



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

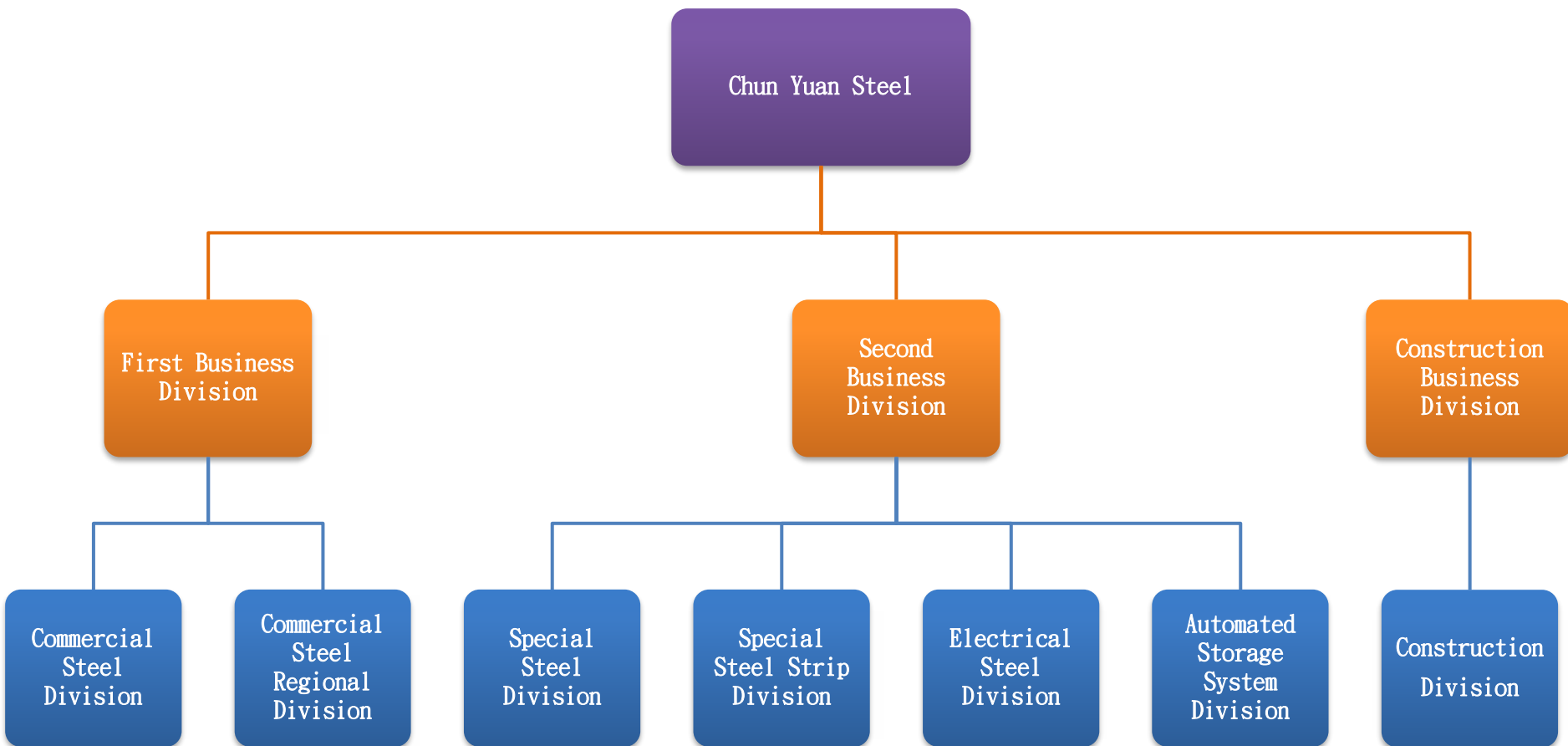
Overview

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



Overview

Domestic Business Divisions



Overview

Head Office

Commercial Steel Regional Division

- Taoyuan Branch Office
- Xizhi Branch Office
- Tucheng Branch Office
- Hsinchu Branch Office
- Taichung Branch Office
- Tainan Branch office

Longtan Plant Area

Special Steel Strip Division

- Rollin Plant

Special Steel Division

- Longtan Branch Office

Automated Storage Division

- Storage Plant

Construction Division

- Steel Structure Plant

Commercial Steel Division

- Commercial Steel Xizhi Plant

Electrical Steel Division

- Sales Department

Special Steel Division

- Erchong Branch Office

Special Steel Division

- Tucheng Branch Office

Electrical Steel Division

- Taichung Plant

Special Steel Division

- Taichung Branch Office

Special Steel Division

- Yongkang Branch office

Kaohsiung Plant Area

Commercial Steel Regional Division

- Kaohsiung Plant

Construction Division

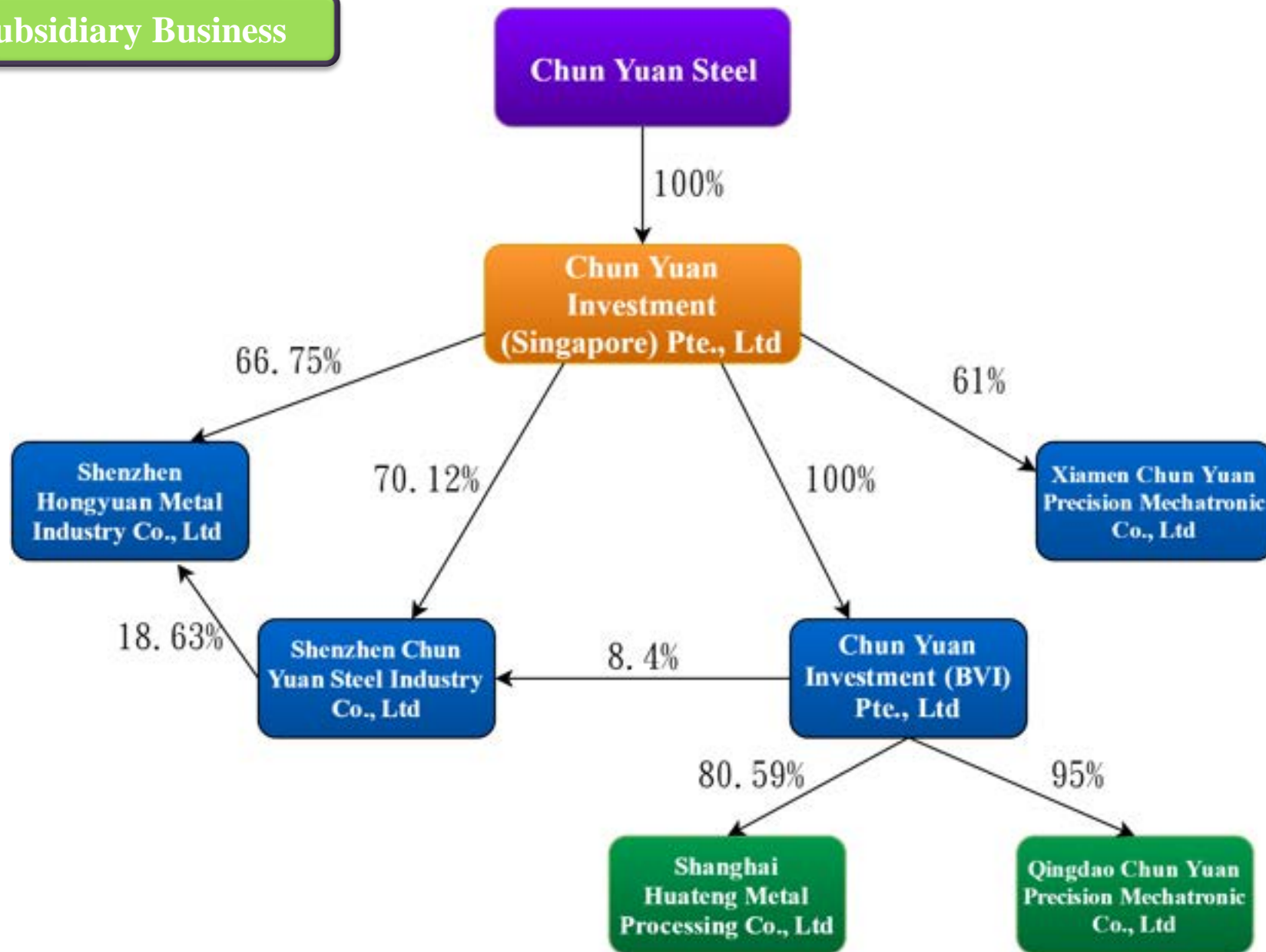
- Steel Structure Kaohsiung Plant Manufacturing Section 2

Special Steel Division

- Kaohsiung Branch Office

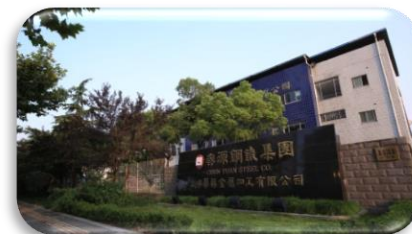
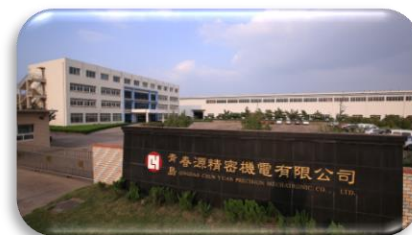
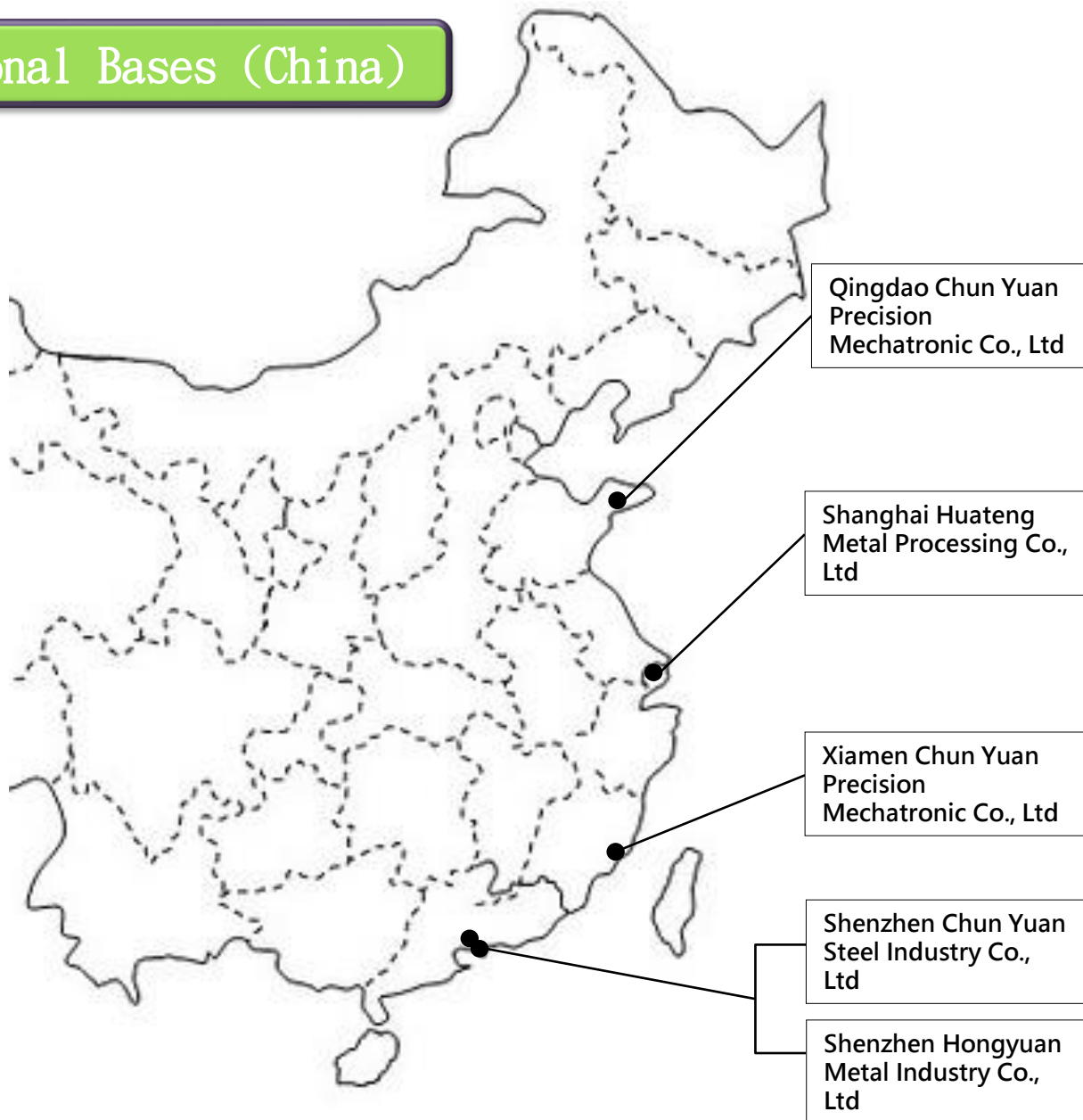


Subsidiary Business



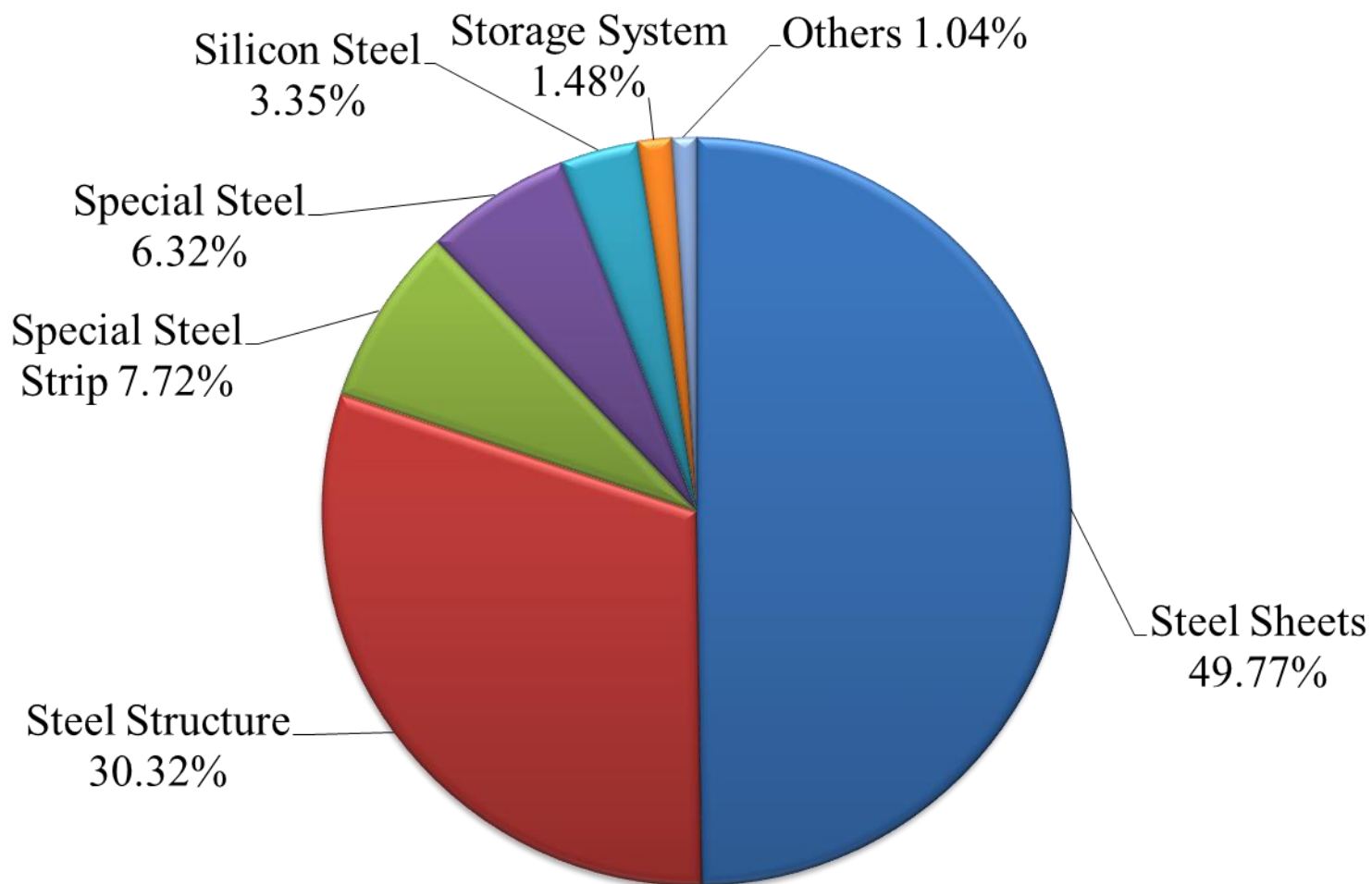
Overview

Regional Bases (China)



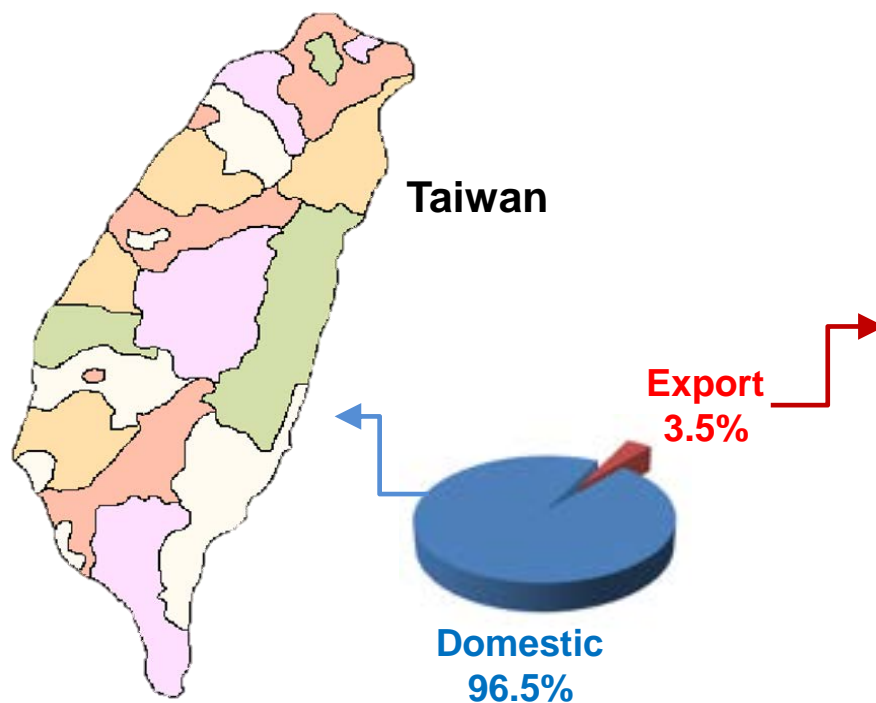
Overview

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

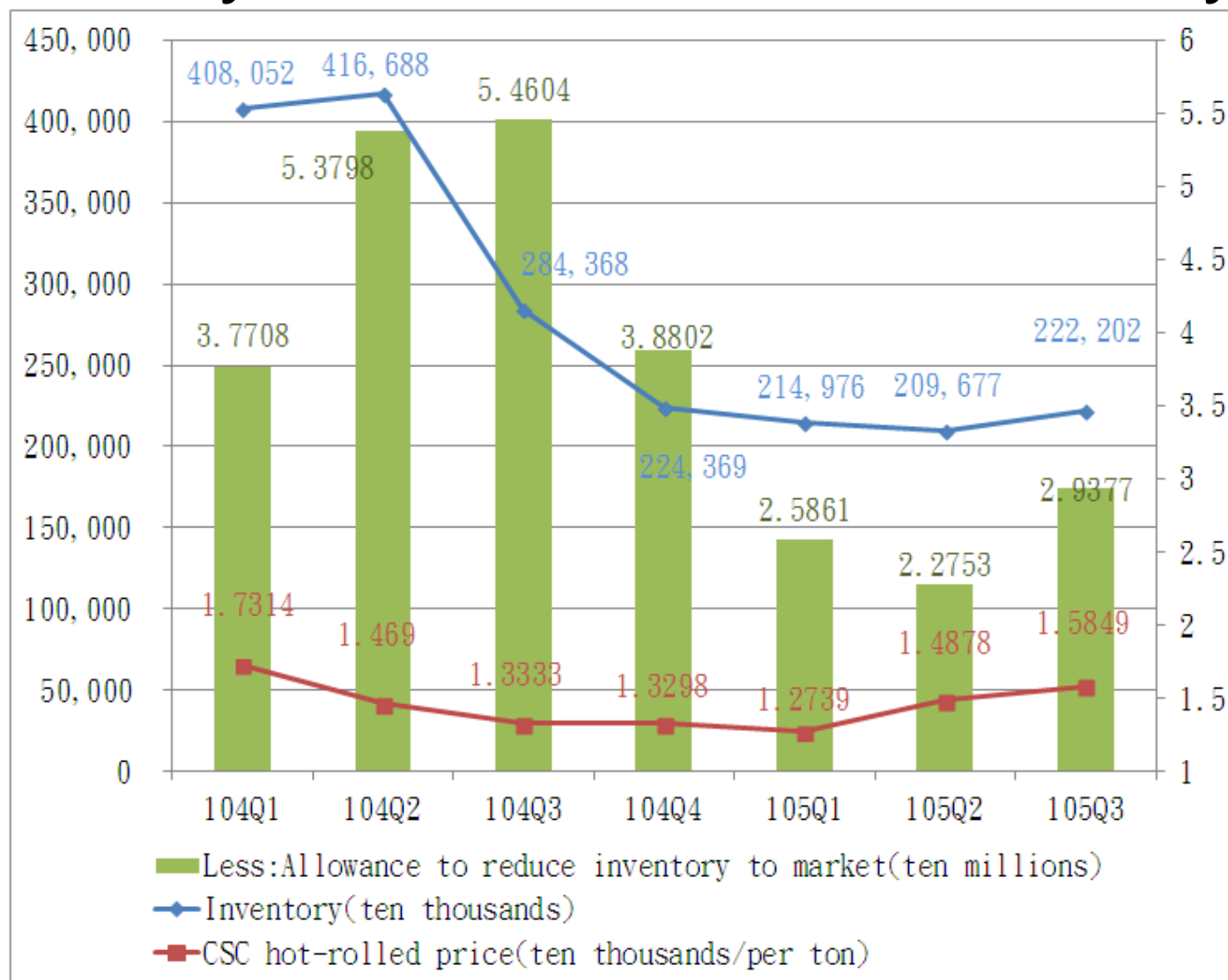
	105Q3		104Q3	
	Amount	%	Amount	%
Current assets	9,191,609	58	10,792,950	61
Non-current assets	6,565,019	42	6,847,817	39
Total Assets	15,756,628	100	17,640,767	100
Current liabilities	2,975,901	19	4,890,266	28
Non-current liabilities	1,618,430	10	1,755,250	10
Total Liabilities	4,594,331	29	6,645,516	38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

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



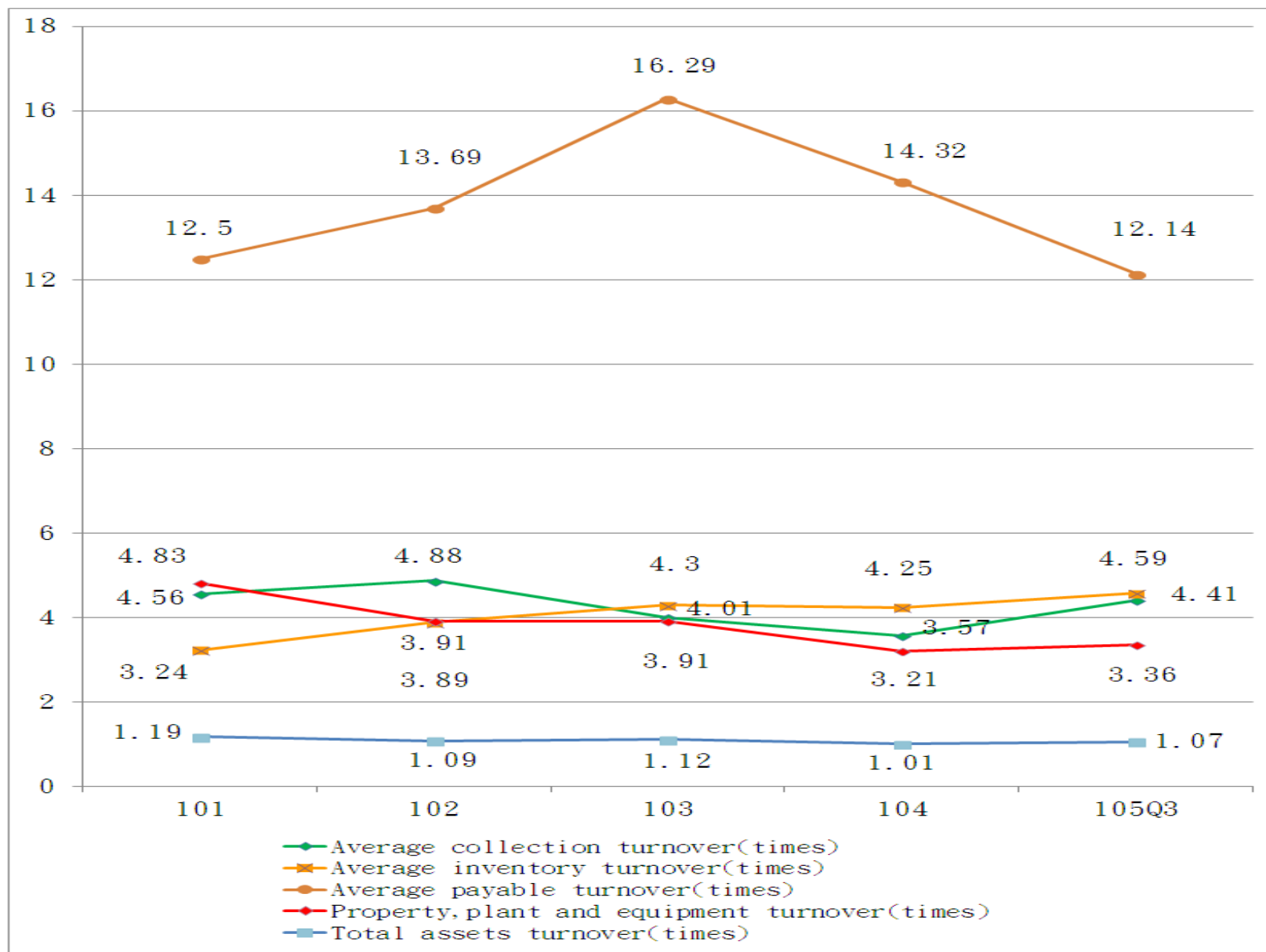
Financial Ratio Analysis

		105Q3	104Q3
Operating Performance Analysis	Average collection turnover (times)	4.41 ↑	3.37
	Average collection days	83 ↓	108
	Average inventory turnover (times)	4.59 ↑	4.01
	Average inventory days	80 ↓	91
	Average payable turnover (times)	12.14 ↓	14.35
	Property, plant and equipment turnover (times)	3.36 ↑	3.18
	Total assets turnover (times)	1.07 ↑	0.93

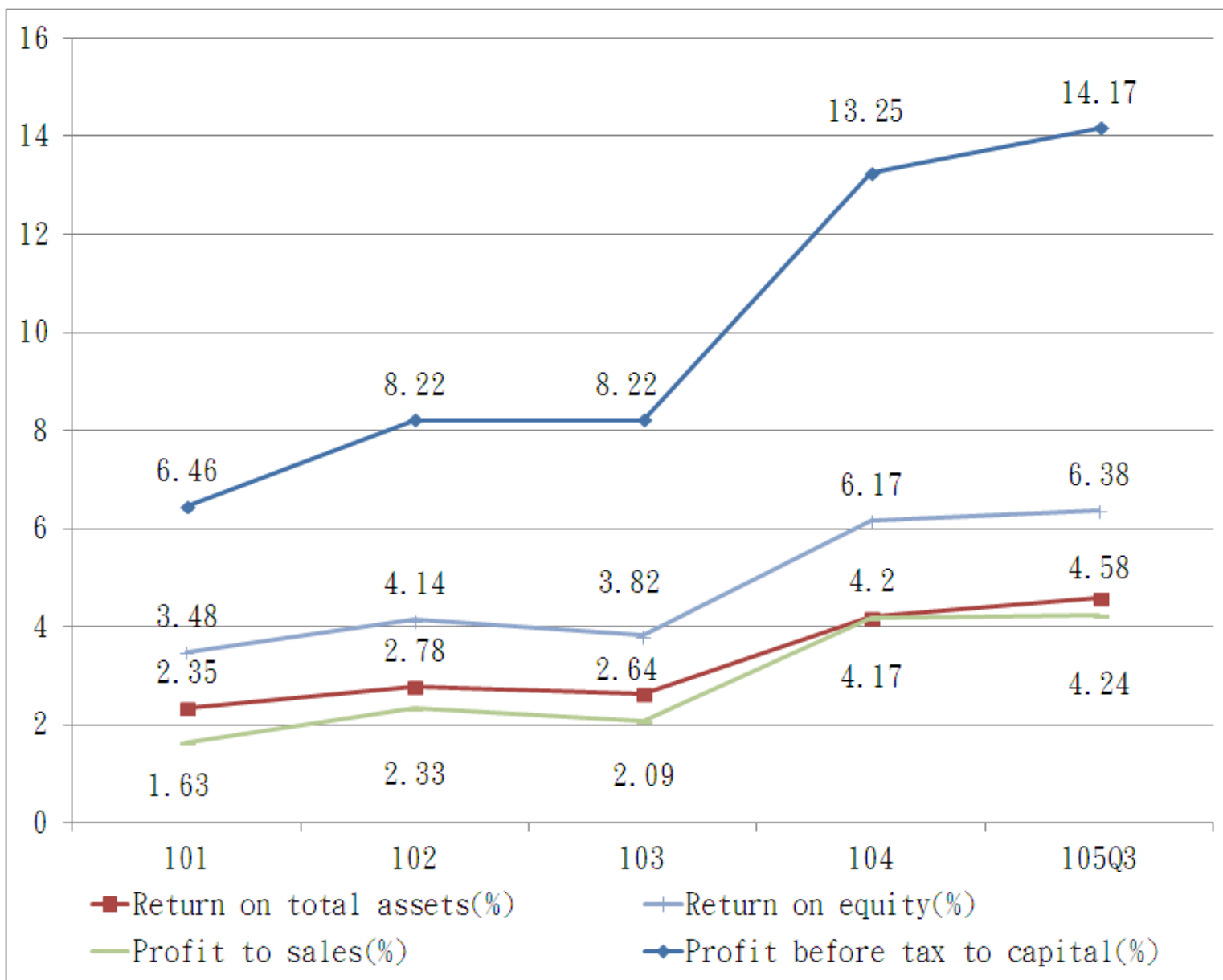
Financial Ratio Analysis

		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



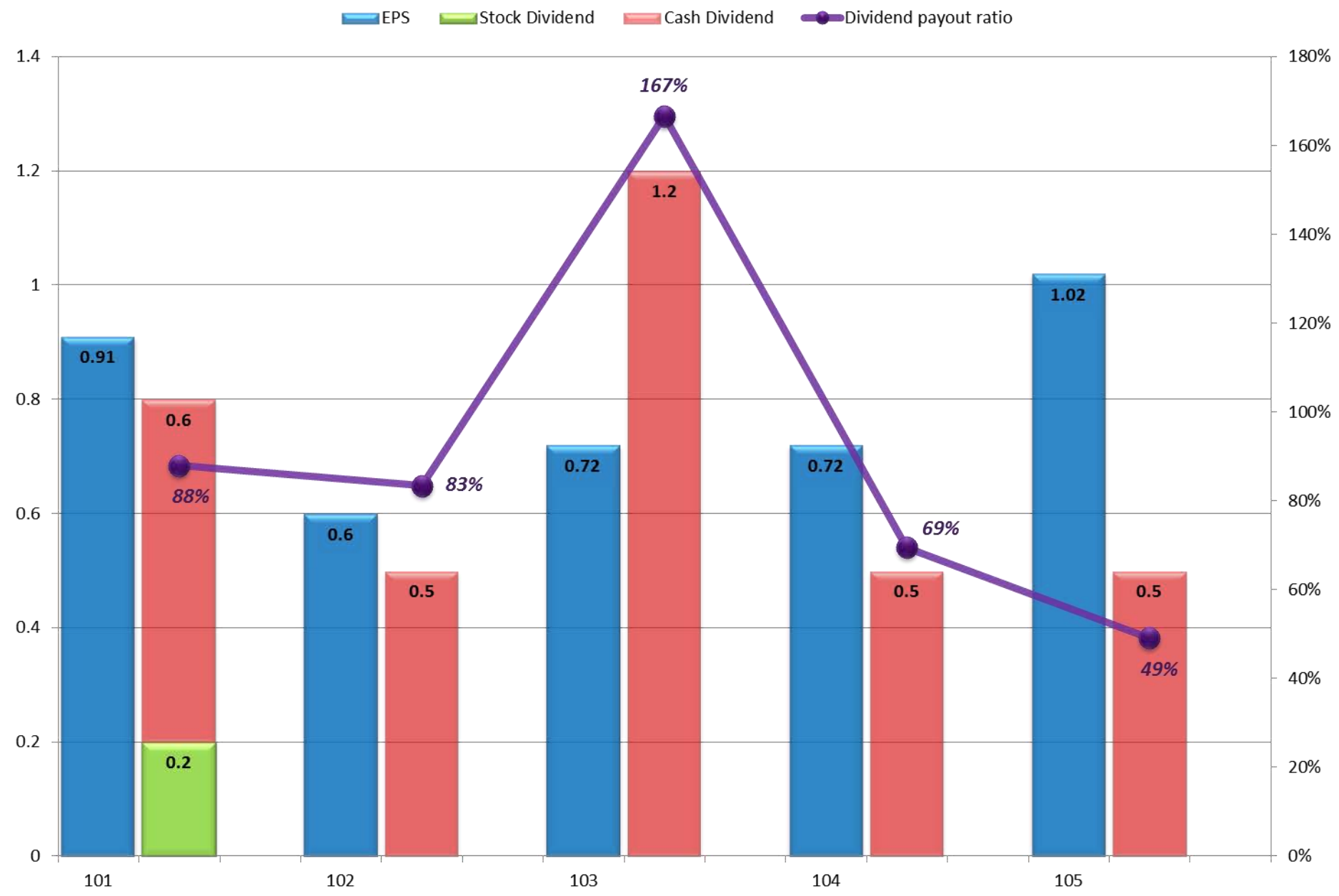
Financial Review

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%
CFOs	(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.

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