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TW : 2201

YULON MOTOR CO., LTD.

Investor Conference

2015/05/27



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Agenda

Agenda	Time	Speaker
Opening	5 min	Chen Hsiang Yao - President
Financial Results & Future Prospects	20 min	Chen Hsiang Yao – President Charles, Shiau - CFO
Q&A	25 min	Chen Hsiang Yao – President President/CFO



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Financial Results



2015/1~4 Sales Volume in Taiwan

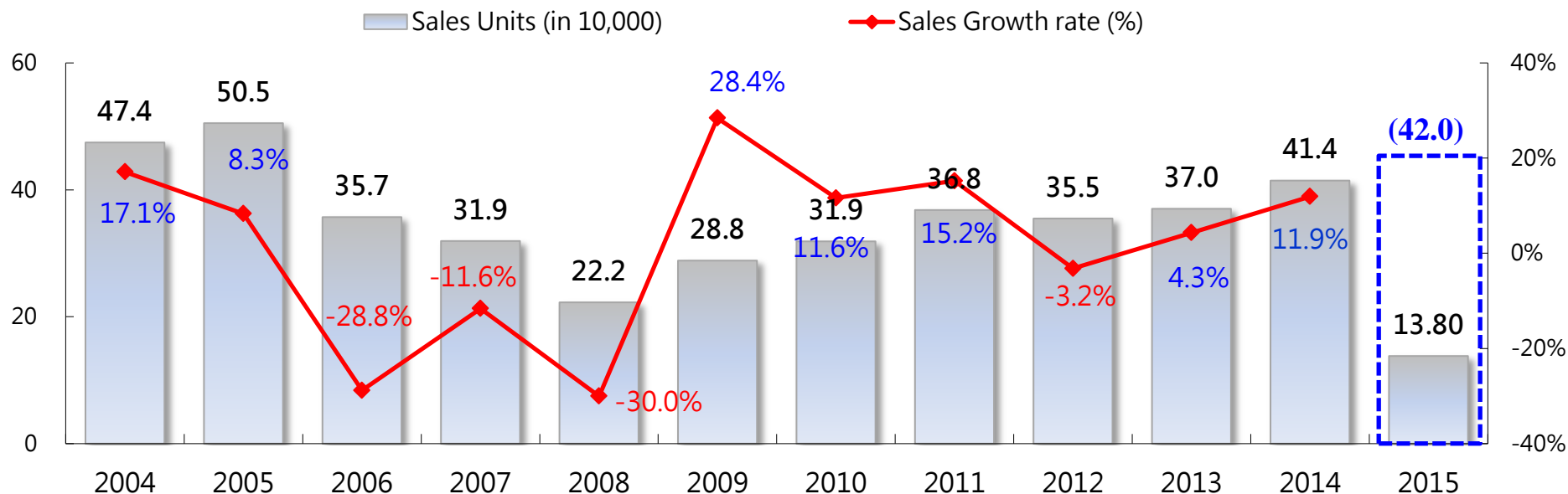
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2015/1~4	Domestic cars and Imported cars									
	Domestic /Imported	Sales volume				Growth rate		Market share %		
		2014/1~4		2015/1~4		2015/1~4	Total	2015/1~4	2014/1~4	%
		Units	Total	Units	Total					
YULON Nissan Co.	Domestic	14,502	16,512	13,261	14,558	-8.56%	-11.8%	10.5%	12.6%	-2.1%
	Imported	2,010		1,297		-35.47%				
LUXGEN	Domestic	6,937	6,937	5,417	5,417	-21.91%	-21.9%	3.9%	5.3%	-1.4%
	Imported	0		-		-				
MITSUBISHI	Domestic	14,586	14,886	14,385	14,607	-1.38%	-1.9%	10.5%	11.4%	-0.8%
	Imported	300		222		-26.00%				
YULON GROUP subtotal	Domestic	36,025	38,335	33,063	34,582	-8.22%	-9.8%	25.0%	29.3%	-4.3%
	Imported	2,310		1,519		-34.24%				
TOYOTA	Domestic	31,402	42,489	33,481	45,076	6.62%	6.1%	32.6%	32.5%	0.1%
	Imported	11,087		11,595		4.58%				
FORD	Domestic	6,833	7,819	6,618	7,612	-3.15%	-2.6%	5.5%	6.0%	-0.5%
	Imported	986		994		0.81%				
MAZDA	Domestic	3,916	5,768	1,270	6,486	-67.57%	12.4%	4.7%	4.4%	0.3%
	Imported	1,852		5,216		181.64%				
HONDA	Domestic	6,538	6,753	8,860	9,038	35.52%	33.8%	6.5%	5.2%	1.4%
	Imported	215		178		-17.21%				
HYUNDAI	Domestic	4,132	4,653	4,577	4,970	10.77%	6.8%	3.6%	3.6%	0.0%
	Imported	521		393		-24.57%				
Total market	Domestic	89,021	130,889	88,160	138,465	-0.97%	5.8%			
	Imported	41,868		50,305		20.15%				

Notes:

1. The sales volume in 2015/1~4 increased 5.8% compared with last year, including 20% increased for imported cars and decreased 1% for domestic cars, accounting for domestic cars and imported cars of 68%:32%.
2. YULON Nissan Co.:
 - 1.1 The new car launched period of SENTRA (2014/1~4) caused growth rate was much higher than 2015.
 - 1.2 Because X-trail is launched in May this year and the orders has exceeded 1800 units until May 24th, it is expected that the sales volume of Nissan in 2015 will rise.
3. LUXGEN:
 - 2.1 Because 2014/1~4 was the new car launched period of U6, it became a higher base period.
 - 2.2 U6 Turbo Eco Hyper, with highly cost-performance ratio, the sales volume has exceeded 2,100 units until May 24th, it is expected that the sales volume of Luxgen in 2015 will be maintained.



※Sales units include Passenger Cars and Commercial Vehicles

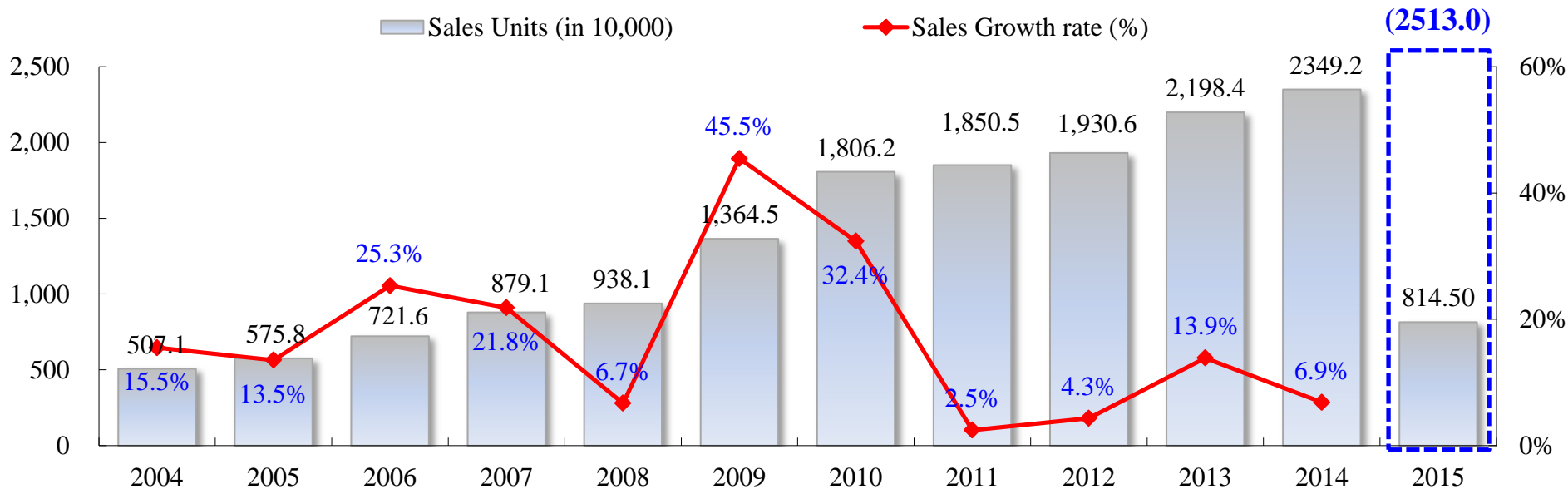
(2015/1~2015/4)

1. According to several analysts, due to the global economic growth of U.S., Eurozone and Japan in 2015, it is expected that the global GDP of 2015 will exceed 2014, it simulates the export momentum; however, the impact of economic slowdown in China will be the uncertainty factor which need to monitor closely.
2. Overall, plenty of institutions take an optimistic view of Taiwan's economy, also with a moderate growth; the predicted economic growth rate for Taiwan in 2015 is 3.7% ~ 4.1%, and 3.46% for the first quarter.
3. Taiwan's overall auto market sales volume in 2015 are expected to reach 420,000 units, representing 1.4% grow rate (414,000 units in 2014) for new models launching of each automakers and for the propensity to replace automobiles every 10 years.



2014 Auto Sales in China

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※Sales units include Passenger Cars and Commercial Vehicles

(2015/1~2015/4)

Notes:

1. The sales volume in 2015/1~4 of China is 8,145K units, and 2.77% growth rate year on year which includes 7.7% in passenger cars and -19.1% in commercial vehicles.
2. Although economic growth rate of the first quarter in 2015 in China is 7.0%, being the lowest period since the global financial crisis, it is still predicted to be stable for the second quarter in 2015.
3. According to China Association of Automobile Manufacturers (CAAM), in 2015 Continental overall auto market forecast is expected to reach 25.13 million units, increased by 1.64 million compared to 2014 (23.49 million units), the growth rate is about 6.98%.



Consolidated Comprehensive Income Statements

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(In NT \$ Millions)

	2015 Q1		2014 Q1		Difference	
	Amount	%	Amount	%	Amount	%
Operating revenue	31,665	100%	26,125	100%	5,540	21%
Gross profit	4,798	15%	4,185	16%	613	15%
Operating income	751	2%	563	2%	188	33%
Nonoperating income and expense	853	3%	609	2%	244	40%
Consolidated income before income tax	1,603	5%	1,172	4%	431	37%
Consolidated net income	1,317	4%	949	4%	368	39%
EPS	0.60		0.55			

- By the first quarter in 2015, the total number of OEM in Nissan and Luxgen is approaching 18,000 units, increasing 1.8% year on year:
 - Luxgen: Because of the sales volume decreased 21.9%, the demand of OEM decreased 18%.
 - Nissan: Although the sales volume decreased 11.8%; however, considering the order-demands for the second quarter, the demand of OEM increased 9%.
- The operating revenue increased 5,540 million compared with last year is mainly due to:
 - Dongfeng Yulon Motor Sales Co. : increased 4,800 million.
 - Overseas dealers : increased 1,200 million.
 - TAC : increased 430 million.
- The operating income increased 188 millions compared with last year is mainly due to the boosting of the sales volume, increasing 153% from Dongfeng Yulon year on year .
- The non-operating net income increased 244 million compared with last year is mainly due to the significant reduction of operating loss (66 million in 2015 Q1) from Dongfeng Yulon. Furthermore, the operating income in 2015 Q1 is 80 million by combing Dongfeng Yulon and Dongfeng Yulon Motor Sales Co..



Consolidated Balance Sheets

	2015 Q1		2014 Q4		Difference	
	Amount	%	Amount	%	Amount	%
Current assets	112,116	55%	108,806	54%	3,310	3.04%
Noncurrent assets	92,578	45%	94,037	46%	(1,459)	-1.55%
Total Assets	204,694	100%	202,843	100%	1,851	0.91%
Current liabilities	112,933	55%	112,689	56%	244	0.22%
Noncurrent liabilities	10,639	5%	10,005	5%	634	6.34%
Total Liabilities	123,572	60%	122,694	60%	878	0.72%
Total Equity	81,122	40%	80,149	40%	973	1.21%

1. The Debt to Assets ratio of the first quarter of 2015 is 60%, and would decrease to 30% with deduction of short-term borrowings and short-term bills payable for TAC and dealers. (Comparing with the first quarter of 2014, this ratio after deducting of debt mentioned above for TAC and dealers is 34%.)
2. The financial structure of Yulon Motor:
 1. The current debt ration is 12.4%, mainly for the payments for subcontractor's materials.
 2. The cash and cash equivalents is 11.6 billion, without bank borrowings and not including the 4.5 billion revenue of cash dividend in the third quarter from Yulon Nissan Co.
 3. The ratio of the stockholders equity to the total assets is 87.6% (70.5 billion to 80.5 billion).
 4. The book value per share is NT\$ 44.8.
 5. The company's financial structure is fairly good.



Luxgen Sales Volume in China and Taiwan

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(in units)

Brand Company	13Y Actual	14Y Actual	14Y growth rate	15Y Forecast	15Y forecast volume increased	15Y forecast growth rate
Luxgen	8,116	16,687	205.6%	16,248	(439)	-2.6%
Dongfeng Yulon Motor	31,266	52,203	167.0%	70,880	18,677	35.8%
Total	39,382	68,890	174.9%	87,128	18,238	26.5%

1. Luxgen

- A. In 2014 Luxgen launched U6 and a new facelift MPV M7 Turbo, driving Luxgen sales volume 1.2 times 2013.
- B. In 2015, Luxgen will continue improvements on fuel consumption and quality, development to meet differentiated consumer demand, and continue construction of differentiated sales and service, in order to strengthen the brand image. Due to U6 Turbo Eco Hyper, with a perfect cost-performance ratio, successfully caught the consumers' eye and sales volume reached 1,400 units in one month since been listed, the total sales volume in 2015 will maintain the level in 2014.

2. Dongfeng Yulon Motor

- A. Driven by the introduction of new models, Dongfeng Yulon keep improving product and service quality in 2014, estimated to reach annual sales of 52,203 units, increasing 67%, and the sales revenue amounted to 76.5 RMB billion.
- B. In 2015 Dongfeng Yulon will focus on introducing new models, improving quality, enhancing production and sales, strengthening dealer's marketing and service force and promoting brand image. Forecast to grow 35.8% in 2015 compared with 2014.



1. Foundation Info:

Items	Residential Dist.	Commercial Dist.	Total
Foundation	24,823 m ²	22,423 m ²	47,246 m ²

2. Goal:

- A. Become the paradigm of the residential and commercial development in Taiwan.
- B. Become a new landmark in New Taipei City.
- C. Create Miniature city in Xindian District.

3. Brief Content:

Items	Residential Dist.	Commercial Dist.
Scale	Three Buildings	Podium & Three Towers
Use	Condominiums	Shopping Malls, Cinemas, and Banquet Halls

4. Progress:

- A. In 2014 June, completed the contract with ZAHA, internationally renowned architects; now is in the design phase.
- B. In 2014 Sep., completed the letter of intent of the mall operating with The Eslite Spectrum Corporation.
- C. In 2014 Dec., completed the letter of intent of the mall operating with Vie Show Cinemas.
- D. In 2015 April, finished the first time Urban design Review.
- E. Estimated to obtain the building permits in the first quarter in 2016.



1. Origin:

The Financial Supervisory Commission (FSC) launched the 5-year "Corporate Governance Roadmap" in December 2013. In particular, the implementation of corporate governance evaluation is one of the major projects of 2014 with the goal to assist investors and companies in better understanding the performance of corporate governance by comparing the evaluation result among companies.

2. Rating:

A total of 1,393 companies, 798 TWSE-listed and 595 TPEX-listed companies, were evaluated, with the top 20% of scores being published.

3. Result:

The score of Yulon Motor Co. is 94.7, also being the top 5% company and 1st company in Motor field.

(The average score of the companies when assessed against 92 indicators from five different categories was 73.45, and the average score for TWSE-listed companies was 74.23 and TPEX-listed companies was 72.41.)

4. Future Prospects:

Yulon Motor Co. will continue upgrading the improvement of the corporate governance, also fulfilling our greatest efforts and responsibilities.



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Q & A