

**Macronix International Co., Ltd.
Fourth Quarter 2018 Results**

January 24, 2019



**MACRONIX
INTERNATIONAL Co., LTD.**

Safe Harbor Statement

The presentation and discussion contain certain forward-looking statements with respect to the results of operation, financial condition and current expectation. The forward-looking statements are subject to known and unknown uncertainties and risks that could cause actual results to differ materially from those expressed or implied by such statements.

Such risks and uncertainties include but are not limited to the impact of competitive products and pricing, timely design acceptance by our customers, timely introduction of new technologies, ability to ramp new products into volume, industry wide shifts in supply and demand for semiconductor products, industry overcapacity, availability of manufacturing capacity, financial stability in end markets, and other risks.

The forward-looking statements in this release reflect the current belief of Macronix as of the date of this release and Macronix undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.

Agenda

Welcome

C.Y. Lu

2018Q4 Financial Results

Paul Yeh

Business Update

C.Y. Lu

Remarks and Q&A

C.Y. Lu

Financial Highlights

	2018Q4 Pro Forma*	2018Q4	2018Q3	2017Q4
Revenue	NT\$ 9.0B	NT\$ 9.0B	NT\$ 10.0B	NT\$ 10.6B
Gross margin %	30%	28%	35%	43%
Operating margin %	12%	7%	18%	25%

*Intellectual property rights income is excluded

Financial Highlights

	2018 Pro Forma *	2018	2017
Revenue	NT\$ 37.0B	NT\$ 37.0B	NT\$ 34.2B
Gross margin %	38%	38%	37%
Operating margin %	19%	18%	17%

*Intellectual property rights income is excluded

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Quarterly Consolidated Statements of Comprehensive Income

Unit: NTD Million (except EPS)☒	2018/Q4	2018/Q3	2017/Q4	QoQ Change	YoY Change
Net Sales	8,981	10,030	10,557	(10%)	(15%)
Gross Profit	2,535	3,546	4,582	(29%)	(45%)
Gross Margin%	28%	35%	43%	(7ppt)	(15ppt)
Operating Expenses	(1,921)	(1,783)	(1,926)	8%	(0%)
Operating Income	614	1,763	2,656	(65%)	(77%)
Operating Margin%	7%	18%	25%	(11ppt)	(18ppt)
Net Non-Operating Income (Loss)	2,504	155	(74)	-	-
Income Before Taxes	3,118	1,918	2,582	63%	21%
Income Taxes Expense (benefit)	250	2	7	-	-
Net Income	2,867	1,916	2,576	50%	11%
Other Comprehensive Income	(596)	60	343	-	-
Comprehensive Income	2,271	1,976	2,919	15%	(22%)
Net Income(Loss) Attributable to :					
Shareholders of the Parent	2,867	1,916	2,576	50%	11%
Noncontrolling Interests	(0)	0	(0)	-	-
Basic EPS (NT\$)	1.57	1.05	1.42*	50%	11%
EBITDA	3,730	2,486	3,126		
Weighted avg outstanding million shares	1,822	1,822	1,812		

*EPS is retro-adjusted

Quarterly Consolidated Statements of Comprehensive Income

Unit: NTD Million (except EPS)☞	2018/Q4 Pro Forma*	2018/Q4
Net Sales	8,981	8,981
Gross Profit	2,732	2,535
Gross Margin%	30%	28%
Operating Expenses	(1,698)	(1,921)
Operating Income	1,034	614
Operating Margin%	12%	7%
Net Non-Operating Income (Loss)	30	2,504
Income Before Taxes	1,065	3,118
Income Taxes Expense (benefit)	3	250
Net Income	1,062	2,867
Basic EPS (NT\$)	0.58	1.57
EBITDA	1,676	3,730

*Intellectual property rights income is excluded

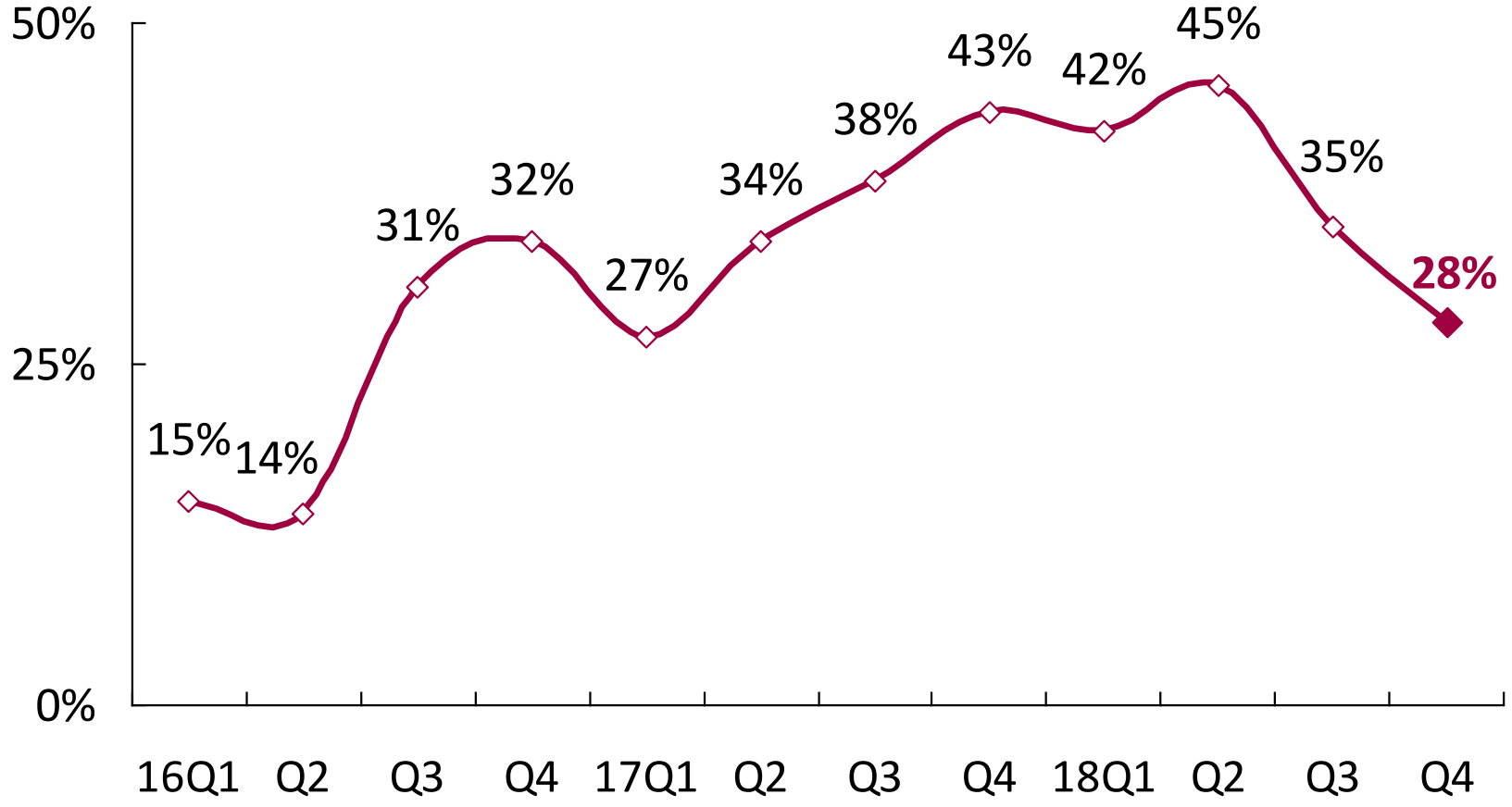
Annual Consolidated Statements of Comprehensive Income

Unit: NTD Million (except EPS)	2018	2017	YoY Change
Net Sales	36,953	34,197	8%
Gross Profit	13,926	12,635	10%
Gross Margin%	38%	37%	1ppt
Operating Expenses	(7,417)	(6,882)	8%
Operating Income	6,509	5,753	13%
Operating Margin%	18%	17%	1ppt
Net Non-Operating Income (Loss)	2,755	(217)	-
Income Before Taxes	9,264	5,536	67%
Income Taxes Expense (benefit)	272	19	-
Net Income	8,993	5,517	63%
Other Comprehensive Income	(943)	607	-
Comprehensive Income	8,050	6,124	31%
Net Income(Loss) Attributable to :			
Shareholders of the Parent	8,993	5,518	63%
Noncontrolling Interests	(0)	(1)	-
Basic EPS* -- NT\$	4.94	3.06*	-
EBITDA	11,528	7,724	
Weighted average outstanding million shares	1,822	1,801	

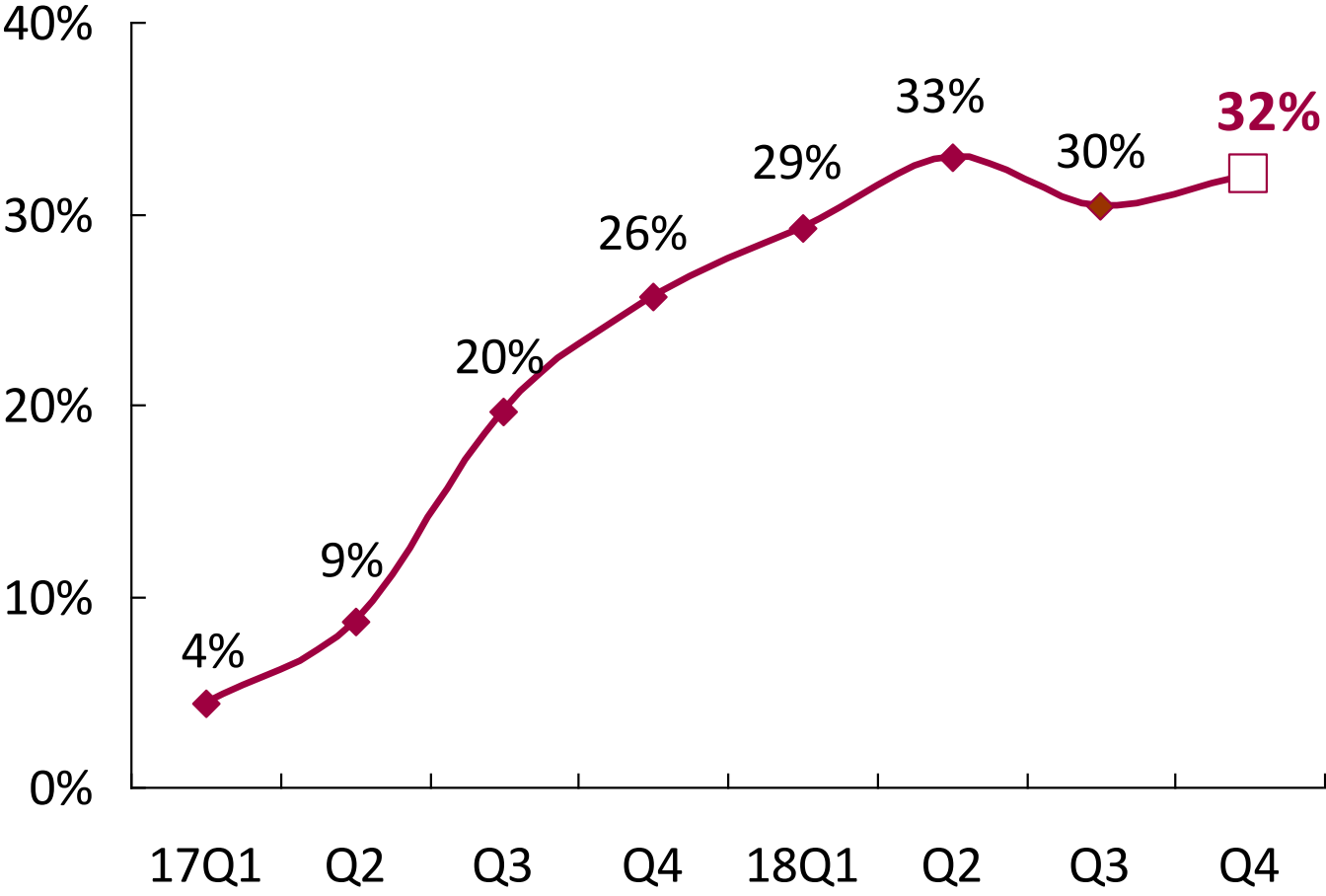
*EPS is retro-adjusted

Gross margin trend

Gross Margin (%)



Annualized Return on Equity Performance



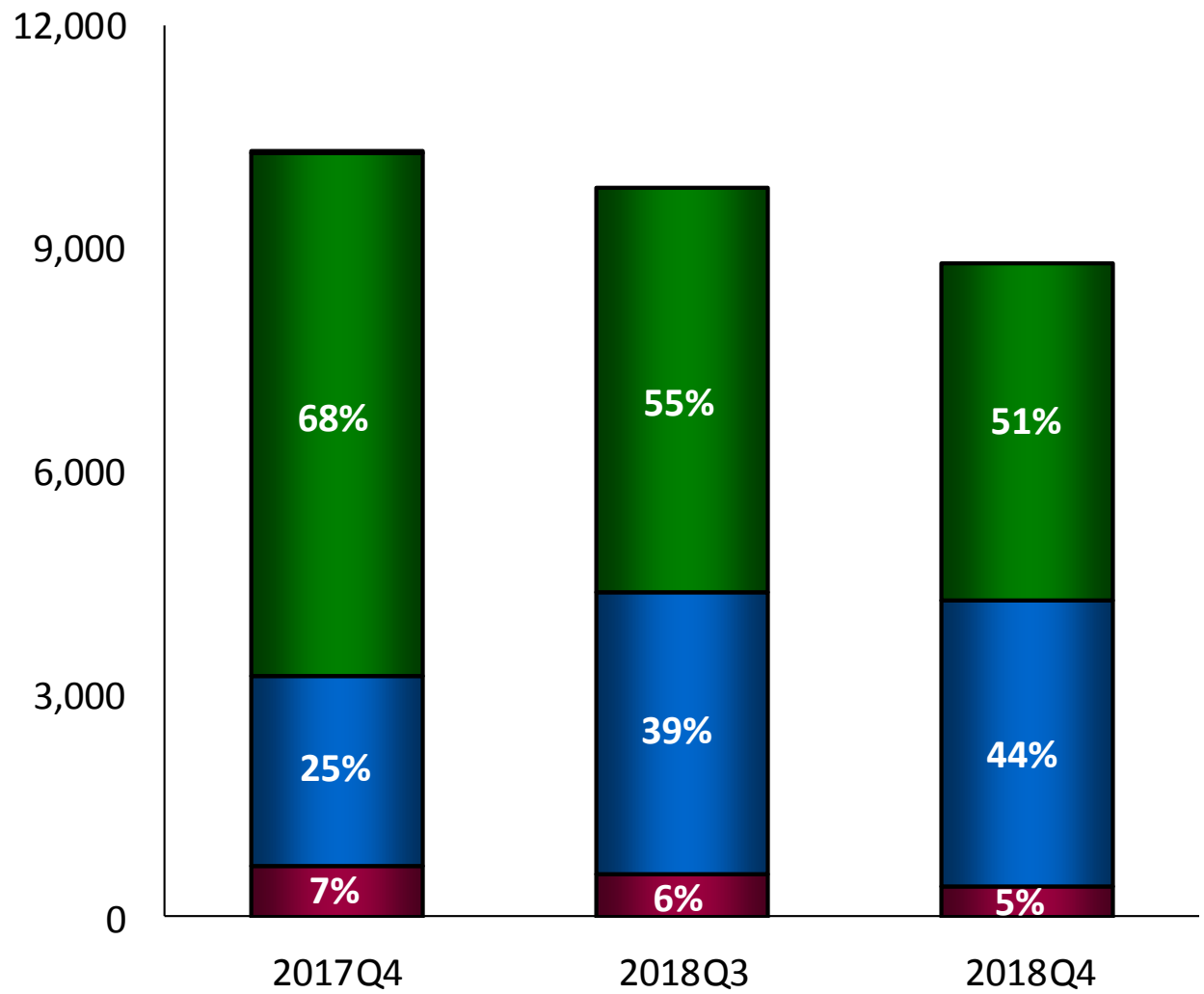
Quarterly Consolidated Condensed Balance Sheet / Cash Flow

Unit: NTD Million (except BV)	2018/12/31	2018/09/30	2017/12/31
Cash	13,589	10,502	8,633
Inventory(Net)	17,949	17,160	9,872
Property, Plant and Equipment	19,309	18,389	16,259
Total Assets	59,049	56,907	44,194
Interest bearing debt - short term	3,335	1,986	3,179
Interest bearing debt - long term	5,885	7,504	4,860
Total Liabilities	27,688	27,826	19,538
Shareholders' Equity	31,360	29,081	24,656
Debt Ratio (%)	46.9%	48.9%	44.2%
Book Value -- NT\$	17.06	15.82	13.68
Quarterly Highlight	2018/Q4	2018/Q3	2017/Q4
Depreciation & Amortization	576	534	493
Capital Expenditures	(1,151)	(1,381)	(879)
Cash Flow from Operating	4,280	1,061	3,969

Consolidated Condensed Balance Sheet / Cash Flow

Unit: NTD Million (except Book value)	2018/12/31	2017/12/31
Cash	13,589	8,633
Inventory(Net)	17,949	9,872
Property, Plant and Equipment	19,309	16,259
Total Assets	59,049	44,194
Interest bearing debt - short term	3,335	3,179
Interest bearing debt - long term	5,885	4,860
Total Liabilities	27,688	19,538
Shareholders' Equity	31,360	24,656
Debt Ratio (%)	46.9%	44.2%
Book Value -- NT\$	17.06	13.68
Annually Highlight	2018	2017
Depreciation & Amortization	2,120	1,972
Capital Expenditures	(4,862)	(2,220)
Cash Flow from Operating	10,092	7,034

Quarterly Sales Breakdown by Products (Parent Company)

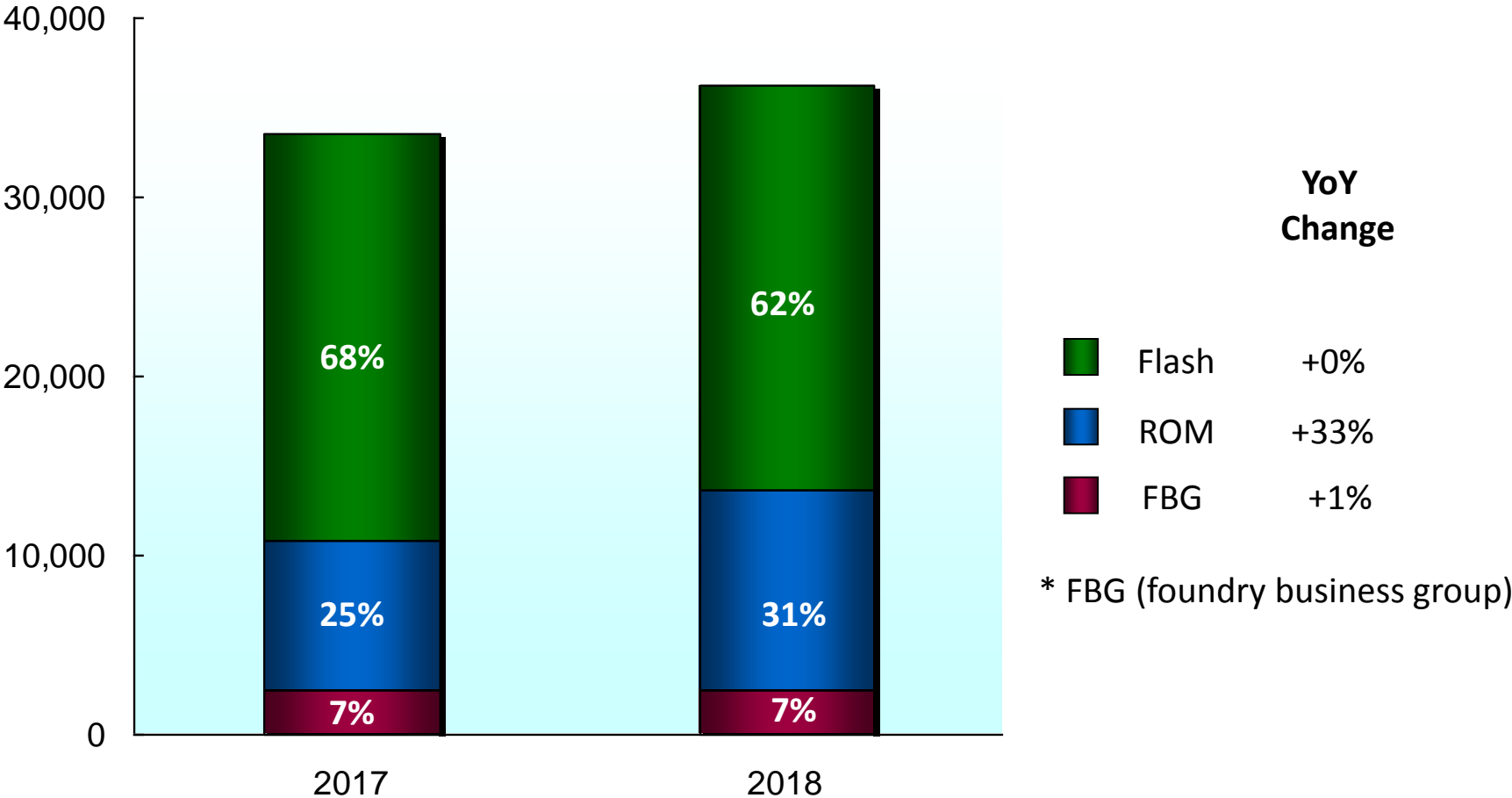


	QoQ Change	YoY Change
Flash	-17%	-36%
ROM	+1%	+50%
FBG	-23%	-35%

* FBG (foundry business group)

Annual Sales Breakdown by Products (Parent Company)

Unit: NTD Million



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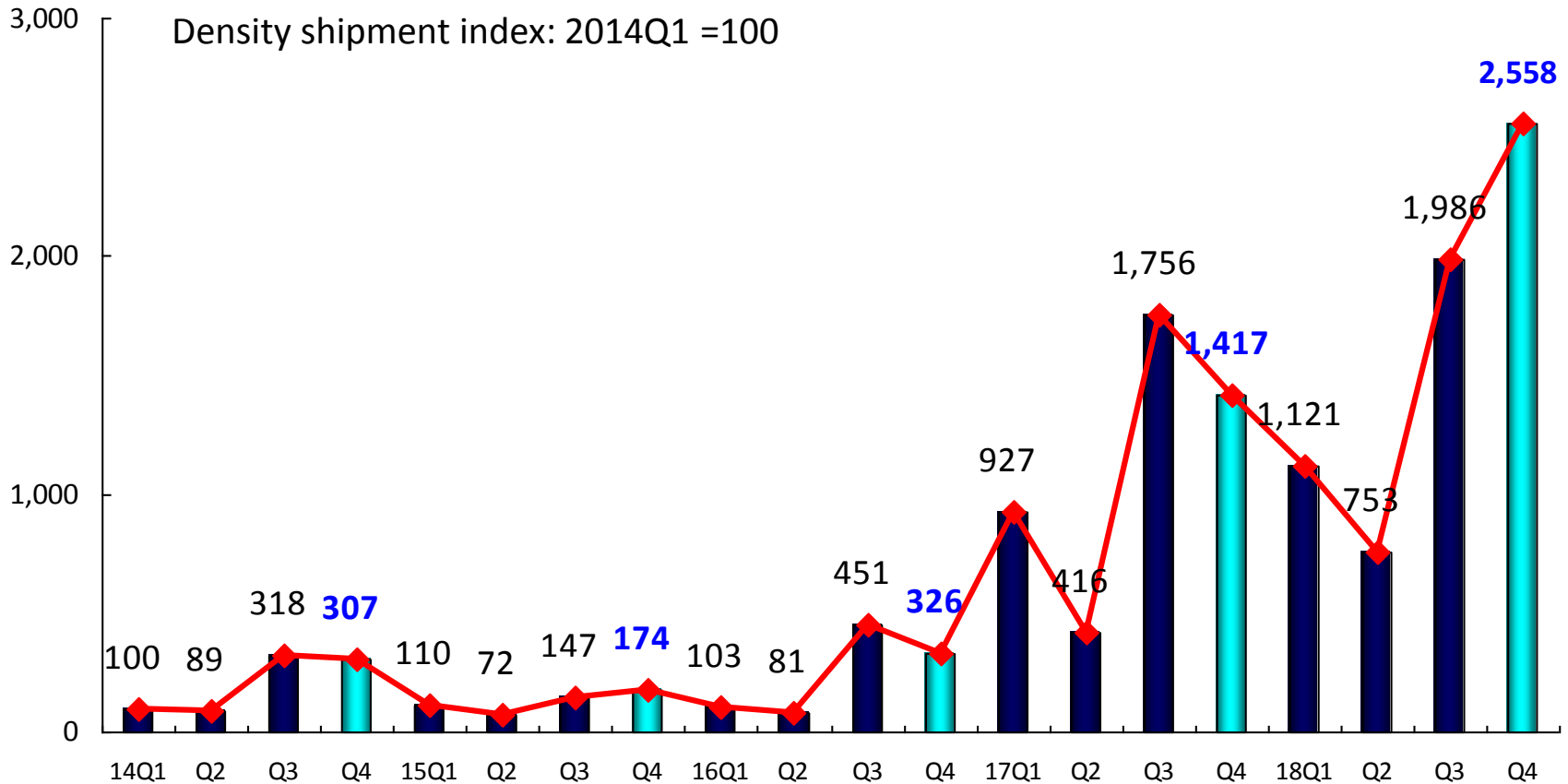
Remarks and Q&A

C.Y. Lu

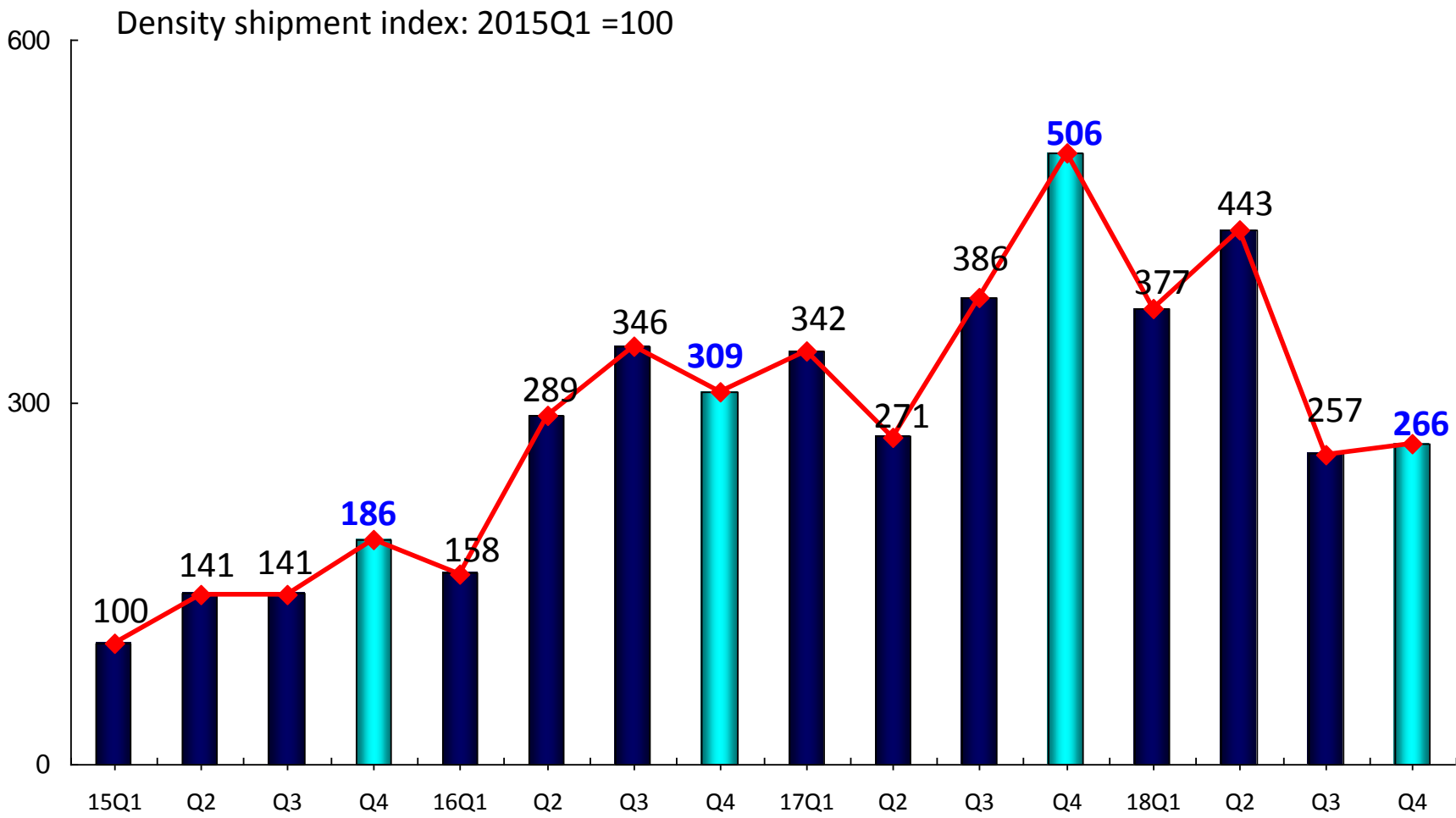
Business update - ROM

➤ ROM business

- ≥ 64Gb products represented 72% of ROM business in 2018Q4



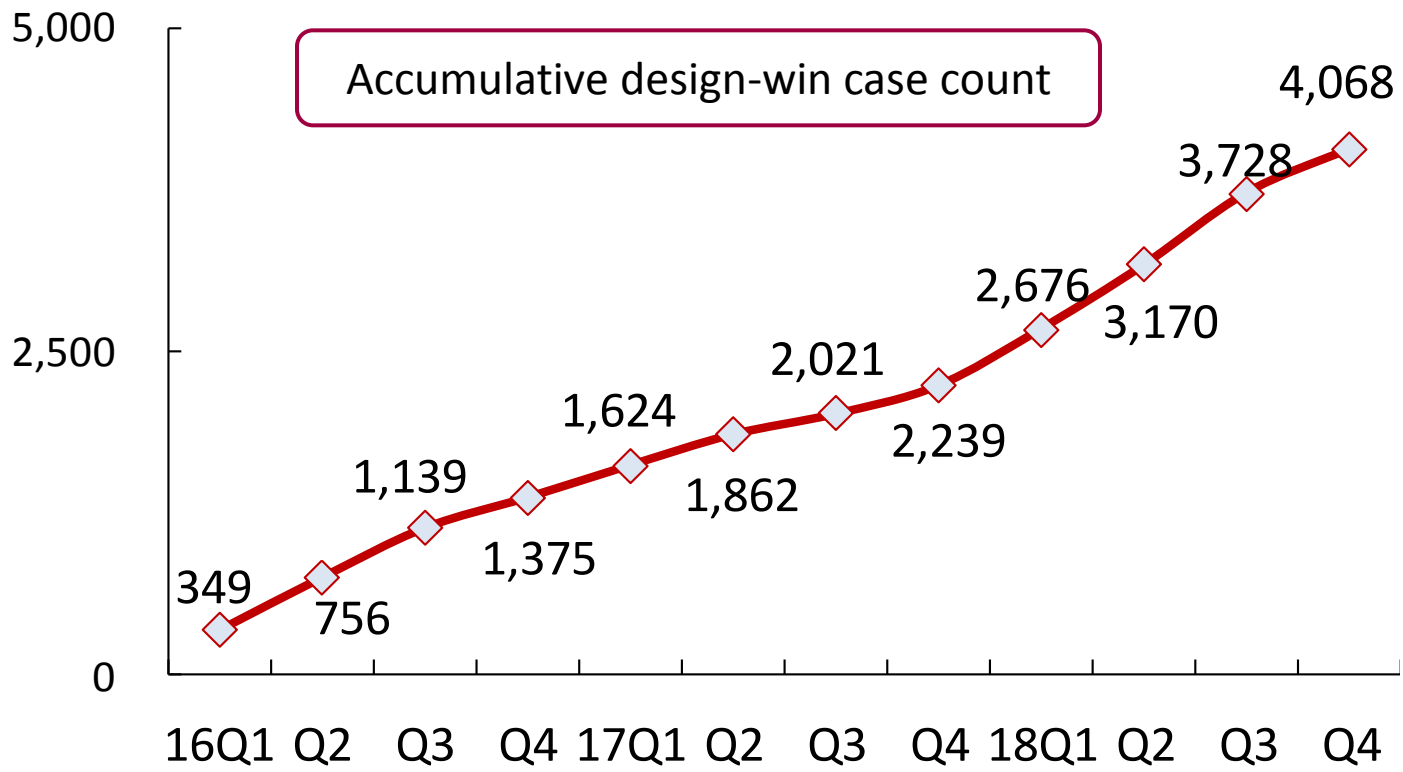
Business update – Flash



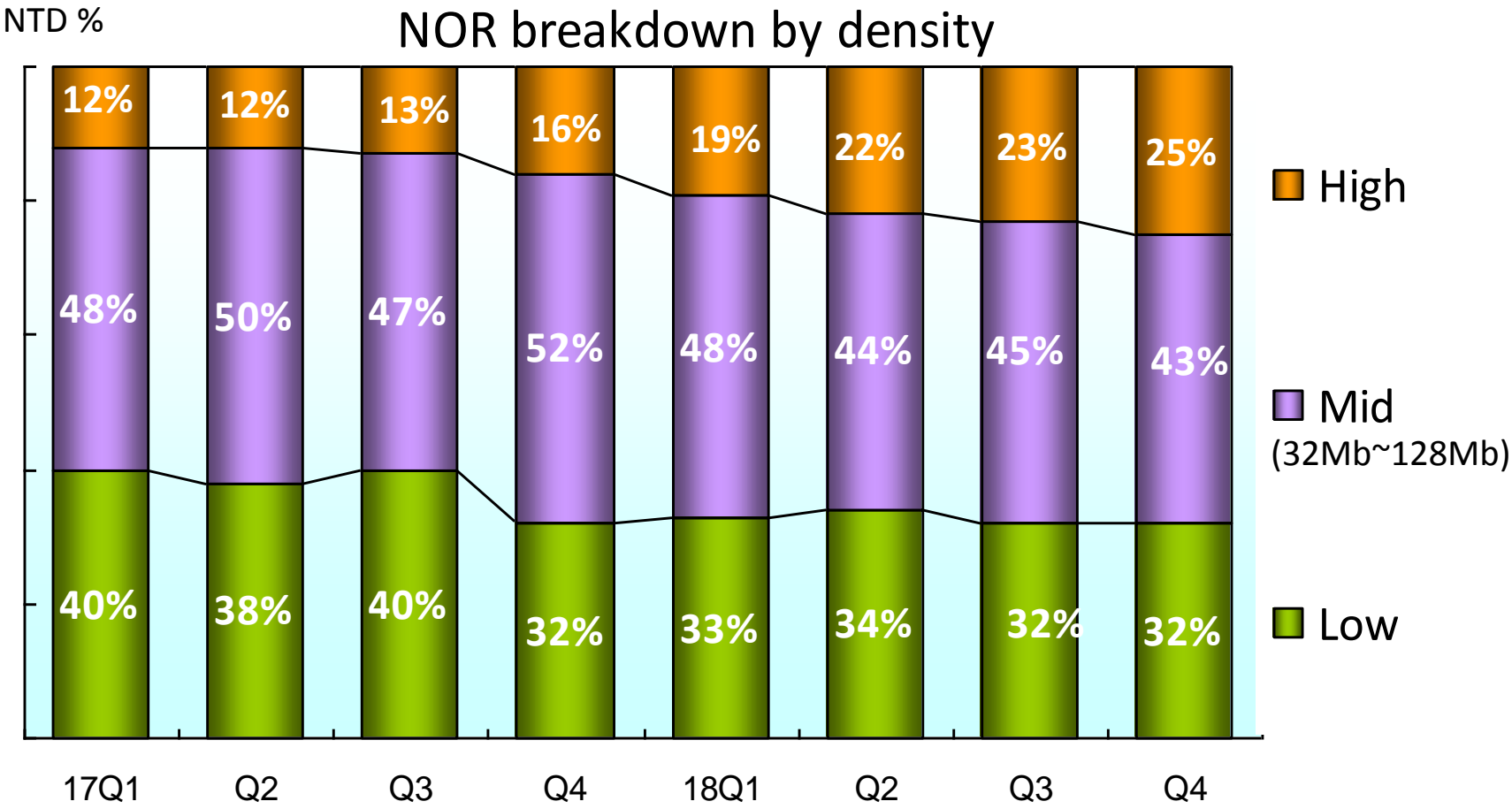
Current status of Flash memory business

➤ Flash business

- ≤75nm products increased to 63% of NOR sales in 18Q4

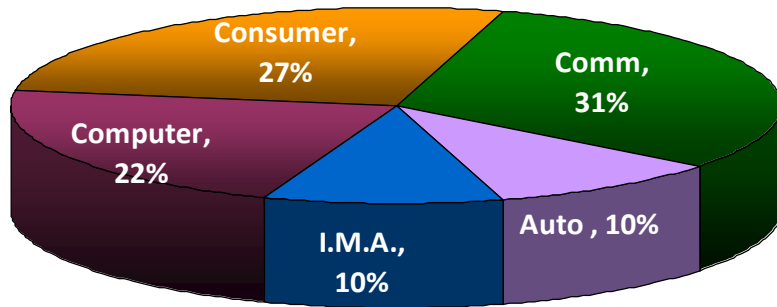


Business update – NOR flash breakdown (Parent Company)

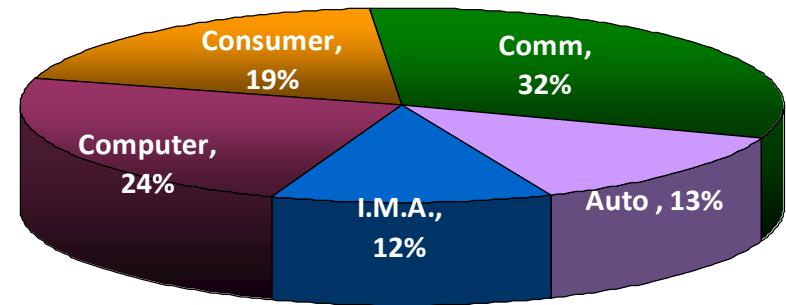


Business update – NOR flash breakdown (Parent Company)

2017Q4 NOR revenue breakdown



2018Q4 NOR revenue breakdown



* **Comm:** including handsets

* **I**(Industrial), **M**(Medical), **A**(Aerospace-defense)

2018Q4 NOR revenue comparison

Computer

-12% QoQ

-21% YoY

Consumer

-23% QoQ

-48% YoY

Communication

-10% QoQ

-25% YoY

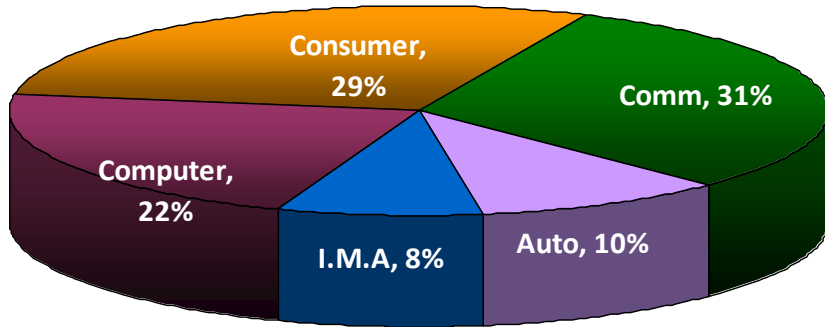
Automotive

-16% QoQ

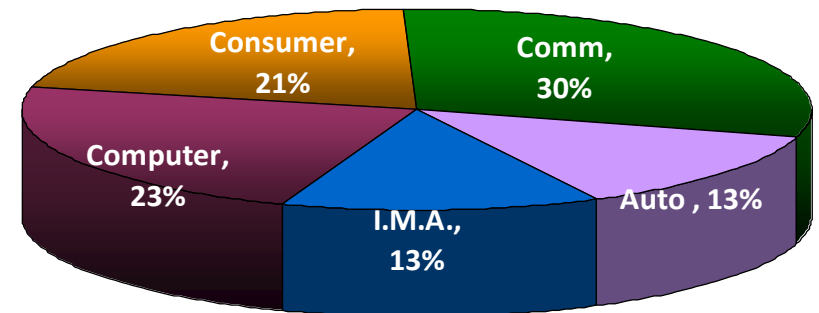
-3% YoY

Business update – NOR flash breakdown (Parent Company)

2017 NOR revenue breakdown



2018 NOR revenue breakdown



* **Comm**: including handsets

* **I**(Industrial), **M**(Medical), **A**(Aerospace-defense)

2018 NOR revenue comparison

Computer

-6% YoY

Consumer

-32% YoY

Communication

-13% YoY

Automotive

+14% YoY

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For more information regarding Macronix
<http://www.macronix.com>



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