



新光鋼鐵股份有限公司

HSIN KUANG STEEL CO., LTD.

HKS is the Costco of the steel industry

#Retail

#Own product

#Logistics & warehousing development

(2031 TT/TW)

Investor Presentation

2025/10/22



新光鋼鐵股份有限公司
HSIN KUANG STEEL CO., LTD.



Agenda

- 2025H1 Operating Results and Outlook
- AI Drives Long-Term Growth
- Company Introduction
- Growth Strategy
- Sustainable development
- Financial data 2020-2Q2025



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2025H1 Operating Results and Outlook



2025H1 Operating results

Operating revenue

NT\$ **9.64** billion

+35.2% YoY

Gross profit margin

7.7 %

-1.3% YoY

Gross profit

0.75 billion

+15.0% YoY

Profit from operations

NT\$ **0.46** billion

+ 87.6% YoY

Operating profit margin

4.8 %

+1.3% YoY

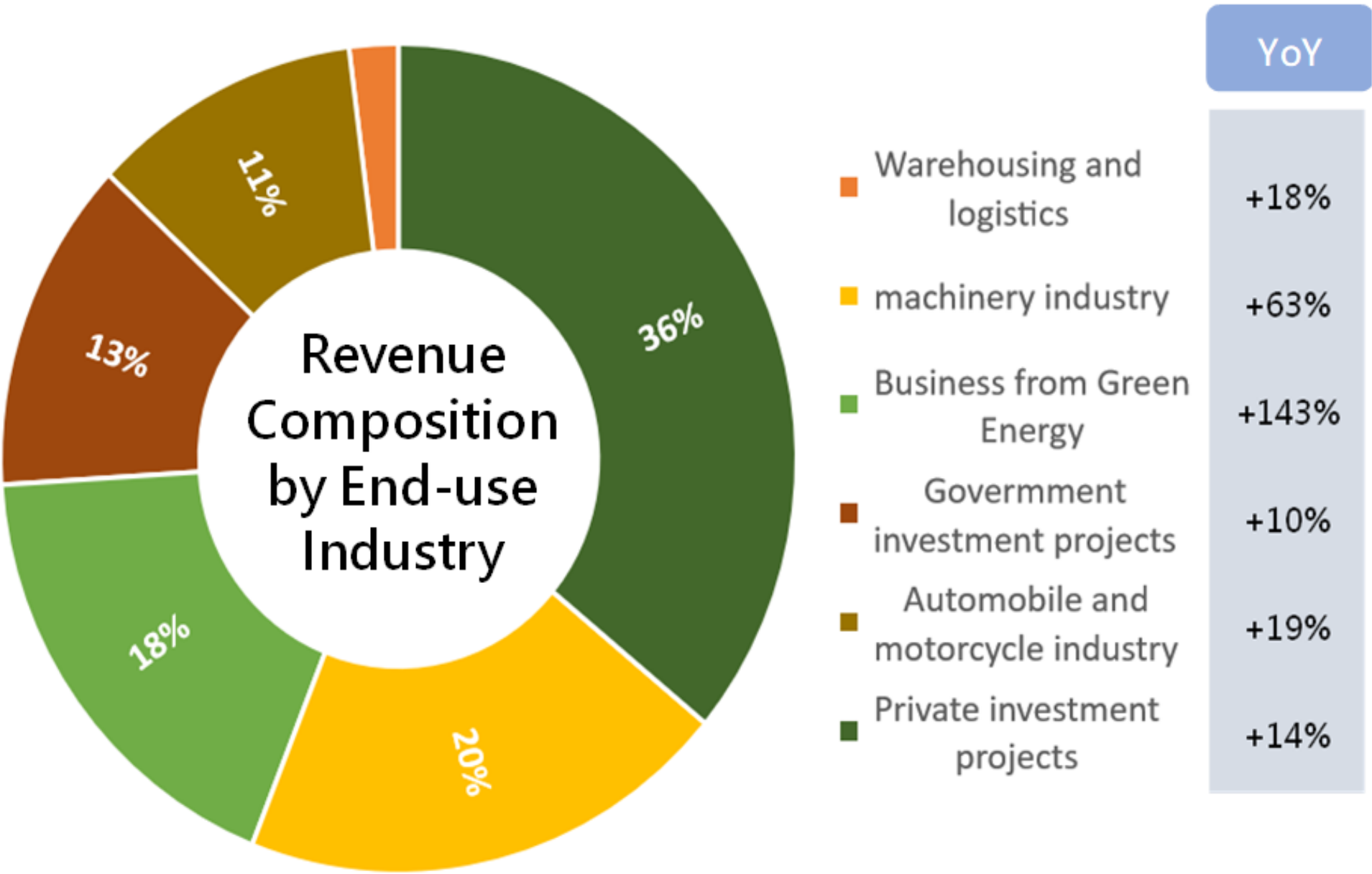
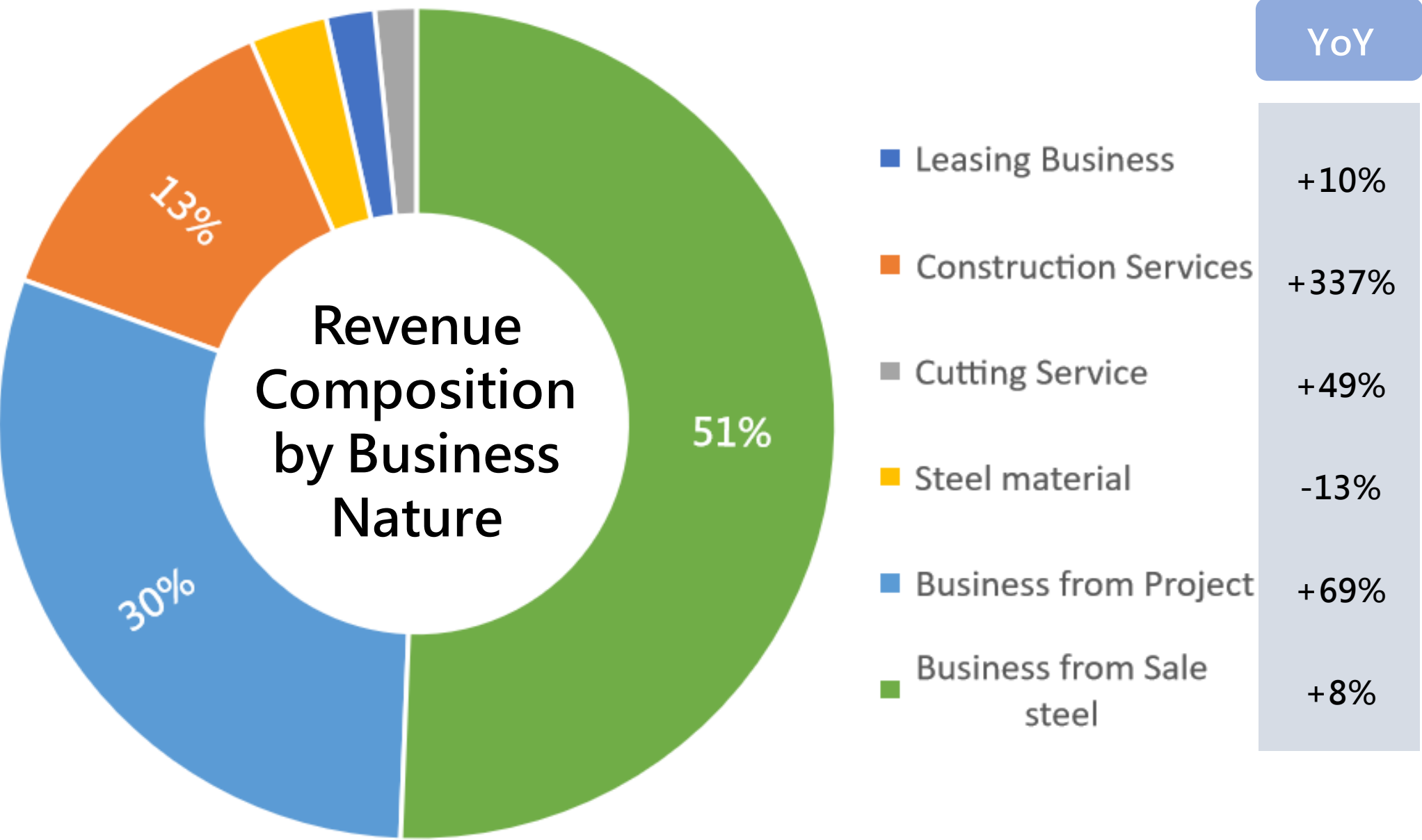
Total equity
attributable to owners

NT\$ **0.66** billion

EPS NT\$ 2.07



2025H1 Operating Performance Summary





CONSOLIDATED STATEMENTS OF INCOME
For the Six Months Ended June 30

NT\$ million

	2025H1	2024	2024H1	QoQ	YoY
OPERATING REVENUE	9,645	14,592	7,136	35%	-9%
GROSS PROFIT	746	1,170	648	15%	-19%
Gross Profit Margin	7.7%	8.0%	9.1%	-15%	-11%
OPERATING EXPENSES	281	577	400	-30%	-2%
Operating expenses as a percentage of revenue	2.9%	4.0%	5.6%	-48%	8%
PROFIT FROM OPERATIONS	465	593	248	88%	-31%
Operating Profit Margin	4.8%	4.1%	3.5%	39%	-24%
NON-OPERATING INCOME AND EXPENSES	365	1,001	2,036	-82%	0.2%
PROFIT BEFORE INCOME TAX	830	1,594	2,283	-64%	-14%
INCOME TAX EXPENSE	135	117	50	170%	-7%
Net Profit attributable to: Non-controlling interests	30	32	38	-21%	-58%
Owners of the Company	1,029	1,444	2,857	-64%	-13%
Net Profit Margin	7.2%	10.1%	31.3%	-77%	-6%
EPS(NT\$)	2.07	4.50	6.83	-70%	-13%
Return on Equity (ROE)	11.2%	12.1%	17.2%	-35%	-22%
Depreciation and Amortization expense	136	257	128	6%	6%
Capital Expenditure	57	1,225	135	-58%	160%



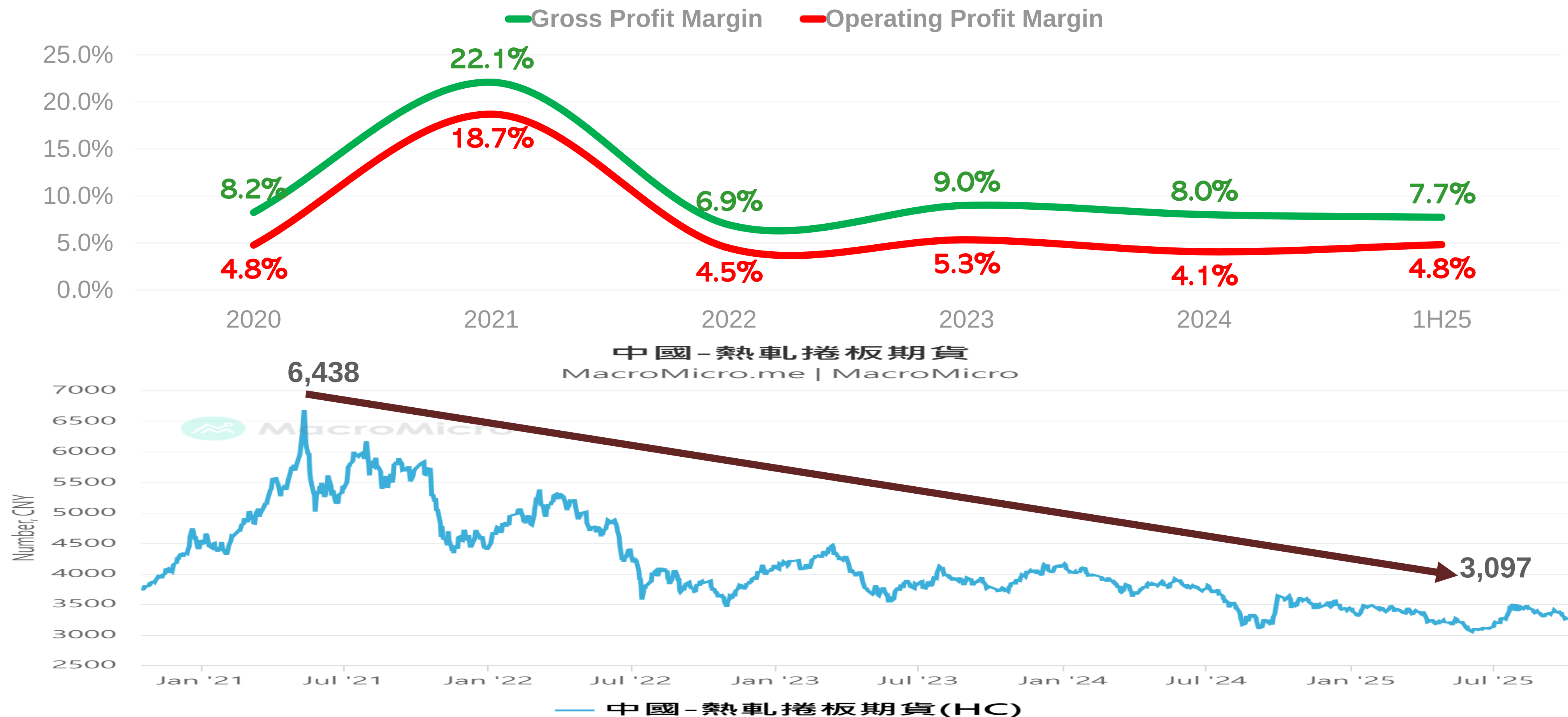
CONSOLIDATED BALANCE SHEETS as of June 30, 2025

NT\$ million

	2025/6/30		2024/12/31		2024/6/30	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	1,237	4%	1,212	4%	993	3%
Notes receivable and trade receivables	5,717	18%	4,375	15%	4,561	15%
Inventories	5,598	18%	6,262	21%	6,666	21%
Other current assets	4,536	15%	4,118	14%	5,165	17%
Long-Term Investment	3,526	11%	3,173	11%	4,306	14%
Property, plant and equipment	8,864	29%	8,952	30%	7,695	25%
Other non-current assets	1,472	5%	1,459	5%	1,692	5%
Total assets	30,950	100%	29,551	100%	31,078	100%
Current liabilities	11,194	36%	10,051	34%	11,299	36%
Long-term borrowings	6,945	22%	6,945	24%	5,653	18%
Other non-current liabilities	254	1%	207	1%	189	1%
Total liabilities	18,393	59%	17,203	58%	17,141	55%
Share capital	3,211	10%	3,211	11%	3,211	10%
Total equity	12,557	41%	12,348	42%	13,937	45%
Book Value Per Share (NT\$)	39		38		43	
Current Ratio (Current assets/Current Liabilities)	153%		159%		154%	

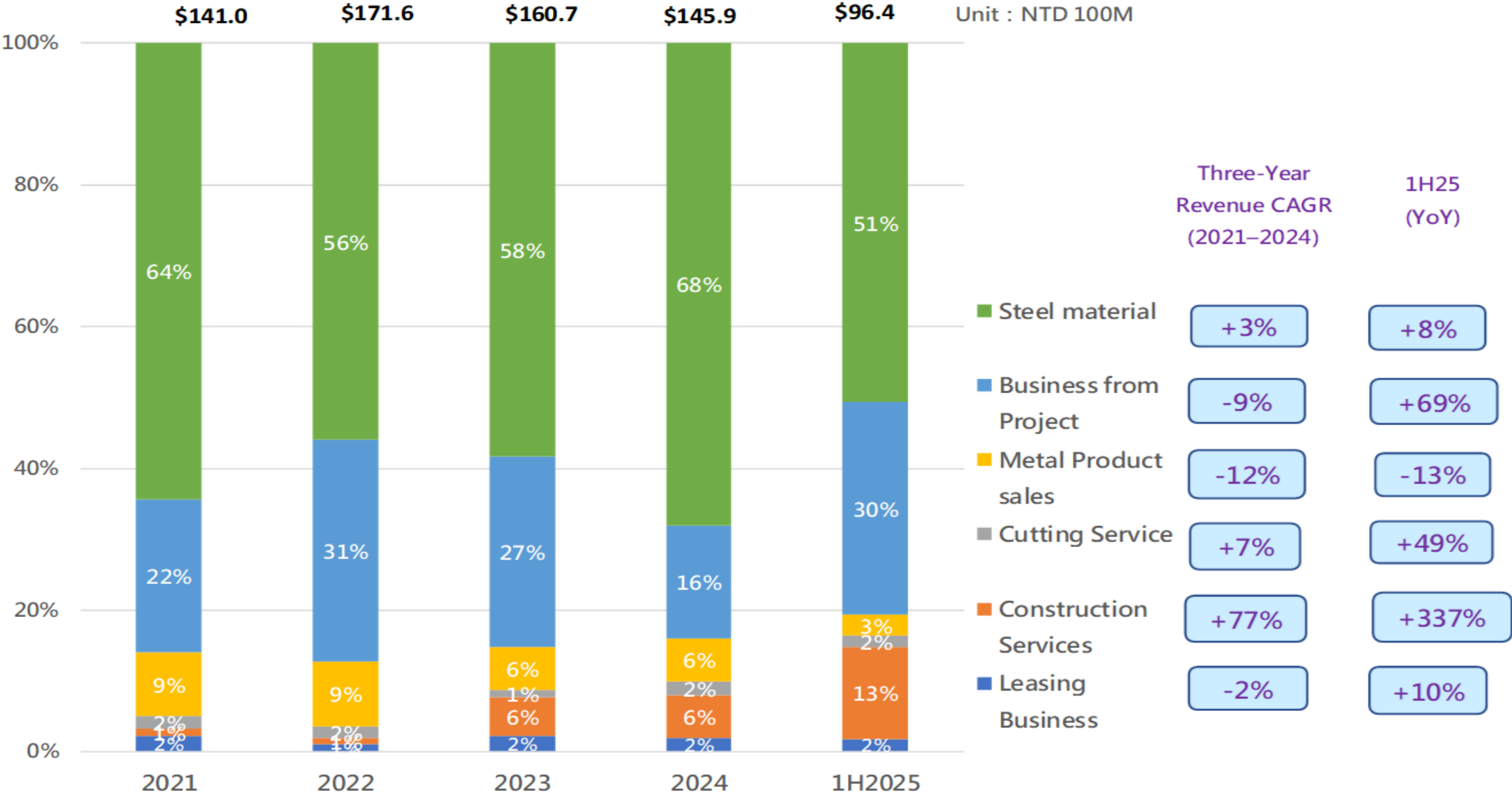


Revenue diversification to combat falling steel prices and business cycles





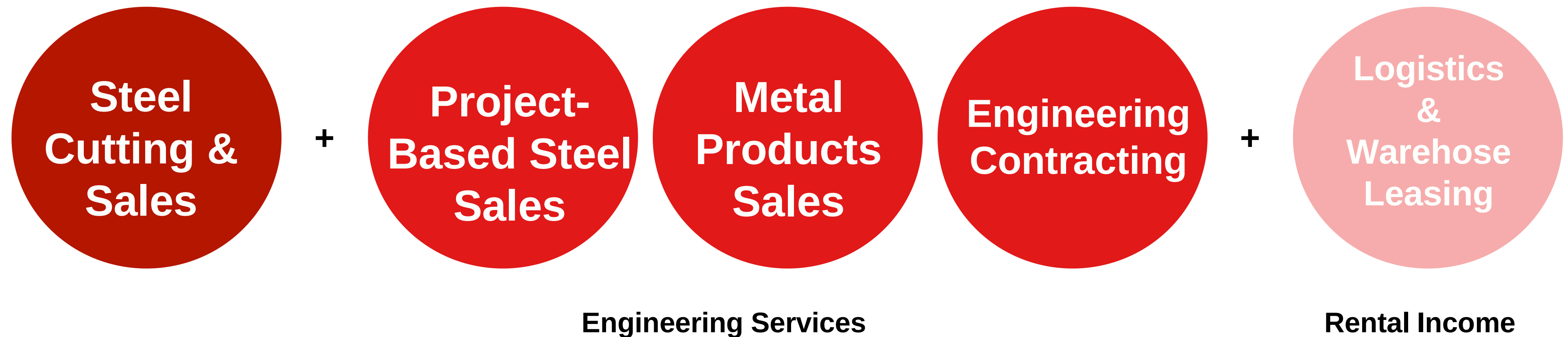
Diversified revenue performance





Diversified Service Scope

The Most Comprehensive One-Stop Steel Solutions Provider



Operational Outlook of 2025-2026

■ Orders are expected to gradually stabilize in the second half of the year, and the company is optimistic about its operating performance in 2026.

- The annual sales target for this year is 520,000 metric tons of steel, a 27% increase from last year's 408,000 metric tons.
- The impact of extreme weather and typhoons has increased demand for infrastructure and post-disaster reconstruction. While this may be temporarily suspended in the short term due to policy and plan reassessments, it is expected to gradually mature over the next 12 months, ushering in greater business opportunities.
- Looking at the current order backlog, we anticipate a significant number of deliveries for projects such as wind power projects and public works projects, leading to an optimistic outlook on operating performance in 2026.

■ Optimistic about the AI wave driving long-term growth opportunities

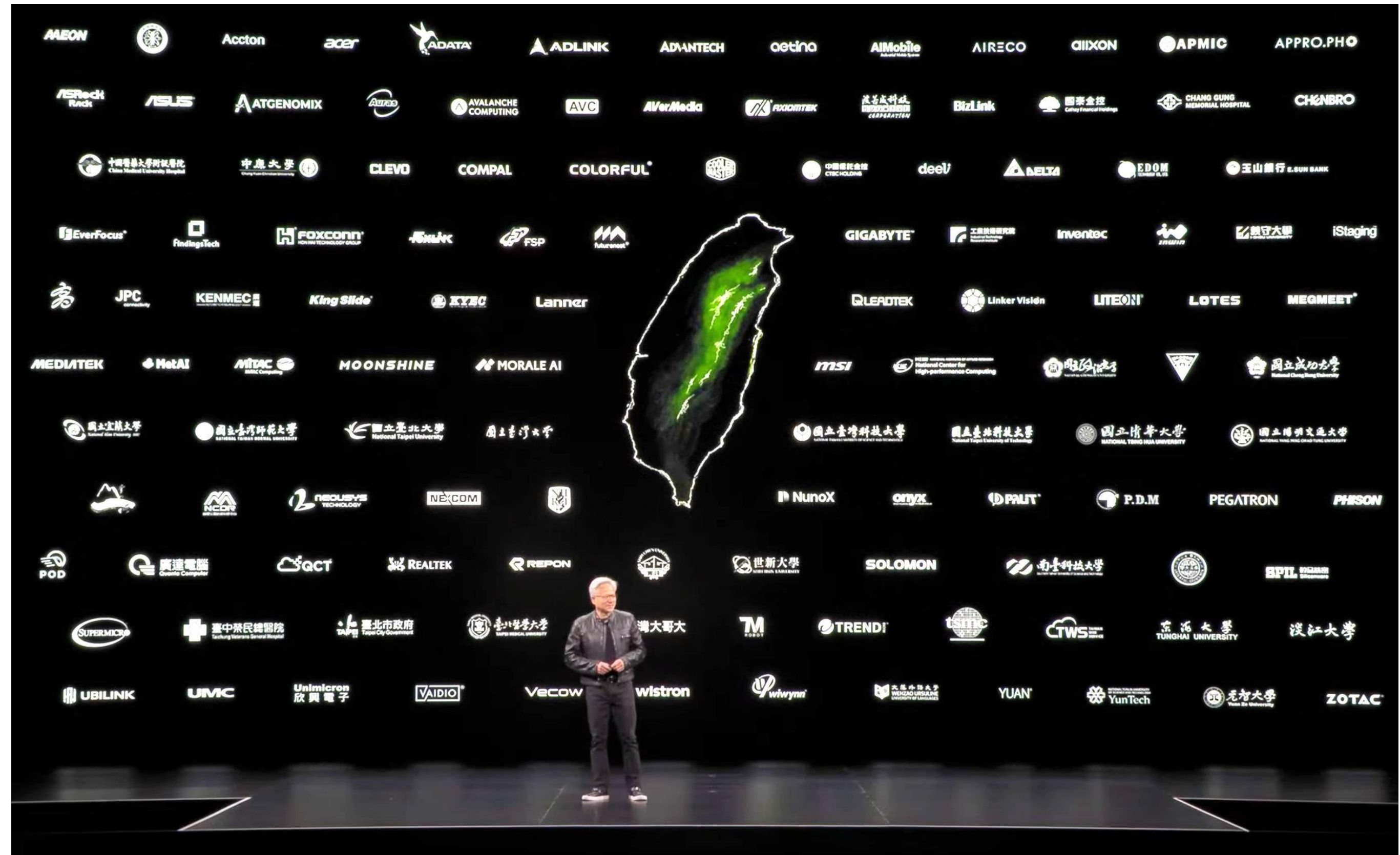
HKS plays a key role in the development of industrial plants, energy facilities, and public works for the technology industry.

■ Steel prices are expected to gradually rise as the US's reciprocal tariff policy becomes clearer, uncertainty decreases, and demand recovers.

AI Drives Long-Term Growth

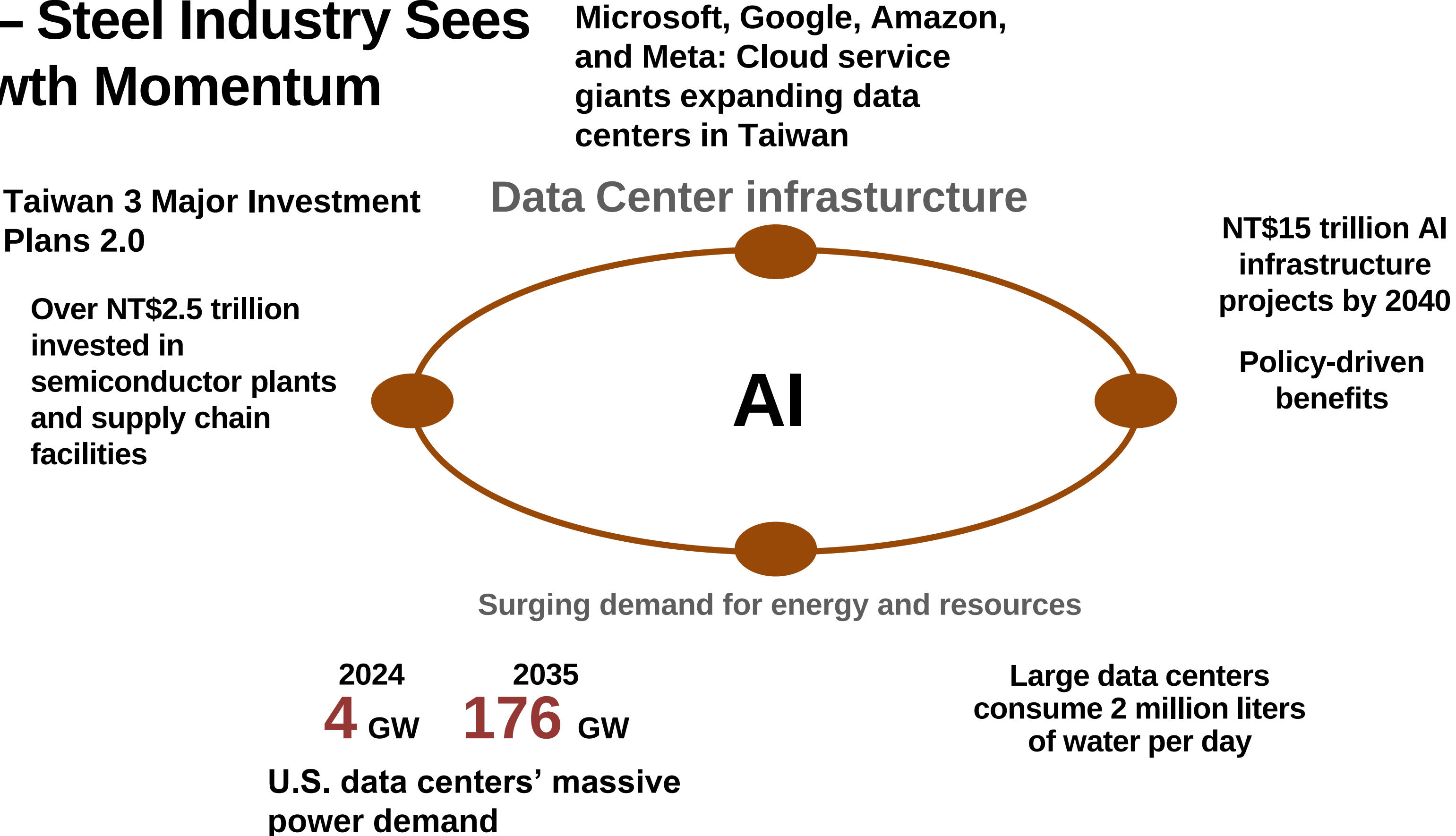
Taiwan is an indispensable hub for global AI development

- Nvidia will establish its corporate headquarters in Taiwan in the future.
- There are now 43 Taiwanese supply chain partners.

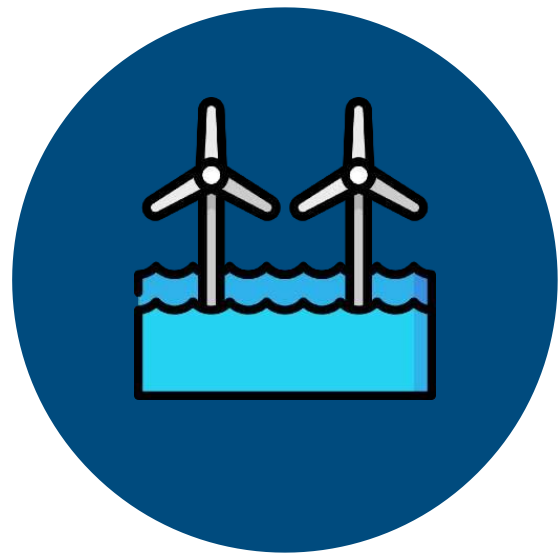




AI Driving Infrastructure Demand – Steel Industry Sees New Growth Momentum



From Computing Power to Construction Power – AI Driving Infrastructure Demand and Upgrades



Offshore wind Farm



Solar Power Plants



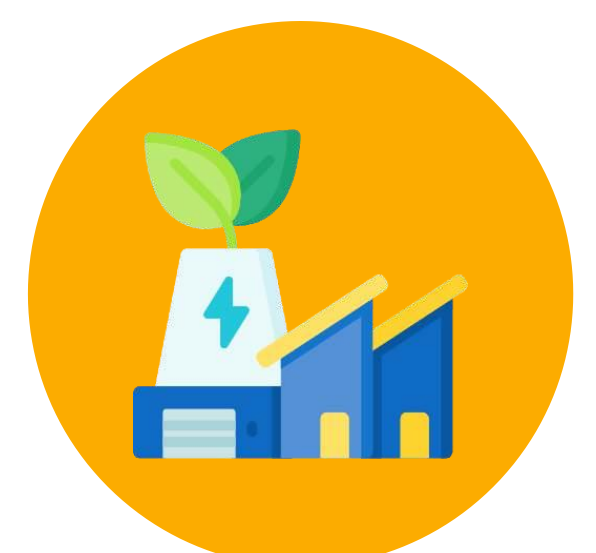
Coal-to-Gas Transition



Water Purification Resources



Bridges & Railways



Industrial Plant Construction

Energy

**Government
Infrastructure Projects**

**Private Sector
Construction**

Company Introduction



Established in

1965

Paid-in Capital

NTD 3.2 billion

Customer Count

More than 2,000 clients

Work Force

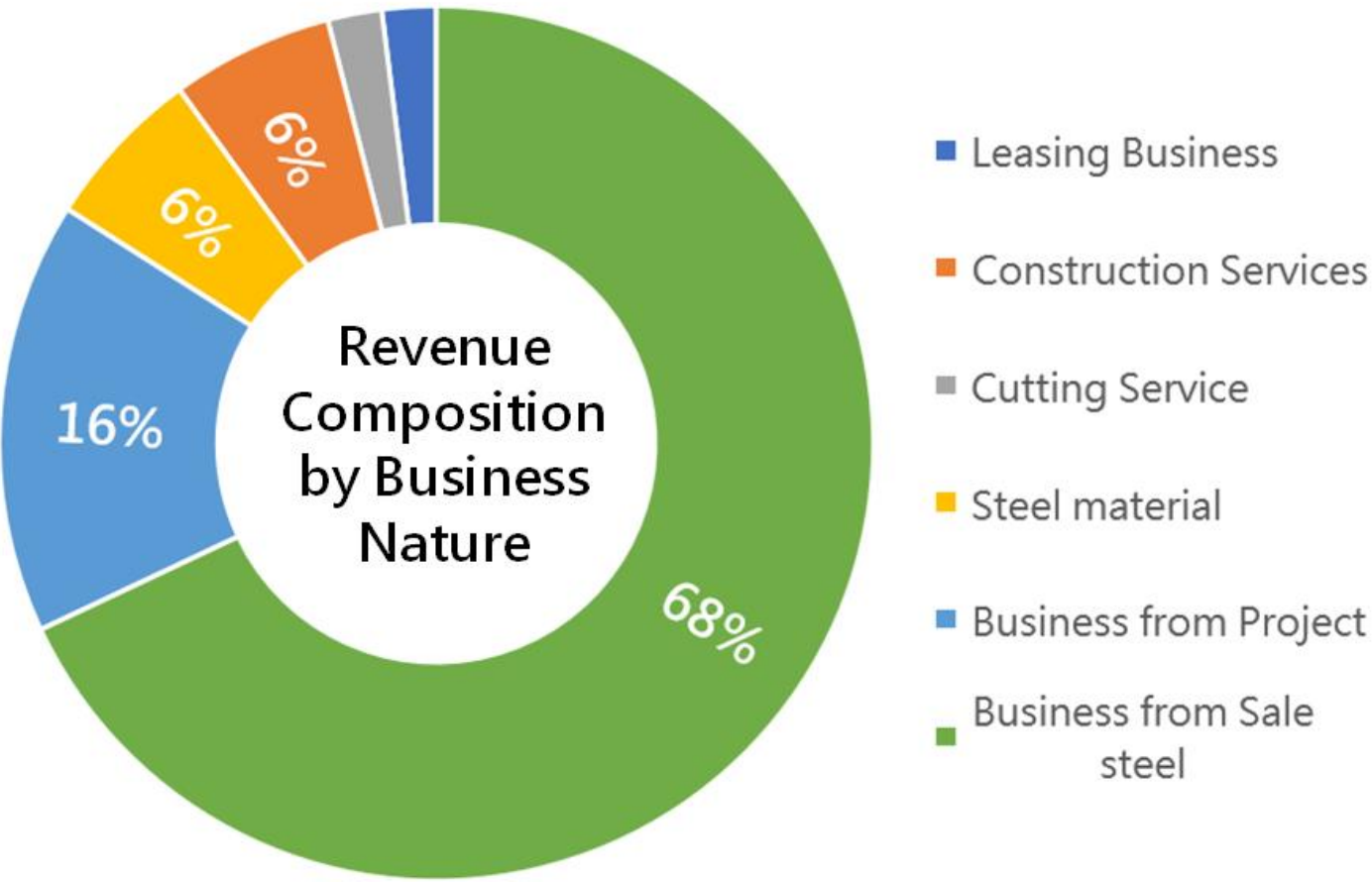
552

Sales Quantity per year

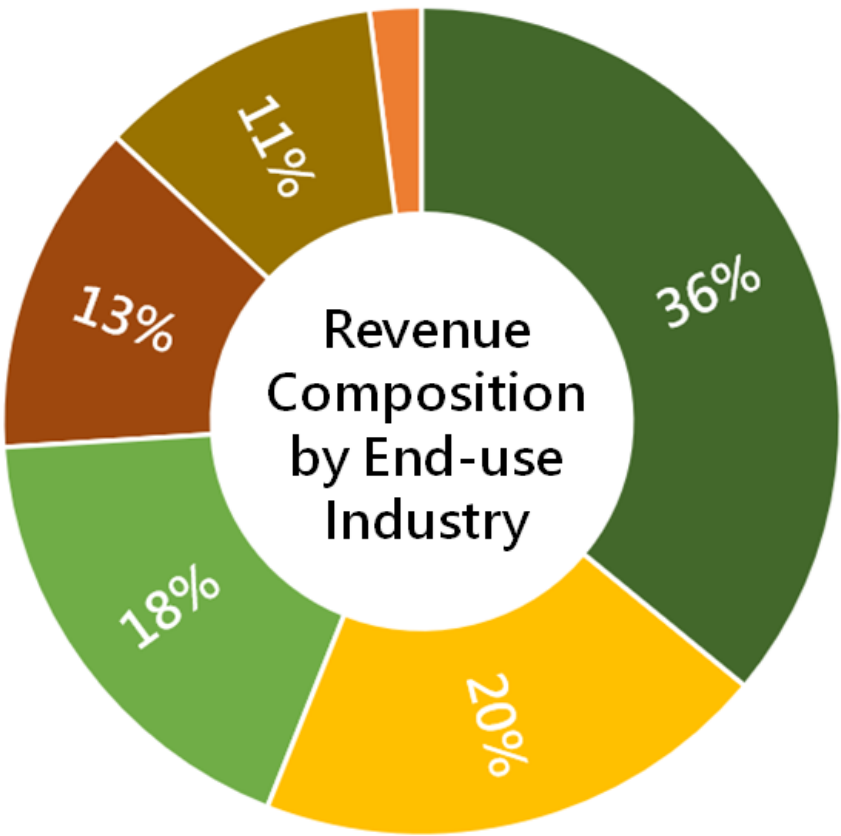
485,000 MT

Operating Locations

8

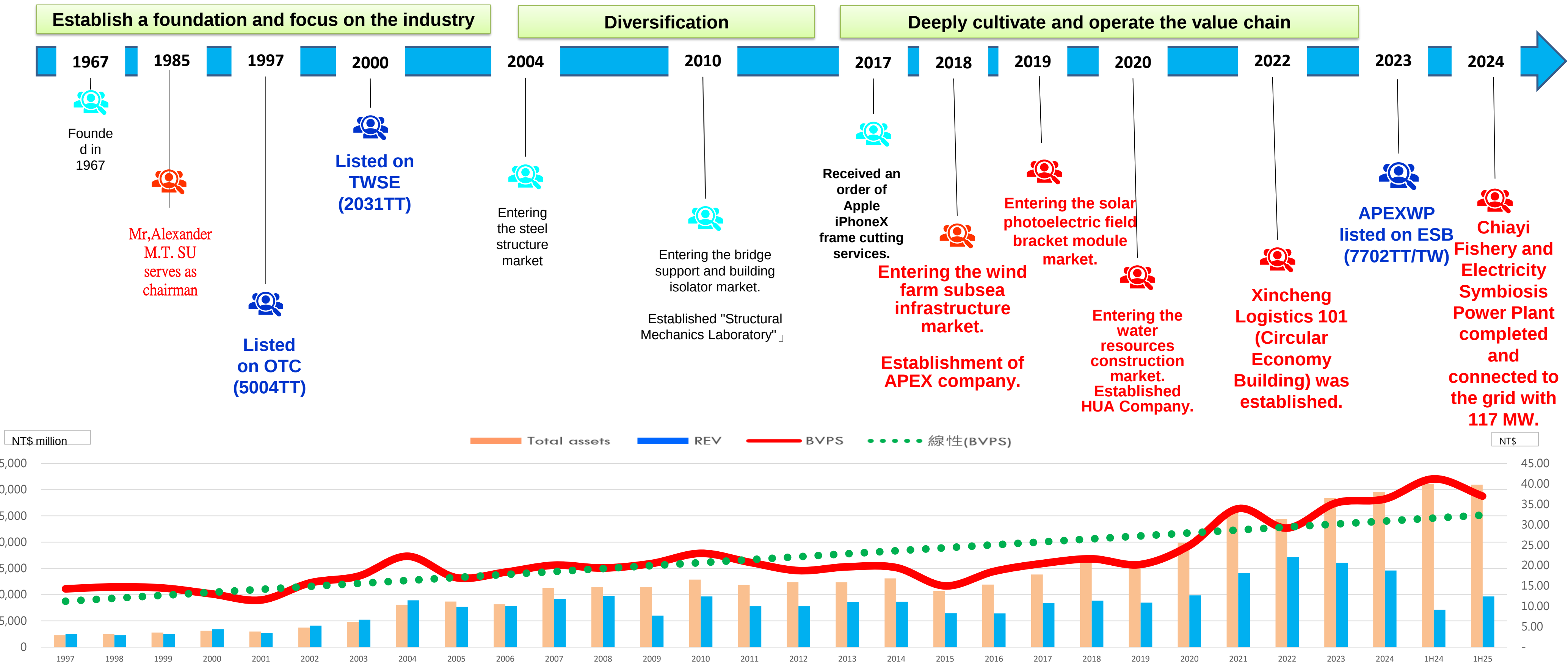


- Warehousing and logistics
- machinery industry
- Business from Green Energy
- Government investment projects
- Automobile and motorcycle industry
- Private investment projects





Milestones: Transformative Leadership, Responding to Situations



Milestone

1965-1985

- 1965 Establishment of Hsin Kuang Steel Co., Ltd.
- 1985 Reorganized into a limited company

1986-2000

- 1998 Guanyin Mills obtained ISO 9001
- 1997 Became a publicly traded company
- 1999 Changbin Mill established the “central region steel service center” and a “steel coil leveling and precision cutting center”
- 2000 Public listed (IPO)

2001-2015

- 2001 Undertaking the Supply of Steel pot bearing for Taiwan High-Speed Rail”
- 2004 A steel structure components production center was established at the Kaohsiung Mill
- 2010 Offering Steel plate for Taipei MRT project
- 2013 Offering Steel plate for TaiChung MRT project

2015 - Future

- 2018 Establishment of Apex
- 2019 Establishment of Hsin Hua
- 2020 Received the TCSA Awards - Silver Prize for the Manufacturing Industry
- 2021 completion and inauguration of Xincheng Logistics Park
- 2023 Completion and grid connection of the 117 MW Phase 1 of the Chiayi Fish-Electricity Symbiosis Power Plant.

1

Stage 1

- Starting up stage.

2

Stage 2

- Establishing a statewide steel cutting center
- IPO
- Establishment of fine corporate governance

3

Stage 3

- Establish upstream and downstream strategic partnerships
- undertake large-scale public and private projects in Taiwan
- corporate vision :” Working together to build a beautiful new Taiwan.”

4

Stage 4

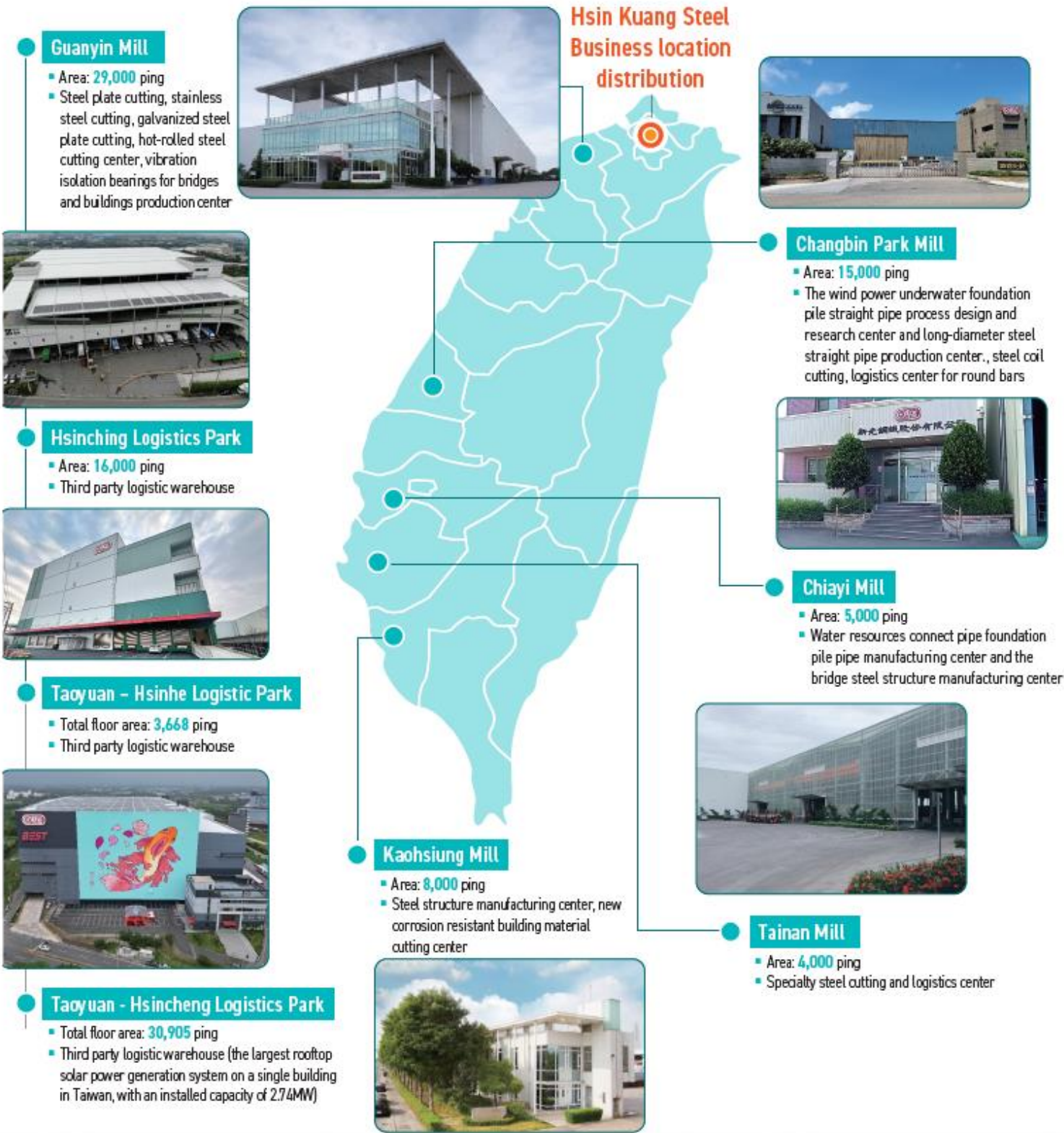
- Diversify portfolio of business
- Become a steel solution provider in different sectors
- Green investment supports industrial development

Provider of Cross-Industry Steel Solutions



Raw Material Import by Country

- 01 Japan
Steel coils, steel plates, specialty steel round bars
- 02 Korea
Steel coils, iron plates, specialty steel round bars
- 03 India
Stainless steel, specialty steel round bars
- 04 New Zealand
Iron coils
- 05 China
Specialty steel round bars, stainless steel
- 06 Indonesia
Stainless steel
- 07 Vietnam
Steel coils

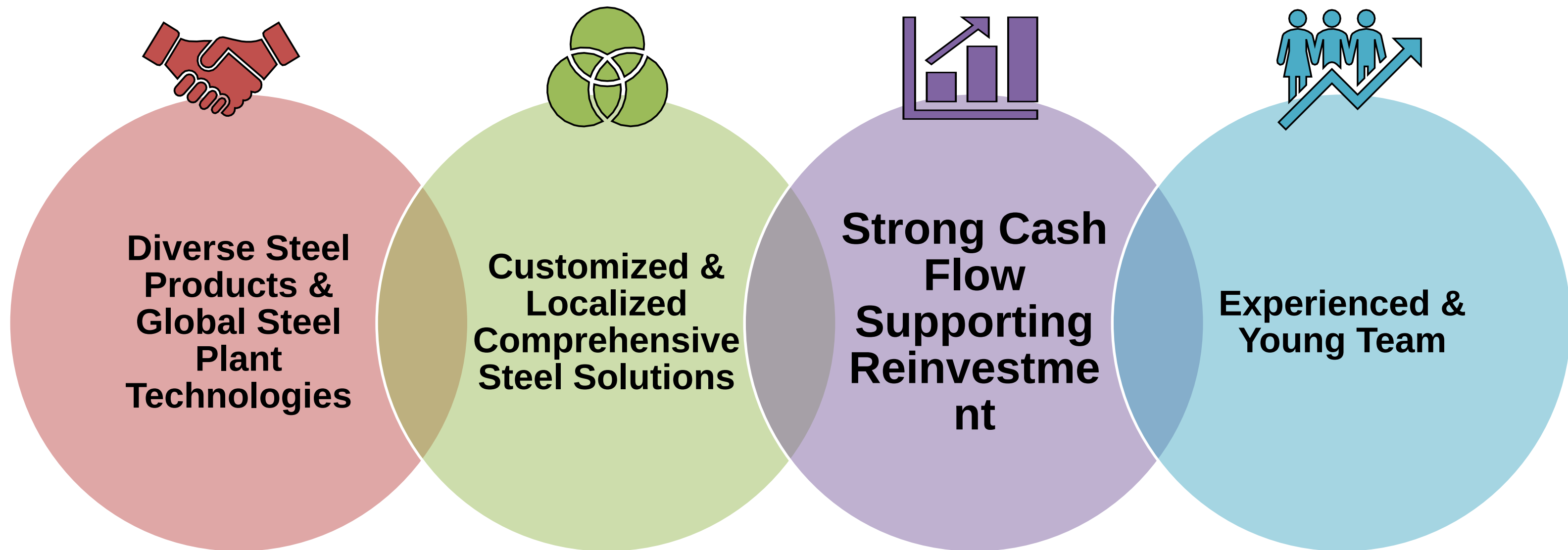


	Metal Hardware
	Building & Plant Construction
	Bridge Engineering
	Home Appliances & IT Industry
	Automotive & Motorcycle Sheet Metal / Structures
	Offshore Wind Industry
	Water Resources Industry
	Solar PV Industry
	Energy Storage



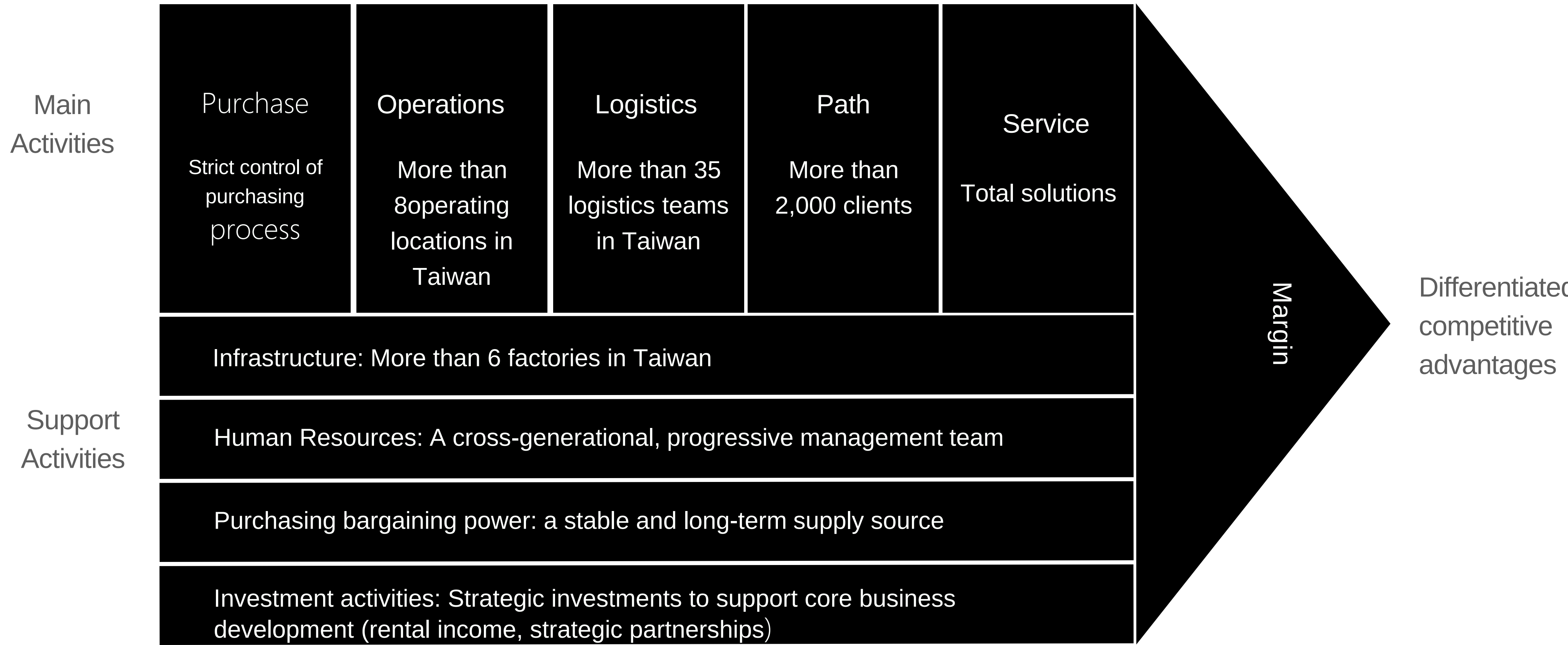


Growth Strategy: Why HKS Growth Momentum Outperforms the Industry





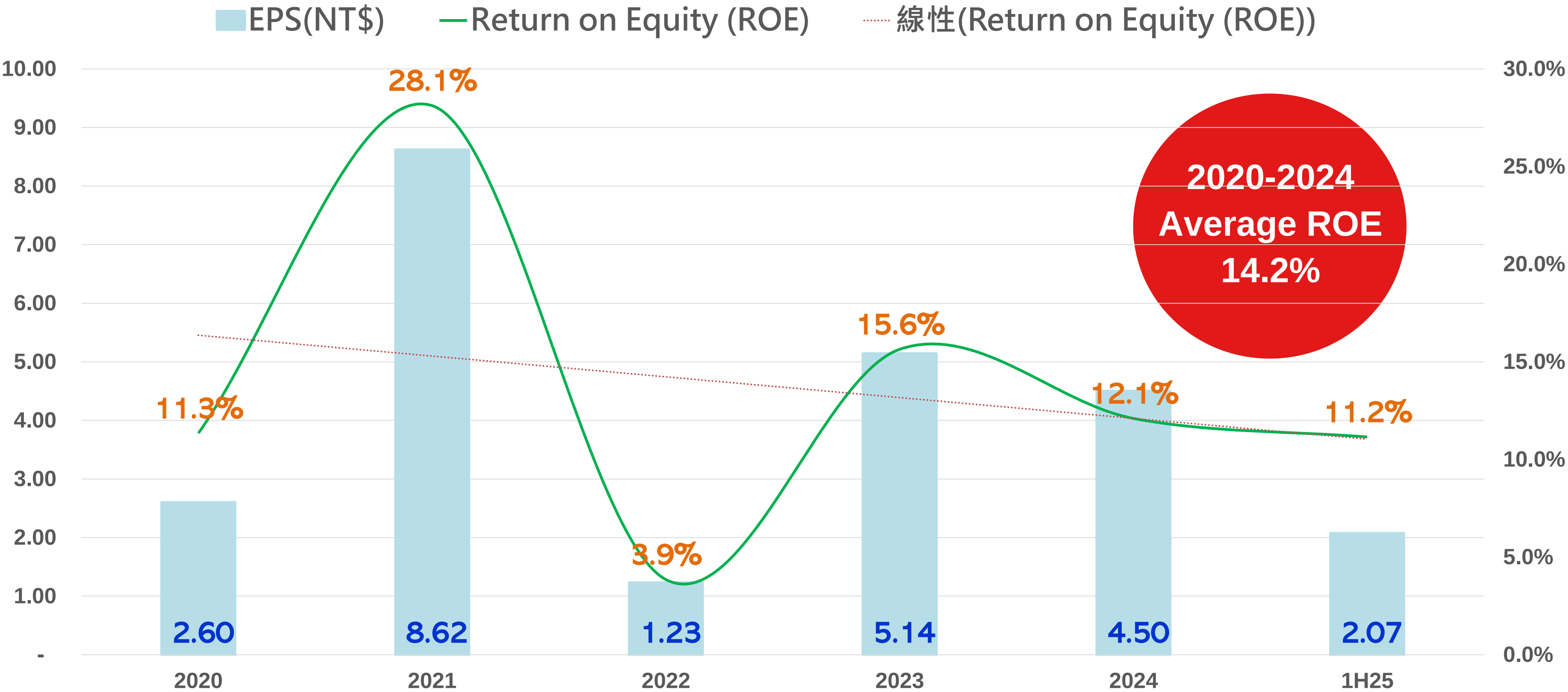
Value chain creates competitive advantage



Growth Strategy

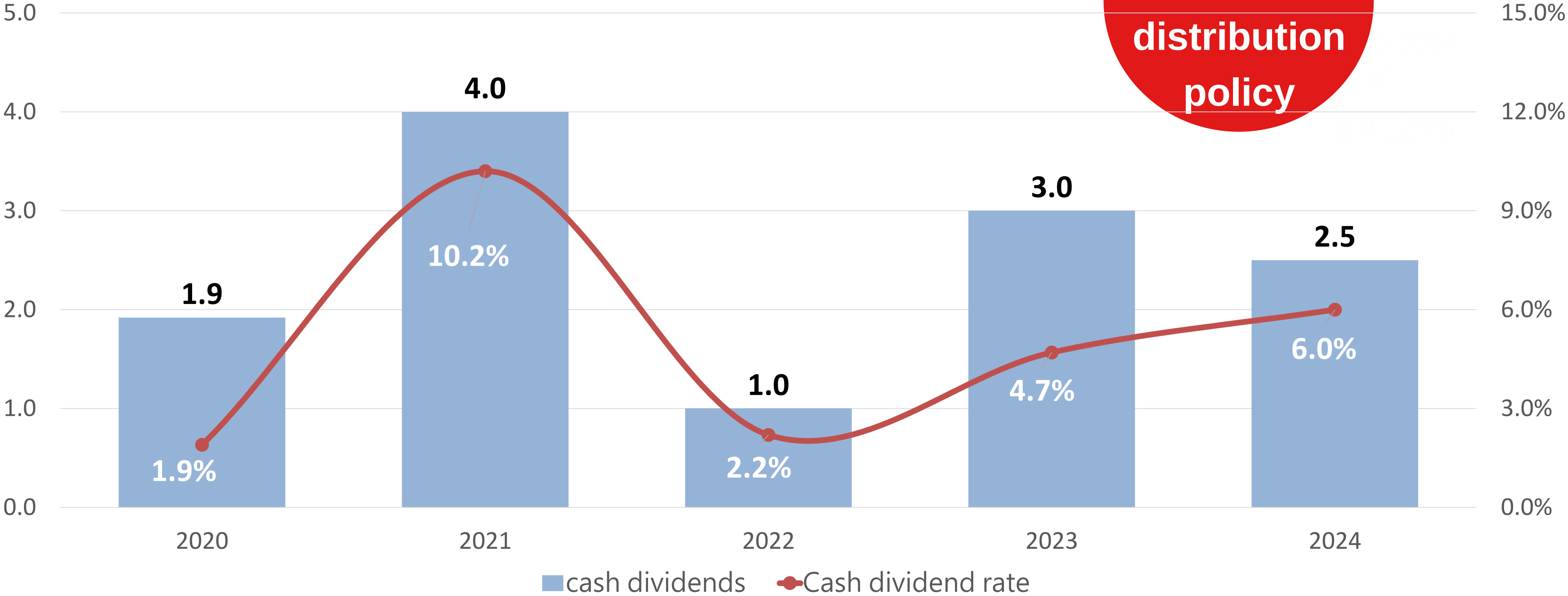


2020-2025H1 Return on Equity (ROE)





2020-2024 Cash Dividends and Cash Dividend Yields



*Cash dividend yields are calculated using the market value on the day before the ex-dividend date.

Long-term operating goals

■ Achieving a double-digit compound annual growth rate (CAGR) in revenue

- Continue to deepen our presence in existing application areas while capitalizing on the AI wave to actively expand related customers and application markets.

■ Increasing the proportion of products other than steel sales to over 50%

- Focus on upgrading technology and services to create higher added value for our customers
- Continue to expand logistics and warehousing business to increase stable cash flow.

■ Continue to improve our long-term ROE

- Enhance operational efficiency and continue to develop diversified revenue and profit sources.

■ Maintain a robust cash dividend policy

- Leveraging cash flow from rental income, we will mitigate the impact of economic cycles.



2025–2028 Future Business Operation Progress

	Future Operation Progress																				
Energy Sector - Solar PV Projects	- Future Focus: We plan to form joint ventures with strategic partners to establish project companies. We are committed to assisting local farmers in constructing greenhouse rooftop Agri-PV structures, especially under extreme climate conditions, to encourage young farmers to return home and promote local revitalization. - Ongoing Projects: Continuous progress on commenced projects, including Fishery-Solar Symbiosis (Fishery-PV) projects and other related initiatives.	2027-2028 Estimated Steel Demand> 20,000 Metric Tons 2025-2026 Order Backlog (In Hand) NT\$400 - NT\$600 Million	Taiwan's Cumulative Solar PV... Government Goal Policy Installed Capacity: Steel > 1,000,000 MT <table><tr><th>Year</th><td>2018</td><td>2019</td><td>2020</td><td>2021</td><td>2022</td><td>2023</td><td>2024.6</td><td>2030</td></tr><tr><th>Value</th><td>2.7</td><td>4.2</td><td>5.8</td><td>7.7</td><td>9.7</td><td>12.4</td><td>13.4</td><td>30.0</td></tr></table>	Year	2018	2019	2020	2021	2022	2023	2024.6	2030	Value	2.7	4.2	5.8	7.7	9.7	12.4	13.4	30.0
Year	2018	2019	2020	2021	2022	2023	2024.6	2030													
Value	2.7	4.2	5.8	7.7	9.7	12.4	13.4	30.0													
Energy Sector - Offshore Wind Projects	- Project Portfolio: Our portfolio includes three offshore wind farms: Formosa 4, Formosa 6, and Azure Ocean (蔚藍海案), with a total installed capacity reaching 1,735 MW. - Ongoing Projects: Continuous progress on commenced offshore wind projects.	2026-2027 Estimated Steel Demand> 300,000 Metric Tons 2025-2026 Order Backlog (In Hand) NT\$1.8 - NT\$2.9 Billion	Taiwan's Cumulative Off-Shore... Government Goal Policy Installed Capacity: Steel > 2,300,000 MT <table><tr><th>Year</th><td>2018</td><td>2019</td><td>2020</td><td>2021</td><td>2022</td><td>2023</td><td>2024.6</td><td>2030</td></tr><tr><th>Value</th><td>0.01</td><td>0.13</td><td>0.13</td><td>0.27</td><td>0.75</td><td>1.76</td><td>2.41</td><td>13.10</td></tr></table>	Year	2018	2019	2020	2021	2022	2023	2024.6	2030	Value	0.01	0.13	0.13	0.27	0.75	1.76	2.41	13.10
Year	2018	2019	2020	2021	2022	2023	2024.6	2030													
Value	0.01	0.13	0.13	0.27	0.75	1.76	2.41	13.10													



2025–2028 Future Business Operation Progress

	Future Operation Progress	
Government Investment Buildings and Facilities	• Phase II of Tongxiao Power Plant's cold circulating seawater intake/outlet pipeline and water purification project is proceeding as planned by the government. • Ongoing bridge construction project continues to progress. • Key transportation machinery plant construction is also in progress.	2025–2026 Order Book NT\$2.8–3.0 billion
Private Investment Buildings and Facilities	• Ongoing project continues to progress.	2025–2026 Order Book NT\$0.6–0.8 billion
Hsin Kuang Steel Capital Expenditure – Factory, Production Lines, and Logistics/Warehouse Center	• Planned addition of a new logistics warehouse center, expected to begin generating rental income in 2027. • Planned addition of a new plant and production line, expected to begin trial production and commercialization in Q4 2027.	

Sustainable development



Sustainable Development

Environmental	Social	Governance
Greenhouse Gas Management & Sustainability Initiatives ● ISO 14064-1 Certification for Scope 1, 2 & 3 GHG inventories across all Group plants in 2024 Renewable Energy ● Installed capacity: 16.57 MW (27 solar power plants) ● Cumulative generation: 100.23 million kWh → CO₂ reduction: 51,127 tons ● 500 tons of project-based carbon credits pre-purchased for operational offset Biodiversity & Eco-Initiatives (Guanyin Plant) ● Created biodiversity habitat to enhance ecological diversity ● Employees engaged in greening & eco co-existence activities ● Recorded species: 80+ plants, 60+ animals ● Remarkable discovery: Rhopalimiris gagai (newly described in 2023)	Employee-Friendly Workplace & Talent Management ● Employee Shareholding Trust established → participation rate >60% ● Average salary in 2024: 1.82× Taiwan statutory minimum wage ● Zero human rights violations or workplace safety incidents in 2024 ● GBCI WELL Gold Certification for 17th-floor office, Sanchong HQ Sustainable Supply Chain ● Supplier Code of Conduct return rate: 81% Customer Relationship Management ● Customer satisfaction score: >90 for two consecutive years Social Engagement ● Actively protect local community ecology ● Participate in beach cleanup activities to support ocean and environmental sustainability	Awards & Recognition ● TCSA Taiwan Corporate Sustainability Report Award – Manufacturing (Platinum) ● Six consecutive years of recognition ● 11th Corporate Governance Evaluation • Score range: 51%–65% • Improved one grade from previous year Board Composition ● Independence: 4 out of 10 directors are independent → 40% independence ● Diversity: Targeting >20% female board members Information Security Management ● ISO 27001 certified in 2025 ● No major information security incidents in 2024

Elite Student Scholarship Program

HKS has been holding the "Elite Scholarship Joint Award Ceremony" for five consecutive years. In 2024, we recognized 59 outstanding students from 12 universities, including three universities of science and technology— National Taiwan University of Science and Technology (NTUST), National Taipei University of Technology (Taipei Tech), National Kaohsiung University of Science and Technology (NKUST) — as well as comprehensive universities such as National Taiwan University (NTU), National Tsing Hua University (NTHU), National Yang Ming Chiao Tung University (NYCU) and National Cheng Kung University (NCKU), for their exceptional academic achievements and exemplary character. Through this initiative, we aim to empower students to pursue their academic aspirations without financial constraints. We also strive to instill the spirit of "taking from society and giving back to society", a value deeply ingrained in HKS's culture, fostering a ripple effect of positive impact. Over the past six years, we have recognized over 347 students and awarded a cumulative total of over NT\$34.7 million in scholarships.

Total of over **NT\$34.7** million in scholarships



Total of **44** medical and ambulance vehicles



Ambulance Donations

HKS, the Hsin Kuang Steel Tian-Cheng Charity Foundation, and the Hui Jung Welfare and Charity Foundation have collectively donated a total of 44 medical and ambulance vehicles throughout Taiwan.

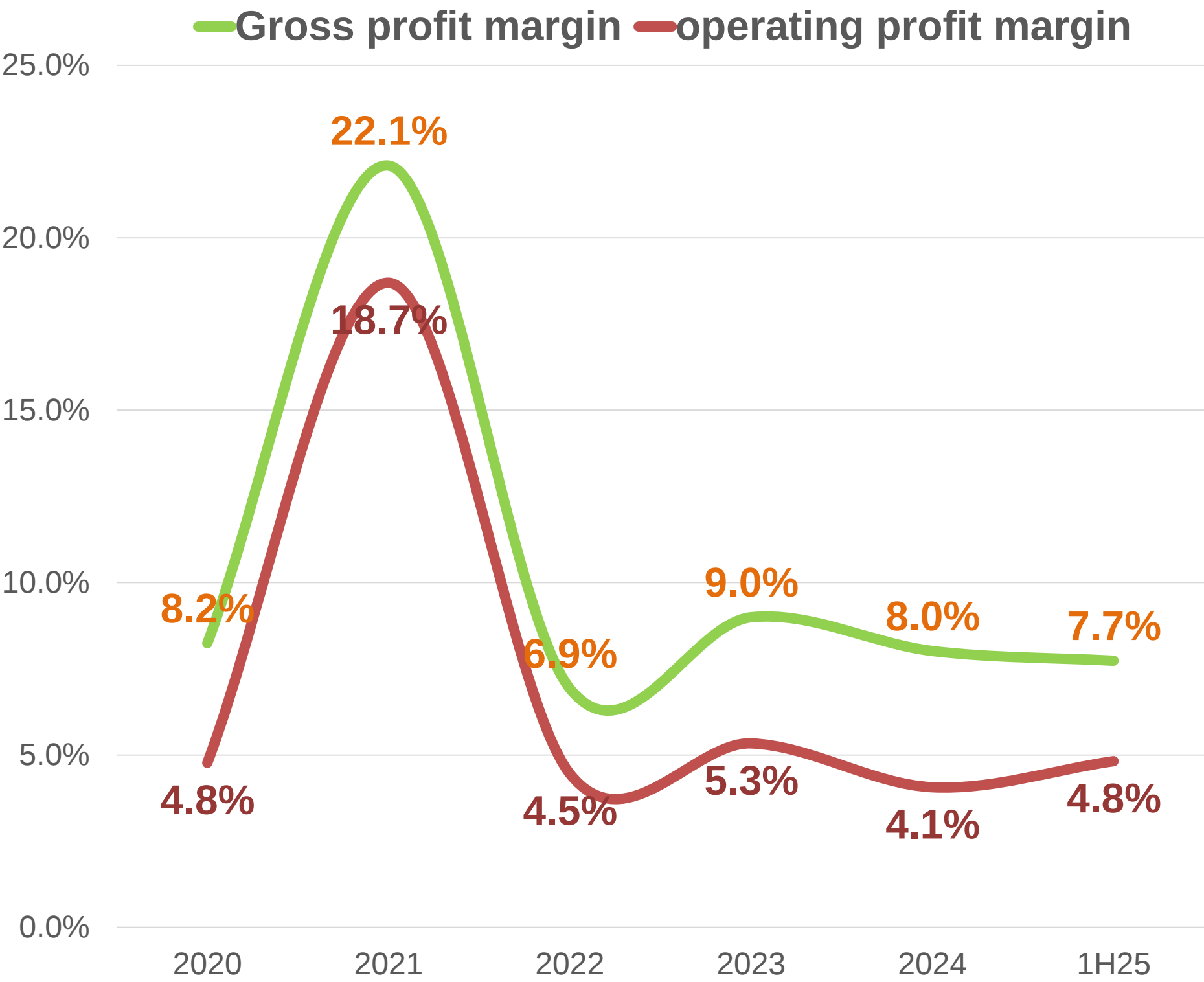
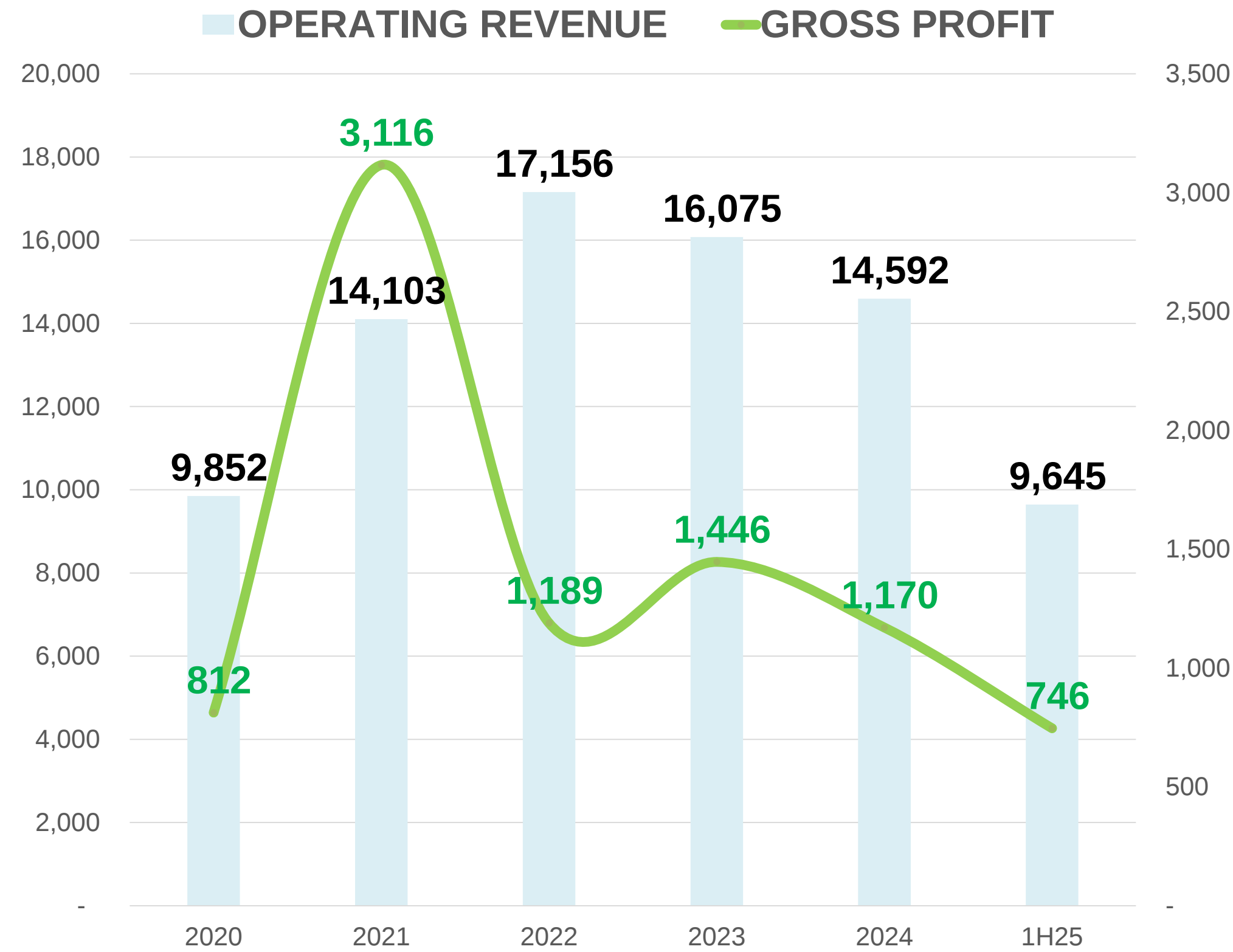


Financial data 2020-1H2025



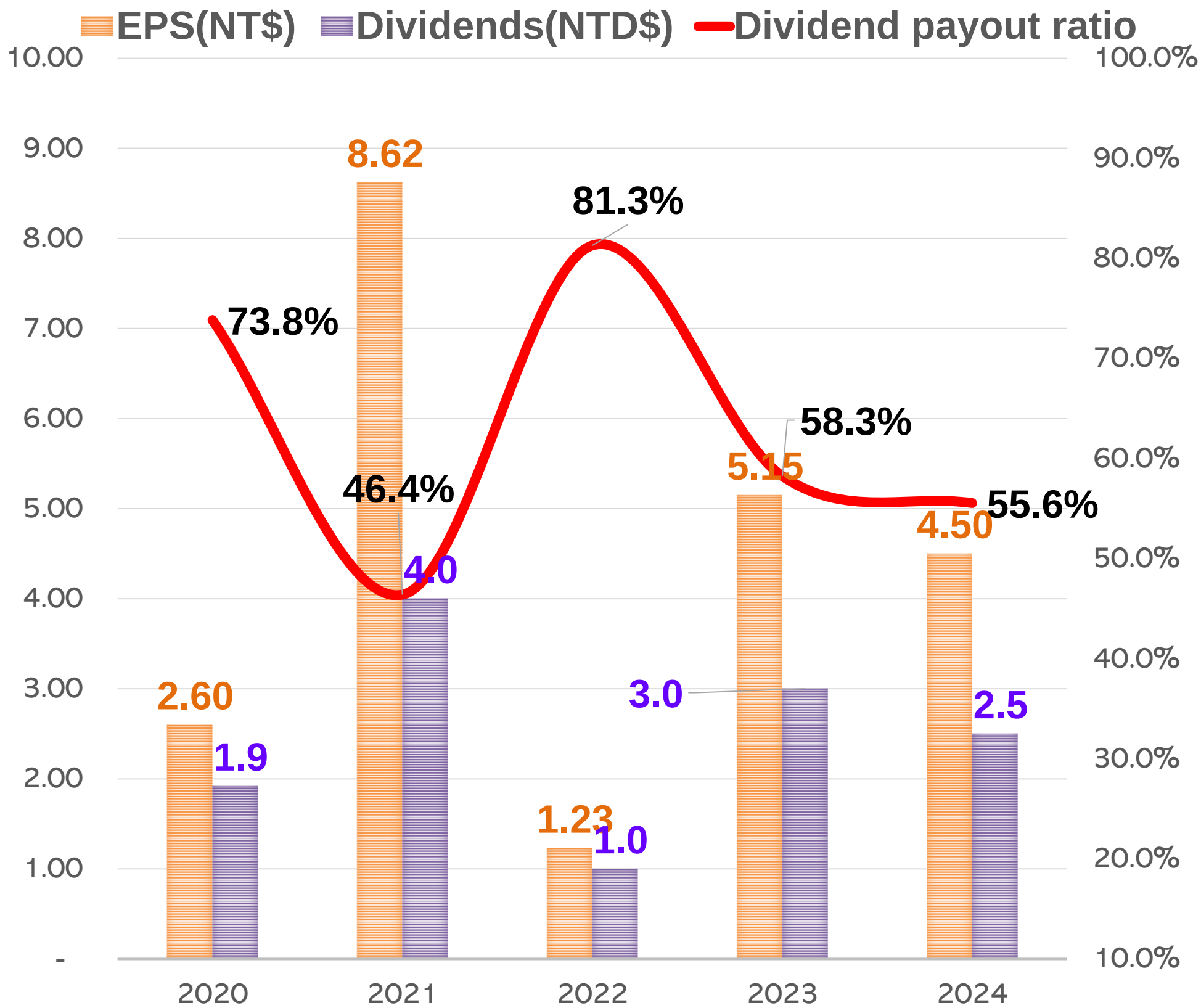
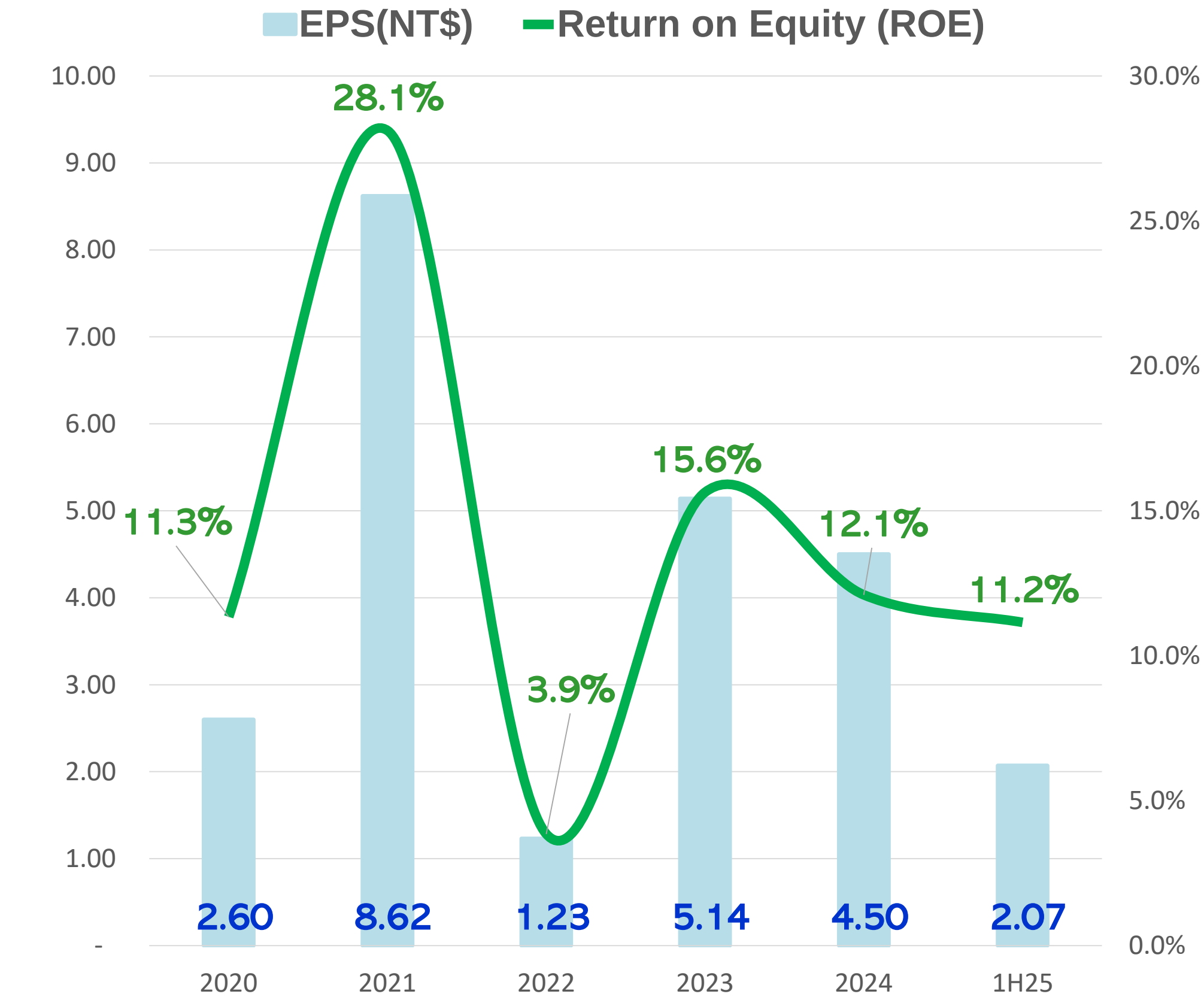
2020-2025H1 Key Figures

NT\$ million





2020-2025H1 Key Figures





CONSOLIDATED STATEMENTS OF INCOME From 2020-2025 H1

NT\$ million

	2020	2021	2022	2023	2024	2025H1
OPERATING REVENUE	9,852	14,103	17,156	16,075	14,592	9,645
GROSS PROFIT	812	3,116	1,189	1,446	1,170	746
OPERATING EXPENSES	342	479	424	587	577	281
PROFIT FROM OPERATIONS	470	2,637	765	858	593	465
PROFIT BEFORE INCOME TAX	913	3,308	660	1,858	1,594	830
NET PROFIT FOR THE PERIOD	846	2,771	418	1,732	1,476	694
EPS(NT\$)	2.60	8.62	1.23	5.14	4.50	2.07
	2020	2021	2022	2023	2024	2025H1
Revenue growth rate	16.2%	43.1%	21.6%	-6.3%	-9.2%	35.2%
Gross Profit Margin	8.2%	22.1%	6.9%	9.0%	8.0%	7.7%
Operating expense ratio	3.5%	3.4%	2.5%	3.7%	4.0%	2.9%
Operating profit margin	4.8%	18.7%	4.5%	5.3%	4.1%	4.8%
Net profit margin	8.6%	19.6%	2.4%	10.8%	10.1%	7.2%
Return on Equity (ROE)	11.3%	28.1%	3.9%	15.6%	12.1%	11.2%



CONSOLIDATED BALANCE SHEETS From 2020-2025 H1

NT\$ million

	2020/12/31	2021/12/31	2022/12/31	2023/12/31	2024/12/31	2025/6/30
Total assets	19,893	25,922	24,439	28,353	29,551	30,950
Cash and cash equivalents	709	964	1,099	954	1,212	1,237
Financial assets	5,309	5,917	5,074	7,153	7,908	8,690
Notes receivable and trad receivables	3,416	4,392	4,738	5,412	4,375	5,717
Inventories	3,849	6,567	5,344	6,157	6,262	5,598
Property, plant and equipment	6,258	7,593	7,523	7,735	8,952	8,864
Total liabilities	11,792	14,314	14,364	16,290	17,203	18,393
Long-term and sort-term interest- bearing liabilities	10,469	11,846	12,656	13,559	15,249	15,268
Total equity	8,101	11,608	10,075	12,063	12,348	12,557
	2020	2021	2022	2023	2024	2025H1
Days Sales Outstanding	109	101	97	116	122	96
Days Inventory Outstanding	151	179	141	153	184	122
Days Payable Outstanding	18	23	17	15	15	12
Cash Conversion Cycle	242	257	221	254	291	206



THANK YOU

Website : www.hkssteel.com.tw