

TSRC Corporation

Key Highlights of 2019 Investor Conference Presentation

TSRC Corporation is a leading company in synthetic rubber and elastomers. Its 5-year business plan focuses on implementation of three key strategies, namely, Organic Growth, Strengthen Business Portfolio and Margin Expansion, with the aim to become a growth oriented, profitable global enterprise in specialty materials. In the 2019 Investor Conference, TSRC discussed its YTD September operating results and illustrated the progress in “Strengthen Business Portfolio” strategy.

YTD September sales revenue totaled NT\$ 22,067 million, a year-on-year decrease of 3% versus 2018. It has been a challenging year for synthetic rubber business due to the slowdown of global economy, particularly in automotive market. Competition in TPE business further intensified as new capacities entered the market. TSRC has taken actions in portfolio diversification and product differentiation toward high value applications to counter the unfavorable external market conditions, resulting in operating profit of NT\$ 852M. Solid performance in equity investment in 1H2019 strengthened the cumulative performance, leading to YTD September net income after tax of NT\$ 636M and EPS of NT\$ 0.77.

The key examples of progress achieved in Strengthening Business Portfolio include:

1. Enhance synthetic rubber product mix via increasing non-tire contribution
2. Grow Applied Materials rapidly, tripling Advanced Shoe Materials sales and GP in three years
3. Building capabilities to deliver long term growth in high value market segments

Weak global economy and intense competition increased the pressure on TSRC's business performance in 2019. TSRC offset some of these impact through discipline execution of the business strategies. In addition, its new advanced SEBS line and ASM capacity, targeted to commercialize in early 2020, will enable TSRC to strengthen its specialty chemicals position and deliver long term value to shareholders and customers.