

# Capital Securities Corporation Institutional Investor Conference

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*Capital Care* 群益關心您

June 2020

台北・香港・上海

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# Presentation outline

## Company profile

- Basic information
- Non-operating investments

## Operation overview

- Financial statements
- Operational results

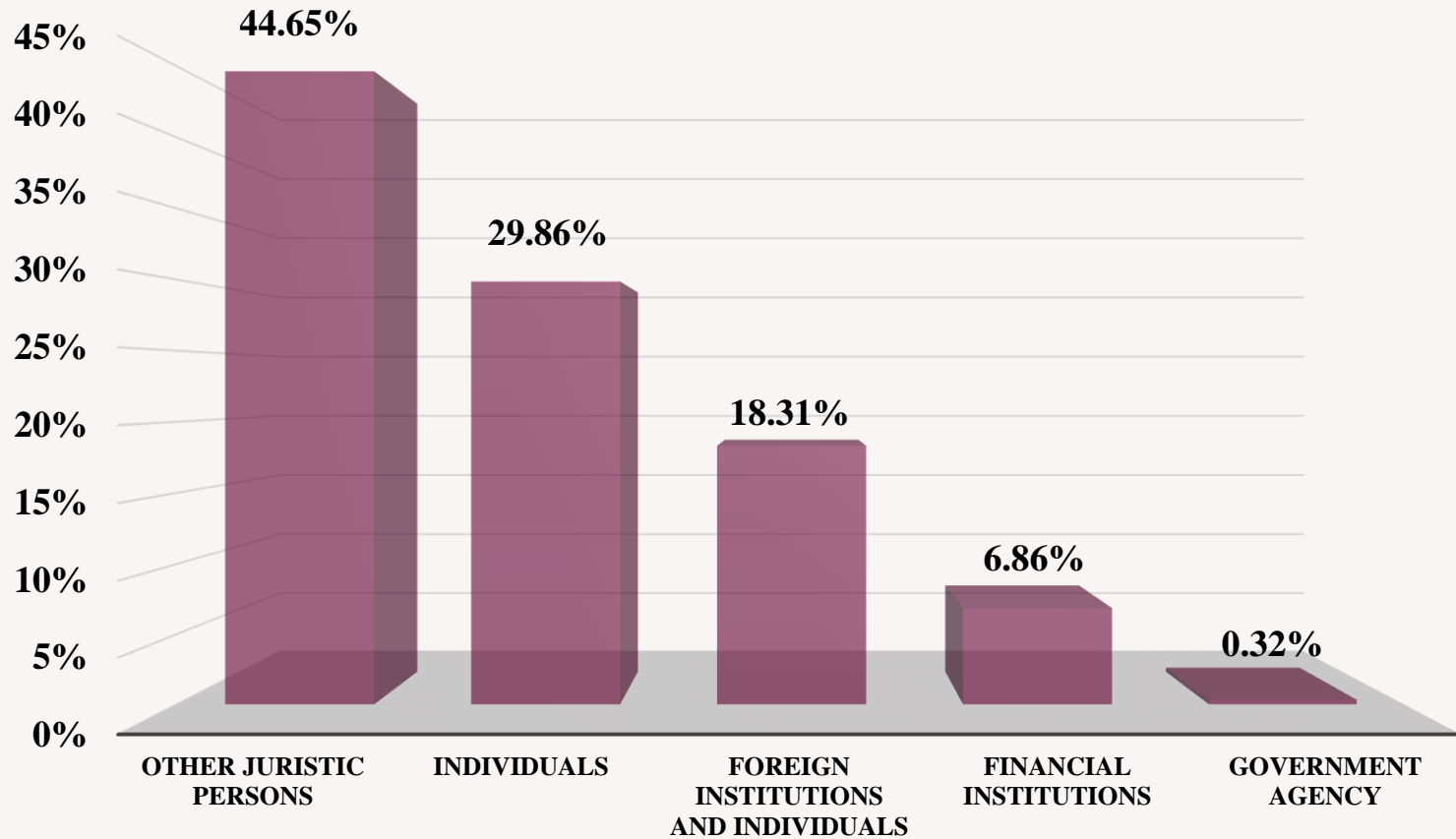
## Prospect and outlook

- Operational plan
- List of awards

# Company Profile

COMPANY PROFILE

# Shareholder structure

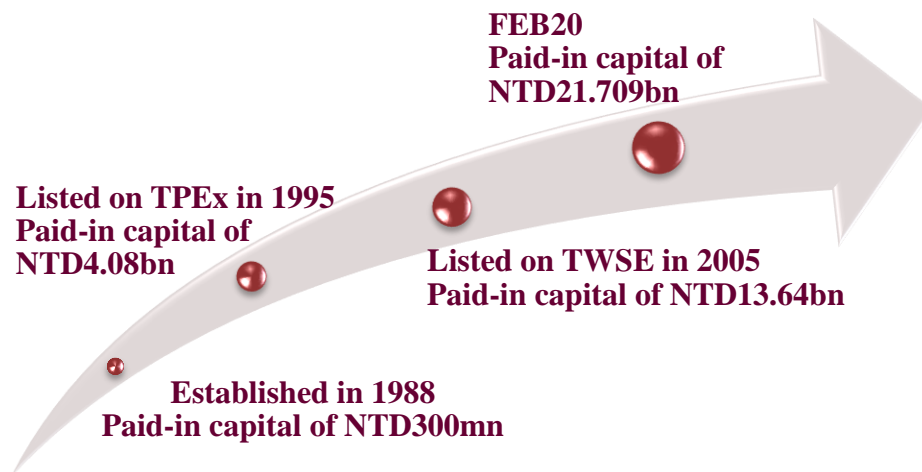


Data as of April 24, 2020

# Basic information



|   |                               |             |
|---|-------------------------------|-------------|
| ✚ | Stock code:                   | 6005        |
| ✚ | Paid-in capital:              | NTD21.709bn |
| ✚ | Number of branches in Taiwan: | 53          |
| ✚ | Number of employees:          | 1,842       |



Data as of March 31, 2020

# Deployment in Asia

## Chengdu

TEL : 86 28 6555 2888  
 FAX : 86 28 6555 2999  
 Add : Room 408-410, 4F, Poly Center Tower C, No. 1, Jinxiu Road, Wuhou District, Chengdu, Sichuan P.R. China



## Shanghai

TEL : 86 21 5888 7188  
 FAX : 86 21 5888 2929  
 Add : 18F, New Shanghai Int'l Tower, No. 360, Pu Dong Nan Road, Pudong New Area, Shanghai, China



**Comprehensive deployment  
 in Greater China**



## Hong Kong

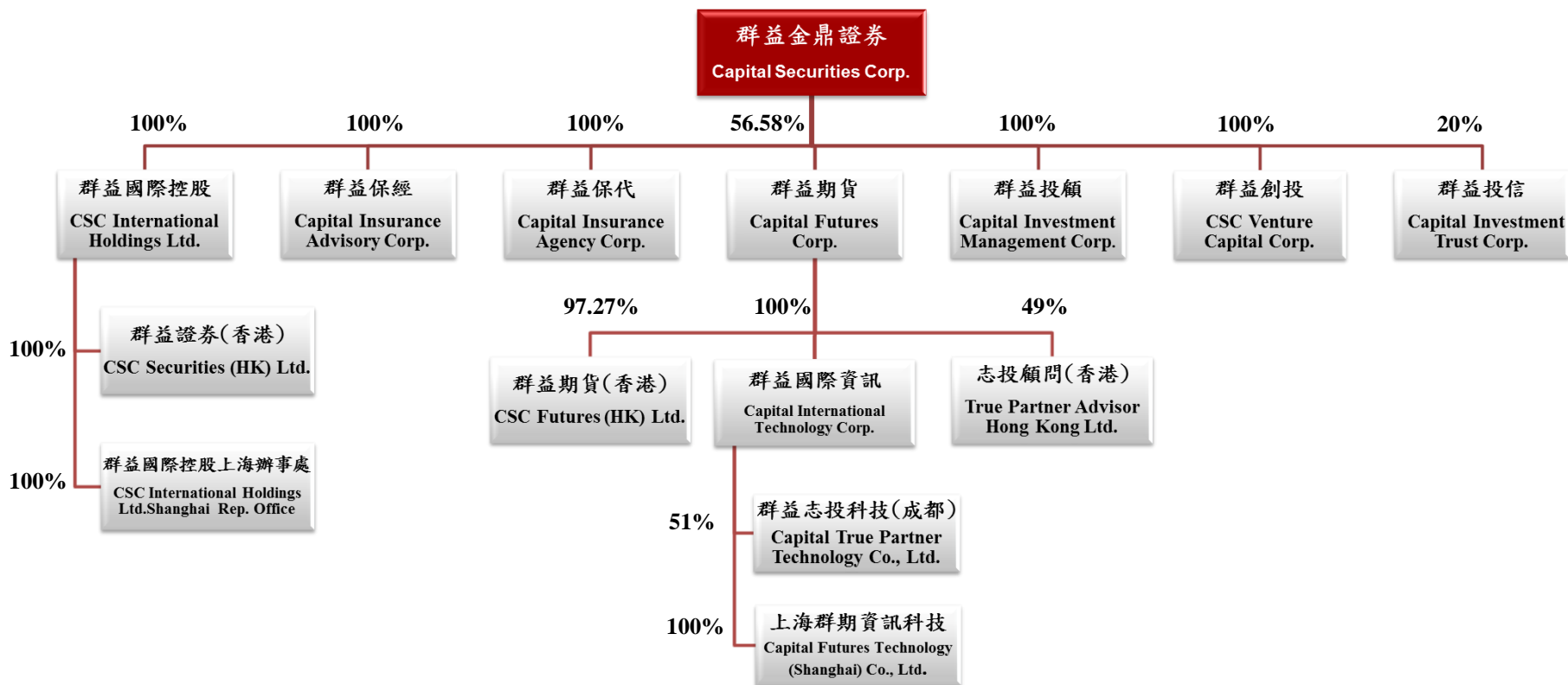
TEL : 852 2530 9966  
 FAX : 852 2104 6006  
 Add : Unit 3204-07, 32F, Cosco Tower, 183 Queen's Road Central, Hong Kong

## Headquarters in Taipei

TEL : 886 2 8789 8888  
 FAX : 886 2 8712 1219  
 Add : 11F, No. 156, Sec. 3, Minsheng E. Rd., Songshan Dist., Taipei City 105, Taiwan, R.O.C.

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# Non-operating investments





# Non-operating investments (continued)

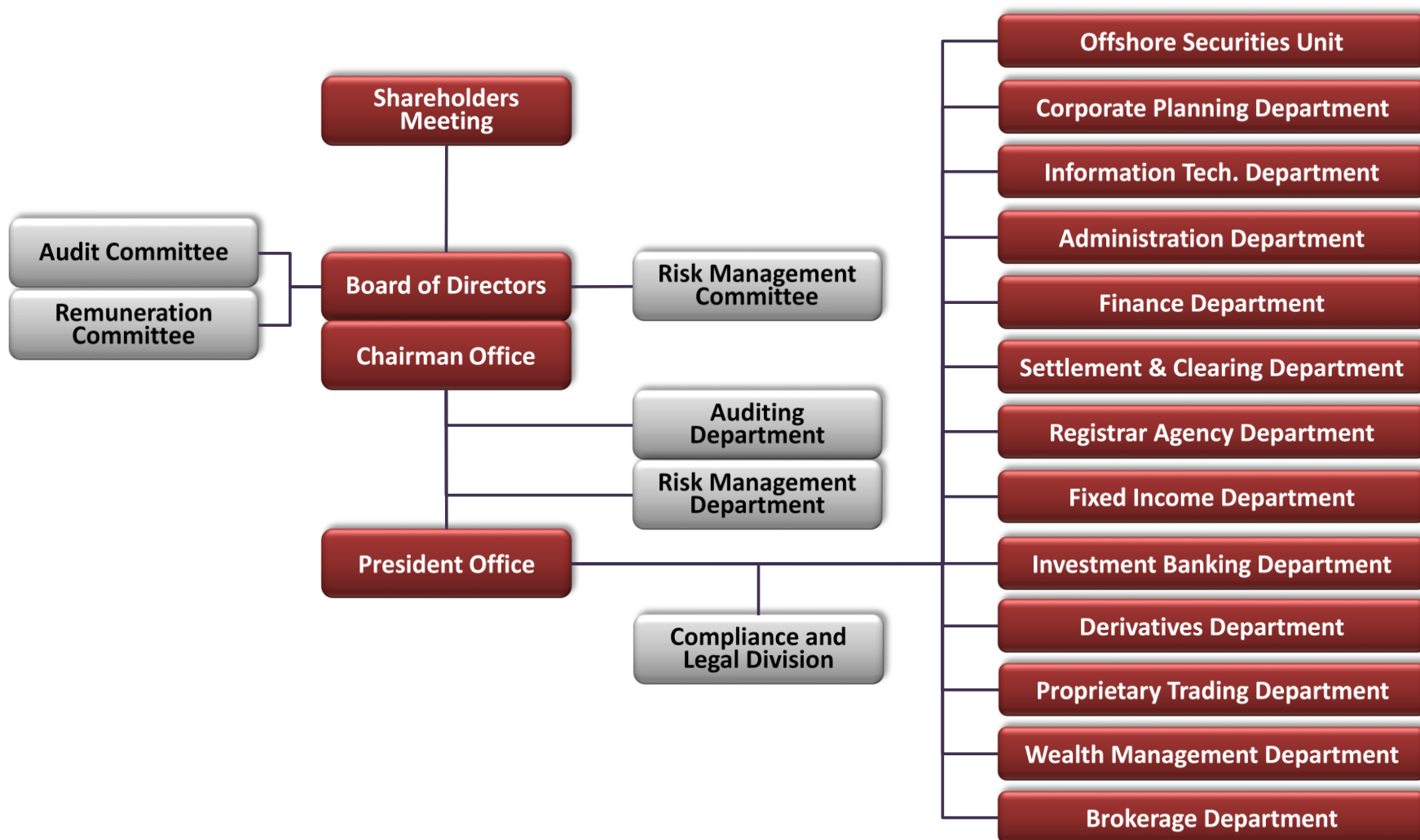
Unit : 1000

| Region    | Name   | Currency | Paid-in capital | Book value as of<br>MAR 31, 2020 | Net income or<br>loss for<br>JAN~MAR20 | Book value as of<br>MAY 31, 2020 | Net income or<br>loss for<br>JAN~MAY20 |
|-----------|--|----------|-----------------|----------------------------------|--|----------------------------------|--|
| Taiwan    | Capital Futures Corp.                                | NTD      | 2,104,376       | 6,358,605                        | 164,287                                | 6,446,191                        | 261,922                                |
|           | Capital Investment Management Corp.                  | NTD      | 70,000          | 88,463                           | (3,982)                                | 85,546                           | (6,899)                                |
|           | Capital Insurance Advisory Corp.                     | NTD      | 5,000           | 92,612                           | 13,706                                 | 95,965                           | 17,059                                 |
|           | Capital Insurance Agency Corp.                       | NTD      | 7,400           | 44,232                           | 784                                    | 44,381                           | 934                                    |
|           | Capital International Technology Corp.               | NTD      | 50,000          | 42,878                           | 871                                    | 44,229                           | 2,559                                  |
|           | CSC Venture Capital Corp. (Note 2)                   | NTD      | 1,000,000       | 728,573                          | (1,704)                                | 749,364                          | (2,602)                                |
|           | Capital Investment Trust Corp.                       | NTD      | 1,653,375       | 4,092,442                        | 171,909                                | 4,211,471                        | 290,937                                |
| Hong Kong | CSC Futures (HK) Ltd.                                | HKD      | 220,000         | 249,562                          | (3,516)                                | 247,861                          | (5,217)                                |
|           | CSC Securities (HK) Ltd.                             | HKD      | 128,000         | 164,947                          | (1,755)                                | 165,381                          | (1,322)                                |
|           | True Partner Advisor Hong Kong Ltd.                  | HKD      | 500             | 9,926                            | 529                                    | 9,816                            | 419                                    |
| China     | Capital True Partner Technology Co., Ltd             | CNY      | 1,000           | 1,259                            | 352                                    | 1,454                            | 547                                    |
|           | Capital Futures Technology (Shanghai) Co., Ltd.      | CNY      | 4,000           | 4,189                            | 32                                     | 4,400                            | 243                                    |
|           | CSC International Holdings Ltd. Shanghai Rep. Office | N/A      | N/A             | N/A                              | N/A                                    | N/A                              | N/A                                    |
| BVI       | CSC International Holdings Ltd.                      | USD      | 45,000          | 53,316                           | (414)                                  | 53,244                           | (487)                                  |

Note 1: JAN~MAR20 figures of Capital Futures Corp. and CSC Futures (HK) Ltd. were reviewed by CPA; other figures were unaudited; JAN~MAY20 figures were unaudited

Note 2: 1Q20 consolidated figures were reviewed by CPA; book value of financial assets at fair value through other comprehensive income of CSC Venture Capital Corp. was adjusted by CPA and reduced by NTD42,045,000; book value of CSC Venture Capital Corp. as of MAY 31, 2020 were unaudited figure deducted by NTD42,045,000

# Organizational structure



# Operation overview

Operation overview

# Financial data over the past three years

(NTD'000)

| Item   | 2017             | 2018             | 2019             | JAN~MAR20        | JAN~MAY20      |
|--|------------------|------------------|------------------|------------------|----------------|
| <b>Consolidated net income before tax</b>                            | <b>3,503,637</b> | <b>2,326,530</b> | <b>3,228,097</b> | <b>(652,043)</b> | <b>361,244</b> |
| <b>Consolidated net income</b>                                       | <b>3,215,395</b> | <b>1,777,510</b> | <b>2,829,234</b> | <b>(777,492)</b> | <b>162,981</b> |
| <b>Net income attributable to shareholders of the parent company</b> | <b>2,893,600</b> | <b>1,408,865</b> | <b>2,566,823</b> | <b>(850,018)</b> | <b>47,838</b>  |
| <b>EPS (NTD)</b>   | <b>1.25</b>      | <b>0.61</b>      | <b>1.11</b>      | <b>(0.39)</b>    | <b>0.02</b>    |

Note: 2017~2019 and JAN~MAR20 figures were audited or reviewed by CPA; JAN~MAY20 figures were unaudited

# Balance sheet (summary)

(NTD'000)

| Item   | Consolidated       |                    | Entity             |
|--|--------------------|--------------------|--------------------|
|  | Mar 31, 2019       | Mar 31, 2020       | May 31, 2020       |
| Current assets   | 111,936,317        | 127,157,204        | 83,597,284         |
| Non-current assets   | 16,838,662         | 16,502,382         | 21,759,146         |
| <b>Total assets</b>  | <b>128,774,979</b> | <b>143,659,586</b> | <b>105,356,430</b> |
| Current liabilities  | 89,998,075         | 106,335,142        | 67,343,469         |
| Non-current liabilities  | 2,404,318          | 2,205,081          | 4,208,418          |
| <b>Total liabilities</b>   | <b>92,402,393</b>  | <b>108,540,223</b> | <b>71,551,887</b>  |
| Capital stock  | 23,209,081         | 21,709,081         | 21,709,081         |
| Capital surplus  | 2,852,299          | 2,745,094          | 2,747,912          |
| Retained earnings  | 6,796,796          | 7,075,634          | 7,991,593          |
| Other equity interests   | 1,209,485          | 799,677            | 1,355,957          |
| <b>Equity attributable to shareholders of the parent company</b> | <b>34,067,661</b>  | <b>32,329,486</b>  | <b>-</b>           |
| Non-controlling interests  | 2,304,925          | 2,789,877          | -                  |
| <b>Total equity</b>  | <b>36,372,586</b>  | <b>35,119,363</b>  | <b>33,804,543</b>  |

Note: Figures as of Mar 31, 2019 and Mar 31, 2020 were reviewed by CPA; figures as of May 31, 2020 were unaudited

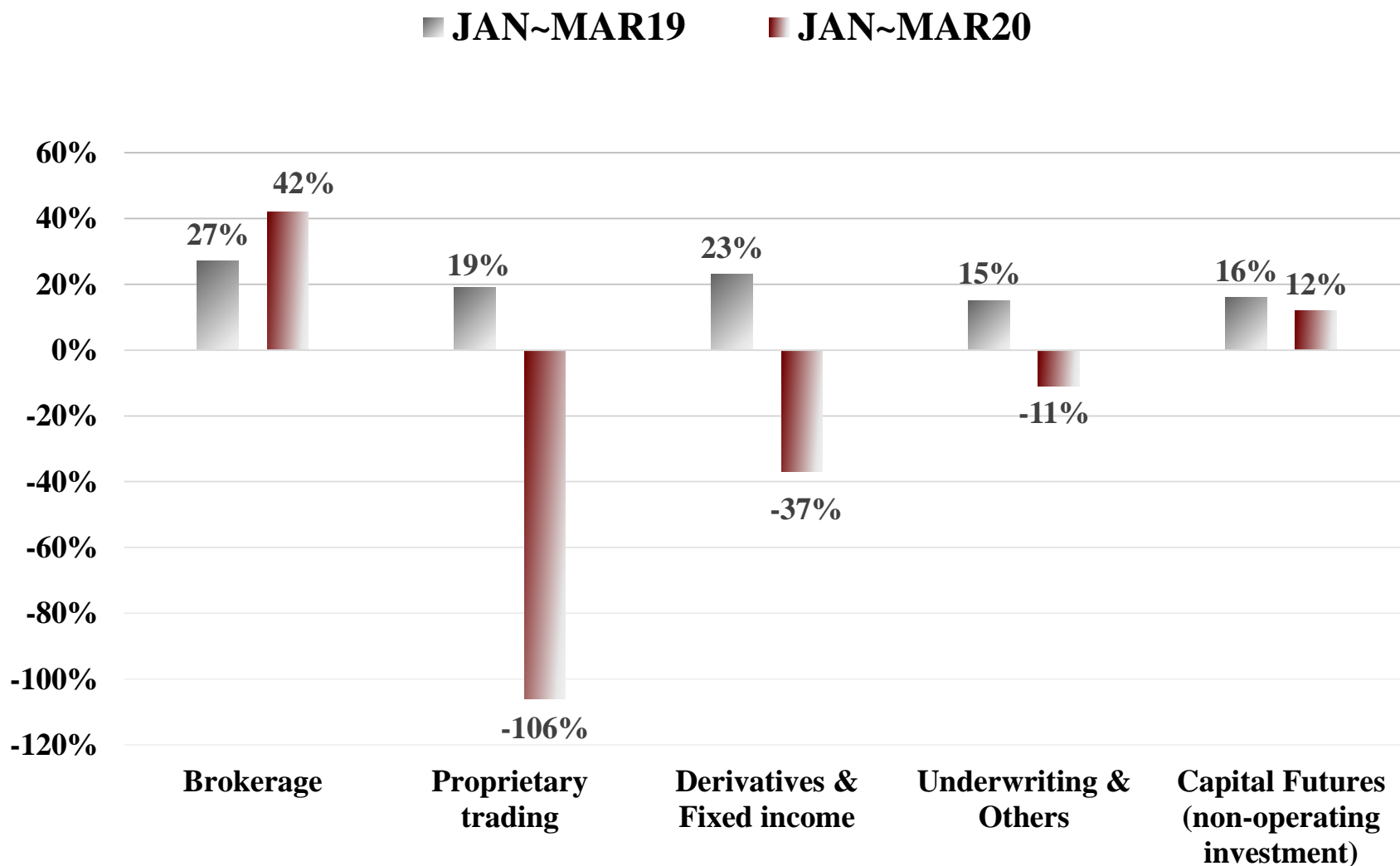
# Comprehensive income statement (summary)

(NTD'000)

| Item   | Consolidated     |                    | Entity           |
|--|------------------|--------------------|------------------|
|  | JAN~MAR19        | JAN~MAR20          | JAN~MAY20        |
| Revenue  | 1,802,720        | 542,135            | 1,399,731        |
| Operating expenses and costs   | 1,339,113        | 1,478,046          | 1,662,016        |
| <b>Operating income</b>  | <b>463,607</b>   | <b>(935,911)</b>   | <b>(262,285)</b> |
| Other income and expenses  | 308,812          | 283,868            | 432,172          |
| <b>Net income before tax</b>   | <b>772,419</b>   | <b>(652,043)</b>   | <b>169,887</b>   |
| Income tax expense   | 98,205           | 125,449            | 122,049          |
| <b>Net income</b>  | <b>674,214</b>   | <b>(777,492)</b>   | <b>47,838</b>    |
| Other comprehensive income   | 493,636          | (774,505)          | (205,548)        |
| <b>Total comprehensive income</b>                                    | <b>1,167,850</b> | <b>(1,551,997)</b> | <b>(157,710)</b> |
| <b>Net income attributable to shareholders of the parent company</b> | <b>603,033</b>   | <b>(850,018)</b>   | <b>-</b>         |
| <b>EPS (NTD)</b>   | <b>0.26</b>      | <b>(0.39)</b>      | <b>0.02</b>      |

Note: JAN~MAR19 and JAN~MAR20 figures were reviewed by CPA; JAN~MAY20 figures were unaudited

# Earnings breakdown by major business



# MAY20 operating results

Unit: NTD'000

| Entity         | MAY20   | JAN~MAY20 |
|----------------|---------|-----------|
| Pre-tax profit | 470,193 | 169,887   |
| Net profit     | 428,844 | 47,838    |
| EPS (NTD)      | 0.20    | 0.02      |

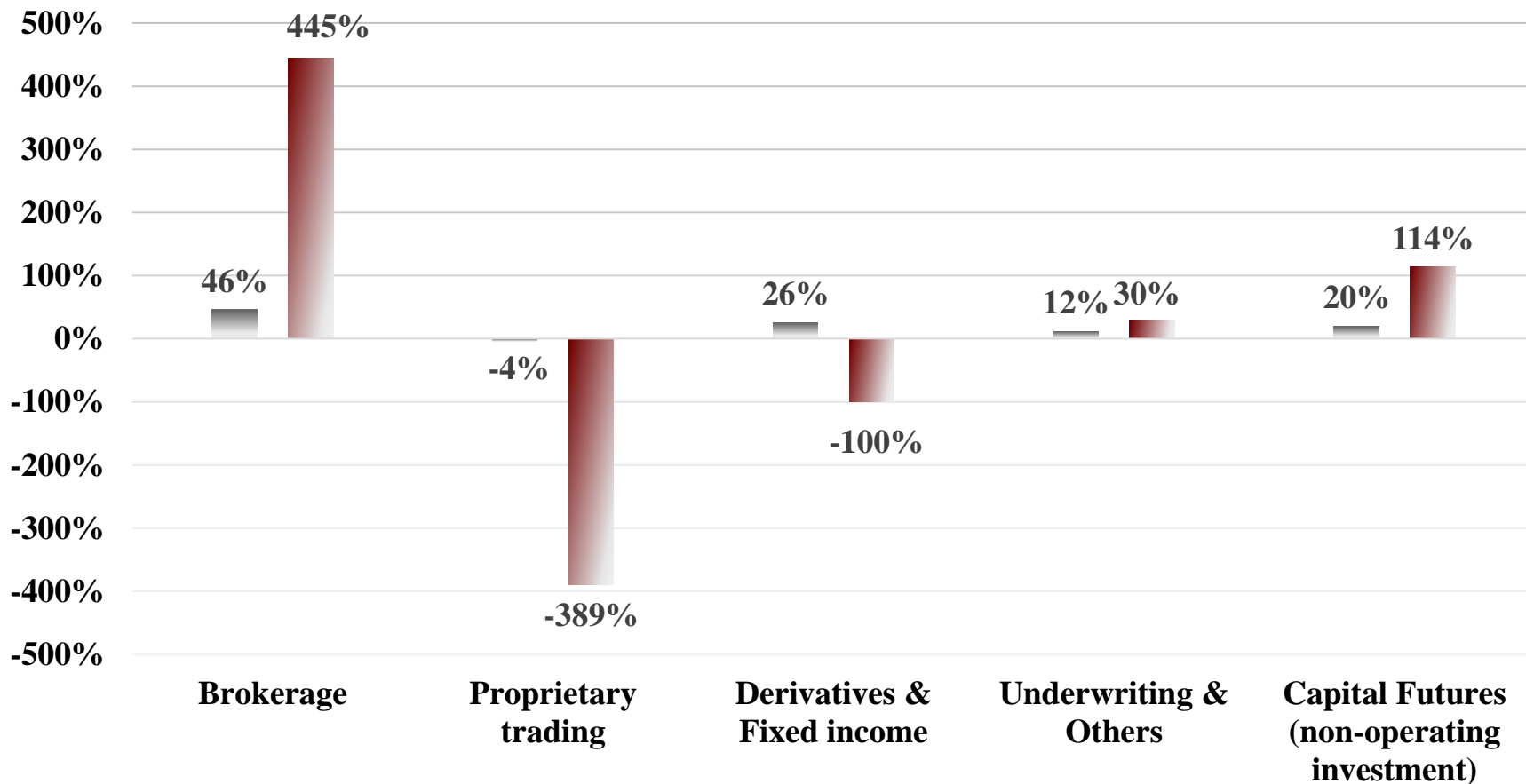
| Consolidated   | MAY20   | JAN~MAY20 |
|----------------|---------|-----------|
| Pre-tax profit | 498,269 | 361,244   |
| Net profit     | 446,822 | 162,981   |

※ Unaudited



# MAY20 earnings breakdown by major business

■ JAN~MAY19 ■ JAN~MAY20

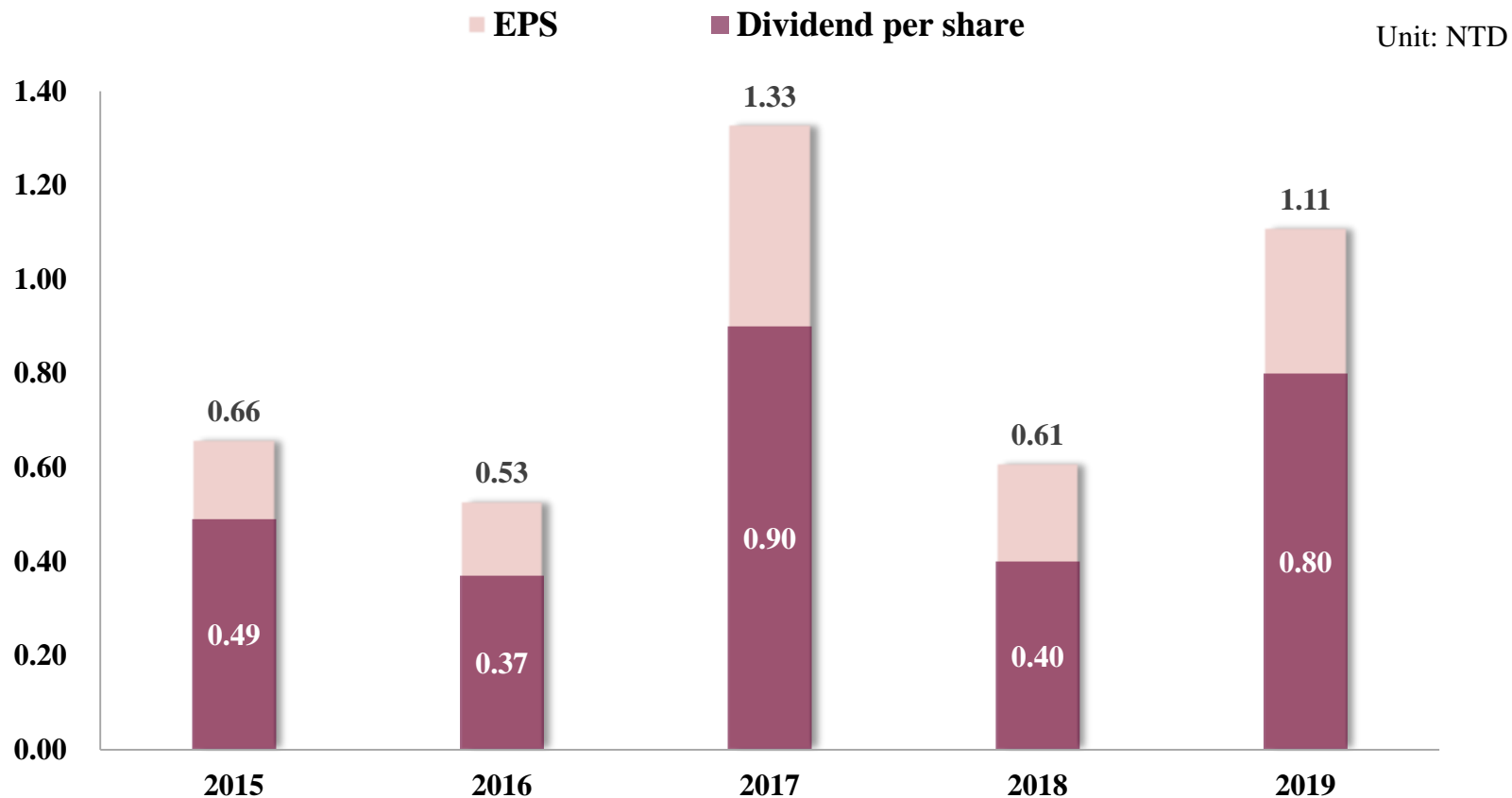


※ Unaudited

# Business performance and market ranking

| Item  | Figures in<br>JAN~MAR20 | Market ranking in<br>JAN~MAR20 |
|---|-------------------------|--------------------------------|
| Market share in brokerage                                       | 3.83%                   | 6                              |
| Market share in margin financing                                | 5.87%                   | 4                              |
| Trust business-AUM  | NTD13.688bn             | 5                              |
| Number of underwritten (as lead underwriter)                    | 2                       | 4                              |
| Number of warrants issued                                       | 867                     | 4                              |
| Value of warrants issued  | NTD9.89bn               | 3                              |
| Number of NTD corporate bond underwritten (as lead underwriter) | 2                       | 2                              |
| Value of NTD corporate bonds underwritten                       | NTD10.83bn              | 4                              |
| Number of clients in stock registrar and transfer service       | 366                     | 3                              |

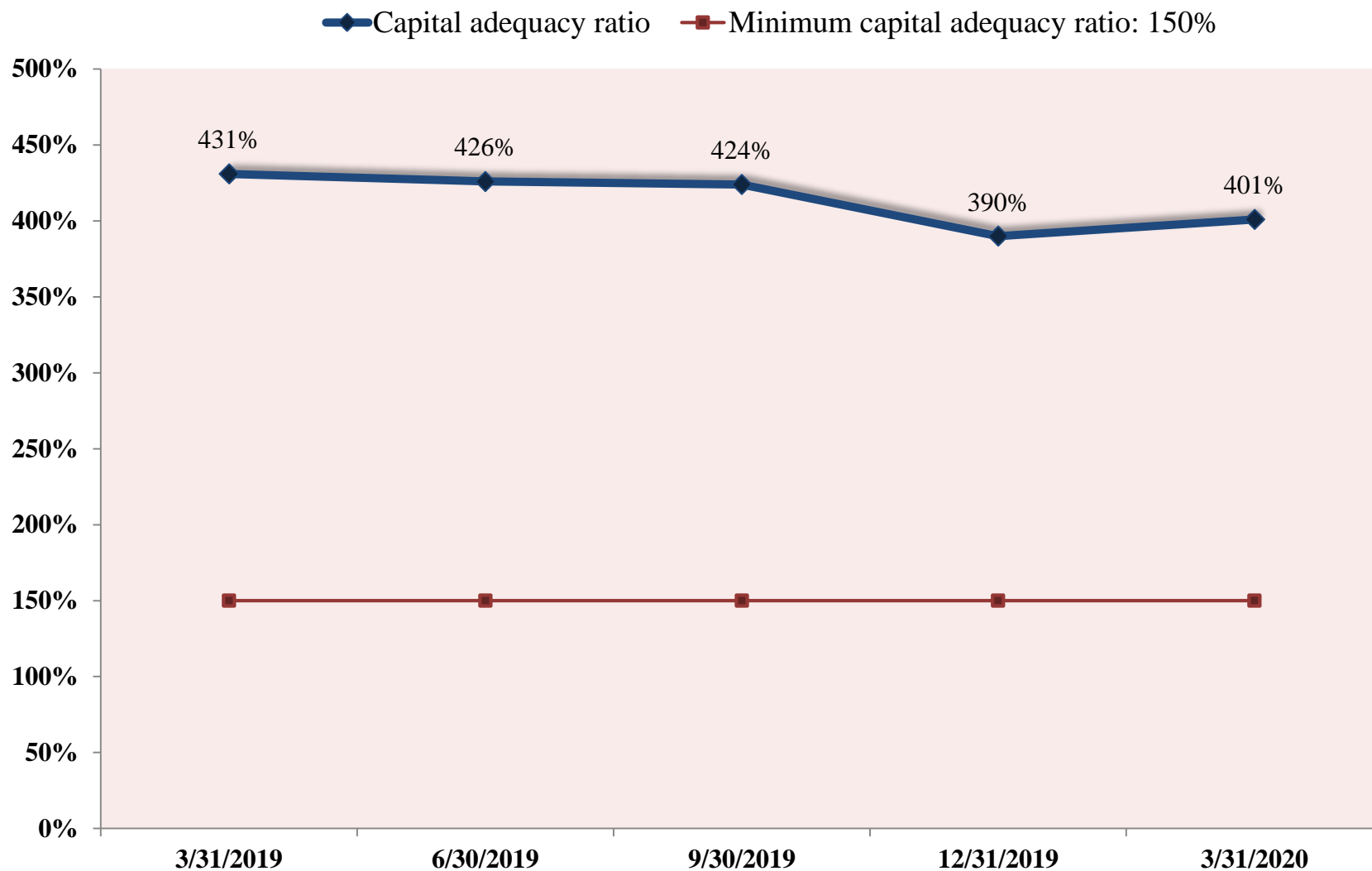
# Dividend payout



| Item                     | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------|------|------|------|------|------|
| EPS                      | 0.66 | 0.53 | 1.33 | 0.61 | 1.11 |
| Cash dividend per share  | 0.49 | 0.37 | 0.20 | 0.40 | 0.80 |
| Stock dividend per share | -    | -    | 0.70 | -    | -    |

※EPS are pre-adjustment figures

# Capital adequacy ratio



## 2020 Fitch Ratings

- **Long-term Issuer Default Rating (IDR) BBB-**
- **National Long-term Rating A(twn)**
- **National Short-term Rating F1(twn)**

# Prospect and outlook

Prospect and outlook

## Our vision

- To create long-term and rewarding partnerships with our clients by offering high value-added financial services which exceed client expectations

## Our belief

- The Capital Group in Chinese means "benefit for many" which embodies our commitment to public interests and contribution to the capital market

# Business development plans

1. Continuously promote customer ledger business to increase sources of interest income, manage clients' cash flows and boost wealth management business.
2. Maximize channel value, implement client tiering, continuously develop professional investors, elevate self-design capability of wealth management products and provide customized products depending on customers' attributes to become their top pick in wealth management and steadily increase clients' asset management scale.
3. Strengthen the service contents for clients and accelerate the service speed in response to continuous trading system.
4. Expand the scale of sub-brokerage business and prepare for sub-brokerage margin trading business.
5. Advance businesses of investment banking and corporate finance to cooperate with CSC Venture Capital and seize the business opportunities in private equity.
6. Trade stocks in accordance with research resources to avoid resource dispersion and accumulate outperforming stocks with high dividend yields to steadily generate profits in the long run.
7. Pay attention to rate changes of NTD and foreign currencies to opportunistically adjust the proportion of bond assets and steadily generate profits and interest income.
8. Maintain leadership in the warrant market and issue diverse derivatives for profit diversification.
9. Centralize the clearing process, optimize operating procedures and enhance operational risk control.
10. Enhance coordination and create synergies among affiliates such as Capital Futures, Capital Investment Trust, CSC Venture Capital, Capital Investment Management and Capital Insurance Agency.



# List of awards

## Capital Securities

- MAR20: received the “Best Client Referral Award”, the “Best Digital Finance Award” and the “Best Charity Promotion Award” in the 2020 Wealth Management Award
- FEB20: awarded No.3 in the “Warrant Sales Award” and No.5 in the “Warrant Issuance Award” by Taiwan Stock Exchange at the “2019 Trading Incentives for Warrant Issuer and Securities Broker”
- DEC19: received the “Best Digital Innovation Award” from Excellence Magazine in the 2019 Securities Evaluation for non-FHC securities firms
- NOV19: received the “Corporate Social Responsibility Award” in the 15th Golden Goblet Award
- OCT19: awarded No.1 in the “API Promotion Award” by TWSE in the Electronic Order Competition
- AUG19: selected as the top happiness enterprise in the “investment and wealth management” field in “2019 happiness enterprise election—service sector” held by 1111 Job Bank
- JUL19: received “Best Wealth Growth Award” in the 2019 Evaluation on Wealth Management Banks and Securities held by Business Today Magazine

## Capital Futures

- DEC19: received the “Best Stocks and Futures Award” from Excellence Magazine in the 2019 Securities Evaluation for non-FHC securities firms
- AUG19: selected as the top happiness enterprise in the “investment and wealth management” field in “2019 happiness enterprise election—service sector” held by 1111 Job Bank

## Shanghai Rep. Office

- APR20: received 1 nomination in the “Top 100 Analysts” of the 1Q20 “Top Analysts Award” held by East Money
- JAN20: received several awards in the 2019 “Top Analysts” held by East Money, including 3 nominations in the “Top 100 Analysts” and No.1 in the “Top Analysts for the Banking Sector”
- NOV19: received several awards in the 2019 Caijing Investoday Awards, including No. 1 in the “Most Accurate Analyst in Estimating Earnings of the Food and Beverage Sector” and No.1 in the “Most Accurate Analyst in Estimating Earnings of the Banking Sector”
- JUL19: received several awards in the 1H19 “Top Analysts” held by East Money, including 3 nominations in the “Top 100 Analysts” and No.1 in the “Top Analysts for the Banking Sector”

## Recognized for sustainable development and corporate governance



Selected as a constituent of FTSE4Good TIP Taiwan ESG Index

Selected as a constituent of FTSE4Good Emerging Index

Selected as a constituent of TWSE RA Taiwan Employment Creation 99 Index

Ranked among the top 6%~20% in the 2019 Corporate Governance Evaluation

- Hold blood donation charity activities “Love from Capital for Charity” to deliver happiness to all corners of the society.
- Cooperate with New Taipei City Blind Welfare Association and provide weekly massage service for employees.
- Promote “Capital Securities Love Reading Program” to care for rural education with employees volunteering in story book pair-reading and city tours.
- To promote rural education in Taiwan and close the gap between rural and urban resources, Capital Securities adopted and made donations to rural elementary schools.

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# CSR programs and achievements



**Thank you**