



LINETEK

SINCE 1978

台灣良得電子股份有限公司

TAIWAN LINE TEK ELECTRONIC CO., LTD

Institutional Investor Conference 2020

Chief Financial Officer
Spokesman

Regina Tan
Tom Chinag

Date: 2020. 12



- **Introduction**
- **Operating results and financial reports**
- **Company operating outlook**

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The predictive information mentioned in the briefing and related information released at this time, including operational outlook, financial status, and business forecasts, is based on the information obtained by the company from internal and external sources. The company's actual operational results, financial status and business results that may occur in the future may be different from these express or implied predictive information. The reasons may come from various factors, including but not limited to price fluctuations, competitive conditions, international economic conditions, exchange rate fluctuations, market demand, and other risks beyond the company's control. The outlook for the future in this newsletter reflects the company's view of the future so far. We remind you not to rely too much on this information. For these views, if there are any changes or adjustments in the future, the company is not responsible for reminding or updating again at any time.



Overview of Taiwan Line Tek Group

- ◆ Established :
July 1st 1978
- ◆ Equity :
1,419Million
- ◆ Employee :
More than 3,500 employees
worldwide
- ◆ Product lines :
AC Power cords
DC Power cables
Cables & wires
- ◆ Headquarters : Shenkeng Dist. Taipei, Taiwan.
Sales offices : 9 sites in total
Worldwide manufactories : Huizhou & Dongguan, Guangdong, China.



Chairman: Alex Chen

- **Land : 145,200 m²**
- **Main Products :**
 AC Power cords
 DC Power cables
 Cables & wires



	Land(M ²)	Employees	Items
First phase	51 , 555 M²	3 , 000	Administration/R&D Center AC/DC manufacturing, ACW/DCW wire extrusion Warehouse center Dormitory building, leisure center, commercial street
Second phase	40,240 M²	1,500	PVC 、 CW 、 Dc and so on...
Third Phase	51 , 555 M²	Planning	Planning

Operational Outlook-Phase II Copper Stretching and PVC Granulation Planning

Second phase -



- PVC plastic factory, CW copper stretch processing factory
- DC wiring harness, green car production area
- Dormitory building, basketball court, leisure garden (Expected to start in Q1 2021)

In response to global production, the group has planned to set up a factory in Vietnam, which is currently in the preparatory stage and is expected to start production in 2021

Product line and capacity planning

Line Tek Group Electronics Production Line		AC Line	DC Line	Total
2020	Planned production lines	37	51	88
	Planned capacity(Million pieces)/Month	15	17.2	32.2
	Estimated capacity(Million)/Year	180	206	386

211.8 million pieces sold in 2019

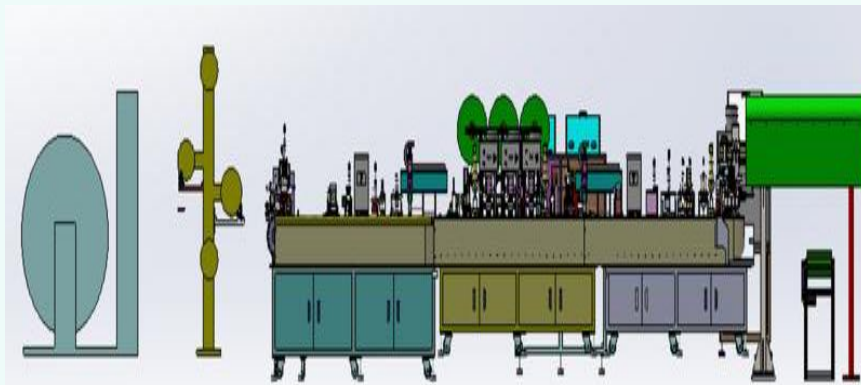
Automation equipment planning

Automation spending in 2020: more than RMB 6 million

AC packaging automatic line, planning and design are expected to be completed in Q4, and mass production will be put into Q2 in 2021

DC Type-C semi-automated production line (three lines), put into mass production in Q3 2020

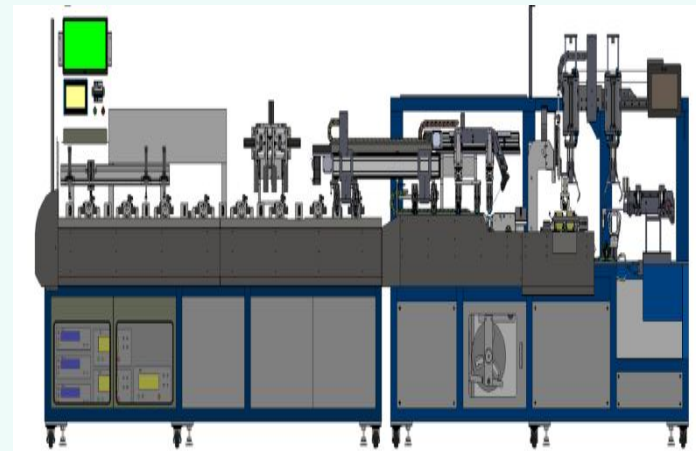
DC Type-C fully automated production line, put into mass production in Q3 2020



Automatic wire feeding / riveting /
assembly / inspection



Molding



Automated
testing/labeling/scanning/winding

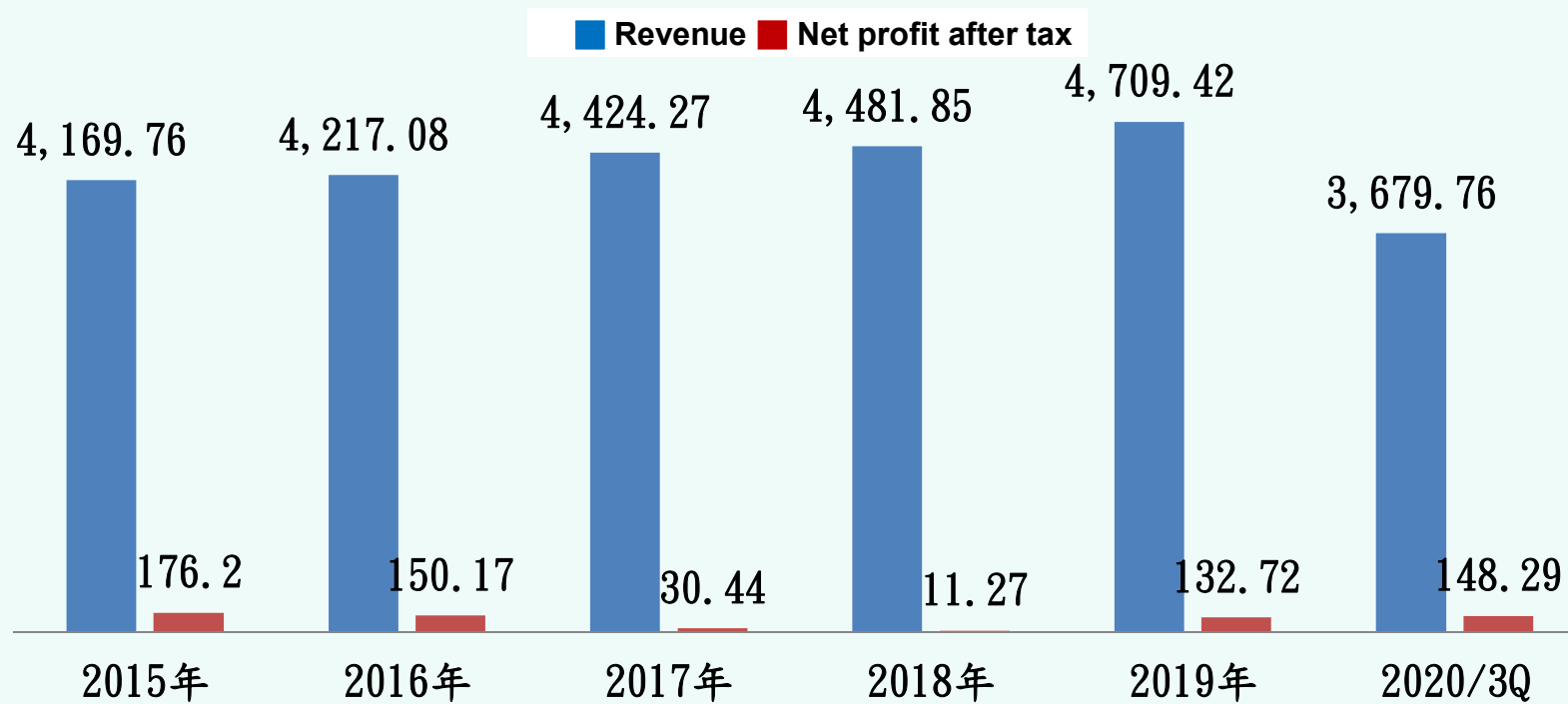
New product development direction

1	Special connector/EV cable assembly
2	Type-C connector and high frequency cable assembly
3	Electric vehicle cable (EVC/EVJ/CQC)
4	Wifi smart appliance cable
5	Customized products (green energy market application)

Company operating results and financial reports

Revenue Operation Analysis Report

Net profit after tax



Financial Report-Balance Sheet

Balance sheet

Code	Accounting items	September 30, 2020	December 31, 2019	September 30, 2019
	Assets			
	Current assets			
1170	Net accounts receivable	1,822,039	1,850,307	1,896,916
130X	stock	778,856	648,551	690,777
11XX	Total current assets	3,225,834	3,129,148	3,266,137
	Non-current assets			
1600	Real estate, plant and equipment	1,016,801	1,018,440	1,038,206
1755	Right-of-use asset	218,900	224,269	232,077
1760	Net investment property	107,959	109,201	109,620
15XX	Total non-current assets	1,600,653	1,606,812	1,628,115
1XXX	total assets	4,826,487	4,735,960	4,894,252

Balance sheet

Code	Accounting items	September 30, 2020	December 31, 2019	September 30, 2019
	Liabilities			
	Current liabilities			
21XX	Total Current liabilities	2,010,951	1,850,346	2,031,871
	Non-current liabilities			
25XX	Total non-current liabilities	251,765	315,565	300,077
2XXX	Total liabilities	2,262,716	2,165,911	2,331,948
	Equity			
	Capital stock			
3110	Common Stock	1,419,346	1,424,846	1,424,846
	Capital reserve			
3200	Total Capital reserve	271,685	272,464	272,212
	Retained earnings			
3300	Total retained earnings	1,081,917	1,069,089	1,037,057
	Other equity interest			
3400	Total other equity interest	-209,177	-196,350	-171,811
3XXX	Total equity	2,563,771	2,570,049	2,562,304
3X2X	Total liabilities and equity	4,826,487	4,735,960	4,894,252

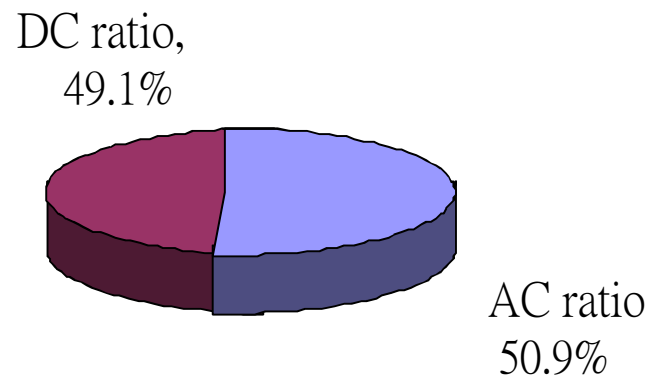


Financial Report-Income Statement

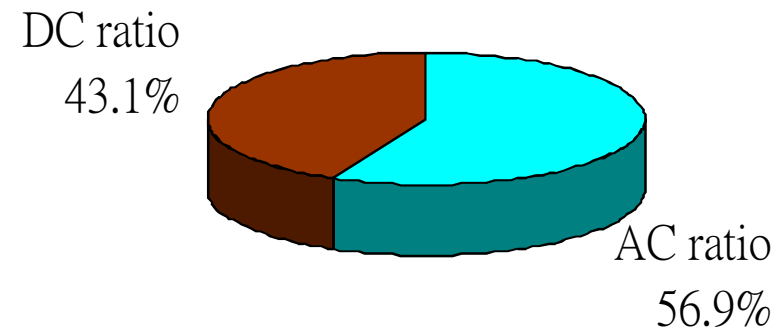
Consolidated income statement

Code	Accounting items	July 1st to September 30th, 2020	July 1 to September 30, 2019	January 1 to September 30, 2020	January 1 to September 30, 2019
4000	Total operating revenue	1,274,873	1,306,693	3,273,182	3,502,953
5000	Total operating cost	1,118,073	1,140,787	2,895,333	3,143,653
5950	Operating gross profit (gross loss) net	156,800	165,906	377,849	359,300
6100	Marketing expenses	44,365	44,583	125,291	120,863
6200	Management expenses	37,769	47,016	113,827	142,217
6300	Research and development expenses	6,205	5,925	16,019	14,801
6000	Total operating expenses	89,854	97,548	261,730	277,729
6900	Operating profit (loss)	66,946	68,358	116,119	81,571
7000	Total non-operating income and expenses	3,043	10,987	32,163	40,179
7900	Continuing business unit's pre-tax net profit (net loss)	69,989	79,345	148,282	121,750
7950	Total income tax expense (benefits)	15,132	14,811	28,356	20,897
8000	Continuing business unit's current net profit (net loss)	54,857	64,534	119,926	100,853
8361	Conversion difference of foreign operating organization's financial statements	24,958	-42,266	-10,991	-27,114
8399	Income tax related to items that may be reclassified	4,992	-8,454	-2,198	-5,423
8360	The total amount of items that may be subsequently reclassified to profit and loss	19,966	-33,812	-8,793	-21,691
8300	Other comprehensive income (net)	18,837	-34,610	-12,827	-22,687
8500	Total comprehensive profit and loss for the period	73,694	29,924	107,099	78,166
8610	Owners of the parent company (net profit/loss)	54,857	64,534	119,926	100,853
8710	Parent company owner (comprehensive profit and loss)	73,694	29,924	107,099	78,166
9710	Net profit (net loss) from continuing operations	0.39	0.45	0.84	0.71

Percentage of amount



Percentage of quantity

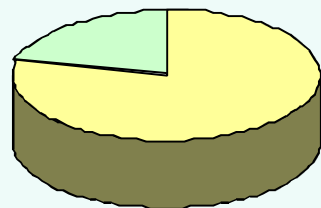


Percentage of foreign sales & domestic sales in 2020

Percentage of amount

Domestic sales ratio

21.5%



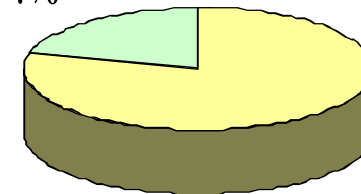
Foreign sales ratio

78.5%

Percentage of quantity

Domestic sales ratio

20.7%

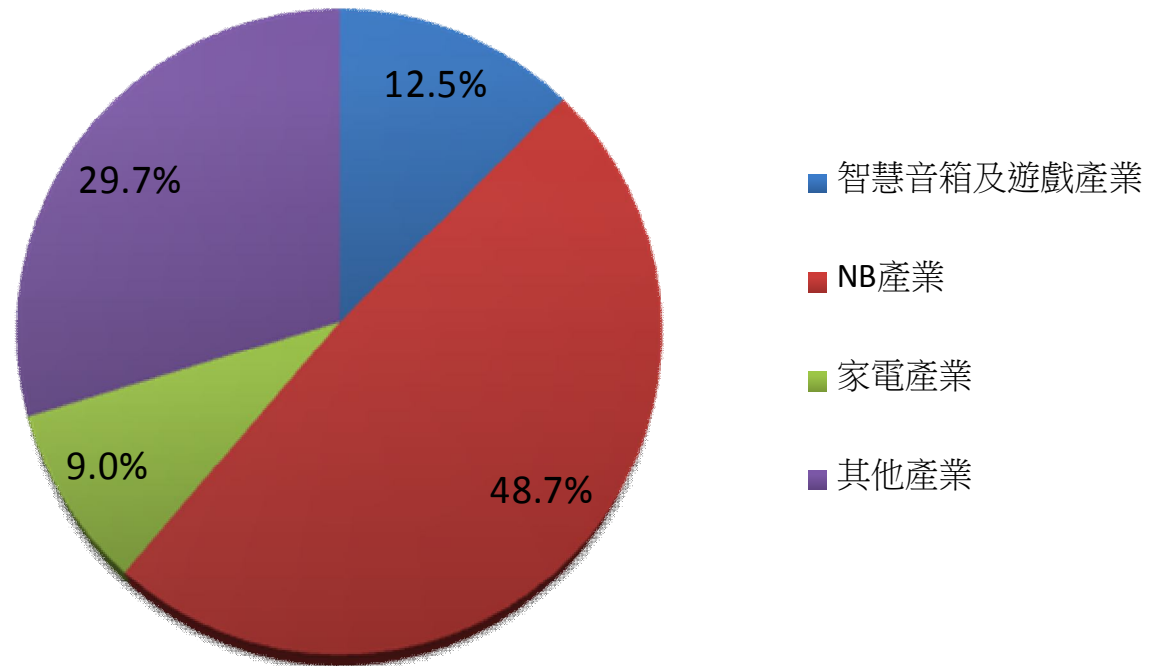


Foreign sales ratio

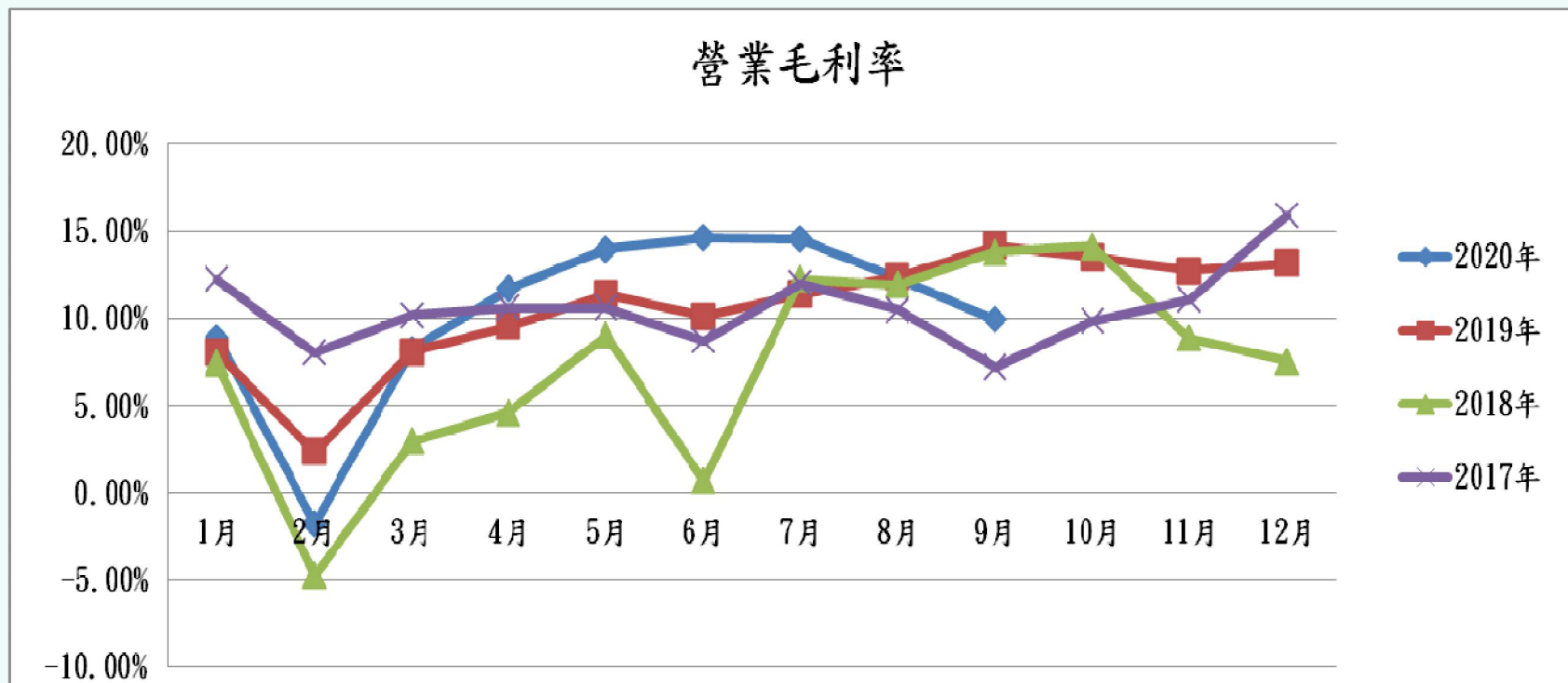
79.3%

Industry share in 2020

Percentage



Operation Analysis Report

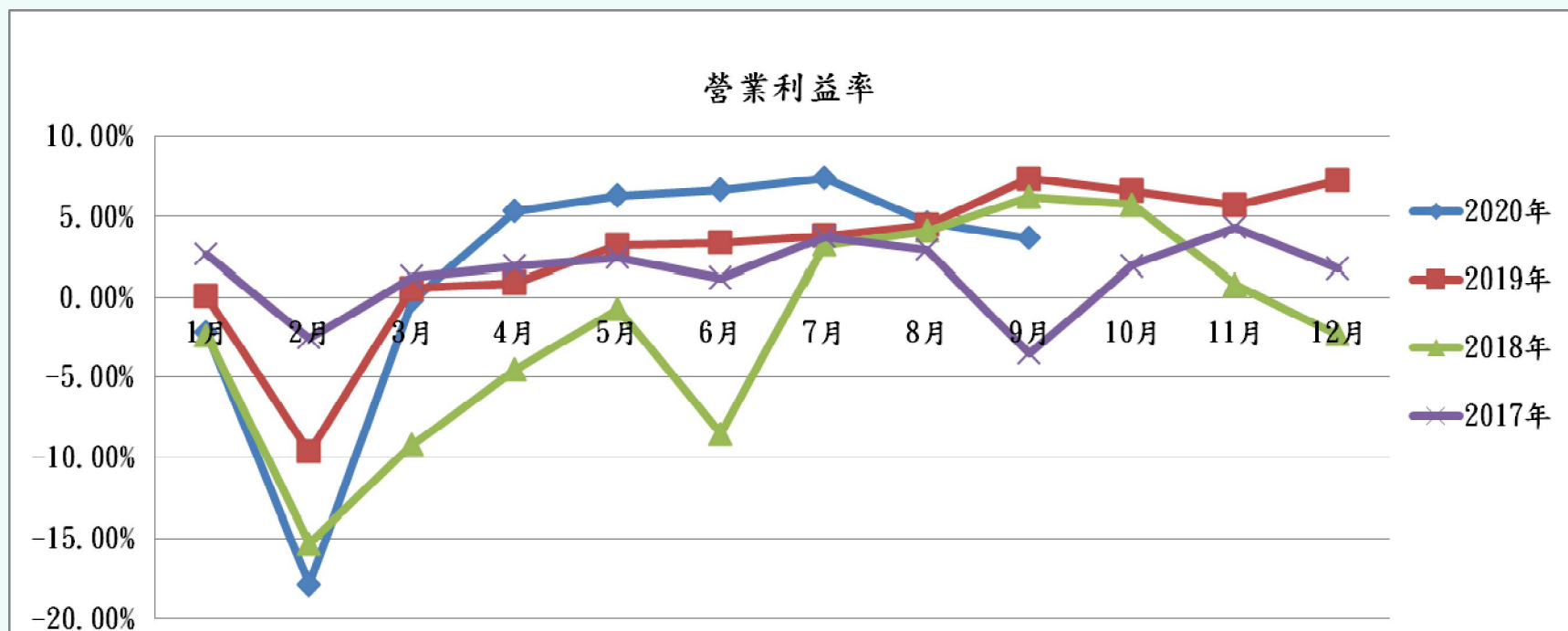


Period	Gross margin
2019	10.99%
2018	8.16%
2017	10.64%
2016	13.04%
2015	11.96%

2020/3Q Operating margin

12.3%

Operation Analysis Report



Period	Profitability
2019	3.39%
2018	-0.99%
2017	1.61%
2016	4.68%
2015	3.36%

2020/3Q Operating profit ratio

5.25%

Profit factors affecting the first three quarters of 2020

1. Due to the global epidemic, manual recruitment in China is not easy, and costs are rising
2. Impact of exchange rate fluctuations, loss of about 42 million in the first three quarters of 2020
3. Influenced by fluctuations in raw materials, copper (up 13%) and PVC (up 21%) account for a high proportion of products, and rising material costs are the main reason for the decline in profits
4. Due to the global epidemic this year, production in the first quarter was affected. This year's revenue was slightly lower than last year by about 5%; this year's ASP was affected by price cuts in the same industry, and the overall ASP dropped by about 2.5%, which greatly affected gross profit.

Business report-2

The growth momentum of operations in the first three quarters of 2020 mainly comes from:

1. The unfavorable factors of employee mobility have been reduced, and the per capita and yield rate have been greatly improved in the first half of the year
2. Adjust the proportion of domestic and foreign sales to reduce the impact of Sino-US trade disputes
3. The sales distribution by industry has been adjusted in 2019 to achieve the effect of decentralizing the market

Company operating outlook

2021 Operating Outlook

- Home office/distance learning trends are pushing up demand for laptops. Notebook shipments in 2020 are estimated to be 189 million units (an increase of 16%), a record high in 8 years
- The trend of home office will help to increase the visibility of laptop demand until Q1 2021 .
- The demand for notebook computers will continue to grow in 2021, and the overall demand for notebook computers is expected to grow by 2% to 192 million units.

表、2020年第三季全球筆記型電腦出貨量

(單位：千台)

品牌	2Q20		3Q20	
	出貨量	QoQ	出貨量	QoQ
HP	14,465	92.9%	14,575	0.8%
Lenovo	9,200	53.2%	11,820	28.5%
Dell	9,490	48.0%	8,160	-14.0%
ASUS	4,000	63.3%	4,960	24.0%
Acer	3,530	73.9%	4,270	21.0%
Others	12,367	92.54%	11,375	-8%
Total NB	53,052	73.49%	55,160	4.0%

Source: TrendForce, Sep., 2020



2021 Operating Outlook

- Type-C transmission cables play an important role in high-bandwidth applications and multi-protocol transmission.
- Electric vehicle cables are used for DC/AC charging of new energy vehicles. We also plan to develop CCC, GB, US and other types of plugs.
- In addition to the existing products in 2021, our company has also achieved significant results in new markets and applications in recent years, and is expected to make a significant contribution to next year's profit. This part will increase the overall ASP.
Important projects such as 5G, medical care, and electric vehicles will gradually introduce specifications, which will also increase the overall gross profit margin.

Outlook 1

In addition to strengthening smart speakers and game console products, the new product project development part-

The current models of DC are:

- (1) Design and development of electric bicycles
- (2) Type-C models for notebook computers
- (3) The volume of medical orders continues to increase

The current models of AC are:

- (1) The 168w electric bicycle from a major Japanese manufacturer has entered trial production
- (2) European company motorcycle 500w/120w new model has entered trial production
- (3) Mass production of UPS small uninterruptible power system
- (4) Design and development of EV charging plug

- **5G router part:** mobile and smart home routers, four new projects are under development.
- **Smart audio and video:** AI smart speakers in the US, Europe, and the UK have been mass-produced and shipped, and Australia, Thailand, India, Brazil and other countries will be added in the future
- **5G CPE new project development:** The product is applied to the brand-new 5G CPE mobile router of a China brand. It is a fully automatic wireless CPE product, which can also convert 5G signals to Wi-Fi and become the core entrance and key equipment for home and other scenarios. **Trial production was completed in early October, and mass production is expected at the end of December.**

Electric vehicle charging cable

EV Cable



Outdoor charging station

Charging pile



Outdoor charging plug



Charging plug

Electric vehicle charging cables, used for DC/AC charging of new energy vehicles.



Outlook 3

European brand : At present, we are actively developing AC external charging cables for electric vehicles. The two major automakers are currently in the approval stage, and the estimated demand in 2021 is 260K/year

American electric car:

Sales target: Initial annual demand of 40,000 units, and annual sales of 60,000 units from 2025.

Markets: U.S., Canada, European Union, Australia, China, Japan and the Middle East Expected

launch date: March 2021

Overall gross profit margin

5G router

Type-C for Notbooks

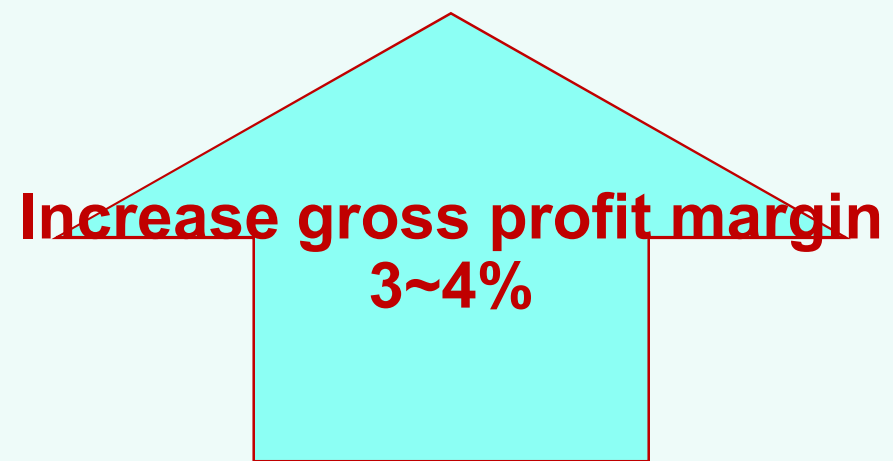
**Estimated to account for 12% of
revenue in early 2021
Raise overall gross profit margin**

**Intelligent products/
medical products**

**Charging gun/electric car/
Electric bicycle**

Overall gross profit margin

➤ AC automated production line planning and design: the current ratio is 40% Increase to 60% in 2021



**Increase gross profit margin
3~4%**

➤ DC automated production line planning and design: the current ratio is 10% Increase to 30% in 2021



**Increase gross profit margin
1%**

Core competitiveness advantage -1

Competitive advantages of group development :

- Break into intelligent products and exclusively supply its American and Indian markets
- Worldwide Safety certificates complete advantages
- Start planning for miniaturization of AC products to reduce costs
- In recent years, we have introduced our Type-C To C products to power adapter manufacturers.
- Developing major Japanese printers & projectors, new models will be launched in 2021
- Successful development of 5G mobile routers and smart home routers

2020-2021 performance and profit growth momentum:
Microwave WIFI cables, sports equipment, electric vehicles,
medical products,
The particularity of product materials, high unit price and
good gross profit.

The group's future development plan for electric vehicles :

- **Green energy electric vehicle charging efficiency application development, providing customers with professional R&D information and design capabilities**
- **Electric vehicle market development of various cables, safety certificates, material application breakthroughs to meet the realization of special applications in various markets**

IATF 16949 certification program :

The certification application has been planned in 2019 in response to the increasing market demand of power cables for the automotive industry.

Conclusion

- The company is positioned for all-round development in the field of intelligence. In the future, artificial intelligence and home appliances (including intelligence) will still be the main source of growth
- The development of EV charging cables, 5G-related products and routers is conducive to the improvement of product structure and the increase of gross profit margin. Future operations and profitability are expected to exceed the past

High unit price, high gross profit, and niche products have greatly increased the group's revenue. Gross profit margin and operating profit ratio are expected to leap forward

**Thanks again to all
investors for coming and
supporting for our
company**

