

TSRC Corporation

Key Highlights of 2018 Investor Conference Presentation

TSRC Corporation has had a long history with good standing in the manufacturing and sale of synthetic rubber and elastomers. Since establishing the first ESRB plant in Kaohsiung, Taiwan in the 1970's, TSRC has expanded in product lines, geographies, and market segments, and has become a market leader with global presence.

TSRC turns 45-years-old in 2018 and several key events took place in 2018. In April, TSRC increased its shareholding in Indian Synthetic Rubber Private Ltd. (ISRPL) to 50%; in June, the 16th Board of Directors and Independent Directors was elected at the shareholder meeting and Ms. Nita Ing was appointed Chairman of the Board, in August, a new production line was set up for Advanced Shoe Materials (ASM) at Gangshan, Taiwan, and in October TSRC (Vietnam). Co. Ltd was established in Binh Duong, Vietnam.

The YTD September sales revenue totaled NT\$ 22,746 million, a year-on-year decrease of 8% versus 2017. A very challenging synthetic rubber business due to slower auto market growth in China and abundant supply of low-price natural rubber offset by strong performance from TPE and Applied Materials business resulting in cumulative consolidated operating profit of NT\$ 1,104 million, an increase of 31% compared to NT\$ 842 million in 2017. The YTD September consolidated net income (after tax) was NT\$ 829 million and EPS of NT\$ 1.00, an increase of 48% versus same period 2017.

TSRC aims to become a growth oriented, profitable global enterprise in specialty materials. In this regard, the objectives of TSRC's 5-year business plan are to increase the specialty business to more than 50% of the portfolio, grow operating income substantially and improve operating profit % above current level. The 5-year business plan focuses on three key strategies:

1. Organic growth through new products, geographic expansion, and customer excellence programs
2. Strengthen business portfolio by expanding into new market segments and applications, new technology platforms, and targeted M&A
3. Margin expansion via OPEX optimization and process and quality improvements

The strategic initiatives aligned with the business strategies have been under way over the past couple of years, and we have made some good progress. During the 2018 Investor Conference, we used three examples to illustrate organic growth through new products, geographic expansion, and customer excellence programs:

1. The new 20KMT Advanced SEBS Line at Nantong, China to support existing and new applications, such as Medicals
2. 3-way cooperation between Global Brands, TSRC, and Footwear manufacturers to drive the growth in our Advanced Shoes Materials (ASM) business segment.
3. Committed effort with joint venture partner to grow Indian Synthetic Rubber Private Limited (ISRPL) business.

We have delivered profit improvement in 2018 versus 2017 despite the very challenging environment in the synthetic rubber business (with low natural rubber price and high raw material costs) and intense competition. At the same time, we are making steady progress in executing the 5-year business plan toward our vision to become a global specialty materials company.