



ITEQ Corporation

2022 First Quarter Earnings Result

ITEQ

INNOVATION. TEAMWORK. EXCELLENCE. QUALITY

June 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 10th, 1997



Headquarters
HsinChu, Taiwan



Capital
NT\$3,830 million



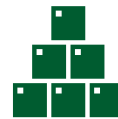
Employees
~4,000



Chairman
Dennis Chen



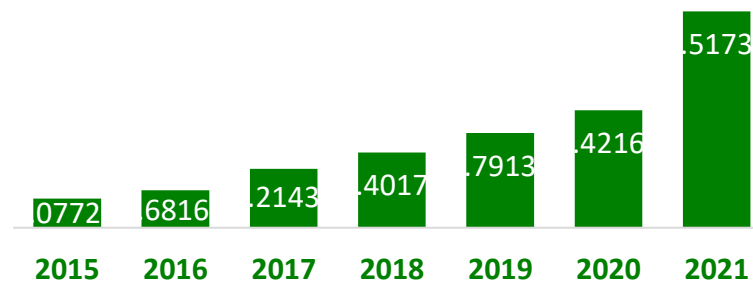
CEO
Audrey Tsai



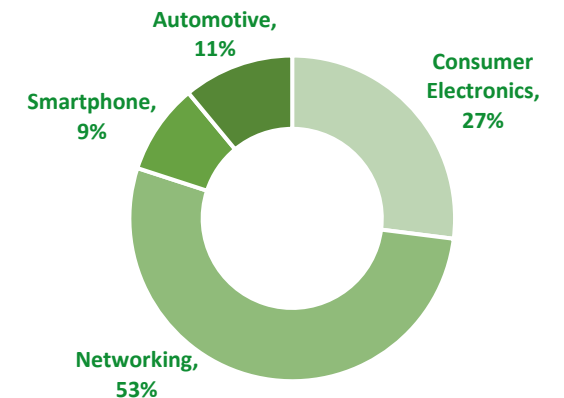
Main Products

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

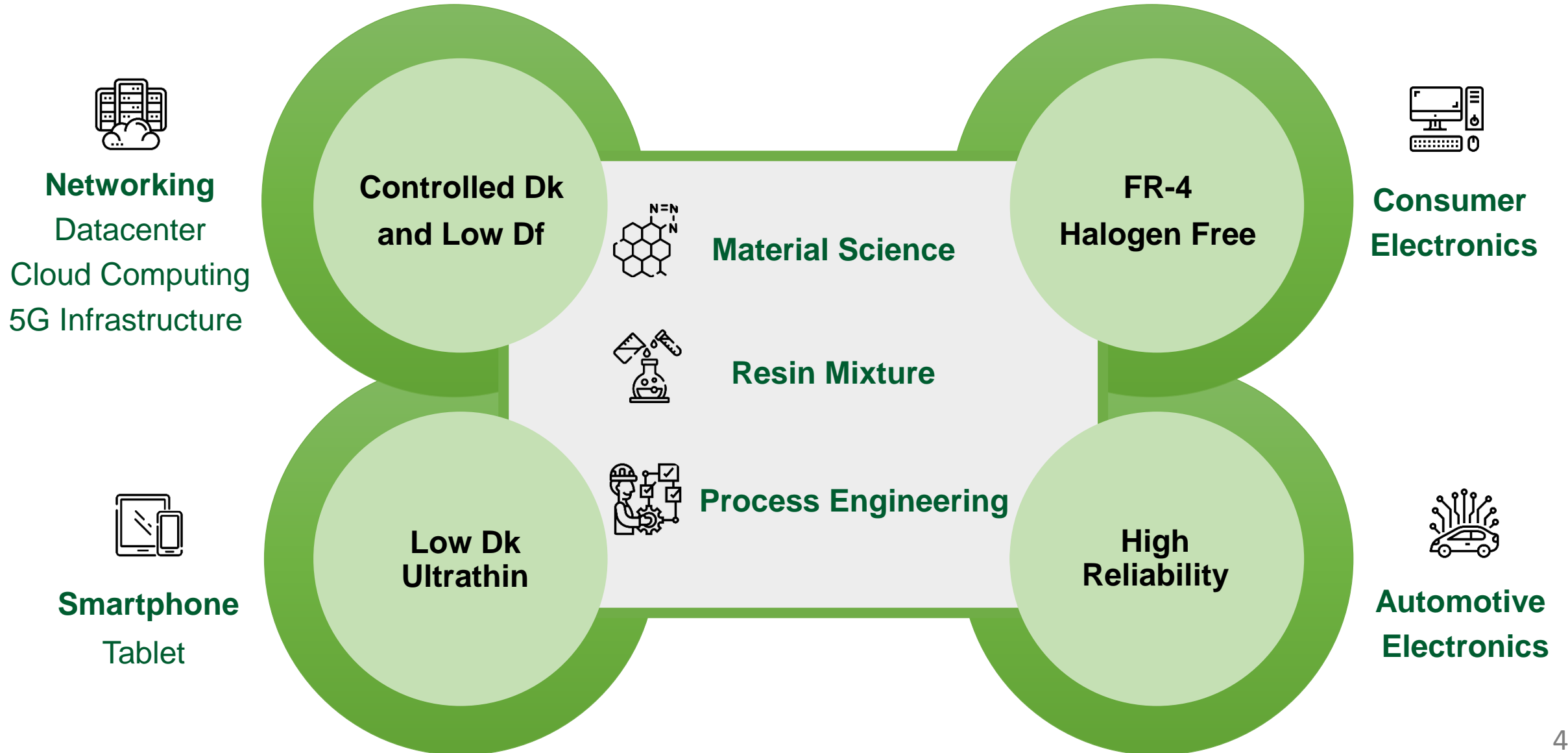
Revenue (NT\$ billion)



Revenue by Application (FY21)

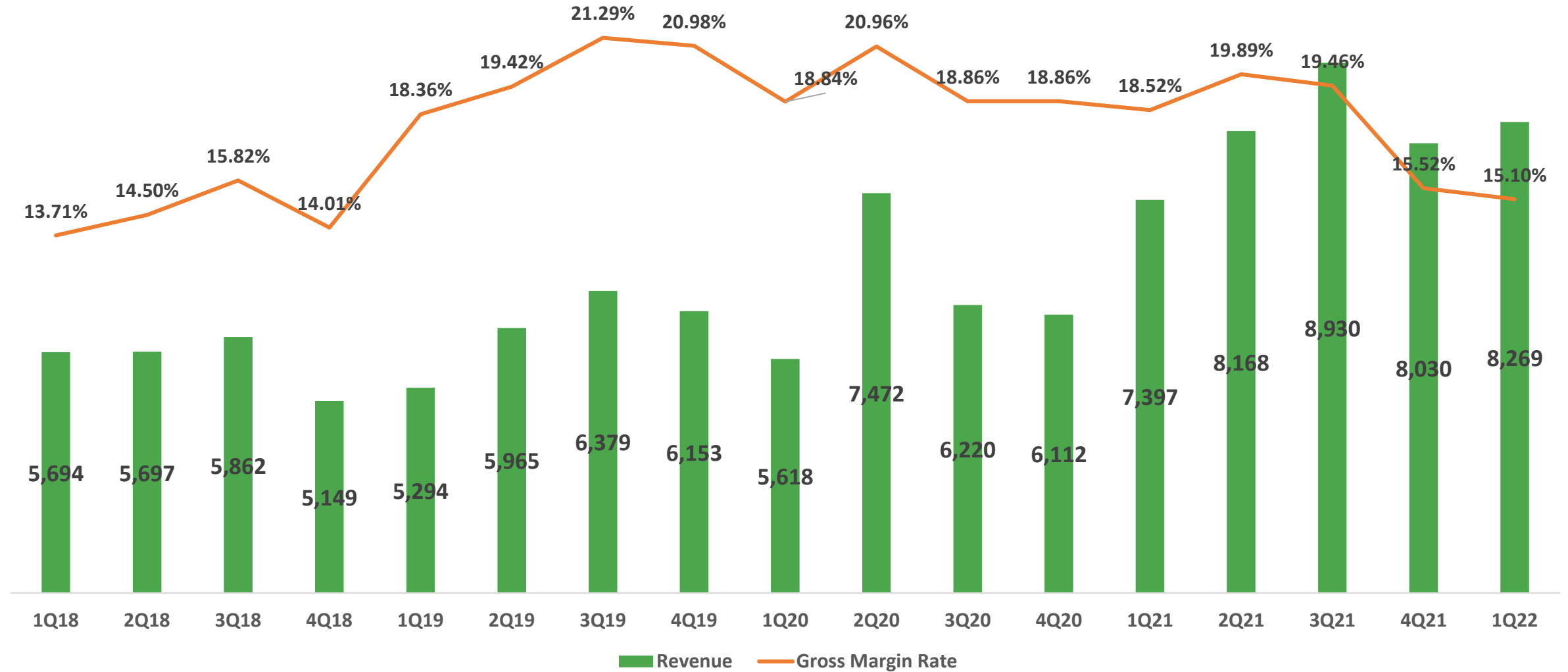


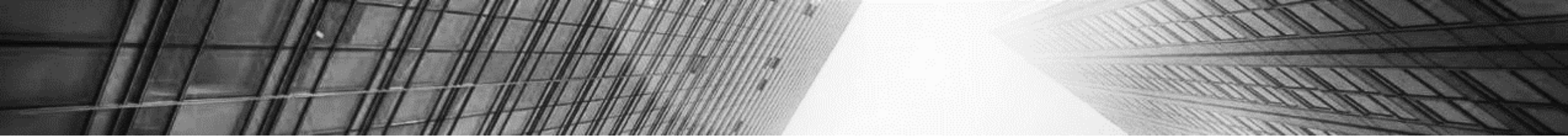
Key Technology Applications



Revenue & Gross Margin Rate

(Million \$NTD)





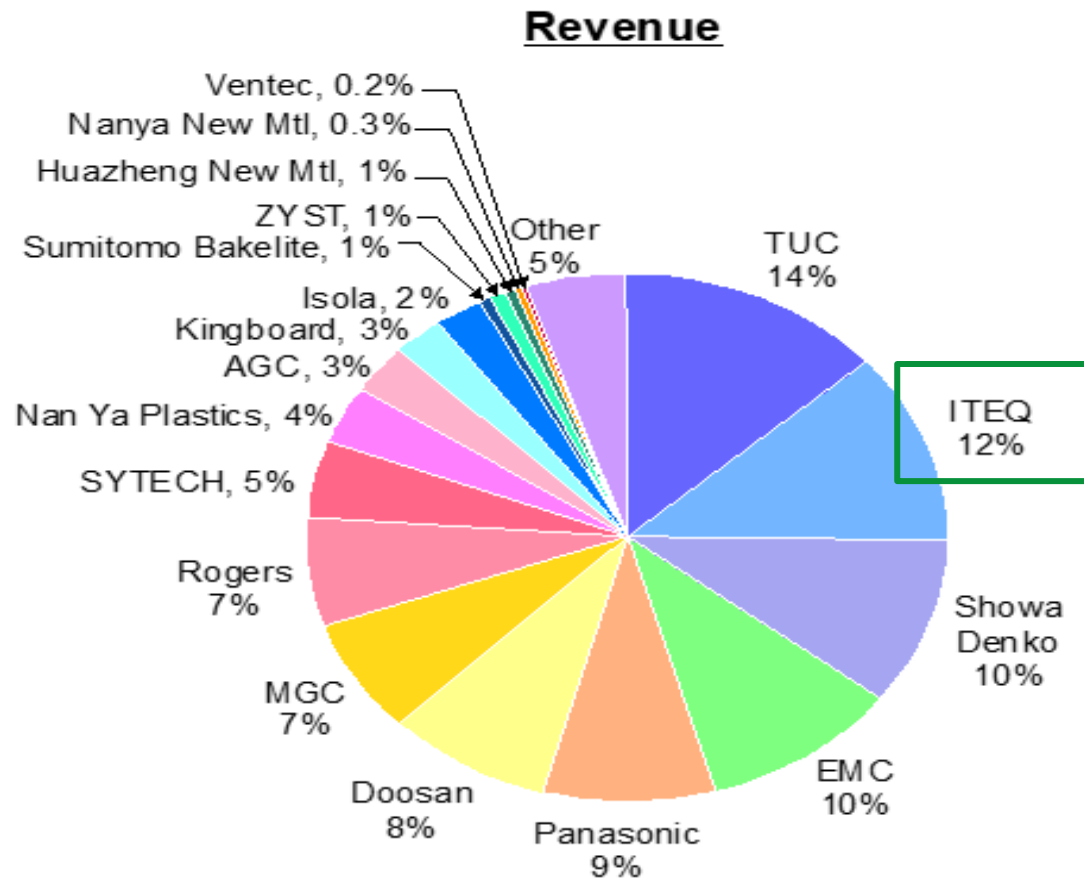
Growth Strategy Blueprint

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2021 WW Specialty Laminate Market Share



Total: \$4.65Bn (\$USD)

*Specialty Laminate includes: High speed, package substrate, RF
Source: Prismark Report, 2022/05

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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Widely adopted in consumer electronics



Engaged with tier 1 automotive players



Enhanced ultra-thin dielectric capability for handheld devices



Biz kick-off with top server OEMs & ODMs



Dominant CCL supplier for Intel Purley server platform



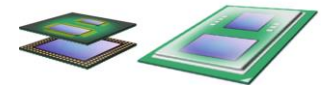
No. 1 Taiwan CCL supplier for 5G base station



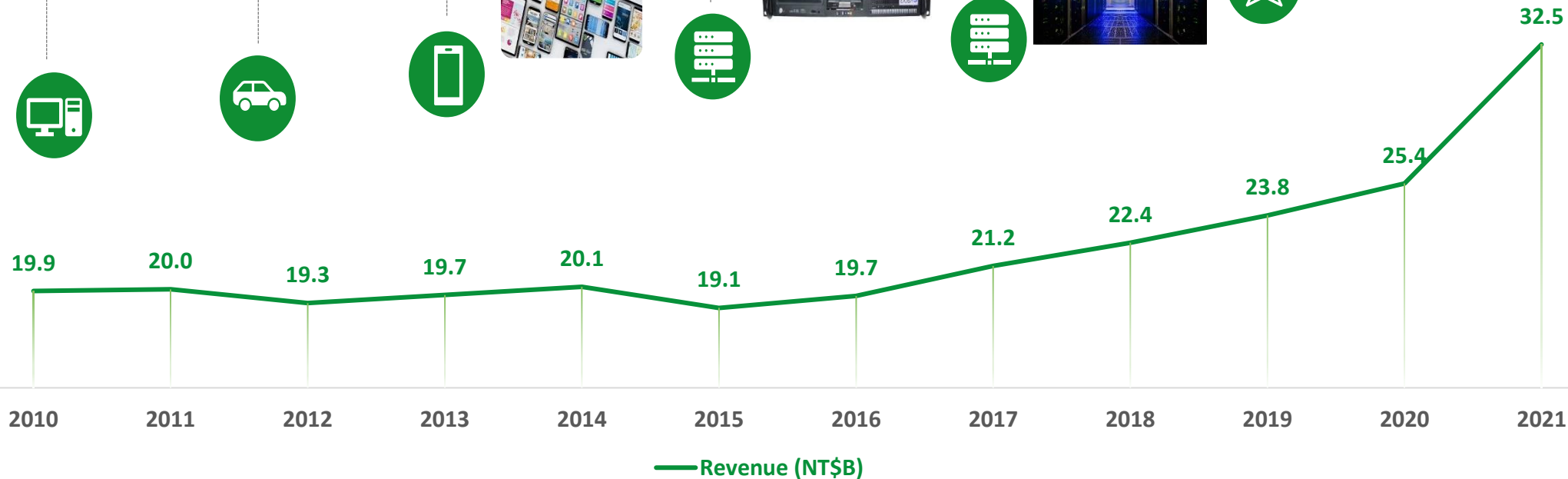
New product for HDI PCB: Resin Coated Copper (RCC)



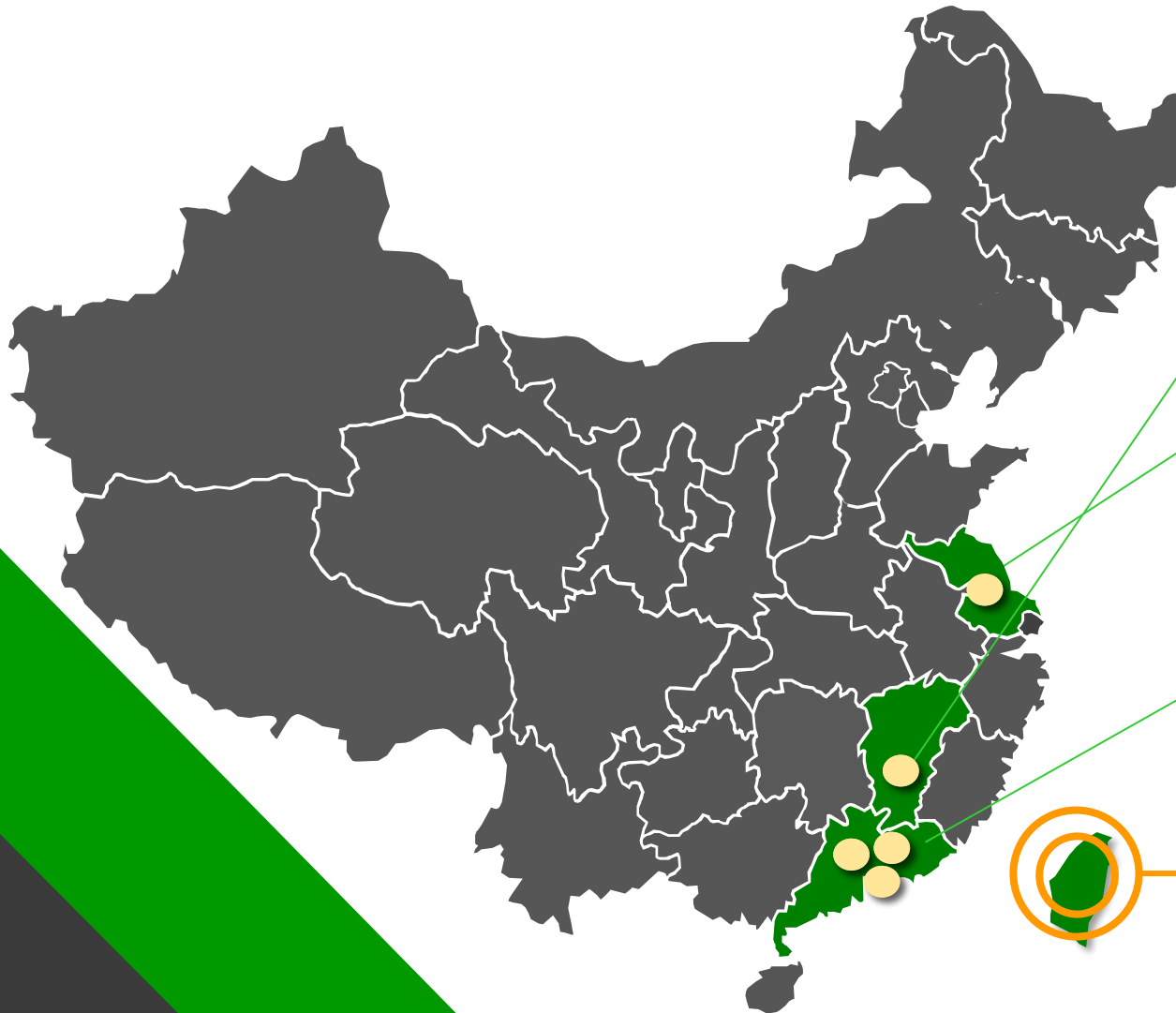
Substrate Like PCB (SLP) IC Packaging Substrate Laminate



Beyond



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 M²/Month)

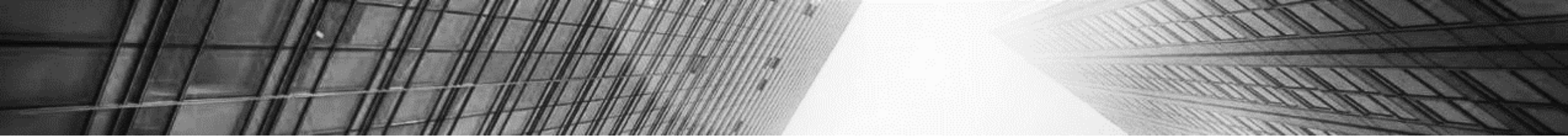


HuangJiang Plant
Masslam Service(500K SQFT/Month)



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

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

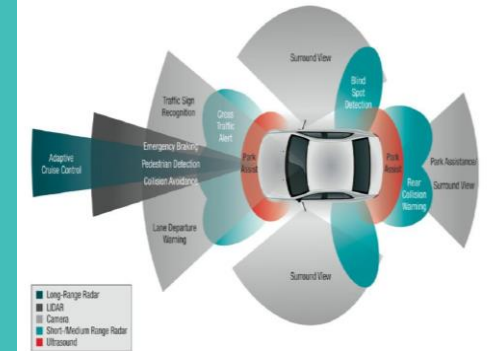


- Infotainment
- Networking

HDI

High Speed Material

Active Safety



- Active Safety System
- ADAS
- Radar
- Antenna Module

High Speed Material

High Frequency Material

Autonomous Driving

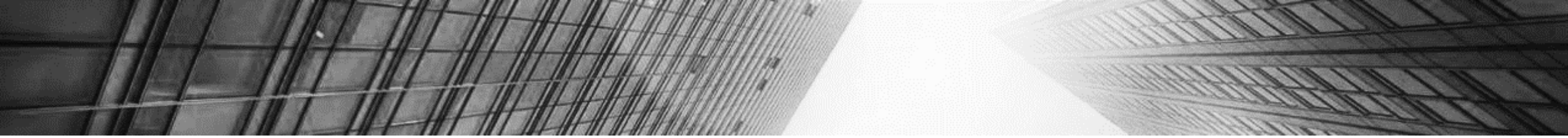


- HPC
- Graphic Processing
- Automated Driving Control Module

HDI

High Speed Material

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



1Q22 Financial Results

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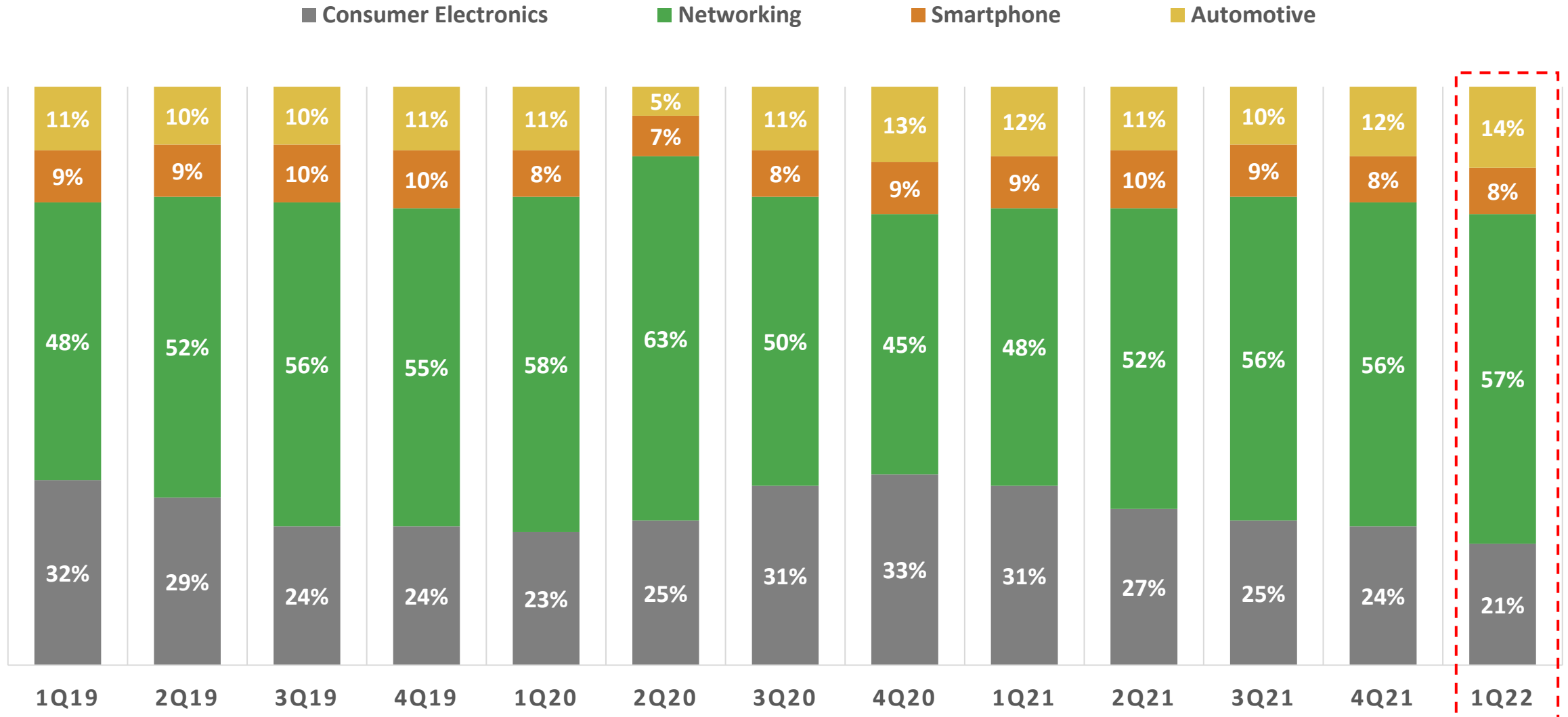
1Q22 Income Statement

NTD \$Million	1Q22	4Q21	1Q21	QoQ	YoY
Revenue	8,269	8,030	7,397	3%	12%
Gross Profit	1,249	1,246	1,370	0%	-9%
Operating Expense	605	543	503	11%	20%
Operating Profit	644	703	867	-8%	-26%
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%
EPS(NT\$)	2.11	2.11	1.93		
Key Financial Ratio					
Gross Margin	15.10%	15.52%	18.52%		
Operating Expense Ratio	7.32%	6.76%	6.80%		
Operating Margin	7.78%	8.75%	11.72%		
Effective Tax Rate	17.11%	-7.31%	23.72%		
Net Margin	9.78%	10.05%	8.69%		

1Q22 Balance Sheet

NTD \$Million	1Q22	4Q21	1Q21
Total Assets	35,614	36,237	29,350
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
Total Liabilities	14,830	14,922	15,378
Short-term Debt	2,494	2,131	1,708
NP / AP	6,644	7,121	6,914
Long-term Debt	-	-	1,640
Total Equity	20,784	21,315	13,972
Key Financial Index			
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

1Q19~1Q22 Product Mix



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 31st 2020

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



Thank you

Question and Comment



Appendix

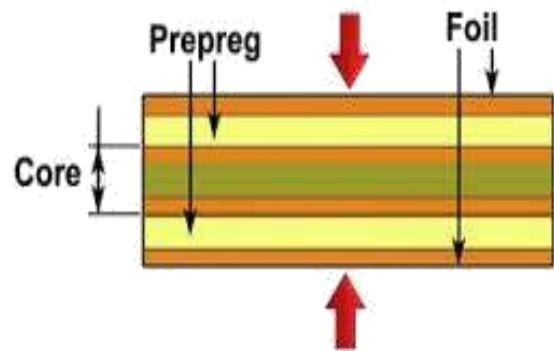
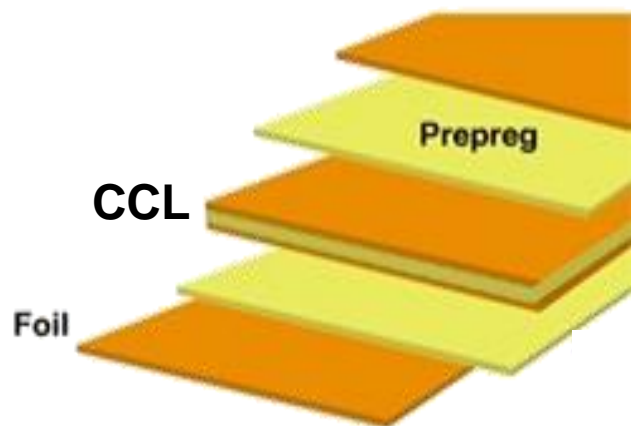
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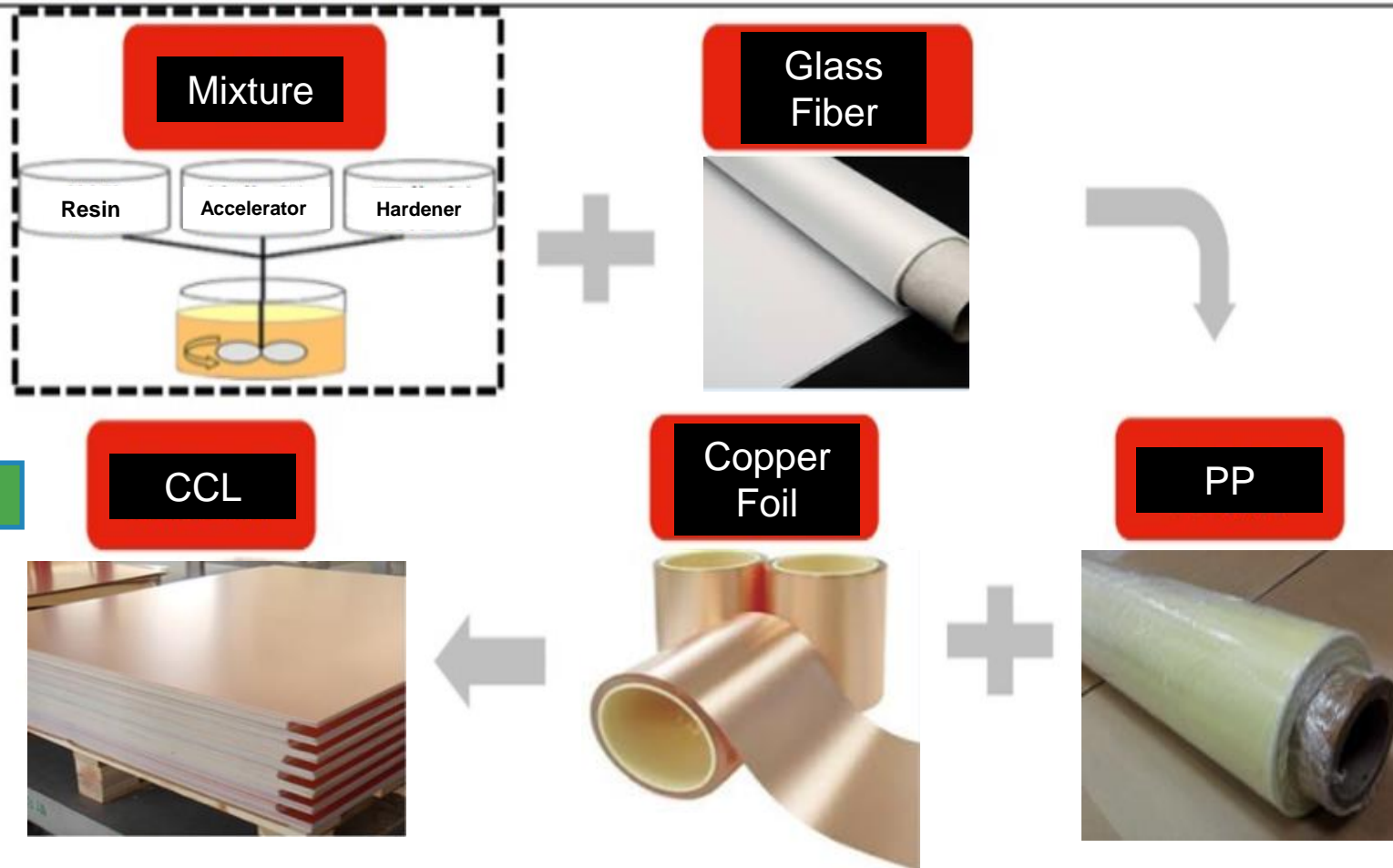
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CCL & PP Composite Structure

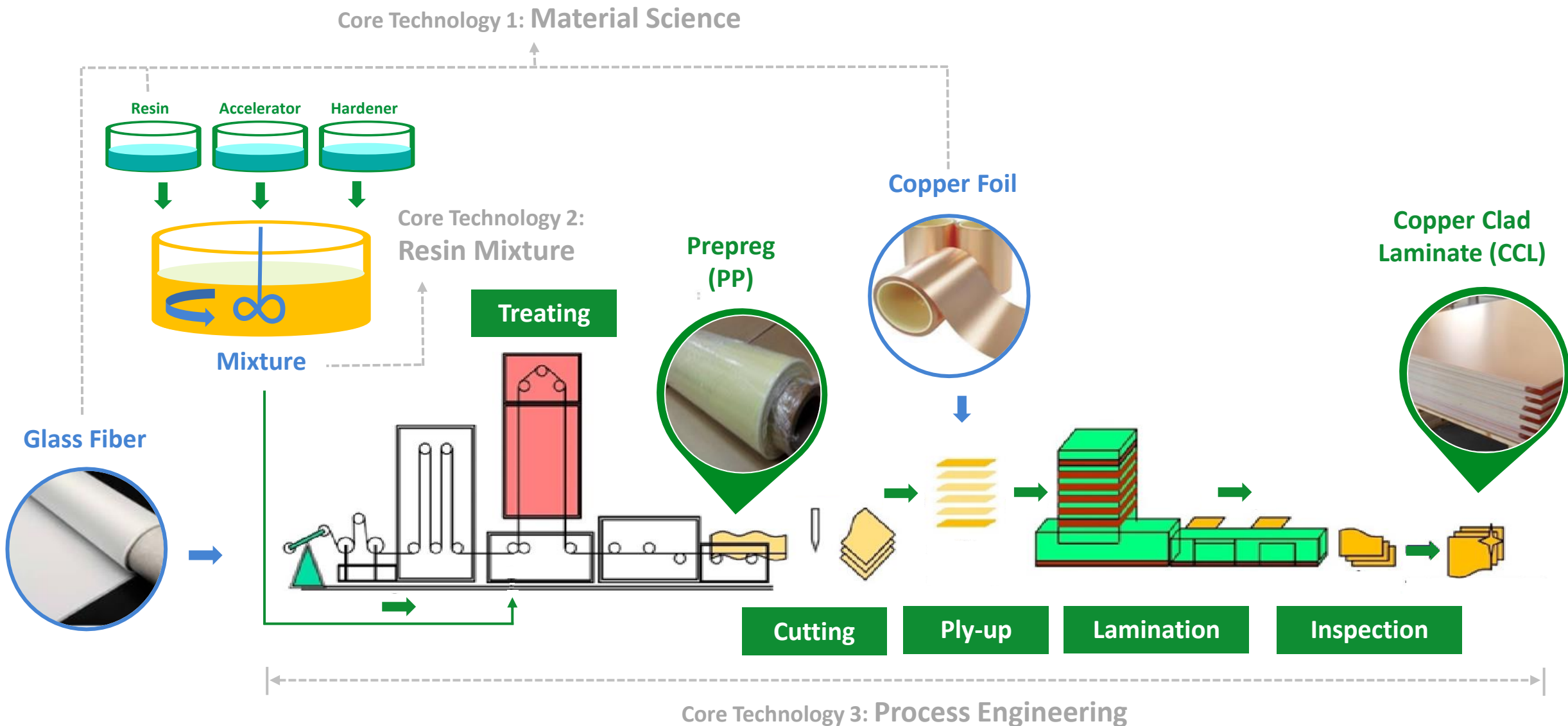
CCL/PP

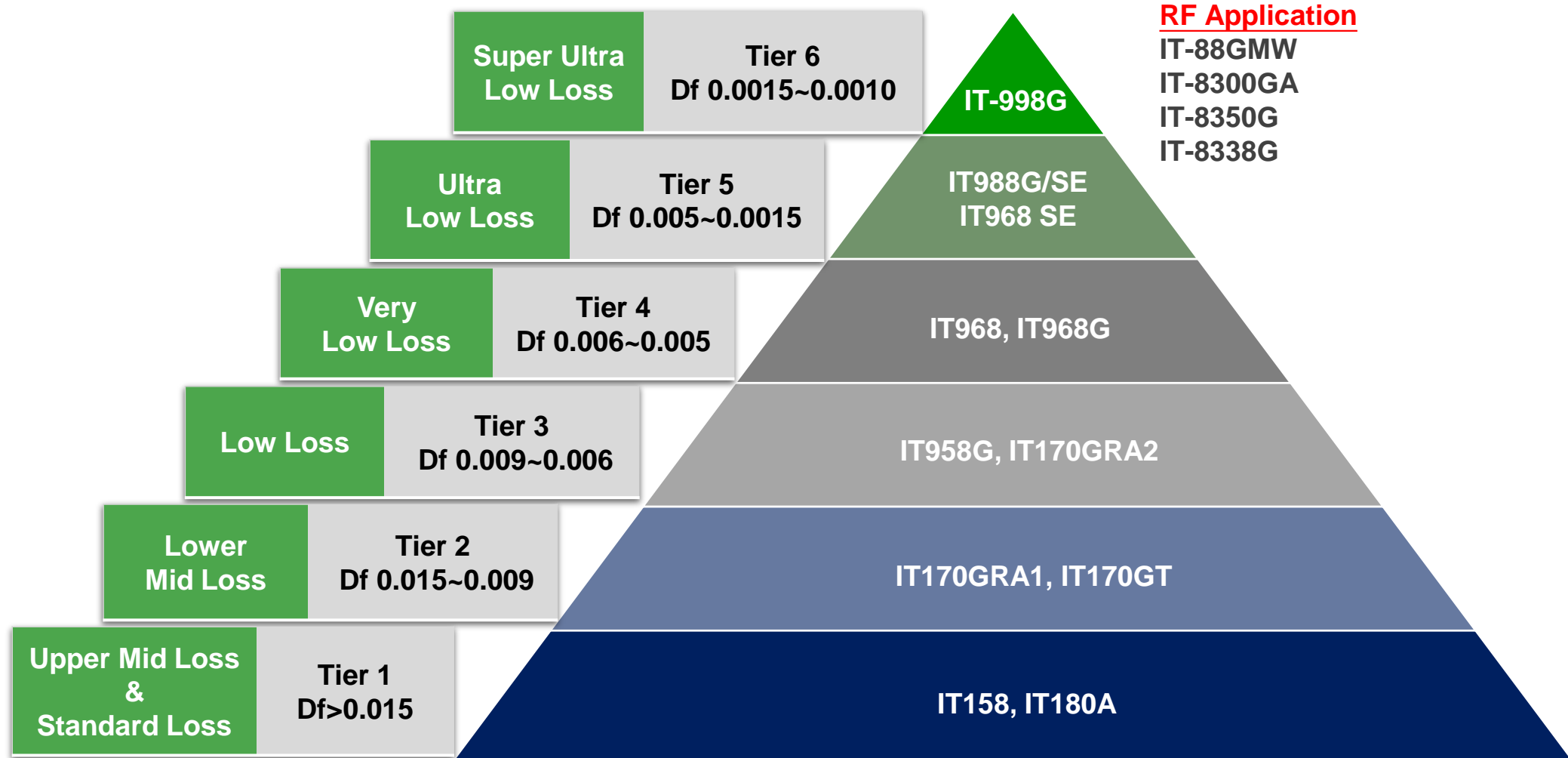


CCL Manufacturing Process



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

2015-2021 Mix Shifted Driven by Innovation

