

Analysis of Financial Reports of Taiwan's Public Listed Fastener Companies in H1 2020

The Covid-19 pandemic burst out in the first half of 2020 continues to pose a huge challenge to almost every industry around the world. Except for certain industries benefiting from city lockdown orders and the increasing demands for medical PPE, almost every industry has been hard hit by the pandemic, especially air/sea transportation, automobile/motorbike, mechanical processing and basic components, which used to rely heavily upon the global supply chain. Taiwan fastener industry has been also influenced since Q1 2020. Sales of top 10 Taiwanese public listed fastener companies started to appear a sign of plunge, which even reached a drop of 15-30% in H1 2020 due to the serious outbreak in Europe and America. Lots of small-to-medium sized downstream factories mostly relying on orders released from big manufacturers have been also going into their “early cold winter” due to the chain effects. A similar result may be also observed in the latest financial report of Taiwan's China Steel Corp., whose sales revenue in H1 2020 reached 15 billion NTD, a slump of at least 20%.

In the following paragraphs are the analysis of the sales revenue and earnings per share (EPS) of major Taiwanese public listed fastener companies in the first half of 2020.

According to the latest sales revenue reports in H1 2020, top Taiwanese public listed fastener companies are: Tycoons, Tong Ming, Chun Yu, QST, New Best Wire, San Shing, NAFCO, Rodex, Intai, Sheh Fung, Sumeeko, Chen Nan, Patta, Chun Zu, Sheh Kai, Ofco, and Ching Chan. The semi-annual sales revenue of each of the first 8 largest companies

Sales Revenue and EPS in H1 2020

Company	Revenue H1 2020 (1,000 NTD)	Revenue H1 2019 (1,000 NTD)	Change in H1 Revenue (%)	EPS H1 2020 (NTD)	EPS H1 2019 (NTD)	Change in H1 EPS (NTD)
Tycoons Group	4,304,647	5,963,092	-27.80%	-0.34	0.01	-0.35
Tong Ming Enterprise	3,967,914	4,242,185	-6.47%	0.8	0.97	-0.17
Chun Yu Works & Co	3,775,268	4,623,246	-18.34%	0.34	0.8	-0.46
QST International	3,696,462	4,968,654	-25.60%	-0.35	0.92	-1.27
New Best Wire Industrial	2,486,271	2,936,132	-15.32%	0.36	0.45	-0.09
San Shing Fastech	2,281,930	3,423,021	-33.34%	0.92	1.45	-0.53
NAFCO	1,045,952	1,349,823	-22.51%	1.67	3.2	-1.53
Rodex Fasteners	1,007,478	1,204,808	-16.38%	1.13	1.43	-0.3
Intai Technology	974,708	1,217,821	-19.96%	3.89	5.61	-1.72
Sheh Fung Screws	969,668	930,196	4.24%	1.68	2.47	-0.79
Sumeeko Industries	926,467	1,301,847	-28.83%	0.44	3.6	-3.16
Chen Nan Iron Wire	817,754	878,090	-6.87%	-0.59	0.36	-0.95
Patta International	733,788	941,188	-22.04%	0.61	0.84	-0.23
Chun Zu Machinery	629,064	815,877	-22.90%	0.62	1.07	-0.45
Sheh Kai Precision	493,683	543,009	-9.08%	1.09	1.83	-0.74
OFCO Industrial	444,968	603,191	-26.23%	-1.48	0.25	-1.73
Ching Chan Optical Technology	218,416	314,103	-30.46%	-1.79	0.74	-2.53

Source: mops.twse.com.tw

reached over 0.1 billion NTD. Except for New Best Wire and Chen Nan providing wire rod as well as Chun Zu and Ching Chan Optical supplying machines, all the other companies on the list are manufacturers of various standard and special fasteners or precision parts.

According to the fastener (HS code 7318) export data of Taiwan Customs, in the first 6 months of 2020 Taiwan exported around 57 billion NTD worth of fasteners to the global market and the aforementioned major Taiwanese fastener-related companies represented more than 50% of the total export (around 28.8 billion NTD). In the same corresponding period of 2019, Taiwan exported around 66.7 billion NTD worth of fasteners to the global market and the aforementioned major Taiwanese fastener companies represented more than 54% of the total export. This also means that Taiwan's fastener export value in H1 2020 was down nearly 10 billion NTD if compared to the same corresponding period in 2019.



In H1 2020, almost all revenues of these Taiwanese leading fastener companies appeared a decline of over 15% (50% of them even appeared a decline of 20%). The company reporting the most significant decline was San Shing (-33.34%) and its EPS reduced by 0.53 NTD from 2019's 1.45 NTD to 0.92 NTD. However, San Shing is still ranked the 6th largest Taiwanese fastener company in terms of revenue.

Among the list in which almost all companies reported negative growth, Sheh Fung was the only company in H1 2020 reporting a positive growth of 4.24% and the EPS of 1.68 NTD. However, although it reported an eye-catching revenue in the period, its EPS was still down 0.79 NTD from 2.47 NTD recorded in the same corresponding period of 2019.

In terms of the EPS of each company in H1 2020, almost all companies reported a positive and profiting value, though they did not perform well in revenue. Among these companies, only Tycoons, QST, Chen Nan and OFCO reported a negative value ranging from -0.24% to -1.48%. However, the EPS of each of these companies was lower than the record they achieved in the same corresponding period of 2019.

Sales Revenue and EPS in Q1 2020

Company	Revenue Q1 2020 (1,000 NTD)	Revenue Q1 2019 (1,000 NTD)	Change in Q1 Revenue (%)	EPS Q1 2020 (NTD)	EPS Q1 2019 (NTD)	Change in Q1 EPS (NTD)
Tycoons Group	2,139,329	3,209,103	-33.33%	-0.20	-0.01	-0.19
QST International	2,005,803	2,554,550	-21.48%	0.01	0.73	-0.72
Chun Yu Works & Co	1,936,692	2,293,832	-15.57%	0.01	0.53	-0.52
Tong Ming Enterprise	1,598,438	1,939,635	-17.59%	0.09	0.34	-0.25
San Shing Fastech	1,493,959	1,843,207	-18.95%	0.64	0.81	-0.17
New Best Wire Industrial	1,253,793	1,509,383	-16.93%	0.18	0.29	-0.11
NAFCO	653,665	635,080	2.93%	1.4	1.45	-0.05
Rodex Fasteners	559,865	583,963	-4.13%	0.63	0.58	0.05
Sumeeko Industries	550,026	653,921	-15.89%	0.77	1.31	-0.54
Intai Technology	508,179	485,333	4.71%	2.04	1.98	0.06
Sheh Fung Screws	482,367	385,829	25.02%	0.91	0.83	0.08
Chen Nan Iron Wire	362,784	419,688	-13.56%	N/A	N/A	N/A
Patta International	353,623	421,939	-16.19%	N/A	N/A	N/A
Chun Zu Machinery	319,457	390,630	-18.22%	N/A	N/A	N/A
Sheh Kai Precision	260,448	251,873	3.40%	0.68	0.88	-0.2
OFCO Industrial	224,116	310,567	-27.84%	-0.89	0.25	-1.14
Ching Chan Optical Technology	132,281	165,824	-20.23%	-0.64	0.66	-1.3

Source: mops.twse.com.tw

Now, let's go back to Q1 2020 when the pandemic began to spread. In this period, many of these Taiwanese fastener companies reported a revenue drop of 10-30%. The company reporting the most significant drop was Tycoons (-33.33%), which also reported a revenue drop of 27.8% in H1 2020 and the loss of 0.2 NTD in Q1 2020 (Q1 2019: -0.01 NTD).

On the other hand, OFCO and QST were the companies respectively reporting the 2nd and 3rd most significant drop. The respective revenue of these two companies in Q1 2020, compared to Q1 2019, was down 27.84% and 21.48%. However, different from Tycoons and OFCO reporting a negative EPS, QST's EPS remained the positive level at 0.01 NTD (lower than 0.73 NTD recorded in the same corresponding period of 2019).

NAFCO, Intai, Sheh Fung and Sheh Kai were the only four companies in Q1 2020 reporting positive growth. In addition to NAFCO, Intai and Sheh Kai reporting a revenue growth of around 3-5%, Sheh Fung even reached an incredible revenue growth of 25.02% and the EPS of 0.91 NTD, which is also higher than its EPS recorded in the same corresponding period of 2019.

In terms of the EPS in Q1 2020, only a few companies reported negative values, while the rest of companies remained the positive level.

Conclusion

Concluding the performance of these companies in Q1 2020 and H1 2020, we noticed that as these companies are export-oriented, and they are very susceptible to the global market fluctuations. On the other hand, the pandemic in certain markets around the world (e.g., USA, Brazil, India, etc.) is still not well under control, so whether the global industrial activities can be soon resumed to the previous normal condition remains unforeseeable. However, maybe companies can make the most of time to renovate and upgrade their in-plant facilities, improve manufacturing procedures and strengthen staff training in order to get fully prepared and quickly respond to the possible outburst of big and urgent orders in the post-pandemic period.

