



# ITEQ Corporation

2021 Fourth Quarter Earnings Result

**ITEQ**

INNOVATION. TEAMWORK. EXCELLENCE. QUALITY

April 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



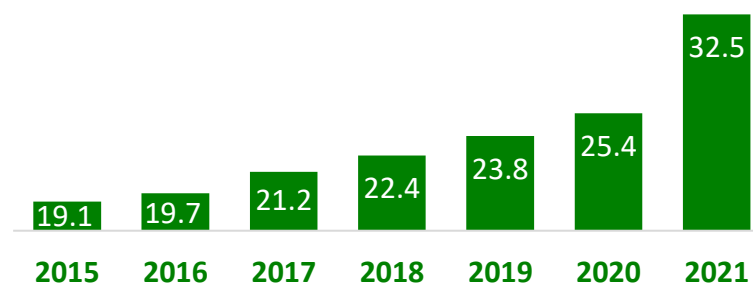
**CEO**  
Audrey Tsai



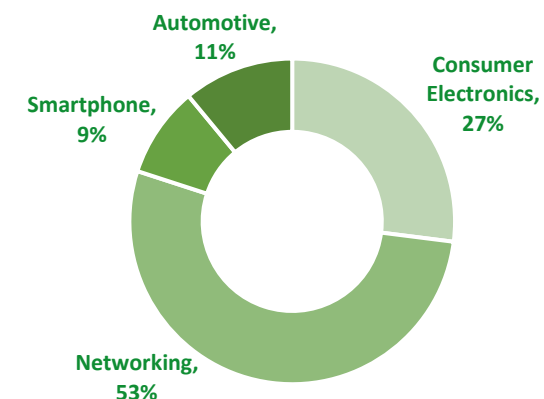
### Main Products

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

### Revenue (NT\$ billion)



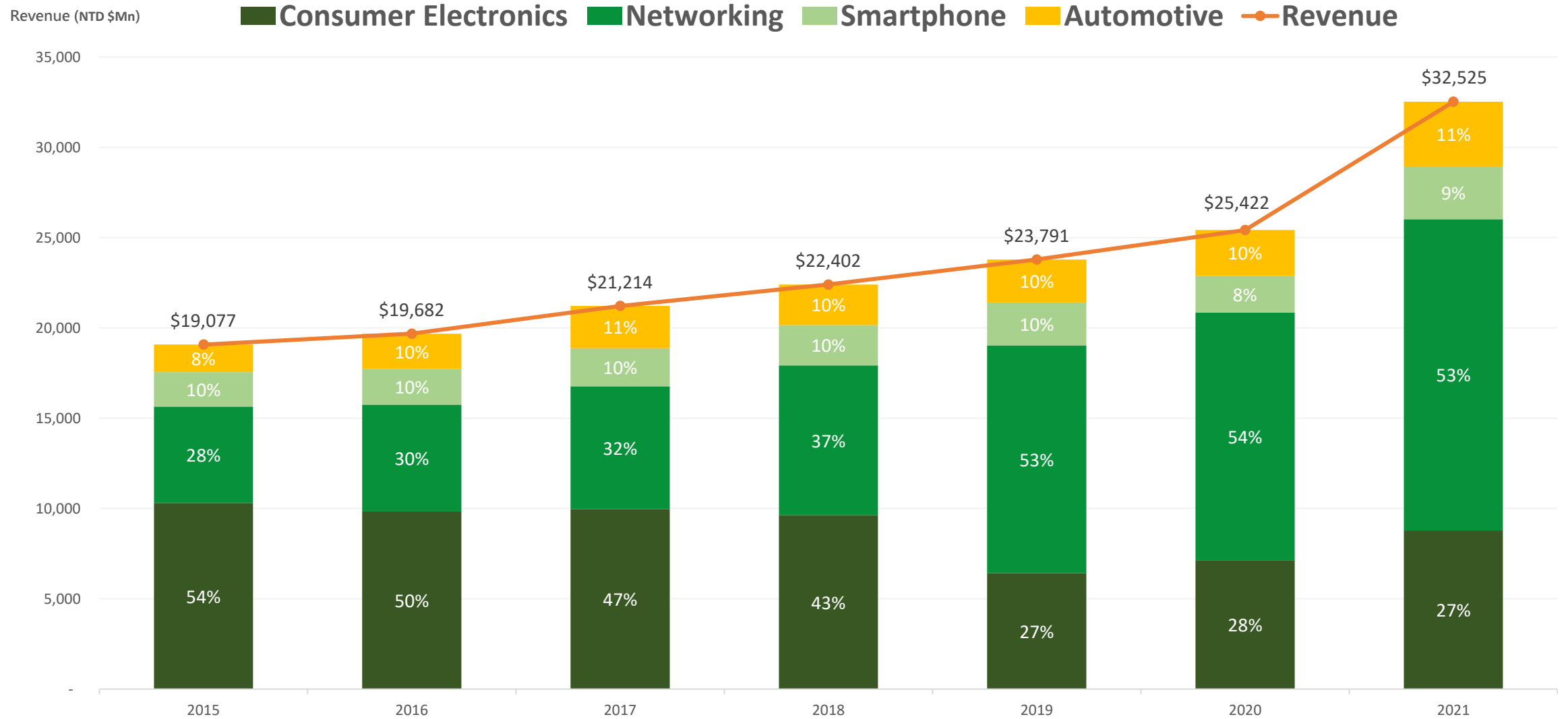
### Revenue by Application (FY21)

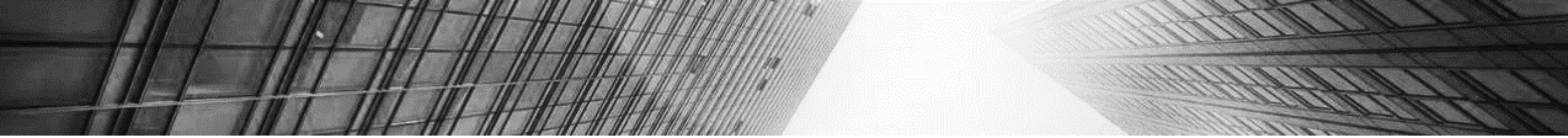


# Key Technology Applications



# 2015-2021 Mix Shifted Driven by Innovation





# Growth Strategy Blueprint

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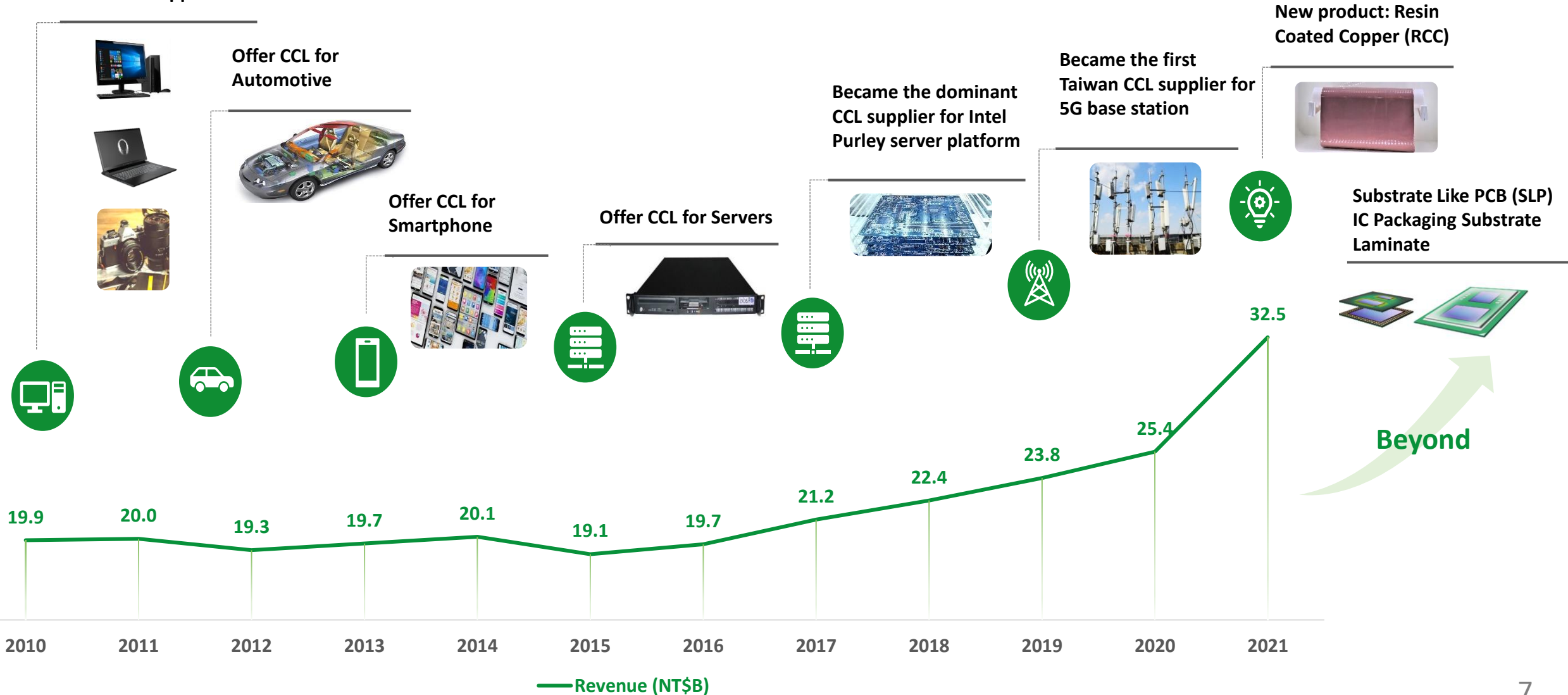
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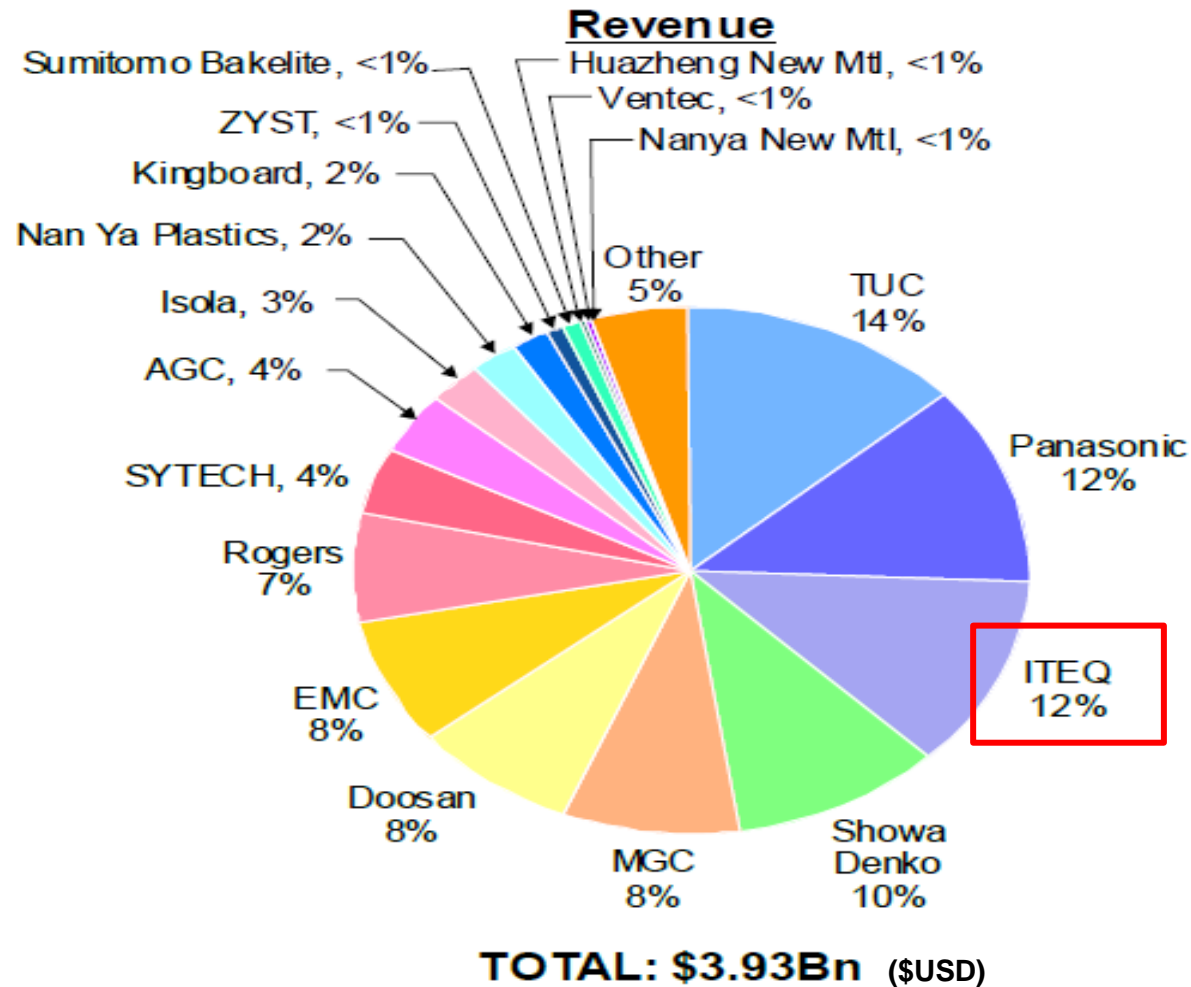
# Path of Innovation

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

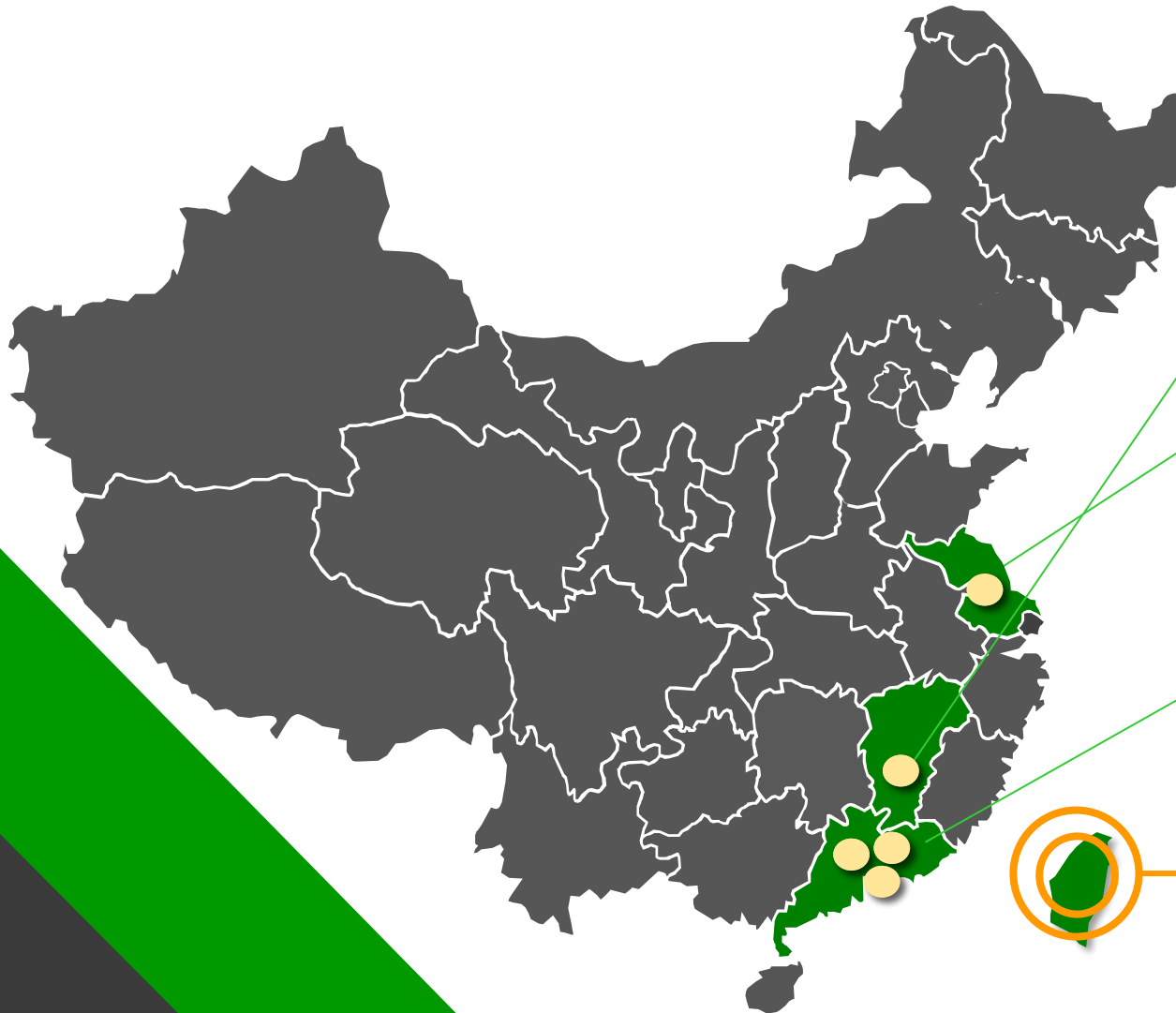


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\*Specialty Laminate includes: High speed, package substrate, RF  
Source: Prismark Report, 2021/06



# Manufacturing Site & Capacity – Expansion Plan ITEQ



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



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



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



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

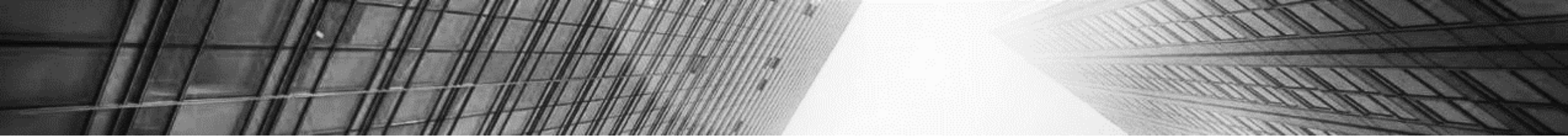


**HuangJiang Plant**  
Masslam Service(500K SQFT/Month)



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

Distributor/Agent : USA 、 Europe 、 Israel 、 Korea 、 Japan 、 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

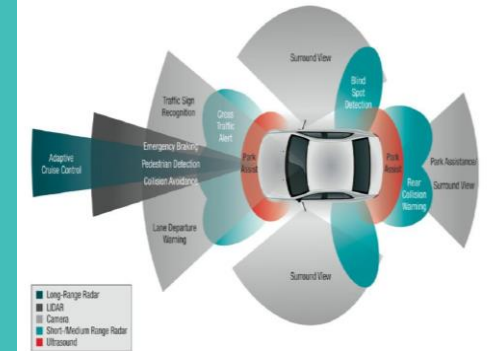


- Infotainment
- Networking

HDI

High Speed Material

## Active Safety



- Active Safety System
- ADAS
- Radar
- Antenna Module

High Speed Material

High Frequency Material

## Autonomous Driving



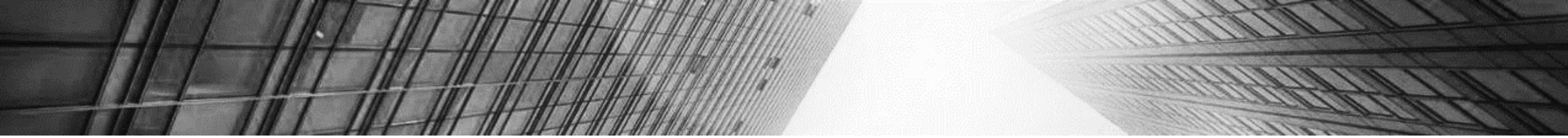
- HPC
- Graphic Processing
- Automated Driving Control Module

HDI

High Speed Material

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





# 4Q21 & 2021 Financial Results

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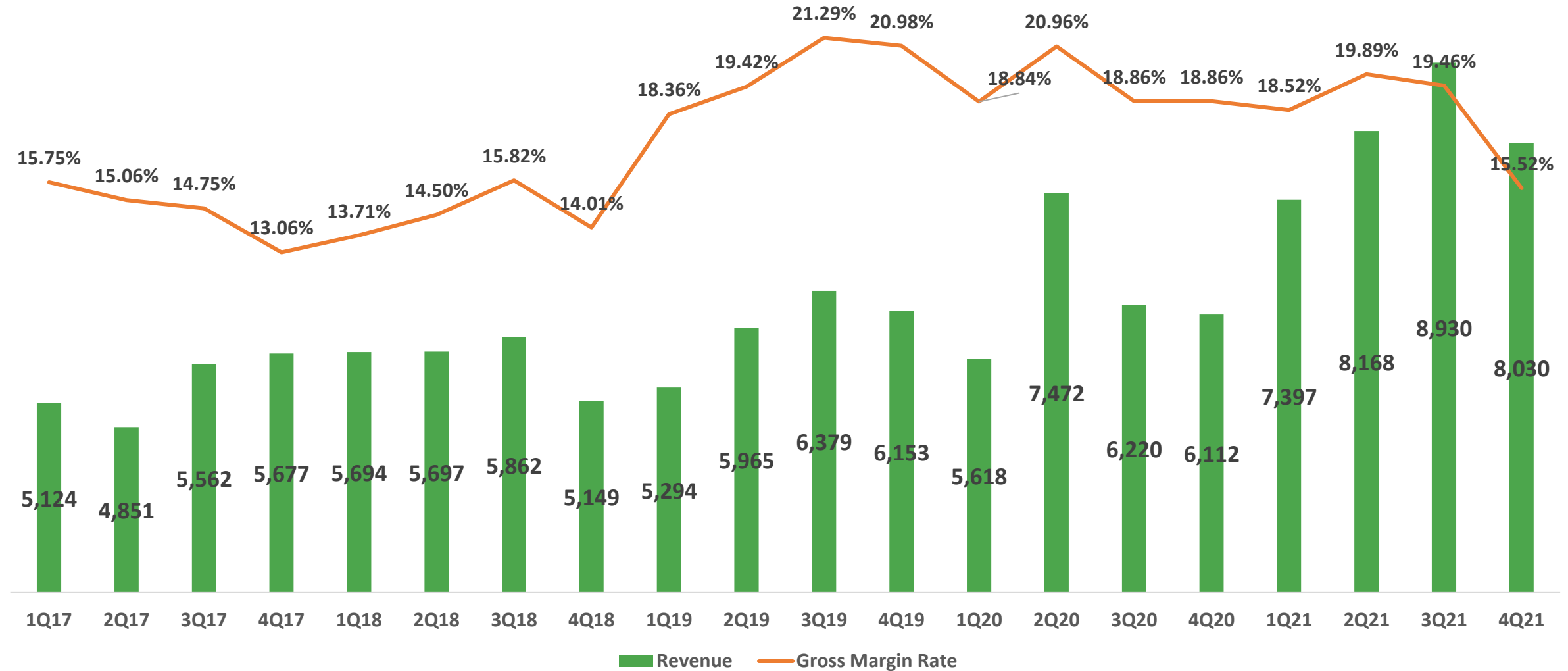
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# 4Q21 & FY21 Income Statement

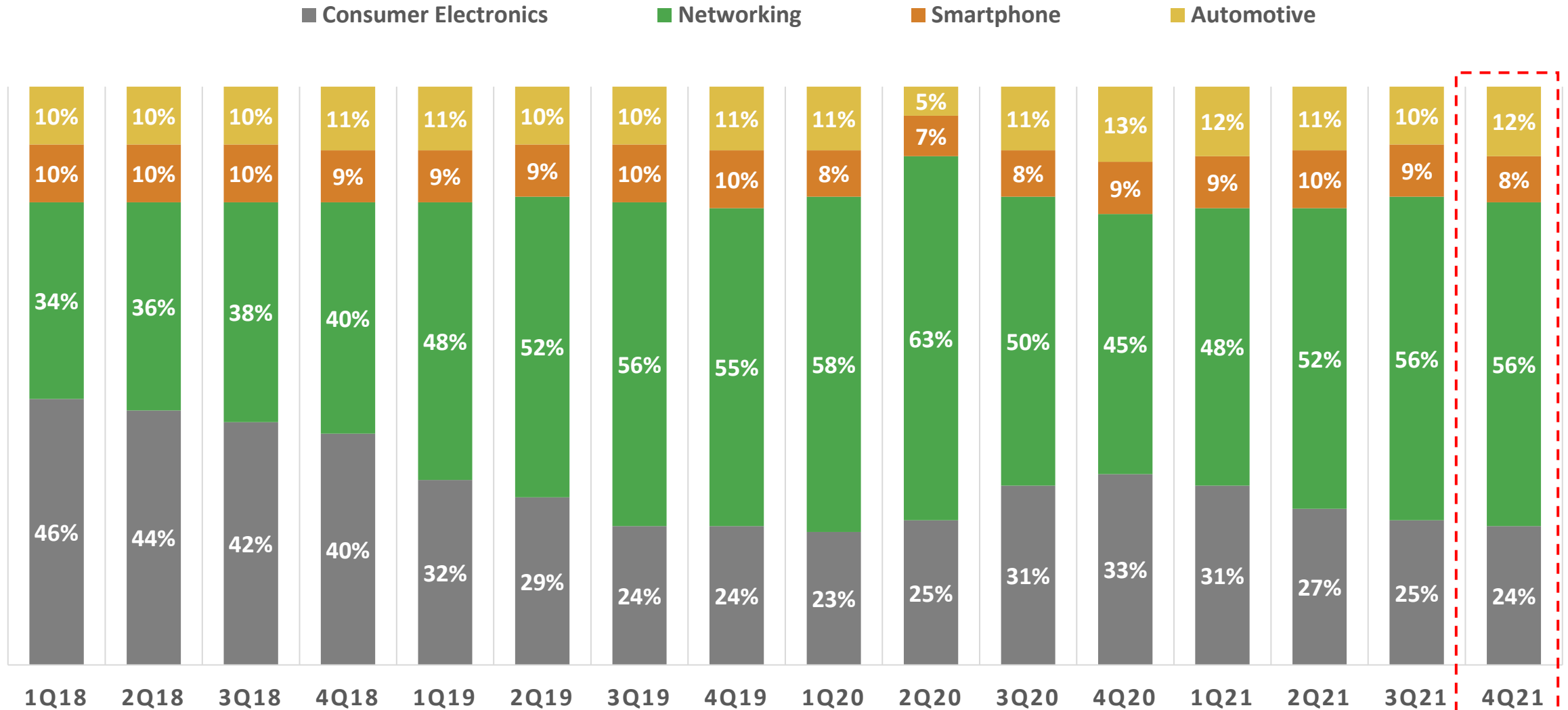
| NTD \$Million              | 4Q21          | 3Q21          | 4Q20          | QoQ         | YoY         | 2021          | 2020          | YoY        |
|----------------------------|---------------|---------------|---------------|-------------|-------------|---------------|---------------|------------|
| <b>Revenue</b>             | <b>8,030</b>  | <b>8,930</b>  | <b>6,112</b>  | <b>-10%</b> | <b>31%</b>  | <b>32,525</b> | <b>25,422</b> | <b>28%</b> |
| Gross Profit               | 1,246         | 1,738         | 1,153         | -28%        | 8%          | 5,980         | 4,951         | 21%        |
| Operating Expense          | 543           | 631           | 327           | -14%        | 66%         | 2,160         | 1,732         | 25%        |
| <b>Operating Profit</b>    | <b>703</b>    | <b>1,107</b>  | <b>826</b>    | <b>-36%</b> | <b>-15%</b> | <b>3,820</b>  | <b>3,219</b>  | <b>19%</b> |
| Non-Op Income / Loss       | 49            | (11)          | 164           |             |             | (5)           | 176           |            |
| Income before Tax          | 752           | 1,096         | 990           | -31%        | -24%        | 3,815         | 3,395         | 12%        |
| Tax Expense                | (55)          | 261           | 212           |             |             | 670           | 729           |            |
| Net Income to Parent       | 807           | 835           | 778           | -3%         | 4%          | 3,145         | 2,666         | 18%        |
| <b>EPS(NT\$)</b>           | <b>2.11</b>   | <b>2.40</b>   | <b>2.34</b>   | <b>-12%</b> | <b>-10%</b> | <b>9.00</b>   | <b>8.19</b>   | <b>10%</b> |
| <b>Key Financial Ratio</b> |               |               |               |             |             |               |               |            |
| <b>Gross Margin</b>        | <b>15.52%</b> | <b>19.46%</b> | <b>18.86%</b> |             |             | <b>18.38%</b> | <b>19.47%</b> |            |
| Operating Expense Ratio    | 6.76%         | 7.07%         | 5.35%         |             |             | 6.64%         | 6.81%         |            |
| <b>Operating Margin</b>    | <b>8.75%</b>  | <b>12.40%</b> | <b>13.51%</b> |             |             | <b>11.74%</b> | <b>12.66%</b> |            |
| Effective Tax Rate         | -7.31%        | 23.81%        | 21.41%        |             |             | 17.56%        | 21.47%        |            |
| <b>Net Margin</b>          | <b>10.05%</b> | <b>9.35%</b>  | <b>12.73%</b> |             |             | <b>9.67%</b>  | <b>10.49%</b> |            |

# Revenue & Gross Margin Rate

(Million \$NTD)



# 1Q18~4Q21 Product Mix





# 4Q21 Balance Sheet

| NTD \$Million              | 4Q21          | 3Q21          | 4Q20          |
|----------------------------|---------------|---------------|---------------|
| <b>Total Assets</b>        | <b>36,237</b> | <b>36,035</b> | <b>25,684</b> |
| Cash                       | 4,423         | 4,035         | 3,287         |
| Marketable Securities      | 5             | 5             | 6             |
| NR / AR                    | 13,260        | 14,100        | 10,813        |
| Inventories                | 5,167         | 5,194         | 3,243         |
| Fixed Assets               | 11,078        | 10,117        | 6,484         |
| <b>Total Liabilities</b>   | <b>14,922</b> | <b>15,681</b> | <b>12,290</b> |
| Short-term Debt            | 2,131         | 1,434         | 2,370         |
| NP / AP                    | 7,121         | 8,432         | 4,858         |
| Long-term Debt             | -             | -             | 1,640         |
| <b>Total Equity</b>        | <b>21,315</b> | <b>20,354</b> | <b>13,394</b> |
| <b>Key Financial Index</b> |               |               |               |
| Days Sales Outstanding     | 136           | 149           | 154           |
| Days Sales of Inventory    | 62            | 66            | 55            |
| Days Payable Outstanding   | 83            | 98            | 100           |
| ROE (%)                    | 18.12         | 18.50         | 23.90         |
| ROA (%)                    | 10.37         | 10.31         | 11.09         |
| Debt ratio (%)             | 41.18         | 43.50         | 47.85         |

# 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



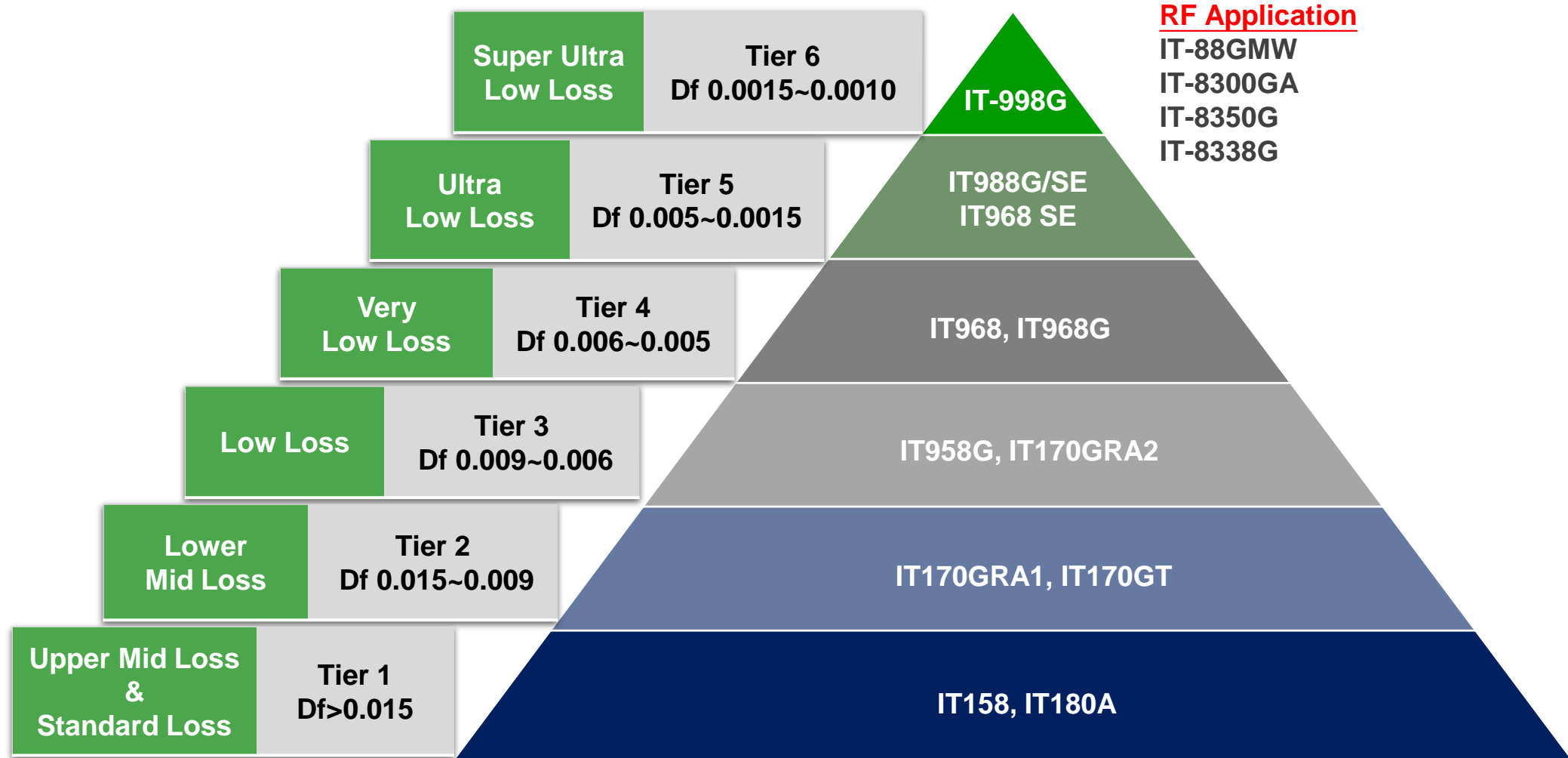
# Appendix

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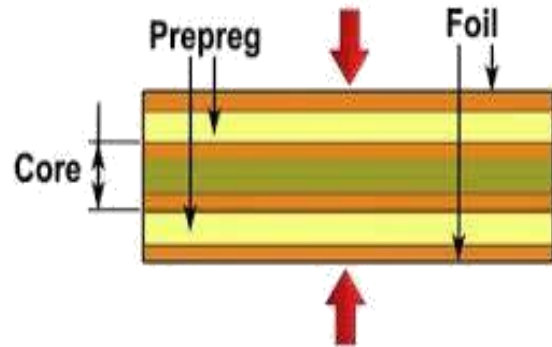
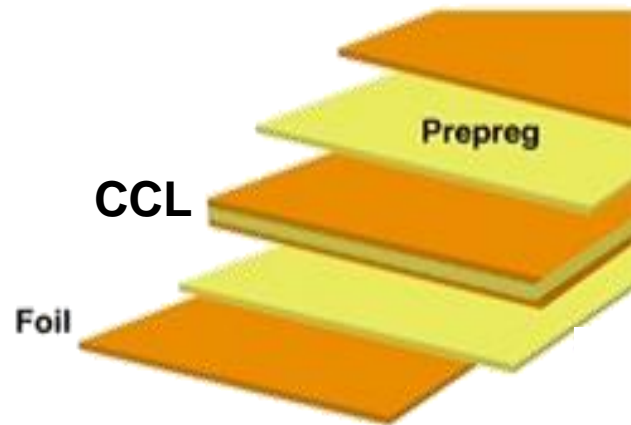
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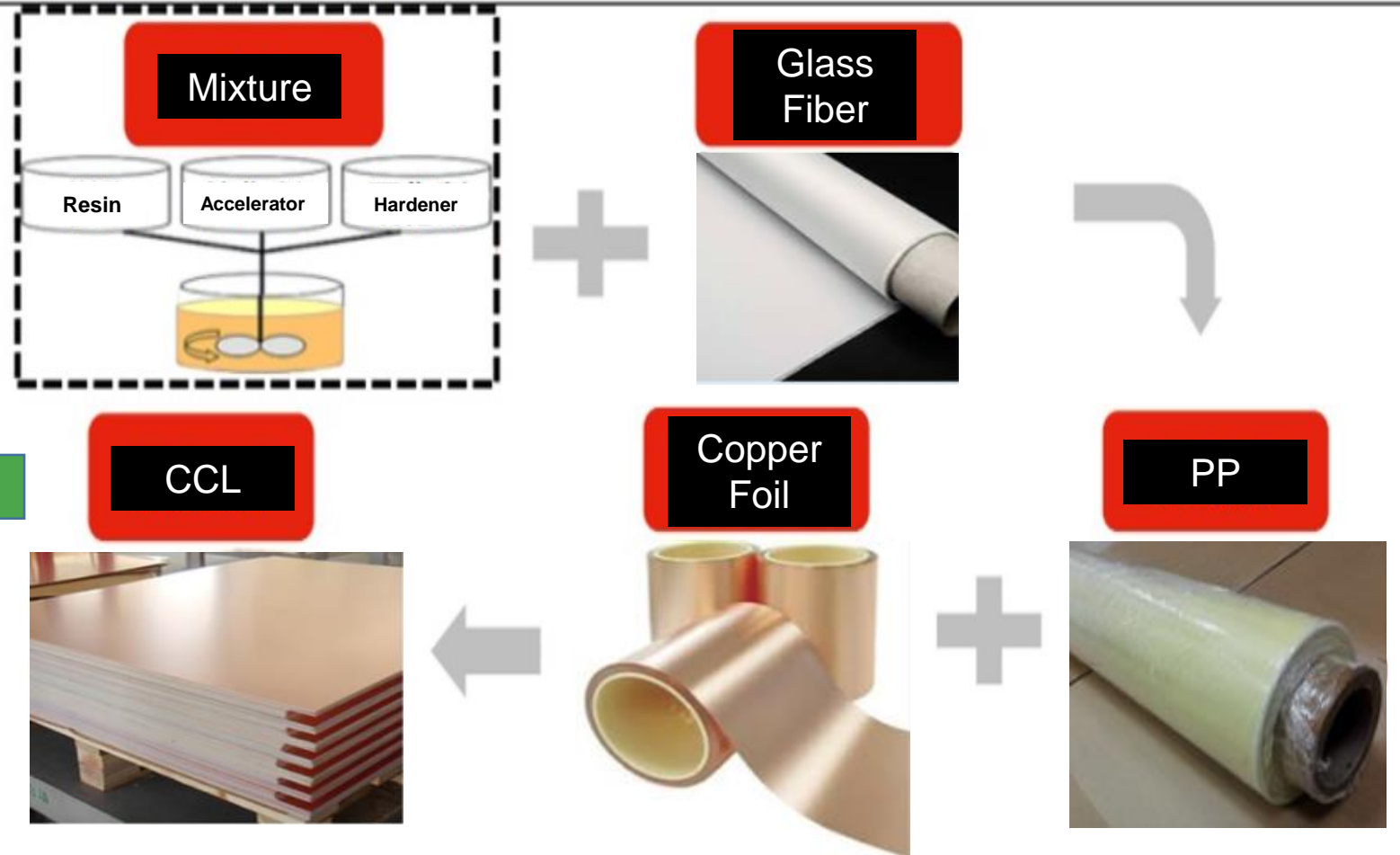
- The need for 5G commercialization and server upgrade to expedite the growth of high speed / frequency material demand
- ITEQ's market share in high speed / frequency material to uplift robustly



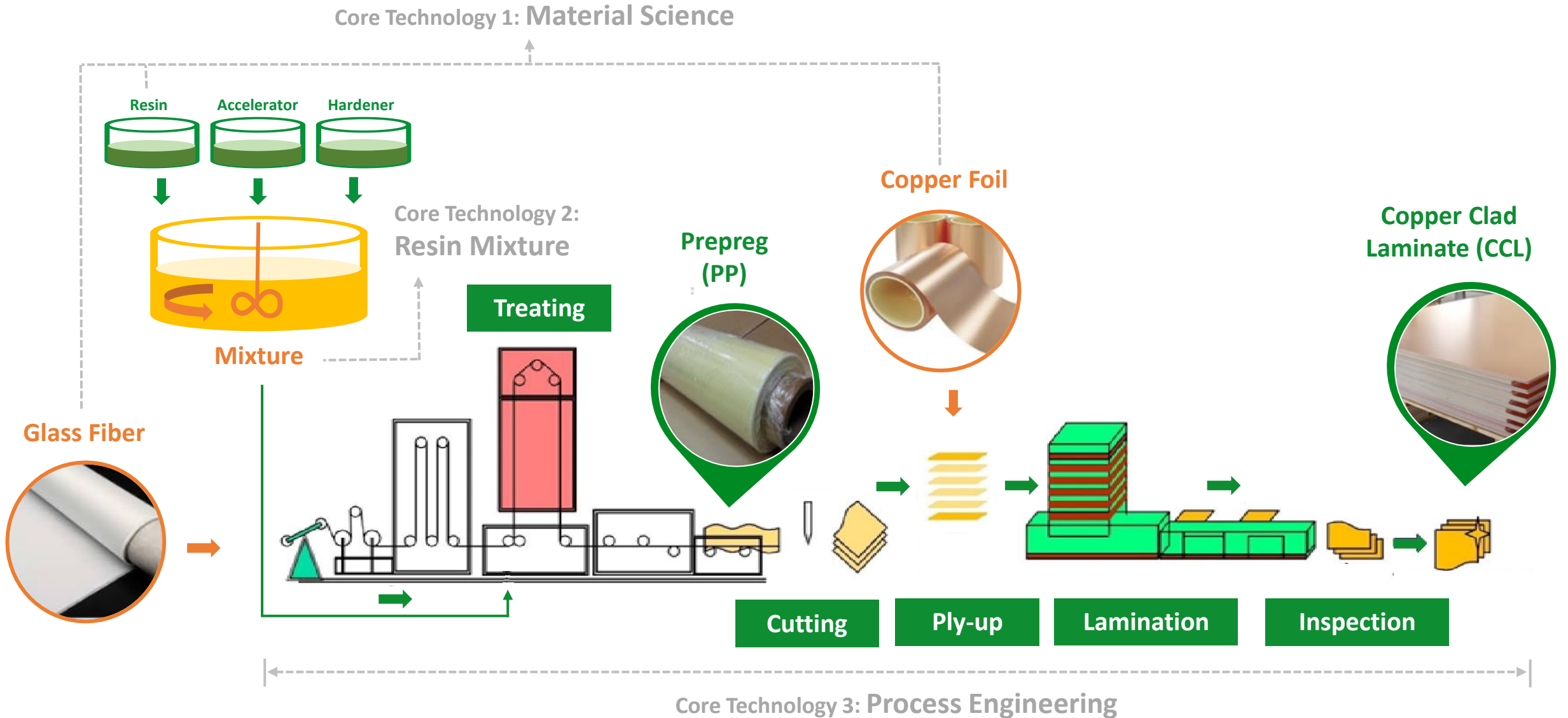
## CCL/PP



## CCL Manufacturing Process



# CCL & PP Manufacturing Flow





# Thank you

Question and Comment