



Investor Conference

Ticker : 2035

唐榮鐵工廠股份有限公司

TANG ENG IRON WORKS CO., LTD.

2022. 5. 20

Disclaimer

- **This presentation and the descriptions related to this investor conference include, in addition to historical information, forecasts and estimates made by the management based on the Company's current operating conditions and available information, and are published for information dissemination purposes only and are not investment recommendations.**
- **Information involving forecasts may be different from the Company's actual results of operations and financial position in the future due to, but not limited to, market demand, various policies and laws, changes in the general economy, and other risks beyond the Company's control. The Company is not responsible for alerting or updating these views at any time, and any future changes or adjustments should be based on the Company's announcements on the Market Observation Post System.**

Outline

- I. Company Profile**
- 2. Business Overview**
- 3. Financial Performance**
- 4. Future Outlook**
- 5. Recent Significant Events**
- 6. Q&A**

效率責任
團結積極

Company Profile

唐宗公司

Company Profile



- ▶ **Company Name: Tang Eng Iron Works Co., Ltd.**
- ▶ **Chairman: Wu Fong-Sheng**
- ▶ **General Manager: Tsai Ming-Hsiao**
- ▶ **Established: 1940**
- ▶ **Paid-in Capital: NT\$3.5 billion**
- ▶ **Number of employees: 641**
- ▶ **Headquarters Address: No. 4, Yanhai 2nd Rd, Xiaogang Dist., Kaohsiung City**

Company History

- Tang Eng Iron Works founded by Mr. Tang Eng in Kaohsiung City
- Established ironworks, Taiwan Brick & Tile Co., Steel factory, etc.

- Restructured into an enterprise owned by the Taiwan Provincial Government

- Planning to start two stages in the process of privatization

- Capital reduction from NT\$7 billion to NT\$3.5 billion

1940

1957

1962

1983

2001

2002

2005

2006



- Incorporated into a "Company Limited"

- **Completed the construction of the stainless steel factory and officially commenced production**

- Completed the first stage of privatization, the company transformed from a diversified operation to a specialized stainless steel production and manufacturing

- **Privatization from a state-owned enterprise on July 5. Listing on the GTSM on July 7**



Company Products

steel embryo



steel coil



steel grades

- ▶ 200 series (201, T202-1)
- ▶ 300 series (301, 301L, 304, 304L, 316L)
- ▶ 400 series (430)
- ▶ Hard plate (301, 304, 316L)
- ▶ Antibacterial stainless steel coils and products (202, 304, 316)
- ▶ Crimped steel plate (304, 316)
- ▶ Duplex Stainless Steel (2205)
- ▶ precipitation hardening (PH) stainless steel (631)
- ▶ Customized and other high-alloy steels are manufactured according to customers' requirements.

Certified and implemented management system

TOSHMS (Safety and Health)



ISO 45001 (Safety and Health)



ISO 9001 (Quality Assurance)



ISO/IEC 17025 (Quality Assurance)



Certified and implemented management system (continued)

CPR (Quality Assurance)

Certificate

Conformity of the factory production control according Regulation 305/2011/EU: System 2+

Certificate number: **4635-CPR-A321**

In compliance with Regulation 305/2011/EU of the European Parliament and of the Council of 9 March 2011 (the Construction Products Regulation - CPR), this certificate applies to the construction product:

Scope: **Products of Stainless Steels for metal structures or to composite metal and concrete structures, see Annex**

Name and address of the manufacturer: **TANG ENG IRON WORKS CO., LTD.
No. 4, Yanhai 2nd Road, Hsiao Kang, Kaohsiung 81260, Taiwan, R.O.C.**

Manufacturing plant: **TANG ENG IRON WORKS CO., LTD.
No. 4, Yanhai 2nd Road, Hsiao Kang, Kaohsiung 81260, Taiwan, R.O.C.**

Specification: **This certificate attests that all provisions concerning the assessment and verification of constancy of performance described in Annex ZA of the standard(s):
EN 10088-4:2009
under system 2+ are applied and that the factory production control fulfills all the prescribed requirements set out above.**

Validity period: **This certificate was first issued on 04.07.2014 and will remain valid as long as the test methods and/or factory production control requirements included in the harmonized standard used to assess the performance of the declared characteristics, do not change, and the product, and the manufacturing conditions in the plant are not modified significantly, but not longer than 31.05.2023.**

Cologne, July 13, 2020


TÜV Rheinland
Certification body for construction products

Rec. 3

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PED (Quality Assurance)

Certificate

Quality-Assurance System for Manufacturer of Materials acc. to Directive 2014/68/EU

Certificate no.: **01 202 TWINQ-10 0218**

Name and address of the manufacturer: **TANG ENG IRON WORKS CO., LTD.
No. 4, Yanhai 2nd Road, Hsiao Kang, Kaohsiung 81260, Taiwan, R.O.C.**

Herewith we certify that the material manufacturer has established and applies a Quality Management System. The system was audited according to the European Directive 2014/68/EU, Annex I, Part 4.3, with regard to the materials as listed in the scope of approval.

QM System acc. to **EN 754-5, article 4.2 and AD 2009-Merkblatt W9**

Tested acc. to **Directive 2014/68/EU**


Audit report no.: **TWINQ-10 0218**

Area of validity: **Manufacturing of Stainless Steel Sheets, Plates and Strips for Pressure Purposes, see annex to certificate**

Manufacturing plant: **TANG ENG IRON WORKS CO., LTD.
No. 4, Yanhai 2nd Road, Hsiao Kang, Kaohsiung 81260, Taiwan, R.O.C.**

Valid until: **May 31, 2023**

Cologne, July 13, 2020


Dipl.-Ing. (FH) Vera Ruff

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JIS MARK (Quality Assurance)

JQA

JIS

JIS マーク表示制度 認証書

認証番号: **JQTW18004**

認証取得者: **TANG ENG IRON WORKS CO., LTD.
No. 4, Yanhai 2nd Road, Hsiao Kang District, Kaohsiung, Taiwan, R.O.C.**

当機構は、上記認証取得者に係る以下の製造工場の日本産業規格及び JIS 工業製品等認証令で定める基準に適合したことを認証いたします。

製造工場の名称: **ステンレス鋼板及び鋼帯**

認証の区分: **ステンレス鋼板及び鋼帯**

日本産業規格の番号及び名称: **JIS G 4305
冷間圧延ステンレス鋼板及び鋼帯**

規格の種別又は等級 (認証の範囲): **SUS301, SUS304 及び SUS316**

製造工場の名称及び所在地: **TANG ENG IRON WORKS CO., LTD.
No. 4, Yanhai 2nd Road, Hsiao Kang District, Kaohsiung, Taiwan, R.O.C.**

認証に準ずる法の取組事項: **産業標準化法 第 37 条第 1 項**

認証契約締結日: **2019 年 1 月 31 日**

有効期限: **2025 年 1 月 30 日**

上記有効期限を更新するための定期認証維持審査申込期間: **2024 年 7 月 30 日**

東京都千代田区有明町 1-2-5
一般財団法人 日本品質保証機構
理事長 小林 憲明

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CNS Mark (Quality Assurance)

經濟部標準檢驗局正字標記證書

廠商名稱: **唐榮鐵工廠股份有限公司**

廠商地址: **高雄市小港區沿海二路4號**

代表人姓名: **陳明漢**

生產製造工廠名稱: **唐榮鐵工廠股份有限公司**

生產製造工廠地址: **高雄市小港區沿海二路4號**

品質評鑑制度: **CNS 12681/ISO 9001:2015**

產品名稱: **熱軋不銹鋼鋼板、鋼片及鋼帶**

適用國家標準: **施號 8497 類號 G3163**

證書號碼: **台正字第 5698 號**

上記產品依標準法第11條第1項規定審查合格
核准使用正字標記。

局長 劉明忠

中華民國 81 年 2 月 24 日

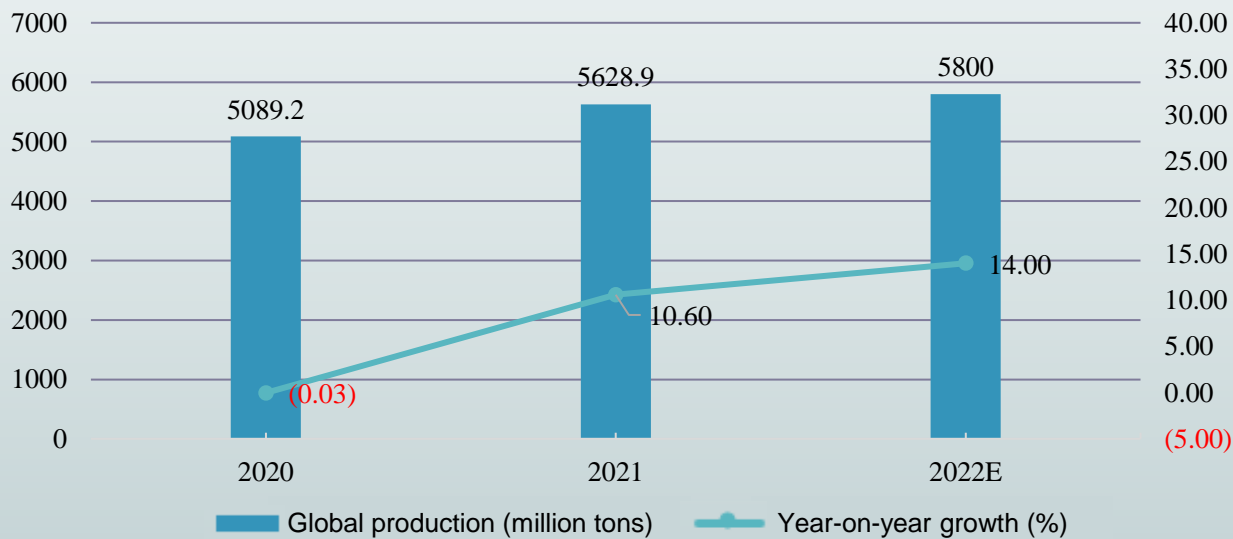
代表人姓名: **陳明漢**

The background of the slide is a photograph of an industrial setting, likely a steel mill. A large, bright, glowing mass of molten metal is visible on the left side, with several streams of sparks or molten droplets falling from it. The background is filled with complex industrial structures, including scaffolding, pipes, and metal frameworks. The overall color palette is dominated by the orange and yellow of the molten metal, with a teal and blue geometric overlay on the left side.

Operations Overview

Operations Overview

2020-2022 Global Stainless Steel Crude Steel Output Statistics and Growth



- ▶ With additional output capacity invested in China and Indonesia, global stainless steel production is estimated to reach 58 million tons of crude steel in 2022, the supply-side growth trend remains unchanged.

Source: Compiled by the Company

Operations Overview

- ▶ The impact of the recent epidemic and geopolitical uncertainties have directly affected the supply chain of the industry and continued to push up the price of stainless steel, and under the established policy of interest rate hikes in various countries, short-term procurement by end-users in the industry has become more conservative.
- ▶ Nickel is the key raw material for stainless steel and lithium batteries for electric vehicles. Under the policy of expanding infrastructure and global energy transformation to reduce carbon emissions, the direct and rigid demand is still quite supportive to the industry in the long run.



Operations Overview



▶ In view of the unprecedented spike of LME to US\$100,000, the risk of raw materials is extremely high. The Company has effectively managed its operational risks through the strategies of inventory control, procurement of materials through external sources and capacity adjustment.

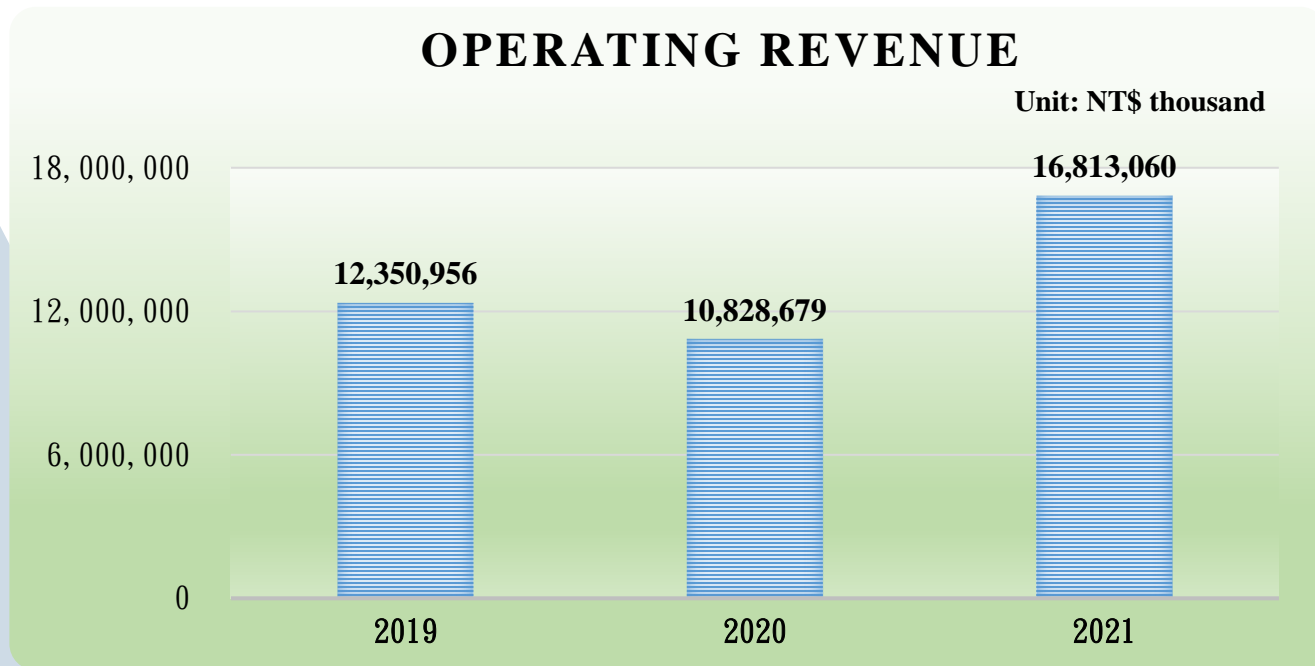
Operations Overview

- ▶ In 2022, the Company's production and sales volume is planned to be 216,000 tons per year, and the average monthly sales volume is 18,000 tons per month. This year, the industry was affected by the epidemic, congestion in shipping ports and geopolitical factors in Russia and Ukraine. In Q1, the average sales volume reached 15,044 tons. It is expected that after the exclusion of external factors, in Q3 to Q4, raw material prices will gradually stabilize and the overall sales momentum of the industry will accelerate to recover.
- ▶ In view of the changing industrial environment in 2022, the Company has internal manufacturing facilities and will actively invest in the development of new steel grades and differentiated products, increase the breadth of product sales, enhance the added-value of products, and effectively differentiate product markets, etc. It is expected that in 2022, the Company will still have great potential in market expansion, quality improvement and stable sales volume.

The slide features a background of a blurred financial candlestick chart with red and green bars. On the left side, there is a large green triangle pointing towards the center, and a blue triangle at the top left corner. The title "Financial Performance" is centered in a large, bold, red serif font, with thin horizontal lines extending from either side.

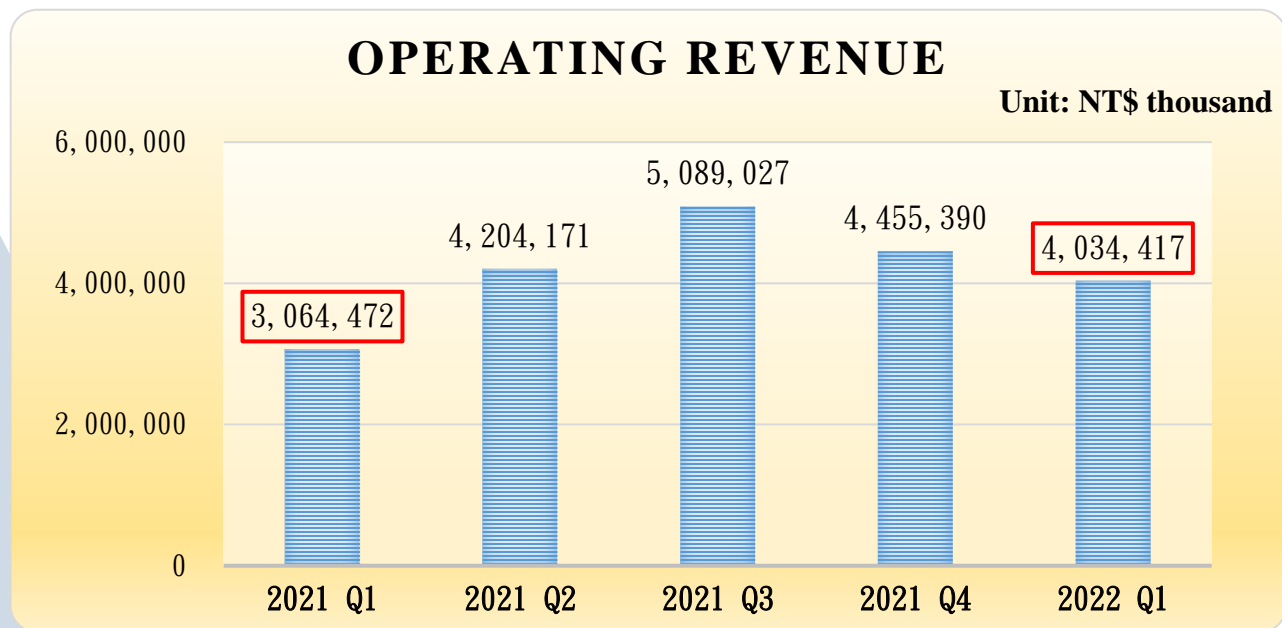
Financial Performance

	2019	2020	2021
Operating Revenue	12,350,956	10,828,679	16,813,060



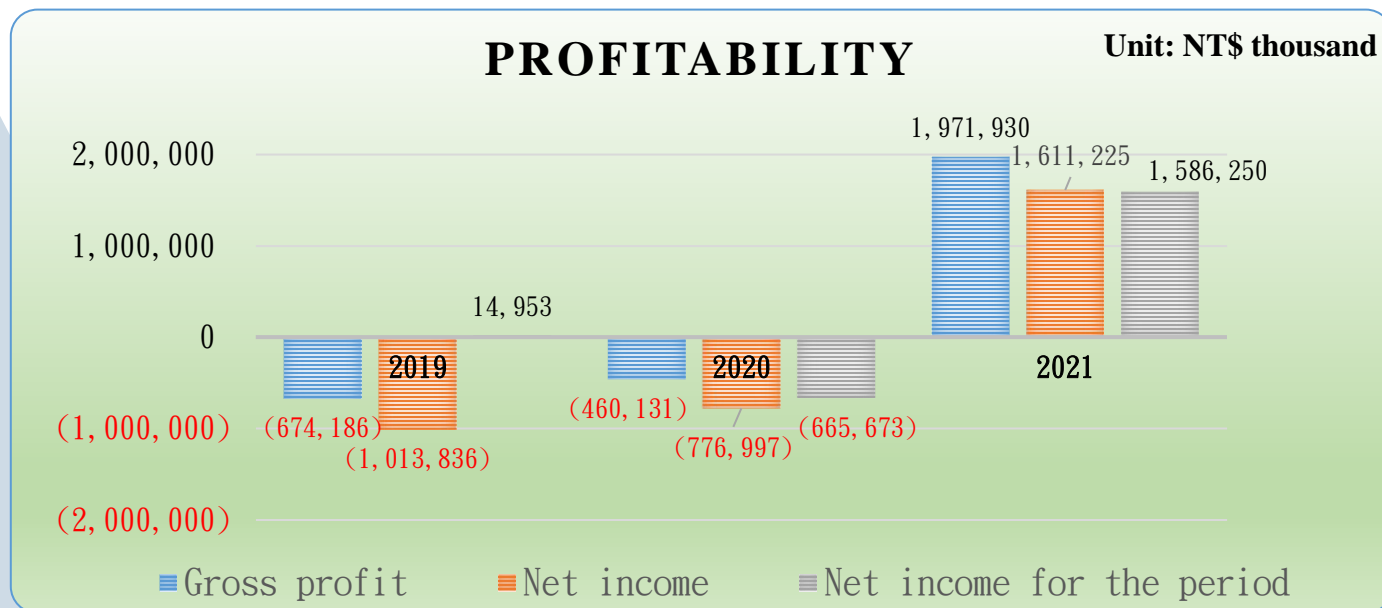
Operating revenue in the last three years

	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1
Operating revenue	3,064,472	4,204,171	5,089,027	4,455,390	4,034,417



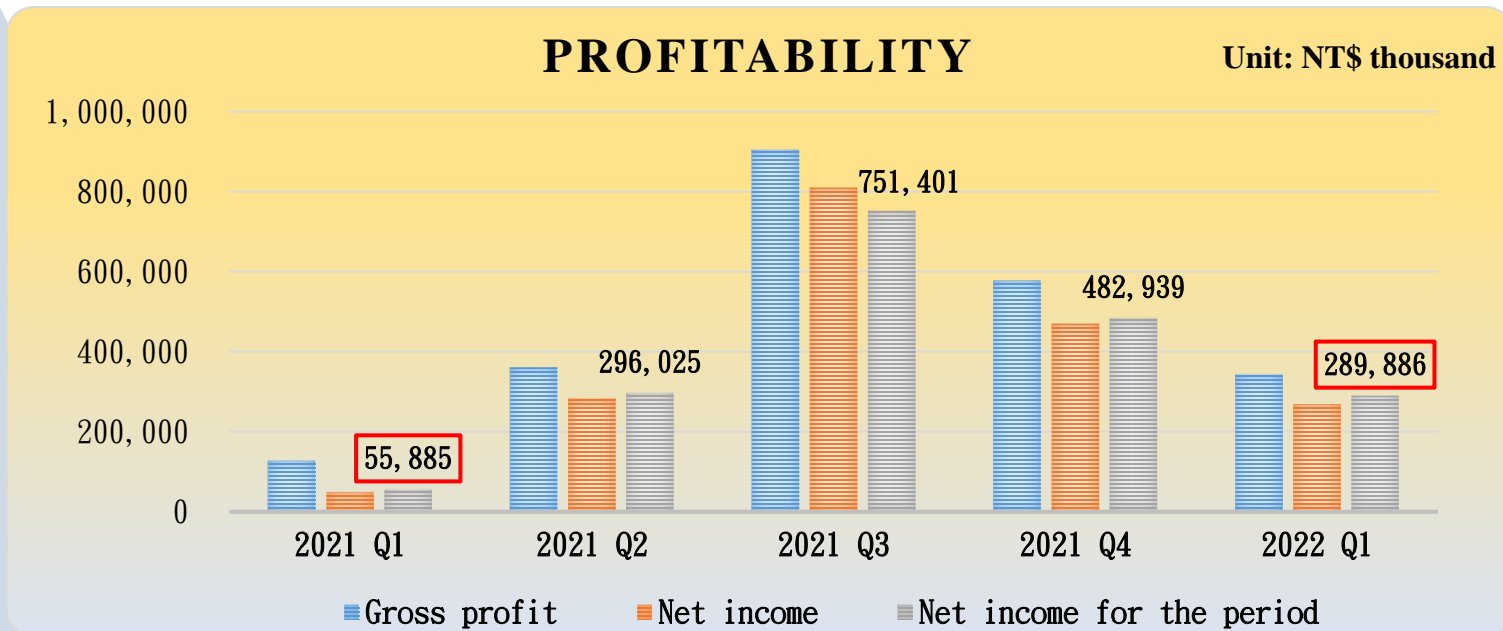
Operating revenue for the last five quarters

	2019	2020	2021
Gross profit	(674,186) -5%	(460,131) -4%	1,971,930 12%
Net income	(1,013,836) -8%	(776,997) -7%	1,611,225 10%
Net income for the period	14,953 -	(665,673) -6%	1,586,250 9%



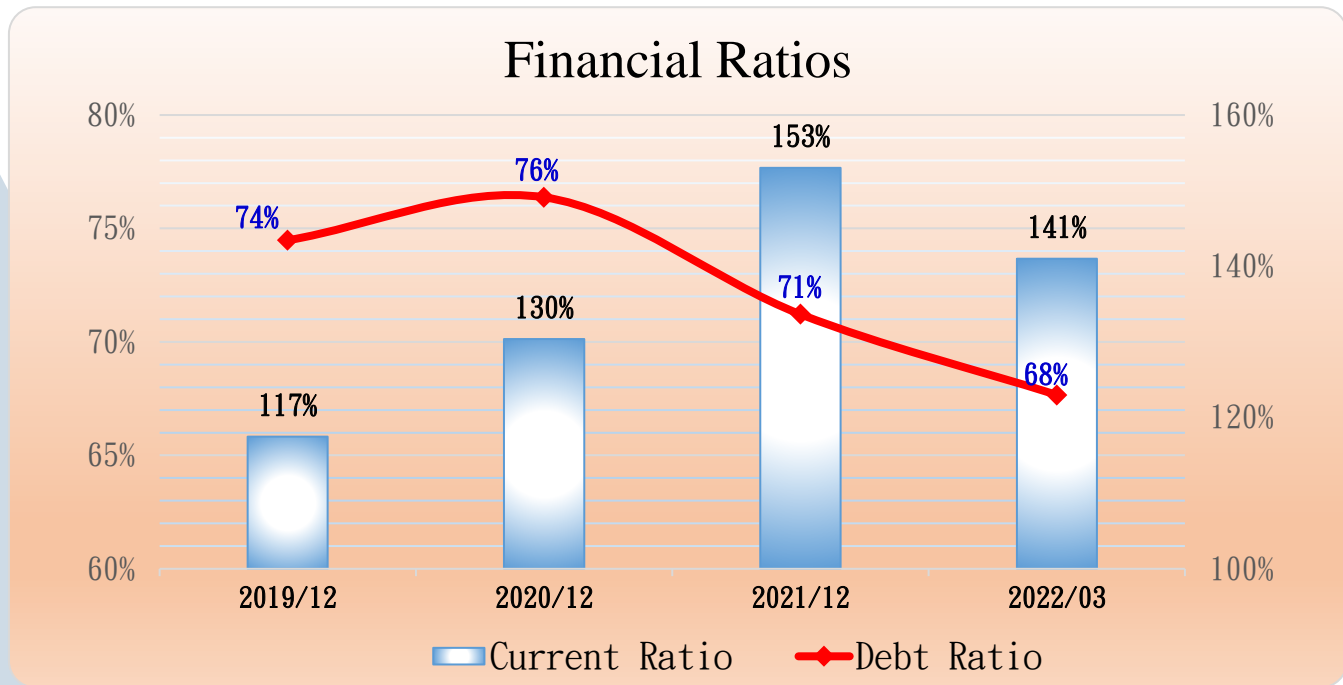
Profitability for the last three years

	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1
Gross profit	127,686 4%	361,222 9%	905,134 18%	577,888 13%	343,284 9%
Net income	48,240 2%	283,290 7%	809,914 16%	469,781 11%	268,474 7%
Net income for the period	55,885 2%	296,025 7%	751,401 15%	482,939 11%	289,886 8%



Profitability in the last five quarters

	December 2019	December 2020	December 2021	March 2022
Debt Ratio	74%	76%	71%	68%
Current Ratio	117%	130%	153%	141%



Financial Overview

A majestic eagle with its wings spread wide, flying over a vast, mountainous landscape. The sun is shining brightly in the sky, creating a lens flare effect. The mountains are rugged and covered in green vegetation, with some peaks partially hidden by low-hanging clouds. The overall scene conveys a sense of freedom, adventure, and a bright future.

Future Outlook

2022 Business Plan Focus and Targets

Focus No. 1
Strengthening production, sales and inventory operations, monitoring and planning targets to ensure the performance of the main business

- Target
To stabilize annual gross margin and generate profits for the Company's main business

Focus No. 2
Collective leadership, in an open, fair and transparent principle, utilization of idle assets to boost regular non-operating incomes

- Target
Reduction of the percentage of idle assets to boost annual rental incomes, reduced tax costs

Focus No. 3
Strengthening of financial control and red-flag mechanisms to manage financial risks

- Target
Stabilization of the financial health and maintenance of financial security by closely watching the current ratio, the debt ratio and operating cash flows month over month, annual net operating cash inflow and other indicators

Focus No. 4
Strengthening of corporate governance, establishing corporate sustainability business value

- Target
Moving toward Corporate Governance 3.0, measures for the implementation of ESG



Recent Significant Events

Corporate Governance Operation

- ▶ The Company established a corporate governance team in 2021 to oversee the operation of relevant corporate governance matters, with the Chairman as the convener, the General Manager as the vice convener, and the Executive Secretary as the supervisor of corporate governance.
- ▶ The Corporate Governance Team has four sub-teams: "Corporate Governance", "Ethical Management", "Sustainable Development" and "Risk Management" to promote corporate governance, improve the ethical management mechanism, strengthen the risk management function and implement corporate sustainable development policies.

2022 ESG Goals



Environment

1. In response to climate change and in line with Taiwan's greenhouse gas reduction policy, setting greenhouse gas reduction targets gradually.
2. Energy-saving construction planning: The development of green power (solar power) has been approved by the Board in December 2021, the construction is planned to be completed by the end of 2023.
3. Approved by ISO14001

Social

1. Continuous efforts on occupational health & safety management, by controlling risks and fulfilling corporate social responsibilities in order to achieve zero accidents/disasters.
2. Completed the CSR report in 2022 prior to schedule.



Governance

1. Establish the Company's information system standard process and website maintenance mechanism to ensure information system security, sustainable service and enhance information disclosure in a timely and transparent manner.
2. To strengthen corporate governance and ethical management philosophy through education and training.
3. To strengthen the protection of shareholders' interests: disclose English material information and conduct investor conference.
4. To strengthen the functions of the Board : The Board of Directors' performance evaluation includes "ESG issues participation" and external evaluation.

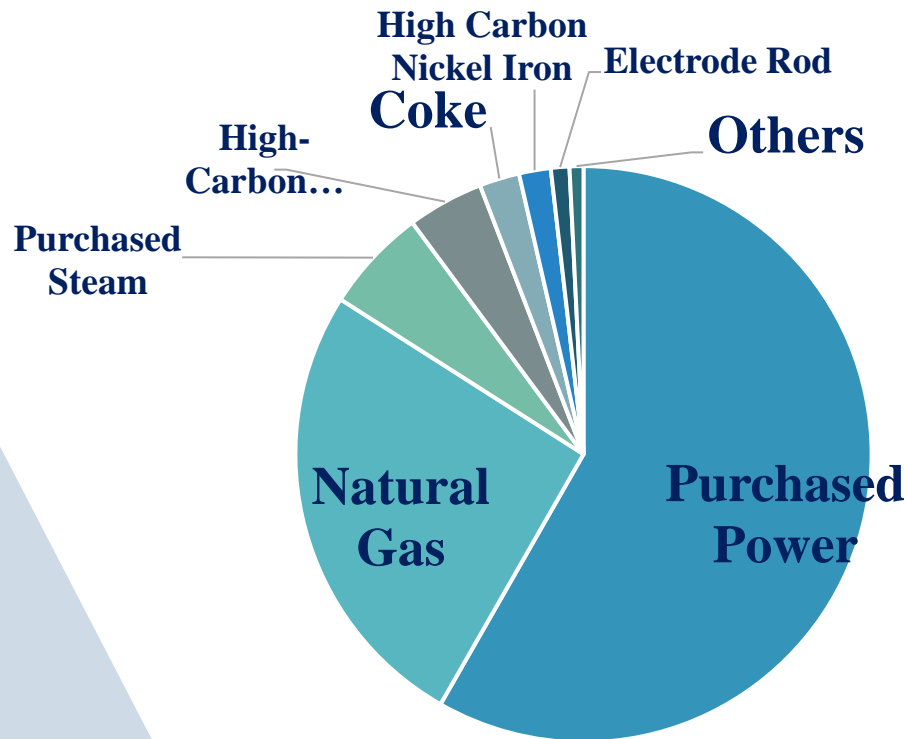
Effectiveness of greenhouse gas reduction

- ▶ Since 2009, the Company has been planning to implement the voluntary greenhouse gas reduction program gradually. Energy-saving measures include air compressors, lighting, motor pumps, process equipment, electrical systems and steam systems, etc. Energy-saving types include electricity, natural gas, steam, etc., which have been quite effective so far, and have all achieved the government's stage control target.

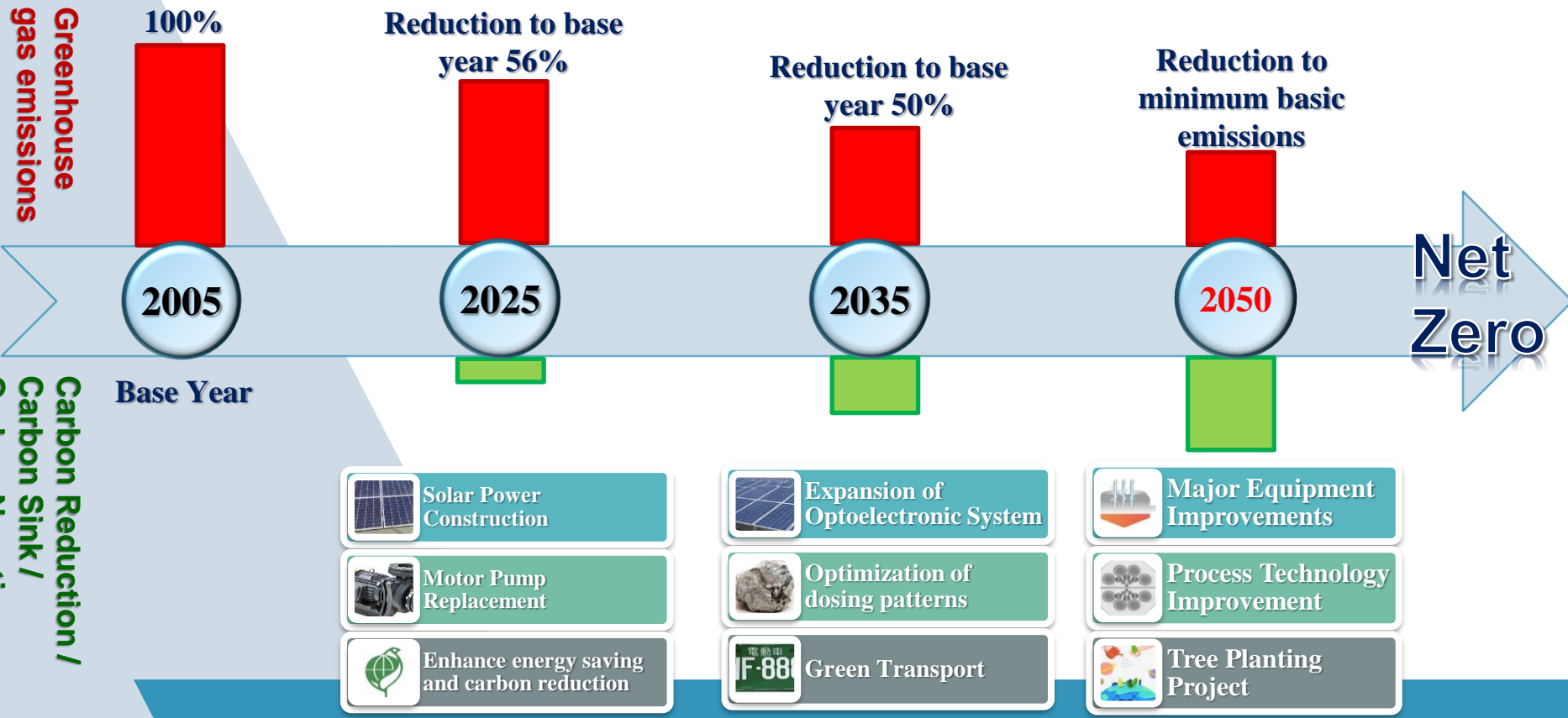


Total emissions reduction of 19,187 tons/year

Percentage of sources of greenhouse gas emissions (2020)



Net Zero Carbon Emission Roadmap



Waste Resource Recovery

- Over 99% of the company's business waste generated in the past 2021 years has been recycled, with a total of 90,000 tons reused.

Properties of waste	Name	Volume of Waste (tons)	Treatment Method	Final Disposal
Hazardous Industrial Waste (tons)	Dust	1,564.02	Recycling	Producing steel ingots and zinc oxide
	Sludge by electrolysis	69.52	Solidification	Buried
General Industrial Waste (tons)	Oil sludge	428.82	Physical treatment	Pelletizing for solid derived fuels
	Waste lubricating oil	187.72	Reuse	Producing secondary fuel oil
	Oxidizing slag	14,783.14	Reuse	Producing CLSM
	Reducing slag	61,994.72	Reuse	Producing CLSM
	Waste refractory material	1,679.065	Physical treatment	Return furnace, Producing CLSM
	General waste	207.56	Incineration	Bottom slag as CLSM doped material
	Plastic waste	11.14	Reuse	Recycled plastic product
	Inorganic sludge	10,844.76	Reuse	Producing CLSM
	Waste wire and cable	3.3	Physical treatment	Recycling copper wire
	Waste wood pallet	5.21	Incineration	Bottom slag as CLSM doped material
Total amount of waste reported: 91,778.975 tons				

Reducing slag stabilization equipment

Since the amendment of the "Ministry of Economic Affairs Management Regulations on the Recycling of Industrial Waste" in 2016, the Company has designed and built the first stabilization equipment in the country to stabilize slag reduction with steam, and the temporary stock of slag has been reduced from a maximum of 130,000 tons in 2018 to about 20,000 tons so far, the industry takes pride in the reuse effect.



End of Presentation
Thank you !

TANG ENG IRON WORKS CO., LTD.

