



HSIN KUANG STEEL CO., LTD.

Investor Conference

23 July 2020



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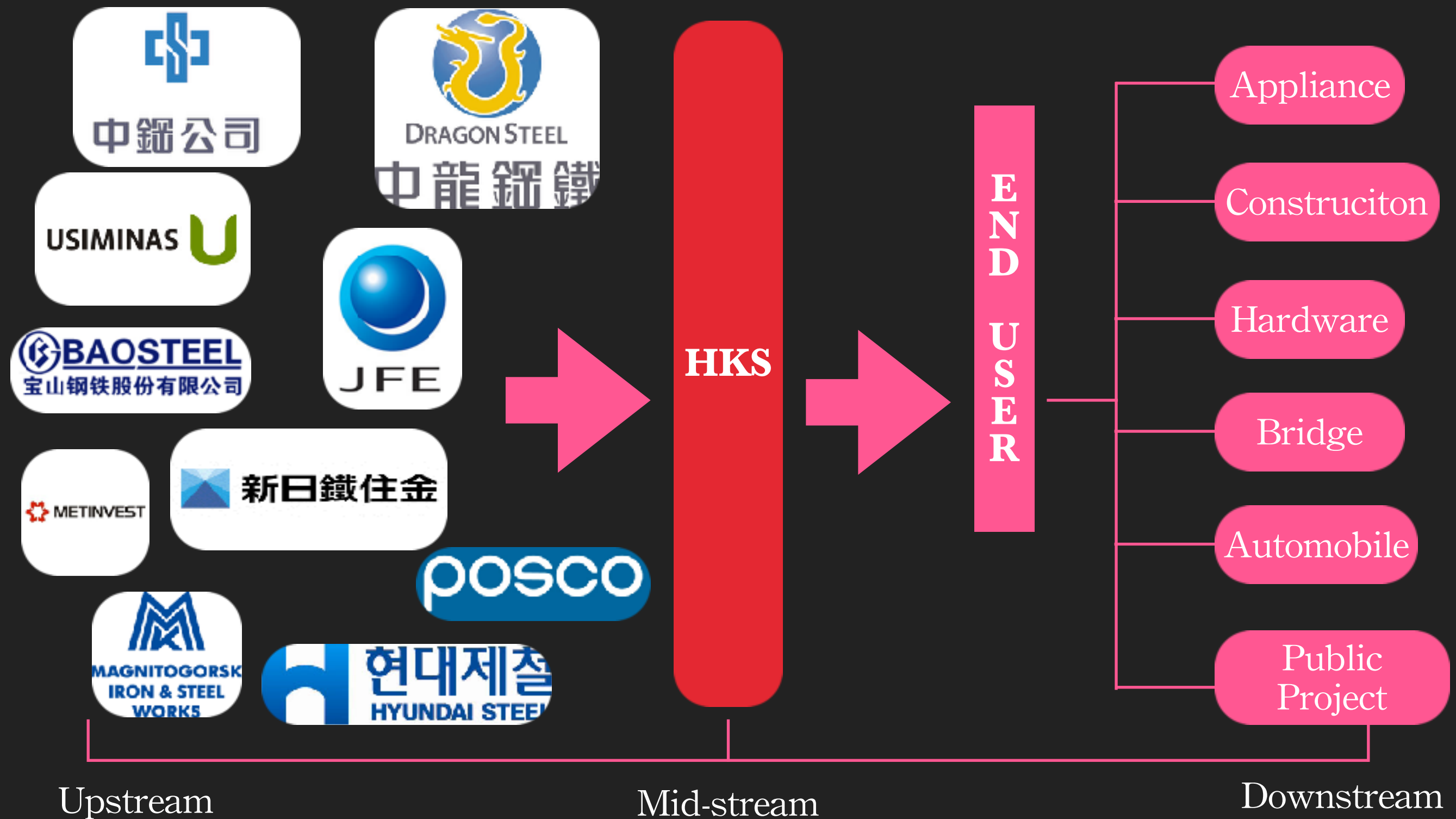
COMPANY PROFILE



COMPANY PROFILE

Chariman	• Alexander M.T. SU
Established and Stock Listing	• Established in 1965
	• Stock listed in 2000
Capital Amount	• Capital: NTD 3.1 Billion
	• Employees : 320
2019 Revenue	• 2019 Revenue : NTD 8.48 Billion
	• Total Sales Metric tonnes in 2019 : 340,000mt
Headquarter and factor locations	• Headquarter : New Taipei City
	• Taoyuan Guanyin Factory(Steel Service Center)
	• Changhua Chanbin Factory/ Apex (Coil Center/ Pin pipe Manufactory)
	• Chiayi Factory (Pipe Manifactory)
	• Tainan Factory (Steel Service Center)
	• Kaoshiung factory (Steel Fabrication Factory)
Certifications and prizes	• ISO9001 2015
	• ISO14001
	• ISO45001
	• 金商獎
	• 國家磐石獎
	• 天下雜誌2000大企業排名第338名
	• TCSA 『企業永續報告書獎』銅獎

Market Position: Our strategy is to integrate the supply from suppliers to our customers.



Global Vision+Manufacturing+Logistic+Integration of Supply Chain

鋼品利潤中心

PROFIT CENTER

STEEL PLATE PROFIT CENTER

General use structural steel, building & bridge structural steel

HOT-ROLLED STEEL COIL PROFIT CENTER

General use structural steel, automobile structural steel, high-strength steel, weather-resistant steel

COLD-ROLLED GALVANIZED PROFIT CENTER

Cold-rolled steel coils, cold-rolled galvanized steel coils, electro-galvanized steel coils, hot-rolled galvanized steel coil

STAINLESS STEEL PROFIT CENTER

Stainless steel coils, stainless steel plates, stainless steel precision shearing

SPECIAL STEEL PROFIT CENTER

Medium/ high carbon steel for making machinery, alloy steel plates, tool steel, medium carbon/alloy steel bars

STEEL PLATE PRECISION SHEARING POST-PROCESS PROFIT CENTER

Steel plate customized shearing, drilling

STEEL STRUCTURE PROFIT CENTER

Box pillars, H-shaped steel assembling, welding

APEX OFFSHORE WIND POWER EQUIPMENT MANUFACTURING CO., LTD.

Steel Plate / Mill-Edged Plate / Pre-Bending plate / Can / Section (Pre-fabrication)



STEEL SERVICE CENTERS



MARKET POSITIONING & BUSINESS MODEL

THE INTEGRATION OF SUPPLY CHAIN & MARKETING STRATEGY

Marketing strategy-to supply our customers total solutions.



Create and introduce new steel product.



To standardize and professionalize our sale team and services.



To build up company 's brand image and credibility.



Cooperate with steel mills to offer better and more comprehensive services to customers.



Focus on End user



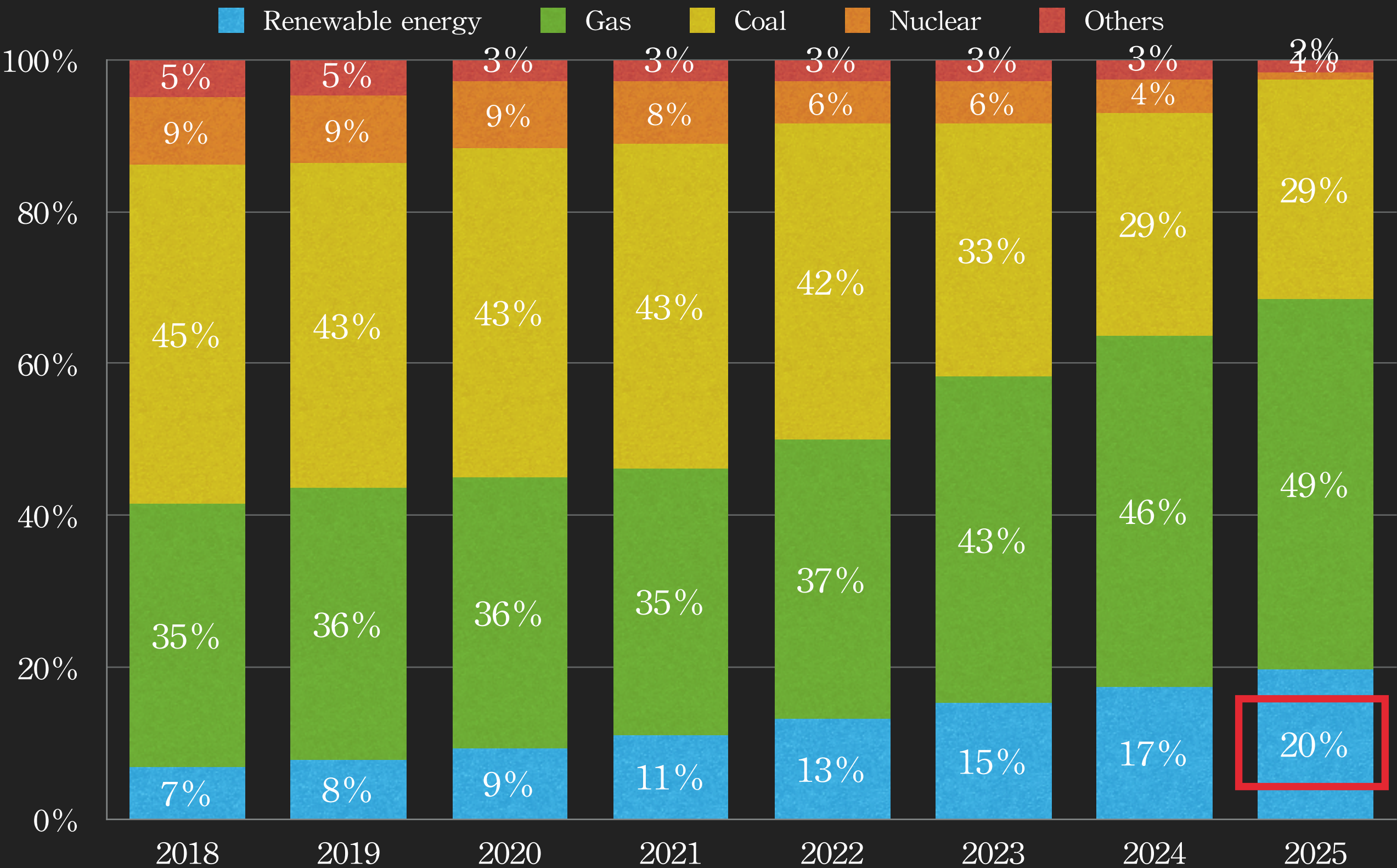
To catch the potential steel businesses from the return of Taiwanese companies.

THE RETURN OF TAIWANESE COMPANIES FROM CHINA



More opportunities for steel business, like structure steel plate, galvanized steel, C-channel and square channel and H beam.

THE GOAL OF RENEWABLE ENERGY IN TAIWAN



THE GOAL OF RENEWABLE ENERGY IN TAIWAN

Item	Install Capacity (萬瓩)			
Years	105	106	109	114
Solar Power system	124.5	176.8	650	2,000 20G.W.
Wind power	68.2	68.4	81.4	120
Off shore wind power	0	0.8	52	300 (550) 5.5G.W.
Geothermal Energy	0	0	15	20
Biofuel	72.7	72.7	76.8	81.3
Hydropower	208.9	208.9	210	215
Fuel Cell	--	--	2.25	6
總計	474.3	527.6	1,087.5	2,742 (2,992)



RECENT UPDATE

THE RETURN OF TAIWANESE COMPANIES STIMULATE THE DEMAND FOR STEELS

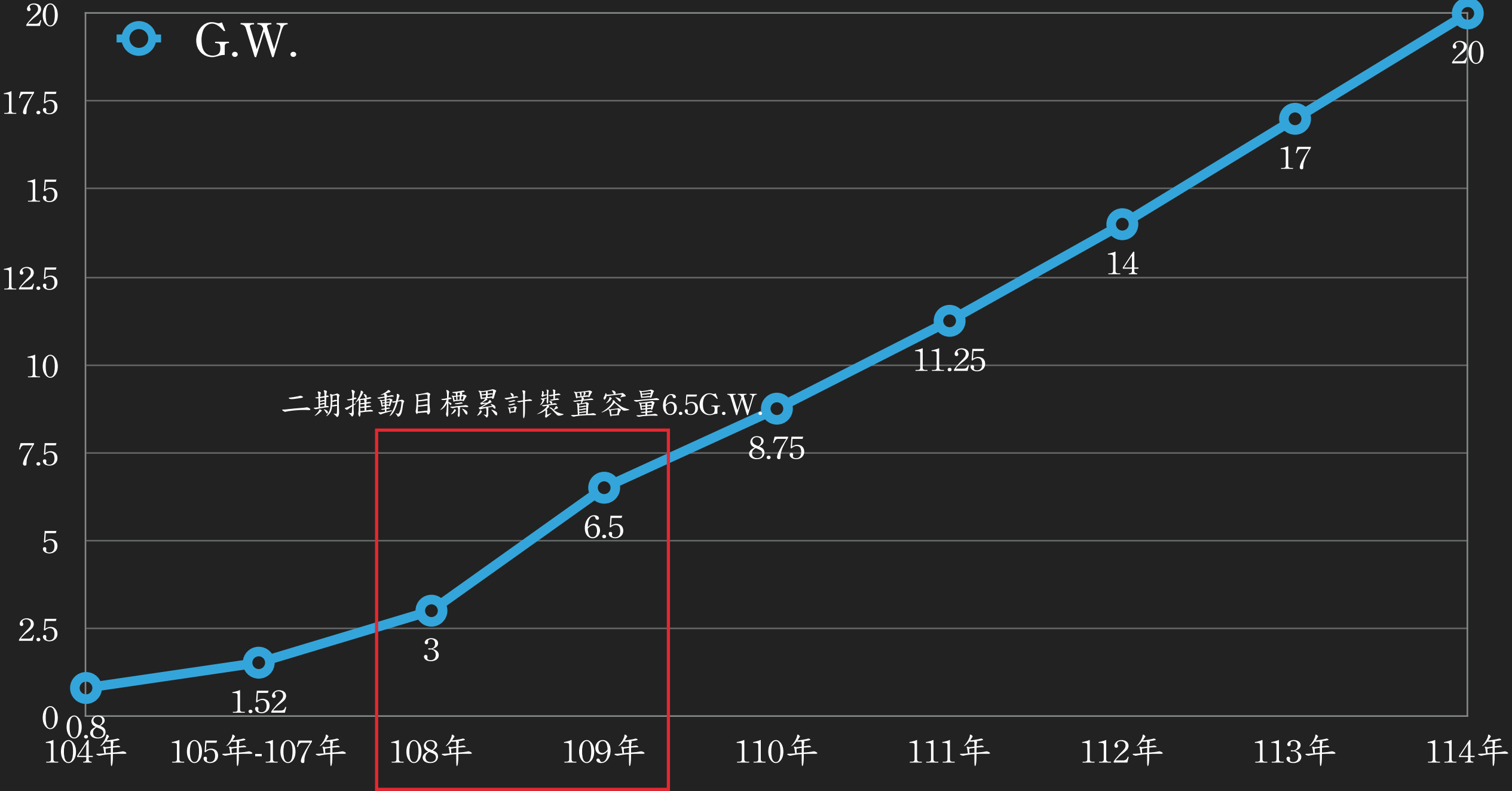
- Our capacity for steel fabrication in Kaoshiung is fully booked.
- The demand is still strong.
- We expect this conditions could be extended to next year as trading war between U.S. and China is long term phenomenon



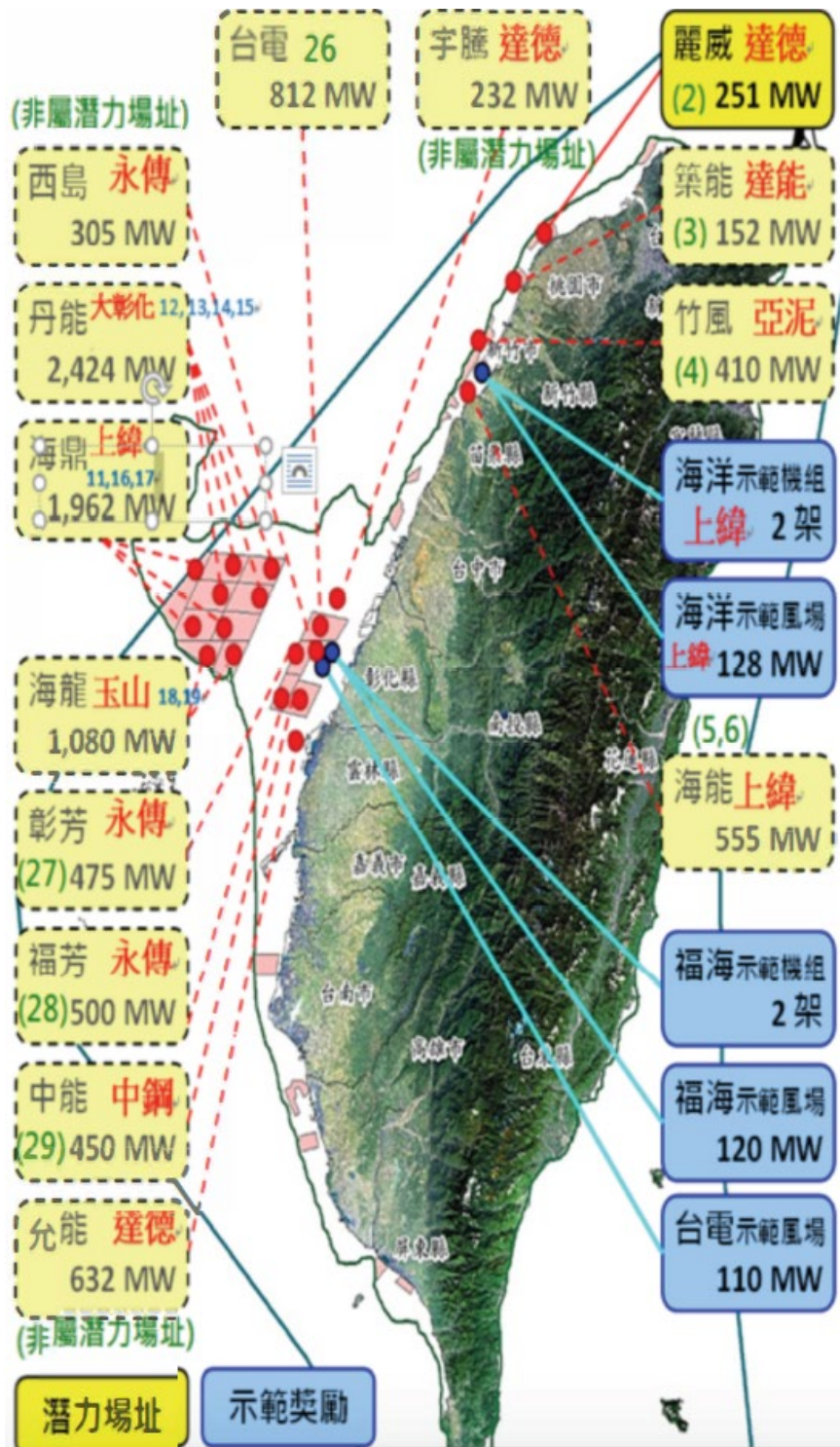
台商回流/轉單效益

WE WILL ALSO FOCUS ON THE SOLAR POWER SYSTEM

THE GOAL OF GOVERNMENT FOR INSTALLED CAPACITY



資料來源：經濟部109年太陽光電6.5G.W.達標計畫

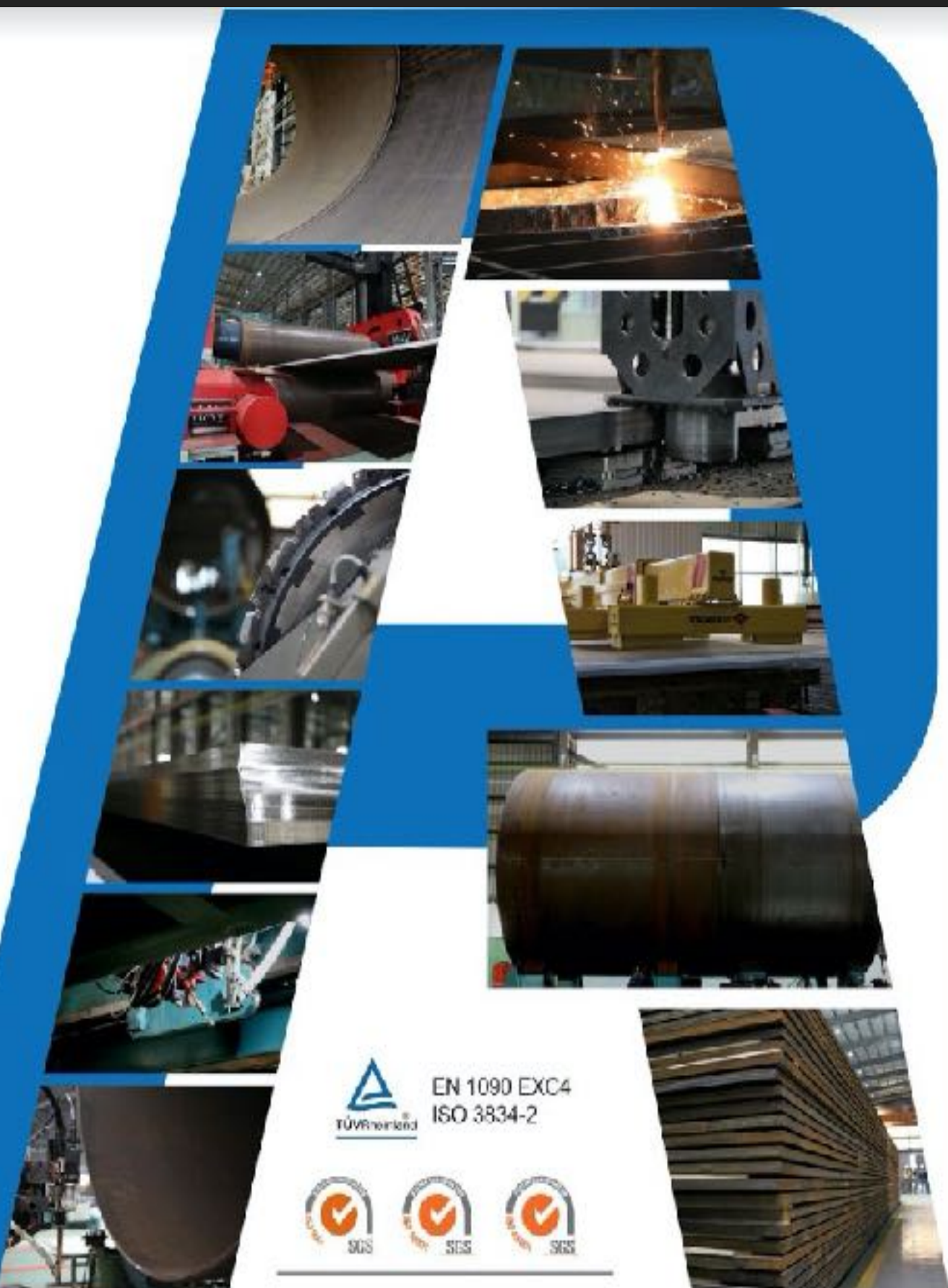


Government bids

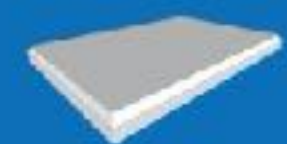
5.5GW by 2025

1. Established APEX
2. Obtained ISO3834, EN1090, HSE certification
3. Order production

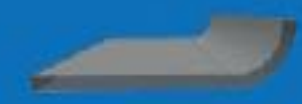
OFFSHORE WIND POWER INDUSTRY




 EN 1090 EXC4
 ISO 3834-2



銑邊鋼板
Edge-Milled Plate



預彎鋼板
Pre-Bent Plate



單圓
Can



長管
Section



前端離岸風電設備製造股份有限公司
 WIND POWER EQUIPMENT MANUFACTURING CO., LTD.

永續 品質 技術

明瞻視野建立客商間的完美橋梁
 加值精準作業流程打造一流品質
 建立穩健經營企業理念
 實現環保先鋒理想

- 導角機 Edge Beveling Machine
- 捲圓機 Roll Bending Machine
- 清根機 Seam Milling Machine
- 潛弧焊機 Submerged Arc Welding Machine





109 MONTHLY SALE REVENUE

Year	Monthly	Revenue					
		109 Revenue	108 Revenue	%	109 Cumulative Revenue	108 Cumulative Revenue	%
109	6	774,760	623,817	24.20%	4,337,252	3,965,784	9.37%
109	5	682,896	718,047	-4.90%	3,562,492	3,341,966	6.60%
109	4	732,784	634,968	15.40%	2,879,595	2,623,920	9.74%
109	3	763,992	692,765	10.28%	2,146,812	1,988,951	7.94%
109	2	716,266	644,497	11.14%	1,382,822	1,296,188	6.68%
109	1	666,556	651,691	2.28%	666,556	651,691	2.28%



2020 H1 VS 2019 H1

項目	2020 H1	2019 H1
Revenue (NTD, 千)	4, 337, 252	3, 962, 891
Gross Profit (NTD, 千)	158, 423	123, 760
Net Operating Income (NTD, 千)	23, 448	-1, 993
Profit before Tax (NTD, 千)	83, 363	27, 758
Profit (NTD, 千)	97, 019	22, 244
EPS (NTD, 元)	0. 31	0. 06



OPERATING CONDITIONS OF RECENT YEARS

項目	2020 H1	2019	2018	2017	2016
Revenue (NTD, 千)	4, 337, 252	8,477,785	8,836,319	8,351,912	6,411,686
Gross Profit (NTD, 千)	158, 423	176,779	870,821	1,113,799	916,989
Net Operating Income (NTD, 千)	23, 448	-97,900	570,786	994,525	752,100
Profit before Tax (NTD, 千)	83, 363	124,457	1,142,227	1,209,464	811,280
Profit (NTD, 千)	97, 019	118,116	1,000,012	1,073,532	749,784
EPS (NTD, 元)	0.31	0.39	3.17	3.49	2.67



THE ANALYSIS OF STEEL INDUSTRY

2020 STEEL INDUSTRY BEFORE COVID-19

- ▶ Before Covid-19 at the beginning of this year, the price of steel market recovered from the bottom and the stock level in end-users were relatively low comparing to 2019.
- ▶ The price of iron ore index increased
- ▶ The nervous between China and U.S. slow down
- ▶ Most of the countries in the world still supported the expansionary Monetary and physical policies.
- ▶ Taiwan was benefited from the return of Taiwanese companies and the promotion of renewable industries

2020 STEEL INDUSTRY DURING COVID-19

- ▶ The demand of end user were frozen.
- ▶ Home appliances, automobile and machinery industry were facing a severe economy conditions as people stop consuming these products.
- ▶ The steel price dropped more than iron ore.
- ▶ Therefore, most of steel mills were financial loss.

2020 STEEL INDUSTRY AFTER COVID-19

- ▶ Recently some countries lifted the ban in order to rescue their domestic industries.
- ▶ The operating rate increased as China lifted the ban.
- ▶ However, the covid-19 is still continuing to grow in U.S. and Europe.
- ▶ Comparing to other countries, Taiwan is a safer place.



Q&A



GCSF
Global Corporate
Sustainability Forum
全球企業永續論壇
2019




新光鋼鐵
股份有限公司
HSIN KUANG STEEL
CO., LTD.

企業永續報告書-銅獎

