China Synthetic Rubber Corporation

4Q/2014
Investors' Conference

April 8, 2015

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Disclaimer

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Agenda

- Company Snapshot
- 4Q/2014 Financial Results
- CB Industry Status
- Business Outlook/Strategy

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- **Company Snapshot**
- **4Q/2014 Financial Results**
- **CB Industry Status**
- **Business Outlook/Strategy**

Company Snapshot

Established in Taiwan	June, 1973	**Production Capacity of CSRC's Carbon Black Business**	
		Taiwan	Lin-Yuan 120K MT
Headquarter	Taipei, Taiwan	China	Maanshan 125K MT
IPO in TWSE	July, 1986		Ashan 130K MT
			Chong Qing 30K MT
Market Cap (as of March 20, 2015)	NT$ 17,438 million **(US$ 554 million)** Share price at NT$31.75 (USD/NTD=31.459)	USA	Phenix 90K MT Ponca 135K MT Sunray 75K MT
		India	Deli 85K MT
Number of employees of CSRC's Carbon Black Business (as of Dec 31, 2014)	132 in Taiwan 388 in China 277 in USA 194 in India	**Total**	**790 K MT**
Major Investment	Synpac-Biotech Research E-One Moli Energy-Lithium-ion Battery		

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CSRC Group Carbon Black Business Overview

- Company Snapshot
- **4Q/2014 Financial Results**
- CB Industry Status
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4Q/2014 Results Highlights

(In NT Millions except otherwise noted)	4Q/14	3Q/14	4Q/13	QoQ/%	YoY/%
Net Sales_Carbon Black	4,106	4,445	4,105	(7.6)	0.0
EBITDA_Carbon Black	111	(88)	199	226.1	(44.2)
Net Income[(1)]	63	2,114	125	(97.0)	(49.6)
EPS (NT$)	0.12	3.92	0.23	(96.9)	(47.8)
Gross Margin(%)__Carbon Black	5.8%	0.1%	6.8%	5.7	(1.0)
ROE(%)	0.3%	11.3%	0.7%	(11.0)	(0.4)
ROA(%)	0.0%	6.6%	0.3%	(6.6)	(0.3)
Free Cash Flow[(2)]	2,511	(1,177)	656	313.3	282.8

(1) Attributable to Shareholders of the parent company

(2) Free Cash Flow = Operating Cash Flow - Capex - L/T Investment

Year 2014 Results Highlights

(In NT Millions except otherwise noted)	2014	2013	YoY/%
Net Sales_Carbon Black	17,798	17,394	2.3
EBITDA_Carbon Black	347	544	(36.2)
Net Income[(1)]	2,565	810	216.7
EPS (NT$)	4.76	1.50	217.3
Gross Margin(%)__Carbon Black	4.2%	5.1%	(0.9)
ROE(%)	13.8%	4.7%	9.1
ROA(%)	7.9%	2.2%	5.7
Total Assets	32,931	30,869	6.7
Total Liabilities	12,241	12,024	1.8
Total Shareholders' Equity	20,690	18,845	9.8
Free Cash Flow[(2)]	1,538	1,837	(16.3)

(1) Attributable to Shareholders of the parent company

(2) Free Cash Flow = Operating Cash Flow - Capex - L/T Investment

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4Q/2014 Statement of Comprehensive Income

(In NT Millions except otherwise noted)	4Q/14	3Q/14	4Q/13	QoQ/%	YoY/%
Net Sales	5,132	5,564	5,138	(7.8)	(0.1)
COGS	4,160	4,779	4,115	(13.0)	1.1
Gross Profit	972	785	1,023	23.8	(5.0)
Gross Margin	18.9%	14.1%	19.9%	4.8	(1.0)
Operating Expense	489	444	396	10.1	23.5
Operating Income	483	341	627	41.6	(23.0)
Operating Margin	9.4%	6.1%	12.2%	3.3	(2.8)
Non-operating Income / (Expense)	(107)	2,127	(166)	(105.0)	35.5
Income Before Tax	376	2,468	461	(84.8)	(18.4)
Income Tax Benefit / (Expense)	(369)	(337)	(372)	(9.5)	0.8
Net Income	7	2,131	89	(99.7)	(92.1)
Net Margin	0.1%	38.3%	1.7%	(38.2)	(1.6)

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4Q/2014 Statement of Comprehensive Income

(In NT Millions except otherwise noted)	4Q/14	3Q/14	4Q/13	QoQ/%	YoY/%
Net Income	7	2,131	89	(99.7)	(92.1)
Other Comprehensive Income (Loss)	(245)	(39)	342	(528.2)	(171.6)
Total Comprehensive Income	(238)	2,092	431	(111.4)	(155.2)
Net income attributed to:					
Owners of the Company	63	2,114	125	(97.0)	(49.6)
Non-Controlling Interests	(56)	17	(36)	(429.4)	(55.6)
Total	7	2,131	89	(99.7)	(92.1)
Total Comprehensive Income					
Owners of the Company	(193)	2,063	446	(109.4)	(143.3)
Non-Controlling Interests	(45)	29	(15)	(255.2)	(200.0)
Total	(238)	2,092	431	(111.4)	(155.2)
Basic EPS (NT$)	0.12	3.92	0.23	(96.9)	(47.8)

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Year 2014 Statement of Comprehensive Income

(In NT Millions except otherwise noted)	2014	2013	YoY/%
Net Sales	22,005	21,538	2.2
COGS	18,288	17,867	2.4
Gross Profit	3,717	3,671	1.3
Gross Margin	16.9%	17.0%	(0.1)
Operating Expense	1,757	1,634	7.5
Operating Income	1,960	2,037	(3.8)
Operating Margin	8.9%	9.5%	(0.6)
Non-operating Income / (Expense)	1,855	(185)	1,102.7
Income Before Tax	3,815	1,852	106.0
Income Tax Benefit / (Expense)	(1,289)	(1,195)	(7.9)
Net Income	2,526	657	284.5
Net Margin	11.5%	3.1%	8.4

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Year 2014 Statement of Comprehensive Income

(In NT Millions except otherwise noted)	2014	2013	YoY/%
Net Income	2,526	657	284.5
Other Comprehensive Income (Loss)	(58)	1,324	(104.4)
Total Comprehensive Income	2,468	1,981	24.6
Net income attributed to:			
Owners of the Company	2,565	810	216.7
Non-Controlling Interests	(39)	(153)	74.5
Total	2,526	657	284.5
Total Comprehensive Income			
Owners of the Company	2,489	2,119	17.5
Non-Controlling Interests	(21)	(138)	84.8
Total	2,468	1,981	24.6
Basic EPS (NT$)	4.76	1.50	217.3

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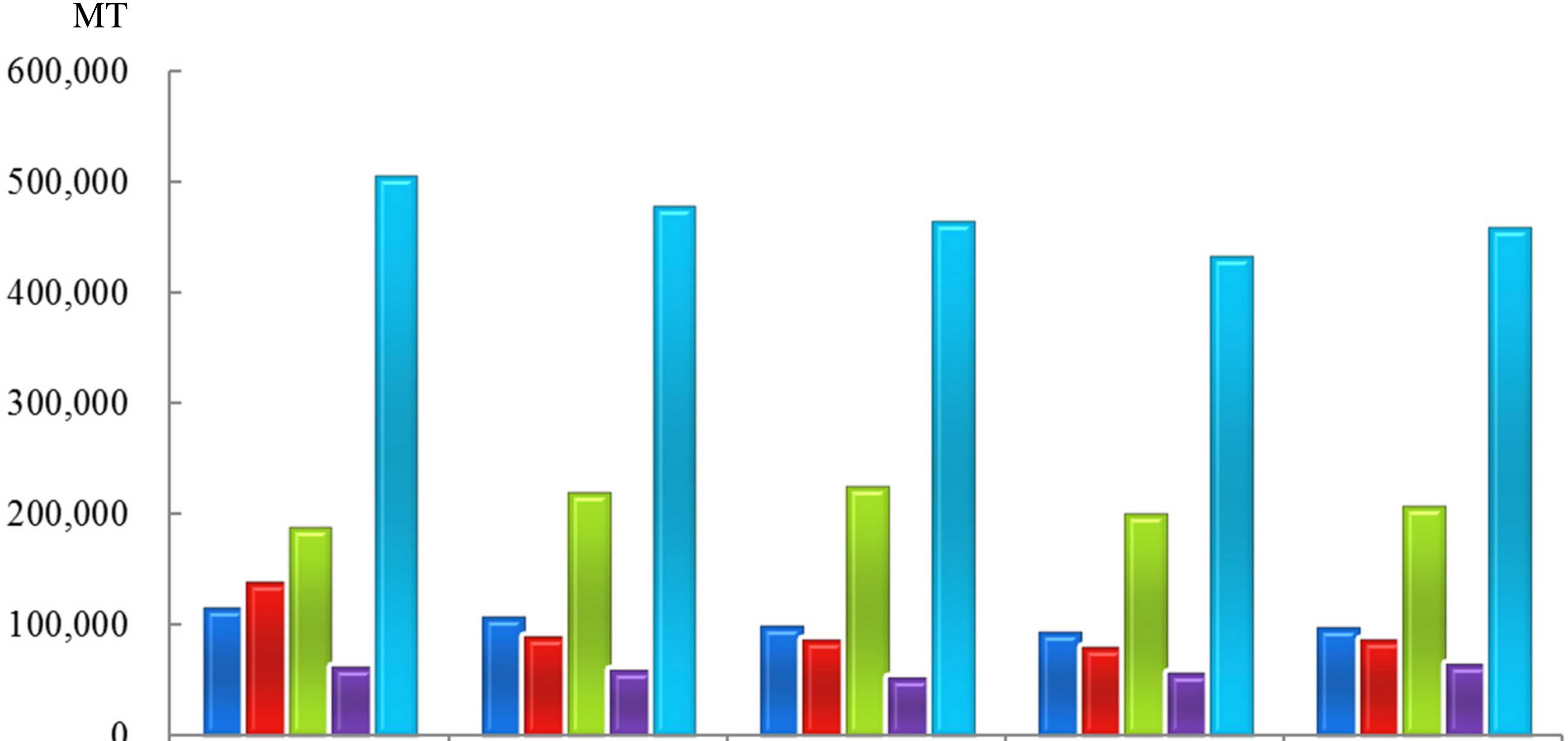
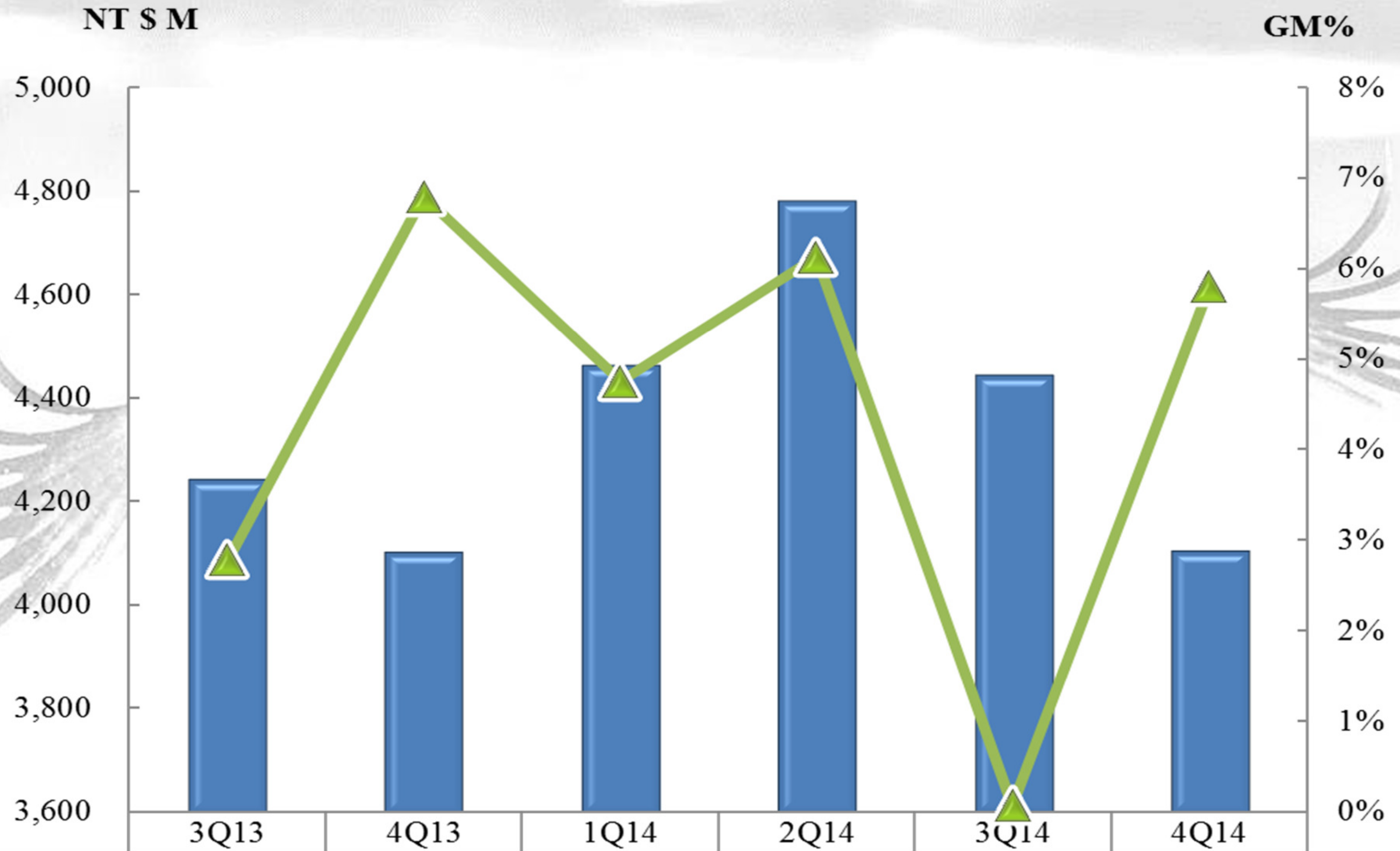
Carbon Black Sales Volume in Recent 5 Years



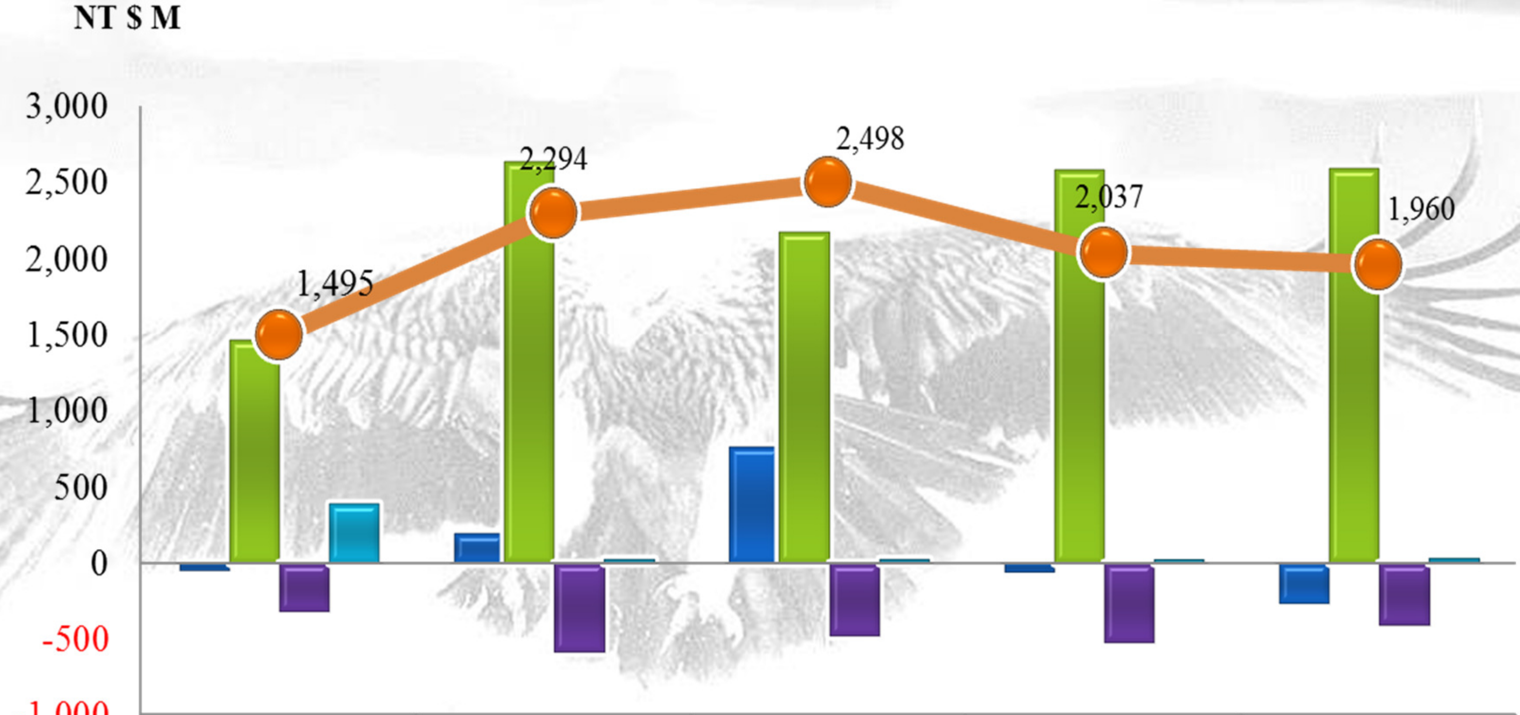
	2010	2011	2012	2013	2014
Taiwan	116,430	107,973	99,608	94,639	97,984
China	139,122	90,968	86,959	80,707	88,257
USA	188,438	220,000	225,573	201,037	208,423
India	63,053	60,045	53,285	57,597	65,407
Total	507,043	478,986	465,425	433,980	460,071

Carbon Black Sales / GM



	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
Sales	4,245	4,105	4,465	4,782	4,445	4,106
GM %	2.8%	6.8%	4.7%	6.1%	0.1%	5.8%

Operating Income by Business Units



	2010	2011	2012	2013	2014
Carbon Black	-46	198	765	-61	-265
Biotech	1,464	2,644	2,180	2,589	2,600
Energy	-318	-578	-476	-518	-408
Others	395	30	29	27	33
Total	1,495	2,294	2,498	2,037	1,960

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4Q/2014 Statement of Cash flow

(In NT Millions except otherwise noted)	4Q/14	3Q/14	4Q/13
Cash Flows From Operating Activities			
Income Before Tax	376	2,468	461
Adjustments to reconcile income to net cash provided by operating activities :	2,332	(3,489)	533
Net Cash generated from Operating Activities	**2,708**	**(1,021)**	**994**
Cash Flows From Investing Activities	(256)	1,522	(408)
Cash Flows From Financing Activities	79	(773)	(583)
Effect of Foreign Exchange Rate Changes	105	52	87
Net Increase (Decrease) In Cash and Cash Equivalents	**2,636**	**(220)**	**90**
Cash And Cash Equivalents-Beginning of Period	3,630	3,850	3,073
Cash And Cash Equivalents-End of Period	**6,266**	**3,630**	**3,163**

Year 2014 Statement of Cash flow

(In NT Millions except otherwise noted)	2014	2013
Cash Flows From Operating Activities		
Income Before Tax	3,815	1,852
Adjustments to reconcile income to net cash provided by operating activities :	(1,648)	905
Net Cash generated from Operating Activities	**2,167**	**2,757**
Cash Flows From Investing Activities	2,305	(537)
Cash Flows From Financing Activities	(1,529)	(1,475)
Effect of Foreign Exchange Rate Changes	160	60
Net Increase (Decrease) In Cash and Cash Equivalents	**3,103**	**805**
Cash And Cash Equivalents-Beginning of Period	3,163	2,358
Cash And Cash Equivalents-End of Period	**6,266**	**3,163**

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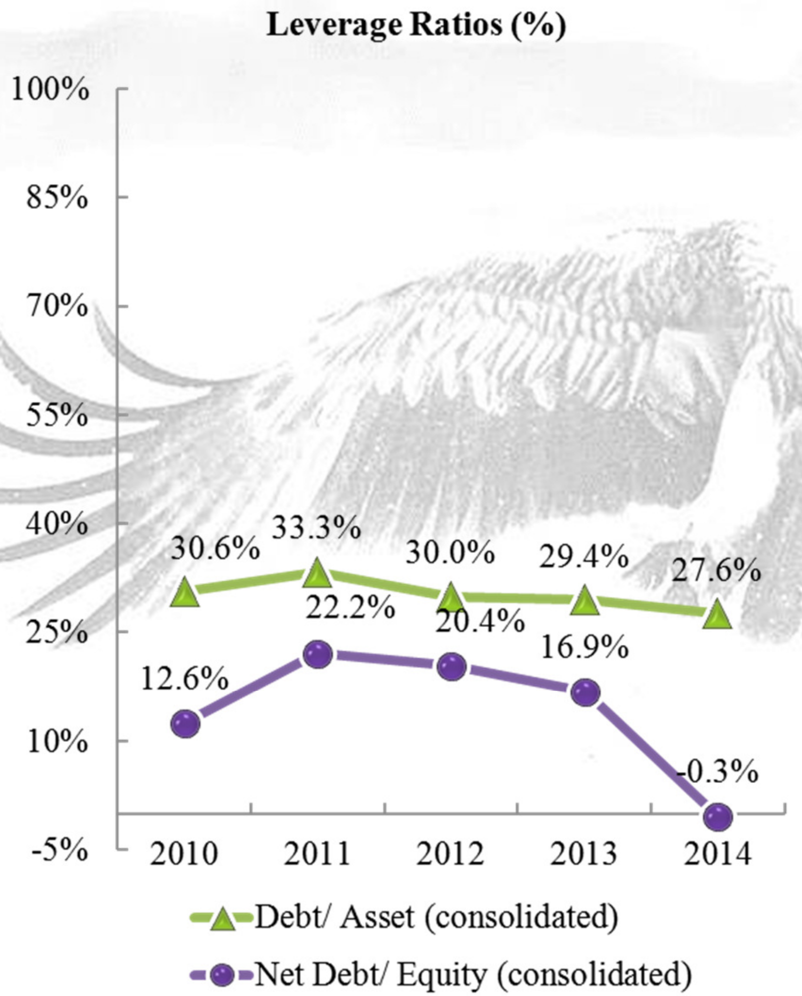
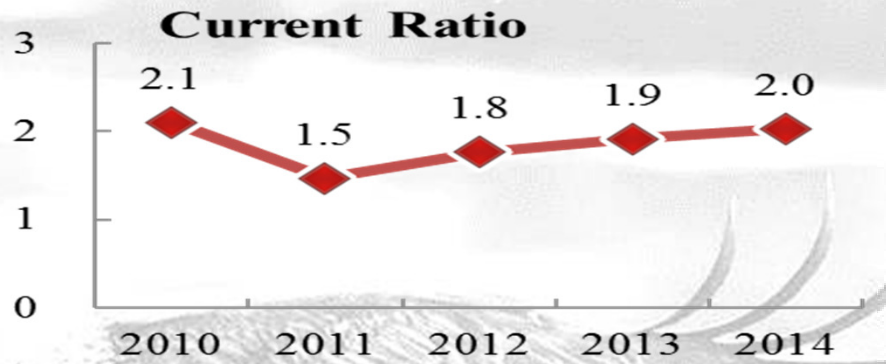
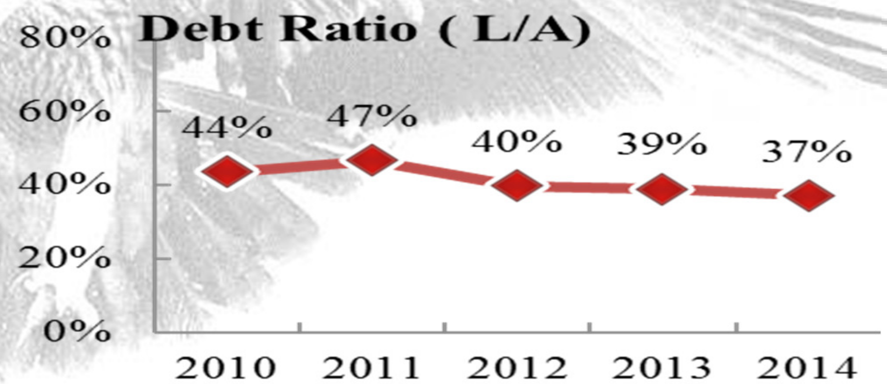
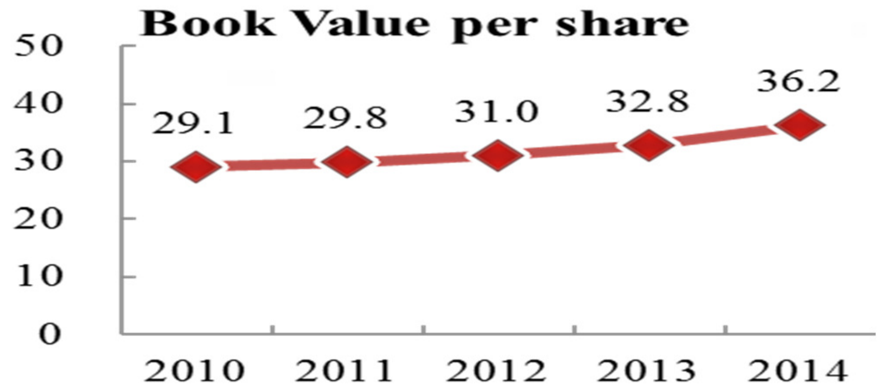
Solid Financial Structure









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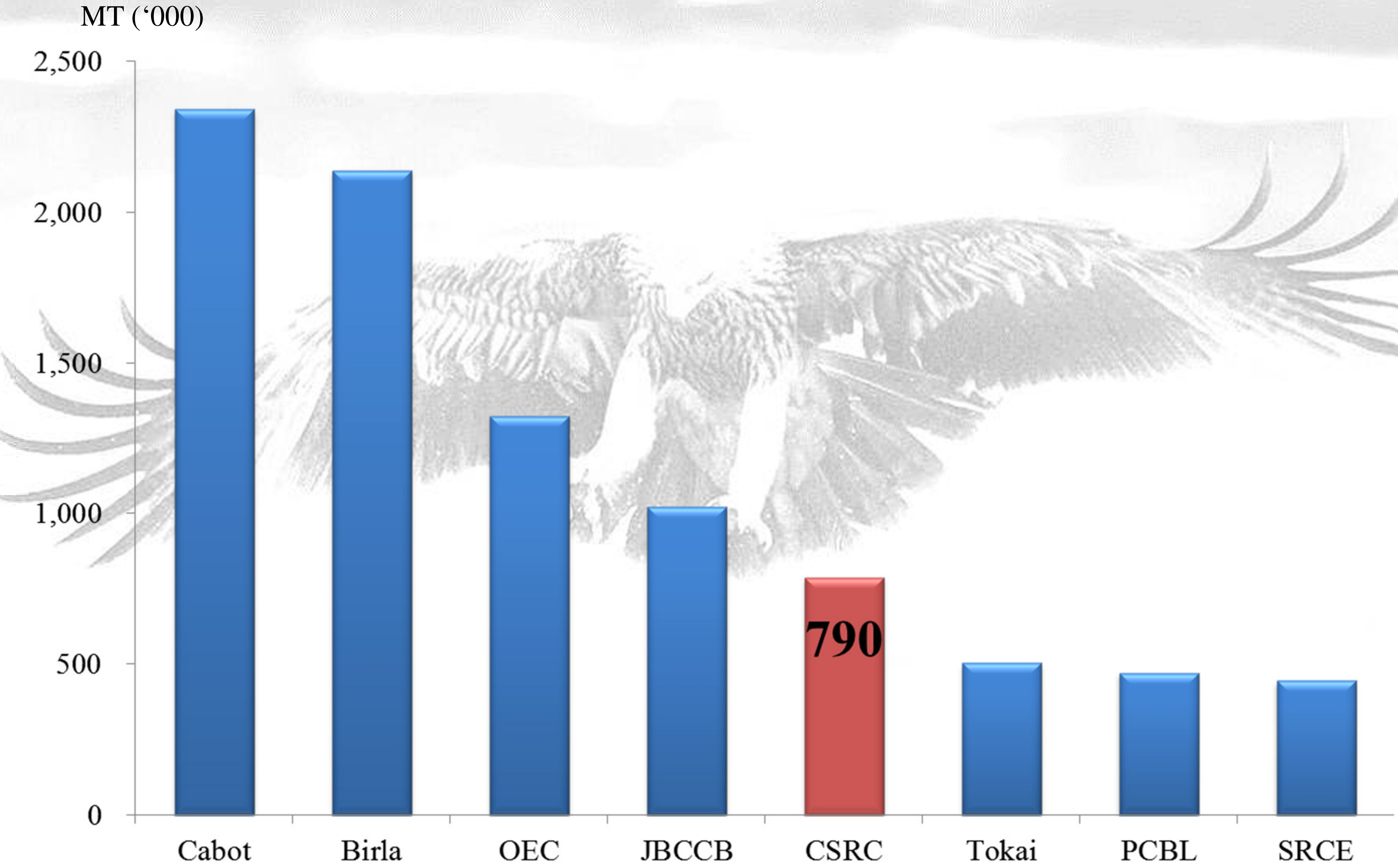
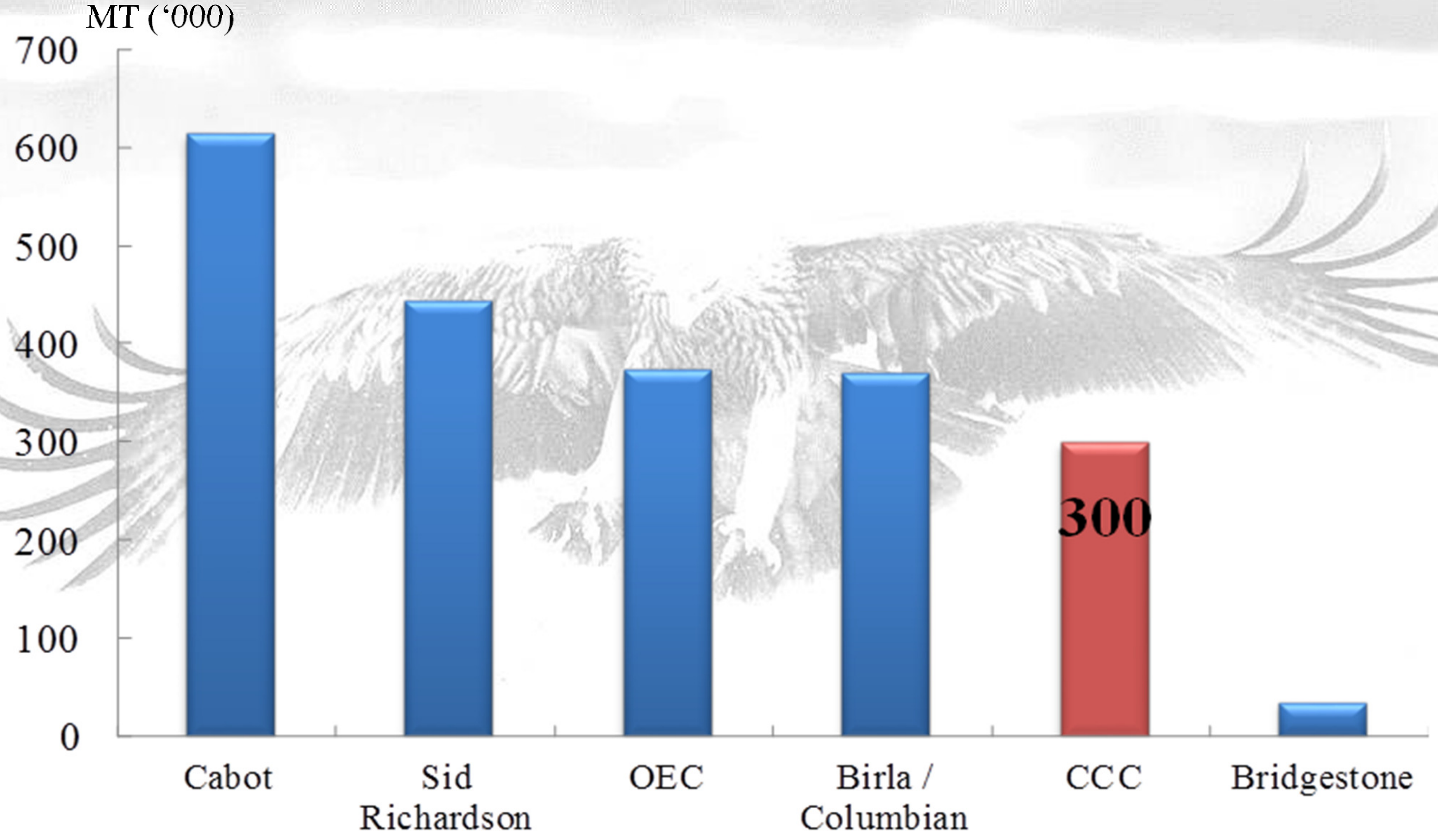
Global Major Carbon Black Makers' Capacity



Source : Notch Consulting Group, 2014

Major Carbon Black Makers in NA



Source : Notch Consulting Group, 2014

Business Outlook – NA

- Carbon Black Demand and Supply in NA

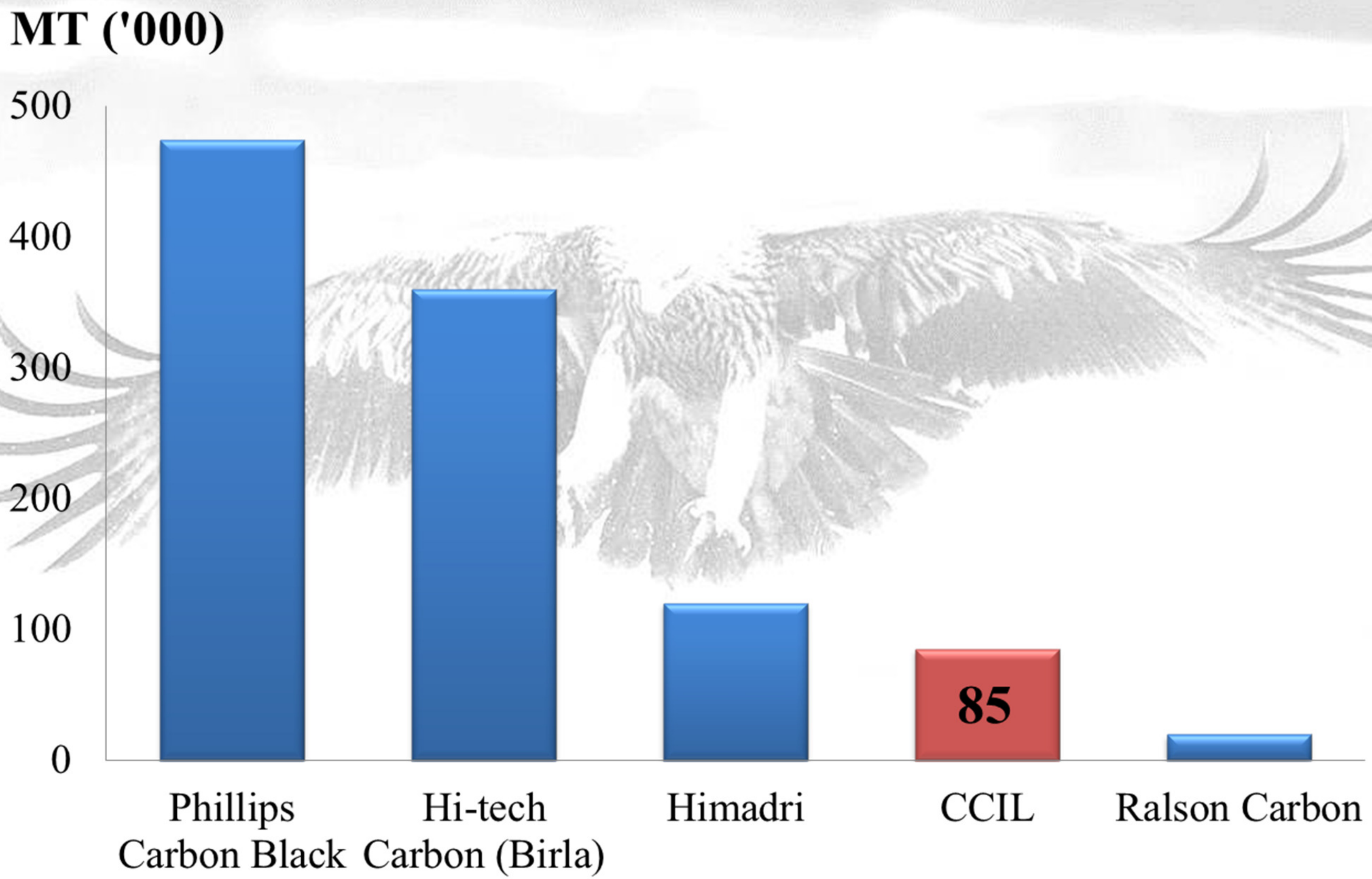
Unit: 000'MT

	2012(A)	2013(A)	2014(E)	2015(F)	Growth
CB Demand	1,690	1,637	1,724	1,740	1.0%
CB Effective Capacity	2,100	2,100	2,100	2,145	0.7%
Surplus	410	463	376	405	
%	20%	22%	18%	19%	

Source : Notch Consulting Group, 2014

- NA demand for imported tires could change with implementation of new tariffs against Chinese imports.
- CB imports increased 28% in 2014 but has slowed in early 2015 due to reducing domestic CB price contributing by low oil price.
- 2015 1st half demand will increase slightly compared to 2014 and volume will be competing by NA producers and imports.

Major Carbon Black Makers in India



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Business Outlook – India

- Carbon Black Demand and Supply in India

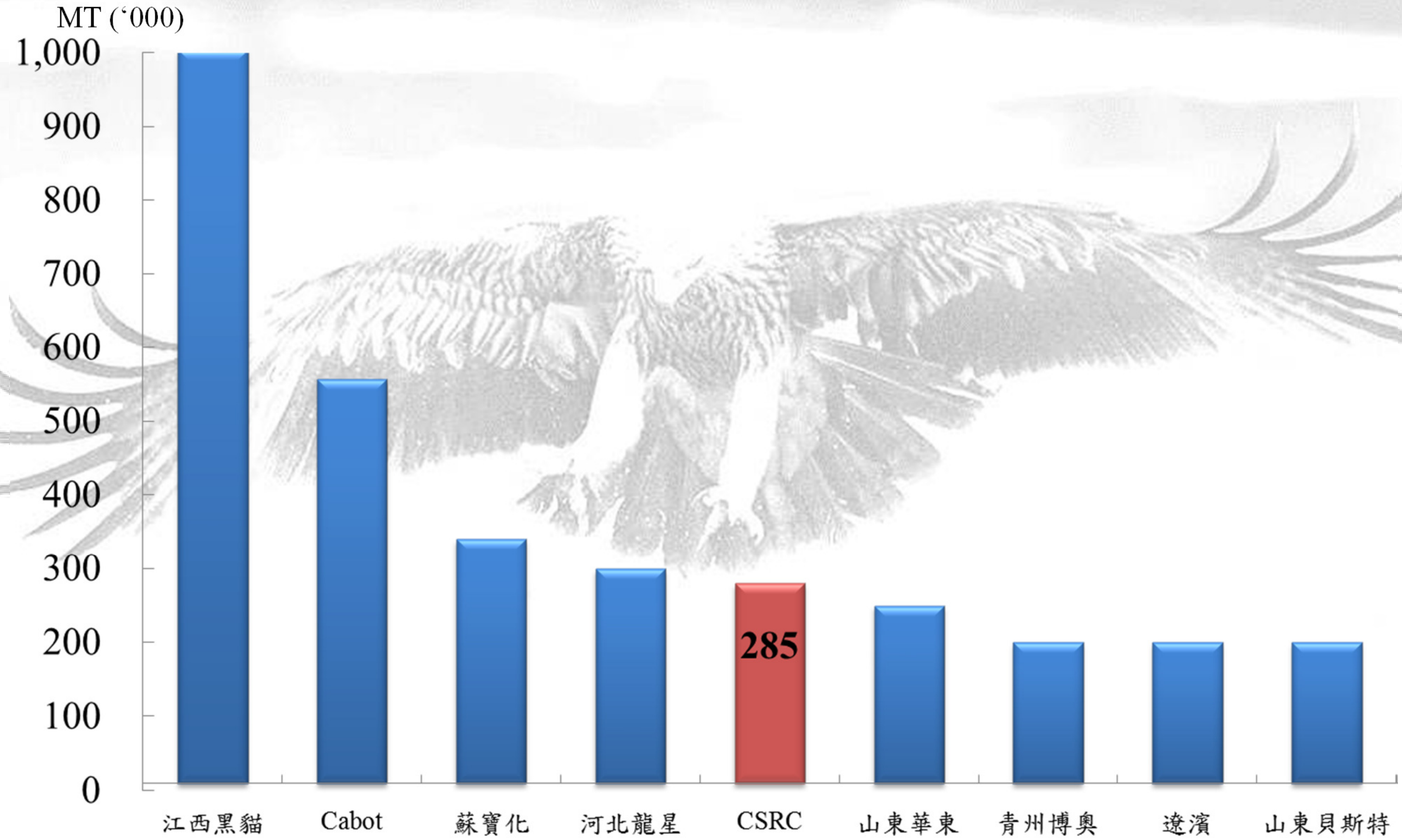
Unit: 000'MT

	2012(A)	2013(A)	2014(A)	2015(F)	Growth
CB Demand	660	696	750	810	7.1%
CB Effective Capacity	980	1,059	1,072	1,072	3.0%
Import	97	118	121	130	
Surplus	417	481	443	392	
%	39%	41%	37%	33%	

Source： Company information

- Demand increases by 6.5% in 2014. It is expected to grow 8% in 2015.
- Investment in infrastructure of road sector will increase are positives for Tire sector in India.
- Import carbon black from China & Korea continues keeping capacity utilization under pressure.

Major Carbon Black Makers in China



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Business Outlook – China

- Carbon Black Demand & Supply in China

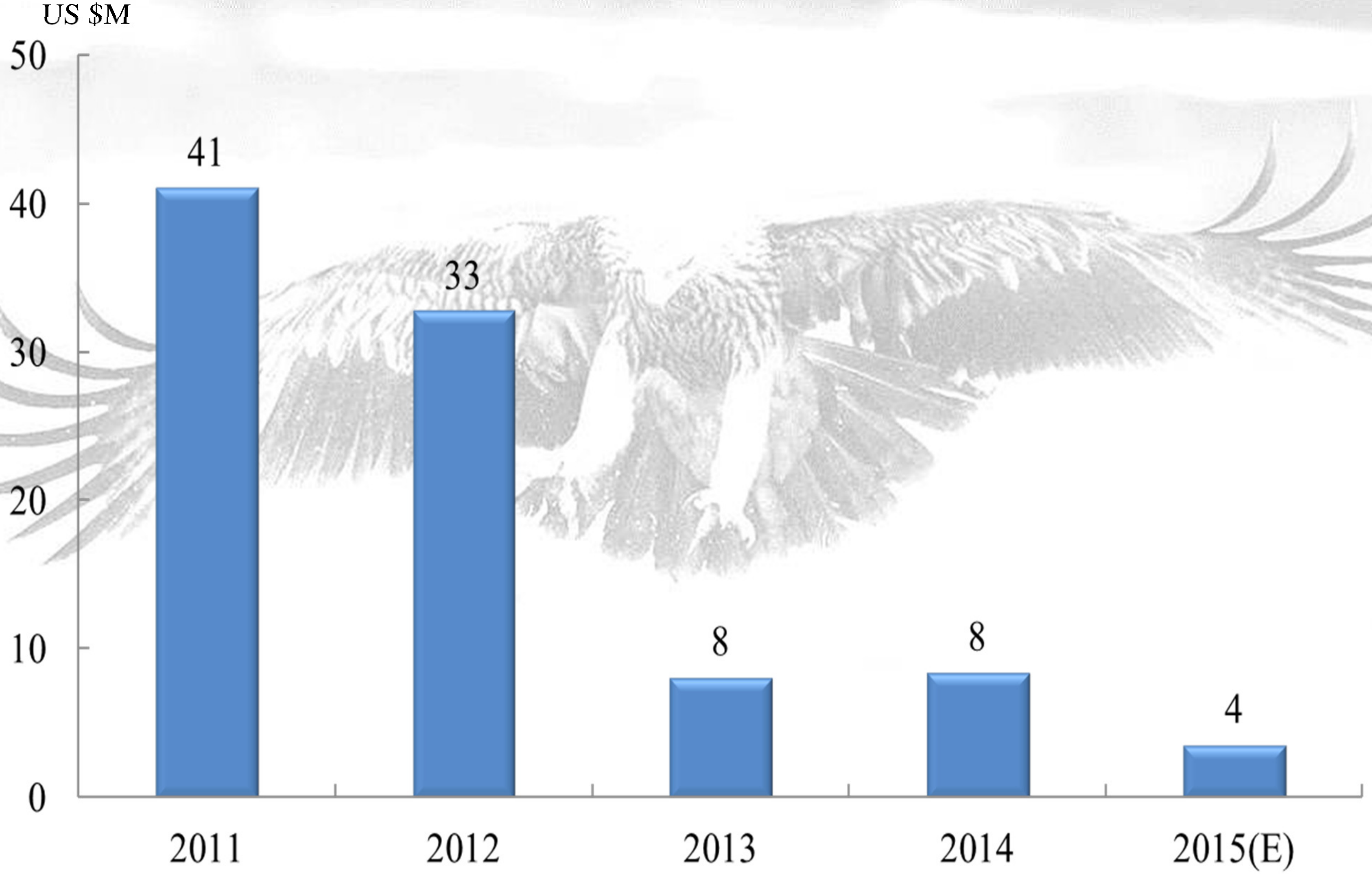
Unit: 000'MT

	2012(A)	2013(A)	2014(E)	2015(F)	Growth
CB Demand	3,735	4,144	4,500	4,850	9.1%
CB Effective Capacity	6,040	6,400	6,800	7,100	5.5%
Surplus	2,305	2,256	2,300	2,250	
%	38%	35%	34%	32%	
Export	658	720	841		9%

Source：Notch Consulting Group, 2014.

- Chinese carbon black exported 841KMT in 2014, increased by 16.9% compared to 2013.
- Carbon black demand is estimated to rise by 7.8% in 2015.

Capital Expenditures



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Business Outlook/Strategy

Carbon black

1. Streamline China production operation to standardize specific niched products of each plant.
2. Consolidate group technology.
3. Source for more competitive feedstock.
4. Further expand export market and non-tire products.
5. More focus on and develop Tier I customers.

Biotech and Pharmaceutical Business

1. Pharmaceutical plant was completed and verified by PIC/S GMP. Aim for the domestic marketing leader in ophthalmic products.
2. Enhance export and toll manufacturing business for increasing new plant capacity utilization.
3. Cooperate with ITRI to develop new drugs/new formulations for NDA.

Energy (Li-ion-battery)

1. Develop product with key characteristics (low temp. discharge, long cycle life) to enhance competence and business opportunity.
2. Pack development focus on power tool, medical, ESS and LEV.
3. Cooperate with system customer to develop new cell and increase production capacity and revenue.

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Thank You