



劍麟股份有限公司
IRON FORCE INDUSTRIAL CO., LTD.



January, 2014

Stock Code: **2228**

- This report and released message contains information about corporate prospects, financial updates and sales forecasts, established on the basis of internal resources and external reference sharing. The actual performance may be different from expressed or implied predictions due to uncontrollable and/or unpredictable risks.
- All prospects reflect Iron Force's expectations toward the future, and may be subject to change and Iron Force reserves the right to alter, update and change relevant information from time to time without prior notice.

- 1. About Iron Force**
- 2. Industry Overview**
- 3. Updating and planning**
- 4. Competitive Advantages**
- 5. Performance**

About Iron Force



Establishment April 27, 1977

Employees ~1,740 (including subsidiaries in China and Germany)

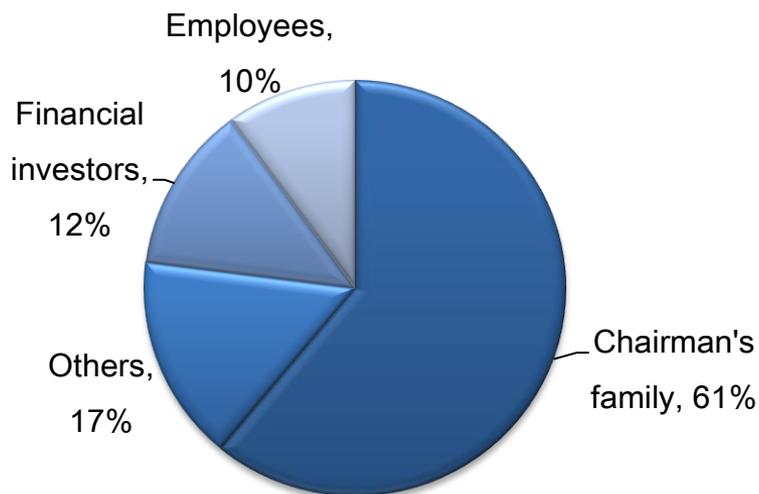
Share capital when listed NT\$ 717,050,400

Management Chairman: Alan Huang ; President: Hank Huang

Main business
(1) Auto parts
(2) Display Fixtures

Earnings 2012 consolidated revenue of NT\$2.875 bn / net profit of NT\$270 mn

Shareholding structure



The Board of directors

Titles	Names	Main Experience
Chairman	Alan Huang	Founder of Iron Force Industrial Co., Ltd.
Director	Hank Huang	Sales manager/GM/President of Iron Force Industrial Co., Ltd
Director	Alex Chang	Previously, Chief Manager, Investment, Industrial Technology Investment Corporation; Senior VP, DelSolar Co., Ltd.
Independent Director	Theresa Wu	Previously, Partner, PwC Taiwan Currently, Chairman, Fate Design
Independent Director	Yaotsu Shih	Previously, Chairman, Fu Sheng Industrial Co., Ltd; VP, Lancer Systems
Supervisor	Edward Way	Previously, Chairman, Deloitte Taiwan & Chairman, Wei Yung Tu CPAs Office Currently, Chairman, YCSY Co., Ltd
Supervisor	James Huang	Previously, VP, Meicer Semiconductor, Inc Currently, Partner, Fusion Asset management Co., Ltd President, Asiam International (Taiwan)
Supervisor	George Wood	Board Director, TUL Technology Unlimited; Chairman, Quitewin Technology Corp & Chairman, TBS Group Corporation

About Iron Force – Company Structure



Iron Force
President Office (PO)
Auto Parts Division (APD)
Display Fixtures and Housewares Division (DHD)

100%

Transtat Investment Ltd.

100%

Cortec GmbH
DHD in Germany (DHDG)

100%

Huzhou Iron Force
APD in China (APDC)

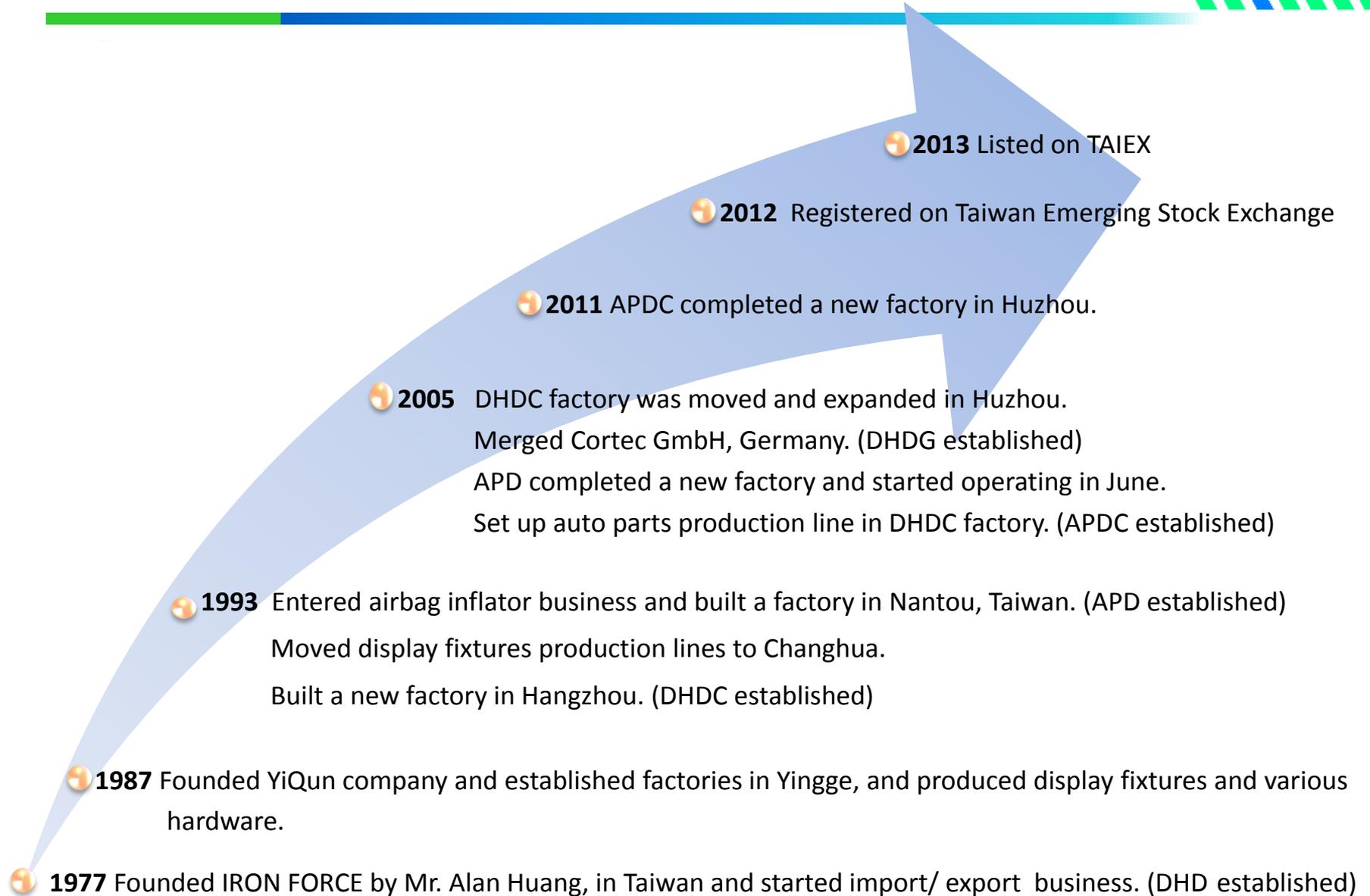
100%

Zhejiang Iron Force
DHD in China (DHDC)



About Iron Force – Milestones



- 
- 2013** Listed on TAIEX
 - 2012** Registered on Taiwan Emerging Stock Exchange
 - 2011** APDC completed a new factory in Huzhou.
 - 2005** DHDC factory was moved and expanded in Huzhou.
Merged Cortec GmbH, Germany. (DHDG established)
APD completed a new factory and started operating in June.
Set up auto parts production line in DHDC factory. (APDC established)
 - 1993** Entered airbag inflator business and built a factory in Nantou, Taiwan. (APD established)
Moved display fixtures production lines to Changhua.
Built a new factory in Hangzhou. (DHDC established)
 - 1987** Founded YiQun company and established factories in Yingge, and produced display fixtures and various hardware.
 - 1977** Founded IRON FORCE by Mr. Alan Huang, in Taiwan and started import/ export business. (DHD established)

About Iron Force –

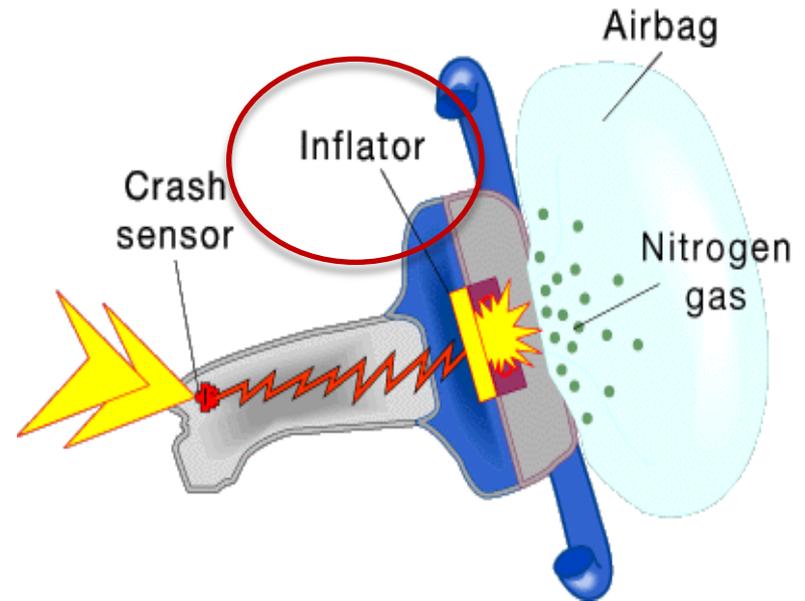
Main Product : Airbag inflator parts-1



Side/Curtain



Driver's seat



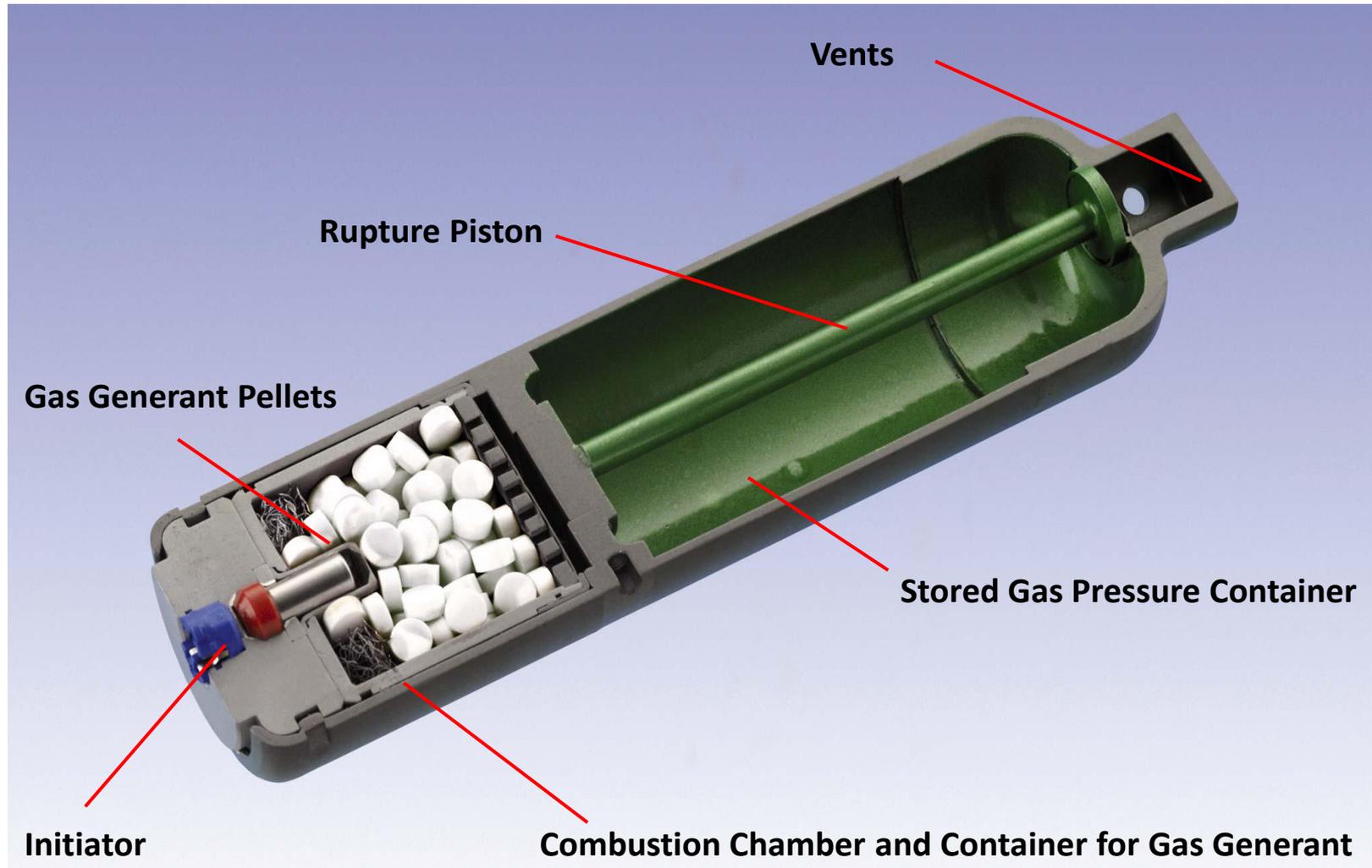
Side/Knee



Co-driver's seat

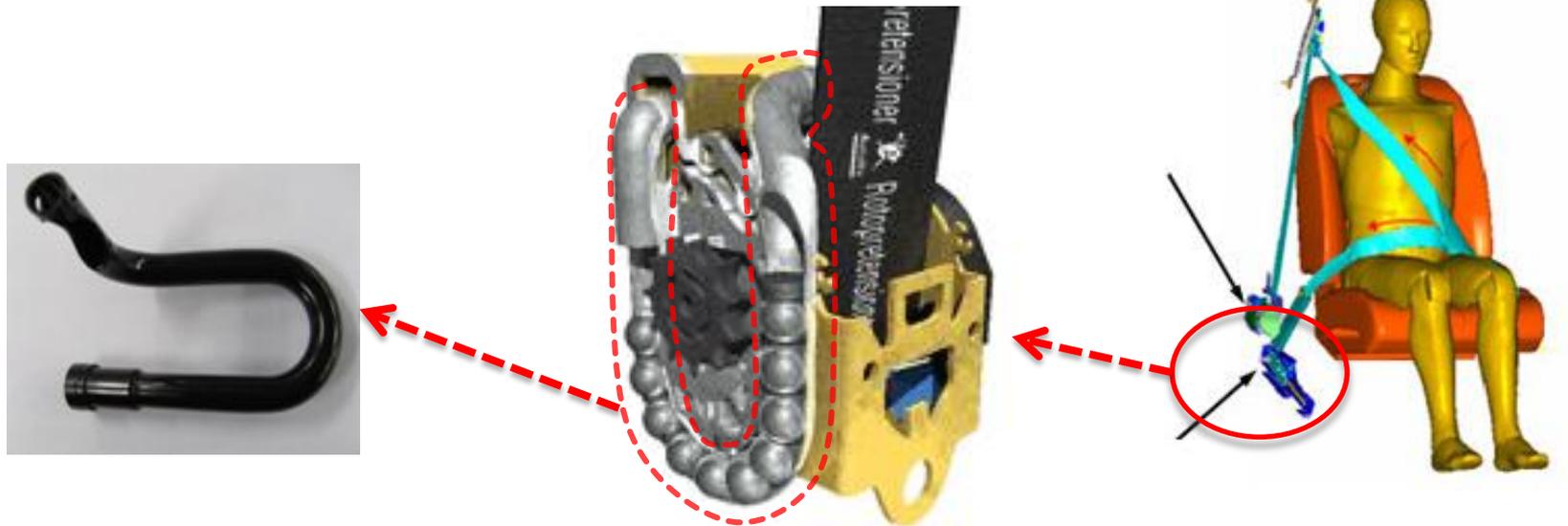
About Iron Force –

Main Product : Airbag inflator parts-2



About Iron Force –

Main Product : Seatbelt pretensional tube



- **Function:**

In a traffic collision, the seat belt can retract automatically before the occupant has inertial movement, thereby securing the occupant on the seat to eliminate the impact.

- **Driving mode:**

The pyrotechnic activated aluminium balls in the precision tubes cause the roller to lock the seat belt.

- **Main material:**

High tension seamless steel tubes which were made through cutting, bending, expanding, and electrophoresis processes. It requires high precision and special surface treatments.

About Iron Force –

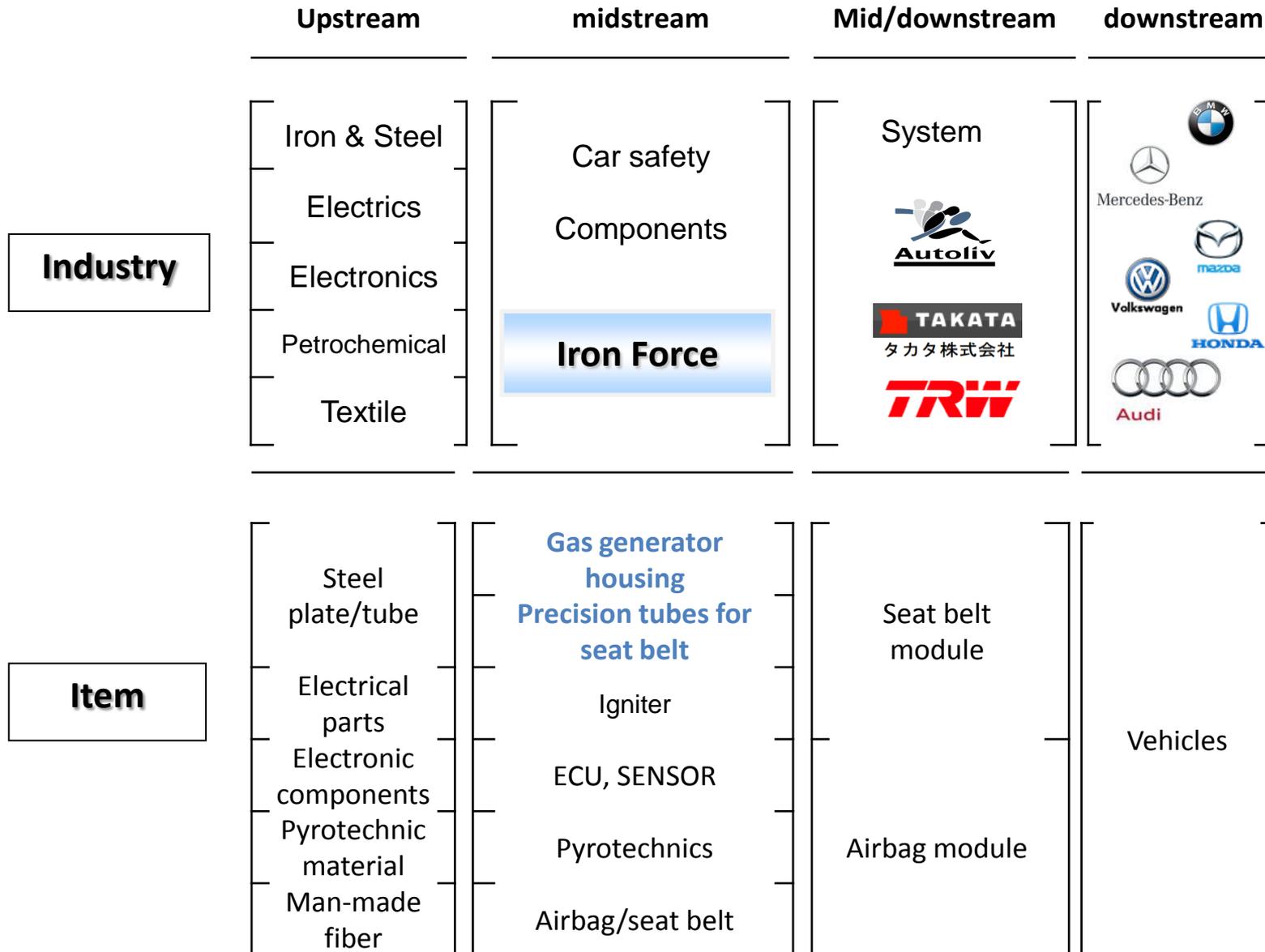
Main Product : Precision tubes for electrically powered steering



- **Advantages of electrically powered steering (EPS) :**

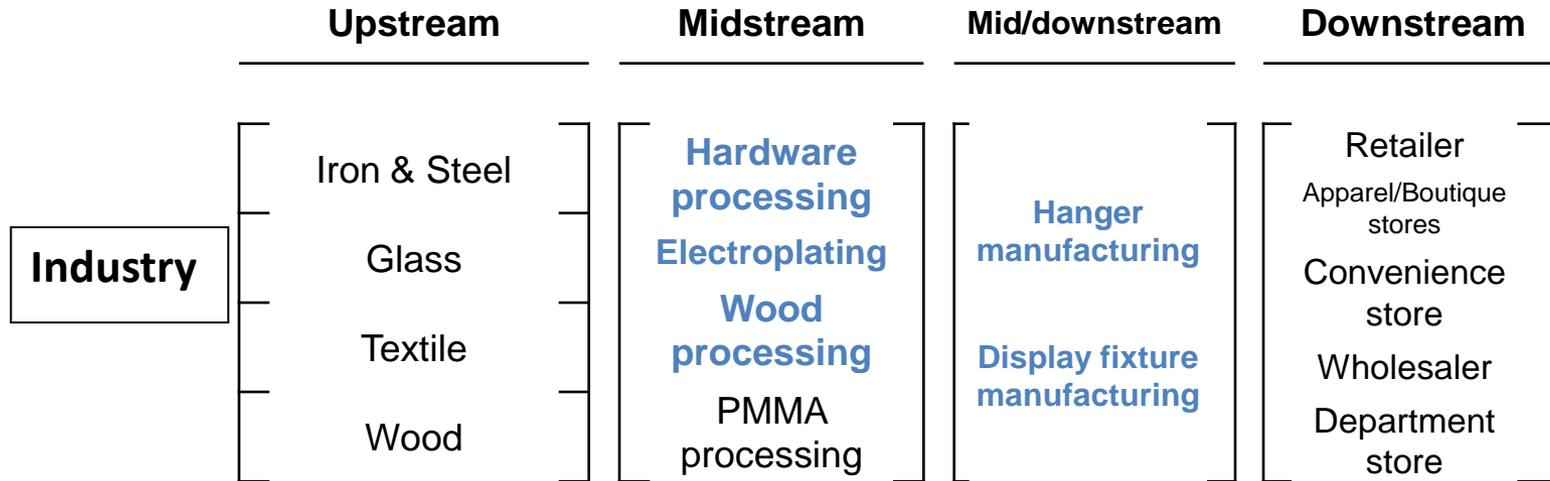
- Lower fuel consumption / CO2 emission reduction
- Tunable steering assistance characteristics
- 'End of line' calibration, plus built-in diagnostics
- Flexible packaging in vehicle
- Simplified vehicle logistics
- Simplified supplier chain logistics

Industry Overview – Auto parts industry



Industry Overview –

Display fixtures and housewares industry



Iron Force



Updating & Planning –



Operating overview : Product mix breakdown

Auto parts division continues to grow and has become the growth driver for Iron Force
 Display fixtures division provides steady cash flow

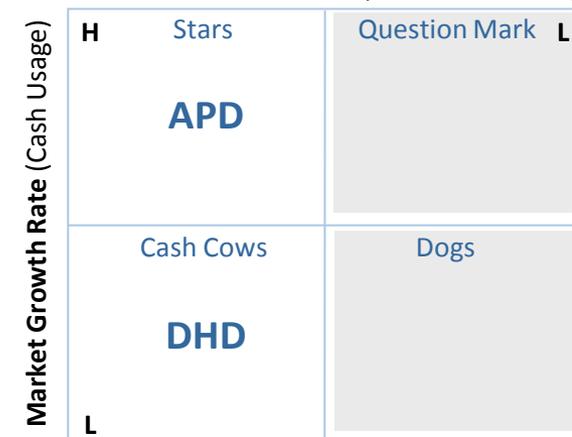
Auto Parts Division (APD)

- ✓ Grow as the auto safety parts market expands
- ✓ Its three SRS factories are the best auto parts provider in Asia
- ✓ Strong competitiveness in quality/location, planning to gain more orders in Asia
- ✓ Growth driver division for Iron Force

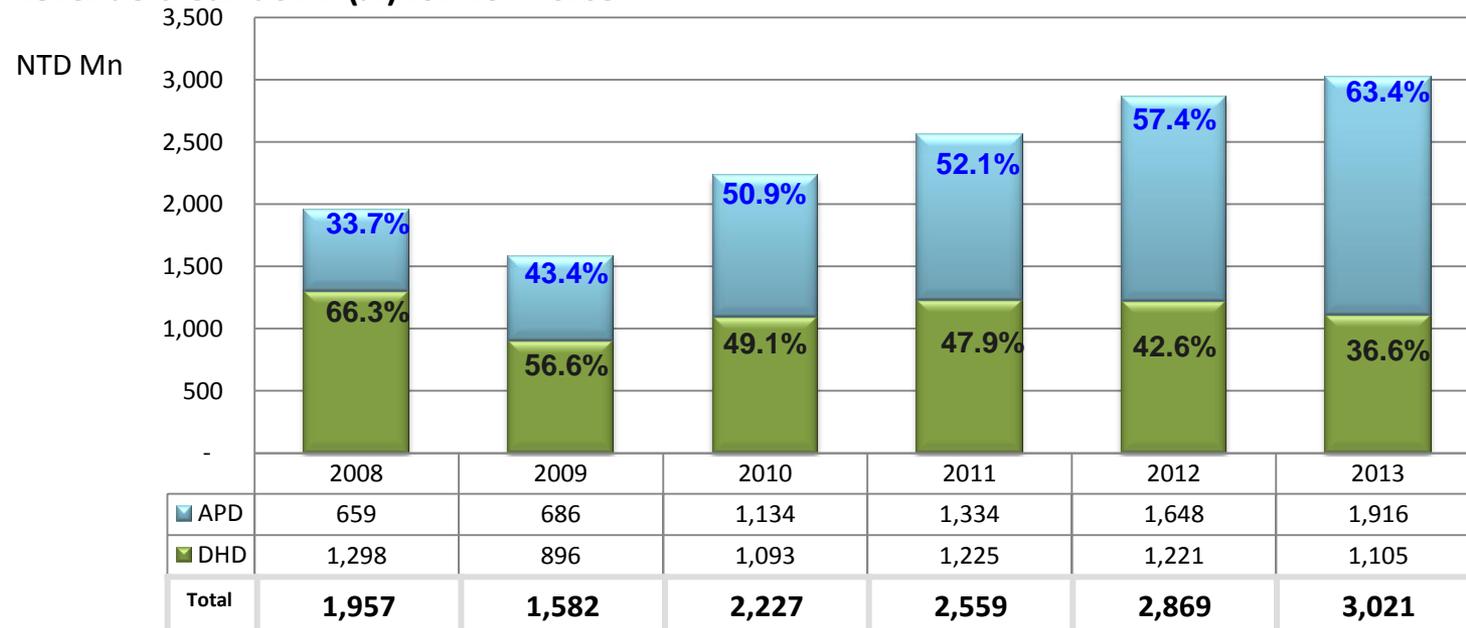
Display Fixtures and Housewares Division (DHD)

- ✓ Remain steady sales and earnings for years
- ✓ Provides steady cash flow
- ✓ Iron Force's cash cow

Relative Market Share (Cash Generation)



Revenue break down (%) for Iron Force



	2008	2009	2010	2011	2012	2013
APD	659	686	1,134	1,334	1,648	1,916
DHD	1,298	896	1,093	1,225	1,221	1,105
Total	1,957	1,582	2,227	2,559	2,869	3,021

Updating & Planning – Future planning



Based on the SRS market breakdown, Iron Force keeps close relationships with three leading SRS suppliers

Main stream SRS factory				<i>Others</i>
Airbag inflator parts	<ul style="list-style-type: none"> Steady shipments 	<ul style="list-style-type: none"> Planning on the projects for new products 	<ul style="list-style-type: none"> Mass production for new products in 2013 	<ul style="list-style-type: none"> Only for pyrotechnic airbag system
Seat belt pretensional tube	<ul style="list-style-type: none"> Obtain more orders for the current items. Potential new order gains on new products. 	<ul style="list-style-type: none"> Planning on the projects for new pre-tensioner products. 	<ul style="list-style-type: none"> Planning on the projects for new pre-tensioner products 	-
Precision tubes for electrically powered steering	-	-	<ul style="list-style-type: none"> Testing new product Mass production for new products in 2014 	<ul style="list-style-type: none"> R&D Testing new product
Development strategy	<ul style="list-style-type: none"> Benefit from Autoliv's sales of seat belt pre-tensioner 	<ul style="list-style-type: none"> Benefit from side airbag of new cars in Europe/US Depending on Takata's development for factories in China 	<ul style="list-style-type: none"> Be a strategic partner within 1-2 years in TRW Asia 	<ul style="list-style-type: none"> Allocating capacities to three leading suppliers

Updating & Planning – Future planning



Based on the SRS market breakdown, Iron Force keeps close relationships with three leading SRS suppliers

NTD (sales : % of automobile division sales)

Main stream SRS factory	 Autoliv	 タカタ株式会社		<i>Others</i>	Total
Airbag inflator parts	2013 129Mn 6.7% 2012 150 Mn 9.1%	2013 568 Mn 29.6% 2012 592 Mn 35.9%	2013 156 Mn 8.1% 2012 144 Mn 8.7%	2013 129 Mn 6.7% 2012 112 Mn 6.8%	2013 982 Mn 51.3% 2012 998 Mn 60.6% ↓1.6%
Seat belt pretensional tube	2013 620 Mn 32.4% 2012 481 Mn 29.2%	2013 105 Mn 5.5% 2012 84 Mn 5.1%	2013 94 Mn 4.9% 2012 13 Mn 0.8%	-	2013 819 Mn 42.7% ↑42% 2012 578 Mn 35.1%
Precision tubes for Electrically powered steering	-	-	2013 104 Mn 5.4% 2012 71 Mn 4.3%	-	2013 104 Mn 5.4% ↑46% 2012 71 Mn 4.3%
Others	-	-	2013 11 Mn 2012 0.8 Mn	-	2013 11 Mn 2012 0.8 Mn
% of automobile division sales (2013)	39.35% 750 Mn ↑19%	35.31% 673 Mn ↓0.4%	18.57% 365 Mn ↑59%	6.77% 129 Mn	1,916 Mn
% of automobile division sales (2012)	38.31% 631 Mn	41.04% 676 Mn	13.84% 229 Mn	6.81% 112 Mn	1,648 Mn

Updating & Planning – Market share



※ Autoliv + TAKATA + TRW = 88% in worldwide (2012)

USD Mn

Customer	Sales of Airbag		Sales of Seat belt		Total sales	
Autoliv	5,392	55%	2,657	41%	8,049	49%
TRW	1,677	17%	1,118	17%	2,795	18%
TAKATA	2,086	21%	1,373	21%	3,459	21%
Total	9,155	93%	5,148	79%	14,303	88%
Global Market	9,800	100%	6,500	100%	16,300	100%

Estimated
Market share
of IRON FOCE

Unit : Mn PCS		Seat belt Pre-tensional tube	Airbag inflator parts
2011	IRF shipment	14.47	28.66
	Global amount	136.51	253.69
	Market share %	10.60	11.30
2012	IRF shipment	20.00	31.16
	Global amount	132.52	243.75
	Market share %	15.09	12.78
	Installation /car	1.61	2.97

Resource: customers' 2012 annual report; IEK 2012 report: sales amount of car is 82.11 million.

- Developing and building specialized automated machines in house to possess key manufacturing processes/equipments.
- Highly trusted by clients.
- Strict quality control system.
- Continuous improvement.



Einkaufschef
Peter Seifert (re.)
erläutert das
CR 20 - Programm.



企業最佳合作夥伴

Competitive Advantages –

Display Fixture & Housewares Division



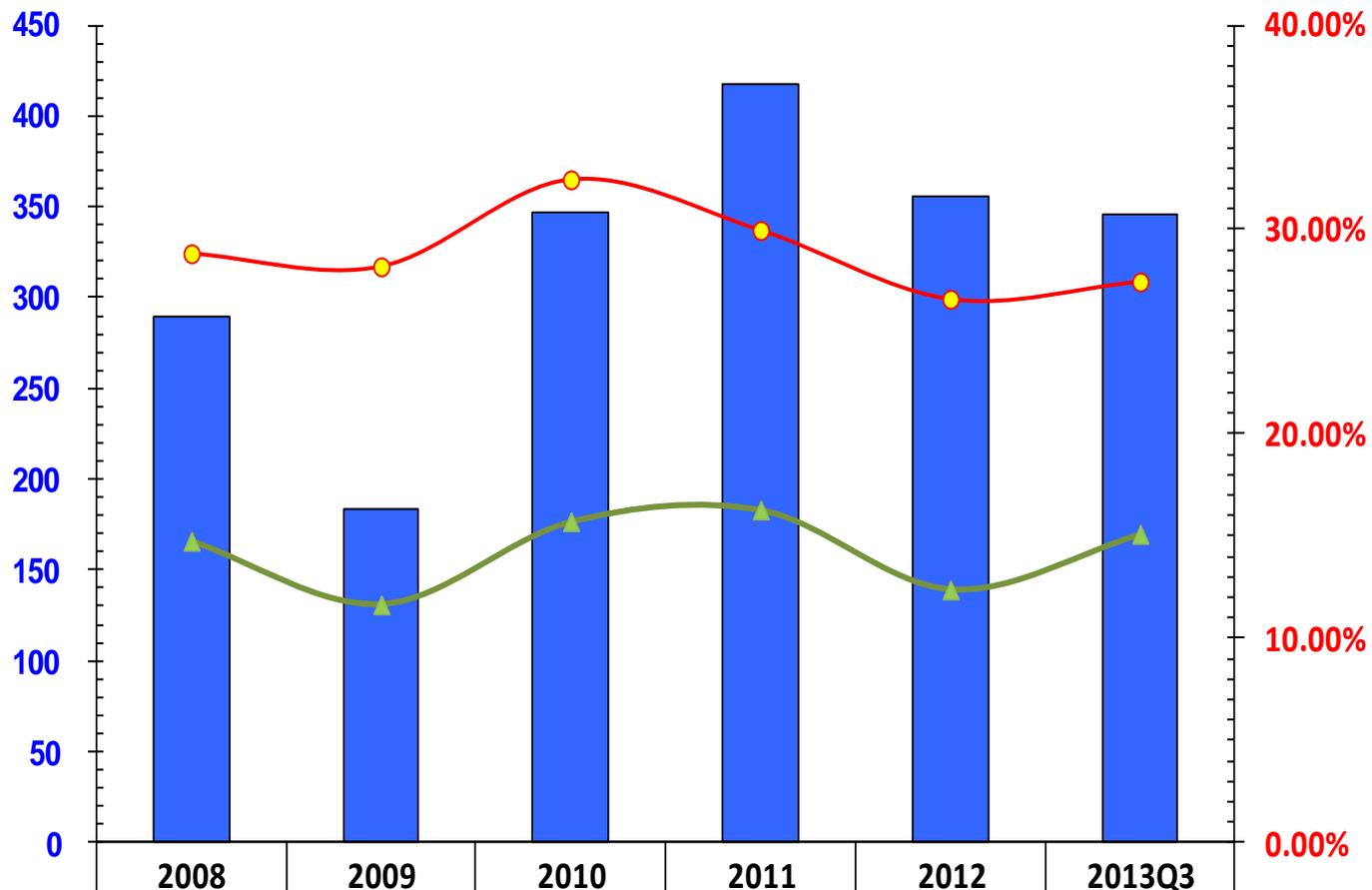
- **Factories equipped with cost-effective facilities for all kinds of surface processing.**
- **Supplier integration for Taiwan; logistic services for Germany; manufacture for China.**
- **Certified supplier for many major chain stores.**



Performance – Profitability index analysis

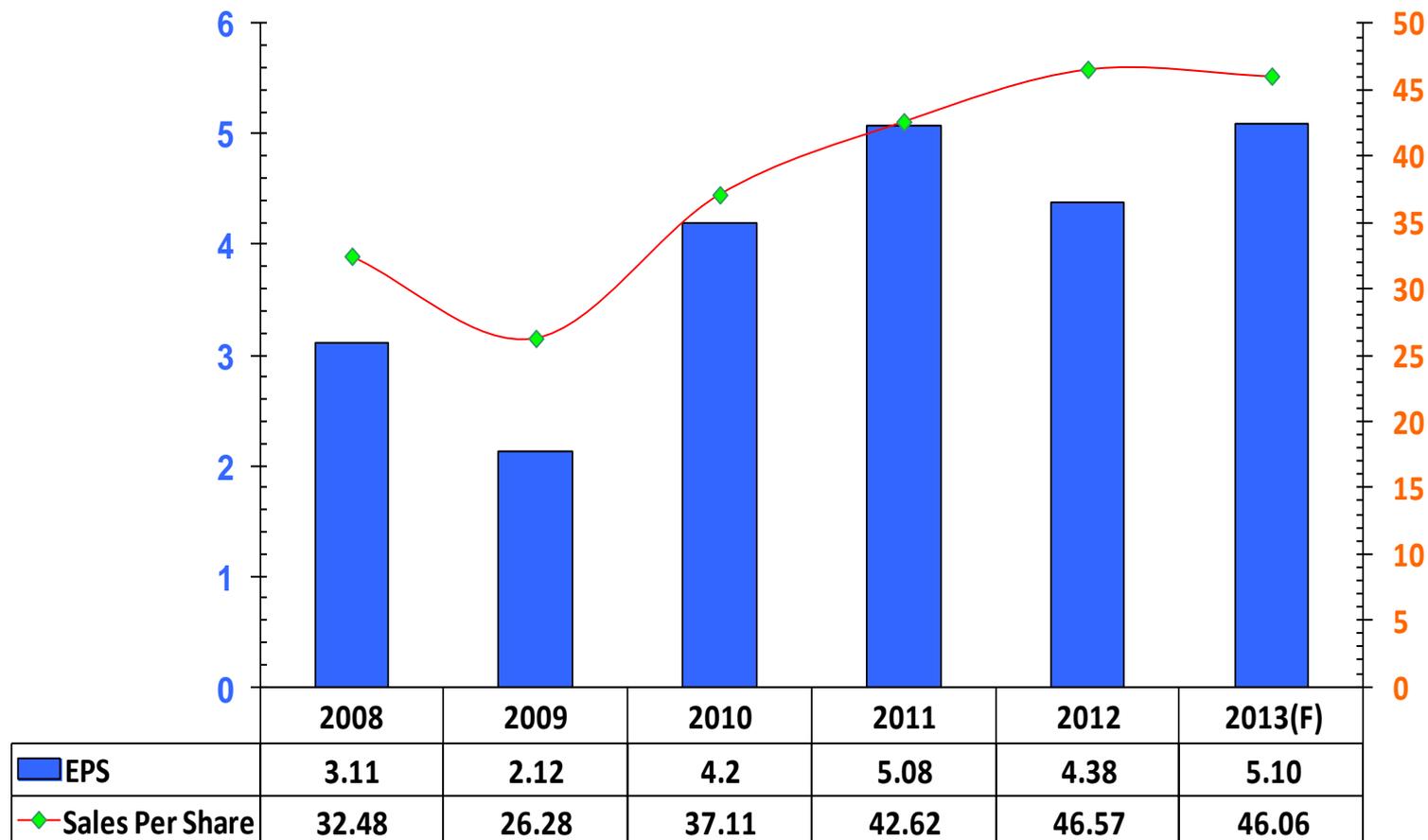


NTD Mn



■ Net profit	289	184	347	418	356	346
● Gross profit rate	28.83%	28.19%	32.45%	29.97%	26.60%	27.45%
▲ Net profit rate	14.76%	11.65%	15.72%	16.29%	12.38%	15.10%

Performance – EPS & PS-Sales

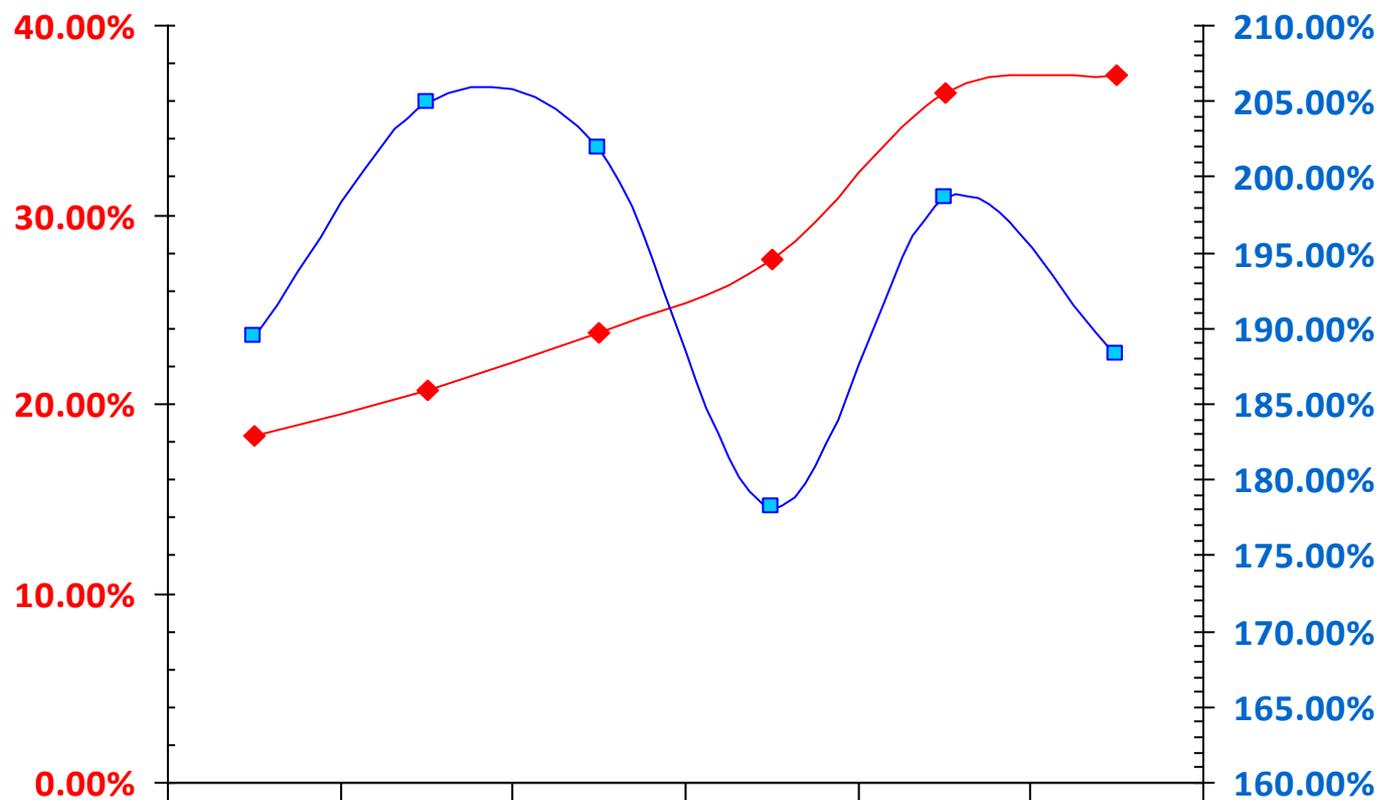


※ (F)= 2013Q3 ÷ 9 × 12

EPS : Earning Per Share after tax.

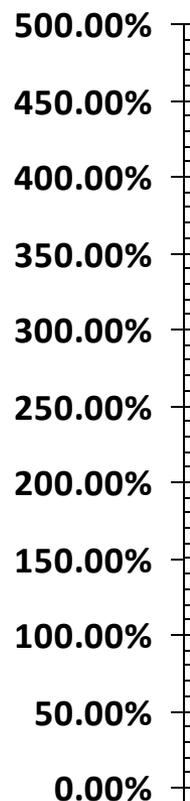
(2013 weighted average of outstanding shares=65,589,040)

Performance – Financial index analysis



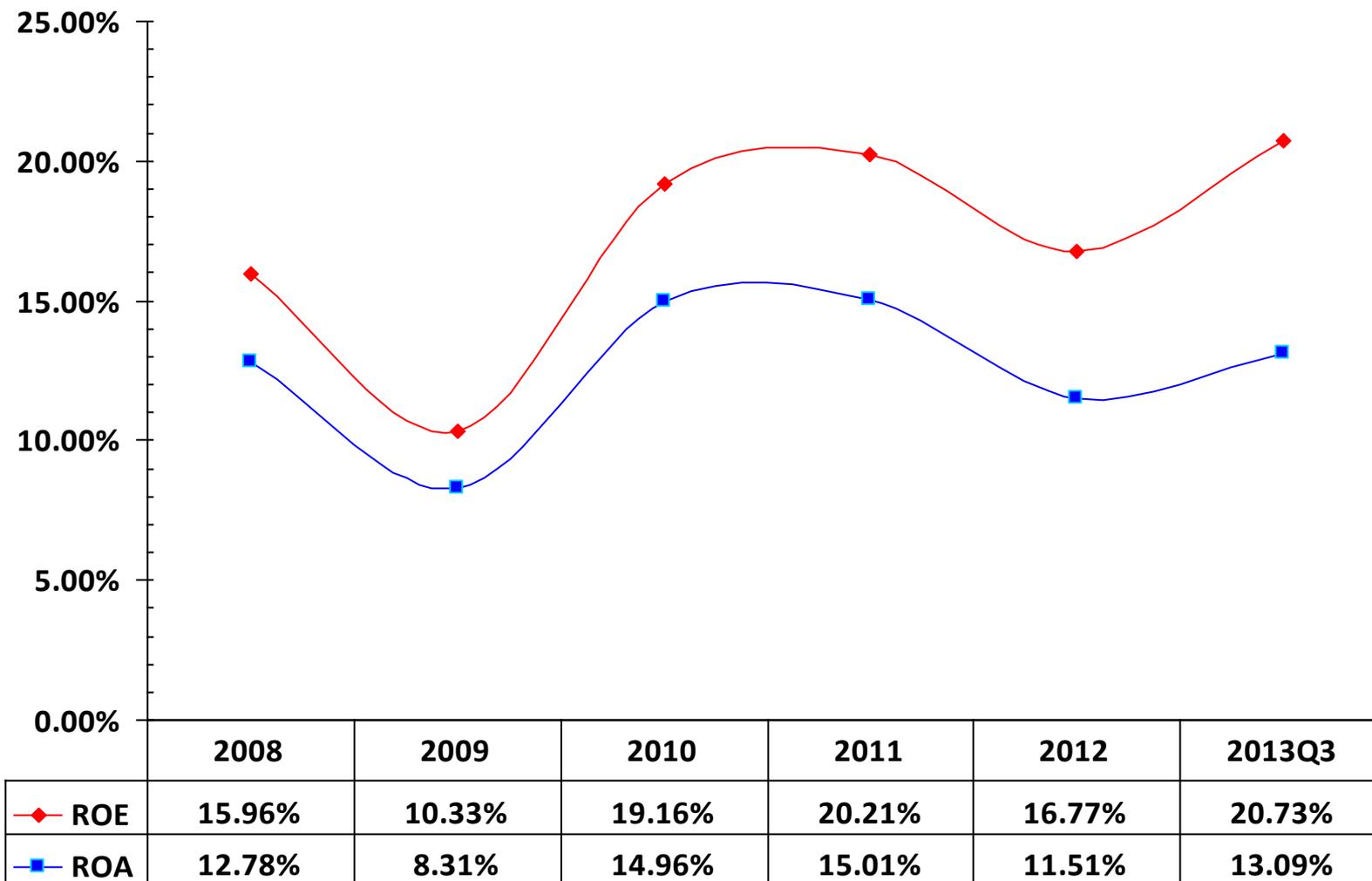
	2008	2009	2010	2011	2012	2013Q3
◆ Debts ratio	18.35%	20.71%	23.78%	27.64%	36.43%	37.40%
■ Long term funds to fixed assets	189.48%	204.83%	201.94%	178.23%	198.60%	188.29%

Performance – Financial index analysis

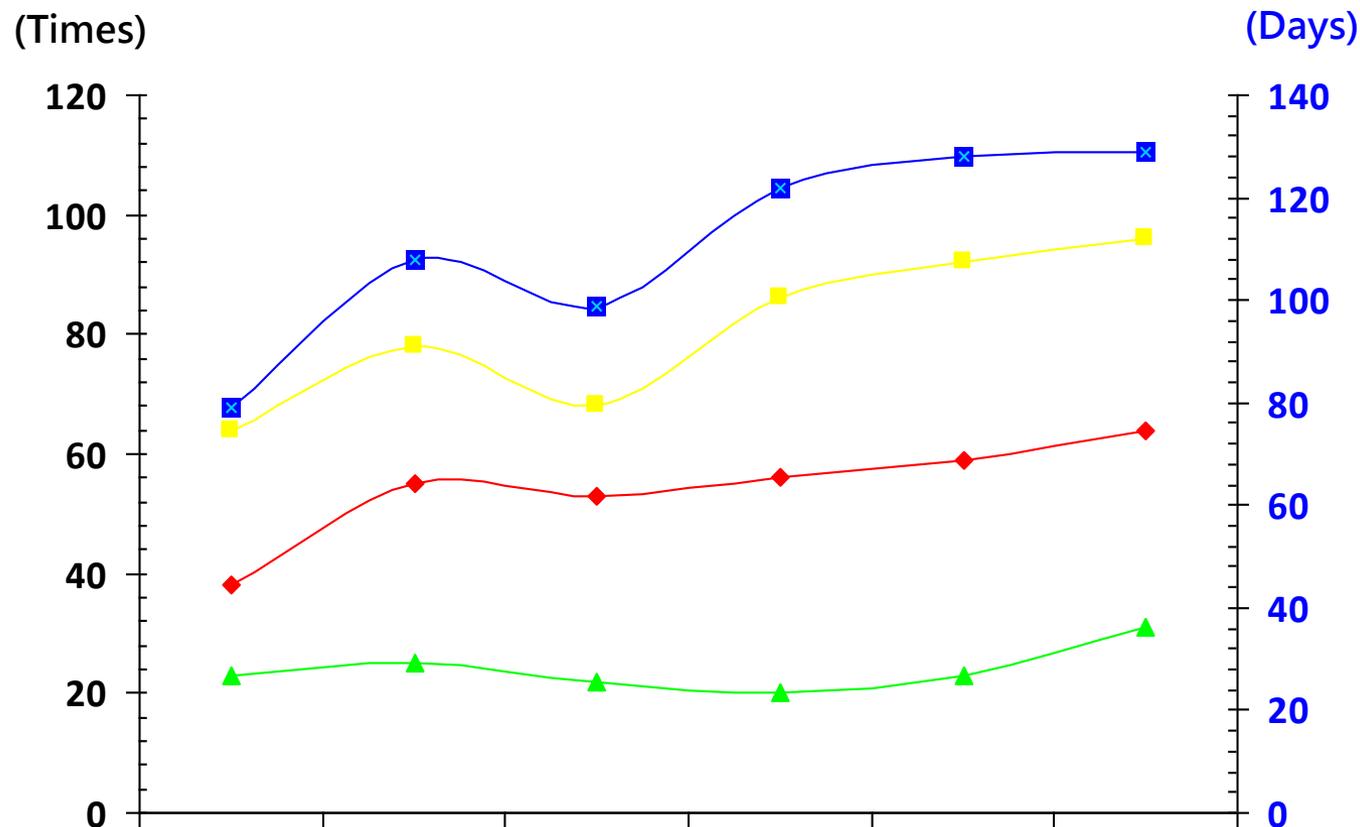


	2008	2009	2010	2011	2012	2013Q3
◆ Current ratio	433.31%	407.60%	306.45%	216.21%	270.21%	182.86%
■ Quick ratio	280.27%	294.24%	197.72%	122.47%	160.62%	108.82%

Performance – Financial index analysis



Performance – Cash conversion cycle



	2008	2009	2010	2011	2012	2013Q3
◆ Days-A/R Turnover	38	55	53	56	59	64
■ Days-Inventory Turnover	64	78	68	86	92	96
▲ Days-A/P Turnover	23	25	22	20	23	31
⊠ Net Operating Cycle	79	108	99	122	128	129

Thank You

Deputy speaker: Han Yu

Email: hanyu@irf.com.tw

Website: www.ironforce.com.tw

Disclaimer

This presentation may contain statements that express management's expectations about future events or results rather than historical facts. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected forward-looking statements, the company cannot give assurance that such statements will prove correct. For additional information on factors that could cause company's actual results to differ from expectations reflected in forward-looking statements, please see audited reports filed with the Taiwan Stock Exchange corp.