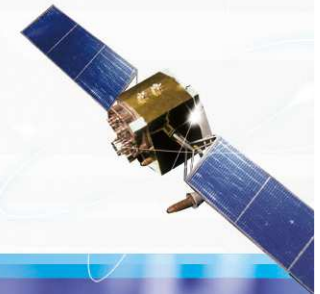


4971



IntelliEPI Inc. (Cayman) Intelligent Epitaxy Technology



- **Founding: 1/1/1999, Capital: 10M US\$**
- **CEO: Dr. Yung Chung Kao**
- **Holding company: IntelliEPI Inc. (Cayman)**
- **Main operation: Intelligent Epitaxy Technology, Inc.
1250 E. Collins Blvd., Richardson, TX, USA**
- **Taiwan branch: 5F., No.33, Dexing W. Rd., Shilin, Taipei 11158, Taiwan**
- **Business model: pure play III-V semiconductor epi-wafer foundry**
- **Main products:**
 - * **Gallium Arsenide (GaAs), Indium Phosphide (InP) epi wafers**
→ **Wireless communication (IoT, automobile radar, satellite, defense, optical networks, cloud computing, data center, etc.**
 - * **Gallium Antimonide (GaSb): Infrared epi wafers**
→ **Night vision, homeland security, thermal imaging & photovoltaic**
 - * **Optoelectronic epi wafers (VCSEL, APD, PIN)**
→ **optical communication, cloud computing, data center**

Photo



Completed 16 years of operation (1999 -); maintain profitable position

Revenue: 2014: \$21.6M, 2013: \$19.2M, 2012: \$18.5M

2014 product mix:

- GaAs: 47%, InP: 31%, Opto (PIN, APD, VCSEL, GaSb IR detector): 22%
- Top 3 products: GaAs pHEMTs, InP-based HBT/HEMTs, Sb-based IR detectors

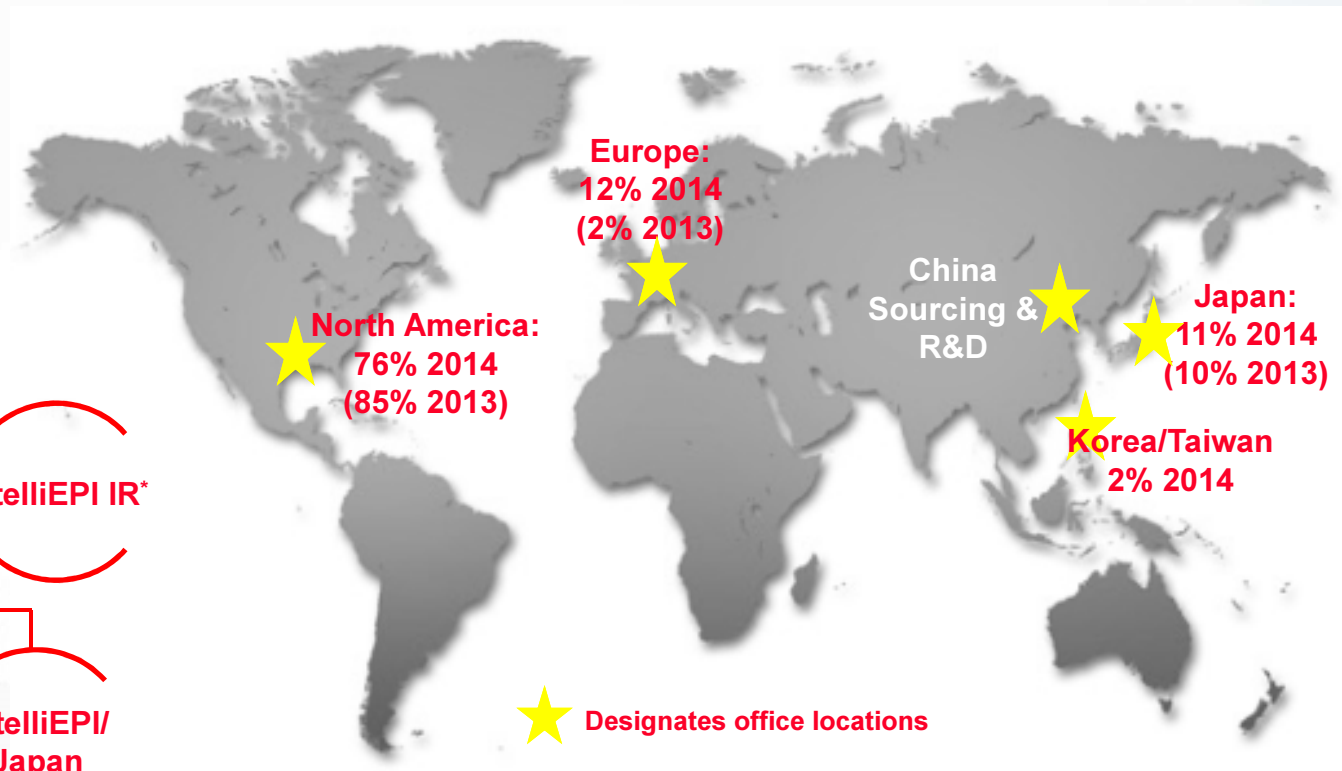
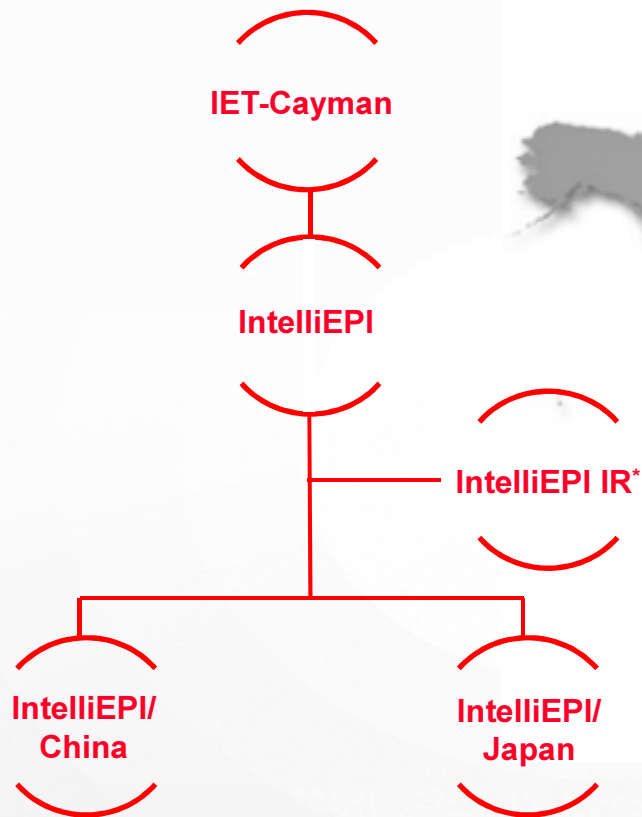
2015 product mix

2014 notables:

- Acquired Soitec and Skyworks GaAs MBE business & equipment (10 MBEs)
- Establish Arapaho back-up site for GaAs/InP/GaSb MBE growth (3 MBEs)
- Completed issuance of US\$10M convertible bond for plant expansion
- Acquired land in North Texas area for future expansion

2015 focus:

- Set up a 60k ft² plus new site to consolidate current operations at 3 different sites
- Install 4 MBE systems at Collins and Arapaho sites for GaAs, InP, and GaSb growth
- Provide MBE component services through partnership
- Develop new IR materials: HB CdZnTe crystal growth and InSb crystal growth
- Start 3in to 6in GaAs and InP re-polishing operation in IET/China



- *IET-Cayman is a publicly traded company on the Taiwan Stock Exchange (F-IET, symbol: 4971)*
- *Headquartered in Richardson, TX, IntelliEPI is a fully owned subsidiary of a Cayman Islands-based holding company*

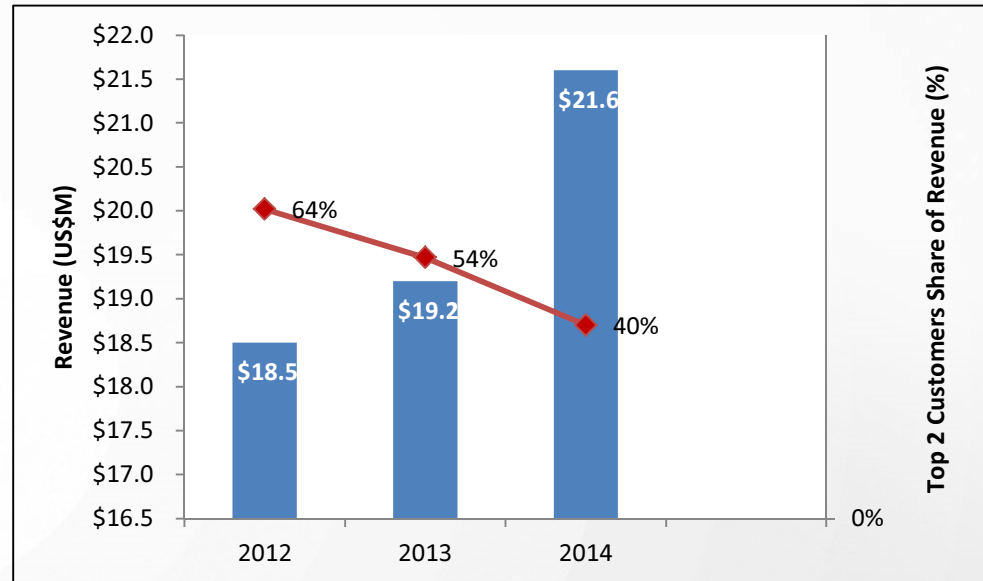
IntelliEPI serves leading commercial and defense customers across the globe

- *The Company's customer list represents the **industry's top players***

Customer concentration is decreasing as new, large customers are spending significant dollars with the Company

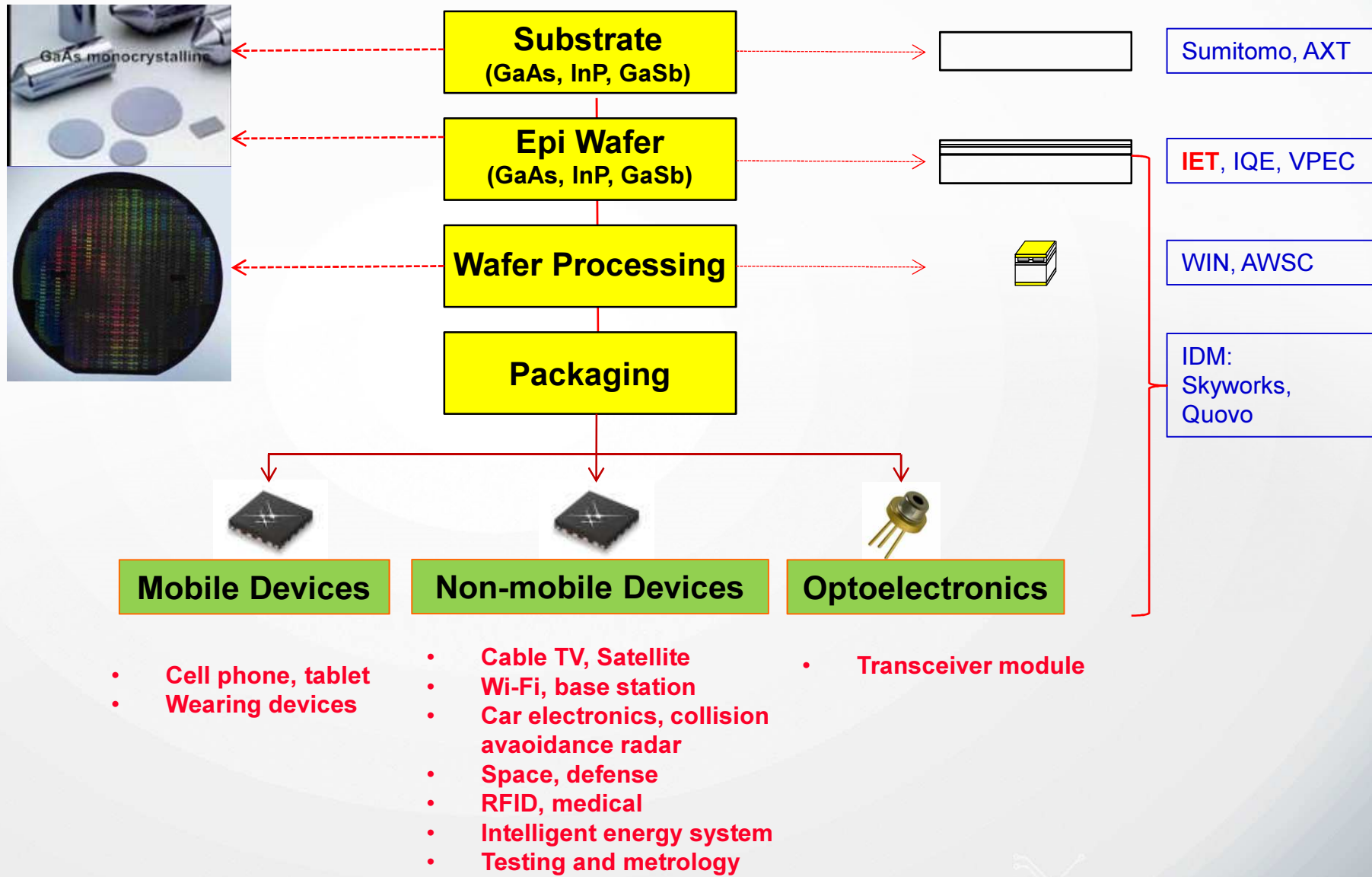
- *Top 2 customers share of revenues came down from 64% in 2012, to 54% in 2013, and to 40% in 2014*

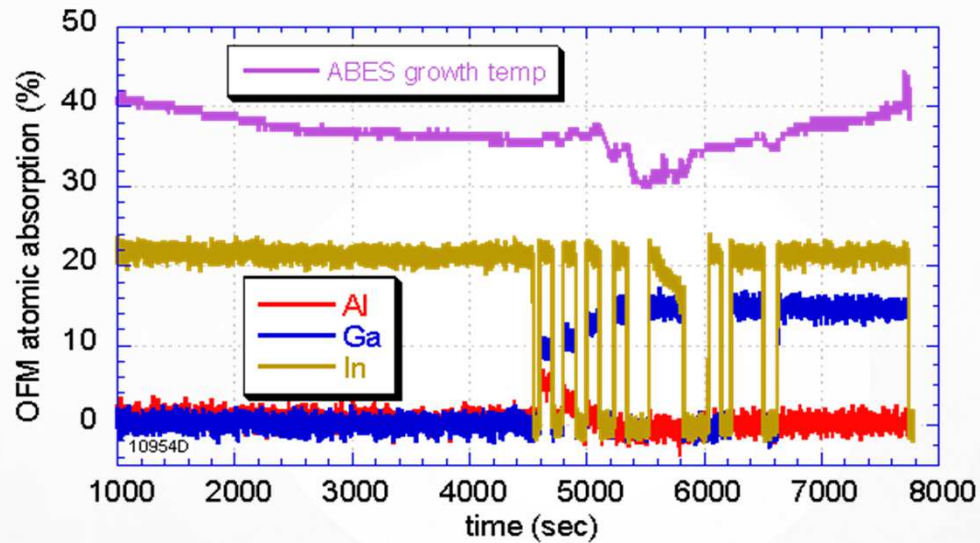
Customer Base Diversification



Representative IntelliEPI Customers

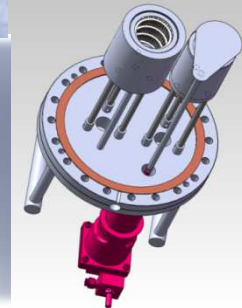
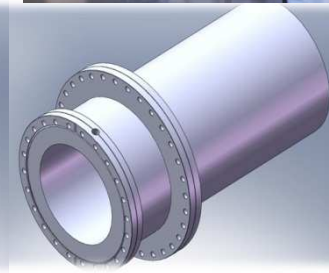
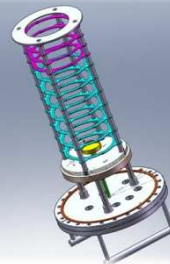
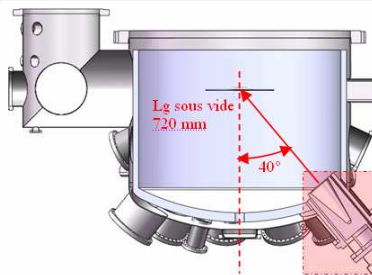
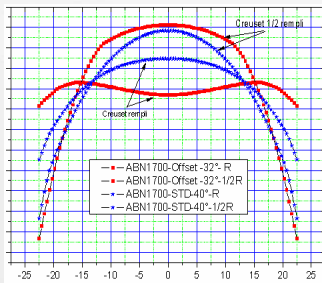
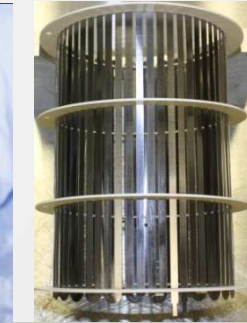
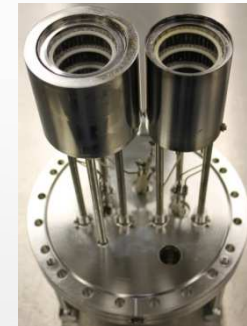




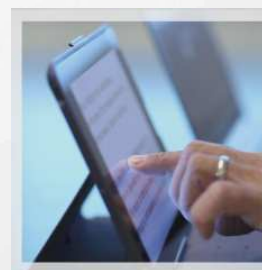


- **US patented in-situ monitoring system**
- **Monitoring key growth parameters to ensure accuracy in layer composition, thickness, and temperature**
- **Short product development and qualification period**
- **Reduction of production cost and higher yield**

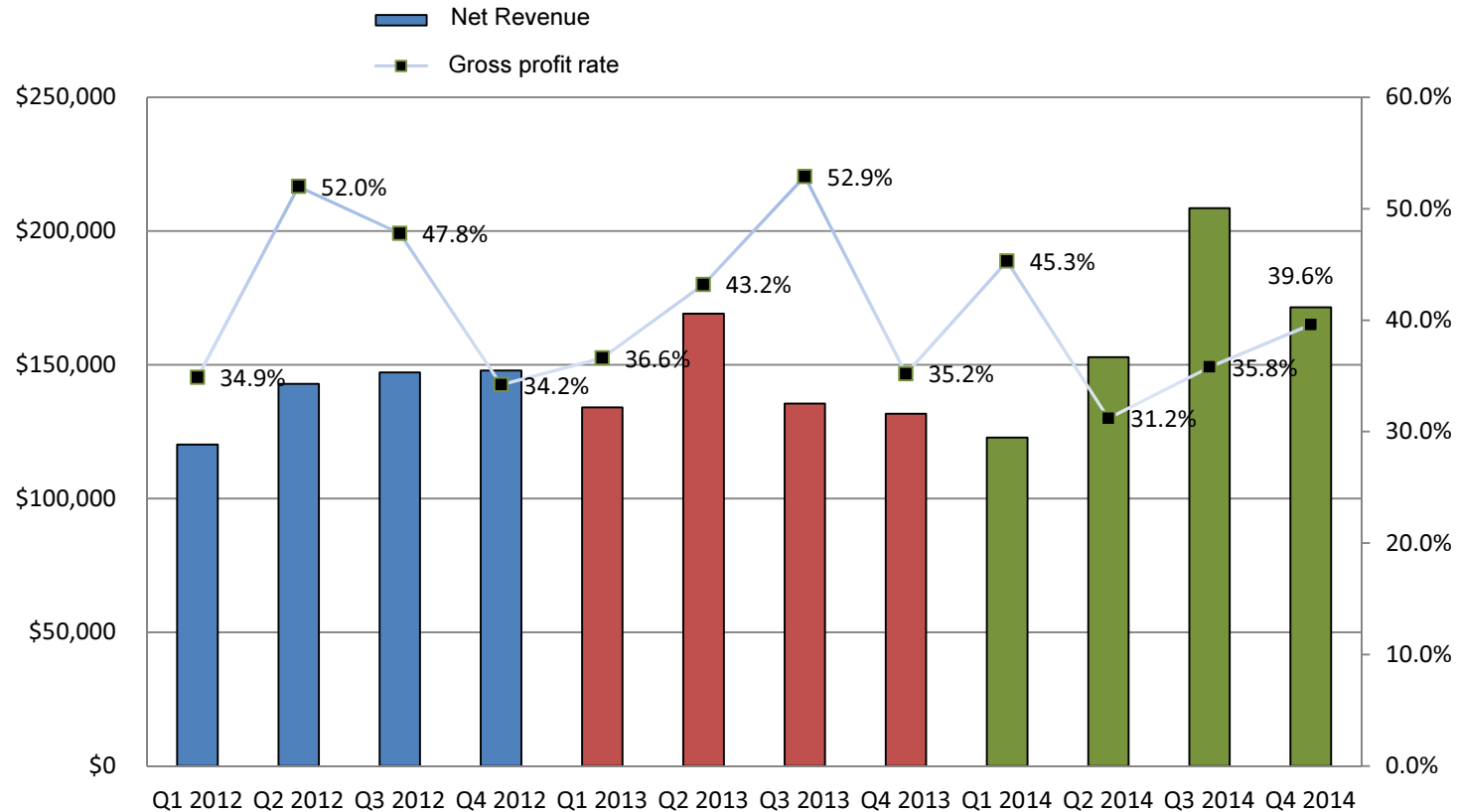
- 100% hardware independence in maintenance (parts, sub-system design/assembly)
- Key components design/modification
→ Extend MBE campaign period
- Reduce maintenance cost
- Shorten maintenance period



- One of the only two major MBE foundries left in the world
- Best supplier award from Skyworks Solutions (world #1 RF IC IDM)
 - products cover key components used for IoT, Analog, and mobile comm.
- Sole supplier to Keysight Technology with 5 years/\$25M contracts
 - To grow rapidly for upcoming 5G high frequency test equipment upgrade
 - State-of-the-art InP HBTs will be the device of choice for 5G PAs
- Sole supplier to UMS, the world dominant automobile radar chip maker
- Multiple government contracts for III-V IR detector and FPA development
- Winning government contract for large scale II-V infrared substrate polishing



IntelliEPI Quarterly Revenue and Gross Profit Trend



Unit: 1,000 NT\$

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Net Revenue	\$120,193	\$142,903	\$147,182	\$147,864	\$134,057	\$169,099	\$135,484	\$131,703	\$122,747	\$152,878	\$208,504	\$171,486
Growth Rate	N/A	18.9%	3.0%	0.5%	-9.3%	26.1%	-19.9%	-2.8%	-6.8%	24.5%	36.4%	-17.8%
G.Profit Rate	34.9%	52.0%	47.8%	34.2%	36.6%	43.2%	52.9%	35.2%	45.3%	31.2%	35.8%	39.6%

IntelliEPI Comparative Income Statement (FY10-FY14)

	FY2014		FY2013		FY2012	%	FY2011	%	FY2010	%
Sales Revenue-net	\$ 21,642,410		\$ 19,211,083		\$18,875,289		\$ 17,250,000		\$ 13,200,000	
Cost of Goods Sold (COGS)										
Direct Materials	(7,989,037)	36.9%	(5,438,521)	28.3%	(6,080,730)	32.2%	(6,617,690)	38.4%	(5,118,350)	38.8%
Direct Labor	(1,059,171)		(1,030,723)		(1,085,000)		(932,950)		(668,640)	
Production Overhead	(4,487,619)		(4,658,164)		(3,687,921)		(3,395,170)		(2,928,050)	
Total COGS	(13,535,827)		(11,127,408)		(10,853,651)		(10,945,810)		(8,715,040)	
Gross Margin	8,106,583	37.5%	8,083,675	42.1%	8,021,638	42.5%	6,304,190	36.5%	4,484,960	34.0%
Operating Expenses:										
Research & Developemnt	(952,351)		(963,883)		(819,522)		(811,280)		(700,000)	
Sales and Marketing	(227,851)		(185,830)		(112,771)		(95,630)		(93,000)	
General and Administration	(3,299,857)		(3,350,004)		(3,001,290)		(2,520,380)		(1,590,000)	
Total Operating Expenses	(4,480,059)	20.7%	(4,499,717)	23.4%	(3,933,583)	20.8%	(3,427,290)	19.9%	(2,383,000)	18.1%
Operating Income (Loss)	3,626,524		3,583,958		4,088,055		2,876,900		2,101,960	
Other Income (Expenses)										
Interest Income	120,331		24,126		19,199		13,900		26,250	
Interest Expenses	(396,215)		-		-		(1,800)		(9,400)	
Other Income/(Loss)	(42,000)		34		4,407		-		10,000	
Foreign Exchange Gain (Loss)	522,760		(8,798)		(3,825)		-		-	
Gain/Loss on Financial Asset at fair value through profit or loss	912,179		-		-		-		-	
Other Loss-Goodwill	-		-		(61,919)		-		-	
Total Other Income (Expenses)	1,117,055		15,362		(42,138)		12,100		26,850	
Income before Income Tax	4,743,579		3,599,320		4,045,917		2,889,000		2,128,810	
Income Tax Expenses	948,052		(47,747)		(70,772)		-		-	
Net Income	\$ 5,691,631	26.3%	\$ 3,551,573	18.5%	\$ 3,975,145	21.1%	\$ 2,889,000	16.7%	\$ 2,128,810	16.1%
Minority Interest	(504)		1,712		441		-		-	
Depreciation	1,890,252		1,626,521		1,055,590		970,000		720,000	
EBITDA	\$ 7,978,602		\$ 5,179,806		\$ 5,031,176		\$ 3,860,800		\$ 2,858,210	
EPS	\$ 0.19		\$ 0.13		\$ 0.15		\$ 0.11		\$ 0.08	

IntelliEPI Product Mix Analysis

Sales Revenue

Product \ Year	2010	2011	2012	2013	2014
	Percentage	Percentage	Percentage	Percentage	Percentage
InP epi wafers	17.1%	17.9%	40.2%	39.4%	31.2%
GaAs epi wafers	66.0%	62.0%	39.7%	35.1%	46.7%
GaSb epi wafers & service	11.5%	11.2%	15.6%	22.4%	21.5%
Others	5.4%	9.0%	4.5%	3.1%	0.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

- 2015 revenue driving forces
 - GaAs pHEMTs for IoT ,RF, and mobile comm
 - InP HBTs for optical network and high frequency equip.
 - GaAs pHEMTs for automobile collision avoidance radar
 - InP opto components (APD, PIN) for data and cloud
 - GaSb IR detector for night vision and thermal imaging
 - MBE components sales and services
- 2016 and beyond
 - InP is the dominant III-V material for high speed fiber network, data communication, cloud computing, and upcoming 5G PAs

Thank you!