



1962

2012

KENDA
SINCE 1962 **TIRES**

KENDA

Kenda Rubber Industrial Co.,Ltd. Investor Conference



Chief Adviser: Hongder Chang

Disclaimer

This briefing is based on the data we have acquired from various sources.

If there are any changes or revisions, please refer to “Market Observation Post System”.

Agenda

- Production Overview
- Operating Results
- R&D Innovation
- Brand Marketing
- Q & A



Production Overview



Production Configuration

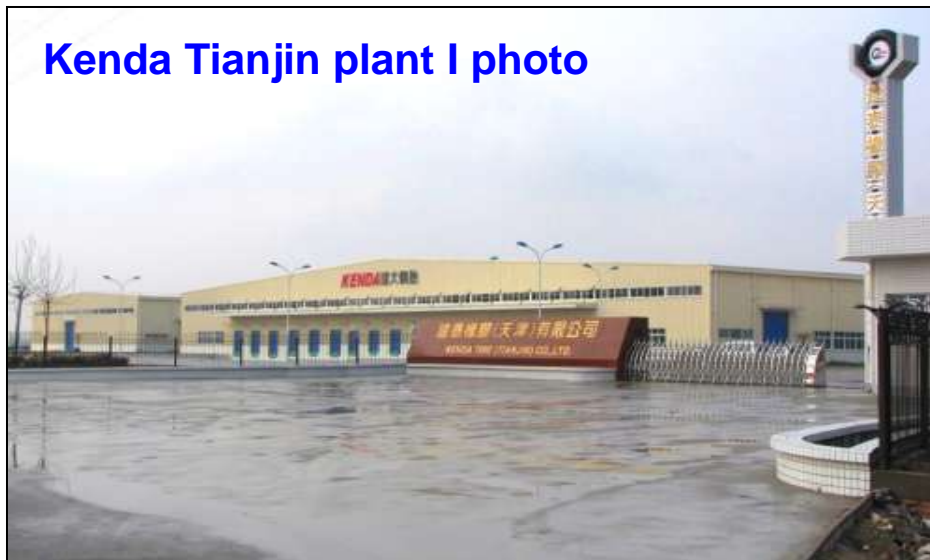
廠別	PCR	MC	BC	TUBE	TBR	OTHER
Head Office Yuanlin Plant	Under expansion	✓	✓	✓		✓
Yunlin Plant	✓	✓				✓
Shenzhen Plant I		✓	✓	✓	Under planning	
Shanghai Plant	✓	✓	✓	✓	✓	✓
Vietnam Plant		✓	✓	✓		
Shenzhen Plant II		✓	✓	✓		
Tianjin Plant I	On stream	✓	✓	✓		
Tianjin Plant II	✓				Under planning	
Huizhou Plant	✓	✓	✓	✓		✓

The Kenda Tianjin plant II produced its first sedan tire on 4/30/2013

Kenda Tianjin plant II photo



Kenda Tianjin plant I photo

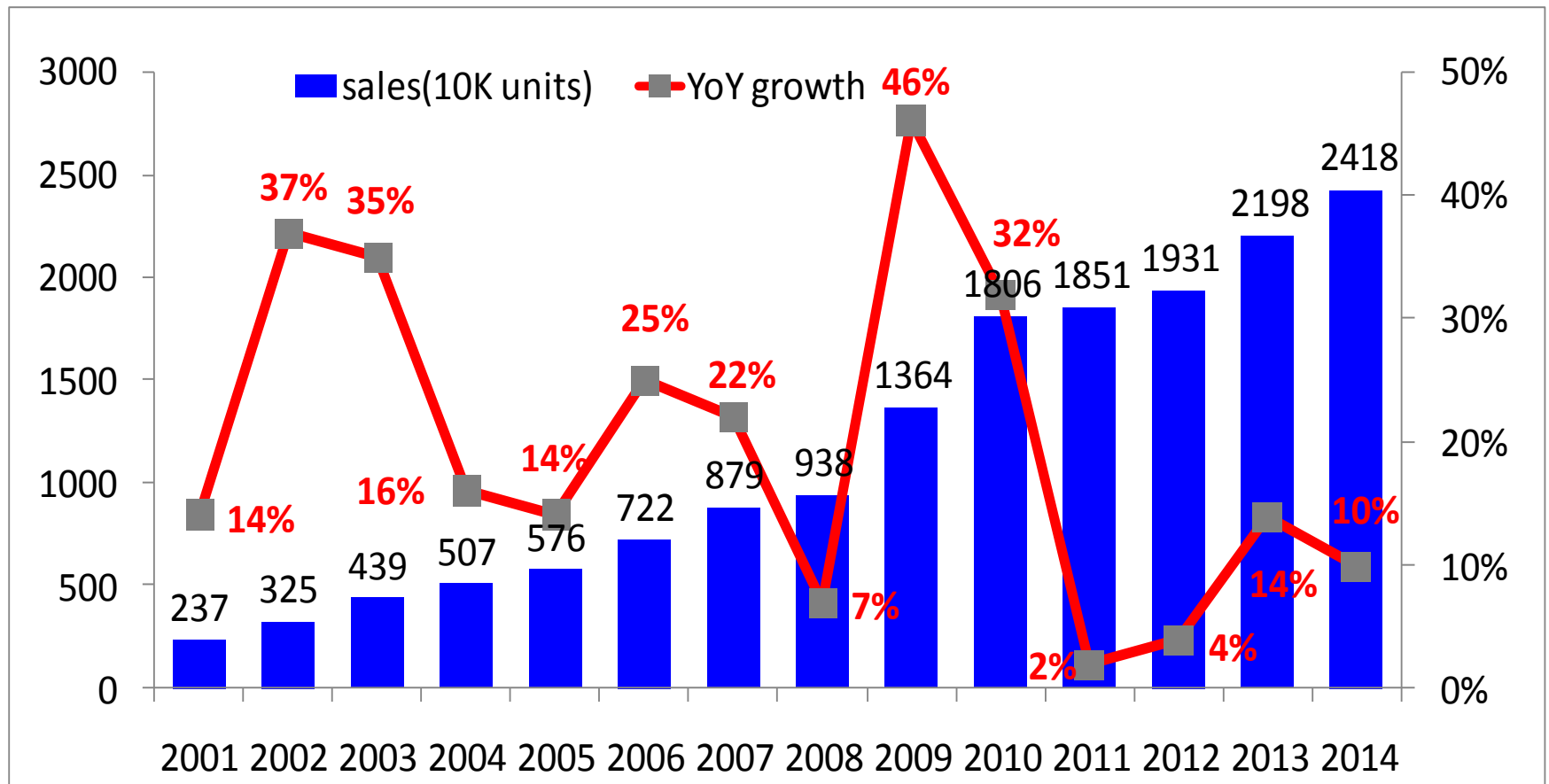


Director Hao of (Tianjin) Jinghai economic development area witnessed the plant start-up

Vulcanization equipment of Kenda Tianjin plant II

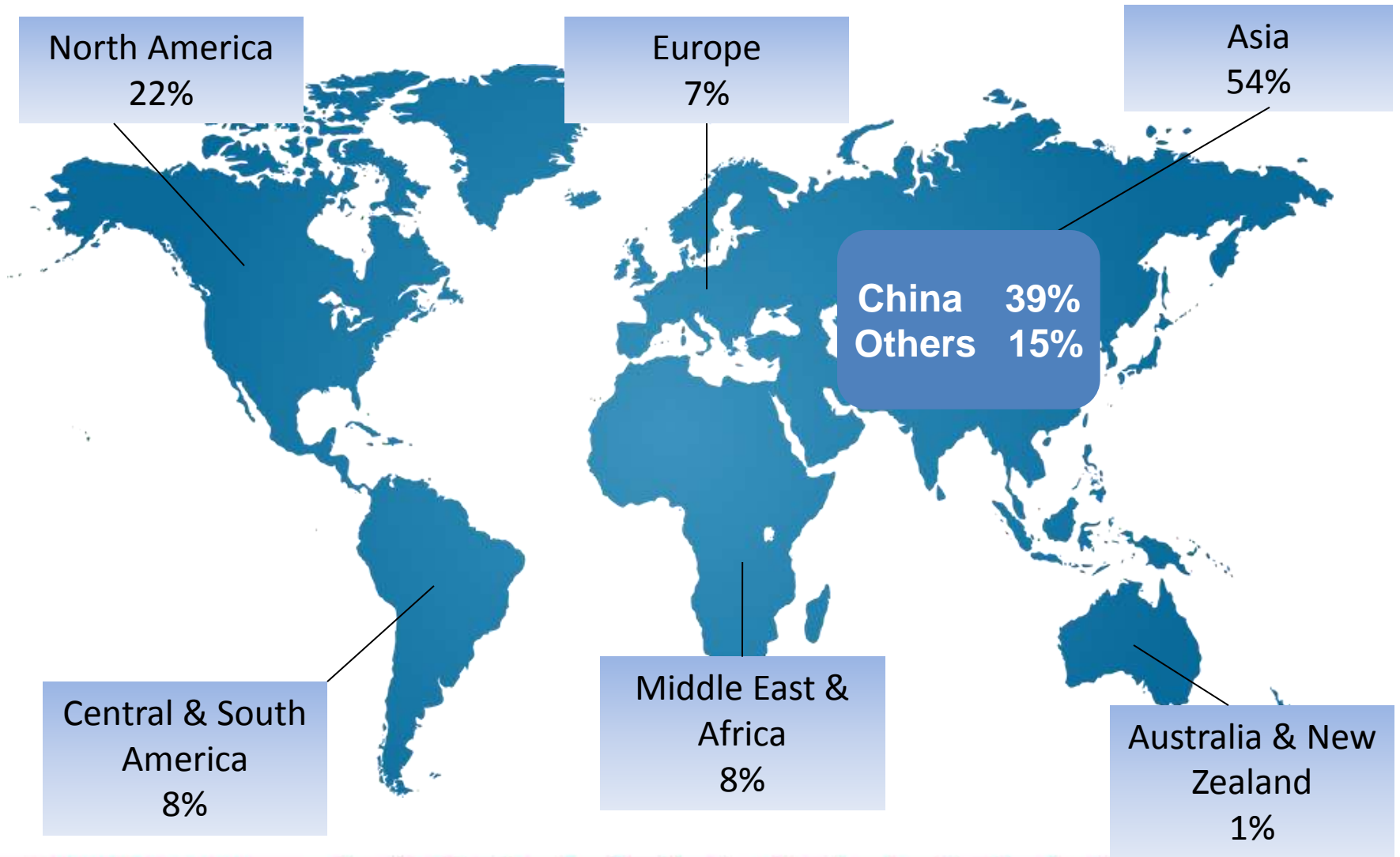
China's automobile industry in FY2014

China's automobile market enters a phase of stable growth. We forecast FY14 total automobile sales in China to reach 24.18mn vehicles (+10% YoY). China's cars in retention are estimated to exceed 120mn vehicles in FY14. In FY13, automobile sales in China were 21.98mn vehicles (+13.9% yoy)



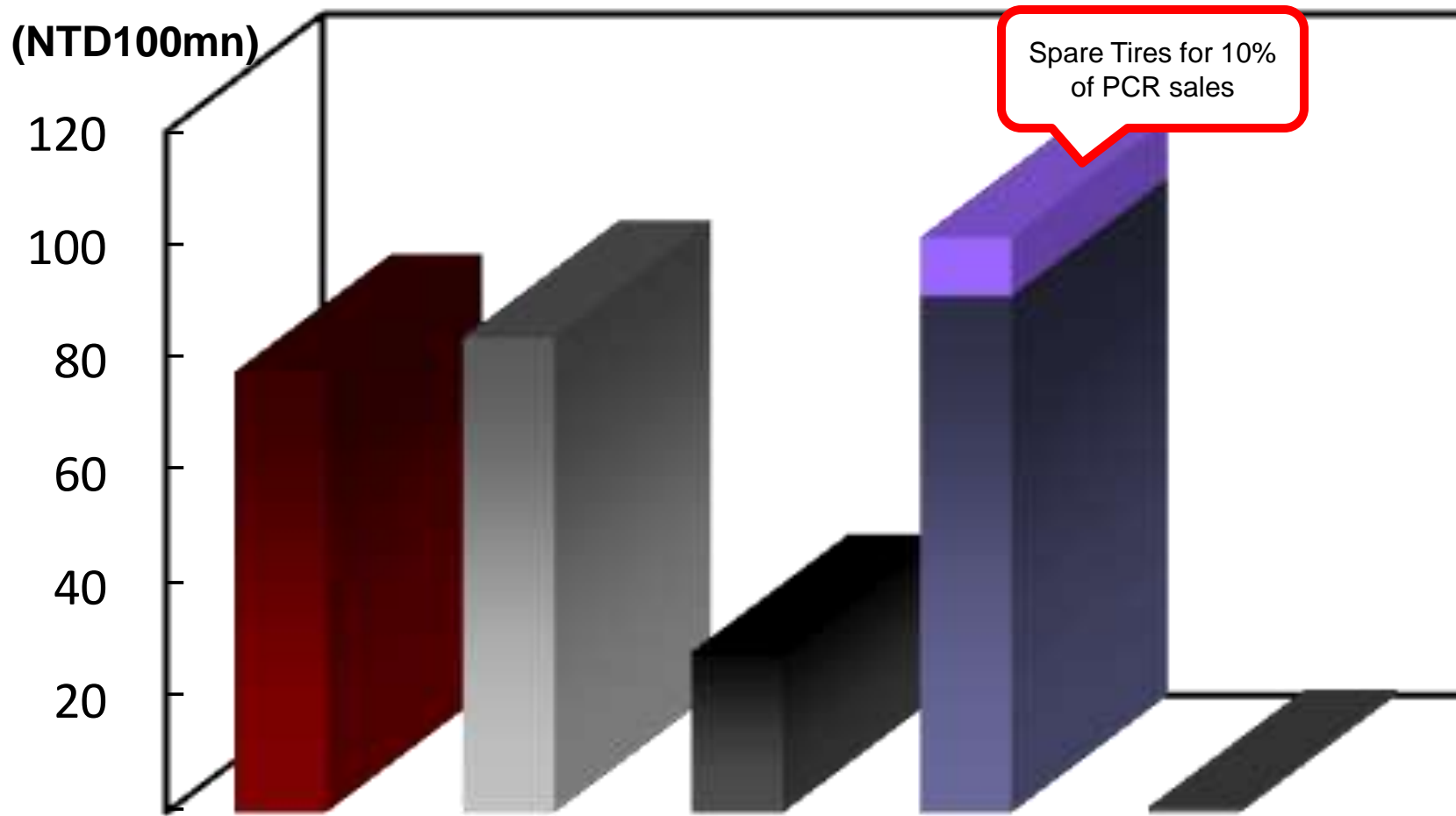
Revenue by Region

Based on data as of FY13



Revenues by Product

Based on data as of FY13



各類佔比	Bicycle	Motorcycle Specialty	PCR	OTHERS
	26.59%	28.65%	34.70%	0.36%



KENDA

SPARE TIRE



K801



K801A

OEM Supplier

<p>AUTOMOTIVE</p>		 <p>MITSUBISHI</p>			
<p>MOTORCYCLE</p>	 <p>HONDA</p>	 <p>YAMAHA</p>  <p>SYM Engine of Life</p>	 <p>KYMCO</p>	<p>AEON</p>  <p>PGO</p>	 <p>Haojue</p>
<p>BICYCLE</p>	 <p>GIANT</p>	 <p>MERIDA BIKES</p>	 <p>TREK</p>	 <p>SPECIALIZED</p>	 <p>XDS</p>

Kenda's Awards

- ❑ 2012 Top Branding Taiwan ranked 24th (Brand Value: \$57M) ◦
- ❑ 2013 Taiwan Mittelstand Award ◦
- ❑ 2013 TPM Award ◦
- ❑ 2013 Excellence Taiwanese Corporate Award(by Quangdong Province, China) ◦
- ❑ 2013 Ranked 8th in “2012 Top-10 Tax-paying Enterprises in Kunshan”



2012:
Rank: 24
Brand Value: \$7 \$m
Percent Change: New Entry

2012 24th in Taiwan
global brands



2013 Taiwan Mittelstand Award



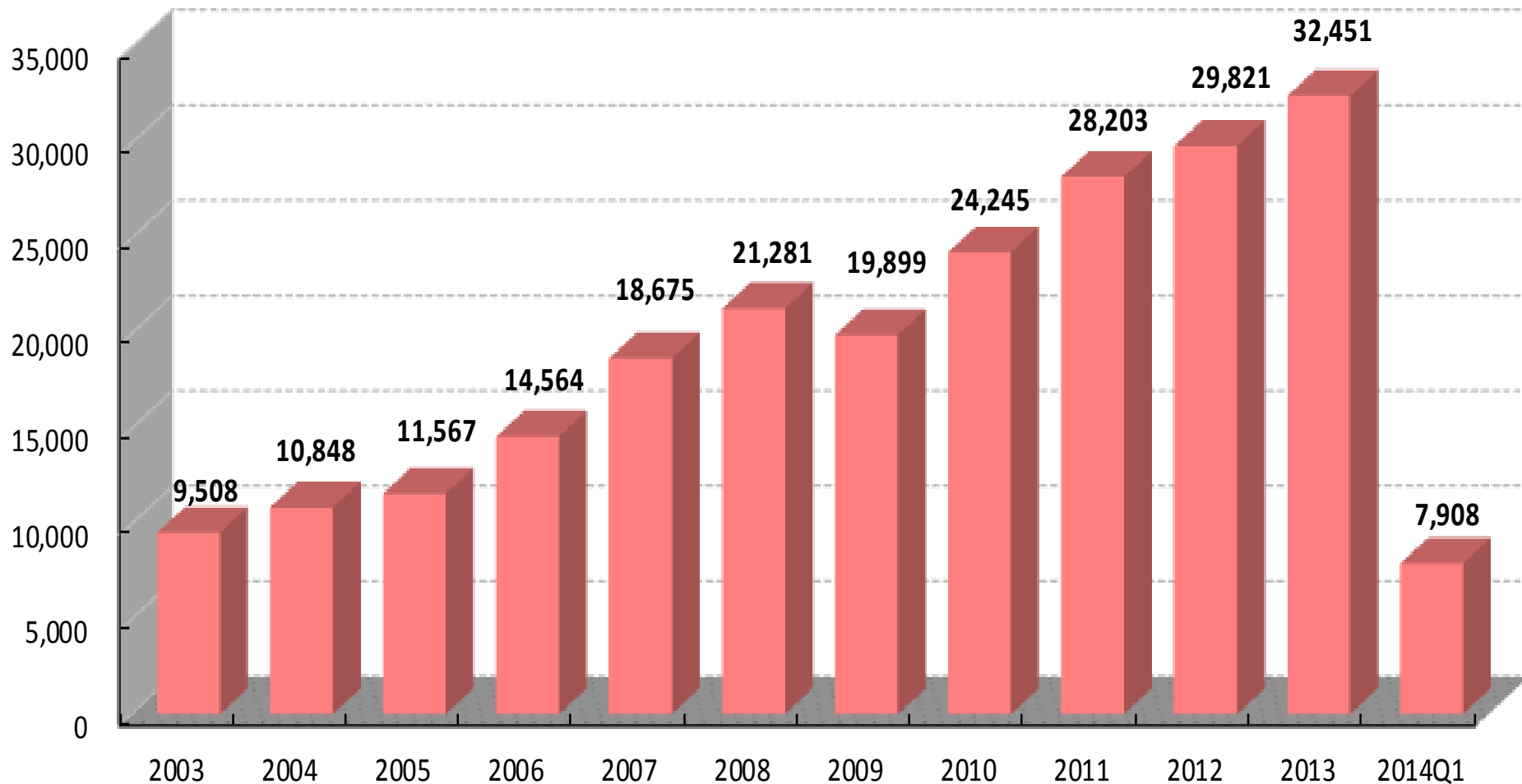
2013年TPM Award



Operating Results

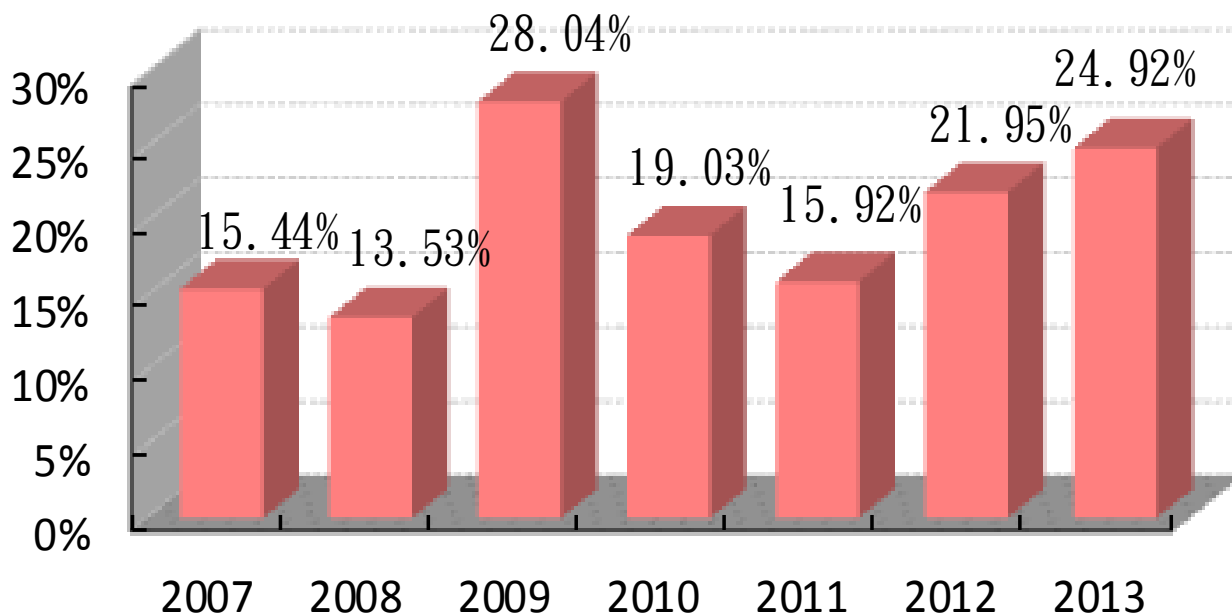
Total Sales of Kenda Group

Unit: NTD mn



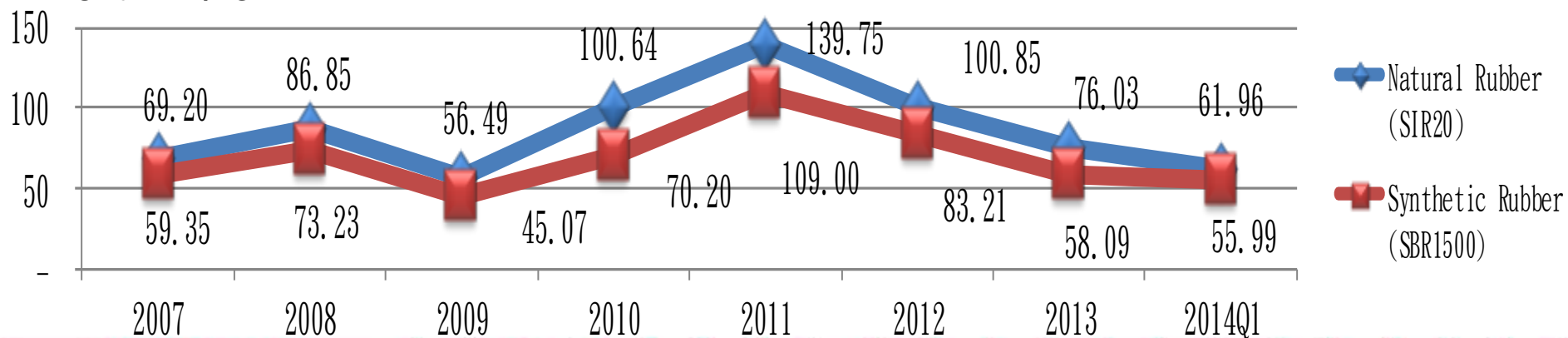
Note: The consolidated income increased of NTD31,89mn after acquisition of ADI in FY13

Group Gross Margin



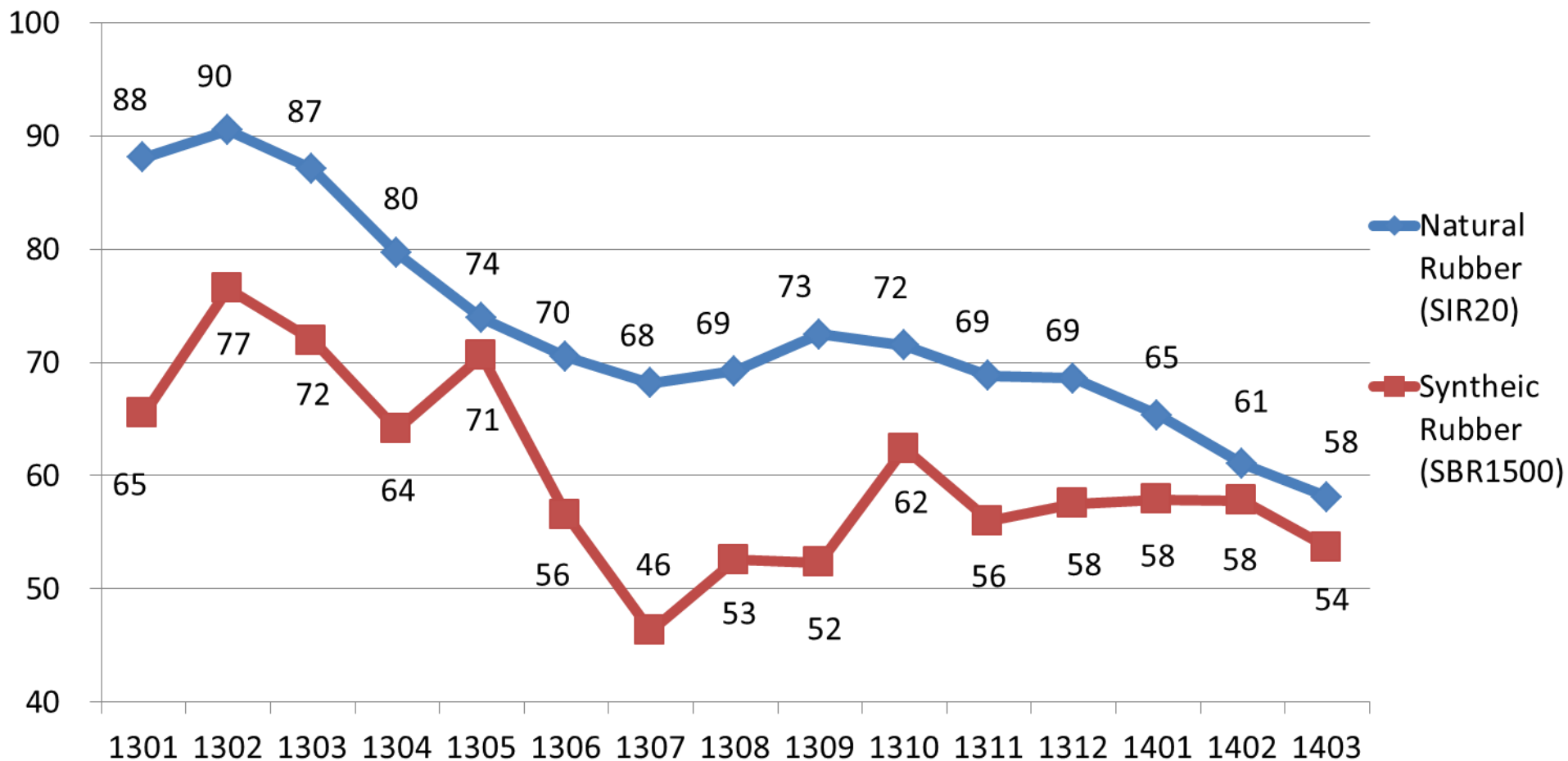
Tire raw material prices trend

Unit : NTD/KG



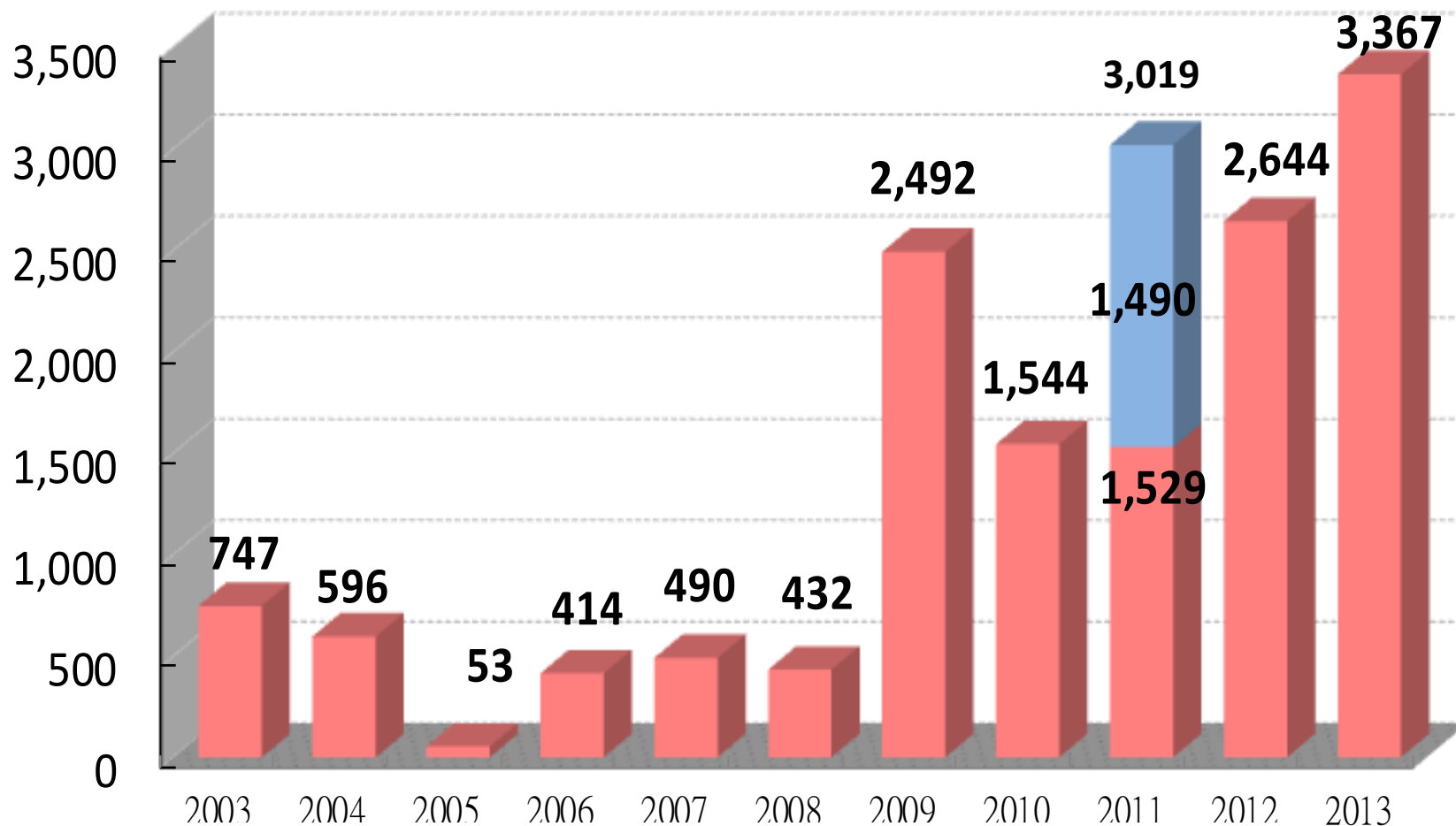
Tire raw material price trend

Unit: NTD/KG



Group Net Income (After Tax)

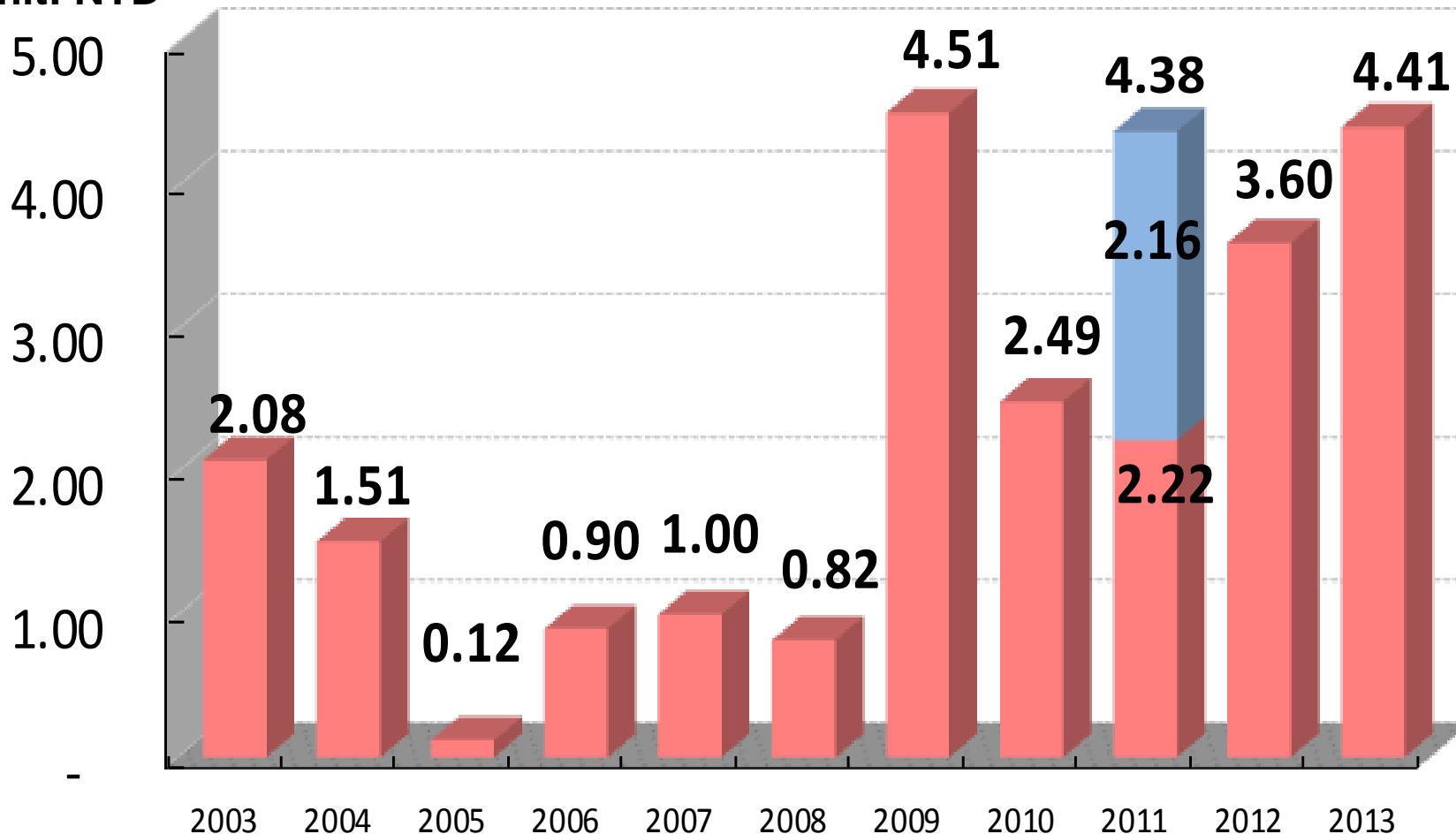
Unit: NTD mn



Note: Investment gains of NTD1.49bn on disposal of CKT in FY11

Kenda EPS

Unit: NTD

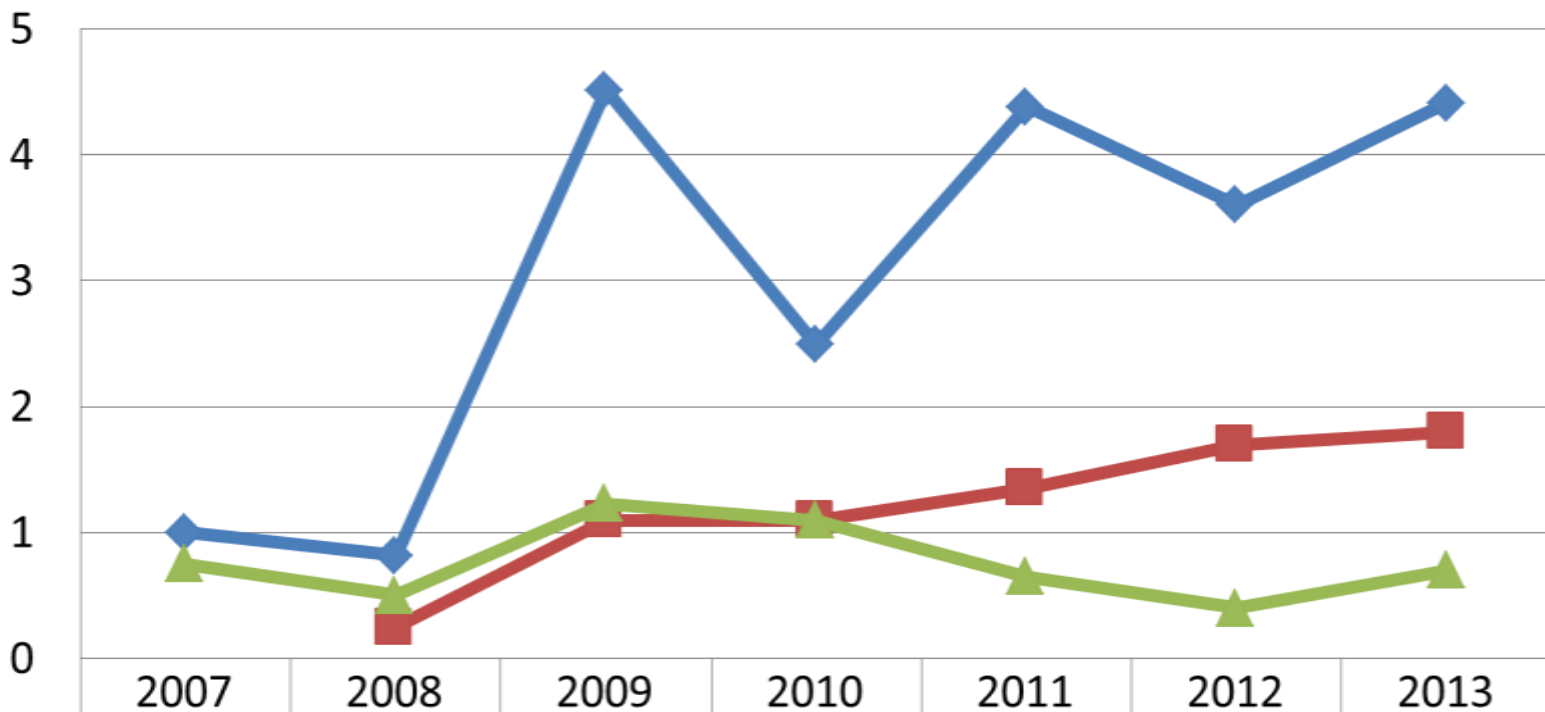


Note1: ESP impact of NTD2.16 on disposal of CKT in FY11

Note2: Before the acquisition of ADI on Dec. 2013, co-controlled pre-Owners' equity is NT\$0.17 per share. Parent company Owners' equity is \$4.24-

Dividend Payout

Unit : NTD



◆ EPS	1	0.82	4.51	2.49	4.38	3.6	4.41
■ Cash Dividend		0.25	1.1	1.1	1.35	1.7	1.8
▲ Stock Dividend	0.75	0.5	1.23	1.1	0.65	0.4	0.7
Yield rate		1.22%	3.50%	3.34%	3.76%	4.85%	3.06%
Cheng Shin Rubber's(2105) yield rate	2.59%	2.20%	3.75%	2.96%	1.99%	2.06%	

Unit : USD

	SALE	DEAL PRICE
ADI	200M	20M
Carlisle	778M	375M

CARLISLE DEAL

Business sold: Carlisle Transportation Products

Price: \$375 million

Buyer: American Industrial Partners, a private equity firm focusing on North American-based industrial businesses

Closing: Projected for first quarter of 2014

Products: Tires, wheels, tire/wheel assemblies, industrial belts and related components

Financials: CTP posted 2012 EBIT of \$52.4 million on sales of \$778.1 million. Its operating loss for the nine months of 2013 was \$58.4 million, including a \$100 million write-down, on sales of \$602.9 million.

Price: \$375 million

Financials: CTP posted 2012 EBIT of \$52.4 million on sales of \$778.1 million.

Carlisle Deal (source : Rubber & Plastics News)

Kenda Shenzhen plant: Tax expense comparison

Unit : RMB K

	Normal (25%)	High-Tech Enterprises (15%)	difference
Net Income (Before Tax)	168,730		
Tax Expense	42,183	25,310	16,873
Net Income (After Tax)	126,547	143,420	

Based on KS' s 3Q13 P&L

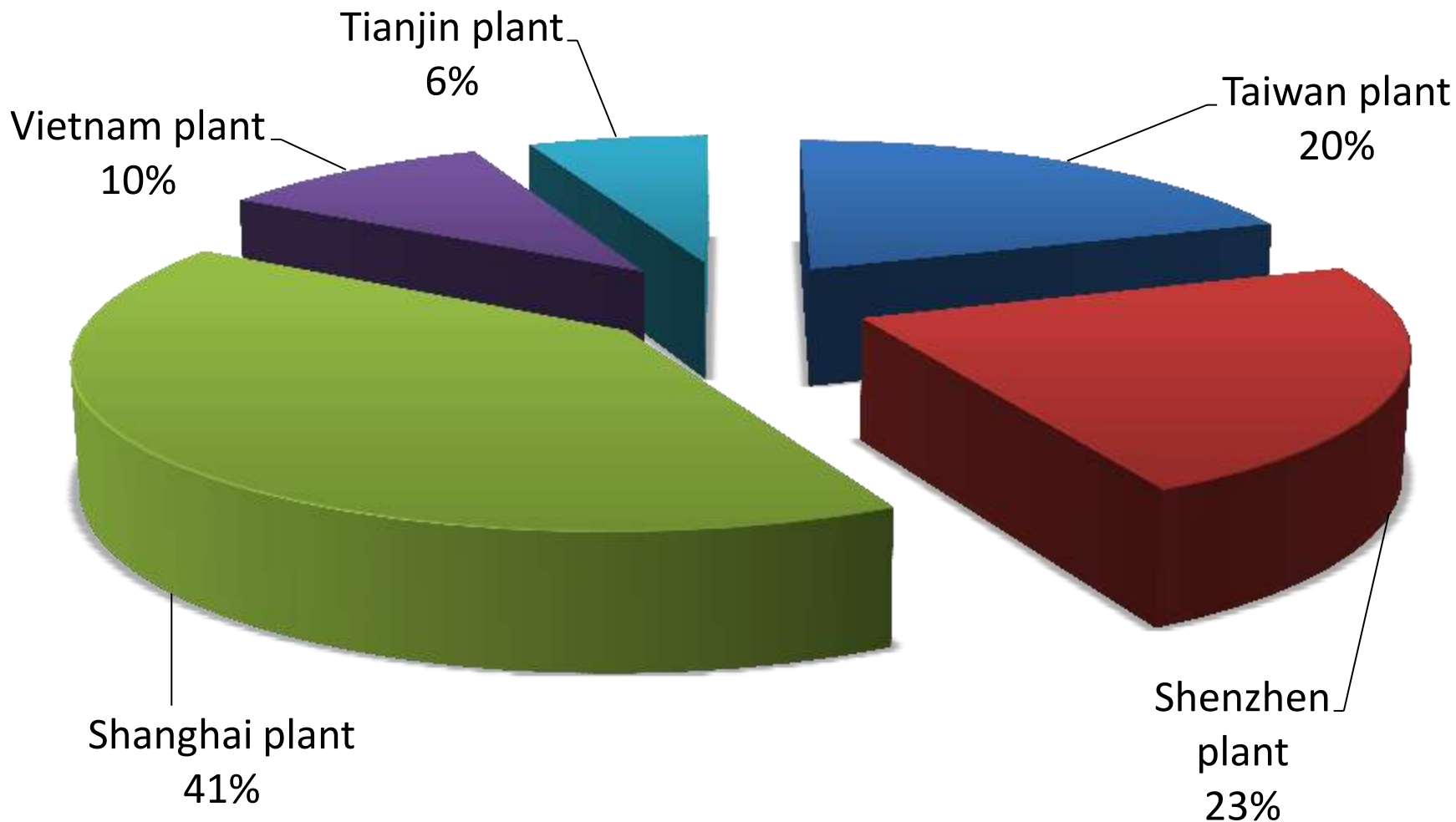
Kenda Shenzhen plant plans to apply for “High-Tech Enterprise” in APR14, which could reduce effective tax rate by **10%** if approved.

Kenda Global China Investment Co. (KGCI)

Policy support of setting up an investment headquarter in Kunshan (China):

- Financial subsidy: Depending on capital invested (US\$1.5mn)
- Award for operations: 100% local tax rebate (first 3-year)/50% local tax rebate (second 3-year) for VAT, business tax and corporate profit tax in Kunshan
- Tax exemption: Exemption of 10% profit tax when subsidiaries remit profits back to the holding company

Revenues by Subsidiary



Data: FY13

Business Strategy

- **Existing** : Well-balanced development strategy among PCR, MC, and BC.
- **Short Term**: Expand radial tire capacity. (increase to 50% of productive value)
- **Middle Term**: Aggressive entry into All Steel Truck tire market.
- **Long Term**: Construction of new plants inland China and Southeast Asia (Indonesia).



Business Strategy

Thoughts on Investment returning to Taiwan

1. Globalized scope of operation should be rooted in Taiwan.
2. PCR tire plant needs to be set up in Taiwan for developing and keeping high-tech professional skill.
3. The gap of land and labor costs between China and Taiwan is shrinking, China is losing its advantage.
4. International boycotts of products Made In China. Investment in Taiwan avoids this.
5. Kenda is planning to invest about NT\$ 10 billion for its new Changhwa plant in a PCR tire plant. (pending government approval)



Set up Europe subsidiary in May 2013

Employing a local workforce, aiming at increasing market share in Europe





Kenda Shenzhen plant Land Development

Shenzhen Geographical description Longhua location



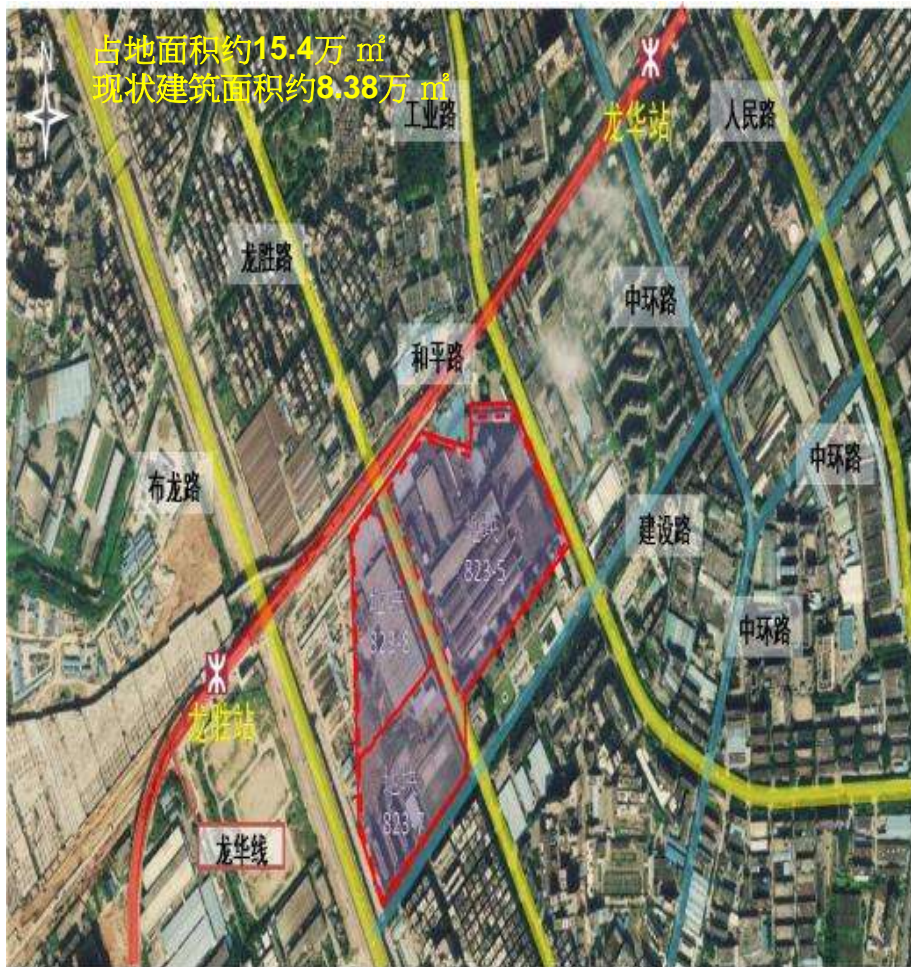
龍華新區包含民治、龍華、大浪、觀瀾等四個街道辦。

Shenzhen Geographical description Neighboring traffic environment

北至和平路，南至建設路、西至布龍路、東至工業路



Shenzhen Geographical description Plant Plans





R&D Innovation

R&D Innovation

Long-term emphasis on R&D technology and innovation.
Patents: 2 invention, 55 new structure and 195 new pattern in Taiwan, Europe, U.S.A and China.



New Scooter tire K700

- New Patent: Wave pattern
- Radiated pattern leads water away , keep tire in good condition in wet and dry road.



R&D Innovation

New VezdaEco KR30

- The new Kenda VezdaEco KR30 with improved rolling resistance, which will reduce CO2 emissions as much as planting 500 trees & save up to 3% of fuel.
- The design of Kenda KR30 conforms with the EU Tyre Labelling Regulation by 2016.



- 應用米迪改良配方結構技術，有效降低輪胎滾動阻力
- 滾動阻力降低達20%，即可節省汽車油耗及CO2排放量達30-40g/km
- 滾動阻力超越2016年歐盟對環保節能輪胎之要求，符合先進輪胎技術水準
- 應用電腦有限元素分析軟體對結構進行優化輕量化設計

Triple-Helix Projects

- A MOEA-funded three-year research project dubbed “Designing Low Resistance and Low Noise Tires and Verification Techniques” in collaboration with the National Taiwan Ocean University
- A government-endorsed (MOEA’s Outstanding Enterprise Innovation Award) project tentatively dubbed as “Green Tire Design R&D Center” and received NT\$4mn subsidy from the Institute for Information Industry, and established R&D Center, set up to Advance Tire Development section.



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Brand Marketing

Kenda Logo Evolution

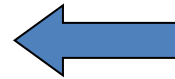


建大車胎



KENDA

建大輪胎



建大輪胎



KENDA

Sports Marketing

Sponsored the world-class Cannondale Pro Cycling Team



運動行銷

Ivan Basso (cyclist of Cannodale) visited Taiwan



Ivan Basso (2-time winner of “Tour of Italy”) visited Taiwan, and rode in the Cingjing-Wuling route.



Sports Marketing



KENDA Sponsored Jeremy Lin's Charitable Foundation



Sports Marketing

CPBL Uni-President 7-Eleven Lion



KENDA hosted a fans-greeting event for the Uni-Lion at KENDA booth, 2013 Taipei Cycle



Sports Marketing



A promotional poster for the 2013 Kenda Tire TLPGA Open. The poster features a white silhouette of a golfer in mid-swing against a red background with a subtle grid pattern. The text is in both English and Chinese. At the bottom, there is a red and white checkered border.

2013
Kenda Tire TLPGA Open
台灣女子職業高爾夫巡迴賽—
建大輪胎盃

正式比賽 7/24.25.26 (三、四、五)
比賽球場 台北高爾夫俱樂部
總獎金 新台幣300萬元整

主辦單位：台灣女子職業高爾夫協會
協辦單位：台北高爾夫俱樂部
冠名贊助：建大工業股份有限公司
指導單位：教育部體育署
贊助單位：緯創資通股份有限公司

2014 Kenda Tire TLPGA is scheduled to be held in May.

KENDA

Sports Marketing

KENDA sponsored American professional golfer—Chad Campbell



Sports Marketing



賀 **強強聯手**
盧曉晴奪得日本
美津濃菁英賽冠軍

建大輪胎贊助賽馬女將盧曉晴
在日本美津濃高球賽封后

建大輪胎贊助UCI一級車隊
Cannondale 車手 PETER SAGAN
榮獲2013年環法賽綠衫衝刺王

建大輪胎所贊助的統一 7-ELEVEN 隊
奪得2013年中華職棒大聯盟總冠軍

KENDA 建大輪胎 建大工業股份有限公司
www.KendaTire.com 51064 彰化縣霧峰林邊中山路一段146號
Tel:04-8345171 Fax:04-8331565

Business Strategy :

Rooted in Taiwan, China a foothold, facing the world.

Proactively promote brand **KENDA** .(sales portion 95%)

Corporate Vision :

10% profit margin, NT\$60B of Group sales,
World Top 20 tire manufacturer in 2016.

KENDA Charity & Social Accountability

Kenda's Social Work Club

Extended love to Joyce Nursery, Erlin, Changhua

Beach-cleaning event, Fubao Wetland



KENDA Charity & Social Accountability

Kenda's Social Work Club

Family visits for the Double Ninth Festival

Mountain-cleaning event in Chinshuiyan



慈愛建大社活動來了~
重陽節居家關懷活動

活動內容包括：
時間：99年10月9日（六）早上（確切時間將於報名人數確定後再各別通知）至中午前結束
地點：永靖、埔心
內容：關懷老人、打掃環境、發送重陽禮物，歡迎建大員工與眷屬（國小三年級以上皆可）踴躍報名一起來共襄盛舉！
報名費用：每人50元（含保險）
報名期間：9/29（三）-10/8（五）上午12:00止
招募項目：如果您不方便前往，也可捐贈年長者合適之食品，如牛奶、沖泡麥片等
招募期間10/7-10/9止
招募相關細節聯絡人可洽採購課 楊淑婷 #612 總經理室 謝香如 #115
生調課 黃正哲 #131 商企課 謝雯萱 #514
詳情可看居家關懷協會官方網站：<http://www.168a.com.tw/juhome/>
備註：此次活動是與居家關懷協會合作，重陽禮物由居家關懷協會準備（歡迎自備）



慈愛建大社淨山活動
溫馨五月情 淨山好心情

活動內容：
舉辦淨山活動，將會於活動前進行說明/環保教育訓練並有有獎券者活動贈送
當天活動過程中，我們檢完垃圾將於指定地點集會並進行垃圾分類，以利資源的回收再利用！
活動時間：5/14（六）8:30
路線：清水岩寺
穿著服裝：慈愛建大社社服
工具：由慈愛建大社準備袋子、夾子供參與者使用
報名截止日期：4/30（五）-5/10（四）上午12:00止
報名資格：不限年齡、性別，只要有愛心就可以！
主辦單位：慈愛建大社
協辦單位：慈濟基金會

救地球，做環保！

招募相關細節聯絡人可洽採購課 楊淑婷 #612 總經理室 謝香如 #115
生調課 黃正哲 #131 商企課 謝雯萱 #514

KENDA Charity & Social Accountability

Kenda's Social Work Club

楊金豹先生紀念音樂會之無雙饗宴

無雙樂團

2013.4.7
 (日) 19:30

第十七屆建大公司創辦人
 楊金豹先生紀念音樂會

【無雙樂團 (Wu Shuang Band)】成軍四年以來，演出足跡遍佈台灣各縣市，上層大大小小電視節目，國際旅遊團出在中南美洲和安南國地馬拉、泰國曼谷曼谷、受到僑界及國內外友邦推崇，曾多次登上當地大報 (HKT, Latin Daily) 娛樂版頭條，2011美國總統與建國一百週年國慶慶典禮堂以及美國主要各大城市演出 (洛杉磯、華府、紐約、舊金山等等)、2010歐洲青島巡迴演出德國、法國、比利時、荷蘭、意大利，受英美大樂界與外國友人的讚賞。橫跨至對岸中國廣東省兩級收視率最高的節目《天天向上》，獲得廣大讚賞，獲大陸媒體稱「第十二女子樂坊以來更新奇更美麗的樂團。」無雙樂團當然成為代表臺灣開國樂的美女天團。

引用乾隆皇帝對極珍寶物的讚美「天下無雙，古今無對」，獨一無二的樂團及音色正是無雙樂團的團魂精神，主要由國內各大學校花籃樂系美女所組成的女子樂團，演出自由以跨界樂風為主，充滿想像力與故事性的音樂與曲風，演奏演奏千古樂曲情韻，也同時展現時尚新古典音樂之美。樂團組成有笛子、鋼琴、鋼琴、三弦、小提琴、中阮、琵琶、月琴、古箏、二胡、大提琴、打擊、歌聲以及舞者。

曲白 (以雅集演樂社白高士) :

1. 無雙
2. 雲霞舞絳曲
3. 原月
4. 我只在乎你
5. 玫瑰玫瑰我愛你
6. 菊花台
7. 功夫英雄之紅顏
8. 十面埋伏
9. 玲瓏俏歌聲
10. 踏車名
11. 梅花喜
12. 夜來香
13. 白牡丹
14. 藍色
15. 回家在一起

員林演藝廳(表演廳)

KENDA
 建大輪胎

主辦單位：財團法人建大文化教育基金會、協辦單位：彰化縣政府、縣府社會、縣府文化局、員林市公所、彰化縣政府教育會、演出單位：張紅鸞

創新

Octet

弦樂八重奏

5.9

(三) 員林演藝廳 免費入場 19:30
 票價電話: 04-8330417 轉211

(五) 彰化演藝廳 免費入場 19:30
 (免費入場)

員林演藝廳(表演廳)
 彰化縣政府社會局

主辦單位：財團法人建大文化教育基金會、協辦單位：彰化縣政府、縣府社會、縣府文化局、員林市公所、彰化縣政府教育會、演出單位：張紅鸞

Thank you for your attention!

KENDA

1st TAIWAN
MITTELSTAND
AWARD

第1屆
卓越中堅企業獎

KENDA TIRES

FORM GROUP HONESTY · QUALITY · SERVICE · INNOVATION WWW.KENDA.COM.TW

www.kendatires.com
KENDA TIRES

