

**International CSRC Investment Holdings Co.  
Investors' Conference  
1Q 2020**



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# CSRC Group Business Overview

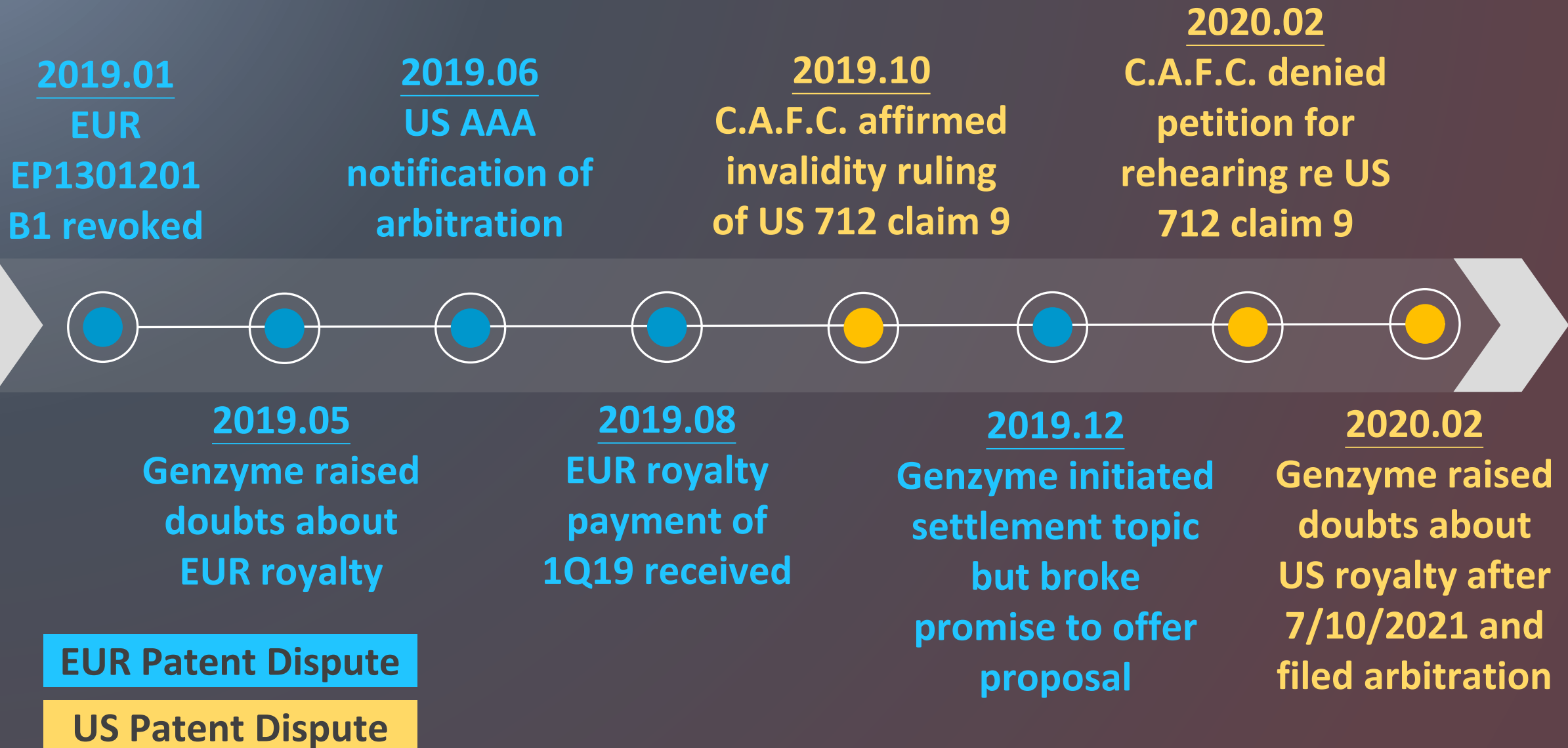


01

Biotech Segment



# Timeline of Material Events of Synpac Patent

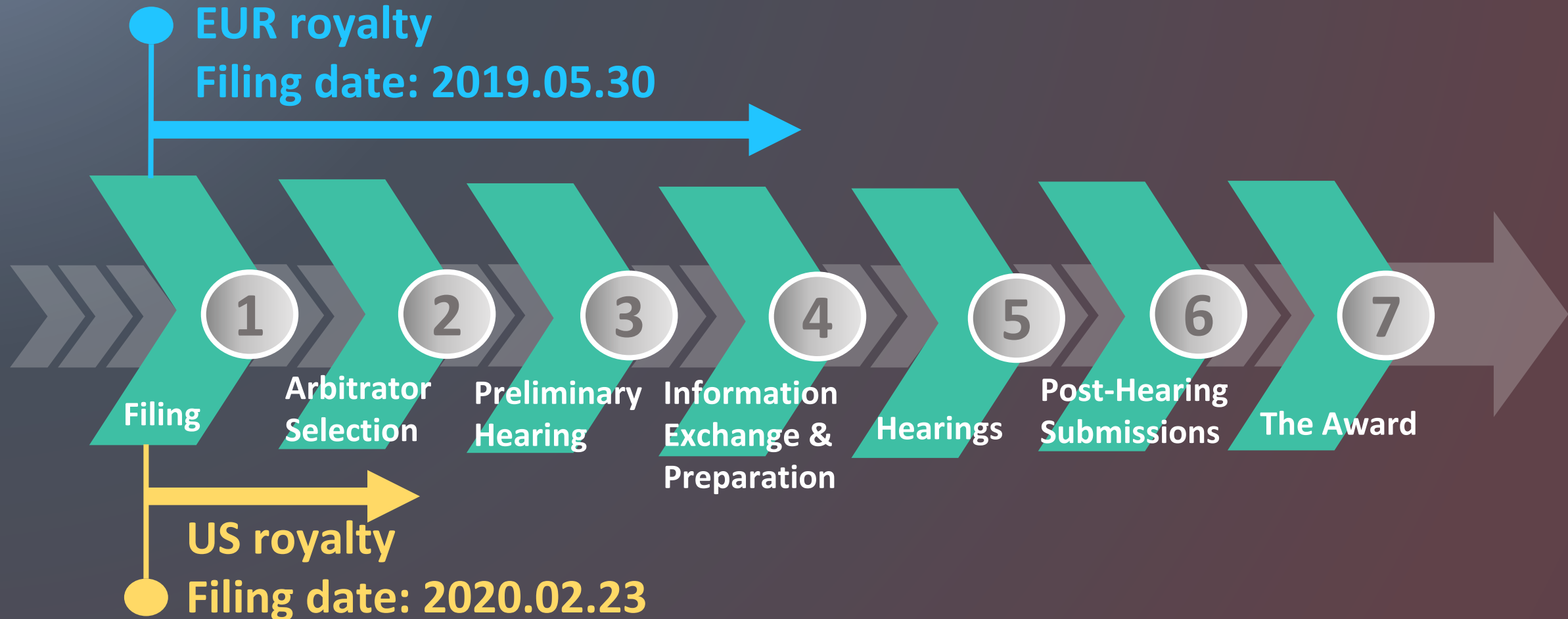


# Europe and US Patents



	Europe Patents	US Patents
<b>Valid Patent</b>	<b>3 issued patent: (EP 1782825, 2767291, 3108895)</b>	<b>4 patents: *USPN 7,056,712: claims 10, 13, 14, 16, 17 and 19 *USPNs 8,900,552, 9,370,556, 9,907,839</b>
<b>Invalidity Challenges</b>	<b>1 patent (No. 1301201 revoked on Jan 26 2019)</b>	<b>Invalidity ruling of major claim 9 of '712 patent being appealed to U.S. Supreme Court</b>
<b>Patent Expiration Date</b>	<b>2021/07/10</b>	<b>2021/07/10 ('552, '556, '839 patents) 2023/02/26 ('712 patent)</b>
<b>Arbitration</b>	<b>Genzyme claims that owes no EUR royalties, arguing that the remaining three patents have the same subject matter as the revoked '201 patent.</b>	<b>Genzyme claims that it has no obligation to pay royalties in US after July 10, 2021 due to invalid extended period of No.712.</b>

# Arbitration May Take Longer Due to COVID-19





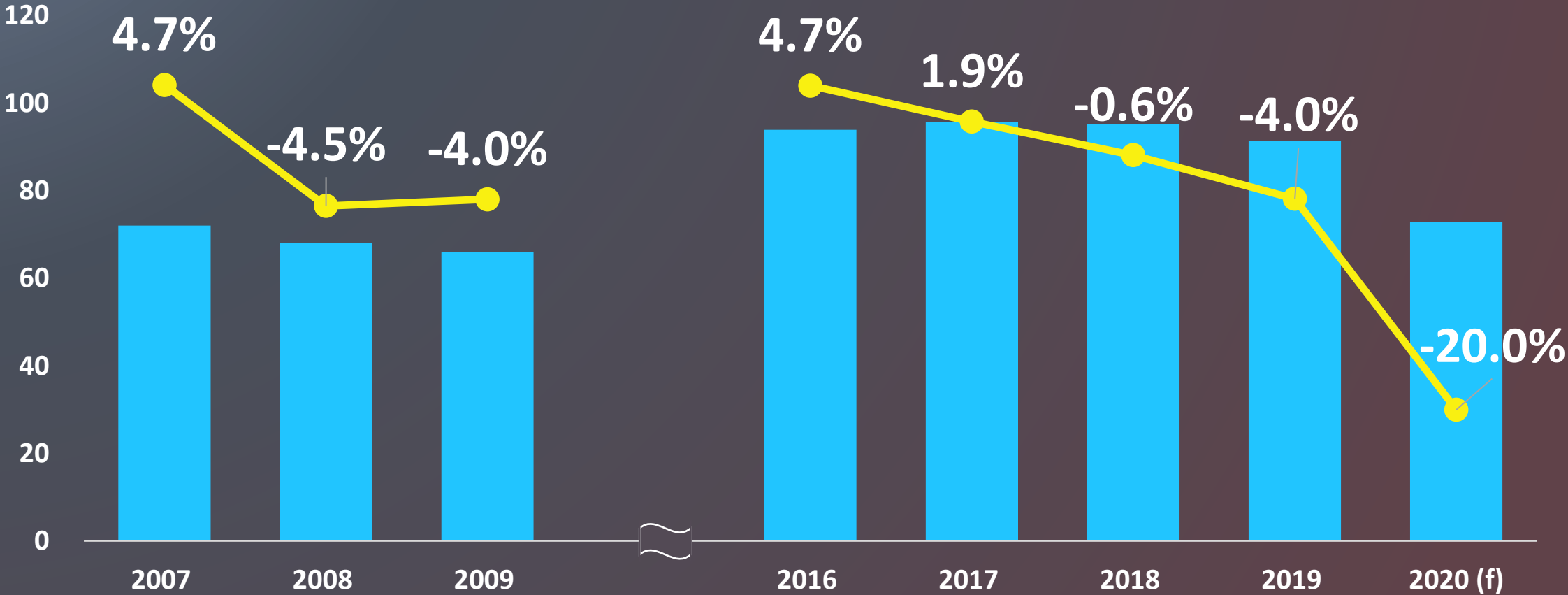
02

# Carbon Black Segment



## Global Auto Sales

■ Auto Sales (million units)    ● YoY Change



Source: OICA, IHS Markit, CSRC Group

# Global Supply Chain Crisis Due to COVID-19 (1/3)

**USA: Localized lockdown  
mid March-mid May**

**Germany, Italy, Spain:  
National lockdown  
mid March-mid May**

**India:  
National lockdown  
3/25-5/31**

**Mainland China:  
Localized lockdown  
2/11-3/10**



**Under lockdown**

**Relaxed lockdown**

**No lockdown**

**Philippines: Localized lockdown 3/16-5/31**

**Malaysia: National lockdown 3/18-5/4**

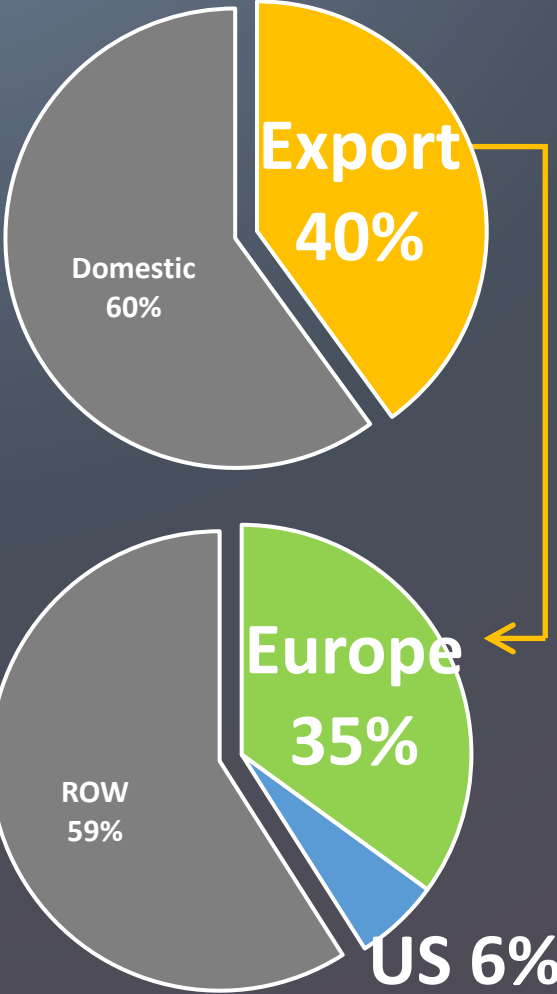
**Vietnam: Social isolation 4/1-4/12**

**Thailand: Curfew 4/3-5/31**

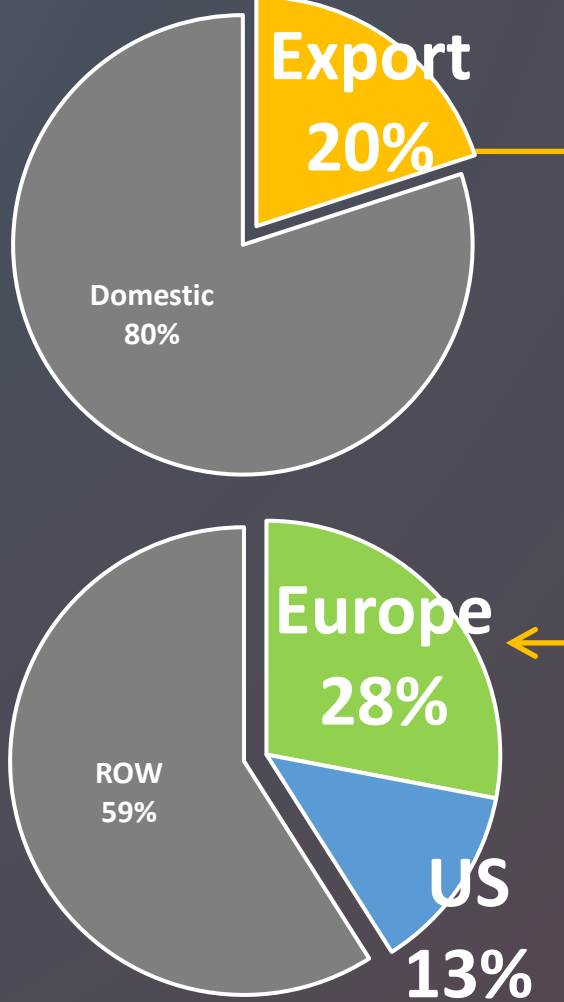
**Indonesia: Social isolation 4/1-5/22**

# Global Supply Chain Crisis Due to COVID-19 (2/3)

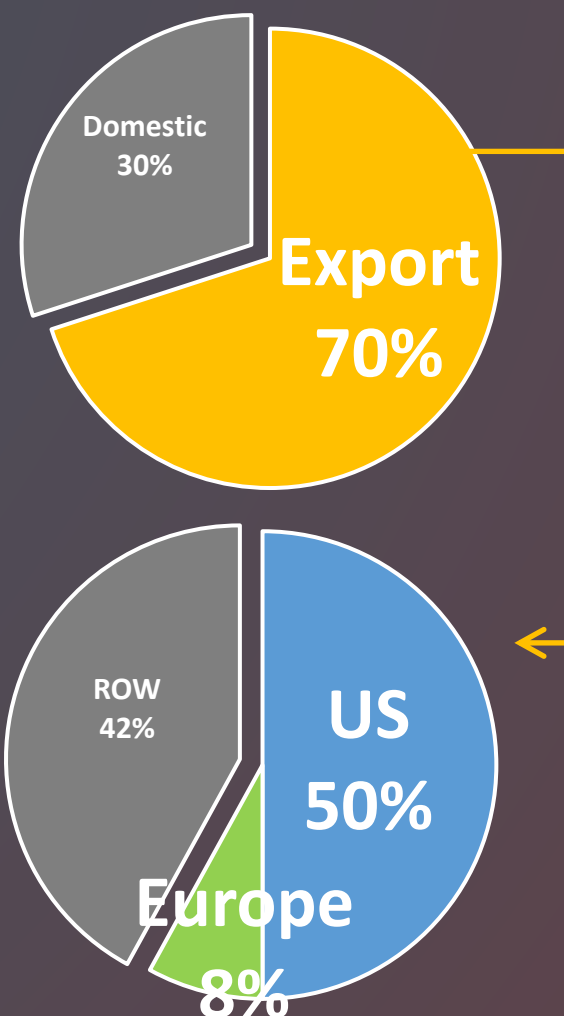
**Mainland China  
Tire Market**



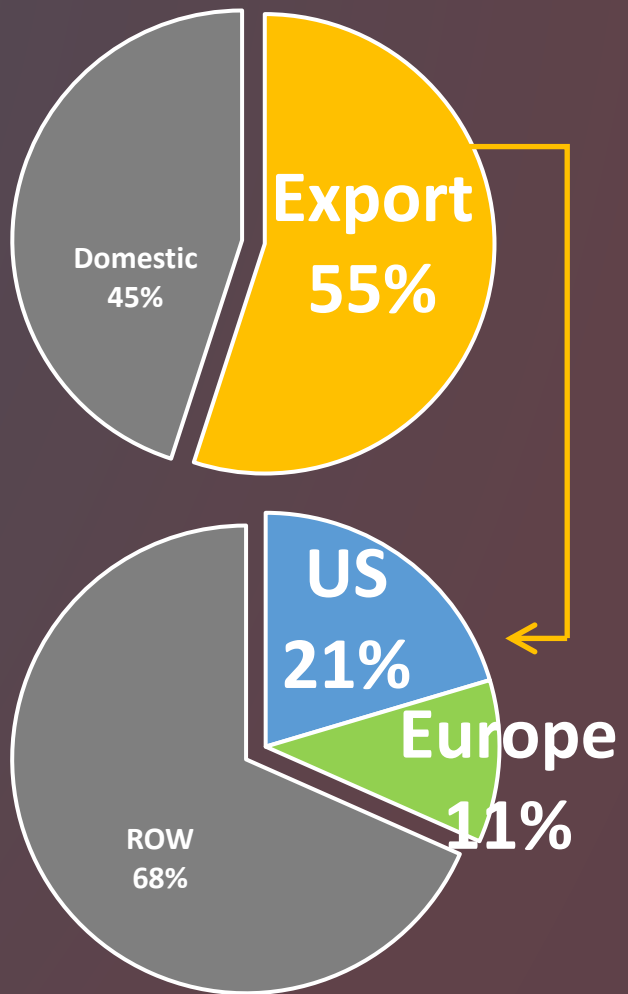
**India  
Tire Market**



**Taiwan  
Tire Market**

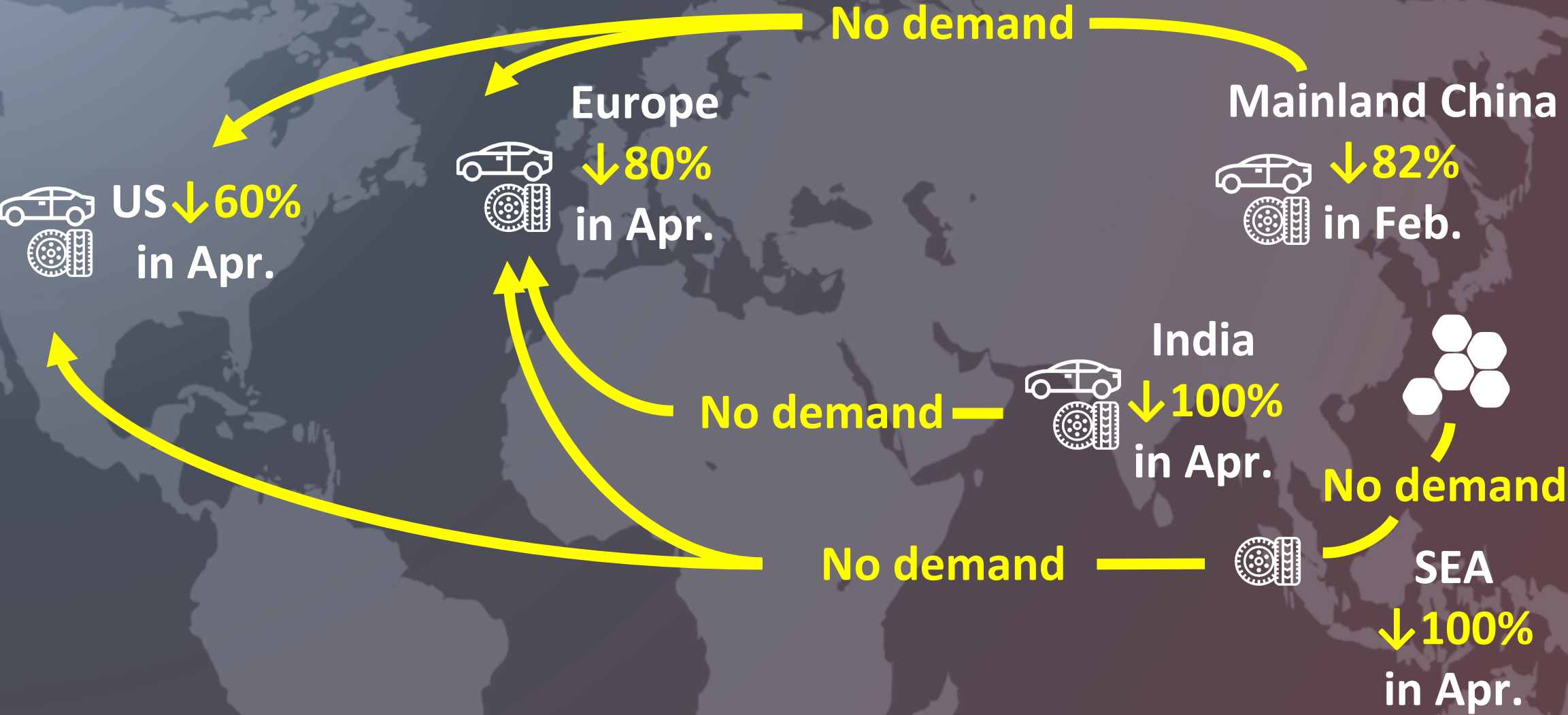


**SEA  
Tire Market**



Source: Customs of countries above, CSRC Group

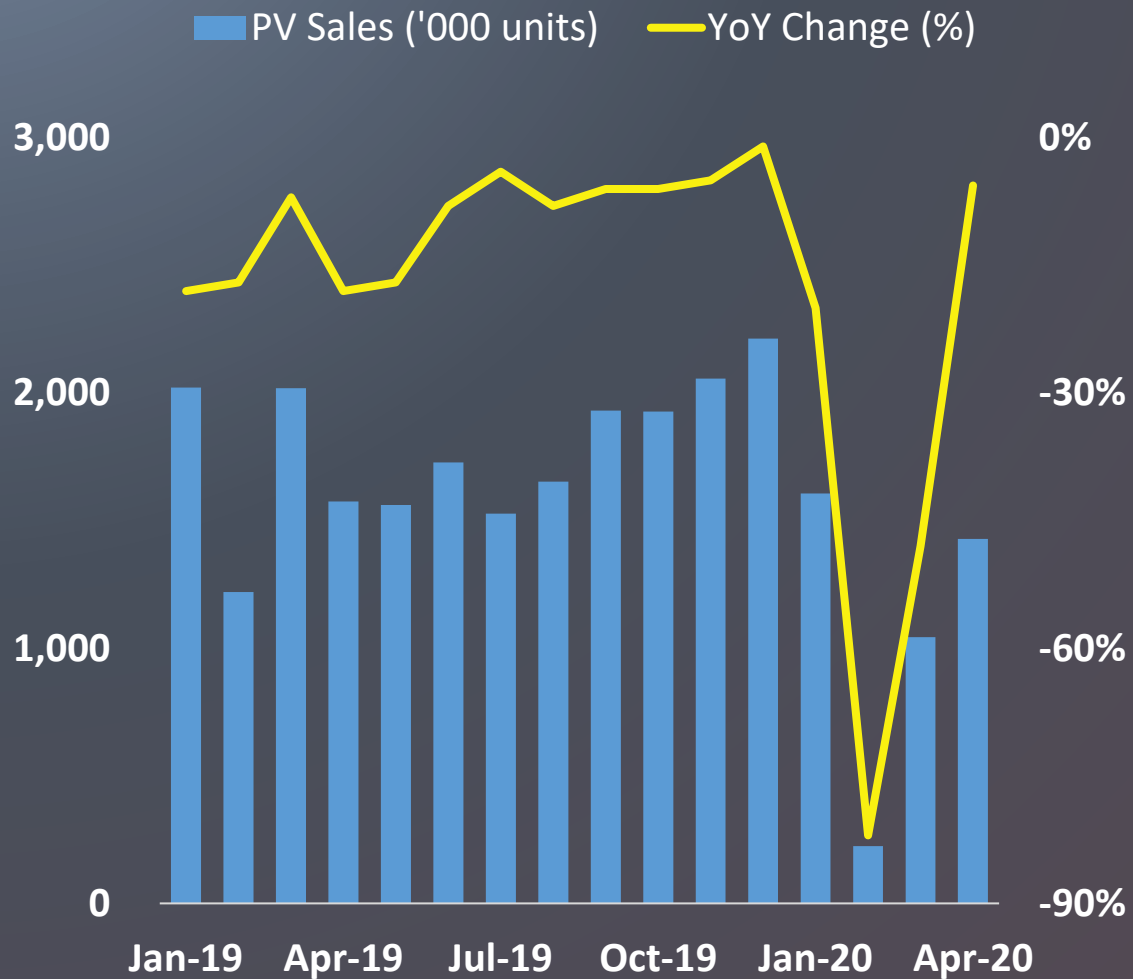
# Global Supply Chain Crisis Due to COVID-19 (3/3)



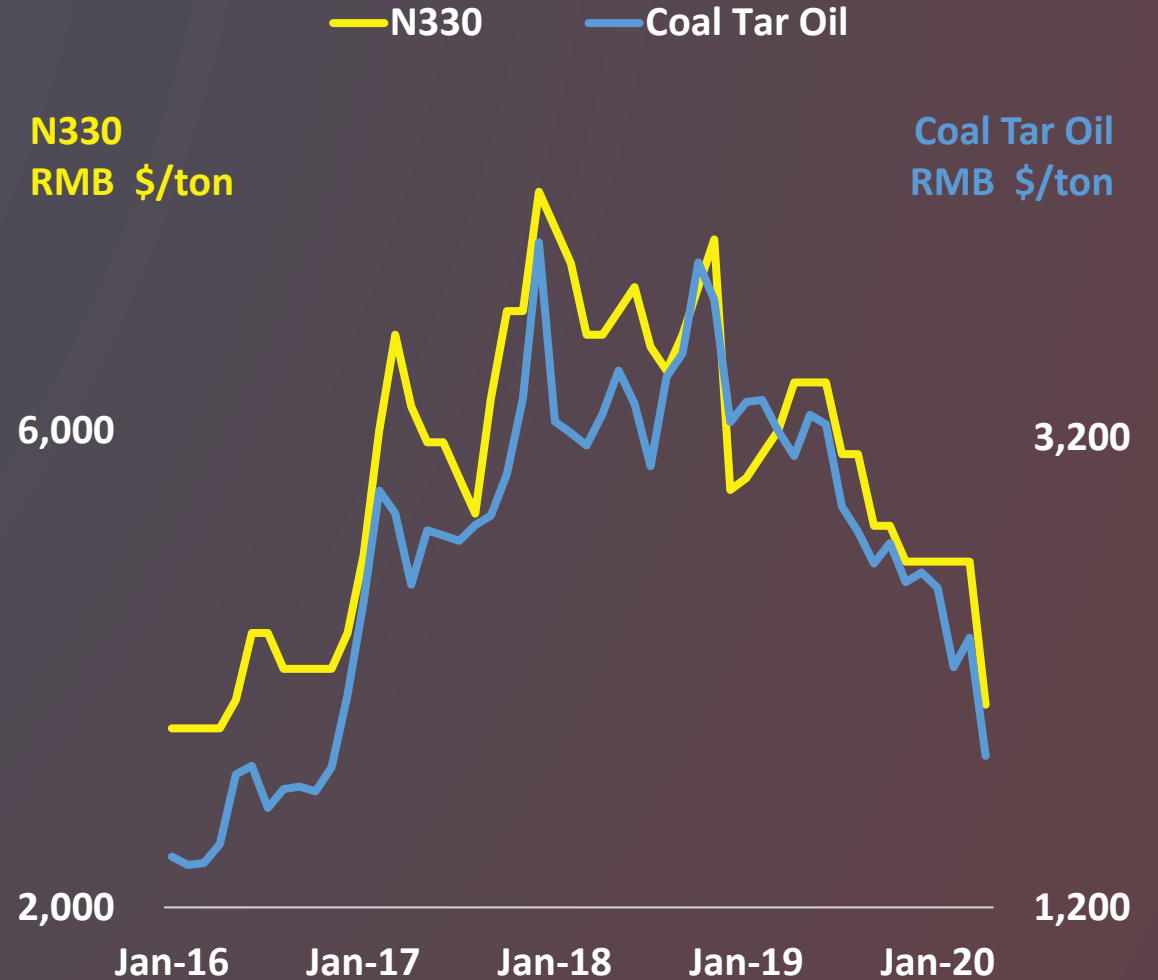
# Mainland China Carbon Black Market (1/2)



## 2019 & 2020 China PV Sales



## N330 & Coal Tar Oil Market Price



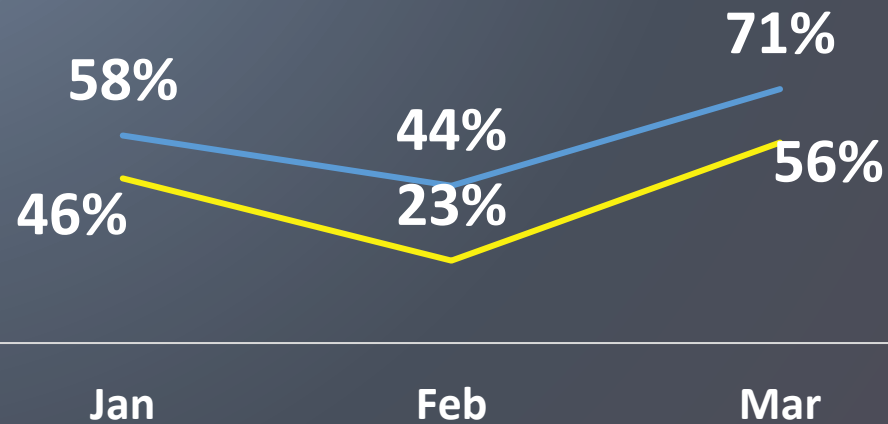
Figures as of Apr. 30, 2020

Source: Notch, SCI99.com, research reports, Baiinfo, CSRC Group

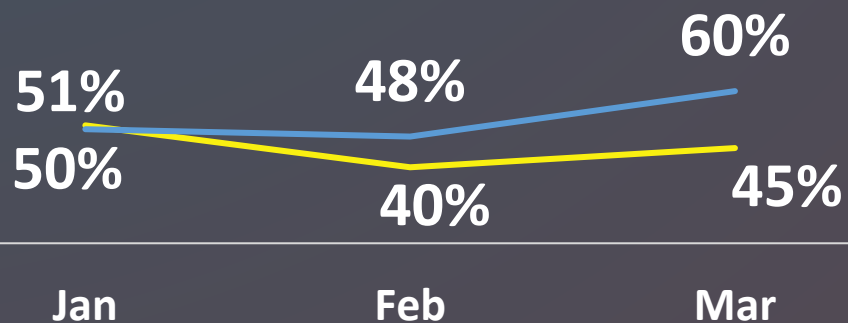
# Mainland China Carbon Black Market (2/2)



## Tire Makers Operating Rate



## CB Makers Operating Rate



— 2020 — 2019

## Strategy for Sustainable Value Creation

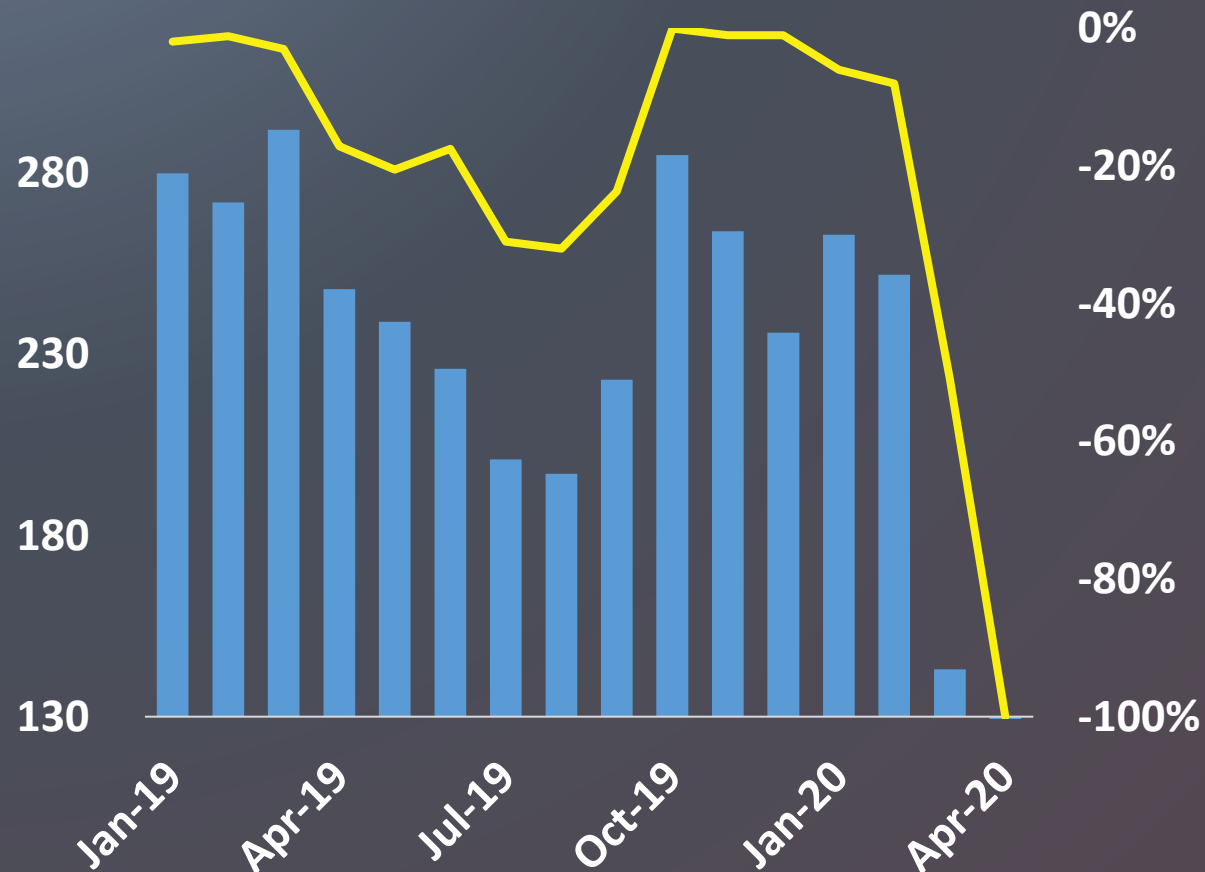
- Increase top-tier customers
- Focus on competitive grades of CB, and manufacture with dedicated lines
- Product customization

# India Carbon Black Market (1/2)



## 2019 & 2020 India PV Sales

PV Sales ('000 units) YoY Change



## What deters auto sales?

Bharat-Stage VI (BS6) norms took effect in India from Apr. 2020

COVID-19 pandemic led to nationwide lockdown from 3/25 to 5/31



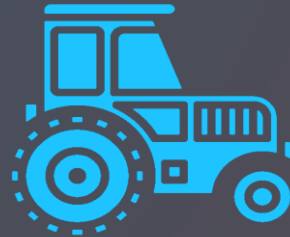
## Running in the Top Gear

India is expected to be the world's 3rd-largest automotive market by 2026



**Top 1**

**2W and 3W Maker**



**Top 1**

**Tractor Maker**



**Top 2**

**Bus Maker**



**Top 3**

**Truck Maker**

**Growth Drivers:**



**Youngest Nation by 2025**

Average age of 25 years

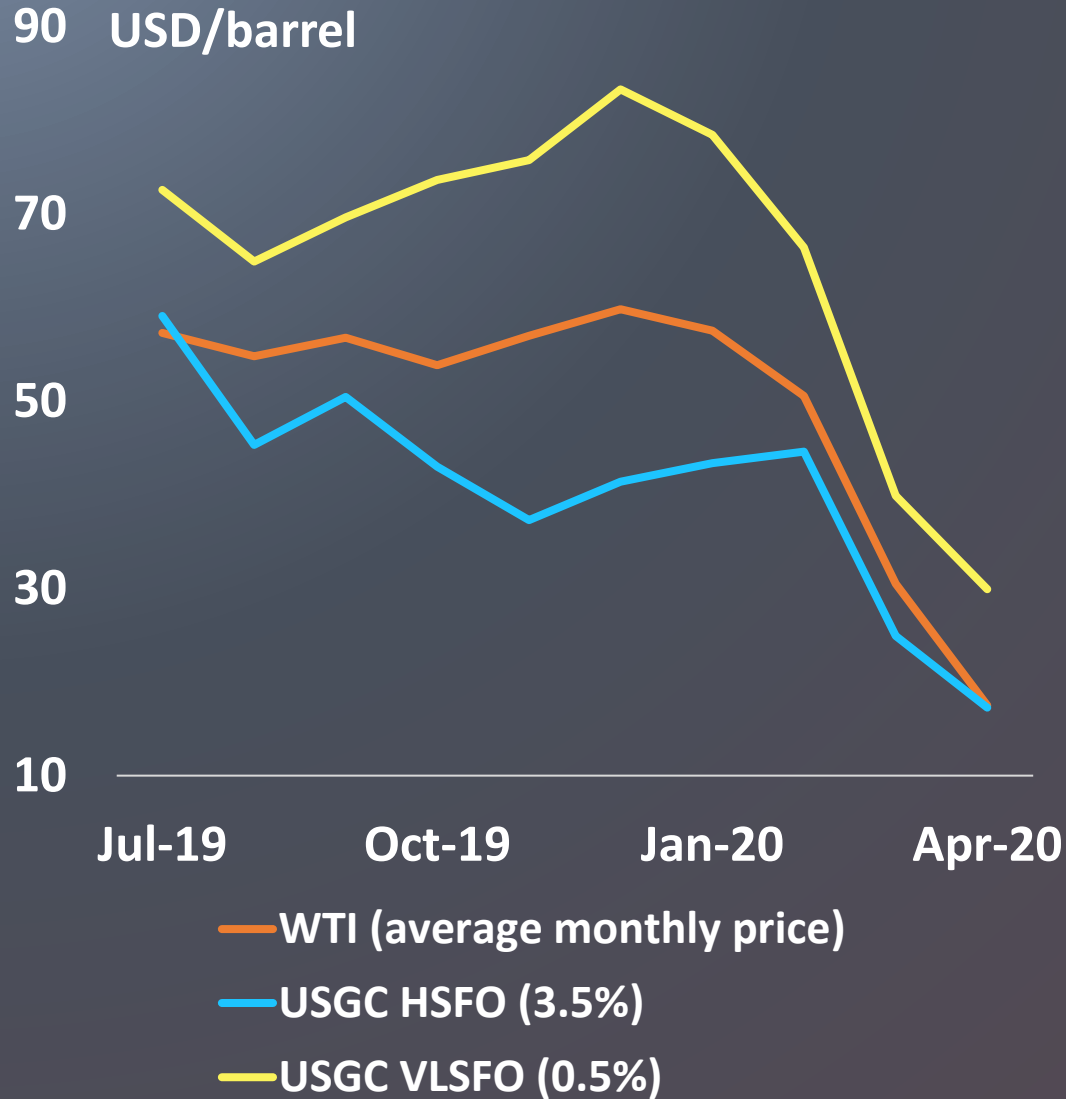


**3X**

**Per-capita income**

2019-2030

# U.S. Carbon Black Market



Figures as of Apr. 30, 2020

## COVID-19 Impacts

The UAW on 3/17 asked the Big Three automakers (GM, Ford, and FCA) to halt production for 2 weeks.

## CCC Strategies

CCC has been offering high-end grades and finding diverse use in:

- **Commercial Tires**
- **Compounding**
- **Plastics**
- **Mechanical Rubber Goods**

## Growth Strategies

- Explore new applications
- Strengthen product portfolio
- Expand presence to Europe



Taiwan Technology Center  
Opened in Dec. 2019

# The Future Trends of Mobility



## Environmental Impact ↓

- Long tire life

## Electrification ↑

- High torque
- Light weight

## Driving Experience ↑

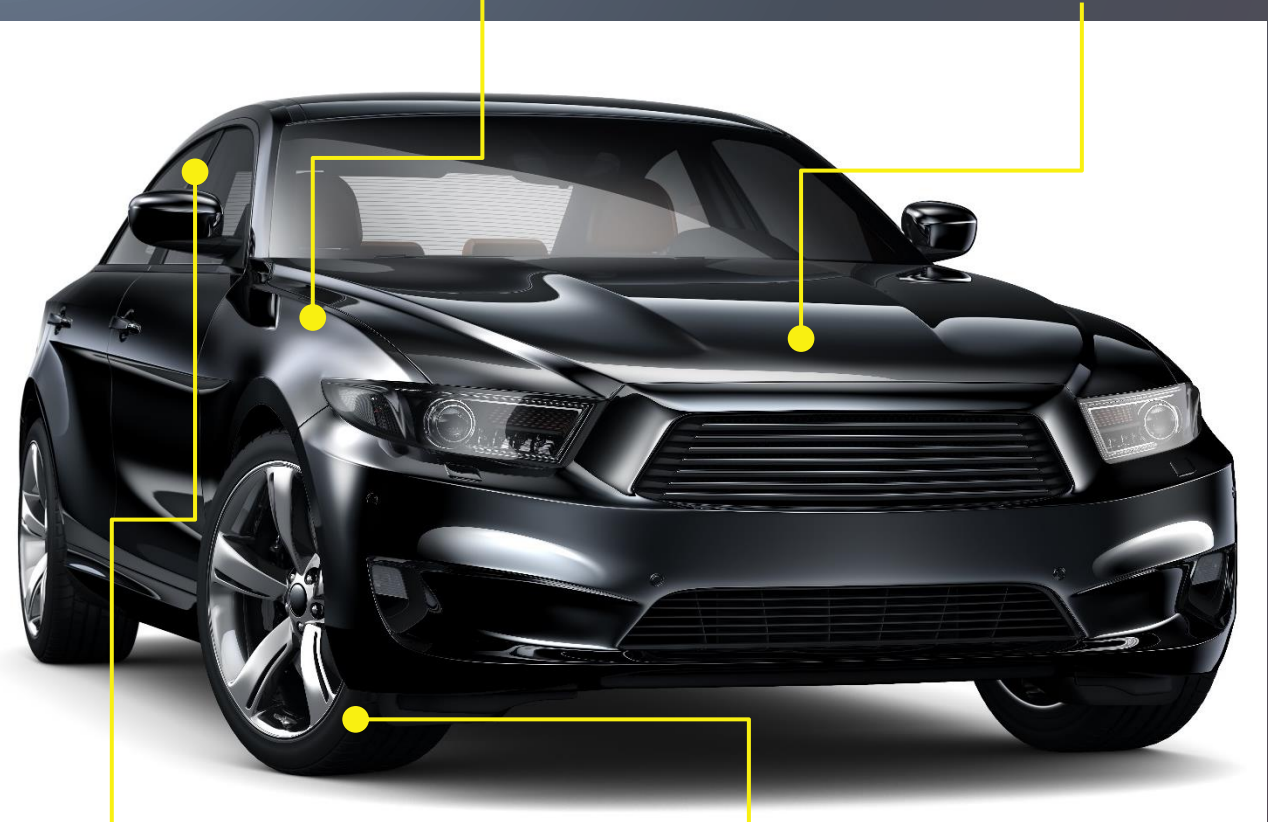
- High degree of blackness & smooth surface
- Sound deadening & noise canceling

# CB Applications in Automobiles

Automotive coating: EREBOS

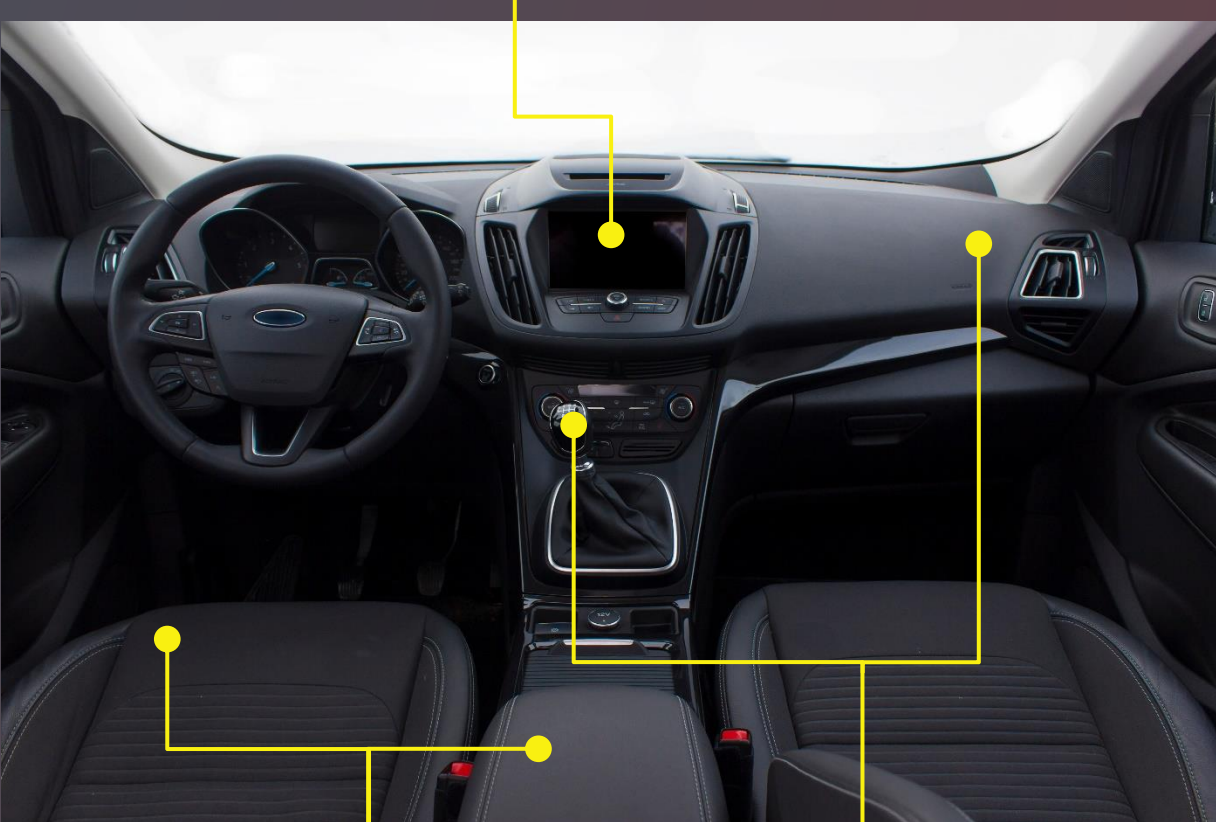
Tubes, sound deadening & dampers: SATIN BLACK

Display (cover lens ink): EREBOS



Seals: SATIN BLACK

Green tires: LH



Synthetic leather: CAENEUS

Engineered plastics: SATIN BLACK

# CB Applications in Electronics

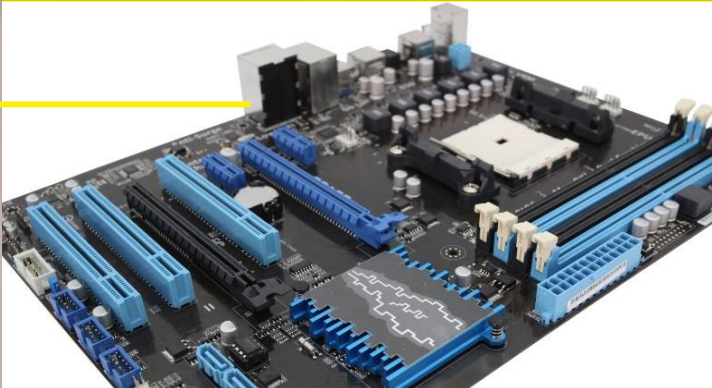


**Screen (cover lens ink):  
EREBOS**

**Engineered plastics:  
SATIN BLACK**



**Insulation paste:  
EREBOS**



## Carbon Black Workshop at Shanwei Elementary School, Taiwan 2019



03

1Q 2020 Operating Results



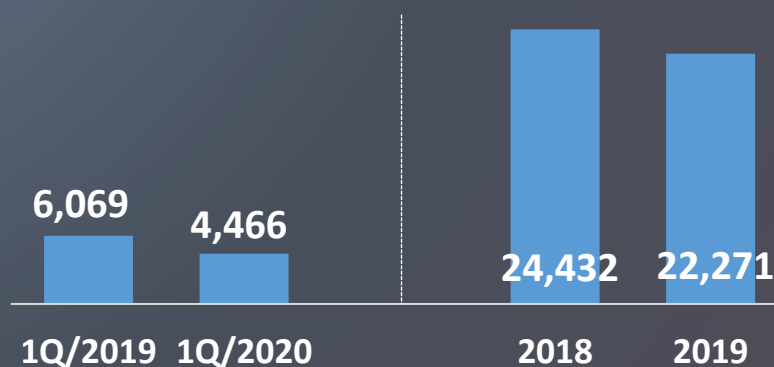


# 1Q 2020 Operating Results



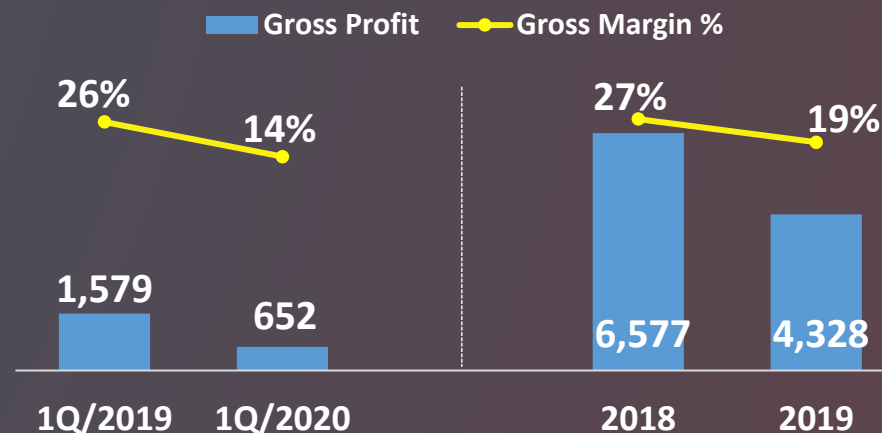
## Revenue

NTD million



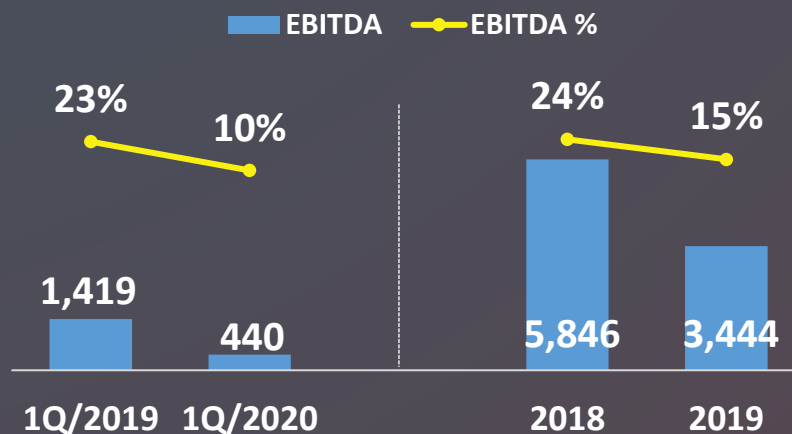
## Gross Profit & %

NTD million



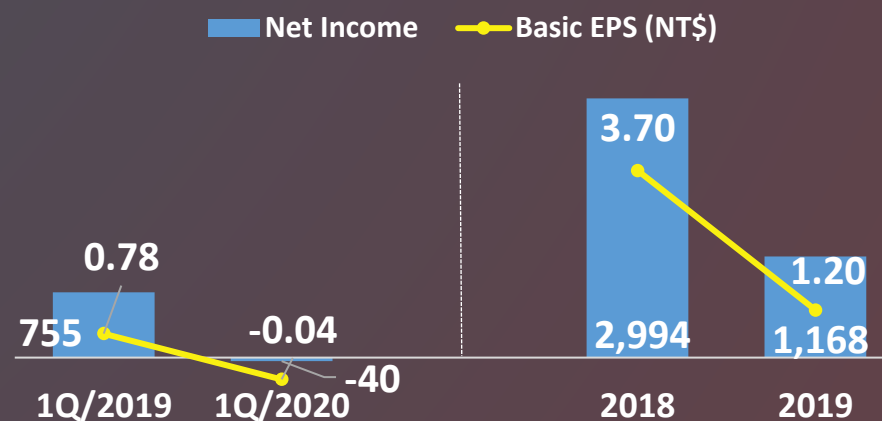
## EBITDA & %

NTD million



## Net Income & EPS

NTD million



# Financial Structure

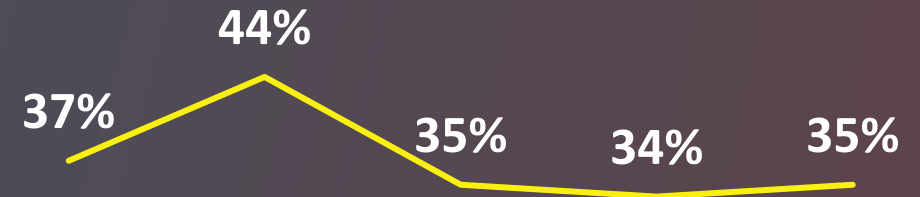


### Current Ratio



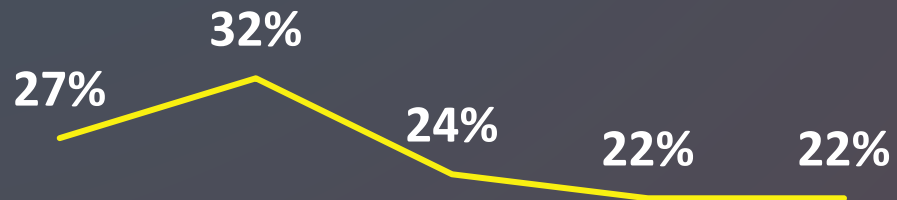
2016 2017 2018 2019 1Q/2020

### Debt Ratio (L/A)



2016 2017 2018 2019 1Q/2020

### Interest Bearing Debt/Asset



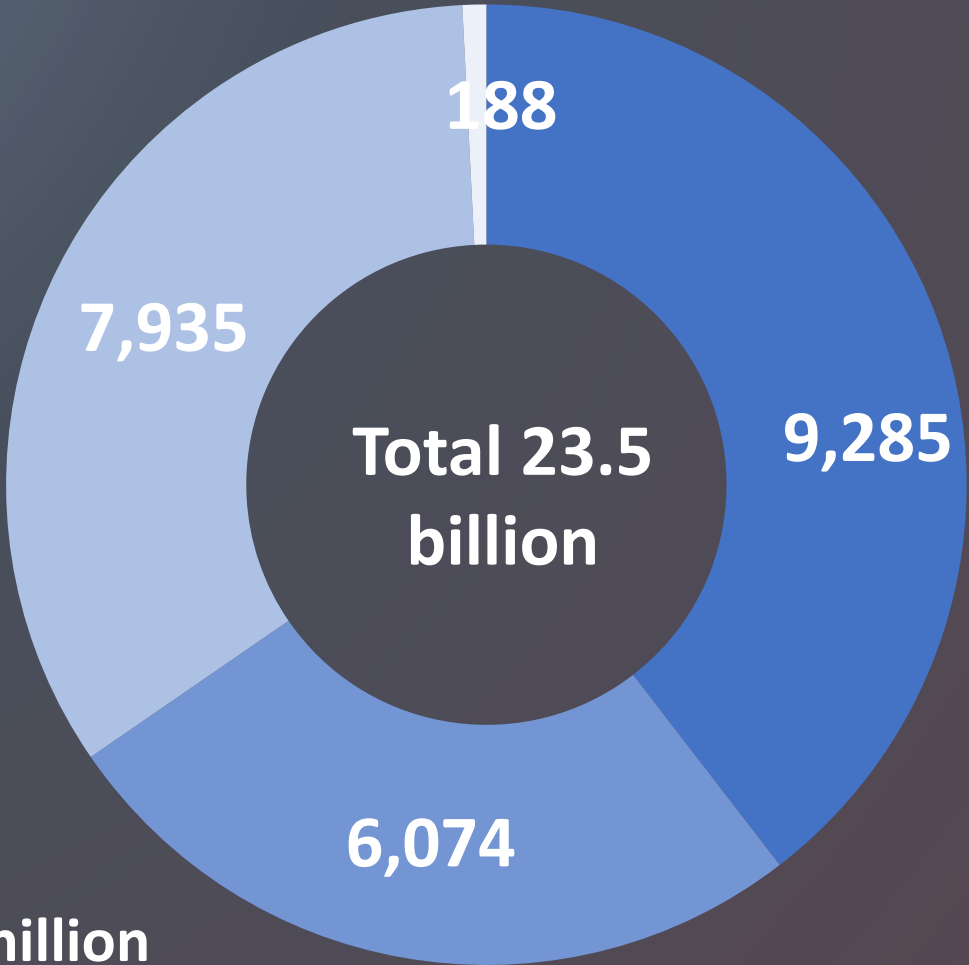
2016 2017 2018 2019 1Q/2020

### Book Value/Share



2016 2017 2018 2019 1Q/2020

# Cash Position



- Bank deposit & cash equivalent
- Certificate of deposit (more than 3 months)
- Marketable securities
- Cash equivalent receivables

NTD million



We Appreciate Your Listening!

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