



春源鋼鐵
CHUN YUAN STEEL

Chun Yuan Steel Industry Co., Ltd.
Investor Conference
2021



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I、About Our Company

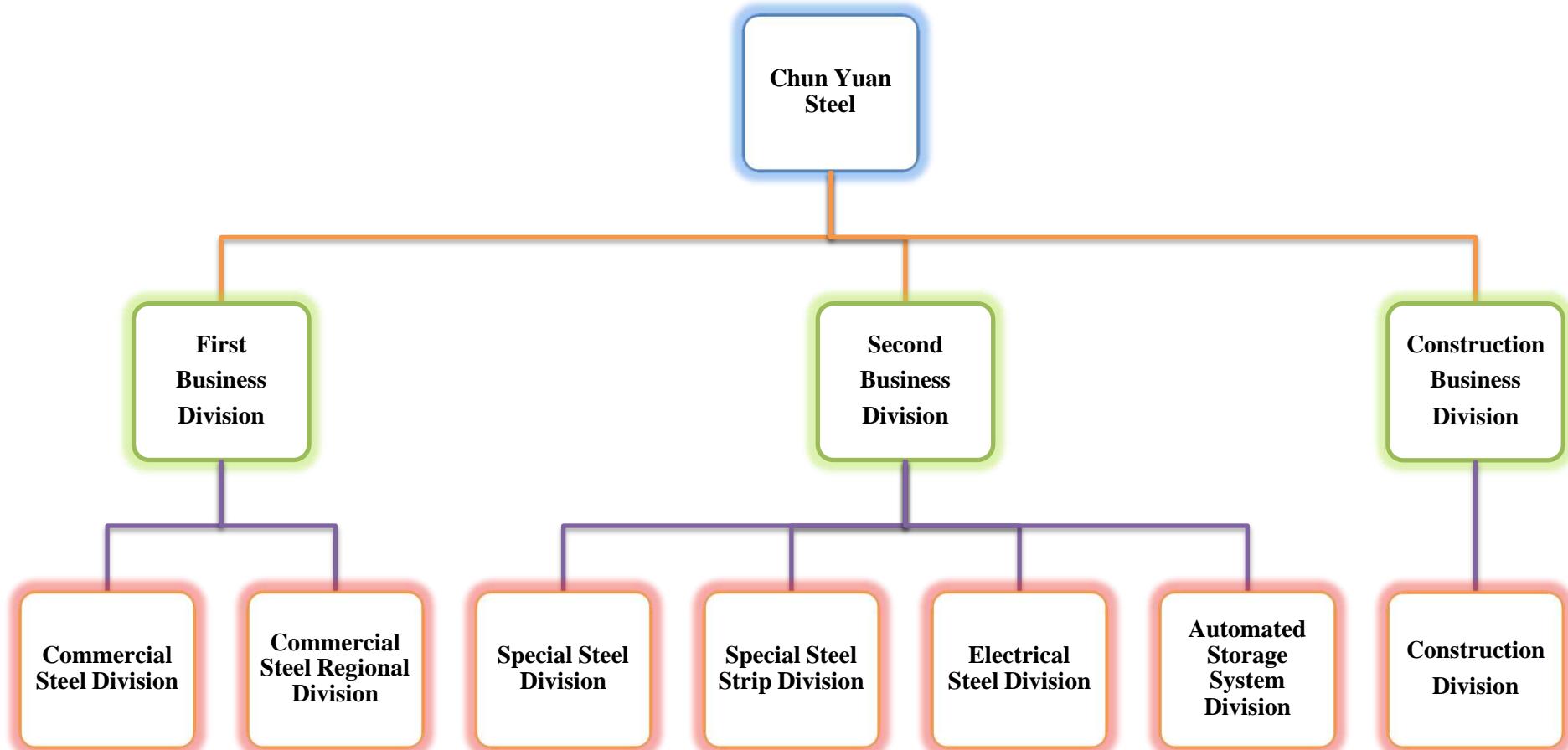
Overview



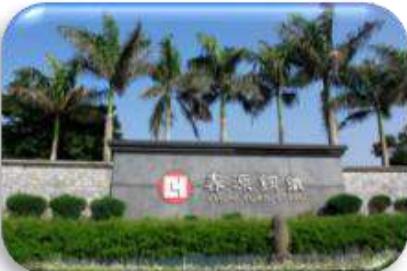
- 👤 Established : 1965
- 👤👤 Listed : 1989
- 👤👤👤 Capital : NTD 6.48 billion
- 👤👤👤👤 Headcount : about 1, 500



Domestic Business Divisions



Regional Bases (Taiwan)



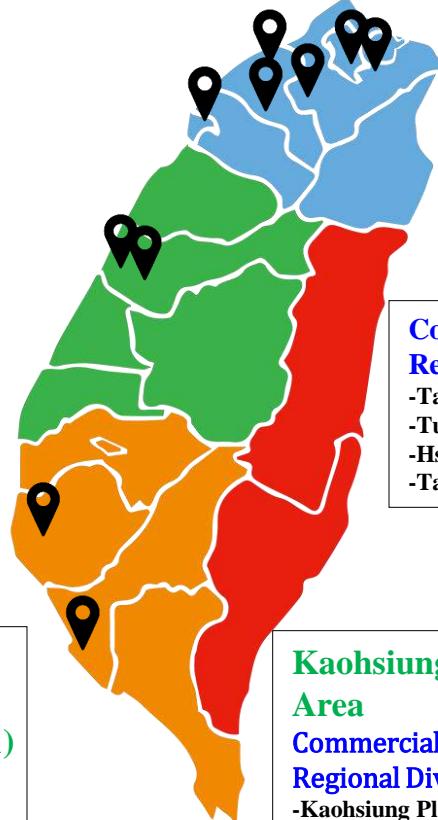
Longtan Plant Area
Special Steel Strip Division
 -Rolling Plant
Automated Storage Division
 -Storage Plant
Construction Division
 -Steel Structure Plant
Special Steel Division
 -Longtan Branch Office



Electrical Steel Division
 -Sales Department
 -Taichung Plant

Tainan Plant Area
(Expected to start production in May 2021)
Commercial Steel Regional Division
 -Tainan Branch Office
Special Steel Division
 -Tainan Branch Office

Head Office



Xizhi Plant Area Commercial Steel Division

-Commercial Steel Xizhi Plant
Commercial Steel Regional Division
 -Xizhi Branch Office



Special Steel Division
 -Tucheng Branch Office
 -Taichung Branch Office



Commercial Steel Regional Division
 -Taoyuan Branch Office
 -Tucheng Branch Office
 -Hsinchu Branch Office
 -Taichung Branch Office

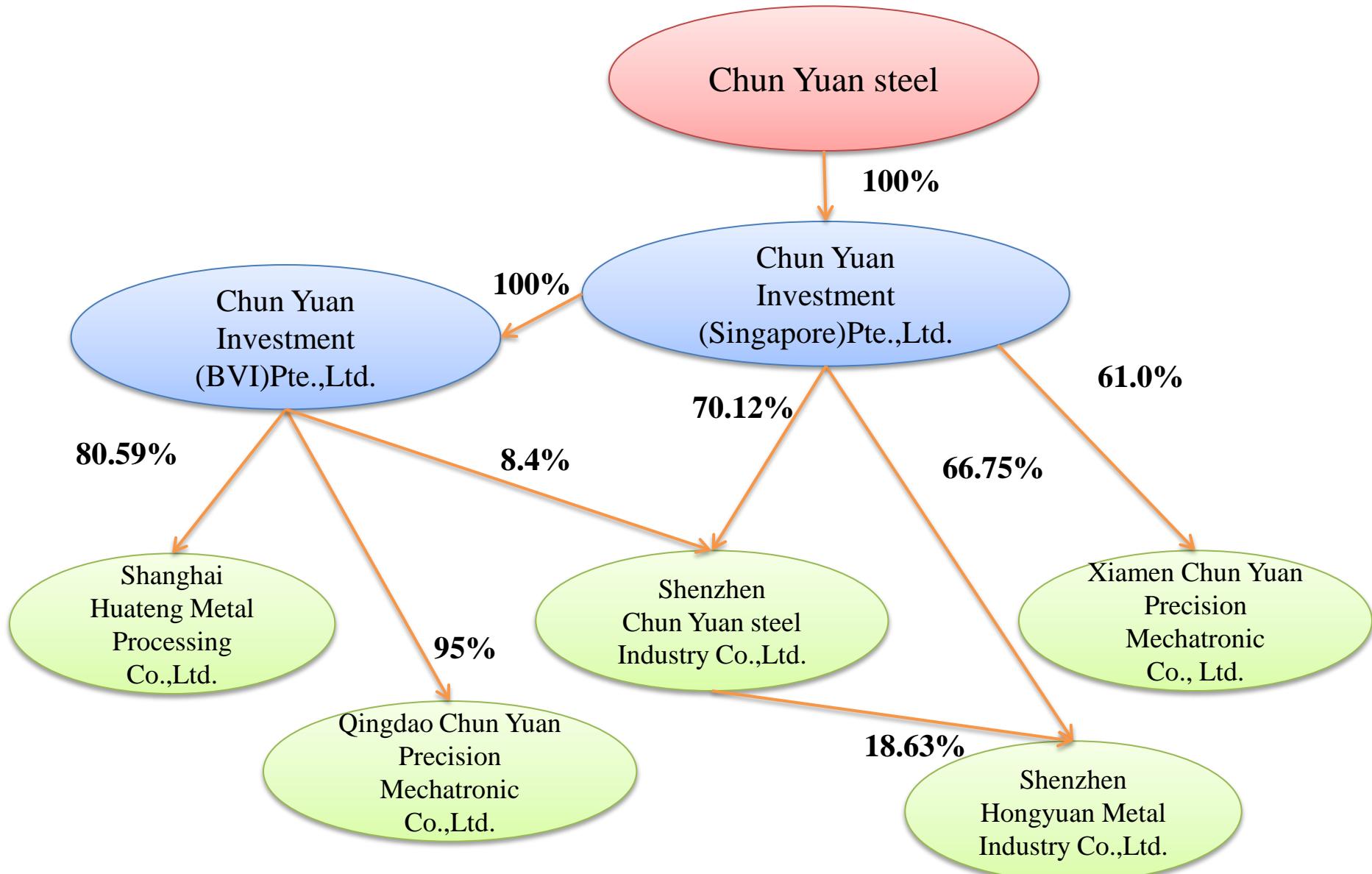


Kaohsiung Plant Area

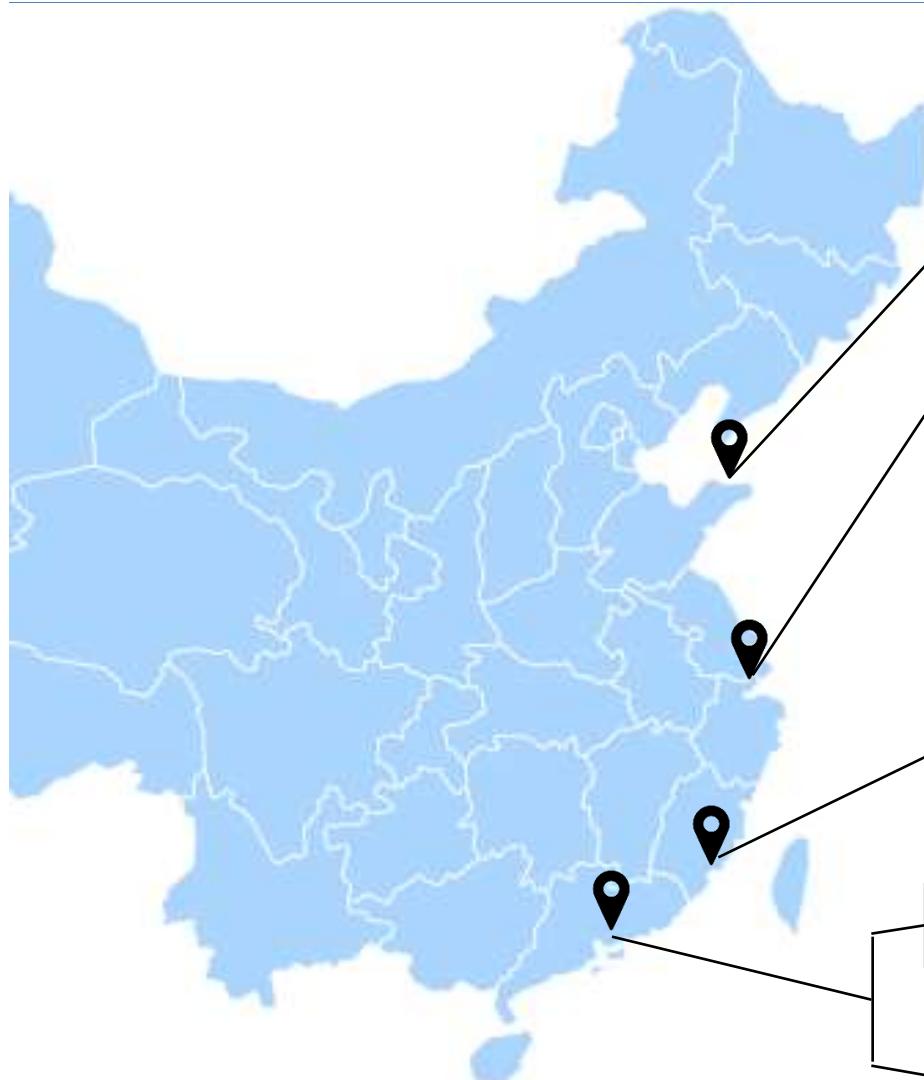
Commercial Steel Regional Division
 -Kaohsiung Plant
Construction Division
 -Steel Structure Kaohsiung Plant Manufacturing Section 2
Special Steel Division
 -Kaohsiung Branch Office



Subsidiary Business



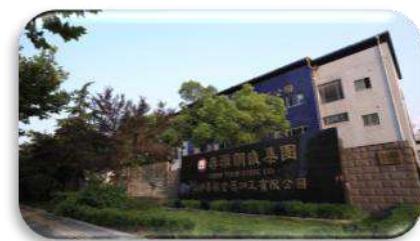
Regional Bases (China)



**Qingdao Chun Yuan
Precision Mechatronic
Co., Ltd.**



**Shanghai Huateng
Metal Processing Co.,
Ltd.**



**Xiamen Chun Yuan
Precision Mechatronic
Co., Ltd.**

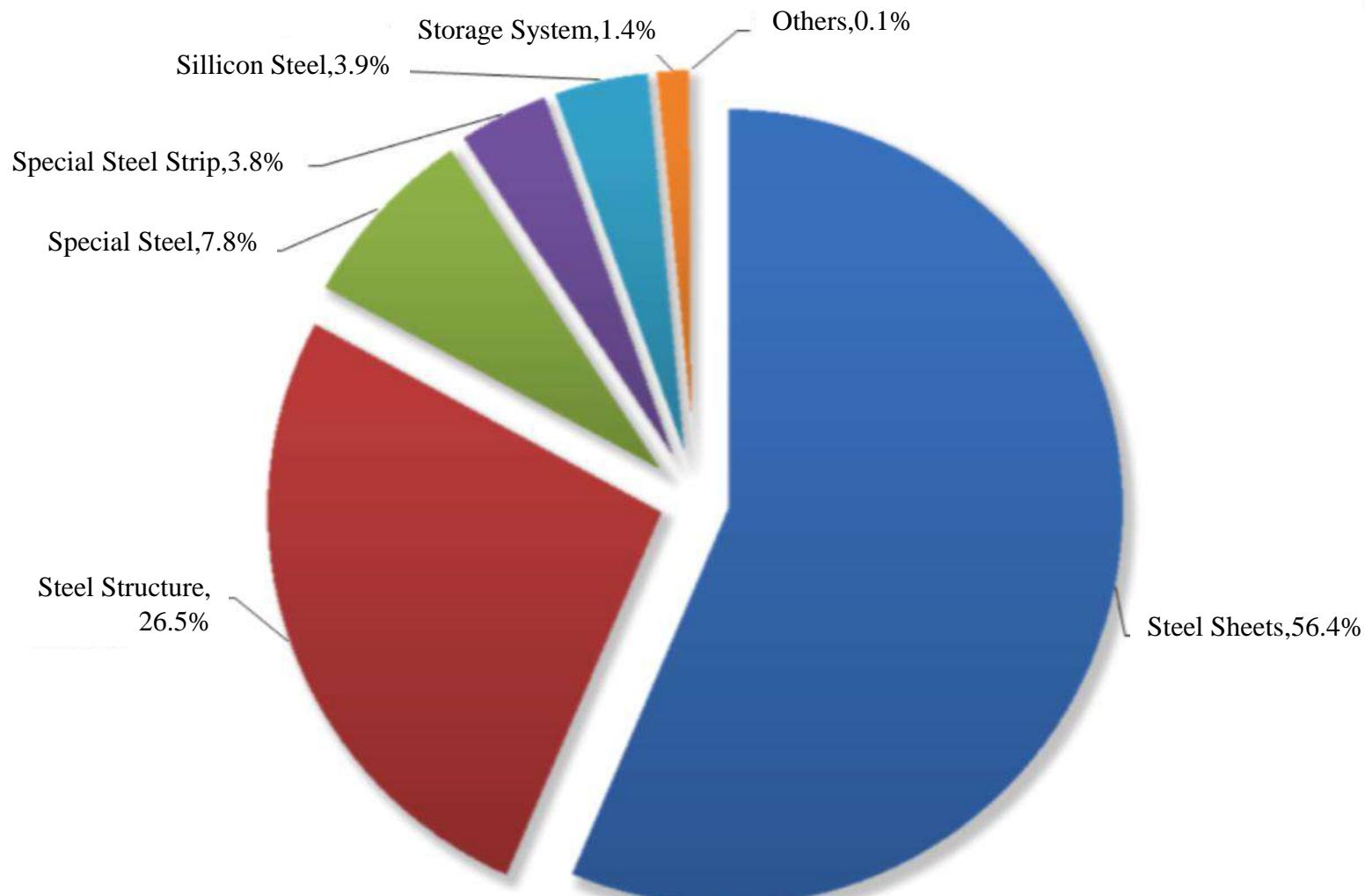


**Shenzhen Chun Yuan
Steel Industry Co., Ltd.**



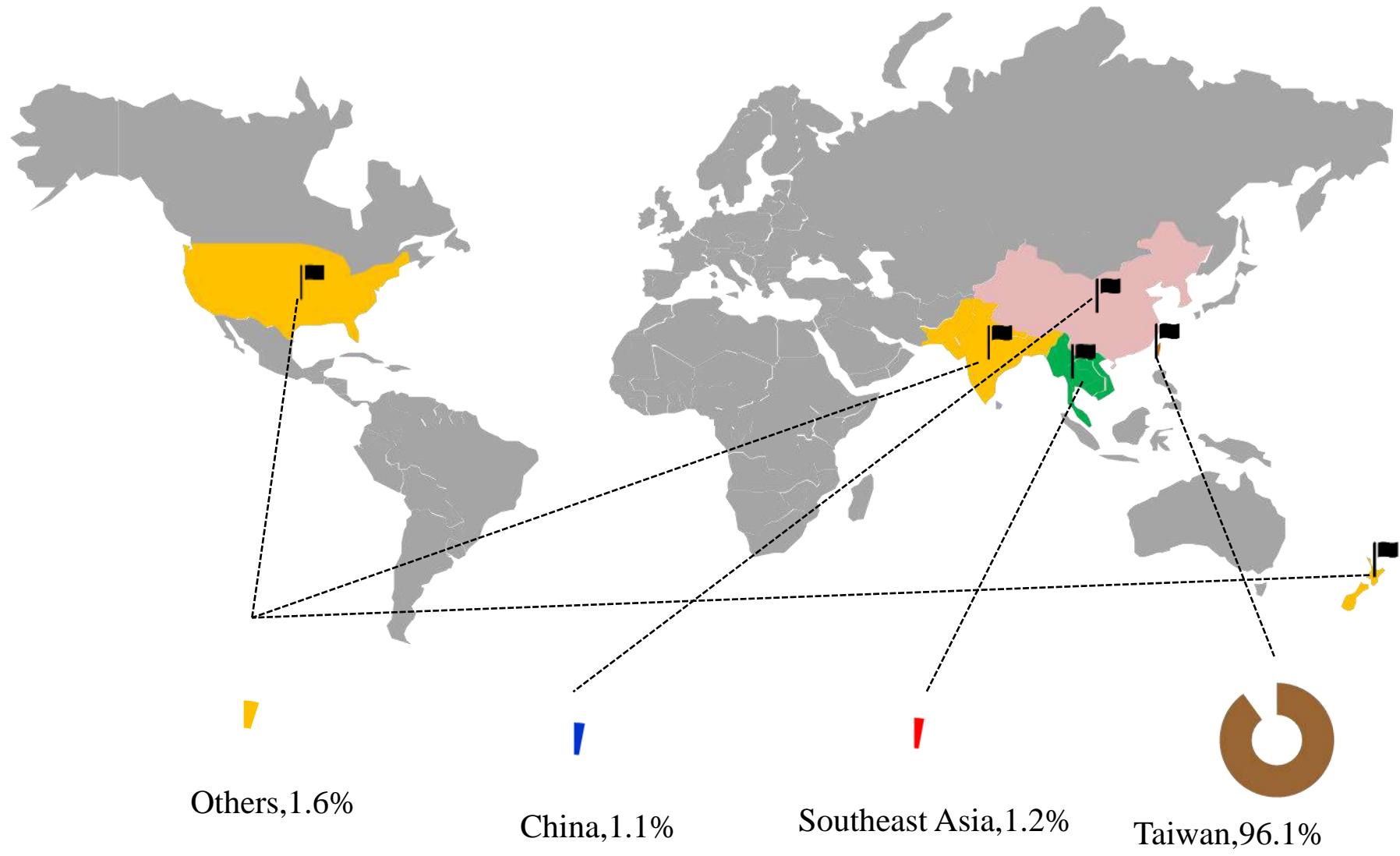
**Shenzhen Hongyuan
Metal Industry
Co., Ltd.**

Sales (by product)



Source: Quarterly report 2020 Q1-Q3

Sales (by market)



Source: Quarterly report 2020 Q1-Q3

Awards and Certifications



2020

Ministry of Labor : TTQS Talent Quality-Management System Evaluation (corporate version) Gold Medal



2019

Ministry of Labor : TTQS Talent Quality-Management System Evaluation (corporate version) Gold Medal

CSD : The 32th Taiwan Continuous Improvement Awards, Silver Medal
(Commercial Steel Division, Xizhi Plant) / **Bronze Medal** (Special Steel Strip Division, Rolling Plant)

1111 : Happy Enterprise



2018

Ministry of Labor : TTQS Talent Quality-Management System Evaluation (corporate version) Gold Medal

CSD : The 31th Taiwan Continuous Improvement Awards, Bronze Medal (Commercial Steel Division, Xizhi Plant / Special Steel Strip Division, Rolling Plant / Commercial Steel Regional Division, Kaohsiung Plant)



II、Operating Performance

Consolidated Balance Sheets

Unit: NT\$ thousand

	2020Q3		2019Q3	
	Amount	%	Amount	%
Current assets	11,978,614	65	11,477,218	65
Non-current assets	6,391,210	35	6,298,513	35
Total Assets	18,369,824	100	17,775,731	100
Current liabilities	6,702,759	37	6,196,098	34
Non-current liabilities	976,498	5	985,082	6
Total Liabilities	7,679,257	42	7,181,180	40
Total Equity	10,690,567	58	10,594,551	60

Consolidated Statements Of Comprehensive Income

Unit: NT\$ thousand

	2020Q3		2019Q3	
	Amount	%	Amount	%
Revenues	13,686,186	100	11,940,106	100
Gross profit	896,167	6	697,489	6
Operating income	298,761	2	103,432	1
Profit before tax	350,382	3	188,993	1
Profit	272,665	2	154,061	1
Total comprehensive income	292,945	2	50,644	-

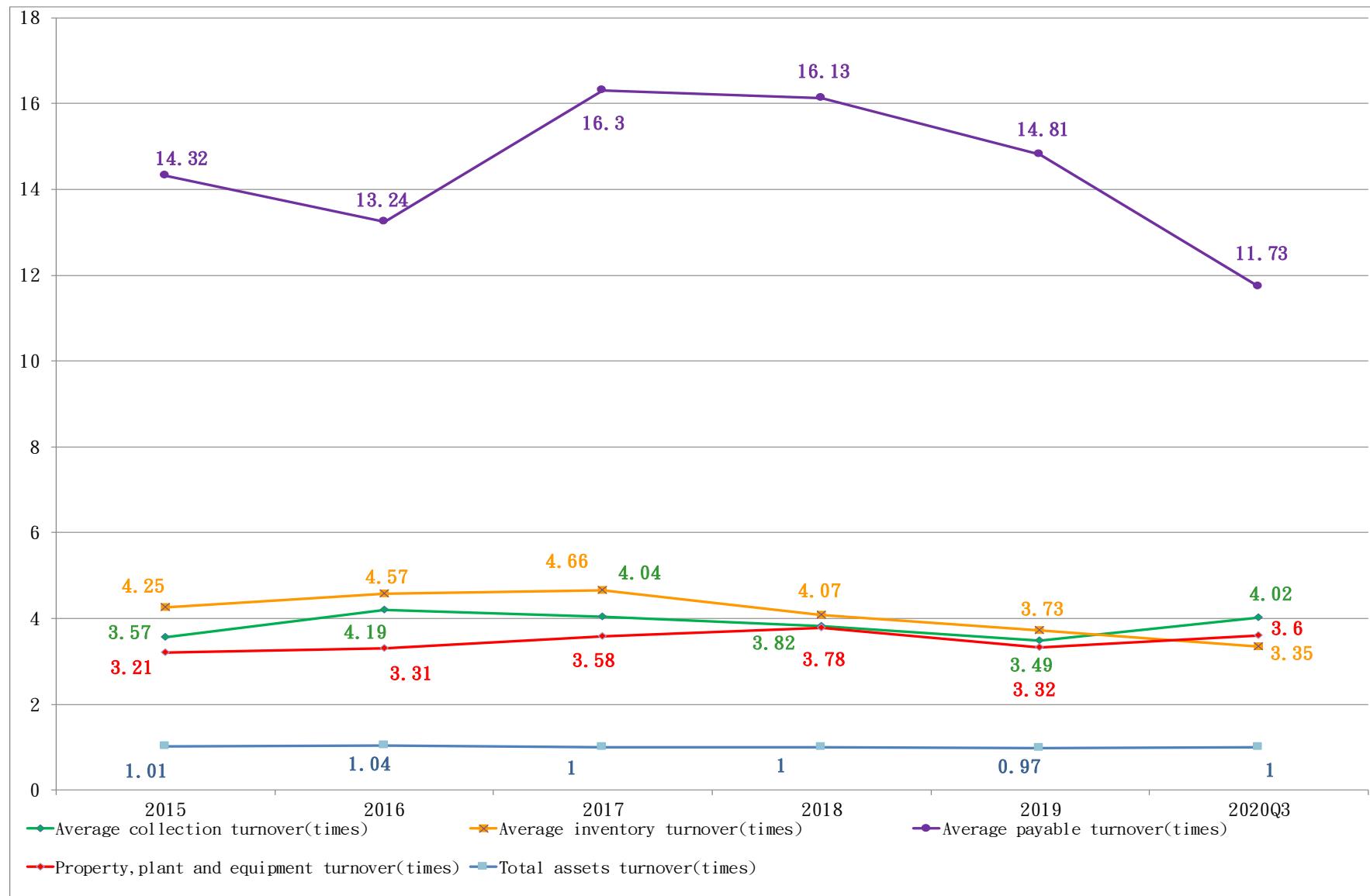
Financial Ratio Analysis

		2020Q3	2019Q3
Operating Performance Analysis	Average collection turnover (times)	4.02 ↑	3.27
	Average collection days	91 ↓	112
	Average inventory turnover (times)	3.35 ↓	3.52
	Average inventory days	109 ↑	104
	Average payable turnover (times)	11.73 ↑	11.61
	Property, plant and equipment turnover (times)	3.6 ↑	3.17
	Total assets turnover (times)	1 ↑	0.9

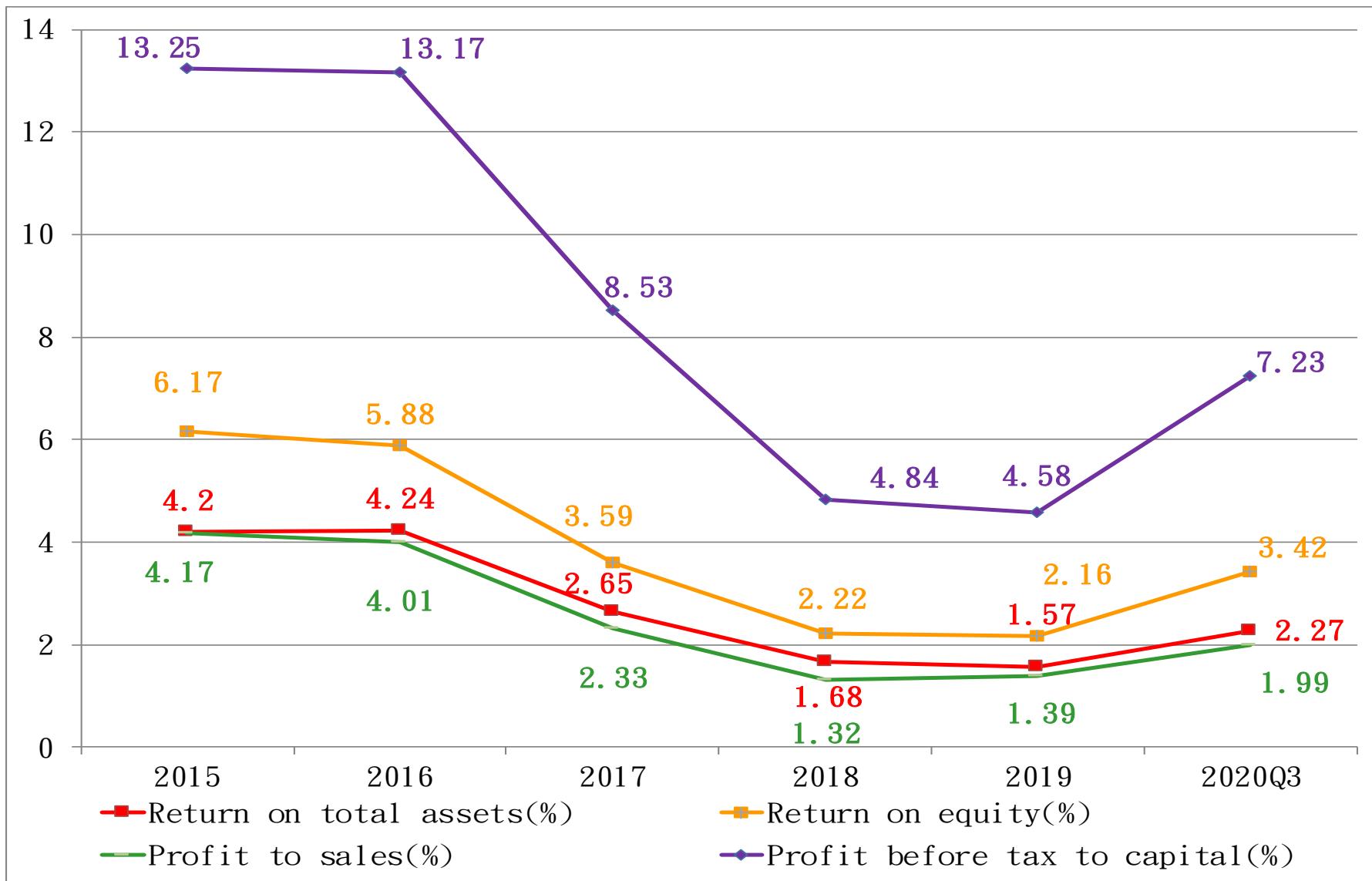
Financial Ratio Analysis

	2020Q3	2019Q3
Profitability Analysis	Return on total assets (%)	2.27 
	Return on equity (%)	3.42 
	Profit before tax to capital(%)	7.23 
	Profit to sales (%)	1.99 
	EPS(NT\$)	0.42 
		0.24

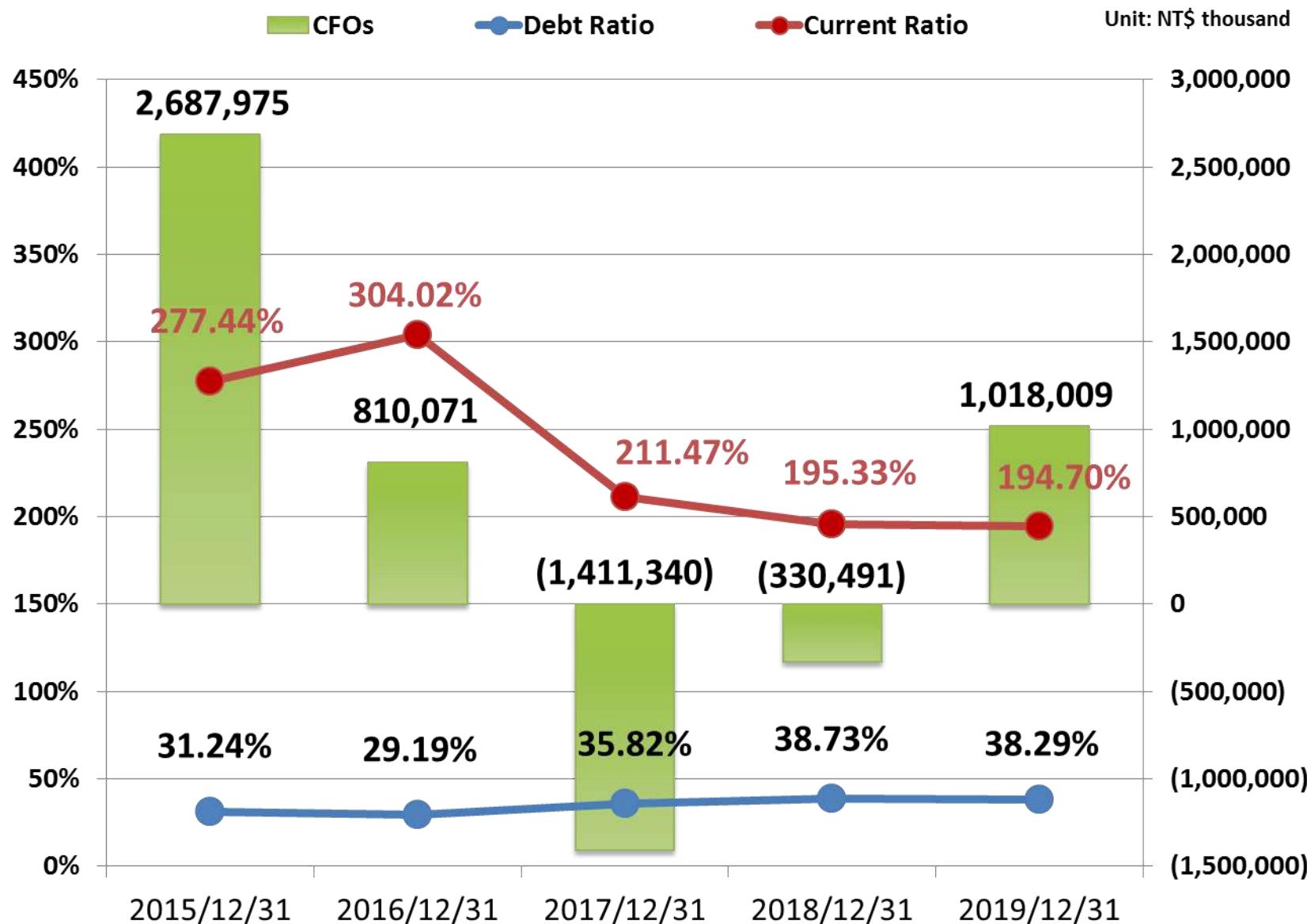
Operating Performance Analysis



Profitability Analysis



Financial Review



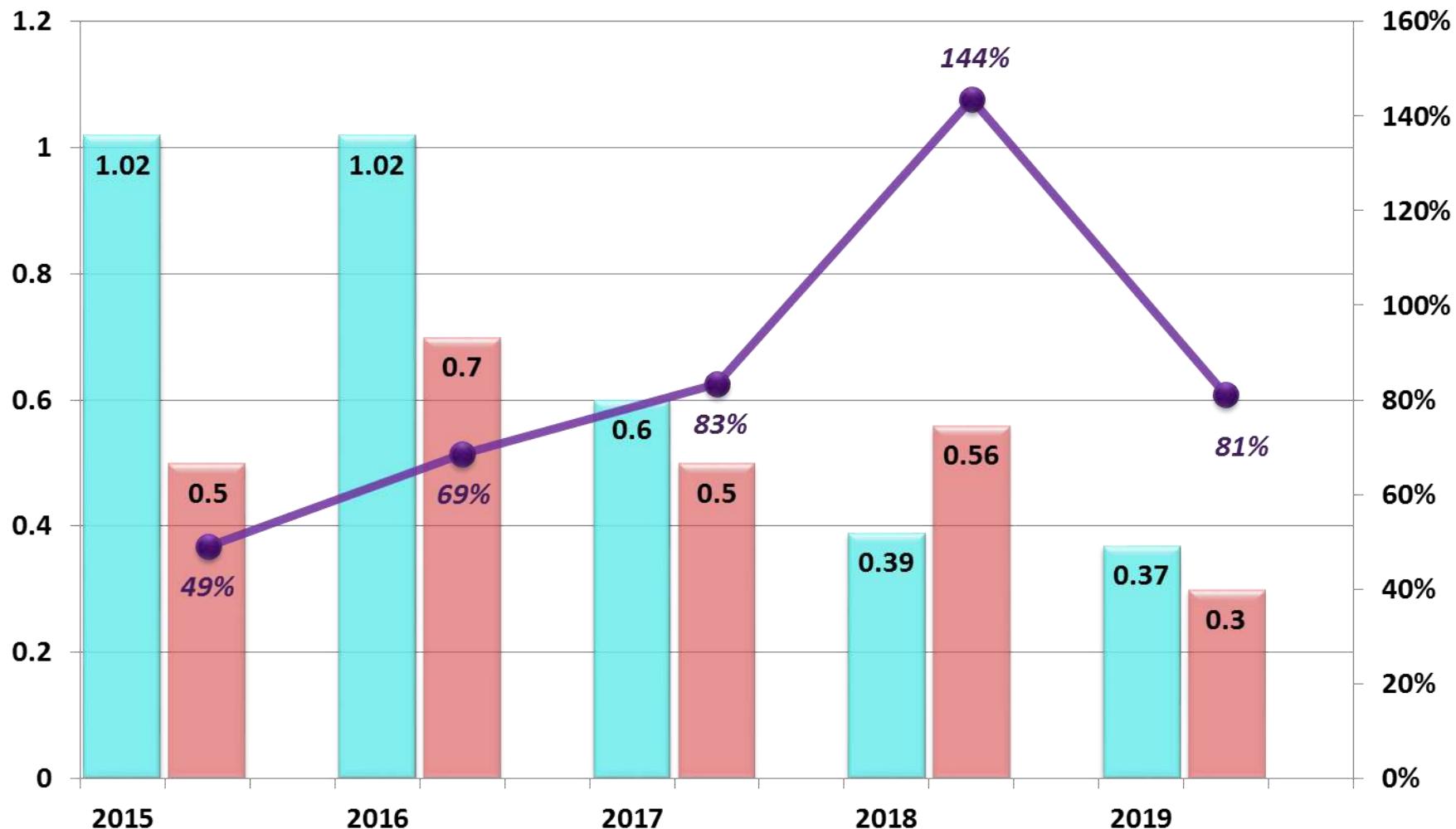
Historical EPS and Dividends Paid

Unit: NT\$

EPS

Cash Dividend

Dividend payout ratio





III 、 Strategies

Strategies



Customer Management

- 1.Consolidate existing customers, develop new customers and increase market share.
- 2.Pay attention to the political & economic situations and industrial trends, explore business opportunities aggressively.



Inventory Management

- 1.Procure material cautiously, perform optimal inventory management.
- 2.Search for competitive sources and expand procurement channel.
- 3.Reduce inventory turnover days to avoid capital tied-up.
- 4.Implement more than 6 months inventory eliminated plan.

Strategies

Rationalization of Costs



1. Propose expense rationalization plans.
2. Propose and implement working procedure and efficiency improvement programs.

Account Management



1. Visit customers frequently, catch-up customers' real-time status.
2. Renew and review customers' credit data regularly, implement customers' credit investigation and AR management to prevent bad debt.
3. Increase collection rate and shorten tenor, construct reasonable operating conditions.

Strategies

Talent Cultivation



1. Conduct human resource planning, and plan recruitments accordingly.
2. Conduct job rotation continuously and cultivate multi-skilled abilities.
3. Improve education and training plans.
4. Cultivate and improve to obtain the certifications of key technical staff.

R&D and Innovation



1. Technology R&D strategies :
 - ① Labor-saving process and automation
 - ② New technique, new manufacturing process
2. Market R&D strategies :
 - ① New materials, new products
 - ② New markets

Strategies

Equipment Investment



- 1.Based on industry development and customer demands, carry out new equipment investment plans.
- 2.Inventory all equipment, draw up a replacement plan.
- 3.Give careful consideration to the investment plans.
- 4.Track the performance of each equipment investment, and propose the difference improvement plan.
- 5.Implement equipment scheduled maintenance to ensure operating and to extend machine lifetime.

Plant Investment



- 1.Ensure the approved investment of plant and office investments can be completed on schedule.
- 2.Administrative units to assist, support, check, and track investment progress.

**Sincerity、Confidence、
Diligence、Responsibility**

**Chun Yuan Steel
Thank you for your time.**

