

Stock Code:2014

member of CSC Group 中鋼集團



# CHUNG HUNG STEEL CORPORATION 2024 Q3 INVESTOR CONFERENCE

2024.09.25



# Disclaimer

- ☞ The information contained in this presentation and its accompanying announcements is based on present condition and information available at the time the statements were made. The presentation is run exclusively for the purpose of providing information and not for the purpose of investment advice.
- ☞ The Company's actual operations, financial conditions, and perational performance may differ from forecasted information; this may be due to various factors including but not limited to market demand, changes in policies and regulations and overall economic conditions, and other factors or risks beyond the Company' s control.
- ☞ The Company is not responsible for reminding or updating changes or adjustments made to the contents of this presentation, if such changes or adjustments should occur in the future.
- ☞ This presentation has been translated into English from an original Chinese version. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, information in the Chinese-language presentation shall prevail.

# AGENDA

<b>1</b>	<b>Company Profile</b>	<b>1</b>
<b>2</b>	<b>Industry Overview</b>	<b>3</b>
<b>3</b>	<b>Financial Overview</b>	<b>12</b>
<b>4</b>	<b>Sustainable Development</b>	<b>17</b>

# AGENDA

<b>1</b>	<b>Company Profile</b>	<b>1</b>
<b>2</b>	<b>Industry Overview</b>	<b>3</b>
<b>3</b>	<b>Financial Overview</b>	<b>12</b>
<b>4</b>	<b>Sustainable Development</b>	<b>17</b>

# Company Profile

Date of establishment

**1983.09.29**

Chairman of the Board

**Kuei-Sung Tseng**

President

**Min Chu**

Paid-in capital

**NTD  
14,355,444,460**

Address

**317, Yu Liao Rd.,  
Chiao Tou  
District,  
Kaohsiung City  
82544**

Main stockholder

**China Steel  
Corporation  
(40.59%)**

Main products

**Hot-rolled coil,  
Cold-rolled coil,  
Steel pipe &  
Tube, Hot-rolled  
pickled**

Mills

**Kaohsiung: Hot Rolling  
Mill, Cold Rolling Mill, Steel  
Pipe & Tube mills (Da-fa)  
and Pickling & Galvanizing  
Mill  
Changhua(Zhang-bin  
Industrial Park): Tube mills  
(Lu-kang)**

# AGENDA

<b>1</b>	<b>Company Profile</b>	<b>1</b>
<b>2</b>	<b>Industry Overview</b>	<b>3</b>
<b>3</b>	<b>Financial Overview</b>	<b>12</b>
<b>4</b>	<b>Sustainable Development</b>	<b>17</b>

# World Economic Growth Forecast

- Due to the offsetting effects of revisions in economic growth across various countries, the IMF's forecast for global economic growth in 2024 remains at 3.2% compared to the previous forecast.
- In 2024, India and China remain the main drivers of global economic growth, with their forecasts revised upward to 7.0% and 5.0% respectively. In Europe, benefiting from better-than-expected performance in the service sector and exports, its economic growth revised upward to 0.9%.
- Furthermore, as inflation gradually eases, central banks in various countries have begun lowering interest rates. The increased liquidity is expected to stimulate investment and boost economic activity. **Global economic growth in 2025 is projected to increase by 0.1% to 3.3%.**

# Manufacturing PMI

- **United States** : Pre-election conservative investment sentiment makes PMI into contraction, future rate cuts is expected to boost economy.
- **Europe** : PMI fluctuates at low levels, inflation significantly improves, possibility of further rate cuts increases.
- **Japan** : PMI trends toward stability, industry momentum shows signs of recovery.
- **South Korea** : PMI rises amid strong semiconductor sales and increased export momentum.
- **China** : Policy effects gradually take hold, seasonal impacts ease, supply and demand improve, PMI returns to expansion.
- **India** : Demand remains strong, manufacturing sector operates at elevated levels.
- **ASEAN** : Local investment and demand remain strong, the manufacturing sector expands steady.

# Global Crude Steel Production Forecast

- According to the WSD July report, global crude steel production is expected to be 1,879 million tons in 2024, and reach 1,890 million tons in 2025, with a year-on-year growth of 0.6%.
- China's crude steel production in 2025 may be limited due to insufficient domestic demand, with an expected decrease of 1.5% to 985 million tons, marking a decline for the second consecutive year. In other regions, such as India and ASEAN, benefiting from strong domestic demand and ongoing plans for capacity expansion, crude steel supply is expected to continue increasing in the future.

# Global Steel Demand Forecast

- According to the World Steel Association's April 2024 report, as the impact of inflation gradually subsides and QE policy expectations remain, the steel industry has been boosted. **Global steel demand is expected to grow by 1.7% in 2024, reaching 1,793 million tons.**
- Looking ahead, the World Steel Association expects the residential constructions in most major markets will recover significantly by 2025. Additionally, **the acceleration of global decarbonization and public infrastructure against rising climate change risks will support global steel demand to grow as well. It is expected global steel demand will continue to grow by 1.2% to 1,815 million tons in 2025.**

# Steel price trend-Hot Rolled (international market)

## 2024.Q2-2024.Q3 Steel Price Trend Recap and Outlook (International)

- 2024.Q2 :
- **U.S. steel mills** attempted to raise prices to stabilize the market, but the previous price base was relatively high, and with tepid local demand, steel prices continued to weaken.
- **In Europe**, steel mills held firm on prices, and a slight increase in end-user restocking kept the market generally flat.
- **In Asia**, the Chinese government's crackdown on tax-evading exports led to a reduction in illegal export offers, slightly curbing the disruption caused by low-priced materials, market fluctuates slightly.

# Steel price trend-Hot Rolled (international market)

## 2024.Q2-2024.Q3 Steel Price Trend Recap and Outlook (International)

- **2024.Q3** : **In the U.S.**, while buyers remain cautious about purchasing, steel mills are sticking to their price levels due to planned maintenance outages in September and October, with signs of the market bottoming out and recovering. **In Europe**, both supply and demand weakened during the summer vacation, but prices have remained steady, supported by costs. **In Asia**, steel prices are adjusting in phases, influenced by high temperatures, heavy rainfall, and weaker seasonal demand.
- Overall, international market conditions vary by region. Although Asia is experiencing weak consolidation, Chinese steel mills have actively reduced production due to losses, which is expected to be a support to steel prices. Additionally, the summer vacation in Europe has ended, and the U.S. is about to cut interest rates, which should help steel demand recover steadily. It is anticipated that, once seasonal factors fade out, the steel market will bottom out and begin to recover.

# Steel Market Outlook(1/2)

- In terms of macroeconomics, the IMF maintained the 2024 global economic growth forecast at 3.2% in the World Economic Outlook report released in July. India, China, and emerging markets remain the key drivers of global growth. Additionally, inflation in both the U.S. and the Eurozone continues to ease, with August CPI falling to the lowest level in three years, reinforcing the likelihood of further rate cuts. Meanwhile, China still has room to ease its policies, which is expected to support a rebound in consumer and investment demand, suggesting that the global economy will maintain moderate upward momentum.
- In terms of steel demand, the World Steel Association (worldsteel) stated in its April short-term steel demand outlook report that the global economy remains resilient in growth, and the current monetary tightening cycle is nearing its end. It is expected that global steel demand will rebound by 1.7% in 2024, reaching 1,793 million tons. Moreover, with ongoing investments in green transition infrastructure worldwide and the gradual retreat of the high-interest-rate environment, the construction industry in Europe and the U.S. is anticipated to recover, providing a positive effects to global steel demand.

# Steel Market Outlook(2/2)

- In China, the economic momentum is expected to be supported by the effects of previously introduced policies such as long-term bonds, interest rate incentives, and ongoing optimization of the real estate sector. This will help stabilize industrial demand. Additionally, the Caixin July manufacturing PMI (50.4) has returned to expansion territory. Furthermore, the Ministry of Industry and Information Technology issued a notice on August 22 regarding the suspension of steel capacity replacement, indicating that industrial policies will face adjustments. With upcoming autumn and winter environmental restrictions, steel supply is anticipated to continue contracting, which will be good for the stability of the Asian steel market.
- Looking ahead, with the easing of inflationary pressures abroad and most countries initiating rate-cutting cycles, downstream industrial demand is expected to accelerate its recovery. Additionally, many steel mills are currently facing losses, prompting some to opt for production cuts, which will constrain steel supply. Coupled with the global green transition driving governments to expand infrastructure and related investments, the steel market is anticipated to see improved supply and demand conditions, and is expected to bottom out and recover.

# AGENDA

1	Company Profile	1
2	Industry Overview	3
<b>3</b>	<b>Financial Overview</b>	<b>12</b>
4	Sustainable Development	17

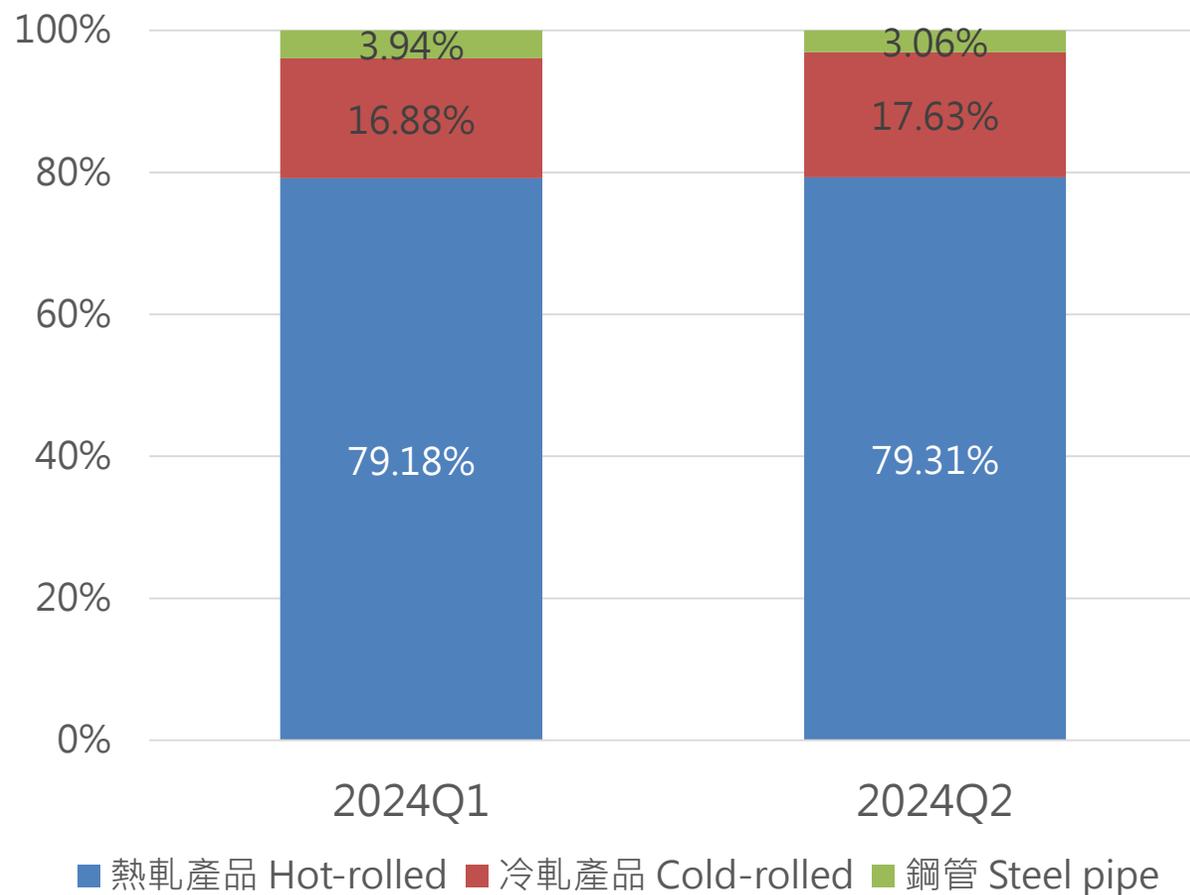
# Financial Overview (1/3)

## Financial Performance

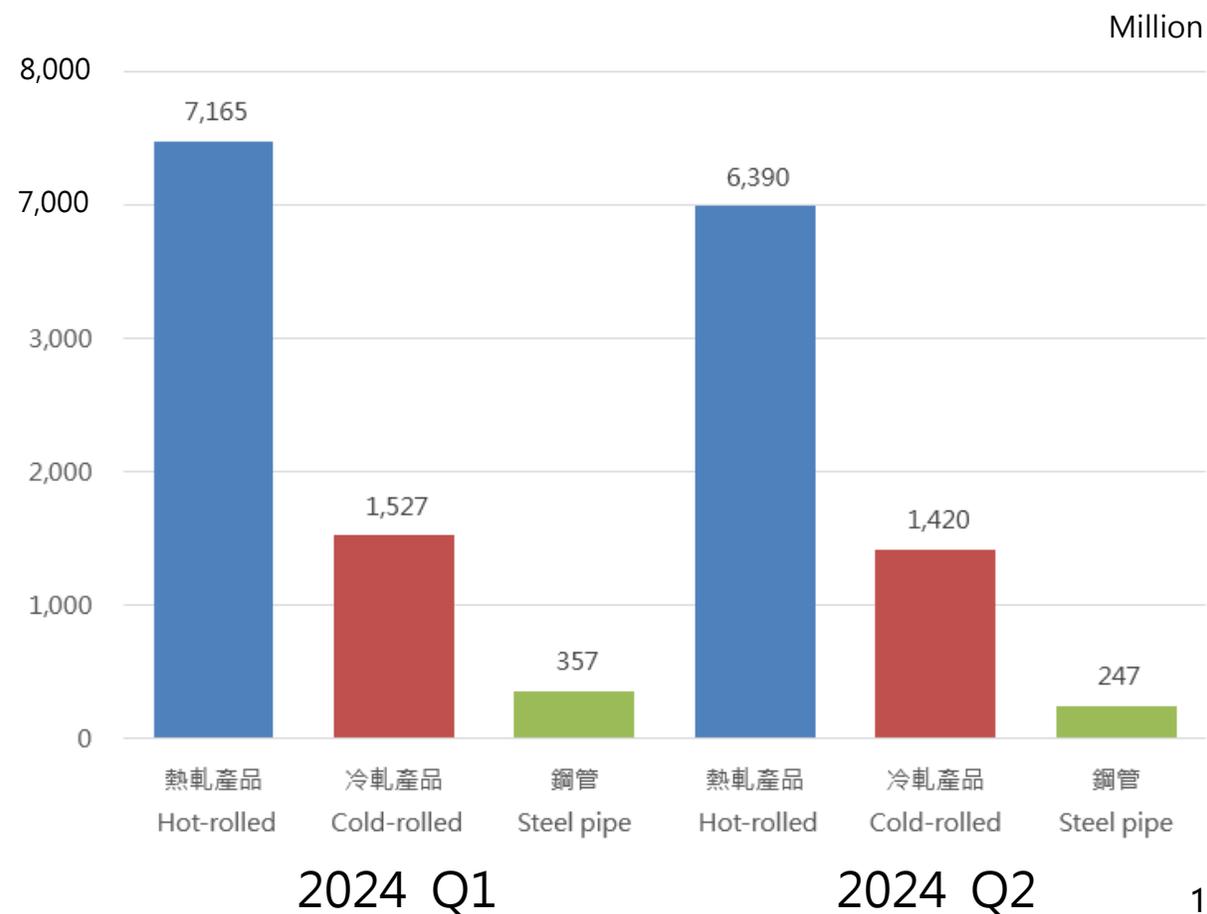
(In Million of New Taiwan Dollars)	<b>2024 H1</b>	<b>2023 H1</b>	<b>YoY</b>
Operating Revenues	17,308	19,259	-10.13%
Gross Profit	(29)	509	-105.70%
Profit Before Income Tax	(259)	236	-209.75%
Net Profit for the Period	(207)	181	-214.36%
Gross Profit Rate	-0.17%	2.64%	
Profit Before Income Tax Rate	-1.50%	1.23%	
EPS(NTD)	(0.14)	0.13	

# Financial Overview (2/3)

## Proportion of Annual Sales

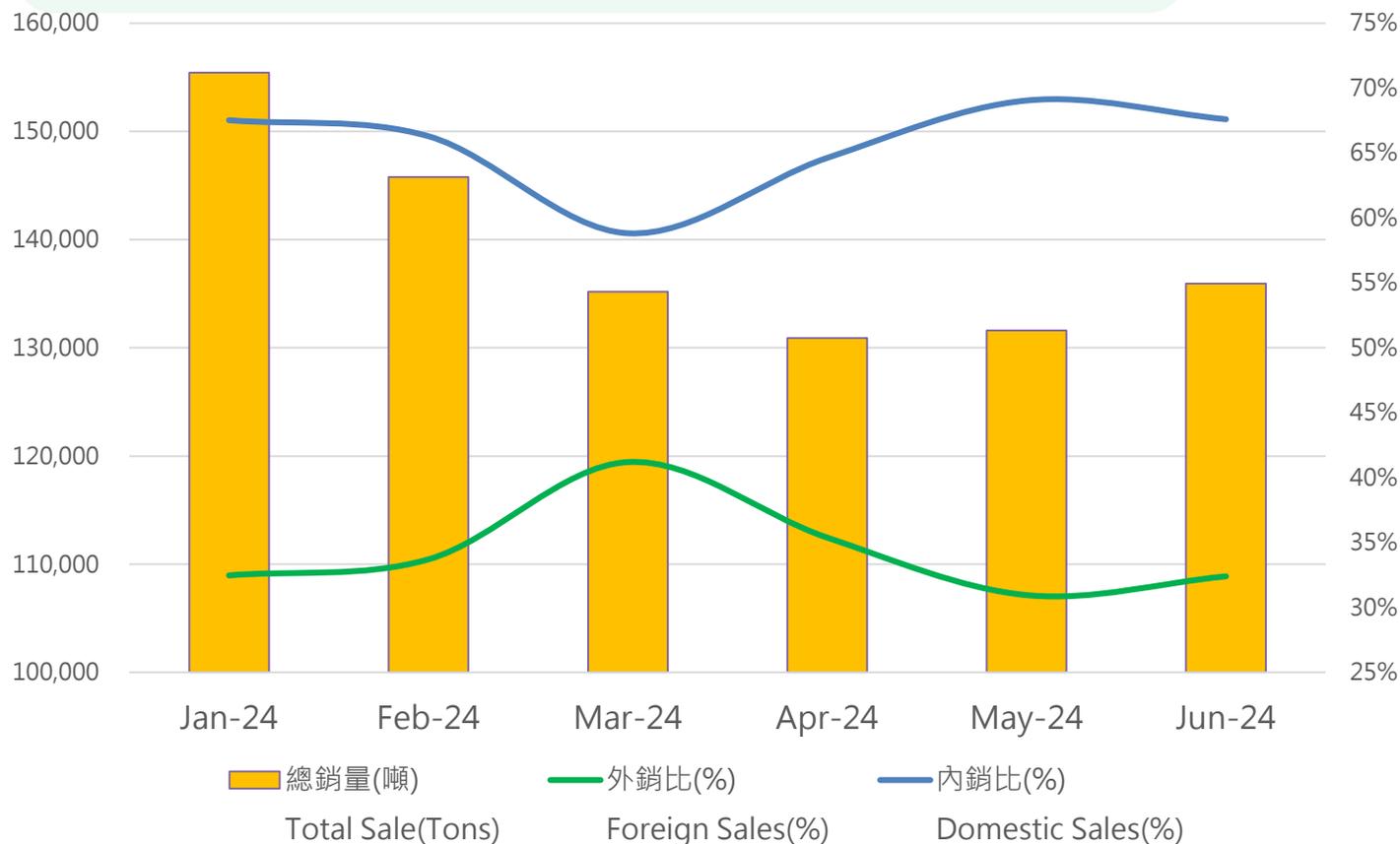


## Table of Sales by Products

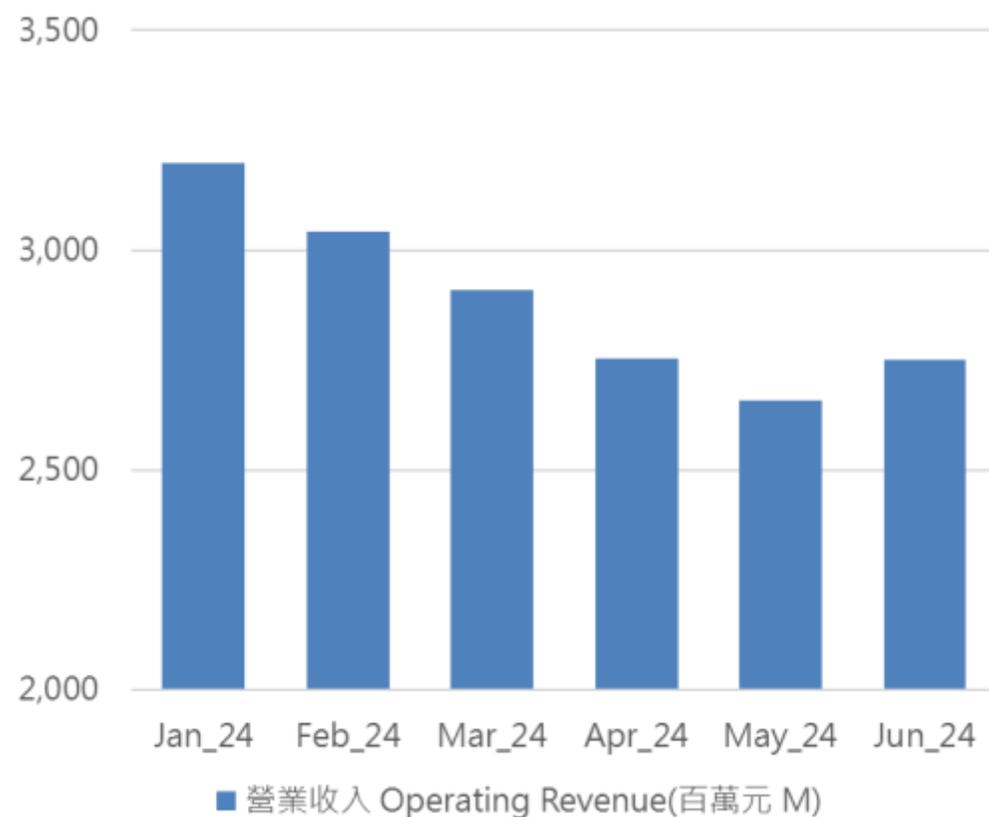


# Financial Overview (3/3)

## Quarterly Sales by Products & Domestic and foreign sales ratio

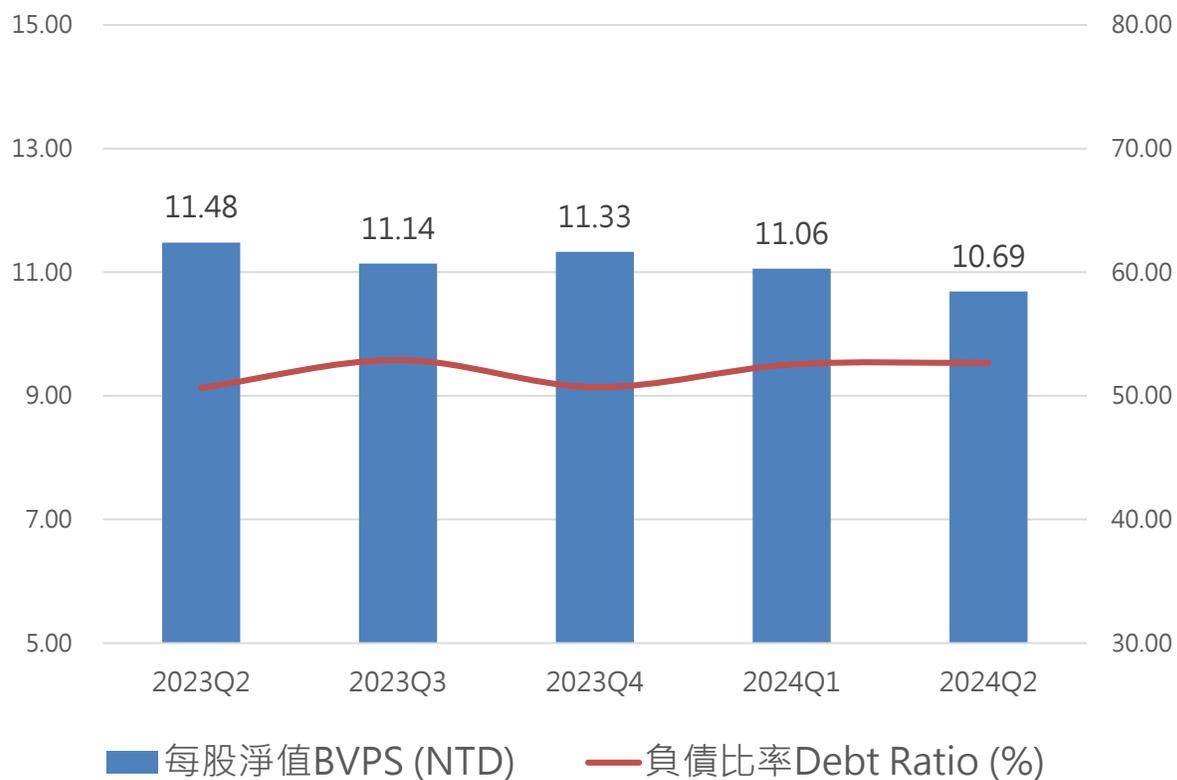


## Operating Revenue

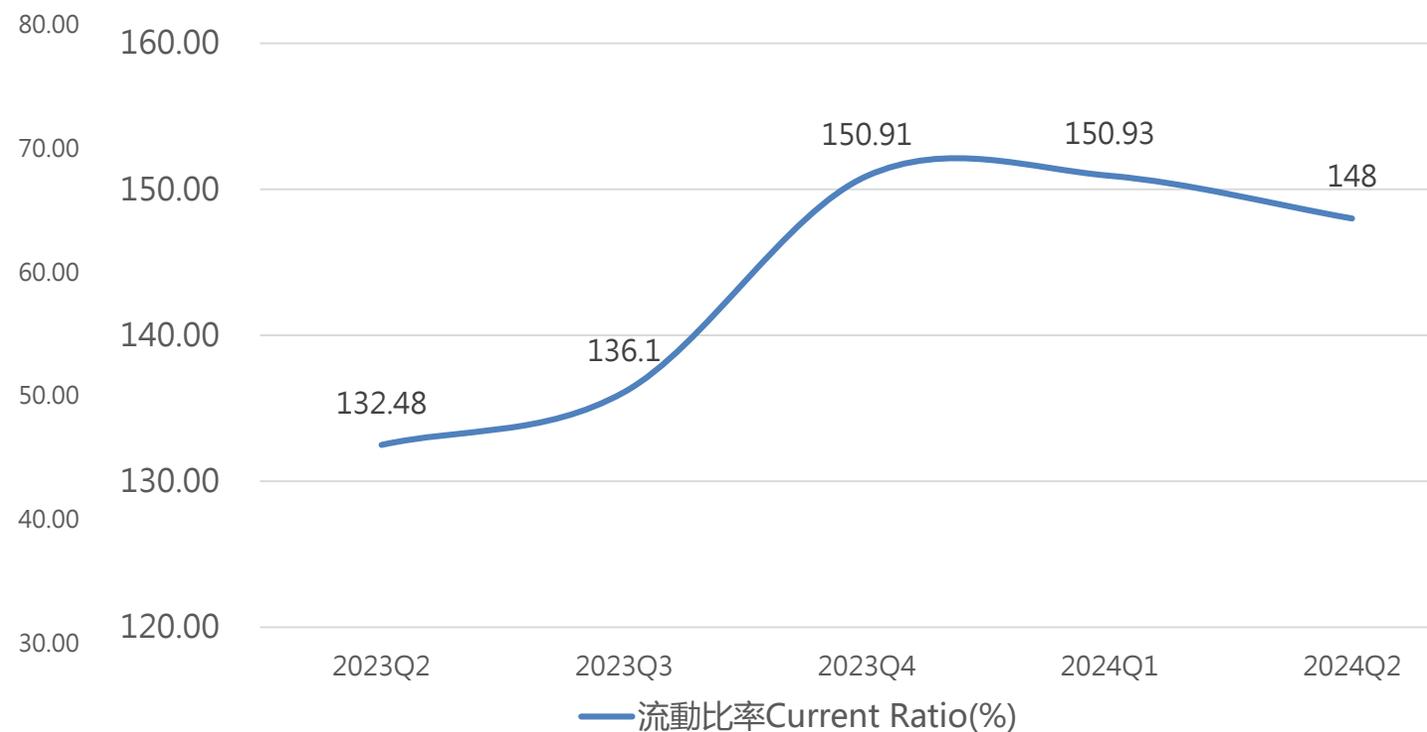


# Financial Performance

## Debt Ratio & Net Worth



## Current Ratio



# AGENDA

1	Company Profile	1
2	Industry Overview	3
3	Financial Overview	12
<b>4</b>	<b>Sustainable Development</b>	<b>17</b>

# Performance Practices aligned with United Nations Sustainable Development Goals.

 Achievement of a waste recycling rate of 99.26% in 2023.

Achievement of a green procurement amount of NT\$33.764 million in 2023.

Optimization of water usage and wastewater management, with a wastewater (including process water) recycling rate of 99.71% in 2023.



No incidents of corruption or bribery occurred in 2023.



A total of NT\$2.958 million was allocated for charitable donations in 2023.

In 2023, implementation of 29 energy-saving initiatives resulted in a total energy savings of 6,366GJ.



The electricity savings rate of each factory exceeded the regulatory 1% standard.



The individuals at high health risk achieving a decrease rate of 49%.



Q&A



Sustainability Reports



Financial Reports



THANK YOU!