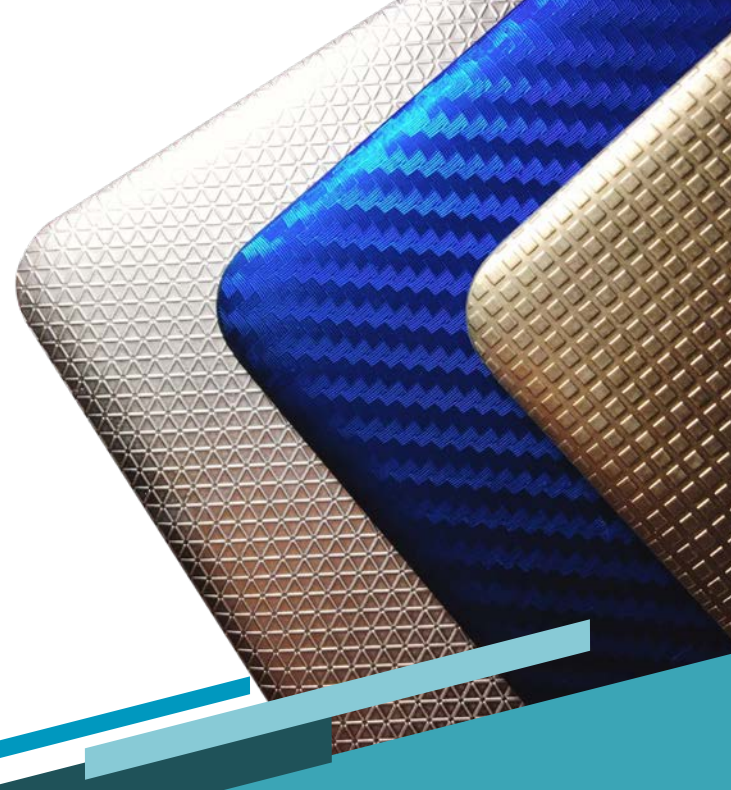




柏騰科技  
Paragon Technologies



PARAGON

PARAGON [3518TW]

Investor Conference

November 28, 2019

# 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 [3518]

- ◆ Establishment : 1995.10.20
- ◆ Capital : NTD 807 Million
- ◆ Employees : 800
- ◆ Chairman : Mr. Eagle, Chen
- ◆ General manager : Mr. Longer, Wang
- ◆ Main of products :
  - EMI – 90%
  - AP – 10%



# About Paragon

Sputtering technology is applied to the electronics industry and the automotive industry.



## Taiwan HQ & RD Center

Established: 1995 year  
806 million (NTD)



## EMI BU

- Suzhou Factory (R&D)
- Nanjing Factory / Sichuan Factory

**EMI supplier leader IN Notebook**

45% of market share, Annual shipments of 50 million /Year



## AP BU

- Sunshine Factory
- Kangshan Factory
- Capacity: 100K/ month



# 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.

# Financial Information

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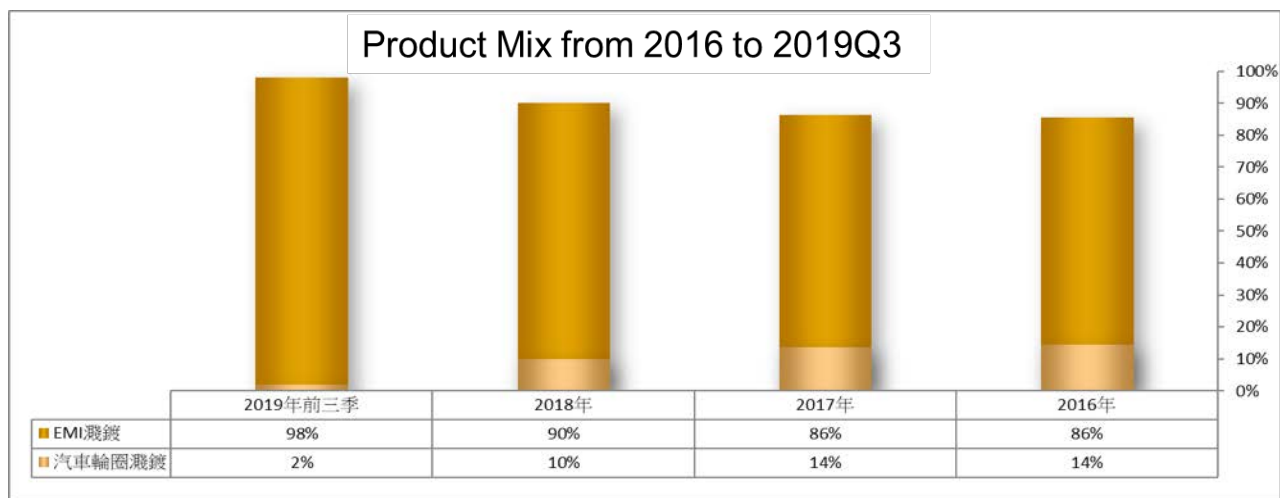
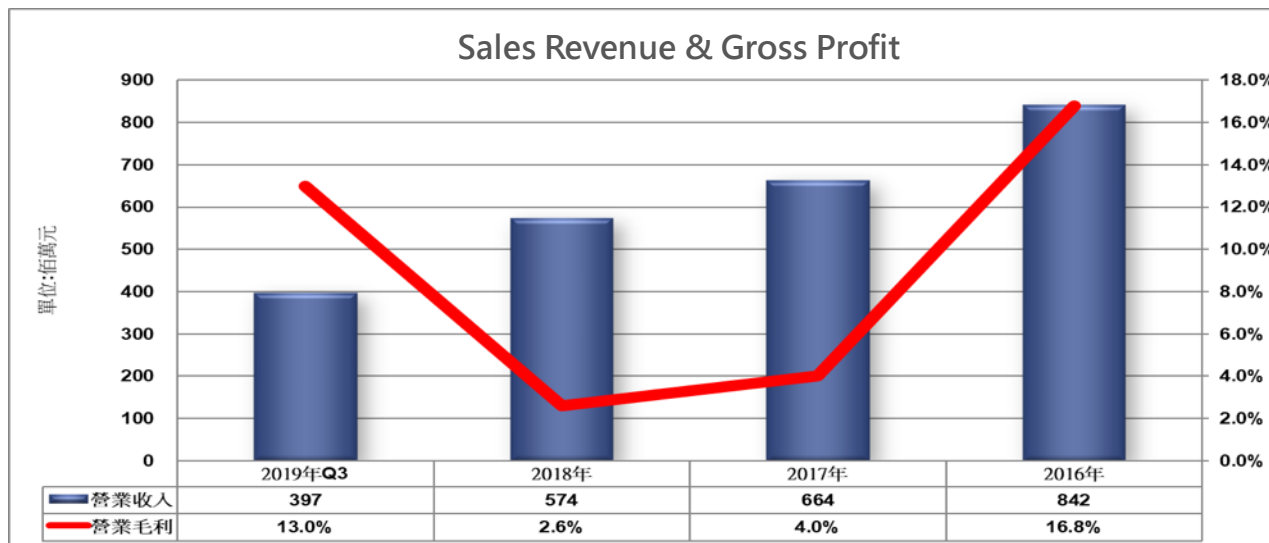
# 2019~Q3

## Consolidated income statement

Unit in NT\$ Million

	2019.Q3		2018		2017		2016	
Sales Revenue	397	100%	574	100%	664	100%	842	100%
Gross Profit	52	13%	15	3%	32	4%	141	17%
Operating Expense	125	32%	297	52%	226	34%	424	50%
Operating Net Loss	(74)	-19%	(282)	-49%	(194)	-30%	(282)	-34%
Net Loss	(90)	-23%	(338)	-59%	(243)	-37%	(416)	-49%
EPS	(1.14)		(4.27)		(3.09)		(5.09)	

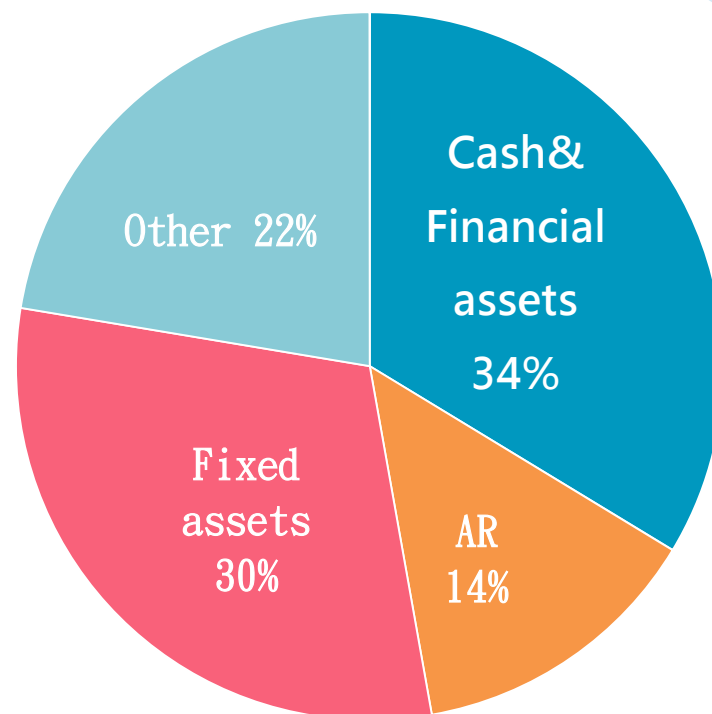
# Operating Information



# Q3 19' Consolidated Balance sheet

	2019.9.30	%	2018.12.31	%	2018.9.30	%
Cash & Market Securities	743	34%	906	38%	899	38%
Accounts Receivable	298	13%	280	12%	298	13%
Inventory	8	0%	8	0%	9	0%
Other Current Assets	34	2%	37	2%	39	2%
<b>Total Current Assets</b>	<b>1,083</b>	<b>49%</b>	<b>1,231</b>	<b>52%</b>	<b>1,245</b>	<b>53%</b>
Fixed Assets & Right-of-use asset	671	30%	684	29%	717	30%
Other Non Current Assets	451	21%	448	19%	385	17%
<b>Total Assets</b>	<b>2,206</b>	<b>100%</b>	<b>2,363</b>	<b>100%</b>	<b>2,347</b>	<b>100%</b>
Short-Term Debt	364	17%	474	20%	396	17%
Non Current Liabilities	181	8%	206	9%	188	8%
<b>Total Current Liabilities</b>	<b>545</b>	<b>25%</b>	<b>680</b>	<b>29%</b>	<b>584</b>	<b>25%</b>
Other Non Current Liabilities	125	5%	22	1%	25	1%
<b>Total Liabilities</b>	<b>674</b>	<b>30%</b>	<b>702</b>	<b>30%</b>	<b>609</b>	<b>26%</b>
<b>Total Owners' Equity</b>	<b>1,536</b>	<b>70%</b>	<b>1,661</b>	<b>70%</b>	<b>1,738</b>	<b>74%</b>
Debt Ratio	30.38%		29.72%		25.94%	
Net Worth Per Share	19.02		20.56		21.52	

# Q3 19' Financial Structure



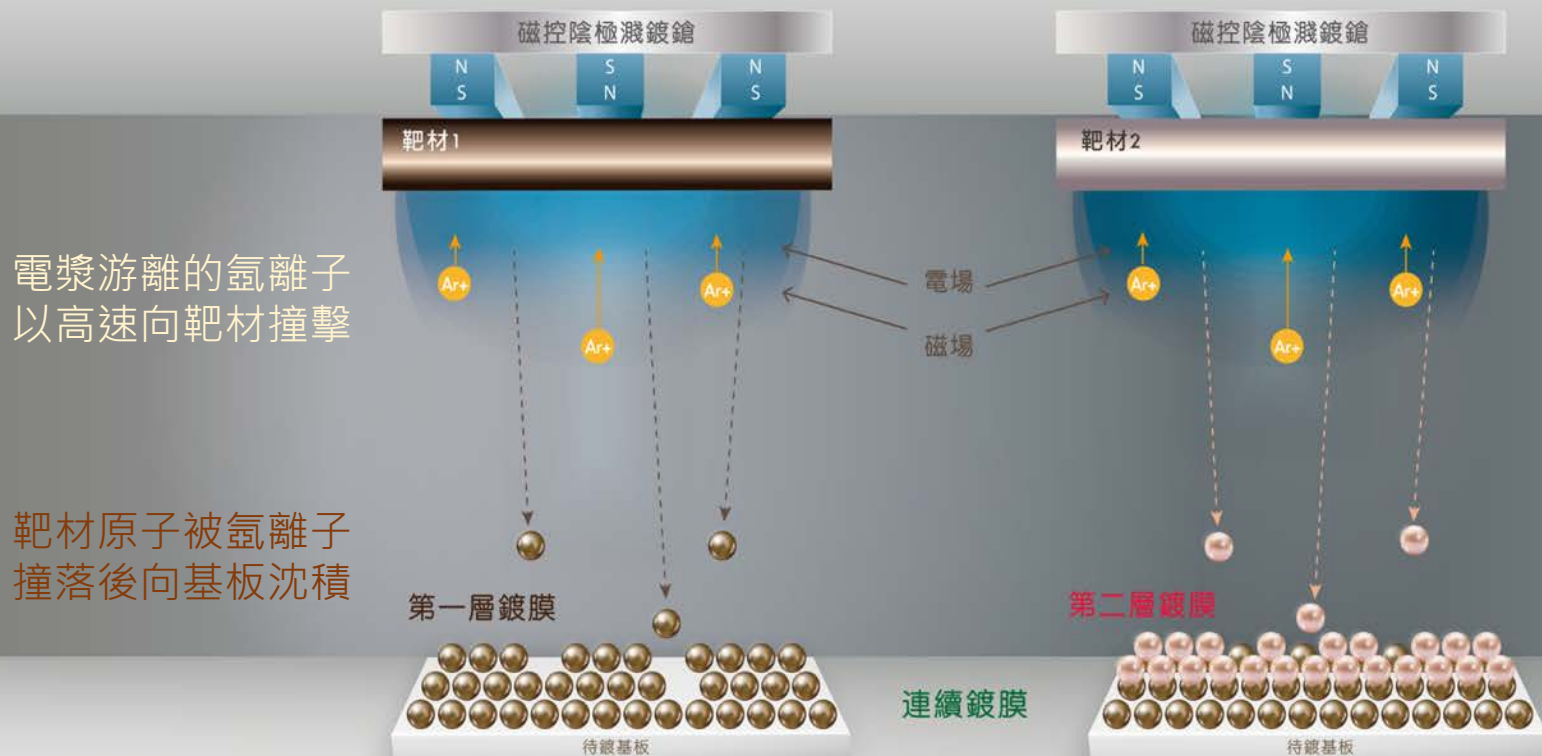
Item	2018	2017	2016	2015	2014
Debt Ratio	29.7	20.7	18.9	18	21.2
Current Ratio	181.1	271.9	315.3	350.9	290.9
Cash flow Ratio	(2.94)	10.4	25.2	40.7	13.2
Dividend Pay-out	0	0	0.51	1.04	2

# Market & Applications

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# Sputtering principle

Using In-Line sputter, the target is bombarded with an inert gas by a combination of voltage and magnetic field in a vacuum environment to deposit the target on the substrate.



# Technical application

## application

Choice of metal appearance  
on various substrates :  
metal / plastic / glass /  
Polyimide Film

## product

- Notebook A & C parts
- Surface treatment of alloy wheels
- Mobile & tablet back cover
- Car interior and exterior trim
- Appearance of electrical
- Other 3C parts

# PVD

 $V_S$ 

# Polish

 $V_S$ 

# Plating

Metallization treatment	PVD	Polish	Plating
Metal film thickness	>0.1um	no	<1um
metallic feel	Various	original	chrome
Topcoat thickness	80 ~ 120μm (Powder)	20 ~ 40μm (Liquid)	20 ~ 40μm (Liquid)
Environmental	no effect	influential	Pollution
ROHS	O	O	X
C A S S (FOR Metal film)	168~240 hr	120 hr	120 hr



# High quality requirements



## Rigorous, self-verified persistence

Hardness test, adhesion test, flying stone test, acid and alkali test, detergent test, salt spray test, CASS test, filament corrosion, humidity test, warm water test, hot and cold shock...etc

SP PO # PVD CASS TEST DATE REC: 04/08/19 DATE COMP: 04/23/19  
 ATL # 953340  
 CLIENT: WHEEL PROS ATTN: KEITH ALINDER  
 16010 BLOOMINGTON AVE CERRITOS, CA 90705  
 SPECIFICATIONS: CUSTOMER REQUIREMENTS: ASTM-B-368-09 (2014)

**MIRDO TESTING LABORATORY (CORROSION) TEST REPORT**  
 Report No.: MTE-180109 Job No.: L07SE000-2814

Applicant: Paragon Technologies  
 Address: -  
 Sample Description: CPS (Chrome Pattern Shading)  
 Project Description: -  
 Received Date: 2018/09/10  
 Issued Date: 2018/09/27  
 Sampler: -  
 Item: Copper-Accelerated Acetic Acid-Salt Spray Testing (CASS Test)  
 Instrument: Q-FOG Salt Spray Tester  
 Method: ISO 9227:2017  
 Ambient Temp.: 50°C  
 Test Results:



**240 hours**

Quantity	1 pc.	Standard
Test Period	240 hours	TL-239 No. 1. 2
Degree of blistering as per ISO 4628-2	Front surface	0(S0)
	Side surface	0(S0)
Degree of rusting as per ISO 4628-3	Front surface	Ri0
	Side surface	Ri0
Loss of adhesion as per ISO 4628-8	Front surface	d= 0.5 mm
		c= 0.5 mm
	Side surface	d= 0.5 mm
		c= 0.5 mm
After CASS test:30 minutes of aging at room temperature, followed by cross-cut as per ISO 2409	Front surface	Characteristic value 1
	Side surface	Characteristic value 0

ITEM	QTY	CUST ITEM	DESCRIPTION
1-01	1	1	C.A.S.S. TEST 240 HOURS

**CERTIFIED REPORT OF C.A.S.S. TEST**

PROCESS: ONE (1) TEST WHEEL;  
 SUBMITTED AS:  
 ONE (1) WHEEL, IDENTIFIED AS ABOVE WAS EXAMINED AS PRESCRIBED BY THE APPLICABLE CUSTOMER REQUIREMENTS WITH THE FOLLOWING RESULTS:  
 BEGAN C.A.S.S. EXPOSURE: 04/12/19 9:00 A.M.  
 ENDED C.A.S.S. EXPOSURE: 04/22/19 9:00 A.M.  
 EXPOSURE HOURS: **240**  
 168 HOURS: --- NO VISIBLE SIGNIFICANT CHANGES OBSERVED ---  
 240 HOURS: --- VISIBLE SLIGHT DEGRADATION OF THE PVD COATING OBSERVED AT THE BOTTOM EDGE OF WINDOWS ---

CUSTOMER REQUIREMENTS: TEST FOR 168 HOURS AND REPORT, IF NO SIGNIFICANT CHANGES ARE PRESENT; CONTINUE TESTING UP TO 240 HOURS OR UNTIL SIGNIFICANT CHANGES DEVELOP.

CERTIFYING TIME IN C.A.S.S. CHAMBER  
**WHEEL, AS TESTED, REPORTED FOR CUSTOMER INFORMATION.**

ATE# 607  
 Respectfully Submitted:  
 BY: *Rogon Pereira*  
 Rogon Pereira, Environmental Lab Supervisor  
 Page 1 of 1

Notes: 1. Applicant: Paragon Technologies  
 2. Test results shown as pictures.  
 -Continued on next page-

*Chin Chik Chen*  
 報告簽署人(Report Authorized Person)



Paragon pass **240 hours** · OEM's standard is **168** .

# PVD Process advantage

- ◆ The most environmentally process – low costs and risks.
- ◆ Combines color with a variety of metallic effects to create a rich texture
- ◆ A single process can present a variety of exterior processes
- ◆ Customized process can be flexibly produced
- ◆ Not limited to the shape and material of the substrate
- ◆ Cost competitive advantage



# Car wheel in OE experience

SP3 I



SP3 II

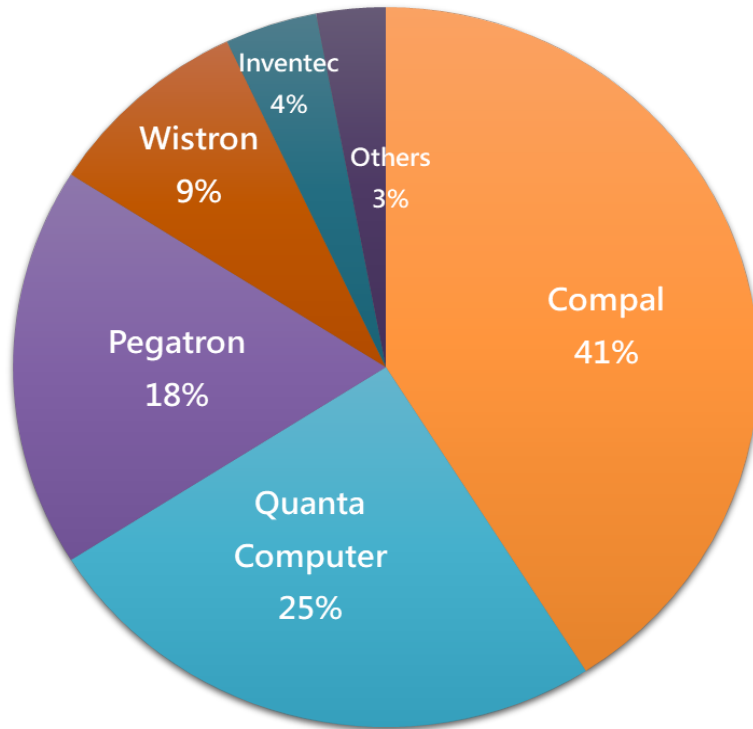


MST

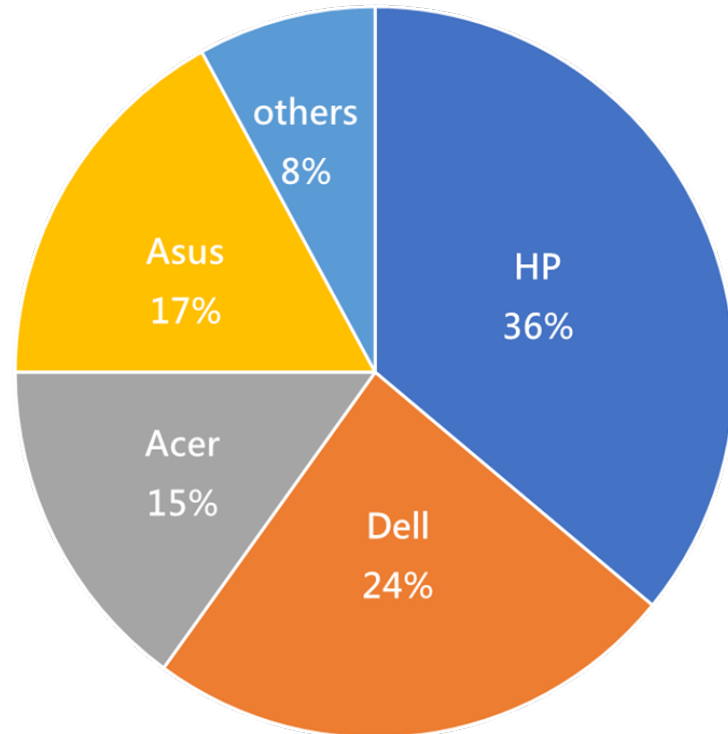
- 2008
- 2011 Harley Davidson SP3 I #7
- 2012 China Luxgen SUV SP3 I #3
- 2013 USA Ford Fusion OES SP3 I #7
- 2013 USA Nissan Serena Rider OES SP3 I #3
- 2014 USA FORD F-150 OES SP3 II #1
- 2015 BRP Can-Am Spyder SP3II#1
- 2017 CHINA Soueast DX3 MST
- 2019 CHINA NISSAN Sylphy MST
- TAIWAN Hyundai Elantra MST

# Achievement-EMI in NB Market

## Shipment by customer-ODM



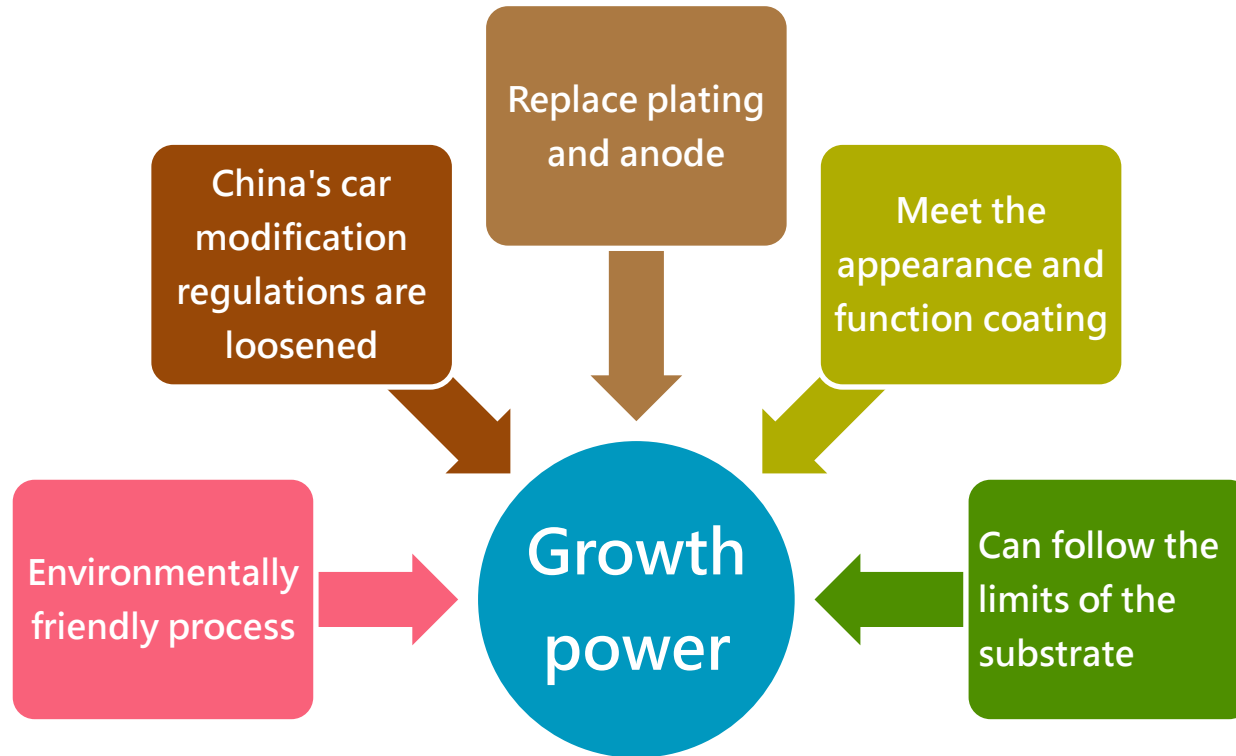
## Shipment by customer-OBM



# Future Strategies

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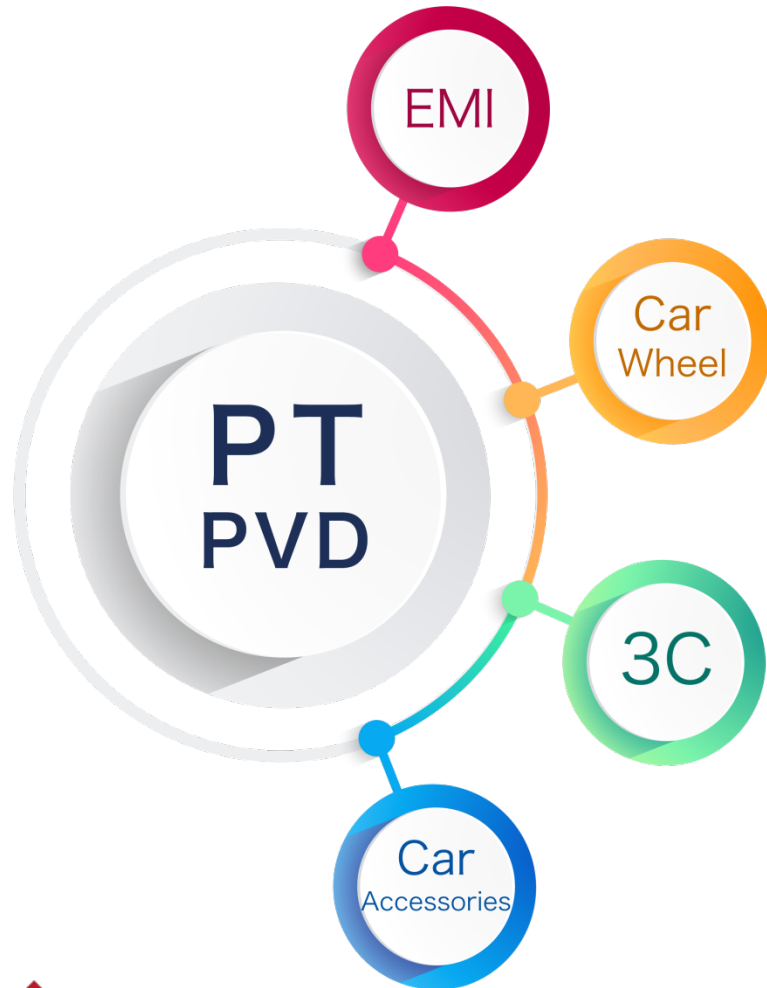
# Future Opportunities



**PVD is unique and non-imitation**

**Special coating+ metal sputtering+Optical coating**

# Product Development Map



- ◆ Focus on PVD technology for automotive and 3C products
- ◆ Product strength + market power  
Provide innovative and unique surface treatment process
- ◆ Metal coating + optical coating + special coating, with the ability to appearance and function coating

# 3C New Product

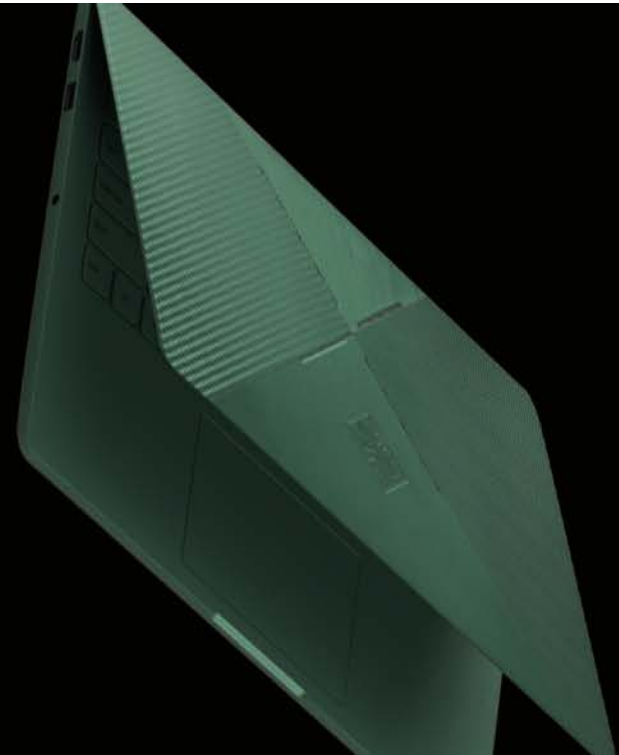
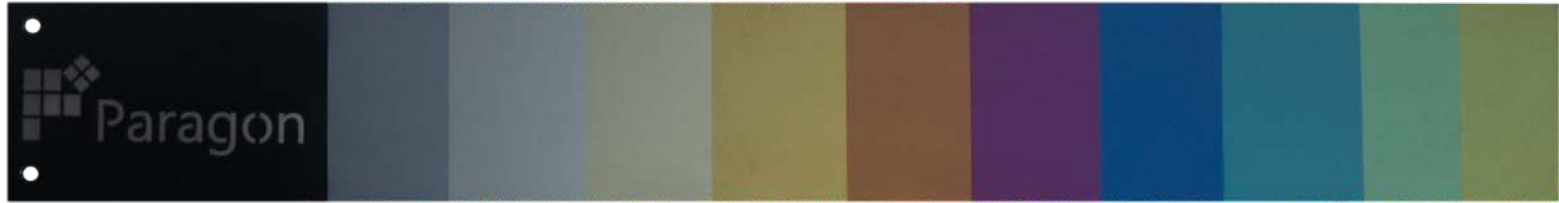
Breakthrough limits, can be coated with the design shape.

	Starry	ICE	Galaxy	Aurora
method	Optical coating	Metal coating	Multi-layer coating	Optical coating
Characteristic	Does not affect 5G , Let the plastic look like metal	Let the magnesium alloy have a metallic feel	Metallic light with multiple colors can to change colors with different view	Shows flowing brilliance and enhances the texture of objects
effect	metallic feel	metallic feel	Gradation and discoloration	Brightening feel



# Starry / plastic look like metal

The color through the reflection changes with the thickness of the film.



# ICE / Metal coating

Break through the design constraints of the casing.



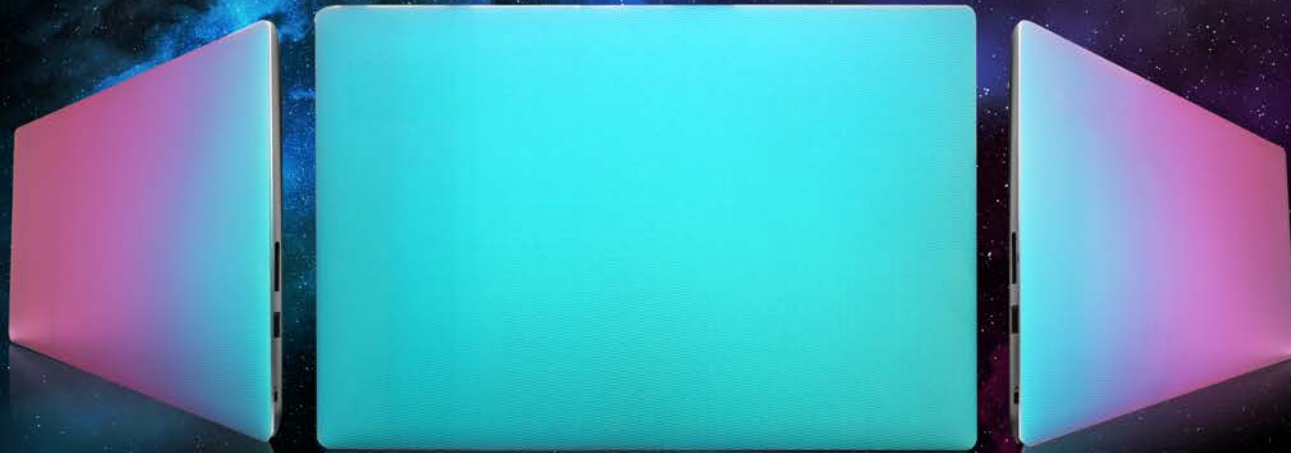
# Galaxy / Metal gradient

Provides a variety of metallic light perceptions.



# Galaxy / Metal discoloration

Different colors are displayed depending on the angle.



# Aurora / Magic color

After being coated with an optical film, it is refracted by light to make the lacquer surface glare.



# 2019 New PVD process

D-PVD uses the passivation principle to change the deposition direction from single vertical to multi-faceted, making the coating layer more diversified.



# 2020 Operational overview

## ◆ Market overview

- The impact of trade war between China and the United States on the industrial supply chain.
- Microsoft stopped supporting Windows 7.
- China's regulations on the automotive AM market are relaxed.

## ◆ Product overview

- EMI shipments can remain stable. ◦
- 3C new products can contribute to revenue ◦
- Wheel market structure adjustment effectiveness – North America / China / Japan

## ◆ Technology development

- Develop 5G appearance technology together with customers.
- Develop the appearance technology of auto parts



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