# PATEC PRECISION INDUSTRY CO., LTD.

( STOCK CODE : 2236.TW )

# Safe Harbor Notice

- PATEC’s statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements。
- Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

# Agenda

1. Company Profile
2. Sales Contents
3. Business Performance
4. Dividend Policy
5. Future Plan

# Company Profile

1

- Basic Info

| Established | Reg, Capital | Employee |
|---|---|---|
| 26th Sep., 1992 | NTD 375 M | 1020 |

- Patec Precision can provide one stop shop to all press facilities. From tooling design, develop, feeding machine, robot transfer for customizing. We can also provide fine blanking and deep drawing machine.
- Market strategy: Mainland China, South and East Asia and Europe ( Big 3 car brand )

# Company Profile

1

- Acquired ISO 、TS 、QS certification. Faurecia and Akebono core supplier.
- Patec has a sizable automobile fine blanking technology, and now we joined MQB platform of Volkswagen Group.
- Patec develop Engine Stabilizer, Medical Instrument, etc., by our technology and machine of fine blanking and deep drawing.

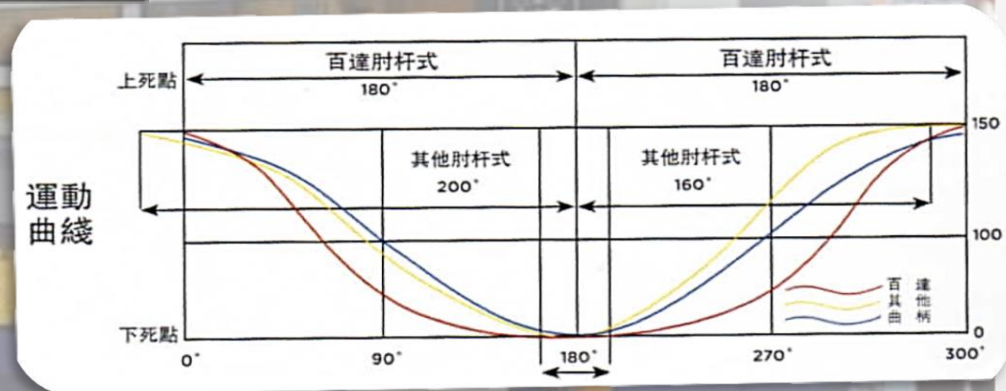
# Company Profile

1

## ★ Forging Synergies

(Fine blanking、Cold Forging、Deep Drawing、Cold Forming)

➔Continuous Tooling





http://www.mobile01.com/newsdetail.php?id=18442

# Company Profile

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# Company Profile

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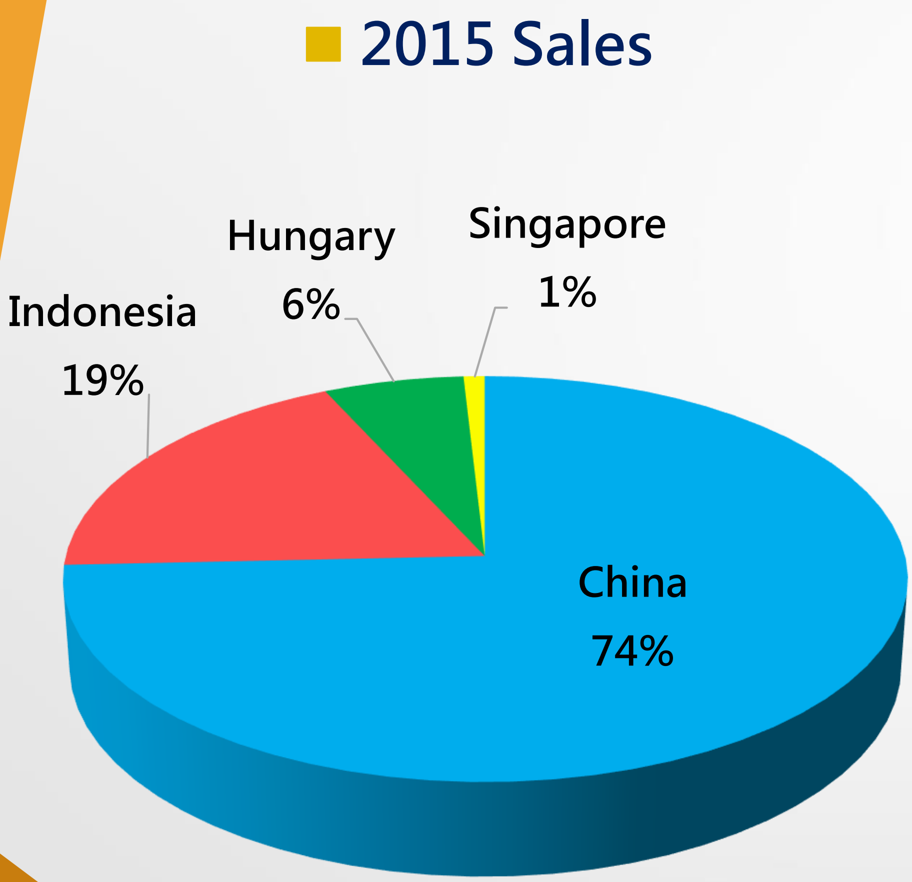
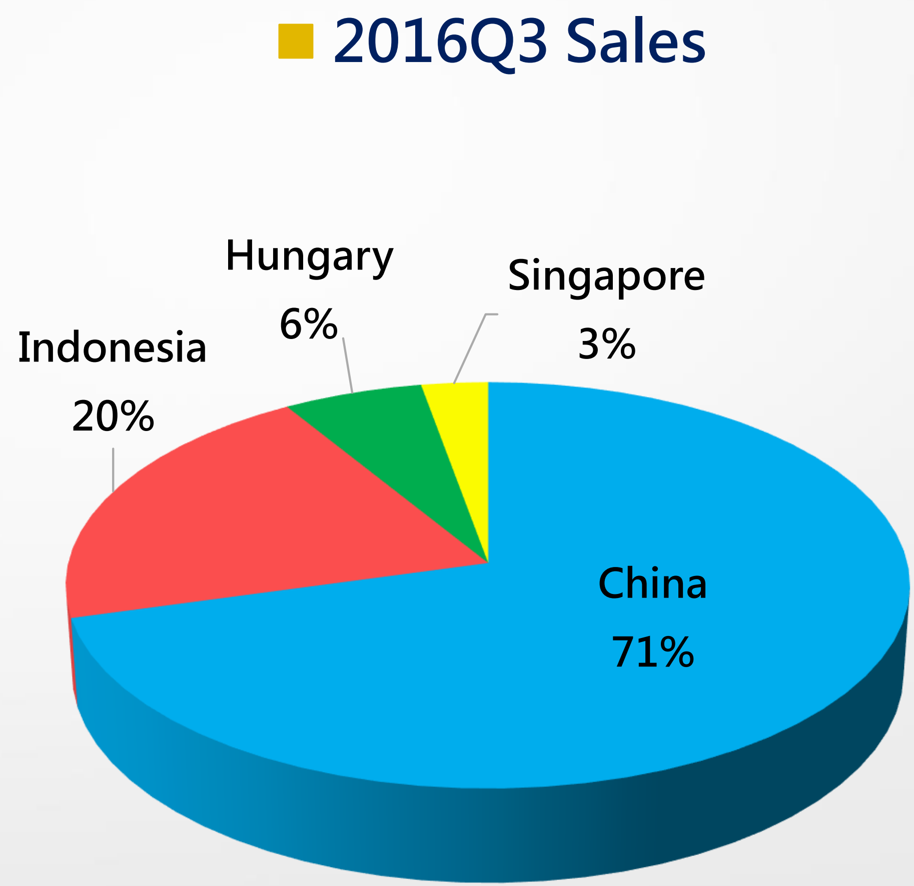


# Sales Contents

2

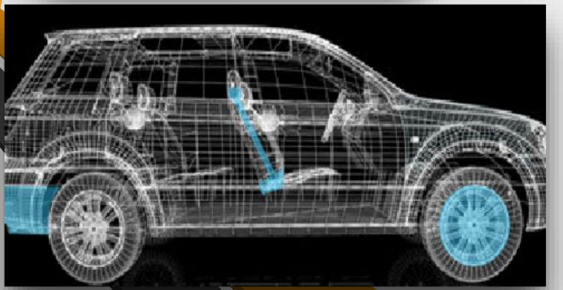
Sales Contents

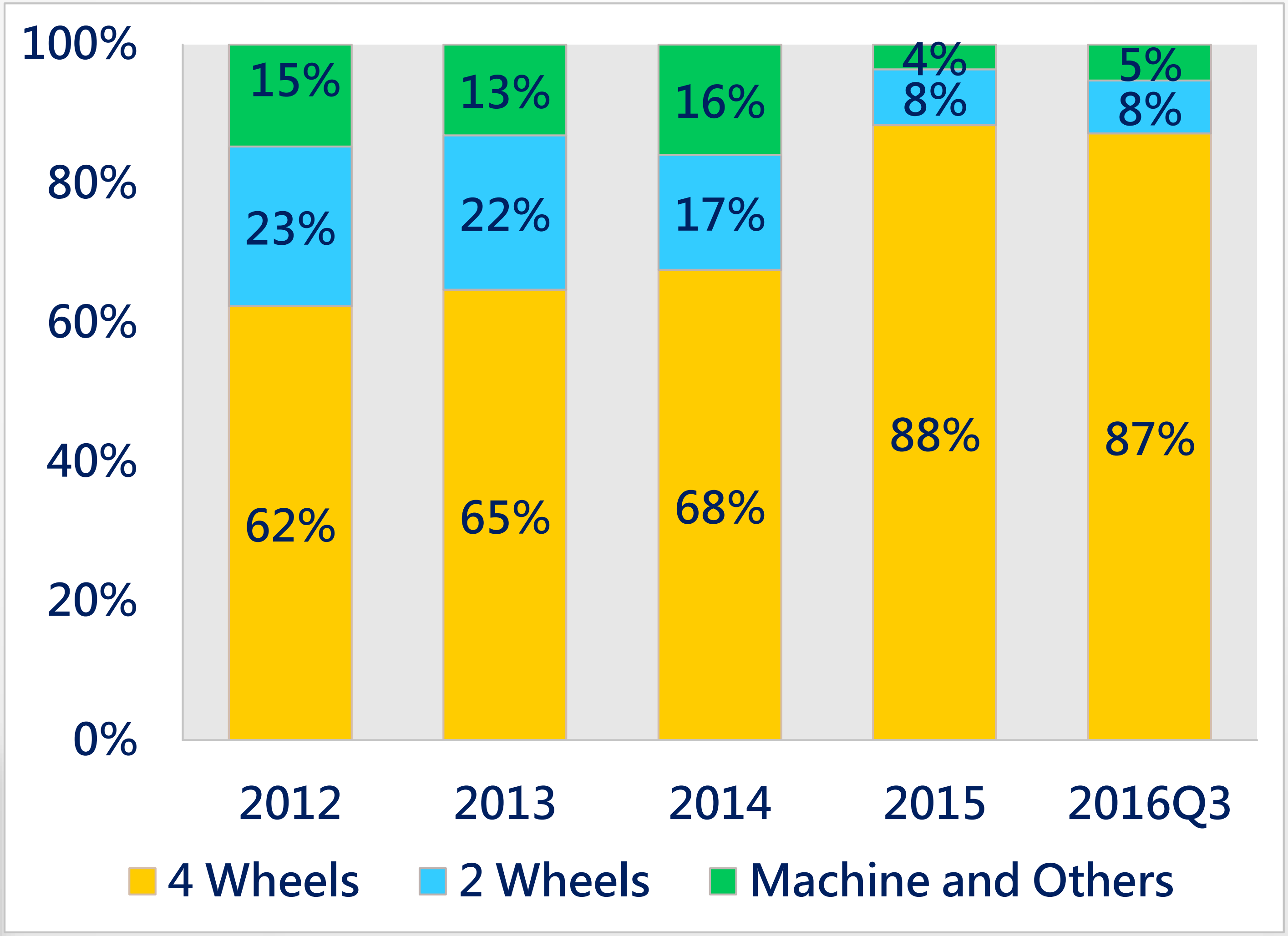
Major Products

Major Customers

# Sales Contents – Products Items ❷



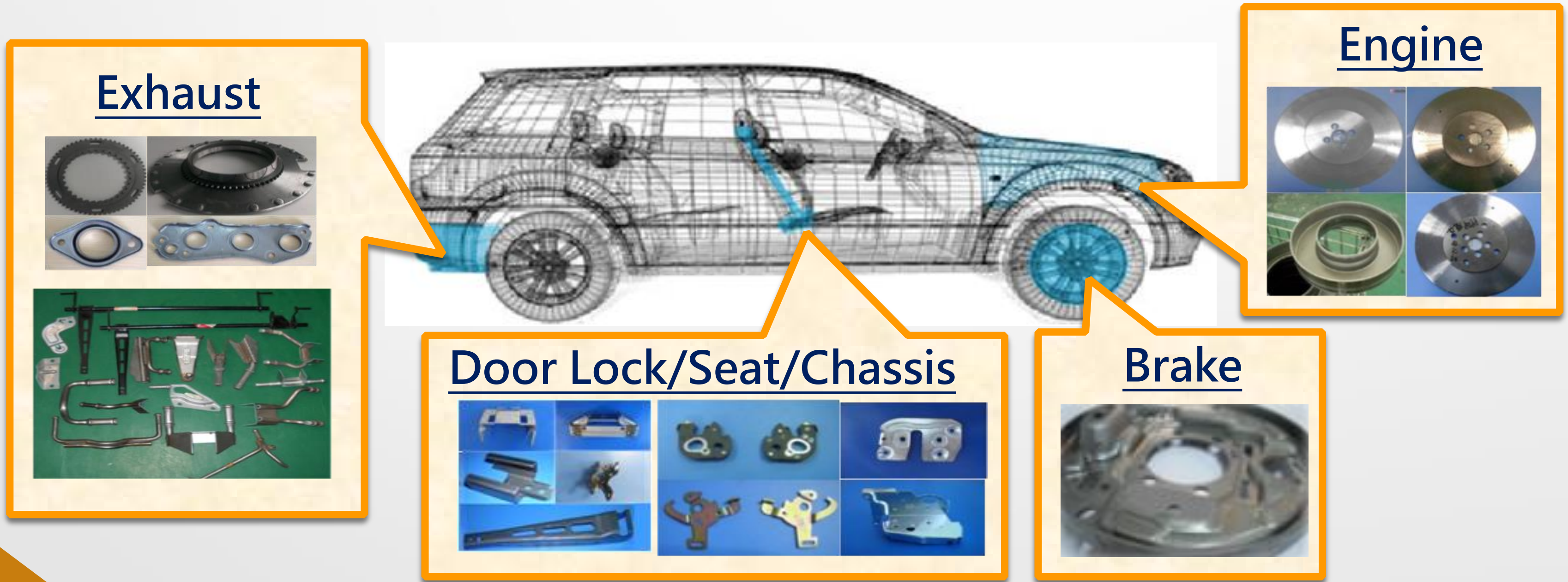




# Sales Contents – Major Products ❷

## ★Automobile safety parts

- The product life cycle of automobile safety parts is 6~8 years.
- These need 100% full-inspection, require 0 ppm, and have difficulties of technology and production.
- Patec will continue to research new technology/production, and develop components of Continuously Variable Transmission (CVT) ,gearbox, etc.



# Sales Contents – Major Products ❷

## ★2 Wheels

Shock

Starters

Brake

# Sales Contents – Major Products ❷

## ★2017 New Products

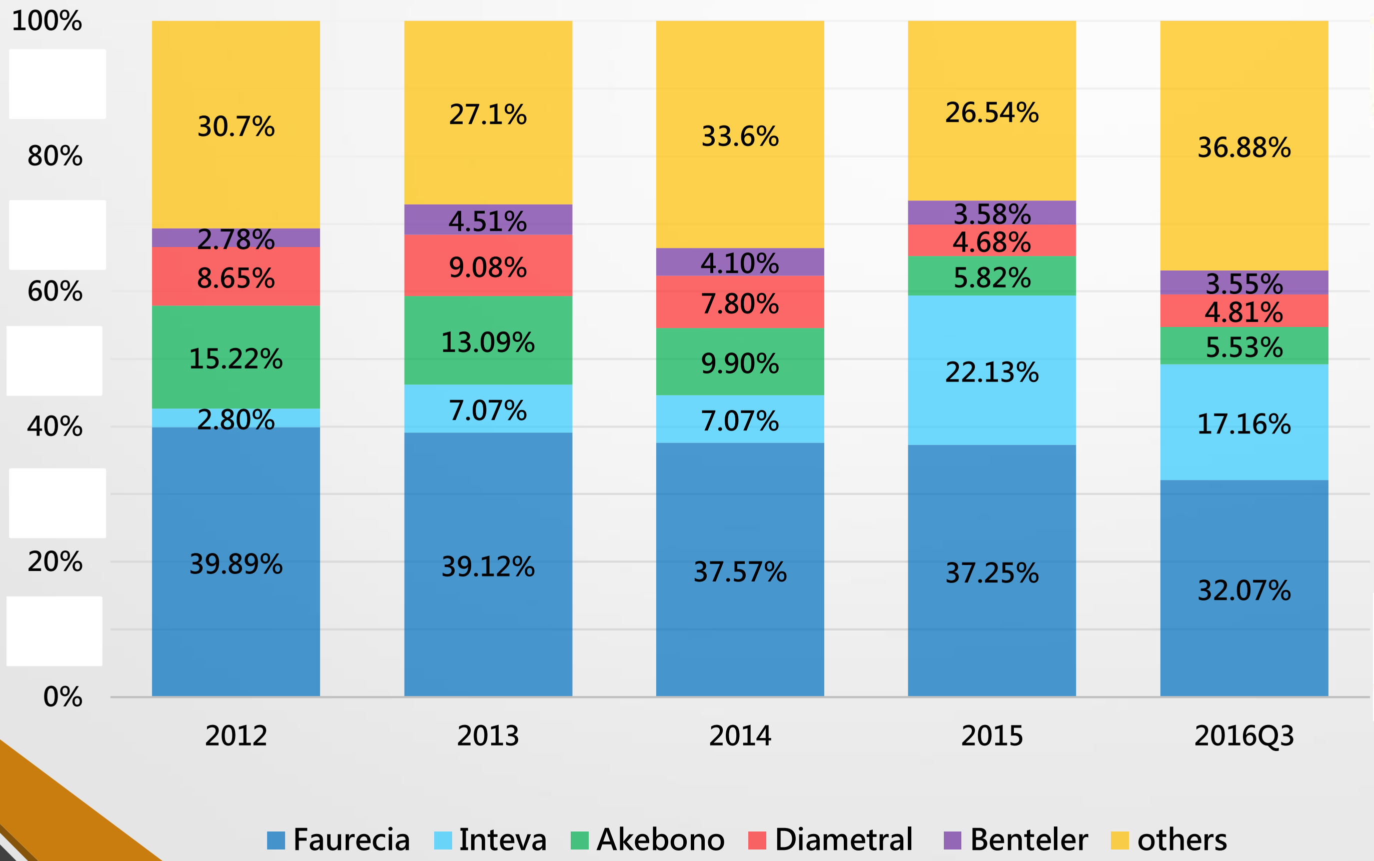
### Wiper Linkage


### Injection System

# Sales Contents – Major Customers

2

- Major Customers
  - Top 3 Faurecia、Inteva、Akebono are all global automobile suppliers
  - Patec is also a qualified supplier of Benteler(top 24), Bosch (top 1), Mitsuba(top 70), Hitachi(top 26), Valeo(top 11), and Nissin(top 100).



# Sales Contents – Major Customers ❷

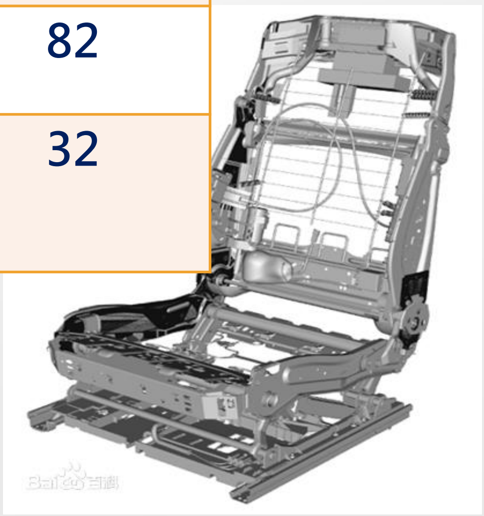
faurecia

- Automobile safety parts is the main product of Patec Revenue, which main customer is Faurecia French. (Faurecia Group is top 8 of world automobile parts supplier. Annual revenue is NTD 723 billion. 330 factories and 30 research centers in 34 countries. (38 factories and 4 world-class research centers in China)
- Patec is a core supplier to Faurecia, and have joined  MQB platform of Volkswagen Group.

# Sales Contents – Major Customers ②

faurecia

| Core Business | | | | |
|---|---|---|---|---|
| | Operating Revenue (in €m) | Countries | Employees | Factories |
| Emissions Control Technologies | 7,450.0 | 25 | 21,100 | 79 |
| Automotive Seating | 6,188.2 | 24 | 33,500 | 75 |
| Interior Systems | 5,018.6 | 23 | 32,800 | 82 |
| Automotive Exteriors (2016.7.29 sold) | 2,035.1 | 9 | 8,000 | 32 |



# Business Performance

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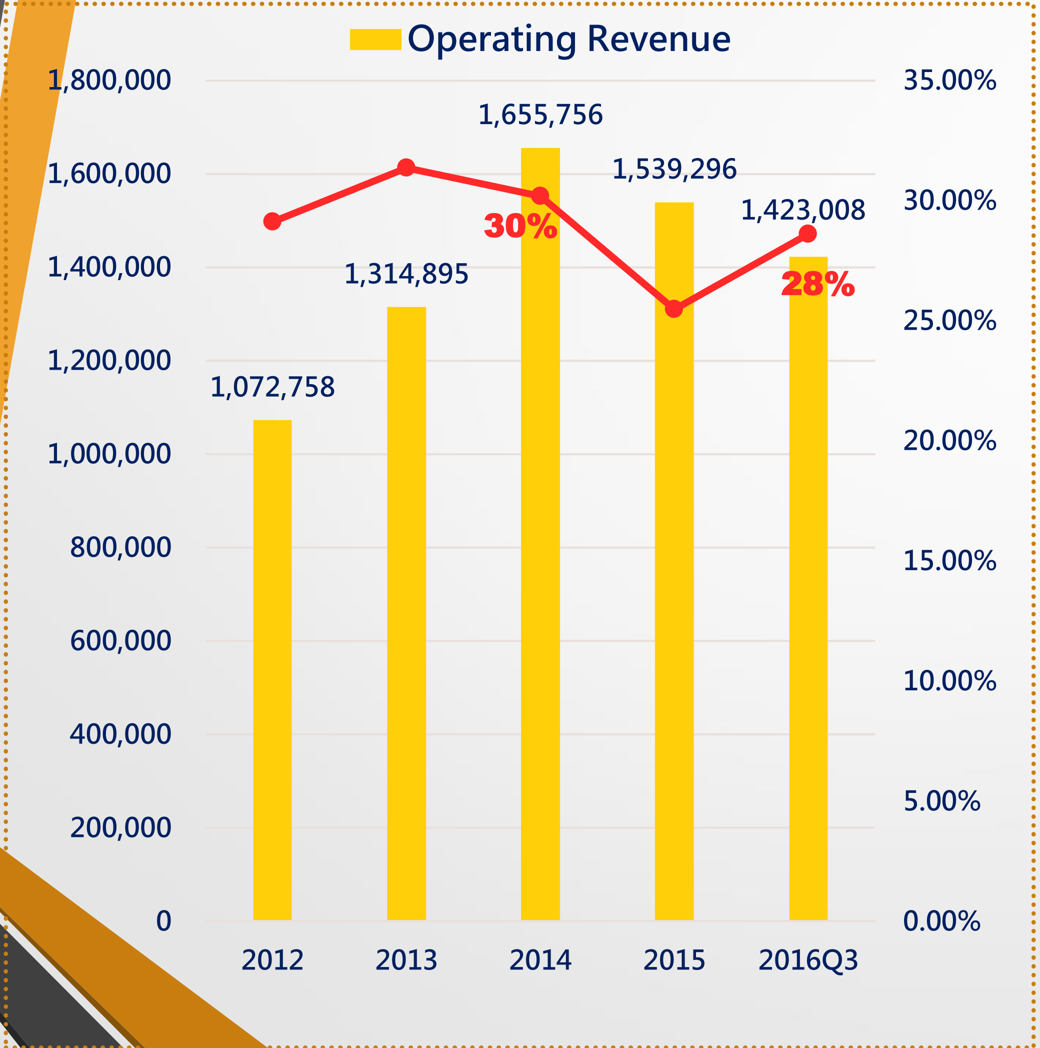
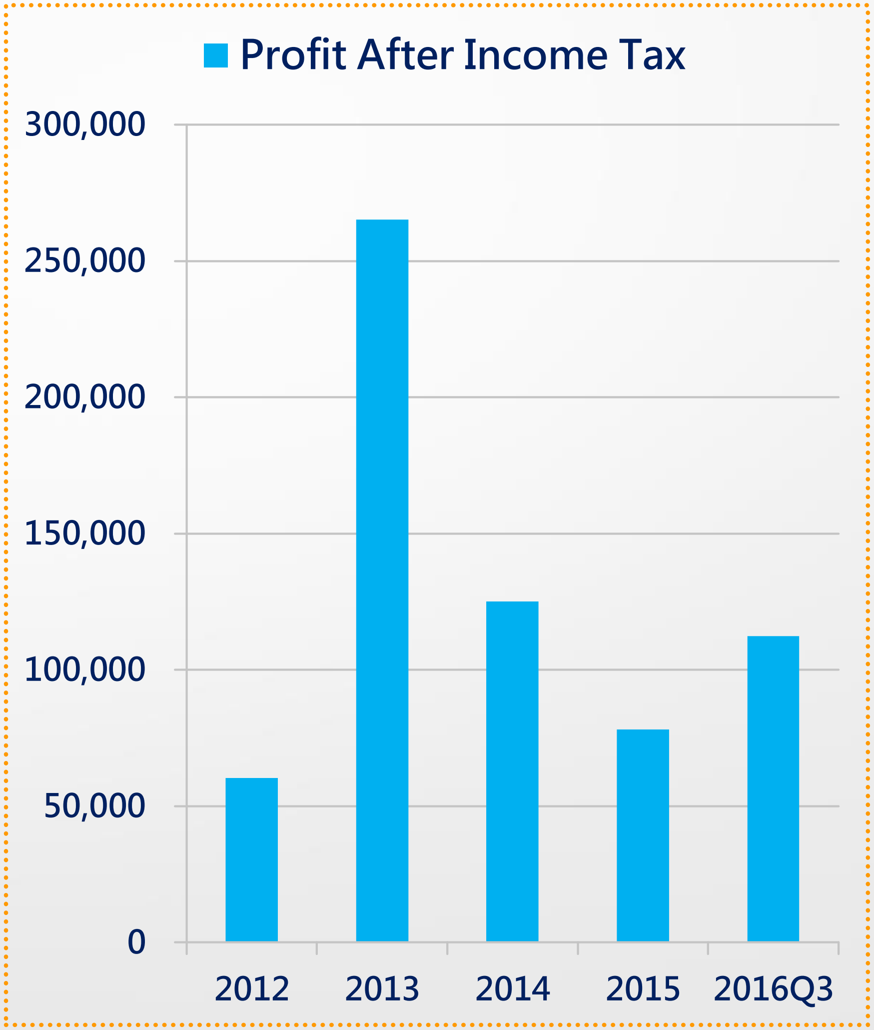
- Consolidated Operating Revenue/Margin
- Earnings Per Share
- ROE/ROA
- Consolidated Income Statement
- Cash Flow Statement

# Business Performance
# -Consolidated Operating Revenue/Margin

3

In NTD Thousand



# Business Performance -Earnings Per Share

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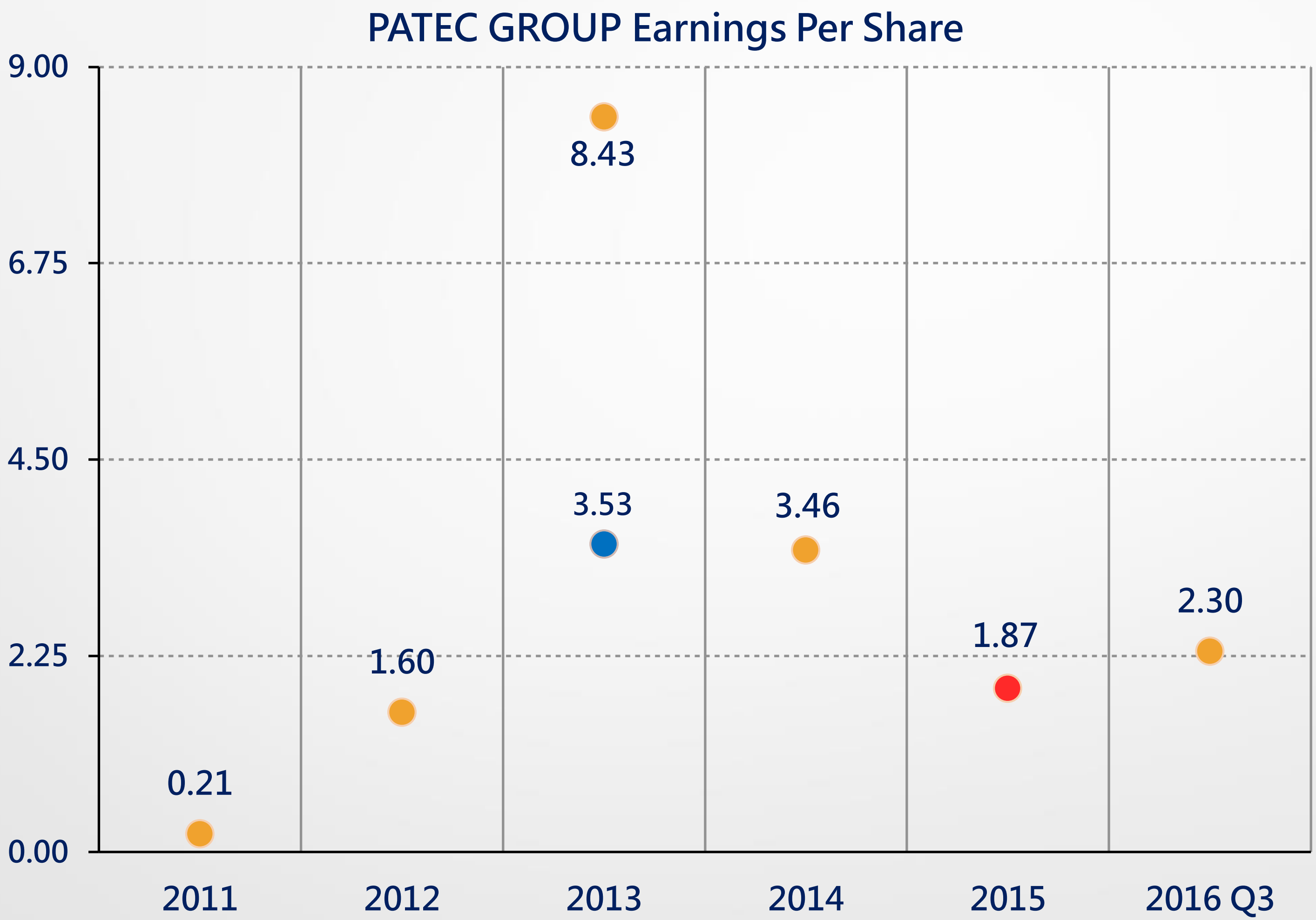


Note：Earnings Per Share for 2013, excluding gains on disposal of land, was NTD 3.53.

# Business Performance -ROE/ROA

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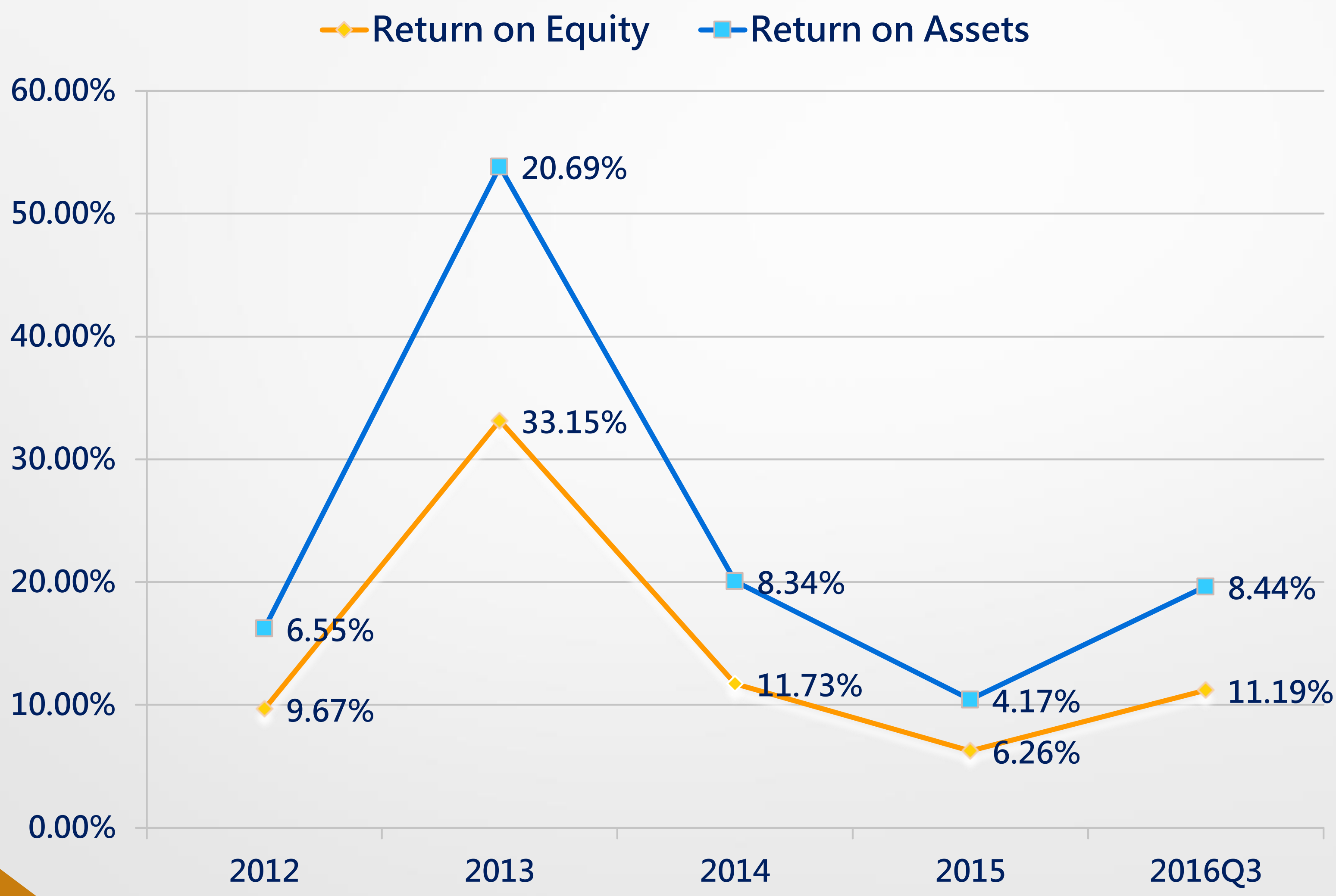

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# Business Performance -Consolidated Income Statement (Per Annum)

3

In NTD Thousand

| | 2012 | | 2013 | | 2014 | | 2015 | | 2016 Q3 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| Operating Revenue | 1,072,758 | 100 | 1,314,895 | 100 | 1,655,756 | 100 | 1,539,487 | 100 | 1,423,008 | 100 |
| Operating Costs | (760,397) | (71) | (902,377) | (69) | (1,155,854) | (70) | (1,147,366) | (75) | (1,015,915) | (71) |
| Operating Margin | 312,361 | 29 | 412,518 | 31 | 499,902 | 30 | 392,121 | 25 | 407,093 | 29 |
| Operating Expenses | (219,640) | (20) | (237,726) | (18) | (308,421) | (18) | (283,287) | (18) | (223,551) | (16) |
| Operating Profit | 92,721 | 9 | 174,792 | 13 | 191,481 | 12 | 108,834 | 7 | 183,542 | 13 |
| Non-operating Income | 25,420 | 2 | 155,926 | 12 | 13,583 | 1 | 31,919 | 2 | 10,764 | 1 |
| Non-operating expenses | (22,134) | (2) | (22,183) | (2) | (46,768) | (3) | (15,179) | (1) | (33,512) | (3) |
| Non-operating expenses | 96,007 | 9 | 308,535 | 23 | 158,296 | 10 | 125,574 | 8 | 160,794 | 11 |
| Income Tax Expense | (35,763) | (3) | (43,401) | (3) | (33,252) | (2) | (47,507) | (3) | (48,533) | (3) |
| Profit For The Year | 60,244 | 6 | 265,134 | 20 | 125,044 | 8 | 78,067 | 5 | 112,261 | 8 |
| (NCI) | (14,506) | 1 | (24,369) | 2 | (23,035) | 1 | (17,372) | 1 | (34,059) | 2 |
| CI | 45,738 | 5 | 240,765 | 18 | 102,009 | 7 | 60,695 | 4 | 78,202 | 6 |
| EPS(in Dollars) | 1.60 | | 8.43 | | 3.46 | | 1.88 | | 2.30 | |

# Business Performance -Consolidated Income Statement (Per Annum) 3

In NTD Thousand

| | 2015 Q3 | | 2015 Q4 | | 2016 Q1 | | 2016 Q2 | | 2016 Q3 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| Operating Revenue | 368,456 | 100 | 422,957 | 100 | 496,781 | 100 | 473,147 | 100 | 453,080 | 100 |
| Operating Costs | (259,471) | (70) | (314,959) | (74) | (361,890) | (73) | (338,798) | (72) | (315,227) | (70) |
| Operating Margin | 108,985 | 30 | 107,998 | 26 | 134,891 | 27 | 134,349 | 28 | 137,853 | 30 |
| Operating Expenses | (70,266) | (19) | (81,247) | (19) | (70,686) | (14) | (68,764) | (14) | (84,101) | (18) |
| Operating Profit | 38,719 | 11 | 26,751 | 6 | 64,205 | 13 | 65,585 | 14 | 53,752 | 12 |
| Non-operating Income | 11,892 | 3 | 23,252 | 5 | 2,858 | 1 | 4,531 | 1 | 4,381 | 1 |
| Non-operating expenses | (3,634) | (1) | (2,433) | (1) | (2,829) | (1) | (4,684) | (1) | (27.005) *a | (6) |
| Non-operating expenses | 46,977 | 13 | 47,570 | 11 | 64,234 | 13 | 65,432 | 14 | 31.128 | 7 |
| Income Tax Expense | (12,322) | (3) | (16,667) | (4) | (17,864) | (4) | (19,151) | (4) | (11.518) | (3) |
| Profit For The Year | 34,655 | 9 | 30,903 | 7 | 46,370 | 9 | 46,281 | 10 | 19.610 | 4 |
| (NCI) | (4,281) | 1 | (10,616) | 3 | (10,280) | 2 | (12,110) | 3 | (11.669) | 3 |
| CI | 30,374 | 8 | 20,287 | 4 | 36,090 | 7 | 34,171 | 7 | 7.941 | 2 |
| EPS(in Dollars) | 0.05 | | 0.90 | | 0.61 | | 1.07 | | 0.23 | |

*a : Loss from Lawsuit is 27,121

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# Business Performance -Cash Flow Statement

3

In NTD Thousand

| | 2012 Amount | 2013 Amount | 2014 Amount | 2015 Amount | 2016 Q3 Amount |
|---|---|---|---|---|---|
| Profit Before Income Tax | 96,007 | 308,535 | 158,296 | 125,574 | 160,794 |
| D & A | 33,919 | 37,799 | 57,602 | 54,501 | 41,537 |
| Income Tax Paid | (46,239) | (29,537) | (41,667) | (45,971) | (57,328) |
| Net cash provided by operating activities | 108,870 | 42,480 | 19,937 | 165,341 | 218,208 |
| CAPEX | (36,534) | (95,286) | (115,120) | (17,166) | (25,483) |
| Net cash (used in) provided by investing activities | (56,962) | 108,321 | (193,304) | 51,665 | (8,553) |
| Net cash (used in) provided by financing activities | 3,814 | (120,199) | 69,517 | (31,324) | (53,356) |
| Increase (Decrease) in cash | 40,698 | 75,775 | (65,765) | 143,991 | 101,840 |

# Business Performance -Financial Ratios

3

| | | 2012 | 2013 | 2014 | 2015 | 2016 Q3 |
|---|---|---|---|---|---|---|
| Profitability | Operating Margin Ratio | 29.12% | 31.37% | 30.19% | 26.89% | 28.61% |
| | Operating Profit Ratio | 8.64% | 13.29% | 11.56% | 8.79% | 12.90% |
| | Earnings Before Tax Margin | 8.95% | 23.46% | 9.56% | 8.68% | 11.30% |
| | Net Profit Margin | 5.62% | 20.16% | 7.55% | 5.67% | 5.50% |
| Solvency | Current Ratio | 178.78% | 220.82% | 198.22% | 277.57% | 263.94% |
| | Quick Ratio | 122.47% | 158.47% | 143.39% | 201.43% | 202.91% |
| | Debt Ratio | 45.91% | 36.79% | 38.65% | 27.93% | 28.40% |
| | Times Interest Earned Ratio | 6.47 | 18.67 | 8.31 | 9.27 | 21.45 |
| Operating Ability | Account Receivable Turnover (Times) | 3.92<br>92 days | 3.43<br>105 days | 2.87<br>125 days | 2.55<br>141 days | 3.39<br>108 days |
| | Inventory Turnover (Times) | 3.11<br>116 days | 3.47<br>104 days | 3.74<br>96 days | 3.47<br>104 days | 4.42<br>82 days |
| | Account Payable Turnover (Times) | 5.25<br>69 days | 5.14<br>70 days | 4.51<br>80 days | 4.72<br>76 days | 6.40<br>57 days |

# Dividend Policy

4

| Appropriation Of Earnings | | |
|---|---|---|
| Annual | Cash Dividends | Stock Dividends |
| 2016 | 0.39696420 | 0.99241051 |
| 2015 | 1.33169478 | 0 |
| 2014 | 1.0 | 0 |

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# Future Plan

5

- Engine Stabilizer
- Nissin Brake
- Medical Instrument
- Medical Instrument Container
- Press Machine

# Future Plan

5

## ★Engine Stabilizer

- Unique Technology：Cold forging with internal rotation pattern
- Save machining time and raw material

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# Future Plan

5

## ★Nissin Brake http://www.nissinbrake.com

- It' s expected to supply Thailand Nissin Brake in 2017
- To be Honda CRV Brake OEM supplier

# Future Plan

5

★Medical Instrument

Medical industry is more difficult than automobile industry.
Why PATEC can ?

- Original Process：Hot forging for hundred years➔Environmental issues
- Patec Solution：Continuous tooling - Cold Forming

Drop hammer

Drop-forge

Raw parts

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# Future Plan

5

## ★Medical Instrument

- B BRAUN has set up the major factories in Malaysia, and employ t he number of 6,600 employees.
- PATEC will use the new continuous tooling Cold Forming solution, instead of a hundred years of the Hot Forging solution, it would m ake serious Environmental  issues.

B.BRAUN

Set up：year 1839

Revenue：NTD 200 B

Employee：54,000

Brand：Aesculap

Operation：50 countries

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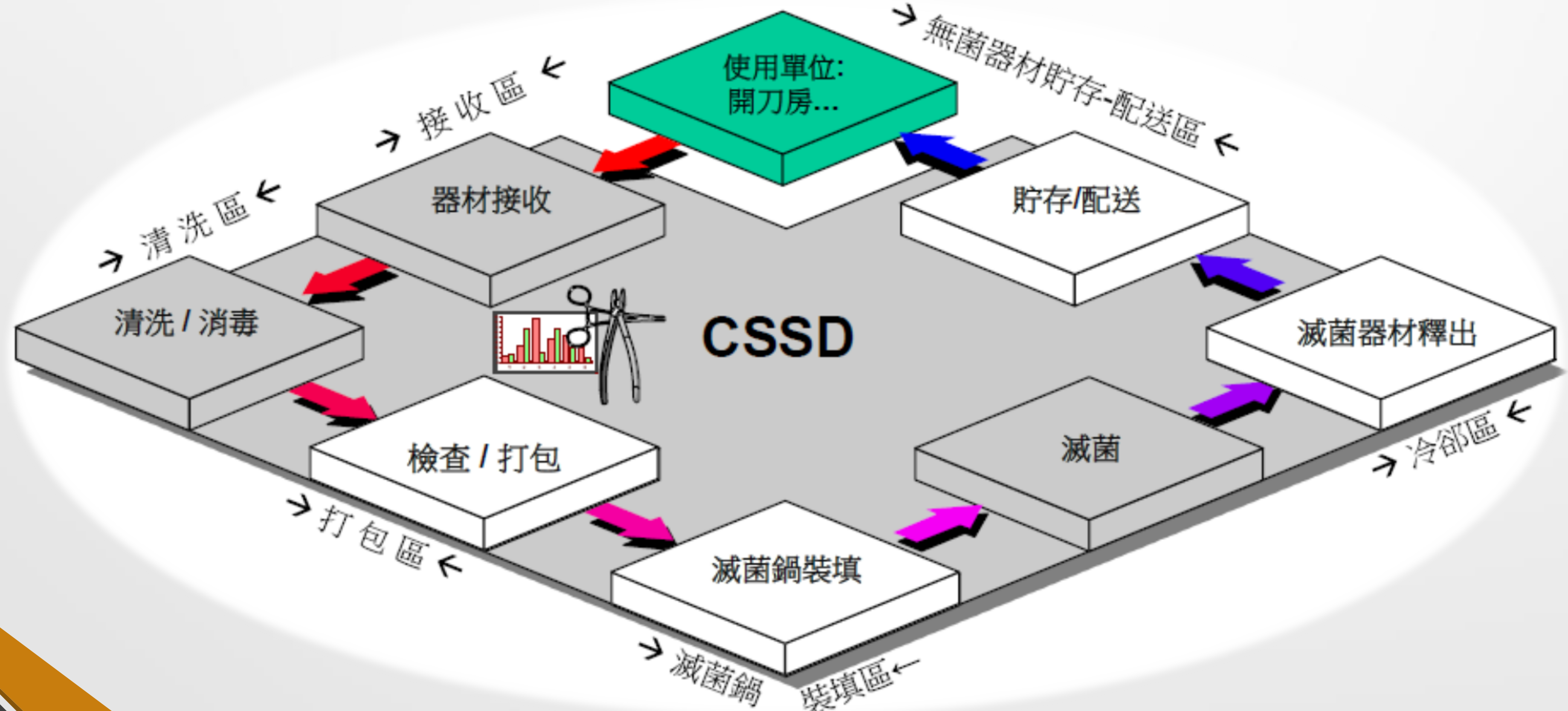
# Future Plan

5

## ★Medical Instrument Container



# Future Plan

5

## ★Medical Instrument Container

- Now：Sterilization wrap
- Container advantages：

  -Decrease risk of infection in hospital

  -Extend life of equipment

  -Recycling and cost-saving

  -Information system management


Preformed Barrier System ＋ Protective Packaging ＝ Packaging System

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# Future Plan

5

## ★ Competitors of Medical Instrument Container

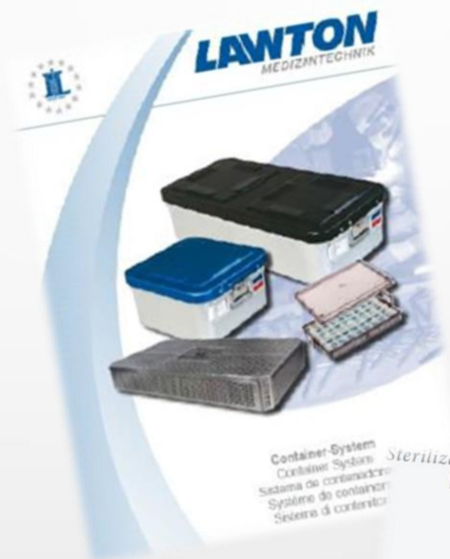
AESCULAP® –the strong branding in the market

LAWTON MEDIZINTECHNIK

KLS martin GROUP

Codman

V.Mueller®





# Future Plan

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## ★Press Machine

| | MAX<br>MAX-100、MAX-200 | FGL<br>FGL-200、FGL-300<br>FGL-450、FGL-600<br>FGL-800、FGL-1000 | UKL<br>UKL-300W、UKL-400W<br>UKL-600W |
|---|---|---|---|
| Capacity (tone) | 100~200 | 200~1000 | 300~600 |
| Work Energy (spm) | 50~200 | 50 ~ 100 | 35~70 |
| Slide Dimension (mm) | 1300*700、1600*900 | 1100*600 ~ 2100*1100 | 3000*1100、3000*1300 |
| Total Deflection (mm) | 0.5、0.7 | 0.7 ~ 1.4 | 1.5 |
| |   |   |   |

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Patec Precision Industry Co., Ltd

**Being The Leader and Innovator Of Metal Processing**

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