

*FOR IMMEDIATE RELEASE*

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

Taipei, Taiwan, July 30<sup>th</sup>, 2020 – TPK Holding Co., Ltd (TWSE: 3673) (“TPK” or the “Company”) today announced 2020 second quarter unaudited operating results. Company reported net profits of NT\$308 million, or earnings per share of NT\$0.76 for the quarter. For the first six months of 2020, net profit totaled NT\$348 million, or earnings per share of NT\$0.85.

### **2Q20 Operating Results**

Second quarter revenues remained flattish to first quarter at NT\$28,049 million, down merely 0.5% quarter-on-quarter and down 1.4% year-on-year, despite supply chain disruption and deferred consumption caused by Coronavirus pandemic. Notebook (11” to 16”) shipment in the quarter was up 16% sequentially and 51% year-on-year, in the backdrop of worldwide COVID-19 lockdowns have led to demand surge from increasing work-from-home and online learning. Tablet (7” to 11”) segment also posted 27% volume growth compared to the previous quarter. On contrary, smartphone (<7”) shipment declined 36% quarter-on-quarter and down 25% from the same period last year, due to store shutdowns, sluggish end demand and product transition.

In spite of flattish revenue growth, gross profit in this quarter increased from NT\$1,011 million in 1Q20 to NT\$1,397 million, up 38.1% quarter-on-quarter and up 16.7% year-on-year. Gross margin also enhanced from 3.6% in the previous quarter to 5.0% in 2Q20 which was attributable to favorable product mix change that resulted in raw material cost, as a percentage of sales down from 83.9% in 1Q20 to 82.5% in the second quarter. In addition, Company’s human capital management team also effectively managed the headcount during the pandemic and maintained the labor cost at 5.5% of sales in the second quarter, flat to 5.6% in 1Q20.

Operating expense controls remained intact and effective at 3.5% of sales, marginally up from 3.2% for last quarter. As a result, 2Q20 operating profits amounted to NT\$428 million, up from NT\$109 million in 1Q20. 2Q20 net interest expenses was NT\$13 million, down significantly from NT\$34 million in the previous quarter. Company recorded foreign exchange loss of NT\$17 million due to appreciation of

RMB versus USD.

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

As of June 30<sup>th</sup> 2020, cash & cash equivalent and financial assets measured at amortized cost totaled NT\$34.8 billion, down from NT\$35.8 billion at the end of first quarter. Capital expenditure for the quarter was NT\$295 million on accrual basis. Total bank borrowings, as end of this quarter, totaled NT\$25.7 billion, significantly down from NT\$31.8 billion in 1Q20, indicating Company's net cash position of NT\$9.1 billion as of end of this quarter. 2Q20 EBITDA amounted to NT\$2.4 billion. EBITDA for the first six months of 2020 amounted to NT\$4.5 billion.

Note: All financial numbers are prepared in accordance with IFRs, which is approved by regulators in Taiwan.

### **IR Contact**

Freddie Liu, Chief Strategy Officer

Tracy Tsai, Chief Financial Officer

Kevin Wang, Senior Director

Tel: +886.2.7727.1196

[ir@tpk.com](mailto:ir@tpk.com)

\*\*\*\*\*

### **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.

## 2Q20 PROFIT & LOSS

Profit & Loss	2Q20	1Q20	QoQ	2Q19	
(NT\$ million)					
<b>Revenues</b>	<b>28,049</b>	<b>28,192</b>	<b>(0.5%)</b>	<b>28,452</b>	<b>(1.4%)</b>
COGS	(26,652)	(27,180)		(27,255)	
<b>Gross Profits</b>	<b>1,397</b>	<b>1,011</b>	<b>38.1%</b>	<b>1,197</b>	<b>16.7%</b>
Operating Expenses	(969)	(902)		(1,210)	
SG&A	(770)	(705)		(897)	
R&D	(198)	(197)		(313)	
<b>Operating Profits</b>	<b>428</b>	<b>109</b>		<b>(14)</b>	
Non-Op Inc/(Exp)	141	179		152	
<i>Int Inc/(Exp)</i>	<i>(13)</i>	<i>(34)</i>		<i>(57)</i>	
<i>FX Gain/(Loss)</i>	<i>(17)</i>	<i>93</i>		<i>109</i>	
<i>Others</i>	<i>171</i>	<i>120</i>		<i>100</i>	
<b>Earnings Before Tax</b>	<b>570</b>	<b>288</b>		<b>139</b>	
Income Tax	(262)	(248)		(34)	
<b>Net Income (Parent)</b>	<b>308</b>	<b>40</b>		<b>54</b>	
<b>EPS (Parent)</b>	<b>0.76</b>	<b>0.10</b>		<b>0.13</b>	
<b>EBITDA</b>	<b>2,409</b>	<b>2,140</b>		<b>2,366</b>	
<b>Margin:</b>					
GM	5.0%	3.6%		4.2%	
OM	1.5%	0.4%		(0.0%)	
NM	1.1%	0.1%		0.2%	
Op Exp	(3.5%)	(3.2%)		(4.3%)	

Note: 2Q20 Fully Diluted Weighted Average: 406,738,595 shares

## 2Q19 BALANCE SHEET

Balance Sheet	2020/6/30	2020/3/31
(NT\$ million)		
Cash Equivalents	19,343	21,462
Debt Inv with no active market	15,416	14,362
Receivables	10,628	9,582
Other Receivables	2,597	8,177
Inventories	8,201	7,393
<b>Current Assets</b>	<b>56,535</b>	<b>61,662</b>
<b>PP&amp;E</b>	<b>25,126</b>	<b>26,765</b>
<b>Total Assets</b>	<b>88,275</b>	<b>94,196</b>
ST Loans	17,815	22,426
Payables	14,490	15,110
<b>Current Liabilities</b>	<b>38,188</b>	<b>43,506</b>
<b>LT Loans</b>	<b>7,881</b>	<b>9,419</b>
<b>Total Liabilities</b>	<b>52,180</b>	<b>57,738</b>
Common Shares	4,067	4,067
Retained Earnings	2,907	2,599
<b>Total Shareholder's Equities</b>	<b>36,094</b>	<b>36,459</b>
<b>Ratio Analysis:</b>		
Quick Ratio	1.27	1.25
Current Ratio	1.48	1.42
ROE (YTD Annualized)	1.9%	0.4%
Net Debt to Equity	Net Cash	Net Cash

Note: PP&E includes prepayments.