



MACHVISION

Machvision, INC (3563 TT)

2016 1st Investor Conference

2016 / 8 / 16

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A. Company Overview

B. Our Products

C. Business Update

D. 2016 Performance

Founded in 1998.6.9

Main Products : Automated Optical Inspection (AOI) and PCB measurement

2015 April: Awarded The 3rd excellent Enterprises as Backbones in Taiwan

2016 June: Ranked on top 5% in 2nd Corporate Governance Evaluation of Listed Companies

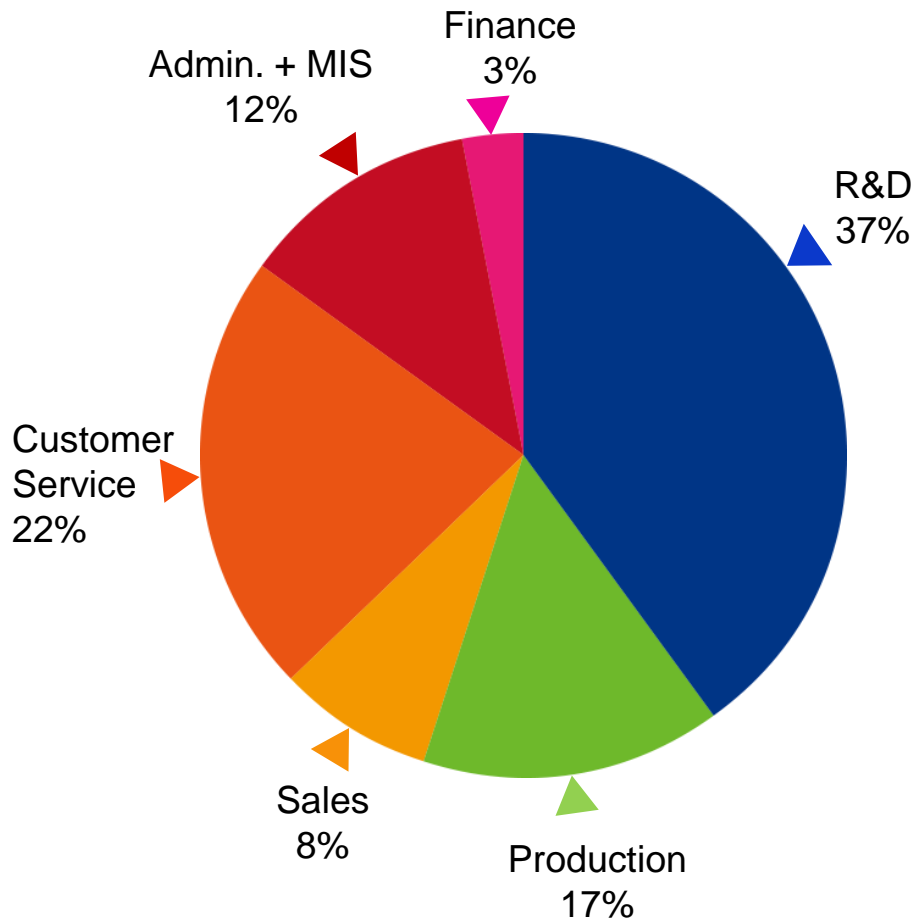
Founder: Dr Collin Wang - PhD in industrial engineering at Penn. State University

Research expertise – Image Processing/ R&D Management

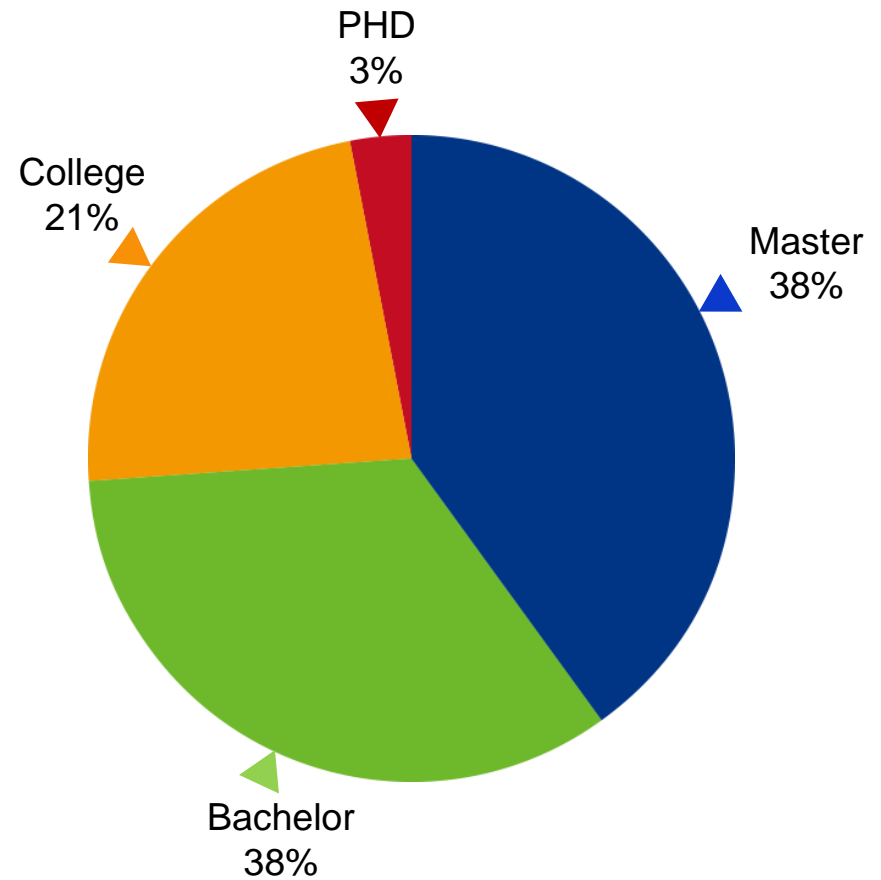


Breakdown of employees

By Job Category



By Education



Automated Optical Inspection (AOI)



AOI Technology can be applied in many industries:

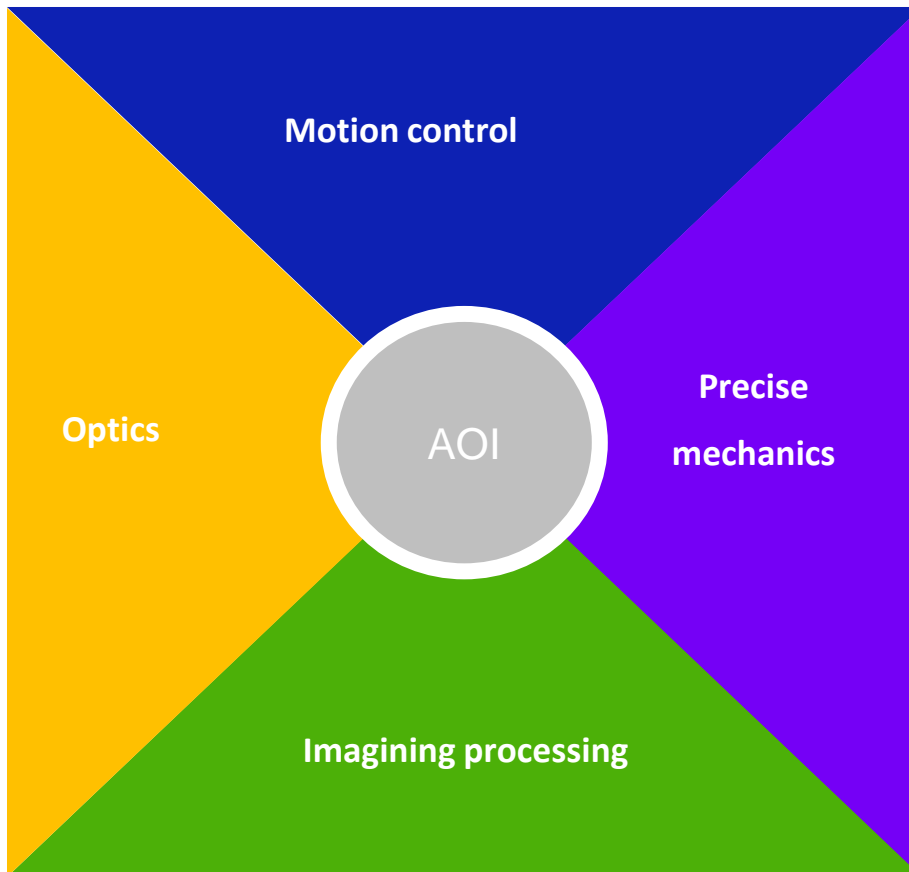
IC、PCB、PCBA、FPD、Passive、LED、Solar、Textile、Auto、Medicine...etc.

Taiwanese listed AOI Companies	Machvision	TRI	Utech	Favite
Ticker	3563	3030	3455	3535
Key Industries	PCB	PCBA	FPD	FPD
2015 GM%	61.1%	53.3%	52.1%	28.9%
Main Competitors	Orbotech Shirai	Omron Kohyoung	Takano Kubotek	Takano Kubotek

AOI markets used to be dominated by developed countries

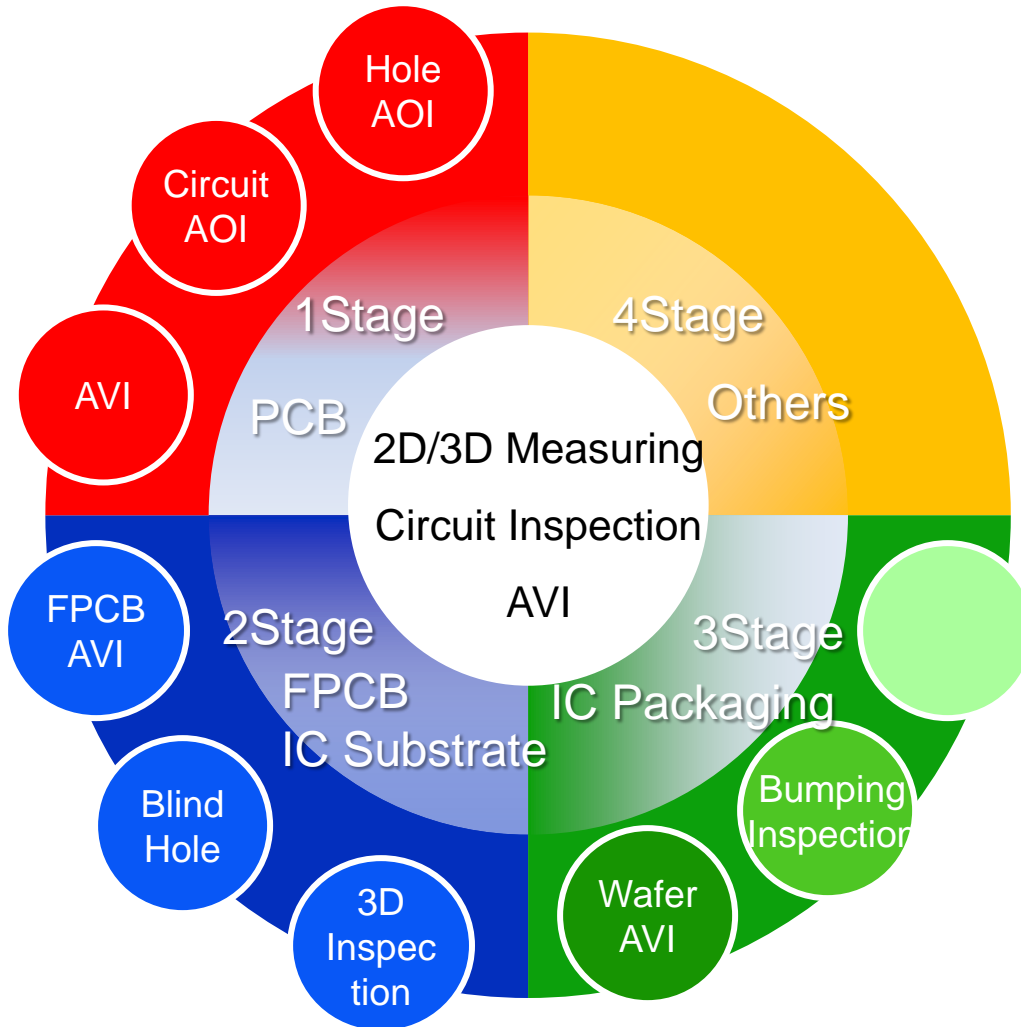
International AOI Peers	Orbotech	Camtek	Screen	Takano
Country	Israel	Israel	Japan	Japan
Key industries	PCB、FPD	PCB、FPD	PCB	FPD
Market Cap (US\$mn)	1,410	540	3,000	103
International AOI Peers	Rudolph	topcon	KLA-tencor	KohYoung
Country	US	Japan	US	Korea
Key Industries	IC	IC	IC	PCBA
Market Cap (US\$mn)	540	1,370	10,580	570

Core Competitiveness



- ✓ Patents Protected
- ✓ Outstanding Ability on R&D Integration
- ✓ Efficient and reliable services

New Market Assessment



- ✓ Market Size
- ✓ Sufficient Capability
- ✓ Chance of success

Drilling & Routing Measuring Series



Hole AOI



Hole Doctor



EZ3D

Circuit AOI Series



Circuit AOI



Artwork AOI



LineGauge

AVI Series



Auto Final Inspection



FPCB AVI



FC AVI



CSP AFI



CSP AFI 2

LaserVia、3D and Others



3D AOI



FC CSP Bump Inspection



Solid Measuring Viewer



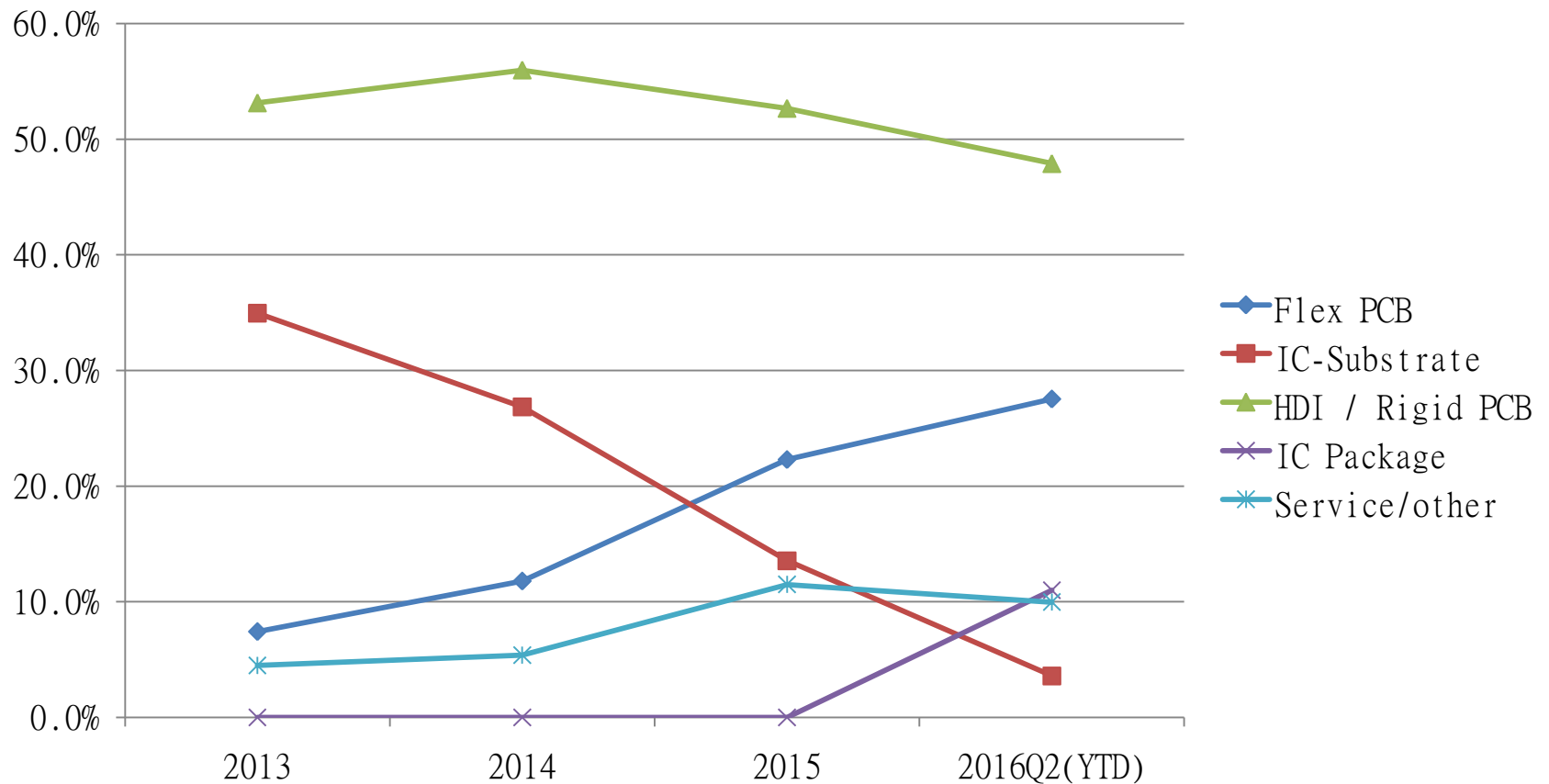
LaserVia AOIM



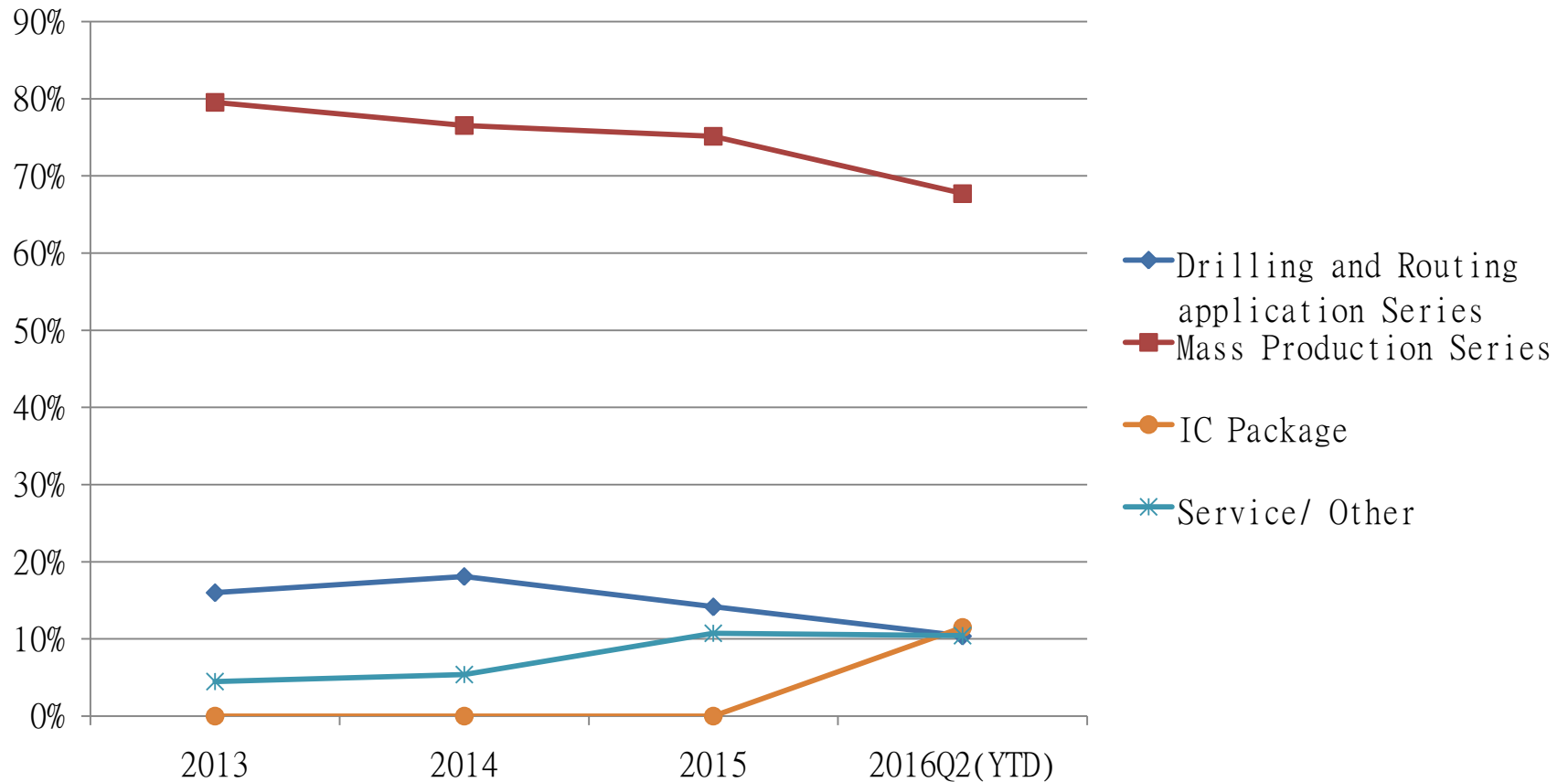
Dimple AOI

	Measurement Series	Circuit AOI and AVI Series	Wafer AVI
Market Trends	Stable market	Upgrade demand is strong due to higher accuracy	Dominated by foreign competitors
Competitors	Chinese local competitors	Orbotech 、 Shirai	Rudolph 、 KLA 、 Topcon
Machvision's Market share in Asia	50-60%	20%-30%	0%
Machvision's Strategy	<ol style="list-style-type: none"> 1. Redesign to expand the competitiveness gap 2. Maintain market share through brand name and bundle sales 	<ol style="list-style-type: none"> 1. Use automatic loading/unloading to increase efficiency 2. Lower the false alarm rate to replace human visual inspection 	<ol style="list-style-type: none"> 1. Expand customer base 2. Expand product line to satisfy customer demand

Revenue Breakdown by industries



Revenue Breakdown by industries



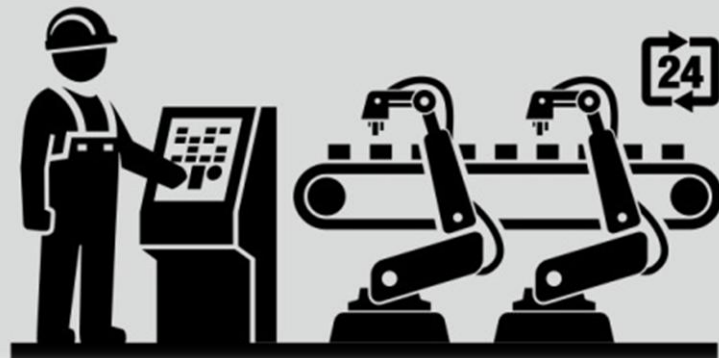
The demand for FPCB inspection is increasing

- ✓ Demand for flexible PCB is increasing
- ✓ Higher accuracy is required
- ✓ Inspection for blind via is getting important
- Demand for FPCB AVI is rising
- Higher accuracy for blind via inspection
- Order visibility for FPCB is high



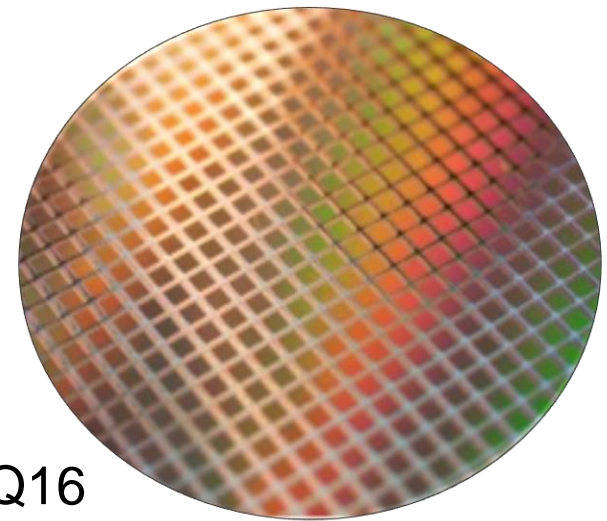
PCB firms are willing to replace human visual inspection

- ✓ PCB firms are willing to purchase equipment to replace human visual inspection
- Automated loading/unloading to increase efficiency
- AOFI to lower the false alarm rate



Huge potential for IC inspection

- ✓ Machvision has sufficient technology
- ✓ IC packaging companies are willing to use local suppliers due to cost control
- ✓ 3D packaging required more AVI inspection
- Successfully sold our new equipments in 2Q16
- Strong interests from China IC packaging companies



The market size for wafer AVI is large

- ✓ Rudolph NSX series has sold more than 1,000 units from 1997 to 2011
- ✓ 3D IC packaging requires higher quality control and hence raise the demand for AVI

	2015 Q2	2016 Q2	change	YoY
Revenue	177,120	183,905	6,785	3.8%
Gross Profit	110,847	121,503	10,656	9.6%
Gross margin	62.6%	66.1%	3.5%	
SG&A	50,050	52,372	2,322	4.6%
OP Profit	60,797	69,131	8,334	13.7%
EPS	0.928	0.933	0.005	

	2015 H1	2016 H1	change	YoY
Revenue	317,824	330,456	12,632	4.0%
Gross Profit	193,831	208,381	14,550	7.5%
Gross margin	61.0%	63.1%	2.1%	
SG&A	89,750	102,695	12,945	14.4%
OP Profit	104,081	105,686	1,605	1.5%
EPS	1.73	1.59	- 0.14	

16Q2 Gross margin hit historical high of 66%

➤ **Better Product Mix**

- ✓ Portion of LaserVia AOI and FPCB AFI increase
- ✓ The introduction of Wafer AVI

➤ **Cost down through re-engineering**





Thank You