



NAFCO Investor Conference

2018. 11. 20



Disclaimer

- This presentation and release contain “forward -looking statements” which may include projections of future results of operations, financial condition or business prospects based on our own information and other sources.
- Our actual results of operations, financial condition or business prospects may differ from those expressed or implied in these forward-looking statements for a variety of reasons, including but not limited to market demand, price fluctuations, competition, international economic conditions, supply chain issues, exchange rate fluctuations and other risks and factors beyond our control.
- The financial information contained here within is presented in conformity with International Financial Reporting Standards (IFRSs).
- The forward-looking statements in this release reflect the current belief of NAFCO as of the date of this release. NAFCO undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.

Agenda

01

Company & Business Introduction
by CEO CK Chiu

02

Financial Performance by Chris Lee

03

Q & A

Company & Business Introduction

CK Chiu / CEO



Company Introduction

Year of Establishment : 1997

Year of IPO : 2002

Capital : NT\$520M

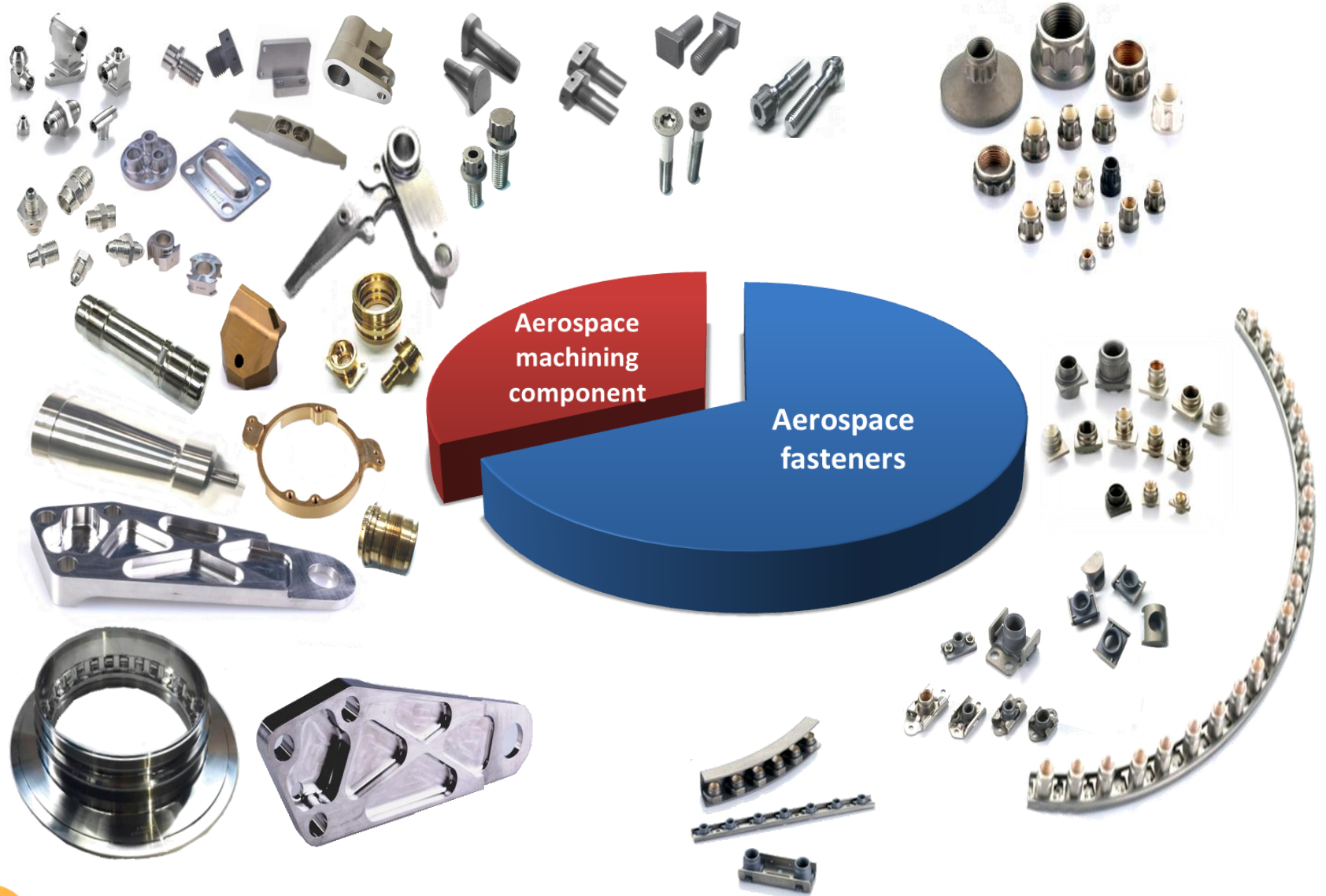
Sites : Taiwan(Tao-yuan) 、 China(Kunshan)

Number of Employees : 661

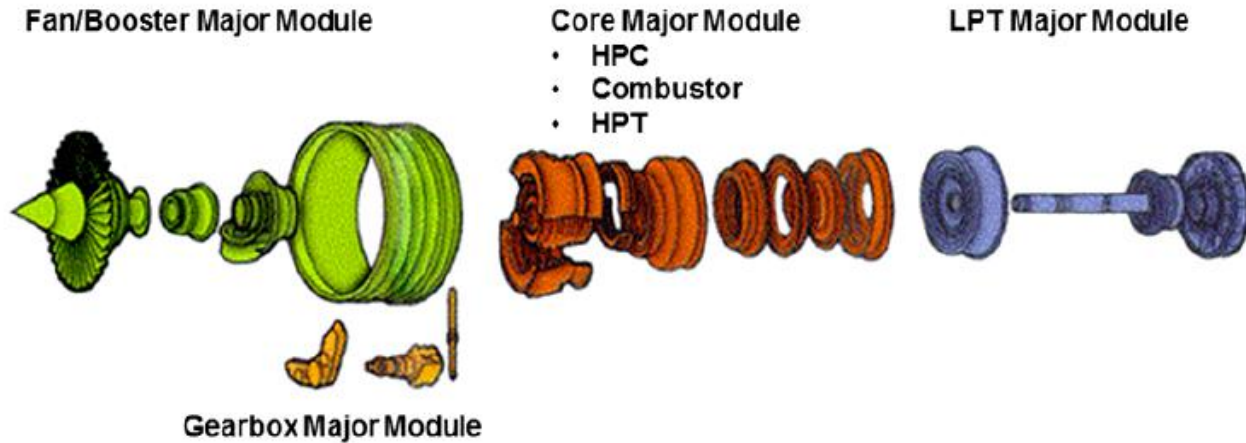
Revenue : 2017 Consolidated Revenue NT\$1.75B

**Products : Aerospace Engine Fasteners 、 Aerospace
Machining Parts 、 Automobile Fasteners**

Aerospace Products



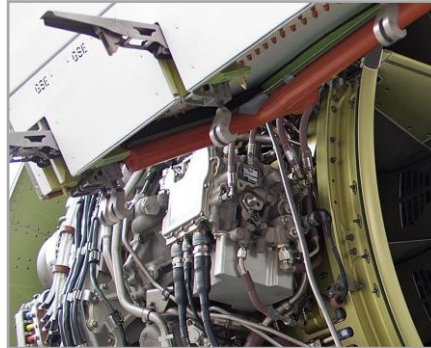
Application - Inside the Engine



Landing Gear System



Around the Engine



Power



Ship

Automobile Products & Application



Tailgate



Intake
Manifold



Brass Inserts



Inserts



V band
clamp

Chassis



Frontend Carrier



Rivet Nuts

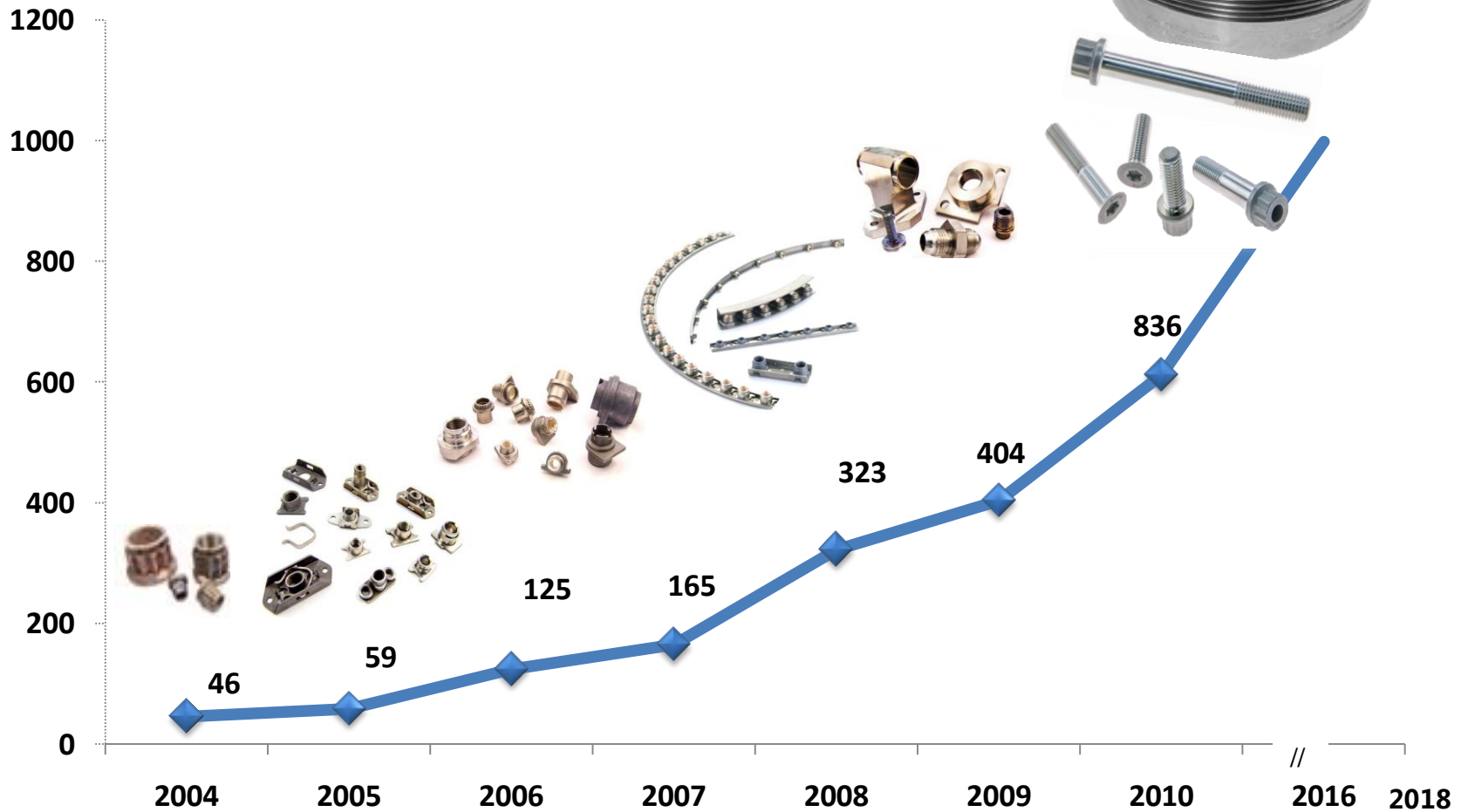


Self-Lock Nuts

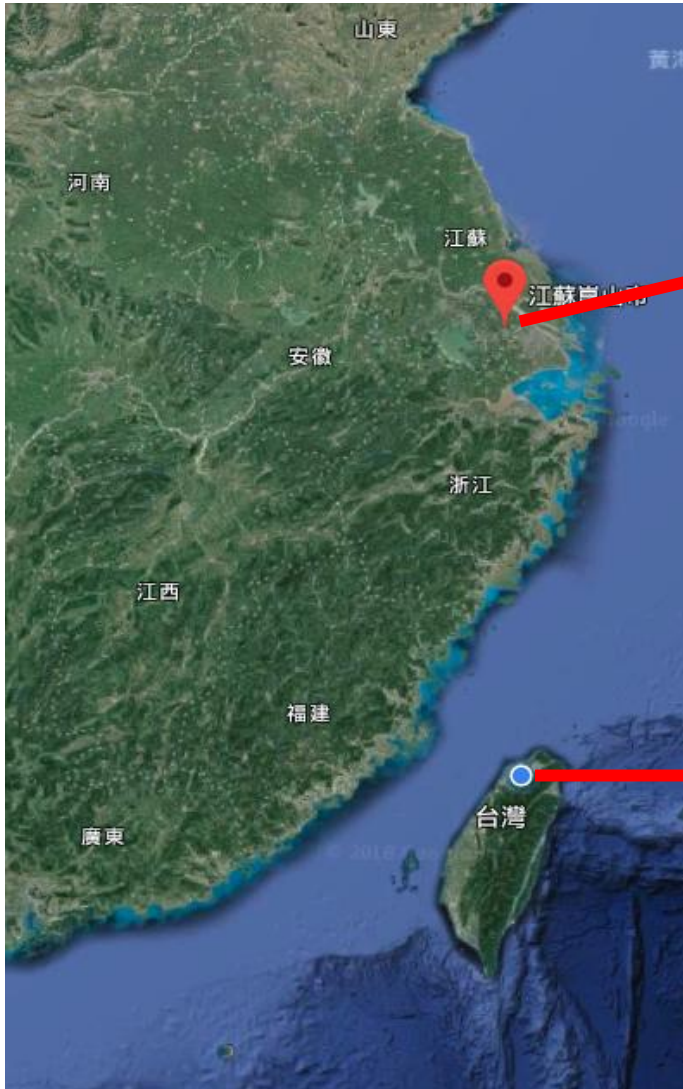


Aerospace Products Development

More than 4,000 approved parts



New plant expansion progress

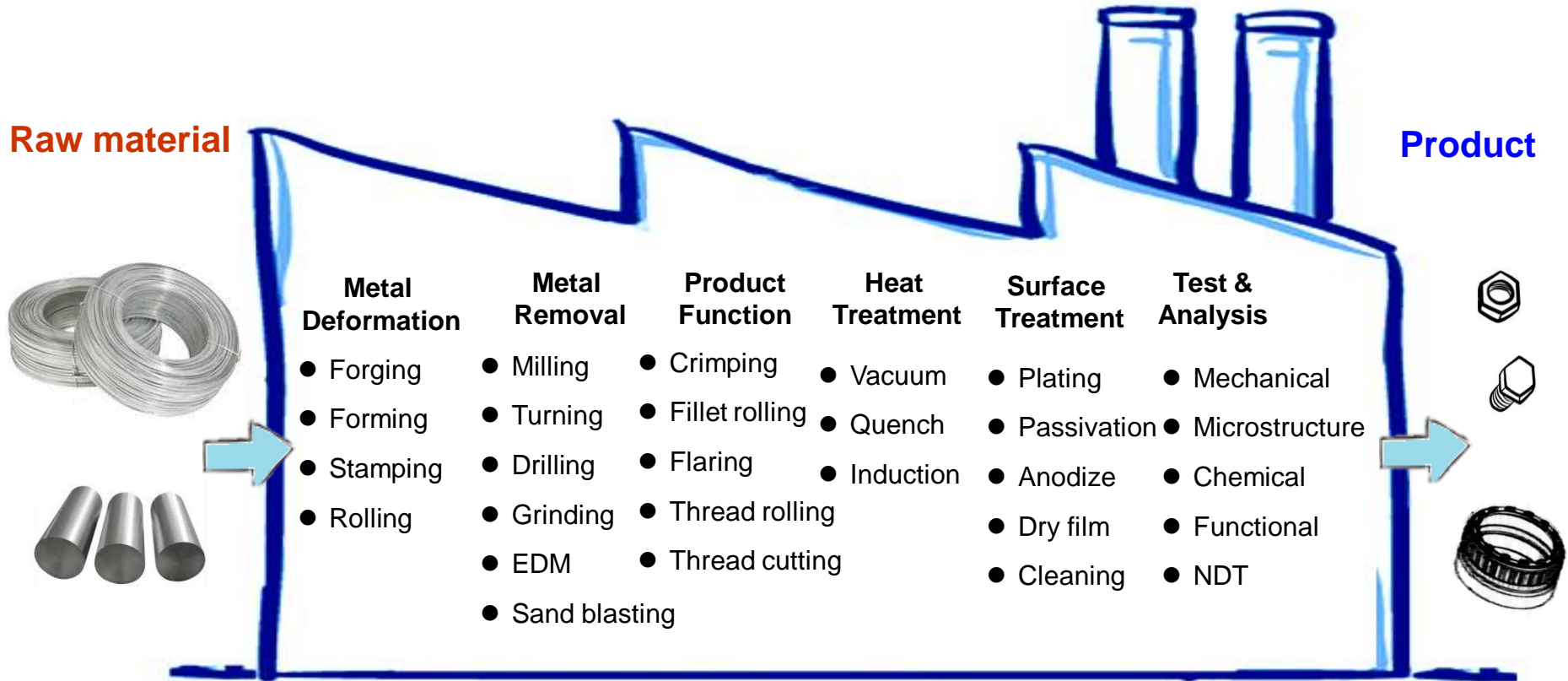


Kunshan, China: Expected to be available in Q3, 2019
Floor space : 8,360m²



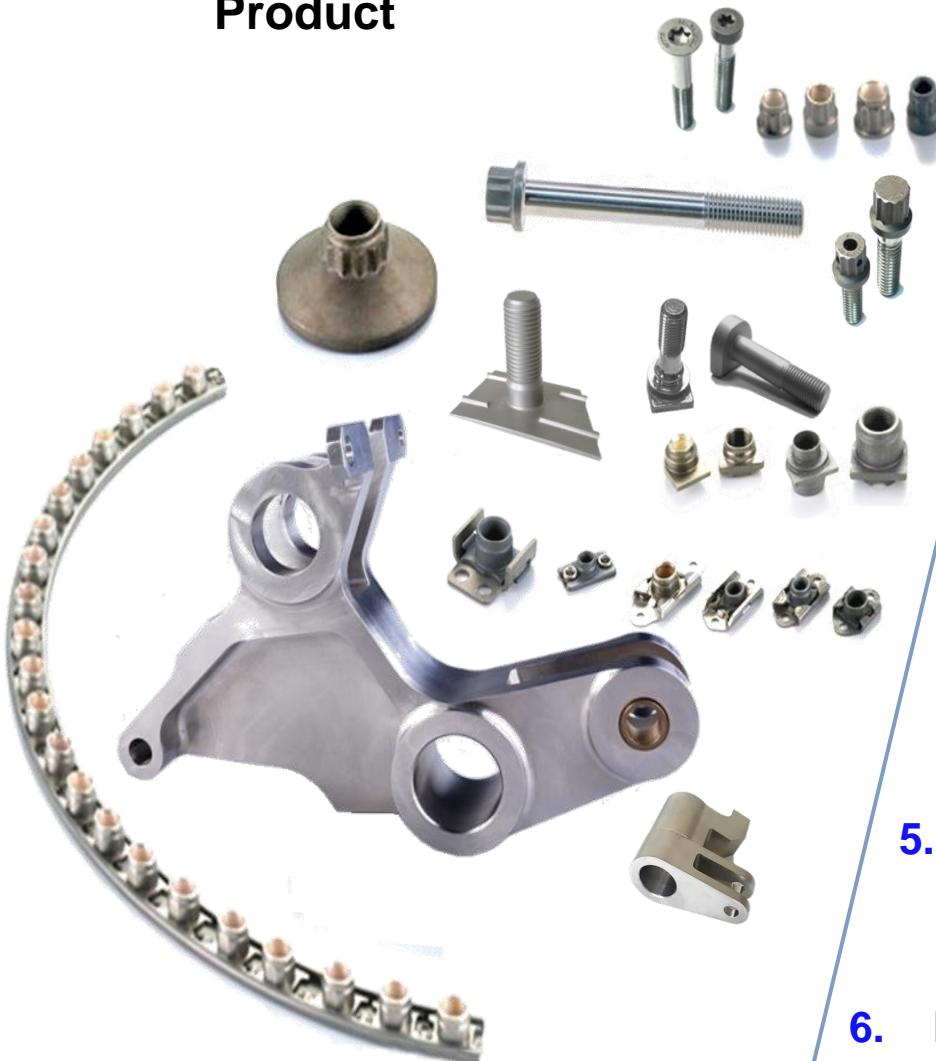
Ping-Jen, Taiwan: Expected to be available in Q1, 2019 for F3A and in Q3, 2019 for F3B.
Floor space : 20,760m²

All processes under on roof



Supper alloy key forming and machining capability

Product



Capability

- 1. Cold Forming,**
Room temperature, up to 6 dies
- 2. Warm Forming**
Up to ~700 °C
- 3. Hot Forge,**
Up to 1200 °C
- 4. Stamping/ Progressive Deep Draw**
Up to 20+ stages
- 5. CNC Machining**
Close-tolerance
- 6. Roll Forming**
Channel

Production Kanban

More than 600 machines have wireless connectivity



Forging –
400 ton



Forging –
80 ton



Forming-1



Forming-2



CNC



Marking



Centerless
grinding



Fillet
rolling



Thread
tapping



Thread
rolling



Crimping



Heat
Treatment

OTD

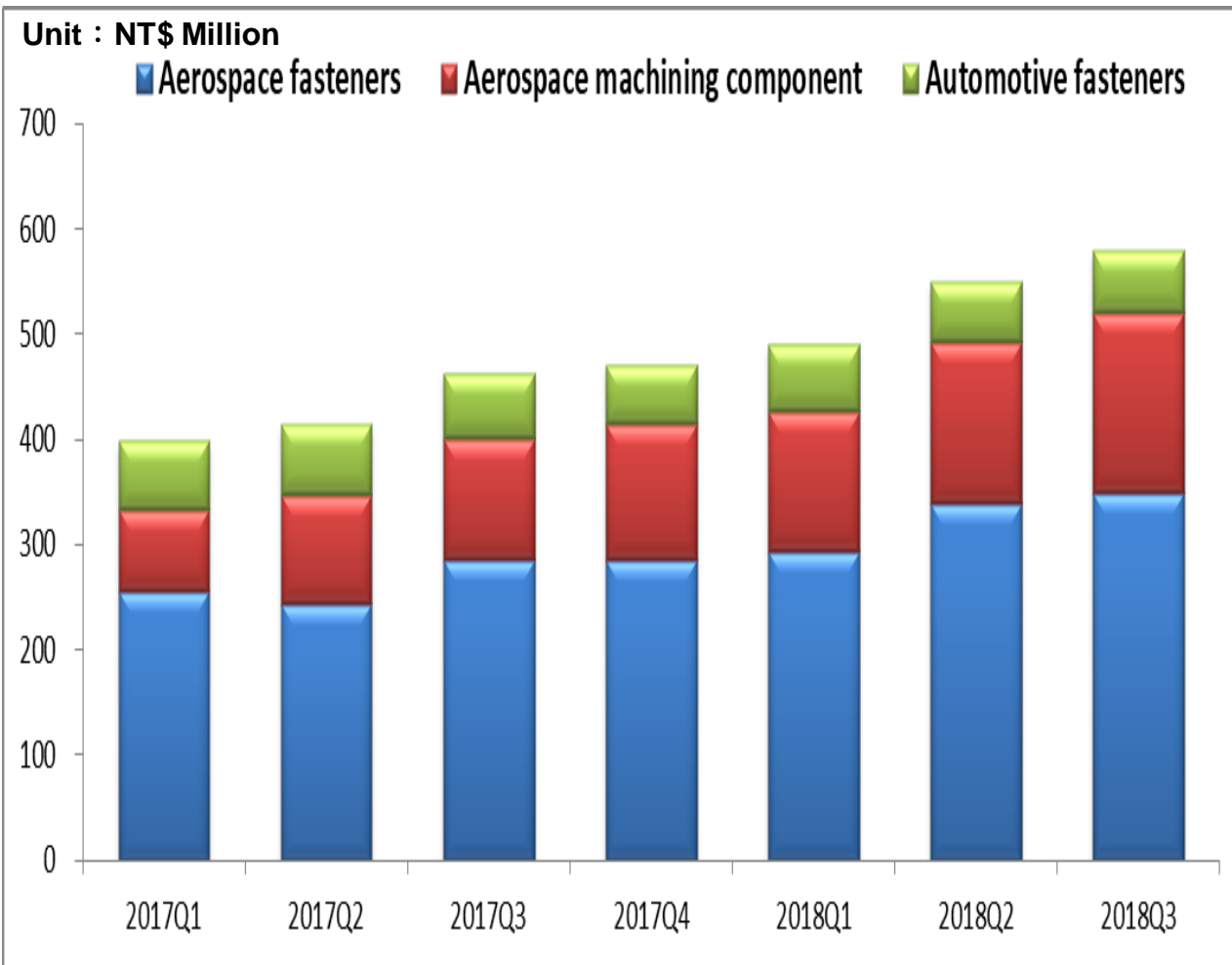
Productivity



Aerospace customer



2017Q1~2018Q3 Revenue

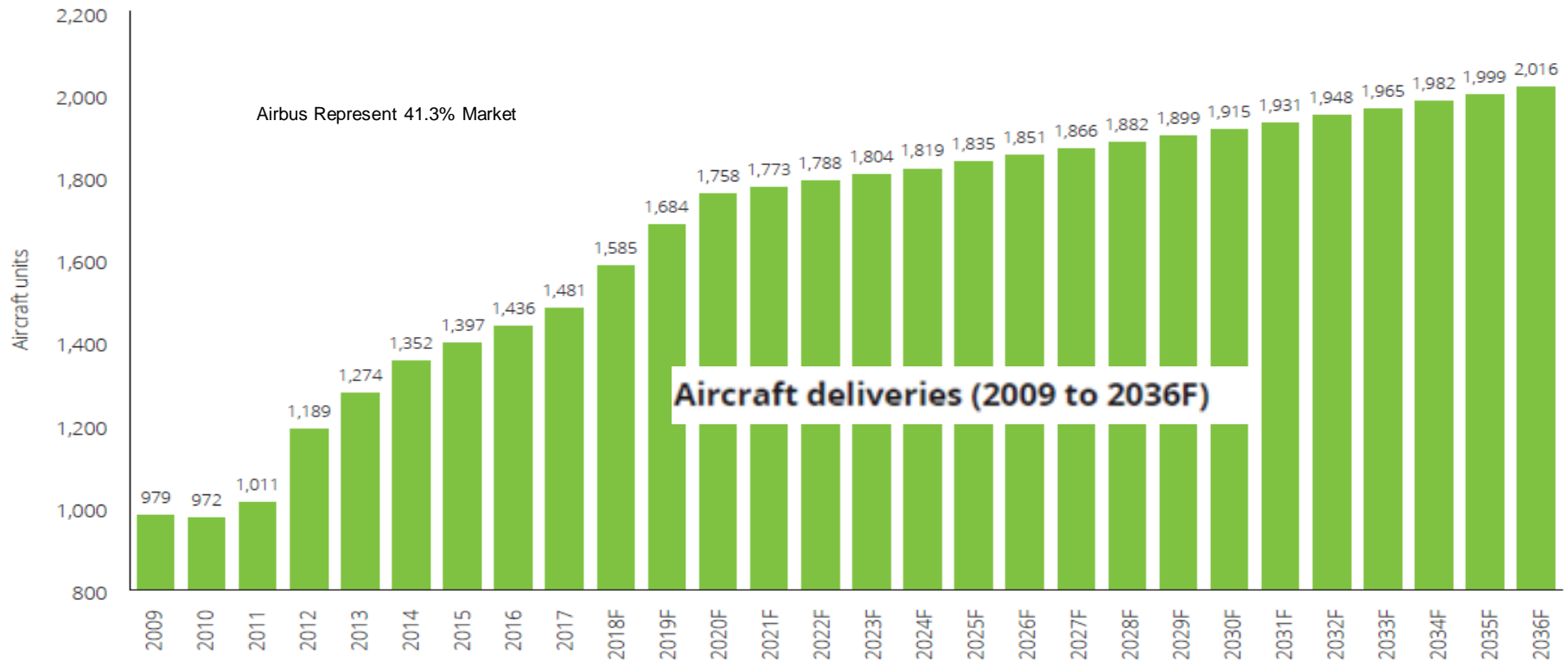


The first 3Q is 27% growth over same period of time in 2018. The main growth come from aerospace products.

- 1. "Leap" engine growth**
- 2. Expanding distribution market**
- 3. Increasing number of new products approval**

Commercial Aircraft Outlook

Commercial Aircraft annual production is likely to increase by **20** percent in next decade.



Source: Deloitte analysis of the following data: The Boeing Company, "Order and deliveries," accessed in February, 2018

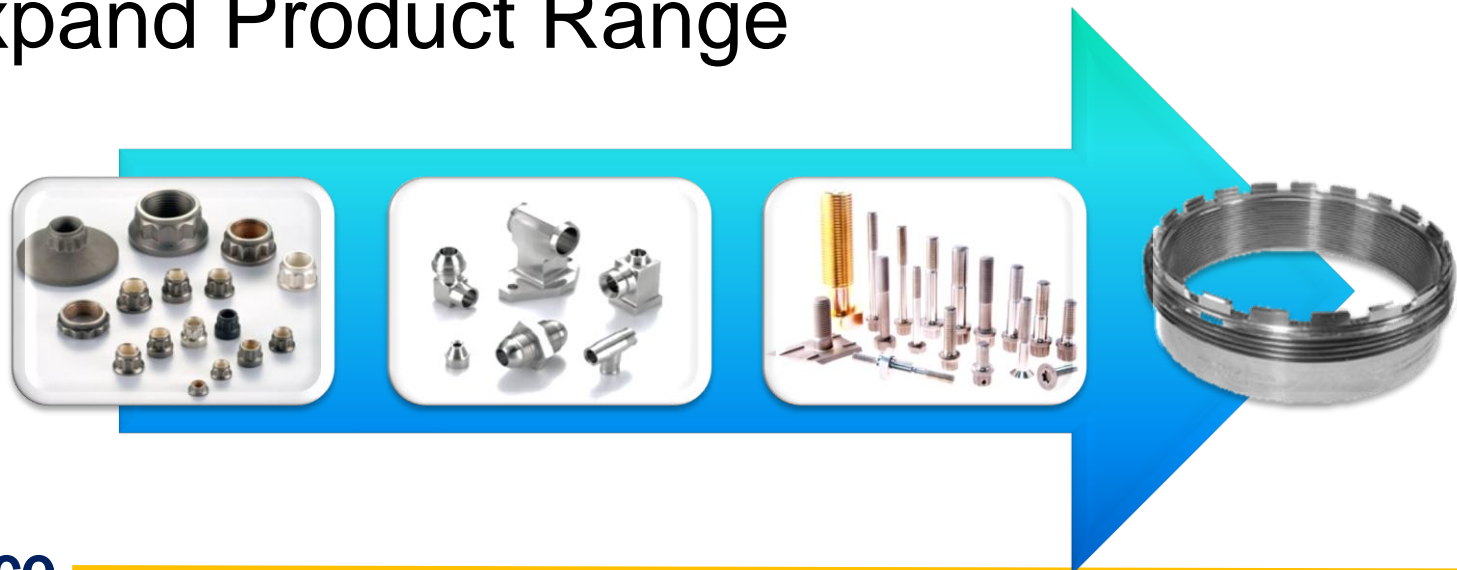
<http://active.boeing.com/commercial/orders/index.cfm>; Airbus Group, "Orders and deliveries," accessed in February, 2018,

<http://www.airbus.com/company/market/orders-deliveries/>; UBS, US Aerospace and Defense Playbook, 27 November 2017; and Deutsche Bank, Global Aerospace and Defense – Industry Update, 15 December 2017.

Vertical Integration



Expand Product Range



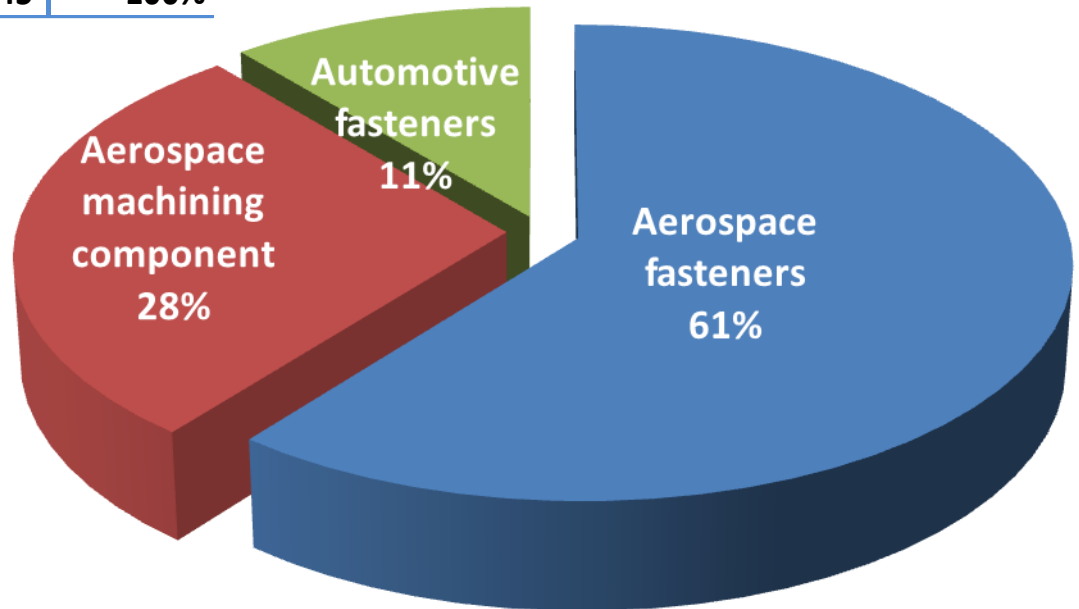
Financial Performance

Chris Lee / Finance Director

2018Q1~Q3 Products Profile (Consolidated)

Unit : NT\$ Thousands

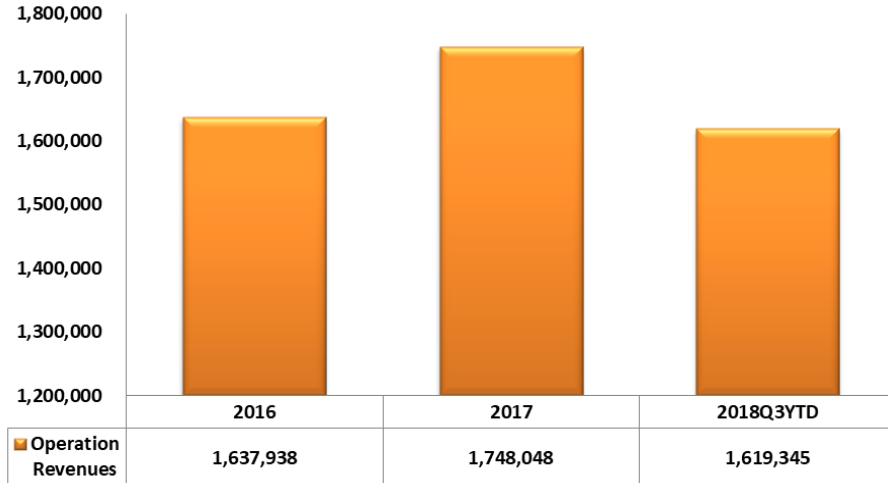
Product	Amount	%
Aerospace fasteners	982,191	61%
Aerospace machining component	457,931	28%
Automotive fasteners	179,223	11%
TTL	1,619,345	100%



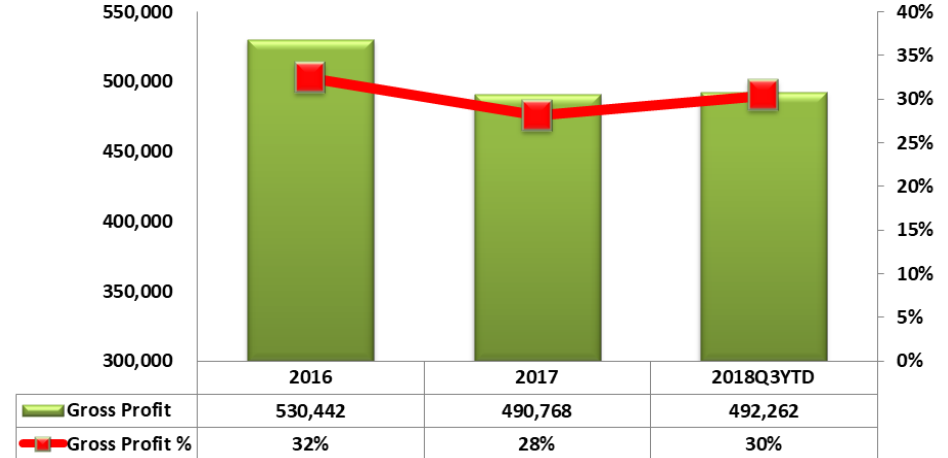
Consolidated Operation Revenues & Gross Profit

Unit: NT\$ Thousands

Operation Revenues



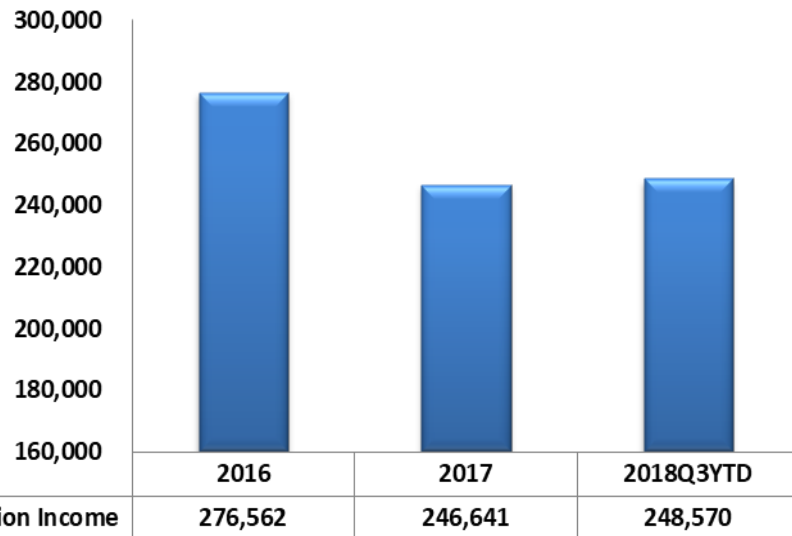
Gross Profit



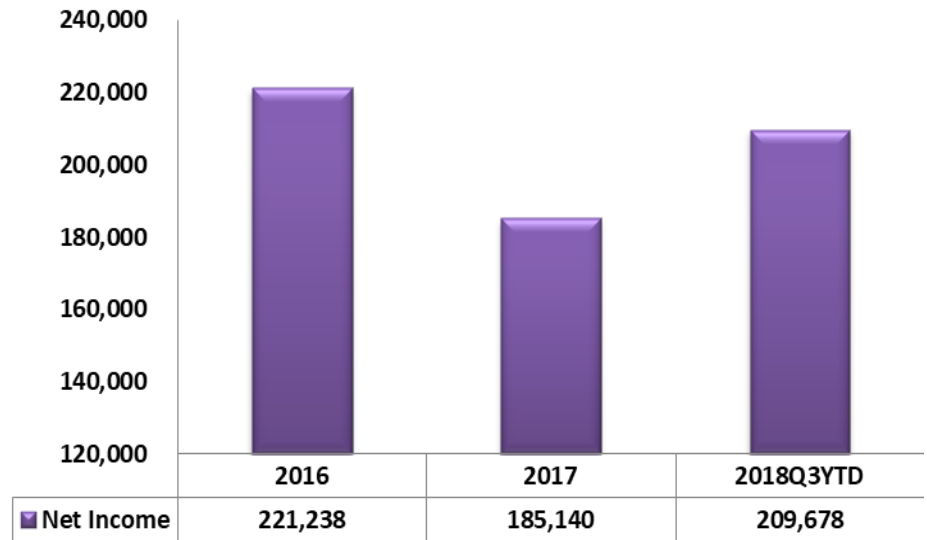
Consolidated Operation Income & Net Income

Unit: NT\$ Thousands

Operation Income



Net Income



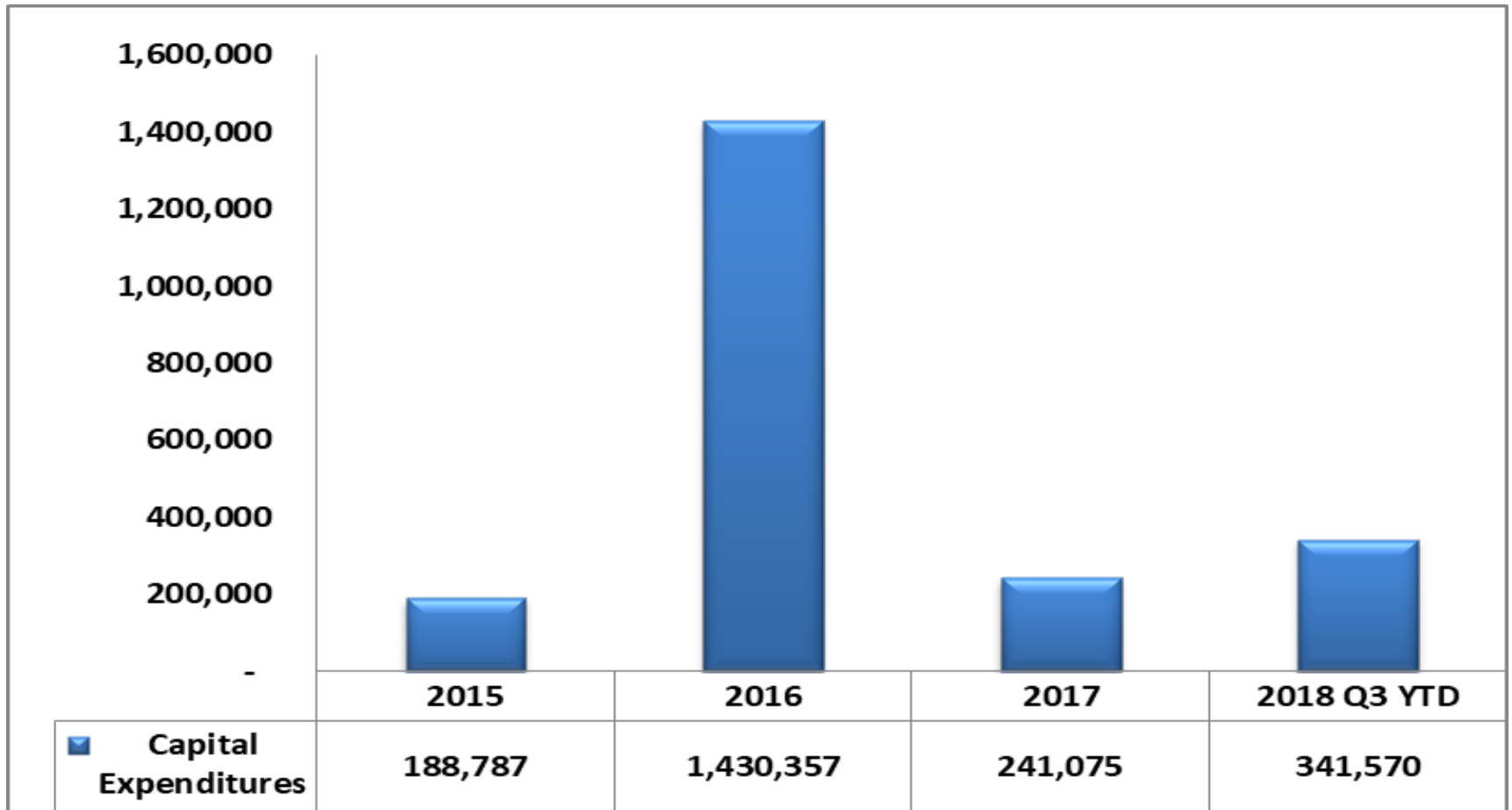
Consolidated Income Statement

Unit: NT\$ Thousands

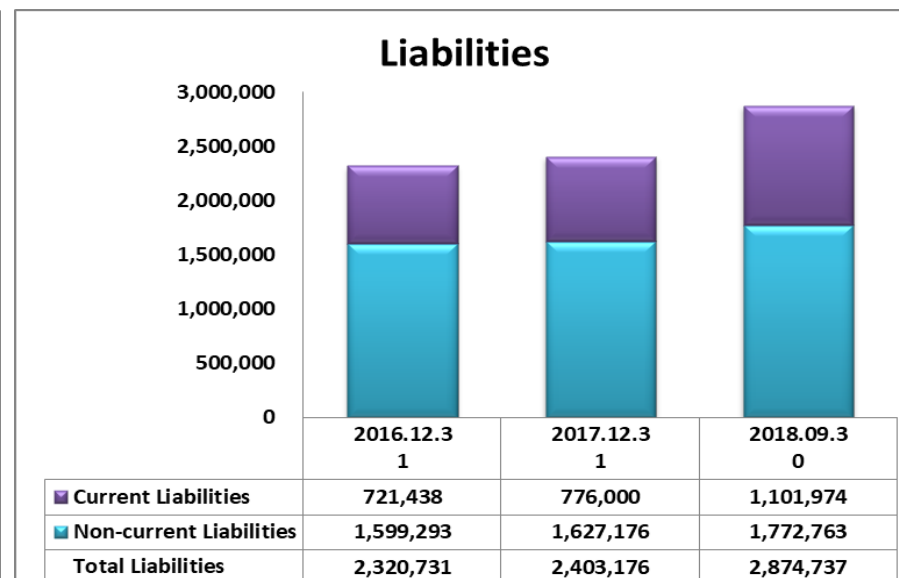
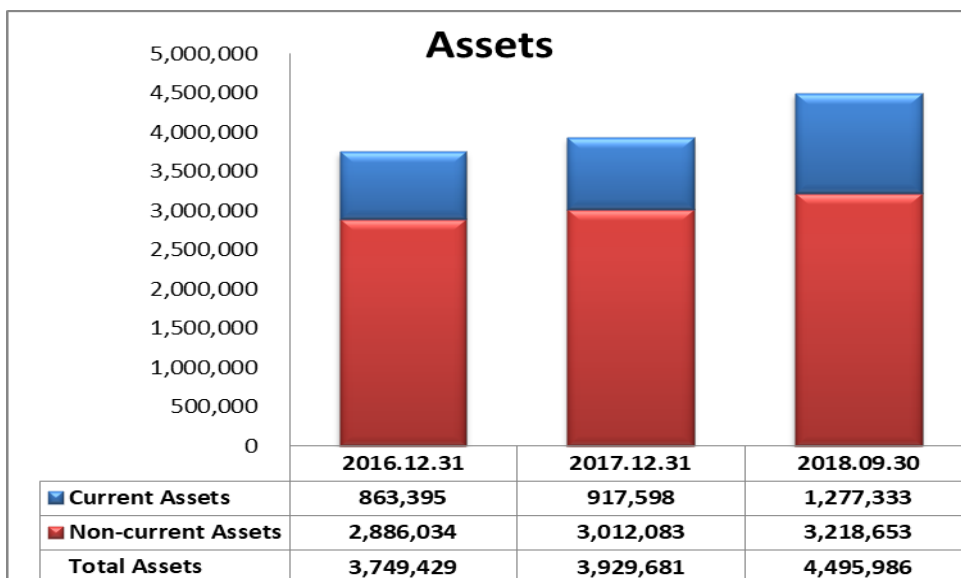
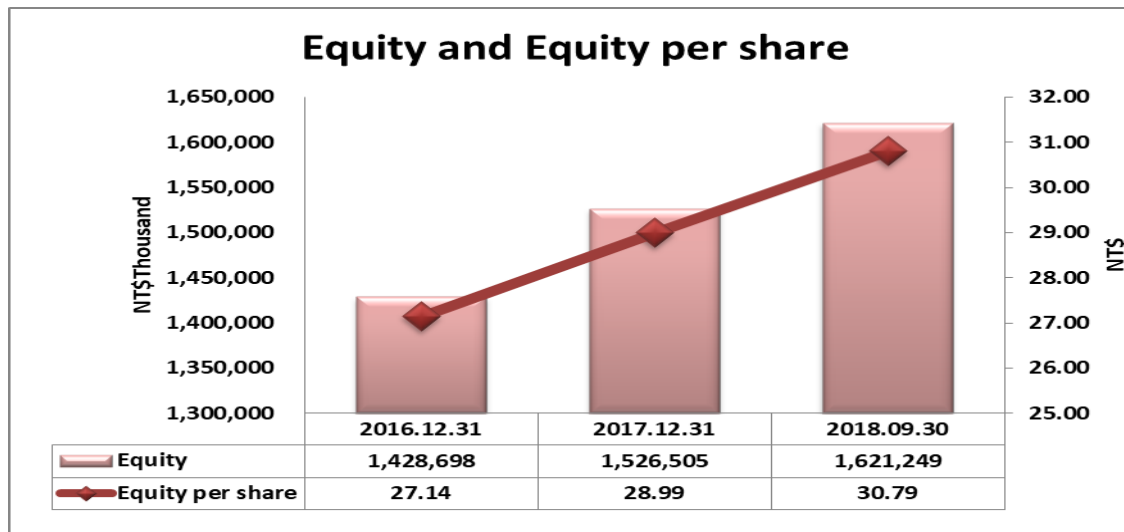
Item	2016	2017	2018Q3YTD
Operation Revenues	1,637,938	1,748,048	1,619,344
Gross Profit	530,442	490,768	492,261
Gross Profit %	32%	28%	30%
Operation Income	276,562	246,641	248,570
Income Before Tax	271,616	233,845	269,935
Net Income	221,238	185,140	209,678
EPS(NTD)	4.20	3.52	3.98
Weight Avg. Outstanding Common Shares	52,647	52,647	52,647
Deividend (NTD)	1.50	2.00	-
Cash Dividend	1.50	2.00	-
Payout Ratio	36%	57%	

Capital Expenditures

Unit: NT\$ Thousands



Consolidated Assets、Liabilities and Equity





Q & A



Thank you
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