



# **Chun Yuan Steel Industry Co., Ltd**

## **Investor Conference**

### **2018**



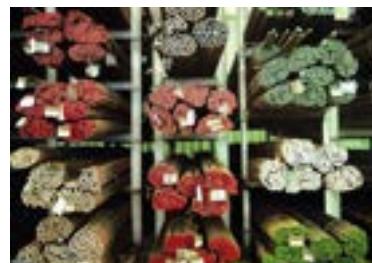
# CONTENTS

1. About Us	..... P2 - P10
2. Operating Performance	..... P11 - P19
3. Strategies	..... P20 - P24

# 1. About Us

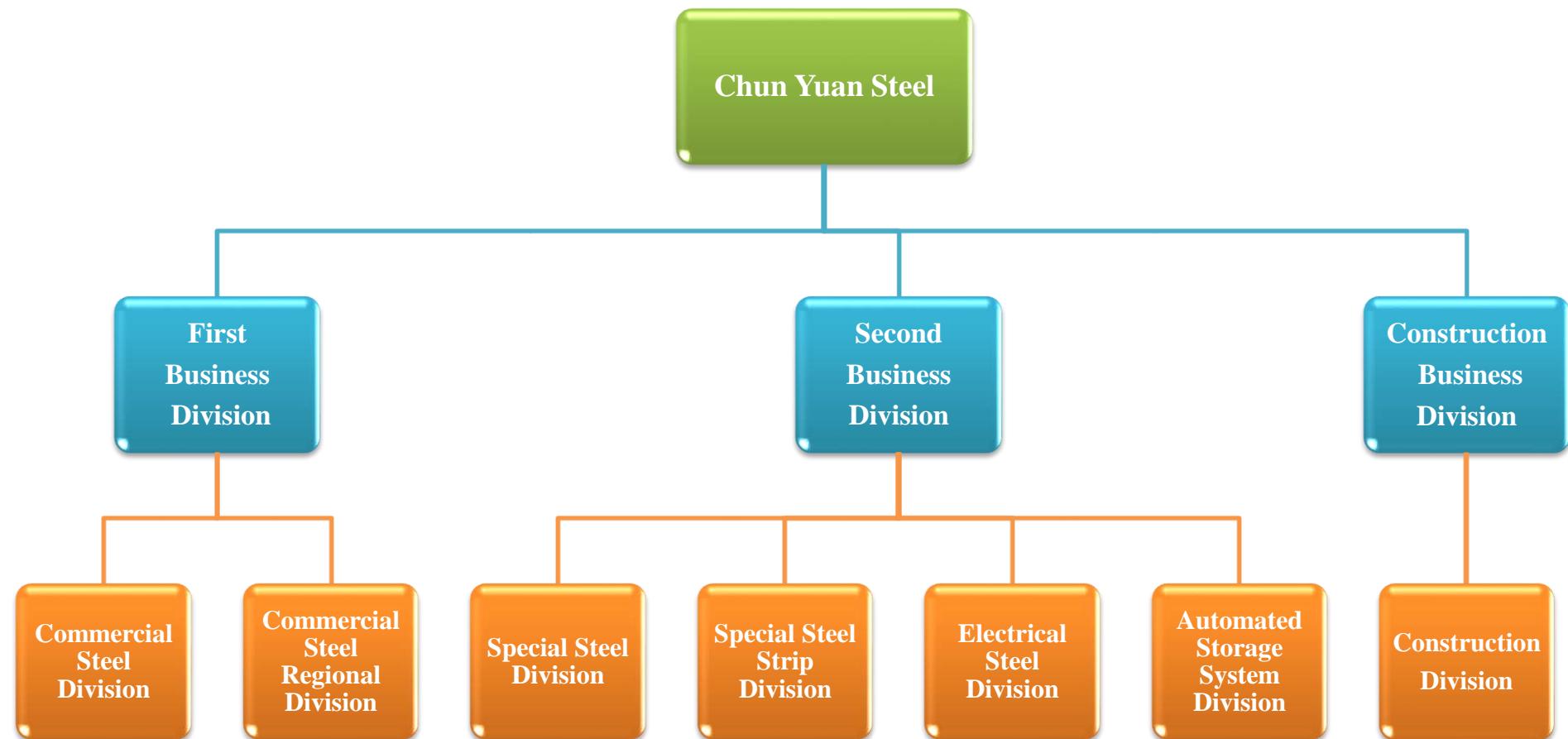
# Overview

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



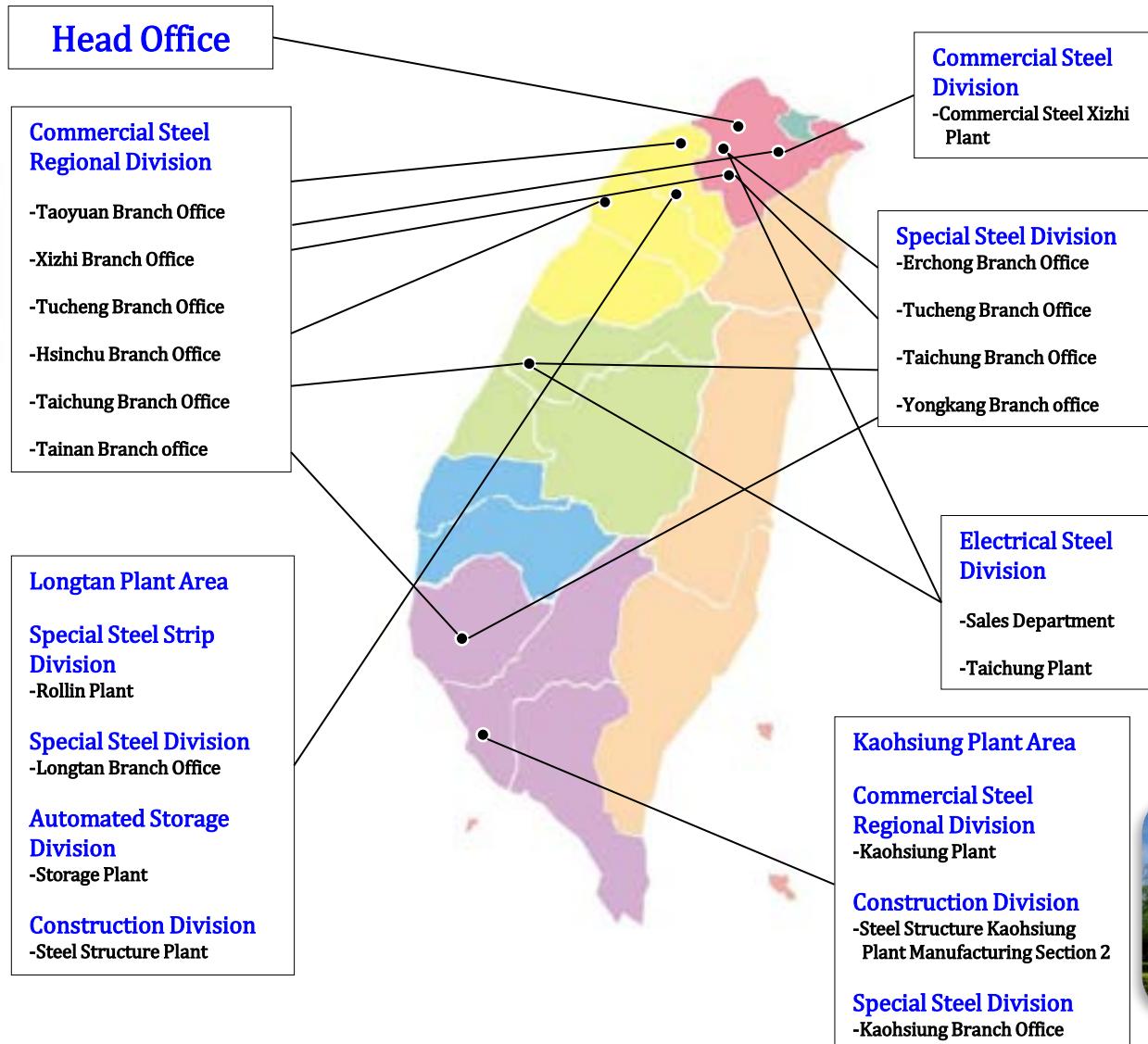
# Overview

## Domestic Business Divisions



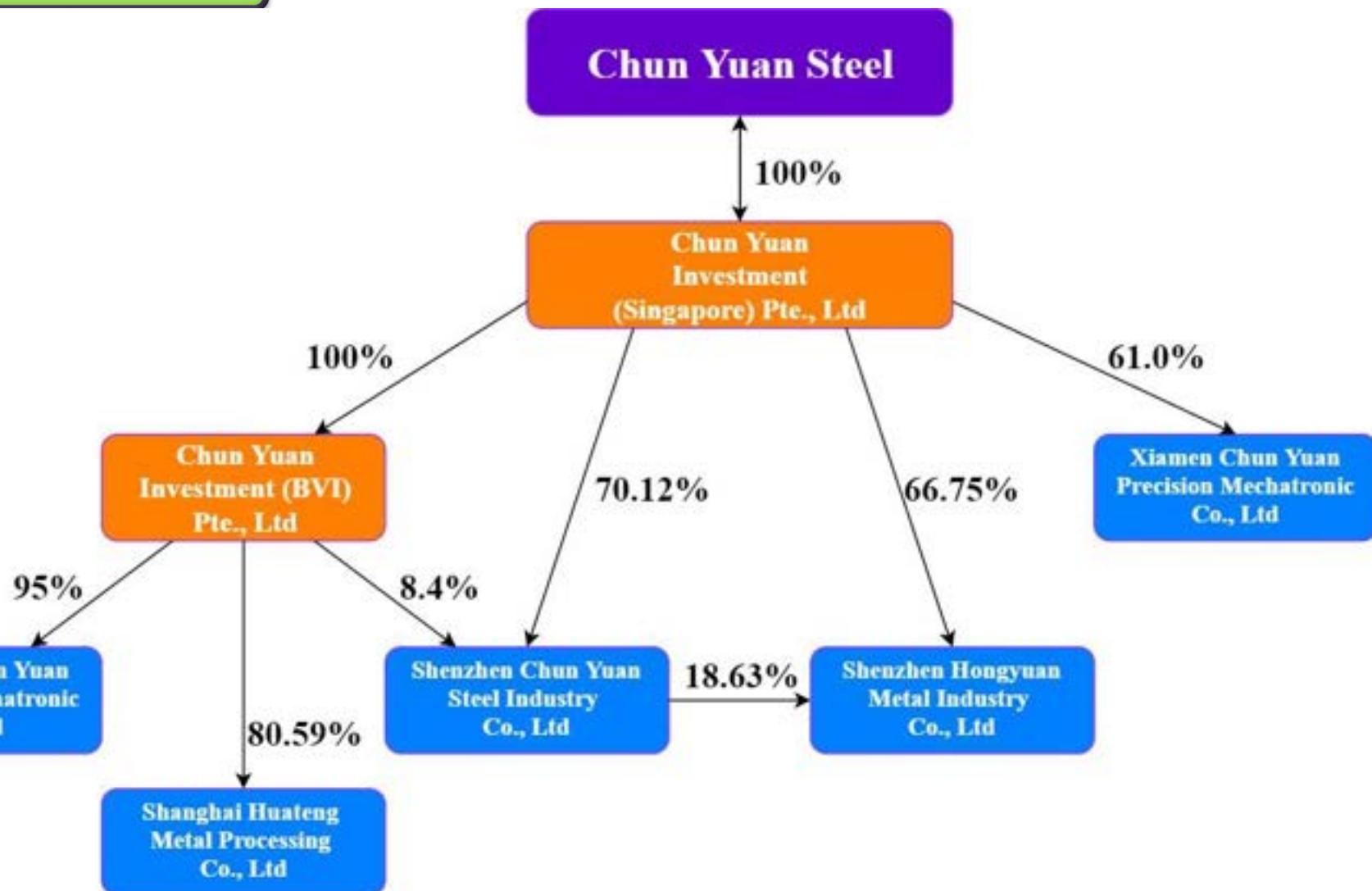
## Regional Bases (Taiwan)

# Overview



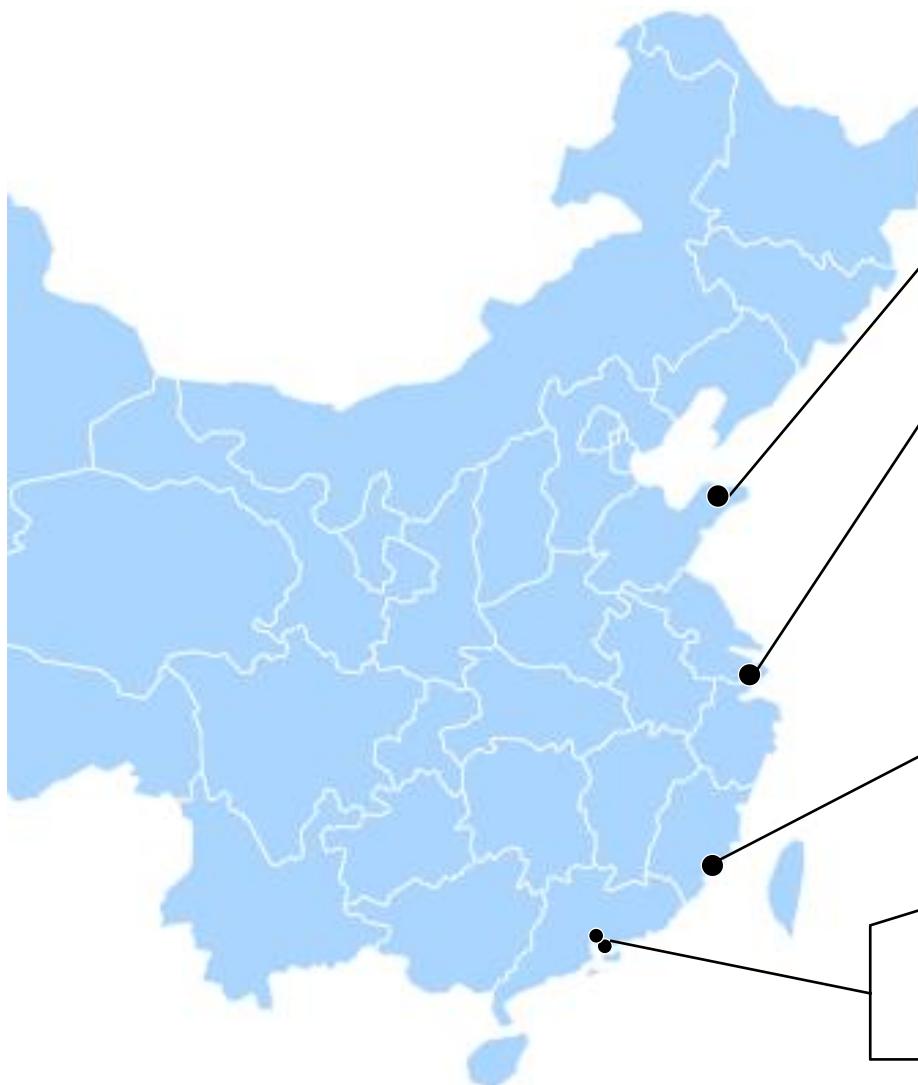
## Subsidiary Business

# Overview



# Overview

## Regional Bases (China)



Qingdao Chun Yuan  
Precision Mechatronic Co.,  
Ltd



Shanghai Huateng Metal  
Processing  
Co., Ltd



Xiamen Chun Yuan  
Precision Mechatronic Co.,  
Ltd



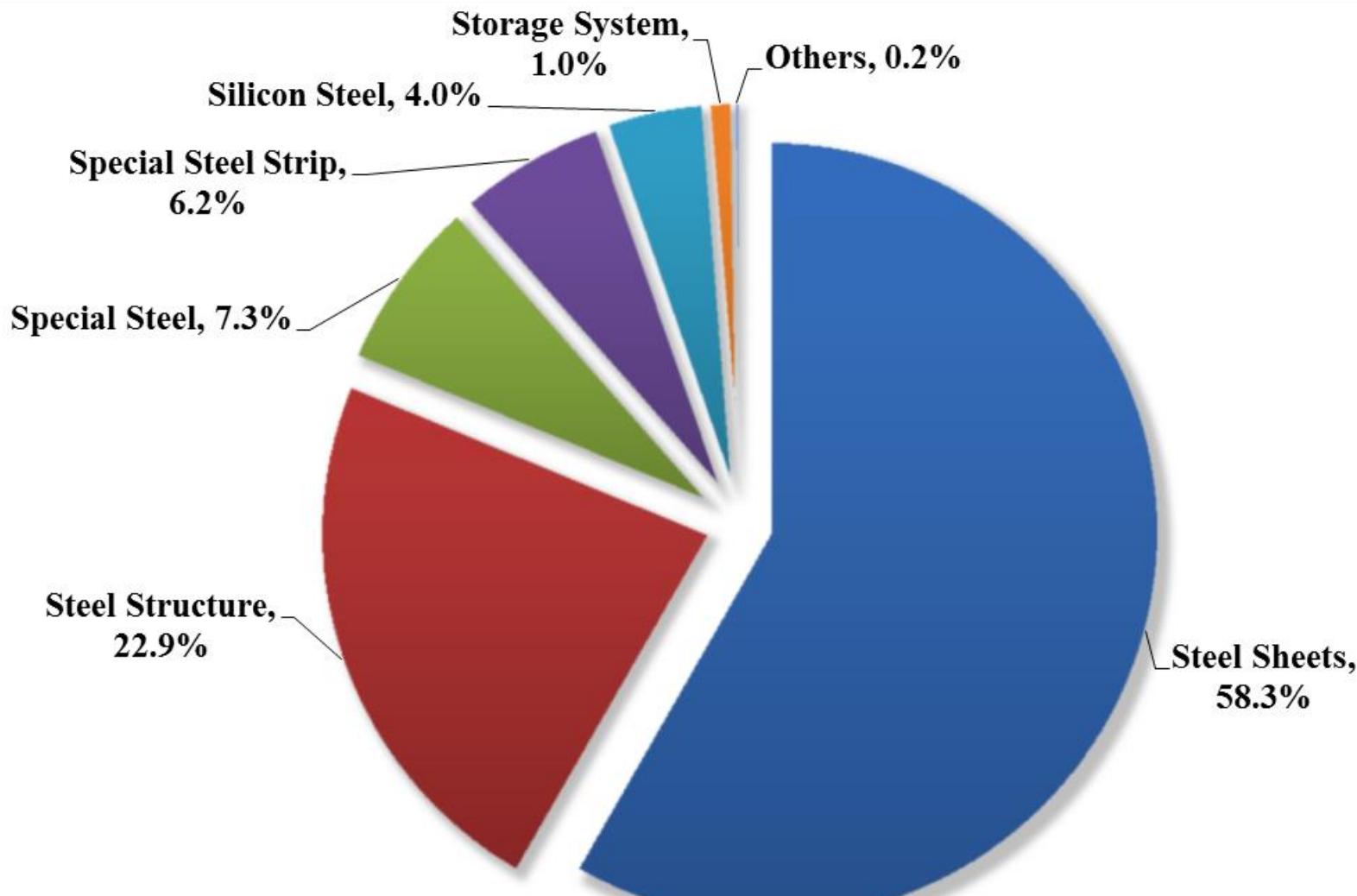
Shenzhen Chun Yuan  
Steel Industry Co., Ltd



Shenzhen Hongyuan  
Metal Industry  
Co., Ltd

# Overview

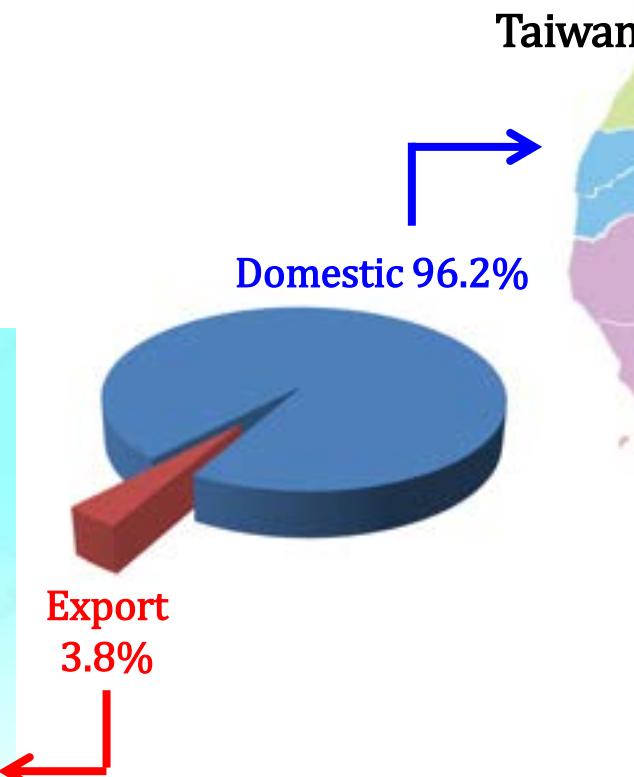
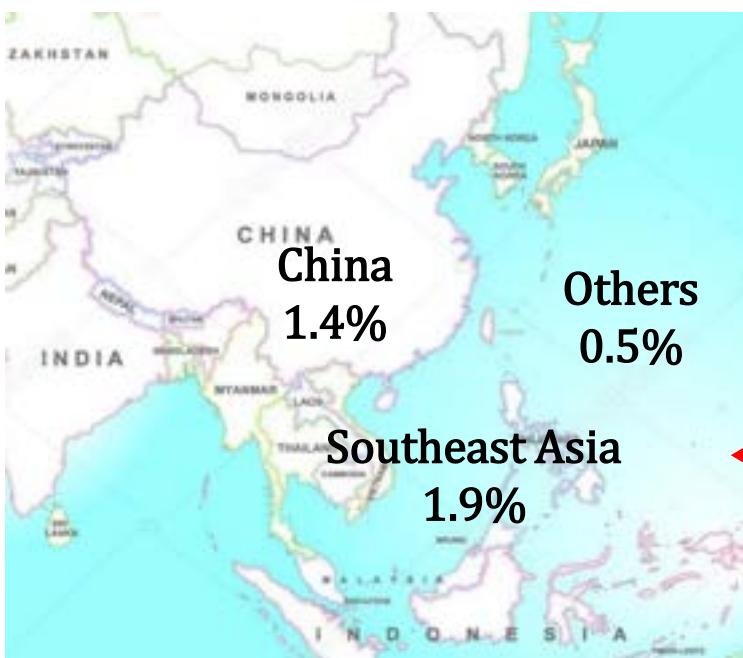
## Sales (by product)



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
<b>Total Assets</b>	<b>17,433,710</b>	<b>100</b>	<b>15,756,628</b>	<b>100</b>
Current liabilities	5,481,563	31	2,975,901	19
Non-current liabilities	977,613	6	1,618,430	10
<b>Total Liabilities</b>	<b>6,459,176</b>	<b>37</b>	<b>4,594,331</b>	<b>29</b>
<b>Total Equity</b>	<b>10,974,534</b>	<b>63</b>	<b>11,162,297</b>	<b>71</b>

# 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

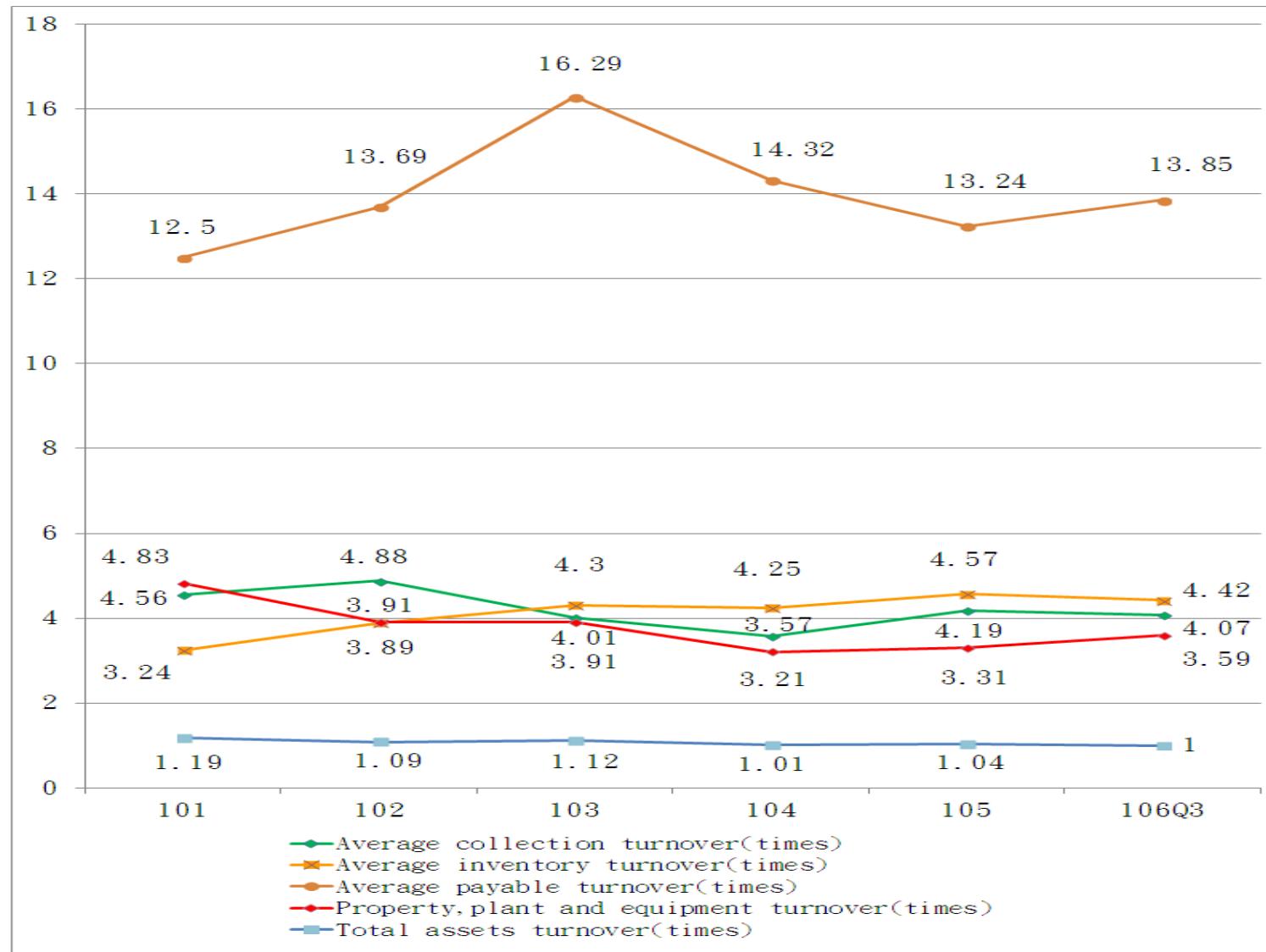
# Financial Ratio Analysis

		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

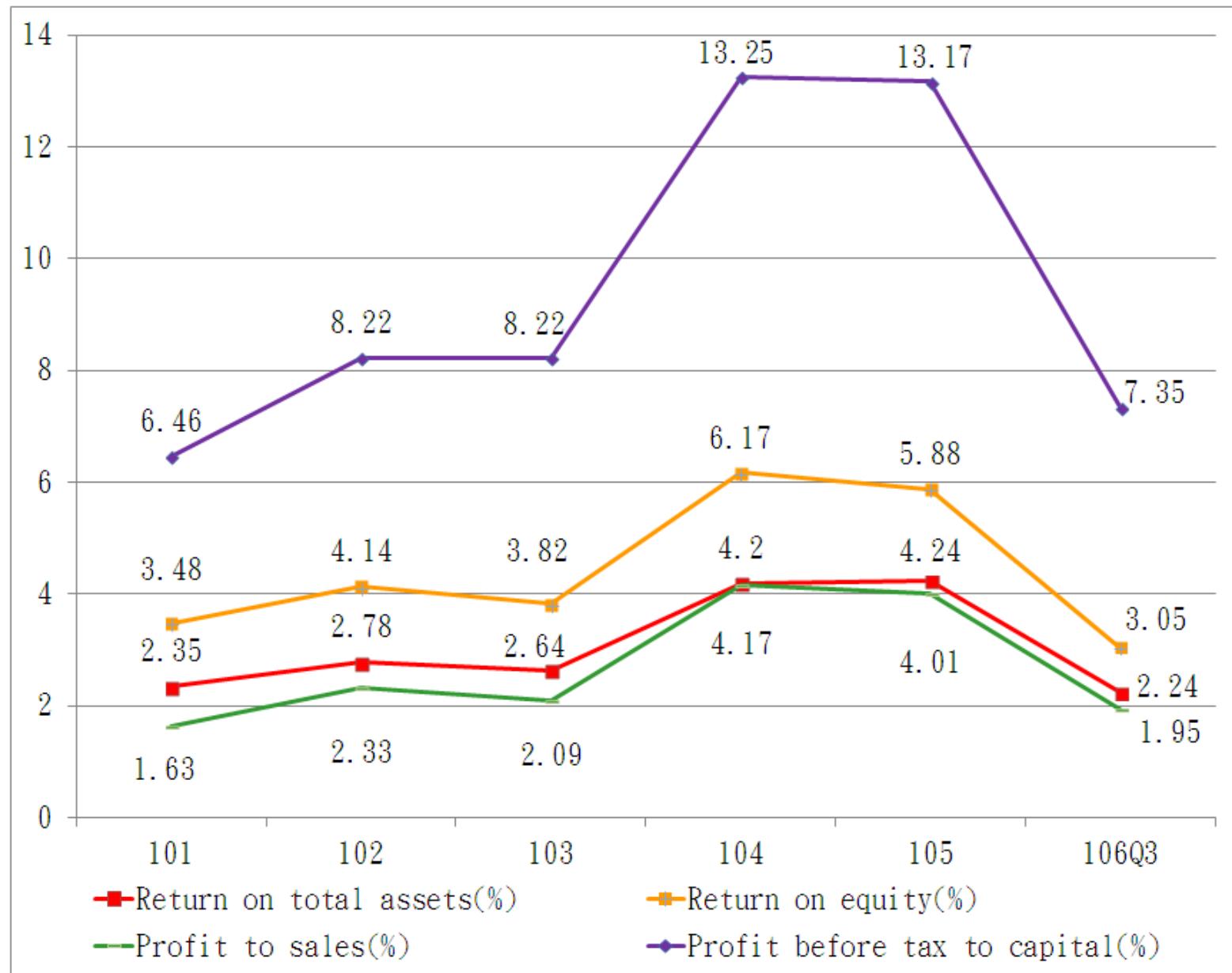
# Financial Ratio Analysis

		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

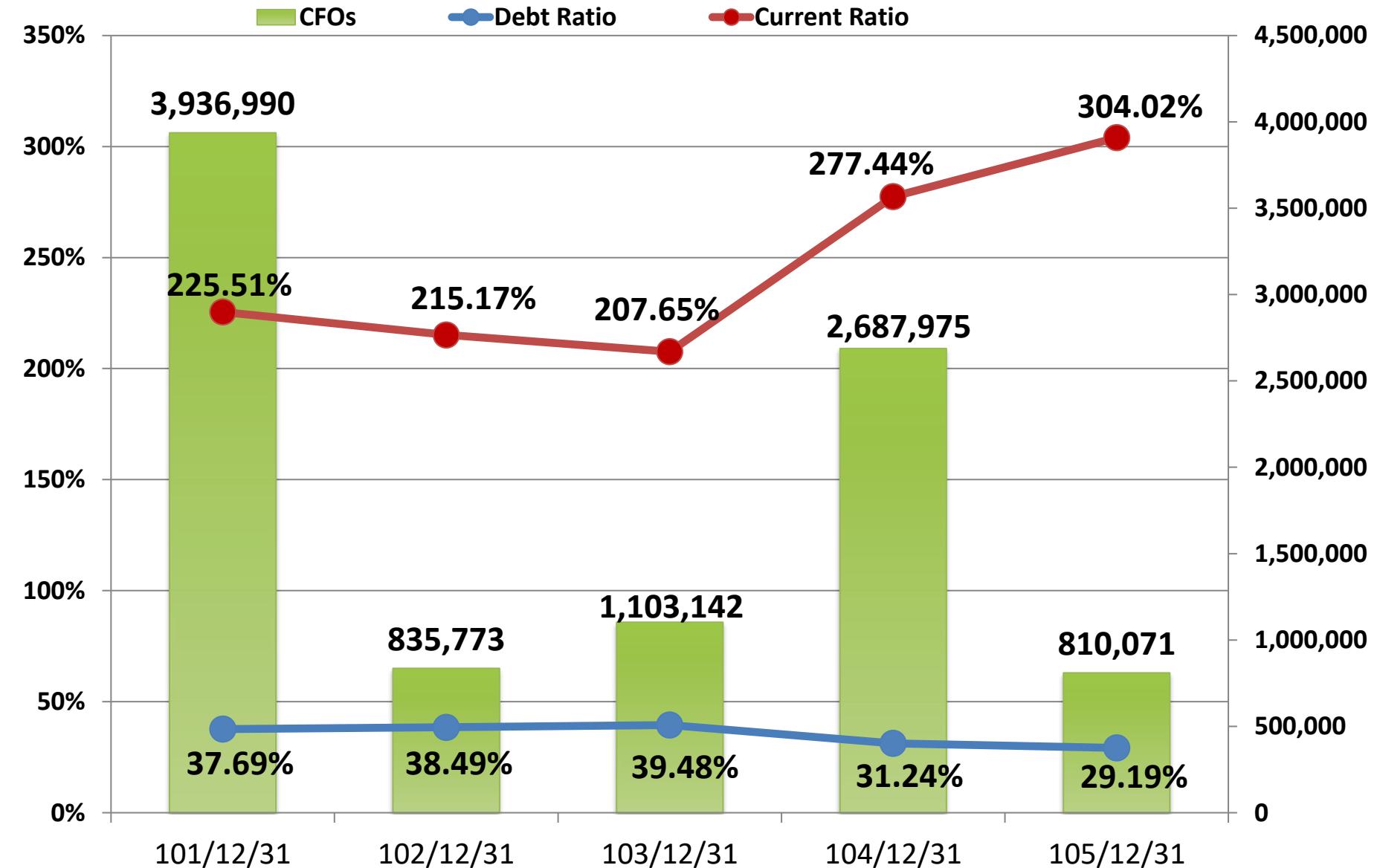


# Profitability Analysis



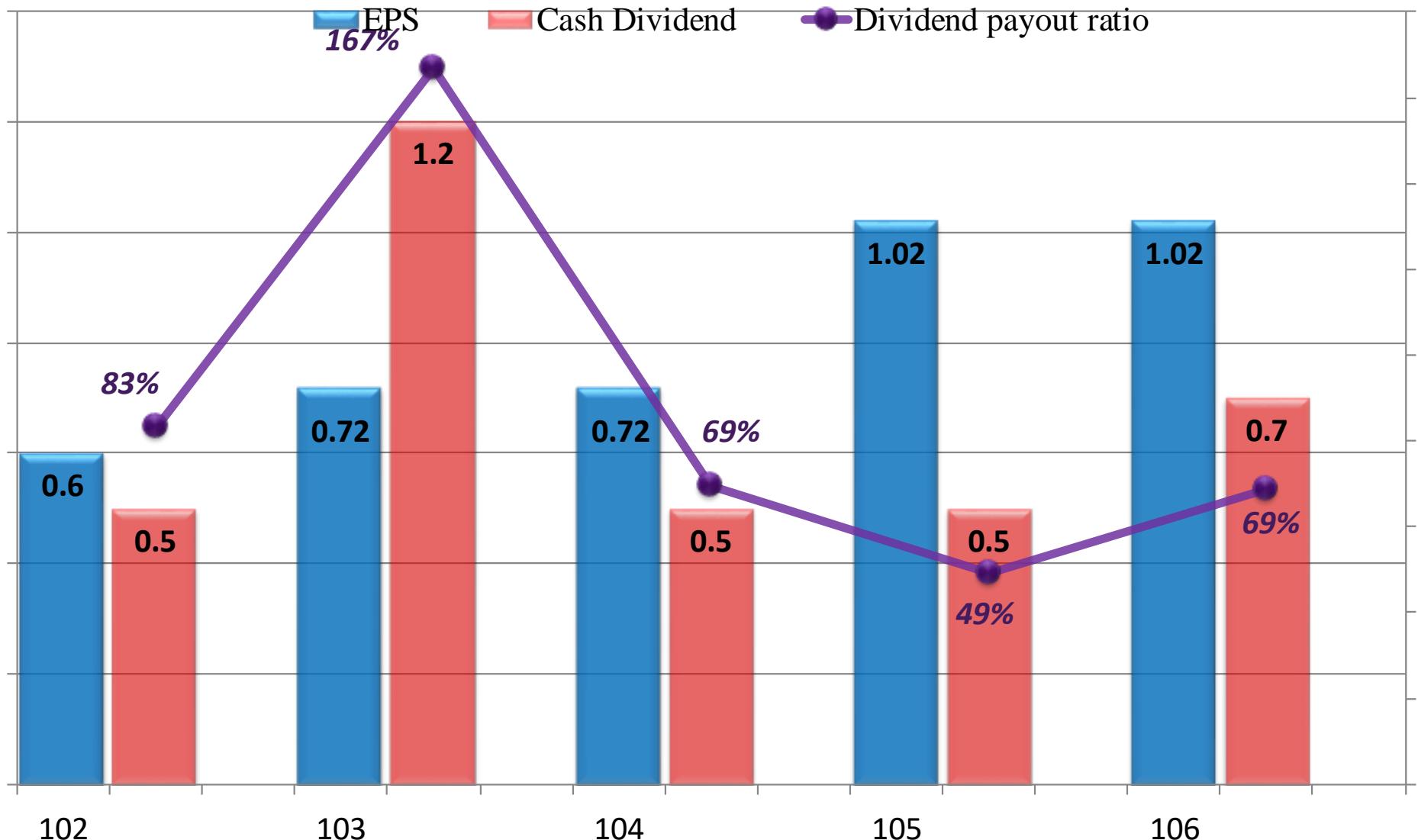
# Financial Review

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