

Stock code: 2101

Nankang Rubber Tire Corp., Ltd. 2018 Investor Conference



 **NANKANG** 南港輪胎

Conference Program

Number	Time	Item	Speakers	Notes
1	14 : 00 ~ 14 : 30	Guest Registration		
2	14 : 30 ~ 14 : 40	Greetings From the Company	Honorary Chairman: Mr. Lin Hsueh-pu	
3	14 : 40 ~ 15 : 00	Company OperationsCurrent Status Update	Honorary Chairman: Mr. Lin Hsueh-pu	
4	15 : 00 ~ 15 : 10	Report on Utilizingthe Company' s Advantages and Competitiveness-BoostingPromotion Plans	R&D Deputy General Manager: Mr. Peng Tiancheng	
5	15 : 10 ~ 15 : 30	Report on Major Progress in the Nangang Plant Land Development Project	CEO of Nanrong Development Construction Co. (Ltd.): Mr. Hong Guoxiong	
6	15 : 30 ~ 16 : 00	Q&A		



Outline

- Current Status of Company Operations
 - Company Profile
 - Current Status of Operations
- Plans for Maximizing Current Advantages and Boosting Competitiveness
- Major Progress in the Nankang Land Development Project
- Q&A

Company Profile

- The company was established on February 25, 1959, and became a publicly listed firm in November 1963

Capital Amount	NT\$8.339 billion
Turnover	NT\$11.324 billion (2017 figures)
Company Address	6F., No.136, Sec. 3, Renai Rd., Daan Dist., Taipei City 106, Taiwan
Factory Addresses	Hsin-Fung Factory: No.399, Xining Rd., Xinfeng Township, Hsinchu County 304, Taiwan Zhangjiagang Factory: Shanghai Road, Zhangjiagang Bonded Area, Jiangsu Province Nangang Factory-No.51, Sec. 2, Nangang Rd., Nangang Dist., Taipei City 115, Taiwan (currently under development)
Scale of Factories	Floor area of the Xinfeng factory- 52,392 ping (173417.52 square meters); floor area of the Zhangjiagang factory- 80,707 ping(267140.17 square meters)
Number of Employees	1,392 in Taiwan; 1,214 at the Zhangjiagang factory
Capacity	19,000 tires/day at the Xinfeng factory; 14,000 tires/day at the Zhangjiagang factory
Main Products	(1) All-steel light truck tires (2) High-performance radial car tires, snow tires, RV tires and others (Over 1,000 specifications available) (3) Heavy motorcycle tires
Business Ratios	Exports account for 91% of total. (Taiwan: 4% / mainland China: 5%)

Hsin-Fung Factory

- Established in 1973, the factory building is spacious with a refined environment.
- A total of NT\$12.6 billion has been invested.
- The land area is more than 52,000 ping (173417.52 square meters). Currently, approximately 25,000 ping (82750 square meters) of building area has been constructed. The factory is located on Xinxing Road in Xinfeng Township, Hsinchu County, adjacent to a national highway interchange.
- An automated warehousing system officially launched in 2017, setting a new course for automation.
- Products include car tires, light truck tires, snow tires, heavy motorcycle tires, etc. Daily production capacity is 19,000 tires.

Zhangjiagang Factory



- Establishment approved on September 9, 1997.
- The registered capital amount is US\$143.58 million. A total of US\$296.53 million has been invested. Production began in September 2003.
- The land area is 80,707 ping(267140.17 square meters) and the factory building area is 42,312 ping (140052.72 square meters).
- The factory' s main products are radial car tires (specifications of 12"-24"). Daily production capacity is 14,000 tires.

Making the Most of Advantages and Promoting Competitiveness

Speakers :

R&D Deputy General Manager :
Mr. Peng Tiancheng



Foreword

A rapidly-changing market environment has become the new normal. The rise of the “red supply chain,” containment due to European and American trade policies, and oversupply have posed successive challenges.

In order to successfully face the current situation and overcome challenges, Nankang Rubber Tire will better utilize its current advantages and continue to increase competitiveness.

By converting market challenges into increased business opportunities and providing customers with products of the highest quality, the company aims to achieve its goal of sustainable development, while earning maximum profits.

Outline of Briefing

1. Reviewing, Improving and Extending the Current Advantages of the Nankang Rubber Tire Company.
2. Implementing Measures to Improve Competitiveness as the Firm Enters its Next 60 Years.



Changes and Challenges in the Market/Environment

- Demand is changing in the global automotive market. SUVs/CUVs have become main sales drivers



提升競爭力，迎接創廠60周年，邁向下一個60年~

Data Source : TIRE BUSINESS & JATO

NANKANG 南港輪胎

Four Strategies to Improve the Competitiveness of Nankang Rubber Tire



Five Highlights of New Nankang Rubber Tire Products

一、Evolution of the Motorsport Product Series

- The higher-level slick tire, SL-1, was promoted based on the successful development experience of the semi-slick tires, NS-2R and AR-1, which have comprehensively penetrated higher-level racing competitions.

二、The Development of the World's First Seamless Tires

- In coordination with the Fast & Furious Live 3D reality show, the world's first seamless tires were developed. Beginning in 2018, a three-year global tour was launched. The seamless tires of Nankang Rubber Tire follow the Fast & Furious Live 3D reality show, drawing attention from consumers around the world.

三、Plans to Improve Product Value Through Refined Appearances

- By using high-end model precision technology paired with the use of nano rubber compound formulae, the refinement of product appearances can be comprehensively improved with a goal toward making "refined products."

四、Electric Car Tire Development Plan

- With the EU's plan to ban the sale of fossil fuel vehicles starting in 2025, electric cars will become universal. With performance requirements including "low noise/low rolling resistance/extended wear mileage/instant power increases," paired with the continuously evolving targets of EEC certification, Nankang Rubber Tire is actively developing a new generation of electric car tires.

五、Medium- and Long-Term R&D Projects for IT Smart Tires

- In response to future development trends in autonomous cars, R&D plans for IT smart tires are imperative. Nankang Rubber Tire will engage in technological cooperation through cross-industry alliances to accelerate development and seize business opportunities.

提升競爭力，迎接創廠60周年，邁向下一個60年~

Reviewing the Advantages of Nankang Rubber Tire

南港輪胎的優勢回顧與延伸

- 1959-1996: Through technical cooperation with Japanese tire company Yokohama, plus eight years of direct operations, a deep technical foundation was established for Nankang Rubber Tire, including becoming the first domestic tire manufacturer to develop and produce aircraft tires and radial tires
- 1996: The company independently developed the bestselling products NS-2 and S-600, helping Nankang Rubber Tire win the triple crown of operations
- 2007: The company has served as the ODM for a world-class tire company for 11 years and continues to cooperate with this partner
- 2012: The company becomes the first domestic tire manufacturer to establish an RRC (rolling resistance) laboratory and be certified by the German authority TÜV SÜD
- 2014: The company becomes the first tire manufacturer in the Greater China Region to earn the TÜV SÜD MARK product certification (the certified products were ECO-2+ and AS-2+)



NANKANG 南港輪胎

Adding to the Advantages of Nankang Rubber Tire

南港輪胎的優勢回
顧與延伸

Own Brand

- The firm will strive to strengthen product competitiveness by continuing to increase levels of EEC certification, strengthening wear-resistance demands, and bringing new products to market ahead of competitors.
- The company will continue to promote products with high profitability, such as MOTORSPORT, RFT, no-nail/nail winter tires, and other products of this kind.
- Plans call for maximizing products with high growth rates, including the SUV/CUV series.

OEM Brands

- Categories: A/S car tires, studded snow tires, studless snow tires→high-load SUV/CUV summer tires.
- Market Territory: North America, Australia, domestic sales in China→Russia, Central Asia (CIS), Northern Europe.
- Annual Orders: Exponential growth expected by 2020.



Nankang Rubber Tire Transitions For the Next 60 Years

In 2019, Nankang will enter the 60th year since its founding.

With advantages built up over the past 60 years supported by a business philosophy of "integrity, pragmatism, and innovation," the company has gone from strength to strength.

But faced with a rapidly changing market environment, Nankang Rubber tire must transition and make qualitative changes.

Led by the central ideas of "professionalism, refinement, and depth" as well as the management concept proposed by its chairman of "doing it right the first time," Nankang Rubber Tire's competitiveness is continuously promoting the cultivation of core technological strengths, while deepening innovation.

By rapidly responding to the market and quickly satisfying demand, Nankang will "always run faster than its opponents" and establish an "irreplaceable" position in the market as it moves into the next 60 years of progress.



提升競爭力，迎接創廠60周年，邁向下一個60年~



2018

Nankang Rubber Tire World Pearl Development Project

Speakers :

CEO of Nanrong Development Construction Co. (Ltd.) :
Mr. Hong Guoxiong

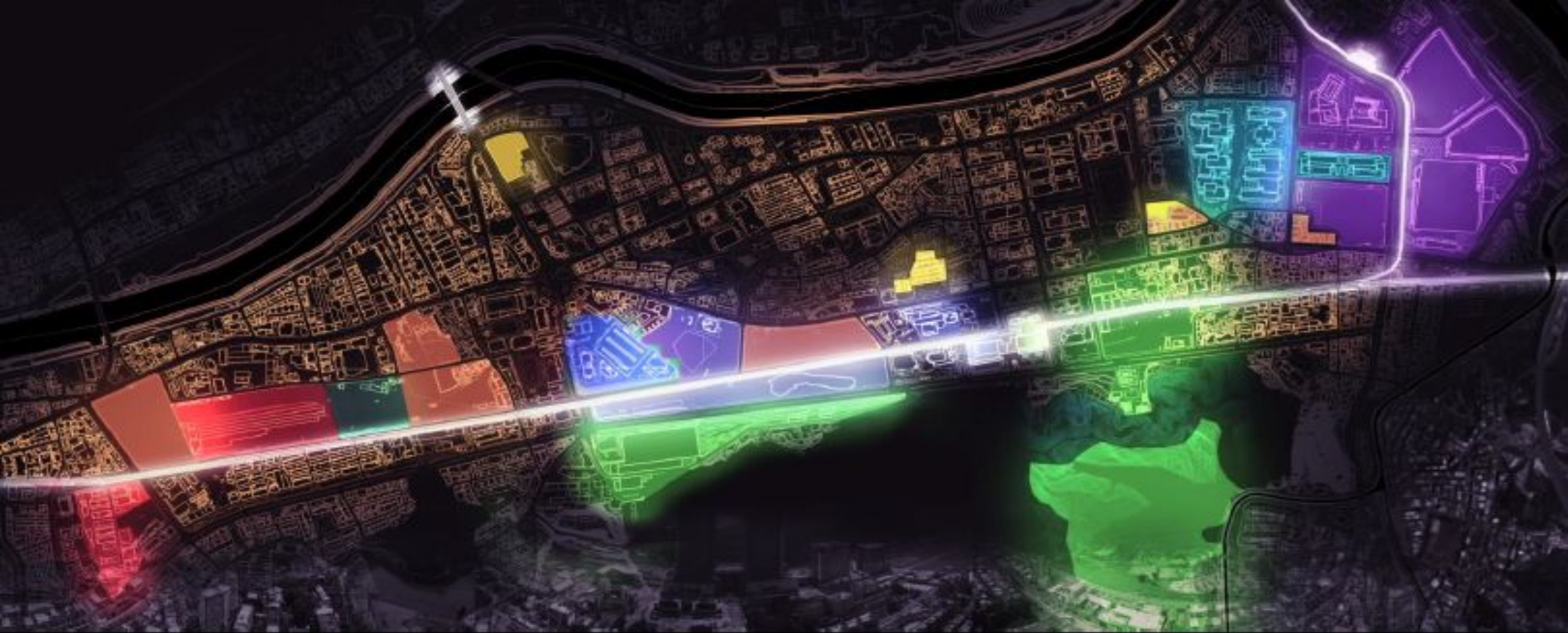
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Eastern Portal Project

Development Vision and Urban Development

Transportation Hub

- The four-railway construction of Nangang Station
- The opening of Nangang Bus Station
- Expanding YouBike rental stations
- Constructing peripheral transportation and connection systems around the National Biotechnology Research Park
- Cheng-Gong Bridge extension project

National Biotechnology Industry Corridor

- National Biotechnology Research Park and Nangang Biotechnology Settlement Cooperation Plan (Academia Sinica and the city government)
- Nangang Biotechnology Production Settlement Development Project (Zhongxiao camp area and city land)
- Nangang Airport Development Project

Popular Music and Cultural and Creative Industries

- Taipei Center for Popular Music Development Project (Ministry of Culture and city government)
- Bottle Cap Factory Historical Building Reuse Project

Software and Exhibition Industry

- National Exhibition Center (Ministry of Economic Affairs)
- PC07 Underground Connection Channel Setup and Construction Project

Public Environment

- Reconstruction of Sifen River
- Nangang Park Renewal Project
- Opening of Nangang No. 62 Park
- Yucheng Park Renewal Project

Public Housing Communities

- Xiaowan, Dongming, Zhongnanduan, and Nangang Economic and Trade Park R16 Public Housing Community Development Projects

Overall Cross-District Redistricting and Urban Renewal

- Nangang Phase-3 City Land Redistricting
- Three Public Urban Renewal Projects
- Community Planner Studio

2015

啟動規劃

Initial Planning

2018

中期計畫

Medium-Term
Planning

2022

長期計畫

Long-Term
Planning

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Biotechnol
ogy Center

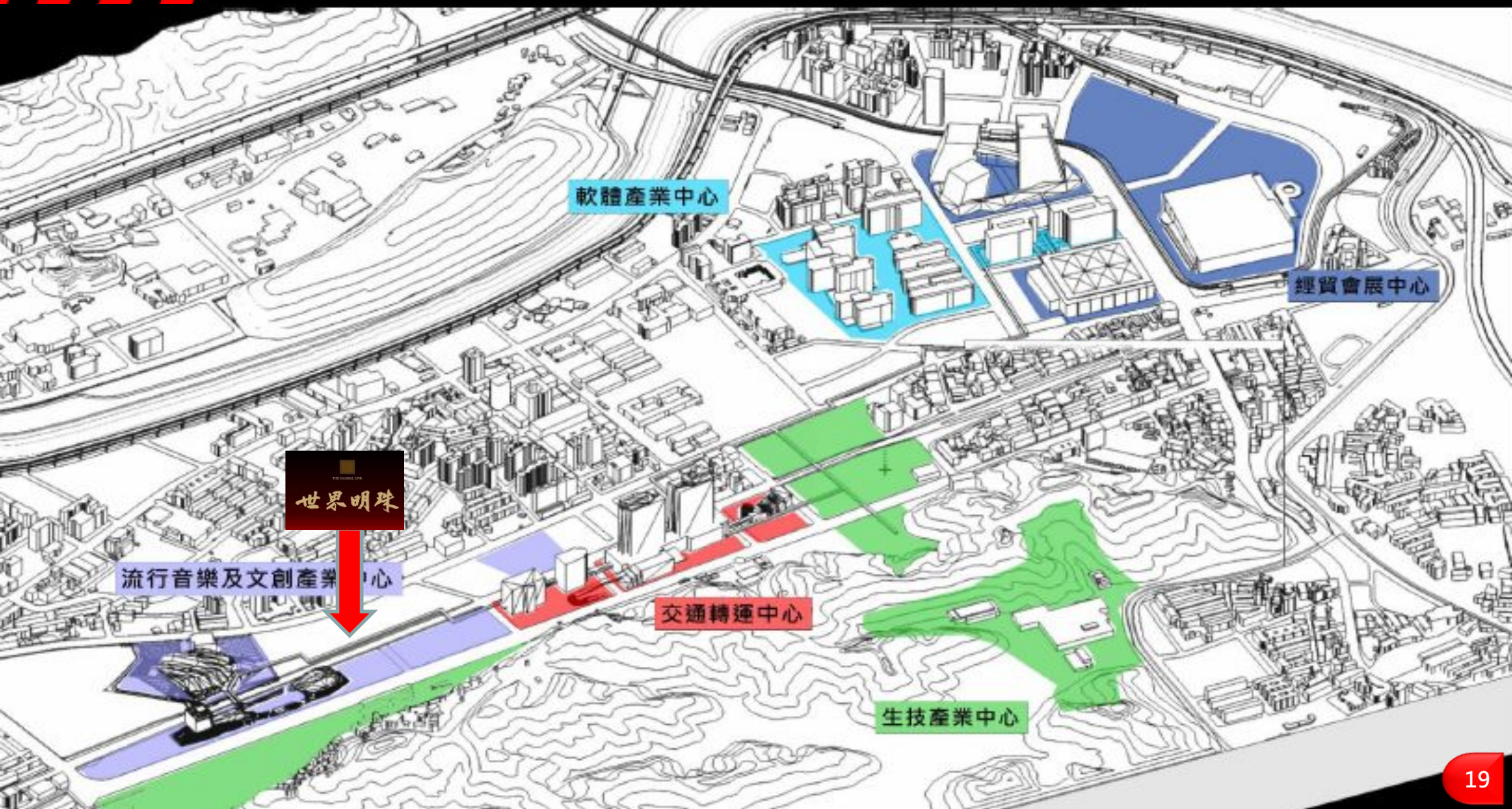
Station
Center

Cultural and
Creative Center

Construction of Five Centers Now in the Completion Phase

Exhibition
Center

Software
Center



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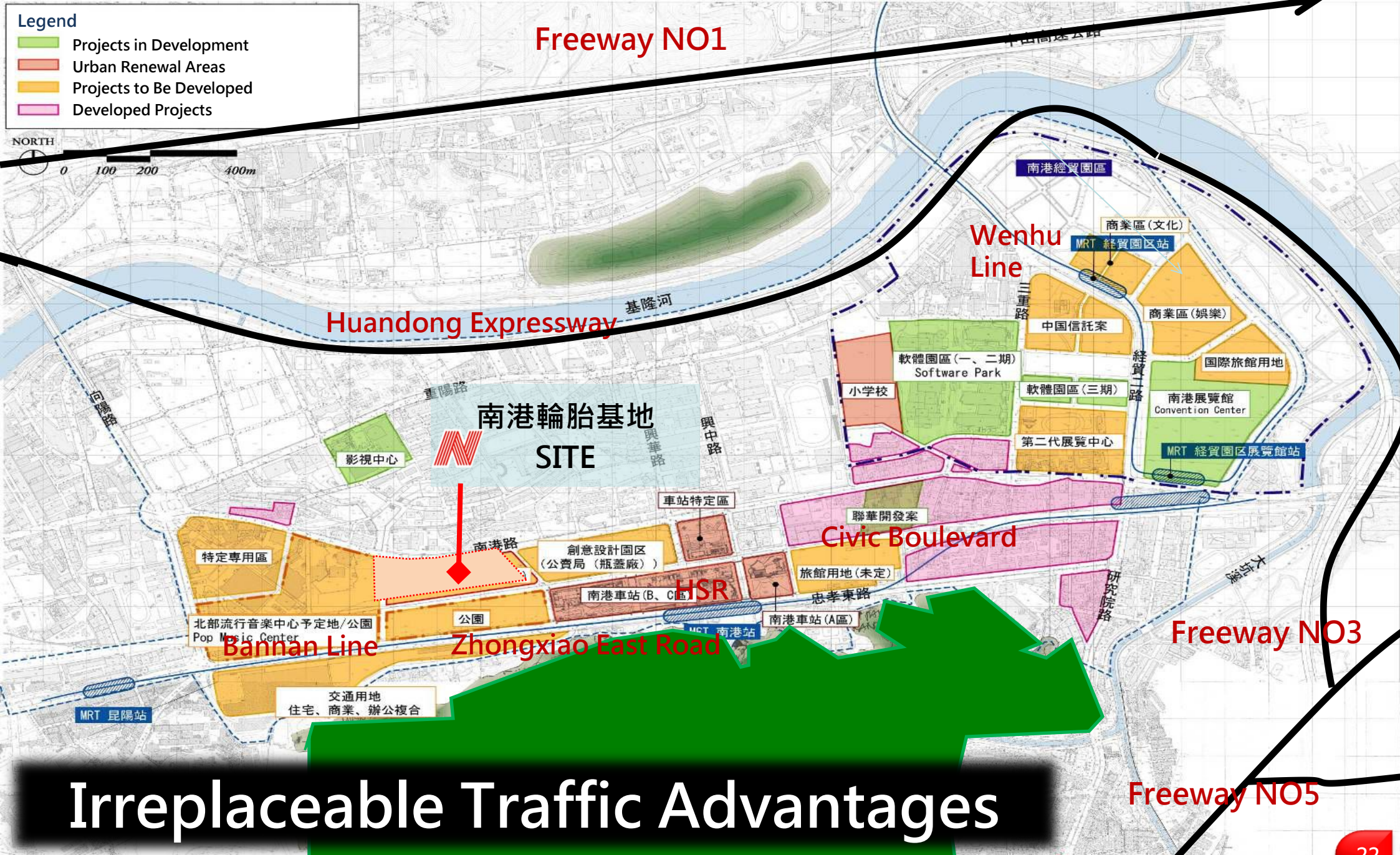
南港五大中心

Name	Project	Area (Hectares)	Functions	Completion Date
Software Center	Nangang Software Phase 1	4.03	Developing information software and an international image of knowledge-intensive industries	Completion
	Nangang Software Phase 2	4.17	and the development of an "Asia-Pacific software center." Annual outpatient value is expected	
	Nangang Software Phase 3	1.52	to reach NT\$230 billion	
Exhibition Center	Nangang Exhibition Center	6	5,000 booths will be provided. The exhibition scale is the 37th largest in the world	Completion
	Second-Generation Exhibition Center	3.36	Exhibition scale to be expanded to meet international exhibition center standards	Completion
Station Center	Three-Railway Structure	4.2	Combining the TRA, HSR, and Bannan and Neihu lines of the MRT	Completion
	Six-Star Hotel		BOT project, Westin Taipei	Completion
	Station Commercial Building		Built and managed by Ruentex, 25 floors of the Gate of Taipei are planned	Completion
	Granary Market Building		Built and managed by Ruentex (headquarters of Nan Shan Life Insurance)	Completion
	Parking Building		Built and managed by Ruentex, a 16-floor three-dimensional parking lot is planned	Completion
	Relocating Railways to Underground Lines	5.93	Relocating railways underground, with the ground floor then becoming a "green belt"	Completion
Cultural and Creative Center	Taipei Center for Popular Music	7.32	Popular music is combined with cultural industries to cultivate creative talent	2018
Biotechnology Center	Incubation Center	9.6	Focusing on R&D-type research and various thematic clinical trials	2020
	R&D Building			

Important Progress in Nangang District

- 2011/02/27 Linking of the Bannan line with the Wenhui line
- 2011/10/24 Opening of the Nangang segment of Civic Boulevard to traffic
- 2014/12/02 Opening of the Nangang headquarters of CTBC
- 2014/12/19 Opening of CITY LINK
- 2016/07 Opening of HSR Nangang to traffic
- 2016/07/26 Operation of Global Mall (constructed by Kindom Construction Corp.)
- 2017/04/18 Opening of Nangang Bus Station (West)





項目(Item)	Area (Square Meters/Ping)
基地面積 Building foundation	31,252.05 / 9,453
容積率Floor ratio rate	390%
建蔽率Building coverage rate	39.18%
總樓地板面積 Floor area	234990.28/ 71,084.56

9500 Ping

Huge Width



Development Project Progress Report

2015.01.15	Passed by the Urban Design Review Conference
2015.07.13	Passed by the Urban Renewal Review Conference
2015.09.01	Passed by the Environmental Impact Assessment Committee
2015.12.17	Urban design review approval completed
2016.02.25	Urban renewal review approval completed
2016.03.30	Building license approved
2016.06.22	Building license received
2016.10.27	Declaration and filing for the start of the construction project completed
2018.05.18	Overall review of Nangang District, Taipei, to increase the residential limit from 30% to 50%



Original Passed Version of the Building Permit

Overall Review of the Main Plan for the Urban Planning of Nangang District

Employed Population: 36,000 people

就業人口 **3.6萬人**

Residential Population: 50,000 people

居住人口 **5萬人**

Required Living Area: 560,000 ping

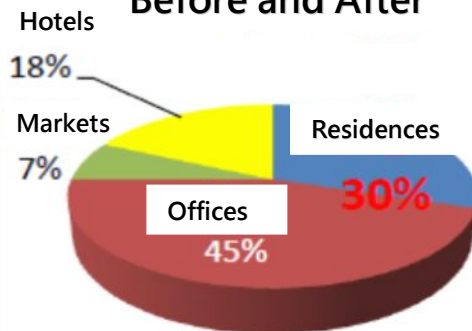
居住需求面積 **56萬坪**

- 新增依賴人口
= 南港區新增就業人口 × 非通勤人口比例(43.2%) × 依賴人口乘數
- 衍生服務就業量
= 新增依賴人口 × 人口服務比

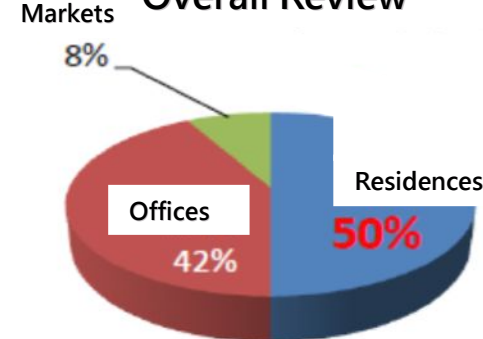
Additional Dependent Population =
newly employed population in Nangang District x
percentage of non-commuting population
(43.2%) x multiplier of dependent population
Derived Service Employment =
additional dependent population x population
service ratio

Revised Design Version

Before and After

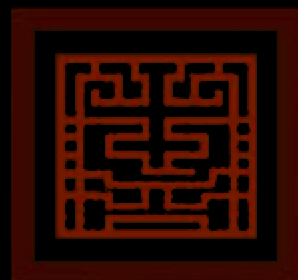


Overall Review



Revised Design Version





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