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 382 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.

PATEC®

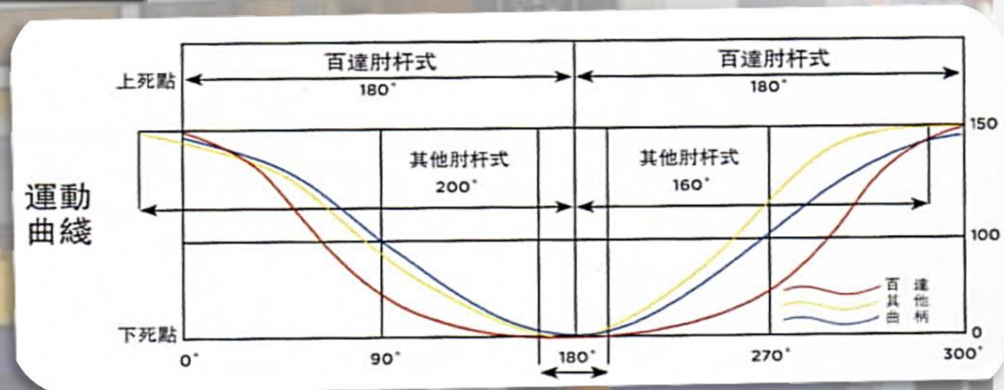
Company Profile

1

★Forging Synergies

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

➔Continuous Tooling



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

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Company Profile

❶

- 85%Revenue from Automobile parts

  Benefit from MQB platform

  Market Growth, MQB, Emission Standards

  Numerous Tier 1 vendor code

- MQB

  Reduce development costs, reduce maintenance and inventory costs

  VW, AUDI, SKODA, SEAT

  share about 60% auto parts

BMW VW TOYOTA

Automobile

- China keep growing; Europe recover
- EURO 6 ； National Stage V, VI

faurecia Valeo INTEVA PRODUCTS BOSCH

Tier 1

- MQB platform increase volume
- Decrease Core supplier

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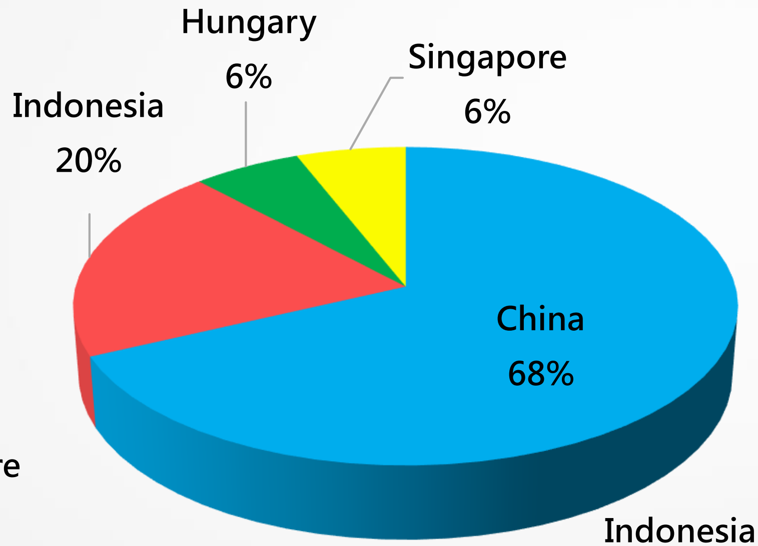
Company Profile

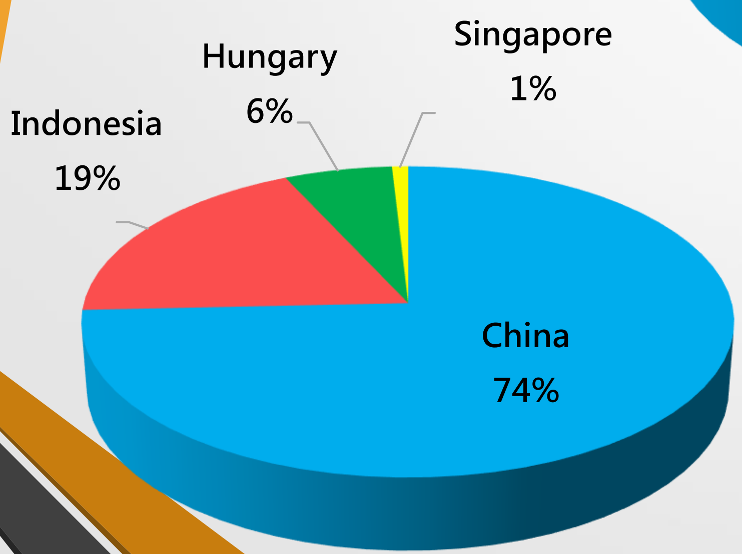
1

Company Profile

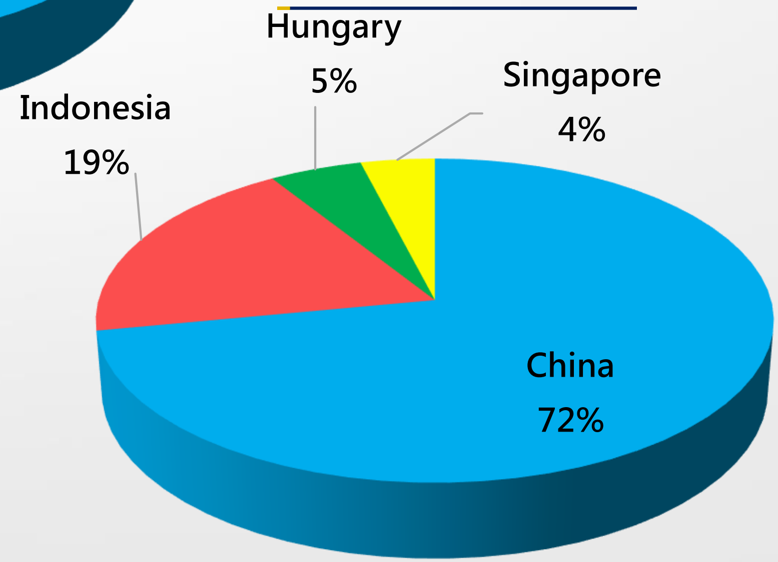
2016 Sales



2015 Sales



2017Q3 Sales



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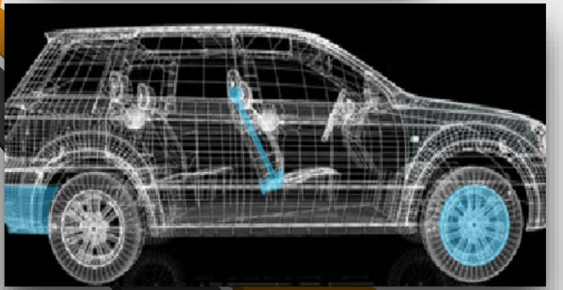
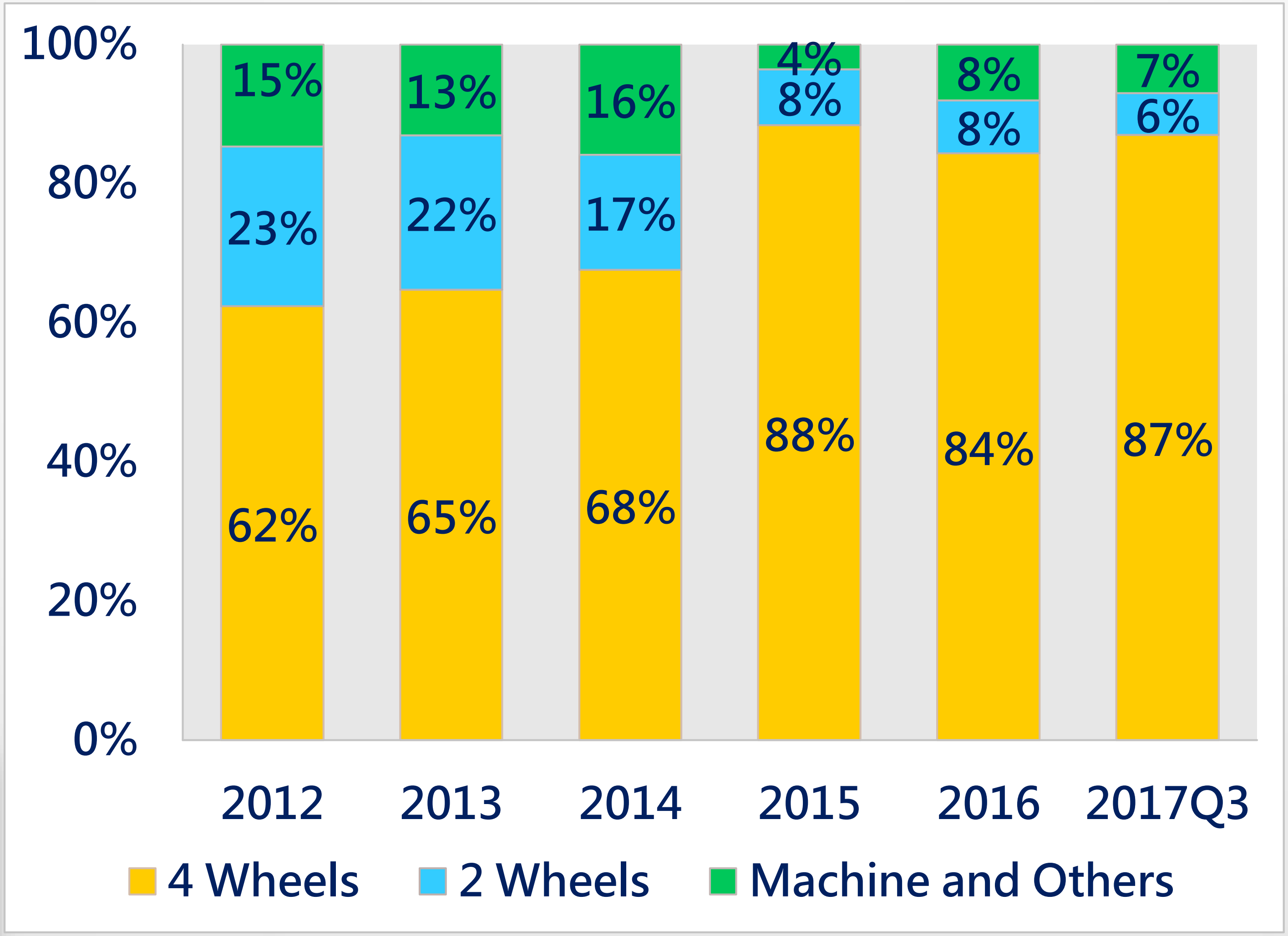
Sales Contents

2

- Sales Contents
- Major Products
- Major Customers

Sales Contents – Products Items ②





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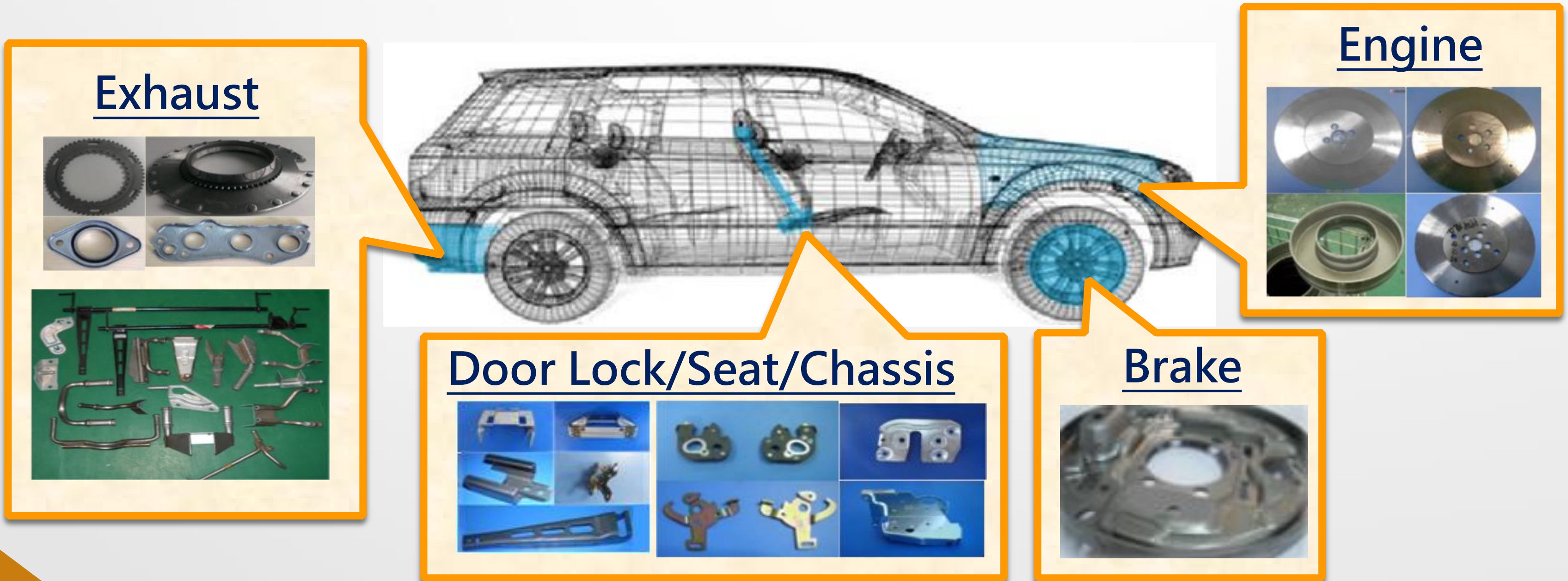
Sales Contents – Major Products ❷

★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.



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Sales Contents – Major Products ②

★2 Wheels

Shock

Starters

Brake

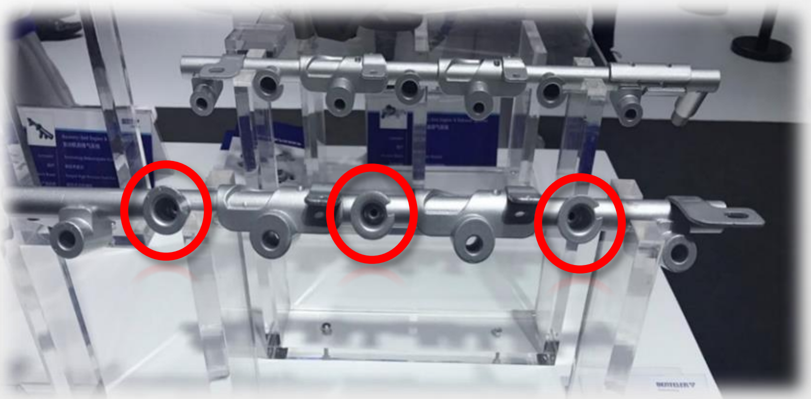
Sales Contents – Major Products ❷

★2017 New Products

Wiper Linkage

Injection System

Chassis System

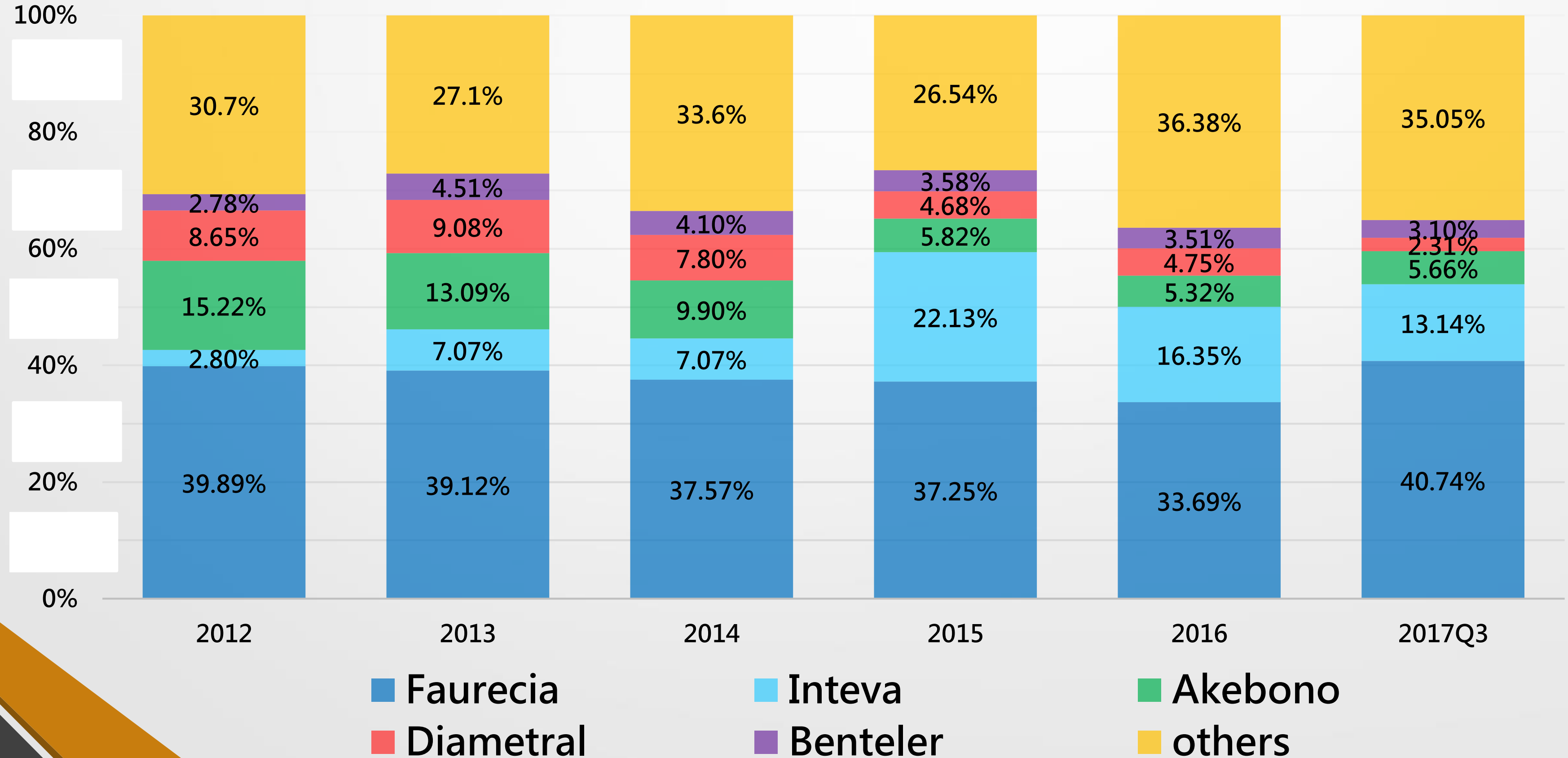


Sales Contents – Major Customers

②

Major Customers

- Top 3 Faurecia(top8)、Inteva(top71)、Akebono(top98) all are 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).



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Sales Contents – Major Customers

2

- Patec 50% revenue comes from VW
- According China Securities research
  FORD、GREATWALL 、JEELY and Guangzhou big jump
  next production cycle : VW SUV
- 2017~2019 VW China will release 10 new SUVs
- 2018 the new models and replacement models great grow together
- New automobiles are using MQB platform, the parts sale to MQB will grow

VW Group vehicle sales situation

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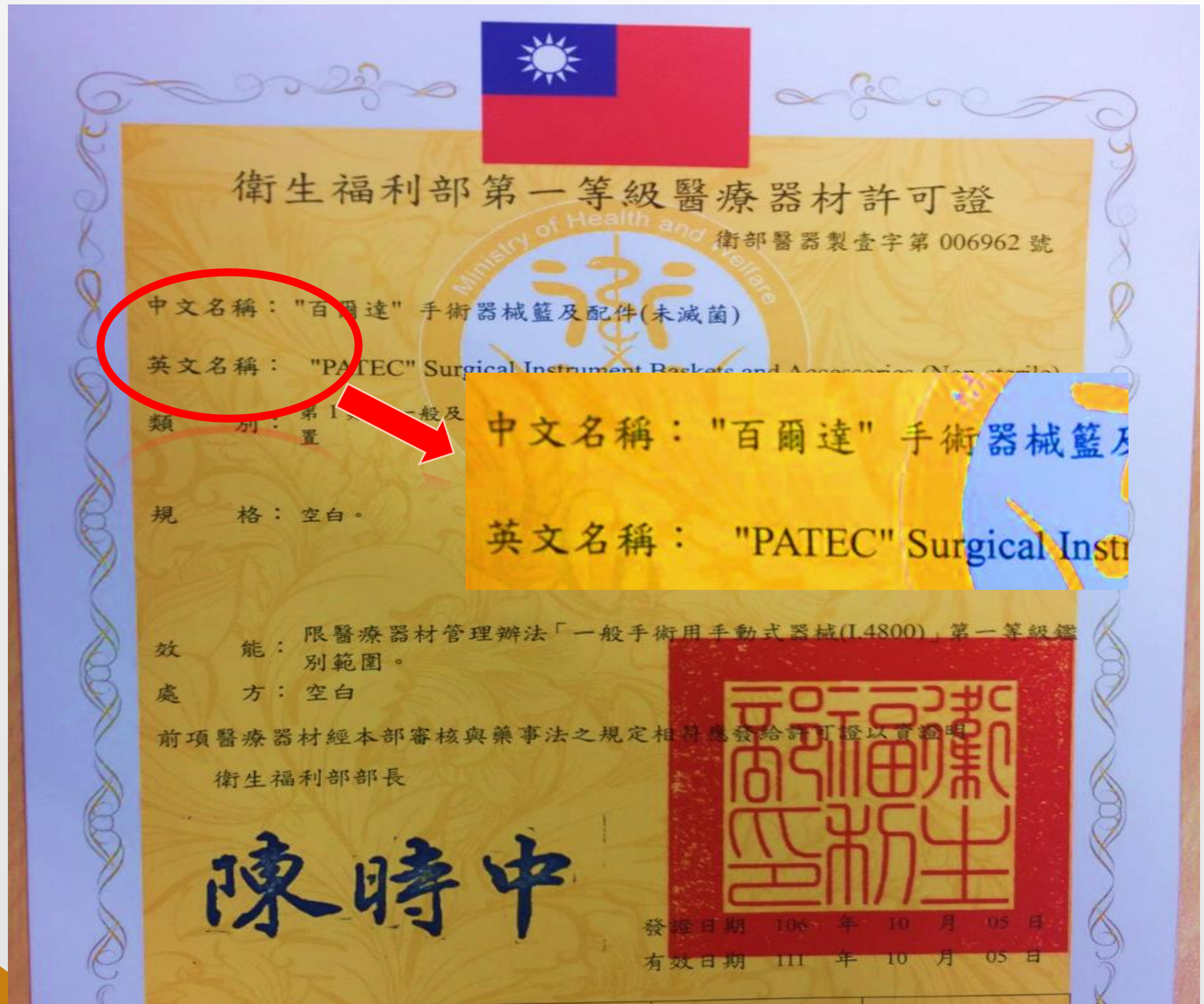
Medical Instrument

2018 PATEC MEDICAL First year



衛生福利部第一等級醫療器材許可證

衛部醫器製壹字第 006962 號

中文名稱："百爾達" 手術器械籃及配件(未滅菌)

英文名稱： "PATEC" Surgical Instrument Baskets and Accessories (Non-sterile)

規 格：空白。

效 能：限醫療器材管理辦法「一般手術用手動式器械(I.4800)」第一等級鑑別範圍。

處 方：空白

前項醫療器材經本部審核與藥事法之規定相符應發給許可證以資證明

衛生福利部部長

陳時中

發證日期 106 年 10 月 05 日

有效日期 111 年 10 月 05 日

Medical Instrument

2

Medical Network

Goal：Link surgical instruments and medical record

財團法人中華民國商品條碼策進會
GS1 Taiwan Council

GS1 號碼登記證書

證書編號：1704126

登記人： 新加坡商百爾達醫材有限公司台灣分公司
登記類別：GS1 Taiwan 之GTIN條碼

PATEC MEDICAL SUPPLIES PTE LTD TA

was assigned as the member of GS1 to u

Company Prefix Number : 471987508

COMPANY PREFIX NUMBER

To Whom It May Concern :
This is to certify that
PATEC MEDICAL SUPPLIES PTE LTD TAIWAN BRANCH
was assigned as the member of GS1 to use the
Company Prefix Number : 471987508

and the main GLN Number 4719875089015 by GS1 Taiwan
and remained until 2020-10-13
Issued Date 2017-10-17

執行長 林 暉

Signature
Lin,hui / Chief Executive Officer of GS1 Taiwan

本會地址：台北市中正區 10050 林森南路 10 號 4 樓
4F, NO. 10, LIN SEN S. RD., TAIPEI 10050, TAIWAN
TEL:02-23939145 FAX:02-23913171
http://www.gs1tw.org

2016/08 印製 5,000 份

UDI (Unique Device Identification)

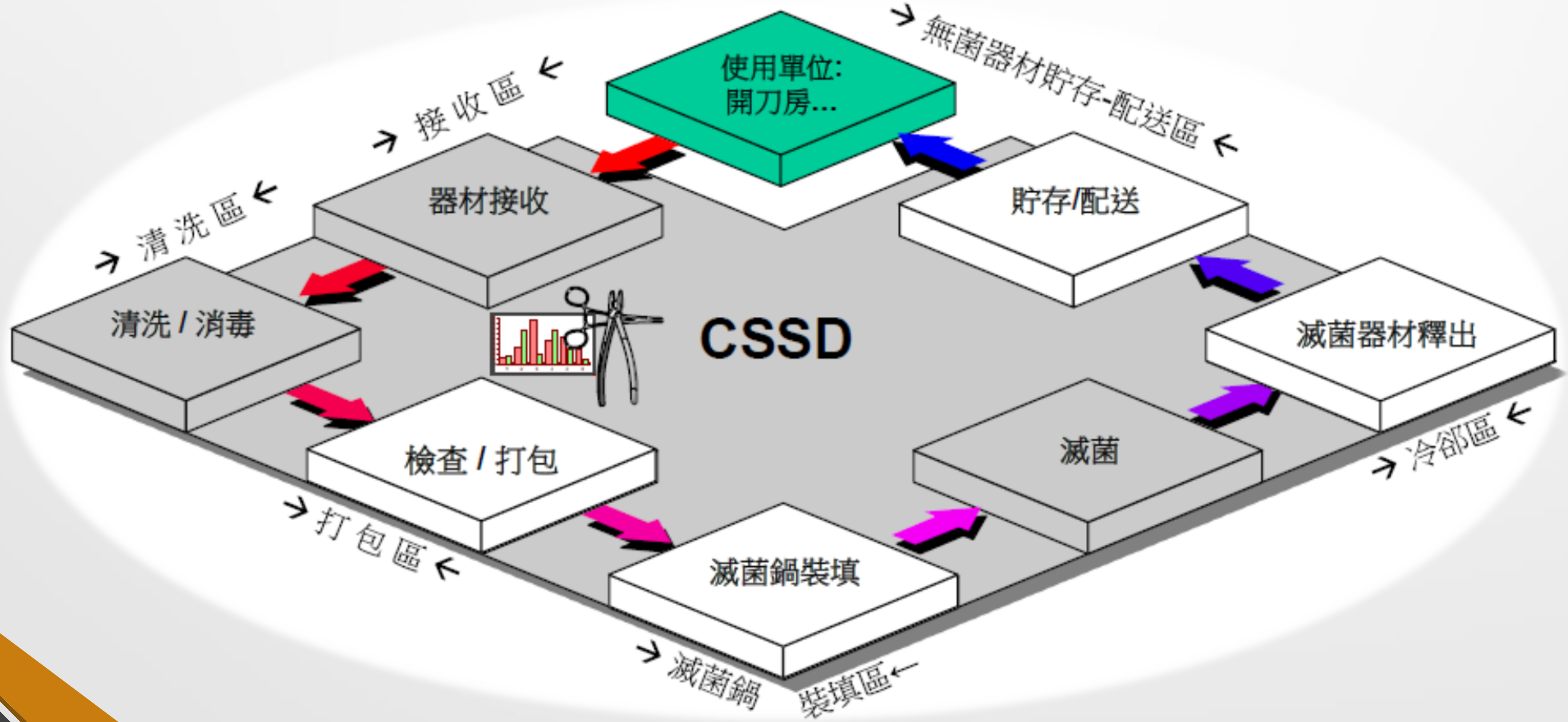
FDA September 2014 Implementation by Risk Level

Establish a set of standardized medical instruments identification system for management and tracking

產品介紹-醫療器械

2

★CSSD Central Sterile Supply Department



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Medical Instrument

2

★ 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

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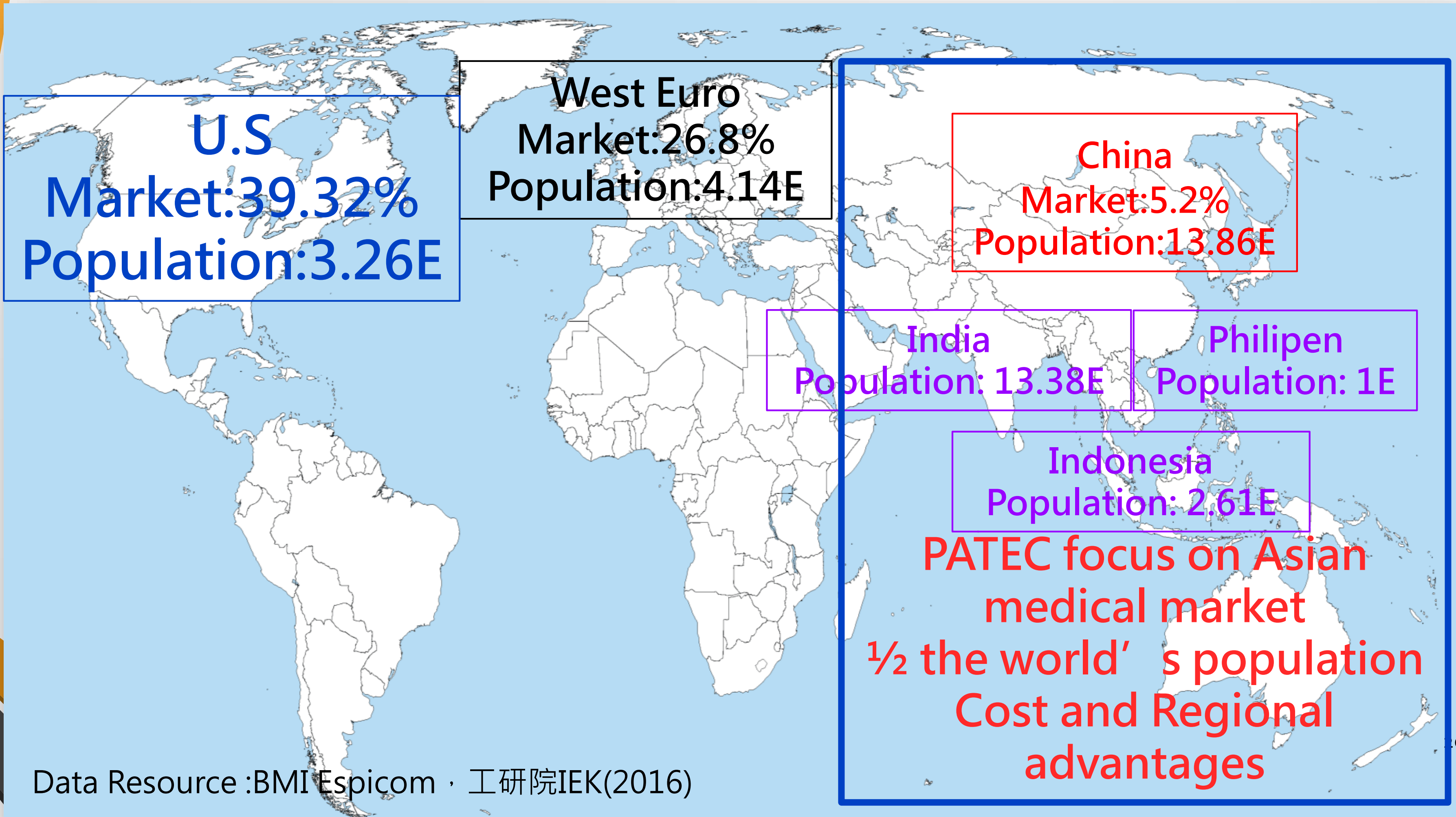
產品介紹-醫療器械

2

Global Medical Market: 2016 USD 3,361E

China Medical Reform plan，16.8%annual compound growth rate



Data Resource :BMI Espicom，工研院IEK(2016)

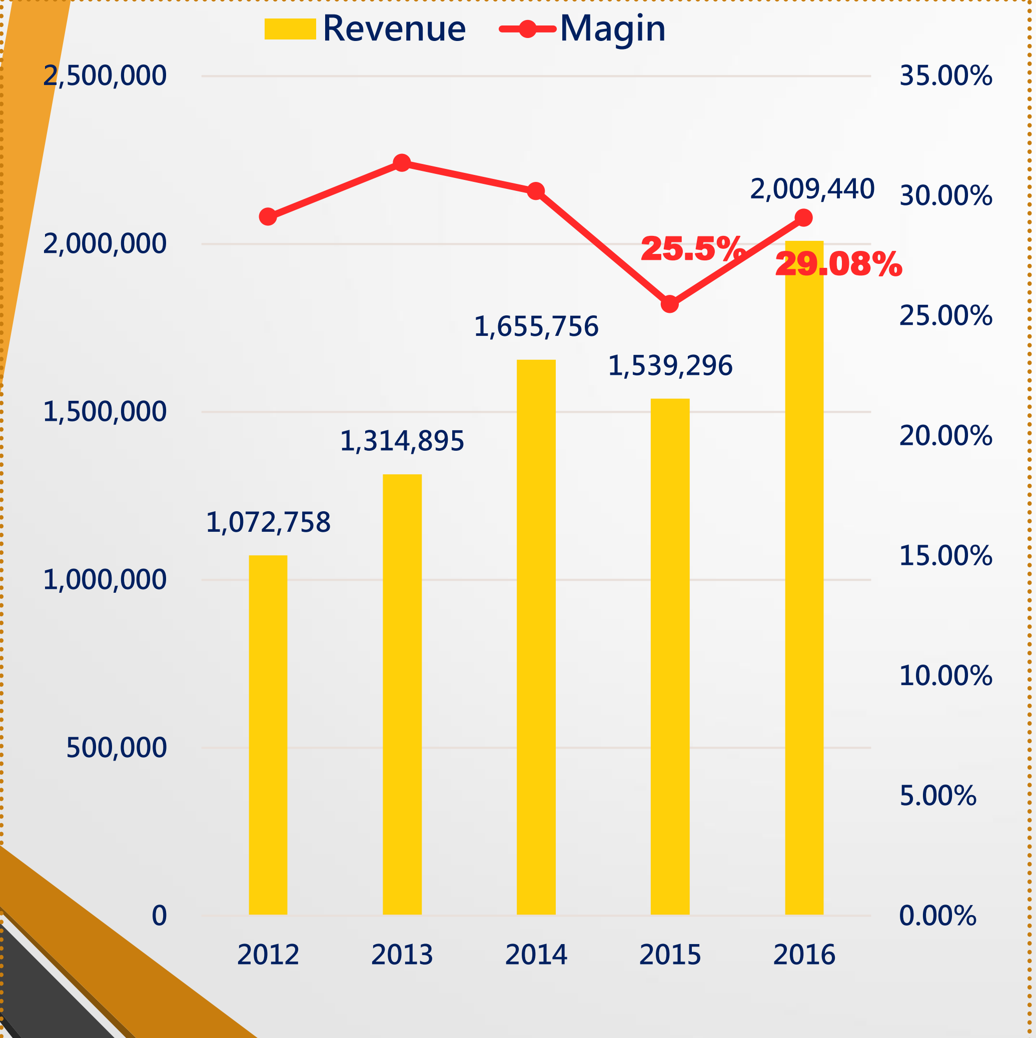
Business Performance

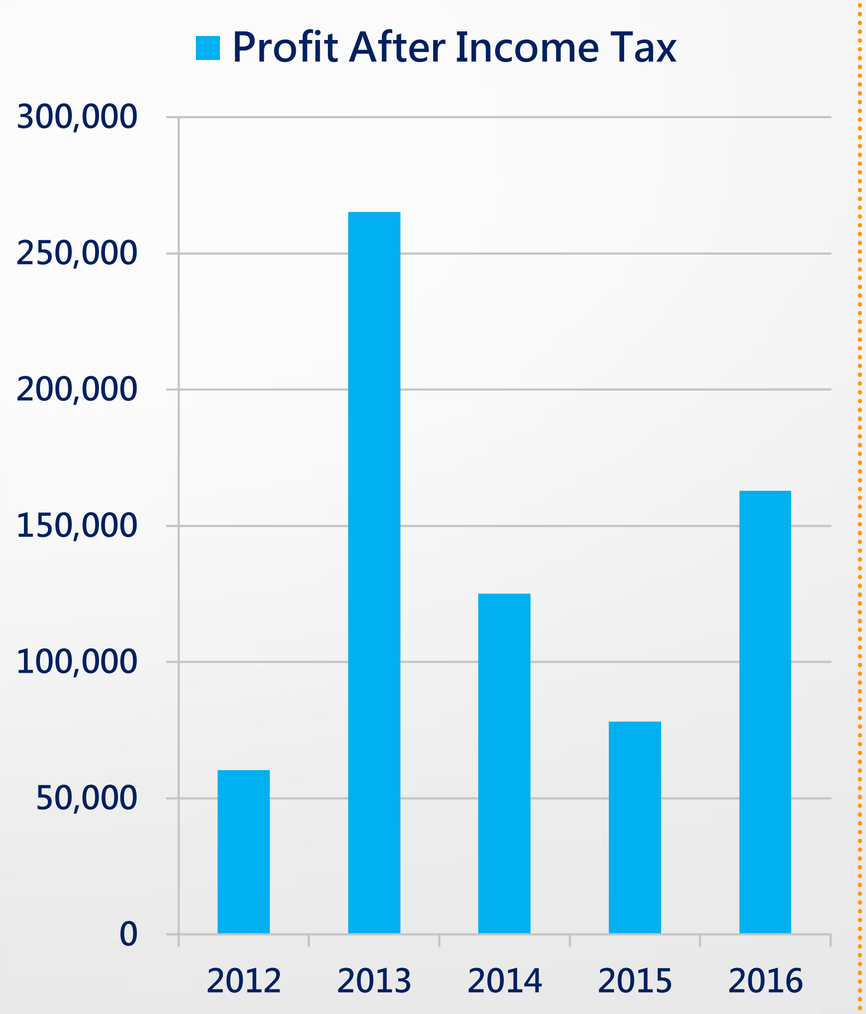
3

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

Business Performance
-Consolidated Operating Revenue/Margin ❸

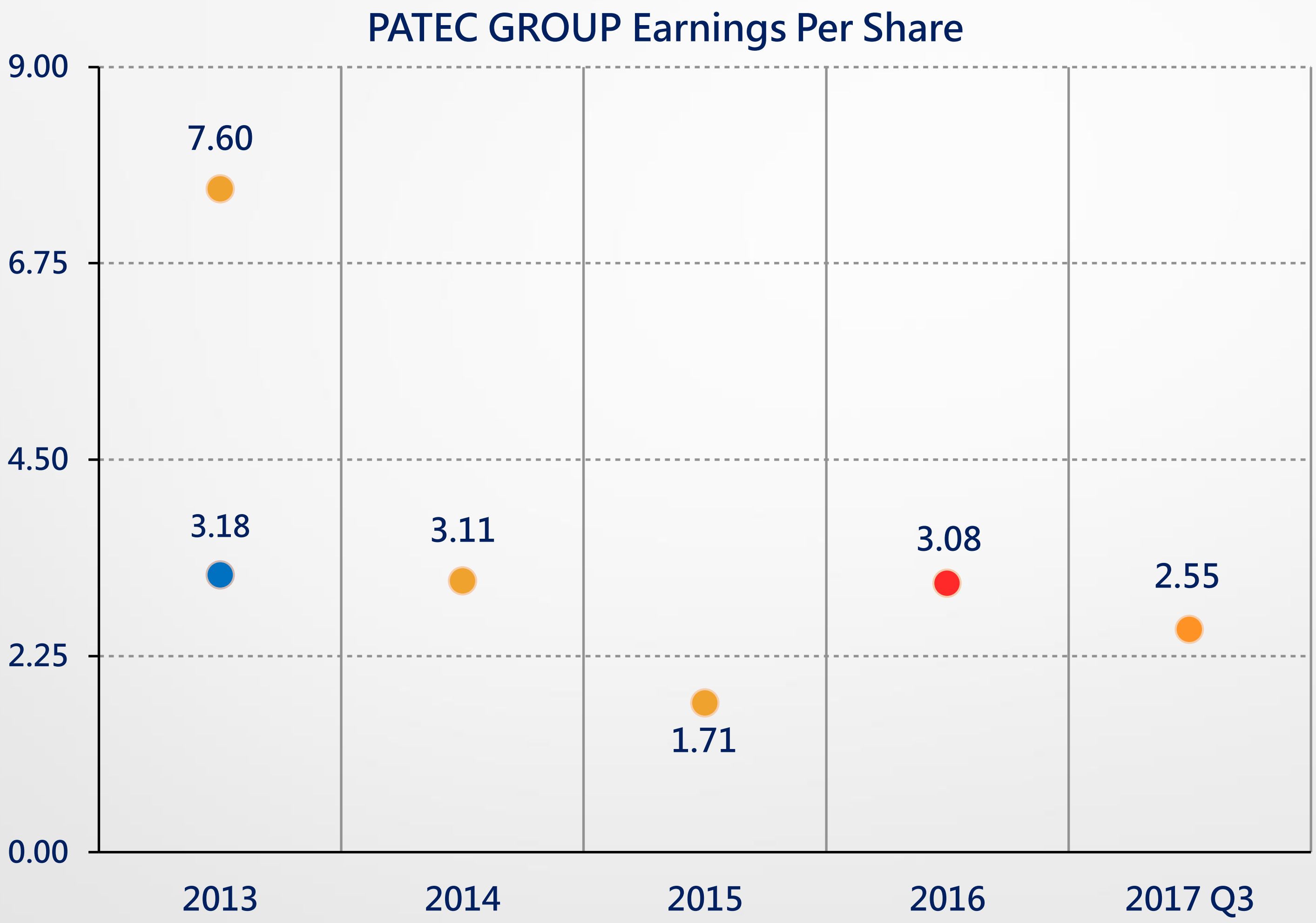
In NTD Thousand





Business Performance -Earnings Per Share

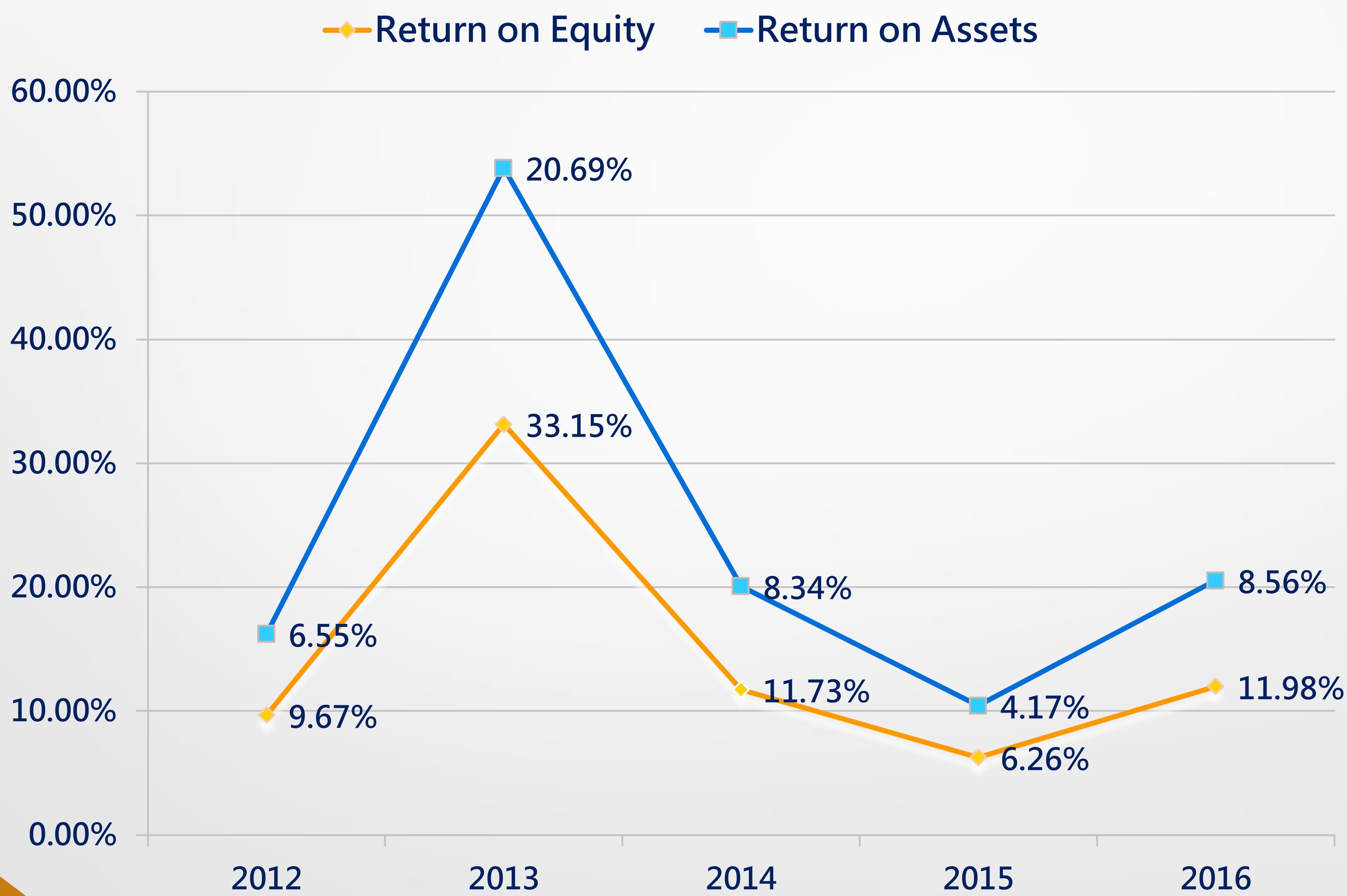
3



Note：Earnings Per Share for 2013, excluding gains on disposal of land, was NTD 3.18.

Business Performance -ROE/ROA

3



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Business Performance -Consolidated Income Statement (Per Annum)

3

In NTD Thousand

	2012		2013		2014		2015		2016	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Operating Revenue	1,072,758	100	1,314,895	100	1,655,756	100	1,539,487	100	2,009,440	100
Operating Costs	(760,397)	(71)	(902,377)	(69)	(1,155,854)	(70)	(1,147,366)	(75)	(1,425,168)	(71)
Operating Margin	312,361	29	412,518	31	499,902	30	392,121	25	584,272	29
Operating Expenses	(219,640)	(20)	(237,726)	(18)	(308,421)	(18)	(283,287)	(18)	(327,522)	(16)
Operating Profit	92,721	9	174,792	13	191,481	12	108,834	7	256,750	13
Non-operating Income	25,420	2	155,926	12	13,583	1	31,919	2	16,003	1
Non-operating expenses	(22,134)	(2)	(22,183)	(2)	(46,768)	(3)	(15,179)	(1)	(37,827)	(2)
Non-operating expenses	96,007	9	308,535	23	158,296	10	125,574	8	234,926	12
Income Tax Expense	(35,763)	(3)	(43,401)	(3)	(33,252)	(2)	(47,507)	(3)	(72,091)	(4)
Profit For The Year	60,244	6	265,134	20	125,044	8	78,067	5	162,835	8
(NCI)	(14,506)	1	(24,369)	2	(23,035)	1	(17,372)	1	(47,904)	2
CI	45,738	5	240,765	18	102,009	7	60,695	4	114,931	6
EPS(in Dollars)	1.60		8.43		3.46		1.88		3.08	

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Business Performance -Consolidated Income Statement (Per Quarter) ③

In NTD Thousand

	2016 Q3		2016 Q4		2017 Q1		2017 Q2		2017 Q3	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Operating Revenue	453,080	100	586,432	100	524,643	100	514,748	100	491,995	100
Operating Costs	(315,227)	(70)	(409,253)	(70)	(371,465)	(71)	(371,546)	(72)	(337,713)	(71)
Operating Margin	137,853	30	177,179	30	153,178	30	143,202	28	154,282	29
Operating Expenses	(84,101)	(18)	(103,971)	(18)	(84,120)	(16)	(110,101)	(22)	(92,081)	(19)
Sales	(16,669)	(3)	(20,828)	(4)	(18,221)	(3)	(20,917)	(4)	(18,555)	(4)
Admin	(41,452)	(9)	(57,998)	(10)	(49,862)	(10)	(48,079)	(10)	(47,016)	(10)
R&D	(25,980)	(6)	(25,145)	(4)	(16,037)	(3)	(41,105)	(8)	(26,510)	(5)
Operating Profit	53,752	12	73,208	12	69,058	13	33,101	6	62,201	12
Non-operating Income	4,381	1	5,239	1	2,629	1	11,864	2	2,220	0
Non-operating expenses	(27.005)	*a (6)	(4,315)	(0)	(7,407)	(2)	(2,657)	(0)	(3,484)	(0)
Profit Before Tax	31.128	7	74,132	13	64,280	12	42,308	8	60,937	12
Income Tax Expense	(11.518)	(3)	(23,558)	(4)	(14,148)	(3)	(17,791)	(3)	(46,773)	(3)
Profit For The Year	19.610	4	50,574	9	50,132	9	24,517	5	46,103	9
(NCI)	(11.669)	3	(13,845)	2	(10,902)	2	(6,961)	1	(6,582)	1
CI	7.941	2	36,729	6	39,230	6	17,556	3	39,521	8
EPS(in Dollars)	0.21		0.98		1.04		0.47		1.04	

*a ：Loss from Lawsuit is 27,632

Business Performance -Cash Flow Statement

3

In NTD Thousand

	2012 Amount	2013 Amount	2014 Amount	2015 Amount	2016 Amount	2017 Q3 Amount
Profit Before Income Tax	96,007	308,535	158,296	125,574	234,926	167,525
D & A	33,919	37,799	57,602	54,501	55,951	42,224
Income Tax Paid	(46,239)	(29,537)	(41,667)	(45,971)	(71,667)	(47,131)
Net cash provided by operating activities	108,870	42,480	19,937	165,341	116,864	85,873
CAPEX	(36,534)	(95,286)	(115,120)	(17,166)	(61,116)	(27,737)
Net cash (used in) provided by investing activities	(56,962)	108,321	(193,304)	51,665	(122,412)	(27,480)
Net cash (used in) provided by financing activities	3,814	(120,199)	69,517	(31,324)	125,950	(23,010)
Increase (Decrease) in cash	40,698	75,775	(65,765)	143,991	61,412	(10,155)

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Business Performance -Financial Ratios

3

		2012	2013	2014	2015	2016	2017 Q1
Profitability	Operating Margin Ratio	29.12%	31.37%	30.19%	26.89%	29.08%	29.43%
	Operating Profit Ratio	8.64%	13.29%	11.56%	8.79%	12.78%	10.73%
	Earnings Before Tax Margin	8.95%	23.46%	9.56%	8.68%	11.69%	10.94%
	Net Profit Margin	5.62%	20.16%	7.55%	5.67%	8.10%	7.89%
Solvency	Current Ratio	178.78%	220.82%	198.22%	277.57%	332.51%	265.03%
	Quick Ratio	122.47%	158.47%	143.39%	201.43%	247.10%	191.17%
	Debt Ratio	45.91%	36.79%	38.65%	27.93%	35.05%	41.34%
	Times Interest Earned Ratio	6.47	18.67	8.31	9.27	23.07	21.46
Operating Ability	Account Receivable Turnover (Times)	3.92 92 days	3.43 105 days	2.87 125 days	2.55 141 days	3.30 109 days	3.09 118 days
	Inventory Turnover (Times)	3.11 116 days	3.47 104 days	3.74 96 days	3.47 104 days	4.00 90 days	3.54 103 days
	Account Payable Turnover (Times)	5.25 69 days	5.14 70 days	4.51 80 days	4.72 76 days	6.67 54 days	6.06 60 days

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Dividend Policy

4

Appropriation Of Earnings		
Distribution Year	Cash Dividends	Stock Dividends
2017	2.0	0
2016	0.39696420	0.99241051
2015	1.33169478	0
2014	1.0	0

Future Plan

5

- Car one-way pulley
- Medical Instrument
- Press Machine

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Future Plan

5

★OAP OAD

- Exclusive Technology: Using cold forging to forge the internal rotation pattern, save subsequent pr ocessing time and cost

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Future Plan

5

★OAP OAD

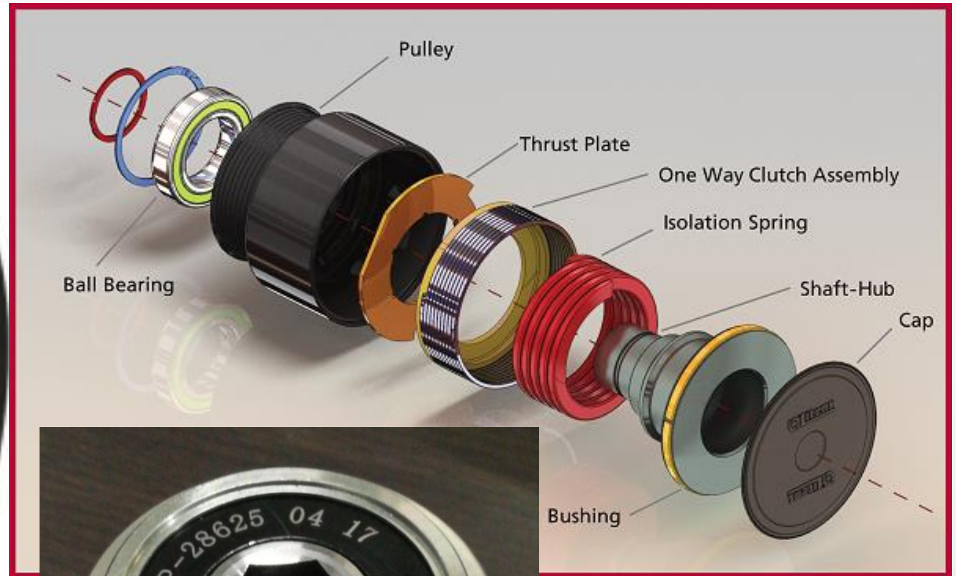

Photo from: https://www.elreg.com

Photo from: http://www.automechanikasa.german-pavilion.com

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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

2

- B BRAUN has set up the major factories in Malaysia, and employ the 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 make serious Environmental issues.

B|BRAUN
SHARING EXPERTISE

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

★Press Machine

	MAX MAX-100、MAX-200	FGL FGL-200、FGL-300 FGL-450、FGL-600 FGL-800、FGL-1000	UKL UKL-300W、UKL-400W 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
			

PATEC

Patec Precision Industry Co., Ltd

Being The Leader and Innovator Of Metal Processing

To learn more about PATEC
Please visit www.patec-intl.com