



# **PATEC PRECISION INDUSTRY CO., LTD.**

( STOCK CODE : 2236.TW )

**PATEC**



## Safe Harbor Notice

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- 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

- 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 )



- 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.

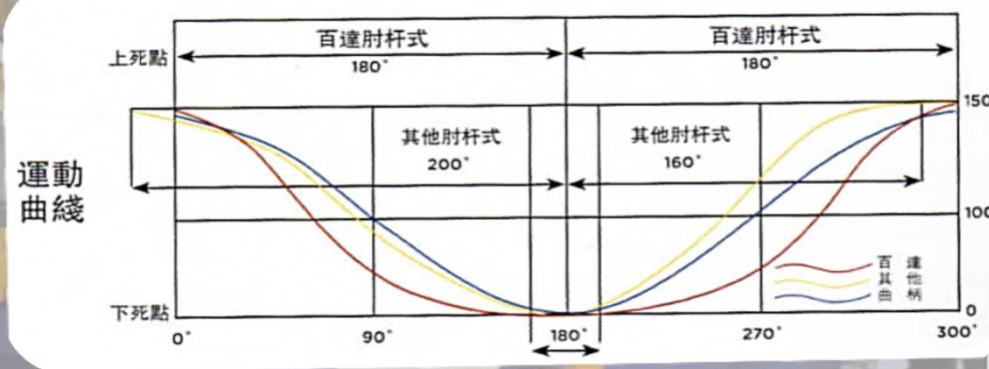


## ★ Forging Synergies

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



➔ Continuous Tooling

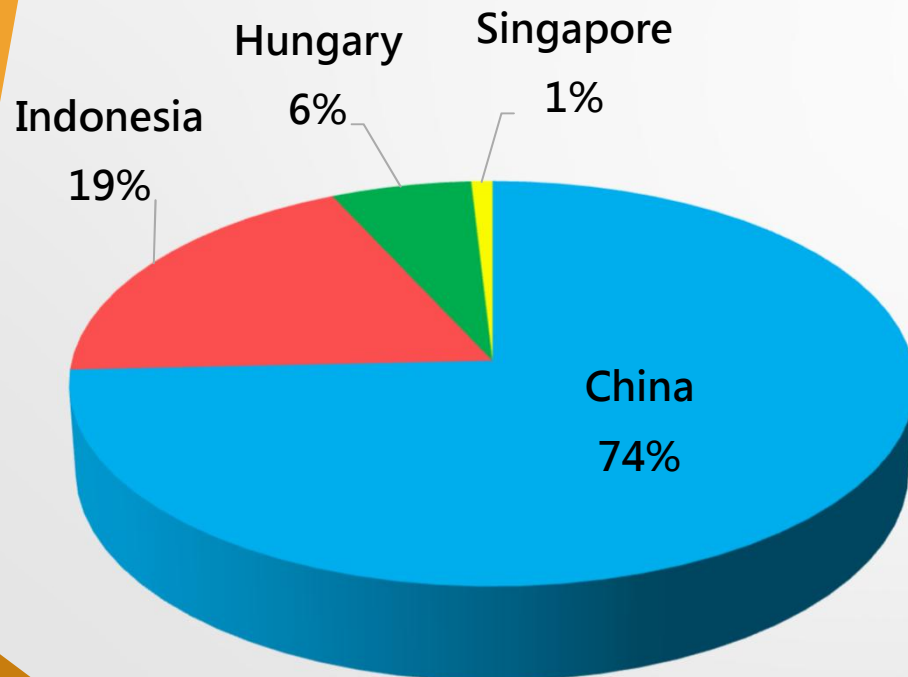




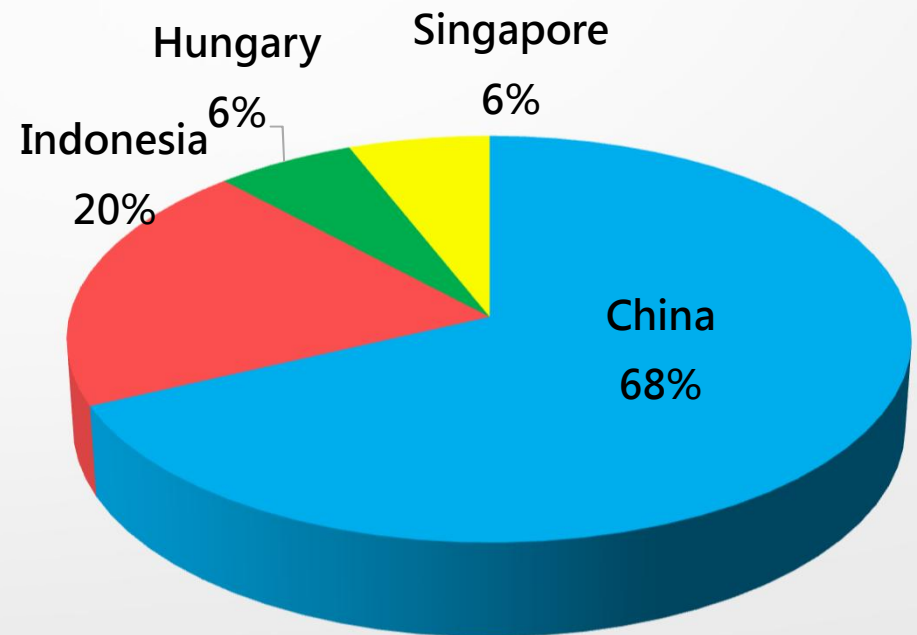
na, Wuxi and

gary

■ 2015 Sales



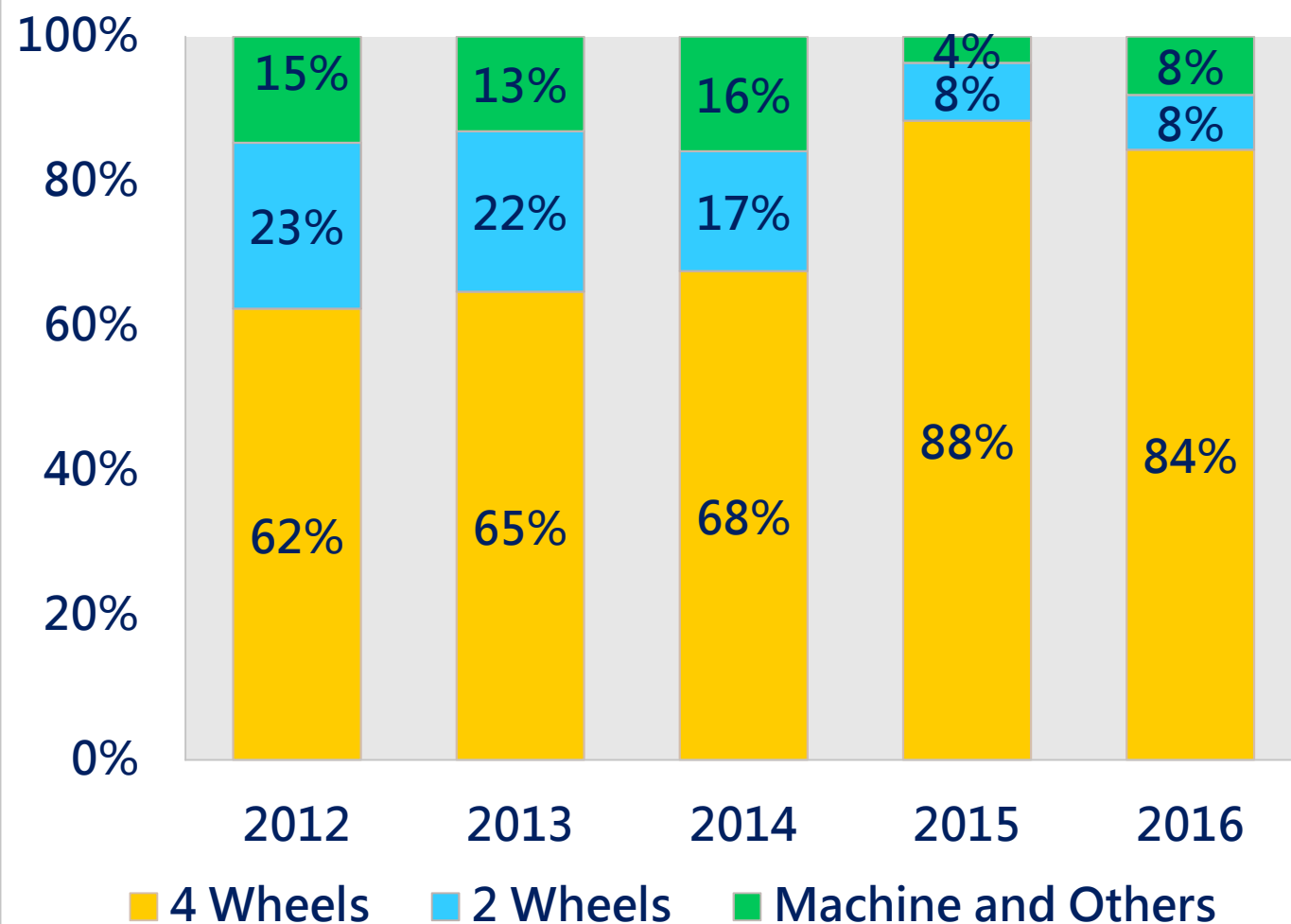
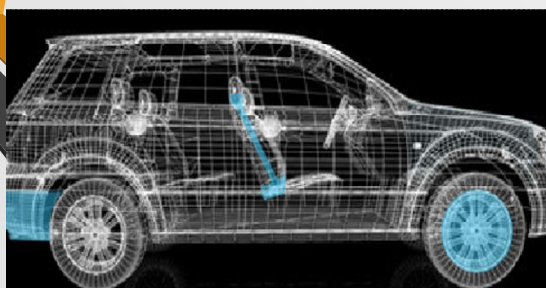
■ 2016 Sales





## Sales Contents – Products Items

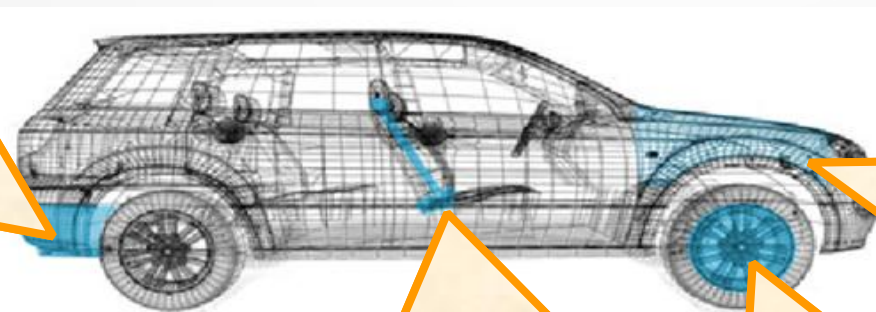
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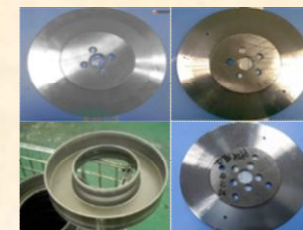
## ★ Automobile safety parts

- 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.

### Exhaust



### Engine



### Door Lock/Seat/Chassis



### Brake



★ 2 Wheels

Shock



Brake



Starters



## Sales Contents – Major Products ②

### ★ 2017 New Products

#### Wiper Linkage



#### Injection System



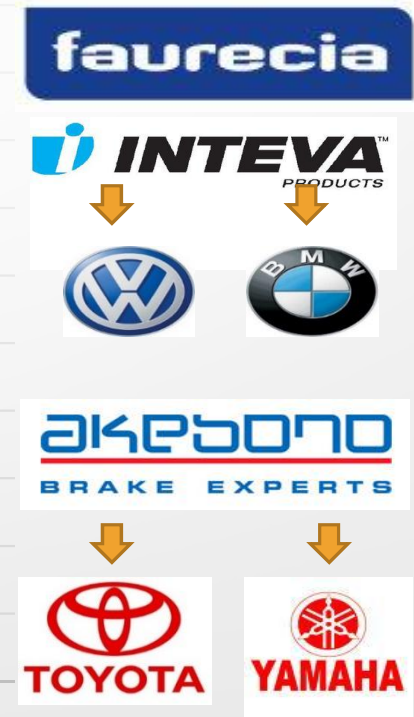
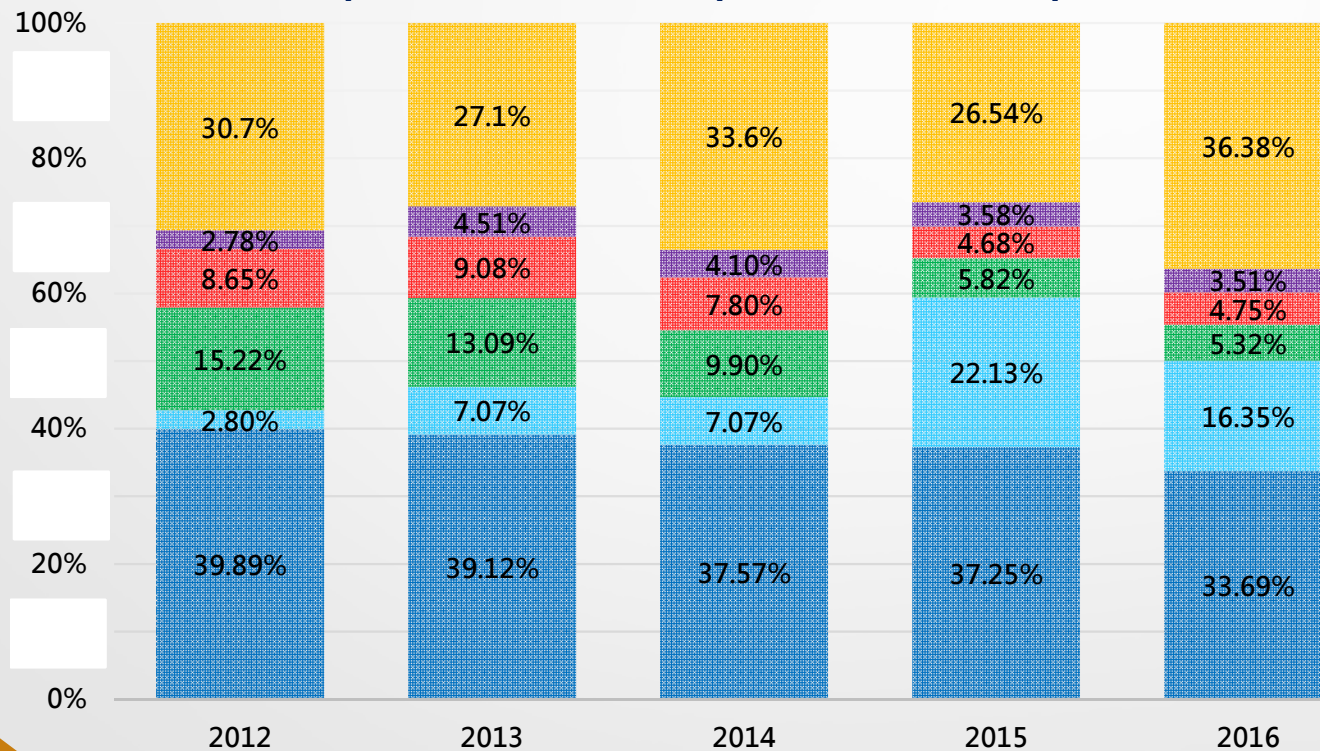
#### Chassis System



## Sales Contents – Major Customers

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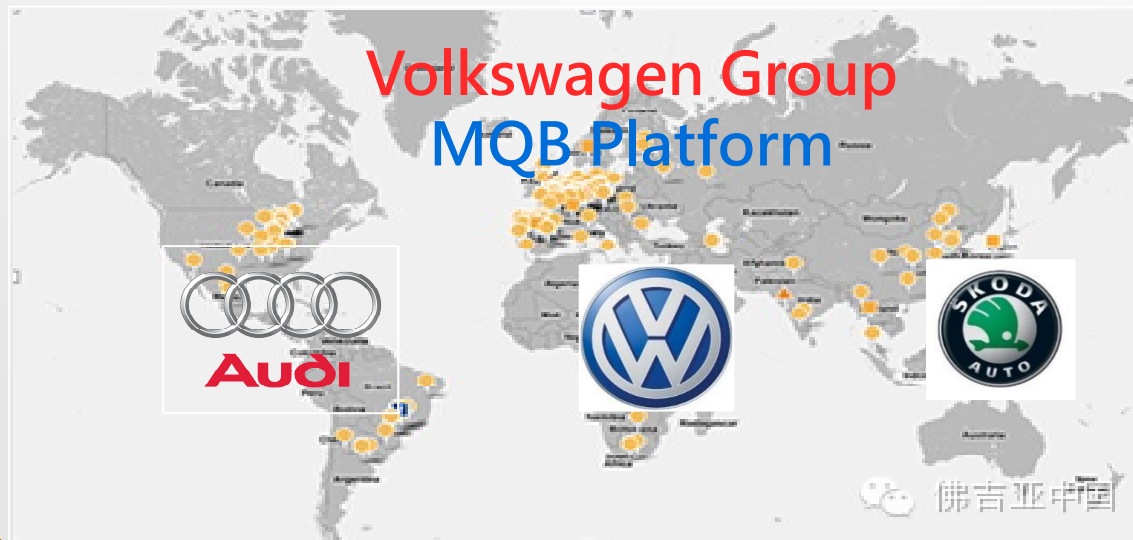
- Major Customers
  - Top 3 Faurecia 、Inteva 、Akebono are all global automobile suppliers
  - Patec is also a qualified supplier of Benteler(top 24), Bosch (top 1), Mitsuba(top 70), Hitachi(top 26), Valeo(top 11), and Nissin(top 100).



■ Faurecia ■ Inteva ■ Akebono ■ Diametral ■ Benteler ■ others

**faurecia**

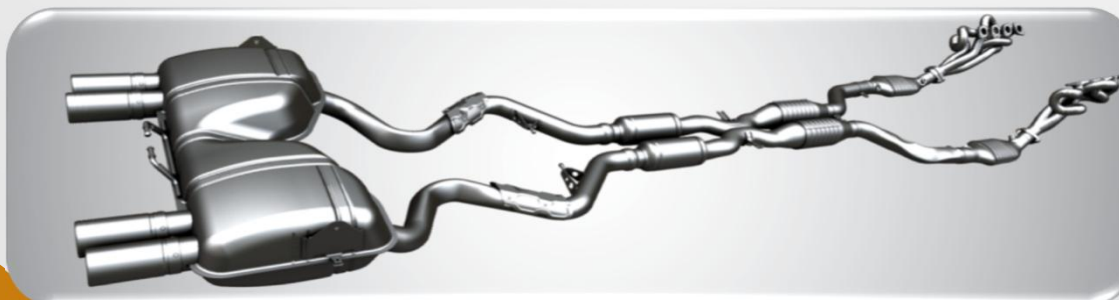
- Automobile safety parts is the main product of Patec Revenue, which main customer is Faurecia French. (Faurecia Group is top 8 of world automobile parts supplier. Annual revenue is NTD 723 billion. 330 factories and 30 research centers in 34 countries. (38 factories and 4 world-class research centers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



**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



## Business Performance

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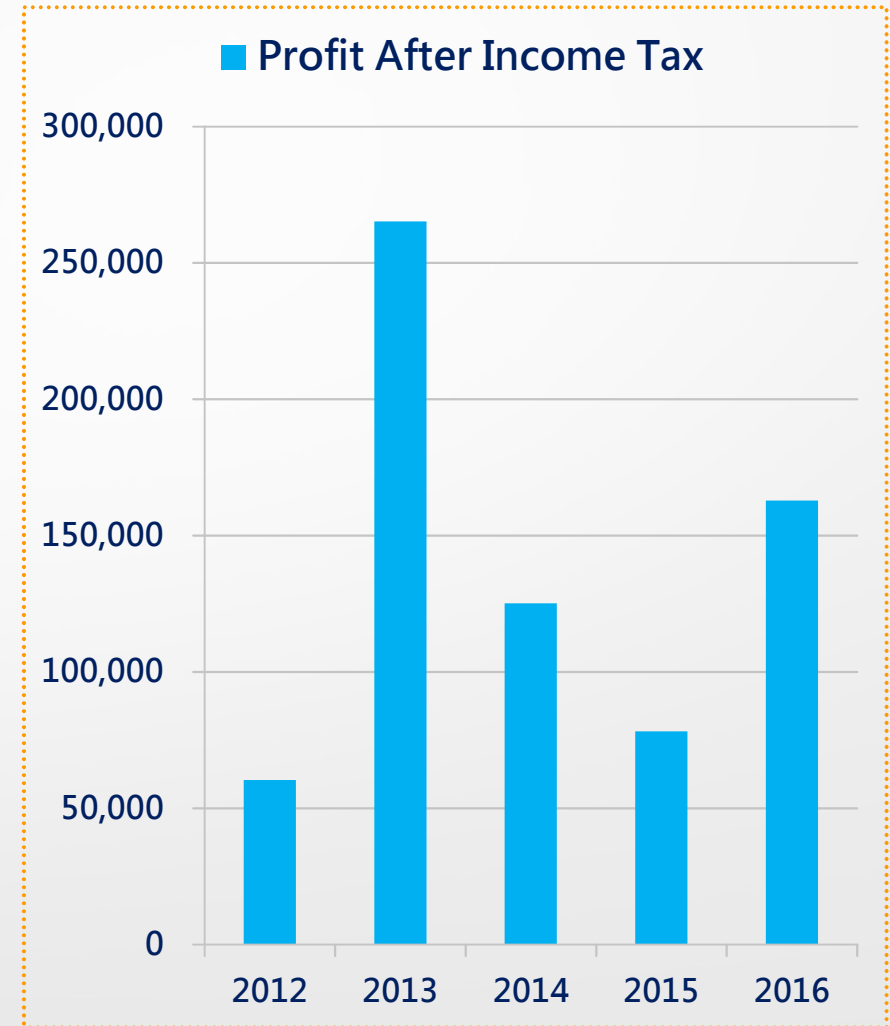
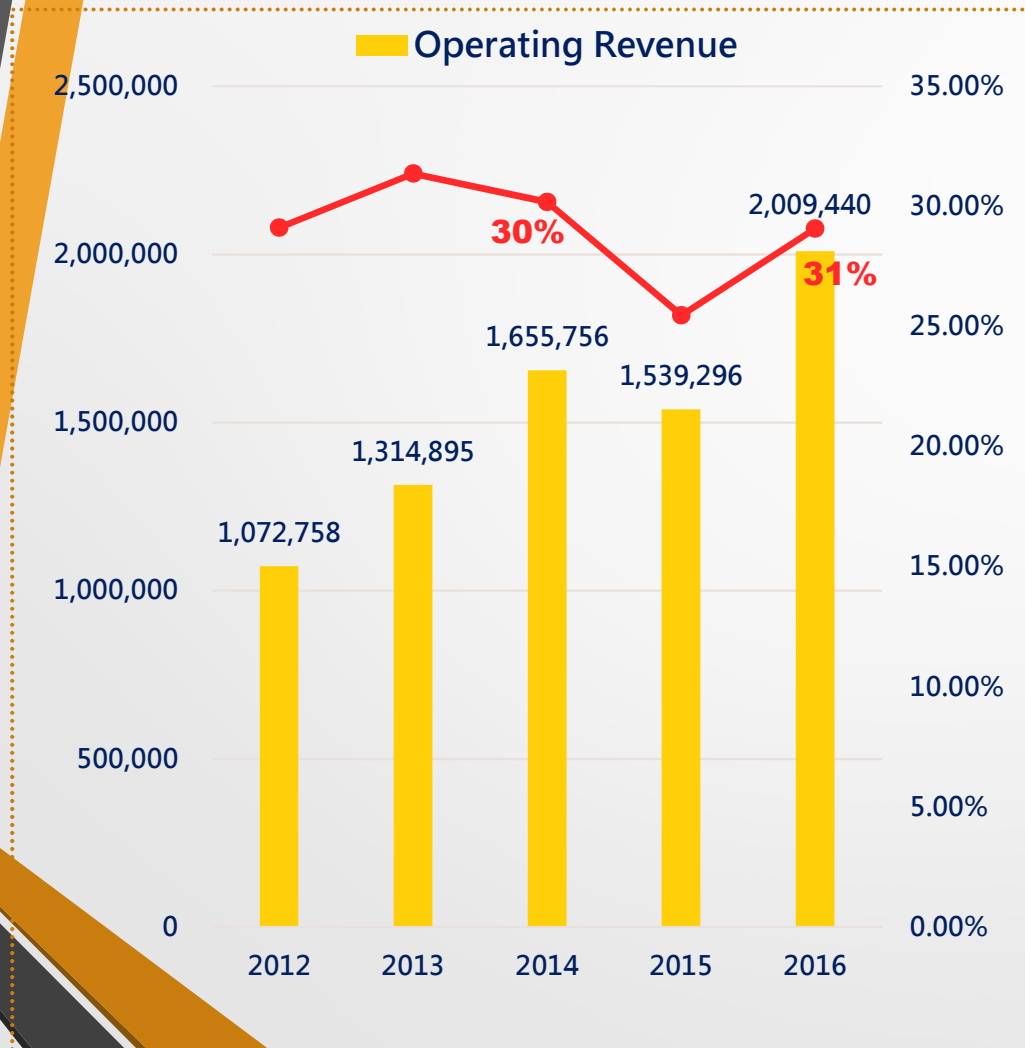
- Consolidated Operating Revenue/Margin
- Earnings Per Share
- ROE/ROA
- Consolidated Income Statement
- Cash Flow Statement

# Business Performance

## -Consolidated Operating Revenue/Margin

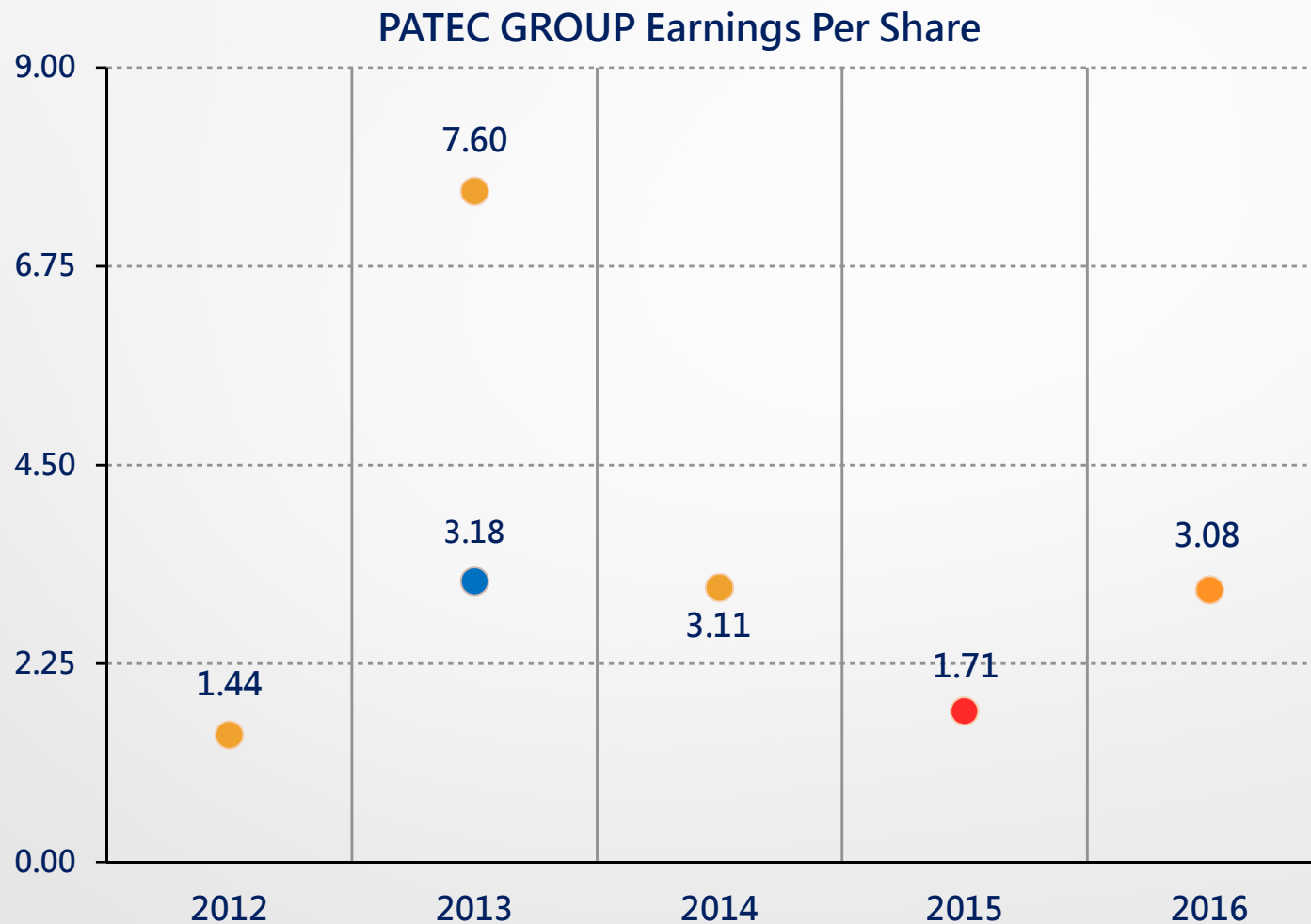
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In NTD Thousand



# Business Performance -Earnings Per Share

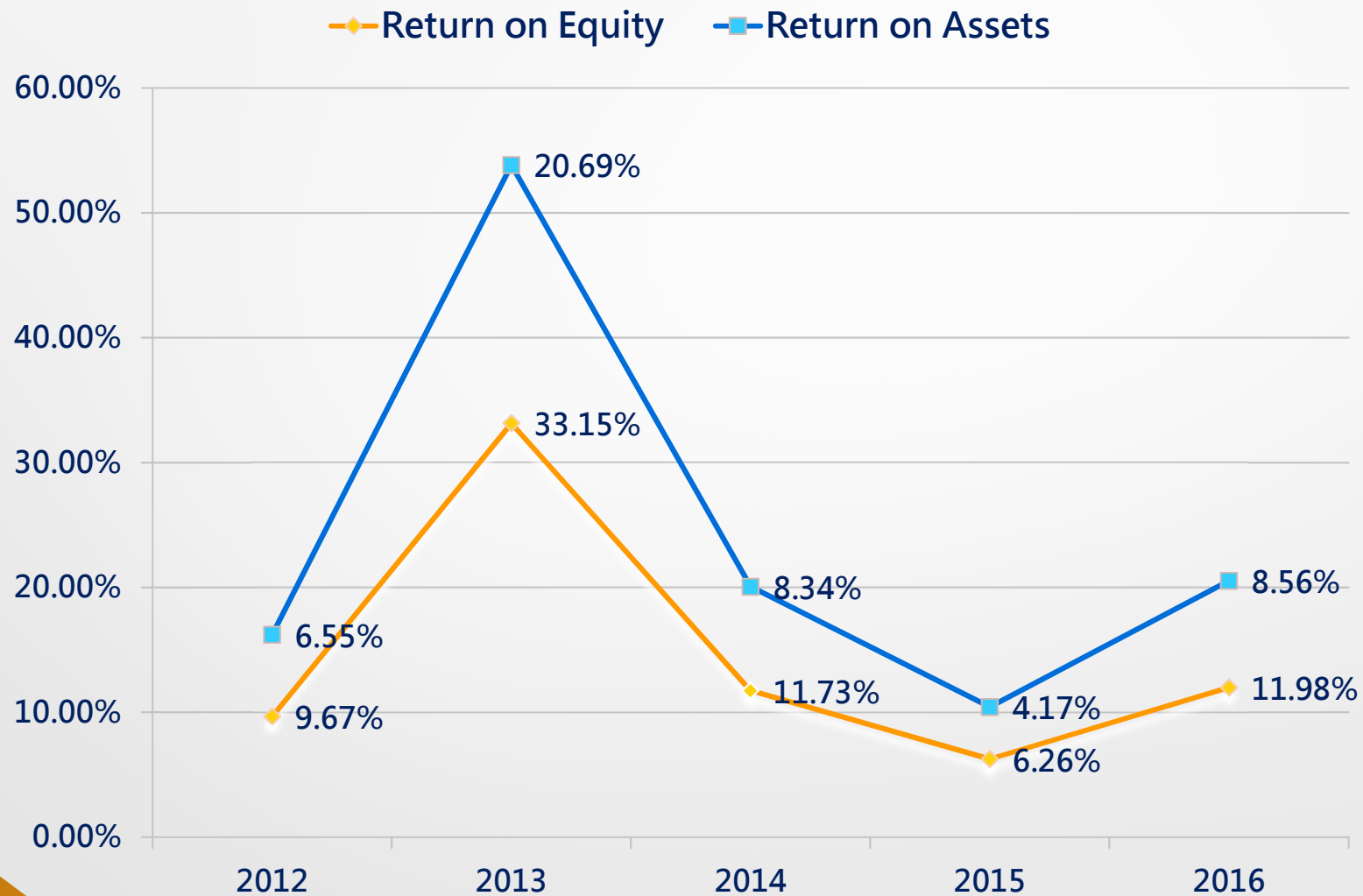
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Note : Earnings Per Share for 2013, excluding gains on disposal of land, was NTD 3.18.

## Business Performance -ROE/ROA

3



# 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	

# Business Performance

## -Consolidated Income Statement (Per Annum) 3

In NTD Thousand

	2015 Q4		2016 Q1		2016 Q2		2016 Q3		2016 Q4	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Operating Revenue	422,957	100	496,781	100	473,147	100	453,080	100	586,432	100
Operating Costs	(314,959)	(74)	(361,890)	(73)	(338,798)	(72)	(315,227)	(70)	(409,253)	(70)
Operating Margin	107,998	26	134,891	27	134,349	28	137,853	30	177,179	30
Operating Expenses	(81,247)	(19)	(70,686)	(14)	(68,764)	(14)	(84,101)	(18)	(103,971)	(18)
Sales	(12,559)	(3)	(11,666)	(2)	(12,651)	(3)	(16,669)	(3)	(20,828)	(4)
Admin	(54,002)	(13)	(49,327)	(10)	(43,685)	(9)	(41,452)	(9)	(57,998)	(10)
R&D	(12,304)	(3)	(9,693)	(2)	(12,428)	(2)	(25,980)	(6)	(25,145)	(4)
Operating Profit	26,751	6	64,205	13	65,585	14	53,752	12	73,208	12
Non-operating Income	23,252	5	2,858	1	4,531	1	4,381	1	5,239	1
Non-operating expenses	(2,433)	(1)	(2,829)	(1)	(4,684)	(1)	(27,005)	*a (6)	(4,315)	(0)
Profit Before Tax	47,570	11	64,234	13	65,432	14	31,128	7	74,132	13
Income Tax Expense	(16,667)	(4)	(17,864)	(4)	(19,151)	(4)	(11,518)	(3)	(23,558)	(4)
Profit For The Year	30,903	7	46,370	9	46,281	10	19,610	4	50,574	9
(NCI)	(10,616)	3	(10,280)	2	(12,110)	3	(11,669)	3	(13,845)	2
CI	20,287	4	36,090	7	34,171	7	7,941	2	36,729	6
EPS(in Dollars)	0.67		0.97		0.92		0.21		0.98	

\*a : Loss from Lawsuit is 27,632

# Business Performance -Cash Flow Statement

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In NTD Thousand

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

# Business Performance -Financial Ratios

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		2012	2013	2014	2015	2016
Profitability	Operating Margin Ratio	29.12%	31.37%	30.19%	26.89%	29.08%
	Operating Profit Ratio	8.64%	13.29%	11.56%	8.79%	12.78%
	Earnings Before Tax Margin	8.95%	23.46%	9.56%	8.68%	11.69%
	Net Profit Margin	5.62%	20.16%	7.55%	5.67%	8.10%
Solvency	Current Ratio	178.78%	220.82%	198.22%	277.57%	332.51%
	Quick Ratio	122.47%	158.47%	143.39%	201.43%	247.10%
	Debt Ratio	45.91%	36.79%	38.65%	27.93%	35.05%
	Times Interest Earned Ratio	6.47	18.67	8.31	9.27	23.07
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
	Inventory Turnover (Times)	3.11 116 days	3.47 104 days	3.74 96 days	3.47 104 days	4.00 90 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

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

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

### ★ Engine Stabilizer

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



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

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

### ★ 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



### ★ Medical Instrument

- 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

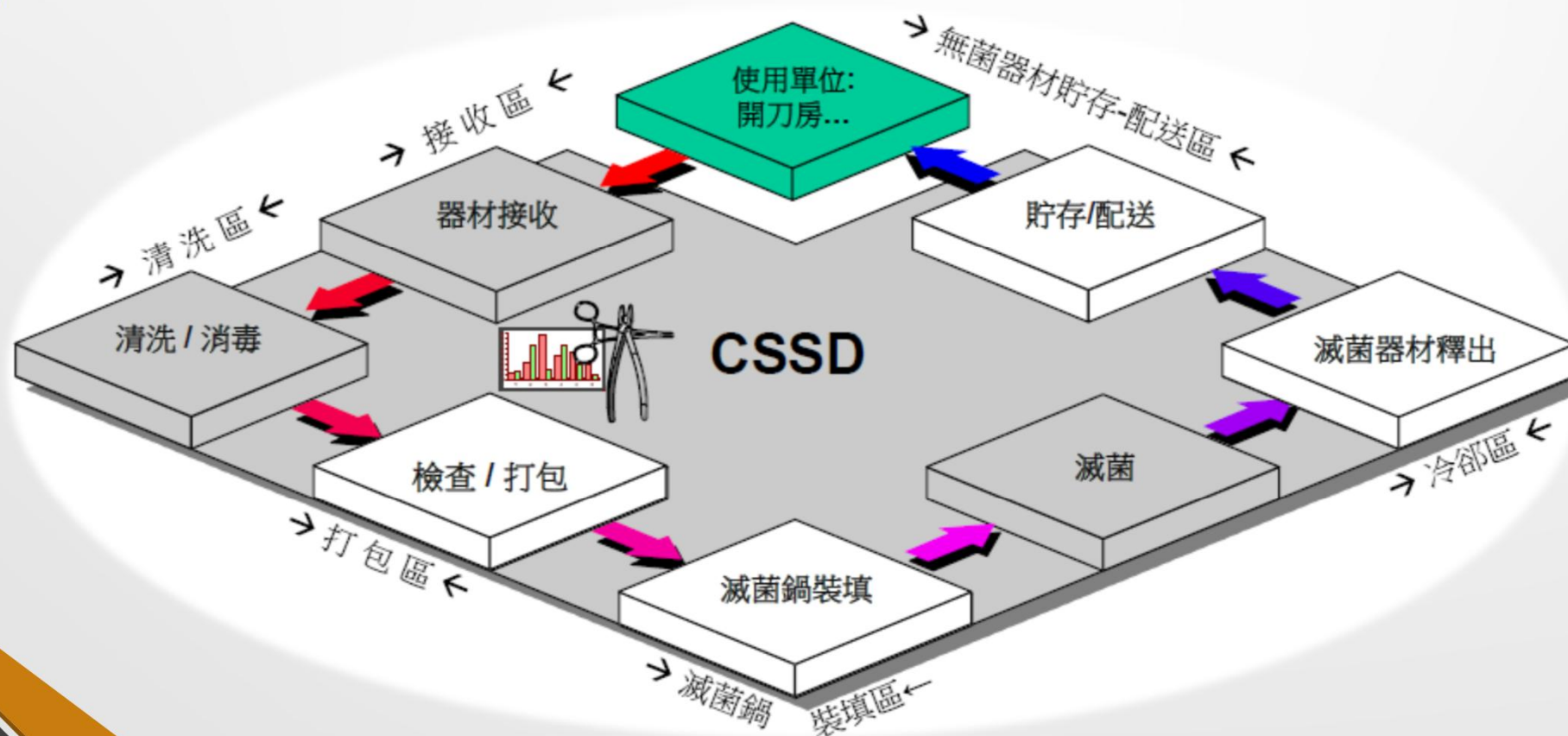
Revenue : NTD 200 B

Employee : 54,000

Brand : Aesculap

Operation : 50 countries

## ★ Medical Instrument Container



### ★ 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

### ★ Competitors of Medical Instrument Container

AESCULAP®

—the strong branding in the market

LAWTON  
MEDIZINTECHNIK




KLS martin  
GROUP

Codman

V.Mueller®



### ★ 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](http://www.patec-intl.com)