

TONG MING
KY 5538

Growing a powerful future

E-commerce

Double engines



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Company Milestone

1995 ➤ TONG MING (Jiaxing) Co., Ltd., former TONG MING ENTERPRISE CO.,LTD, was founded

1998 ➤ 1st-stage factory completed, started producing fasteners

2004 ➤ Completed 20,000 class Retrieval System/RS

2009 ➤ TONG MING ENTERPRISE CO.,LTD, established.

2013 ➤ 12/16 first public listing on Taiwan Stock Exchange.

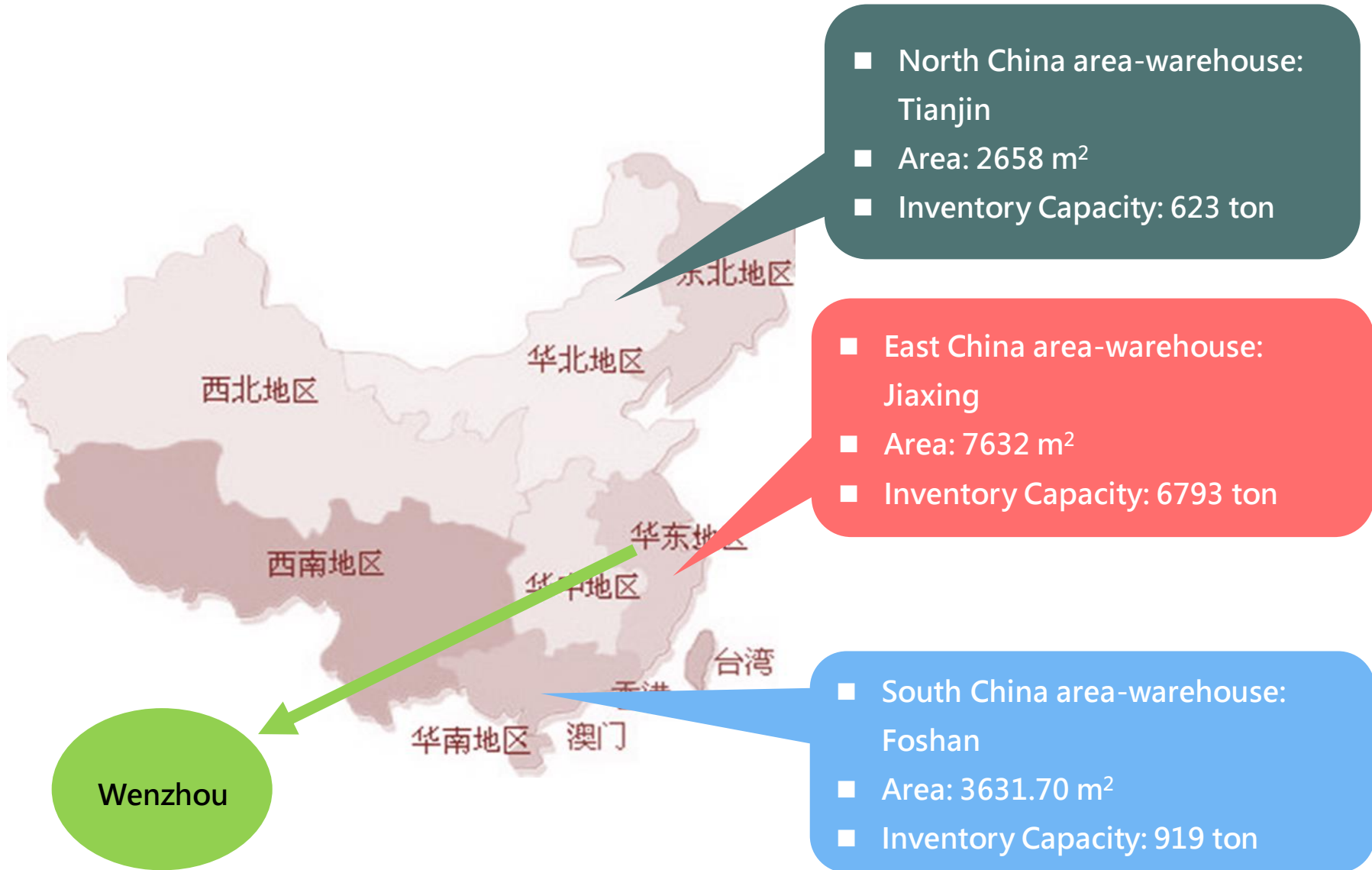
2016 ➤ Founded distribution division, TONG 4.0
➤ Upgrade the E-Commerce English version website, strengthen its functional use.
➤ East & South China area storehouse set up.

2017 ➤ North China inventory hub set up, start operation from July.
➤ Tong Ming Biz as the new E-commerce identity mark.
➤ Merge domestic branches

2018 ➤ Strengthen the manufacture concordance
➤ Extend distribution product

➤ Set up new area warehouse: Chengdu

Regional hubs



North China (6 branches): Beijing, Jinan, Shenyang, Tianjin, Shijiazhuang, Chengzhou

Northwest China:
Xian

Northeast (2 branches):
Qingdao, Dalian

Southwest: Chongqing

South China (5 branches):
Guangzhou, Shenzhen,
Xiamen, Foshan, Dongguan

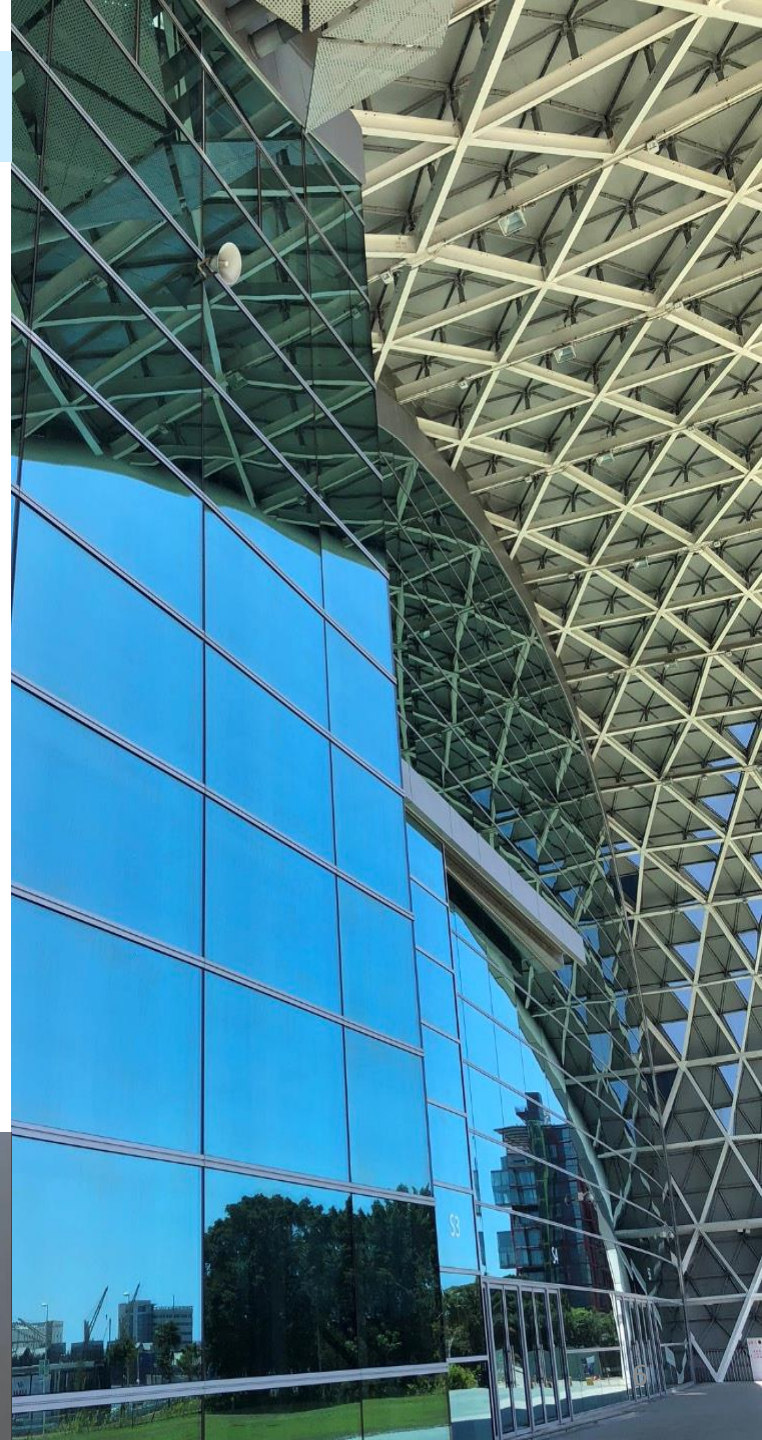
East (13 branches): Hangzhou,
Wuhan, Changsha, Shaoxing,
Shanghai, Taizhou, Wuxi,
Wenzhou, Nanjing, Xinghua,
Changzhou, Suzhou, Hefei



Product and Application

- Stainless Steel fasteners: Screws, Nuts, Bolts, Construction parts, Stamping parts
- Stainless Steel wires

Small but strong connection



Product and Application



Solar Industry

Product and Application



High-speed
Railway

Product and Application



New energy
automobile battery

Product and Application



Water valve

Product and Application



Water
resources

Product and Application



5G base station

Winner on Environmental Policy Changed

The balance between quality and pricing

Market Change

Industry effect

Extend market share through stronger social regulation and government policy

The formulator of market specification

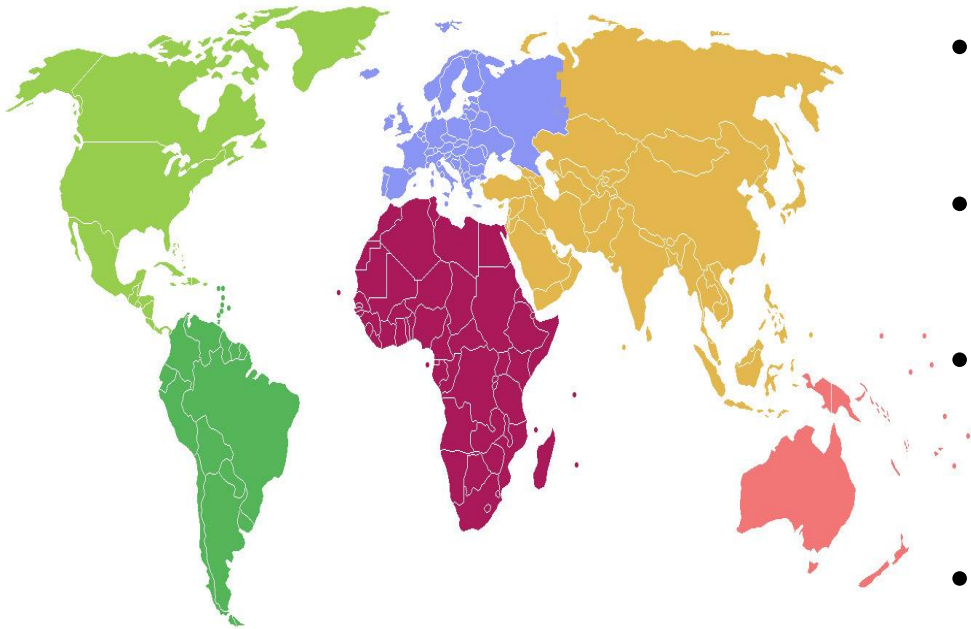


**New Waste water
processing station**



**Wire-rod
storage area**

International market change and position



- Low-risk in trade war
- Strengthen on cooperation
- Enlarge the transaction platform
- From making to service

International Distribution



International Distribution: Nominated existence

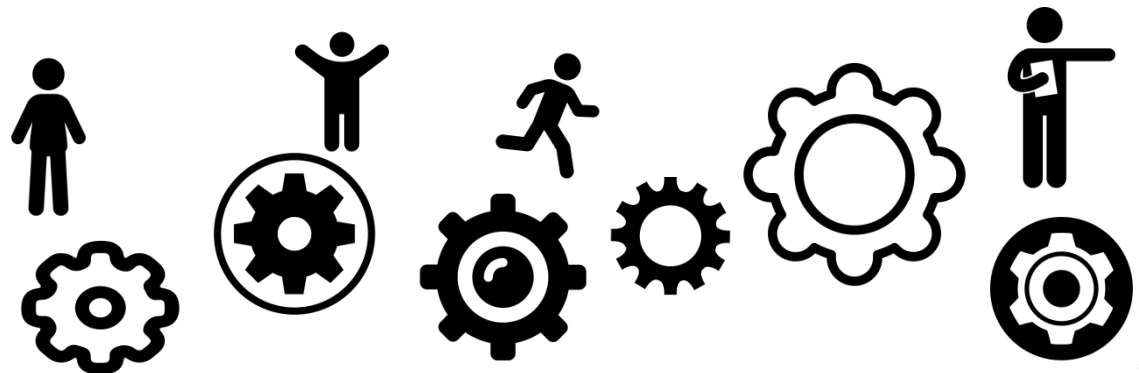


Sales Analysis and Target market

Event	Drawn Wires	Fasteners (Export)	Fasteners (Domestic)	Niche-products	
Business model	By order	By order	Stock plan	High-value customizable	
Customers	China manufacturer	Distributor	Over 5,000 distributor	High-end user	
Revenue Percentage %	2017	20.77%	18.42%	45.94%	14.87%
	2018 Q1~Q2	18.12%	19.17%	44.59%	18.12%

Distributor Network

- Network building
- Value-chain building
- Minimize the network
- Value taking



Competition model

For Taiwanese manufacturers, manufacturing is not a big problem.

Macroeconomic: Make decisions

Microeconomics: Design the business model

Maximization on Procurement
Minimized on Sales

Strengthen the company first, then the number of customers will increase if it does work.

There is no so called traditional industry, only the traditional models.

Win on model

REUNION THE MARKET POWER

- **Constant optimize on service**
- **Enlarge the competition advantage**

Double Engines: Technology Platform and Strong Production Line

23,000
products
coverage

- Expand the scope
- Elasticity enhancement
- Performance improvement

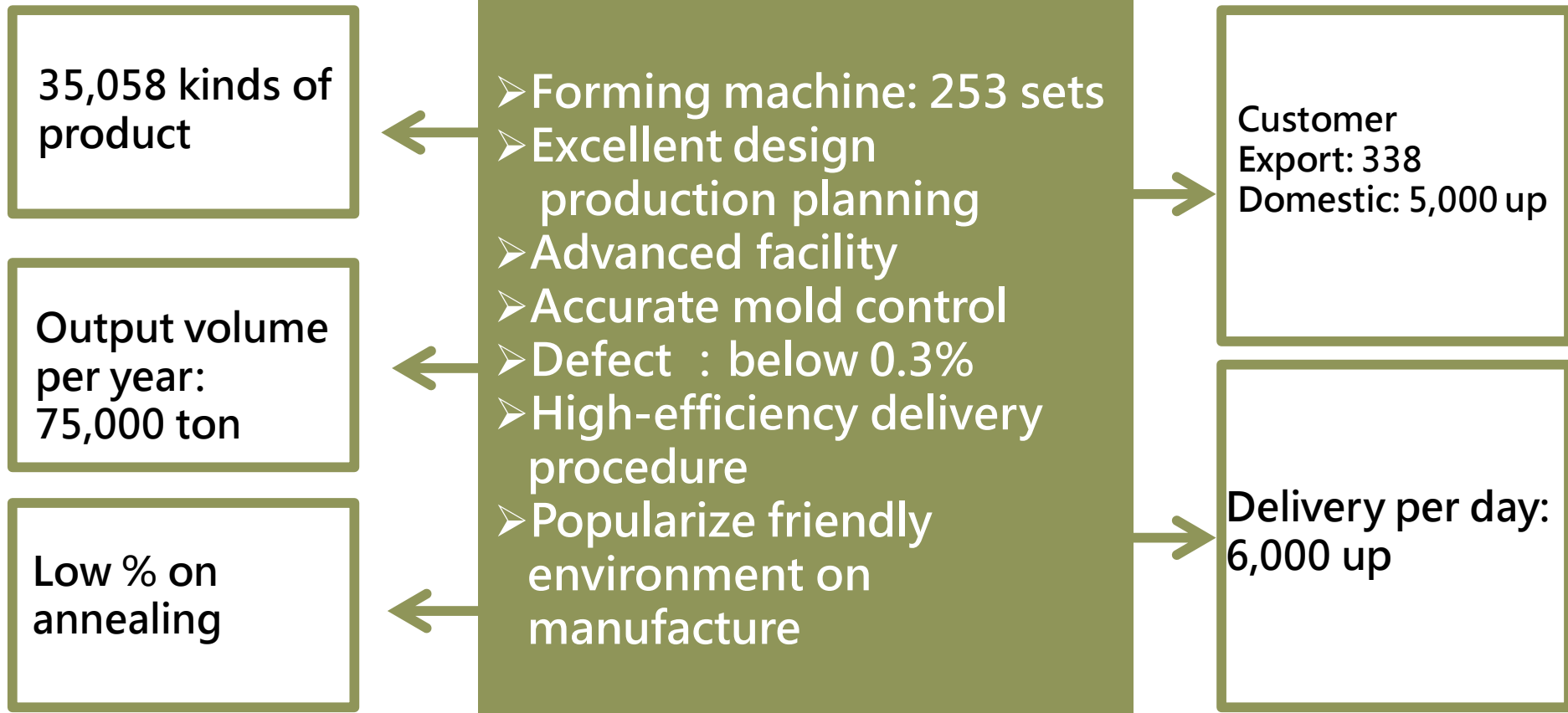
5000
Distributors

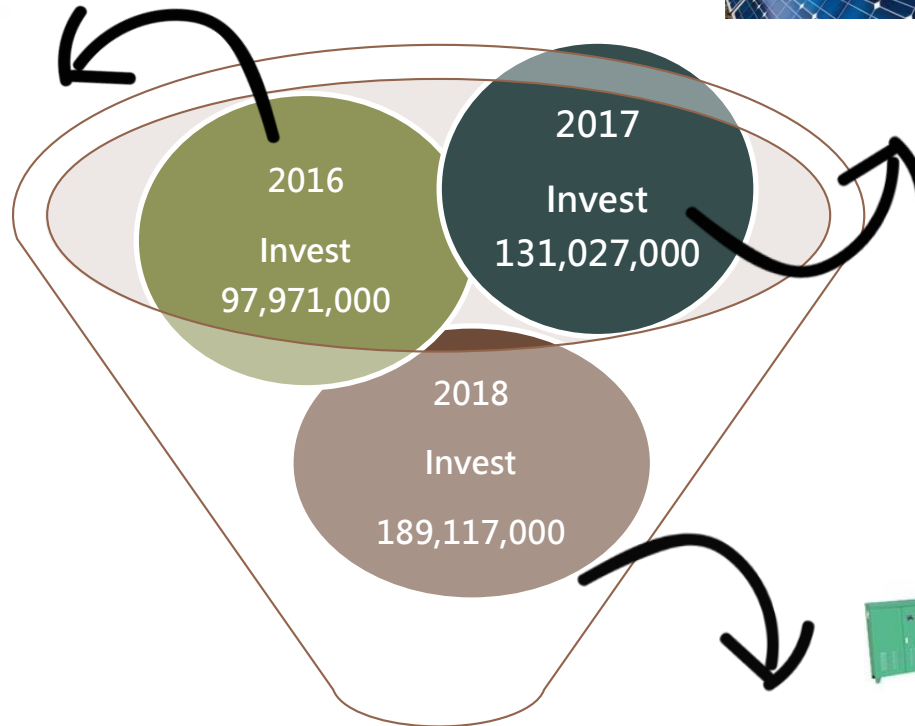
- Refine transaction
- Spread the risk
- Disperse industry
- Elongating the competitive frontlines

Strategic
out-
sourcing

- Product diversity
- Strategic partner

Achievements





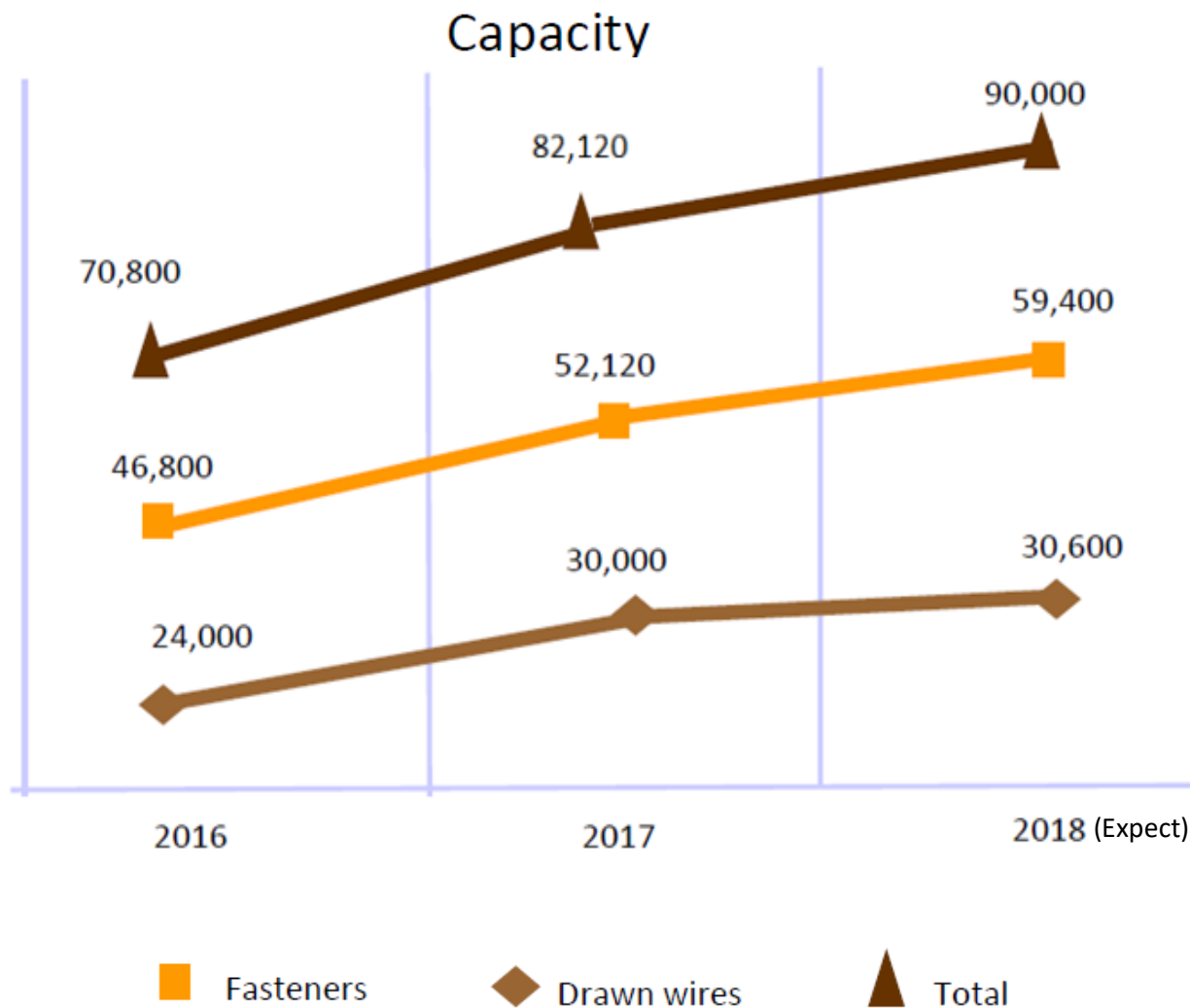
**New equipment
Logistic facility**



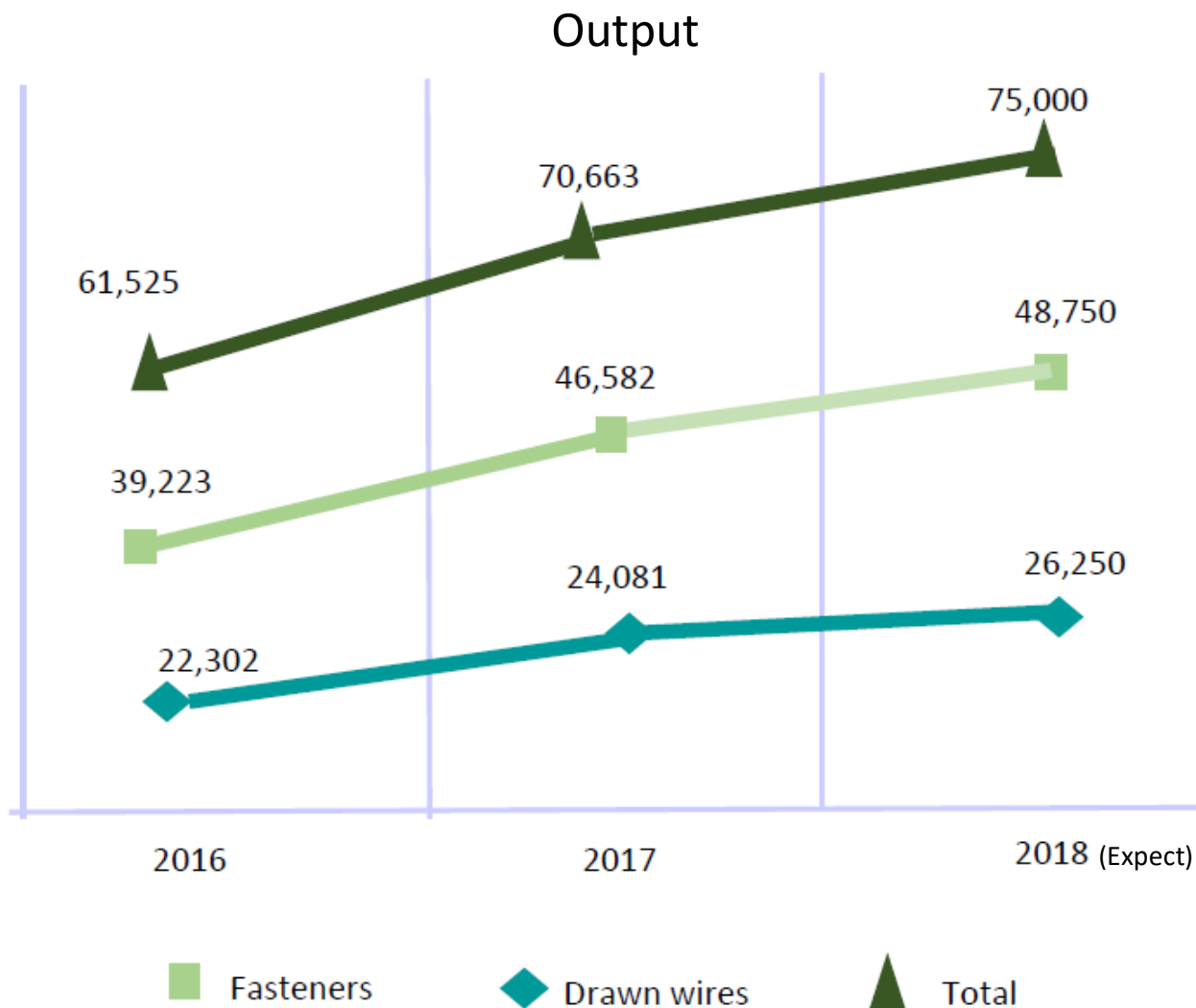
Always get ready to advance market demand

year	2016		2017		2018 (Expect)	
Main products	Capacity	Output	Capacity	Output	Capacity	Output
Fasteners	46,800	39,223	52,120	46,582	59,400	48,750
Fasteners %	66%	64%	63%	66%	66%	65%
Drawn wires	24,000	22,302	30,000	24,081	30,600	26,250
Drawn wires %	34%	36%	37%	34%	34%	35%
Total	70,800	61,525	82,120	70,663	90,000	75,000

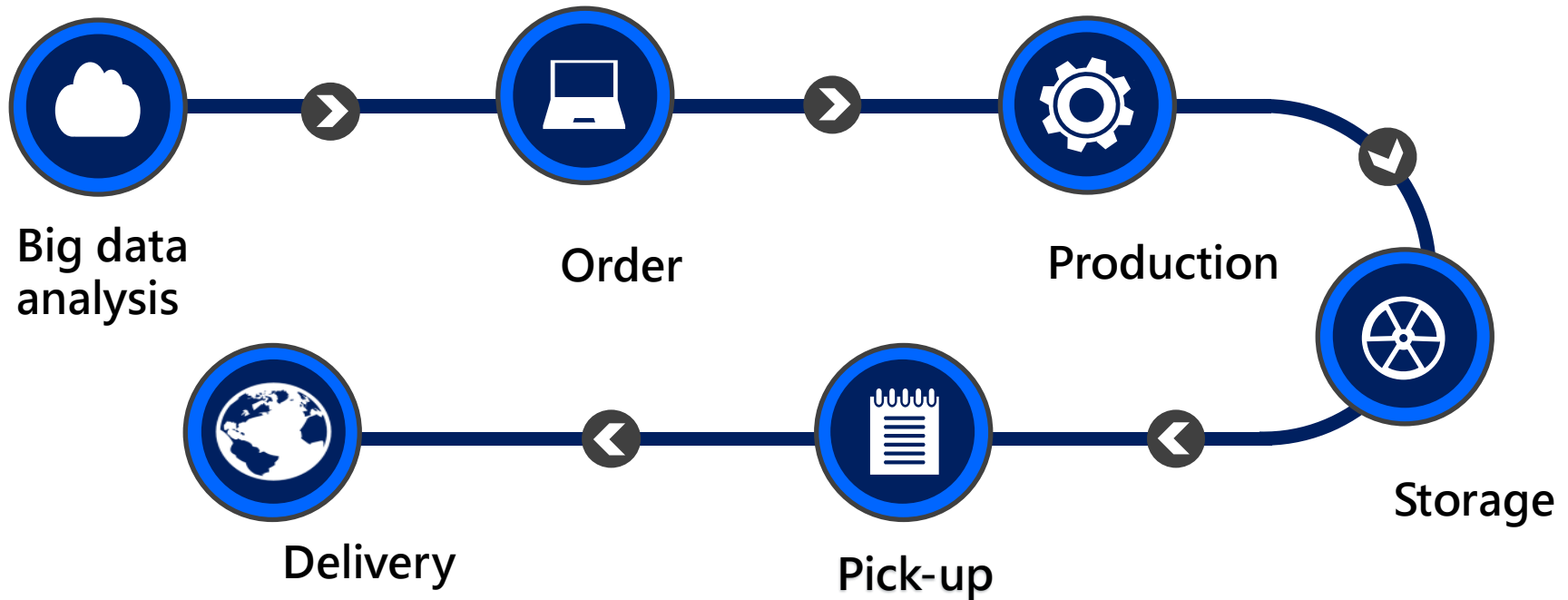
Always get ready to advance market demand



Always get ready to advance market demand

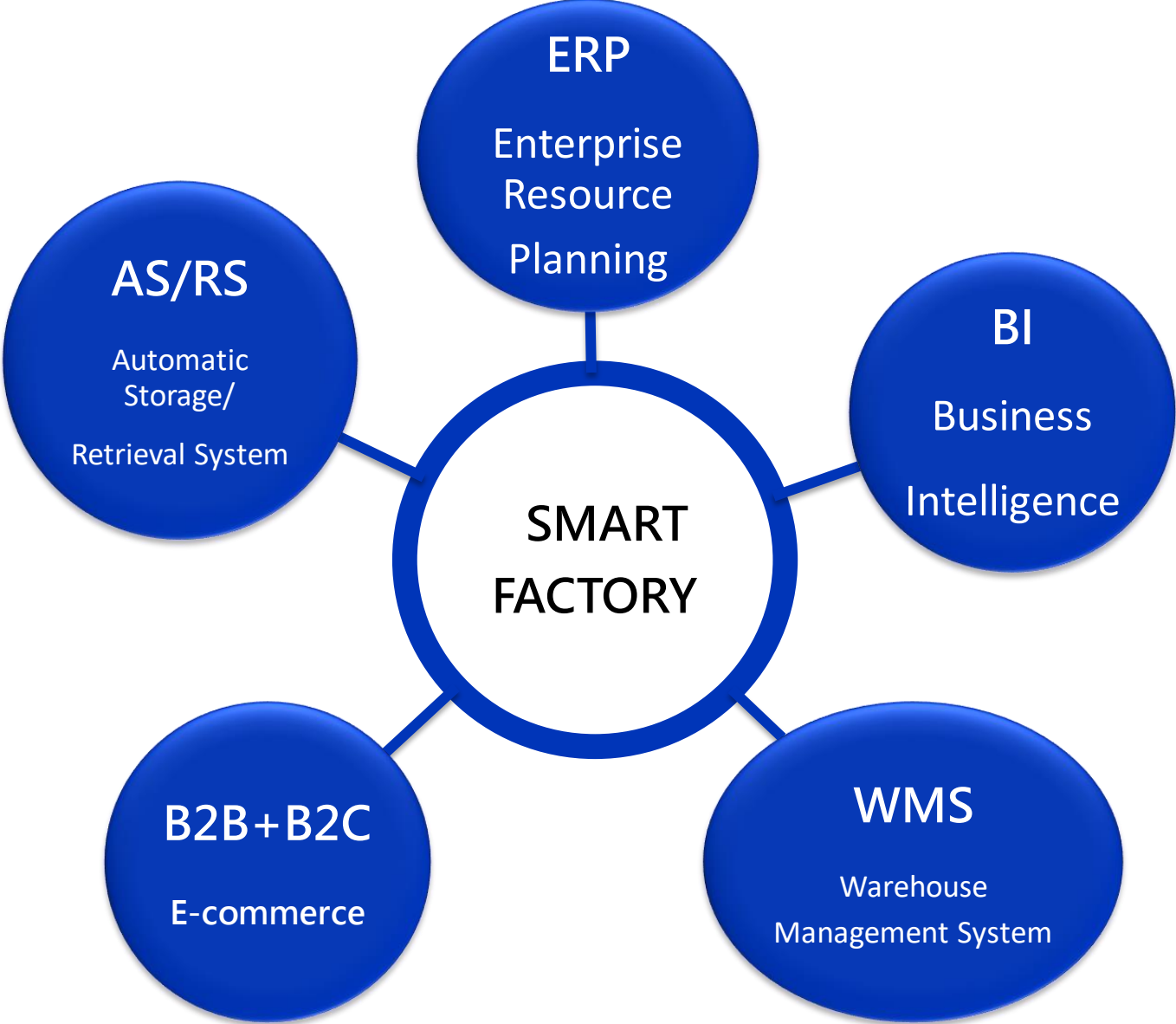


Powerful Logistic

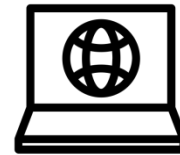


- 35,058 products + 8,000 ton stock + lack of supplies: less 5% + on-stock:less 3%= 6,000 ~ 7,000 orders/day

Competition Revolution



Competition Revolution



On-line quick response



High-efficiency logistic



Cash-flow safty



South China hub



North China hub



Head office hub
East China hub





Head office

2013~2018 Nickel price trend

Nickel Price
January, 2013 - Oct, 2018



A year trend of nickel prices

Nickel Price
Sep, 2017 - Oct, 2018



Financial Review

- ◆ 2013-2017 five-year sales
2018 Q1 ~ 2018 Q2 Sales
- ◆ 2013-2017 five-year sales quantities
2017 Q1 ~ 2018 Q2 sales quantities
- ◆ 2013-2017 five-year gross profit margin
2017 Q1 ~ 2018 Q2 gross profit margin
- ◆ 2013-2017 five-year operating profit ratio
2017 Q1 ~ 2018 Q2 operating profit ratio
- ◆ 2014-2018/Q1-Q2 sales allocation and gross profit margin
- ◆ Operational Vision
- ◆ Dividend Policy

Statement Of Income

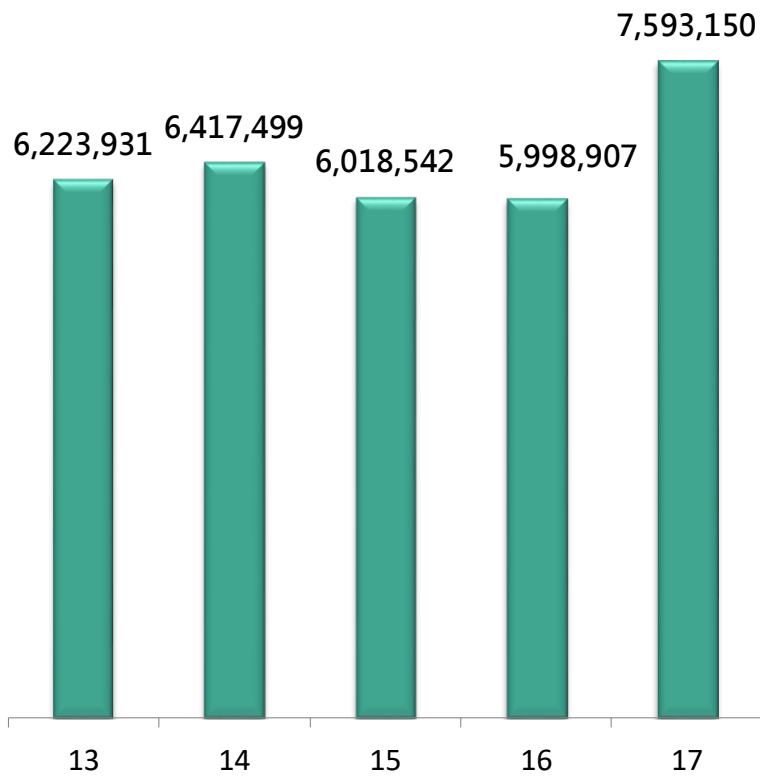
NTD/1000

Items	2013	2014	2015	2016	2017
Sales	6,223,931	6,417,499	6,018,542	5,998,907	7,593,150
Gross Profit	792,959	1,135,203	814,159	1,094,823	1,428,517
Net Operating Income	326,718	660,921	321,117	603,005	920,219
Profit Before Income Tax From Continuing Operations	292,131	652,640	323,110	597,791	868,315
Net Profit For The Period	240,795	516,122	237,283	467,632	685,825
Earnings Per Share(NTD)	1.56	3.05	1.42	2.78	4.07

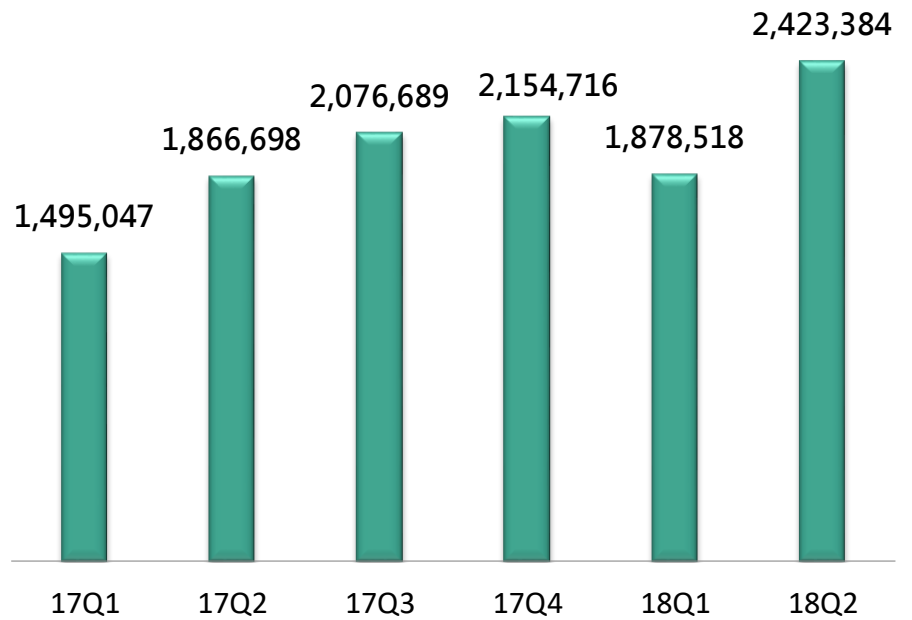
Statement Of Income

NTD/1000

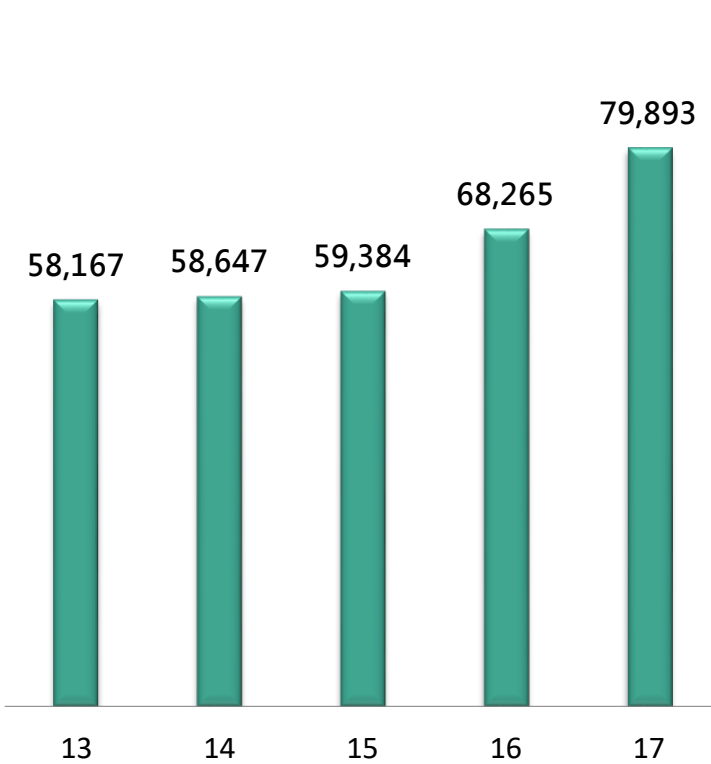
Items	2018 Q1	2018 Q2
Sales	1,878,518	2,423,384
Gross Profit	334,567	403,845
Net Operating Income	187,062	255,502
Profit Before Income Tax From Continuing Operations	149,879	243,150
Net Profit For The Period	123,774	183,566
Earnings Per Share(NTD)	0.73	1.09



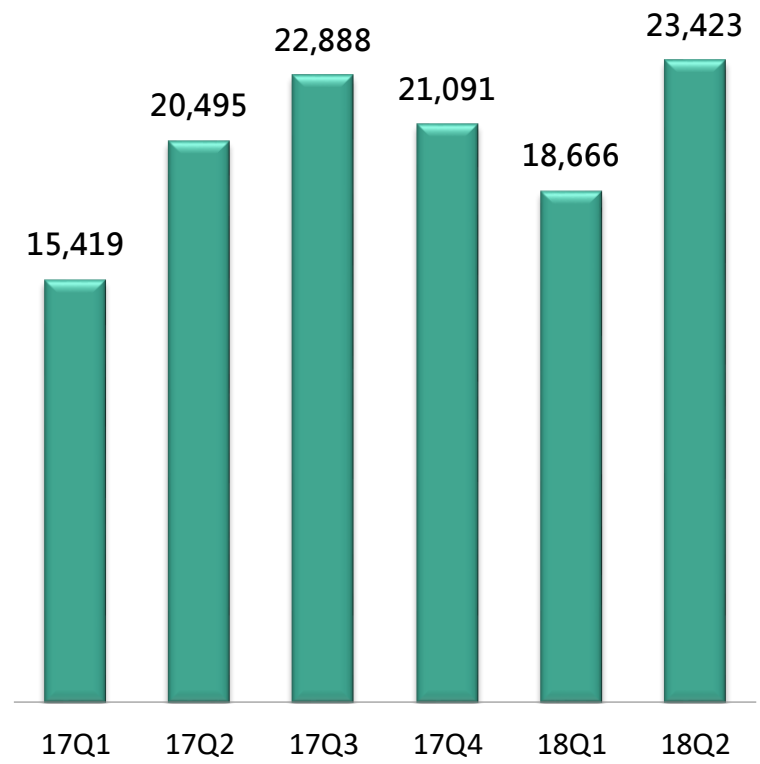
13 ~ 17 five-year sales(NTD/1,000)



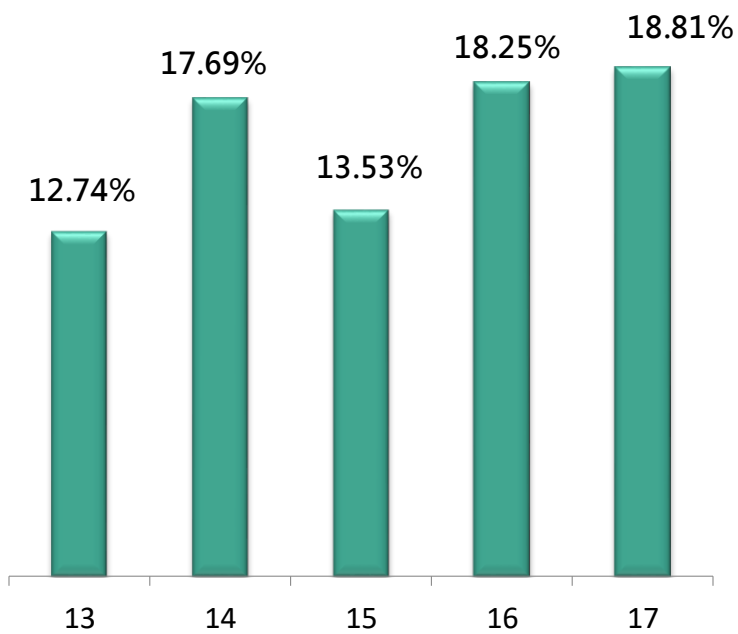
2017Q1 ~ 2018Q2 sales(NTD/1,000)



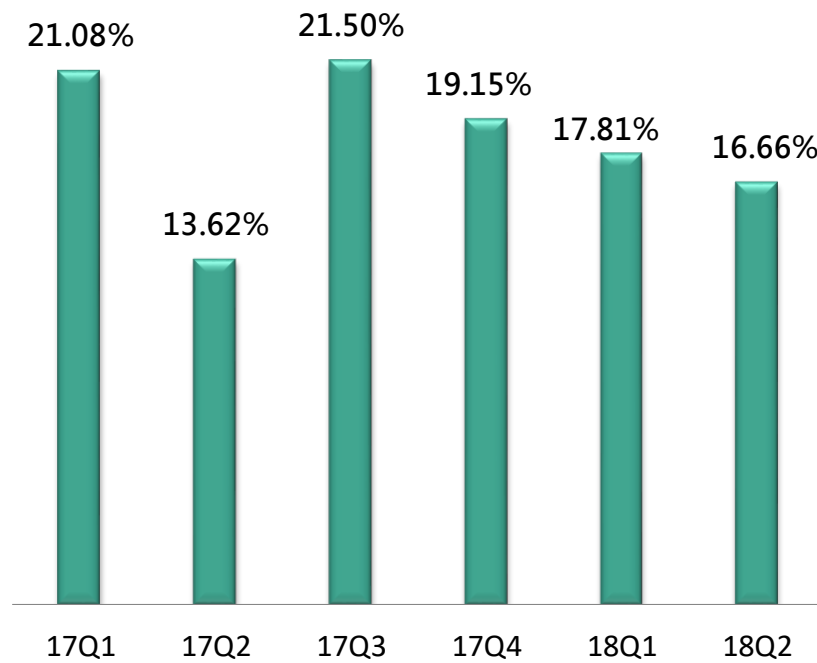
13 ~ 17 five-year sales QTY(ton)



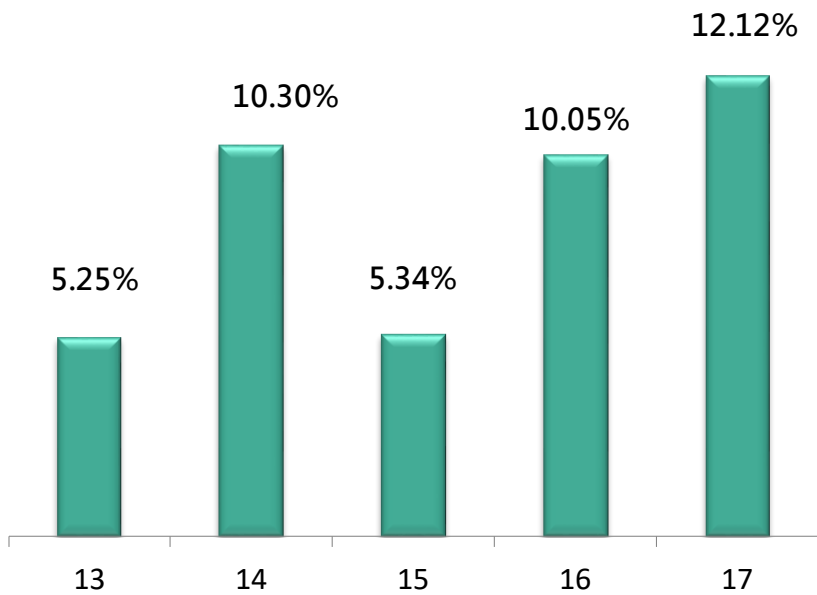
17Q1 ~ 18Q2 sales QTY(ton)



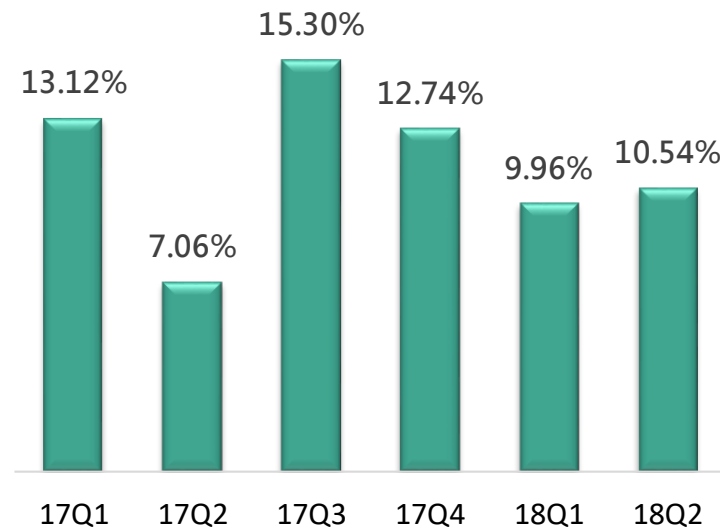
13 ~ 17 five-year gross profit margin



17Q1 ~ 18Q2 gross profit margin



13 ~ 17 five-year operating profit ratio



17Q1 ~ 18Q2 operating profit ratio

Sales allocation

NTD/1000 ; %

Items	2014		2015		2016		2017		2018/1-6	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Fasteners	3,719,433	57.96	3,659,555	60.80	3,583,150	59.73	4,388,586	57.80	2,486,613	57.80
Drawn Wire	1,643,490	25.61	1,225,770	20.37	1,243,669	20.73	1,576,883	20.76	779,696	18.12
Other	422,404	6.58	408,885	6.79	422,843	7.05	498,462	6.56	256,227	5.96
Special Parts	632,172	9.85	724,332	12.04	749,245	12.49	1,129,219	14.87	779,366	18.12
Total	6,417,499	100	6,018,542	100	5,998,907	100	7,593,150	100	4,301,902	100

Gross profit margin

NTD/1000 ; %

Items	2014		2015		2016		2017		2018/1-6	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Fasteners	778,625	20.93	580,278	15.86	784,083	21.88	970,064	22.10	523,099	21.04
Drawn Wire	165,150	10.05	60,938	4.97	124,488	10.01	217,458	13.79	92,460	11.86
Other	128,648	30.46	98,895	24.19	112,694	26.65	155,038	31.10	65,927	25.73
Special Parts	62,780	9.93	74,048	10.22	73,558	9.82	85,957	7.61	56,926	7.30
Total	1,135,203	17.69	814,159	13.53	1,094,823	18.25	1,428,517	18.81	738,412	17.16

Operational Vision

- Enlarge efficiency on Distributor
- Merge the sales function between branches, decrease labor demand, increase efficiency on supply side
- Enhance on E-commerce, regional hub, develop new-product without stop and new sales-model
- Potential growing power: Quality requirement on market, domestic market increasing, and industry level up
- Extend international operation with other distributors

Dividend Policy

- Maintain High interest rate and raise Return On Equity.
- Stable, mainly cash dividend.

Items/Year	15	16	17
Return on equity(%)	6.64	13.29	18.64
Cash dividend(NTD)	1	2	2.5
Earnings Per Share(NTD)	1.42	2.78	4.07
Interest Rate(%)	70.42	71.94	61.43



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開曼東明控股股份有限公司
TONG MING ENTERPRISE CO., LTD.

TEL: 886-7-6235538
E-mail: ir@tonggroup.com.tw

浙江東明不銹鋼製品股份有限公司
岡山東穎開發股份有限公司
TONG WIN INTERNATIONAL CO., LTD.