



***LINK TO
PERFECTION***



KMC (5306 TT) Investor Report for 3Q19

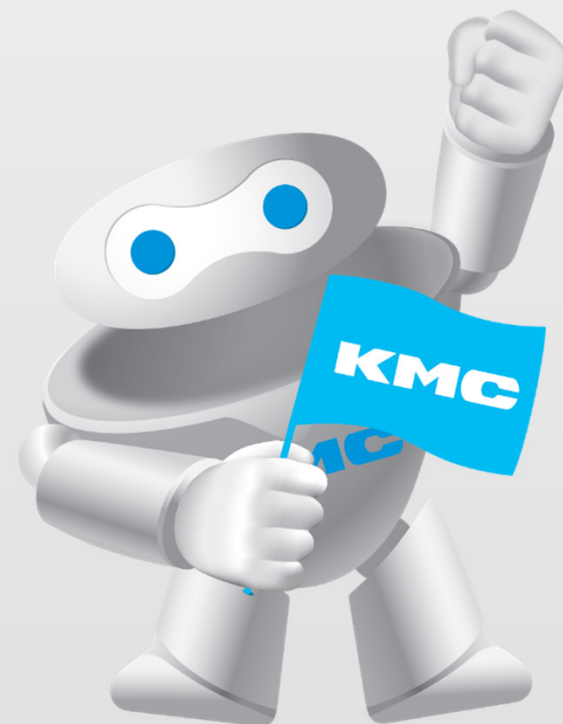
November, 2019

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
- ◆ ESG
- ◆ KMC FUN
- ◆ Financial Summary for 3Q19
- ◆ Development plans

KMC Group



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 Group the world's largest chain manufacturer



6 return trips

**Total production quantity by
distance since 1977**

Milestone

2017, 5th Golden Decade Plan

- 1977, Established
- 1986 started partnership with SHIMANO
- 1989, Composition Cross-Straits
- 2000, Global Operation
- 2012, Listed, start to Intergrade and Develop
- 2014, Strategy Partners introduced

Global Distribution



 **Global Headquarters & Research Center**
◎ Tainan, Taiwan

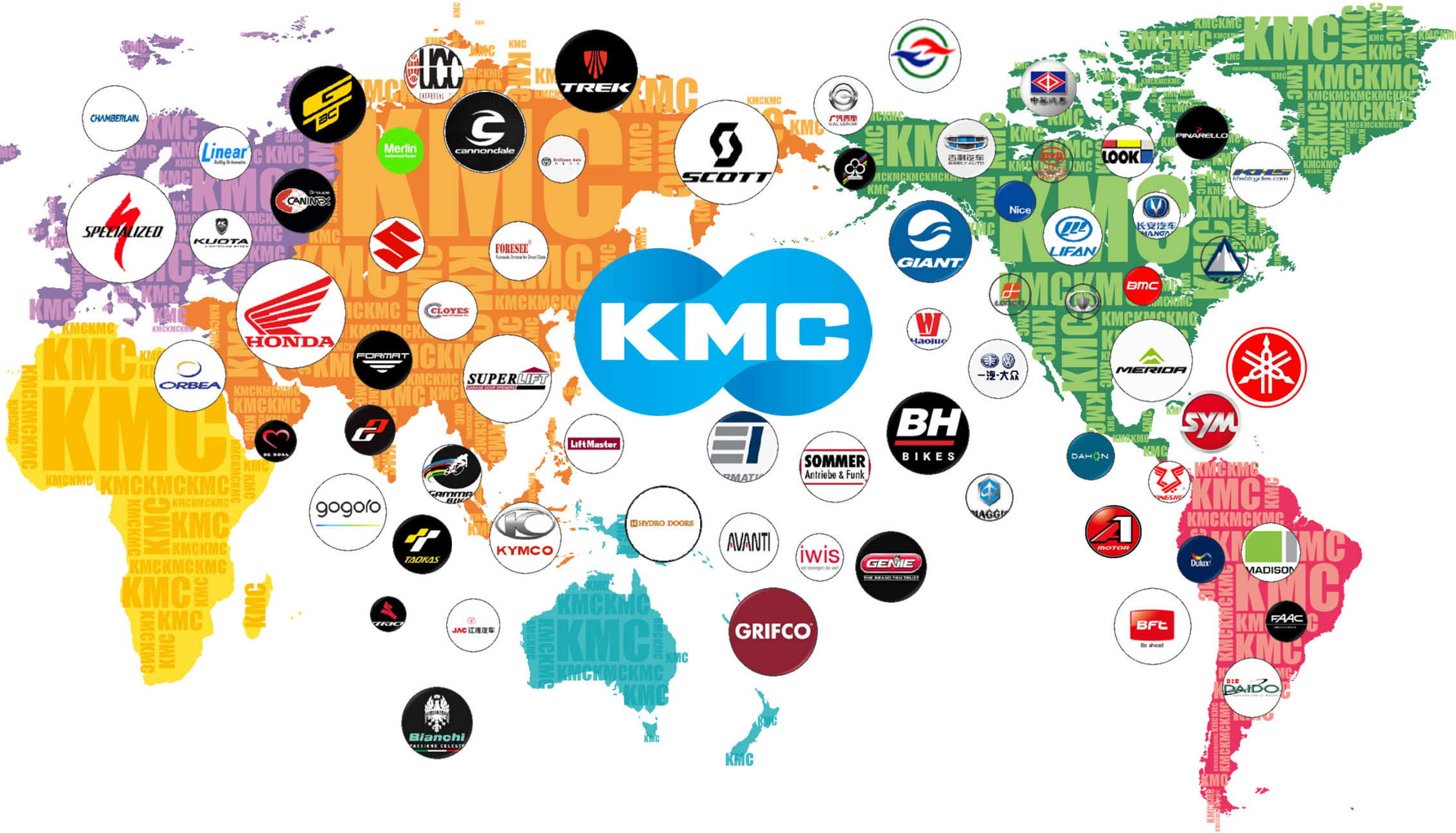
 **China Headquarters & Research Center**
◎ Suzhou, Jiangsu

 **Global Production Sites**
◎ Tainan
◎ Shenzhen x3
◎ Suzhou x2
◎ Tianjin x2
◎ Vietnam

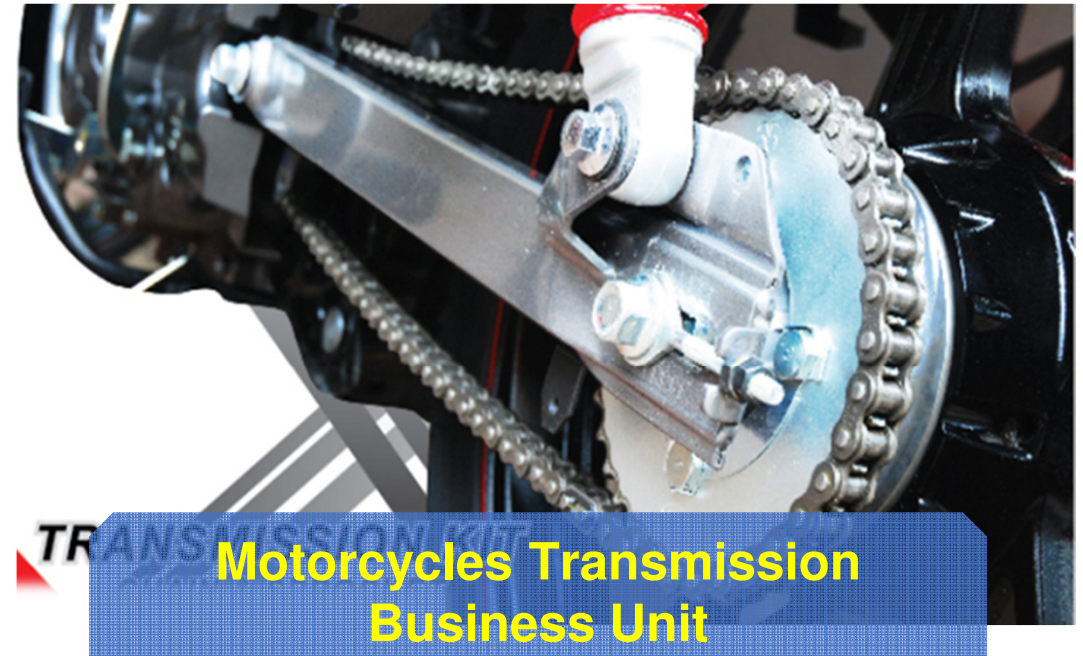
 **Global Services Centers**
◎ Tainan, Taiwan
◎ China, N.E.W.S
◎ California, U.S.
◎ Netherlands, Europe
◎ Ho Chi Minh, Vietnam
◎ Jakarta, Indonesia



Global Strategy Partnership



KMC Group & its Business Units



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

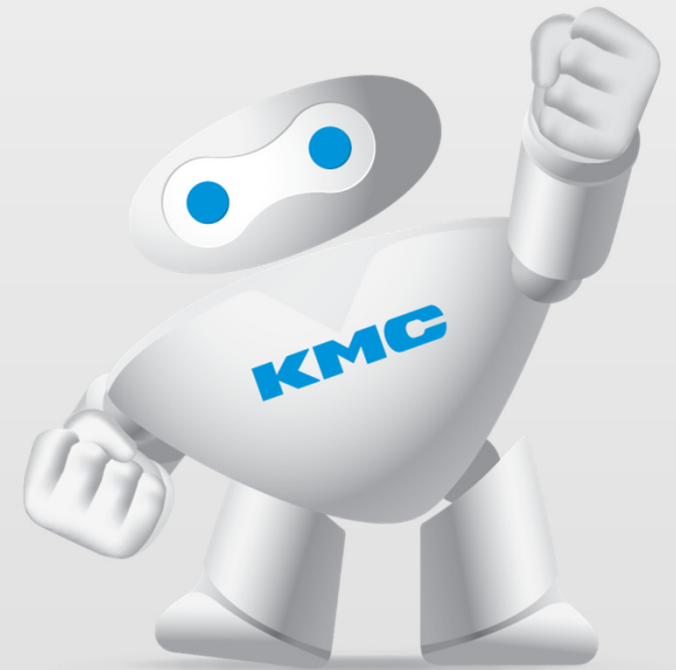
KMC

Tianjin

TEC

MAYA*

* Consolidated in 1Q19



Pursuit of Excellence

Unique KMC Chain



最高小軸嵌合力
Highest Pin Power

KMC 黃金鍍鈦塗層
KMC Titanium Nitride Coating

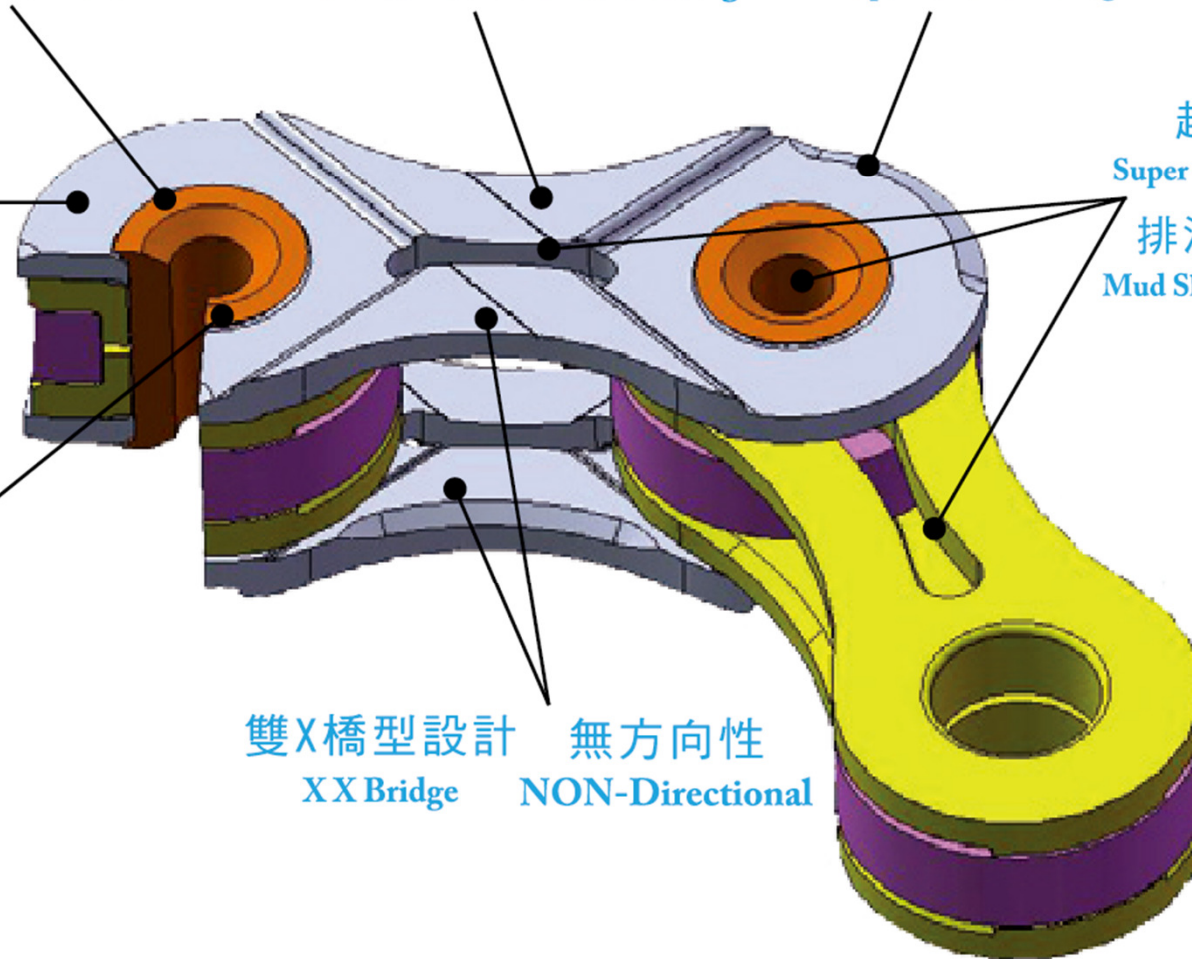
最佳導角設計
Optimal Chamfering

高剛性
High Rigidity

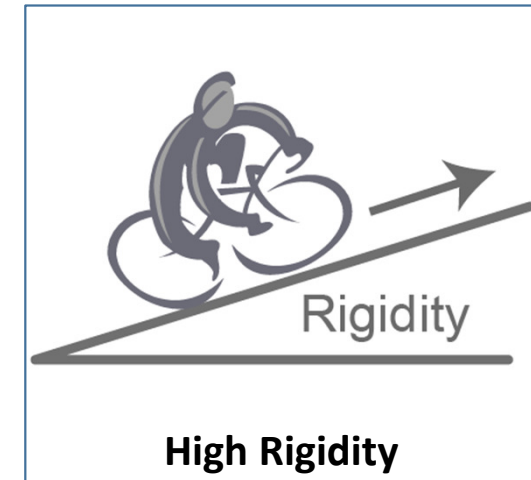
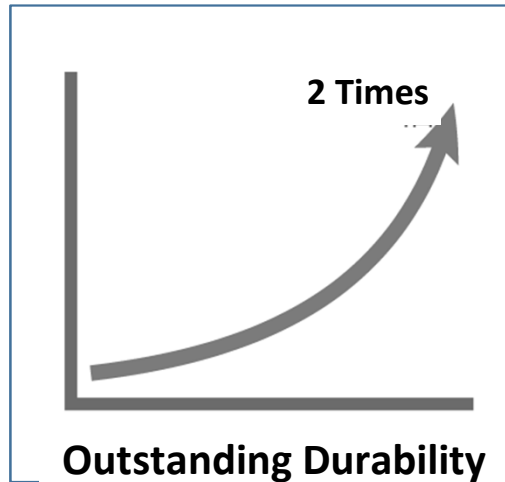
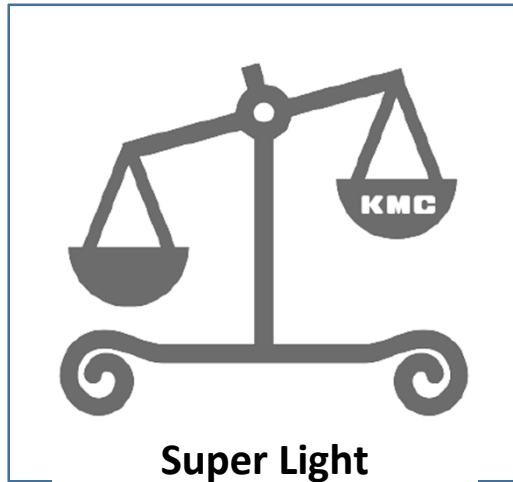
超輕量
Super Light Weight
排泥孔設計
Mud Shedding Design


超強耐磨耗
XX Durability

雙X橋型設計 無方向性
XX Bridge NON-Directional



Why KMC Chain ?





13 iF Awards in 10 consecutive years
5 Red Dot Awards in 3 years

Experts in chains, we just can't help but bring home awards for our chains, year after year.

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



Setting industry standards, KMC has won many awards since its inception. We were first to introduce lightweight chains, custom color chains, titanium coated chains, and DLC coated chains, which have won several iF and Red Dot design awards.

KMC chains are now the chain of choice of champion riders, helping them win two golds and two silvers at the Beijing Olympics, two golds and one silver at the London Olympics, and many more wins including at the Vuelta a Espana and KOM and Tour de France KOM.

For these reasons KMC has made the list of the "Best Consumer Brands" survey.

New X series chain



12 speed X chain



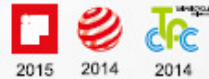
BMX Kool Knight Chain



X-EPT Series



City Hunter



X-Super Light
DLC Chain



Jaws Ergo Drivetrain



eBike



Safe MissingLink



PinkLady



Ceramic-like
Coated Chain



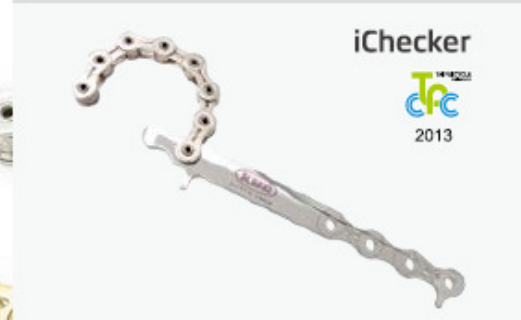
Klick Link



X-Super Light
Champion Gold Chain



iChecker



ECO 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- DHII 3rd
2017 Cyprus Sunshine Cup Afxentia 2nd

Sabine Spitz (Wiwis 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 DHII Champion
2017 UCI MTB Elite Women World Championships DHII 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

Sponsor KMC-EKOI-SRSUNTOUR



News | Clean Sport | Development | Host a UCI event | Cycling for All | Women's | Inside UCI | World Cycling Centre

ROAD | TRACK | **MOUNTAIN BIKE** | CYCLO-CROSS | BMX | TRIALS | INDOOR | PARA | EVENTS

News | Calendar | Events | **Teams** | Results | Rankings | Media

UCI Mountain Bike Teams

2018 Season - A

KMC-EKOI-SRSUNTOUR

UCI ELITE MTB Teams - 2018

KES - FRANCE

Contact

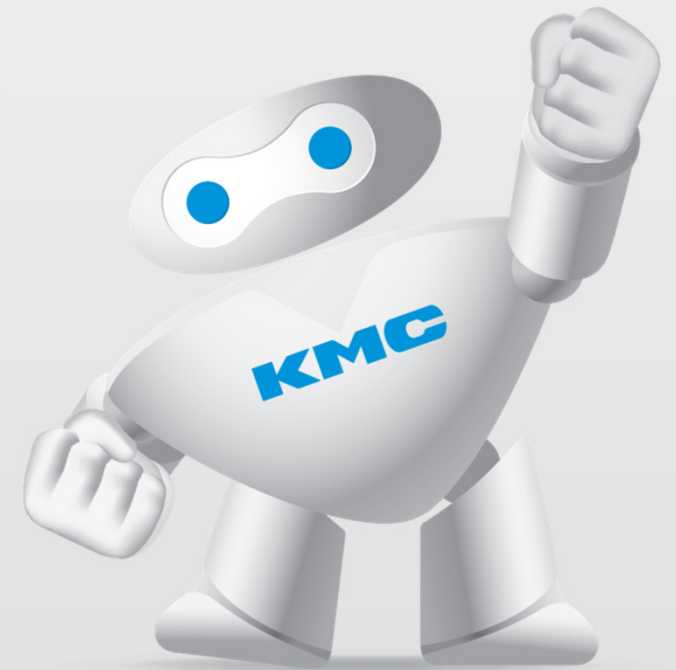
KMC-EKOI-SRSUNTOUR
13, Rue Charles Jules Vaillant
95330 Domont
FRANCE

✉ mhutsebaut@vaillantt.com
🌐 www.team-kmc-ekoi-srsuntour.cc

Riders

| | | | |
|------------------|----|------------|-----|
| BAZIN Nicolas | XC | 09.06.1983 | FRA |
| BERTA Martina | XC | 23.03.1998 | ITA |
| BOUCHARD Leandre | XC | 19.10.1992 | CAN |
| CLAUZEL H el ene | XC | 25.01.1998 | FRA |
| KORETZKY Victor | XC | 26.08.1994 | FRA |
| LAST Annie | XC | 07.09.1990 | GBR |
| SARROU Jordan | XC | 09.12.1992 | FRA |





Environmental, Social and Governance(ESG)

THE GREEN PROMISE

永續經營的創新，留給孩子一顆綠色地球





The world's first chain manufacturer obtained Carbon Footprint Certification
optimize the chain producing process, reduce the carbon footprint
第一家碳足跡認證製造商，優化生產流程，逐年減少碳排量

KMC相信，分享，是企業永續的關鍵

Kids 小騎士總動員



National Team 國手協育



Let's ride 樂騎綠動



Charity 慈善公益



Helping hand 圓夢計畫

Dr. Chain 單車知識推行



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

Corporate Governance

Protecting Shareholder Rights and Interests and Treating Shareholders Equitably

- The candidate nomination system for election of all directors/supervisors
- Voted by poll at the annual general meeting and make the announcement at the same day
- Provide English documents at the annual general meeting
- The dividend shall be distributed in 30 days after the ex-dividend date

Enhancing Board Composition and Operation

- Emphasize the independence of each director
- Convene at least six Board Meetings in every year.
- The average Board Meeting attendance rate is above 80%.
- Establish a specialized corporate governance secretary.

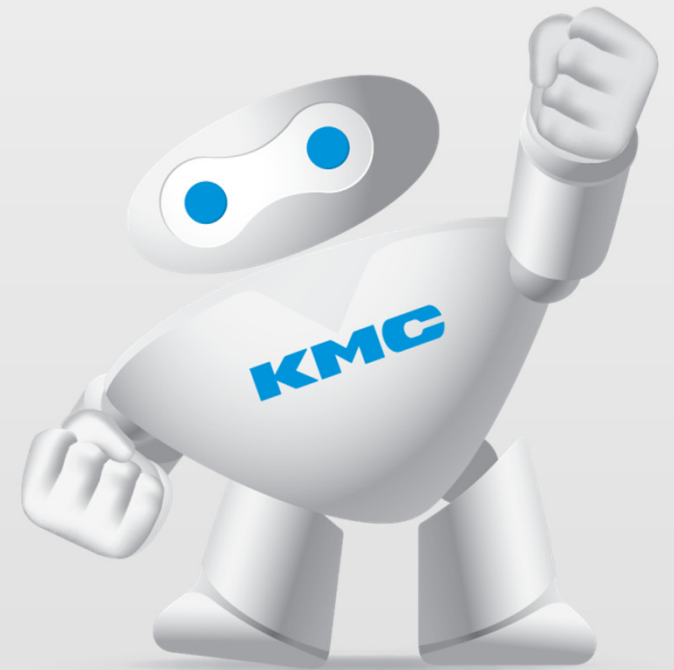
Increasing Information Transparency

- Provide corporate website in both Chinese and English.
- Disclose concrete business development plan, dividend policy and financial information
- Issue the English Annual Report
- Hold the investor conferences quarterly

Putting Corporate Social Responsibility into Practice

- Adequate governance framework
- Set up a unit which is dedicated to promoting the company's ethical standards
- Protect and promote employee physical health and a safe work environment
- Establish multiple channels to communicate with stakeholders

KMC FUN



KMC FUN

KMC的有趣資訊



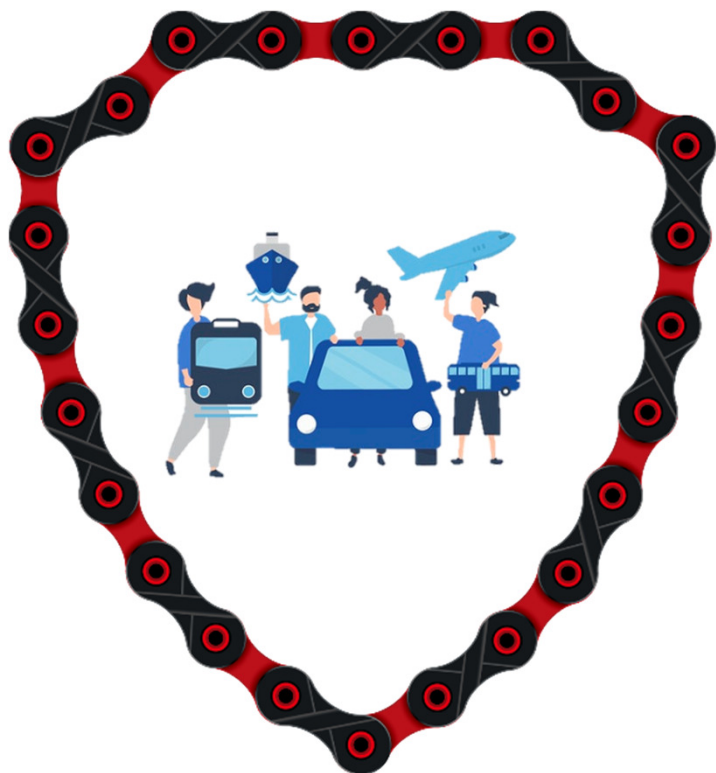
The chain length of KMC yearly production can circle the earth 5 times.
一年所生產的鏈條可環繞地球5圈
約當5000場次的馬拉松賽



Transport 10% of the population, the biggest transport company in the world.
全球最大運輸公司，每日載運 10%人口

KMC FUN

KMC的有趣資訊



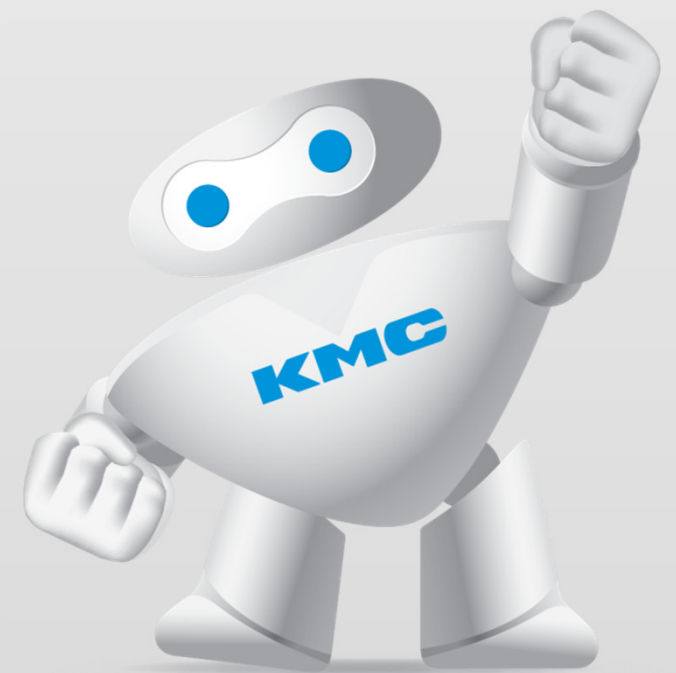
The biggest insurer in the world.
Assurance the safety of 7 Billion people.

全球最大保險公司
每日保障七億人口通行安全

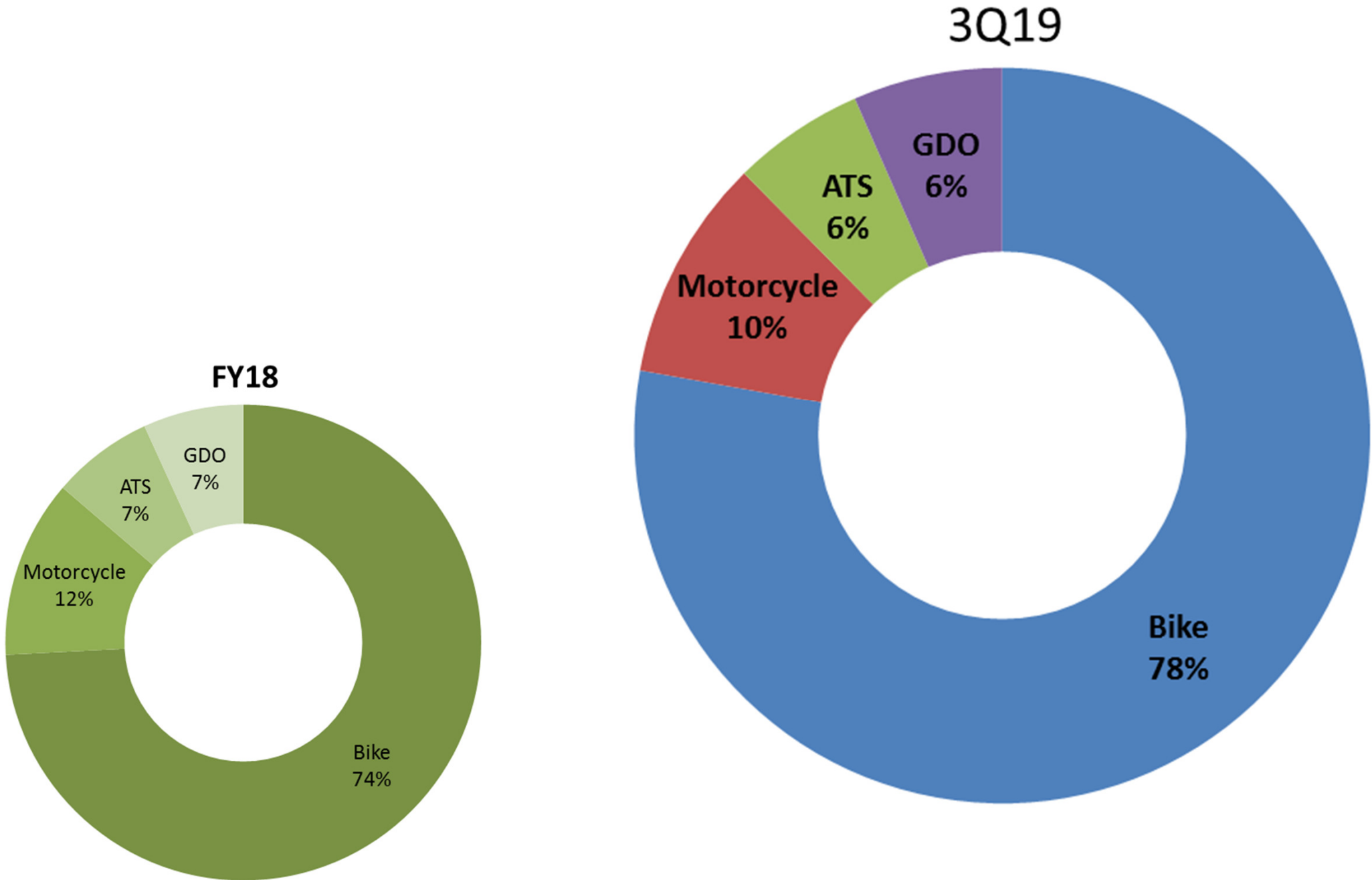


The biggest gym in the world
全球最大的健身俱樂部

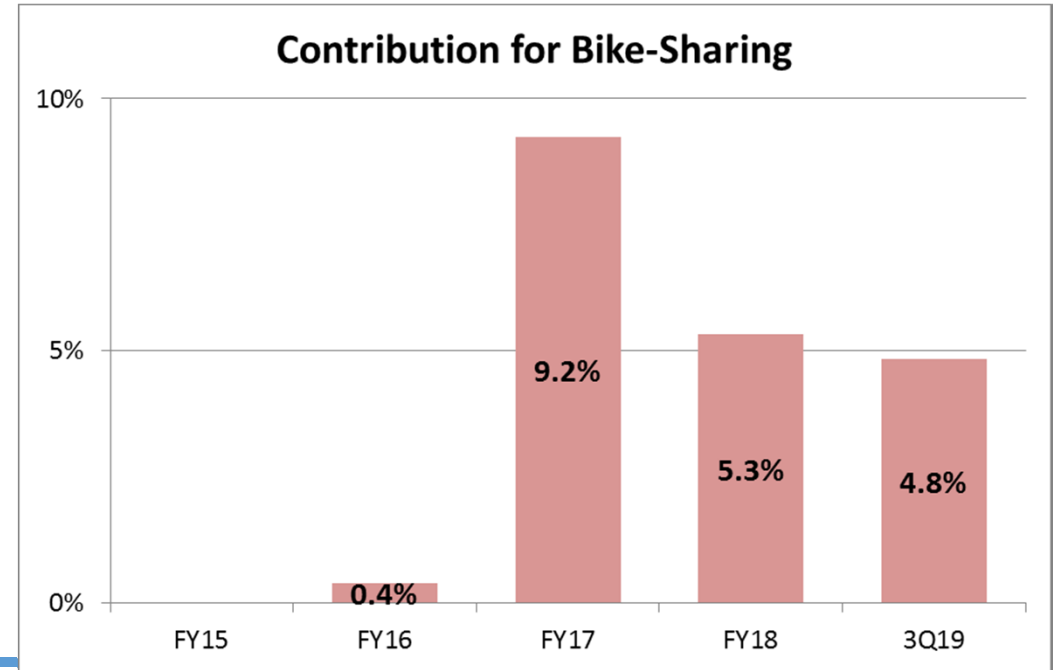
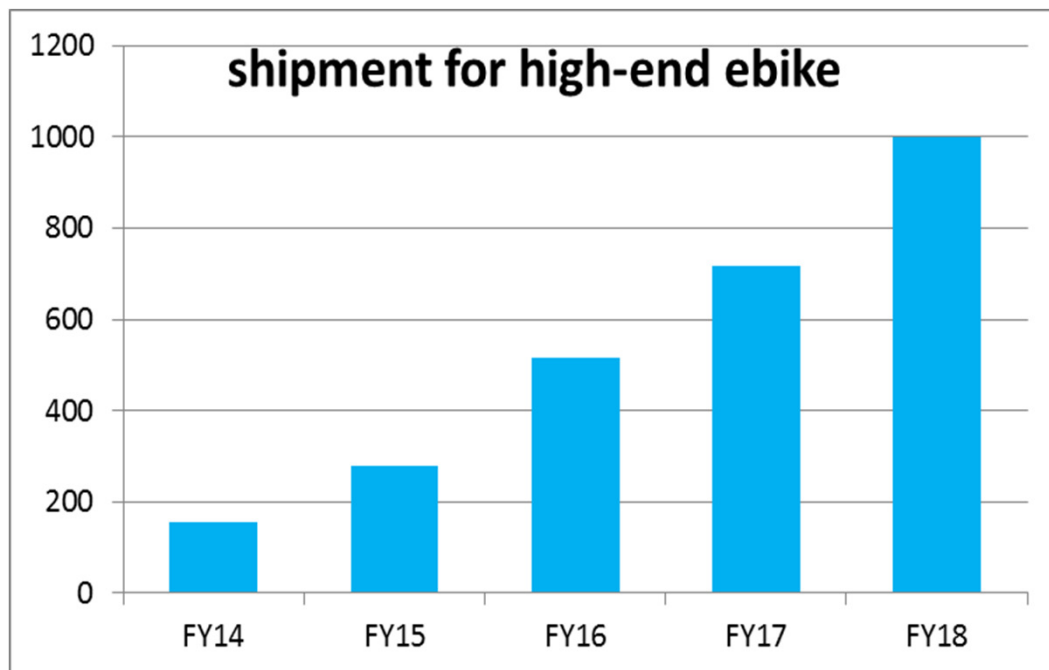
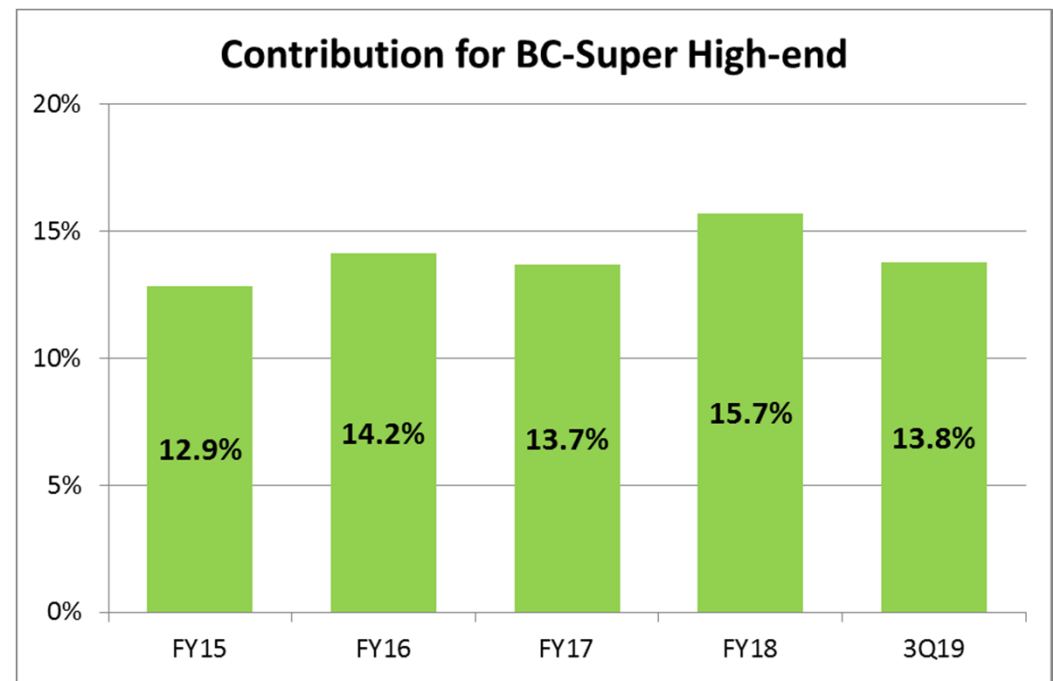
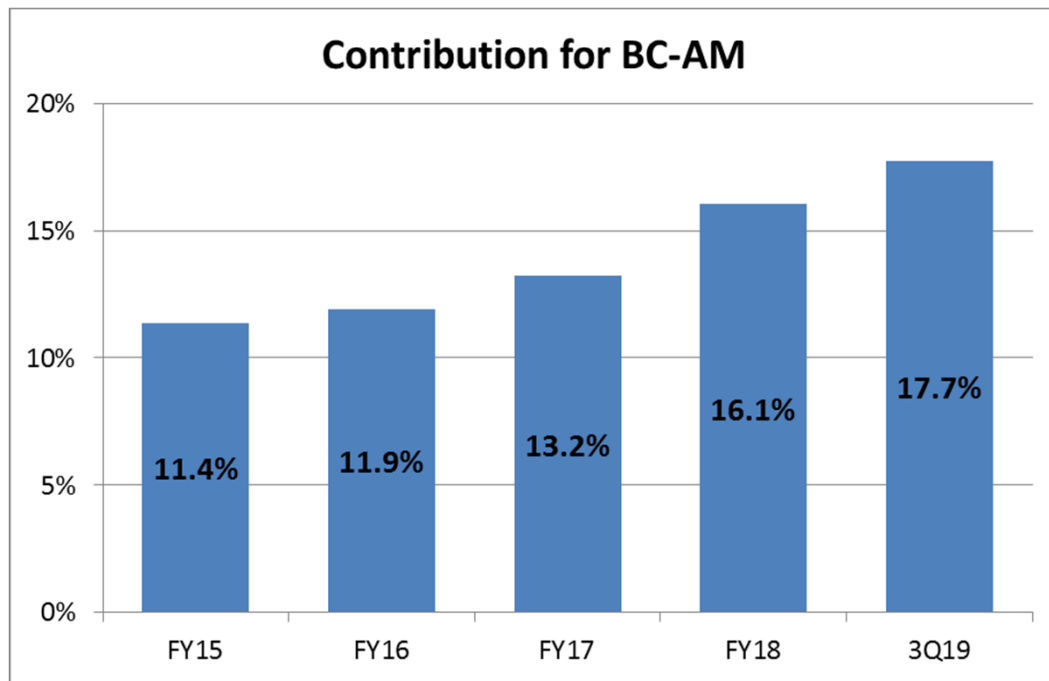
Financial Result



Contribution by BU



Key operating update for Bike Chain



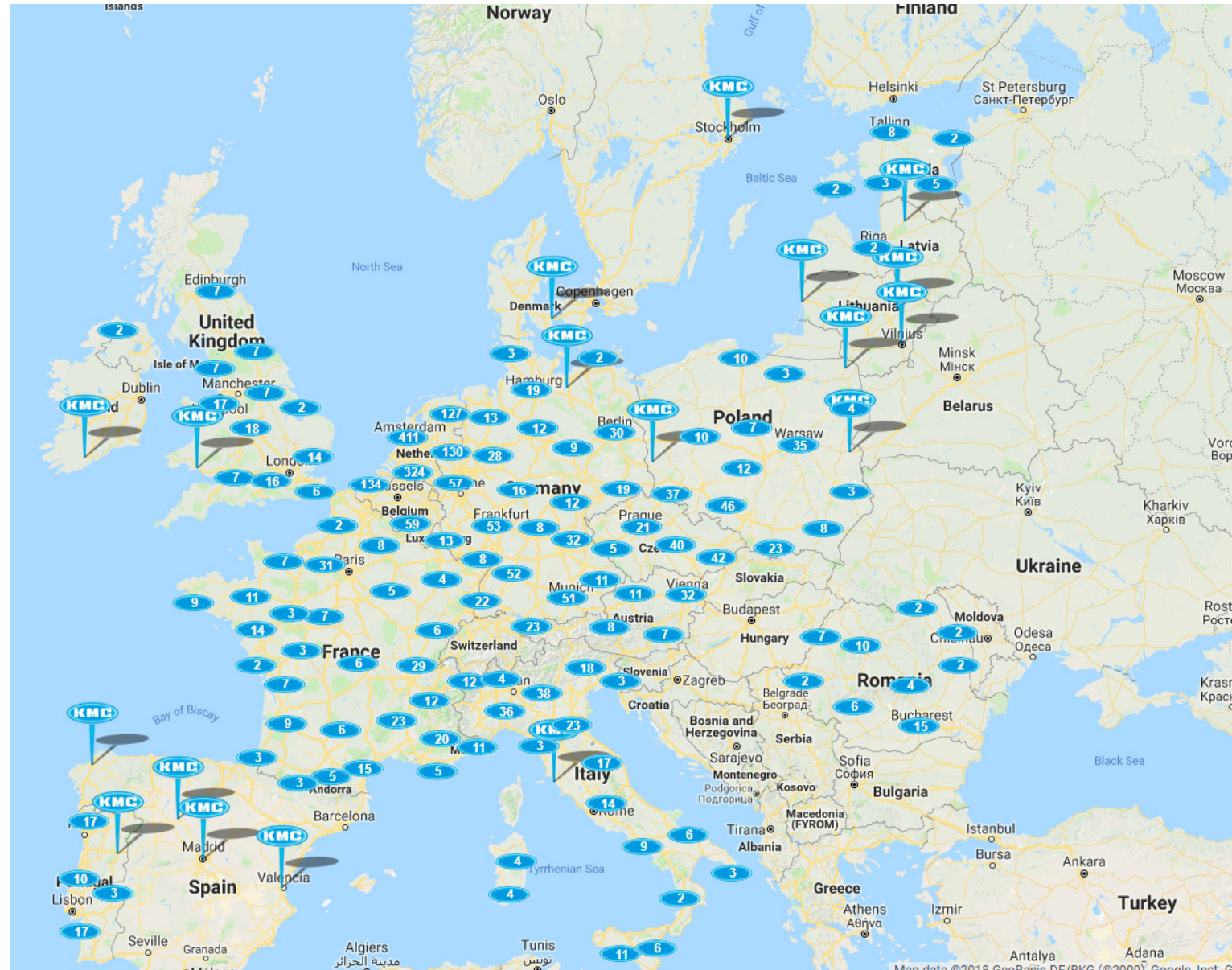
Note, 以上數據均以擬制財務數據計算(All data in apple to apple base)

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 and eBike Solution

NEW & HOT PRODUCTS


NEW



NEW



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

eBike SOLUTIONS



DRIVE TRAIN BUNDLES FOR e-BIKE

KMC was the first chain supplier offering specific chains for e-Bikes with mid motor. Consequently we extended our product range by offering drive sprockets for Bosch Gen 2 and Gen 3 mid motors and sprockets for internal gear hubs. Narrow tolerance, top end material and enhanced corrosion resistance enable a perfect interaction with our chains. It has been proven that our e1 chain in combination with KMC original sprockets significantly increases drive train durability.

However, also on e-Bikes with derailleurs, the engine drive sprocket quality plays an important role. In fact, all drive train parts interact and influence the individual wear of its parts, therefore it is paramount that quality of drive train parts are matching. KMC e11, e10 and e9 are reinforced chains, specially made for bikes equipped with strong mid-engines in combination with 11, 10 or 9 speed derailleur shifting systems.

Taking the more frequent shifting movements under load into consideration, the reinforced e-Bike chain allows enhanced safety. Above all, our e-Bike chains offer unsurpassed durability by using the most advanced chain technology.

Drive train durability on e-Bikes with mid engine

| | |
|------------------------------------|------------------|
| KMC e101 chain + KMC sprocket Wide | 10,000km+ |
| KMC e1 chain + KMC sprocket Narrow | 3,500km+ |
| Standard | |

powered by KMC

CHAIN RINGS 11/128"



Bosch Gen 3

- Type : 38T - Direct Mount
- Finish : Chromoly Black
- Chain Line : 47.5mm (flat), 50.5mm (3mm offset)

Bosch Gen 3

- Type : 44T - Direct Mount
- Finish : Chromoly Black
- Chain Line : 47.5mm (flat)

簡要合併資產負債表(Consolidated Balance Sheet)

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

新台幣百萬元/Unit:NT\$ million

| | | FY14 | | FY15 | | FY16 | | FY17 | | FY18 | | The first 9 months of FY19 | |
|------------------|-------------------------------|--------------------------|-------------|--------------------------|-------------|-------------------------|-------------|----------------------|-------------|---------------|-------------|----------------------------|-------------|
| | | 收購天津桂盟 | | 收購深圳桂盟 | | 收購蘇州桂盟 | | 收購ATS&GDO | | | | | |
| | | KMC-Tainjin consolidated | | KMC-Shenzen consolidated | | KMC-Suzhou consolidated | | ATS&GDO consolidated | | | | | |
| 現金及約當現金 | Cash and cash equivalents | 900 | 26% | 1,560 | 22% | 1,609 | 19% | 2,016 | 20% | 2,073 | 20% | 1,788 | 18% |
| 其他流動資產 | Other current assets | 1,012 | 29% | 1,520 | 22% | 1,969 | 23% | 2,255 | 22% | 2,367 | 23% | 2,359 | 23% |
| 固定資產 | Fixed assets | 824 | 23% | 2,476 | 36% | 2,959 | 35% | 3,172 | 31% | 3,174 | 31% | 3,085 | 30% |
| 其他資產 | Other assets | 772 | 22% | 1,412 | 20% | 2,029 | 24% | 2,629 | 26% | 2,572 | 25% | 2,888 | 29% |
| 資產總計 | Total Assets | 3,508 | 100% | 6,969 | 100% | 8,565 | 100% | 10,072 | 100% | 10,186 | 100% | 10,120 | 100% |
| | | | | | | | | | | | | | |
| 銀行借款 | Loan from bank | 586 | 17% | 1,249 | 18% | 3,095 | 36% | 3,485 | 35% | 3,712 | 36% | 3,624 | 36% |
| 其他及長期負債 | Other liabilities | 657 | 19% | 1,713 | 25% | 1,244 | 15% | 1,798 | 18% | 1,403 | 14% | 1,393 | 14% |
| 負債合計 | Total Liabilities | 1,244 | 35% | 2,962 | 43% | 4,340 | 51% | 5,283 | 52% | 5,115 | 50% | 5,017 | 50% |
| 股本 | Capital | 1,092 | 31% | 1,200 | 17% | 1,200 | 14% | 1,200 | 12% | 1,260 | 12% | 1,260 | 12% |
| 保留盈餘及其他 | Retained Earnings | 1,173 | 33% | 2,807 | 40% | 3,025 | 35% | 3,589 | 36% | 3,811 | 37% | 3,843 | 38% |
| 股東權益合計 | Total Equity | 2,265 | 65% | 4,007 | 57% | 4,225 | 49% | 4,789 | 48% | 5,071 | 50% | 5,103 | 50% |
| 負債及股東權益總計 | Liabilities and Equity | 3,508 | 100% | 6,969 | 100% | 8,565 | 100% | 10,072 | 100% | 10,186 | 100% | 10,120 | 100% |

簡要合併損益表(Consolidated Income Statement)

合併損益表 Consolidated Income Statement (Audited)

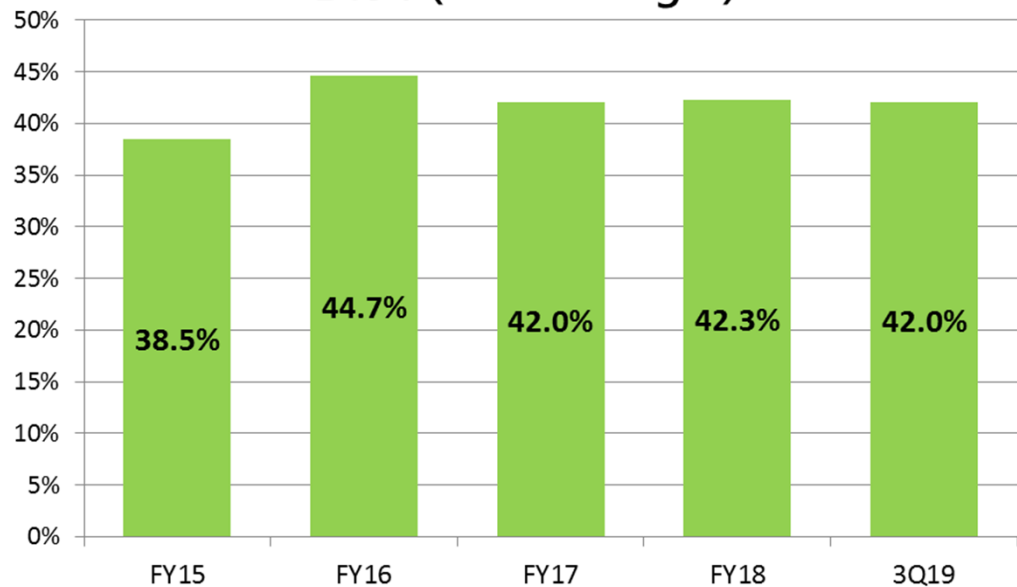
新台幣百萬元/Unit:NT\$ million

| | | FY14 | | FY15 | | FY16 | | FY17 | | FY18 | | The first 9 months of FY19 | |
|------|------------------|--------------------------|------|--------------------------|------|-------------------------|------|----------------------|------|-------|------|----------------------------|------|
| | | 收購天津桂盟 | | 收購深圳桂盟 | | 收購蘇州桂盟 | | 收購ATS&GDO | | | | | |
| | | KMC-Tainjin consolidated | | KMC-Shenzen consolidated | | KMC-Suzhou consolidated | | ATS&GDO consolidated | | | | | |
| 營業收入 | Net Sales | 2,780 | 100% | 3,374 | 100% | 4,013 | 100% | 5,051 | 100% | 5,057 | 100% | 3,886 | 100% |
| 營業毛利 | Gross Profit | 948 | 34% | 1,298 | 38% | 1,792 | 45% | 2,122 | 42% | 2,139 | 42% | 1,632 | 42% |
| 營業利益 | Operating Profit | 537 | 19% | 753 | 22% | 1,094 | 27% | 1,320 | 26% | 1,226 | 24% | 977 | 25% |
| 淨利 | Net Income | 462 | 17% | 700 | 21% | 857 | 21% | 1,043 | 21% | 948 | 19% | 757 | 19% |
| 每股盈餘 | EPS(NT Dollars) | 4.31 | | 6.22 | | 7.14 | | 8.28* | | 7.52 | | 6.01 | |

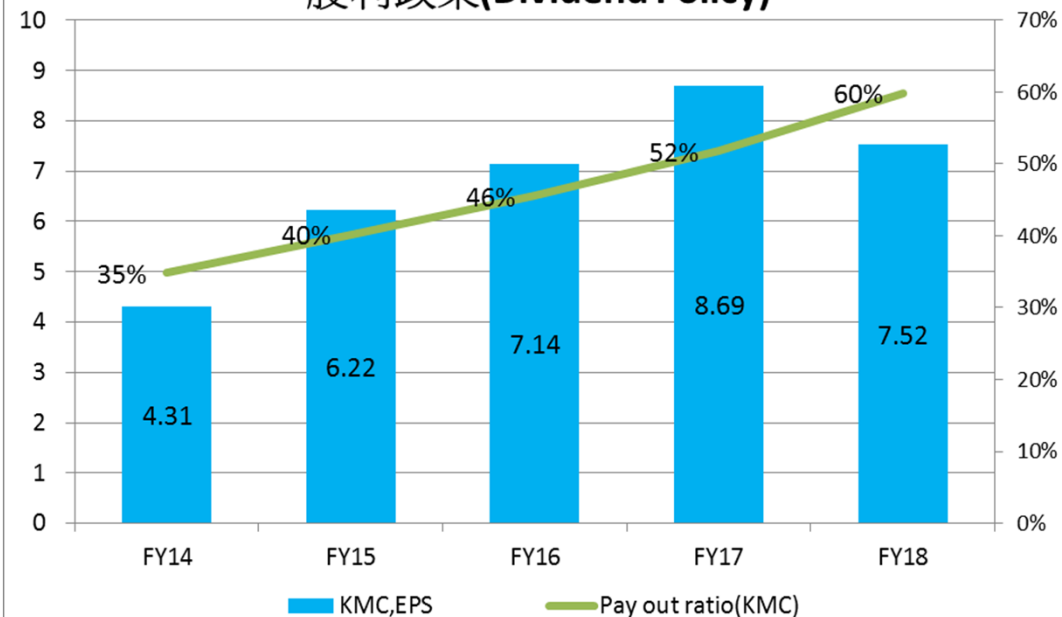
*追溯調整後EPS (Adjusted EPS)

其他重要財務資訊(Other Financial Result)

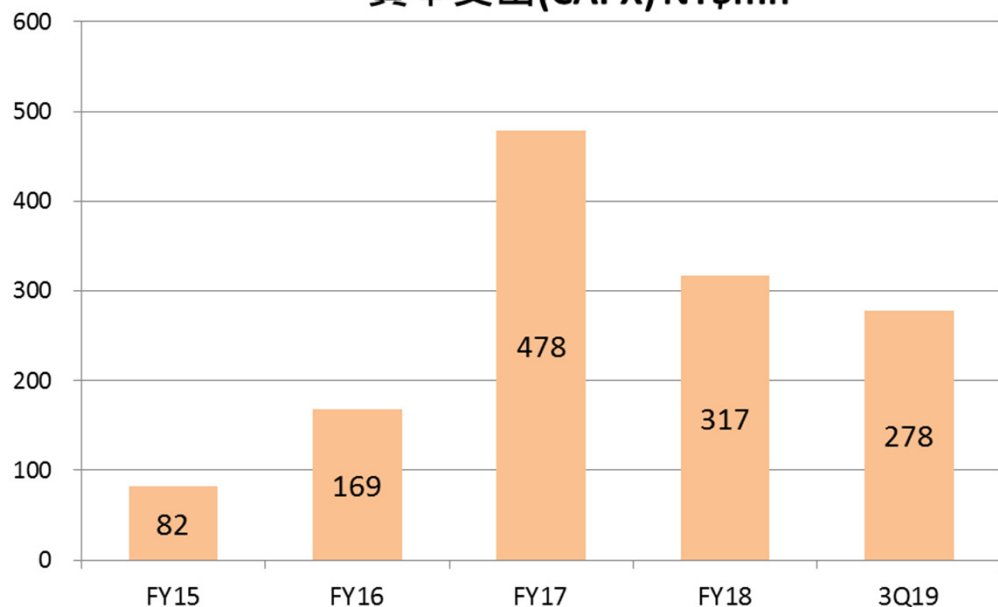
毛利率(Gross Margin)



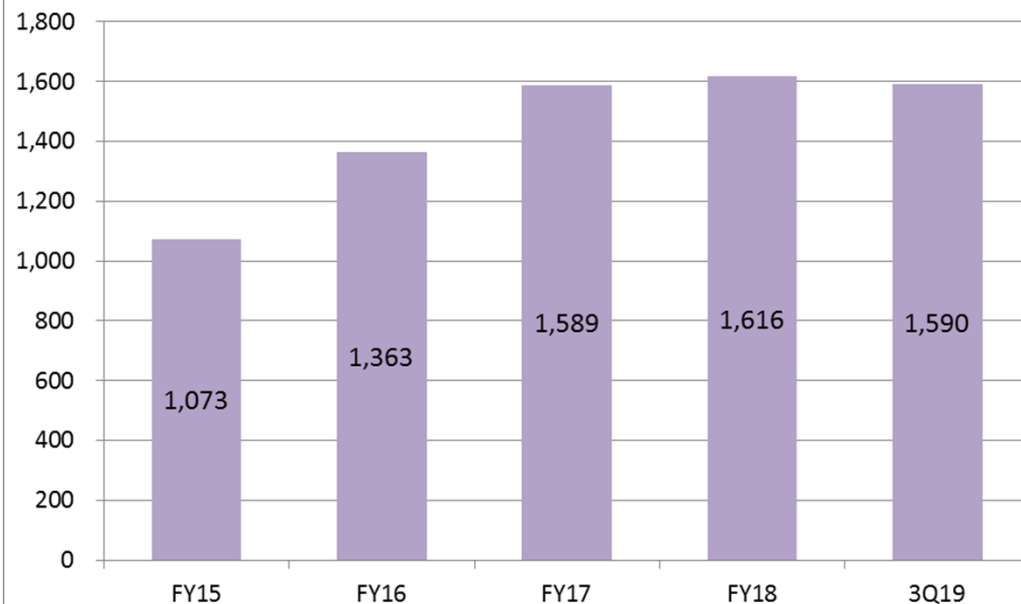
股利政策(Dividend Policy)

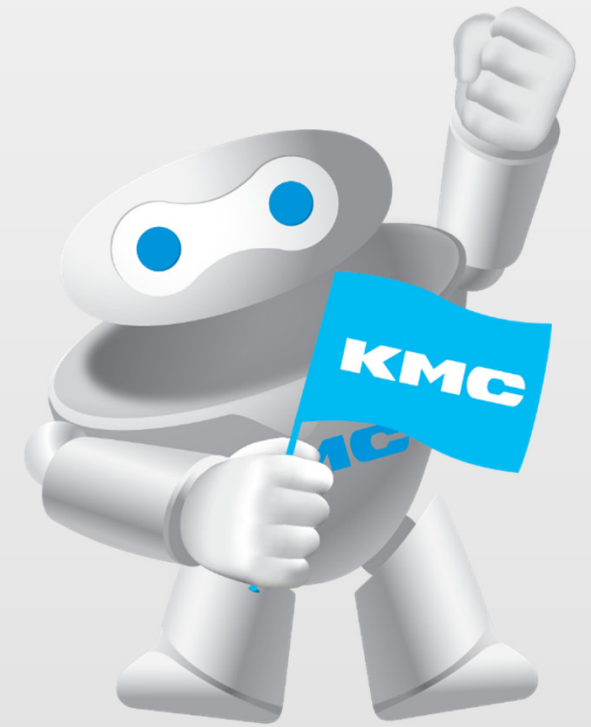


資本支出(CAPX) NT\$m



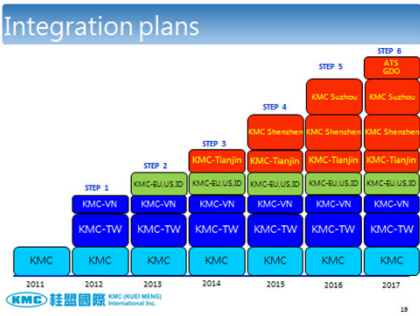
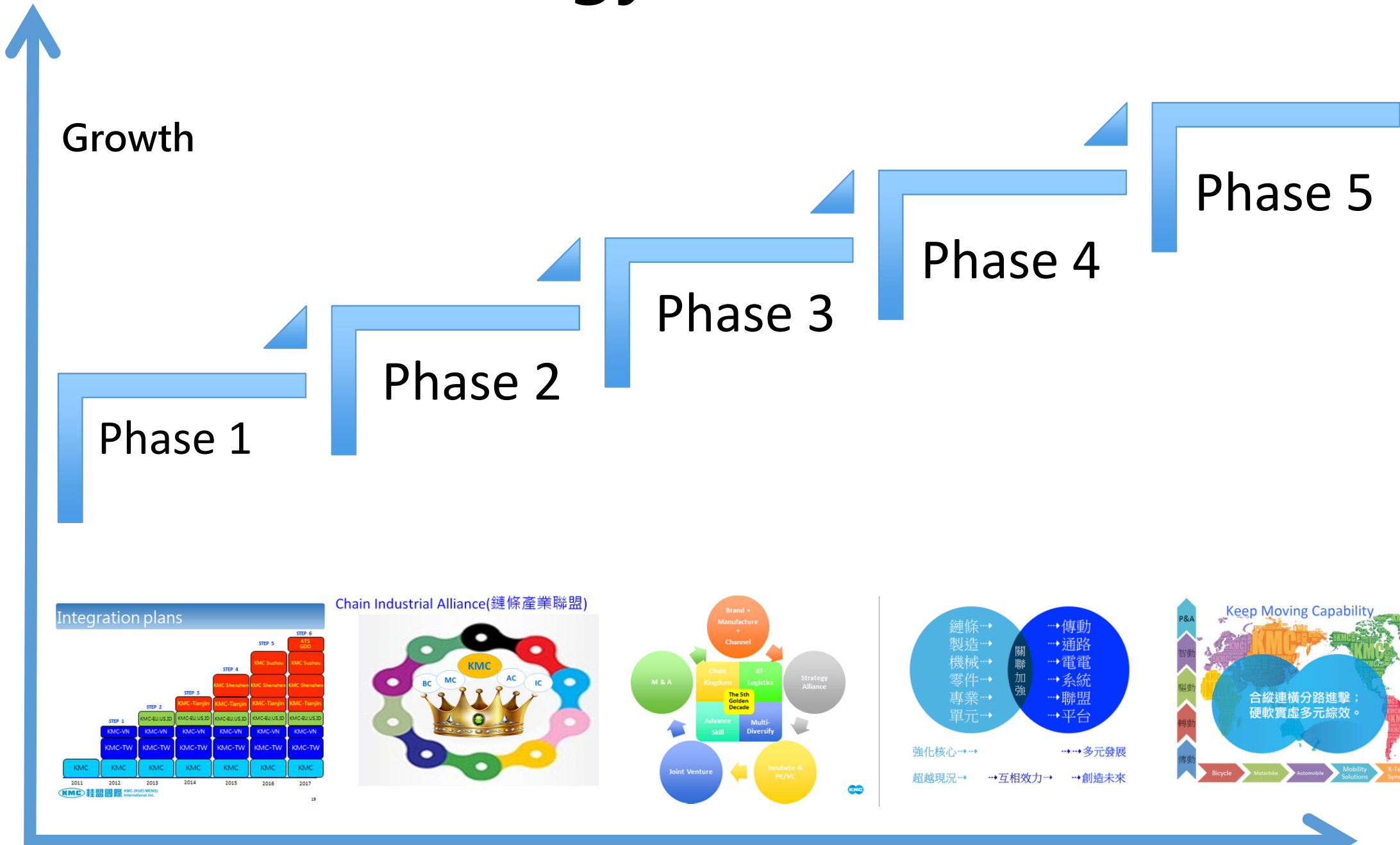
EBITDA in NT\$m



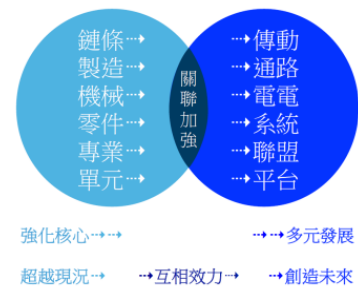


- **Development plans**

Growth Strategy



Chain Industrial Alliance(鏈條產業聯盟)



時間





KMC 桂盟

The Largest Chain Manufacturer In The World