

Analysis of 2020 Financial Reports of Taiwan's Public Listed Fastener Companies

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The end of 2019 was a dividing line on Taiwan's fastener sales. It was followed by the outbreak of COVID-19, and starting from the second quarter of 2020, we had been told by numerous fastener companies about their plummeting sales. This is something that will undoubtedly manifest in the annual revenues and EPS of public fastener companies. This author rounded up performance indicators of these public companies into the following chart, through which we will compare the numbers for a glimpse of what the chart has to reveal.

Sales Revenue and EPS in 2020

| Ranking | Company | Revenue (1,000 NTD) | | | EPS (NTD) | | |
|---------|-------------------------------|---------------------|------------|------------|-----------|-------|--------|
| | | 2020 | 2019 | Growth (%) | 2020 | 2019 | Change |
| 1 | Tong Ming Enterprise | 9,171,338 | 8,807,059 | 4.1 | 2.94 | 2.77 | 0.17 |
| 2 | QST International | 8,824,031 | 9,925,200 | -11.0 | 2.52 | 2.16 | 0.36 |
| 3 | Chun Yu Works & Co | 8,054,615 | 9,333,591 | -13.7 | 0.75 | 1.60 | -0.85 |
| 4 | Tycoons Group | 7,930,384 | 11,519,202 | -31.1 | -0.39 | -1.42 | 1.03 |
| 5 | New Best Wire Industrial | 5,765,791 | 6,241,040 | -7.6 | 1.58 | 1.24 | 0.34 |
| 6 | San Shing Fastech | 5,072,643 | 6,549,045 | -22.5 | 2.04 | 2.77 | -0.73 |
| 7 | Sheh Fung Screws | 2,253,521 | 1,817,019 | 24.0 | 3.71 | 3.55 | 0.16 |
| 8 | Rodex Fasteners | 2,127,028 | 2,419,478 | -12.0 | 1.94 | 2.38 | -0.44 |
| 9 | Sumeeko Industries | 1,990,511 | 2,431,674 | -18.1 | 2.53 | 4.51 | -1.98 |
| 10 | Intai Technology | 1,961,112 | 2,327,239 | -15.7 | 5.11 | 7.54 | -2.43 |
| 11 | OFCO Industrial | 1,825,709 | 1,147,717 | 59.0 | 1.66 | 0.73 | 0.93 |
| 12 | Chen Nan Iron Wire | 1,825,106 | 1,584,339 | 15.1 | -1.08 | -0.12 | 0.96 |
| 13 | NAFCO | 1,704,031 | 2,816,190 | -39.4 | 1.14 | 6.66 | -5.52 |
| 14 | PATTA International | 1,503,425 | 1,865,652 | -19.4 | 0.92 | 1.45 | -0.53 |
| 15 | Chun Zu Machinery | 1,221,097 | 1,579,288 | -22.6 | 0.94 | 2.15 | -1.21 |
| 16 | Sheh Kai Precision | 1,061,740 | 1,117,875 | -5.0 | 2.37 | 3.36 | -0.99 |
| 17 | Ching Chan Optical Technology | 468,353 | 606,140 | -22.7 | 1.45 | 0.56 | 0.89 |

Source: mops.twse.com.tw

Tycoons dominated the ranking in 2019 with the highest revenue, but fell around 30% in the year of pandemic outbreak and was outpaced by Tong Ming. However, Tycoons' EPS jumped dramatically from minus 1.42 to minus 0.39, greatly diminishing the company's deficit. Tong Ming already made it to the revenue of NTD 8.8 billion in 2019, and continued progressing 4% to NTD 9.1 billion in 2020 when the pandemic became severe.

One of the entrants in the chart with the largest growth margin in revenue is OFCO, up 59% from NTD 1.1 billion to NTD 1.8 billion with the EPS increasing by nearly NTD 1. The next that follows is Sheh Fung growing 24% from NTD 1.8 billion to NTD 2.2 billion in revenue but with a smaller EPS growth margin. Sheh Fung was followed by Chen Nan Iron Wire with the revenue up 15.1% from NTD 1.5 billion to NTD 1.8 billion and the EPS increasing by nearly NTD 1.

The entrant with the largest revenue drop was the Asian aerospace fastener leading supplier NAFCO which plummeted by nearly 40% in revenue and was down NTD 5.5 in EPS but still managed to keep the EPS for 2020 at NTD 1.14, above the NTD 1 mark. It is no news that the world's aviation industry was almost to the point of being beheaded by the pandemic last year. NAFCO managed to pull itself through and it still has the opportunity to turn the tables. Among the 17 entrants, 4 have increased their revenues and 13 have decreased their revenues, the majority of which took an impact on their revenues. Additionally, 9 out of the 17 entrants reported decreased EPS, which means half of the 17 lost pretty much profit margins last year. However, the EPS of the 9 entrants did not turn negative and it means they kept themselves resilient against the deficit during the pandemic.

Overall, Taiwanese public listed fastener companies shared a common impact on revenues and profits in 2020. Indeed, Taiwanese fastener industry was shrouded in a sentiment of market depression, but as we move into May 2021 and look back, we find ourselves as part of Taiwanese fastener industry are fortunate to have a stronger base and a continuously operating supply chain to weather the difficult time. The market sentiment now sings a different tune from last year's. Steel demand and prices are surging, as are the inquires from abroad. The top priority now is to take back as much as what the virus has taken from us.

