



2020

CHIN POON

Investor Conference

No.17, Ln. 5, Sec. 2, Nanshan Rd., Luzhu Dist.,
Taoyuan City 33852, Taiwan (R.O.C.)

TEL: +886-3-322-2226

Website: www.chinpoon.com

Disclaimer

The presentation contains projections & estimates of financial information as well as market and product developments for future periods. These projections & estimates are based on information currently available which we believe to be reliable, but they involve risks & uncertainties. Our actual results of operations & financial condition may differ significantly from those contained in projections & estimates. The projections & estimates should not be interpreted as legally binding commitments, but rather as flexible information subject to change occasionally.

Main Topics

- **Introduction**
- **Investors' Focus**
- **Performance in 2018~2020**
- **Global Auto Market**
- **Global EV Outlook**
- **Q&A**

Introduction

- **Company Profile**
- **Global Network**
- **Financial Position and ROE**
- **Specialty on Auto PCB**

Company Profile

Company Name : Chin-Poon Industrial Co., Ltd.

Established : September 26th, 1979 (Listed since October 1996)

Representative : Tseng-Liu, Yu-Chih / Chairperson

Business : Rigid Printed Circuit Board

Products : HDI, Multilayer (~26L) , Single-Sided, Double-Sided, Heavy Copper(~14oz),
High Frequency, Metal Base & Pedestal, Flexible-PCB, Cu Inlay & Busbar
STH(Silver Paste Through Hole), Cu TH(Copper Paste Through Hole)

Capital : NT\$ 3.97 billions

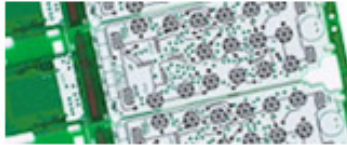
Equity : NT\$ 15.09 billions (2020Q3)

Revenue : NT\$ 17.85 billions (2019) and NT\$ 11.07 billions (2020Q1~Q3)

Employee : 7,500+ (Taiwan 3,200+ , China 3,200+ , Thailand 1,000+)

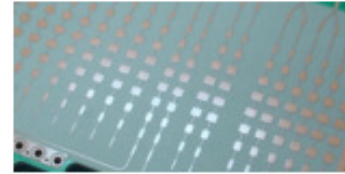
Address : No.17, Ln. 5, Sec. 2, Nanshan Rd., Luzhu Dist., Taoyuan City 33852, Taiwan

Total Solutions for PCB



SS/NPTH/STH/CPTH

Appliances 、TV Remote
Controller 、Car Dashboard...



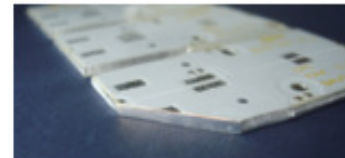
High Frequency

ADAS Radar 、Satellite Antenna 、
Smart Antenna 、LNB...



Multilayer (~26L)

Car ECU 、Server 、Telecom 、
Automation 、Medical...



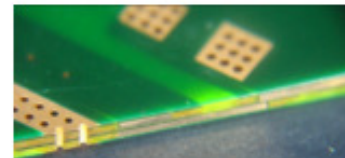
Metal Base & Pedestal

LED TV BLM 、Traffic Lighting 、
Commercial Lighting 、Projector
Light Source 、Car Lighting 、Elec.
Braking...



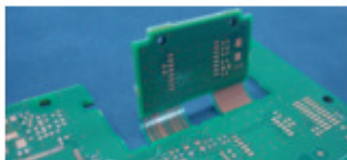
HDI & IVH

Car Infotainment 、ECU 、ADAS 、
Camera 、Router...



Heavy Copper (~14oz)

Car OBC 、Junction Box 、High
Power Inverter 、Converter



Flexible PCB

Car ECU 、Junction Box 、Car EPS 、
ADAS 、Household Appliances...



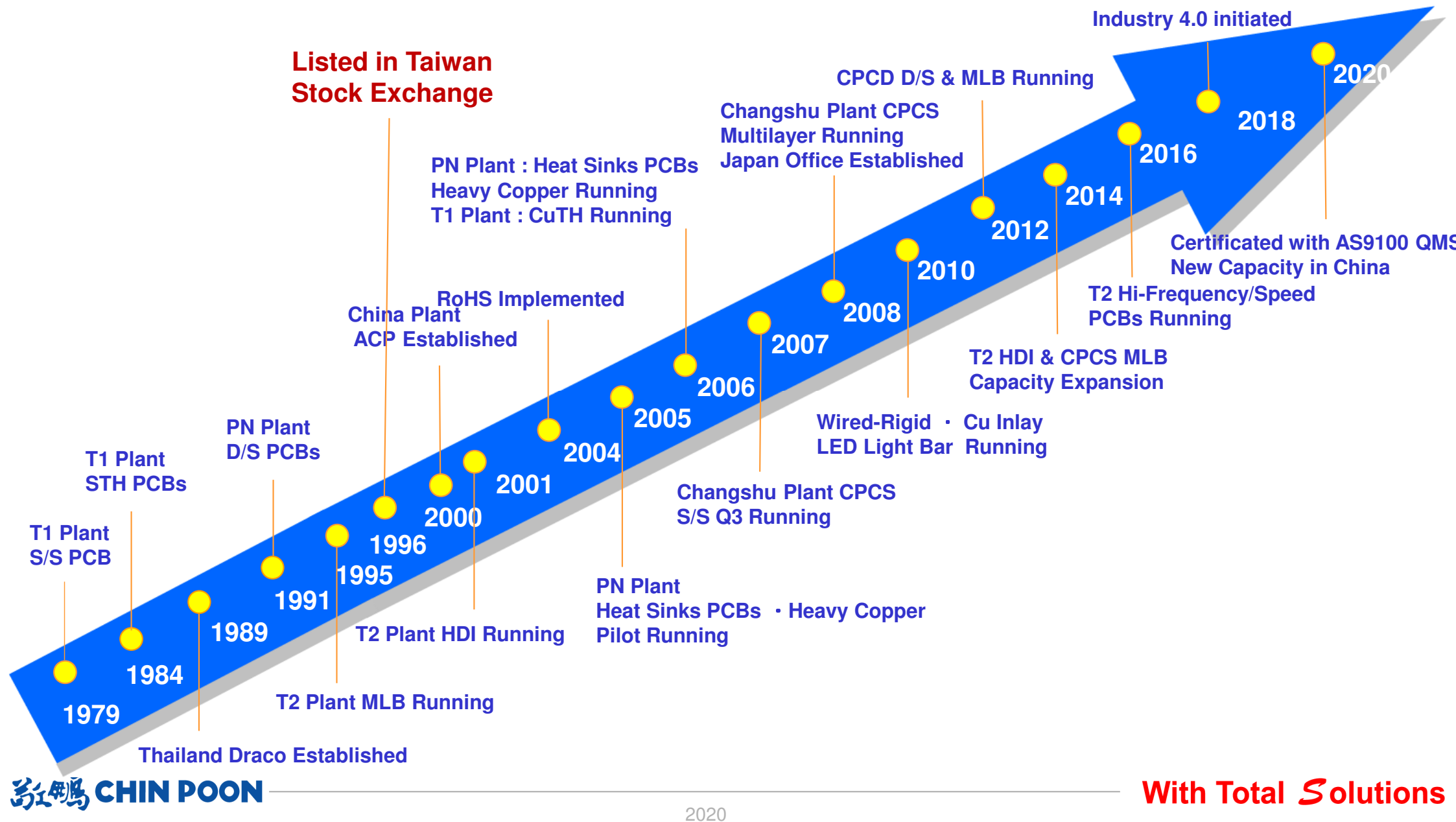
Cu Inlay & Busbar

Elec. Braking 、LED Light Engine 、
Industrial Power Managing 、
Energy Storage 、High-Power
Module

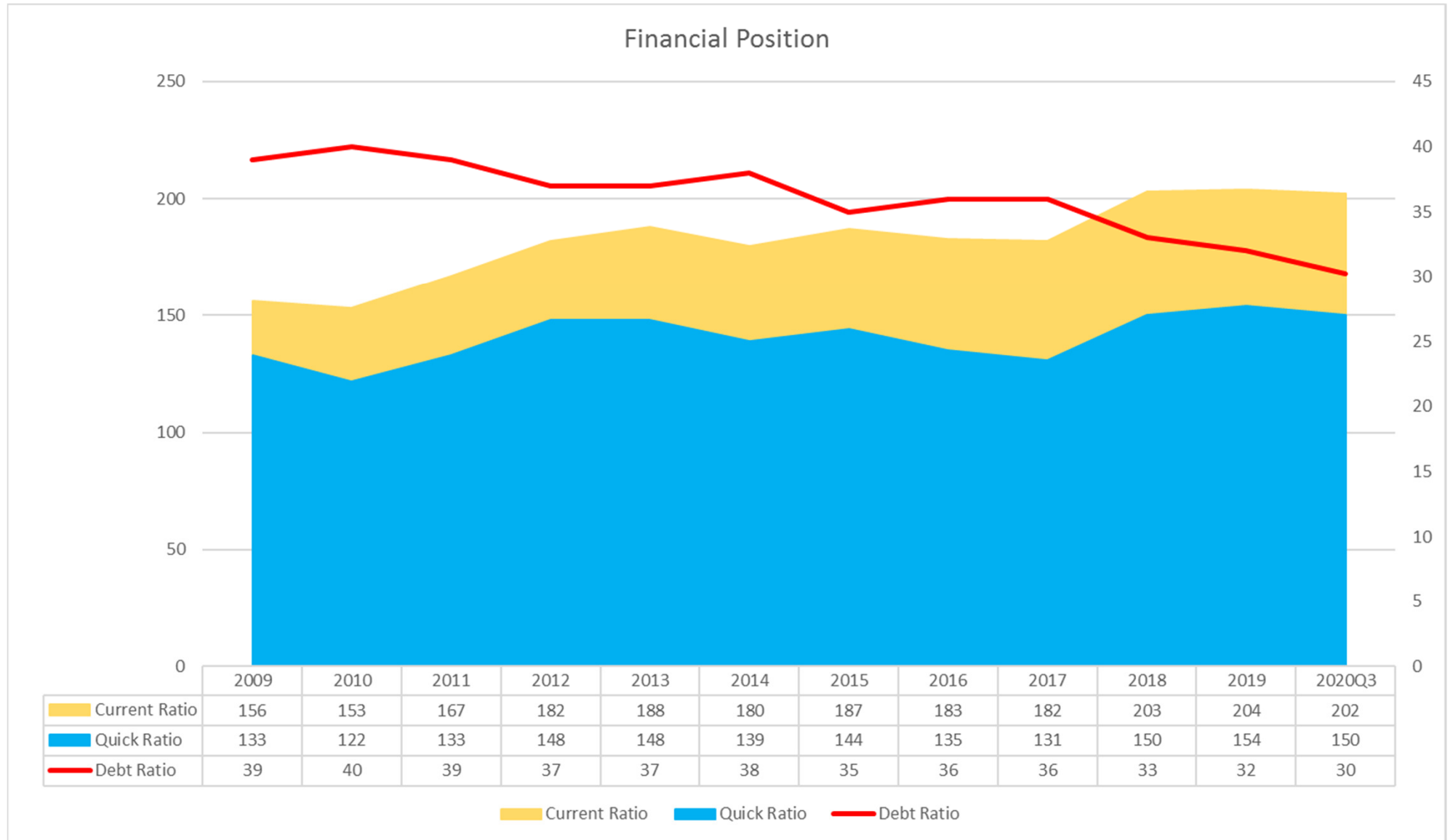
Global Network



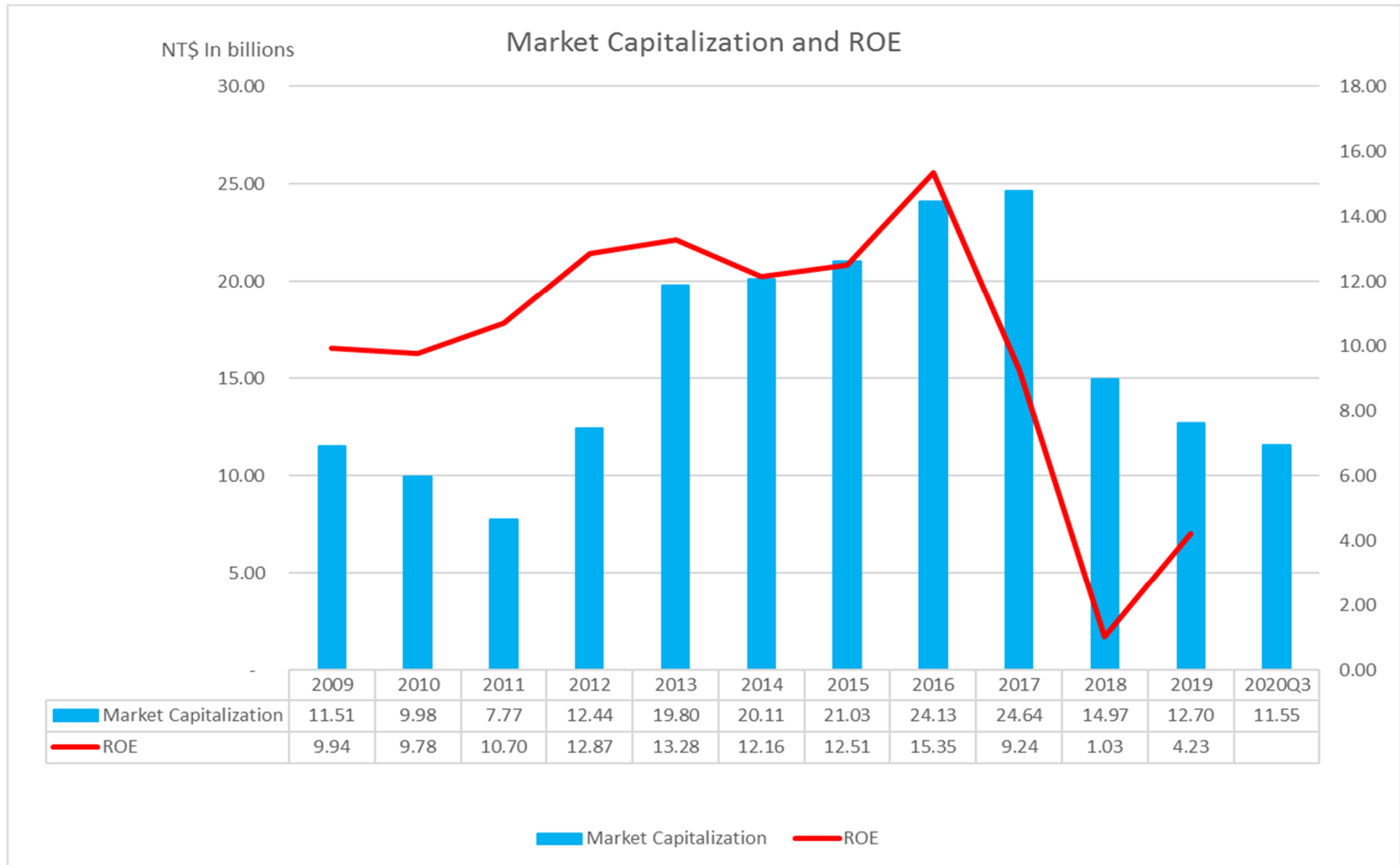
Milestone



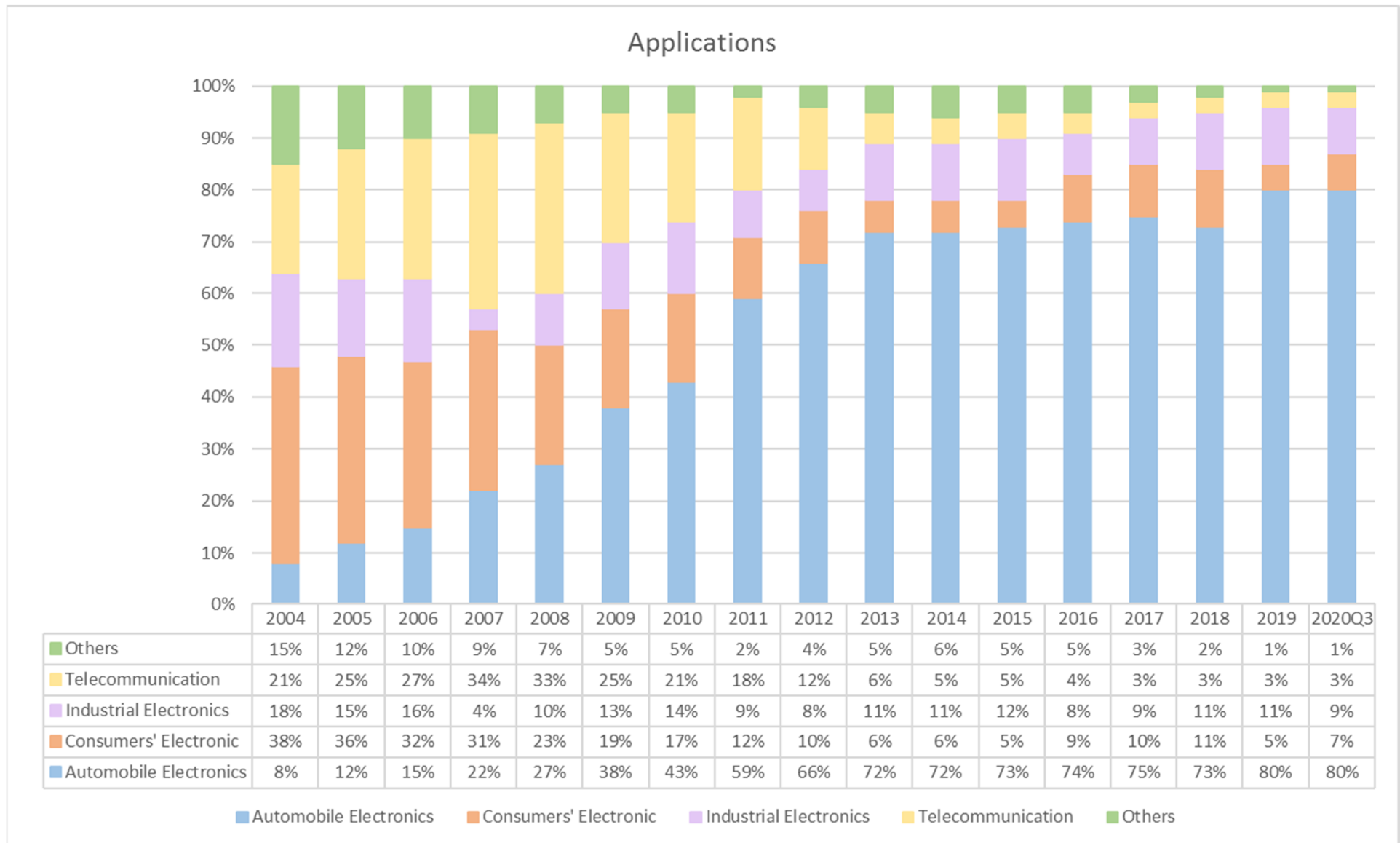
Strong Financial Position



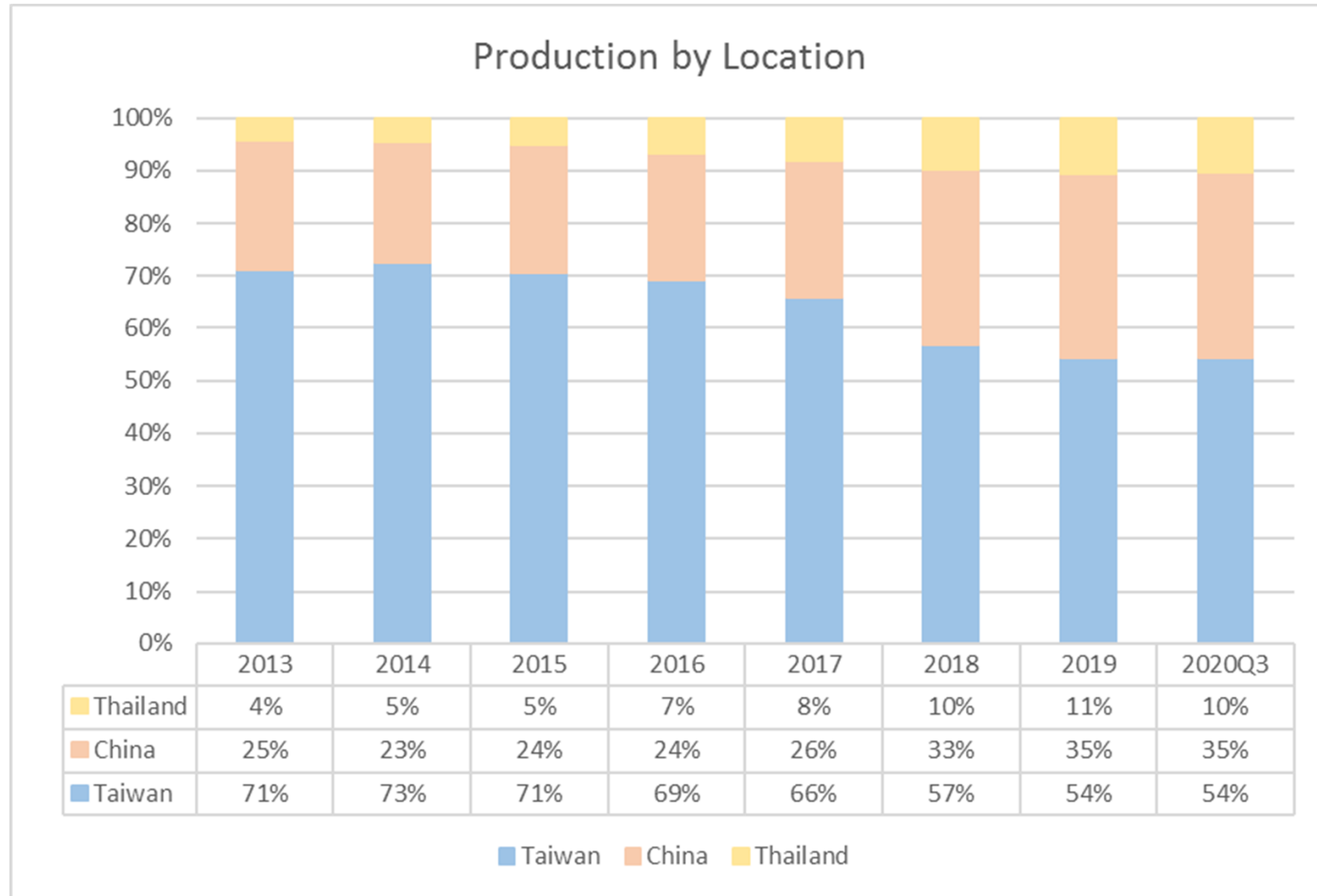
Market Capitalization and ROE



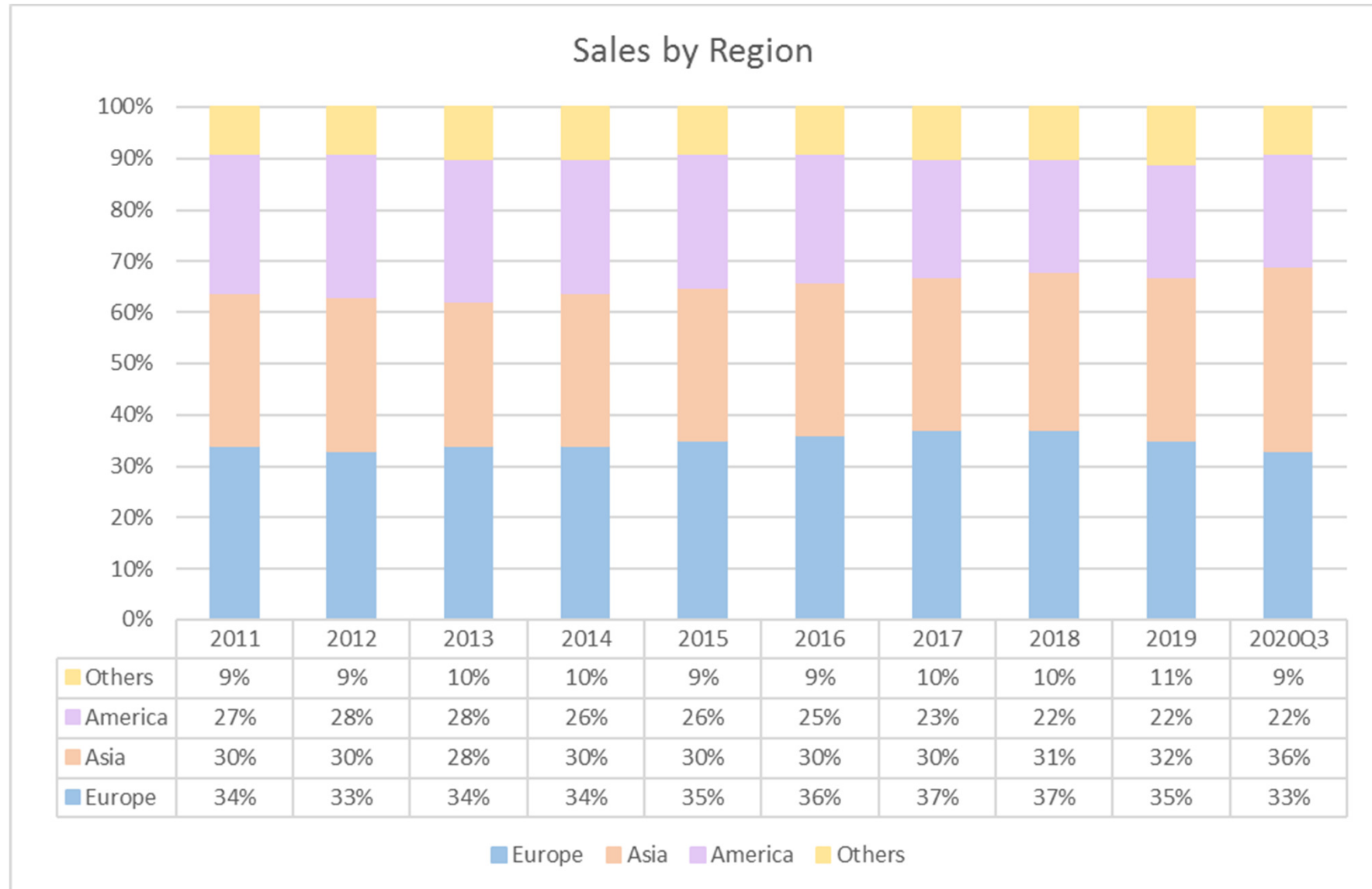
Specialty on Auto PCB



54% of Production in Taiwan



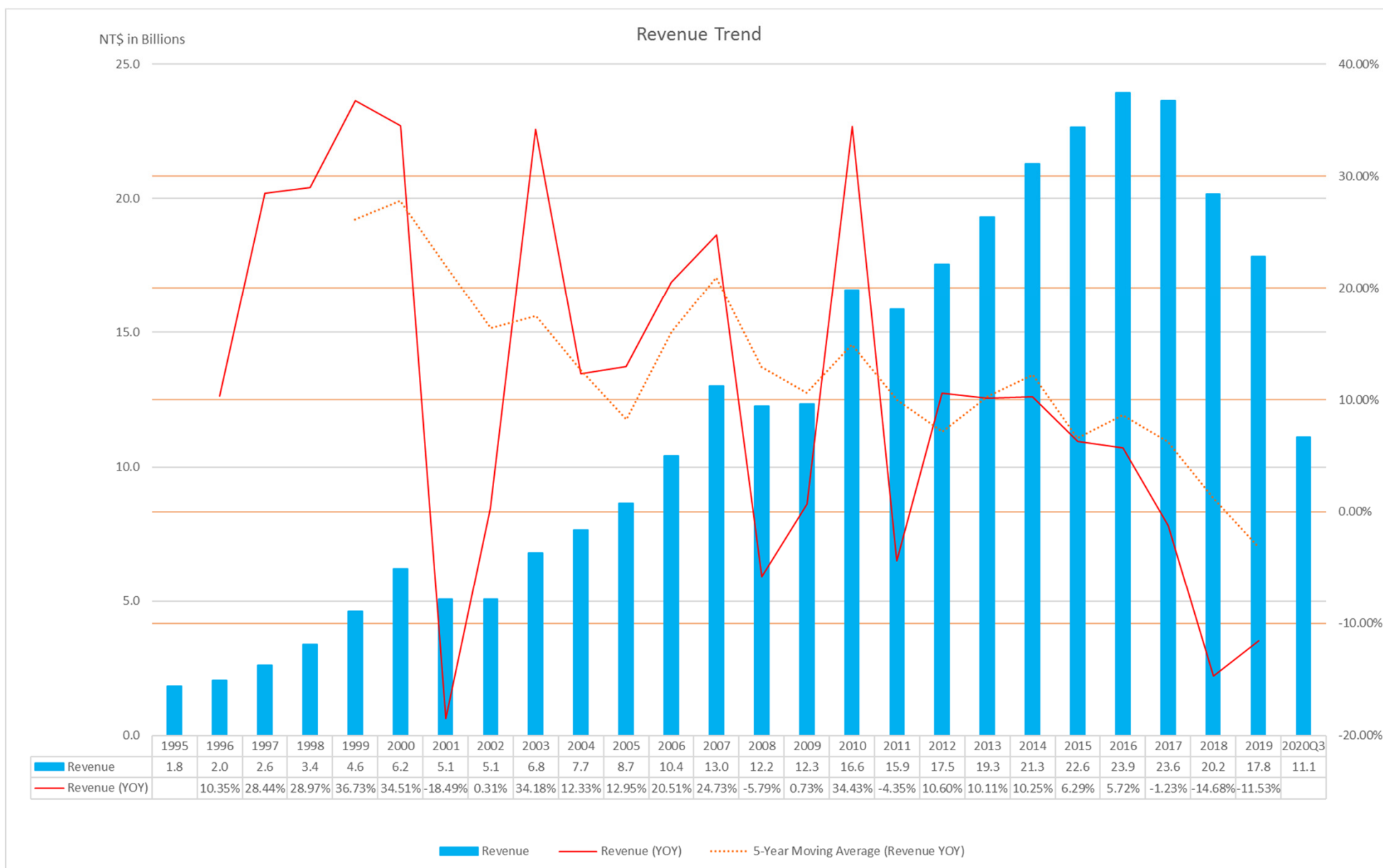
Chin Poon's Sales by Region



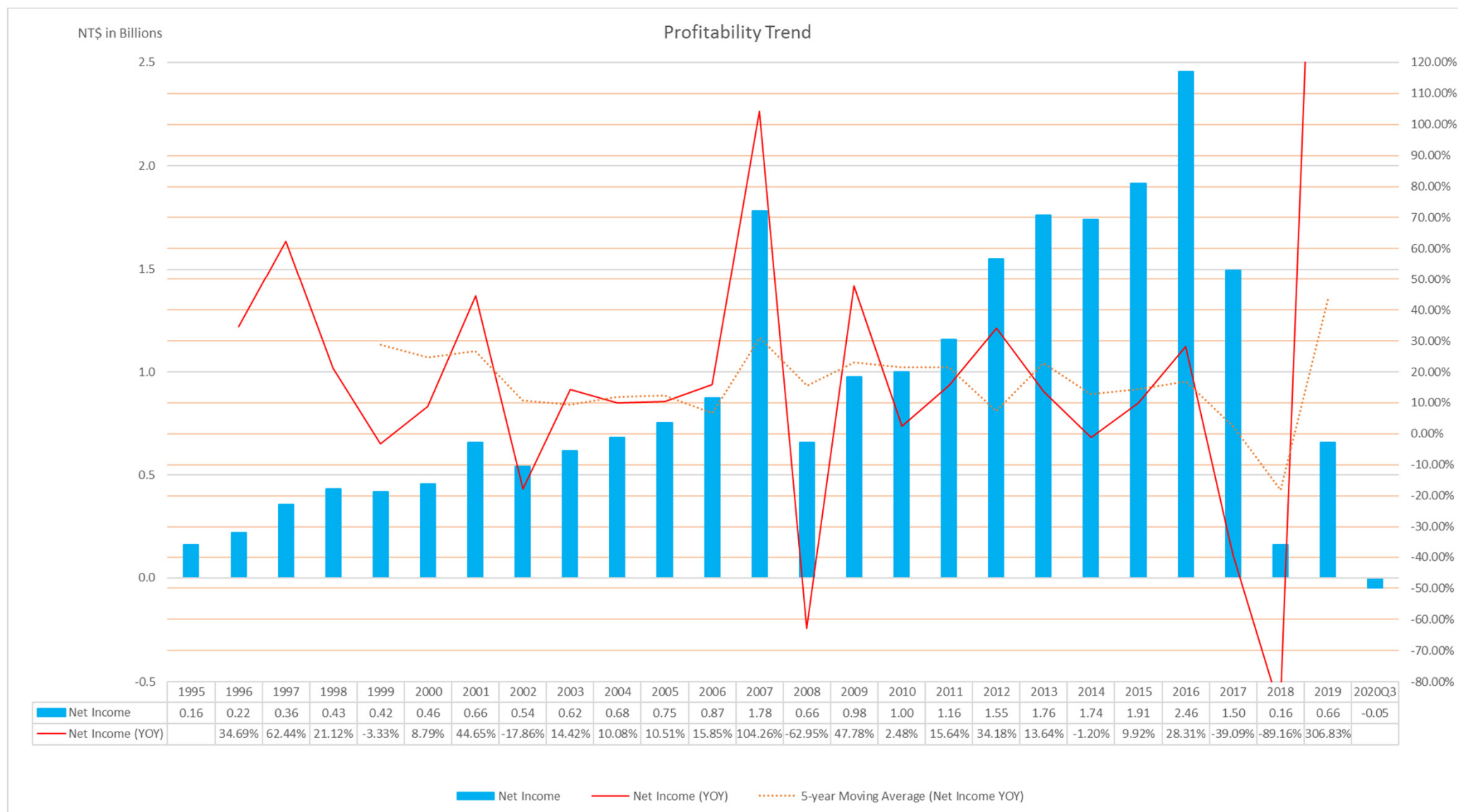
Investors' Focus

- **Revenue Trend**
- **Profitability Trend**
- **New Business**
- **Payout Ratio**
- **Capex**

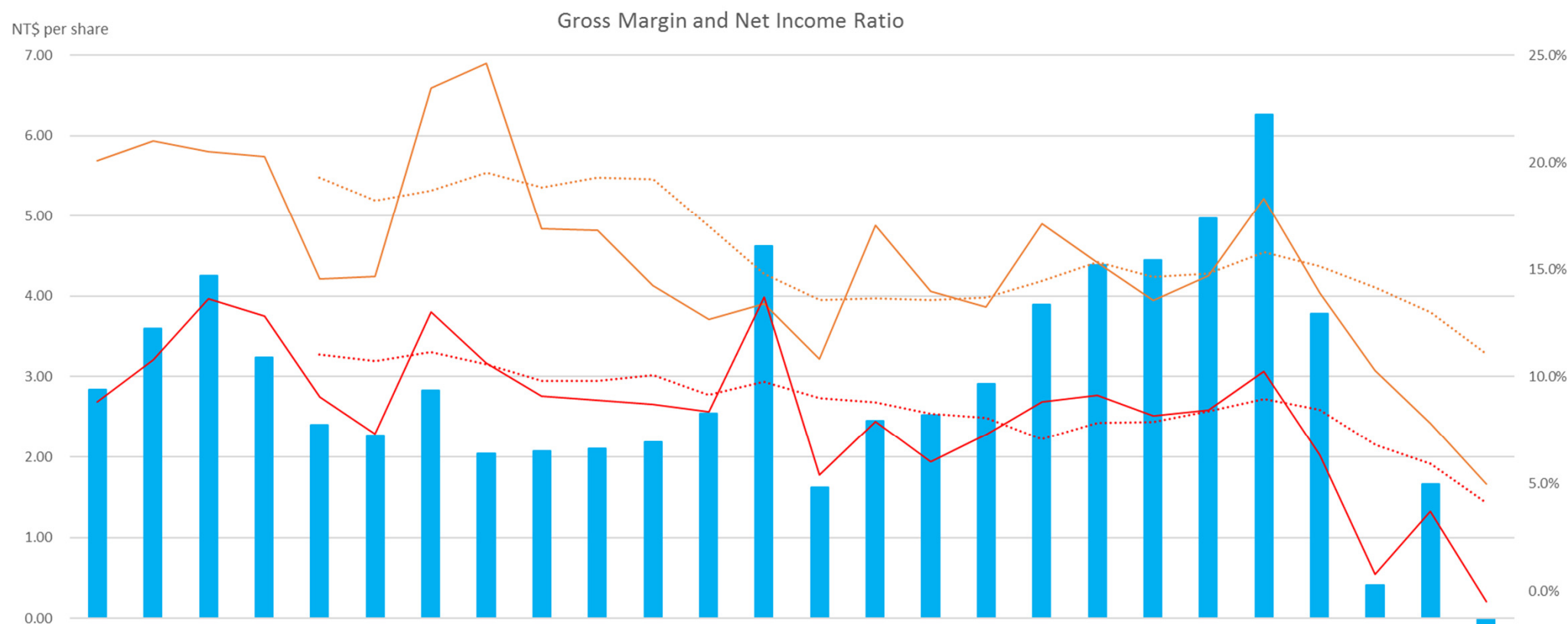
Revenue Trend



Profitability Trend



Gross Margin and Net Income Ratio



(1.00)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020Q3
EPS	2.84	3.60	4.26	3.24	2.40	2.27	2.83	2.04	2.07	2.10	2.18	2.54	4.62	1.62	2.45	2.52	2.91	3.90	4.39	4.45	4.97	6.26	3.78	0.41	1.66	-0.14
Gross Margin	20.1%	21.0%	20.5%	20.3%	14.6%	14.7%	23.5%	24.6%	16.9%	16.8%	14.2%	12.7%	13.4%	10.8%	17.0%	14.0%	13.2%	17.1%	15.3%	13.6%	14.7%	18.3%	13.9%	10.3%	7.8%	4.99%
Net Income Ratio	8.8%	10.8%	13.6%	12.8%	9.1%	7.3%	13.0%	10.6%	9.1%	8.9%	8.7%	8.4%	13.7%	5.4%	7.9%	6.0%	7.3%	8.8%	9.1%	8.2%	8.5%	10.3%	6.3%	0.8%	3.7%	-0.49%

■ EPS

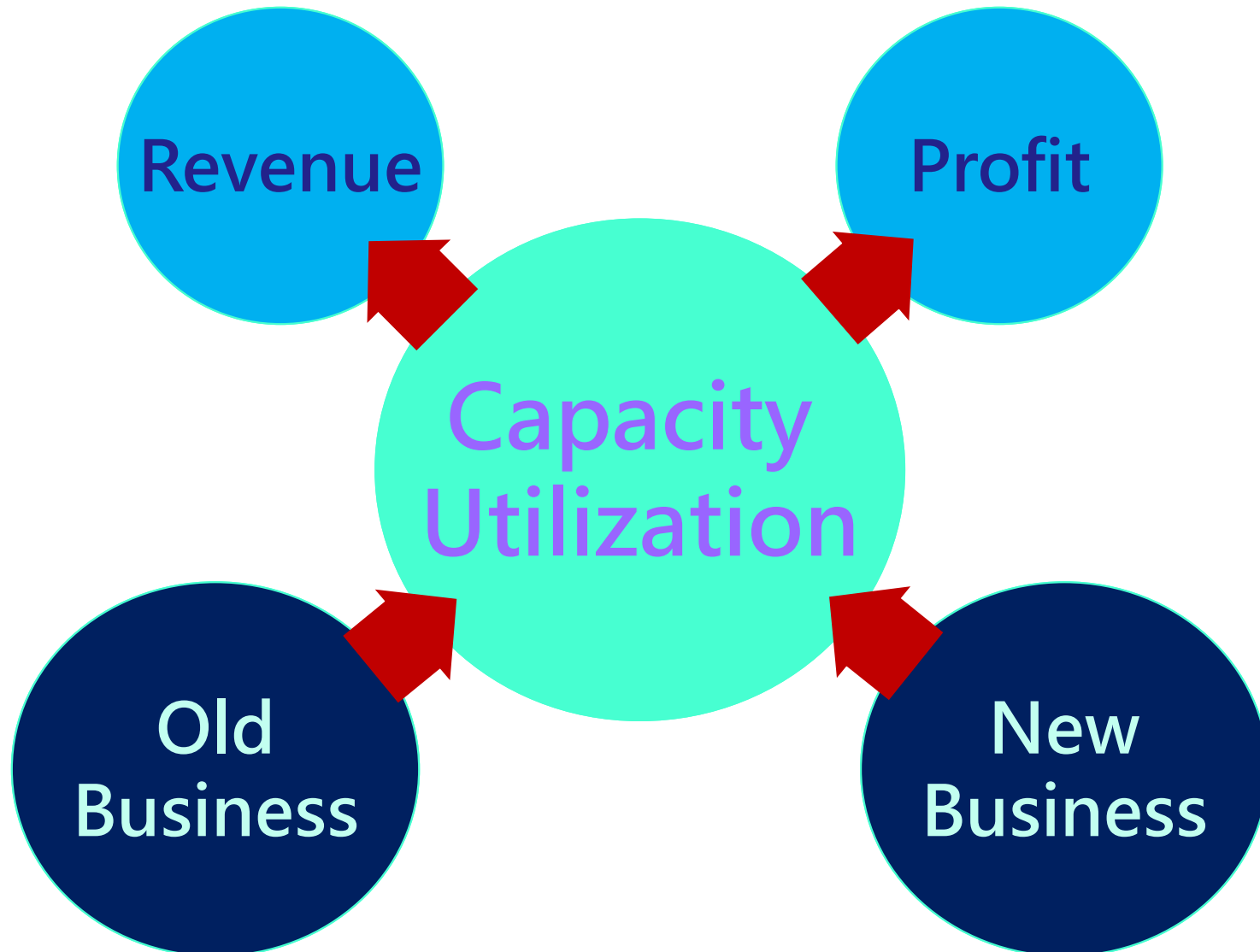
— Gross Margin

— Net Income Ratio

..... 5-year Moving Average (Gross Margin)

..... 5-year Moving Average (Net Income Ratio)

Capacity Utilization is the key



New Business 1: Electric Vehicles

In response to the dramatic decline in global sales of internal combustion engine vehicles over the past two years, our company has developed a number of new business.

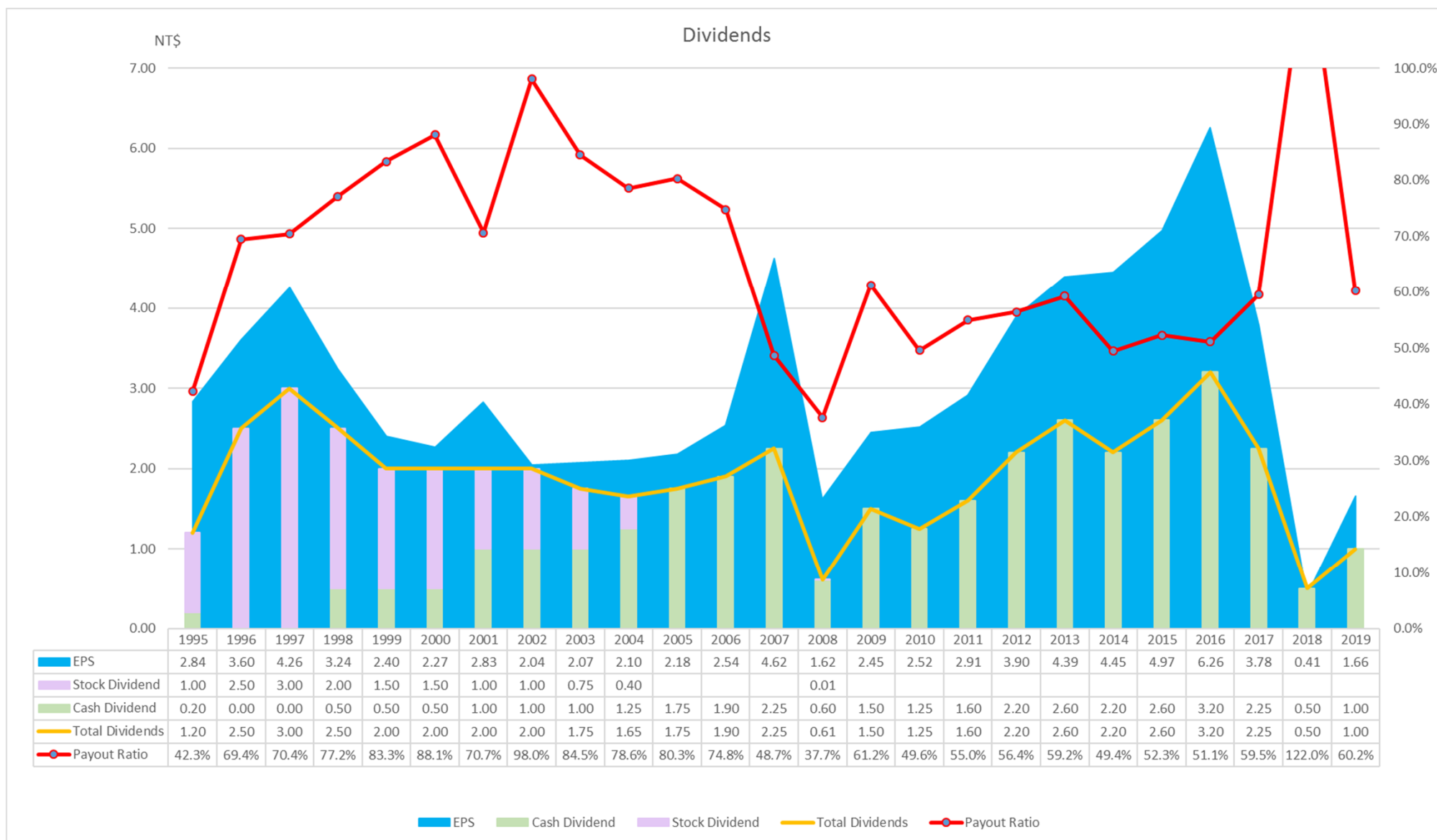
1. Three main supply chains in the EV business: the conventional automotive supply chain, the technology-oriented EV supply chain in the United States, and the Chinese EV supply chain. We have developed a comprehensive EV business in the first two supply chains.
2. Our major focus is the traditional automotive supply chain, especially on the European automotive supply chain. We think that Europe will be the largest market for electric vehicles in the future because European EV market can grow rapidly even without subsidy. At present, we have been in the supply chain of most European electric vehicles, such as VW, PSA, etc. and we are even a major supplier of European ultra-luxury electric sports cars. In addition, we have also been in the supply chain of Japanese Toyota, American Ford and other world-renowned electric.
3. As for the technology-oriented EV supply chain in the United States, we have developed business relationship with them in the early stage and has already established a solid track record. Specifically, we have been in the supply chain of Lucid Motors, Rivian, GM Cruise and tesla.
4. The scale of the global EV market is still small, and our EV business has yet to achieve its full potential. But with the accelerating expansion of the EV market in the next decade, our forward-looking and comprehensive EV business can provide us a great momentum.

New Business 2: 非汽車業務

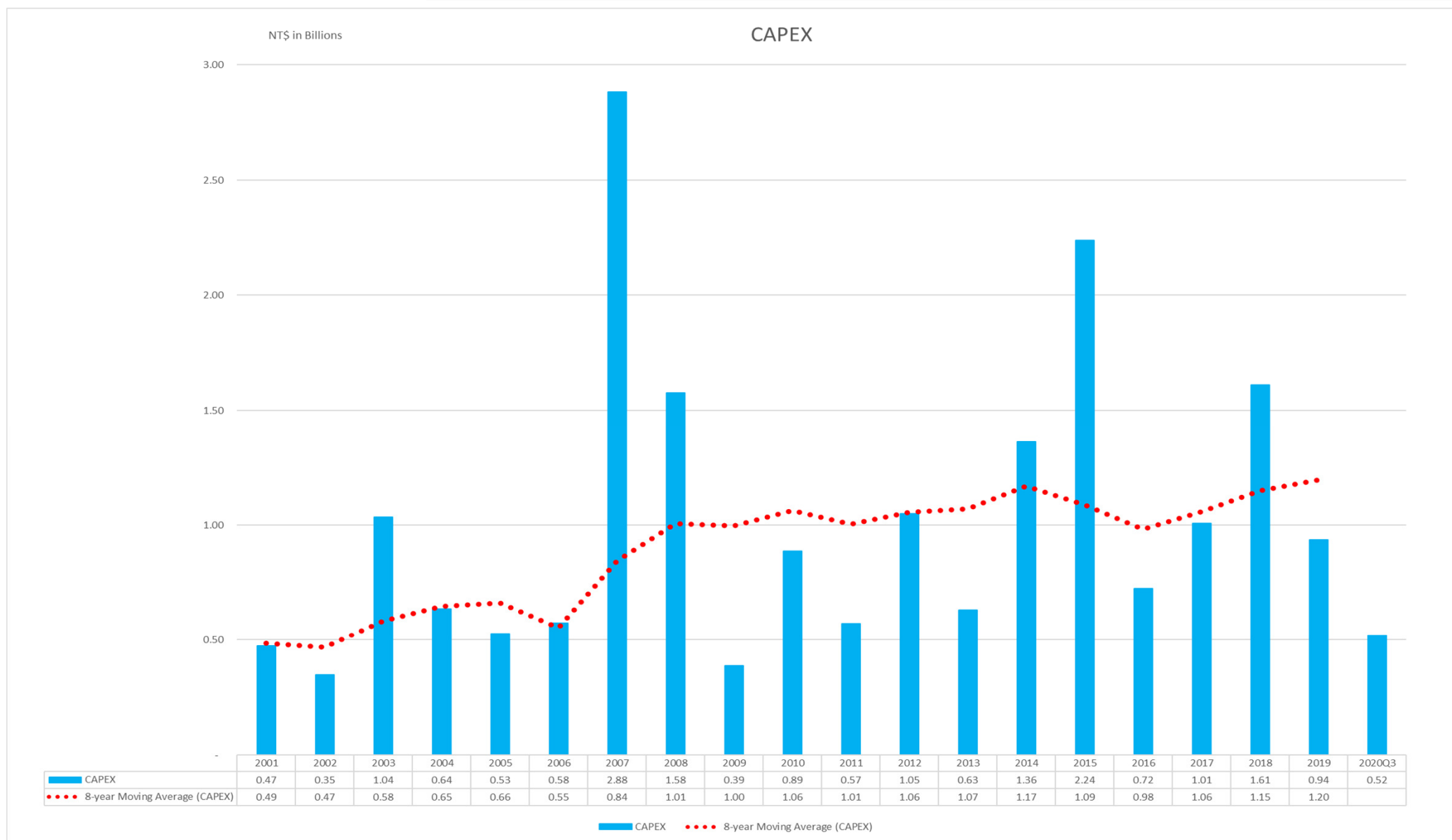
In response to the dramatic decline in global sales of internal combustion engine vehicles over the past two years, our company has developed a number of new business.

1. Many of our customers are large industrial groups, and their business is not limited to the automotive business. In the past, we focused more on their automotive business; in the future, we will actively use existing customer relationships to expand their business in other areas.
2. We have obtained the certification of the "AS 9100 Aerospace Quality Management System" this year. And we have actively developed the businesses of Low-Earth Orbit Satellites and have begun its product certification with a major customers in this area.
3. We have also revisited communications-related business which took one third of our revenue in 2007 and in 2008. We are developing business with European and American major manufacturers in this area, and are accelerating the product verification with them right now.

Payout Ratio

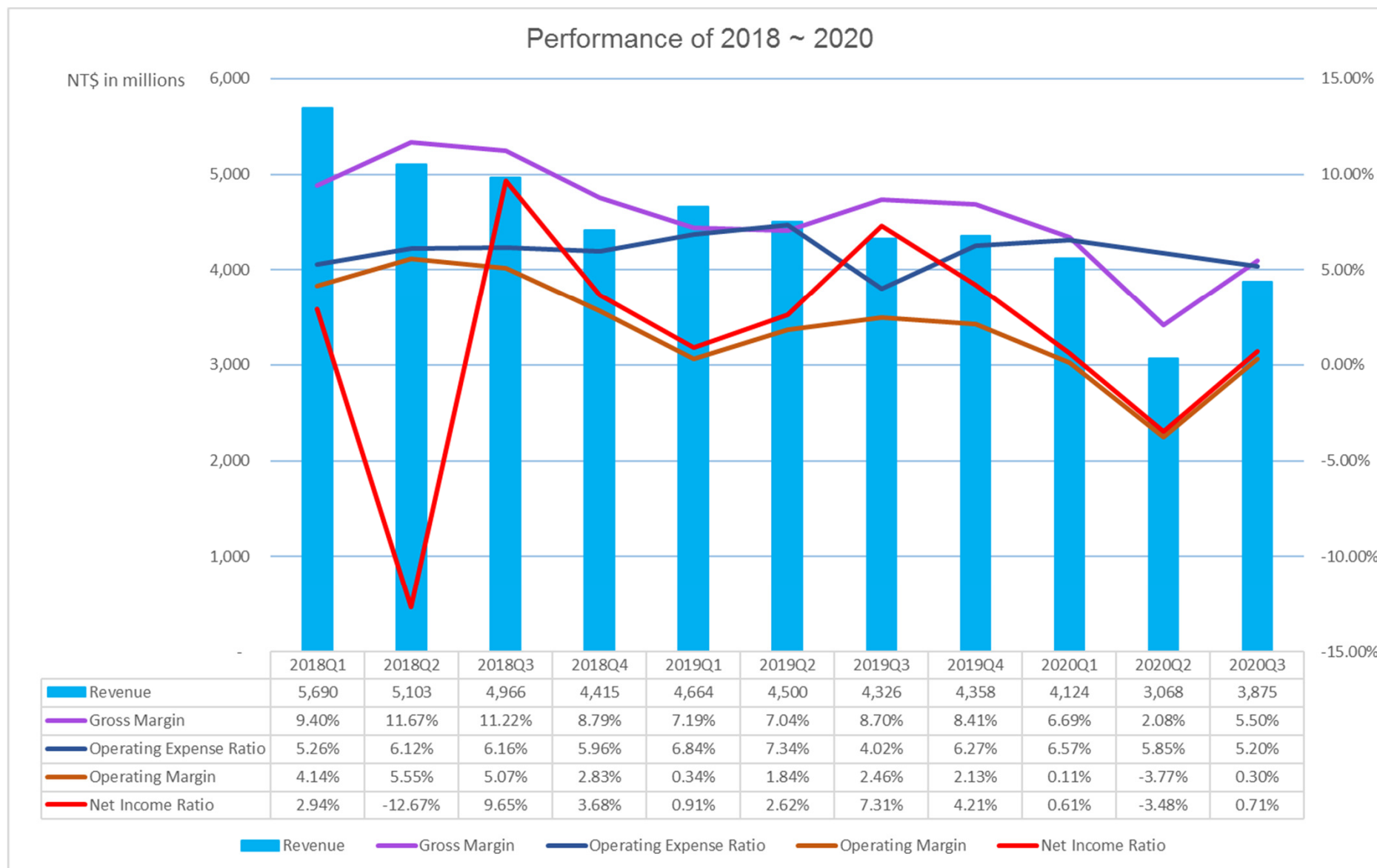


CAPEX



Performance in 2018 ~ 2020

Performance of 2018 ~ 2020



FX Impact on Gross Margin

Simulated Gross Margin

$$= \text{Previous Gross Margin} + 0.8 * \text{FX Impact}$$

FX Impact

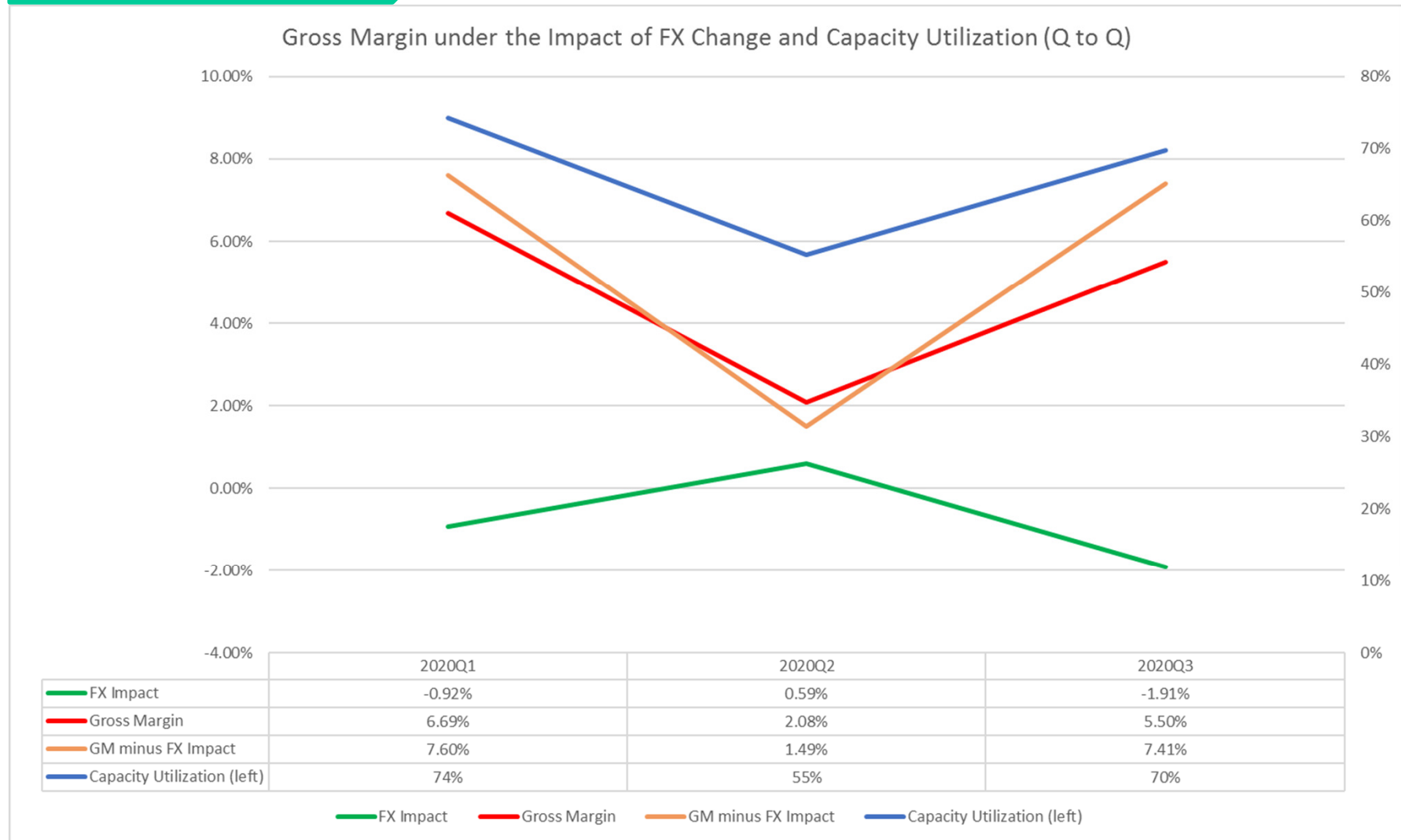
$$\begin{aligned} &= 0.55 * \text{Percentage Change of USD/NTD} \\ &\quad + 0.35 * \text{Percentage Change of USD/CNY} \\ &\quad + 0.10 * \text{Percentage Change of USD/THB} \end{aligned}$$

Note:

1. Use the multiplier of 0.8 for FX Impact because 90% of our revenue are in USD and some purchase in USD provides partial natural hedge for our revenue in USD.
2. Appreciation of USD/NTD, USD/CNY and USD/THB will have positive impact on our gross margin and depreciation of USD/NTD, USD/CNY and USD/THB will have negative impact on our gross margin. The multipliers of 0.55, 0.35 and 0.10 mean our production allocation factors of Taiwan, China and Thailand.

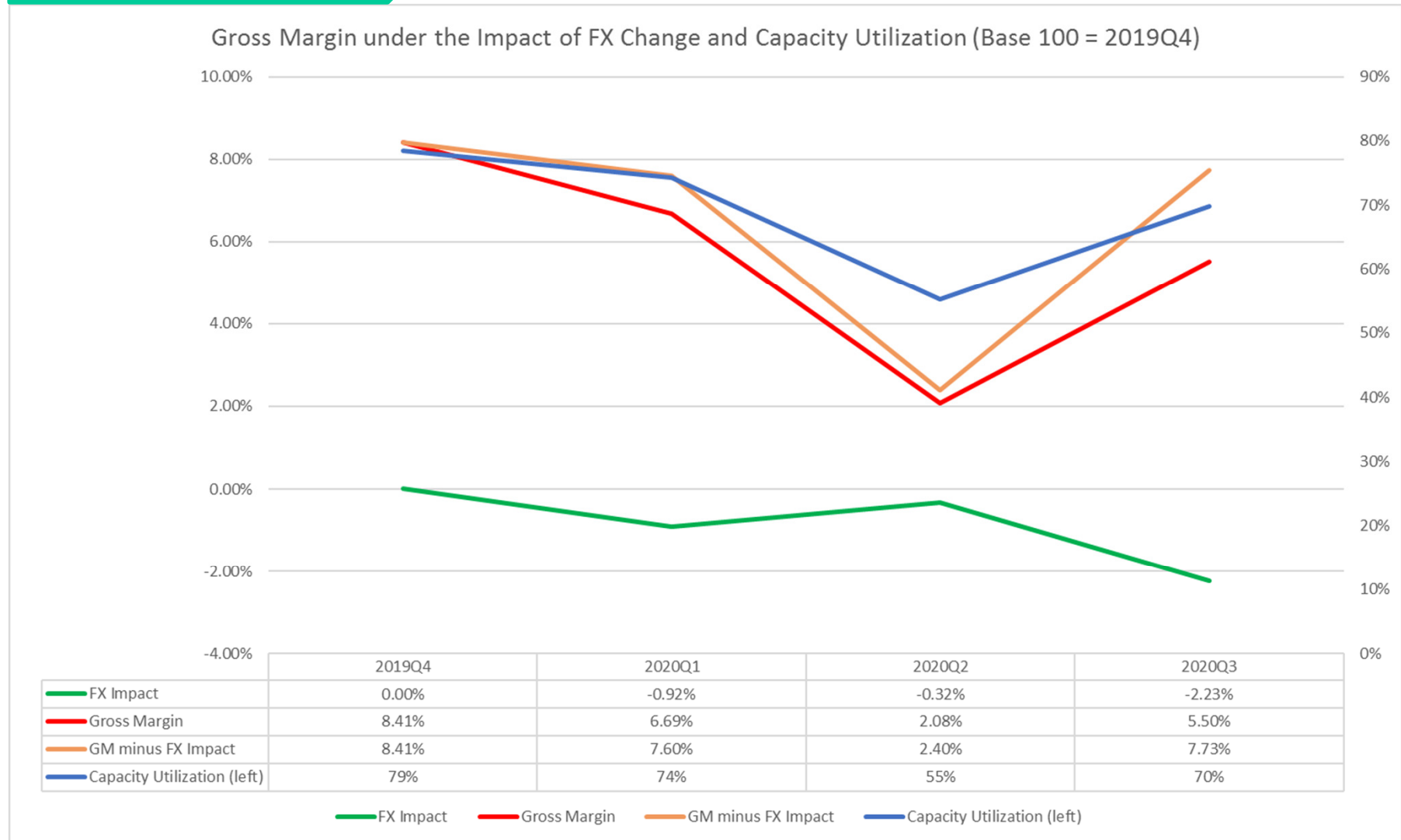
Gross Margin, FX Impact, Capacity Utilization 1

Perspective 1



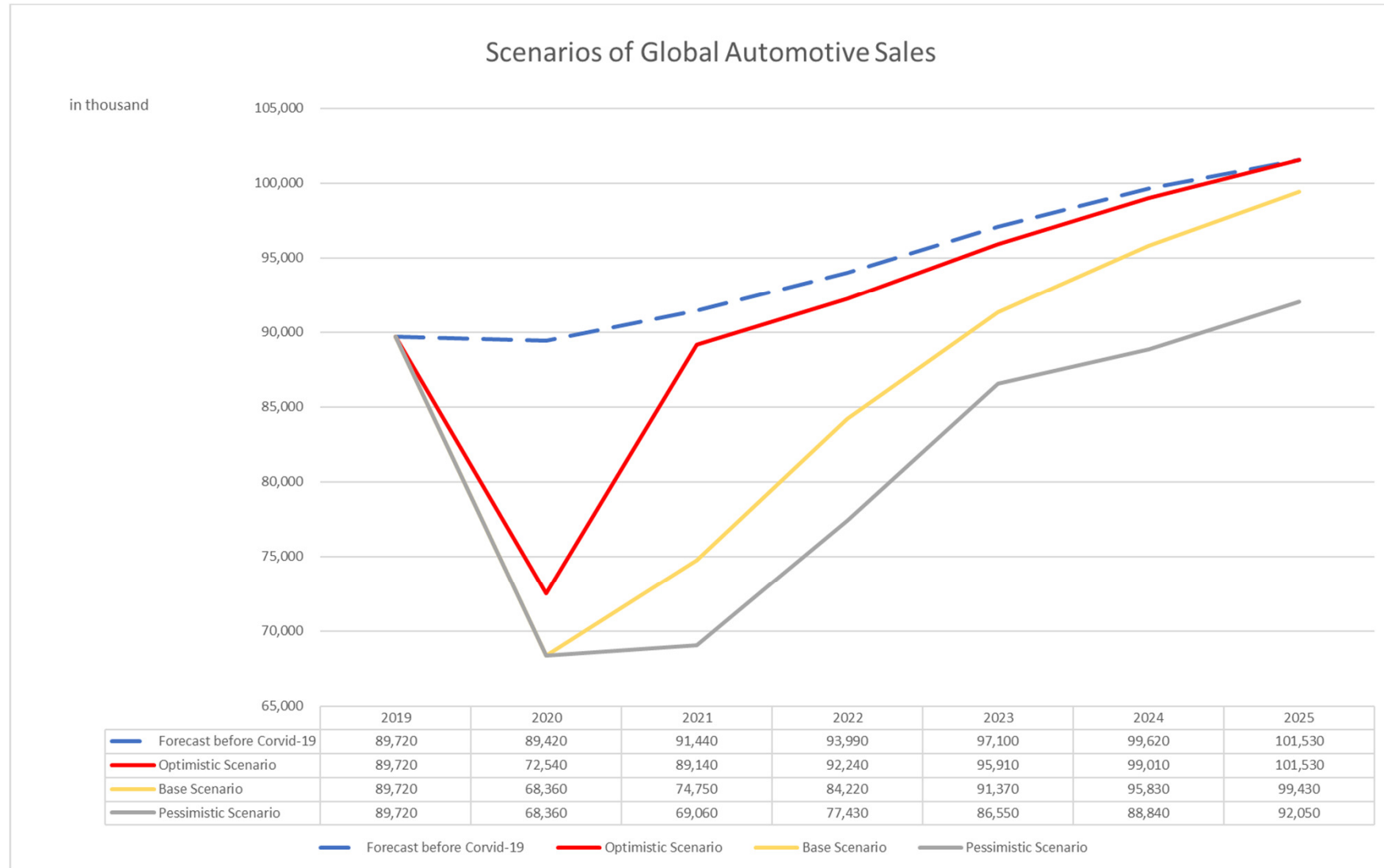
Gross Margin, FX Impact, Capacity Utilization 2

Perspective 2



Global Auto Market

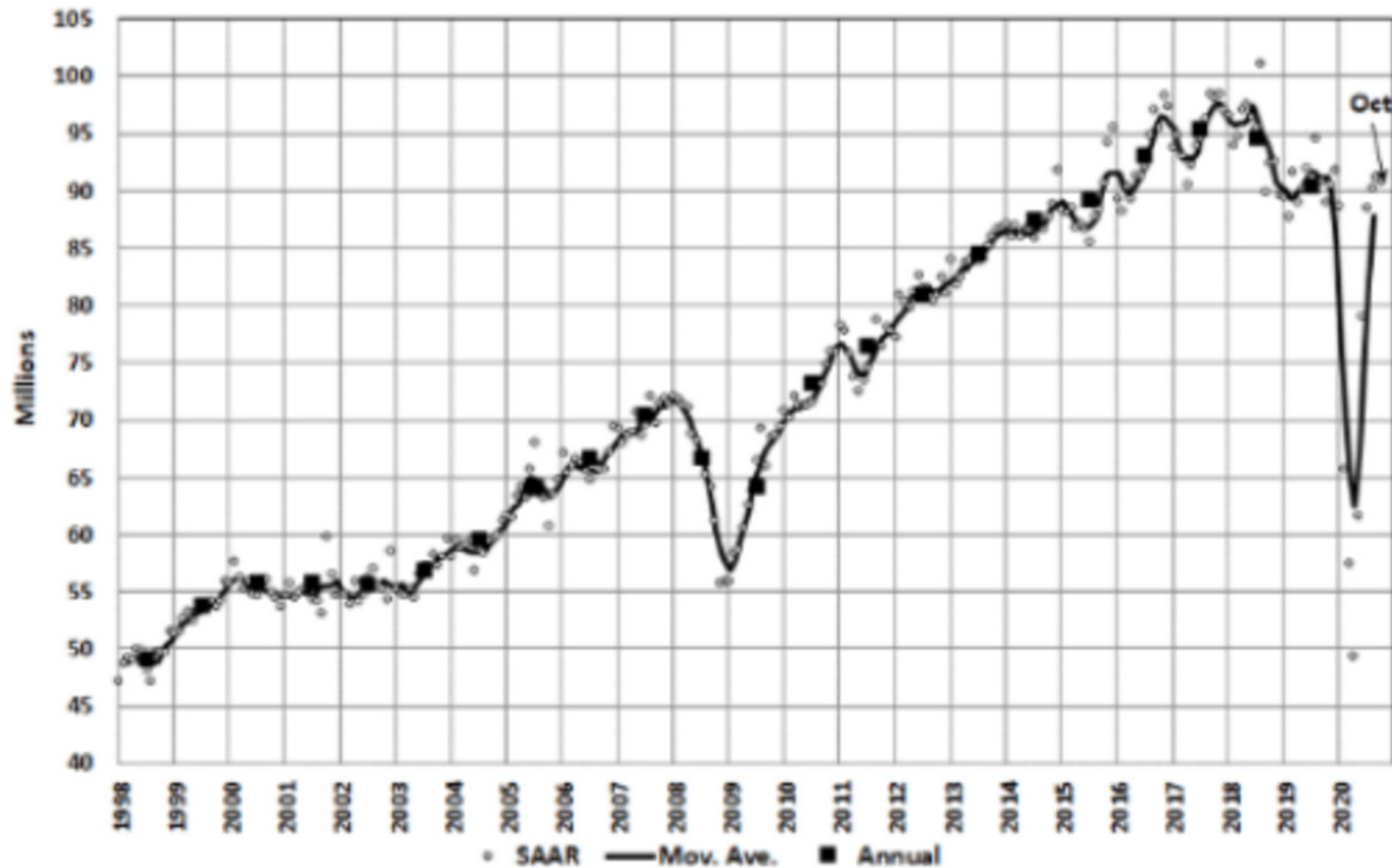
Scenarios of Global Automotive Sales



Sources: LMC & N. T. Information (Oct. 2020)

Global Automotive Market

Global Light Vehicle Sales



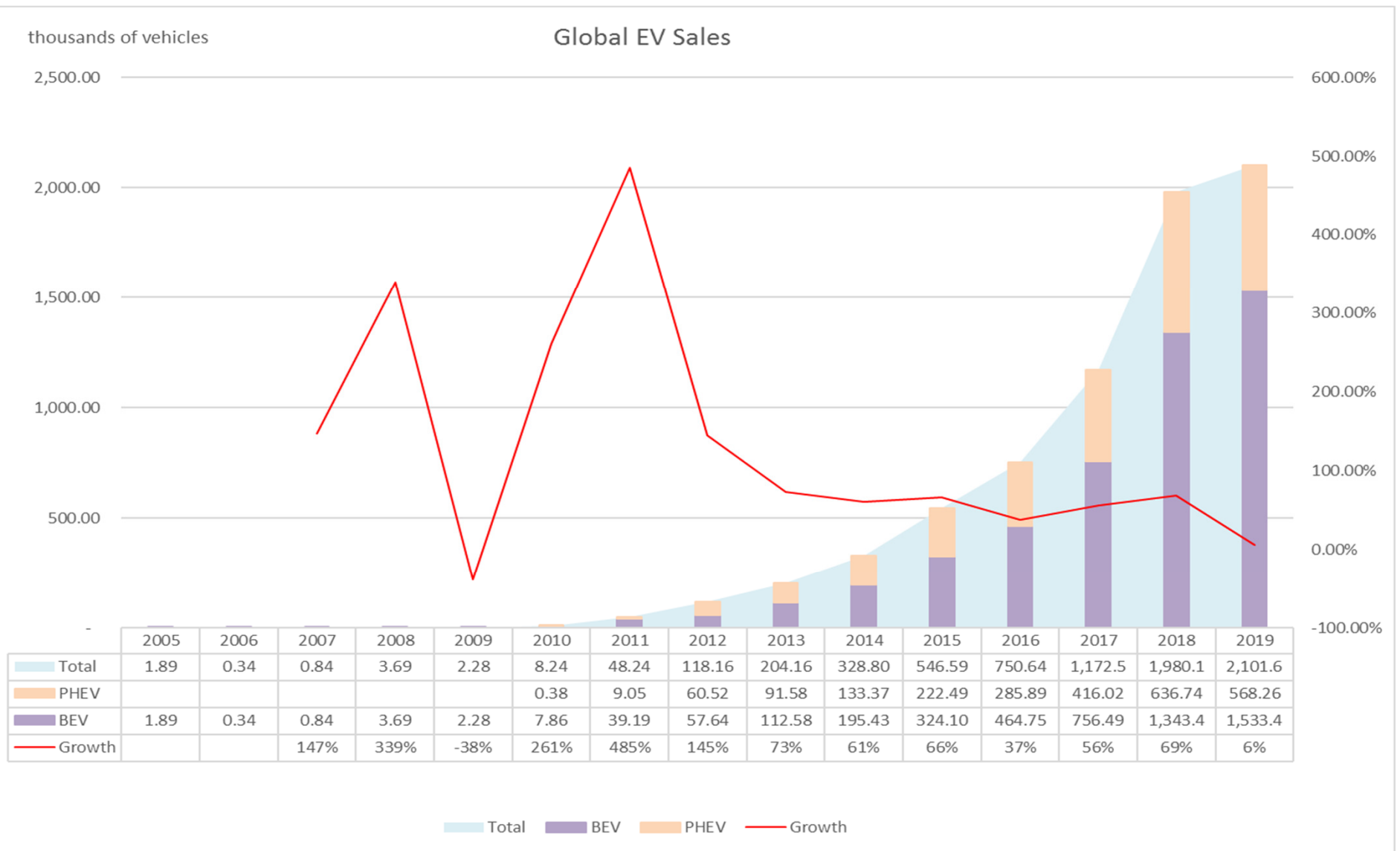
The Global Light Vehicle (LV) selling rate for October stood at a solid **91 mn** units/year.

Sources: LMC Automotive Global Light Vehicle Sales Update (Sep. 2020)

<https://lmc-auto.com/news-and-insights/public-data/>

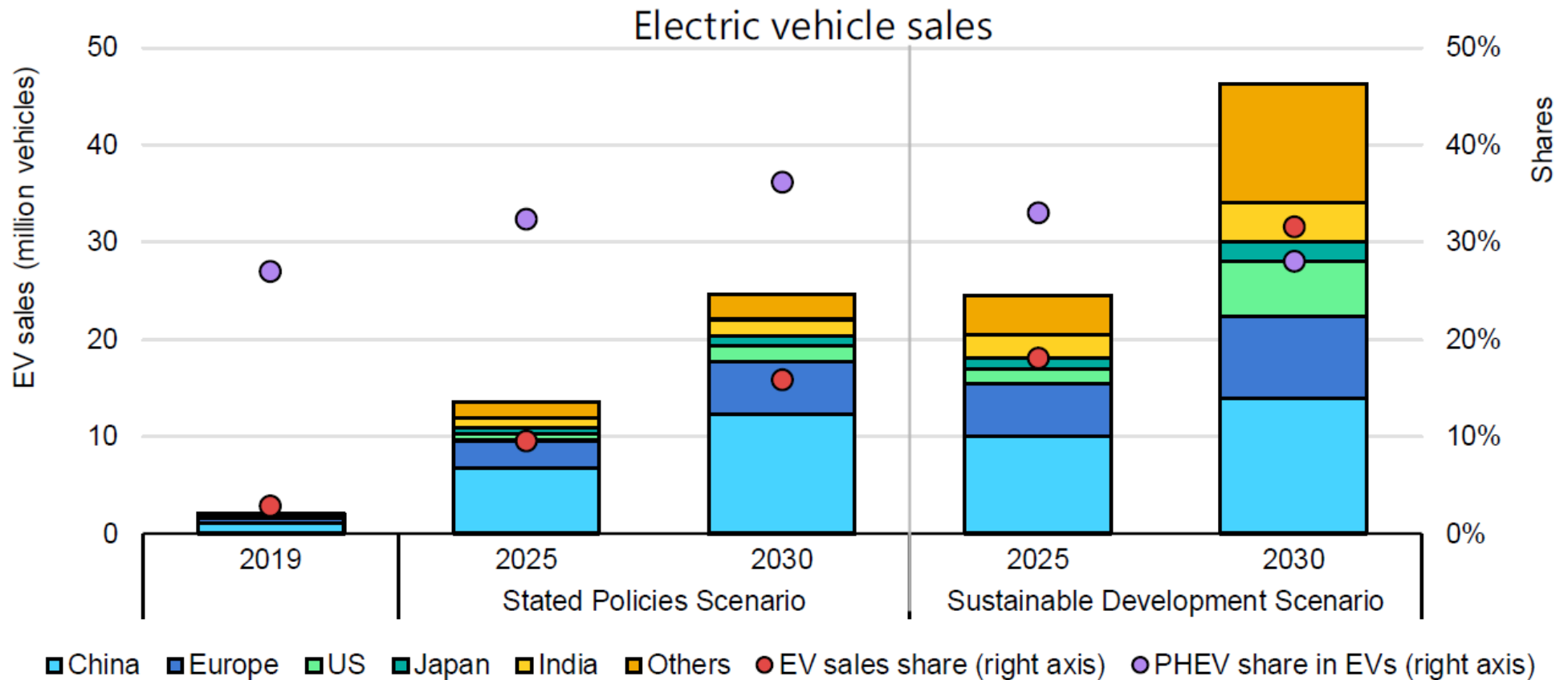
Global EV Outlook

Global EV Sales: the Past



Sources: Global EV Outlook 2020 (IEA June 2020)

Global EV Sales: the Future 1



In the Stated Policies Scenario, the global EV sales reach **almost 14 million in 2025 and 25 million vehicles in 2030**, representing respectively 10% and 16% of all road vehicle sales. In the Sustainable Development Scenario, the global EV sales reach **near 25 million in 2025 and more than 45 million vehicles in 2030**.

Sources: Global EV Outlook 2020 (IEA June 2020)

How many EVs can be made by 1 GWh?

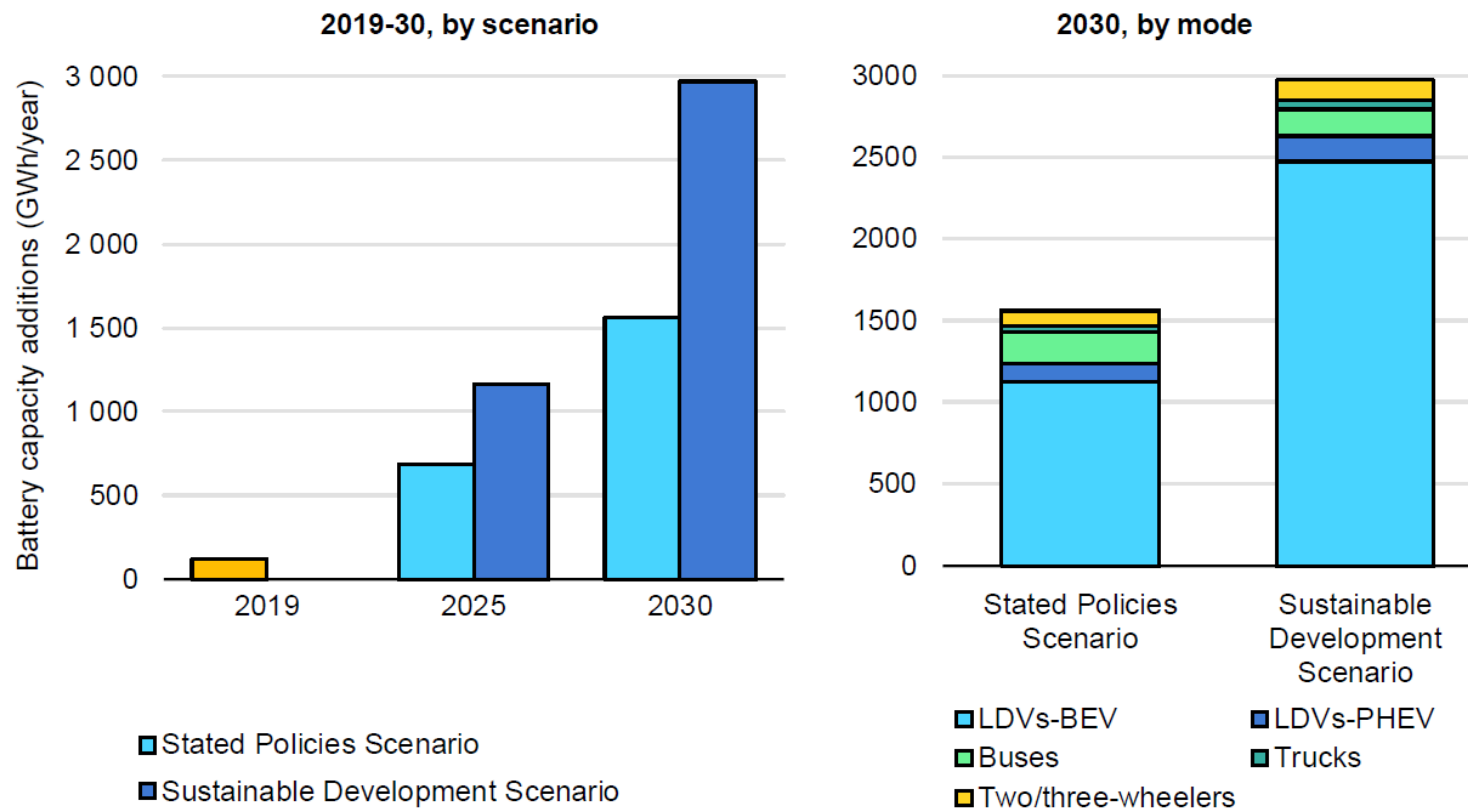
Battery Capacity	kWh per vehicle	how many vehicles
1 GWh	100	10,000
1 GWh	80	12,500
1 GWh	70	14,285
1 GWh	60	16,666
1 GWh	50	20,000

Note:

1. A Watt Hour (Wh) is a unit of measurement for power over a period of time (an hour), or in our case, a way of measuring capacity. One Watt hour is equal to one Watt of average power flow over an hour, which is 3600 joules.
2. The average price of battery was **USD 156 per kWh** in 2019. (IEA June 2020)
3. Average battery sizes for new BEVs range from 48 kWh to 67 kWh for cars. The trend of increasing battery capacity is expected to continue, with BEVs reaching an average driving range of **350-400 km** by 2030, which corresponds to battery sizes of **70-80 kWh**. (IEA June 2020)

Global EV Battery Demand: the Future 1

Annual global battery capacity additions from EV sales, 2019-30



Battery demand reaches **1.5 TWh per year** in the Stated Policies Scenario and over 3 TWh per year in the Sustainable Development Scenario, driven by battery electric cars in both scenarios.

Notes: For cars, battery capacity ranges increase to **70-80 kWh** in 2030 for BEVs and to **10-15 kWh** for PHEVs. For LCVs, battery capacity increases to 80-100 kWh in 2030 BEVs and to 15-17 kWh for PHEVs. The higher values are applied mainly in North America and the Middle East. Buses are assumed to use batteries of 250 kWh; two-wheelers use batteries of 3-4 kWh. Battery packs are assumed to have capacities of 150 kW for medium trucks and 350 kWh for heavy trucks.

Sources: Global EV Outlook 2020 (IEA June 2020)

Global EV Battery Capacity Expansion

	GWh
2023	≐ 1200
2025	≐ 1900
2027	≐ 3000
2029	≐ 4000
2030	≐ 4400

Sources: Daiwa forecasts October 2020

Why is EV Market in Europe surging ?

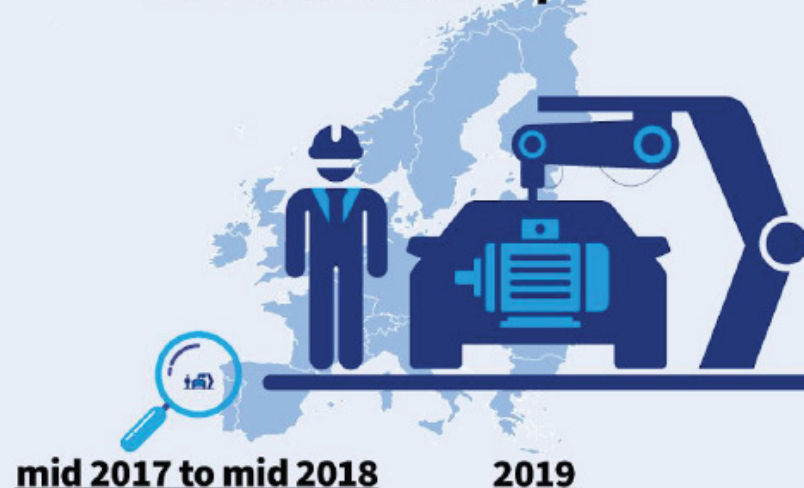
Policies	Stricter CO2 Emission Policies
	Deadline for ICE Cars Phasing out
Carmakers	Huge Penalty vs Moving to EV
	EV Investment Surge from 2019 on
Consumers	High Regard for Environmental Protection
	High Income to afford Expensive EV without Subsidy
Infrastructure	Enough Charging Points

EV Investment by EU Carmakers

E-mobility investments by EU carmakers and others in Europe are 3.5 times higher than in China

Europe is closing the investment gap with China compared to 2017/18

Investments in Europe



€3.2 billion

2019

€60 billion



Investments in China



€21.7 billion

2019

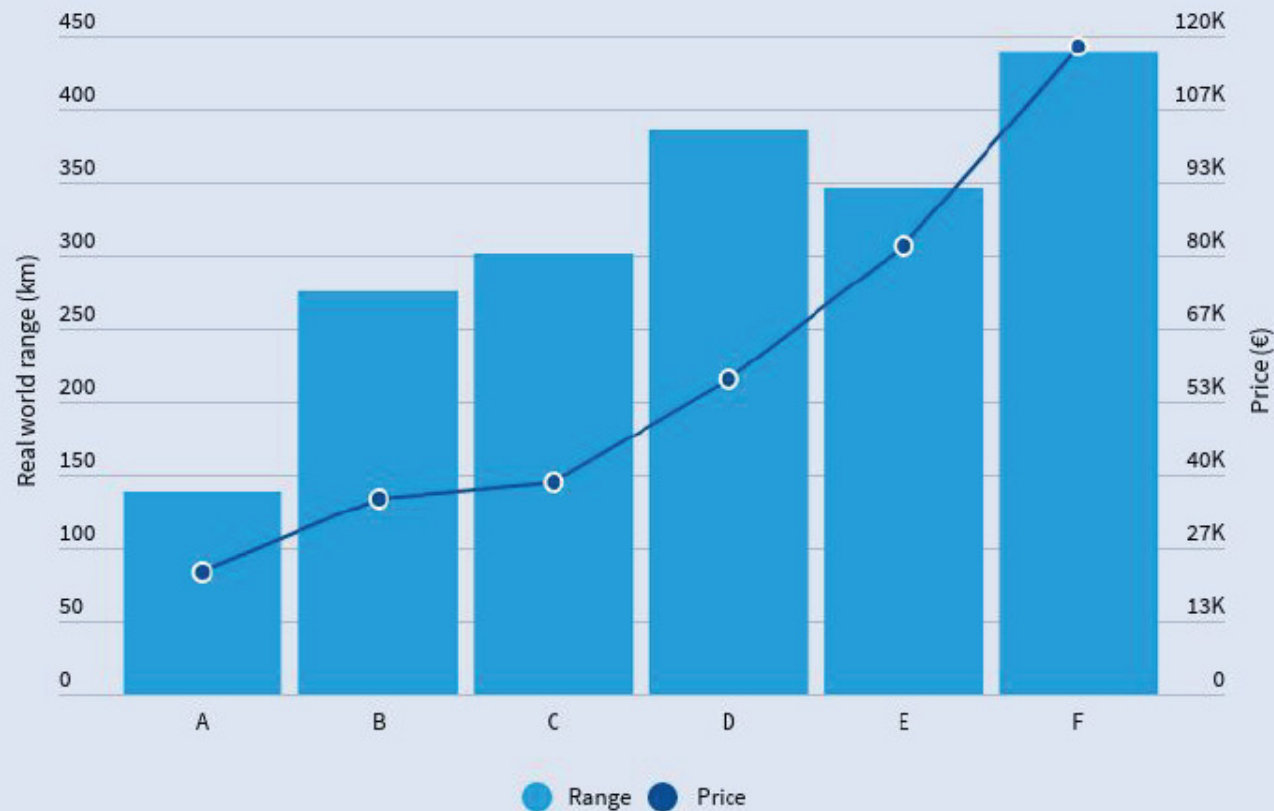
€17.1 billion



Sources: European Federation for Transport and Environment AISBL May 2020

EV Prices vs Range

BEVs range and price per segment



Source: EV-database, consulted on the 08/04/2020

Includes models available at least in one market / region by the end of 2020.

Purchase price is an average between the price in the Netherlands and in the UK

Sources: European Federation for Transport and Environment AISBL May 2020

With Total Solutions

Not Expensive in China: EV of USD 4,400



SAIC-GM-Wuling Automobile is a joint venture between SAIC Motor, General Motors, and Liuzhou Wuling Motors Co Ltd.

Range
120km



Sources: <https://www.sgmw.com.cn/e50.html>

Q & A



Thank You

IR Contact: Alex Hsiao

Tel: +886-3-322-2226

e-mail: spokesman@cppcb.com.tw