Elite Material Co., Ltd.

Global leader of eco-friendly laminates

Presentation

May 6, 2020

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Content

- Industry outlook
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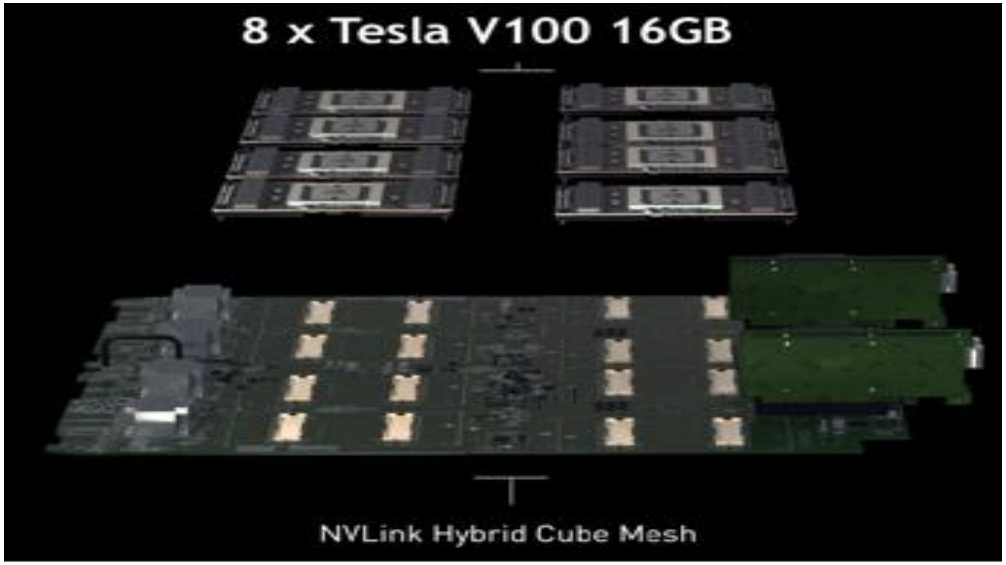
PCB design of networking infrastructure is migrating

- **Trend 1: Halogen-free. HF laminates are preferred or required.**

  New platforms of PCIe 4 include, but are not limited to, Intel's Whitely, request only halogen-free laminates.
- **Trend 2: HDI. AI semiconductors, GPUs and CPUs, and heterogeneous integration of semiconductors increase pin counts substantially.**

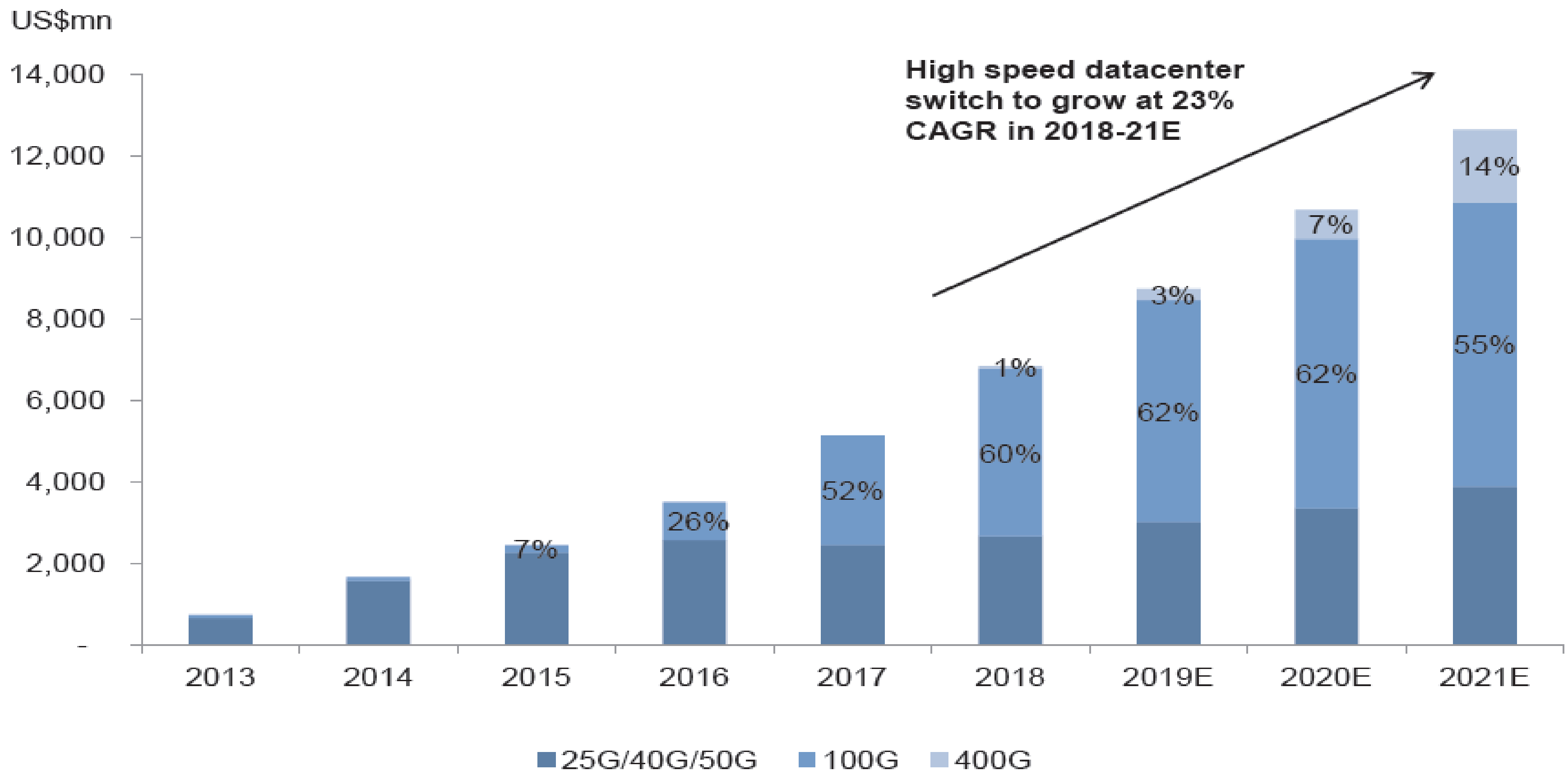
  Fine line/pitch HDI architecture design by PCB constructors becomes common.
- **Trend 3: Multi-lamination, which is a must in HDI construction technique.**
- **Decades of experiences and knowledge EMC accumulated in HF and HDI now a competitive advantage unrivalled by peers.**

Multi-GPUs make a super high speed computing AI Server



Source: nVidia

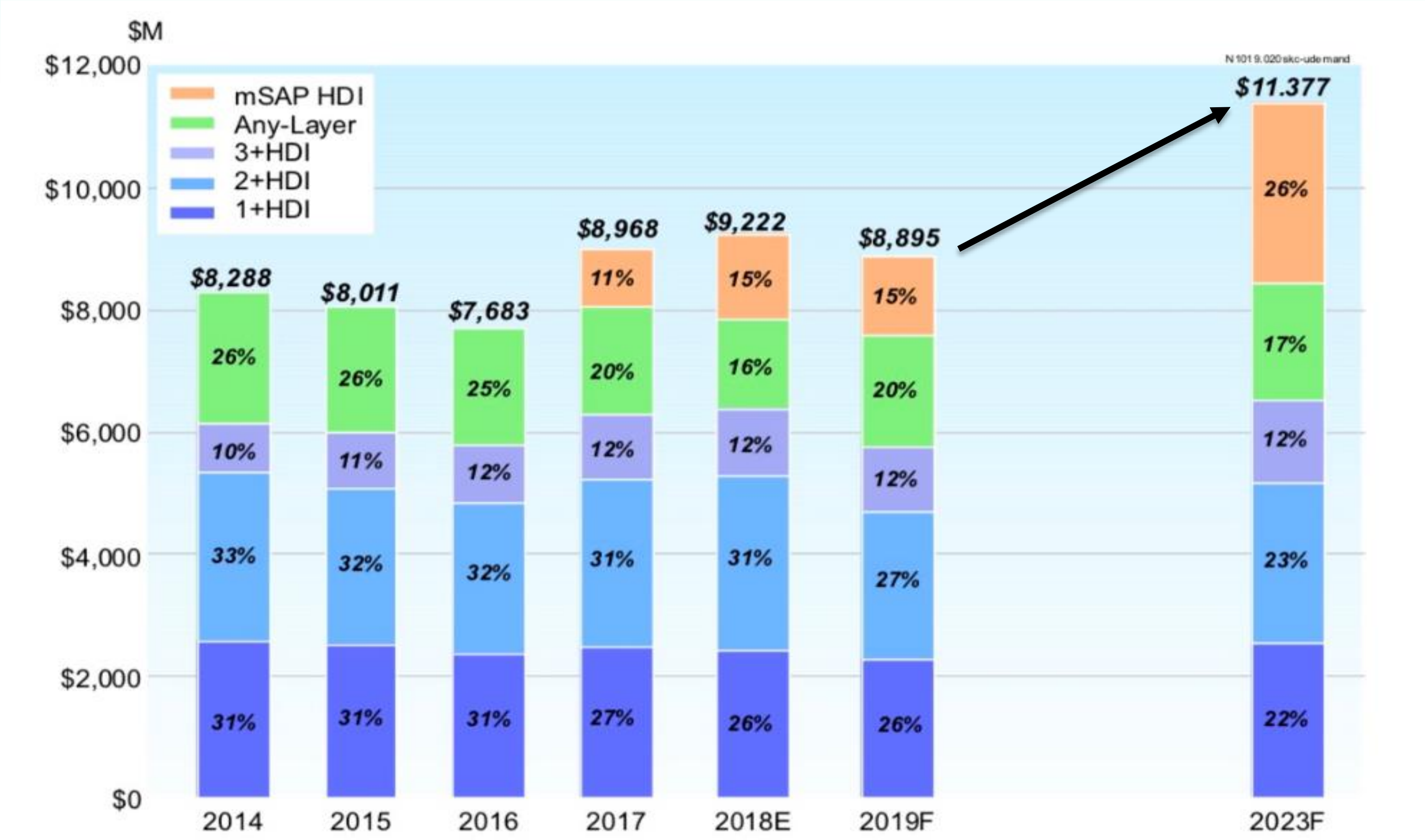
400G switch's revenue share of high speed datacenter switch market to expand to 14% in 2021E



High speed switch market includes switches with speed no lower than 25G

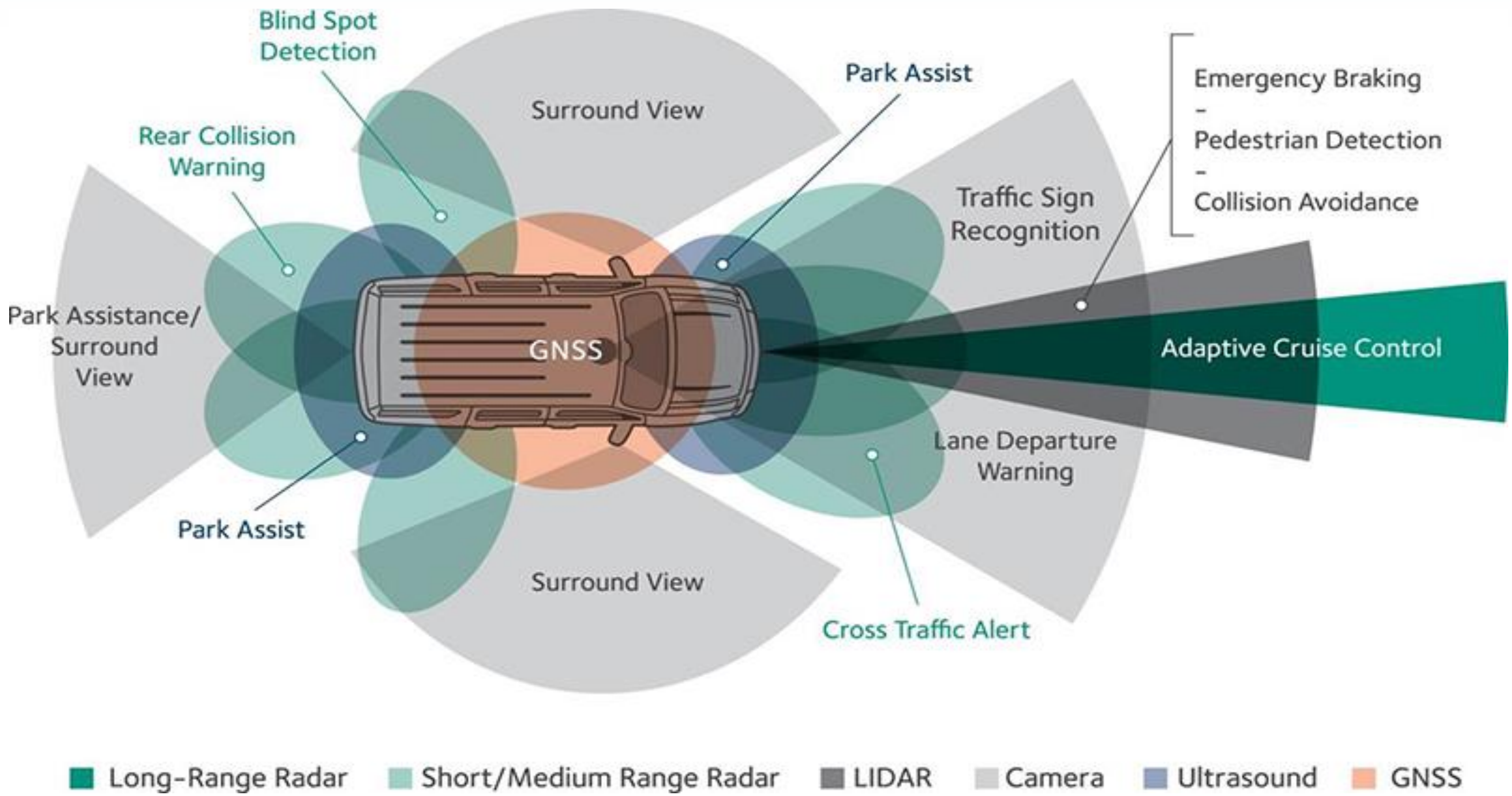
Source: Dell'Oro, IHS, Goldman Sachs Global Investment Research

Microvia demand by Technology, the request of high-end technology is increasing



Source: Prismark

A wide variety of automotive electronics applications is a positive trend for HDI



HDI (High-Density Interconnection) PCB adoption in automotive electronics is set to rise in the next 10 years in step with higher penetration of ADAS (advanced driver assistance systems), infotainment systems and telematic systems.

1Q20 P&L summary

Unit: NT$ million

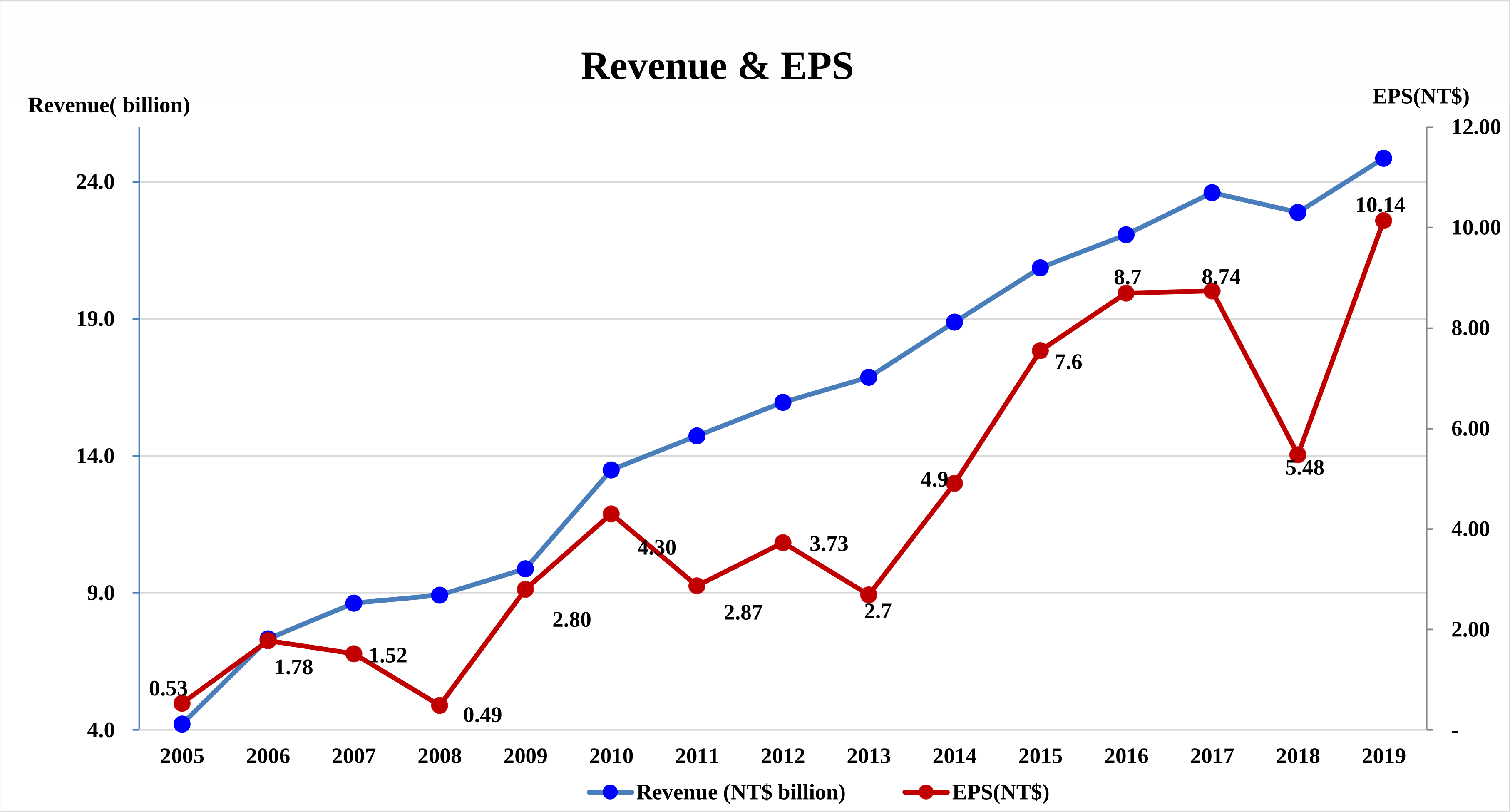
	1Q20	4Q19	QoQ	1Q19	YoY
Revenue	5,909	6,780	-12.9%	5,072	16.5%
Gross profit	1,431	1,722	-16.9%	1,074	33.2%
Operating profit	951	1,161	-18.1%	652	46.0%
Income before tax	954	1,182	-19.3%	679	40.5%
Tax expenses	(221)	(45)	389.7%	(203)	8.7%
Net income	733	1,137	-35.5%	476	54.1%
EPS (NT$) - basic	2.29	3.55	-35.6%	1.49	54.1%
Gross margin (%)	24.2%	25.4%		21.2%	
Operating margin (%)	16.1%	17.1%		12.9%	
Net margin (%)	12.4%	16.8%		9.4%	

1Q20 Abstracted Balance Sheet

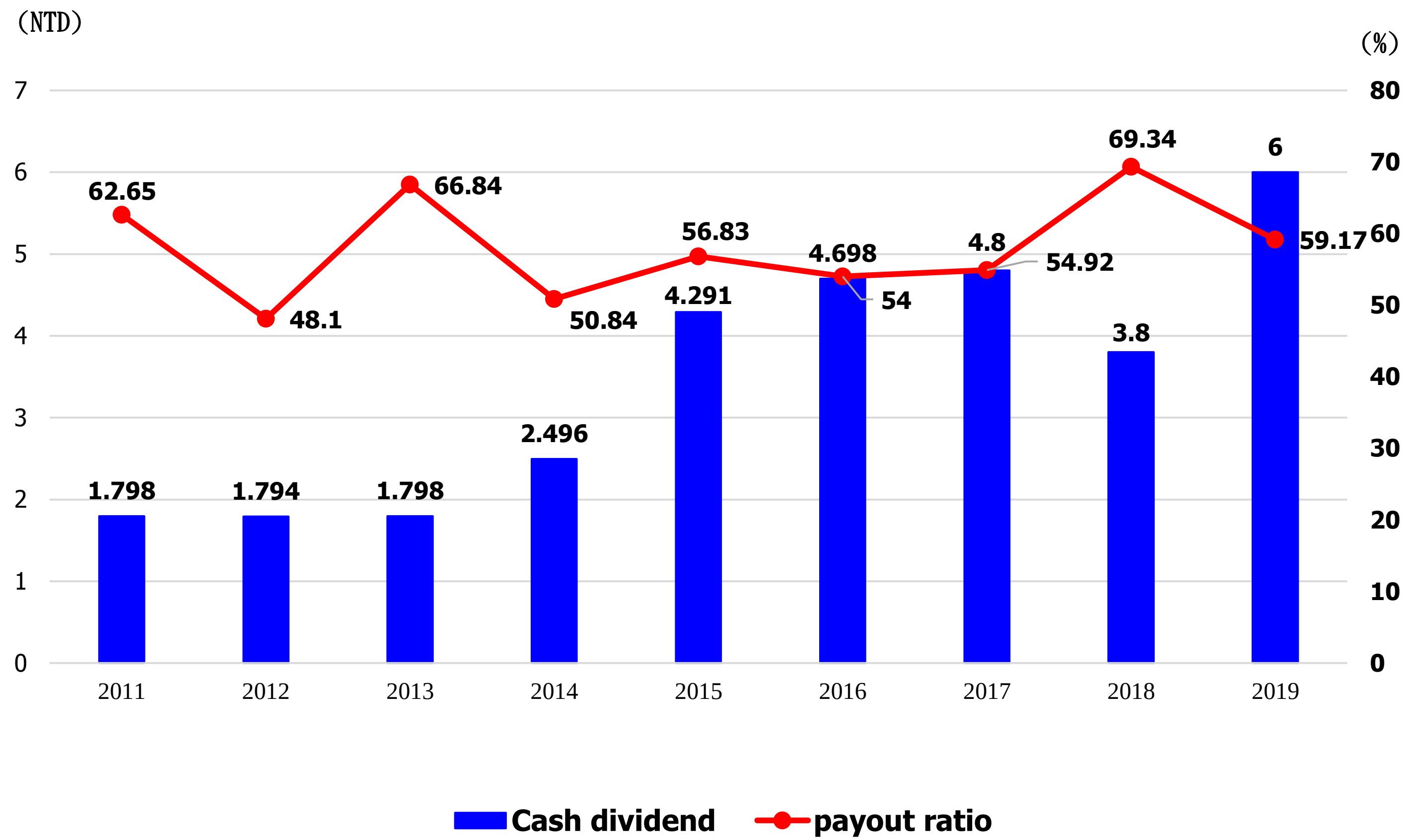
Unit:NT$ million	1Q20		4Q19		1Q19	
	Amount	%	Amount	%	Amount	%
Cash & Equivalent	7,007	27.1%	6,351	24.7%	6,352	28.7%
A/R+N/R	8,084	31.3%	9,192	35.8%	7,121	32.2%
Inv	3,384	13.1%	2,905	11.3%	2,411	10.9%
PPE	5,867	22.7%	5,858	22.8%	5,075	22.9%
Total Assets	25,825	100.0%	25,704	100.0%	22,140	100.0%
Short term Debt	903	3.5%	1,100	4.3%	1,197	5.4%
A/P	5,461	21.1%	5,672	22.1%	4,307	19.5%
Long term Debt	703	2.7%	643	2.5%	200	0.9%
Shareholder's Equity	14,140	54.8%	13,537	52.7%	12,624	57.0%
Total Debt and Equity	25,825	100.0%	25,704	100.0%	22,140	100.0%

APPENDIX

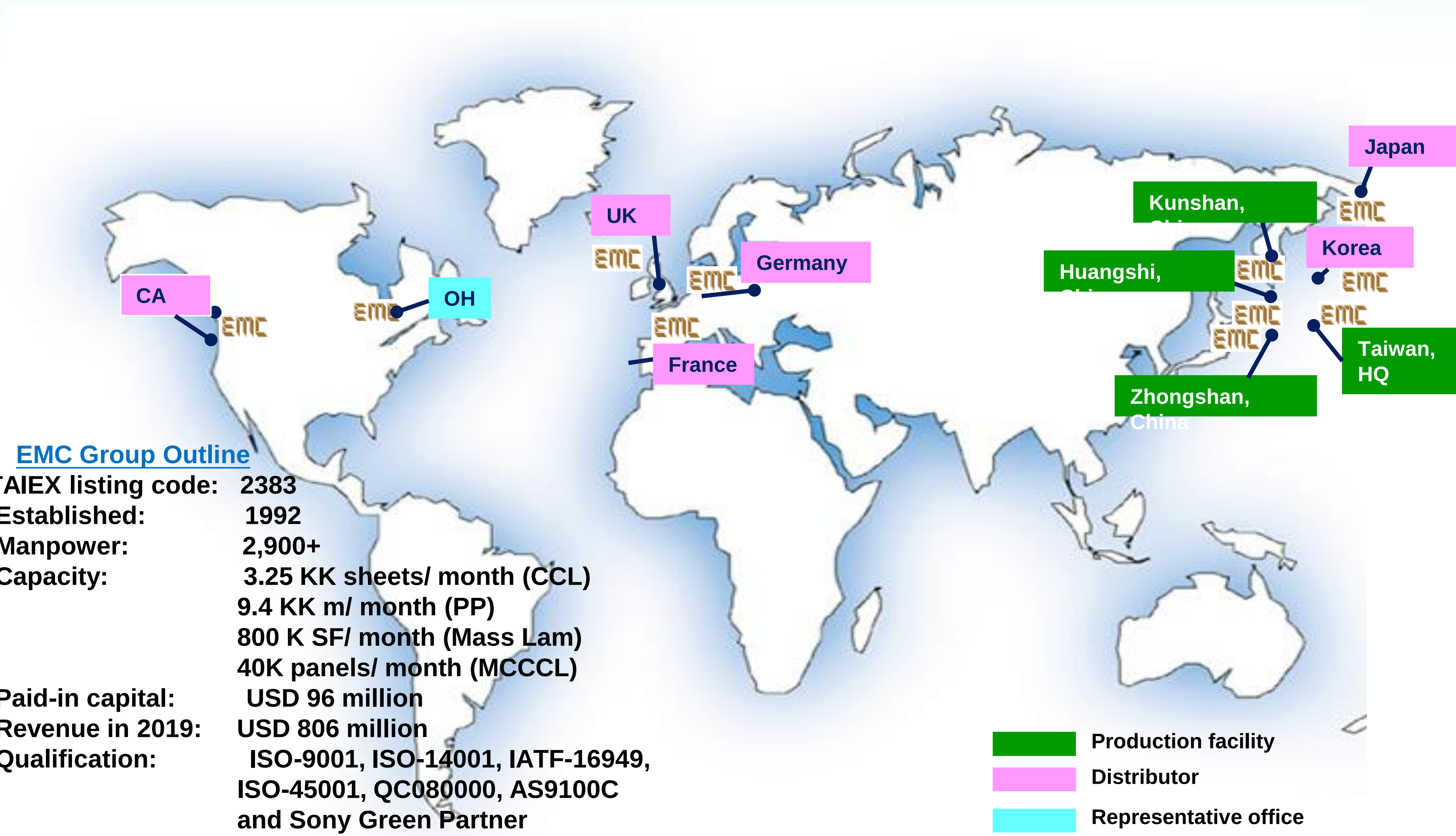
Operation performance for past 15 years



History of Cash dividend and Payout ratio



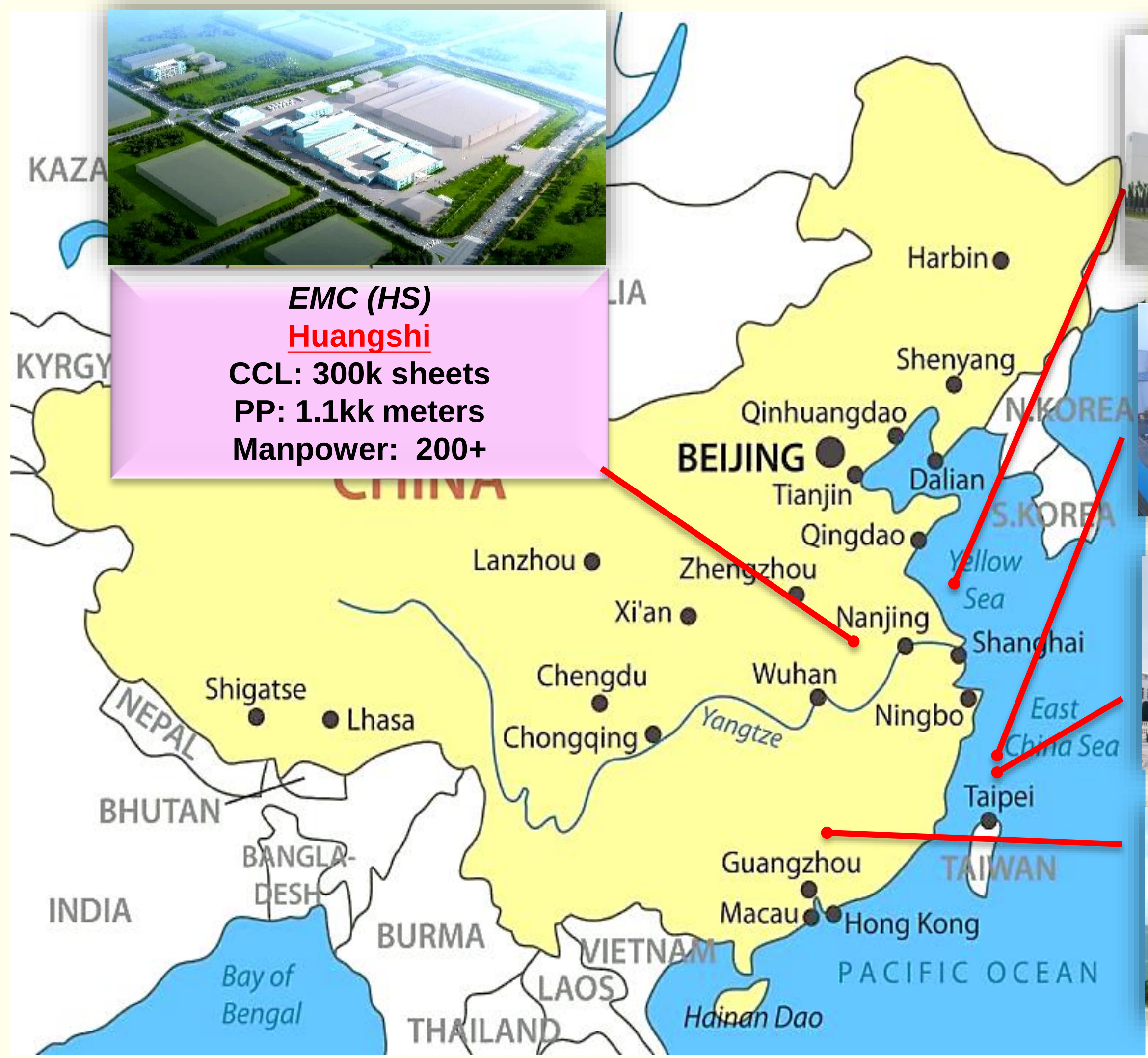
Company profile-Global Footprint



- <u>EMC Group Outline</u>

TAIEX listing code: 2383
Established: 1992
Manpower: 2,900+
Capacity: 3.25 KK sheets/ month (CCL)
9.4 KK m/ month (PP)
800 K SF/ month (Mass Lam)
40K panels/ month (MCCCL)
Paid-in capital: USD 96 million
Revenue in 2019: USD 806 million
Qualification: ISO-9001, ISO-14001, IATF-16949, ISO-45001, QC080000, AS9100C and Sony Green Partner
UL file number: E150504

Manufacturing Locations and Monthly Capacity



EMC (HS)
Huangshi
CCL: 300k sheets
PP: 1.1kk meters
Manpower: 200+

EMC (KS)
Kunshan
CCL: 1.35kk sheets
PP: 3.3kk meters
Manpower: 1,000+

EMC (TW)
Taoyuan
CCL: 500k sheets
PP: 1.8kk meters
Manpower: 600+

EMC (TW)
Hsinchu
CCL: 150k sheets
PP: 1.1kk meters
Mass Lam: 800k ft2
Metal Core: 40k pnls
Manpower: 300+

EMC (ZS)
Zhongshan
CCL: 950k sheets
PP: 2.1kk meters
Manpower: 800+