

# TONG MING F-5538

Year 2014

# Company Profile

- Company Structure:



- Capital amount: NTD 1,680,000 ,000
- Number of employees : 826 persons
- Land occupation: 152,000M<sup>2</sup>

# Company Milestone



# Products & Applications

- Stainless Steel Bolts & Nut
- Stainless Steel Drawn Wire
- Special application blue prints parts



- Construction 28.3%
- Machine assembling 17.20%
- Transportation equipment 11.80%
- Telecom transform station 9.90%
- Energy industry 7.30%
- Marin industry 3.80%
- Others 21.70%

# Products & Applications



# Products & Applications



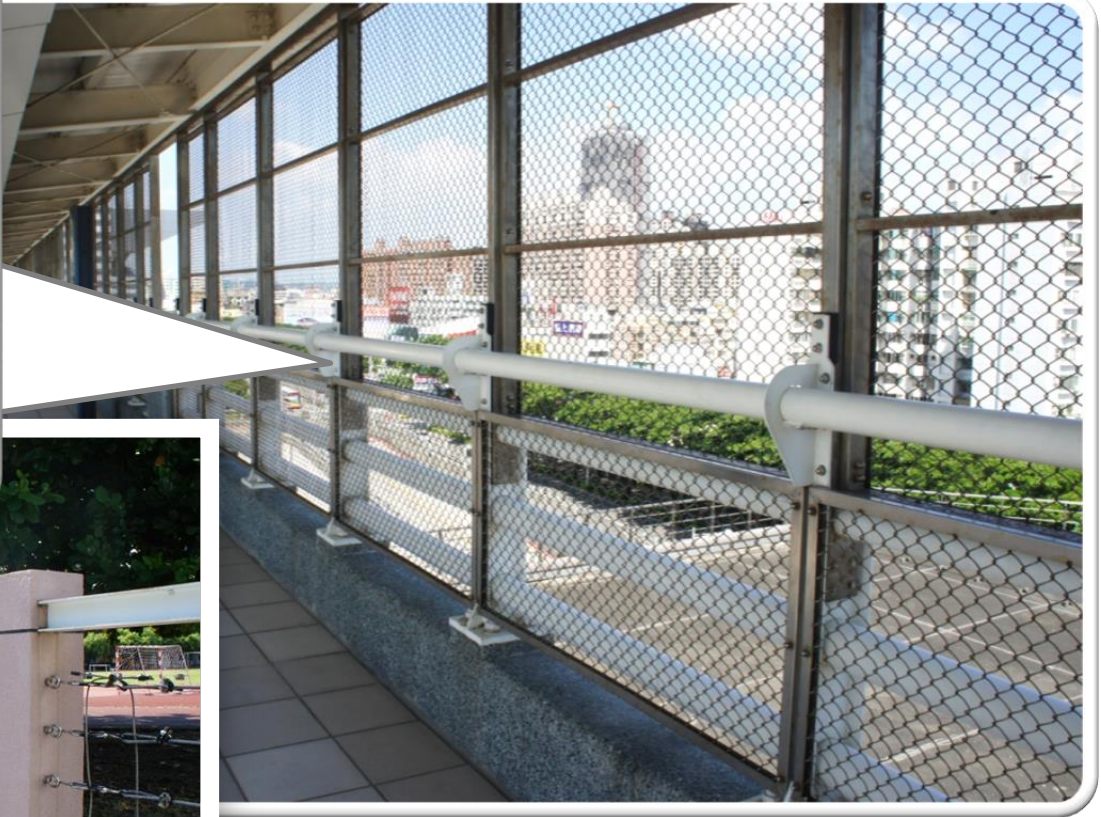
# Products & Applications



# Products & Applications



# Products & Applications



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# Products & Applications



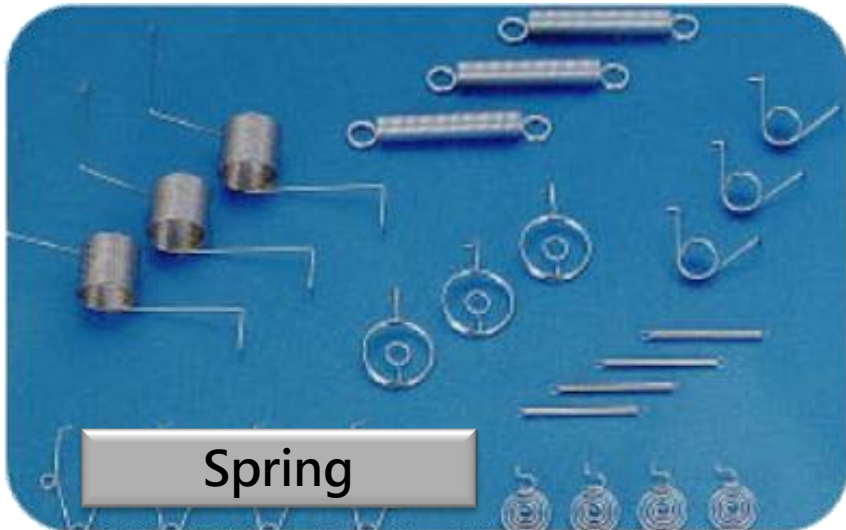
# Products & Applications



Cable



Carrier



Spring



E.P.Q. Products

Applications For Carbon  
Steel Fasteners

Applications For Stainless  
Steel Fasteners



80% of the total market require both  
Carbon Steel and Stainless Steel Fasteners.

The application coverage of Stainless  
Steel Fasteners is very wide.

**Standard : DIN 、 IFI 、 JIS 、 GB**

# Sales For Different Products

Items	Drawn Wire	Fasteners (Export)	Fasteners (domestic)	Special Parts
Business model	Production By Orders	Production by Orders	Production by Planning	Sub-Contractor
Target Market	Chinese end Users	Importers or Distributors In Overseas	3,000 Distributors	OEM & Distributors In Global Market
Sales (year 2013)	26.85%	22.94%	39.83%	10.38%
Sales (2014 Q1+Q2)	26.73%	22.37%	41.71%	9.19%

# Market State

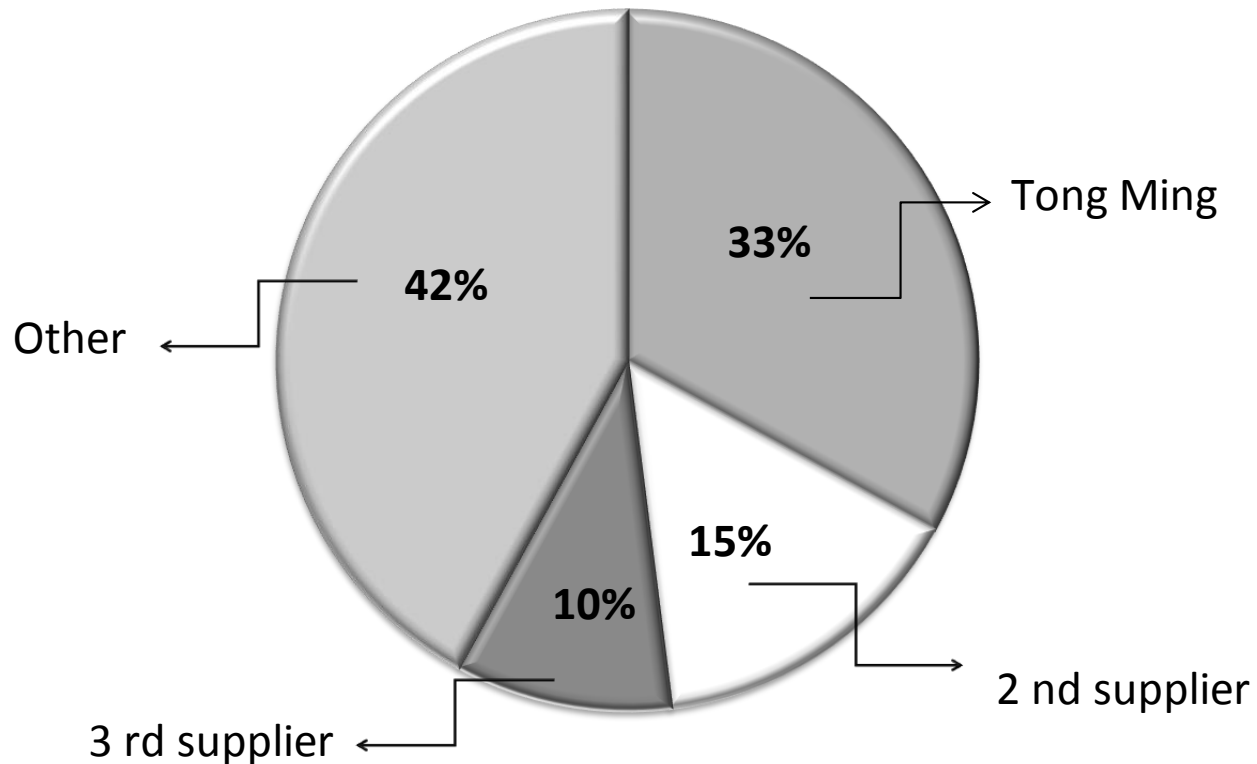
- Long product life cycle.  
High stability.
- Wide products application coverage.  
Low industrial risk.
- Green industry replacement opportunities.  
Long-term growing strength.

# Strong Past & Powerful Future

- Tong Ming is the largest stainless steel fasteners & wire manufacturer in China. In domestic market ,33 branches companies are established in the main cities of China. And we have two trading companies, which are developing special application parts in Taiwan.
- We have own the highest efficient production , the largest products coverage, and the largest market share.
- Tong Ming is the only one maker in global market, which owns production line, brand name, and distribution channel system.
- We will keep upgrading our competitive advantage points in order to extend our growth power and profit result.

# Market Share In China

Tong-Ming's market share in China of 300 series standard fasteners is 33%.



# Our Win Strategies

- high efficient production: punctual production schedule, low percentage rate of out of stock.
- High value-added logistic system: near 30,000 pallets of stocks, custom – oriented packing service, wide transportation net.
- Low material cost: the largest wire rods buyer for S/S wire rods in the world.
- Powerful sales partners: deep in Chinese domestic market by well spreading sales systems.
- Vertical consolidation: production & own brand name & own distribution channel.

# High Efficiency In Production

- Large numbers of forming machines and rolling machines: 250sets for rolling
- Well-designed production line
- Good production facilities
- Precise controlling on production tools
- Low defective parts rate: under 0.3%



Customers  
Export : 279  
Domestic : 3,000



Product  
20,000 Items



Annual output  
60,000MT



# One Stop Purchasing Service

- Build up a special sales model with a extreme high competition barrier

20,000 items products

+ special blue print items

+ high value-adding parts out sourcing

+33 branch companies

+ 3,000 distributors

= One stop purchasing service channel











# Advantage On Material Purchasing

	Tong Ming	Other
Purchase Scale	<ul style="list-style-type: none"> <li>• Material-purchasing volume: 5,000 MT per month</li> </ul>	<ul style="list-style-type: none"> <li>• Small purchase volume</li> </ul>
Source	<p>Oversea</p> <ul style="list-style-type: none"> <li>• Walsin Lihwa (Taiwan)</li> <li>• NSSC (Japan)</li> <li>• POSCO (Korea)</li> </ul> <p>Domestic (China)</p> <ul style="list-style-type: none"> <li>• Bao Steel</li> <li>• Dongbei Special Steel</li> <li>• Yong Xing Special Stainless Steel</li> </ul>	<ul style="list-style-type: none"> <li>• Limit material source</li> </ul>

# Preparing For The Future

Year	2011		2012		2013		2014	
Products	Capacity	Output	Capacity	Output	Capacity	Output	Capacity	2014Q1+ Q2 Output
Fasteners	30,000	27,974	32,000	29,287	36,000	32,602	40,000	16,280
Fasteners %	58%	62%	57%	61%	58%	59%	59%	59%
Drawn Wire	22,000	17,152	24,000	18,810	26,000	22,238	28,000	11,399
Drawn Wire %	42%	38%	43%	39%	42%	41%	41%	41%
Amount	52,000	45,126	56,000	48,097	62,000	54,840	68,000	27,679

# The Power Of Brand Name

- **High Quality Insistence**
- **On Line Quality Control**
- **Zero Down Grade Products**



High  
Reputation



High Brand Name  
Indication



Reinforcement On  
Selling Price



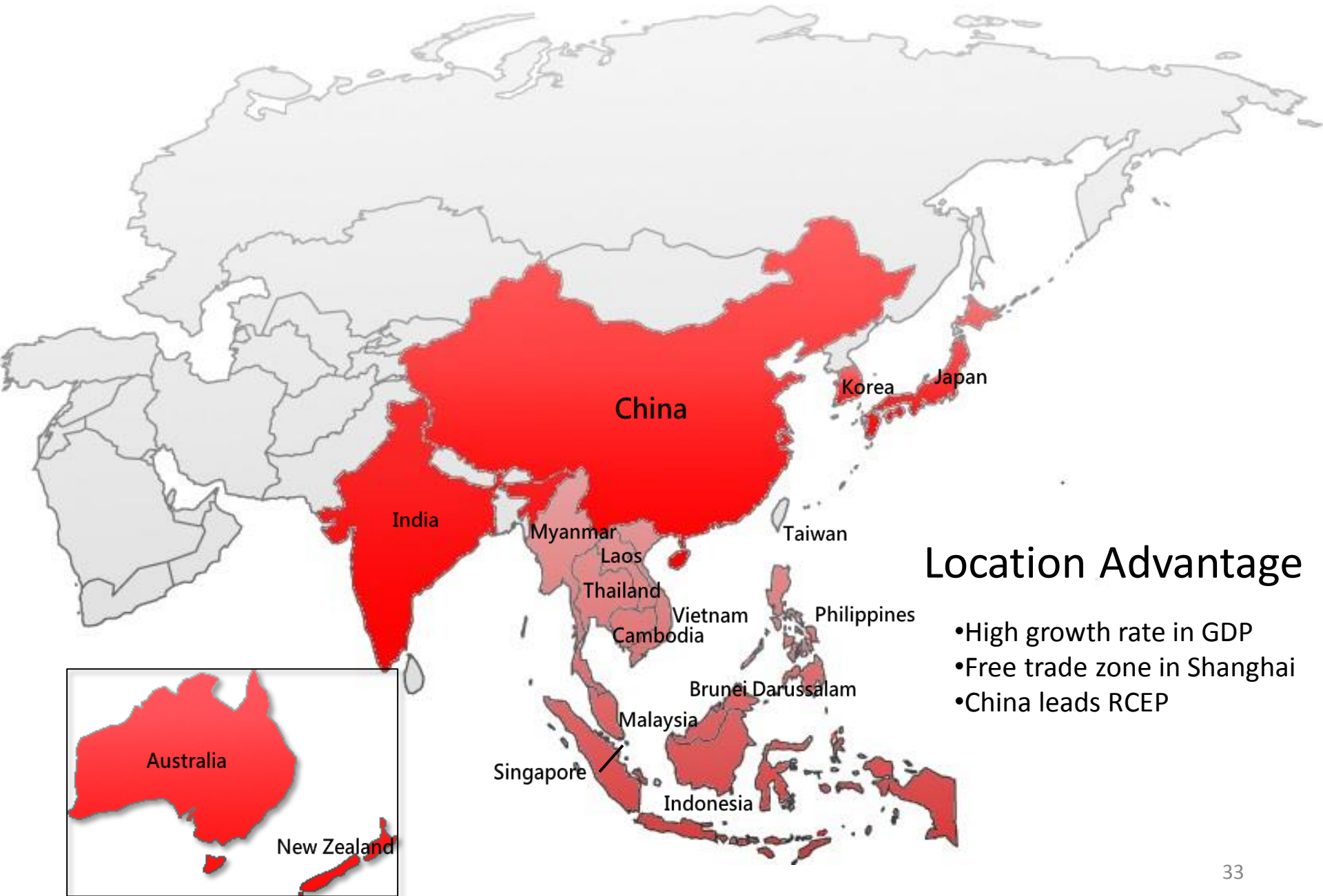
None  
Unpredictable Risk  
Caused By Down  
Grade Products



Jiaxing	Nanjing
Zhongshan	Harbin
Tientsin	Chongqing
Peking	Changzhou
Taizhou	Shenzhen
Shijiazhuang	Shaoxing
Hefei	Huizhou
Xian	Yangzhou
Fushan	Wuxi
Kunshan	Xiamen
Hangzhou	Guangzhou
Dongguan	Xinhua
Songjiang (Pudong)	Tsinan
Songjiang (Puxi)	Mukden
Wuhan	Suzhou
Changsha	Dairen
Tsingtao	

# Our Location

The main production based in located in Jiaxing. There are 33 branches , which offer service to 3000 distributors.



## Location Advantage

- High growth rate in GDP
- Free trade zone in Shanghai
- China leads RCEP

# Nickel Price

## January, 2009 - August, 2014

\* Net Profit For The Period



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# Financial Result

- Consolidated Statement of Income for year 2009-2013
- Statement of Income for 2014 Q1 & Q2
- Our performance reflects our strategy in sales channel. And the earning per share is the best result in past three years records. That is a profitable growth.

# 2009-2013 Statement Of Income

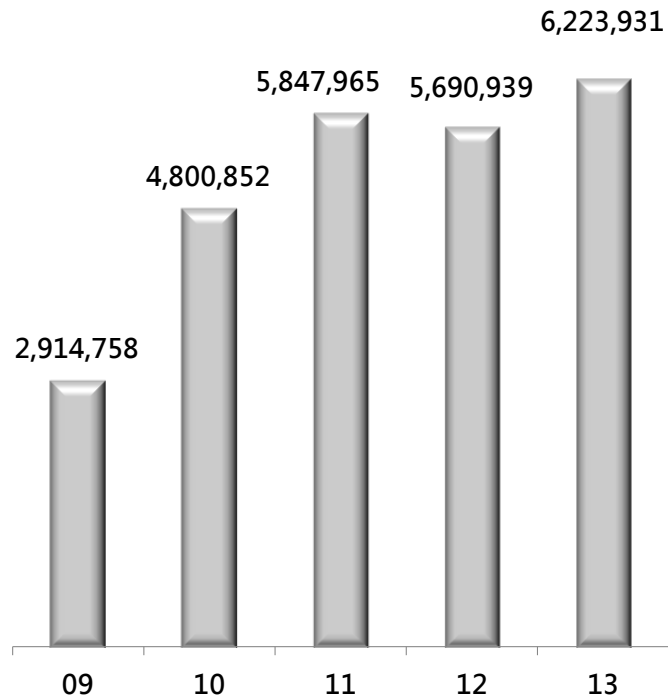
Items	2009	2010	2011	2012	2013
Sales	2,914,758	4,800,852	5,847,965	5,690,939	6,223,931
Gross Profit	625,446	920,547	521,975	588,087	792,959
Net Operating Income	409,552	610,574	174,192	187,650	326,718
Profit Before Income Tax From Continuing Operations	420,346	601,065	130,136	178,197	292,131
Net Profit For The Period	359,883	455,366	90,674	163,225	240,795
Earnings Per Share (NTD)	2.39	3.02	0.61	1.08	1.56

# Statement Of Income For 2014 Q1 & Q2

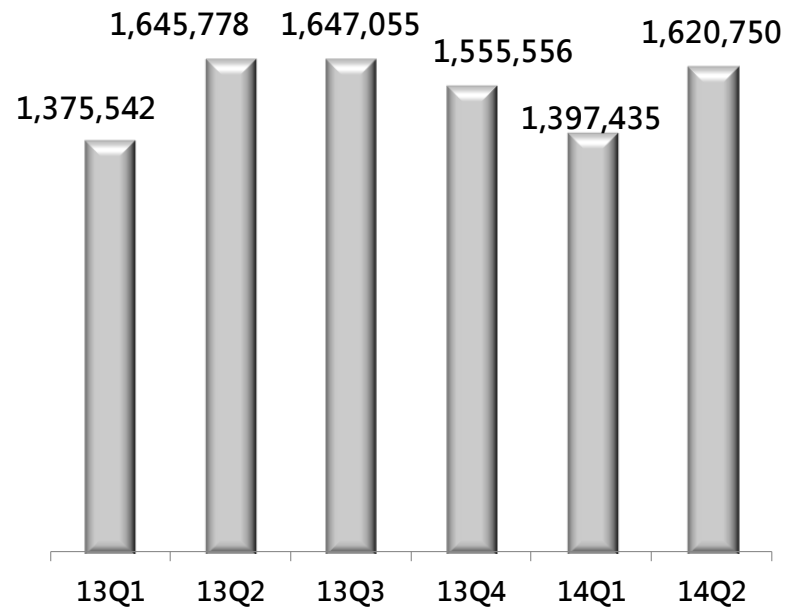
Items	2014Q1	2014Q2	2014 Q1+Q2
Sales	1,397,435	1,620,750	3,018,185
Gross Profit	213,372	347,690	561,062
Net Operating Income	93,659	224,493	318,152
Profit Before Income Tax From Continuing Operations	90,449	217,970	308,419
Net Profit For The Period	69,071	149,703	218,774
Earnings Per Share (NTD)	0.41	0.89	1.30

# Financial Review

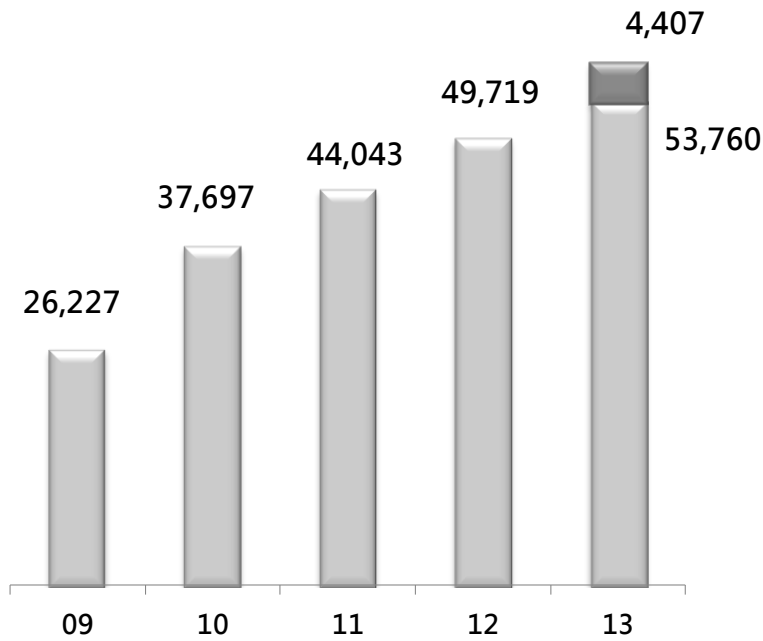
- 2009-2013 five-year sales  
2013 Q1 ~2014 Q2 Sales
- 2009-2013 five-year sales quantities  
2014 Q1 & Q2 sales quantities
- 2009-2013 five-year gross profit margin  
2013 Q1 & 2014 Q2 gross profit margin
- 2009-2013 five-year operating profit ratio  
2013 Q1 & 2014 Q2 operating profit ratio
- 2010-2014 Q2 sales allocation and gross profit margin



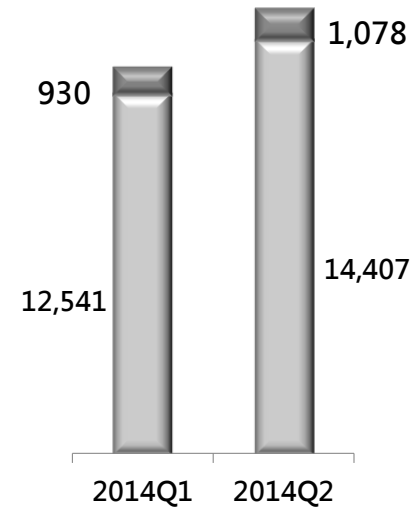
09~13 five-year sales(NTD/1,000)



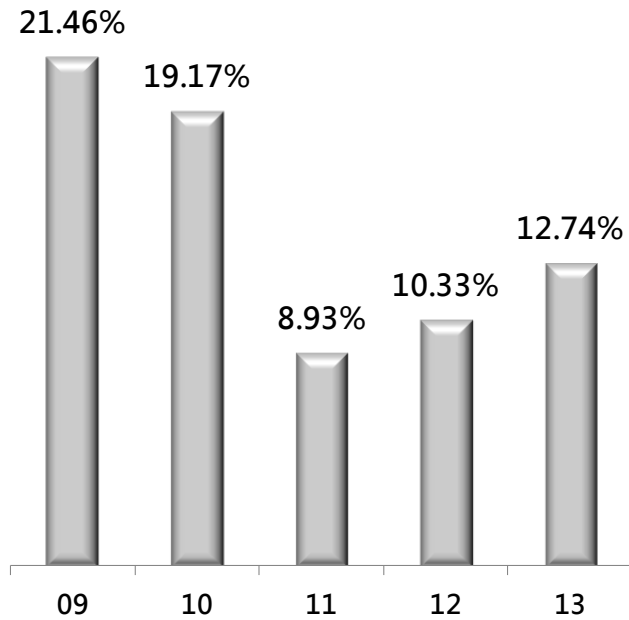
2013~2014Q2 sales(NTD/1,000)



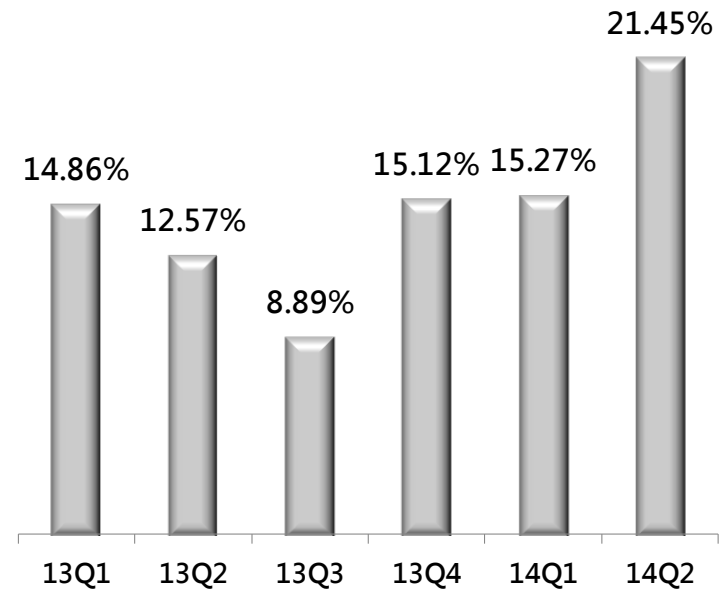
09~13 five-year sales QTY(ton)



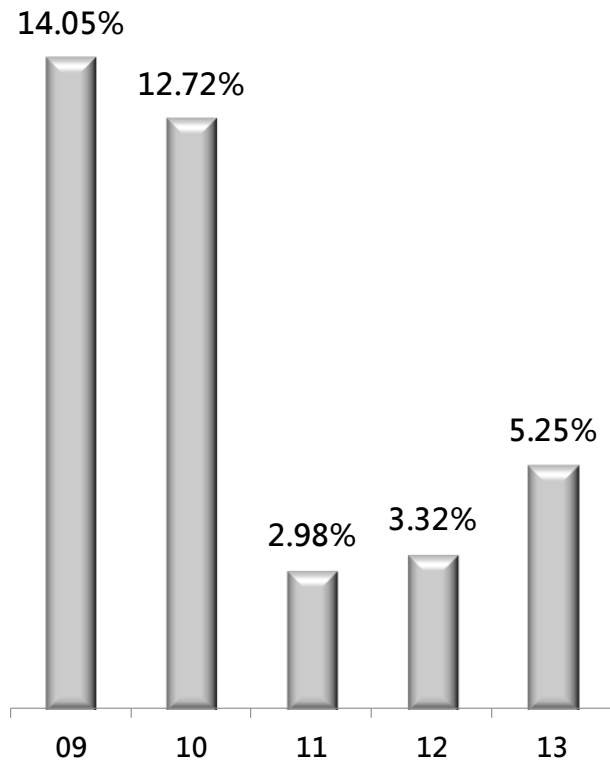
14Q1~Q2 sales QTY(ton)



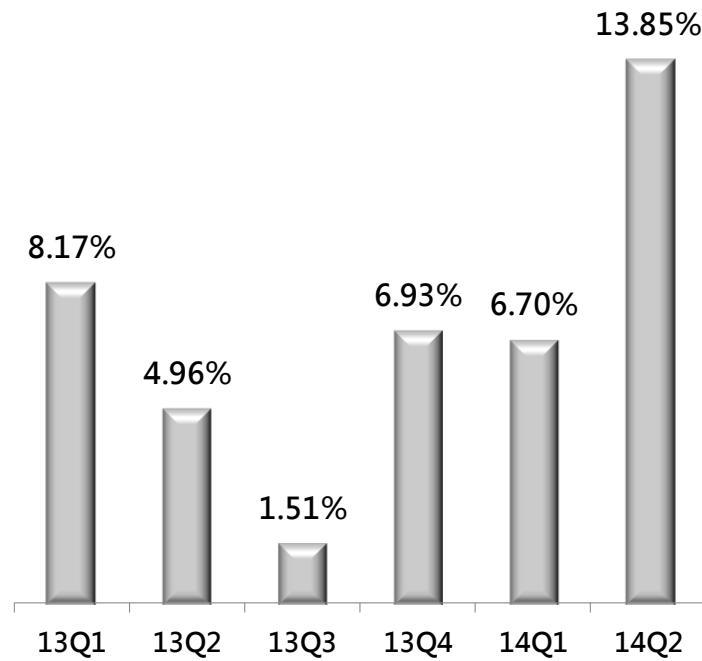
09~13 five-year gross profit margin



13Q1~14Q2 gross profit margin



09~13 five-year operating profit ratio



13Q1~14Q2 operating profit ratio

## Sales allocation

NTD/1000;%

Items	2010		2011		2012		2013		2014Q1+Q2	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Fasteners	3,305,336	68.85	4,006,517	68.51	3,699,500	65.01	3,525,171	56.64	1,761,082	58.35
Drawn Wire	1,453,307	30.27	1,751,769	29.96	1,744,351	30.65	1,670,988	26.85	806,817	26.73
Other	42,209	0.88	89,679	1.53	247,088	4.34	381,685	6.13	172,898	5.73
Special Parts	0	0.00	0	0.00	0	0.00	646,087	10.38	277,388	9.19
Sum	4,800,852	100.00	5,847,965	100.00	5,690,939	100.00	6,223,931	100.00	3,018,185	100

## Gross profit margin

NTD/1000;%

Items	2010		2011		2012		2013		2014Q1+Q2	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Fasteners	839,006	25.38	483,131	12.06	522,923	14.13	500,853	14.21	391,368	22.22
Drawn Wire	72,662	5.00	34,805	1.99	41,879	2.40	108,914	6.52	89,303	11.07
Other	8,879	21.04	4,040	4.50	23,284	9.42	120,013	31.44	50,932	29.46
Special Parts	0	0.00	0	0.00	0	0.00	63,179	9.78	29,459	10.62
Sum	920,547	19.17	521,975	8.93	588,087	10.33	792,959	12.74	561,062	18.59

# Profitable Growth

## 1. Our sales channel:

- Upgrading the distribution system : more branches and more distributors, sales to OEM users.
- E-Commerce system build up
- Extend our own distribution system in Asia

## 2. Niche products market: solar power market, automotive parts, aerospace.

## 3. The opportunities from Shanghai free trade zone.

