



*Your Partner of
Advanced Materials & Mass Lam Service*

ITEQ Corporation

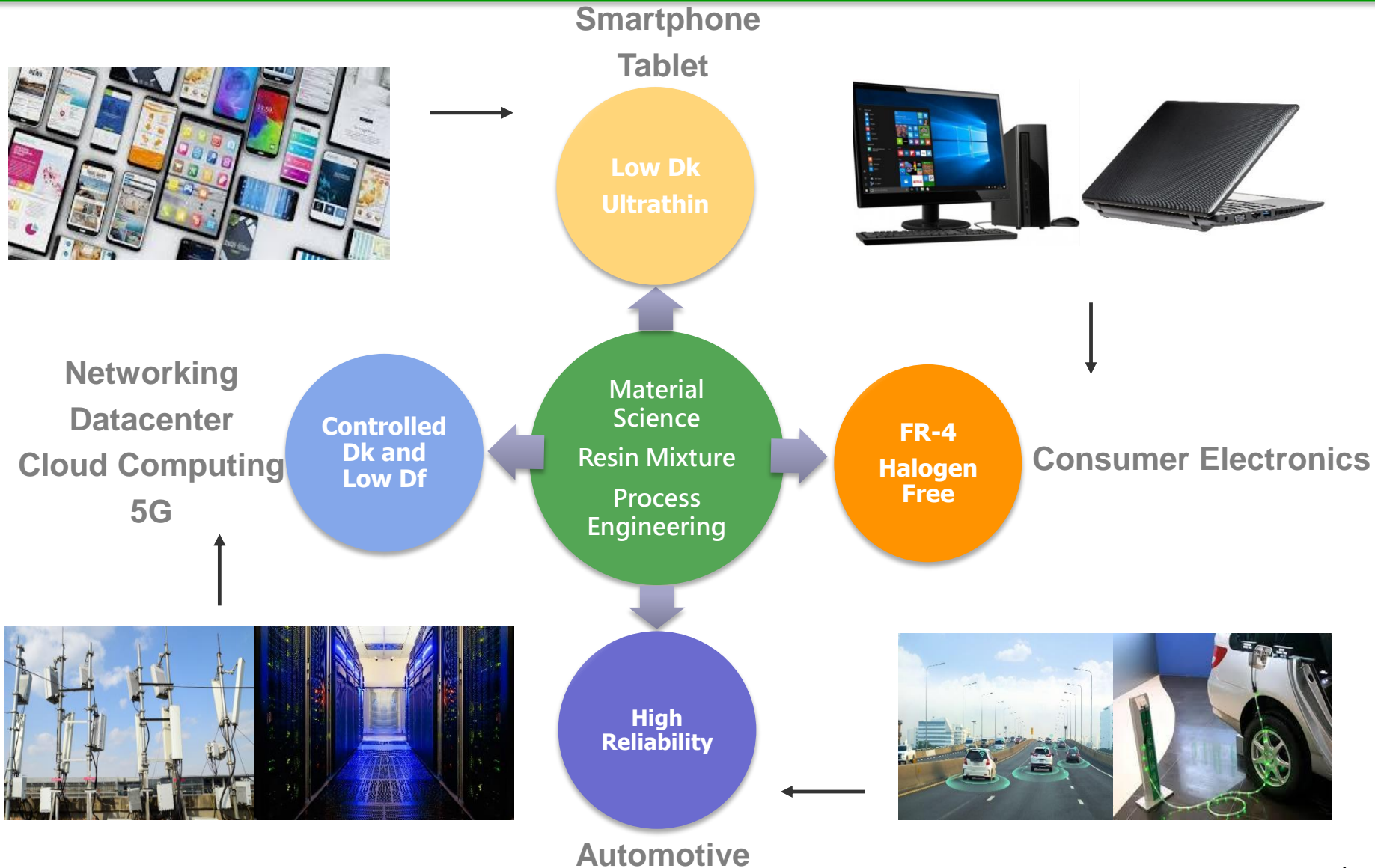
2019 Fourth Quarter Earnings Result

- 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.

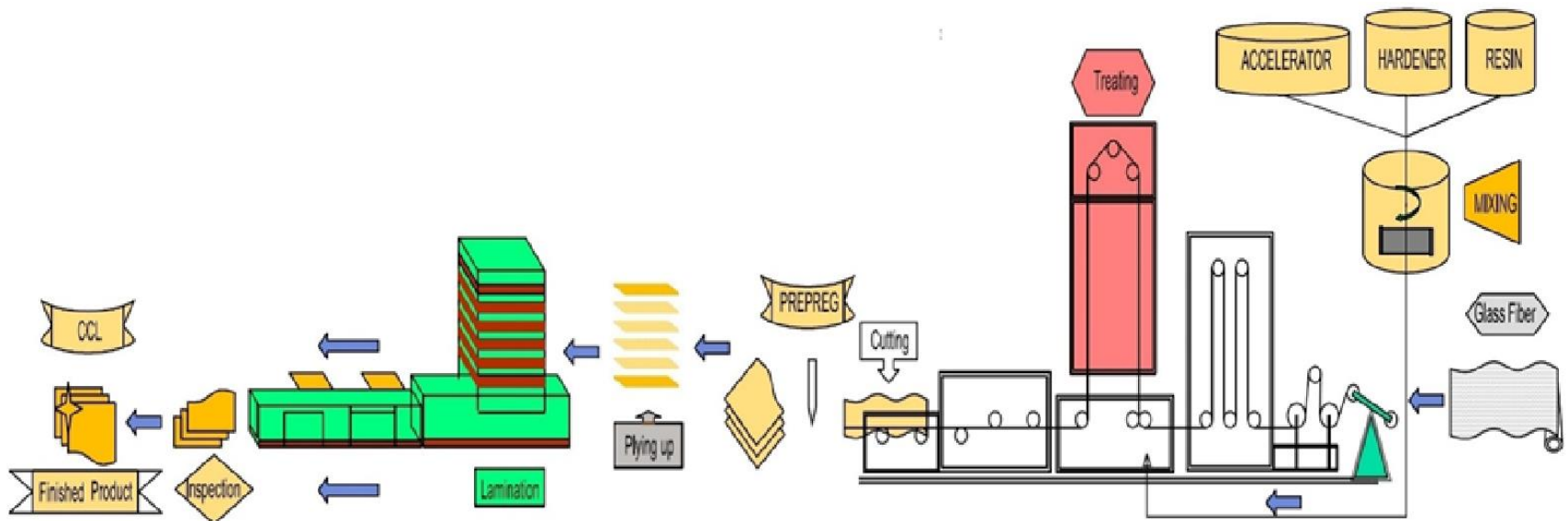
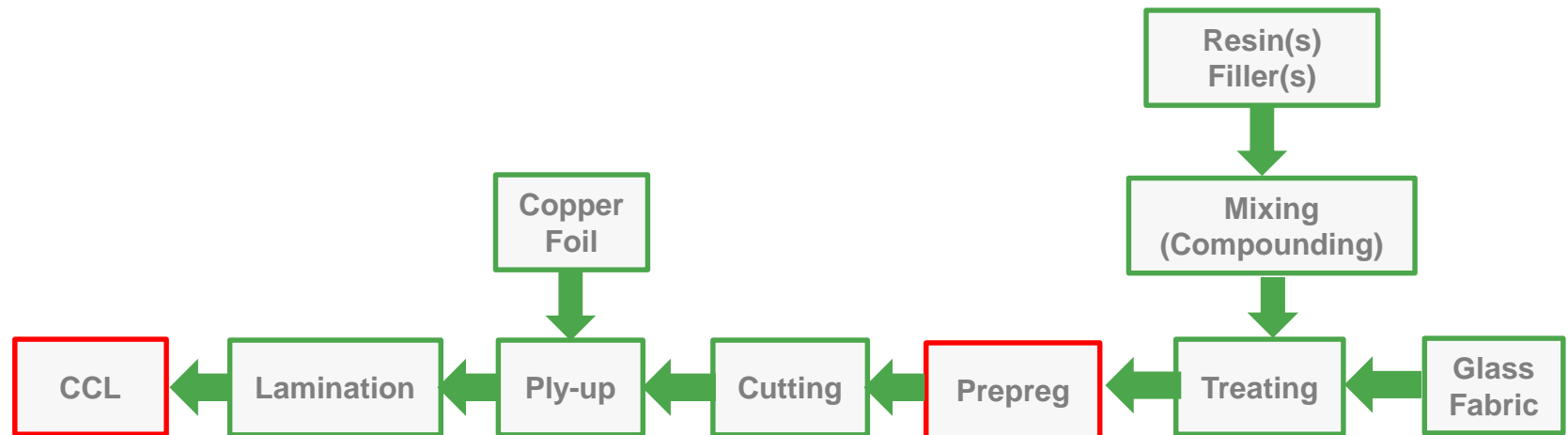
- Establishment: April 10th, 1997
- Headquarter: HsinChu, Taiwan
- Capital: NTD\$3,030M
- Employees: Over 3,000
- Chairman: Dennis Chen
- CEO: Audrey Tsai
- CTO: Tarun Amla
- Main Product: Copper Clad Laminate & Prepreg
Masslam service
Flexible CCL



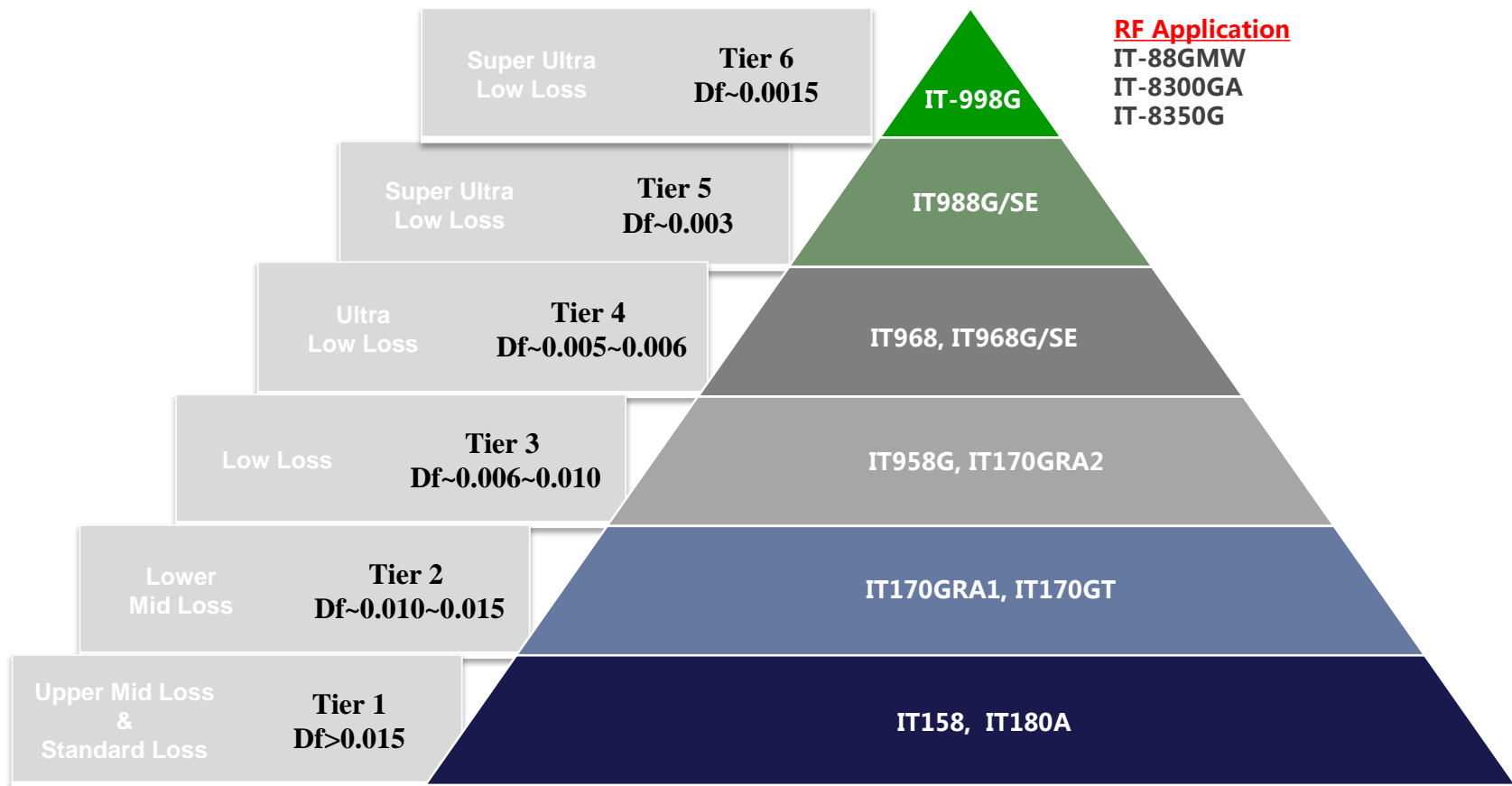
Core Technology



CCL & Prepreg Manufacturing Flow



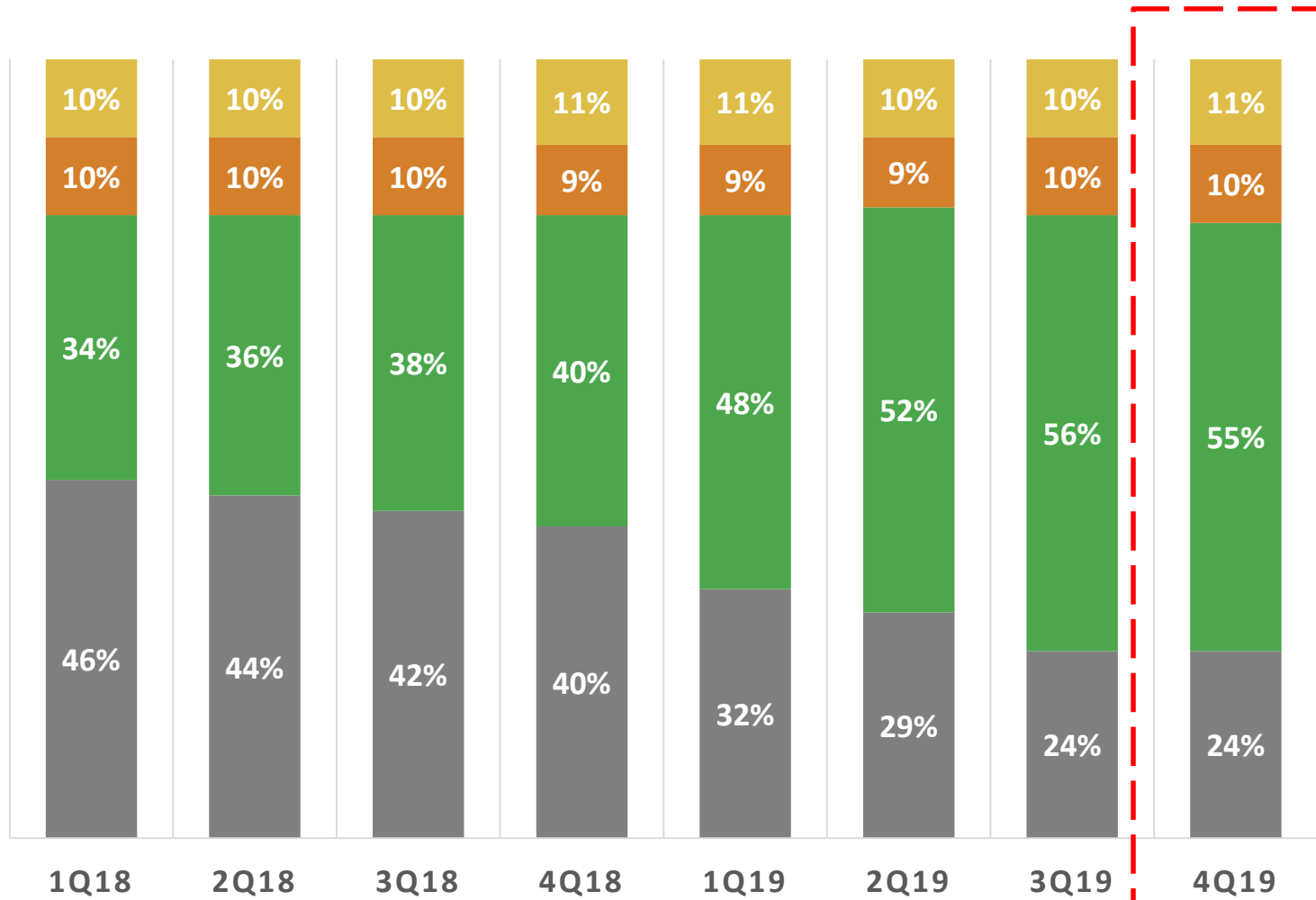
Well- Expanded Product Line



- The need for 5G commercialization and server upgrade will expedite the growth of high speed / frequency demand
- ITEQ's market share in high speed / frequency material to uplift robustly

1Q18~4Q19 Product Mix

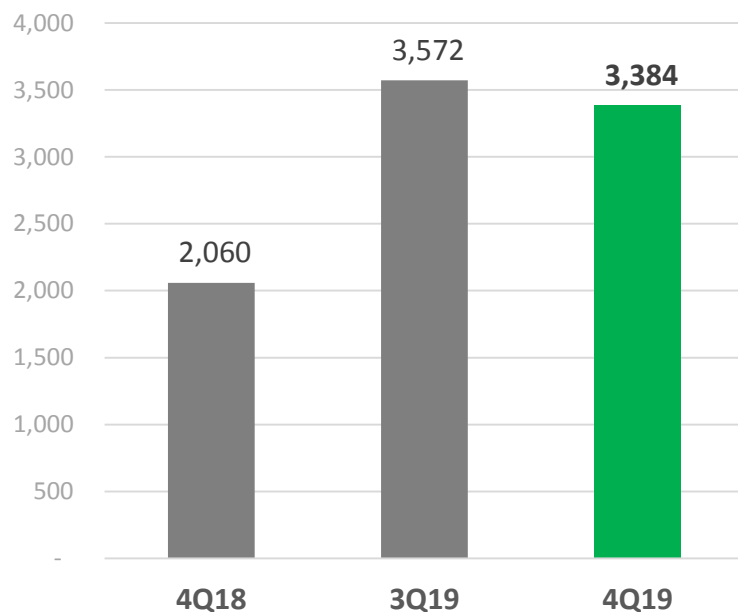
■ Consumer Electronics ■ Networking ■ Smartphone ■ Automotive



Product Mix by Application

SALES
(NT\$ MILLION)

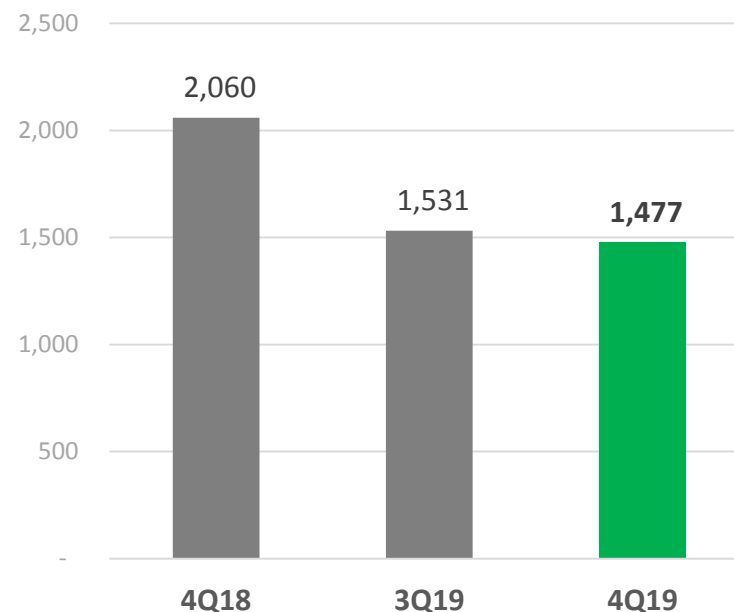
Networking



- Net sales of NTD 3,384M
- QoQ: -5.3% / YoY: +64.3%

SALES
(NT\$ MILLION)

Consumer electronics

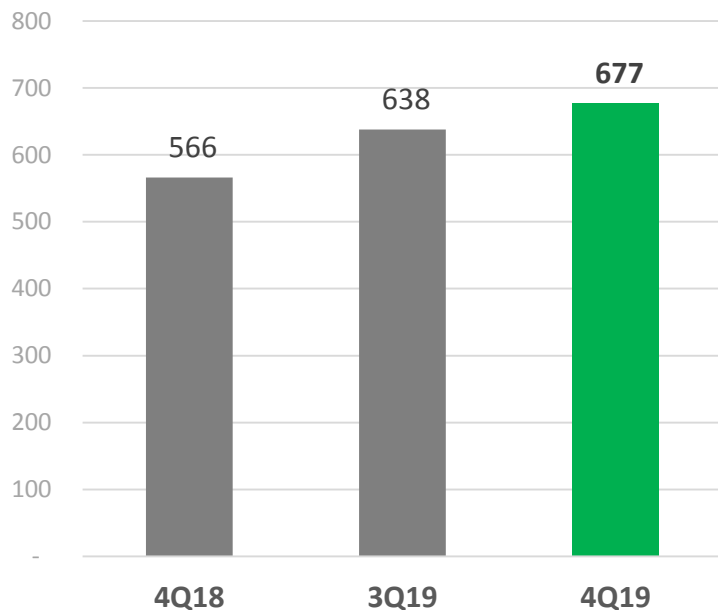


- Net sales of NTD 1,477M
- QoQ: -3.5% / YoY: -28.3%

Product Mix by Application

SALES
(NT\$ MILLION)

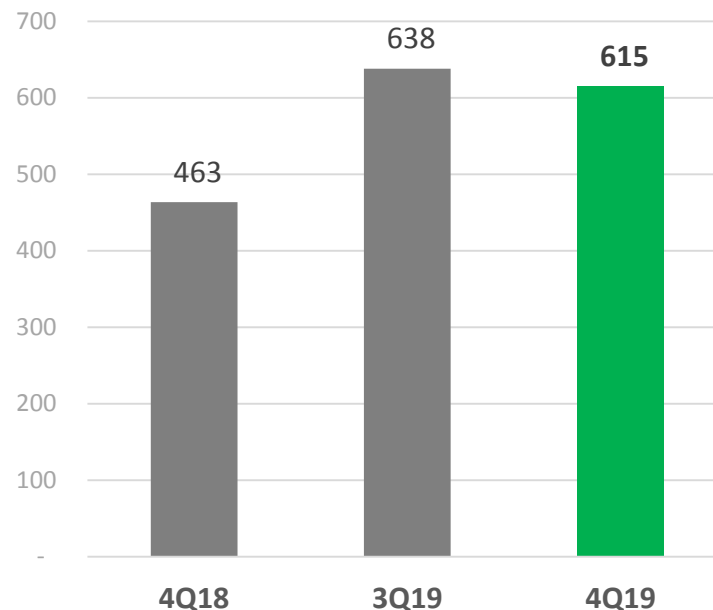
Automotive



- Net sales of NTD 677M
- QoQ: +6.1% / YoY: +19.6%

SALES
(NT\$ MILLION)

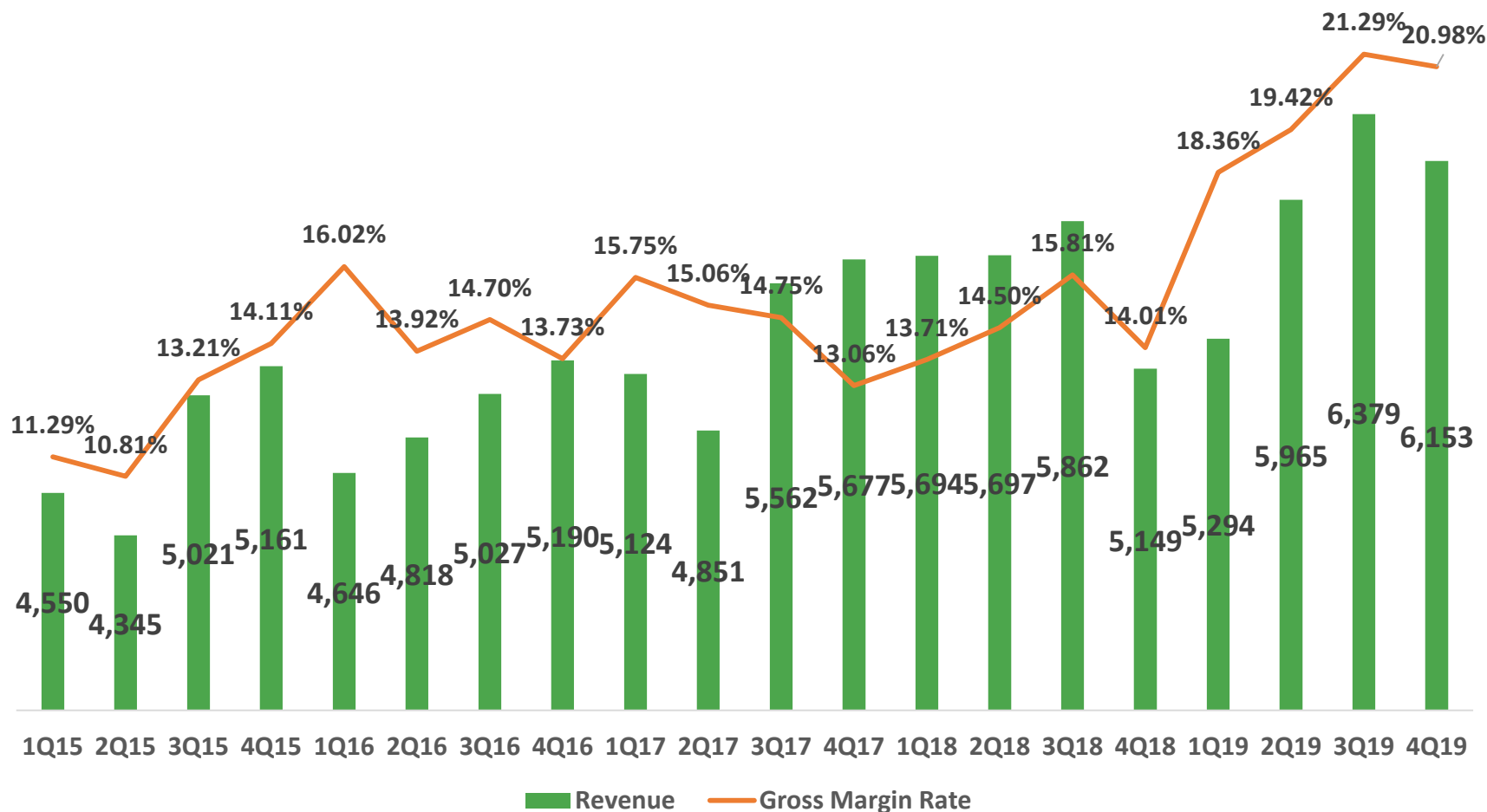
Smartphone



- Net sales of NTD 615M
- QoQ: -3.6% / YoY: +32.8%

Revenue & Gross Margin Rate

(Million NTD)



4Q19&FY19 Income Statement

NTD \$Million	4Q19	3Q19	4Q18	QoQ	YoY	2019	2018	YoY
Revenue	6,153	6,379	5,149	-4%	20%	23,791	22,402	6%
Gross Profit	1,291	1,358	721	-5%	79%	4,780	3,256	47%
Operating Expense	442	421	391	5%	13%	1,676	1,471	14%
Operating Profit	849	938	330	-9%	157%	3,104	1,784	74%
Non-Op Income / Loss	13	(59)	213			(9)	407	
Income before Tax	863	878	543	-2%	59%	3,094	2,192	41%
Tax Expense	198	163	17			631	417	
Net Income to Parent	665	715	526	-7%	26%	2,463	1,775	39%
EPS(NT\$)	2.19	2.36	1.74	-7%	26%	8.13	5.86	39%
Key Financial Ratio (%)								
Gross Margin	21.0	21.3	14.0			20.1	14.5	
Operating Expense Ratio	7.2	6.6	7.6			7.0	6.6	
Operating Margin	13.8	14.7	6.4			13.0	8.0	
Effective Tax Rate	22.9	18.5	3.2			20.4	19.0	
Net Margin	10.8	11.2	10.2			10.4	7.9	

4Q19 Balance Sheet

NTD \$Million	4Q19	3Q19	4Q18
Total Assets	23,480	21,929	18,695
Cash	3,538	2,984	3,697
Marketable Securities	93	83	41
NR / AR	10,599	10,702	8,807
Inventories	2,664	2,110	1,591
Fixed Assets	4,594	4,152	3,050
Total Liabilities	14,555	13,476	10,703
Short-term Debt	3,765	4,242	3,648
NP / AP	6,384	5,715	4,272
Long-term Debt	1,288	718	906
Total Equity	8,926	8,453	7,992
Key Financial Ratio (%)			
ROE	29.1	29.2	23.2
ROA	12.0	12.1	9.9
Debt ratio	62.0	61.5	57.3

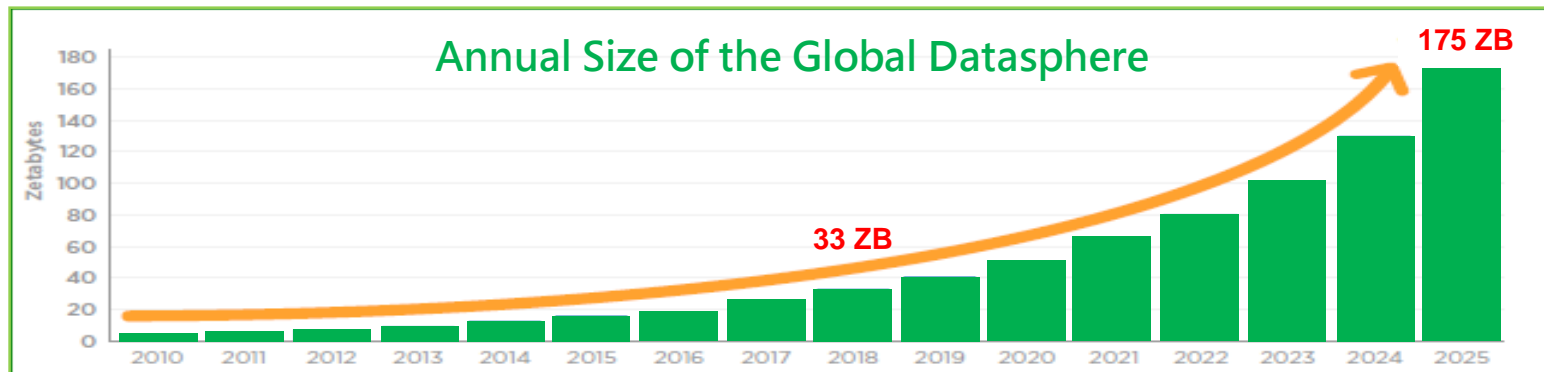
Market Trend & Growth Drivers

- **Rapid expansion of Global Datasphere**

- Core (traditional and cloud datacenters)
- Edge (enterprise-hardened infrastructure such as, server rooms, servers in the field, cell towers, and smaller datacenters etc.)
- Endpoint (PCs, smartphones, and IoT devices)

- **Fast growing Global IP traffic**

- UHD video streaming and internet gaming
- Connected home, work, health and car
- Big data and AI applications
- Cloud computing and cloud storage
- Virtual Reality (VR) and Augmented Reality (AR)



(Source: IDC Global DataSphere, Nov 2018)

Rapid growth of global data traffic stimulates equipment upgrade to meet the need of low latency, high reliable and high speed computing

5G Network Infrastructure & Opportunities

Core (Telecom) + Transport Network:

- Including **data center**, **Edge computing**, **OTN**
- High efficient computing and massive data traffic

High Speed Material

Distributed + Centralized Unit (DU+CU)

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

High Speed Material

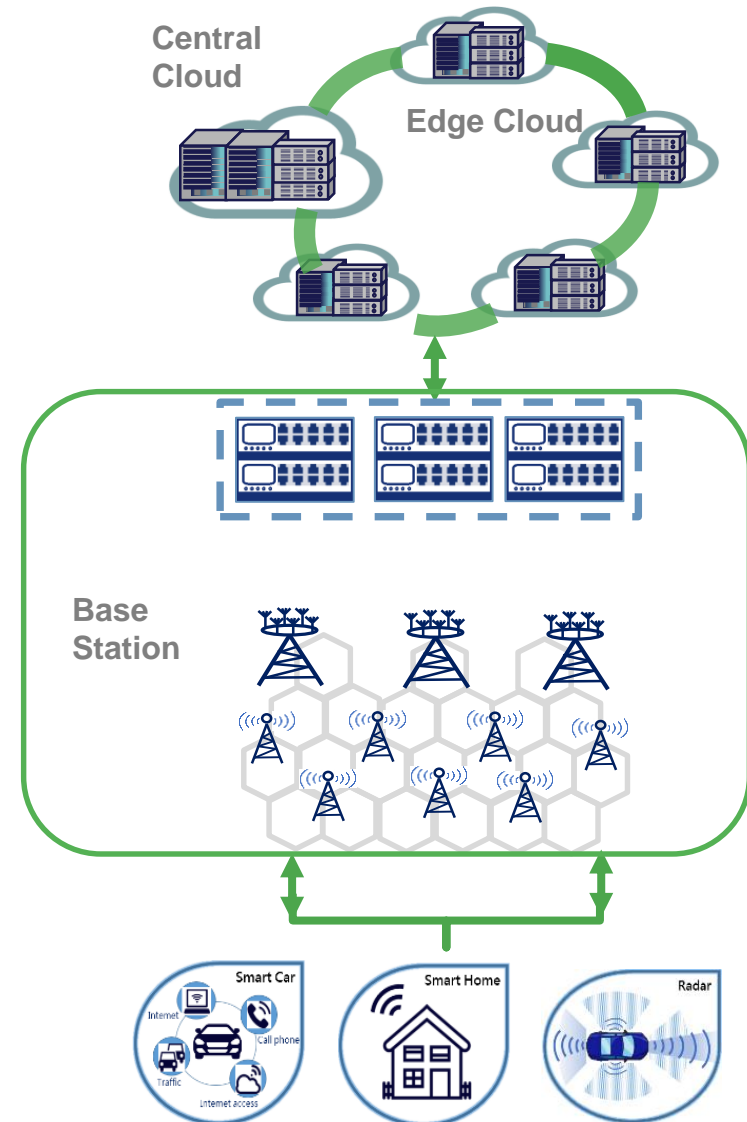
Active Antenna Unit (AAU)

- Including **Antenna**, **PA**, **TRX Network**
- Multi layer design for complex functionality

High Speed/ Frequency Material

IOT(Internet of Things):

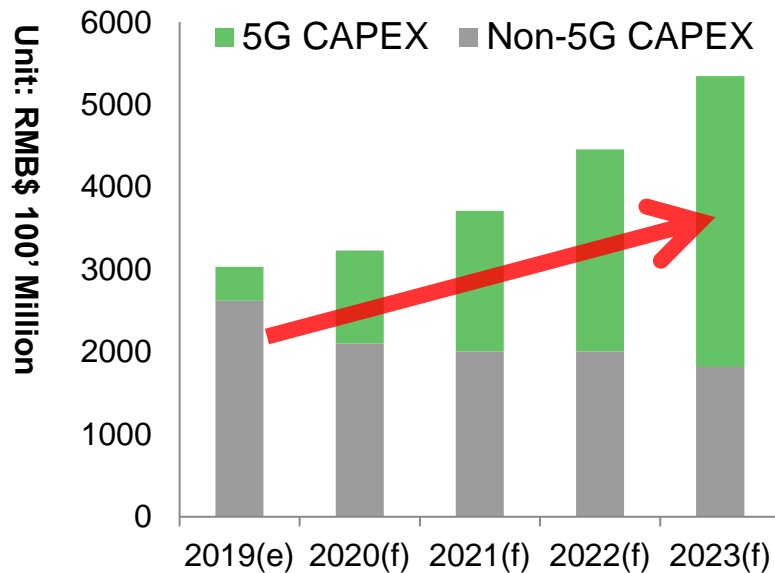
High Speed Material



● Accelerating 5G Infrastructure Deployment

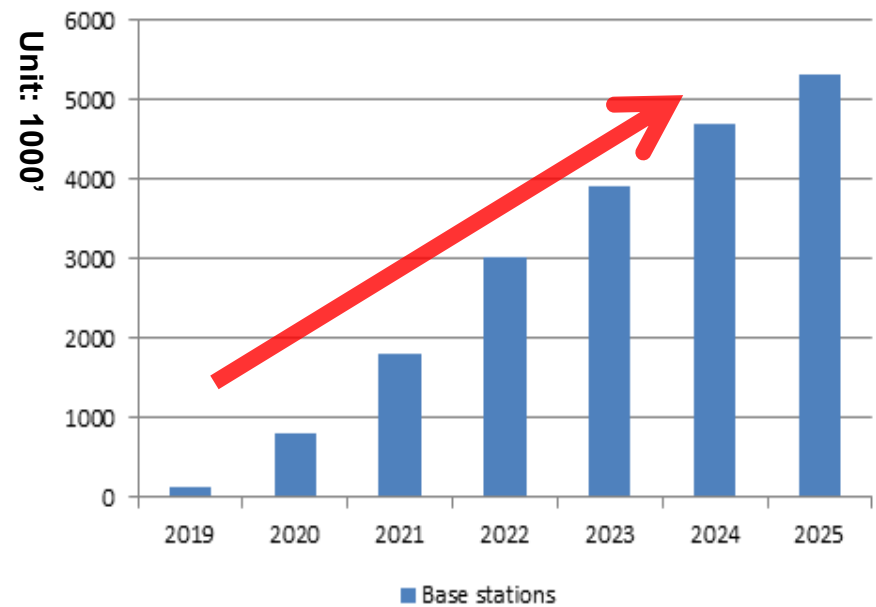
- China 5G CAPEX rise: Expedite 5G infrastructure deployment amid COVID-19 epidemic impact
- China telecom service providers to build over 4x more 5G Base Stations in 2020 vs. 2019
- Strong demand for upgrades on core network (router, server, etc), 200G & 400G switch and optical module driven by SA network expansion in CHN

CAPEX of CHN Telecom Operators, 2019-'23



(Source: Digitimes Research, Feb 2020)

Accumulated # of 5G base stations in China, 2019-'25



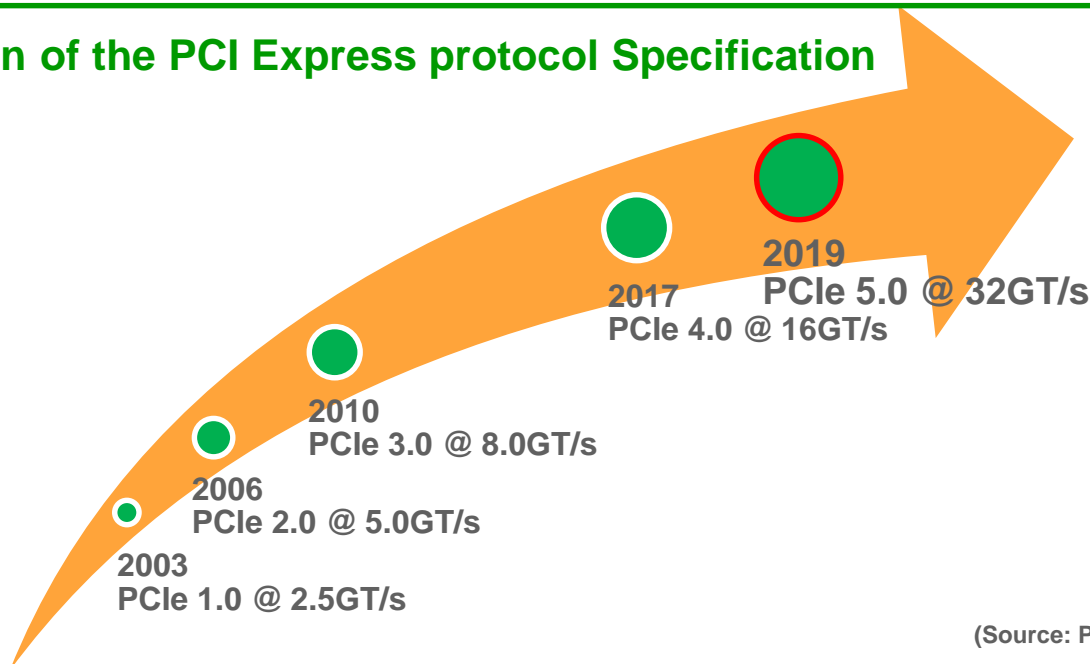
● Data center and server upgrade

- Penetration rate of Intel Purley Platform (PCIe 3.0) to increase from 80% (2019) to 90% (2020)
- AMD Rome (PCIe 4.0) kick off in 3Q19 while PCIe 5.0 released in June 2019 with 4x speed of current PCIe 3.0; material selection for PCIe 5.0 already began

● Accelerating PCIe Specification Development

- Transition to PCIe 4.0 from PCIe 3.0 took 7 years to complete since 2010, yet PCIe 5.0 only took 2 years to release in 2019

Evolution of the PCI Express protocol Specification



(Source: PLDA, 2019)

New Production Site - JiangXi



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



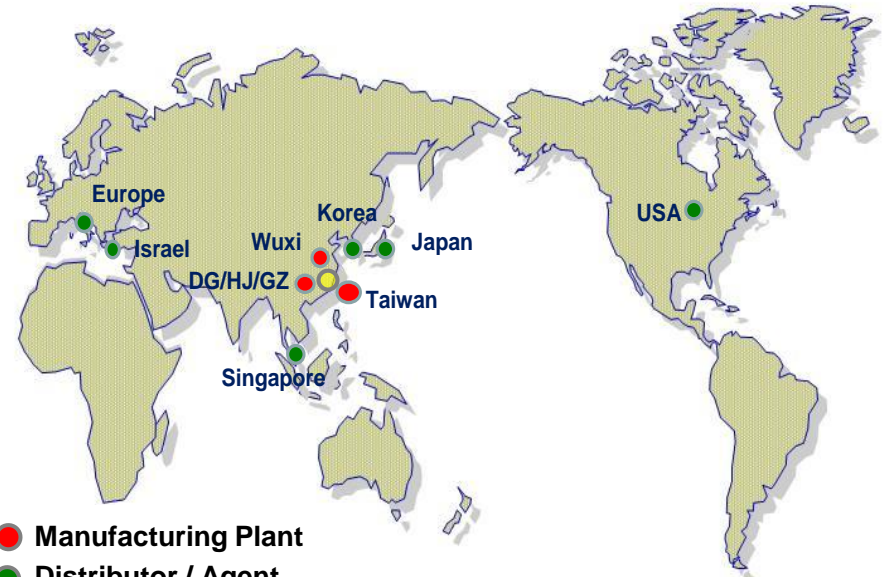
Guang Zhou(Flexible CCL)

3 Layer FCCL : 750 K SQM
2 Layer FCCL : 140 K SQM



Huang Jiang

Mass lam : 500 K SQFT



- Manufacturing Plant
- Distributor / Agent
- New Plant

JiangXi (Phase One)

Laminate : 600 K sheets
Prepreg : 4,500 K meters
Mass Production : Dec-Q, 2019 for 300 K sheets
Jun-Q, 2020 for 300 K sheets

2012 – 2018 Dividend Payout

Year	EPS(NT\$)	Dividend(NT\$)	Cash Dividend(NT\$)	Pay-out Ratio(%)
2012	3.34	2.5	2.5	75%
2013	2.52	2.2	2.2	87%
2014	1.62	1.2	1.2	74%
2015	1.92	1.6	1.6	83%
2016	3.13	2.5	2.5	80%
2017	4.11	3.1	3.1	75%
2018	5.86	3.8	3.8	65%

*New shares issuance of 30 million common shares concluded in March 31st 2020; current total outstanding common share: 333 million

Thank You

