

Zhen Ding Announced Its Operating Results for the Third Quarter of 2023. Both Revenue and Profits Recovered Driven by the Peak Season Effect.

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Zhen Ding Technology Holding Limited (Ticker: 4958), a global leading PCB manufacturer, today announced its consolidated financial results for the third quarter of 2023, with revenue of NT\$41,919 million and net income of NT\$3,349 million. For the first three quarters of 2023, revenue was NT\$97,002 million and net income was NT\$4,362 million.

According to Zhen Ding, as the industry entered the traditional peak season in the third quarter, its revenue for the four key product applications all delivered QoQ growth. The revenue for Mobile Communication and Computers & Consumer Electronics both increased by over 80% QoQ, and the revenue for IC Substrate and Automotive Radar/Base Station/Server also delivered double-digit QoQ growth. Its overall utilization rate has maintained at a high level. With revenue recovering, gross margin returned to 20.5% in the third quarter, which is consistent with past traditional peak season performance. Earnings per share for the third quarter was NT\$2.40. Zhen Ding expects that, its operation in the fourth quarter of this year will follow the seasonal patterns. It will still be the peak season for customers' newly launched smartphones. As a result, the revenue for the fourth quarter is expected to have double-digit QoQ growth.

Zhen Ding pointed out that, affected by the macro environment, the revenue for the first three quarters in 2023 declined 18.1% YoY. However, during the same period, the revenue for Automotive/Base Station/ Server increased over 15% YoY, demonstrating the company's long-term efforts in automotive and server have achieved initial desired results. As its high-end automotive PCBs have entered mass production last year, and AI server motherboards have also received customer certifications, Zhen Ding aims to achieve a double-digit revenue CAGR for the next five years for both automotive and server applications. In response to customer demands, Zhen Ding plans to establish a new fab in Prachinburi Province, Thailand, with the total investment amount for the first phase being US\$250 million. The company will hold a groundbreaking ceremony on December 12th, and the fab is planned to enter trial production in the first half of 2025.

In terms of IC substrate, Zhen Ding emphasized that, as most BT customers' inventory days have returned to roughly normal levels and the company has made progress in winning important memory customers, it is optimistic about the recovery of the BT business. For ABF substrate, the market is still under inventory adjustments and may start to recover at year-end, with the utilization rate increasing quarter by quarter in 2024.

According to Zhen Ding, it remains optimistic about the industry's mid-to long-term trend. As a result, despite facing headwinds, Zhen Ding continues to invest in research and development and capital

expenditures this year. In the future, Zhen Ding will continue to execute its growth strategy. Under the One ZDT strategy, it will leverage its four product lines to penetrate fast-growing application markets, further strengthening its leading position in the PCB industry.

Unit: NT\$ million, except for EPS

Period	3Q23	2Q23	QoQ	3Q22	YoY	1-3Q23	1-3Q22	YoY
Revenue	41,919	23,537	78.1%	50,005	-16.2%	97,002	118,454	-18.1%
Gross Profit	8,583	2,123	304.3%	12,986	-33.9%	15,781	25,975	-39.2%
Operating Profit	3,575	-1,888		8,067	-55.7%	2,905	13,753	-78.9%
Net Income	3,349	150	2,127%	7,172	-53.3%	4,362	13,678	-68.1%
Net Income to Parent	2,271	-90		4,985	-54.4%	2,685	9,492	-71.7%
EPS (NT\$)	2.40	-0.09		5.27	-54.4%	2.84	10.04	-71.7%
Gross Margin	20.5%	9.0%	11.5ppts	26.0%	-5.5ppts	16.3%	21.9%	-5.6ppts
Operating Margin	8.5%	-8.0%	16.5ppts	16.1%	-7.6ppts	3.0%	11.6%	-8.6ppts
Net Margin	8.0%	0.6%	7.4ppts	14.3%	-6.3tpts	4.5%	11.6%	-7.1ppts

For further details, please visit "[Investors](#)" section on the company website.

About Zhen Ding Technology Holding Limited

Zhen Ding Technology Holding Limited (Taiwan Stock Exchange Ticker: 4958) is engaged in the research, development, production and sales of a wide range of flexible printed circuit boards (FPC) and modules, high-density interconnect (HDI) PCBs, substrate-like PCBs (SLP), Mini LED ultra-thin boards, IC substrate and multi-layer rigid printed circuit boards (RPCB) for a wide range of applications including computer information, consumer electronics, networking, automotive electronics, high-performance computing and medical fields. We provide one-stop shopping for all-round solutions to our customers. For more information, please visit the Company's website: www.zdtco.com.

Spokesperson

Duen Ling

Corporate Governance & Investor Relations Division

Tel: 886 3 3830101

Email: duen.t.ling@zdtco.com