



PARPRO

Partners in Production and Design



PARPRO Investor Relations

Johnny Liao, Chairman

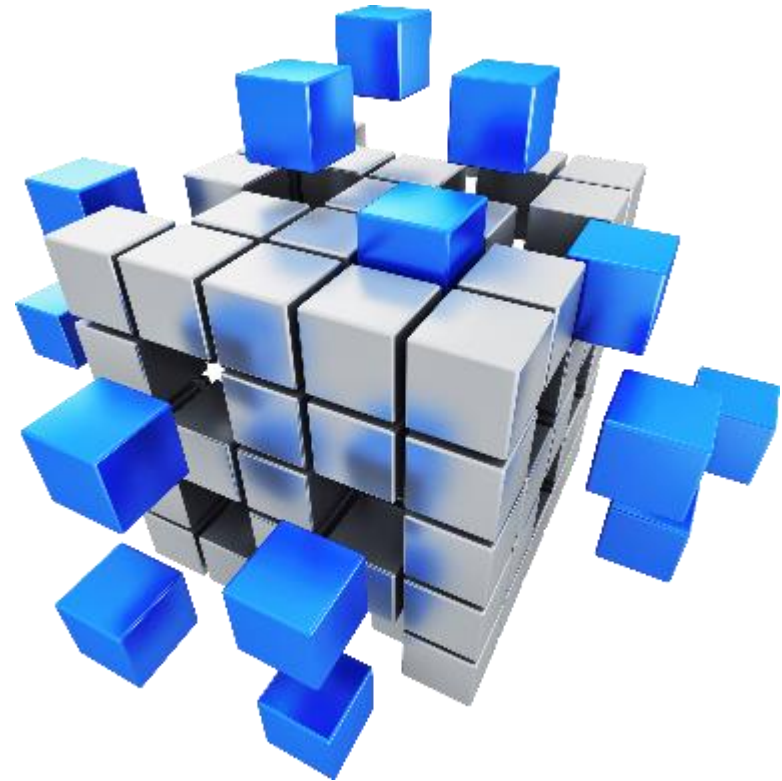
Thomas Sparrvik, CEO

Ellen Tseng, Strategic Investment

August 2018

Agenda

- ▶ PARPRO Overview
- ▶ Our Credentials
- ▶ The Market Opportunity
- ▶ Our Strategic Plan
- ▶ Financials



Disclaimer

- ▶ PARPRO's presentation contains forward-looking statements subject to significant risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In this context, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions.
- ▶ Actual results may differ materially from those contained in the forward-looking statements due to risk and uncertainties resulting from a number of important factors. 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, and etc.
- ▶ All forward-looking statements in this presentation are based on information available to us as of the date hereof, we undertake no obligation to update these forward-looking statements for new information, future events, otherwise, or update the reasons why actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

Introducing PARPRO

At A Glance

- Taiwan (HQ)
- California (2)
- Nevada
- Mexico

US Headquarters –
Santa Ana, CA

4916:TW
Market Cap –
NT\$2.840B

Employees
600+
Worldwide

Founded
2001
Reborn
2012

Group Revenue
NT\$5.57bn+
(2017)

Aerospace/Defense
Communications
Gaming
Medical
Industrial
Transportation

PARPRO
Partners in Production and Design

A full service embedded design & manufacturing company with emphasis on ODM Solutions.

In business since 2001, PARPRO was reborn in 2012 with a new global strategy, specializing in contract manufacturing, and the design and manufacturing of processor based embedded solutions to serve OEMs in a variety of vertical markets.



ISO 9001:2008

Quality



SAE AS9100C:2009

Certificate #17739

Aerospace



Chemical Processing, Electronics, Welding

Aerospace



Medical



Defense

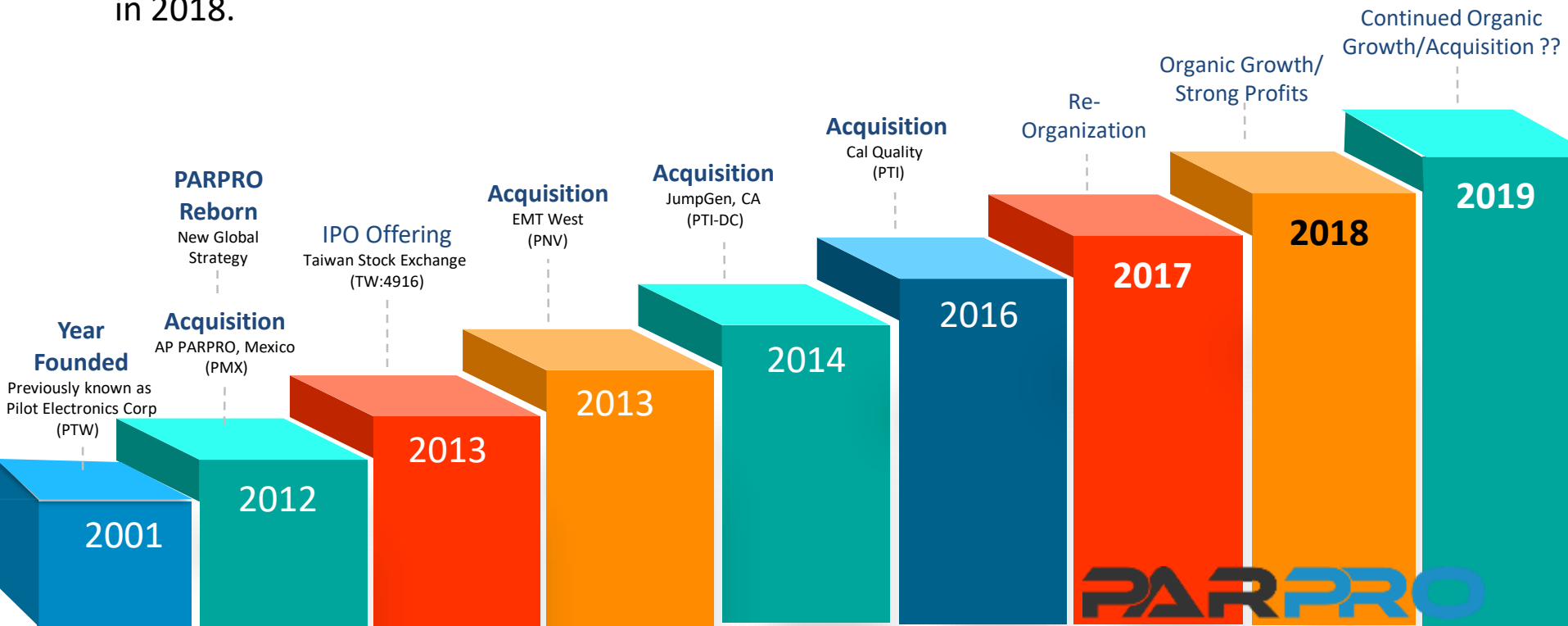


Aerospace

Company History

Major Milestones

- ▶ PARPRO is now an established ODM company with a solid Strategy/structure and strong vertical focus on Aerospace & Defense, Gaming, Medical, Communications and Industrial Applications.
- ▶ Track record of acquiring and growing complementary businesses.
- ▶ Strategy is very well perceived by key customers, with strong Organic Growth in 2018.



PARPRO Locations



PARPRO Technologies (PTI)

(Santa Ana, CA)

- Custom PCB Assembly
- System Builds
- Assembly



PARPRO Technologies Design Center (PTI-DC)

(San Diego, CA)

- Engineering Design Center
- Embedded Hardware / Systems



PARPRO Nevada (PNV)

- Sheet Metal Fabrication
- Integration & Test
- Powder Coating/Lamination
- Assembly

PARPRO, INC.

Organization cross-functions
Global Supply Chain • Finance • IT • HR • Marketing

- 600+ employees worldwide with US headquarters in Santa Ana, CA

PARPRO UK Sales



PARPRO Taiwan (PTW)

- SMT
- Integration
- Asian Supply Chain



PARPRO Mexico (PMX)

- Cable & Harness Assembly
- Integration
- Metal Works
- Assembly

PARPRO

Strong & Experienced Management Team

Executive Management



Johnny Liao
Chairman

- PARPRO Founder
- Anderson Chairman



Thomas Sparrvik
Chief Executive Officer

- 25+ Years as International Senior Executive
- CEO, Kontron – 12 Years
- M.Sc.E.E., MBA
- Retired Army Captain



Eduardo Serrano
CFO Americas / PARPRO Mexico

- 20+ Years Corporate Finance Executive
- KPMG, Sony, J.I. Case, International Rectifier



Ellen Tseng
VP, Strategic Investment

- 20+ Years experience at leading global investment banks and technology companies
- Morgan Stanley, Nomura, Intel, Philips.

Business Units Leaders & Management



Keith Knight
PARPRO Technologies, CA

- 20 Years Exec. Manufacturing Operations Experience
- Emulex, Sanmina



Rich Ramonis
PARPRO Nevada

- 25+ Years Operations, Supply Chain, Purchasing Executive
- Bally, Arrow Electronics



Jorge Richardson
Electrical (PMX)

- 25 Years Senior Mgt. in Aerospace Industry
- Lean Manufacturing & Quality Systems Expert



Mike Orozco
Metals (PMX/PNV)

- 25+ Years in Sheet Metal and Contract Manufacturing Operations/Mgt.



Robert Bezy
PARPRO Taiwan

- 20 Years Exec. International Manufacturing Operations Experience
- Jabil, Kontron



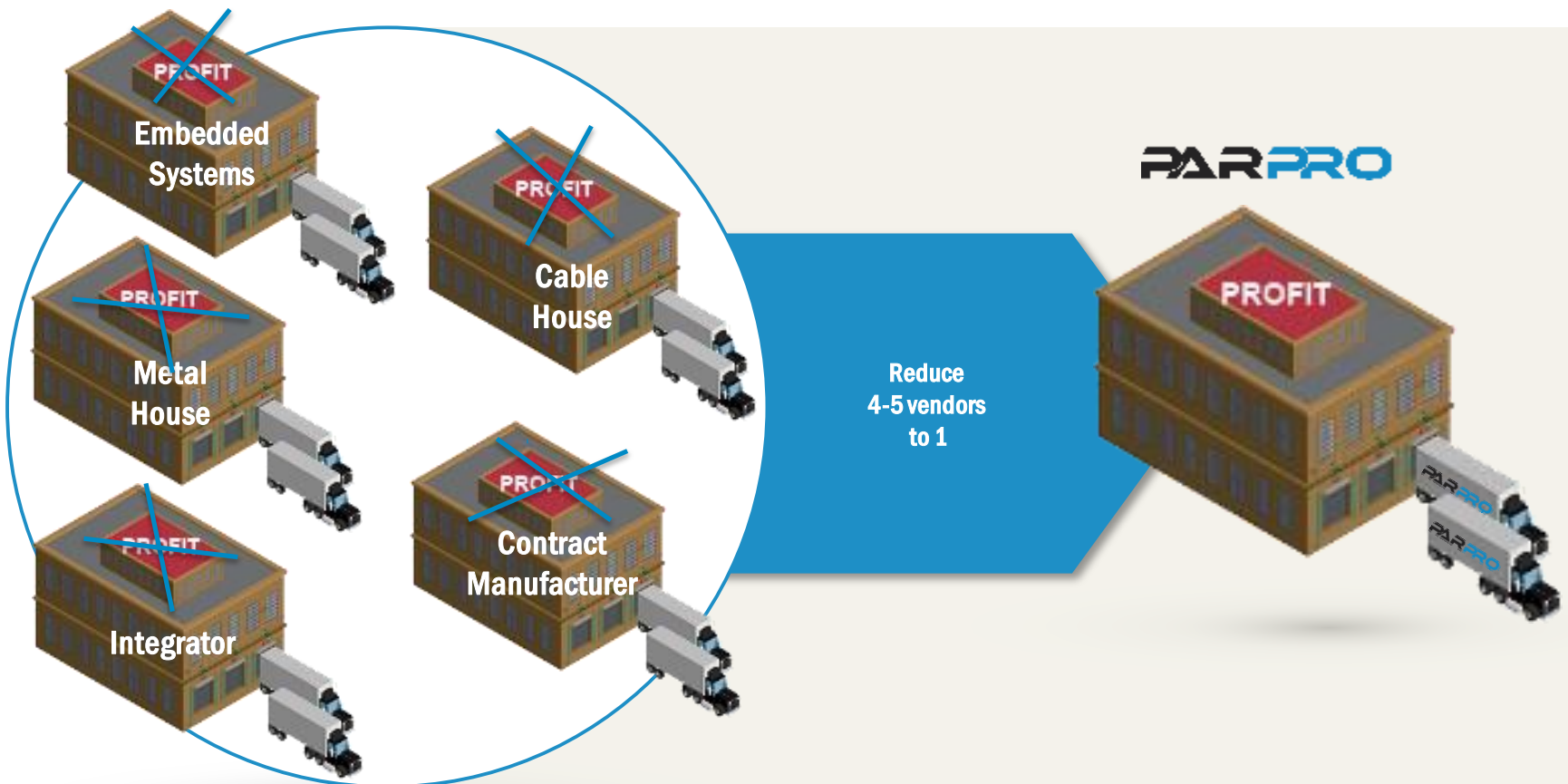
Ken Haney
Global Sales & Marketing

- 20 Years Executive Sales Mgt.
- Developed/managed \$1.5B Sales Division
- Kontron, Sanmina

Business Model - Benefits

Utilization of our In-House Design and MFG Centers

- ▶ Time Savings through internal coordination (Design, Prototype, Production, etc....)
- ▶ Reduced Lead-times through schedule visualization and understanding
- ▶ Cost optimization by minimizing margin stacks throughout the value chain

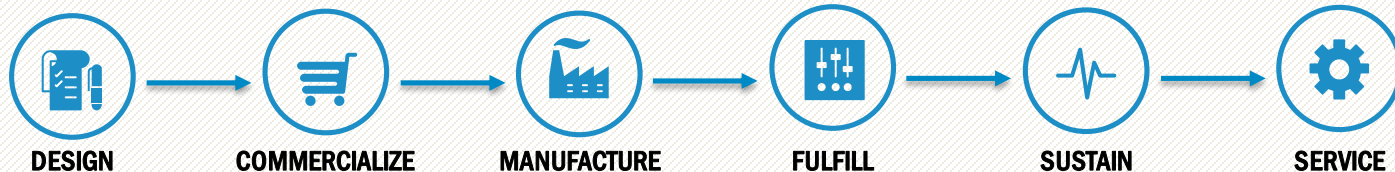
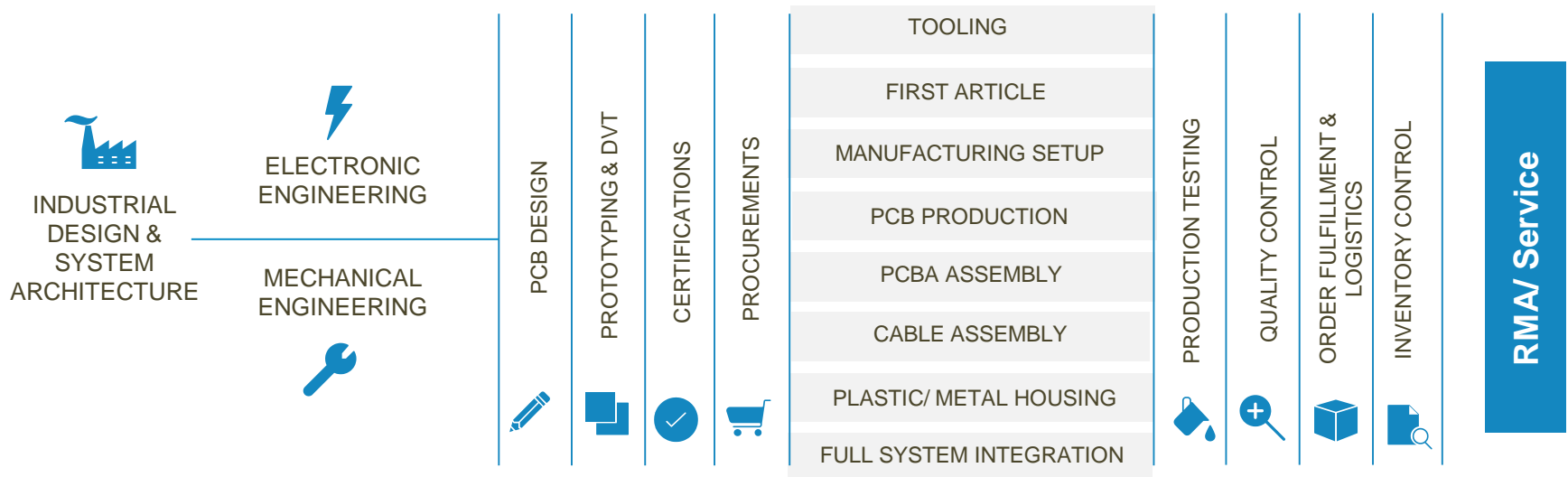


Business Model – ODM Services

Design, Engineering & Manufacturing

- ▶ Manufacturing product from inception-design, engineering, programming, tooling, testing and logistics
- ▶ PARPRO can engage at any point in the product life.

Program Management



Competitive Differentiators

The PARPRO Difference



FLEXIBLE
BUSINESS MODEL



US BASED
ENGINEERING



EMS
USA / ASIA



GLOBAL SUPPLY
CHAIN



CERTIFICATIONS/
STANDARDS



EXPERTISE OF ALL OR ONE
- ODM Solution Provider

► Flexible Business Model

- Expertise of all or one - services tailored to suit customers requirements.

► US Based Engineering

- US-based and 100% owned Engineering & Design / Integrated Mixed Technologies

► EMS – North American & Asian

- Making our manufacturing offering competitive at virtually any volume and any sourcing strategy

► Global Supply Chain

- Low cost country or regional supply chain with North America based engineering and global integration, production, distribution and fulfillment

► Certifications



ISO 9001:2008

Quality



SAE AS9100C:2009

Certificate #47759

Aerospace



Medical



Military



Chemical Processing, Electronics, Welding

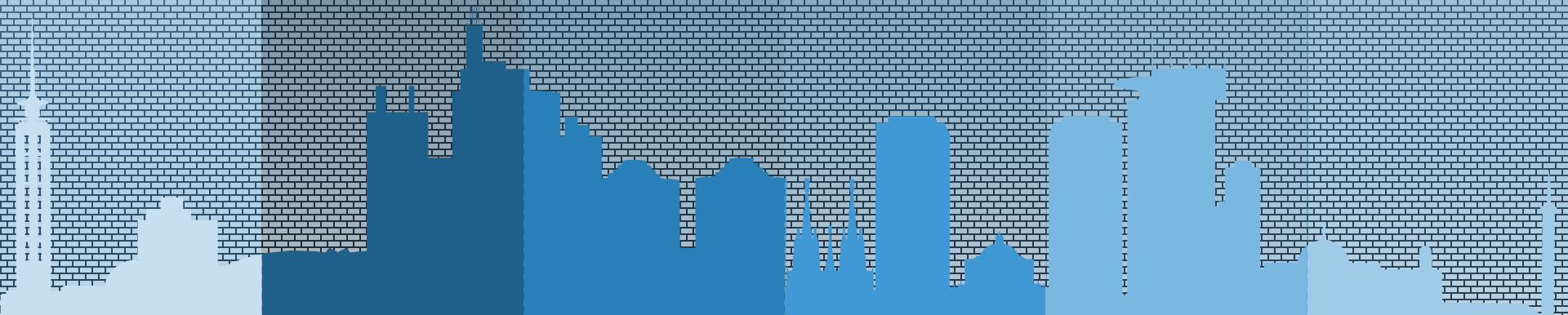
Aerospace



Aerospace

PARPRO

95% of PARPRO and its Customers are Inside the
“Trump Wall” and will not be affected by
newly imposed
Tariffs and ‘Political Climate’!



Market Requirements/Focus Market

Common across target markets



Highly Regulated

Highly regulated (FAA, FDA, Gaming Commissions, Federal Government, ITAR) - Expensive to enter, certifications required.



Engineering Support

Engineering support for design and manufacturing, with US based engineering being very important in many cases.



North American Manufacturing

North American Manufacturing location required in many cases.



Process Control

Process/revision control paramount

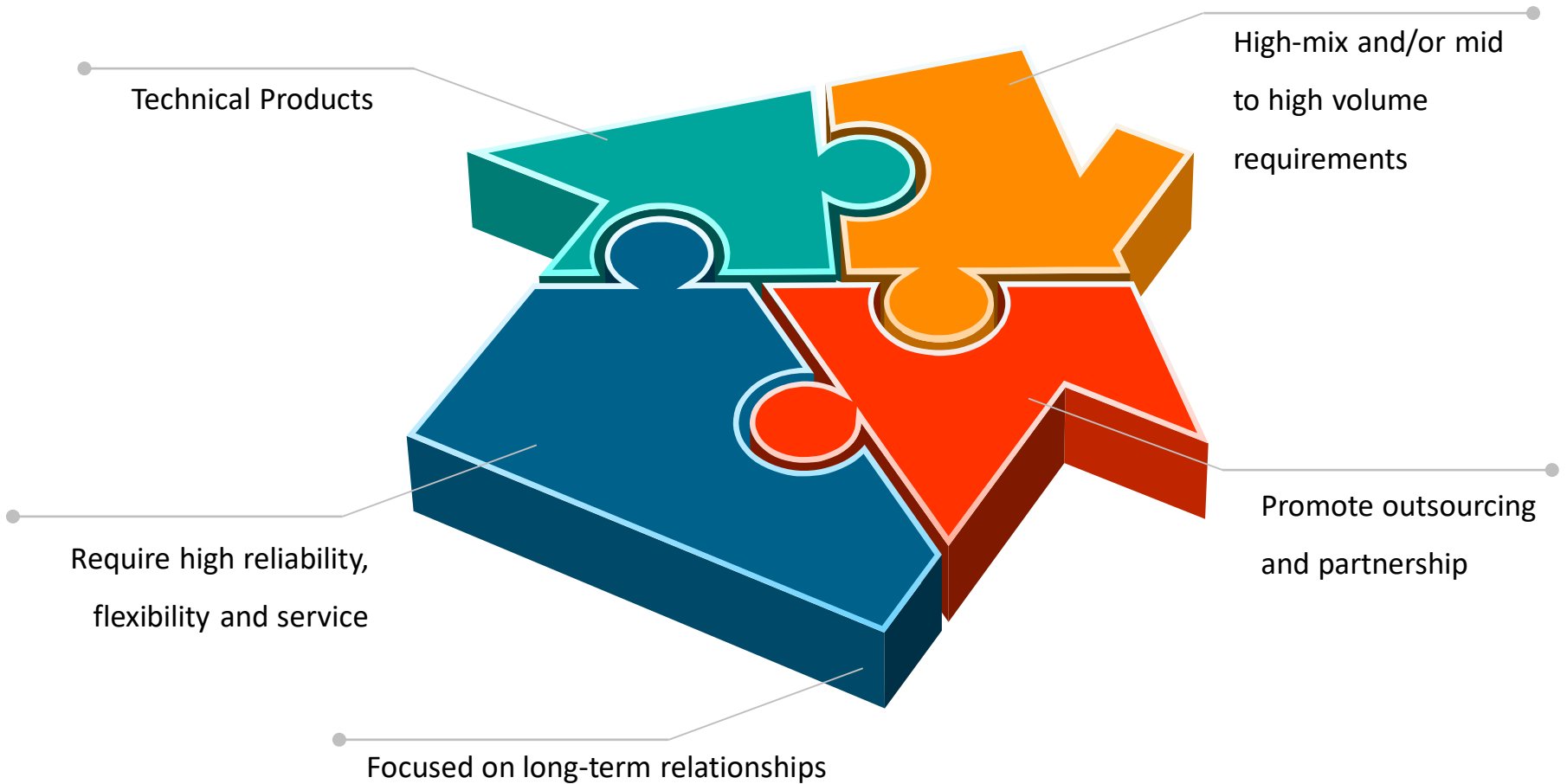


Quality & Reliability

Quality and reliability very important

Target Customer Profile

PARPRO is uniquely equipped to meet the challenges of our customers



Our Specialties

Manufacturing

Engineering

AEROSPACE/ DEFENSE

GAMING/ INFORTAINMENT

MEDICAL

COMMUNICATIONS/ DATA STORAGE

INDUSTRIAL/ OTHER

EMBEDDED DESIGN & ENGINEERING



- Cable/Wire Harnesses
- Electromechanical Assemblies
- Chassis/Enclosures
- Integration
- Control Systems



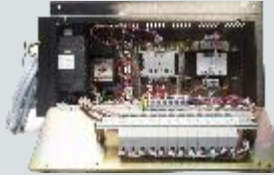
- Gaming Boards/ Embedded Solutions
- Gaming Kiosks/Slot Machines/Cabinets
- Player Tracking
- Vending Machines
- Interactive/Self-serve Kiosks



- PCB Assembly
- Embedded Medical Platforms & Systems



- Data Center Switch, Appliances
- Storage Array Controllers
- Deep Packet Inspection, Load Balancing



- Industrial Automation
- Smart Devices
- Transportation Systems
- EV Systems



- System Design
- Schematic Capture and PCB Design
- Mechanical Design
- Firmware Design

LOW VOLUME, HIGHER MIX

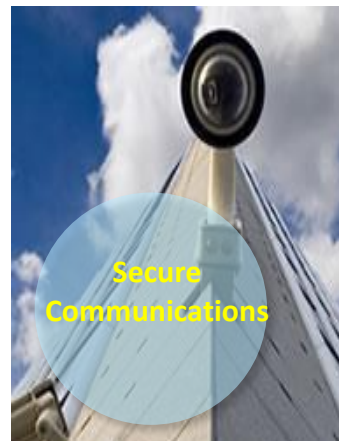
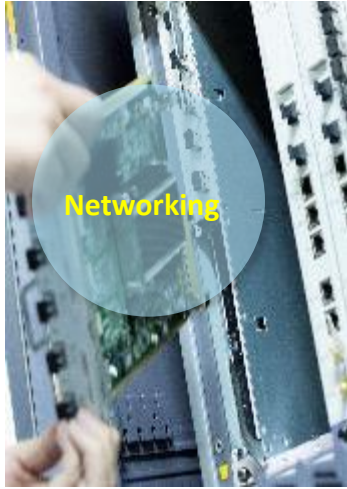
MID VOLUME, MID MIX

HIGHER COMPLEXITY

PARPRO

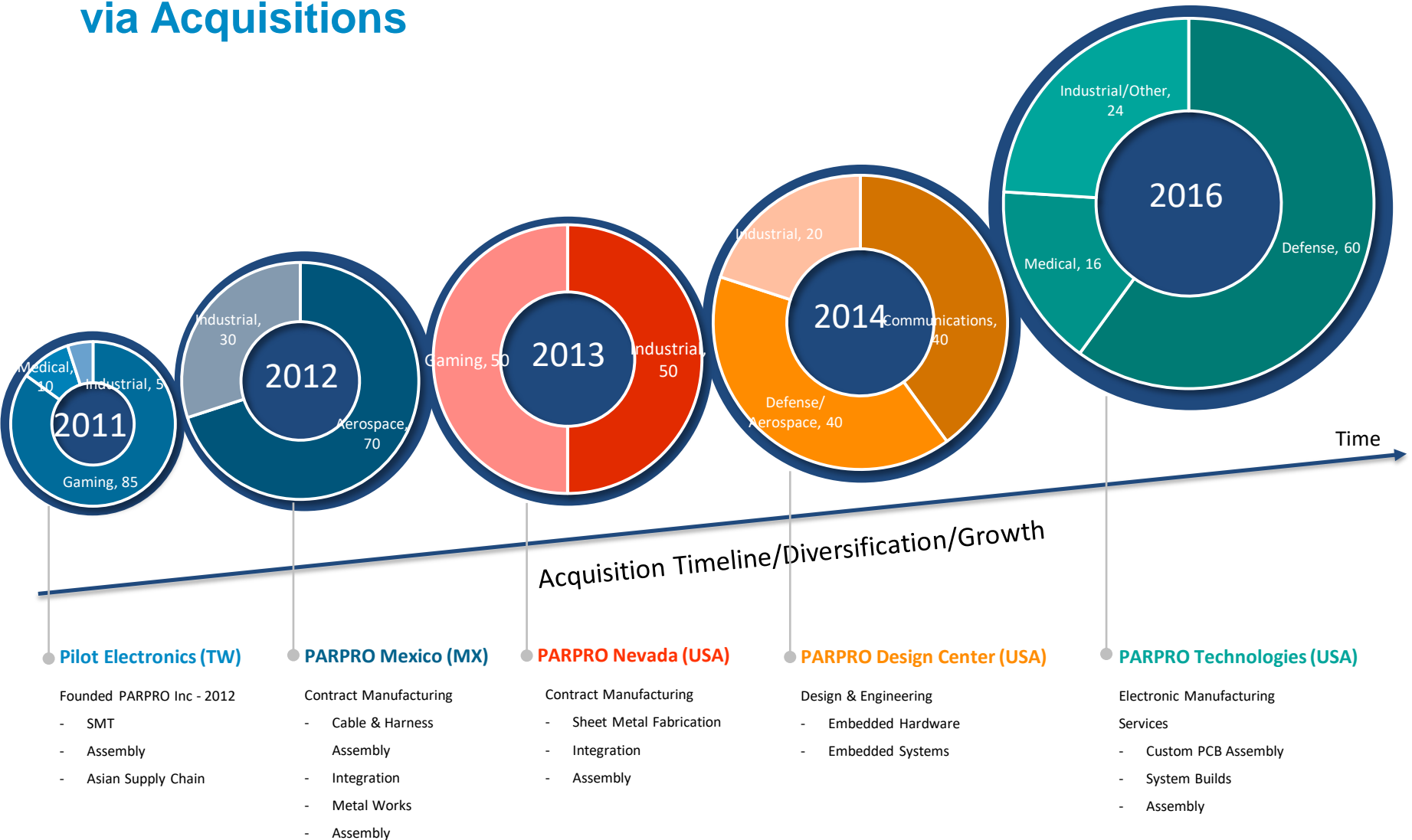
Applications

PARPRO Core Competencies



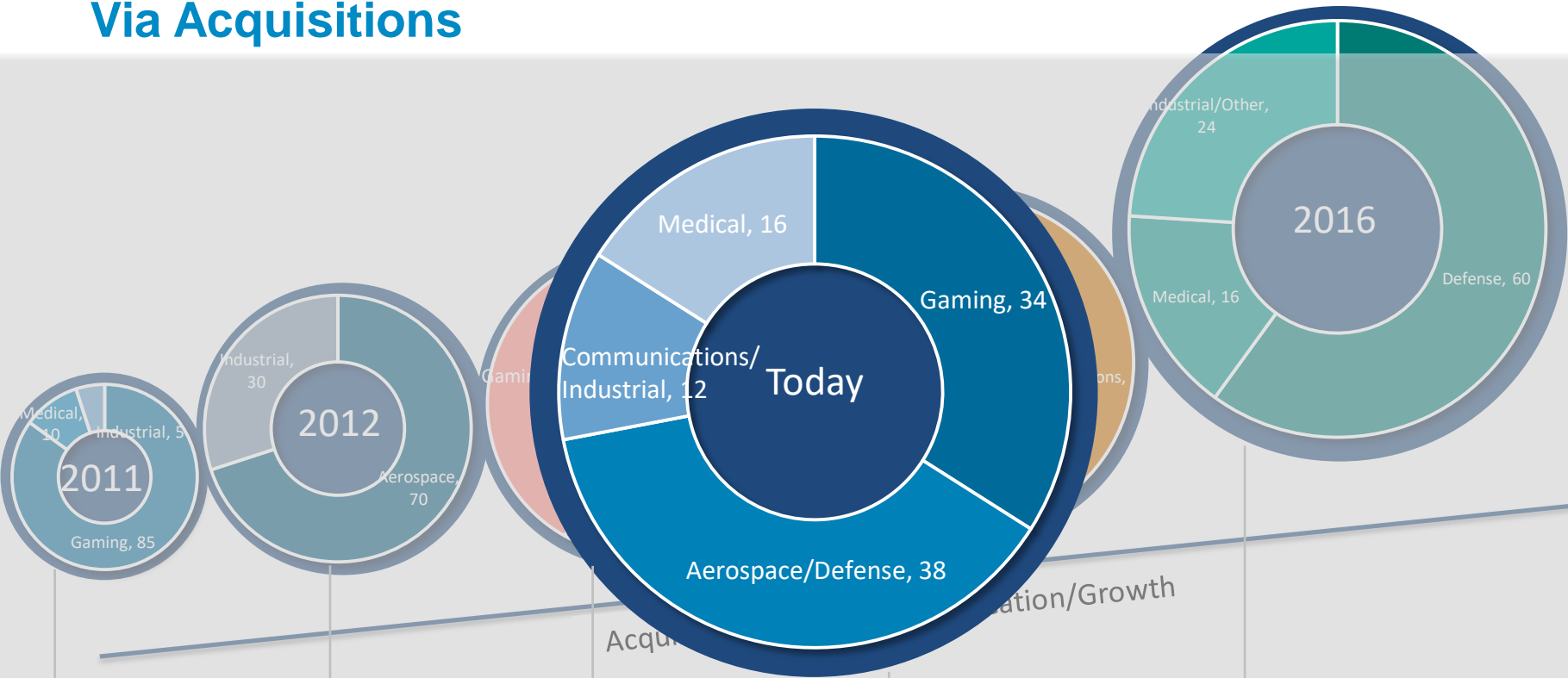
Diversification

Industry Diversification & Cross-selling via Acquisitions



Diversification

Industry Diversification & Cross-selling Via Acquisitions



● Pilot Electronics (TW)

- Founded PARPRO Inc - 2012
- SMT
 - Assembly
 - Asian Supply Chain

● PARPRO Mexico (MX)

- Contract Manufacturing
- Cable & Harness Assembly
 - Integration
 - Metal Works
 - Assembly

● PARPRO Nevada (USA)

- Contract Manufacturing
- Sheet Metal Fabrication
 - Integration
 - Assembly

● PARPRO Design Center (USA)

- Design & Engineering
- Embedded Hardware
 - Embedded Systems

● PARPRO Technologies (USA)

- Electronic Manufacturing Services
- Custom PCB Assembly
 - System Builds
 - Assembly

Our Credentials



Investment Highlights

PARPRO



Experienced Management Team (M&A Experience)

Well Known Incumbent into Large, Growing and Attractive Markets

Strong Relationships with Diverse Client Base

Comprehensive Breadth of Capabilities and Services

Significant Growth Opportunities

Attractive Cash Flow Growth Outlook

The Market Opportunity



Growth Opportunities

Favorable Trends in Our Core Markets



Aerospace & Defense

- ▶ Connectivity
- ▶ Trust & Security
- ▶ Unmanned Vehicles & Robotics
- ▶ Product Longevity – long term availability



Communications

- ▶ Content Delivery Networks
- ▶ Internet of Things/Big Data
- ▶ SDN/NFV – Cable & Telecom service providers, ISVs, Cloud, and CDN Service Providers
- ▶ HA Cloud Data Centers
- ▶ New support and remote equipment access services



Gaming

- ▶ Player Tracking: Player experience – game to player
- ▶ Mobile Gaming
- ▶ Cloud Infrastructure: online gaming, big data management, video surveillance
- ▶ Intelligent Vending Machines: remove inventory management, customer focus and target marketing



Medical

- ▶ Increasing investment in diagnostic technology & software
- ▶ Digital Healthcare
 - Patient Diagnosis Imaging / Clinical Care
 - Digital Hospital: digital patient records, remote healthcare, patient flow
 - Home Health
- ▶ Rural Healthcare – Emerging markets



Industrial/Transportation

- ▶ Control – Inform – Interact
- ▶ Electric vehicles

Market Growth - Global Commercial Aircraft

CURRENT MARKET OUTLOOK

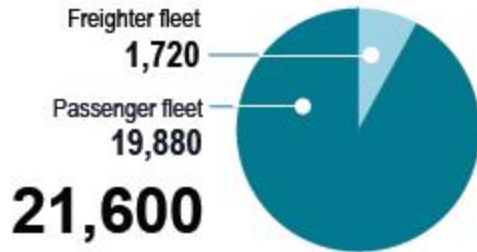
(2015 – 2034)



Passenger traffic to grow 4.9% Per year

Cargo traffic to grow 4.7% Per year

WORLD FLEET TO DOUBLE IN SIZE OVER THE NEXT 20 YEARS
38,050 new airplanes / \$5.6 trillion



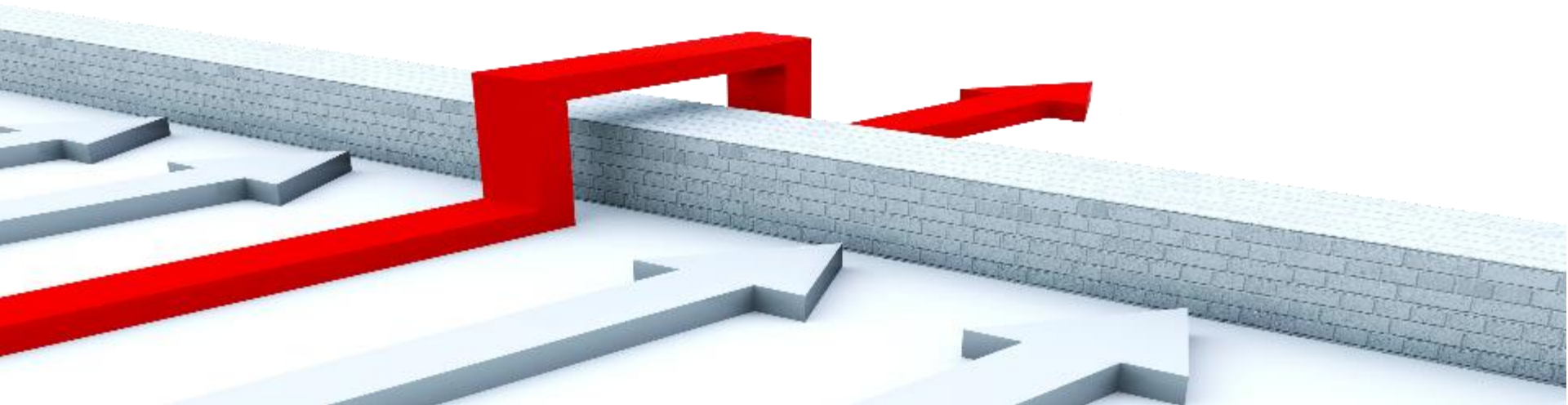
NEW AIRPLANES TO BE DELIVERED BY 2034



▶ PARPRO currently provides mechanical control assemblies for large cabin solutions company.

Boeing Commercial Aviation Market Forecast 2015-2034 infographic

Strategic Plan



Next 12-24 Months

PARPRO

Mexico – facility expansion
Tijuana is Mexico's Manufacturing Capital

Expecting Robust Growth Rate (Organic Growth)

Expand footprint/customer base in rest of USA & Europe

Cross pollination of customers and horizontal selling

Targeting M&A Activity (Europe ???) – 12-24 months out?

Integration & Synergy of Functions

MEXICO - Next Strategic Move



New Facility – PARPRO Mexico

Coming Q3, 2018



Background

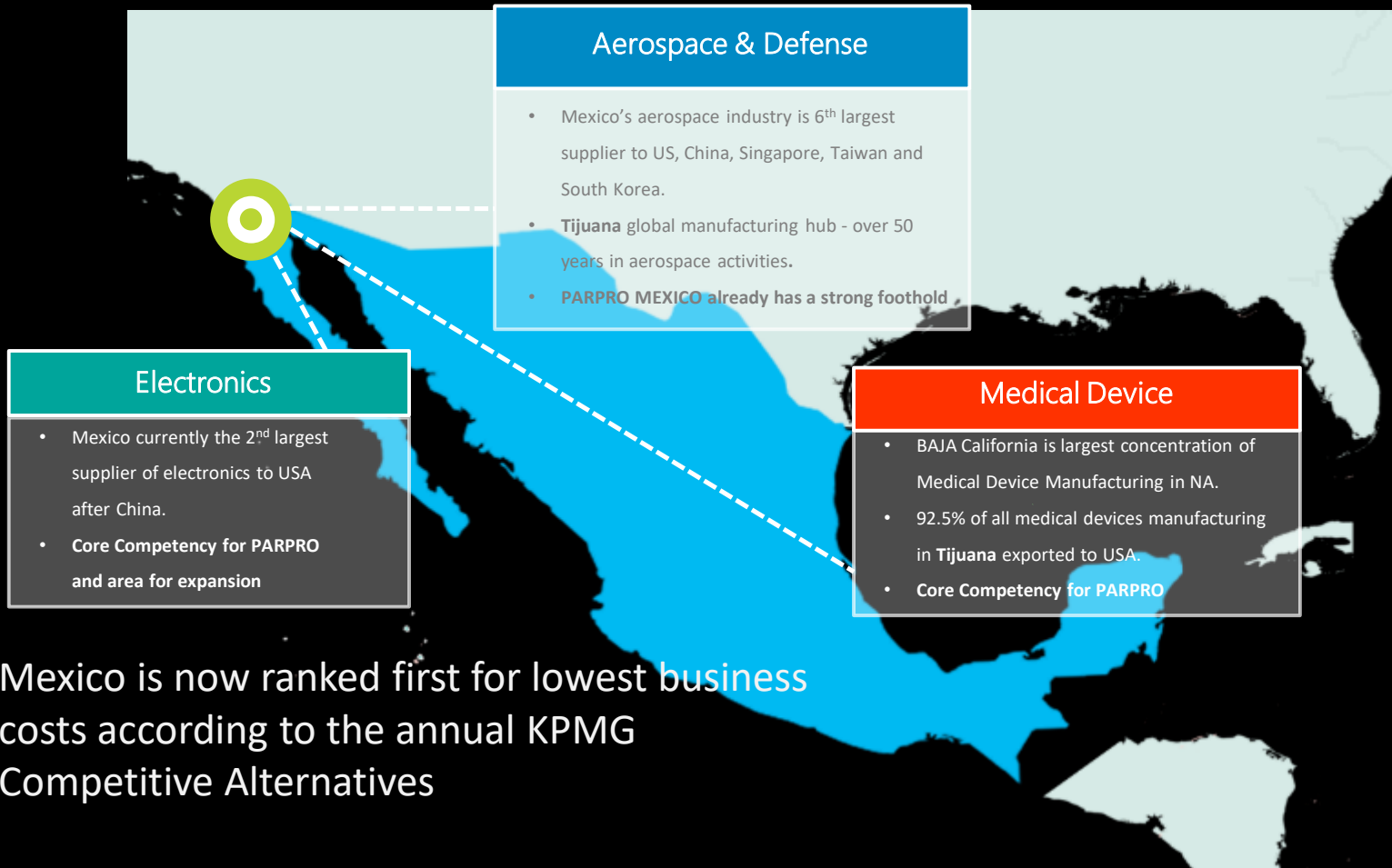
New PMX Facility - 2018

- ▶ New facility – 130,000+ square feet
- ▶ New Location benefits
 - Location favorable to current and prospective employees
 - Expansion possibilities
 - Low lease rate
- ▶ Will utilize new facility also as an Integration center to PTI in Santa Ana
- ▶ Target is to save \$2+ Million dollar starting fiscal year 2019
- ▶ We have an all time high backlog, and a healthy 2018



Market Growth - Mexico

Manufacturing in Mexico

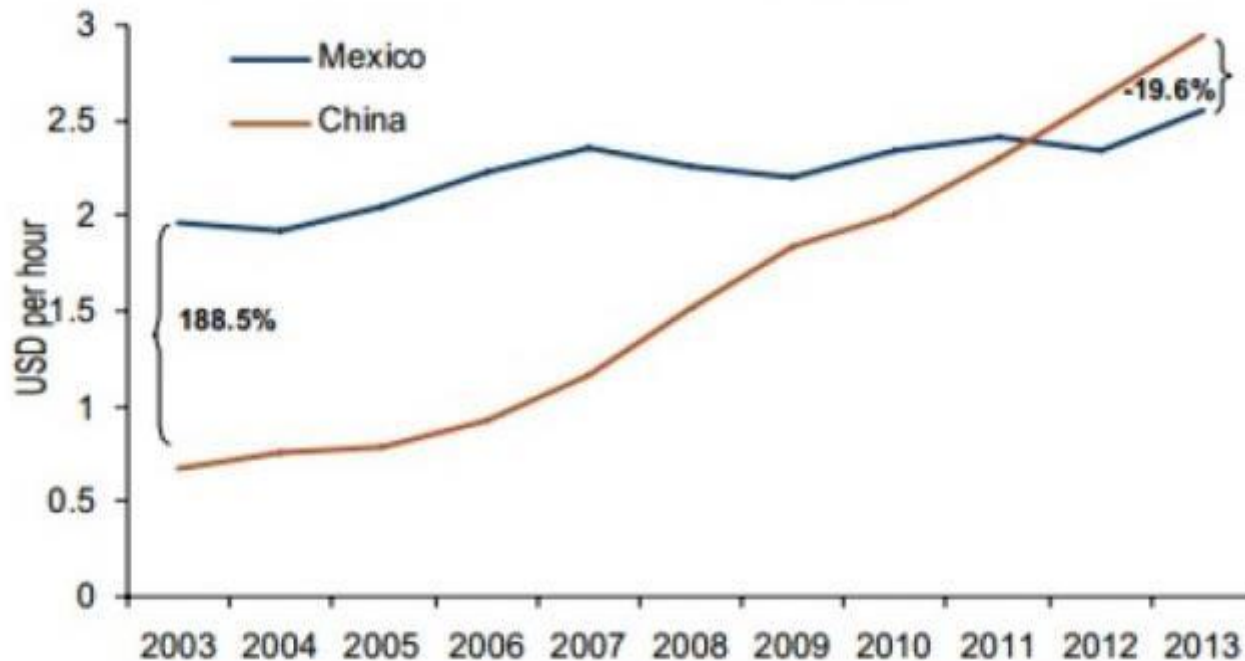


Mexico is now ranked first for lowest business costs according to the annual KPMG Competitive Alternatives

Mexico Expansion - 2018

Wage Comparison Mexico to China

Chart 1: Mexico has overturned China's hourly wages



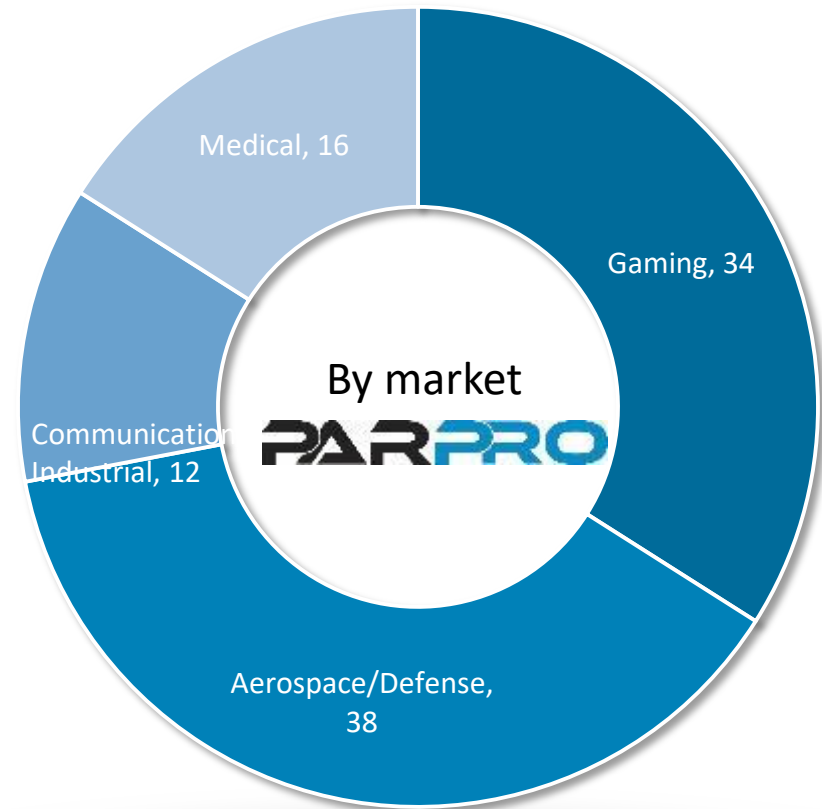
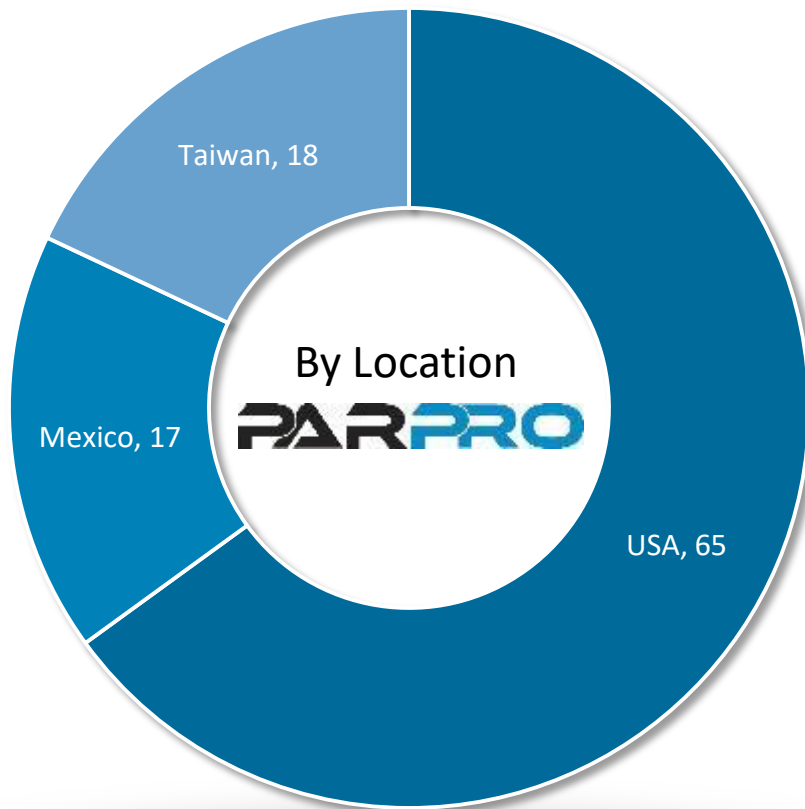
Source: BofA Merrill Lynch Global Research, Banxico, INEGI, International Labor Organization, China NBS
Own estimates for China since 2009 and for Mexico in 2013

Financials



Financial Performance

Highly Diverse Vertical Split & Geographical Presence



- ▶ % based on 2017 Production Split
- ▶ 90-95% of all customers are in NA, with some in Europe

PARPRO Consolidated Results (2Q, 2018)

NT\$mn	2Q18	1Q18	2Q17	QoQ	YoY	*Measurement Period Adjustment 2Q17
Revenue	2,230	2,074	1,025	8%	118%	1,025
Gross Profit	560	470	199	19%	182%	199
Operating Profit	125	76	43	65%	194%	43
Non-operating profit	17	-2	46	NM	-63%	97
Pretax profit	143	74	89	93%	61%	139
Net Profit After Tax(before minority)	116	61	67	90%	73%	117
Minorities interest	34	20	21	69%	64%	21
Net profit	82	41	46	101%	77%	96

Profitability					
Gross Margin	25.1%	22.7%	19.4%		19.4%
Operating Margin	5.6%	3.6%	4.2%		4.2%
Pretax Margin	6.4%	3.6%	8.7%		13.6%
Net Margin	3.7%	2.0%	4.5%		9.4%

Note: Audited financial result, this consolidated Anderson(1528.TW)

*Measurement Period adjustment 2Q17 restated 2Q17 reported audited financial, major difference was due to “gain from bargain purchase” that was originally booked in 4Q17.

PARPRO Results (2Q, 2018)

NT\$mn	2Q18	1Q18	2Q17	QoQ	YoY
Revenue	920	813	646	13%	42%
Gross Profit	178	149	127	20%	40%
Operating Profit	79	59	27	35%	198%
Pre tax Profit	95	56	69	69%	38%
Net profit	82	41	46	101%	77%

Profitability

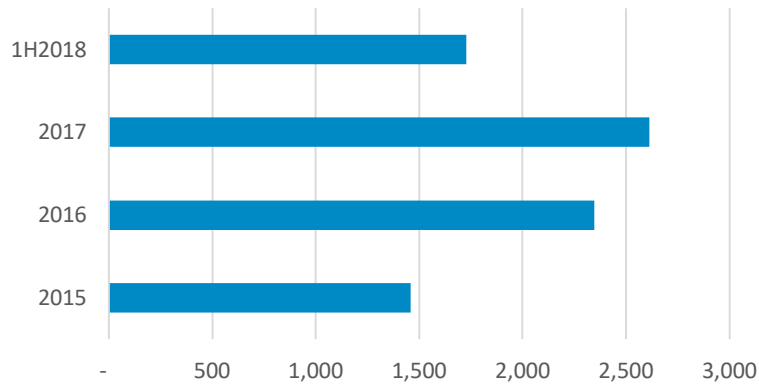
Gross Margin	19.3%	18.3%	19.7%
Operating Margin	8.6%	7.3%	4.1%
Pretax Margin	10.3%	6.9%	10.7%
Net Margin	8.9%	5.0%	7.2%

Note: This is PARPRO only (not audited financial version)

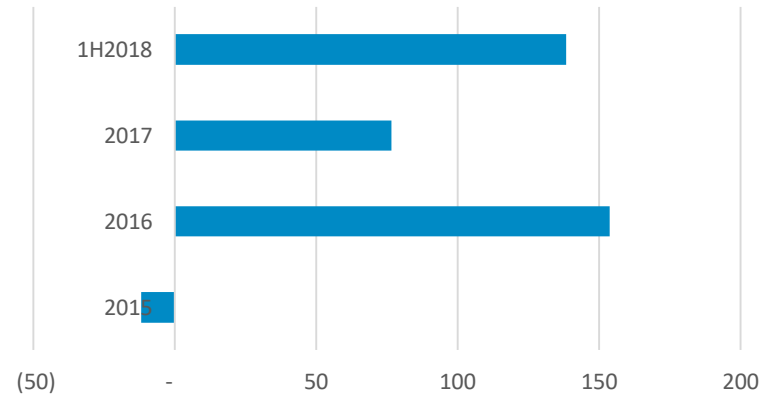
PARPRO Revenue/Operating Profit

2018 First Half - YOY

Sales (NT\$m)



Operating Profit (NT\$m)



1H2018 Sales growth (YoY)

 **+31%**

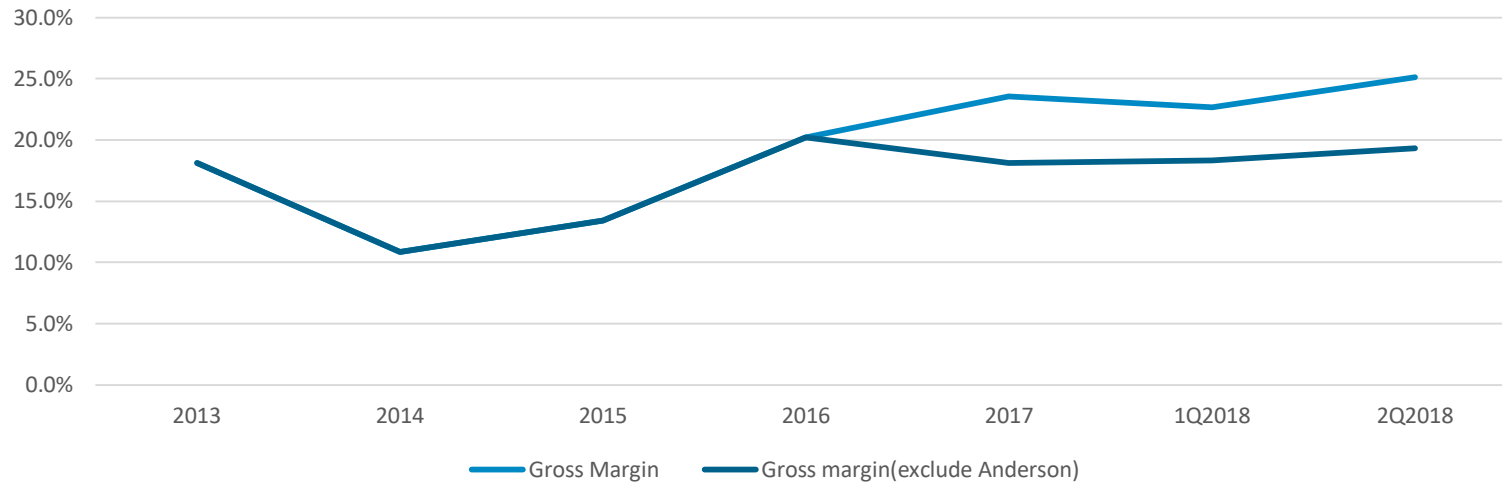
1H2018 Operating Profit growth (YoY)

 **+132%**

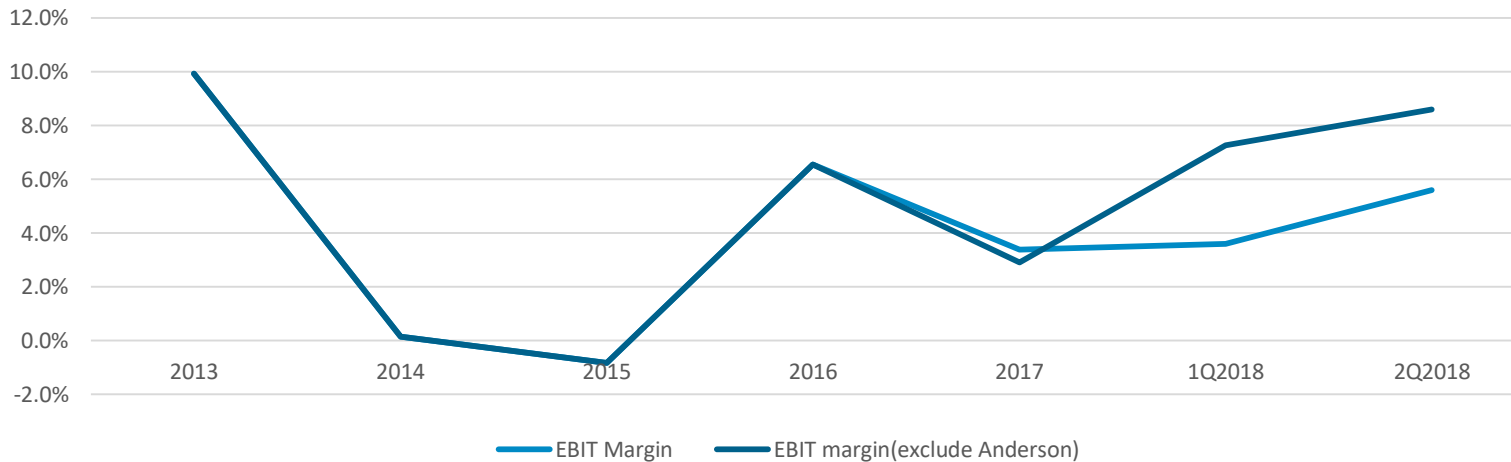
*Note: PARPRO alone, exclude Anderson

PARPRO : Margin overview

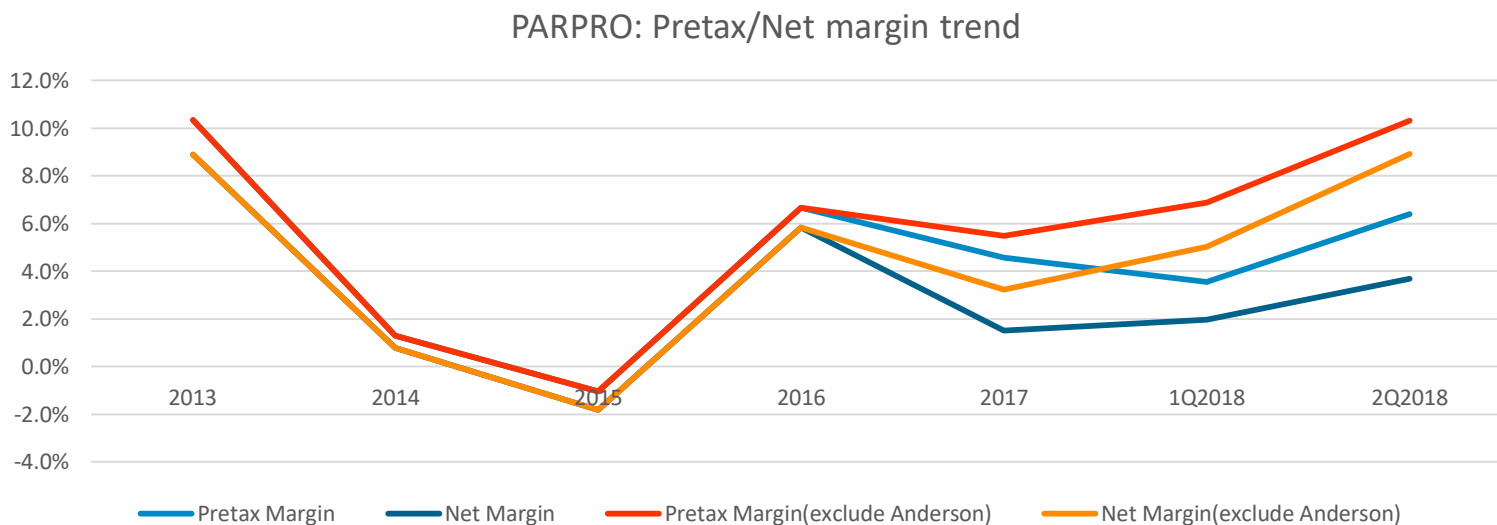
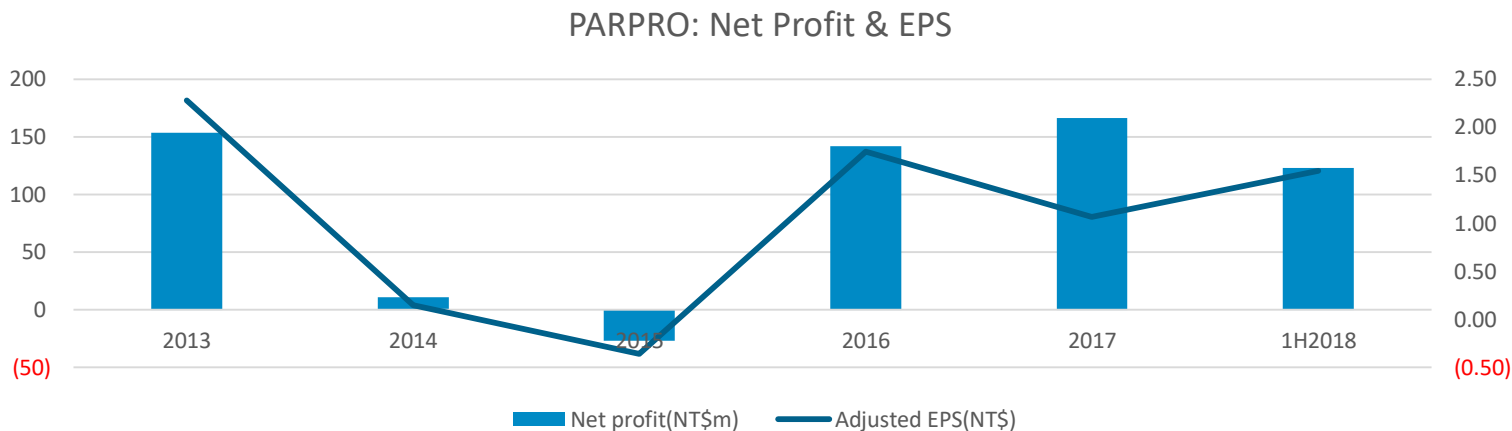
PARPRO: Gross Margin is stabilizing



PARPRO: EBIT margin is reviving strongly



PARPRO: Net Profit & EPS



PARPRO: Balance Sheet Overview

Balance Sheet(NT\$m)	2016	2017(consolidated Anderson)	1H2018(Consolidated Anderson)
TOTAL CURRENT ASSETS	1,377	5,613	6,267
TOTAL ASSETS	2,671	8,409	9,104
TOTAL LIABILITIES	1,477	4,873	5,434
SHAREHOLDERS' EQUITY	1,193	3,536	3,671
TOTAL LIABILITIES AND EQUITY	2,671	8,409	9,104

Note: Audited financial results, this consolidated Anderson (1528.TW) result

Balance Sheet(NT\$m)	2016	2017(exclude Anderson)	1H2018(exclude Anderson)
TOTAL CURRENT ASSETS	1,377	1,384	1,825
TOTAL ASSETS	2,671	2,722	3,165
TOTAL LIABILITIES	1,477	1,514	1,833
SHAREHOLDERS' EQUITY	1,193	1,208	1,332
TOTAL LIABILITIES AND EQUITY	2,671	2,722	3,165

Note: This is PARPRO only (not audited version)

PARPRO Dividend Payout History

Year/Item	Per share		Ex-divided date	Base Date	Pay Date	Shareholder meeting	EPS
	Stock dividend	Cash dividend					
2017	0	0.98909225	2018/8/16	2018/8/22	2018/9/7	2018/5/30	1.06
2016	1	1	2017/7/3	2017/7/9	2017/8/4	2017/5/26	2.01
2015	0	0.5	2016/6/27	2016/7/3	2016/7/21	2016/5/27	(0.39)
2014	0	1.5	2015/7/3	2015/7/11	2015/7/29	2015/6/3	0.16
2013	0	2	2014/6/19	2014/06/25	2014/07/09	2014/5/30	2.51
2012	14	3	2013/5/29	2013/06/04	2013/07/10	2013/4/18	7.54
2011	0.5	5	2012/8/2	2012/08/10	2012/08/24	2012/5/30	12.44

Thank You – Q&A



PARPRO TEAMWORK

The strength of the team is in each individual member... the strength of each member is in the team.

PARPRO