

Zhen Ding Technology Holding (4958 TT)

First Quarter of 2024 Investor Conference

May 10th, 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.



臻鼎科技控股

Zhen Ding Tech. Holding

AGENDA

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1Q24 Financial Results

Eddie Chiang, Chief Financial Officer

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Company Strategy

Charles Shen, Chairman

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IC Substrate Business Update

D.J. Lee, Director & Chief Operating Officer

1Q24 Financial Results

Eddie Chiang, Chief Financial Officer

1Q24 Financial Results

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

	1Q24	1Q23	YoY (%)
Revenue	32,510	31,545	3.1%
Gross Profit	5,337	5,075	5.2%
Gross Margin	16.4%	16.1%	+0.3ppts
Operating Expense	4,594	3,857	19.1%
Operating Profit	743	1,219	-39.1%
Operating Margin	2.3%	3.9%	-1.6ppts
Non-Operating Income/Expense	755	(318)	
Net Income	1,436	863	66.4%
Net Margin	4.4%	2.7%	+1.7ppts
Net Income to Parent	977	504	94.1%
EPS (NT\$) ⁽¹⁾	1.03	0.53	
R&D Expense	2,634	1,939	+35.9%
Depreciation and Amortization	4,231	3,958	+6.9%
Cash Inflow Generated from Operations	8,262	11,746	-29.7%
Cash and Cash Equivalents ⁽²⁾	72,995	68,703	6.2%
ROE(%) ⁽³⁾	4.2%	2.6%	+1.6ppts

Note : (1) Weighted Average Shares outstanding as of 1Q24 : 944,956 thousand shares (actual issuance 947,049 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

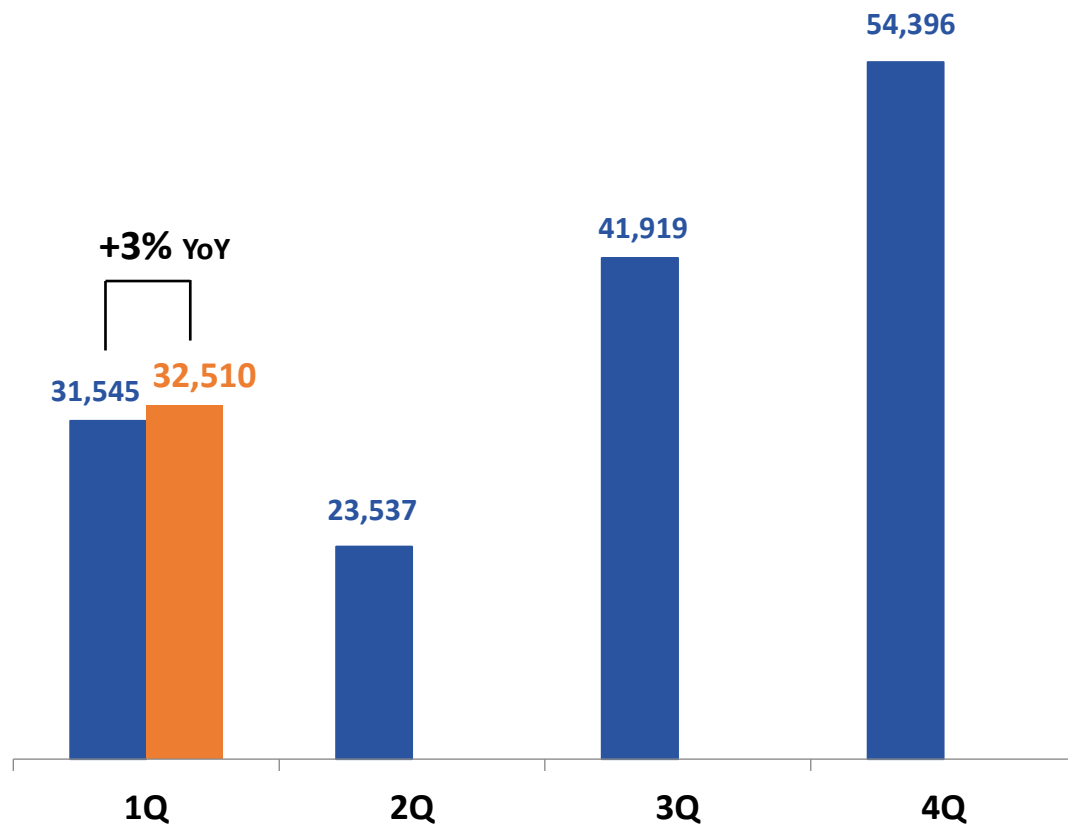
Quarterly Operation Results

Revenue

■ 2023

■ 2024

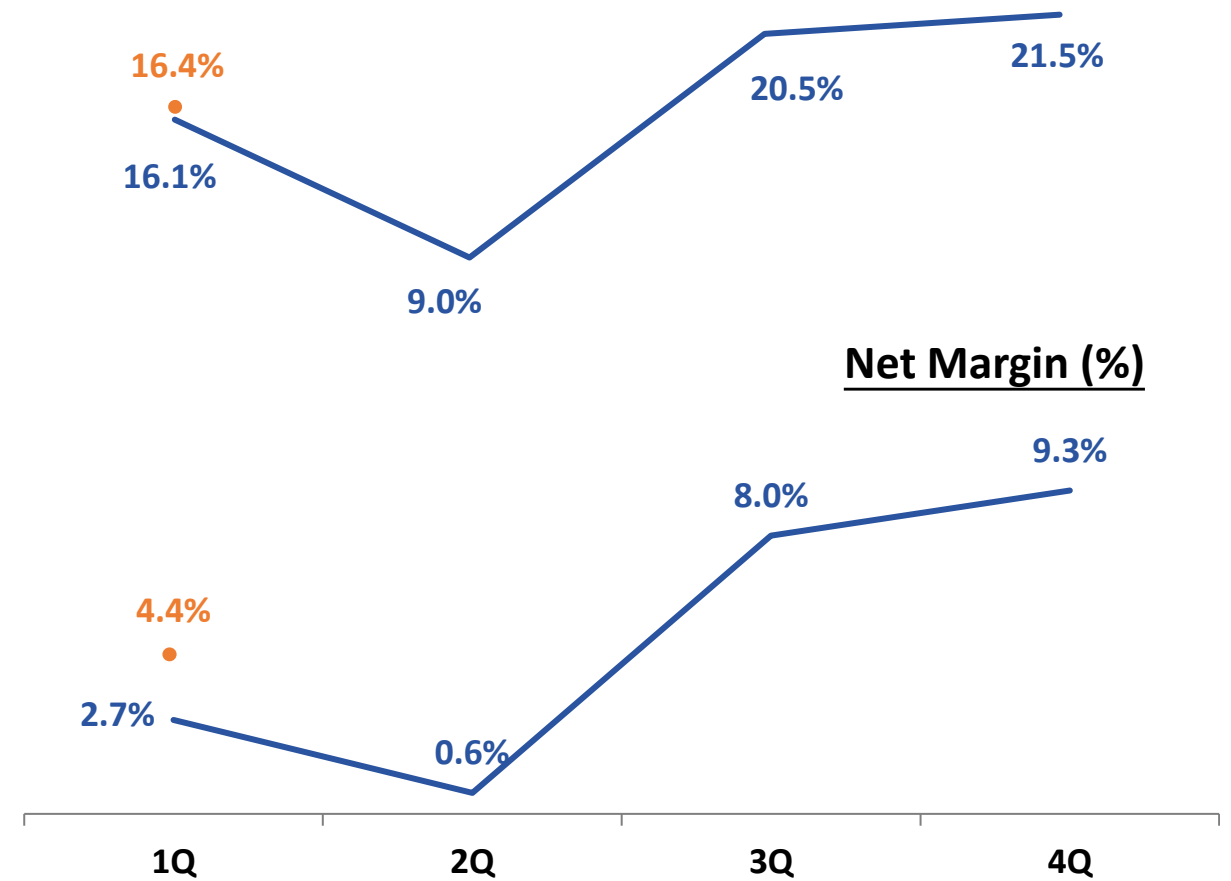
Unit: NT\$ million



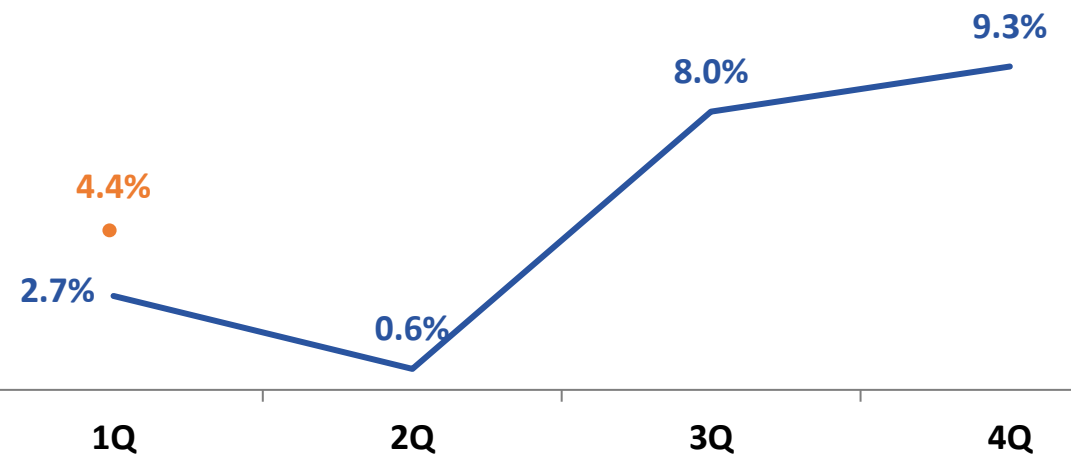
Gross Margin (%)

— 2023

— 2024

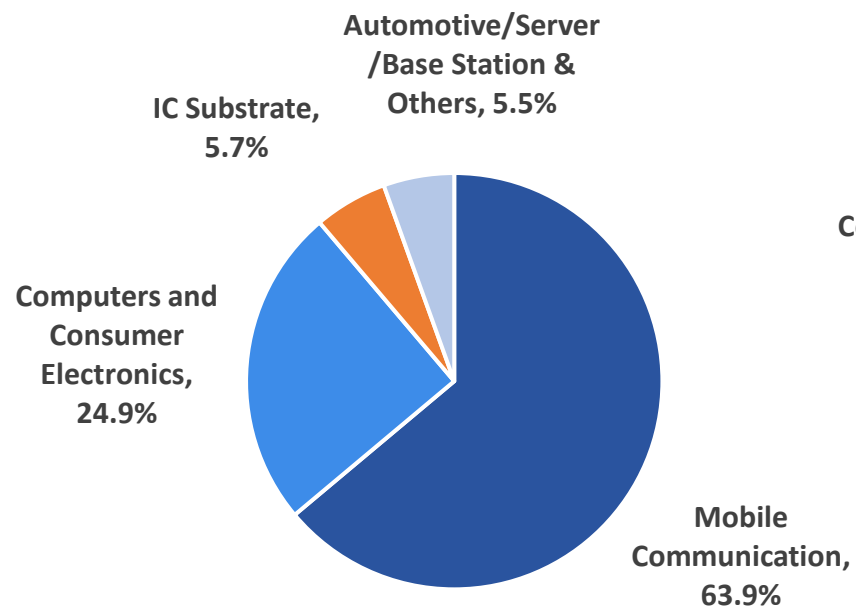


Net Margin (%)

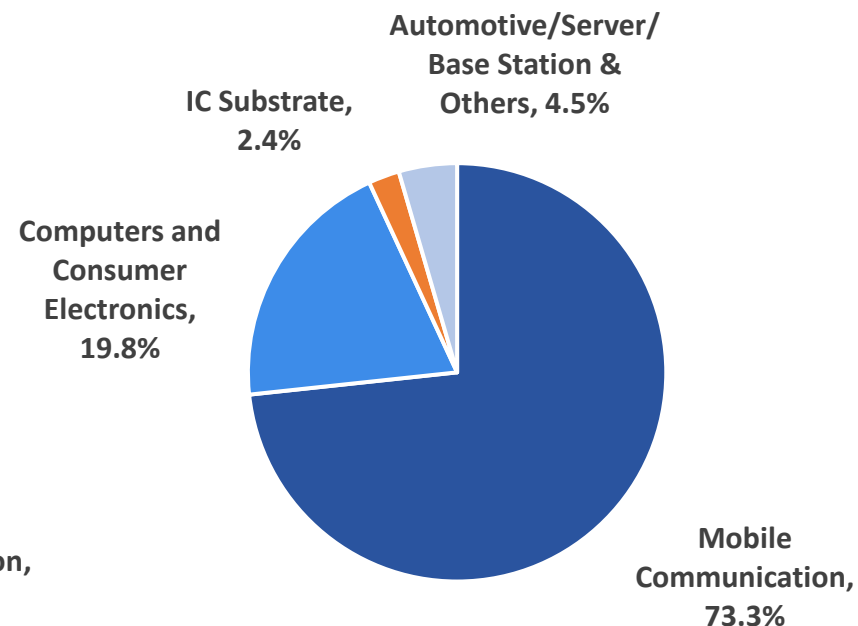


Revenue Breakdown – By Applications

1Q24 Revenue NT\$32.5bn



1Q23 Revenue NT\$31.5bn



Applications	1Q24 Revenue YoY%
Mobile Communication	-10.1%
Computers and Consumer Electronics	+29.5%
IC Substrate	+144.2%
Automotive/Server/Base Station & Others	+26.5%

Consolidated Balance Sheet and Key Indices

	2024-3-31		2023-3-31		Unit: NT\$ million Change	
	Amount	%	Amount	%	Amount	%
Cash and Cash Equivalents ⁽²⁾	72,995	30.0%	68,703	29.7%	4,292	6.25%
Notes & Accounts Receivable	20,856	8.6%	19,062	8.2%	1,794	9.41%
Inventories	15,858	6.5%	13,985	6.0%	1,873	13.39%
Property, Plant and Equipment ⁽³⁾	110,806	45.6%	108,666	47.0%	2,140	1.97%
Total Assets	243,253	100.0%	231,417	100.0%	11,836	5.11%
Debt	54,143	22.3%	50,255	21.7%	3,888	7.74%
Notes & Accounts Payable	33,230	13.7%	34,625	15.0%	-1,395	-4.03%
Total Liabilities	104,632	43.0%	101,592	43.9%	3,040	2.99%
Total Equity	138,652	57.0%	129,824	56.1%	8,828	6.80%

Key Indices

A/R Turnover Days	70	71
Inventory Turnover Days	57	59
Current Ratio (x)	1.82	1.41
PPE Turnover (x) ⁽⁴⁾	1.18	1.18

Note : (1) Weighted Average Shares outstanding as of 1Q24 : 944,956 thousand shares (actual issuance 947,049 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

2014-2023 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

1Q24 Review and Outlook

1

1Q24 revenue increased by 3.06% YoY, resuming growth in operations:

In 1Q24, our revenue for Computers and Consumer Electronics and Automotive/Server/Base Station both achieved double-digit YoY growth, while revenue for IC substrates delivered triple-digit growth, reaching a record high for a single quarter. Consistent with our previous expectation, we will continue to optimize our product mix this year, aiming to further diversify our product portfolio under the One ZDT strategy.

2

Revenue to resume growth in 2024, with accelerated growth expected in 2025. IC substrate, server and automotive are the main growth drivers:

AI server products have started contributing to our revenue since 2023, with increasing customer order allocations in 2024. For automotive applications, we have developed products for ADAS radar, domain control boards, and power batteries. Overall, we remain optimistic about achieving double-digit revenue growth in IC substrates, servers, and automotive applications in the coming years.

3

For smartphone, computer and consumer electronics, we have a comprehensive product portfolio for foldable phone, AI smartphone and AI PC:

As a global leader in high-end PCBs, we have not only shipped products to multiple customers for foldable phones, but also actively collaborated with customers to develop products for AI smartphones and AI PCs. We expect the demand for high-end PCB with fine lines and high layer counts will continue to grow in the future.

4

The phase 1 of Thailand fab will focus on server, automotive, and optical applications, providing high-end RPCB/HDI products:

For the phase 1 of Thailand fab, we maintain our goal of entering trial production in 1H25 and mass production in small-scale in 2H25. Currently, the construction is progressing as planned. After the new capacity coming online, our global manufacturing footprint will be further enhanced.

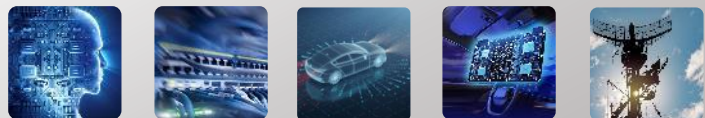
One ZDT : One Stop Shopping Synergies

FPC (+Module)

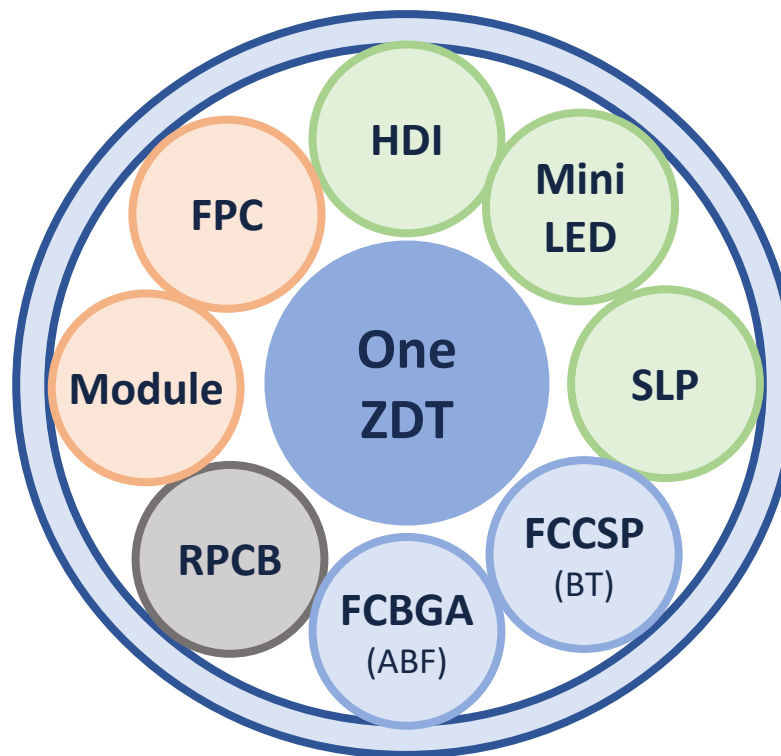


AI Smart-phone AR/VR Metaverse Wearable Devices NEV/Battery Next Gen Display

RPCB (+Base Station + Automotive + Server)



AI Server Edge Server mmWave Radar Intelligent Vehicle Base Station

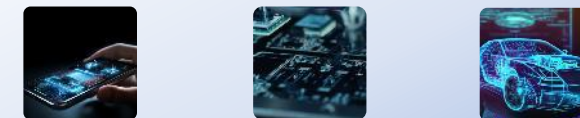


HDI (+mSAP+Mini LED)



AI Smart-phone AI PC AR/VR Metaverse Wearable Devices Smart Cockpit

IC Substrate (FCCSP+FCBGA)

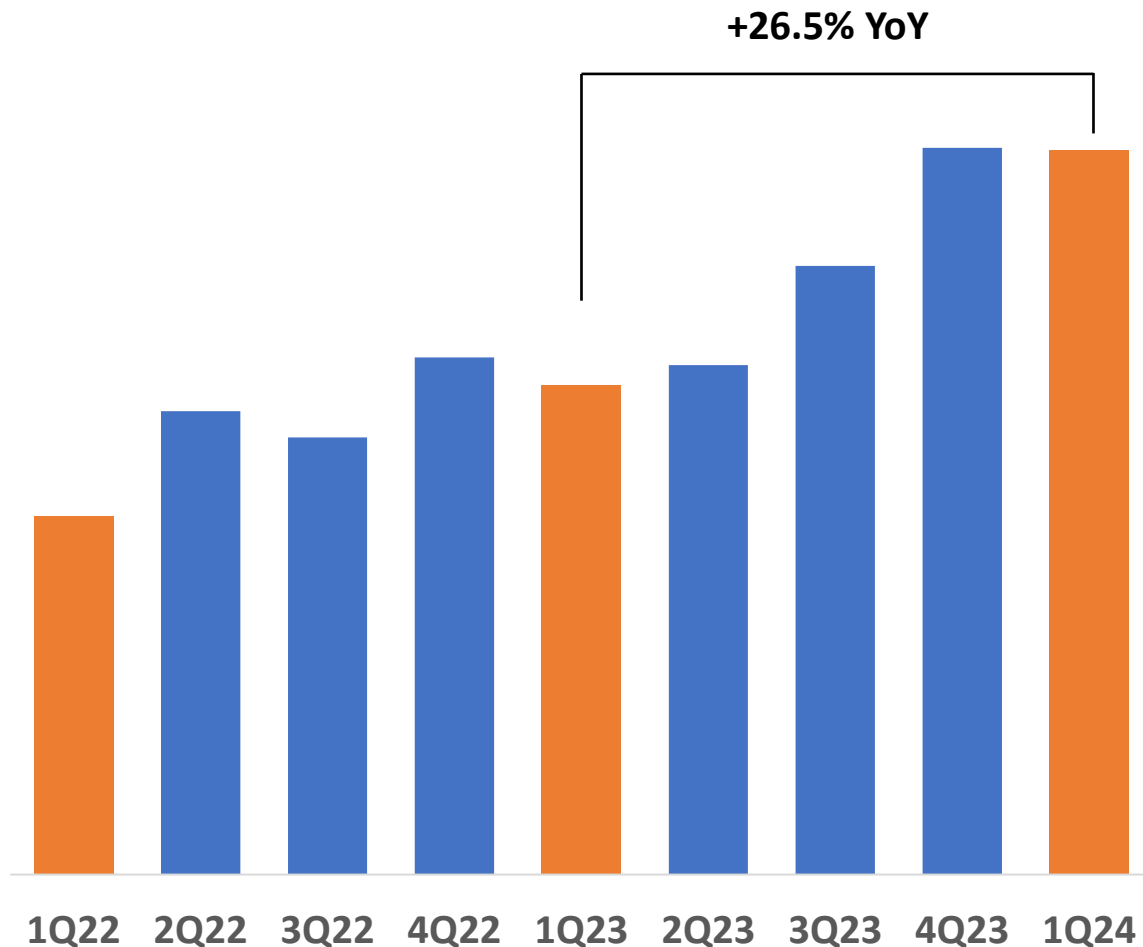


AI Smart-phone Chip High Performance Memory Autopilot Chip

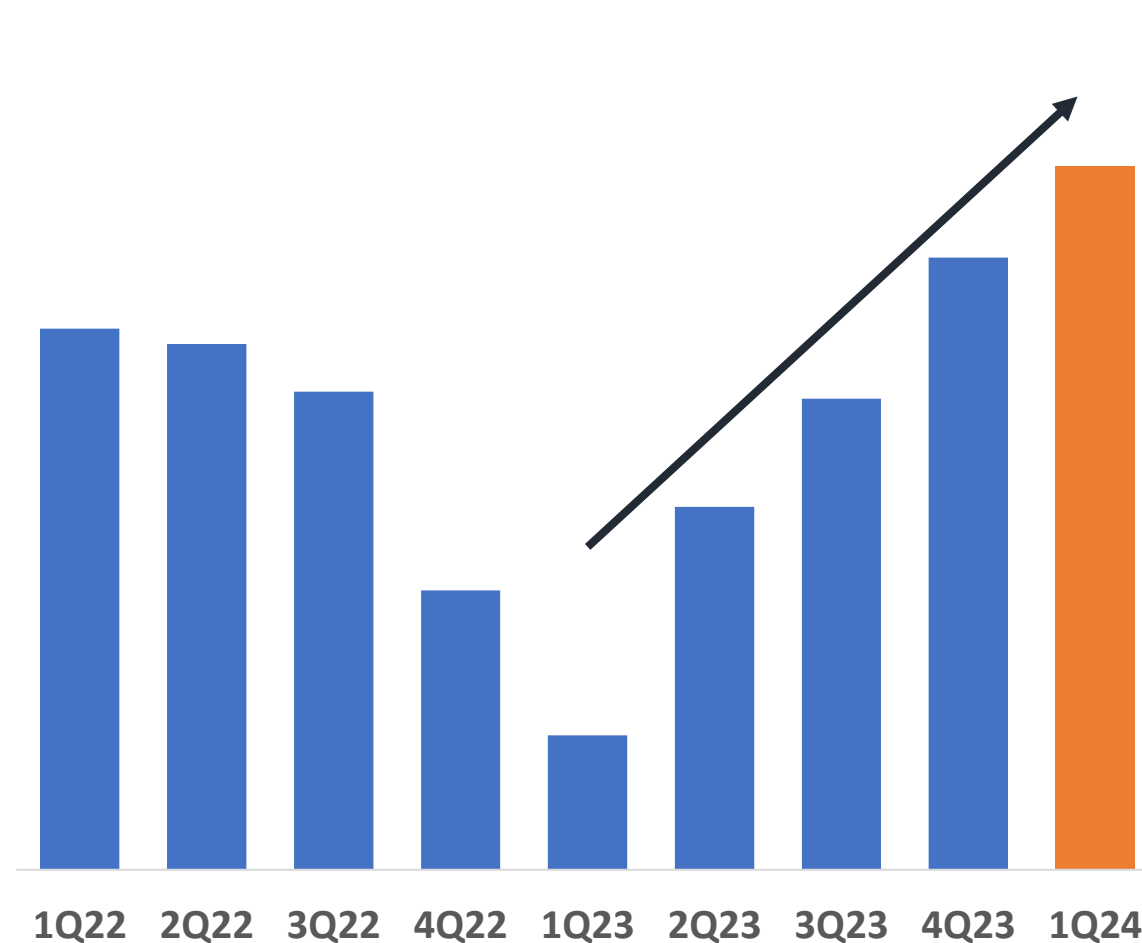
The diversification of AI applications will increase design complexity for PCBs, driving growing demand for IC substrates, high-end HDI, and FPC.

Continued Effort to Diversify Product Portfolio

ZDT's 1Q24 Revenue for Automotive/Server/Base Station Achieved 26.5% YoY Growth

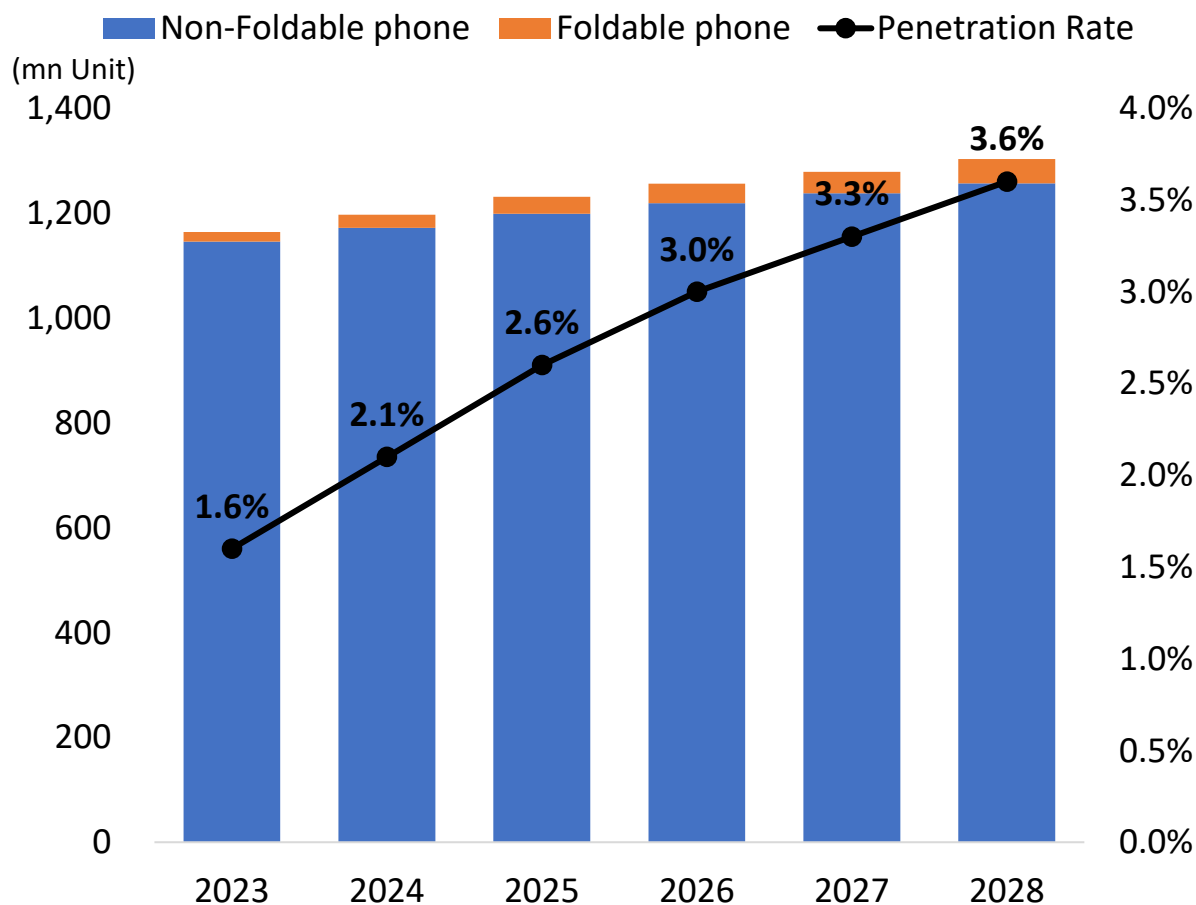


ZDT's 1Q24 Revenue for IC Substrates Continues to Reach a Record High



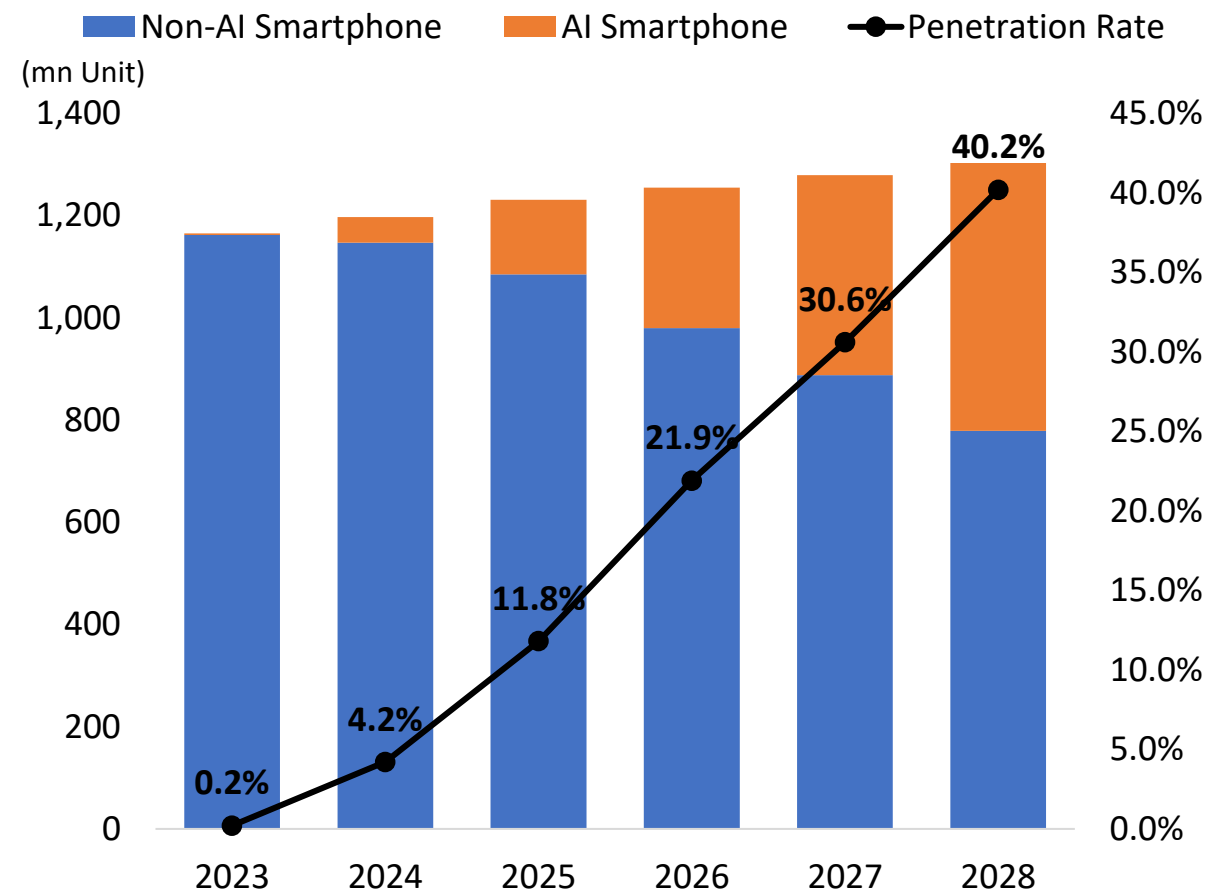
High-end PCB Demand for Smartphones is on the Rise

Global Foldable Smartphone Market: ZDT has Shipped Products to Multiple Customers



Source : IDC(2024/2)

Global AI Smartphone Market: ZDT is Actively Developing New Products with Customers



Source : IDC(2024/2)



Construction of New Fab in Thailand is Progressing According to Plan

(Dec 2023) Thailand Prachinburi Park (Phase 1) :
High-end RPCB/HDI

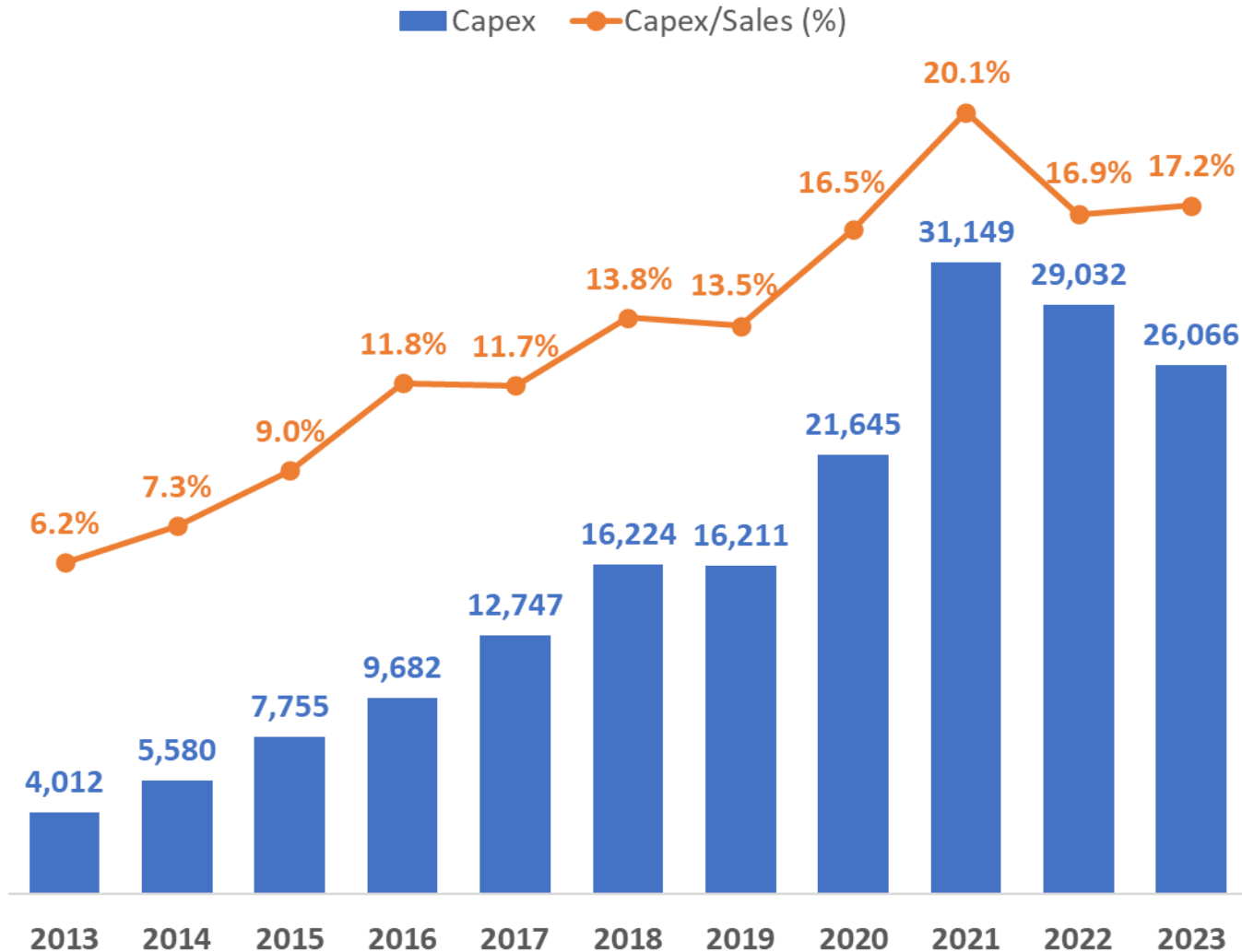


(Current) Thailand Prachinburi Park (Phase 1) :
High-end RPCB/HDI



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

Continued Capacity Expansion, Pursuing Stable Growth



- As the world's largest PCB manufacturer, we position ourselves as a growth-oriented company. Adhering to our strategy of “Early Deployment”, we proactively deploy our production capacity to meet customers’ need.
- This year, we continue to invest in the construction of Kaohsiung and Thailand fabs, laying a solid foundation for long-term growth.



IC Substrate Business Update

D.J. Lee, Director & Chief Operating Officer

IC Substrate Business Update

1

IC substrate revenue marked a record high for a single quarter in 1Q24, entering a phase of rapid growth:

- In 1Q24, revenue contribution from IC substrates increased to 5.7% of total revenue. We maintain our goal of achieving a >50% revenue CAGR for IC substrate during 2023-2027. By 2027, we target for IC substrate revenue to account for 15% +/- of total revenue.

2

For BT substrates, utilization rate continues to increase, and the business has turned profitable for a single quarter. Automotive application has entered mass production:

- Our BT substrates are primarily used in smartphone processors, memory, and RF applications, and we closely collaborate with top-tier customers. The utilization rate of our BT substrates exceeded 80% in 1Q24, and the business has turned profitable for a single quarter.
- 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.

3

ABF substrates have obtained customer qualifications and entered mass production. Revenue contribution from large body size substrates has been increasing. Both revenue and utilization rate are expected to increase quarter by quarter this year:

- In terms of ABF substrates, demand remains strong in AI and automotive applications. We are actively expanding the presence in these two major sectors by engaging customers. We have passed customer certifications and entered mass production, expecting both revenue and utilization rate to increase steadily quarter by quarter.
- We have provided high-end Chiplet substrates for customer qualification. We have shipped products with 18-20 layers and a maximum body size of 92mm x 92mm to customers, with yields being on par with Tier 1 ABF substrate suppliers, and these products have entered mass production. In addition, we have shipped 102mm x 102mm body size to customers for testing.

4

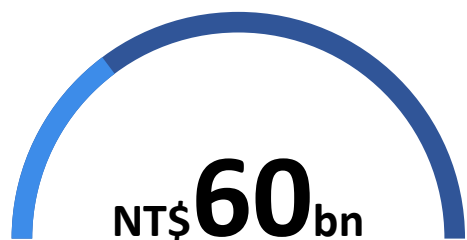
We have a distinct advantage in fulfilling international customers' "China for China" demand:

- To increase market share, international customers need to gradually deploy local production capacity in the mainland China market. We have the most advanced IC substrate fabs in mainland China, which can fulfill international customers' "China for China" demand. This is our distinct advantage in the IC substrate industry.

IC Substrate Capacity Expansion Plan

		2023				2024				2025				2026			
		1Q	2Q	3Q	4Q	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 80%+				Industry Leading Quality									

IC Substrate Goals



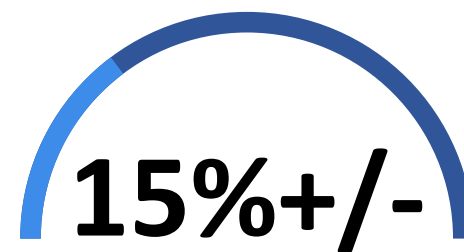
IC Substrate Capex:

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



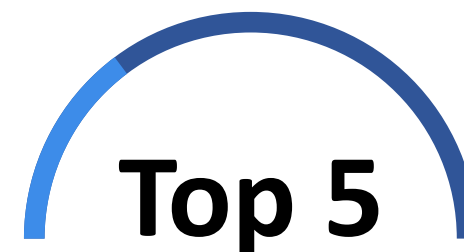
IC Substrate Revenue:

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



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Q&A



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THANK YOU