春源鋼鐵
CHUN YUAN STEEL

Chun Yuan Steel Industry Co., Ltd.
Investor Conference 2024

Disclaimer

The "forecast information" mentioned in this report is based on Chun Yuan observations and market information. The forward-looking information disclosed covers the company predict future operating profile, finance and performance.

The operating profile, finance and performance mentioned in this report is the actual consequence of operation. It could be differ from forecast information, which may be due to various factors, including but not limited to the market supply and demand, cost fluctuations, price competition, policies and legislations, Economic changes and other risks beyond the control of the company.

The content of the forecast information mentioned in this report responded to the situation at the time when information disclosed. There is any events or situation that occur after the disclosure date make the forecast information change, Chun Yuan will not undertake the responsibility and obligation to update the information.

Outline

I、About Our Company

誠意信心 勤勉負責

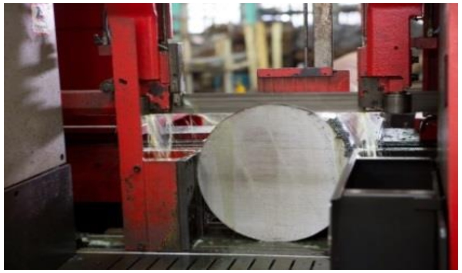
Overview

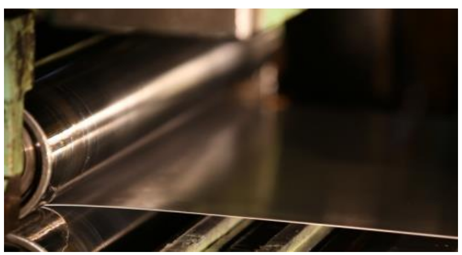
-Domestic Business Divisions
-Regional Bases (Taiwan)
-Subsidiary Business
-Regional Bases (China)

Sales Analysis

-Product
-Market

Overview





Established：1965

Listed：1989

Capital：NTD 6.48 billion

Headcount：about 1, 442

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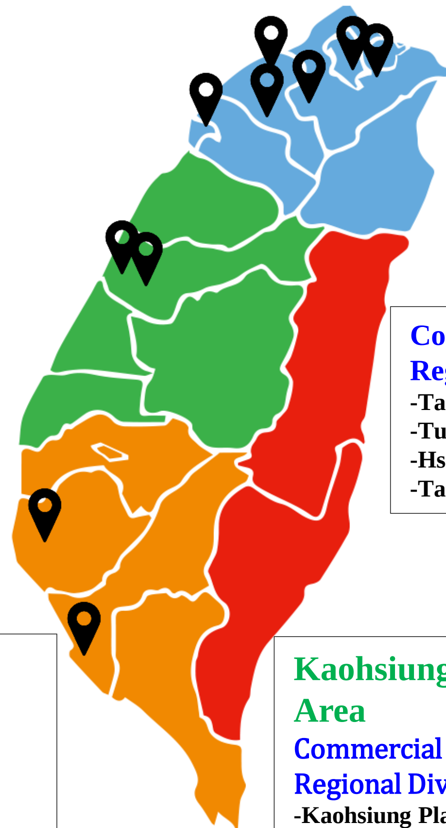
Overview—Domestic Business Divisions

- Chun Yuan Steel
  - First Business Division
    - Commercial Steel Division
    - Commercial Steel Regional Division
  - Second Business Division
    - Special Steel Division
    - Special Steel Strip Division
    - Electrical Steel Division
    - Automated Storage System Division
  - Construction Business Division
    - Construction Division

Overview — 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

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

Electrical Steel Division
-Sales Department
-Taichung Plant

Tainan Plant Area

Commercial Steel Regional Division
-Tainan Branch office

Special Steel Division
-Tainan Branch office

Kaohsiung Plant Area

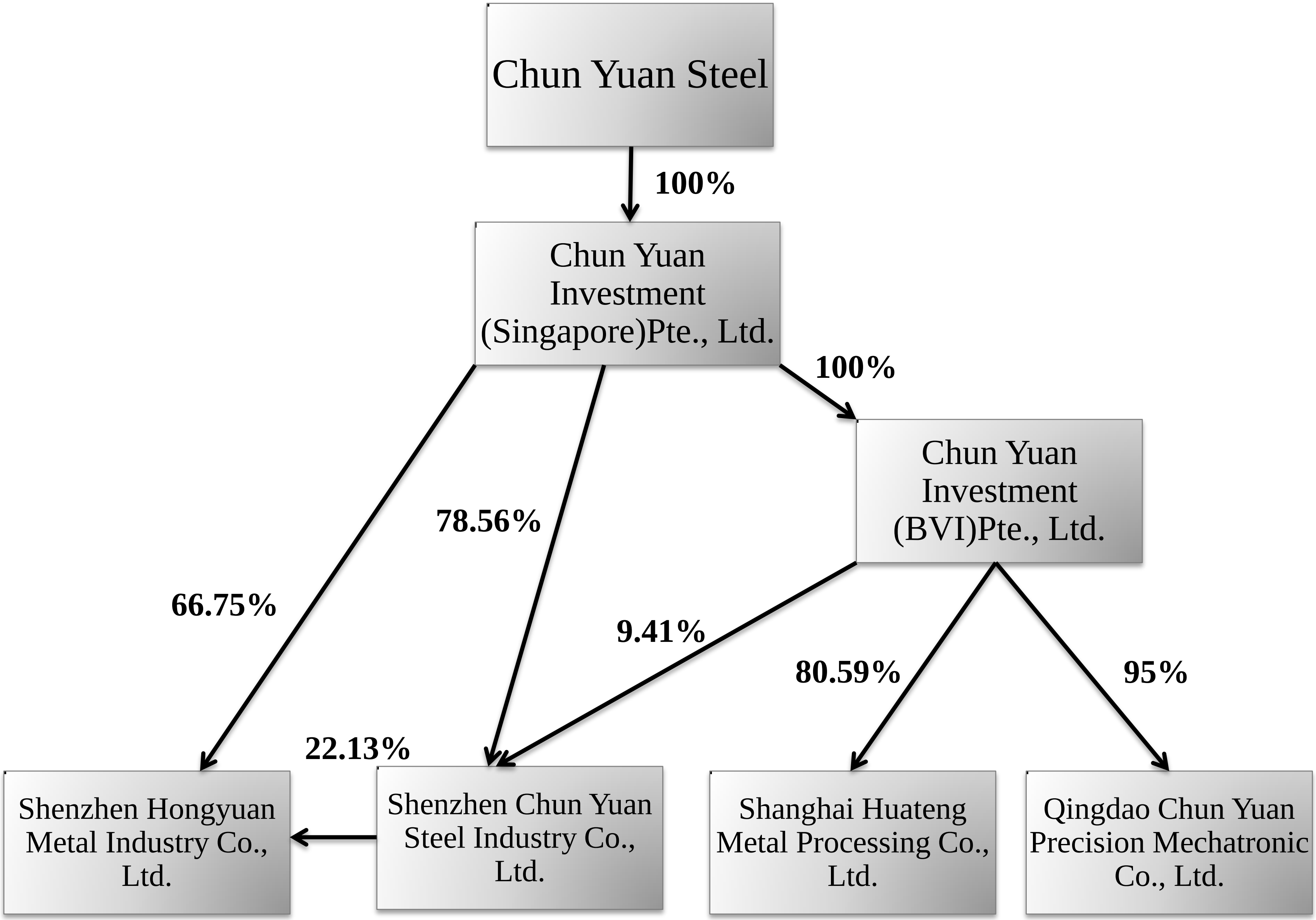
Commercial Steel Regional Division
-Kaohsiung Plant

Construction Division
-Steel Structure Kaohsiung Plant Manufacturing Section 2

Special Steel Division
-Kaohsiung Branch Office

Source: https://taiwantrip.iscom.com.tw/
http://www.cysco.com.tw/indexch.htm

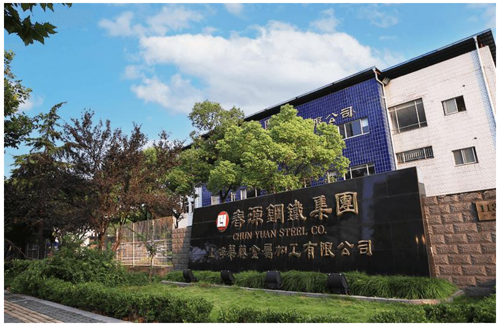
Overview — Subsidiary Business



Overview — Regional Bases (China)

Qingdao Chun Yuan Precision Mechatronic Co., Ltd.

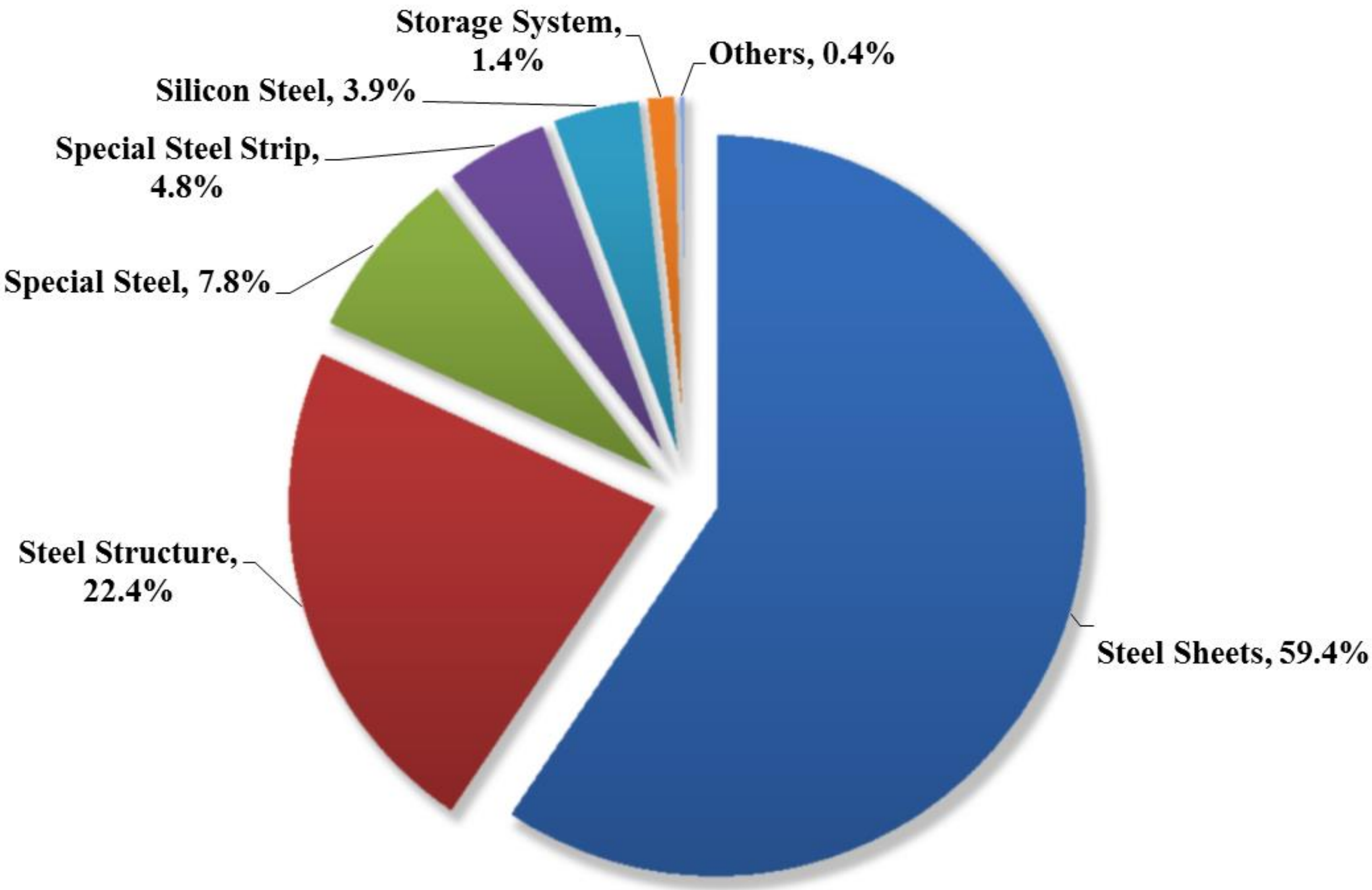
Shanghai Huateng Metal Processing Co., Ltd.



Shenzhen Chun Yuan Steel Industry Co., Ltd.

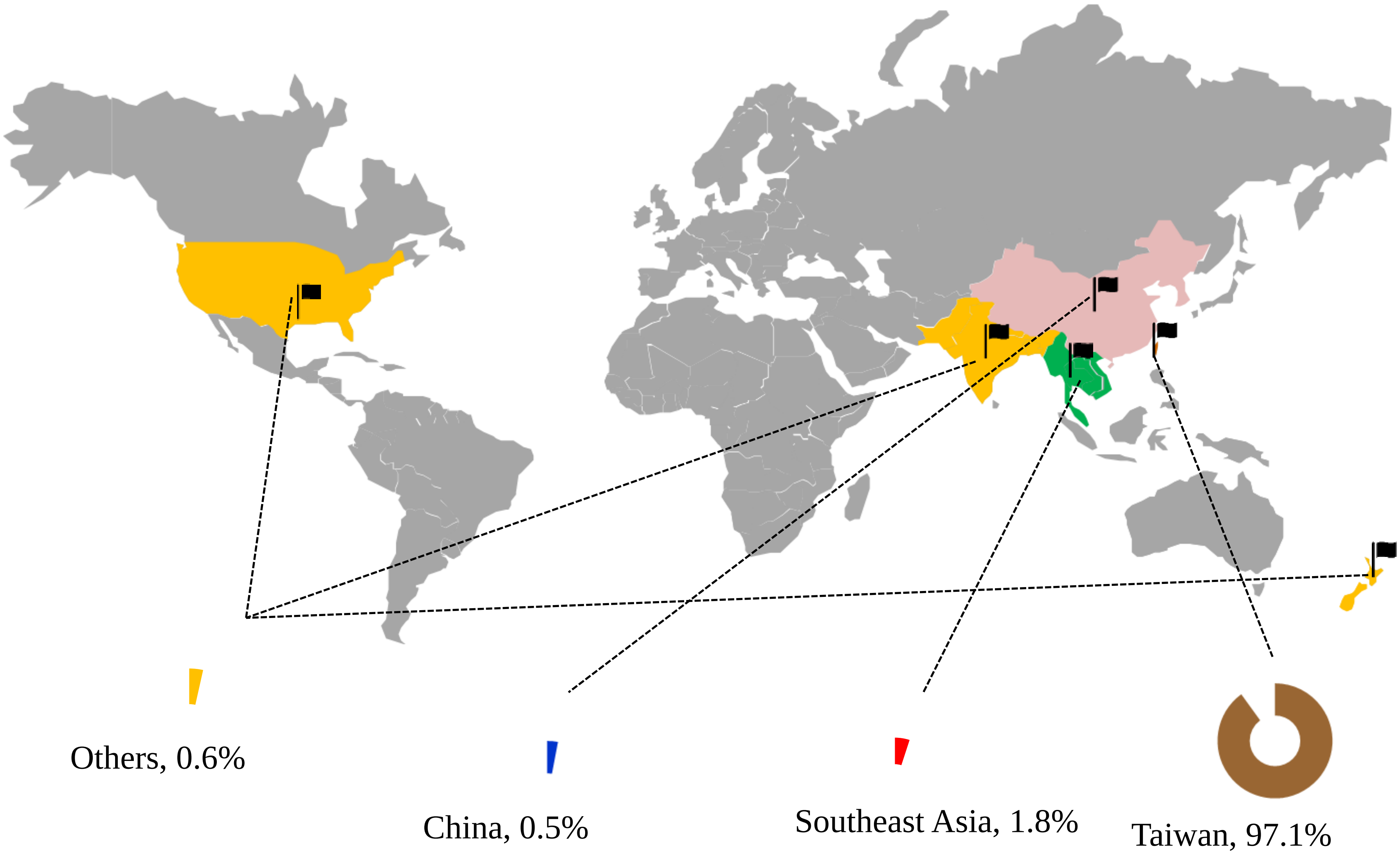
Shenzhen Hongyuan Metal Industry Co., Ltd.

Sales Analysis－Production



Source: Quarterly report 2023

Sales Analysis — Market



Source: Quarterly report 2023

II、Industry Analysis

求新求變

拓展未來

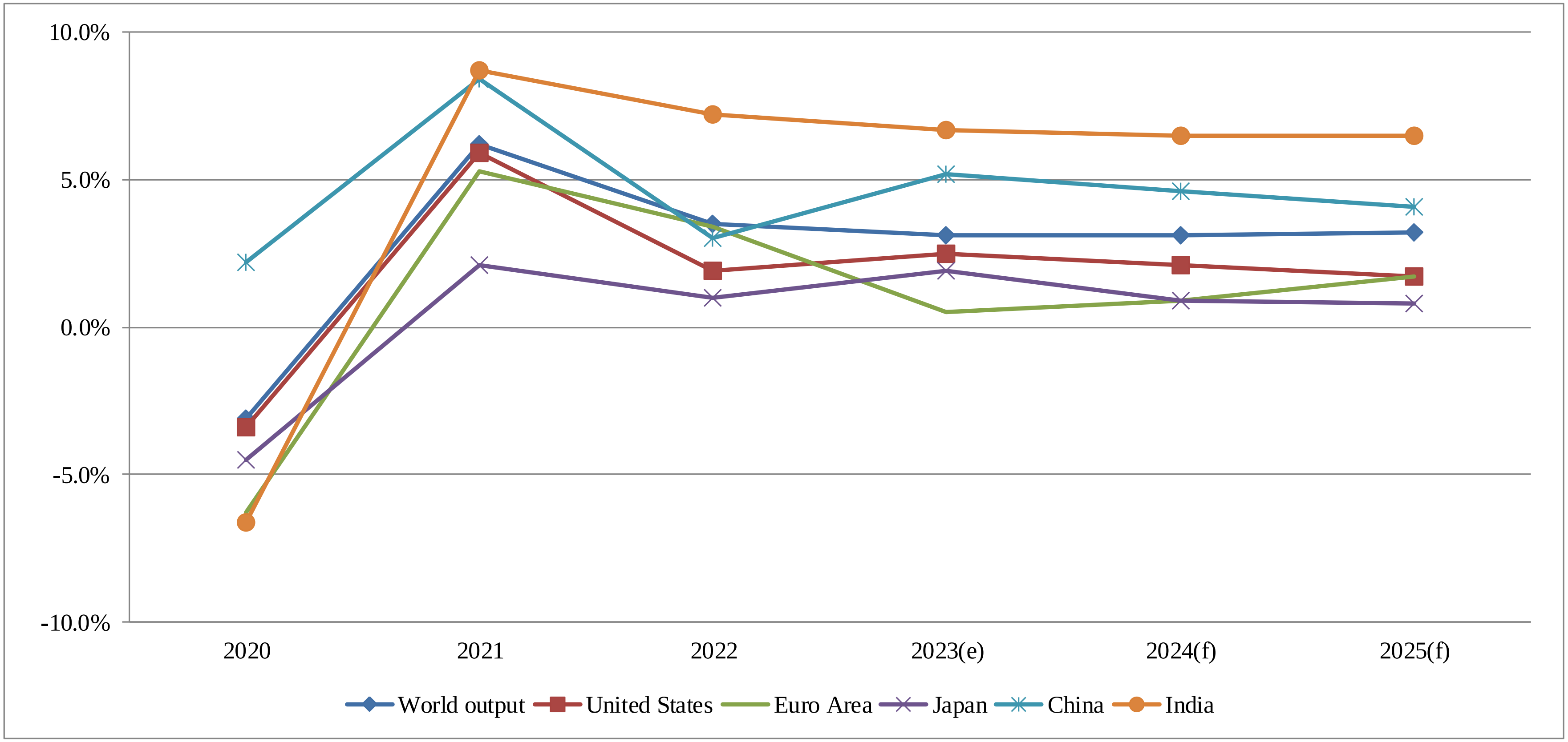
Macroeconomic

- -GDP
- -Taiwan GDP
- -PMI
- -Crude Steel (WSA)
- -TSI Iron Ore CFR China(62% FE Fines) Index
- -TSI FOB Australia Premium Coking Coal Futures

Market Outlook

- -Vehicle
- -Machine
- -Construction

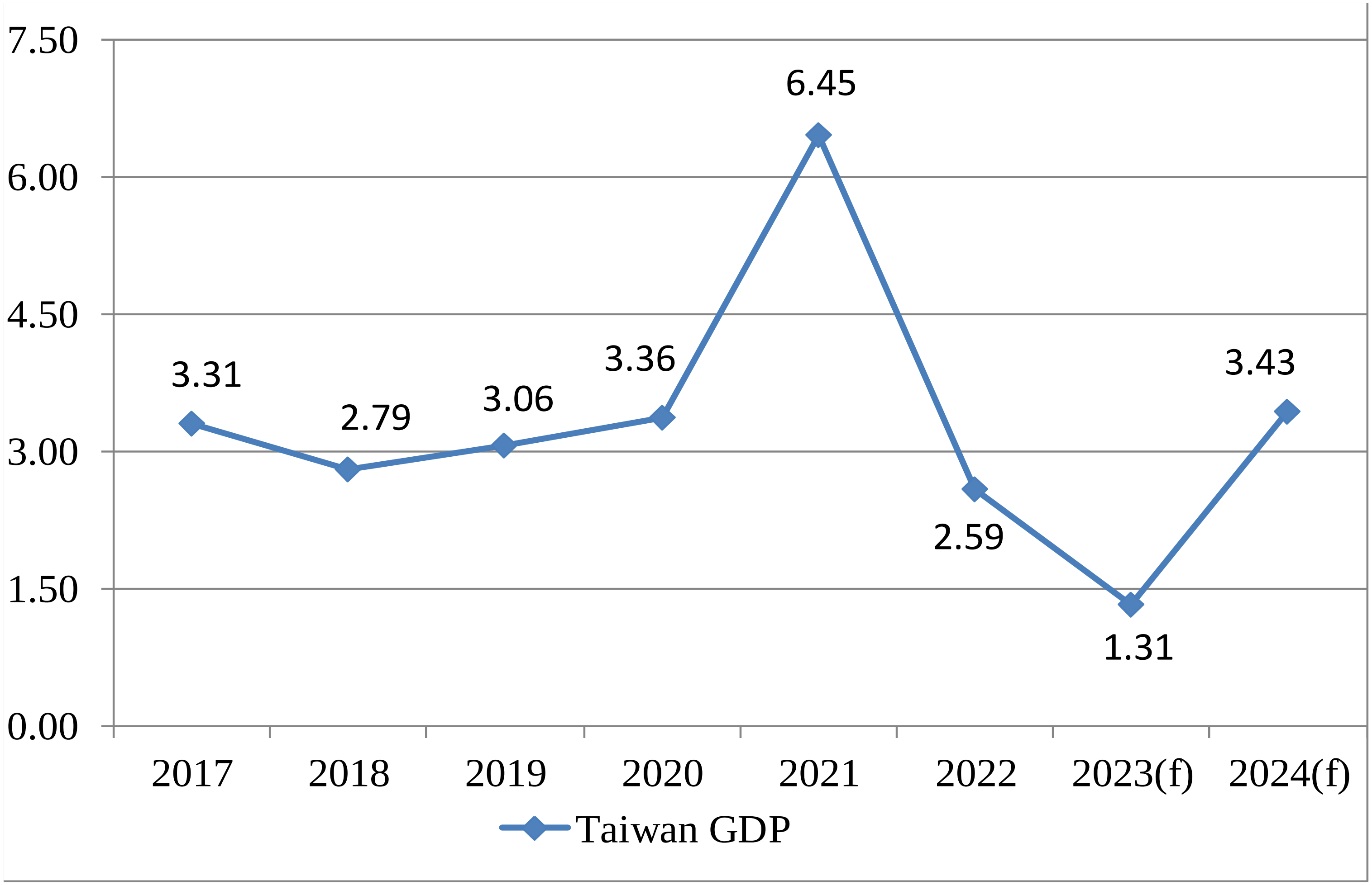
Macroeconomic－GDP



	2020	2021	2022	2023(e)	Projections 2024(f)	Projections 2025(f)	Difference from last time 2024(f)	Difference from last time 2025(f)
World output	-3.1%	6.2%	3.5%	3.1%	3.1%	3.2%	0.2%	0.0%
United States	-3.4%	5.9%	1.9%	2.5%	2.1%	1.7%	0.6%	-0.1%
Euro Area	-6.3%	5.3%	3.4%	0.5%	0.9%	1.7%	-0.3%	-0.1%
Japan	-4.5%	2.1%	1.0%	1.9%	0.9%	0.8%	-0.1%	0.2%
China	2.2%	8.4%	3.0%	5.2%	4.6%	4.1%	0.4%	0.0%
India	-6.6%	8.7%	7.2%	6.7%	6.5%	6.5%	0.2%	0.2%

Source: IMF

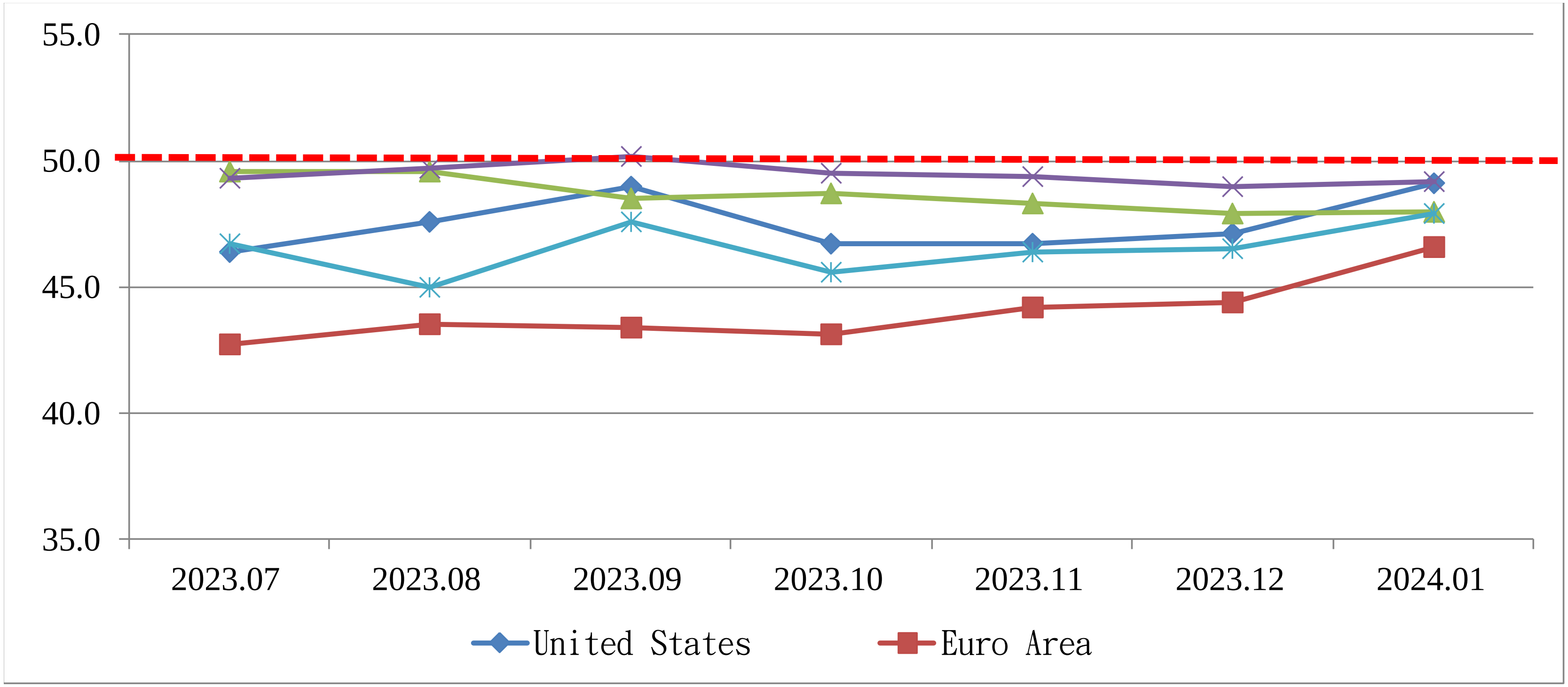
Macroeconomic－Taiwan GDP



	2017	2018	2019	2020	2021	2022	2023(f)	2024(f)
Taiwan GDP	3.31	2.79	3.06	3.36	6.45	2.59	1.31	3.43

Source: https://www.dgbas.gov.tw/

Macroeconomic—PMI



	2023.07	2023.08	2023.09	2023.10	2023.11	2023.12	2024.01
United	46.4	47.6	49.0	46.7	46.7	47.1	49.1
Euro Area	42.7	43.5	43.4	43.1	44.2	44.4	46.6
Japan	49.6	49.6	48.5	48.7	48.3	47.9	48.0
China	49.3	49.7	50.2	49.5	49.4	49.0	49.2
Taiwan	46.7	45.0	47.6	45.6	46.4	46.5	47.9

Source: https://www.macromicro.me/

Macroeconomic－Crude Steel (WSA)

Units：Million Tons

Regions	2020	2021	2022	2023	Y.O.Y
Asia and Oceania	1,357.2	1,382.0	1,351.3	1,367.2	1.2%
EU(27)	138.8	152.5	136.7	126.3	-7.6%
North America	101.1	117.8	111.4	109.6	-1.6%
Russia and other CIS	101.8	105.6	85.2	88.1	3.4%
Middle East	40.7	41.2	44.0	53.2	20.9%
Other Europe	38.8	51.2	44.7	41.7	-6.7%
South America	38.2	45.6	43.3	41.5	-4.2%
Africa	12.6	16.0	14.9	22.0	47.7%
World	1,829.1	1,950.5	1,831.5	1,827.6	1.0%

World Steel Association forecasted that steel demand will reach 1,849.1 Mt in 2024.

Source: WSA

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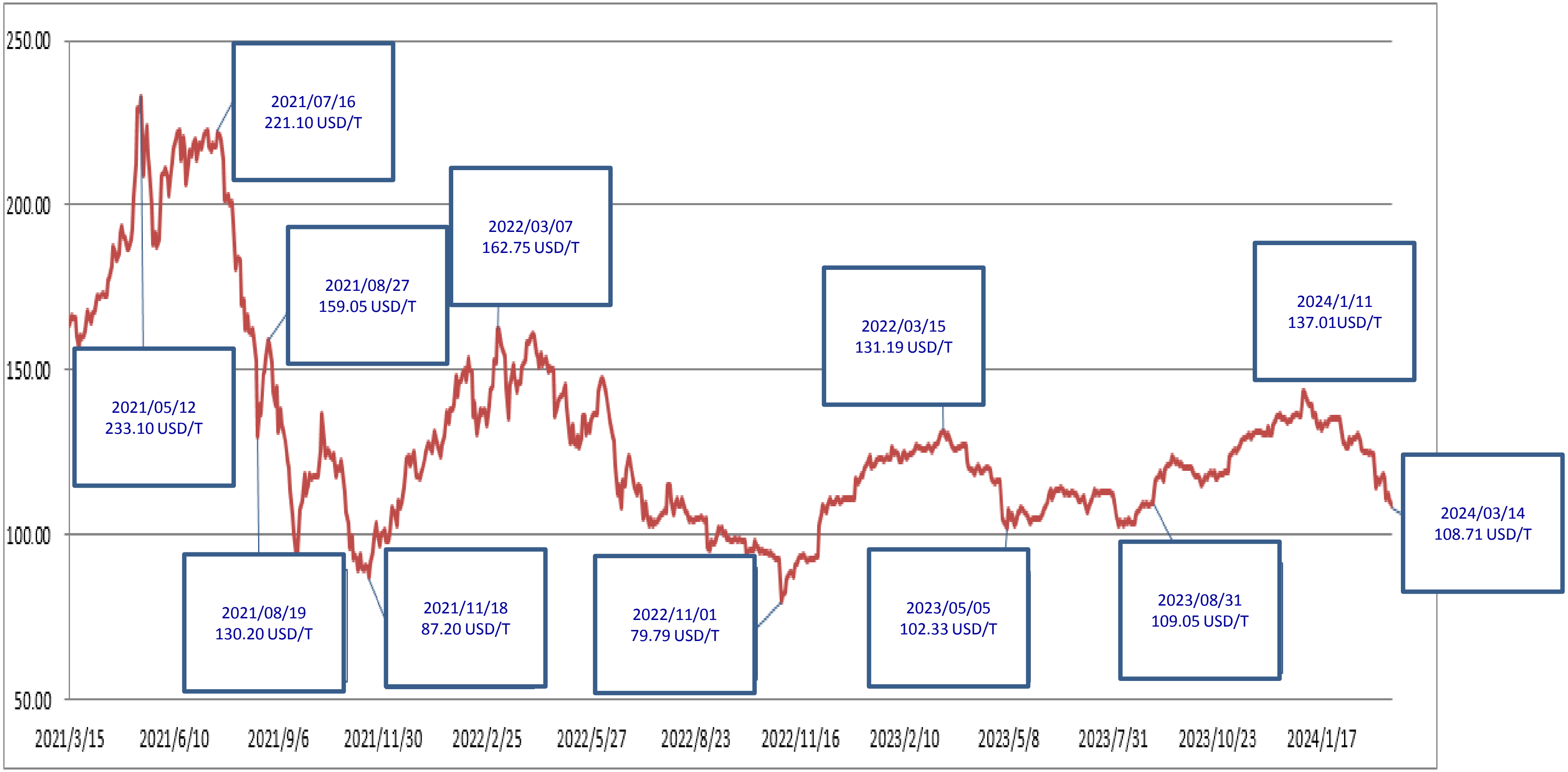
Macroeconomic — TSI Iron Ore CFR China (62% FE Fines) Index



Source: https://www.cnyes.com/

Macroeconomic — TSI FOB Australia Premium Coking Coal Futures

Source: https://www.cnyes.com/

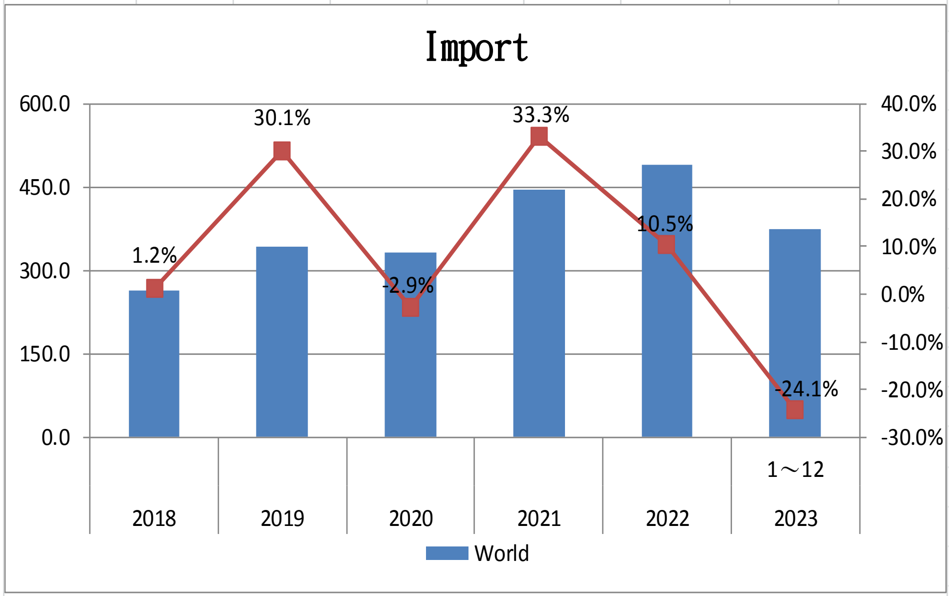
Industry Analysis — Vehicle

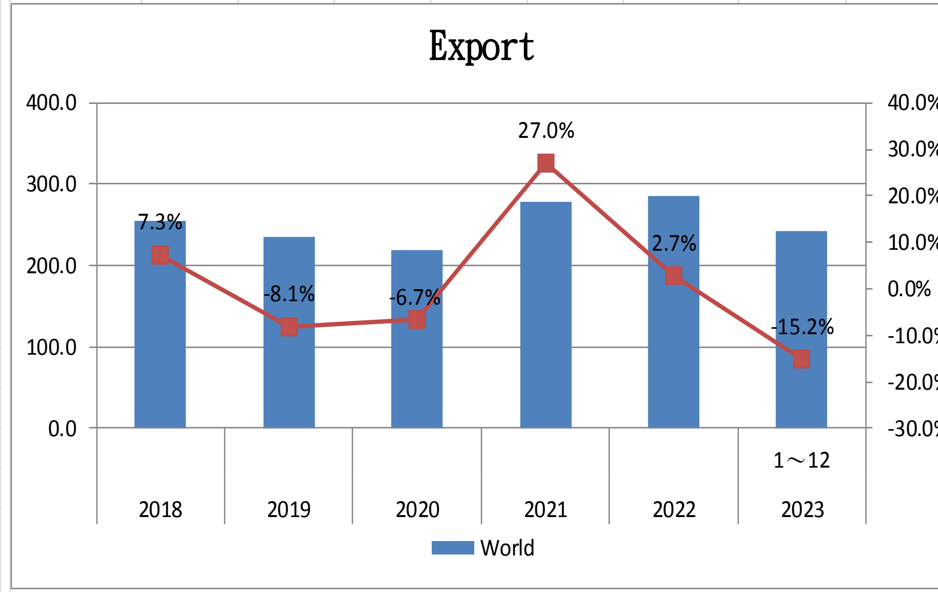
Type	2021	2022	2022		2023		Difference	Difference Rate
			1~12	Market share	1~12	Market share		
Domestic	248,589	240,590	240,590	56.0%	252,498	52.9%	11,908	4.9%
Imported	201,270	189,141	189,141	44.0%	224,489	47.1%	35,348	18.7%
Total	449,859	429,731	429,731	100.0%	476,987	100.0%	47,256	11.0%

Rank	2021		2022		2023			
					1~12		Difference Rate	Market share
1	Toyota	126,103	Toyota	123,434	Toyota	129,110	4.6%	27.1%
2	Ford	30,377	Honda	27,373	Honda	30,420	11.1%	6.4%
3	Honda	28,533	Ford	24,675	Lexus	30,065	55.6%	6.3%
4	Nissan	28,049	Nissan	24,137	M-Benz	24,439	4.5%	5.1%
5	M-Benz	27,879	M-Benz	23,383	Nissan	22,747	-5.8%	4.8%
6	Mitsubishi	24,650	CMC	21,819	Hyundai	22,175	44.0%	4.6%
7	Others	184,268	Others	184,910	Others	218,031	-	45.7%
Market	Total	449,859	Total	429,731	Total	476,987	11.0%	100.0%

Source: UCAR

Industry Analysis－Machine





hundred million USD；%

Market	2018	2019	2020	2021	2022	2023		
						1～12	Area Share	Y.O.Y
Euro	58.8	101.0	90.2	129.8	134.8	108.8	29.1%	-19.5%
Japan	73.9	91.3	84.8	107.4	113.0	77.2	20.6%	-31.6%
United State	55.9	67.6	65.0	82.9	95.7	75.1	20.1%	-23.5%
China	38.7	38.9	42.9	54.0	55.4	48.1	12.8%	-13.2%
ASEAN	24.3	30.2	33.4	45.9	59.6	42.0	11.2%	-29.6%
Others	12.2	14.1	17.0	24.2	32.3	23.1	6.2%	-28.5%
World	**263.8**	**343.2**	**333.3**	**444.1**	**490.9**	**374.3**	**100.0%**	-24.1%
Growth rate	**1.2%**	**30.1%**	**-2.9%**	**33.3%**	**10.5%**	**-24.1%**	--	--

hundred million USD；%

Market	2018	2019	2020	2021	2022	2023		
						1～12	Area Share	Y.O.Y
China	83.0	68.8	68.5	88.9	77.1	58.1	24.0%	-24.4%
United State	46.4	46.9	48.2	59.7	65.5	55.0	22.7%	-16.0%
Euro	34.0	33.0	26.7	36.1	39.0	35.6	14.7%	-8.7%
ASEAN	36.0	35.2	29.3	35.7	42.4	34.9	14.4%	-17.5%
Japan	17.6	17.2	14.9	17.7	18.3	20.0	8.2%	9.3%
Others	38.6	33.9	31.5	40.2	43.6	38.5	15.9%	-11.5%
World	**255.7**	**235.0**	**219.2**	**278.3**	**285.8**	**242.1**	**100.0%**	-15.2%
Growth rate	**7.3%**	**-8.1%**	**-6.7%**	**27.0%**	**2.7%**	**-15.2%**	--	--

Source: https://www.mof.gov.tw/htmlList/103

Industry Analysis－Construction

Industry Operating indicates(2024.1)

Source: https://www.tier.org.tw/index.aspx

III、Operational Performance

群策群力 追求目標

Consolidated Balance Sheets

Consolidated Statements of Comprehensive Income

Operating Performance Analysis

-Financial Ratio Analysis

-Financial Ratio Analysis (2023)

Profitability Analysis

-Financial Ratio Analysis

-Financial Ratio Analysis (2023)

Financial Review

Historical EPS and Dividends Paid

Consolidated Balance Sheets

Unit: NT$ thousand

	2023		2022	
	Amount	%	Amount	%
Current assets	12,852,128	63	14,057,843	67
Non-current assets	7,451,204	37	6,736,541	33
Total Assets	20,303,332	100	20,794,384	100
Current liabilities	6,850,411	33	7,964,481	38
Non-current liabilities	1,392,203	7	1,255,643	6
Total Liabilities	8,242,614	40	9,220,124	44
Total Equity	12,060,718	60	11,574,260	56

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Consolidated Statements Of Comprehensive Income

Unit: NT$ thousand

	2023		2022	
	Amount	%	Amount	%
Revenues	21,194,638	100	24,497,782	100
Gross profit	1,764,322	8	1,500,276	6
Operating income	927,903	4	696,812	3
Profit before tax	1,121,176	5	794,188	3
Profit	890,722	4	613,804	2
Total comprehensive income	876,092	4	670,432	3

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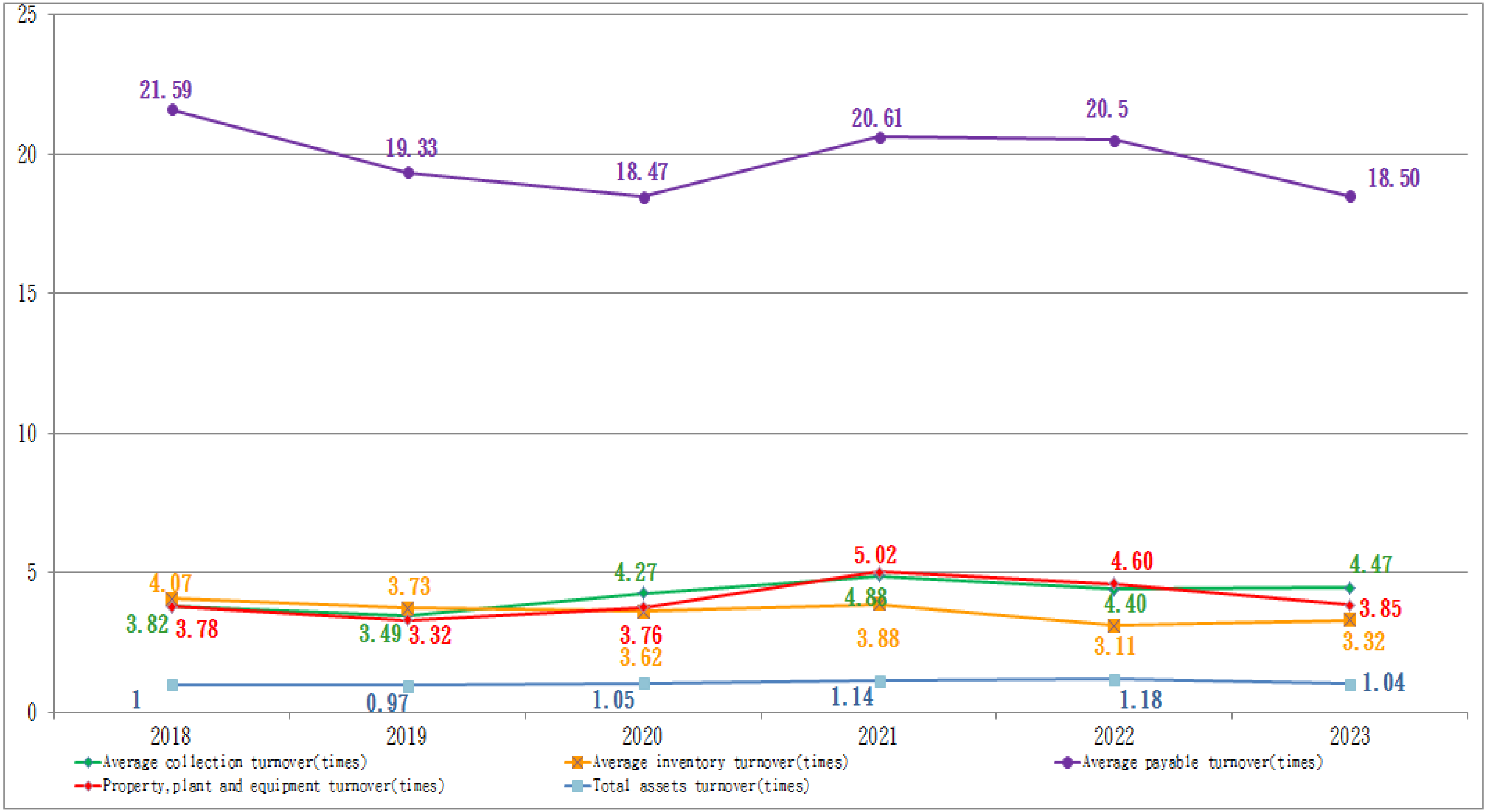
Operating Performance Analysis



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Financial Ratio Analysis

		2023		2022
Operating Performance Analysis	Average collection turnover (times)	4.47	↑	4.40
	Average collection days	82	↓	83
	Average inventory turnover (times)	3.32	↑	3.11
	Average inventory days	110	↓	117
	Average payable turnover (times)	18.50	↓	20.50
	Property,plant and equipment turnover (times)	3.85	↓	4.60
	Total assets turnover (times)	1.04	↓	1.18

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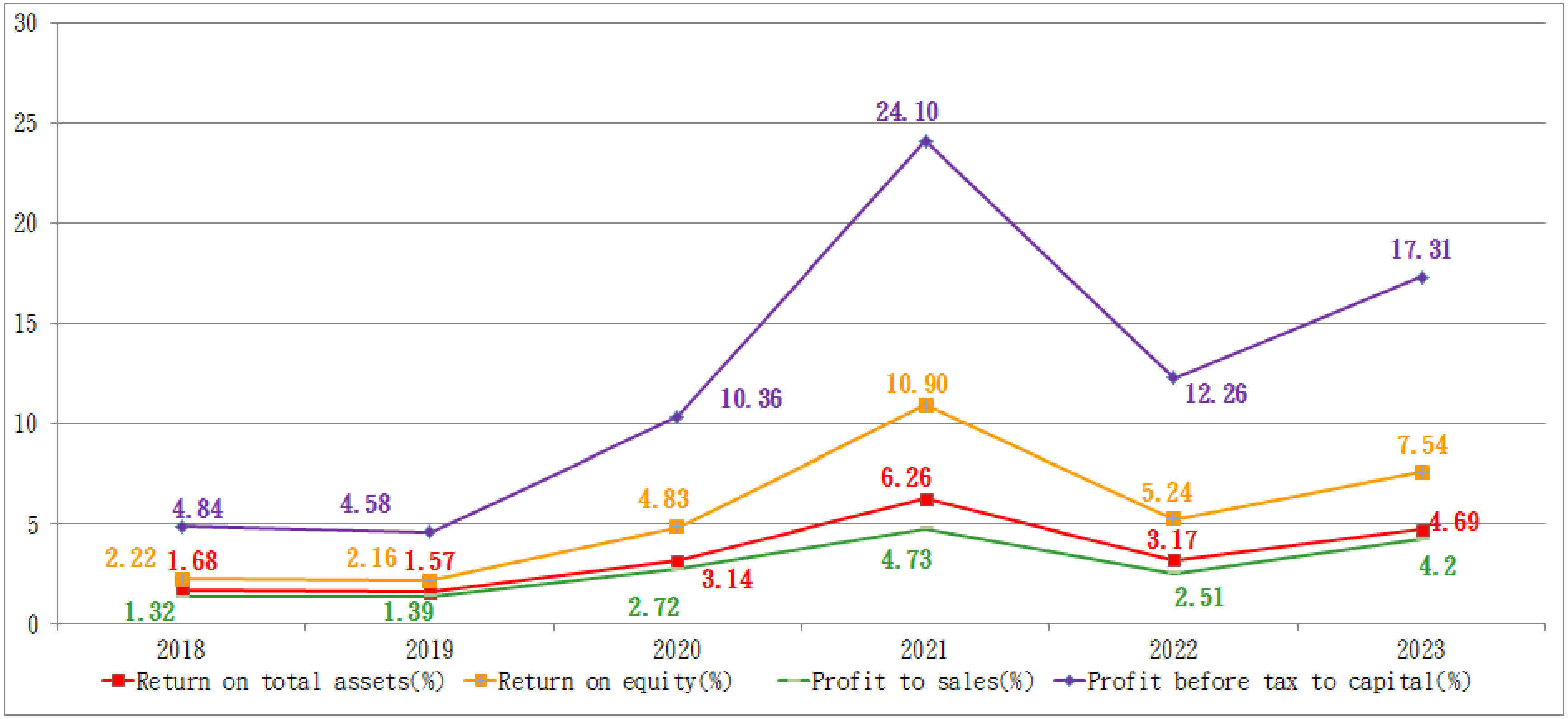
Profitability Analysis



Financial Ratio Analysis

		2023		2022
Profitability Analysis	Return on total assets(%)	4.69	↑	3.17
	Return on equity(%)	7.54	↑	5.24
	Profit before tax to capital(%)	17.31	↑	12.26
	Profit to sales(%)	4.20	↑	2.51
	EPS(NT$)	1.35	↑	0.95

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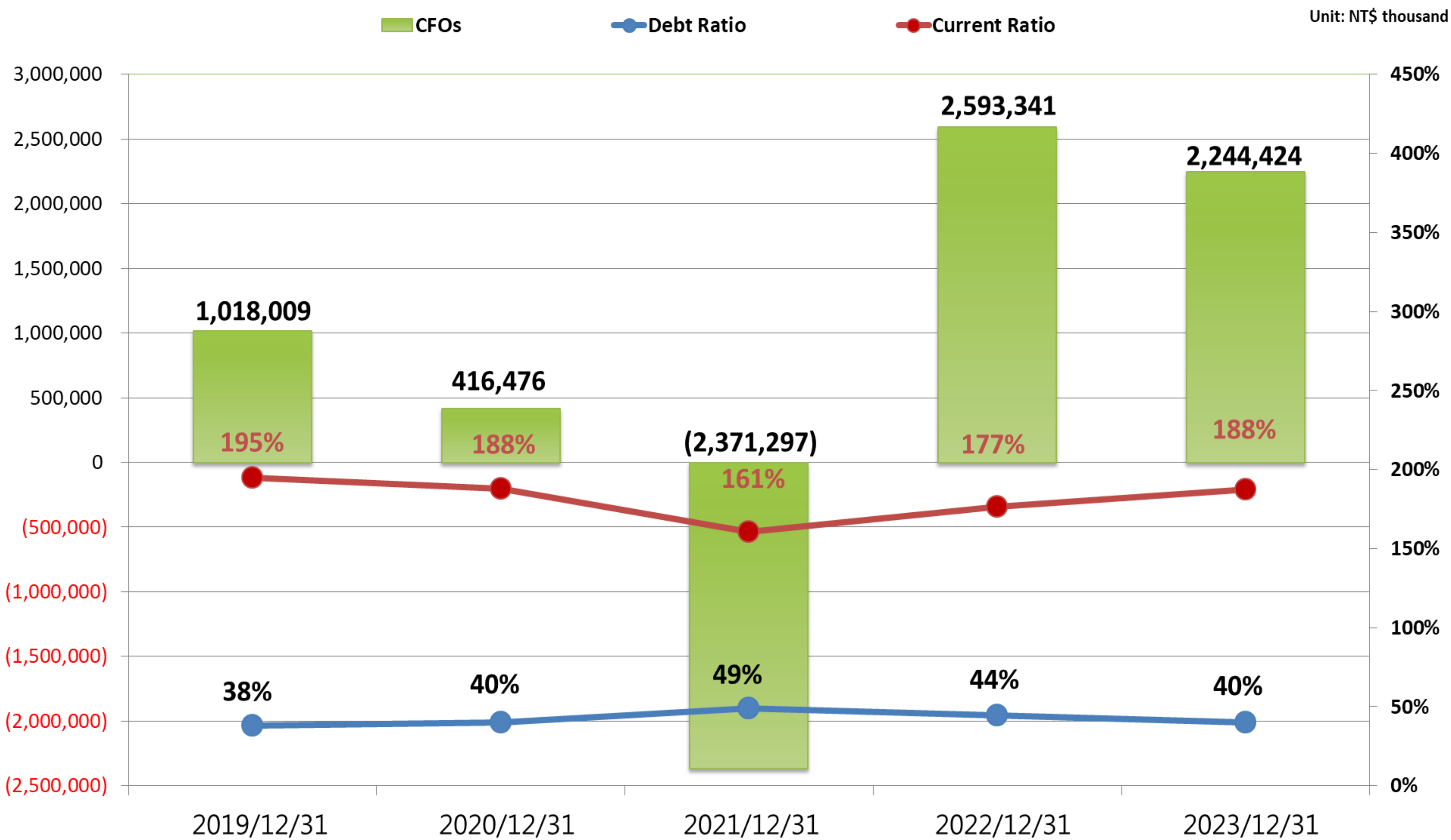
Financial Review



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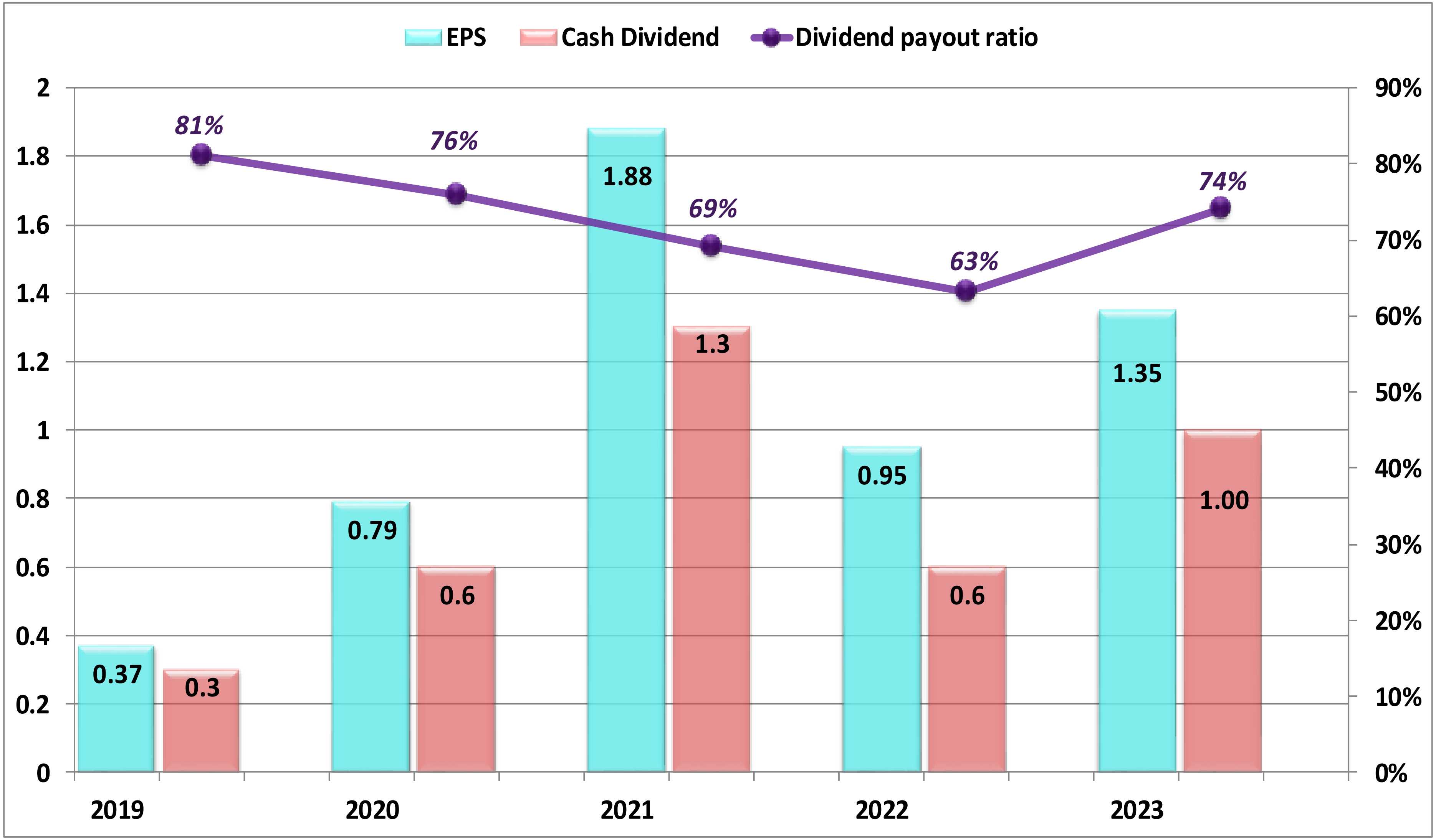
CHUN YUAN STEEL

Historical EPS and Dividends Paid

Unit: NT$



IV、Strategies

使客戶得到尊重、服務、滿足

使股東權益極大化

使員工生活優質化

Strategies

Green Energy

-Solar Energy

Awards

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：

①Labor-saving process and automation

②New technique, new manufacturing process

2.Market R&D strategies：

①New materials, new products ② New markets

Strategies

Equipment Investment

1.Inventory all equipment, draw up a replacement plan.

2.Give careful consideration to the investment plans.

3.Track the performance of each equipment investment, and propose the difference improvement plan.

4.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.

Green Energy-Solar Energy

Taoyuan Plant Area (Power Generation 1,949,200 kW)

Green Energy-Solar Energy

Kaohsiung Plant Area (Power Generation 2,060,755 kW)

Green Energy-Solar Energy

Tainan Plant Area (Power Generation 800,451 kW)

Award

2023

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

2022

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

2021

- Recognized as outstanding supplier by TSMC in 2021
- Outstanding Directorship Award for Industry & Mining Organizations from the Chinese National Federation of Industries
- Evergreen Business 50-Year Achievement Award
- **CSD**：The 34^{th} Taiwan Continuous Improvement Awards, Bronze Medal (Commercial Steel Division, Xizhi Plant/ Special Steel Strip Division, Rolling Plant)

Chun Yuan Steel
Thank you for your time

春源人的信念

我們以誠意、以信心
求新求變，拓展未來。
我們要勤勉、要負責
群策群力，追求目標。

鄭春生