

CHENG SHIN RUBBER IND. CO., LTD.

Investor Conference



April 18, 2018

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 are a variety of factors which could cause actual results to differ materially from those 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>)

Participants

- **Mr. Liao, Cheng Yao / Vice President**
- **Mr. Lo, Yung Li / Assistant Vice President**



Company Introduction



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Company Introduction

- ◆ Foundation : Jan., 1967
- ◆ IPO : Dec., 1987
- ◆ Headquarter : Chunghwa, Taiwan
- ◆ Capital : NT\$32.414 billion
- ◆ Chairman : Lo, Tsai-Jen
- ◆ Global top 9 of tire makers
- ◆ Number of employees :
6,285 (Taiwan) ; 30,833 (Global)



Base Date : 2017-12-31

Revenues of Global Top 10 Tire Makers

2017 Global Tire Company Rankings

Base on 2016 results. Includes subsidiaries.

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



2016 Rank	2015 Rank	Company/Headquarters	2016		2015		2014		2013	
			Tire sales	% of total corp. sales	Tire sales	% of total corp. sales	Tire sales	% of total corp. sales	Tire sales	% of total corp. sales
9	9	Maxxis International / Cheng Shin Rubber Yuanlin, Taiwan	3,887.0	100.0%	3,847.0	100.0%	4,441.3	100.0%	4,768.6	100.0%
8	8	Yokohama Rubber Co. Ltd. ^{4,5} Tokyo, Japan	4,208.0	93.6%	4,152.8	79.8%	4,703.2	79.6%	4,915.6	79.7%
7	7	Hankook Tire Co. Ltd. Seoul, South Korea	5,008.7	91.6%	*5,320.0	*90.0%	5,595.4	88.0%	6,868.1	99.0%
6	6	Sumitomo Rubber Industries Ltd. ^{#2} Kobe, Japan	6,029.9	85.6%	6,051.2	86.3%	6,917.7	87.3%	6,971.3	87.3%
5	5	Pirelli & C. S.p.A. ^{#3} Milan, Italy	6,380.0	100.0%	6,933.6	100.0%	7,992.2	100.0%	8,007.0	97.8%
4	4	Continental A.G. [#] Hanover, Germany	*10,785.0	*25.0%	*10,780.0	*25.0%	*11,875.0	*24.8%	*11,150.0	*25.2%
3	3	Goodyear Tire & Rubber Co. ^{#2} Akron, Ohio	*13,645.0	*90.0%	*14,800.0	*90.0%	*16,355.0	*90.0%	*17,586.0	*90.0%
2	2	Group Michelin [#] Clermont-Ferrand, France	*21,129.4	*95.0%	*22,130.0	*95.0%	*24,668.5	*95.0%	*25,545.0	*95.0%
1	1	Bridgestone Corp. ^{#1} Tokyo, Japan	*22,121.0	*75.0%	*24,045.0	*75.0%	*26,045.0	*75.0%	*27,390.0	*75.0%



August 28, 2017, **TIRE BUSINESS**




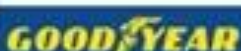






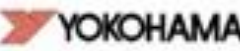

Maxxis Revenue in 2016 : US\$ 3.887 Billion

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2018 Brand of Global Top 10 Tire Makers

	1	Rank 2018: 1 2017: 2 ↑ BV 2018: \$7,930m BV 2017: \$6,089m +30% Brand Rating: AAA
	2	Rank 2018: 2 2017: 1 ↓ BV 2018: \$6,992m BV 2017: \$7,413m -6% Brand Rating: AAA-
	3	Rank 2018: 3 2017: 3 → BV 2018: \$4,756m BV 2017: \$3,612m +32% Brand Rating: AA+
	4	Rank 2018: 4 2017: 4 → BV 2018: \$2,175m BV 2017: \$2,099m +4% Brand Rating: AA+
	5	Rank 2018: 5 2017: 8 ↑ BV 2018: \$1,984m BV 2017: \$1,100m +80% Brand Rating: AA

	6	Rank 2018: 6 2017: 7 ↑ BV 2018: \$1,590m BV 2017: \$1,382m +15% Brand Rating: AA+
	7	Rank 2018: 7 2017: 5 ↓ BV 2018: \$1,524m BV 2017: \$1,821m -16% Brand Rating: AAA-
	8	Rank 2018: 8 2017: 10 ↑ BV 2018: \$900m BV 2017: \$820m +10% Brand Rating: AA-
	9	Rank 2018: 9 2017: 9 → BV 2018: \$838m BV 2017: \$1,024m -18% Brand Rating: AA-
	10	Rank 2018: 10 2017: 6 ↓ BV 2018: \$601m BV 2017: \$1,577m -62% Brand Rating: A



Source：英國品牌價值與戰略諮詢公司《Brand Finance》

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WALTZ MS1 Tire

Recommended by Professional Driver Magazine



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MAXXIS PREMISTRA HP5

Recommended by Professional Driver Magazine

PREMITRA **HP5** 輪胎榮獲澳洲權威媒體評比第一名!
BAUER MOTORING Wheels Tyre Test 2017年評比.

2017 wheels
TYRE TEST
WINNER

MAXXIS®
No.1



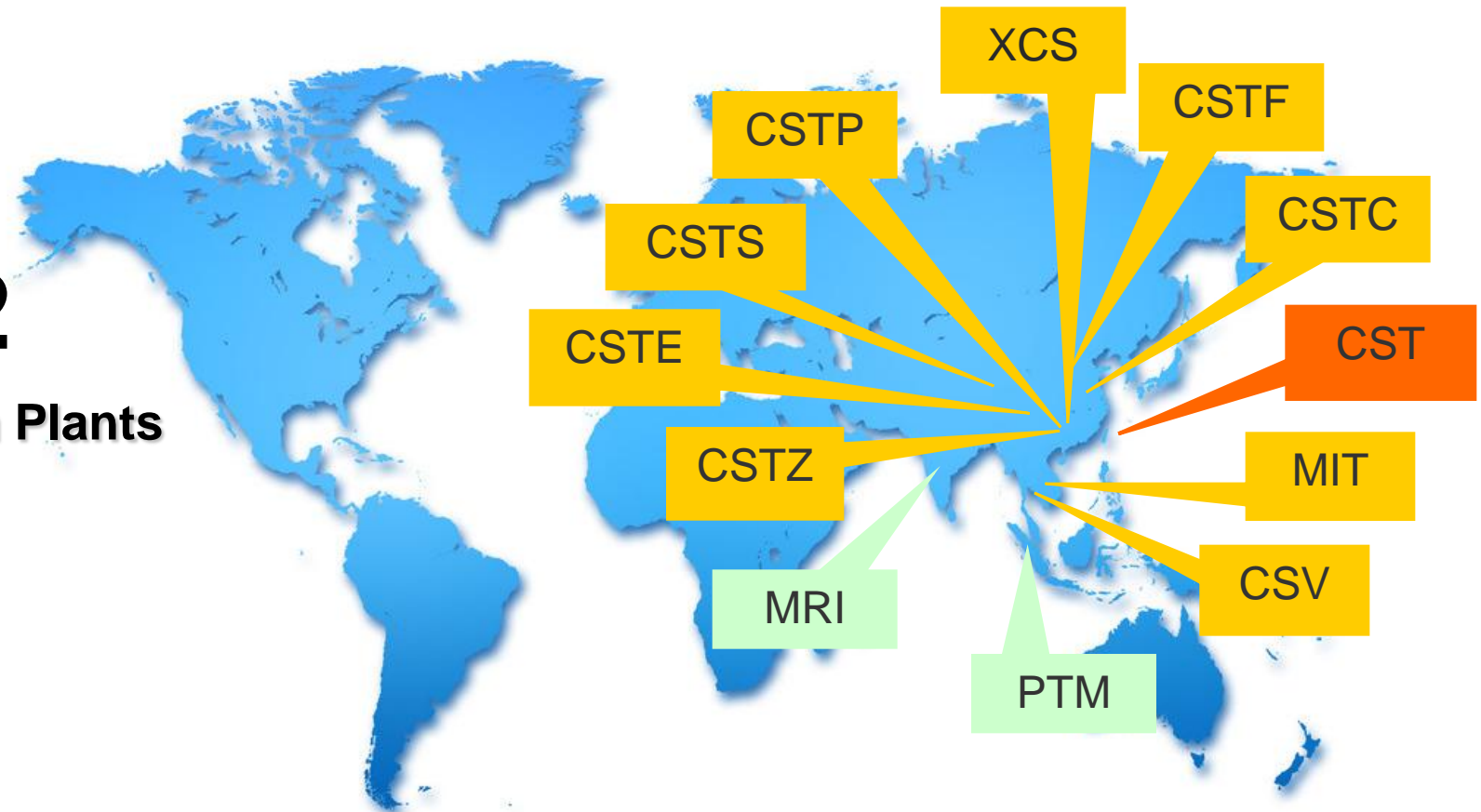
PREMITRA
HP5



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Production Plants

12
Production Plants



Note1 : CST is the Headquarter

Note2 : MRI and PTM have been put into production

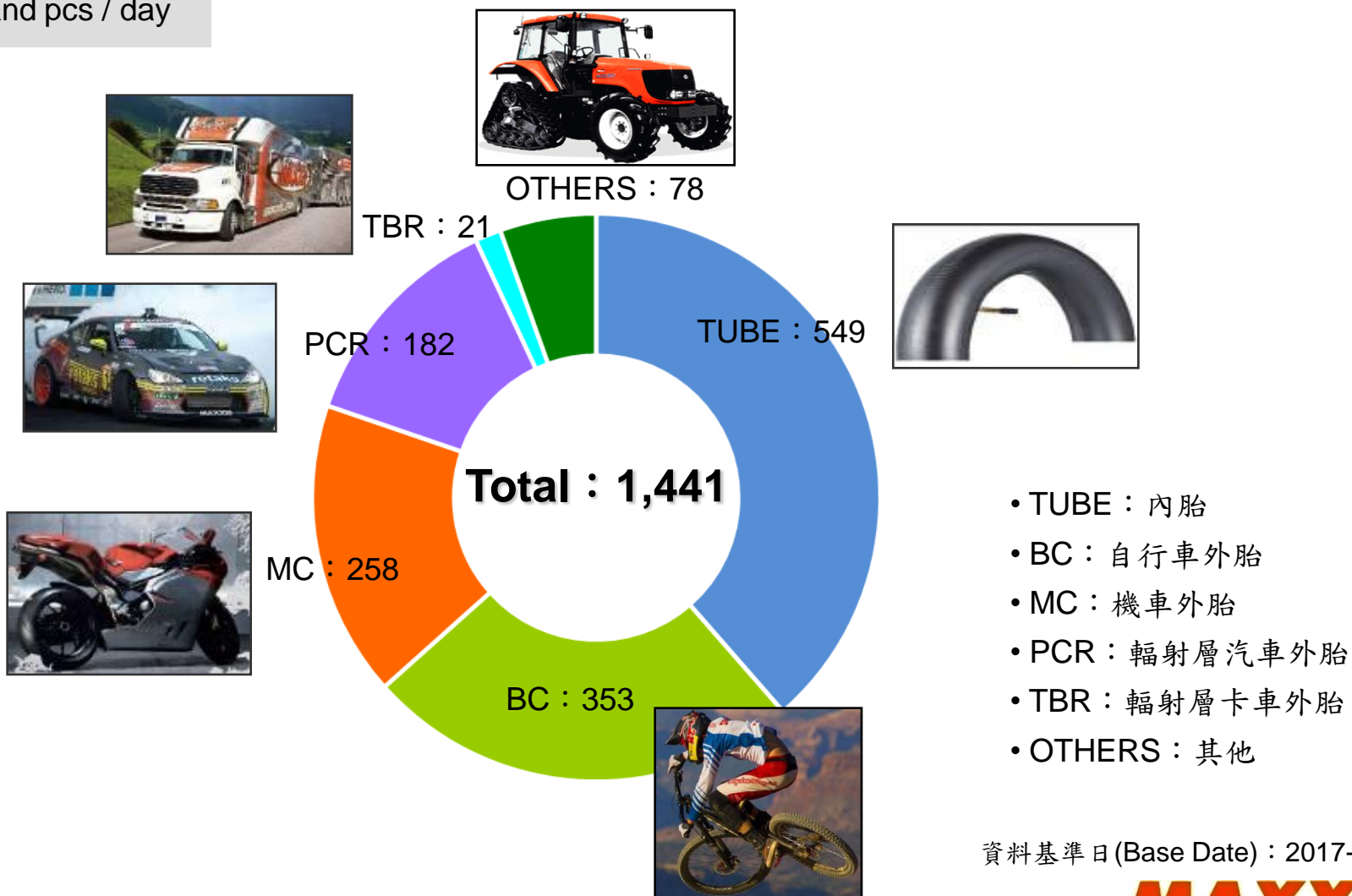
Production Configuration

	CST	XCS	CSTC	CSTP	CSTF	MIT	CSTE	CSV	CSTS	CSTZ	MRI	PTM
PCR	⊙	⊙	⊙			⊙			⊙			
TBR	⊙		⊙	⊙		⊙						
MC	⊙	⊙			⊙			⊙		⊙	⊙	⊙
BC	⊙	⊙			⊙					⊙		
TUBE	⊙						⊙	⊙				
OTHERS	⊙	⊙			⊙		⊙	⊙		⊙		

Base Date : 2017-12-31

Production Capacity

Unit : thousand pcs / day



資料基準日 (Base Date) : 2017-12-31



Operating Results

Statements of Comprehensive Income Overview (Consolidated)

Unit : NT\$ million

	2017		2016	
	Amount	%	Amount	%
Net revenues	112,309	100	117,387	100
Cost of good sold	(86,631)	(77)	(81,098)	(69)
Gross profit	25,678	23	36,289	31
Operating expenses	(17,280)	(16)	(17,618)	(15)
Operating profit	8,398	7	18,671	16
Non-operating gains & losses	(16)	(0)	(776)	(1)
Income before tax	8,382	7	17,895	15
Net income	5,602	5	13,346	11



Source : CSTG Financial Report

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Balance Sheet Overview (Consolidated)

Unit : NT\$ million

	2017		2016	
	Amount	%	Amount	%
Cash and cash equivalents	30,924	17	28,894	17
Inventories	19,184	11	13,850	9
Net property, plant and equipment	105,008	59	103,156	61
Total assets	179,084	100	168,165	100
Current liabilities	42,078	24	39,787	24
Long-term debts & corporate	49,459	27	34,589	21
Total shareholder's equity	82,891	46	88,269	52
Total liabilities and shareholder's equity	179,084	100	168,165	100



Statement of Cash Flow Overview (Consolidated)

Unit : NT\$ million

	2017 Amount	2016 Amount
CASH FLOWS FROM OPERATING ACTIVITIES	8,901	27,272
Net income before tax	8,382	17,895
CASH FLOWS FROM INVESTING ACTIVITIES	(13,909)	(14,084)
Acquisitions of property, plant and equipment	(13,923)	(14,044)
CASH FLOWS FROM FINANCING ACTIVITIES	8,338	5,679
Increase (decrease) in loans	17,898	4,014
Increase in cash and cash equivalents	2,030	6,572
Cash and cash equivalents at the end of year	30,924	28,894

資料來源：正新橡膠合併財報

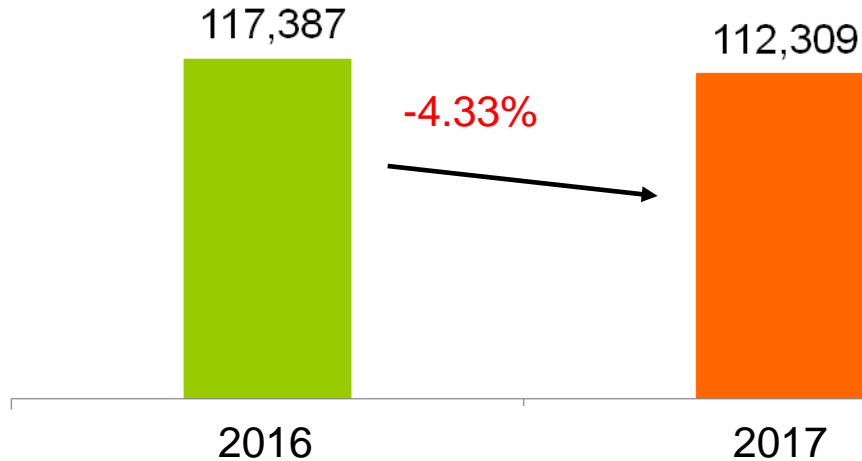
Source : CSTG Financial Report



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Revenues (Consolidated)

Unit : NT\$ million



【 Reasons of revenues decrease 4.33%) 】

YoY :

- Price & exchange rate effect : -2.37%
- Quantity effect : -1.57%
- Other effect : -0.39%



Source : CSTG Financial Report

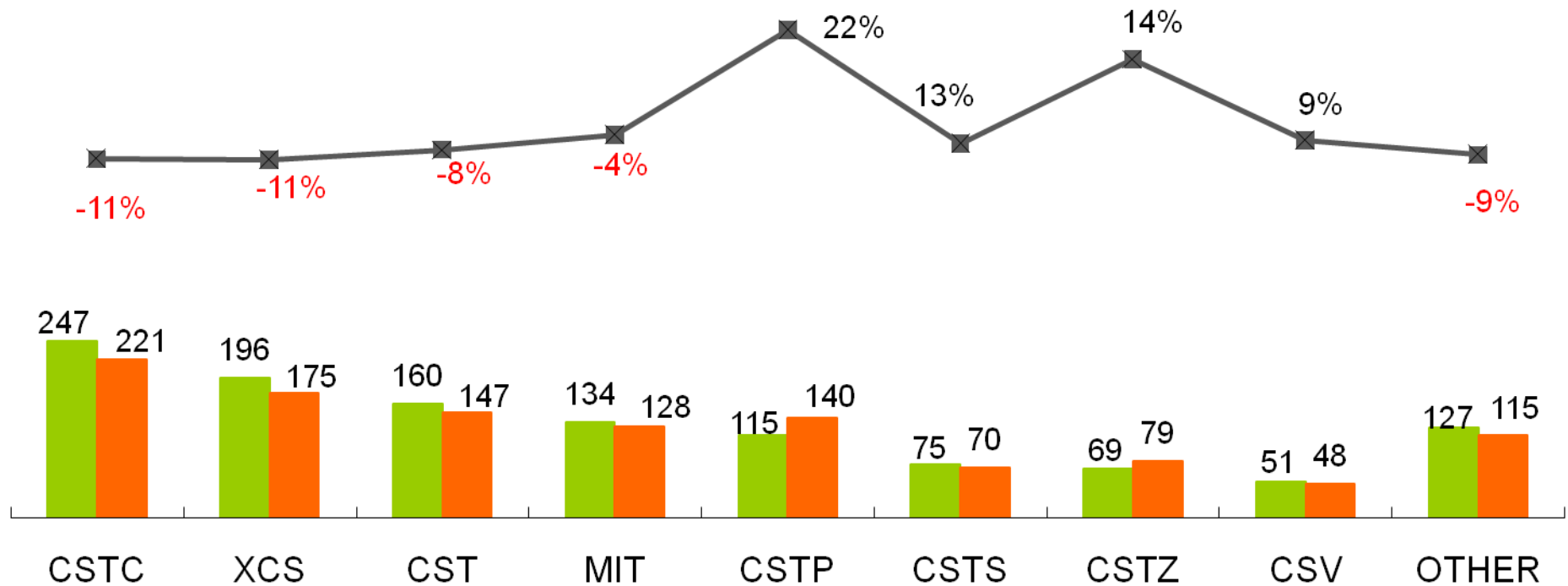
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YoY Revenues (Consolidated)

Unit : NT\$ 100 million

■ 2016

■ 2017

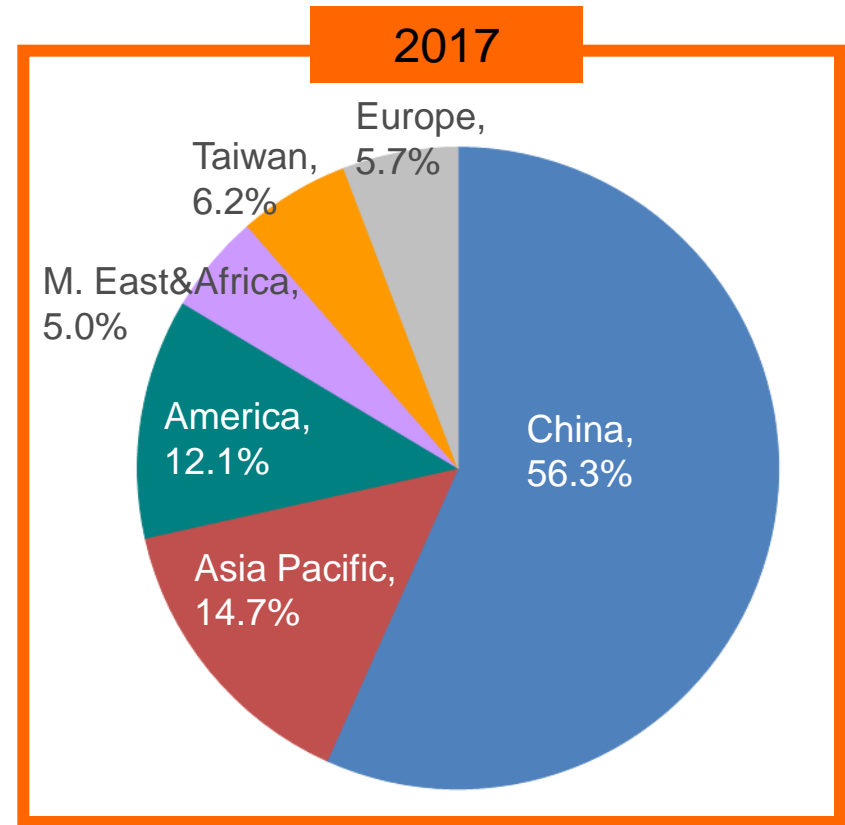
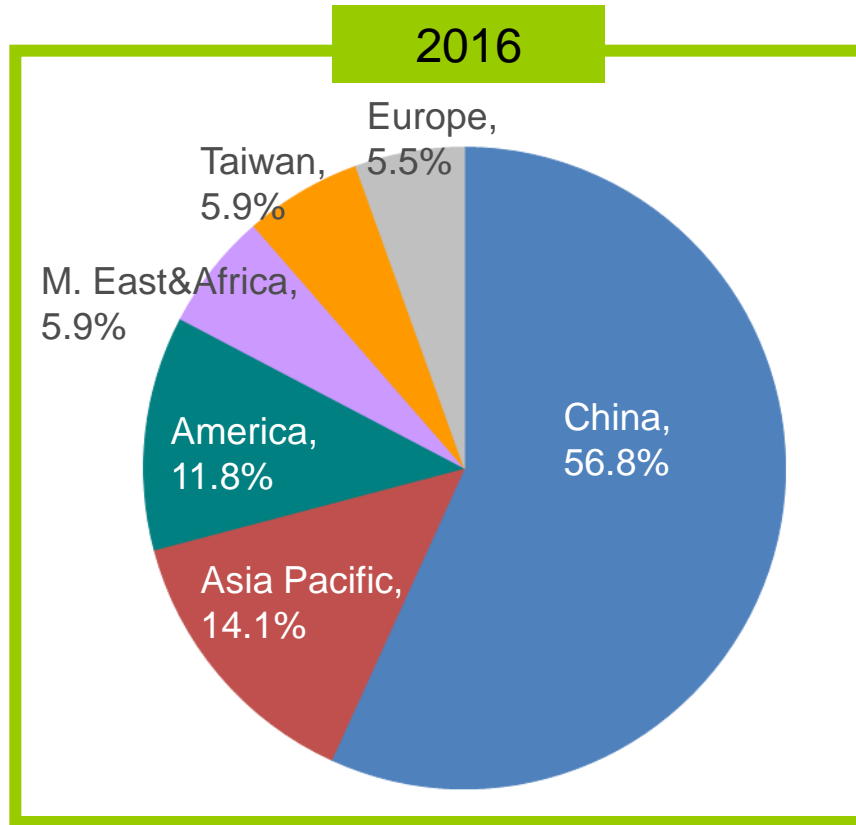


Source : CSTG Financial Report

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YoY Revenues by Region (Consolidated)

Unit : % of sales

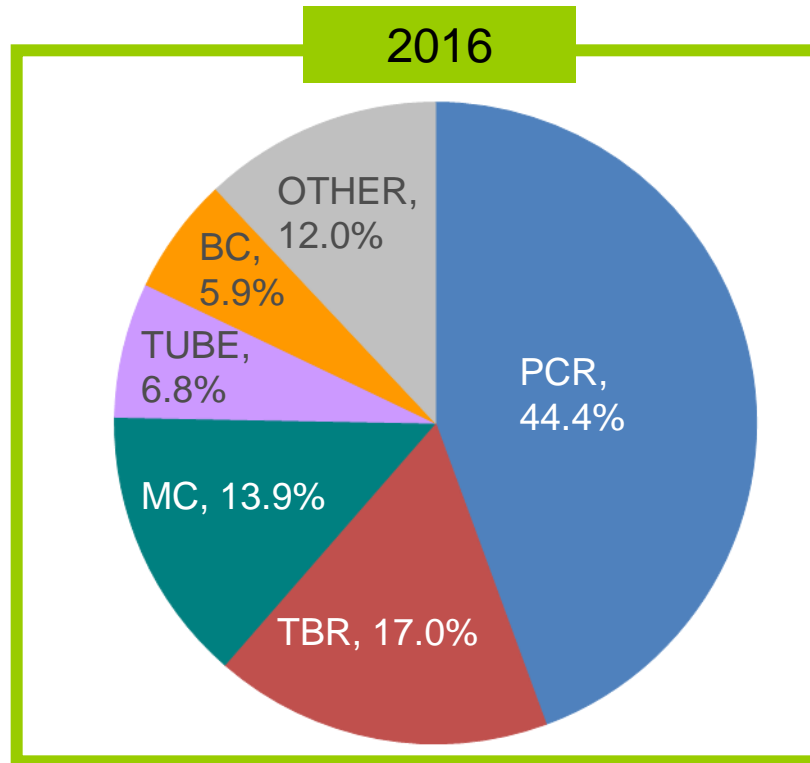


Source : CSTG Non-audited Financial Report

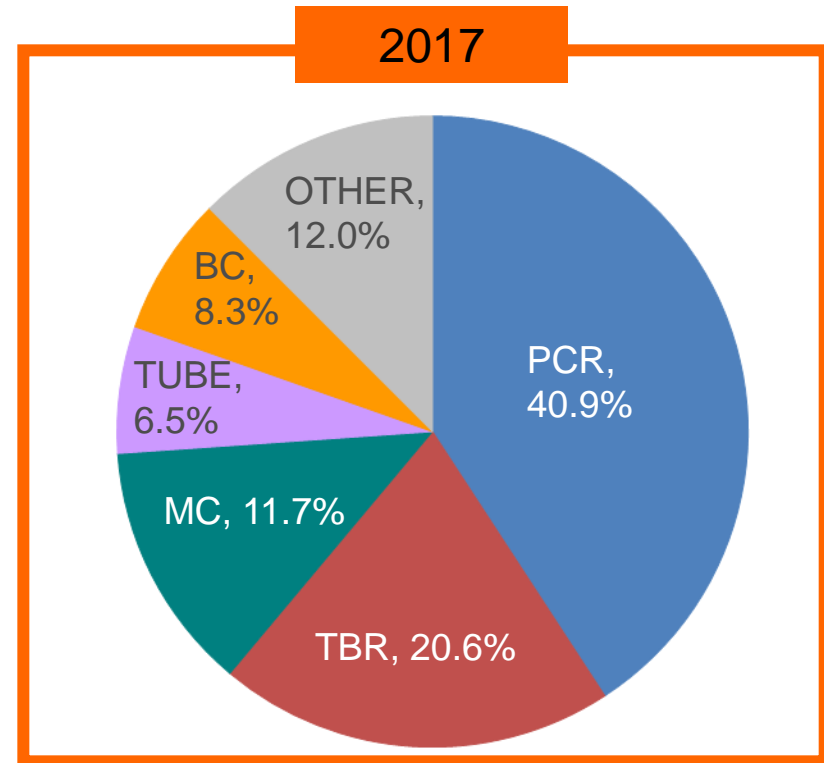
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YoY Revenues by Products (Consolidated)

Unit : % of sales



Note : 17"↑ tires is 24.3% of PCR sales

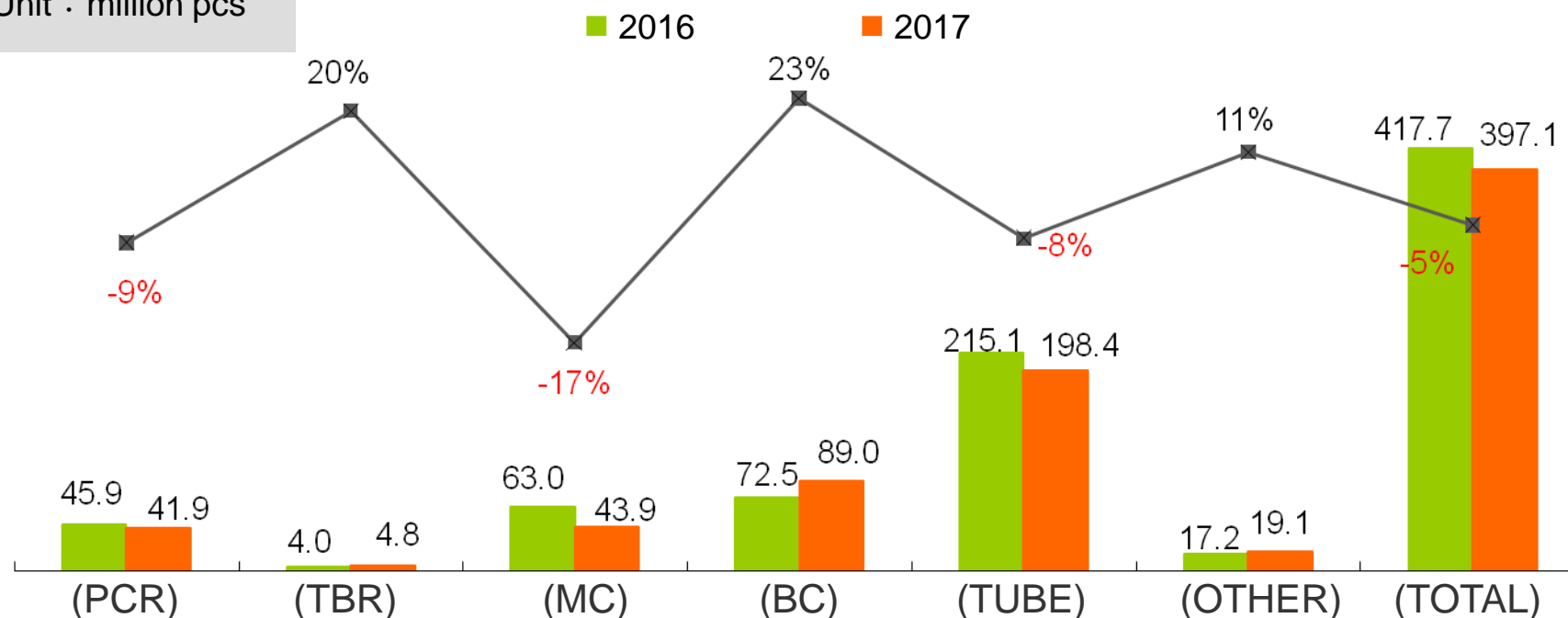


Note : 17"↑ tires is 25.3% of PCR sales



YoY Quantities by Products (Consolidated)

Unit : million pcs

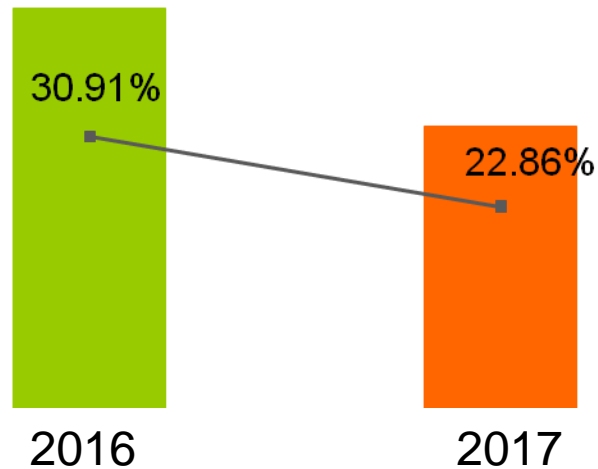


Note1 : 17" ↑ tires is 18.1% of PCR quantities in 2017 ; 17" ↑ tires is 17.6% of PCR quantities in 2016.

Note2 : Sales quantities of electric BC tire is 20.12 million in 2017 、 Sales quantities of electric MC tire is 15.35 million in 2017. BC tire is included electric BC tire and electric MC tire in 2017.



Gross Profit Rate (Consolidated)



【 Reasons of gross profit rate decrease 8.05% 】

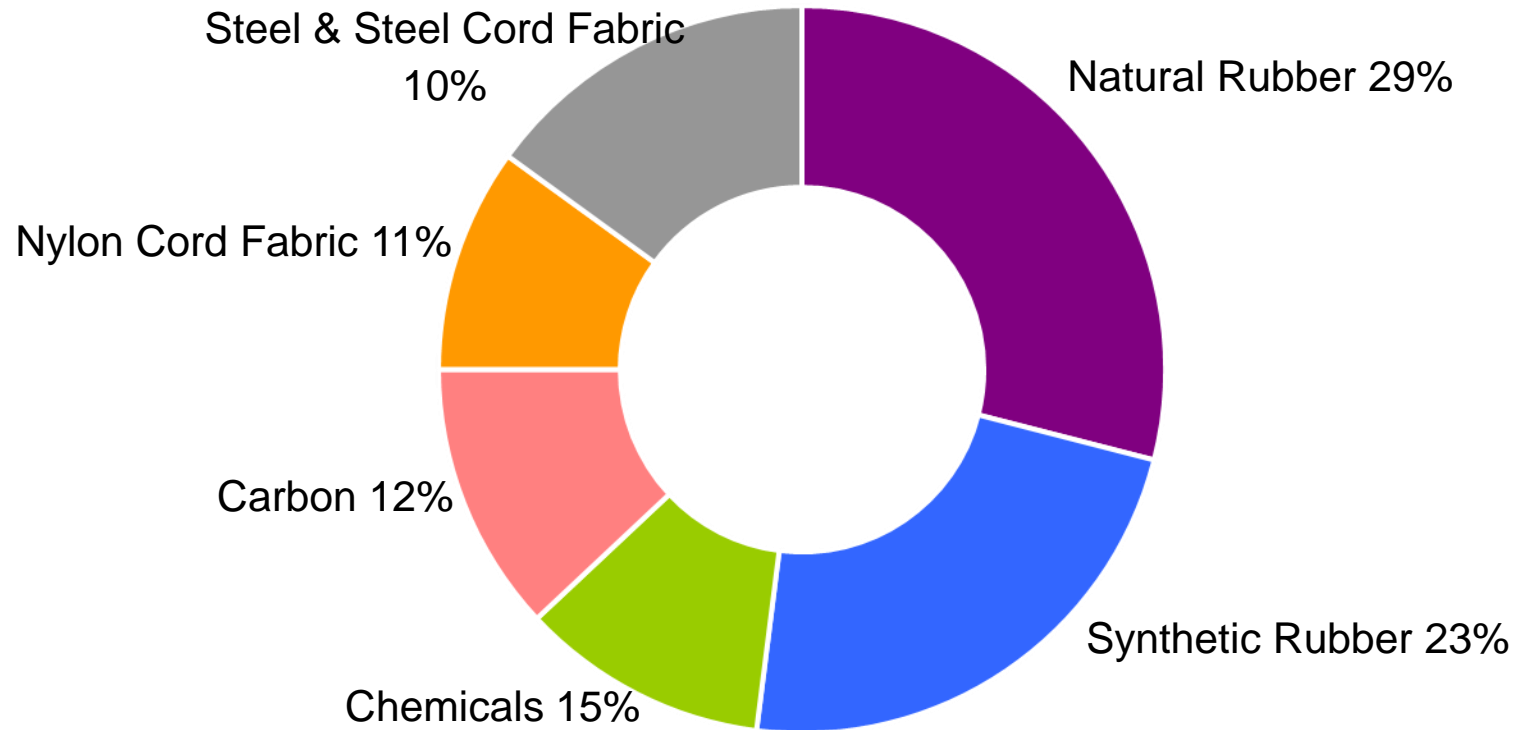
YoY :

➤ Material cost effect : -12.81%



Material Cost

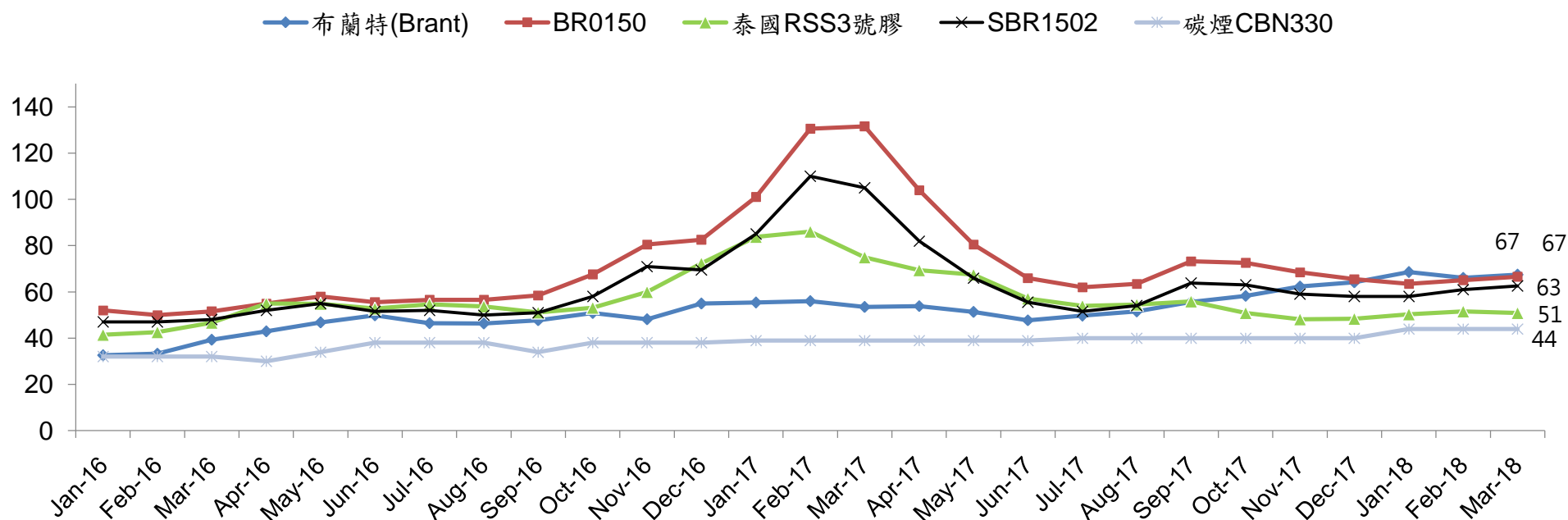
Unit : % of total material cost



Market Material Price Trend – 2016~2018.03

單位：

布蘭特：USD/桶 BR0150：NTD/公斤 泰國RSS3號膠：NTD/公斤 SBR1502：NTD/公斤 碳煙CBN330：NTD/公斤



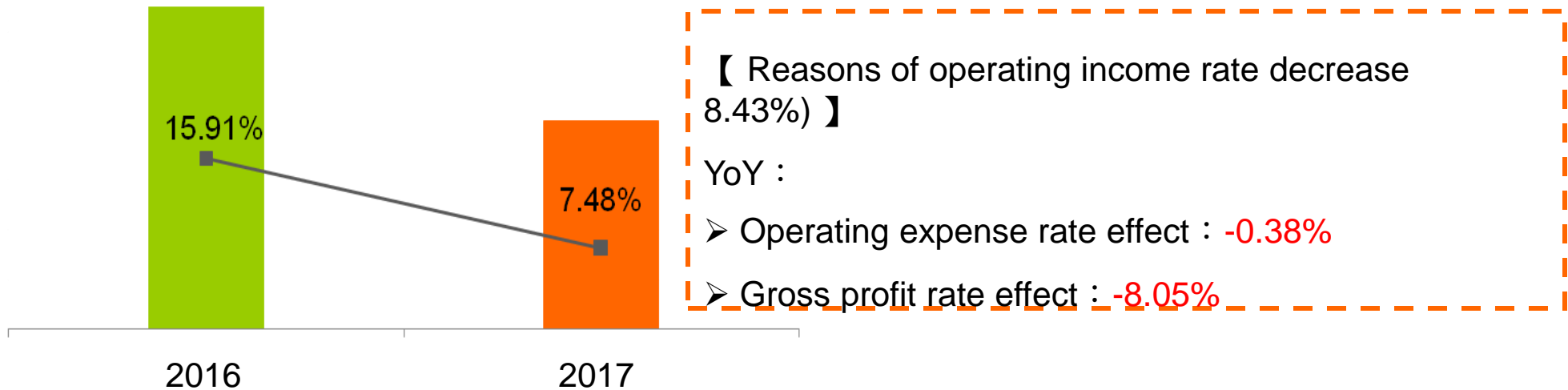
資料來源：CIP商品行情網(<http://cip.chinatimes.com/>)

Source: <http://cip.chinatimes.com/>

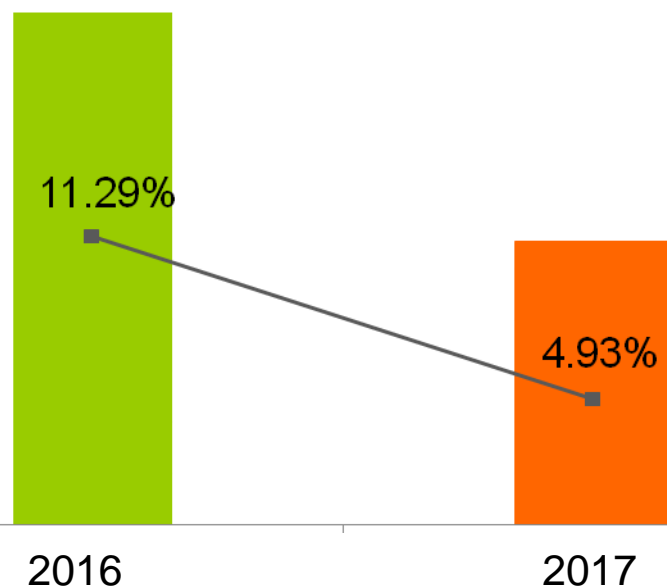


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Operating Income Rate (Consolidated)



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



【 Reasons of net income rate decrease 6.36%) 】

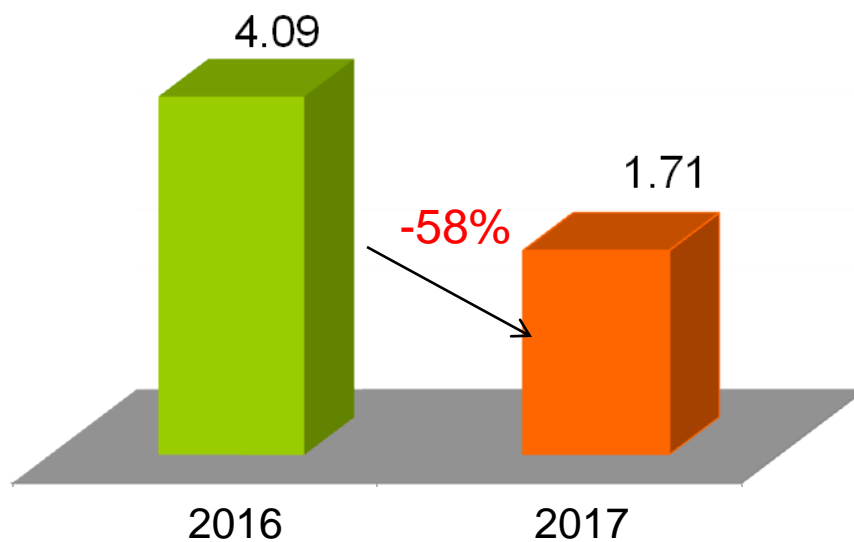
YoY :

- Income tax rate effect : +1.40%
- Non-operating rate effect : +0.67%
- Operating expense rate effect : -0.38%
- Gross profit rate effect : -8.05%



EPS (Consolidated)

Unit : NT\$



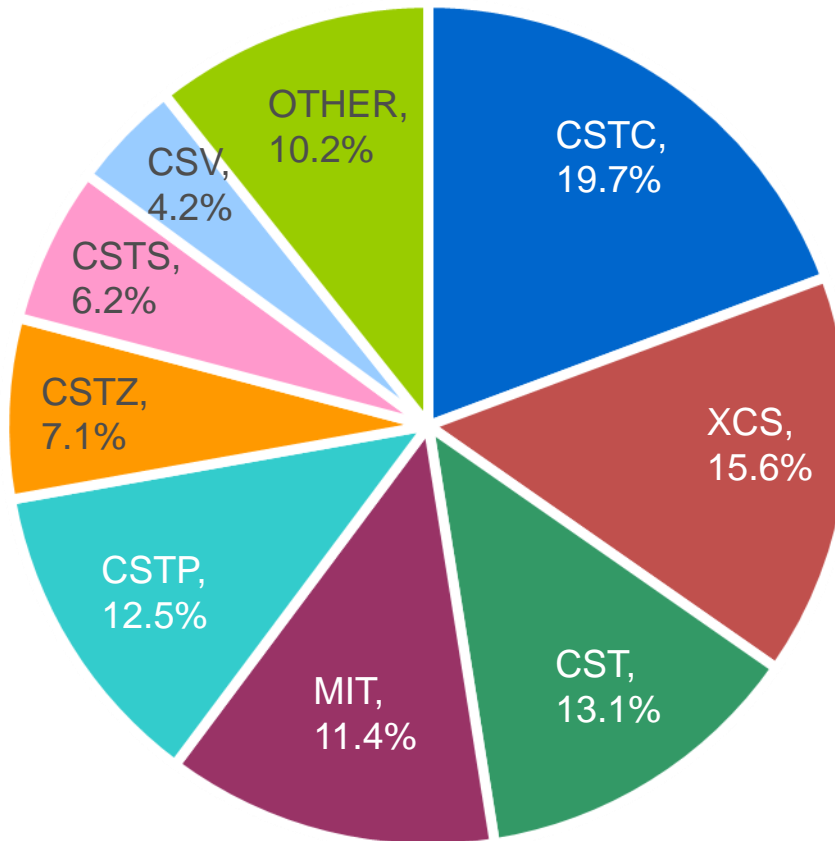
Shares : 3.2414 billion shares



Source : CSTG Financial Report

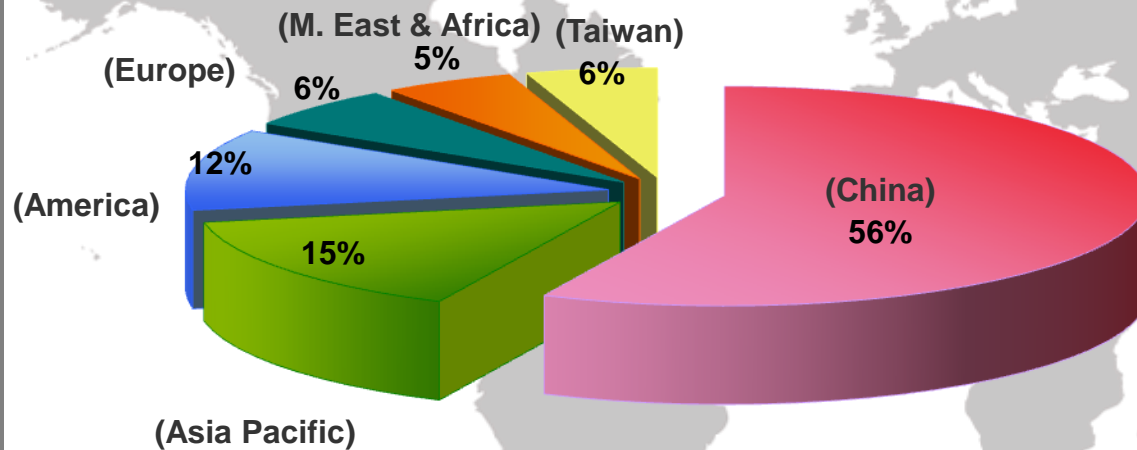
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Revenues by Subsidiary

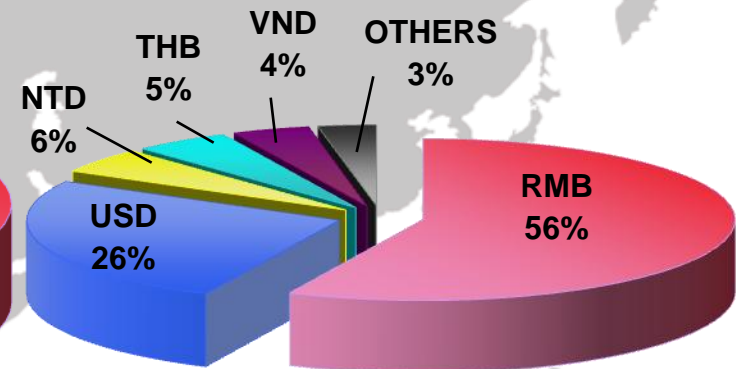


Revenues Analysis

Revenues by Region



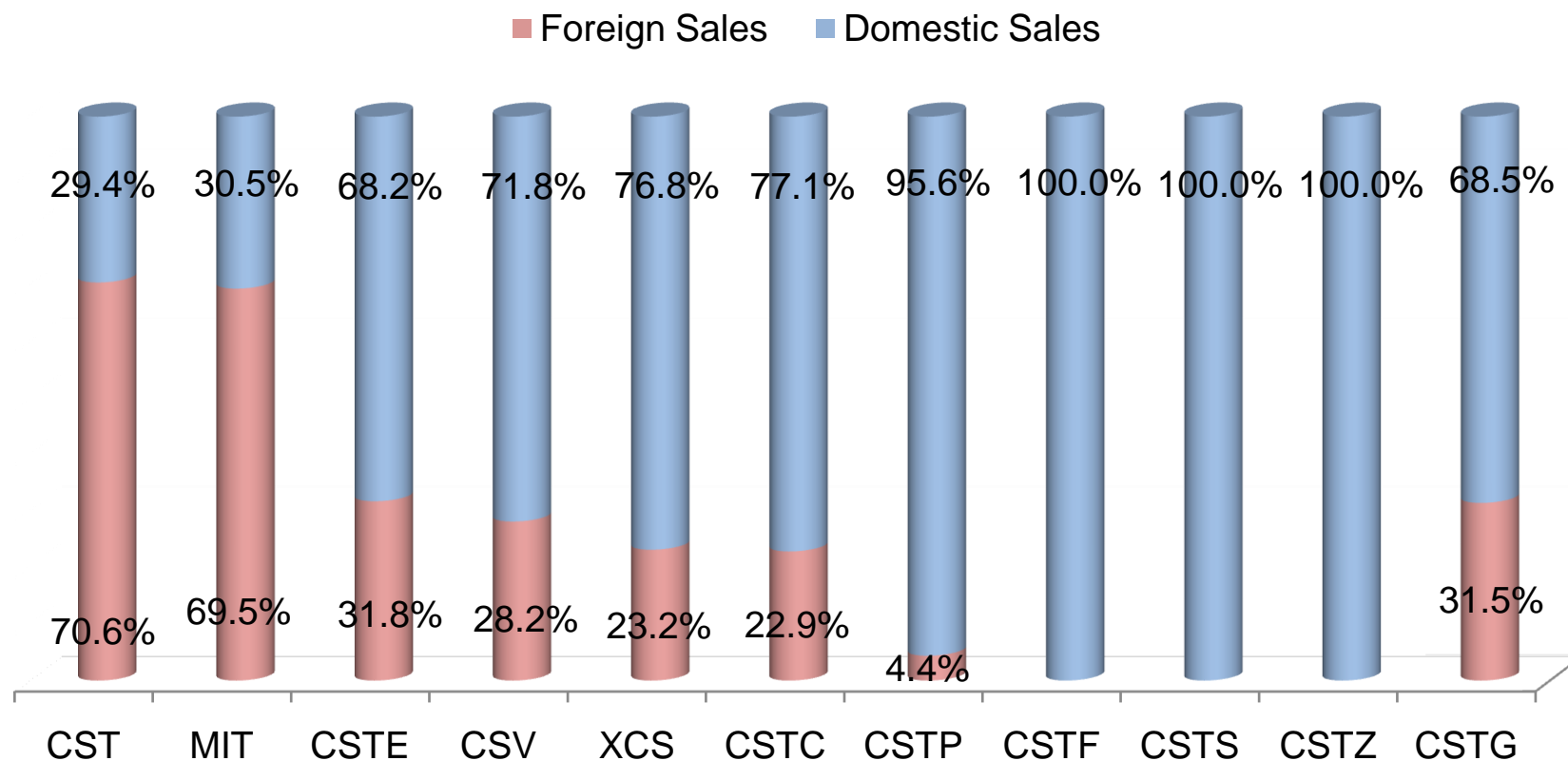
Revenues by Currency



(Sales more than 180 countries)



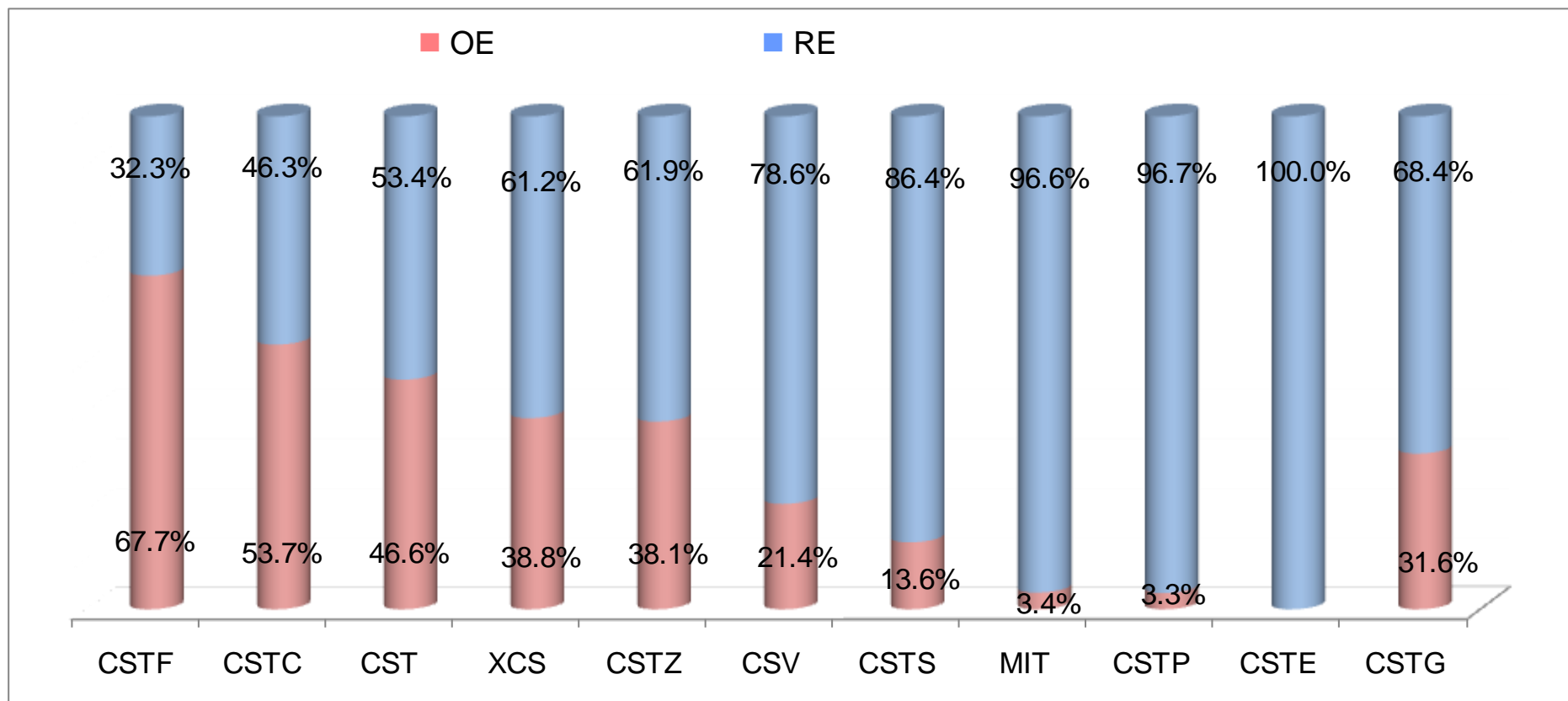
Revenues by Domestic & Foreign Sales



Source : CSTG Non-audited Financial Report (2017)

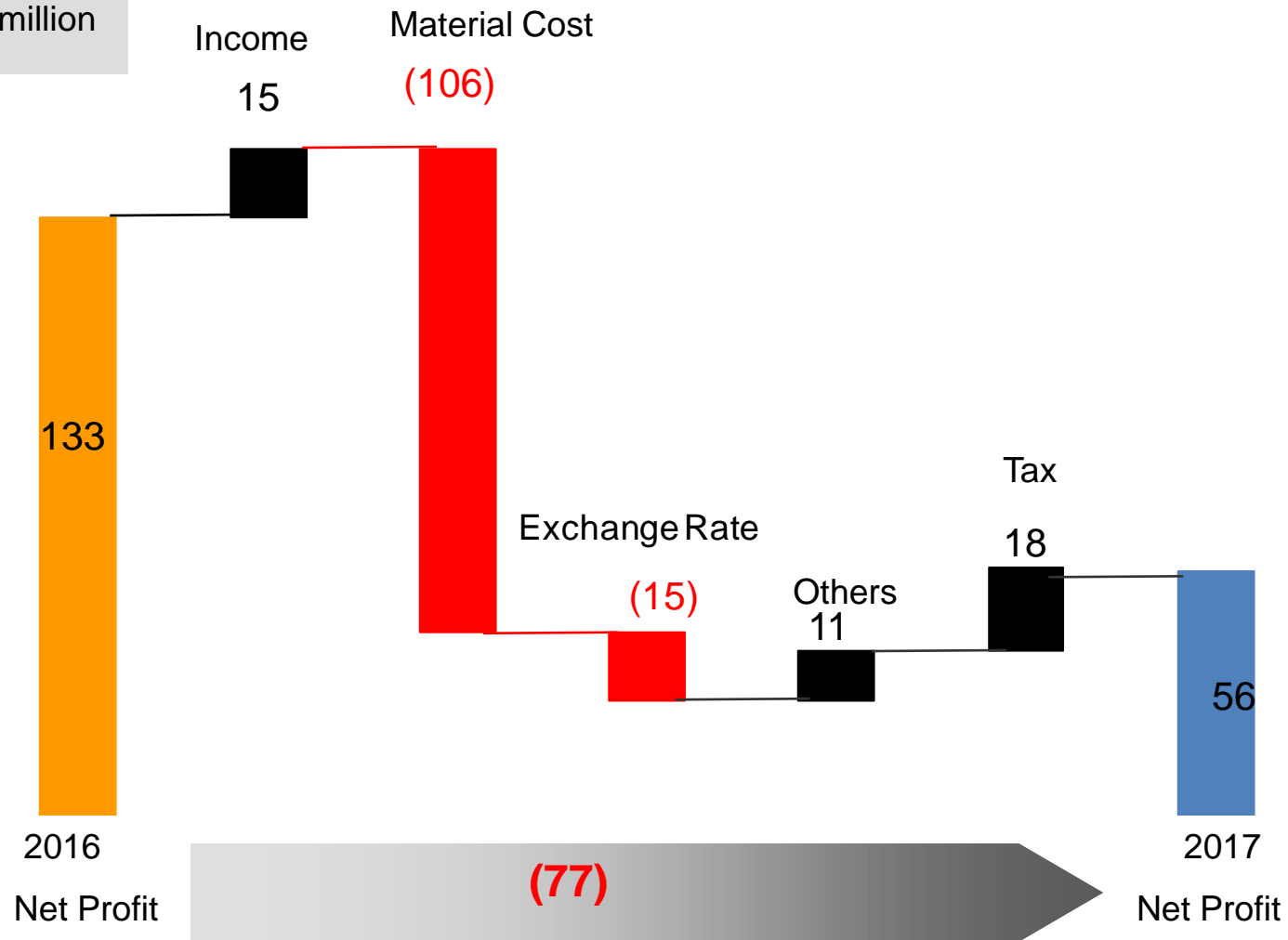
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Revenues by OE & RE Customer



2017 Operating Overview

Unit : NT\$100 million



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MRI & PTM

Picture of MRI



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Picture of PTM



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MAXXIS Marketing Activities



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Sponsorship of Racing

★瑪吉斯達卡隊(Maxxis Dakar Team)出征
2018中南美達卡拉力賽



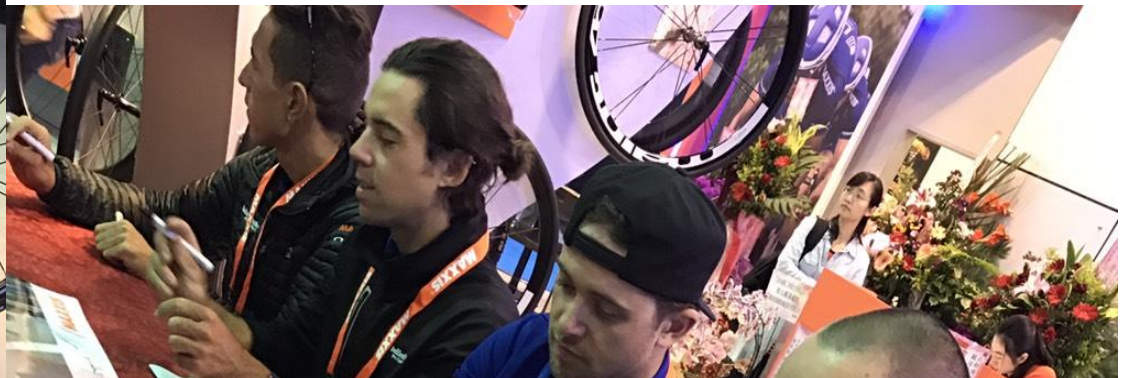
MLB Sponsorships



MLB
New York Yankees



Show and Exhibitions



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