

# The Sustainable Growth of CWTC

2022 Investor Presentation  
Canon Huang, Chairman of CWTC (6548 TT)

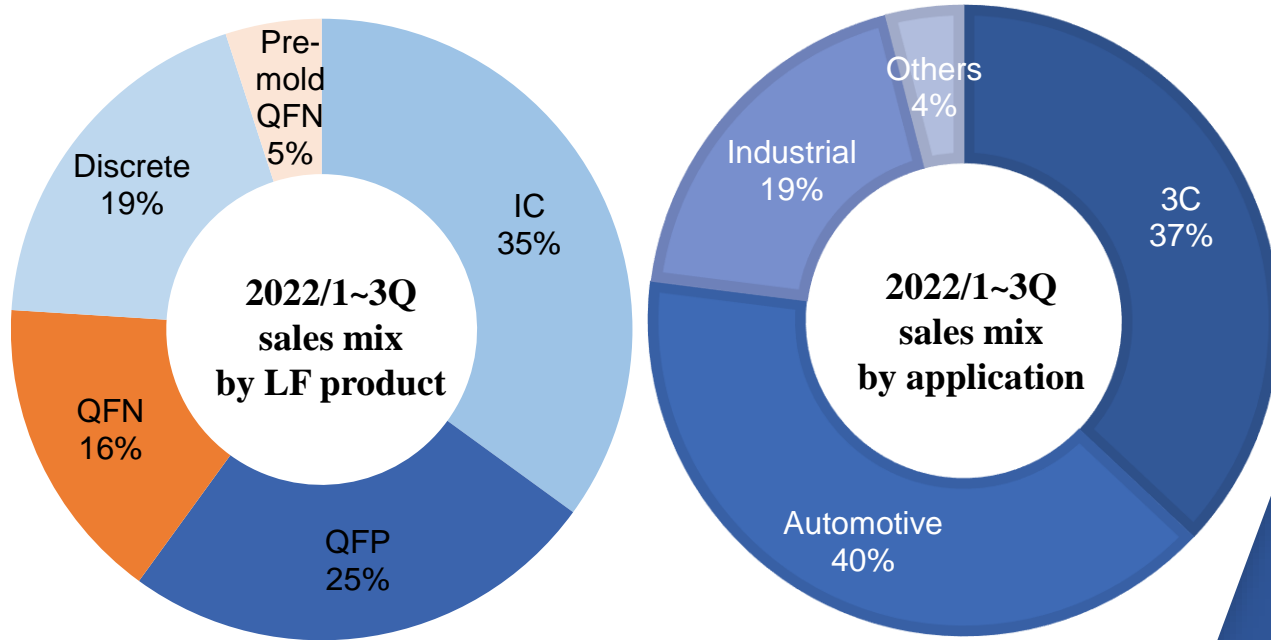
# Forward-looking Statement

Information included in this press release that are not historical in nature are "forward looking statements". CWTC cautions readers that forward looking statements are based on CWTC's reasonable knowledge and current expectations and are subject to various risks and uncertainties. Actual results may differ materially from those contained in such forward looking statements for a variety of reasons including without limitation, risks associated with demand and supply change, manufacturing and supply capacity, design win, time to market, market competition, industrial cyclicalities, customer's financial condition, exchange rate fluctuation, legal actions, amendments of the laws and regulations, global economy change, natural disasters, and other unexpected events which may disrupt CWTC's business and operations. Accordingly, readers should not place reliance on any forward looking statements. Except as required by law, CWTC undertakes no obligation to update any forward looking statement, whether as a result of new information, future events, or otherwise.



# A Leading Lead Frame(LF) Solution Expert

- Ticker: 6548 TT
- Market Cap (Oct. 14<sup>th</sup>, 2022): US\$ 0.91bn
- Client Scope: Outsourcing Semiconductor Assembly & Testing (OSAT), Integrated Device Manufacturers (IDM) and IC Design



QFN : Quad-Flat No-Leads. Discrete : Small-Outline transistor, SOT  
 QFP : Quad Flat Package  
 IC : SOP, TSSOP, TSOP, ....etc.

- 30+ years** LF experience
- US\$447mn** 2021 Total sales
- 90+** No. of global LF patents
- 2,000+** No. of global employees

# Our Execution Plan

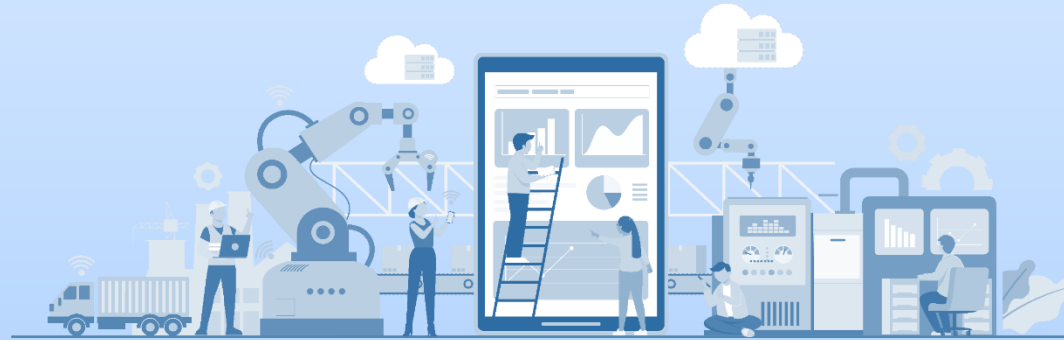
QFP

QFN

aQFN

Pre-mold

SOT



Stamping

Etching

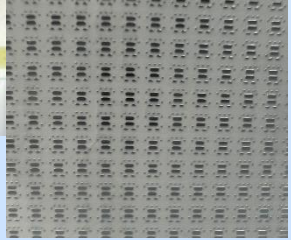
Plating

Molding

**LF  
Growth Drivers**

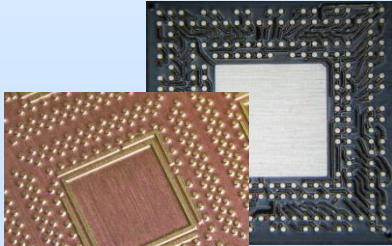
**Disciplined Investment**

# Our Technology Leadership



## Pre-mold QFN

- World's leading EME-filled QFN technology
- Excellent **thermal efficiency & rigidity**
- **Higher throughput** for IC, Mini LED back-light unit, sensor and MEMS
- Replacing entry-level organic substrate



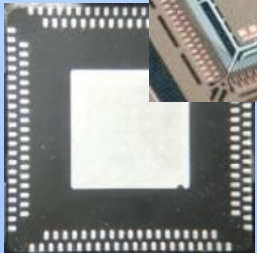
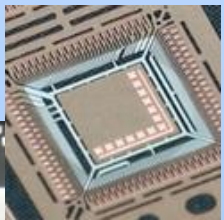
## aQFN

- No. of I/O: **100-400**
- World's leading exclusive QFN LF
- Replacing BGA
- TW Fab started production since 4Q21



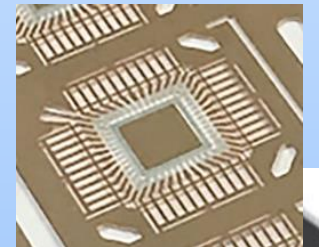
## QFN

- No. of I/O: **32-180**
- Replacing SOP, co-exist with QFP and low-end BGA



## QFP

- No. of I/O: **32-256**
- Flexible capacity switch between stamping and etching
- Increasing demand from OSAT & IDM customers



# Agenda


**Lead Frame Growth Drivers**

**Disciplined Investment**

**Our Commitments to Shareholders**

**Financial Performance**



A microscopic view of a lead frame, showing a repeating pattern of rectangular frames with intricate internal structures and leads. The image is in shades of blue and white, with a slight perspective tilt.

# Lead Frame Growth Drivers



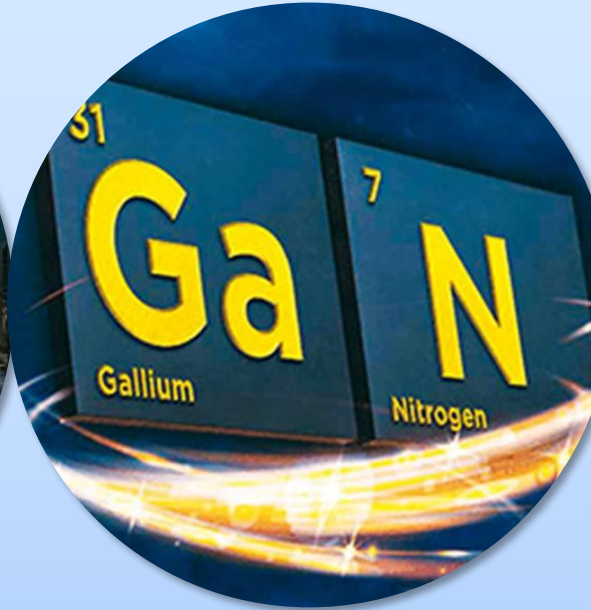
# Our Multiple Applications



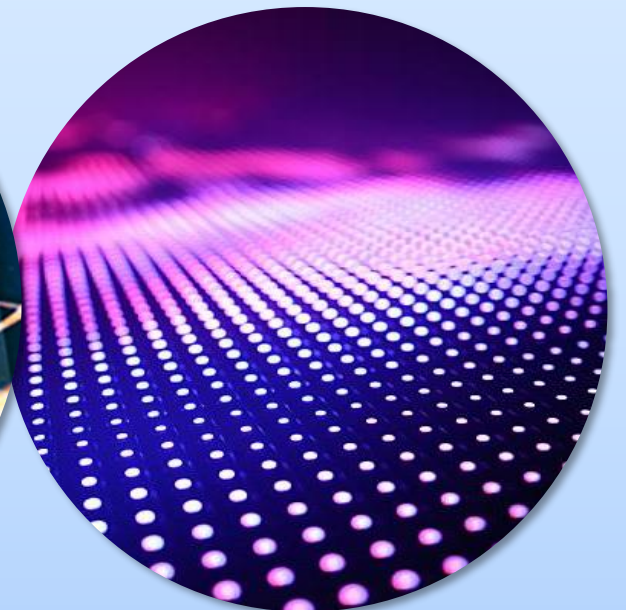
**Automotive**



**5G & WiFi  
Connectivity**



**III-V  
Semiconductor**



**Mini LED**

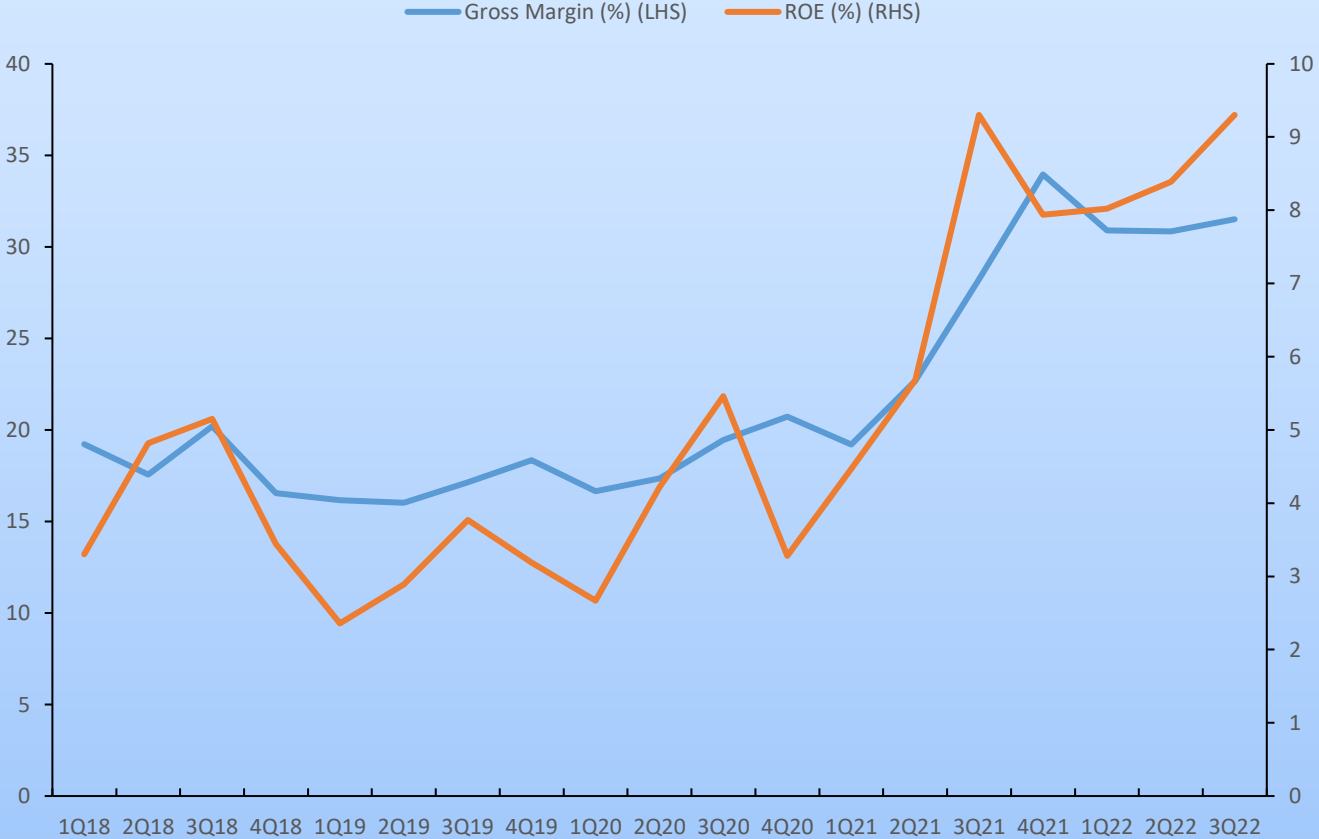
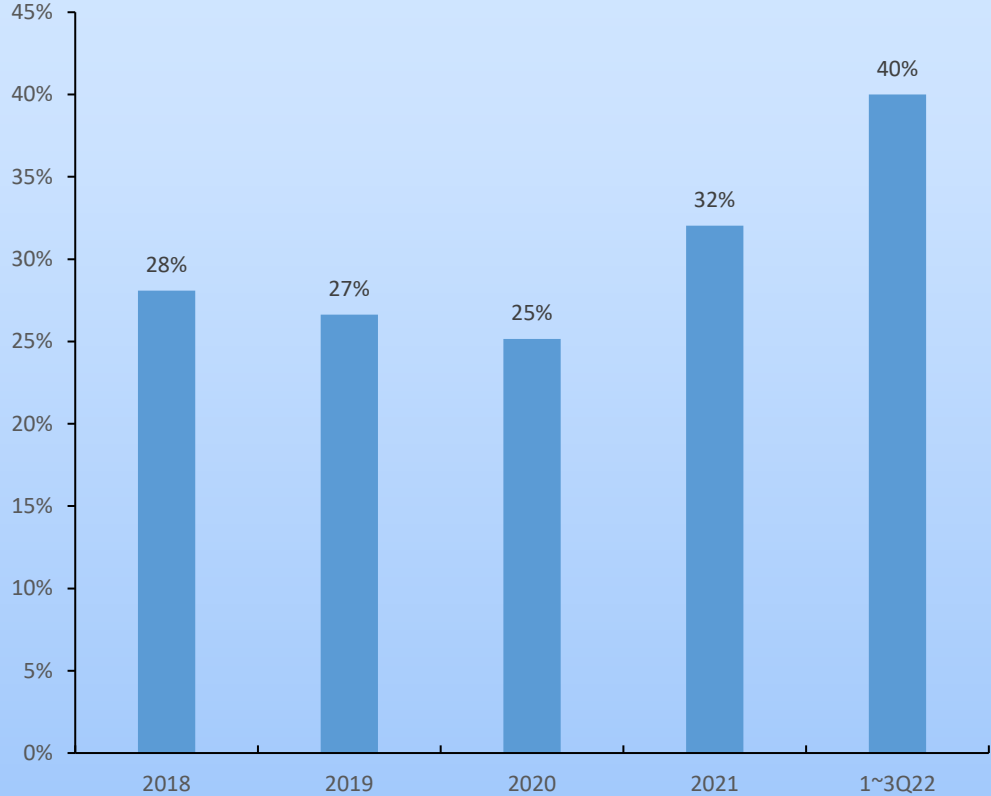
Various LF Spec. Requirement: No. of I/O, Form factor, Reliability, Thermal conductivity and Electrical performance



# CWTC's Growing Automotive Business

CWTC's automotive sales contribution has increased from 28% in 2018 to 40% in 1~3Q22. We expect automotive lead frame business to continue to be one of growth drivers of our sustainable profitability.

Automotive Business Revenue Share



# Disciplined Investment



# Products Manufacturing Process

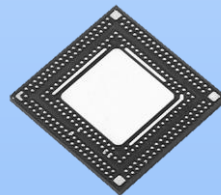
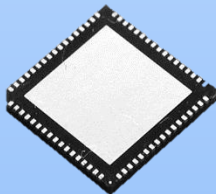
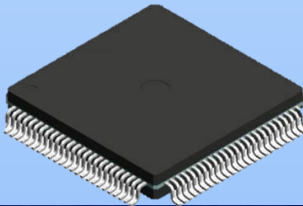
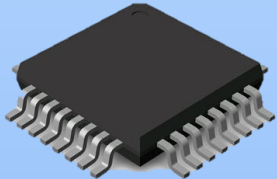
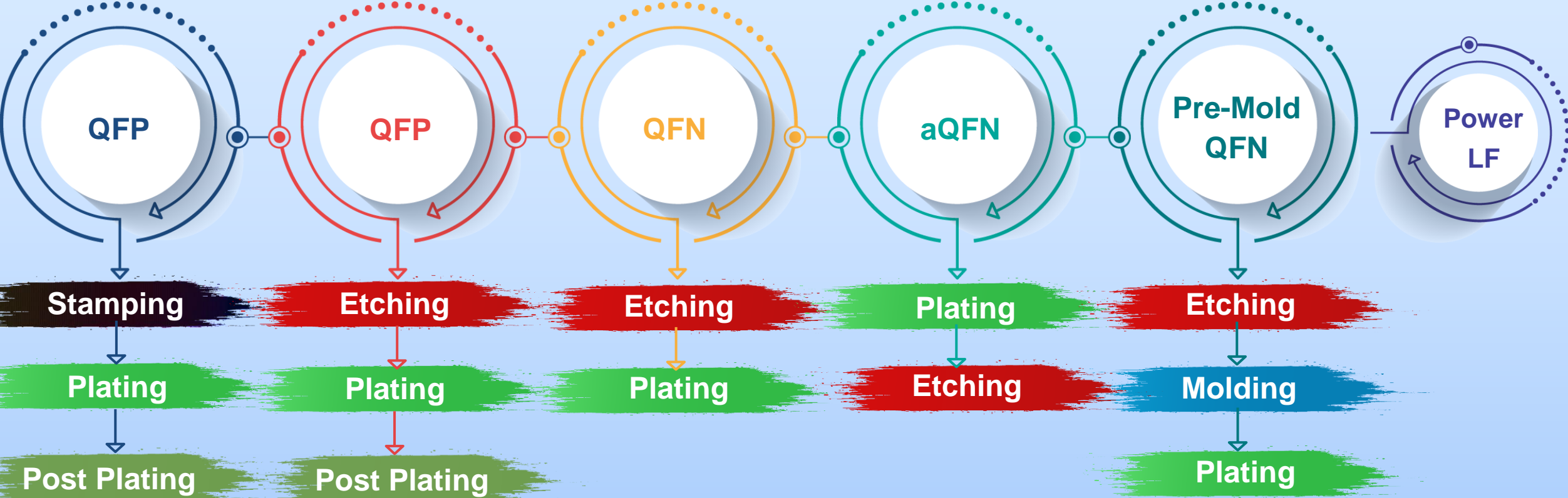



Photo: CWTC and ASE & Infineon

# Our Commitments to Shareholders



# We Aim to Produce the Highest Return in the IC Manufacturing Industry

Through efficient investment in capex and LF diversity, we expect to outgrow the semiconductor manufacturing industry and deliver an ROE in excess of 20% from 2021E to 2025E.

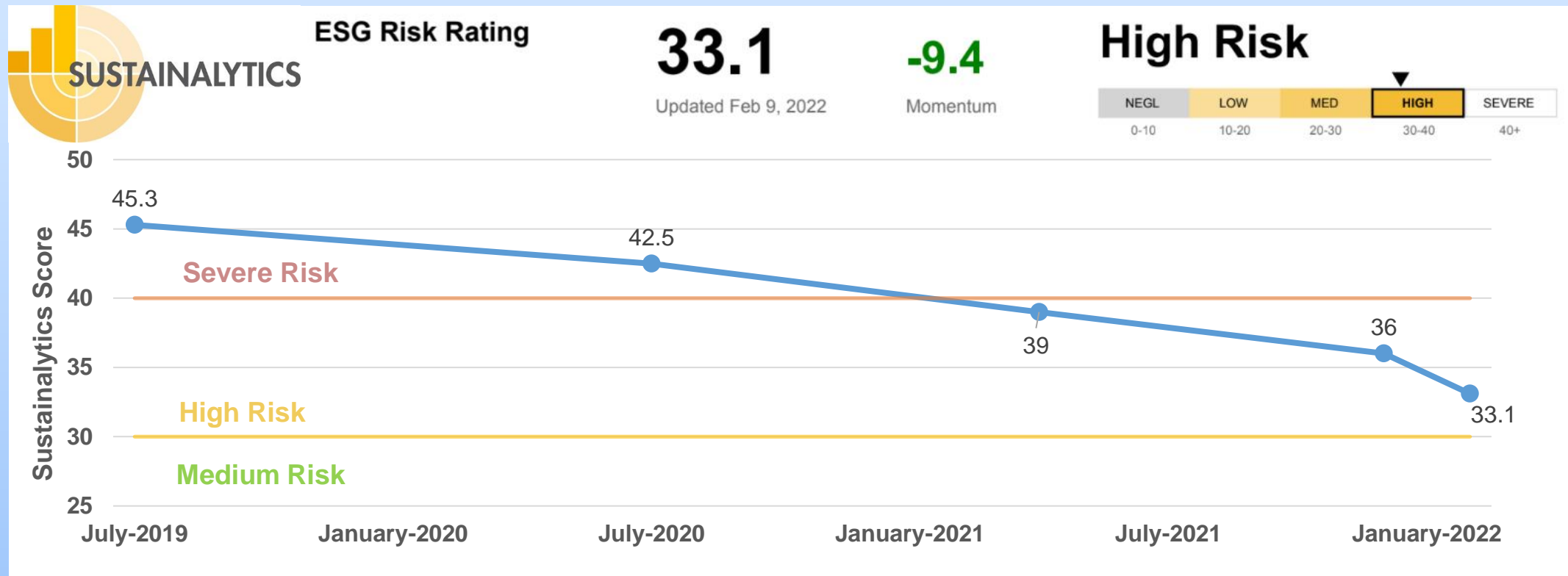
2021E-2025E	Capex-to-Sales ratio	Capex Efficiency*		Sales CAGR	GP CAGR	FCF CAGR
<b>CWTC</b>	<b>Mid-to-High single digit%</b>	<b>2~3x</b>	 <p><b>Capex Efficiency and LF Diversity</b></p>	<i>Above Industry Average</i>		
Foundry	36%	0.4x		14%	14%	12%
OSAT	11%	1.0x		7%	8%	24%

\* Capex efficiency: Additional sales in year N+1 / capex in year N

Source: Bloomberg and Gartner. Foundry including TSMC, UMC, VIS while OSAT includes ASE, Powertech, KYEC, Chipbond, ChipMOS and Greatek

# Our Ever-Improving ESG Performance

- Year over year improvement in our Sustainalytics ESG Score
- We expect further improvement into the medium risk category by 2022





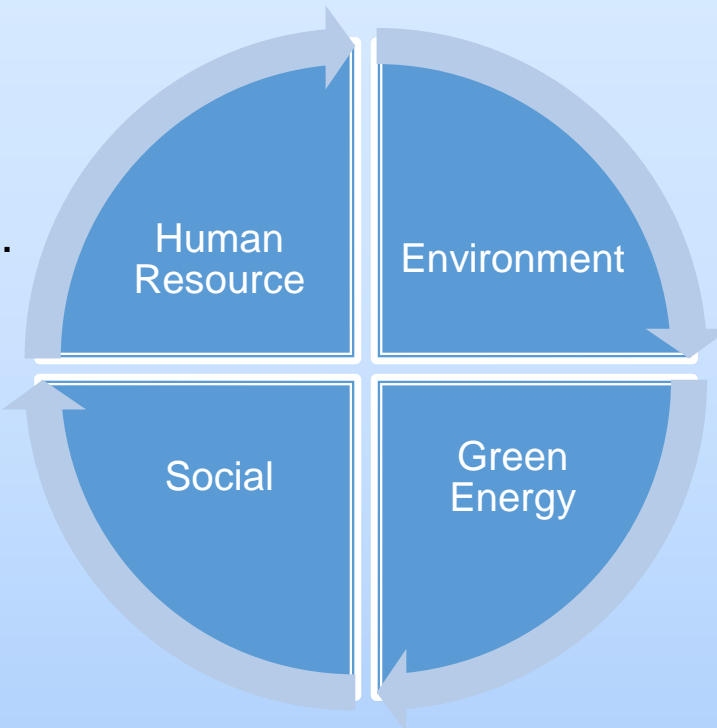
# We Pursuit Our Sustainable Growth in an Eco-friendly Approach

## Environment:

- Reclaimed water usage reached **20%** in 2021 vs. 13.6% in 2019.
- **4%** of electricity demand at the new factory will be supplied from solar energy vs. existing factory of only 0.3%.

## Social:

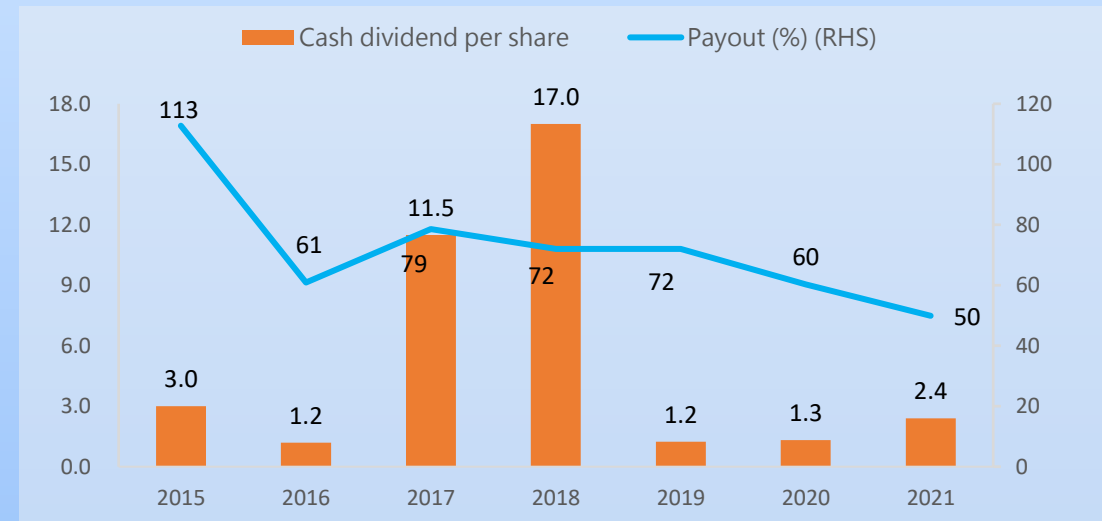
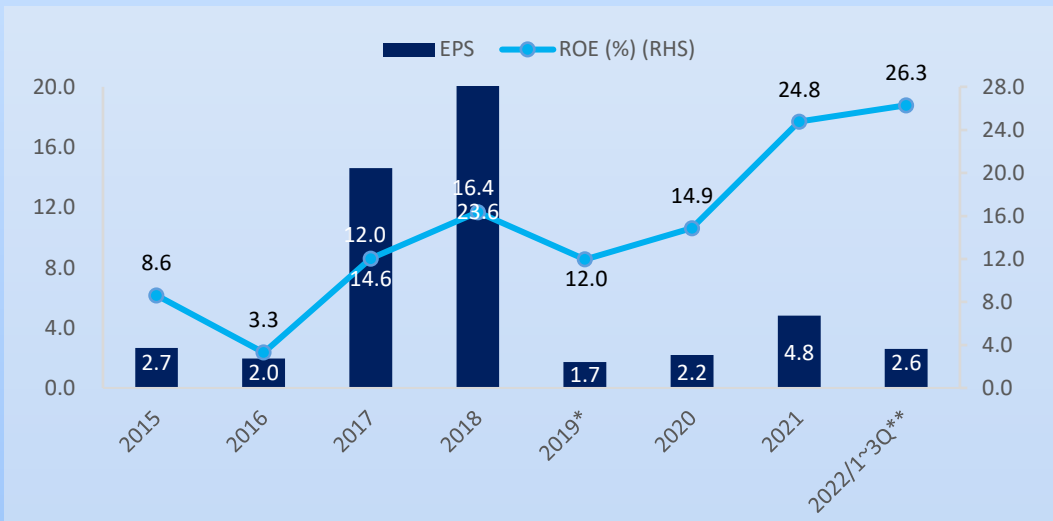
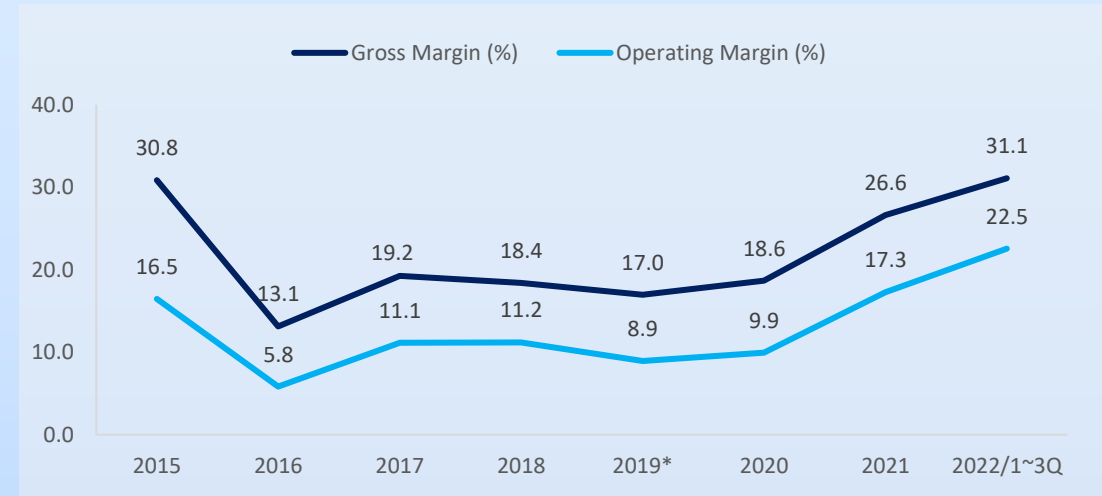
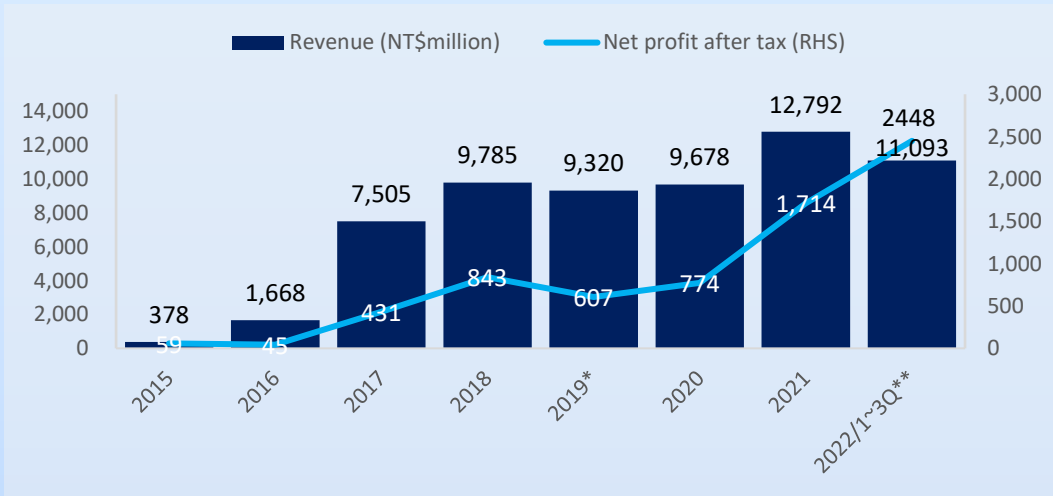
- We are committed to complying with the Responsible Business Alliance (RBA), the Global e-Sustainability Initiative (GeSI), and also the Responsible Minerals Initiative (RMI).
- ESOP program transferred over **1,341,000** shares to employees
- Our new fab expect to create more than **150** new job opportunity.
- Stringent Environmental, Health, & Safety Policy across all of our Asia factories.



CWTC 2021  
ESG  
Report

# Financial Performance

# Robust Financial Performance



\*Since Sep. 9<sup>th</sup>, 2019, CWTC changed the par value of stock from NT\$10 to NT\$1. The EPS and dividend are one-tenth of the original numbers.

\*\*Since Sep. 5<sup>th</sup>, 2022, CWTC changed the par value of stock from NT\$1 to NT\$0.4. The EPS and dividend are two-fifth of the original numbers.

\*\*\*1~3Q22 financial data is the company's internal self-settled figures and may be changed after being reviewed by the accountant.



# 2017-1~3Q22 Income Statement

NT\$m	2017	2018	2019	2020	2021	1~3Q22***	YoY (%)					
							2017	2018	2019	2020	2021	1~3Q22***
<b>Revenue</b>	<b>7,505</b>	<b>9,785</b>	<b>9,320</b>	<b>9,678</b>	<b>12,792</b>	<b>11,093</b>	<b>350.0</b>	<b>30.4</b>	<b>-4.7</b>	<b>3.8</b>	<b>32.2</b>	<b>21.6</b>
Gross Profit	1,444	1,802	1,581	1,805	3,406	3,449	559.6	24.8	-12.3	14.2	88.7	59.7
Operating Expenses	- 607	- 708	- 748	- 845	- 1,196	-948	397.9	16.5	5.7	12.9	41.6	32.0
<b>Operating Profit</b>	<b>837</b>	<b>1,094</b>	<b>833</b>	<b>960</b>	<b>2,210</b>	<b>2,501</b>	<b>763.1</b>	<b>30.7</b>	<b>-23.9</b>	<b>15.3</b>	<b>130.1</b>	<b>73.6</b>
Pretax Income	1,071	1,206	899	966	2,249	3,079	362.6	12.6	-25.4	7.5	132.7	110.3
Tax Expenses	- 251	- 354	- 280	- 176	- 511	-631	955.8	40.9	-20.8	-37.3	190.8	93.6
<b>Net Income to Parent</b>	<b>431</b>	<b>843</b>	<b>607</b>	<b>774</b>	<b>1,714</b>	<b>2,426</b>	<b>858.0</b>	<b>95.5</b>	<b>-27.9</b>	<b>27.4</b>	<b>121.5</b>	<b>116.6</b>
<b>Basic EPS (NT\$)</b>	<b>14.62</b>	<b>23.60</b>	<b>1.72*</b>	<b>2.19</b>	<b>4.81</b>	<b>2.59**</b>	<b>642.1</b>	<b>61.4</b>	<b>-*</b>	<b>27.3</b>	<b>119.6</b>	<b>-**</b>
<b>Key Financial Ratios (%)</b>												
Gross Margin	19.2	18.4	17.0	18.6	26.6	31.1						
Operating Expense Ratio	8.1	7.2	8.0	8.7	9.3	8.6						
Operating Margin	11.1	11.2	8.9	9.9	17.3	22.5						
Effect Tax Rate	23.4	29.3	31.2	18.2	22.7	27.8						
Net Margin	5.7	8.6	6.5	8.0	13.6	22.1						

# 2017-1~3Q22 Balance Sheet

NT\$m	2017	2018	2019	2020	2021	1~3Q22*	YoY (%)					
							2017	2018	2019	2020	2021	1~3Q22*
<b>Total Assets</b>	<b>9,100</b>	<b>9,788</b>	<b>10,544</b>	<b>12,164</b>	<b>14,842</b>	<b>18,738</b>	<b>290.1</b>	<b>7.6</b>	<b>7.7</b>	<b>15.4</b>	<b>22.0</b>	<b>31.0</b>
Cash	2,131	2,304	3,076	2,502	3,796	4,942	244.7	8.1	33.5	-18.7	51.7	39.3
AR & NR	1,825	1,927	2,003	2,114	2,858	3,103	248.6	5.6	4.0	5.5	35.2	15.1
Inventories	1,267	1,437	1,296	1,437	2,196	2,645	1456.6	13.4	-9.8	10.9	52.9	30.9
Fixed Assets	2,318	2,441	2,210	2,252	2,475	3,468	615.4	5.3	-9.5	1.9	9.9	44.6
<b>Total Liabilities</b>	<b>3,970</b>	<b>4,617</b>	<b>5,558</b>	<b>6,738</b>	<b>6,430</b>	<b>8,181</b>	<b>1229.0</b>	<b>16.3</b>	<b>20.4</b>	<b>21.2</b>	<b>-4.6</b>	<b>7.8</b>
AP & NP	957	1,019	1,148	1,105	1,337	1,240	430.7	6.5	12.6	-3.8	21.0	-6.9
<b>Total Equity</b>	<b>5,130</b>	<b>5,171</b>	<b>4,986</b>	<b>5,426</b>	<b>8,412</b>	<b>10,557</b>	<b>152.2</b>	<b>0.8</b>	<b>-3.6</b>	<b>8.8</b>	<b>55.0</b>	<b>57.1</b>
<b>Key Financial Ratios</b>												
A/R Turnover Days	56.3	69.0	75.9	76.6	70.0	73.6						
Inventory Turnover Days	40.0	61.0	63.5	62.5	69.7	86.7						
A/P Turnover Days	33.8	44.6	50.4	51.5	21.2	46.1						
Cash Conversion Days	62.6	85.4	89.0	87.5	118.4	114.2						
ROE (%)	12.0	16.4	12.0	14.9	24.8	26.3						
ROA (%)	7.5	8.9	6.0	6.8	12.7	14.7						

# Appendix



# Glossary

- SO/SOP: Small Outline and Small Outline Package
- TSSOP: Thin Shrink Small Outline Package
- TSOP: Thin Small Outline Package
- COL: Chip-n-Lead
- QFP: Quad Flat Package
- SQFP: Small Quad Flat Package
- TQFP: Thin profile Quad Flat Package
- LQFP: Low profile Quad Flat Package
- PDIP: Plastic Dual In-line Package
- PLCC: Plastic Leaded Chip Carrier
- VSO: Very Small Outline Package
- PMFP: Plastic Micro Flat Package
- BCC: Bump Chip Carrier
  
- QFN: Quad Flat No-lead
- DRQFN: Dual Row Quad Flat No-Lead Package
- aQFN: advanced Quad Flat No-lead
- VQFN: Very Thin Quad Flat No-lead Package