

柏騰科技 *Since 1995*

# Paragon Technologies Investor Conference

[Symbol : 3518]

**November 27, 2018**

Paragon Technologies Co., Ltd.

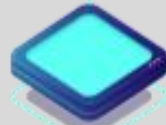
# Limiting responsibility

- This presentation contains “forward-looking statements” - that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as “expects” , “anticipates” , “intends” , “plans” , “believes” , “seeks” , or “will” .
- Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to: our highly competitive environment; the cyclical nature of our business; our ability to develop new products; and our successful execution in new business developments.

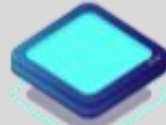
# Agenda



Company Overview



Financial Information



Market & Applications



Future Strategies





# Company Overview

# Paragon Technologies [Symbol : 3518]

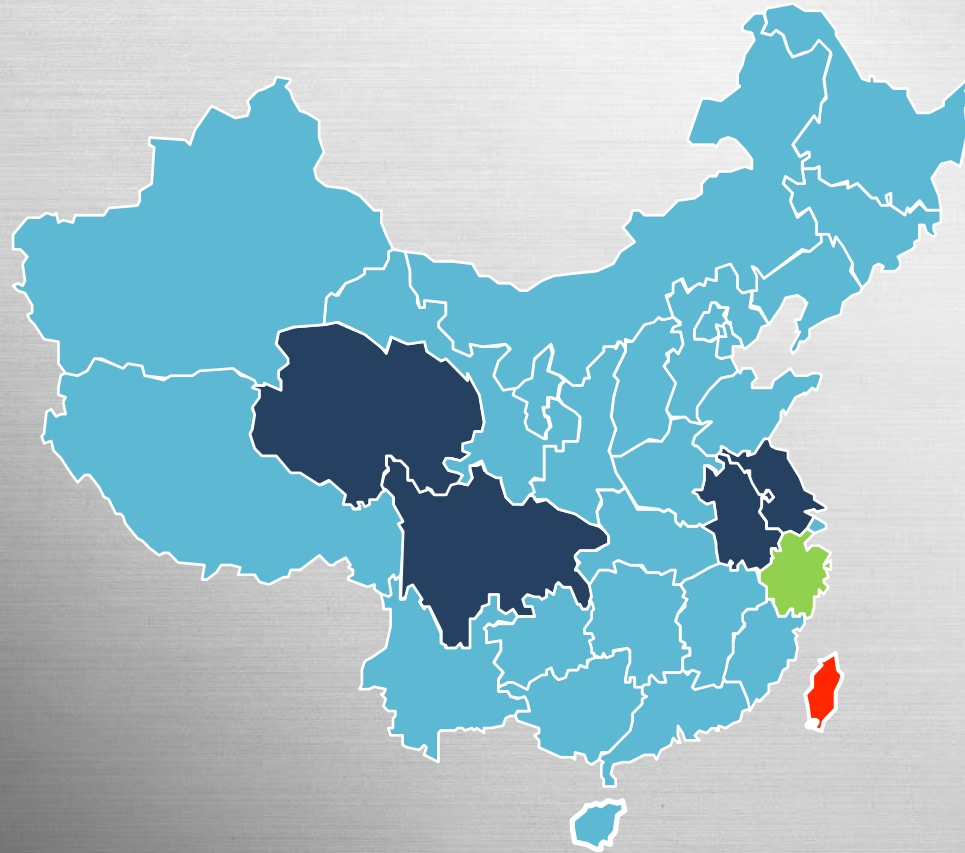
- Establishment : 1995.10.20
- Capital : NTD 807 Million
- Employees : 1,000 Employees (RD: 50)
- Chairman : Mr. Eagle, Chen
- General manager : Mr. Longer , Wang
- Main of products :
  - A. EMI – 88%
  - B. AP – 12%



# Historical Milestones

- 1995** Founded in Taiwan as one the world leading companies to develop and provide PVD coating services for commercial and industrial applications.
- 2005** Became World largest Electro-Magnetic interference (EMI) PVD shielding provider.
- 2007** Public listed in Taipei Exchange. Automotive Products Business Unit founded in Zhejiang Province, China.
- 2008** Introduced proprietary SP3 PVD process for After Market.
- 2010** Became ISO/TS 16949 certified manufacturer.
- 2012** Recognized by major after market brands in North America, Japan and approved by Nissan Autech and Luxgen. (Harley Davidsn)
- 2014** Approved by Ford US.
- 2016** Introduced state-of-the-art, proprietary Metal Shading Technololgy, MST.

# Paragon Facilities



## Paragon Taiwan HQ & RD Center

Established: 1995 year

806 million (NTD)

Number of employees: 1,000

## Electro Magnetic Interference

- Suzhou Factory - Nanjing Factory

- Sichuan Factory - Chongqing Factory

**World NB brand, plastic enclosure EMI supplier leader**

**60%** of market share, about **200** million pieces/year

## Wheel Division

- Zhejiang Anji - Sunshine Factory, Kangshan Factory

Capacity: 100,000 wheels per month

**Deliveries: More than 5 million**



# Financial Information



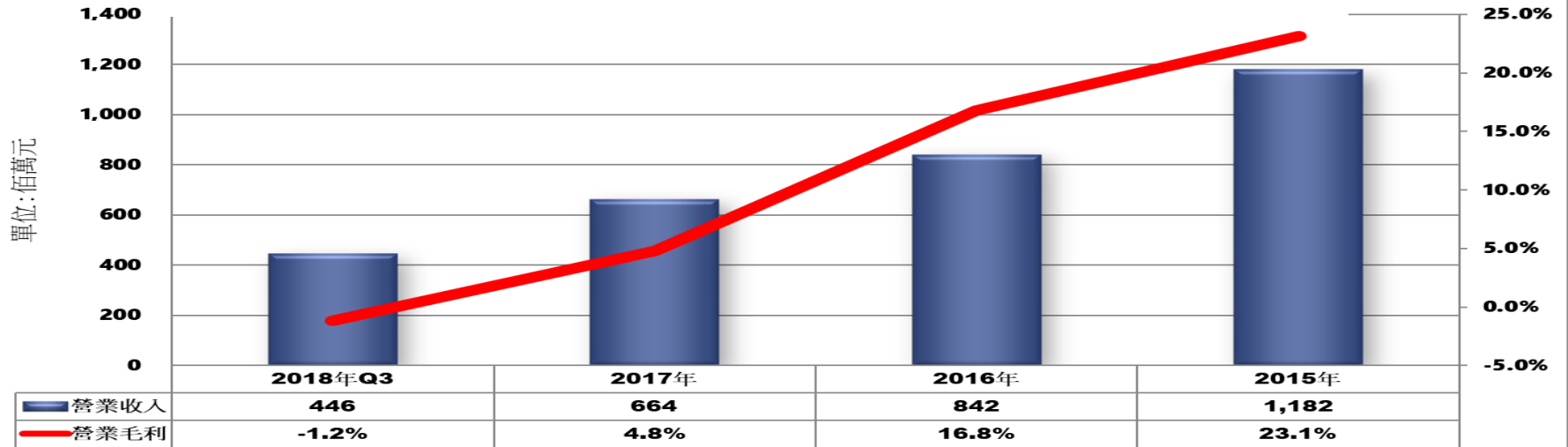
# 2018~Q3 Consolidated I/S

Unit in NT\$ Million

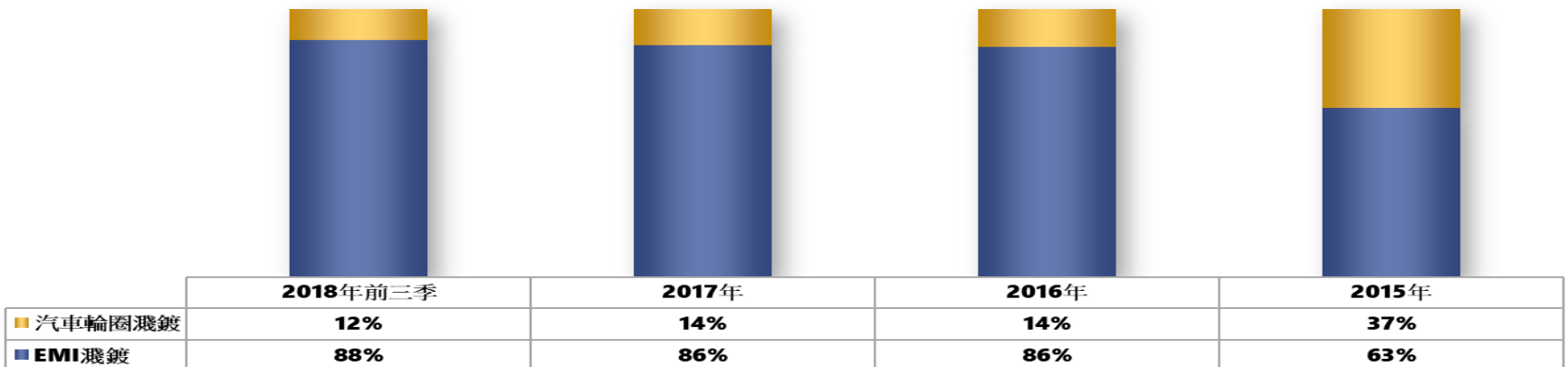
	2018.Q3		2017		2016		2015	
Sales Revenue	446	100%	664	100%	842	100%	1,182	100%
Gross Profit	(5)	-1%	32	4%	141	17%	273	23%
Operating Expense	210	47%	226	34%	424	51%	432	36%
Operating Net Loss	(216)	-48%	(194)	-30%	(282)	-34%	(158)	-13%
Net Loss For The Year	(250)	-56%	(243)	-37%	(416)	-49%	(169)	-14%
EPS	(3.16)		(3.09)		(5.09)		(1.98)	

# Operating Information

## Sales Revenue & Gross Profit



## Product Mix from 2015 to 2018Q3

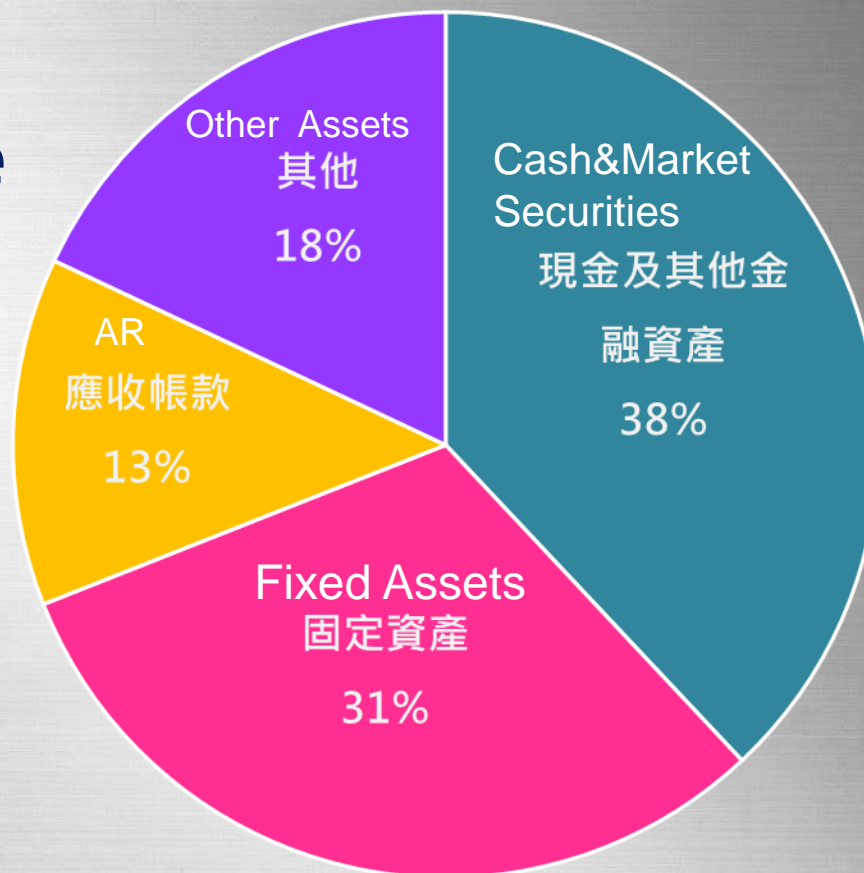


# Q3 18' Consolidated B/S

Unit in NT\$ Million

	2018.9.30	%	2017.12.31	%	2017.9.30	%
Cash&Market Securities	899	38%	964	38%	911	35%
Accounts Receivable	298	13%	326	13%	334	13%
Inventory	9	0%	14	1%	17	1%
Other Current Assets	39	2%	65	3%	78	3%
<b>Total Current Assets</b>	<b>1,245</b>	<b>53%</b>	<b>1,369</b>	<b>54%</b>	<b>1,340</b>	<b>52%</b>
Fixed Assets	717	30%	874	34%	897	35%
Other Non Current Assets	385	17%	314	12%	335	13%
<b>Total Assets</b>	<b>2,347</b>	<b>100%</b>	<b>2,557</b>	<b>100%</b>	<b>2,572</b>	<b>100%</b>
Short-Term Debt	396	17%	293	11%	280	11%
Non Current Liabilities	188	8%	210	9%	194	8%
<b>Total Current Liabilities</b>	<b>584</b>	<b>25%</b>	<b>503</b>	<b>20%</b>	<b>474</b>	<b>18%</b>
Other Non Current Liabilities	25	1%	27	1%	30	1%
<b>Total Liabilities</b>	<b>609</b>	<b>26%</b>	<b>530</b>	<b>21%</b>	<b>504</b>	<b>20%</b>
<b>Total Owners' Equity</b>	<b>1,738</b>	<b>74%</b>	<b>2,027</b>	<b>79%</b>	<b>2,068</b>	<b>80%</b>
Debt Ratio	25.94%		20.73%		19.61%	
Net Worth Per Share	21.52		25.10		25.62	

# Q3 18' Financial Structure



項 目	2017年	2016年	2015年	2014年	2013年
Debt Ratio	20.7	18.9	18	21.2	21.7
Current Ratio	271.9	315.3	350.9	290.9	293.5
Cash flow Ratio	10.4	25.2	40.7	13.2	20.8
Dividend Pay-out	0	0.51	1.04	2	1

# Q3 18' Consolidated Cash Flow

Unit in NT\$ Million

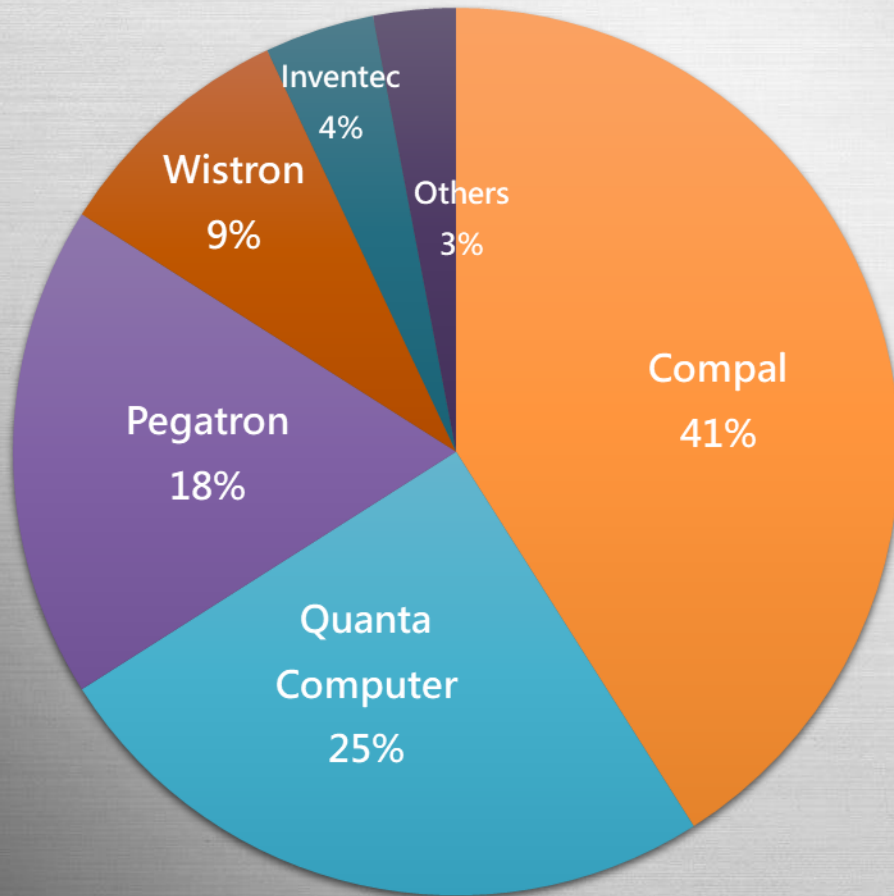
	2018Q3	2017Q3	YOY
Consolidated income before income tax	(219)	(142)	54%
Adjustment	(190)	(174)	9%
Cash flows from operating activities	(29)	32	-191%
Cash flows from investing activities	(325)	(162)	101%
Cash flows from financing activities	100	(77)	-230%
Effect of foregin exchange rate change	(7)	(13)	-46%
Increase in cash and cash equivalnets	(261)	(220)	19%
Cash and cash equivalnets at beginning of the year	518	690	-25%
Cash and cash equivalnets at end of the	257	470	-45%



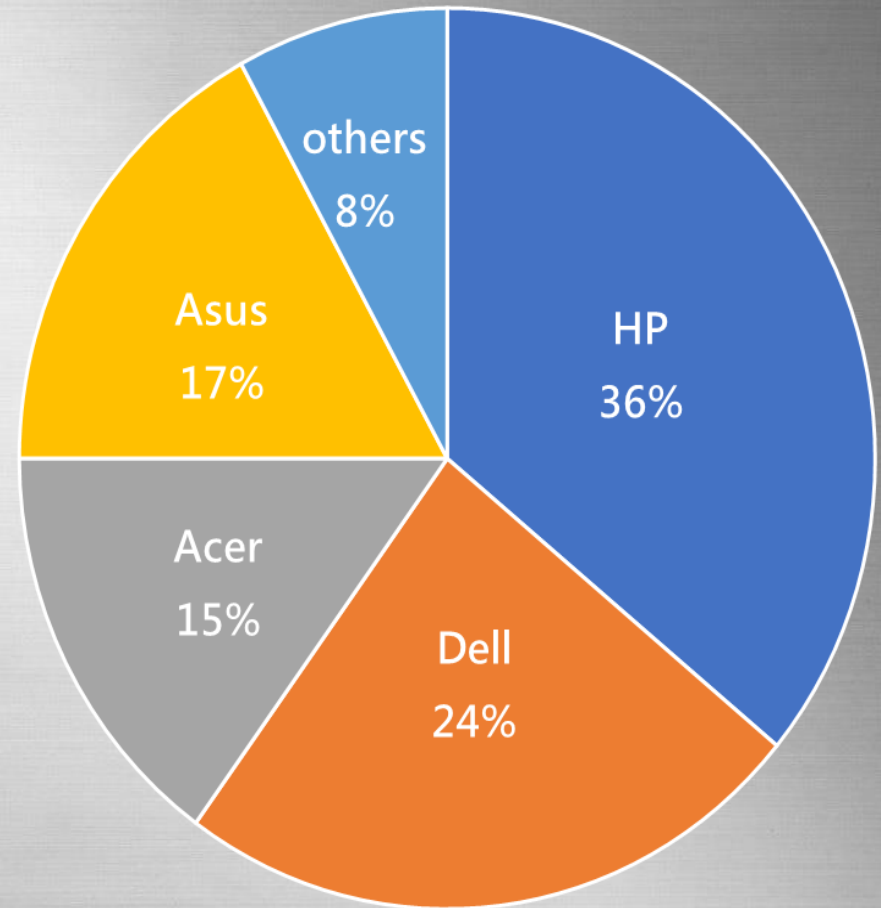
# Market & Applications

# Achievement-EMI in NB Market, 2017

## Shipment by customer-ODM

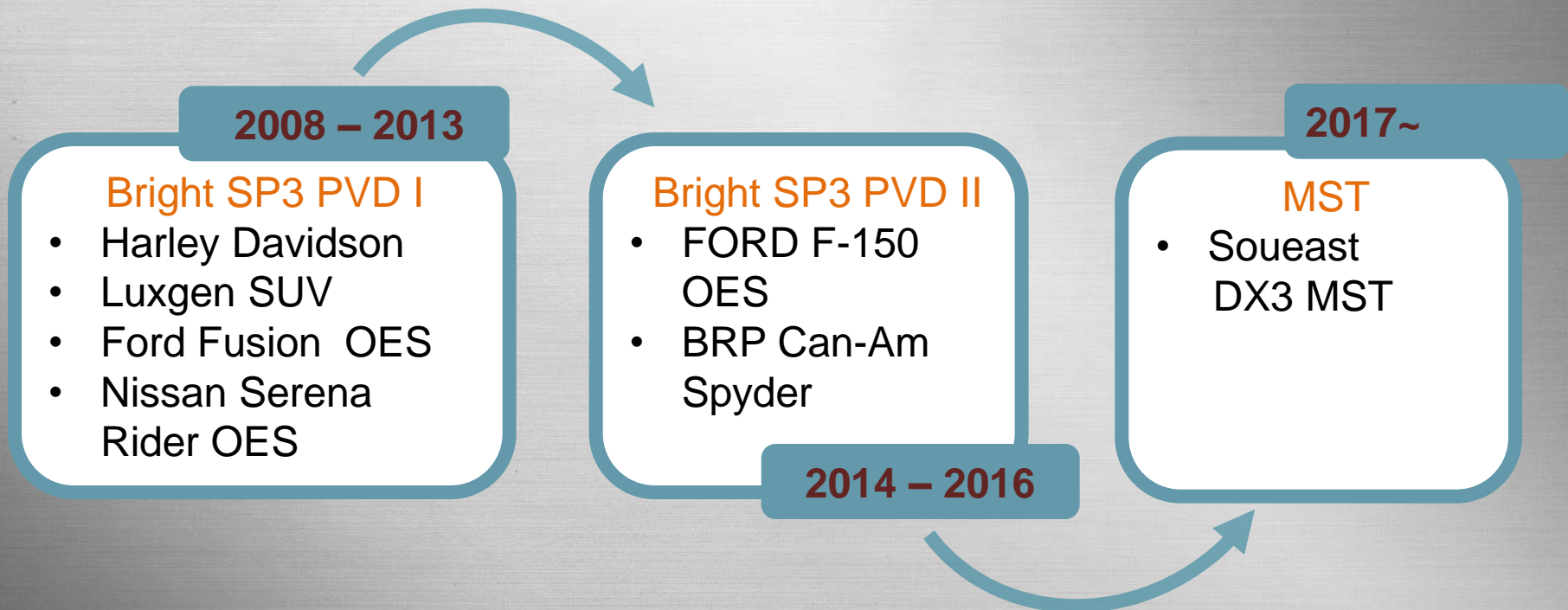


## Shipment by customer-OBM



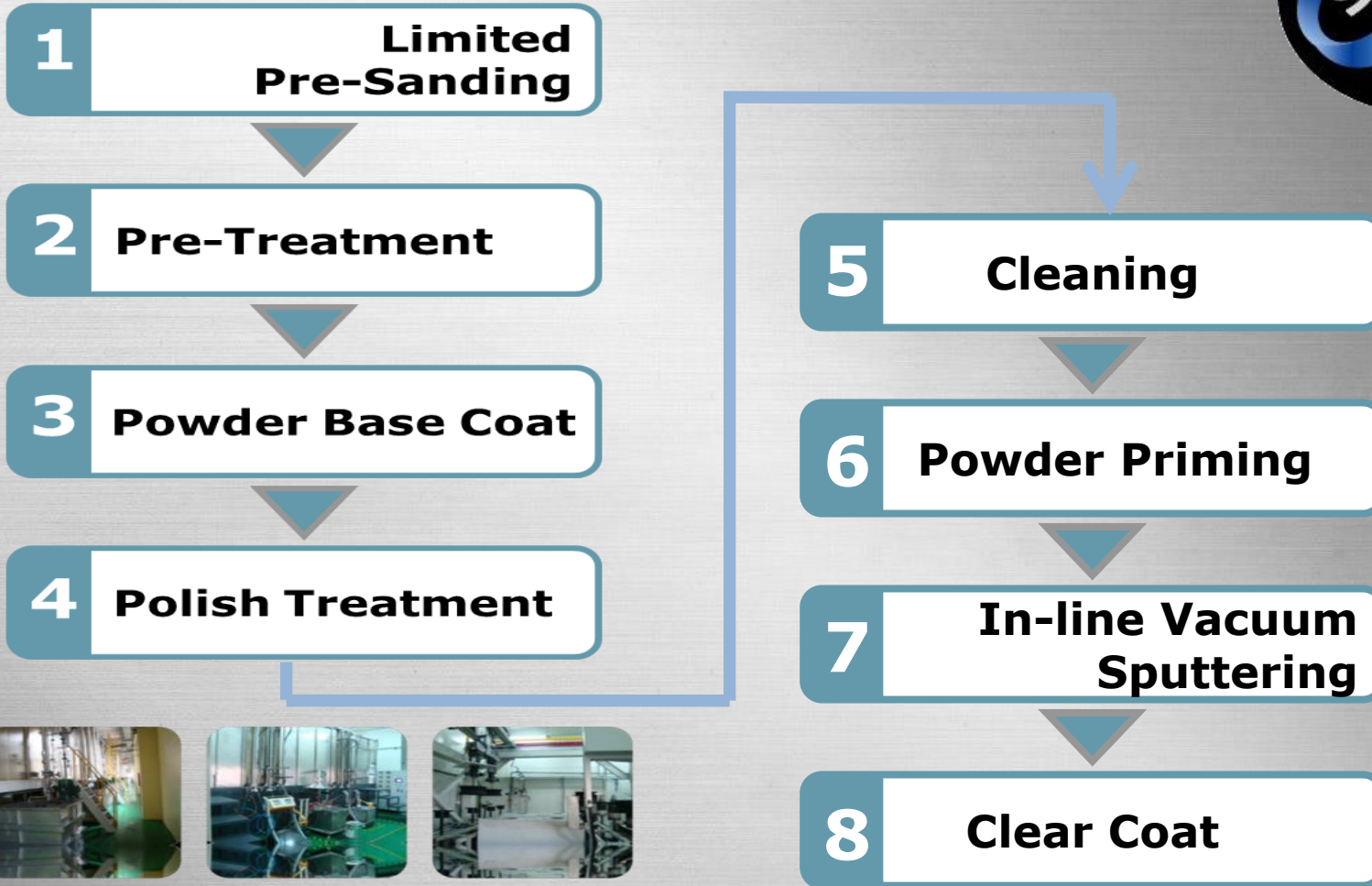
# Achievement- Auto Market

- The first company applied continuous PVD service to the surface treatment of wheel.
- The only company became certified manufacturer of auto market in China.
- Cumulative shipments of OES is about 5,000,000 in North America.





# Proprietary SP3 PVD Process



# Advantages-PVD Finish

- Eco-friendly – Low risk of environment and decrees
- Metallized appearance– rich texture by combining color and diverse metallized effects
- Multi-technique appearances – Spray coating / Dyeing / electro-plating / Anodizing
- Highly flexibility of design – not limited to types and material of substrate
- The competitive advantage of cost

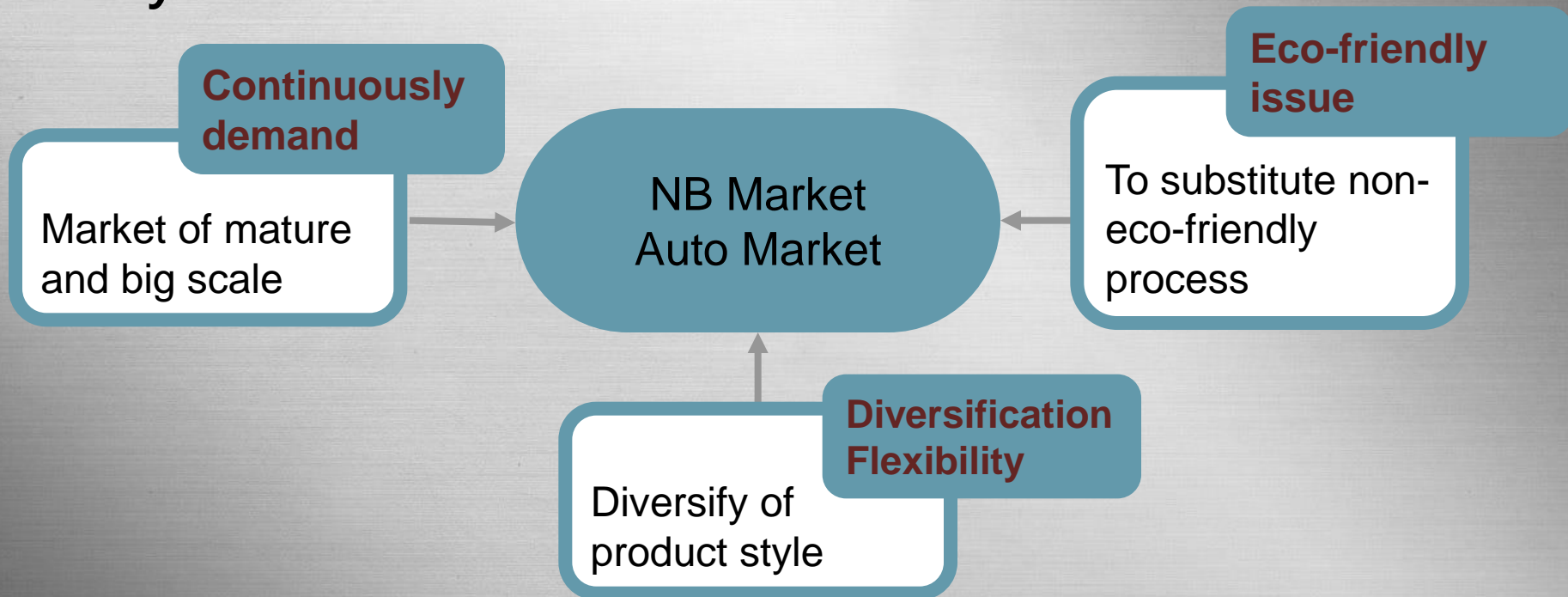




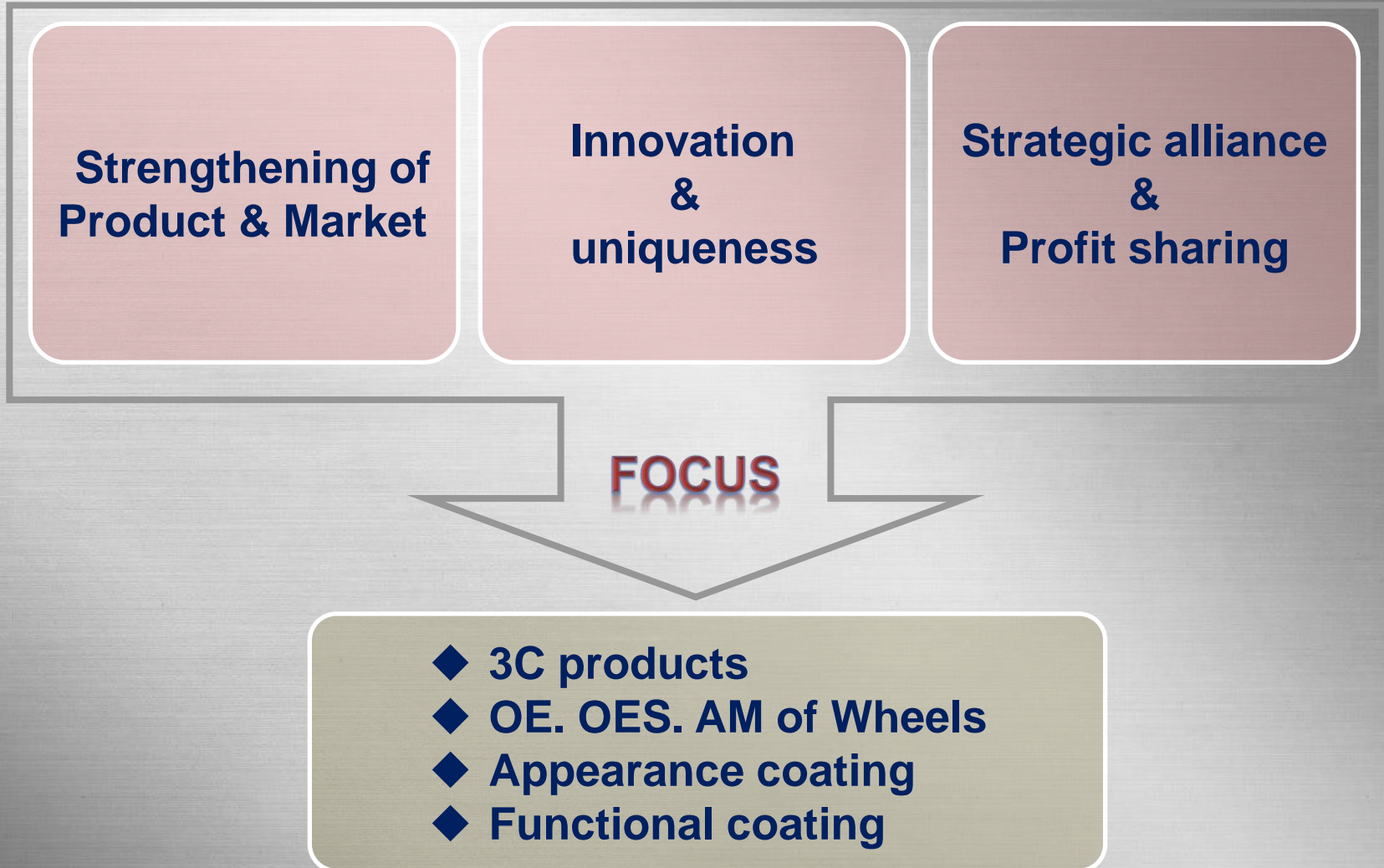
# Strategies for future

# The way we operate

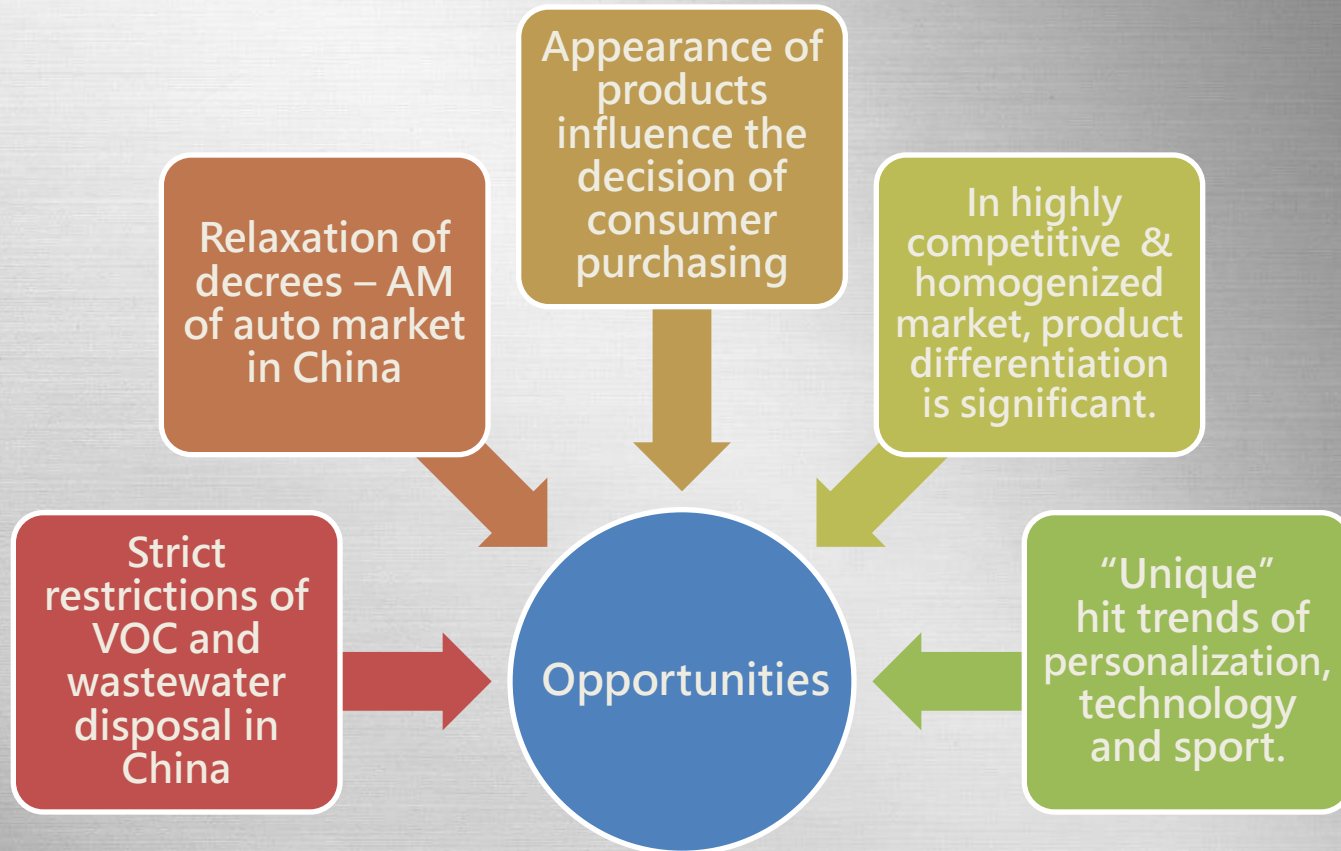
- New application in existing market
- Continuously accumulating the capability of technology
- Sustainable development
- Why NB and Auto market ?



# Strategies for future

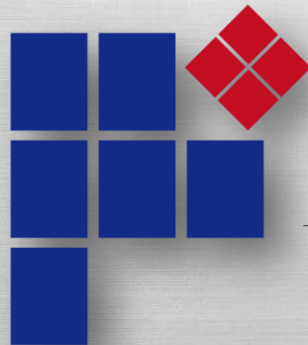


# Opportunities



PVD Technology of Paragon is unique and uncopyable.  
Particular coating + multi-layer metal Shading + Optical coating

**TRUE PARTNER  
FOR A  
BRIGHTER FUTURE**



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**Paragon Technologies Co., Ltd.**  
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