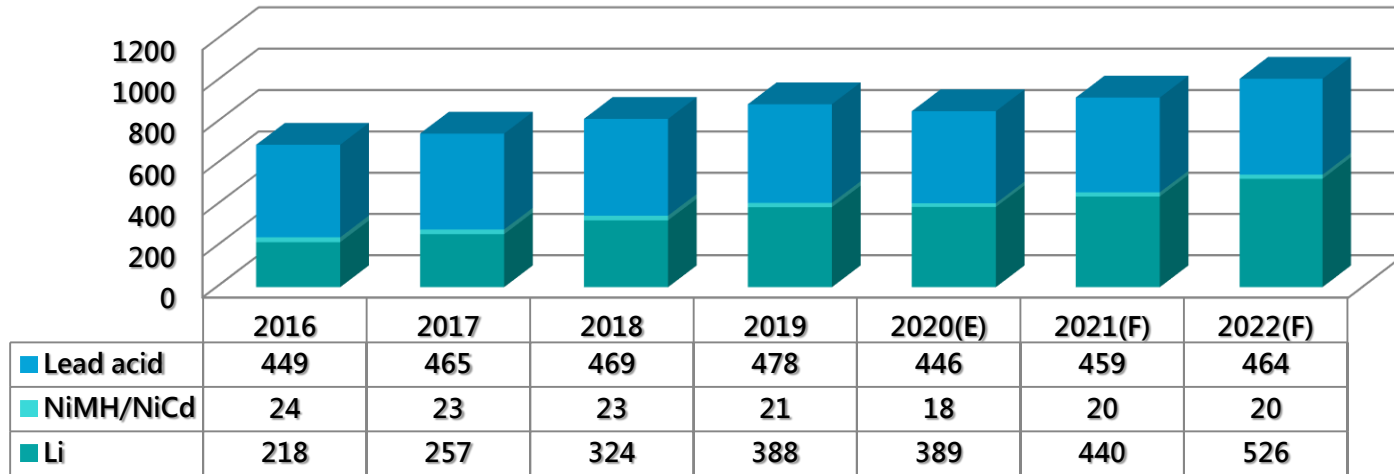
Electric Vehicle



Telecom



Market outlook



Lead-acid Batteries Market Scope Forecast (Unit: billion USD\$)

Sources- IEKof ITRI (Apr./2019)

In terms of current market size of lead-acid batteries, it is USD 47 billion globally in year 2019 for automobiles, motorcycles and energy storage fields. In comparison with the market size of Nickel secondary batteries being USD 2.3 billion, and that of Lithium batteries being USD 37.2 billion, lead-acid batteries are still the electricity storage products with the biggest shares.

The strength of lead-acid batteries

High C/P ratio :

The high C/P ratio of lead-acid batteries has been standing for long time.

Wide applications :

Lead-acid batteries can be used for starting, energy storage, telecom, transportation purposes.



Safety :

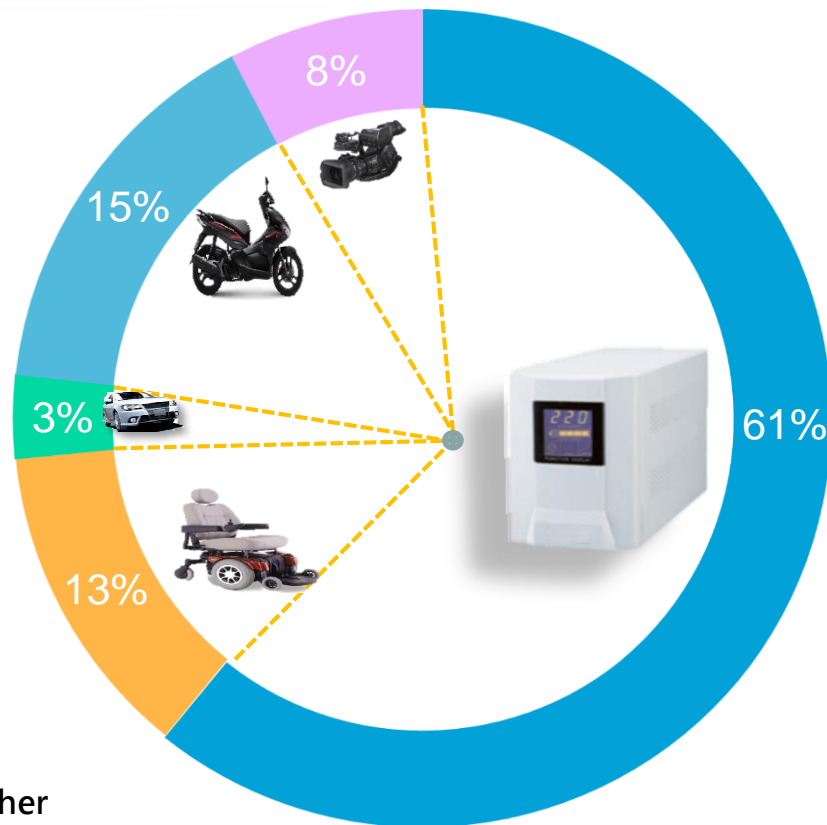
Compared with other batteries, lead-acid batteries are more stable and of higher performance.

Recyclable and reusable :

Wasted lead-acid batteries can be recycled. They are also the only battery product whose raw materials can be reused.

2021 Sales Profile by application

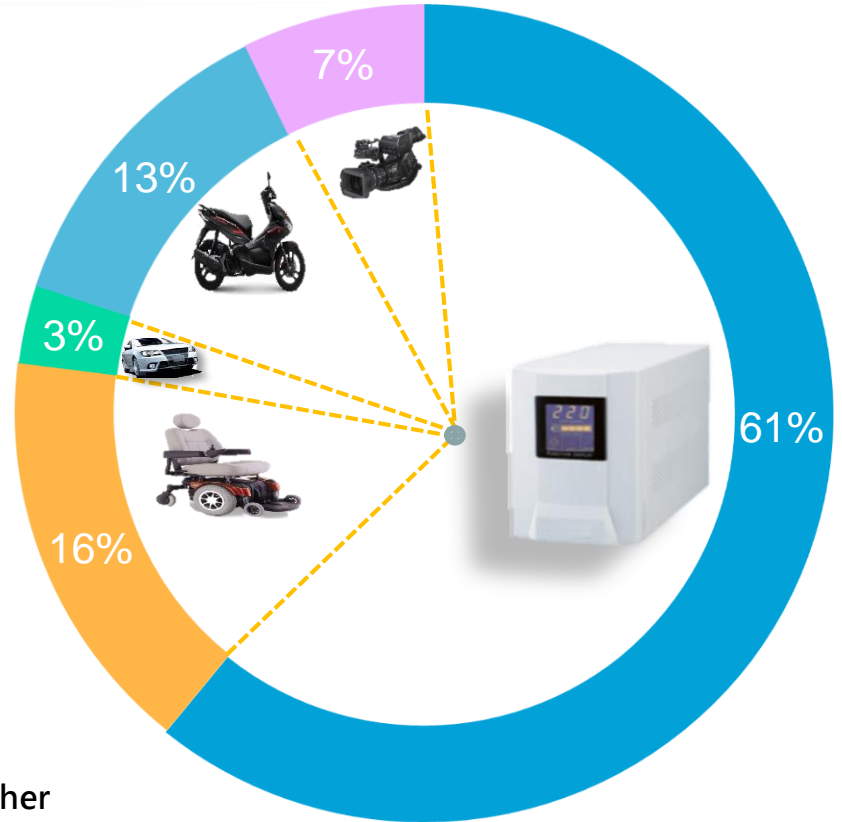
產品	2021	2020
UPS	61%	65%
Motorcycle	15%	14%
Electric Vehicle	13%	12%
Other	8%	6%
Automotive	3%	3%



■ UPS ■ Electric Vehicle ■ Automotive ■ Motorcycle ■ Other

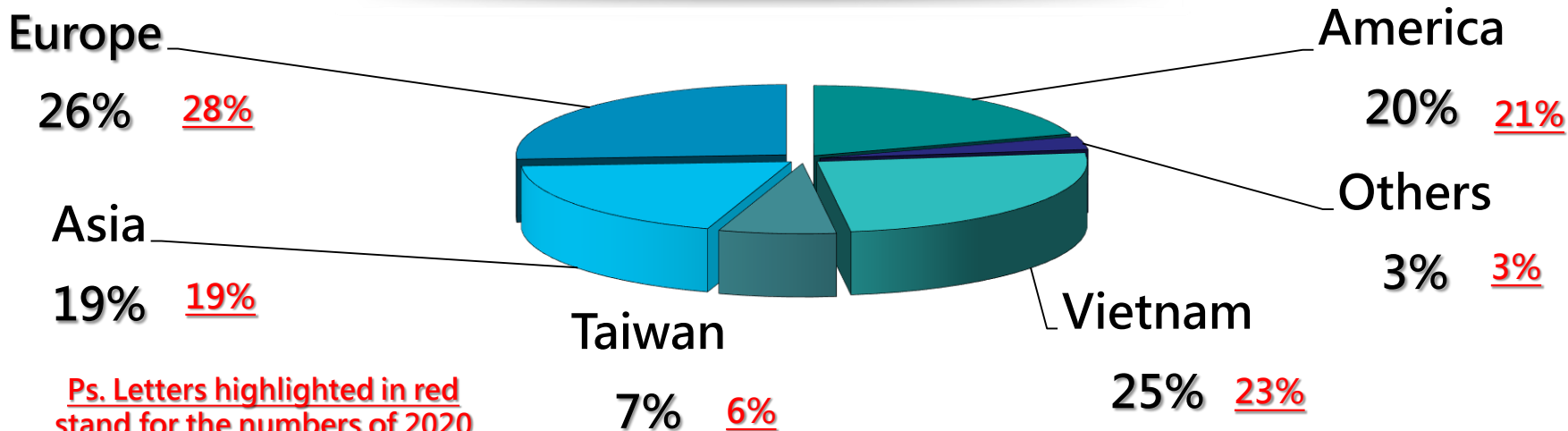
2022 1H Sales Profile by application

Product	2022 1H	2021 1H
UPS	61%	62%
Electric Vehicle	16%	13%
Motorcycle	13%	15%
Other	7%	6%
Automotive	3%	4%



■ UPS ■ Electric Vehicle ■ Automotive ■ Motorcycle ■ Other

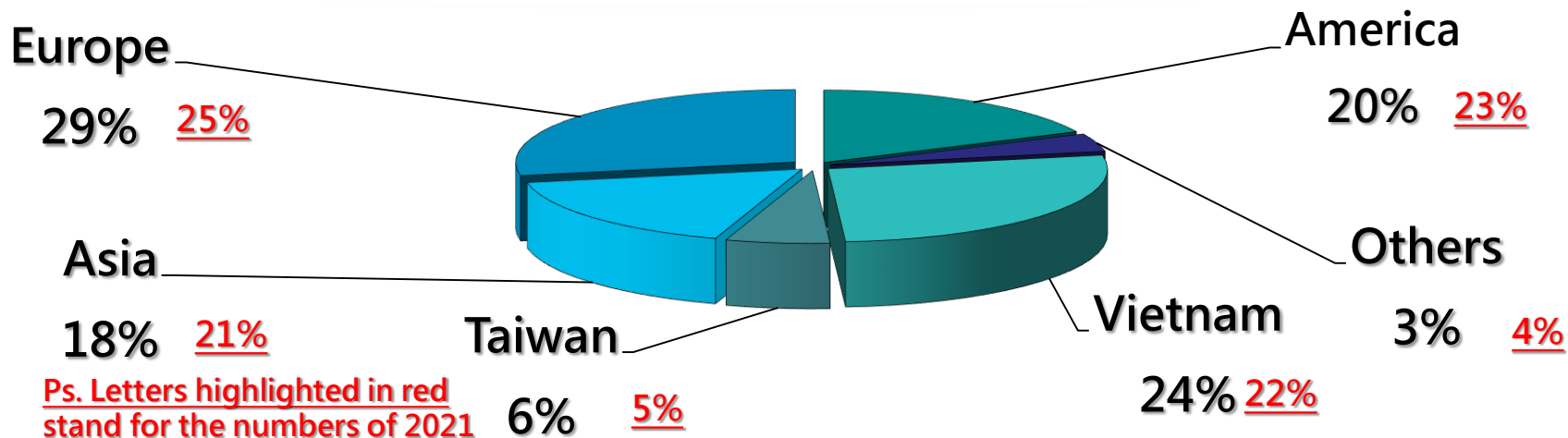
2021 Sales Profile by geography



Currency: thousand NTD

Area	America	Europe	Asia	Taiwan	Vietnam	Others
2021	1,181,714	1,479,983	1,071,914	408,193	1,455,559	199,247
%	20%	26%	19%	7%	25%	3%
2020	1,491,535	1,977,938	1,370,678	405,776	1,664,860	204,633
%	21%	28%	19%	6%	23%	3%

2022 1H Sales Profile by geography



Currency: thousand NTD

Area	America	Europe	Asia	Taiwan	Vietnam	Others
2022 1H	732,440	1,083,634	644,491	220,020	890,155	123,821
%	20%	29%	18%	6%	24%	3%
2021 1H	827,112	917,029	776,209	186,896	810,414	123,082
%	23%	25%	21%	5%	22%	4%

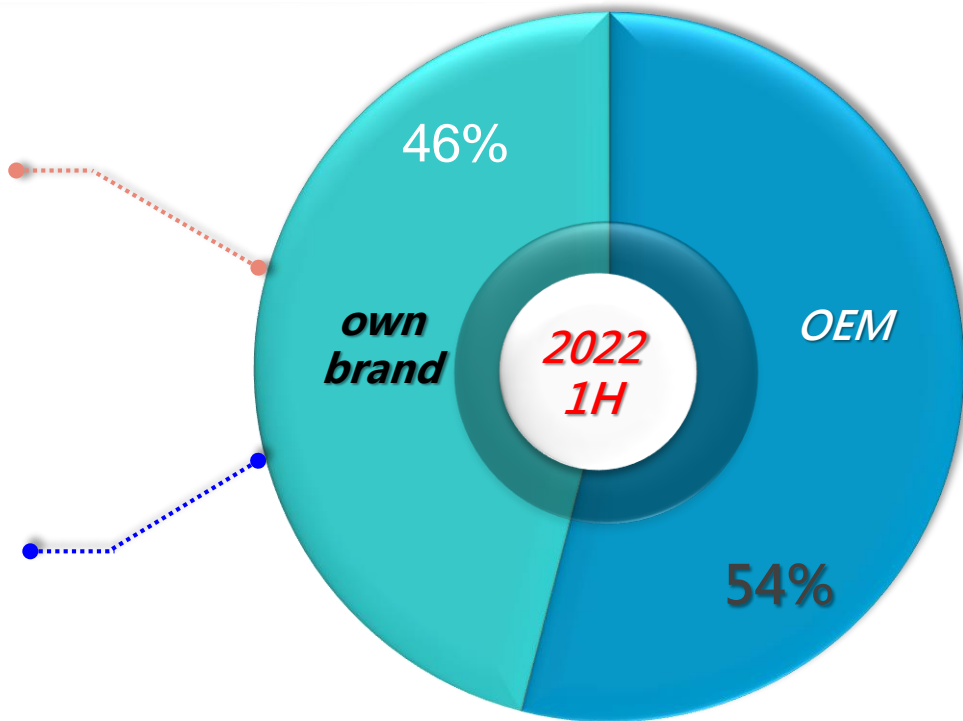
Sales by brand-consolidated



Worldwide



Vietnam



Financials -Consolidated income statement

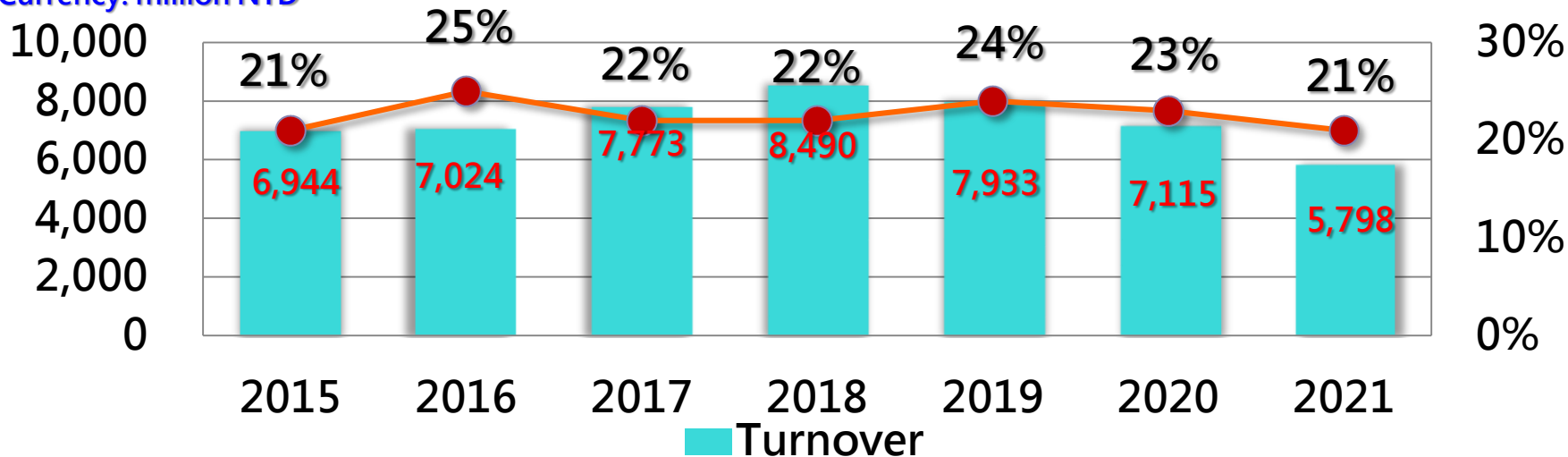
Currency: million NTD

category	2017	2018	2019	2020	2021	2022 1H
Operating revenue	7,773	8,490	7,933	7,119	5,798	3,695
Gross profit	1,755	1,831	1,854	1,655	1,221	851
Gross Margin	22%	22%	24%	23%	21%	23%
Operating profit	1,261	1,243	1,312	1,199	795	551
Pre-tax Profit	1,198	1,332	1,344	1,186	818	685
After-tax profit	906	983	1,007	879	620	523
Profit attributable to former owner of business combination under common control	901	983	1,007	879	620	523
EPS(NTD)	11.04	12.03	12.32	10.75	7.58	6.39
Average LEAD price(USD/ton)	2,318	2,244	1,998	1,824	2,205	2,269

AVG
10.74

Consolidated Sales

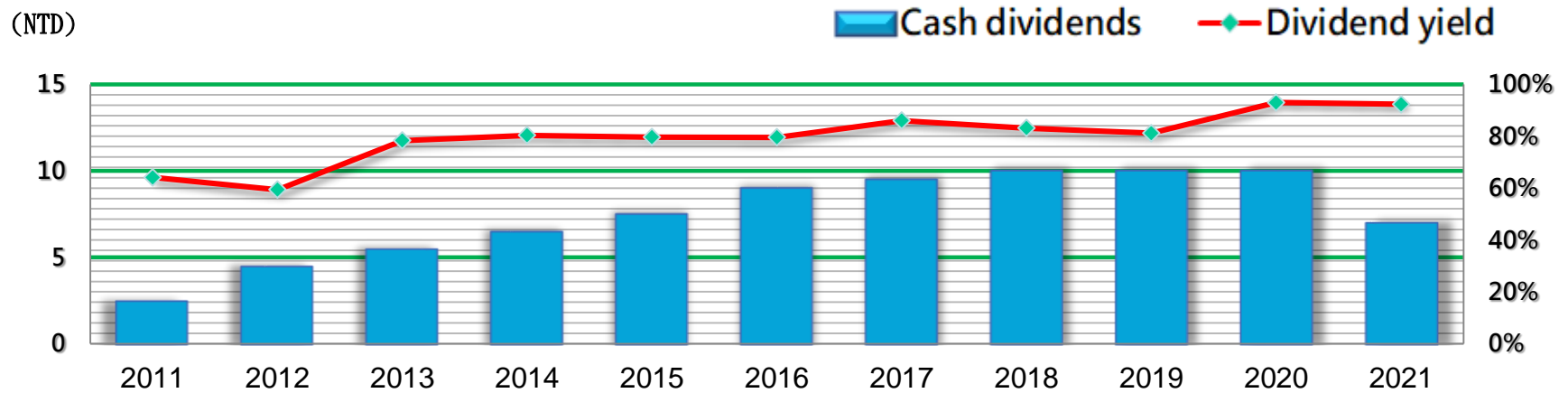
Currency: million NTD



Consolidated Turnover	6,944	7,024	7,773	8,490	7,933	7,115	5,798
LME average price(USD/MT)	1,786	1,871	2,318	2,244	1,998	1,824	2,205
Gross Profit Margin	21%	25%	22%	22%	24%	23%	21%
After-tax EPS	9.42	11.31	11.04	12.03	12.32	10.75	7.58

AVG
22.57%

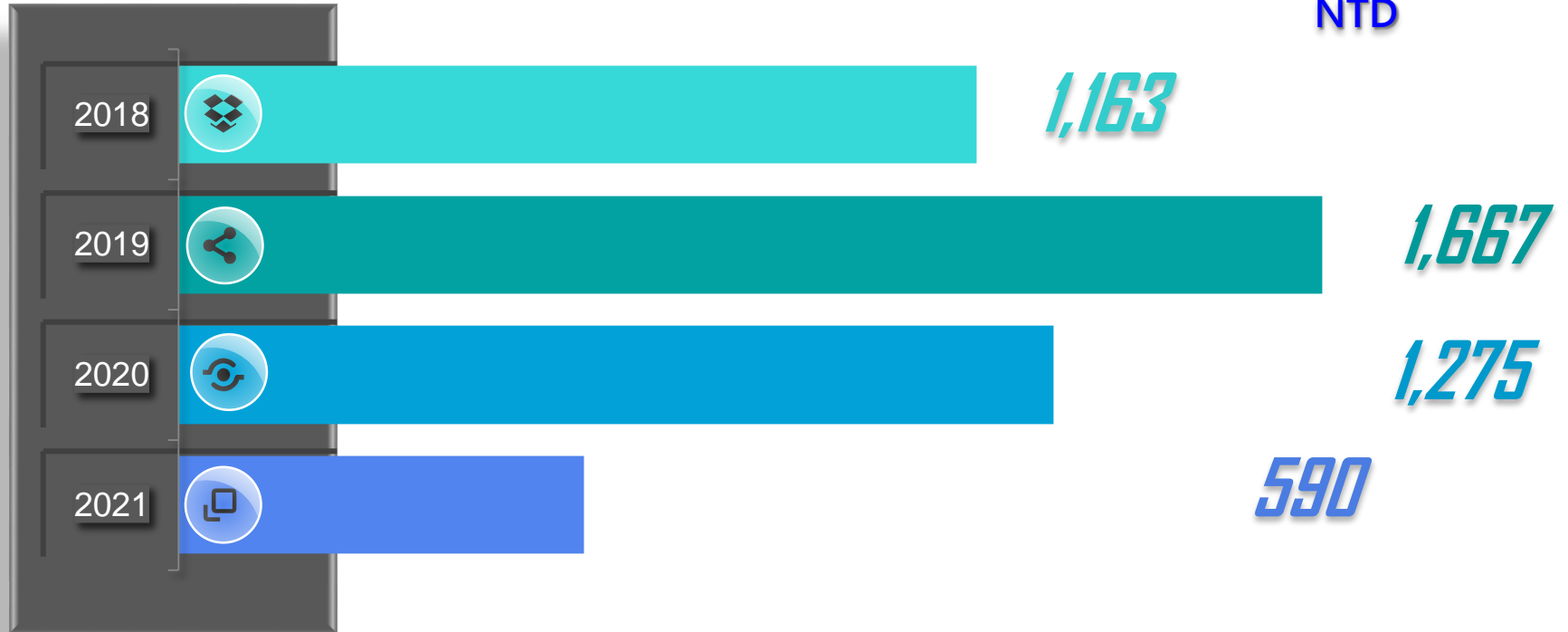
Dividend policy



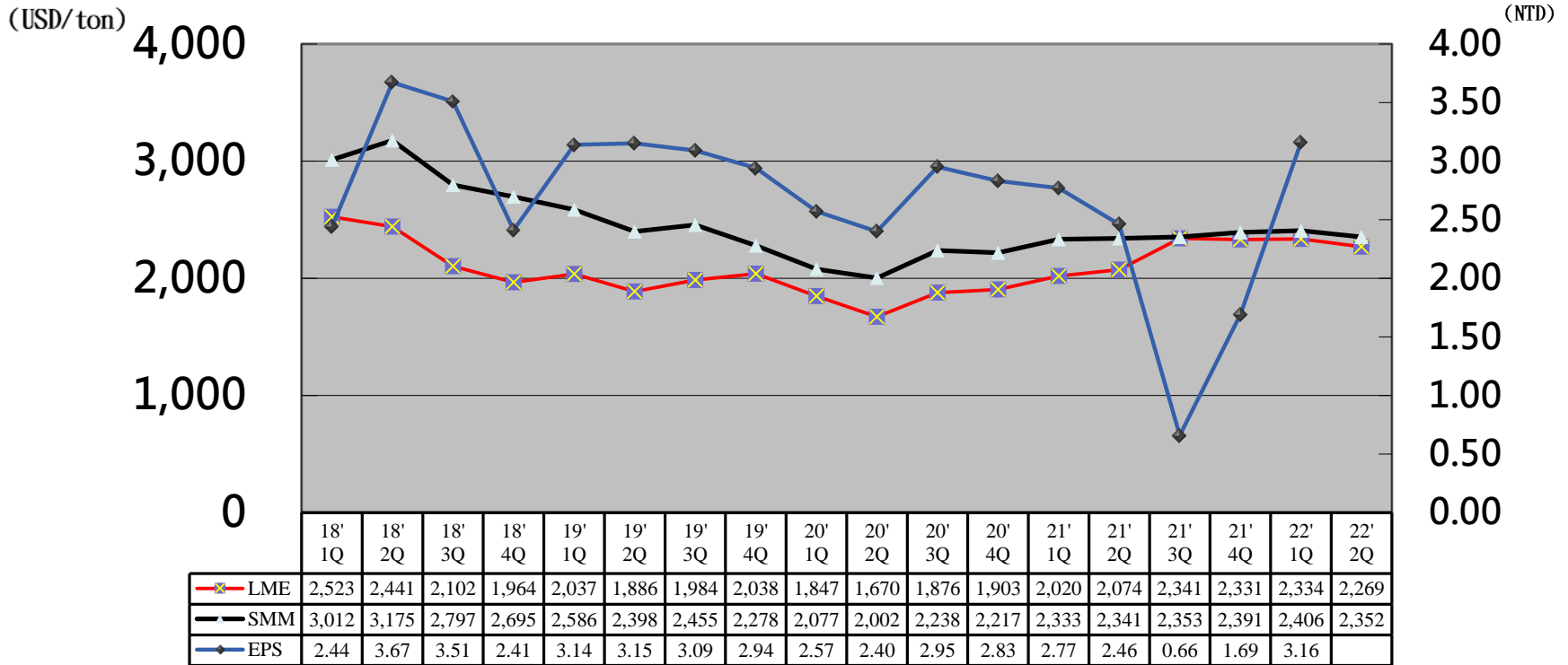
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
EPS	3.9	7.58	7.02	8.09	9.42	11.31	11.04	12.03	12.32	10.75	7.58
Cash dividends	2.5	4.5	5.5	6.5	7.5	9	9.5	10	10	10	7
Dividend yield	64%	59%	78%	80%	79%	80%	86%	83%	81%	93%	92%

Operating cash flow

Currency: million
NTD



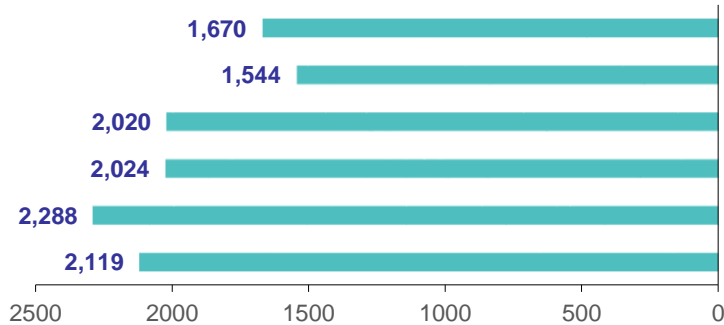
Comparison chart of LME, SMM, and EPS



Sales Quantity by KL group



Monthly shipping quantity (thousand pcs)



Monthly turnover (million NT dollars)

2022 1H

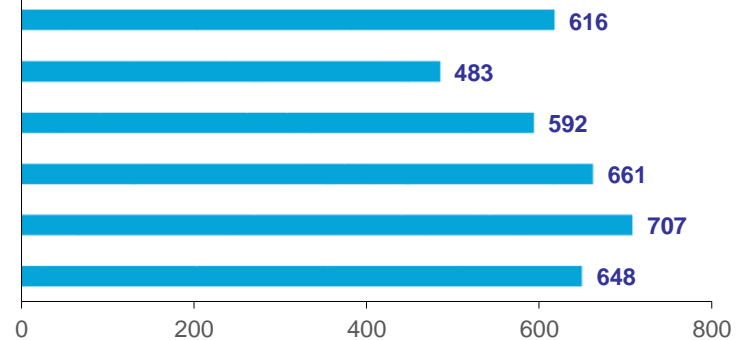
2021

2020

2019

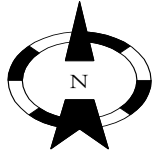
2018

2017



	2017	2018	2019	2020	2021	2022 1H
Monthly shipping quantity	2,119	2,288	2,024	2,020	1,544	1,670
Growth rate of shipping quantity	5%	8%	-11%	-	-24%	8%
Monthly turnover	648	707	661	592	483	616
Growth rate of turnover	11%	9%	-7%	-10%	-18%	28%

Location

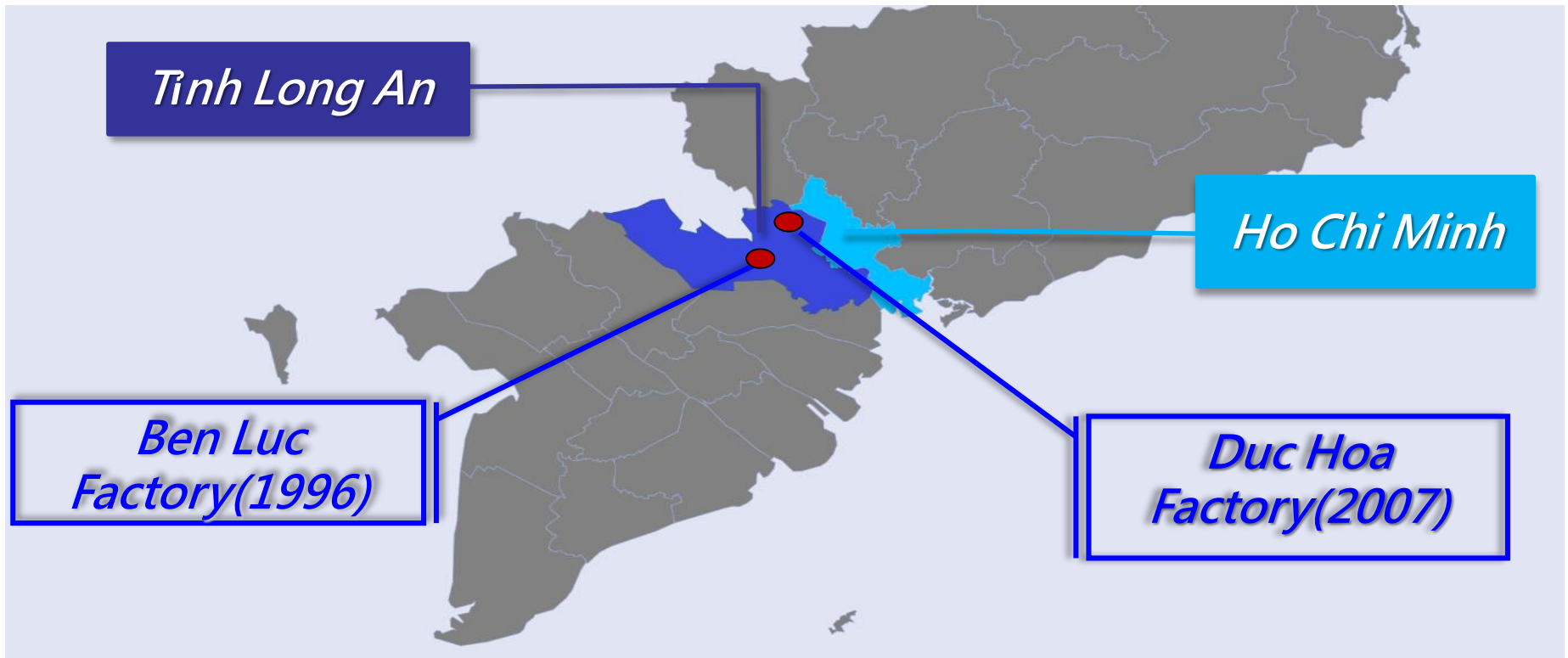


Hanoi Sale Office

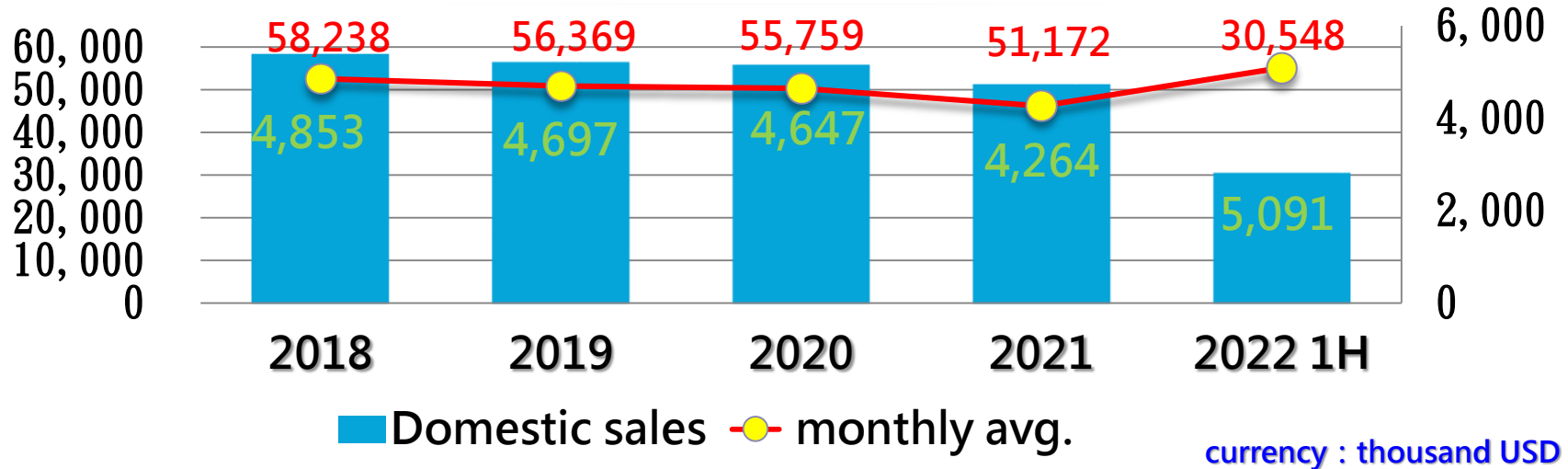
Danang Sale Office

Ho Chi Minh Sale Office

Location



Turnover of Le Long Vietnam



Category	2018	2019	2020	2021	2022 1H
Domestic sales	58,238	56,369	55,759	51,172	30,548
Domestic sales monthly AVG	4,853	4,697	4,647	4,264	5,091

Overview of Vietnam plant

Ben Luc plant



36,500 square meters

Overview of Vietnam plant

Ben Luc plant



36,500 square meters

Overview of Vietnam plant

Duc Hoa plant



350,000 square meters (200,000 square meters are developed)

Core value



KLB ESG presence



Environment

- *Green Procurement*
- *Energy Management*
- *Environmental Protection Facilities*
- *To Improve Manufacturing Process*



Social Responsibility

- *To Promote Local Culture*
- *To Popularize Art and Culture Activities*
- *To Care Social Vulnerable Groups*
- *To Sponsor The Academics*



Corporate Governance

- *To Advance Shareholders Equity*
- *To Enhance Information Transparency*
- *To Strengthen Governor's Function*
- *To Operate Business Honestly*

To Expand Social Responsibility as the Core of Business

Strength

Excellent quality

The production of lead-acid batteries comprises the know-how of electrochemistry and complex system of manufacturing & management. It is not easy to produce quality batteries stably for the long term.

High Entry Barrier

With more and more people realizing the importance of environmental protection, China has imposed lots of restrictions on the manufacturing of lead-acid batteries including the production scale, facilities, and environmental protection...etc. This standard is also considered by many other countries, and therefore there' s no new comer for many years. And besides China, there' re few manufacturers in other Asian.

Qualified Standard

It takes long time to test individual battery performance and service life. The most important is that the incoming inspection can not determine the service life of batteries. Thus, quality customers will set up high qualification procedure and field audit for new comers. We are able to develop the products meeting customer needs.

Strength

Localization

All our supervisors are Vietnamese, and Taiwanese management people can communicate with them in Vietnamese language without problem. By the way, we enter Vietnam market early and take high shares in M/C AM market. Our batteries have been recognized as high quality. Our brand images is also well established. All of these are very helpful for our profits. Also, the investment environment in Vietnam is good and government seldom interferes.

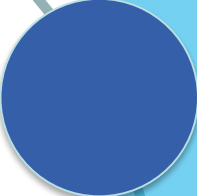
R&D ability

We' re devoted to the upgrade and diversity of lead-acid batteries. Through the enhancement of battery performance, we not only make more profits but also develop lower-end products to help customers take more market shares. Our program has been extended from current small sized SLA to medium/large sized ones. We also develop star stop batteries to expend client bases.


Quality client

Our customers include leading companies in each industries, thus the importers in each areas are willing to distribute our products. Moreover, as the sales territories and customers are properly diversified, we can avoid the huge impacts resulted by single industry and economic factors.


Strength



Most of our competitors has factory in China. But the issuance of “manufacturing permission of SLA batteries ” in 2011 has limited the development of SLA industry and eliminated lagging production. We’ re the professional UPS battery manufacturer with biggest capacity in Southeast Asia, and it can help us to take more orders than our competitors.

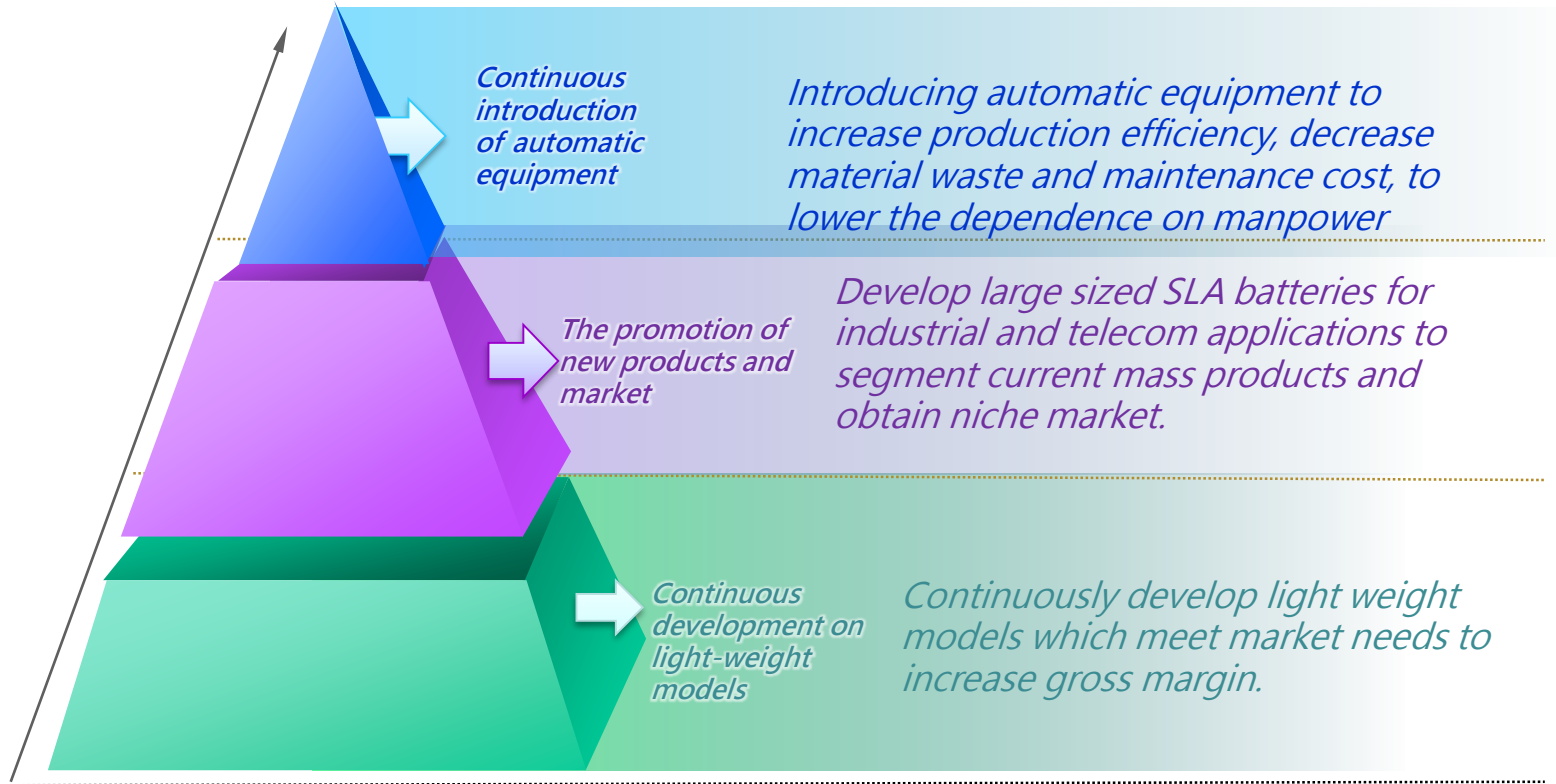


Main production bases of small/ medium sized SLA batteries are located in China and Vietnam. When Chinese labor costs keep rising, RMB is under pressure for appreciation, and SLA industry is limited, Chinese battery manufacturers are forced to move to outside. However it’ s difficult to find suitable location. While we’ re producing in Vietnam and we can expand our capacities to maintain our advantages

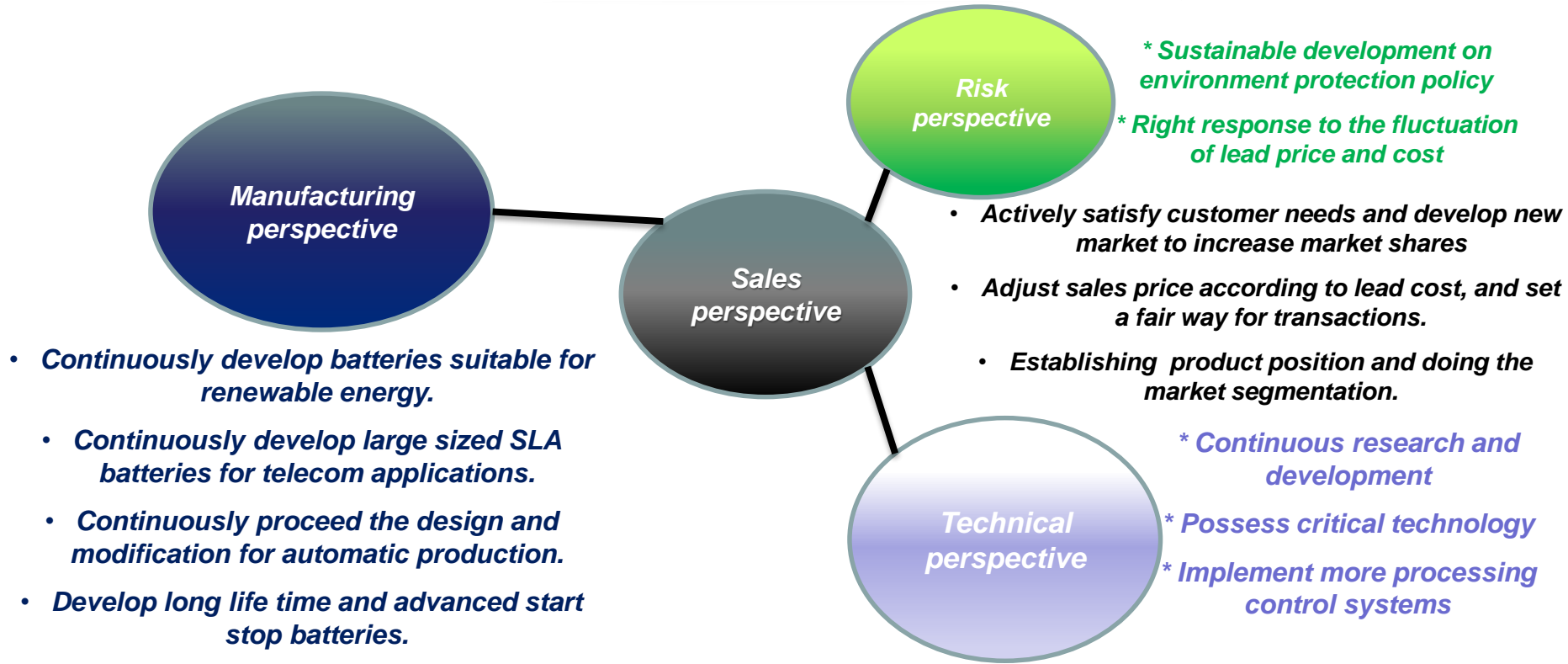


China publishes the notice for imposing consuming tax on batteries and pasting – starting from 1//1/2016, 4% consuming tax will be imposed on lead-acid battery manufacturing, OEM, and import. This bring significant burden to Chinese lead-acid battery factories.

Future outlook



Future outlook





HTP12100A/HTP12100AV0



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