ITEQ

Your Partner of
Advanced Materials & Mass Lam Service

ITEQ Corporation

Company Presentation

Disclaimer Statement

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- This presentation and release contain “forward-looking statements” which may include projections of future results of operations, financial condition or business prospects based on our own information and other sources.
- Our actual results of operations, financial condition or business prospects may differ from those expressed or implied in these forward-looking statements for a variety of reasons, including but not limited to market demand, price fluctuations, competition, international economic conditions, supply chain issues, exchange rate fluctuations and other risks and factors beyond our control.
- The forward-looking statements in this release reflect the current belief of ITEQ as of the date of this release. ITEQ undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.

Company Overview

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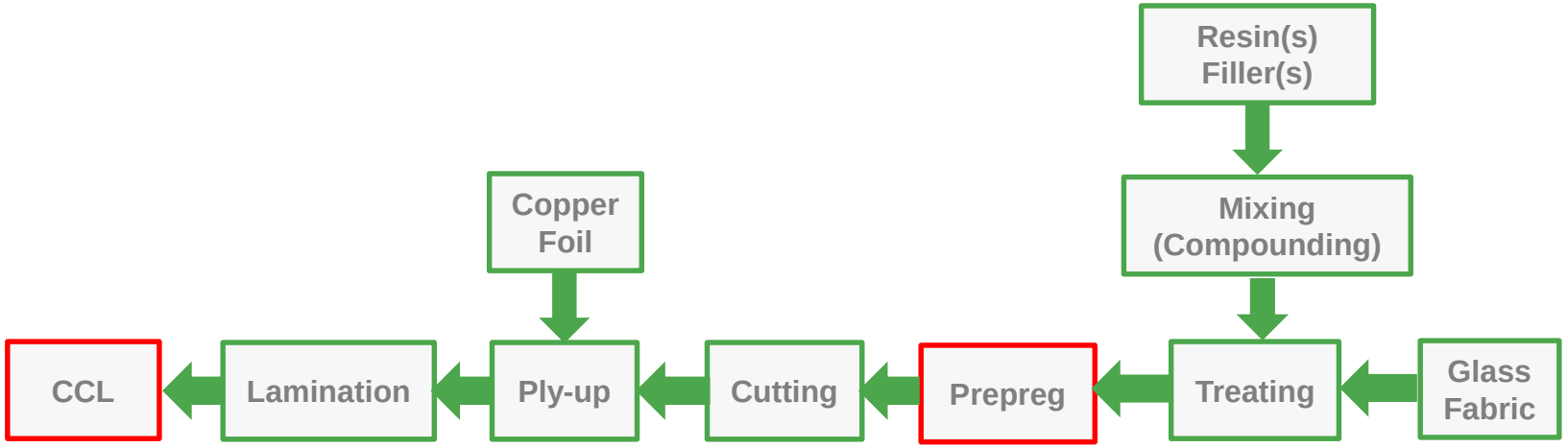
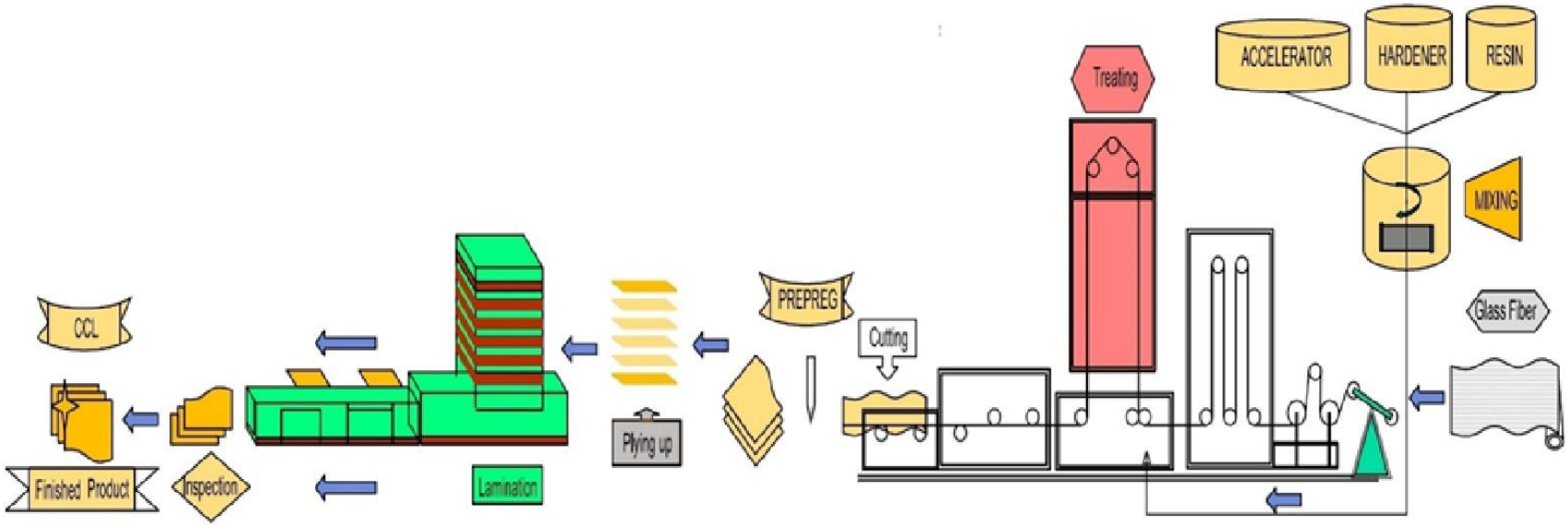
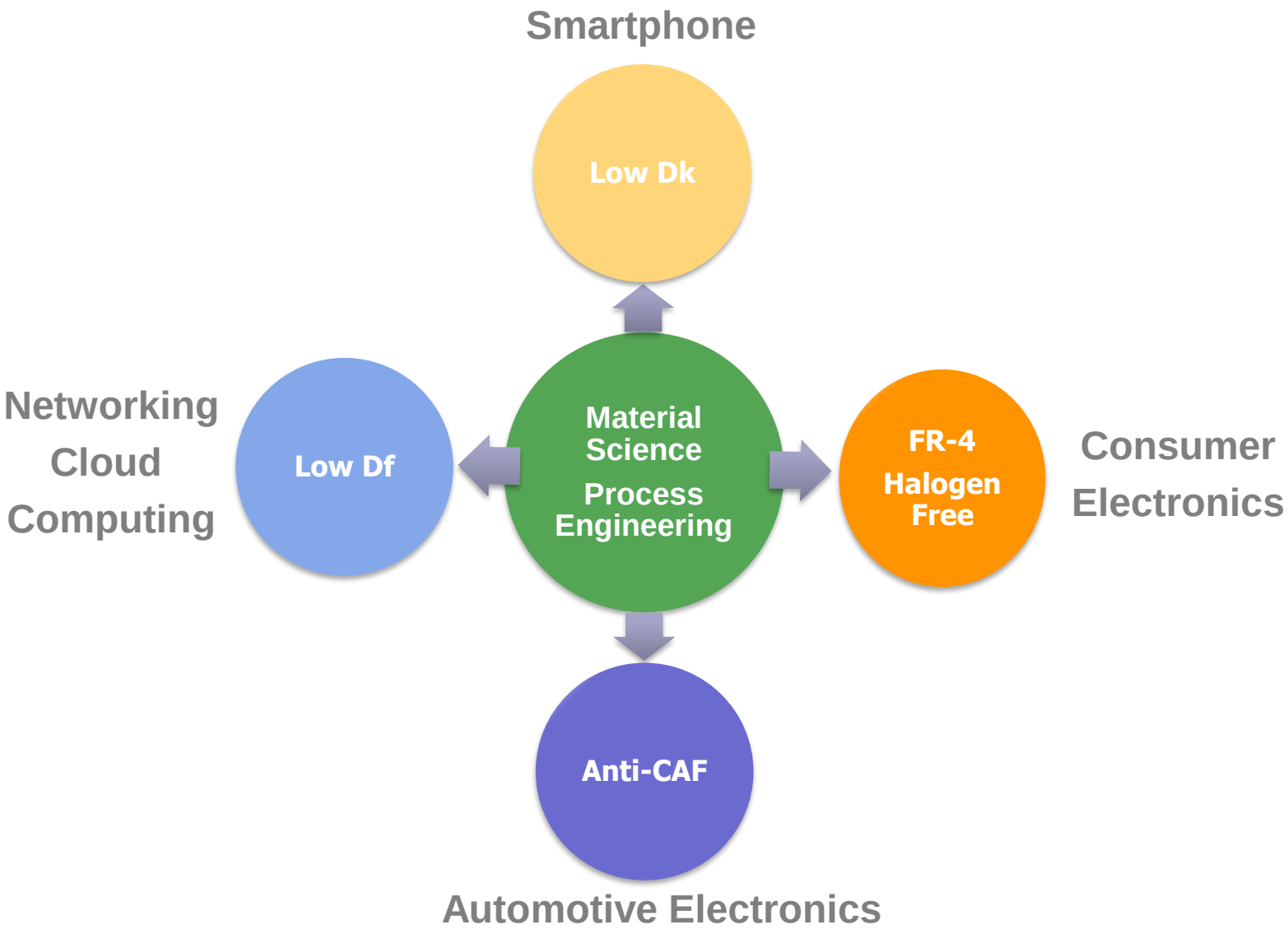
- Establishment : April 10th, 1997
- Headquarter : Hsin Pu, Taiwan
- Capital : US$ 110 millions
- Employees : 2,906
- Chairman : Mr. John Tsai
- CEO : Mrs. Audrey Tsai
- Products : - Copper Clad Laminate & Prepreg
  - Masslam service (4~16L / 2+N+2 HDI)
  - Flexible CCL
  - Metal CCL

CCL & Prepreg Manufacturing Flow





Core Technology



Material Development

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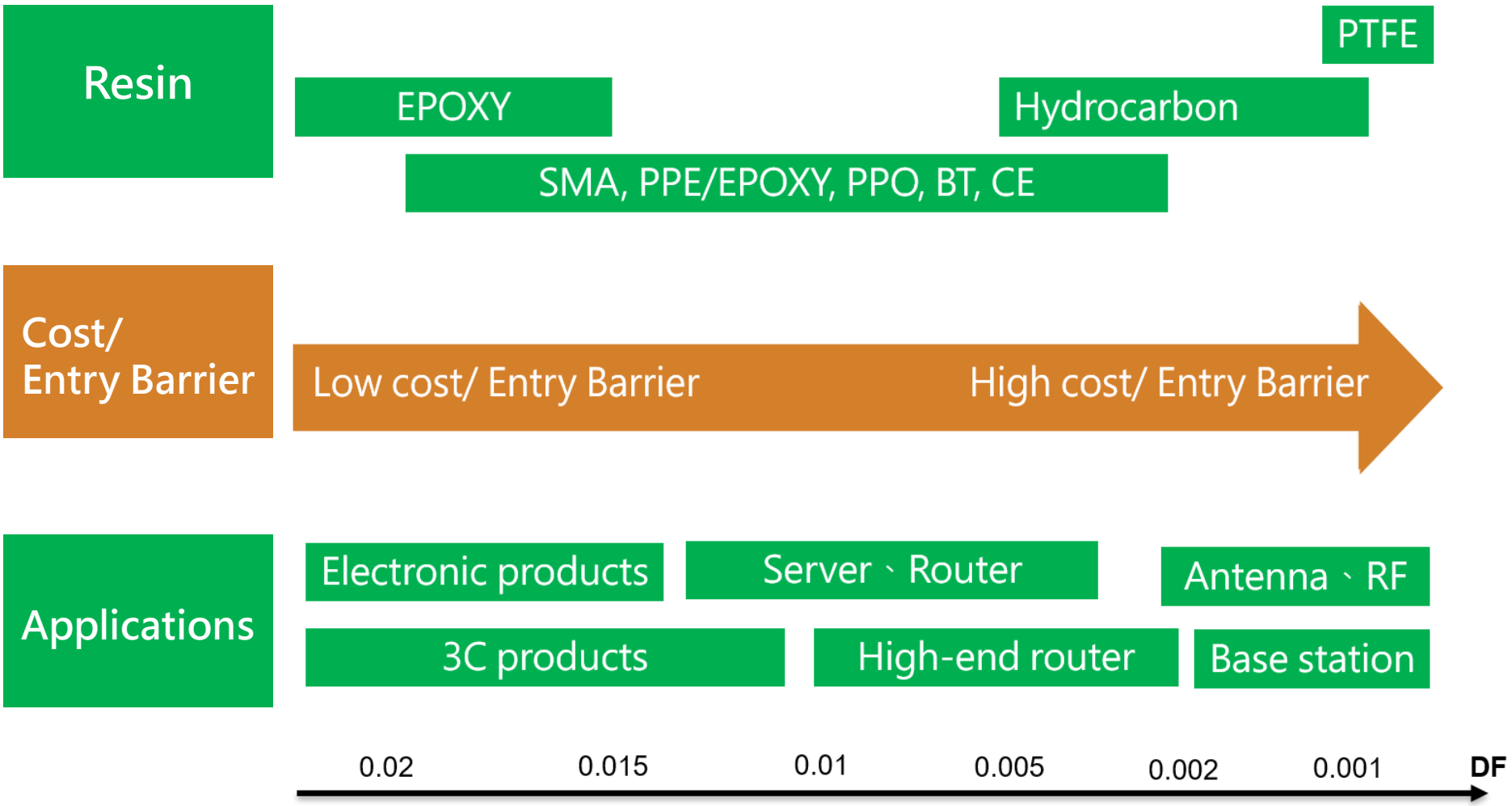

Product Line

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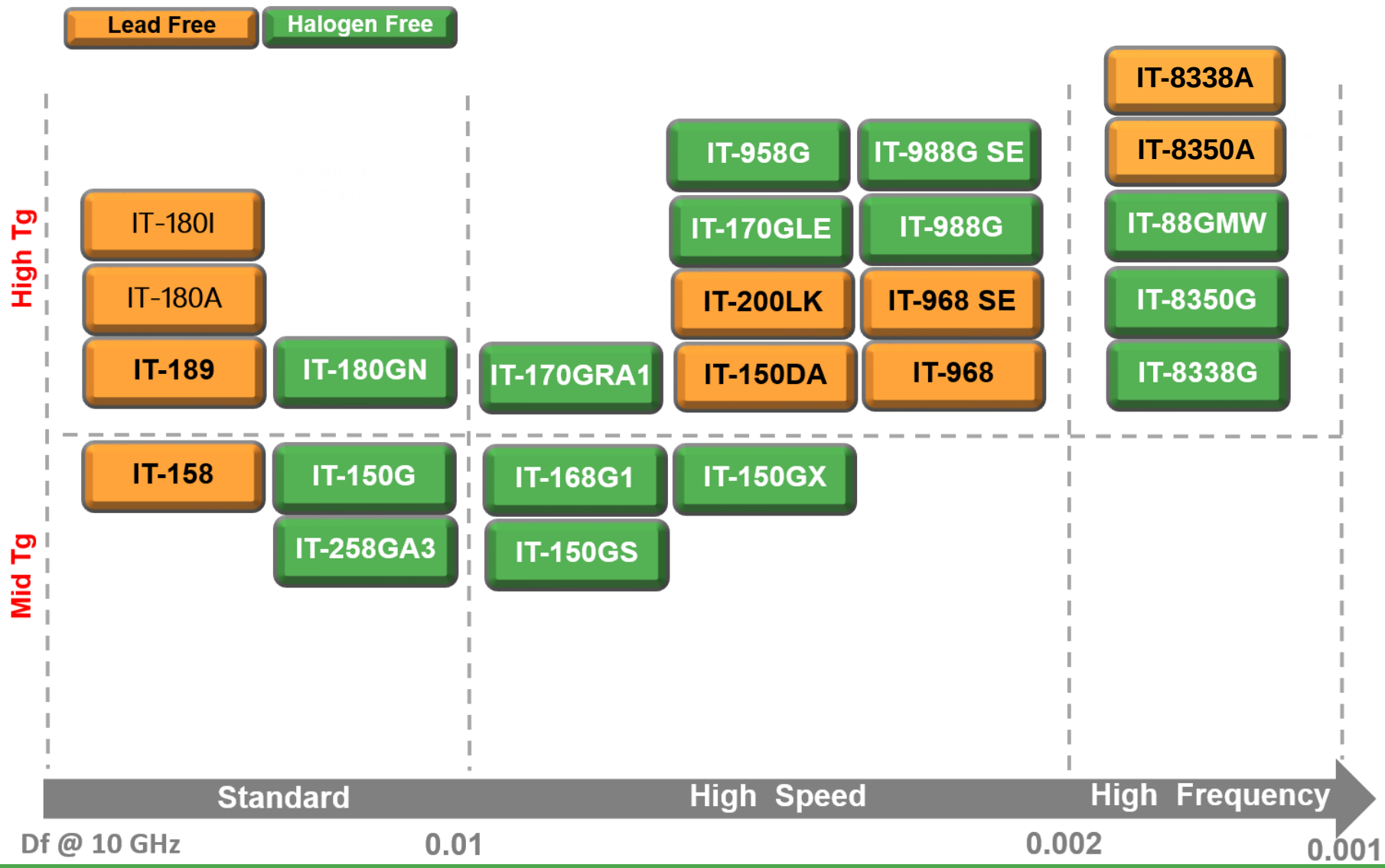

New Production Site - JiangXi

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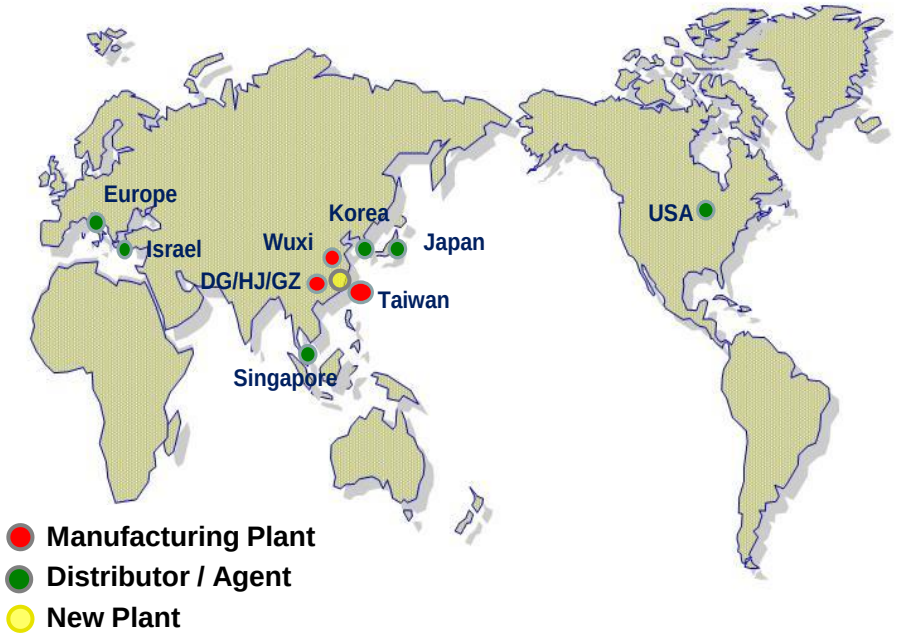
Wuxi
Laminate : 1,800 K sheets
Prepreg : 8,500 K meters

Hsin Pu(Taiwan)
Laminate : 450 K sheets
Prepreg : 1,800 K meters

Dong Guan
Laminate : 1,000 K sheets
Prepreg : 4,500 K meters

Guang Zhou(Flexible CCL)
3 Layer FCCL : 750 K SQM
2 Layer FCCL : 140 K SQM

Huang Jiang
Mass lam : 500 K SQFT



JiangXi (First stage)
Laminate : 600 K sheets
Prepreg : 4,500 K meters
Investment : 2.1 Billion NTD
Mass Production : 3Q, 2019

Revenue & Gross Margin Rate

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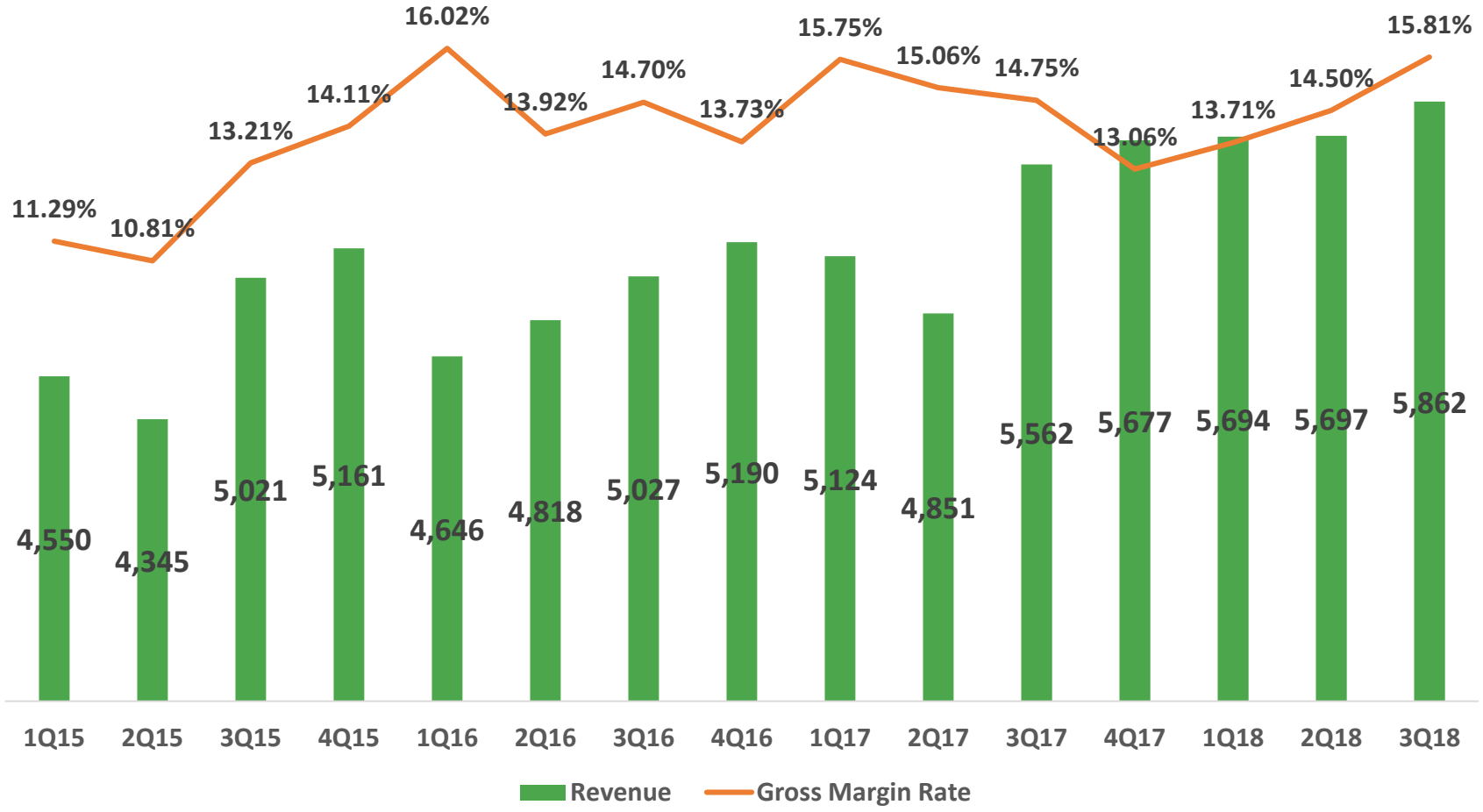
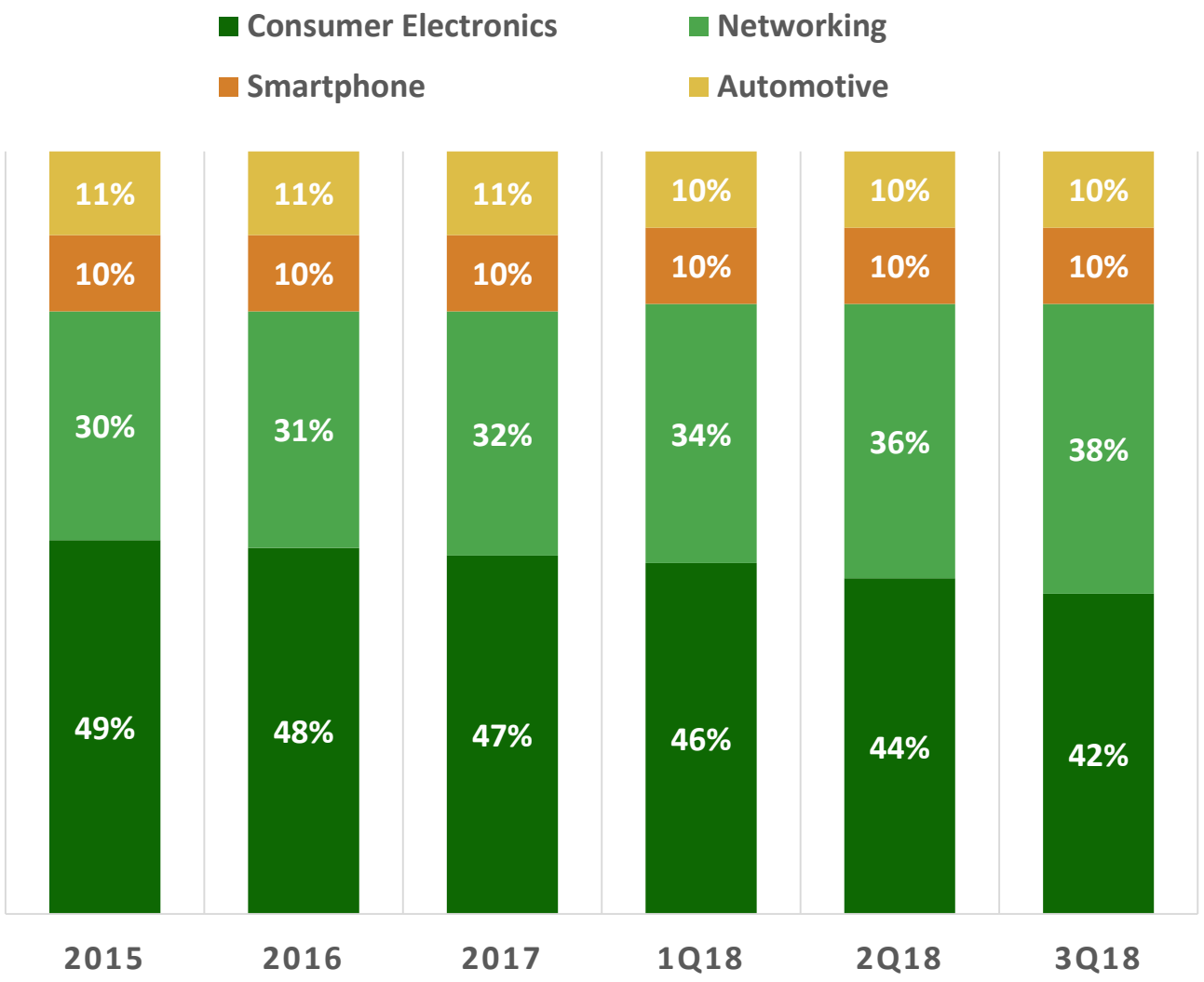
(Million NTD)



Product Mix


Consumer Electronics
Networking
Smartphone
Automotive
11%
10%
30%
49%
11%
10%
31%
48%
11%
10%
32%
47%
10%
10%
34%
46%
10%
10%
36%
44%
10%
10%
38%
42%
2015
2016
2017
1Q18
2Q18
3Q18

QoQ Change

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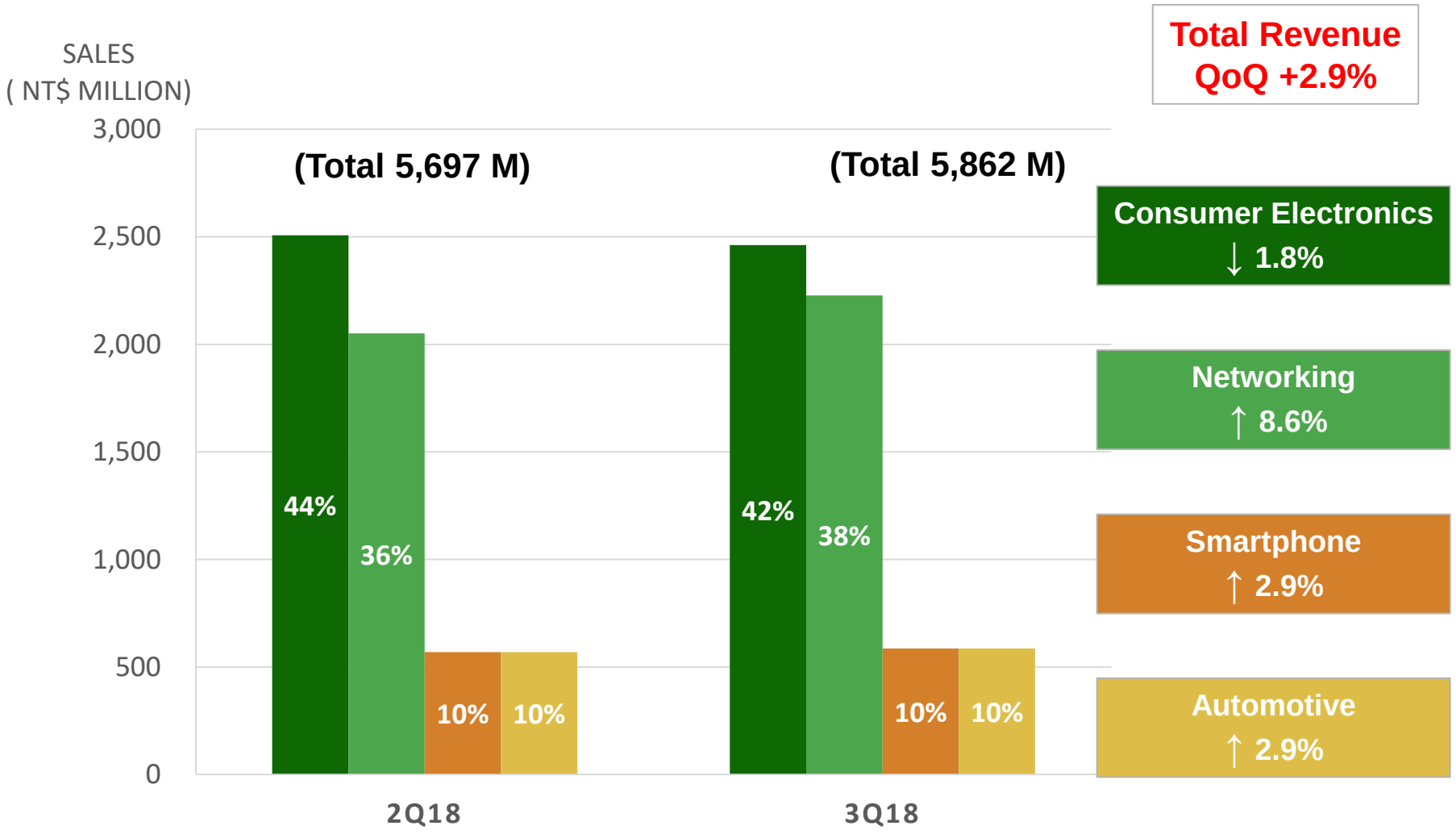

YoY Change

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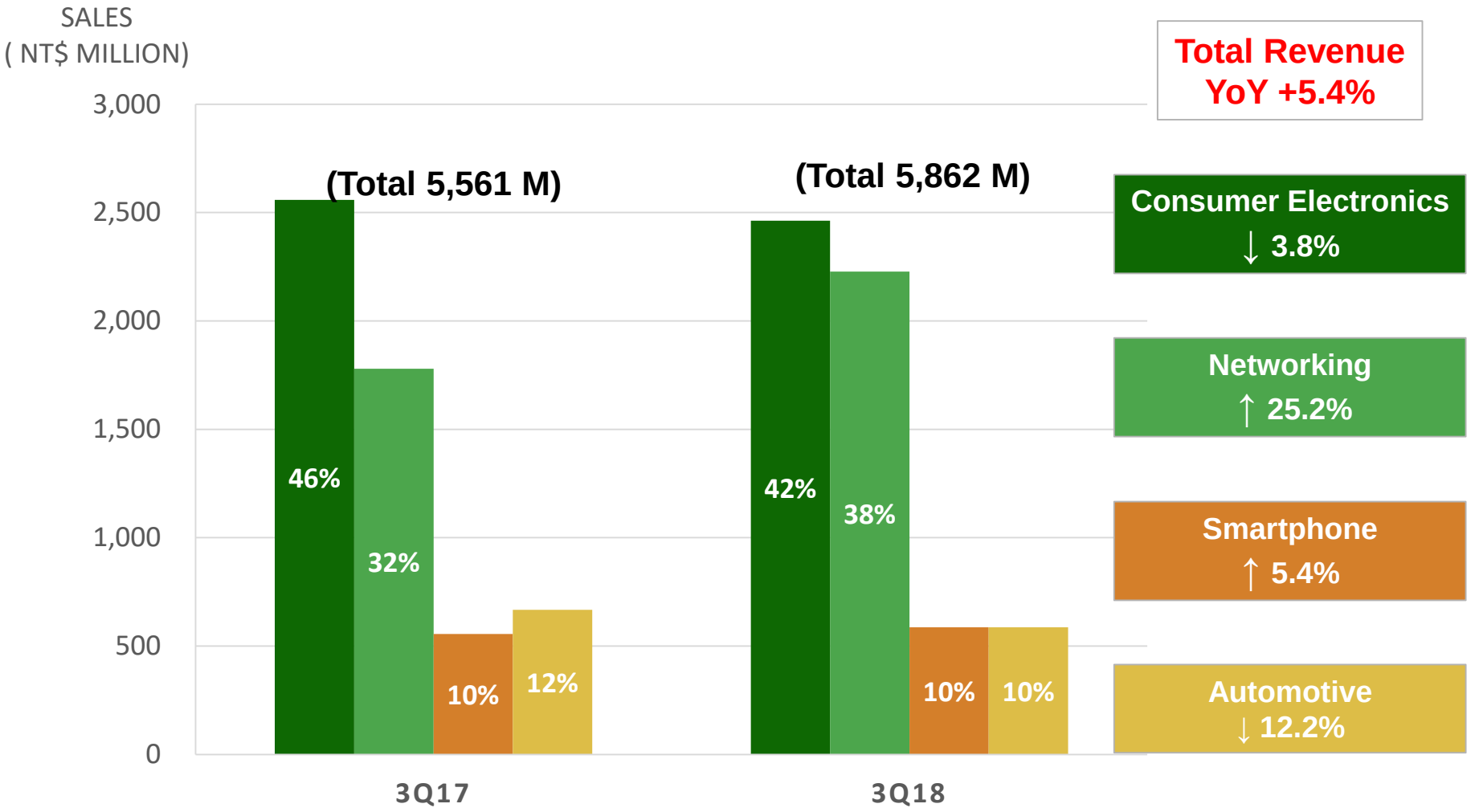

2017Q3 & 2018Q3 Income Statement

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NT$ Million	2017Q3	2018Q3
Revenue	**5,562**	**5,862**
Gross Profit	**821**	**927**
Operating Expenses	**356**	**353**
Selling	151	137
Administrative	150	136
R&D	55	80
Operating Profit	**465**	**575**
Non-Op Income/ Loss	55	(34)
Income Before Tax	519	540
Tax Expenses	157	141
Net Income to Parent	362	399
EPS(NT$)	**1.20**	**1.31**

Key Financial Ratio(%)	2017Q3	2018Q3
Gross Margin	14.75	15.82
Operating Expense Ratio	6.40	6.01
Operating Margin	8.35	9.80
Effective Tax Rate	30.28	26.18
Net Margin	6.51	6.81

2017Q3 & 2018Q3 Balance Sheet

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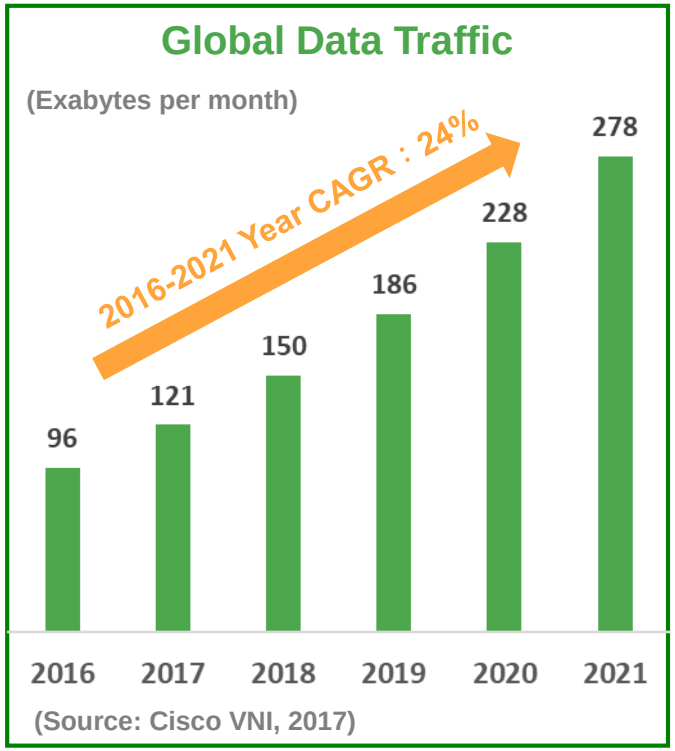
NT$ Million	2017Q3	2018Q3
Total Assets	**18,334**	**19,001**
Cash	3,624	3,536
Marketable Securities	538	27
NR/AR	7,875	8,941
Inventories	1,662	2,145
Fixed Assets	2,932	2,753
Total Liabilities	**11,316**	**11,600**
Short-term Debt	3,457	3,389
NP/ AP	4,600	5,409
Long-Term Debt	1,153	1,035
Total Equities	**7,019**	**7,401**

Key Financial Ration(%)	2017Q3	2018Q3
A/R Turnover Days	137	137
Inventory Turnover Days	32	36
A/P Turnover Days	94	96

Market Trend

- **Key contributors to data demand include**
  - Ultra-High-Definition Video streaming
  - Connected Home, Work, Health and Car
  - Analytics, Big Data, and AI applications
  - Cloud computing and Cloud Storage
  - Virtual Reality (VR) and Augmented Reality (AR)



The rapid growth of internet traffic will bring the demand to upgrade equipment from operators .

Market Trend

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- **The growth of data throughput**

  - The interconnect performance bandwidth of PCIe 4.o is double that of the PCIe 3.0 specification achieving 16Gbps..
  - PCIe 5.0 is still in the process, which been estimated will deliver up to 32Gbps, 4x higher data rate than PCIe 3.0.

- **5G networking commercialization**

  - Data rate would up to 1-10 Gbps, 10-100 times faster than 4G.
  - The high data rate and small coverage of 5G would bring increasing demand of infrastructure.
  - Massive MIMO and mmWave - the number of antenna on base station will increase from dozens to hundreds

High Speed Material Application

- **Lower Dielectric constant (Dk) and Dissipation factor (Df)**
- **Higher reliability and consistency over temperature, frequency, and humidity**
- **High Thermal durability and conductivity**

5G Opportunities for ITEQ - Network

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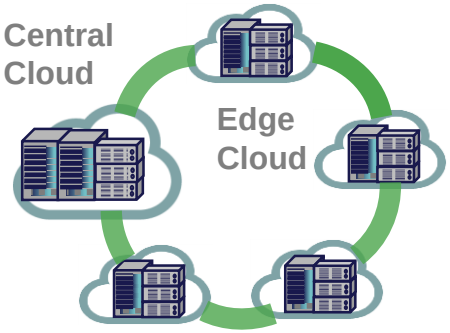
Core Network (Telecom Data Center):

- Including **Server**, **Storage**, **Switch**

High Speed Material



Building Baseband Unit(BBU)

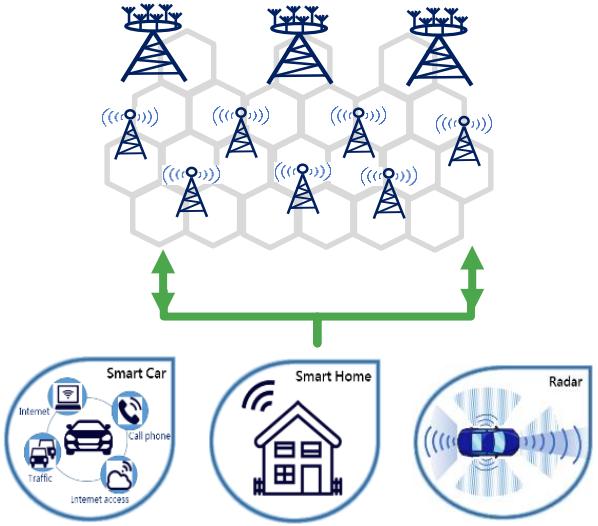
- Low latency requirements
- Including **Macro Cell**, **Micro Cell** to **Small Cell**

High Speed Material

Remote Radio Unit (RRU)+ Antenna

- Including Antenna, LNA, RF Network

High Speed/ Frequency Material



IOT(Internet of Things):

High Speed Material

Networking

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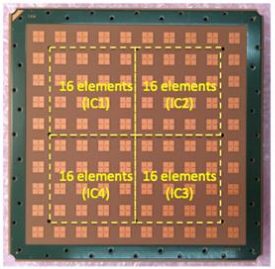
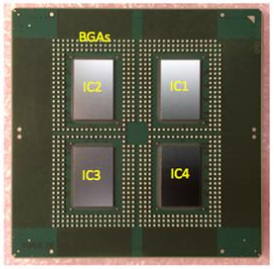
ITEQ Solution for Networking

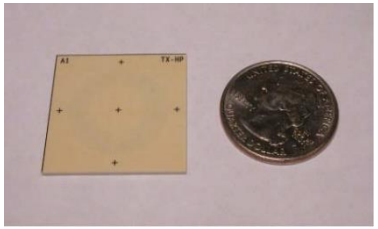
- **Middle Low Loss:** Server、Industrial PC
- **Low Loss:** Whitley Platform、AMD Rome
- **Ultra Low Loss:** 5G base station、Optical Module、RF Board
- **RF Microwave:** 5G Antenna、PA Module、RF Board

ITEQ solution for smartphone

- **Standard : Standard smartphone**
- **Low Dk Material: Middle to high-end smartphone**
- **High Tg, Low Dk Material: mSAP Process**
- **Low Dk Low Loss Material: 5G smartphone**







Typical Phased Array Modular Units

5G Opportunities for ITEQ - Automotive

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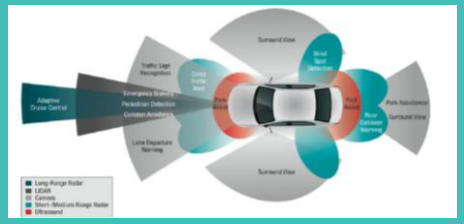
- **Continuous Growing**
  - Output value of automotive PCB :

    USD 4.9 Billion/2015 ➡ USD 7.5 Billion/2020 **(Source: NTI Information)**

- **Complete Anti-CAF Product Line**

Automatic Driving



- Safety-Driving
- ADAS

High Frequency Material

- 77~79GHz Radar
- Antenna Module

Connected Mobility

- Infotainment
- Networking

HDI Material

High Speed Material

- Multilayer HDI

Powertrain

- Energy-Saving
- Power Charging

High Tg Material

- Large Current
- High Voltage
- Heavy Copper

Q&A

Thank You