



CHENG SHIN RUBBER IND. CO., LTD.

Investor Conference

August 20, 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

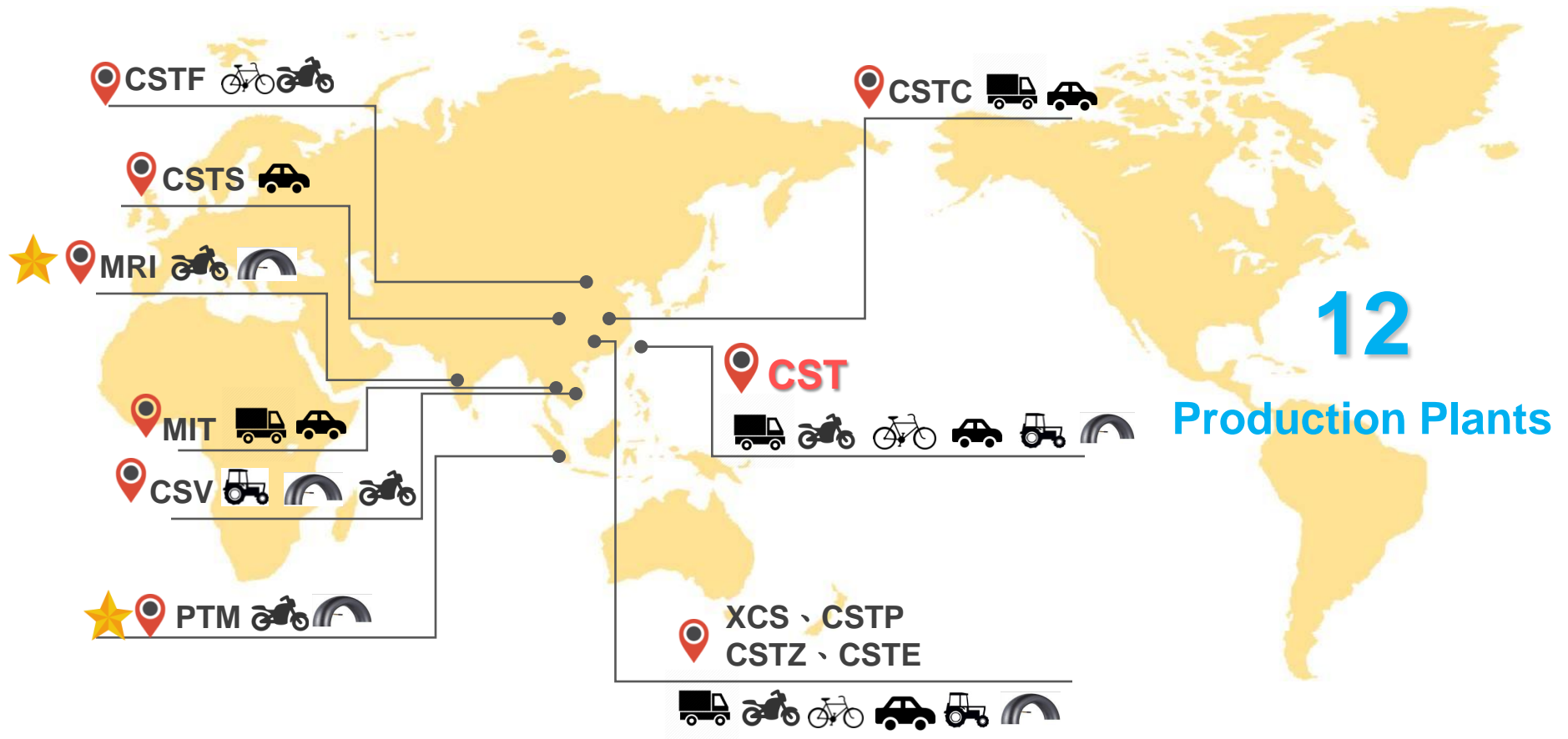
Company Introduction

- ◆ 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 : 6,365 (Taiwan) ; 30,621 (Global)



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Production Plants









Note : CST is the Headquarter

Note : PTM and MRI are new plants



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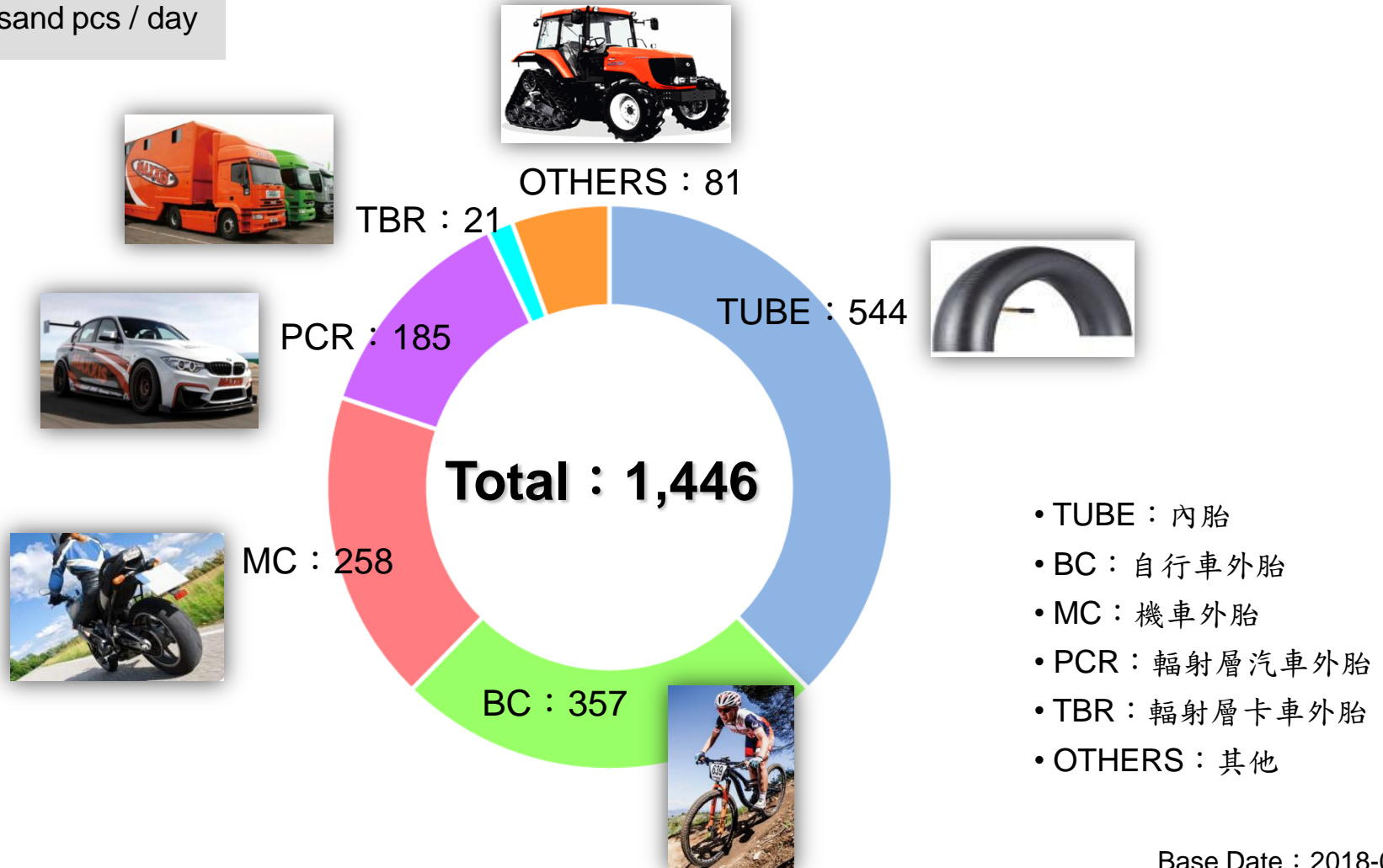
Production Configuration

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

Base Date : 2018-06-30

Production Capacity

Unit : thousand pcs / day

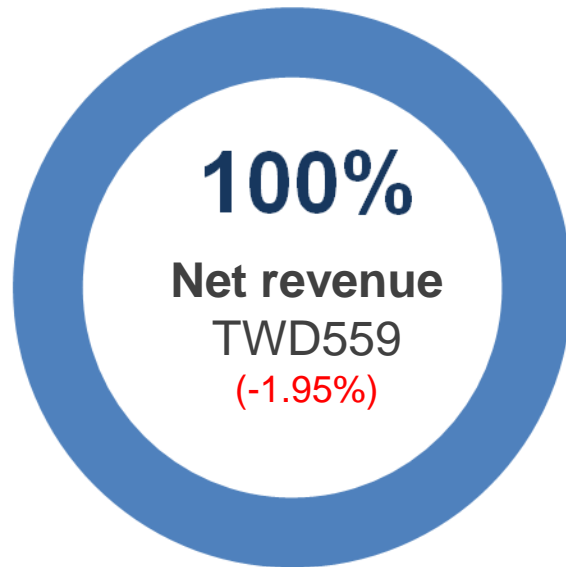




Operating Results

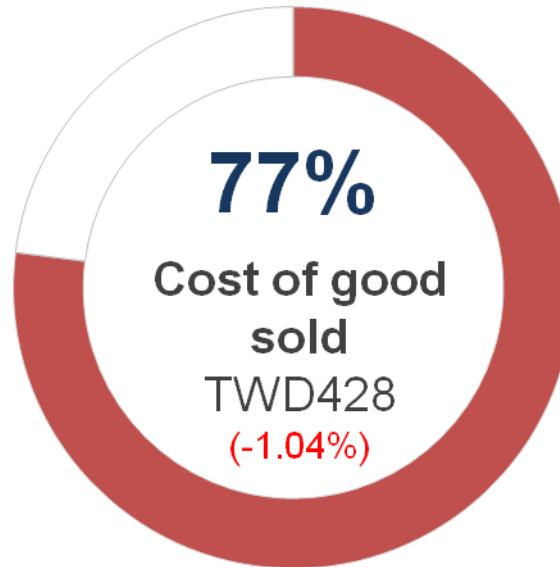
Operating Results

Unit : NT\$ 100 million



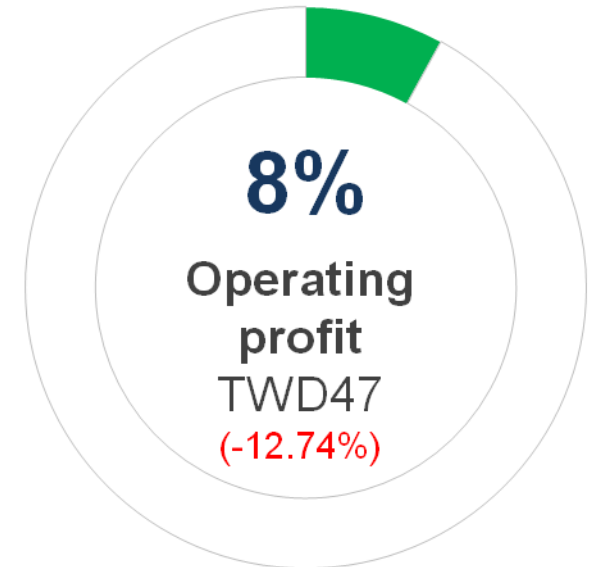
2017 H1

Net revenue
TWD 570



2017 H1

Cost of good sold
TWD 432



2017 H1

Operating profit
TWD 53



Source : CSTG Financial Report
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Statements of Comprehensive Income Overview (Consolidated)

Unit : NT\$ million	2017H1 (Amount)	%	2018H1 (Amount)	%
Net revenue	57,010	100	55,896	100
Cost of good sold	(43,221)	(76)	(42,772)	(77)
Gross profit	13,789	24	13,124	23
Operating expenses	(8,440)	(14)	(8,456)	(15)
Operating profit	5,349	10	4,668	8
Non-operating gains & losses	(83)	-	(678)	(1)
Income before tax	5,266	10	3,990	7
Net Income	3,685	7	2,611	4
EPS ; NT\$	1.12		0.80	



Balance Sheet Overview (Consolidated)

Unit : NT\$ million	2017H1 (Amount)	%	2018H1 (Amount)	%
Cash and cash equivalents	33,826	19	33,770	18
Inventories	17,701	10	19,445	11
Net property, plant and equipment	103,615	58	105,221	57
Total assets	179,549	100	184,318	100
Current liabilities	57,864	32	50,722	28
Long-term debts & corporate bonds	35,838	20	48,395	26
Total shareholder's equity	80,022	45	80,063	43
Total liabilities and shareholder's equity	179,549	100	184,318	100

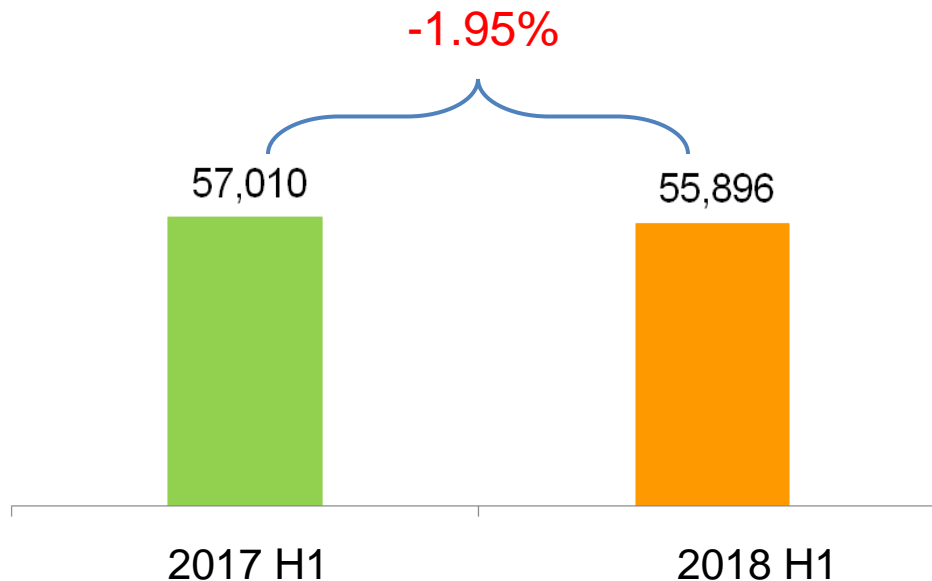
Statement of Cash Flow Overview (Consolidated)

Unit : NT\$ million	2017H1 (Amount)	2018H1 (Amount)
CASH FLOWS FORM OPERATING ACTIVITIES	2,958	4,685
Net income before tax	5,266	3,990
CASH FLOWS FORM INVESTING ACTIVITIES	(8,181)	(6,933)
Acquisitions of property, plant and equipment	(8,317)	(7,114)
CASH FLOWS FROM FINANCING ACTIVITIES	11,306	4,128
Increase (decrease) in loans	11,254	4,134
Increase in cash and cash equivalents	4,932	2,852
Cash and cash equivalents at the end of year	33,826	33,770



Revenues (Consolidated)

Unit : NT\$ million



【Reasons of revenues decrease 1.95%】

YoY :

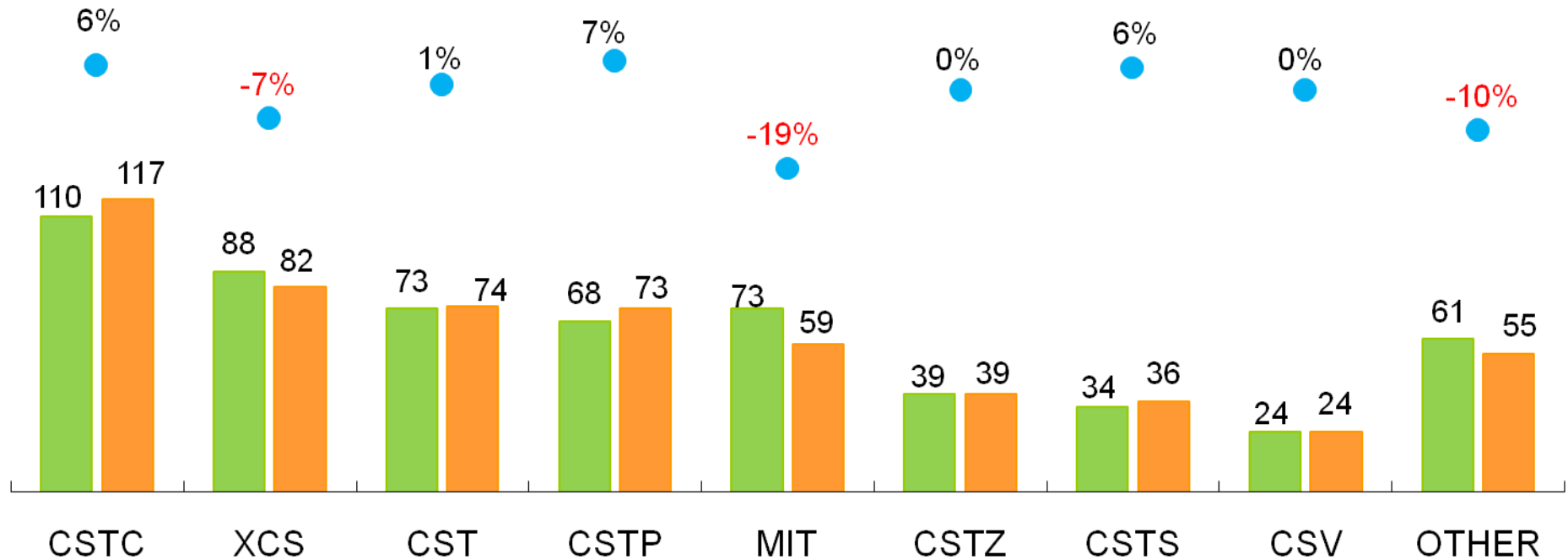
- Price & exchange rate effect : 6.13%
- Quantity effect : -7.14%
- Other effect : -0.94%

YoY Revenues (Consolidated)

Unit : NT\$ 100 million

■ 2017H1

■ 2018H1

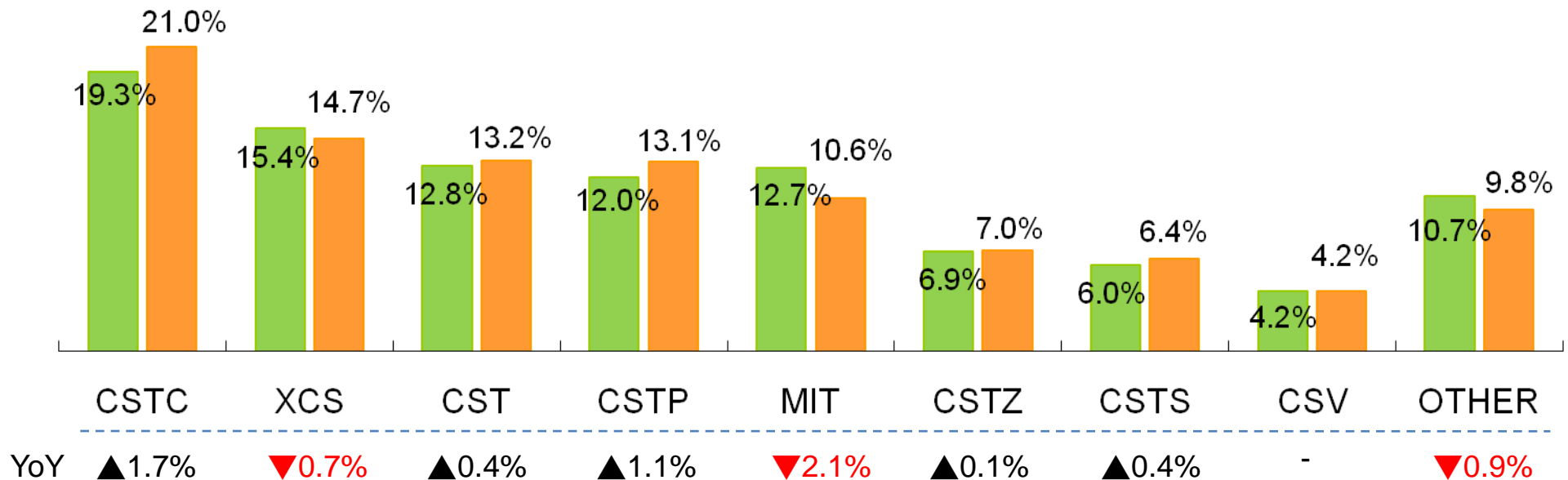


Revenues by Subsidiary

Unit : NT\$ 100 million

2017H1

2018H1

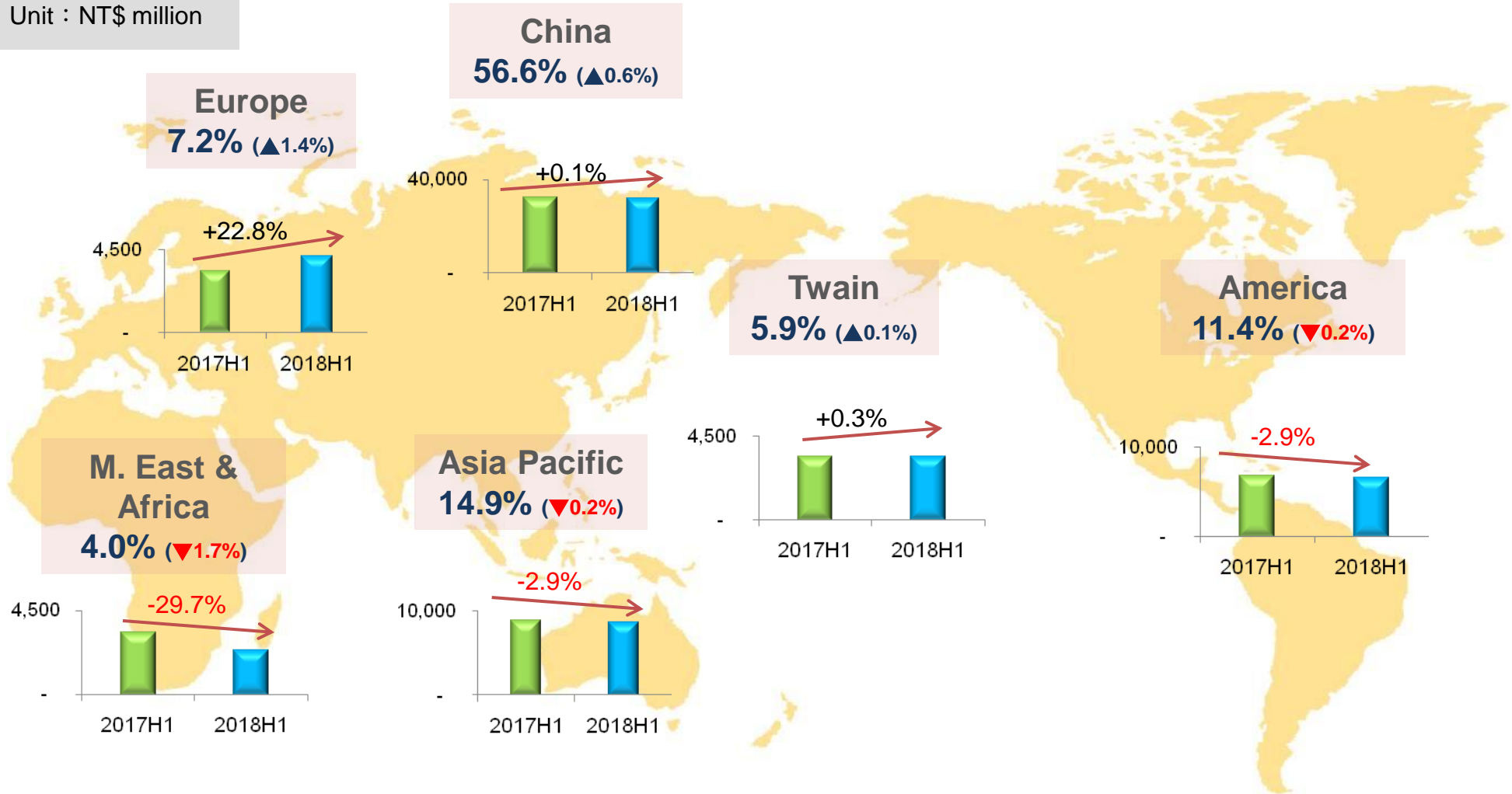


Source : CSTG Financial Report (2018H1)

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Revenues by Region

Unit : NT\$ million



Source : CSTG Non-audited Financial Report (2018H1)

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YoY Revenues by Products (Consolidated)

Unit : % of sales

PCR



41.2% (▼0.7%)

TBR



21.5% (▲2.5%)

MC



11.2% (▼0.4%)

BC



8.2% (▲0.4%)

OTHER

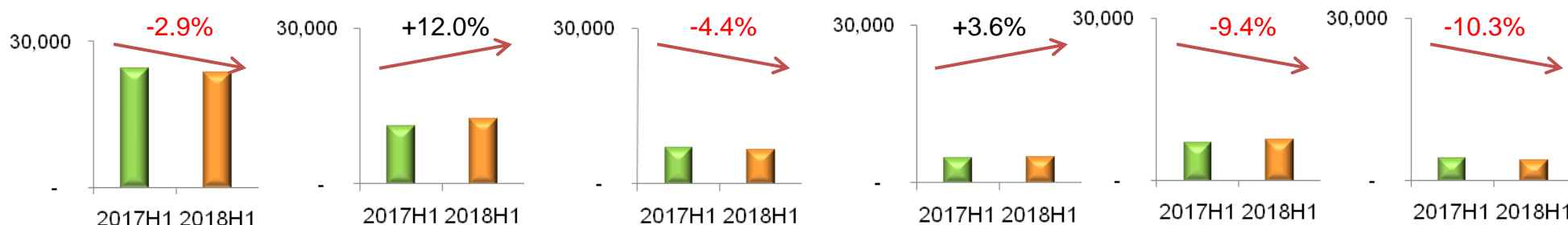


11.7% (▼1.1%)

TUBE



6.2% (▼0.6%)



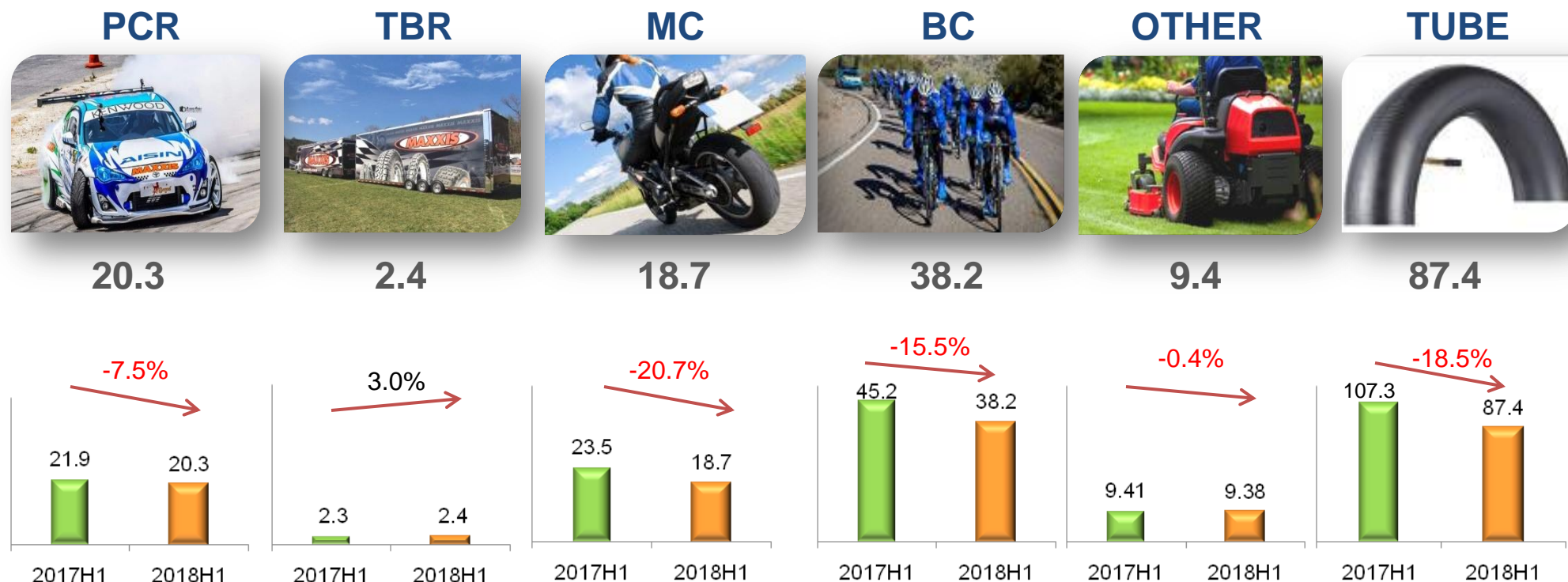
Note : 2017H1 : 17"↑ tires is 26.1% of PCR sales ; 2018H1 : 17"↑ tires is 28.8% of PCR sales



Source : CSTG Non-audited Financial Report (2018H1)
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YoY Quantities by Products (Consolidated)

Unit : million pcs

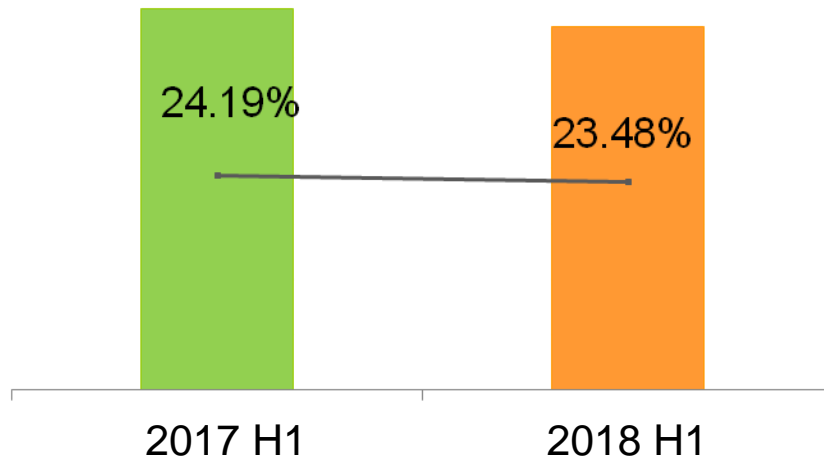


Note1 : 17" ↑ tires is 21.4% of PCR quantities in 2018H1 ; 17" ↑ tires is 18.9% of PCR quantities in 2017H1.



Source : CSTG Non-audited Financial Report (2018H1)
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Gross Profit Rate (Consolidated)



【 Reasons of gross profit rate decrease 0.71% 】

YoY :

➤ Material cost effect : -3.31%



Material Cost

Unit : % of total material cost

Natural Rubber



24% (▼6%)

Synthetic Rubber



22% (▼1%)

Chemicals



17% (▲2%)

Carbon



16% (▲5%)

Nylon Cord Fabric

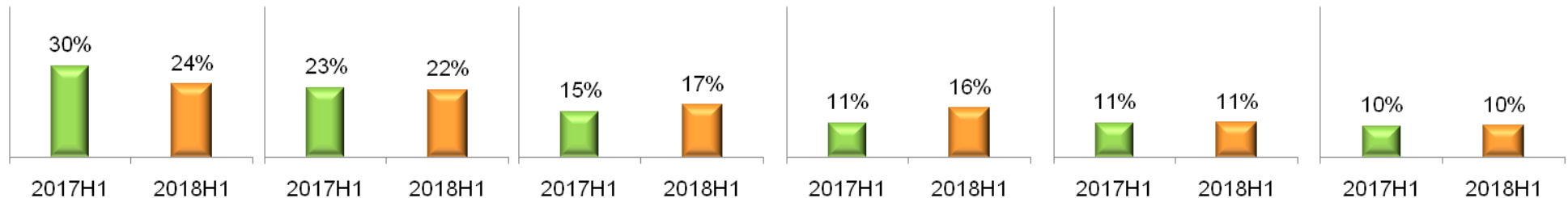


11% (-)

Steel & Steel Cord Fabric



10% (-)

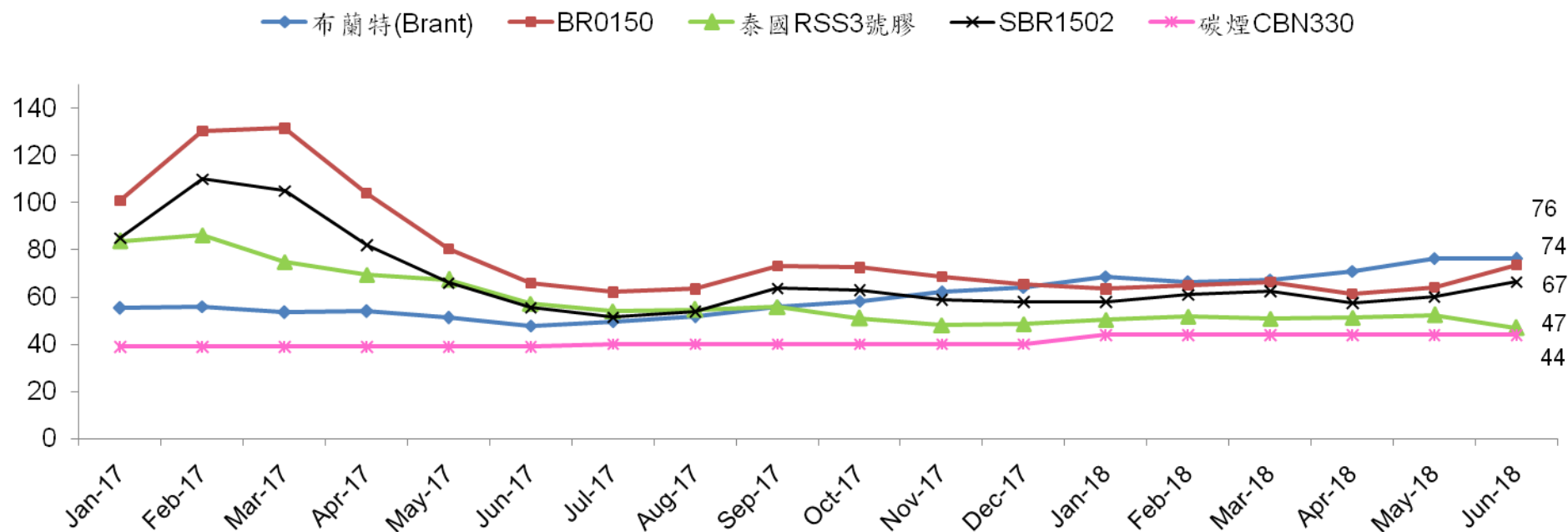


Source : CSTG Non-audited Financial Report (2018H1)
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Market Material Price Trend – 2017~2018.06

Unit :

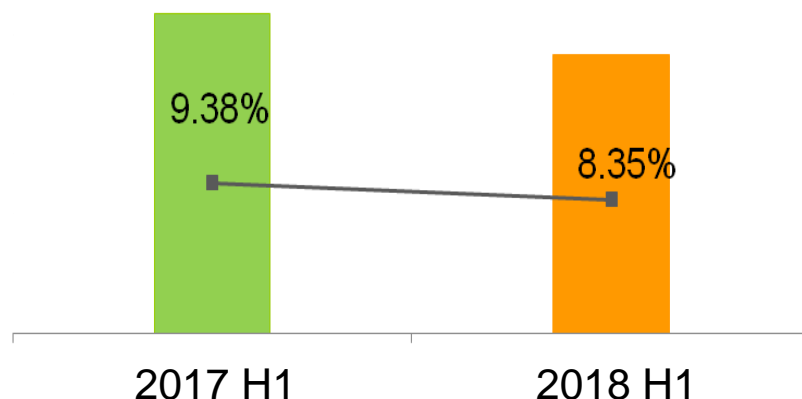
布蘭特(Brant) : USD/桶 BR0150 : NTD/公斤 泰國RSS3號膠 : NTD/公斤 SBR1502 : NTD/公斤 碳煙CBN330 : NTD/公斤



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

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Operating Income Rate (Consolidated)

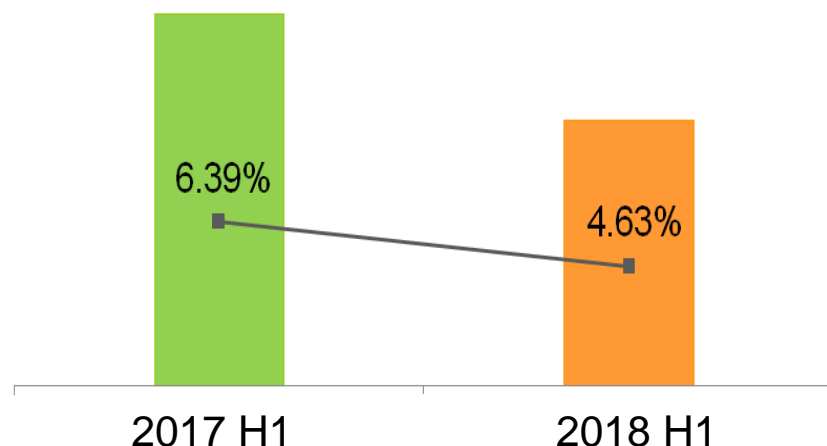


【Reasons of operating income rate decrease 1.03%】

YoY :

- Operating expense rate effect : -0.32%
- Gross profit rate effect : -0.71%

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



【 Reasons of net income rate decrease 1.76% 】

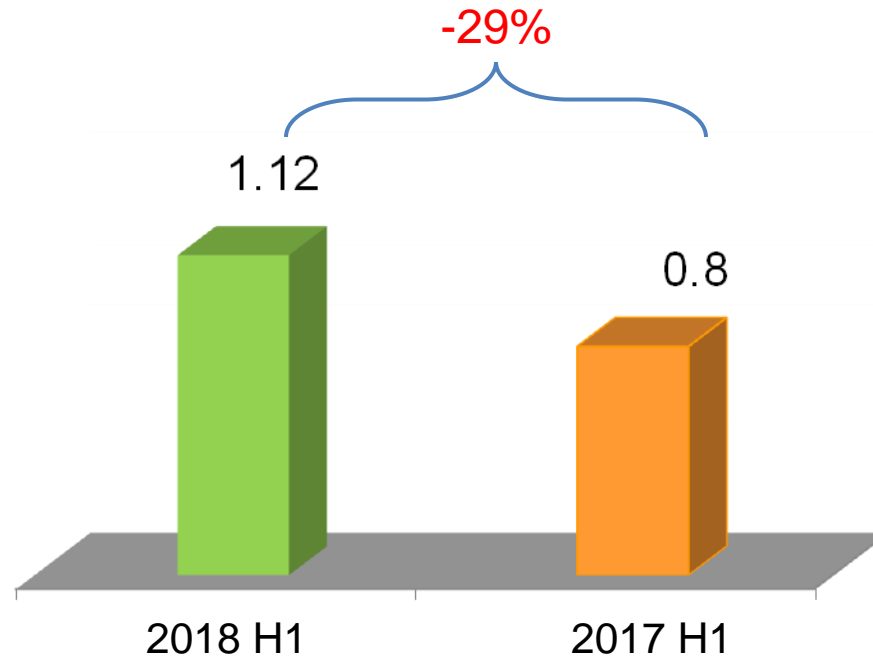
YoY :

- Income tax rate effect : +0.31%
- Non-operating rate effect : -1.04%
- Operating expense rate effect : -0.32%
- Gross profit rate effect : -0.71%



EPS (Consolidated)

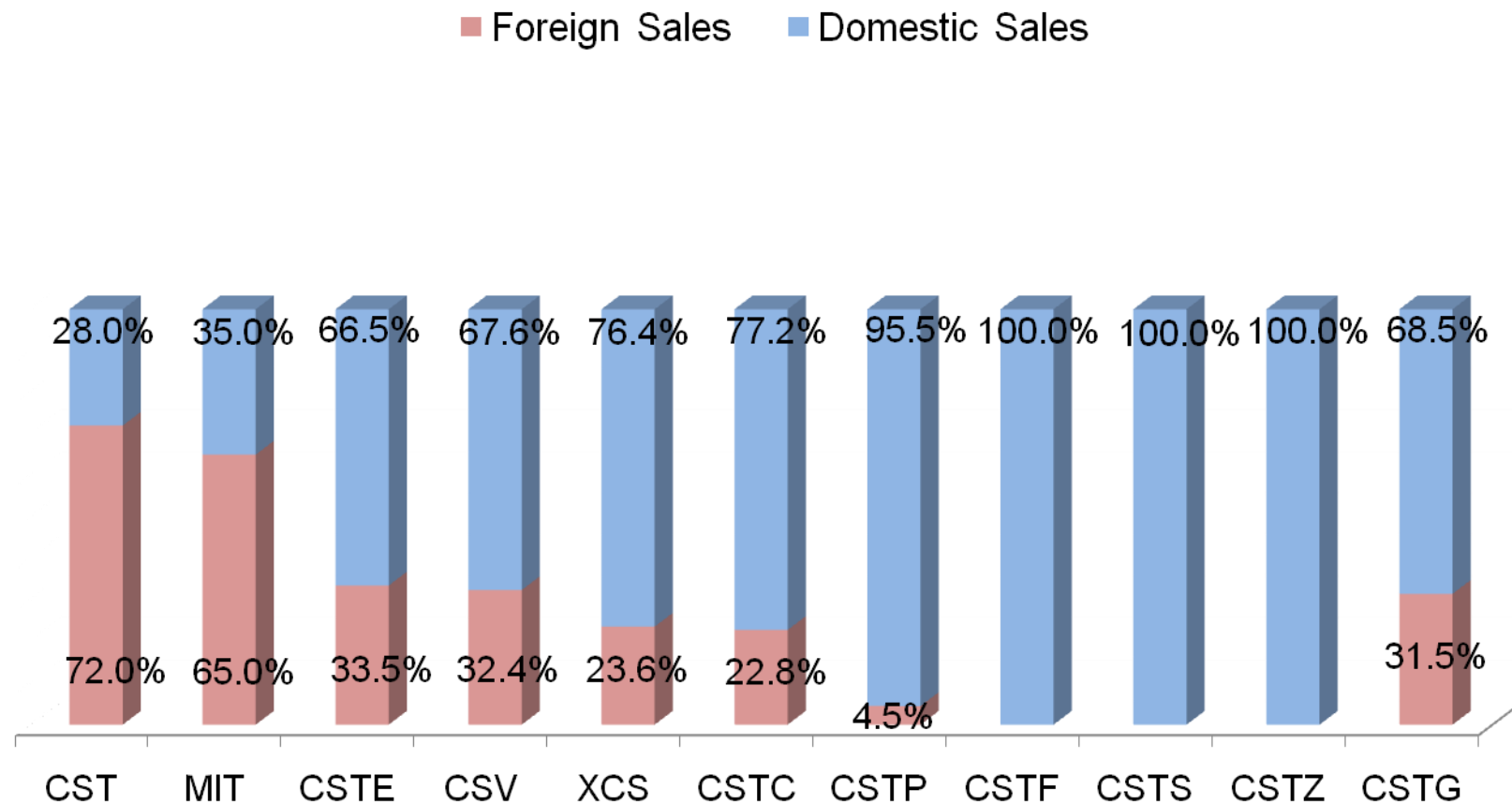
Unit : NT\$



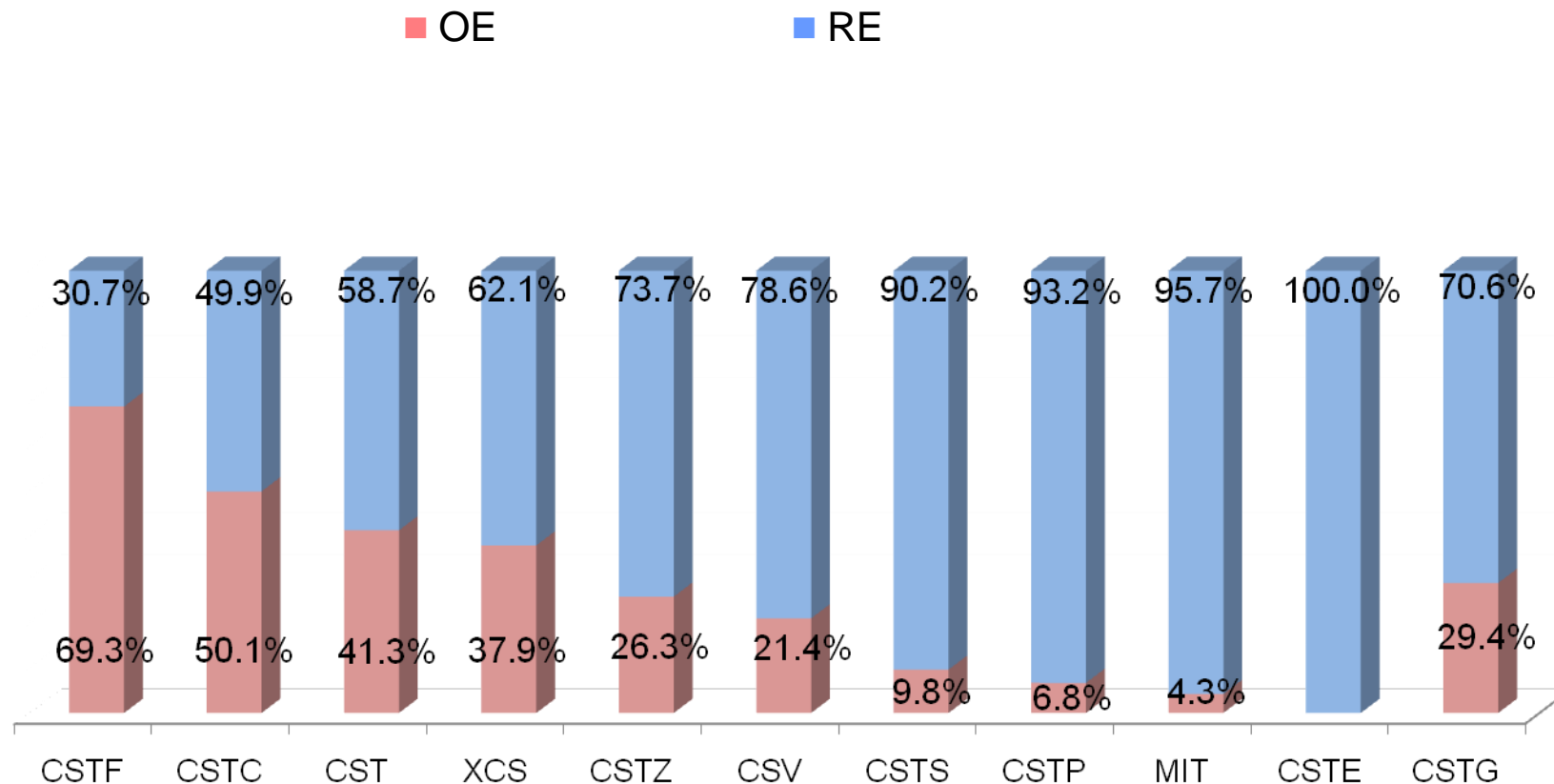
Shares : 3.2414 billion shares



Revenues by Domestic & Foreign Sales



Revenues by OE & RE Customer

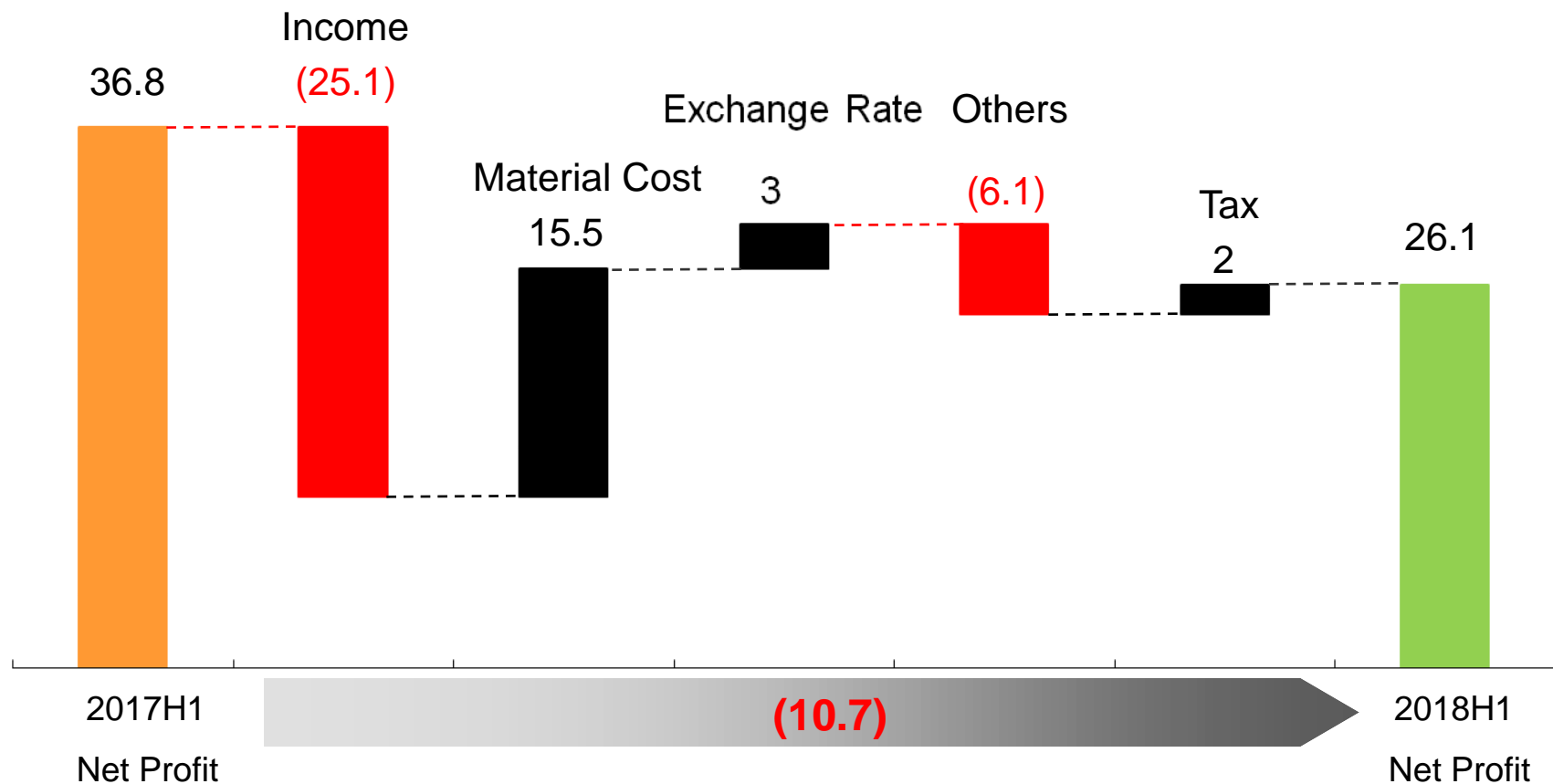


Source : CSTG Non-audited Financial Report (2018H1)

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2018 H1 Operating Overview

Unit : NT\$100 million



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MAXXIS Activities

World Volleyball Games (Kunshan)



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2018 TAROKO International Hill Climb



Sponsorship of Racing

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



Maxxis signed a cooperation agreement with e.GO company



Publish the passenger car tire in Cologne, Germany





Thanks for coming and kindly appreciate your support.

 CST website : <http://www.cst.com.tw/>

