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## **TPK REPORTS UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER OF 2020**

Taipei, Taiwan, April 29<sup>th</sup>, 2020 – TPK Holding Co., Ltd (TWSE: 3673) (“TPK” or the “Company”) today announced 2020 first quarter operating results. Company reported sales of NT\$28,192 million and net profits of NT\$40 million, equivalent to earnings per share of NT\$0.10 for the quarter.

### **1Q20 Operating Results**

First quarter revenues were NT\$28,192 million, down 9.5% year-on-year and down 23.7% quarter-on-quarter. The sequential decline in revenues was attributable to seasonal demand weakness and fewer working days in 1Q due to Chinese New Year. The company’s operation in the first quarter was mildly affected by the COVID-19 pandemic given the tight control of workforce and relatively minor infection situation in Xiamen area. The revenues decline was better than original forecast, primarily due to surging demand for tablet and notebook computer driven by increasing population of work from home and remote learning. The Company remained profitable despite reduced business scale due to favorable product mix change and effective control of variable cost. 1Q20 gross profit amounted to NT\$1,011 million and gross margin was 3.6%.

In terms of COGS, raw material cost, as a percentage of sales, remained at 83.9% in the first quarter, similar to 83.8% in 4Q19. In addition, depreciation cost decreased by NT\$200 million versus previous quarter to NT\$1.5 billion, as 5.3% of revenues, up from 4.6% in 4Q19 due to smaller business scale. On the backdrop of effective cost management, labor cost, as a percentage of sales was 5.6%, slightly up from 5.5% in 4Q19.

Operating expenses decreased from NT\$1,100 million in 4Q19 to a recent historical low of NT\$902 million in the first quarter given a reduced business scale and effective cost control. Net interest expense for the quarter were NT\$34 million, lower than NT\$41 million in the last quarter. The Company recorded foreign exchange gain of NT\$93 million in 1Q20, as a result of Renminbi depreciation versus US dollar. Net profit per share amounted to NT\$0.10.

## Balance Sheet & Cash Flow

The Company seized the arbitrage opportunity from volatile financial market to increase the risk-free cash management products with high interest rate. Hence, Company had cash and cash equivalent of NT\$21.5 billion and financial assets measured at amortized cost of NT\$14.4 billion as of March 31<sup>st</sup> 2020, up from NT\$17.2 billion and NT\$8.6 billion respectively at the end of 2019. In the meantime, total bank borrowings amounted NT\$31.8 billion as of March 31<sup>st</sup>, up from NT\$19.7 billion at the end of previous quarter. Capital expenditure for the quarter was NT\$194 million on accrual basis. 1Q20 EBITDA amounted to NT\$2.1 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.

### 1Q20 PROFIT & LOSS

Profit & Loss	1Q20	4Q19	QoQ	1Q19	YoY
(NT\$ million)					
<b>Revenues</b>	<b>28,192</b>	<b>36,945</b>	<b>(23.7%)</b>	<b>31,156</b>	<b>(9.5%)</b>
COGS	(27,180)	(36,296)		(29,944)	
<b>Gross Profits</b>	<b>1,011</b>	<b>648</b>	<b>56.0%</b>	<b>1,212</b>	<b>(16.6%)</b>
Operating Expenses	(902)	(1,100)		(1,094)	
SG&A	(705)	(812)		(821)	
R&D	(197)	(288)		(273)	
<b>Operating Profits</b>	<b>109</b>	<b>(452)</b>	<b>N.A.</b>	<b>119</b>	<b>(8.3%)</b>
Non-Op Inc/(Exp)	179	305		109	
<i>Int Inc/(Exp)</i>	<i>(34)</i>	<i>(41)</i>		<i>(86)</i>	
<i>FX Gain/(Loss)</i>	<i>93</i>	<i>(55)</i>		<i>(1)</i>	
<i>Others</i>	<i>120</i>	<i>401</i>		<i>196</i>	
<b>Earnings Before Tax</b>	<b>288</b>	<b>(147)</b>		<b>228</b>	
Income Tax	(248)	49		(160)	
<b>Net Income (Parent)</b>	<b>40</b>	<b>(98)</b>		<b>24</b>	
<b>EPS (Parent)</b>	<b>0.10</b>	<b>(0.24)</b>		<b>0.06</b>	
<b>EBITDA</b>	<b>2,140</b>	<b>1,927</b>		<b>2,463</b>	
<b>Margin:</b>					
GM	3.6%	1.8%		3.9%	
OM	0.4%	(1.2%)		0.4%	
NM	0.1%	(0.3%)		0.1%	
Op Exp	(3.2%)	(3.0%)		(3.5%)	

Note: 1Q20 Fully Diluted Weighted Average: 406,712 thousand shares

### 1Q20 BALANCE SHEET

Balance Sheet	2020/3/31	2019/12/31	2019/3/31
(NT\$ million)			
Cash Equivalents	21,462	17,202	16,059
Debt Inv with no active market	14,362	8,554	6,856
Receivables	9,582	12,894	12,176
Other Receivables	8,177	4,328	3,848
Inventories	7,393	8,202	8,260
<b>Current Assets</b>	<b>61,662</b>	<b>51,661</b>	<b>47,949</b>
<b>PP&amp;E</b>	<b>26,765</b>	<b>27,887</b>	<b>32,876</b>
<b>Total Assets</b>	<b>94,196</b>	<b>85,493</b>	<b>86,328</b>
ST Loans	22,426	9,099	11,027
Payables	15,110	18,328	15,184
<b>Current Liabilities</b>	<b>43,506</b>	<b>33,535</b>	<b>32,093</b>
<b>LT Loans</b>	<b>9,419</b>	<b>10,571</b>	<b>12,426</b>
<b>Total Liabilities</b>	<b>57,738</b>	<b>49,324</b>	<b>48,879</b>
Common Shares	4,067	4,067	4,067
Retained Earnings	2,599	2,559	2,437
<b>Total Shareholder's Equities</b>	<b>36,458</b>	<b>36,169</b>	<b>37,449</b>
<b>Ratio Analysis:</b>			
Quick Ratio	1.25	1.30	1.24
Current Ratio	1.42	1.54	1.49
ROE (YTD Annualized)	0.4%	0.6%	0.7%
Net Debt to Equity	0.28	0.07	0.20

Note: PP&E includes prepayments.