

Ticker Symbol : 2006



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

2017 Investor Conference

Dec.20,2017

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- For the convenience of readers, this presentation has been translated into English from the 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, the Chinese-language presentation shall prevail.

Agenda

1. Corporate Profile

2. FINANCIAL PERFORMANCE

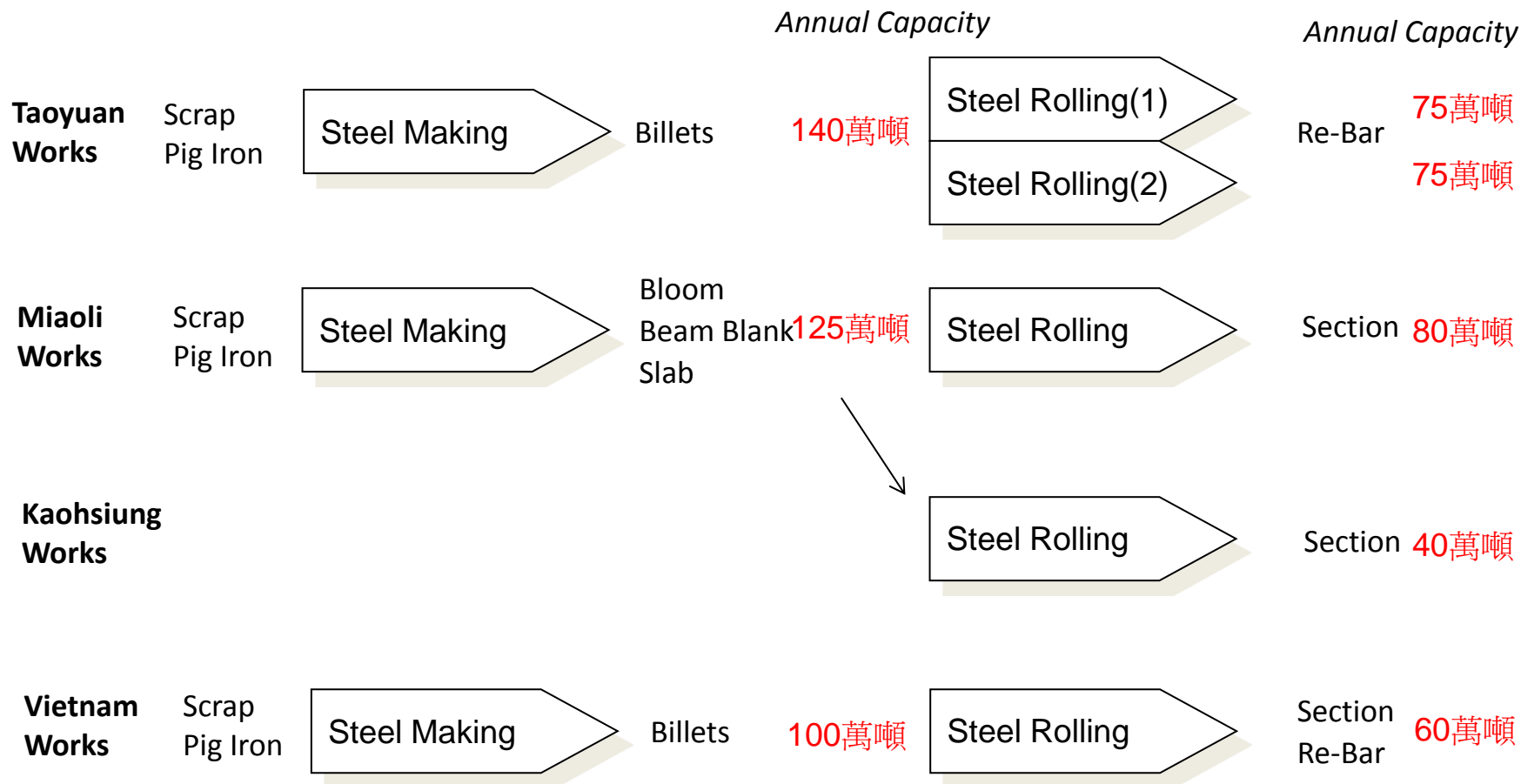
3. Key Messages

4. Q&A

Corporate Profile

- **Date of incorporation : May 30, 1962**
- **Date of IPO : July 13, 1988**
- **Issued common stock : 1,000,224 thousand shares**
- **Number of employees : 1,603**
- **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



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Consolidated Statements of Comprehensive Income

For the nine months ended Sep. 30

	2017	2016	年變化
(Expressed in Millions of New Taiwan Dollars)			
Operating revenue,net	22,531.84	19,030.61	118.40%
Operating costs	(19,842.18)	(16,770.00)	118.32%
Gross profit,net	2,689.66	2,260.61	118.98%
Operating expenses,net	(1,466.41)	(1,051.89)	139.41%
Operating profits	1,223.25	1,208.72	101.20%
Non operating income and expenses	119.18	138.84	85.84%
Income tax expense	(179.98)	(152.34)	118.14%
Net income	1,162.45	1,195.22	97.26%
attributable to owners of parent	1,171.72	1,199.02	97.72%
Non controlling interests	(9.27)	(3.80)	243.95%
Earnings per share	1.17	1.2	
Gross profit ratio (%)	11.94%	11.89%	
Operating profit ratio (%)	5.43%	6.35%	
Net profit ratio (%)	5.16%	6.28%	

Consolidated Balance Sheets

(Expressed in Millions of New Taiwan Dollars)	2017.9.30		2016.12.31		2016.9.30	
	金額	%	金額	%	金額	%
Current assets	13,939.24	35%	12,504.48	34%	12,989.45	36%
Cash and Current financial assets	1,030.30	3%	2,275.27	6%	1,960.38	6%
Receivable, net	4,192.93	10%	3,612.34	10%	4,024.82	11%
Inventory	7,903.69	20%	6,325.52	17%	6,643.03	18%
other current assets	812.32	2%	291.35	1%	361.22	1%
Non current assets	26,259.21	65%	24,096.84	66%	23,546.33	64%
Real properties, plants and devices	20,419.18	51%	17,888.51	49%	16,644.45	45%
other non current assets	5,840.03	14%	6,208.33	17%	6,901.88	19%
Total assets	40,198.44	100%	36,601.31	100%	36,535.78	100%
Current liabilities	12,719.37	32%	8,611.62	24%	9,358.61	26%
Short term loans	8,371.66	21%	4,469.93	12%	3,035.95	8%
other current liabilities	4,347.71	11%	4,141.69	12%	6,322.66	18%
Non-current liabilities	3,931.22	10%	4,436.84	12%	3,760.60	10%
Total liabilities	16,650.59	41%	13,048.46	36%	13,119.21	36%
Total equity	23,547.85	59%	23,552.85	64%	23,416.57	64%

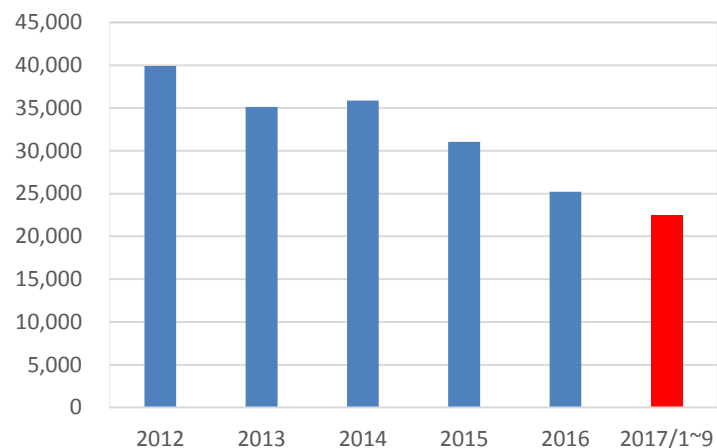
Consolidated Statements of Cash Flows

(Expressed in Millions of New Taiwan Dollars)	For the nine months ended Sep. 30	
	2017	2016
Cash at beginning of period	2,088.48	3,993.89
Cash flows from operating activities	(356.53)	1,849.12
Cash flows from investing activities	(3,166.95)	(2,137.76)
Cash flows from financing activities	2,103.93	(1,877.32)
Effect of exchange rate changes	174.23	(41.54)
Cash at beginning of period	843.16	1,786.39
Free Cash flows	(3,523.48)	(288.64)
Cash dividends paid	1,297.69	1,098.04

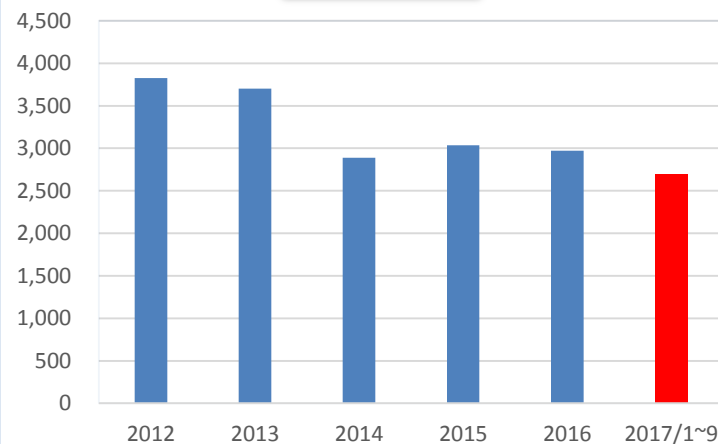
(NT\$Millions)

Historical Operating Results

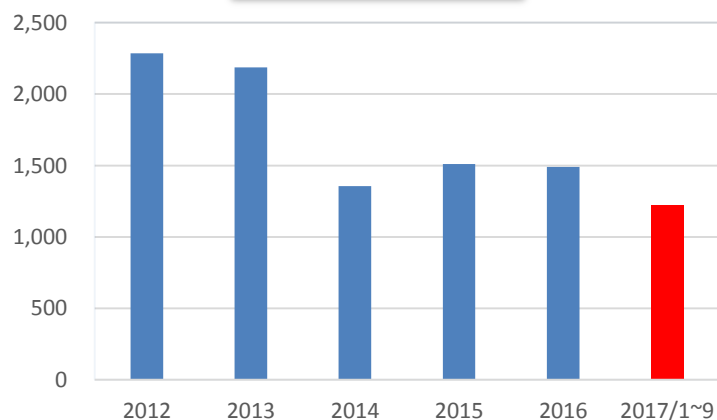
Operating revenue



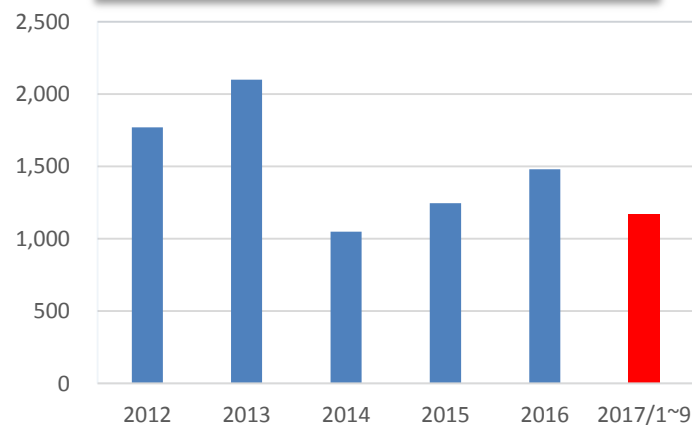
Gross profit



Operating income

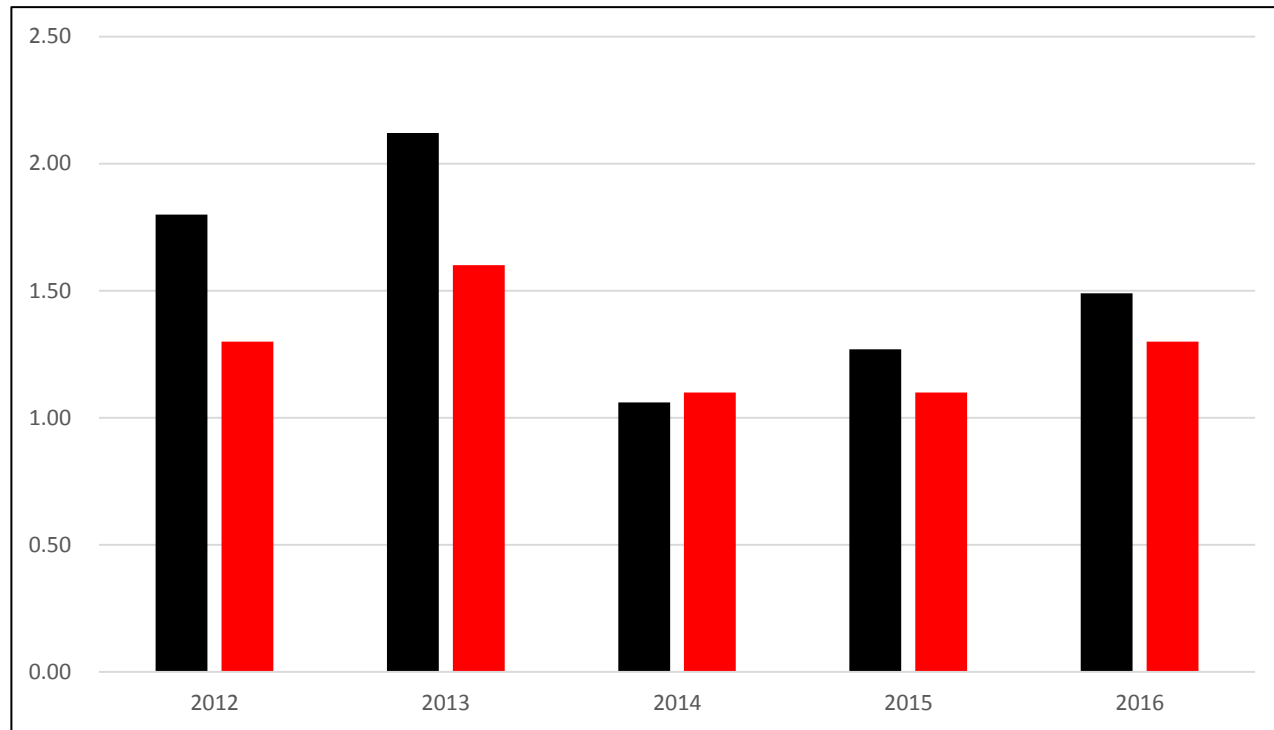


Net income attributable to owners of parent



Historical Dividend

(NT\$)



■ Earnings per share ■ Dividend per share

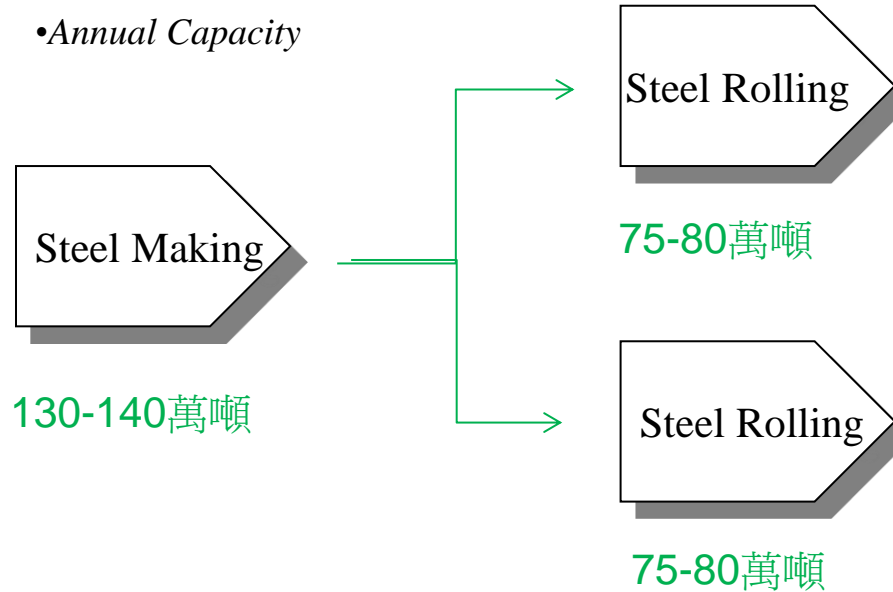
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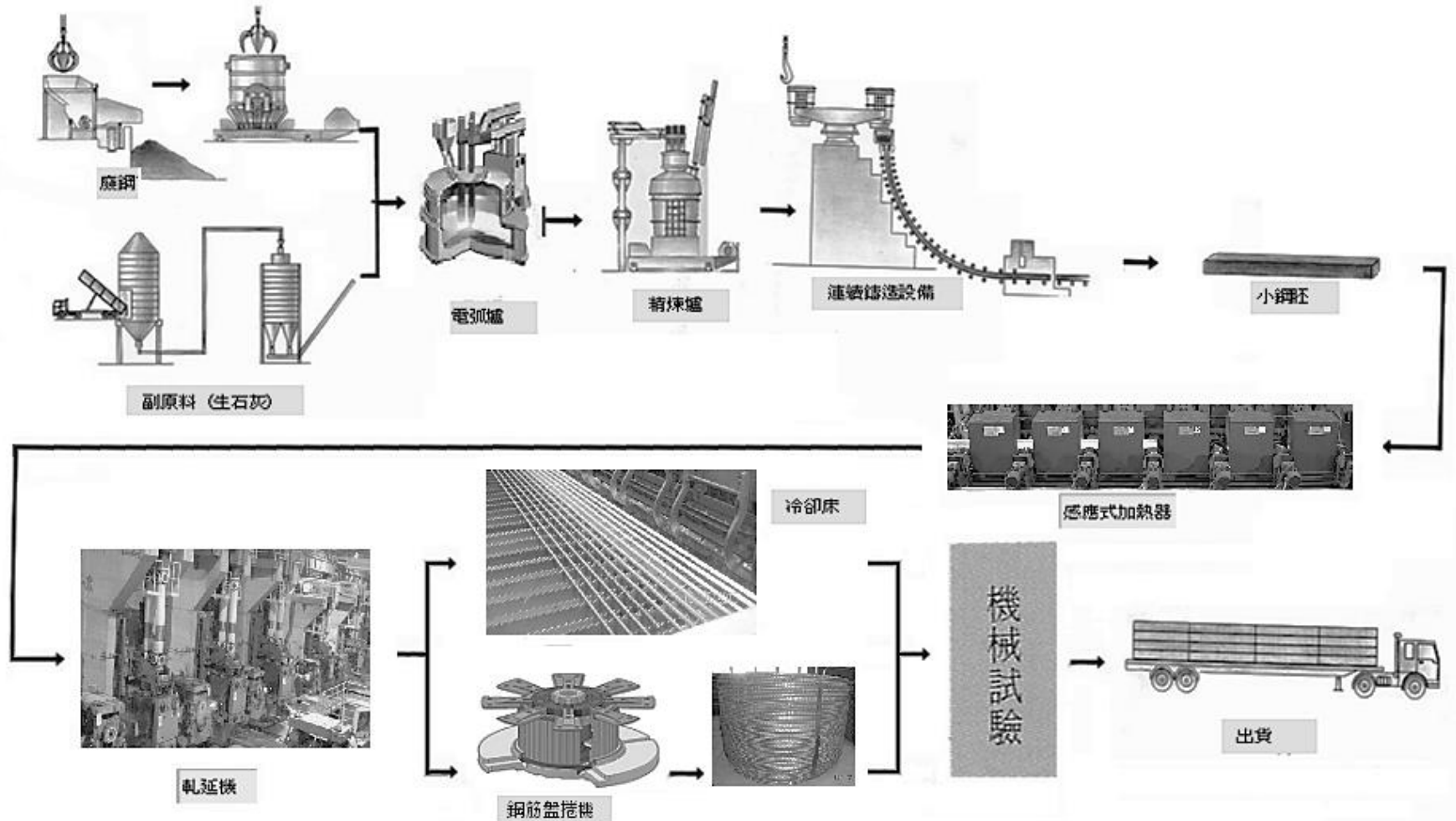
Key Messages

- 1. The second production line put into production**
- 2. Construction of THSVC rolling mill**
- 3. Issue of the domestic convertible bond**
- 4. 中國環境保護議題帶動鋼材漲價**

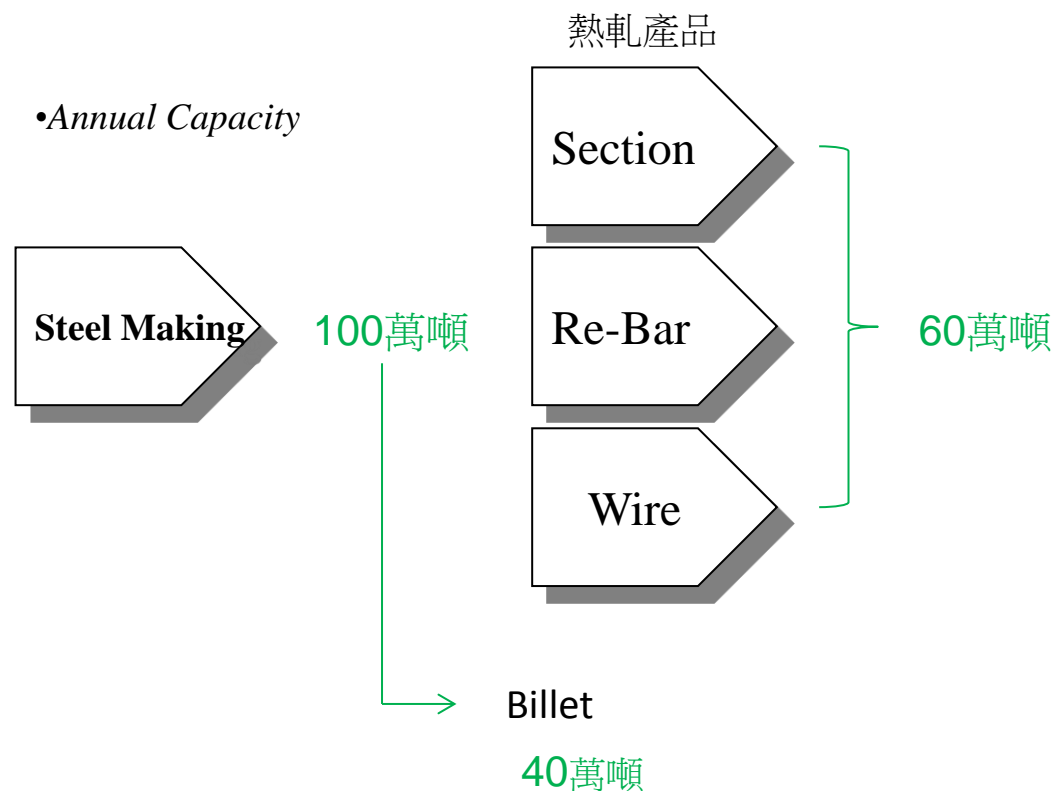
The second production line put into production

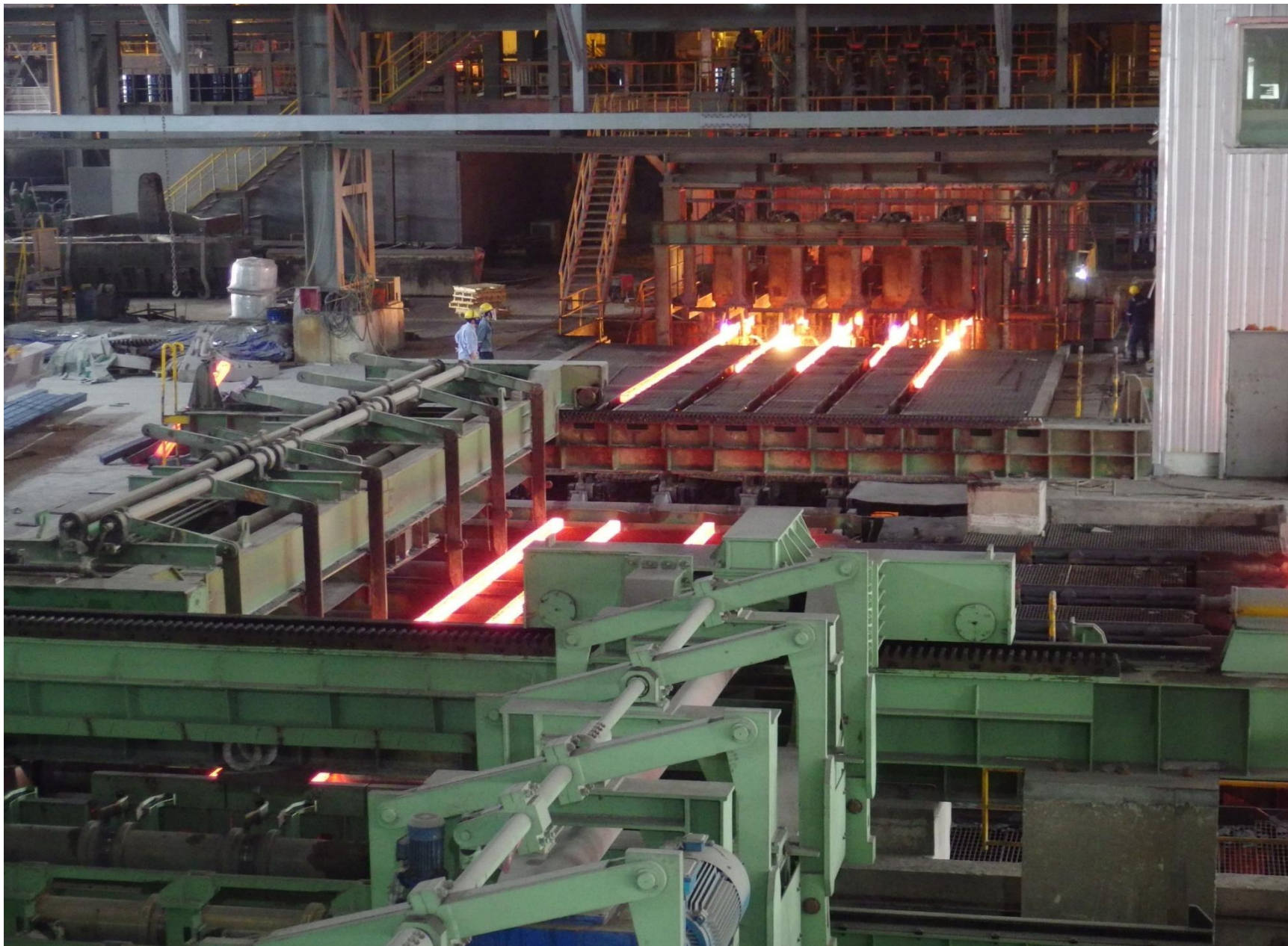


Manufacturing Flow of Taoyuan Works



Construction of THSVC rolling mill











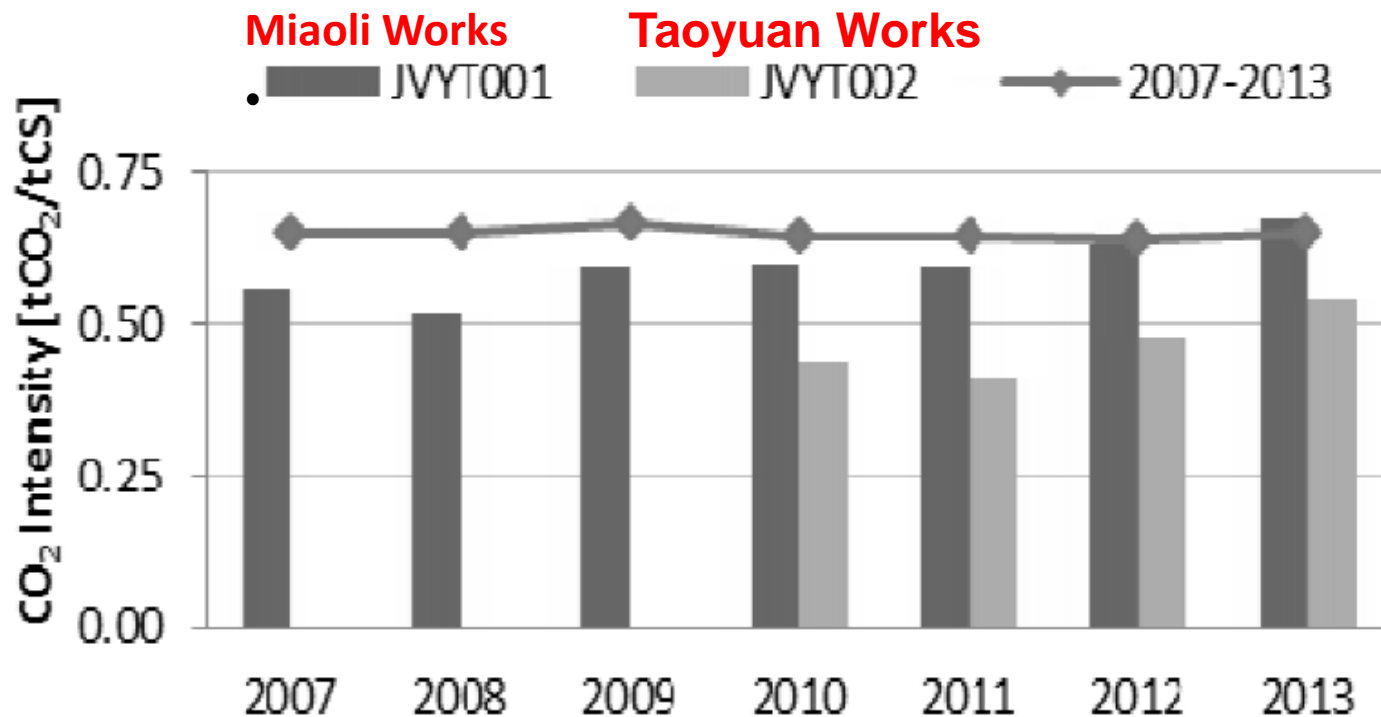
Issue of the domestic convertible bond

- In order to finance our bank loan, Resolution by the board of directors to carry out issue of the 7th domestic convertible bond. Face value of each domestic convertible NT\$100,000 Issue rate : 0%. Issue period : 5 years. According to the face value of 100%~100.50% of the issuance. The ceiling is NT 2,512,500,000 .
- This financing plan is expected to repay NT\$2,500,000,000 in bank loans by the 1th quarter of 2018. Based on the actual interests stipulated in the loan contract, this move can save interest expenses in 2017 and the following years ,thereafter in addition to being able to improve the financial structure.

(WSA)CO₂ Report

7 years trend of CO₂ intensity for EAF route

- 2007-2013: Collection of the sites submitted 7 years data (47 sites)





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www.tunghosteel.com