

2019



TSRC CORPORATION

TSRC – Global Specialty Polymers

Investor Conference, 14th Nov 2019

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AGENDA

1. Introduction
 - Thomas Lin, Deputy Spokesperson
2. YTD September 2019 Financial Performance
 - Edward Wang, CFO
3. TSRC 5-year Business Plan-progress update on Strengthen Business Portfolio Strategy
 - Joseph Chai, CEO
4. Q&A





[1]

Introduction

Thomas Lin, Deputy Spokesperson



[2] YTD September 2019 Financial Performance

Edward Wang, CFO

Performance Results – YTD Sep 2019

Sales Volume (KMT)

+8%

344

YTD Sep '18

373

YTD Sep '19

Revenue (NT\$M)

-3%

22,746

YTD Sep '18

22,067

YTD Sep '19

Gross Profit (NT\$M)

-5%

2,715

YTD Sep '18

2,576

YTD Sep '19

Operating Profit (NT\$M)

-23%

1,104

YTD Sep '18

852

YTD Sep '19

Net Income (NT\$M)

-23%

829

YTD Sep '18

636

YTD Sep '19

EPS (NT\$M)

-23%

1.00

YTD Sep '18

0.77

YTD Sep '19



Challenging External Environment

- ❑ Global economic slowdown, especially Automotive
- ❑ Uncertainties from trade dispute
- ❑ Market dynamics and business operations
 - Natural Rubber
 - Monomer price
 - Industry supply-demand balance
- ❑ Increased competitive intensity



Actions for Immediate Impacts and Lasting Benefits

- Defend margin while maximizing volume shipment
- Portfolio diversification to address the weakening auto market, footprint expanded into multiple applications and market segments
- No. of Advanced Shoe Material customers continues to increase
- Differentiation toward high-value applications to counter competition from new TPE capacity
- New SEBS line with new technical capability and new ASM capacity will be operational in early 2020





[3]

**5-Year Business Plan-
Progress update on
Strengthen Business
Portfolio Strategy**

Joseph Chai, CEO

5-Year Business Plan Objectives



To transform TSRC to become a growth oriented profitable global enterprise in specialty materials

- Increase specialty business ratio to above 50% of portfolio
- Grow Operating Income substantially
- Improve Operating Profit % above current level



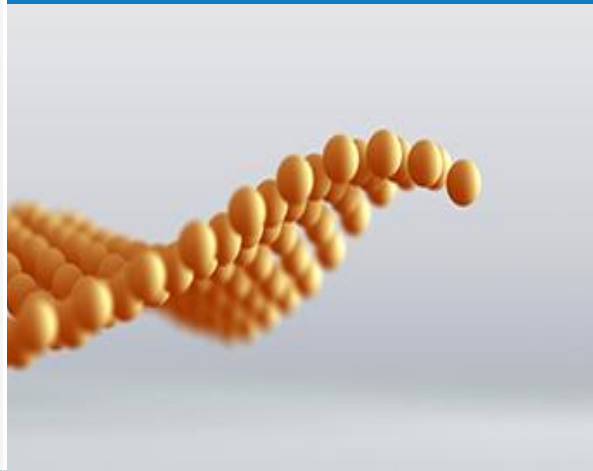
Three Key Strategies

Organic Growth



- New Products
- Geographic Expansion
- Commercial Excellence Programs

Strengthen Business Portfolio



- New Market Segments
- New Technology Platforms
- Merger & Acquisitions

Margin Expansion



- Operation Optimization
- Process and Quality Excellence

Strengthening Business Portfolio – Progress



**Enhance synthetic rubber product mix
(New market segments)**



**Rapid growth in Applied Materials
(New market segments & technology)**



**Building capabilities to deliver long term
growth in high value market segments**



Enhance Synthetic Rubber Product Mix – Increase Non-tire Contribution*

Synthetic Rubber
Non-tire
Sales Revenue

17%



26%



Synthetic Rubber
Non-tire
GP Contribution

17%



34%



* Synthetic rubber products

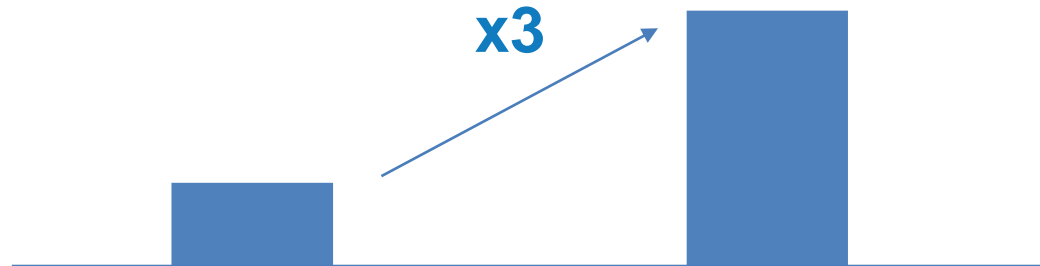
2015

2018



Rapid Growth in Applied Materials – Tripled Advanced Shoe Materials in three years

Advanced Shoe
Materials
Revenue



Advanced Shoe
Materials
GP\$



2015

2018



Target High Value Market Segments



Medical

- 5.7% CAGR Global Medical TPE demand
- High quality requirement with strict qualification
- Good fit for advanced HSBC polymer



Viscosity Modifier (VM)

- Increased HSBC type VM's demand driven by emission standard
- Oligopoly lubricant additive market needs technical expertise and committed partnership
- High entry barrier support strong long term value

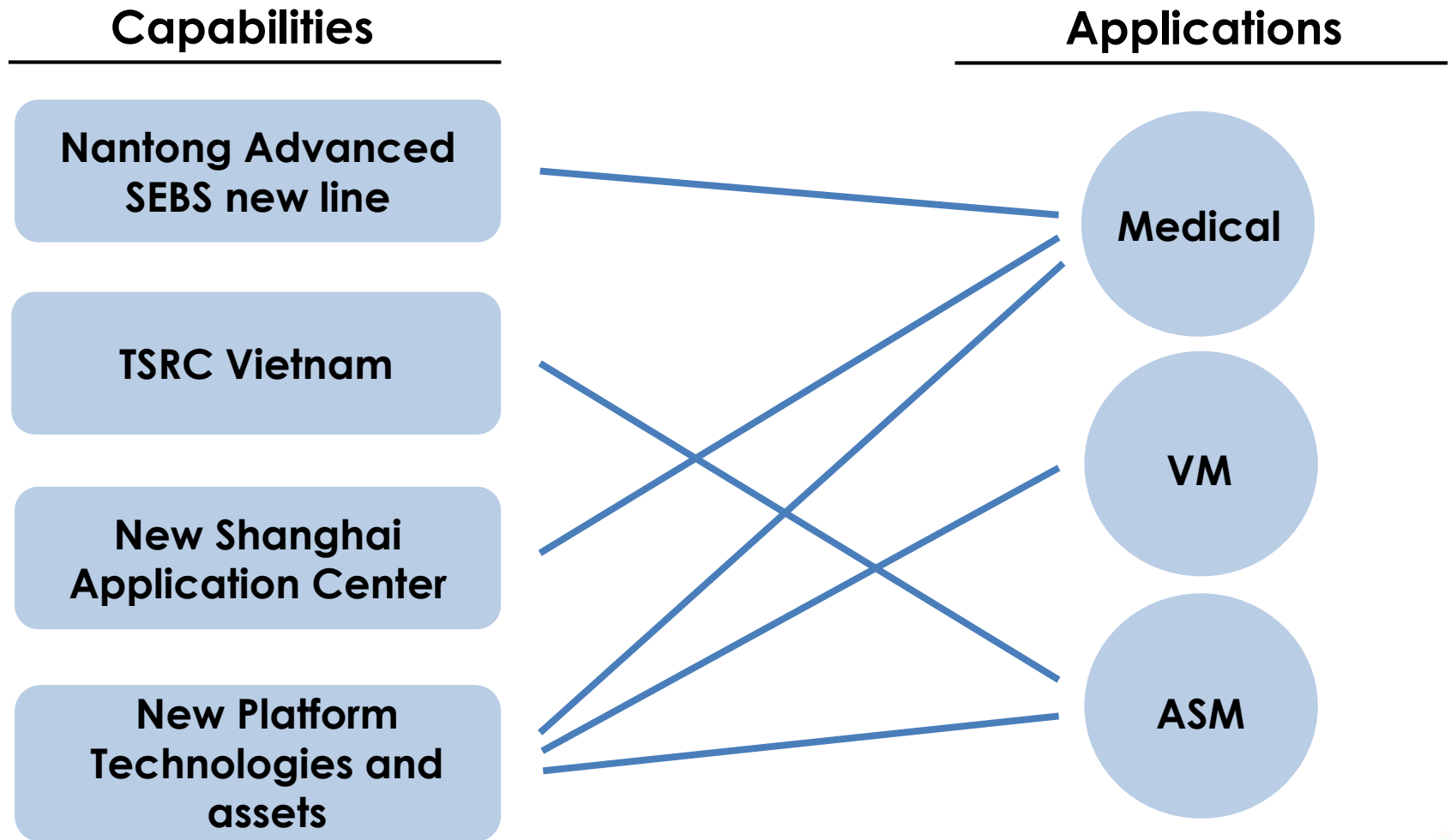


ASM

- Healthy lifestyle drives athletic footwear growth
- Technical differentiation key to high margin contribution
- Triangular collaboration to create value



Building Technology, Application, and Operation Capabilities



Strengthen Business Portfolio

- The new high value market segments and applications enable TSRC to strengthen our specialty chemicals position and long term profitability
- Building a specialty chemicals business requires technology & application capabilities, quality excellence focus, and long term development commitment
- Current economic challenges would not deter our commitment to deliver high value long term return for shareholders



Summary



1

YTD 2019
Business
Performance

Less robust financial performance due to weak and challenging global economy



2

TSRC 5-Year
Business Plan

Focused execution of TSRC 5-year Business Plan – making progress in strengthening our business portfolio



3

TSRC Vision

Maintain our momentum toward our vision to become a Global Specialty Materials Company



Q&A

Technology Solution



VECTOR
STYRENIC BLOCK COPOLYMERS



20KTA Advanced SEBS
Will Be Available in 2020

TAIPOL

VECTOR
STYRENIC BLOCK COPOLYMERS



Global Supply Chain
力臻完美的供应链布局



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THANK YOU



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