



*Your Partner of
Advanced Materials & Mass Lam Service*

ITEQ Corporation

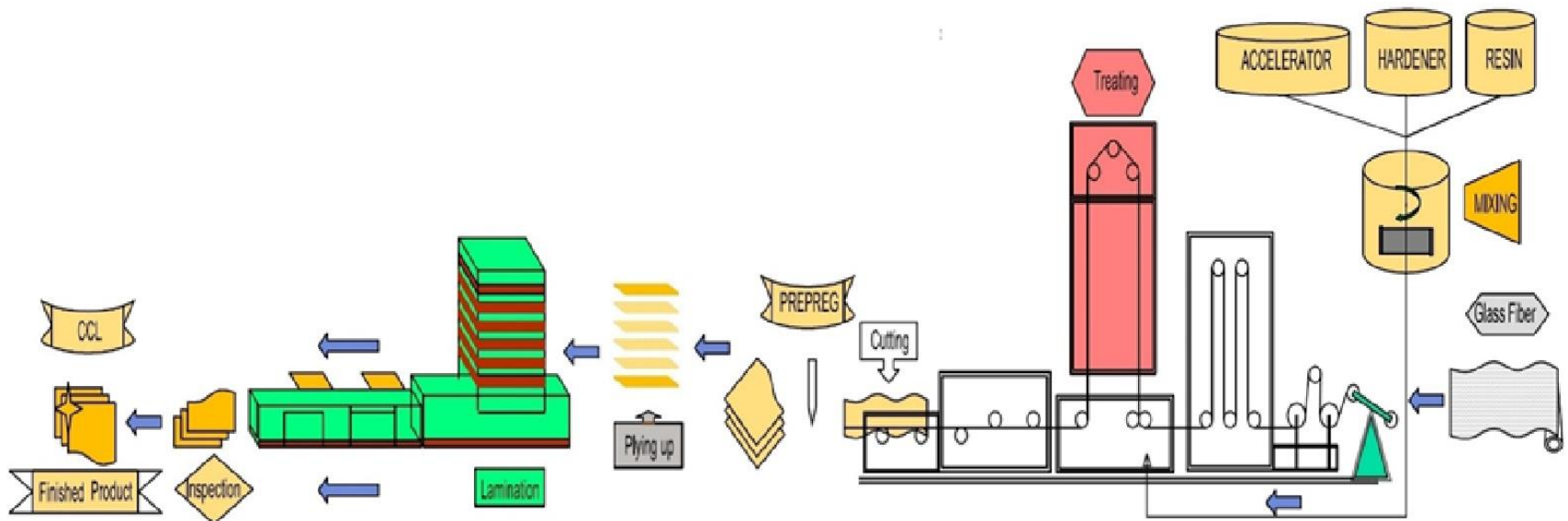
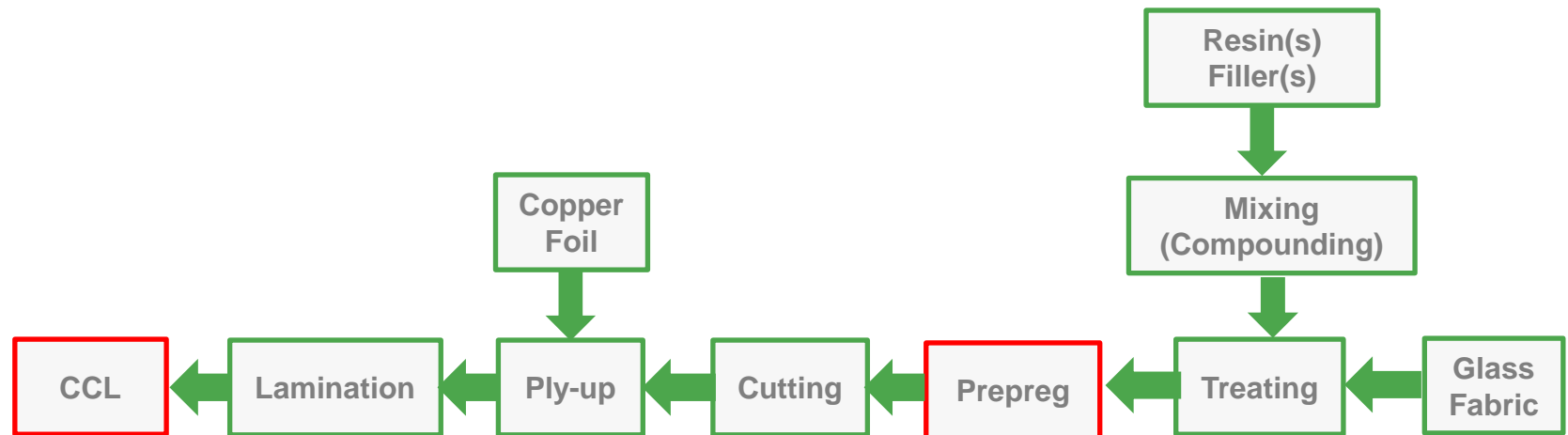
2020 Second Quarter Earnings Result

- 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.

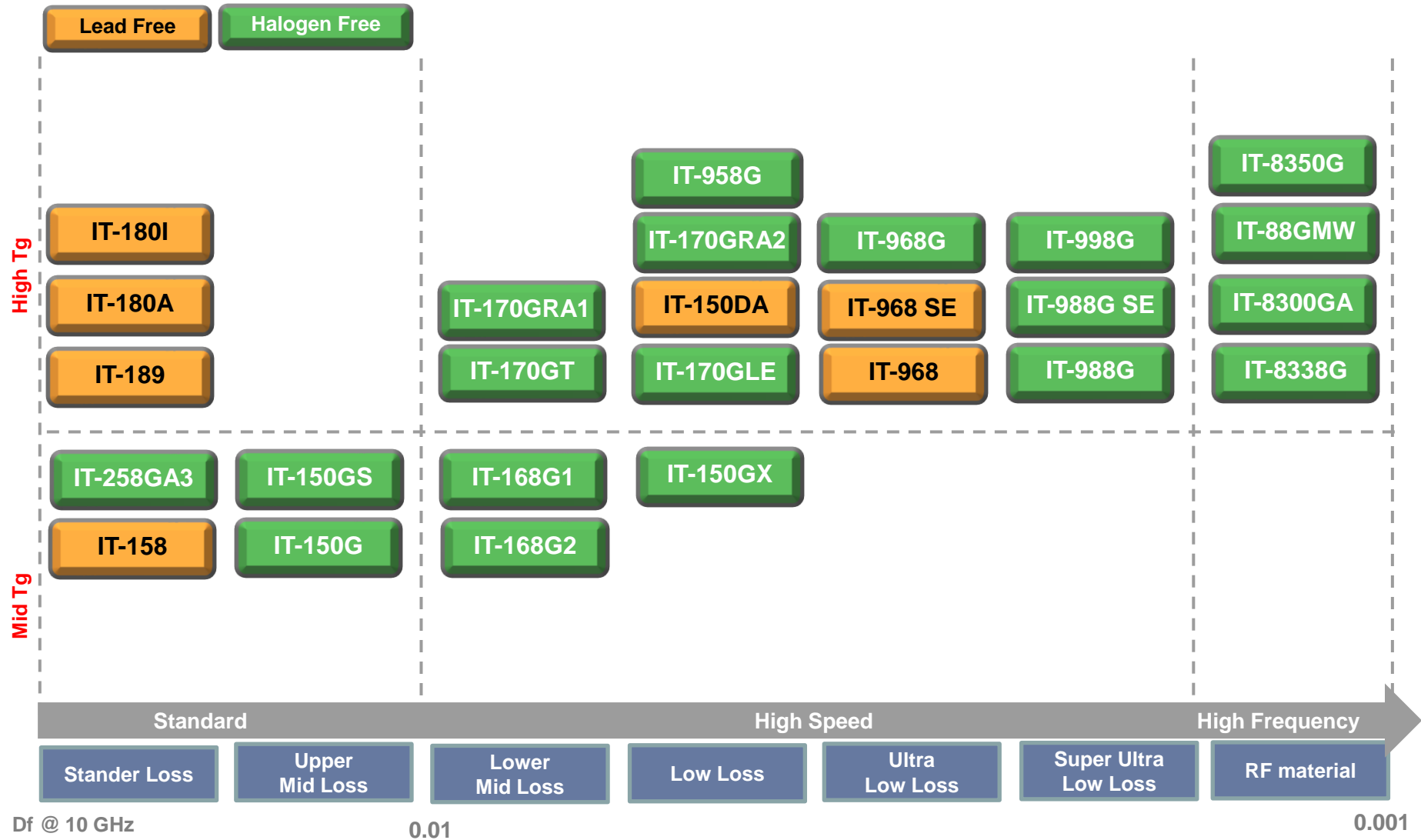
- Establishment: April 10th, 1997
- Headquarter: HsinChu, Taiwan
- Capital: NTD\$3,330M
- Employees: Over 3,000
- Chairman: Dennis Chen
- CEO: Audrey Tsai
- CTO: Tarun Amla
- Main Product: Copper Clad Laminate & Prepreg
Masslam service
Flexible CCL



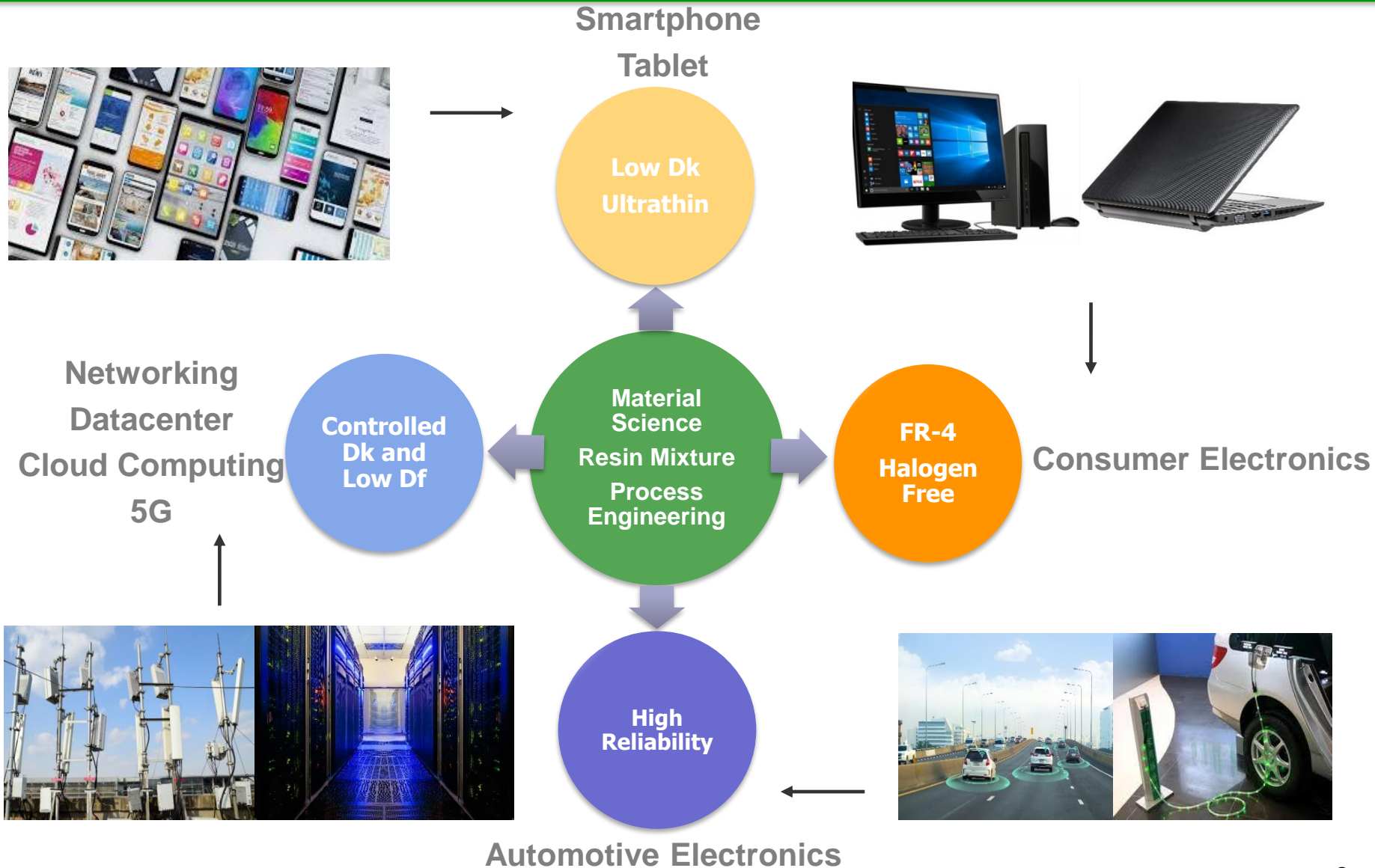
CCL & Prepreg Manufacturing Flow



Product Roadmap

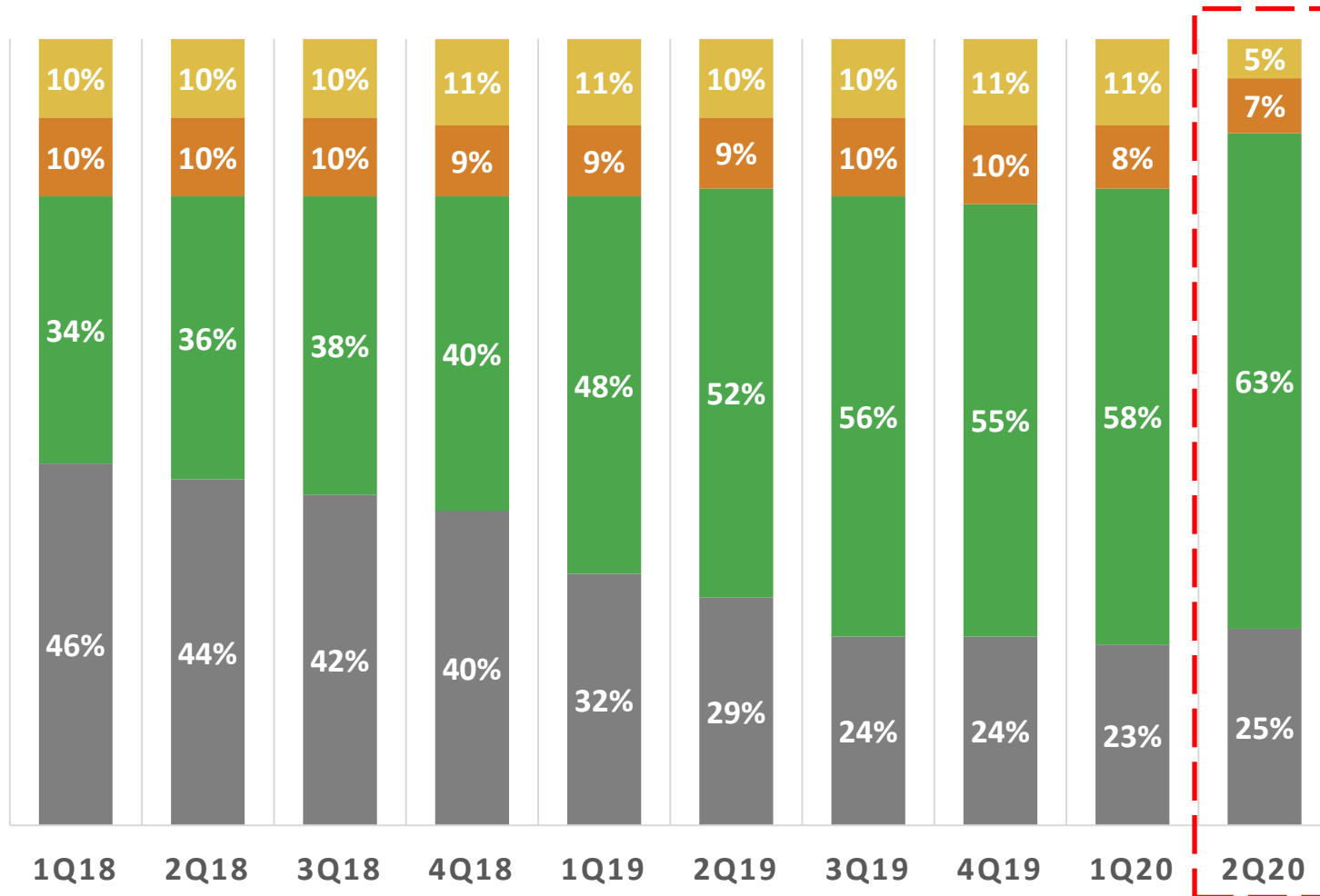


Core Technology



1Q18~2Q20 Product Mix

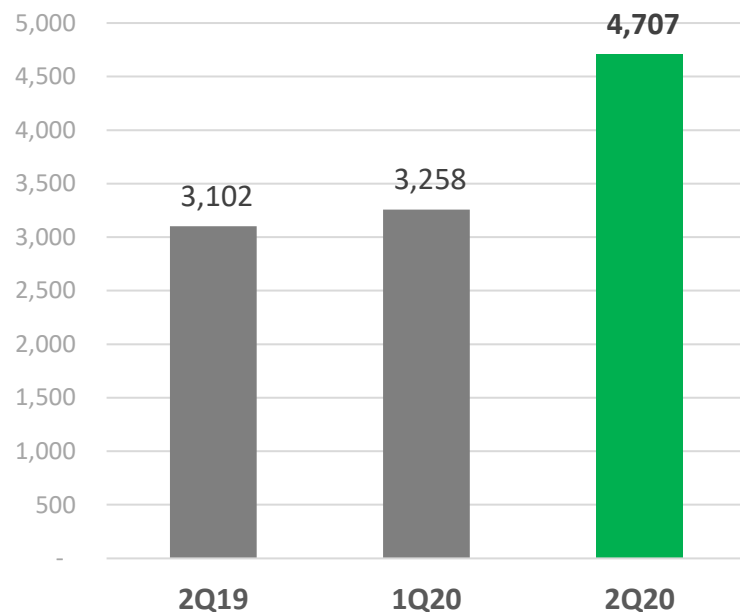
■ Consumer Electronics ■ Networking ■ Smartphone ■ Automotive



Product Mix by Application

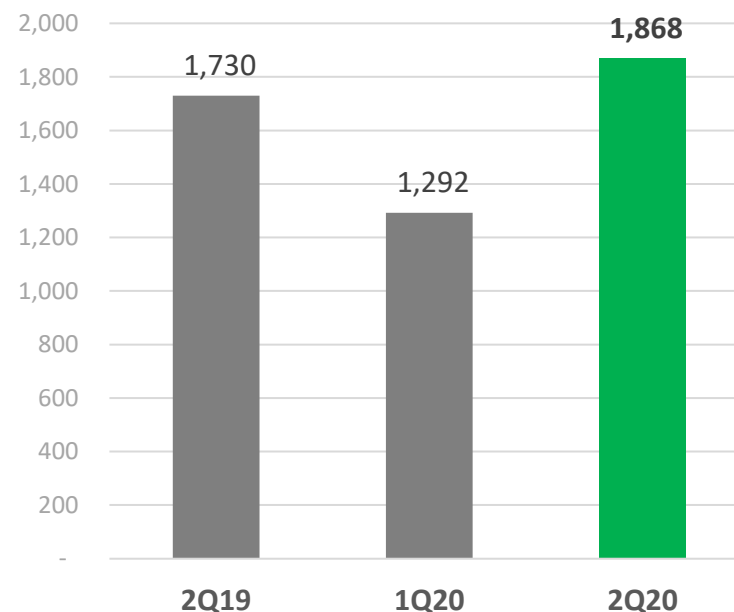
SALES
(NT\$ MILLION)

Networking



SALES
(NT\$ MILLION)

Consumer electronics



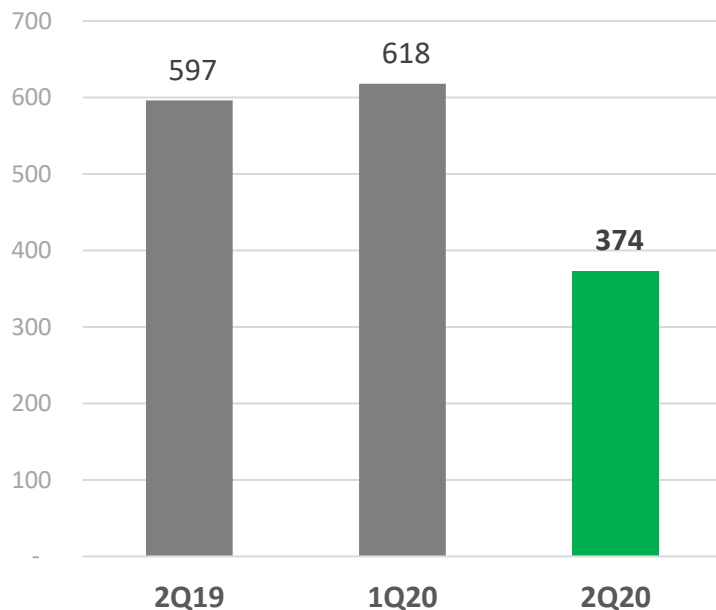
- Net sales of NTD 4,707M
- QoQ: +44.5% / YoY: +51.7%

- Net sales of NTD 1,868M
- QoQ: +44.6% / YoY: +8.0%

Product Mix by Application

SALES
(NT\$ MILLION)

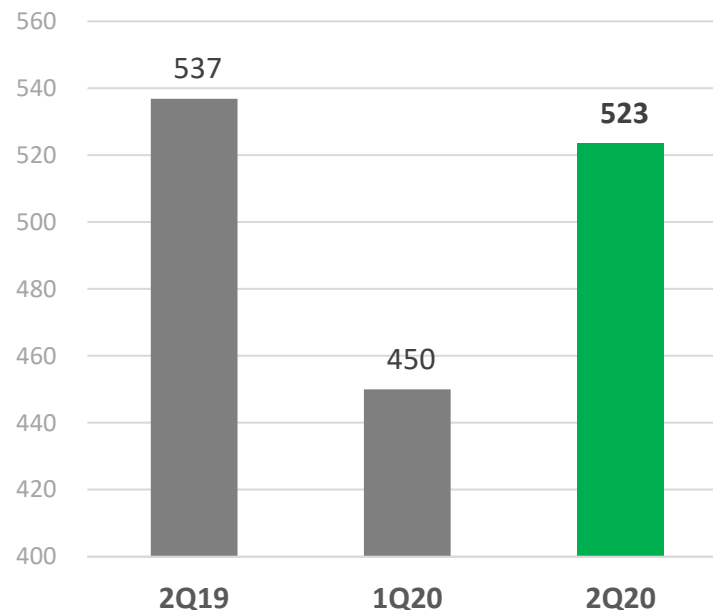
Automotive



- Net sales of NTD 374M
- QoQ: -39.5% / YoY: -37.4%

SALES
(NT\$ MILLION)

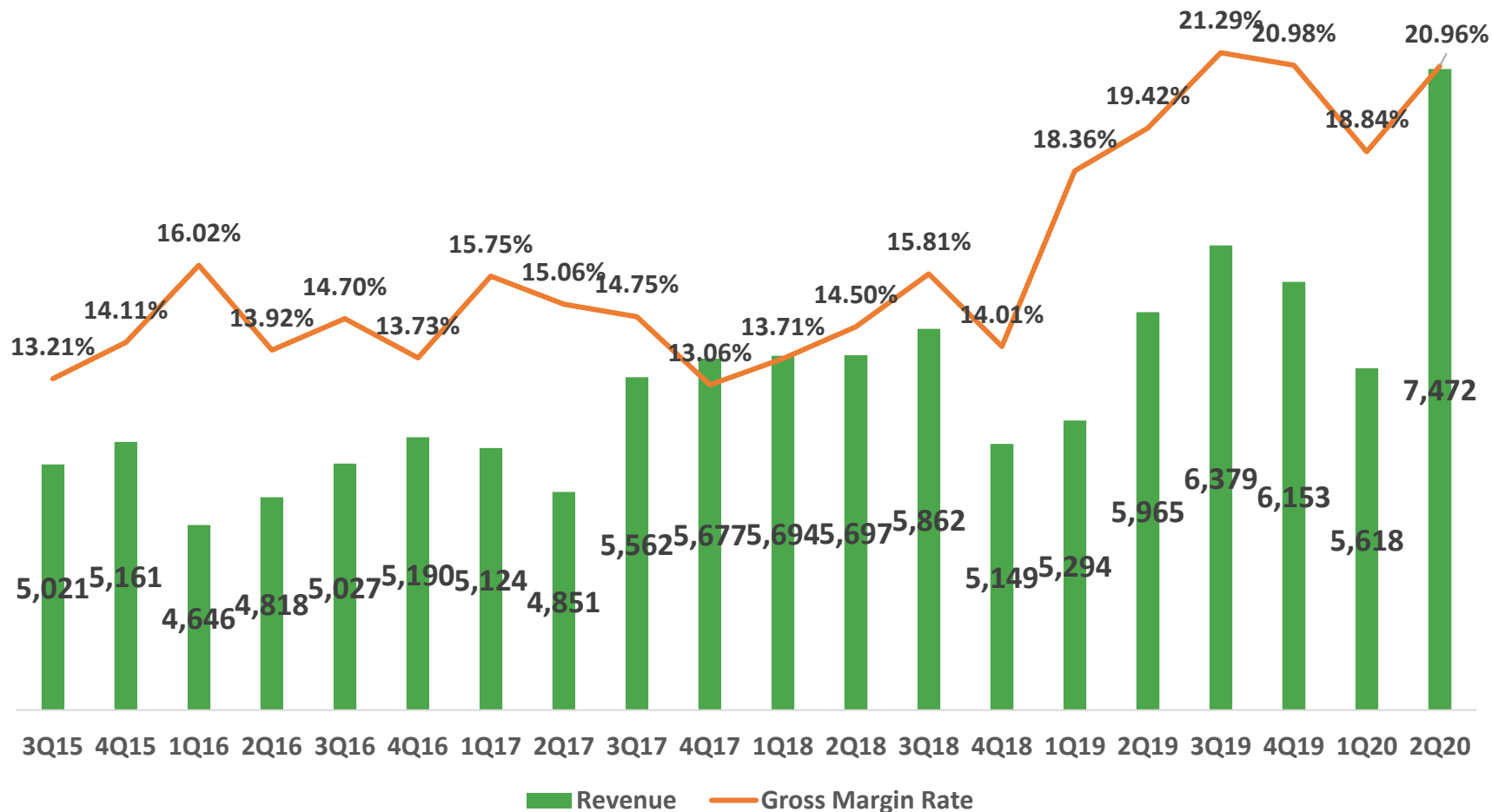
Smartphone



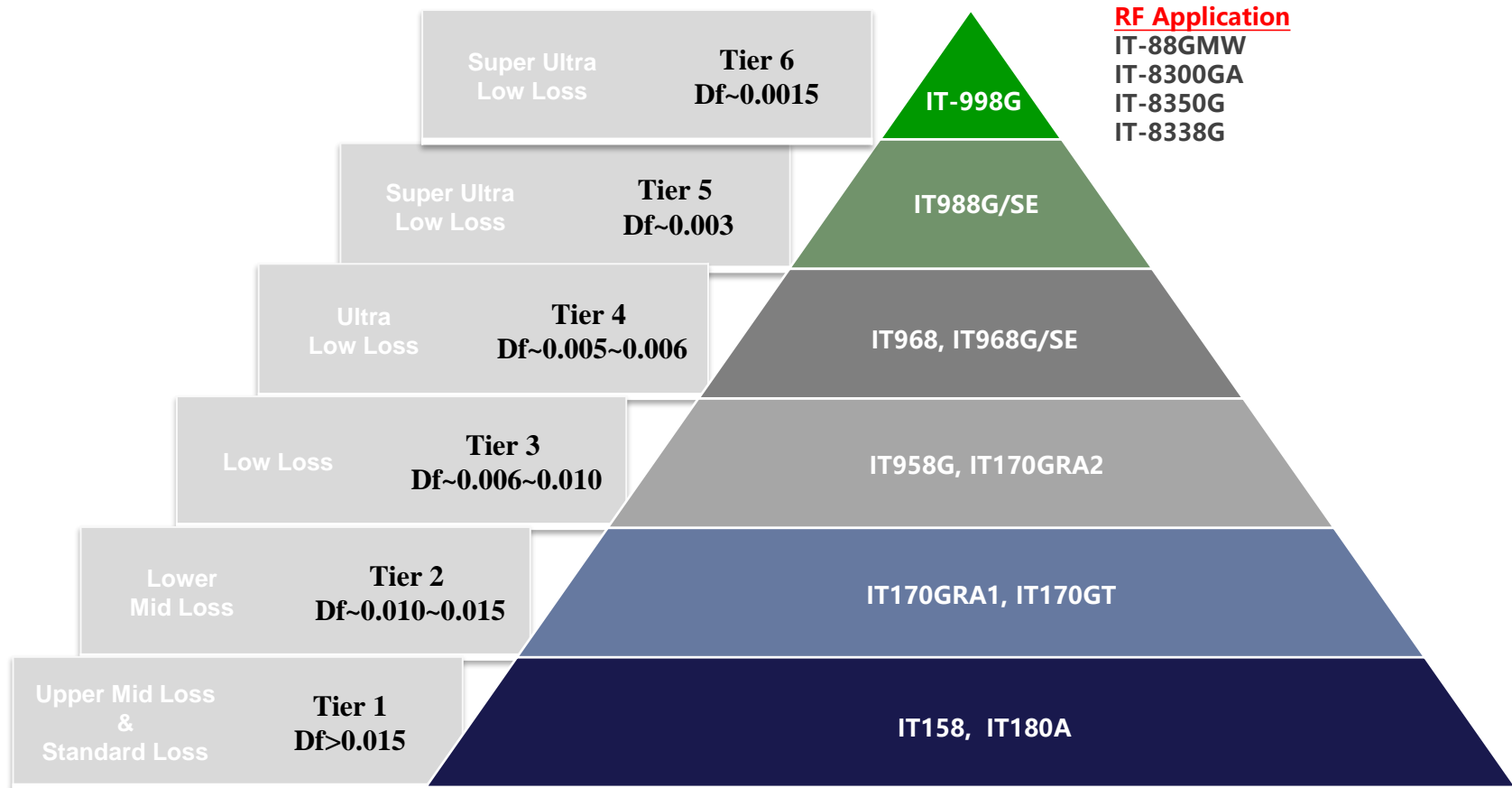
- Net sales of NTD 523M
- QoQ: +16.2% / YoY: -2.6%

Revenue & Gross Margin Rate

(Million NTD)



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

2Q20 Income Statement

NTD \$Million	2Q20	1Q20	2Q19	QoQ	YoY
Revenue	7,472	5,618	5,965	33%	25%
Gross Profit	1,567	1,058	1,159	48%	35%
Operating Expense	486	466	430	4%	13%
Operating Profit	1,081	592	729	82%	48%
Non-Op Income / Loss	(4)	(80)	0		
Income before Tax	1,077	512	729	110%	48%
Tax Expense	211	135	152		
Net Income to Parent	866	377	577	129%	50%
EPS(NT\$)	2.60	1.24	1.91	110%	36%
Key Financial Ratio (%)					
Gross Margin	21.0	18.8	19.4		
Operating Expense Ratio	6.5	8.3	7.2		
Operating Margin	14.5	10.5	12.2		
Effective Tax Rate	19.6	26.3	20.8		
Net Margin	11.6	6.7	9.7		

2Q20 Balance Sheet

NTD \$Million	2Q20	1Q20	2Q19
Total Assets	24,433	27,157	20,470
Cash	2,566	7,034	3,502
Marketable Securities	11	69	87
NR / AR	11,958	9,757	9,830
Inventories	3,199	3,452	1,818
Fixed Assets	4,762	5,095	3,871
Total Liabilities	12,861	14,598	12,481
Short-term Debt	1,359	4,168	3,181
NP / AP	6,293	6,055	4,878
Long-term Debt	919	1,259	947
Total Equity	11,572	12,559	7,990
Key Financial Ratio (%)			
ROE	25.6	21.7	27.1
ROA	11.2	9.5	11.3
Debt ratio	52.6	53.8	61.0

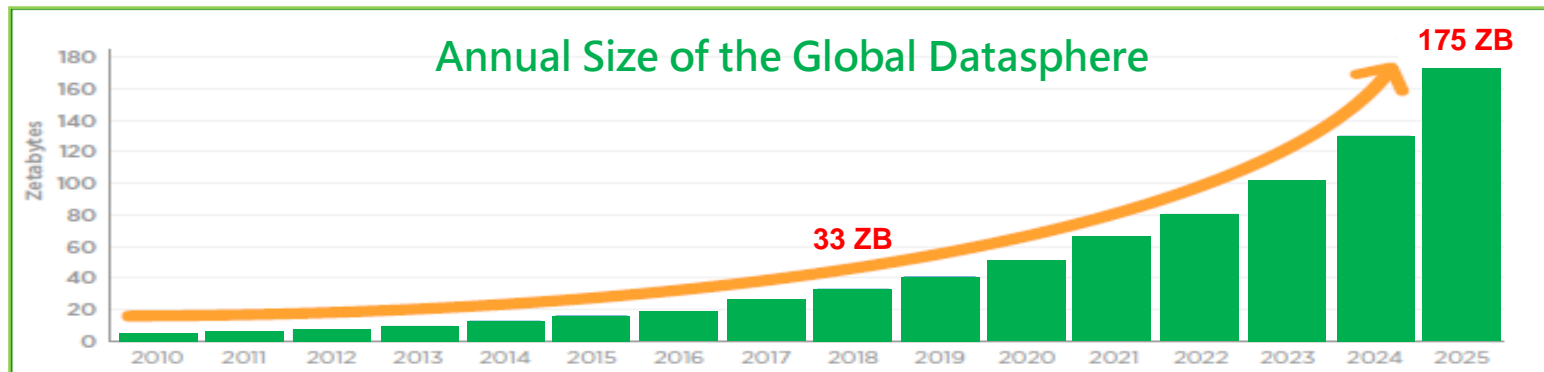
Market Trend & Growth Drivers

- **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

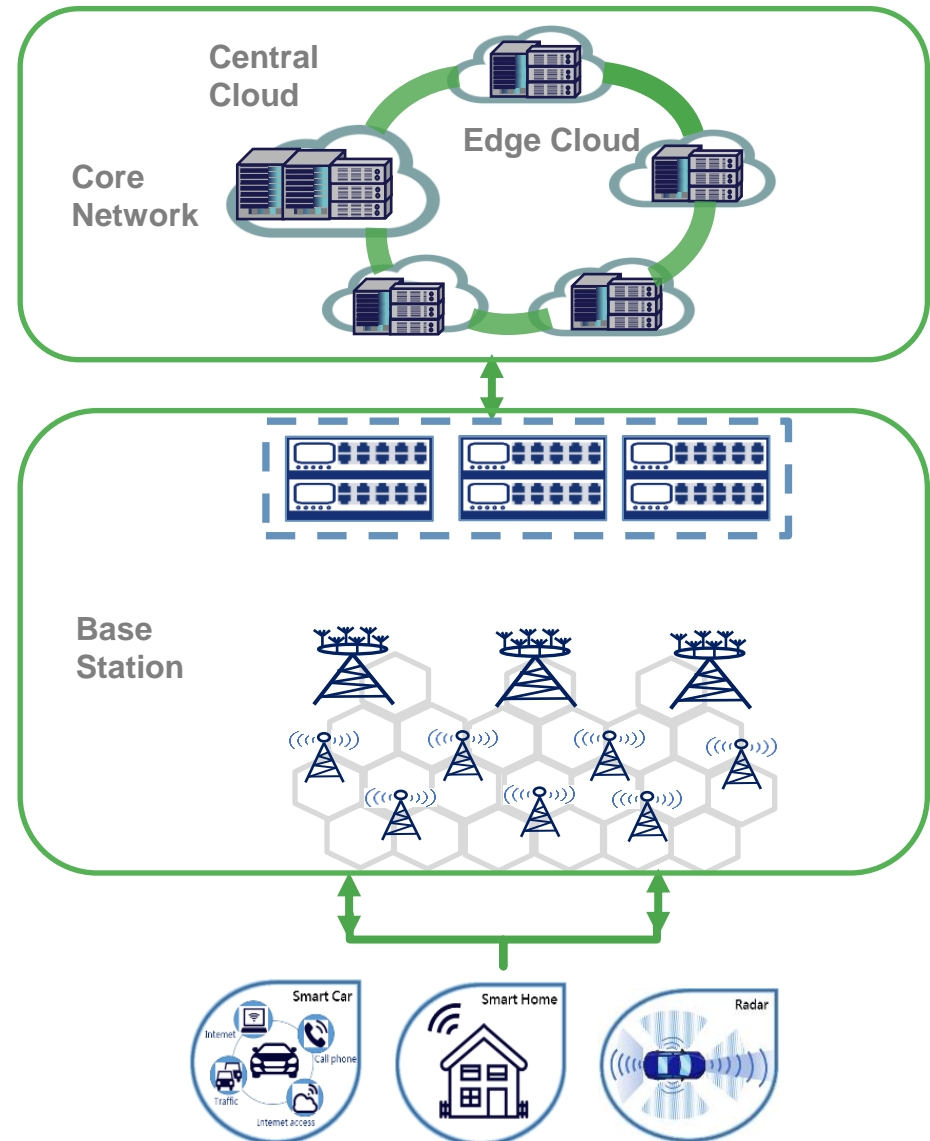
Active Antenna Unit (AAU)

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

High Speed/ Frequency Material

IOT(Internet of Things):

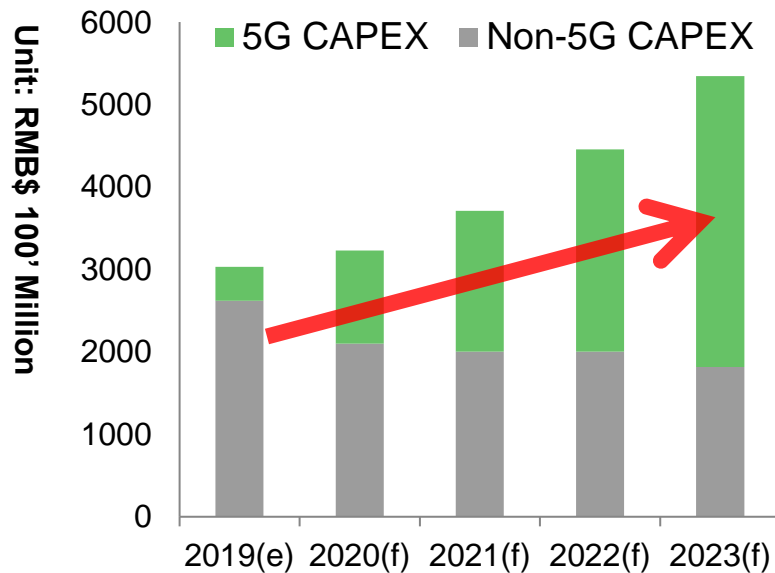
High Speed Material



● Accelerating 5G Infrastructure Deployment

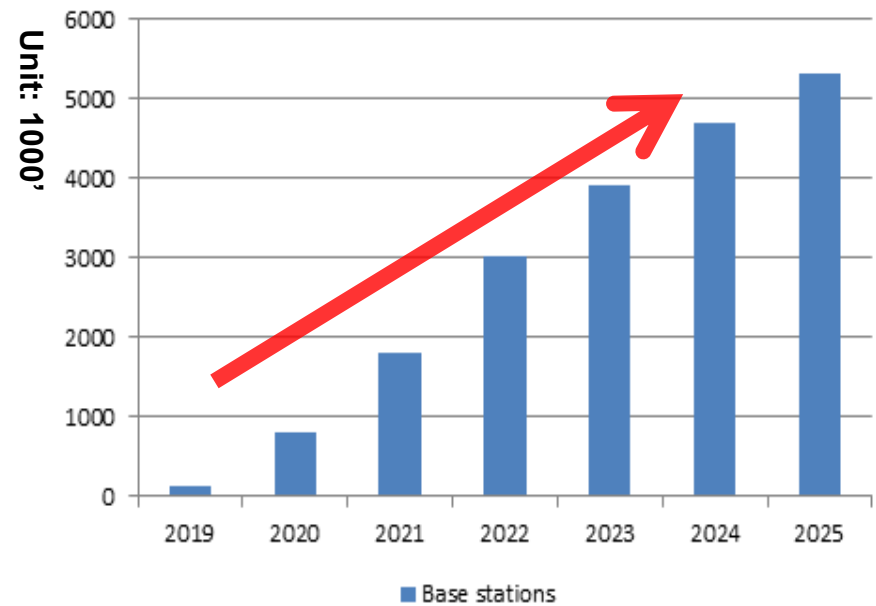
- China 5G CAPEX rise: Expedite 5G infrastructure deployment amid COVID-19 epidemic impact
- China telecom service providers to build over 4x more 5G Base Stations in 2020 vs. 2019
- Strong demand for upgrades on core network (router, server, etc), 200G & 400G switch and optical module driven by SA network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

CAPEX of CHN Telecom Operators, 2019-'23



(Source: Digitimes Research, Feb 2020)

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



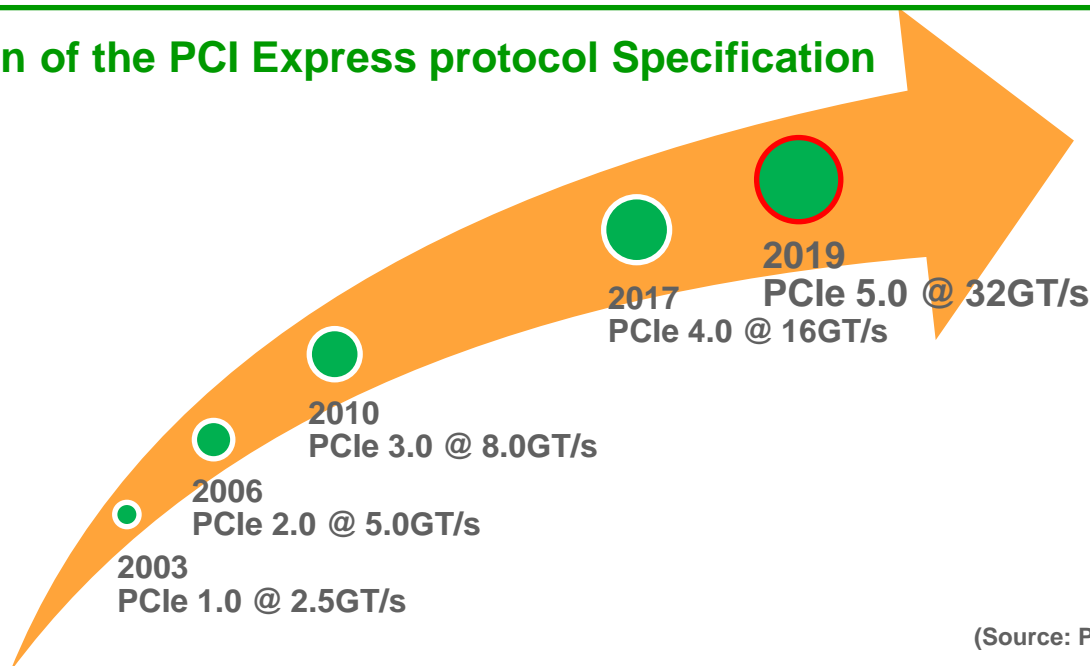
● Data center and server upgrade

- 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



Xsin Pu(Taiwan)

Laminate : 450 K sheets
Prepreg : 1,800 K meters



Dong Guan

Laminate : 1,000 K sheets
Prepreg : 4,500 K meters



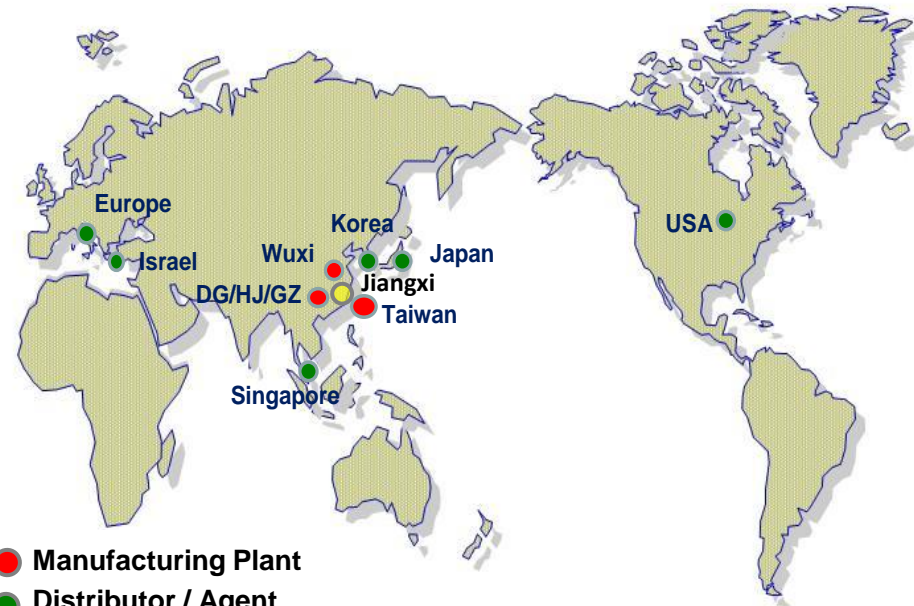
Guang Zhou(Flexible CCL)

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 I)

Laminate : 600 K sheets
Prepreg : 4,500 K meters
Mass Production Timeline:
✓ 2Q20 for 450 K sheets
✓ 3Q20 for 150 K sheets

2014 – 2019 Dividend Payout

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%

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

Thank You

