

# Gemtek Technology Investor Conference 2020



November 17, 2020

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- **The following presentation may contain forward-looking statements regarding, among other things, our financial condition, future expansion plans and business strategies based on our current expectations and projections about future events. Although we believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions.**
- **The company undertakes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. The actual results could differ materially from those contained in these forward-looking statements.**

# Agenda

- **Welcome**
- **3Q20 Financial Results and 2021 Outlook**
- **Key Messages**
  
- **Q&A**
- **Live Demo and Refreshment Time**

**Howard Chen**

**Howard Chen**

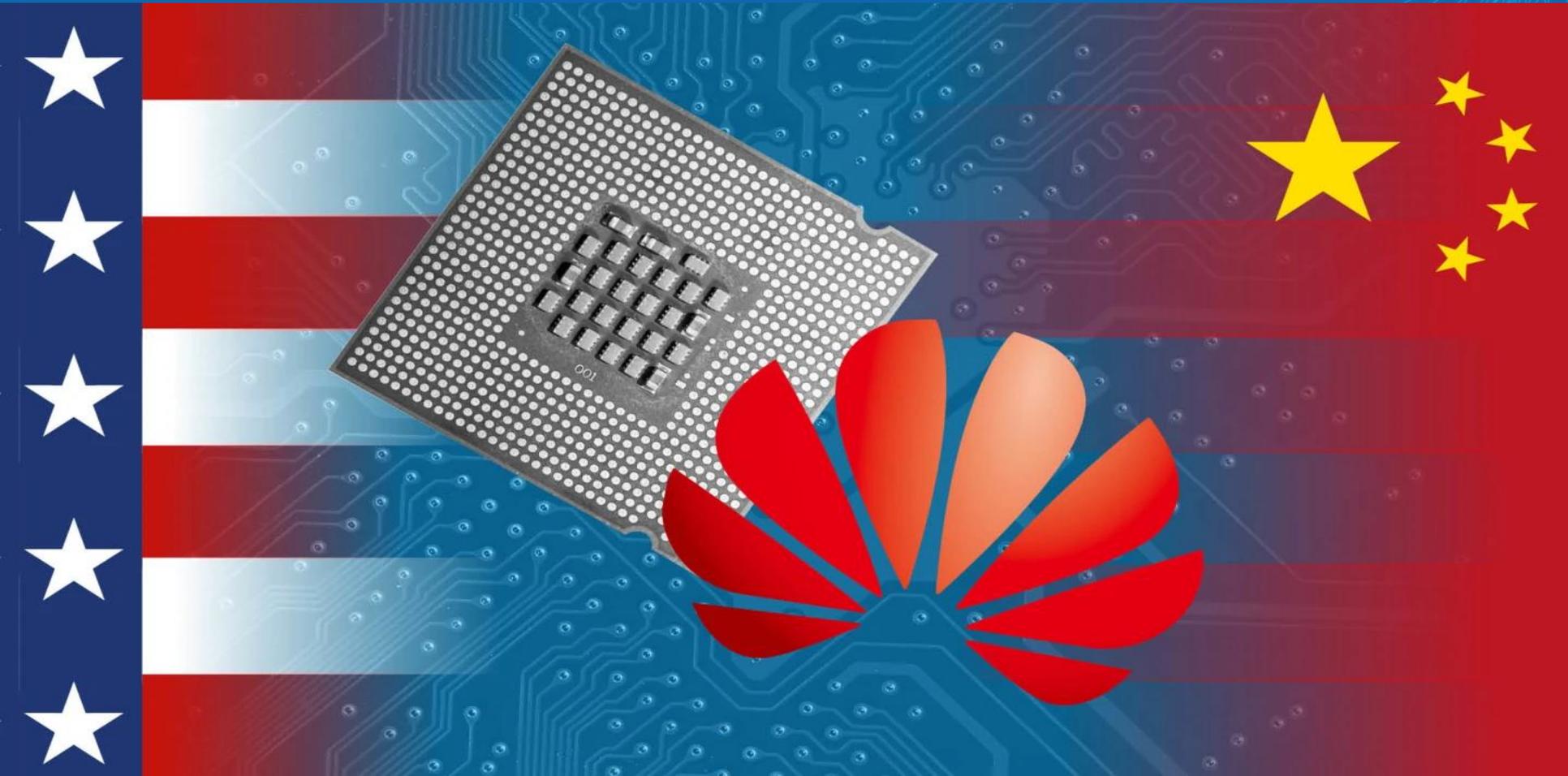
**Kevin Yang**

# The Impact of US-China Confrontation

# U.S.— China Trade War



# Technology Confrontation



# Financial War



# Capacity Planning

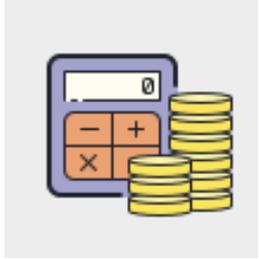
# Manufacturing Capacity



	Hsinchu,Taiwan	Ha Nam,Vietnam	Kunshan & Changshu
Capacity (by production)	≈ 14%	≈ 32%	≈ 55%
Capacity (by revenue)	≈ 5%	≈ 40%	≈ 50%
Product	Pilot Run	Wi-Fi Product, LTE, Gateway, GPON, Module, Sip Module	Wi-Fi Product, LTE, Gateway, GPON, Module, Sip Module

# Challenges and Opportunities

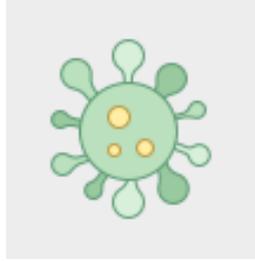
# Challenges



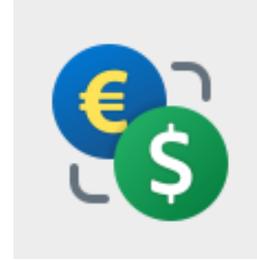
Tariff



Worsen  
Condition of  
China  
Manufacturing



COVID 19



Currency  
Risk



Material  
Shortage

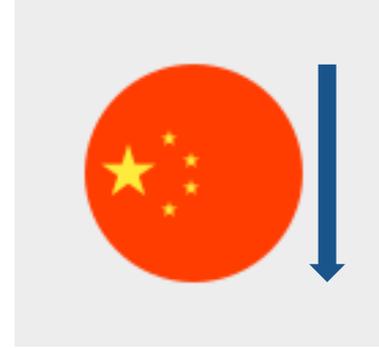
# Opportunities



Transfer Order Effect



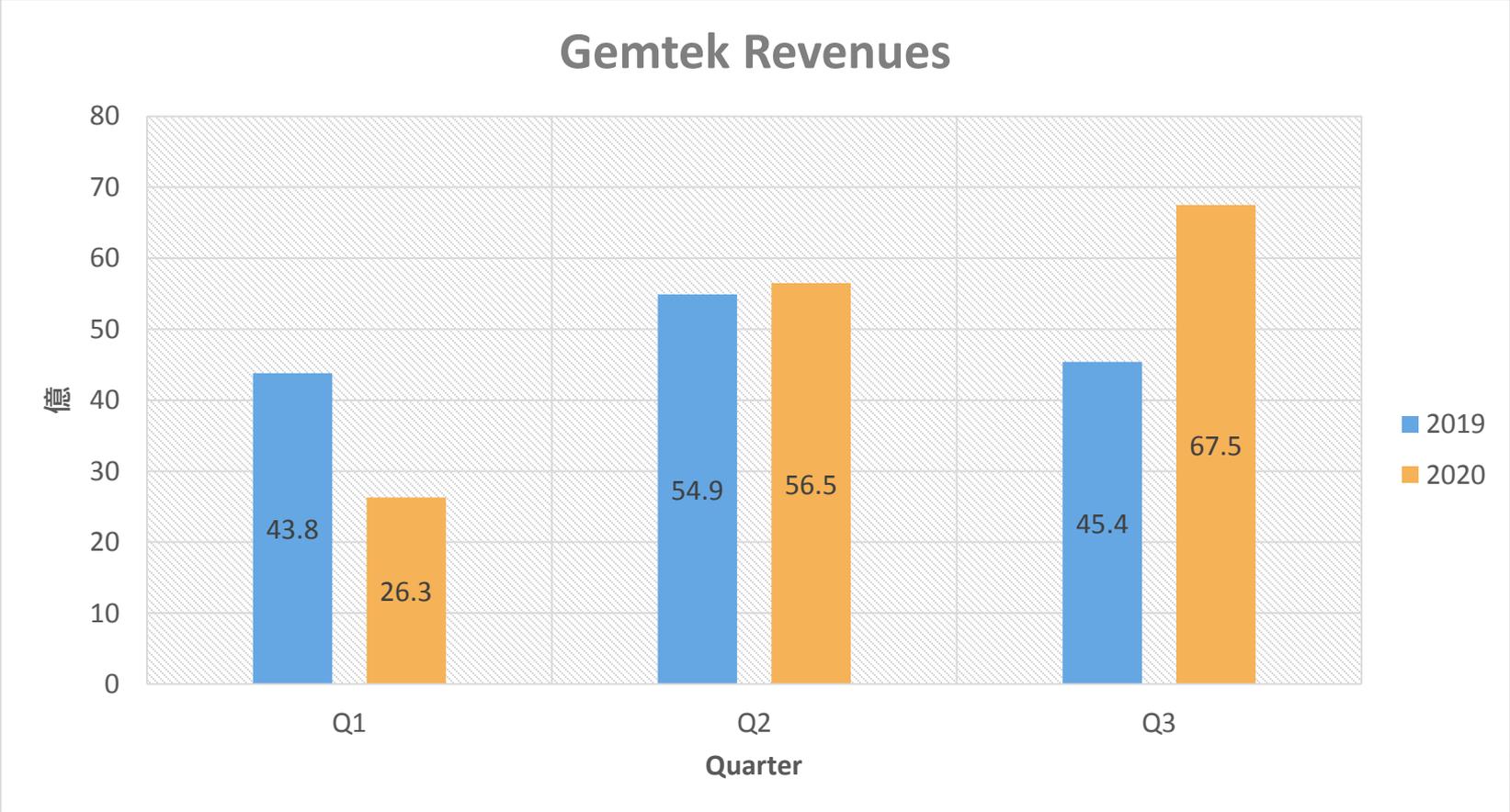
Clean Network



Declining  
Competitiveness of  
China

# Financial Results

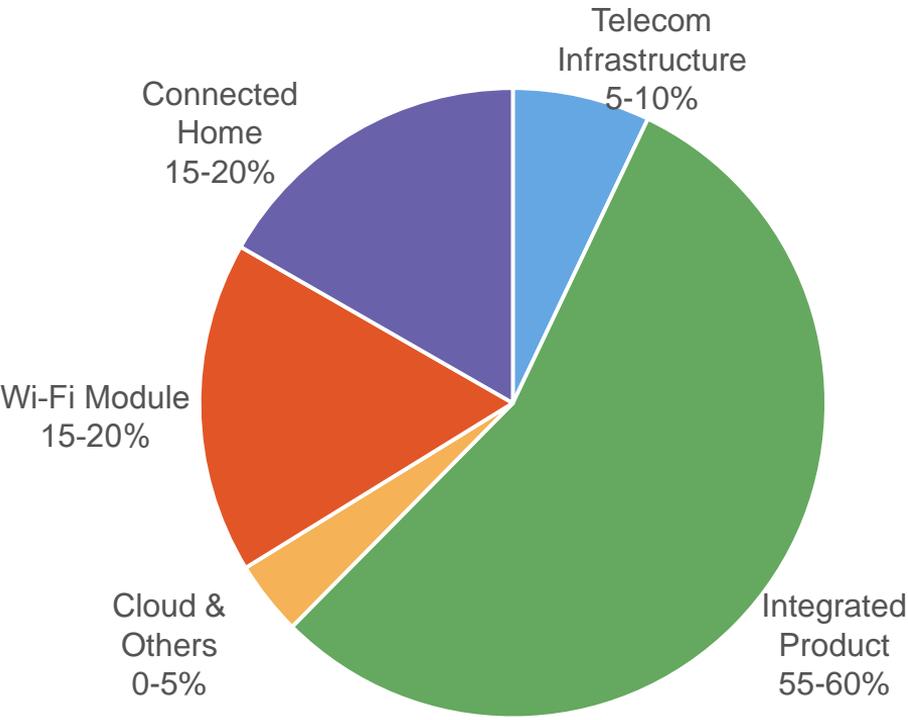
# 2020 Revenue Increase



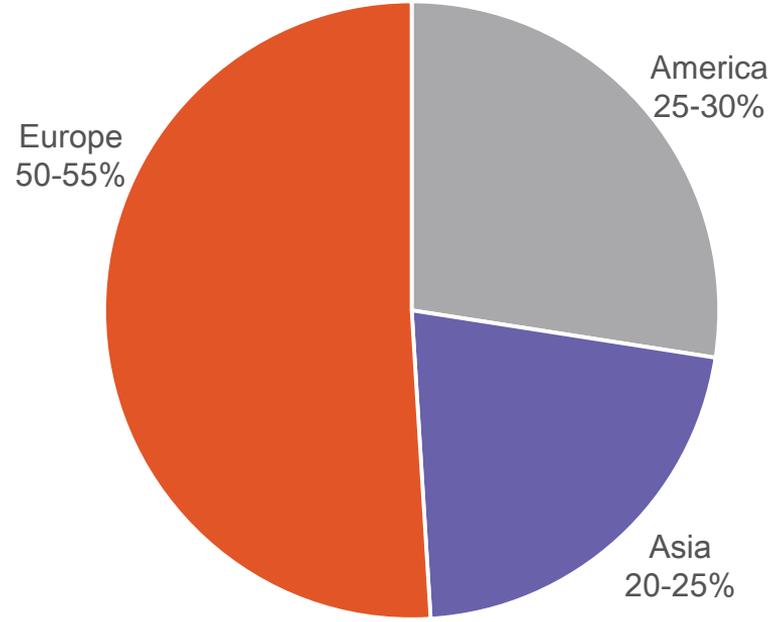
# Consolidated Comprehensive Income (IFRS)

<i>In NTD\$ Thousands</i>	3Q 2020	3Q 2019	YOY	1Q-3Q 2020	1Q-3Q 2019	YOY
<b>Operating Revenue</b>	6,752,034	4,547,164	<b>+48%</b>	15,040,706	14,429,289	<b>+4%</b>
<b>Gross Margin Rate</b>	11.91%	10.57%	<b>+13%</b>	11.50%	9.42%	<b>+22%</b>
<b>Operating Expenses</b>	495,840	418,526	<b>+18%</b>	1,352,428	1,285,751	<b>+5%</b>
<b>Operating Income</b>	308,120	62,214	<b>+395%</b>	377,274	73,631	<b>+412%</b>
<b>Non-Operating Income and Expenses</b>	1,038,776	60,220	<b>+1625%</b>	1,075,967	302,098	<b>+256%</b>
<b>Net Income</b>	1,239,707	92,279	<b>+1243%</b>	1,295,913	286,903	<b>+352%</b>
<b>Net Income Rate</b>	18.36%	2.03%	<b>+804%</b>	8.62%	1.99%	<b>+333%</b>
<b>EPS ( NTD )</b>	3.48	0.25	<b>+1292%</b>	3.54	0.8	<b>+343%</b>

# 2020 Q3 Product Breakdown (by revenue)



- Telecom Infrastructure
- Integrated Product
- Cloud & Others
- Wi-Fi Module
- Connected Home



- America
- Asia
- Europe

# 2020 Summary

## 1H2020



***Production has been impeded due to shortage of labor and materials***



***Deferred shipment to 2Q20***



***WFH trend from COVID-19***

## 2H2020



***WFH brings new business opportunities***



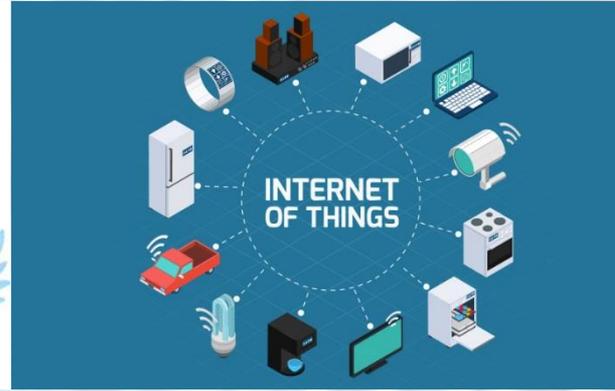
***Spin off Ampak, increase non-operating income***



***Company operation are getting better***

# Outlook

# 2021 Outlook



New Technology

New Customers

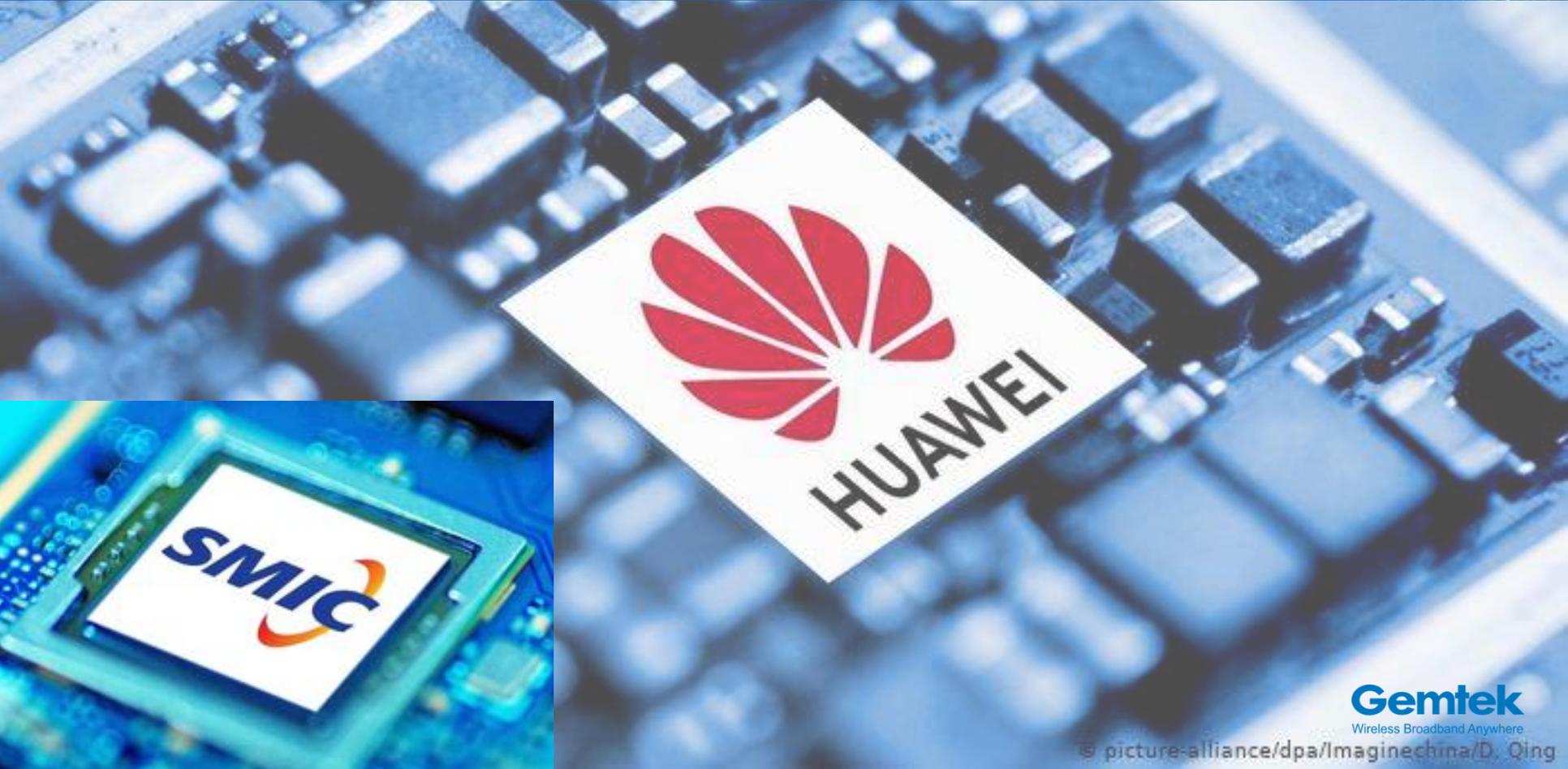
New Applications

# Market Trends

# 2018-2020 US – China Confrontation



# The US - China Tech War Is Getting Fiercer



# Challenges and Opportunities

## Challenges



***Tariffs and factory costs***



***Currency Risk***



***Policy may change in the future***

## Opportunities



***Transfer order effect***



***Clean network***



***Declining Competitiveness of China***



## The Landscape of 5G

5G will differentiate itself by delivering various improvements:



# 10x

**Decrease in latency:**

Delivering latency as low as 1 ms.



# 10x

**Connection density:**

Enabling more efficient signaling for IoT connectivity.



# 10x

**Experienced throughput:**

Bringing more uniform, multi-Gbps peak rates.



# 3x

**Spectrum efficiency:**

Achieving even more bits per Hz with advanced antenna techniques.



# 100x

**Traffic capacity:**

Driving network hyper-densification with more small cells everywhere.

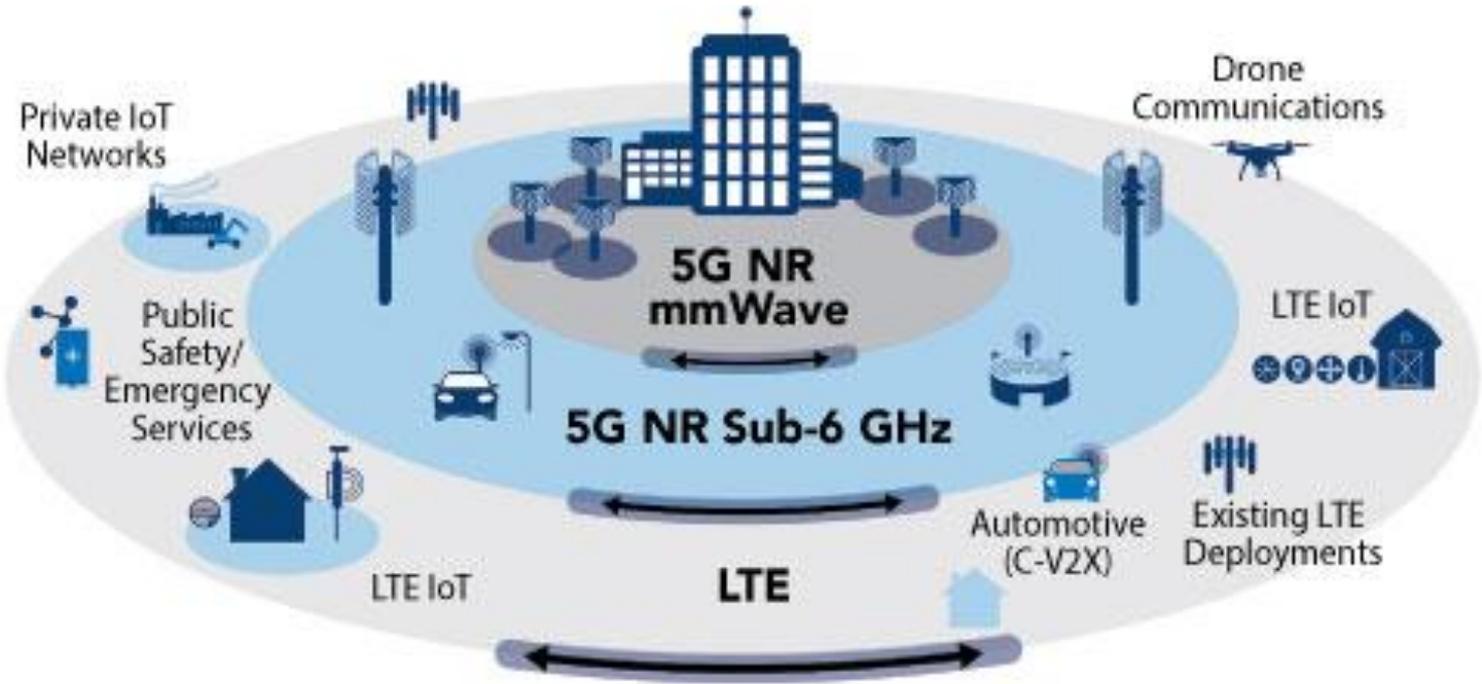


# 100x

**Network efficiency:**

Optimizing network energy consumption with more efficient processes.

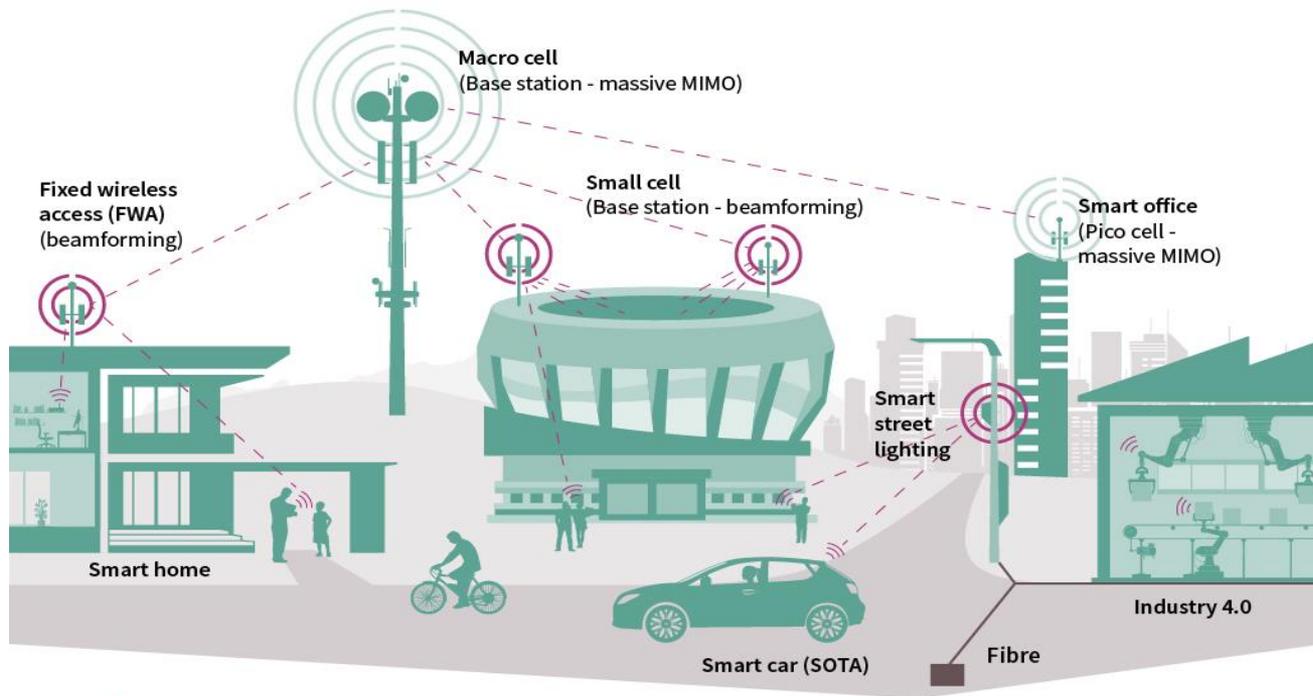
# 5G Frequency Band Comparison



# Telecom Infrastructure



Smart and connected - the communication of tomorrow with 5G



-  Base station (Macro cell, massive MIMO) < 6GHz
-  Small Cell (Beamforming) > 6 GHz

SOTA (Software over the air)

**Base Station**

**Small Cell**

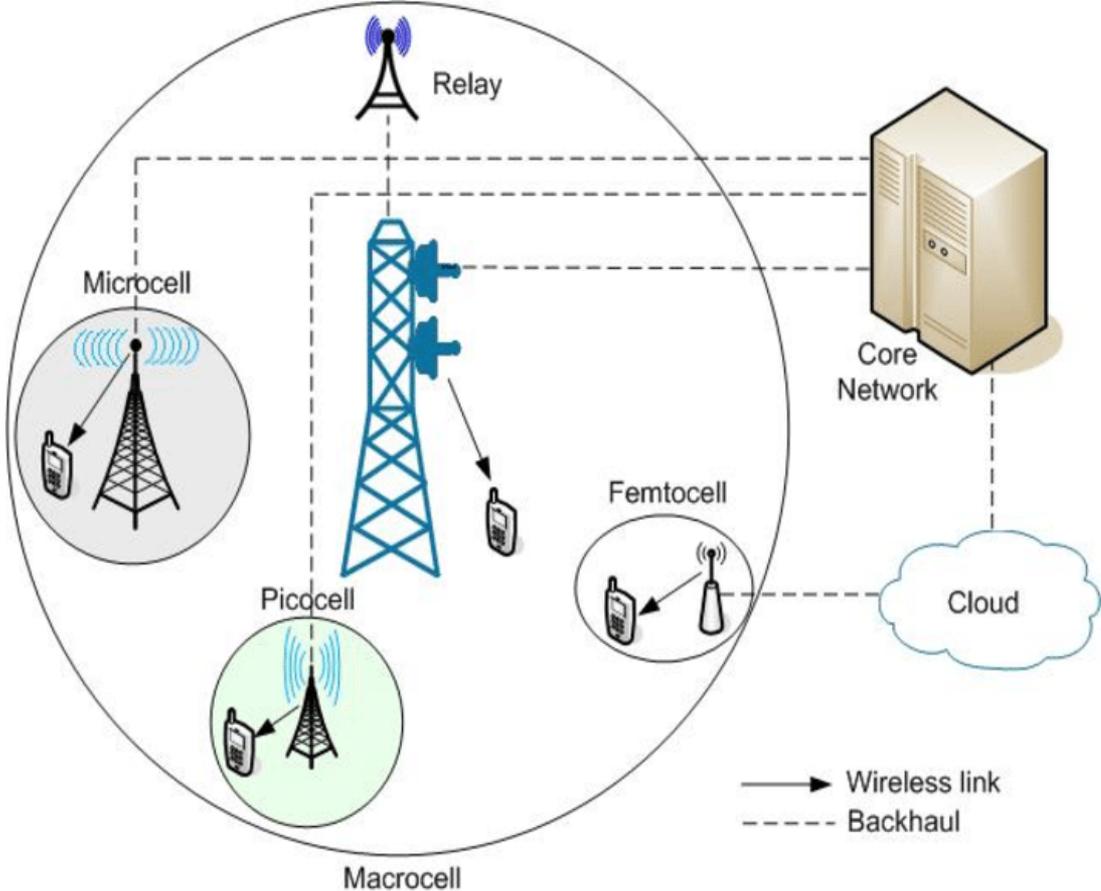
**Mobile Terminal Equipment**

**Fixed Terminal Equipment**

**MERC**

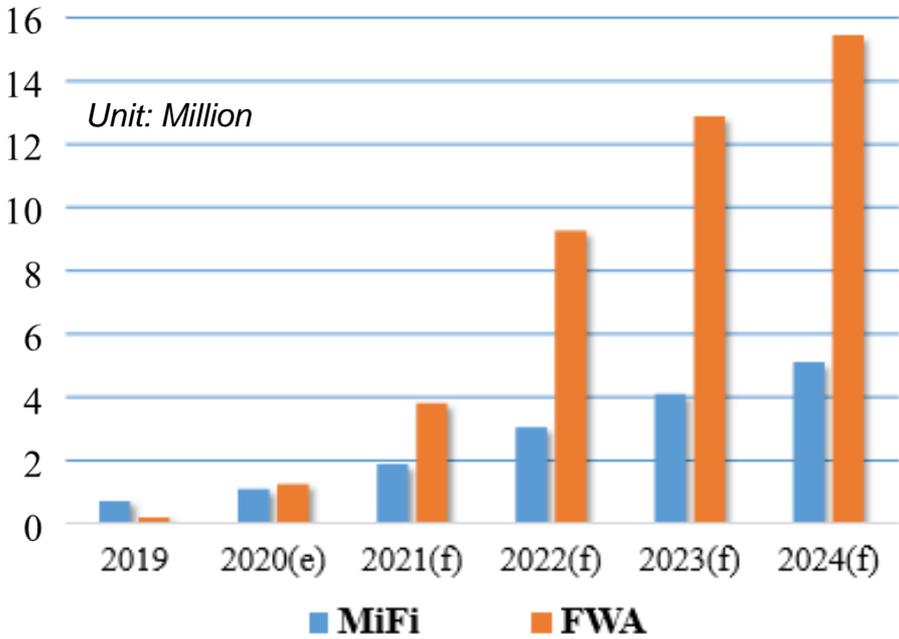
**Switch**

# Telecom Infrastructure

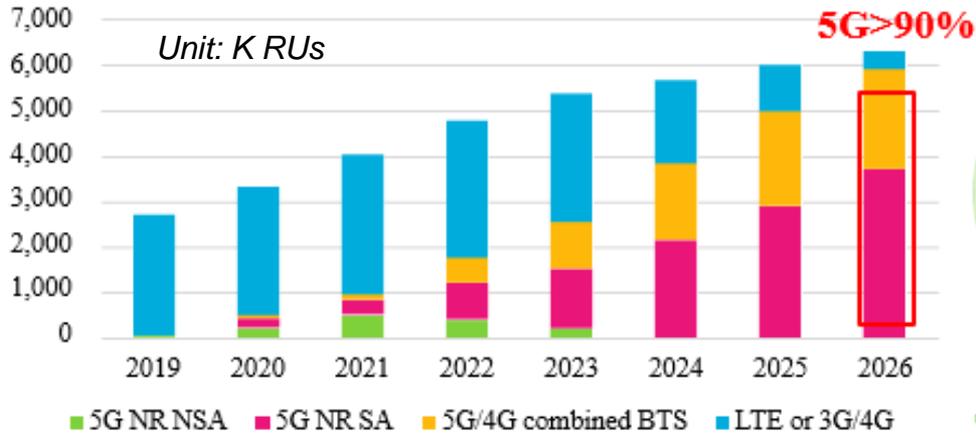




## Global 5G CPE shipment forecast



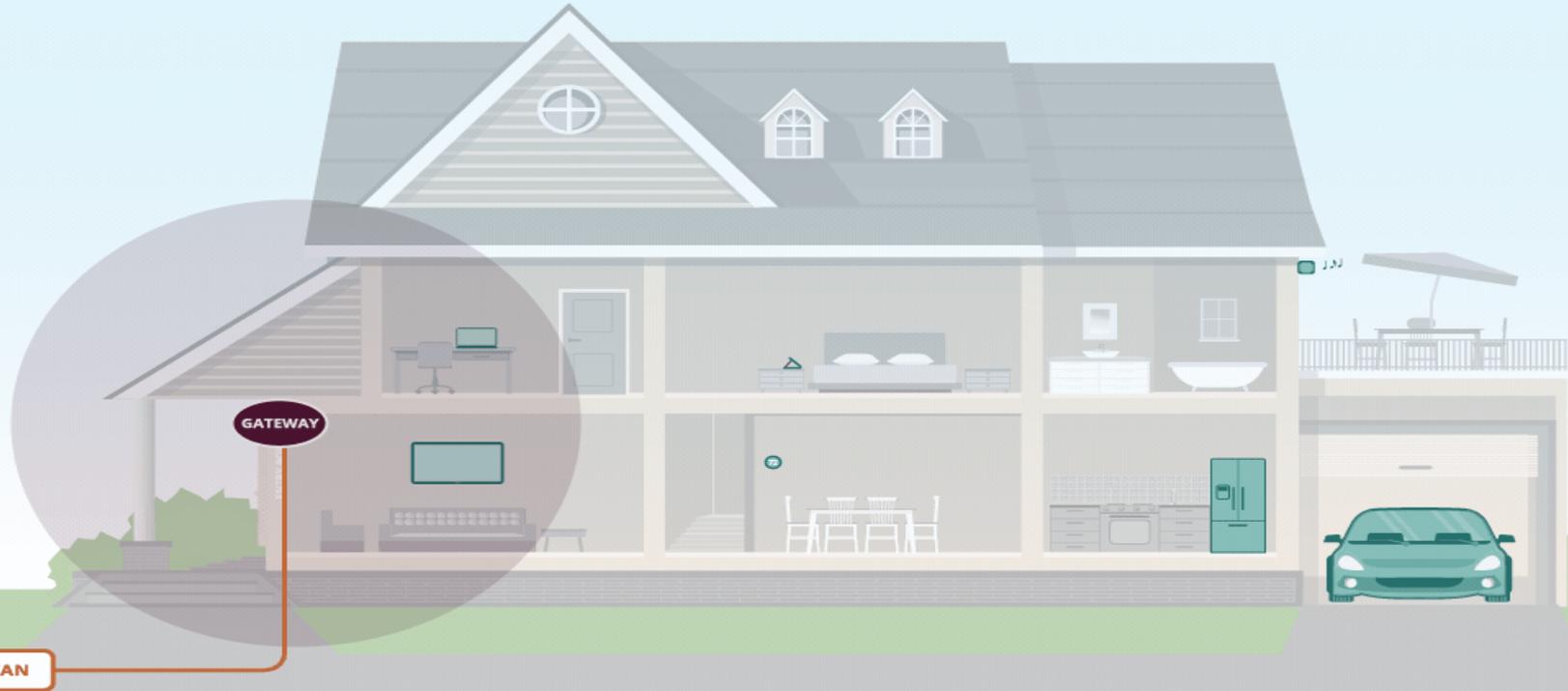
## Global small base station market forecast



Source: MIC

# New Technology – Wi-Fi 6

## Wi-Fi CERTIFIED EasyMesh™: Smart, extended coverage home Wi-Fi®



## Wi-Fi 6E brings Wi-Fi® into 6 GHz

### Features



More, contiguous spectrum



Wider channels



Less interference

### Benefits



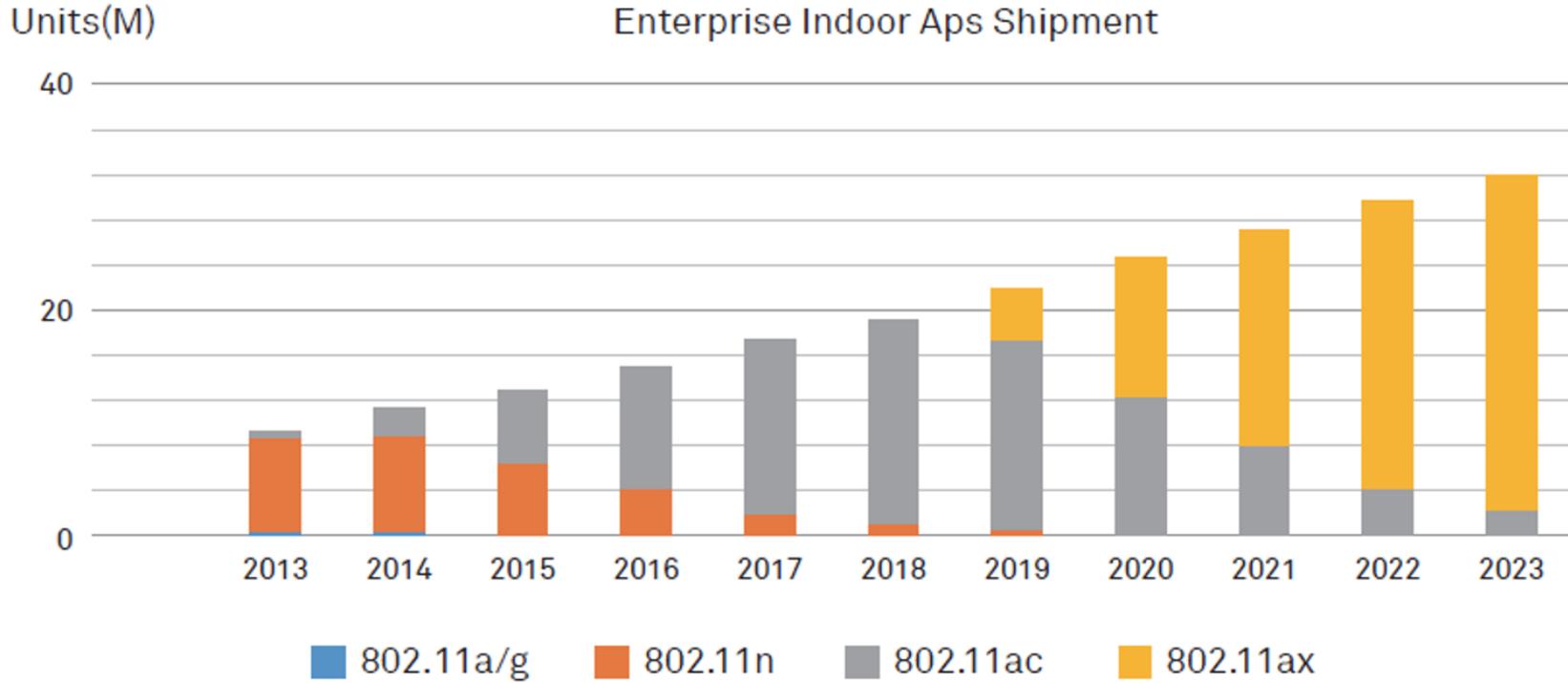
Gigabit speeds



Extremely low latency



High capacity



Source: Radiotech corp



**THANK YOU**



## Q & A