

# Capital Securities Corporation Institutional Investor Conference

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April 2020

台北 · 香港 · 上海

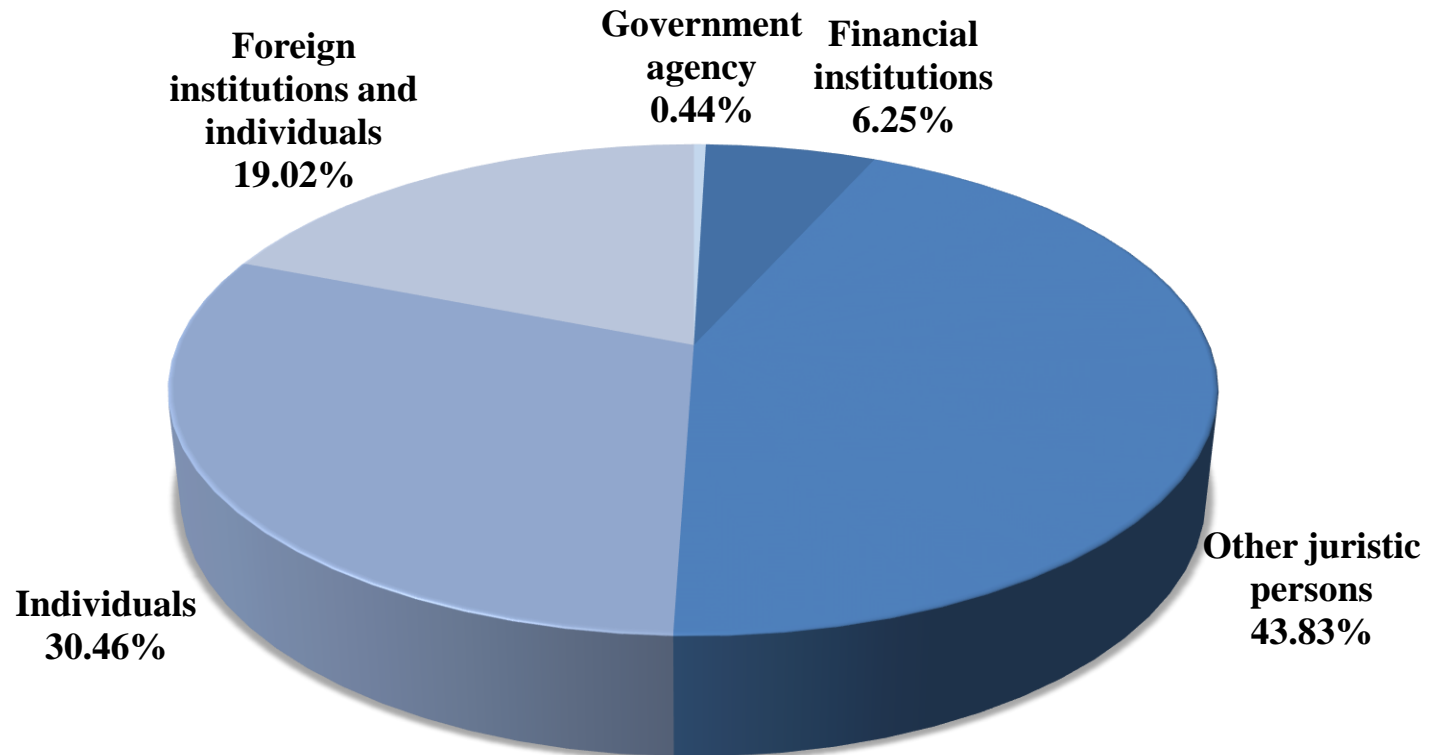
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Presentation outline	Content
Company profile	Basic information Non-operating investments
Operation overview	Financial statements Operational results
Prospect and outlook	Operational plan List of awards

# ◆ Company Profile

# Shareholder structure

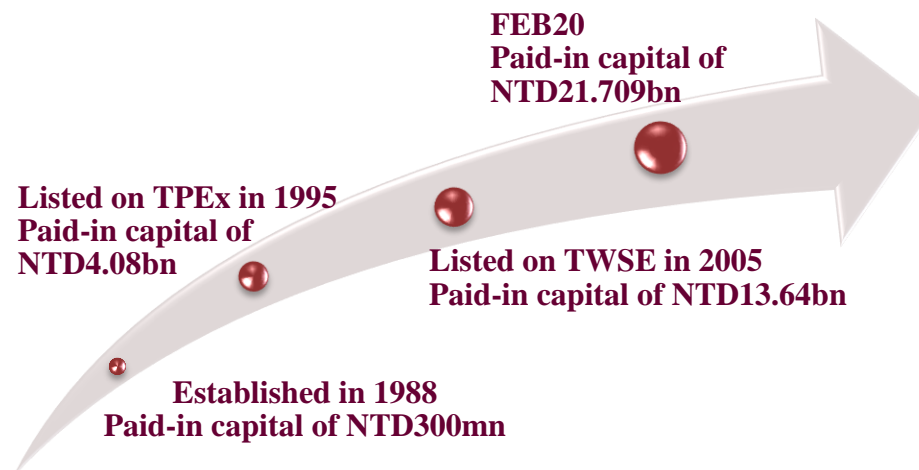


Data as of April 26, 2019

# Basic information



✚	Stock code:	6005
✚	Paid-in capital:	NTD21.709bn
✚	Number of branches in Taiwan:	53
✚	Number of employees:	1,848 (Dec. 31, 2019)



# 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

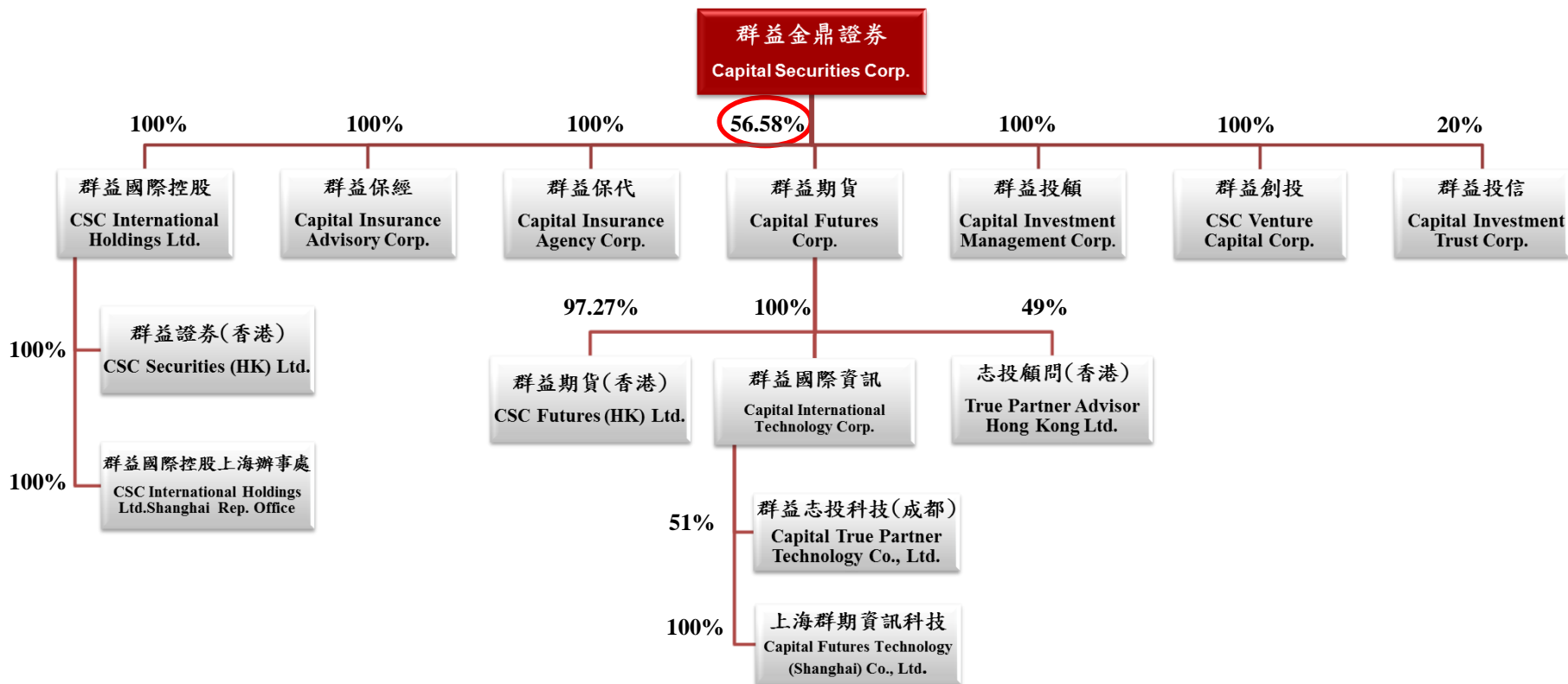
TEL : 852 2530 9966  
 FAX : 852 2104 6006  
 Add : Unit 3204-07, 32F, Cosco Tower, 183 Queen's Road Central, Hong Kong

## 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



Data as of March 31, 2020



# Non-operating investments (continued)

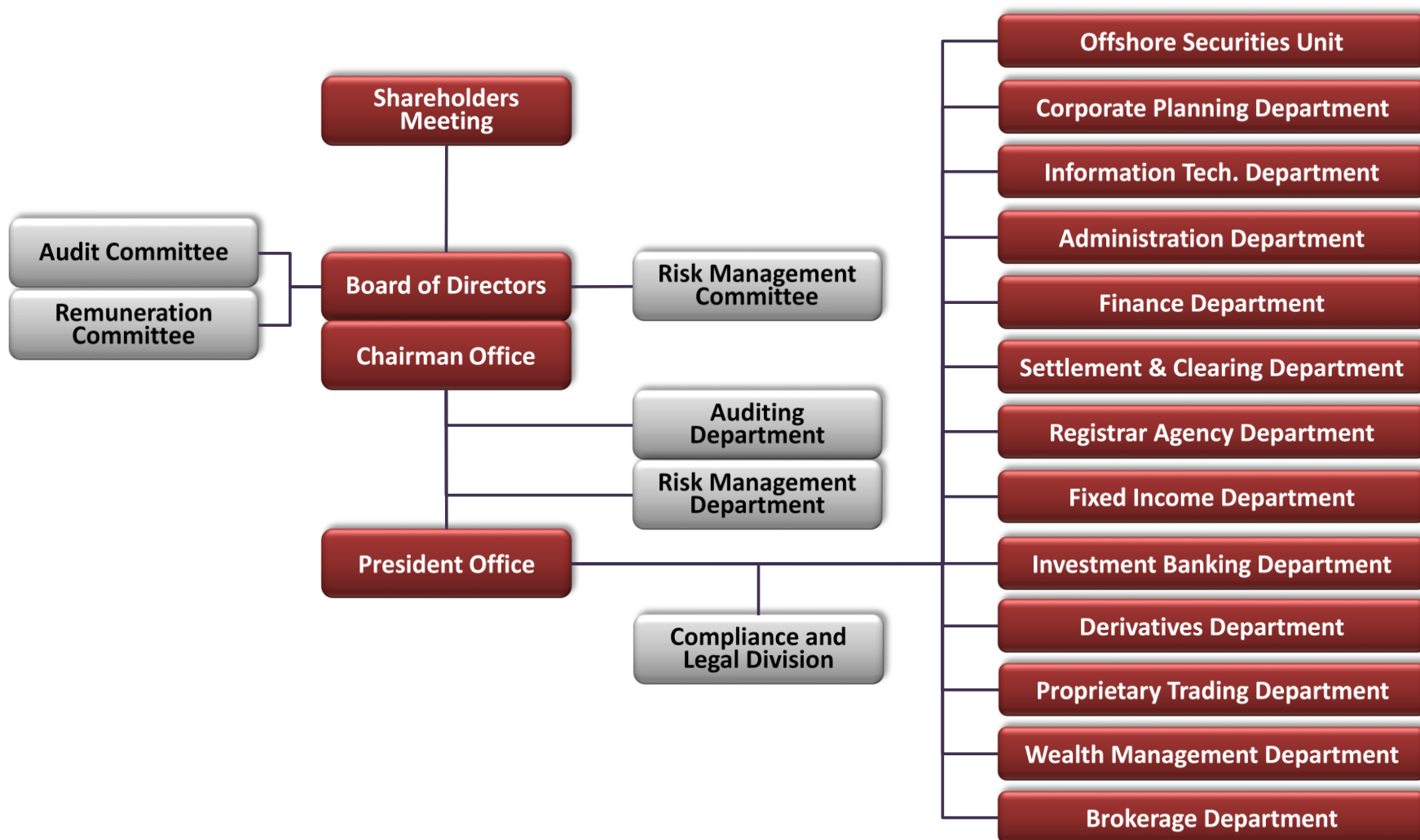
Unit : 1000

Region	Name	Currency	Paid-in capital	Book value as of Dec 31, 2019	Net income or loss for current period 2019
<b>Taiwan</b>	Capital Futures Corp. (Note 1)	NTD	1,764,376	5,012,996	600,009
	Capital Investment Management Corp.	NTD	70,000	92,445	(4,795)
	Capital Insurance Advisory Corp.	NTD	5,000	78,906	53,049
	Capital Insurance Agency Corp.	NTD	7,400	43,447	4,044
	Capital International Technology Corp.	NTD	50,000	42,249	(3,224)
	CSC Venture Capital Corp.	NTD	1,000,000	763,112	(2,452)
	Capital Investment Trust Corp.	NTD	1,653,375	3,920,533	665,343
<b>Hong Kong</b>	CSC Futures (HK) Ltd.	HKD	220,000	253,078	(13,113)
	CSC Securities (HK) Ltd.	HKD	128,000	166,703	6,318
	True Partner Advisor Hong Kong Ltd.	HKD	500	9,397	1,297
<b>China</b>	Capital True Partner Technology Co., Ltd	CNY	1,000	907	492
	Capital Futures Technology (Shanghai) Co., Ltd.	CNY	4,000	4,157	(924)
	CSC International Holdings Ltd. Shanghai Rep. Office	N/A	N/A	N/A	N/A
<b>BVI</b>	CSC International Holdings Ltd.	USD	45,000	53,637	136

Note 1: The BoD of Capital Futures Corp. resolved to issue NTD340mn worth of new shares on November 28, 2019; new shares were priced at NTD34.4 per share; the record date for capital increase was set on March 26, 2020.

Note 2: Audited by CPA

# Organizational structure



# ◆ Operation overview

# Consolidated Financial data over the past three years

(NTD'000)

Item	2017	2018	2019
Consolidated net income before tax	3,503,637	2,326,530	3,228,097
Consolidated net income	3,215,395	1,777,510	2,829,234
Net income attributable to shareholders of the parent company	2,893,600	1,408,865	2,566,823
EPS (NTD)	1.25	0.61	1.11

※ Audited by CPA

# Consolidated balance sheet (summary)

(NTD'000)

Item	Dec 31, 2018	Dec 31, 2019
Current assets	101,969,620	116,002,501
Non-current assets	15,420,287	17,167,912
<b>Total assets</b>	<b>117,389,907</b>	<b>133,170,413</b>
Current liabilities	80,738,838	94,684,661
Non-current liabilities	1,446,333	2,269,623
<b>Total liabilities</b>	<b>82,185,171</b>	<b>96,954,284</b>
Capital stock	23,209,081	23,209,081
Capital surplus	2,852,299	2,852,299
Retained earnings	6,209,696	7,927,126
Other equity interests	700,916	1,578,134
Treasury stocks	-	(1,574,000)
Non-controlling interests	2,232,744	2,223,489
<b>Total equity</b>	<b>35,204,736</b>	<b>36,216,129</b>
<b>Equity attributable to shareholders of the parent company</b>	<b>32,971,992</b>	<b>33,992,640</b>

※ Audited by CPA

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# Consolidated comprehensive income statement (summary)

(NTD'000)		
Item	2018	2019
Revenue	7,638,645	7,796,951
Operating expenses and costs	6,465,477	5,803,705
<b>Operating income</b>	<b>1,173,168</b>	<b>1,993,246</b>
Other income and expenses	1,153,362	1,234,851
<b>Net income before tax</b>	<b>2,326,530</b>	<b>3,228,097</b>
Income tax expense	549,020	398,863
<b>Net income</b>	<b>1,777,510</b>	<b>2,829,234</b>
Other comprehensive income	(442,188)	947,213
<b>Total comprehensive income</b>	<b>1,335,322</b>	<b>3,776,447</b>
<b>Net income attributable to shareholders of the parent company</b>	<b>1,408,865</b>	<b>2,566,823</b>
<b>EPS (NTD)</b>	<b>0.61</b>	<b>1.11</b>

※ Audited by CPA

# Balance sheet summary

(NTD'000)

Item	Dec 31, 2018	Dec 31, 2019
Current assets	61,469,761	73,984,497
Non-current assets	19,958,655	21,434,133
<b>Total assets</b>	<b>81,428,416</b>	<b>95,418,630</b>
Current liabilities	47,025,844	59,239,075
Non-current liabilities	1,430,580	2,186,915
<b>Total liabilities</b>	<b>48,456,424</b>	<b>61,425,990</b>
Capital stock	23,209,081	23,209,081
Capital surplus	2,852,299	2,852,299
Retained earnings	6,209,696	7,927,126
Other equity interests	700,916	1,578,134
Treasury stocks	-	(1,574,000)
<b>Total equity</b>	<b>32,971,992</b>	<b>35,992,640</b>

※ Audited by CPA

# Comprehensive income statement summary

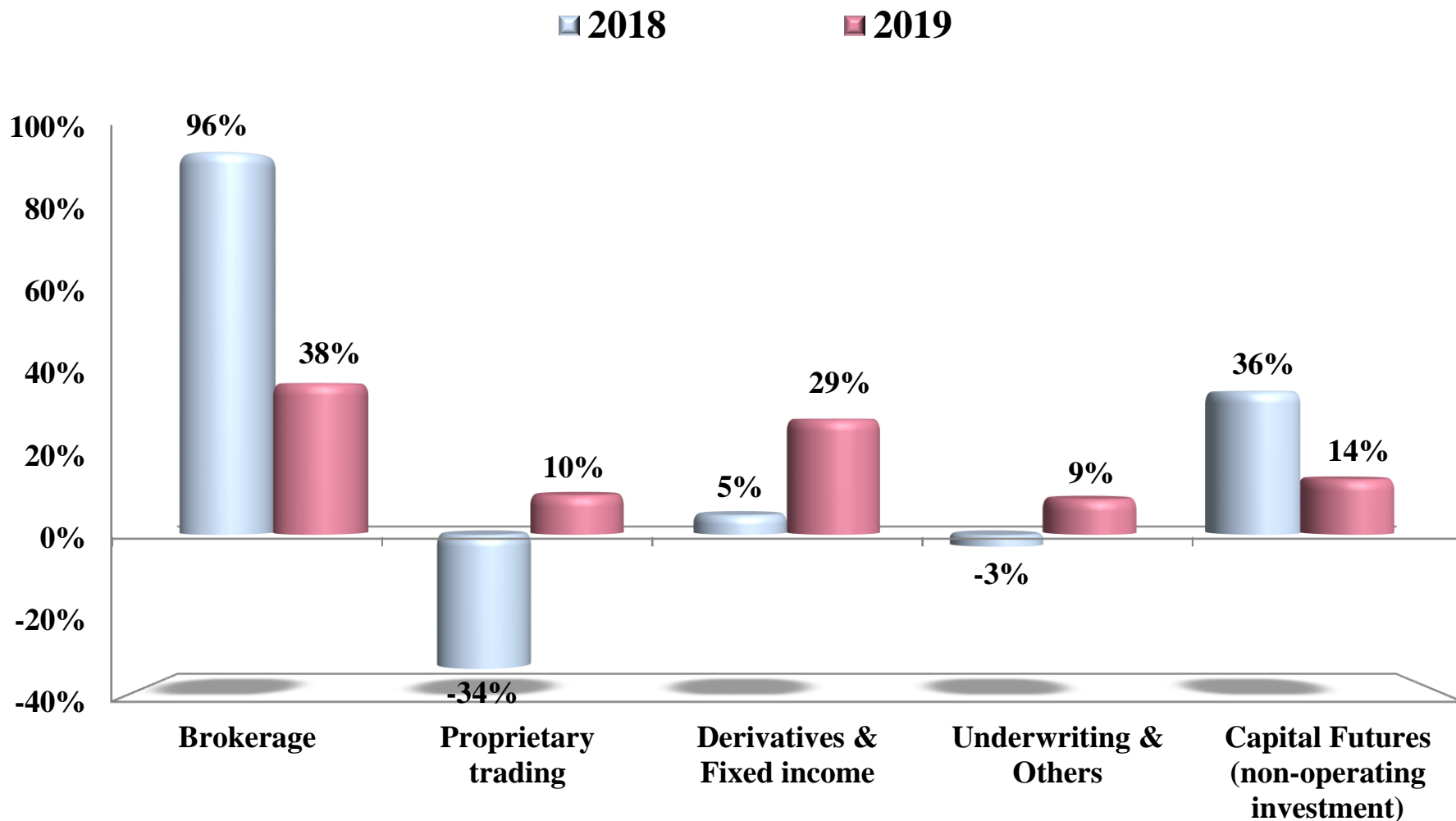
(NTD'000)

Item	2018	2019
Revenue	4,922,660	5,885,962
Operating expenses and costs	4,303,491	4,105,770
<b>Operating income</b>	<b>619,169</b>	<b>1,780,192</b>
Other income and expenses	1,219,276	1,038,556
<b>Net income before tax</b>	<b>1,838,445</b>	<b>2,818,748</b>
Income tax expense	429,580	251,925
<b>Net income</b>	<b>1,408,865</b>	<b>2,566,823</b>
Other comprehensive income	(451,114)	956,188
<b>Total comprehensive income</b>	<b>957,751</b>	<b>3,523,011</b>
<b>EPS (NTD)</b>	<b>0.61</b>	<b>1.11</b>

※ Audited by CPA



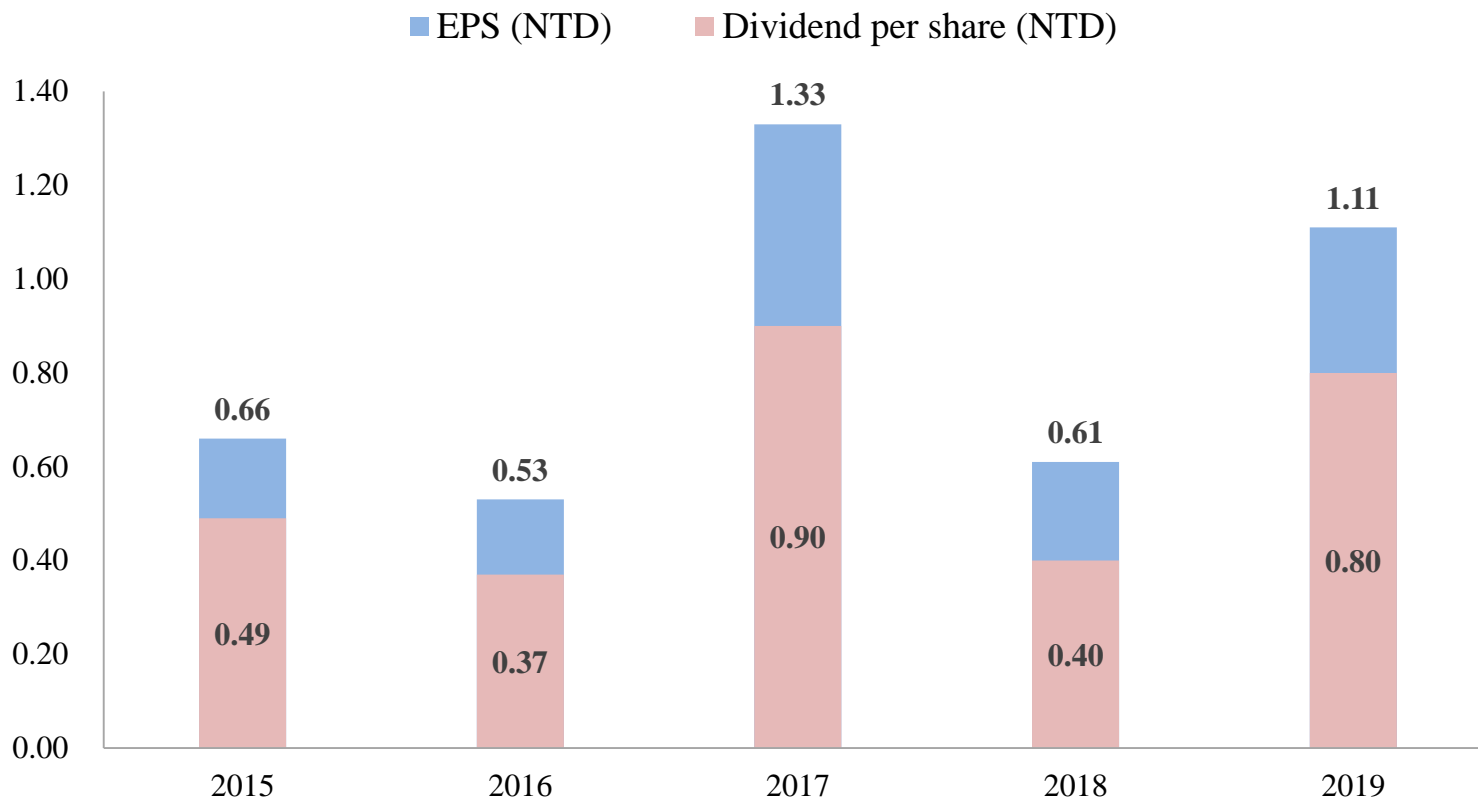
# Earnings breakdown by major business



# Business performance and market ranking

Item	Figures in 2019	Market ranking in 2019
Market share in brokerage	4.08%	5
Market share in margin financing	5.80%	5
Trust business-AUM	NTD14.484bn	4
Number of warrants issued	3,668	3
Value of warrants issued	NTD44.8bn	3
Number of NTD corporate bond underwritten (as lead underwriter)	9	4
Value of NTD corporate bonds underwritten	NTD26.75bn	3
Number of clients in stock registrar and transfer service	368	3

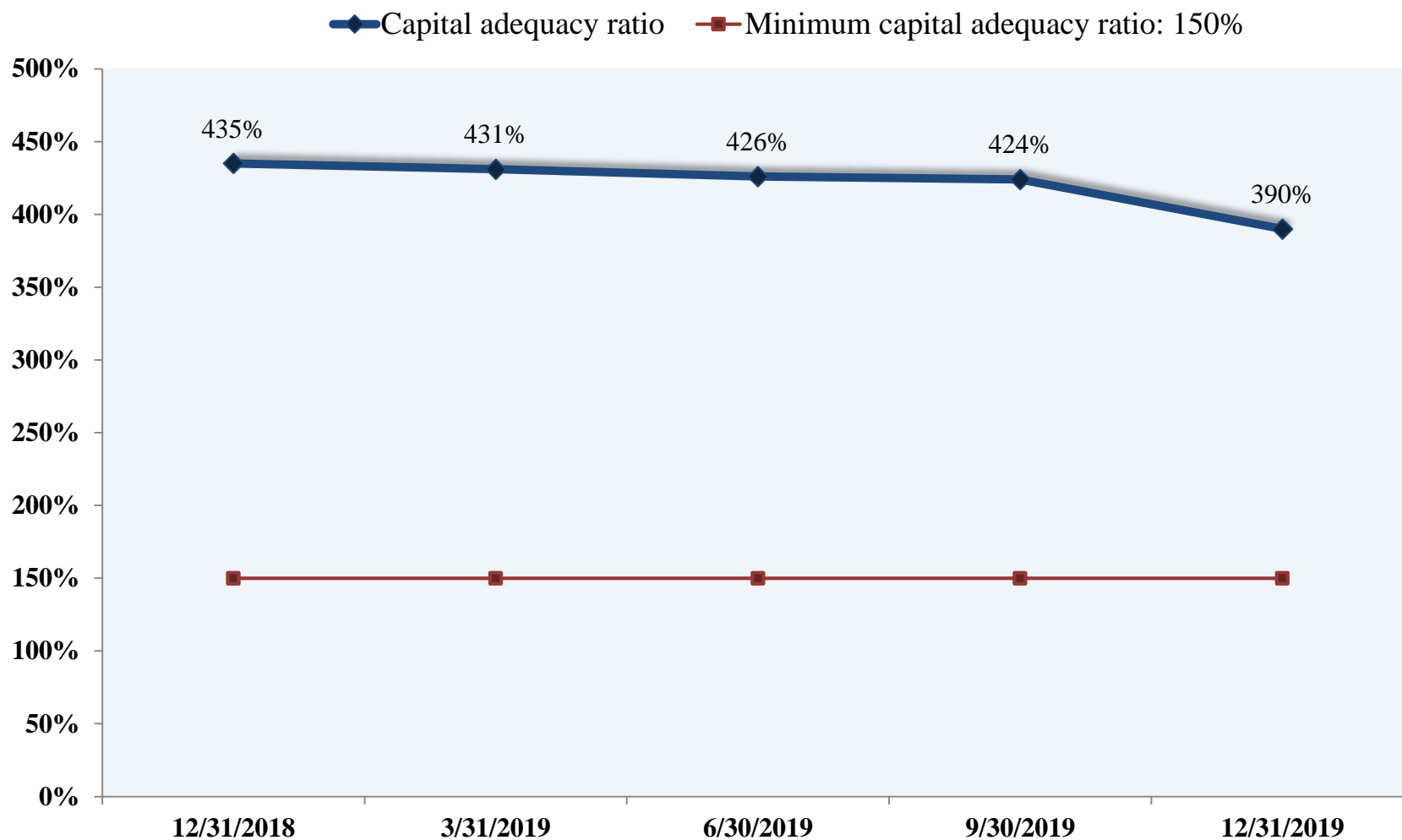
# Dividend distribution



Item (Unit: NTD)	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; the distribution of FY19 earnings has been approved by the BoD on March 26, 2020, pending the general shareholder meeting's approval.

# 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)**

## 2019 Taiwan Ratings

- **Long-term Rating twA**
- **Short-term Rating twA-1**

# Treasury stock

Share buyback	The 11th time
Date of BoD resolution	November 11, 2019
Purpose of buyback	Maintain the company's credit and protect shareholders' equity
Planned period for the buyback	11/12/2019 ~ 01/11/2020
Price range of the buyback	NTD8.50~12.00
Types and numbers of shares repurchased	150mn common shares
Amount of shares repurchased	NTD1.604bn
Average buyback price	NTD10.70
Proportion of repurchased shares in the issued shares	6.46%
Record date for capital decrease (retirement of treasury stock)	January 31, 2020
Number of shares retired	150mn shares
Number of shared held	0 share

# ◆ 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



## Short-term business plans

- Increase commission income from product sale to mitigate volatility of position gains/losses to maintain profit stability.
- Incorporate the use of digital platform and offer tiered services and precision marketing depending on customers' attributes to steadily increase clients' asset management scale.
- Combine services of securities, sub-brokerage, trust, derivatives and bonds to make settlement simple and capital utilization more efficient for customers.
- Actively develop the existing Hong Kong platform and sub-brokerage services to provide customers with closer access to overseas securities markets, including Hong Kong and U.S. stock markets, and increase income contribution from sub-brokerage and Hong Kong.
- Apply innovative thinking and introduce new financial products or services in a safe, controlled Fintech experimental environment and submit an entry request into the financial regulatory sandbox.
- Centralize the clearing process, optimize operating procedures and enhance operational risk control.
- Enhance coordination and create synergies between subsidiaries including Capital Futures, Capital Fund, CSC Venture Capital, and Capital Investment Management.

## Long-term business plans

- Become the best investment bank and wealth management service provider in Asia.
- Develop R&D capabilities for new products and become the most innovative financial institution.
- Evaluate the possibility of setting up overseas subsidiaries at potential locations.

# 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
- MAR19: awarded the “Best Sales Team” and the “Best Charity Promotion” by Wealth Magazine in the “2019 Wealth Management Award”
- FEB19: awarded No. 1 in the “Outstanding Warrant Brokerage Award”, No.3 in the “Warrant Issuance Volume Award” and No.4 in the “Warrant Sales Award” by Taiwan Stock Exchange at the “2018 Trading Incentives for Warrant Issuer and Securities Broker”
- JAN19: awarded No.1 in the “2018 Trading Value of TPEx-listed Warrants Traded at Places of Business” and No.3 in the “Turnover Rate of TPEx-listed Warrants” by Taipei Exchange
- JAN19: received the “Badge of Accredited Healthy Workplace” from the Health Promotion Administration, the Ministry of Health and Welfare

## 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

## Capital Investment Management

- FEB19: awarded No. 2 in the 2019 “Top Stock Pickers” section of the PC/Communications Equipment category in Asia by StarMine of Refinitiv

## Shanghai Rep. Office

- 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”
- APR19: received several awards in the 1Q19 “Top Analysts” held by East Money, including 2 nominations in the “Top 100 Analysts” and No.1 in the “Top Analysts for the Banking Sector”

# Recognized for sustainable development and corporate governance

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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

# Recent event



Received the “Corporate Social Responsibility Award” in the 15<sup>th</sup> Golden Goblet Award in NOV19



# Recent event



Received the “Corporate Social Responsibility Award” in the 15<sup>th</sup> Golden Goblet Award in NOV19

# Recent event



Received the “Best Digital Innovation Award” from Excellence Magazine in the 2019 Securities Evaluation for non-FHC securities firms in DEC19

# Recent event



Received the “Best Client Referral Award”, the “Best Digital Finance Award” and the “Best Charity Promotion Award” in the 2020 Wealth Management Award in MAR20

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# Recent event



Capital Securities held an investment seminar in DEC19



# Recent event



Capital Securities supported rural education with reading promotion; Capital Securities invited rural students from Nantou for a day trip to Taichung to celebrate Christmas in DEC19



# Recent event



Capital Securities supported rural education with reading promotion; Capital Securities invited rural students from Nantou for a day trip to Taichung to celebrate Christmas in DEC19; a plaque of appreciation was awarded

# Recent event



Capital Securities gave away baby gifts and cash rewards to employees to encourage fertility in MAR20



**Thank you**