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

Taipei, Taiwan, August 5<sup>th</sup>, 2019 – TPK Holding Co., Ltd (TWSE: 3673) (“TPK” or the “Company”) today announced 2019 second quarter unaudited operating results. Company reported net profits of NT\$54 million, or earnings per share of NT\$0.13 for the quarter. For the first six months of 2019, net profit totaled NT\$79 million, or earnings per share of NT\$0.19.

### **2Q19 Operating Results**

Second quarter revenues were NT\$28,452 million, up 59.9% year-on-year in the backdrop of robust smartphone and tablet shipments compared to the same period last year, but down 8.7% quarter-on-quarter due to production transition and seasonal weakness. In spite of lower utilization rate and unfavorable product mix, gross margin improved slightly from 3.9% in the previous quarter to 4.2% in the second quarter by virtue of production yield enhancement and effective cost management.

In terms of COGS, raw material cost as a percentage of sales reduced from 82.0% in 1Q19 to 80.9% in 2Q19, which was attributable to yield rate enhancement and product mix change. Labor cost also reduced from 5.7% of revenues in the quarter earlier, to 5.5% in this quarter, owing to effective headcount management. On the other hand, depreciation cost remained flattish sequentially, but soared from 6.1% of sales in the first quarter to 6.6% given lower business scale in the second quarter.

Operating expenses increased slightly to NT\$1,210 million in Q2 from NT\$1,094 million in the last quarter. In conjunction with decreased business scale, operating result was barely breaking even with an operating loss of NT\$14 million for the quarter. 2Q19 net interest expenses were NT\$57 million, down from NT\$86 million in Q1. The Company also recorded foreign exchange gain of NT\$109 million for the quarter. As of June 30<sup>th</sup> 2019, total number of employees was 22,902.

## Balance Sheet & Cash Flow

As of June 30<sup>th</sup> 2019, cash & cash equivalent and financial assets totaled NT\$24.3 billion, up from NT\$22.9 billion at the end of first quarter. Capital expenditure for the quarter was NT\$1,009 million on accrual basis, primarily for new equipment for SNW capacity. Total bank borrowings, as end of this quarter, totaled NT\$21.2 billion, down from NT\$23.5 billion in 1Q19. 2Q19 EBITDA amounted to NT\$2.4 billion. EBITDA for the first half of 2019 amounted to NT\$4.8 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.

## 2Q19 PROFIT & LOSS

Profit & Loss	2Q19	1Q19	QoQ	2Q18	
(NT\$ million)					
<b>Revenues</b>	<b>28,452</b>	<b>31,156</b>	<b>(8.7%)</b>	<b>17,791</b>	<b>59.9%</b>
COGS	(27,255)	(29,944)		(17,619)	
<b>Gross Profits</b>	<b>1,197</b>	<b>1,212</b>	<b>(1.3%)</b>	<b>172</b>	<b>596.5%</b>
Operating Expenses	(1,210)	(1,094)		(1,067)	
SG&A	(897)	(821)		(846)	
R&D	(313)	(273)		(221)	
<b>Operating Profits</b>	<b>(14)</b>	<b>119</b>		<b>(895)</b>	
Non-Op Inc/(Exp)	152	109		413	
Int Inc/(Exp)	(57)	(86)		(40)	
FX Gain/(Loss)	109	(1)		192	
Others	100	196		261	
<b>Earnings Before Tax</b>	<b>139</b>	<b>228</b>		<b>(482)</b>	
Income Tax	(34)	(160)		288	
<b>Net Income (Parent)</b>	<b>54</b>	<b>24</b>		<b>(227)</b>	
<b>EPS (Parent)</b>	<b>0.13</b>	<b>0.06</b>		<b>(0.56)</b>	
<b>EBITDA</b>	<b>2,366</b>	<b>2,463</b>		<b>1,436</b>	
<b>Margin:</b>					
GM	4.2%	3.9%		1.0%	
OM	(0.0%)	0.4%		(5.0%)	
NM	0.2%	0.1%		(1.3%)	
Op Exp	(4.3%)	(3.5%)		(6.0%)	

## 2Q19 BALANCE SHEET

Balance Sheet	6/30/2019	3/31/2019
(NT\$ million)		
Cash Equivalents	13,238	16,059
Debt Inv with no active market	11,064	6,856
Receivables	12,807	12,176
Inventories	7,043	8,260
<b>Current Assets</b>	<b>46,353</b>	<b>47,949</b>
<b>Long-term Investments</b>	<b>-</b>	<b>50</b>
<b>PP&amp;E</b>	<b>32,249</b>	<b>32,876</b>
<b>Total Assets</b>	<b>84,754</b>	<b>86,328</b>
ST Loans	10,467	11,027
Payables	14,630	15,184
<b>Current Liabilities</b>	<b>31,546</b>	<b>32,093</b>
<b>LT Loans</b>	<b>10,691</b>	<b>12,426</b>
<b>Total Liabilities</b>	<b>47,455</b>	<b>48,879</b>
Common Shares	4,067	4,067
<b>Total Shareholder's Equities</b>	<b>37,299</b>	<b>37,449</b>
<b>Ratio Analysis:</b>		
Quick Ratio	1.25	1.24
Current Ratio	1.47	1.49
ROE (YTD Annualized)	0.4%	0.3%
Net Debt to Equity	0.21	0.20

Note: PP&E includes prepayments.