

UNDERSUPPLY BOOSTS HIWIN FORCASTS

Publication Date: November 4, 2017

Source: TAIPEI TIMES

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Taipei

Machinery maker Hiwin Technologies Co (上銀科技) has forecast its growth momentum would extend into the first quarter of next year, as the global machinery market remains undersupplied due to a shortage of key machinery components, particularly linear guideways and ballscrews.



The shortage is unlikely to be solved in the near term, as components suppliers cannot meet rising demand from customers in the semiconductor and automotive industries, Hiwin chairman Eric Chuo (卓永財) said at an investors' conference in Taipei yesterday.

"The shortage of key components is expected to be solved in 2019 at the earliest," Chuo said.

The components shortage offers a golden opportunity for Hiwin to cement its position in Japan, Chuo said, adding that the company is likely to become the second-largest supplier of linear guideways and ballscrews in that country next year.

"That [undersupply problem] also helped Hiwin secure orders from Japanese semiconductor companies and carmakers this year, as those firms need to collaborate with other components suppliers outside their existing supply chains," he said.

The Taiwanese company's main rivals in Japan include THK Co Ltd and NSK Ltd, the company said.

As part of its strategy to expand its overseas presence, Hiwin said it is considering acquiring Japanese machinery makers or building a new plant in Kobe, Japan, next year.

The company said the construction of its Suzhou plant in China is to be completed next week, which would help expand its capacity and improve its logistics efficiency in the Chinese market.

The first phase of the construction of a new factory in Chiayi Dapumei Precision Machinery Park (嘉義大埔美精密機械園區) is to be completed by the end of this year, the company said.

Hiwin's revenue and profits are expected to grow this quarter compared with the previous quarter and a year earlier, in light of favorable product prices lifted by strong customer demand, Chuo said.

In the July-to-September quarter, net profit skyrocketed 177 percent to NT\$898 million (US\$29.76 million), from NT\$324 million a year earlier, thanks to a better product portfolio and a foreign-



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exchange gain of NT\$76 million from the appreciation of the euro and the yuan against the New Taiwan dollar.

Earnings per share were NT\$3.21 last quarter, compared with NT\$1.16 the previous year.

The company said its gross margin improved to 36.3 percent from 32.6 percent on an annual basis, while operating margin increased to 17.1 percent from 10.1 percent, with sales climbing 33 percent from NT\$4.22 billion to NT\$5.61 billion.

Hiwin shares were unchanged at NT\$298 in Taipei trading yesterday ahead of the investors' conference, while the benchmark TAIEX edged up 0.11 percent to 10,800.77 points. Since the beginning of the year, the stock has surged by more than 95 percent, Taiwan Stock Exchange data showed.



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