TruePulse Capital Advisory

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TruePulse Equity Research
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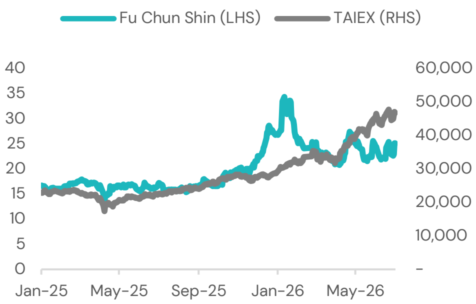
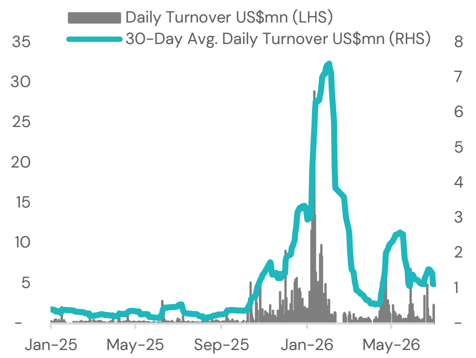
Key Statistics

Ticker:	6603.TW / 6603 TT
Current Price:	TWD 25.15
52-Week Range:	TWD 15.07 - 35.95
Avg. Vol. (30-Day, k share)	1,593.5
Outstanding Shares (MN)	167.2
FINI Holding (%)	1.64
Market Cap (US$MN)	131.6

Price Performance





Financial Summary

NT$ mn	2022	2023	2024	2025
Revenue	4,605	3,861	4,529	5,083
Revenue YoY (%)	6.4	-16.2	17.3	12.2
Gross Margin (%)	26.7	26.2	25.6	25.3
OP Margin(%)	5.6	1.0	2.7	4.0
Net Profit	159	21	79	100
Net Profit YoY (%)	35.5	-87.1	282.4	27.6
Net Margin(%)	3.5	0.5	1.7	2.0
EPS (NT$)	1.02	0.13	0.50	0.61
BPS (NT$)	14.5	14.1	14.9	15.5
ROE (%)	7.3	0.9	3.4	4.0
Yield (%)	1.7	1.9	0.9	1.1
P/E (x)	16.5	121.2	33.4	44.3
P/B (x)	1.2	1.1	1.1	1.8
P/S (x)	0.6	0.6	0.6	0.9
EV/EBITDA (x)	12.7	27.9	17.9	19.4

Fu Chun Shin

Smart Manufacturing Upgrade Opens Re-Rating Potential

Company Overview

Founded in 1974, Fu Chun Shin Machinery Manufacture Co., Ltd. (FCS) is a Taiwan-based provider of injection molding equipment and smart manufacturing solutions. The company serves automotive, ICT/semiconductor, sports and consumer goods, infrastructure, and lightweight material applications through five production bases across Taiwan, China, and India, supported by 36 direct sales/service locations and 21 agents globally. With growing demand for precision molding, low-carbon materials, automation, and regionalized supply chains, FCS is gradually repositioning from a traditional machinery supplier toward a smart manufacturing platform.

Key Points

Record revenue, improving margins: FCS delivered record-high revenue of NT$5.08bn in 2025, up 12.2% YoY, followed by 1Q26 revenue of NT$1.05bn, up 2.8% YoY despite a higher base. Gross margin, operating margin, and net margin all improved YoY, suggesting early margin stabilization. However, earnings leverage remains limited, as the equipment business carries a certain fixed-cost and expense base. We believe the key focus is whether revenue scale, high-end equipment, smart manufacturing, and regional supply-chain opportunities can further improve earnings conversion.

Automotive remains the core base, while ICT/semiconductor and multi-component molding drive upgrades: Automotive components remained FCS's largest application market in 1Q26, accounting for 50.0% of revenue and growing 1.7% YoY. ICT/semiconductor-related applications contributed 23.5% and grew 4.9% YoY, outpacing overall revenue growth, while sports and consumer goods contributed 20.9% and grew 5.4%. Multi-component machines accounted for 60% of revenue, underscoring FCS's strength in higher-end multi-color and multi-material molding. Demand from automotive lightweighting, lighting, AI hardware, wafer boxes, IC trays, networking devices, notebooks, and servers should support continued product mix upgrade.

Vietnam drives regional opportunity: China remained FCS's largest market in 1Q26, accounting for 54.7% of revenue and growing 4.0% YoY, while Taiwan contributed 18.6% and grew 5.3%. Vietnam was the standout market, with revenue rising 110.9% in 2025 and another 20.7% YoY in 1Q26, lifting its contribution to 11.2%. India declined 41.1% YoY and remained in transition. As geopolitics, tariff risks, and dual-supply-chain strategies accelerate regional manufacturing, FCS's production footprint and service network should help capture cross-region replication and equipment replacement demand.

iMF 4.0, low-carbon molding, and UAV-related themes expand solution value: FCS continues to develop iMF 4.0, AI-enabled molding, the SA Series, and MuCell physical foaming to help customers improve utilization, yield, energy efficiency, and material usage. The SA Series targets wafer boxes, IC trays, networking devices, notebooks, and servers, while MuCell and carbon-fiber molding can extend into T2T footwear, aerospace, UAVs, and other lightweight applications. As the market begins to look beyond FCS's traditional machinery identity, higher-end equipment, smart manufacturing, low-carbon molding, and aerospace/UAV-related applications could support a broader valuation framework. The key will be whether these technologies can translate into more visible orders, stronger product mix, and better earnings contribution over time.

1Q26 Earnings Takeaways

Smart Manufacturing Upgrade Opens Re-Rating Potential

FCS's 1Q26 results point to a company still early in its operating leverage cycle. Revenue continued to grow and margins improved YoY, but the absolute earnings base remained modest, reflecting the fixed-cost nature of the equipment business and the need for stronger scale.

We believe the investment case is increasingly shifting beyond near-term EPS. The more important question is whether FCS can convert its strengths in high-end molding, smart manufacturing, low-carbon materials, and regional supply-chain support into a more visible earnings profile over time.

Revenue growth continued, but operating leverage has yet to fully materialize

FCS delivered 2025 revenue of NT$5.08bn, up 12.2% YoY and reaching a record high, supported by steady demand across automotive components, ICT/semiconductor, sports and consumer goods, and infrastructure applications. In 1Q26, revenue reached NT$1.05bn, up 2.8% YoY. Although growth moderated from the full-year 2025 pace, the company still maintained positive growth against a higher comparison base.

From a margin perspective, 1Q26 gross margin improved slightly to 24.6%, compared with 24.4% in the same period last year. Operating margin rose to 0.5% from 0.2%, while net margin improved to 0.5% from 0.2%. In absolute terms, operating profit reached NT$5.5mn, up 158.8% YoY, while consolidated net profit increased 253.8% YoY to NT$5.7mn. Net profit attributable to the parent company rose 48.8% YoY to NT$5.0mn, with EPS improving to NT$0.03 from NT$0.02.

That said, earnings remained at a low absolute level. FCS generated 1Q26 gross profit of NT$259mn, but operating expenses reached NT$253mn, absorbing most of the gross profit and leaving operating margin at only 0.5%. This reflects the nature of the equipment business, where fixed costs and operating expenses require sufficient revenue scale to unlock meaningful operating leverage.

We believe 1Q26 results showed continued revenue growth and early margin improvement, but not yet a full earnings inflection. The next stage will depend on whether FCS can improve product mix, lift high-end equipment contribution, and convert revenue growth into stronger operating leverage.

Automotive remains the core base; ICT/semiconductor supports the upgrade path

Automotive components remained FCS's largest application market in 1Q26, accounting for 50.0% of revenue and growing 1.7% YoY. The company's equipment is used across automotive lighting, PC glazing, interior and exterior parts, dashboards, bumpers, mirrors, wheel covers, and other plastic components. As the automotive industry continues to pursue lightweighting, energy efficiency, and material substitution, demand for plastic injection molding solutions should remain structurally relevant.

FCS also has a notable customer presence in the automotive lighting supply chain. Among the world's top eight automotive lighting suppliers, six are FCS customers, including Koito, Valeo, Marelli, Stanley Electric, Xingyu, and HASCO Vision. Automotive lighting and transparent components require higher molding precision, material stability, multi-material processing capability, and machine reliability, making this a key area where FCS's technical capabilities remain differentiated.

ICT/semiconductor-related applications were the second-largest revenue contributor in 1Q26, accounting for 23.5% of revenue and growing 4.9% YoY, outpacing the company's overall revenue growth. FCS's equipment is used in wafer boxes, IC trays, AI PC/server-related supply chains, networking devices, notebooks, servers, precision electronic components, and imaging products. Its customer base includes Gudeng Precision, Foxconn, Pegatron, ASE Group, Delta Electronics, Shihlin Electric, Panasonic, Cal-Comp Electronics, Qisda, Canon, Luxshare ICT, and Huawei.

We view automotive as FCS's core demand base, while ICT/semiconductor represents the key direction for product upgrade. If demand from AI hardware, servers, semiconductor carriers, and high-precision electronic components continues to increase, FCS's product mix should gradually shift from general injection molding equipment toward higher-precision, multi-component, and smart molding applications.

Multi-component molding, SA Series, and MuCell support differentiation
By product mix, multi-component machines accounted for 60% of 1Q26 revenue, while single-color machines contributed 31%. Multi-component machines allow multi-color, multi-material, or heterogeneous material molding within the same process, and are used across automotive, semiconductor, ICT, medical, cosmetics packaging, sports, and consumer goods applications. FCS's multi-component machines cover a clamping force range of 100 to 3,500 tons, including the HB-3500R ultra-large horizontal rotary table two-shot injection molding machine, targeting large-scale applications such as alternative energy vehicles and automated warehousing systems.

The SA Series, which received the Taiwan Excellence Award, is positioned around AI-enabled molding and is mainly used for wafer boxes, IC trays, networking devices, notebooks, and servers. This product line highlights FCS's efforts to combine traditional injection molding equipment with AI-enabled process control, high-precision electronic components, and semiconductor-related applications.

In low-carbon materials, MuCell physical foaming is one of FCS's key differentiated technologies. MuCell is a lightweight and low-carbon molding system applicable to 60- to 4,000-ton injection molding machines, with applications including T2T sports footwear and aerospace materials. It can also extend into automotive, consumer goods, and other industries that require weight reduction and material savings. Compared with conventional chemical foaming, MuCell physical foaming can help customers reduce material usage and lower carbon emissions through lightweight molding.

FCS has also accumulated process capabilities in carbon-fiber injection molding. The company has noted that UAVs, flying vehicles, and other high-end lightweight applications require higher material strength, weight control, and molding consistency, areas that are aligned with FCS's carbon-fiber molding and smart molding capabilities. While these applications have not yet become a clearly disclosed revenue driver, they help broaden investor recognition of FCS's high-end material molding capabilities.

We believe these higher-end molding technologies are the key areas for investors to revisit within FCS's product portfolio. Continued penetration into automotive, ICT/semiconductor, sports, aerospace, and other precision applications would support better product mix quality and reduce reliance on price competition in standard equipment.

Vietnam stands out as supply chains become more regionalized
By region, China remained FCS's largest market in 1Q26, accounting for 54.7% of revenue and growing 4.0% YoY. Although the China market remains highly competitive and the macro environment is still challenging, China remains a major manufacturing base and end market, with continued equipment demand

from automotive components, ICT, semiconductor, consumer goods, and industrial applications.

Taiwan accounted for 18.6% of 1Q26 revenue and grew 5.3% YoY, supported by semiconductor-related equipment, smart production-line planning, sustainable-material molding equipment, and all-electric injection molding machines. Beyond serving local customers, FCS's Taiwan operations also play an important role in supporting higher-end applications and overseas market development.

Vietnam was the most notable growth market. Revenue from Vietnam grew 110.9% YoY in 2025 and continued to increase 20.7% YoY in 1Q26, lifting its revenue contribution to 11.2%. The strong performance reflects global supply-chain relocation, expanding electronics and sports goods manufacturing capacity, and FCS's local service presence. In contrast, India accounted for only 3.0% of 1Q26 revenue and declined 41.1% YoY, suggesting that the market remains in a transition phase as product positioning and local supply-chain development continue to adjust.

We believe FCS's regional profile is becoming more differentiated: China remains the core base, Vietnam is the most visible growth market, and India still represents a longer-term option despite near-term volatility. As customers shift toward regionalized production and dual-supply-chain strategies, FCS's production footprint and service network should help capture demand from capacity replication, equipment replacement, and localized support.

iMF 4.0 and AI-enabled molding expand solution value

In smart manufacturing, FCS continues to develop its iMF 4.0 smart factory system and AI-enabled molding solutions to help customers improve production visibility, process stability, quality control, and service efficiency. The system integrates molding parameters, quality monitoring, peripheral equipment, remote support, and data-driven optimization, turning injection molding machines into connected production-line assets.

For customers, equipment procurement is only one part of production-line investment. Reducing defect rates, minimizing downtime, optimizing process parameters, cutting material waste, and improving energy efficiency are increasingly important to overall investment returns. This makes FCS's process know-how and smart manufacturing capabilities more relevant as customers pursue higher precision and more automated production.

FCS's positioning in smart manufacturing is not simply to provide standardized software. Rather, the company combines equipment, process know-how, and consulting capabilities to support customers' manufacturing upgrades. This becomes increasingly relevant as AI hardware, high-precision electronic components, and semiconductor-related applications require higher stability, data-driven management, and remote collaboration.

We believe iMF 4.0 can become an important tool for FCS to strengthen customer stickiness and equipment selection advantages. If the company can gradually turn smart manufacturing solutions from a supporting feature into a more clearly defined business model, it could enhance customer value and reinforce FCS's role in high-end manufacturing supply chains.

From equipment supplier to regional smart manufacturing platform

Overall, FCS is entering a structural upgrade phase after reaching record revenue scale in 2025. In the near term, investors will likely focus on whether 1Q26 margin improvement can continue, whether China demand remains stable, whether Vietnam's growth momentum is sustainable, and when India's market transition may stabilize. Given the still-low absolute earnings base, FCS needs to demonstrate that revenue growth can translate into stronger profit growth through better product mix, expense efficiency, and higher-end equipment contribution.

From a medium-term perspective, we believe FCS has four key growth drivers. First, automotive lightweighting, high-end lighting, and multi-material molding should continue to support its core automotive equipment demand. Second, AI hardware, ICT, and semiconductor supply chains are raising the required specifications for precision injection molding equipment. Third, supply-chain diversification and localized production should create additional equipment demand across Vietnam, India, and other regional markets. Fourth, MuCell, the SA Series, carbon-fiber injection molding, and iMF 4.0 should strengthen FCS's product differentiation and solution value.

On financial structure, 1Q26 book value per share increased to NT$15.9, while the current ratio and quick ratio improved YoY, suggesting better balance-sheet indicators. However, given the longer operating cycle of the equipment business, inventory, receivables, and order-to-shipment timing can still affect short-term cash flow. The key monitor going forward is whether revenue growth and margin improvement can translate into more stable operating cash flow.

We believe FCS has the potential to gradually reposition from a traditional injection molding equipment supplier into a regional smart manufacturing platform, supported by cross-regional production bases, direct service locations, smart manufacturing capabilities, and high-end material molding technologies. If the company can raise its exposure to higher-end applications and convert these capabilities into visible orders and earnings contribution, its valuation framework could gradually shift from a cyclical machinery supplier toward a smart equipment platform benefiting from supply-chain restructuring and advanced manufacturing upgrades.

Income Statement

NT$mn	2022	2023	2024	2025
Net Sales	4,605	3,861	4,529	5,083
COGS	3,374	2,848	3,369	3,795
Realized profit (loss) from sales	0	0	0	0
Gross Profit	1,231	1,013	1,160	1,287
Selling Expenses	611	591	606	661
G&A Expenses	219	245	295	310
R&D Expenses	115	103	120	133
Other Operating Expenses	28	35	20	-21
Operating Profit	258	38	121	205
EBITDA	362	165	275	354
Net Interest Income (Expenses)	-14	-27	-45	-38
Other, Net	26	42	31	41
EBT Excl. Unusual Items	269	54	107	207
Gain (Loss) on Sales of Investments	1	13	12	2
Gain (Loss) on Sale of Assets	-1	-3	1	1
Gain (Loss) on FX	-15	-6	13	-35
Other Unusual Items, Total	0	0	0	0
EBT Incl. Unusual Items	254	58	132	176
Income Tax Expense	84	35	60	66
Earnings from Cont. Ops.	170	23	72	110
Discontinued Operations	0	0	0	0
Net Income to Company	170	23	72	110
Minority Interest	11	3	-7	9
Net Income to Parent	159	21	79	100
EPS (NT$)	1.02	0.13	0.50	0.61

Source: Company Data, TEJ TruePulse Equity Research

Statement of Cashflow

NT$mn	2022	2023	2024	2025
Net Income	159	21	79	100
Minority Interest	11	3	-7	9
D & A, Total	104	127	154	150
Amortization of Deferred Charges	0	0	0	0
Change in Net Operating Assets	-406	87	-94	-252
Other Non-Cash Items, Total	82	25	63	-14
Other Non-Cash Items, Total (incl. minority profit)	92	28	56	-5
Cash Flow-Operating	-51	263	195	-7
Capital Expenditure	-401	-494	-175	-108
Sales of PP&E	4	6	12	31
Other Investing Activities	175	-40	181	45
Cash Flow-Investment	-223	-527	18	-33
Issue/(Retire) of Debt	467	114	45	301
Bank Revolver Draw/(Paydown)	-15	-269	-17	388
LT Debt (Paydown)	483	383	62	-87
Issue/(Retire) of Common Equity	12	0	-30	6
Issue/(Retire) of Preferred Equity	0	0	0	0
Cash dividends paid	-45	-46	-24	-49
Other Financing Activities	6	-7	-5	-2
Increase (decrease) in Minority	0	0	0	0
Cash Flow-Financing	440	62	-14	255
Foreign Exchange Effects	-4	-4	-12	13
Change in Cash Flow	162	-207	187	228
Beginning Cash	534	696	489	676
Ending Cash	696	489	676	904

Source: Company Data, TEJ, TruePulse Equity Research

Balance Sheet

NT$mn	2022	2023	2024	2025
Cash & Equivalent	696	489	676	904
Trading Asset Securities	0	0	0	0
Short-Term Investment	229	270	99	56
AR & NR	1,687	1,582	1,818	1,990
Inventories	1,424	1,590	1,815	1,967
Prepaid Expenses	2	54	28	240
Other Current Assets	205	260	222	322
Total Current Assets	4,244	4,245	4,658	5,478
Long-term Investment	440	441	453	475
Total property plant and equipment	1,969	2,297	2,343	2,288
Goodwill	69	71	80	83
Other intangibles	0	0	0	0
Other Non-Current Assets	282	231	177	184
Total Assets	7,003	7,285	7,710	8,509
AP & NP	619	1,016	999	1,045
Accrued Expenses	426	379	409	432
Other Current Liabilities	190	192	272	557
Total Current Liabilities (excl. ST Debt)	1,235	1,588	1,680	2,034
Working Capital Revolver (ST Debt)	954	529	1,480	1,150
Total Debt (excl. Working Capital Revolver+incl. LT Debt within 1 yr)	1,768	2,205	1,357	2,002
Other Liabilities	594	582	573	568
Total Liabilities	4,551	4,903	5,090	5,754
Total Common Equity				
Common Stock	2,281	2,217	2,443	2,569
Capital Reserve	1,524	1,570	1,655	1,674
Retained Earnings	19	19	80	68
Other Adjusted Items	825	754	796	870
Total Preferred Equity	-87	-126	-88	-44
Minority Interest	0	0	0	0
Total Equity	171	164	177	186

Source: Company Data, TEJ TruePulse Equity Research

Financial Ratios

NT$mn / % / Days	2022	2023	2024	2025
Margins				
Gross margin	26.7%	26.2%	25.6%	25.3%
Op expense ratio	21.1%	25.2%	23.0%	21.3%
Operating margin	5.6%	1.0%	2.7%	4.0%
EBITDA margin	7.9%	4.3%	6.1%	7.0%
Pretax margin	5.5%	1.5%	2.9%	3.5%
Net margin	3.5%	0.5%	1.7%	2.0%
Balance sheet ratios				
Receivables	1,687	1,582	1,818	1,990
Inventory	1,424	1,590	1,815	1,967
Payables	619	1,016	999	1,045
Net working capital	2,492	2,156	2,634	2,912
Receivable days	124.6	154.5	137.0	136.7
Inventory days	159.7	193.1	184.4	181.9
Payable days	76.0	104.8	109.1	98.3
Cash conversion cycle	208.3	242.9	212.3	220.3
Liquidity ratios				
Operating cash flow	-51	263	195	-7
Capex	-401	-494	-175	-108
Free cash flow	-452	-231	20	-116
Cash & Cash equivalent	696	489	676	904
Gross debt	2,722	2,734	2,837	3,152
Net debt	1,797	1,974	2,061	2,192
Gross debt/equity	111%	115%	108%	114%
Net Debt/Equity	73%	83%	79%	80%
Liabilities/Equity	186%	206%	194%	209%
Liabilities/Assets	65%	67%	66%	68%
Return ratios				
ROAE	7.3%	0.9%	3.4%	4.0%
ROAA	2.3%	0.3%	1.1%	1.2%

Source: Company Data, TEJ TruePulse Equity Research

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