

Zhen Ding Technology Holding (4958 TT)

Investor Presentation

June, 2023

- 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.

Zhen Ding (ZDT) At a Glance



#1

PCB Manufacturer
Worldwide

2006 Founded

(Former Foxconn Advanced
Tech, 1978)

Taoyuan, Taiwan

Headquarters

42,425

Employees (2022 Average)



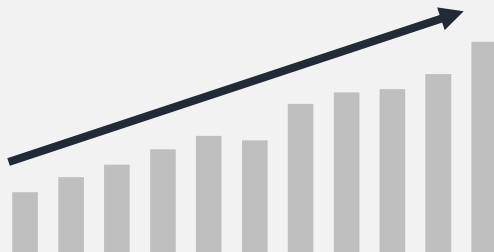
22 Facilities
Located in
Mainland China,
Taiwan, India

NT\$171.4 Bn

Revenue in 2022
(+10.5% YoY)

+12%

2011-2022
Revenue CAGR



1,440

Accumulated Valid Patents

3,147

Accumulated Filing Patents



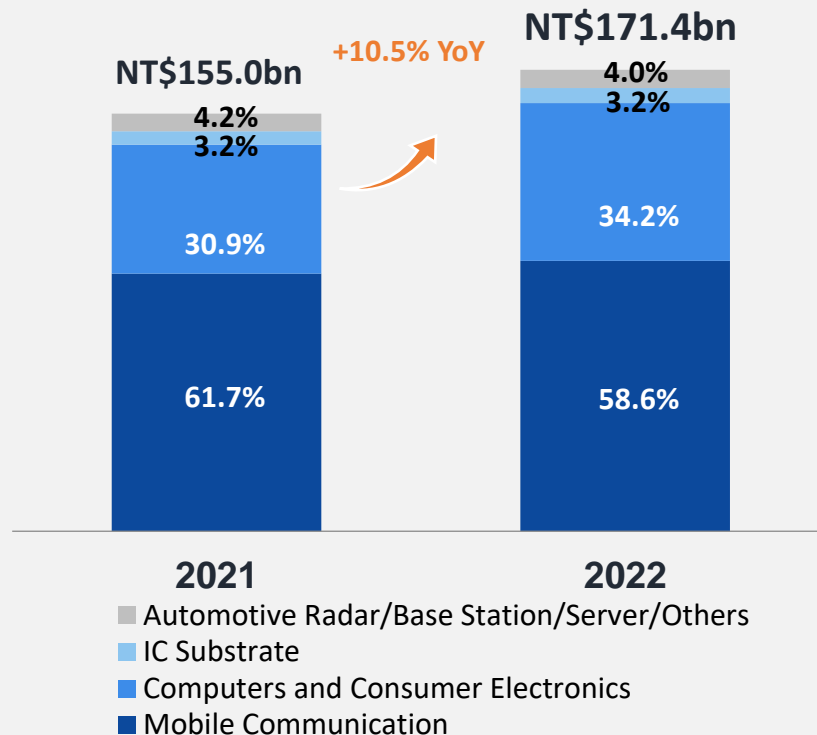
NT\$106.1 Bn

Market Cap as of
March 31st, 2023

16.4%

10Y Average ROE

Revenue Breakdown – By Applications





AGENDA

1

Company Strategy

2

Business Roadmap and Execution

3

1Q23 Financial Results



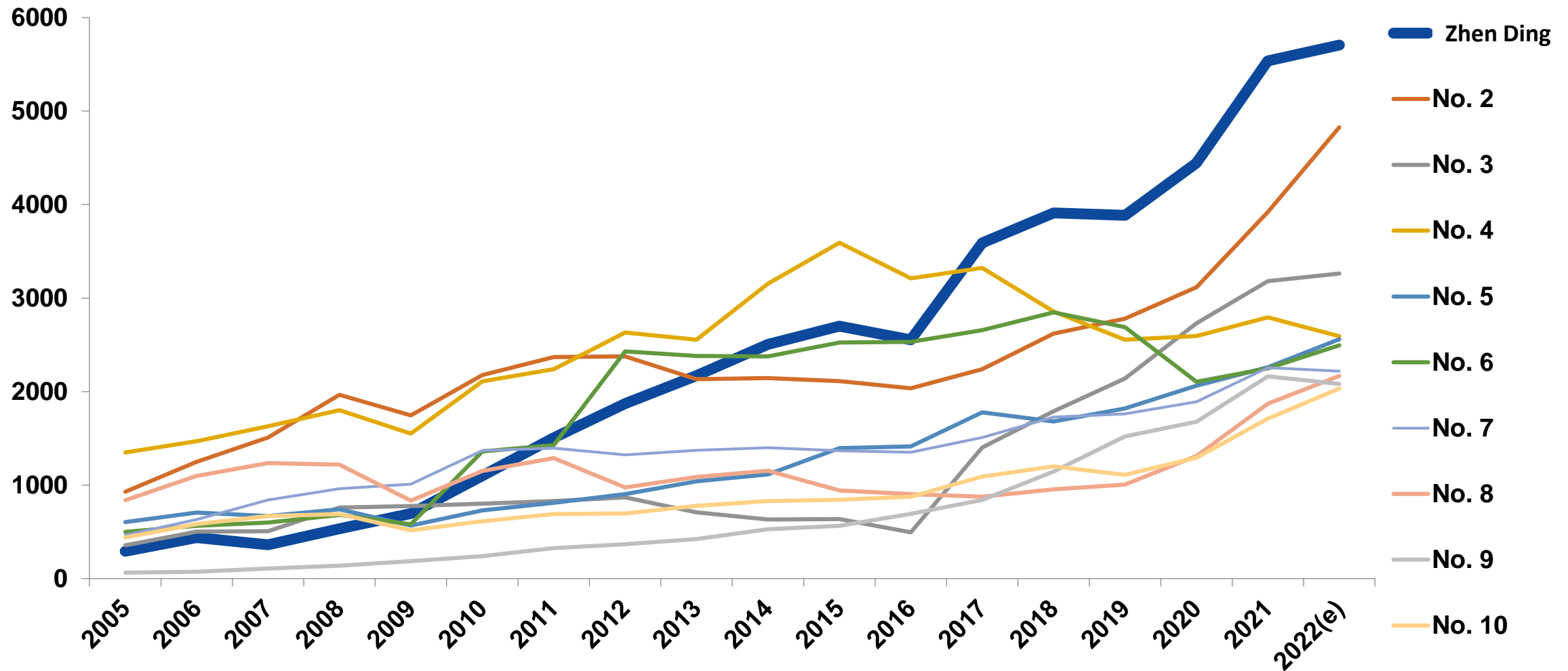
臻鼎科技控股

Zhen Ding Tech. Holding

Company Strategy

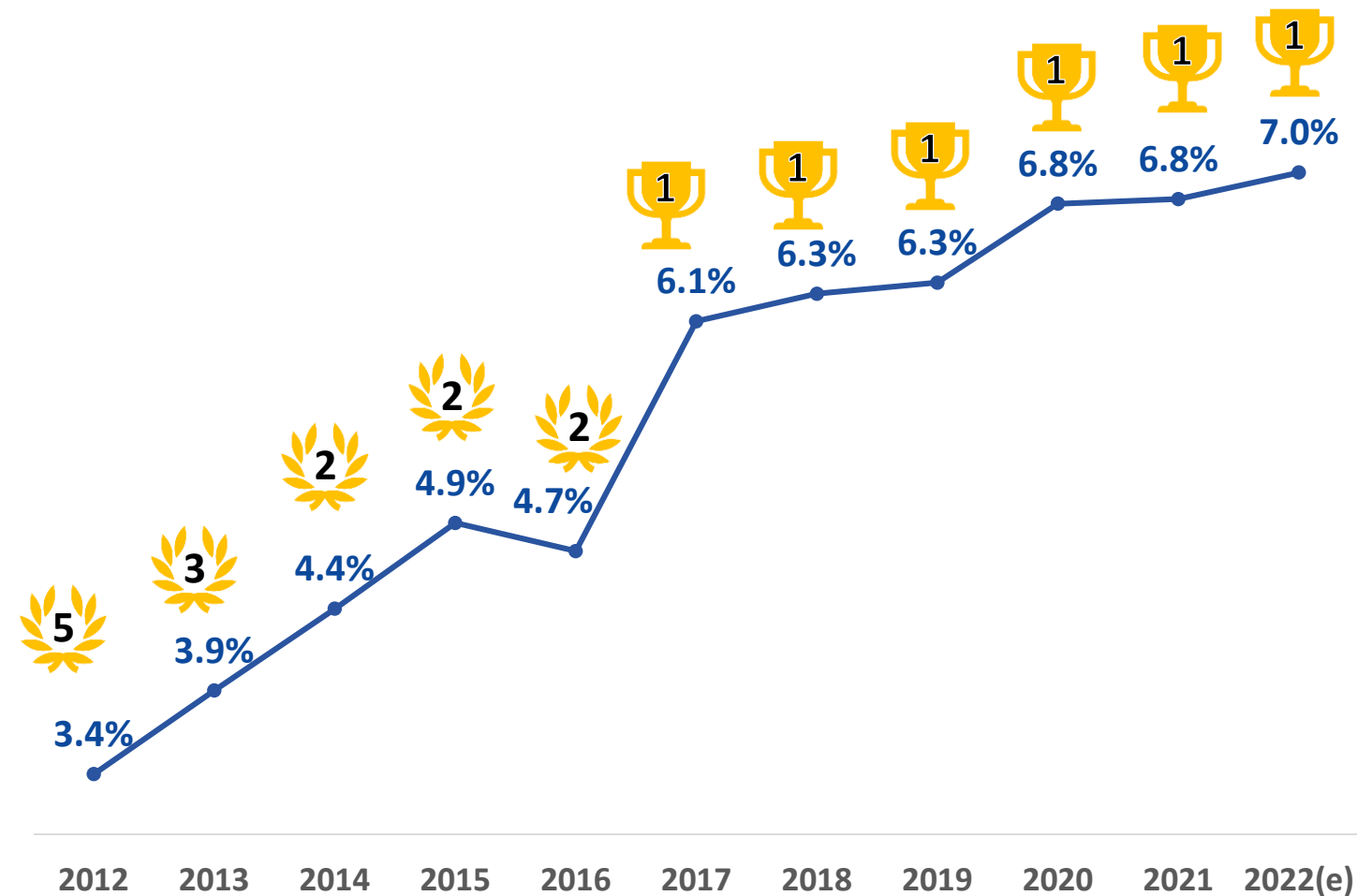
2022 Global Top 10 PCB Companies Revenue Trends

Unit: US\$ million



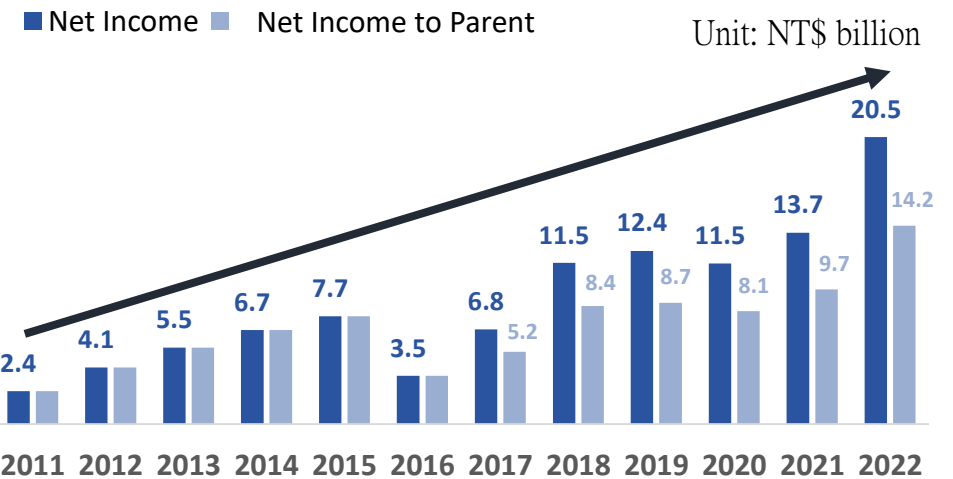
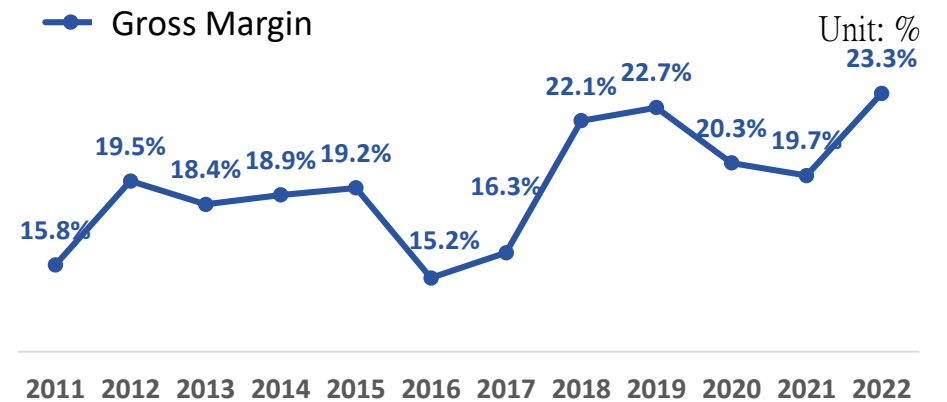
Source : NT Information ; Prismark (2023/02)

ZDT: Continued Market Share Gain in the Global PCB Market

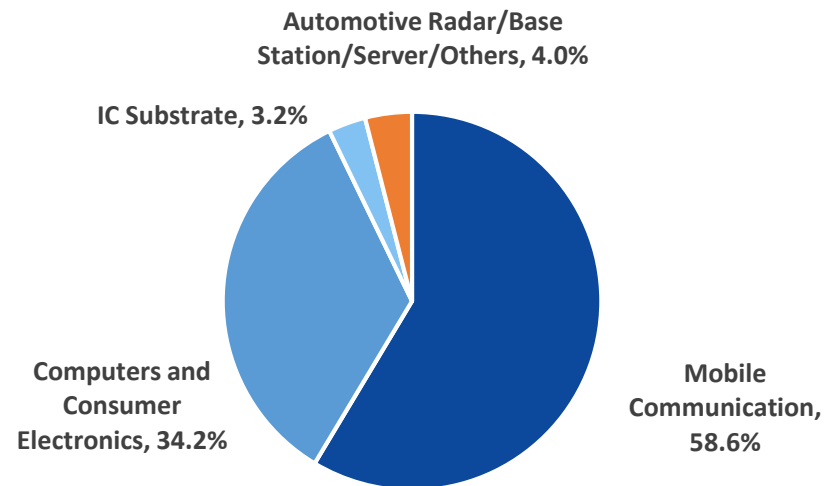


Source : Prismark

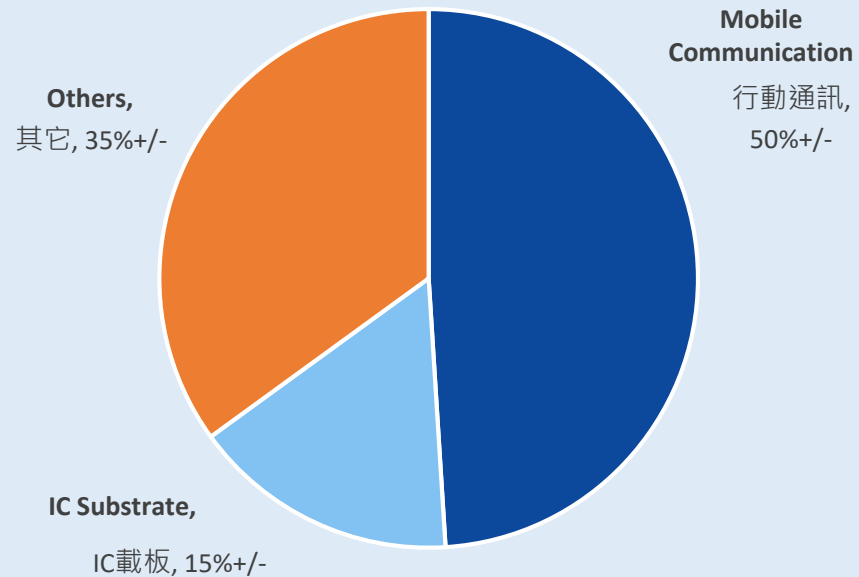
Stable Profitability



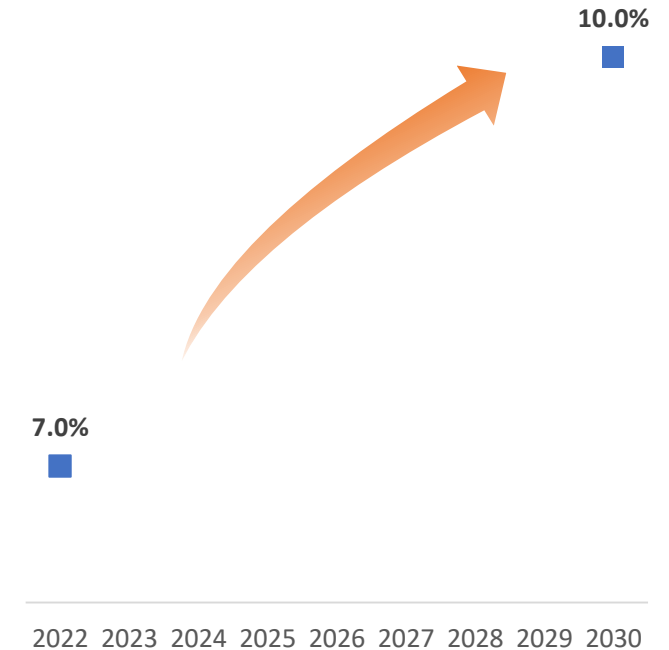
2022 Revenue by Application



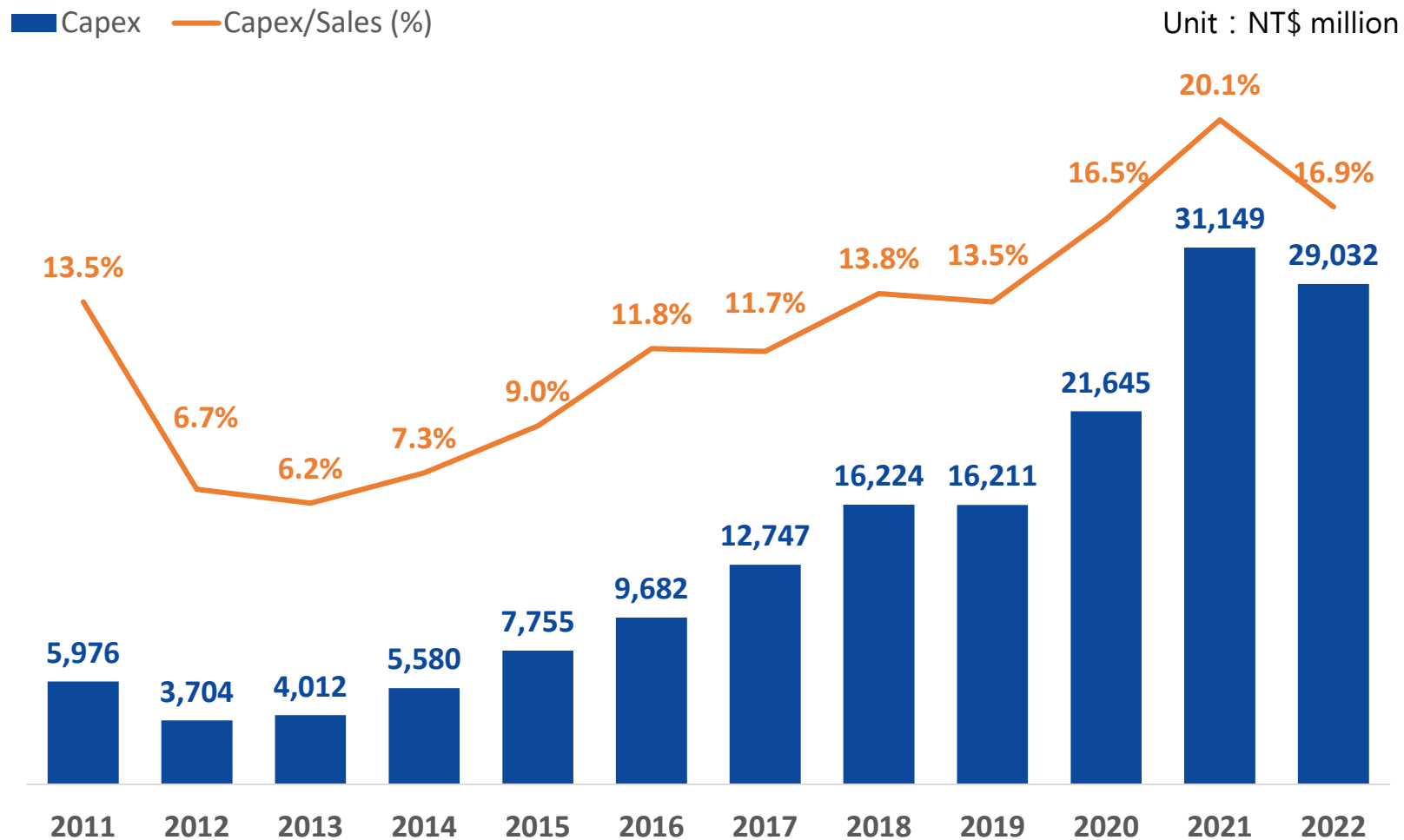
2025 Target Revenue by Application



Aim to Reach 10% Global Market Share by 2030



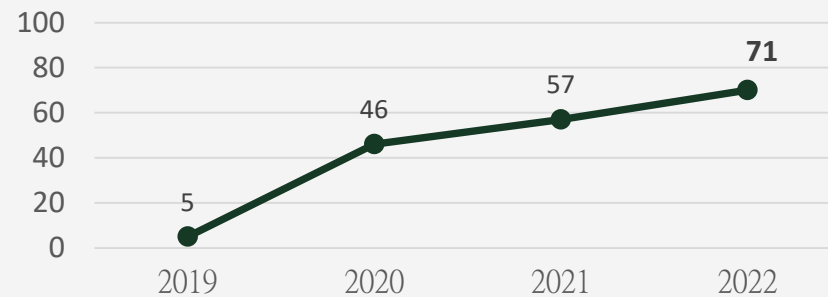
Continued Capacity Expansion, Pursuing Stable Growth



Early deployment
of production
capacity to meet
customers' need

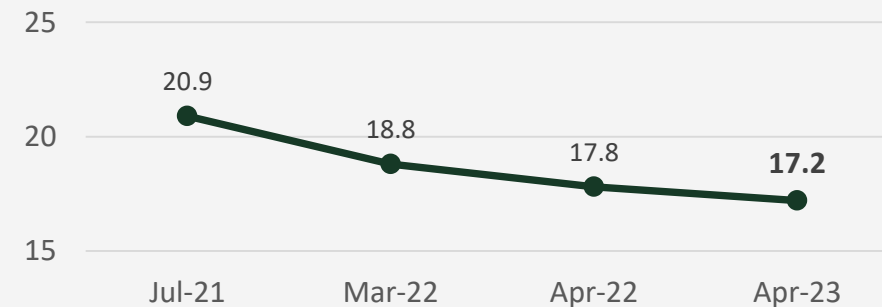
S&P Global ESG Rating

In 2022, Zhen Ding's S&P ESG Score improved to 71 and was selected as a member of the S&P Global Sustainability Yearbook.



Sustainalytics ESG Risk Rating

Zhen Ding's Sustainalytics ESG Risk Ratings improved from 20.9 to 17.2, from medium risk to low risk.



FTSE Russell ESG Rating

In December 2022, Zhen Ding's FTSE Russell ESG Rating improved from 3.6 to 4.3 (out of 5), and ranked in the 3rd place among all listed companies in Taiwan.

ESG Rating: 4.3

ICB Supersector: Industrial Goods & Services

Percentile rank: 95 ⓘ

Environment Score: 4.0

ICB Supersector decile rank: 10 ⓘ

Social Score: 4.1

ICB Supersector decile rank: 10

Governance Score: 5.0

ICB Supersector decile rank: 10

Bloomberg Gender Equality Index (GEI)

Zhen Ding was included in the 2023 Bloomberg Gender Equality Index, becoming the 1st company in the PCB industry and one of 16 Taiwanese companies included in the index.



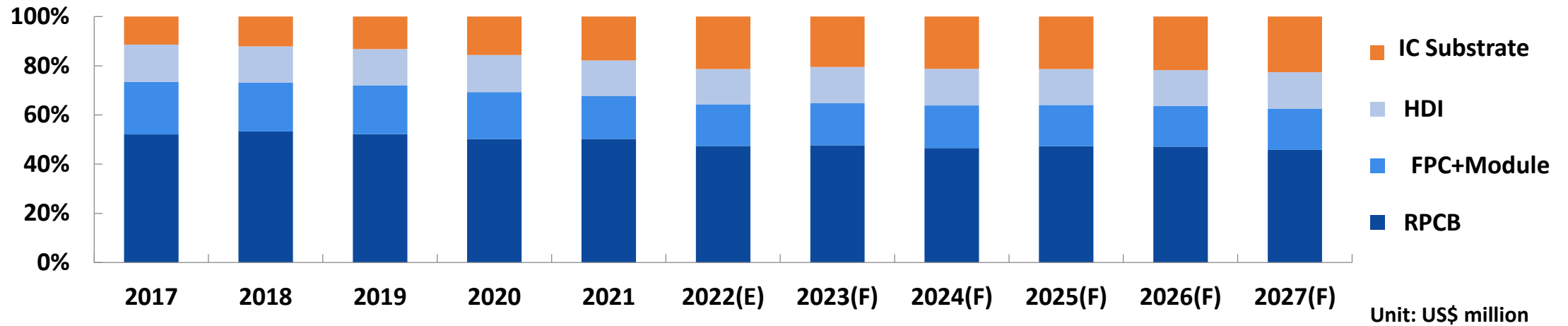


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Business Roadmap and Execution

PCB Markets will Continue to Grow



Product Segments	項目	2017	2018	2019	2020	2021	2022	2023(F)	2024(F)	2025(F)	2026(F)	2027(F)	2022-2027 CAGR
RPCB	Value	30,656	33,225	31,969	32,674	40,641	38,720	35,968	36,779	39,564	42,407	45,048	3.1%
	% share	52.1%	53.2%	52.1%	50.1%	50.2%	47.4%	48.5%	47.0%	46.7%	46.4%	45.8%	
FPC	Value	12,523	12,395	12,195	12,483	14,058	13,842	12,843	13,668	14,545	15,479	16,473	3.5%
	% share	21.3%	19.9%	19.9%	19.1%	17.4%	16.9%	17.3%	17.5%	17.2%	16.9%	16.7%	
HDI	Value	8,968	9,222	9,008	9,874	11,811	11,763	10,892	11,716	12,602	13,556	14,581	4.4%
	% share	15.2%	14.8%	14.7%	15.1%	14.6%	14.4%	14.7%	15.0%	14.9%	14.8%	14.8%	
ICS	Value	6,696	7,554	8,139	10,188	14,410	17,415	14,436	16,091	17,937	19,993	22,286	5.1%
	% share	11.4%	12.1%	13.3%	15.6%	17.8%	21.3%	19.5%	20.6%	21.2%	21.9%	22.7%	
Total		58,843	62,396	61,311	65,219	80,920	81,740	74,139	78,254	84,648	91,435	98,388	3.8%

Source : Prismark (2023/5) *2023-2027 forecasts are calculated based on Prismark's estimates

Five Major Global Manufacturing Campuses

Multiple manufacturing campuses to fulfill clients' needs

China Qinhuangdao



Qinhuangdao Park
(FPC & advanced module
/SLP High end HDI)



BT Substrate Park

China Huai'an



Huai'an Park 1
(RPCB/HDI)



Huai'an Park 2
(FPC & advanced
module/HDI/ Mini LED)



Huai'an Park 3
(High-end HDI/
MSAP)

Taiwan



Kaohsiung Park
(FPC and advanced
module)



Taoyuan Boardtek Park
(PCB for networking,
HPC, automotive related
applications)

China Shenzhen



Shenzhen Park 1
(FPC and advanced
module/HDI)



Shenzhen Park 2
(FPC and advanced
module)



ABF Substrate Park

India



Chennai Park
(FPC and advanced
module)



Capacity Expansion Plan: ABF Trail Production Yield is Comparable to Tier 1 Peers



Qinhuangdao BT Substrate Fab:
FC-CSP/WB-CSP/Memory



Shenzhen ABF Substrate Fab: FCBGA



Kaohsiung Luzhu Science Park:
FPC and Advanced Module Production Line



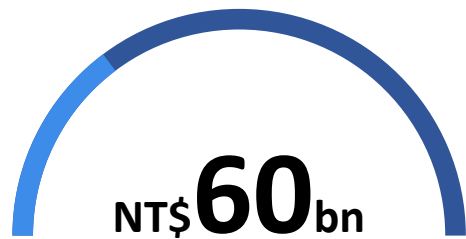
Huai'an Park 3: High-end HDI/MSAP

IC Substrate & Huai'an Park 3 Capacity Expansion Plan

		2023				2024				2025			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
SZ ABF Substrate Plant (Two Fabs’ floor area in total: 170,000 m²)	Fab 1 (Mid to high-end products)	Installation											
		Sample certification											
		Mass production, target yield: comparable to tier 1 peers						Full utilization, target yield: comparable to tier 1 peers					
	Fab 2 (High end products)						Installation						
						Sample certification							
							Mass production						
QHD BT Substrate Plant (Two Fab’s floor area in total: 60,000 m²)	Fab 1	Industry Leading Quality											
	Fab 2	Mass Production				Utilization at 90%+							
Huai’an MSAP (Two Fabs’ floor area in total: 91,200m²)	HC01 (ELIC & MSAP products)	Sample certification											
		Mass production, target yield: comparable to tier 1 peers						Utilization at 90%+ with leading quality					
	HC02 (ELIC & MSAP products / Mini LED products)									Installation			
											Sample certification		
													MP

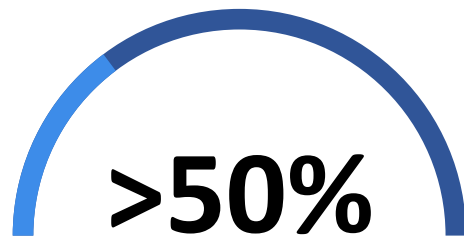
Based on current business outlook, management targets:

- **2023 Revenue: IC Substrate Goals:** Global macro-economic remains highly uncertain, but we still strive our revenue target of approximately flat, and remain positive on 2024-2025 demand
- **IC Substrate Goals:**



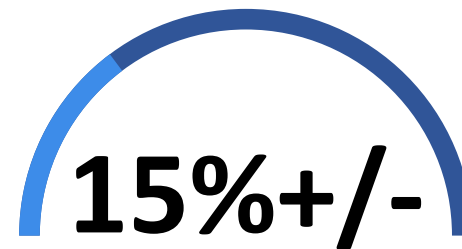
Capex for IC Substrate:

Plan to invest NT\$60bn from 2022~2025, with NT\$15bn per year



Revenue from IC Substrate:

Revenue CAGR >50% in the next 3 years



Revenue from IC Substrate:

Account for 15 %+/- of company's consolidated revenue in 2025



IC Substrate Market Share:

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



4Q22 & 2022 Financial Results

1Q23 Financial Results

	(Unit: NT\$ million, unless otherwise stated)		
	1Q23	1Q22	YoY (%)
Revenue	31,545	33,915	-7.0%
Gross Profit	5,075	6,387	-20.5%
Gross Margin	16.1%	18.8%	-2.7ppts
Operating Expense	3,857	3,491	10.5%
Operating Profit	1,219	2,896	-57.9%
Operating Margin	3.9%	8.5%	-4.6ppts
Non-Operating Income/Expense	(318)	426	-
Net Income	863	2,775	-68.9%
Net Margin	2.7%	8.2%	-5.5ppts
Net Income to Parent	504	1,873	-73.1%
EPS (NT\$) ⁽¹⁾	0.53	1.98	
Cash Inflow Generated from Operations	11,746	14,192	-17.2%
Capital Expenditures	7,926	7,661	3.5%
Cash and Cash Equivalents ⁽²⁾	68,703	42,689	60.9%
ROE(%) ⁽³⁾	2.6%	9.6%	-7.0ppts

Note : (1) Weighted Average Shares outstanding as of 1Q23 : 944,956 thousand shares

(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

2022 Financial Summary

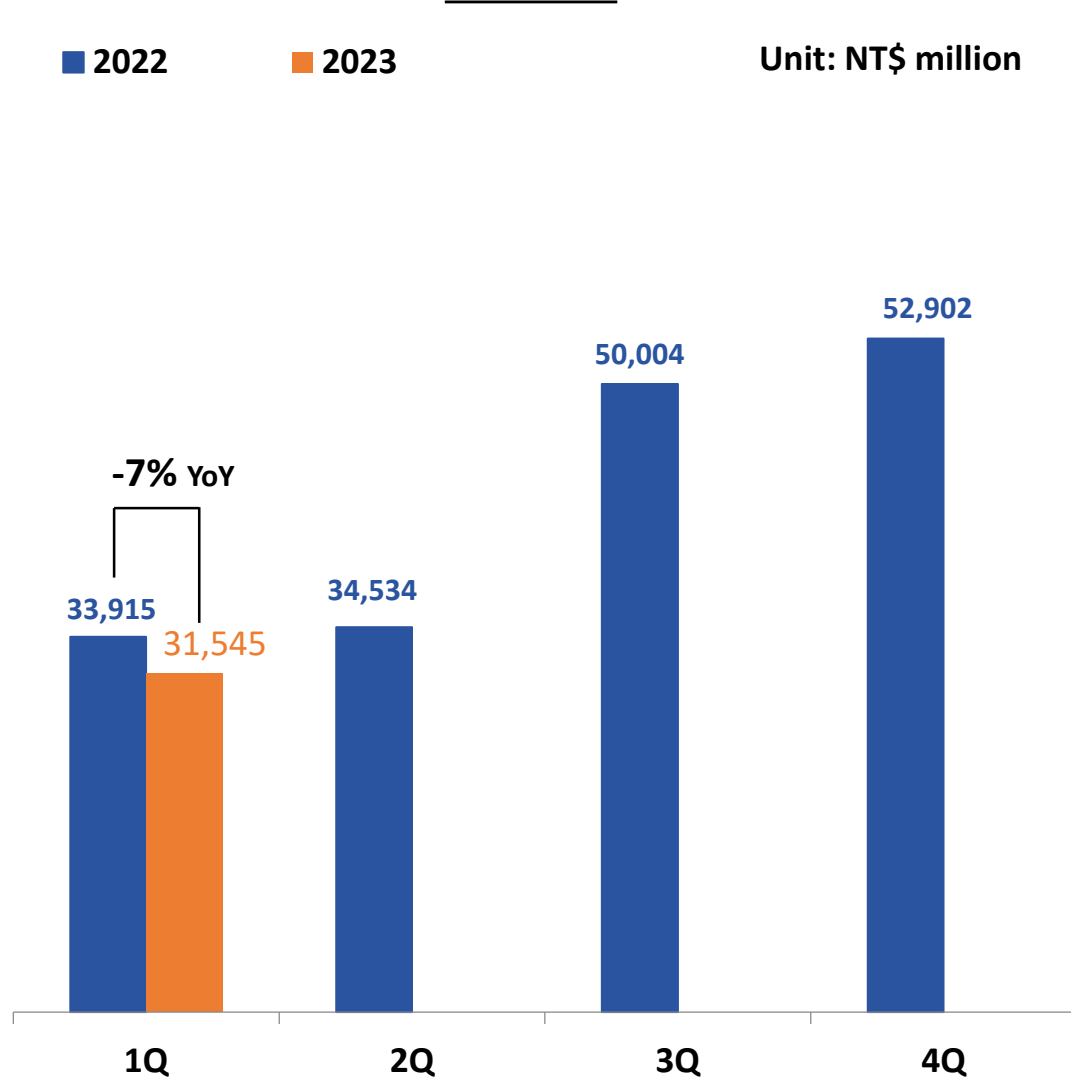
(Unit: NT\$ million, unless otherwise stated)

	2022	2021	Change	YoY%
Revenue	171,356	155,022	16,334	10.5%
Gross Margin	23.3%	19.7%		+3.6ppts
Operating Profit	22,447	15,781	6,666	42.2%
Operating Margin	13.1%	10.2%		+2.9ppts
Net Income	20,535	13,694	6,841	50.0%
Net Margin	12.0%	8.8%		+3.2ppts
Net Income to Parent	14,197	9,651	4,546	47.1%
EPS (NT\$)	15.02	10.21	4.81	
Cash Inflow Generated from Operations	45,311	14,058	31,253	222.3%
Capital Expenditures	29,032	31,149	-2,117	-6.8%
Cash and Cash Equivalents*	57,599	35,179	22,420	63.7%
ROE(%)	16.7%	12.6%		+4.1ppts

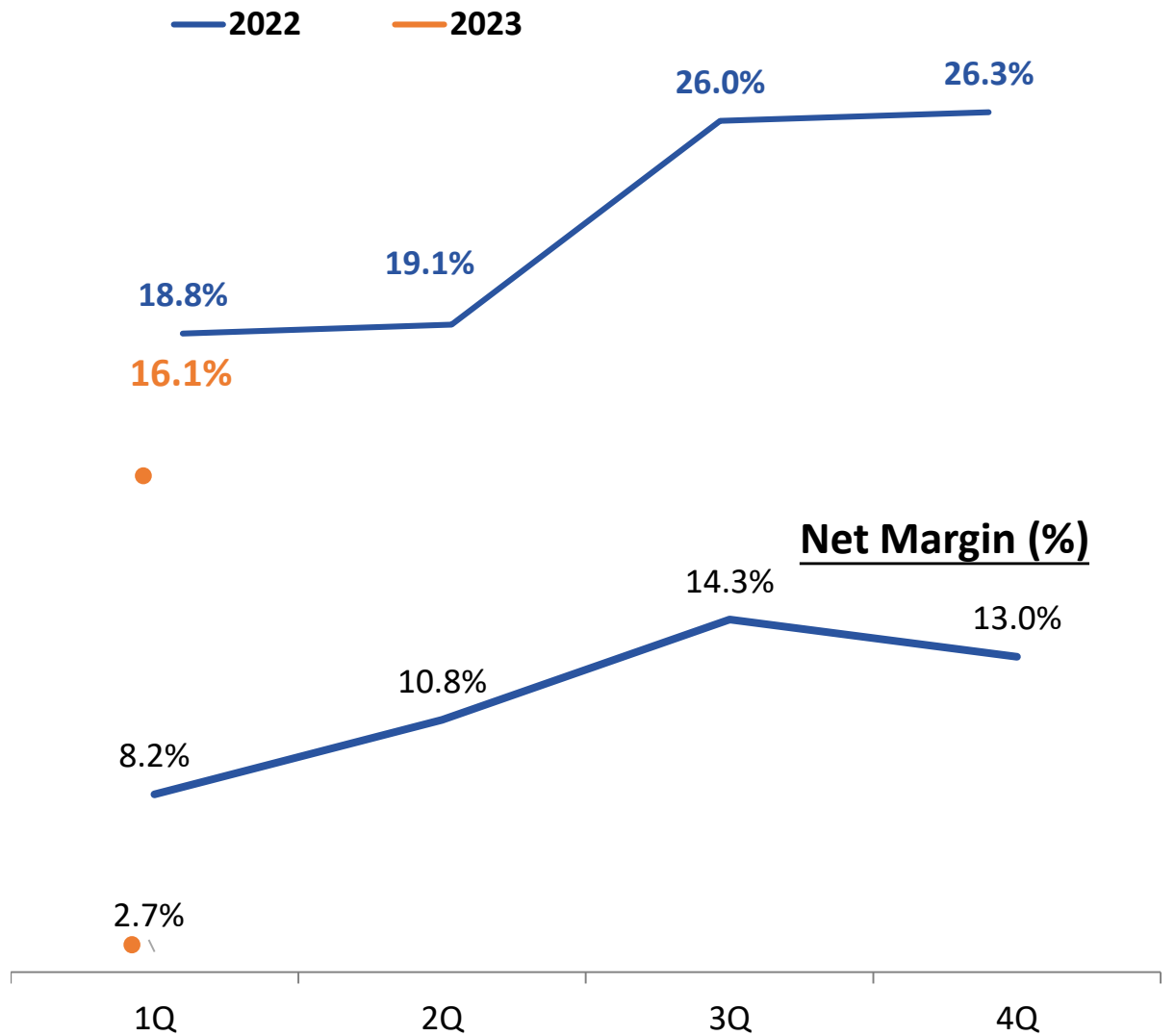
*Including current financial assets at amortized cost (time deposits, etc.)

Quarterly Operation Results

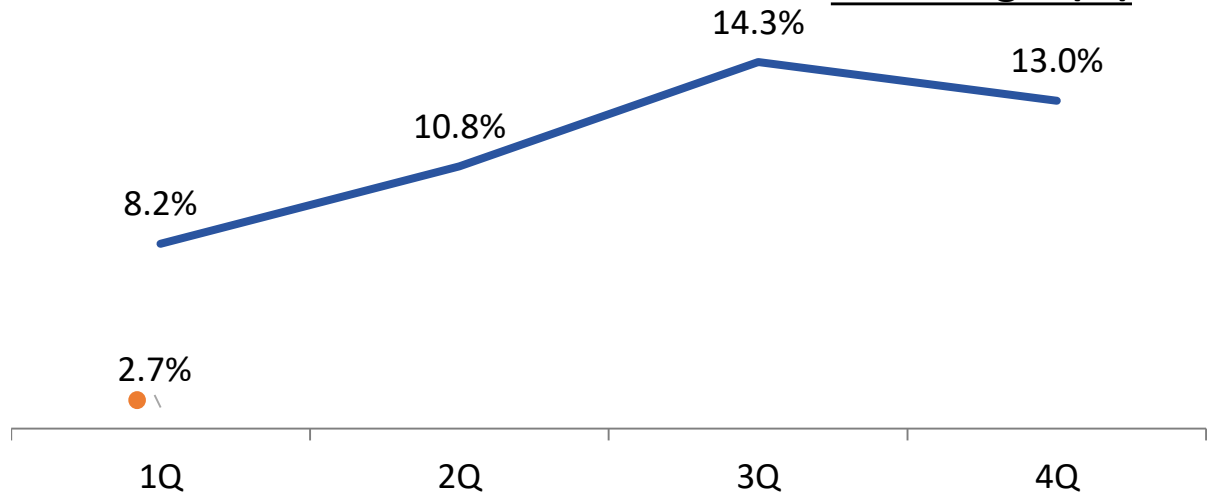
Revenue



Gross Margin (%)

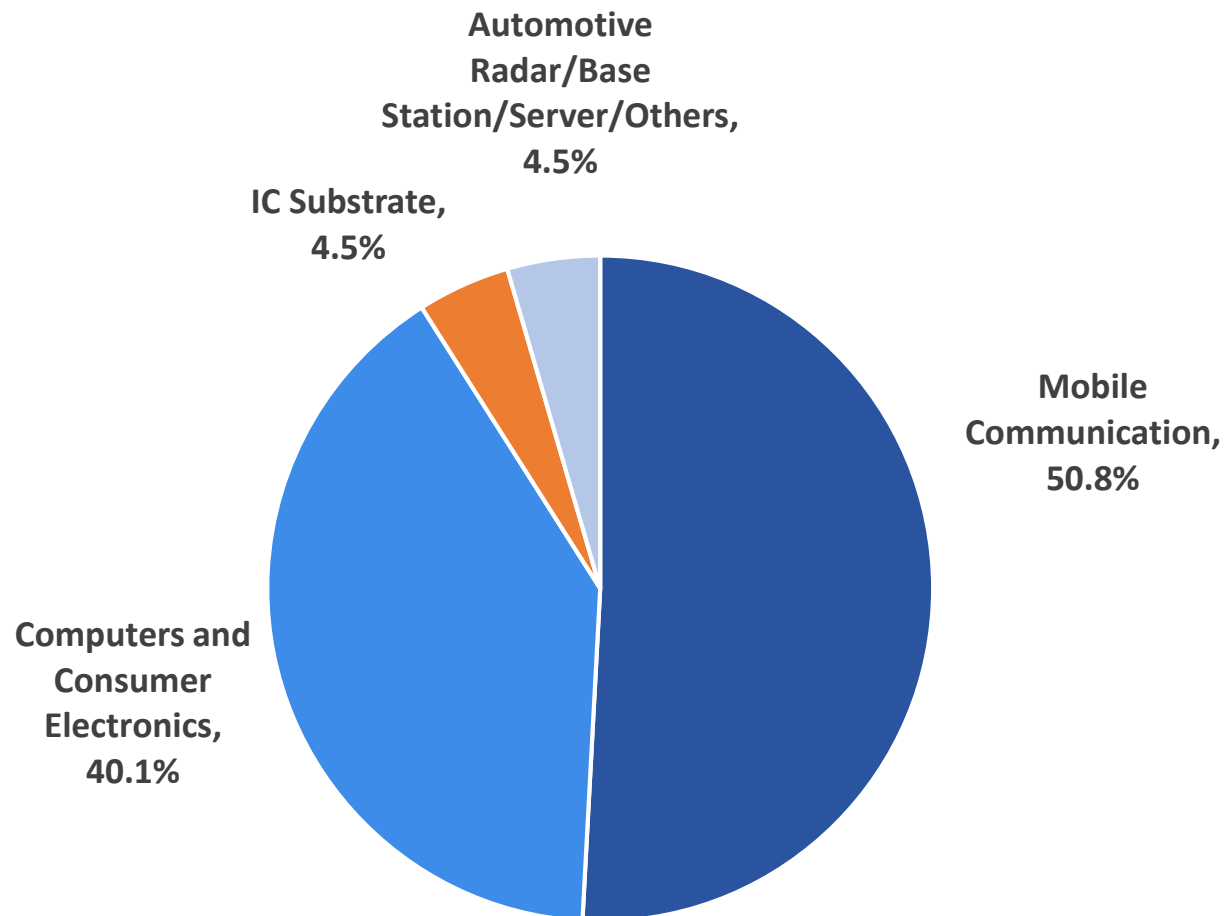


Net Margin (%)

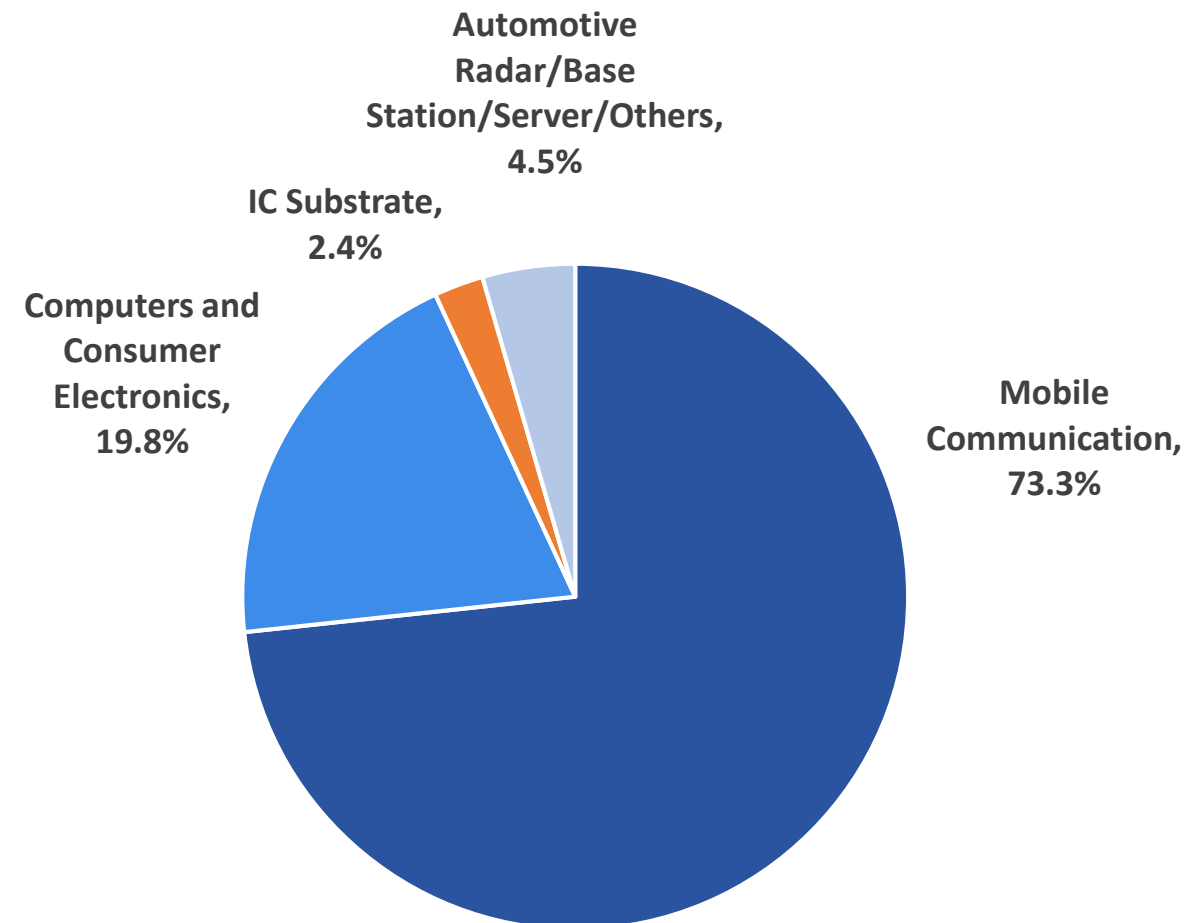


Revenue Breakdown – By Applications

2022Q1 Revenue NT\$33.9bn



2023Q1 Revenue NT\$31.5bn



Consolidated Balance Sheet and Key Indices

	2023-3-31		2022-3-31		Unit: NT\$ million Change	
	Amount	%	Amount	%	Amount	%
Cash and Cash Equivalents ⁽²⁾	68,703	29.7%	42,689	21.3%	26,014	+8.4ppts
Notes & Accounts Receivable	19,062	8.2%	26,569	13.2%	(7,507)	-5.0ppts
Inventories	13,985	6.0%	19,754	9.8%	(5,769)	-3.8ppts
Property, Plant and Equipment ⁽³⁾	108,666	47.0%	93,471	46.6%	15,195	+0.4ppts
Total Assets	231,417	100.0%	200,579	100.0%	30,838	
Debt	50,255	21.7%	36,070	18.0%	14,185	+3.7ppts
Notes & Accounts Payable	34,625	15.0%	36,412	18.2%	(1,787)	-3.2ppts
Total Liabilities	101,592	43.9%	82,544	41.2%	19,048	+2.7ppts
Total Equity	129,824	56.1%	118,035	58.8%	11,789	-2.7ppts

Key Indices

A/R Turnover Days	71	86	(15)
Inventory Turnover Days	59	66	(7)
Current Ratio (x)	1.41	1.66	(0.25)
PPE Turnover (x) ⁽⁴⁾	1.18	1.51	(0.33)

Note : (1) Weighted Average Shares outstanding as of 1Q23 : 944,956 thousand shares (2) Including current financial assets at amortized cost (time deposits, etc.)

(3) Property, Plant and Equipment includes investment property (4) PPE Turnover = annualized net revenue / average net property, plant and equipment

2011-2022 Financial Summary

Unit: NT\$ million

Period	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue	44,280	55,369	64,483	75,954	85,738	82,393	109,238	117,913	120,068	131,279	155,022	171,356
Gross Profit	6,993	10,775	11,894	14,323	16,427	12,542	17,833	26,061	27,222	26,584	30,537	39,888
Net Income	2,356	4,056	5,471	6,735	7,731	3,456	6,772	11,536	12,402	11,508	13,694	20,535
Net Income to Parent	2,356	4,056	5,471	6,735	7,731	3,456	5,172	8,448	8,685	8,095	9,651	14,197
Depreciation & Amortization	3,008	3,375	3,742	4,293	4,850	5,295	5,679	6,820	7,955	8,405	11,875	14,638
EPS (NT\$)	3.30	5.49	7.41	9.12	9.80	4.29	6.43	10.50	9.93	8.90	10.21	15.02
DPS (NT\$)	1.50	2.50	3.00	3.67	4.50	2.20	3.30	4.46	4.50	4.50	5.00	6.00
Payout Ratio (%)	45.5%	45.5%	40.5%	40.2%	45.9%	51.3%	51.3%	42.5%	45.3%	50.6%	49.0%	40.0%
Cash and Cash Equivalents*	4,084	8,756	10,016	23,482	31,572	30,241	33,296	49,154	43,071	46,775	35,179	57,599
Property, Plant and Equipment	27,097	26,637	27,843	30,073	32,074	32,262	36,681	41,913	46,243	68,177	86,073	104,814
Capital	6,699	7,034	7,386	7,386	8,047	8,047	8,047	8,047	9,022	9,470	9,470	9,470
ROE (%)	15.34%	21.27%	23.77%	23.33%	20.82%	8.59%	14.49%	17.30%	14.72%	11.84%	12.59%	16.67%
Debt Ratio (%)	67.03%	66.28%	64.06%	62.54%	53.70%	59.72%	55.33%	44.25%	35.41%	42.56%	42.01%	42.87%

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



Q&A



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Zhen Ding Tech. Holding

THANK YOU