



LINETEK

SINCE 1978

台灣良得電子股份有限公司

TAIWAN LINE TEK ELECTRONIC CO., LTD

Institutional Investors Conference 2018

Participants :

CFO

Rui-Zhen Tan

Spokesman

Tom Chiang

Date: Sep 27 2018



LINETEK Worldwide

- Company Profile
- Industry overview
- Company operating results and financial report

Disclaimer

The predictive information mentioned in the briefing and related news provided by this law, including operational prospects, financial status and business forecasts, is based on the information obtained by the company from internal and external sources.

The Company's actual operating results, financial conditions and business results that may occur in the future may differ from these expressive or implied predictive information.

The reasons may be due to various factors including, but not limited to, price volatility, competitive situation, international economic conditions, exchange rate fluctuations, market demand, and other risks that the company cannot control.

The outlook for the future in this briefing reflects the company's view of the attempt so far. Remind you not to rely too much on this information. In the meantime, if there are any changes or adjustments, the company is not responsible for reminding or updating at any time.

Company Profile



Linetek Group Overview

- **Founded:**
 - ✓ July 1st, 1978
- **Stock Capital:**
 - ✓ US\$ 47 million
 - ✓ Listed on Taiwan stock exchange market since 1992
- **Employment :**
 - ✓ Over 5,500 employees worldwide
- **Products :**
 - ✓ AC Power Cord
 - ✓ DC Cable Assemblies
 - ✓ Cable & Wire
- **Head Office:**
 - ✓ Taipei, Taiwan
- **Production Sites:**
 - ✓ Dongguan, China 、 Huizhou , China
Suzhou, China
- **ISO Certificate:**
 - ✓ ISO9001,ISO14000 ,OHSAS18000,QC080000,EICC
- **Website:**
 - ✓ www.linetek.com.tw



Chairman & CEO: Mr. Alex Chen

Product Roadmap

Consumer Electronics



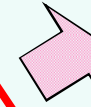
AC Power Cord



Computer & Peripherals



DC Cable Assemblies



AC Power Cord



Communications



DC Cable Assemblies

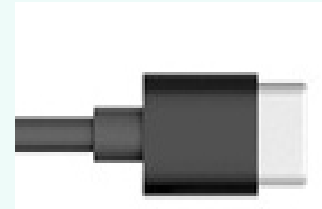


Power Supply



Power cord applications 、 Communication 、 High-Frequency transmission.

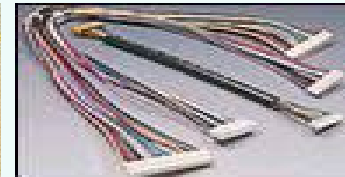
- **Type-C Cables**
(Connectors and cables)



- **Dockhead...**



- **Computer and Peripheral Cables...**



- **Telecommunication Cables...**



EV Cables

EV Cable



Outdoor Charging Station



Charging station



Outdoor EV charging gun



Charging gun

Electric vehicle cable, used for DC/AC charging of new energy vehicles, planning national plugs such as CCC, GB, US.

Intelligent wire and cable

WIFI Cable



WIFI智能微波爐



WIFI智能空調



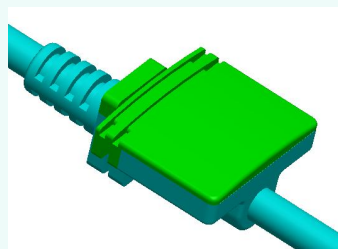
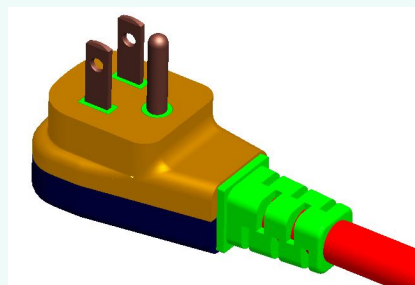
WIFI智能電飯煲



WIFI智能洗衣機



WIFI智能排插



WIFI智能冰箱

配合終端品牌商，開發家電類產品WIFI智能插頭。

Customized Products

Porous socket

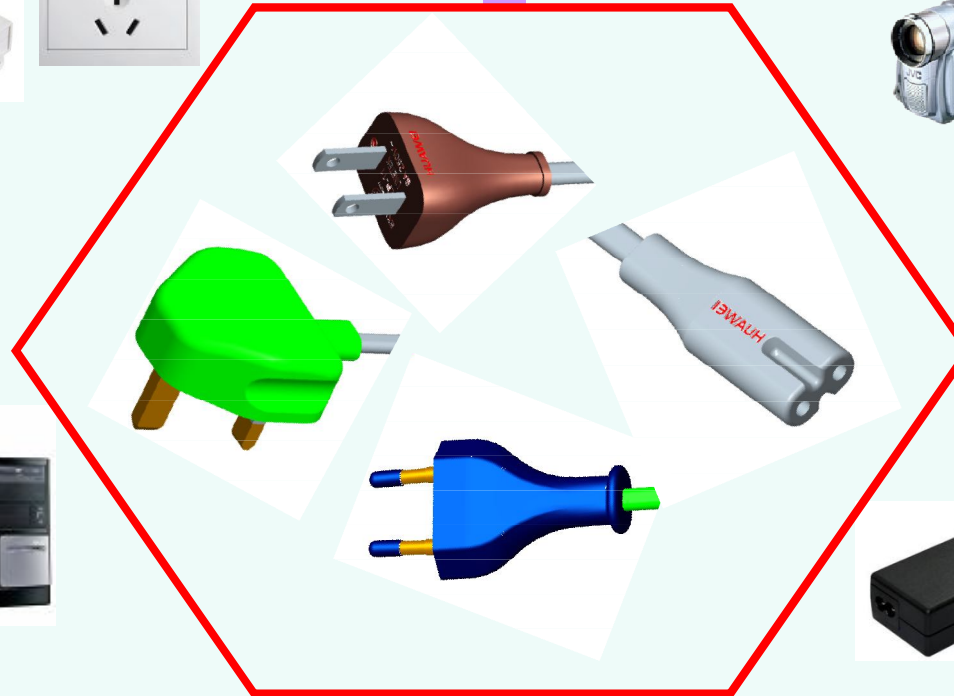


Notebook



Desktop

Customized products



Camcorder



Router



Adapter

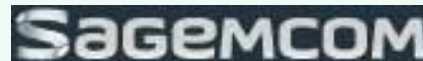
To meet the customer's perfect pursuit of product appearance, quality, craftsmanship and other details, research and development of US, EU, UK, CCC, AU and other countries around the world plugs and various tail plugs, and need to obtain relevant safety certification.



Worldwide Customers



ELECTRONICS



ZTE中兴



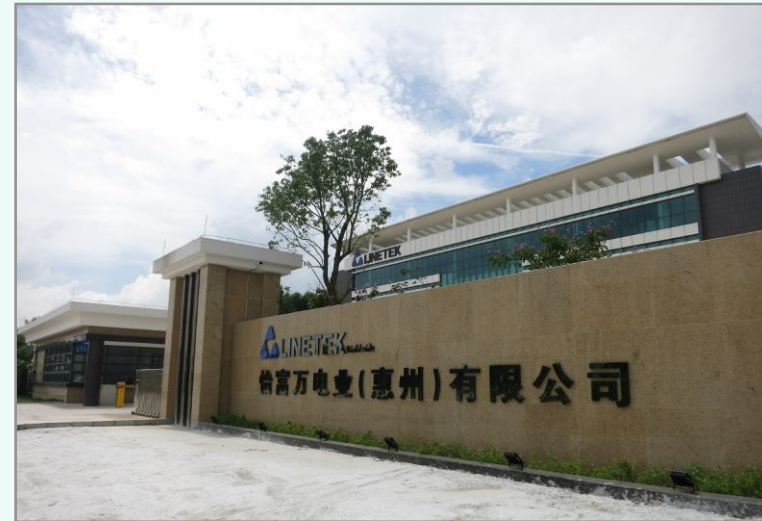
Worldwide Safety Certificates

	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			FIMKO Finland			INMETRO Brazil			BSMI Taiwan	
	KEMA Holland			SEMKO Sweden			IRAN Argentina			SII Israel	
	CEBEC Belgium			DENKO Denmark			BIS India			SIRIM Malaysia	
							ISC Cambodia				



Huizhou, China

- Establishment :
 - ✓ 2013
- Land :
 - ✓ 145,200 m²
- Floor Space :
 - ✓ 102,775 m²
- Employee :
 - ✓ 5,000
- Main Products :
 - ✓ AC Power Cord
 - ✓ DC Cable Assemblies
 - ✓ Wire & Cable
- Monthly Capacity :
 - ✓ AC: 15 Mil.
 - ✓ DC: 10 Mil.
- Certificate :
 - ✓ ISO 9001
 - ✓ ISO 14001
 - ✓ OHSAS 18001
 - ✓ QC080000
 - ✓ EICC





11. 2nd & 3rd Expansion Plan of Huizhou Facility

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

2nd Stage of project: Scheduled to start building in Oct. 2017.

3rd Stage of project: Expected to start in Jun. 2018. In planning.

	Land (M ²)	Employee	Project
1 st Stage	51,555 M ²	3,500	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	1,500	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

Operational outlook - The second phase of copper stretch and PVC granulation planning



- **Capacity Planning of Copper Stretch :**

1. The first phase can supply bare copper wire harness, 300 tons per month
2. In the future, the second phase of Huizhou will start production of bare copper and tin-plated copper, with a planned capacity of 1,200 tons per month.

- **PVC pelletizing plant planning capacity:**

1. At present, the first phase of Huizhou Plant has been planned and the application of the plant is full.
2. PVC granulation plant is planned to be built in the second phase due to special process and limited plant site.
3. The planned output of PVC granulating plant is set at a capacity of 1500~1800 tons per month to meet Self-sufficiency supply and demands.



Automation equipment import schedule

No	Content	Q'ty	Schedule
1	EU 3 pin+C5 connector Double-head automatic riveting press module	1 set	Has been introduced 2018
2	US 3 pin+C5 connector Double-head automatic riveting press module	1 set	2018/6/30 Trail run
3	UK 3 pin+C5 connector Double-head automatic riveting press module	1 set	Program evaluation
4	EU 2 pin+C7 connector Double-head automatic riveting press module	1 set	Has been introduced 2018
5	US 2 pin+C7 connector Double-head automatic riveting press module	1 set	2018/7/30 Trail run
6	EU 3 pin single head automatic riveting machine module	1 set	Has been introduced 2018
7	China 3 pin single head automatic riveting machine module	1 set	Has been introduced 2018
8	EU 2 pin+2T_ Double-head automatic rivet pressing terminal machine module	1 set	2018/6/30 Trail run
9	AC Automatic electric tester_ rear packaging module	1 set	2018/8/31 Trail run
10	DC Automatic welding machine	3 sets	2018 First set mass production
	DC Tail machine module	3 sets	2018/7/30 、 8/20 、 8/30 Trail run

Automated equipment spending doubled in 2018

Industry overview

According to preliminary research conducted by Gartner, an international research and consulting firm, global PC (PC) shipments in the first quarter of 2018 totaled 61.7 million units, down 1.4% from the same period last year.

Since the second quarter of 2012, the global PC market has fallen for the 14th consecutive season.

2018 年第一季全球PC 廠商單位出貨量初估值 (單位：千台)

廠商	1Q18 出貨量	1Q18 市占率(%)	1Q17 出貨量	1Q17 市占率(%)	1Q18- 1Q17 成長率(%)
惠普	12,856	20.8	12,505	20.0	2.8
聯想	12,346	20.0	12,305	19.7	0.3
戴爾	9,883	16.0	9,277	14.8	6.5
蘋果	4,264	6.9	4,199	6.7	1.5
華碩	3,900	6.3	4,458	7.1	-12.5
宏碁	3,828	6.2	4,189	6.7	-8.6
其他	14,609	23.7	15,637	25.0	6.6
總計	61,686	100.0	62,569	100.0	-1.4

注：以上數據包含桌上型 PC、筆記型 PC 與頂級 ultramobile 機種（如 Microsoft Surface），但不包括 Chromebook 及 iPad。所有資料均根據初步調查結果所推估，最後推估值可能有所變動。本統計數據以銷售到通路的出貨量為準。

資料來源：Gartner (2018 年 4 月)

Great changes in the home appliance industry :

From the Internet to the Internet of Things, smart home and wisdom city continued to appear. They are changing the global AI industry , will lead the fourth industrial revolution
The connection between electronics and home appliances has changed everything.



When the Internet of Things and AI are rapidly evolving, various products and devices are evolving to consumer orientation.
EX: Smart TV. Smart Home.. These are New Battlefields.

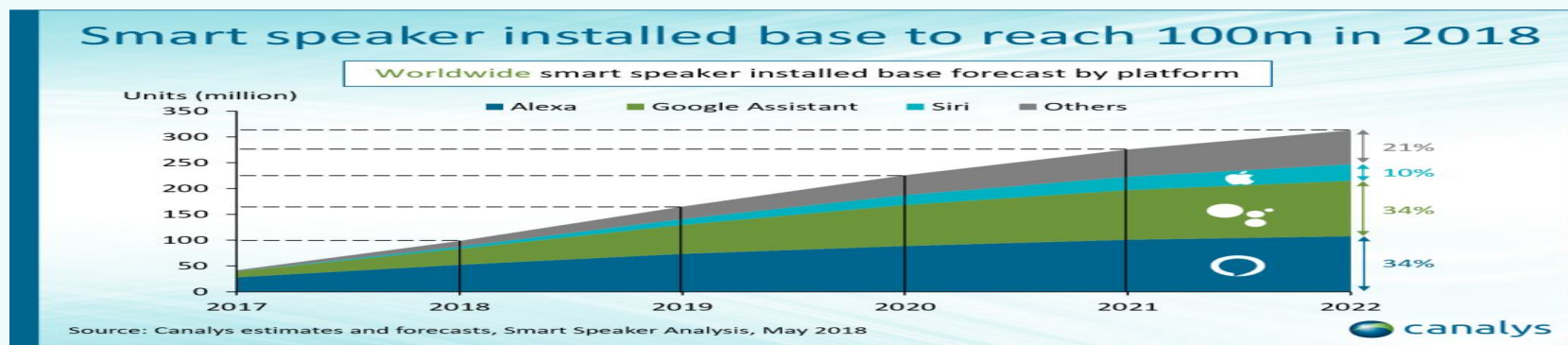
Looking forward to the global digital technology market (covering communications, IT and consumer electronics and home appliances), overall sales remain high-end, and high growth comes from continuous innovation.

Individual industry: Smart speakers

According to Strategy Analytics, the first quarter of this year, smart speaker shipments reached 9.2 million units, compared with the same period last year. The growth rate reached 278%. Canalsys said that 2018 Global Intelligence devices, especially the number of smart speaker devices will reach 100 million units, and the number of devices will exceed 2020. Doubled the growth to 225 million units.



Amazon launched smart speakers, in the cloud, big data, data center and other advantages, not only pushed up the market demand for smart speakers; its streaming services became the reason for the glowing market.

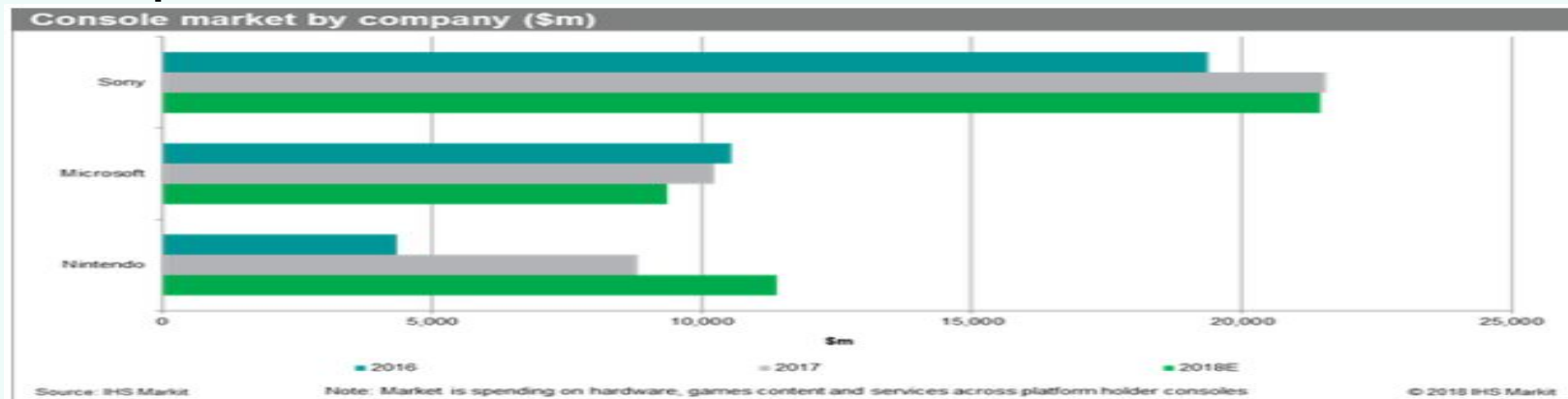


**Individual industries:
gaming devices**

IHS Markit predicts the market share of the gaming devices is \$42 billion. Nintendo's market share is expected to surpass Microsoft.



Nintendo's 2018 fiscal year (April 2018 to March 2019) is estimated to sell 20 million Switch, which means that Nintendo will sprint more than 10 million shipments in the second half of this year. From the third quarter of this year, it will start to expand shipments month by month, and it is expected to reach the peak of this year's shipment in the fourth quarter.



Individual industries : large companies with Chinese manufacturing and brands

Focus on smart hardware, smart home and software, the world's largest consumer-grade IoT platform that connect more than 100 million smart devices. Actively deploying wisdom home application in the near future.



Largest-scale enterprise/major manufacturer in China's household appliances. Exported to more than 200 countries and regions.



Global multinational technology group, mainly for notebook computers. The world's largest personal computer manufacturer.



China's supplier of information and communication solutions, industry Services include telecommunications networks, corporate networks, consumers and cloud computing. It is the world's largest manufacturer of telecommunications equipment.



New generation of power cords

With the application of AI, Internet of Things, smart home, the quality change caused by the use of power cords... AI smart speakers is definitely an important trend for smart homes in the future, and will become the entrance of smart home voice control.



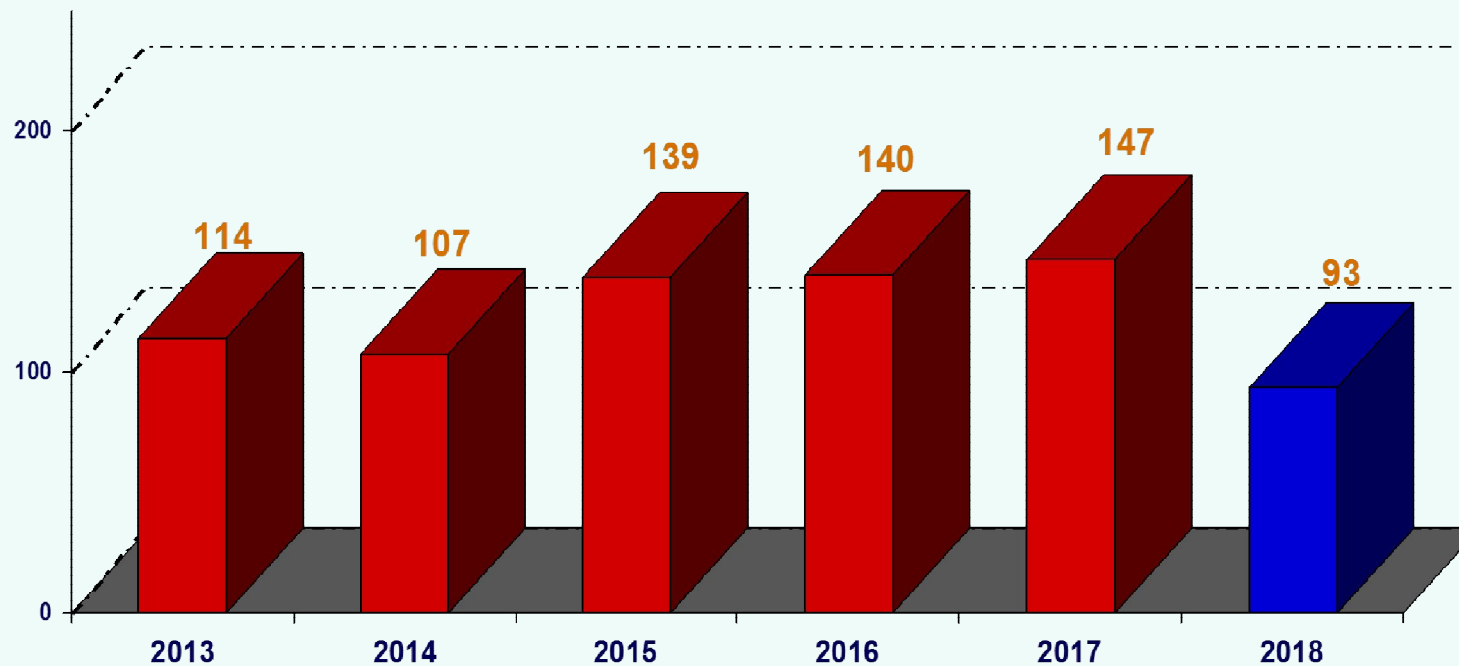
With the development of AI, the power cord is not just the power cord, the WIFI chip module is built in the power cord, making the home appliance smarter. Mobile APP connects remotely to control home smart appliances, no longer limited to the scope of general power line manufacturers, is the development of the next generation of power cords



Company operating results and financial report

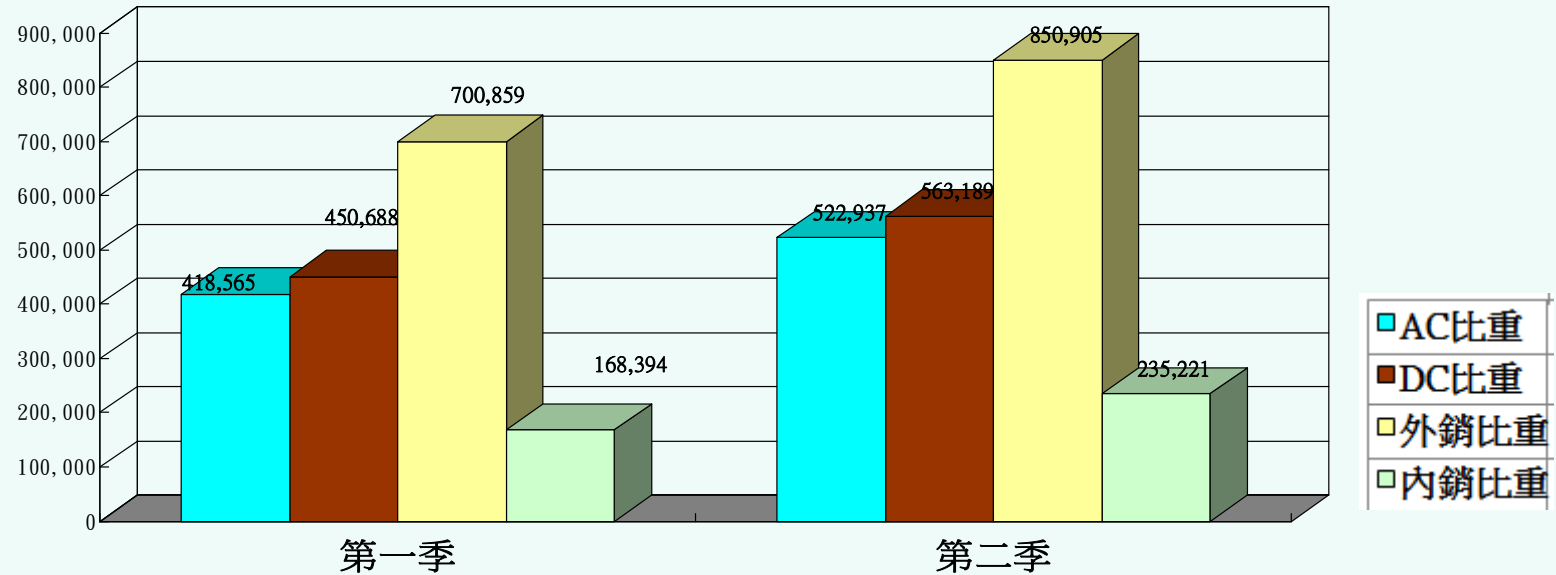
Sales revenue

USD(Million)



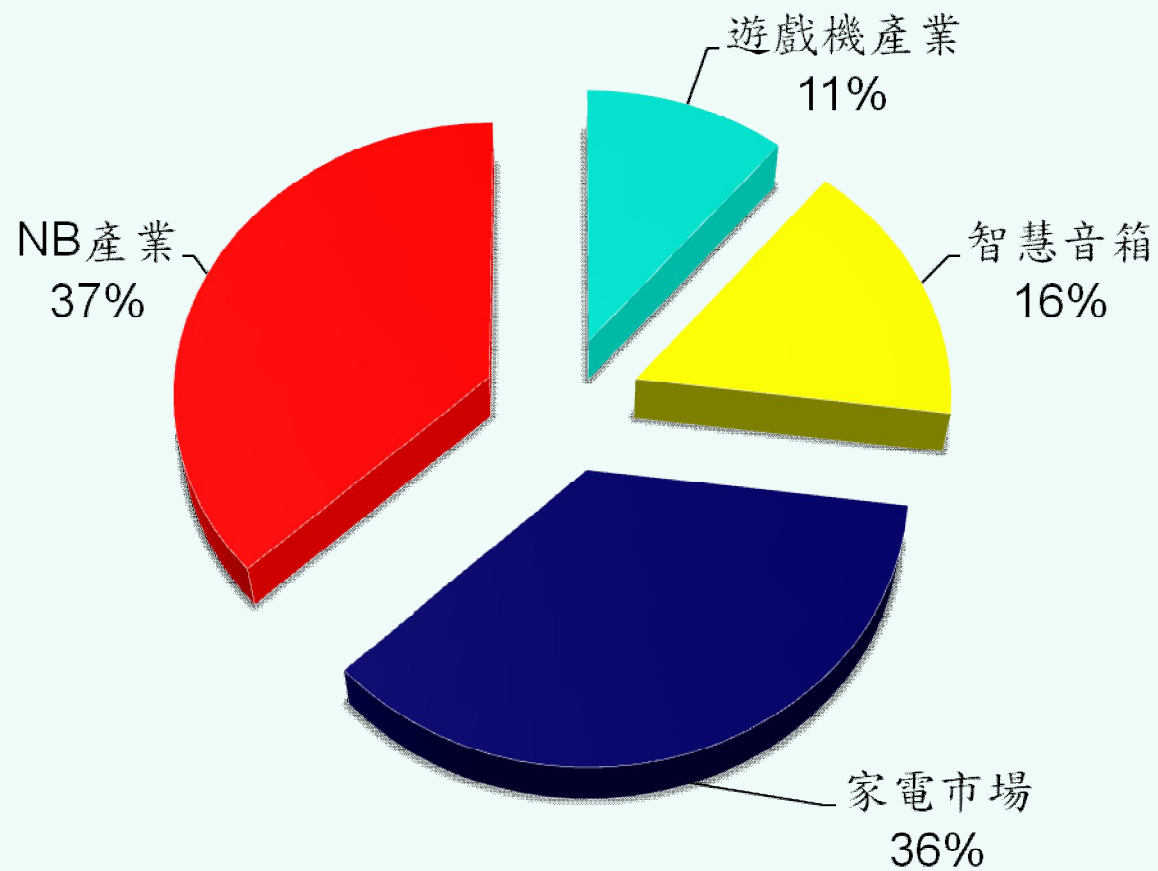
➤ The sales amount from January to August 2018 was NT\$ 28.34 billion.

Sales amount, product line ratio



Products	Q'ty(Kpcs)	Ratio
Computer System Power cords	47,620	36.31%
Electrical appliances Power cords	25,799	19.67%
Information peripheral products Signal cables	57,725	44.01%
Communication system High-speed signal cables		0.00%
Others	20	0.02%
Total	131,164	100.00%

Product distribution





Product line with research and development direction

Linetek Product lines		AC	DC	Total
2018	Production lines	35	37	72
	Capacity(Million)	147.6	105.2	252.8
2019	Planned production lines	49	64	113
	Planned capacity	226.08	167.4	393.48

Directions:

- **TYPE-C products R&D**
- **Factory automation**
- **Mainly strengthening smart speakers and gaming devices, this year's other focus is on the development of smart home appliances.**
- **Consumer electronic peripheral products, cloud network smart home appliances, car charging products, high-frequency lines, automotive lines, medical industry, etc.**

Operation Report-1

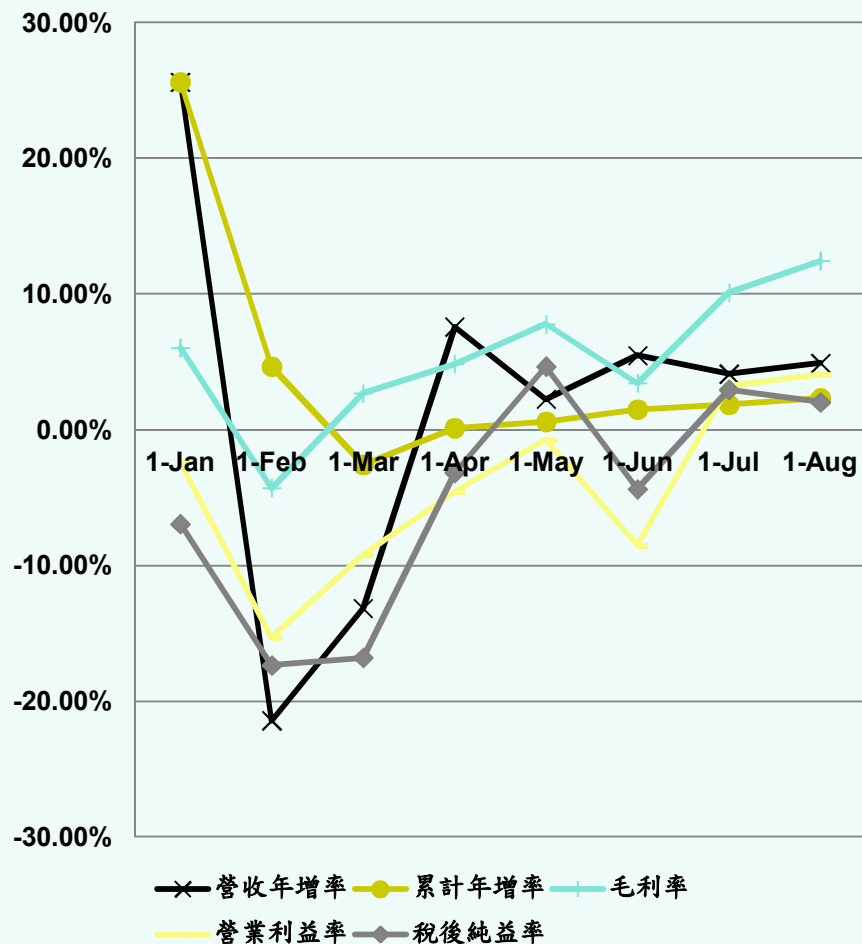
Month	Revenue (Mil)	Monthly growth rate	Last year	Annual growth rate	Cumulative revenue	Annual growth rate
18-Aug	453.34	16.46%	432.14	4.91%	2,834.50	2.33%
18-Jul	389.27	1.58%	373.86	4.12%	2,381.16	1.85%
18-Jun	383.22	5.27%	363.31	5.48%	1,991.88	1.50%
18-May	364.04	2.12%	356.04	2.25%	1,608.67	0.60%
18-Apr	356.47	10.81%	331.38	7.57%	1,244.63	0.13%
18-Mar	321.69	69.88%	370.42	-13.15%	888.16	-2.58%
18-Feb	189.37	-49.78%	241.00	-21.43%	566.46	4.66%
18-Jan	377.10	-8.09%	300.22	25.61%	377.10	25.61%

Unit: million /
yuan

Period	Revenue	Operating gross profit	Gross profit margin	Business benefit	Earning rate	Revenue per share	Net profit after tax	After-tax earnings per share
2018.2Q	1,109.23	52.04	4.69%	-51.89	-4.68%	7.78	-11.26	-0.08
2018.1Q	882.72	27.91	3.16%	-67.62	-7.66%	6.2	-112.47	-0.79
2017.4Q	1,255.99	153.98	12.26%	34.22	2.72%	8.81	-0.02	0
2017.3Q	1,204.27	119	9.88%	12.55	1.04%	8.45	38.89	0.27
2017.2Q	1,052.37	104.84	9.96%	18.98	1.80%	7.39	28	0.2

Operation Report-2

Month	Revenue(Mil)	Gross profit margin	Operating profit rate
18-Aug	453.34	12.44%	4.07%
18-Jul	389.27	10.11%	3.22%
18-Jun	383.22	3.44%	-8.53%
18-May	364.04	7.79%	-0.74%
18-Apr	356.47	4.85%	-4.56%
18-Mar	321.69	2.70%	-9.23%
18-Feb	189.37	-4.31%	-15.32%
18-Jan	377.1	6.05%	-2.39%



Self-settlement in
July and August

Operation Report-3

Impact on the gross profit margin factor for the first half of 2018:

The first quarter of copper, plastic and other raw materials in the high-end The first quarter of the Taiwan dollar exchange rate and the appreciation of the CNY and exchange losses.

The traditional off-season, but fixed cost amortization remains unchanged.

China's labor costs at major production bases are also rising labor shortage, high liquidity so affecting manufacturing yield.

Increased cost: Mainly because of the unfavorable factors such as the high turnover of skilled workers and the difficulty in recruiting new employees during the relocation of new factories in Huizhou, seriously affecting the production performance of Huizhou's new plants and greatly increasing the labor costs.

Financial Statement - Balance Sheet

Account title (NTD /Thousand)	June 30, 2018	December 31, 2017
Asset		
Total current assets	3,131,967	3,483,891
Total non-current assets	1,725,772	1,829,917
Total assets	4,857,739	5,313,808
Liabilities and interests		
Liabilities		
Total current liabilities	1,947,701	2,212,526
Total non-current liabilities	421,071	505,494
Total liabilities	2,368,772	2,718,020
Rights and interests		
Common share capital	1,424,846	1,424,846
Total capital reserve	271,776	271,776
Reserve surplus total	872,758	973,127
Total other equity	-80,413	-73,961
Total equity	2,488,967	2,595,788
Total liabilities and equity	4,857,739	5,313,808

Financial Report - Profit and Loss Statement

Account title	Q2 2018	First half of 2018
Total operating income	1,109,230	1,991,947
Total operating costs	1,057,190	1,912,001
Operating gross profit (loss) net	52,040	79,946
Total operating expenses	103,934	199,464
Operating profit (loss)	-51,894	-119,518
Total non-operating income and expenses	40,562	4,485
Pre-tax net profit (net loss) of continuing business units	-11,332	-115,033
Income tax expenses (interests) total	-76	8,693
Current net profit (net loss)	-11,256	-123,726
Other comprehensive gains and losses (net)	-193	16,905
Total consolidated profit and loss for the period	-11,449	-106,821
Parent company owner (net profit/loss)	-11,256	-123,726
Parent company owner (comprehensive profit and loss)	-11,449	-106,821
Basic earnings per share	-0.08	-0.87

Operational outlook and strategy -1

➤ Adjustment in the first half of 2018 :

NB currently accounts for approximately 37% of revenue

- ◆ In terms of products, the current DC line has exceeded the revenue of the AC line, and the company has reduced the operational risk of excessive concentration of notebooks, and replaced it with niche markets such as smart home appliances, consumer electronics and vehicles. The terminal products cover a wide range, and the product structure has been significantly improved to achieve risk dispersion.
 - ◆ In terms of organizational transformation, we will flatten the organization to increase efficiency; but at the same time, we will hire more talents to join our company lineup.
- The relocation of the factory has been completed. At present, the main work is to expand the production line. The annual production capacity of the AC and DC lines will reach 140 million and 100 million.
- In the future, the vertical integration of copper and plastic pellets will enhance the company's competitiveness.
- This year, we will speed up the automation of equipment and improve efficiency. We will also greatly improve the overall supply chain management and cost control to enhance industrial competitiveness.

Operational outlook and strategy -2

- In recent years, there have been major breakthroughs in the field of consumer electronics. The game consoles and smart speaker manufacturers have been steadily striving for the status of major suppliers. The overall sales market of smart speakers has expanded and demand has increased significantly. This is the source of growth this year.
- This year, the game machine industry continues to be hot. In August, it will enter the second-generation process and invest in automation equipment, which will greatly benefit the gross profit and profit. From the third quarter onwards, we will start to expand shipments month by month, and we will not even rule out the opportunity to ship stronger next year.
- Microwave Oven WIFI cable (for use in smart home appliances) After a year of repeated development and verification, the results have finally been certified, and the order was officially placed in the third quarter. The materiality of this product is high, the unit price is high and the gross profit is good. Improve production yield and production capacity.
- In addition to strengthening smart speakers and game console products, the continuous development of new areas such as EV charging guns, smart home appliances, and smart homes continues to expand the territory. It has good results and is the main growth momentum in the next year.

➤ Domestic sales :

The next star is the Chinese manufacturing and domestic demand market.

Our company began to deepen the domestic demand market in 2010. This year, there are major breakthroughs. The industry is spread over mobile phone and computer information manufacturers and China's home appliance manufacturers.

The Company deepened the vertical integration of the upstream supply chain, reduced production costs, and increased the competitive advantage of quality, and deeply cultivated the large-scale enterprises of China's manufacturing and brand that we pay attention to. The domestic market accounted for about 20% of the revenue



The domestic market is planning to grow
20~30% in Q3~Q4.



Estimated to achieve 30%
of total revenue in 2019

Operational outlook and strategy -4

- **In the second half of the year, with the lack of workforce improved, the completion of the relocation and the expansion of production capacity, and the increase in customer demand, revenue will have the opportunity to grow.**
- **Due to the expansion into the niche field , strengthening of the management team and product mix adjustment, revenue has continued to grow this year and has achieved historical success. With economies of scale expansion and factory transformation, the gross profit margin and profitability rate will gradually improve and profit.**



Core competitiveness and advantages -1

- In recent years, we have continued to deepen our efforts to develop core technologies and strengthen the development of TYPE-C and smart products.
- This year, our Huizhou plant has fully introduced automated production lines to improve product production efficiency and effectively reduce the rising labor cost; this year's capital expenditure will double from previous years.
- At the same time, we are also actively pursuing the process, the improvement of mold design technology and the development of material sources to enhance the overall product competition and thus improve the quality and quantity of engineering development and R&D teams.
- Provide customers with a full range of solutions, deepen the joint research and development with international brand manufacturers, in order to continue to expand and strengthen the company's overall growth momentum in the future.



Core competitiveness and advantages -2

The world's leading smart speaker, currently updated for a new generation of products.

The world's leading new generation gaming machines, full range of charging cables are coming with Type-C connectors.

Linetek Deeply cultivate Chinese companies/all home appliance OEM products, and jointly develop transmission lines with special functions.

Break into the intelligent products of well-known brands, the first supply of Q3 in 2018, and the advantages of national safety certificates, the exclusive supply of the US market and the Indian market.

Core competitiveness and advantages -3

The Group's future development goals are as follows:

AI smart speakers are definitely an important trend for smart homes in the future. They will become the entrance of smart home voice control, and will also enhance the user's adhesion. The future is the main force in global market sales.

Since the beginning of 2016, the layout of game consoles and smart industries has been the development strategy for the development of the company and has become the main profit of the group in the future. The AI industry has already been laid out for two years. It is estimated that the annual demand will jump 15 million units, and it will continue to develop at a high angle in the next three years.

In addition to the more diversified related applications, 2019 will usher in a new wave of exchanges.

Game machine, the e-sports industry is booming, combined with the latest TYPE-C high-speed transmission technology, obtained USB TYPE-C certification in advance, and obtained the recognition and certification of Japanese manufacturers.

The high unit price, high gross profit and niche type products make the Group's revenues bright, and the gross profit margin and profitability rate are expected to exceed the previous standards, laying a long-term foundation for the company's profit.



Future prospects

Our company is positioned in the all-round development of the intelligent field, and has made great achievements in the research and development of new fields of artificial intelligence and smart home products.

In line with the exchange rate of the New Taiwan Dollar and the decline in the price of the main raw materials, the price of PVC is stable, which is conducive to the improvement of the cost structure and the improvement of gross profit margin. The operating and profit performance in the second half of the year is expected to exceed the level of the first half of the year.

After the organizational transformation and product adjustment in the first half of 2018, we are confident that next year will be a year of great growth.



**Thanks again to all
investors.**

