

大成不銹鋼工業股份有限公司

TA CHEN STAINLESS PIPE COMPANY LIMITED

法人說明會

Investor Conference

November 26th, 2024



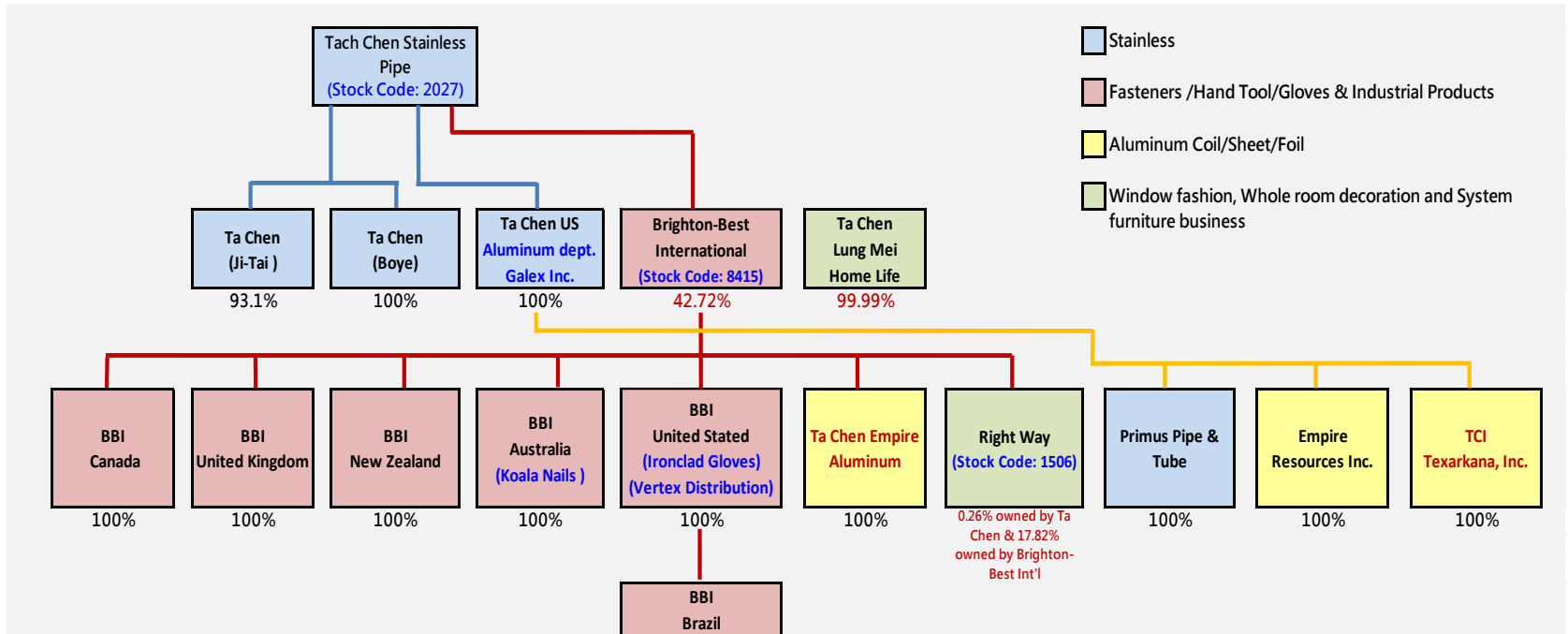
股票代號：2027

<http://www.tachen.com.tw>

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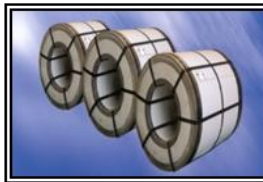
Ta Chen Group Organization Chart



Stainless Steel Valves



Stainless Steel Pipes



Stainless Steel Coils



Fasteners



Personal Protect Equipment



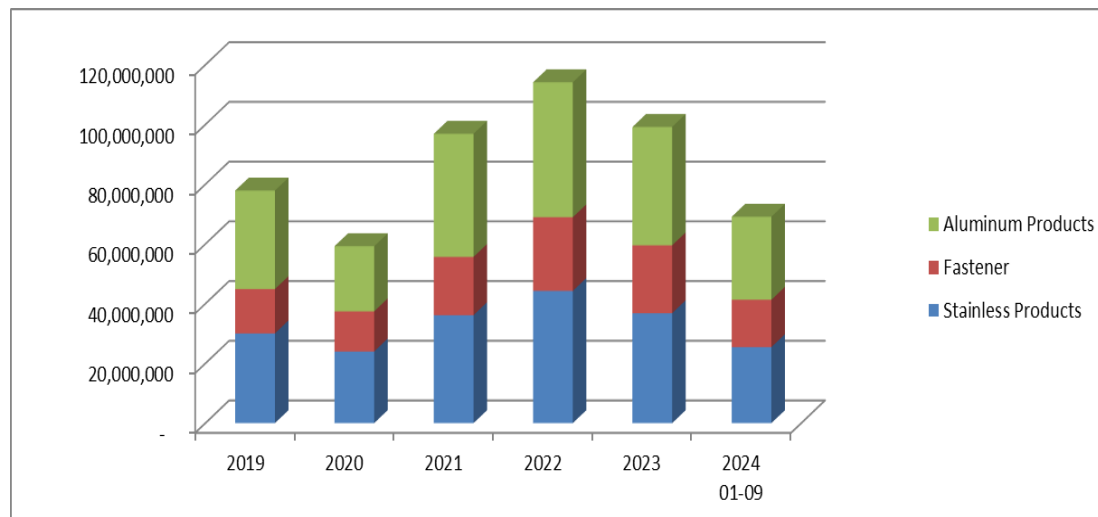
Aluminum Coils/Sheets

Choose a different direction from manufacturing, but develop E-commerce for 20 years

Proportion of revenue from various products

Unit : NTD 1,000

Item \ Year	2019		2020		2021		2022		2023		2023Q3		2024Q3		Difference	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Stainless Steel Products	30,056,072	39	24,006,829	41	36,155,259	37	44,283,475	39	38,898,547	38	30,194,032	38	25,480,744	37	(4,713,288)	(16)
Fastener	14,829,915	19	13,434,991	23	19,514,802	20	24,669,038	22	22,734,778	22	17,603,492	22	15,838,584	23	(1,764,908)	(10)
Aluminum Products	32,988,387	42	21,793,089	37	41,216,187	43	45,196,057	39	39,623,276	39	31,748,147	40	27,780,756	40	(3,967,391)	(12)
Total	77,874,374	100	59,234,909	100	96,886,248	100	114,148,570	100	101,256,601	100	79,545,671	100	69,100,084	100	(10,445,587)	(13)



Choose a different direction from manufacturing, but develop E-commerce for 20 years

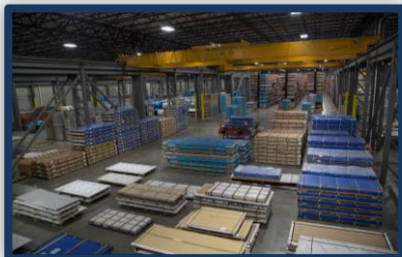
- **US-based Ta Chen International and Brighton-Best International** are respectively the North America's master distributor of commodity **stainless steel** and **aluminum** products and industrial **fastener** products.
- **2,000** employees, **32** locations in **20** states.



- **Founded by Mr. Robert Shieh in 1986** and generated about **\$3.7 billion** in revenues during the last twelve months.

Texarkana Aluminum in Texas

Primus Pipe & Tube in Florida



Tachen's value proposition in the metals supply chain

~Both suppliers and customers have operational scale,
but still use the services provided by Tachen~

Global Sourcing

Europe



ThyssenKrupp



U.S.



ATI



AK Steel



Asia



福建福欣特殊鋼有限公司
FUJIAN FUXIN SPECIAL STEEL CO., LTD



TISCO



BAOSTEEL

The major stainless steel mills in the U.S. and the world are all cooperative suppliers of Tachen.

Not only European stainless steel plants use Tachen as the exclusive agent for products sold to the United States, but local stainless steel plants in the United States also sell products through Tachen channels.

Asian stainless steel mills also maintain close cooperation with Tachen.

The top 50 service centers in the United States also choose to serve customers with Tachen's spot inventory; Tachen also provides value-added services between stainless steel mills and customers.

Local Service



2023 revenue is US\$15.2B



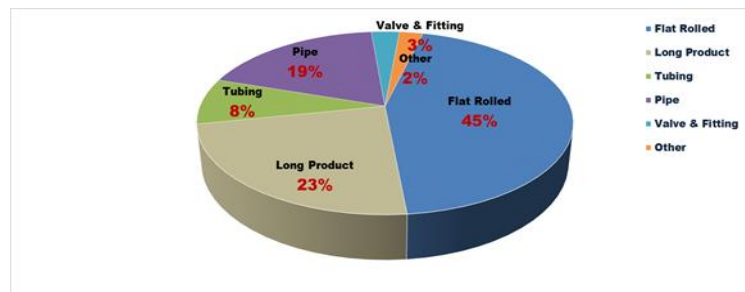
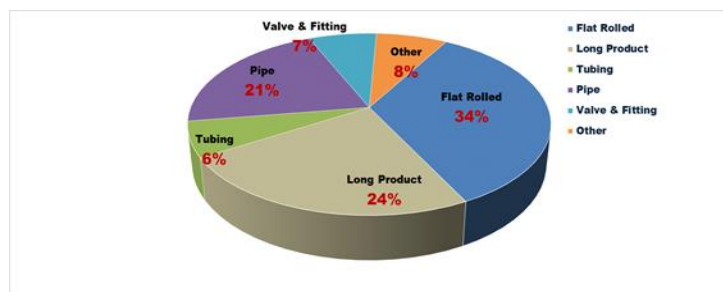
2023 revenue is US\$5.2B



The top 50 service centers in the U.S. are all customers of Tachen

Choose a different direction from manufacturing, but develop E-commerce for 20 years

Stainless Steel Products – Sales GP%/allocation by product categories from 2023 to 2024Q3



Sales Amount

Sales Tonnage

		Flat Rolled	Long Product	Tubing	Pipe	Valve & Fitting	Other	Total
		不銹鋼捲板	不銹鋼條棒	不銹鋼構造管	不銹鋼配管	閥門與配件	其他	合計
GP% (毛利率)	2023Q1	11.2%	13.3%	2.1%	-0.5%	44.0%	38.0%	13.3%
	2023Q2	6.5%	7.6%	-2.7%	2.5%	45.2%	36.0%	10.7%
	2023Q3	6.6%	2.3%	-7.8%	0.3%	42.6%	36.0%	8.0%
	2023Q4	6.3%	0.0%	-23.8%	-2.7%	40.3%	36.8%	5.8%
	2024Q1	8.1%	0.0%	-40.7%	-3.5%	39.3%	35.7%	4.7%
	2024Q2	12.4%	7.8%	-33.0%	2.6%	39.1%	35.1%	9.8%
	2024Q3	11.4%	11.3%	-14.7%	5.8%	38.8%	35.1%	12.1%

單位：公噸

		Flat Rolled	Long Product	Tubing	Pipe	Valve & Fitting	Other	Total
Sales MT (銷售數量)	2023Q1	18,273	9,814	2,372	7,256	1,465	1,309	40,489
	2023Q2	18,741	9,437	2,197	6,746	1,323	1,355	39,798
	2023Q3	18,725	9,542	2,807	6,986	1,181	1,276	40,518
	2023Q4	18,073	8,846	2,450	7,150	1,218	985	38,721
	2024Q1	21,393	10,614	3,733	8,085	1,328	1,100	46,251
	2024Q2	19,588	10,004	3,528	8,439	1,238	1,031	43,829
	2024Q3	16,919	9,807	3,366	7,601	1,186	996	39,875

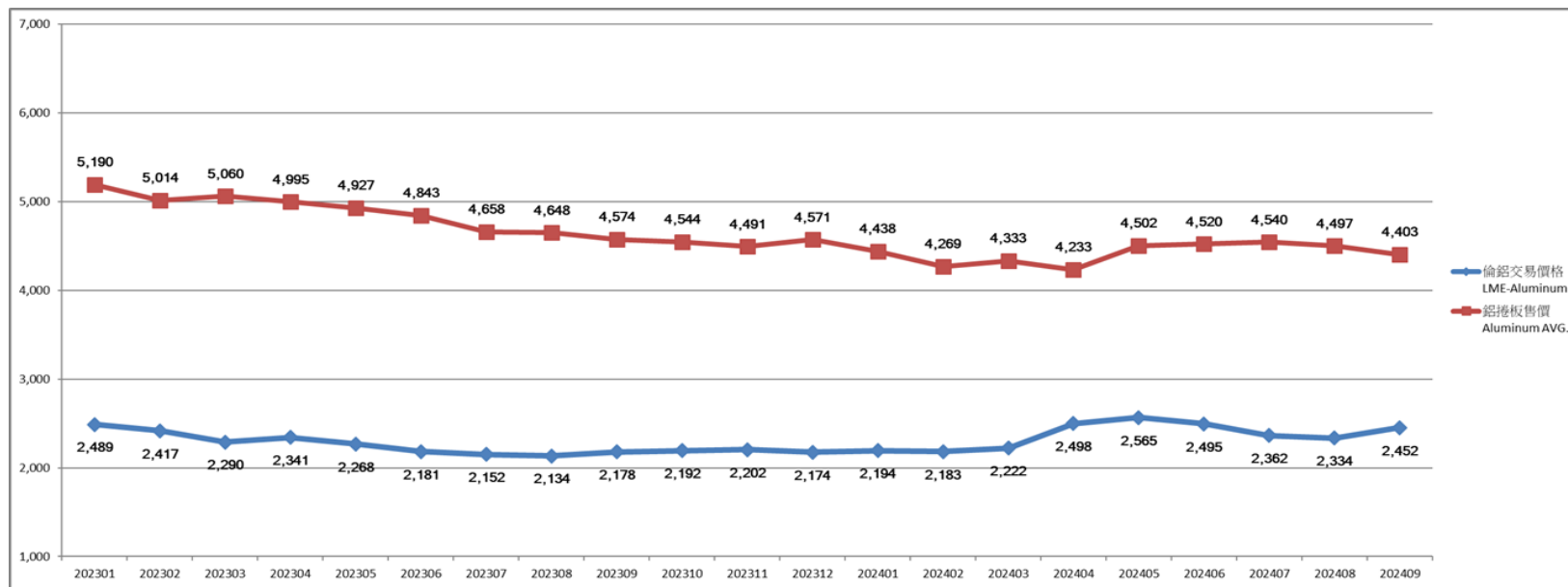
Sales amount/tonnage by product – Stainless Steel/Aluminum

Sales amount in USD 1,000
Selling price in USD

月份 Month	工作天數 Working Day	鋁產品銷售金額 Total Aluminum \$		不銹鋼產品銷售金額 Total Stainless \$		鋁產品銷售重量 Total Aluminum Qty		不銹鋼產品銷售重量 Total Stainless Qty		鋁產品銷售噸價 Aluminum Selling Price \$/MT	不銹鋼產品銷售噸價 Total Stainless Selling Price \$/MT
		當季合計 Quarterly	每日平均 Daily Avg.	當季合計 Quarterly	每日平均 Daily Avg.	當季合計 Quarterly	每日平均 Daily Avg.	當季合計 Quarterly	每日平均 Daily Avg.	當季 Quarterly	當季 Quarterly
2022Q1	64	434,450	6,788	402,564	6,290	77,083	1,204	49,757	777	5,636	8,091
2022Q2	64	449,567	7,024	380,377	5,943	72,851	1,138	41,411	647	6,171	9,185
2022Q3	64	380,881	5,951	287,916	4,499	68,463	1,070	34,958	546	5,563	8,236
2022Q4	57	287,026	5,036	267,911	4,700	54,971	964	35,863	629	5,221	7,470
2023Q1	64	411,254	6,426	302,542	4,727	80,773	1,262	40,489	633	5,091	7,472
2023Q2	64	352,719	5,511	283,304	4,427	71,674	1,120	39,798	622	4,921	7,118
2023Q3	63	280,653	4,455	267,668	4,249	60,697	963	40,518	643	4,624	6,606
2023Q4	60	249,975	4,166	239,224	3,987	55,122	919	38,721	645	4,535	6,178
2024Q1	64	267,687	4,183	268,017	4,188	66,033	1,032	38,586	603	4,054	6,946
2024Q2	64	289,583	4,525	260,388	4,069	64,650	1,010	42,847	669	4,479	6,077
2024Q3	64	244,895	3,826	233,935	3,655	56,099	877	37,643	588	4,365	6,215

Common alloy selling price and Aluminum LME price trend chart

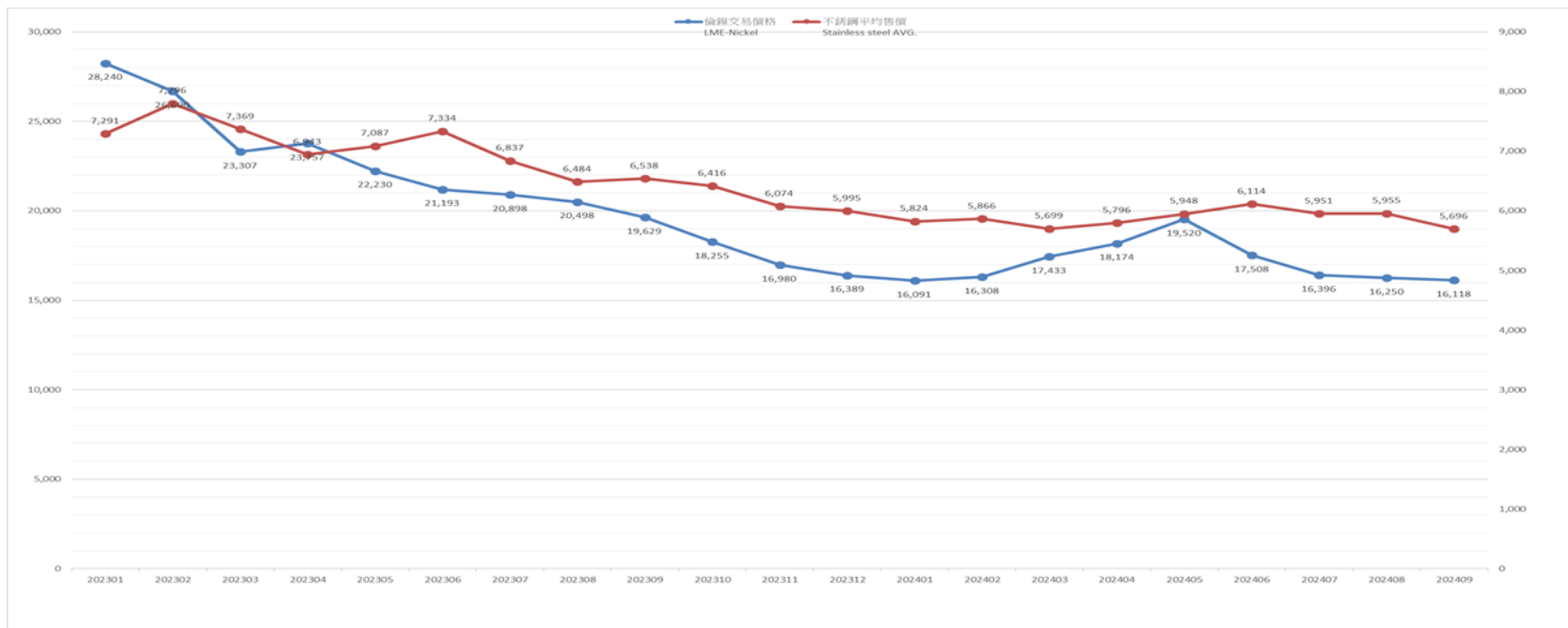
LME Aluminum vs Average selling price \$/MT



	2023Q1	2023Q2	2023Q3	2023Q4	2023Q5	2023Q6	2023Q7	2023Q8	2023Q9	2023Q10	2023Q11	2023Q12	2024Q1	2024Q2	2024Q3	2024Q4	2024Q5	2024Q6	2024Q7	2024Q8	2024Q9
倫敦交易價格 LME-Aluminum	2,489	2,417	2,290	2,341	2,268	2,181	2,152	2,134	2,178	2,192	2,202	2,174	2,194	2,183	2,222	2,498	2,565	2,495	2,362	2,334	2,452
鋁捲板售價 Aluminum AVG.	5,190	5,014	5,060	4,995	4,927	4,843	4,658	4,648	4,574	4,544	4,491	4,571	4,438	4,269	4,333	4,233	4,502	4,520	4,540	4,497	4,403

Stainless steel selling price and Nickel LME price trend chart

LME Nickel vs Average selling price \$/MT



	202301	202302	202303	202304	202305	202306	202307	202308	202309	202310	202311	202312	202401	202402	202403	202404	202405	202406	202407	202408	202409
倫敦交易價格 LME-Nickel	28,240	26,690	23,307	23,757	22,230	21,193	20,898	20,498	19,629	18,255	16,980	16,389	16,091	16,308	17,433	18,174	19,520	17,508	16,396	16,250	16,118
不銹鋼平均售價 Stainless steel AVG.	7,291	7,796	7,369	6,943	7,087	7,334	6,837	6,484	6,538	6,416	6,074	5,995	5,824	5,866	5,699	5,796	5,948	6,114	5,951	5,955	5,696

The HR expansion project of Texarkana Aluminum is expected to complete in the end of 2025



2022

October 2018

Acquired Texarkana mill from Arconic for **\$350 million**.

March 2020

Integrating U.S. aluminum plants to file **anti-dumping** investigations on **common alloys** from **17 countries**.

July 2021

Invested another **US\$260 million** to increase Texarkana production capacity and build a second cold rolling line.

December 2023

The CR expansion project of Texarkana Aluminum is completed.

December 2025

The HR expansion project of Texarkana Aluminum is expected to complete.

2018





Use the latest technological tools to allow global employees to communicate with instant information at zero time difference

Real-time sales information management system

CLAIMS	CUSTOMER	EMPLOYEE	INDEX	MANAGEMENT	R						
Refresh 04:52	11:02:22PM	01:02:22AM	01:02:22AM	02:02:22AM	02:02:22AM	02:02:22AM	02:02:22AM	02:02:22AM	11:02:22PM		
Sales: 03/18/21	LA+VIP+ERS	Houston	CHI + CLE	ATL + CHA	New Jersey	Montreal	Tampa	Seattle	Empire	Galex	
Booking(\$)	\$ 2,949,279	\$ 1,011,218	\$ 2,786,998	\$ 719,351	\$ 936,014	\$ 0	\$ 677,862	\$ 0	\$ 1,216,416	\$ 782,255	
Booking GP%	23.23	26.73	27.58	25.17	19.29	25.10	14.71	24.23	33.24	23.81	0.00
Invoice Shipping	\$ 361,369	\$ 97,053	\$ 358,382	\$ 46,054	\$ 222,119	\$ 0	\$ 66,135	\$ 0	\$ 122,593	\$ 0	
BO DUE	\$ 4,510,077	\$ 2,739,224	\$ 10,309,718	\$ 2,467,032	\$ 3,514,271	\$ 0	\$ 11,611,581	\$ 0	\$ 778,525	\$ 5,250,520	

Handle more than 10,000 customer inquiries per day

Accounts receivable management system

(BLANK)

Org. Block

(UNBLOCK)

AR In Charge ANKU

Anastasia Kung

Salesman

Warehouse LA

Class 1

STAINLESS STEEL

Last So Date 09/01/22

Last SO# LHJL6

Last Pay Date 09/01/22

Last Pay# LASD72

Open Date 02/28/00

Last RtmMSF Date 09/06/02

Last RtmMSF# 1047177

Last RtmMSF# 61,901.07

Total RtmMSF# 61,901.07

TCI Custno P48255

Static

Past 1

Past 1 Ye

Tot.B/O Amo

<Non-Stock

4.61

Inden

VMI

II 4,122,274.22 03,000.00

ID 0.00 0.00

Tot. 1,152,574.35 63,630.00

Inden Avg. pay days(360) 30

Tot. AR Amount 1,595,576,029.35

Tot. AR Paid Amount 1,585,134,813.95

Tot. Adj. AR Balance 10,441,215.40

Shutter Adj. AR Bal 0.00

Past 2 Mths Paid Amt 30,772,439.61

Avg. pay days(360) 20

Avg. pay days(180) 19

Avg. pay days(120) 19

Avg. pay days(60) 19

Days Sales Outstanding 17

Credit Line 17,000,000.00 Pnd.Amt(R) 0.00

Exposure 12,243,841.25 Adj. AR Bal.-Cfm Pay Sch-MRA

(Over+) Credit -4,756,158.71 0.00 %

(Under-) Stock Pterms NET 30 DAYS, 10 DAYS 1.25% DISC

Inden Pterms NET 30 DAYS, 0 DAYS 0.00% DISC

Authorization

New Credit\$ 17,000,000.00 Block

New Past Due% 0.00 % UNBLOCK UB

New Past due days 0 0.00

Oldest Customer Open Date 2000-02-28

[*] Non-Stock Invoice or back order that is NOT stock Material such as Inden/Ready Mill/Special Mill

- Daily accounts receivable balance NT\$11 billion
- Average collection period of receivables=25 days
- Bad debt rate 0.004%

On-line customer claims processing system

Case No: MR8NYW Invoice No: LHNK7

Pre-MRA #: Cust. Contact: ASHLEY SARGENT

Cust. Email: ASHLEY@MSISUPPLY.COM

Customer No: MEXMUN AR Status Non-Invoice#?

Company: WINSUPPLY E HOUSTON TX CO. 312

Sales Rep: ELCA ELIZABETH CADENA

Create Date: 08/23/22 Return to: TXU-HOUSTON - GCS, RAILWOOD

Cause of MRA: CUSTOMER WMSUPPLY E HOUSTON TX CO. 312

Customer Ref #: PO# 312-064008 AR Balance: 2333.82

Reason for Return: END USER ORDERED INCORRECT QTY. ONLY NEED 4 PCS TOTAL

Return: 25% RESTOCKING FEE

Adjustment: MATERIAL TO BE RETURNED TO GLOBAL, 8900 RAILWOOD DRIVE, HOUSTON, TX 77078 VIA CUSTOMER TRUCK

Return Freight Charge:

No	Inventory Code	Description	VD	WH	Itemno	Location	Case#
1	F34L4W040	4" 300# T304/304L SCH 40S RF WN FLG	M	TXU	1		2229G

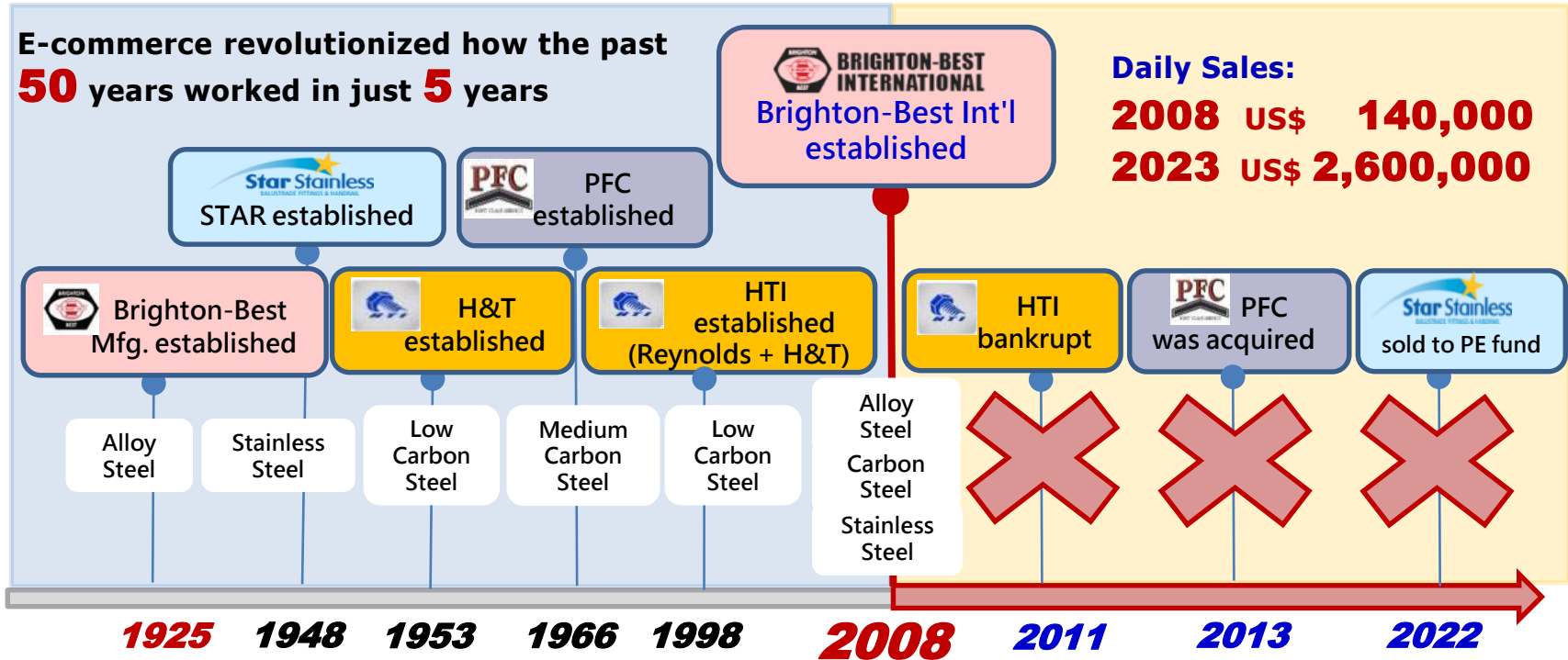
Handle customer complaints with the concept of instant and zero cost

Choose a different direction from manufacturing, but develop E-commerce for 20 years

**Expand market share through acquisitions
become the largest fastener import distributor in the U.S.**

E-commerce revolutionized how the past **50** years worked in just **5** years

Daily Sales:
2008 US\$ 140,000
2023 US\$ 2,600,000



Since the acquisition of Brighton-Best Mfg. in 2008, the gross profit margin of Alloy Sockets has been maintained at 50~60%, but the daily turnover is about US\$200,000, which is a limited increase from US\$140,000 at the time of the merger.

After the introduction of the Tachen e-commerce platform, the company has continuously added new products and expanded its business scale to increase its revenue multiple times; although the overall gross profit margin has been strategically lowered due to competition with peers. However, after the market consolidation, both revenue and gross profit margin rose simultaneously.

Brighton-Best International USA Operations Overview

月份 Month	工作 天數 Working Day	營收合計 Total Sales			低碳鋼 LOW CARBON		中碳鋼 MEDIUM CARBON		合金鋼 ALLOY SOCKET		不銹鋼 STAINLESS STEEL		工業用手套 IRONCLAD GLOVE		其他 OTHERS	
		Quarterly	Daily	GP%	Quarterly	GP%	Quarterly	GP%	Quarterly	GP%	Quarterly	GP%	Quarterly	GP%	Quarterly	GP%
		2022Q3	64	183,492,349	2,867,068	31%	69,714,443	26.6%	52,077,925	30.7%	13,650,601	45.7%	22,943,454	30.4%	7,447,246	33.0%
2022Q4	60	165,390,045	2,756,501	28.88%	59,532,377	25.6%	48,820,092	28.5%	11,813,576	43.70%	19,362,921	25.8%	8,949,989	31.59%	16,911,089	32.8%
2023Q1	64	179,327,513	2,801,992	29.65%	64,299,303	25.7%	53,224,072	29.7%	13,734,212	43.76%	21,810,314	26.5%	7,469,529	34.74%	18,790,083	33.9%
2023Q2	64	174,567,444	2,727,616	30.58%	64,055,433	26.7%	51,516,412	31.1%	12,933,970	44.90%	21,248,599	26.0%	7,052,877	35.90%	17,760,152	35.5%
2023Q3	63	160,201,828	2,542,886	31.98%	58,702,002	28.3%	44,832,582	33.1%	11,362,747	44.84%	19,811,174	27.7%	7,863,652	36.39%	17,629,671	35.3%
2023Q4	60	142,718,032	2,378,634	32.72%	50,792,757	29.6%	39,936,003	31.7%	10,556,259	46.82%	17,671,257	27.3%	8,822,704	39.63%	14,939,053	38.2%
2024Q1	64	152,425,304	2,381,645	33.60%	53,338,356	31.6%	44,179,597	32.7%	11,833,469	49.36%	18,774,840	25.1%	7,606,288	39.96%	16,692,754	37.4%
2024Q2	64	150,088,976	2,345,140	33.62%	51,915,461	31.4%	42,870,136	33.5%	11,359,332	51.32%	19,521,429	23.7%	8,097,609	40.77%	16,325,009	36.6%
2024Q3	64	147,581,523	2,305,961	34.47%	51,068,016	32.9%	41,568,515	34.0%	10,890,107	52.73%	19,759,416	25.4%	7,814,963	40.67%	16,480,505	35.5%



Shutters



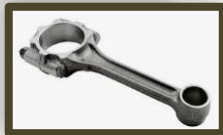
Sheer Shades



Curtains

Ta Chen Lung Mei Home Life continues the 40-year local experience of Lung Mei Curtains in Taiwan. After being operated by Ta Chen Group, there are currently **65** stores in Taiwan, **230** designers and professional engineers to jointly build the best home decoration brand in Taiwan.

Revitalize the RW idle factory area and transform it into a system furniture production factory



Retain Taiwan and Malaysia factories to produce Aluminum Gravity Casting, High Pressure Die Casting, Aluminum Forging products.



Financial Status of Ta Chen Stainless Pipe Co. Ltd.(2027)

Except as indicated,
the unit is NT\$1,000

Year Item	2019	2020	2021	2022	2023	Date of 2024.09.30
Revenue	77,874,374	59,234,909	96,886,248	114,148,570	101,256,601	69,100,084
Gross Profit	14,284,805	8,934,740	29,070,697	31,037,577	19,456,797	12,971,183
Operations Income(Loss)	5,406,763	1,822,767	18,936,611	18,526,202	8,855,974	4,878,819
Nonoperating Income/Expense	(2,262,657)	(1,903,179)	(3,522,117)	660,021	752,366	(152,795)
Net Income before Income Tax	3,144,106	(80,412)	15,414,494	19,186,223	9,608,340	4,726,024
Net Income	2,407,037	(101,458)	11,562,428	12,025,615	5,330,802	2,289,143
Earnings Per Share <i>(by NTD dollar)</i>	1.49	(0.44)	5.74	6.23	2.30	0.99
Dividend Payment in Following Year <i>(by NTD dollar)</i>	Stock \$0.2	Cash \$0.8 (paid by additional paid-in-capital)	Stock \$0.1	Stock \$2.0	Cash \$1.2	Pending
	Cash \$1.0		Cash \$1.8	Cash \$2.4		

Corporate social responsibility is the first priority of Ta Chen

11 schools of rebuild

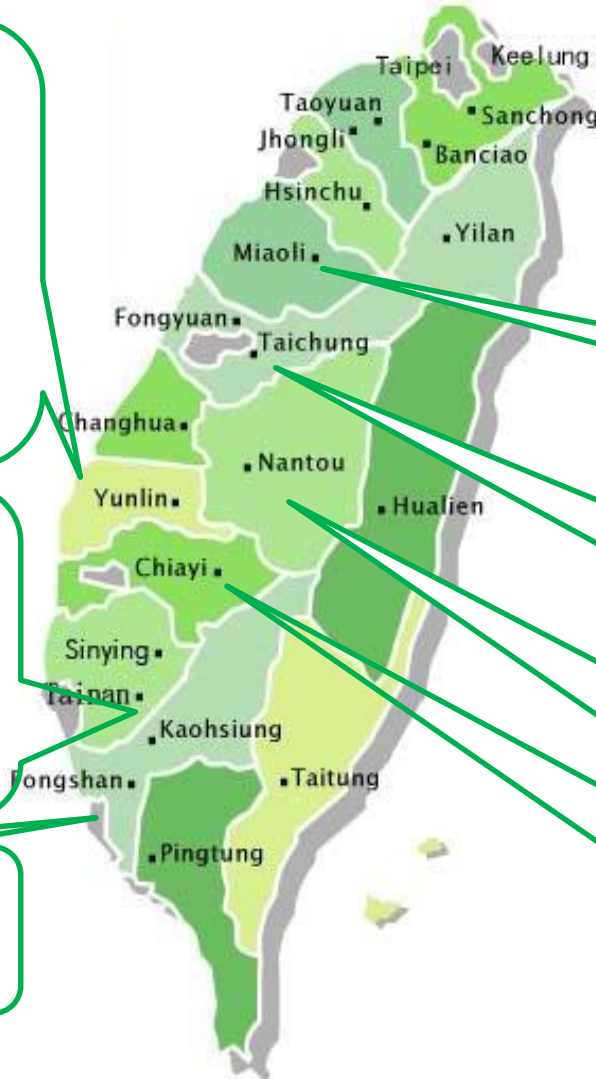
1. Dou-Liou junior high school (8 rooms)
2. Dong-He junior high school (20 rooms)
3. Hai-Feng elementary school (6 rooms)
4. Ci-Tong elementary school (8 rooms)
5. Li-Ren elementary school (10 rooms)
6. Dong-Ming junior high school (20 rooms)
7. Chong-De elementary school (26 rooms)
8. Donghe junior high school (20 rooms)
9. Yuanzhang elementary school (7 rooms)
10. Ciaotou elementary school (7 rooms)
11. Chaocuo elementary school (6 rooms)

8 schools of rebuild

1. Yu-Jing junior high school (15 rooms)
2. Hou-Ying elementary school (2 rooms)
3. Zuo-Xhen elementary school (5 rooms)
4. Dingzhou elementary school (2 rooms)
5. Longgang elementary school (2 rooms)
6. Anshun elementary school (8 rooms)
7. Taikang elementary school (9 rooms)
8. Daguang elementary school (5 rooms)

3 school of rebuild

1. Jia-Xian elementary school (14 rooms)
2. Zhong-Lu elementary school (5 rooms)
3. Ji-Dong elementary school (14 rooms)



In the past 12 years, during the renovation of old classrooms in various regions of Taiwan, Ta Chen Group donated to build halfway classrooms for the school to use, and the group employees acted as volunteers to assist in the entire construction process.

4 schools of rebuild

1. Zhuo-Lan elementary school (3 rooms)
2. Liu-He elementary school (14 rooms)
3. Houzhuang elementary school (7 rooms)
4. Yuanli senior high school (7 rooms)

3 schools of rebuild

1. Ta-Chia elementary school (8 rooms)
2. Yah-Mei elementary school (6 rooms)
3. Chaoyang elementary school (7 rooms)

1 schools of rebuild

1. Tianfeng elementary school (10 rooms)

1 school of rebuild

1. Gao-Tai junior high school (10 rooms)



Yu-Jing junior high school(2010)



Ta-Chia elementary school(2011)



Dong-He junior high school(2012)



Ji-Dong elementary school(2013)



Ci-Tong elementary school(2014)



Gao-Tai junior high school(2015)



Hou-Tang elementary school(2016)



Liu-He elementary school(2017)



Ciao-Tou elementary school(2018)



Yuan-Zhang elementary school(2018)



Tai-Kang elementary school(2019)



~ Let love continue ~