

# Zhen Ding Technology Holding (4958 TT)

## 1Q23 Financial Results

May 10<sup>th</sup>, 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.



# AGENDA

- 1 1Q23 Financial Results
- 2 Company Strategy
- 3 Business Roadmap and Execution



臻鼎科技控股

Zhen Ding Tech. Holding

# 1Q23 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%
<b>Gross Margin</b>	<b>16.1%</b>	<b>18.8%</b>	<b>-2.7ppts</b>
Operating Expense	3,857	3,491	10.5%
Operating Profit	1,219	2,896	-57.9%
<b>Operating Margin</b>	<b>3.9%</b>	<b>8.5%</b>	<b>-4.6ppts</b>
Non-Operating Income/Expense	(318)	426	-
Net Income	863	2,775	-68.9%
<b>Net Margin</b>	<b>2.7%</b>	<b>8.2%</b>	<b>-5.5ppts</b>
Net Income to Parent	504	1,873	-73.1%
<b>EPS (NT\$) <sup>(1)</sup></b>	<b>0.53</b>	<b>1.98</b>	
Cash Inflow Generated from Operations	11,746	14,192	-17.2%
Capital Expenditures	7,926	7,661	3.5%
Cash and Cash Equivalents <sup>(2)</sup>	68,703	42,689	60.9%
ROE(%) <sup>(3)</sup>	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

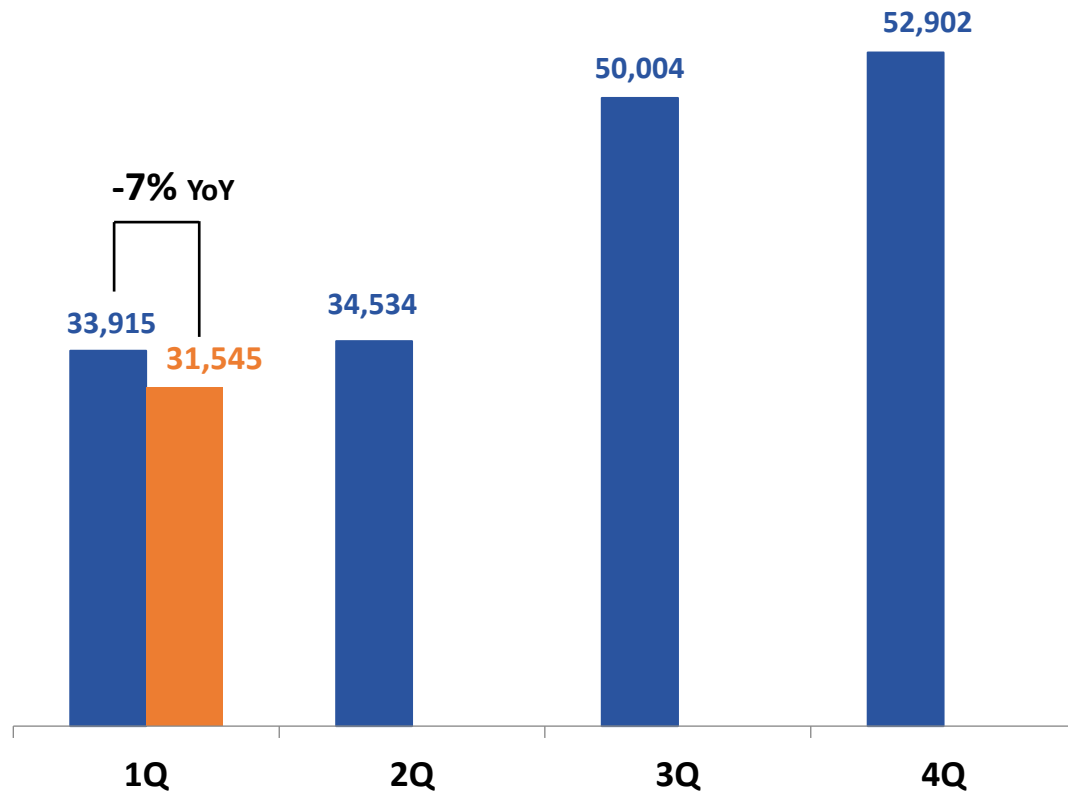
# Quarterly Operation Results

## Revenue

■ 2022

■ 2023

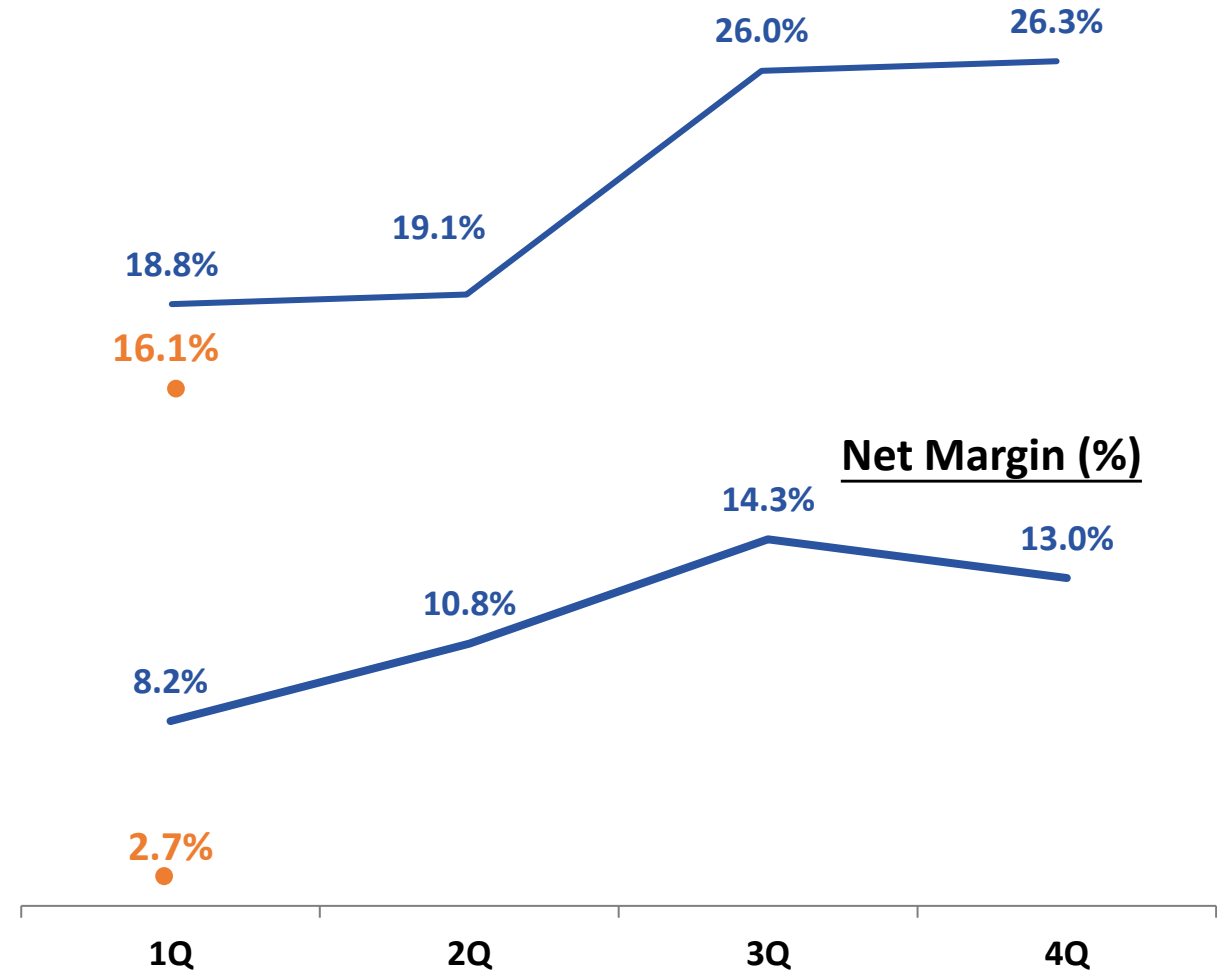
Unit: NT\$ million



## Gross Margin (%)

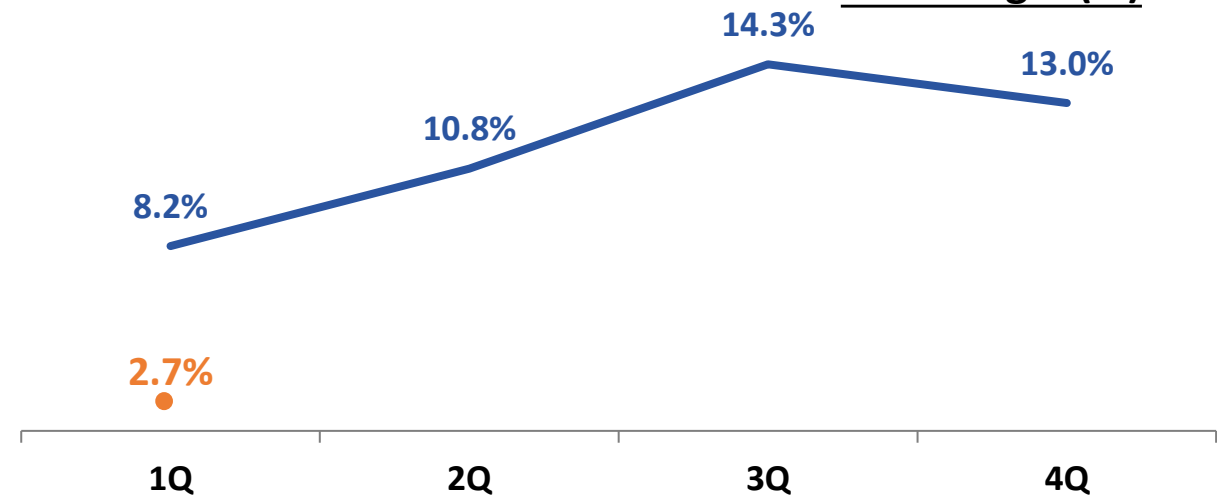
— 2022

— 2023



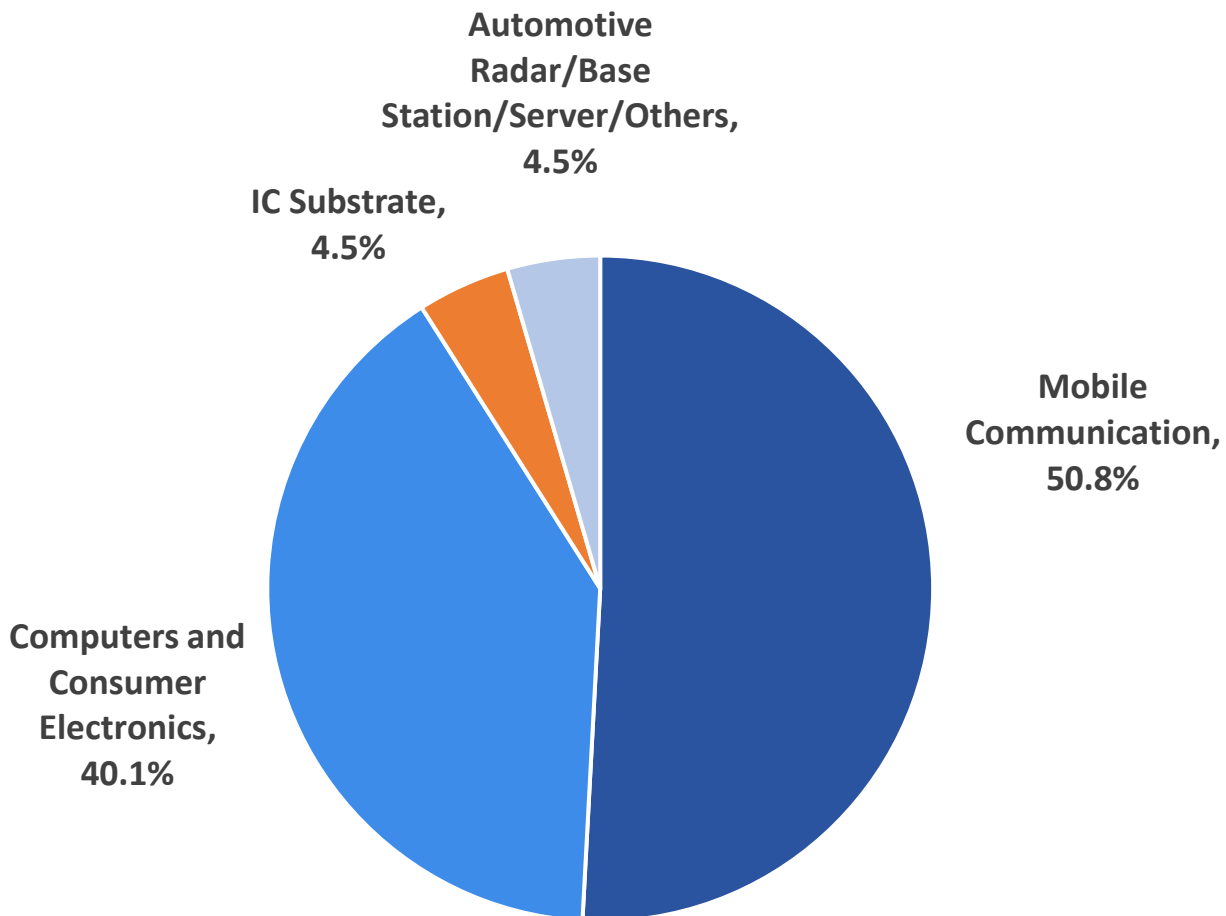
## Net Margin (%)

2.7%

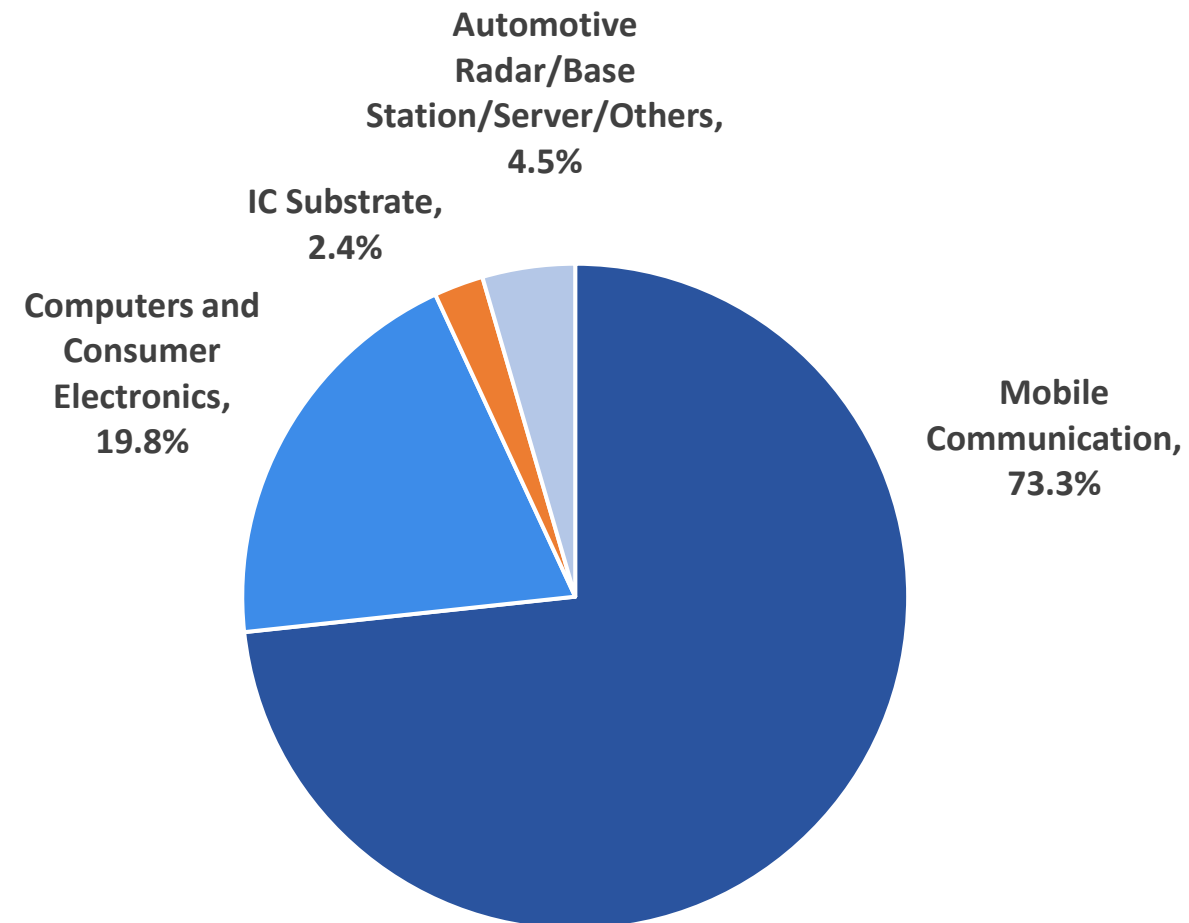


# Revenue Breakdown – By Applications

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 <sup>(2)</sup>	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 <sup>(3)</sup>	108,666	47.0%	93,471	46.6%	15,195	+0.4ppts
<b>Total Assets</b>	<b>231,417</b>	<b>100.0%</b>	<b>200,579</b>	<b>100.0%</b>	<b>30,838</b>	
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
<b>Total Liabilities</b>	<b>101,592</b>	<b>43.9%</b>	<b>82,544</b>	<b>41.2%</b>	<b>19,048</b>	<b>+2.7ppts</b>
<b>Total Equity</b>	<b>129,824</b>	<b>56.1%</b>	<b>118,035</b>	<b>58.8%</b>	<b>11,789</b>	<b>-2.7ppts</b>

## 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) <sup>(4)</sup>	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.)



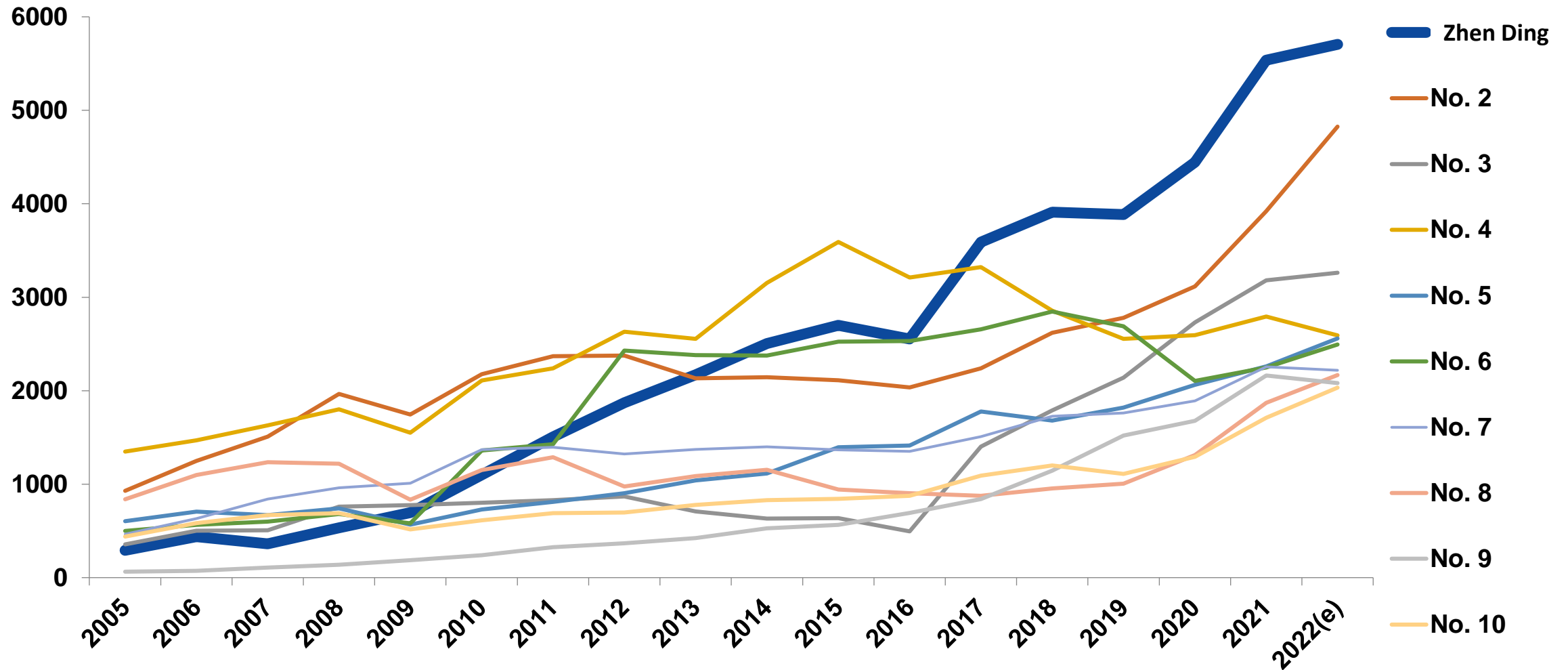
# Company Strategy

---

# ZDT Has Maintained Robust Revenue Growth

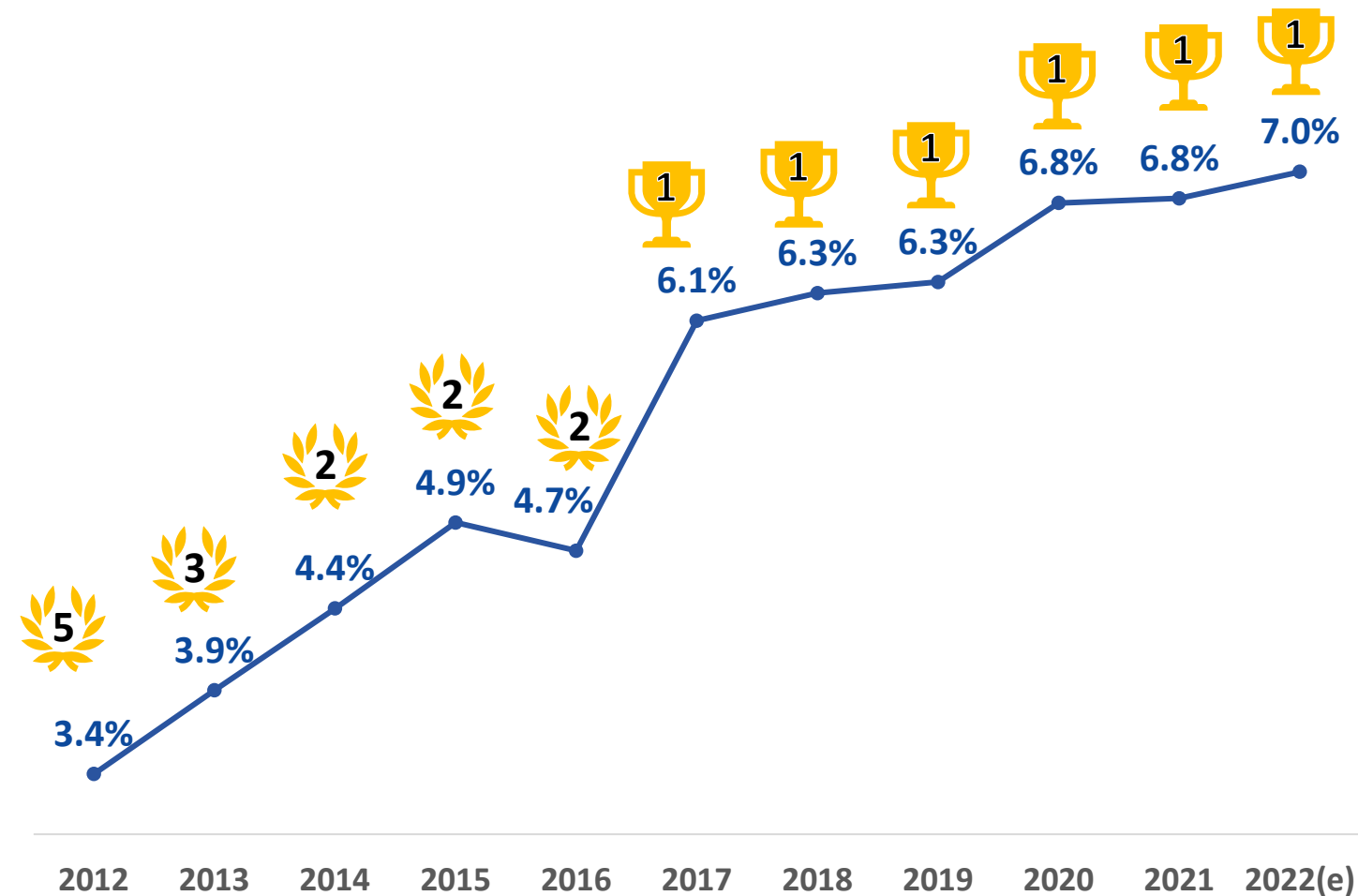
2022 Global Top 10 PCB Companies Revenue Trends

Unit: US\$ million

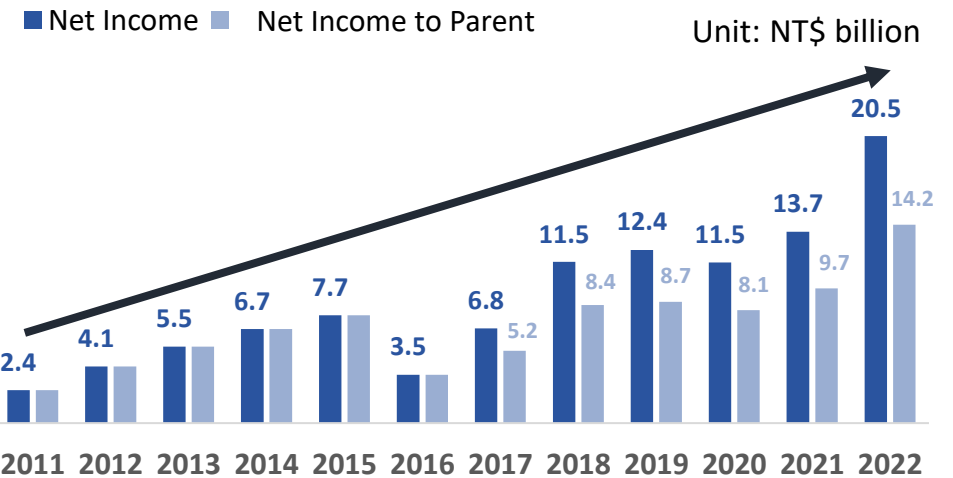
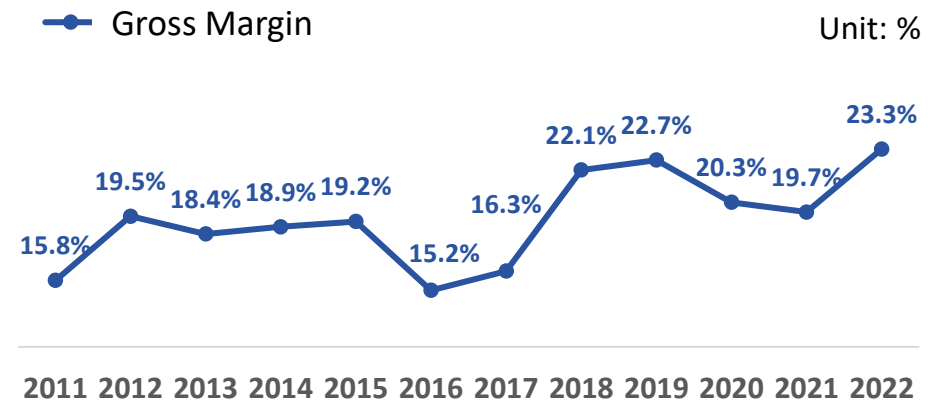


Source : NT Information ; Prismark (2023/02)

## ZDT: Continued Market Share Gain in the Global PCB Market

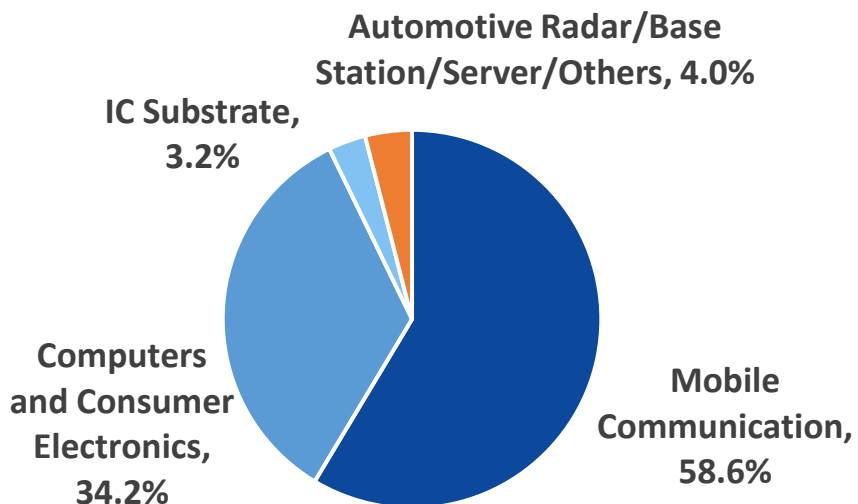


## Stable Profitability

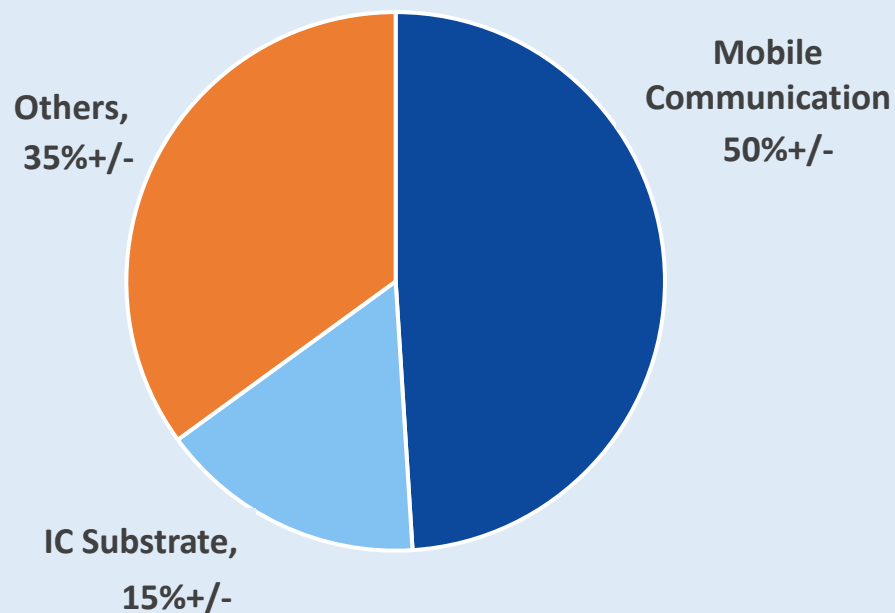


Source : Prismark

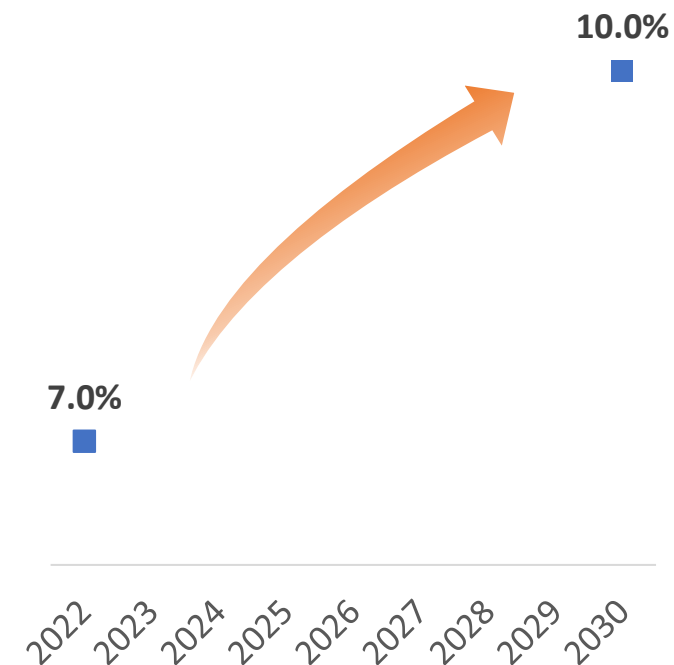
## 2022 Revenue by Application

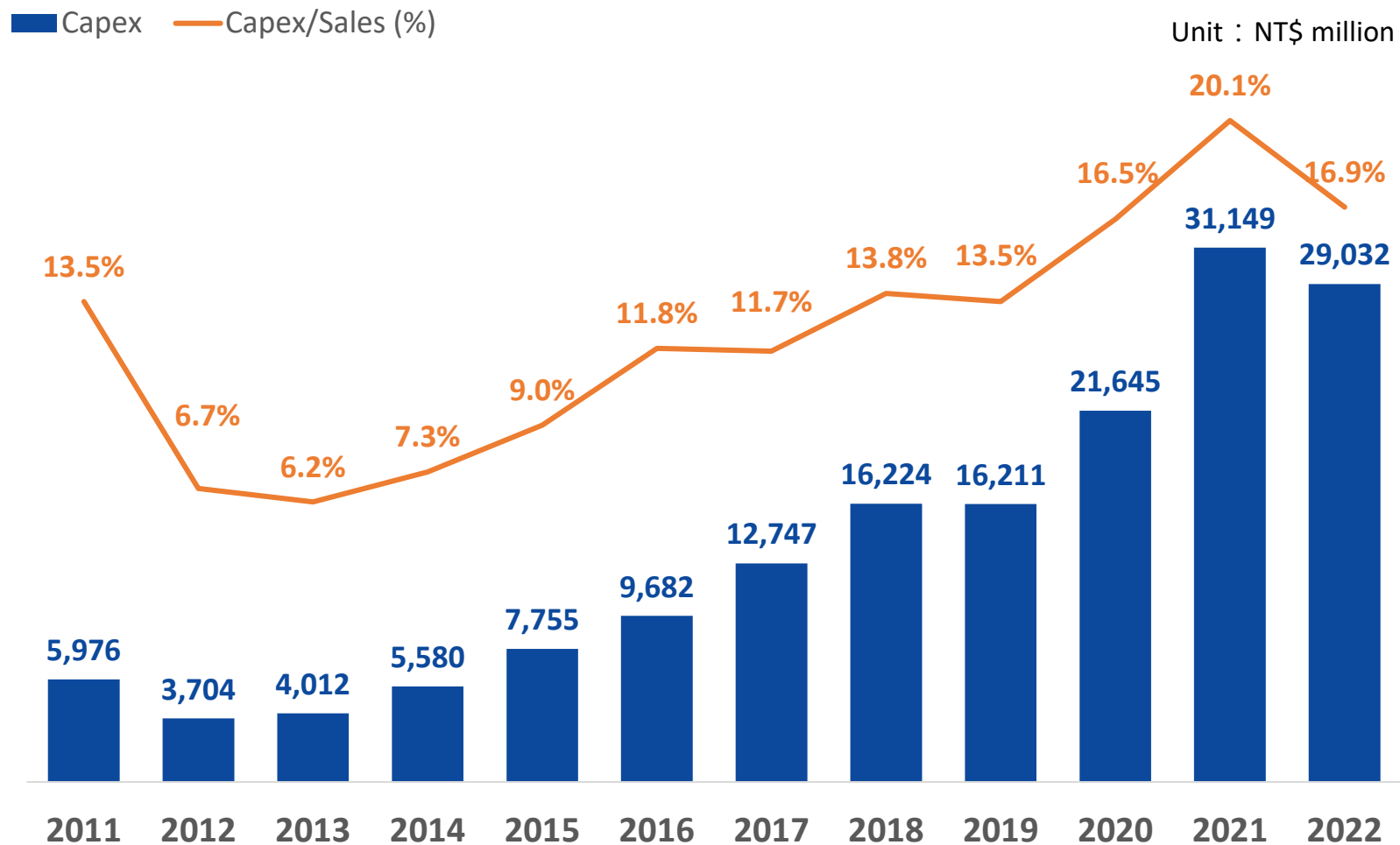


## 2025 Target Revenue by Application



## Aim to Reach 10% Global Market Share by 2030



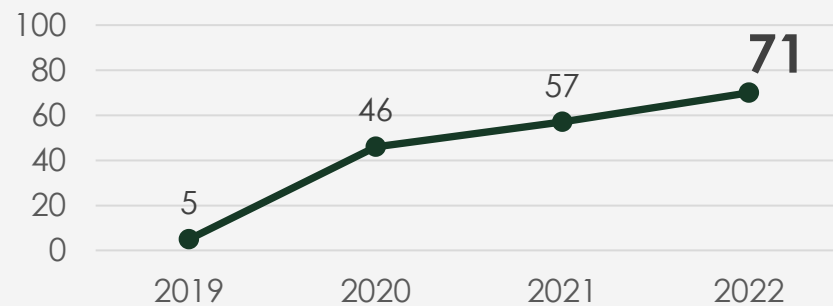


Early deployment  
of production  
capacity to meet  
customers' need

# Commitment to EPS + ESG – Improvement in ESG Ratings

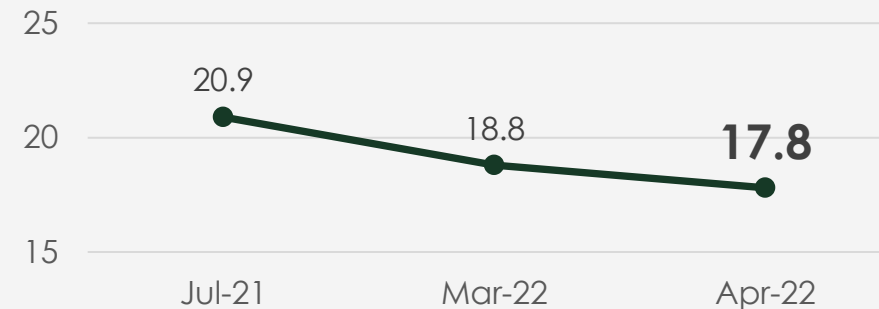
## S&P Global ESG Rating

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 17.8, 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 3<sup>rd</sup> 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 1<sup>st</sup> company in the PCB industry and one of 16 Taiwanese companies included in the index.





臻鼎科技控股

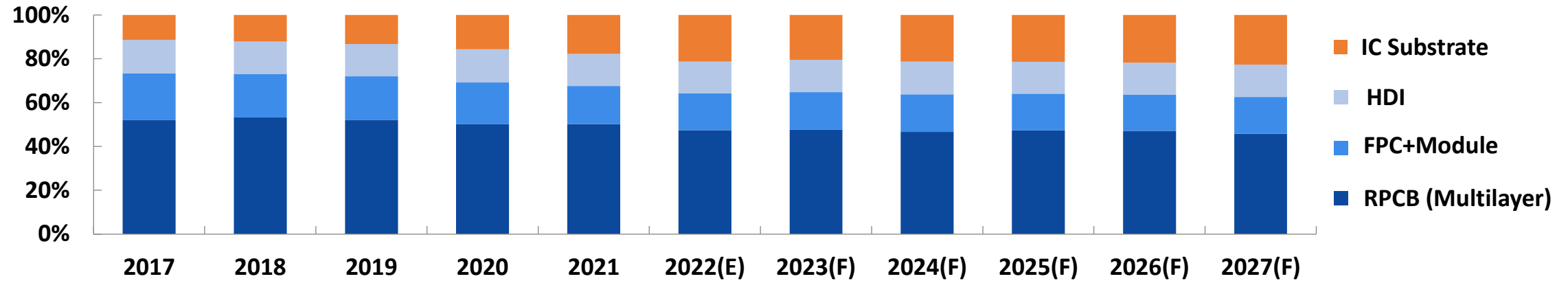
Zhen Ding Tech. Holding

# Business Roadmap and Execution

---



# PCB Markets will Continue to Grow



Unit: US\$ million

Product	Item	2017	2018	2019	2020	2021	2022(E)	2023(F)	2024(F)	2025(F)	2026(F)	2027(F)	2022-27 CAGR
RPCB (Multilayer)	Value	30,656	33,225	31,969	32,674	40,641	38,721	37,340	38,179	41,939	44,430	45,048	3.1%
	%	52.1%	53.2%	52.1%	50.1%	50.2%	47.4%	47.6%	46.6%	47.3%	47.1%	45.8%	
FPC+ Module	Value	12,523	12,395	12,195	12,483	14,058	13,842	13,427	14,131	14,872	15,652	16,473	3.5%
	%	21.3%	19.9%	19.9%	19.1%	17.4%	16.9%	17.1%	17.2%	16.8%	16.6%	16.7%	
HDI	Value	8,968	9,222	9,008	9,874	11,811	11,763	11,528	12,225	12,965	13,749	14,581	4.4%
	%	15.2%	14.8%	14.7%	15.1%	14.6%	14.4%	14.7%	14.9%	14.6%	14.6%	14.8%	
IC Substrate	Value	6,696	7,554	8,139	10,188	14,410	17,415	16,073	17,441	18,926	20,538	22,286	5.1%
	%	11.4%	12.1%	13.3%	15.6%	17.8%	21.3%	20.5%	21.3%	21.3%	21.8%	22.7%	
Total		58,843	62,396	61,311	65,219	80,920	81,741	78,367	81,976	88,702	94,369	98,388	3.8%

Source : Prismark (2023/2) \*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)





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

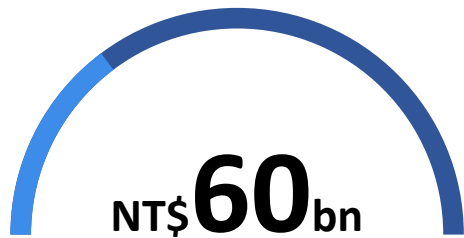


# IC Substrate & Huai'an Park 3 Capacity Expansion Plan

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

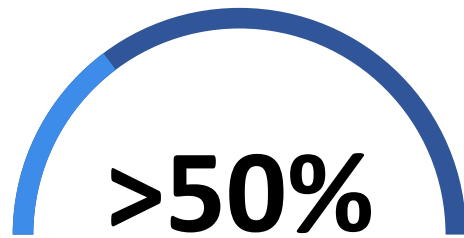
Based on current business outlook, management targets:

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



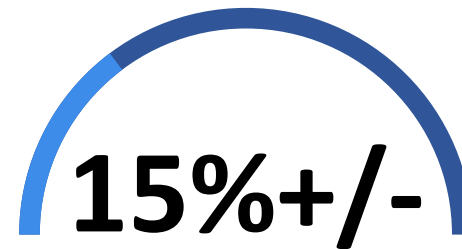
**Capex for IC Substrate:**

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



# Q&A

---



臻鼎科技控股

Zhen Ding Tech. Holding

THANK YOU