

FOR IMMEDIATE RELEASE

TPK REPORTS UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE FOURTH QUARTER OF 2017

Taipei, Taiwan, February 1st, 2018 – TPK Holding Co., Ltd (TWSE: 3673) (“TPK” or the “Company”) today announced 2017 fourth quarter operating results. The Company reported net profit of NT\$591 million, or earnings per share of NT\$1.53 for the quarter. For the full year of 2017, total revenue amounted to NT\$107.2 billion with net profit of NT\$2.4 billion, and earnings per share were NT\$6.63.

4Q17 Operating Results

Consolidated revenue in 4Q17 reached NT\$32,873 million, up 33.0% year-on-year and up 7.7% versus the previous quarter. The growth momentum in revenue was primarily attributable to continued ramp-up of high-end smartphone and tablet products in the backdrop of seasonal demand and new product introductions. Gross profit for the quarter was NT\$2,209 million and gross margin was 6.7%, mainly due to unfavorable product mix change, towards higher cost of pass-through raw materials, and lower capacity utilization rate.

Within the cost-of-goods-sold items, raw material cost was NT\$25.7 billion, up from NT\$23.0 billion in 3Q17. Labor cost was NT\$2.2 billion, up from NT\$2.0 billion in the previous quarter, due to expenses accruals for direct labor incentive bonus. Depreciation expenses was NT\$1.8 billion, down from NT\$2.0 billion in the third quarter.

Fourth quarter operating expenses totaled NT\$1.5 billion, up from NT\$1.3 billion in 3Q17, primarily due to expense accruals for incentive bonus and employees purchasing treasury stocks. Net interest expenses for the quarter totaled NT\$53 million, down from NT\$210 million in the previous quarter owing to significant reduction on short-term bank borrowings. On the back of weakening USD versus RMB and TWD, TPK also recorded foreign exchange loss of NT\$64 million for the quarter. As of December 31 2017, total number of employees was 26,177, down from 28,399 in the previous quarter.

2017 Full Year Operating Results

2017 operating results demonstrated the successful outcomes of TPK’s corporate re-engineering and organization restructuring decisions to focus on key customers, scalable and competitive businesses

that leverage on our core competence of technology and manufacturing excellence. 2017 full year unaudited consolidated revenues were NT\$107.2 billion, up 20.2% year-on-year. Total shipment reached 167 million units, up 42% compared with 2016. Gross profit increased 130.7% to NT\$7.5 billion. Operating expenses reduced to NT\$4.9 billion, below 5% of revenues. As a result of strong operating performance, the Company's financial structure also improved tremendously. Our balance sheet was further strengthened through the successful GDR issuance in September 2017. The company continues to de-leverage the financial structure to mitigate the volatile business nature of the high tech industry.

Despite emerging challenges in competition and technologies, TPK will continue the strategy of enhancing our core competence through material and process innovation, especially for the world of flexible touch and displays.

Balance Sheet and Cash Flow

Capital expenditures during the fourth quarter amounted to NT\$581 million on accrual basis. Total capex in 2017 was NT\$4.6 billion. Total EBITDA for 2017 was NT\$12.7 billion. As of December 31, 2017, The Company had cash or cash equivalent of NT\$19.4 billion, down from NT\$20.5 billion in the year earlier. Total bank borrowings amounted to NT\$11.3 billion, down significantly from NT\$29.3 billion at the end of 2016. TPK also has NT\$6.2 billion worth of convertible bonds outstanding. As of December 31 2017, TPK was in net-cash position with current ratio of 1.33.

Note: All financial numbers are prepared in accordance with IFRS which is approved by regulators in Taiwan.

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ABOUT TPK

TPK was founded solely for touch solutions in 2003. We are the inventor of transparent glass-based projected capacitive (P-Cap) touch solutions and the first company for mass production. Since 2Q 2010, TPK has expanded its touch product offering into PET-film based solutions. Our production sites are located in Xiamen City of Fujian Province, China. TPK is completely and vertically integrated for one-stop shopping for touch solutions.

4Q17 PROFIT & LOSS

Profit & Loss	4Q17	3Q17	QoQ	4Q16	YoY
(NT\$ million)					
Revenues	32,873	30,513	7.7%	24,724	33.0%
COGS	(30,664)	(27,898)		(23,375)	
Gross Profits	2,209	2,615	(15.5%)	1,349	63.7%
Operating Expenses	(1,491)	(1,273)		(1,394)	
SG&A	(1,195)	(992)		(1,141)	
R&D	(295)	(281)		(253)	
Operating Profits	718	1,342	(46.5%)	(45)	N.M.
Non-Op Inc/(Exp)	137	(178)		564	
<i>Int Inc/(Exp)</i>	<i>(53)</i>	<i>(210)</i>		<i>(245)</i>	
<i>FX Gain/(Loss)</i>	<i>(64)</i>	<i>(132)</i>		<i>232</i>	
<i>Others</i>	<i>254</i>	<i>164</i>		<i>577</i>	
Earnings Before Tax	855	1,164	(26.5%)	519	64.9%
Income Tax	(242)	(351)		(215)	
Net Income (Parent)	591	870		296	
EPS (Parent)	1.53	2.37	(35.4%)	0.89	71.9%
EBITDA	2,969	3,571		3,035	
Margin:					
GM	6.7%	8.6%		5.5%	
OM	2.2%	4.4%		(0.2%)	
NM	1.8%	2.9%		1.2%	
Op Exp	(4.5%)	(4.2%)		(5.6%)	

2017 PROFIT & LOSS

Profit & Loss	2017	2016	YoY
(NT\$ million)			
Revenues	107,208	89,216	20.2%
COGS	(99,674)	(85,950)	
Gross Profits	7,535	3,266	130.7%
Operating Expenses	(4,924)	(5,138)	
SG&A	(3,939)	(4,229)	
R&D	(985)	(909)	
Operating Profits	2,611	(1,872)	
Non-Op Inc/(Exp)	665	629	
<i>Int Inc/(Exp)</i>	<i>(700)</i>	<i>(849)</i>	
<i>FX Gain/(Loss)</i>	<i>(420)</i>	<i>127</i>	
<i>Others</i>	<i>1,785</i>	<i>1,351</i>	
Earnings Before Tax	3,276	(1,243)	
Income Tax	(890)	(261)	
Net Income (Parent)	2,404	(1,467)	
EPS (Parent)	6.63	(4.27)	
EBITDA	12,666	8,663	
Margin:			
GM	7.0%	3.7%	
OM	2.4%	(2.1%)	
NM	2.2%	(1.6%)	
Op Exp	(4.6%)	(5.8%)	

2017 BALANCE SHEET

Balance Sheet	2017/12/31	2016/12/31
(NT\$ million)		
Cash Equivalents	19,402	20,490
Debt Inv with no active market	5,535	1,387
Receivables	5,331	7,646
Inventories	7,298	7,816
Current Assets	44,680	40,881
Long-term Investments	256	346
PP&E	34,211	42,052
Total Assets	82,976	87,683
ST Loans	7,808	30,534
Payables	18,513	12,125
Current Liabilities	33,669	48,472
Convertible Bonds	6,239	6,575
LT Loans	3,500	1,122
Total Liabilities	45,806	58,271
Common Shares	4,067	3,466
Total Shareholder's Equities	37,171	29,412
Ratio Analysis:		
Quick Ratio	1.11	0.68
Current Ratio	1.33	0.84
ROE (YTD Annualized)	7.3%	(4.9%)
Net Debt to Equity	Net Cash	0.60

Note: PP&E includes prepayments.