# Elite Material Co., Ltd.

## Global leader of eco-friendly laminates

*Presentation*

*Aug, 2020*

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# Content

- Industry outlook
- Financial performance
- Appendix

# 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.

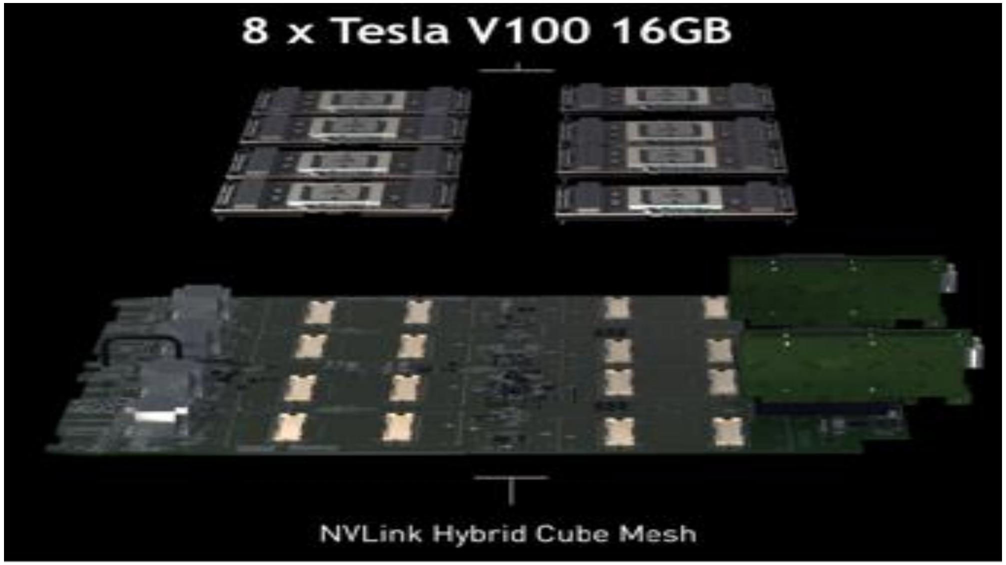
- **Trend 2: HDI.  AI semiconductors, GPUs and CPUs, and heterogeneous integration of semiconductors increase pin counts substantially.**

  Fine line/pitch HDI architecture design by PCB constructors becomes common.

- **Trend 3: The manufacturing technique of HDI becomes the must handicraft art of high-end networking board.**

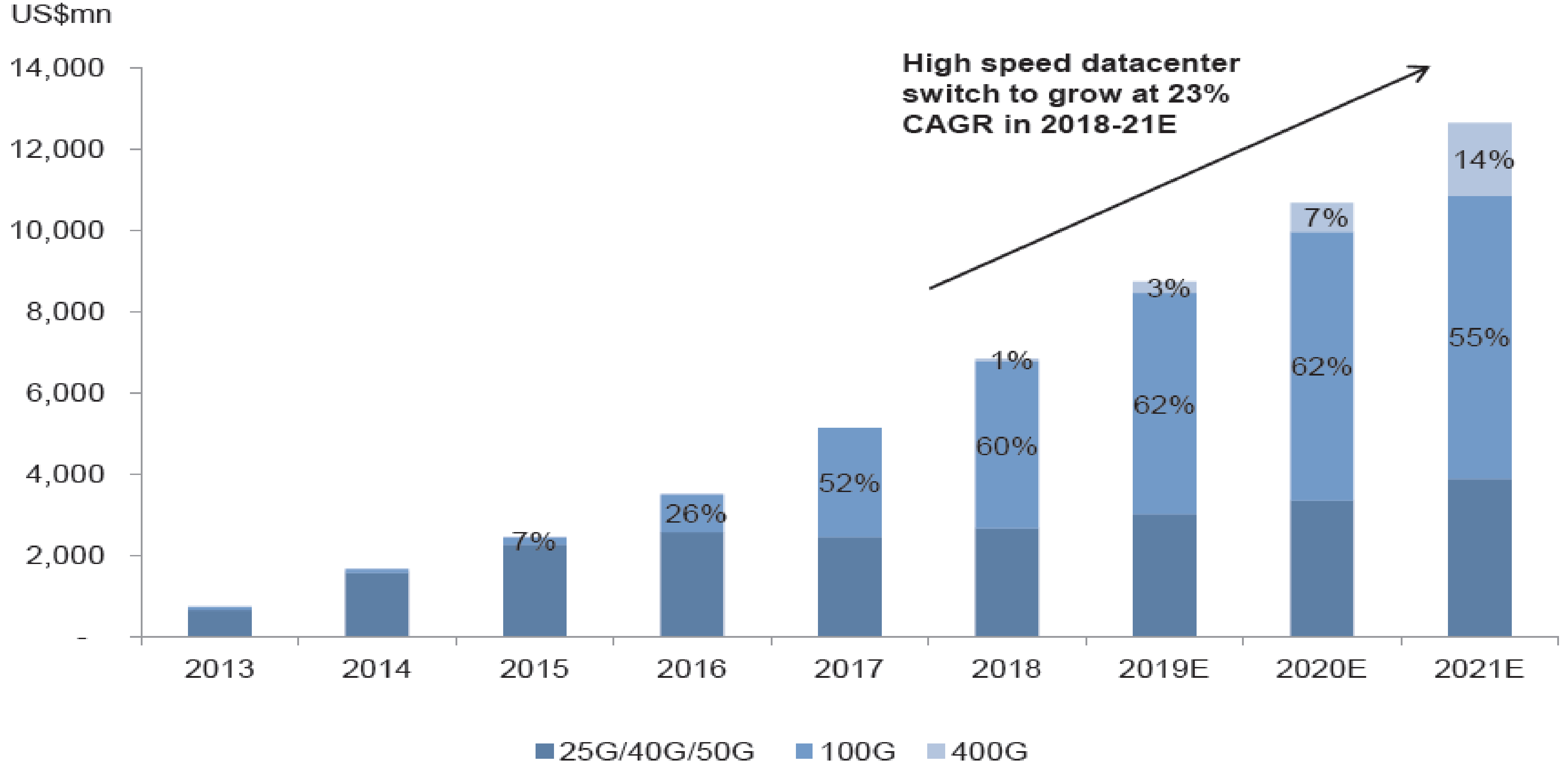
- **Decades of experiences and knowledge EMC accumulated in HF and HDI now a competitive advantage unrivalled by peers.**

**Multi-GPUs make a super high speed computing AI Server**




Source: nVidia

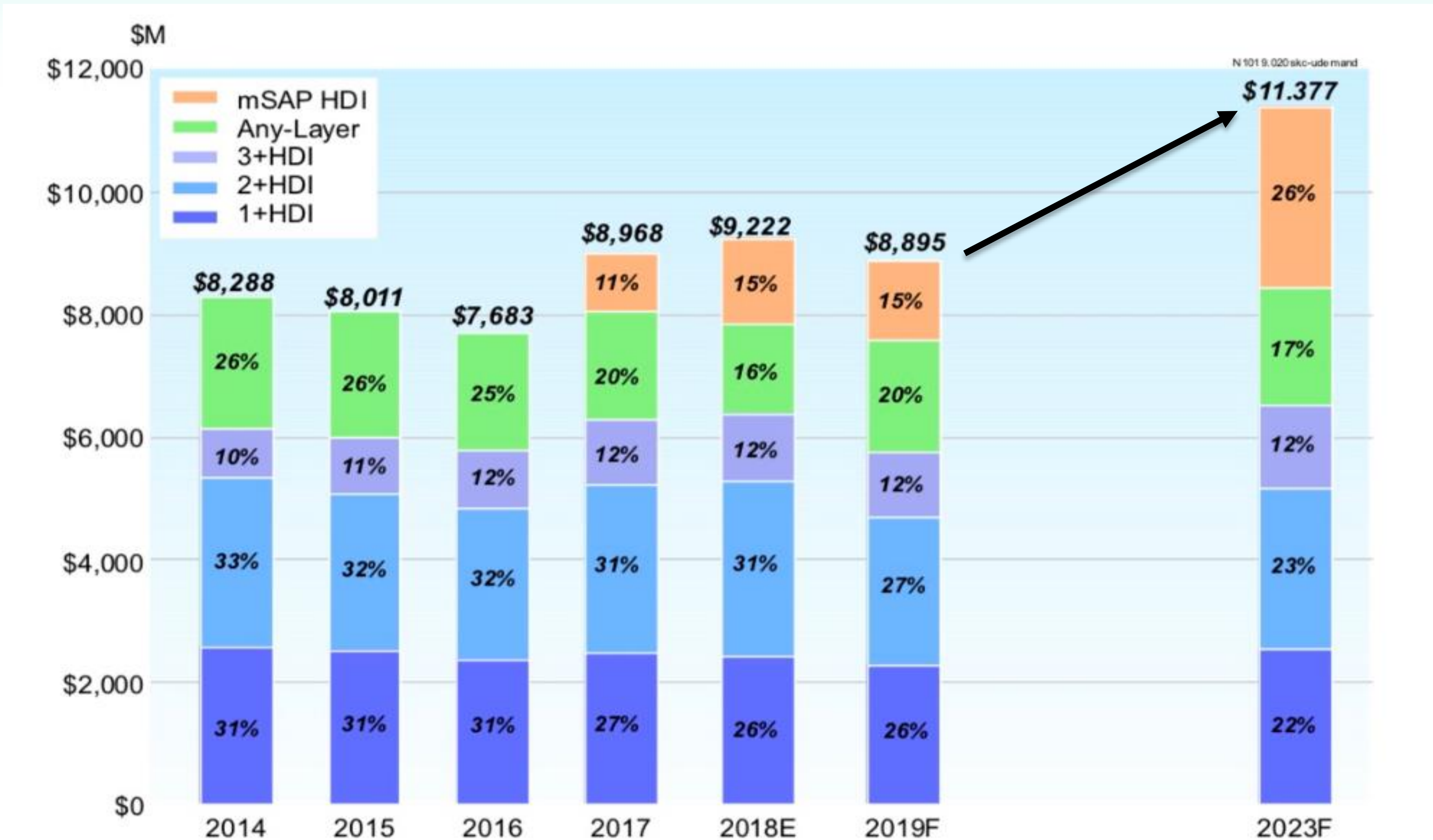
# 400G switch's revenue share of high speed datacenter switch market to expand to 14% in 2021E




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

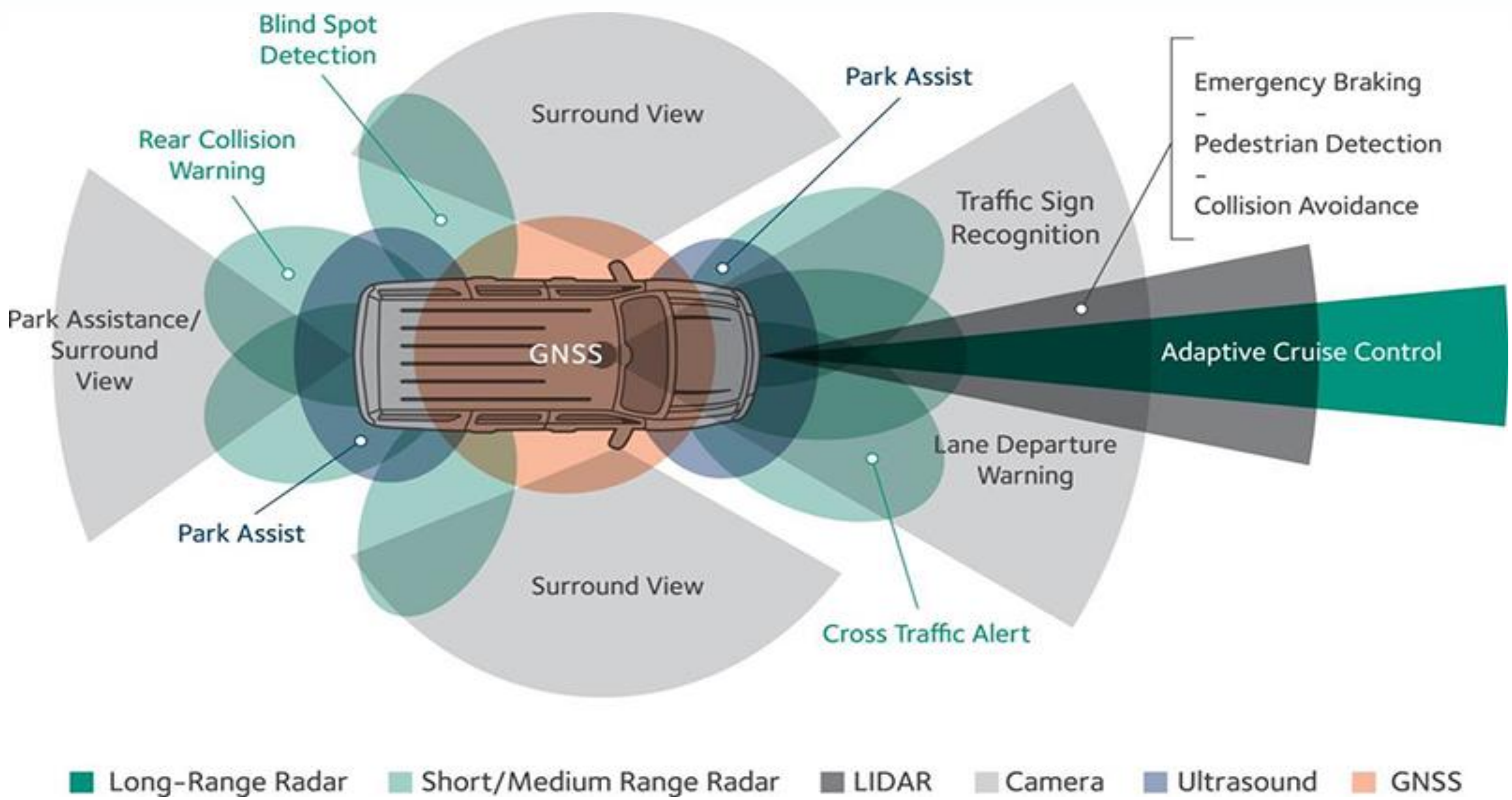
Source: Dell'Oro, IHS, Goldman Sachs Global Investment Research

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



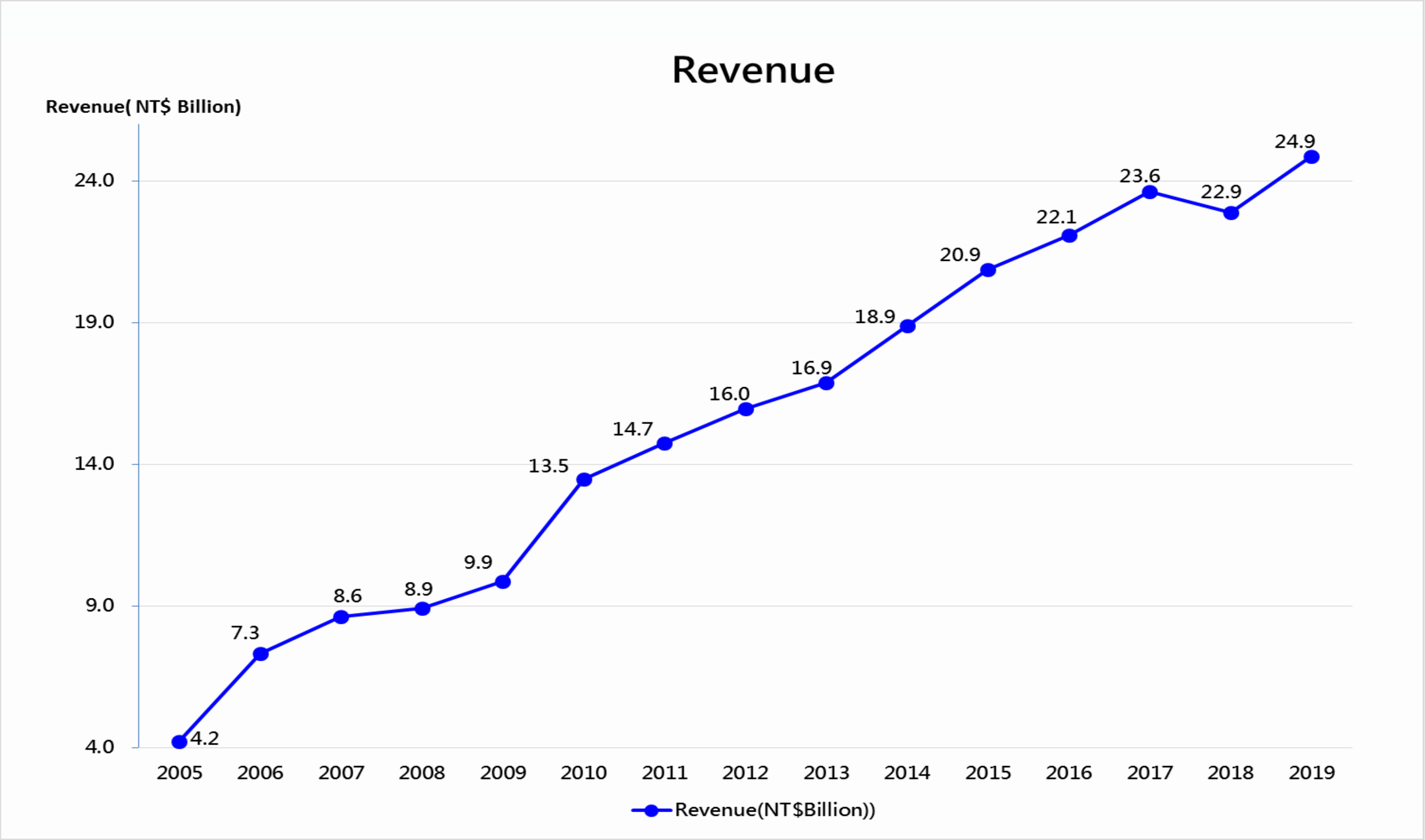

Source: Prismark

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

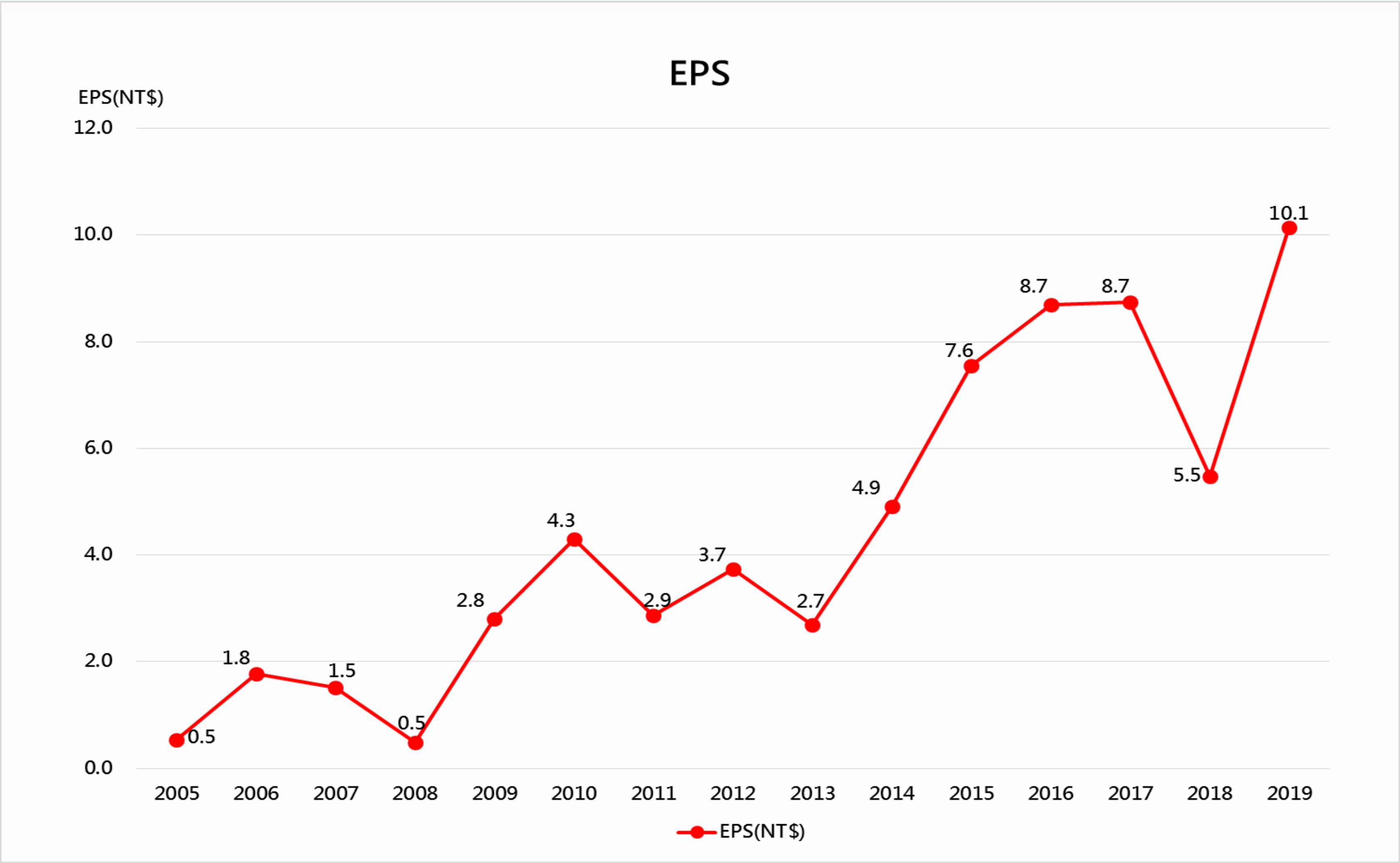



**HDI (High-Density Interconnection) PCB adoption in automotive electronics is set to rise in the next 10 years in step with higher penetration of ADAS (advanced driver assistance systems), infotainment systems and telematic systems.**

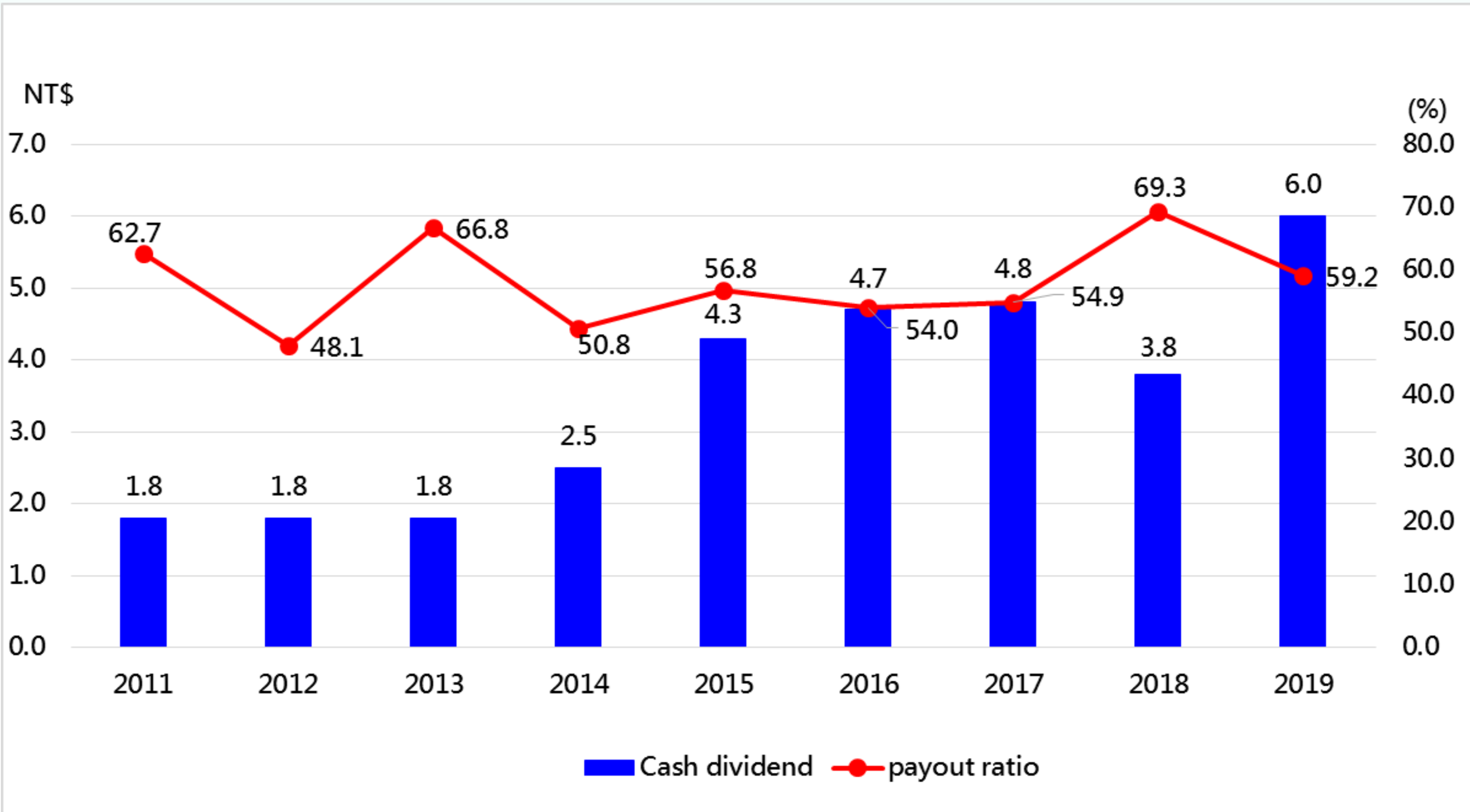
# Operation performance for past 15 years



# Operation performance for past 15 years



# History of Cash dividend and Payout ratio



# 2Q20 P&L summary

Unit: NT$ million

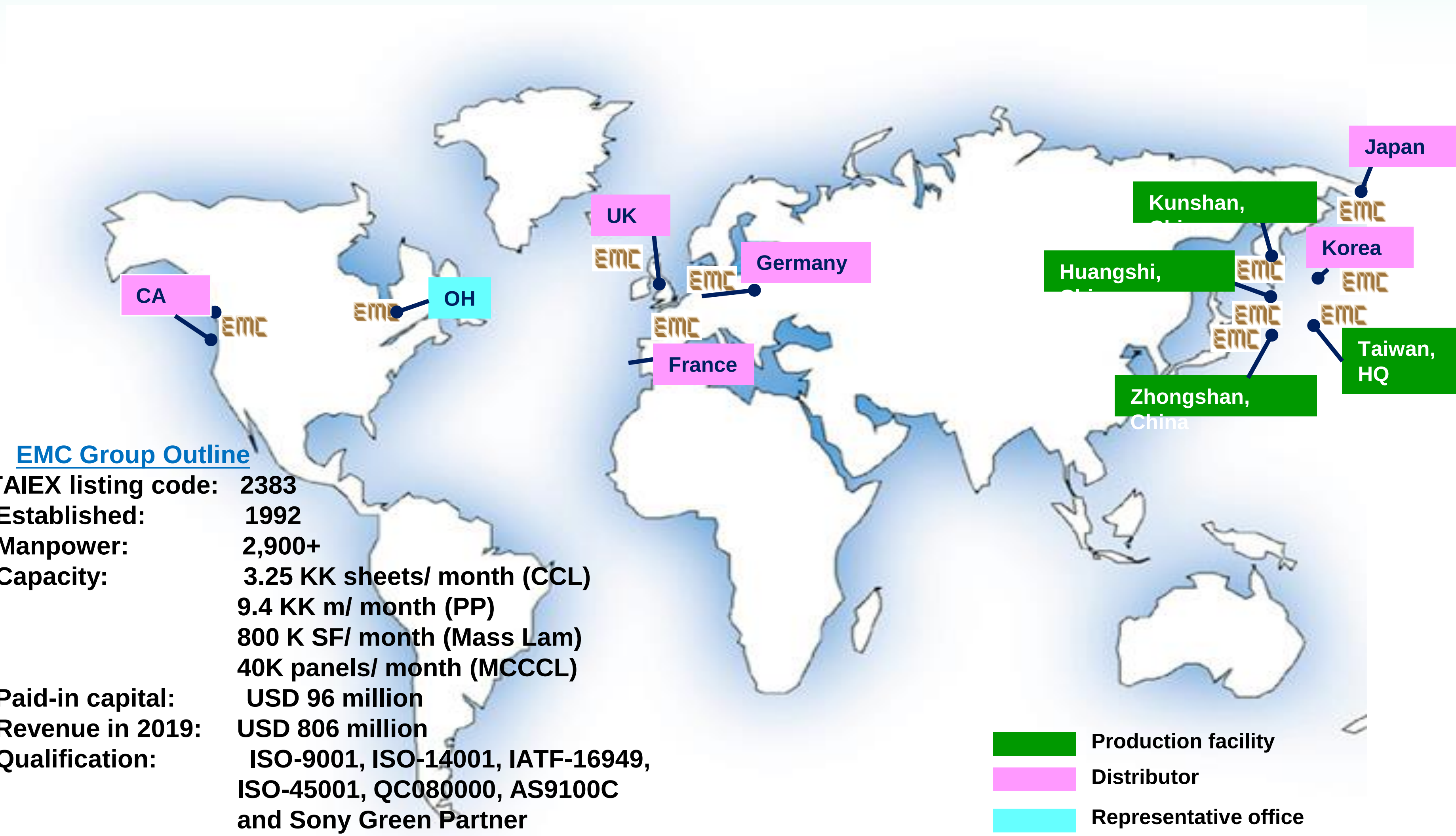
| | 2Q20 | 1Q20 | QoQ | 2Q19 | YoY |
|---|---|---|---|---|---|
| Revenue | 6,301 | 5,909 | 6.6% | 6,038 | 4.4% |
| Gross profit | 1,675 | 1,431 | 17.1% | 1,482 | 13.1% |
| Operating profit | 1,106 | 951 | 16.3% | 964 | 14.7% |
| Income before tax | 1,165 | 954 | 22.2% | 983 | 18.5% |
| Tax expenses | (305) | (221) | 38.0% | (311) | -2.1% |
| Net income | 861 | 733 | 17.4% | 672 | 28.0% |
| EPS (NT$) - basic | 2.69 | 2.29 | 17.6% | 2.10 | 28.0% |
| Gross margin (%) | 26.6% | 24.2% | | 24.5% | |
| Operating margin (%) | 17.6% | 16.1% | | 16.0% | |
| Net margin (%) | 13.7% | 12.4% | | 11.1% | |

# 2Q20 Abstracted Balance Sheet

| Unit:NT$ million | 2Q20 | | 1Q20 | | 2Q19 | |
|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % |
| Cash & Equivalent | 6,941 | 26.4% | 7,007 | 27.1% | 6,535 | 27.5% |
| A/R+N/R | 8,465 | 32.2% | 8,084 | 31.3% | 7,121 | 30.0% |
| Inv | 3,325 | 12.7% | 3,384 | 13.1% | 2,411 | 10.2% |
| PPE | 5,872 | 22.4% | 5,867 | 22.7% | 5,075 | 21.4% |
| Total Assets | 26,253 | 100.0% | 25,825 | 100.0% | 23,730 | 100.0% |
| Short term Debt | 1,131 | 4.3% | 903 | 3.5% | 835 | 3.5% |
| A/P | 5,017 | 19.1% | 5,461 | 21.1% | 5,307 | 22.4% |
| Long term Debt | 594 | 2.3% | 703 | 2.7% | 345 | 1.5% |
| Shareholder's Equity | 13,445 | 51.2% | 14,140 | 54.8% | 11,946 | 50.3% |
| Total Debt and Equity | 26,253 | 100.0% | 25,825 | 100.0% | 23,730 | 100.0% |

# APPENDIX

# Company profile- Global Footprint




- EMC Group Outline

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+**