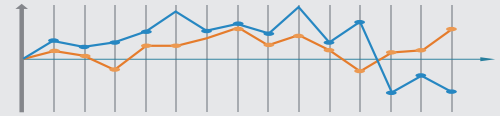


# Annual Review & Prospect - In Fastener Companies' Perspective



compiled by Fastener World Inc.

Once again it's the season to look at the performance of each company and wrap up the year. In 2014 the global condition warms up and various industries show positive results. Fastener World Magazine has witnessed more obvious, frequent, and aggressive development in factory buildup, product R&D, market expansion, M&A, etc. Our previous interview in Issue No. 143 also received positive feedback. This time we invite Bossard, Nord-Lock, Ying Ming Industry, and Anchor Fasteners to share their experience and opinions on the future trend.



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**Q1.** Do you agree 2014 is quite a “safe year” for the fastener industry? Please briefly illustrate the favorable factors that, you believe, might have caused this result? Take your company for example, how will you describe the change or development of the production and sales of your company in 2014? Do all the results satisfy you and meet your expectation?

**Mr. Andreas Bertaggia:** I think 2014 as a whole will be a safe year for the global fastener industry. However, certain political crises and economic factors (anti-dumping measures) may have caused a few fluctuations and slowed down development in the fastener industry. I don't think growth in the 2nd half of 2014 will be as fast as the 1st half. I believe there will be continuous growth in the 2nd half of 2014 (but at a somewhat slower pace). Barring any political, economic, or natural challenges, demand in the market will be higher than in the previous year.

Bossard has been performing really well thus far and we have achieved a remarkable result in the 1st half of 2014. Growth in Europe is particularly noteworthy. But Bossard is

not only focused on Europe. Other markets such as North America, Asia, and other regions are our focus as well. For instance, we have established new operations in Canada, and Australia in the last 12 months. In addition, we have expanded our operations in Asia to South Korea, Malaysia, and Taiwan.

Given the current market scenarios in the fastener industry, we are, in fact, satisfied. However, we are eager to achieve even more and have greater success in the future.

**Ms. Julie Pereyra:** Yes, I agree the gradual recovery of the US economy has allowed the fastener industry, supported by upward trends in manufacturing and construction, to surpass expectations overall. For Nord-Lock, an emphasis on increased production was mandatory to meet market demand.

**Mr. Wen Tsuen Liu:** Overall, the Year 2014 looks to be a good year. The automotive industry in particular demonstrates growth in both domestic and overseas markets. This is a merit to the company's sales performance of the current year, which is the same as last year's forecast or even slightly better than before.

**Mr. Thompson t. H. Chang:** Actually at the end of 2013 there were already signs that 2014 could be a safe year for the fastener industry. The uptick in the U.S. and Europe, the top two markets in the world, stimulates the growth of purchase for fasteners, and suppliers for these two markets can benefit from this upward trend in purchase. The same holds true for Anchor Fasteners Industrial. In 2013 the export volume of the company grew 15% over the previous year. The company is believed to grow steadily toward the end of this year.

**Q2.** How do you see the development of the fastener industry in the upcoming 2015? Will there be any new challenge for the industry or your company in 2015? How will you manage or adjust the proportion of production & sales for the new year? And, how will your company plan the directions of ongoing or upcoming investments?

**Mr. Andreas Bertaggia:** Well, this depends on the actual conditions in the industry. As previously mentioned, if there are no serious impacts resulting from political crisis, economic factors, or natural disasters, we are optimistic about continued growth in 2015. The situation will be quite similar to the 2nd half of 2014. That is, the industry as a whole will continue to grow, but said growth will be comparatively slow.

As for the new challenges we may face in 2015, I have some examples in mind, such as the increasing complexity of customer requirements and fierce competition in the industry. Not only us, but also all of our cooperating companies in the supply chain should become more efficient and be able to react quickly to face the various challenges ahead. On the other hand, I have noticed that some competitors are continuing to tap into markets with products at prices much lower than the current market price level. These competitors are not only from Asian countries (like China or others in Southeast Asia), they may even be from Europe or other countries around the world. Bossard needs to face these challenges with a serious attitude, and we need our own strategy for covering costs and maintaining our advantage in the market.

Speaking of the past, the present, or the future, Bossard always pays close attention to the development of related industries and we also have strategic plans and projects around the world. As you can see, we have important operations on various continents and have been cooperating with our business partners for a long time. Of course, we have other plans that are ongoing or ready to start. Once finalized, we will be pleased to share the good news with you all. I think reinforcing cooperation with our global partners is

a critical investment. So far, we have over 1,800 employees worldwide and the number is expected to increase to over 1,900 by the end of the year. Bossard is always open to establishing business relationships with global companies, especially those able to provide specialized products or niche products in the market.

**Ms. Julie Pereyra:** Continued steady growth as the economy slowly rebounds. Globalization will create challenges, as customers utilize buying power for better pricing. Competition will continue to encroach on profitability. As the market leader, being first in the mind of customers will continue to propel us forward. Ramping up to meet stringent production goals, and increasing inventory on hand, will allow us to satisfy our customers' needs.

**Mr. Wen Tsuen Liu:** We expect that the automotive industry will perform better in 2015 than in 2014. In 2015, the company will dedicate to improving the capacity and innovation to satisfy customers' needs. Employee training and elimination of excessive expenditure are our tasks for the next year as well.

**Mr. Thompson T. H. Chang:** I don't expect too much fluctuation in the fastener industry in 2015. Comparatively, Taiwanese fasteners still hold fairly critical technology. The overall market environment will remain favorable to Taiwanese companies. However, stable environment can also be a challenge. In a stable market Anchor Fasteners Industrial keeps a steady plan for domestic and overseas production and sales and enhances investment in automotive fasteners.

**Q3.** Since the beginning of the year, lots of statistics centers have published their data and market trend analyses regarding increasing automobile production & sales or aircraft demand, etc. How do you see this trend and do you see any possibility or implication to the fastener industry?

**Mr. Andreas Bertaggia:** This involves a broad range of factors. Undoubtedly, automotive fasteners represent a large share of the fastener industry. If no macro-environmental factors get in the way, the industry will continue to see a single-digit growth rate, and in my opinion won't reach double digits. What I want to point out is that the actual number of regulation-compliant or standard-compliant companies in the industrial supply chain deserves further discussion even if the market shows growing demand for high-end (automotive and aerospace) fasteners. Quality requirements and practices are the things the fastener industry should carefully look at.

In the case of Bossard, we have signed a 3-year agreement with Tesla, an emerging electric car company in USA. The agreement is expected to boost our growth in the Americas in the second half of 2014. We can offer unique and truly excellent fastener products and solutions to clients, and ensure the products and service meet stringent requirements and regulations regarding quality.

The same goes for other fastener companies. The automotive and aerospace fasteners deserve attention, but the bottom line is companies ought to ensure that product quality is up to par. Quality first!

**Ms. Julie Pereyra:** As a specialty fastener manufacturer, we are not really affected by the up-tick in these particular industries. From my point of view, the statistics regarding these niche markets may not affect all fasteners or the fastener industry as a whole.

**Mr. Wen Tsuen Liu:** Vibrant market performance is undoubtedly favorable to existing suppliers, but on the downside it will attract more competitors into the market. Facing the market with more stringent competition and challenges for environmental protection and pricing strategy, Taiwan's fastener industry ought to enhance its own values and existence, and create irreplaceable uniqueness apart from other counterparts.

**Mr. Thompson T. H. Chang:** I'm certainly looking forward to the growing performance of various industries. Anchor Fasteners Industrial has been accredited by TS 16949 (for automotive fasteners) and CE / ETA (for construction). Production and sales in both automotive and building industries undoubtedly affect the demand for related fasteners. This is a perfect but rare timing for Anchor Fasteners Industrial. I think this will also speed up the pace in lifting the value of Taiwanese fasteners. Opportunities are visible to those who are ready.

**Q4 .** There are many hot issues for the fastener industry in 2014. If you are asked to choose one from them, which one do you think is the most important or most influential (e.g., mergers & acquisitions, investments, int'l exhibitions, emerging markets, trade disputes...)? What do you learn from this or how will you avoid the involvement?

**Mr. Andreas Bertaggia:** I think the anti-dumping duty is no doubt the biggest factor affecting the industry. For instance, the EU imposes an anti-dumping duty on steel fasteners from China and Malaysia, as well as stainless steel fasteners from China, Taiwan, and the Philippines. Certainly,

some other countries also impose anti-dumping and anti-subsidy duties on products from specific countries. This may create a difficult situation for the supply chain, but it doesn't affect Bossard's sales dramatically. After all, duties are imposed on these countries, but we can source from other countries.

Bossard never encourages nor helps partnering suppliers to ship via third party countries to avoid taxes because violators face serious consequences. For example, a European trader will face enormous fines if it ships products via a third party to avoid taxes. Therefore, associations in China, Taiwan, and ASEAN must inform their members to not violate the law or they will lose much more than they can gain.

**Ms. Julie Pereyra:** Mergers & acquisitions cannot be avoided, its happening everywhere throughout the industry. When one company takes over another, it is difficult to predict the short and long term outcome. It is most important to predict the risks ahead of time, and discover ways to minimize them.

**Mr. Thompson T. H. Chang:** In light of ASE's case, the government pays more attention to environmental problems and enhances examinations on companies dumping waste liquid, which has resulted in an impact on electroplating plants. Some of them were forced to stop operation because they could not keep up with the government's regulations, and therefore they could not go back on production line until they could pass the audit. Many fastener companies could not deliver products in time and had to face air freight indemnity or loss of orders.

Since a few years ago Anchor Fasteners Industrial has been aware of the importance of environmental protection, and has applied for ISO14064 accreditation (regarding carbon footprint) in order to help the next generation sustain in an environment where they can grow healthily.

**Q5 .** If you see the global market as a whole, what do you think will be the competitiveness and potential of the fastener market in your region? Please name 3 emerging markets you think that are worth being focused and why them?

**Mr. Andreas Bertaggia:** I think there is ever-increasing competitiveness in the fastener market in our region. To survive in this intensive market environment, you have to maintain your product and service quality at extraordinary levels at all times. At Bossard, we provide not just the product itself but also engineering design and technical service. We are both a product provider and a comprehensive technical service provider. This is how we will ensure our market advantage for the future.

**Ms. Julie Pereyra:** While we still enjoy a growth market for our products in our region of North America, as major customers begin to buy globally, we will continue to expand our reach into emerging markets like Mexico and Latin America.

**Mr. Wen Tsuen Liu:** Currently Taiwanese fastener industry is still advantageous in quality, reputation for honesty, and pricing. In the future, the industry should consider entering the markets in Southeast Asia, India, or Russia, because these countries or regions have vast markets and have been gradually improving their economic performance.

**Mr. Thompson T. H. Chang:** In the global perspective, Taiwanese fastener industry is highly concentrated and has a proficient technical level. Along with booming trade with overseas countries and complete regulations, this greatly helps improve the overall competitiveness. If we look at the scale and development of emerging markets, the top 3 target markets for Taiwanese fastener industry are India, ASEAN and Latin America.

### **Q6** . What do you think is the most important element for sustainability of a corporation?

**Mr. Andreas Bertaggia:** Bossard possesses good tradition and history. Since its establishment in 1831, Bossard has been fulfilling goals in each phases of operation. We think corporate sustainability must be based on close and smooth cooperation with partners, understanding every client's needs and requirements, and the continuous offering of high quality solutions to clients. Partners that have come to work with Bossard are all very competitive and are proactively satisfying the needs of each client. We have also been working hard to create integral company value and the highest level of benefits for every shareholder.

**Ms. Julie Pereyra:** Having the right people in place leading the way.

**Mr. Wen Tsuen Liu:** Profitability, talents, and vision. You cannot overlook any of them.

**Mr. Thompson T. H. Chang:** "Product innovation" and "human resource".

Products all come with a certain life cycle. Sustainable business requires innovative products for the market.

Human resource: Business running is supported by human resource. Without people, the company cannot operate. Sustainable business requires the right person to make the right plans and do the right things. The horizons of the staff determine the corporate scale.

### **Q7** . What type of business partner would you expect to cooperate with and is there any suggestion for them?

**Mr. Andreas Bertaggia:** We are looking for suppliers with a unique selling proposition which have not the power to distribute their products on a global scale. Bossard is currently cooperating with many global companies that provide professional fastening solutions. In this way we not only offer high-quality products to our clients, but also expand our product categories. Our success so far mainly comes from our contributing partners. Years of cooperation have built an intimate relationship between Bossard and these partners, and this is the critical key determining whether a company will succeed over the long term.

**Ms. Julie Pereyra:** One with like-minded goals and integrity to move both companies forward without jeopardizing the current state of the business.

**Mr. Thompson T. H. Chang:** We look for credible and mutual-benefiting partners. Credibility is the baseline for cooperation. Joint strength and mutual benefits create a win-win deal, thus sustaining cooperation. Each company should find and exert its own strength, partner with other suppliers, and provide clients with the products they need.

### **Q8** . Is there any important activity or goal you have achieved or would like to achieve in the future?

**Mr. Thompson T. H. Chang:**

- A. We will add a new plant for inventory and automatic inspection to make complete arrangement and procedure design for the blind nut business.
- B. Personnel training adopts TPM and LEAN management to improve personnel capability and form highly efficient teams.
- C. Accredited by CE for more sales advantages in the European market.

### **Q9** . Regarding the fastener industry, is there any other thought you would like to share?

**Ms. Julie Pereyra:** To be competitive today we should focus on the customer experience and excel at customer satisfaction.

**Mr. Thompson T. H. Chang:** The fastener industry deals with a wide range of products. However, Taiwan has a comparably lower average export price than those of American and European countries. Taiwanese fastener industry should improve the technical level and product value to find a new blue ocean out of the low price competition.