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## **TPK REPORTS UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER OF 2019**

Taipei, Taiwan, May 3<sup>rd</sup>, 2019 – TPK Holding Co., Ltd (TWSE: 3673) (“TPK” or the “Company”) today announced 2019 first quarter operating results. Company reported net profits of NT\$24 million, or earnings per share of NT\$0.06 for the quarter.

### **1Q19 Operating Results**

First quarter revenues were NT\$31,156 million, up 49.4% year-on-year and down 26.9% quarter-on-quarter. The sequential decline in revenues was attributable to seasonal demand weakness and fewer working days in 1Q. In spite of reduced business scale in this quarter, profitability was upheld by virtue of favorable product mix change with strong demand for tablets. 1Q19 gross profit amounted to NT\$1,212 million, down 1.5% yoy and down 22.9% sequentially. In contrast, gross margin improved slightly from 3.7% in 4Q18 to 3.9% in the first quarter.

In terms of COGS, the favorable product mix driven by increased tablets output reduced the overall raw material cost and partially mitigated the impacts of price competition on other products. Raw material cost, as a percentage of sales, reduced from 84.1% in 4Q18 to 82.0% in the first quarter. On the other hand, reduced economic scale lifted up depreciation cost as percentages of revenues, from 4.4% in the fourth last year, to 6.1% in 1Q19. Labor cost, as a percentage of sales, remained flattish at 5.7% on the backdrop of effective cost management.

In conjunction with lower business activities, operating expenses decreased from NT\$1,300 million in the previous quarter, to NT\$1,094 million in 1Q19. Net interest expense for this quarter was NT\$86 million. The Company also recorded foreign exchange loss of NT\$0.6 million in the first quarter, as a result of Renminbi appreciation versus US dollar. In accordance with regulatory requirements, starting January 1<sup>st</sup> 2019, TPK applies to IFRS 16 which resulted in lease liability of NT\$1,460 million as of March 31<sup>st</sup> 2019 on the Balance Sheet. As of March 31<sup>st</sup> 2019, total number of employees was 23,578.

**Balance Sheet & Cash Flow**

As of March 31<sup>st</sup> 2019, Company had cash and cash equivalent of NT\$16.1 billion, down from NT\$17.1 billion at the end of 2018 due to the increment of NT\$2.7 billion on cash management products. Capital expenditure for the quarter was NT\$588 million on accrual basis. Total bank borrowings, as end of 1Q19, totaled NT\$23.5 billion, up from NT\$17.3 billion in the previous quarter, due to new additions of long-term bank financing engagements for new technologies. 1Q19 EBITDA amounted to NT\$2.5 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.

### 1Q19 PROFIT & LOSS

Profit & Loss	1Q19	4Q18	QoQ	1Q18
(NT\$ million)				
<b>Revenues</b>	<b>31,156</b>	<b>42,645</b>	<b>(26.9%)</b>	<b>20,854</b> <b>49.4%</b>
COGS	(29,944)	(41,073)		(19,622)
<b>Gross Profits</b>	<b>1,212</b>	<b>1,572</b>	<b>(22.9%)</b>	<b>1,231</b> <b>(1.5%)</b>
Operating Expenses	(1,094)	(1,300)		(1,008)
SG&A	(821)	(1,049)		(761)
R&D	(273)	(251)		(247)
<b>Operating Profits</b>	<b>119</b>	<b>272</b>	<b>(56.3%)</b>	<b>223</b> <b>(46.7%)</b>
Non-Op Inc/(Exp)	109	283		22
<i>Int Inc/(Exp)</i>	<i>(86)</i>	<i>(37)</i>		<i>(41)</i>
<i>FX Gain/(Loss)</i>	<i>(1)</i>	<i>(42)</i>		<i>(68)</i>
<i>Others</i>	<i>196</i>	<i>362</i>		<i>131</i>
<b>Earnings Before Tax</b>	<b>228</b>	<b>555</b>		<b>245</b>
Income Tax	(160)	(291)		(179)
<b>Net Income (Parent)</b>	<b>24</b>	<b>192</b>		<b>68</b>
<b>EPS (Parent)</b>	<b>0.06</b>	<b>0.47</b>		<b>0.17</b>
<b>EBITDA</b>	<b>2,463</b>	<b>2,705</b>		<b>2,248</b>
<b>Margin:</b>				
GM	3.9%	3.7%		5.9%
OM	0.4%	0.6%		1.1%
NM	0.1%	0.5%		0.3%
Op Exp	(3.5%)	(3.0%)		(4.8%)

### 1Q19 BALANCE SHEET

Balance Sheet	3/31/2019	12/31/2018
(NT\$ million)		
Cash Equivalents	16,059	17,064
Debt Inv with no active market	6,856	4,129
Receivables	12,176	10,452
Inventories	8,260	10,810
<b>Current Assets</b>	<b>47,949</b>	<b>45,539</b>
<b>Long-term Investments</b>	<b>50</b>	<b>159</b>
<b>PP&amp;E</b>	<b>32,876</b>	<b>34,388</b>
<b>Total Assets</b>	<b>86,328</b>	<b>83,968</b>
ST Loans	11,027	8,032
Payables	15,184	19,418
<b>Current Liabilities</b>	<b>32,093</b>	<b>34,369</b>
<b>LT Loans</b>	<b>12,426</b>	<b>9,239</b>
<b>Total Liabilities</b>	<b>48,879</b>	<b>46,726</b>
Common Shares	4,067	4,067
<b>Total Shareholder's Equities</b>	<b>37,449</b>	<b>37,242</b>
<b>Ratio Analysis:</b>		
Quick Ratio	1.24	1.01
Current Ratio	1.49	1.33
ROE (YTD Annualized)	0.7%	0.6%
Net Debt to Equity	0.20	0.01

Note: PP&E includes prepayments.