



中鋼公司



China Steel Corporation

June 26, 2012



Table of Contents

•Company Overview	2
•Performance	4
•financial review	9
•EPS & Dividends (common stock)	11
•Sales	12
•Strategy	13



Company overview: Business snapshot (CSC standalone)

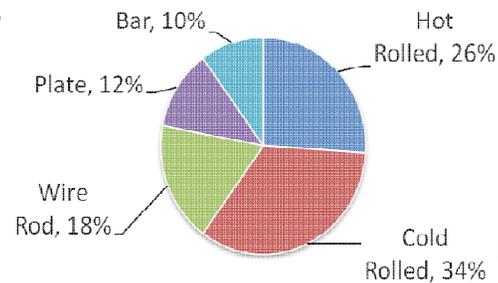
Overview

- Leading Taiwanese steel manufacturer with integrated production capabilities
- Headquartered in Kaohsiung with major production sites located in Kaohsiung
- Annual capacity of 9.9 mmt as of Dec 31, 2011

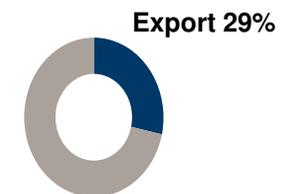
Major business

- Leading manufacturer of flat steel products
- Continuously upgrading towards higher value-adding products
- Dominant market position domestically
- Continue to capture rapid growth in South East Asia and China markets

Steel Sales revenue
breakdown by products
(2011)



Domestic/Export by revenue
(2011)





Company overview: Business snapshot (CSC Group)

Major business

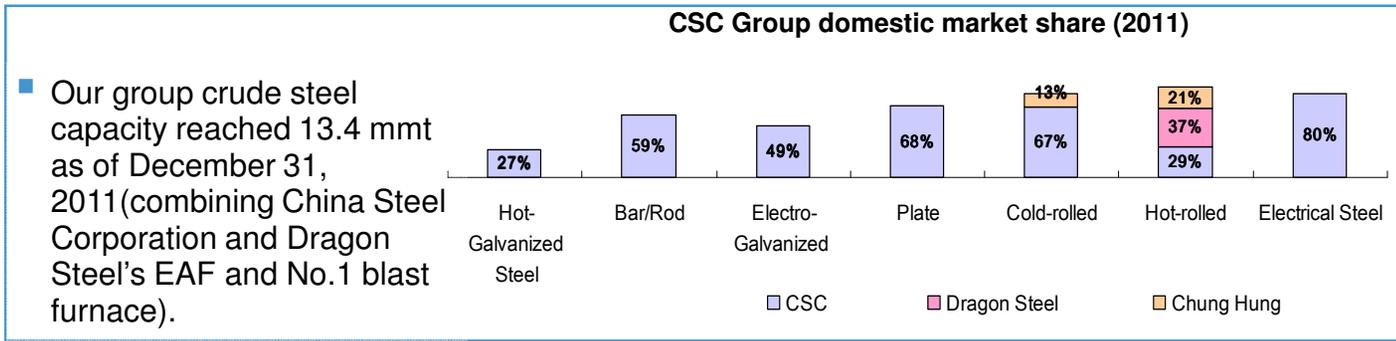
Steel Core Businesses

- China Steel Corporation
- Chung Hung Steel Corporation
- Dragon Steel Corporation
- CSC Steel Sdn. Bhd.
- China Steel Sumikin Vietnam CSV
- China Steel Precision Materials
- China Steel Corporation India Pvt. Ltd

Other Group Businesses

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><u>Engineering Businesses</u></p> <ul style="list-style-type: none"> ■ China Steel Machinery Corporation ■ China Steel Structure Co., Ltd. ■ China Ecotek Corporation <p><u>Industrial Materials Businesses</u></p> <ul style="list-style-type: none"> ■ C. S. Aluminum Corporation ■ China Steel Chemical Corporation ■ CHC Resources Corporation ■ Himag Magnetic Corporation | <p><u>Logistic Businesses</u></p> <ul style="list-style-type: none"> ■ China Steel Express Corporation ■ China Steel Global Trading Corporation <p><u>Service and Investments Businesses</u></p> <ul style="list-style-type: none"> ■ Gains Investment Corporation ■ China Steel Security Corporation ■ Info-Champ Systems Corporation ■ China Prosperity Development Corporation |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Capacity & market share

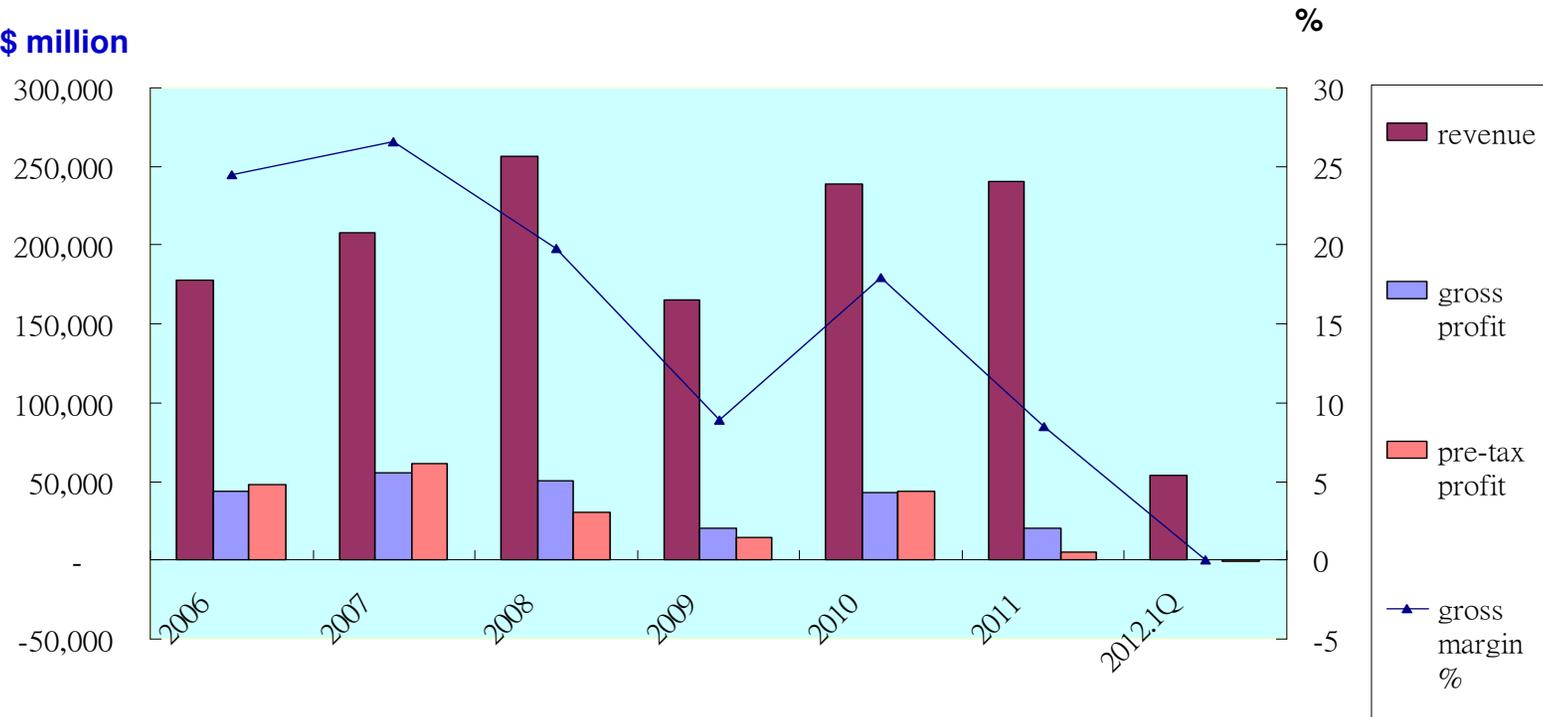




Performance-CSC standalone

Revenue and Profits

unit: NT\$ million



unit: NT\$ million	2006	2007	2008	2009	2010	2011	2012.1Q
revenue	177,658	207,919	256,358	165,409	239,187	240,376	53,606
pretax profits	47,679	61,652	30,255	20,160	44,094	20,285	-978
gains from subsidiaries (equity method)	9,631	12,118	1,804	9,334	8,248	5,151	532



Performance- consolidated basis

Consolidated Income Statement

Units: NT\$ millions

	2009	2010	2011	2012.Q1
Revenues	251,112	350,205	401,027	93,926
Gross profit	27,506	63,356	36,597	2,876
Gross margins	10.95%	18.09%	9.13%	3.06%
Profit before tax	21,426	50,715	23,365	-383
<u>Net income</u>	<u>21,807</u>	<u>41,660</u>	<u>20,830</u>	<u>-323</u>
Belong to The Corporation's Stockholders	19,603	37,587	19,494	-712
Minority Interests	2,204	4,073	1,337	389



Performance- CSC operating results of Jan to May 2012

Volume: metric ton
amount: NT\$ million

Item	May 2012	Accumulated of 2012
Production Volume(MT)	766,501	3,621,554
Sales Volume(MT)	820,866	3,751,011
Revenue	20,091	93,158
Sales Revenue	19,597	90,754
Pretax profit (loss)	1,056	786

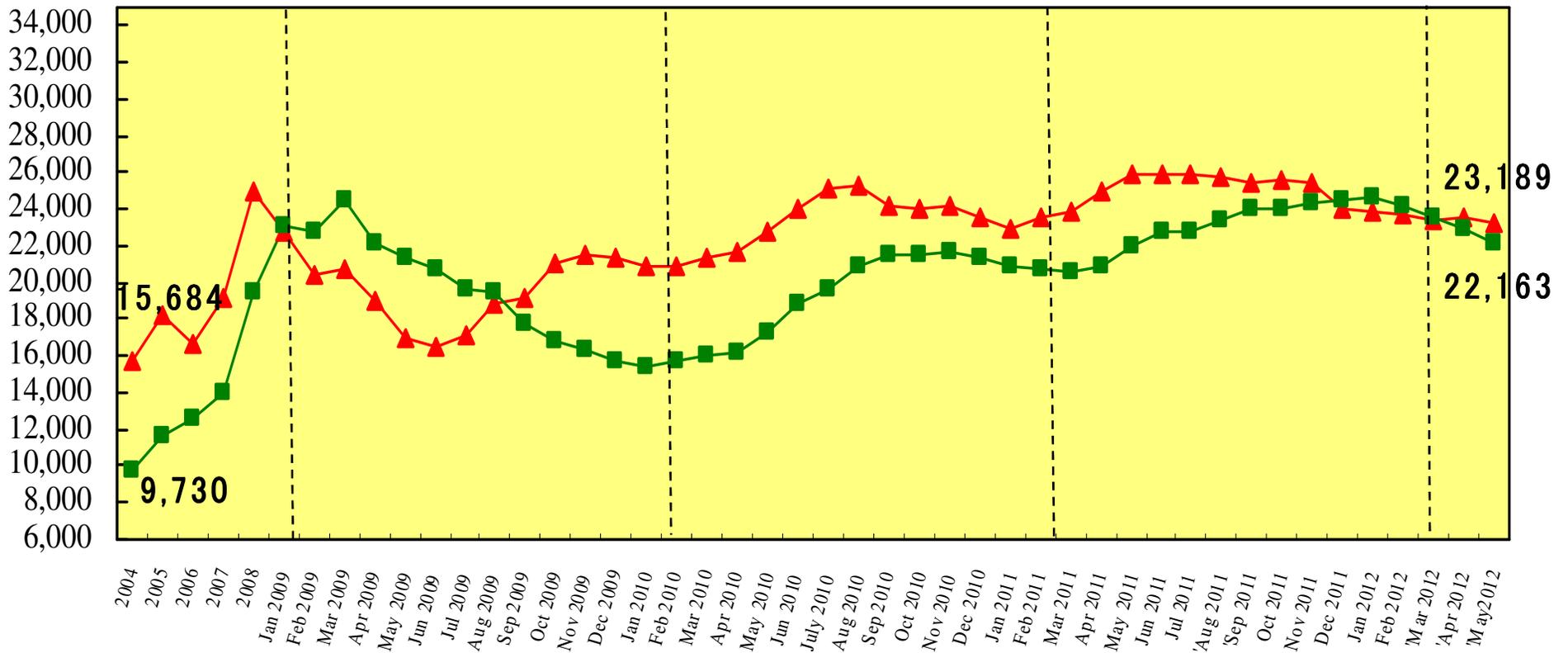


中鋁公司

Performance: ASP vs. Cost (CSC standalone)

(\$NT/MT)

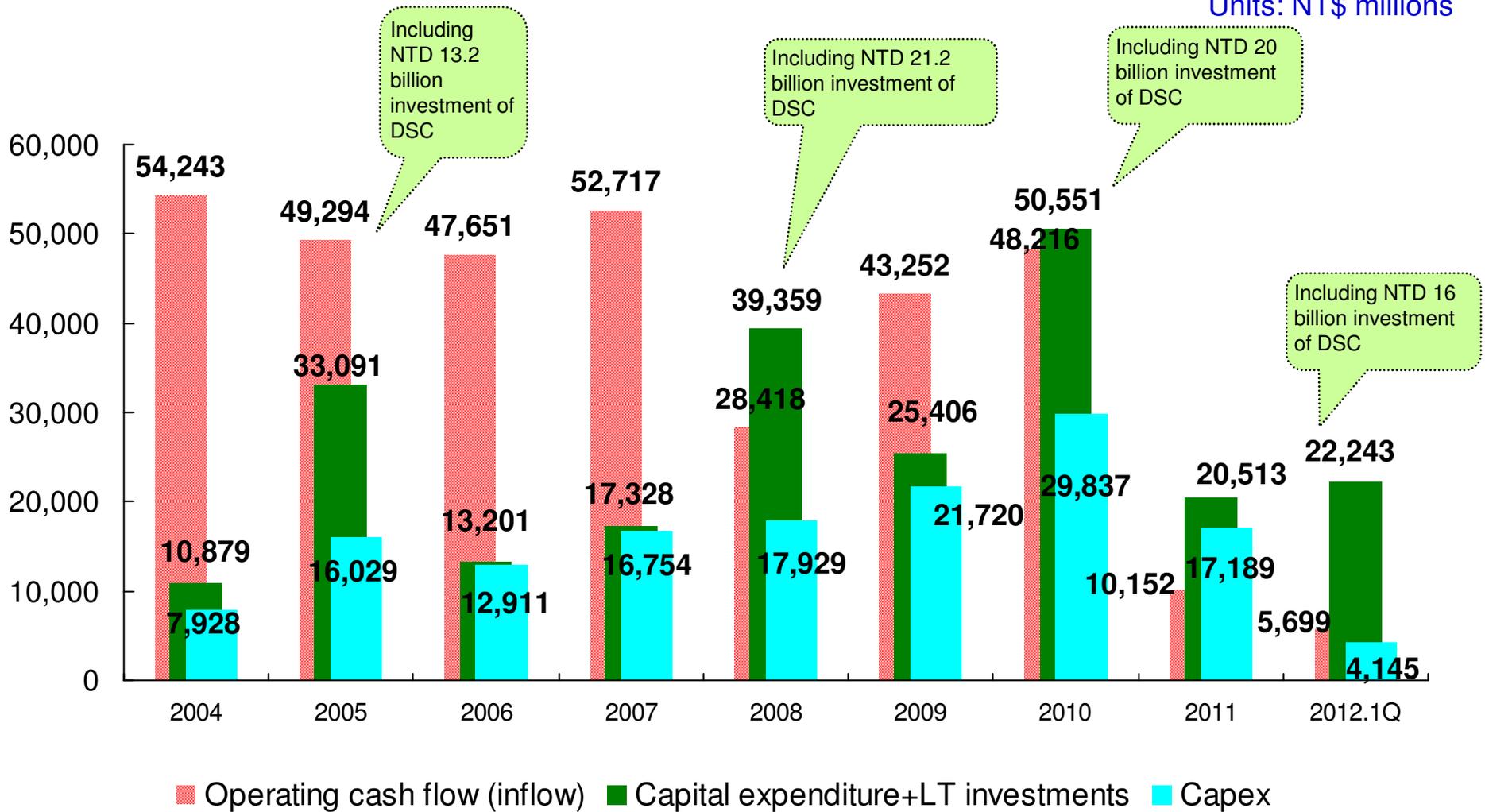
▲ Average Selling price ■ Average Cost of Good Sold





Performance- Cash flow (CSC standalone)

Units: NT\$ millions



Performance: financial review (csc standalone)

Units: NT\$ millions

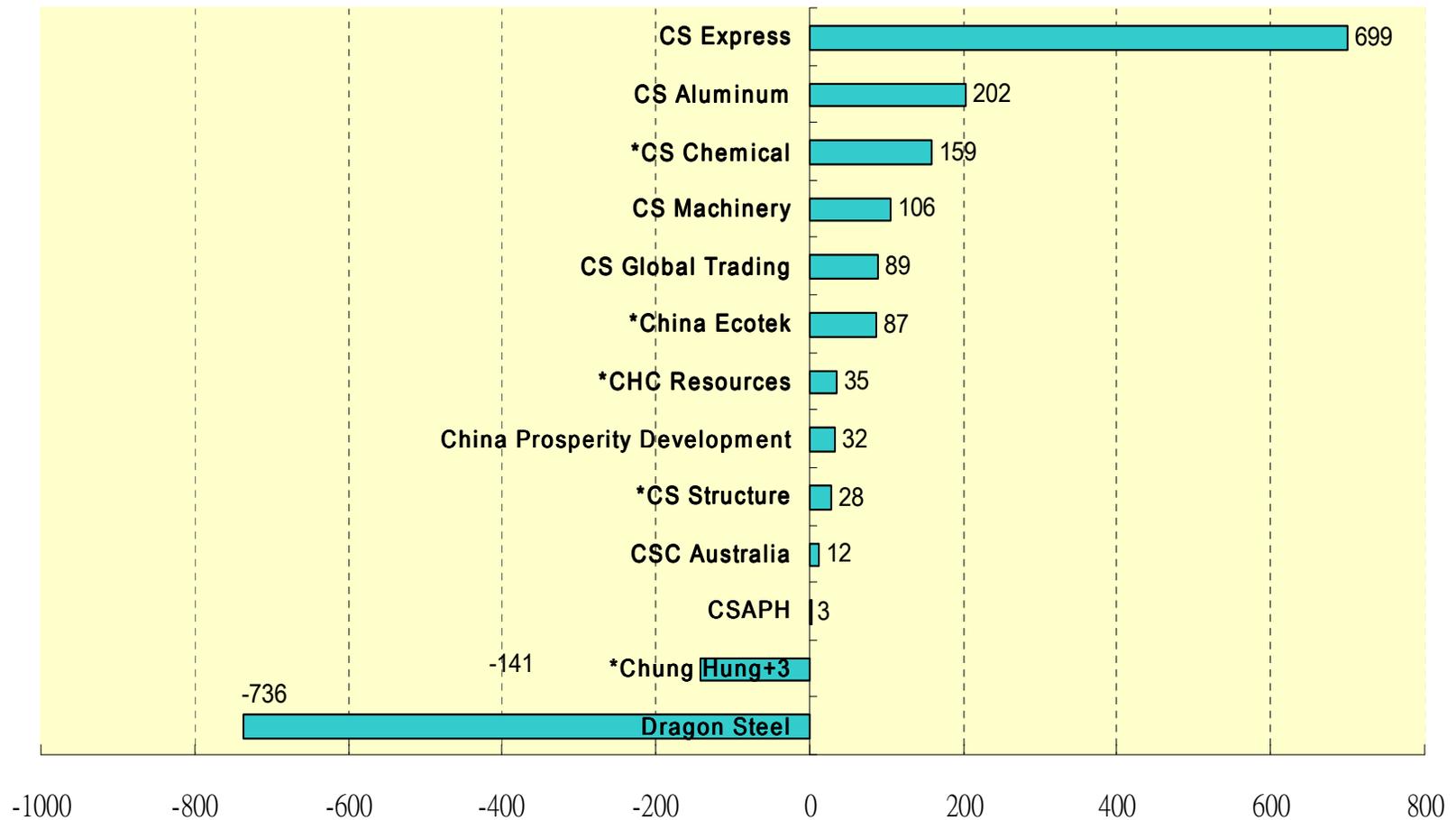
	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	3/31/2012
Debt	59,285	116,898	98,948	116,437	133,348	148,804
Debt/Equity	26.63%	48.96%	40.66%	43.78%	46.21%	51.66%
Asset	281,941	355,639	342,307	382,387	421,935	436,826
Debt / Asset	21%	33%	29%	30%	32%	34%
Net Debt *	29,240	104,425	87,759	112,198	130,434	144,822
Net Debt /Asset	10%	29%	26%	29%	31%	33%

* Net debt = debt - cash&cash equivalents – (*financial assets measured at fair value through profit or loss* + *available-for-sale financial asset*+ *hedging derivative assets-current*)



2012.1Q profits from subsidiaries & affiliates totaled NT\$532 million

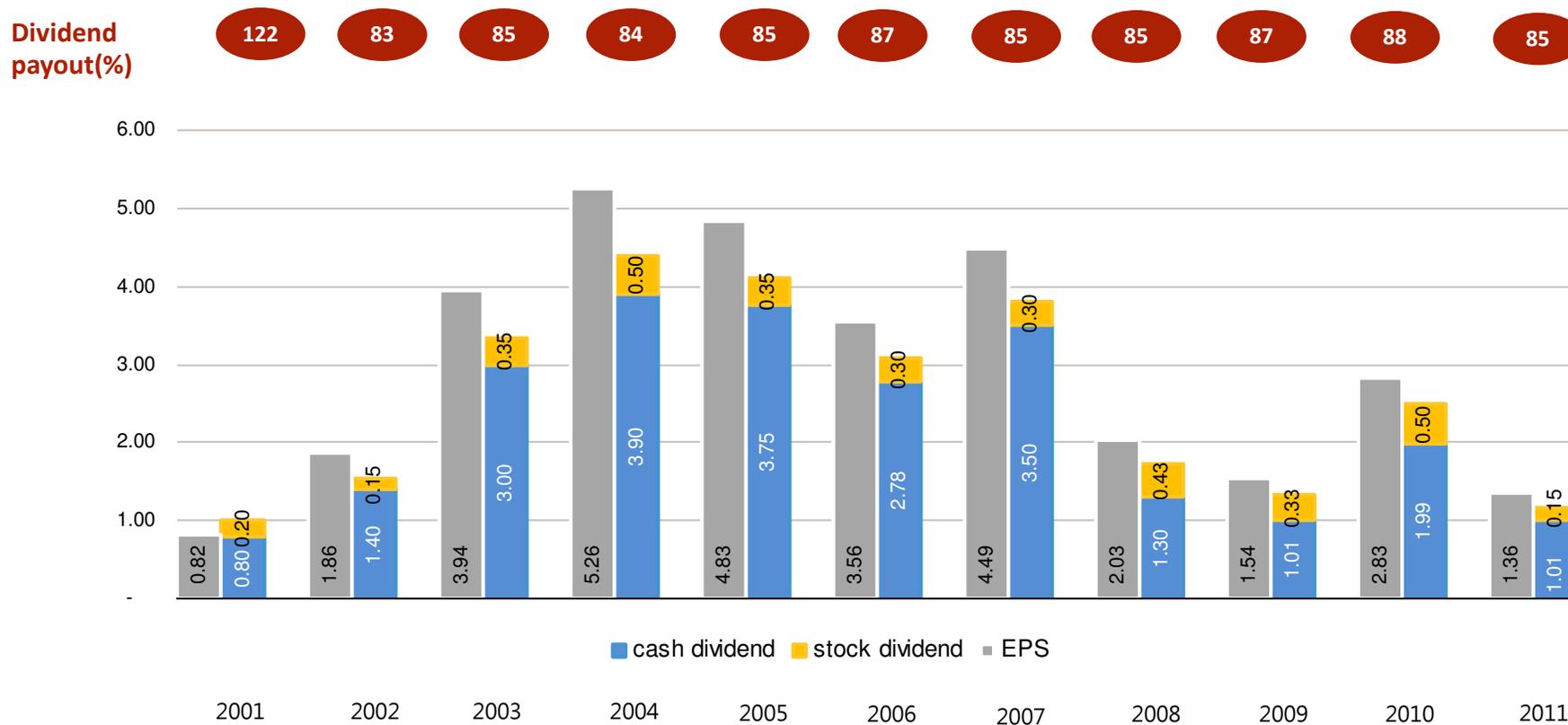
UNIT: Million NTD\$



* listed company

Performance- Historical EPS and dividends paid

(in New Taiwan dollars per share)



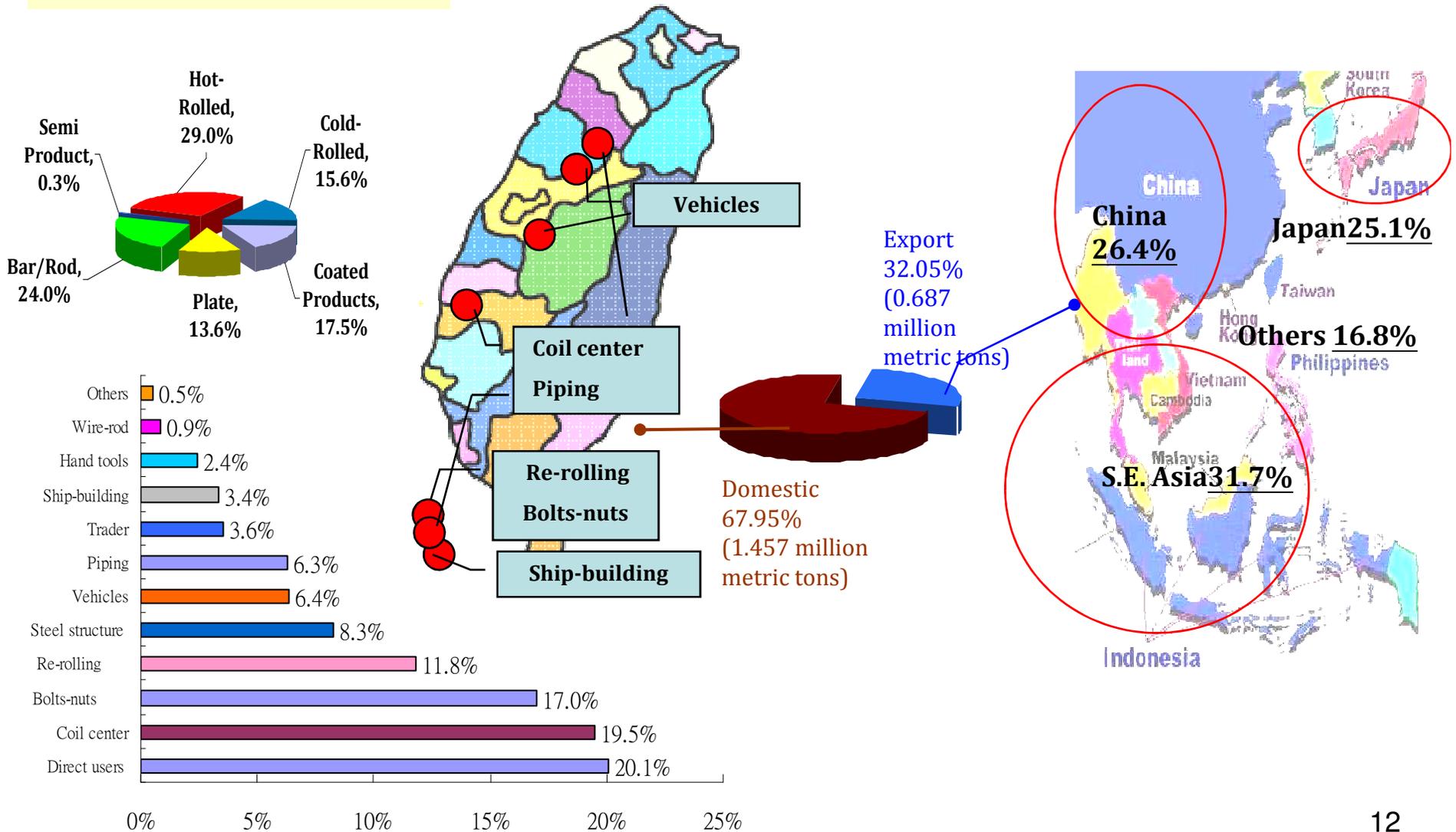
We maintain a high cash dividend policy to our investors and have consistently paid out 80% to 90% over the last ten years



Sales (CSC standalone)

2012 .1Q CSC sales volume totaled 2.14 million metric tons

Domestic/Export sales volume breakdown of 2012.1Q

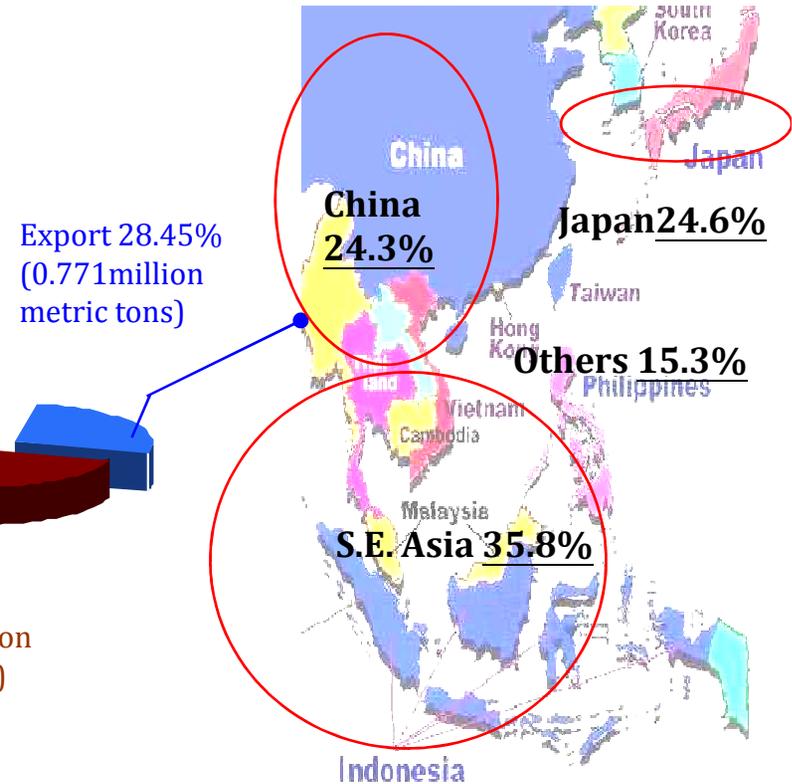
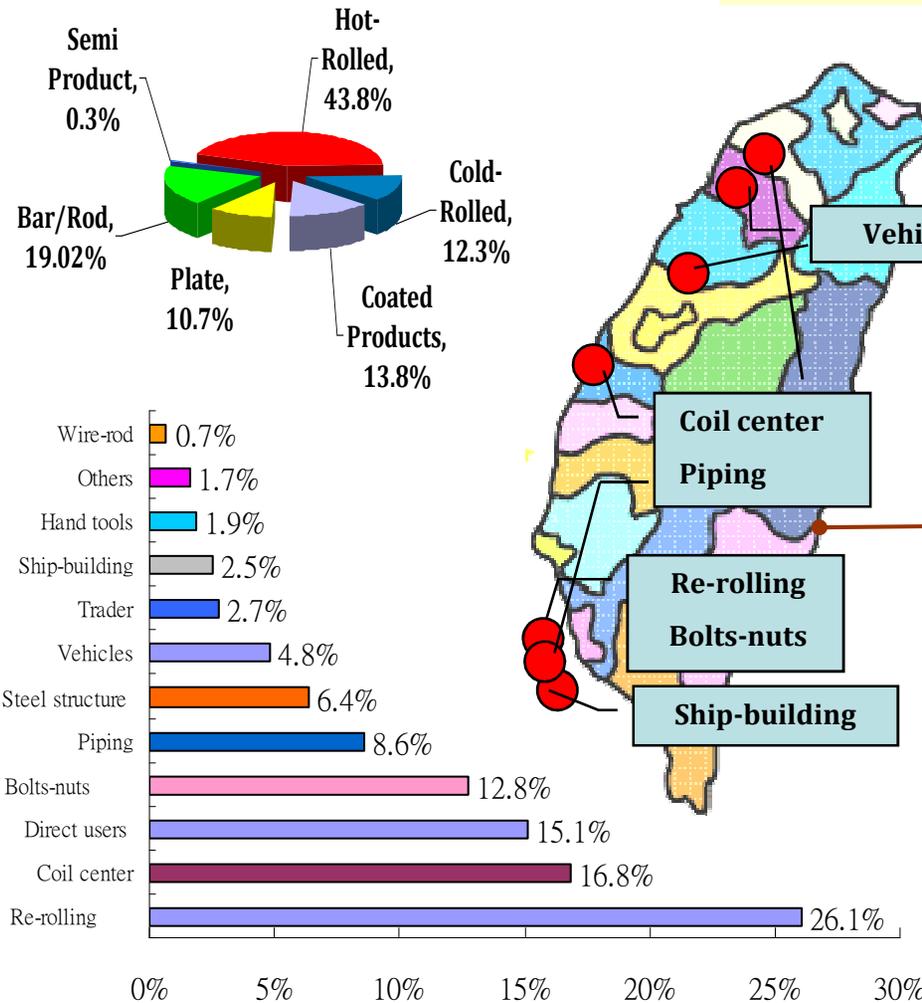




Sales (CSC +DSC:HRC)

2012.1Q sales volume (CSC & HRC of DSC) totaled 2.71million metric tons

Domestic/Export sales volume breakdown of 2012.1Q





Key strategies to achieve the vision

- 1 Aggressive expansion to create foundation for strong growth and profitability
- 2 Strengthen sales channels and increase the value of supply chain of steel related industries
- 3 Secure captive supply of raw material sources
- 4 Enhance corporate culture handing-down, reinforce human resources training & development, and management succession plan
- 5 Enhance client relationship and network through engineering, technical and information management services

With the key strategies implemented, China Steel Corporation aims to become a trustworthy steel partner pursuing growth, environmental protection, energy saving and value-innovation

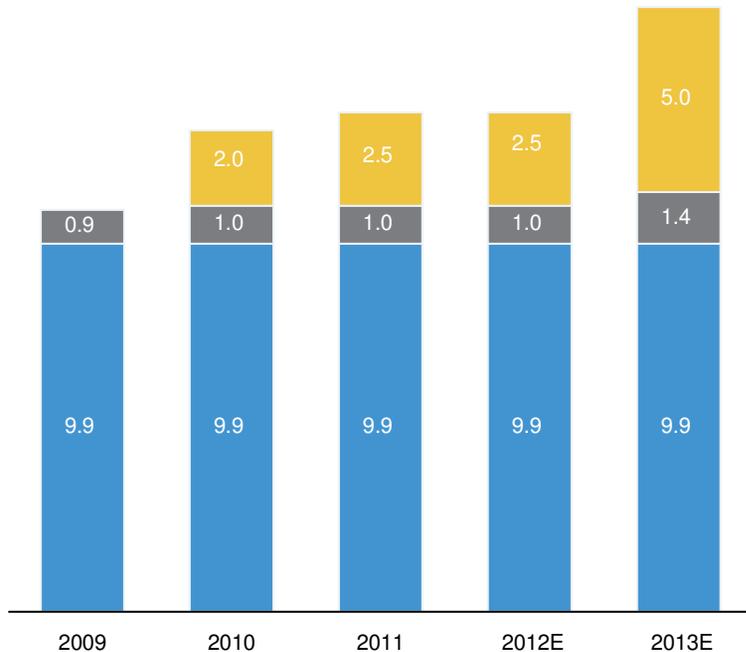


Aggressive expansion strategy creates foundation for strong growth and profitability

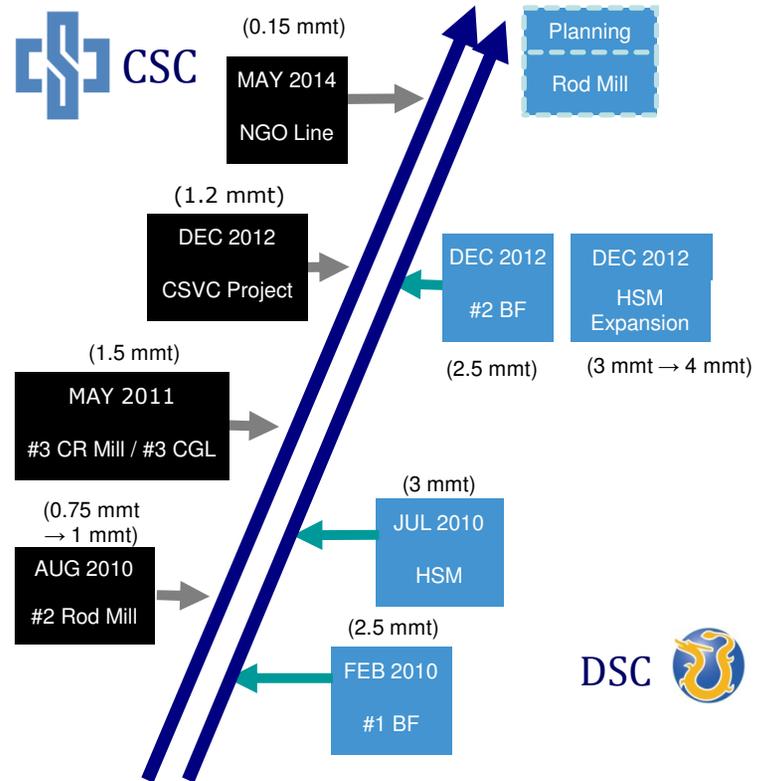
China Steel's capacity expansion plan

Crude steel capacity (mmt)

■ China Steel ■ Dragon Electric Arc Furnace ■ Dragon Blast Furnace



Detailed expansion plan

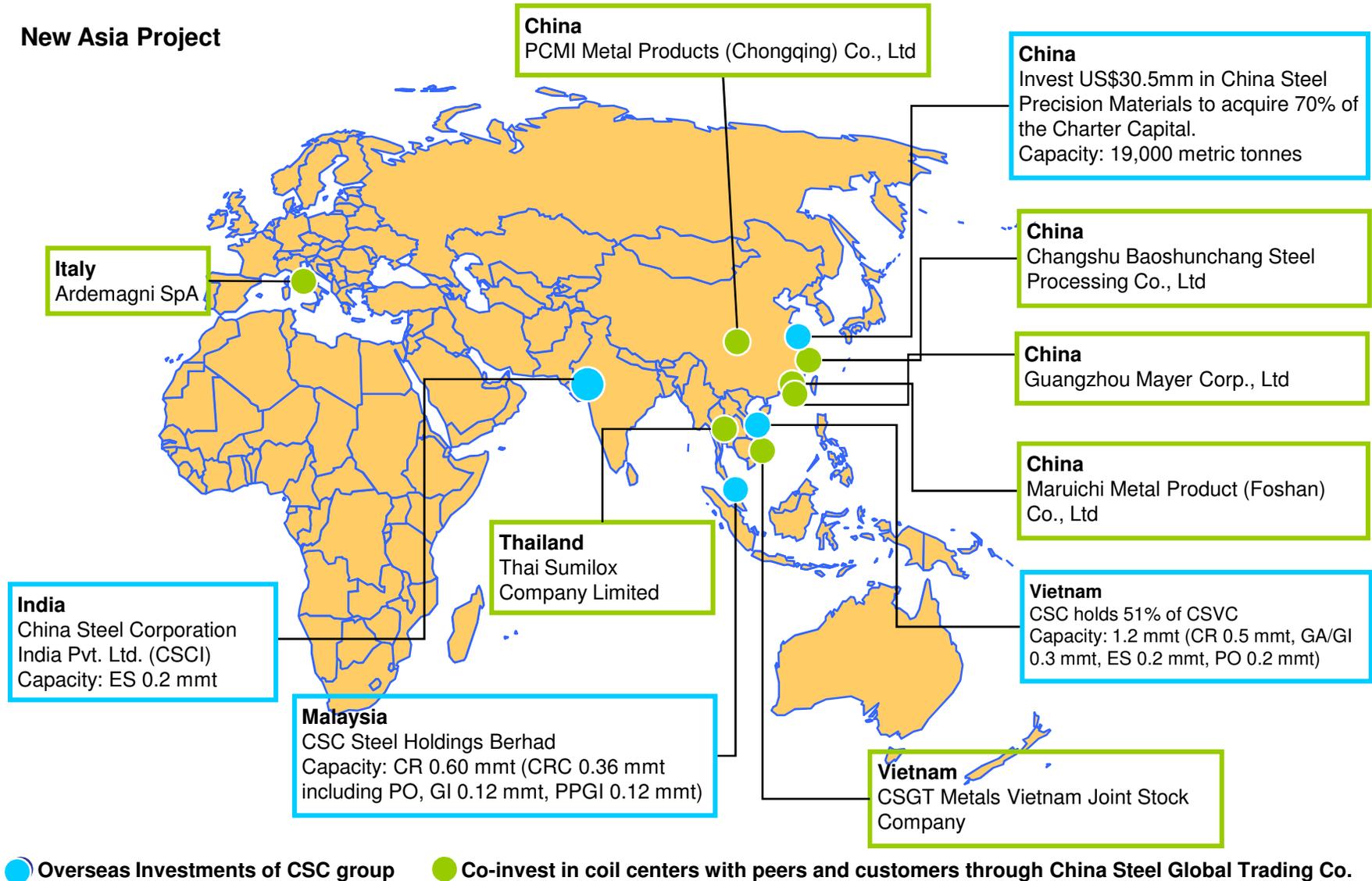


China Steel Group aims to reach 20 mmt of finished steel products production by 2015 (including subsidiaries)



Promotion of sales channels through overseas investment

New Asia Project

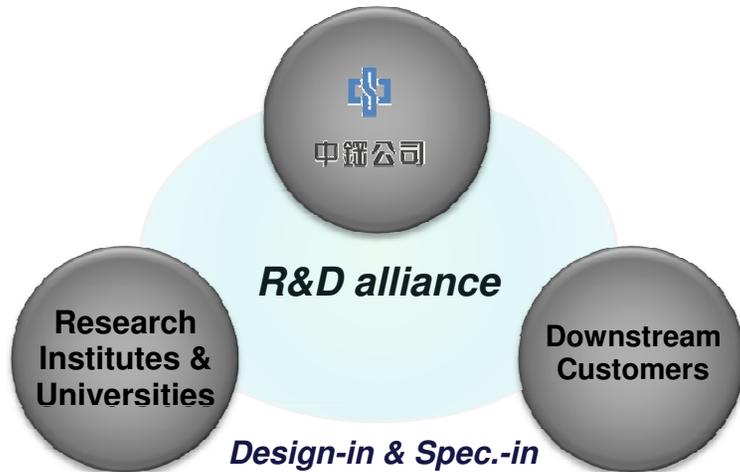


Promotion of high grade products through R&D cooperation with customers



中鋼公司

Co-development for value-added products



- Aim for further growth and success with downstream customers
- Close collaboration with our customers, research institutions, and universities for higher value-add products
 - Increase end market's demand for higher value-added products

R&D alliances

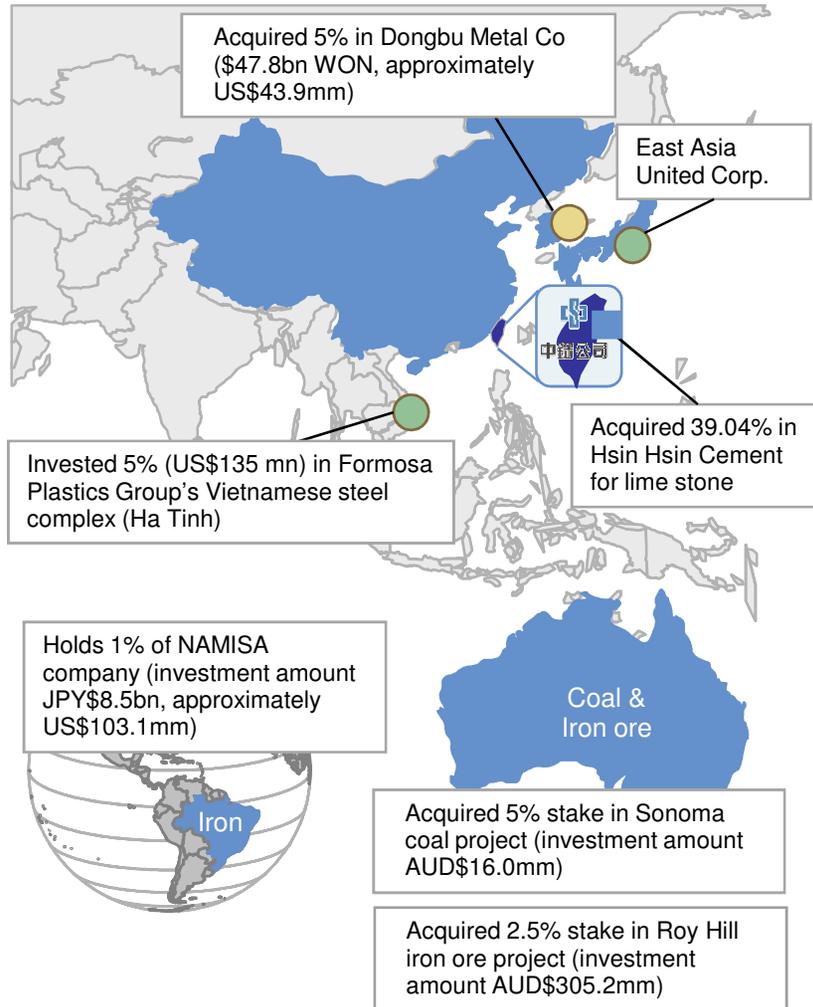
Industry	R & D Alliance	Total est. expenditure (US\$mm)
Fasteners	High value-added fasteners	2.4
Motors	Electric motors and compressors	6.3
Automobile	AHSS and forming technology for automobile body structure parts	2.2
	High strength panels and inner structure parts for after market use	3.5
Transformer	Development of amorphous ribbon manufacturing technology	5.0
Total		19.4

China Steel Corporation has committed significant efforts/developments in downstream higher value-added, higher margin steel products alongside its customers



Secure captive supply of raw materials

Major raw materials Semi-products Ferro alloy



Major raw materials

- Iron ore and coking coals are secured by long-term contract (volume)
- Partner with parties in Japan, South Korea, Mainland China, Australia and Brazil
- Secure lime stone - acquired 39.04%(consolidatedly) in Hsin Hsin Cement

Semi-products

- Secure supplies from strategic partnerships and JV's
- East Asia United Steel Corp.
 - Utilize Sumitomo's Wakayama plant to produce slab steel
 - A reliable supply source for slab
- Vietnam investment with Formosa Plastics Group
 - Access to semi-finished steel with lower transportation costs and market risks

Ferro-alloy

- Long-term contract to reduce market risks
- Purchased 5% stake in Dongbu Metal, Korea's largest ferro-alloys producer
 - Ensures a long-term stable supply of medium and low carbon manganese ferro-alloy

To secure 30% of major raw materials through investments in mines and find multiple sources of semi-products



Enhance client relationship and network through value-added services



Engineering services

- Expansion project stage II phase II of DSC
- Formosa Ha Tinh Steel Corporation
- Vietnam cold rolling mill "New Asia" projects

Technical services

- Mega Steel in Malaysia
- Formosa Ha Tinh Steel Corporation
- Vietnam cold rolling mill

Customer services

- Real-time information services of order status
- Application technology services
- Early vender involvement

Others

- Domestic and oversea consulting services regarding environmental protection and energy saving