



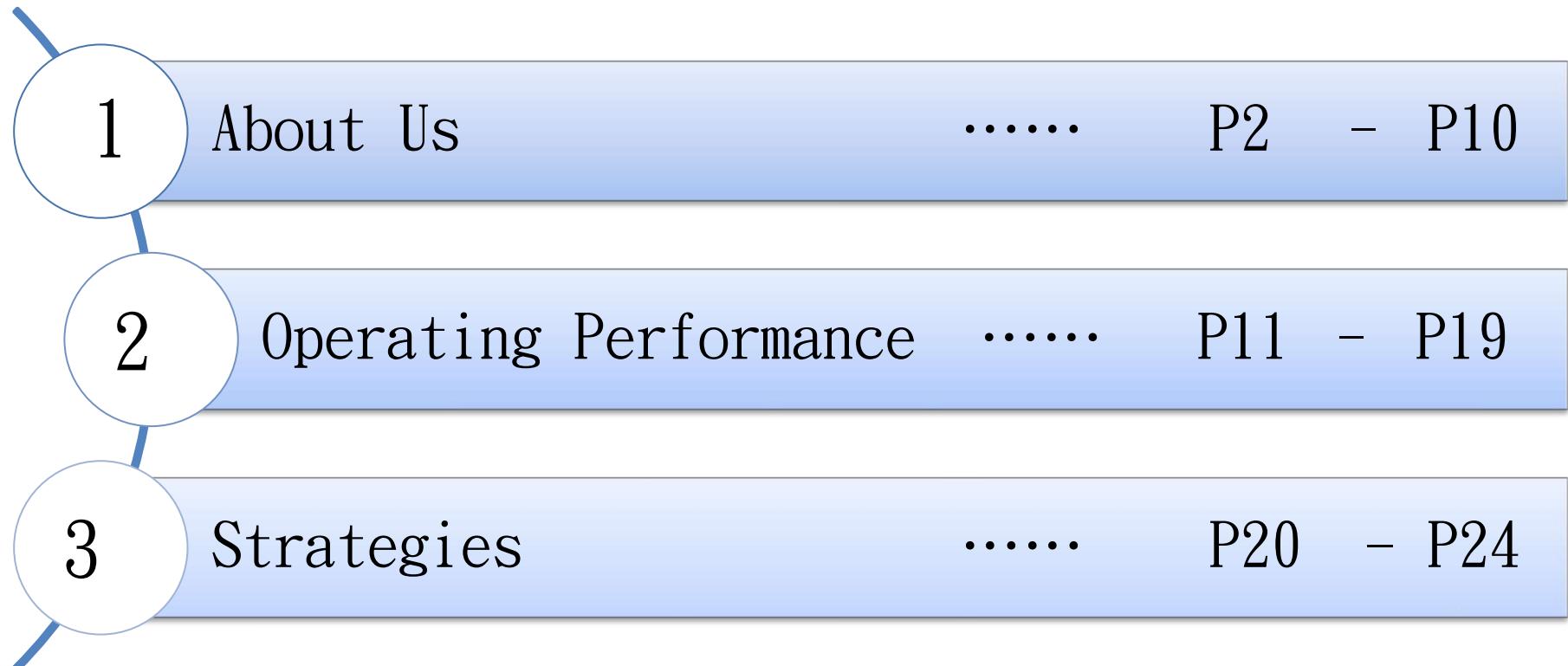
# Chun Yuan Steel Industry Co., Ltd

## Investor Conference

### 2019



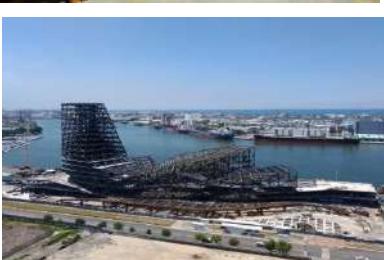
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# 1. About Us

# Overview

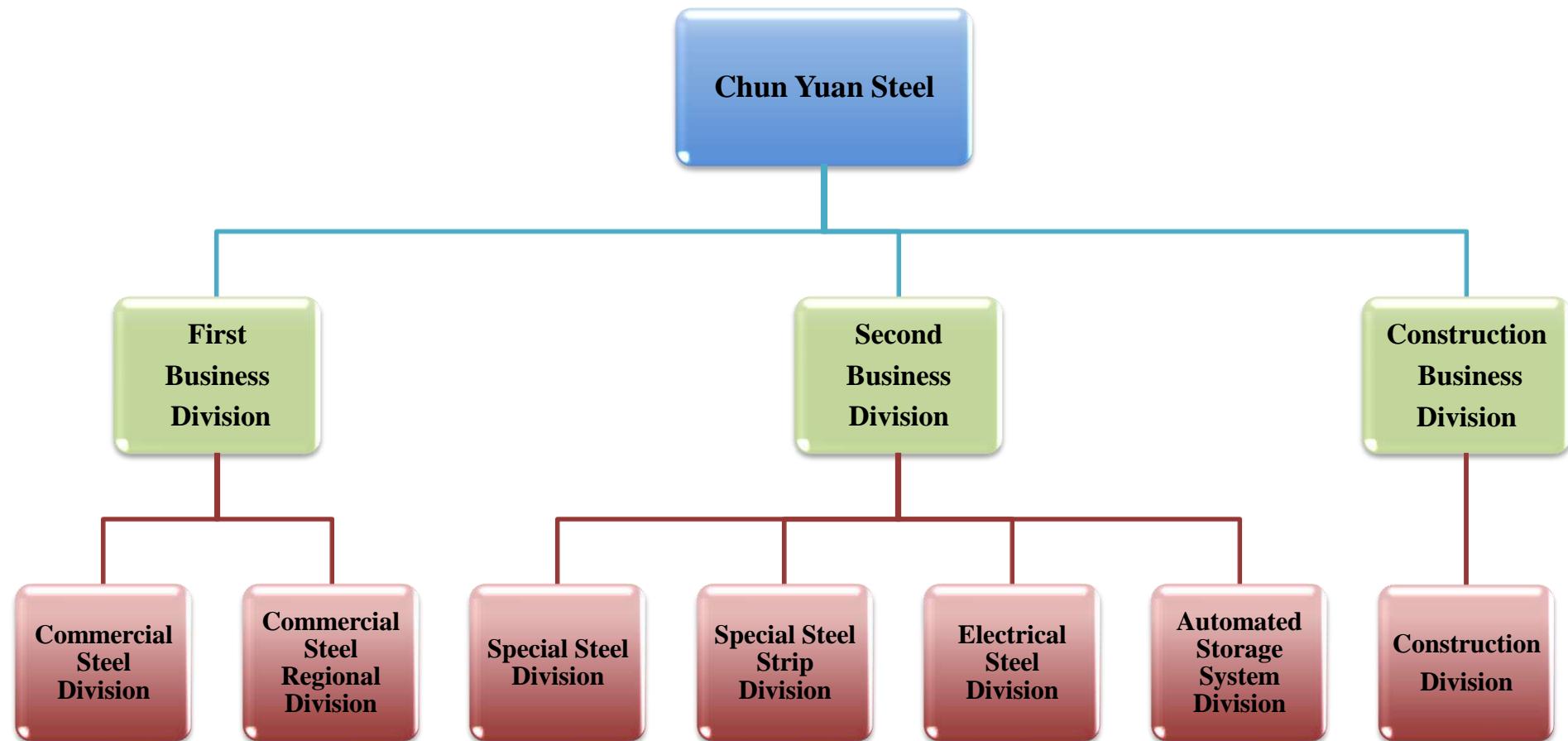


- Established : 1965
- Listed : 1989
- Capital : NTD 6.48 billion
- Headcount : about 1,400



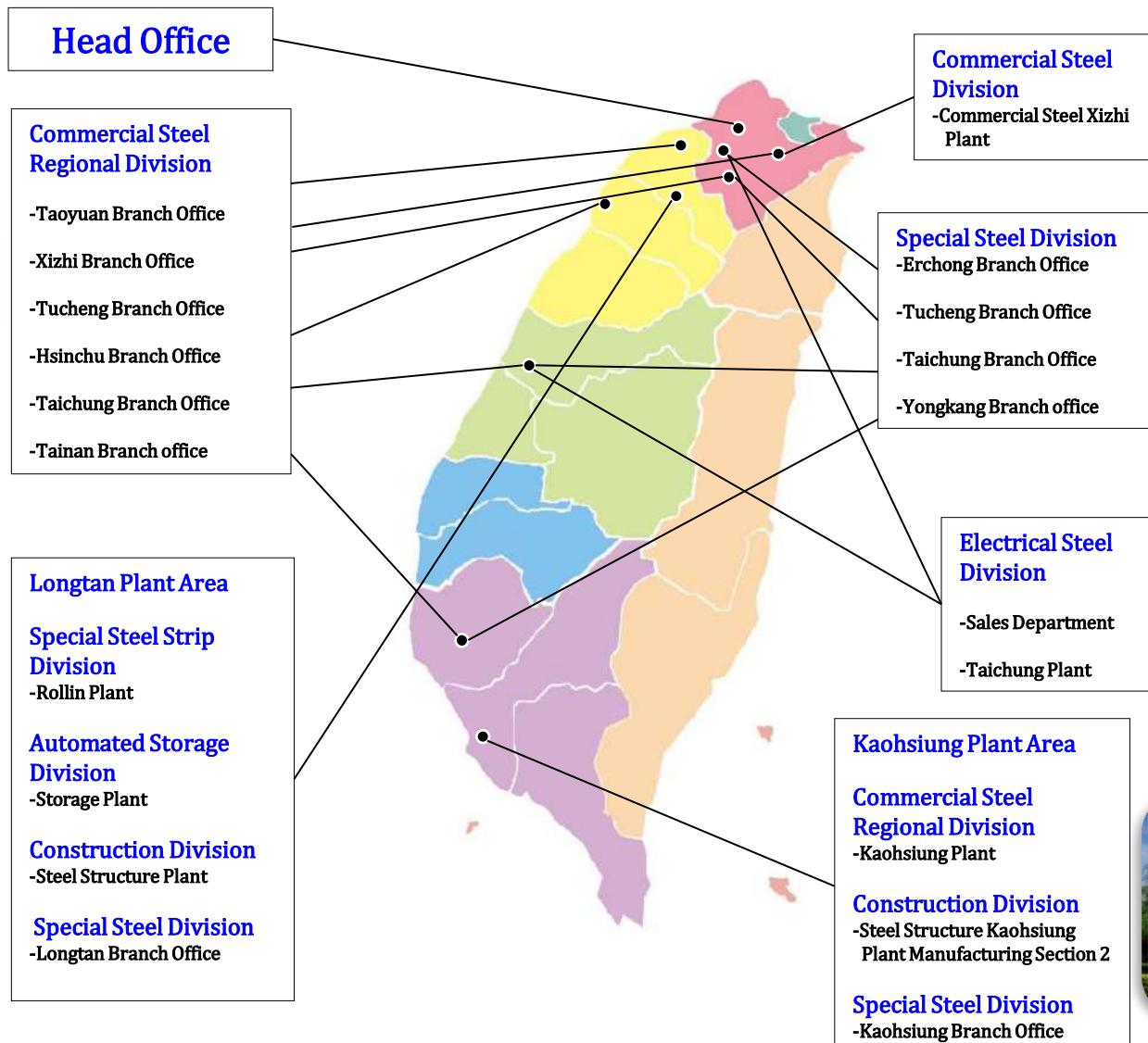
# Overview

## Domestic Business Divisions



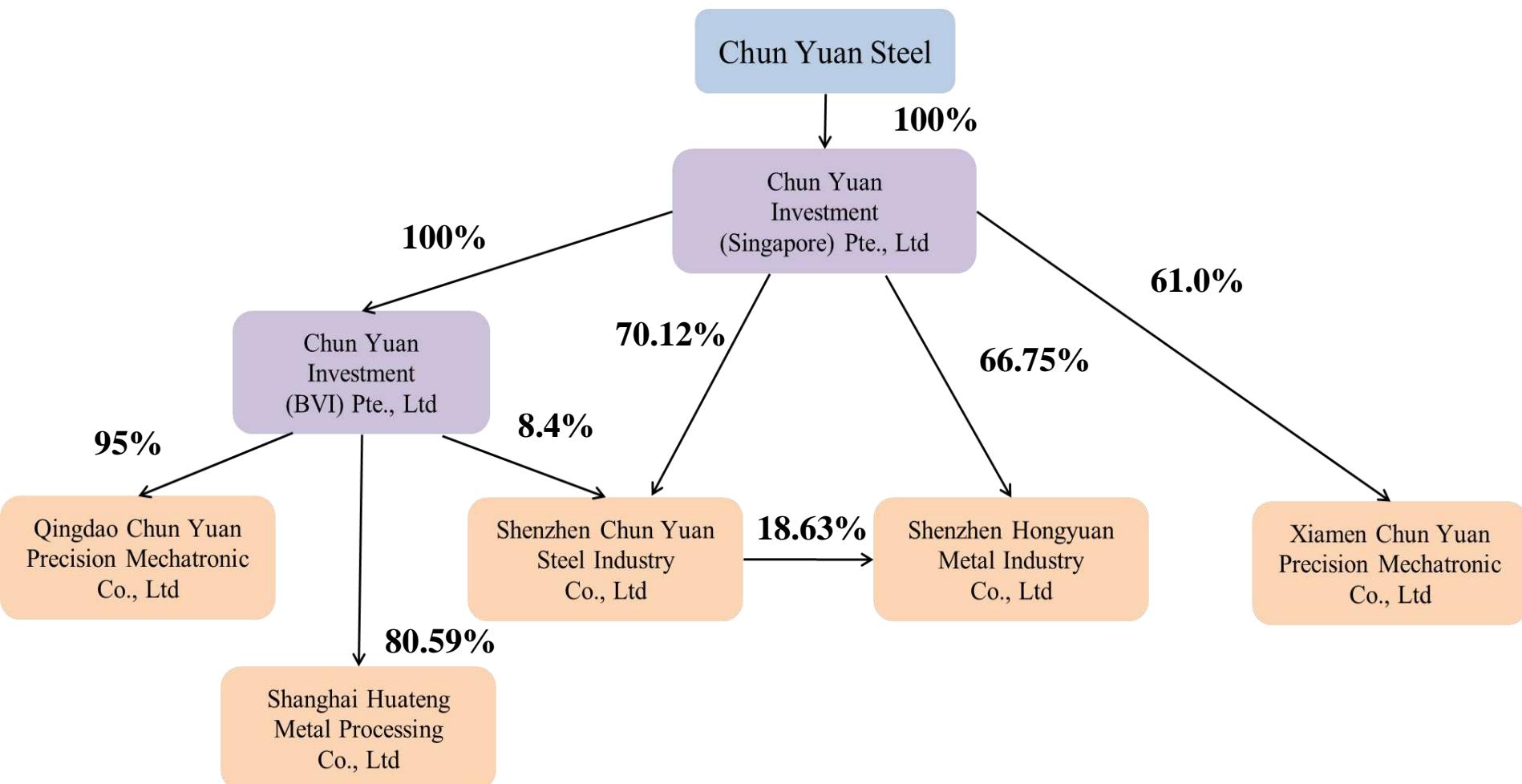
## Regional Bases (Taiwan)

# Overview



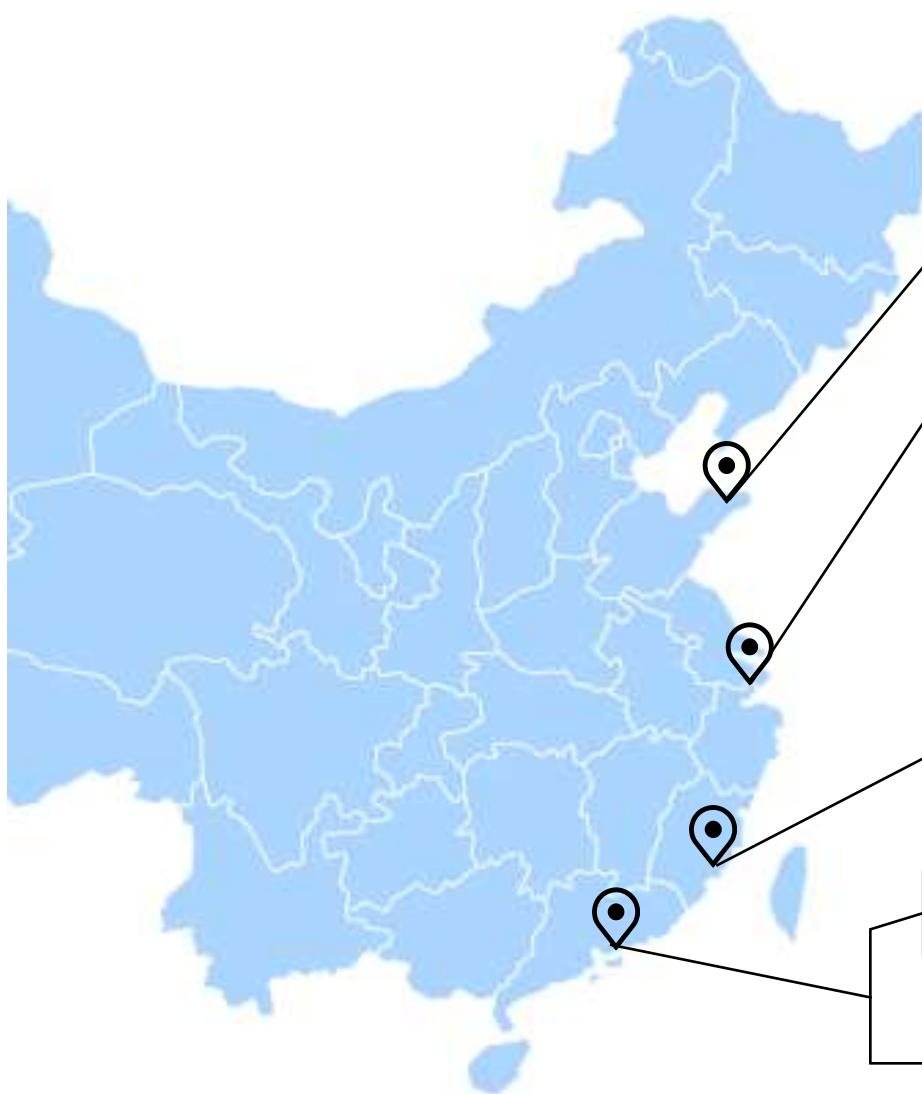
## Subsidiary Business

# Overview



# Overview

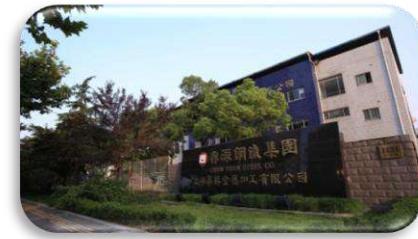
## Regional Bases (China)



Qingdao Chun Yuan  
Precision Mechatronic  
Co., Ltd



Shanghai Huateng Metal  
Processing  
Co., Ltd



Xiamen Chun Yuan  
Precision Mechatronic Co.,  
Ltd



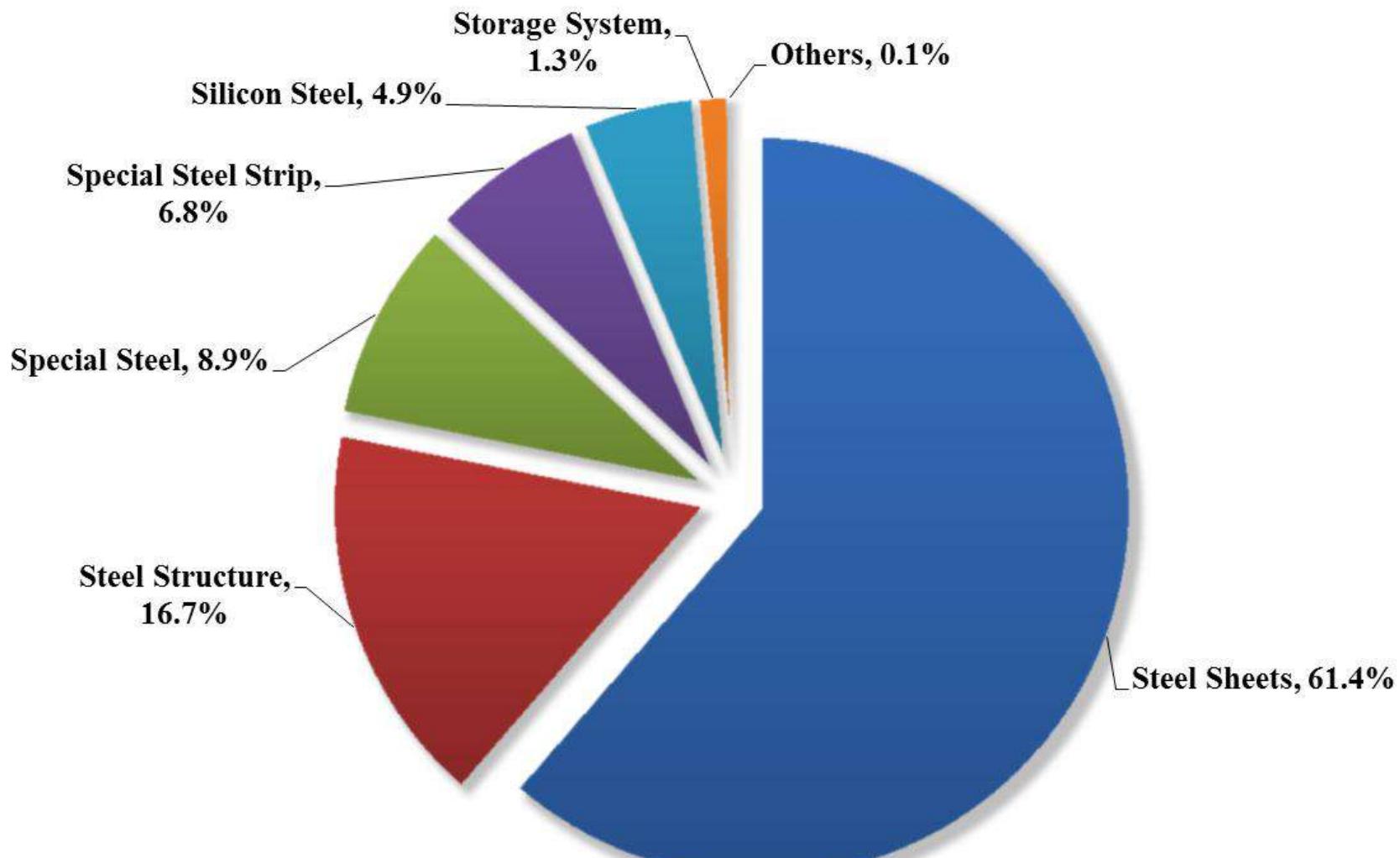
Shenzhen Chun Yuan  
Steel Industry Co., Ltd



Shenzhen Hongyuan  
Metal Industry  
Co., Ltd

# Overview

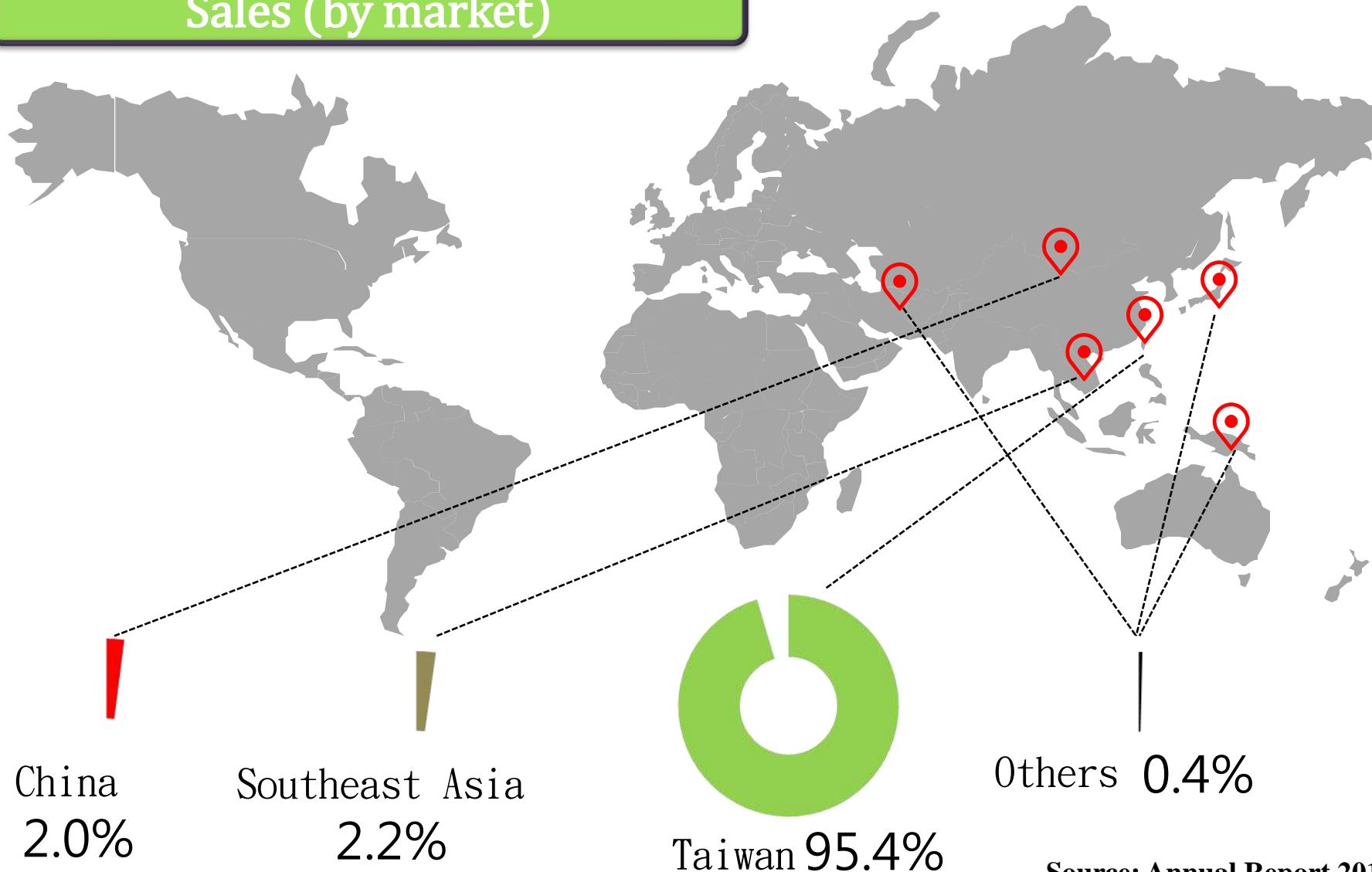
## Sales (by product)



Source: Annual Report 2017

# Overview

## Sales (by market)



# Awards and Certifications

2018

- Ministry of Labor : TTQS Talent Quality-Management System Evaluation (corporate version) Gold Medal
- CSD : The 31<sup>th</sup> Taiwan Continuous Improvement Awards, Bronze Medal (Commercial Steel Division, Xizhi Plant / Special Steel Strip Division, Rolling Plant / Commercial Steel Division, Kaohsiung Plant)

2017

- Ministry of Labor : TTQS Talent Quality-Management System Evaluation (corporate version) Gold Medal
- CSD : The 30<sup>th</sup> 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 29<sup>th</sup> Taiwan Continuous Improvement Awards, Silver Medal (Commercial Steel Division, Xizhi Plant) / Bronze Medal (Commercial Steel Division, Kaohsiung Plant)
- NSF : ISO/TS 16949 : 2009 Certification (Qingdao Chun Yuan / Shanghai Huateng / Shenzhen Chun Yuan / Shenzhen Hong Yuan)

## 2. Operating Performance

# Consolidated Balance Sheets

Unit: NT\$ thousand

	107Q3		106Q3	
	Amount	%	Amount	%
Current assets	11,785,335	65	11,112,889	64
Non-current assets	6,257,667	35	6,320,821	36
<b>Total Assets</b>	<b>18,043,002</b>	<b>100</b>	<b>17,433,710</b>	<b>100</b>
Current liabilities	6,163,056	34	5,481,563	31
Non-current liabilities	998,377	6	977,613	6
<b>Total Liabilities</b>	<b>7,161,433</b>	<b>40</b>	<b>6,459,176</b>	<b>37</b>
<b>Total Equity</b>	<b>10,881,569</b>	<b>60</b>	<b>10,974,534</b>	<b>63</b>

# Consolidated Statements Of Comprehensive Income

Unit: NT\$ thousand

	107Q3		106Q3	
	Amount	%	Amount	%
Revenues	13,870,326	100	13,041,147	100
Gross profit	816,440	6	891,853	7
Operating income	197,129	2	282,879	2
Profit before tax	295,125	2	356,176	2
Profit	243,456	2	253,753	1
Total comprehensive income	66,315	1	216,459	1

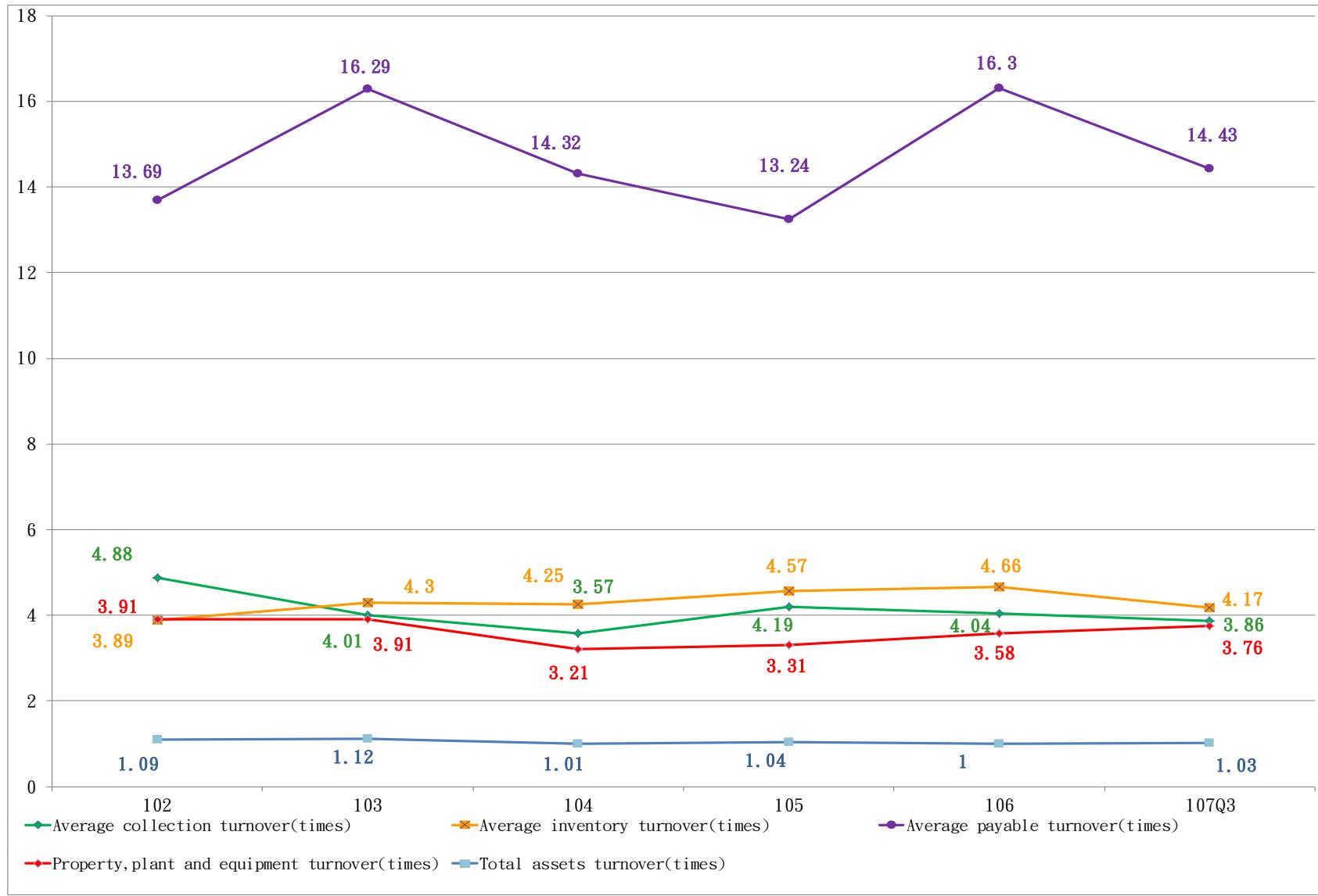
# Financial Ratio Analysis

		107Q3	106Q3
Operating Performance Analysis	Average collection turnover (times)	3.86 ↓	4.07
	Average collection days	95 ↑	90
	Average inventory turnover (times)	4.17 ↓	4.42
	Average inventory days	87 ↑	83
	Average payable turnover (times)	14.43 ↑	13.85
	Property, plant and equipment turnover (times)	3.76 ↑	3.59
	Total assets turnover (times)	1.03 ↑	1

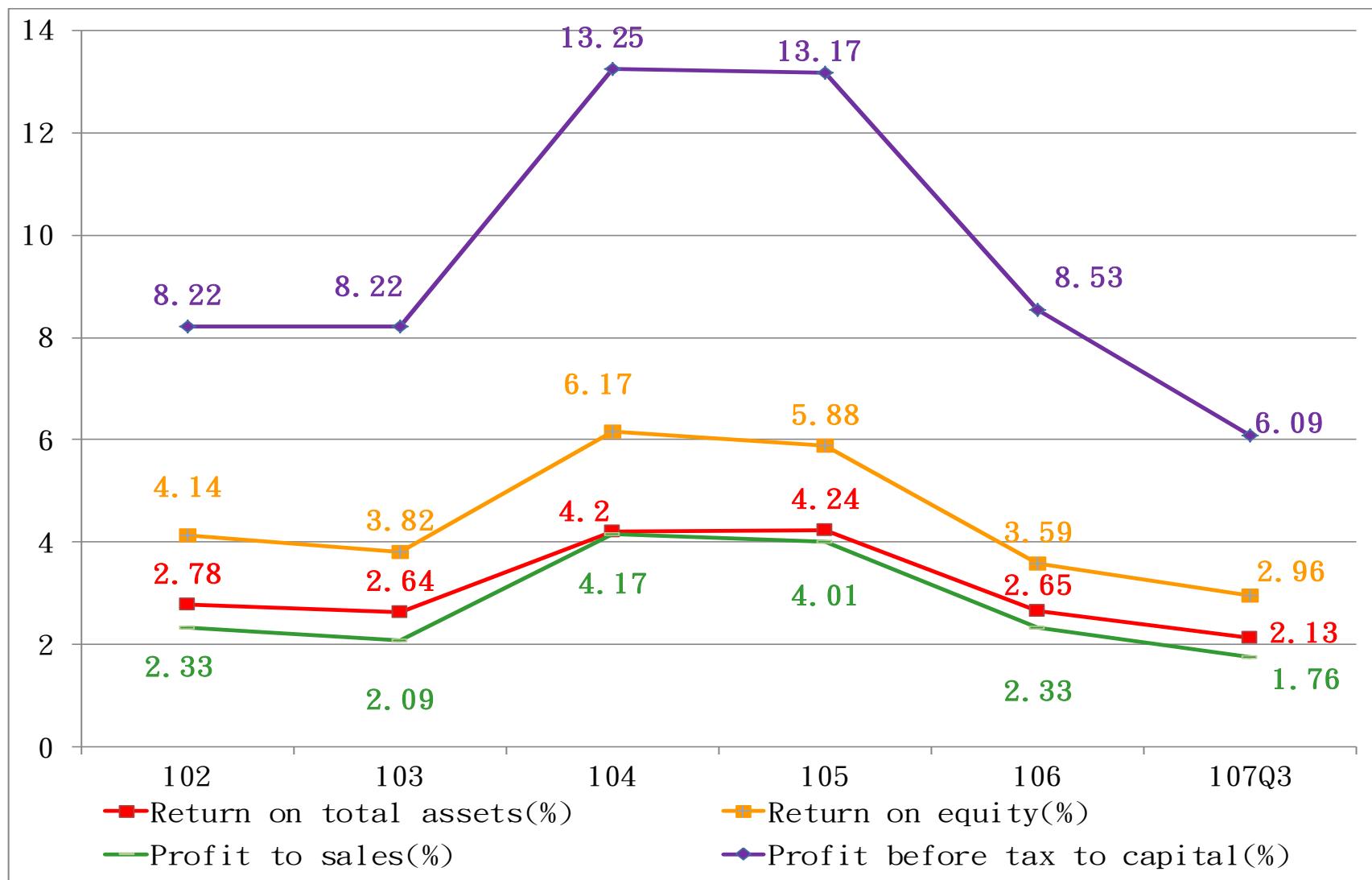
# Financial Ratio Analysis

		107Q3	106Q3
Profitability Analysis	Return on total assets (%)	2.13 ↓	2.24
	Return on equity (%)	2.96 ↓	3.05
	Profit before tax to capital(%)	6.09 ↓	7.35
	Profit to sales (%)	1.76 ↓	1.95
	EPS(NT\$)	0.37 ↓	0.4

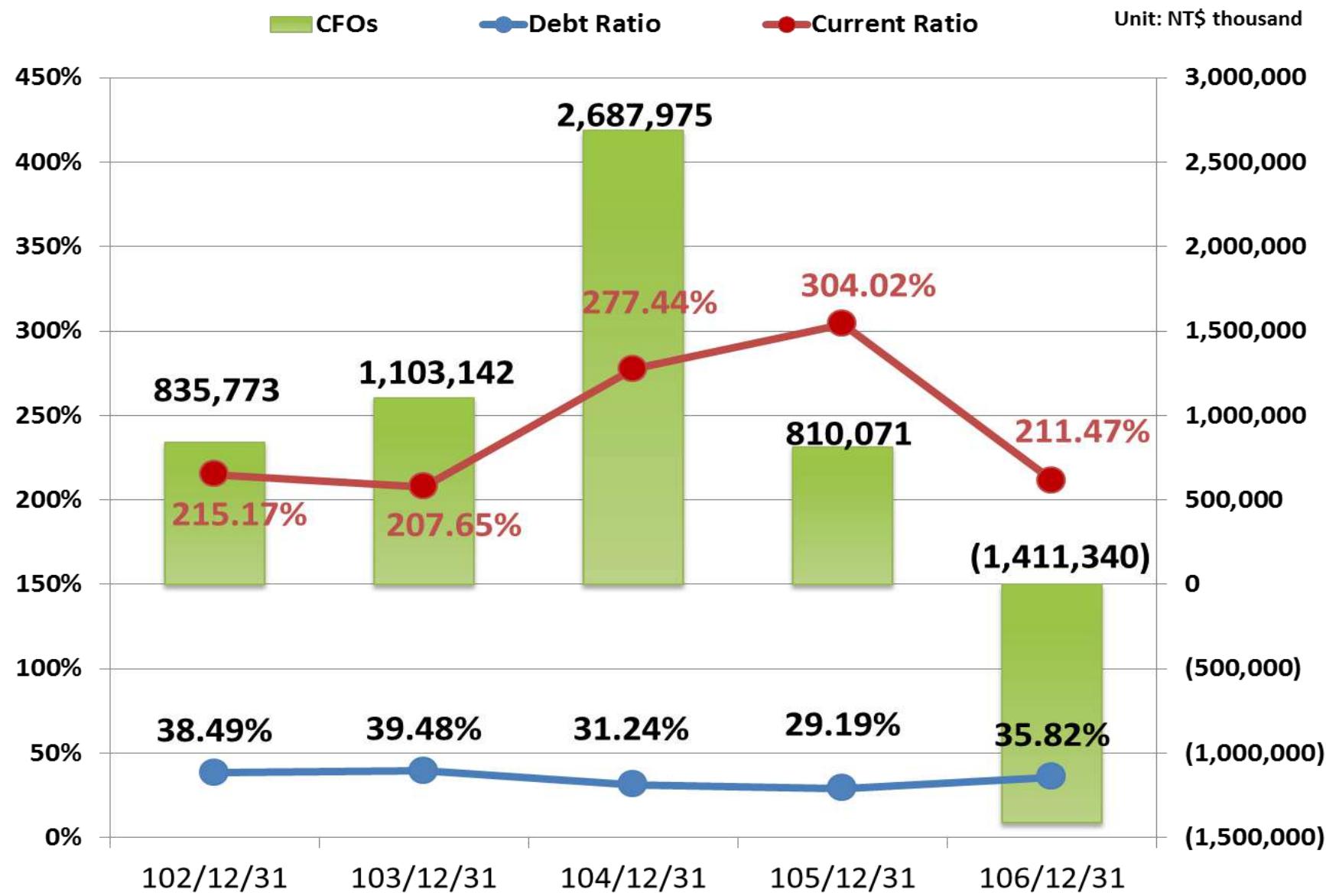
# Operating Performance Analysis



# Profitability Analysis

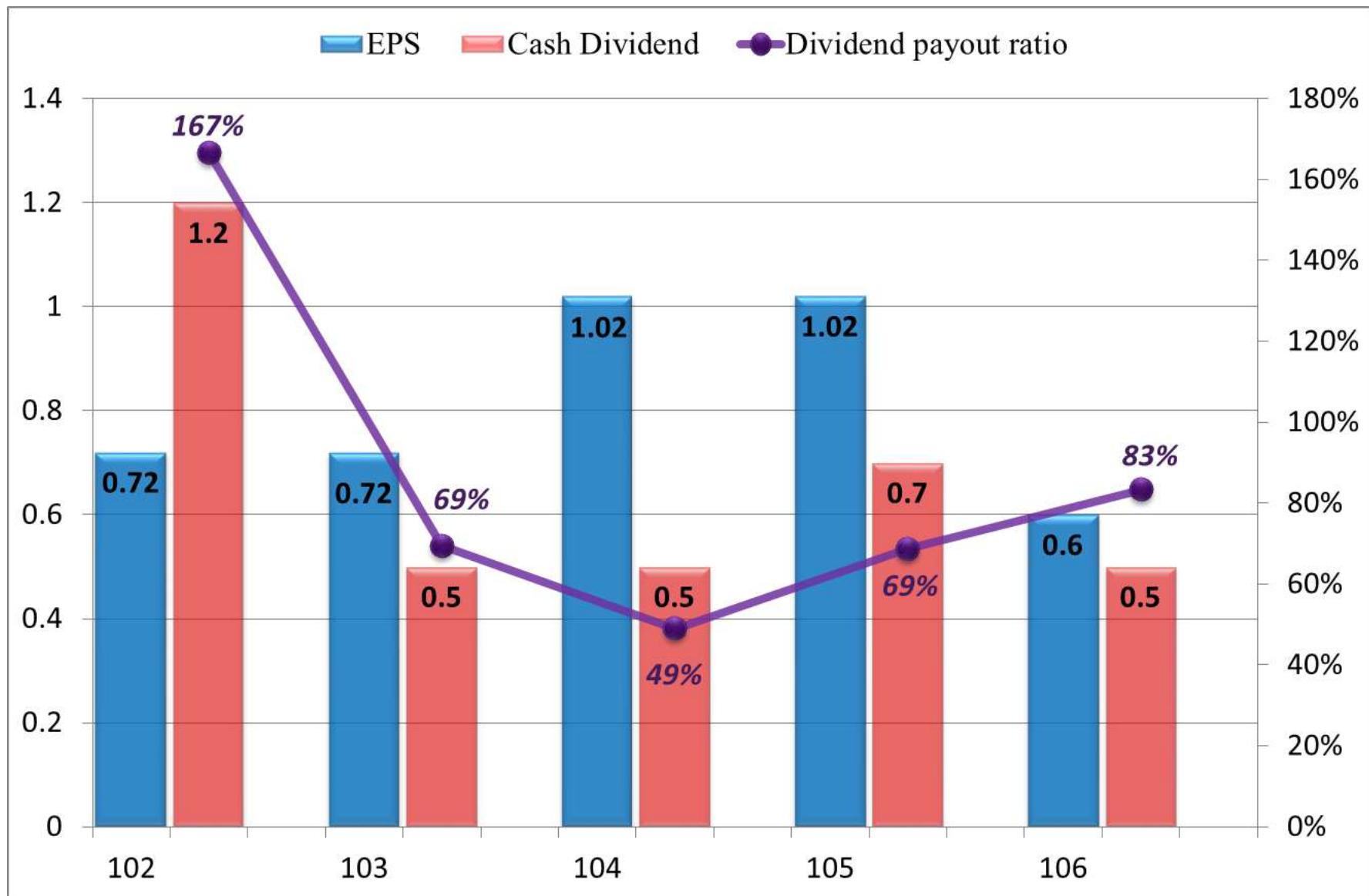


# Financial Review



Note : CFOs = Cash flows from Operating Activities

# Historical EPS and Dividends Paid



# 3. Strategies

# Strategies (1/4)

## Customer Management

- Consolidate existing customers, develop new customers and increase market share.
- Expand new industries in new markets (domestic and foreign market) and high value-added products.
- Pay close attention to political & economic situations and industrial trends, master market projections and win orders aggressively.

## Account Management

- Review and update customer credit information regularly, implement customer credit investigation and AR management to prevent bad debt.
- Increase collection rate and shorten tenor, construct reasonable operating conditions.

# Strategies (2/4)

## Inventory Management

- Order raw material cautiously according to customer demands to perform optimal inventory management.
- Expedite inventory turnover, and prevent inventory evaluation loss.
- Enhance more than 3 months inventory management.
- Implement overdue inventory elimination plan.

## Rationalization of costs

- Propose expense rationalization plans, reduce expense per ton.
- Propose process/efficiency improvement programs, reduce expense per ton and per person.
- Search for competitive sources, lower procurement costs.

# Strategies (3/4)

## Talent Cultivation

- Conduct human resource planning, and plan recruitments accordingly.
- Fulfill job rotation mechanism, cultivate multi-skilled talents.
- Improve job training programs.

## R&D Innovation

- Technology R&D strategies :
  - Laborsaving process, automation
  - New technique, new manufacturing process
- Market R&D strategies :
  - New products, new markets

# Strategies (4/4)

## Equipment Investment

- Inventory all equipment. Replace obsolete with new equipment.
- Assess investment plans to meet customer demands and future market development.

## Plant Investment

- Accurately execute plant investment plans to match each business division's development needs.
- Administrative units assist and support to ensure investments complete according to schedule.

END