WINMATE INC.

3416 TT

INVESTOR PRESENTATION

AUGUST 2020

COMPANY SNAPSHOT

Winmate Inc. (3416 TT)

We are a pioneer in rugged mobile computing technology, particularly in rugged tablet.

We have provided business leaders with reliable, rugged solutions made for the most challenging industrial conditions worldwide.

Market Cap: USD150m

2019 Total sales: USD56m
2019 Gross margin: 37%
2019 ROE: 11%
2019 Net cash: USD32m

50+ Distribution Channels (ODM, OEM, Direct, SI)

400+ Employees Worldwide
150+ R&D Engineers

EXECUTIVE SUMMARY

2020 is a breakout year

2020 is a big year for us, as we garnered two of the biggest rugged tablet orders from two tier-one clients. This solidifies us as one of the key rugged tablet and display solution vendors in the market, and as a result we have gained a lot of exposure and traction from our potential clients. We aim to achieve 20-30% revenue growth per annum for the next 3 years and our market share to triple in three years.

Continue to attack our key verticals with our market-ready solutions

As our economy of scale continues to rise, our plan is to attack aggressively on our key verticals to further enhance our scale efficiency and operating leverage. As most solutions are customized for certain verticals, the use-case from one company to another would be similar, as with all the certifications. Time to market will be fast.

High growth, High net cash to equity, Robust dividend policy

While we aim to achieve 20-30% revenue growth per annum for the next 3 years, we also have strong balance sheet – 2Q20 net cash to equity is 51%. We are also committed to return our earnings back to our shareholders. We have paid out an average of 103% (including retained earnings) over the past 5 years. We expect our payout ratio to be around +75% going forward.

AGENDA

- Who we are & What we do
- Industry outlook
- Growth strategy
- Financial Performance

WHO WE ARE & WHAT WE DO

MILESTONES & TRANSFORMATION

1996
Started out as Touch panel (ELO) distributor in Taiwan

2005
Transforming to an IPC company

2008
Winmate was one of the first to successfully develop Rugged Tablet

2010
Apple launched 1st gen iPad

First major breakthrough with Mercedes Benz (small order)

2014
Bid for Mercedes Benz worldwide service centers rugged tablet orders (large quantity) but failed

2019
Five years later, Winmate beat all the vendors and garnered the Mercedes Benz bid for their service centers globally

Garnered many order inquiries after winning this large project

OUR PRODUCTS – TOUCH DISPLAY CENTRIC SOLUTIONS

8”~10.1”
Rugged Tablet Series

7”~10.1”
Vehicle Mounted Computer Series

11.6”~13.3”
Ultra Rugged Tablet Series

4.3”~13.3”
Medically Certified
Rugged Tablet Series

KEY CUSTOMERS

Medtronic
DAIMLER
Honeywell
Leica Geosystems
BARTEC
Esterline CMC Electronics
中信造船集團 JONG SHYN SHIPBUILDING GROUP
SIEMENS
協和醫院
Wonderware by Schneider Electric
sensor ECS
tematrade
Continental
Laerdal helping save lives
SWANMEDICAL
CROWN
NIJKERK COMPUTER SOLUTIONS
BNSF RAILWAY
HPC SYSTEMS
Trimble
Lexit group
Xinc Technologies
TATA
AutoCont
NIENSCHANZ
JLT mobile computers
Hemisphere
PKTRONICS GROUP
handheld
Vector InfoTech
NCSIST
PEPPERL+FUCHS

WHY CUSTOMERS CHOOSE WINMATE

Client-centric design philosophy yields accurately defined products

Different from traditional R&D led design, our design philosophy is based on what the end client needs (led and defined by our Chairman), resulting in product best suited for each niche/specific usage.

Many clients also use our market-ready solutions due to well-defined specs, basically eliminating 1.5-2 years of design process and certification time.

In-house lamination process to ensure best touch module quality

Given that our DNA is from touch panel, we understand the importance of touch module as it is the only human machine interface (HMI) for tablets. Our in-house touch module ensures high standards in touch sensitivity, light transmittance and product longevity.

Modularized functions and features

Customization is key. We are able to customize features and functions for end customers specific needs and usage, resulting in superior products and faster time to market (faster time to market by 3-6 months)

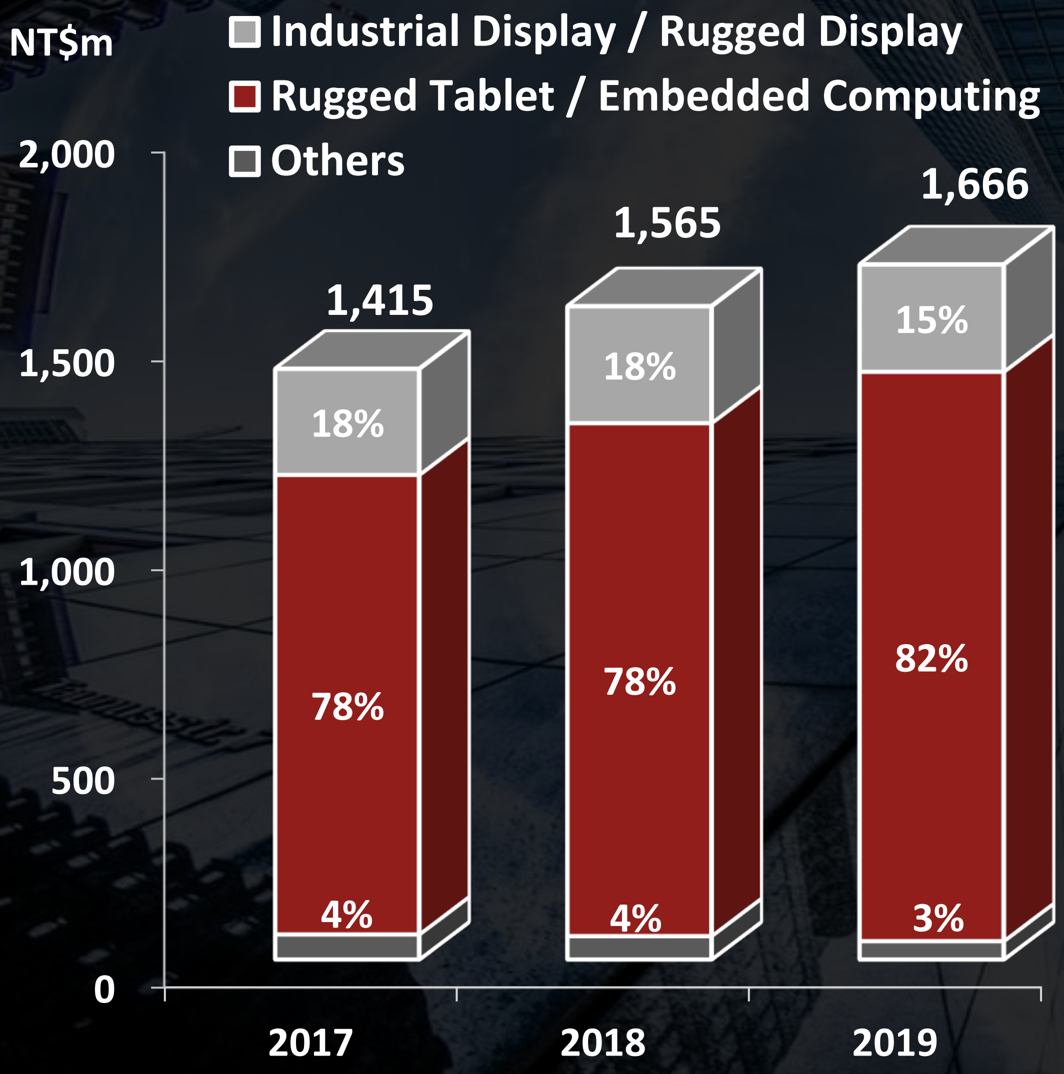
The most complete line of rugged tablet solutions

Our rugged tablet product line ranges from 4.3” to 13.3”. The most complete line in the industry. Suitable for all different types of applications.

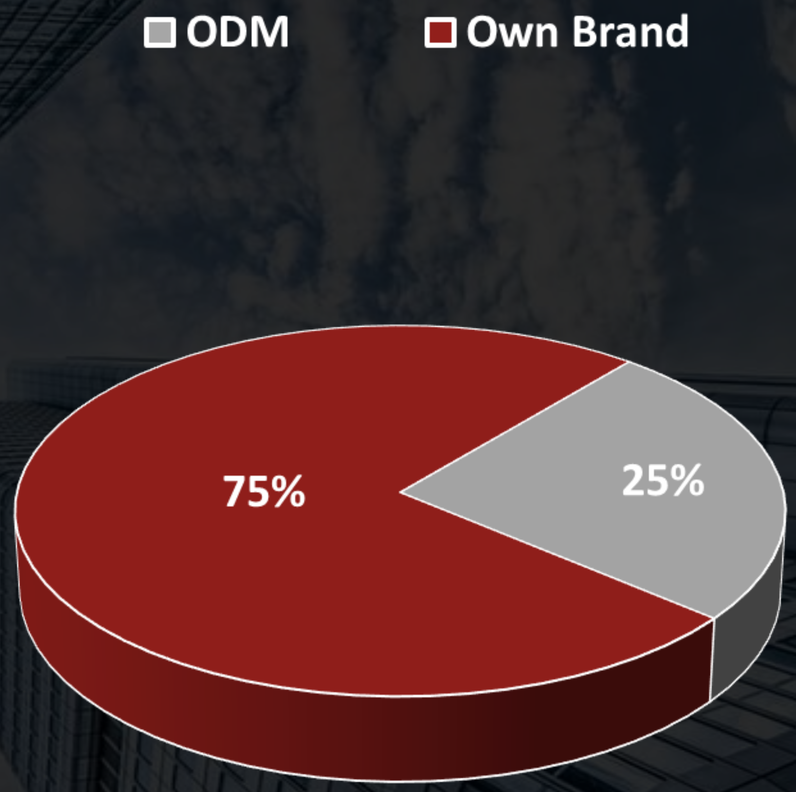
KEY ENTRY BARRIERS IN RUGGED PRODUCTS

Strong rugged design team	In order to meet extreme environmental challenges, such as extreme temperatures, sunlight, dustproof, waterproof, explosions, etc.
Talented Software team	To enable IoT industrial applications
System Integration Experience	For Rugged & Industrial Mobile Devices
Own lab to simulate tests for certifications	Decreases time to market when we can perform all the tests to ensure product certification by third parties goes smoothly
Manufacturing capability	We hold multiple production certifications needed to manufacture embedded systems and rugged products such as ISO 9001, 13485, 14001, IECQ QC80000, ATEX IECEx C1D2, etc In-house developed testing program to ensure high product quality

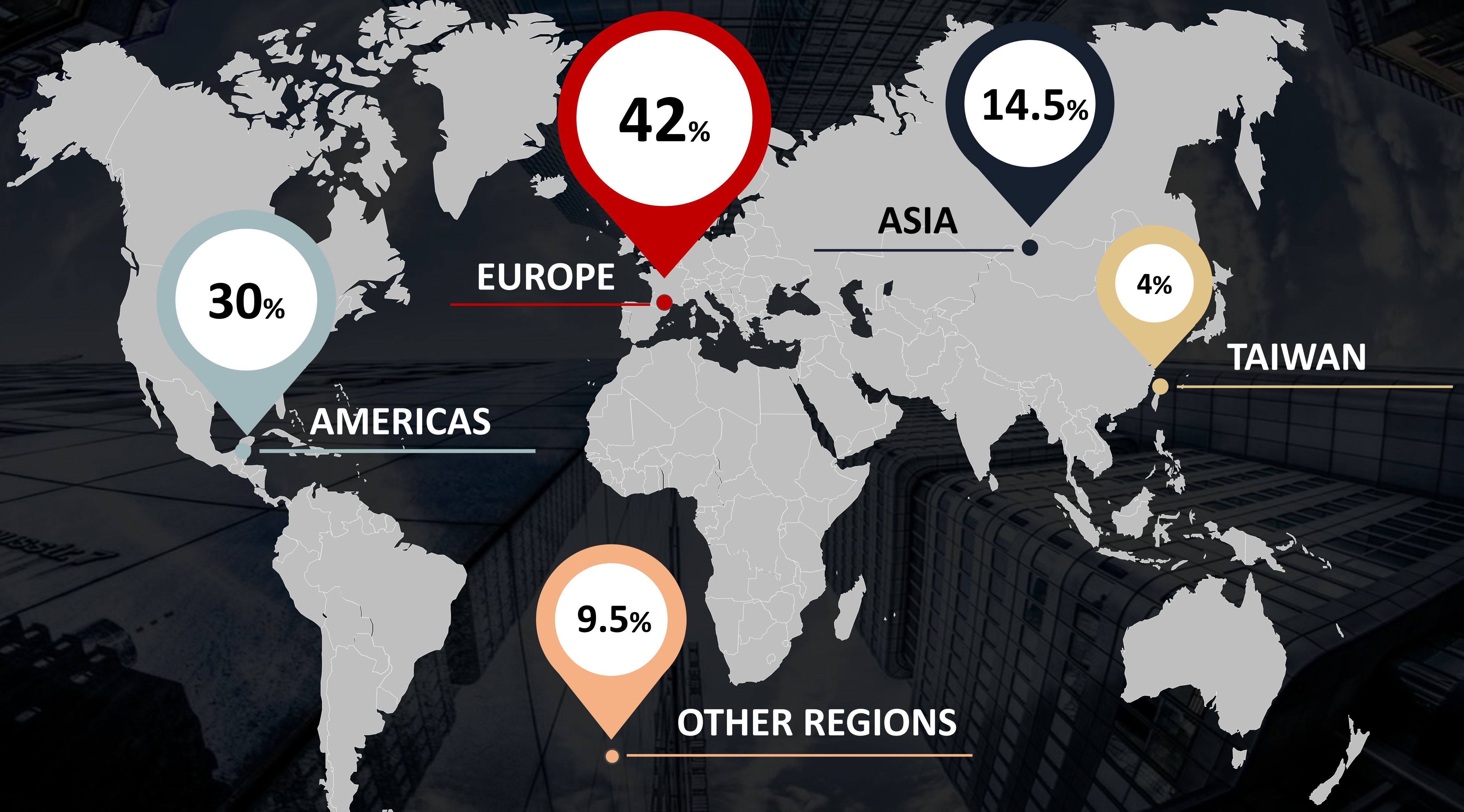
SALES BY PRODUCT TYPE



SALES BY BRAND (2019)



2019 SALES BY REGION



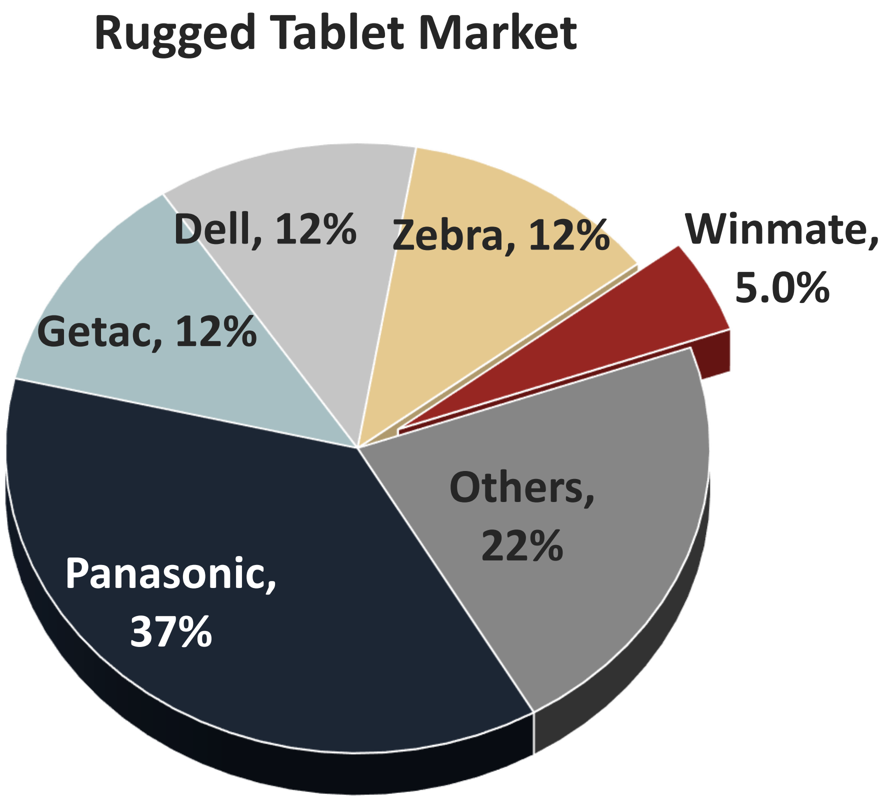
INDUSTRY OUTLOOK

WINMATE

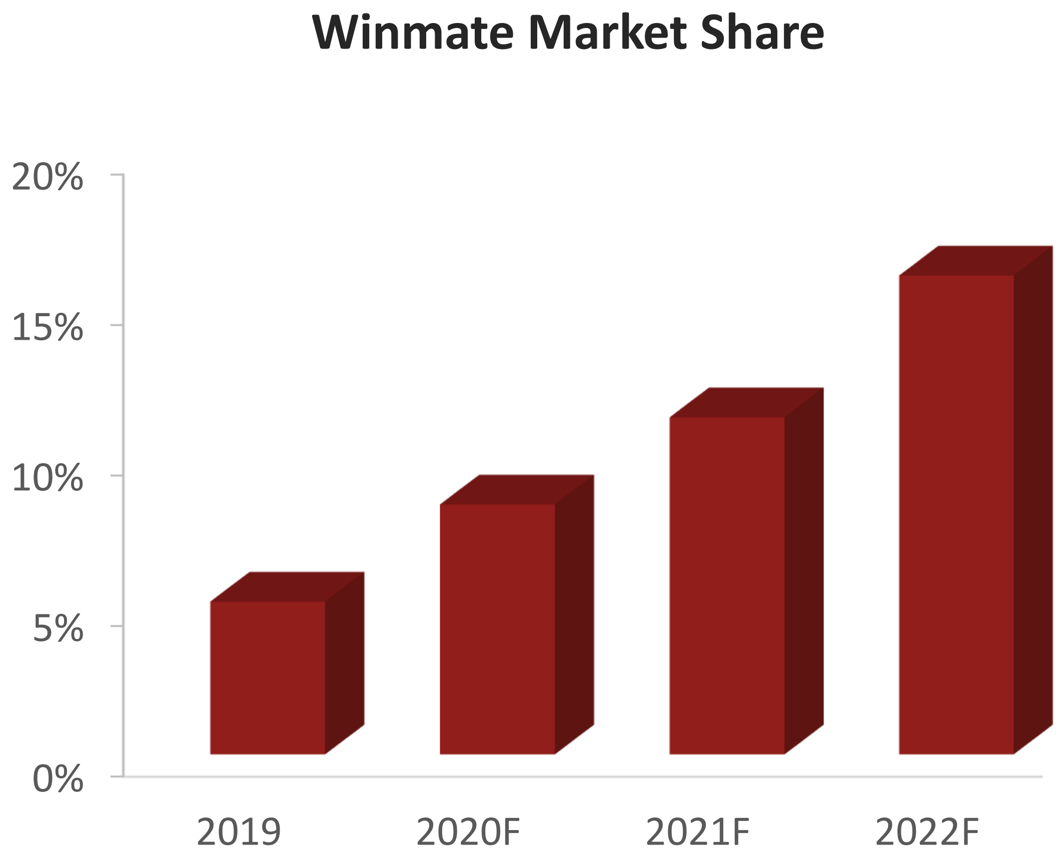
ROBUST MARKET SHARE GAIN IN RUGGED TABLET

In 2019, we occupied 5% of market in terms of shipment

We aim to occupy 15-20% shipment market share by 2022, which could translate into roughly 20-30% revenue growth per annum



Source: VDC, Winmate Estimates



Source: VDC, Winmate Estimates


GROWTH
STRATEGY
WINMATE

OUR RUGGED SOLUTIONS ARE GAINING MOMENTUM

- Continue to attack key verticals where we already have market-ready solutions
- Enterprise mobility - Look for opportunities in enterprises collecting Big Data. We believe rugged tablet is the best way for data collection.

Industrial Market (Full Rugged & Ultra Rugged)


Industrial Automation (IIOT)


Warehousing & Logistics


Field Service


Oil & Gas Chemical


Heavy Duty


Food & Beverage


Transportation


Public Safety

Mobile computing for Vehicle Diagnostics (810G/IP65~68)
Ultra-Rugged Tablet

COMPLIANT MIL-STD 810G | VIBRATION | 4 ft.DROP | SHOCK

Warehouse & Logistics for inventory management with Rugged Handheld Tablet

RFID

ATEX and C1D2, Zone2 collecting data in remote rig and pipeline locations

ATEX | IEC | IECEx

MIL-STD-810G/810F certified rugged design for Aviation

CERTIFIED MIL-STD 810F | COMPLIANT MIL-STD 810G

Mission Critical (Military Standard & Medically Certified)


Marine


Military


Healthcare

IEC 60945 | DNV Type Approved Product

Meet the regulatory requirements of the Marine industry (IEC60945/IACS-E10/DNV)

COMPLIANT MIL-STD 461F | COMPLIANT MIL-STD 810G

Military-grade (C1D2/ATEX/461F/810G) for challenging tasks and tough environments

ISO 13485

Healthcare-grade (UL60601/ISO13485) Rugged Tablet

FINANCIAL PERFORMANCE

CONSOLIDATED INCOME STATEMENT – 2Q20

NT$ million	2Q20	1Q20	2Q19	QoQ	YoY
Net Revenue	371	350	446	6	(17)
Gross Profit	143	136	166	5	(14)
Gross Margin	38.4%	38.9%	37.1%		
Operating Expenses	81	80	91	2	(10)
SG&A percent of Sales	21.9%	22.7%	20.3%		
Operating Income	61	57	75	8	(18)
Operating Margin	16.5%	16.2%	16.8%		
Net Non-Operating Income (Loss)	(2)	9	10		
Pre-Tax Income	60	66	85	(9)	(30)
Income Tax Expense	2	13	16		
Minority Interest	0	0	0		
Net Income to Parent	58	53	69	10	(16)
Net Margin	15.5%	15.0%	15.4%		
EPS (NT$)	0.80	0.73	0.96	10	(17)

ROE (annualized)	10.9%	9.6%	13.1%
Depreciation	6	6	7
CAPEX	12	5	2

CONSOLIDATED INCOME STATEMENT– 1H20 vs 1H19

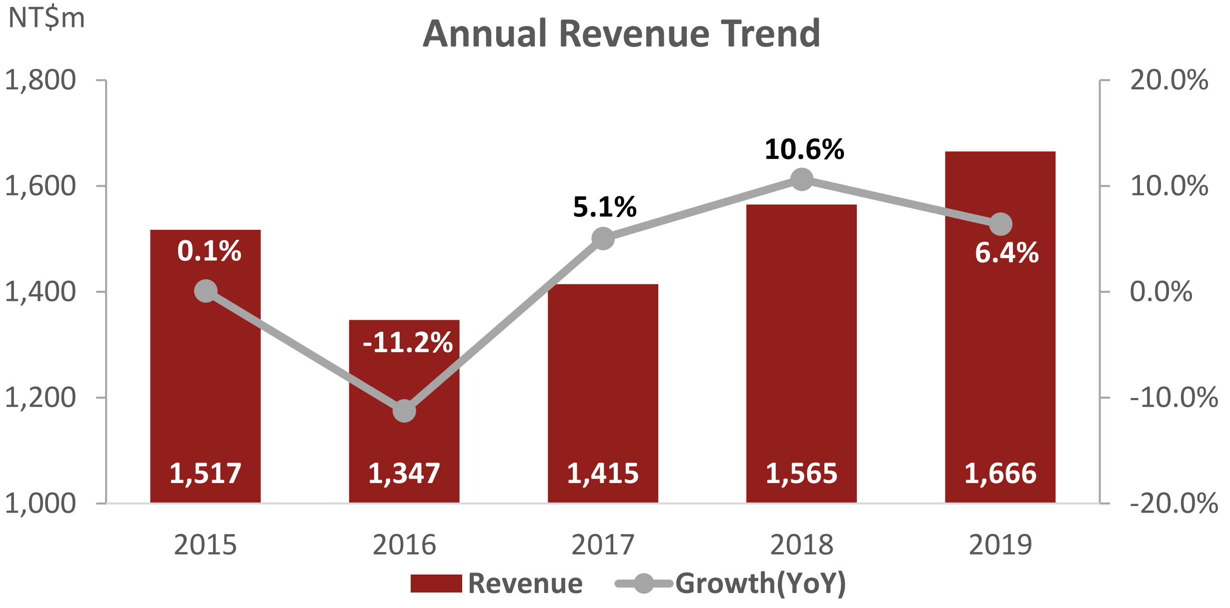
NT$ million	1H20	1H19	YoY (%)
Net Revenue	**721**	**848**	**(15)**
Gross Profit	**279**	**312**	**(11)**
Gross Margin	38.7%	36.8%	
Operating Expenses	161	172	(6)
SG&A percent of Sales	22.3%	20.3%	
Operating Income	**118**	**140**	**(16)**
Operating Margin	16.4%	16.5%	
Net Non-Operating Income (Loss)	8	18	
Pre-Tax Income	**126**	**158**	**(21)**
Income Tax Expense	15	32	
Minority Interest	0	0	
Net Income to Parent	**110**	**126**	**(13)**
Net Margin	15.3%	14.9%	
EPS (NT$)	1.53	1.75	(13)

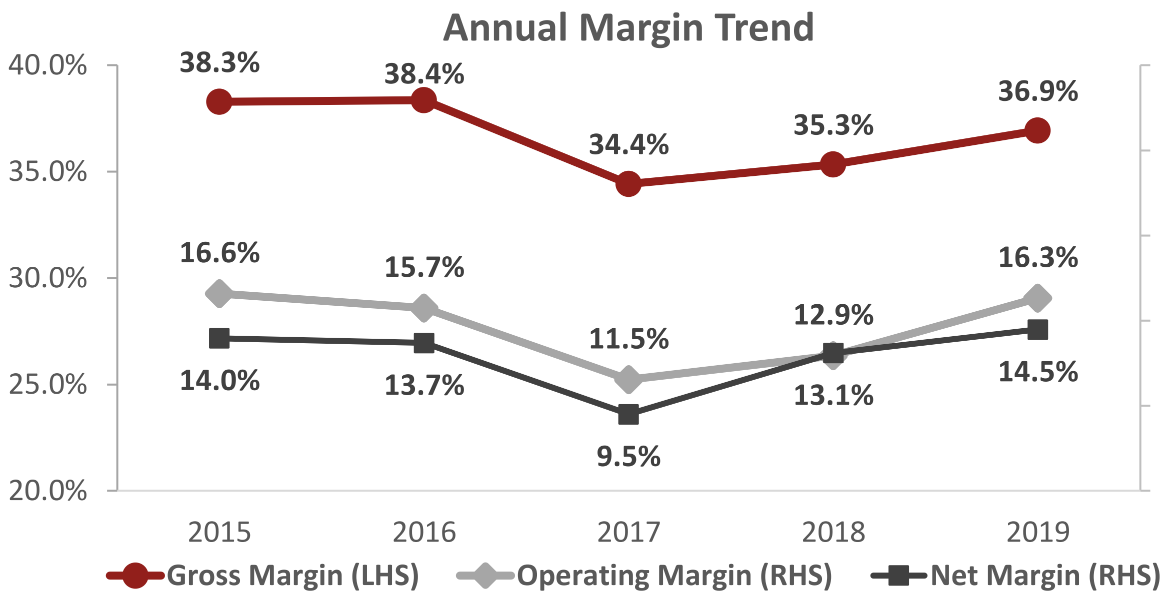
ROE (annualized)	10.5%	12.2%	
Depreciation	12	13	
CAPEX	18	9	

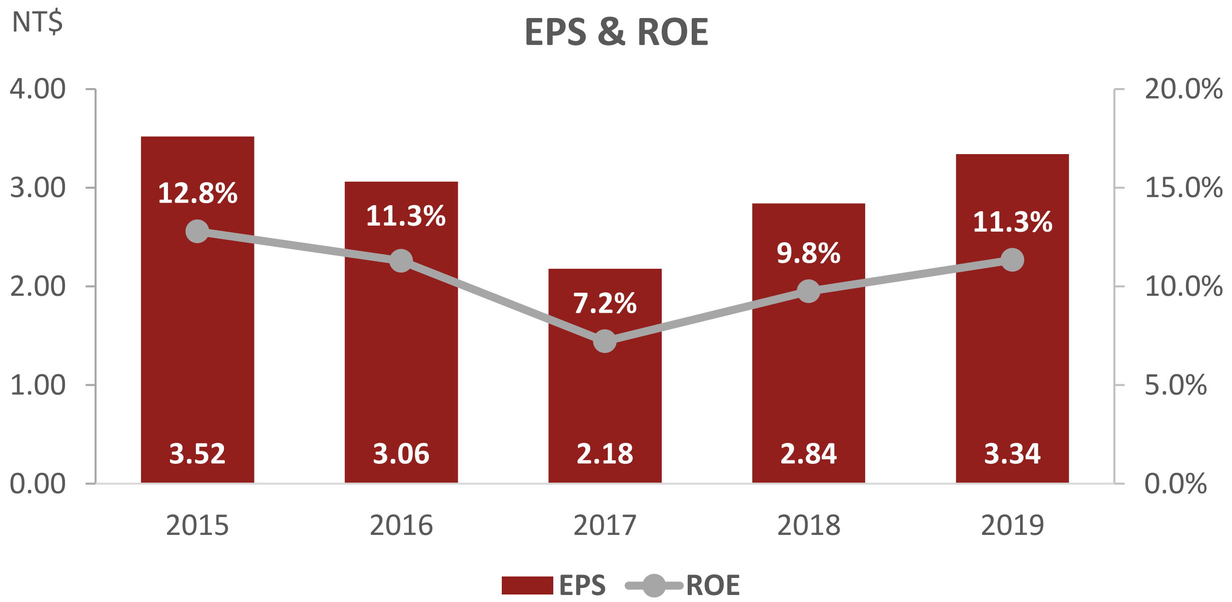
CONSOLIDATED BALANCE SHEET – 2Q20

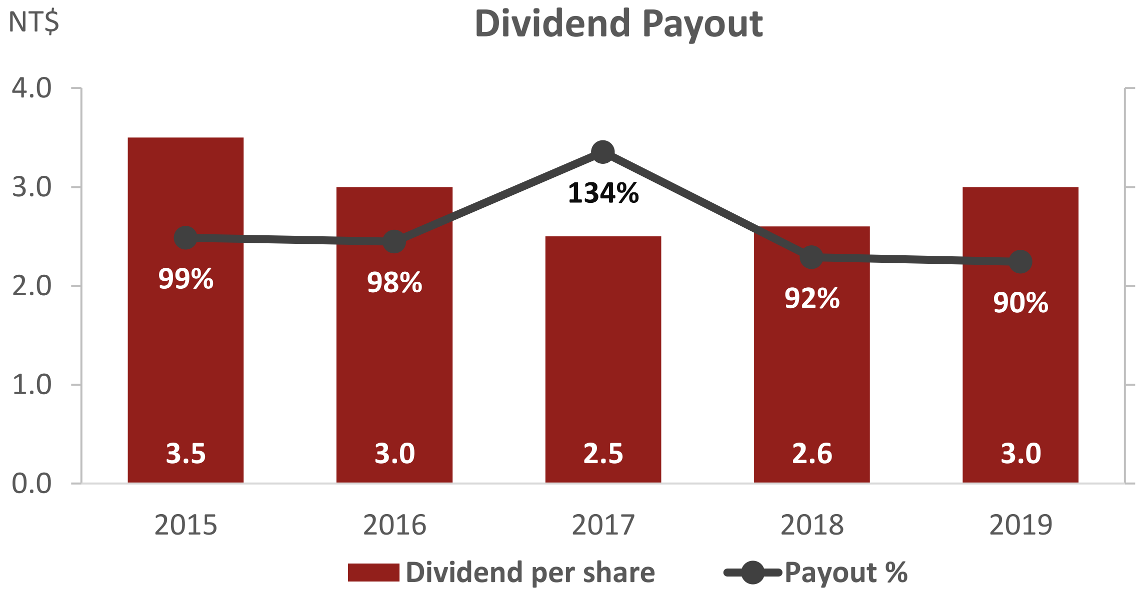
NT$ million	2020/6/30		2020/3/31		2019/6/30	
	$	%	$	%	$	%
Cash and Cash Equivalents	496	19	457	18	734	27
Notes and Accounts Receivable, Net	169	6	158	6	236	9
Inventories	377	14	286	11	280	10
Other Current Assets	601	22	614	24	911	34
Fixed Assets	957	36	952	38	492	18
Other Long-term Assets	85	3	82	3	53	2
Total Assets	**2,686**	**100**	**2,548**	**100**	**2,707**	**100**
Notes and Accounts Payable, Net	186	7	127	5	196	7
Other Current Liabilities	438	16	215	9	450	17
Total Non-Current Liabilities	13	1	10	0	13	0
Total Liabilities	**638**	**24**	**352**	**14**	**659**	**24**
Common Stock	722		722		722	
Total Equity	**2,048**	**76**	**2,196**	**86**	**2,048**	**76**
Book Value per Share (NT$)	28.4		30.4		28.4	
Key Indices						
Current Ratio (Current Assets / Current Liabilities)	263%		443%		335%	
Net Cash to Equity	51%		47%		78%	

FINANCIAL HIGHLIGHTS









INCOME STATEMENT HIGHLIGHTS

NT$ million	2015	2016	2017	2018	2019
Sales Revenue	1,517	1,347	1,415	1,565	1,666
Gross Profit	581	517	487	553	615
Operating Profit	252	212	163	203	272
Net Non-Operating Income (Loss)	1	4	(11)	39	15
Pretax Income	253	216	152	242	287
Net Income	212	184	134	205	241
EPS (NT$)	3.52	3.06	2.18	2.84	3.34

YoY (%)				
2015	2016	2017	2018	2019
0.1	(11.2)	5.1	10.6	6.4
7.0	(11.0)	(5.7)	13.6	11.2
5.9	(15.8)	(23.0)	24.2	34.2
(97.4)	339.7	(397.7)	-	(60.8)
(6.4)	(14.6)	(29.3)	58.7	18.8
(9.1)	(13.0)	(27.0)	52.4	17.6
(14.6)	(13.1)	(28.8)	30.3	17.6

Gross Margin	38.3%	38.4%	34.4%	35.3%	36.9%
Operating Margin	16.6%	15.7%	11.5%	12.9%	16.3%
Net Margin	14.0%	13.7%	9.5%	13.1%	14.5%
ROE	12.8%	11.3%	7.2%	9.8%	11.3%

BALANCE SHEET HIGHLIGHTS

NT$ million	2015	2016	2017	2018	2019
TOTAL ASSETS	**1,908**	**1,929**	**2,473**	**2,502**	**2,485**
Cash	410	617	1,096	762	433
NR & AR	133	120	157	210	194
Inventory	181	236	281	289	254
Fixed Assets	496	511	496	495	487
TOTAL LIABILITIES	**264**	**307**	**367**	**405**	**326**
NP&AP	115	148	197	182	84
TOTAL EQUITY	**1,644**	**1,621**	**2,106**	**2,097**	**2,159**

Percent of total assets (%)				
2015	2016	2017	2018	2019
100.0	**100.0**	**100.0**	**100.0**	**100.0**
21.5	32.0	44.3	30.5	17.4
7.0	6.2	6.3	8.4	7.8
9.5	12.2	11.3	11.6	10.2
26.0	26.5	20.0	19.8	19.6
13.8	**15.9**	**14.8**	**16.2**	**13.1**
6.0	7.7	8.0	7.3	3.4
86.2	**84.1**	**85.2**	**83.8**	**86.9**

A/R turnover days	**41**	**34**	**36**	**43**	**44**
Inventory turnover days	**76**	**92**	**102**	**103**	**95**
A/P turnover days	**43**	**58**	**68**	**69**	**46**
Cash conversion cycle	**74**	**68**	**70**	**77**	**93**

DIVIDEND PAYOUT & CAPEX

NT$ million	2015	2016	2017	2018	2019
Net profit	212	184	134	205	241
Dividend Paid	211	181	180	188	217
DPS (NT$)	3.5	3.0	2.5	2.6	3.0
Payout ratio	99%	98%	134%	92%	90%
Dividend yield	6.8%	4.9%	4.4%	4.7%	4.9%
Capex	31	49	18	12	488
Capex/Sales	2.0%	3.6%	1.3%	0.8%	29.3%

Note: Yield calculated using market cap on the day prior to ex-dividend date.

SAFE HARBOR STATEMENT

The following presentation contains projections and statements related to future business performance developments involving Winmate Inc. that may be seen as forward-looking statements. Actual events and results may differ materially from what is projected in the forward-looking statements and are subject to several risks and uncertainties what are beyond Winmate's control.

The forward-looking statements in this report reflect the views of Winmate as of the date they are made. Winmate Inc. does not intend, nor are obligated to revise or update these forward-looking statements in light of new events or information.