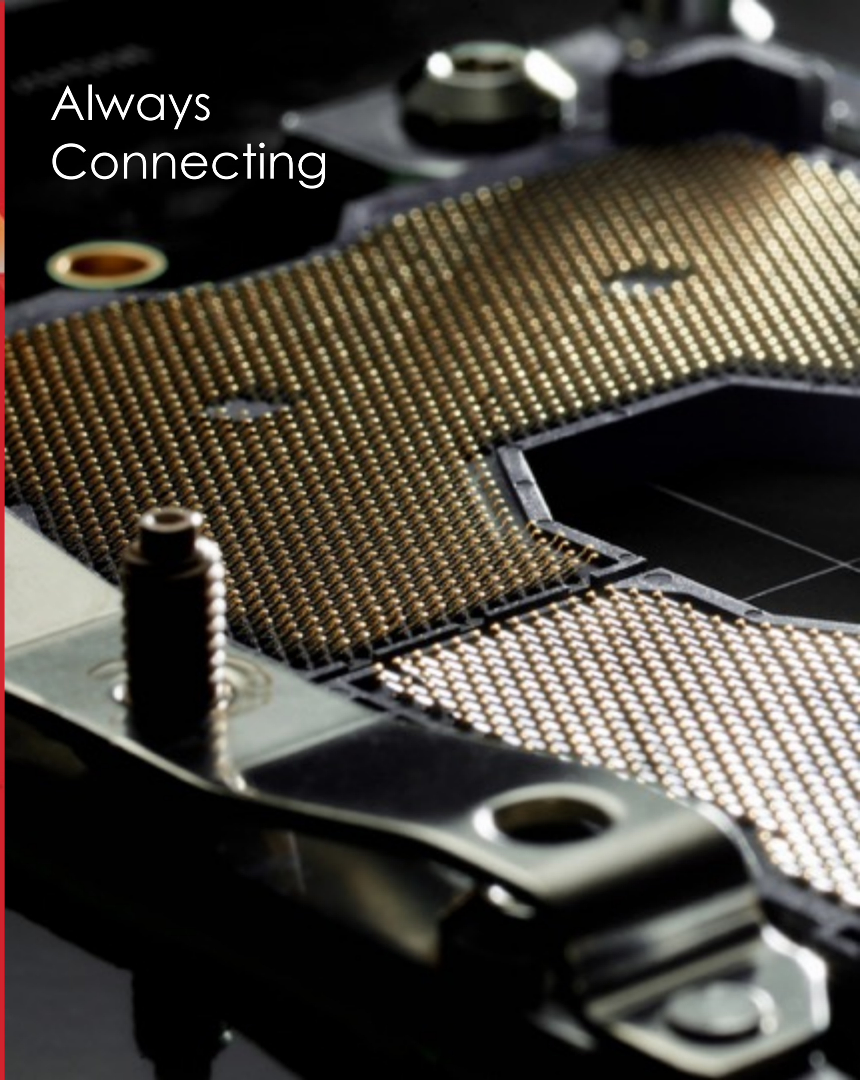
LOTES

嘉澤端子工業股份有限公司

2020.3



Executive Summary

✓ LOTES specializes in the design and manufacture of inter-connect solutions for Server, PC, Automotive, Industrial and Medical. According to Bishop & associate, LOTES rank no.6 in computer and peripherals and no.30 worldwide.

✓ As world wide top 3 CPU sockets supplier, LOTES is being selected by many customers as their strategic partner. Thus LOTES has more chance to co-develop the front-end products with them.

✓ Being a connector and socket leading supplier in Server and PC industry, we see more and more opportunities in the upcoming generation.

✓ With world-renowned tier 1 customers in automotive industry, LOTES keep receiving inquires from various automotive customers. We expect it will contribute more in few years.

經營綜合報告

✓ LOTES為一專業設計及製造連接器 / 連接線給伺服器、個人電腦、汽車、工控及醫療的廠商。依Bishop統計，在電腦暨週邊連接器廠商中LOTES全球排名第六，不分行業別排名全球排名第三十。

✓ 做為全球前三大中央處理器插座供應商，客戶多會將LOTES選為策略供應商。LOTES也因此得到許多與客戶共同開發新一代產品的機會。

✓ 做為伺服器及個人電腦連接器與插槽的領導廠商，LOTES在新一代的機型上取得很多的機會。

✓ 因打入全球知名汽車一階大廠供應鏈，LOTES持續取得各式車用連接器/連接線的詢單，車用市場將在未來數年內有更顯著的貢獻。

Agenda

議程

✓Company Profile
✓Business Outlook
✓Financials at Glance
✓Q & A

✓公司簡介
✓營運概況
✓財務概況
✓問答交流

公司簡介

COMPANY PROFILE

股票代號：3533.TW	Stock Symbol : 3533.TW
2019.12.6列為台灣中型100指數成份股	Inclusion in FTSE TWSE Taiwan Mid-Cap 100 Index in Dec 6th, 2019
2019.12.6列為台灣發達指數成份股	Inclusion in FTSE TWSE Eight Industries Index in Dec 6th, 2019

About LOTES

- ✓ In 1986, Mr. Ju and Mr. Ho co-founded LOTES. They firmly believes continuous research and development, and non-stop improvement are the foundation of LOTES. With this belief, LOTES has became a world class inter-connect solution provider.
- ✓ LOTES owns over 3200 patents applied worldwide, top 2 among Taiwan connector makers.
- ✓ LOTES fully integrated processes in house including design, tooling, molding, stamping, electro-plating and automation assembly. It render us more flexibility to support our customers.
- ✓ With ISO17025 certification, LOTES reliability test lab is capable of providing industry standard test reports and also meeting customers' test requirements. Which can shorten the time and lower the expense on product validation.
- ✓ Certified with ISO 9001, IATF 16949, ISO 13485, AS 9100, ISO 14001, OHSAS 18001, QC 080000, and ISO 14064.

關於 LOTES

- ✓ 董事長與總經理於1986年成立LOTES，他們深信不斷研究、持續改善是LOTES發展的基石。依著這樣的信念，LOTES已成為世界級連接器/連接線的供應商。
- ✓ LOTES在全球擁有超過3,200件連接器 / 連接線專利
- ✓ LOTES高度製程整合，包括產品設計、模治具及自動化設備開發、射出成型、金屬沖壓、電鍍、組裝等， 以使我們能更有彈性的服務客戶。
- ✓ LOTES有著已取得 ISO 17025認證的信賴性實驗室，可出具行業標準報告，亦可依客戶規範進行測試，並可縮短產品驗證時間，並降低驗證的費用。
- ✓ 已取得 ISO 9001, IATF 16949, ISO 13485, AS 9100, ISO 14001, OHSAS 18001, QC 080000 及 ISO 14064等品質系統認證。

Geographic profile of LOTES 全球佈局

● Manufacturing Sites工廠

● Sales / Eng support服務據點

Geographic profile in China

Hengnan湖南

- Established: 2010
- Employees : 1000
- Function: Tooling Center, Cable Assembly

Guangzhou廣州

- Established: 1993
- Employees : 6000
- Function: R&D, Tooling, Molding, Stamping, Electro-Plating and Assembly

Suzhou蘇州

- Established: 2004
- Employees: 1200
- Function: Product Design, Tooling, Molding, Stamping, Eletro-Plating and Assembly

LINTES中和

- Established in 2011
- Employees : 400
- Products: Thunderbolt, Type C, High Speed Cable, Active Optical Cable

LOTES基隆

- Established: 1986
- Employees : 100
- Function: R&D, Sales, Finance

Geographic profile in Guangzhou

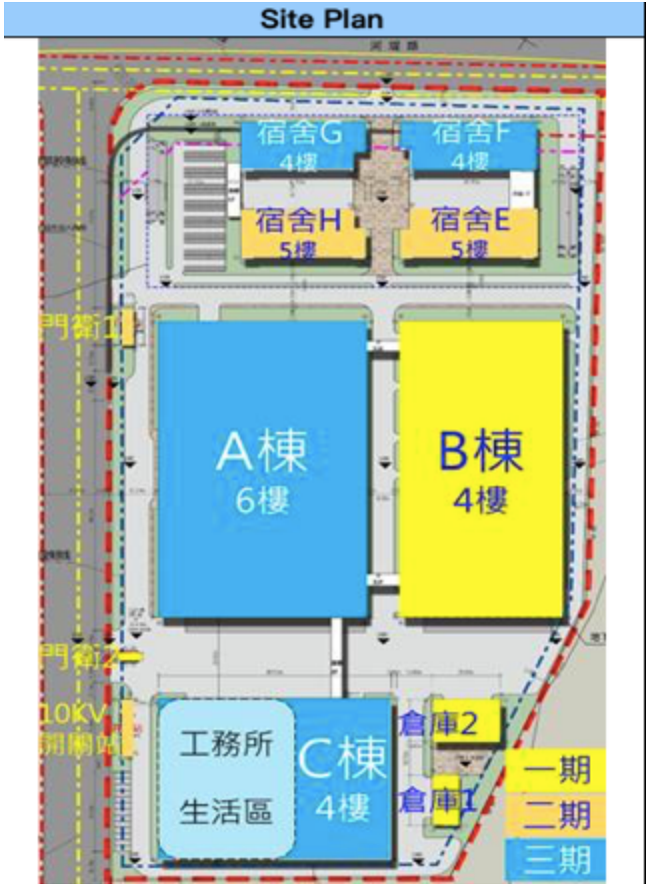
➢ 4 of our Guangzhou facilities are leased

Integration plan in Zhongshan 中山廠整合計劃

New plant in Zhongshan: 140,000 sqm

Phase 1	Phase 2	Phase 3
Sep-19	2H '20	2H '21
Block B Factory Warehouse	Dorm H & E	Block A Factoy Block C Factory Dorm G & F

No CPU socket and LM parts move until at least Phase 3 is complete



LOTES' Core Competence 核心競爭力

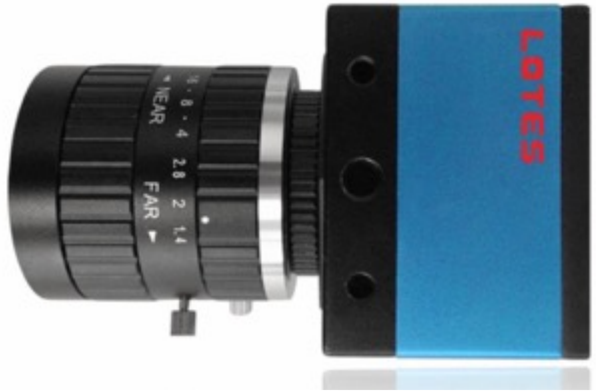
Stamping Die
沖壓模具

Injection Mold
塑膠模具

100% of design and fabrication in house
100% 自行設計及製造

Assembly Jigs
組裝治具

Automation Machines
自動機



LINTES' Competiveness 嘉基核心競爭力

AOC 主動式光纖

High Speed Socket Design Capability
高速連接器設計

Precision Micro Lens design capability
高精度光學鏡片設計

High Speed Cable高速線纜
(Optical / Electrical / Active / Passive)

Precision Die/Wire Bond Capability
高精密固晶打線製程

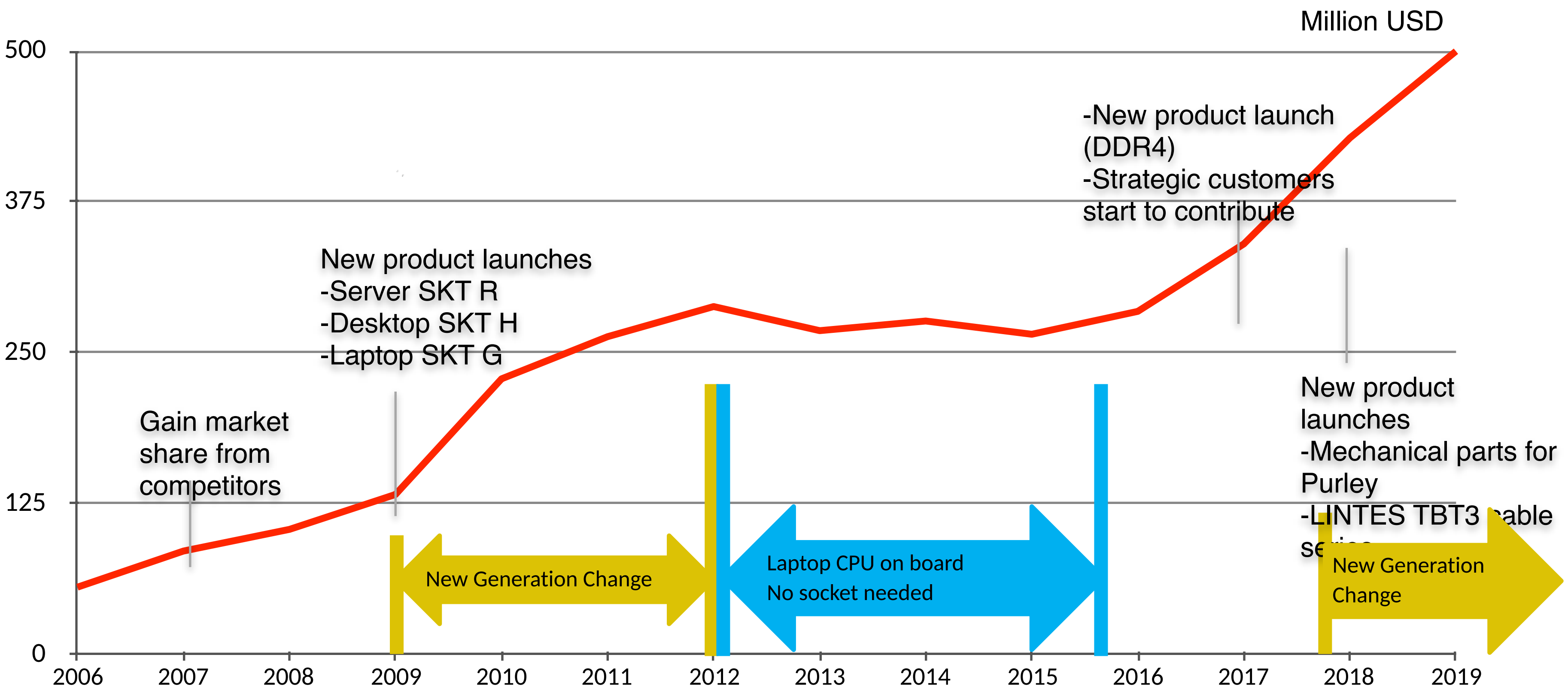
Electrical/Optical Cable HVM
電子 / 光纖線量產能力

ACC 主動式銅線

经營概況

BUSINESS OVERVIEW

Sales Revenue 營收走勢



Business Coverage

	Server	Laptop	Desktop	Strategy Customers	Automotive	Industrial	LINTES
Revenue share	24%~27%	11%~12%	30%~33%	11%~13%	1%~2%	2%~3%	14%~16%
Current main product	-CPU Socket -DDR -PCIE	-SODDR -M.2 -I/O	-All types of connectors	-Connectors -Cable -Mechanical parts	-Connectors -Wire harness	-Connectors -Wire harness	-Docking cable -Thunderbolt 3 cable -AOC
Market trend	Yearly 1~3%↗	Yearly → →	Yearly 1~3%↘	↗	↗	↗	↗
Sales outlook	↗	→	→	↗	↗	↗	↗
Future product plan	-Storage -Power -Optical	-Type C -Type C cable	-Socket H5 -Socket V -DDR5	-Customized	-Customized	-Customized	-Customized

LOTES’ Plan

Main Business

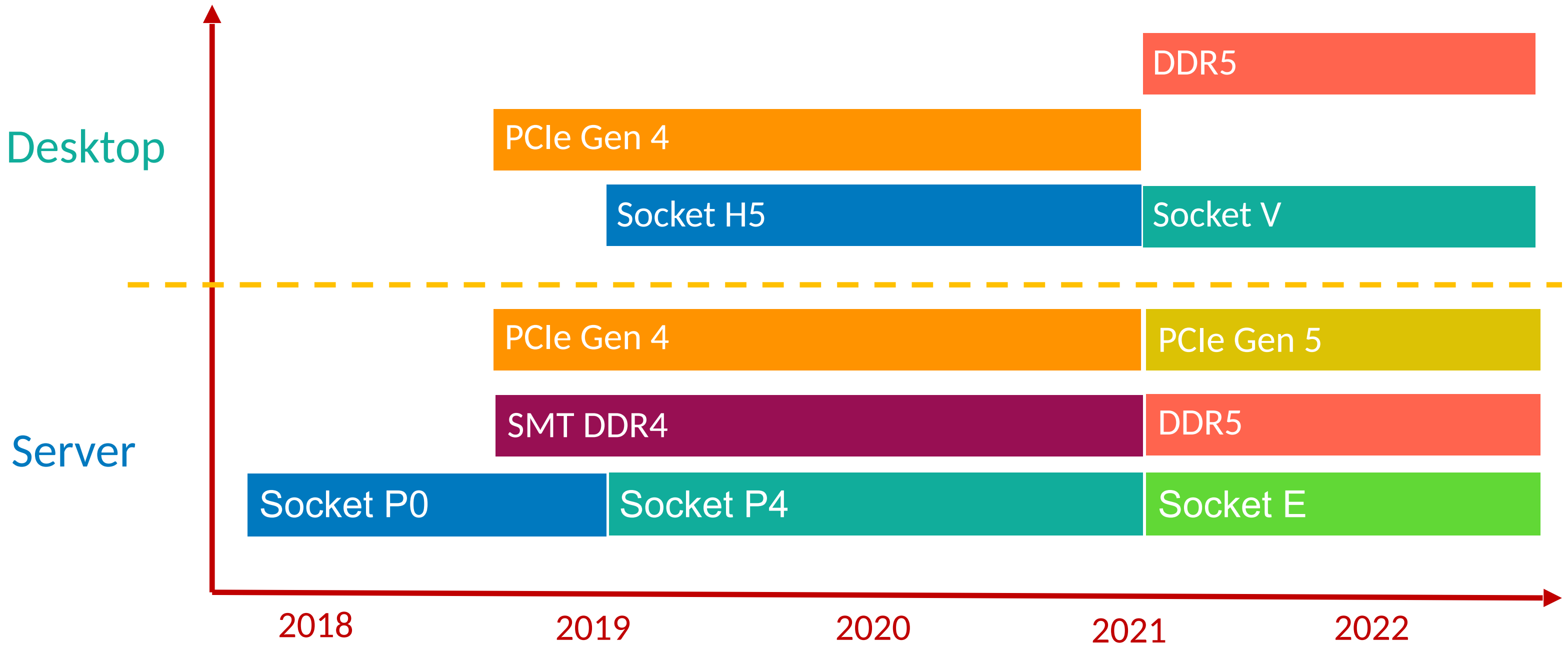
2013	2019	Within next 5yrs
80%	44%	30%

Future Focus

LINTES

2013	2019	Within next 5yrs
20%	56%	70%

New Product Plan



LOTES

FINANCIAL DATA

Income Statement 損益表

Unit: million NTD

	2014	2015	2016	2017	2018	2019
Revenue	8,304	8,197	8,863	10,482	13,311	15,089
Gross profit	2,834	2,765	2,817	3,390	4,348	5,467
Operating Expense	1,730	1,985	2,090	2,170	2,366	2,717
Operating profit	1,104	780	728	1,220	1,982	2,750
Net Profit	1,078	796	690	956	1,608	2,076
EPS(NT$)	11.53	8.52	7.38	10.23	17.21	20.11
DPS (NT$)	5.5	4.5	4	5.5	8.7	10.5
Payout R(%)	47.70%	52.82%	54.20%	53.76%	50.55%	52.21
Gross Margin(%)	34.13%	33.73%	31.79%	32.34%	32.67%	36.24%
Operating Margin(%)	13.30%	9.52%	8.21%	11.63%	14.89%	18.00%
Net Margin(%)	12.98%	9.71%	7.79%	9.12%	12.08%	18.23%
RD/sales (%)	8.14%	9.94%	10.00%	7.28%	6.79%	7.32%
EBITDA(NT$/Share)	17.84	14.99	13.55	19.94	31.02	37.59
ROE(%)	14.87%	10.06%	8.66%	11.81%	18.08%	19.47%

Balance Sheet 資產負債表

Unit: million NTD

	2014	2015	2016	2017	2018	2019.12.31
Total Assets	10,500	10,857	10,478	11,753	13,790	16,280
Cash	1,396	2,041	1,465	1,319	1,448	2,845
Accounts receivable	3,015	3,263	3,736	4,293	5,291	5,949
Inventories	1,192	1,277	1,557	1,790	2,228	1,976
Property, plant and equipment	2,272	2,193	2,528	2,875	3,350	3,514
Total liabilities	2,664	2,769	2,503	3,321	3,918	3,734
Short-term borrowings	591	416	108	600	919	30
Accounts payable	1,213	1,352	1,447	1,701	1,743	1,885
Total equity	7,776	8,039	7,897	8,285	9,506	11,815
Share capital	935	935	935	935	935	1,035
Capital surplus	2,362	2,366	2,383	2,410	2,466	3,959
Retained earnings	4,060	4,346	4,616	5,196	6,296	7,172
Current Ratio(%)	297.40%	281.06%	287.80%	239.92%	246.79%	314.00%
Debt Asset ratio(%)	25.36%	25.50%	23.38%	27.91%	28.41%	22.94%
Book Value Per Share	83	86	84	89	102	114
Average AR turnover days	138	140	144	140	132	137
Average Inventory turnover days	84	91	97	99	93	90
Average AP turnover days	87	87	85	81	71	70

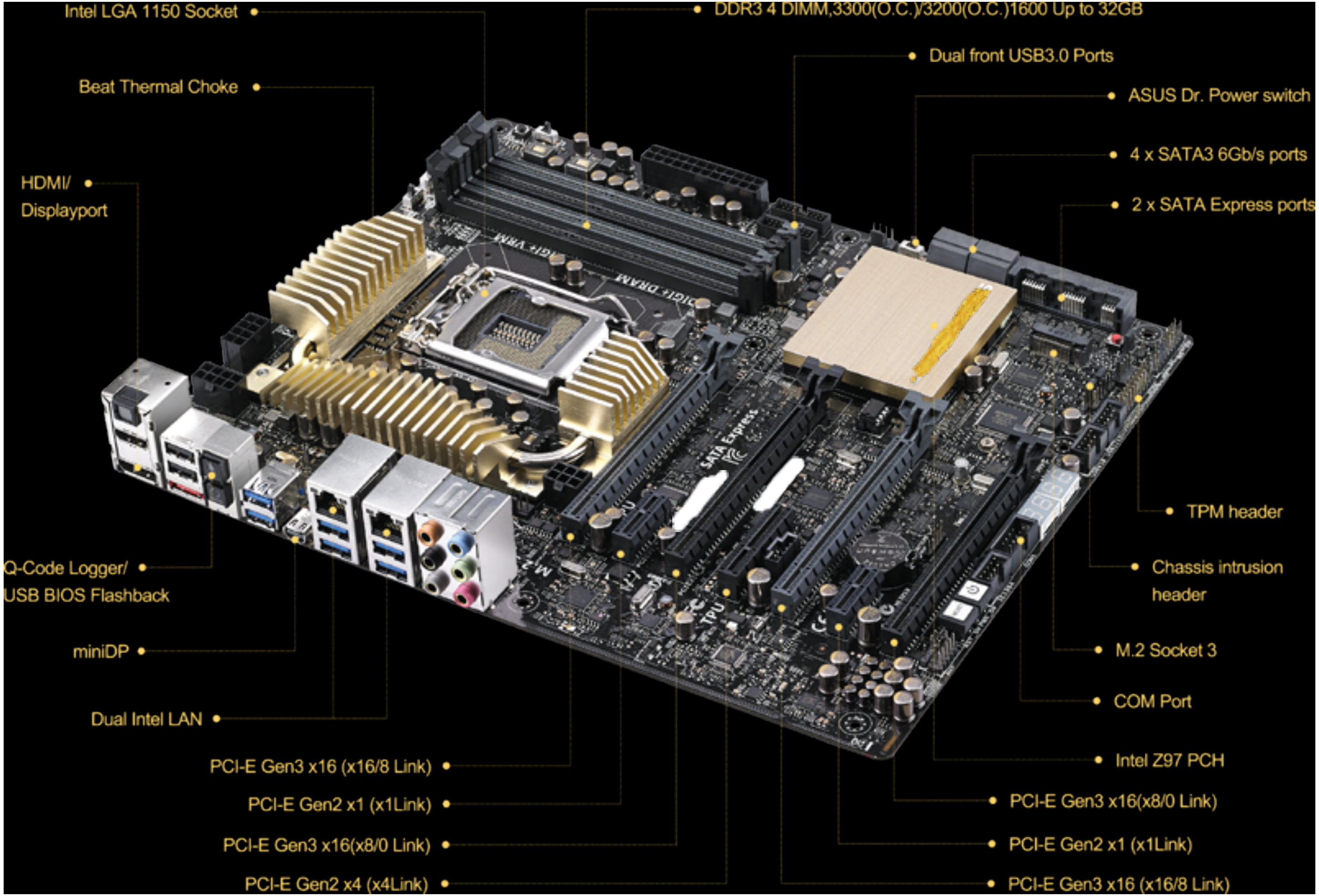
Consolidated Cash Flows Statement 現金流量表

Unit: million NTD

(NT$ M)	2016	2017	2018	2019.12.31
Cash Flows from Operating Activities	879	1,026	1,508	3,360
Cash Flows from Investing Activities	(390)	(1,137)	(1,419)	1,492
Cash Flows from Financing Activities	(637)	186	96	(149)
Impact from Changes in FX Rate	(428)	(221)	(55)	(321)
Net Increase in Cash	(576)	(146)	129	1,398
Cash, beginning of the period	2,041	1,465	1,319	1,448
Cash, end of the period	1,465	1,319	1,448	2,845

Note:	2016	2017	2018	2019.12.31
Capital expenditures	527	1,045	1,308	1,127
Capex/sales(%)	5.95%	9.97%	9.82%	7.46%

Q&A


Intel LGA 1150 Socket
DDR3 4 DIMM,3300(O.C.)/3200(O.C.)1600 Up to 32GB
Dual front USB3.0 Ports
Beat Thermal Choke
ASUS Dr. Power switch
4 x SATA3 6Gb/s ports
HDMI/
Displayport
2 x SATA Express ports
TPM header
Q-Code Logger/
USB BIOS Flashback
Chassis intrusion
header
miniDP
M.2 Socket 3
COM Port
Dual Intel LAN
Intel Z97 PCH
PCI-E Gen3 x16 (x16/8 Link)
PCI-E Gen2 x1 (x1Link)
PCI-E Gen3 x16(x8/0 Link)
PCI-E Gen2 x4 (x4Link)
PCI-E Gen3 x16(x8/0 Link)
PCI-E Gen2 x1 (x1Link)
PCI-E Gen3 x16 (x16/8 Link)

Socket P PHLMs Separate Parts