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# 2018Q1~Q3 Operation Briefing of Nan Ya PCB Corp.

November 23<sup>rd</sup> 2018



# Disclaimer

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The description of historical events might include the information that was not reviewed by accountants. Thus, it might be insufficient to fully exhibit the financial status or operation results of Nan Ya PCB Corp.

The actual operation results, financial status, and sales outlook in the future might be different from what will be indicated or implied in this meeting. The reasons may be including but not limited to the market demand, price fluctuation, competition dynamic, global economy, supply-chain, foreign exchange rate, and other risks that the Company cannot control.

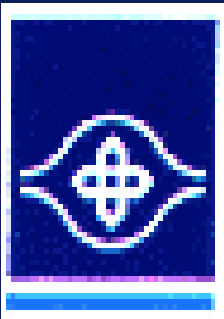
Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.



# Agenda

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- Company Profile
- Financial Status
- Future Product Development
- Operational Goals

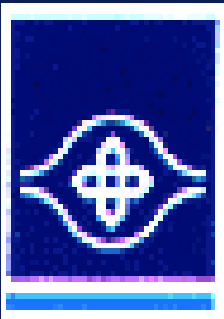


# Company Profile

## Business Overview

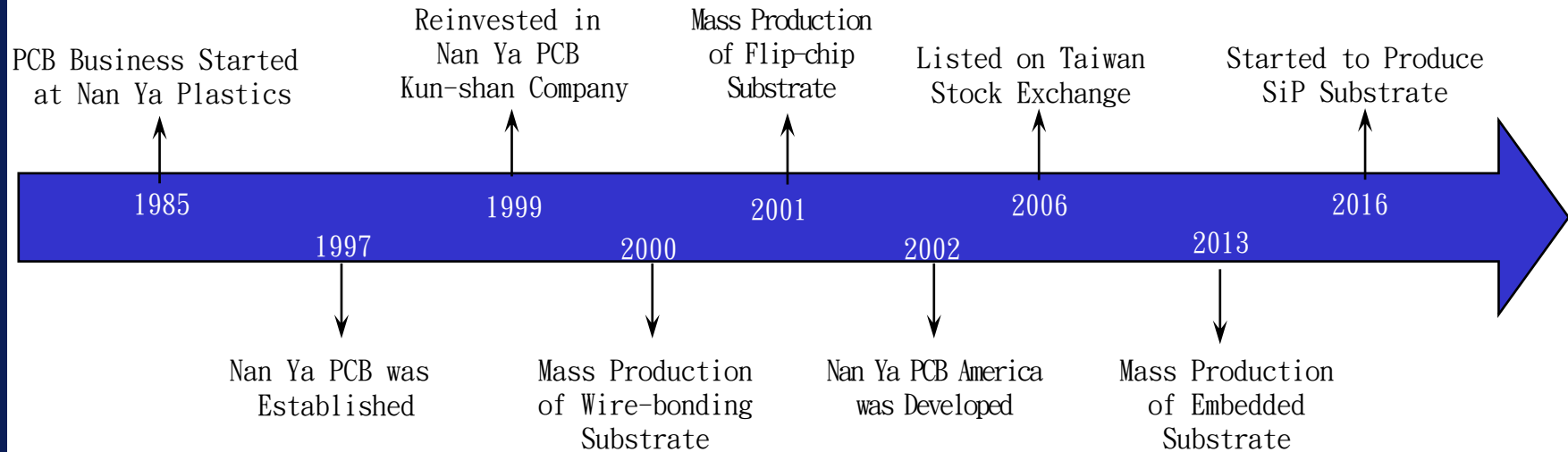
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- Subsidiary Company of Nan Ya Plastics Corp.
- Manufacture and Sell PCBs and IC Substrates
- 2018 Q1~Q3 Consolidated Revenues: NTD 21.1 Billion
- Market Value: NTD 19.4 Billion(September 28<sup>th</sup> 2018)
- Production Locations : Taiwan and China



# Company Profile

## Milestone

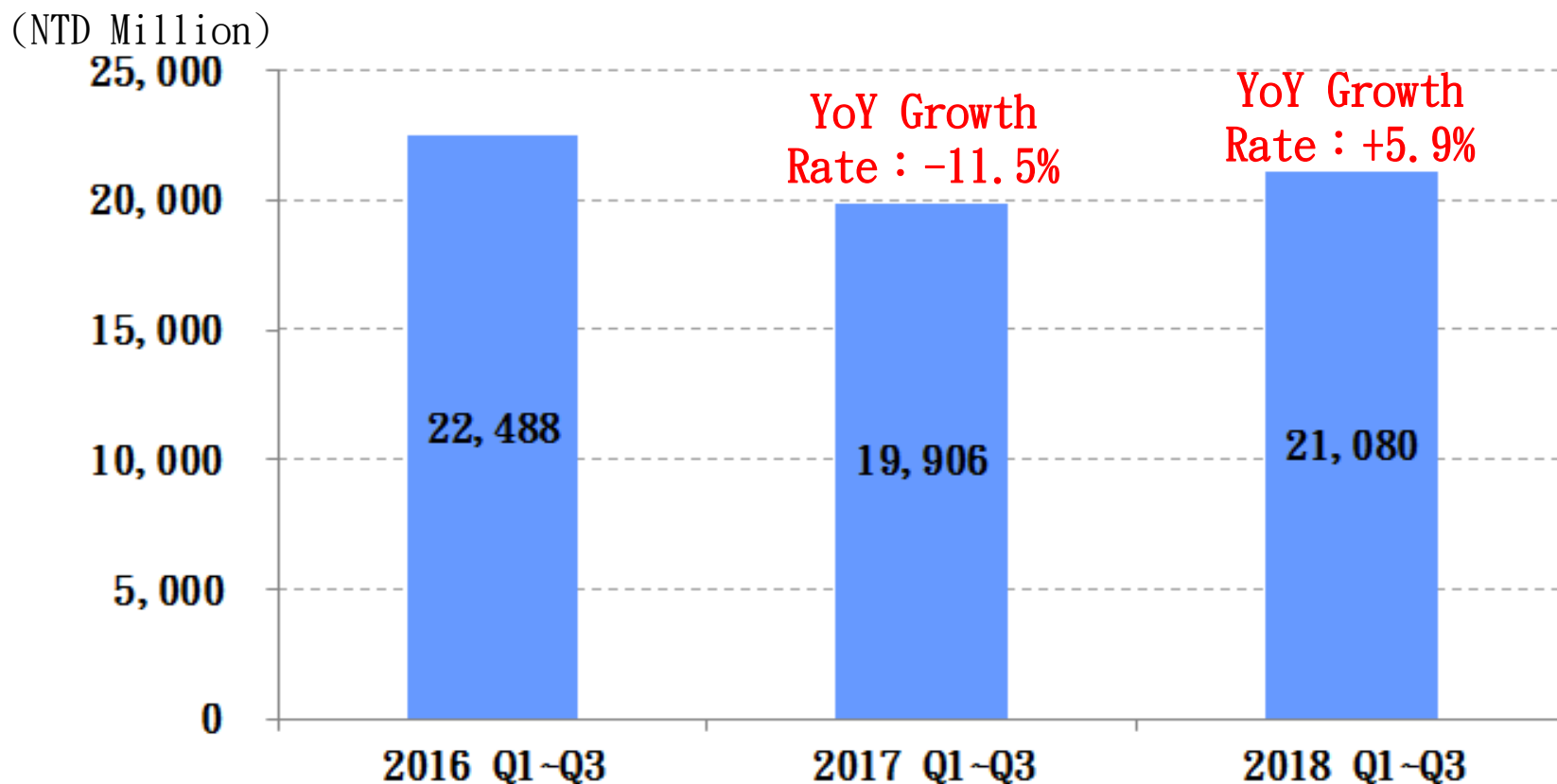


- 1985 : PCB business unit was formed at Nan Ya Plastics Corp. and started manufacturing PCBs
- 1997 : Approved by the Board of Nan Ya Plastics, Nan Ya PCB Corp. was established via reinvestment
- 1999 : Reinvested Nan Ya PCB Kun-shan Company with capital of USD29.8 million
- 2000 : Started manufacturing wire-bonding substrates
- 2001 : Upgraded technologies and produced flip-chip substrates
- 2002 : Established Nan Ya PCB America Corp.
- 2006 : Listed on Taiwan Stock Exchange with ticker 8046 TT
- 2013 : Upgraded technologies and produced Embedded substrates
- 2016 : Started to produce System in Package (SiP) substrates



# Financial Status

## Consolidated Revenues(IFRS) in Last 3 Years

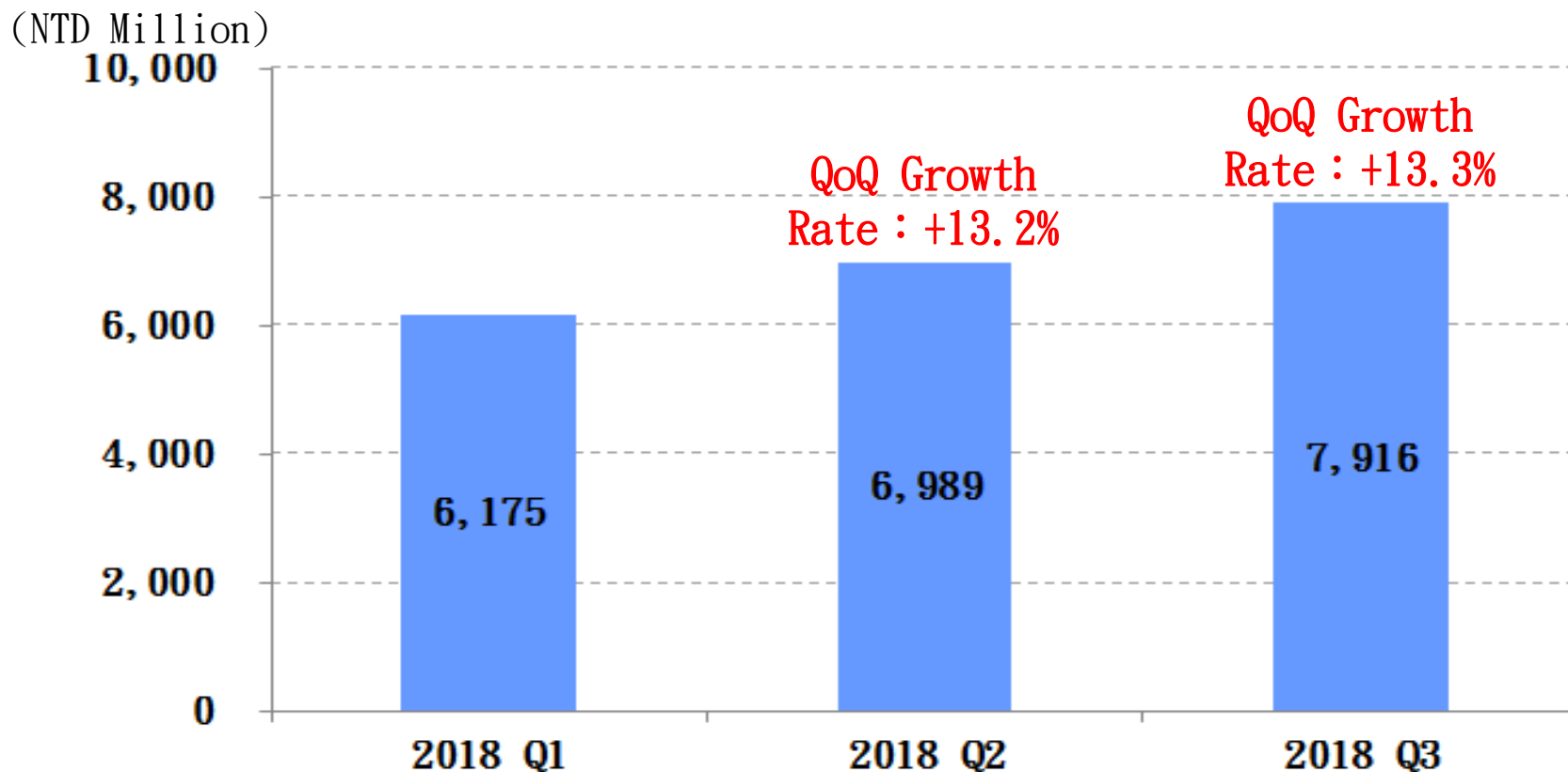


- Revenues in 17Q1~17Q3 were 11.5% less than those in 16Q1~16Q3:  
Because of weak sales in PCs, Nan Ya PCB strategically adjusted the product structure. Thus, Q1~Q3 revenues of 2017 declined from 2016.
- Revenues in 18Q1~18Q3 were 5.9% greater than those in 17Q1~17Q3:  
Nan Ya PCB lifted average selling price by actively rolling out more high value products. Hence, Q1~Q3 revenues in 2018 grew from 2017.



# Financial Status

## Consolidated Revenues(IFRS) in Last 3 Quarters

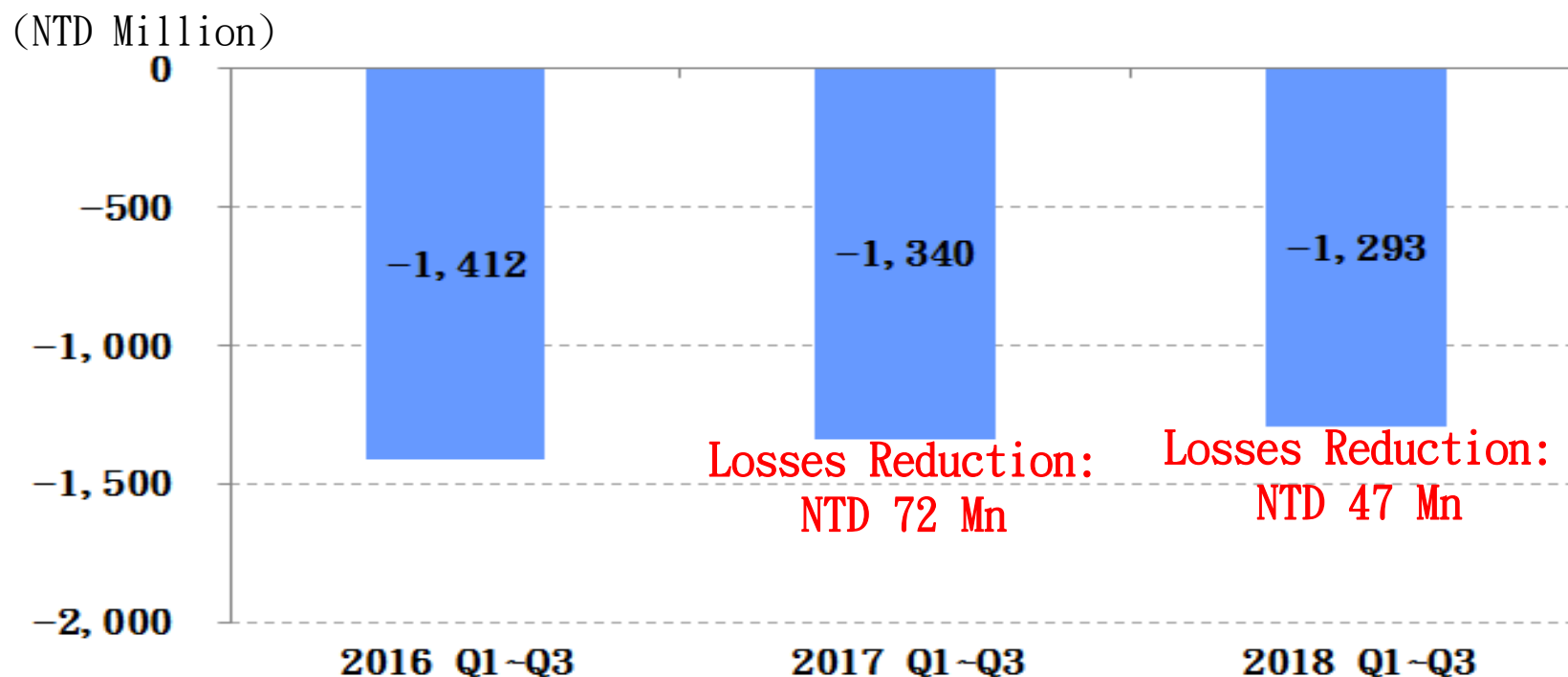


- Revenues in 18Q2 were 13.2% greater than those in 18Q1:  
Sales in 18Q2 broke away from the slow seasonality of 18Q1. Thus 18Q2 revenues grew from 18Q1.
- Revenues in 18Q3 were 13.3% greater than those in 18Q2:  
With greater demands in SiP and ABF substrates, 18Q3 revenues kept growing.



# Financial Status

## Operation Profits(Losses) in Last 3 Years



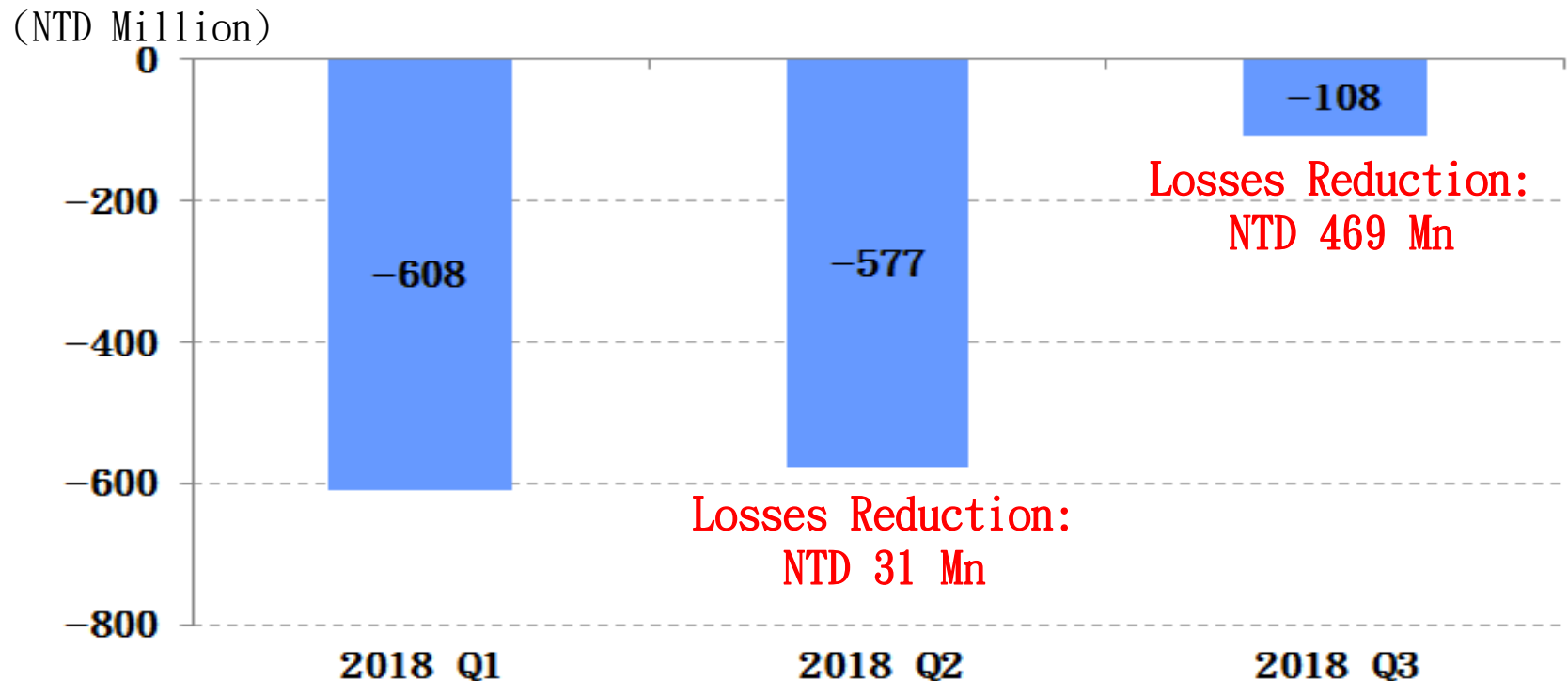
- Operation losses in 17Q1~17Q3 were narrowing NTD 72 Mn from 16Q1~16Q3: With strategically lowered the unprofitable PC application substrates orders, the operational losses in 17Q1~17Q3 were shrinking from 2016.
- Operation losses in 18Q1~18Q3 were narrowing NTD 47 Mn from 17Q1~17Q3: Nan Ya PCB improved the product mix by actively rolling out more high value products. Thus, the operational losses in 18Q1~18Q3 kept decreasing from 2017.





# Financial Status

## Operation Profits(Losses) in Last 3 Quarters

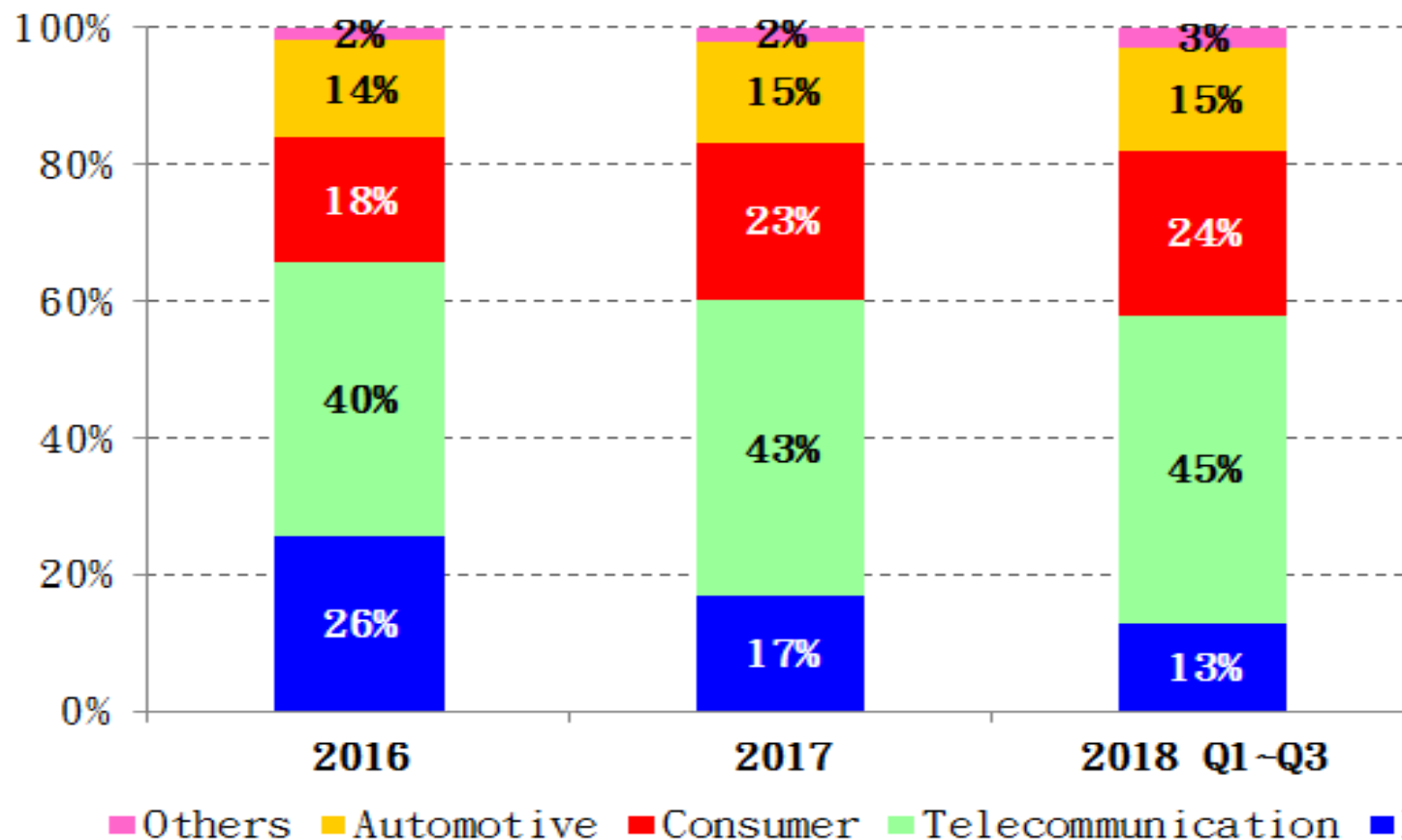


- Operation losses in 18Q2 were narrowing NTD 31 Mn from 18Q1:  
With the operations of clients resumed, the 18Q2 utilization rate recovered from 18Q1. Thus, the 18Q2 operation losses deceased.
- Operation losses in 18Q3 were narrowing NTD 469 Mn from 18Q2:  
The 18Q3 operation losses were significantly less than those in 18Q2 because of greater shipments of high value products and ongoing manufacturing enhancements, improving efficiencies and yield rates.



# Financial Status

## Revenue Structure(By Applications)



- The PC contributions continued to decline because of weak market demand and our product mix restructure.
- Nan Ya PCB actively explored the fields of telecommunication equipment, wearable device (Consumer Electronics), and high performance computing (Others). Thus the contributions from these segments have grown.



# Future Product Development

## Continue to Expand High Value Products

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### ■ 5G Telecommunication Equipment

The PCBs and IC substrate used in 5G telecommunication equipments are featured with larger body sizes, greater layer counts, more complicated circuit design, and higher technology levels, which would lift the average selling price.

### ■ SiP Substrate

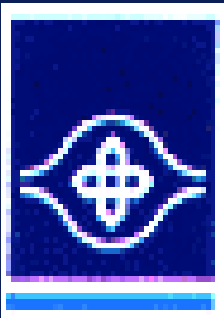
With the ongoing evolvments in high-end assembling technologies, more SiP substrates are applied to mobile, wearable, IoT, and e-business devices to meet the electronics trend of light, thin, short, and small. Our SiP substrate shipments are expected to grow.

### ■ Automotive

Automotive electronics are involved in safety, and the manufacturers of cars and automotive parts would exclusively value product quality, enabling the automotive PCBs prices more stable than other products. With the increasing requirements in car safety and environmental protection, the demand in automotive PCBs grows annually with the booming adoption of automotive electronic systems.

### ■ AI/HPC

Because the designs of AI/HPC application chips are sophisticated and they require high-end IC substrates with high layer counts and excellent heat dissipation. The continuing growth in AI/HPC would drive IC substrate demands and stabilize the prices.



# Operational Goals

## The Company Seeks Becoming Operation Profitable

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- **18Q3 Operation Losses Are Greatly Reduced**

Nan Ya PCB has been dedicated to improving product mix. Also, the yield rate of the high layer and large body size substrates was improved. Thus, 18Q3 operation losses are greatly reduced.

- **18Q4 Product Mix Continue to Be Improved**

The demands in our 18Q3 high value products are expected to remain stable in 18Q4, enabling the product mix improvement to continue and offset impacts from slow sales seasons of the electronics industry.

- **To Seek Becoming Operation Profitable in 2019**

**Sales Expansion:** The 5G and AI/HPC are expected to grow rapidly in 2019, which would carry the sales growth. Also, the demands in high value products, such as SiP substrates and automotive PCBs, continue to grow and enhance our product mix.

**Costs Reduction:** We will continue to re-layout manufacturing processes and introduce automation equipments to enhance the production capability, yield rate, and efficiency. The goal of Nan Ya PCB in 2019 is to become operational profitable.



Thank You

