

NT\$3 Billion of Investment **TYCOONS**

Tycoons' New Steel Plant with Arc Furnaces in Thailand Being Operational in Aug.



by Tanya Shih, Fastener World Inc.

Integrating with Upstream to Turn Business Around

The publicly traded steel and fastener giant Tycoons has arranged for integration with the upstream and reinvested in Astro Engineering Co., Ltd. for building a steel plant with arc furnaces in Thailand, which was completed in July. The steel plant started producing billets in August after a series of systematic tests. The steel plant finalized a complete and continuous production line for Tycoons.

Heading to Southeast Asia Brings Turnover This Year

Years ago Tycoons decided to integrate with the upstream. From manufacturing billets, down to steel bars, wire rods, and fasteners, Tycoons has arrived at the scale of one-stop and continuous production.

To counteract the volatile price of billets and its impact on profit, Tycoons established Astro in Thailand in H2 2011. With completion of the new steel plant, Tycoons has the production range from billets and steel bars to wires and finished fasteners. Tycoons expects that the sale this year will be 16,200 tons for billets, 80,949 tons for spheroidized wires, 189,950 tons for wire rods, 64,123 tons for fasteners, 86,209 tons for processed products, and 66,937 tons for other products.

Last year Tycoon's profit was affected by the dropping steel demand in the industry and oversupply of steel in China. The company said, "We fine-tuned our product structure, targeted on wire rods with high profit margin, and adjusted the structure of our fasteners to increase the production of products with high profit margin. Besides, we take advantage of duty-free policies in ASEAN markets, so all of our products have barrier-free access there, considerably improving our profit." Tycoons witnessed positive results after it headed to Southeast Asia. Its business has turned around in Q1 this year with the revenue at NTD 2.251 billion and the net

earning at NTD54.728 million. The revenue in Q2 reached NTD 2.387 billion.

In the future, Tycoons will turn the Astro into a high-profit steel making plant. After a series of systematic tests, the steel plant started production at the end of August with an expected annual capacity of 700-900 thousand tons. Tycoon's subsidiary in Thailand will cooperate with Astro to complete mass production of billets and expand the production line of steel rolling and wire drawing. Products will be processed via the advanced hot charging that effectively reduces the total manufacturing cost by 20% per ton, generating eco-friendly procedures from heating billets/wire rods to delivery and storage and greatly increasing the competitive edge.

Kenny Huang: Tycoon's Performance in H2 Will Definitely Turn Well

The new production line in Thailand has gone through tests in July and has started mass production in August, integrating Tycoon's fastener production and steel refining into one supply chain. Regardless of the current challenging steel market, president Huang said that a better result for Tycoon "is coming for sure."

Tycoons will focus on two major points. One is to utilize the capacity to its fullest for lowering the manufacturing cost. The other is to expand its business to markets in Southeast Asia including Vietnam, Cambodia, and Myanmar to solicit more orders and explore new momentum for the company.