



HSIN KUANG STEEL CO., LTD.

20231219 Investor conference



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新光鋼鐵股份有限公司
HSIN KUANG STEEL CO., LTD.

Hsin Kuang Steel established in 1965 and has already had over 60 years experiences in steel industry. We offer wide varieties of steel products and cutting services to over 2,000 customers across north to south of Taiwan.

In recent years, the world is facing issues such as extreme weather, geopolitical challenges, declining birth rates, energy transition, and net-zero carbon emissions. Countries worldwide are actively implementing policies related to renewable energy, supply chain friendshoring, and innovative infrastructure in response to these challenges. In Taiwan, the government has also introduced “forward-looking infrastructure”, “Promote plans to attract Taiwanese firms back to Taiwan”, and “Plan for the 2050 net-zero carbon emission path” since the year 2017. The budget allocated for forward-looking infrastructure is approximately 770 billion (from the year 2017 to 2024), and the budget for the 2050 net-zero carbon emission path and strategy is planned up to nearly 900 billion by 2030, expecting to stimulate private sector investments around 4 trillion.

Since inception, Hsin Kuang Steel has actively participated in various large-scale civil and government public construction projects in Taiwan by carrying its corporate culture , "Integrity, Harmony, Innovation, Sharing, and Sustainability," as well as the corporate vision, "Building a Beautiful New Taiwan." In recent years, Hsin Kuang will continue to uphold the same spirit in order to respond to the government's initiatives and transforming strategy. Therefore, since 2018, Hsin Kuang has successively established different types of services from offshore wind farm underwater foundations, high weather corrosion resistant solar supporting structures, pre-painting steel, water pipe manufacturing lines, bridge and steel structure service, and more. We provide comprehensive steel solutions to downstream customers in the renewable energy and innovative infrastructure sectors, aiming to contribute to Taiwan's "sustainability transition .



Established in

1965

Sales Revenue in
2022

USD 550 million

Paid-in Capital

USD 100 million

Group Work
Force

552
(HKS 274)

Sales Quantity in

485,000mt

Our ESG report
got awarded gold
medal from TCSA
in 2023 (Taiwan
Corporate
Sustainability
Award)





HKS's Vision & Transformation Strategy

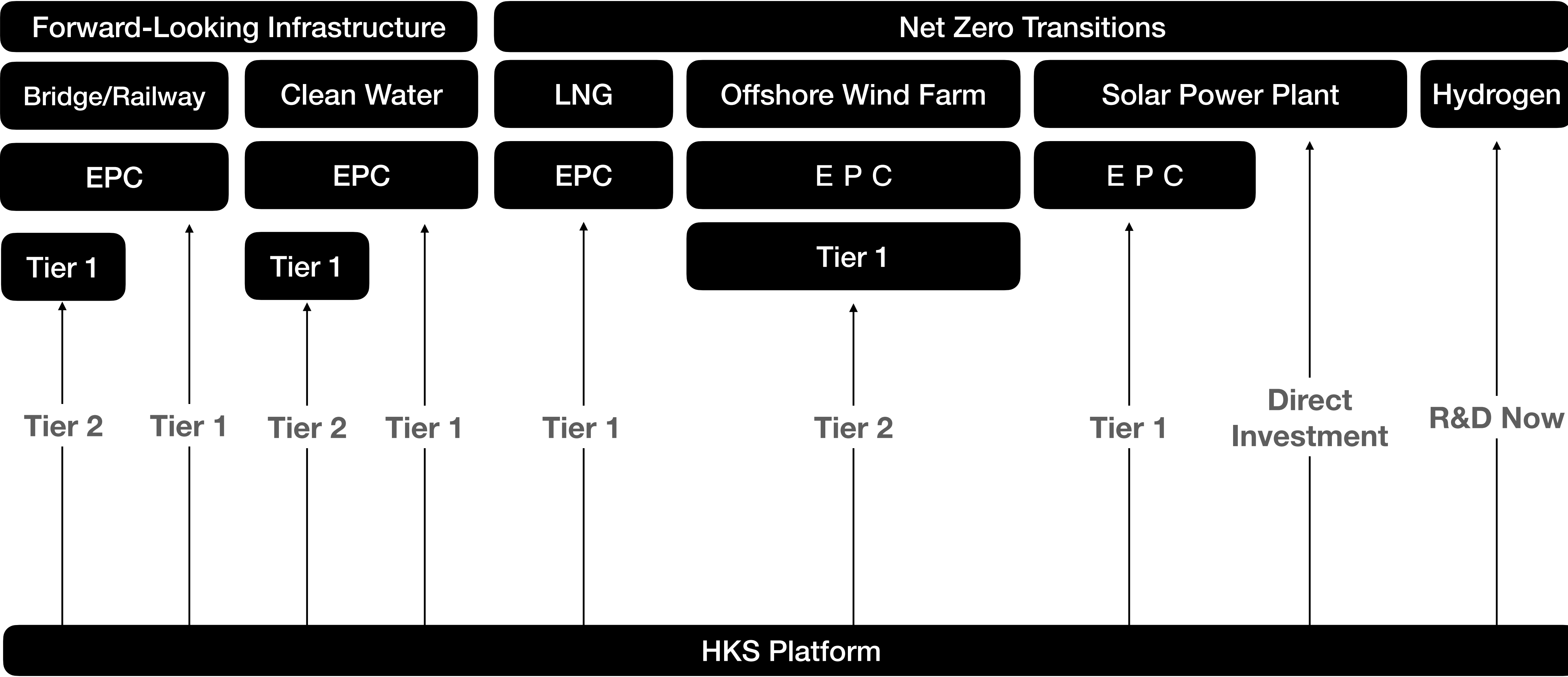
『Everyone cooperates together to construct a beautiful new Taiwan』

『Everyone cooperates together to construct a sustainable Taiwan with Net-zero carbon emission 』



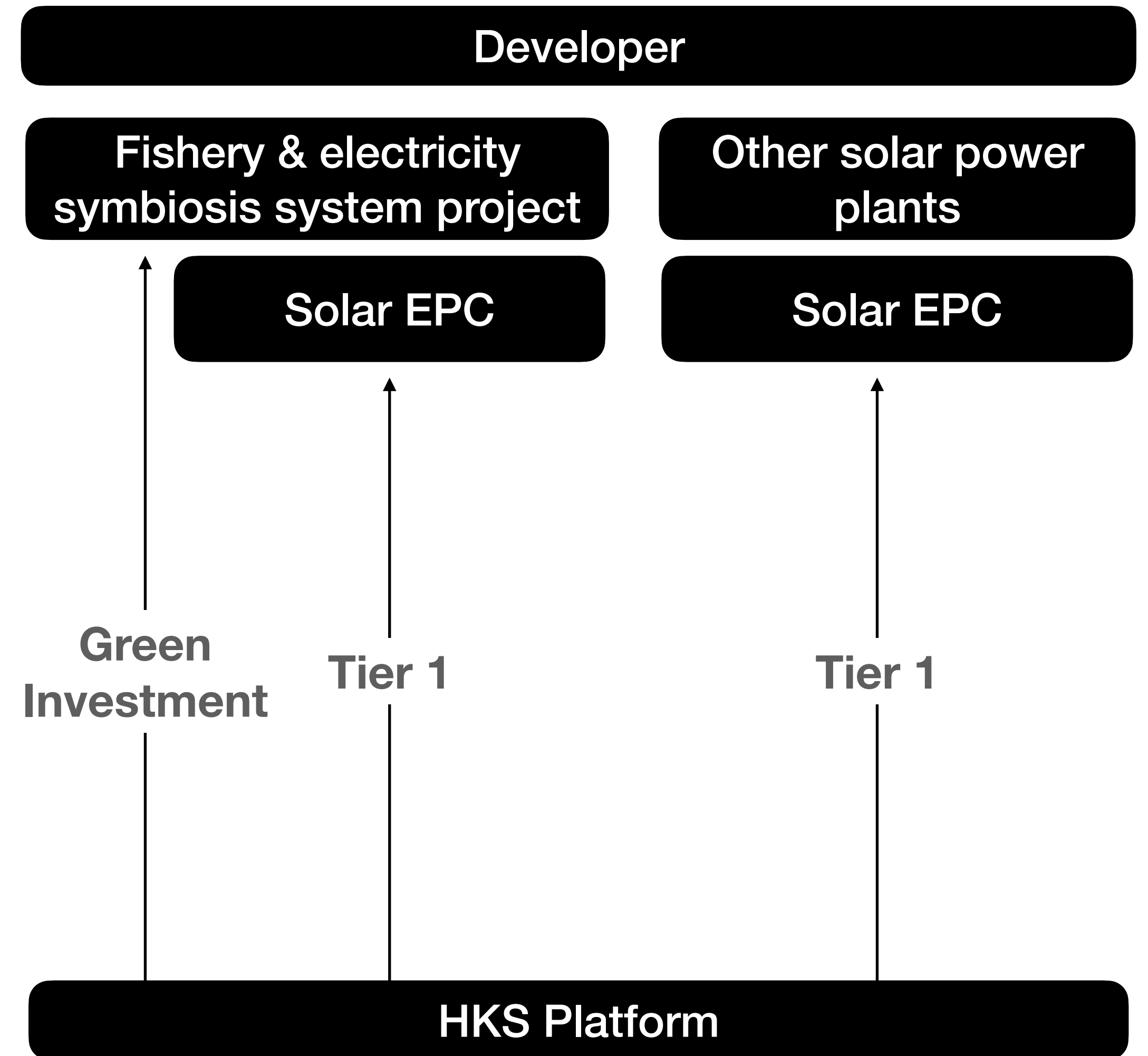


Hsin Kuang Steel is a collaborative platform that provides various service solutions in the industrial supply chain.



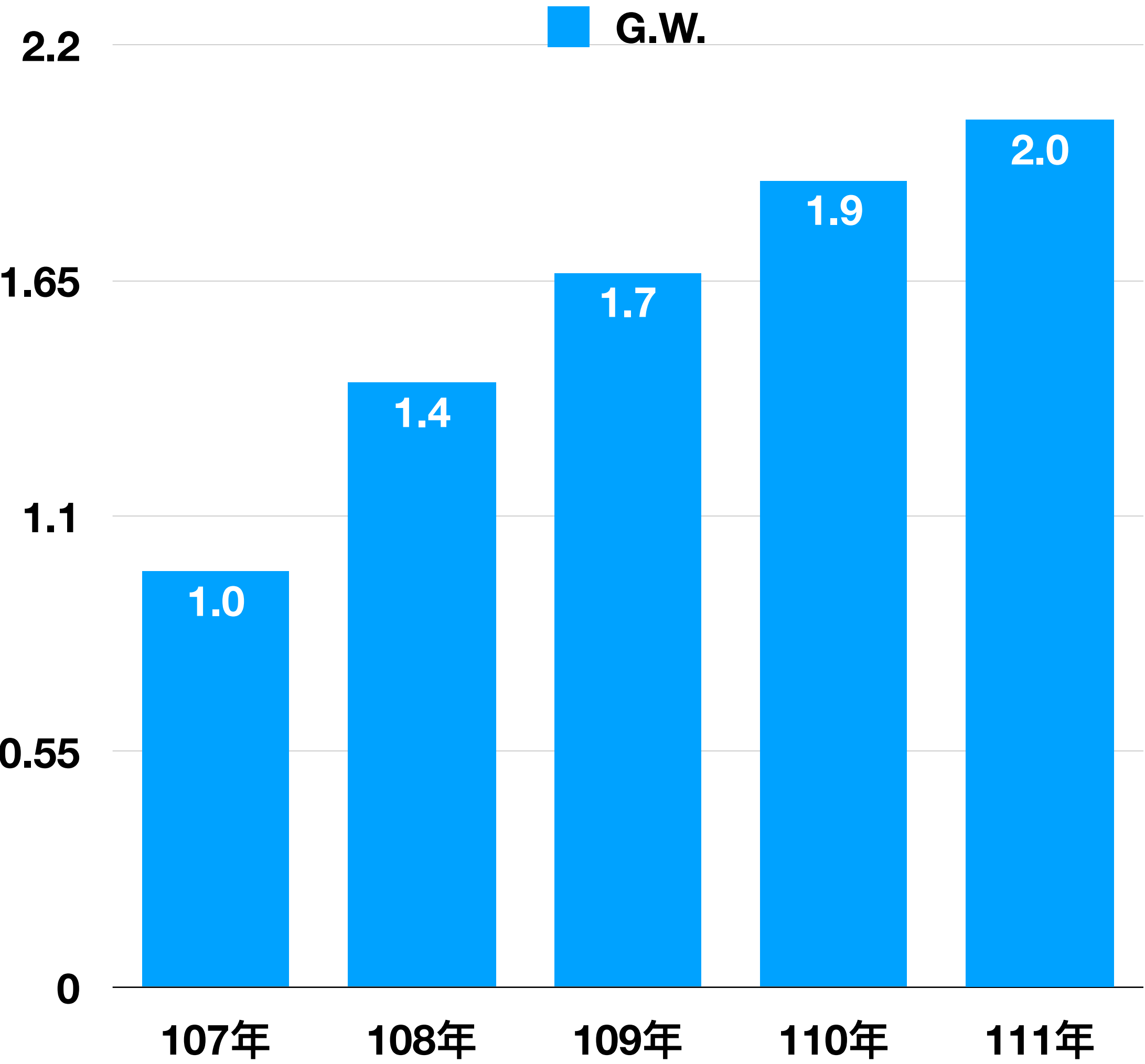


Solar Power Plant



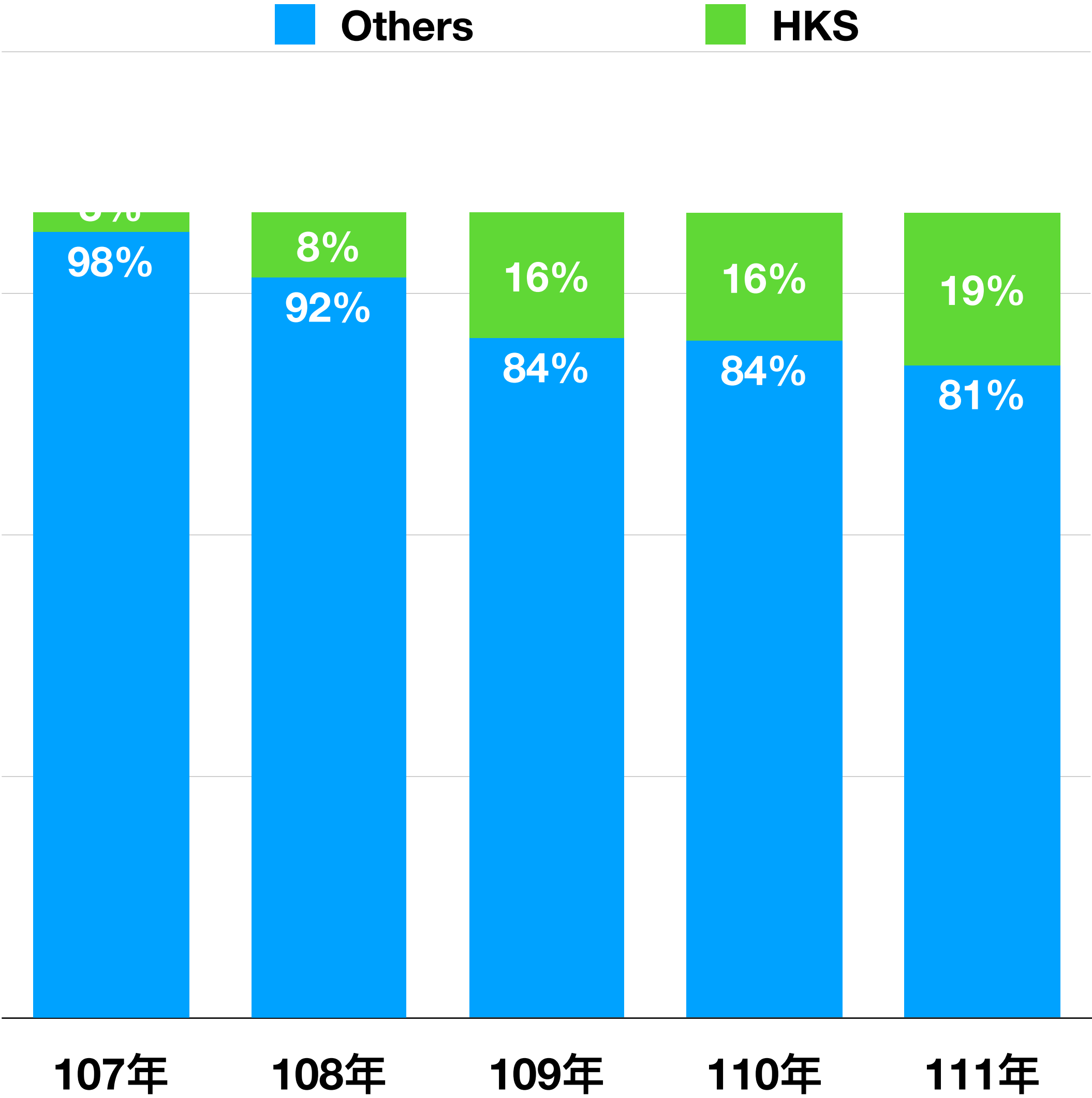


Newly installed capacity of solar power plant in Taiwan every year



Help EPC/Developer to install over 1G.W. capacity.

HKS's market share in installed capacity every year





Design



**O & M
Suggestion**



Development



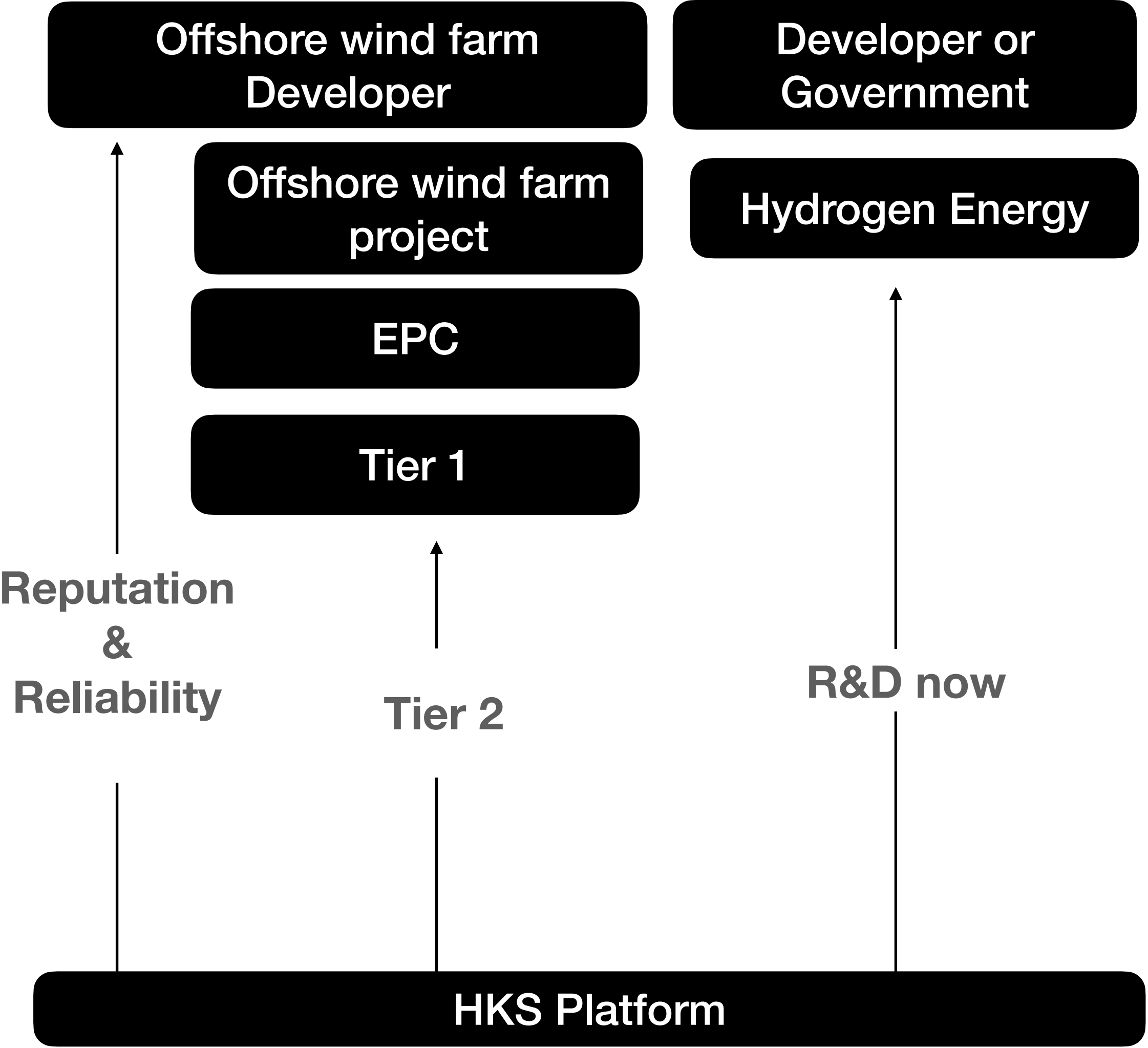
**Project
Management**



Offshore Wind Farm

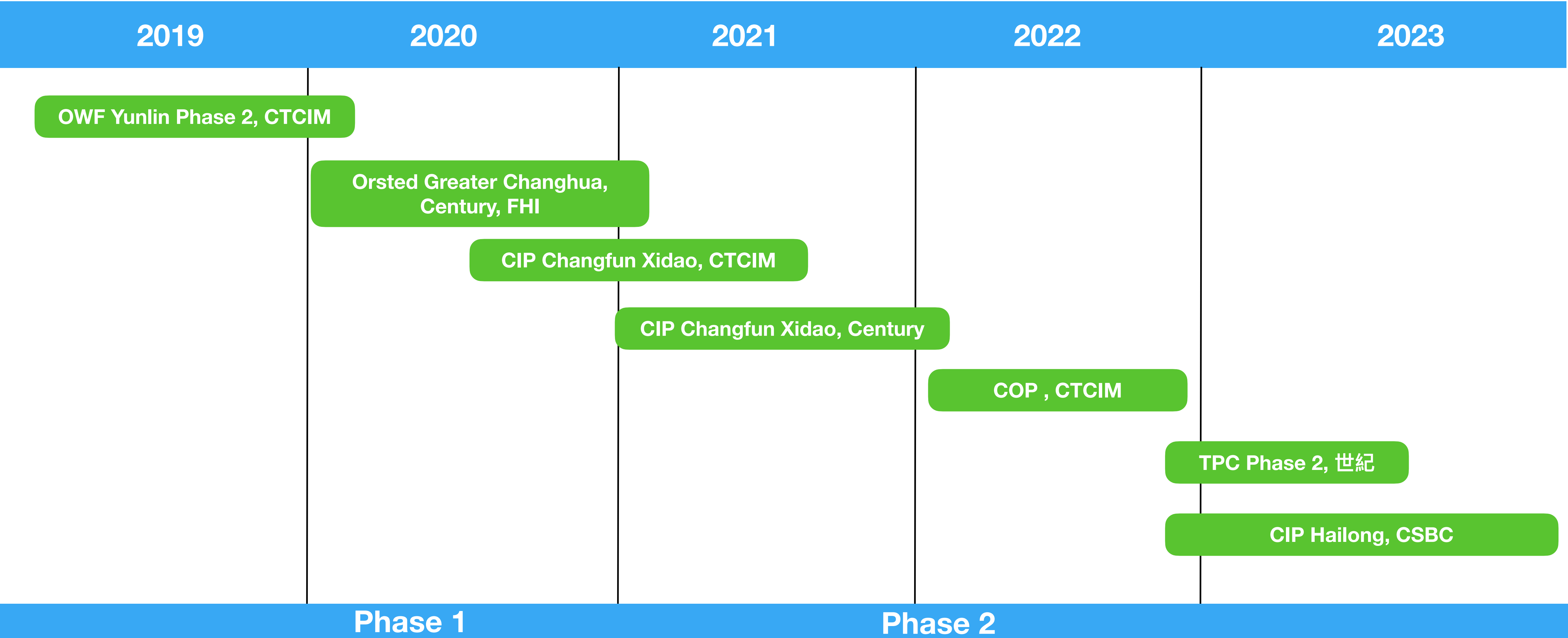


Established in 2018	Paid-in Capital : USD 20.5 million
Work Force : 80	Offshore wind farm underwater foundation
Metal welding technical innovation	Digital Transition 、 AIoT





Milestone of offshore wind farm project







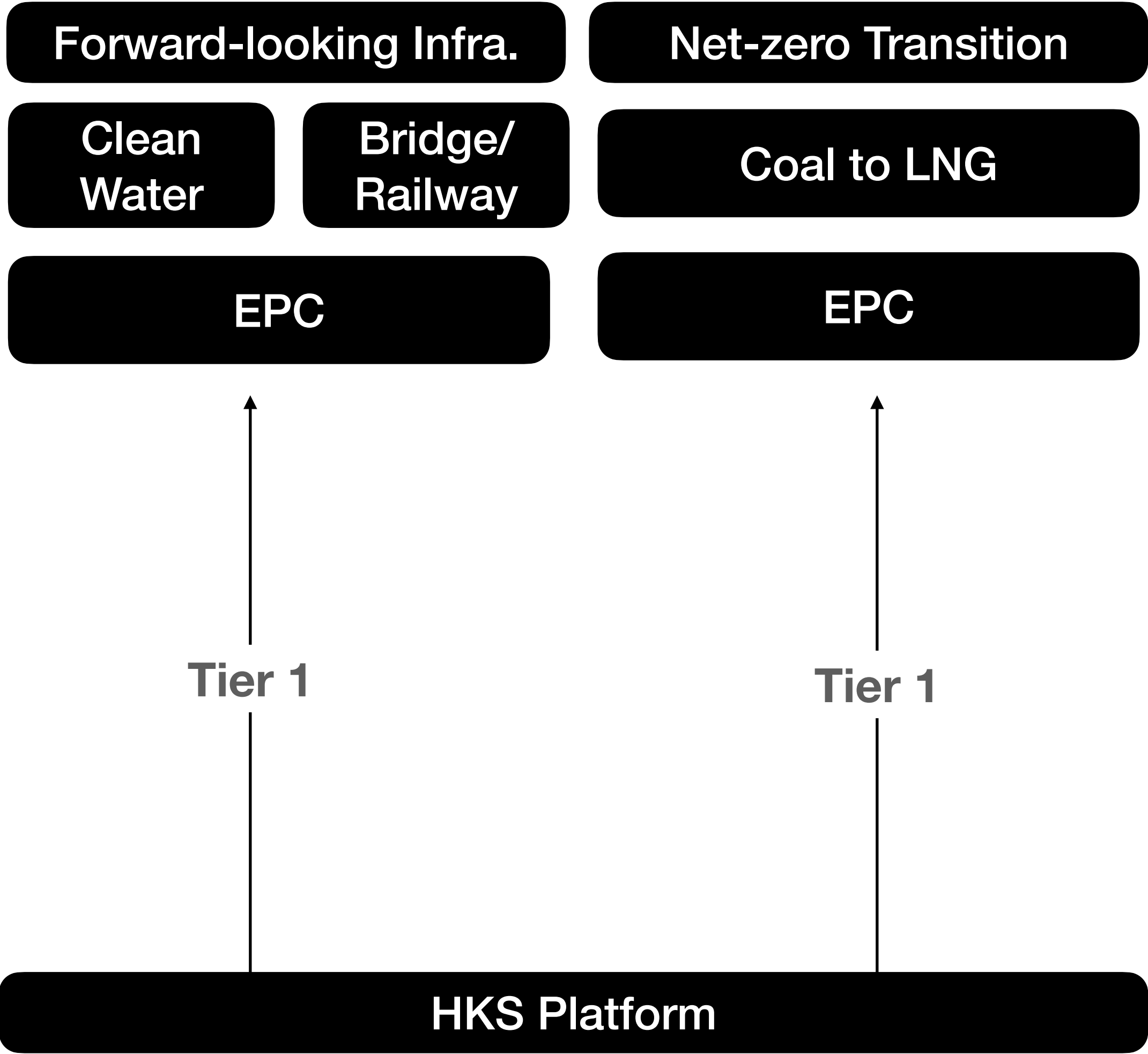
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Clean Water 、 Bridge/Railway 、 Coal to LNG



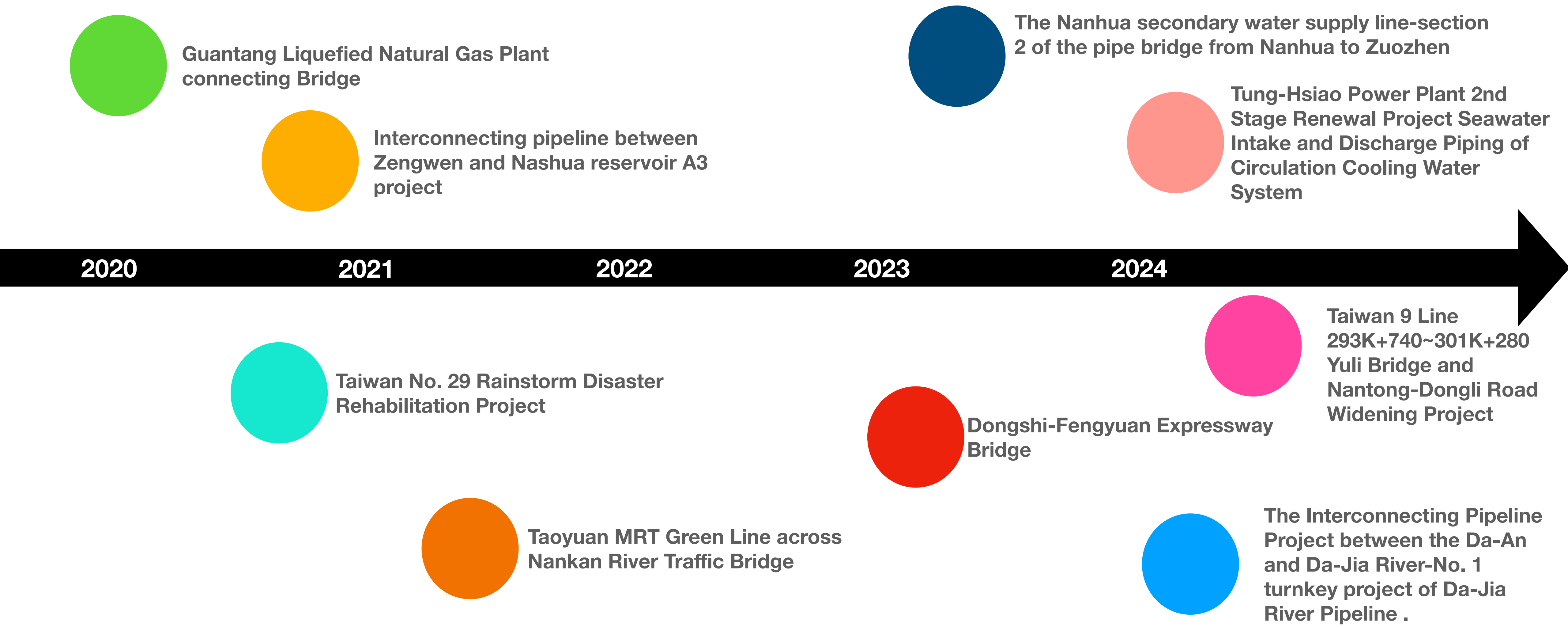
新樺鋼鐵

Established in 2019	Paid-in Capital USD 5.1million
Total work force 80	Steel water pipe
Steel Structure & Bridge structure construction Service	Steel pipe for water cooling





Forward-looking Infrastructure Milestone





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**2023 Public
Construction
Golden Quality
Award**



**Hsin Hua is one of
the main sub-
contractors.**

**Interconnecting
pipeline between
Zengwen and
Nashua reservoir A3
project**



**Water Resource
Category
Merit Award**





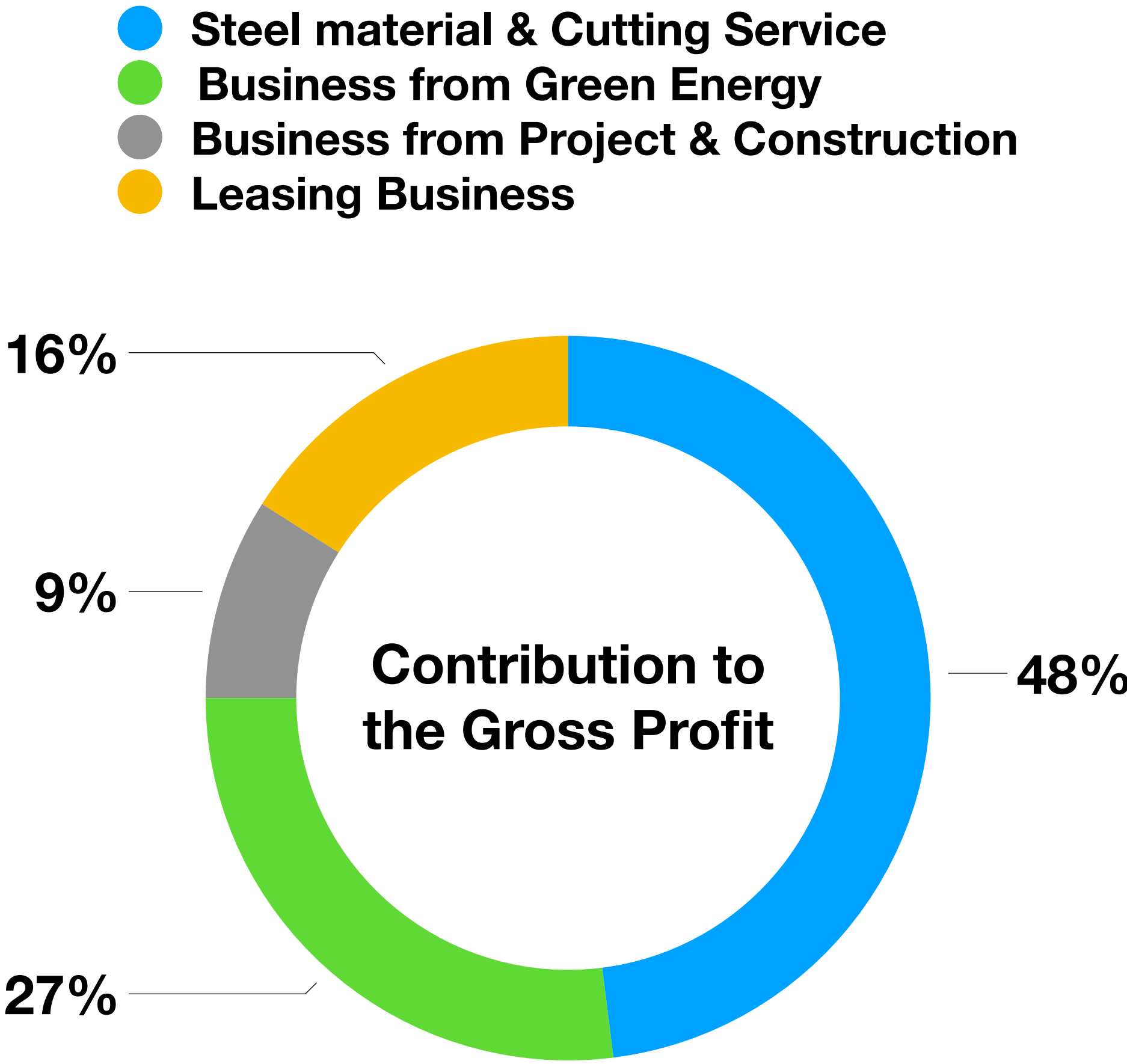
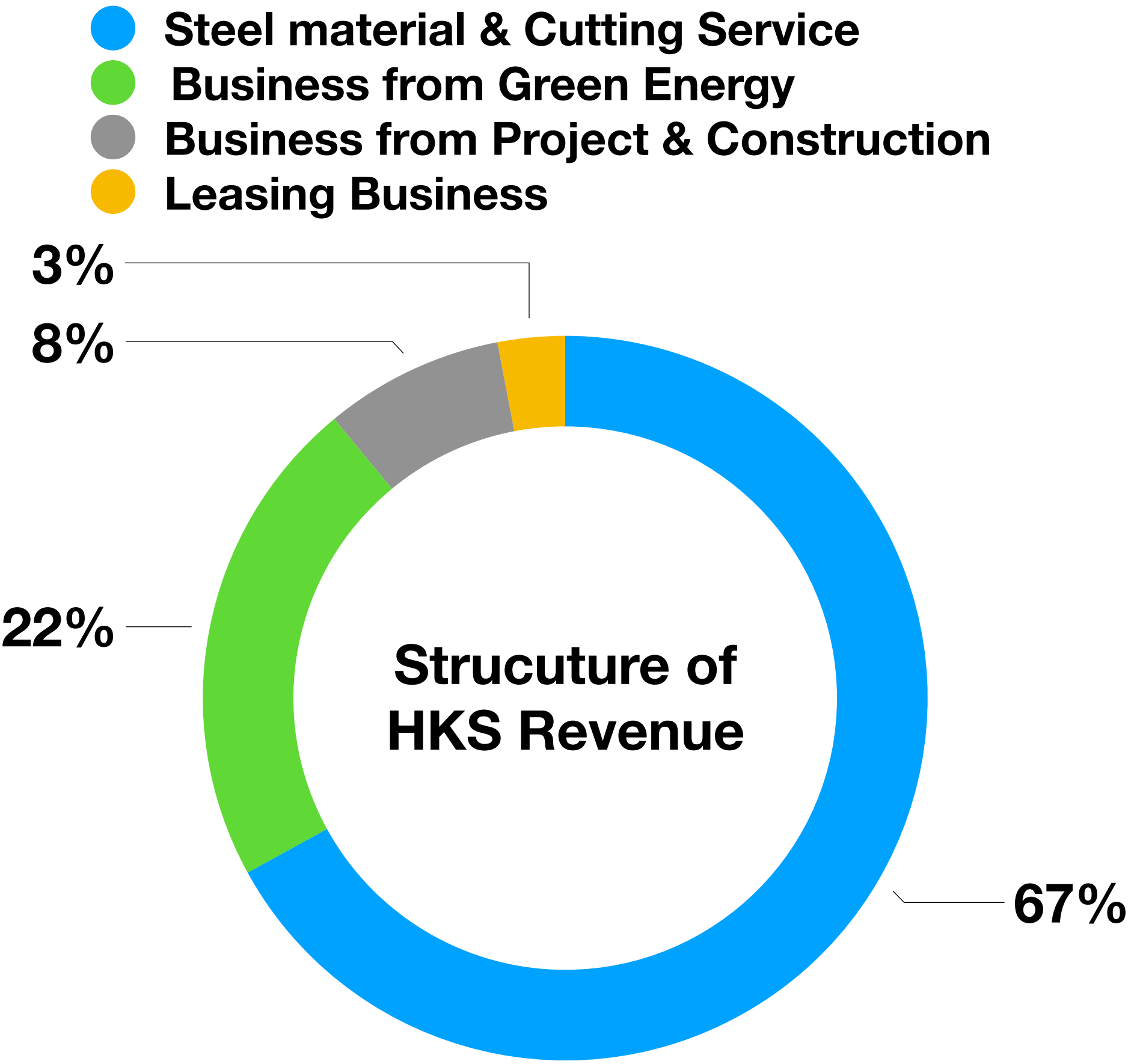
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1 汐止交流道增設南入匝道 改善工程通車儀式





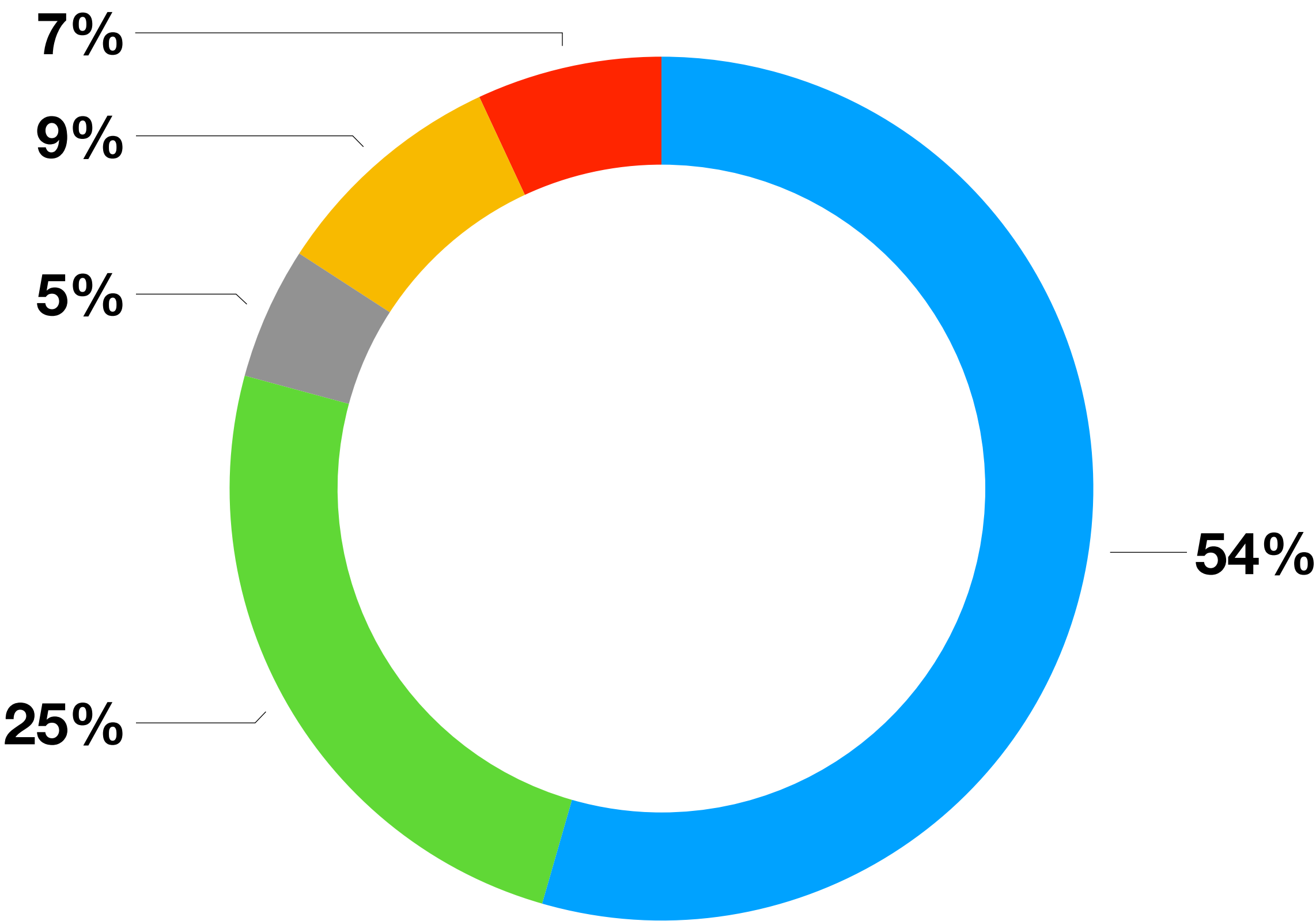
Structure of HKS Revenue





Orders on hand with percentage of each sectors

- Fuel Switch (Coal to LNG)
- Bridge/Railway
- Renewable Energy
- Steel Structure
- Clean Water



Tung-Hsiao Power Plant 2nd Stage
Renewal Project Seawater Intake and
Discharge Piping of Circulation Cooling
Water System

The Nanhua secondary water supply line-
section 2 of the pipe bridge from Nanhua
to Zuozhen

The Interconnecting Pipeline Project
between the Da-An and Da-Jia River-No.
1 turnkey project of Da-Jia River Pipeline .

SunnyRich Multifunction Solar Power
Phase 2, 117M.W.

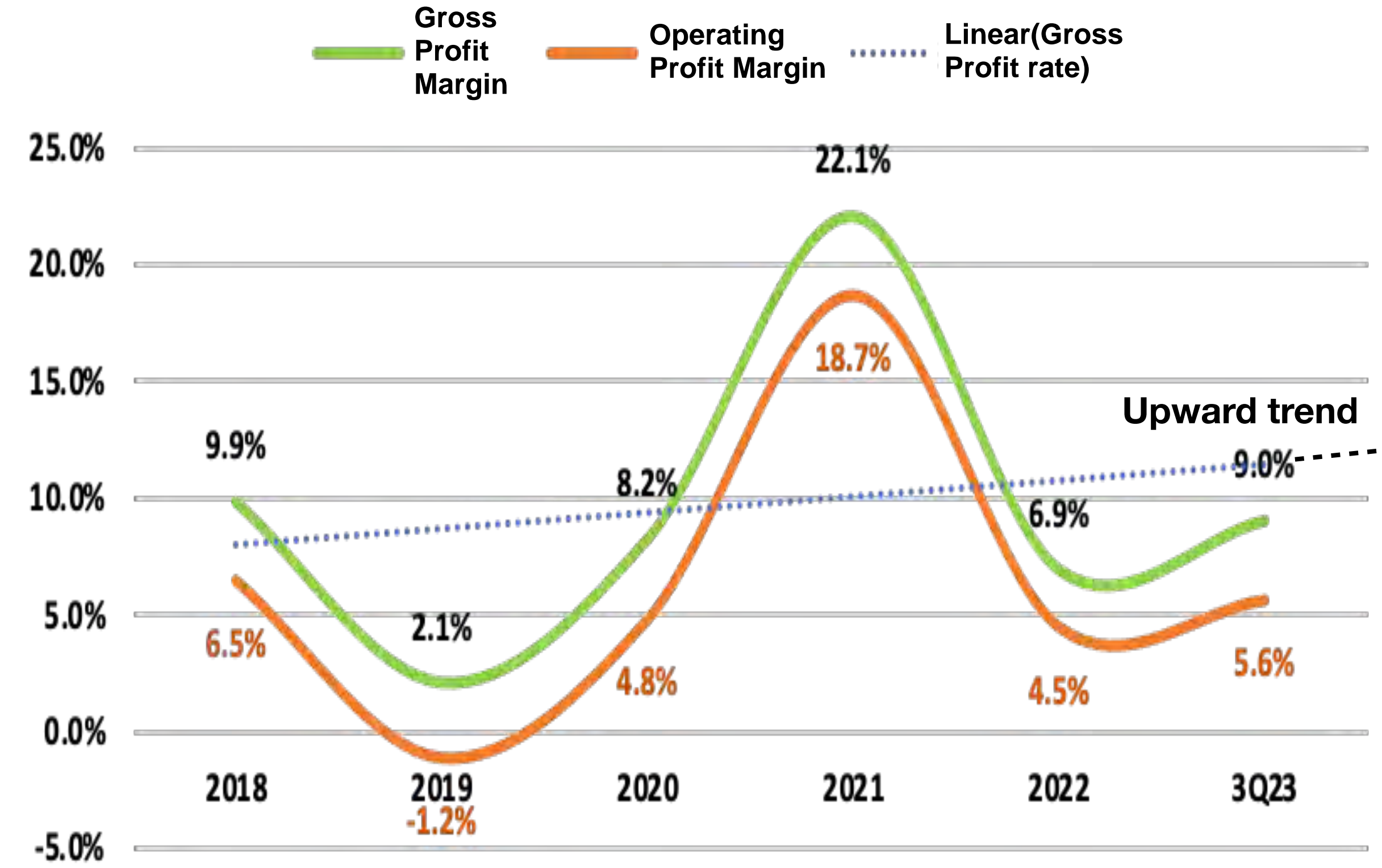
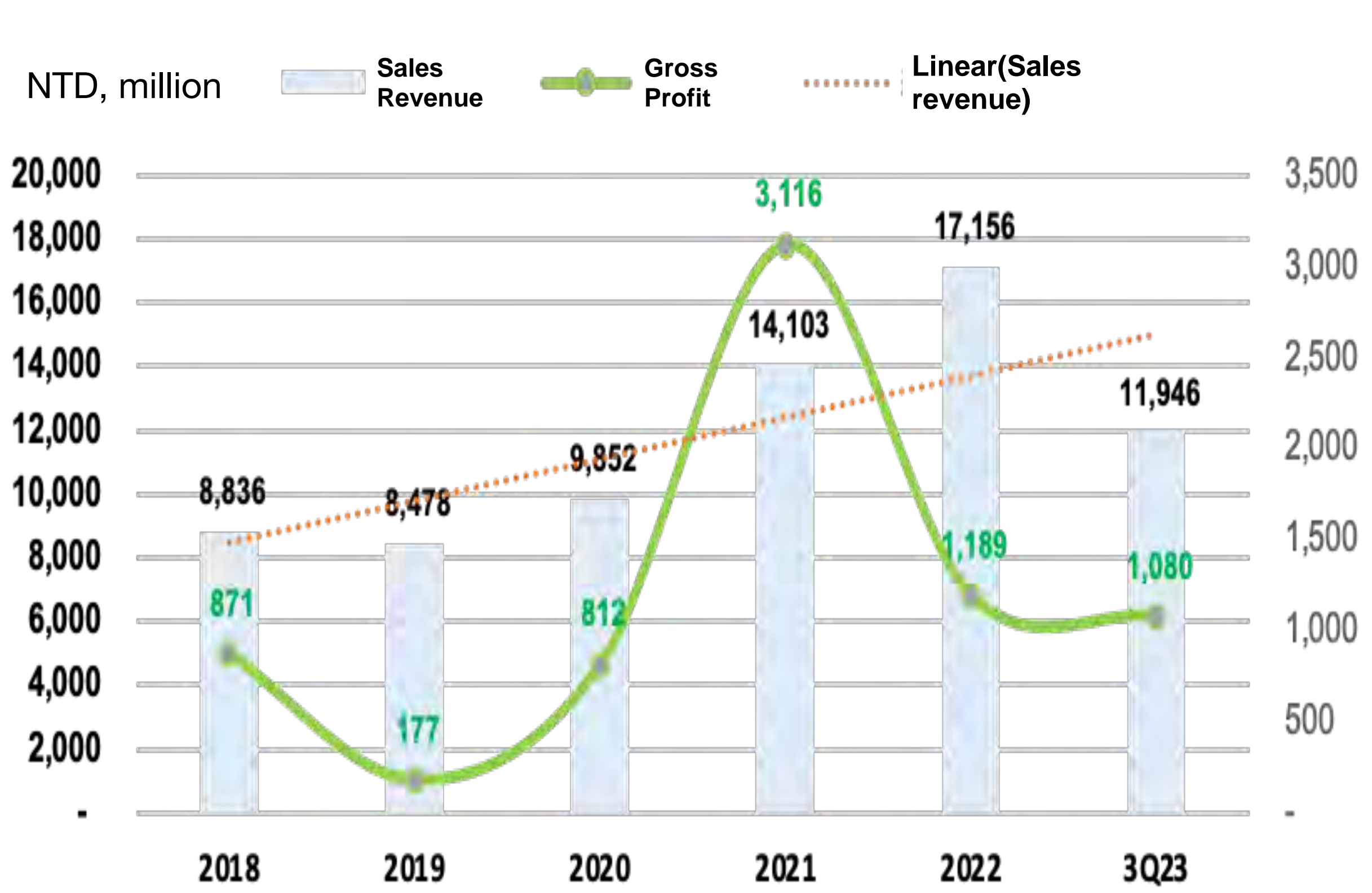
Changhua Tacheng YY Energy 50MW

Hailong offshore wind farm steel structure (Targeting
offshore wind farm Phase 3 projects in the future)

Taiwan 9 Line 293K+740~301K+280
Yuli Bridge and Nantong-Dongli Road
Widening Project

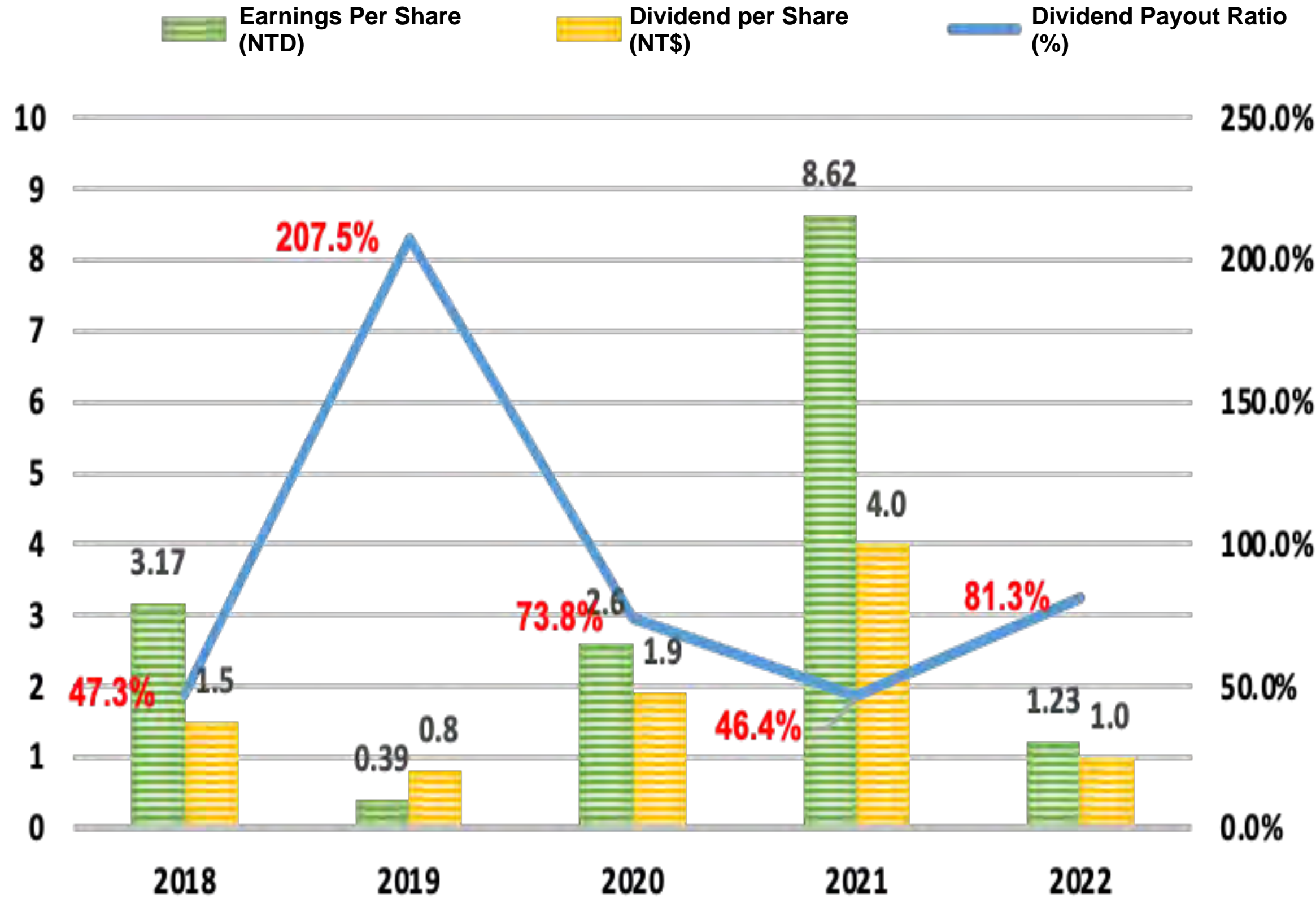
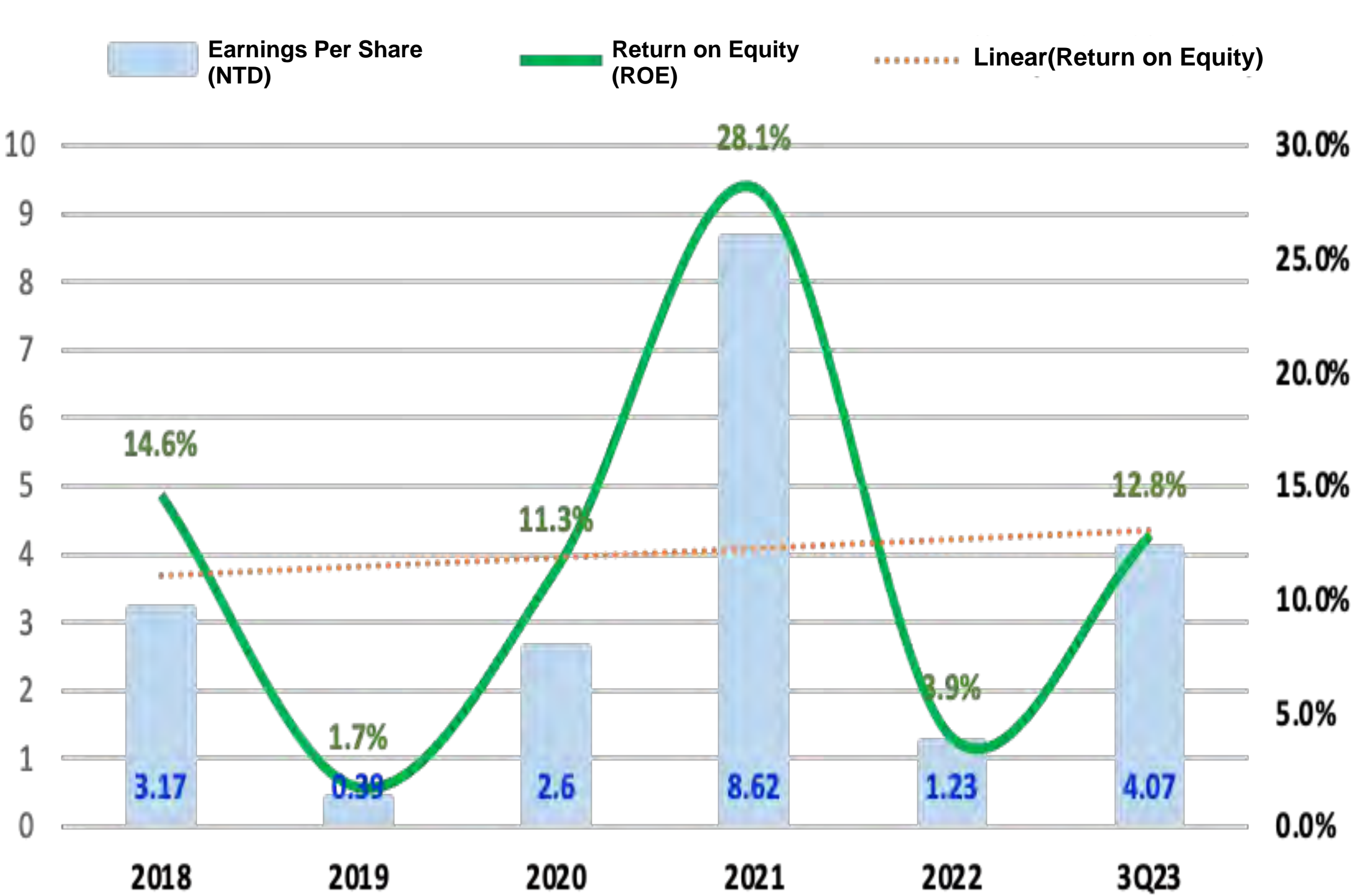


Financial Performances





Financial Performances





Income Statement from 2018 to 2023 Q3

New Taiwan Dollar (Millions)	2018	2019	2020	2021	2022	3Q2023
Operating Revenue	8,836	8,478	9,852	14,103	17,156	11,946
Gross Profit	871	177	812	3,116	1,189	1,080
Operating Expenses	300	275	342	479	424	410
Operating (Loss) Income	571	-98	470	2,637	765	670
Income before tax	1,142	124	913	3,308	660	1,465
Net income	1,000	118	846	2,771	418	1,368
Earnings Per Share (NTD)	3.17	0.39	2.6	8.62	1.23	4.07
Revenue Growth Rate YoY	5.8%	-4.1%	16.2%	43.1%	21.6%	7.16%
Gross Profit Margin	9.9%	2.1%	8.2%	22.1%	6.9%	9.0%
Operating Expense Ratio	3.4%	3.2%	3.5%	3.4%	2.5%	3.4%
Operating Profit Margin	6.5%	-1.2%	4.8%	18.7%	4.5%	5.6%
Net Profit Margin	11.3%	1.4%	8.6%	19.6%	2.4%	11.5%
Return on Equity (ROE)	14.6%	1.7%	11.3%	28.1%	3.9%	12.8%

Balance Sheet from 2018 to 2023 Q3

(In NT\$ Million)	2018	2019	2020	2021	2022	3Q2023
Total Assets	17,283	16,088	19,893	25,922	24,439	28,523
Cash	1,559	1,099	709	964	1,099	1,167
Financial Assets	4,199	3,755	5,309	5,917	5,074	8,587
Account and Notes Reciable	2,586	2,457	3,416	4,392	4,738	5,564
Inventory	4,057	3,435	3,849	6,567	5,344	6,394
Property, Plant and Equipment	4,501	4,872	6,258	7,593	7,523	7,666
Total Liabilities	10,048	9,277	11,792	14,314	14,364	17,266
Short and Long-term Interest-bearing Liabilities	8,317	8,590	10,469	11,846	12,656	14,621
Total Equity	7,235	6,811	8,101	11,608	10,075	11,257
Days Sales Outstanding (DSO)	100	108	108	101	97	118
Days sales of Inventory (DSI)	158	170	151	178	140	147
Days Payable Outstanding (DPO)	28	25	17	22	16	15
Cash Conversion Cycle (CCC)	230	253	242	257	221	237

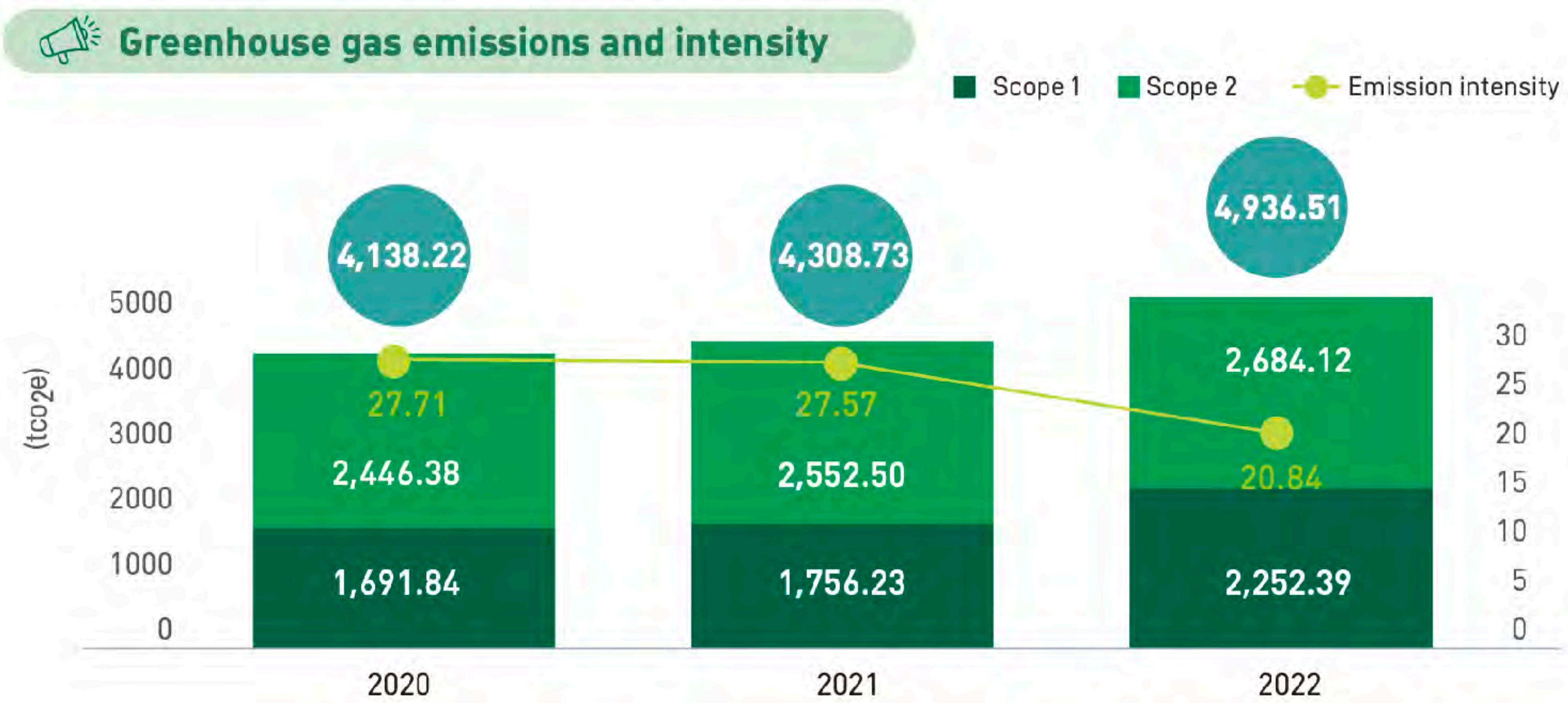


Cash Dividends

(In NT\$ Million)	2018	2019	2020	2021	2022
Net Income for the Period	979	121	829	2,720	394
Total Dividend Distributed	466	249	617	1,285	321
Dividend per Share (NT\$)	1.5	0.8	1.9	4.0	1.0
Dividend Payout Ratio (%)	47.3%	207.5%	73.8%	46.4%	81.3%
Cash Dividend Yield (%)	4.8%	3.3%	2.5%	10.2%	2.2%



Sustainable Development Achievement: Environment





Sustainable Development Achievement: Environment





Sustainable Development Achievement: Environment

Installed capacity will reach 16.1M.W. in 2023
Aiming over 20M.W. in the future

HKS’s Roof-Top Solar Panel Installation and Actual Power Generation

Year	2020	2021	2022
Actual installed capacity (MW)	9.9	10.5	11.3
Power generation(kWh)	11.5	12.6	13.0
Annual carbon reduction (tCO ₂ e)	5,859	6,338	6,541
Quantity equivalent to the carbon absorption capacity of Daan Forest Parks	15	16	17



To date we have owned 24 power plants, and, has cumulatively...

Reduced
Carbon
Emission
32,715mt

Generated
6,300kWh
Power

Absorbed
Carbon
Equivalent to 84
Dean forest
Park

Green Investment Indoor Fishery & Electricity Symbiosis Solar Plant with High Technology

Total construction budget over NTD 20 billion

Phase1 121MW

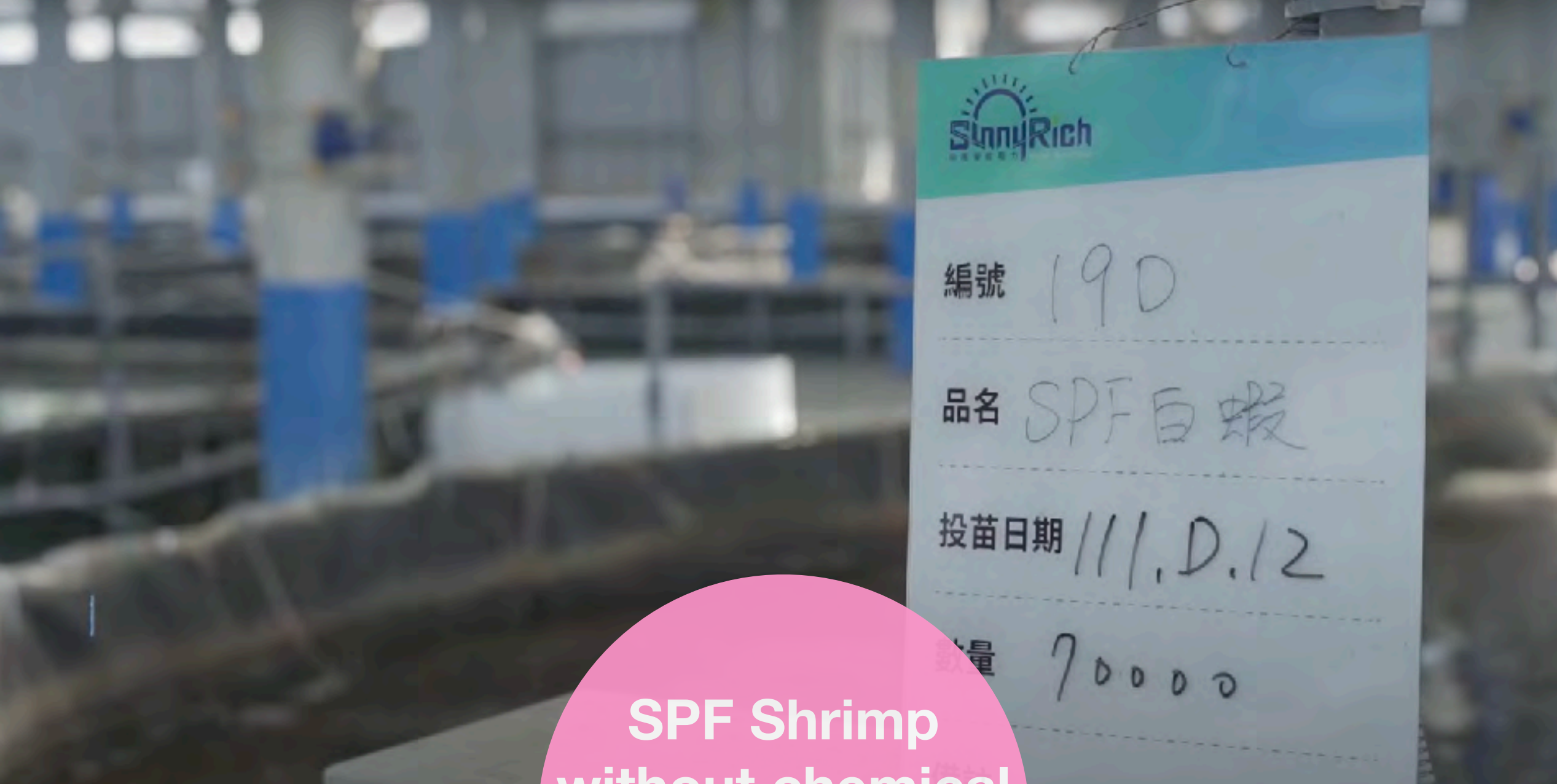
Phase 2 117MW

Insist Multi-
utilization of
land resource

Annual
electricity
generation around
350 million
kilowatt-hours

Annual
carbon
reduction
exceeding
180,000mt

Eco-friendly
Overcome
extreme weather



SPF Shrimp
without chemical
additive
Organic Food



Fishery by
using AI & IoT
Technology to
Support young
farmer





Sustainable Development Achievement: Governance

**ISO27001 : Information
Security**

**Sustainable Supply
Chain Management**

**Diversity in Board of
Directors**

Intellectual Property



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Sustainable Development Achievement: Society

Employee Rest Area - At the entrance



Employee Rest Area - Activity area



Health Promotion Label



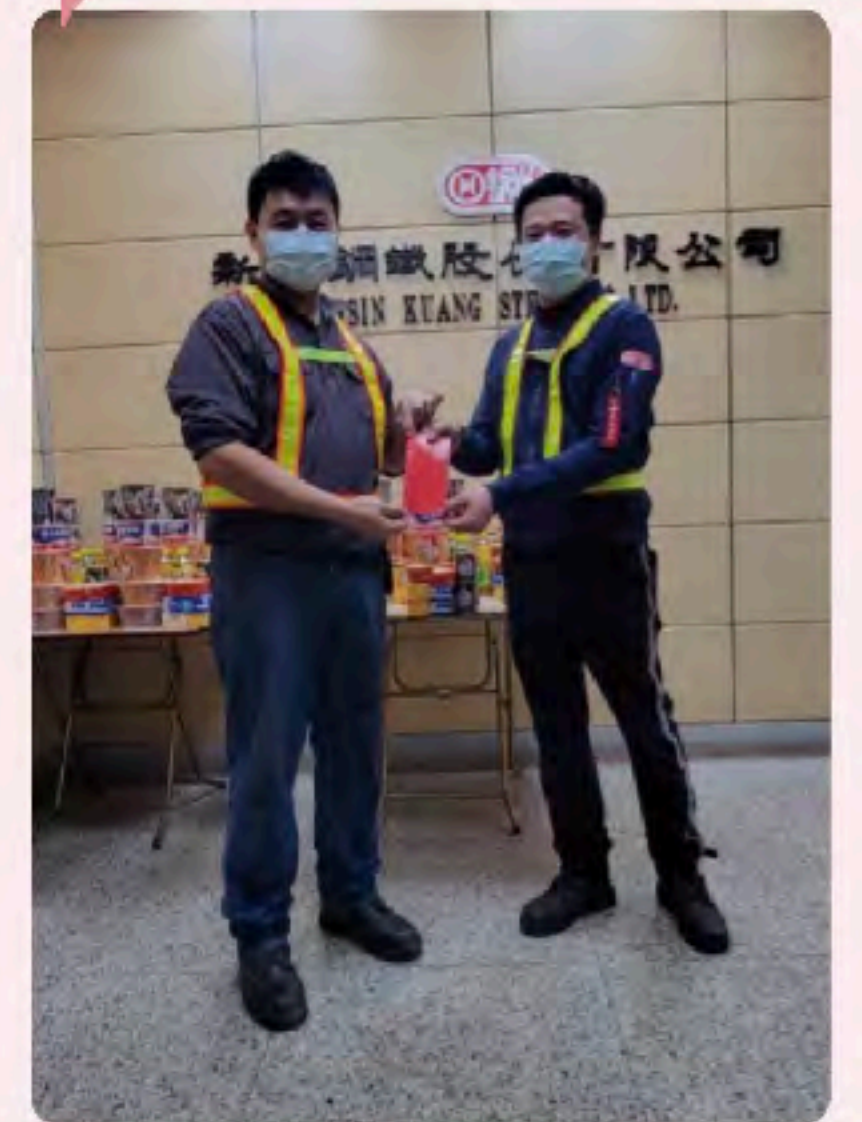
CPR and AED



Health education - Noise prevention, Seminars on the right way to use ear plugs & hazards of dust



Champion of the weight loss contest



Adhering to the spirit and fundamental principles of human rights protection outlined in various international human rights conventions, such as the United Nations Global Compact, the Universal Declaration of Human Rights, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work

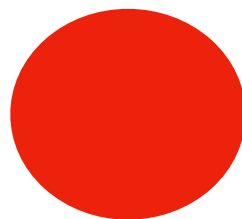
Implementing WELL Building Certification for new office in 2024

The overall goal of our company is to achieve zero major occupational safety incidents. Over the past three years, we have successfully maintained a performance record with no significant work-related accidents."

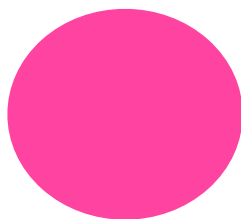


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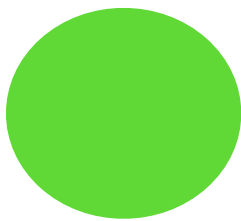
Sustainable Development Achievement: Society



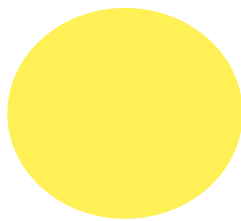
Education



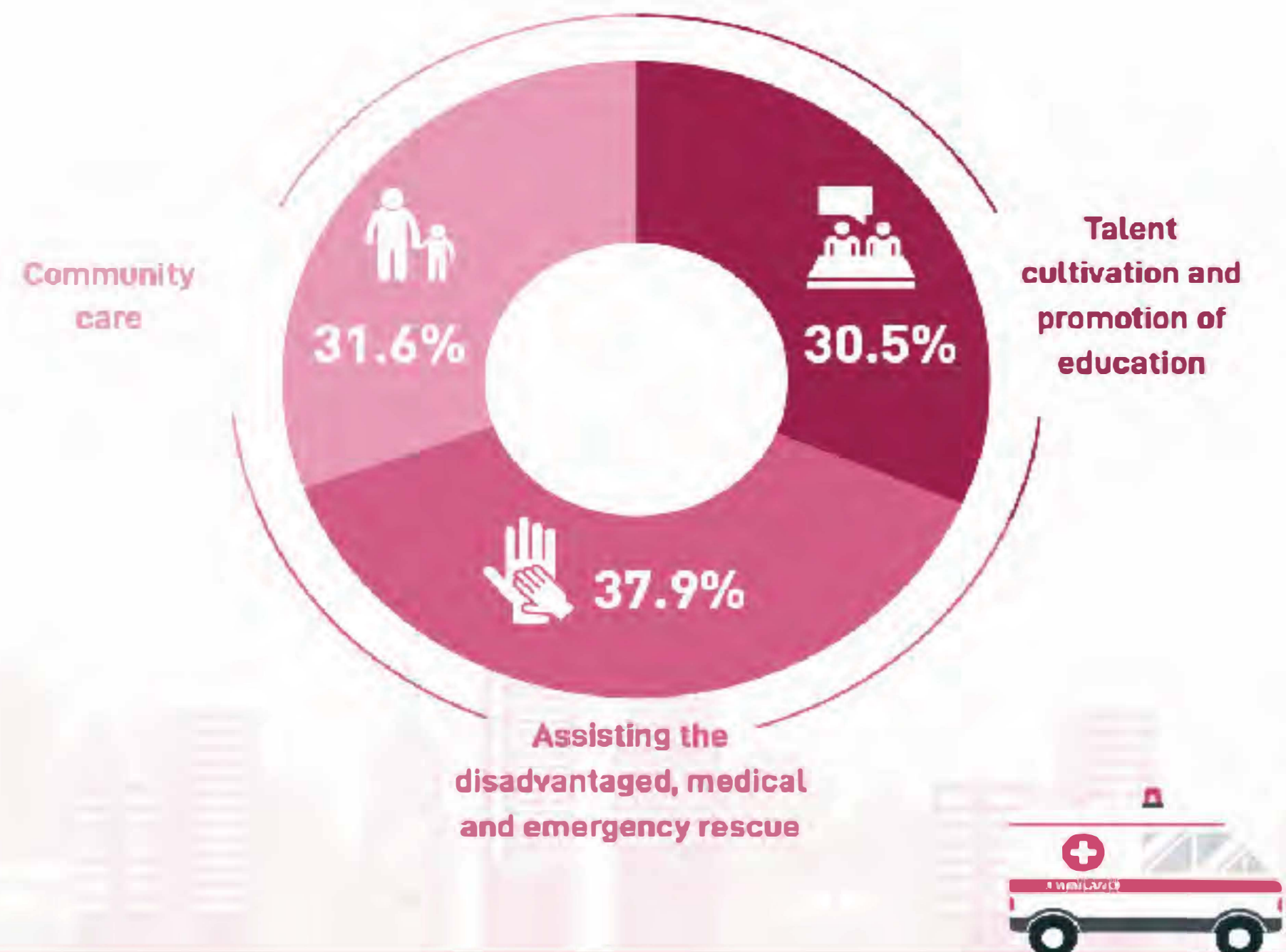
Local Community



Support for
disadvantages



Medical Subsidies



Outstanding Accomplishment and Incentive Program for Juvenile Rehabilitation

The Company cooperated with the Ministry of Justice in rolling out the Outstanding Accomplishment and Incentive Program for Juvenile Rehabilitation. Through providing students in juvenile correctional schools with appropriate educational resources and support, we cultivate their skills and improve their ability to adapt to social life. We purchased musical instruments and donated them to the Music Exploration Class of Li Zhi High School founded by the Agency of Corrections, Ministry of Justice. We also awarded scholarships to students who won prizes in music competitions. Thanks to the education of correctional schools, students have left behind their rebellious years and finally understand how hard it is to be grateful to their parents. In the "Thanksgiving Feast of Love and Reunion" held by Li Zhi High School, students presented homemade dishes to their parents, which was a heartwarming and touching scene.



Ambulance Donations

HKS, the Hsin Kuang Steel Tian-Cheng Charity Foundation and the Hui Jung Welfare and Charity Foundation have donated 37 medical treatment vehicles and ambulances across Taiwan thus far.

Hsinchu County



Taoyuan City



Taipei City



New Taipei City



Taichung City



Changhua County



Dounan



Yunlin County



Chiayi County



Kaohsiung City



Luodong, Yilan



Hualien County





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