

Ticker Symbol : 2006



**東和鋼鐵企業股份有限公司**  
TUNG HO STEEL ENTERPRISE CORP.

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# 2019 Investor Conference

Dec 17, 2019

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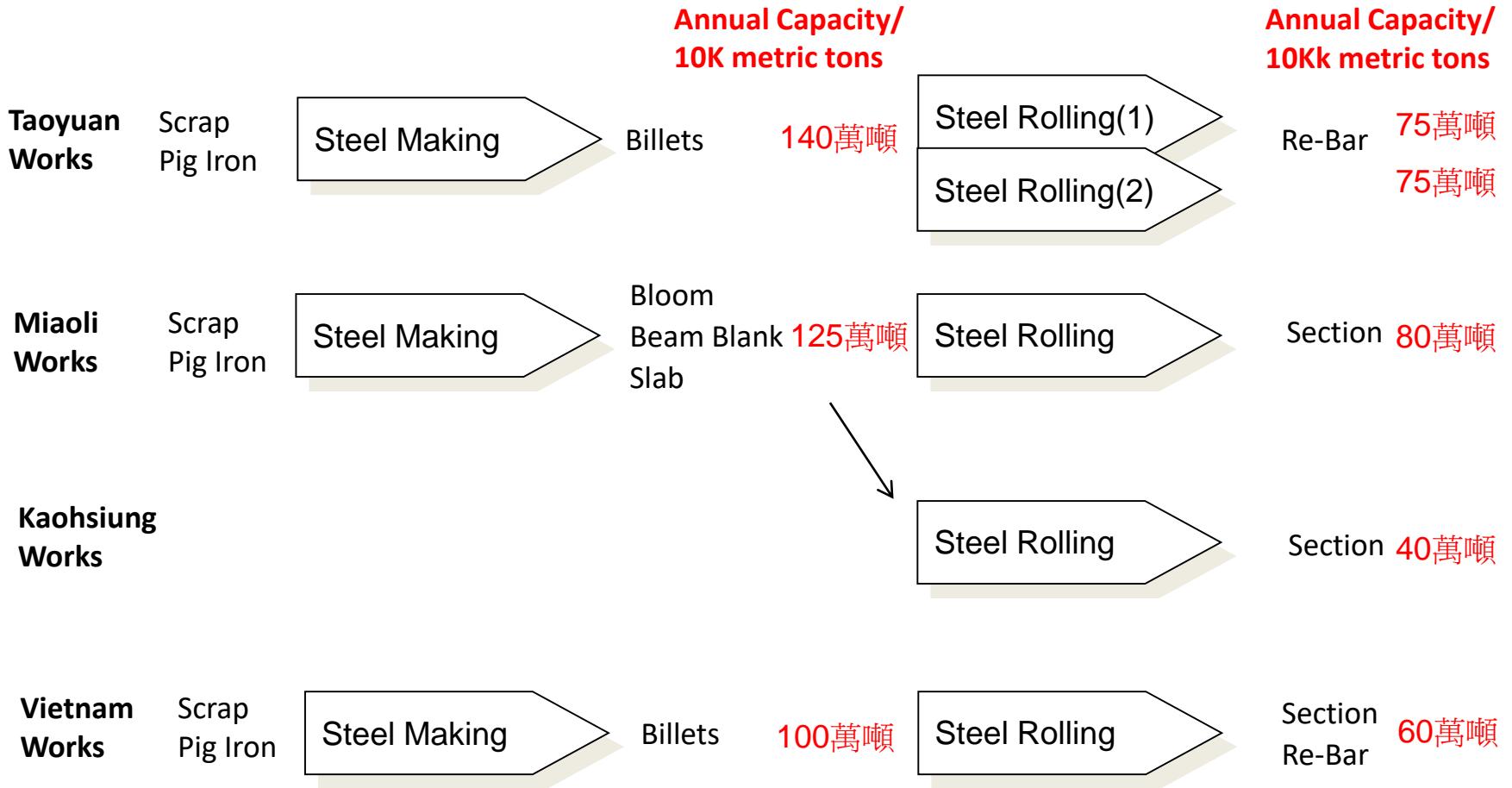
# Agenda

- 1. Corporate Profile**
- 2. Financial Performance**
- 3. Key Messages**
- 4. Q&A**

## Corporate Profile

- **Date of incorporation : May 30, 1962**
- **Date of IPO : July 13, 1988**
- **Issued common stock : 1,004,060 thousand shares**
- **Number of employees : 1,713**
- **Head Office : 6F., No.9, Sec. 1, Chang-an E. Rd., Taipei City, Taiwan**
- **Corporate culture : Self-discipline. Love of knowledge. Optimism.**

# Facilities and Products



# Agenda

1. Corporate Profile
2. Financial Performance
3. Key Messages
4. Q&A

# Consolidated Statements of Comprehensive Income

	For the nine months ended Sep. 30		
	2019	2018	%
(Expressed in Millions of New Taiwan Dollars)			
Operating revenue, net	33,734.73	29,883.58	112.89%
Operating costs	(30,826.72)	(27,367.49)	112.64%
Gross profit, net	2,908.01	2,516.09	115.58%
Operating expenses, net	(1,496.28)	(1,478.15)	101.23%
Operating profits	1,411.73	1,037.94	136.01%
Non operating income and expenses	51.68	(22.45)	-230.20%
Income tax expense	(363.43)	(226.99)	160.11%
Net income	1,099.98	788.50	139.50%
attributable to owners of parent	1,100.37	789.51	
Non controlling interests	(0.39)	(1.01)	
Earnings per share	1.1	0.79	
Gross profit ratio (%)	8.62%	8.42%	
Operating profit ratio (%)	4.18%	3.47%	
Net profit ratio (%)	3.26%	2.64%	

# Consolidated Balance Sheets

(Expressed in Millions of New Taiwan Dollars)	2019.9.30		2018.12.31		2018.9.30	
	AMT	%	AMT	%	AMT	%
<b>Current assets</b>	<b>23,996.03</b>	<b>49%</b>	<b>22,968.95</b>	<b>47%</b>	<b>19,235.68</b>	<b>42%</b>
Cash and Current financial assets	1,456.39	3%	1,232.54	2%	1,188.82	3%
Receivable, net	6,510.28	13%	5,042.96	10%	4,801.69	10%
Inventory	14,892.33	31%	15,453.08	32%	12,291.84	27%
other current assets	1,137.03	2%	1,240.37	3%	953.33	2%
<b>Non current assets</b>	<b>24,948.95</b>	<b>51%</b>	<b>25,589.54</b>	<b>53%</b>	<b>26,989.33</b>	<b>58%</b>
Real properties, plants and devices	20,035.03	42%	20,694.94	43%	20,641.87	44%
other non current assets	4,913.92	9%	4,894.60	10%	6,347.46	14%
<b>Total assets</b>	<b>48,944.98</b>	<b>100%</b>	<b>48,558.49</b>	<b>100%</b>	<b>46,225.01</b>	<b>100%</b>
<b>Current liabilities</b>	<b>17,758.92</b>	<b>36%</b>	<b>17,489.73</b>	<b>36%</b>	<b>16,017.81</b>	<b>35%</b>
Short term loans	12,971.82	27%	13,252.10	27%	11,564.81	25%
other current liabilities	4,787.10	9%	4,237.63	9%	4,453.00	10%
<b>Non-current liabilities</b>	<b>7,210.53</b>	<b>15%</b>	<b>7,058.00</b>	<b>15%</b>	<b>6,338.06</b>	<b>13%</b>
<b>Total liabilities</b>	<b>24,969.45</b>	<b>51%</b>	<b>24,547.73</b>	<b>51%</b>	<b>22,355.87</b>	<b>48%</b>
<b>Total equity</b>	<b>23,975.53</b>	<b>49%</b>	<b>24,010.76</b>	<b>49%</b>	<b>23,869.14</b>	<b>52%</b>
<b>Total liabilities &amp; equity</b>	<b>48,944.98</b>	<b>100%</b>	<b>48,558.49</b>	<b>100%</b>	<b>46,225.01</b>	<b>100%</b>

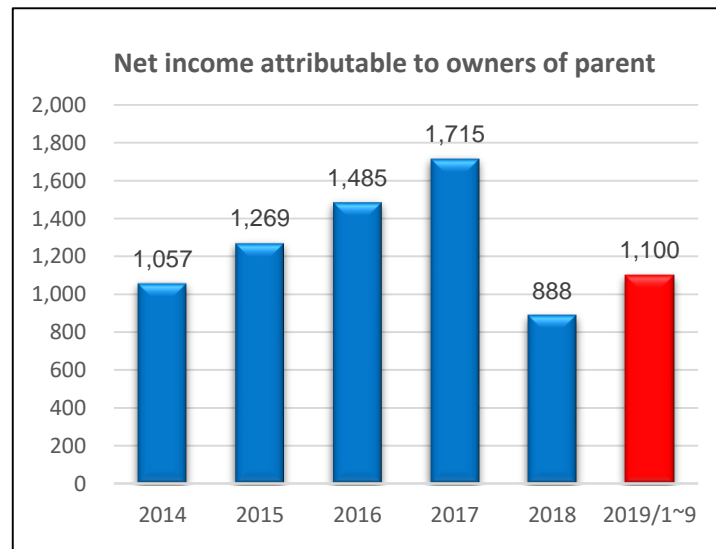
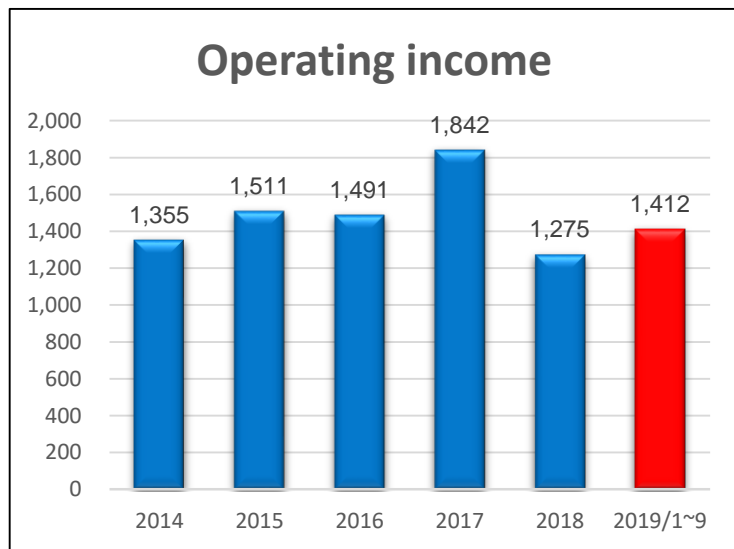
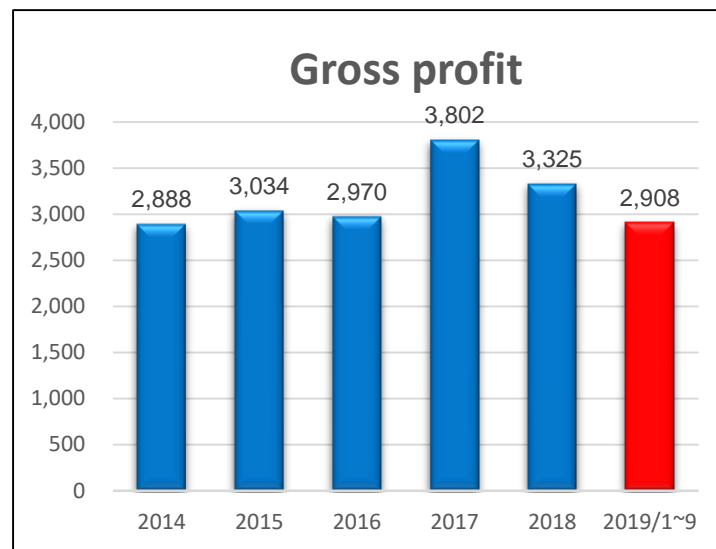
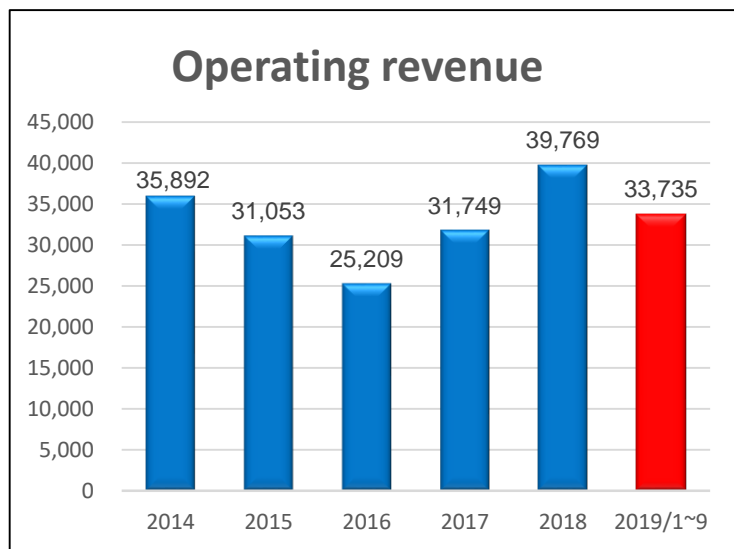


# Consolidated Statements of Cash Flows

(Expressed in Millions of New Taiwan Dollars)	For the nine months ended Sep. 30	
	2019	2018
Cash at beginning of period	1,097.98	1,020.46
Cash flows from operating activities	1,939.28	<b>(2,416.78)</b>
Cash flows from investing activities	<b>(374.73)</b>	<b>(1,202.25)</b>
Cash flows from financing activities	<b>(1,445.47)</b>	3,735.45
Effect of exchange rate changes	73.88	<b>(117.16)</b>
Cash at beginning of period	1,290.94	1,019.72
Free Cash flows	1,564.55	<b>(3,619.03)</b>
Cash dividends	1,204.87	1,405.69

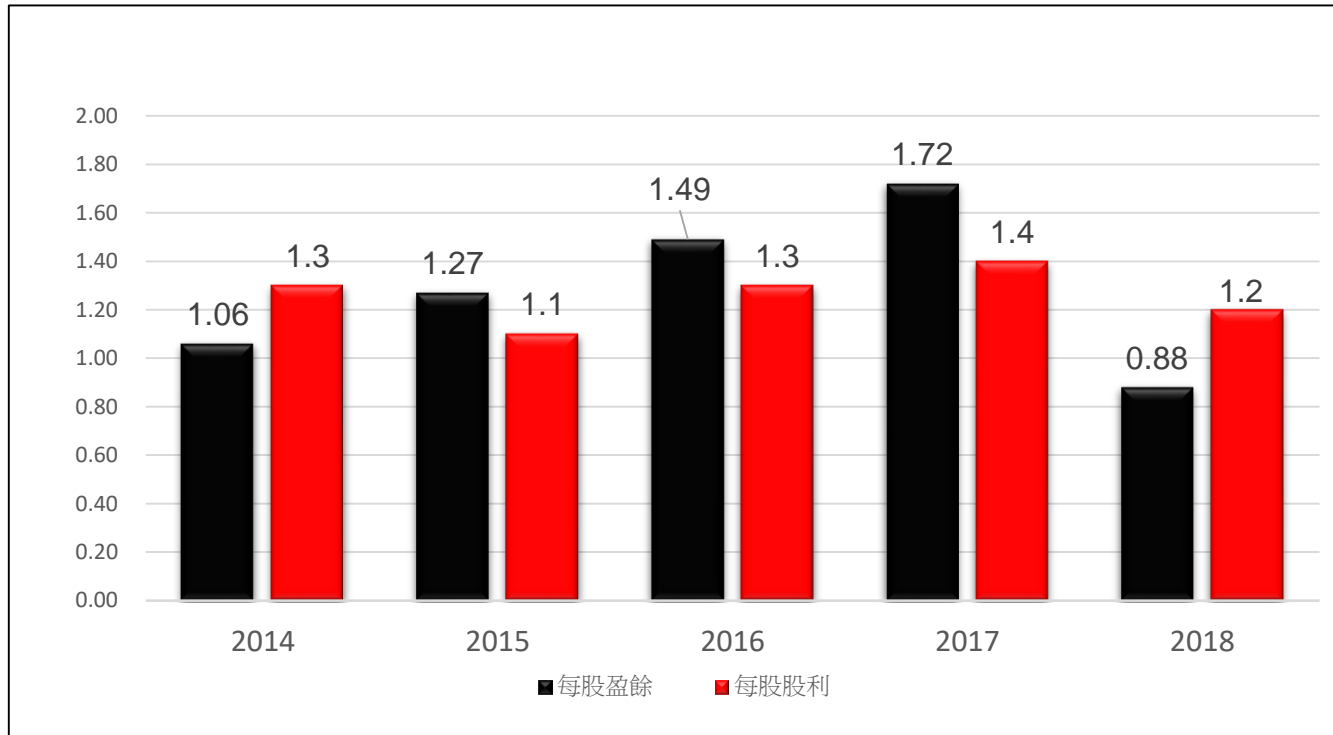
(NT\$Millions)

## Historical Operating Results



# Historical Dividend

(NT\$)



■ Earnings per share

■ Dividend per share

# Agenda

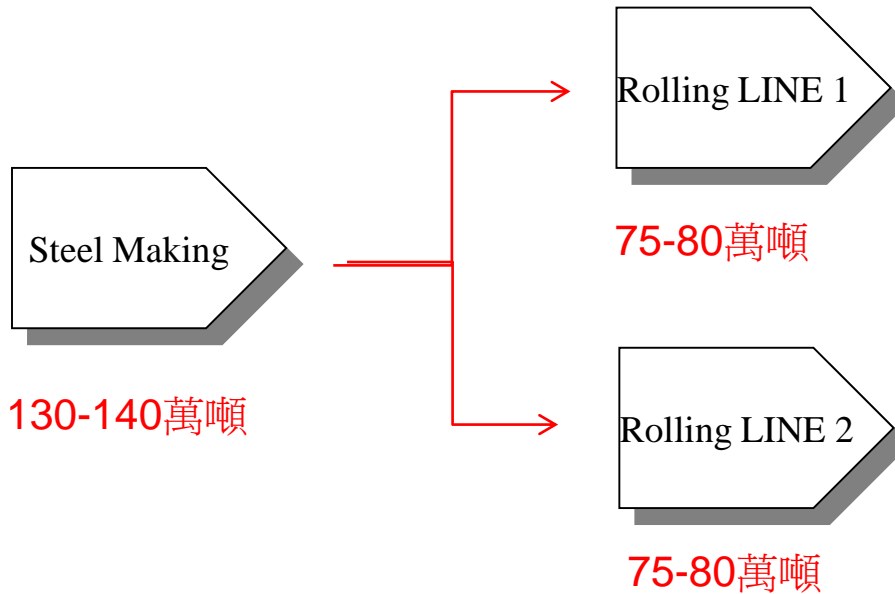
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## Key Messages

1. **Improvement of Taoyuan Works' capabilities and efficiency**
2. **THSVC new rolling mill put into production**
3. **Taiwan H-Beam Demand and Production**
4. **Corporate Governance Performance**

# Improvement of Taoyuan Works' capabilities and efficiency

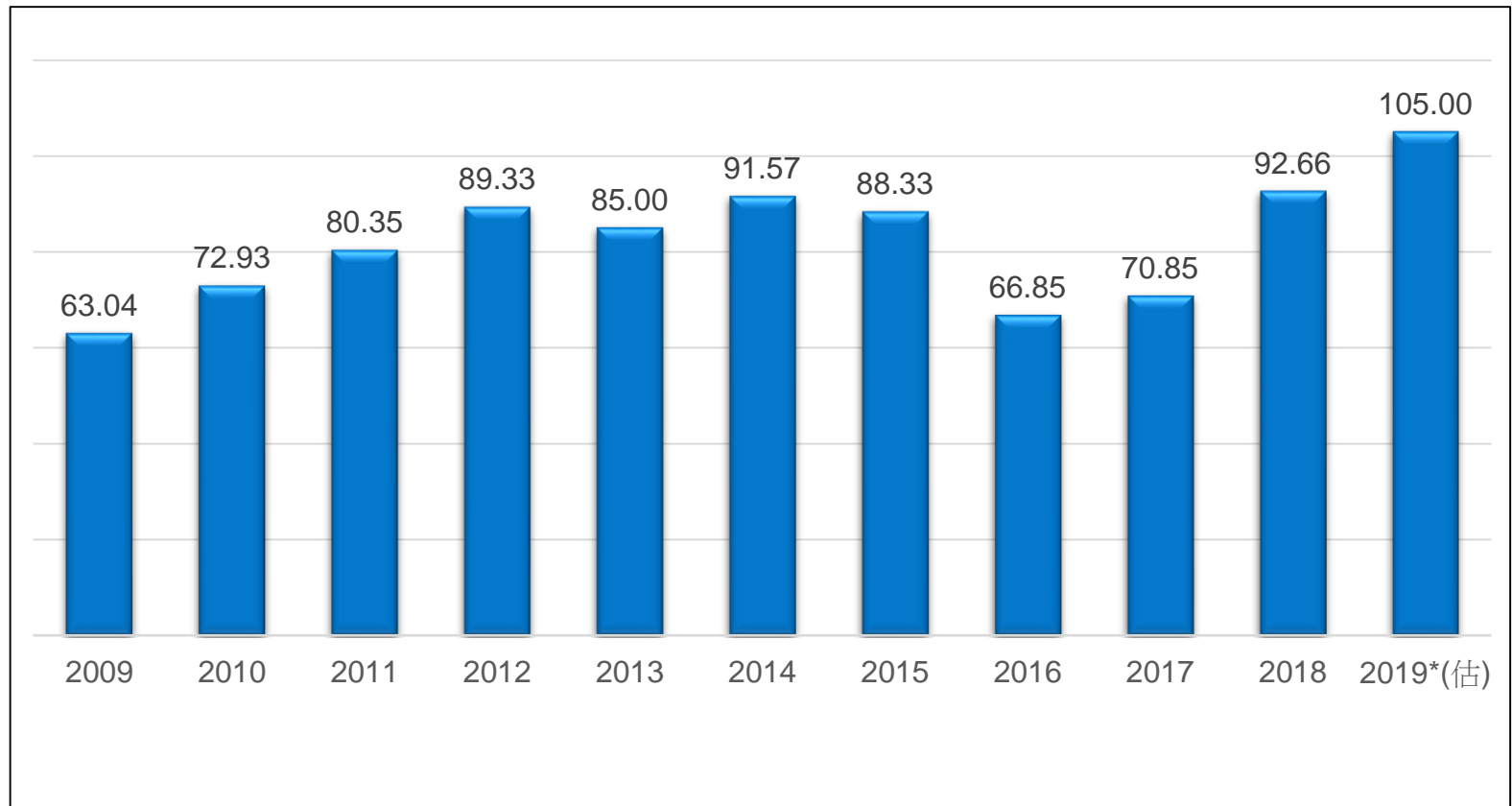
Annual Capacity/  
10K metric tons



# Improvement of Taoyuan Works' capabilities and efficiency

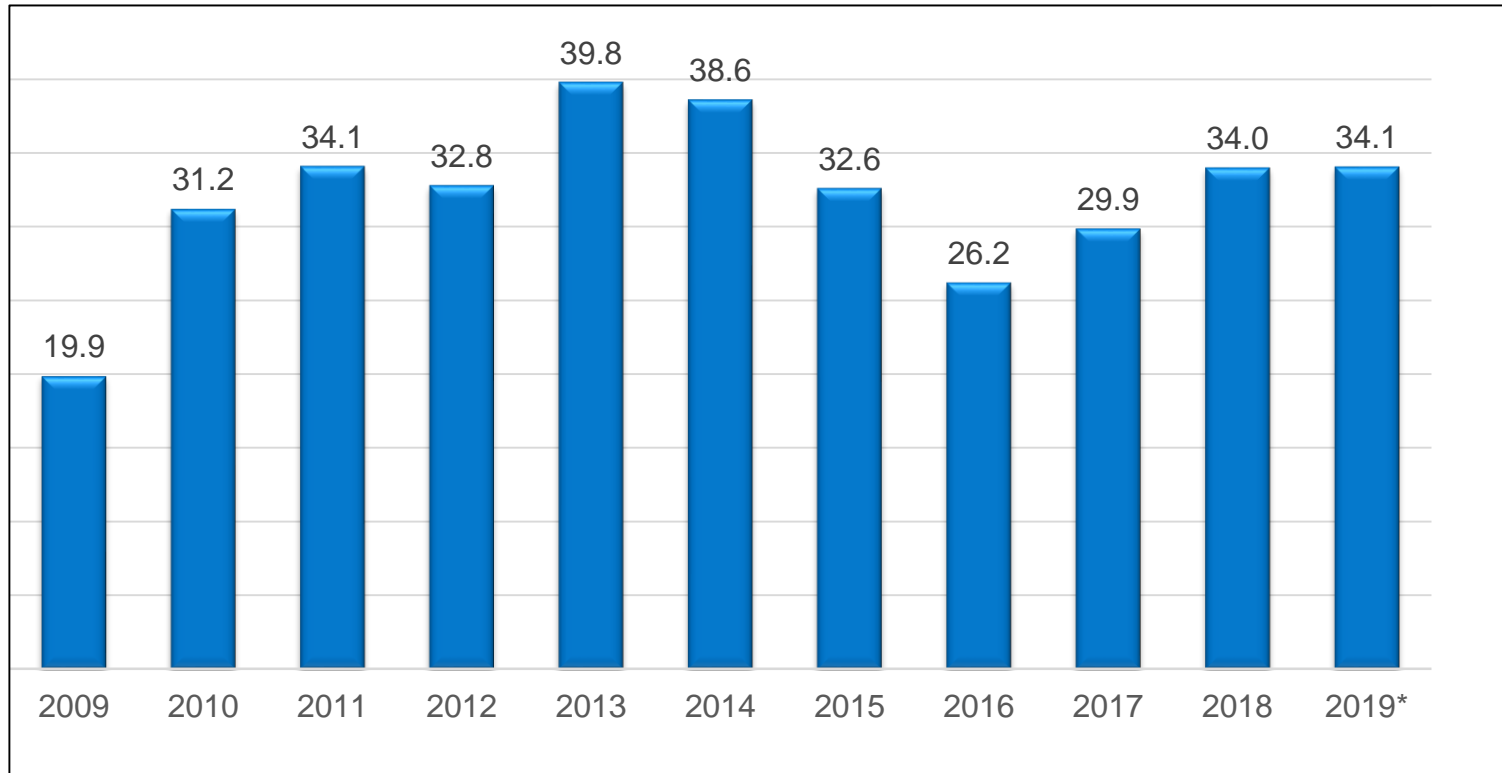
## Tung Ho Steel' annual rebar production

10K metric tons



# Improvement of Taoyuan Works' capabilities and efficiency

Floor area of building permit(Million m2)



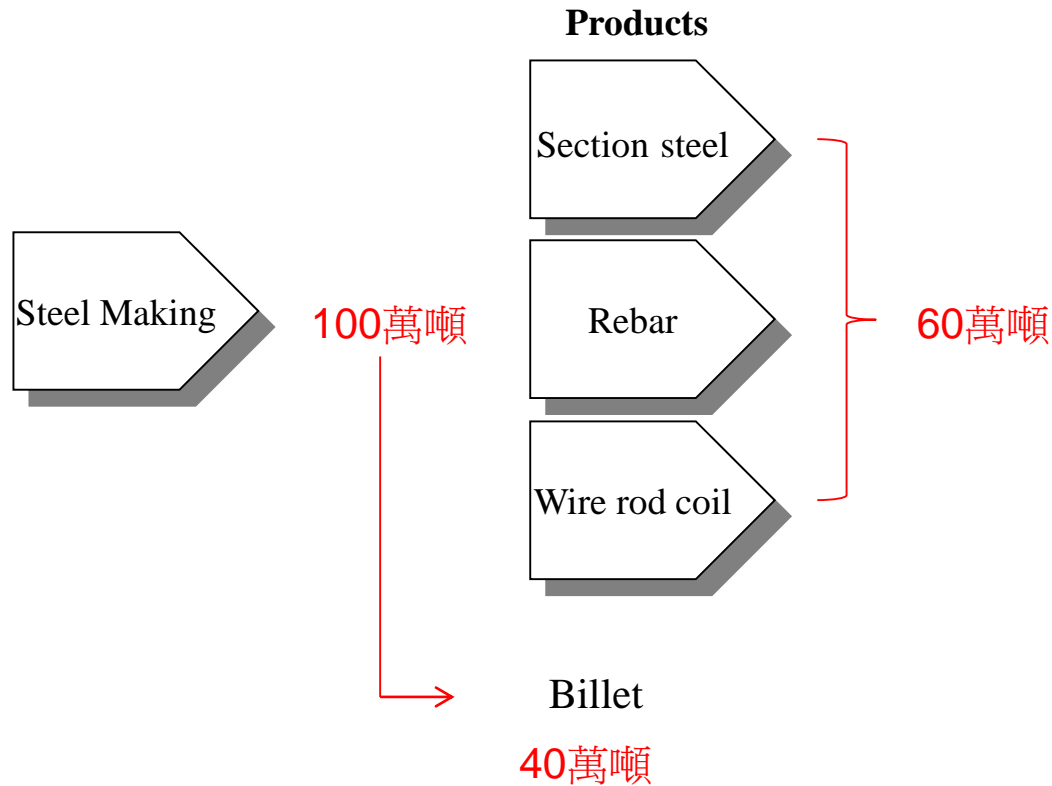
Rebar Annual Demand (Mil tons)

3.90	4.99	5.66	5.73	5.79	6.06	5.65	4.77	4.71	5.23	5.27*	* Est from Jan-Oct
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# THSVC new rolling mill put into production

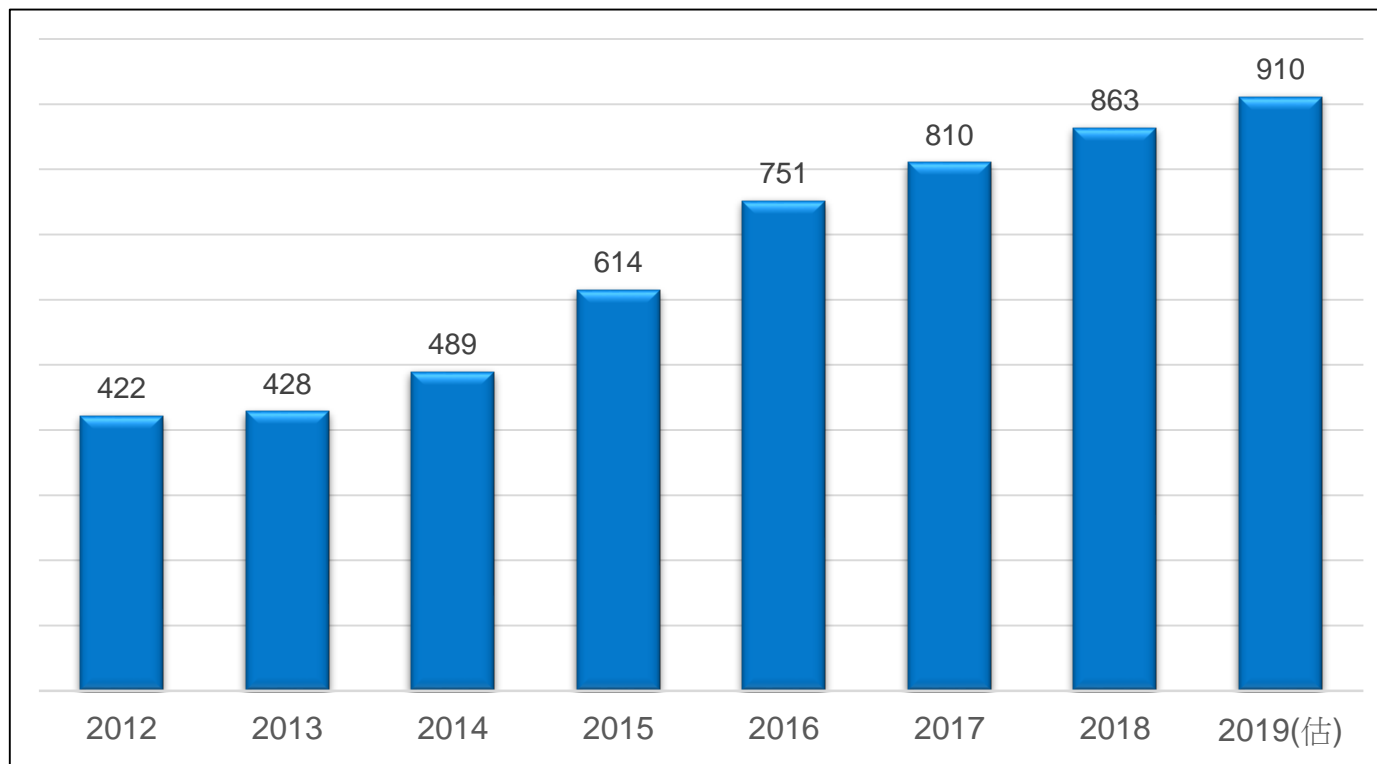
Annual Capacity/  
10K metric tons



# THSVC new rolling mill put into production

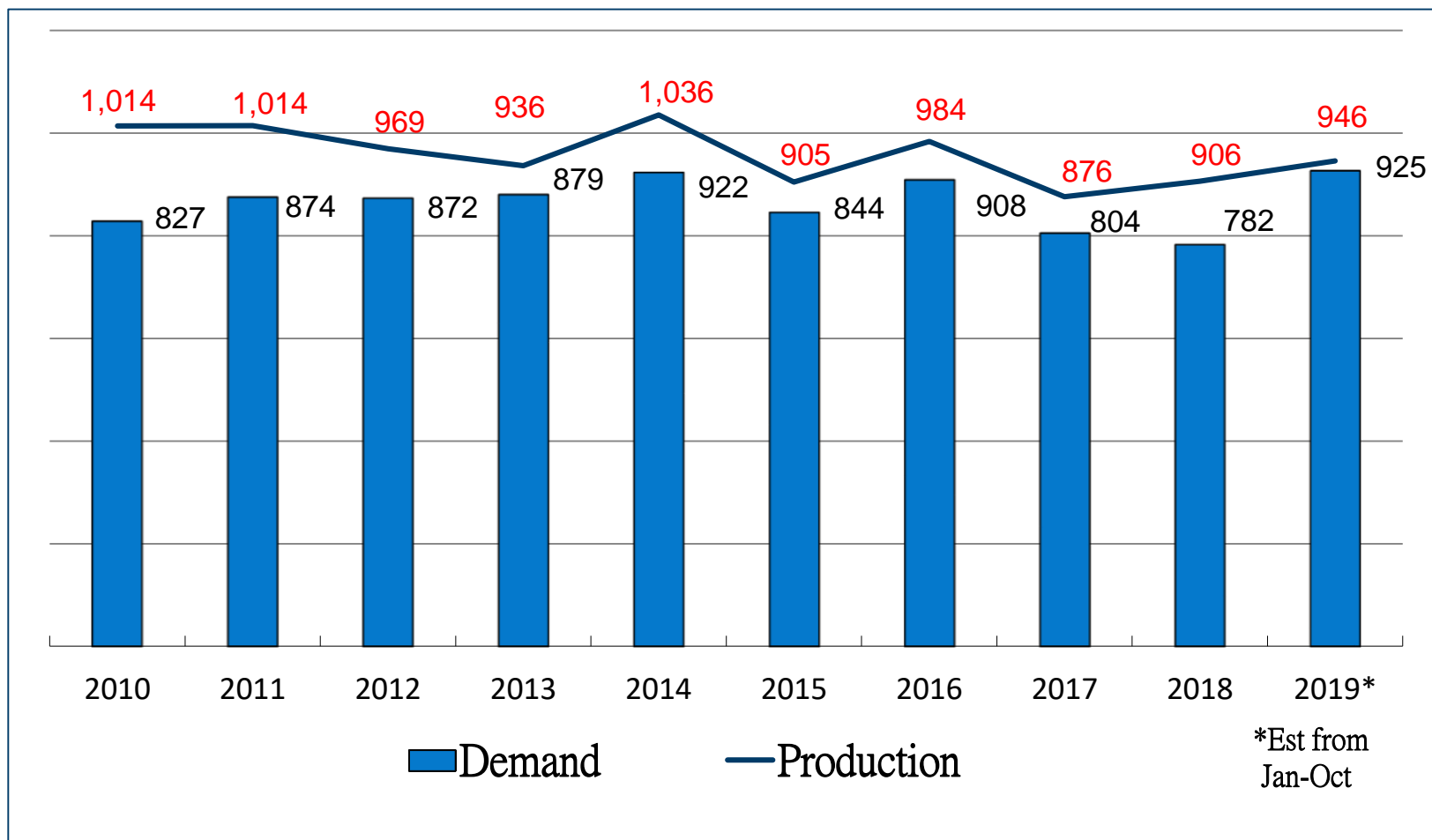
Annual Demand of long steel products in Vietnam domestic market

10K metric tons



# Taiwan H-Beam Demand and Production

1K metric tons



# Corporate Governance Performance

- Tung Ho Steel Enterprise Corporation was endowed with the honor to win the “Traditional Manufacturing – Gold Award” of “TCSA Taiwan Enterprise Sustainability Award ”, in year 2018 ◦
- It’s the fourth year that Tung Ho Steel Enterprise Corporation has been evaluated for 6% to 20% in corporate governance evaluation system from TWSE ◦
- Tung Ho Steel Enterprise Corporation was included in the “ Taiwan Stock Exchange Corporate Governance Index 100 ” for two consecutive years.



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