



# ITEQ Corporation

2022 First Quarter Earnings Result

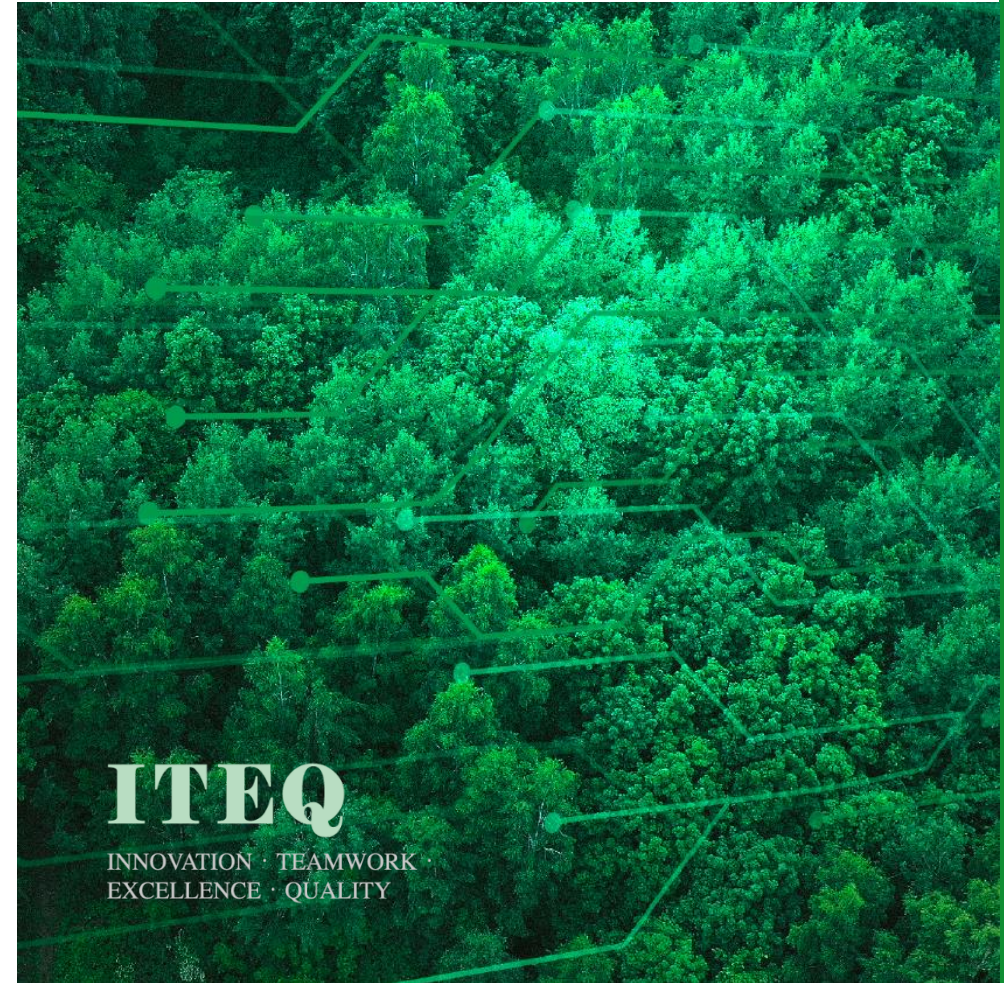
**ITEQ**

INNOVATION. TEAMWORK. EXCELLENCE. QUALITY

May 2022

# Disclaimer Statement

- 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



**Establishment**  
April 10<sup>th</sup>, 1997



**Headquarters**  
HsinChu, Taiwan



**Capital**  
NT\$3,830 million



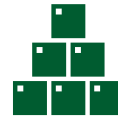
**Employees**  
~4,000



**Chairman**  
Dennis Chen



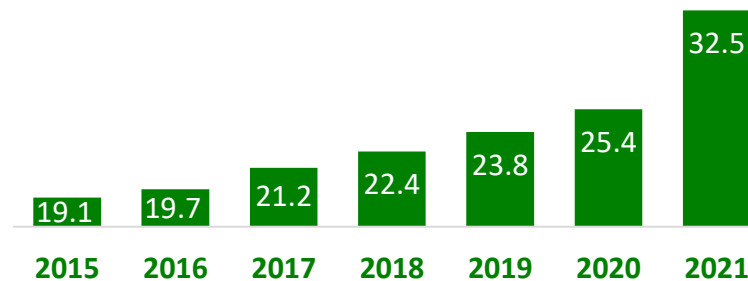
**CEO**  
Audrey Tsai



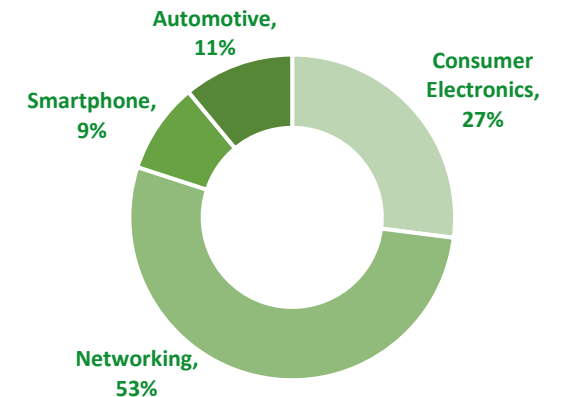
### Main Products

Copper Clad Laminate (CCL) & Prepreg (PP) | Masslam service | Flexible CCL

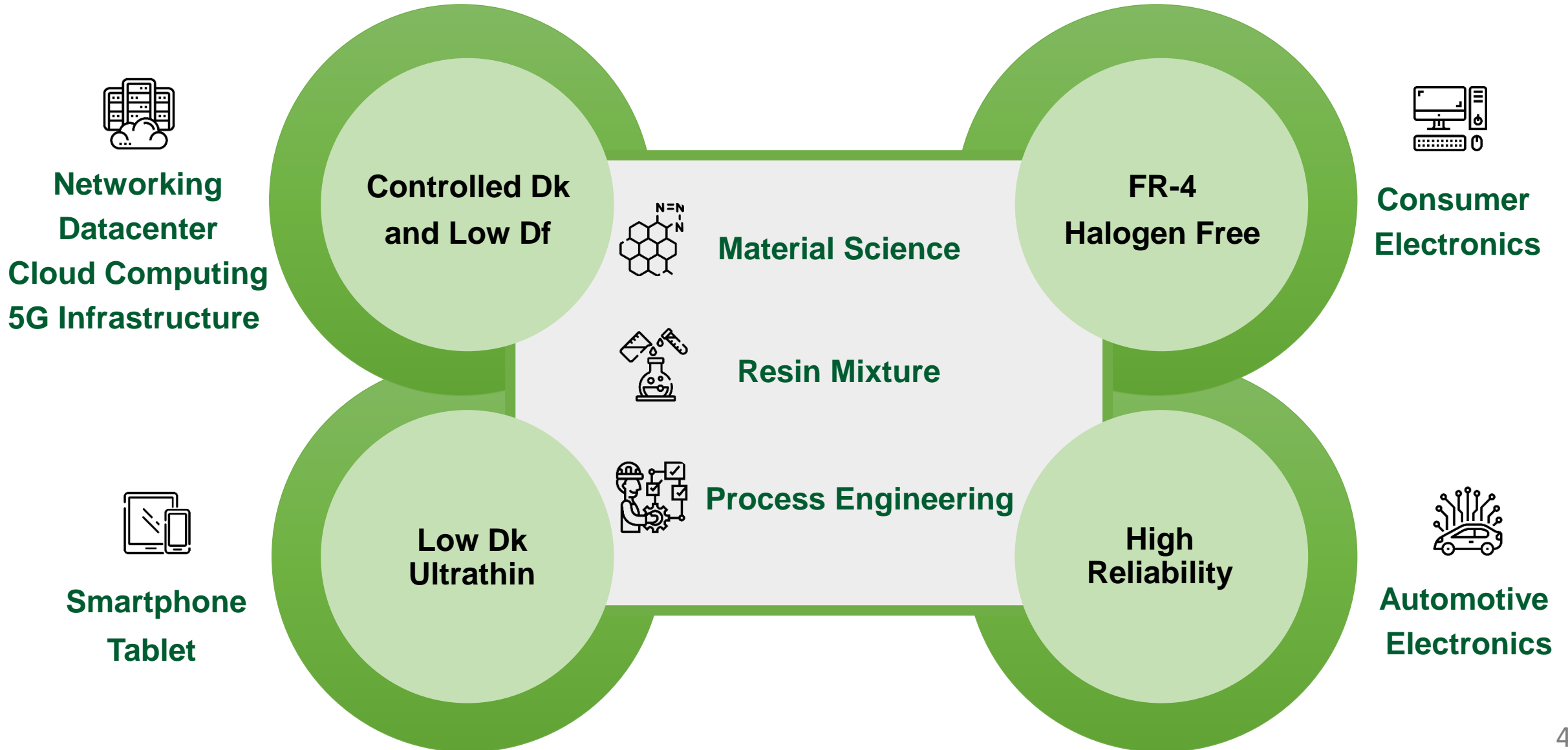
### Revenue (NT\$ billion)

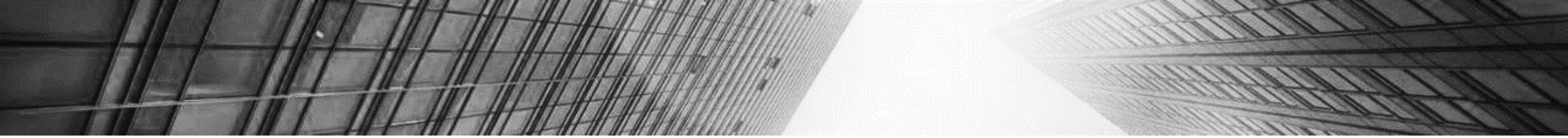


### Revenue by Application (FY21)



# Key Technology Applications





# 1Q22 Financial Results

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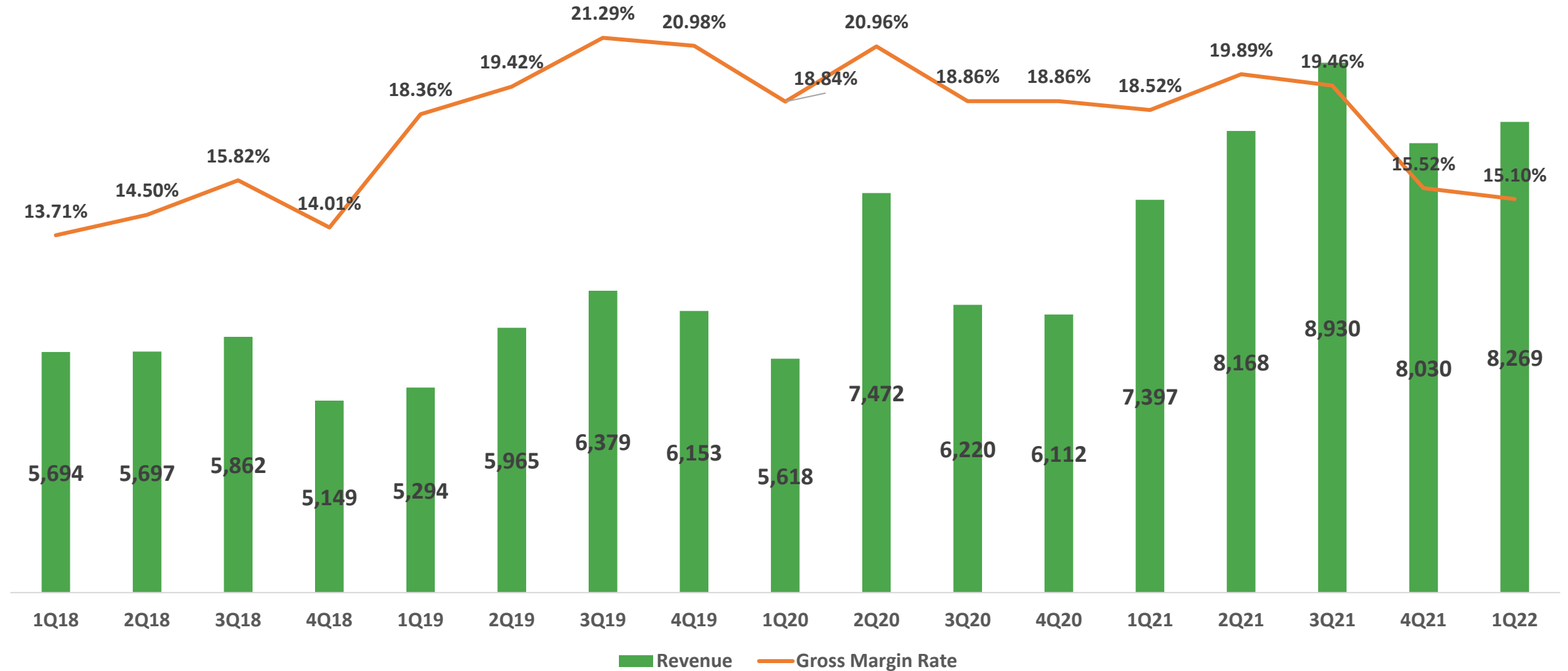
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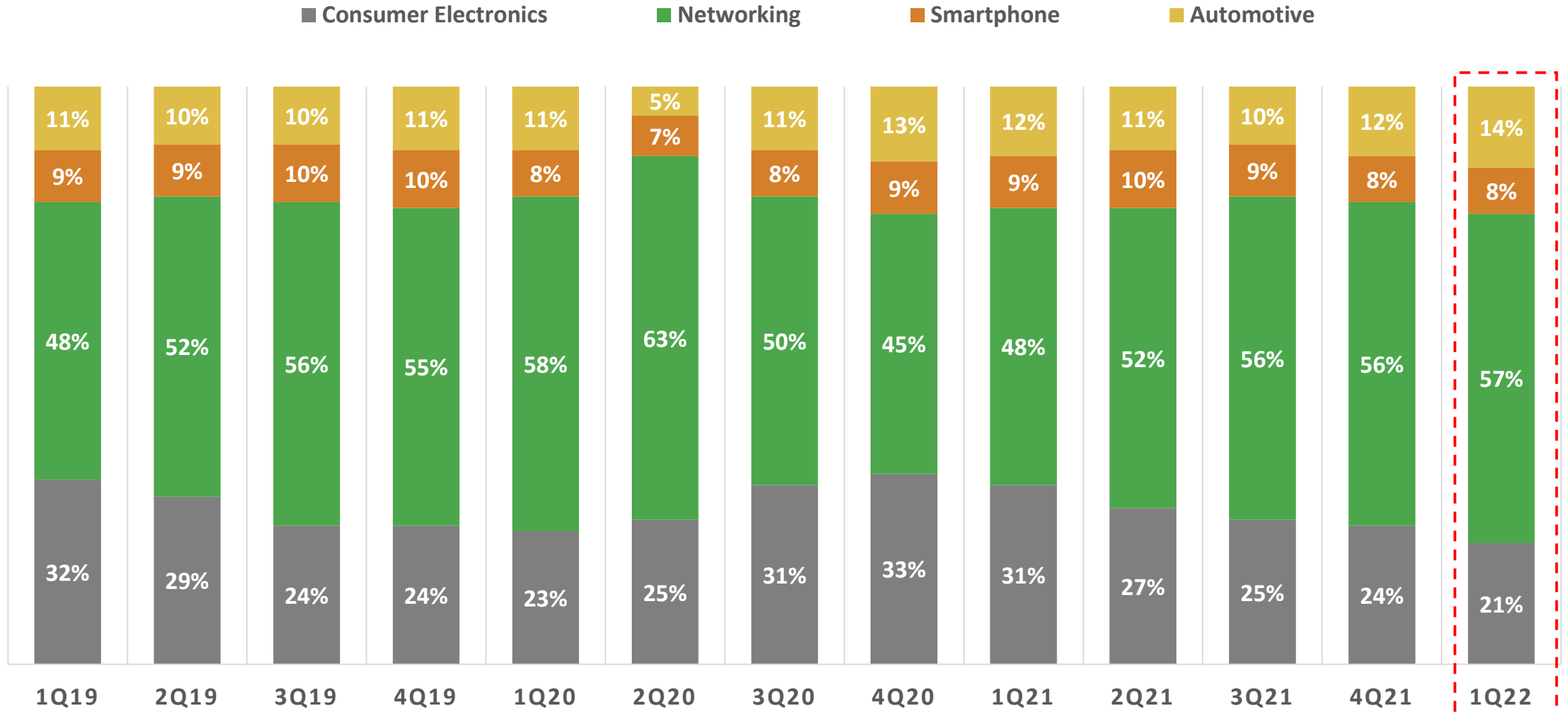
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# Revenue & Gross Margin Rate

(Million \$NTD)



# 1Q19~1Q22 Product Mix



# 1Q22 Income Statement

NTD \$Million	1Q22	4Q21	1Q21	QoQ	YoY
<b>Revenue</b>	<b>8,269</b>	<b>8,030</b>	<b>7,397</b>	<b>3%</b>	<b>12%</b>
Gross Profit	1,249	1,246	1,370	0%	-9%
Operating Expense	605	543	503	11%	20%
<b>Operating Profit</b>	<b>644</b>	<b>703</b>	<b>867</b>	<b>-8%</b>	<b>-26%</b>
Non-Op Income / Loss	332	49	(24)		
Income before Tax	976	752	843	30%	16%
Tax Expense	167	(55)	200		
Net Income to Parent	809	807	643	0%	26%
<b>EPS(NT\$)</b>	<b>2.11</b>	<b>2.11</b>	<b>1.93</b>		
<b>Key Financial Ratio</b>					
<b>Gross Margin</b>	<b>15.10%</b>	<b>15.52%</b>	<b>18.52%</b>		
Operating Expense Ratio	7.32%	6.76%	6.80%		
<b>Operating Margin</b>	<b>7.78%</b>	<b>8.75%</b>	<b>11.72%</b>		
Effective Tax Rate	17.11%	-7.31%	23.72%		
<b>Net Margin</b>	<b>9.78%</b>	<b>10.05%</b>	<b>8.69%</b>		



# 1Q22 Balance Sheet

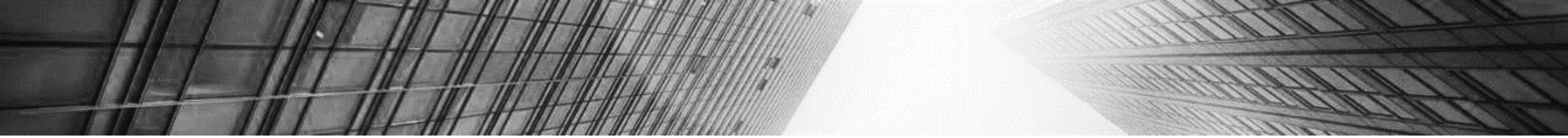
NTD \$Million	1Q22	4Q21	1Q21
<b>Total Assets</b>	<b>35,614</b>	<b>36,237</b>	<b>29,350</b>
Cash	3,711	4,423	3,511
Marketable Securities	5	5	6
NR / AR	14,377	13,260	11,115
Inventories	4,822	5,167	3,888
Fixed Assets	10,122	11,078	8,712
<b>Total Liabilities</b>	<b>14,830</b>	<b>14,922</b>	<b>15,378</b>
Short-term Debt	2,494	2,131	1,708
NP / AP	6,644	7,121	6,914
Long-term Debt	-	-	1,640
<b>Total Equity</b>	<b>20,784</b>	<b>21,315</b>	<b>13,972</b>
<b>Key Financial Index</b>			
Days Sales Outstanding	151	135	136
Days Sales of Inventory	69	61	54
Days Payable Outstanding	91	83	98
ROE (%)	15.73	18.12	21.42
ROA (%)	9.40	10.37	10.87
Debt ratio (%)	41.64	41.18	52.40

# 2015 – 2021 Dividend Policy

Year	EPS(NT\$)	Dividend(NT\$)	Cash Dividend(NT\$)	Pay-out Ratio(%)
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%
2019	8.13	5.0	5.0	62%
2020	8.19	5.0	5.0	61%
2021	9.00	5.0	5.0	56%

\*New shares issuance of 30 million common shares concluded on March 31<sup>st</sup> 2020

\*\*New shares issuance of 50 million common shares concluded on September 2<sup>nd</sup> 2021; current total outstanding common share: 383 million



# Growth Strategy Blueprint

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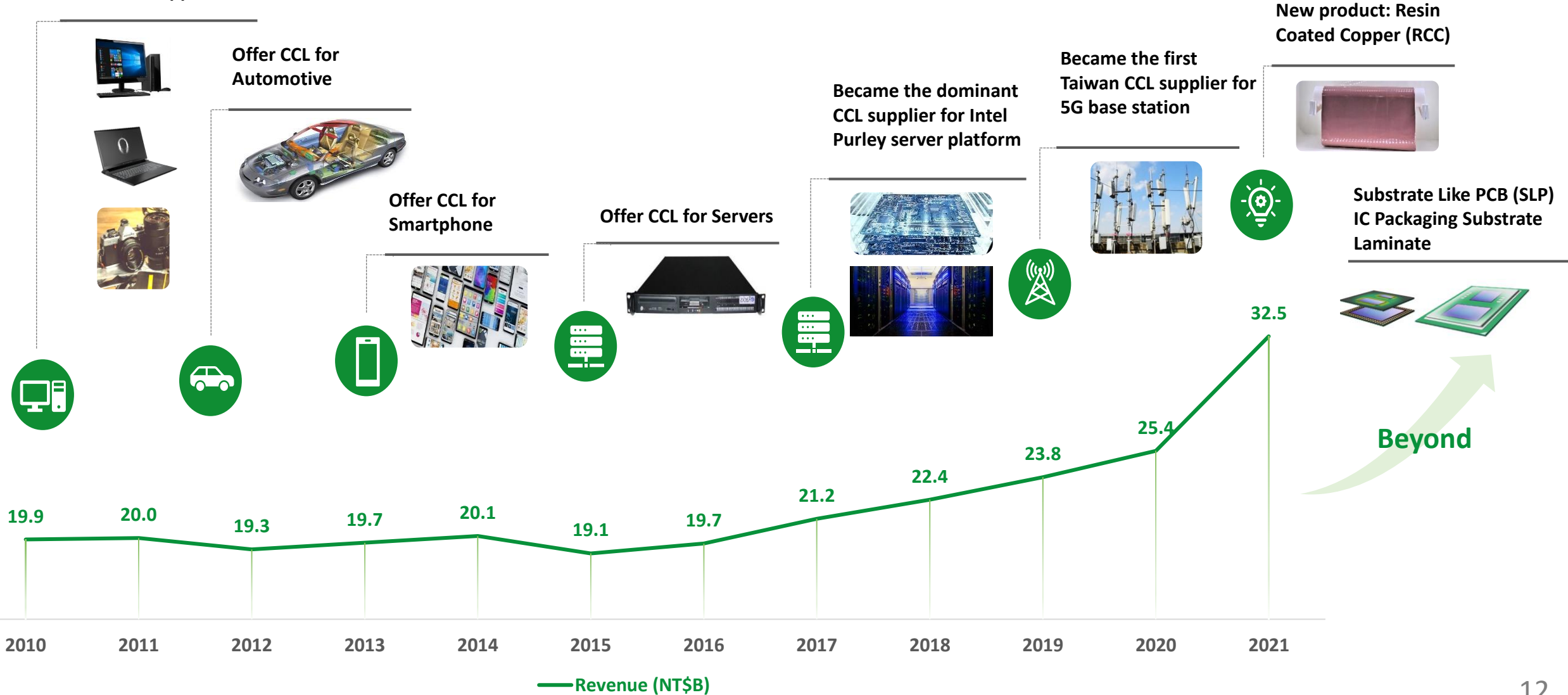
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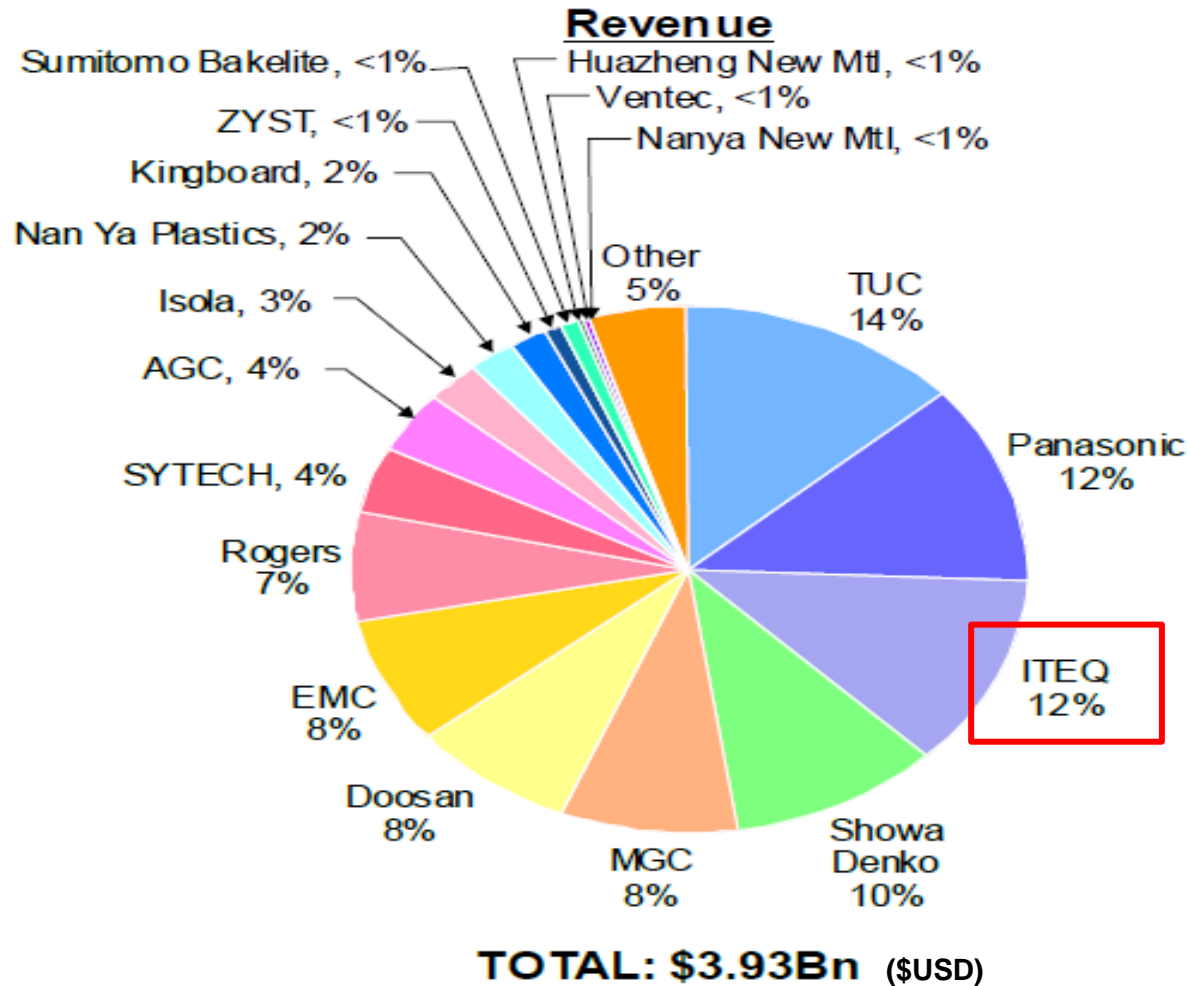
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# Path of Innovation

Focus on Consumer Electronics application



## 2020 WW Specialty Laminate Market Share



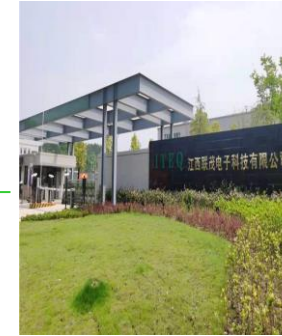
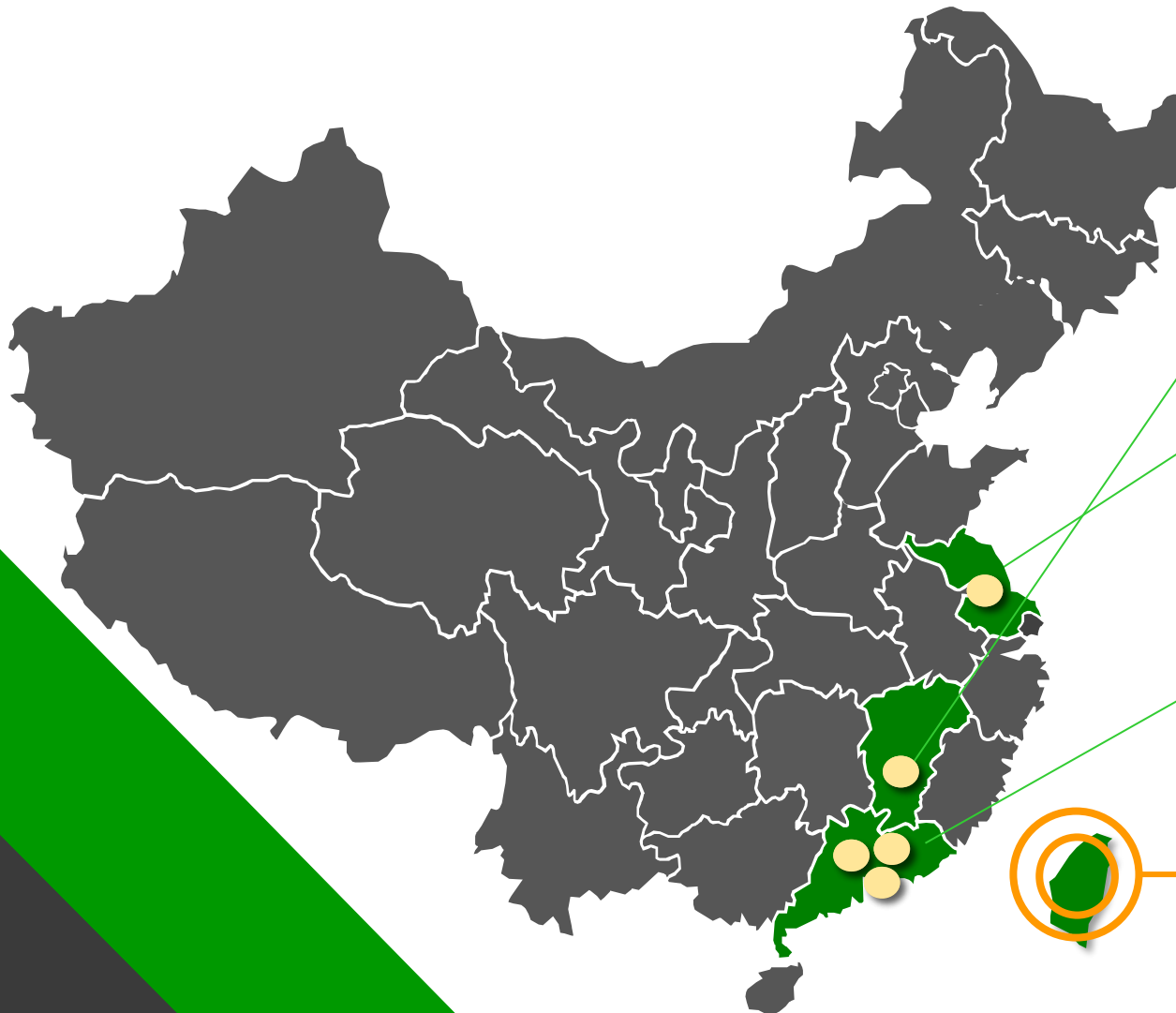
## ITEQ: Leading CCL supplier

- Worldwide top supplier in high speed / frequency laminate
- Cutting-edge technology with MP track record
- Secular growth momentum in 5G network and data center opportunities
- Rising EV market to boost demand for high speed / frequency automotive CCL

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\*Specialty Laminate includes: High speed, package substrate, RF  
Source: Prismark Report, 2021/06

# Manufacturing Site & Capacity – Expansion Plan ITEQ



**JiangXi Plant**  
(Phase I) - 2020  
Laminate (600K SHT/Month)  
Prepeq (3,500K M/Month)  
(Phase II) - 2021  
Laminate (600K SHT/Month)  
Prepeq (3,500K M/Month)  
(Phase III) – 2022 & 2023  
Laminate (1,200K SHT/Month)  
Prepeq (5,000K M/Month)



**WuXi Plant**  
Laminate (1,650K SHT/Month)  
Prepeq (8,000K M/Month)



**DongGuan Plant**  
Laminate (1,000K SHT/Month)  
Prepeq (4,000K M/Month)



**GuangZhou Plant**  
FCCL(1,450 K M<sup>2</sup>/Month)

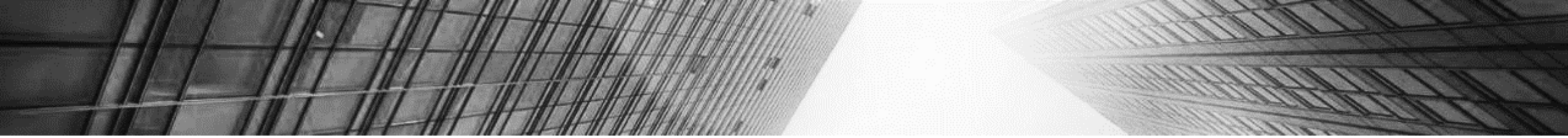


**HuangJiang Plant**  
Masslam Service(500K SQFT/Month)



**HsinChu (Headquarters)**  
Laminate(400K SHT/Month)  
Prepeq (2,400K M/Month)

Distributor/Agent: USA, Europe, Israel, Korea, Japan and Singapore



# Market Trend & Growth Drivers

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# Datacenter Server Platform Upgrade

Intel	Platform	Purley		Whitley		Eagle Stream	
	CPU	Skylake	Cascade Lake	Copper Lake	Ice lake	Sapphire Rapids	Emerald Rapids
	Nano Process	14 nm	14 nm+	14 nm++	10 nm	Intel 7	Intel 7
	PCIe Generation	PCIe 3.0	PCIe 3.0	PCIe 3.0	PCIe 4.0	PCIe 5.0	PCIe 5.0
	MP Time	2017 Q3	2019 Q3	Cancel	2021 Q1	2022 H2	2023
	CCL Material	Mid Loss	Mid Loss	Cancel	Low Loss	Very Low Loss	Very Low Loss
	Layer count	8 to 12	8 to 12	Cancel	12 to 16	16 to 20	16 to 20

AMD	Architecture	Zen	Zen2	Zen3	Zen4
	CPU	Naples	Rome	Milan	Genoa
	Nano Process	14 nm (Global Foundries)	7 nm (TSMC)	7 nm (TSMC)	5 nm (TSMC)
	PCIe Generation	PCIe 3.0	PCIe 4.0	PCIe 4.0	PCIe 5.0
	MP Time	2017 Q3	2019 Q3	2020 Q4	2022 H2
	CCL Material	Mid Loss	Low Loss	Low Loss	Very Low Loss
	Layer count	8 to 12	12 to 16	12 to 16	16 to 20



## Datacenter Equipment Cyclical Upgrade to Drive the Following;

- Corresponding CCL material upgrade
- Increase consumption and layer counts for CCL



## Green Power/EV



- Energy Conservation
- Power Charging
- High Current & Voltage
- Heavy Cu

High Tg material

## Internet of Vehicle

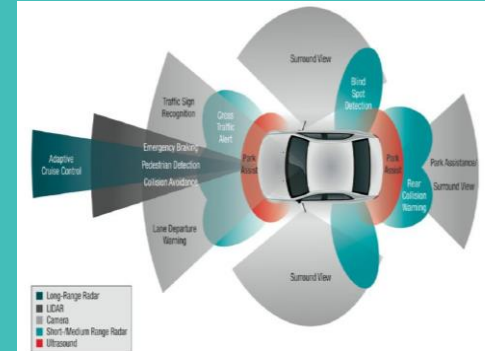


- Infotainment
- Networking

HDI

High Speed Material

## Active Safety



- Active Safety System
- ADAS
- Radar
- Antenna Module

High Speed Material

High Frequency Material

## Autonomous Driving



- HPC
- Graphic Processing
- Automated Driving Control Module

HDI

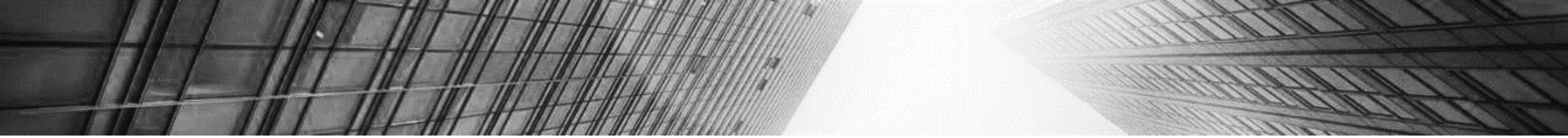
High Speed Material

- EV, IoV and Active Safety to boost demand for high performance automotive CCL



# Thank you

Question and Comment



# Appendix

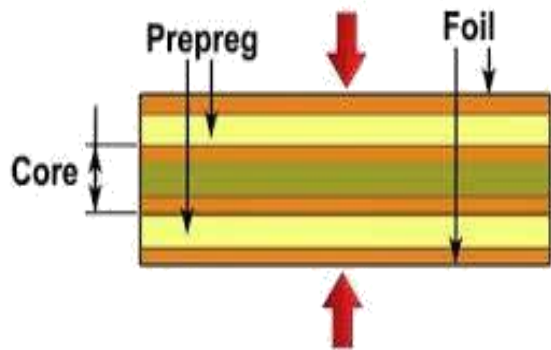
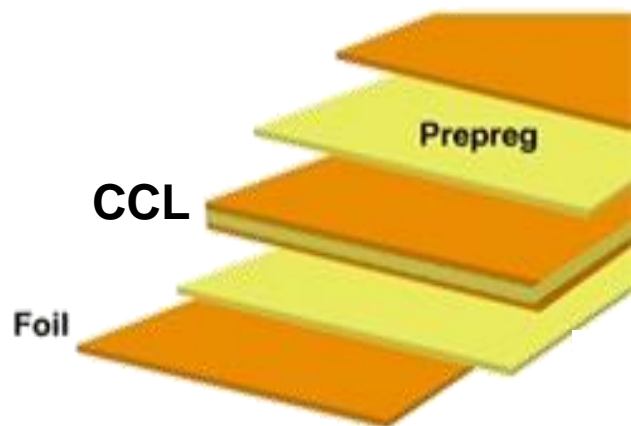
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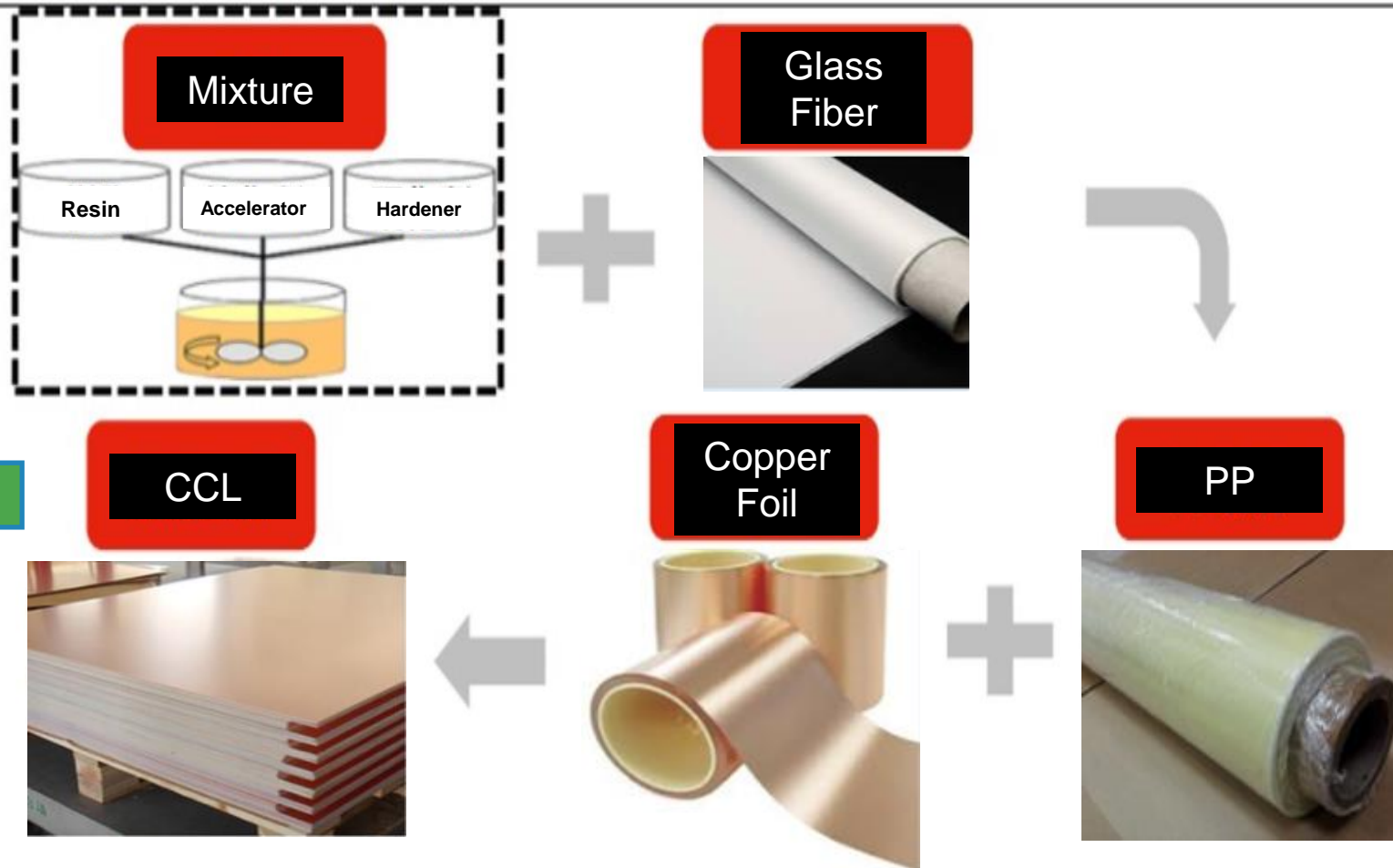
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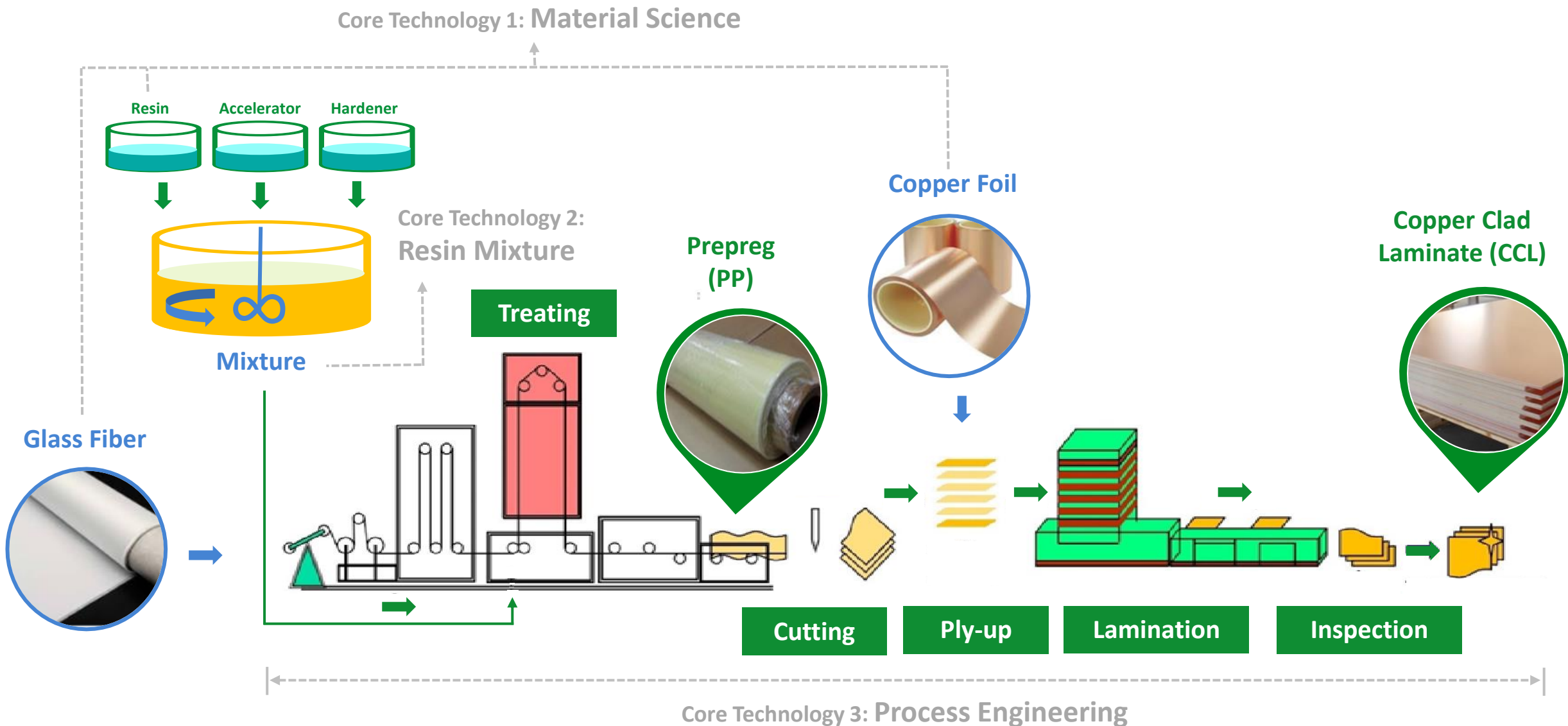
## CCL/PP

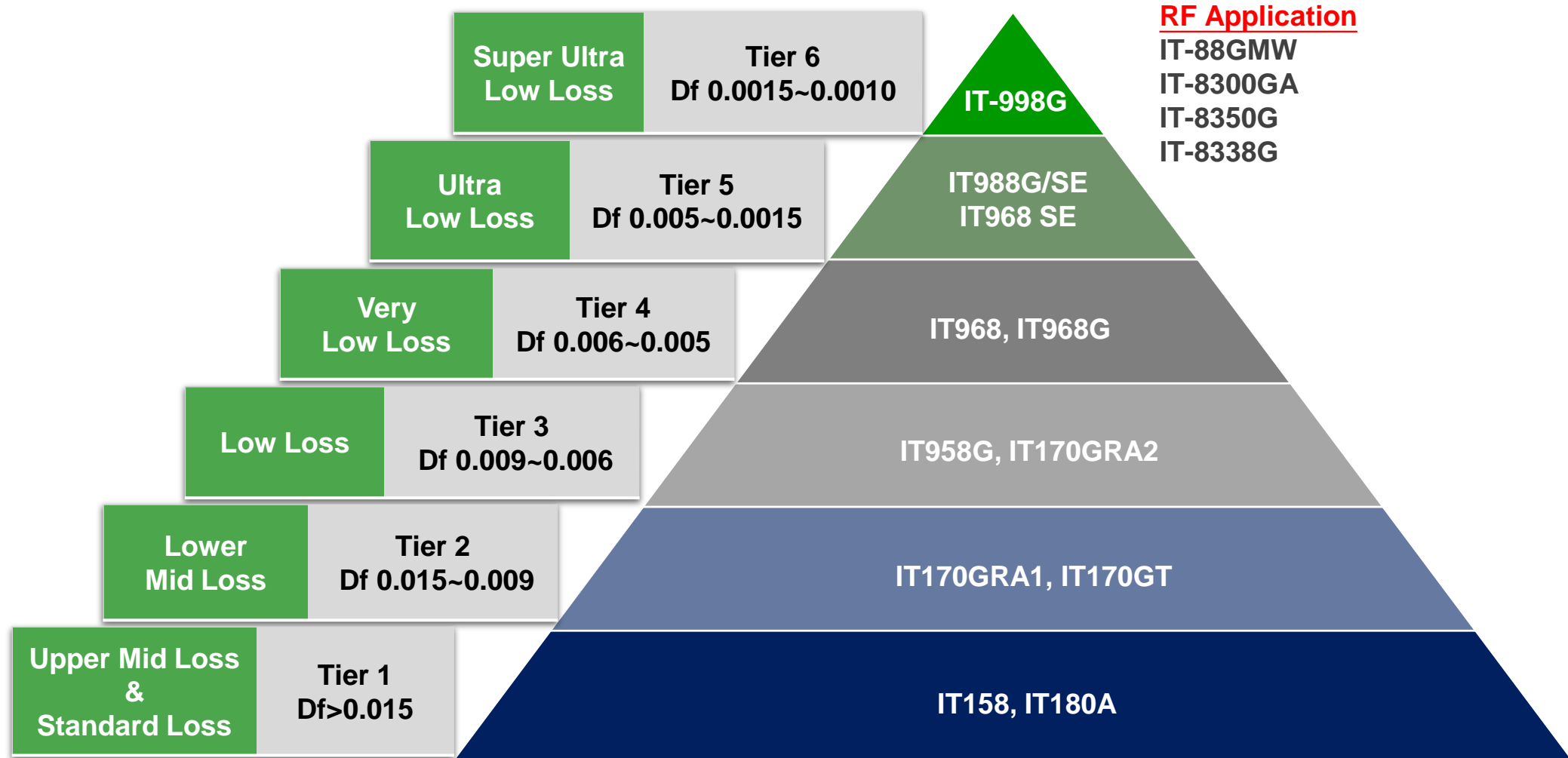


## CCL Manufacturing Process



# CCL & PP Manufacturing Flow





**RF Application**

- IT-88GMW
- IT-8300GA
- IT-8350G
- IT-8338G

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