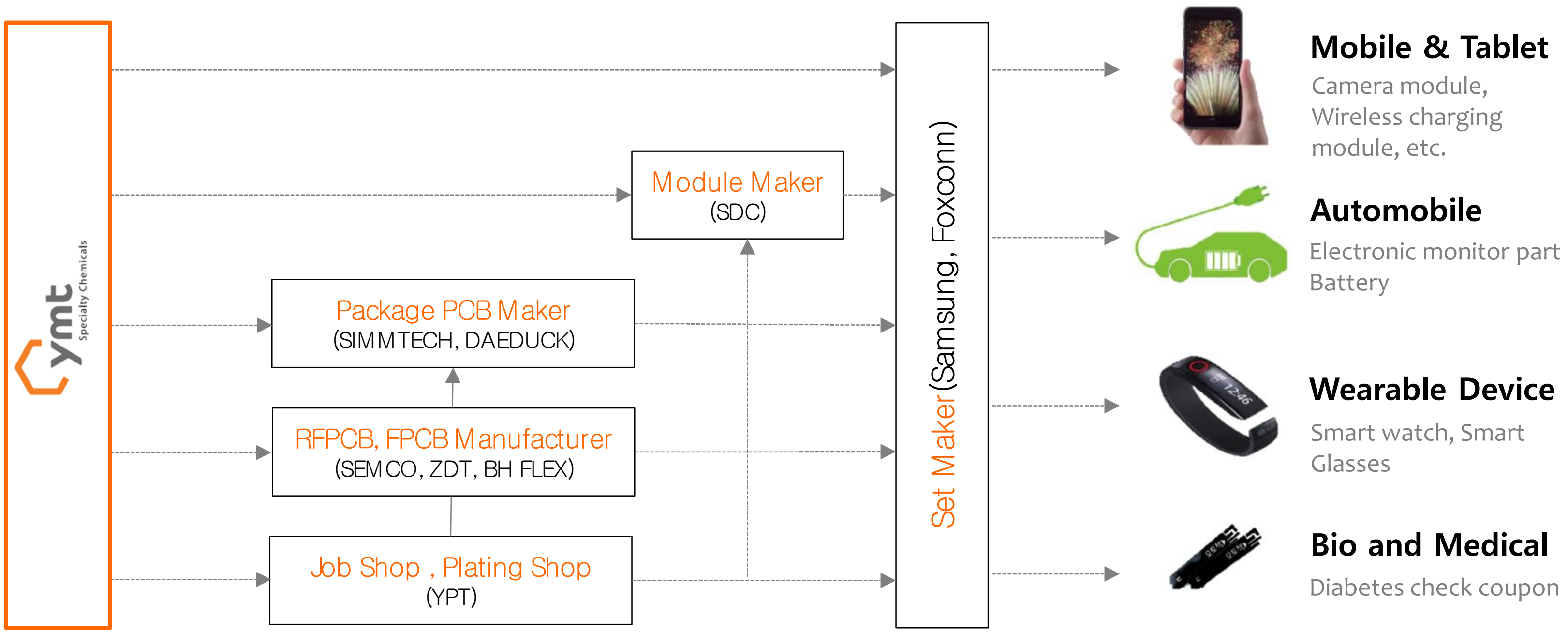
# INVESTOR RELATIONS

2019. 3Q  YMT IR BOOK

Your Most trustworthy

## Company Introduction

YMT is a global company that directly researches, produces, and supplies high value-added plating chemicals for high-end PCB manufacturing processes.




YMT is a chemical & electronic materials supplier for F/RF-PCB manufacturers located in Korea, China, and Vietnam. Based on plating, technology in the PCB field, YMT is expanding the market to PKG PCB and electronic materials.

# Global YMT

## YMT Co.,Ltd. (KOREA, Head Quarter)

- Incheon, Korea.
- Chemical Division, Materials Division.
- 3 Factories in Nam-Dong Industry area.
- 2 R&D Center.
- Main Manufacturing location

## YMT Co.,Ltd. Taiwan Branch

- Taoyuan, Taiwan
- Sales and Promotion for Chinese and Taiwanese customer

## YMT China (Shenzhen) Co.,Ltd.

- Shenzhen, China
- 2 Branches : Pinhong, Kunshan Branch
- Constructing Factory in Zhuhai (Pinhong, Branch)

## YMT Vina Co.,Ltd.

- Bac-ninh, Vietnam
- Chemical Division, Plating outsourcing
- Vin-Phuc Branch : Manufacturing Location.

## YPT Co.,Ltd.

- Ansan, Korea
- Plating Outsourcing : ENIG, ENEPIG, Via-Fill
- R&D Center

## Beyond Solution

- Ansan, Korea
- Plating Machine R&D
- Equipment management service

## Customer List

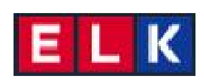
**PCB Maker**

Direct Customer

**Set Maker**

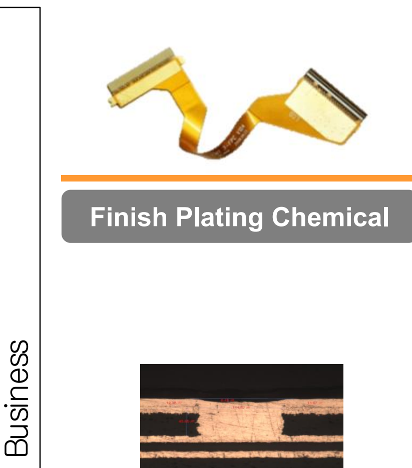
**Semi-conductor Maker**

**Display Maker**



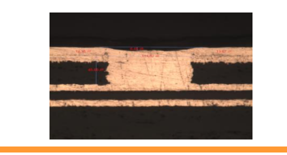
## Products Introduction

### Chemical Business



**Finish Plating Chemical**

- Plating PCB surfaces by using precious metals such as gold and palladium.
  - ✓ 1st in global market share in gold plating for F/RF-PCB
  - ✓ Adopted by Apple, Samsung



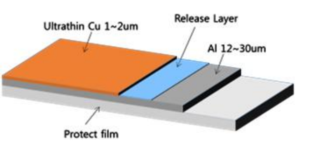
**Copper Plating Chemical**

- Process for forming an electrical connection between layers of Multilayer substrate
  - ✓ Electroless Copper plating
  - ✓ Electronic Copper plating

**Process Chemical**

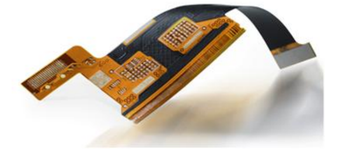
- Etching, developing and other chemicals to form circuitry of the substrate
  - ✓ Etching, developing and other chemical for PCB
  - ✓ Process Chemical for MSAP
  - ✓ Flux Cleaner

### Others




**Electronic Materials**

- Materials
  - ✓ Ultra-thin copper Foil
  - ✓ EMI Shield
- Roll to Roll
  - ✓ RTR copper plating outsourcing



**Plating Outsourcing [YPT]**

- Gold plating outsourcing
  - ✓ FPCB, RFPCB
  - ✓ PCB for Camera module
- Via-fill copper plating outsourcing

**Facility [Beyond Solution]**

- Gold and copper plating facility sales, installation and maintenance services
  - ✓ Selling bundled with YMT chemical
  - ✓ Via–fill facility improvement, customer relocation to Vietnam, etc.

## 2019 Business Forecast

1) Launching of Foldable Smartphone, 2) Opening of 5G Market.

### Increased number of PCBs per unit

- Increased mounting of display panels
  - ✓ 2 panels in a Galaxy Fold
  - ✓ This increases PCB for display.
- Increased PCB for batteries
  - ✓ The increased battery pack as display area and number of displays increase
- Increase the number of camera modules
  - ✓ Total of 6 camera modules
- Changing antenna specifications from LDS to FPCB
  - ✓ Switching to thin FPCB due to increasing number of antennas for 5G high frequency

Prospect to benefit major customers
Scale up the PCB overall market

### High-Specification of PCB

- Expanding the SLP market
  - ✓ Insufficient space due to expansion of modules such as batteries
  - ✓ Essential HDI miniaturization
- Fine pitch needs increased
  - ✓ PCB area is reduced, but the circuit area in PCB is increased
  - ✓ Increasing high-specific chemical needs
- Extend high-layer PCB
  - ✓ Increased needs for high-layer PCBs as PCB areas are reduced
  - ✓ Expanding market needs for high-end, high-layer PCB technologies such as Via-fill

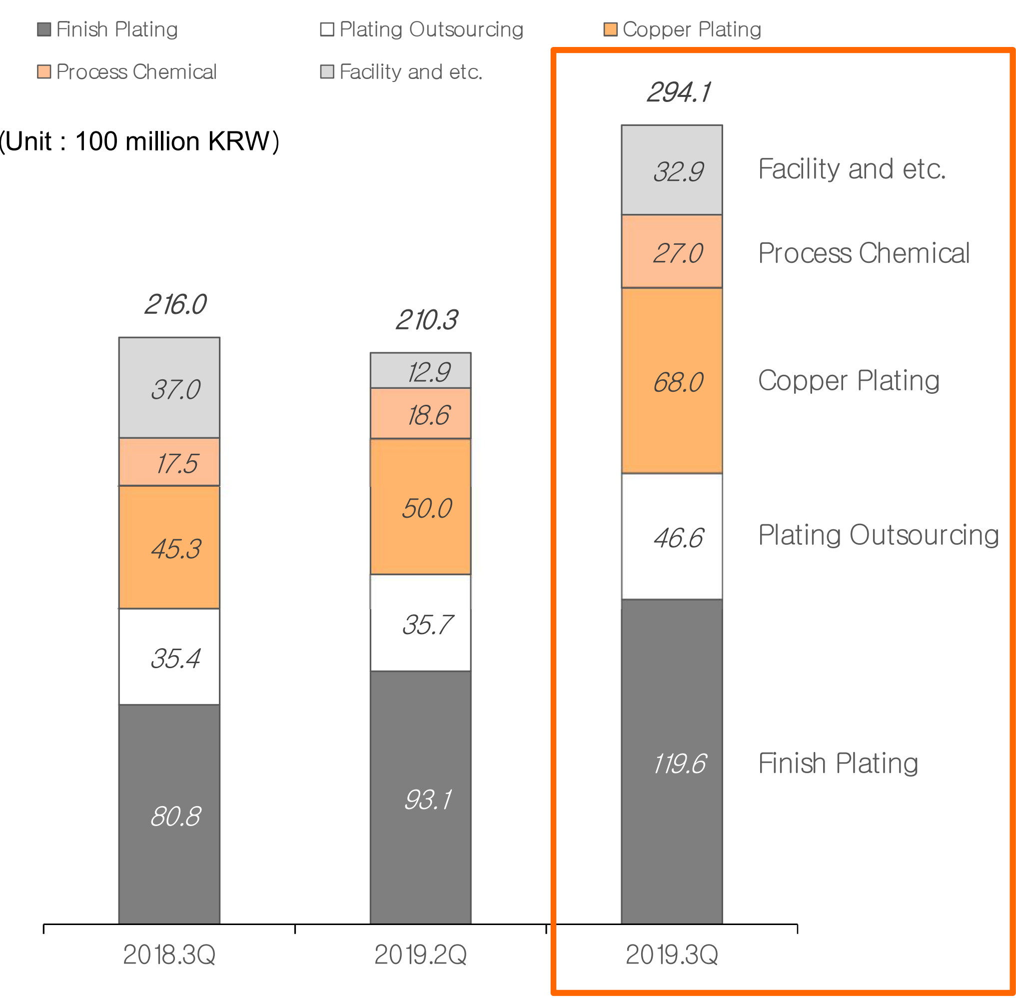
Expectations of chemical ASP's rise
Initial sell to major customers is currently underway

### Material change

- Increased needs for ultra-thin copper foil
  - ✓ Material essential to PCB's light, thin, short, small trend as like SLP
- Change of EMI shielding materials
  - ✓ Mobile shielding materials change for 5G high frequency
- A material change to prevent loss of signal transmission rate
  - ✓ Change of materials and processes is required to prevent signal loss, which is most important in 5G.
  - ✓ Released Low-roughness ultra-thin copper foil, Non-etching low profile roughness chemicals, etc.

Nanotus(Non-etching process) is under development. Testing in ultra-thin copper foil with major customers

## Sales Result




- The biggest revenue in 3Q is achieved with 29.4 billion KRW
  - ✓ 7.8 billion KRW (36.1%) increase compared to the same period of last years.
- The continued growth of the chemicals
  - ✓ Sales of Finish Plating increase 3.9 billion KRW (48%) compared to the same period of last year.
  - ✓ Sales of Copper Plating increase 2.3 billion KRW (50%) compared to the same period of last year.
  - ✓ Increase sales due to customer's mass-production schedule
  - ✓ Amplification effect according to the rising share of the first half.
- Plating outsourcing(YPT) is mass-producing Via-Fill.
  - ✓ Recovery of ENEPIG outsourcing such as PCBs for camera modules
  - ✓ Starts mass production of Via-Fill from Sep.

## 2019. 4Q & 2020 Business Forecast

**Market Forecast**

- Domestic mobile vendors will be in the mass-production of new models in Dec.
- Prospects to maintain YoY growth in chemical and plating-outsourcing sales by continuing to mass-produce of customers

### Chemical Business

**Finish Plating Chemical**

- Prospects for expanding sales of materials related to increasing PCB for OLED
- Growth in sales of materials for camera modules in China due to the expansion of dual or triple camera adoption
- Expect growth in the market with the start of mass-production of customers in Vietnam

**Copper Plating Chemical**

- Growth is expected due to increased market volume and market share within customers
- Expand new sales related to electronic copper plating (Via-Fill)

**Process Chemical**

- Prospects to increase sales and acquire new customers related to SLP and PKG PCBs
- Entering the new process market for 5G, as like Nanotus, a low-roughness etching process, etc.

### Others

**Plating Outsourcing**

- Gold plating outsourcing of the Vietnam plant will be started mass-produced in this year.
- YPT started Via-fill mass-production and sales increasing.

**Electronic Materials**

- EMI shielding materials are currently being mounted on the Tablet PC model of domestic mobile vendors.
- Facility expansion is under review due to increased demand from customers and for the localization of materials.
- Increased demand as basic materials (FCCLs) for F-PCBs

**Facility and etc.**

- Increase in facility sales due to the transfer of customers to foreign countries and increase sales of high-quality PCB plating facilities
- Launching of facility business in China market

## Income Statement

(Unit : 100 million won)

| | 2019. 3Q | % | 2018. 3Q | % |
|---|---|---|---|---|
| Ⅰ. Sales | 681.4 | 100 | 517.8 | 100 |
| Ⅱ. Cost of sales | 421.2 | 61.81 | 315.7 | 60.98 |
| Ⅲ. Gross profit | 260.2 | 38.19 | 202.1 | 39.02 |
| Sales and administrative expenses | 91.2 | 13.38 | 93.5 | 18.06 |
| IV. Operating income | 169.0 | 24.81 | 108.6 | 20.96 |
| Other gains | 10.8 | 1.59 | 6.2 | 1.19 |
| Other losses | 7.5 | 1.11 | 8.5 | 1.63 |
| Finance income | 20.9 | 3.07 | 10.8 | 2.09 |
| Finance costs | 9.1 | 1.34 | 12.0 | 2.31 |
| Losses on equity method | 0.1 | 0.01 | 0.1 | 0.01 |
| Ⅴ. Profit before tax | 184.2 | 27.03 | 105.2 | 20.31 |
| Income tax expense | 42.6 | 6.25 | 24.6 | 4.74 |
| VI. Profit | 141.6 | 20.78 | 80.6 | 15.57 |

## Profitability Indicator

| | 2019.3Q | 2018.3Q |
|---|---|---|
| Operating profit ratio | 24.81% | 20.96% |
| Capital net profit rate | 20.78% | 15.57% |
| EBITDA (percent margin) | 223.9 (32.86%) | 137.4 (20.17%) |
| ROE | 15.84% | 9.78% |
| Asset turnover ratio | 49.43% | 56.52% |

## Balance Sheet

(Unit : 100 million won)

| | 2019.3Q | 2018 |
|---|---|---|
| Assets | | |
| Cashable assets | 300.2 | 276.1 |
| Trade receivable | 288.8 | 206.6 |
| Tangible assets | 622.3 | 560.5 |
| Other assets | 256.8 | 227.6 |
| Total assets | 1,486.1 | 1,270.8 |
| Liabilities | | |
| Trade payables | 53.6 | 37.8 |
| Borrowings | 347.6 | 329.9 |
| Convertible bond | 69.2 | 68.9 |
| Other liabilities | 129.8 | 90.1 |
| Total liabilities | 600.2 | 526.7 |
| Equity | | |
| Issued capital | 37.0 | 37.0 |
| Capital surplus | 219.5 | 219.5 |
| Retained earnings | 511.9 | 403.4 |
| Other equity | 117.5 | 84.2 |
| Total equity | 885.9 | 744.1 |
| Total equity and liabilities | 1,486.1 | 1,270.8 |

## Cash Flow

(Unit : 100 million won)

| | 2019.3Q | 2018.3Q |
|---|---|---|
| Cash at beginning of period | 276.0 | 224.2 |
| Cash flows from operating activities | 95.3 | 71.5 |
| Profit | 141.6 | 80.6 |
| Depreciation expenses | 35.0 | 26.7 |
| Bad debt expense | (7.1) | 1.3 |
| Corporate tax expense | 42.6 | 24.6 |
| Foreign currency translation profit | (10.7) | (5.5) |
| Changes between assets and liabilities | (92.4) | (40.6) |
| Cash flows from investing activities | (86.4) | (128.1) |
| Purchase of a tangible asset | (84.5) | (128.2) |
| Cash flows from financing activities | 6.3 | 60.3 |
| Proceeds (repayments) of borrowings | 17.7 | (9.9) |
| CB issue | - | 70.0 |
| Net increase in cash | 15.2 | 3.7 |
| Effect of exchange rate changes | 9.0 | 1.4 |
| Cash at end of period | 300.2 | 229.3 |

END OF DOCUMENT

Thank you.