



GLOBALTEK

Unite as One

Investor Presentation
October 2019

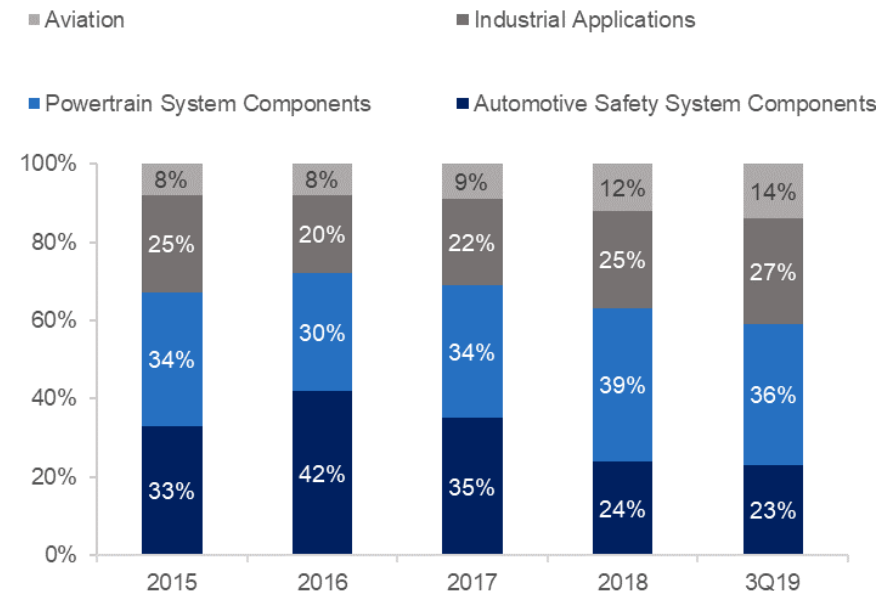
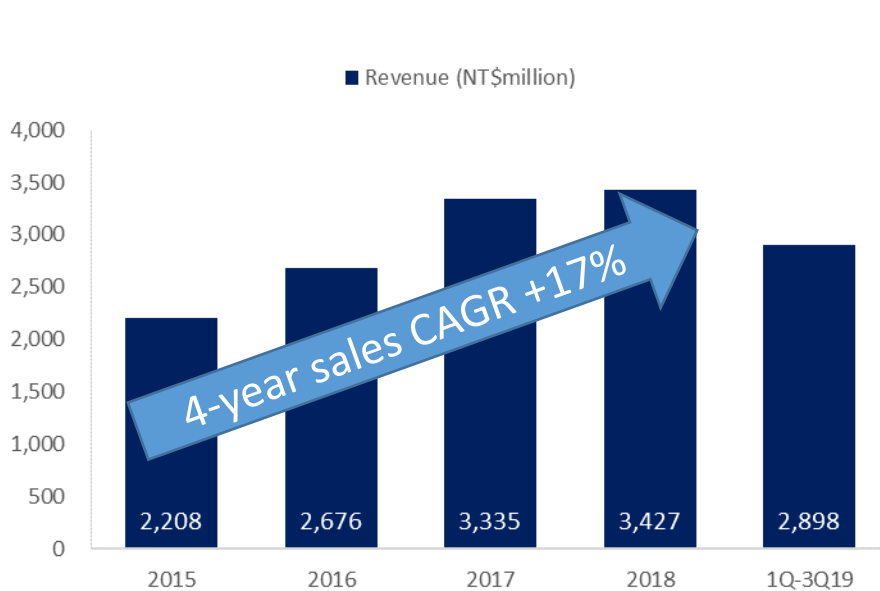


Executive Summary

- ◆ Global Tek manufactures precision-machined metal components for **automotive, industrial and aviation** applications. We attract and retain our customers through the total value proposition of the services we offer.
- ◆ We collaborate with OEM and Tier 1 customers worldwide to develop customized components amidst the **fuel efficiency trend within the Aviation and Automotive** industries. We also target **industrial applications with robust growth momentum**, including high-end bicycles and beverage equipment.
- ◆ We aim to be our world class customers' top strategic partner in each niche market, organically expanding our business through the '**Global Tek Alliance**' – a comprehensive program of vertical integration, horizontal collaboration and supply chain resource management.
- ◆ We will leverage the Global Tek Alliance to maximize synergies between Global Tek and our supply chain partners while strategically **investing in critical proprietary in-house machining capabilities**.
- ◆ With excellent employee quality and balanced resource allocation across Asia, we'll strive to attain annual sales growth **higher than industry growth** and we are committed to maintain a **50%** dividend payout ratio.

An Emerging Leader in The Precision Machining Industry

- Founded in 2000 & Listed on the TWSE on February 5th, 2018 (Ticker: 4566 TT)
- Employees: 800+
- Founders + management team shareholdings are more than 50%
- Revenue: NT\$3.4bn in 2018 with +17% 2014-18 sales CAGR
- Our business: Precision metal machining for automotive safety system components, powertrain system components, industrial applications and aviation



Source: TEJ and Global Tek

Agenda

- 01 Target Niche Markets to Fuel Sales Growth
- 02 The Global Tek Alliance
- 03 Our Goals & Execution Plans
- 04 Robust Financial Performance
- 05 Appendix



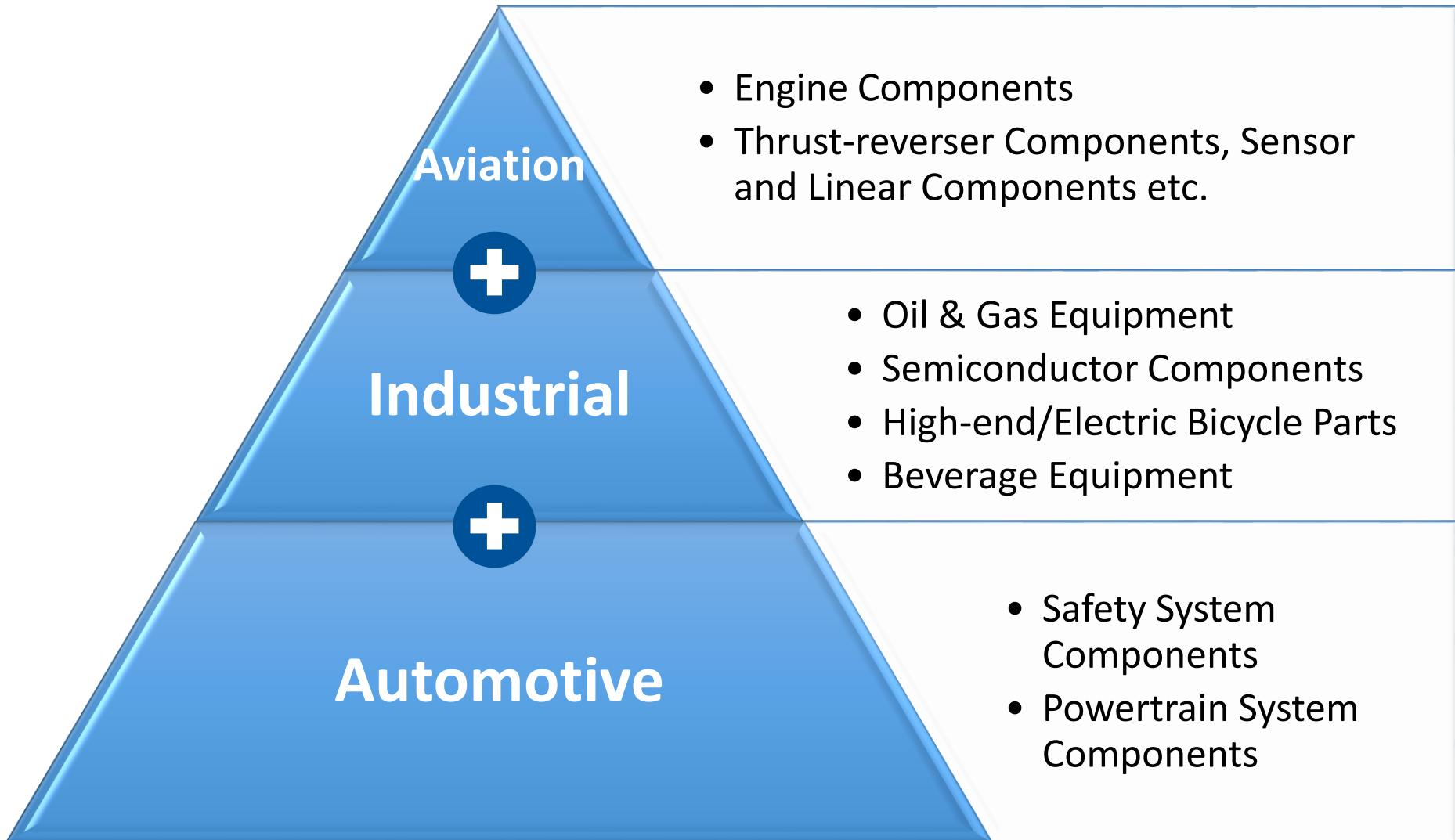
Automotive Safety Systems

Target Niche Markets to Fuel Sales Growth



Powertrain System Components

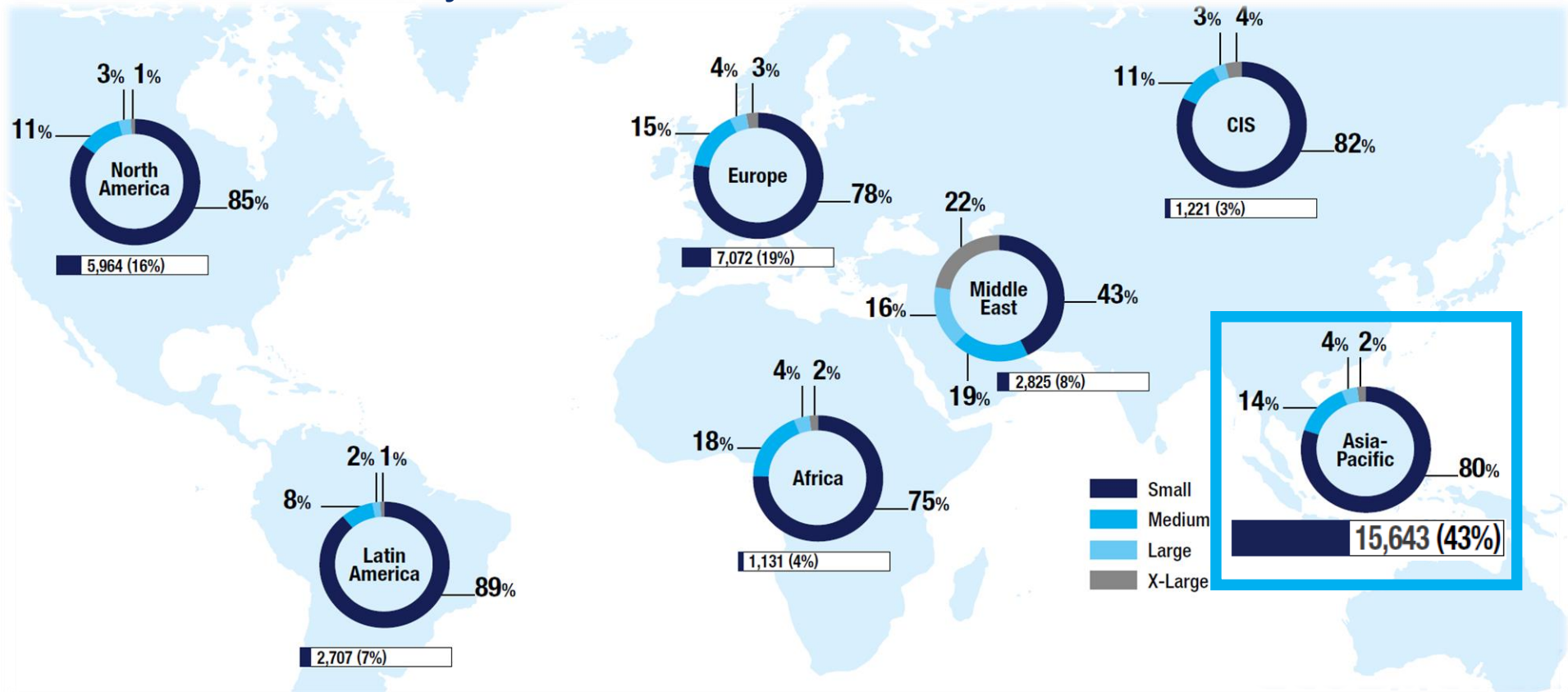
Solid Revenue Foundation



Asia-Pacific and Small Aircraft to Drive Fleet Growth Through 2037

- From 2018-37 global commercial passenger aircraft deliveries are expected to double to **36,563** aircraft per year (4.4% CAGR), reaching a market value of **US\$5.6 trillion**.
- **The Asia Pacific region is expected to account for 43% of the global fleet** versus the current 33% while **small aircraft are projected to account for nearly 80%** of both the global and Asia-Pacific fleets.

Airbus Projections for the 2037 Commercial Airline Fleet



Our Aviation Business Opportunity

- To benefit from the three major trends described below, Global Tek will focus on what big companies don't want to do and what small companies can't do.
- Due to our **strong track record, the word-of-mouth effect and competitive Quality-Cost-Delivery (QCD)**, our team has won crucial orders – including LEAP engine oil server & heat exchange system components and Jack Heads for B787 thrust reversers.

Tier 1 Outsourcing

- OEM cost-reduction initiatives have created pressure for Tier 1 suppliers:
- **Outsourcing increased:** 2011-17 OEM capex CAGR was 2% vs. 11% for key suppliers
- **Pricing pressure also increased:** OEM gross margins rose while supplier margins have been flat
- **The Result:** Tier 1 continue to outsource to Tier 2/3/4 suppliers while **reducing supply sources**
- **The Benefit:** The Global Tek total solution is attracting more orders from new and existing customers

Asia Manufacturing

- Tier 1/2 shifted manufacturing clusters eastward, emphasizing **technological capabilities, quality, cost and delivery**
- Rolls-Royce, Safran, Meggitt and UTC have Manufacturing/MRO facilities in Singapore, Malaysia and China
- Direct material spend in Asia is projected to rise in the next 3~5 years
- Global Tek has certified manufacturing facilities in **China, Taiwan and Malaysia**, as well as a strong track record in aviation component production

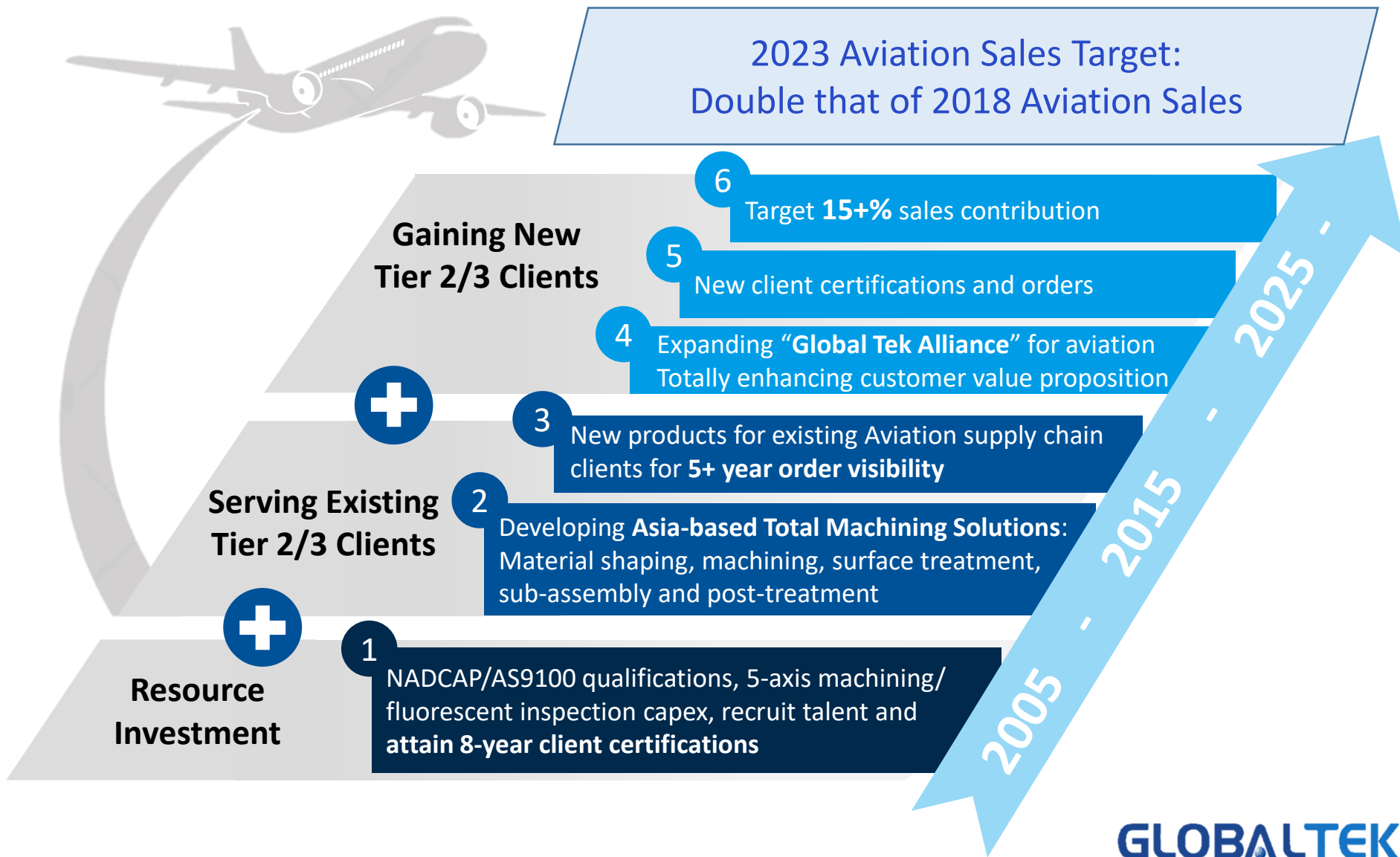
LEAP Engine Ramp-Up

- Commercial airlines focus on fuel efficiency to compete with regional low-cost carriers
- Installed on the A320neo and C919, the LEAP engine is the **best selling engine** in aviation history, and is projected to reach annual production of 2k units by 2020
- LEAP engines rank No.1 in new engine deliveries in Asia-Pacific with a greater than **40% market share**
- Global Tek's superior QCD capabilities are resulting in increased order volumes

Source: Bloomberg and Global Tek

GLOBALTEK

Our Aviation Strategy Roadmap



Our Powertrain Products Echo Auto Industry Trends

Our powertrain products enhance **fuel efficiency** and are used in **enhanced ICE and electrified drivetrain automobiles**:

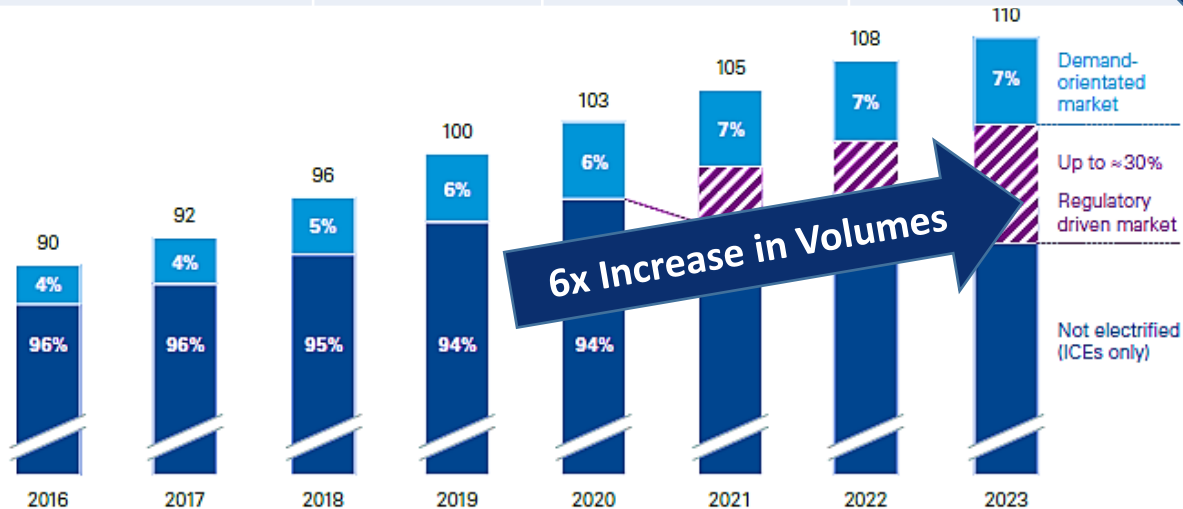
- Dual Clutch Transmissions (DCT) improve fuel economy by 5~15%
- Overrunning Alternator Decoupling (OAD) Systems improve fuel economy by 5%
- Crankshaft vibration dampers are used in three-cylinder engines and hybrid cars

Government Mandated Fuel Consumption Targets for Passenger Cars

Liters per 100km	EU	US	China
2015	5.6	7.4	6.9
2025	3-3.4	4.7	4

Avg. 5% reduction per year

[in m units]



6x Increase in Volumes

Demand-orientated market
Up to ~30% Regulatory driven market
Not electrified (ICEs only)

● Internal combustion engines (ICEs) only ● All electrified drivetrains (FCEVs, BEVs, PHEVs, HEVs) ≡ Adjusted scale for better visibility

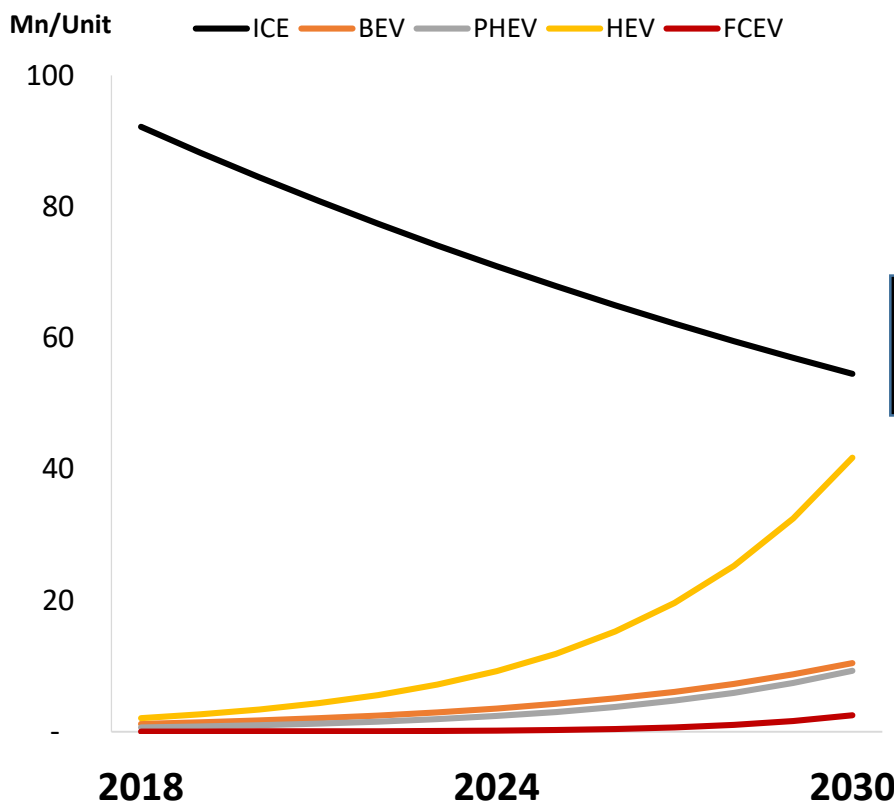
GLOBALTEK

Source: Global Tek

Our 10-year Automotive Product Roadmap

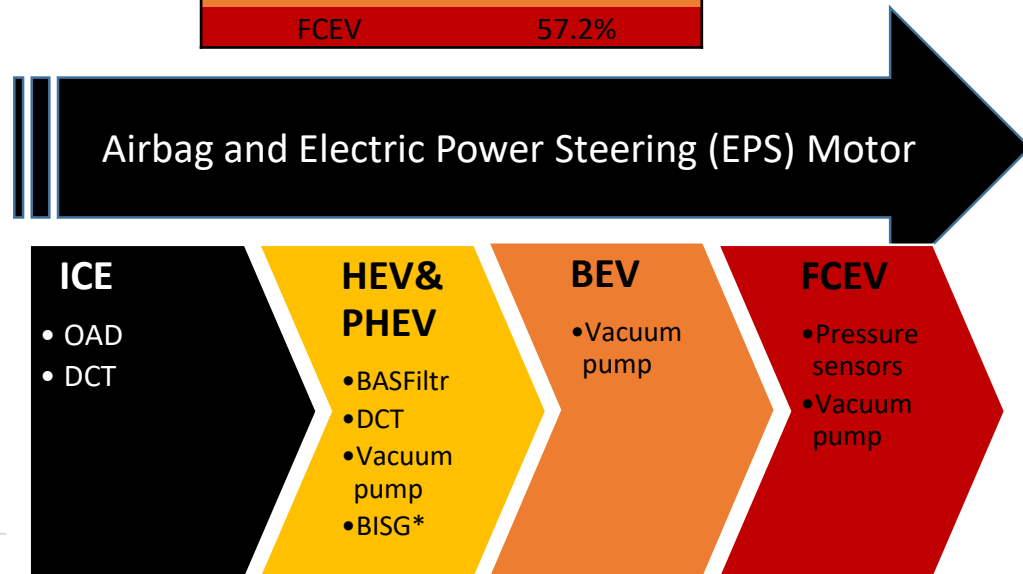
Our automotive product roadmap matches new energy vehicle market trend:

- General purpose components to grow with global automotive market
- Components for powertrain migration: last-generation ICE, Hybrid EV (HEV), Battery EV (BEV) and Fuel Cell EV (FCEV)



Source: IHS

2018-30 Unit CAGR	
ICE	-4.3%
PHEV	25.4%
HEV	28.6%
BEV	19.8%
FCEV	57.2%



*Belt Integrated Stater Generator

Multiple Niche Markets to Fuel Our Sales Growth

Automotive Safety System Components



- Average # of airbags per car to increase to 5.2 by 2020 from 3.5 in 2014.
- Global Airbag market to grow at 4% annually, reaching US\$5bn by 2021
- Includes knee, side, frontal, external and curtain airbags

Powertrain System Components



- Emission reduction
- Engine downsizing
- Increasing clean energy vehicles
- Out of 2023's 110mn global vehicles, **30%** are expected to be Advanced ICEs (down-sized w/turbo)
- **7%** are expected to be clean energy vehicles vs. 5% in 2018

Industrial Applications



- Rising capex at IC Fabs & Oil Refineries
- High end/electric bikes
- Beverage equipment
- Global Semi capex for $\leq 10\text{nm}$ to grow at a **21%** CAGR from 2020-25
- WW bicycle mkt to grow at a **4% CAGR** from 2018-26

Aviation



- LEAP engine is the World's Best-Selling Engine
- Huge new aircraft demand
- Global aircraft volume to grow at a **4.4% CAGR** between 2018 and 2037

We target annual sales growth higher than industry growth

Source: GIA, IHS, SEMI, Persistence Market Research, Airbus and Boeing

GLOBALTEK

Our Product Portfolio

Automotive Safety System Components (23% of 3Q19 sales)

Key components, including Airbag igniter, diffuser and sealing & inflator subassembly



Powertrain System components (36% of 3Q19 sales)

Hybrid and Three-Cylinder Engine Compatible:

- OAD and basfilter
- Crankshaft damper/pulley
- Vacuum pump component
- DCT: Dual-Clutch Transmission components
- Modular camshaft head and tailstock



Industrial Applications (27% of 3Q19 sales)

- Oil refinery industrial instruments
- Semiconductor wafer fab instruments
- High-end bicycle suspension and transmission systems



Aviation (14% of 3Q19 sales)

- Landing gear parts
- Engine accessories
- Flight control actuator components
- Proximity sensor components



Tier 1 Customer Portfolio

Automotive Safety System Components

In-plant integration



Our customers have a 65%+ share of the global airbag market

Powertrain System components

In-house capacity



Industrial Applications

In-plant integration



Aviation

In-house capacity



The Global Tek Alliance

“All for one, one for all”
- Alexandre Dumas, The Three Musketeers



In-House + In-Plant = GLOBALTEK Alliance

Growth Engine #1 : In-House Capability

- ◆ Targeting complex and critical components
- ◆ Powertrain and aviation product manufacturing

Growth Engine #2 : In-Plant Integration

- ◆ Targeting less complex components
- ◆ Industrial and automotive safety system products
- ◆ Supply chain resource management

Total Machining Solutions:

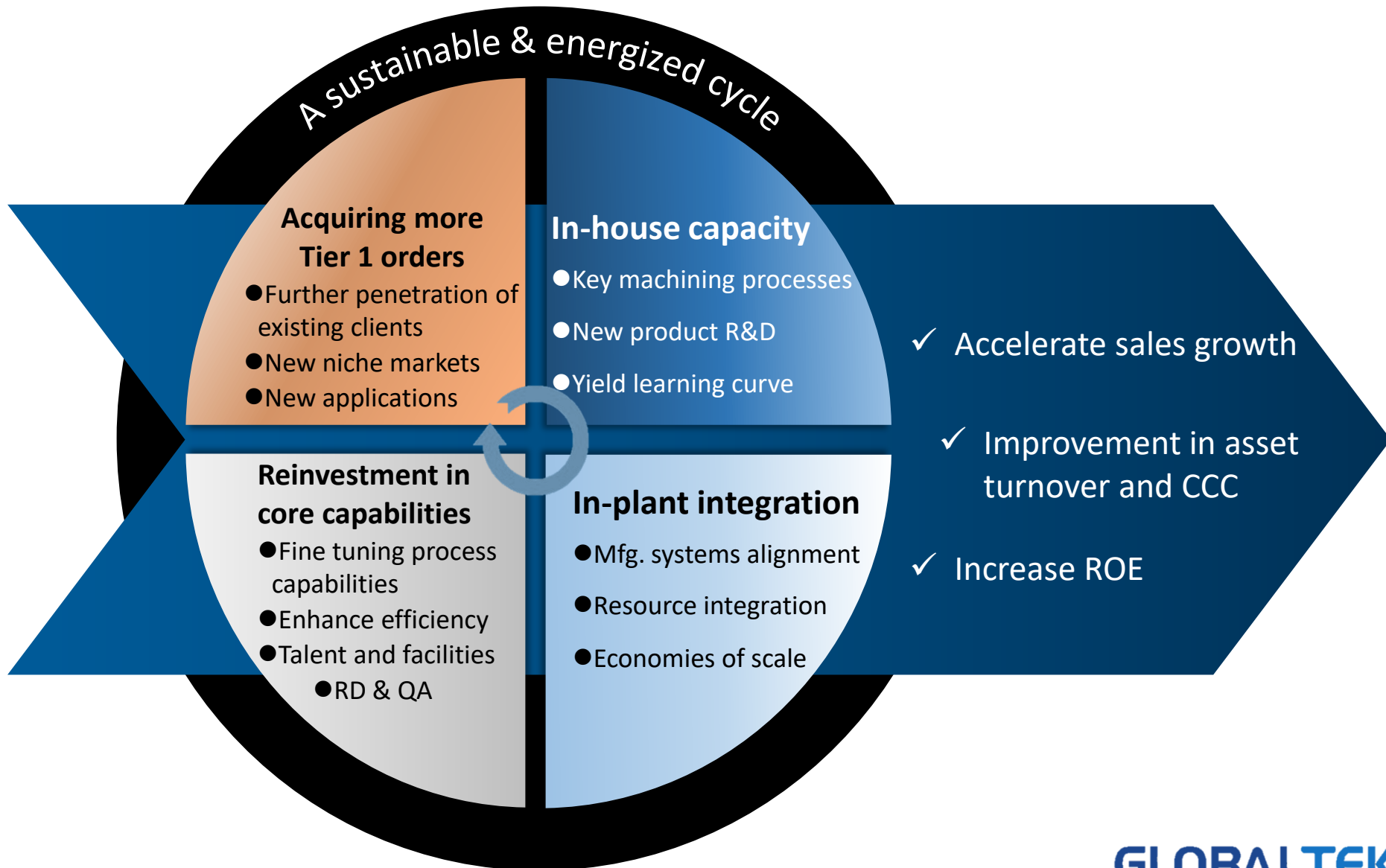
- Material forming
- Precision machining
- Stamping
- Surface treatment
- Sub-assembly
- Functional testing

For Strategic Applications:

Automotive
Industrial
Aviation

GLOBALTEK

Synergies of the GLOBALTEK Alliance



Balanced Deployment of Manufacturing Resources

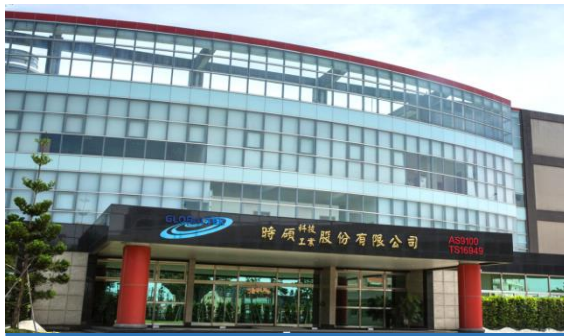
In-plant integration

In-house capacity

Taiwan – Xinwu Factory

47% total sales (3Q19)

331 employees



Quality system:



Specialization:

Automotive
Industrial
Aviation

Core processes:

Dewaxing casting
CNC machining

China – Wuxi Factory

44% total sales (3Q19)

385 employees



Quality system:



Specialization:

Automotive

Core processes:

Forging / Bar stock
CNC machining

China – Xi'an Factory

9% total sales (3Q19)

149 employees



Quality system:



Specialization:

Industrial
Aviation

Core processes:

CNC machining

No. of employee is based on Sep. 30th data.

GLOBALTEK

Our Goals & Execution Plan



Industrial Instrumentation

Global Tek Vision 2023

Top Line Growth Target

Higher Than Industry Growth

Improve Efficiency, Product Mix
and Reduce OPEX Rate

Target
20-25% Gross Margin and
5-10% Operating Margin

After CAPEX, Establish Supply
Chain Campus and M&A

Target
50% Dividend Payout Ratio

Global Tek Execution Plan



*Cross Functional Team integrates sales, engineering, manufacturing, quality and logistics

GLOBALTEK Winning Formula



Investment in Superior Human Resources

41% of employees are college graduates, R&D staff are 5% of total work force and 11% of R&D staff have a Master's degree or above



Replicate In-Plant Supply Chain Cluster in Central Taiwan

Build a big campus zone in the Central Taiwan Science Park that will include in-house capacity and which will integrate and share resources with supply chain partners. The project will be completed over the next 3 years.



Establish a Competitive Framework with Smart Manufacturing (Industry 4.0)









We'll continue to improve accurate quotation, timely sample, production quality and manufacturing efficiency. These are our advantages to form long-term strategic partnerships across global niche markets.



Build a Defendable Niche in Our Focus Markets

Form strategic partnerships with top-five clients in each niche market and support them with the cross function team structure and agility

Experienced Leadership Team

Name and Position	Function	Years in Industry	Education/Experience
 Donald Huang Chairman and CEO	Pursue lean spirit and learning organization culture, embed company's vision and strategy	40	<ul style="list-style-type: none"> ■ National Taiwan University EMBA ■ Co-Founder & Associate General Manager of Primax (4915 TT)
 Jonathan Lo Executive VP	Xinwu Factory General Manager	30	<ul style="list-style-type: none"> ■ Taiwan Feng Chia University, MS in Mechanical Engineering ■ VP of Snap-On, Zhejiang (SNA US)
 Ken Liu Auto Group GM	Wuxi Factory General Manager	16	<ul style="list-style-type: none"> ■ Taiwan Chung Yuan Christian University, MS in Biomedical Engineering
 Yong Yang Director	Xi'an Factory plant Head	29	<ul style="list-style-type: none"> ■ China Xi'an Jiaotong University, BS in Mechanical Engineering
 Mike Chang Director	Automotive Division Head	30	<ul style="list-style-type: none"> ■ Taiwan Chang Gung University, MBA ■ Manager, Global PMX (4551 TT)
 Ari Chang Director	Aviation Division Head	20	<ul style="list-style-type: none"> ■ Lawrence Technological University, USA MS in Automotive engineering ■ Manager of FOX factory, Tung Pei Industrial
 David Chan Director	Industrial Division Head	20	<ul style="list-style-type: none"> ■ Imperial College of Medicine, UK MS in Mechanical Engineering ■ VP of Lorom Industrial
 Tim Gau CFO	Financial Division Head	30	<ul style="list-style-type: none"> ■ National Taiwan University EMBA ■ University of Rochester MBA ■ Experience as CFO in the Bio and IT industries

Robust Financial Performance



Aviation

1H19 Review and 2019 Outlook

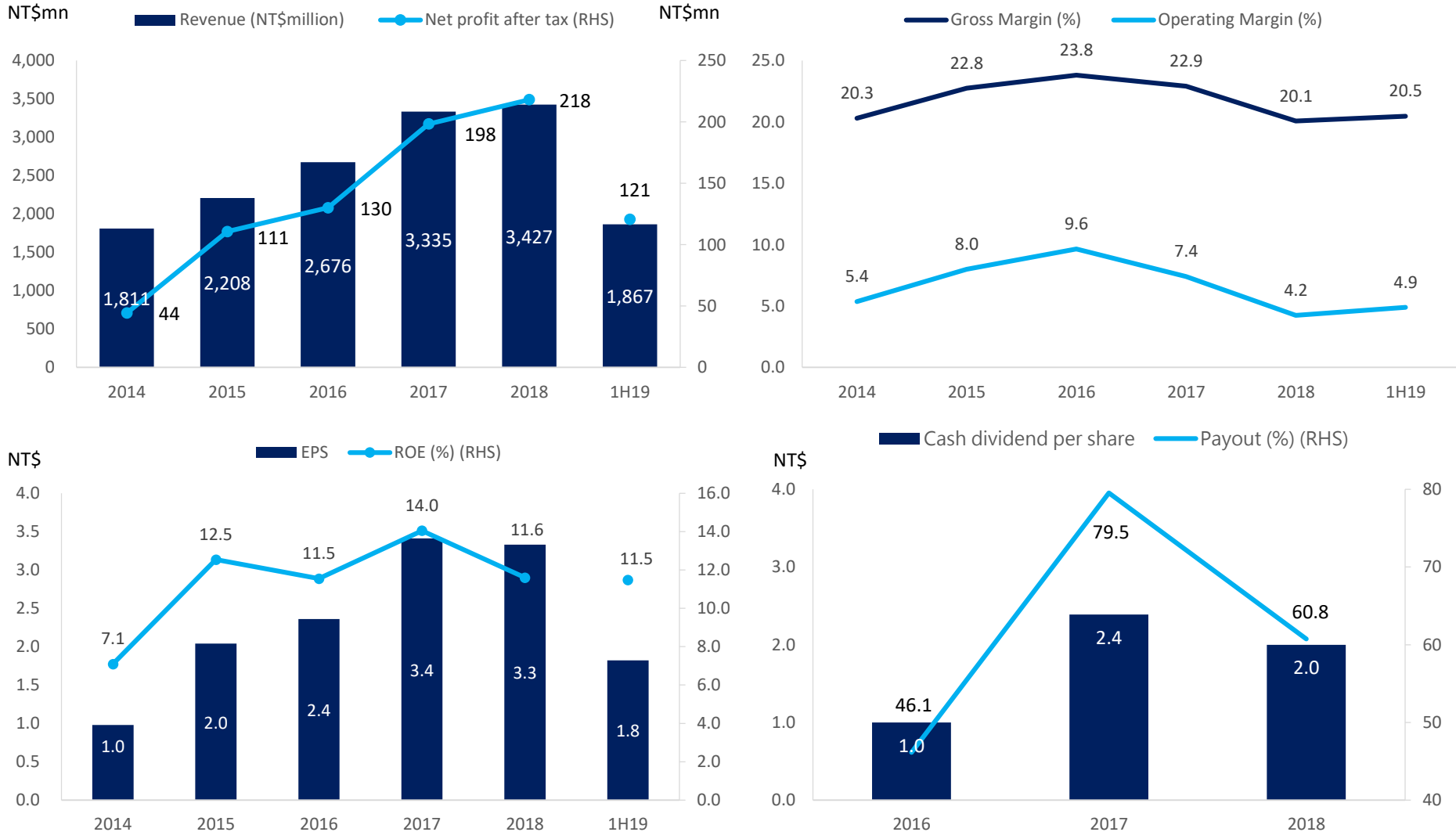
1H19 Review

- Revenue was NT\$1.87bn., a record-high of first-half sales, up 8% YoY,
 - Automotive safety system accounted for 23%, automotive power train system accounted for 35%, industrial application accounted for 27% and aviation accounted for 15%, respectively. Due to robust sales growth of industrial application and aviation division, the combined sales contributed more than 40% of total sales.
 - Gross margin increased to 21% from 1H18's 20%, due to better product mix.
- Operating margin increased to 5% from 1H18's 4%, due to higher gross margin.
- Non-op income was NT\$68mn, down 45% YoY, due to land assets disposal gain in 1Q18.
- Net income was NT\$121mn, down 12% YoY. EPS was NT\$1.82.

2019 Outlook

- Revenue from Industrial and Aviation business units would continue to grow
- Automotive demand to recover compared to first half of 2019
- Acquisition of Allied Advantage (Malaysia) for NT\$170mn to enhance our forging, stamping and machining capabilities.
- Board of Directors has approved RMB150mn budget for Wuxi new plant establishment
- For bank loan repayment and working capital demand, GlobalTek has raised NT\$600mn through issuance of first domestic unsecured convertible bonds (ticker: 45661) with conversion price of NT\$50. The convertible bonds started trading since August 27th, 2019.

Financial Highlights



Source: TEJ and Capital IQ

GLOBALTEK

1H19 Income Statement

NT\$m	2014	2015	2016	2017	2018	1H19	YoY (%)				
							2015	2016	2017	2018	1H19
Revenue	1,811	2,208	2,676	3,335	3,427	1,867	9.8	21.2	24.6	2.7	7.6
Gross Profit	368	502	637	764	688	382	35.3	26.9	19.9	-10.0	13.2
Operating Expenses	-270	-326	-379	-517	-543	-291	20.4	16.4	36.4	14.0	11.7
Operating Profit	97	177	258	247	145	91	75.4	46.1	-4.4	-49.6	18.2
Pretax Income	71	142	205	291	315	159	104.6	44.1	41.9	8.3	-20.3
Tax Expenses	-26	-31	-75	-92	-97	-39	20.5	138.2	23.4	4.8	-38.9
Net Income to Parent	44	111	130	198	218	121	155.1	17.4	52.5	10.0	-11.7
Basic EPS (NT\$)	0.98	2.04	2.36	3.41	3.33	1.82	108.2	15.7	44.5	-2.3	-14.6
Key Financial Ratios (%)											
Gross Margin	20.3	22.8	23.8	22.9	20.1	20.5					
Operating Expense Ratio	14.9	14.8	14.2	15.5	15.8	15.6					
Operating Margin	5.4	8.0	9.6	7.4	4.2	4.9					
Effect Tax Rate	37.2	22.1	36.5	31.8	30.7	24.3					
Net Margin	2.4	5.0	4.9	5.9	6.4	6.5					

Source: TEJ and Capital IQ

1H19 Balance Sheet

NT\$m	2014	2015	2016	2017	2018	1H19	YoY (%)				
							2015	2016	2017	2018	1H19
Total Assets	2,208	2,422	3,002	4,052	4,478	4,602	9.7	24.0	35.0	10.5	1.4
Cash	200	279	502	670	902	1,023	39.6	80.4	33.4	34.7	13.0
AR & NR	616	606	732	936	902	1,010	-1.6	20.8	28.0	-3.7	9.7
Inventories	384	426	484	714	897	838	11.1	13.5	47.5	25.7	9.6
Fixed Assets	739	820	800	844	856	848	11.0	-2.4	5.5	1.5	3.0
Total Liabilities	1,528	1,335	1,837	2,395	2,374	2,504	-12.6	37.6	30.4	-0.9	0.6
AP & NP	412	389	733	692	633	597	-5.6	88.4	-5.6	-8.5	-2.1
Total Equity	680	1,087	1,166	1,658	2,104	2,098	59.9	7.3	42.2	26.9	2.4
Key Financial Ratios											
A/R Turnover Days	106.1	101.1	91.3	89.2	93.8	93.4					
Inventory Turnover Days	91.0	92.4	86.7	85.1	107.4	106.6					
A/P Turnover Days	99.7	88.0	93.4	94.3	88.2	75.6					
Cash Conversion Days	97.4	105.5	84.6	80.0	113.0	124.5					
ROE (%)	7.1	12.5	11.5	14.0	11.6	11.5					
ROA (%)	2.2	4.8	4.8	5.6	5.1	5.3					

Source: TEJ, Capital IQ and Company Data

Disclaimer

- The information contained in this confidential document ("Presentation") has been prepared by Global Tek (the "Company"). It has not been fully verified and is subject to material updating, revision and further amendment.
- While the information contained herein has been prepared in good faith, neither the Company nor any of its shareholders, directors, officers, agents, employees or advisers gives, has given or has authority to give, any representations or warranties (express or implied) as to, or in relation to, the accuracy, reliability or completeness of the information in this Presentation, or any revision or supplement thereof, or of any other written or oral information made or to be made available to any interested party or its advisers (all such information being referred to as "Information") and liability therefore is expressly disclaimed. Accordingly, neither the Company nor any of its shareholders, directors, officers, agents, employees or advisers takes any responsibility for, or will accept any liability whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise, in respect of, the accuracy or completeness or injury of the Information or for any of the opinions contained herein or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this Presentation or the information.
- Neither the issue of this Presentation nor any part of its contents is to be taken as any form of commitment on the part of the Company to proceed with any transaction and the right is reserved by the Company to terminate any discussions or negotiations with any prospective investors. In no circumstances will the Company be responsible for any costs, losses or expenses incurred in connection with any appraisal or investigation of the Company. In furnishing this Presentation, the Company does not undertake or agree to any obligation to provide the recipient with access to any additional information or to update this Presentation or to correct any inaccuracies in, or omissions from, this Presentation which may become apparent.
- This Presentation should not be considered as the giving of investment advice by the Company or any of its shareholders, directors, officers, agents, employees or advisers. Each party to whom this Presentation is made available must make its own independent assessment of the Company after making such investigations and taking such advice as may be deemed necessary. In particular, any estimates or projections or opinions contained herein necessarily involve significant elements of subjective judgment, analysis and assumptions and each recipient should satisfy itself in relation to such matters.
- This Presentation includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing, general economic, market or business conditions and other unforeseen events. Prospective Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in forward-looking statements.