

# Operating Performance



**MAXXIS**

100%  
QUALITY

100%  
SERVICE

100%  
TRUST

**CHENG SHIN RUBBER IND. CO., LTD.**

2013.11.28

# Safe Harbor Notice

This presentation is based on the information obtained from various sources which the Company believes to be reliable. But at some point in the future, there may a variety of factors which could cause actual results to differ materially from these statements. Therefore, please refer to the information on MOPS website as the main basis if any adjustment has been made.  
(<http://mops.twse.com.tw/mops/web/index>)

# Note

We adopted IFRS for preparing our financial reports starting from January 1, 2013. Our quarterly and annual financial reports in 2012 were based on ROC GAAP, and were reviewed or audited by PwC. The 2012 financial numbers within the presentation were adjusted according to IFRS basis for comparison purpose.

# Agenda

- **Operating Results**      Mr. Lo, Yung Li / Assistant Vice President
- **Q & A**      Mr. Lee, Hung Ko / Assistant Vice President  
Mr. Lo, Yung Li / Assistant Vice President



## Operating Results

# Company Introduction

- ◆ Foundation: Jan, 1967
- ◆ Headquarters: Chunghua, TW
- ◆ Chairman: Luo, Jye
- ◆ President: Chen, Yun-Hwa
- ◆ IPO: Dec, 1987
- ◆ Capital: NT\$ 32.414 billion
- ◆ Number of employees: 4,800 (Taiwan)  
29,500 (Global)



Base Date : 2013-09-30



## Production Plants



Setup:2010 600,000m<sup>2</sup>



Setup:2011 1,200,000m<sup>2</sup>



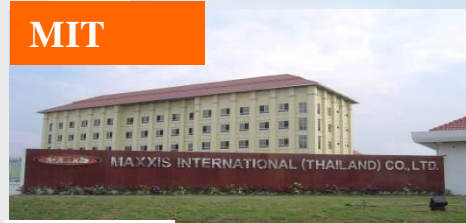
Setup:1967 700,000m<sup>2</sup>



Setup:2006 200,000m<sup>2</sup>



Setup:2004 250,000m<sup>2</sup>



Setup:2002 580,000m<sup>2</sup>



XCS、CSTP、CSTE



CSTP



Setup:2001 400,000m<sup>2</sup>



Setup:1989 1,500,000m<sup>2</sup>



Setup:1993 1,480,000m<sup>2</sup>



Setup:1998 110,000m<sup>2</sup>

# Income Statement Overview (Consolidated)

Unit : NT\$ million

	2013 Jan-Sep		2012 Jan-Sep	
	(Amount)	%	(Amount)	%
Net revenues	100,283	100	98,857	100
Cost of good sold	(74,864)	(75)	(76,328)	(77)
Gross profit	25,419	25	22,529	23
Operating expenses	(9,456)	(9)	(8,340)	(9)
Operating profit	15,963	16	14,189	14
Non-operating gains & losses	1,189	1	(560)	0
Income before tax	17,152	17	13,629	14
Net income	13,661	14	10,987	11
EPS in NT dollar	4.19		3.37	

Source : CST Financial Report



# Income Statement Overview (Consolidated)

Unit : NT\$ million

	2013-Q3		2012-Q3	
	(Amount)	%	(Amount)	%
Net revenue	34,858	100	33,114	100
Cost of good sold	(25,714)	(74)	(25,379)	(76)
Gross profit	9,144	26	7,735	24
Operating expenses	(3,324)	(9)	(2,657)	(8)
Operating profit	5,820	17	5,078	16
Non-operating gains & losses	(190)	(1)	33	0
Income before tax	5,630	16	5,111	16
Net income	4,725	13	4,185	13
EPS in NT dollar	1.45		1.29	

Source : CST Financial Report

# Balance Sheet Overview (Consolidated)

Unit : NT\$ million

	2013-Q3		2012-Q3	
	Amount	%	Amount	%
Cash and cash equivalents	19,640	12	18,404	12
Inventories	16,328	10	18,568	12
Net property, plant and equipment	102,373	64	94,480	63
<b>Total assets</b>	<b>159,309</b>	<b>100</b>	<b>150,521</b>	<b>100</b>
Long-term liabilities	42,973	27	49,715	33
<b>Total liabilities</b>	<b>85,352</b>	<b>54</b>	<b>92,599</b>	<b>62</b>
Total shareholder's equity	73,958	46	57,922	38
<b>Total liabilities and shareholder's equity</b>	<b>159,309</b>	<b>100</b>	<b>150,521</b>	<b>100</b>

Source : CST Financial Report

# Statement of Cash Flow Overview (Consolidated)

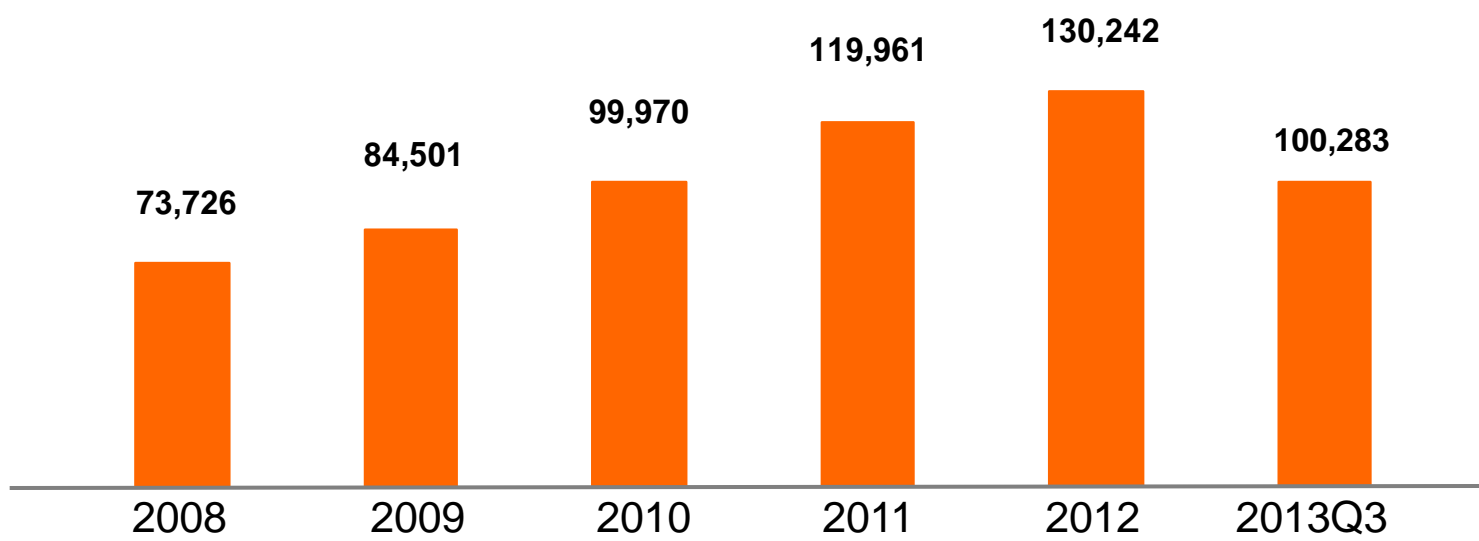
Unit : NT\$ million

	2013-Q3 (Amount)	2012-Q3 (Amount)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>22,180</b>	<b>20,636</b>
Net income before tax	17,152	13,629
Depreciation expenses	6,682	5,405
Accounts receivable 、 inventories and accounts payable	1,487	2,413
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(10,957)</b>	<b>(17,135)</b>
Acquisitions of property, plant and equipment	(11,888)	(17,579)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(7,957)</b>	<b>(2,751)</b>
Increase (decrease) in loans	(3,751)	706

Source : CST Financial Report

# Net Revenues (Consolidated)

Unit : NT\$ million

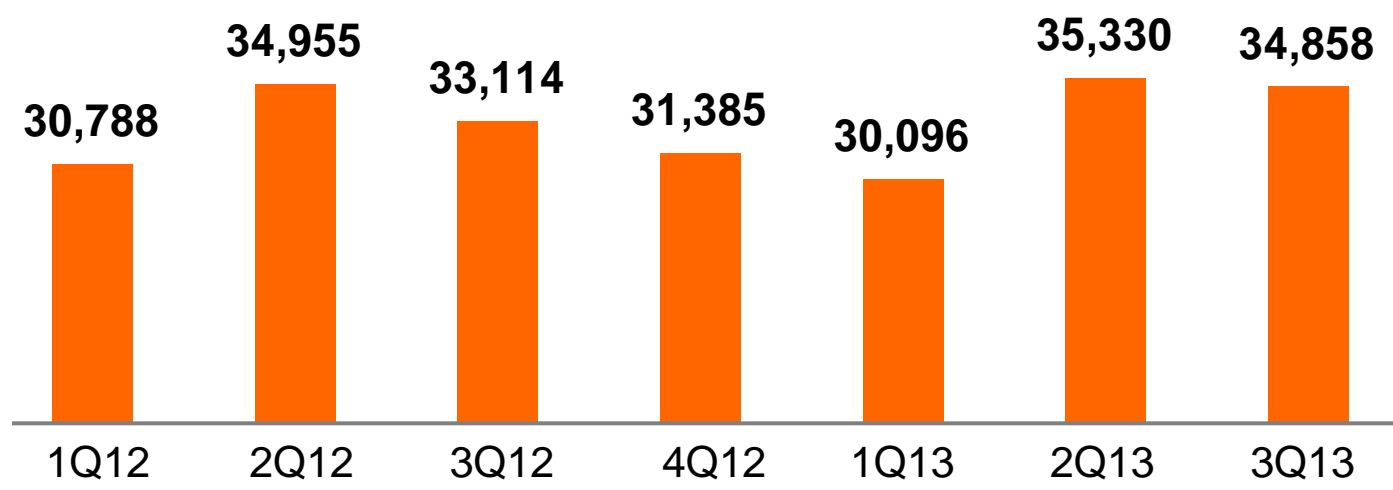


Note : The 2008-2011 financial numbers were based on ROC GAAP.

Source : CST Financial Report

# Net Revenues (Consolidated)

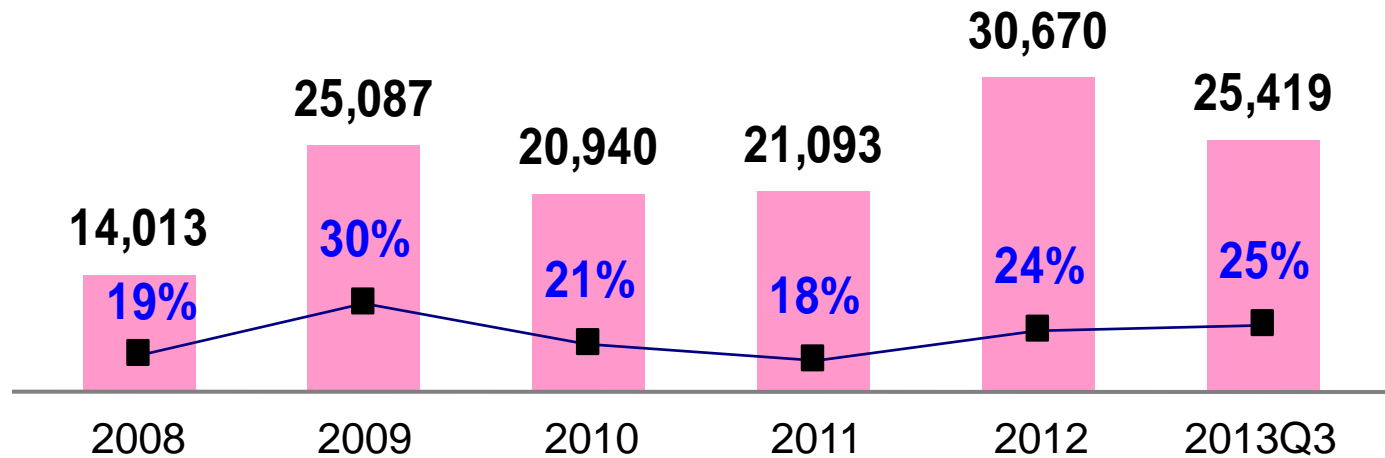
Unit : NT\$ million



Source : CST Financial Report

# Gross Profit (Consolidated)

Unit : NT\$ million & % of sales



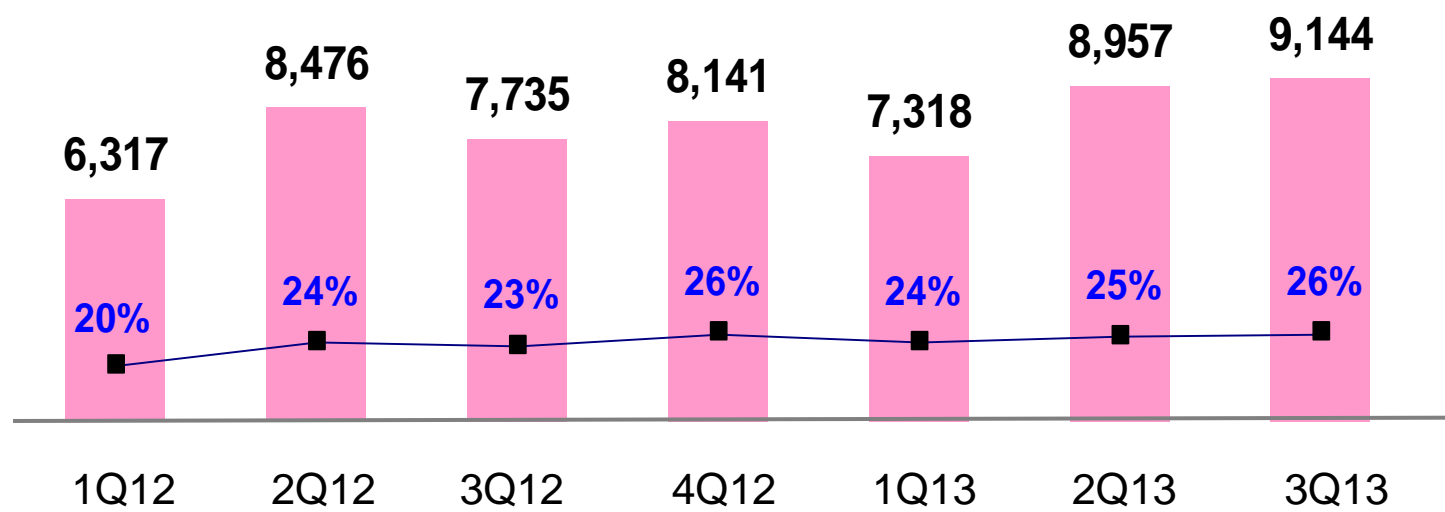
Note : The 2008-2011 financial numbers were based on ROC GAAP.

Source : CST Financial Report



# Gross Profit (Consolidated)

Unit : NT\$ million & % of sales

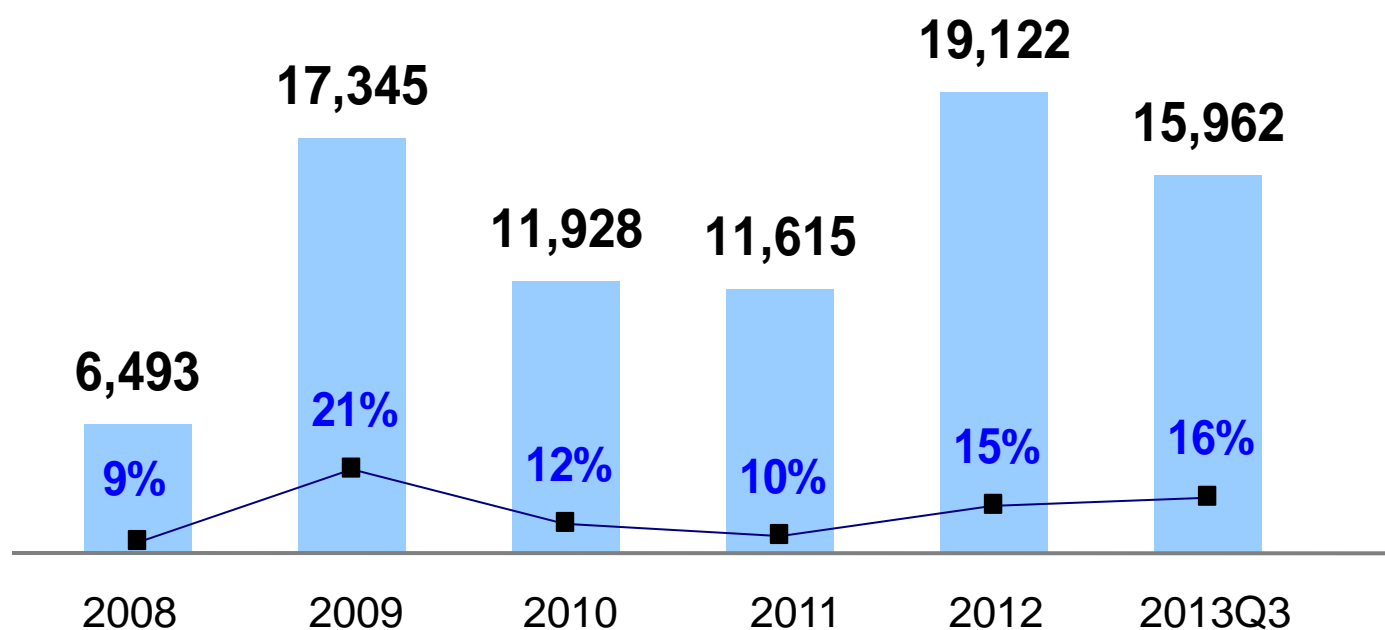


Source : CST Financial Report

# Operating Profit (Consolidated)



Unit : NT\$ million & % of sales



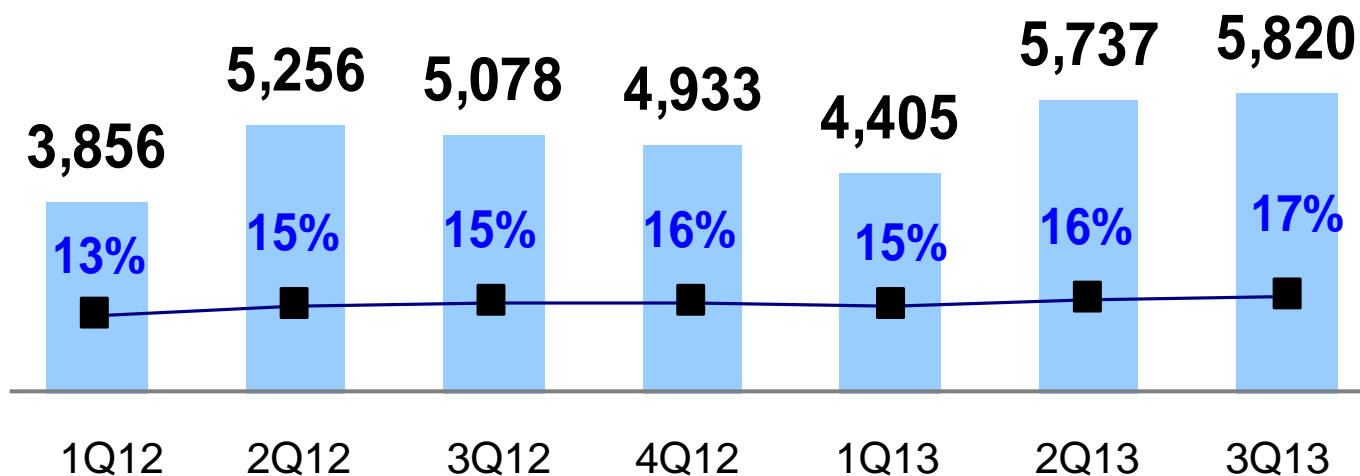
Note : The 2008-2011 financial numbers were based on ROC GAAP.

Source : CST Financial Report

# Operating Profit (Consolidated)



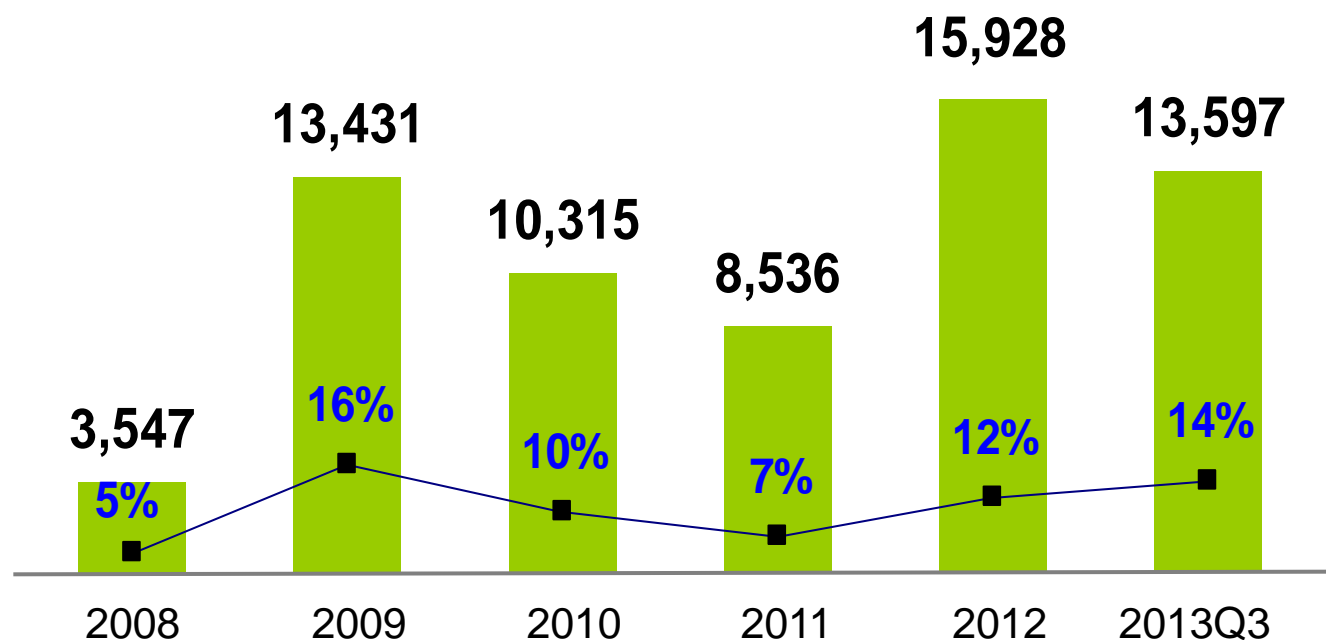
Unit : NT\$ million & % of sales



Source : CST Financial Report

# Net Income – Attributable to shareholders of the parent (Consolidated)

Unit : NT\$ million & % of sales

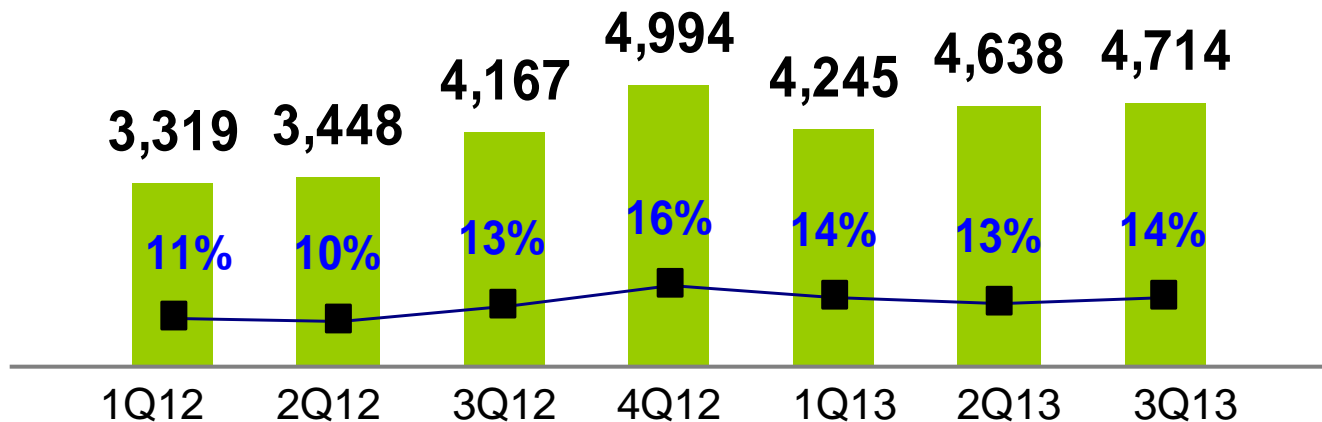


Note : The 2008-2011 financial numbers were based on ROC GAAP.

Source : CST Financial Report

## Net Income – Attributable to shareholders of the parent (Consolidated)

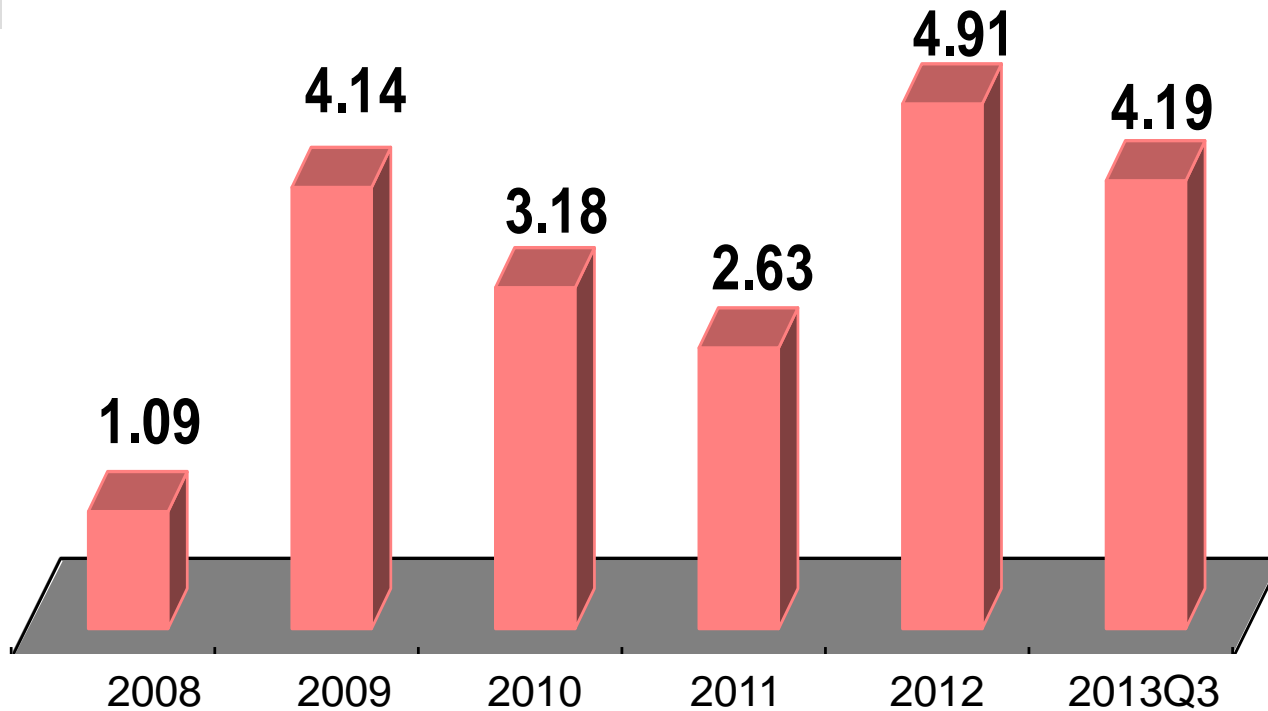
Unit : NT\$ million & % of sales



Source : CST Financial Report

# EPS (Consolidated)

Unit : NT\$



Shares : 3.2414 billion shares

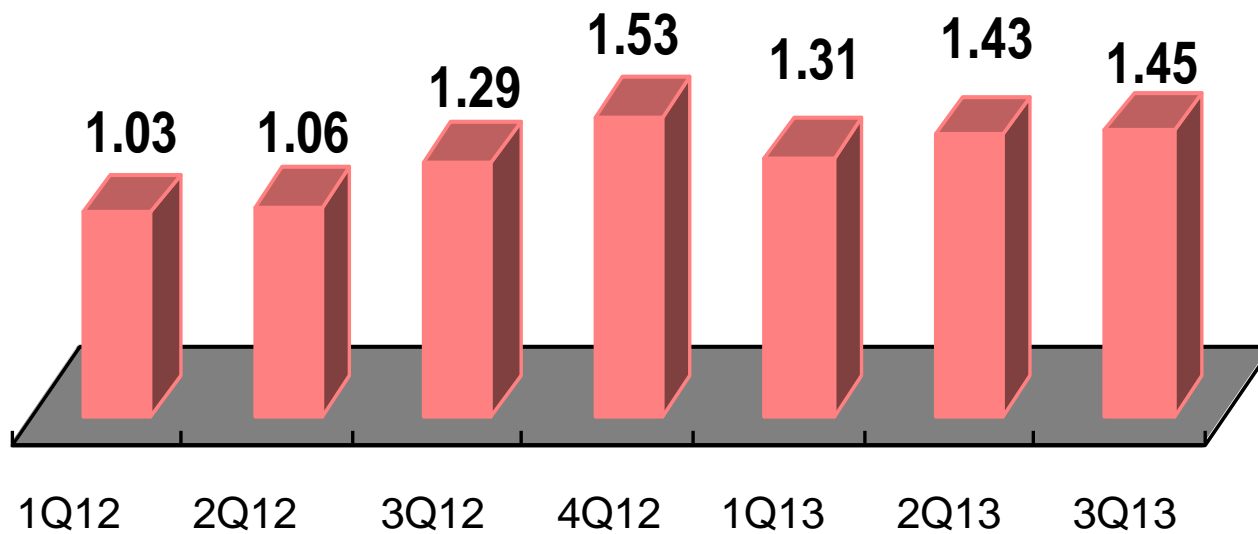
Note : The 2008-2011 financial numbers were based on ROC GAAP.

Source : CST Financial Report



# EPS (Consolidated)

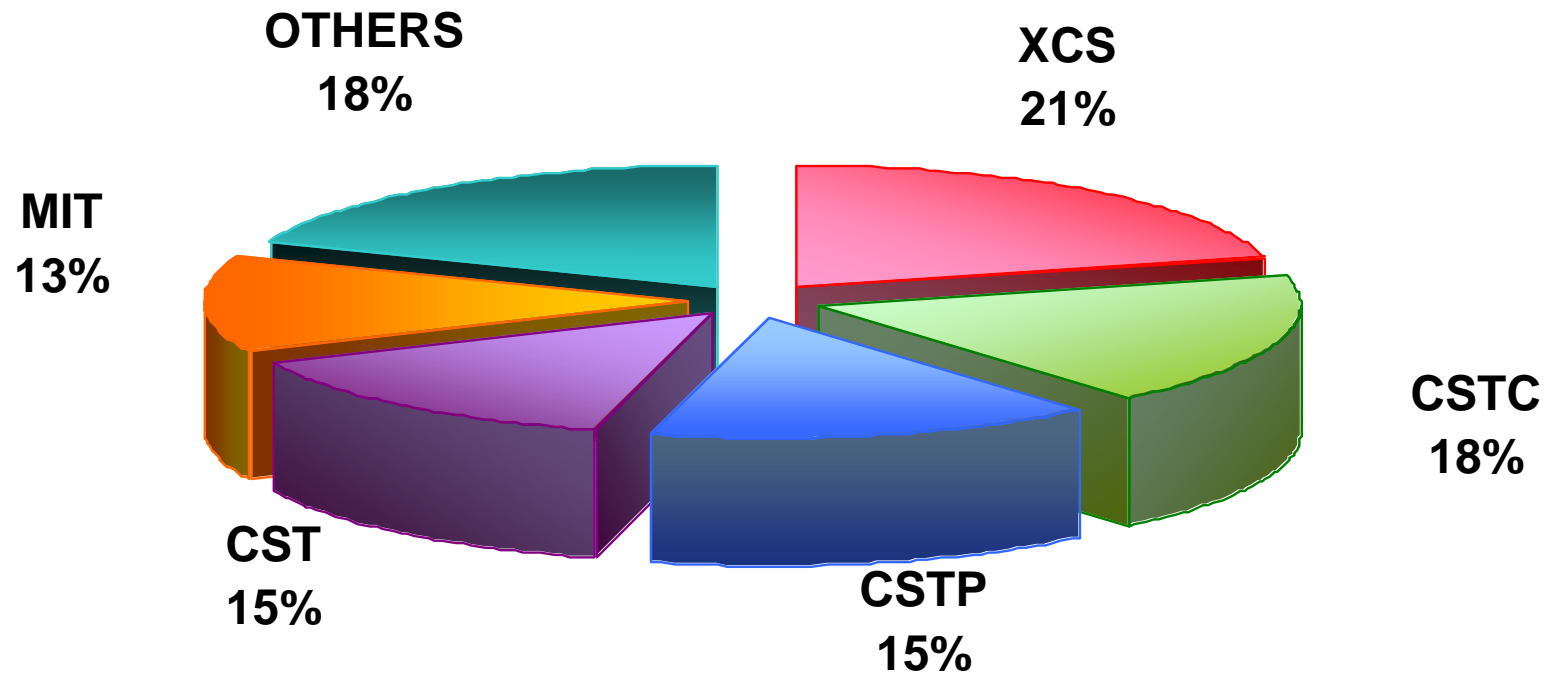
Unit : NT\$



Note : EPS were based on total outstanding shares of 3.2414 billion shares

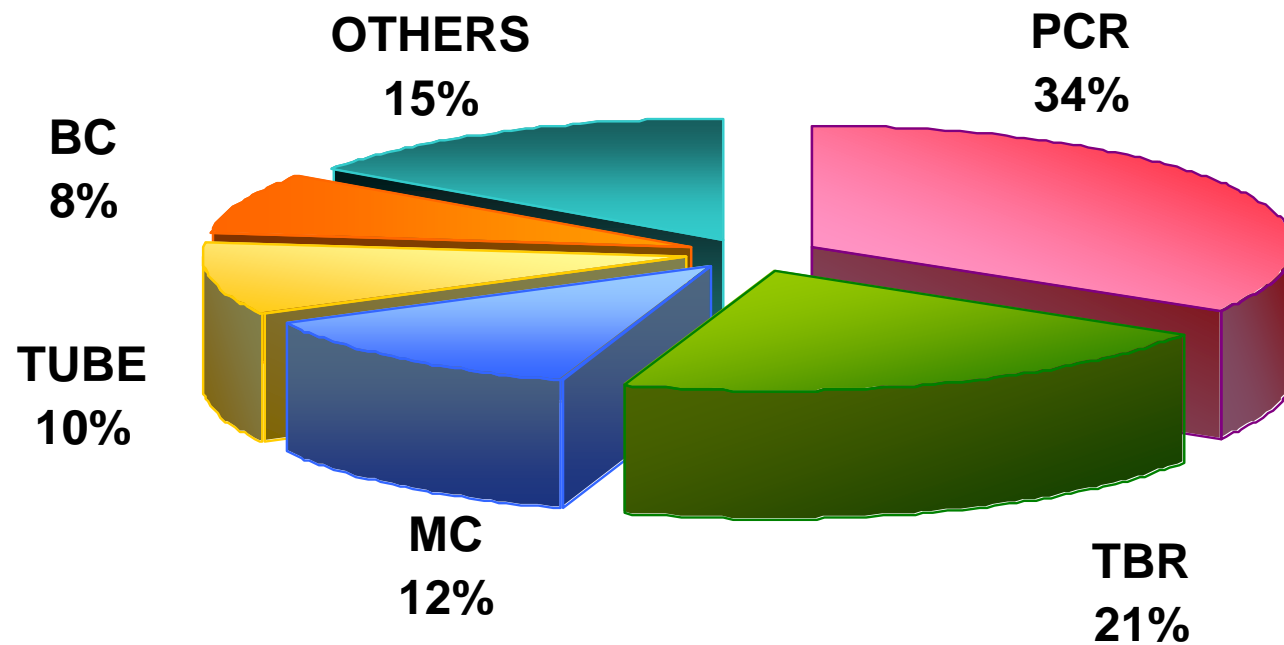
Source : CST Financial Report

## Revenues by Subsidiary



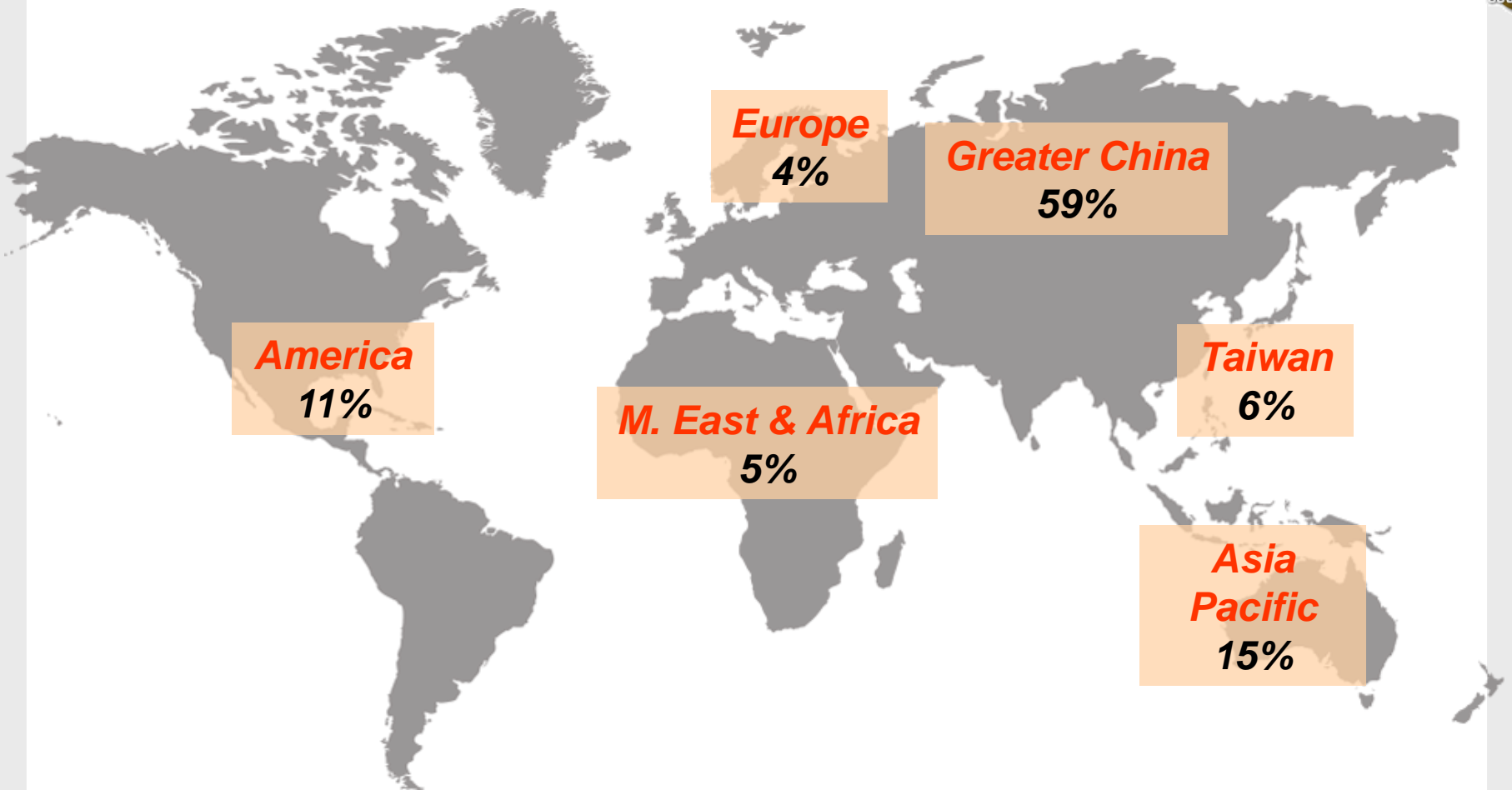
Source : CST Financial Report (2013-Q3)

## Revenues by Product



Source : CST Non-audited Financial Report (2013-Q3)

## Revenues by Region

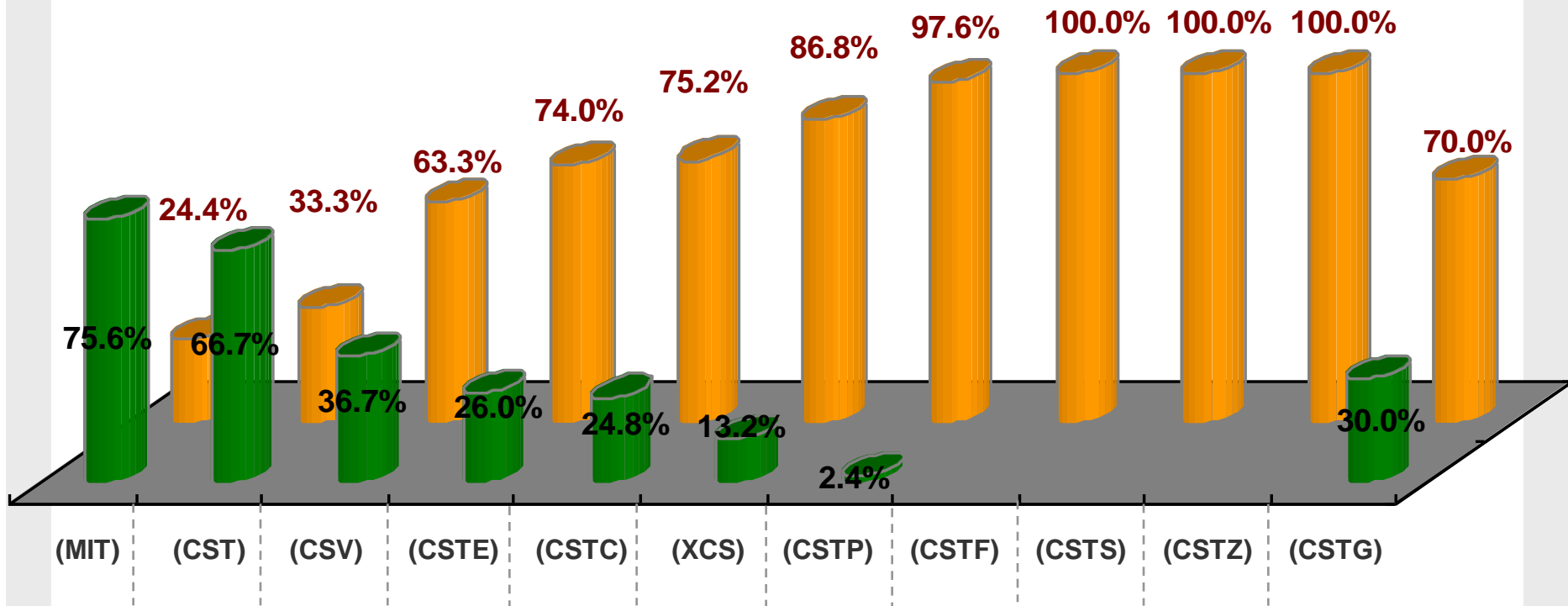


Source : CST Non-audited Financial Report (2013 –Q3)

## Revenues by Domestic & Foreign Sales

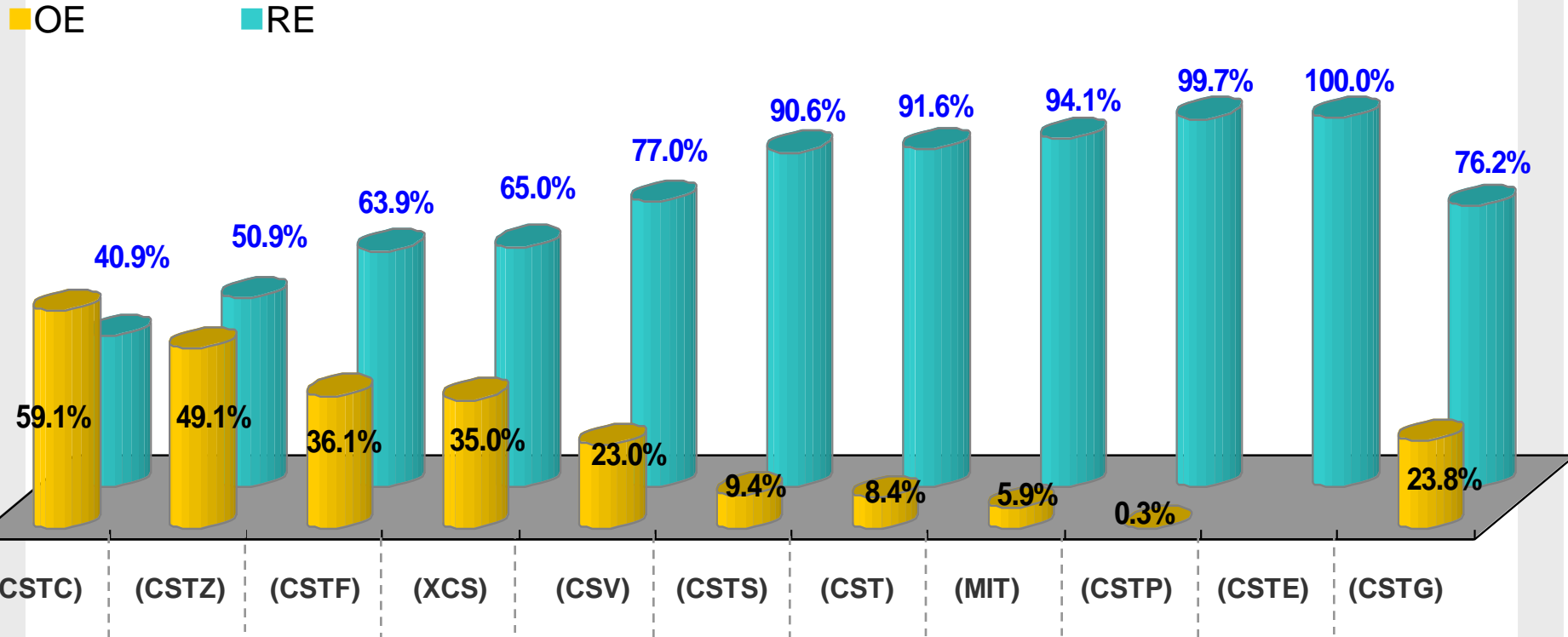
■ Foreign Sales

■ Domestic Sales



Source : CST Non-audited Financial Report (2013 –Q3)

## Revenues by OE & RE Customer



Source : CST Non-audited Financial Report (2013-Q3)



## Revenues of Global Top 10 Tire Makers (2012)

### 2013 Global Tire Company Rankings

Based on 2012 sales. Includes subsidiaries.

(Figures in millions of dollars, translated at average annual currency exchange rates)

2012 Rank	2011 Rank	Company/Headquarters	2012		2011	
			Tire sales	% of total corp. sales	Tire sales	% of total corp. sales
9	9	Maxxis International/Cheng Shin Rubber Yuanlin, Taiwan	4,630.9	100.0%	4,268.0	100.0%
						
8	7	Yokohama Rubber Co. Ltd. Tokyo, Japan	5,570.0	80.0%	*6,028.0	*81.0%
						
7	8	Hankook Tire Co. Ltd. Seoul, South Korea	6,259.0		5,744.2	97.8%
						
6	5	Pirelli & C. S.p.A.* Milan, Italy	7,626.9	97.7%	7,802.2	99.0%
						
5	6	Sumitomo Rubber Industries Ltd. Kobe, Japan	7,763.4	87.2%	7,413.0	87.2%
						
4	4	Continental A.G.* Hanover, Germany	*10,895.0	*25.9%	*10,645.0	*25.1%
						
3	3	Goodyear Tire & Rubber Co.* Akron, Ohio	*18,900.0	*90.0%	*20,490.0	*90.0%
						
2	2	Group Michelin* Clermont-Ferrand, France	*26,222.0	*95.0%	*27,413.6	*95.0%
						
1	1	Bridgestone Corp.* Tokyo, Japan	*28,575.0	*75.0%	*28,450.0	*75.0%
						

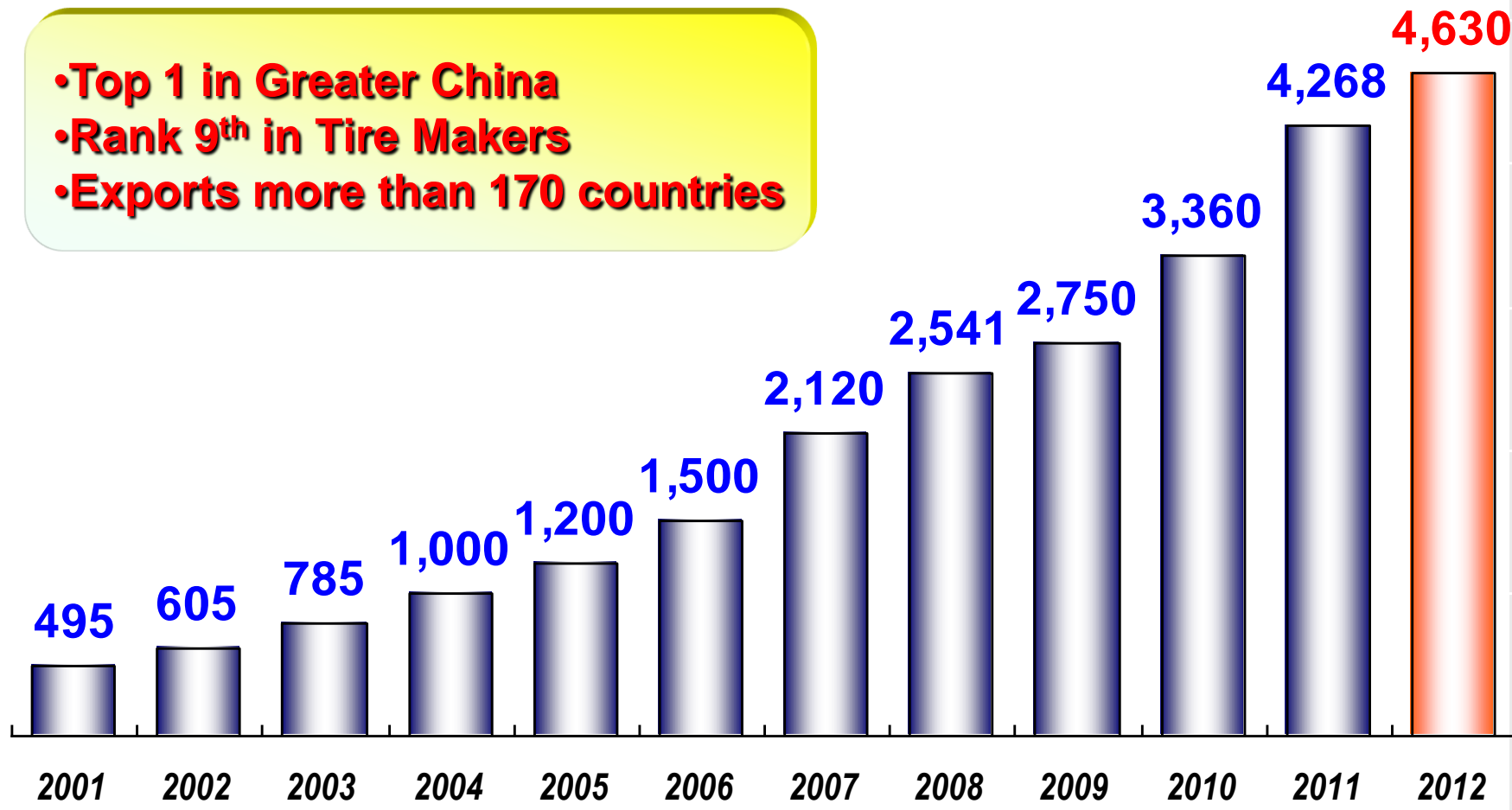
TIRE BUSINESS, September 2, 2013

Maxxis Revenue in 2012 : **US\$ 4.63 Billion**

# Maxxis Worldwide Revenue


Unit : US\$ million

- **Top 1 in Greater China**
- **Rank 9<sup>th</sup> in Tire Makers**
- **Exports more than 170 countries**



Source: TIRE BUSINESS, 2001-2012

# Net Profit Margin Ranking of Tire Manufacturers

Net Profit Margin (% , Year of 2012)		
Ranking	Company	Net Profit Margin
1	Cheng Shin / Maxxis International 	12.26%
2	Michelin	7.32%
3	Pirelli	6.49%
4	Continental	6.01%
5	Yokohama	5.83%
6	Bridgestone	5.55%
7	Hangkook	5.47%
8	Sumitomo	4.99%
9	Goodyear	1.01%

Source: Financial statements of year 2012 of each tire manufacturer.

# Maxxis No.1 Campaign


## Example

- Maxxis No.1 in Amazon



# Maxxis No.1 in Ecuador



#	BRAND	FOB	%
1	MAXXIS 	\$ 13,466,776.04	22.49%
2	KUMHO	\$ 4,581,445.00	7.65%
3	HANKOOK	\$ 3,244,547.36	5.42%
4	YOKOHAMA	\$ 2,497,629.64	4.17%
5	TRACTOMAQ S.A.	\$ 2,474,449.43	4.13%
6	MICHELIN	\$ 2,459,109.24	4.11%
7	GOODYEAR	\$ 2,227,407.31	3.72%
8	LIMA CAUCHO	\$ 2,143,531.60	3.58%
9	BRIDGESTONE FIRESTONE	\$ 2,062,673.45	3.44%
10	TRIANGLE	\$ 1,932,568.91	3.23%

Source: Official source of Ecuadorian Customs imported automobile tires in Jan-Sep 2013



## Maxxis is OEM fitted on 2014 All New Corolla to sell in MEA market

# MAXXIS®

**Breaking News!** Maxxis MA307A meets Toyota's stringent quality requirements for the Middle Eastern countries and is OEM fitted on its revolutionary model: 2014 All New Corolla.

195/65 R15 MA307A 91H TL Ee MAXXIS

205/55 R16 MA307A 91V TL #E MAXXIS

The model will soon debut and come onto the market from Q4 2013 in Kingdom of Saudi Arabia, UAE, Oman, Kuwait, Bahrain, Qatar, Yemen, Iran, and Iraq.

In order to satisfy the upcoming replacement market demand, all Maxxis local distributors are kindly requested to prepare MA307A orders soon!

Please feel free to contact our sales representative for more information.





# Special Achievements and Awards



**Ford World Excellence Gold Awards**



**Shanghai General Motors Best Supplier Awards**



**GM Supplier Quality Excellence Award**

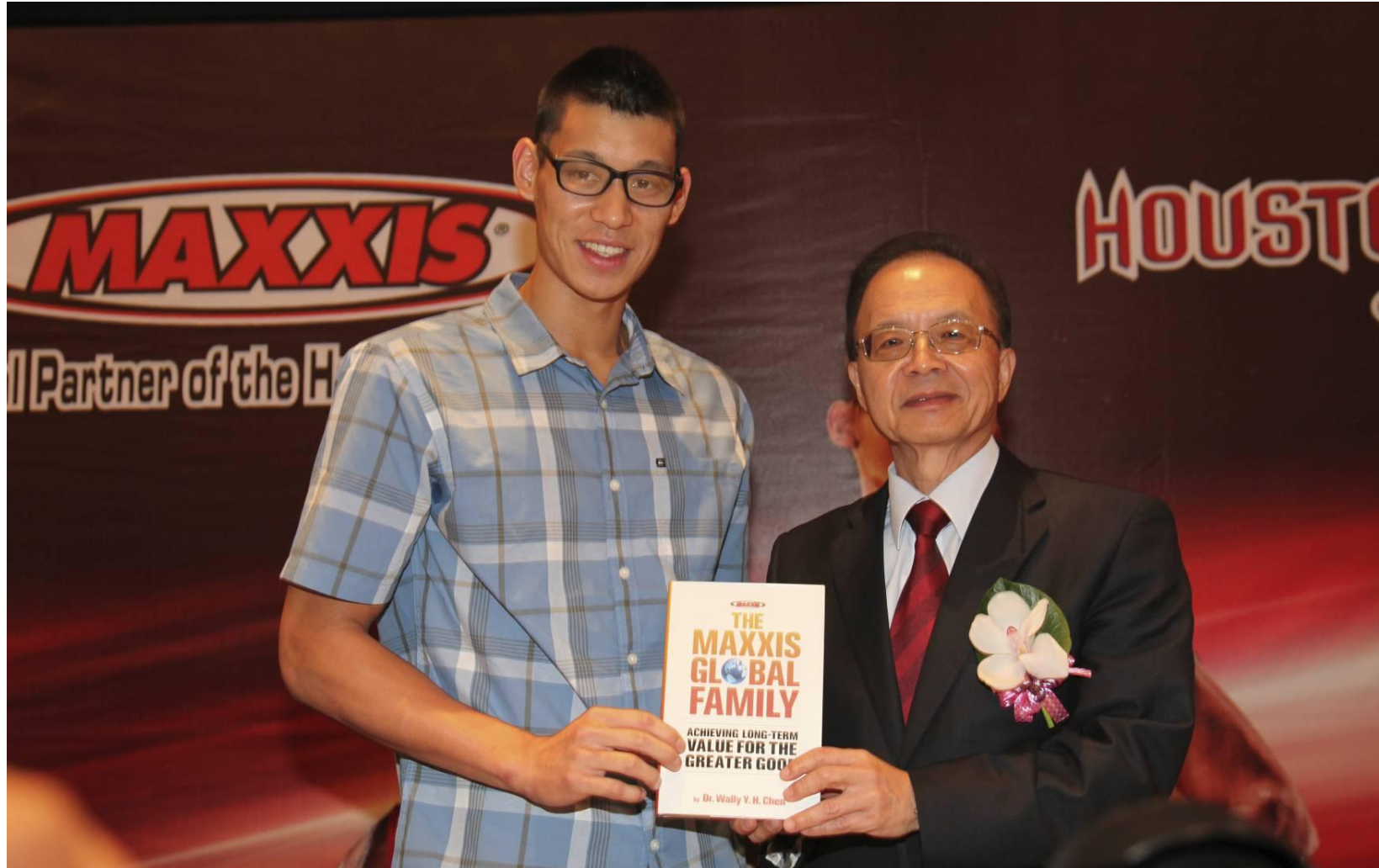
# Brand Value and Award

## 2012 TAIWAN TOP 10 GLOBAL BRANDS

This certificate of distinction is proudly awarded to **CHENG SHIN RUBBER IND., CO., LTD.** in recognition of its achievement with the **MAXXIS** brand being ranked as one of the top 20 most valuable International Taiwanese brands in the Interbrand 2012 Taiwan Top Global Brand Valuation League Table. In this year, 2012 **MAXXIS** was ranked **9<sup>th</sup>** out of the top 20 brands listed, with an estimated brand value of **US\$331 million**.

**Taiwan Top 20 Global Brands for 10 Years in a Row**  
**Brand Value US\$331 Million**

# Maxxis Book Launch





# 2013 Forbes Asia Fabulous 50



## CST-2013 Forbes Asia Fabulous 50 Award



CST Group entered the mainland China market in the 1990s. According to financial reports, both of the company's revenues and profits are still growing rapidly amid the contrarious situation of the economy in China; meanwhile, the company gallops ahead in the race to develop own brand. (Source : Chinatimes)



## Q & A

Thanks for coming and kindly  
appreciate your support.

<http://www.cst.com.tw/>  
<http://www.maxxis.com/>

