



Chun Yuan Steel Industry Co., Ltd

Investor Conference

2018



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1. About Us

Overview

◎ Established : 1965

◎ Listed : 1989

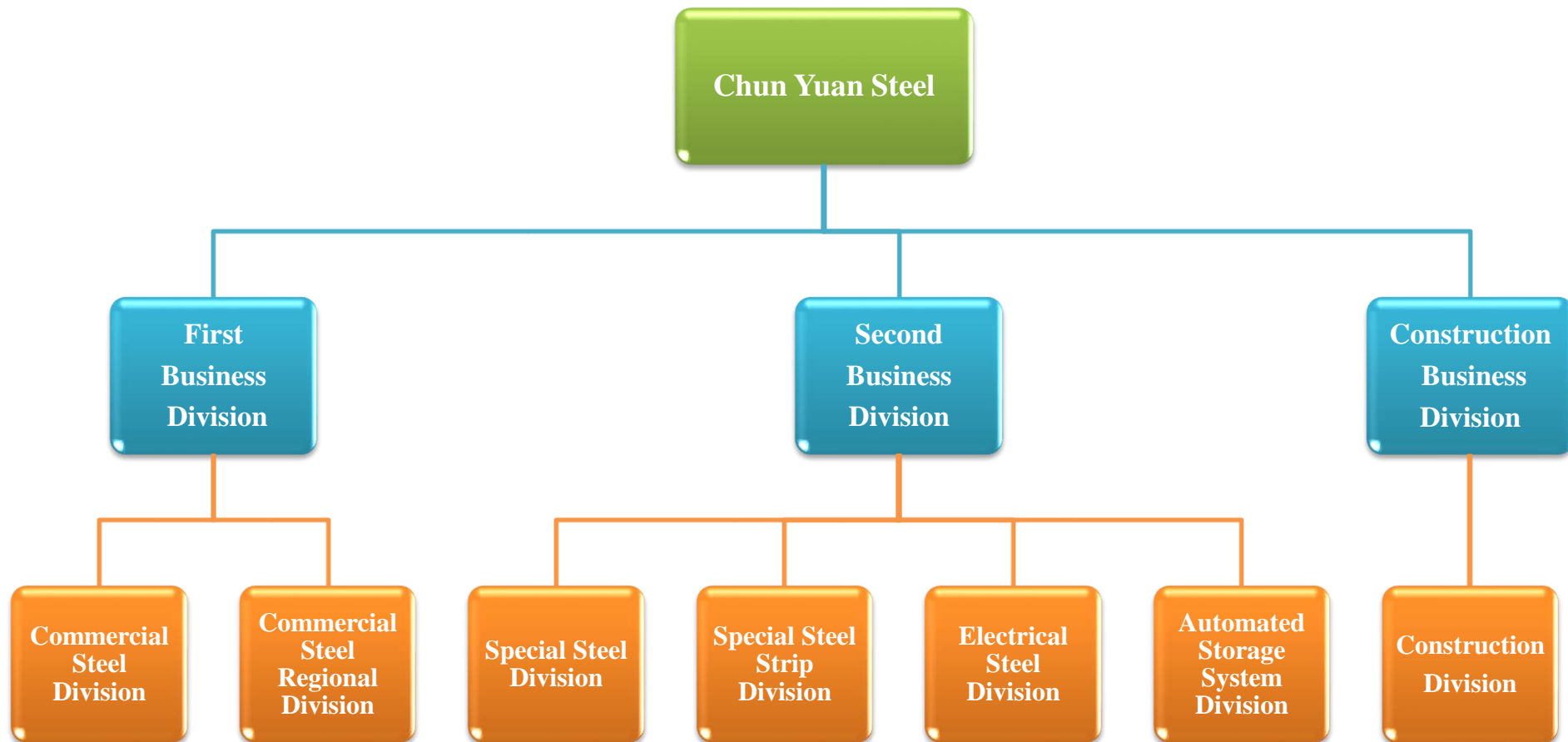
◎ Capital : NTD 6.48 billion

◎ Headcount : about 1,400



Overview

Domestic Business Divisions



Overview

Regional Bases (Taiwan)

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

Special Steel Division

- Erchong Branch Office
- Tucheng Branch Office
- Taichung Branch Office
- Yongkang Branch office

Electrical Steel Division

- Sales Department
- Taichung Plant

Kaohsiung Plant Area

Commercial Steel Regional Division

- Kaohsiung Plant

Construction Division

- Steel Structure Kaohsiung Plant Manufacturing Section 2

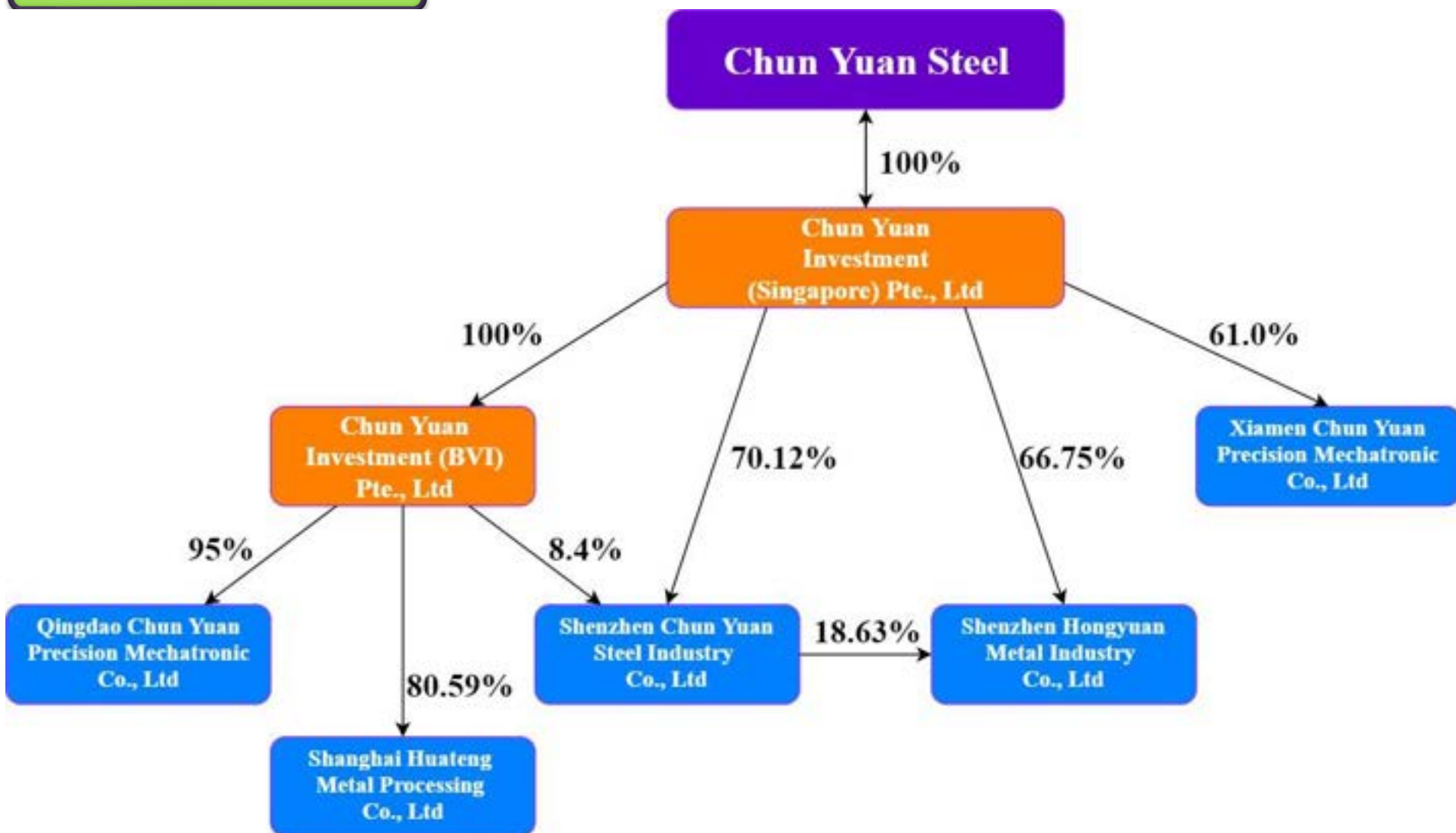
Special Steel Division

- Kaohsiung Branch Office



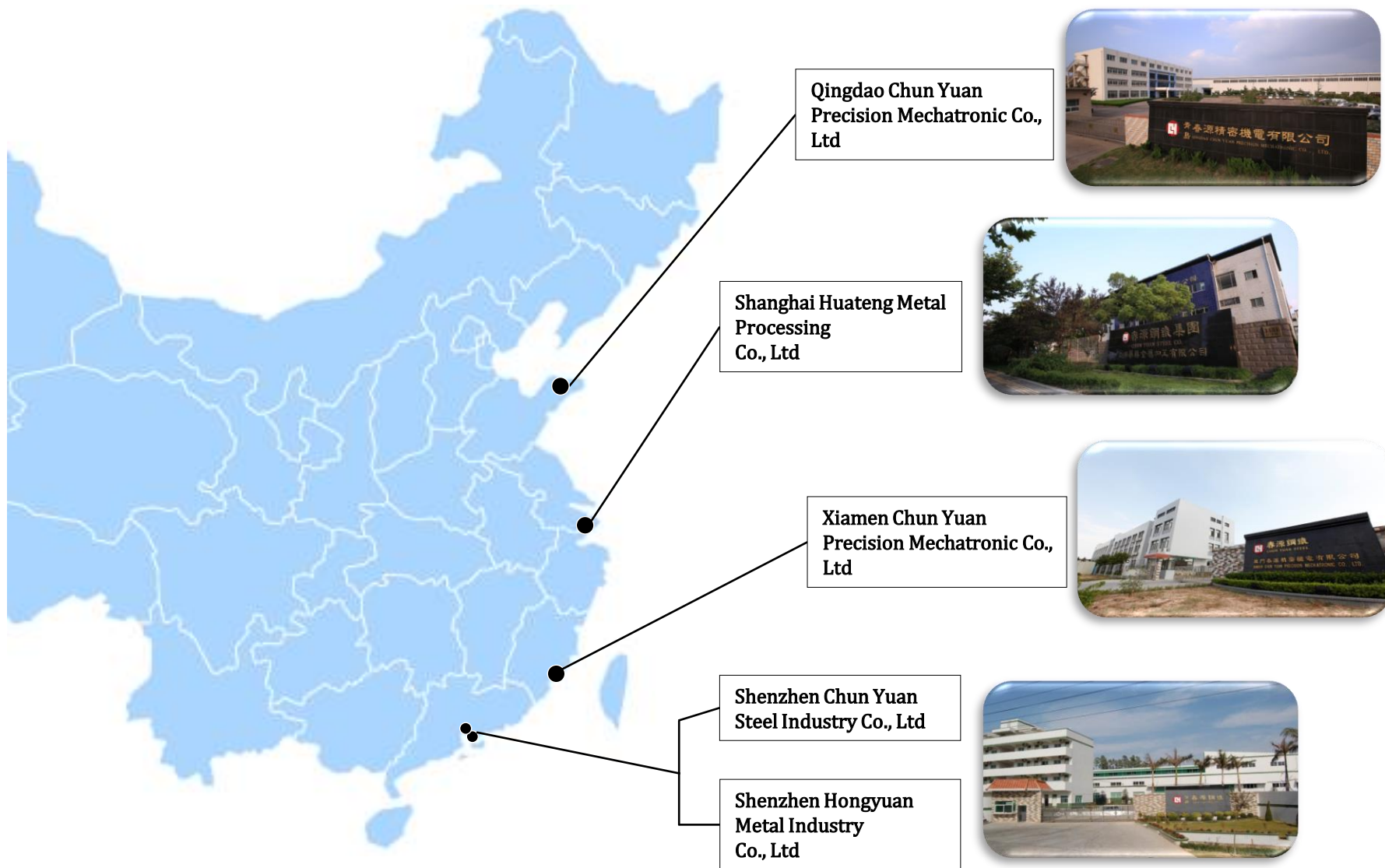
Overview

Subsidiary Business



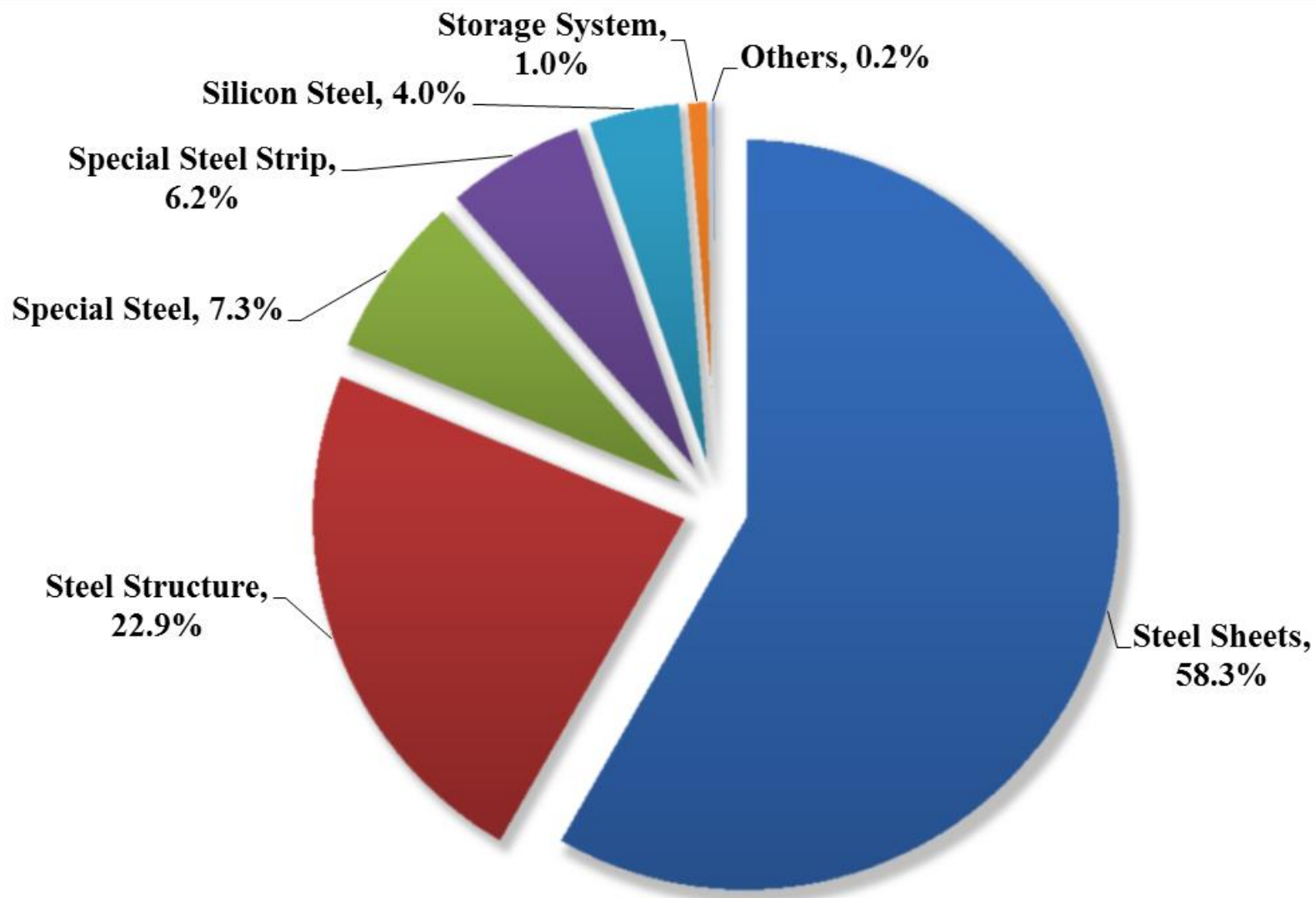
Overview

Regional Bases (China)



Overview

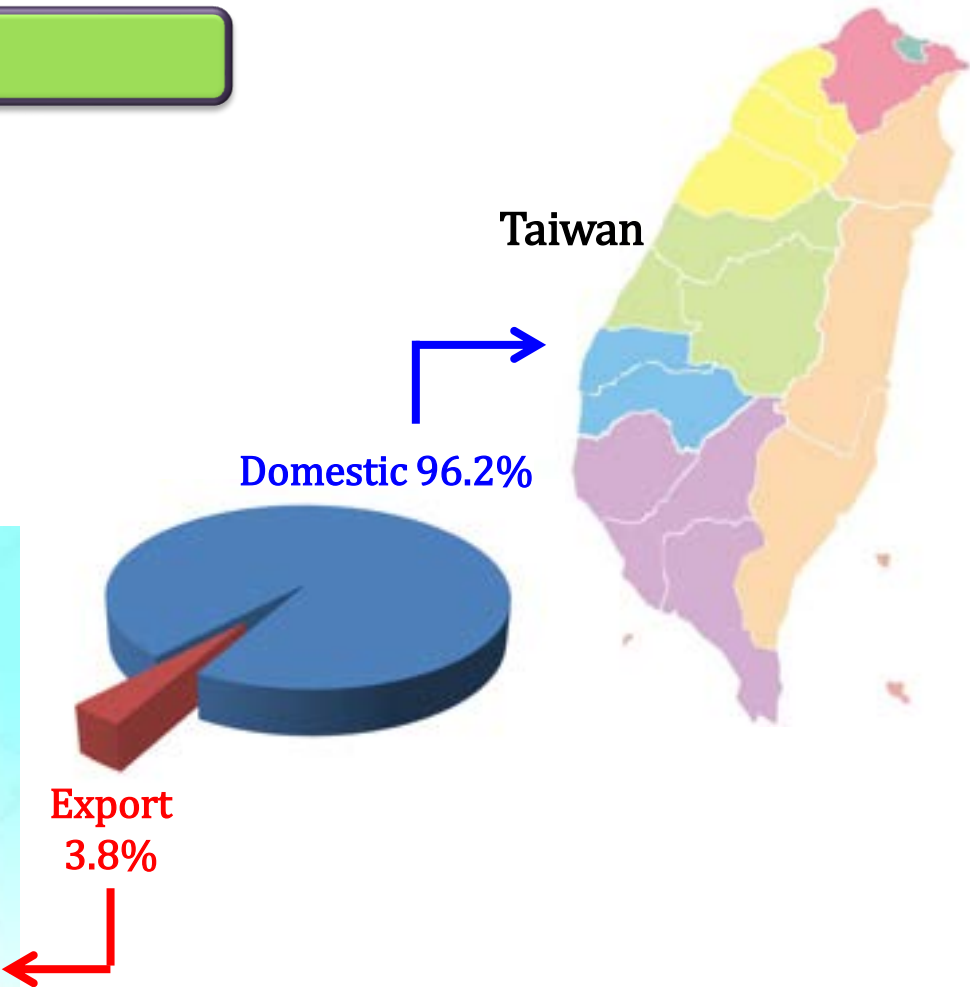
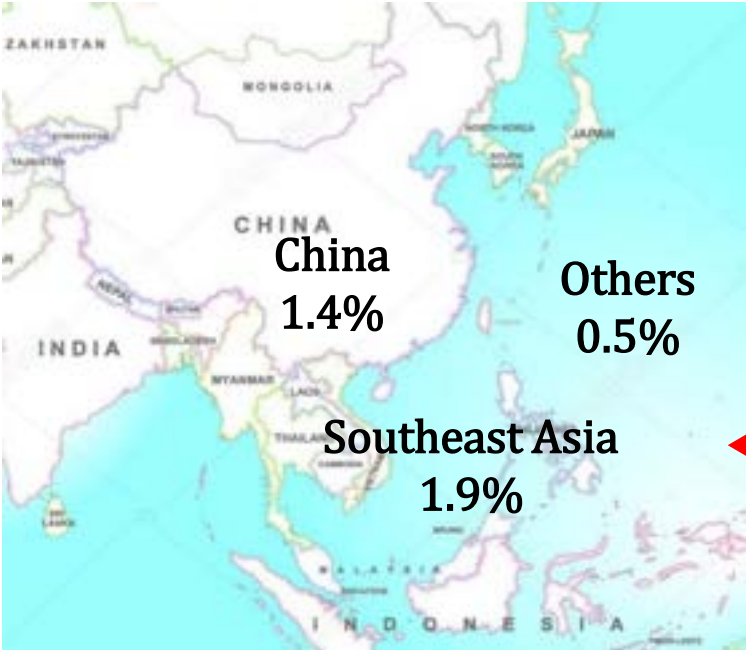
Sales (by product)



Source: Annual Report 2016

Overview

Sales (by market)



Awards and Certifications

2017

- **Ministry of Labor**: TTQS Talent Quality-Management System Evaluation (corporate version) Gold Medal
- **CSD**: The 30th Taiwan Continuous Improvement Awards, Bronze Medal (Commercial Steel Division, Xizhi Plant/ Special Steel Strip Division, Rolling Plant)

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

2. Operating Performance

Consolidated Balance Sheets

Unit: NT\$ thousand

| | 106Q3 | | 105Q3 | |
|--------------------------|-------------------|------------|-------------------|------------|
| | Amount | % | Amount | % |
| Current assets | 11,112,889 | 64 | 9,191,609 | 58 |
| Non-current assets | 6,320,821 | 36 | 6,565,019 | 42 |
| Total Assets | 17,433,710 | 100 | 15,756,628 | 100 |
| Current liabilities | 5,481,563 | 31 | 2,975,901 | 19 |
| Non-current liabilities | 977,613 | 6 | 1,618,430 | 10 |
| Total Liabilities | 6,459,176 | 37 | 4,594,331 | 29 |
| Total Equity | 10,974,534 | 63 | 11,162,297 | 71 |

Consolidated Statements Of Comprehensive Income

Unit: NT\$ thousand

| | 106Q3 | | 105Q3 | |
|----------------------------|------------|-----|------------|-----|
| | Amount | % | Amount | % |
| Revenues | 13,041,147 | 100 | 12,645,918 | 100 |
| Gross profit | 891,853 | 7 | 1,237,468 | 10 |
| Operating income | 282,879 | 2 | 587,970 | 5 |
| Profit before tax | 356,176 | 2 | 688,467 | 5 |
| Profit | 253,753 | 1 | 536,517 | 4 |
| Total comprehensive income | 216,459 | 1 | 294,579 | 2 |

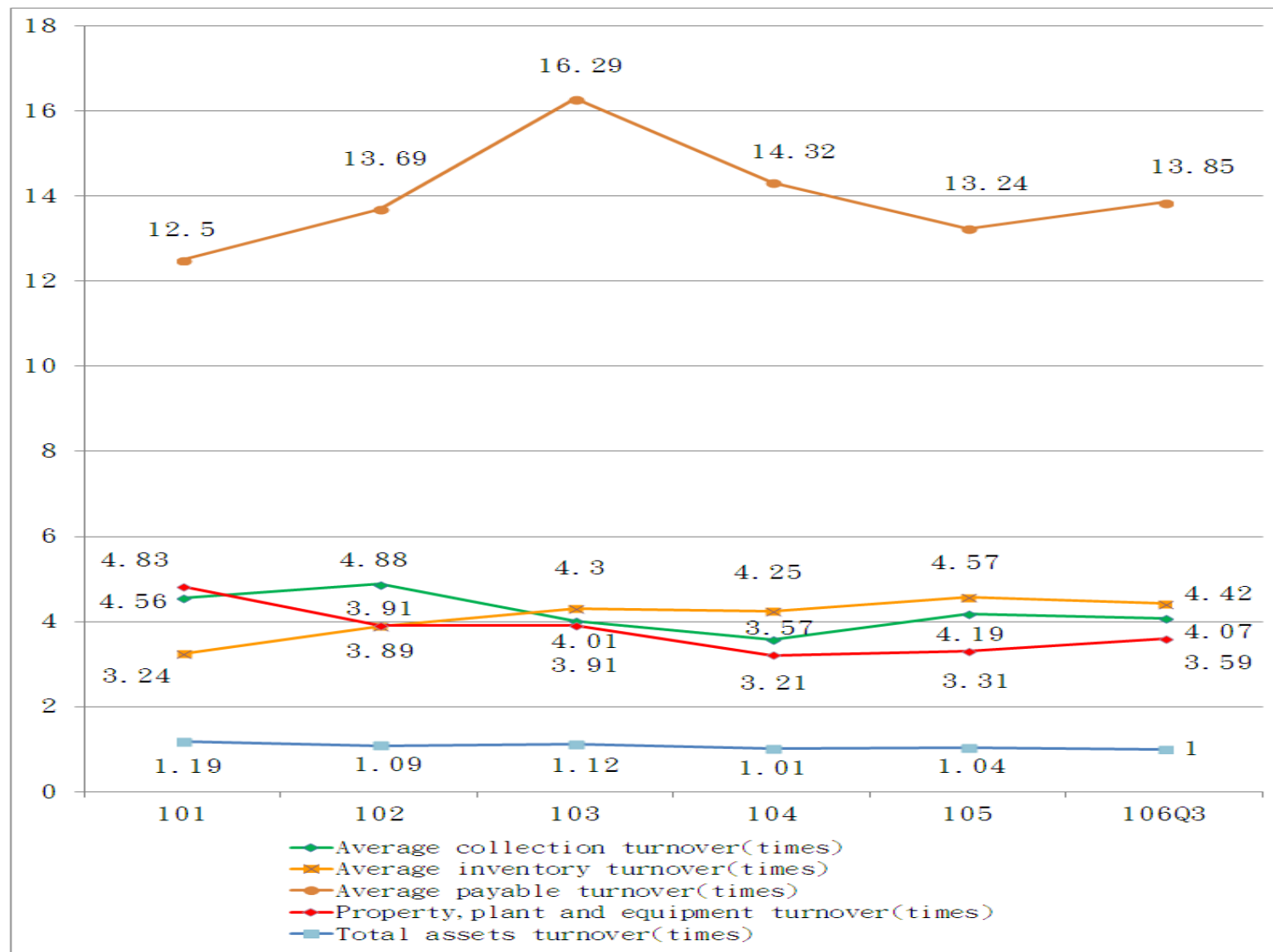
Financial Ratio Analysis

| | | 106Q3 | 105Q3 |
|--------------------------------------|--|---------|-------|
| Operating Performance Analysis | Average collection turnover (times) | 4.07 ↓ | 4.41 |
| | Average collection days | 90 ↑ | 83 |
| | Average inventory turnover (times) | 4.42 ↓ | 4.59 |
| | Average inventory days | 83 ↑ | 80 |
| | Average payable turnover (times) | 13.85 ↑ | 12.14 |
| | Property, plant and equipment turnover (times) | 3.59 ↑ | 3.36 |
| | Total assets turnover (times) | 1 ↓ | 1.07 |

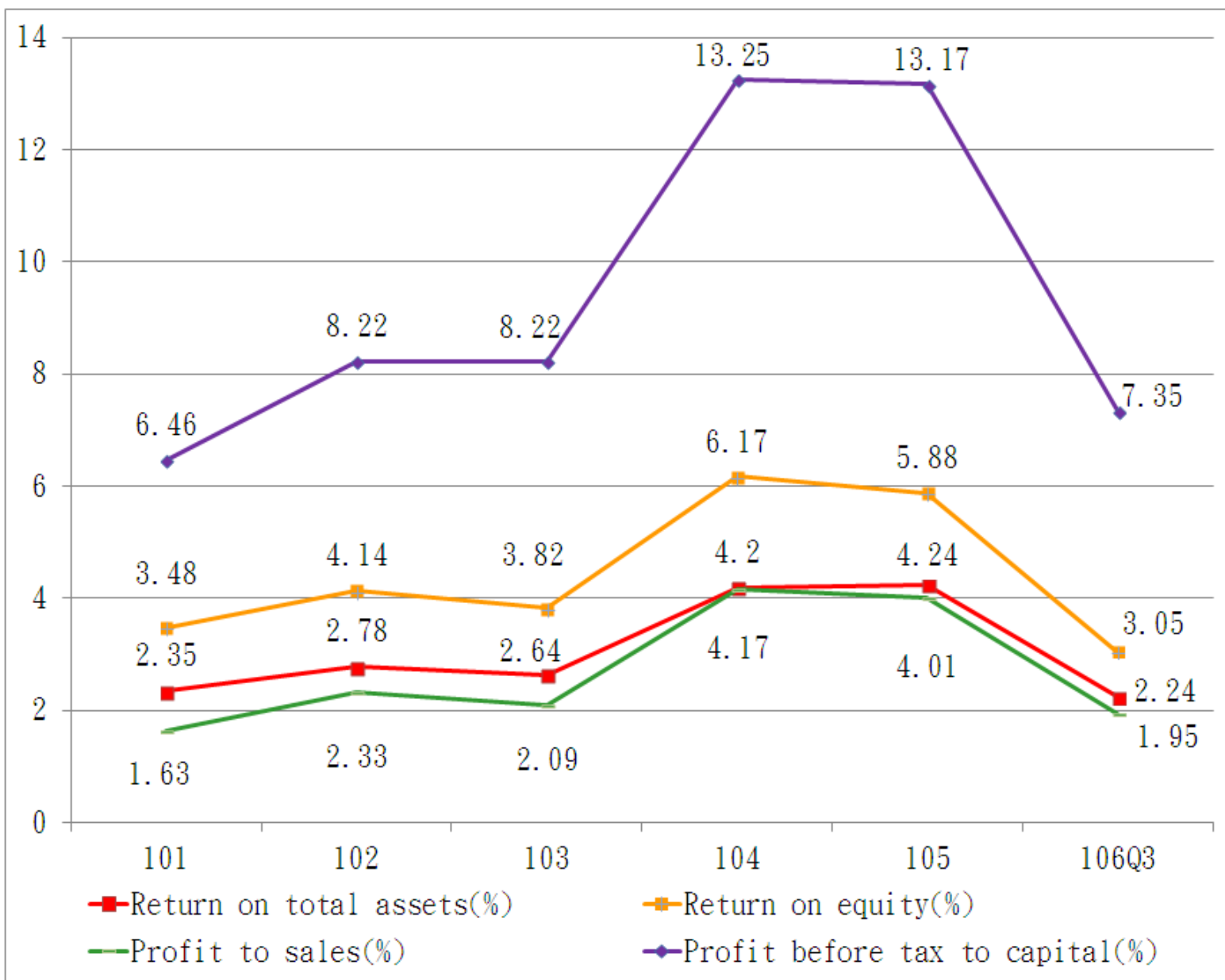
Financial Ratio Analysis

| | | 106Q3 | 105Q3 |
|------------------------|---------------------------------|--------|-------|
| Profitability Analysis | Return on total assets (%) | 2.24 ↓ | 4.58 |
| | Return on equity (%) | 3.05 ↓ | 6.38 |
| | Profit before tax to capital(%) | 7.35 ↓ | 14.17 |
| | Profit to sales (%) | 1.95 ↓ | 4.24 |
| | EPS(NT\$) | 0.4 ↓ | 0.82 |

Operating Performance Analysis

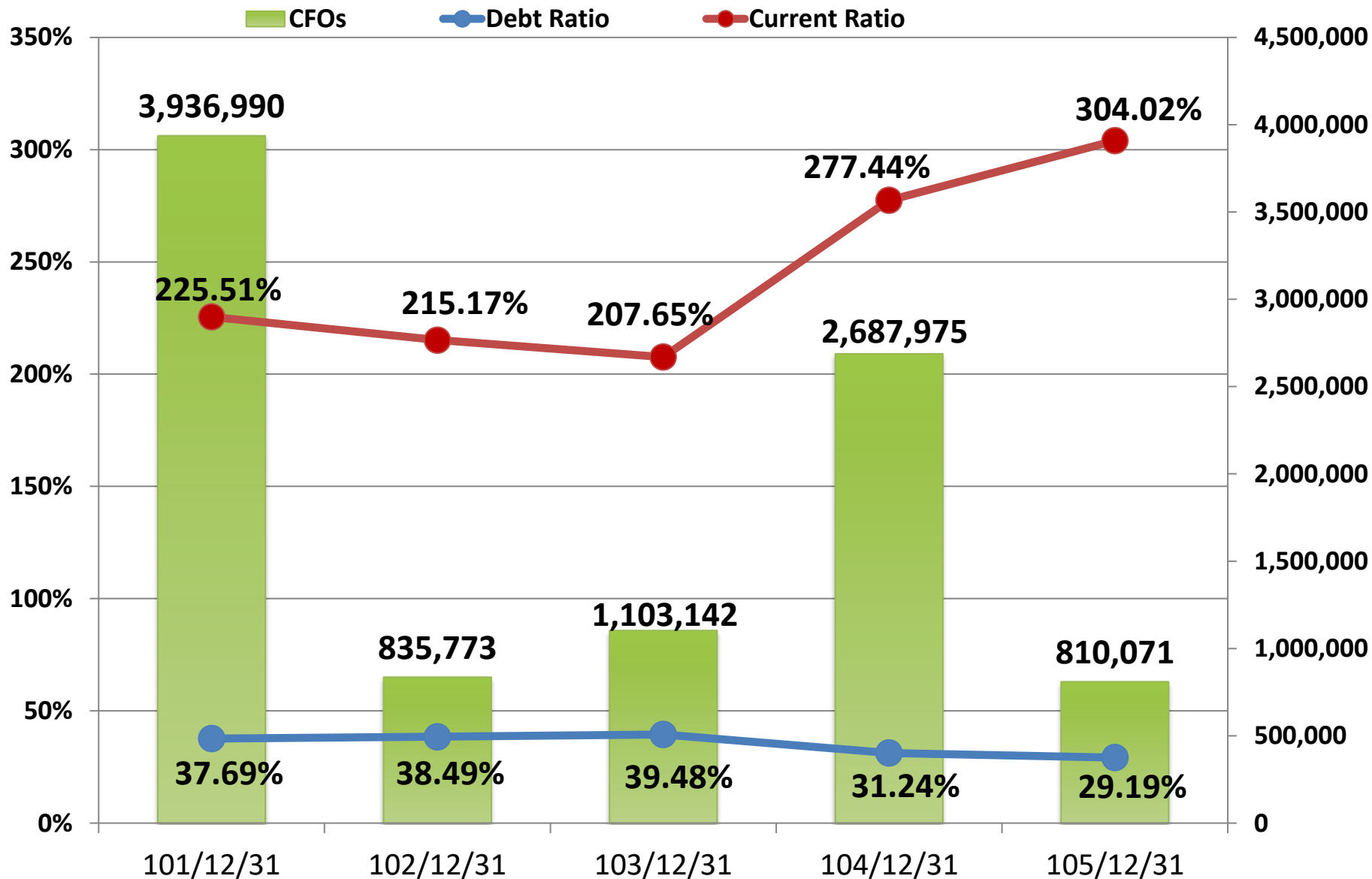


Profitability Analysis



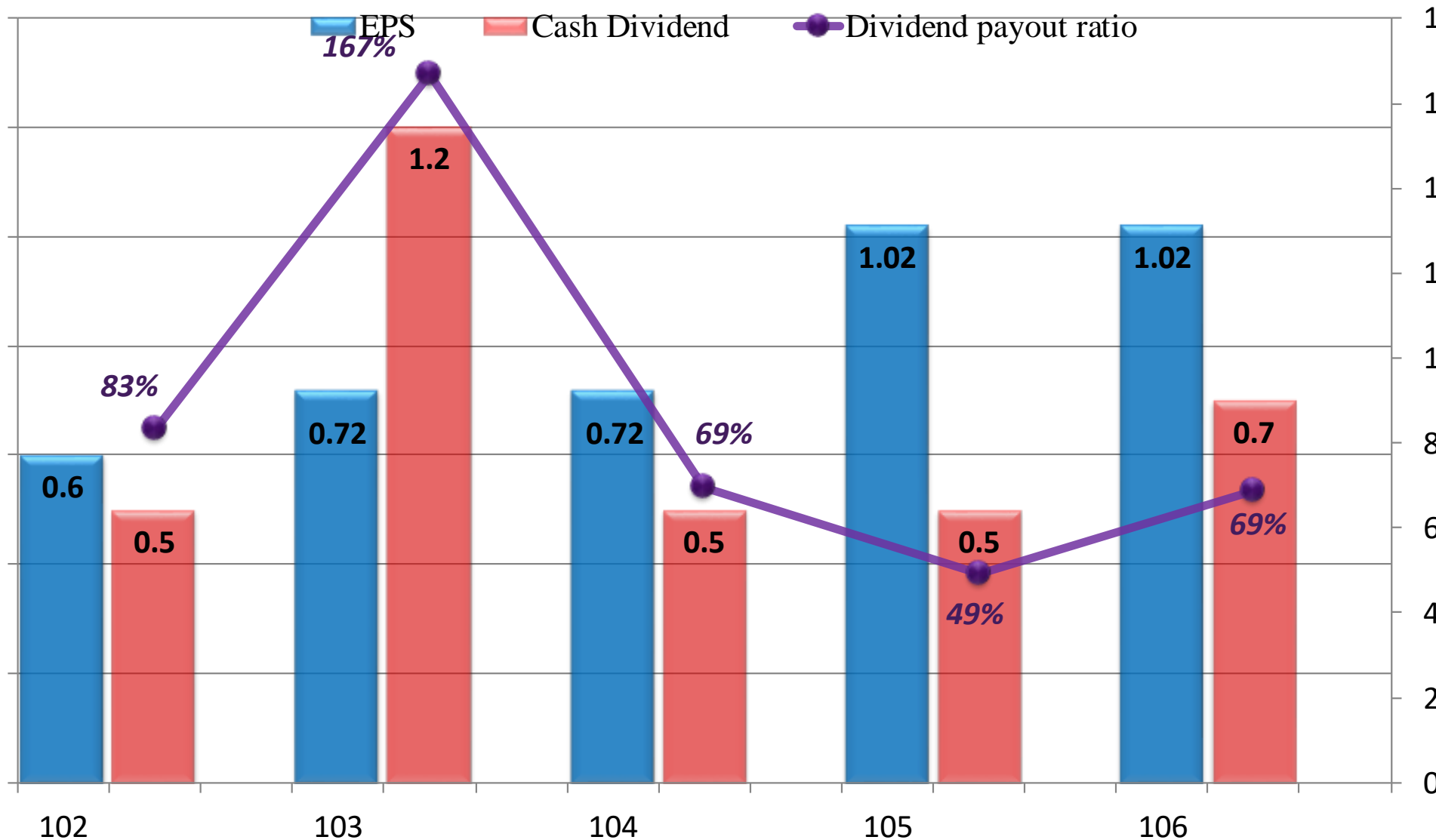
Financial Review

Unit: NT\$ thousand



Note : CFOs = Cash flows from Operating Activities
 IFRSs basis : 102~105

Historical EPS and Dividends Paid



3. Strategies

Strategies (1/4)

Talent Cultivation

- Keep recruiting talents.
- Cultivate multi-skill talents and implement job rotations.
- Build human capital for sustainable operation.

Customer Management

- Consolidate existing customers.
- Expand new customers and high value-added products.
- Implement customer credit investigation and AR management to prevent bad debt.

Strategies (2/4)

R&D Innovation

- Implement R&D on techniques with “new technology, new manufacturing process, lower workforce, automation”.
- Expand R&D on new products, new markets.

Keep Investing

- Take physical count for all equipment. Replace obsolete with new equipment.
- Expand factory to align with demands for business growth.
- Assess investment plans to meet external changes and future development in market environment.

Strategies (3/4)

Rationalization of costs

- Expand procurement channels, search for competitive sources, control procurement costs.
- Execute expense-saving strategies, reduce operating costs, and enhance competitiveness.

Inventory Management

- Master customer demands, inventory management with discretion, inventory cycle control, perform optimal inventory management.
- Expedite inventory turnover, reduce demands for working capital, and prevent inventory evaluation loss.

Strategies (4/4)

Legal Compliance

- Establish policy implementation schedule, comply to legal regulations, closely supervise, follow and control the status of implementation.

Occupational Safety Management

- Promote QCC activities, implement self-management.
- Keep promoting trinity TPM, improve factory environment.

END