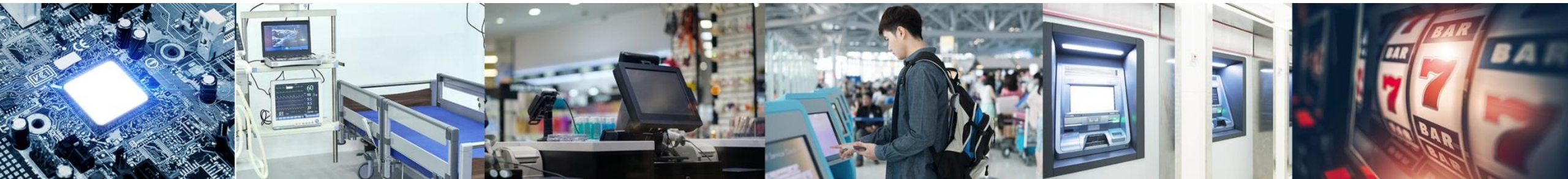


# Ennoconn Corporation

## 1Q 2020 Earnings Conference Call

Steve Chu, Chairman & CEO  
Nelson Tsay, President  
Yolanda Wu, CFO  
Max Lee, Chief Strategy Officer

May 14<sup>th</sup>, 2020








## Safe Harbor Statement

**Our discussion may include predictions, estimates and other information that might be considered forward-looking. While these forward-looking statements represent our current judgment on what the future holds, they are subject to risks and uncertainties that could cause actual results to differ materially. Undue reliance should not be placed on any forward-looking statements, which reflect our opinions only as of the date of this presentation. We undertake no obligation to update them.**

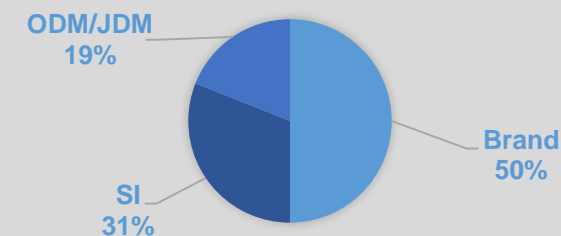
# 1Q20 Financial Results

NT\$M	1Q19	4Q19	1Q20	QoQ	YoY	Notes
<b>Revenues</b>	17,606	24,543	17,868	-27.2%	1.5%	• Despite the Covid-19 pandemic, both our revenues and profitability increased compared to the same quarter last year.
<b>Gross Profit</b>	3,800	5,780	4,561	-21.1%	20.0%	
<b>Gross Margin %</b>	21.6%	23.5%	25.5%	2.0ppt	3.9ppt	• Revenue increased by 1.5% YoY, driven by demand uptrend from brand and several ODM businesses.
Selling expenses	-790	-951	-792			• Gross margin up by 3.9 ppt YoY, reflecting the better sales mix of brand and system integration businesses.
G&A expenses	-979	-1,179	-1,009			
R&D expenses	-1,514	-2,421	-2,079			• Operating margin increased by 0.3 ppt YoY, contributed from system integration business' favorable business mix.
Expected credit loss	51	-17	-64			
<b>Operating Income</b>	569	1,212	617	-49.1%	8.5%	• Net income was NT\$186 million, improved by 56.2% year-on-year. Mainly driven by:
<b>Operating Margin %</b>	3.2%	4.9%	3.5%	-1.5ppt	0.3ppt	
Interest income (expense)	-93	-117	-108			1) In 1Q2019, the one-time adverse impact of the ECB amortization expense of NT\$165 million was no longer there.
Redemption bond gain (loss)	-165	0	0			
FX gain (loss)	-11	-195	57			2) Recognized NT\$57 million of foreign exchange gain in 1Q2020.
Other non-operating income (expenses)	291	403	112			
<b>Net Income</b>	473	1,042	531	-49.0%	12.5%	• EPS recovered to NT\$2.24.
<b>Net Income</b> (deducted minority interest)	119	370	186	-49.8%	56.2%	
<b>EPS (NT\$)</b>	1.52	4.49	2.24	-50.0%	47.3%	

# Performance by Business Segment

Business Segments	Key Members		Revenue Contribution (NT\$M)	Revenue QoQ	Revenue YoY	GM	OpM	EPS Contribution (NT\$)	Notes
Ennoconn Consolidation		1Q20	17,868			25.5%	3.5%	2.24	
		4Q19	24,543	-27.2%	1.5%	23.5%	4.9%	4.49	
		1Q19	17,606			21.6%	3.2%	1.52	
Brand		1Q20	8,972 (50%)			34.8%*	2.6%	0.66 (29%)	
		4Q19	12,481 (51%)	-28.1%	13.8%	31.1%*	5.0%	1.60 (36%)	
		1Q20	7,881 (45%)			30.9%*	2.3%	0.70 (46%)	
System Integration		1Q20	5,498 (31%)			12.9%	5.1%	1.18 (53%)	
		4Q19	6,639 (27%)	-17.2%	-4.4%	10.5%	3.5%	0.82 (18%)	
		1Q19	5,753 (33%)			8.8%	2.6%	0.80 (53%)	
ODM / JDM		1Q20	3,398 (19%)			21.4%	3.2%	0.40 (18%)	
		4Q19	5,424 (22%)	-37.4%	-14.5%	22.2%	6.5%	2.07 (46%)	
		1Q19	3,972 (22%)			21.7%	5.9%	0.02 (1%)	

1Q20 Revenue Contribution



- The GM of S&T went up by 3.9 ppt YoY, mainly driven by the inclusion of high gross margin railway transportation business.
- Partly offset by the higher R&D spending, the OpM of S&T slightly increased by 0.3 ppt YoY.
- The GM of Marketech went up by 4.1 ppt YoY, thanks to a favorable business mix.
- The OpM of ODM was down by 2.7 ppt YoY, due to lower operation efficiency as we recovered operation from the lockdown in China.
- Ownership: S&T 27.1% ; MIC 44.7% ; Goldtek 56.7% ; CASwell 34.3%

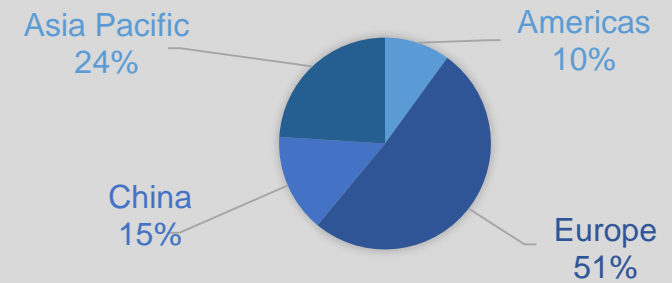
\*We adjusted the GM and OpM of S&T due to the difference in accounting principles between EU and Taiwan. S&T's announcement: 1Q20 GM was 39.9%; 4Q19 GM was 34.5%; 1Q19 GM was 37.9%.

# Revenue by Region

		Revenue (NT\$M)	Revenue QoQ	Revenue YoY	2020Q1 Revenue (NT\$M)
Ennoconn Total	1Q20	17,868			
	4Q19	24,543	-27.2%	1.5%	17,868
	1Q19	17,606			
The Americas	1Q20	1,711 (10%)			
	4Q19	3,516 (14%)	-51.3%	-48.4%	1,711 (10%)
	1Q19	3,318 (19%)			
Europe	1Q20	9,118 (51%)			
	4Q19	12,158 (50%)	-25.0%	29.1%	9,118(51%)
	1Q19	7,061 (40%)			
China	1Q20	2,766 (15%)			
	4Q19	3,651 (15%)	-24.2%	17.0%	2,766(15%)
	1Q19	2,364 (13%)			
Asia Pacific	1Q20	4,273 (24%)			
	4Q19	5,218 (21%)	-18.1%	-12.1%	4,273(24%)
	1Q19	4,863 (28%)			

Notes

1Q20 Revenue



- The Americas: mainly from Goldtek and S&T, 24% and 37%, respectively.
- Europe: S&T accounted for 85% of our Europe sales.
- China: 55% of the revenue was from Marketech, and 35% came from ODM business.
- Asia Pacific: Marketech was the key contributor, generating 75% of total revenue.