



中鋼公司



China Steel Corporation

May 8, 2012



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Company overview: Business snapshot (CSC standalone)

Overview

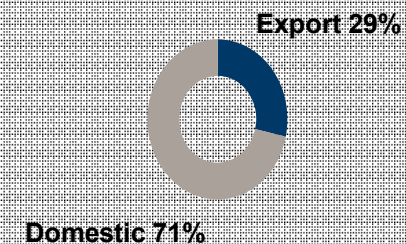
- Leading Taiwanese steel manufacturer with integrated production capabilities
- Headquartered in Kaohsiung with major production sites located in Kaohsiung
- Annual capacity of 9.9 mmt as of Dec 31, 2011

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)





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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

Engineering Businesses

- China Steel Machinery Corporation
- China Steel Structure Co., Ltd.
- China Ecotek Corporation

Industrial Materials Businesses

- C. S. Aluminum Corporation
- China Steel Chemical Corporation
- CHC Resources Corporation
- Himag Magnetic Corporation

Logistic Businesses

- China Steel Express Corporation
- China Steel Global Trading Corporation

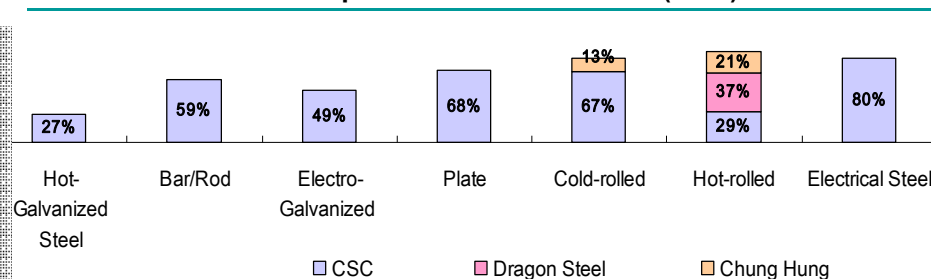
Service and Investments Businesses

- Gains Investment Corporation
- China Steel Security Corporation
- Info-Champ Systems Corporation
- China Prosperity Development Corporation

Capacity & market share

- Our group crude steel capacity reached 13.4 mmt as of December 31, 2011(combining China Steel Corporation and Dragon Steel's EAF and No.1 blast furnace).

CSC Group domestic market share (2011)



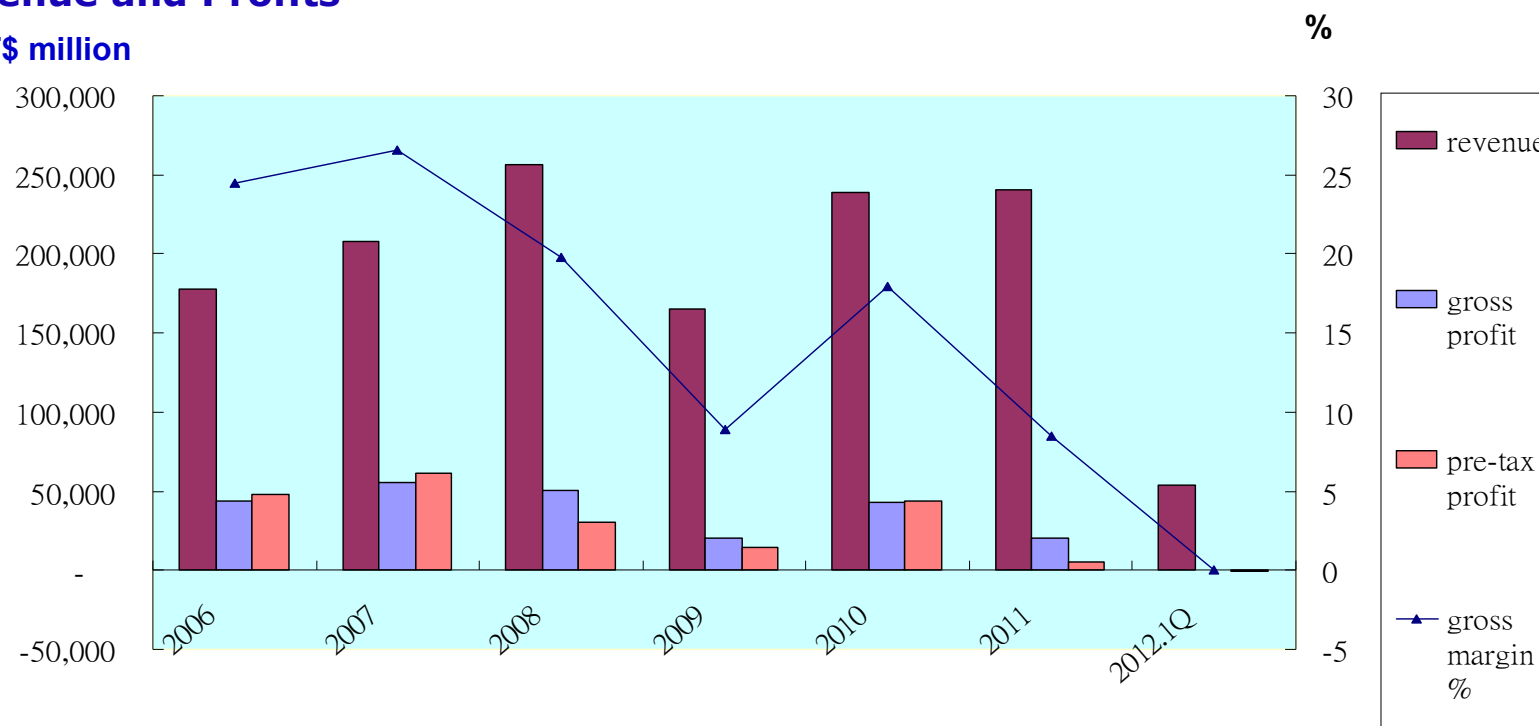


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Performance-CSC standalone

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



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Performance- consolidated basis

Consolidated Income Statement

Units: NT\$ millions

	2008	2009	2010	2011
Revenues	385,317	251,112	350,205	401,027
Gross profit	51,522	27,506	63,356	36,597
Gross margins	13.37%	10.95%	18.09%	9.13%
Profit before tax	33,282	21,426	50,715	23,365
<u>Net income</u>	<u>24,366</u>	<u>21,807</u>	<u>41,660</u>	<u>20,830</u>
Belong to The Corporation's Stockholders	24,030	19,603	37,587	19,494
Minority Interests	335	2,204	4,073	1,337



Performance- CSC operating results of 1Q 2012

Volume: metric ton
amount: NT\$ million

Item	March 2012	Q1 2012	Accumulated of 2012
Production Volume(MT)	758,378	2,090,600	2,090,600
Sales Volume(MT)	811,271	2,144,727	2,144,727
Revenue	20,093	53,606	53,606
Sales Revenue	19,529	52,182	52,182
Pretax profit (loss)	329	(978)	(978)
Remark(Q1 2012): Recognition the gains from investments under equity method: NTD\$532 million.			

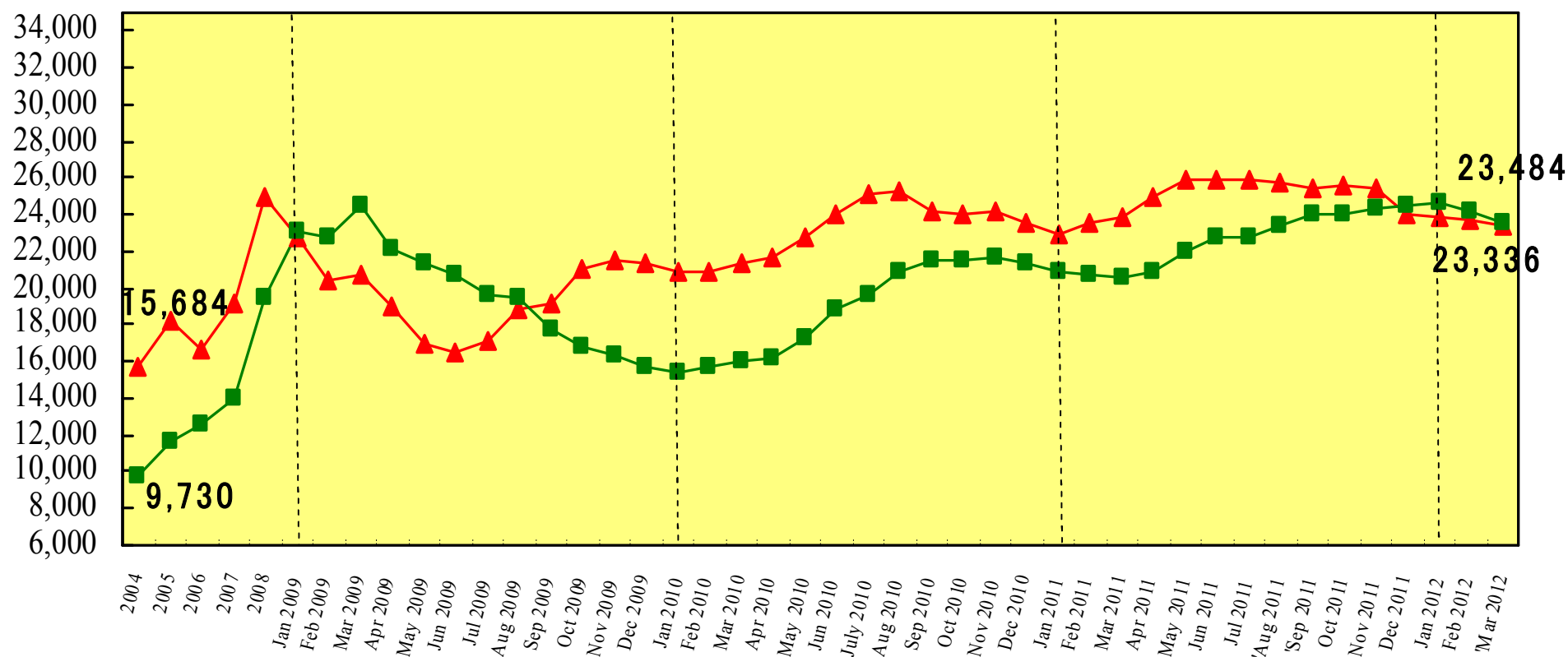


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Performance: ASP vs. Cost (CSC standalone)

(\$NT/MT)

▲ Average Selling price ■ Average Cost of Good Sold

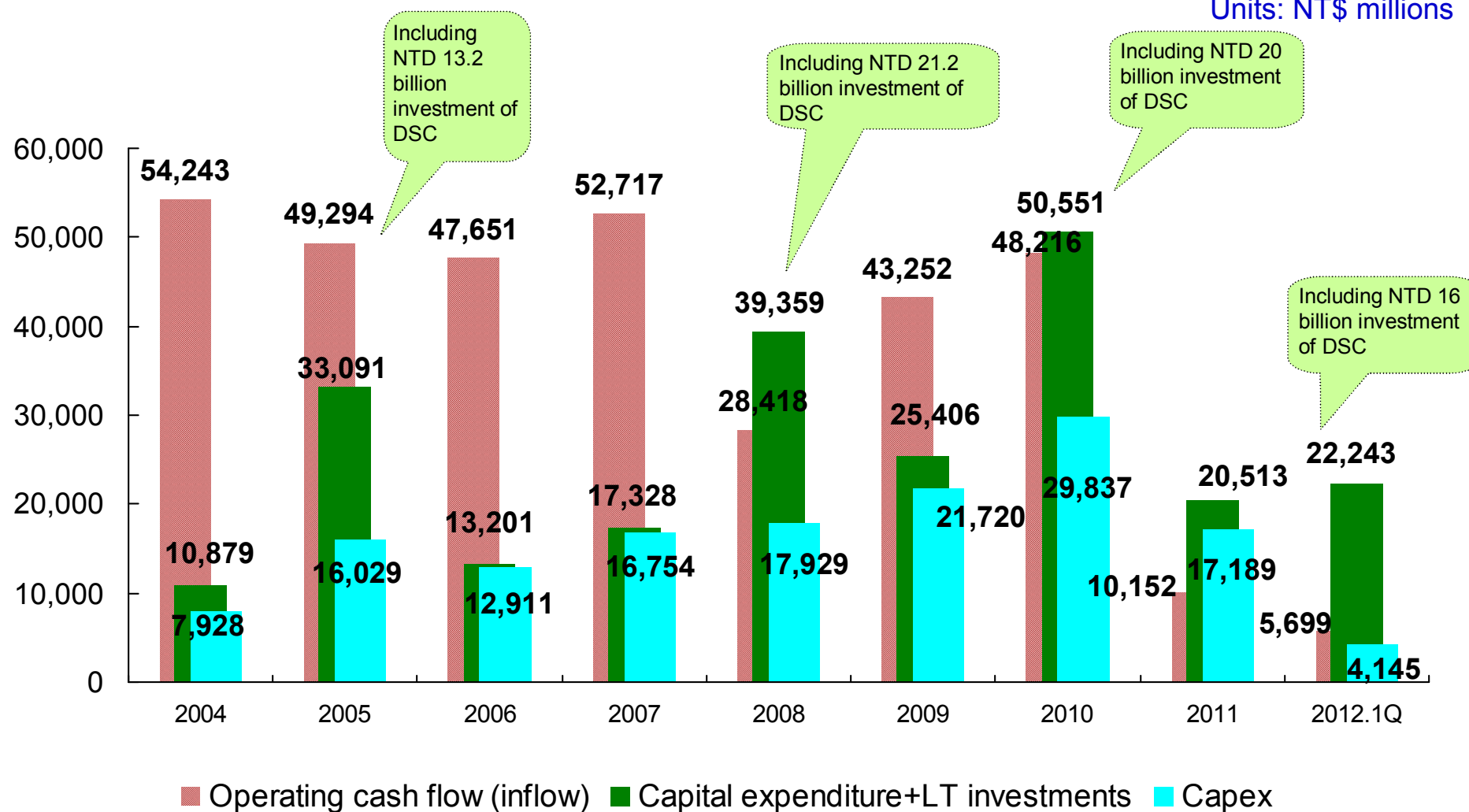




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Performance- Cash flow (CSC standalone)

Units: NT\$ millions





Performance: financial review (csc standalone)

Units: NT\$ millions

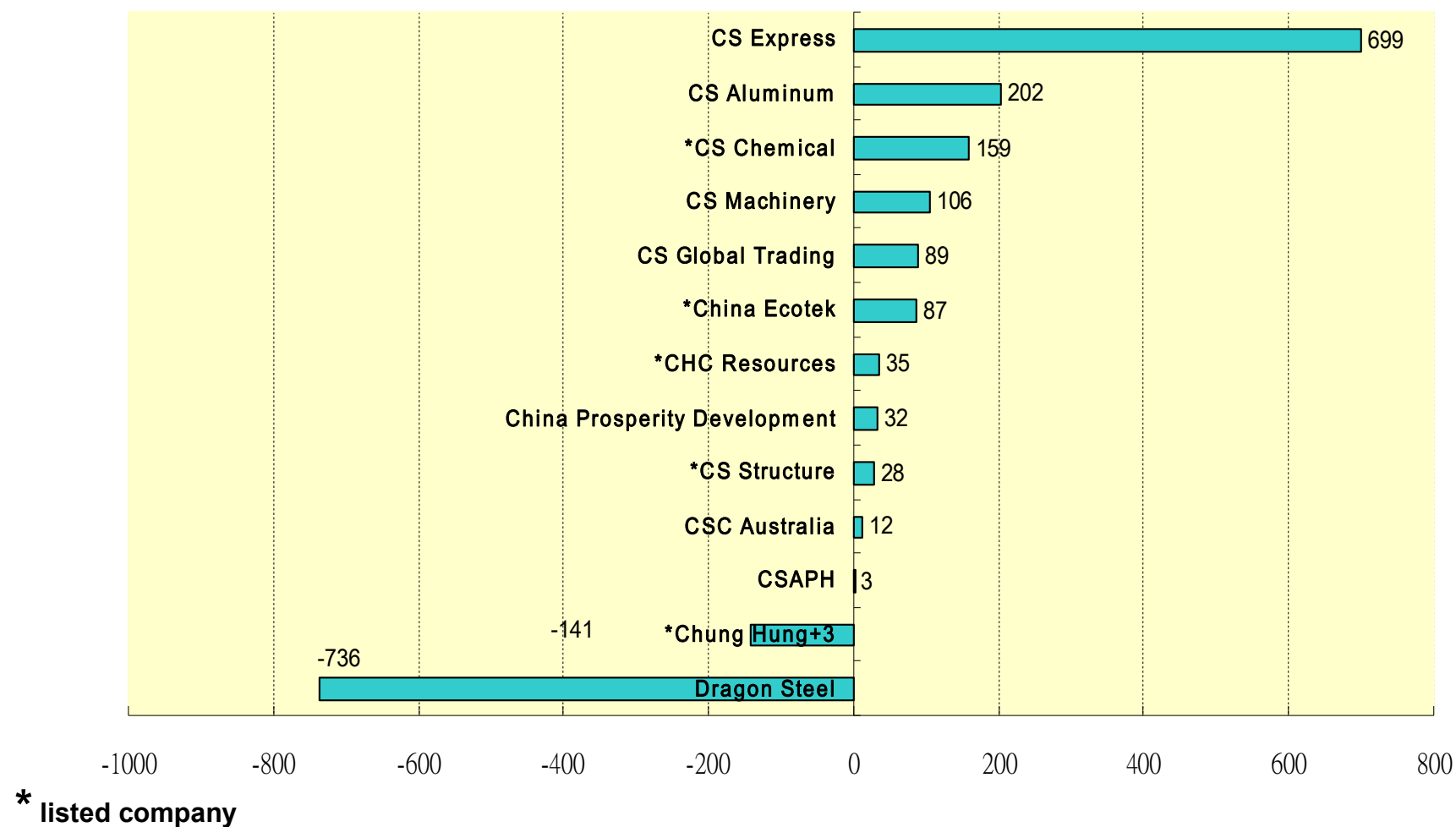
	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	3/31/2012
Debt	59,285	116,898	98,948	116,437	133,348	148,804
Debt/Equity	26.63%	48.96%	40.66%	43.78%	46.21%	51.66%
Asset	281,941	355,639	342,307	382,387	421,935	436,826
Debt / Asset	21%	33%	29%	30%	32%	34%
Net Debt *	29,240	104,425	87,759	112,198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

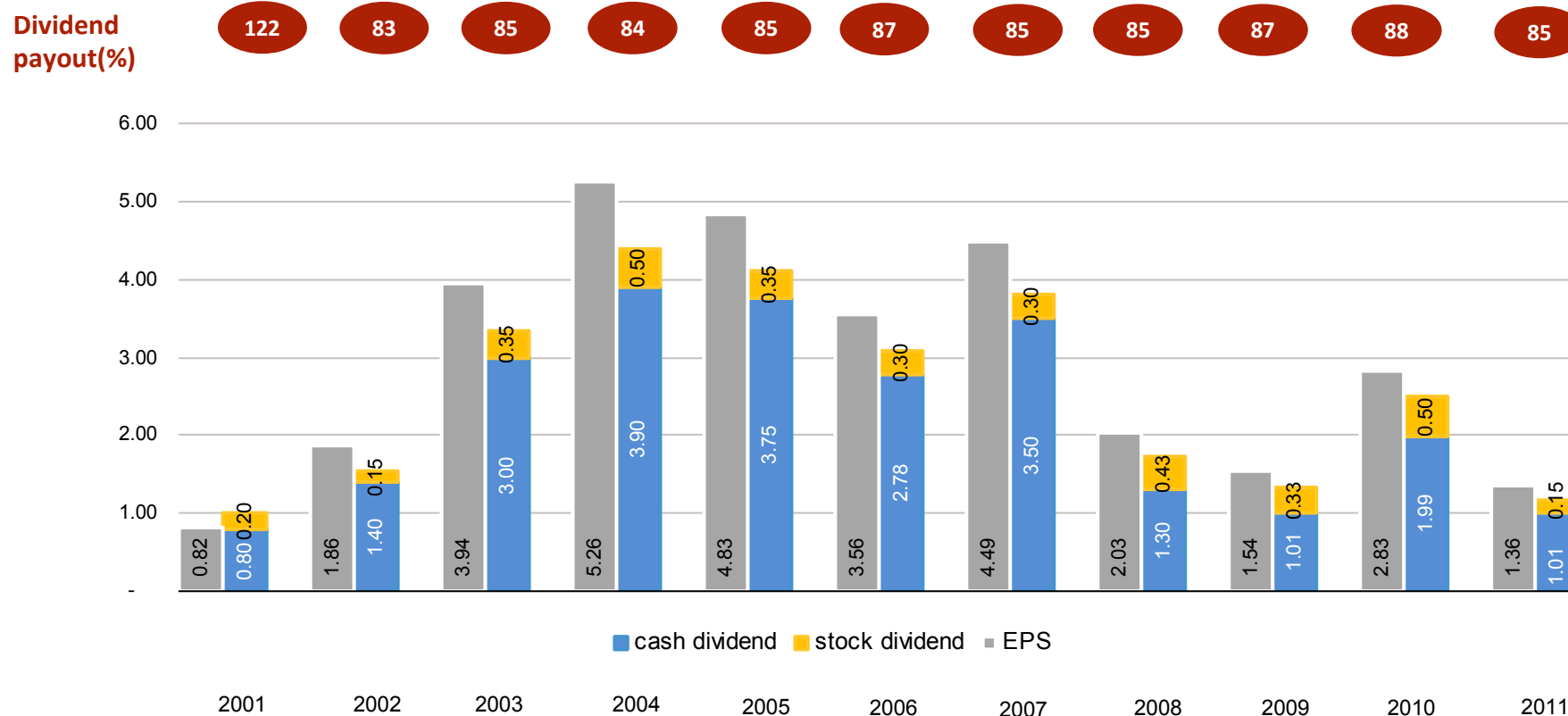




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Performance- Historical EPS and dividends paid

(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

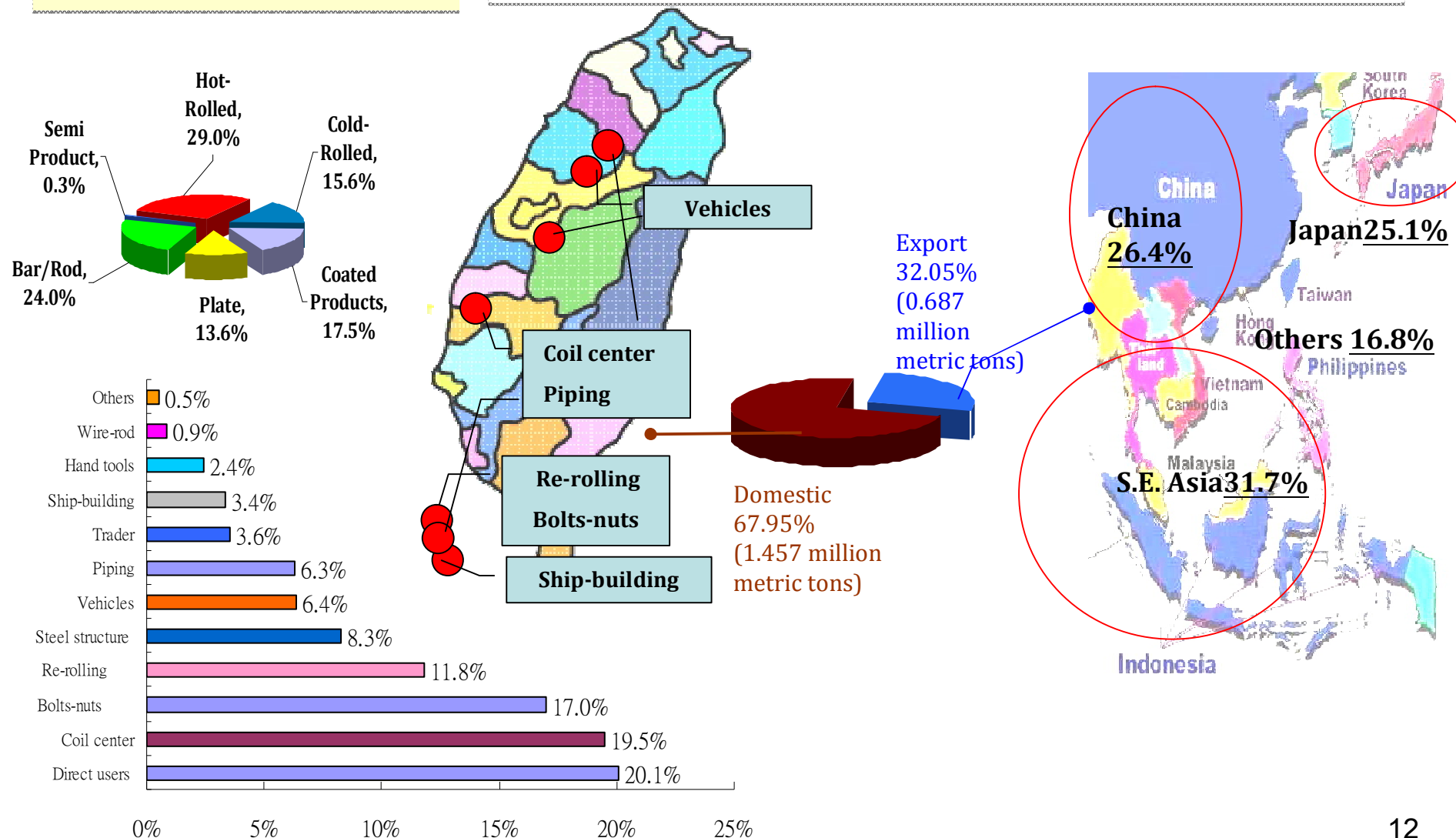


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Sales (CSC standalone)

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

Domestic/Export sales volume breakdown of 2012.1Q



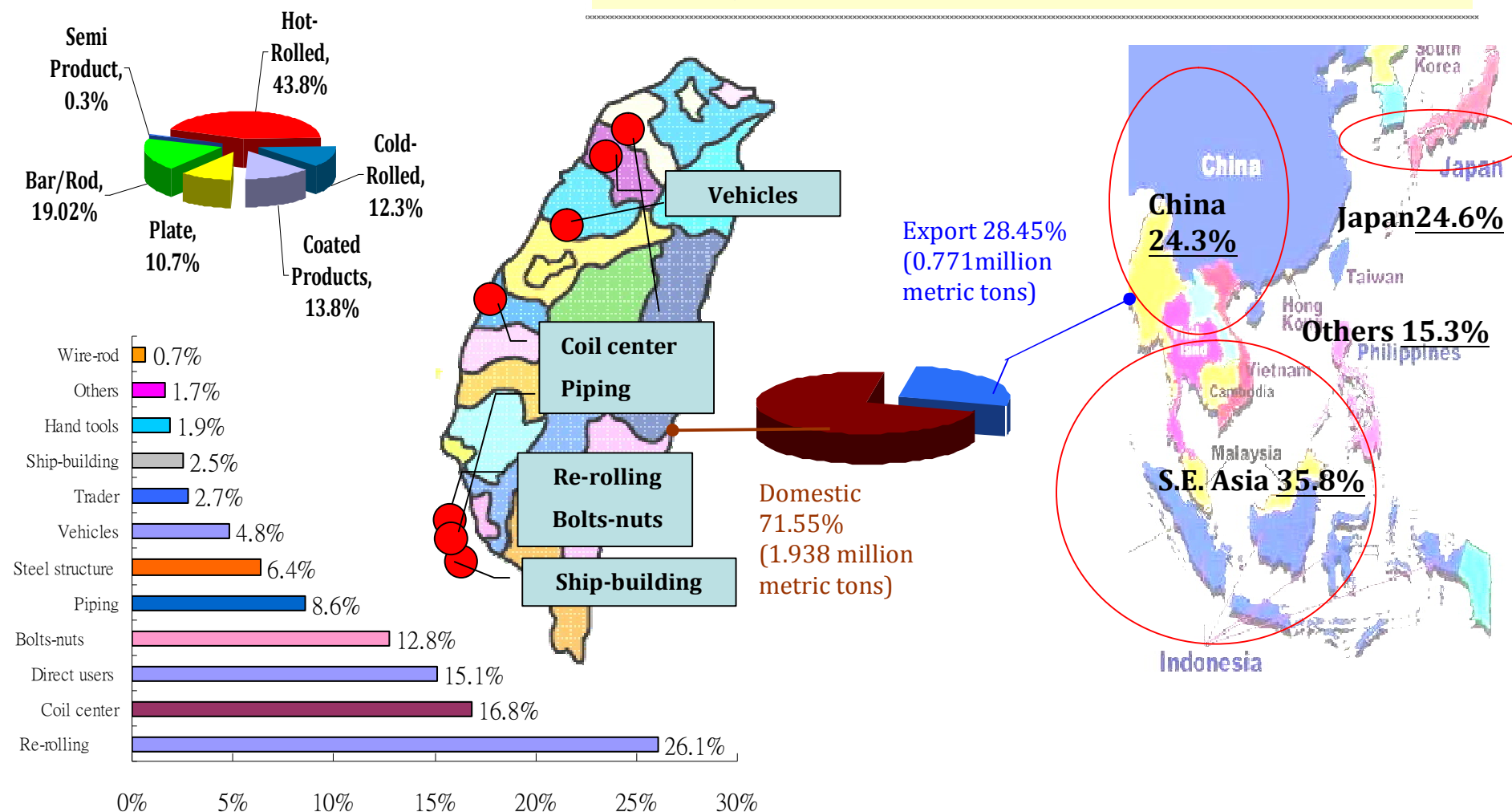


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Sales (CSC +DSC:HRC)

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



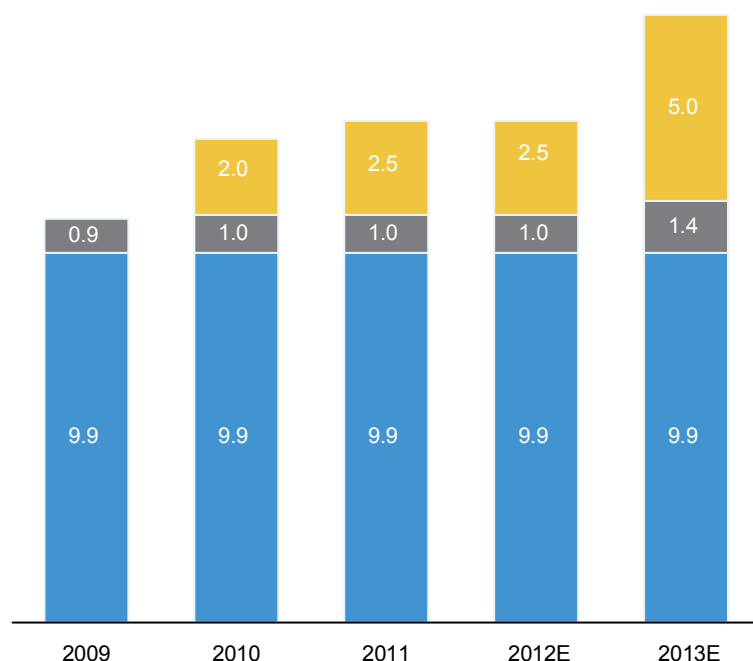
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Aggressive expansion strategy creates foundation for strong growth and profitability

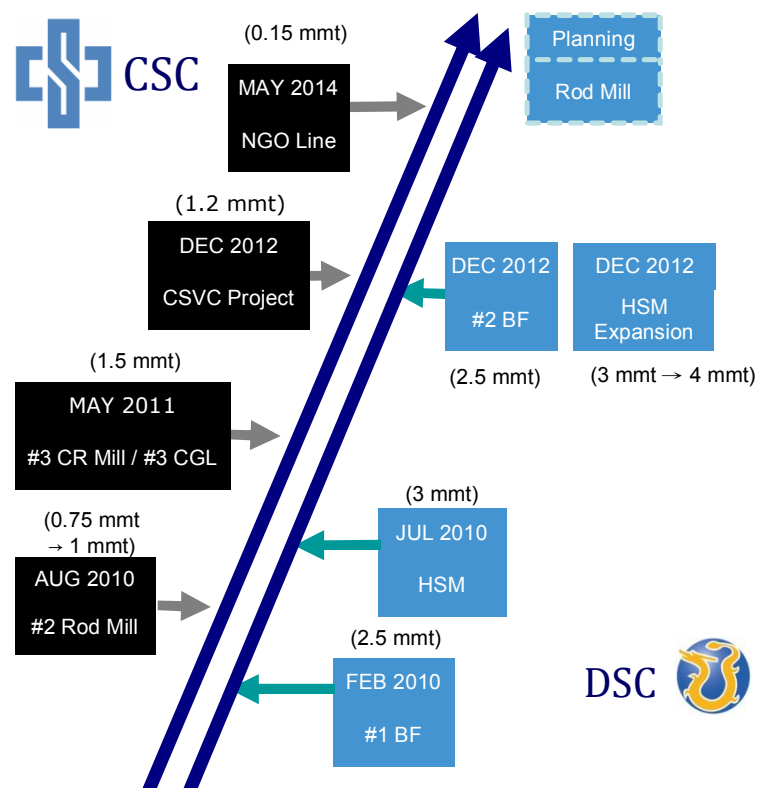
China Steel's capacity expansion plan

Crude steel capacity (mmt)

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



Detailed expansion plan



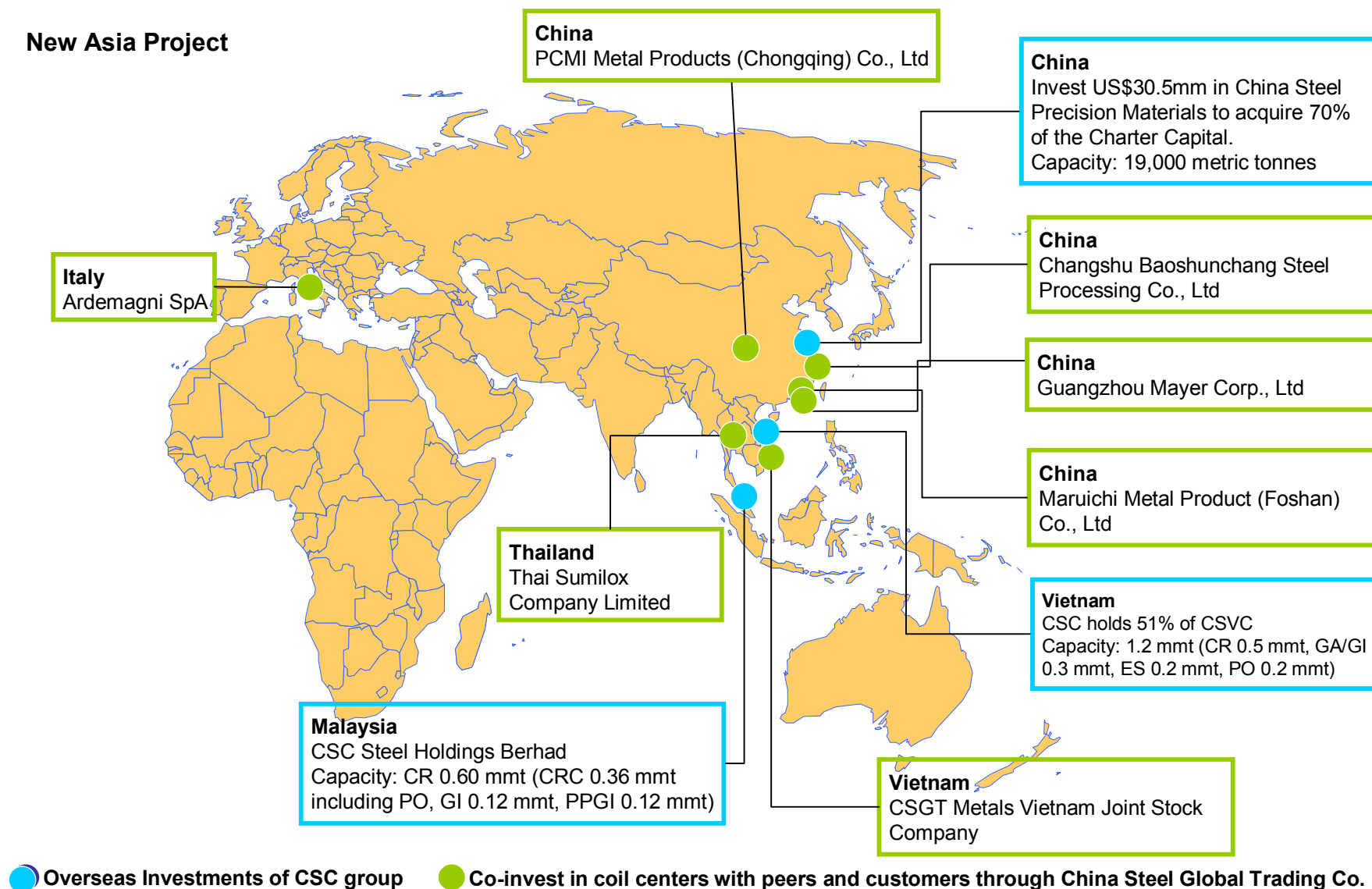
China Steel Group aims to reach 20 mmt of finished steel products production by 2015 (including subsidiaries)



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Promotion of sales channels through overseas investment

New Asia Project

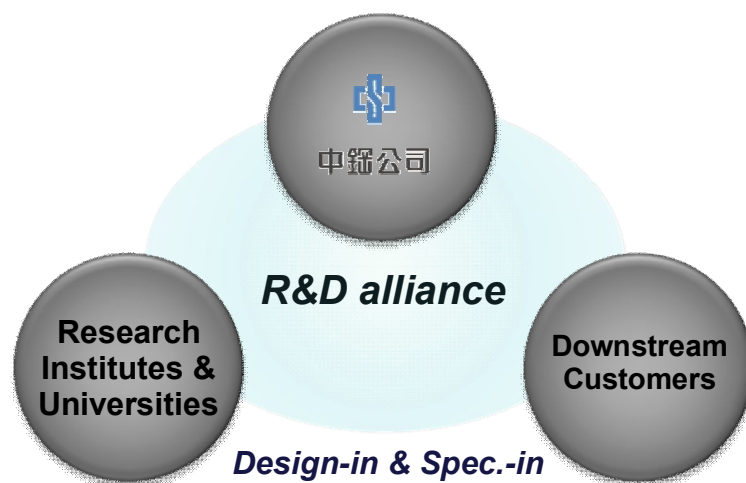


Promotion of high grade products through R&D cooperation with customers



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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

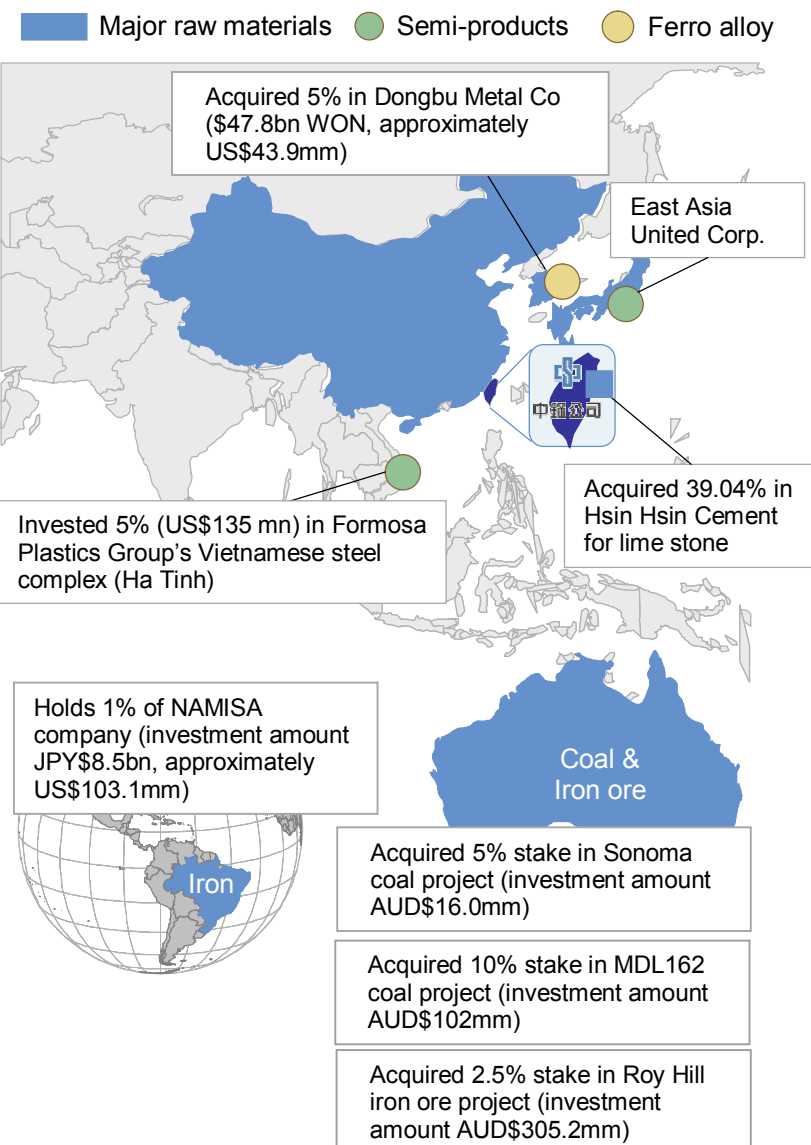
R&D alliances

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

- 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



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