



CHAMPION BUILDING MATERIALS CO., LTD.

Stock Code : 1806

2023 INVESTOR CONFERENCE

November 27 , 2023



Disclaimer

This brief and the related reflected the viewpoints to the future. If there is any change or adjustment in the hereafter, the Company has no responsibility to remind or update.

The Company did not issue financial forecasts. The financial, business or Q&A explanations may differ from actual result in the future. The reasons of differences may include the changed market demand, unsettled factory and material price, competitions behavior, international economic situation, exchange rate fluctuation, suppliers and retailers supply chain, and etc. which can not be controlled by the Company.



Company Profile

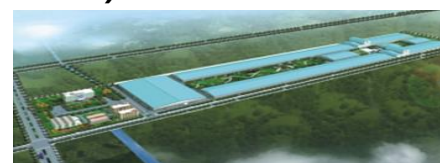
Established Year : 1972 Year of Listing : 1992

CEO : Mr. Peter Lin (Lin, Jung-Te)

Capital : TWD 3,904,038,700

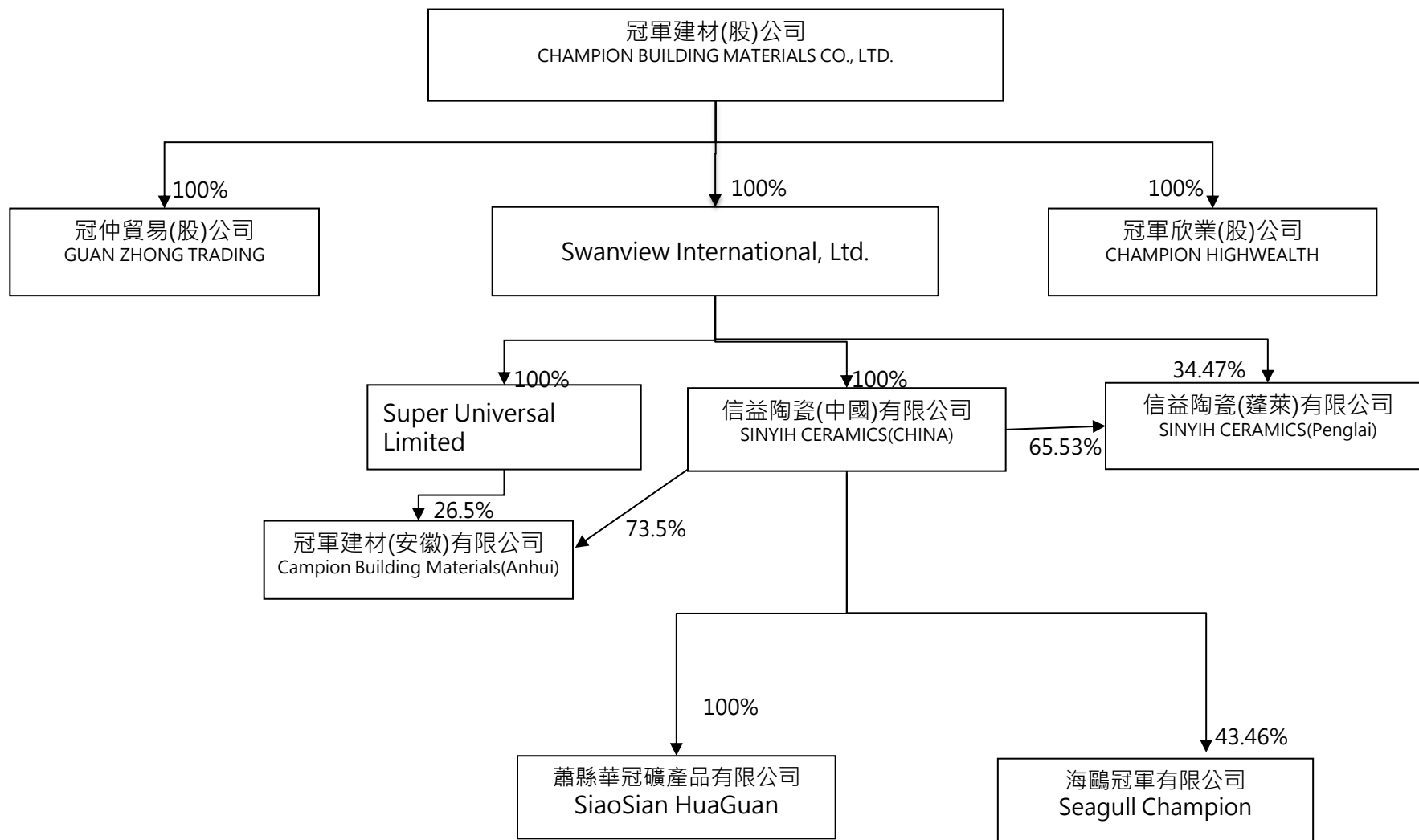
Group Employees : 734 exclude 369 employees in Seagull Champion

Main Products-3Q 23 Proportion (Taiwan Market) : Tile 21.98 billion(97.29%)-
 Building External Tile18%、Traditional Floor Tile2%、Glazed Porcelain Tile50%、
 Polished Porcelain Tile30% ; SPC Flooring 0.45 billion (2.01%)







Factories	TAIWAN	CHINA	
	Miaoli factory	Penglai factory	Anhui factory
Capacity	8 production lines · annual capacity 10,377,000 m ²	6 production lines · annual capacity 8,450,000 m ² (Punishment due to obsolete equipment and operational adjustments)	3 production lines · annual capacity 6,590,000 m ²
Production positioning	Taiwan domestic market (sales brands-Champion and Marcobelli)	The lease with Seagull Champion Company has been terminated in March 2023	Champion leased two factory to Seagull champion company(joint venture for China market) · for manufacturing products to supply mainland market · selling high-end sanitary ware new construction porcelain products and porcelain tile ·

• Organization



• Multi Brands Strategy

Brands	Concept
	<p>Lead 、 Technology 、 Quality of Champion 、 Leading Taiwan's tile industry into a better field of tiles 、 Become consumer' s 「 A lifetime choice 」 。</p>
	<p>Inherit the design concept of famous Italian style 、 Pure Italian aesthetic style 、 Create tile boutique 、 Create home exquisite and the best aesthetic style 。</p>
 <p>Impore Tile</p>	<p>The “Marvelous Living” building materials entails imported tiles from premium Italian makes and quality wood flooring along with professional construction team to provide a diverse building material service for consumers.</p>
 <p>Premium Looring</p>	

• Our Advantage (1-3)

Exquisite tile the name of 「CHAMPION」 · One of the top 100 brands in Taiwan :

Champion Building Material in Taiwan obtain first brand for more than 25 consecutive years · and market share about 32% in the Taiwan · Our group focus on product R&D · Green of environment protection · advanced production process · and service...Etc · for these Objective factors Champion is a pioneer in tiles industry ·



- ✓ Market share No.1 : The largest brand in Taiwan · market share No.1 in 32% ·
- ✓ Products range No.1 : The tiles king of production polished porcelain with the biggest size 120x120cm and glazed porcelain · 2cm thickness product with exclusive technology ·
- ✓ Quality No.1 : the first tiles manufacturer obtain ISO-9001 · ISO-14001 Certification for Quality control and environment protect ·
- ✓ Green No.1 : No. 1 in the industry for environmental protection investment ·
- ✓ The first one obtain Recycle certificated and Nano mark certificated
- ✓ Nationwide the first obtain Green building material Certificate for Tiles factory ·
- ✓ Nationally won for many consecutive years of Taiwan Excellent award ·
- ✓ Nationwide the first obtain Green Factory Certificate for Tiles industry ·

• Our Advantage (2-3)

Multi-brand strategy · Home decoration style leader :

The group owns the tile industry of MIT 「CHAMPION」 · Natural European style 「MARCOBELLI」 · And exquisitely European fashion aesthetics 「MARVELOUS LIVING」 brands · each brands of products with their own style · Market positioning · to fulfill developer and designer' s require · and Champion regularly runs with designers and tiler · Share new materials information through seminars · new techniques · create a high-quality home environment 。

The most advanced production equipment with technology upgrading · our goal is becoming a pioneer in the field of tile technology :

Focus on production base · Continue to increase the proportion of automated production and equipment upgrades · Introduce into various Italian equipment like digital printer · Enrich of tile texture with and enhance product value and competitiveness 。



• Innovation of Products

◎ Tiles Digital Printing Technology

The first to introduce into the latest European high-tech digital printing technology · Leading a new revolution in tile decoration techniques · Fully show the texture of marble and stone ·

◎ Tiles Anti-Slip NANO Technology

Nano technology with anti-slip tiles · obtained 2020 MIT golden selection award · two features for anti-slip and easily clean can reduce injured risk of falling for elder 、 children and pets ·

◎ Tiles of 2cm thickness(exclusive Technology)

Innovative process with new technical increase the tile thinness to 2cm ·

And also with fine texture and natural veins same as nature stone 、 low water absorption 、 Anti-Slip 、 wear-resisting 、 stain resistance 、 easy clean and simple installation way...etc · all advantages are better than natural stone ·

◎ The Exclusive 90X180 Porcelain Slab

Largest MASTER ART artistic mid-sized tiles available in domestic tiles. The slabs with natural stone patterns allow use in small residences for decorations with less seams and generous appearance.



• Our Advantage(3-3)

Fully positioning service · create an omni-channel experience for consumers :

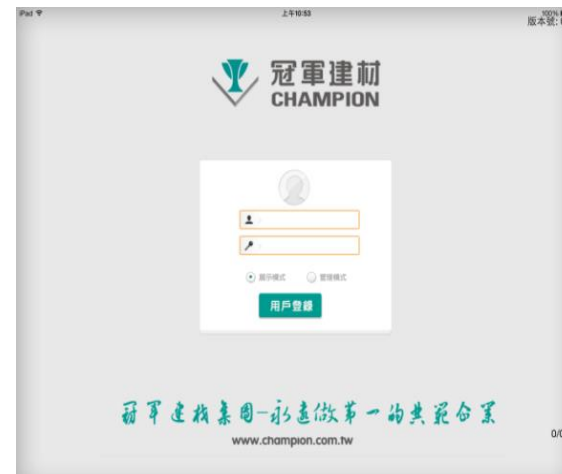
Champion group has over 200 branding regional dealers in Taiwan · especially be pioneer offer 15 years products warranty · and Five-star store service · Integrated sales assistance APP · provide cloud services for whole market by all dealers · E-Catalog and real scene photo for free provided ·

Saving energy and reducing emission · Environmental protection :

Our Kiln with Thermal energy recovery system · Water recycling and reuse · Power supply system improvement · Trim raw material recycle...Etc · Champion planted 18,600 trees for the earth in a year · **equivalent to 3 Da-an Forest Parks** · save tap water consumption for year · saved water about 1,500 standard swimming pools ·



15-year warranty



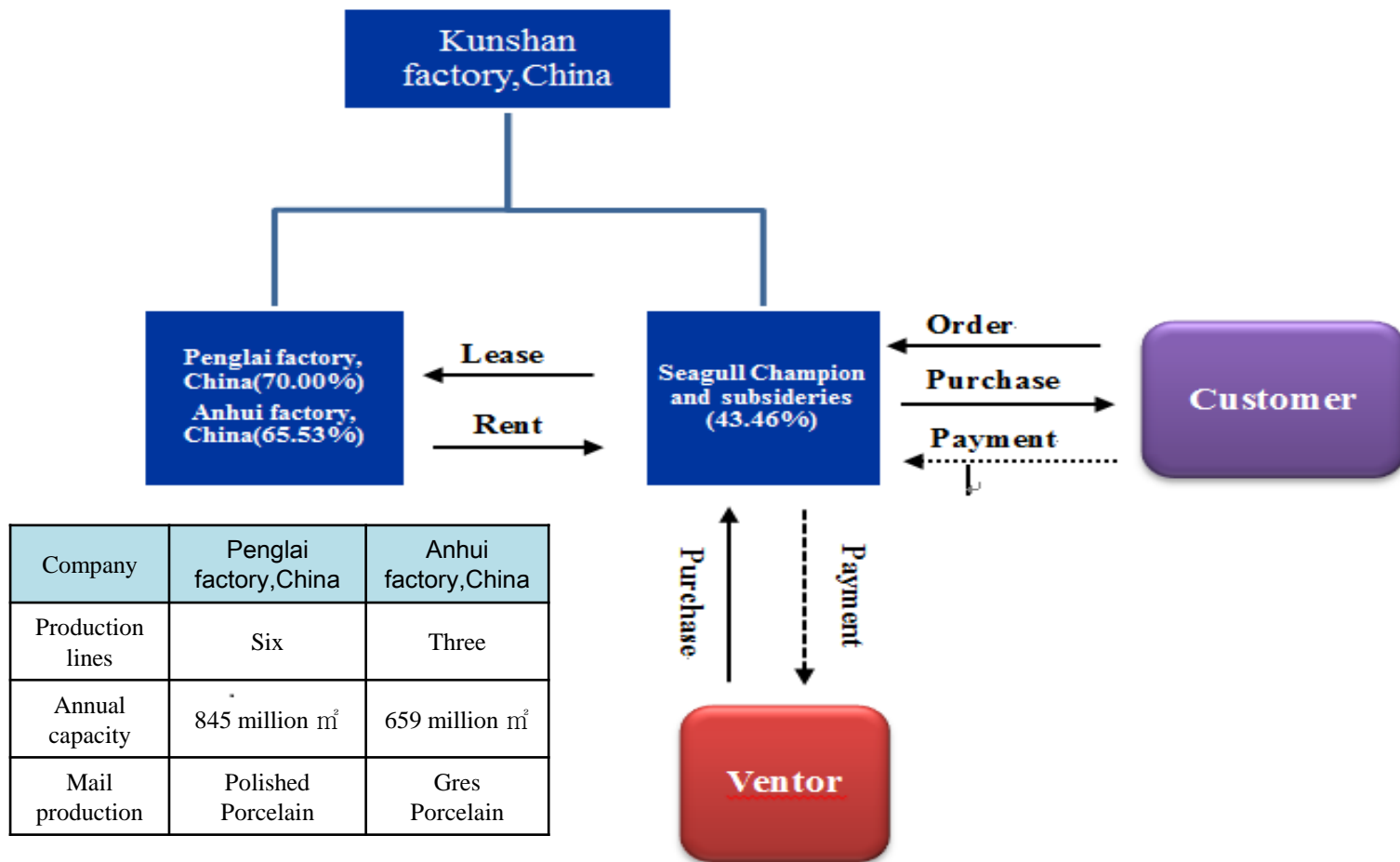
Assistant sales App

• Operation Model of Taiwan

Champion building material group has the largest distribution network with over 200 selling dealer in Taiwan, via Champion branding dealers can prompt expanding tile Products market share of Taiwan market, and our selling network are separated by regionals and brands, Champion has totally 12 own regional distributor from north and middle, south and east of Taiwan can offer fully service network for all customers.



• Operation in Mainland China



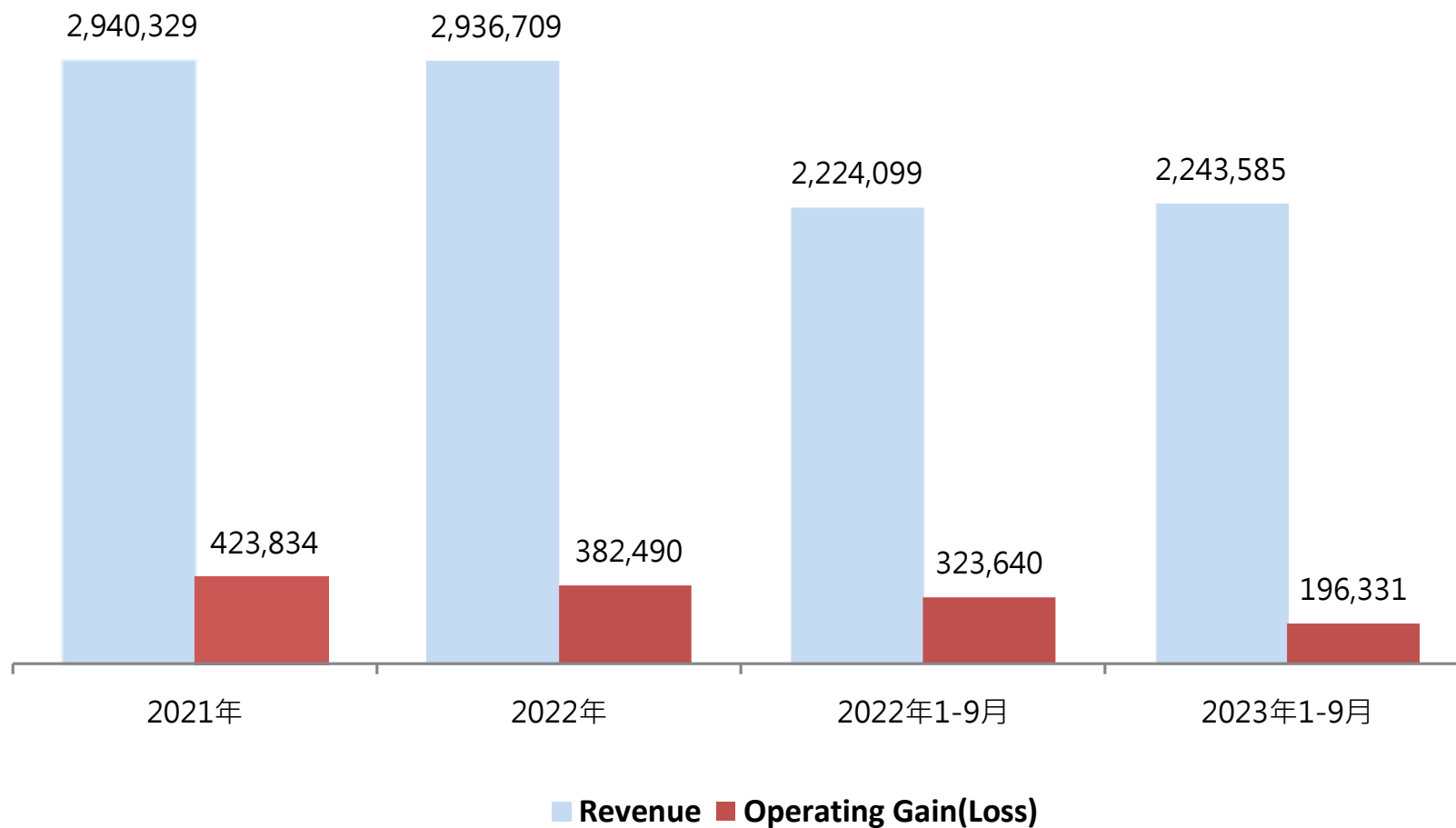
Since April 13, 2020, by cooperating with Guangzhou Seagull Housing Industry Co., Ltd. to invest, Seagull Champion will expand the mainland domestic market. Through industrial chain integration and creation of new businesses, it will increase sales platform and operating marketing channels to deepen the mainland market.

• Consolidated Financial Data

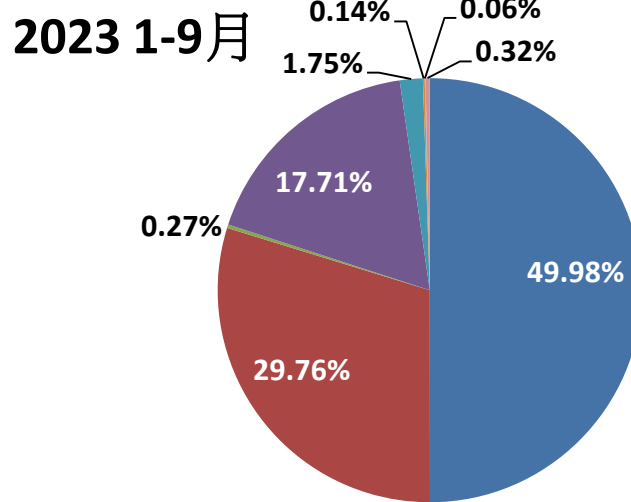
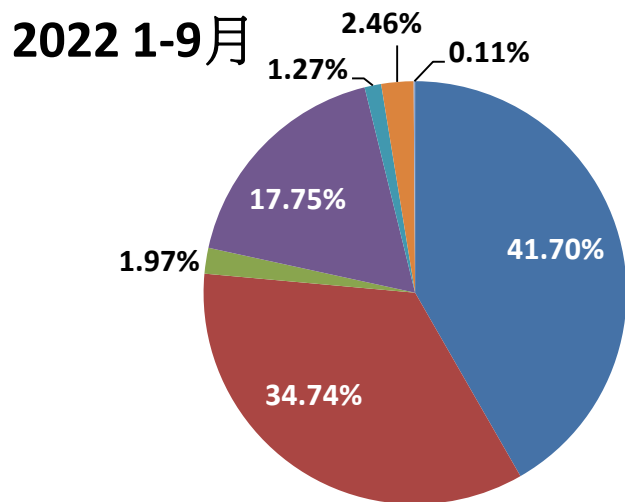
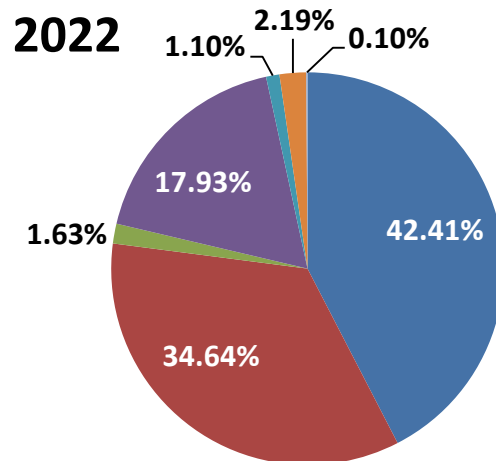
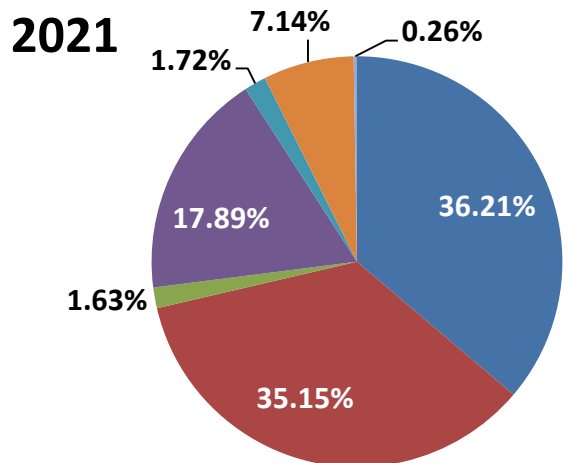
UNIT : NTD thousand · %

Year	3Q23	3Q22	YoY	2022	2021
Sales Income	2,259,445	2,283,983	(1.07%)	3,006,408	3,205,927
Operating Costs	1,662,099	1,642,791	(1.18%)	2,143,291	2,427,058
Operating gross profit	597,346	641,192	(6.83%)	863,117	753,869
Gross Margin	26.43%	28.07%	(5.84%)	28.71%	23.51%
Operating Expenses	466,419	458,130	1.81%	616,246	732,324
Net Operating gain(loss)	130,927	183,062	(28.48%)	246,871	21,545
Net Income Margin	5.79%	8.02%	(27.81%)	8.21%	0.67%
Net Non-Operating Income	(98,076)	(81,776)	19.93%	(301,825)	1,254,273
Tax	31,798	122,534	(74.05%)	133,289	284,322
Net Income	1,053	(21,248)	Loss to Profit	(188,243)	(518,160)
EPS	0.003	(0.05)	Loss to Profit	0.45	(2.29)

• Overview of operations in Taiwan

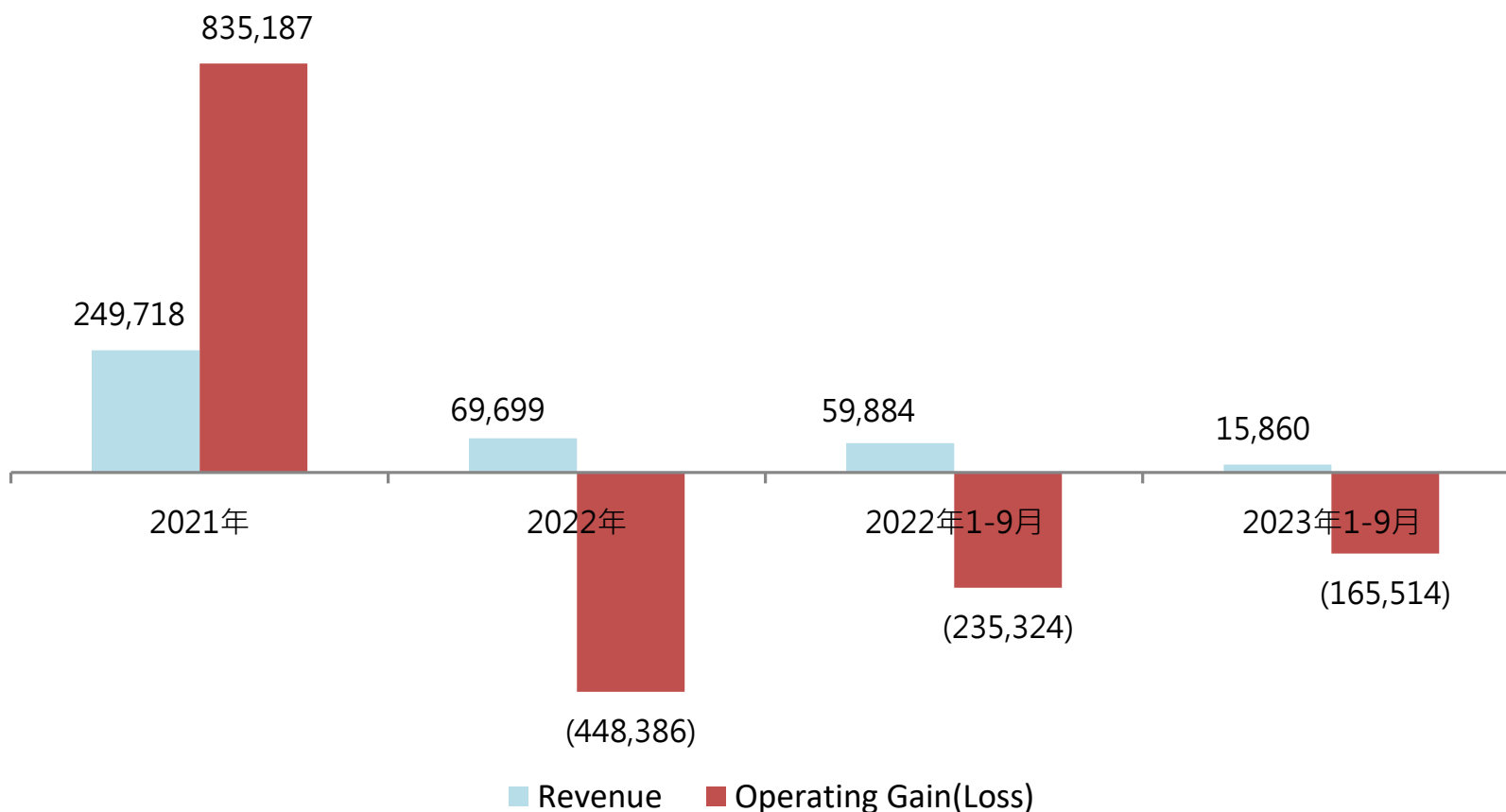


• Overview of operations in Taiwan



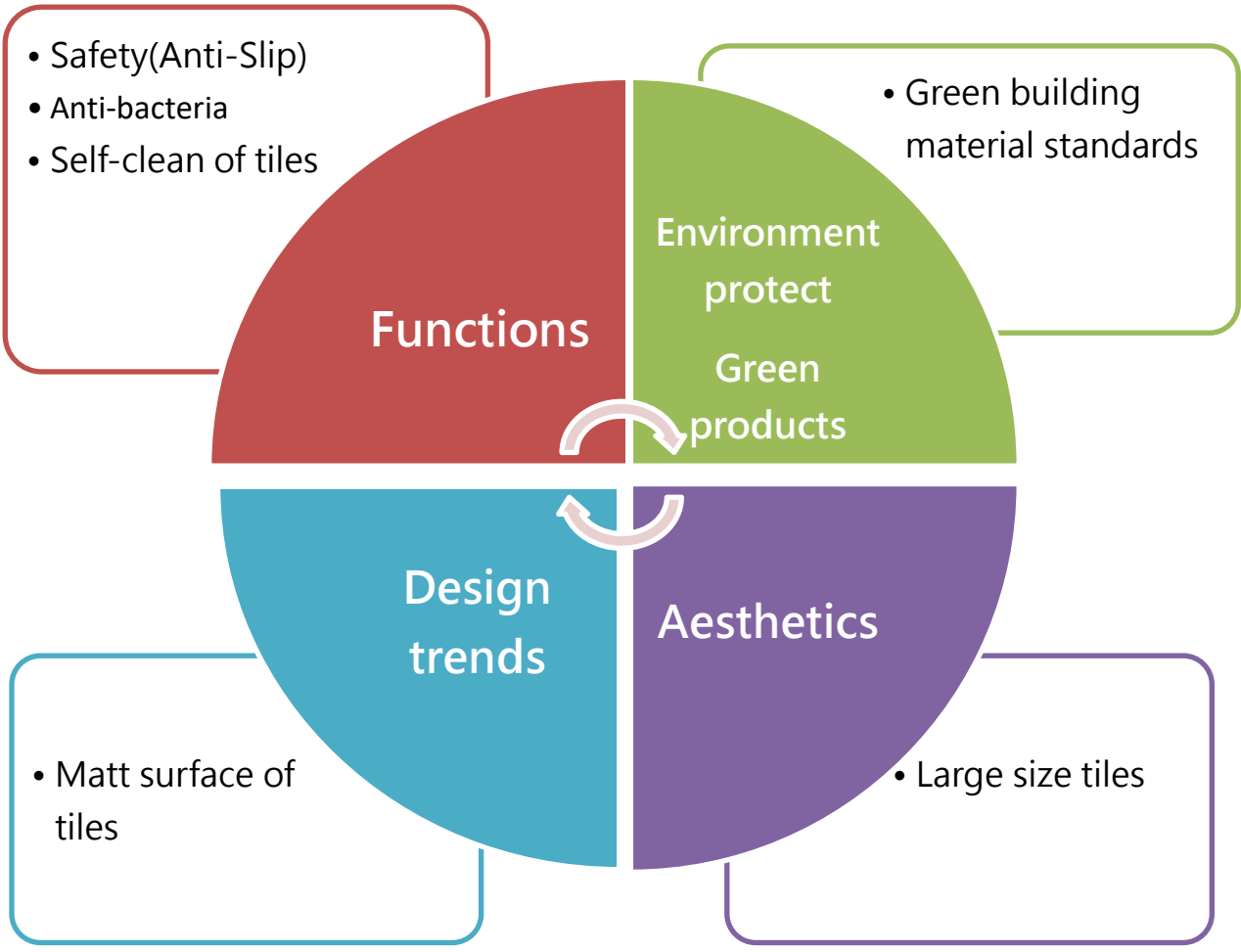
- Glazed Porcelain Tile
- Polished Porcelain Tile
- Porcelain Tile
- Building External Tile
- Traditional Floor Tile
- Wall Ceramic Tile
- Accessory decorate Tiles
- Porcelain Slab

• Overview of operations in China

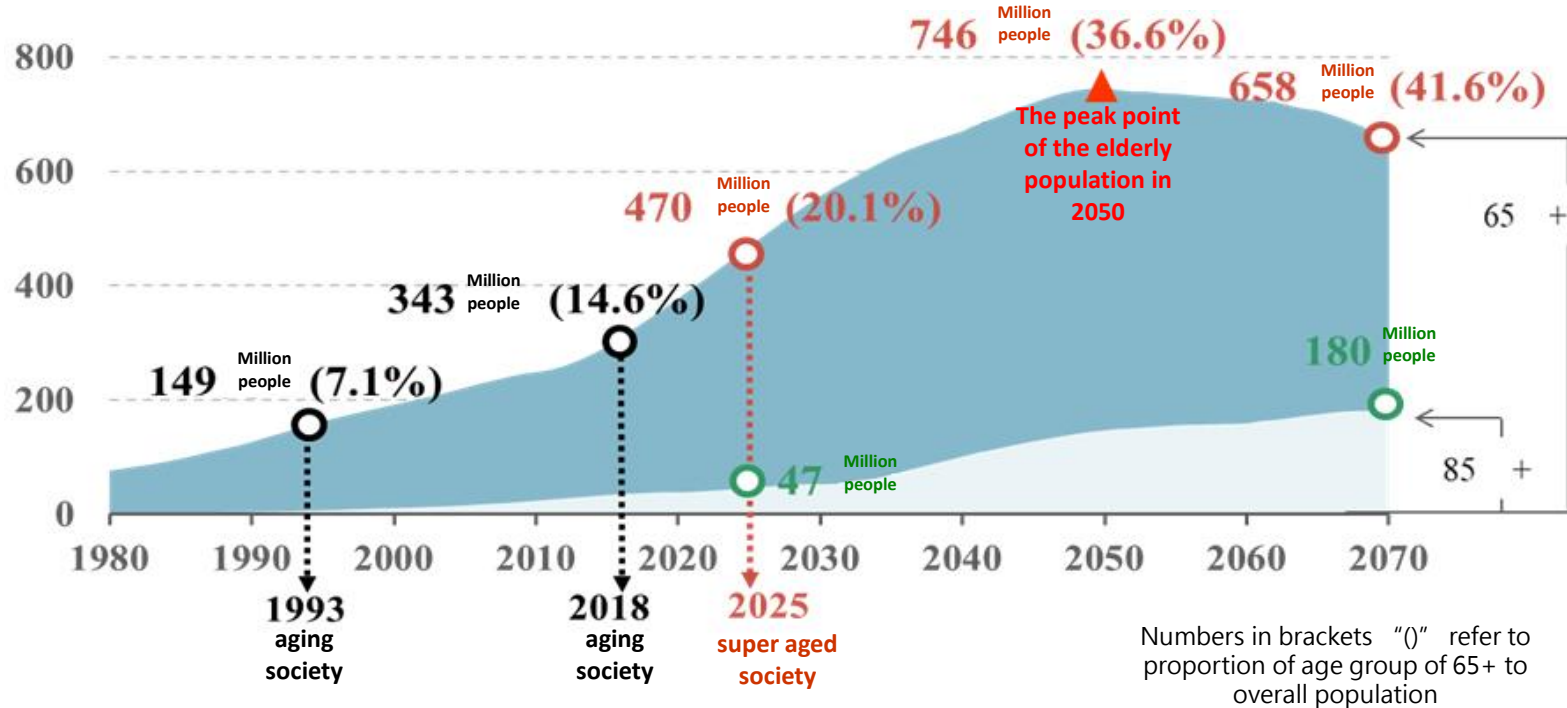


•Market Overview

Consumer demand trends in purchasing building materials



•Business Opportunities from Apartment Ageing

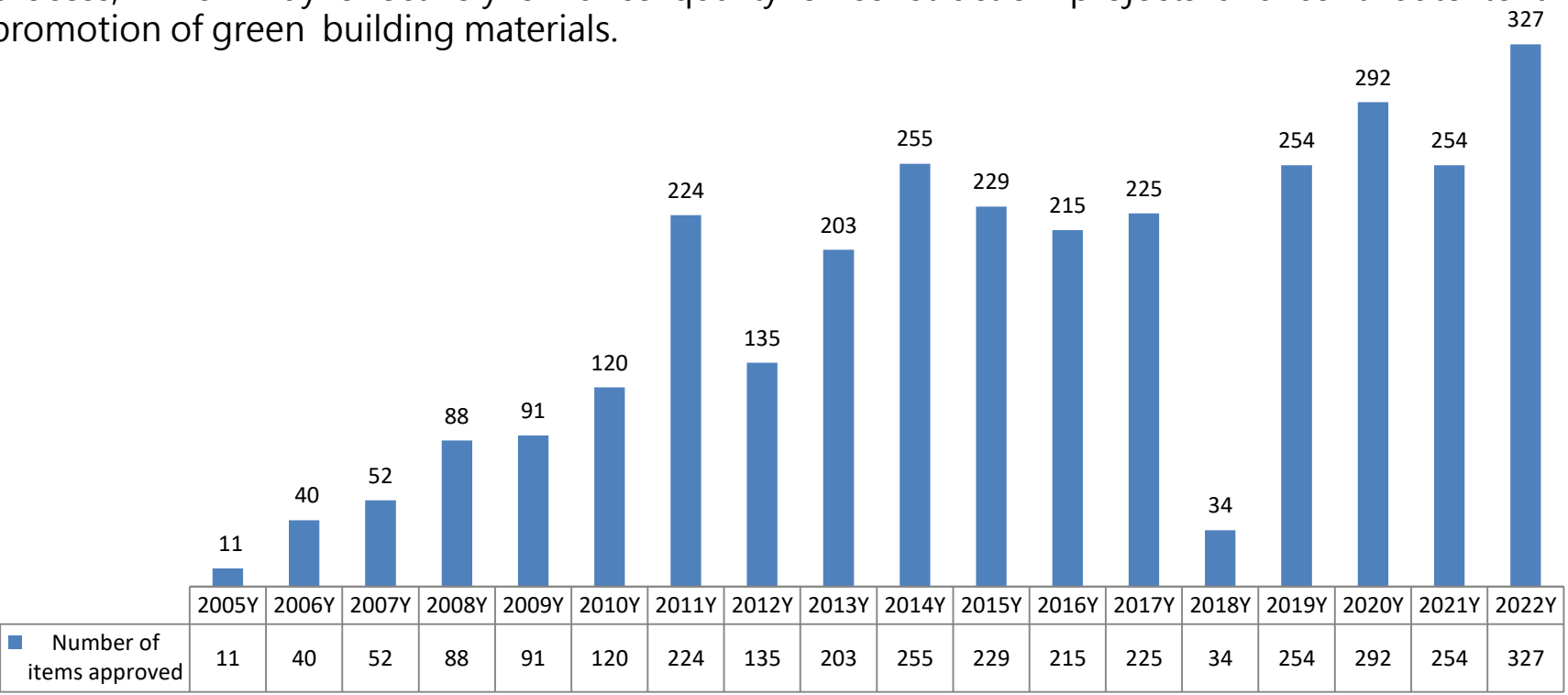


- Taiwan became an **aging society** in 1993, followed by transition into an **aged society** (65+yo population accounting for 14%) in 2018. 4 years later (2025), Taiwan will transition into a **super aged society** (65+yo population accounting for 20%), 後expected to peak in around 25 years. -- A growth period for the aged market around 29 years is expected.
- Currently, more than half of the houses (4.65 Million apartments) in Taiwan are with an age over 30 years, among which a majority of them are old apartments without an elevator or multi-story houses. Apartment ageing requires expedited resolution (e.g. urban renewal).

•Number of Green Building Labels Issued

With the production and purchase of green building materials in Taiwan on the rise, a record-breaking 327 Green Building Labels were issued in 2022, increased by 73 compared with the issuance in the preceding year.

As the first manufacturer passing the Green Building Label certification, Champion Building Material endeavors to comply with laws and regulations in terms of product quality and manufacturing process, which may effectively enhance quality of construction projects and contribute to the promotion of green building materials.



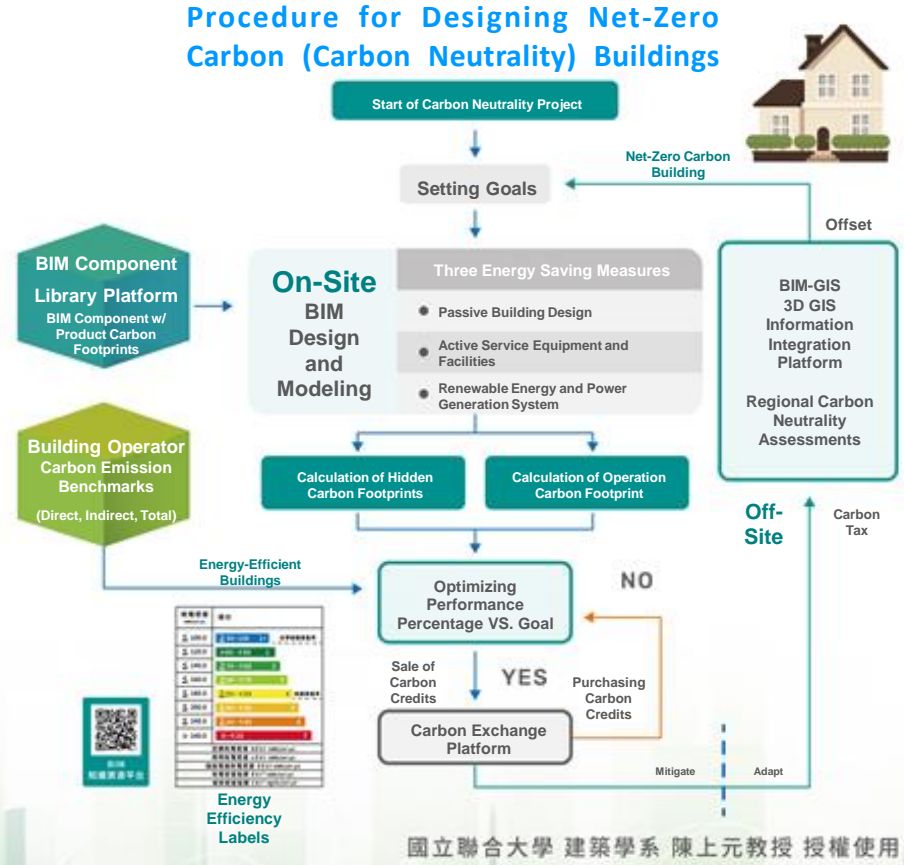
•Champion Building Material Engages ESG for the Sustainable and Aesthetic Buildings

- 1st Tile Manufacturer to prepare a ESG Sustainability Report
- 1st Tile Manufacturer to Complete Carbon Inventory
- 1st Tile Manufacturer to Complete the BIM Component Incorporating with Government Policies concerning Smart City
- 1st Provider in Cooperation with Large Construction Companies on Recycling of Waste Bricks and Tiles (Cradle to Cradle Project)
- 1st in Introducing the Facade Energy Efficiency System for the Peers, Facilitating the Attainment of the Near-Zero Construction Goal

The Two Keys to Net-Zero Building =

Low Embodied-carbon Building Rating System (LEBR), Certification for Low-Carbon Buildings + Building Energy-Efficiency Rating System (BERS), Certification for Energy Efficiency of Buildings
 Use building materials from Champion to reduce carbon emission throughout construction and contribute to constructing low-carbon buildings.

Procedure for Designing Net-Zero Carbon (Carbon Neutrality) Buildings



國立聯合大學 建築學系 陳上元教授 授權使用

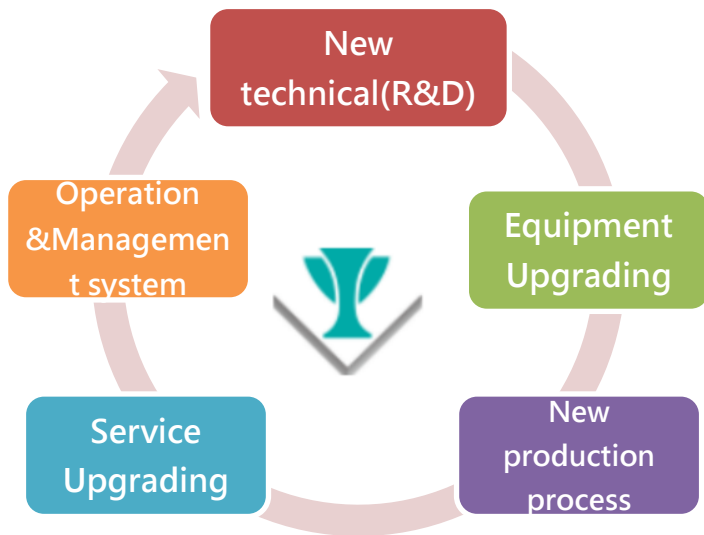
•Our futures

--Total Solution--

The Best Provider of Façade Building Material System

"Champion" -Your Lifelong Choice Receiving Market Recognitions and Customer Praises in its 50+ Years of Operations.

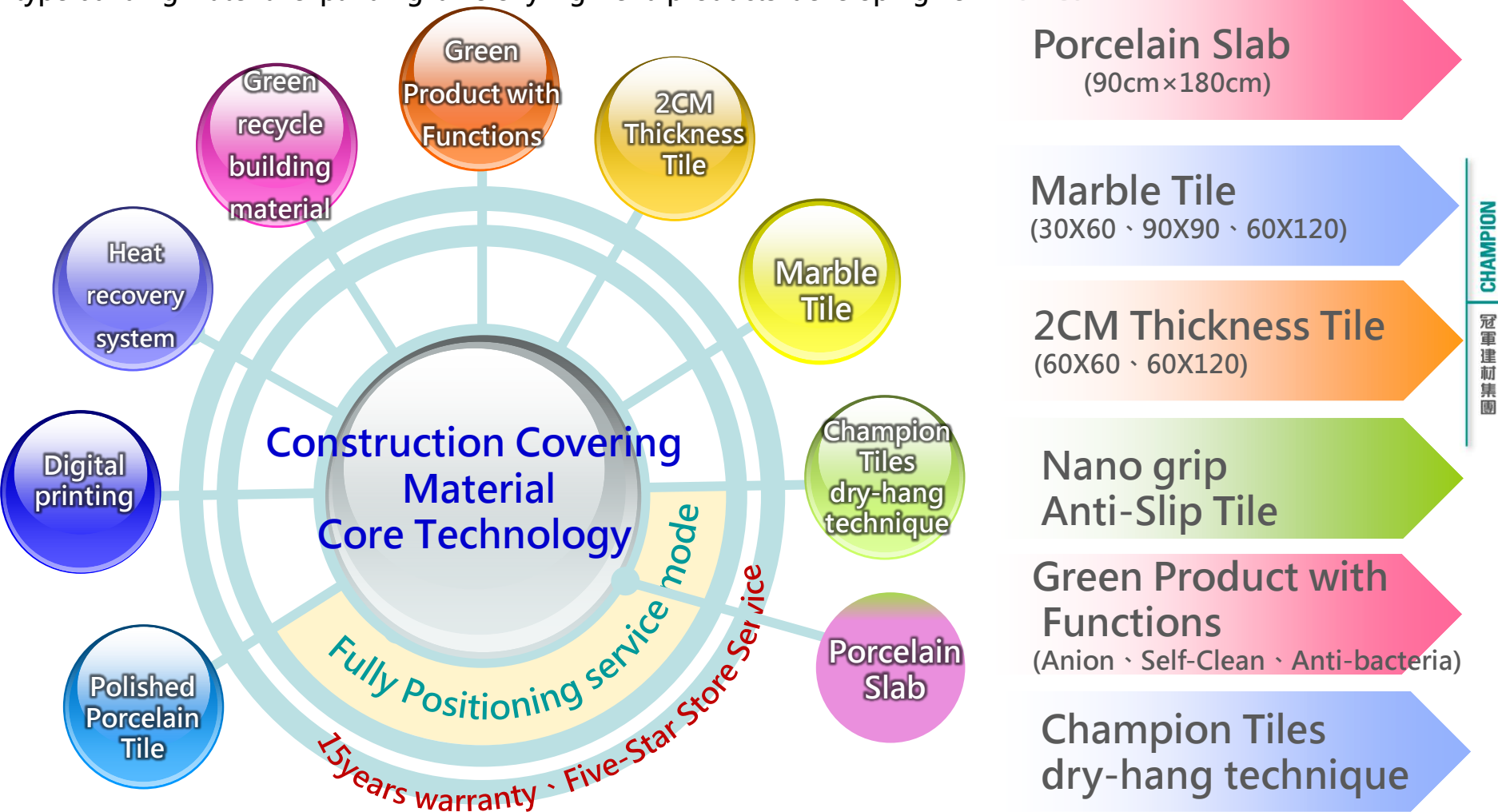
Champion conducts an overall upgrade emphasizing the five aspects of **Product R&D, Equipment Improvement, New Manufacturing Processes, Sales and Product Services, and Administration and Operation Systems**, whilst upholding the motto of "the Resolver of Façade Building Material Systems" to provide more diverse building materials for the mass as well as the integrative service of use, design and construction.



Diversification R&D upgrading

Based on core technical of architectural porcelain production in forming、sintering...etc、Combined new service model、actively promote diversified products

Champion invest new factory will follow industrial 5.0 standard、to production large slab and slate...etc for new type building material expanding diversify high-end products developing new market。



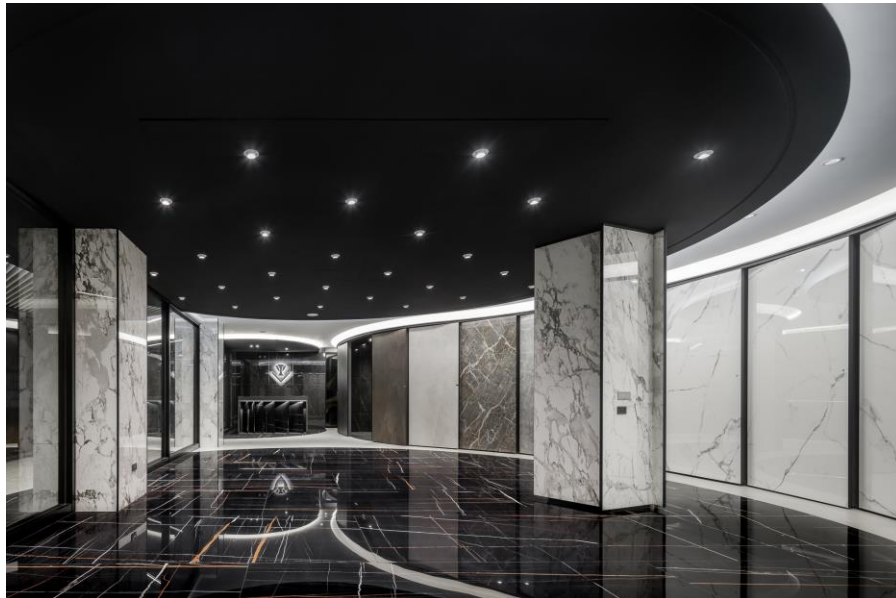
• New Products

The launch of “New Horizon” series by Champion and “Giamor Milano” series by Marcobelli, among which includes the largest-in-Taiwan 90*180 cm artistic mid-sized tiles , as well as the 60*60cm Starry Stones tiles, the best-selling tiles in company history, have contributed to the stable growth in sales in Taiwan.



- Strengthen marketing strategy · Brand Stores new decorate with upgrading

We will actively expand Champion' s market share · Committed to build the strongest consumer experience through each branding showroom · focus on the vertical and horizontal development niches of the Group' s brands · Taipei · Taichung · Kaohsiung · Pingtung...etc in 10 Primary area with Champion flagship stores to display products value ◦ Via brand Stores new decorate with upgrading promotion and coaching · Retail stores display upgrading · Use App software improve efficiency · Combine local Tiler · with worthy service for architect and designer · collaborate with multiple marketing activities in stores · irregularly held a successful sales experience sharing session ◦



• Deepen the transformation of operations in China

**Deepen the benefits of alliances to expand 、
Integration of industrial chain resources of both
parties :**

Assistance brand of Champion into fully home decorate products market 、 and expanding sales channel with more consumers 、 improvement transaction and turnover rate 、 and also planning extend products range for new building material 、 large slate tiles 、 large slab tiles 、 and thin tiles 、 it helps expedite improvement brand reputation 、 Enrich sales product range 、 sales channel expanding...etc with much benefits 。

•Guidelines for Implementing ESG Operations

Environment

-a Sustainable Environment

1st in Taiwanese Tile Manufacturers in

- Completing ESG Sustainability Report and Carbon Inventory
- Completing the BIM Component Incorporating with Government Policies concerning Smart Cit
- Cooperating with Large Construction Companies on Recycling of Waste Bricks and Tiles
- Introducing the Facade Energy Efficiency System for the Peers, Facilitating the Attainment of the Near-Zero Construction Goal
- Obtaining the “Green Factory” certification with an additional 20% energy-saving compared with peers
- Obtaining the “Renewable Green Building Material” and “EU ecolabel” labels

Social

-Employee Care and Social Contributions

- Awarded the Golden Award under the Manufacturing Industry Category of 2023 Happy Enterprises

Employee Welfare

- Free-of-charge dormitory for employees serving specific roles and from other cities
- Annual company trips and extra travel allowance contingent with company profiting status
- Full-time employees with 2+ years of service are entitled physical examination at Company expense, with additional examinations including cancer screening, eye care, bone mass examination, etc.
- Advocating the “Retired Employee Re-hiring Program”

Governance

-Corporate Governance

Reinforcing Competence of the Board

- 7 directors (incl. 3 independent directors) meeting election criteria are elected at a compliant manner
- Board meetings convened according to applicable rules

Maintaining the Rights and Benefits of Shareholders

- An external website exclusively for investors is developed
- Spokesperson(s) and Acting Spokesperson(s) have been assigned

Disclosure of Corporate Governance Information

- The Company governance information, including the operations of the Board and functional committees along with relevant regulations of importance have been disclosed on Company website.

•Guidelines for Implementing ESG Operations

Building a Sustainable Supply Chain

- ✓ Providing norms for Supplier management procedures through the “Procurement Management Procedure” .
- ✓ Understanding and controlling the Supplier aspects including labor rights, environmental protection, ethics and norms, control over safety and health risks, etc. to reduce the operating risks and costs of the Company and the suppliers in the joint efforts toward the future with a composed and sustainable growth.
- ✓ Suppliers are required to sign and reply the “Supplier Commitment for Integrity” .



Introducing the ISO 14001 Environmental Management System

- ✓ Engaging 3rd-party verification agencies for examination of documents and operating procedures.
- ✓ Lowered impacts on air quality required in the transportation vehicles and packaging methods in the material feeds.

Establishing a “GHG Inventory Promotion Committee”

- ✓ Proposing annual management goals for environmental management aspects including carbon reduction, waste reduction, wastewater discharge, etc.
- ✓ Carbon reduction by 1% each year in the preliminary period, with continued attention to the development and supply of clean energy as well as innovations to kiln equipment and energy technologies. Achieving Net-Zero Emission in 2050 is expected.

- ✓ Inventory process in compliance with ISDO 14064-1.

Planning of Future Sustainable Development Strategies

- ✓ Proposed to the Board for review at Q4 each year.



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