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## **TPK REPORTS UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE THIRD QUARTER OF 2018**

Taipei, Taiwan, November 1<sup>st</sup>, 2018 – TPK Holding Co., Ltd (TWSE: 3673) (“TPK” or the “Company”) today announced 2018 third quarter operating results. Company reported revenues of NT\$32.2 billion and net profits of NT\$191 million, or earnings per share of NT\$0.47.

### **Operating Results**

The Company’s third quarter revenue was NT\$32,192 million, up 80.9% quarter-on-quarter and up 5.5% year-on-year. The strong sequential growth in revenue was primarily driven by seasonal demand and ramp-ups for new smartphone and eBook product launches in second half. Despite the robust growth in revenue, improvement in profitability was not proportional mainly due to start-up cost related to new product mass production, unfavorable product mix and heightened competition. As a result, 3Q18 gross profit amounted to NT\$1,237 million and gross margin improved only to 3.8%.

In terms of COGS in the third quarter, unfavorable product mix weighed heavily on raw material cost and increased its percentage of sales from 77.6% in 2Q18 to 81.4%, as a result of high pass-through material cost for new product. On the other hand, enlarged business scale alleviated depreciation and labor cost as percentages of revenue, from 9.3% and 8.3% in the previous quarter, to 5.2% and 6.6% in 3Q18, respectively.

In contrary to the tremendous growth in revenue, operating expenses were slightly lower than 2Q18 and totaled NT\$1,037 million, reflecting effective cost control and management efficiency. The Company recorded foreign exchange gain of NT\$4 million in this quarter. Net interest expenses for the quarter totaled NT\$58 million. As of September 30<sup>th</sup> 2018, total number of employees was 29,177, up from 23,928 on June 30<sup>th</sup> 2018 as output increased exponentially in this quarter for new product launches in second half.

### **Balance Sheet & Cash Flow**

As of September 30<sup>th</sup> 2018, Company had cash and cash equivalent of NT\$12.8 billion, down from NT\$16.8 billion at the second quarter, in the backdrop of capital expenditure and increase in cash management investment. Capital expenditure for the quarter was NT\$2.6 billion on accrual basis.



Total bank borrowings, as end of 3Q18, totaled NT\$19.4 billion, up slightly from NT\$18.5 billion in the previous quarter. 3Q18 EBITDA amounted to NT\$2.3 billion and EBITDA for the first nine months in 2018 totaled to NT\$6.0 billion.

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.

### 3Q18 PROFIT & LOSS

Profit & Loss	3Q18	2Q18	QoQ	3Q17	YoY
(NT\$ million)					
<b>Revenues</b>	<b>32,192</b>	<b>17,791</b>	<b>80.9%</b>	<b>30,513</b>	<b>5.5%</b>
COGS	(30,955)	(17,619)		(27,898)	
<b>Gross Profits</b>	<b>1,237</b>	<b>172</b>		<b>2,615</b>	
Operating Expenses	(1,037)	(1,067)		(1,273)	
SG&A	(778)	(846)		(992)	
R&D	(259)	(221)		(281)	
<b>Operating Profits</b>	<b>201</b>	<b>(895)</b>		<b>1,342</b>	
Non-Op Inc/(Exp)	178	413		(178)	
<i>Int Inc/(Exp)</i>	<i>(58)</i>	<i>(40)</i>		<i>(210)</i>	
<i>FX Gain/(Loss)</i>	<i>4</i>	<i>192</i>		<i>(132)</i>	
<i>Others</i>	<i>232</i>	<i>261</i>		<i>164</i>	
<b>Earnings Before Tax</b>	<b>379</b>	<b>(482)</b>		<b>1,164</b>	
Income Tax	(149)	288		(351)	
<b>Net Income (Parent)</b>	<b>191</b>	<b>(227)</b>		<b>870</b>	
<b>EPS (Parent)</b>	<b>0.47</b>	<b>(0.56)</b>		<b>2.37</b>	
<b>EBITDA</b>	<b>2,337</b>	<b>1,436</b>		<b>3,571</b>	
<b>Margin:</b>					
GM	3.8%	1.0%		8.6%	
OM	0.6%	(5.0%)		4.4%	
NM	0.6%	(1.3%)		2.9%	
Op Exp	(3.2%)	(6.0%)		(4.2%)	

### 3Q18 BALANCE SHEET

Balance Sheet	9/30/2018	6/30/2018
(NT\$ million)		
Cash Equivalents	12,785	16,759
Debt Inv with no active market	9,670	6,941
Receivables	9,408	6,756
Inventories	11,442	6,634
<b>Current Assets</b>	<b>48,779</b>	<b>38,880</b>
<b>Long-term Investments</b>	<b>258</b>	<b>258</b>
<b>PP&amp;E</b>	<b>35,802</b>	<b>34,907</b>
<b>Total Assets</b>	<b>88,778</b>	<b>78,026</b>
ST Loans	12,420	11,677
Payables	21,239	11,675
<b>Current Liabilities</b>	<b>42,152</b>	<b>31,843</b>
<b>LT Loans</b>	<b>6,985</b>	<b>6,827</b>
<b>Total Liabilities</b>	<b>52,032</b>	<b>41,488</b>
Common Shares	4,067	4,067
<b>Total Shareholder's Equities</b>	<b>36,746</b>	<b>36,537</b>
<b>Ratio Analysis:</b>		
Quick Ratio	0.89	1.01
Current Ratio	1.16	1.22
ROE (YTD Annualized)	0.1%	(0.9%)
Net Debt to Equity	0.18	0.05

Note: PP&E includes prepayments.