



# Investor Conference

# Formosan Rubber Group Inc.

Ticker: 2107

 *Research makes the difference.....*

# Disclaimer



- The briefings and accompanying messages are drawn from internal and external sources of the Company and reflect our view of the future. If there are any changes or adjustments in the future, the company is not responsible for reminding or updating at any time.
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# Company Introduction



- Chairman : Mr. HSU, CHENG-TSAI
- General manager : Mr. HSU, CHENG-CHI
- Spokesman : Ms. Huang, Judy
- Capital : NT\$3,373,260,000
- IPO : 1992/03/03
- Number of employees : 189





- FRG was established in 1952. This year, we will adhere to the core concept of “Research makes the difference...” There’s nothing more important than keeping a humble and efficient attitude to fulfill the requirements of our clients, creating maximum benefits and happiness for employees, shareholders and customers.
- We have been working hard for 70 years, actively developing in the rubber industry and focusing on core competition. In the past 20 years, we have adhered to the same mission, crossed into the logistics and construction industries, completed all-around development with excellent quality, and created many deeds worthy of records.

# Business Lines



**Manufacture Division**  
R&D and manufacturing of rubber and plastic fabric and other various materials.



**Development Division**  
Real estate development and Asset management.



**Logistics Division**  
International Logistics Center business, Warehouse to build 、 Lease business.

# Manufacture Division



The Manufacture Division is in medical, functional ready-to-wear, inflatable materials, industrial-related, optoelectronic silicone special chemicals, luggage and bag materials. Actively develop with six major fields such as shoe materials, focus on core competition, and Complete three visions: to become the first and only supplier of green and environmentally friendly rubber and plastics in Asia, to provide one-time purchase service for functional materials, and to sign annual sales contracts with major customers  
Create more than 60% of stable performance.

# Manufacture Division-Product category introduction



## Plastic (PVC)

## Rubber (natural & synthetic)

## Green Plastic (PU & TPU)



# Manufacture Division- R&D patent and product certification



2021 so far 6 patents

A total of 113 patents have been obtained

- ROC Patent No. I747729: Manufacturing method of cushion and cushion.
- ROC patent number I764023: Composite structure for high frequency machining and method of making the same.
- ROC Patent No. I761054: Manufacturing method of cushion and cushion.
- ROC Patent No. I774370: Wear-resistant woven fabric and its manufacturing method.
- ROC Patent No. I756101: Antifouling film and its manufacturing method.
- ROC patent certificate number (latest forensics, certificate to be issued): Soundproofing material and method of making and using the same.
- Another 8 patents are under review.

A total of 15 product certifications have been obtained

- Quality management system (2 items):  
ISO 9001, ISO 14001 (2015 new version) certification
- Inflatable boat product materials (1 item):  
Obtained EU BV (ISO 15372) certification for the main rubber material of marine inflatable boats
- Life-saving inflatable product materials (1 item);  
Continuation of the certification of the main rubber material for marine inflatable lifeboats of China Classification Society.
- Dry diving suit (3 items):  
Obtained European EN 14225 standard diving material certification .
- Protective clothing material (1 item): American arc flame protection test (ASTM F1891).
- Chemical protective clothing materials (2 items);  
Chemical resistance test certification (ASTM F903).
- Reach EU environmental protection (SVHC) materials (3 items):  
Obtained the SVHC high concern forbidden and restricted 201 chemical testing standards.
- Capacitor rubber insulating material (1 item):  
Obtained the high-voltage insulation test standard for electromechanical products in mainland China.

# Manufacture Division- Complete production and R&D



- Rubber and plastic mixing system
- Rubber Calendaring machine
- Steel belt Rotocre vulcanizer
- Autoclave vulcanizer
- Hot air vulcanizer
- TPU Calendaring machine
- PVC Calendaring machine
- Direct coating machine
- Multifunctional transfer coating machine
- Padding machine
- Environmental air pollution prevention and energy saving equipment. (Exhaust gas combustion RTO and waste heat recovery energy-saving equipment)
- Central laboratory



# Construction Division - Construction Projects



2010  
Banqiao Dist.  
**Bridge to Zenith**

2013  
Banqiao Dist.  
**Modesty Home**

2016  
Xindian Dist.  
**Legend River**

2018  
Xinyi Dist.  
**55Timeless**

2020  
Taichung City  
**Le Bella Vita**

2021  
San Francisco  
**SERIF**

# Construction Division – Unsold Projects



- Construction continues to sell.
- Maintain reasonable prices, and steadily destocking.
- Flexibly use the sales channels to find target audience.

# Construction Division-San Francisco Project



## SERIF

- 2021 Q4 Construction completed / Residential sales begin
- 2021~2022 Due to the Covid-19 epidemic, it became a trend to work from home in the San Francisco Bay Area. Even if the current epidemic has eased, the slow return of office manpower will affect the housing purchases.
- In 2022, the Federal Reserve (FED) has raised interest rates by a total of 15 yards, and the mortgage interest rate has exceeded 7%. The number and days of residential sales in San Francisco have increased, while the transaction volume and price have declined.
- Consider sales and leasing in parallel for future operations to welcome the recovery of the housing boom in the future.

# Construction Division-San Francisco Project



- 2022 Q4 Hotel opening
- The United States and Europe have relaxed travel restrictions, the number of tourists in San Francisco has gradually recovered, and business activities have become active, driving the occupancy rate of all hotels to maintain at nearly 70%.
- In the future, we will accelerate the improvement of hotel operation capabilities to meet future business opportunities in tourism and business travel ◦



# Construction Division-Kaohsiung Project



- Development Plan

- The company participated in the joint construction project as a 30% landlord.
- **11.1%** of the case (co-construction ratio: 37% for the landlord / 63% for the builder) can be shared in the value of the real estate and parking spaces.

- Development Schedule



# Construction Division-Kaohsiung Project



- Development Concept
  - Overlooking the Love River, running through the ocean capital, the port skyline, and creating an international landmark building.
  - Create a mixed-type building for employment, housing and recreation, resulting in a change in lifestyle.

Residence  
住宅

Amenities  
公設

Resort  
飯店

Restaurant  
餐廳

Boutique  
精品



# Logistics Division



The Logistics Department provides management of business development for Nankan Logistics Park, Bridge Upto Zenith business center and Longtan Smart Industrial Park, providing customers with various choices of location and spatial planning suggestions in accordance with the licenses of respective logistics centers.



## Nankan Logistics Park

Logistics center operation, warehouse construction, lease management, etc.



## FRG ILC



## Longtan intelligent park

Logistics operations, construction of industrial plants and warehouses, lease management, etc.

# Logistics Division- Nankan Logistics Park



FRG Logistics Park has advantage in developed large and park-style scales to lower the hardware build costs, also use the concept of park-style reconciliation to attract enterprise stationed in storage centre. There are six commercial buildings in Nankan Park, total rented area is 30,000 square footage which is 99,173.6 square meter °



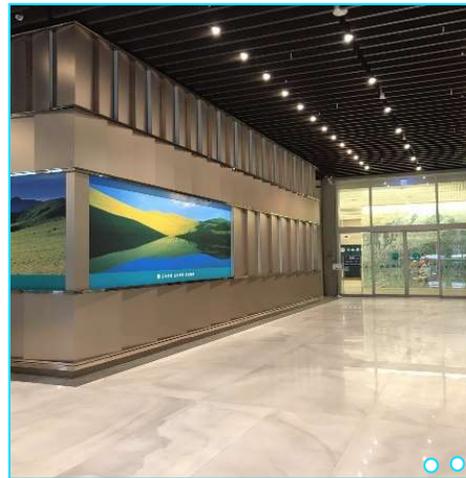
# FRG Logistics Center



- FRG entered the logistics arena as a third party logistics service provider, and obtained the license of ILC in June, 2003, whose serial numbers are CL060 and CL061
- We provide a really complete logistic service including international transportation integration, customs clearance, warehousing management, PO handling, value-added service, delivery. Therefore, customs could improve overall logistics operational performance and a safe storage environment.

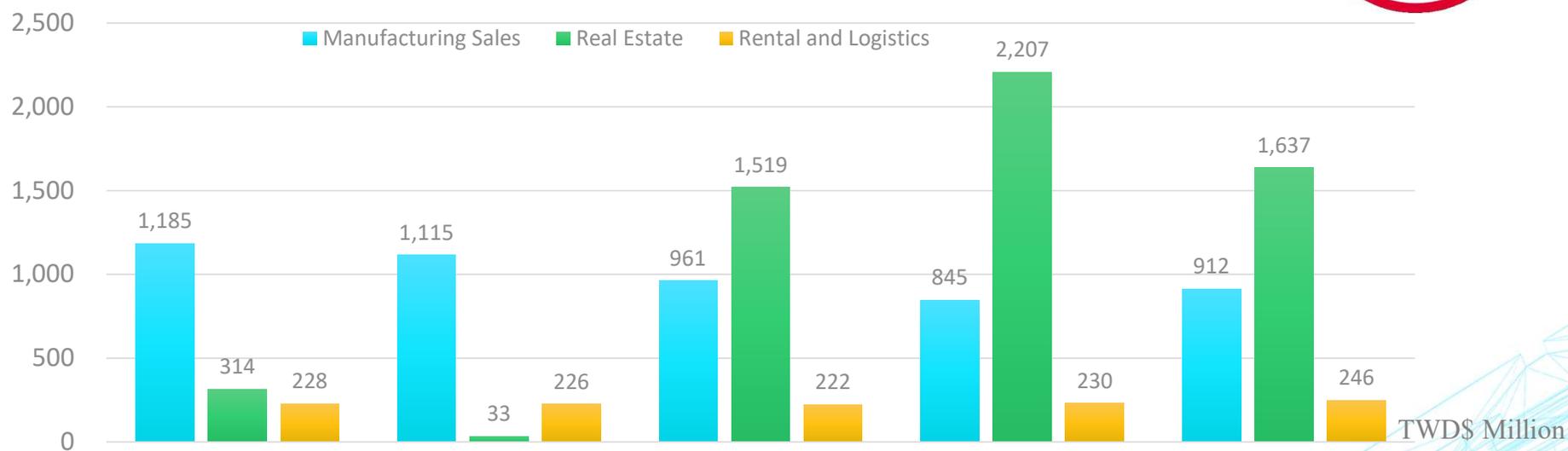


# Logistics Division- Lease business



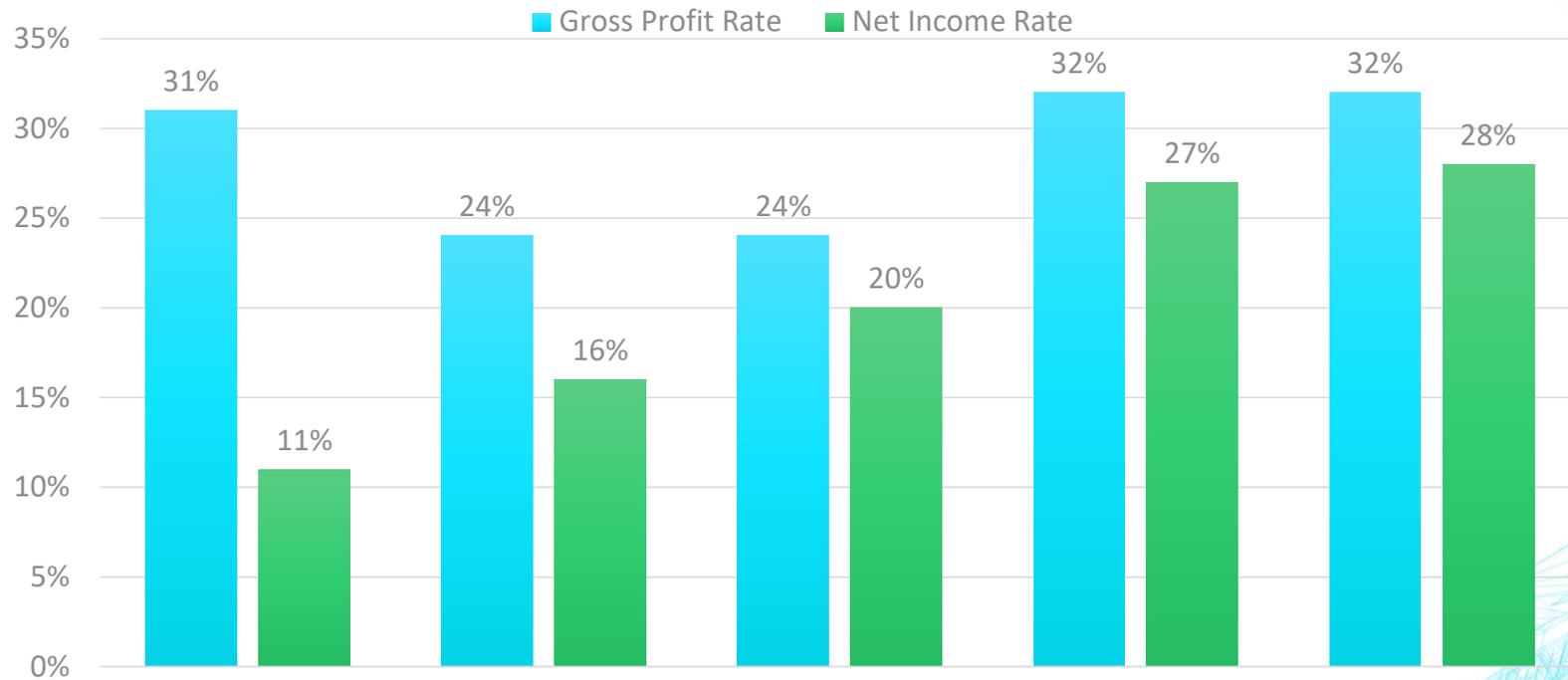
Bridge Upto Zenith business center , covering an area of 6224.8m<sup>2</sup>, all occupant with tenants now. Tenants Included Audi Car dearship and ESun Bank. Second Floor rented by Nan Shan Life Insurance Co.,Ltd , Sinopac Bridge Upto Zenith business center has become the leading commercial center in Banqiao District

# Consolidated Revenue 2017-2021



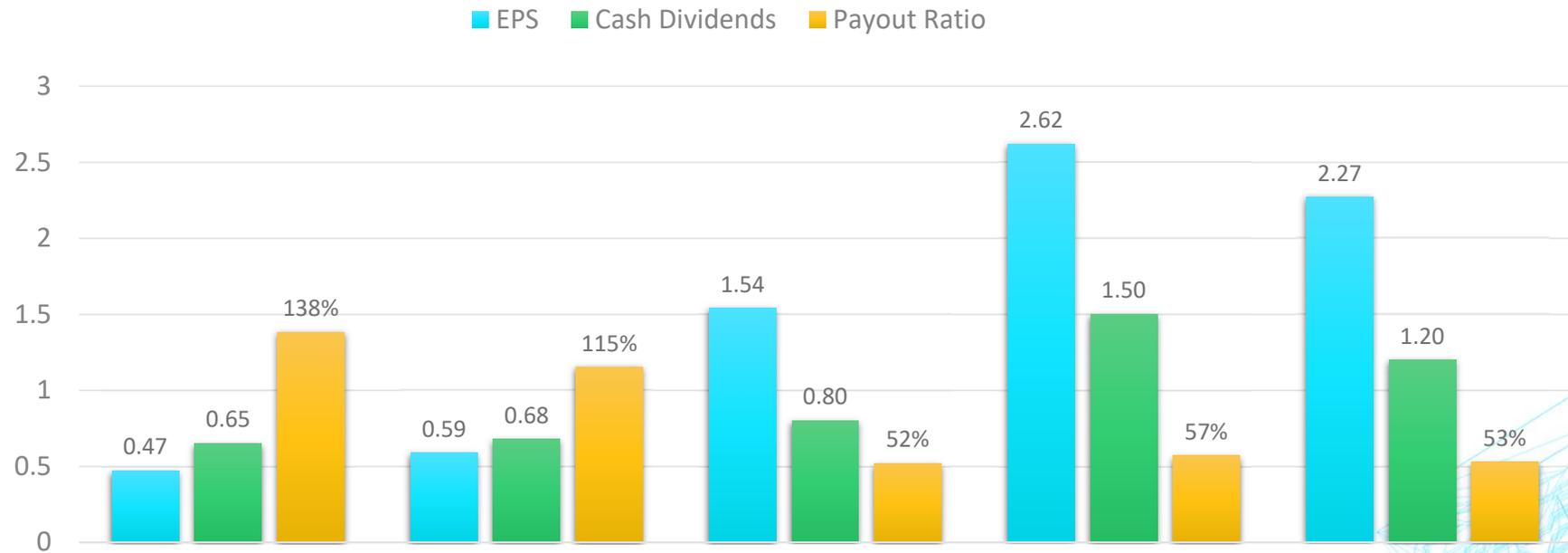
Division \ Year	2017	2018	2019	2020	2021	
Manufacturing Sales	1,185	1,115	961	845	912	33%
Real Estate	314	33	1,519	2,207	1,637	58%
Rental and Logistics	228	226	222	230	246	9%
<b>Total</b>	<b>1,727</b>	<b>1,374</b>	<b>2,702</b>	<b>3,282</b>	<b>2,795</b>	<b>100%</b>

# Gross Profit Rate and Net Income Rate 2017-2021



Year	2017	2018	2019	2020	2021
Gross Profit Rate	31%	24%	24%	32%	32%
Net Income Rate	11%	16%	20%	27%	28%

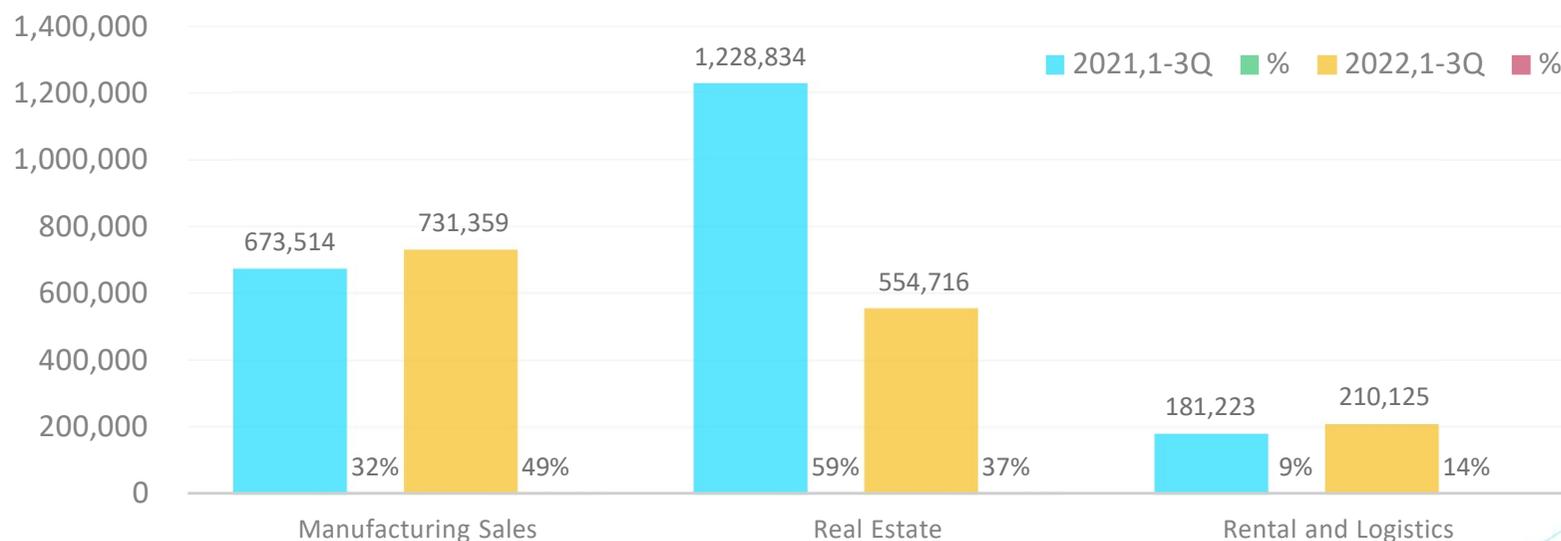
# EPS and Dividends 2017-2021



Year	2017	2018	2019	2020	2021
EPS	0.47	0.59	1.54	2.62	2.27
Cash Dividends	0.65	0.68	0.80	1.50	1.20
Payout Ratio	138%	115%	52%	57%	53%

Units : TWD\$ Dollar

# Consolidated Revenue 2021&2022 1Q-3Q



Division \ Duration	2021,1-3Q	%	2022,1-3Q	%
Manufacturing Sales	673,514	32%	731,359	49%
Real Estate	1,228,834	59%	554,716	37%
Rental and Logistics	181,223	9%	210,125	14%
<b>Total</b>	<b>2,083,571</b>	<b>100%</b>	<b>1,496,200</b>	<b>100%</b>

Units : TWD\$ Thousands

# Profit and Loss Account 2021&2022 1Q-3Q



Units : TWD\$ Thousands

Account	2021 1-3Q	2022 1-3Q
Net Revenue	2,083,571	1,496,200
Operating Cost	(1,428,978)	(1,008,267)
Gross Profit	654,593	487,933
Operating Expenses	(178,340)	(163,383)
Operating income	476,253	324,550
Non-operating gains or losses	173,600	491,972
Income before income tax	649,853	816,522
Income tax	(76,120)	(116,583)
Net Income	573,733	699,939
EPS (TWD)	1.67	2.05

# Manufacture Division- Future development



- **Energy saving & environmental protection, in line with future environmental regulations, low carbon emissions:**
  - Energy use, advanced design (low carbon emissions).
  - Low sulfur oxide, low nitrogen oxide, low particulate pollutant emissions.
  - Won the Industrial Bureau of the Ministry of Economic Affairs 109 Industrial Low-Carbon Technology Application Subsidy Program Award.
- **Consumables for electronic industry production process (replace kraft paper):**
  - Consumables for PCB & CCL Molding Process.
  - Consumables for solar panel molding process .
  - Consumables for 5G product molding process
- **Continuous development of high-end multifunctional protective clothing fabrics:**
  - Anti-acid, anti-alkali, chemical-resistant protective clothing fabric.
  - Arc-resistant, flame-resistant, oil-resistant, and wear-resistant protective clothing fabrics.



# Manufacture Division- Future development



- **Development of materials for marine automatic inflatable escape related equipment:**
  - In line with the International Maritime Organization IMO below zero (-70 °C) life-saving rafts, escape chute equipment materials and -50 °C environmental protection life jackets.
  - Development of rubber three-dimensional fabric for new inflatable cruise escape boat: Obtained EU BV (ISO 15372) certification for the main body rubber material of marine inflatable boats. Put into foreign application market.
- **Cooperate with independent research and development policy:**
  - Developed and completed railcars (high-speed rail, MRT, light rail) with flame-resistant, low-smoke, low-smoke-toxic, and wear-resistant grades, environmentally-friendly and energy-saving translucent Bellows materials, and rubber low-noise anti-slip rubber floorings inside the carriages.
  - Participate directly or indirectly in the local application market.



# Construction Division-Future Outlook



- **Stably sale the existing assets**

The real estate properties invested by our company are all located in the elite areas of the city and with good value preservation. We will adopt appropriate marketing strategies to stably sell the remaining houses and safeguard the rights and interests of shareholders.

- **Continue to develop high-quality land**

In addition to developing our own assets, we will continue to develop or purchase suitable land or cases that meet the company's investment return objectives based on long-term development.

# Logistics Division-Future Outlook



Develop PFOSHEN Longtan Smart Park, holding about 20,000 pings (66,000sqm) of land and the development experience of Nankan Logistics Park. We plan to build a professional logistics park with maximum capacity suited to various industries, hoping to attract more quality customers to move in; and to promote the development of smart parks.

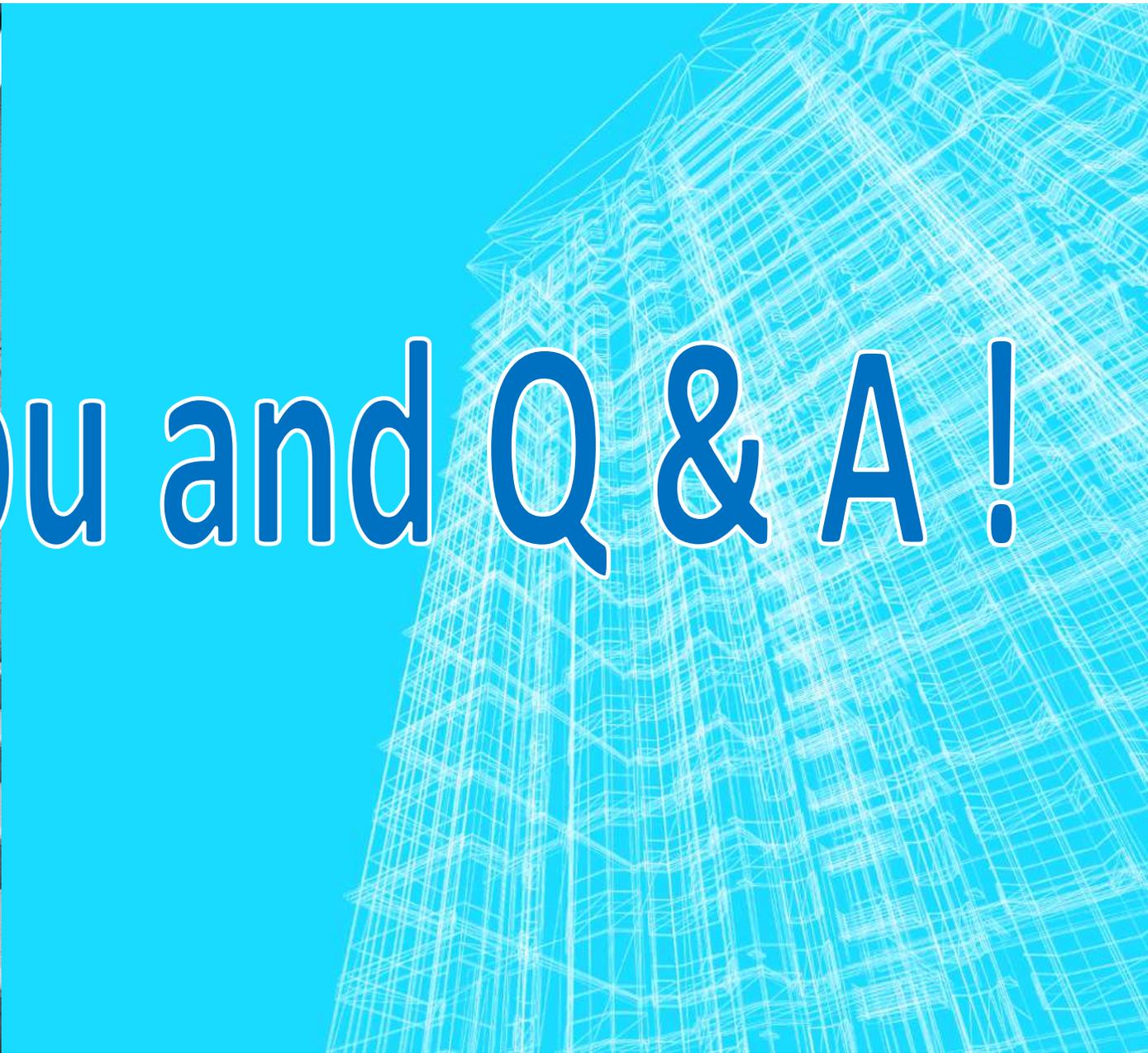
## Development of a Logistics Center

A 5,000 pings (16,500sqm) warehouse will be built with one floor below ground and four floors above ground. The company will also apply to Taipei Customs to set up the third Bonded Warehouse in the logistics center to serve the bonded customers in the surrounding science park.

## Obtain GDP certifications

With the upcoming launch of the Good Distribution Practice (GDP), the Smart Park is well poised to meet the strong demand for pharmaceutical logistics. PFOSHEN team will proceed with GDP certification processes.





**Thank You and Q & A !**