

KMC (5306 TT) Investor Report for 1Q18

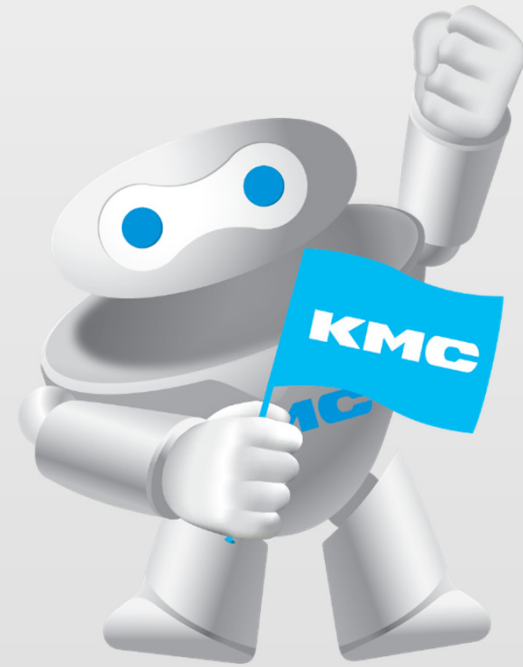
May, 2018

This meeting may contain forward-looking statements with respect to the financial condition, results of operations and business of the company. These forward-looking statements represent the company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed. Certain statements, such as those that include the words "potential" , "estimated" , and similar expressions or variations on such expressions may be considered "forward-looking statements" . Financial numbers in this report may include preliminary unaudited numbers or management accounts.

Agenda

- ◆ KMC Group
- ◆ Pursuit of Excellence
- ◆ Integration & Development plans
- ◆ Financial Summary

KMC Group





Solution is in Motion

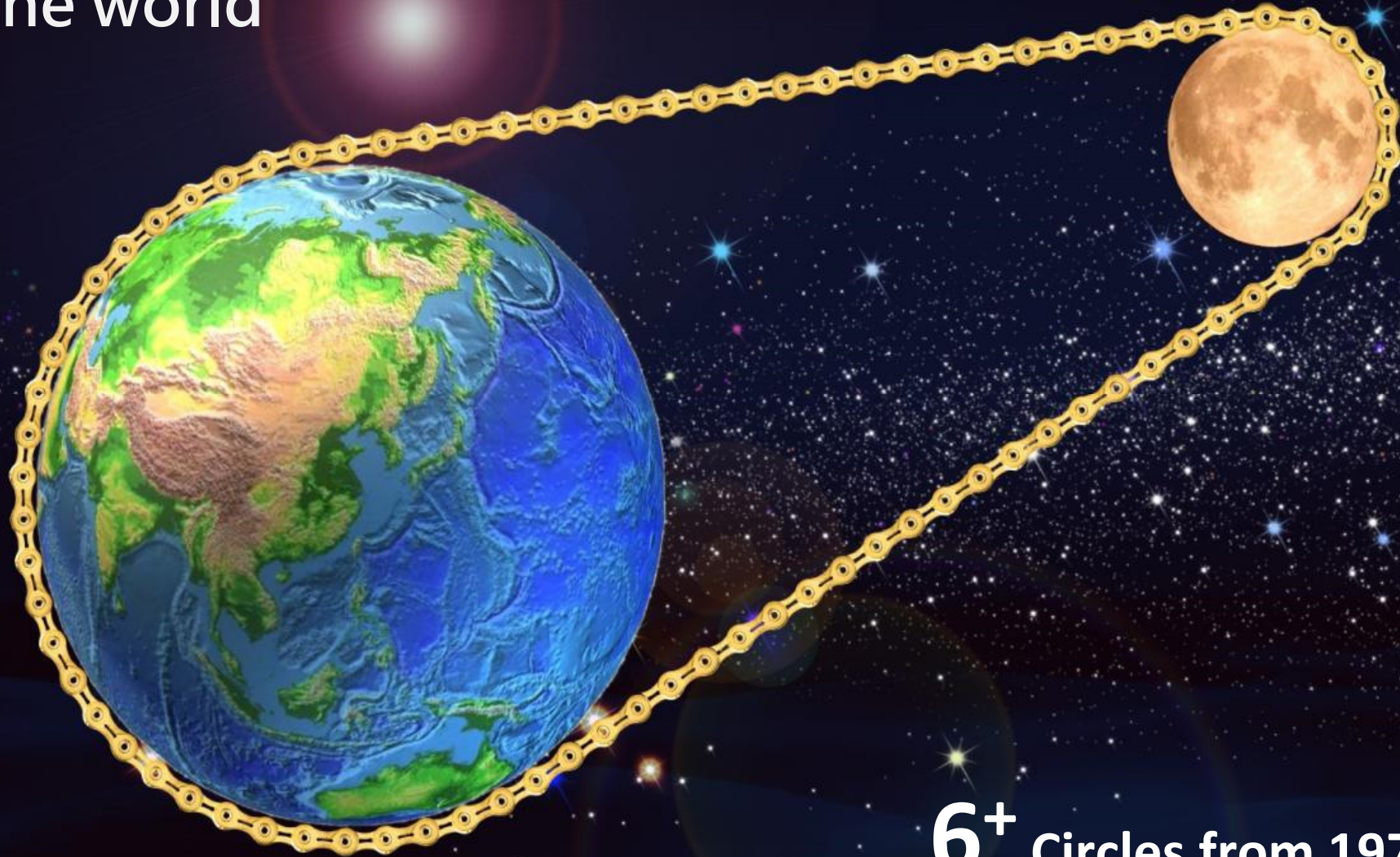


Being a member of the green transportation industry, KMC attaches importance to corporate responsibility and environmental value. To highlight this, KMC became the world's first chain manufacture to obtain a carbon footprint certificate. Furthermore, KMC continues to implement carbon reduction as well as green technology research and application, and encourages people to participate in cycling for health and happiness.

The Pursuit of Perfection

The foundation of KMC was initiated in 1977 with the purchase of several second-hand chain manufacturing machines by KMC founder, Charles Wu. At that time, it was the smallest chain manufacturer in the world, but with Charles determination and professionalism coupled with superior manufacturing processes ,KMC quickly became the market leader in chains.

KMC is the Largest chain manufacturer
in the world



6⁺ Circles from 1977

Milestone

2017, 5th Golden Decade Plan



Business of KMC Group

KMC

Bicycle Chain

**Motorcycle
Transmission**

**Automobile
Timing System**

**Garage Door
Opener**

Taiwan

Netherland

Vietnam

Indonesia

Shenzhen

Shenzhen

Shenzhen

America

Taiwan

Suzhou

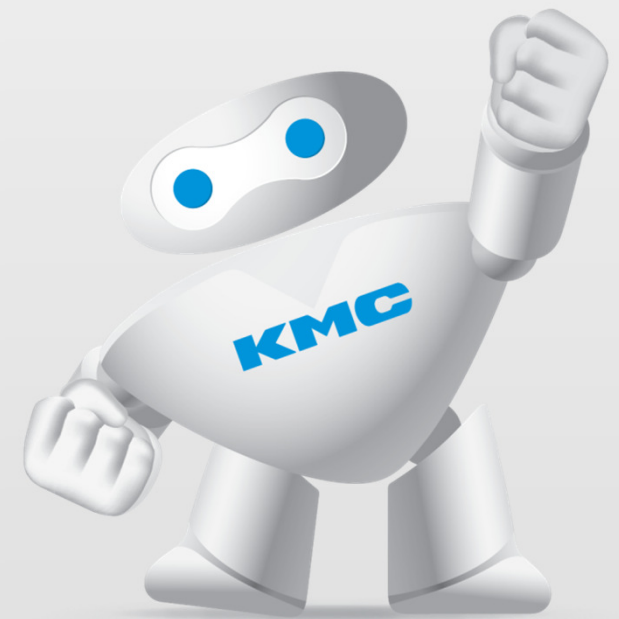
KMC

Tianjin

TEC

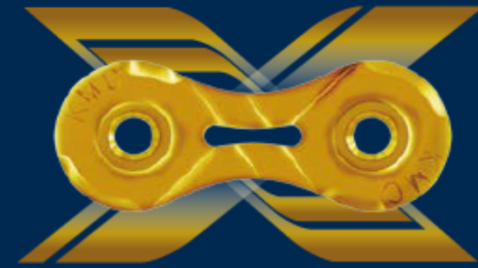
Global Distribution, KMC reaches over 130 countries in 13 languages





Pursuit of Excellence

Evolution of Champion Chain



New X12

NOW

2016



Pro X11SL The world's revolutionary lightweight technology

2013



X2.0 Series X11SL The world's lightest 11 speed chain upgraded

2009



X1.0 Series X11SL The world's lightest 11 speed chain

2008



X1.0 Series X10SL The world's lightest 10 speed chain upgraded

2005



10 Speed Super Light The world's lightest 10 speed chain

2001



Gold Chain X series 18k Gold chain

1998



Lean Chain The world's first lightweight chain

1997



Z Series Chain Bushingless chain

1977



Bushing Chain KMC's first bicycle chain



AWARDS

12 iF Awards in 9 consecutive years
5 Red Dot Awards in 3 years



2015-2009
German iF Design Award



Taiwan Excellence
2018-2015, 2010



reddot design award
winner 2014, 2013, 2011



2017-2012
Taipei Cycle d&i Awards



2018 Taiwan Excellence Award - New X series chain

2017 TAIPEI CYCLE d&i Award Organized by iF - 12 speed X chain

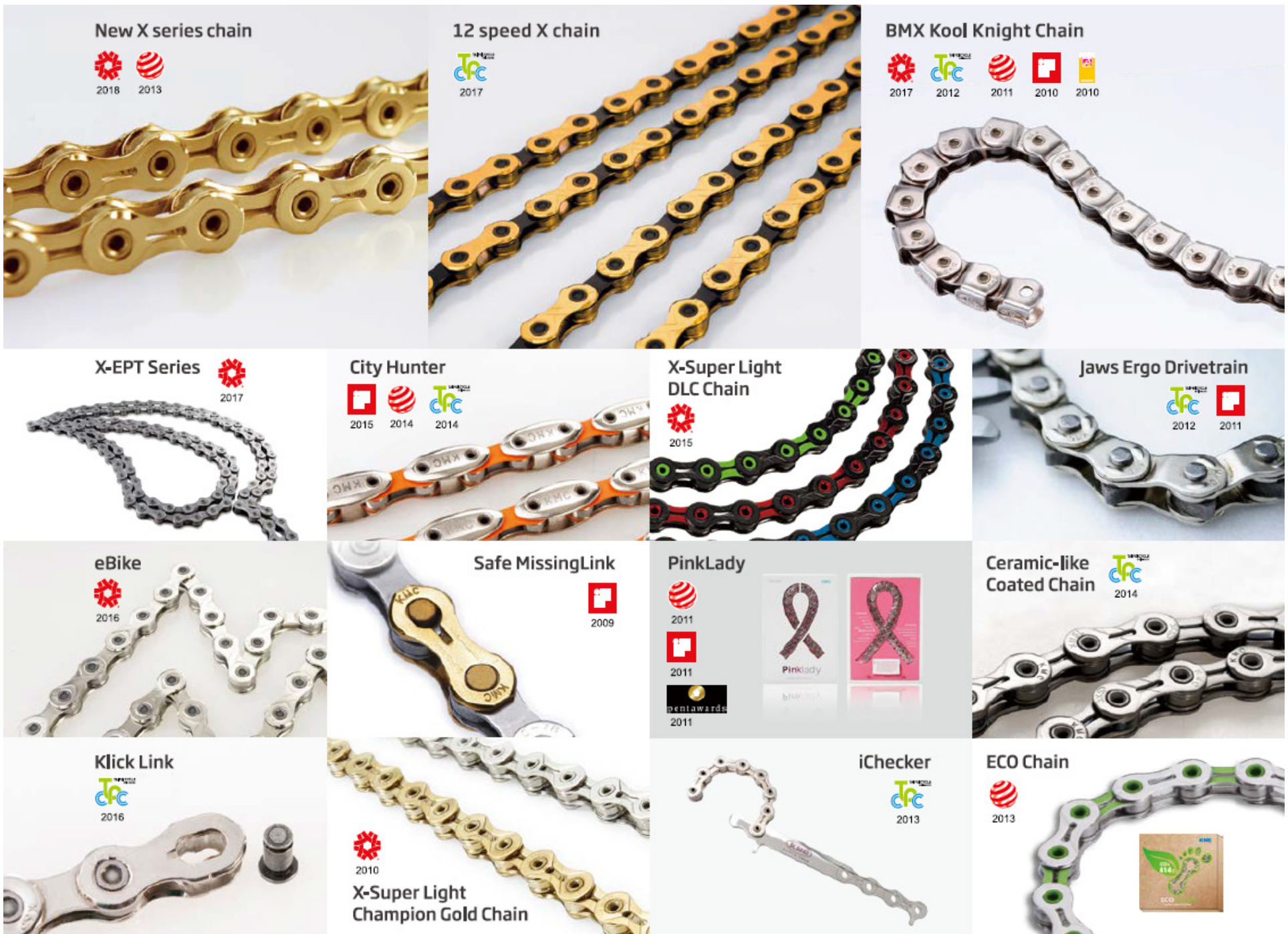
2017 Taiwan Excellence Award - X-EPT series

2017 Taiwan Excellence Award - BMX Kool Knight Chain

2016 TAIPEI CYCLE d&i Award Organized by iF - Klick Link

2016 Taiwan Excellence Award - X-eBike series

* German iF Design Award and TAIPEI CYCLE d&i Award organized by iF



Unique KMC Chain



最高小軸嵌合力
Highest Pin Power

KMC 黃金鍍鈦塗層
KMC Titanium Nitride Coating

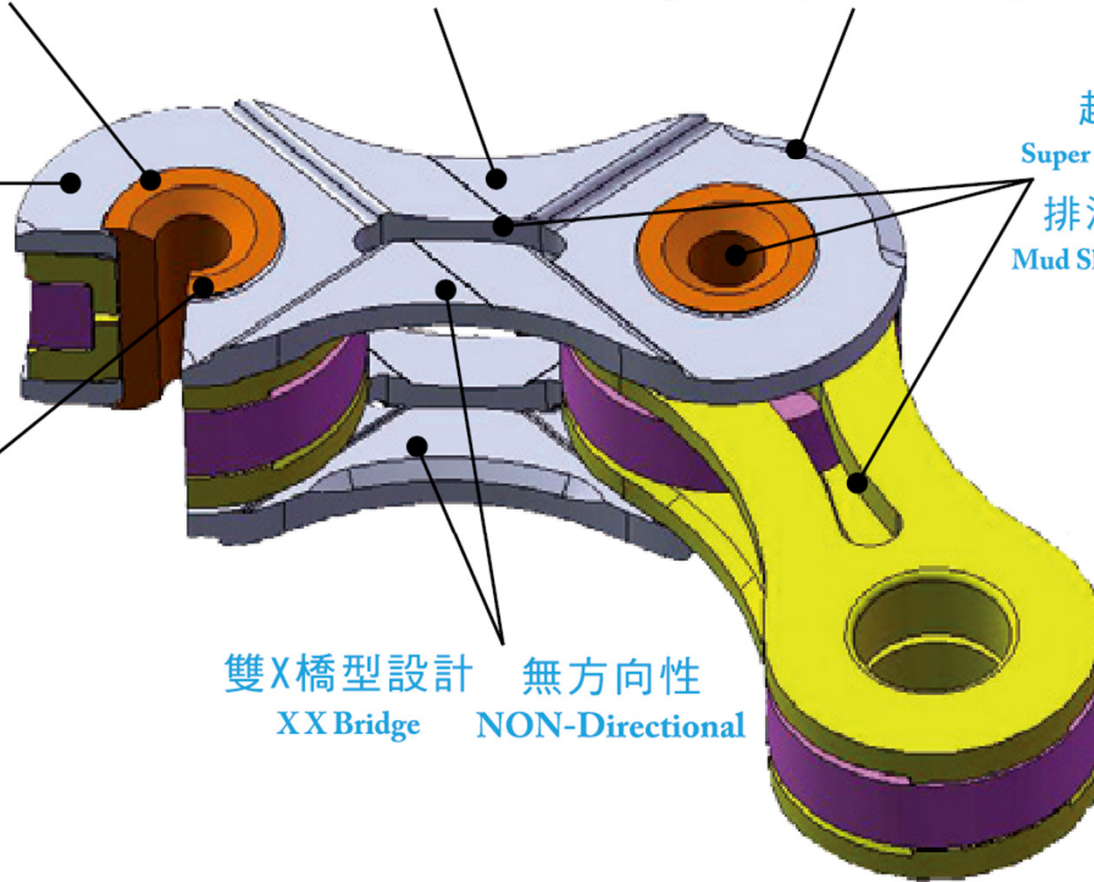
最佳導角設計
Optimal Chamfering

高剛性
High Rigidity

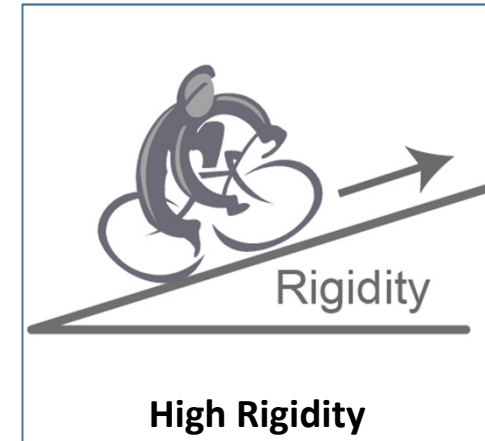
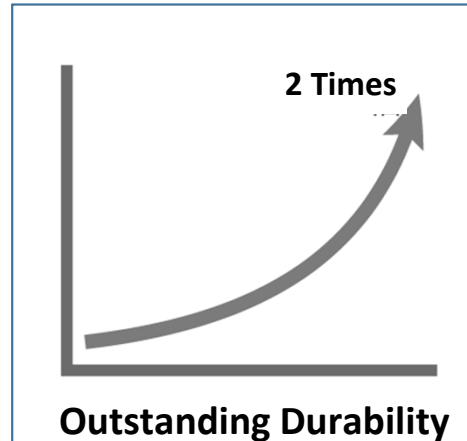
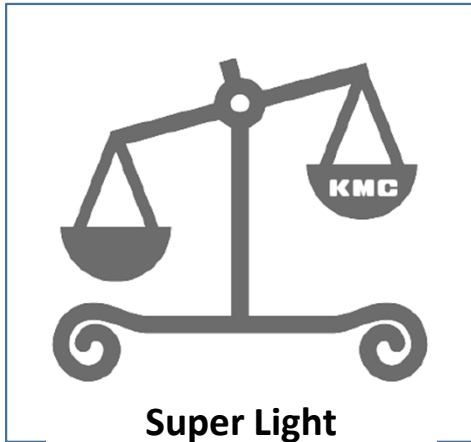
超輕量
Super Light Weight
排泥孔設計
Mud Shedding Design

超強耐磨耗
XX Durability

雙X橋型設計 無方向性
XX Bridge NON-Directional



Why KMC Chain ?



CHAMPION STORY

World Champions & Olympians

Steve Cummings

2017 British Nationals Road Champion
2016 Tour de France Stage 7 Winner

Edvald Boasson Hagen

2017 Tour de France Stage 19 Winner
2017 Norway National T/T Champion
2016 Norway National Road Champion

Jordan Sarrou

2017 UCI MTB World Cup XCO- DHI 3rd
2017 Cyprus Sunshine Cup Afxentia 2nd

Sabine Spitz (Wiawis bikes pro team)

2017 MTB Elite Women German National Champion
2017 UCI MTB Elite Women Marthon WORLD CHAMPIONSHIPS 2nd
2017 UCI MTB Elite Women World Cup 2nd
London Olympics MTB Silver Medal

Connor Fields

2017 UCI BMX Men Elite Ranking 2nd
2017 UCI BMX Supercross World Cup Champion
2017 USA Cycling Elite National Championships 3rd

Joris Daudet

2017 BMX French National Champion
2017 UCI BMX World Championships 3rd

Tracy Hannah

2017 UCI Downhill Women Elite Ranking 2nd
2017 UCI MTB Elite Women World Cup DHI Champion
2017 UCI MTB Elite Women World Championships DHI 3rd

Alise Post

2017 UCI BMX Elite Women World Champion
2017 USA Cycling Elite Women National Champion



(Photo: Stiehl)

Team Dimension Data
Edvald Boasson Hagen



Team Caja Rural - Seguros RGA



Chase Bicycles Team
Joris Daudet



Team KMC EKOI SR Suntour
Jordan Sarrou



Polygon UR –
2017 UCI Gravity Team Leader



Social Responsibility

Cycling is a life style for achieving health and happiness. In order to encourage more people to enjoy cycling, KMC promotes this exercise through experienced teaching, activity sponsorship, Dream-Maker Projects, and more.

Dream-Maker Sponsorship



Disabled Cyclist Around Taiwan



Yellow Ribbon Dream-Maker Projects



Bicycle Knowledge Propagation



Young Riders Training Projects

Social Responsibility

For a long time, KMC also cooperates with many foundations to promote cycling and art culture. These include,

KMC Passionate Cycling Sport Foundation
Passionate Cycling (Shenzhen) Sport Foundation
KMC Care and Public welfare Foundation



轉動熱情

轉動熱情



深圳市轉動熱情
體育基金會



公益信託
桂盟關懷公益基金



Tainan Cycling Festival



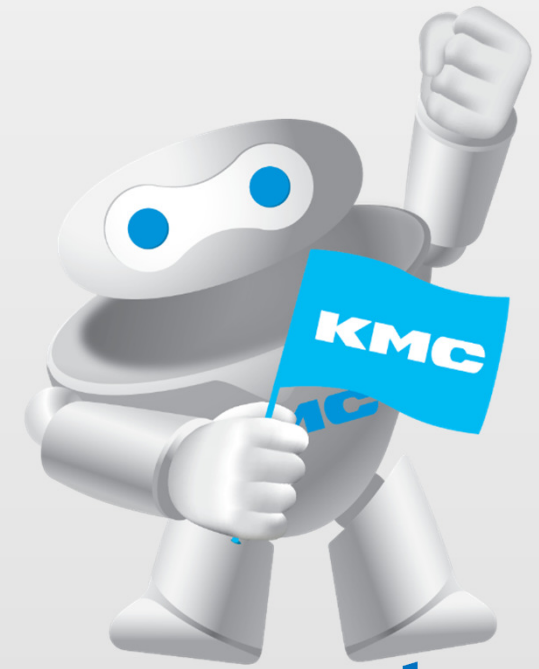
Passion for Cycling



Taiwanese Cycling Teams
Sponsorship



Earth Choir Sponsorship



Integration & Development plans

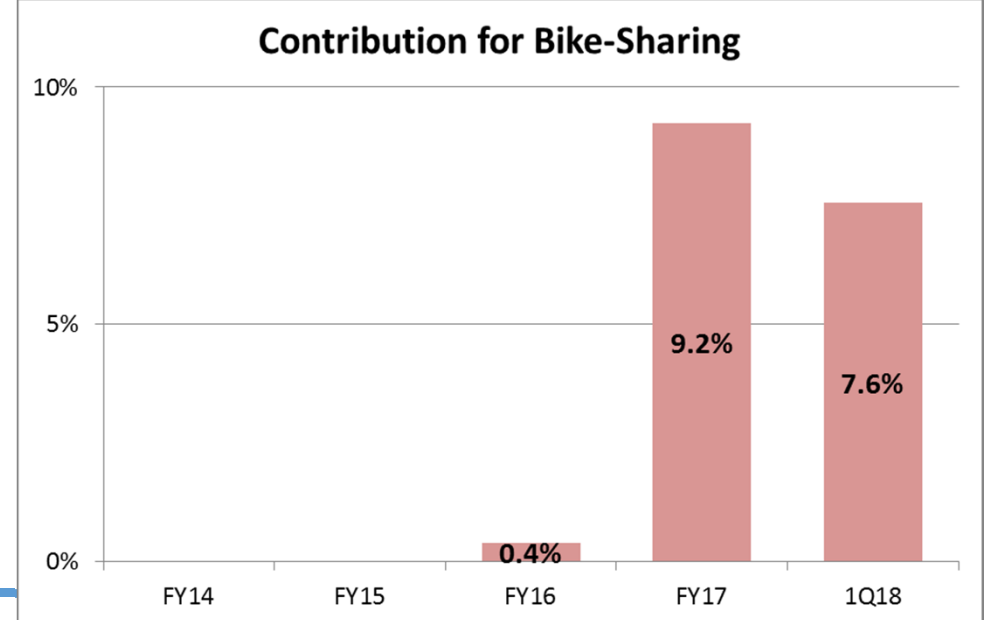
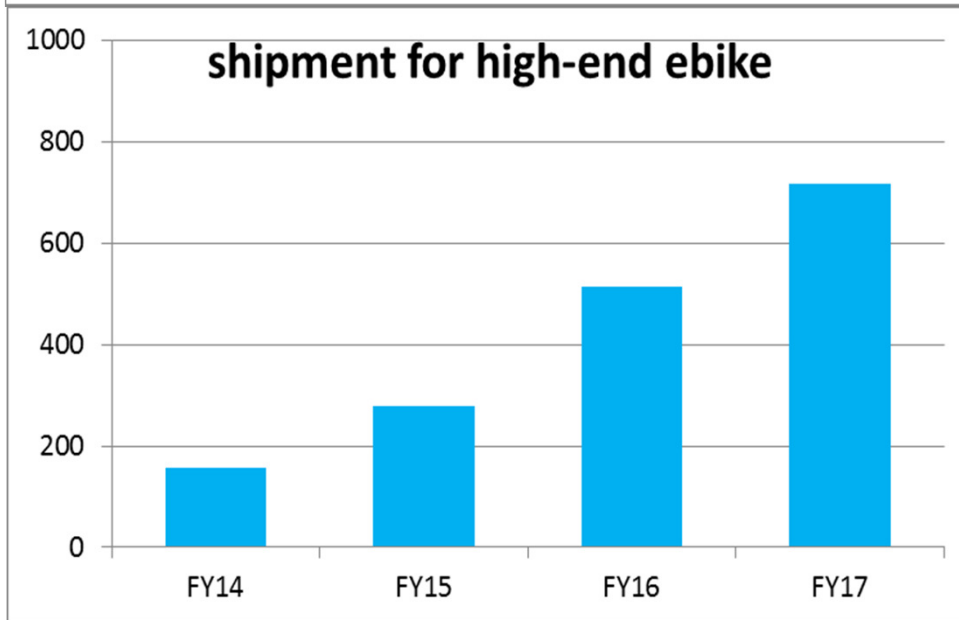
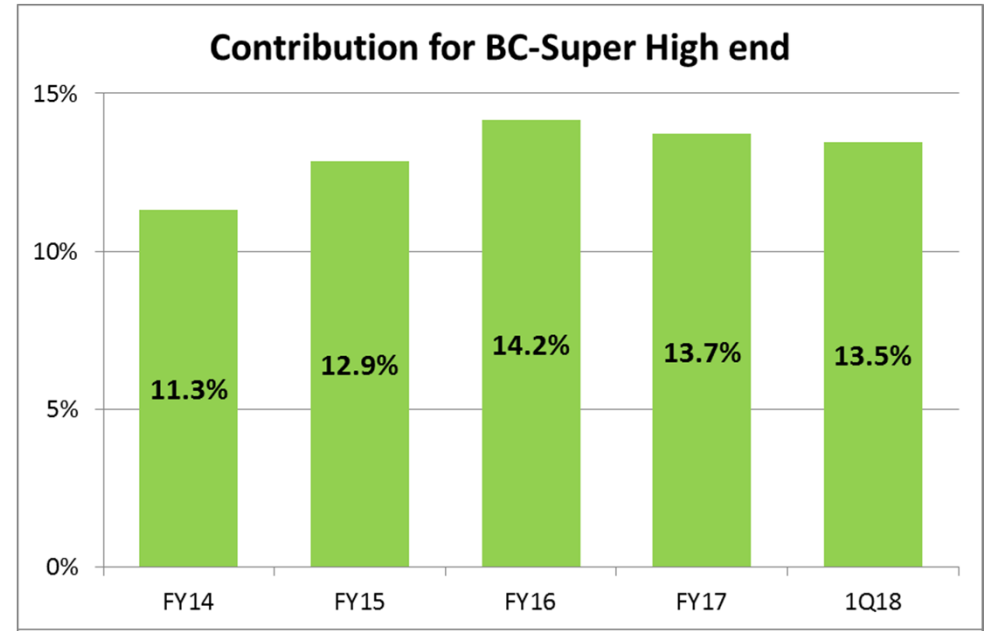
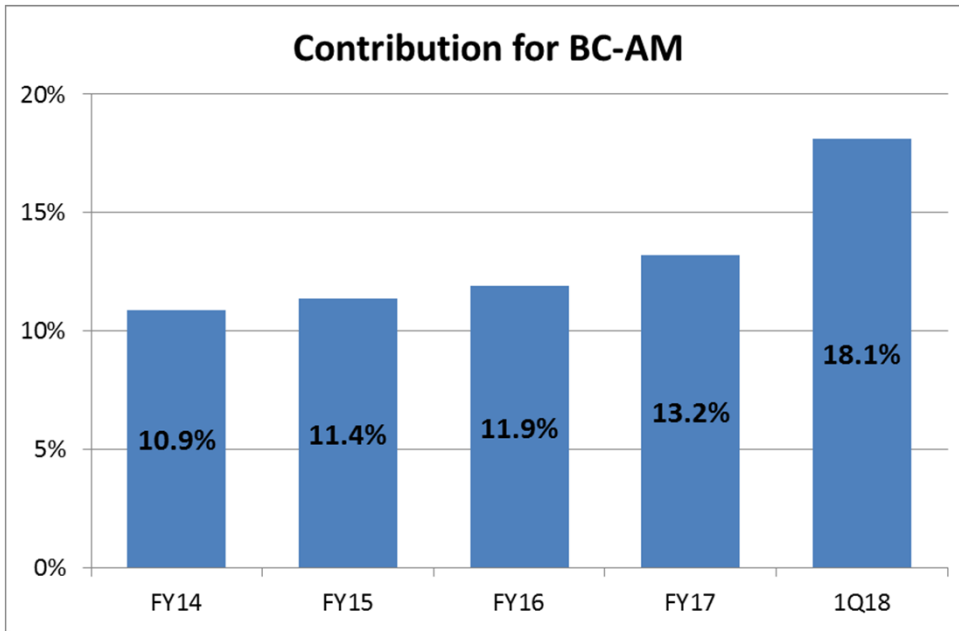
Prior Acquisition

新台幣百萬元/ unit in NT\$ million

年度 (Year)	被收購公司 (Target Company)	收購價格 (Purchase Price)	收購價對淨值比 (PB Ratio)	本益比 (PE Ratio)
FY12	台灣桂盟 / 越南桂盟 (KMC Taiwan & Vietnam)	1,000	1.7	6.1
FY13	歐洲/美國桂盟 & 印尼桂盟 (KMC Europe/ USA and KMC Indonesia)	400	1.5	7.8
FY14	天津桂盟 (KMC Tianjin)	800	1.7	8.9
FY15	深圳桂盟 (KMC Shenzhen)	2,950	1.5	8.9
FY16	蘇州桂盟 (KMC Suzhou)	1,600	1.7	8.9
FY17	汽車正時&車庫門開門機 ATS & GDO	1,000	2.4	9.2

*2017年第3季併入 (consolidated in 3Q17)

Key operating update for Bike Chain

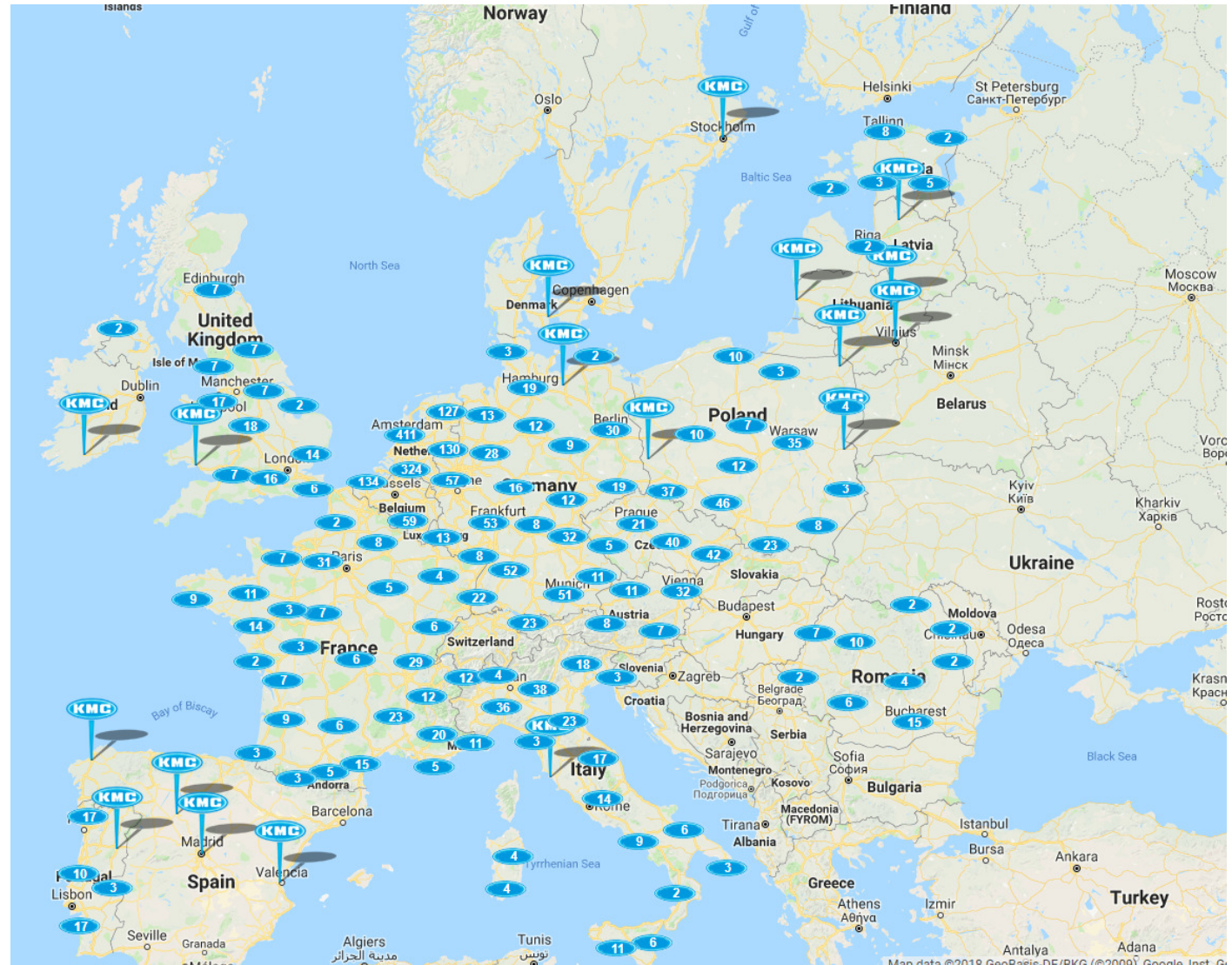


Bike Chain AM business

**In Europe,
25+ Countries
50++ Dealers**

KMC strategically builds its sales and marketing networks throughout all continents to offer timely services and products to all customers worldwide.

Looking toward the future, KMC plans to actively develop all sales channels in Europe for AM business.



NEW Super High-end Bike Chain

NEW & HOT PRODUCTS

NEW



NEW



HOT



HOT



X12



New Bicycle Chain Milestone

Every component of KMC's X12 chain has been carefully designed to be thinner, faster, stronger, and perfectly compatible with the special design for all 12 speed drivetrain systems.

- Maximum Chain Agility with Anti-Interference Design
- More accurate drivetrain adjustment: easier tuning and adjustment
- Pin Power upgraded to 400kgf
- Increased chain life: robustness through new durability technology

eBike



Built to Overcome Any Obstacle

New enhanced eBike chain - TurboPower & SportPower comes with patented new riveting technology to achieve utmost pin power, and possesses unparalleled rigidity and strength.

- Durability 3x distance
- Highest Pin Power 450kgf
- Highest Torsion Resistance 350kgf
- Tensile Strength Above 1500kgf
- Compatibility: BOSCH eBike system and other eBike systems

DLC



The Epitome of Chain Excellence

- Impeccable Reliability
- Remarkable Acceleration
- Non-Directional Design
- Extraordinary Performance
- The Highest Compatibility



Aesthetics

With a focus on product innovation, KMC also emphasizes aesthetics to complement product value. Both the original DLC black, and the DLC-Colors to draw attention to frame design and style, are prime choices of elite racing chains that provide outstanding performance and unique implementation of aesthetics and personal style.

EPT



Total Protection of Chain

- Superior Corrosion Resistance
- Superior Anti-rust Capabilities
- Environmentally Friendly Coating
- 650 hours in a Salt Spray Test
- Durable Coating
- Attractive Finish
- Able to Maintain Performance in the Harshest Environments

* To know more, please see P18-P21

Update for the other business

Motorcycle Chain

1. To recover in 2Q18
2. 3Q18, Plans to actively gain market share for OEM and AM in ASEAN.

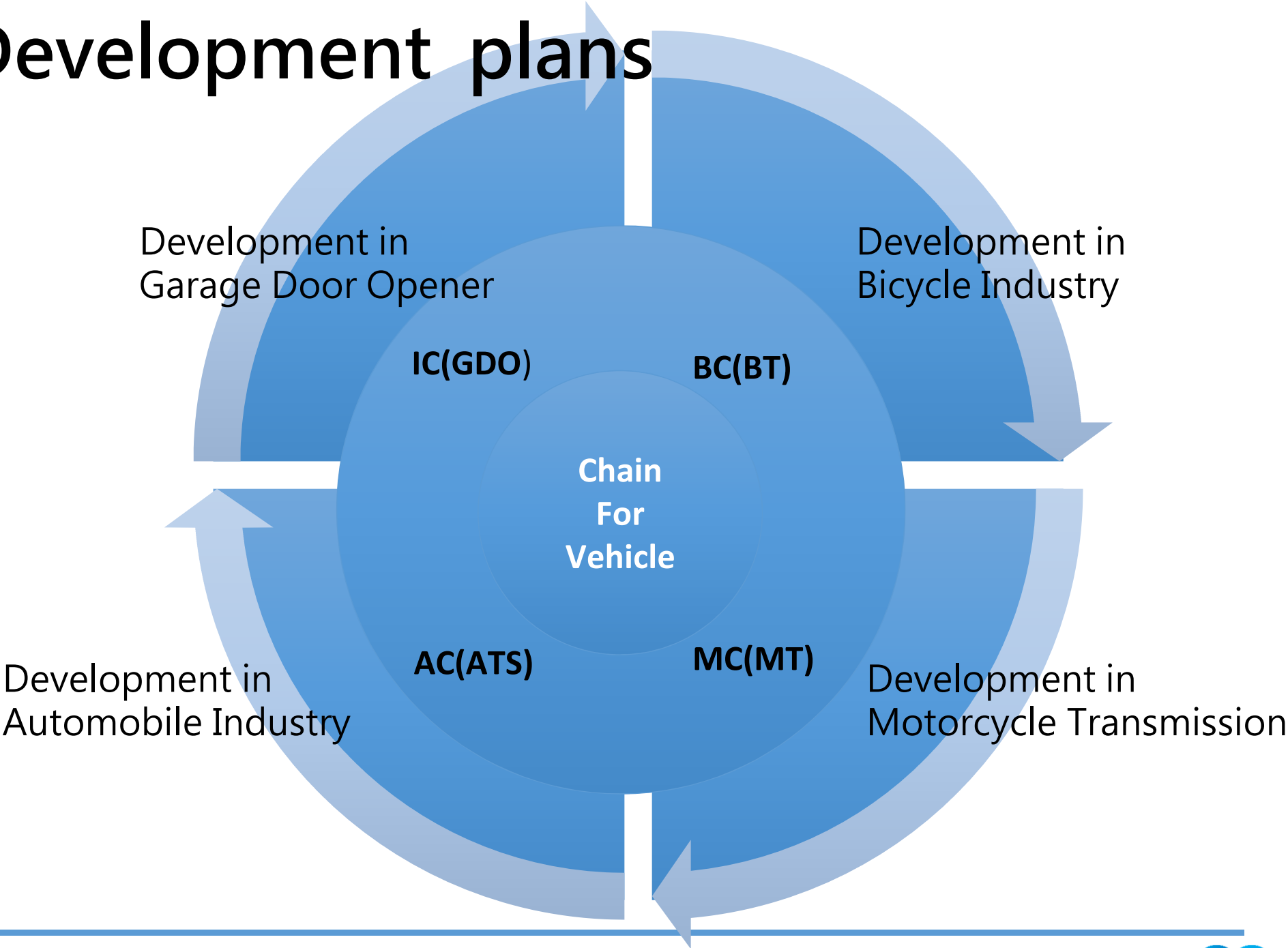
ATS

1. New models for OEM.
2. Gain market share for AM to increase contribution.

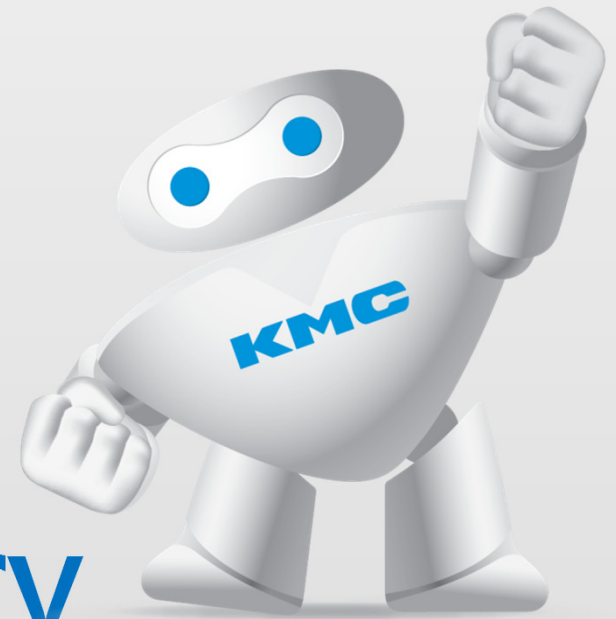
GDO

Actively cooperate with customers to develop more components.

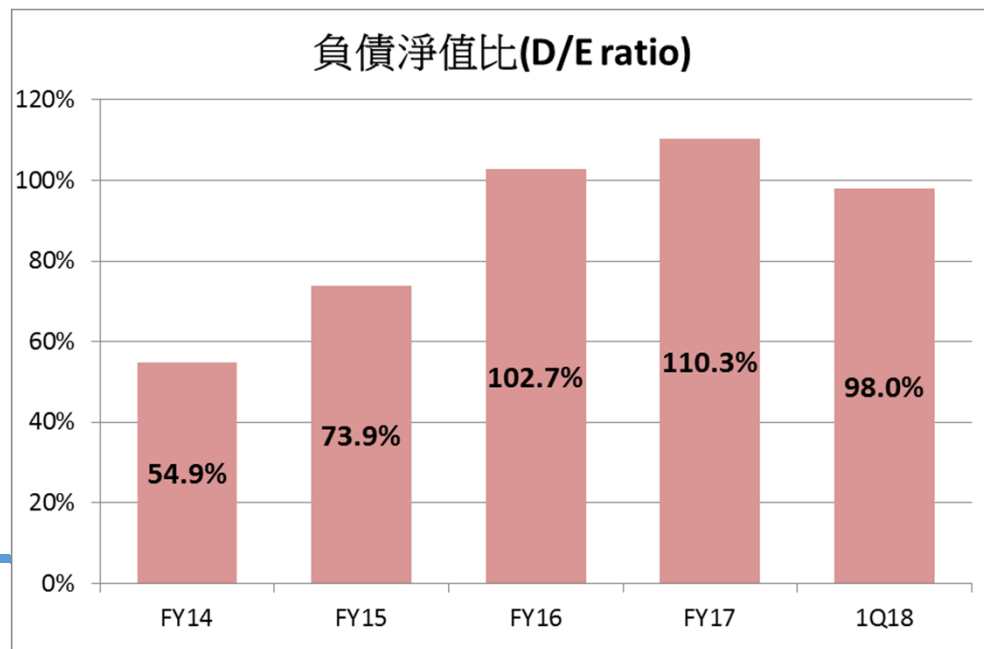
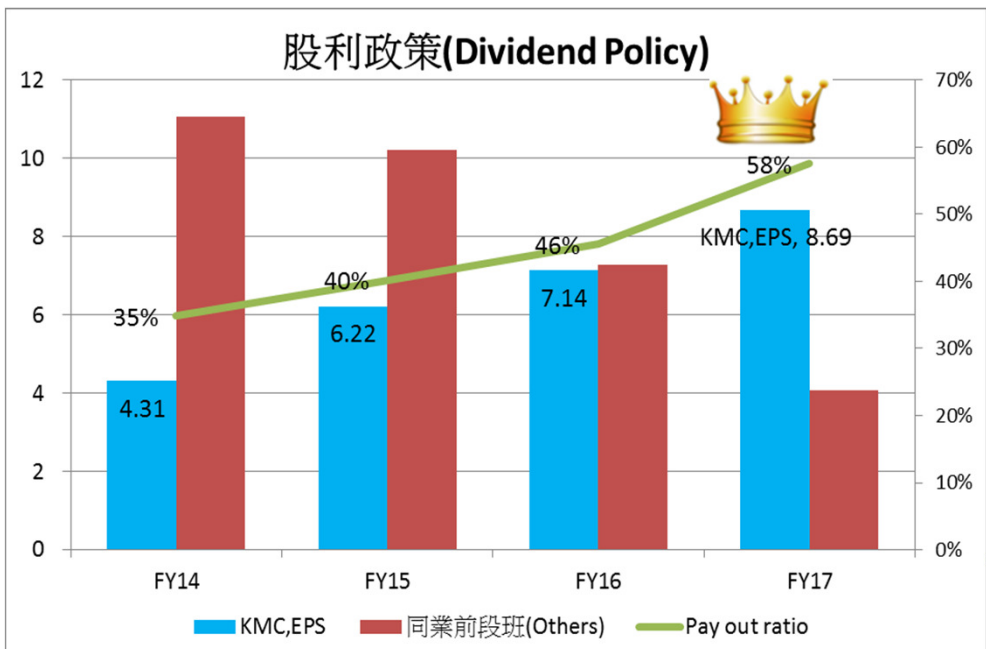
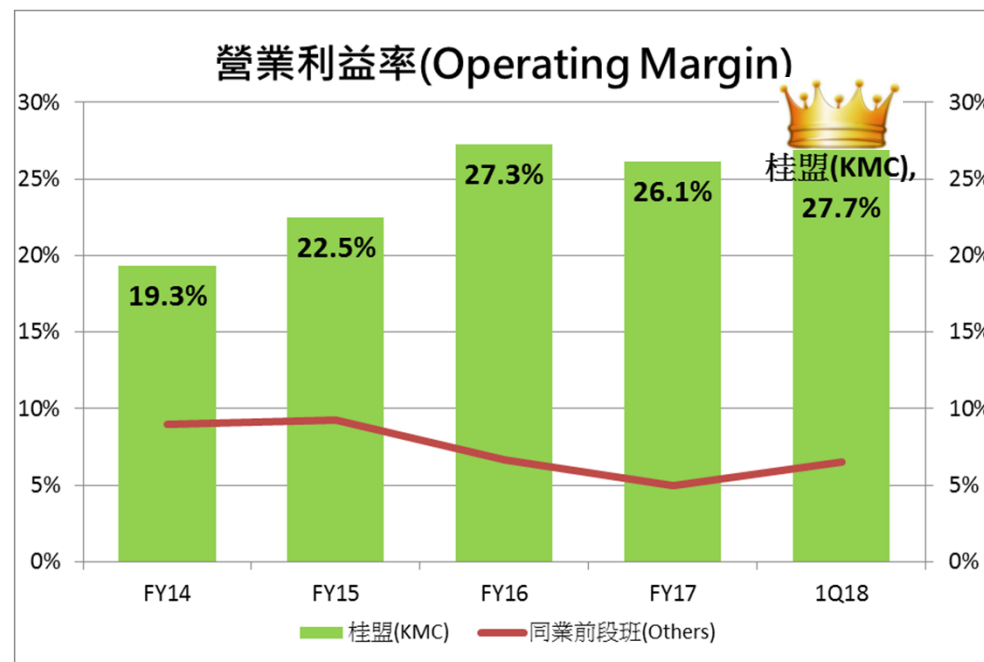
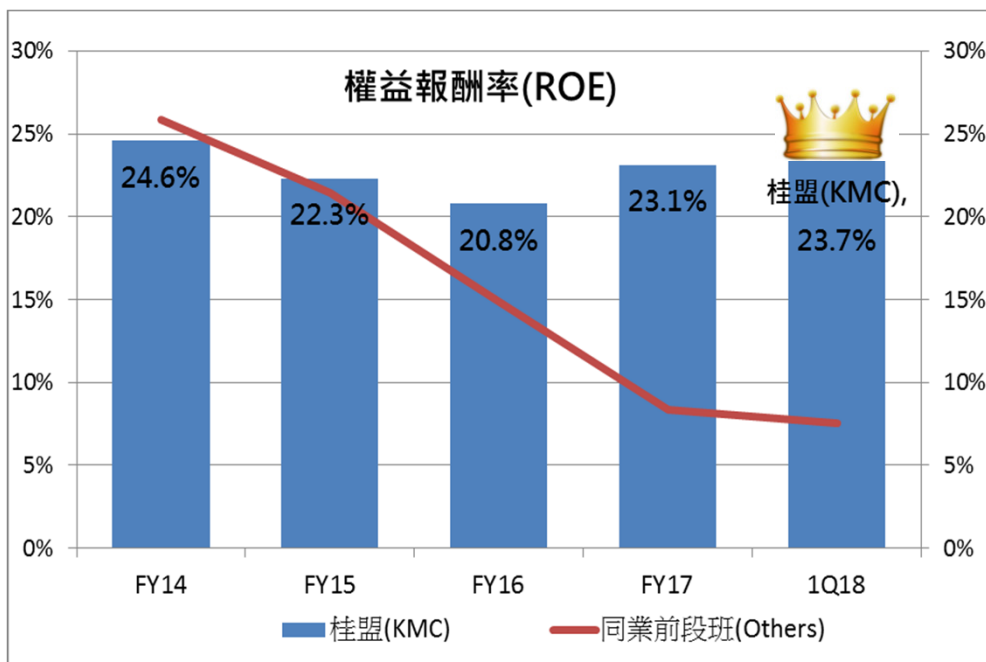
Development plans



Financial Summary



Key financial results



Consolidated Balance Sheet

合併資產負債表 Consolidated Balance Sheet (Audited)

新台幣百萬元/Unit:NT\$ million

		FY11		FY12		FY13		FY14		FY15		FY16		FY17		1Q18	
		經營層改組		收購台灣/越南桂盟		收購歐美印桂盟		收購天津桂盟		收購深圳桂盟		收購蘇州桂盟		收購ATS&GDO			
		Backdoor-listing		KMC-Taiwan/Vietnam consolidated		KMC-EU&US&ID consolidated		KMC-Tainjin consolidated		KMC-Shenzen consolidated		KMC-Suzhou consolidated		ATS&GDO consolidated			
現金及約當現金	Cash and cash equivalents	830	88%	395	20%	681	26%	900	26%	1,560	22%	1,609	19%	2,016	20%	2,112	21%
其他流動資產	Other current assets	92	10%	670	34%	840	32%	1,012	29%	1,520	22%	1,969	23%	2,255	22%	2,238	22%
固定資產	Fixed assets	2	0%	514	26%	486	19%	824	23%	2,476	36%	2,959	35%	3,172	31%	3,204	31%
其他資產	Other assets	15	2%	382	19%	584	23%	772	22%	1,412	20%	2,029	24%	2,629	26%	2,648	26%
資產總計	Total Assets	939	100%	1,961	100%	2,592	100%	3,508	100%	6,969	100%	8,565	100%	10,072	100%	10,203	100%
銀行借款	Loan from bank	0	0%	341	17%	708	27%	586	17%	1,249	18%	3,095	36%	3,485	35%	3,612	35%
其他及長期負債	Other liabilities	76	8%	499	25%	385	15%	657	19%	1,713	25%	1,244	15%	1,798	18%	1,439	14%
負債合計	Total Liabilities	76	8%	841	43%	1,093	42%	1,244	35%	2,962	43%	4,340	51%	5,283	52%	5,050	49%
股本	Capital	1,030	110%	1,030	53%	1,056	41%	1,092	31%	1,200	17%	1,200	14%	1,200	12%	1,200	12%
保留盈餘及其他	Retained Earnings	(168)	-18%	90	5%	443	17%	1,173	33%	2,807	40%	3,025	35%	3,589	36%	3,952	39%
股東權益合計	Total Equity	862	92%	1,120	57%	1,499	58%	2,265	65%	4,007	57%	4,225	49%	4,789	48%	5,152	51%
負債及股東權益總計	Liabilities and Equity	939	100%	1,961	100%	2,592	100%	3,508	100%	6,969	100%	8,565	100%	10,072	100%	10,203	100%

Consolidated Income Statement

合併損益表 Consolidated Income Statement (Audited)

新台幣百萬元/Unit:NT\$ million

		FY11		FY12		FY13		FY14		FY15		FY16		FY17		1Q18	
		經營層改組		收購台灣/越南桂盟		收購歐美印桂盟		收購天津桂盟		收購深圳桂盟		收購蘇州桂盟		收購ATS&GDO			
		Backdoor-listing		KMC-Taiwan/Vietnam consolidated		KMC-EU&US&ID consolidated		KMC-Tainjin consolidated		KMC-Shenzen consolidated		KMC-Suzhou consolidated		ATS&GDO consolidated			
營業收入	Net Sales	173	100%	1,353	100%	2,092	100%	2,780	100%	3,374	100%	4,013	100%	5,051	100%	1,347	100%
營業毛利	Gross Profit	22	13%	384	28%	645	31%	948	34%	1,298	38%	1,792	45%	2,122	42%	581	43%
營業利益	Operating Profit	(30)	-18%	248	18%	403	19%	537	19%	753	22%	1,094	27%	1,320	26%	374	28%
淨利	Net Income	2	1%	257	19%	378	18%	462	17%	700	21%	857	21%	1,043	21%	294	22%
每股盈餘	EPS(NT Dollars)	0.02		2.49		3.76		4.31		6.22		7.14		8.69		2.45	

Contact IR Team

For more information or to provide feedback on our investor relation, please contact at

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or ir@kmc-international.com



KMC 桂盟

The Largest Chain Manufacturer In The World