



Fusheng Precision Co. Ltd.

TWSE : 6670

2022/Q3

Nov. 29 , 2022

Company Profile

Financial Performance

Key Messages

ESG

Q&A



Fusheng Group Key Milestones

1953
Fusheng Group founded

The founding business was repairing and selling used industrial air compressors



1992
Set up GS in China

Became the first off-shore site of Sporting Goods Division



2001
Established Electronics Division

Acquired two OTC companies - Sitron & Getmore



2004
Acquired and set up FSPT

Invested in US based company - Coastcast, and transform it into titanium Auto and Aero casting plant



2010
Group Restructuring

Fusheng Precision: Golf Club Head (FSP)

Fusheng Industrial: Air Compressor (FSI)

Fusheng Electronics: Lead Frame (FSE)

2018/7
Invested NFT

An aerospace casting parts manufacturer, with aerospace quality certificate approval and certified by 10+ global aviation customers



2018/12
FSP listed in TWSE
Code: 6670



1978
Established Sporting Goods Division

Acquired a bankrupted company in Kaohsiung, started making golf club head



1997
Listed in TWSE
Code: 1520
(First time)

2003
Set up VS in Vietnam

Expand overseas sites to South East Asia



2008
Delisted

Cooperated with Oaktree Capital, and become Taiwan's 1st company which go delist because of working with PE fund



2017/3
Oaktree Capital Exited

2018/8
Invested Aubo

A golf accessory manufacturer, with MIM & CNC capabilities



2020/11
Invested Minson

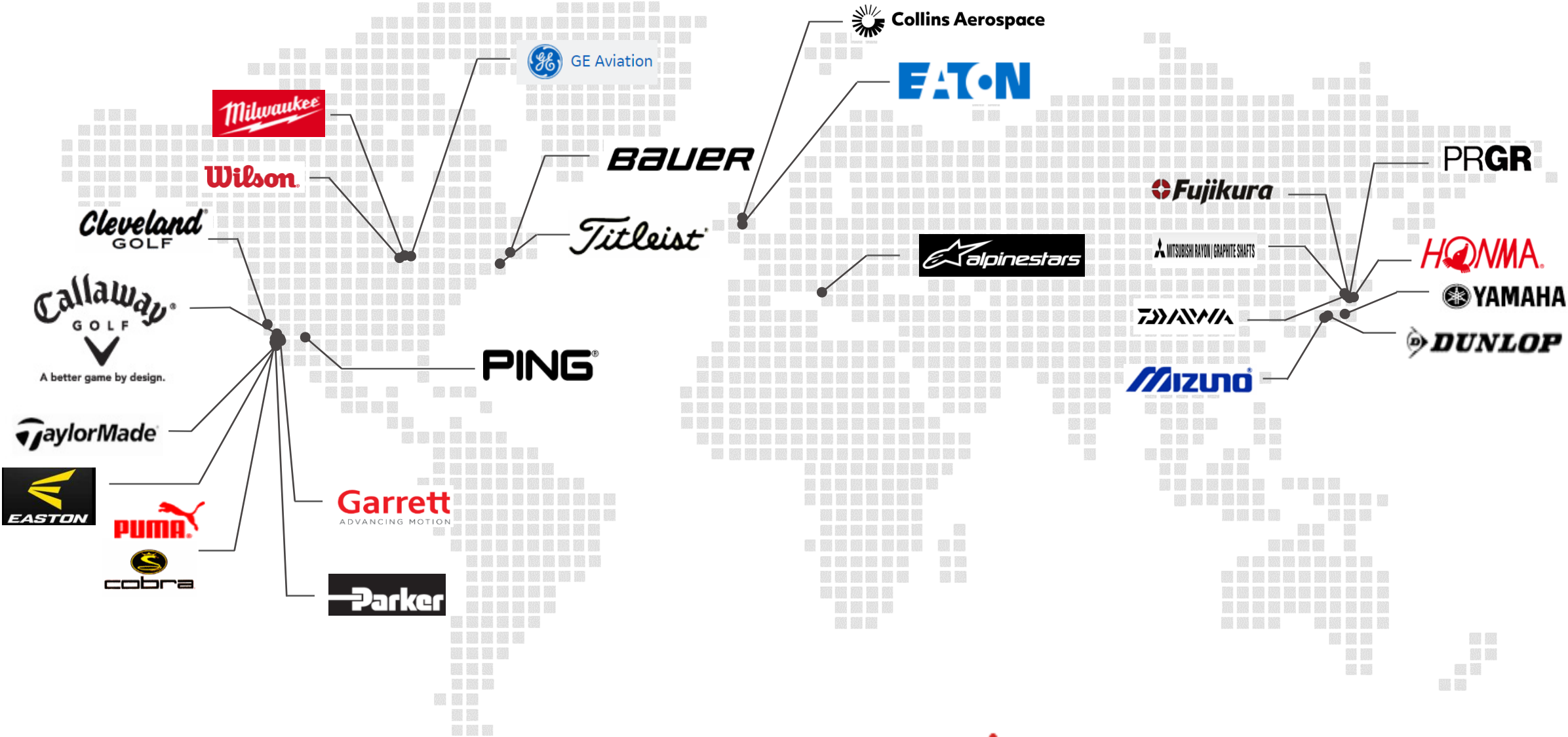
A leading manufacturer of winter and extreme sports equipment, which are niche, upscale, and high-customized products



Our Plant Sites



Major Customers



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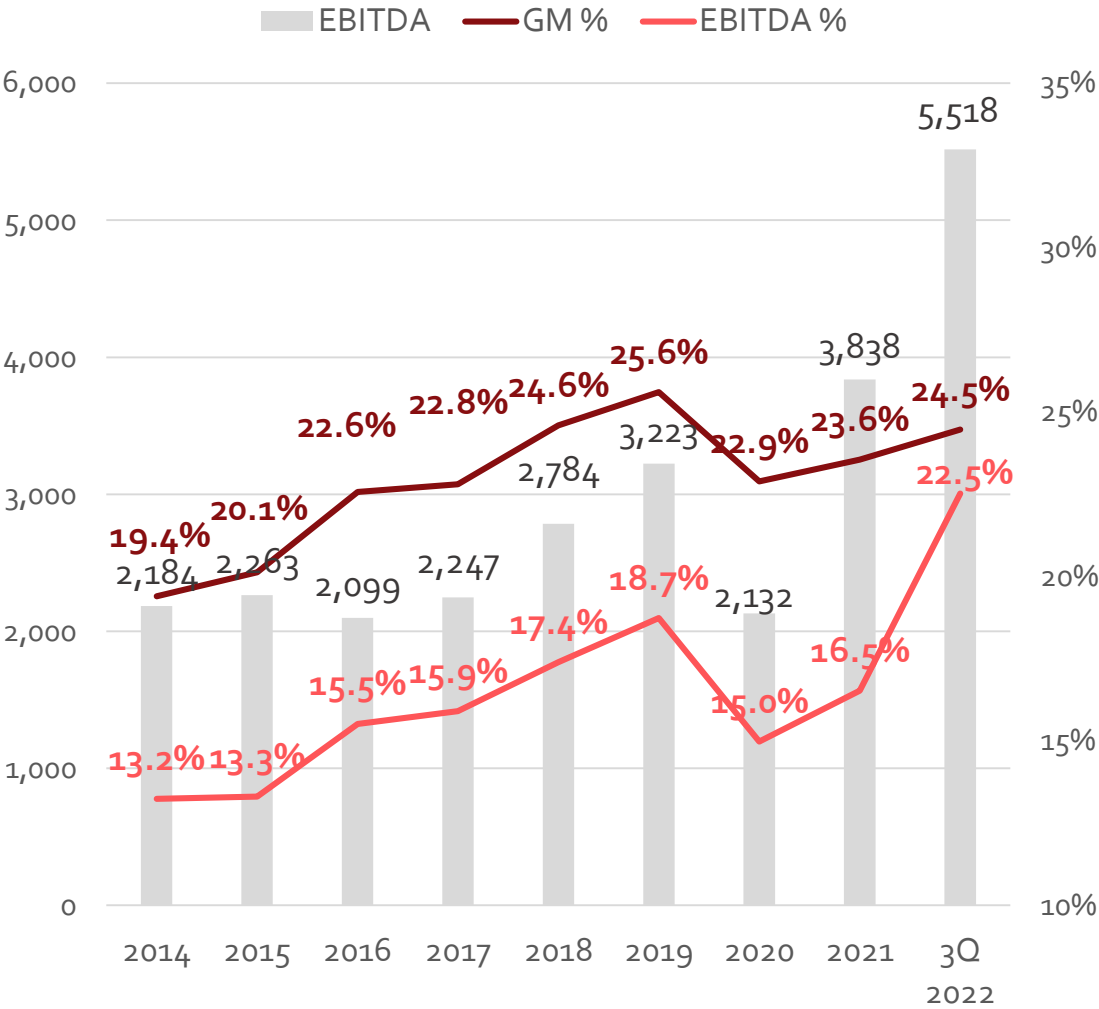
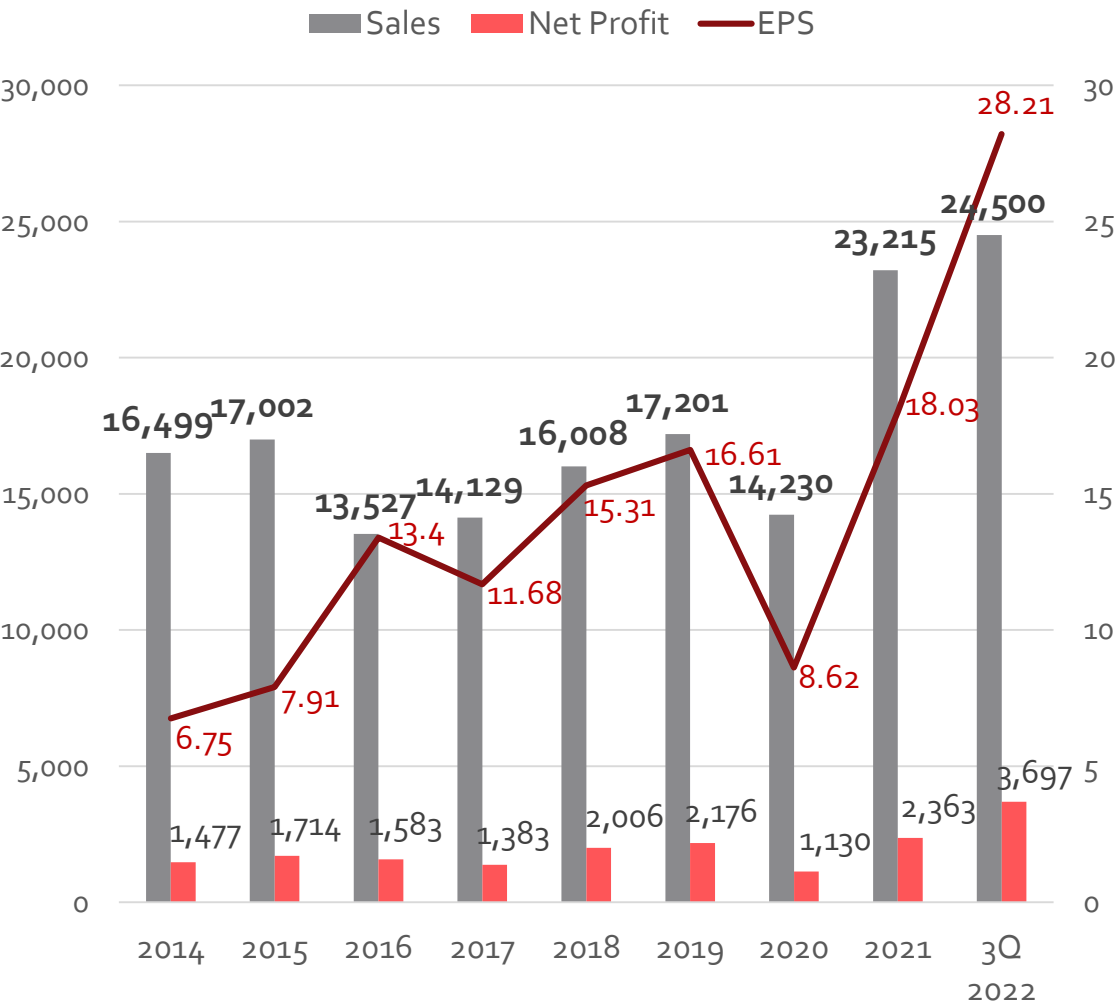
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Statement of Comprehensive Income

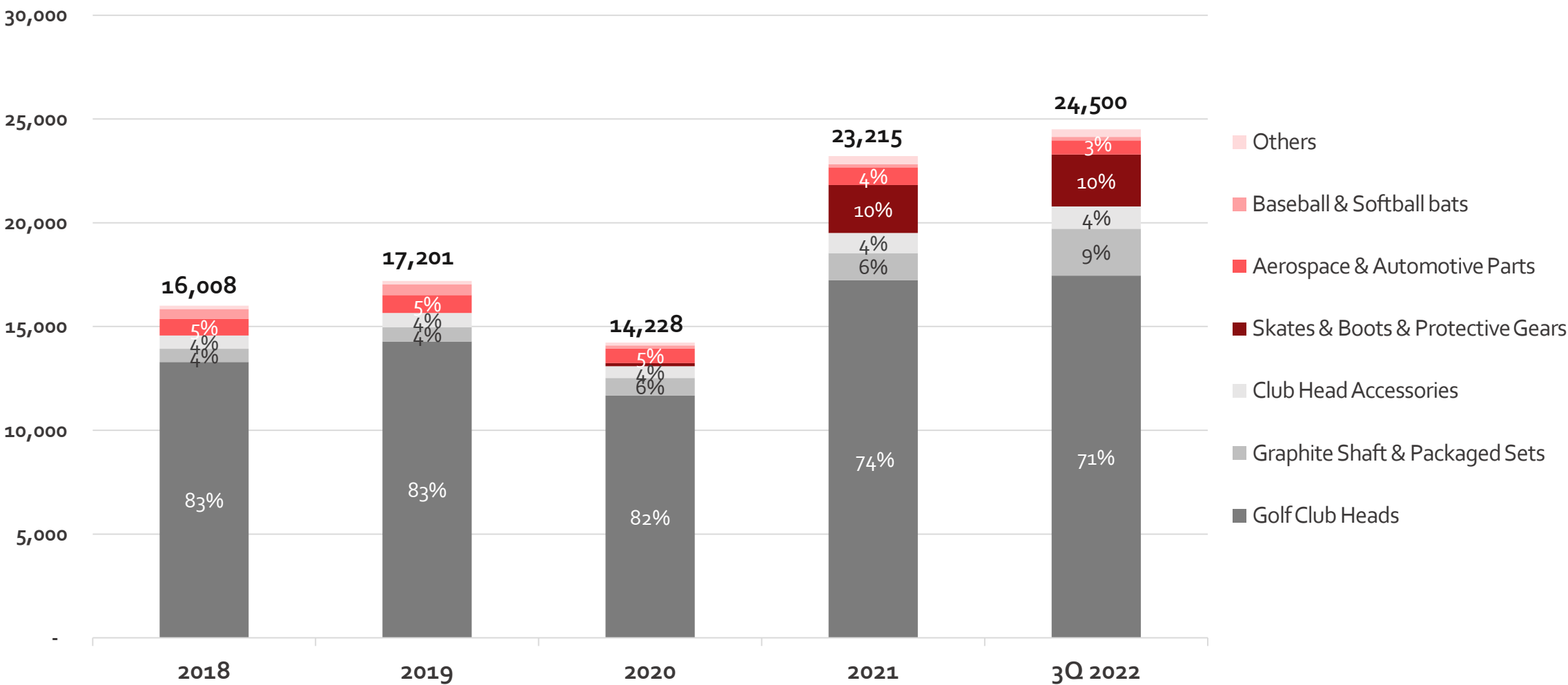
(In NT\$ millions)	3Q 2022	2Q 2022	QoQ	1Q~3Q 2022	1Q~3Q 2021	YoY
Net Revenue	8,044.1	8,366.8	-3.9%	24,499.6	16,912.1	44.9%
Gross Margin	2,037.3	2,098.9	-2.9%	5,994.2	3,900.4	53.7%
Operating Margin	1,329.5	1,451.9	-8.4%	3,995.6	1,619.5	146.7%
Profit before Tax	1,781.5	1,816.5	-1.9%	4,934.5	2,338.7	111.0%
Net income to Shareholders of the Parent Company	1,354.4	1,348.1	0.5%	3,696.7	1,772.6	108.5%
EPS	10.34	10.29	0.5%	28.21	13.53	108.5%
EBITDA	1,997.5	2,006.5	-0.5%	5,518.5	2,832.1	94.9%
GM (%)	25.3%	25.1%	0.2%	24.5%	23.1%	1.4%
OM (%)	16.5%	17.4%	-0.8%	16.3%	9.6%	6.7%
PBT (%)	22.1%	21.7%	0.4%	20.1%	13.8%	6.3%
EBITDA (%)	24.8%	24.0%	0.8%	22.5%	16.7%	5.8%

Operating Performance



Sales by Products

In NT\$ Millions



Balance Sheet

(In NT\$ millions)	2022/9/30	%	2022/6/30	%	2021/9/30	%
Cash	3,641	16.8%	3,827	18.1%	1,454	9.7%
Account Receivables	5,121	23.7%	5,187	24.6%	2,779	18.5%
Inventories	4,796	22.2%	4,207	19.9%	3,776	25.2%
Current Assets	14,681	67.9%	14,608	69.2%	9,069	60.4%
PPE	5,028	23.3%	4,797	22.7%	4,221	28.1%
Intangible Assets	690	3.2%	698	3.3%	743	5.0%
Non-current Assets	6,938	32.1%	6,490	30.8%	5,940	39.6%
Assets	21,619	100.0%	21,098	100.0%	15,009	100.0%
Bank Loan	1,827	8.5%	2,087	9.9%	2,131	14.2%
Account Payables	3,563	16.5%	3,313	15.7%	2,575	17.2%
Dividend Payable	-	7.5%	1,572	7.5%	-	13.0%
Other Payables	1,518	7.0%	1,515	7.0%	1,116	7.4%
Current Liabilities	8,061	37.3%	9,372	43.4%	6,564	31.1%
Bonds payables	1,449	6.7%	1,444	6.7%	-	0.0%
Lease Liabilities	288	1.3%	104	0.5%	155	0.7%
Defined benefit Liabilities	197	0.9%	200	0.9%	220	1.0%
Non-current Liabilities	2,043	9.4%	1,857	8.6%	550	2.6%
Liabilities	10,104	46.7%	11,229	51.9%	7,114	47.4%
Common Stock	1,310	6.1%	1,310	6.1%	1,310	6.2%
Addition Paid in Capital	1,924	8.9%	1,907	8.8%	1,664	11.1%
Retained Earnings	7,589	35.1%	6,234	28.8%	4,879	23.1%
Other Equities	(426)	-2.0%	(498)	-2.3%	(669)	-3.2%
Non-controlling interests	1,118	5.2%	916	4.2%	710	3.4%
Equity	11,515	53.3%	9,869	45.7%	7,895	52.6%

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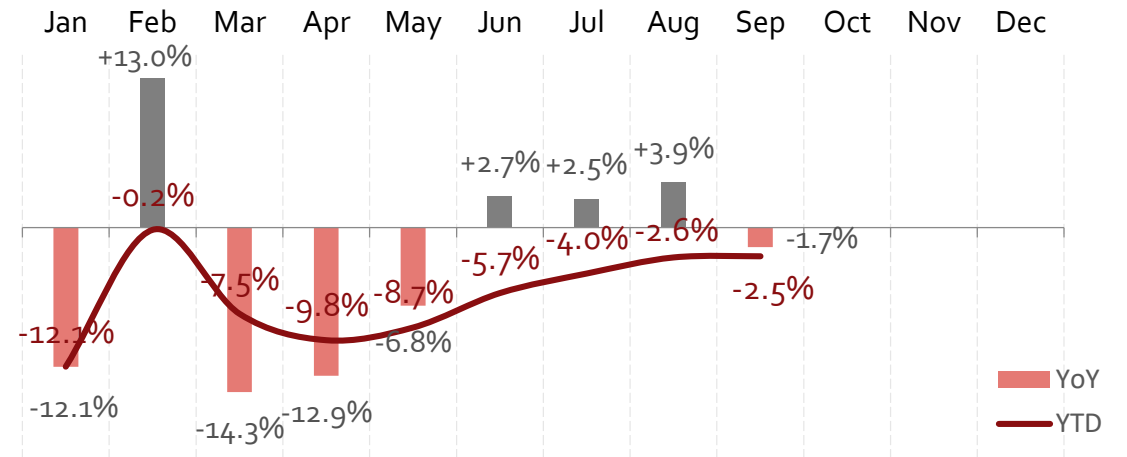


Key Massage (1/3)- Golf Industry

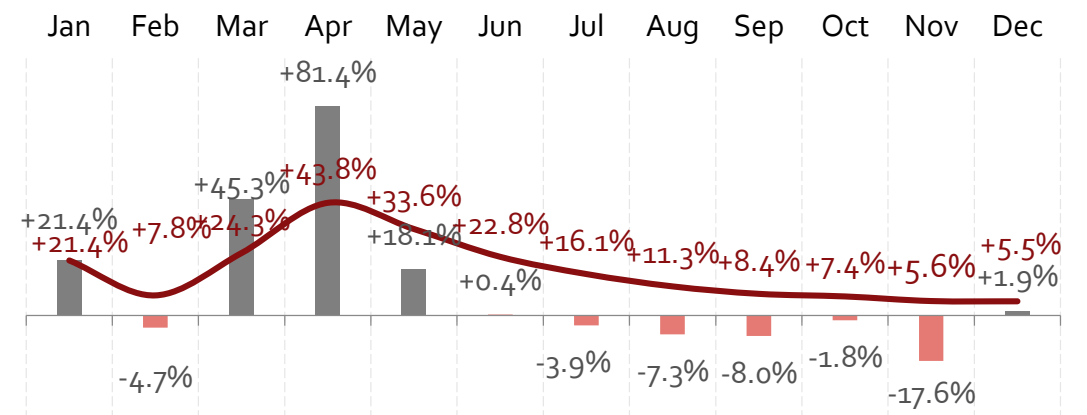
- As of Sep 2022, US rounds played YTD -2.5%. Sep. and Oct. rounds played would be partially impacted by the Hurricane on the east coast.
- Retail inventory levels have largely normalized to appropriate levels, about 4 months. We expect the industry will go back to its normal seasonality before COVID. However, the total market size has been expanded.
- It is projected that there were about 8% more golfers today than there were five years ago, and what is called committed golfers that groups up about 14%.
- A recession-driven pullback and consumer spending is an ongoing concern. The stickiness of the above-mentioned new golfers to the golf sport and their resilience in the economy will be the key points to watch in 2023.

Source: National Golf Foundation, Golf Datatech

US Rounds Played – 2022 vs. 2021



US Rounds Played – 2021 vs. 2020



Source: National Golf Foundation

Key Massage (2/3)- Our Golf Business

Golf Club Head (71% of sales)

- Considering the Lunar New Year in 2023 is earlier, some customers advance the shipments by the end of 2022, to fulfill the product launch for 2023 spring.
- During the pandemic, because of the strong sell through of the old products, some of the customers postpone their development schedule of the new products. At present, the product lifecycle of current models has officially coming to an end, and our majors customers are actively developing new products to stimulate the market and prepare for the competition in the next spring.
- New Vietnam plant (VS-2) has started to conduct mass production, with capacity increasing another 50% in Vietnam. The unit shipment percentage from Vietnam and China could be 60:40 after the expansion.
- Continue to observe how the macro trends (interest rate hikes, inflation, recession...) will impact golf industry. Based on past experience, golf consumers are less sensitive to economic downturns, the time of market impact might be slower than other industries

Golf Shaft/ Package Set/ Accessory (13% of sales)

- Package set sales are fueled by newcomers and continue to be strong
- Shafts and accessories are also as booming as golf club heads

Key Message (3/3)- Our Other Businesses

Top 5 customers (all golf business) account for 69% of sales in 3Q 2022, with Minson's Top 2 customers (hockey and motocross) being ranked as No.7, 8 in FSP customer list

Skate & Boots (10% of sales)

- Minson outperforms our pre-merger expectation, due to surging orders from motocross businesses (an outdoor and individual sports)
- Ice hockey skate business ready to pick up again after team sports recovery

Baseball (<1% of sales)

- Baseball bat business has been kept slow since outbreak of COVID, due to its group sports nature. It starts to recover so far

Aerospace (1% of sales)

- Aerospace begins to pick up 2022, and the orders has been back to the level of 2019, but the profitability are still under pressure because of completely different cost structure after COVID

Our US site (2~3% of sales)

- FSPT will see record-high sales and profitability, due to strong demand for turbo-charger impeller and high-grade hand tools

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2050 Sustainability Vision

- Regarding our plentiful talents and close customer relationships as foundation, by building green and sustainable factories, we endeavor to actively response to climate change issues and advance circular economy and occupational health and safety, which ultimately encouraging the supply chain to work together for sustainable operations °



2021 ESG Highlights

- The Chinese ESG report of 2021 has been uploaded to the corporate website and the MOPs, and the English version will also be published in the near future.

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Solar Energy

Installed solar power facilities with the capacity of 592kwh/day in 2021. There are specific plans until 2023, and the installed capacity will continue to increase.

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Water Resource

Installed rainwater collection facilities and cooperated with neighboring manufacturers to divert the reclaimed water for daily life

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Gas Treatment

Installed gas treatment facilities to avoid volatilization of organic solvents into the atmosphere

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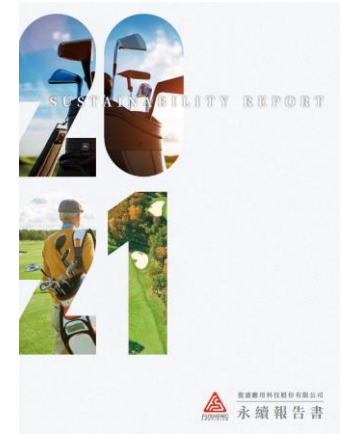
COVID Aid

During the pandemic in Vietnam, we arranged the vaccinations and continued to pay the salaries of our employees to protect their health and livelihood.

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Corporate Governance Evaluation

Ranked 21-35% in 2021, and the overall score is 10.98 points higher than that of 2020. Continue to improve transparency and actively communicate with investors.



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