

Zhen Ding Technology Holding (4958 TT)

Investor Presentation

September 19th, 2022

- 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, 1999)

Taoyuan, Taiwan

Headquarters

44,300

Employees (2021 Average)



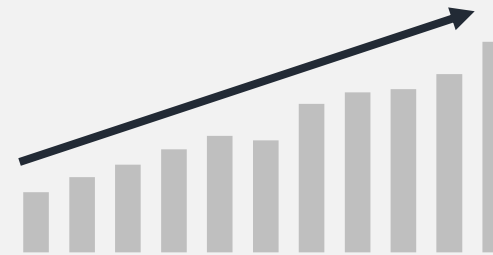
22 Facilities
Located in
Mainland China,
Taiwan, India

NT\$155.0 Bn

Revenue in 2021
(+18.1% YoY)

+13%

2011-2021
Revenue CAGR



1,354

Accumulated Valid Patents

3,010

Patents Applied



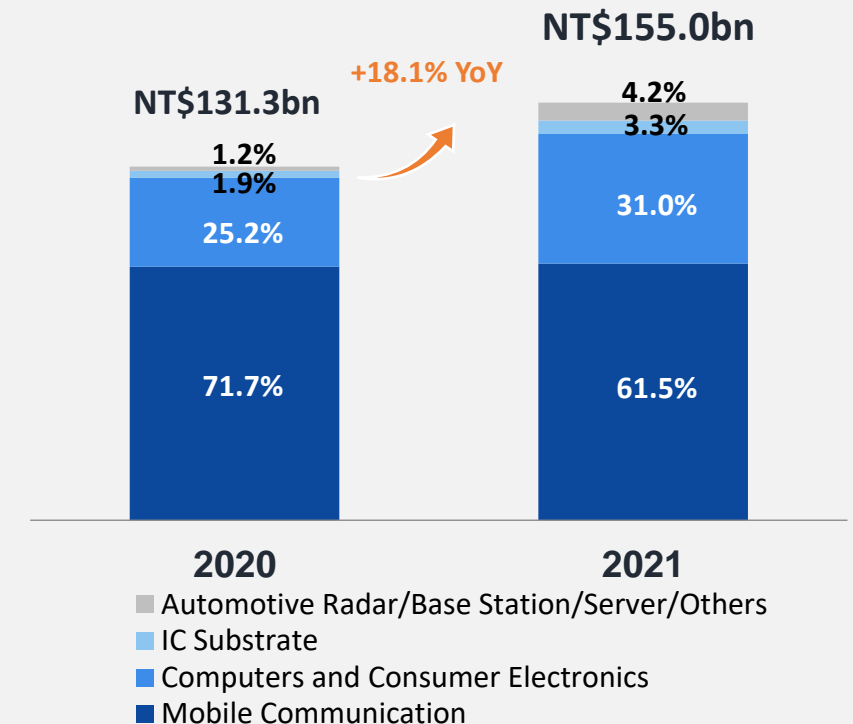
NT\$108.0 Bn

Market Cap as of
Aug 31st, 2022

16.9%

10Y Average ROE

Revenue Breakdown – By Applications





AGENDA

- 1 Company Strategy
- 2 Business Roadmap and Execution
- 3 2Q22 & 1H22 Financial Results



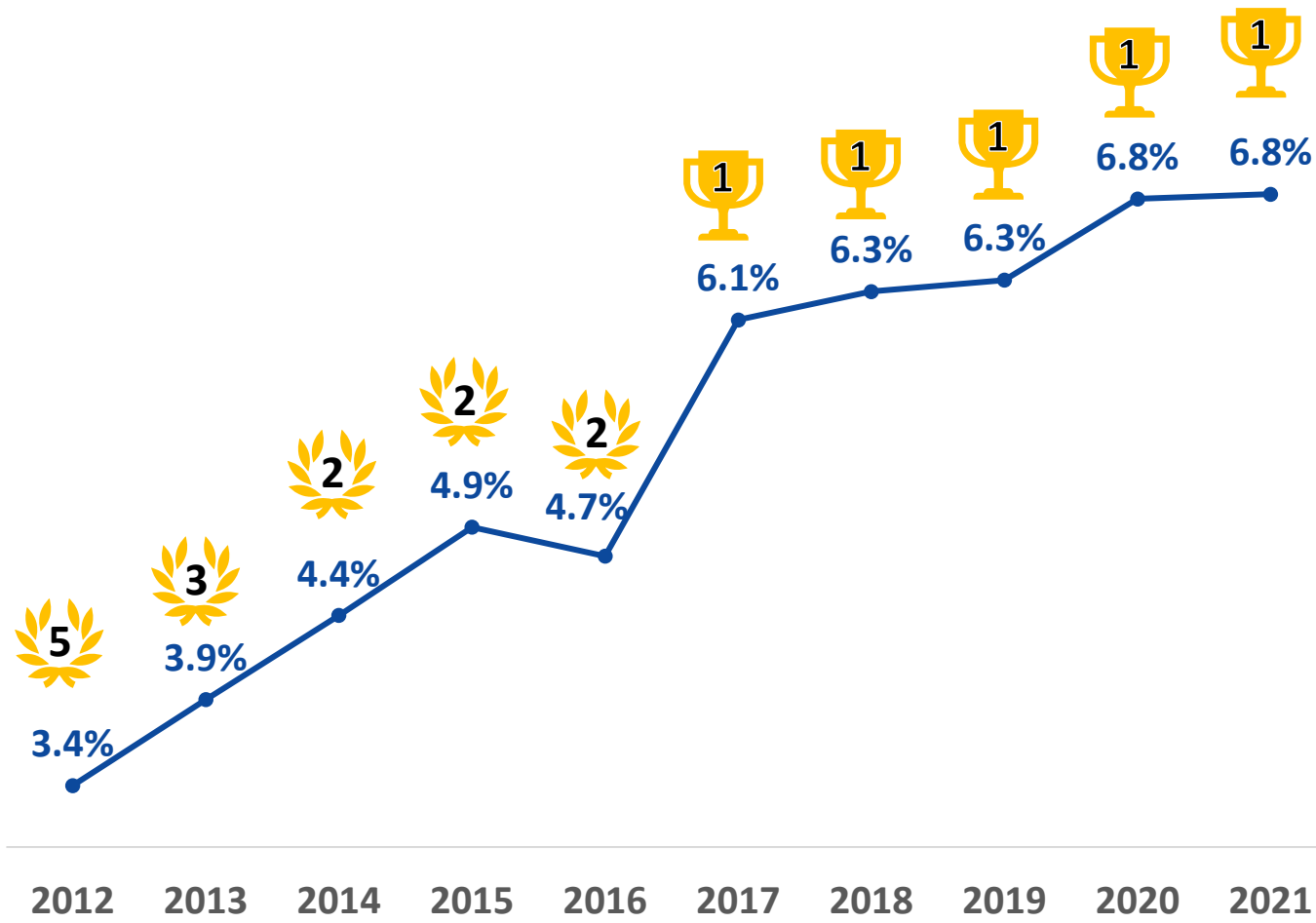
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Company Strategy

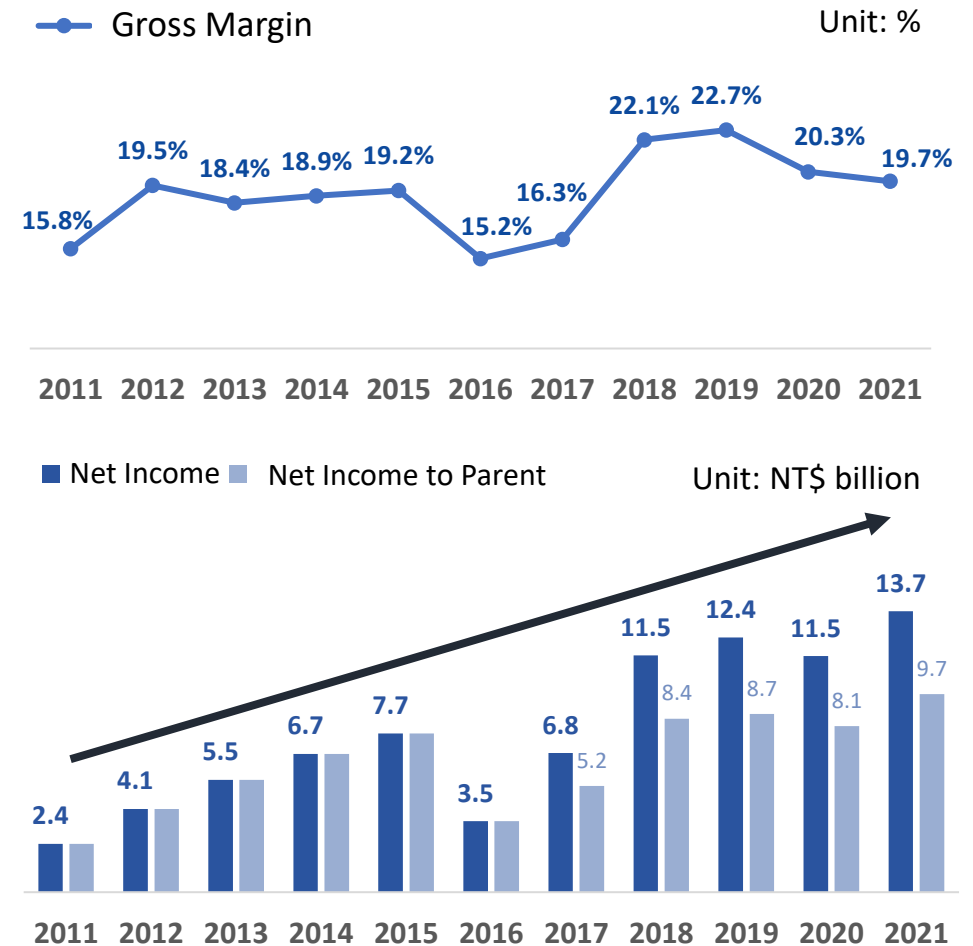
Market Share Gain with Stable Profitability

ZDT: Continued Market Share Gain in the Global PCB Market



Source : Prismark

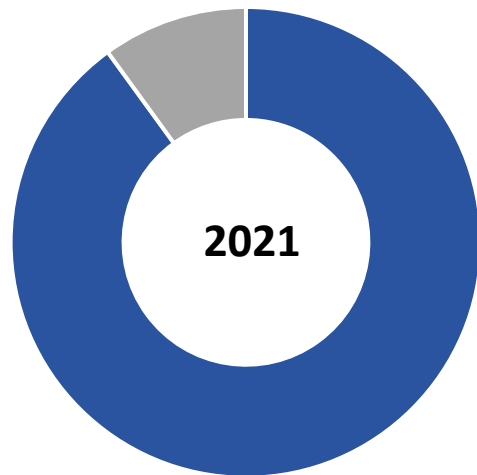
Stable Profitability



1. Work with global tier 1 customers

ZDT's Revenue by End Customer Geography

Others, 10%



North America
& Europe, 90%

2. Synergies from One ZDT strategy

Product

Offer complete product lines for diversified applications. Co-develop products with customers and provide them best product solutions

Manufacture

Multiple manufacturing sites to fulfill clients' needs, offering flexibility in adjusting capacity

Management

Introduce smart management system into each fab in phases to optimize production efficiency and yield

Talent

Develop comprehensive talent training and promotion programs. Flexibly assign outstanding talents to help develop new business units

3. Develop new application markets with customers

Metaverse



ADAS



Low-earth-orbit Satellite

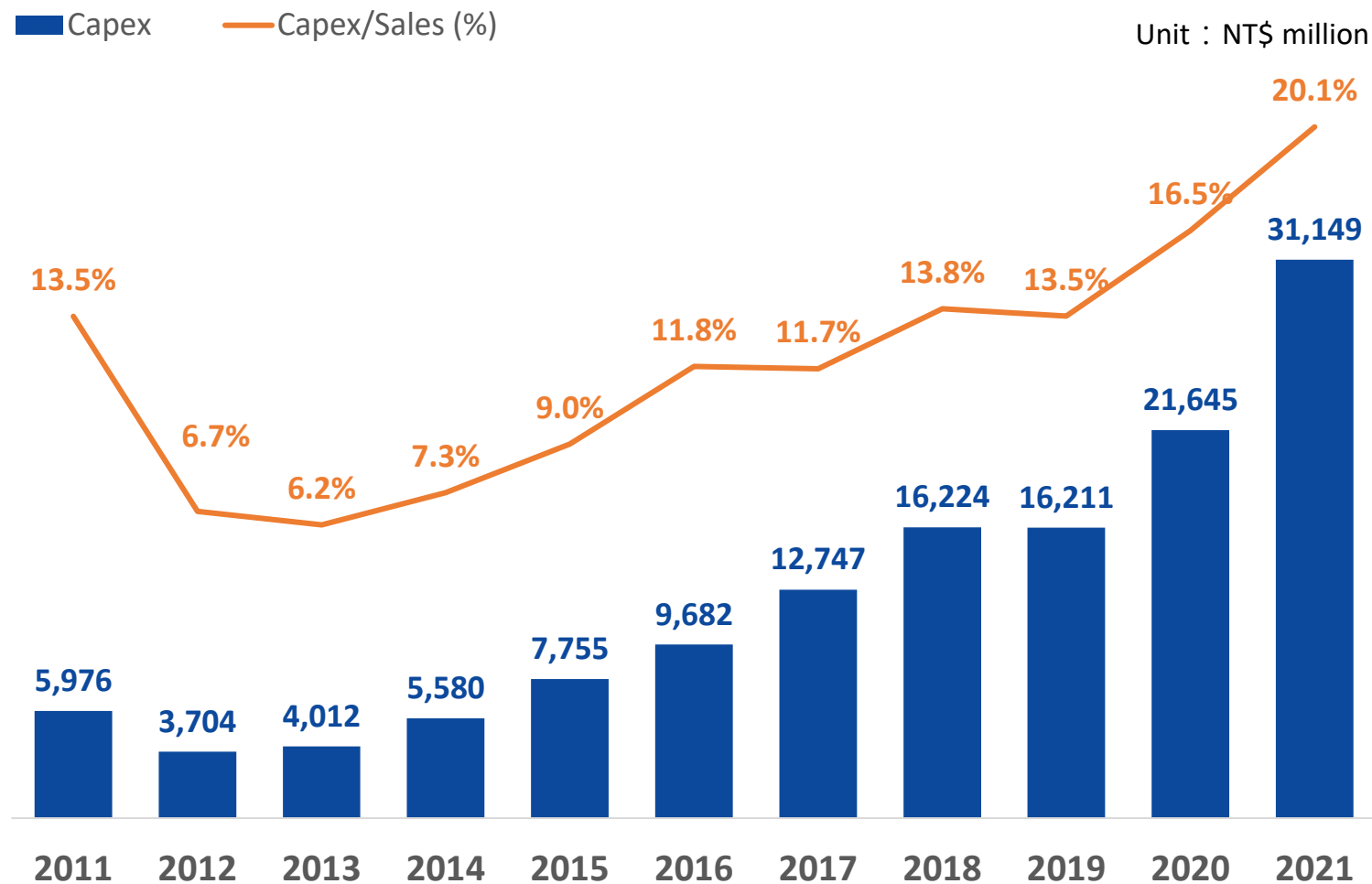


Cloud Datacenter





Continued Capacity Expansion, Pursuing Stable Growth



Early deployment
of production
capacity to meet
customers' need

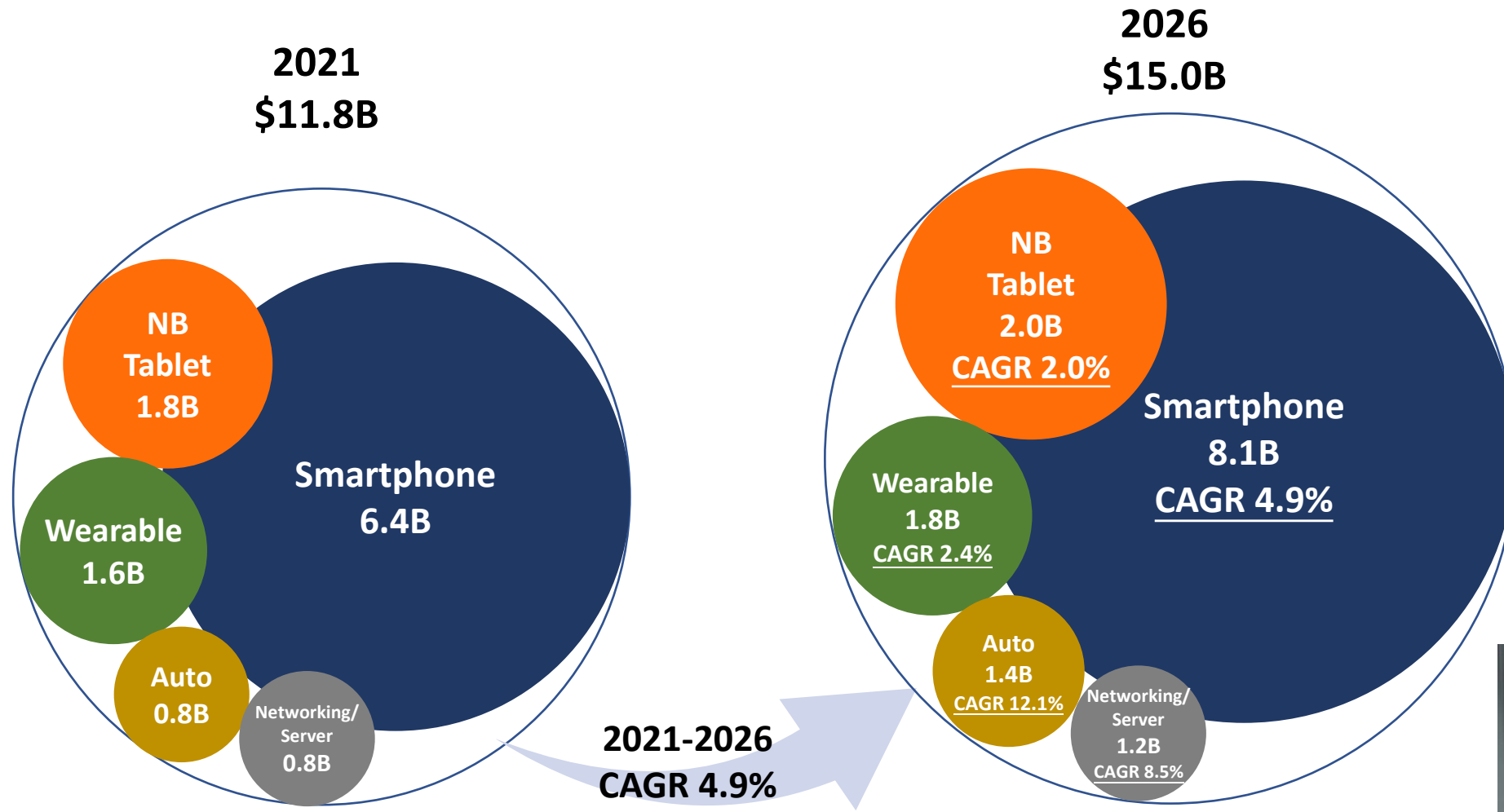


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Business Roadmap and Execution

Diversified Applications of HDI



Smartphone



Tablet



Wearable



Auto



Networking/Server

Source: Prismark (August 2022)

Capacity Expansion Plans



IC Substrate Capacity Expansion Plan (2022~2025)

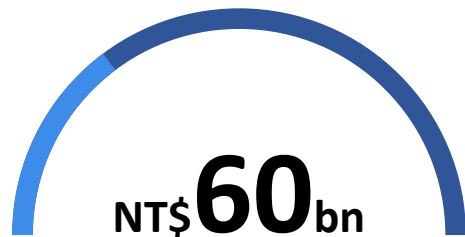
		2022				2023				2024				2025			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
QHD BT Substrate Plant (Each Fab's floor area: 30,000 m ²)	Fab 1	Full year average utilization rate at 90%+ with leading quality															
	Fab 2	Fab construction															
			Installation														
				Sample certification													
				Mass production						Utilization at 90%+							
SZ ABF Substrate Plant (Two Fabs' floor area in total: 170,000 m ²)	Fab 1 (Mid to high-end products)	Fab construction															
				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)	Fab construction															
											Installation						
												Sample certification					
													Mass production				

Huai'an Park 3 Capacity Expansion Plan (2022~2025)

		2022				2023				2024				2025			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Huai'an MSAP (Two Fabs' floor area in total: 91,200m²)	HC01 (ELIC & MSAP products)	Fab construction		Installation		Sample certification		Mass production, target yield: comparable to tier 1 peers				Utilization at 90%+ with leading quality					
	HC02 (ELIC & MSAP products / Mini LED products)	Fab construction										Installation				Sample certification	

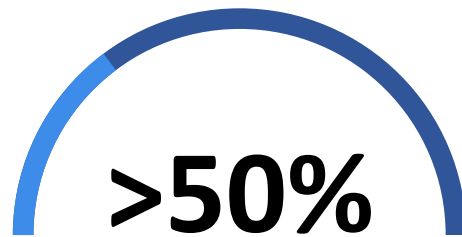
Based on our current business outlook, management targets:

- 2022 revenue and net income: Double-digit growth
- IC Substrate Goals



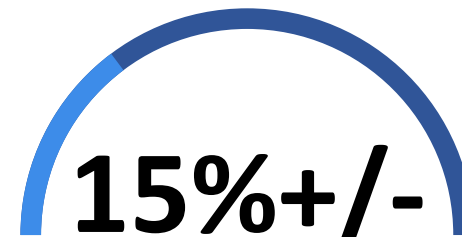
Capex for IC Substrate:

Plan to invest NT\$60bn in the next 4 years, with NT\$15bn per year



Revenue from IC Substrate:

Revenue CAGR >50% in the next 4 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



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2Q22 & 1H22 Financial Results

1H22 Financial Results

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

	1H22	1H21	Change	Change (%)
Revenue	68,450	56,961	11,489	+20.2%
Gross Margin	19.0%	16.8%		+2.2ppts
Operating Profit	5,686	2,547	3,139	+123.3%
Operating Margin	8.3%	4.5%		+3.8ppts
Net Income	6,506	2,489	4,017	+161.4%
Net Margin	9.5%	4.4%		+5.1ppts
Net Income to Parent	4,507	1,707	2,800	+164.0%
EPS (NT\$)	4.77	1.81	2.96	
Cash Inflow Generated from Operations	21,443	5,340	16,103	+301.6%
Capital Expenditures	15,246	14,317	929	+6.4%
Cash and Cash Equivalents*	44,480	37,938	6,542	+17.2%
ROE(%)	11.2%	4.9%		+6.3ppts

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

Quarterly Financial Results

Revenue

Gross Margin (%)

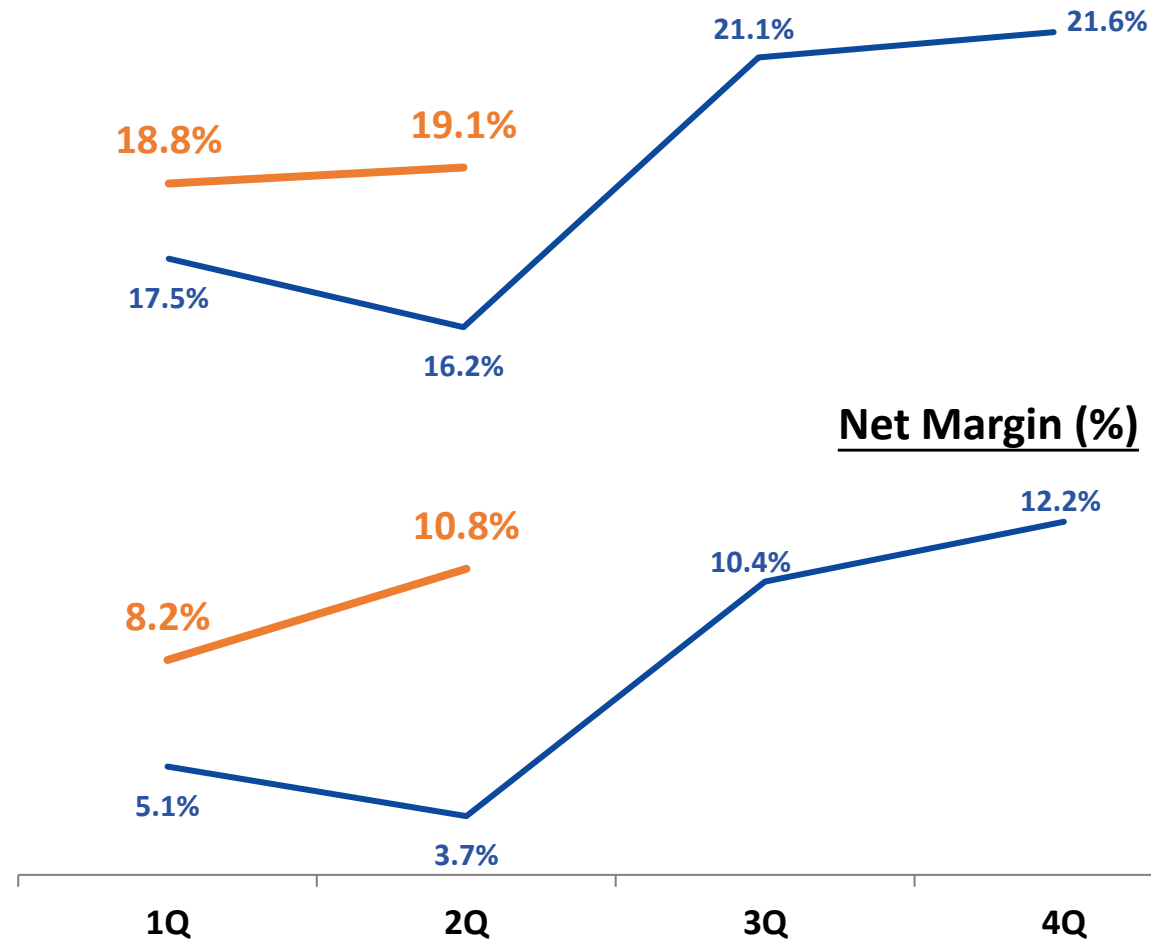
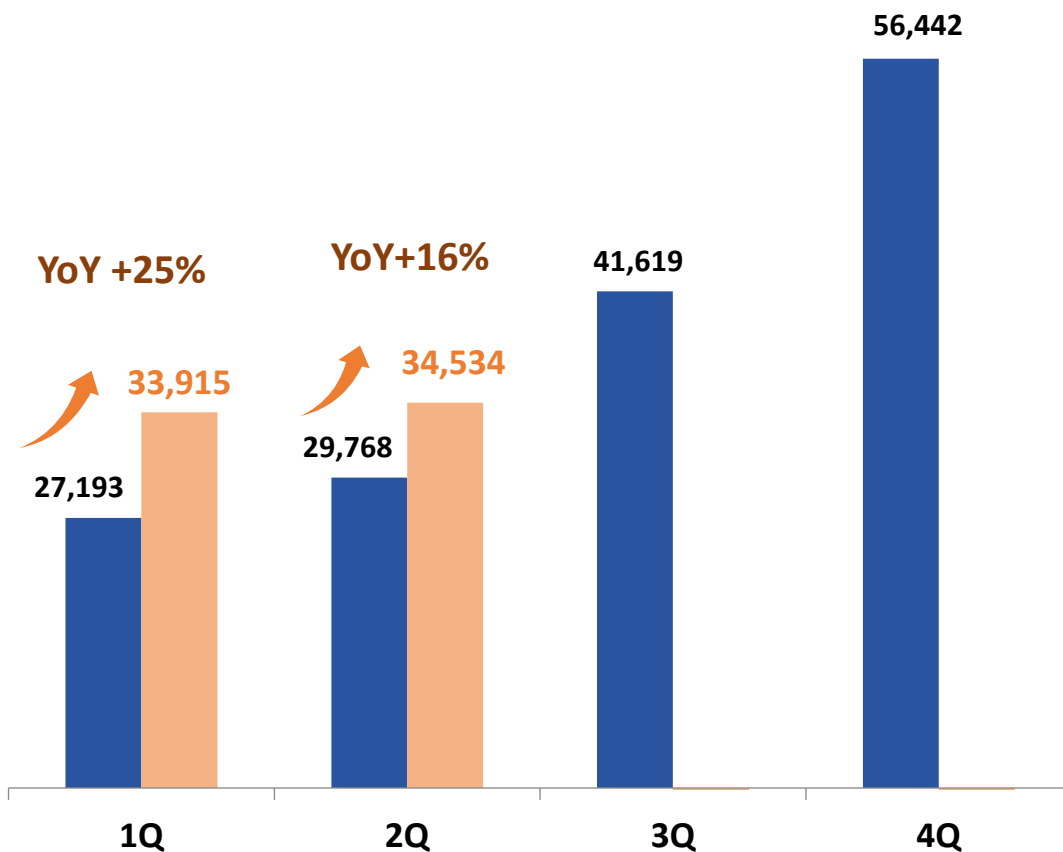
■ 2021

■ 2022

Unit: NT\$ million

— 2021

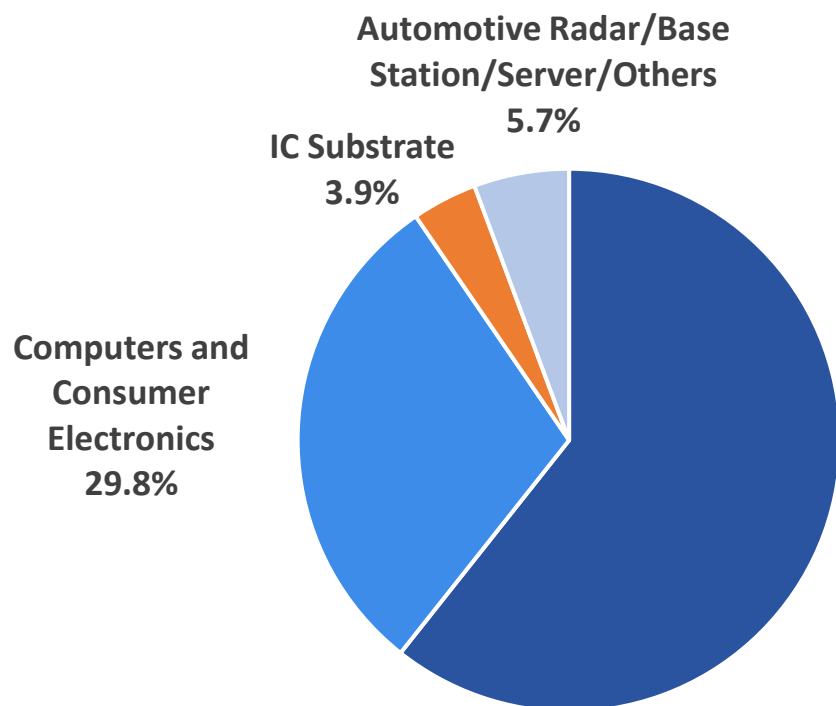
— 2022



Net Margin (%)

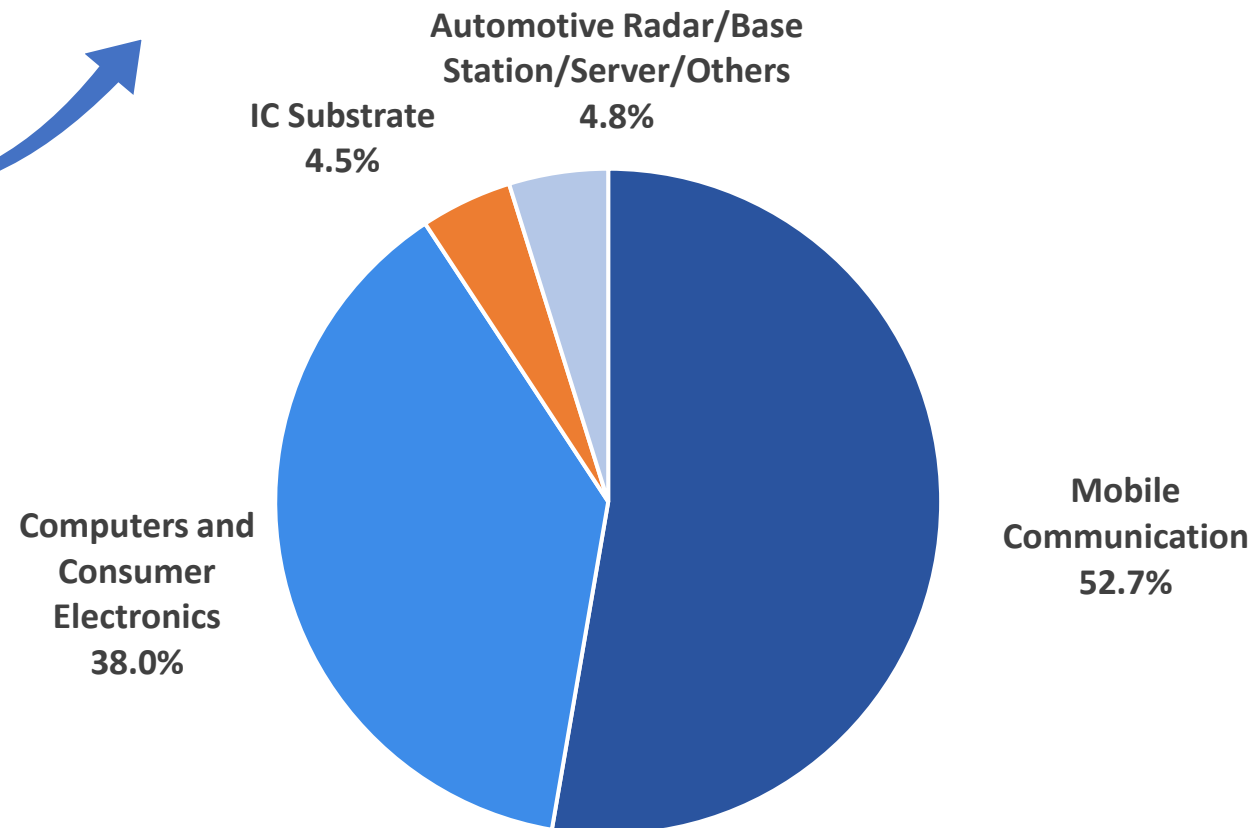
1H2022 Revenue Breakdown – By Applications

1H2021 Revenue NT\$57.0bn



YoY +20.2%

1H2022 Revenue NT\$68.5bn



Consolidated Balance Sheet and Key Indices

	2022-6-30		2021-6-30		Unit: NT\$ million Change	
	Amount	%	Amount	%	Amount	%
Cash and Cash Equivalents**	44,480	21.5%	37,938	21.6%	6,542	-0.1ppts
Notes & Accounts Receivable	24,951	12.1%	22,534	12.8%	2,417	-0.7ppts
Inventories	20,941	10.1%	19,262	11.0%	1,679	-0.9ppts
Property, Plant and Equipment	96,597	46.7%	76,891	43.8%	19,706	+2.9ppts
Total Assets	206,793	100.0%	175,442	100.0%	31,351	
Debt	39,019	18.9%	34,251	19.5%	4,768	-0.6ppts
Notes & Accounts Payable	37,136	18.0%	36,940	21.1%	196	-3.1ppts
Total Liabilities	88,242	42.7%	74,789	42.6%	13,453	+0.1ppts
Total Equity	118,551	57.3%	100,653	57.4%	17,898	-0.1ppts

Key Indices

A/R Turnover Days	83	90	(7)
Inventory Turnover Days	67	67	-
Current Ratio (x)	1.43	1.57	(0.14)
PPE Turnover (x) ***	1.50	1.57	(0.07)

* Shares outstanding as of 2022/6/30: 944,956 thousand shares

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

*** PPE Turnover = annualized net revenue / average net property, plant and equipment

2011-2021 Financial Summary

Unit: NT\$ million

Period	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue	44,280	55,369	64,483	75,954	85,738	82,393	109,238	117,913	120,068	131,279	155,022
Gross Profit	6,993	10,775	11,894	14,323	16,427	12,542	17,833	26,061	27,222	26,584	30,537
Net Income	2,356	4,056	5,471	6,735	7,731	3,456	6,772	11,536	12,402	11,508	13,694
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
Depreciation & Amortization	3,008	3,375	3,742	4,293	4,850	5,295	5,679	6,820	7,955	8,405	11,875
EPS (NT\$)	3.30	5.49	7.41	9.12	9.80	4.29	6.43	10.50	9.93	8.90	10.21
DPS (NT\$)	1.50	2.50	3.00	3.67	4.50	2.20	3.30	4.46	4.50	4.50	5.00
Payout Ratio (%)	45.45%	45.54%	40.49%	40.24%	45.92%	51.28%	51.32%	42.48%	45.32%	50.56%	48.97%
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
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
Capital	6,699	7,034	7,386	7,386	8,047	8,047	8,047	8,047	9,022	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%
Debt Ratio (%)	67.03%	66.28%	64.06%	62.54%	53.70%	59.72%	55.33%	44.25%	35.41%	42.56%	42.01%

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



Q&A



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THANK YOU