

Zhen Ding Technology Holding (4958 TT)

First Three Quarters of 2024 Investor Conference

November 8th, 2024

- Zhen Ding Technology Holding's statements of its current expectations are forward looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.
- Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.



AGENDA

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Financial Results for the First Three Quarters of 2024

Eddie Chiang, Chief Financial Officer

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Charles Shen, Chairman

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IC Substrate Business Update

D.J. Lee, Director & Chief Operating Officer



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Zhen Ding Tech. Holding

Financial Results for the First Three Quarters of 2024

Eddie Chiang, Chief Financial Officer

1Q~3Q24 Financial Results

(Unit: NT\$ million, unless otherwise stated)

	1-3Q24	1-3Q23	YoY (%)
Revenue	115,531	97,002	+19.1%
Gross Profit	20,990	15,781	+33.0%
Gross Margin	18.2%	16.3%	+1.9ppts
Operating Expense	14,958	12,875	+16.2%
Operating Profit	6,032	2,905	+107.6%
Operating Margin	5.2%	3.0%	+2.2ppts
Non-Operating Income/Expense	1,253	1,298	-3.4%
Net Income	6,855	4,362	+57.1%
Net Margin	5.9%	4.5%	+1.4ppts
Net Income to Parent	4,816	2,685	+79.4%
EPS (NT\$) ⁽¹⁾	5.08	2.84	
R&D Expense	8,668	6,799	+27.5%
Depreciation and Amortization	13,094	12,124	+8.0%
Cash Inflow Generated from Operations	9,542	20,360	-53.6%
Cash and Cash Equivalents ⁽²⁾	64,714	59,979	+7.9%
ROE(%) ⁽³⁾	6.6%	4.4%	+2.2ppts

Note: (1) Weighted average shares outstanding of 1Q~3Q24: 947,678 thousand shares (actual issuance 956,653 thousand shares, with 2,093 thousand shares held in treasury)

(2) Including current financial assets at amortized cost (time deposits, etc.) (3) ROE is annualized data calculated based on the average of equity attributable to owners of parent

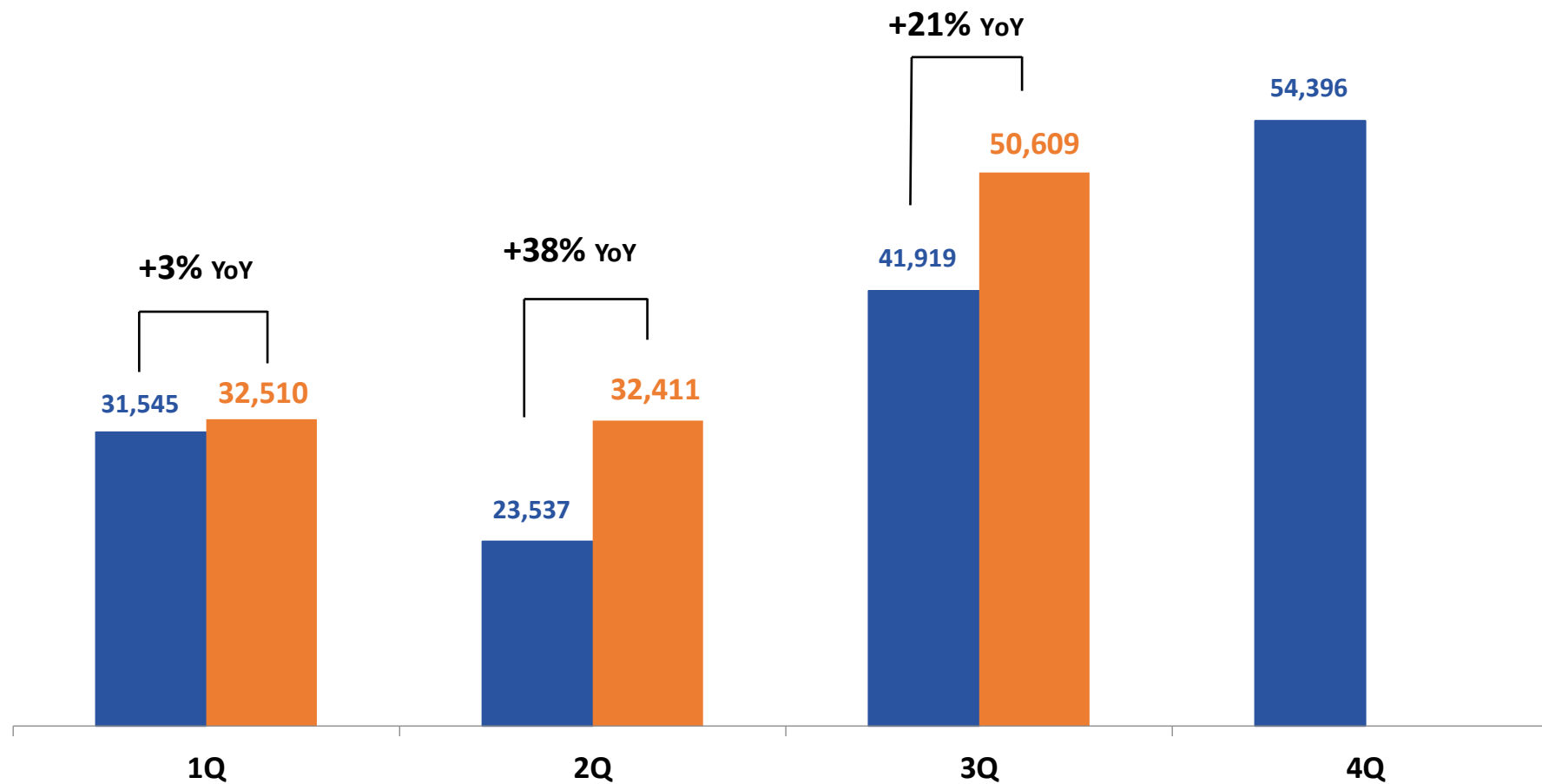
Quarterly Operation Results

Revenue

■ 2023

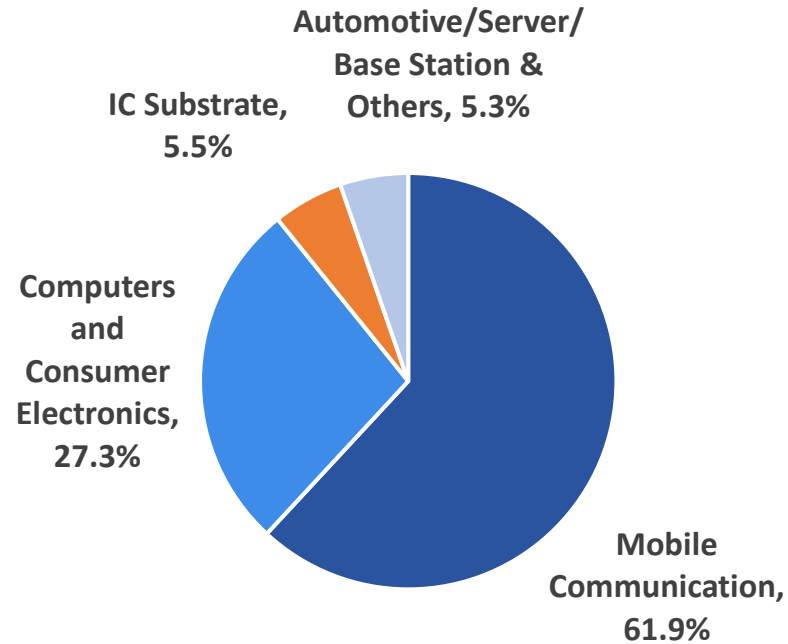
■ 2024

Unit: NT\$ million

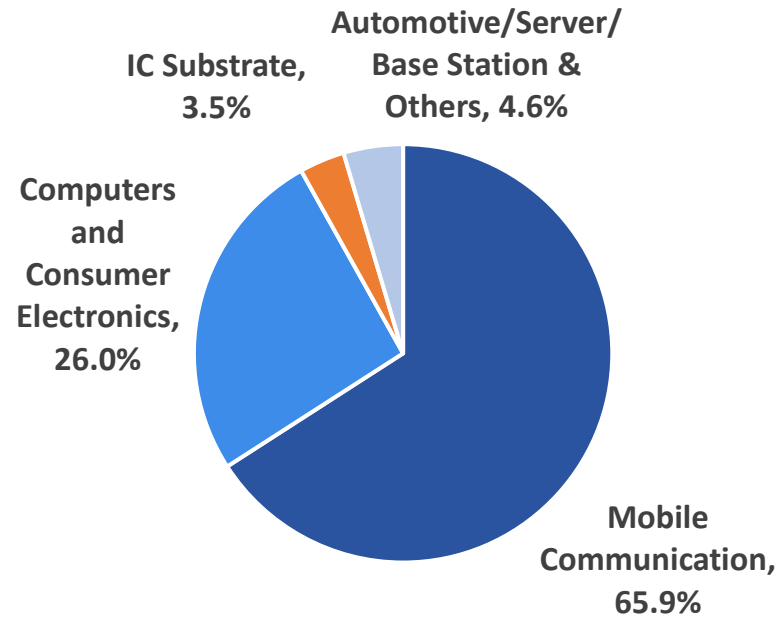


Revenue Breakdown – By Applications

1-3Q24 Revenue NT\$115.5bn



1-3Q23 Revenue NT\$97.0bn



Applications	1-3Q24 Revenue YoY%
Mobile Communication	11.9%
Computers and Consumer Electronics	25.0%
IC Substrate	87.9%
Automotive/Server/Base Station & Others	36.7%

Consolidated Balance Sheet and Key Indices

	2024-9-30		2023-9-30		Unit: NT\$ million Change	
	Amount	%	Amount	%	Amount	%
Cash and Cash Equivalents ⁽²⁾	64,714	24.9%	59,979	24.2%	4,736	+0.7ppts
Notes & Accounts Receivable	35,675	13.7%	32,141	13.0%	3,534	+0.8ppts
Inventories	24,799	9.5%	22,311	9.0%	2,487	+0.5ppts
Property, Plant and Equipment ⁽³⁾	111,026	42.8%	112,780	45.5%	-1,754	-2.8ppts
Total Assets	259,685	100.0%	247,800	100.0%	11,886	
Debt	56,260	21.7%	51,640	20.8%	4,620	+0.8ppts
Notes & Accounts Payable	43,776	16.9%	44,196	17.8%	-420	-1.0ppts
Total Liabilities	115,599	44.5%	113,329	45.7%	2,270	-1.2ppts
Total Equity	144,087	55.5%	134,471	54.3%	9,616	+1.2ppts

Key Indices

A/R Turnover Days	77	87	(10)
Inventory Turnover Days	62	72	(10)
Current Ratio (x)	1.78	1.41	0.37
PPE Turnover (x) ⁽⁴⁾	1.39	1.21	0.18

Note: (1) Weighted average shares outstanding of 1Q~3Q24: 947,678 thousand shares (actual issuance 956,653 thousand shares, with 2,093 thousand shares held in treasury) (2) Including current financial assets at amortized cost (time deposits, etc.) (3) PPE includes investment property (4) PPE Turnover = annualized net revenue / average net property, plant and equipment

2013-2023 Financial Summary

Unit: NT\$ million

Period	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	75,954	85,738	82,393	109,238	117,913	120,068	131,279	155,022	171,356	151,398
Gross Profit	14,323	16,427	12,542	17,833	26,061	27,222	26,584	30,537	39,888	27,459
Net Income	6,735	7,731	3,456	6,772	11,536	12,402	11,508	13,694	20,535	9,432
Net Income to Parent	6,735	7,731	3,456	5,172	8,448	8,685	8,095	9,651	14,197	6,189
Depreciation & Amortization	4,293	4,850	5,295	5,679	6,820	7,955	8,405	11,875	14,638	16,323
EPS (NT\$)	9.12	9.80	4.29	6.43	10.50	9.93	8.90	10.21	15.02	6.550
DPS (NT\$)	3.67	4.50	2.20	3.30	4.46	4.50	4.50	5.00	6.00	3.275
Payout Ratio (%)	40.2%	45.9%	51.3%	51.3%	42.5%	45.3%	50.6%	49.0%	40.0%	50.0%
Cash and Cash Equivalents*	23,482	31,572	30,241	33,296	49,154	43,071	46,775	35,179	57,599	65,970
Property, Plant and Equipment	30,073	32,074	32,262	36,681	41,913	46,243	68,177	86,073	104,814	109,965
Capital	7,386	8,047	8,047	8,047	8,047	9,022	9,470	9,470	9,470	9,470
ROE (%)	23.33%	20.82%	8.59%	14.49%	17.30%	14.72%	11.84%	12.59%	16.67%	7.10%
Debt Ratio (%)	62.54%	53.70%	59.72%	55.33%	44.25%	35.41%	42.56%	42.01%	42.87%	44.67%

* Including current financial assets at amortized cost (time deposits, etc.)



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Company Strategy

Charles Shen, Chairman

Business Review and Outlook

1

3Q24 revenue set a record high for the same period. All four major product applications delivered QoQ and YoY growth:

3Q24 revenue achieved a robust growth and marked a record high for the same period, increasing by 56% QoQ and 21% YoY. Revenue for Mobile Communication benefited from the peak season of customers' new product shipments, setting a record high for the same period in the company's history. Revenue for IC substrates and Automotive/Server/Base Station both reached a record high for a single quarter.

2

4Q24 performance will reach the peak of the year. We maintain our target of delivering double-digit revenue growth this year. We are positive on the PCB content growth opportunity for new smartphone models launching next year:

For 4Q24, it will still be the peak season for customers' new product shipments, and we expect 4Q24 performance to reach the peak of the year, with utilization maintaining at a high level. In addition, as hardware spec requirements for AI smartphones become higher, this drives changes in product designs and materials, and increases complexity for PCBs. As a result, we are positive on the PCB content growth opportunity for new models launching next year.

3

For AI servers, we actively engage with customers for future generation products. In addition, our optical products have also entered mass production:

We have been deeply involved in developing server applications for many years. For AI servers, we not only have offered samples for customers' next-generation products, but also actively engage with customers for future generation products. Our optical products have entered mass production and started contributing to revenue, and samples of high-end products are provided to customers for qualifications.

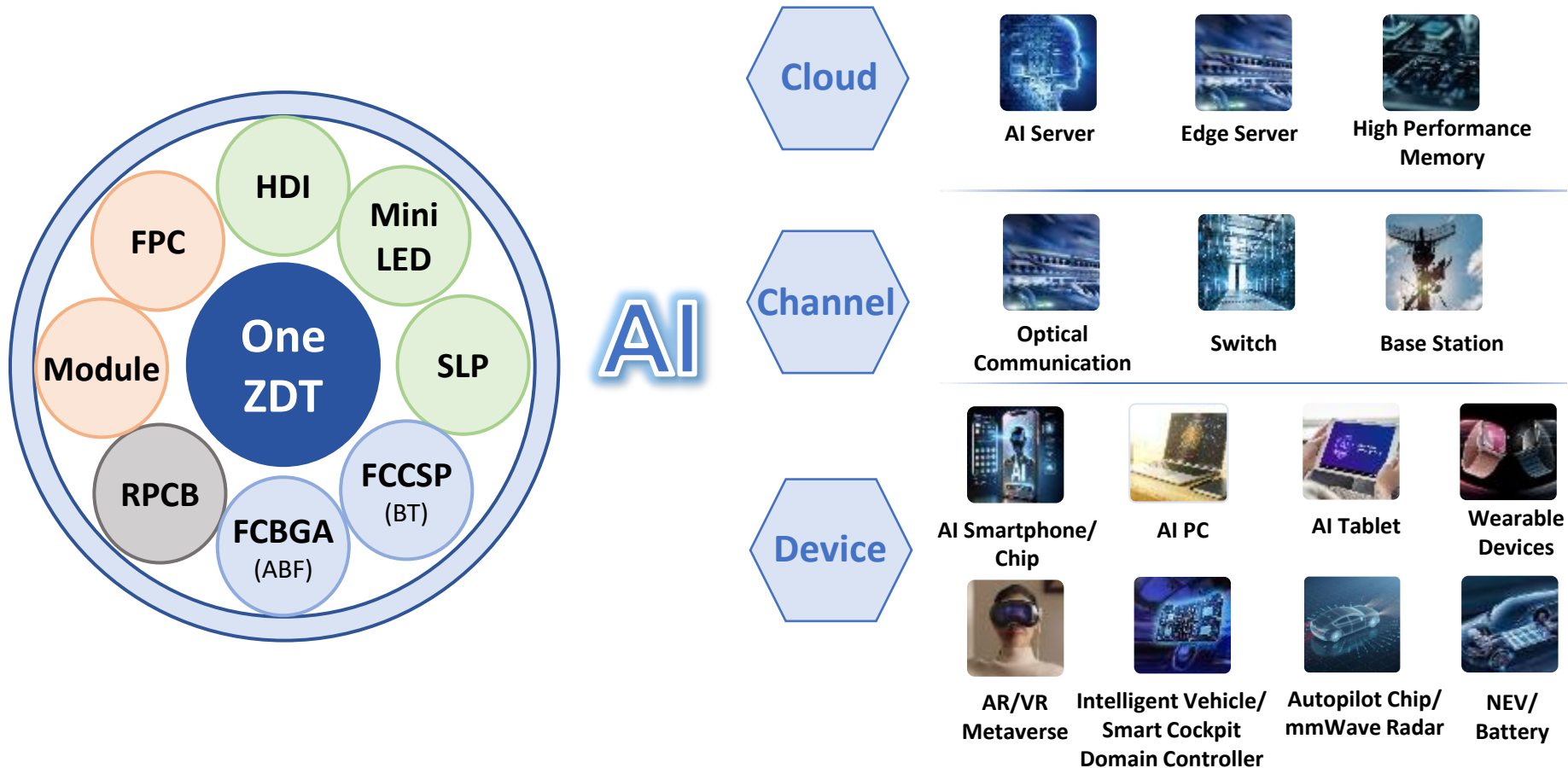
4

The first phase of our Thailand fab remains on schedule for trial production in 1H25, with small-scale mass production planned for 2H25. We plan to convert our Kaohsiung fab into an AI park:

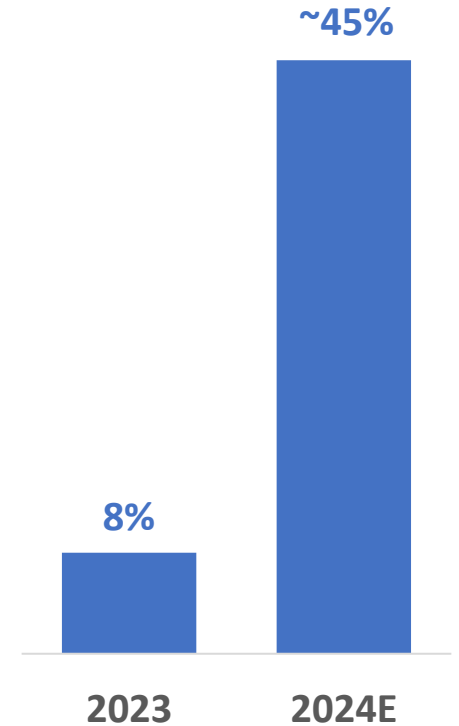
The capacity of the first phase of the new fab in Thailand will focus on high-end server, automotive, and optical applications. Once the new fab enters mass production, it will be able to meet the growing customer demand for related products. Also, we plan to convert Kaohsiung fab into an AI park, providing design and manufacturing capacity for high-end AI products to cater to the rising demand.

One ZDT: We Offer A Full Range of PCBs for AI

From AI Edge Devices to AI Servers – AI Increases Design Complexity for PCBs
ZDT Offers the Most Comprehensive and Advanced PCBs for All Kinds of AI Applications

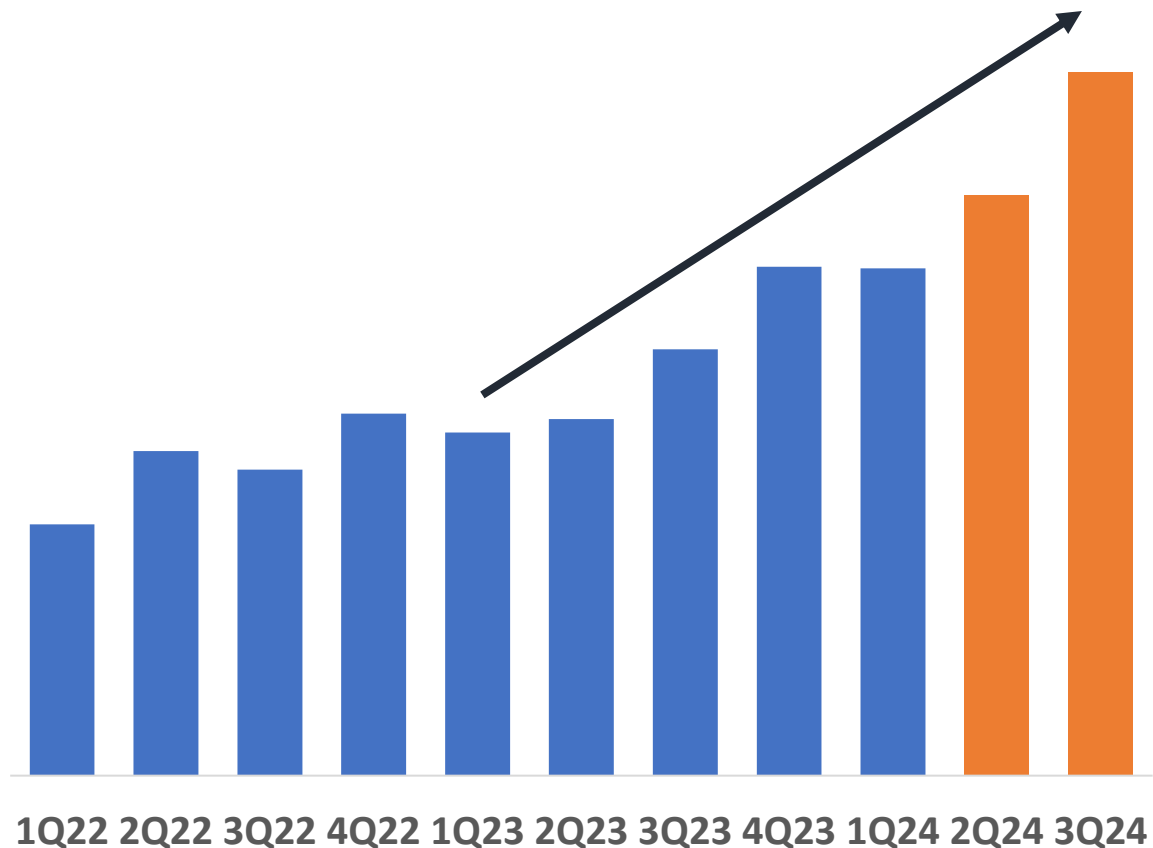


■ Zhen Ding: Revenue Contribution from AI Related Products

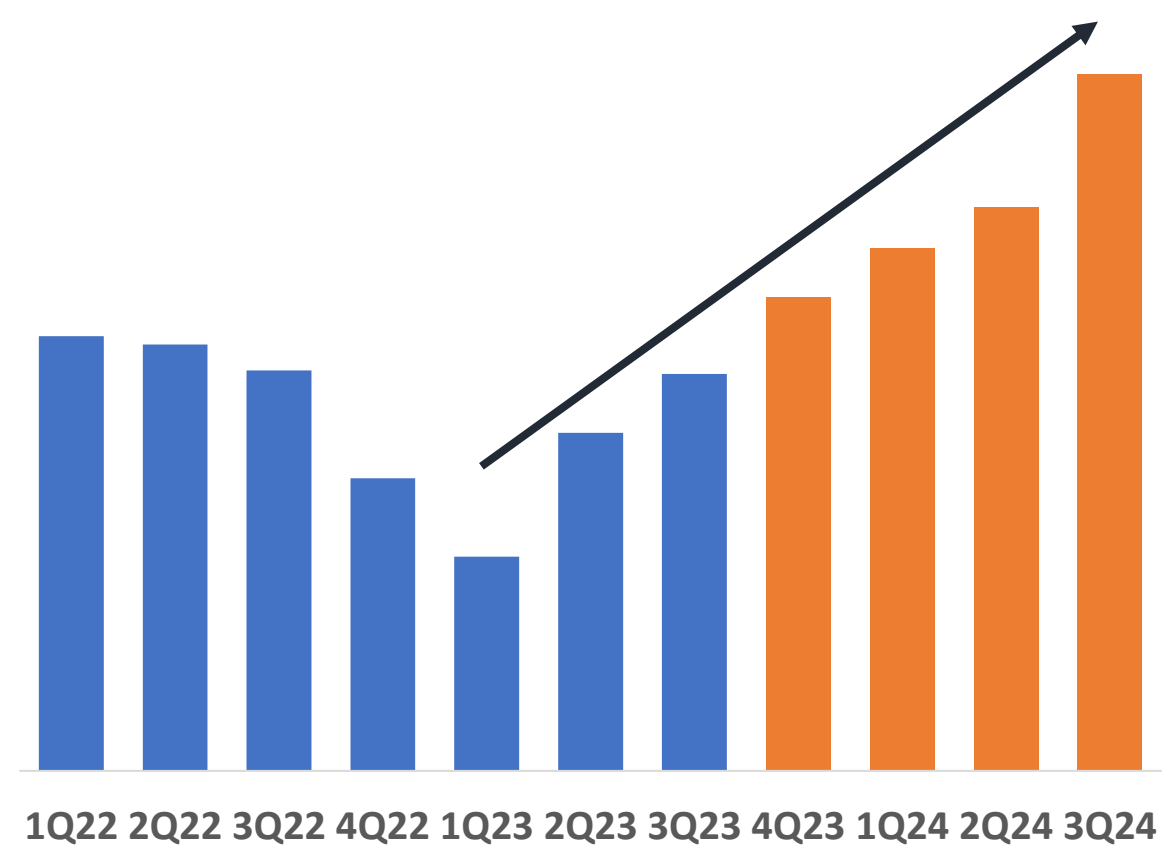


One ZDT Strategy Achieved Desired Results, with Automotive/Server and IC Substrate Revenues Setting Record Highs

ZDT's 3Q24 Revenue for Automotive/Server/Base Station Continues to Reach a Record High



ZDT's 3Q24 Revenue for IC Substrates Reached a Record High for Four Consecutive Quarters





- 1** We are accelerating the development of PCB and IC substrate products for AI servers.
- 2** For high-end AI servers, customer demand for high-layer count (HLC) + HDI designs has increased. This is our area of expertise with a leading technology.
- 3** We are actively involved in the advanced technology development with customers, and engage with customers for future generation products.
- 4** After the capacity of Kaohsiung AI Park coming online and the new fab in Thailand entering mass production next year, we will have ample capacity to fulfill the increasing demand from customers.

The Construction of Thailand Fab is Progressing According to Plan, with Equipment Installation Scheduled by the End of This Year

(Last Dec.) Thailand Prachinburi Park (Phase I)



(2024/8/26) Thailand Prachinburi Park (Phase I): Beam-Raising Ceremony



- The construction of the new fab in Prachinburi Province, Thailand is progressing according to plan. The main building is topped out on August 26th, with equipment installation by the end of this year, trial production in 1H25, and mass production in small scale in 2H25.
- Phase 1 capacity will focus on high-end server, automotive, and optical applications, providing high-end RPCB/HDI products.
- It will be ZDT's key manufacturing site in Southeast Asia.



- The Kaohsiung AI Park will be Zhen Ding's key R&D and manufacturing site for AI related products, to cater to the rising demand of AI applications.

Establish Strategic Partnerships with Leading Companies



2024/6/17 – Advantech

Promote digitalization, intelligence, and sustainability of the PCB industry.



2024/8/22 – TAI FLEX

Deepen collaboration in material research and development, supply chain management, and smart manufacturing.



2024/10/29 – DuPont

Enhance end-user applications, advance technology R&D, improve material performance, and promote the sustainable development of the electronics sector.

2024/8/21 – Elite Material

Collaborate in end customer development, PCB materials research, intelligence, and sustainability.



2024/10/24 – TECO

Promote energy saving, carbon reduction, and sustainable development within the PCB industry.





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IC Substrate Business Update

D.J. Lee, Director & Chief Operating Officer

IC Substrate Business Update

1

IC substrate revenue has set new quarterly records for four consecutive quarters, increasing by 88% for the first three quarters of 2024, which is consistent with our previous expectation:

- IC substrate revenue increased by 88% YoY for the first three quarters of 2024, and it is expected to maintain rapid growth for the entire year. In the mid-term, we maintain our goal of achieving a >50% revenue CAGR for IC substrate during 2023-2027.

2

ABF substrates: The utilization rate continues to increase, driven by the robust demand for advanced packaging. Next year, we will begin mass production of next-generation products for customers:

- Our utilization rate of ABF substrate continues to increase, primarily driven by the demand for Chiplet and 2.5D advanced packaging products. We expect to secure orders for high-end automotive ADAS chip products and will support HPC and AI customers in the mass production of next-generation products.
- High-end ABF substrates are primarily used in AI chips and networking chips, and the market demand has begun to recover. With future product upgrades, the proportion of large body size (over 70mm x 70mm) and high-layer-count (over 16 layers) products is expected to gradually increase.

3

BT substrates: Revenue has steadily increased. Rising orders from new customers and new products will drive its growth next year:

- Our BT substrates are primarily used in smartphone processors, memory, and RF applications. With rising orders from new customers and new products, the business will continue to grow next year.
- Fine line 6/8um Embedded Trace Substrate (ETS) is expected to enter mass production by the end of the year. Additionally, in 2024, the newly developed DDR-5 and NAND substrates will gradually enter mass production. Our yield is also on par with Tier 1 players.

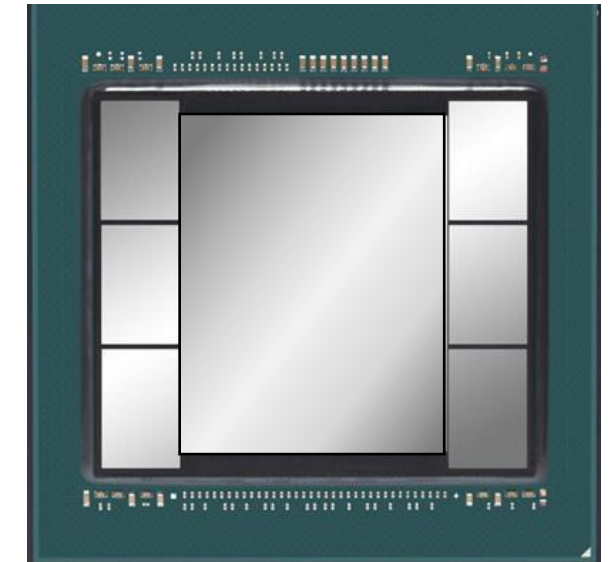
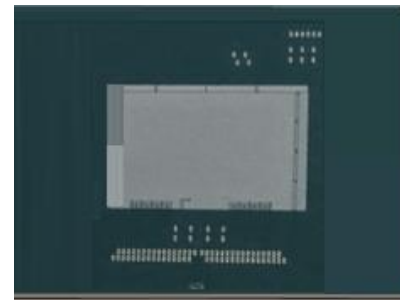
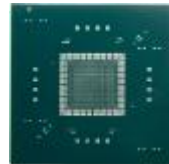
The complexity of IC substrates is increasing:

High layer counts

Large body size

Flat surface

Accurate production precision

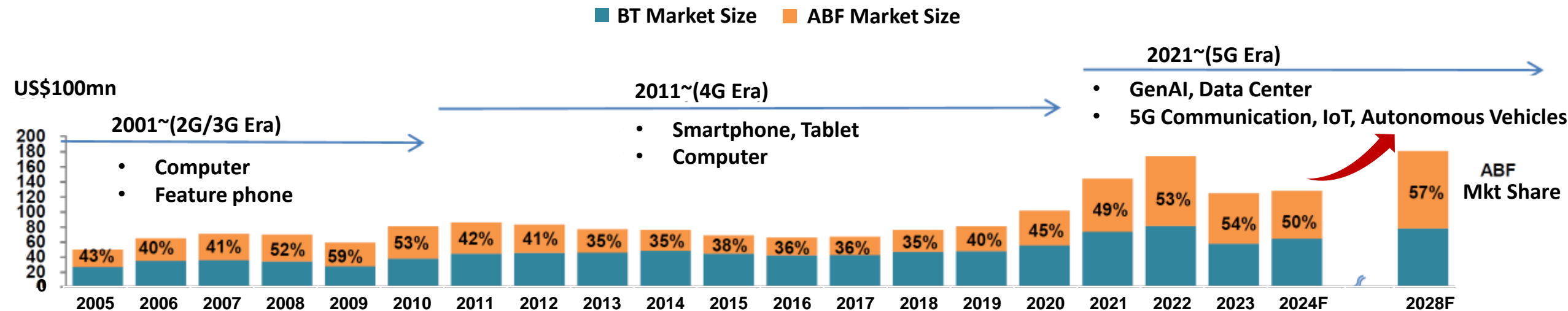


2005

2020

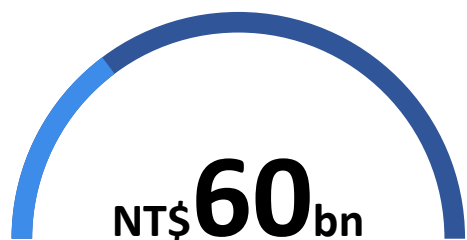
2026

	2005	2020	2026	
Body Size (mm)	31 x 31	75 x 60	120 x 140+	x20+
Layer count (L)	6	20	28+	x4+
Bump Count	1K	100K	300k+ ~ 500k+	x300+



Source: Prismark (2024/9)

IC Substrate Goals



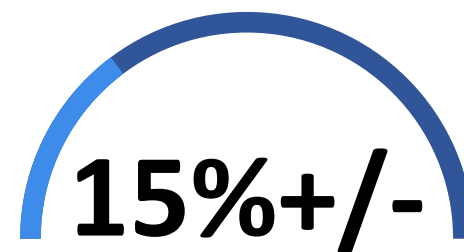
IC Substrate Capex:

Plan to invest NT\$60bn
from 2022~2027



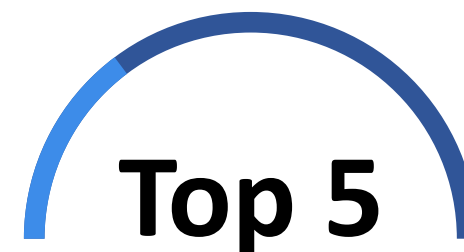
IC Substrate Revenue:

2023~2027 Revenue
CAGR >50%



IC Substrate Revenue:

Account for 15 %+/- of
company's consolidated
revenue in 2027



IC Substrate Market Share:

Aim to become one of the
global top 5 companies in the
IC substrate market in 2030



Q&A



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THANK YOU