

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 Status

- Production Capability
- Core Technology

Company Overview

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- Establishment : April 10th, 1997
- Headquarter : Hsin Pu, Taiwan
- Capital : US\$ 110 millions
- Employees : 2,877(TW 431、WX 1093、DG 625、GZ 443、HJ 285)
- 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



Production Sites & Monthly Capacity

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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



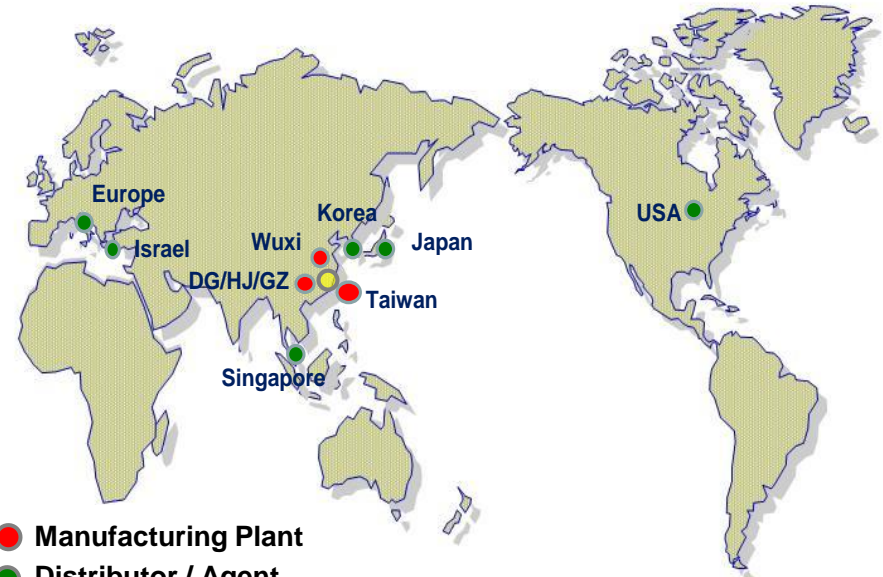
Guang Zhou(Flexible CCL)

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



Hunag Jiang

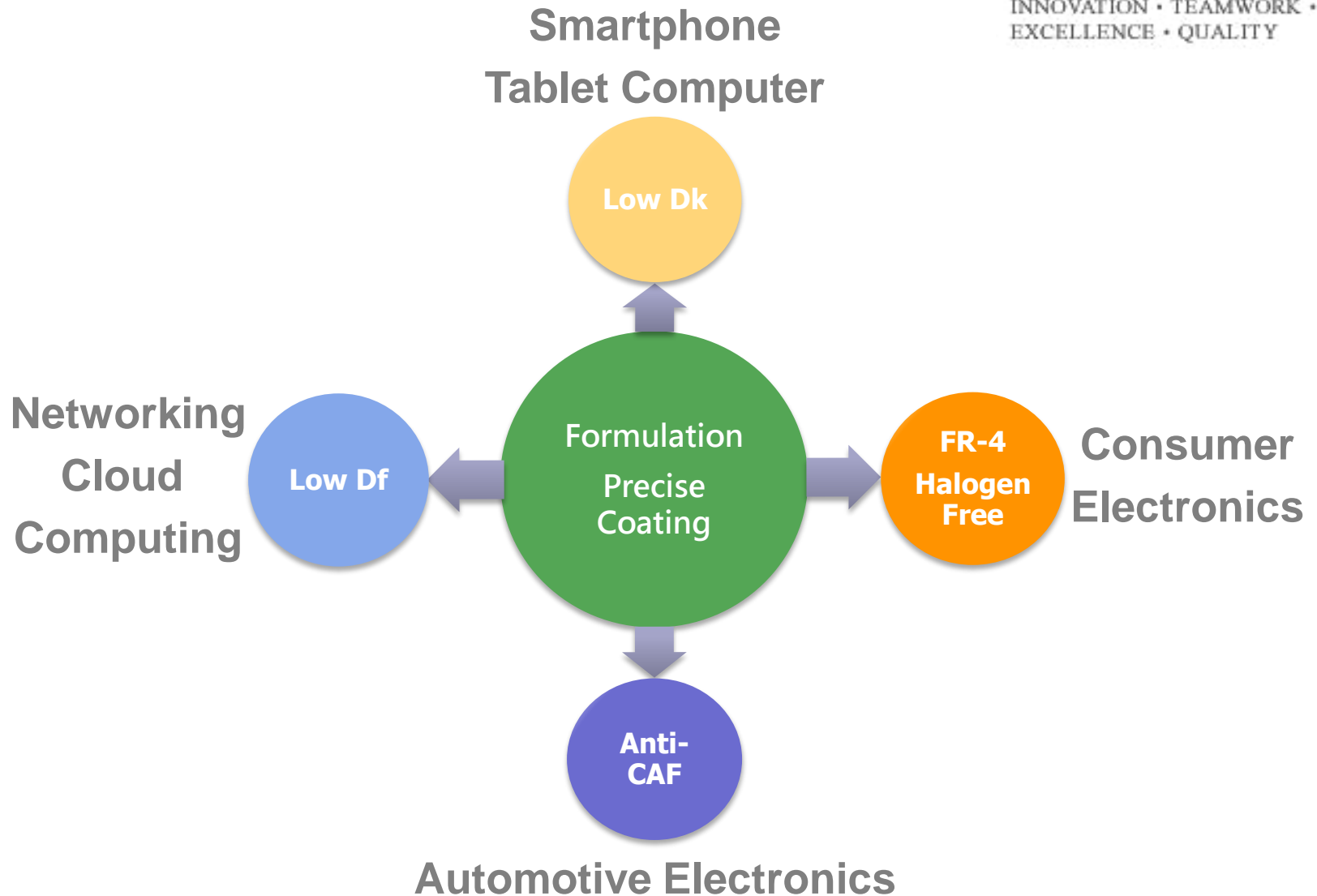
Mass lam : 500 K SQFT



- Manufacturing Plant
- Distributor / Agent
- New Plant

JiangXi (First stage)

Laminate : 600 K sheets
Prepreg : 4,500 K meters
Mass Production : 2Q, 2019



Product Development

- Product Mix
- Product Line
- Product Application

Product Mix



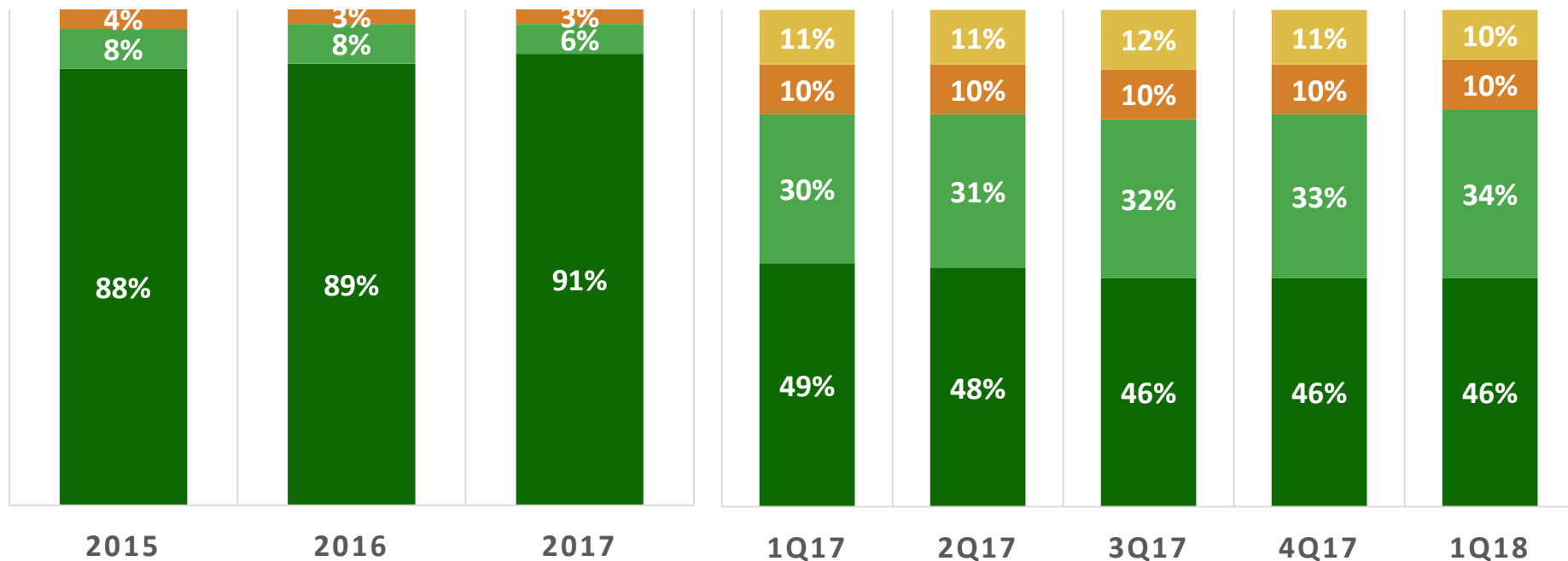
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By Product

By Application

■ CCL&PP ■ FCCL ■ ML

■ Consumer Electronics ■ Networking
■ Smartphone ■ Automotive



Product Line

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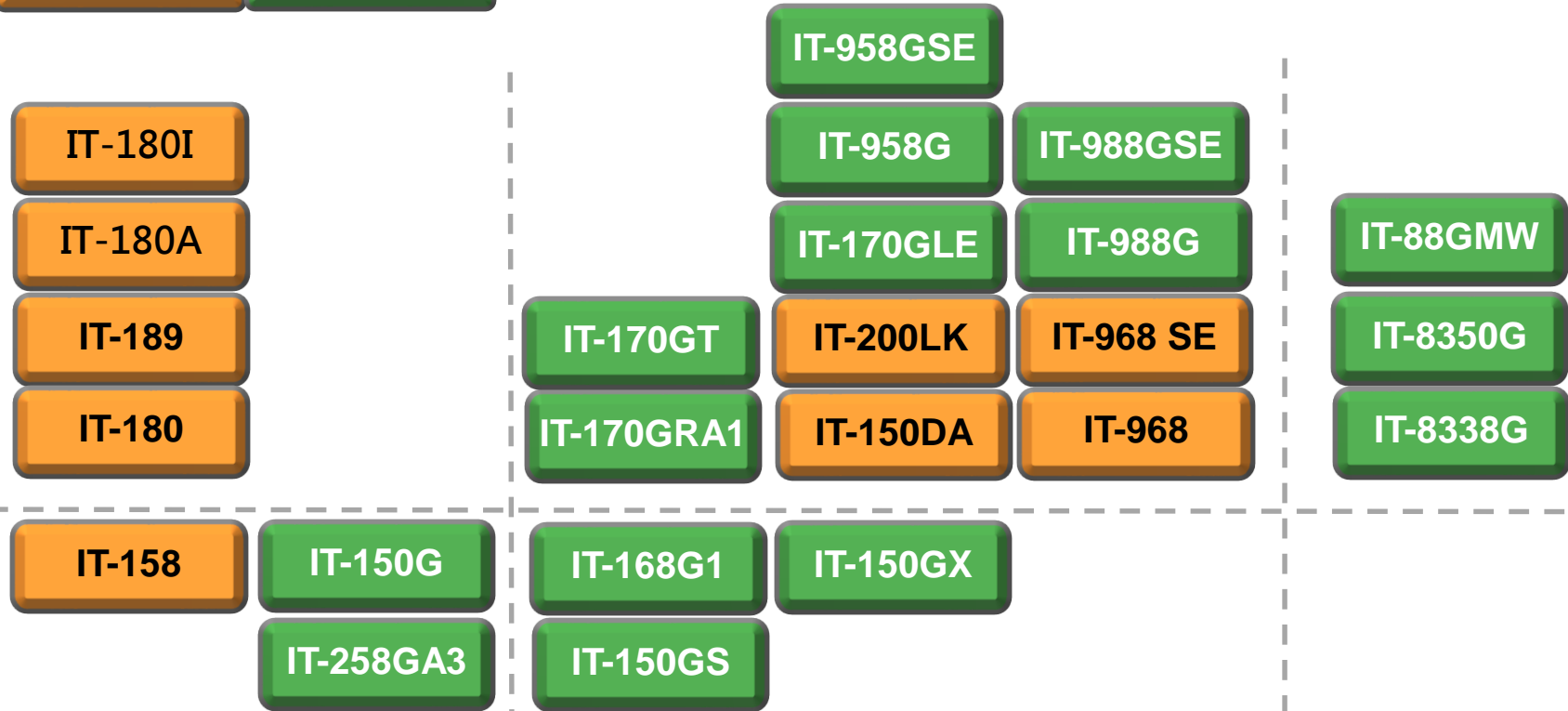
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無鉛

無鹵

High Tg

Mid Tg



Standard

High Speed

High Frequency

Df @ 10 GHz

0.01

0.002

0.001

www.iteq.com.tw

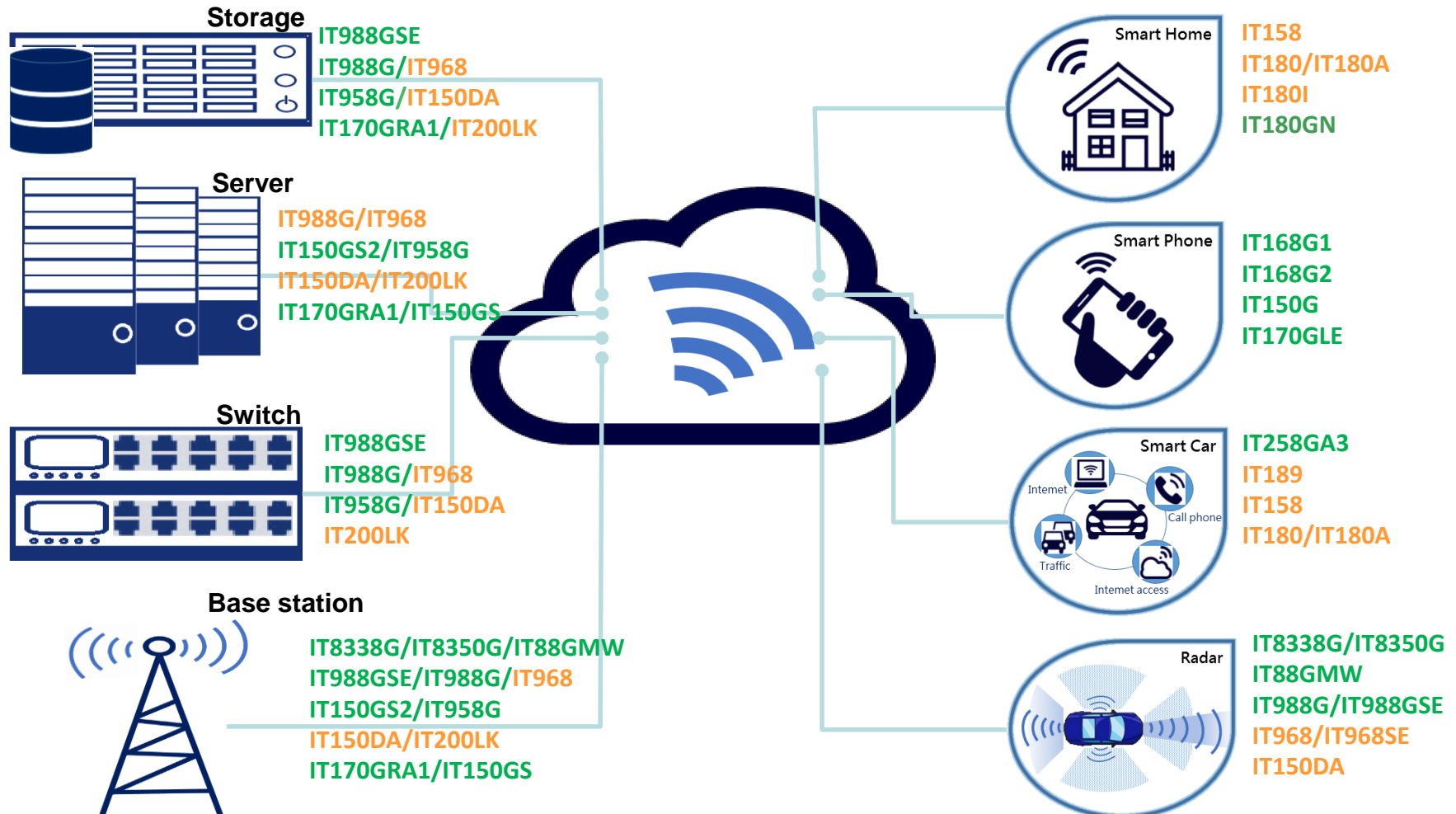
Product Application

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(Infrastructure)

(End-Device)



Growth Drivers

Intel Purley Replace Grantley



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2014 ~ 2017

Grantley Platform

Insertion loss requirement

-0.75~-0.79 at 4GHz
-1.50~-1.58 at 8GHz

Material Requirement

Std-Loss ~ Mid-Loss

ITEQ Status

Server

North American OEM

2017 Mass Production

Purley Platform

Insertion loss requirement

-0.65~-0.69 at 4GHz
-1.25~-1.33 at 8GHz

Material Requirement

Mid-Loss ~ Low Loss

ITEQ Status

Top 5 Server OEM, China OEM,
and Data Center

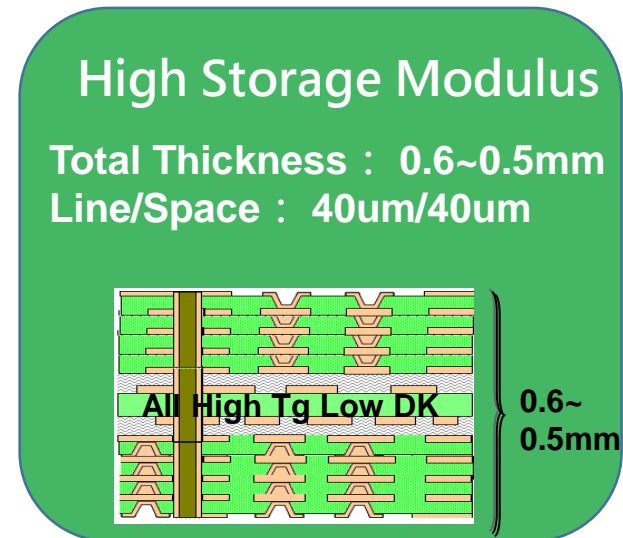
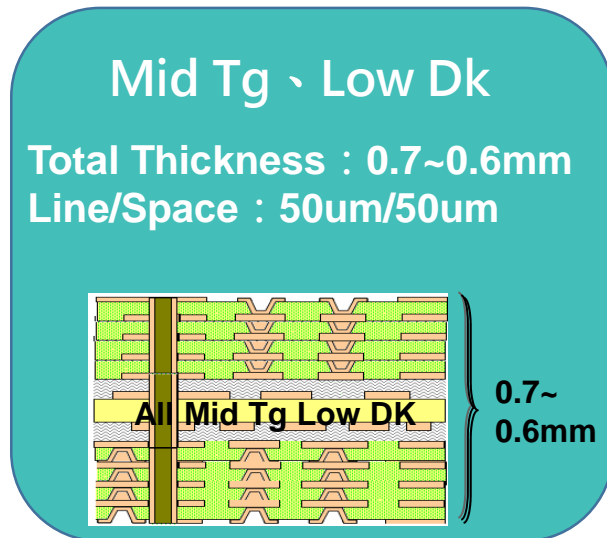


Smart phone + Tablet (HDI)

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- Increase Market share on China
- Strengthen cooperation with HDI PCB
- Complete Product Line
 - IT150G for standard smartphone
 - IT168G1 & 168G2 for high-end smartphone
 - IT170GLE for next generation smartphone



● Continuous Growing

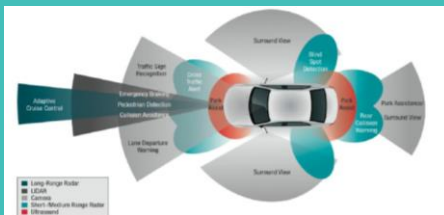
– Output value of automotive PCB :

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

● Complete Anti-CAF Product Line

Automatic Driving

- Safety-Driving
- Smart Car
- ADAS



High Frequency Material

Internet of Vehicle

- Infotainment
- Networking
- Telecommunication



HDI Material

High Speed Material

Energy-Saving Car

- Energy-Saving
- Electric Car
- Power Charging



High Tg Material

Financial Performance

2017Q1-2018Q1 Income Statement



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NT\$ Million	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1
Revenue	5,124	4,851	5,562	5,677	5,694
Gross Profit	807	730	821	741	781
Operating Expenses	294	330	356	367	355
Operating Profit	513	401	465	374	426
Non-Op Income/ Loss	(27)	36	55	74	64
Income Before Tax	486	437	519	449	490
Tax Expenses	190	167	157	131	129
Net Income to Parent	296	270	362	317	360
EPS(NT\$)	0.97	0.89	1.20	1.05	1.19

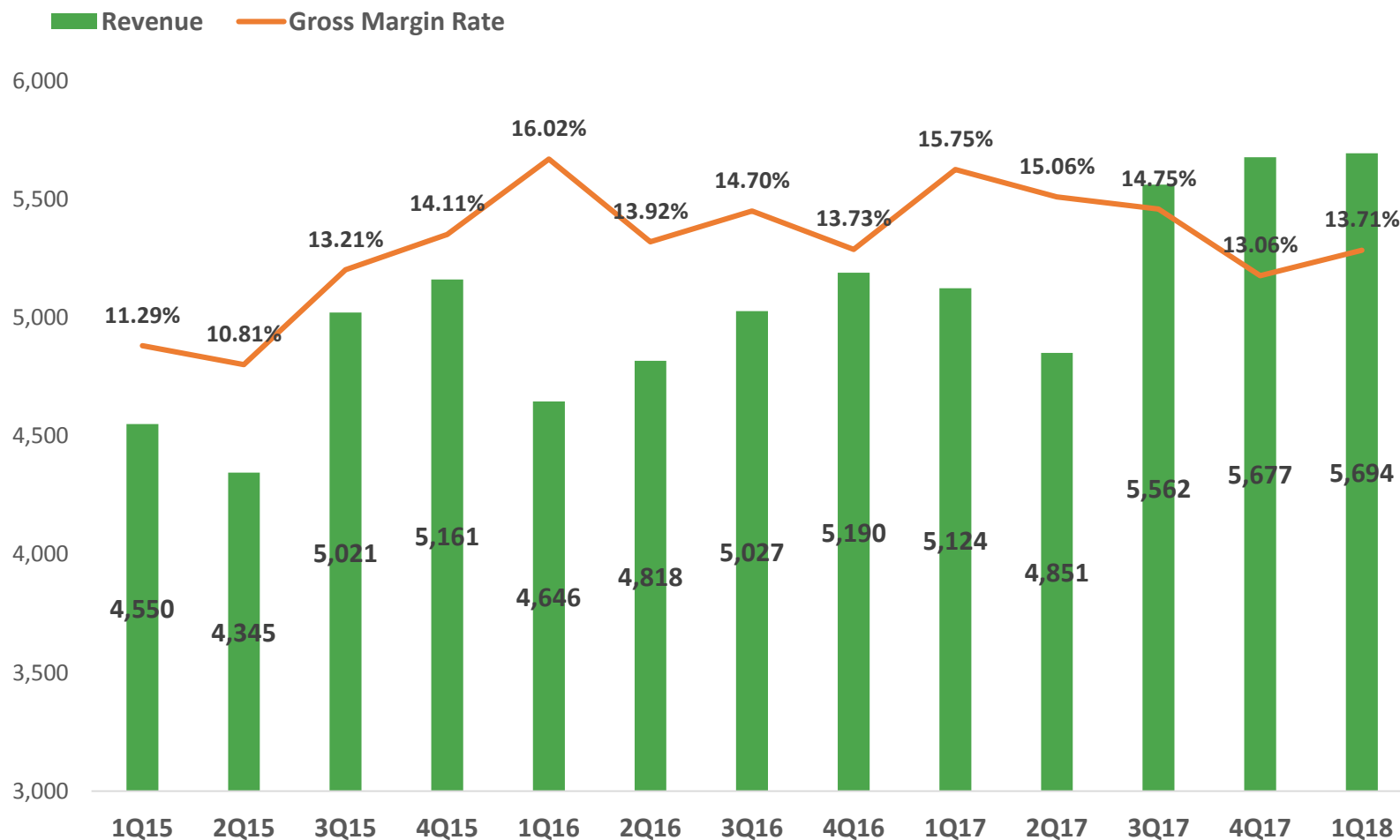
Key Financial Ratio(%)					
Gross Margin	15.75	15.06	14.75	13.06	13.71
Operating Expense Ratio	5.74	6.80	6.40	6.46	6.23
Operating Margin	10.01	8.26	8.35	6.59	7.48
Effective Tax Rate	39.09	38.21	30.28	29.3	26.39
Net Margin	5.78	5.56	6.51	5.59	6.33

Revenue & Gross Margin Rate Trend



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NT\$ Million



2012-2017 Income Statement

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NT\$ Million	2012	2013	2014	2015	2016	2017
Revenue	19,321	19,735	20,146	19,077	19,682	21,214
Gross Profit	2,514	2,592	2,186	2,375	2,867	3,100
Operating Expenses	1,099	1,209	1,272	1,258	1,278	1,347
Operating Profit	1,416	1,384	913	1,117	1,588	1,752
Non-Op Income/ Loss	75	92	17	-48	25	138
Income Before Tax	1,490	1,475	930	1,069	1,614	1,891
Tax Expenses	408	658	401	469	662	646
Net Income to Parent	1,082	817	530	600	952	1,245
EPS(NT\$)	3.34	2.52	1.62	1.92	3.13	4.11

Key Financial Ratio(%)						
Gross Margin	13.01	13.13	10.85	12.45	14.57	14.61
Operating Expense Ratio	5.69	6.13	6.31	6.59	6.49	6.35
Operating Margin	7.33	7.01	4.53	5.86	8.07	8.26
Effective Tax Rate	27.38	44.61	43.12	43.87	41.02	34.16
Net Margin	5.60	4.14	2.63	3.15	4.84	5.87

2012-2017 Balance Sheet



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NT\$ Million	2012	2013	2014	2015	2016	2017
Total Assets	15,039	16,076	17,482	17,090	18,015	18,040
Cash	2,028	1,757	1,903	2,500	3,649	3,357
Marketable Securities	387	473	386	372	547	505
NR/AR	6,046	7,055	7,604	7,408	7,553	8,283
Inventories	818	926	1,013	962	1,240	1,541
Fixed Assets	3,918	4,190	4,702	3,635	3,085	2,830
Total Liabilities	8,372	8,983	10,396	10,118	11,106	10,754
Short-term Debt	1,684	1,772	2,353	3,410	3,777	3,125
NP/ AP	4,334	4,855	4,950	4,283	4,526	4,860
Long-Term Debt	1,157	683	1,488	716	738	824
Total Equities	6,666	7,094	7,086	6,973	6,909	7,286

Key Financial Ration(%)						
A/R Turnover Days	111.27	122.18	132.80	143.61	138.72	136.20
Inventory Turnover Days	21.20	21.44	22.28	24.36	26.58	30.26
A/P Turnover Days	95.54	97.83	99.64	100.88	95.60	94.56
ROE	16.74	11.88	7.47	8.54	13.71	17.54
ROA	7.65	5.57	3.51	3.81	5.68	7.13

2012-2017 Dividend Payout



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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%

Note: To be decided by 2018 annual shareholder permanent conference