

Prosperity Dielectrics Co., Ltd

2021 Investor Conference

(Stock code: 6173)

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Company Profile

Prosperity Dielectrics Corp :

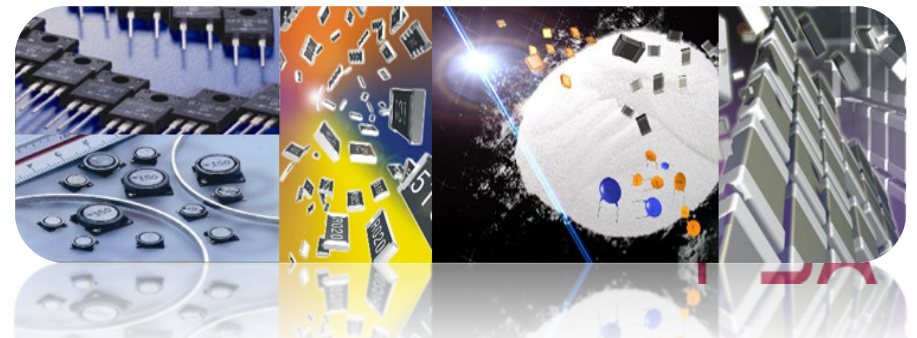
- Established June, 1990
- Capital NTD 1.72 Billion
- Employee 1,245
- Brand PDC, Frontier
- Revenue NTD 5.21 Billion/2020 Y (YoY:+20%)
NTD 1.46 Billion/2021 Q1 (YoY:+35%)

Branch Office/ Plant :

- Taiwan Taoyuan / Yangmei Plant
- China Wujiang/Shenzhen Plant
/Dongguan Office

Production experience :

- Powder Since 1995 (25 years)
- MLCC/CR Since 1990 (30 years)
- Power Inductor Since 2011 (10 years)



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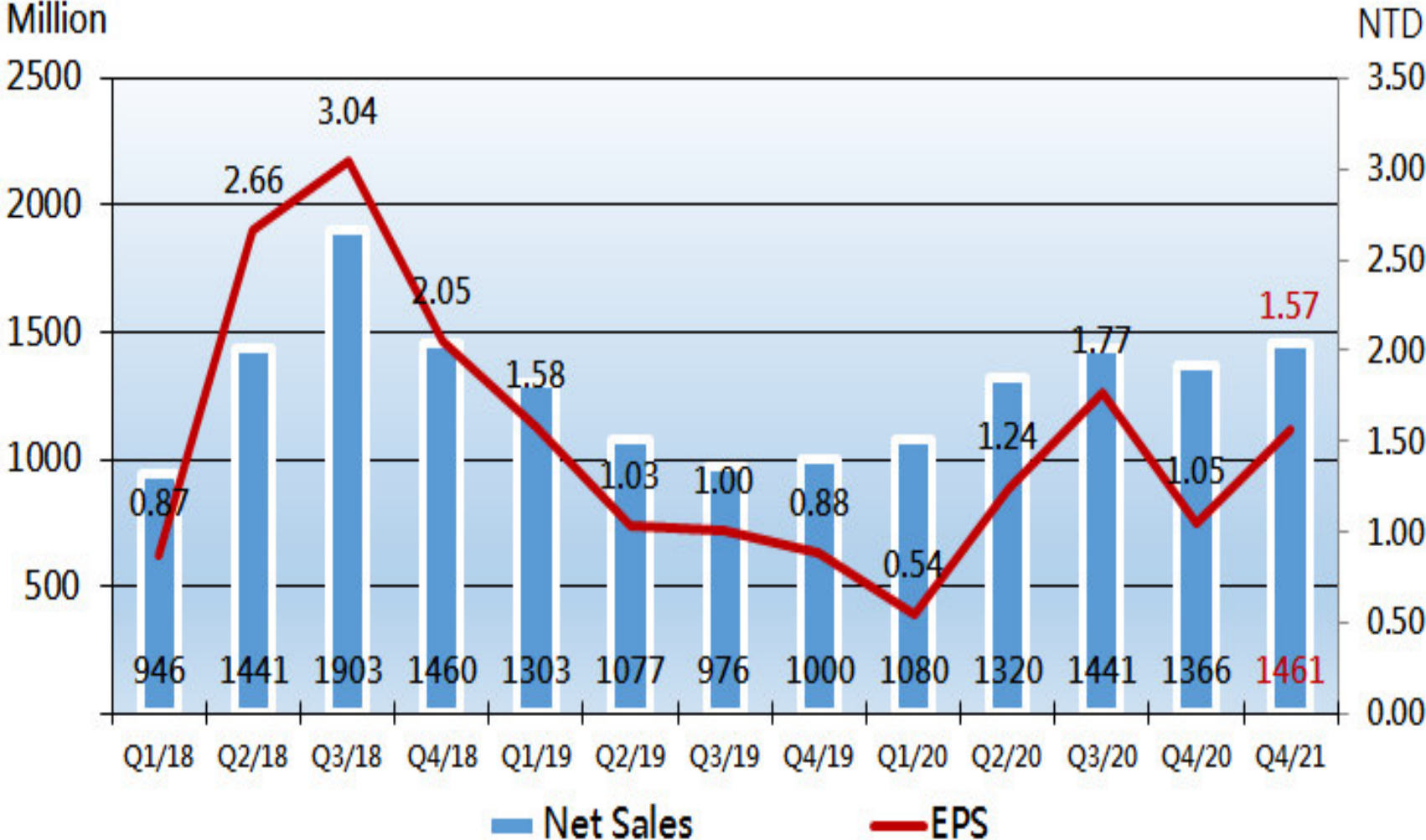
4. Business Focus & Opportunity

Income statement

In Million NTD Except NTD for Earnings Per Share

	2021 Q1	2020 Q4	QoQ	change(%)	2021 Q1	2020 Q1	YoY	change(%)
Net Sales	1,461	1,366	94	7%	1,461	1,080	380	35%
Gross Profit	347	318	29	9%	347	276	72	26%
Gross Profit(%)	23.8%	23.3%	0.5%		23.8%	25.5%	-1.7%	
N.O.P	245	216	29	13%	245	189	57	30%
N.O.P(%)	16.8%	15.8%	1.0%		16.8%	17.5%	-0.7%	
Income Before Tax	337	229	108	47%	337	120	217	181%
Net Income	271	181	89	49%	271	93	178	191%
Net Income(%)	18.5%	13.3%	5.3%		18.5%	8.6%	9.9%	
EPS(NTD)	1.57	1.05	0.52		1.57	0.54	1.03	

Quarterly Revenue & EPS Trend



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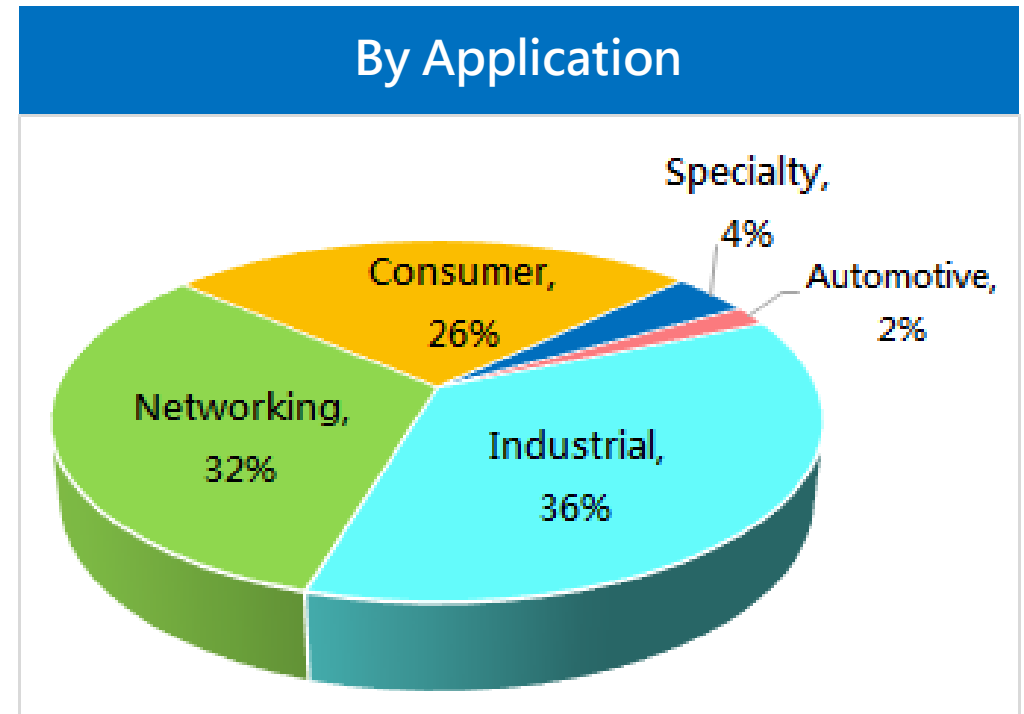
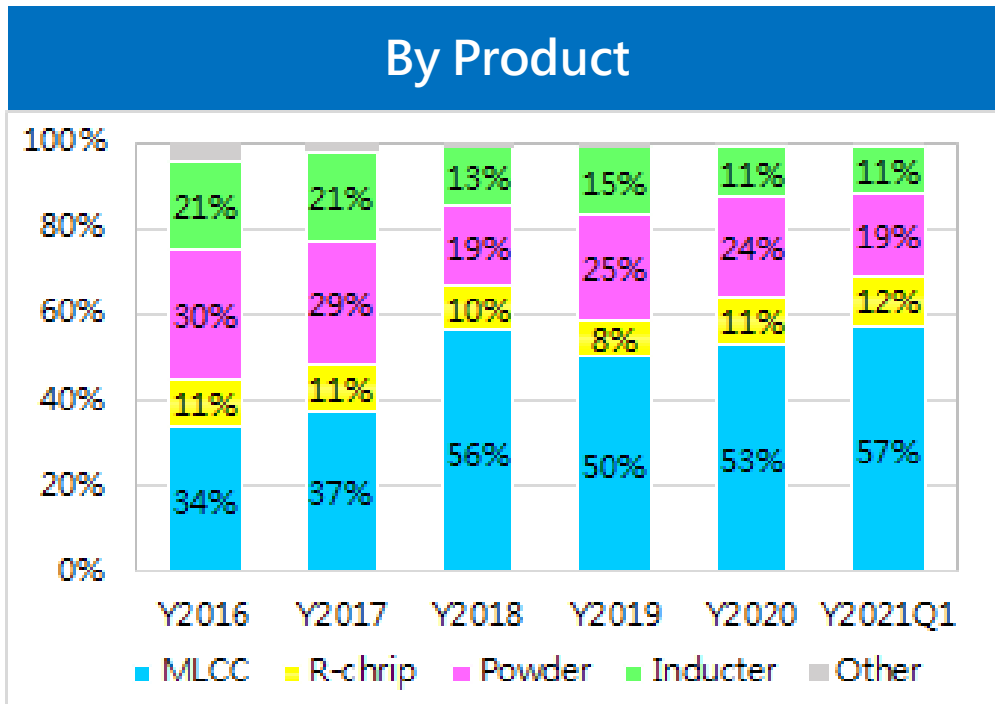
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2021 Q1 Sales Breakdown



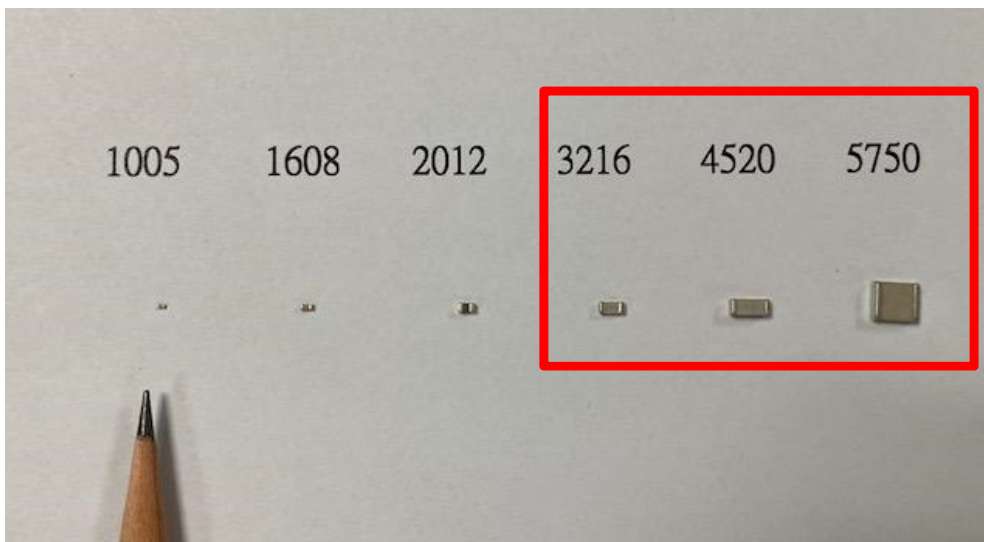
- End-use applications include Networking (including 5G base stations, IoT, etc.), industrial (including AI/aerospace, etc.), and automotive electronics.
- Safety/high power/high temperature resistance/high reliability/low loss passive component products and dielectric ceramic powder are the company's main products.

2021~2025 MLCC Demand Estimation

Data source: Fuji Chimera Research Institute

unit:Million

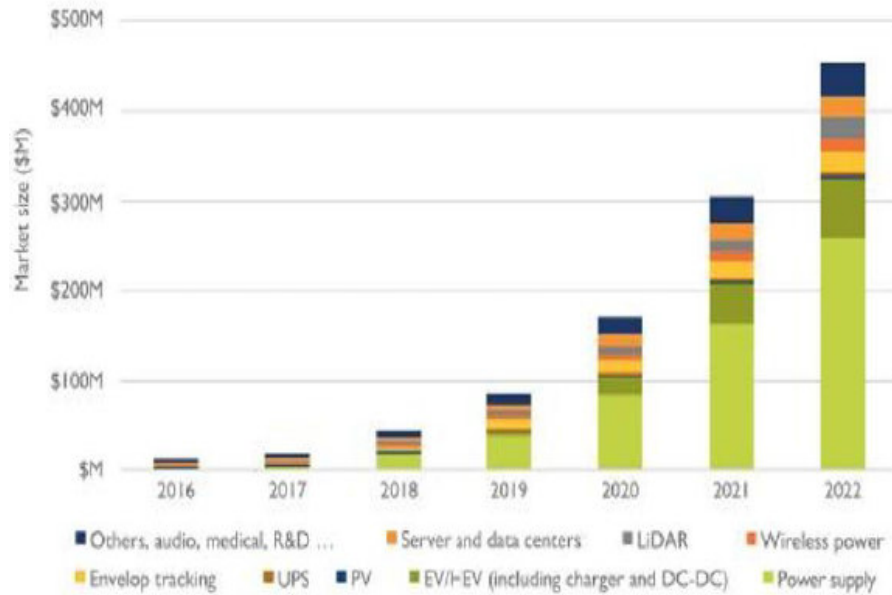
Year Size	2021	2022	2023	2024	2025	Average growth rate	Average consumption %
0201	1,800	2,100	2,500	5,300	9,500	56.60%	0.07%
0402	460,000	530,000	600,000	650,000	700,000	11.10%	10.29%
0603	1,660,000	1,810,000	1,930,000	2,020,000	2,060,000	5.58%	33.18%
1005	1,859,200	1,873,900	1,880,500	1,908,700	1,937,500	1.05%	33.11%
1608	770,000	790,000	810,000	830,000	850,000	2.50%	14.18%
2012	282,000	292,000	300,000	306,000	310,000	2.38%	5.22%
3216	136,000	139,000	142,000	143,000	144,000	1.45%	2.46%
>3216	81,000	83,000	85,000	87,000	89,000	2.40%	1.49%
Total	5,250,000	5,520,000	5,750,000	5,950,000	6,100,000	3.82%	100%



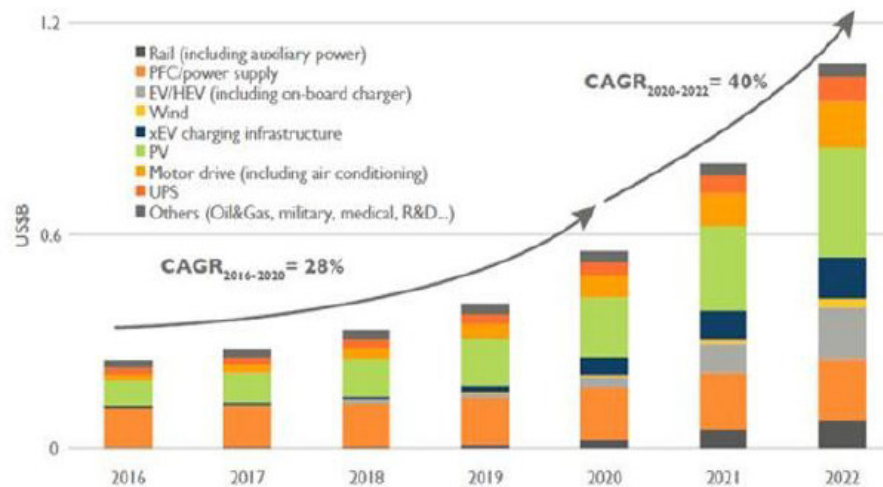
- Generally, large-size MLCC and Chip-R, by industry' s definition, are mainly 3216 (length 3.2mm * width 1.6mm) or up (inclusive). Possessing high voltage and high-temperature resistance characteristics, the third-generation semiconductors (GaN, Sic) are being applied to various industries such as 5G and new energy cars, fast charging sources, AI, etc., and drives demand for large-size passive components.
- PDC mainly focuses on the production of large-size passive components. Although the demand only accounts for 4% to 5% of the total MLCC quantity, its ASP is about 10 times that of other small-size MLCCs.

Market opportunities-Third-generation semiconductors(GaN、SiC)

GaN Market size forecast (2020~2022 Estimated CAGR60%)



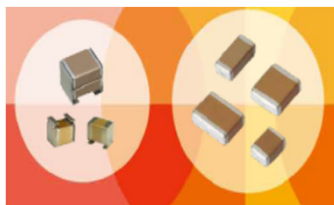
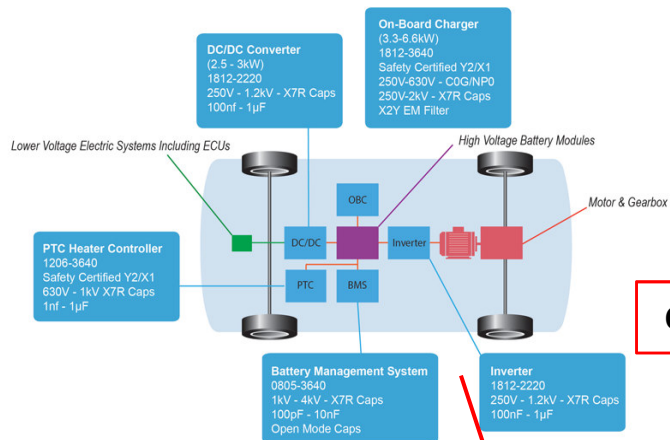
SiC Market size forecast (2020~2022 Estimated CAGR40%)



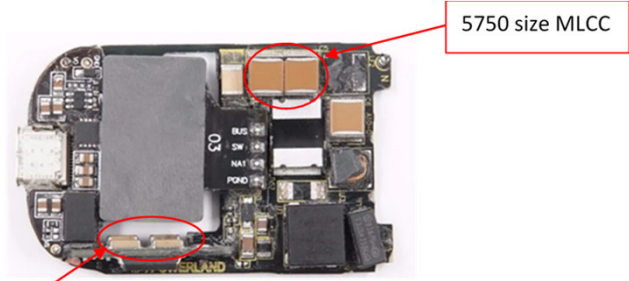
Demand for PDC products will change according to the market trend in the future.

- The third generation of GaN/SiC semiconductors will soon be applied in fast charging sources, 5G base stations, new energy cars, power systems, wind power and solar energy, industrial motors, computers, home appliances, and aerospace. The wide applications will thus boost the demand for high-power passive components.

GaN, SiC propel the development of large-size, high-power, passive components



Chip size : 3216~5750 / 50V~2000V

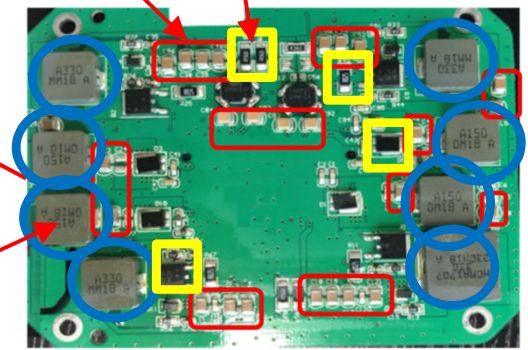
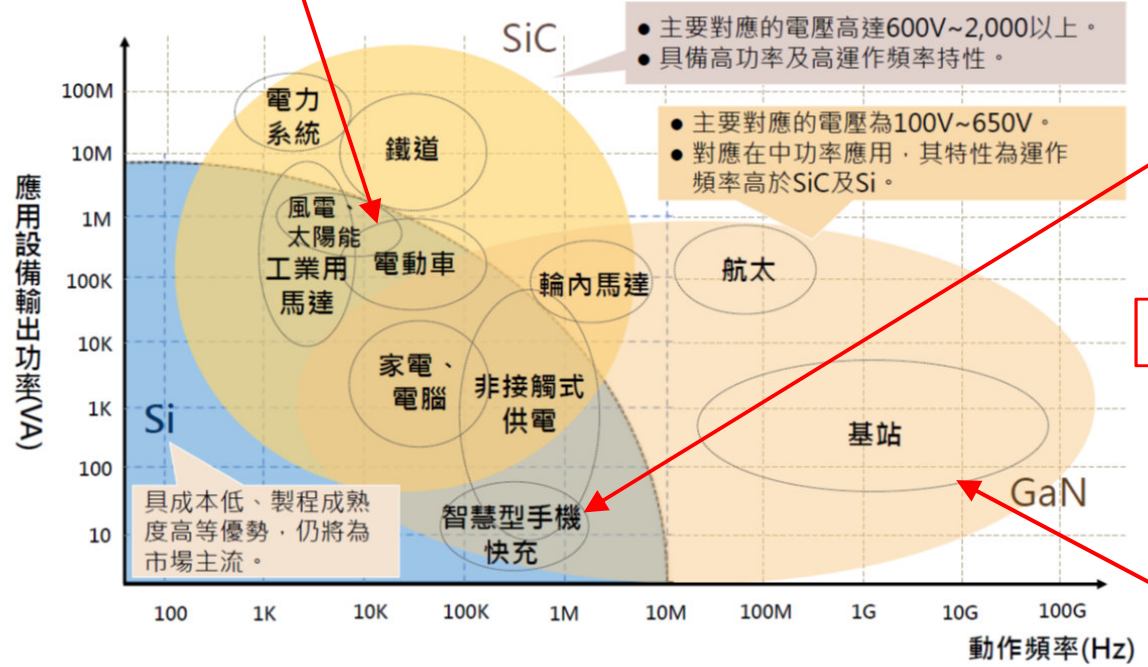


EMI Safety 4520 Size MLCC



2512 Size Chip-R

3225 Size MLCC



Molding Power Inductor

Small cell base station



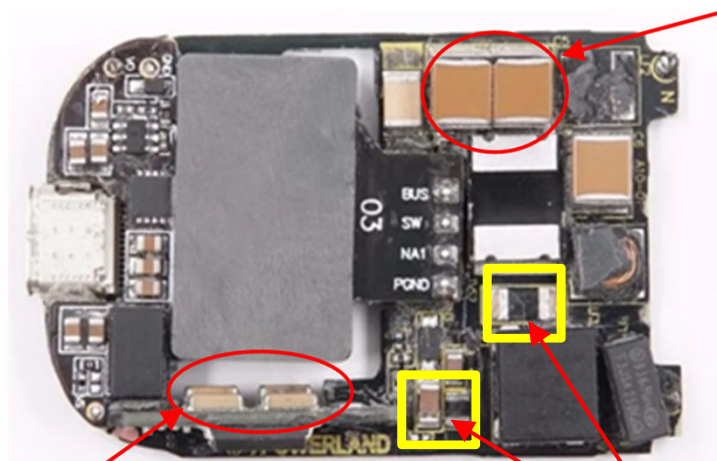
PDC product solution- GaN fast charge



Adapter reduced size



Demand for PDC products will change according to the market trend in the future.



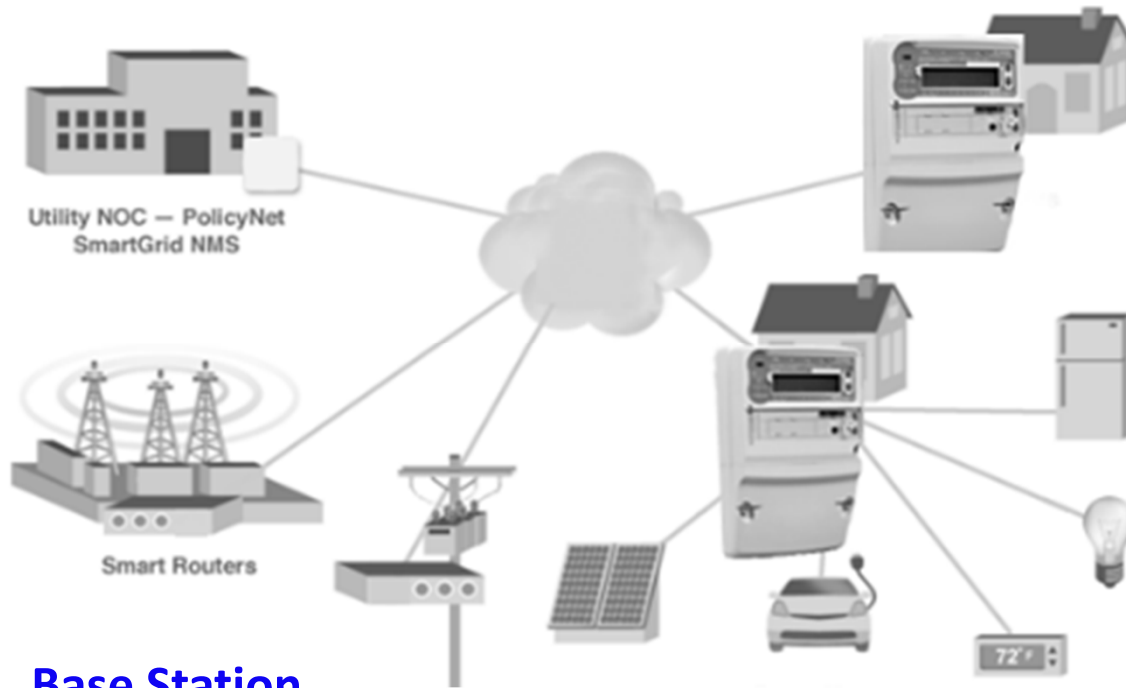
5750 size MLCC

EMI Safety 4520 Size MLCC

Current sensor Resister

- The size of the adapter will greatly reduce once converted to GaN powered charger, and the selection of passive components in the circuit design will also vary. For example, certain products that were originally designed with plug-in components will switch to SMD components instead.
- The Disc type safety capacitor will be replaced by large size 4520 (length 4.5mm width 2.0mm) Y2 safety MLCC, and the original plug-in resistor will also be replaced by Chip-R.

PDC Product Solutions- 5G



Demand for PDC products will change according to the market trend in the future.

- Business Opportunities in 5G – 5G market is estimated to grow at a rapid rate of 43.9% compound annual growth rate and facilitate the increase of the power module.
- With the rapid growth of the 5G market, the consumption for the power module has increased significantly. Demand for high power passive components in 5G applications is expected to increase by 68% when compared with 4G.

Base Station

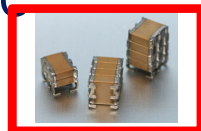
➤ Big Size Mid-Volt./ High-Volt. MLCC



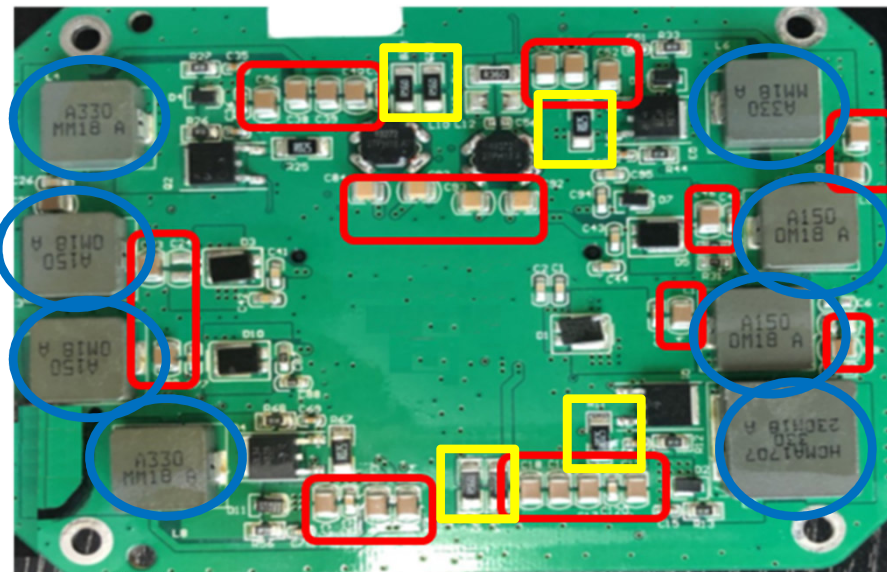
➤ Current Sensor Resistor



➤ Mega Cap MLCC

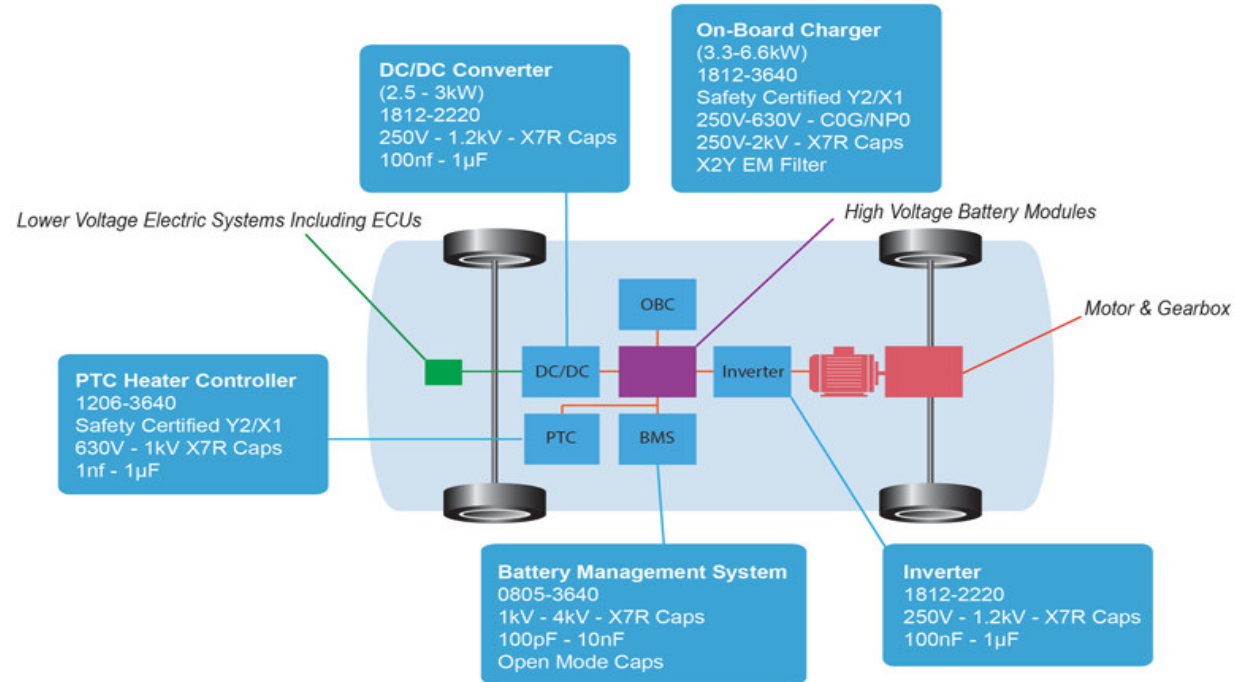


➤ Molding Power Inductor



PDC Product Solutions- New Energy Vehicle

Mega cap : 2220 Stack chip: 2pcs



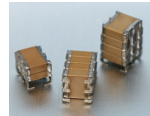
Automotive

➤ Big Size Mid-Volt./ High-Volt. MLCC

➤ Current Sensor Resistor



➤ Mega Cap MLCC



➤ Molding Power Inductor



- As the battery voltage increase to 400V-800V in new energy vehicles, the use of high-voltage MLCC in sizes above 1206 has greatly increased.
- The on-Board Charger in EV, DC/DC converter in Battery Management System, and PTC Heater Controller Inverter will all drive demands for high power large size MLCC and Chip-R.

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Opportunity

- As wide band gap (WBG) compound semiconductors such as gallium nitride (GaN) and silicon carbide (SiC) are being widely applied, high voltage large size MLCC, Chip Resistor, and inductors appear to be more compatible with fast charging devices and 5G base stations because of its low loss, high withstand voltage, high power, high-temperature resistance characteristics. PDC has successfully introduced its products to customers in fast charging and 5G base station and received large orders.
- Automotive business opportunities- The rising penetration of new energy vehicles has greatly increased the demand for large-size, medium-to-high voltage MLCC, and high-power Chip-R. PDC has introduced its power module for automotive electronics in various regions around the world. Due to the long certification time, customers' approval is expected to follow successively.
- 5G mobile phones have brought a large increase in the application of radio frequency components, and the integration of 5G base stations requires the original metal cavity filter to be replaced by an LTCC ceramic dielectric filter, which in turn drives the demand increase for LTCC ceramic powder.

Business Focus

■ MLCC、Chip-R、Power Inductor–

- In response to current customer needs, continue to develop large-size and medium-to-high voltage MLCC, Chip-R, and high-power Inductor and expand production capacity.
- With the ability to independently develop material and process technology, the company is expected to reduce costs and enhance competitiveness. All these will enable the company to pitch in the high value-added markets for large size medium to high voltage MLCCs.

■ Dielectric Powder –

- Continue to develop high-end, high-temperature, high-power, and high capacitance MLCC powder and expand powder production capacity.
- In response to the growing needs of the 5G/AI application market, we will continue to develop microwave powder for high-end applications while expanding production capacity.
- Continue to develop LTCC materials for RF components.

■ Continue to integrate products and expand sales through the PSA platform.

Thank you!

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