

**Stock Code: 9918**



**Shin Shin Natural Gas Co., Ltd.**

# **Investor Conference 2025**

**March 31<sup>st</sup>, 2025**

# Disclaimer

The consolidated financial numbers are based on International Financial Reporting Standards (IFRS) and audited by CPA.

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# **Agenda**

- 1. Company Profile**
- 2. Operation Highlights**
- 3. Financial Review**
- 4. Operation Prospects**

# **1. Company Profile**

## **(1) Product and service:**

The Company supplies natural gas to household customers as fuel, via pipelines within government authorities approved districts. Also, the Company offers professional tailored design, construction of natural gas pipeline and safety devices for customers.

## **(2) Major events and growth of capital**

- a. Registered date: May 25<sup>th</sup>, 1971. The initial capital was NT\$ 60,000,000.
- b. Official operation date: March 26<sup>th</sup>, 1974.
- c. Stock public offering date: December 15<sup>th</sup>, 1983. The Stock listing capital was NT\$ 175,200,000.
- d. Stock listing date: April 26<sup>th</sup>, 1994. The Stock listing capital was NT\$ 672,560,000.
- e. Stock listing capital since June 17<sup>th</sup>, 2010: NT\$ 1,805,370,000.

## **(3) Organization Structure**

The Shareholders' Meeting is the highest authority of the Company. To ensure sound supervisory functions and enhance management capabilities, the Board of Directors has established two functional committees: the Audit Committee and the Remuneration Committee. The Internal Audit Office reports directly to the Board of Directors. Under the Board of Directors, there are managerial departments, including Business Development, Sales, Engineering, Administration, Finance, and Occupational Safety, Personnel, and Information Technology, which are responsible for executing various business operations. A Corporate Governance Officer is also appointed under the law.

#### **(4) Service districts:**

- a. The Company supplies natural gas to customers via pipelines within five districts, including Zhonghe, Yonghe, Xindian and Shenkeng Districts in New Taipei City, and Wenshan District in Taipei City.
- b. To provide better customer service, the Company's office moved to self-build "Shin-Shin Building" (No. 100, Sec. 1, Yonghe Rd., Yonghe Dist., New Taipei City 234, Taiwan, R. O. C.) on December 24<sup>th</sup>, 1985.
- c. The Company has two gas storage tanks in Wanfang area in Taipei City and the Ankeng area in New Taipei City, respectively. We also have 11 pressure regulating stations to dispatch and regulate gas supply demands.

#### **(5) Certified personnel**

There are 161 full-time employees in the Company, including 96 Class B technician certified for Gas Piping and 34 Class C technician certified for Gas Appliances Technology.

To strengthen occupational safety and engineering knowledge, we conduct in-house training or send staffs to participate in relevant educational training courses at training institutions recognized by competent authorities, with over 1,500 person-times of training yearly. To help with the execution of various safety operations, we encourage our colleagues to obtain multiple certifications in various engineering categories. This shows our company's emphasis and commitment to employee development and safe gas supply.

## **2. Operation Highlights**

### **(1) Current Industry Status**

The government-owned “China Petroleum Cooperation, Taiwan” (known as CPC) provides natural gas to twenty-five government approved companies. They provide household and commercial customers stable and enough natural gas via pipelines in Taiwan. Also, CPC is the exclusive agent of importing and providing natural gas in Taiwan, Republic of China.

## **(2) Future market of Supply and Demand**

To provide sustainable supply and stable natural gas rate to domestic market, CPC has signed long term contracts with foreign suppliers. With many deposits and mining activities of natural gas and shale oil around the world, the demands of natural gas shall be met in the foreseeable future.

## **(3) Competition Niche**

According to the Natural Gas Enterprise Act, a natural gas enterprise is solely supply natural gas to approved service districts only, with endorsement by the government authorities. There are twenty-five government approved natural gas companies in Taiwan. Those companies have exclusive business advantage within their service districts. However, the consumables and service charges are also under supervision by Natural Gas Enterprise Law.

## **(4) Business Developments**

<b>Household Customers Statistics</b>			
<b>Year</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Customers	365,400	369,573	375,043
Penetration Rate	71.48%	71.10%	70.88%

## (5) Natural Gas Sales

In Taiwan, the average annual temperatures for the past three years were 24.10°C, 24.56°C, and 24.97°C, respectively. 2024 was the hottest year since 1897, with the average temperature being 1.66°C higher than the century-long average. Our company's gas sales volume over the past three years has shown a slight decrease due to the effects of global warming.

## (6) Regular Pipeline Equipment Safety Checkup

To ensure customers safety, pipeline equipment's in households are checked every two-year and those in commercial ones are checked every one-year. To disseminate natural gas safety and anti-fraud, the Company distributes brochures and participates in community affairs.

Item	2022	2023	2024
<i>Ratio of Customer Pipeline Equipment checked</i>	84.46%	87.31%	82.84%*

\*With over 152,000 households inspected in 2024, The Company is ensuring the safety of gas usage for our customers.

## (7) Regular Outdated Gas Meter Exchange

Item	2022	2023	2024
<i>Total Outdated Gas meter replacement</i>	41,561	34,740	24,847*
Ratio (%)	124.06	102.18	92.03

\* This was primarily due to labor shortages.

## **(8) Updated Pipelines Replacement**

The annual replacement pipeline length in the past three years:

- a. 22,374 meters in 2022.
- b. 8,300 meters in 2023.
- c. 11,151.5 meters in 2024 (largely over 8,850 meter of annual target plan).

To ensure safety, the Company inspects, maintains and replaces worn pipelines and valves regularly according to the annual plan.

## **(9) Working Environment Safety Management**

We implement various occupational safety policies and education training revise work standards as needed, and carefully supervise all safety inspections and audits. We conduct unscheduled inspections of occupational safety facilities and staff at various construction sites. Through a sound management system, we provide a comprehensive working environment, implement various health protection measures, and ensure personnel safety, event safety, and property safety.

The Company has collected 5,664,948 non-disaster hours from October 28th 2009 till December 31st 2024. The Industrial Safety and Health Association (ISHA) of the R.O.C., entrusted by the Ministry of Labor, issued the 11th Certificate of Merit for the achievement. To accrue more non-disaster hours, the Company will make more efforts to maintain project quality and occupational safety.

### 3. Financial Review

#### (1) Condensed Consolidated Income Statement

*Unit: NT\$ 1,000*

Item\Fiscal Year	2022-Y	2023-Y	2024-Y
<b>Net Revenue</b>	<b>1,946,310</b>	<b>1,932,392</b>	<b>1,992,727</b>
Gross Profit	571,824	564,927	591,521
Gross Profit Rate	29.38%	29.23%	29.68%
Operating Expenses	241,562	269,034	270,786
Operating Income	330,262	295,893	320,735
Non-Operating Profit	(116,946)	121,037	147,173
Income before tax	213,316	416,930	467,908
Net Income	143,859	355,885	397,412
EEPS in NT Dollar	0.81	2.00	2.23

#### (2) Condensed Consolidated Balance Sheet

*Unit: NT\$ 1,000*

Item\Fiscal Year	2022-Y	2023-Y	2024-Y
<b>Total Assets</b>	<b>5,327,931</b>	<b>5,749,623</b>	<b>5,973,424</b>
Cash and Cash Equivalents	590,318	411,489	531,608
Financial Assets- Current	1,428,526	2,079,278	1,460,904
Accounts and Notes Receivable, Net	213,395	190,406	201,476
Other Accounts Receivables	15,722	23,371	6,668
Inventories, Net	45,177	42,313	67,610
Other Assets	585,816	433,016	433,062
Property, Plant and Equipment	2,448,977	2,569,750	3,272,096
<b>Total Liabilities</b>	<b>2,341,191</b>	<b>2,583,470</b>	<b>2,665,667</b>
Current Liabilities	988,751	1,169,391	1,179,690
Non-Current Liabilities	1,352,440	1,414,079	1,485,977
<b>Total Equity</b>	<b>2,986,740</b>	<b>3,166,153</b>	<b>3,307,757</b>

### (3) Condensed Consolidated Statement of Cash Flow

*Unit: NT\$ 1,000*

Item\Fiscal Year	2022-Y	2023-Y	2024-Y
Cash and Cash Equivalents at Beginning of Year	558,033	590,318	411,489
Net Cash Provided by Operating Activities	572,301	498,879	598,544
Net Cash used for Investing Activities	(234,407)	(501,542)	(207,474)
Net Cash Provided by Financing Activities	(305,609)	(176,166)	(270,951)
Cash and Cash Equivalents at End of Year	590,318	411,489	531,608

### (4) Key Financial Indexes

Item\Fiscal Year	2022-Y	2023-Y	2024-Y
Current Ratio (%)	233.32	235.64	193.16
Quick Ratio (%)	227.68	231.44	186.68
Inventory Turnover (times)	34.56	31.25	25.49
Days Inventory Outstanding (days)	10.56	11.68	14.31
Accounts Receivable Turnover (times)	9.78	9.25	9.79
Days Sales Outstanding (day)	37.32	39.45	37.28

## **4. Operation Prospects**

### **(1) New customer promotion**

- a. The Company aims to extend pipeline network and expand service area to meet future demands, such as residential compounds, new residential buildings, urban renewal projects, and individual building renewal projects. In 2024 the Company added 3,781 new customers.
- b. To collaborate with government's sewage sewer projects and to extend pipelines to old residential areas, the Company gradually starts pipeline network extension and expansion projects to meet the future demands.
- c. The Company puts efforts into densifying our service network to people who lived within our natural gas supply network, but haven't chosen our service yet. In 2024 our company added 913 new customers.
- d. In cooperation with government policies, the Company helps fuel oil boiler households plan and design the replacement of natural gas to reduce air pollution. Also, the Company work on strengthening the use of natural gas by large natural gas customers, such as government agencies and schools in the Company's service districts to increase the use of natural gas. In 2024, the Company pursued the conversion of 59 customers.

### **(2) Safety Enhancement Measures**

- a. The permanent Emergency Response Center (ERC) of the Company applies various systems to establish strong disaster response procedures, such as MIS<sup>1</sup>, GIS<sup>2</sup>, real-time pipeline supply tracking system,

<sup>2</sup> Management Information System (MIS)

<sup>3</sup> Geographic Information System (GIS)

construction live-stream and engineering rescue vehicle's GPS facilities to enhance multiple disaster response and recovery capabilities. To support the executives to command, control, coordinate, tell emergency and react with proper solutions for any scale of natural gas emergency event.

b. Speed-up outdated pipeline replacement:

To enhance natural gas supply safety, the Company continually replaces the outdated low-pressure cast iron pipelines in Yonghe and Zhonghe Districts in New Taipei City in 2024. Also, the Company incorporates mobile phone application of pipeline inspection for better pipeline safety and managing efficiency.

Enhancing Engineering Management System: Planning and establishing a supply equipment pipeline and dispatch system to effectively improve engineering safety management operations.

### **(3) Convenient Payment Methods**

a. Direct Debit:

Customers can set up automatic payments through the post office, banks, or credit cards, offering convenience and eliminating concerns about overdue payments.

b. Various Payment Methods:

The Company provides many convenient payment services. Thus, customers can pay their bills by presenting their physical bills or downloading the three-barcode from The Company's official website. Payment can be made at convenience stores, and banks in person, or through online and mobile app channels. The Company has offered "Electronic Bills" since March 2022, providing an even more convenient

and secure payment service. We urge customers to apply for this service, contributing to net-zero carbon emissions. As of the end of 2024, there are 27,161 electronic bill users, accounting for about 7.24% of our total gas supply customers, suggesting that continued promotion is needed.

#### **(4) Promote Computerized Gas Meter**

There are three main safety features of computerized gas meter, such as gas leaking, earthquake and overtime automatic shutdown. The Company works actively to cooperate with government policy on promoting computerized gas meter to household customers.

Item	2022	2023	2024
<i>Computerized gas meter installed</i>	188,654	220,296	245,420
<i>Gas meter installed</i>	365,400	369,573	375,043
Ratio	51.63%	59.61%	65.44%*
* Over 2/3 of total household customers.			

#### **(5) Enhancing Risk Management**

In 2024, the Board of Directors approved the Risk Management Policy and Procedures, and authorized the Audit Committee to supervise risk management. The identified risk areas include operations, finance, engineering, and information technology. Regular risk management reports are submitted to the Board of Directors to ensure stable company operations and long-term development.

#### **(6) Timeline of ESG development**

As a company with a paid-in capital of less than NT\$5 billion, the Company started greenhouse gas inventory operations in 2024. We will complete our sustainability

report in 2025. We will manage the greenhouse gas inventory and verification disclosure schedule under the competent government authority's reference guidelines and relevant regulations, and report to the Board of Directors on a quarterly basis.

## **(7) Sustainable development**

Natural gas is a clean and pollution-free energy source, offering low-carbon and environmentally friendly advantages, making it the best energy choice for urban daily life. We believe that with the support and care of our shareholders, the guidance of the Board of Directors, and the collective efforts of all employees, the company's performance will thrive, and its future will be prosperous.

# Q & A