



Sales in China are driving growth at SEYI. Claire Kuo, Chairman and CEO of SEYI, is positioning the company to exploit Chinese automotive market potential next....

AN EYE ON THE FUTURE

Founded in 1962, SEYI (Shieh Yih Machinery) in Taiwan has established a strong position in the press building industry over the past 48 years. SEYI manufactures mechanical presses, ranging in size from 25 to 2400 tons, at facilities in Taiwan and the People's Republic of China. SEYI operates a 12,500 square metre facility at its original location in Taoyuan, Taiwan with 250 employees and has an additional 250 employees in China.

In 2003, the company began production in China at an 11,000 square metre facility located in Kunshan, Jiangsu Province. Combined production capacity at the Taoyuan and Kunshan plants approaches 4,000 presses annually. Construction of a second 11,000 square metre facility in Kunshan was

completed in 2009 and production at the new plant began in 2010. The new Kunshan facility will manufacture up to 300 presses annually, ranging in size from 300 to 4,000 tons. Products have been sold to customers in



Claire Kuo, Chairman and CEO of SEYI

ISMR SAYS:
"SEYI's experience in China has prompted it to look at partnering with western manufacturers looking to establish a market presence in China through a Taiwanese partner"

over 40 countries, and SEYI is a supplier to companies in China, India, South East Asia and the Americas. It has won numerous quality awards from around the world. The company completed an initial public offering of its common stock in 2002 and is traded on the Taiwanese OTC (4533 TT) market.

2010 GROWTH PROSPECTS

SEYI's sales and earnings were adversely impacted by the global economic downturn in 2009, putting an end to the company's string of nine consecutive years of profitability. However, strong growth in China's market continues to lead SEYI's 2010 recovery. Continuing the trend established late last year, China sales have increased more than threefold through May, and total sales have doubled during the first five months of 2010.

Discussing SEYI's prospects for the current year, Claire Kuo, Chairman and CEO of SEYI, told ISMR, "SEYI will benefit from strong sales growth, improved margins and a stronger balance sheet in 2010. Our sales



SEYI's headquarters and factory in Taiwan

will be in excess of US\$ 100 million this year. The company is well positioned in China which is driving growth, while improved pricing and lower costs due to actions taken during 2009 are already leading to increased operating margins."

In 2010, SEYI will also benefit from the start of production at its second manufacturing facility in China, which is targeted to build larger, higher-margin presses for the country's rapidly growing automotive industry. In 2010, approximately 17 million vehicles will be produced in China. Claire Kuo expects SEYI sales in 2011 to grow again by half as the global market gradually recovers.

China's economy grew by 10.7% in last year's final quarter, and is expected to grow by a further 10% in 2010.

SEYI presses are used by a broad base of manufacturers. Approximately 65% of SEYI sales are made to manufacturers of computers, communication equipment and consumer electronics, with the balance being

sold to automotive and appliance customers. "We are currently doing very well in the Asian region – as well as China— and have seen strong sales in countries such as Malaysia and Thailand this year. We also see good growth patterns in Brazil," she explained.

"Around 60% of our turnover is from the Chinese market and the remainder is from the domestic Taiwanese market and our overseas markets (Brazil, South East Asia etc.)."

SEYI's expertise in the Chinese region has prompted Kuo to extend a helping hand to western manufacturers looking to establish a market presence in China through a Taiwanese partner. The company is in the final stages of negotiation with a technology partner to position itself to more effectively serve China's automotive industry.

"We know the Chinese market very well," she told

“The new Kunshan facility will manufacture up to 300 presses annually, ranging in size from 300 to 4,000 tons”

ISMR. "We speak the same language, we know the people and we have a strong sales and service distribution capability in China. We would be willing to ally with European manufacturers of press or ancillary equipment, automation etc. that are looking to establish a 'safe' presence in China through a Taiwanese partner. This could be a joint venture or a partnering arrangement."

SEYI's Board of Directors was restructured recently to improve efficiency and strengthened with the addition of a new Director and a new Board Supervisor.



Below: SEYI's presses are suitable for blanking and progressive die tooling



Below: SEYI's press production lines in China

PRODUCTS AND TECHNOLOGIES

SEYI presses are suitable for both blanking and progressive die tooling. SEYI also provides ancillary equipment to support and coordinate customers' stamping needs. Press products include servo presses, single/double crank presses, straight side presses, high speed presses and a variety of press ancillaries.

SEYI's strategic relationships with Japanese press maker Amino, H & F (Hitachi Zosen Fukui Corp.) & LEM to develop hydraulic, straight side and precision high speed presses add to SEYI's technical abilities. >>



Above: Artist's rendition of all completed buildings and factory at SEYI's Kunshan location in China in 2011

Top right: SEYI's factory in Kunshan, China

“SEYI will benefit from strong sales growth, improved margins and a stronger balance sheet in 2010”

“We will continue to develop the servo technology on our presses this year,” Claire Kuo told ISMR. “In fact, we will announce new servo technology developments at the next TIMTOS exhibition in Taiwan in March 2011. Asia is still very much a volume market using a lot of traditional mechanical presses, but customers there are starting to look seriously at servo technology now.”

“We have seen more of a rise in metal fabrication, as opposed to metal forming, over the last year or so and our customers are becoming more interested in software to improve the efficiency of their press operations.”

The company has placed an emphasis on features such as high forming ability, productivity and safety levels on its presses. In keeping with the increasing move towards environmentally-friendly technologies, it has also examined issues such as energy savings to incorporate into its product line.

At the TIMTOS machine tool exhibition in Taiwan last year, it launched its latest single crank and double crank straight side servo presses equipped with tooling and ancillary equipment.



Above: Press production in Taiwan

SEYI launched its TOC (Theory of Constraints) concept for machine working operations by determining the main cause of bottlenecks and applying the TOC technical concept to handle stock and production control systems, thus ensuring smooth product planning and delivery cycles. This was in response to a machine tool development programme, launched by the Taiwanese Ministry of Economic Affairs' Industrial Division, to improve the competitiveness of Taiwanese manufacturers.

It implemented the programme at EMO last year and the concept will also be used



Below: Presses manufactured at SEYI's China facility

by other Taiwanese manufacturers. The second stage of the TOC programme will focus on production, supply and marketing control planning to improve production capability and accomplish 75% effectiveness in meeting delivery times within 30 days of accepting an order. These form part of SEYI's basic sales target principles.

Claire Kuo has not ruled out the possibility of a third manufacturing facility in China next year.....

“In the coming three years, SEYI will have many strategic alternatives to expand its business, building upon the strong momentum that is being established in 2010. I am very pleased with the way in which the Board has been re-configured and am optimistic about SEYI's future prospects as the global market slowly recovers,” she told ISMR. **ISMR**