



ITEQ Corporation

2020 Fourth Quarter Earnings Result

ITEQ

INNOVATION. TEAMWORK. EXCELLENCE. QUALITY

March 2021

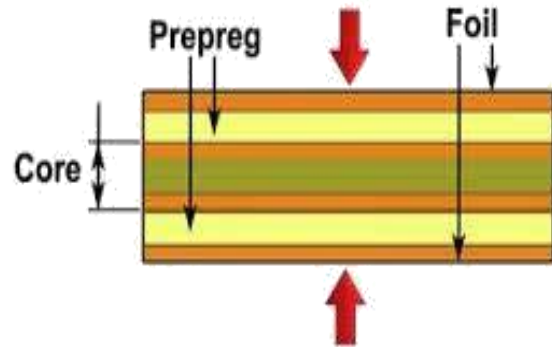
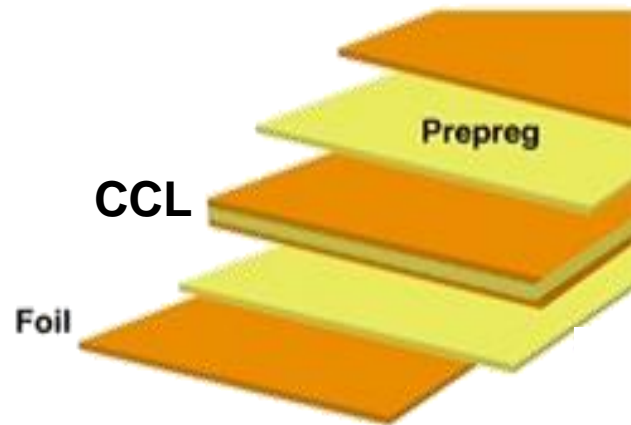
- This presentation and release contain “forward-looking statements” which may include projections of future results of operations, financial condition or business prospects based on our own information and other sources.
- Our actual results of operations, financial condition or business prospects may 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

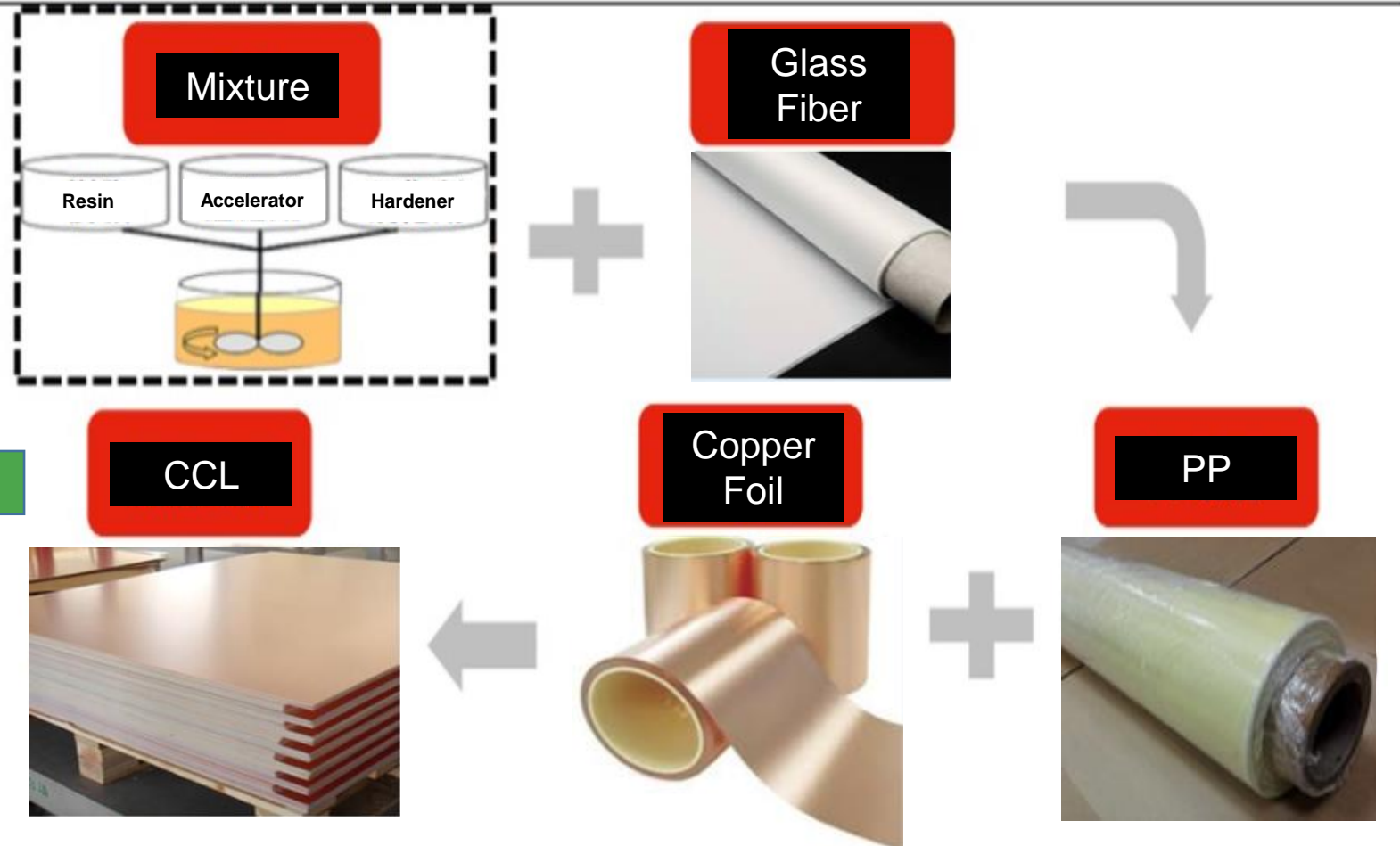
- ◆ Establishment: April 10th, 1997
- ◆ Headquarter: HsinChu, Taiwan
- ◆ Capital: NTD\$3,330M
- ◆ Employees: Over 3,000
- ◆ Chairman: Dennis Chen
- ◆ CEO: Audrey Tsai
- ◆ Main Product: Copper Clad Laminate & Prepreg
Flexible CCL
Masslam service



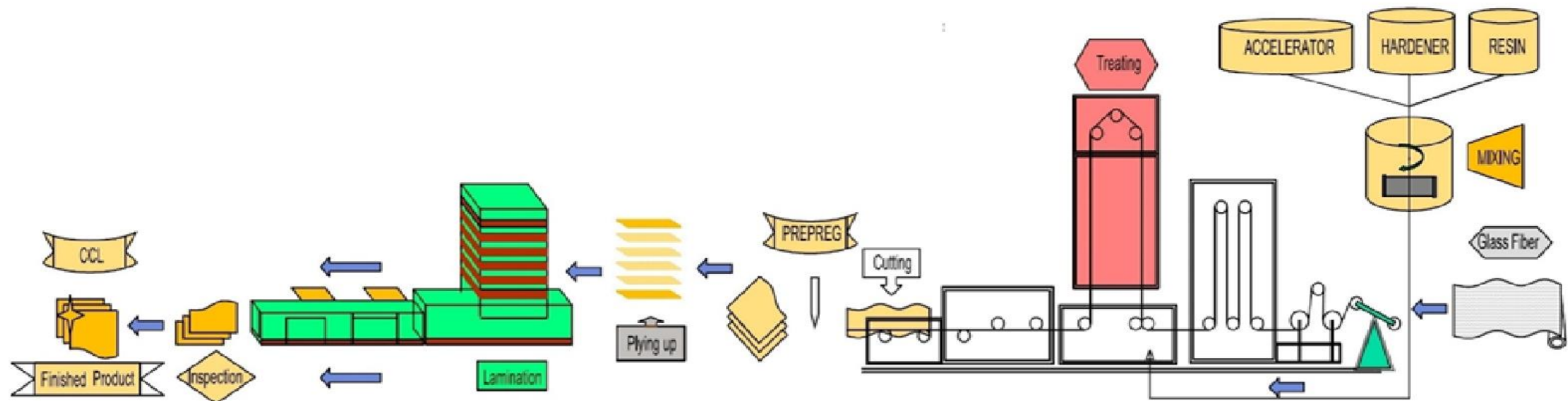
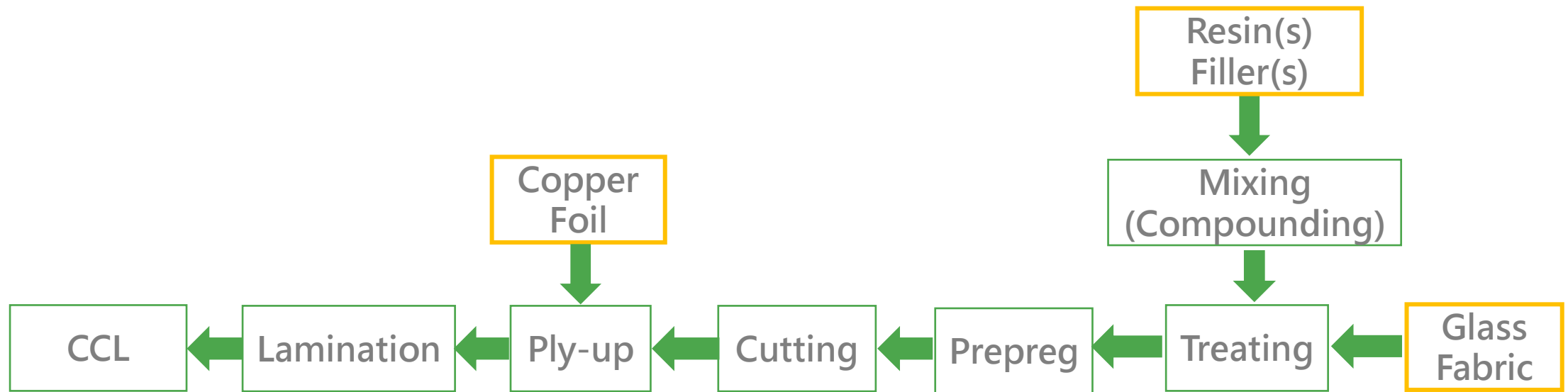
CCL/PP



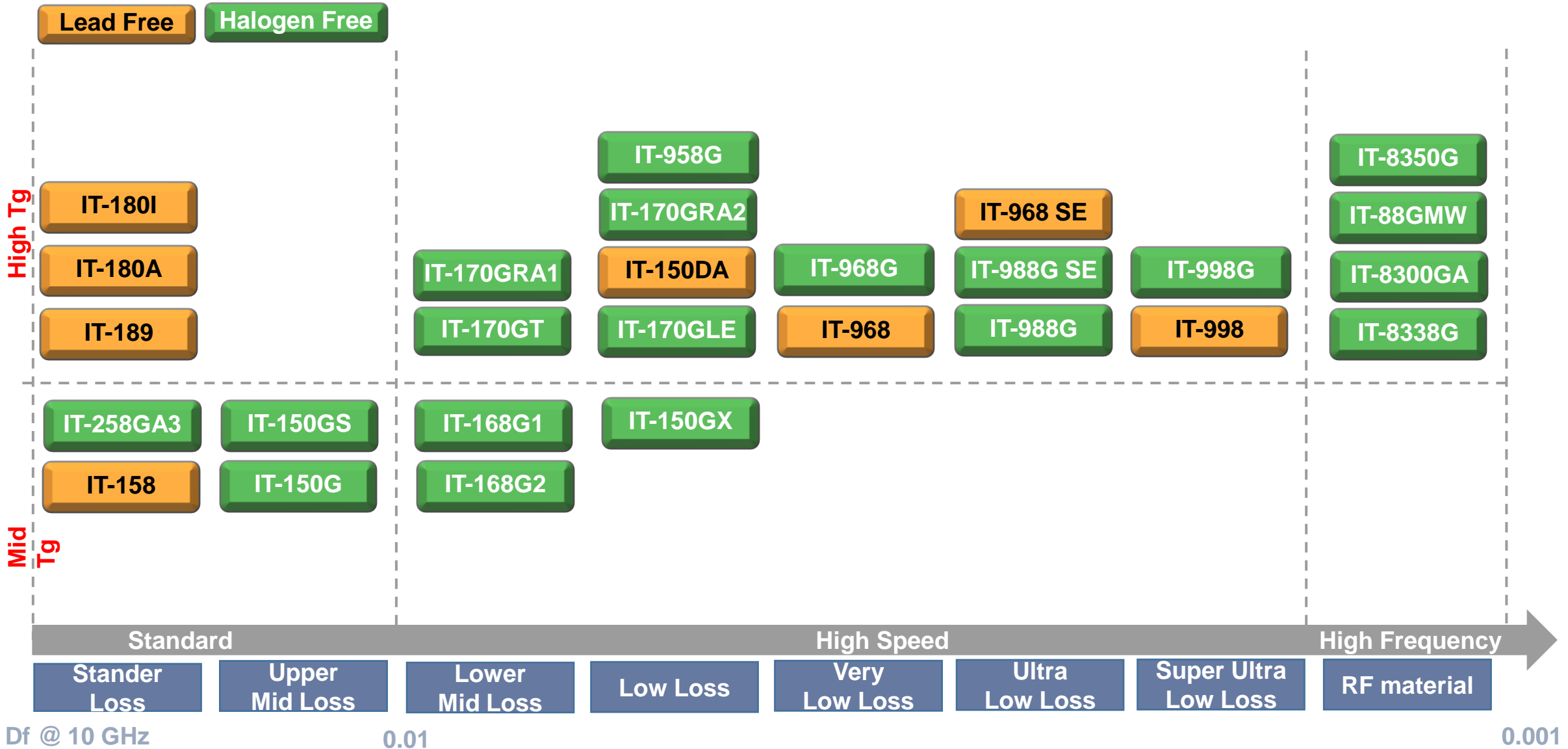
CCL Manufacturing Process

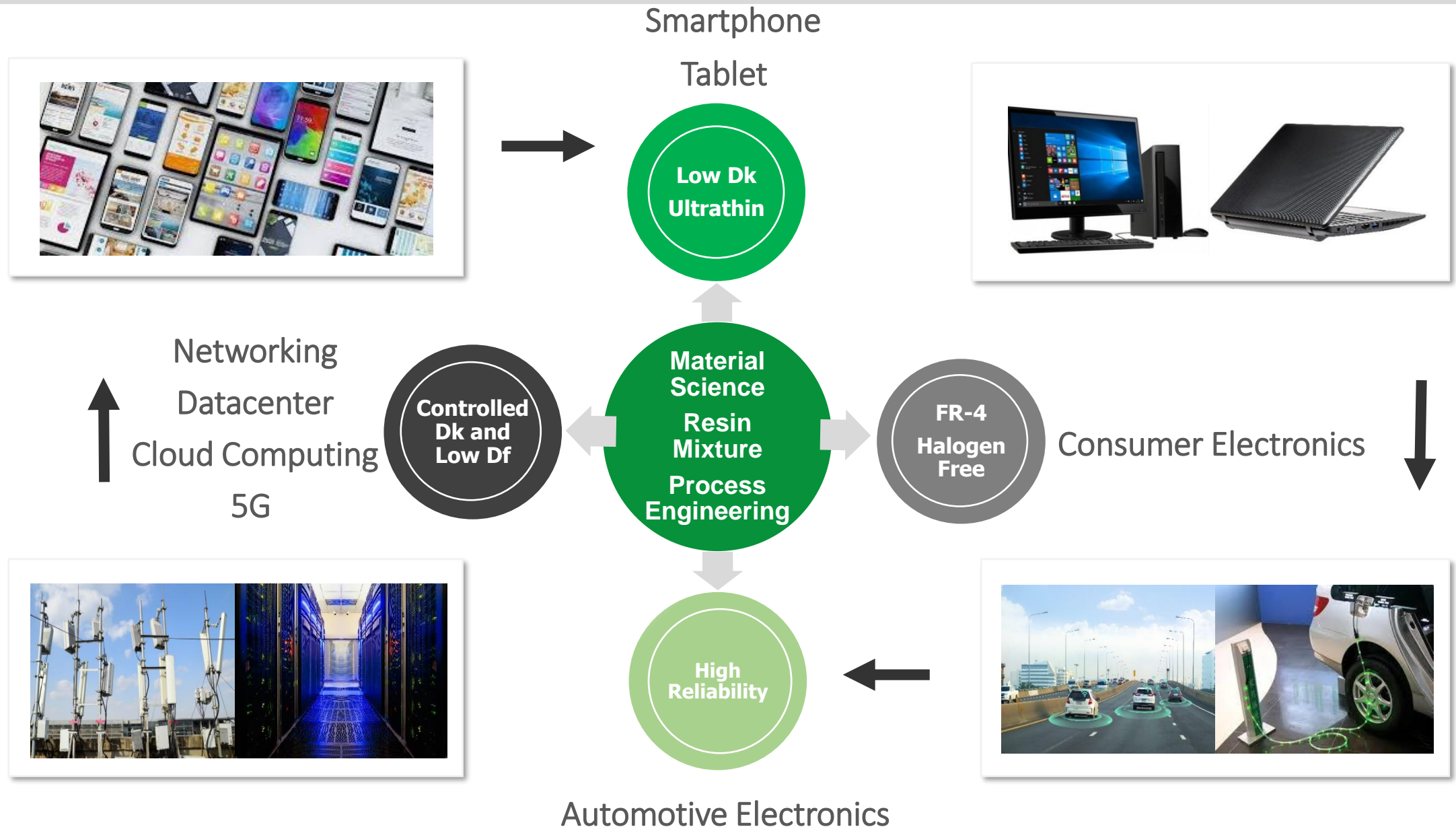


CCL & PP Manufacturing Flow

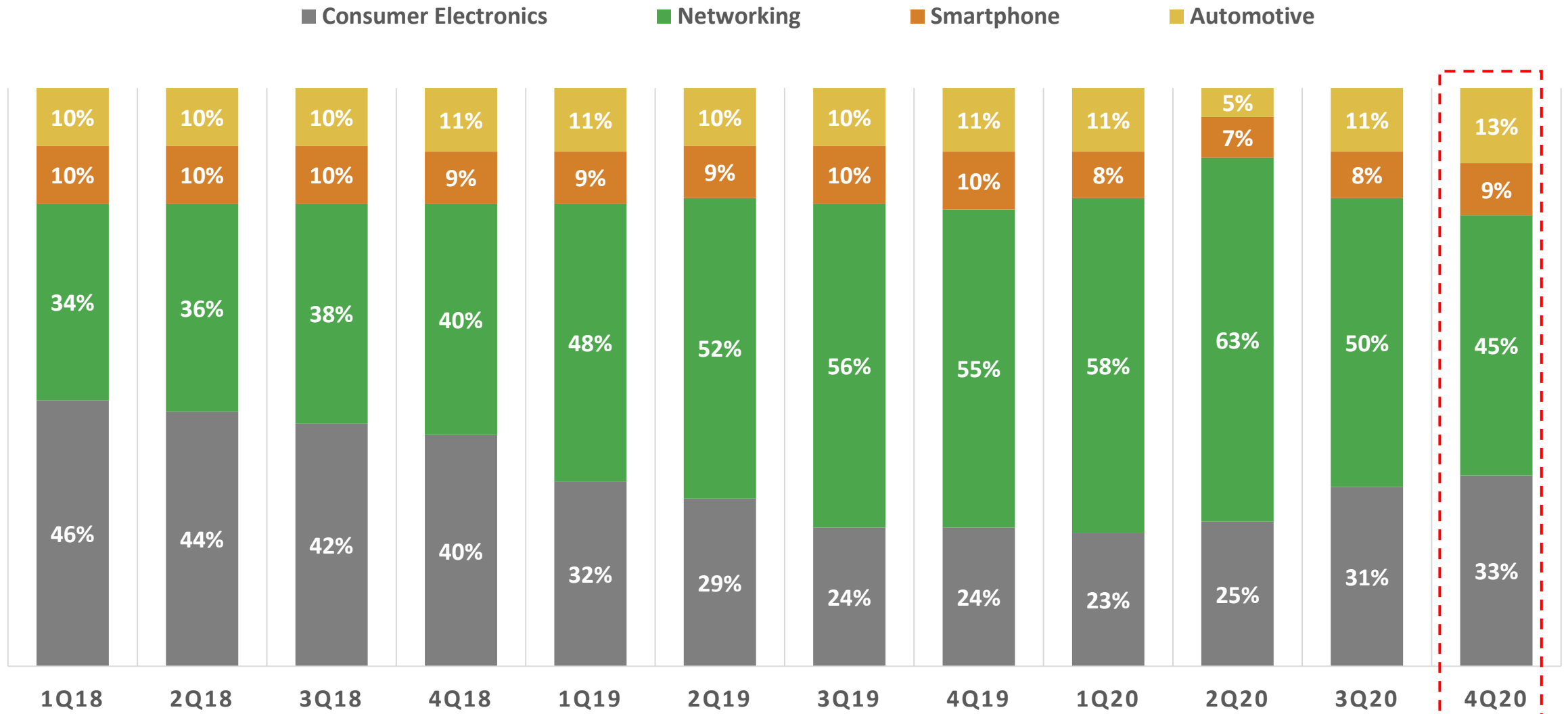


Product Roadmap



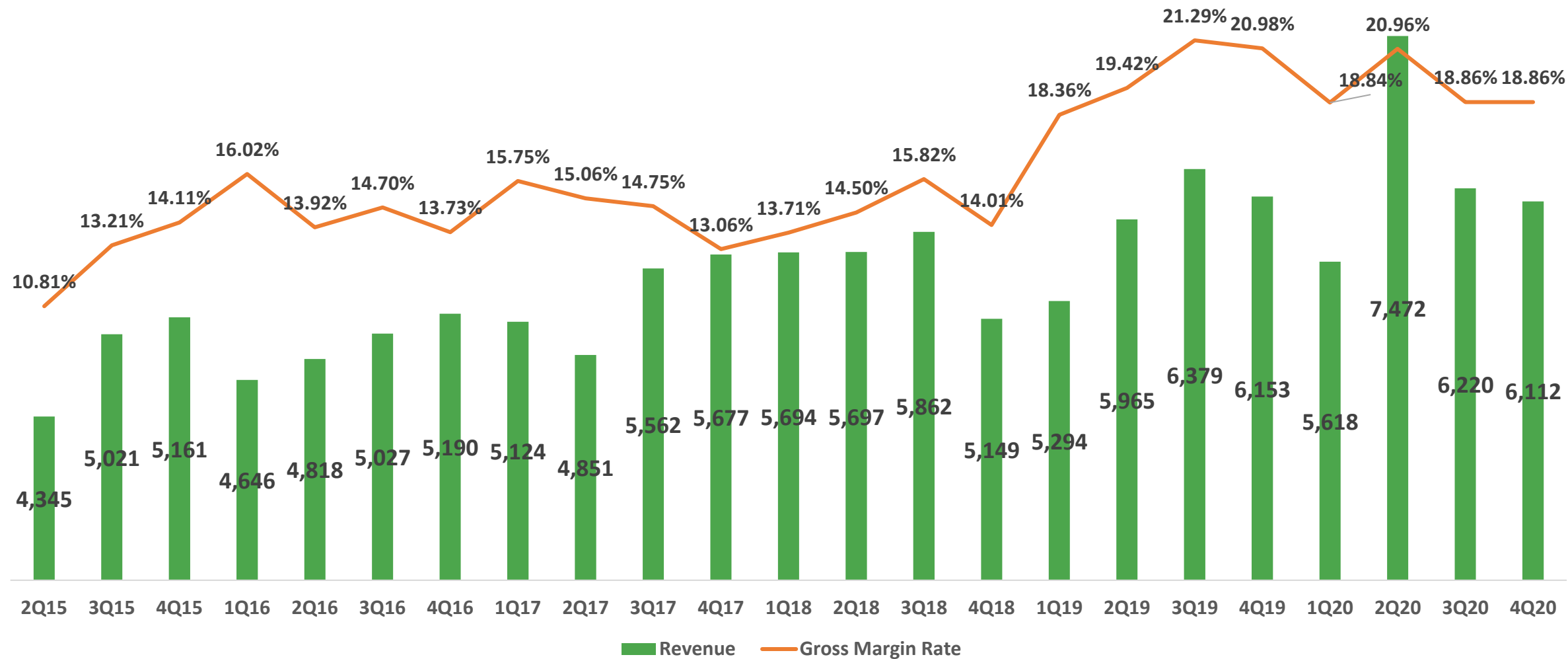


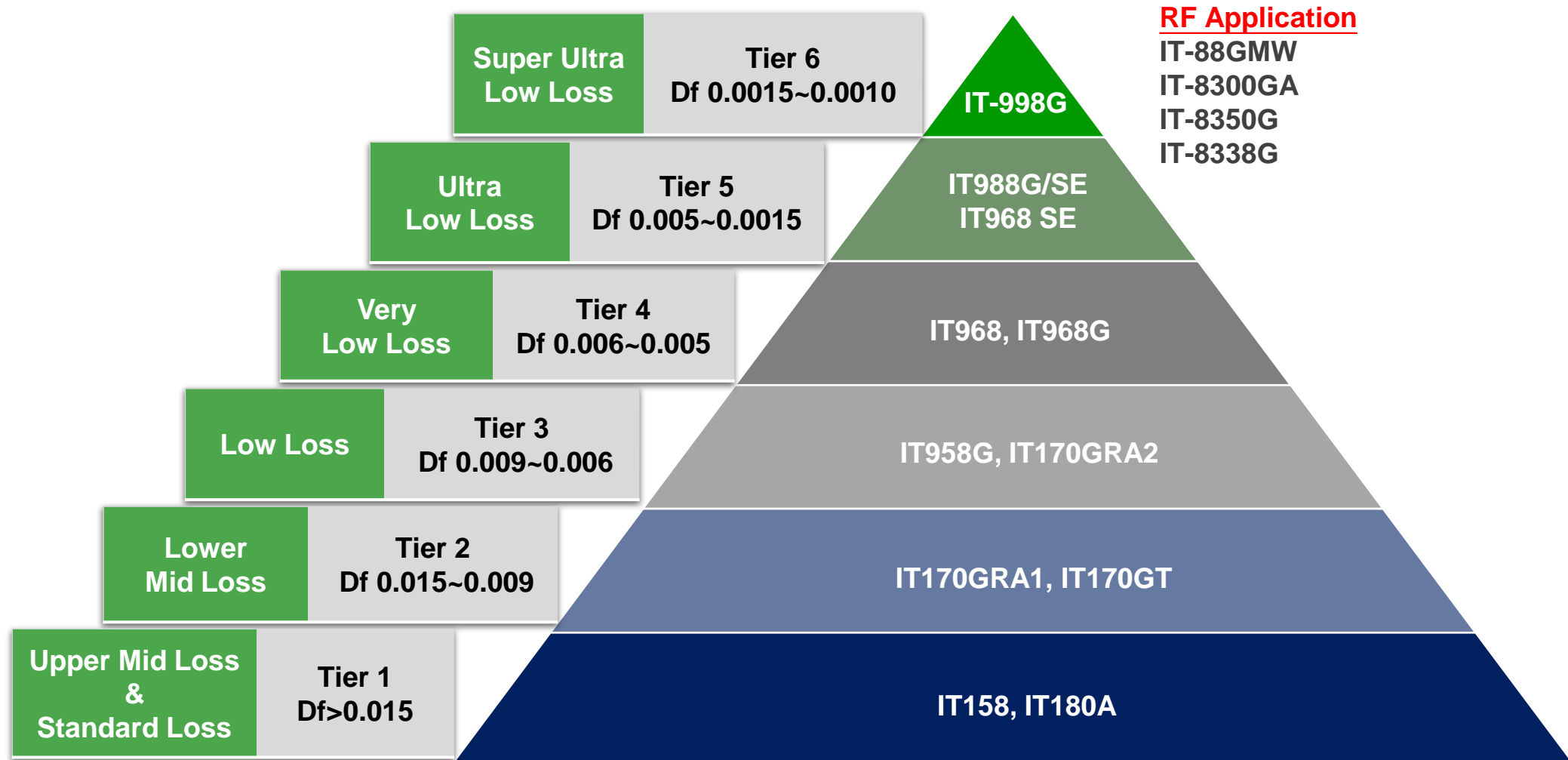
1Q18~4Q20 Product Mix



Revenue & Gross Margin Rate

(Million \$NTD)





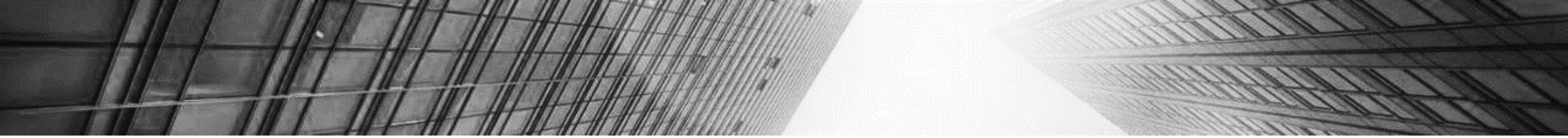
- The need for 5G commercialization and server upgrade will expedite the growth of high speed / frequency demand
- ITEQ's market share in high speed / frequency material to uplift robustly

4Q20&FY20 Income Statement

NTD \$Million	4Q20	3Q20	4Q19	QoQ	YoY	2020	2019	YoY
Revenue	6,112	6,220	6,153	-2%	-1%	25,422	23,791	7%
Gross Profit	1,153	1,173	1,291	-2%	-11%	4,951	4,780	4%
Operating Expense	327	454	442	-28%	-26%	1,732	1,676	3%
Operating Profit	826	719	849	15%	-3%	3,219	3,104	4%
Non-Op Income / Loss	164	97	13			176	(9)	
Income before Tax	990	816	862	21%	15%	3,395	3,095	10%
Tax Expense	212	172	198			729	631	
Net Income to Parent	778	644	664	21%	17%	2,666	2,464	8%
EPS(NT\$)	2.34	1.94	2.19	21%	7%	8.19	8.13	1%
Key Financial Ratio								
Gross Margin	18.9%	18.9%	21.0%			19.5%	20.1%	
Operating Expense Ratio	5.4%	7.3%	7.2%			6.8%	7.0%	
Operating Margin	13.5%	11.6%	13.8%			12.7%	13.0%	
Effective Tax Rate	21.4%	21.1%	23.0%			21.5%	20.4%	
Net Margin	12.7%	10.4%	10.8%			10.5%	10.4%	

4Q20 Balance Sheet

NTD \$Million	4Q20	3Q20	4Q19
Total Assets	25,684	25,953	23,480
Cash	3,287	3,625	3,538
Marketable Securities	6	6	93
NR / AR	10,813	11,200	10,599
Inventories	3,243	3,330	2,664
Fixed Assets	6,484	5,896	4,594
Total Liabilities	12,291	13,527	14,555
Short-term Debt	2,370	2,331	3,882
NP / AP	4,858	6,328	6,384
Long-term Debt	1,640	1,640	1,288
Total Equity	13,394	12,426	8,926
Key Financial Index			
Days Sales Outstanding	154	156	149
Days Sales of Inventory	55	56	43
Days Payable Outstanding	100	111	102
ROE (%)	23.90	23.90	29.12
ROA (%)	11.09	10.57	11.95
Debt ratio (%)	47.85	52.12	61.99



Market Trend & Growth Drivers

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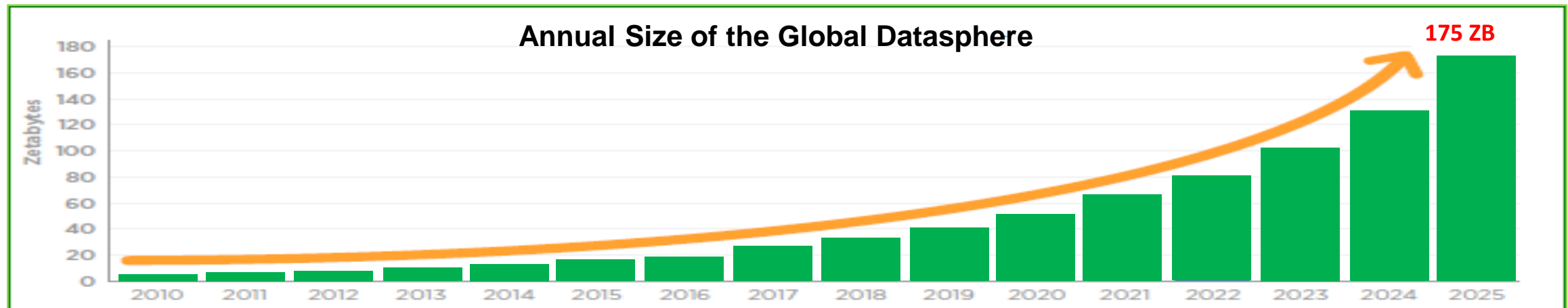
INNOVATION • TEAMWORK •
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- **Rapid expansion of Global Datasphere**

- 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: Data Age 2025, sponsored by Seagate with data from IDC Global DataSphere, May 2020)

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

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)

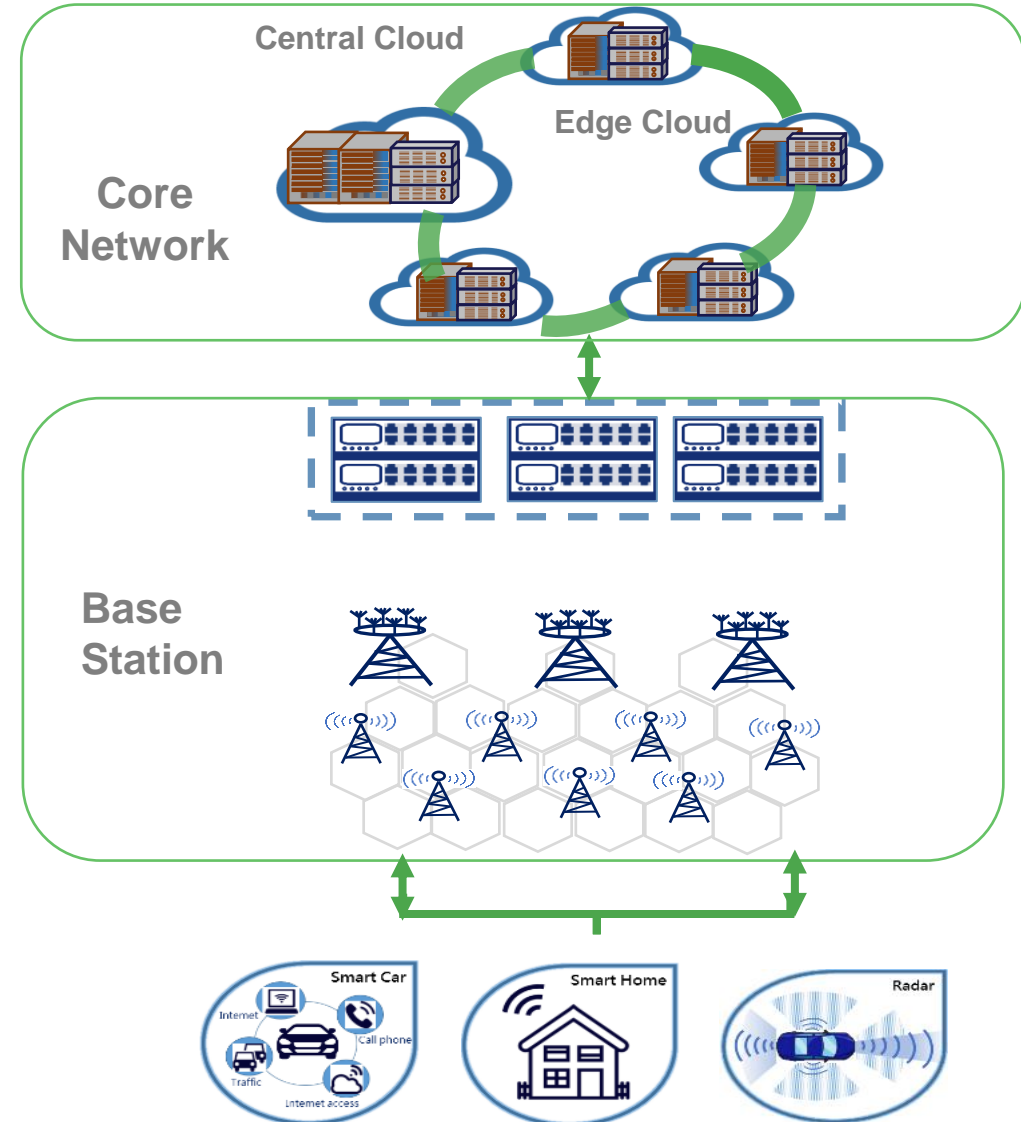
- Including Antenna, PA, TRX Network
- Multi layer design for complex functionality

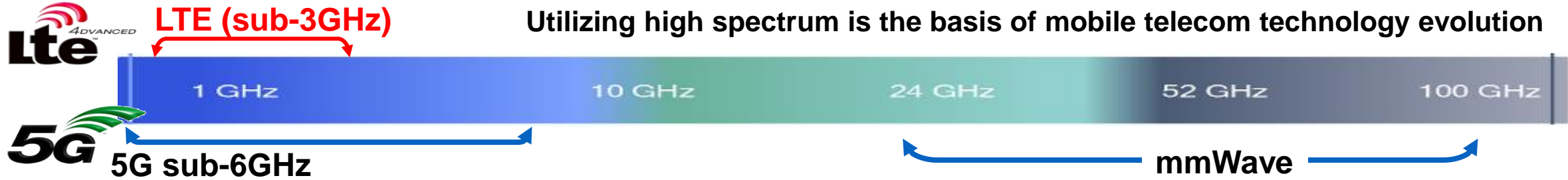
High Speed Material

High Frequency Material

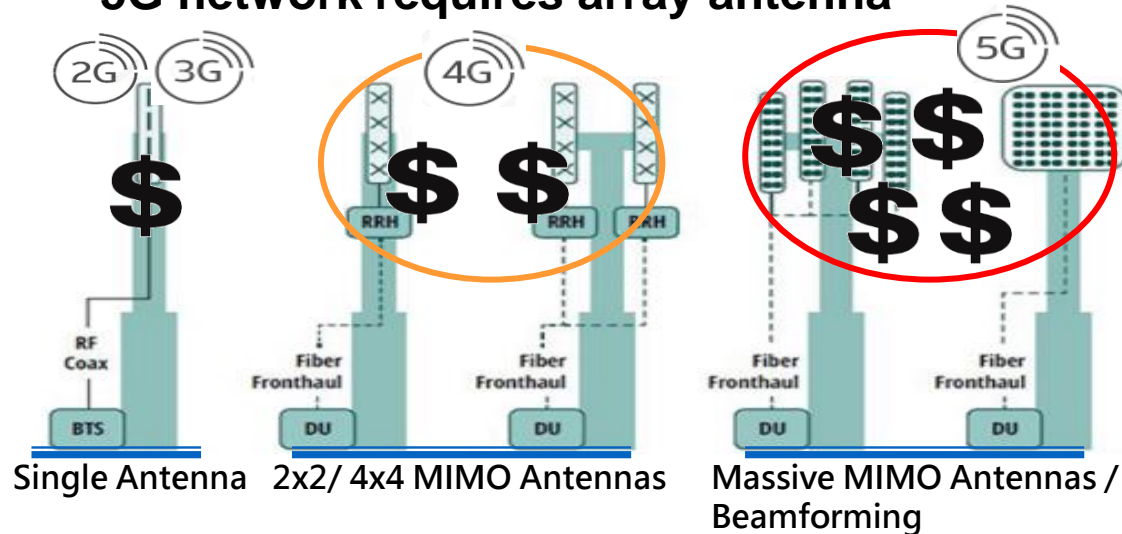
IoT(Internet of Things)

High Speed Material



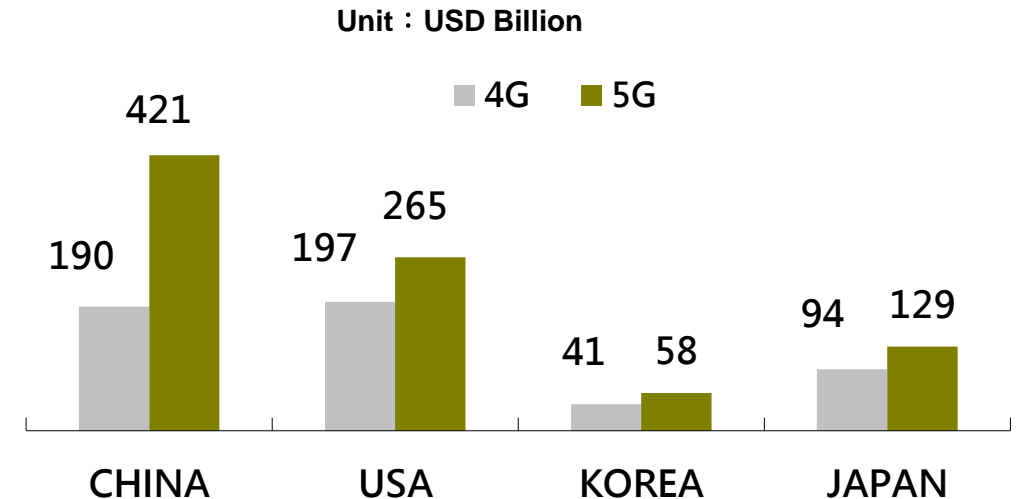


5G network requires array antenna



Source : Morgan Stanley · 2019/2 ; DIGITIMES Research · 2020/8

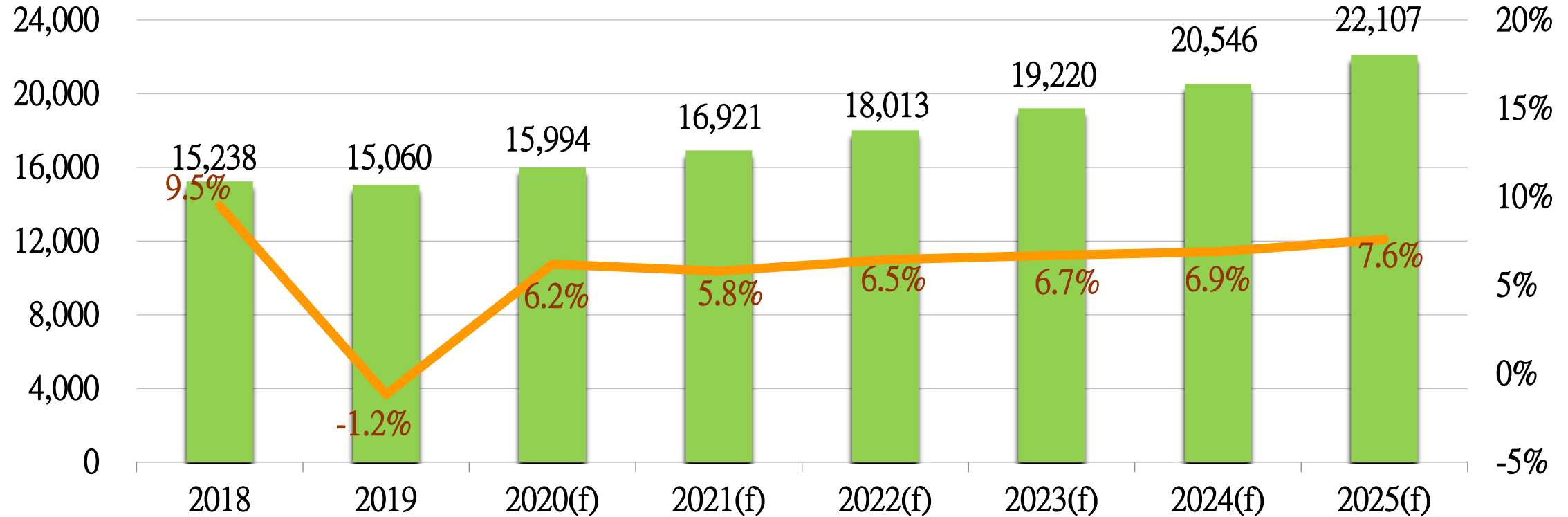
Global 4G & 5G CAPEX (10yrs) Forecast



- High Spectrum 5G Network: Need base station equipment MP/upgrade to drive the demand of high speed/frequency material to grow
- Design Complexity of PCB: Increase area and layer counts for PCB to bring up the unit of demand for CCL

2020~2025 Global Server Shipment CAGR: 6.7%

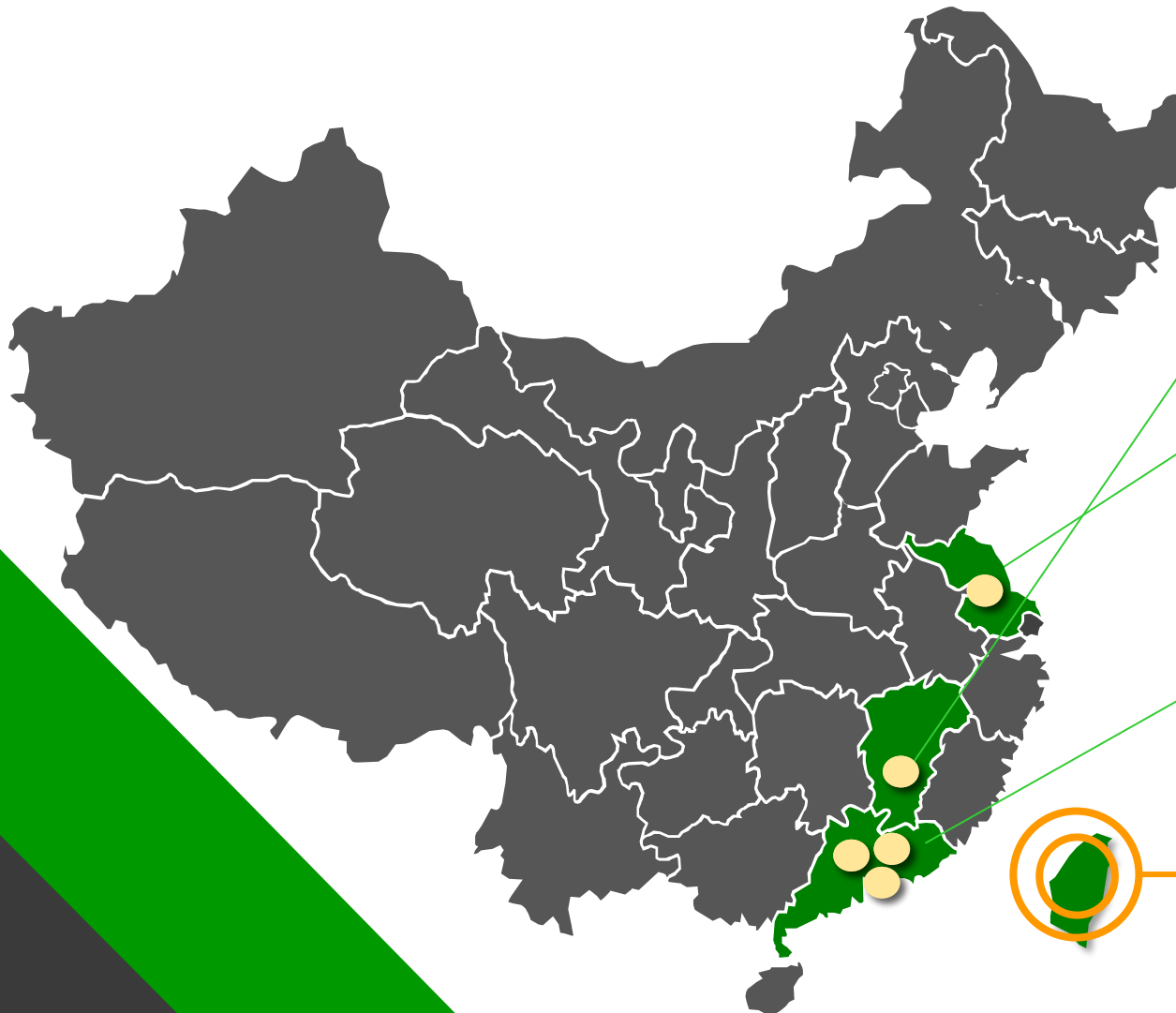
Unit : Thousand



Source : DIGITIMES Research · 2020/9

- Increase of Datacenter Equipment Shipment: Demand of high speed material to grow correlatively
- Hardware Equipment Upgrade: Corresponding CCL material to upgrade

Manufacturing Site & Capacity



JiangXi Plant
(Phase I) - 2020
Laminate (600K SHT/Month)
Prepeq (4,500K M/Month)
(Phase II) - 2021
Laminate (600K SHT/Month)
Prepeq (4,500K M/Month)
(Phase III) - 2022
Laminate (1,200K SHT/Month)
Prepeq (6,000K M/Month)



WuXi Plant
Laminate (1,800K SHT/Month)
Prepeq (8,500K M/Month)



DongGuan Plant
Laminate (1,000K SHT/Month)
Prepeq (4,500K M/Month)



GuangZhou Plant
3L FCCL(750 K M²/Month)
2L FCCL(140 K M²/Month)



HuangJiang Plant
Masslam Service(500K SQFT/Month)

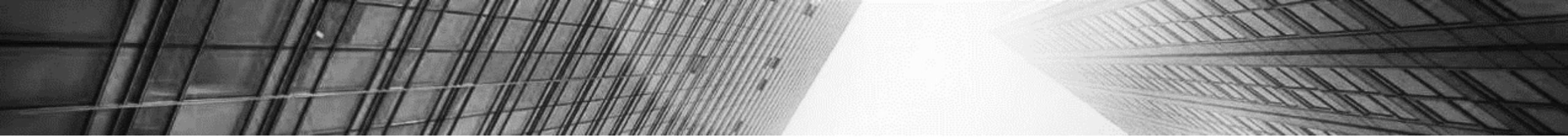


XinPu (Headquarter)
Laminate(450K SHT/Month)
Prepeq (1,800K M/Month)

2014 – 2020 Dividend Policy

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

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



ITEQ & MGC Joint Venture Project

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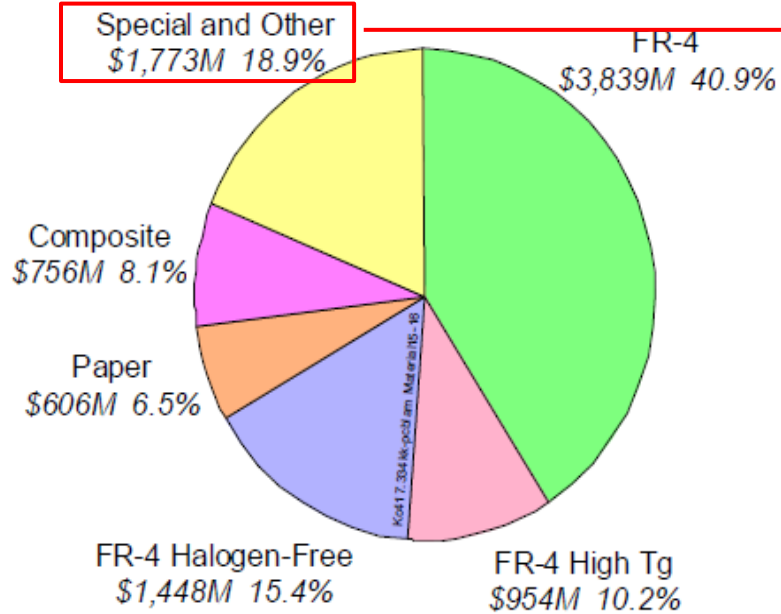
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Increase of Special CCL Production Value

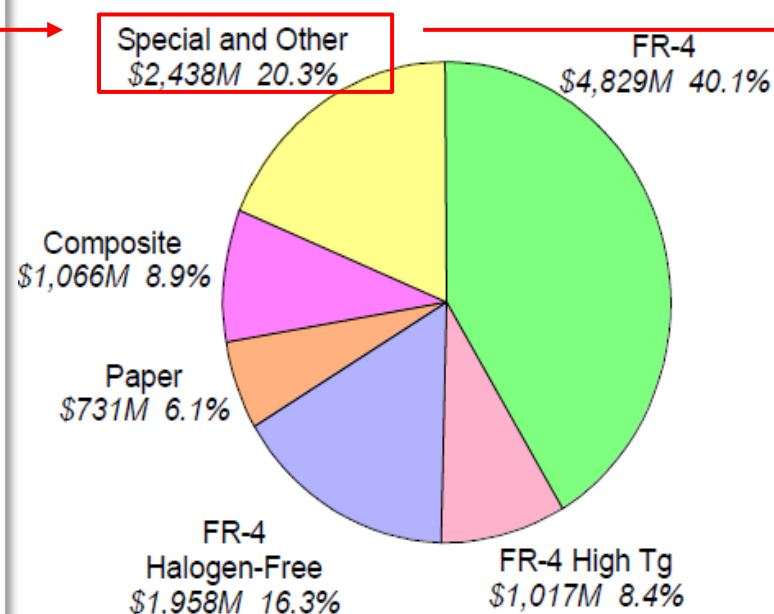
Global CCL Production Value (\$USD)

2015



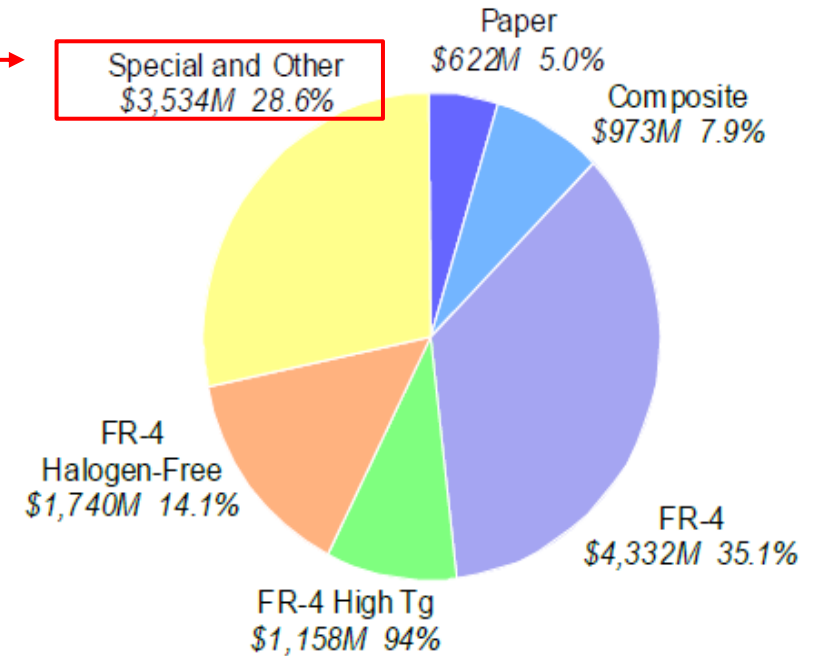
TOTAL: \$9,376M

2017



TOTAL: \$12,039M

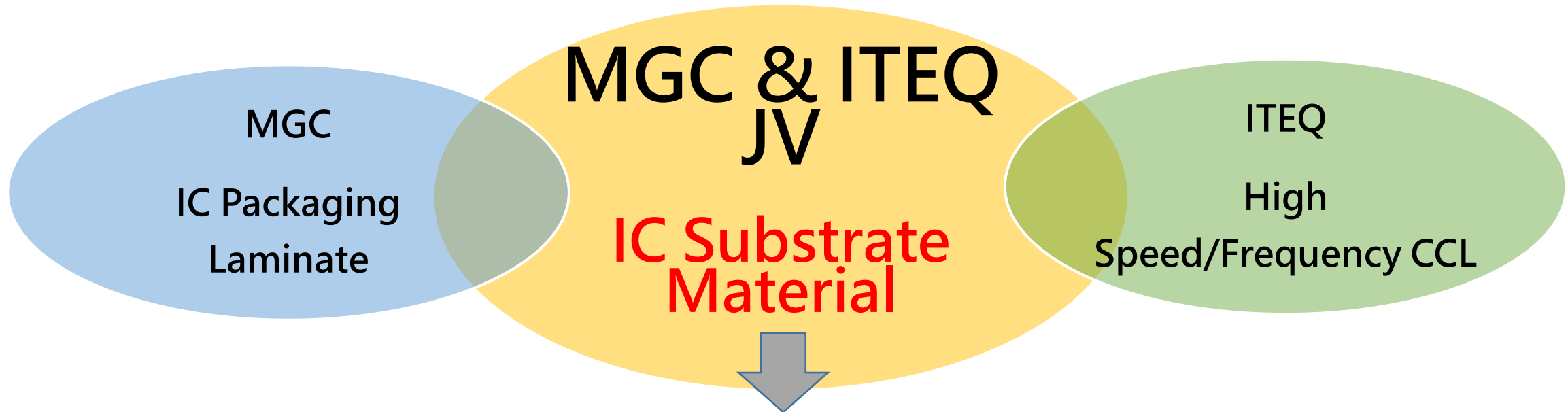
2019



TOTAL: \$12,359M

資料來源: Prismark Report

- High Speed Transmission: Global special laminates production value increased to \$3,534M in 2019 from \$1,773M in 2015
- Leadership of High Speed/Frequency Technology: ITEQ to set footprint in IC substrate materials adopted in the semiconductor packaging applications



BT Substrate

- Logic IC (Consumer Electronic, Smartphone, GPU, CPU)
- Memory IC (DRAM, NAND Flash)



Thank you

Question and Comment