



彰源企業股份有限公司

FROCH ENTERPRISE CO., LTD.

2024

Institutional Investors Conference



Headquarters:

No. 122, Industrial Rd., Tou-Liu City, Yun-Lin
640, Taiwan (R.O.C.)



Tel:

05-5571668

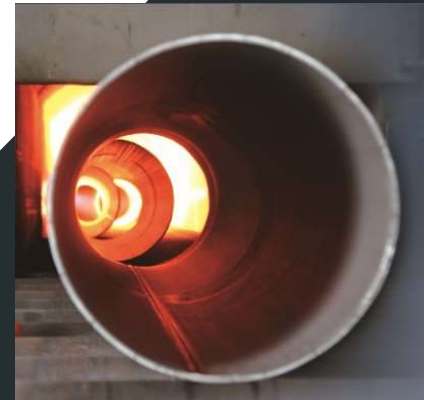


Website:

WWW.FROCH.COM

Disclaimer

- The predictive information provided in this presentation, including operation prospects, financial situations, and business predictions, is integrated from internal data and external economic development situations.
- The information in this presentation represents FROCH's knowledge of the future based on the data of the present time. It does not explicitly nor implicitly express or guarantee such information's accuracy or integrity or accountability. FROCH bears no responsibility for the updates or revisions of the information should any changes or adjustments be necessary in the future.
- The actual future outcome of the company in terms of operation results, financial situations, and business results may differ from the predictive information in this presentation. The reasons include, but are not limited to, The changes in market demand, regulatory policies, the integrated economic situations, and other risk factors that are not within the control of the company.



CONTENTS



Company Profile

Operational Briefing

Q&A

COMPANY PROFILE



History

Company
establishment
1984

Stock listing
1998

Century Nova Steel, Co.,Ltd. - CN
2003

Froch StainlessMorocco
2023

1991

2000

2014

The Securities Regulatory
Commission approved public
offering company

Froch Metal (Suzhou)Co., Ltd.

Froch Stainless Co., Ltd.- CN

COMPANY PROFILE

Capital amount : TWD28.05Millions

The Company is mainly specialized in the professional manufacturing and sales of stainless steel tubes and pipes and stainless steel sheets and coils.



CHINA PLANT

Located: Wuxi, Jiangsu

Land Size: **250,583M²**

Number of Employees: **300**

DOMESTIC: 100%

TAIWAN PLANT

Located: Tou-Liu City, Yun-Lin

Land Size: **211,389M²**

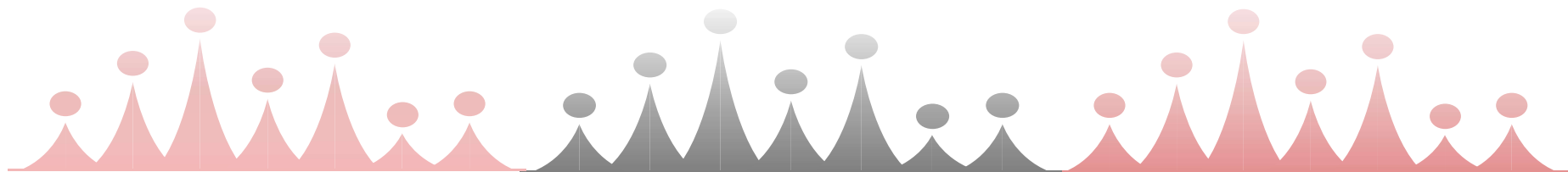
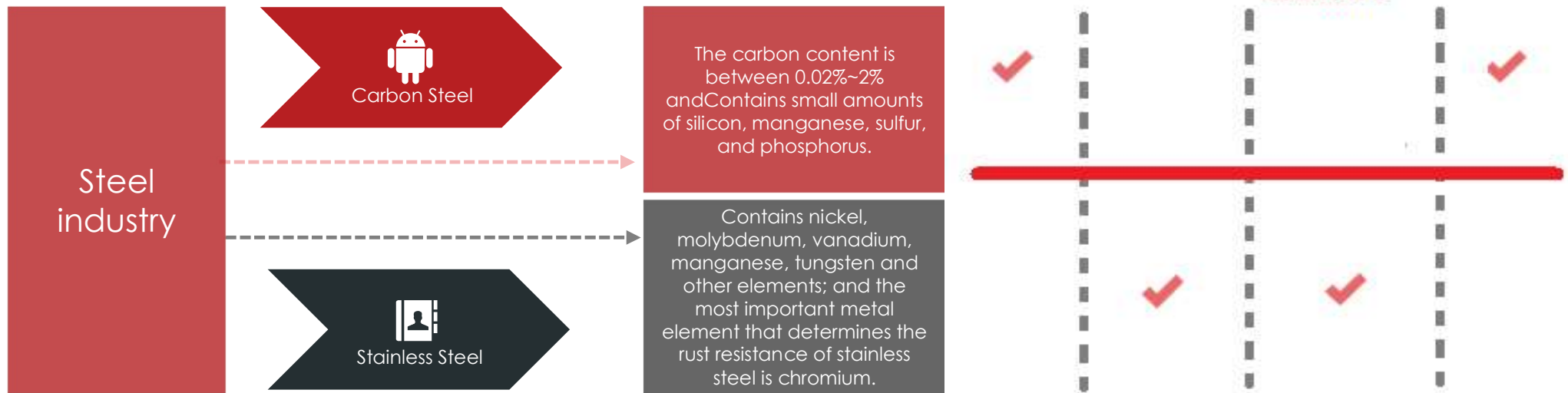
Number of Employees: **600**

DOMESTIC: 66%

IMPORTED: 34%

COMPANY PROFILE

Business Trends - Ingredients



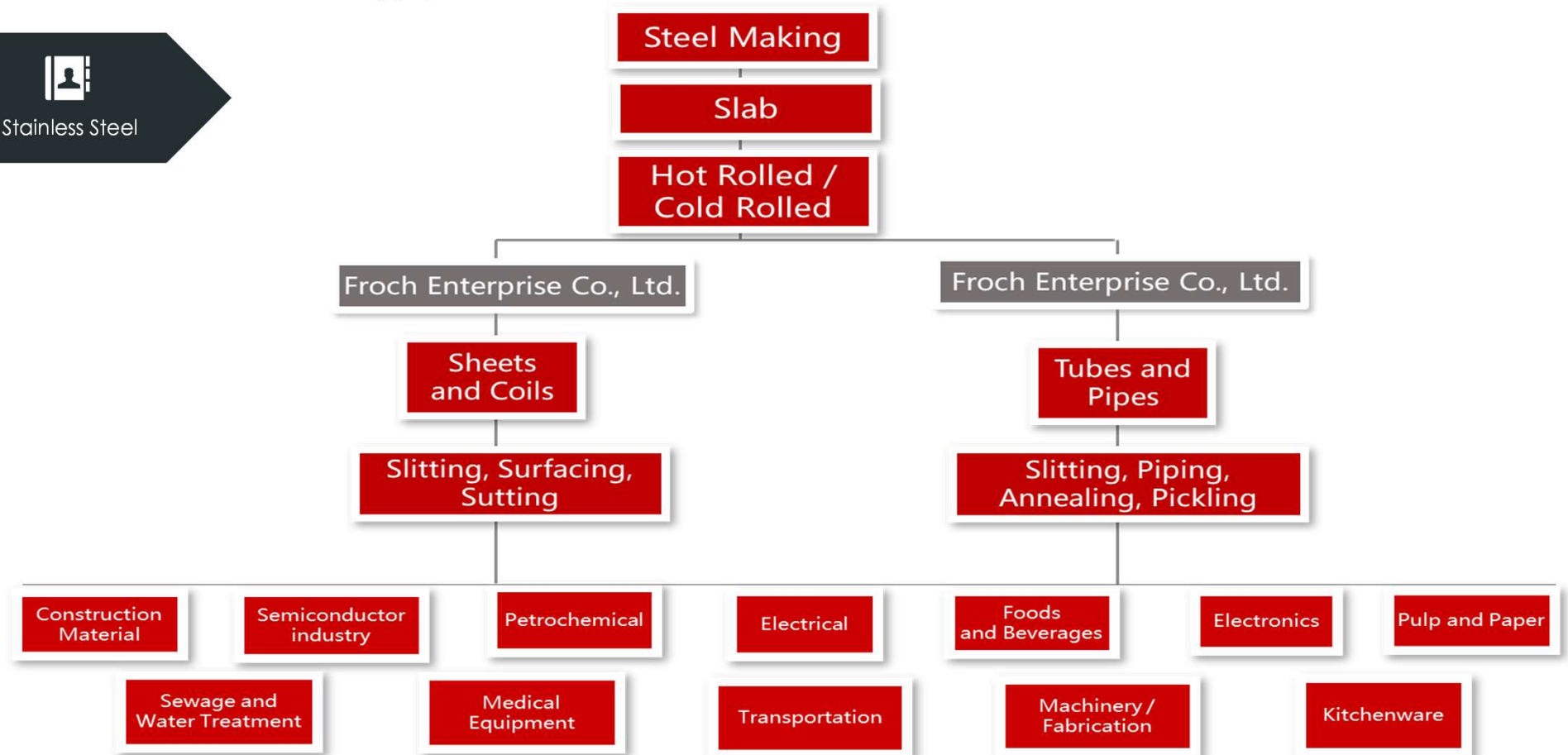
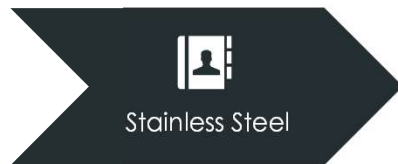
COMPANY PROFILE

Business Trends-Material

編號	201	204	304	316	430
Chromium Anti-Rust	18%	18%	18%	18%	18%
Nickel Anti-Acid and Alkali	3.50%	2%	8%	10%	0%
Manganese Ductility	5.50%	8%	2%	2%	1%
Molybdenum Hardness and Corrosion Resistant	0%	0%	0%	2.50%	0%
Corrosion Resistant	★★★	★★★	★★★★	★★★★★	★★★
Hardness	★★★★	★★★★	★★★★★	★★★★★☆	★★★★
Characteristic	Rust Industrial Grade	Rust Industrial Grade	Wide Range of Uses & Food Grade	Expensive & Medical Grade	Magnetic

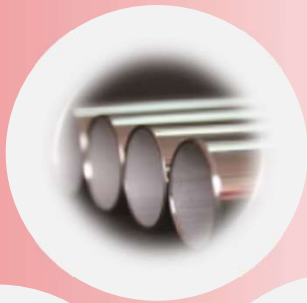
COMPANY PROFILE

Business Trends - Supply Chain



COMPANY PROFILE

Main Products



INDUSTRIAL PIPES

High temperature resistance
Anti-corrosion
Pressure Resistant



MECHANICAL TUBES

Bright and Shiny Surface
Round, Square, and Rectangular in Shape
Broad Product Applications



STAINLESS STEEL



Operational Briefing « industry trend »



American wealth effect
Consumer spending/economic growth is relatively flat



Eurozone inflation slows/interest rates cut
The economy is expected to bottom out and rebound

China's economic decoupling/weak consumption
Economic outlook is weak



Japan's negative growth
Rising interest rates + appreciation of the yen = reduced exports
Economic vitality is less than ideal



Source: Mega International Commercial Bank 20240229 "2023 International Economic Review and 2024 Outlook"

Operational Briefing

« industry trend »

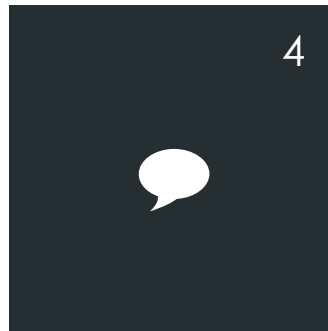
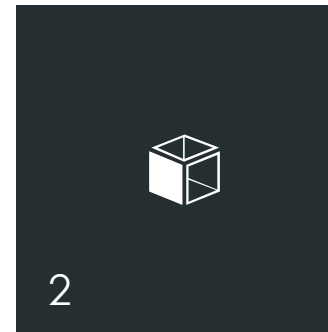
- In 2022

The Russian-Ukrainian war breaks out → sanctions are imposed

Global inflation surges → strong interest rate hikes

The epidemic limits container transportation capacity → repeated orders due to demand → high inventory

- In Q4 of 2023 and 2024,
Federal Reserve cuts interest rates → helps economic development
Taiwan's economic development → can also benefit from



- In 2023

Mainland China Unlocks+European and American Bank Credit Crisis+China's large real estate companies have experienced debt defaults in a series → "Strong supply and weak demand attack from both sides"+ Frequent geopolitical risks → Delay in recovery of steel market

- In 2013,

Inflation paused + interest rate hikes stopped → Economic recovery is not obvious

Stainless steel industry:

Global end market demand is weak

Mainland China's economic recovery is not as good as expected → The outlook for the third season is unclear.

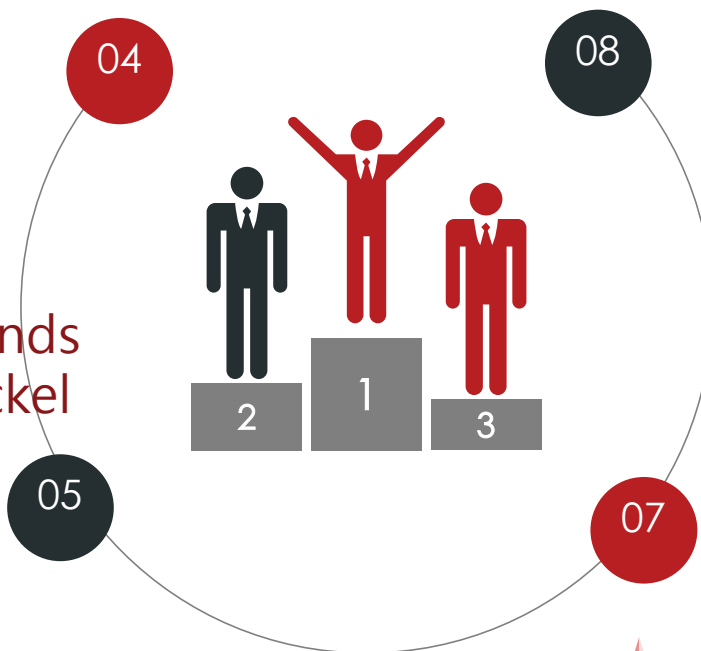
Operational Briefing

« industry trend »

Expand sanctions on Russia
Metal supply tight

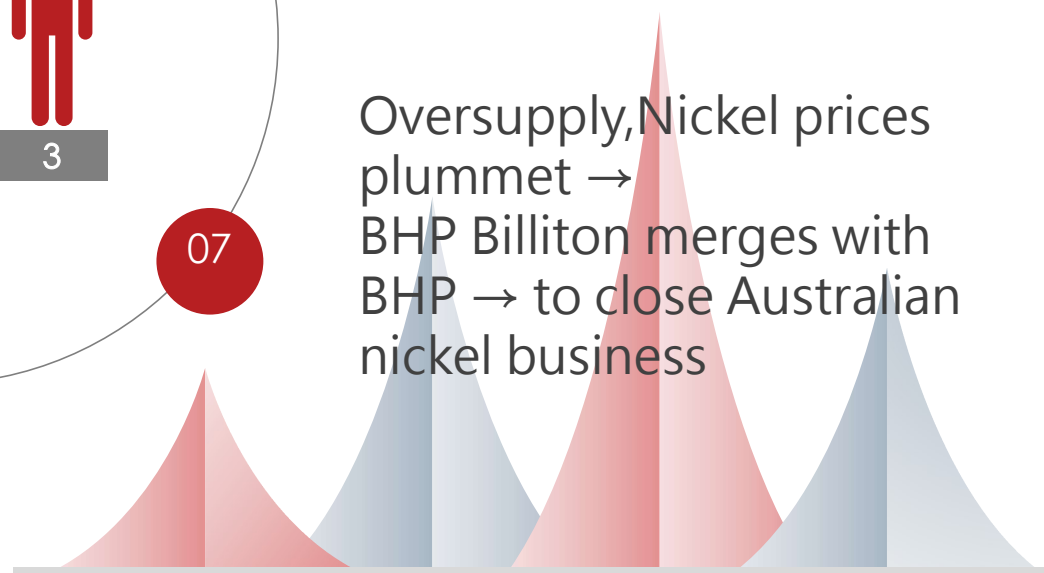
Major riots broke out in New
Caledonia, French Pacific Islands
The world's third largest nickel
producer

Market worries about supply
chain disruptions



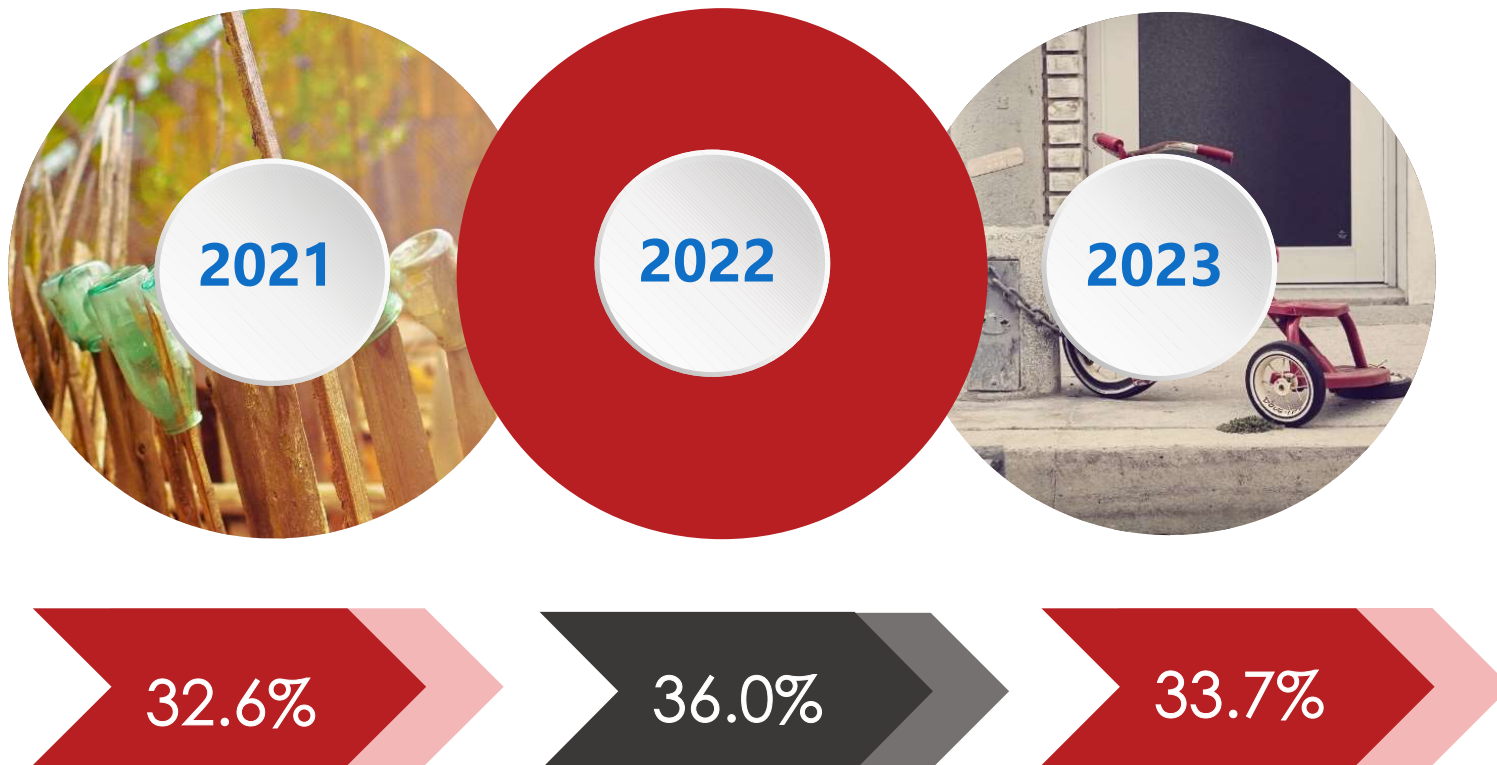
Oversupply + weak global
demand →
Delong Nickel filed for
bankruptcy reorganization.

Oversupply, Nickel prices
plummet →
BHP Billiton merges with
BHP → to close Australian
nickel business



Operational Briefing

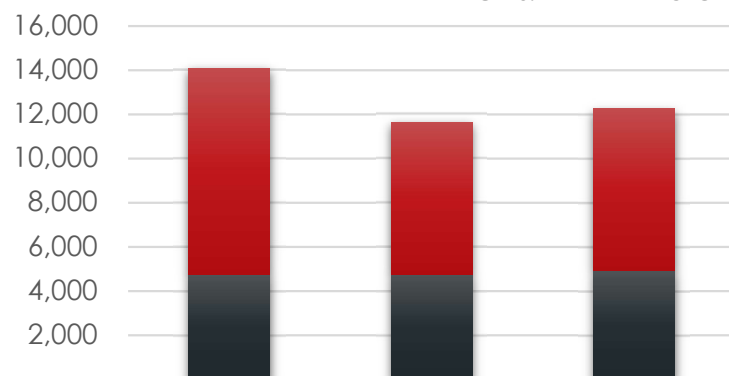
Stainless steel pipe export market share in Taiwan



Operational Briefing

Balance Sheets-Assets

Unit: TWD Millions



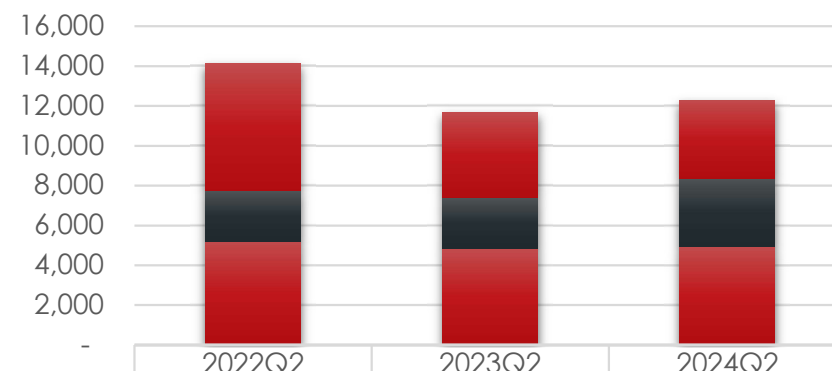
■ current assets
■ Non-current assets

Assets

2022Q2 Inventories 57 TWD Millions
2023Q2 Inventories 42 TWD Millions
2024Q2 Inventories 45 TWD Millions

Balance Sheets-Liabilities+Equity

Unit: TWD Millions

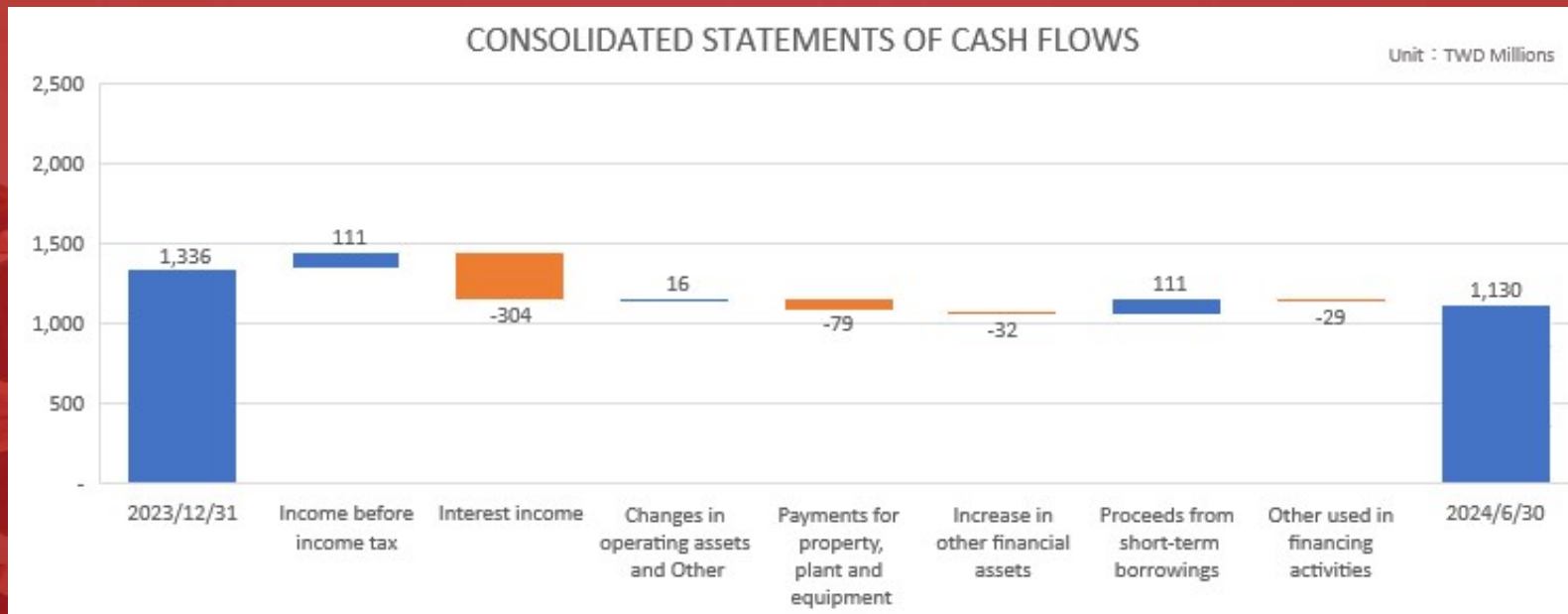


■ current liabilities
■ Non-current liabilities
■ Total Equity

Liabilities

2022Q2 Borrowings 65 TWD Millions
2023Q2 Borrowings 54 TWD Millions
2024Q2 Borrowings 60 TWD Millions

Operational Briefing



Outflow

Inventory: 304



Inflow

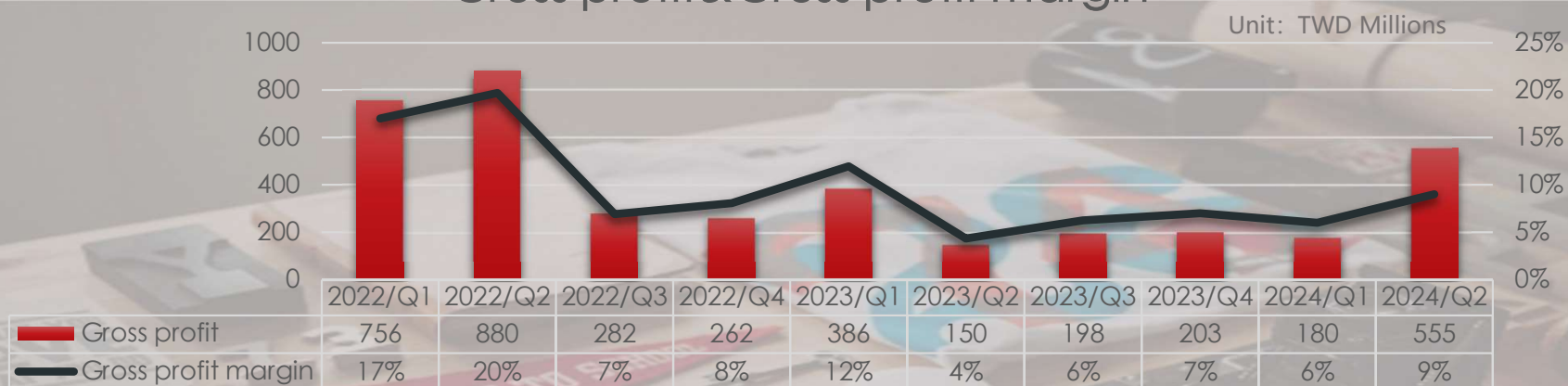
Short-term Borrowings:

111

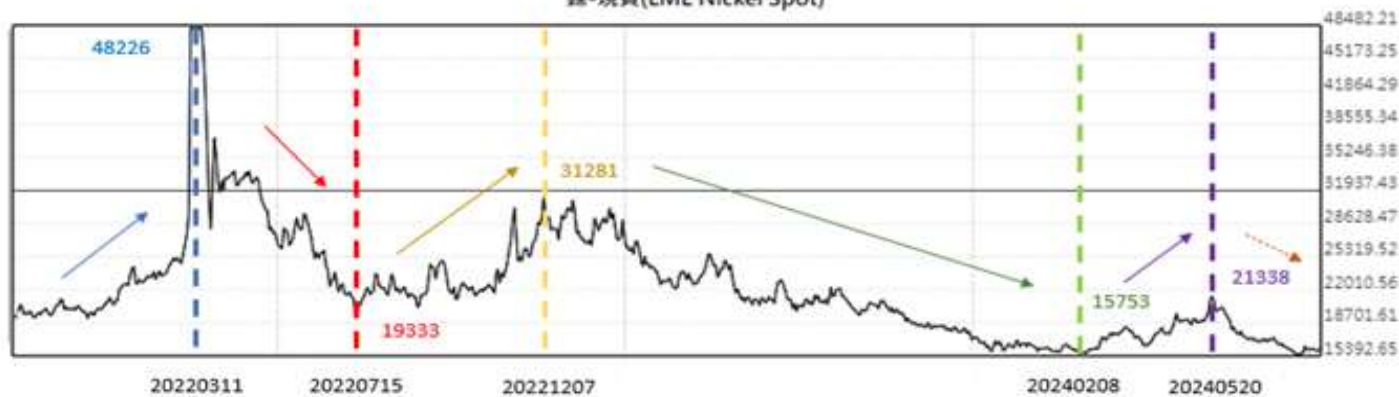


Operational Briefing

Gross profit&Gross profit margin



鎳-現貨(LME Nickel Spot)



Operational Briefing

Promote the implementation of sustainable development



Carbon emission related information

Taiwan									
Category	Category 1			Category 2			Category 3		
Project	Carbon Dioxide Emissions (CO2e Equivalent)	Production (metric tons)	Carbon dioxide intensity (CO2e equivalent/metric ton)	Carbon Dioxide Emissions (CO2e Equivalent)	Production (metric tons)	Carbon dioxide intensity (CO2e equivalent/metric ton)	Carbon Dioxide Emissions (CO2e Equivalent)	Production (metric tons)	Carbon dioxide intensity (CO2e equivalent/metric ton)
2022	6124	98241	0.0623	13090	98241	0.1332	74830	98241	0.7617
2023	4969	90666	0.0548	11932	90666	0.1316	337423	90666	3.7216



Energy related information

Area	2021of energy savings (electricity degree)	2022of energy savings (electricity degree)	2023of energy savings (electricity degree)
Taiwan	583764	252081	143637



Water resources related information

Area	use tap water	Use tap water/groundwater	Cooling water recycling	Sewage treatment equipment
Taiwan	V	V	None	V





Q&A

Rooting Humanity .Respecting Customer. Protecting Earth . Securing Life

Thank you