

TAIWAN LINE TEK ELECTRONIC CO.,LTD

● Year 2017

- Company Profile
- Industry Overview
- Company performance & Finance report



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The first chapter

Company Profile



Linetek Group Overview

- **Founded:**
July 1st, 1978
- **Stock Capital:**
US\$ 47 million
Listed on Taiwan stock exchange market since 1992
- **Employment :**
Over 4,000 employees worldwide
- **Products :**
AC Power Cord
DC Cable Assembly
Cable & Wire
- **Head Office:**
Taipei, Taiwan

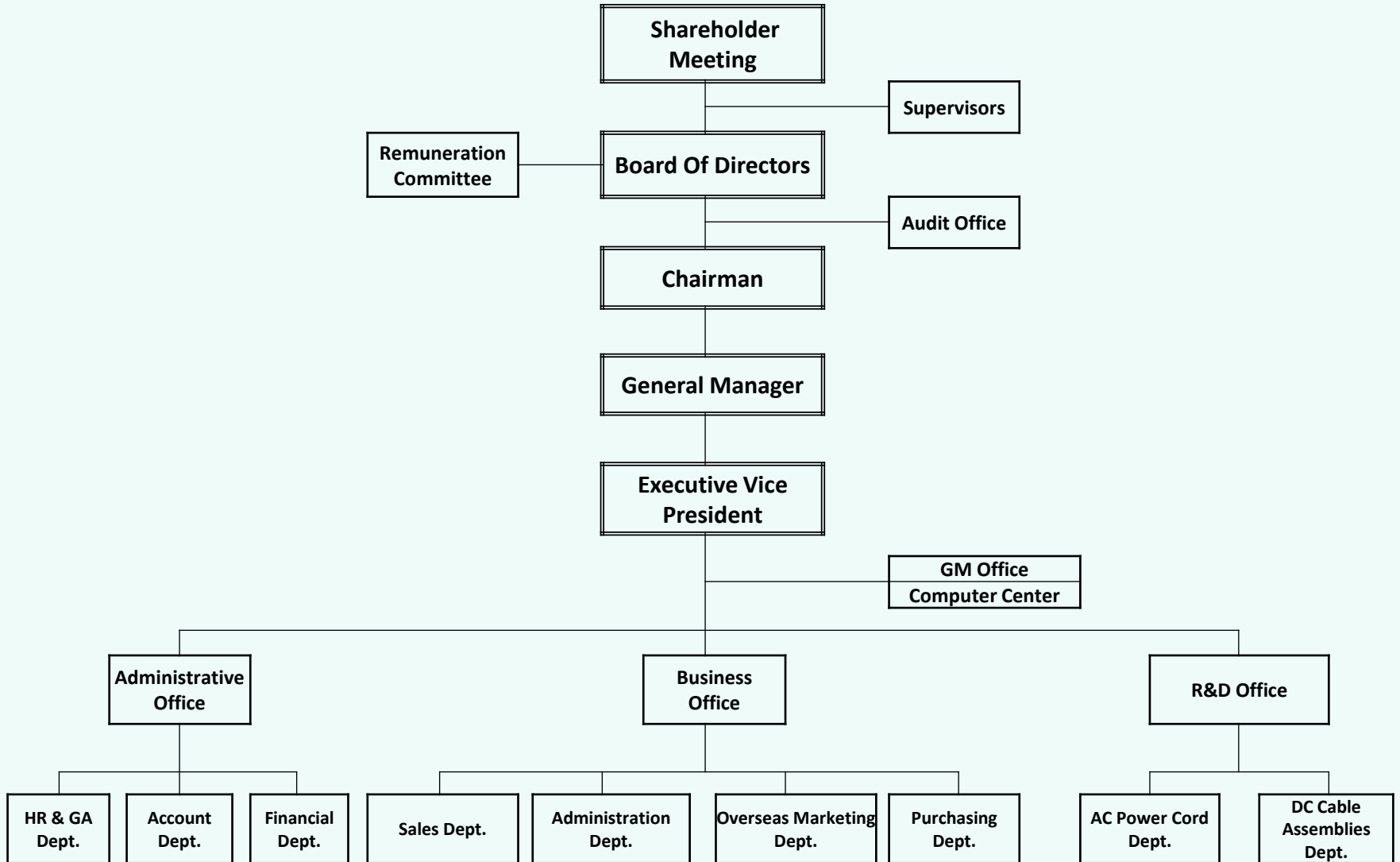


Chairman & CEO: **Mr. Alex Chen**

Website: **www.linetek.com.tw**



Organization Chart





HQ & Factories of Linetek Group



Global Sales, Logistics & Production Sites

Global Sales & Logistics Sites:

- Taipei, Taiwan (HQ)
- Huizhou, China
- Dongguan, China
- Suzhou, China
- Suwon, Korea (office)
- Selangor D. E., Malaysia (office)
- Bangalore, India (office)
- Osaka, Japan (office)
- Istanbul, Turkey (office)

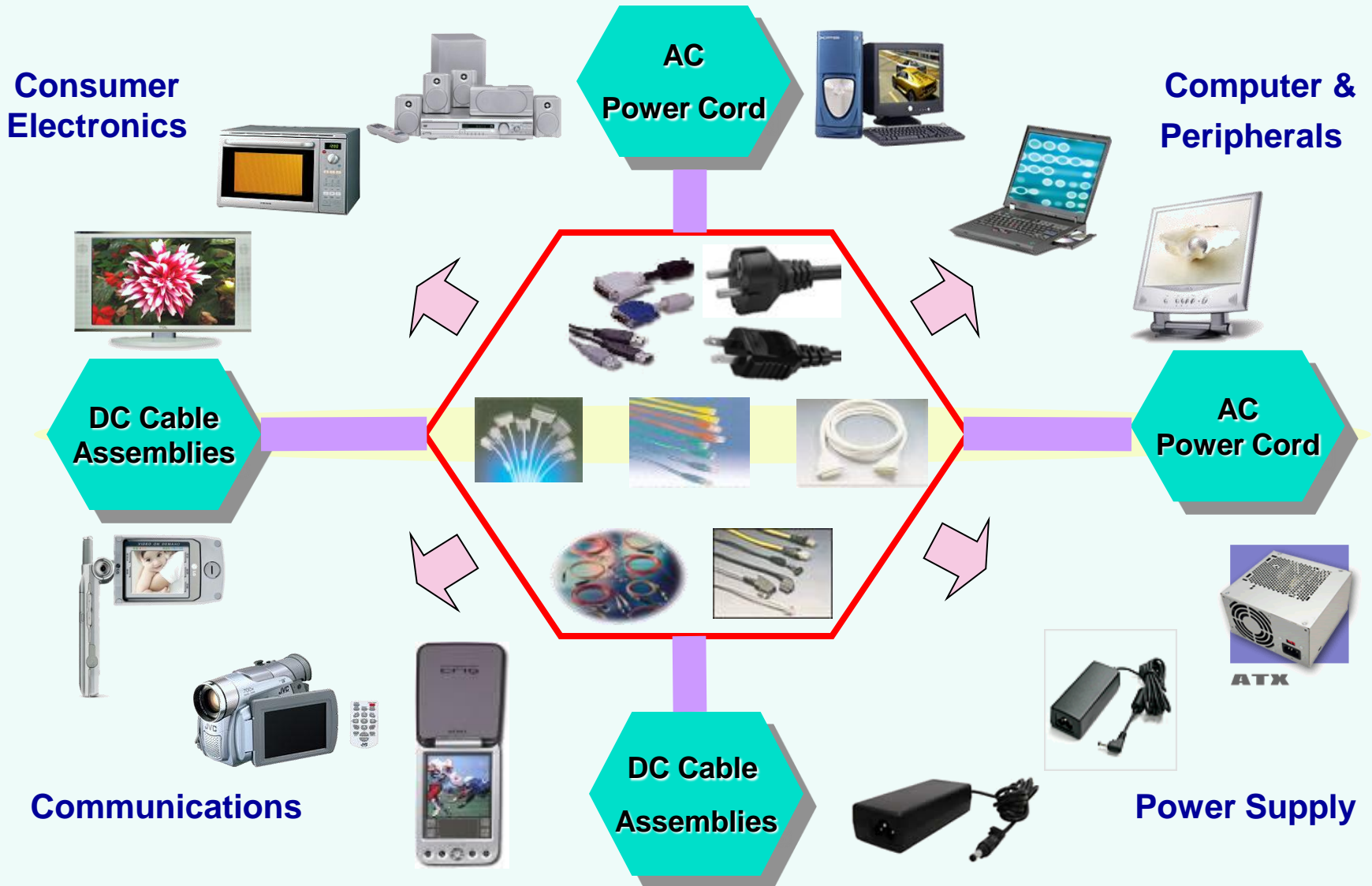
■ Total: 9 sites

Global Production Sites:

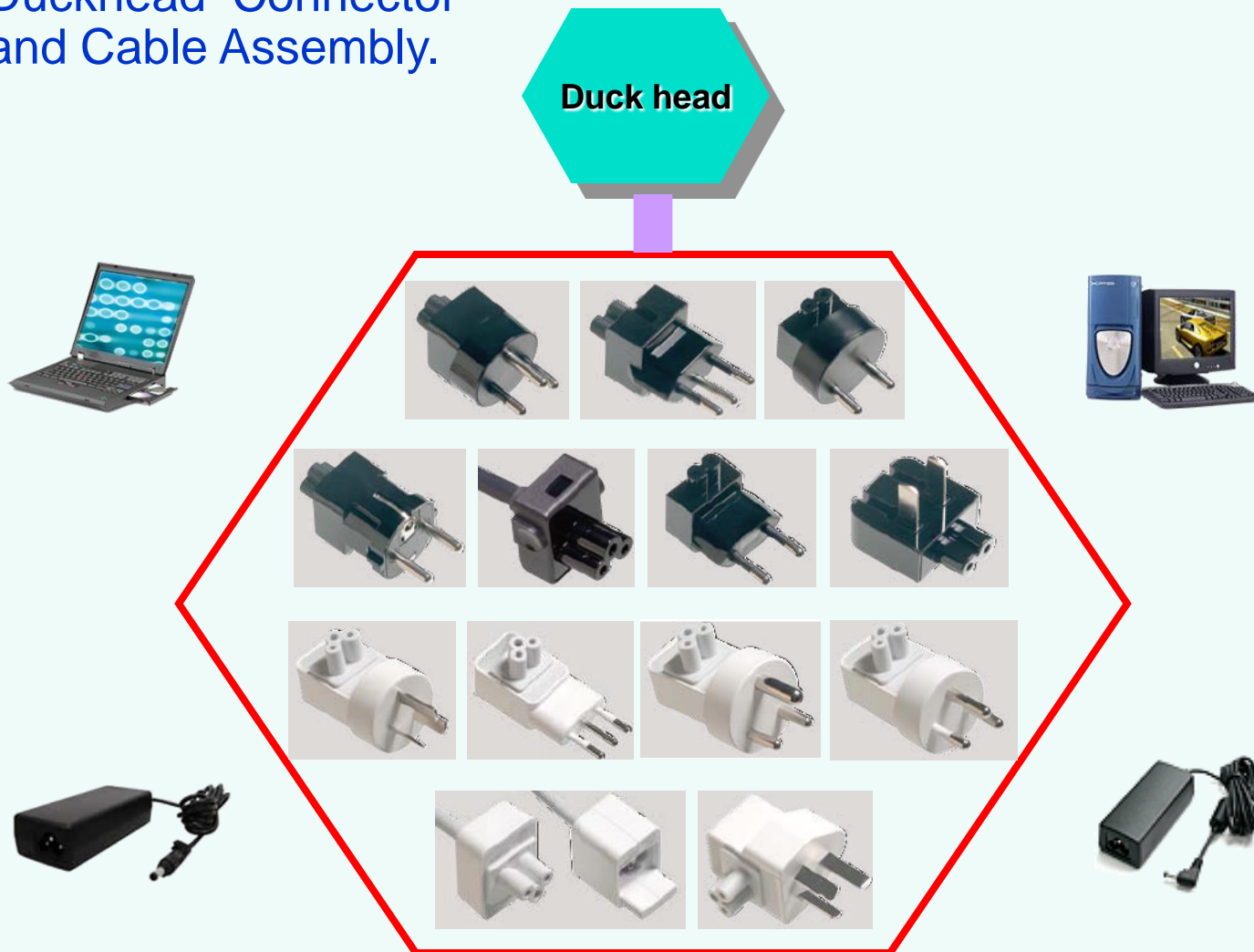
- Huizhou, China
- Dongguan, China
- Suzhou, China
- Shenzhen, China, (factory will move to Huizhou before 2018 1th quarter)

■ Total: 4 sites

Product Roadmap for Huizhou Facility-1/5



- Duckhead Connector and Cable Assembly.



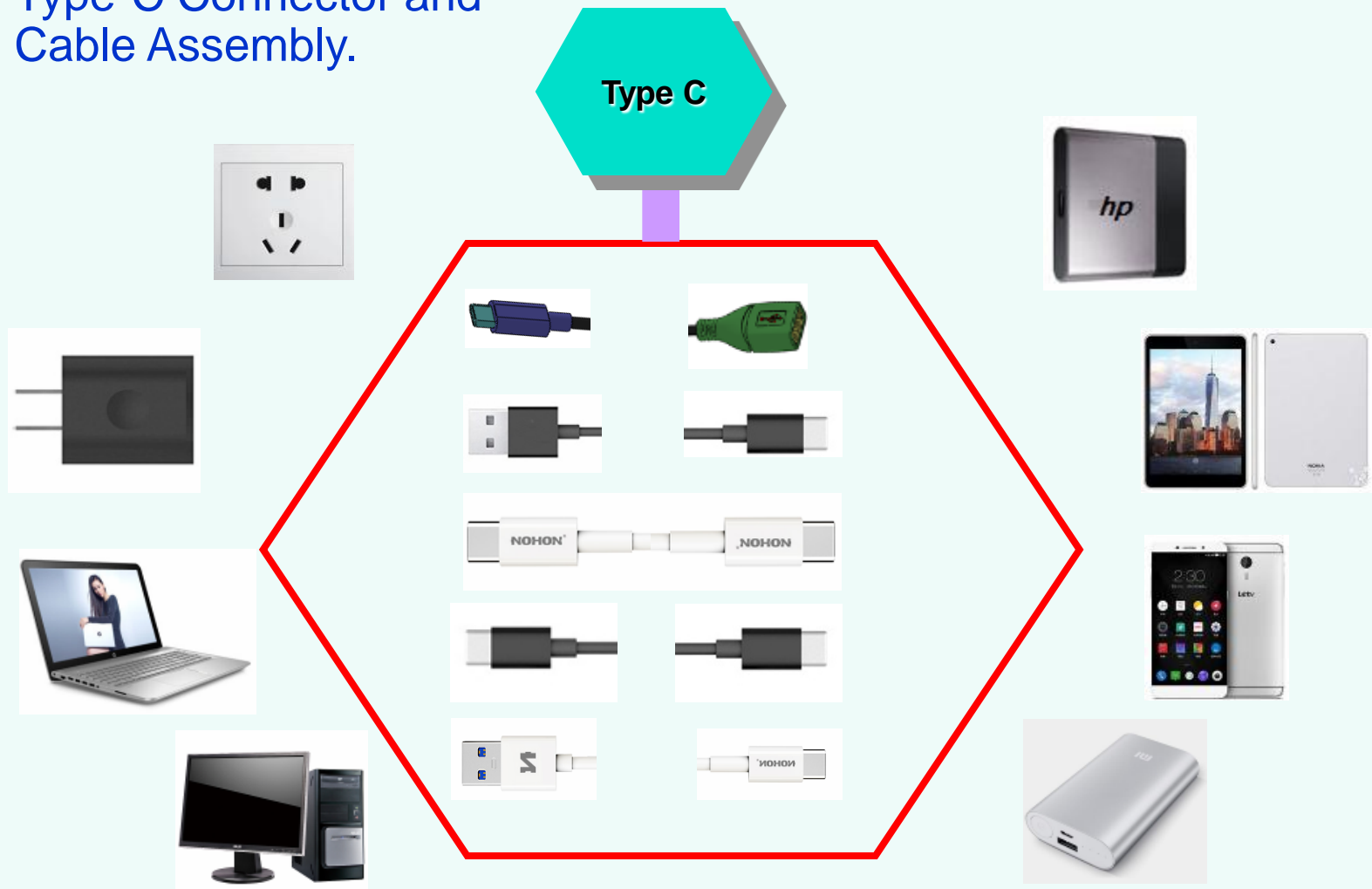
- Computer and Peripheral Cables...



- Telecommunication Cables...

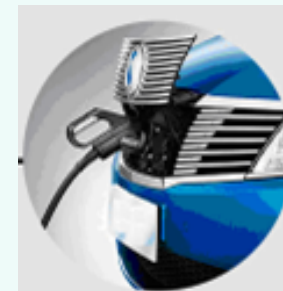


- Type-C Connector and Cable Assembly.



EV cable.

EV cable



Head Office / Taipei, Taiwan

- Establishment:
1978
- Land :
1,302 m²
- Floor Space :
5,150 m²
- Employee :
53



Huizhou, China

- Establishment :
2013
- Land :
145,200 m²
- Floor Space :
102,775 m²
- Employee :
3,000
- Main Products :
AC Power Cord
DC Cable Assembly
Wire & Cable
- Monthly Capacity :
AC: 15 Mil.
DC: 12 Mil.
- Certificates :
ISO 9001
ISO 14001
OHSAS 18001
QC080000
EICC



1. Administrative / R&D Center

Area of structure: 6,000 m²

1F: Entrance lobby, coffee shop, VIP room ,
conference room, meeting room, administrative
dept., information center, training room.

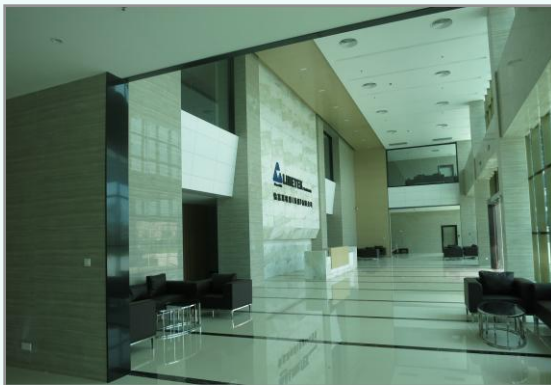
2F: Offices of logistic support for ENG, QA, PM, PU etc.

3F: Offices of business for CEO, GM, sales, finance,
customs affairs etc.

4F: Office of R&D center



The building of administrative/R&D



Entrance lobby



Office area



Training room

2. AC Production Plant

Area of structure: 16,384 m²

Brand new production equipments with air-conditioner

1F: Warehouse

2F: 13* Standard assembly line

3F: 6* Standard assembly line

8* Automatic process production line

4F: 25* Work station production line

5F: Special production line for halogen-free products,
dock head and connectors.

Monthly capacity: 15 million meters



The building of AC production



Assembly line



Brand new injection
molding machines



Automatic process production line

3. DC Production Plant

Area of structure: 16,384 m²

Brand new production equipments with air-conditioner

1F: Warehouse

2F~4F: 36* Standard assembly line

5F: Specialized production lines for halogen-free and USB Type-C related products.

Monthly capacity: 12 million meters



The building of DC production



Assembly line - 1



Assembly line - 2



Brand new injection molding machines

4. ACW/DCW Production Plant

Area of structure: 15,360 m²
Brand new production equipments
with air-conditioner

For all kinds of core wire extrusion, core wire,
copper wire stretch, winding, tape, etc.

Special production line for wire / cable for
halogen-free and Type-C related products.



The building of ACW/DCW production



Extrusion for jacket



Extrusion for core wire



Wire stranding



Wire twining

5. Warehouse Center

Area of structure: 8,192 m²
Area of shipping dock: 8,000 m²

Brand new 3-storey loading shelf, automatic lift platform , setup warehouses for AC finished goods, DC finished products, raw materials, halogen-free material, special material etc. It can be stored up to 7M finished products.

Physics and Chemistry Laboratories are also located in the center.



The building of warehouse



The square of shipping dock



Warehouse for finished products



Warehouse for raw materials

6. Staff Leisure Center-1

Area of structure: 8,000 m²

Brand new facility equipped with air-conditioner.

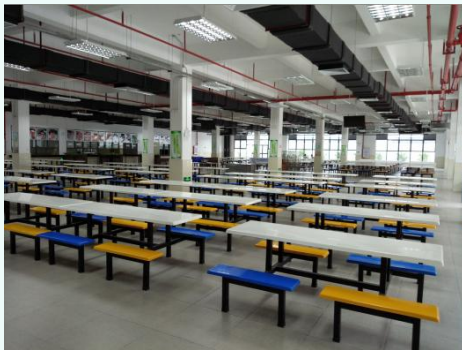
1F~2F: Dining area for 3,000 people. Equipped with automatic dish washing machine, table-ware disinfection, refrigerator etc.. to ensure the sanitary of foods safety in place.

3F: Leisure and medical area equipped with clinic, emergency center, resident doctor, gym, table tennis, billiard, KTV, cinema, audio-visual room, library, Internet cafe.

4F: Stage of activities for such as Mid Autumn Festival party, Lantern Festival party which equipped with a large stage, stereo audio equipment, and badminton field.



The building of leisure center



Dining area



Food supply area



Table-ware disinfection

6. Staff Leisure Center-2



Table tennis



Billiard



KTV



Cinema



Library



Activity stage & badminton

7. Dormitory & Stores

Area of structure for dormitory: 22,268 m²

Area of structure for stores: 4,500 m²

1F: Commercial street built by EF with total 28 shops, providing supermarkets, coffee and tea, all kinds of restaurants, snack, communication, internet cafes, shopping, laundry, barber and other services.

2F~6F: Dormitory , 30 m² space of each room, 6 persons for general employee and 2 persons for leader. Equipped with air-condition, independent wardrobe, desk and chair, bed, balcony, bathroom, restroom.



The building of dormitory



Room for leader



Room for staff



Everfull business street

8. Major Equipment For Energy And Carbon Reduction -1



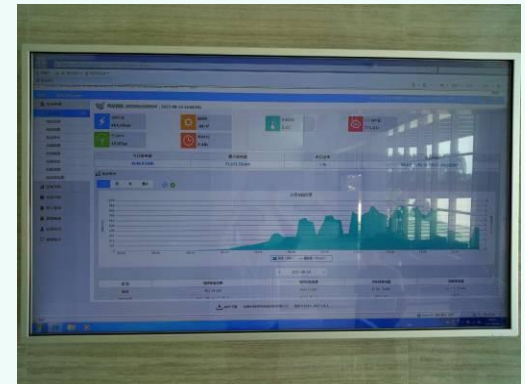
Intelligent environmental protection ice continuous cooling air conditioning system



Intelligent environmental protection ice making system



Solar power system

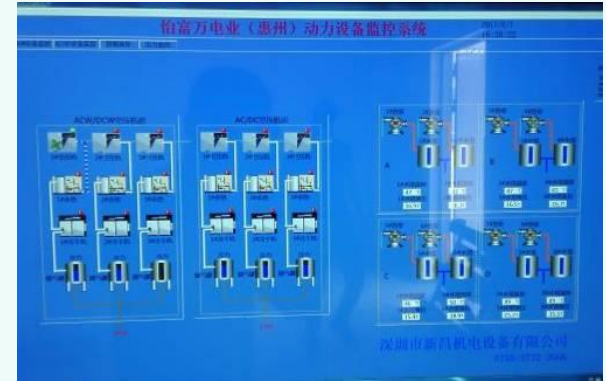


Generation energy efficiency dashboard

8. Major Equipment For Energy And Carbon Reduction -2



**Intelligent environmental protection
frequency conversion air compressor system**



**Air pressure system
control panel**



Environmental protection water circulating system



Air pressure dashboard

9. 2nd & 3rd Expansion Plan of Huizhou Facility

1st Stage of project: Completed and moved forward to trial run in Jun. 2017.

2nd Stage of project: Scheduled to start building in 2018.

3rd Stage of project: Expected to plan in 2019.

	Land (M ²)	Employee	Project
1 st Stage	51,555 M ²	3,000	Administrative / R&D Center AC/DC production plant ACW/DCW wire & cable production plant Warehouse center 1 st stage of dormitory, leisure center, commercial street
2 nd Stage	40,240 M ²	2,000	PVC plastic production plant CW copper extension processing plant Precision molds, connectors, metal stamping, plastic injection zone. 2 nd stage of dormitory, basketball court and leisure garden
3 rd Stage	51,555 M ²	Planning	Planning

- Establishment :
1998
- Land :
7,795 m²
- Floor Space :
9,295 m²
- Employee :
2,200
- Main Products :
DC Cable
- Monthly Capacity :
6 Mil.
- Certificate :
ISO 9001
ISO 14000
OHSAS 18000



- **Establishment :**
2003
- **Floor Space :**
6,000 m²
- **Employee :**
1,200
- **Main Products :**
AC Power Cord
DC Cable
- **Monthly Capacity :**
AC: 5 Mil.
DC: 2.5 Mil.
- **Certificate :**
ISO 9001
ISO 14000





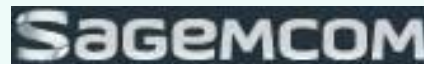
Global Major Customers



ELECTRONICS



CORSAIR



Quanta Computer



ZTE中兴



KONKA

CHANGHONG 长虹

HuntKey 航嘉



Worldwide Safety Certificates

	CE Europe			OVE Austria			UL U.S.A.			CCC China	
	VDE Germany			EAC Russia			CSA Canada			PSB Singapore	
	BSI U.K.			SEV Switzerland			SABS South Africa			KC Korea	
	LCIE France			NEMKO Norway			SAI Australia			PSE Japan	
	IMQ Italy			FINKO Finland			INMETRO Brazil			BSMI Taiwan	
	KEMA Holland			SEMKO Sweden			IRAM Argentina			SII Israel	
	CEBEC Belgium			DENKO Denmark			BIS India			SIRIM Malaysia	
							ISC Cambodia				

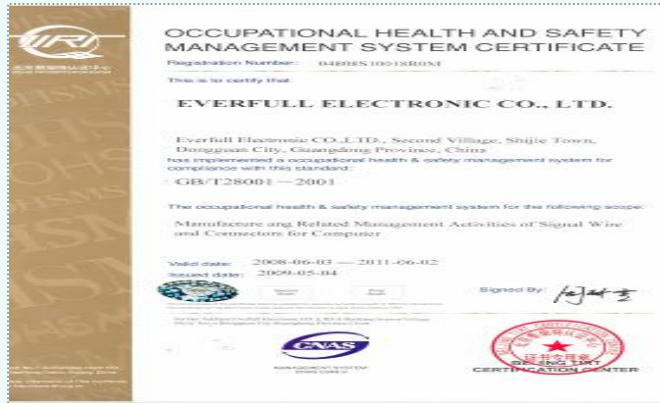
Certificate of Quality System



ISO 9001: 2008



ISO 14001 : 2004



**OHSAS 18001
Occupational Health and Safety Assessment Series**





The second chapter

Industry Overview



Industry Overview-1/5

- 2017 commercial NB will have replacement tide
- Due to WIN 8 will stop main support in 2018 , the market estimated that there will be fluctuation of NB market in year 2017. It will cause decline in market and slow down on NB and DT shipments.

Company	2Q17			1Q17		QoQ
	Ranking	Market Share	Shipments (10K)	Ranking	Market Share	
HP	1	23.40%	935	1	22.80%	8.50%
Lenovo	2	20.10%	805	2	21.20%	0.30%
Dell	3	16.40%		3	14.30%	21.30%
ASUS	4	10.00%	399	4	9.70%	9.30%
Apple	5	10.00%	398	5	9.00%	17.10%
acer	6	8.00%	322	6	8.80%	-3.50%
Shipment Total (Unit: 10K)			3995.5	3781.1		5.70%

Note: Lenovo's shipments exclude those from brands that the company has acquired.

Source: TrendForce, Aug, 2017

Industry Overview-2/5

- 2016-2017 HP and DELL got best performance:
- 2017 Outlook: Due to the new MACBOOK estimated to sale with high price, so the sales volume is flat. HP and DELL's sales were flat and slightly down as well,
However, in the commercial notebook market, both HP and DELL maintain their market share and didn't fall down.

2015-2017 PC shipment estimate:

排名	品牌	2015		品牌	2016 (E)		品牌	2017 (F)	
		出貨量 (百萬台)	市佔率(%)		出貨量 (百萬台)	市佔率(%)		出貨量 (百萬台)	市佔率(%)
1	HP	33.8	20.50%	HP	35.1	22.30%	HP	35.1	22.70%
2	LENOVO	32.8	19.90%	LENOVO	33.6	21.40%	LENOVO	32.8	21.20%
3	DELL	22.5	13.70%	DELL	23.7	15%	DELL	22.9	14.80%
4	APPLE	17	10.30%	ASUS	16.8	10.60%	ASUS	16.6	10.70%
5	ASUS	17	10.30%	APPLE	13	8.20%	APPLE	12.8	8.30%
6	ACER	14.7	8.90%	ACER	13	8.20%	ACER	12.5	8.10%

source : *Gartner*

Industry Overview-3/5

Source: TrendForce, 2017 May



公司	2017Q1			2016Q4		季成長率
	排名	出貨量(台)	市佔率	排名	市佔率	
HP	1	862萬	22.80%	1	23.50%	-17.90%
Lenovo	2	800萬	21.20%	2	21.40%	-16.40%
Dell	3	540萬	14.30%	3	24.90%	-18.70%
Asus	4	365萬	9.70%	4	9.80%	-17.00%
Apple	5	340萬	9.00%	5	9.00%	-15.80%
Acer	6	333萬	8.80%	6	8.50%	-12.70%
others		541萬	14.20%		12.90%	-8.30%
出貨量		3781萬			44775	-15.60%

Market research firm "TrendForce" announced NB shipments pointed out the global notebook market off-season is not short in the first quarter of 2017, shipment volume had reach 37.17 million units, although it fell at 15.6% compare with last quarter , but grew up 6.1% compare with the same period last year. The second quarter demand estimate booming, but this year still decline 2 to 4%.

Industry Overview-4/5

The output value: the industrial, medical, PC and automotive market share lay in 10% to 15%. The domestic connector factory focuses on the production of PC and consumer electronics related.



TYPE C functional diversification, market penetration will be gradually increased and will push up the connector industry output value.

2013 USB Association had begun to develop the USB3.1 specification, the overall norms of the general set in the end of 2014 , between USB3.1 and USB3.0 the main changes are:

- (1) power supply of the upper limit from of 5 watts to 100 watts.
- (2) transmission speed upgrade from 5Gbps to 10Gbps, speed increase of 1 times.
- (3) Pin number from 9 add to 16 (TYPE C specification).

Type	Operating Voltage	Operating Current
USB2.0	5V	500mA
USB3.0	5V	900mA
Type C	5V	1.5A / 3A/5A
USB PD (Power Delivery)	Up to 20V	Up to 5A

Scalable power charging: 3A for standard cable

USB power delivery function: 100W(5A,20V) for DC charge.



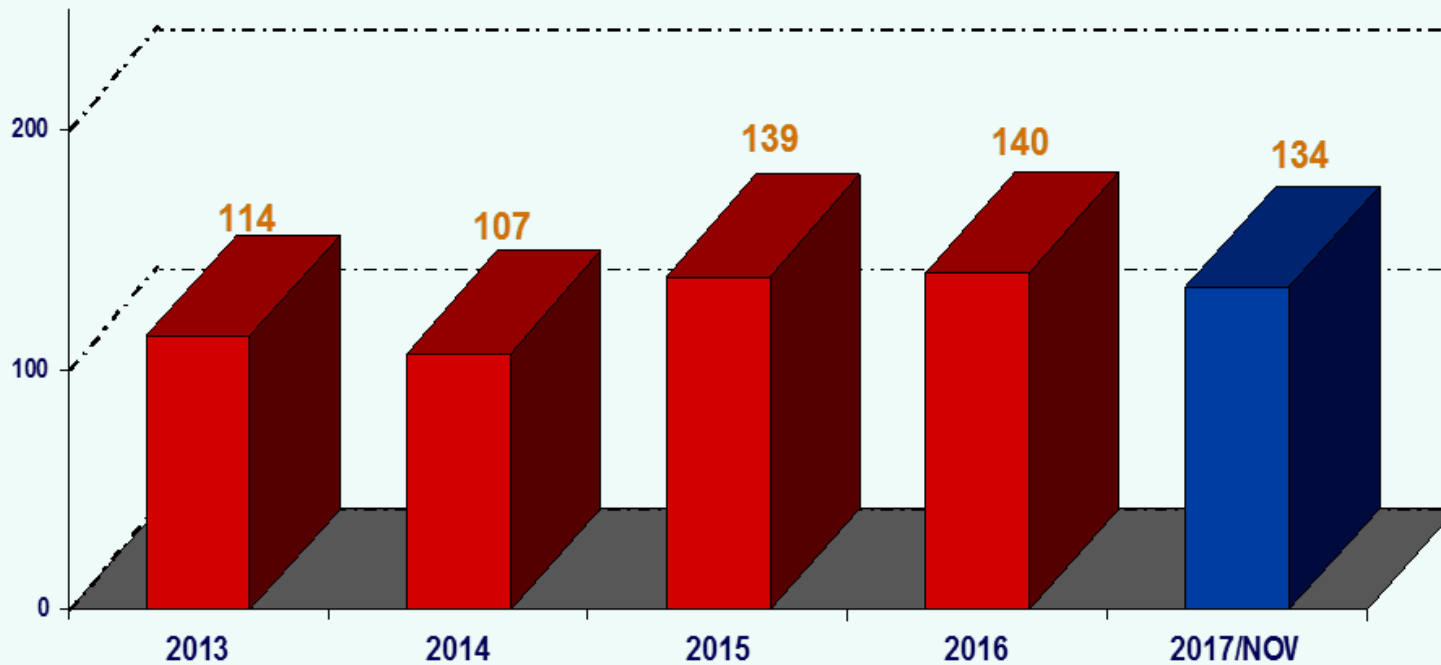
The third chapter

Company operating results and earnings

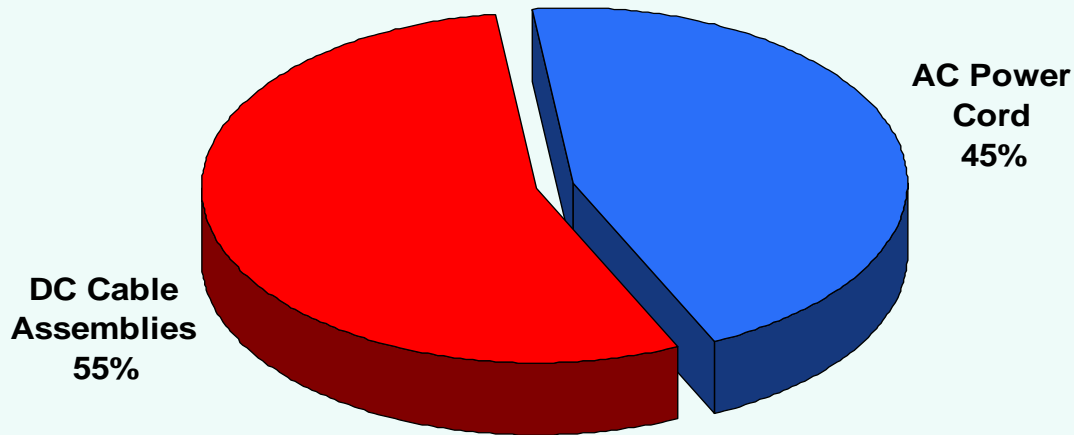


Sales Revenue of Linetek Group

Million USD



Sales Ratio of Product Lines



Item	(Kpcs)	Percentage
Computer transmission line	52,684	31.71%
Electrical transmission line	43,321	26.08%
Information product signal connection line	70,061	42.17%
Other	59	0.04%
Total	166,125	100.00%

2017 Jan-Sep

Product line and research direction

	Linetek	AC	DC	Total
2017 End	Planning production line	35	37	72
	Planning capacity (million)	147.6	105.2	252.8
2018 End	Planning production line	49	64	113
	Planning capacity (million)	236.4	178.8	415.2

Product development:

The direction of consumer electronics peripheral products, clouds, smart home appliances, automotive charging products, high-frequency lines, automotive lines, medical plugs and so on.

Operating status

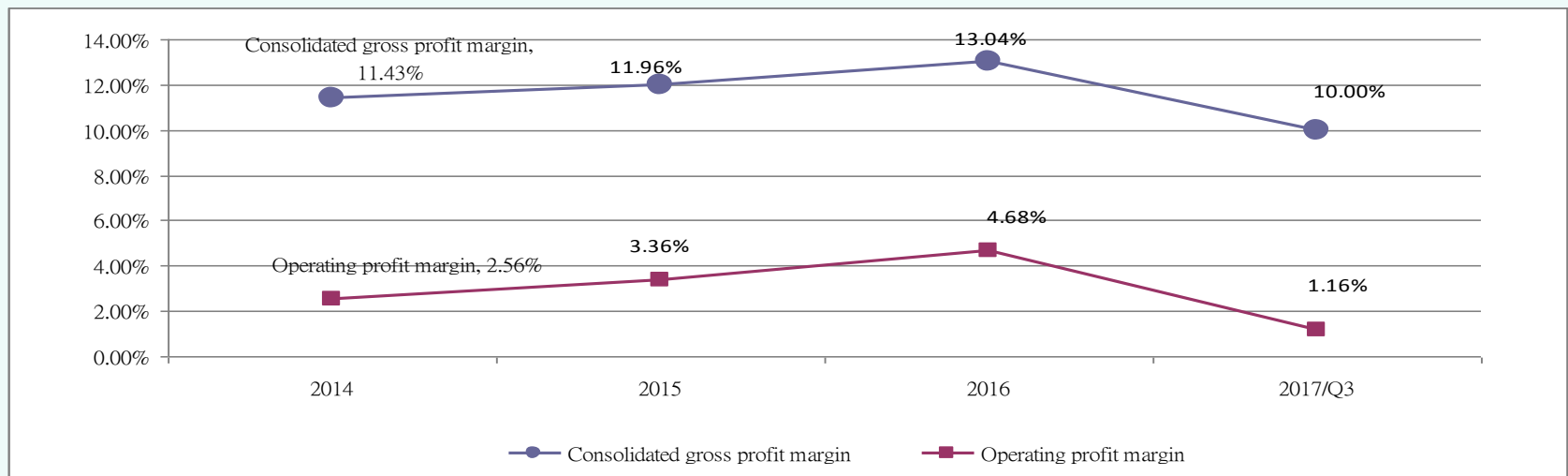
2017					2016			
MONTH	Revenue	Annual growth rate	Accumulated revenue	Accumulated revenue growth rate	MONTH	Revenue	Accumulated revenue	Accumulated revenue growth rate
1	300.22	-16.72%	300.22	-16.72%	1	360.49	360.49	-17.43%
2	241.00	44.68%	541.22	2.68%	2	166.58	527.07	-22.07%
3	370.42	10.43%	911.64	5.70%	3	335.43	862.50	-14.28%
4	331.38	1.40%	1,243.02	4.52%	4	326.82	1,189.32	-13.87%
5	356.04	5.15%	1,599.06	4.66%	5	338.60	1,527.92	-11.19%
6	363.31	10.57%	1,962.37	5.70%	6	328.65	1,856.57	-9.04%
7	373.86	-3.49%	2,337.87	4.19%	7	387.30	2,243.87	-6.06%
8	432.14	9.81%	2,770.00	5.03%	8	393.52	2,637.40	-3.47%
9	398.26	-2.80%	3,168.26	3.98%	9	409.71	3,047.11	-1.46%
10	394.63	8.39%	3,562.91	4.45%	10	364.08	3,411.20	-0.77%
11	451.05	14.21%	4,013.96	5.46%	11	394.93	3,806.12	-0.08%
12					12	411.05	4,217.17	1.14%

* UNIT: MIL(NT\$)

Operating status-2

Year / item	2014	2015	2016	2017/Q3
Consolidated operating revenue	4,496,149	4,169,757	4,217,075	3,168,281
Consolidated gross profit	513,865	498,682	549,807	316,957
Consolidated gross profit margin	11.43%	11.96%	13.04%	10.00%
operating profit	115,059	140,053	197,263	36,831
Operating profit margin	2.56%	3.36%	4.68%	1.16%

* UNIT:MIL(NT\$)



Operating status

2017 EPS	
2017 Q1	-0.26
2017 Q2	0.20
2017 Q3	0.27
2017 TOTAL	0.21

Financial statements-Balance sheet

Balance sheet		2017 / 09 / 30	NT\$ (Thousand)
Account Names	AMOUNT	%	
Current assets	3,215,043	64.58	
Non-current assets	1,763,410	35.42	
Total assets	4,978,453	100	
Current liabilities	1,866,515	37.49	
Non-current liabilities	513,834	10.32	
Total liabilities	2,380,349	47.81	
Share capital	1,424,846	28.62	
Capital reserve	271,479	5.45	
Retained earnings	973,190	19.55	
Other rights and interests	-71,411	-1.43	
Treasury stock	-	-	
Stockholders' equity of parent company	2,598,104	52.19	
Stockholders' equity	2,598,104	52.19	
The net asset value of each share	18.23		



Financial statements-Income Statement

Income Statement		2017 3rd Quarter				NT\$ (Thousand)			
Account Names	2017 3rd Quarter		2017 3rd Quarter		2017/1/1- 2017/9/30		2016/1/1- 2016/9/30		
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
Operating Income	1,204,273	100	1,190,618	100	3,168,281	100	3,047,122	100	
Operating Costs	1,085,273	90.12	1,031,757	86.66	2,851,324	90	2,671,361	87.67	
Gross Income (Loss) from Operations	119,000	9.88	158,861	13.34	316,957	10	375,761	12.33	
Operating Expenses	106,448	8.84	91,914	7.72	280,126	8.84	260,833	8.56	
Net Operating Income (Loss)	12,552	1.04	66,947	5.62	36,831	1.16	114,928	3.77	
Non-Operating Income and Expenses	28,031	2.33	-16,275	-1.37	-5,912	-0.19	-26,226	-0.86	
Continuing Operations' Income (Loss) Before Tax	40,583	3.37	50,672	4.26	30,919	0.98	88,702	2.91	
Income Tax Expense	1,689	0.14	10,834	0.91	455	0.01	31,040	1.02	
Net Income (Loss)	38,894	3.23	39,838	3.35	30,464	0.96	57,662	1.89	
other comprehensive income	13,915	1.16	-40,873	-3.43	-44,190	-1.39	-86,629	-2.84	
Consolidated net income (loss)	52,809	4.39	-1,035	-0.09	-13,726	-0.43	-28,967	-0.95	
Primary Earnings per Share	0.27		0.28		0.21		0.48		

Business outlook

- **To adjust the operating structure,
Through control staff working overtime strictly and to improve the production efficiency by automation process, we had driven gross margin increased last year.
We're working in the field of electric vehicle. Currently we 're in clients' certification progress, the brilliant future is expected.**
- **Shenzhen factory had moved their product lines to Huizhou new factory. We expected to be completed before the end of 2017.**
- **This year, we have the orders and the operation processes improved.
This year our profit will have the opportunity to grow over last year. But we will have a one-time charge due to factory relocation and impact orders and production arrangements.
Nevertheless, year 2018 is expected to even better.**
- **Shenzhen assets will be activated. The actual value is hard to estimate until the development is completed.**

Thank you

