

Stock Code:2014

member of CSC Group 中鋼集團



# CHUNG HUNG STEEL CORPORATION CSC Group Joint Conference

2024.11.22



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# 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)**

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# World Economic Growth Forecast

- The latest IMF forecast shows that the global economic growth rate for 2024 remains unchanged at 3.2%. The growth rate for the United States has been revised upward to 2.8%, primarily due to stronger-than-expected consumer spending.
- In addition, emerging markets in Asia—including China, India, South Korea, Taiwan, and ASEAN countries—are benefiting from substantial investments in AI-related fields, which are helping to sustain strong economic growth.
- As inflation eases across countries, the global economy is expected to continue demonstrating strong resilience, with the growth rate projected to remain stable at 3.2% in 2025. However, attention should be paid to rising geopolitical tensions and increasing trade protectionism.

# Manufacturing PMI

- **United States** : Output and new orders have improved, and with election uncertainties fading, demand is expected to rebound, showing a narrowing contraction in the PMI.
- **The Eurozone** : Output and new orders recovered, and the manufacturing sector was expected to stabilize due to the European Central Bank's easing policies.
- **Japan and South Korea** : Japan's PMI slightly declined, and South Korea's PMI stabilized at a low level. Both countries' manufacturing in the contraction zone reflected weaker overseas markets and sluggish domestic demand.
- **China** : Boosted by government economic policies, domestic demand rebounded, and manufacturing returned to expansion.
- **India** : Domestic and overseas demand remained strong, and the indicator was consolidating at a high level.
- **ASEAN** : Output grew, inflation continued to improve, and manufacturing showed moderate expansion.

# 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 October 2024 report, global steel demand will fall by 0.9% to 1,751 million tons in 2024. However, as the financing environment eases, suppressed private consumption and business investment will gradually recover. Global steel demand is expected to grow by 1.2% in 2025, reaching 1,772 million tons.
- In China, due to the sluggish real estate sector, steel demand is expected to drop by 1.0% in 2025. However, with the implementation of large-scale economic stimulus measures by the government, demand could see a rebound. In contrast, India is expected to experience an 8.5% increase in steel demand next year, driven by strong infrastructure investments. Other regions are anticipated to show moderate recovery. Additionally, global efforts in green transition, including the expansion of power grids and renewable energy infrastructure, are likely to support continued growth in steel demand.

# Taiwan Apparent Steel Consumption

- According to Taiwan Steel and Iron Industries Association, the cumulative apparent steel consumption from January to August 2024 :
  - (1) Hot-rolled steel plate and coils were 2,381,235 tons, a year-on-year increase of 3.5%.
  - (2) Cold-rolled steel plate and coils were 802,373 tons, a year-on-year decrease of 26%.
  - (3) Galvanized steel sheet and coils were 740,273 tons, a year-on-year decrease of 10.3%.

# Taiwan Steel Imports and Exports Overview

- **Imports** : The top five major import countries are China, Japan, Korea, Indonesia and Vietnam, account for approximately 94.5% of the total import quantity from January to September 2024, and 92.1% of import value during the same period. They also pose significant threats to the domestic steel industry.
- **Exports** : The top five major export countries are Japan, the U.S., Belgium, Vietnam and Malaysia, account for about 47.7% of total exports from January to September 2024, and 47.5% of export value during the same period.
- **Main export regions** : The European region, accounting for 27.2%, is the largest steel export region, including Belgium, Spain, Italy, and Portugal.
- The ASEAN region accounts for 20.6%, including Vietnam, Malaysia and Thailand.
- The Asia region accounts for 19.0%, including Japan, China, and Bangladesh.

# Steel price trend-Hot Rolled (international market)

## 2024.Q3-2024.Q4 Steel Price Trend Recap and Outlook (International)

- **2024.Q3** : **In the U.S.**, although downstream purchasing remained cautious, steel mills maintained a firm stance on prices due to planned maintenance in September and October, with the market bottoming out and gradually rebounding.
- **In Europe**, after the summer vacation began, both supply and demand weakened, and the steel market entered a phase of mild consolidation.
- **In Asia**, high temperatures, frequent rainfall, and a seasonal slowdown in demand have led to a phased adjustment in steel prices.

# Steel price trend-Hot Rolled (international market)

## 2024.Q3-2024.Q4 Steel Price Trend Recap and Outlook (International)

**2024.Q4** : **In the U.S.**, planned maintenance at steel mills has reduced supply, allowing mills to raise prices, but buyers purchase according to needs, the market price is largely stable. **In Europe**, the authorities have initiated import registration and anti-dumping investigations targeting specific countries, which helps reduce imports and stabilize market conditions. Local mills are also attempting to raise prices to reflect costs, strengthening the support for steel prices. **In Asia**, China's economic stimulus policies have boosted confidence, helping steel prices recover.

Overall, as seasonal factors dissipate, downstream demand has gradually increased, leading to a healthier supply-demand situation. Additionally, steel mills in various countries are firm on prices, resulting in a stable to slightly rising steel market. Furthermore, with central banks in Europe and the U.S. entering an interest rate cut cycle, the rollout of China's economic stimulus policies, and the end of the U.S. election, these factors may collectively accelerate the recovery of demand and support a price rebound in the first quarter of 2025.

# Steel Market Outlook

- In terms of macroeconomics, according to IMF's October World Economic Outlook report, **as global inflation eases, the world economy is expected to remain resilient. Additionally, emerging markets in Asia are benefiting from significant investments in artificial intelligence and public infrastructure. This is projected to contribute to a steady global economic growth rate of 3.2% by 2025.** Furthermore, recent consecutive interest rate cuts by the European Central Bank (ECB) and the U.S. Federal Reserve (Fed) are anticipated to support industrial recovery, maintaining a moderate global growth trend.
- In terms of steel demand, the World Steel Association (worldsteel) indicated in its October short-term steel demand forecast report that **as financing conditions were turning to ease across most countries, pent-up private consumption and corporate investment will gradually be released. This recovery in the manufacturing and construction sectors is expected to support a rebound in steel demand. By 2025, global steel demand is projected to grow by 1.2% to reach 1,772 million tons, an increase of 20.6 million tons year-over-year.** Additionally, India is expected to see an 8.5% increase in steel demand next year, driven by strong infrastructure investments. Global efforts toward green transition, including expanded grids and renewable energy infrastructure, are also anticipated to support ongoing growth in steel demand.

# Steel Market Outlook

- In China, the government launched a number of economic stimulus policies since late September, including RRR cuts, interest rate cuts, lower existing mortgage rates, and the setup of Securities, Funds and Insurance companies Swap Facility (SFISF). These measures not only release long-term liquidity, reduce corporate financing and household credit costs, also support the real estate sector and capital markets. Additionally, in November, the National People's Congress approved to raise local government debt limit, providing an additional RMB 10 trillion in debt repayment resources. **It is expected that, through the issuance of ultra-long-term government bonds, loose monetary policy, the expansion of "two new" policies, and efforts to alleviate pressures on real estate and local government debt, these policies will help stabilize industrial demand and support a steady recovery in the Asian steel market.**
- Looking forward, **considering inflationary pressures ease and most countries enter interest rate cut cycles, along with economic stimulus measures from China and the end of the U.S. election, conditions are favorable for a rebound in consumer and investment demand. This will likely accelerate recovery in downstream industries. With moderate growth in the global economy and steel demand, the steel market was anticipated to remain stable in 2025.** Additionally, since the fourth quarter of this year, steel supply and demand have steadily improved, and with ongoing increases in operating costs, steel mills have shown a clear stance in maintaining prices, resulting in a stable to slightly rising steel market. Furthermore, the ongoing conflict between Russia and Ukraine is expected to subside more quickly. As the European economy improves and reconstruction efforts begin, steel prices will receive strong support.

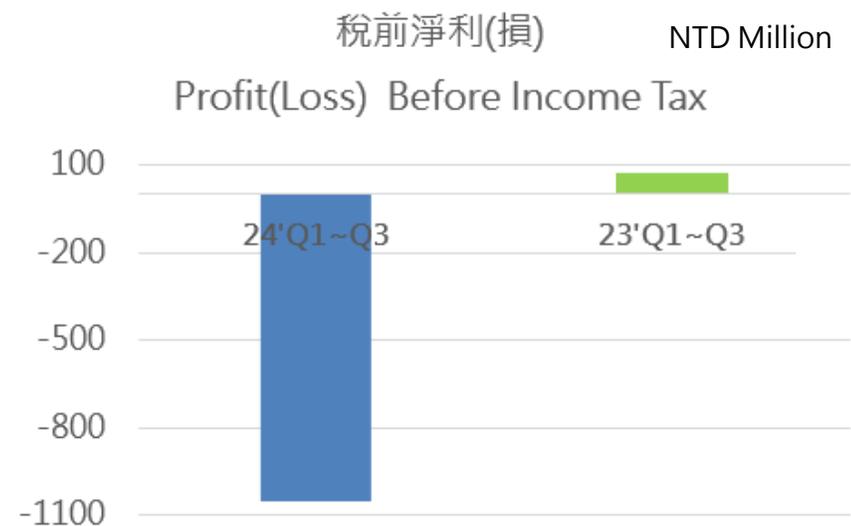
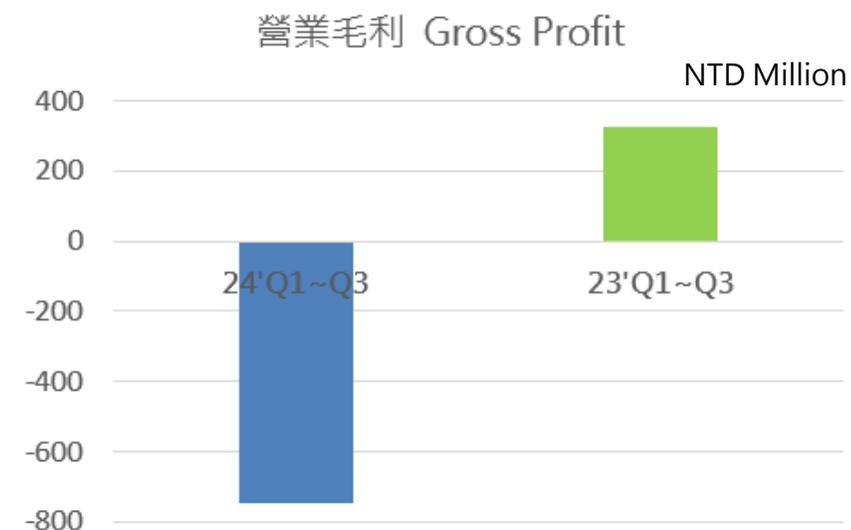
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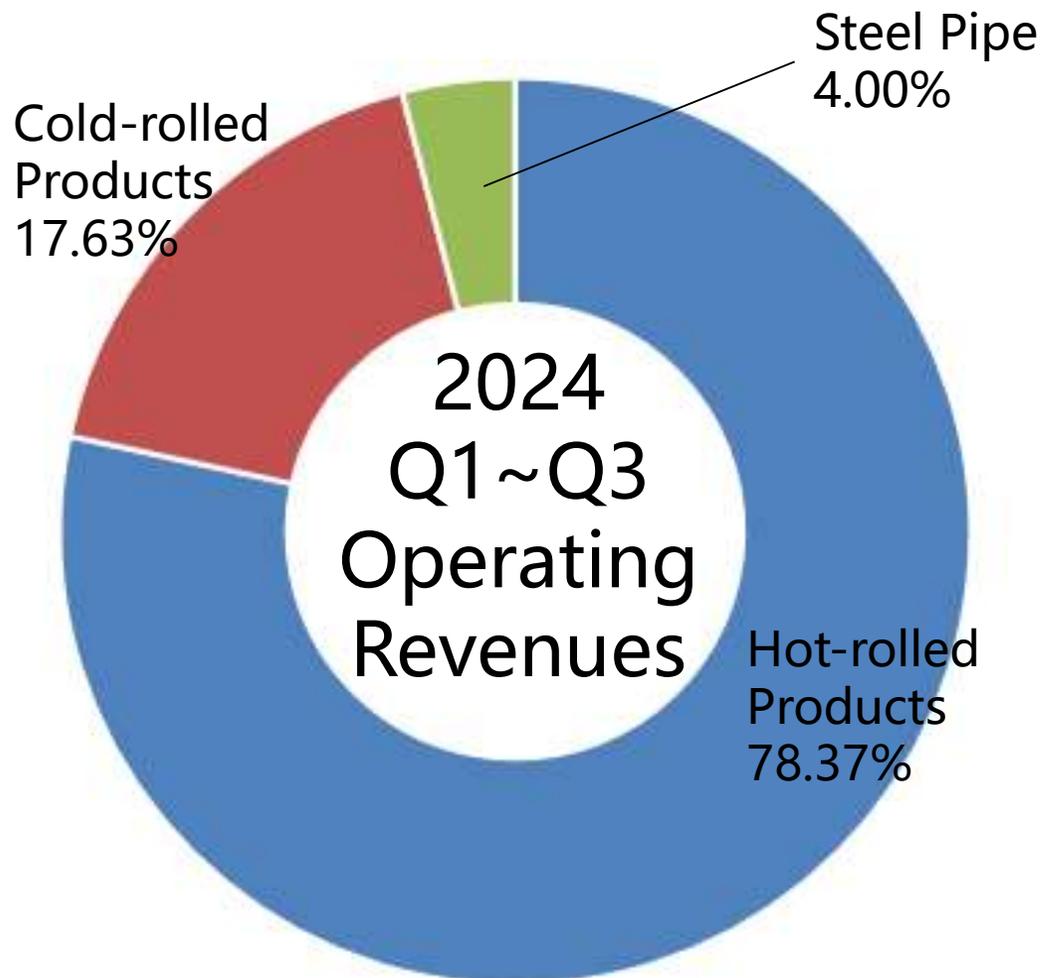
# Financial Overview (1/3)

## Financial Performance

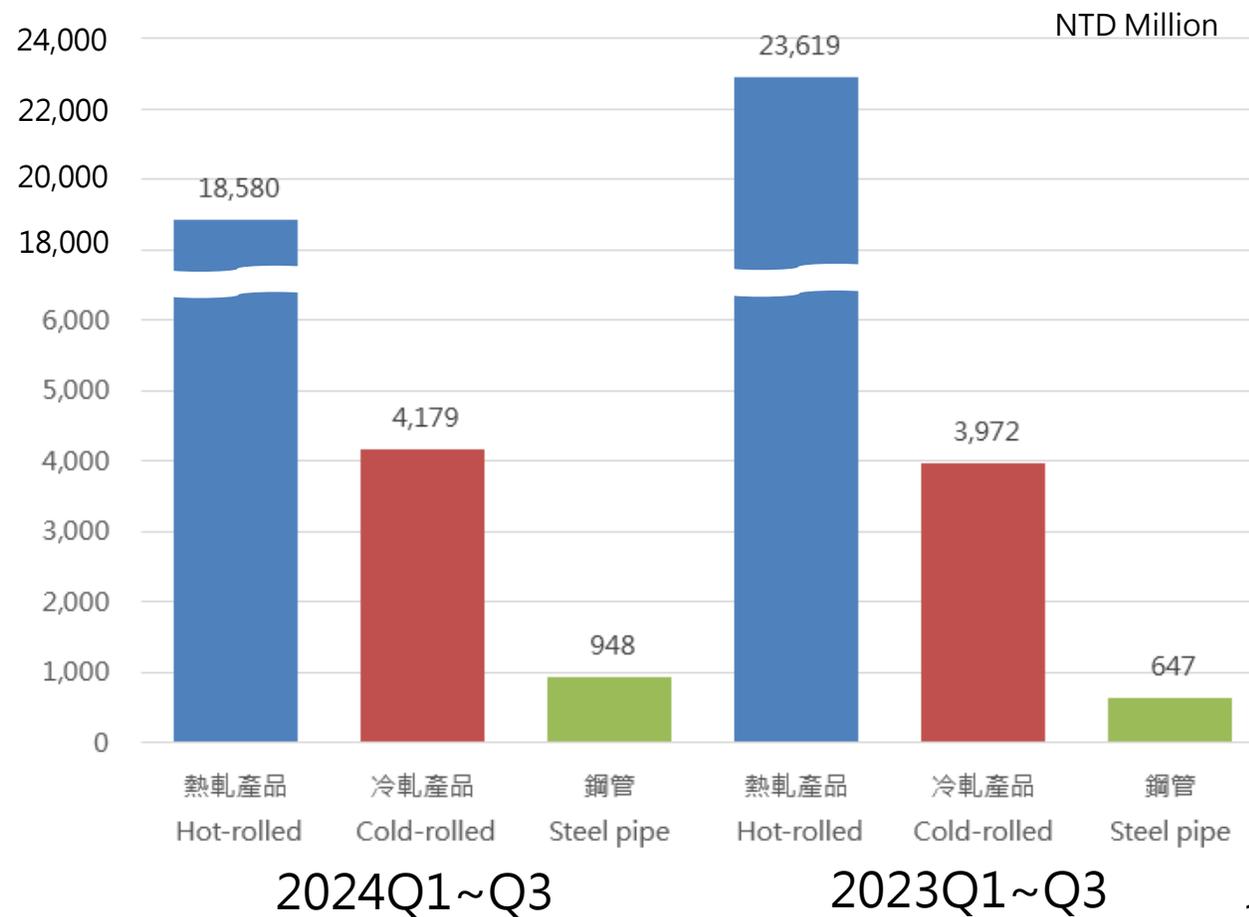
(In Million of New Taiwan Dollars)	24'Q1~Q3	23'Q1~Q3	YoY
Operating Revenues	24,014	28,659	-16.21%
Gross Profit(Loss)	(747)	327	-328.44%
Gross Profit(Loss) Rate	-3.11%	1.14%	
Profit(Loss) Before Income Tax	(1,056)	71	-1587.32%
Profit(Loss) Before Income Tax Rate	-4.40%	0.25%	
Net Profit(Loss) for the Period	(816)	71	-1249.30%
EPS(NTD)	(0.57)	0.05	



# Financial Overview (2/3)



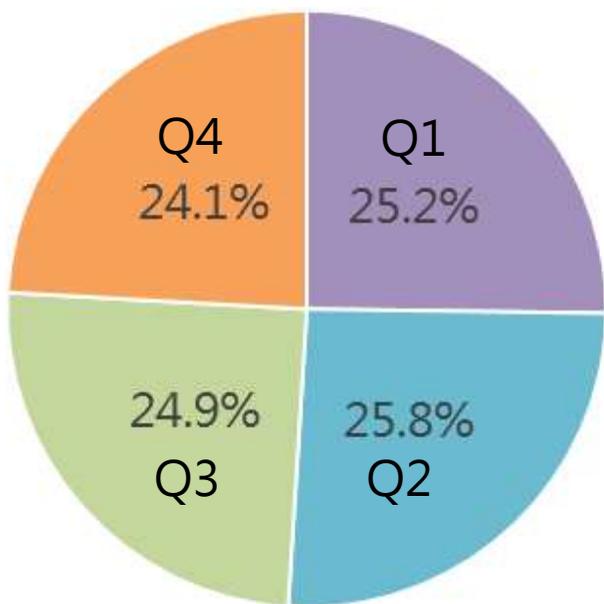
## Table of Sales by Products



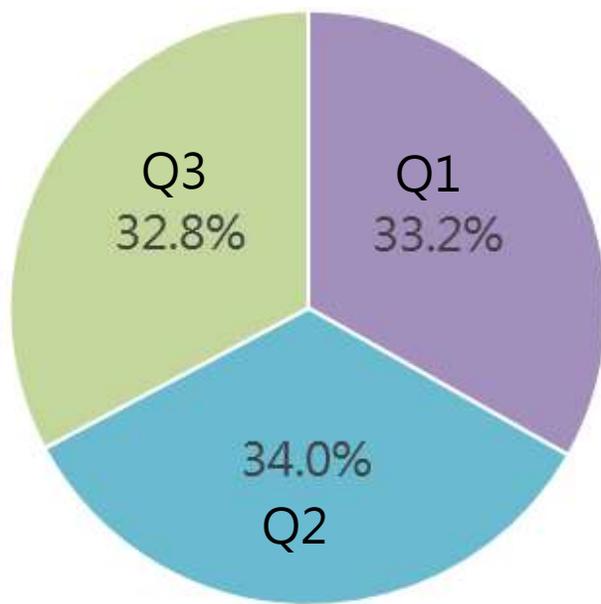
# Financial Overview (3/3)

## Quarterly Operating Revenues

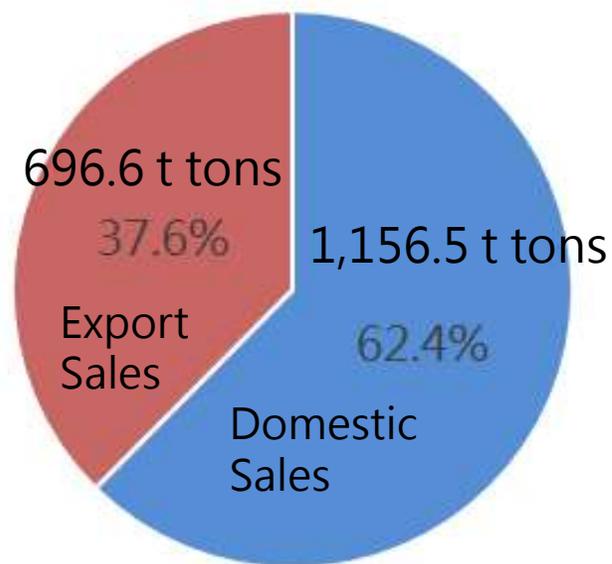
## Domestic and Export Sales Ratio



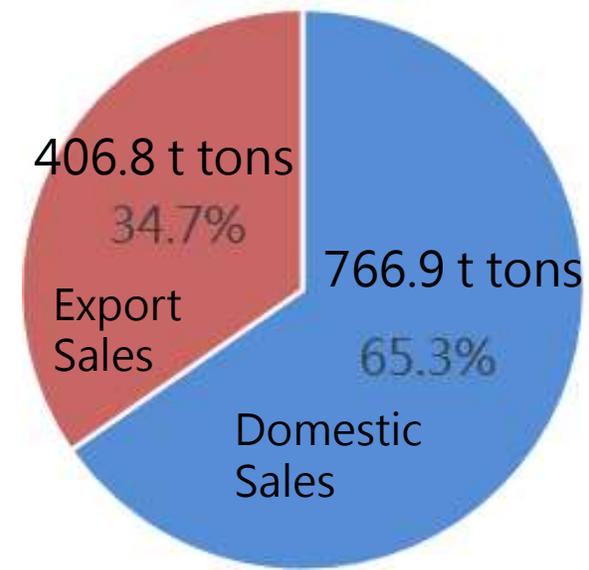
2023



2024 Q1~Q3



2023



2024 Q1~Q3

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# Environmental

CHS attaches great importance to environmental and climate change issues, and achieves the goal of environmental sustainability by implementing carbon emission reductions, introducing carbon footprint inspections, and following TCFD framework for management.



Green house gas emissions reduce 5% compare to 2018 (basic year)



Conducted product carbon footprint assessments for a total of 13 core products, obtaining third-party external verification statements.



Follow the TCFD framework for climate-related financial disclosures



No environmental fines for four consecutive years

# Social

CHS is committed to improving employee health, safety and health performance, and attaches importance to human rights policies to build a friendly and safe workplace. In addition, CHS has been deeply involved in social welfare for many years and contributes to the society through volunteer services and charity donations.



Announced human rights policy and conducted the first human rights due diligence



Zero major work-related safety incidents



Charitable Donation of NT\$2.958 million



Outstanding enterprise in the proactive assessment of occupational health and safety indicators by the Ministry of Labor.

# Diligent Investigation



CHS has a human rights policy signed by President, identifies potential human rights risks on important issues, and continues to improve the company's management of human rights-related issues through the results of internal audits and external investigations. So far, no human rights violations, forced labor or discrimination have occurred among our employees.

## Key Issues :



Elimination of Unlawful  
Discrimination to Ensure  
Equal Employment  
Opportunities



Prohibition of  
Child Labor



Prohibition of  
Forced Labor



Assisting Employees in  
Maintaining Physical and  
Mental Health as well as  
Work-Life Balance



Provision of a Safe  
and Healthy Work  
Environment

# Governance



Second scale  
(6%~20%) of  
Corporate  
Governance  
Evaluation



Implemented the  
TIPS intellectual  
property  
management  
system.



0 case  
violates  
the code of  
ethics cases

twA/twA-1

Credit rating by  
Taiwan Ratings

E-2/S-2/G-2

ESG Credit rating

## Sustainability Committee

Promote the elevation of the  
Working Group responsible  
for compiling the  
sustainability report to a  
Sustainability Committee

# Implemented the TIPS intellectual property management system.

To protect intellectual capital and effectively manage and maintain intellectual property rights (IPR), CHS has implemented the TIPS (Trademark, Intellectual Property, and Strategy) intellectual property management system by our President. This includes establishing an intellectual property management strategy, plan, and measures to safeguard the company's patents, trademarks, and confidential information.



## Intellectual Property Management Policy :

- Implement intellectual property management
- Implement corporate governance and legal compliance
- Improve intellectual property management system
- Improve the layout of intellectual property

# Rewards



The Pickling & Galvanizing Department has been named an Excellent Occupational Safety and Health Unit by Kaohsiung City



Lukang Mill (Pipe & Tube Department) has been named an Excellent Occupational Safety and Health Unit by the Changhua County



Award of excellence for adopted air purification zones



The Hot Rolling Department and Cold Rolling Department have passed the Performance evaluation of Occupational Safety and Health by the Ministry of Labor

Q&A



ESG Report



CHS Financial Report



THANK YOU!