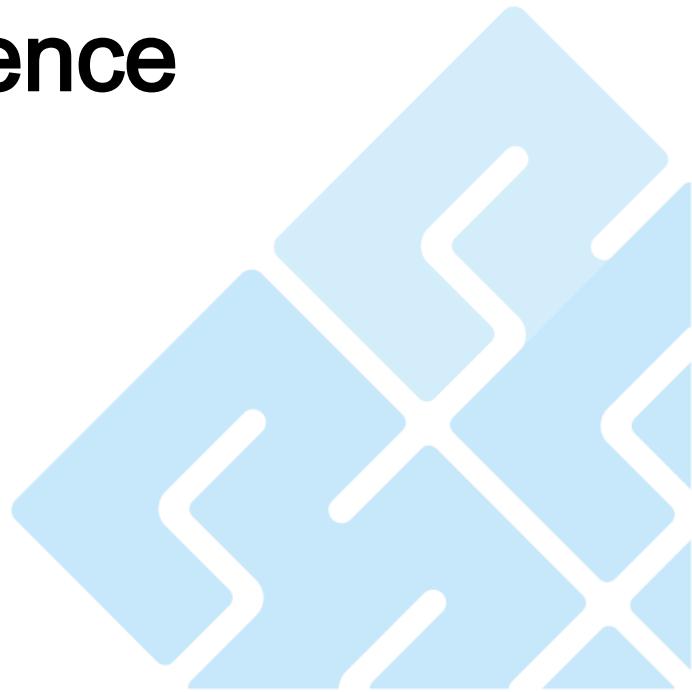




# Chun Yuan Steel Industry Co., Ltd

## Investor Conference



# *CONTENTS*

1. About Us	.....	P2 – P10
2. Operating Performance	.....	P11 – P20
3. Strategies	.....	P21 - P26

# 1. About Us

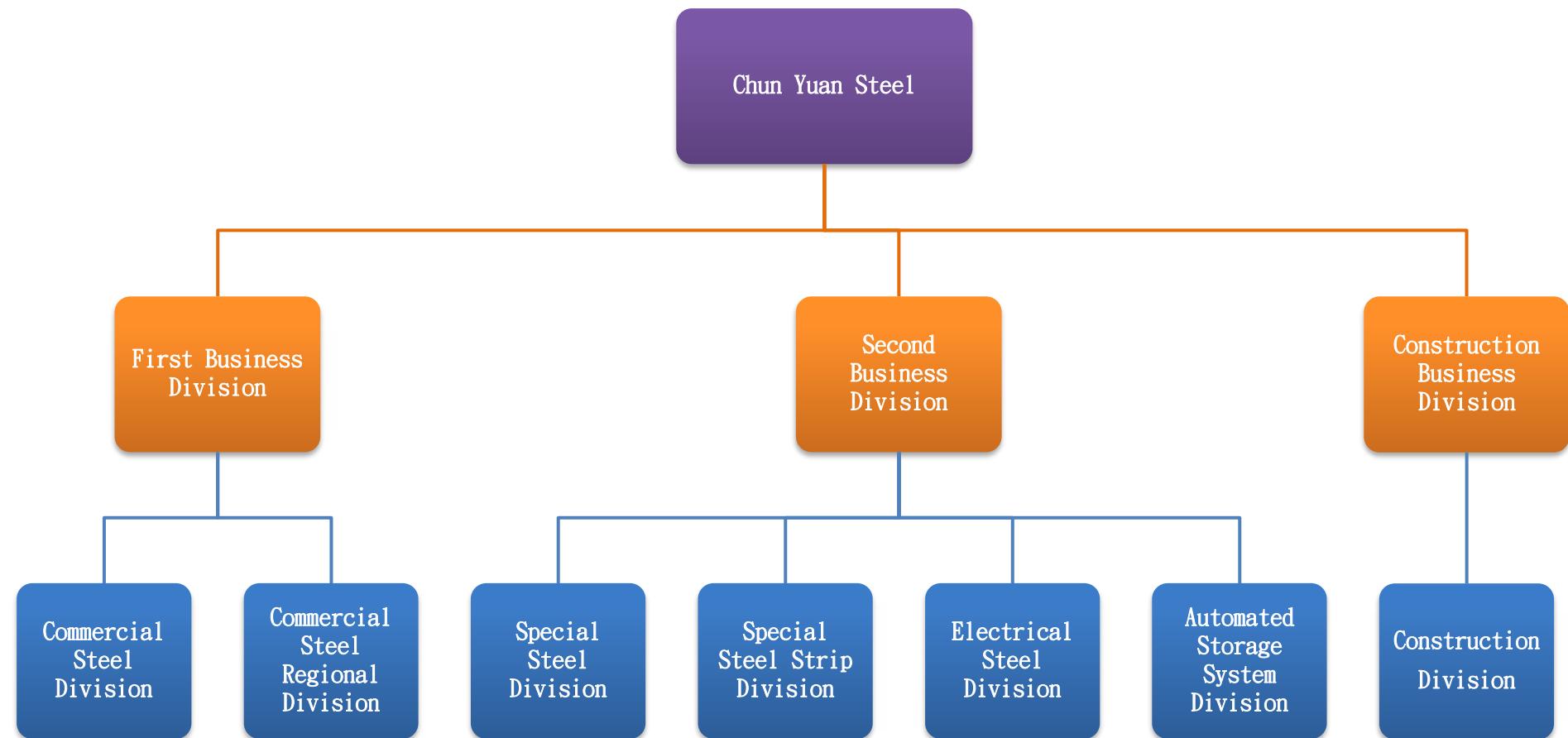
# Overview

- Established : 1965
- Listed : 1989
- Capital : NTD 6.48 billion
- Headcount : about 1, 400

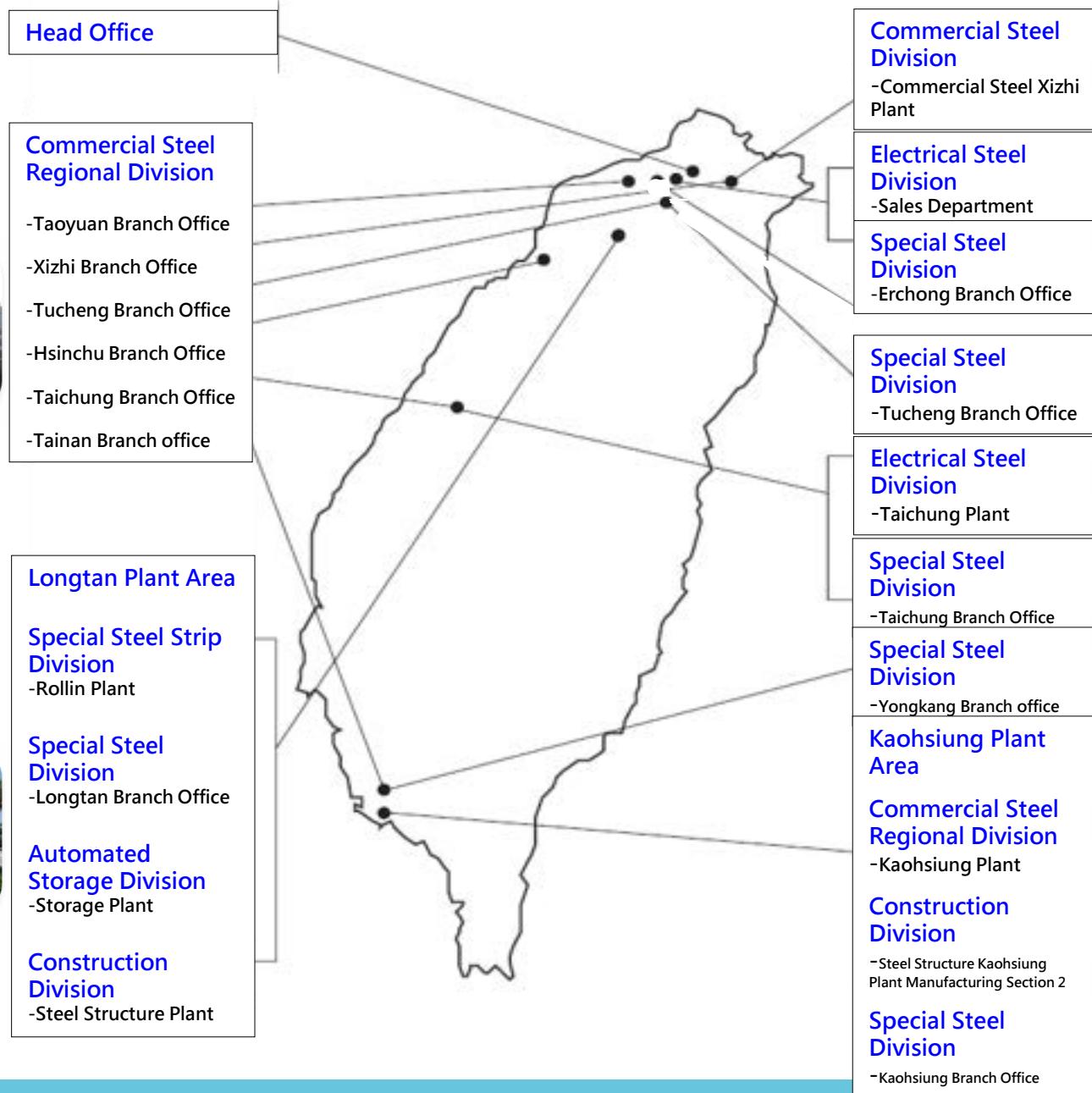


# Overview

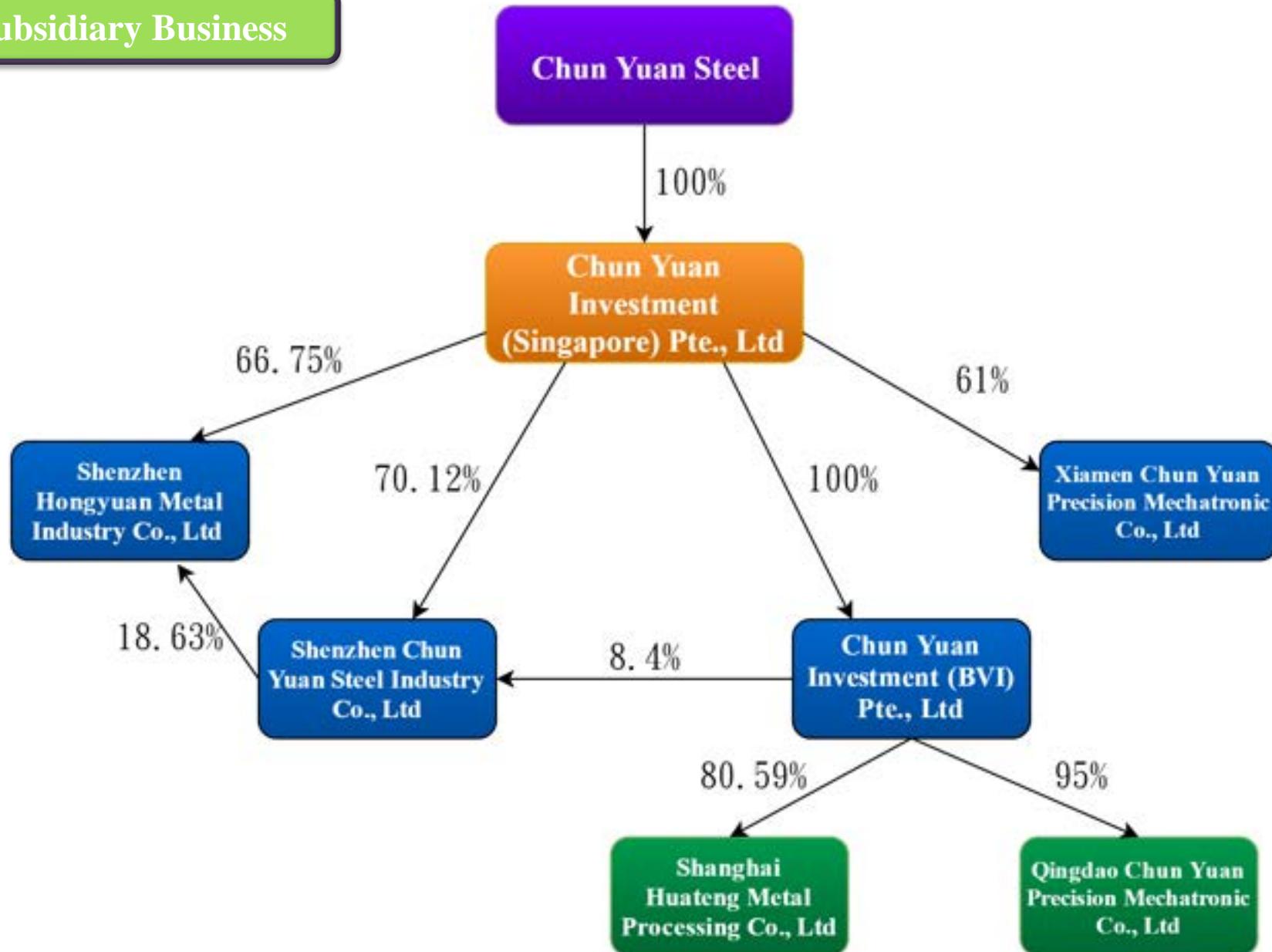
## Domestic Business Divisions



# Overview

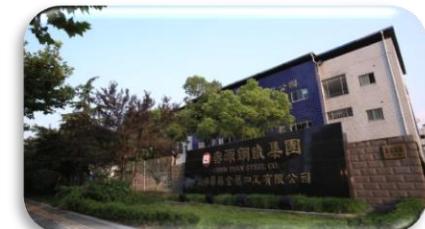
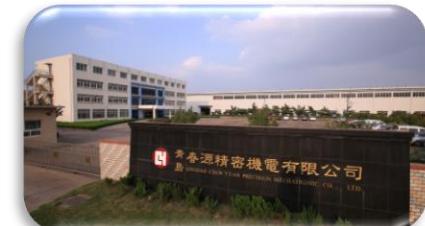
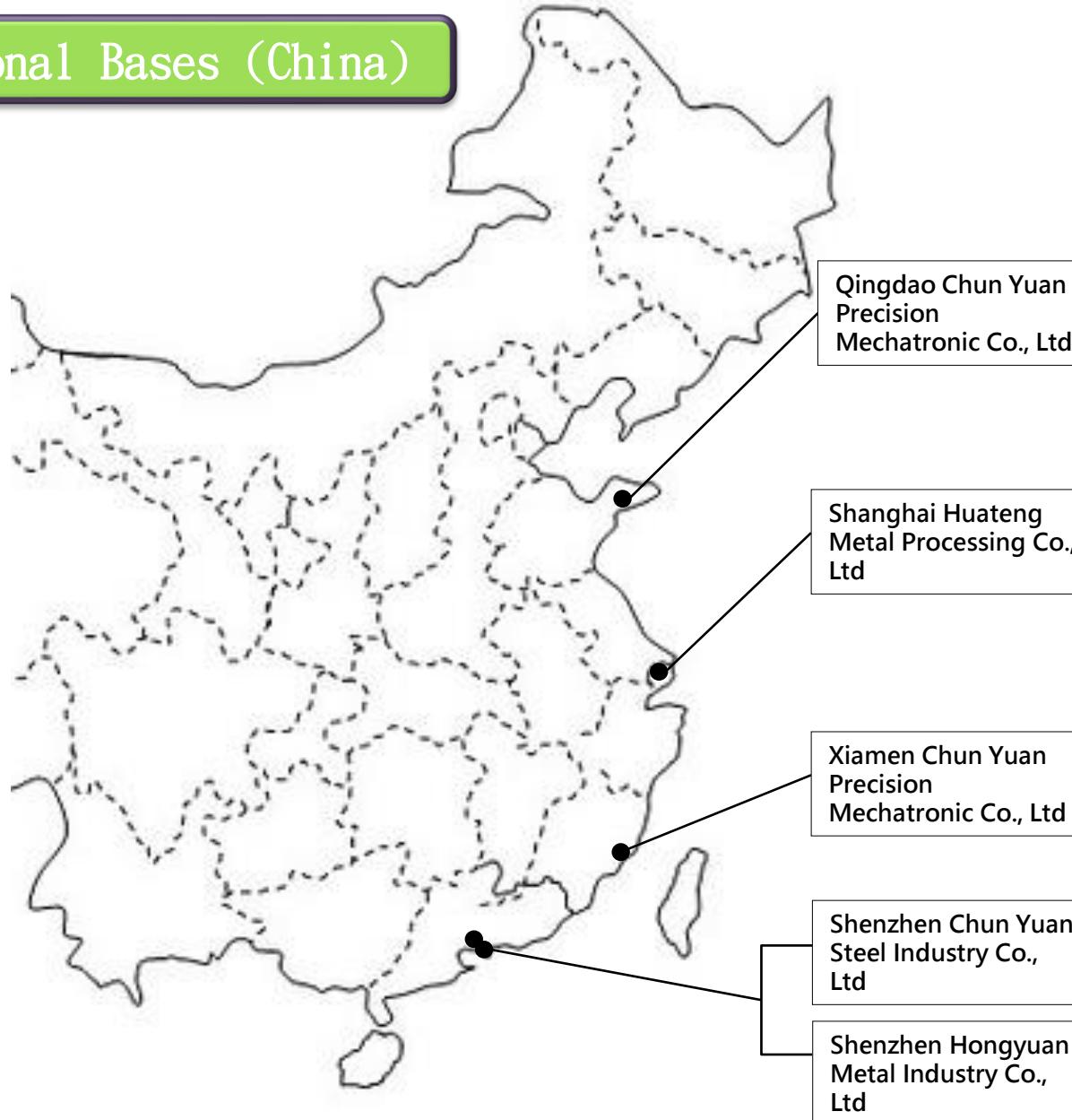


## Subsidiary Business



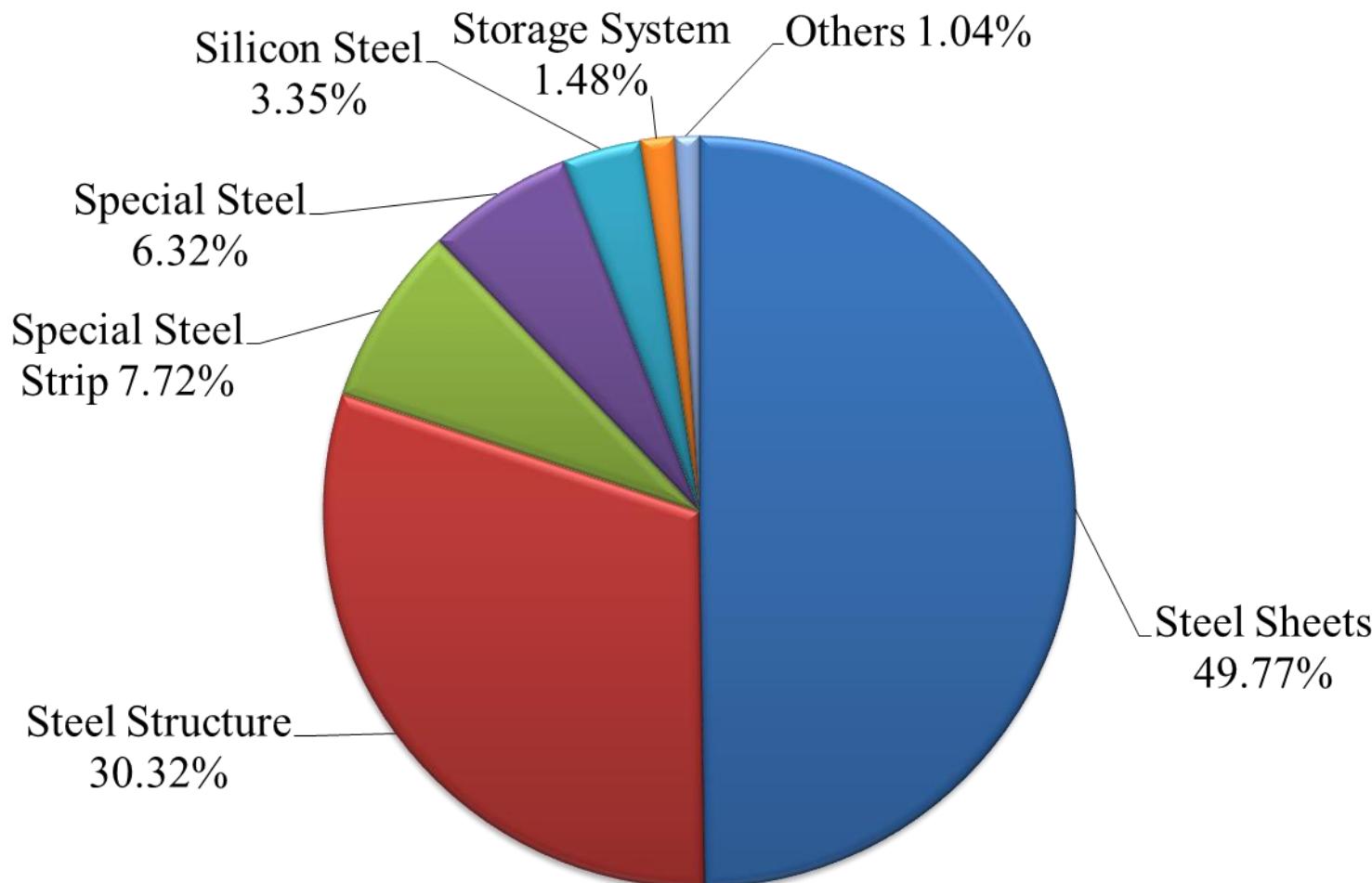
# Overview

## Regional Bases (China)



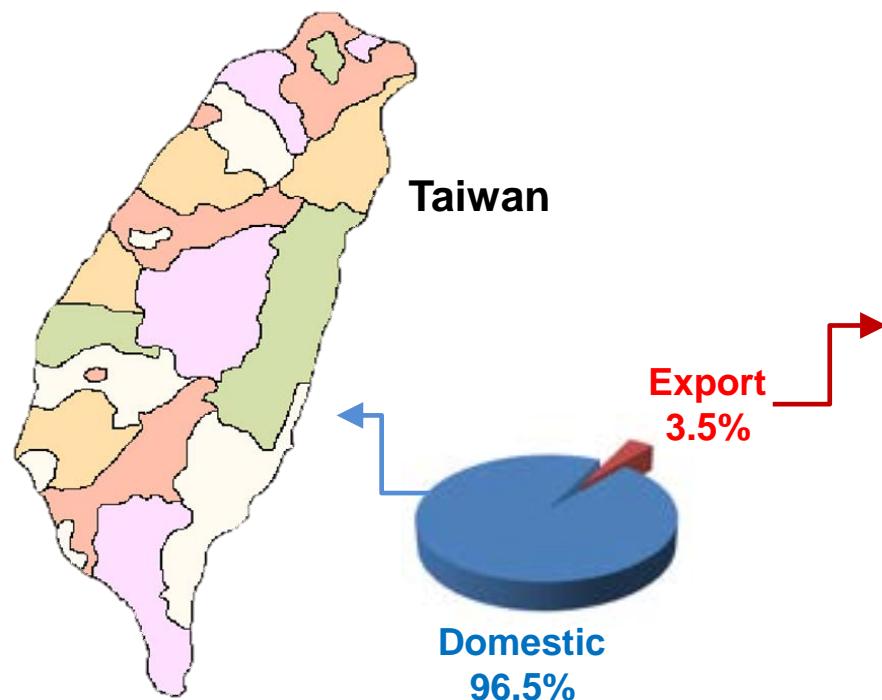
# Overview

## Sales (by product)



# Markets

## Sales (by market)



# Awards and Certifications

2016

- Bureau of Energy (MOEA): High Energy Efficiency Award- Taiwan Excellence Motor Awards
- CSD: The 29th Taiwan Continuous Improvement Awards, Silver Medal (Commercial Steel Division, Xizhi Plant) / Bronze Medal (Commercial Steel Regional Division, Kaohsiung Plant / Special Steel Strip Division, Rolling Plant)
- NSF: ISO/TS 16949: 2009 Certification (Qingdao Chun Yuan / Shanghai Huateng / Shenzhen Chun Yuan / Shenzhen Hongyuan)

2015

- ITRI: High Efficiency IE3 Motor Mark
- CSD: The 28th Taiwan Continuous Improvement Awards, Bronze Medal (Commercial Steel Regional Division, Kaohsiung Plant)
- Ministry of Labor: TTQS Talent Quality-Management System Evaluation (corporate version) Silver Medal

2014

- Ministry of Labor: National Industrial Safety and Health Award (Commercial Steel Regional Division, Kaohsiung Plant)
- CSD: The 27th Taiwan Continuous Improvement Awards , Bronze Medal (Commercial Steel Division, Xizhi Plant / Commercial Steel Regional Division, Kaohsiung Plant)

## 2. Operating Performance

# Consolidated Balance Sheets

Unit: NT\$ thousand

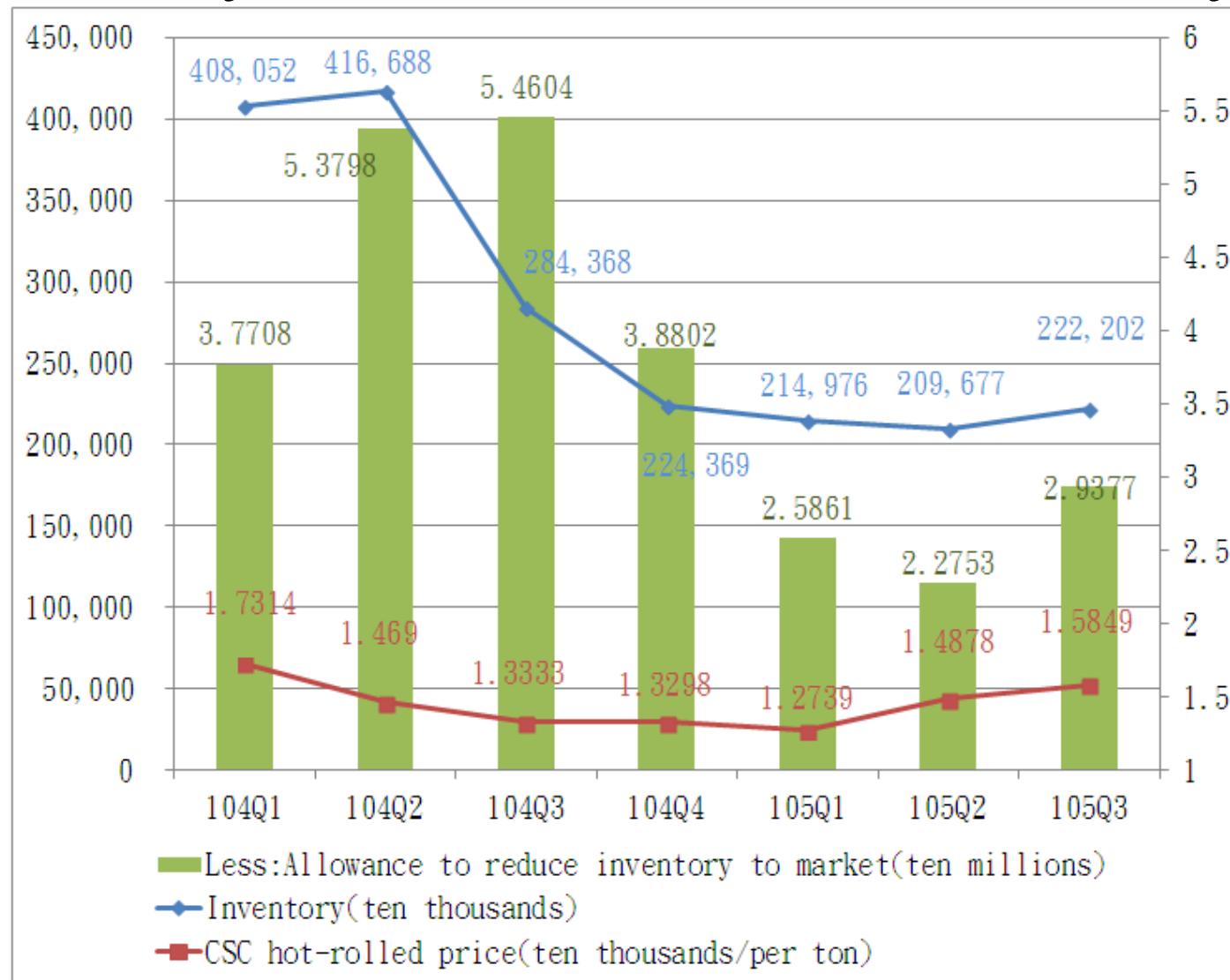
	105Q3		104Q3	
	Amount	%	Amount	%
Current assets	9,191,609	58	10,792,950	61
Non-current assets	6,565,019	42	6,847,817	39
<b>Total Assets</b>	<b>15,756,628</b>	<b>100</b>	<b>17,640,767</b>	<b>100</b>
Current liabilities	2,975,901	19	4,890,266	28
Non-current liabilities	1,618,430	10	1,755,250	10
<b>Total Liabilities</b>	<b>4,594,331</b>	<b>29</b>	<b>6,645,516</b>	<b>38</b>
<b>Total Equity</b>	<b>11,162,297</b>	<b>71</b>	<b>10,995,251</b>	<b>62</b>

# Consolidated Statements of Comprehensive Income

Unit: NT\$ thousand

	105Q3		104Q3	
	Amount	%	Amount	%
Revenues	12,645,918	100	12,315,334	100
Gross profit	1,237,468	10	769,987	6
Operating income	587,970	5	128,503	1
Profit before tax	688,467	5	292,437	2
Profit	536,517	4	249,414	2
Other comprehensive income	(241,938)	(2)	7,910	-
Total comprehensive income	294,579	2	257,324	2

# Inventory & Steel Price Trend Analysis



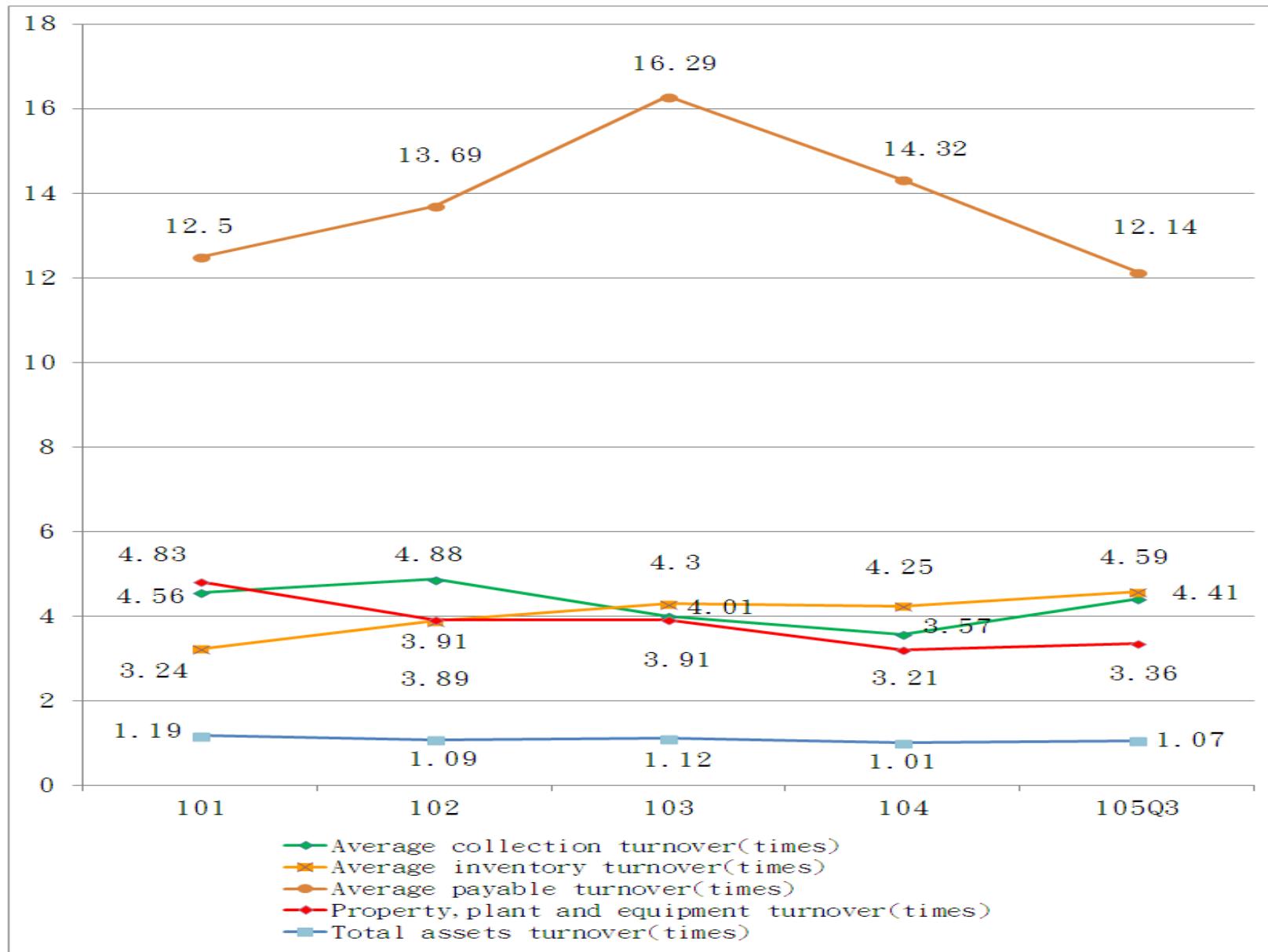
# Financial Ratio Analysis

		105Q3	104Q3
Operating Performance Analysis	Average collection turnover (times)	4.41 <span style="color:red">↑</span>	3.37
	Average collection days	83 <span style="color:green">↓</span>	108
	Average inventory turnover (times)	4.59 <span style="color:red">↑</span>	4.01
	Average inventory days	80 <span style="color:green">↓</span>	91
	Average payable turnover (times)	12.14 <span style="color:green">↓</span>	14.35
	Property, plant and equipment turnover (times)	3.36 <span style="color:red">↑</span>	3.18
	Total assets turnover (times)	1.07 <span style="color:red">↑</span>	0.93

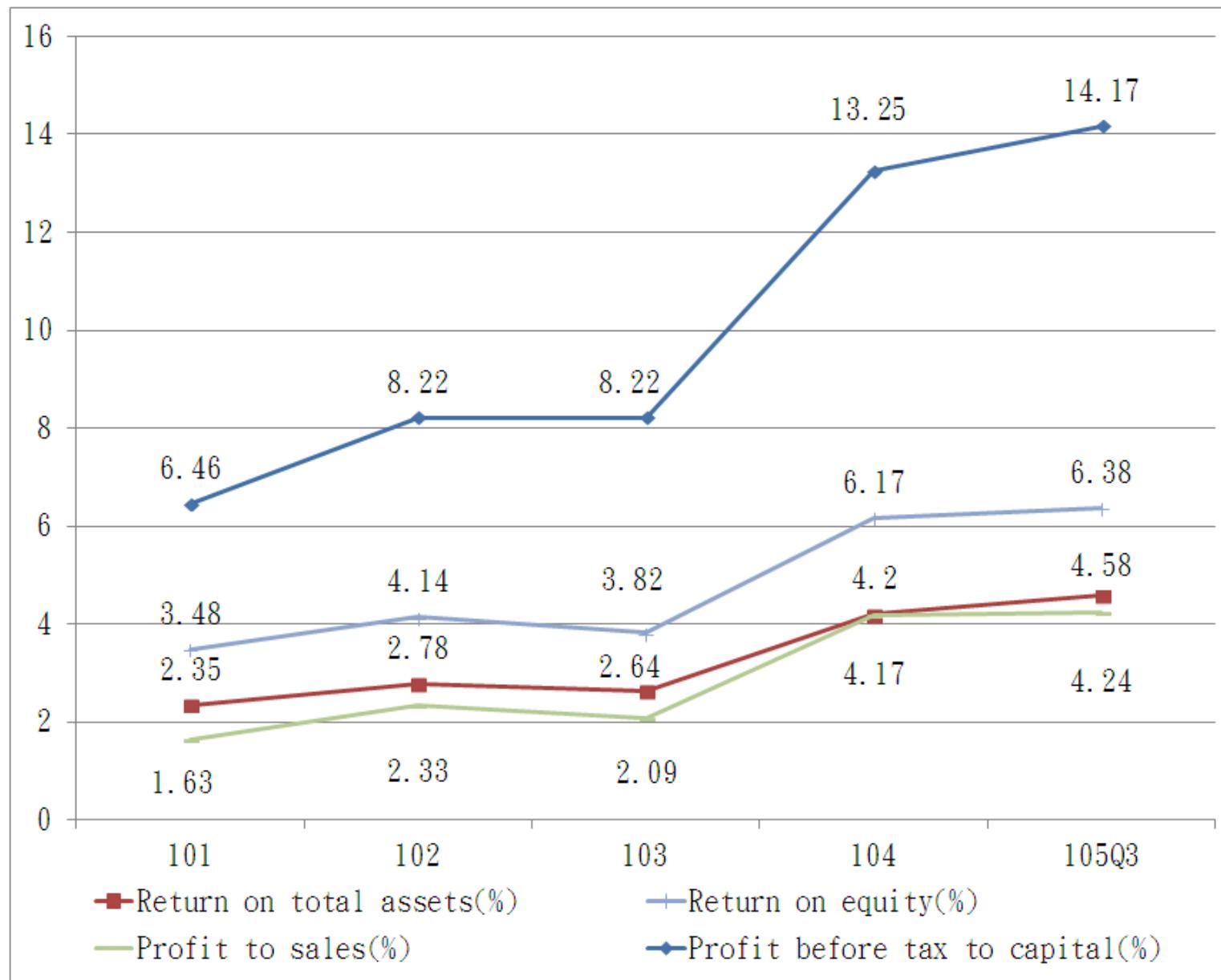
# Financial Ratio Analysis

		105Q3	104Q3
Profitability Analysis	Return on total assets (%)	4.58 ↑	2.09
	Return on equity (%)	6.38 ↑	3.02
	Profit before tax to capital(%)	14.17 ↑	6.02
	Profit to sales (%)	4.24 ↑	2.03
	EPS(NT\$)	0.82 ↑	0.43

# Operating Performance Analysis



# Profitability Analysis



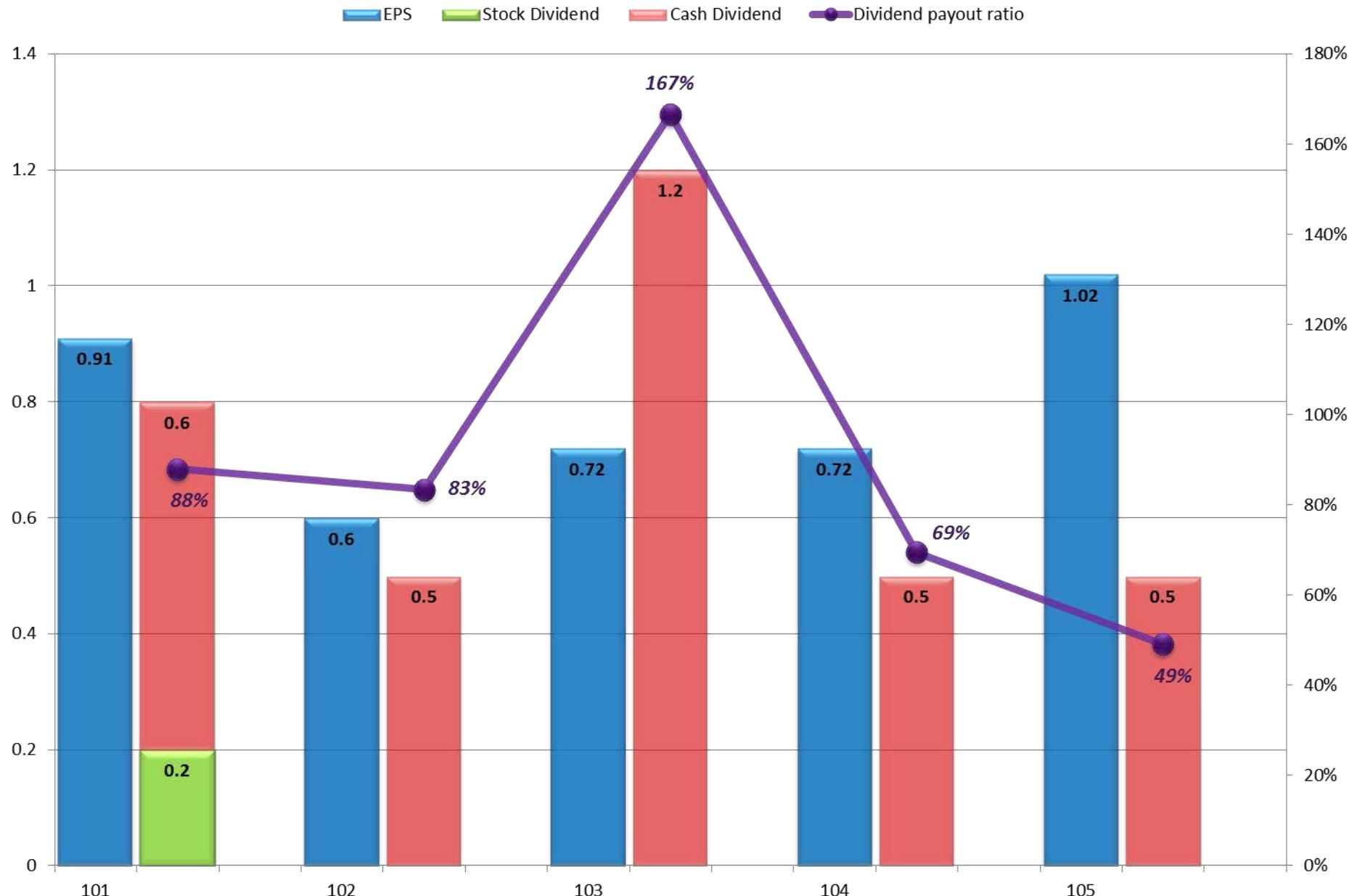
# Financial Review

Unit: NT\$ thousand

	100/12/31	101/12/31	102/12/31	103/12/31	104/12/31
Debt Ratio	48. 59%	37. 69%	38. 49%	39. 48%	31. 24%
Current Ratio	173. 30%	225. 51%	215. 17%	207. 65%	277. 44%
CF0s	(845, 256)	3, 936, 990	835, 773	1, 103, 142	1, 971, 437

Note : CFOs = Cash flows from Operating Activities  
 IFRSs basis : 102~104

# Historical EPS and Dividends Paid



# 3. Strategies

# Innovative R&D

Technology  
R&D

- Implement R&D strategy in new technology, new process, labor-saving and automation.

Market  
R&D

- Expand R&D strategy in “New Product” and “New Market”.

Investment  
R&D

- Continuous Investment in “New Equipment”.

# Continuous Investment

## Equipment

- Continuously invest in various production, hoisting and transportation equipment to achieve higher efficiency, lower cost, and optimum service speed and quality.

## Facilities

- Continuously invest in the expansion of plant facilities to meet the demand of growth in business and to reinforce competitiveness and achieve growth in revenue.

# Inventory Management

Optimal  
Inventory

- Implement optimum control of materials, sales and inventory through high precision estimation of customer demand and material procurement to maintain the inventory at the optimal level, increase inventory turnover and decrease the working capital demand.

Stable  
Material  
Supply

- Utilize our long-term partnerships with steel mills while responding to the latest exchange rate trends to expand stable material supply of source and ensure stable revenue and profitability.

# Cost Rationalization

## Cost of Materials

- Expand the source of materials and seek competitive supply of materials.
- Set up a inventory control plan to optimize inventory levels and effectively cut down working capital demand.

## Cost of Production

- Invest in R&D to lower production costs through “new technology, new processes, labor-saving and automation”.
- Continuously upgrade electric control equipment to boost production efficiencies and achieve energy-savings.
- Recycle packaging materials to achieve waste reduction.

# Health and Workplace Safety

## Compliance

- Keep informed of the policy enforcement timeframe and ensure full legal compliance through close monitoring, tracking and supervision of implementation status.

## Workplace Safety Management

- Continuously enforce the three goals of TPM to achieve improvement in the plant environment.
- Launch QCC activities to achieve self-management.
- Establish a safety experience classroom to reinforce the awareness of workplace safety.

END