

Financial Analysis

Current ratio, quick ratio and cash flow ratio all decreased in 2017 compared to 2016, due to the rise in short-term borrowings and the increase in current portion of long-term debts.

Consolidated financial analysis (2013-2017)

		2013	2014	2015	2016	2017
Financial structure	Liabilities to assets ratio (%)	57.70	56.69	58.17	56.28	57.60
	Long-term fund to PP&E ratio (%)	182.99	199.33	192.85	253.36	221.53
Solvency	Current ratio (%)	50.33	61.41	57.70	89.87	57.28
	Quick ratio (%)	42.98	54.49	49.88	77.88	48.71
	Interest coverage ratio (%)	4,911.23	3,219.10	2,585.36	2,949.77	2,883.04
Operations	Accounts receivable turnover (x)	6.14	5.66	5.57	5.55	5.85
	Average collection days	59.44	64.48	65.52	65.76	62.39
	Inventory turnover (x)	12.00	12.19	12.46	11.08	11.58
	Accounts payable turnover (x)	9.53	10.03	11.11	11.45	10.57
	Average days sales	30.41	29.94	29.29	32.94	31.51
	Property, plant and equipment turnover (x)	2.54	2.51	2.46	2.60	2.79
	Total asset turnover (x)	0.79	0.77	0.75	0.76	0.77
Profitability	Return on assets (%)	13.53	11.00	10.84	10.72	10.12
	Return on equity attributable to owners of the parent (%)	27.34	25.51	26.19	25.54	23.64
	Pre-tax income as a % of paid-in capital	55.89	54.87	53.10	56.10	51.54
	Net income margin (%)	14.49	13.79	13.92	13.66	12.76
	EPS (NT\$)	5.79	5.56	5.76	5.63	5.21
Cash flow	Cash flow ratio (%)	42.37	53.00	43.57	83.45	53.68
	Cash flow adequacy ratio (%)	111.11	106.30	99.96	99.82	100.84
	Cash reinvestment rate (%)	6.18	7.50	5.43	8.79	7.79
Leverage	Operating leverage	2.13	2.66	2.84	2.74	2.79
	Financial leverage	1.02	1.03	1.04	1.03	1.03
Others ¹	EBITDA (NT\$'000)	31,003,599	31,295,941	32,284,941	33,871,581	32,781,898
	EBITDA margin (%)	28.60	27.79	27.80	29.04	27.98

Stand-alone financial analysis (2013-2017)

		2013	2014	2015	2016	2017
Financial structure	Liabilities to assets ratio (%)	57.20	57.15	58.32	56.42	57.70
	Long-term fund to PP&E ratio (%)	265.54	270.52	258.53	375.18	357.74
Solvency	Current ratio (%)	34.63	28.64	33.19	60.90	39.66
	Quick ratio (%)	29.92	24.32	25.78	50.07	33.15
	Interest coverage ratio (%)	3,835.17	2,726.79	2,426.13	2,887.46	2,716.04
Operations	Accounts receivable turnover (x)	5.10	5.38	5.58	4.56	3.97
	Average collection days	71.56	67.84	65.41	80.04	91.93
	Inventory turnover (x)	11.13	11.42	8.34	6.07	6.19
	Accounts payable turnover (x)	11.46	12.34	13.52	14.38	13.32
	Average days sales	32.79	31.96	43.76	60.13	58.96
	Property, plant and equipment turnover (x)	2.69	2.67	2.58	2.69	2.87
	Total asset turnover (x)	0.59	0.59	0.59	0.57	0.53
Profitability	Return on assets (%)	13.71	11.28	11.49	11.26	10.51
	Return on equity (%)	27.34	25.51	26.19	25.54	23.64
	Pre-tax income as a % of paid-in capital	48.49	46.02	49.01	51.95	46.09
	Net profit margin (%)	19.74	18.38	18.74	19.02	19.28
	EPS (NT\$)	5.79	5.56	5.76	5.63	5.21
Cash flow	Cash flow ratio (%)	21.31	32.37	28.39	60.67	38.65
	Cash flow adequacy ratio (%)	103.57	89.23	77.55	74.13	76.51
	Cash reinvestment rate (%)	-	1.25	0.75	4.26	3.45
Leverage	Operating leverage	2.64	5.89	3.28	2.93	3.38
	Financial leverage	1.06	1.12	1.06	1.04	1.05

1: The financial data for 2014 and 2013 do not include discontinued operations.

Formulas for the above tables:

Financial structure

- (1) Debt to asset ratio = Total liabilities / Total assets
- (2) Long-term fund to PP&E ratio = (Shareholders' equity + Long-term liabilities) / Net PP&E

Solvency

- (1) Current ratio = Current assets / Current liabilities
- (2) Quick ratio = (Current assets – Inventory – Prepaid expenses) / Current liabilities
- (3) Interest coverage ratio = Income before interest and taxes / Interest expense

Operations

- (1) Accounts receivable turnover = Net revenue / Average accounts receivable
- (2) Average collection days = 365 / AR turnover
- (3) Inventory turnover = COGS / Average inventory
- (4) Accounts payable turnover = COGS / Average accounts payable
- (5) Average days sales = 365 / Inventory turnover
- (6) PP&E turnover = Net revenue / Average net PP&E
- (7) Total asset turnover = Net revenue / Average total assets

Profitability

- (1) Return on assets = [Net income + Interest expense x (1 – Tax rate)] / Average assets
- (2) Return on equity = Net income / Average equity
- (3) Net income margin = Net income / Net sales
- (4) EPS = (Net income – Preferred stock dividends) / Weighted average outstanding shares

Cash flow

- (1) Cash flow ratio = Cash flow from operating activities / Current liabilities
- (2) Cash flow adequacy ratio = Net cash flow from operating activities for the past 5 years / (Capital expenditure + Increases in inventory + Cash dividends for the past 5 years)
(Note: 2009-2011 numbers were calculated based on ROC GAAP)
- (3) Cash reinvestment rate = (Cash flow from operating activities – Cash dividends) / (Gross PP&E + Long-term investments + Other assets + Working capital)
(Note: Use zero if working capital value is negative)

Leverage

- (1) Operating leverage = (Net revenue – Variable operating costs and expenses) / Operating income
- (2) Financial leverage = Operating income / (Operating income – Interest expense)

Others

- (1) EBITDA = Operating income + Depreciation + Amortization
- (2) EBITDA margin = EBITDA / Net revenue