



CHIH LIEN INDUSTRIAL CO., LTD.



Investor Conference

2023.12.20





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Agenda

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— 、 Company Overview

Factory Introduction



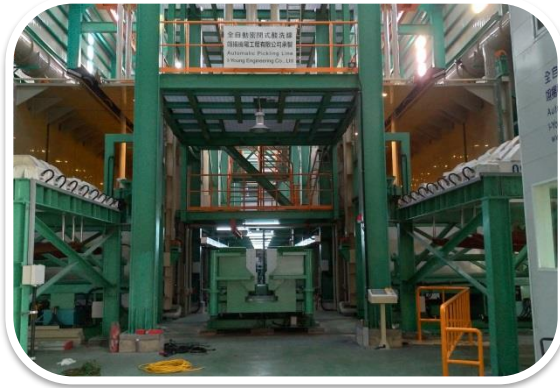
CHIH LIEN



ADMINISTRATION BUILDING



AUTO PICKLING PLANT (I)



AUTO PICKLING PLANT (II)



STEEL WIRE PLANT



STEEL BAR PLANT



(一) 、 Company Overview

Founded

- September , 1973 . Founder : Mr. Hsieh Ren-Ho
- Chairman of the Board : Mr. PAN,CHUNG-LIANG
- Capital : NTD 975 Million

Company Location

- 480,Chung Shing Road, Shin Wu District, Tao Yuan City, Taiwan (327-49)

Factory Location

- 480,Chung Shing Road, Shin Wu District, Tao Yuan City, Taiwan (327-49)
- Factory Area : 68,746 square meters

Main Products

- Steel Wire 、 Steel Bar

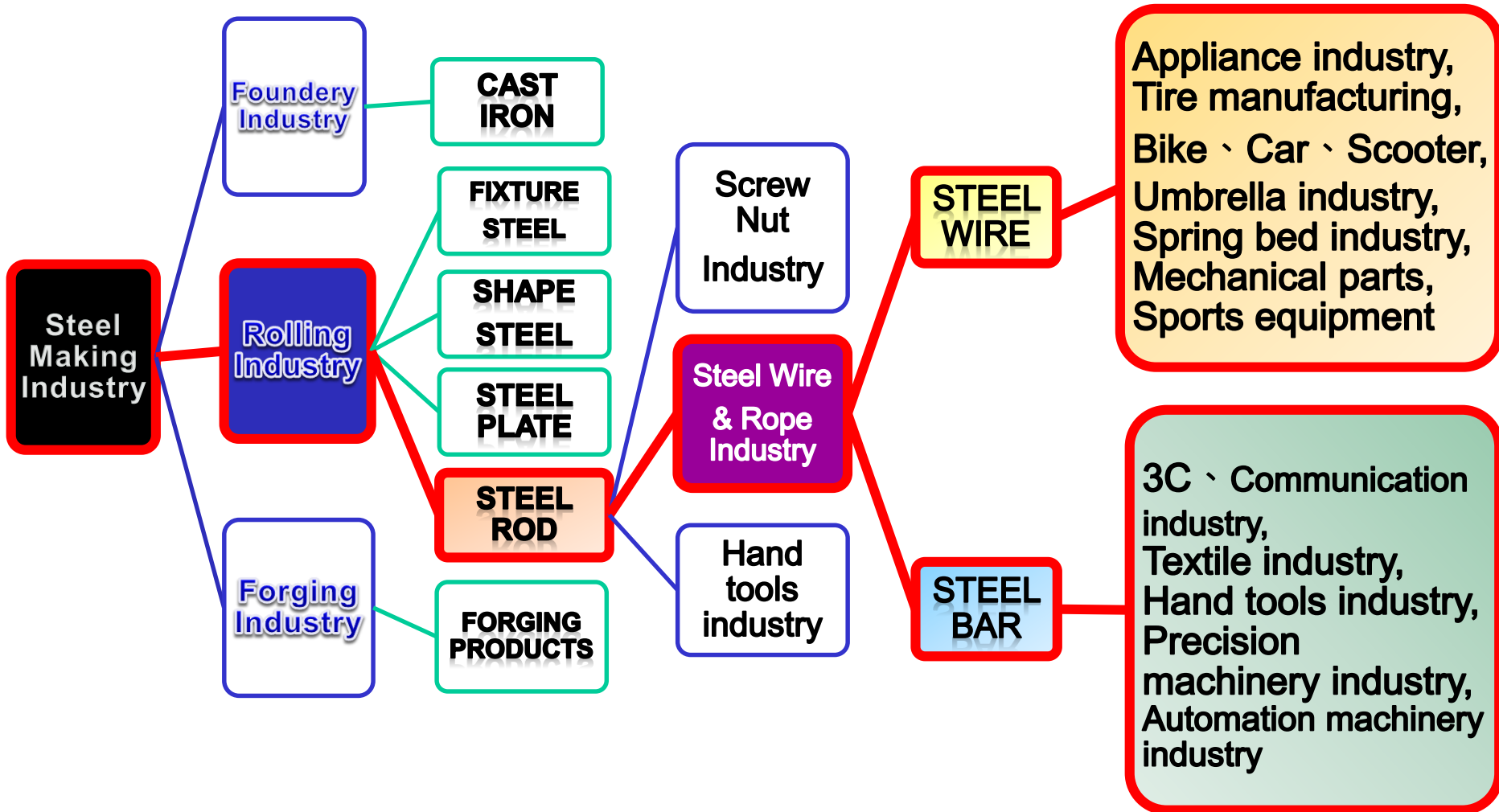
Employees

- 1 56 (2023.11.30)

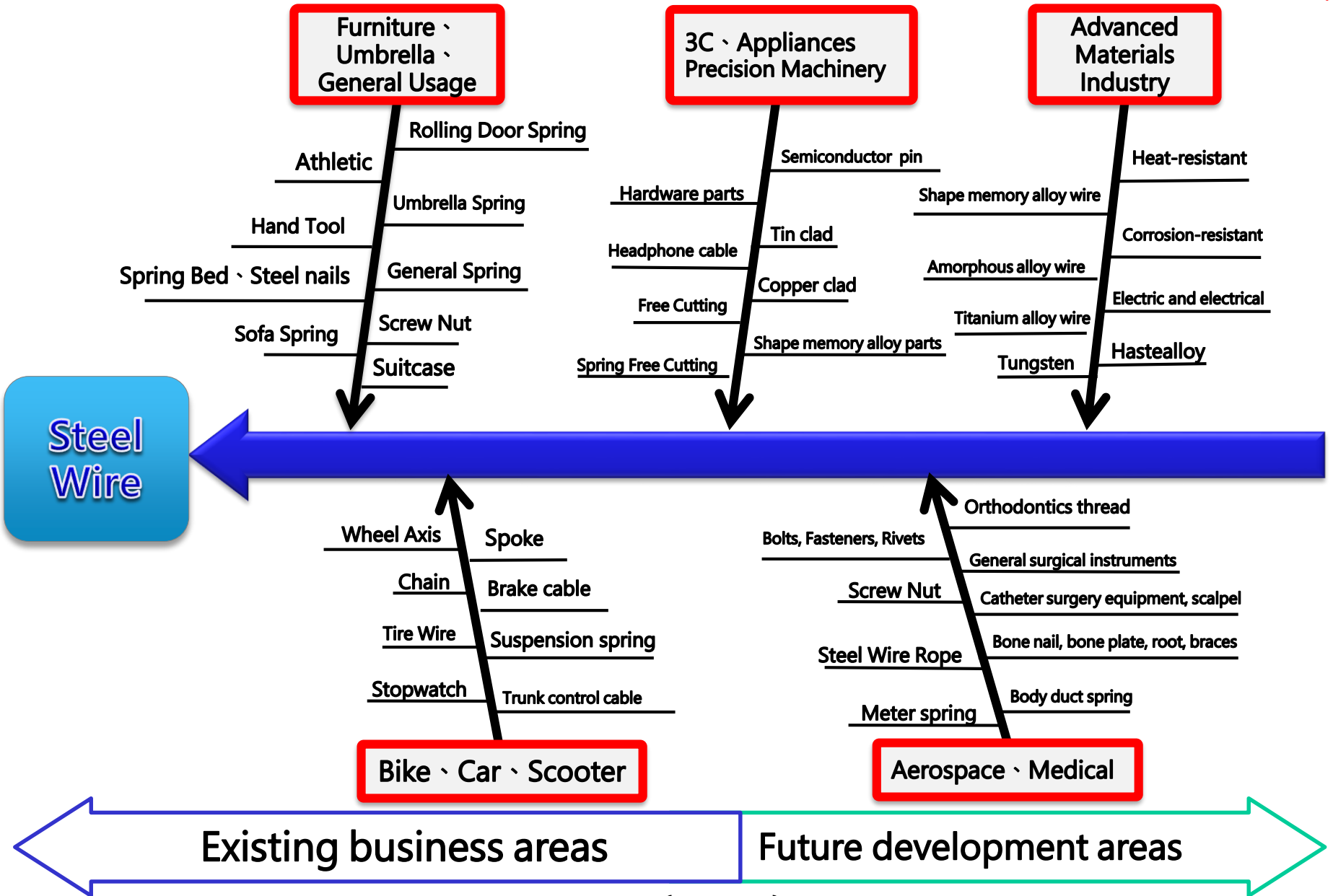
(二) Industries Related Map

Upstream

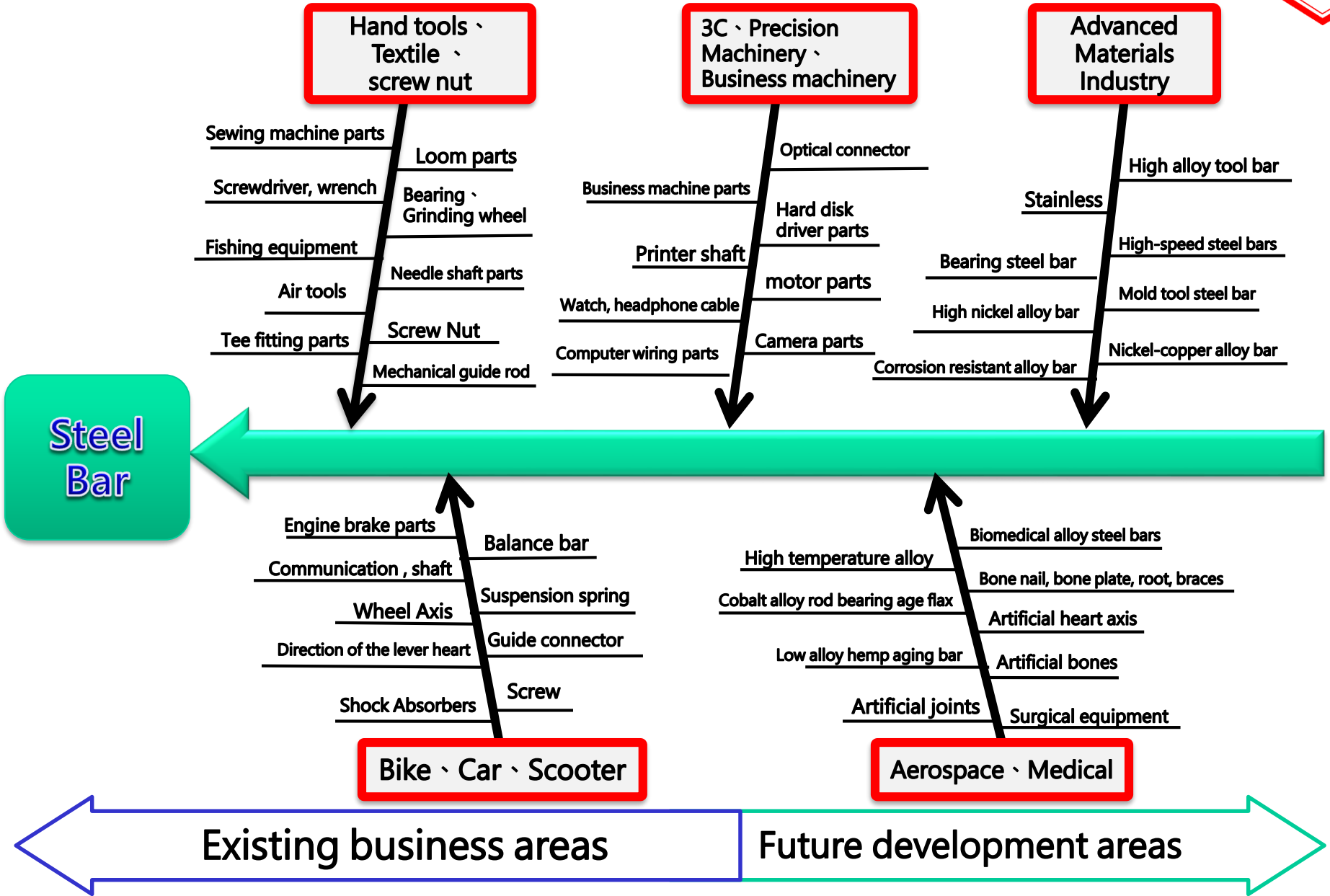
Secondary processing



(三) 、 Product Use - Steel Wire



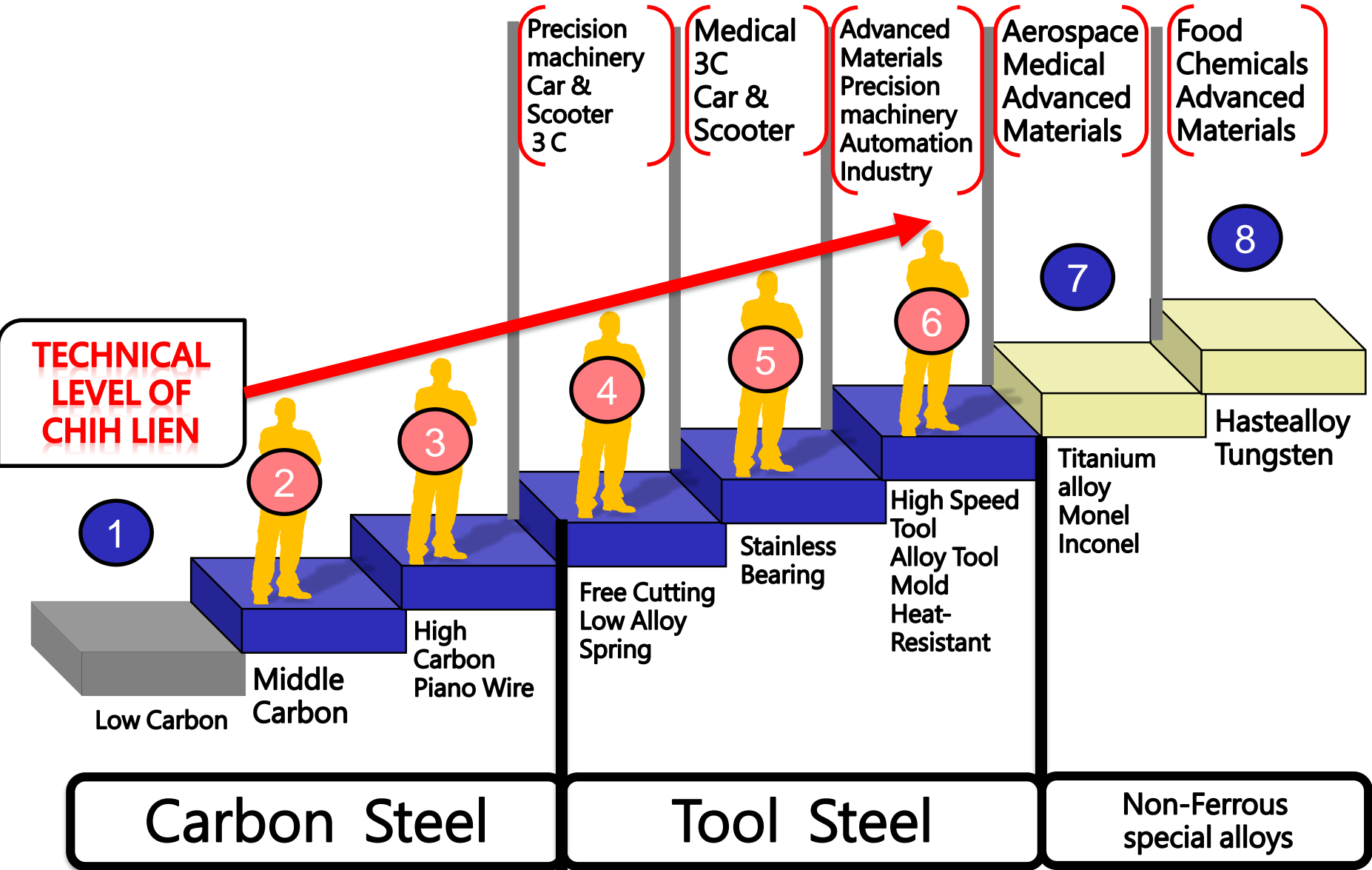
(四) 、 Product Use - Steel Bar



(五) · Production Technology Positioning



Metal plastic deformation technology ladder diagram



(六) 、 Industry Product Differentiation



	Company	CHIH LIEN	Company A	Company B	Company C
Carbon steel	LOW CARBON STEEL		●	●	●
	MIDLE CARBON STEEL	★	●	●	●
	HIGH CARBON STEEL	★			●
	SPHEROIDIZE	★		●	●
	ANNEALING	★		●	●
Tool Steel	FREE CUTTING STEEL	★	●	●	●
	SPRING STEEL	★		●	
	BEARING STEEL	★			
	HEAT-RESISTANT STEEL	★			
	ALLOY STEEL	★		●	
	STAINLESS STEEL	★		●	



二、Sales Analysis



(一) Product Sales Statistics

Year Product	2021		2022		2023 (Q1-Q3)	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Steel Wire	8,806	331,680	6,434	278,734	4,538	188,742
Steel Bar	25,447	1,097,579	16,347	807,824	9,601	434,855
Other	666	20,869	487	21,895	334	13,161
OEM	12,449	76,323	9,221	60,144	4,433	27,512
TOTAL	47,368	1,526,451	32,489	1,168,597	18,906	664,270

(二) Sales Proportion & Regional Distribution



Area		2021		2022		2023(Q1-Q3)	
		Amount	%	Amount	%	Amount	%
Export Sales	Southeast Asia	191,918	12.57%	203,753	17.43%	142,063	21.39%
	Northeast Asia	39,013	2.56%	30,939	2.65%	17,630	2.65%
	China & Hongkong	191,935	12.57%	200,150	17.13%	92,307	13.90%
	Other	2,551	0.17%	2,215	0.19%	2,027	0.30%
Subtotal Export Sales		425,417	27.87%	437,057	37.40%	254,027	38.24%
Subtotal Domestic Sales		1,101,034	72.13%	731,540	62.60%	410,243	61.76%
TOTAL		1,526,451	100%	1,168,597	100%	664,270	100%

(三) 、 Industry Overview

1. Status and Development of Industry

- At the beginning of the year, the market's economic recovery was not as expected, and the weakening purchasing power in the middle and downstream markets due to inflation. As a result, the steel market showed a significant decline throughout 2023. However, by the third quarter of 2023, there were signs of stabilization in the steel market. Moreover, China Steel Corporation said that as inflation eased toward the end of 2023, the cycle of interest rate hikes would come to a halt. International steel demand has also shown signs of improvement. Additionally, major steel mills anticipate price increases next year, indicating a steady upward trend in the steel market in the future.

2. Industrial Characteristic

- Upstream and downstream industries have a high level of relevance、 Low product substitution、 Long life cycle

3. Product trend

- Straightness 、 Surface Smoothness、 Environment

4. Competition

- The major competitor in domestic : Camellia Metal、 Song Ho、 Chia Ta World

≡ 、 Business focus and operation strategy

(一)

Improvement of production equipment

- 1.Entering the automotive fasteners market.
- 2.Pickling equipment replacement · Upgrade more advanced and environmentally automatic pickling equipment.

(二)

Important marketing policy

- 1.Expanding export and direct customer proportion.
- 2.Increasing the width and depth of steel wire products.

(三)

Future development strategy

- 1. Purchasing new type steel bar equipment · Developing of new products.
- 2.To set up factories or business offices in Southeast Asia countries.



四、Operating Performance

四、Operating Performance

Unit : NT \$ thousand



Item	Comprehensive Income Statement (IFRSs)					
	2018	2019	2020	2021	2022	2023(Q1-Q3)
Net Sales	1,447,927	1,235,991	1,184,430	1,526,451	1,168,598	664,270
Gross Profit	182,917	103,339	100,353	263,248	135,983	10,081
Profit Ratio	12.63%	8.36%	8.47%	17.25%	11.64%	1.52%
Operating Expenses	81,564	67,678	64,016	80,814	73,222	48,754
Operating Profit(Losses)	101,353	35,661	36,337	182,434	62,761	(38,673)
Non-operating Income(Expenses)	(7,313)	(14,596)	(5,428)	(3,600)	(3,735)	304
Income before Income Tax	94,040	21,065	30,909	178,834	59,026	(38,369)
Income Tax	19,181	3,948	4,066	35,485	11,807	596
Net Income (Loss)	74,859	17,117	26,843	143,349	47,219	(38,965)
Other Comprehensive Gain (Loss)	(3,130)	1,511	941	(4,640)	8,325	-
Gain (Losses) for the period	71,729	18,628	27,784	138,709	55,544	(38,965)
EPS(NT\$)	0.77	0.18	0.28	1.47	0.48	(0.40)



五、Financial Status and Profitability Analysis

(一) Financial Status(Balance Sheet)

Unit : NT \$ thousand



Item	Balance Sheet (IFRSs)					
	2018	2019	2020	2021	2022	2023Q3
Current Assets	1,072,742	947,266	791,344	905,103	1,151,069	884,957
Non-Current Assets	1,227,122	1,183,760	1,131,888	1,102,046	1,062,920	1,018,852
Assets Total	2,299,864	2,131,026	1,923,232	2,007,149	2,213,989	1,903,809
Current Liability	856,410	776,695	629,603	697,950	974,181	393,175
Non-Current Liability	260,649	211,398	157,037	58,209	50,246	394,110
Liability Total	1,117,059	988,093	786,640	756,159	1,024,427	787,285
Equity Total	1,182,805	1,142,933	1,136,592	1,250,990	1,189,562	1,116,524
Liability & Equity Total	2,299,864	2,131,026	1,923,232	2,007,149	2,213,989	1,903,809
Current Ratio	125%	122%	126%	130%	118%	225%
Debt Ratio	49%	46%	40%	38%	46%	41%
Net cash flow from operating activities	52,159	144,057	185,809	206,939	(252,631)	200,947

(二) 、 Financial Ratio Analysis – Operating Capability



Item	2021	2022	2023 as of Sep 30
Receivables turnover (times)	6.07	7.27	4.56
The average days of Receivables	60	50	80
Payables turnover (times)	8.66	7.23	10.55
Inventory turnover (times)	3.17	1.63	1.31
Average sales days	115	224	279
Real estate, plant and equipment turnover (times)	1.39	1.10	0.88
Total asset turnover (times)	0.78	0.53	0.47

(三) Financial Ratio Analysis - Profitability



Item	2021	2022	2023 as of Sep 30
Return on Assets (%)	7.58	2.75	(1.81)
Return on Equity (%)	12.00	3.87	(4.51)
Pre-tax profit to paid-in capital ratio (%)	18.34	6.05	(3.94)
Net income ratio (%)	9.39	4.04	(5.87)
EPS(NT\$)	1.47	0.48	(0.40)



六、EPS & Dividend Distribution

EPS & Dividend Distribution



Unit : NT\$

Item	2018	2019	2020	2021	2022
EPS	0.77	0.18	0.28	1.47	0.48
Cash Dividend	0.60	0.35	0.25	1.20	0.35
Stock Dividend	0	0	0	0	0
Dividend Distribution Ratio	78%	194%	89%	82%	73%



The End

~ THANK YOU FOR YOUR ATTENTION ~