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2017 Q2 Results Conference

8/24/2017





***Agenda 1: 2017 Q2 Financial Results***  
***Agenda 2: 2017 H2 Business Outlook***  
***Agenda 3: QA***

# Safe Harbor Statement

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# Consolidated Income Statement

NTD, Million	Q217	Q117	QoQ	Q216	YoY	2017 YTD	2016 YTD	YoY
Net Sales	3,690	3,218	14.7%	3,585	2.9%	6,908	6,089	13.5%
Gross Profit	1,481	1,246	18.8%	1,403	5.6%	2,727	2,141	27.4%
Gross Profit %	40.1%	38.7%	1.4%	39.1%	1.0%	39.5%	35.2%	4.3%
Operating Expense	1,188	1,201	(1.1%)	1,231	(3.5%)	2,389	2,464	(3.0%)
R&D Expense	413	450	(8.3%)	450	(8.2%)	863	882	(2.1%)
Operating Profit (Loss)	<b>293</b>	<b>45</b>		<b>171</b>		<b>338</b>	<b>(323)</b>	
Operating Profit (Loss) %	7.9%	1.4%	6.5%	4.8%	3.1%	4.9%	(5.3%)	10.2%
Non-Op Items	<b>991</b>	<b>121</b>	<b>715.7%</b>	<b>879</b>	<b>12.7%</b>	<b>1,112</b>	<b>1,207</b>	<b>(7.9%)</b>
Pre-Tax Income	1,283	166	671.4%	1,050	22.2%	1,450	884	64.1%
Tax Expense (Benefit)	160	29	445.7%	199	(19.7%)	189	270	
Income from Continuing Operations	1,123	137	719.7%	851	32.0%	1,260	614	105.4%
Discontinued Operations	<b>(303)</b>	<b>17</b>		<b>(44)</b>		<b>(286)</b>	<b>(71)</b>	
E Ink Net Income	798	157	407.4%	780	2.4%	956	508	88.2%
EPS ( after-tax)*	0.71	0.14		0.68		0.85	0.44	
Continuing Operations	0.97	0.13		0.72		1.09	0.50	

# Consolidated Balance Sheet

NTD, Million	Q217	Q117	Q216
<i>Selected Asset Items</i>			
Cash	8,933	8,047	7,390
Accounts Receivables	2,633	2,120	2,957
Inventory (Net)	1,624	1,581	1,932
Fixed Assets	4,904	4,954	5,903
Intangible Assets	8,846	8,918	9,370
Other Assets	8,349	7,906	6,500
<b>Total Assets</b>	<b>35,290</b>	<b>33,526</b>	<b>34,054</b>
<i>Selected Liability Items</i>			
Short-Term Debt	1,292	635	1,960
Accounts Payable	164	162	300
Long-Term Debt	4,351	2,556	3,562
<b>Total Liabilities</b>	<b>9,595</b>	<b>6,921</b>	<b>7,794</b>
Capital	11,405	11,405	11,405
<b>Total Equity</b>	<b>25,696</b>	<b>26,605</b>	<b>26,260</b>

# Consolidated Cash Flow

NTD, Million	Q217	Q117	Q216
Cash Flow from Operations	1,259	387	428
Cash Flow from Investing	(971)	(849)	(176)
Cash Flow from Financing	581	86	(634)
Effect of Exchange Rate Change	18	(142)	(26)
Net Increase in Cash	887	(518)	(408)
Cash at Quarter End	8,933	8,047	7,390
Depreciation & Amortization	293	300	336
Capital Expenditure	91	66	89
Free Cash Flow*	1,168	321	339

\*Free Cash Flow: Cash Flow from Operations – Capital Expenditure

# H2 2017 Business Outlook

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## Business Outlook

- ▲ CE ( Reading & Writing )
  - eReader shipment is expected to increase from both 1H17 and 2H16 thanks to the steady demand growth from the emerging market and the CE product seasonality
  - Significant growth is expected for eNote applications from the new products launch in 2H17 in both consumer and education markets
- ▲ IoT ( Connectivity & Low Power )
  - ESL shipment is expected to increase from both 1H17 and 2H16 thanks to the market growth in China and Europe
  - Growth rate of smart card, mobile device, and wearable applications is expected to be higher than 1H17 thanks to the launching of customers' new products in 2H17

## Gross Margin

- ▲ GPM is expected to be flat thanks to the increasing proportion of high-margin products

# H2 2017 Business Outlook (Cont.)

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## **Operating Expense**

- ▲ R&D expense is expected to increase from JV and new product development projects
- ▲ Marketing expense is expected to increase to support various marketing events and activities

## **Operating Profit**

- ▲ Operating Profit is optimistic, driven by revenue expansion and cost control

## **Non-op Items**

- ▲ Royalty income is expected to be flat from last year with minor impact from the exchange rate fluctuation



# New Products – ESL, Cards and Tags

## ESL

### Electronics Shelf Label



## Smart Card



## Logistics Tag



# New Products – Pen Writing Application, Wearable and Phone



eNote  
Pen Writing Application



## Smart Wearable



## Dual-Screen Phone



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