



CHROMA ATE INC.

2017.1Q Earnings Release

26th April, 2017

Test
Auto
Solution
provider

This presentation contains some forward-looking statements that are subject to substantial risks and uncertainties. Typically, these statements contain words such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “plan”, “forecast”, “project”, “predict”, “potential”, “continue”, “may”, “should”, “will”, and “would” or similar words. You should consider these forward-looking statements carefully because such statements are only our expectations or projections about future events, and actual results may differ materially from those expressed or implied by such statements. The forward-looking statements in this presentation include, but are not limited to, growth rates for various markets estimated by third party sources, future products and technology development, widespread market acceptance of the hosted delivery model, future revenue growth and profitability. You should be cautioned that the forward-looking statements are no guarantee of our future performance. The forward-looking statements contained in this presentation are made only as of the date of this presentation and we undertake no obligation to update the forward-looking statements to reflect subsequent events or circumstances, except as required by law. This presentation and the information contained herein are the property of Chroma Ate Inc.

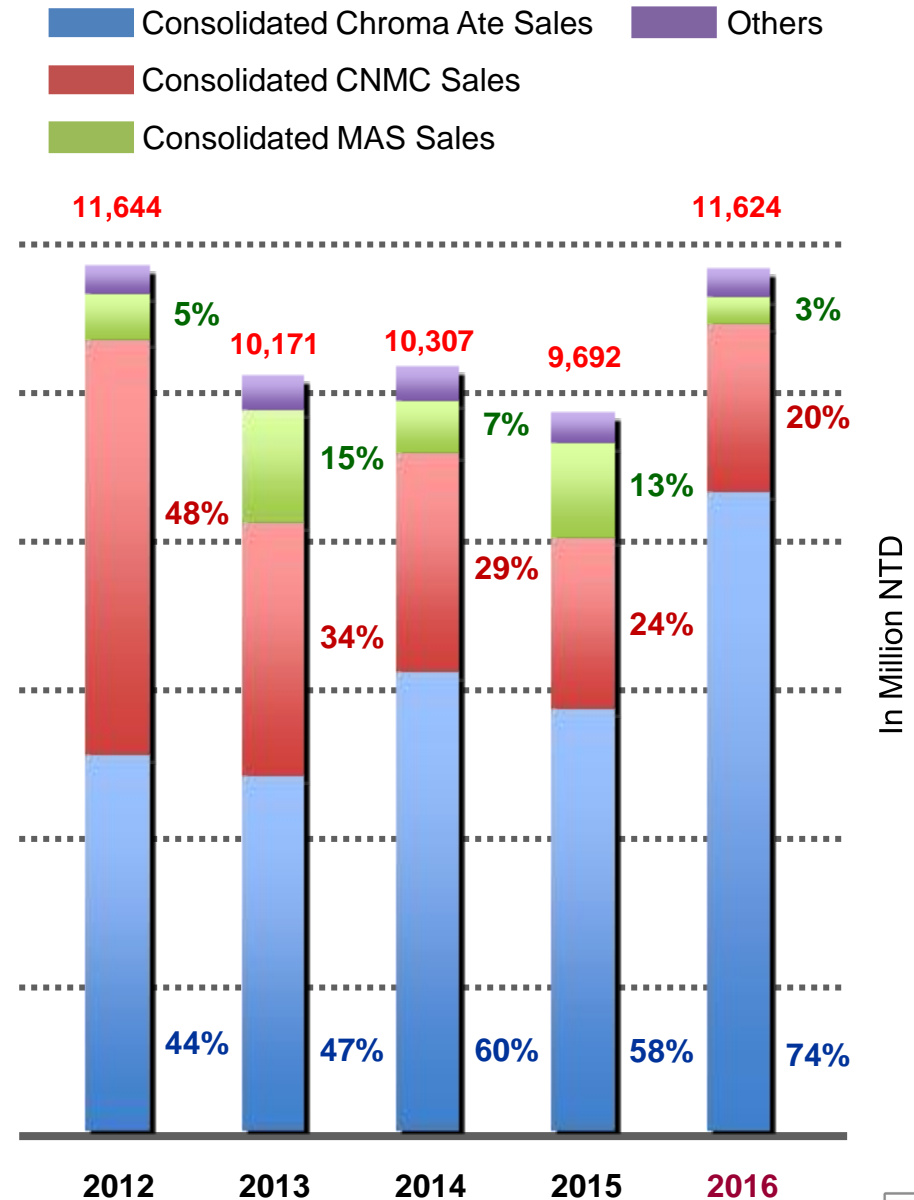
- **Corporate Profile**
- **Financial Review**
- **Operation Highlights**
- **Q&A**

**CORPORATE
PROFILE**

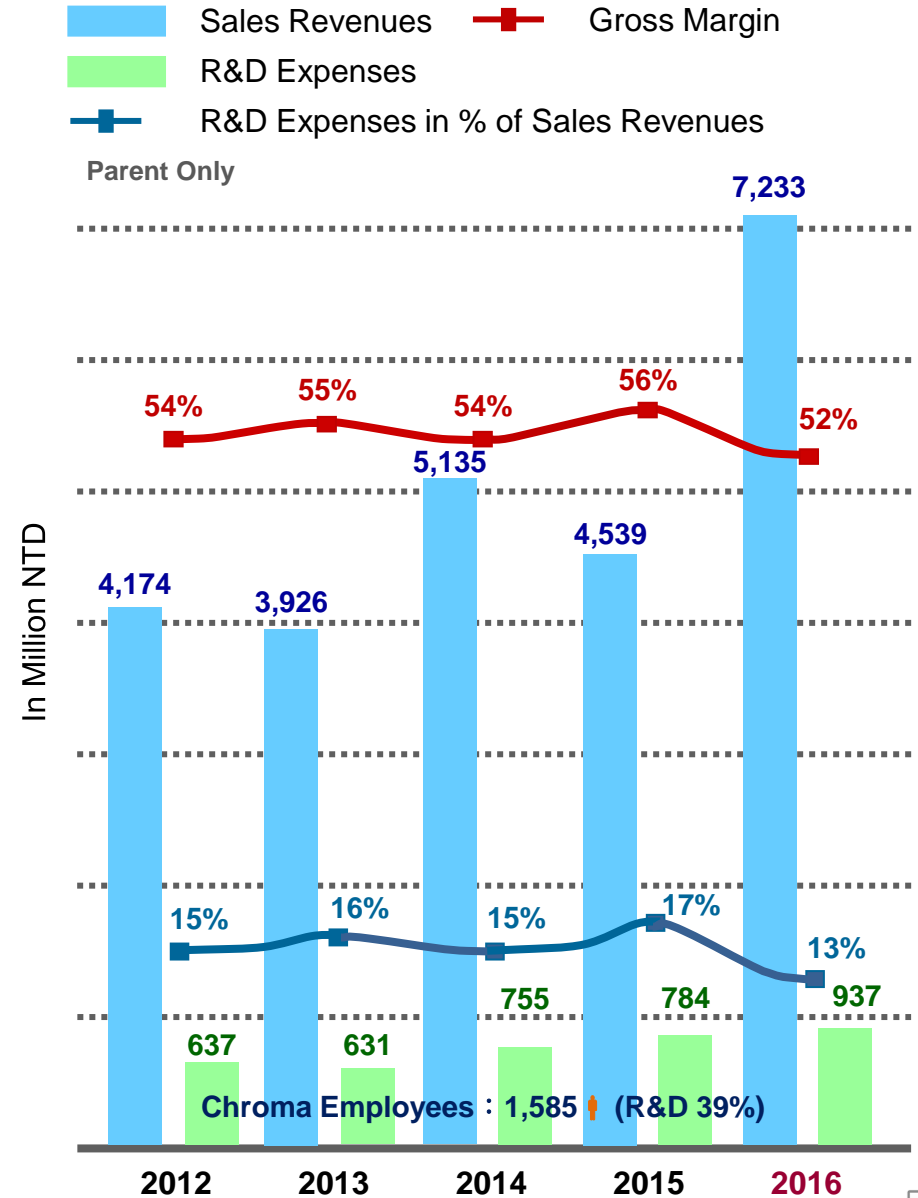
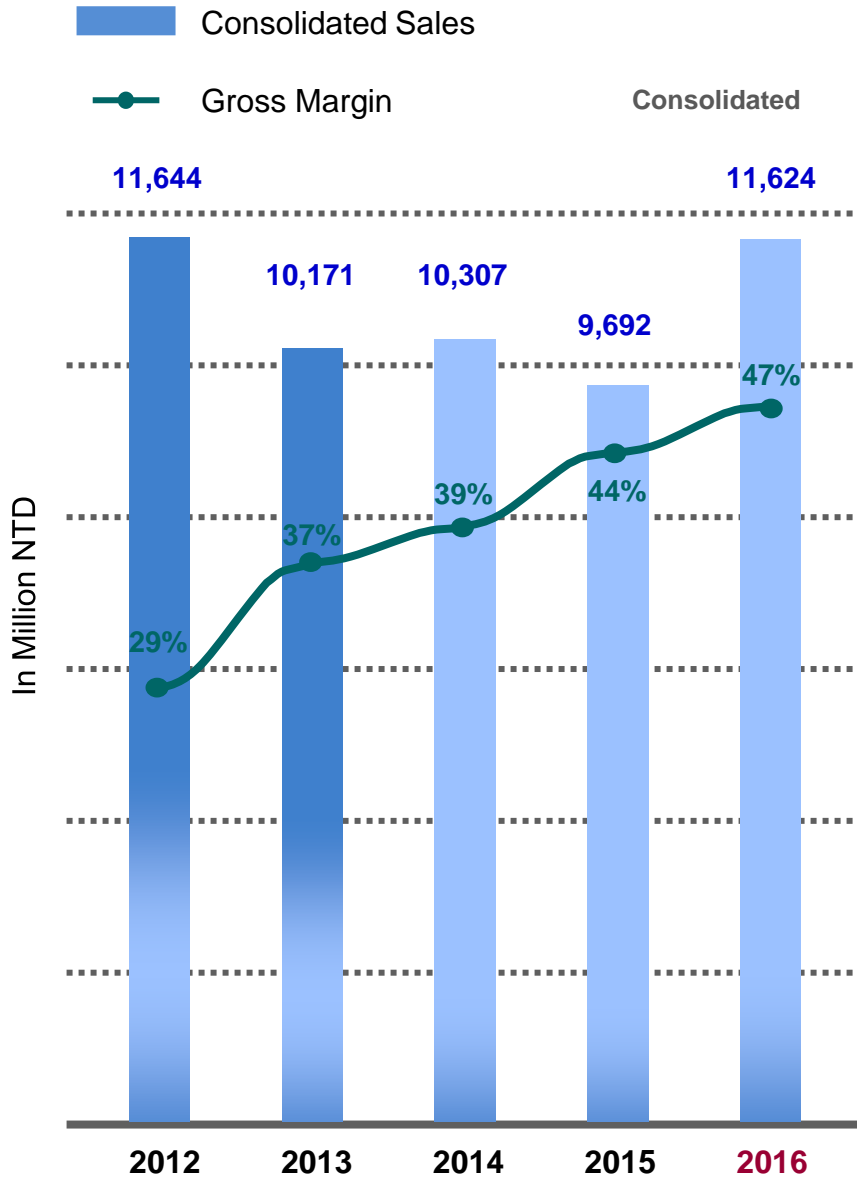


Corporate Profile

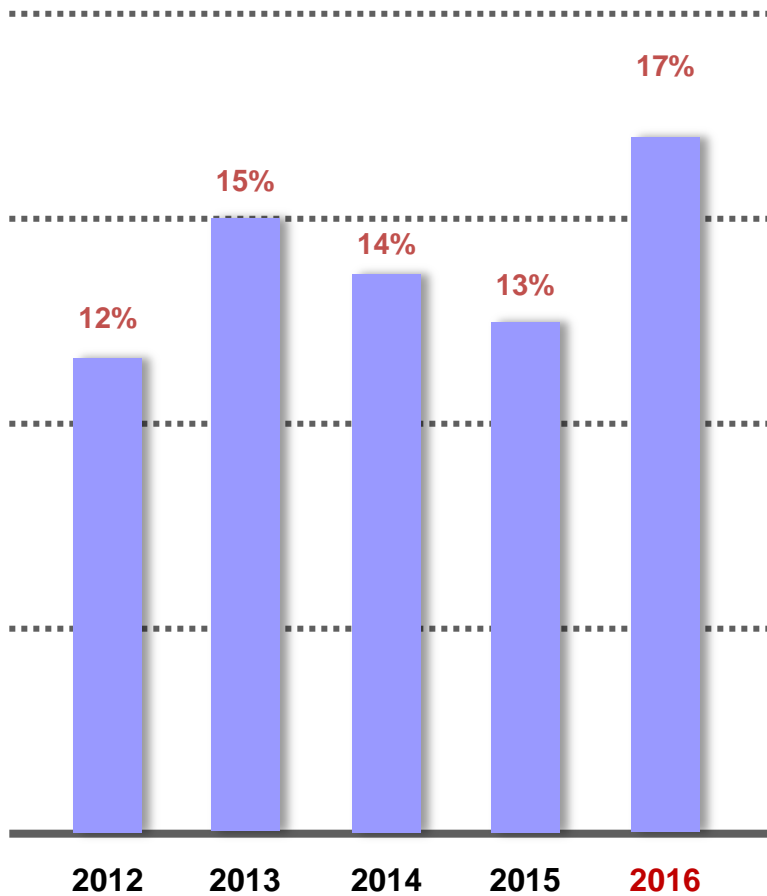
- Chroma Group founded in 1984, a world leading own brand turnkey test & automation solution provider, specialized in electronics test and measurement instruments and ATS (auto test system). Businesses cover test and measurement instruments and ATS for various industries, and a turnkey solution as an integration of Test and Measurement , Automation and MES (manufacturing execution system).
- Key success: Precision, Reliability, Innovation
- Chroma group encompass business unit of Chroma Ate Inc., Modular Assembly System (MAS) and Chroma New Material Corp (CNMC).
- 2016 Consolidated Sales : NT\$ 11.6 billion
- 2016 Net Income: NT\$1.7 billion
- Chroma Group total of 2,567 employees (as March, 2017)
- Chroma Wins Fifth National Innovation Award – Distinguished Enterprise Innovation Award.



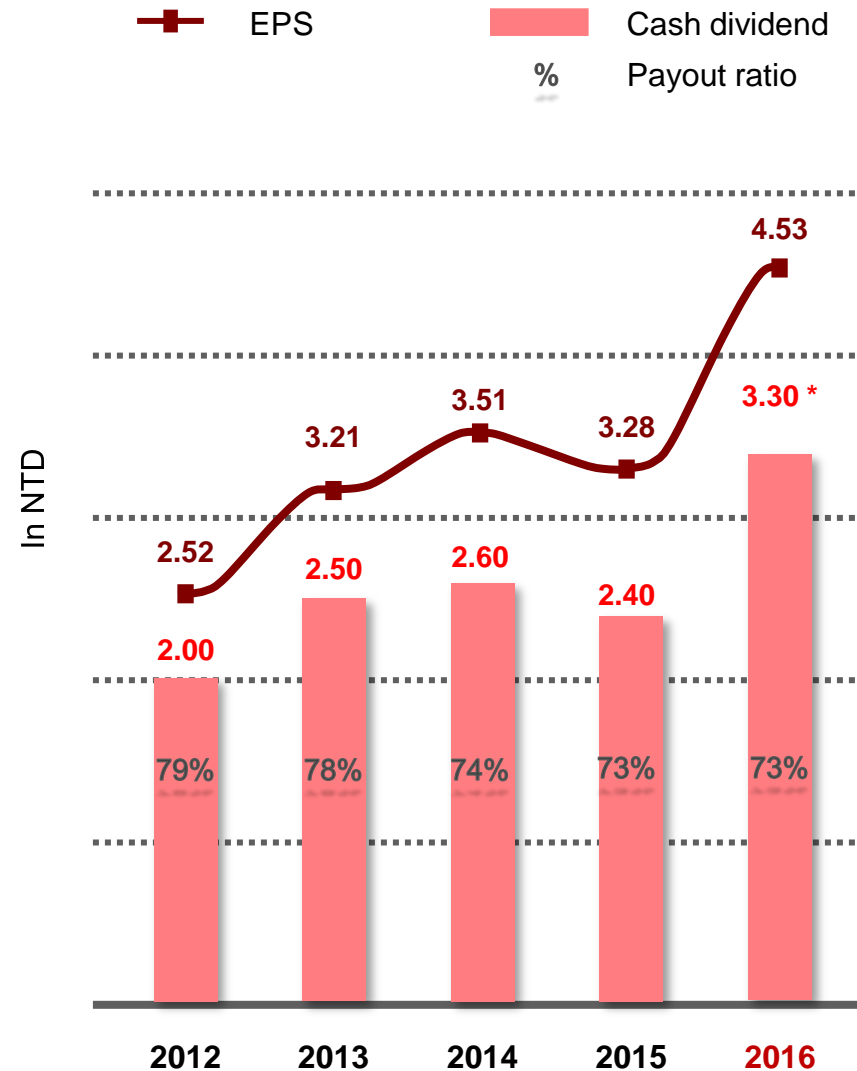
Financial Performance



ROE



Dividend

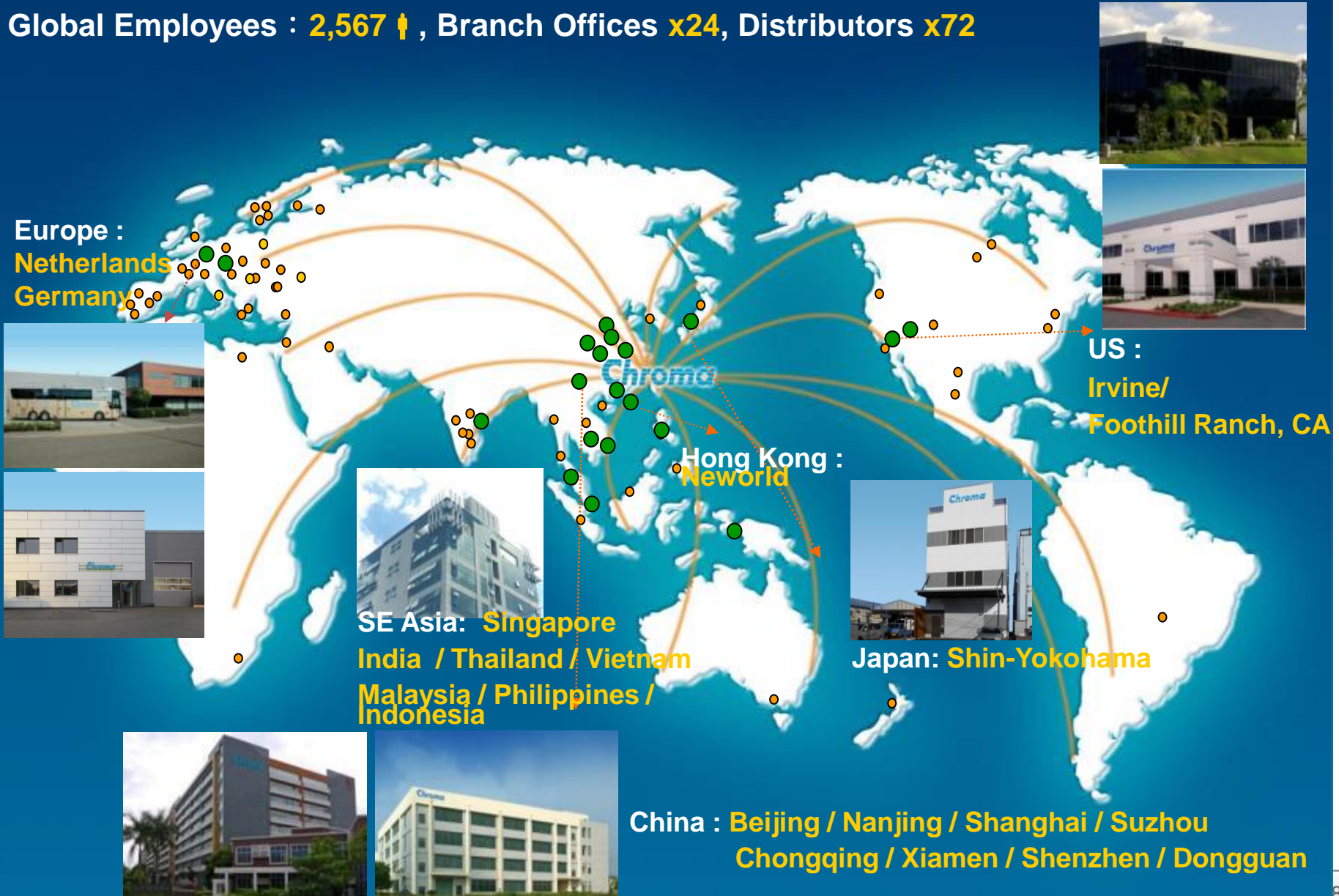


* The dividend will be paid out after the resolutions of Annual General Shareholders meeting.

Chroma Global Network

Chroma

Global Employees : 2,567 ↑ , Branch Offices x24, Distributors x72



FINANCIAL REVIEW



Year 2017.1Q Condensed Consolidated Income Statement

Condensed Consolidated P&L (In Million NTD, except for EPS in NTD)	2017.1Q	%	2016.1Q	%	YoY %
Net Sales	2,776	100%	2,610	100%	6%
Consolidated Sales of Testing Equipment Business	2,090	75%	1,904	73%	10%
Consolidated Sales of MAS	80	3%	41	2%	100%
Consolidated Sales of New Material	513	18%	568	22%	(10%)
Others	93	4%	97	3%	(4%)
Cost of Goods Sold	(1,409)	(51%)	(1,456)	(56%)	(3%)
Gross Profit	1,367	49%	1,154	44%	18%
Operating Expenses:					
General & Administration	(620)	(22%)	(533)	(20%)	16%
Research & Development	(279)	(10%)	(237)	(9%)	18%
Operating Income	468	17%	384	15%	22%
Non-Operating Income (Expenses), net	(118)	(4%)	(12)	(1%)	n/a
Income (Loss) Before Tax	350	13%	372	14%	(6%)
Income Tax	(68)	(3%)	(66)	(2%)	3%
Net Income	282	10%	\$ 306	12%	(8%)
Other Comprehensive Income (Losses)	(178)	(6%)	(21)	(1%)	n/a
Comprehensive Income	\$ 104	4%	\$ 285	11%	(64%)
Net Income (Losses) Attributable To:					
Shareholders of the Parent	288	10%	321	12%	(10%)
Noncontrolling Interests	(6)	-	(15)	-	(60%)
	\$ 282	10%	\$ 306	12%	(8%)
EPS (Basic)	\$ 0.75		\$ 0.85		(12%)
EPS (Diluted)	\$ 0.72		\$ 0.80		(10%)

Balance Sheet Highlights & Financial Ratio

Consolidated (In Million NTD)

2017. March 2016. Dec + / - %

Balance Sheet Highlights

Cash & Short Term Investments	5,099	5,829	- 13%
Inventory	2,004	1,906	5%
Short Term Debt	1,100	1,012	9%
Long Term Debt	1,386	2,765	- 50%
Shareholders Equity	11,906	10,788	10%
Total Assets	17,784	18,633	- 5%

Inventory Turnover (Day)	125	104
AR Turnover (Day)	96	88
AP Turnover (Day)	112	101
Net Debt to Equity (%)	Negative	Negative

ROE (%) ●	10%	17%
ROA (%) ●	6%	10%

Cash Position

2017.1Q 2016.1Q YoY

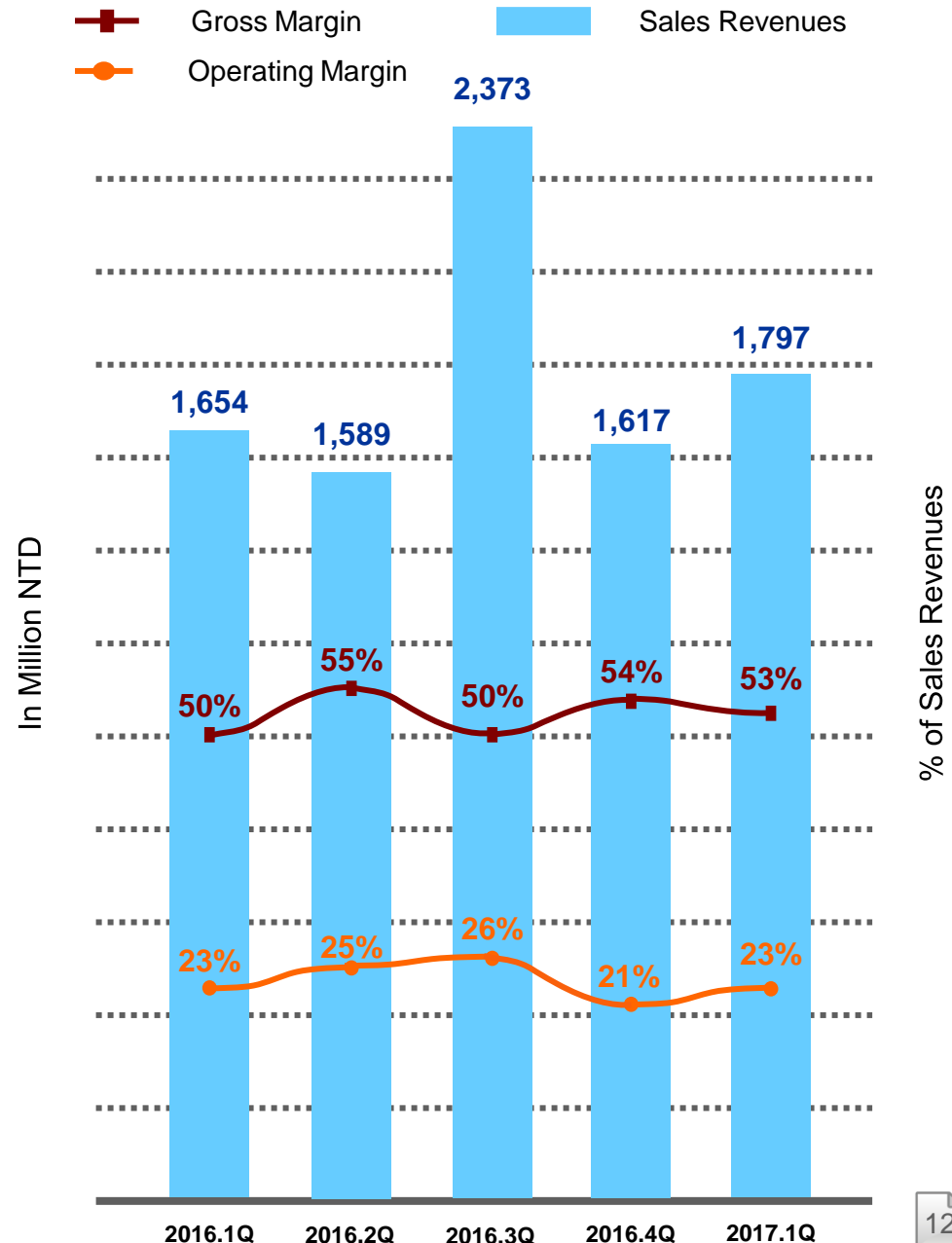
EBITDA	435	468	(7%)
Cash Flow from Operation	(235)	391	n/a
Free Cash Flow ●●	(476)	(240)	n/a

● All ROE + ROA has been annualized.

●● Free Cash Flow = Net Cash Provided by Operating Activities + (Net Cash used by Investing Activities)

2017.1Q Key Points

- Sales Revenue: \$ 1,797 million, up 11% QoQ, up 9% YoY
- Gross Margin: 53%
- Operating Margin: 23%
- Net Income: NT\$ 288 million, down 25% QoQ, down 10% YoY
- 2017.1Q Highlights:
 - The major growth driver is contributing from Semiconductor Testing Solutions, presented a growth of 89% QoQ and 338% YoY.



Year 2017.1Q Condensed Income Statement

Condensed P&L – Parent Only (In Million NTD, except for EPS in NTD)	2017.1Q	%	2016.4Q	%	QoQ %	2016.1Q	%	YoY %
Net Sales	1,797	100%	1,617	100%	11%	1,654	100%	9%
Cost of Goods Sold	(850)	(47%)	(741)	(46%)	15%	(821)	(50%)	4%
Gross Profit	947	53%	876	54%	8%	833	50%	14%
Operating Expenses:								
General & Administration	(278)	(16%)	(283)	(17%)	(2%)	(234)	(14%)	19%
Research & Development	(252)	(14%)	(251)	(16%)	1%	(213)	(13%)	18%
Operating Income	417	23%	342	21%	22%	386	23%	8%
Non-Operating Income (Expenses), net ●	(76)	(4%)	96	6%	(179%)	(7)	-	n/a
Income (Loss) Before Tax	341	19%	438	27%	(22%)	379	23%	(10%)
Income Tax	(53)	(3%)	(56)	(3%)	(5%)	(58)	(4%)	(9%)
Net Income	\$ 288	16%	\$ 382	24%	(25%)	\$ 321	19%	(10%)
Other Comprehensive Income	(173)	(10%)	(46)	(3%)	276%	(20)	(1%)	n/a
Comprehensive Income	\$ 115	6%	\$ 336	21%	(66%)	\$ 301	18%	(62%)
EPS (Basic)	\$ 0.75		\$ 0.99		(24%)	\$ 0.85		(12%)
EPS (Diluted)	\$ 0.72		\$ 0.92		(22%)	\$ 0.80		(10%)

● 100% owned subsidiaries' income - New Material: 0.7m (QoQ ↓ 95%, YoY ↓ 94%), MAS: (6m).

Balance Sheet Highlights & Financial Ratio

Parent Only (In Million NTD)

Balance Sheet Highlights

	<u>2017. March</u>	<u>2016. Dec</u>	+ / - %
Cash & Short Term Investment	3,217	3,656	- 12%
Inventory	1,567	1,458	7%
Short Term Debt	900	800	13%
Long Term Debt	1,231	2,597	- 53%
Shareholders Equity	11,745	10,617	11%
Total Assets	16,374	16,586	- 1%
Inventory Turnover (Day)	160	145	
AR Turnover (Day)	119	100	
AP Turnover (Day)	116	91	
Net Debt to Equity (%)	Negative	Negative	
ROE (%) ●	10%	17%	
ROA (%) ●	7%	11%	

Cash Position

	<u>2017.1Q</u>	<u>2016.4Q</u>	<u>QoQ</u>	<u>2016.1Q</u>	<u>YoY</u>
EBITDA	385	484	(20%)	425	(9%)
Cash Flow from Operation	(66)	933	n/a	276	n/a
Free Cash Flow ●●	(326)	1,177	n/a	(487)	n/a

● All ROE + ROA has been annualized.

●● Free Cash Flow = Net Cash Provided by Operating Activities + (Net Cash used by Investing Activities)

**OPERATION
HIGHLIGHT**

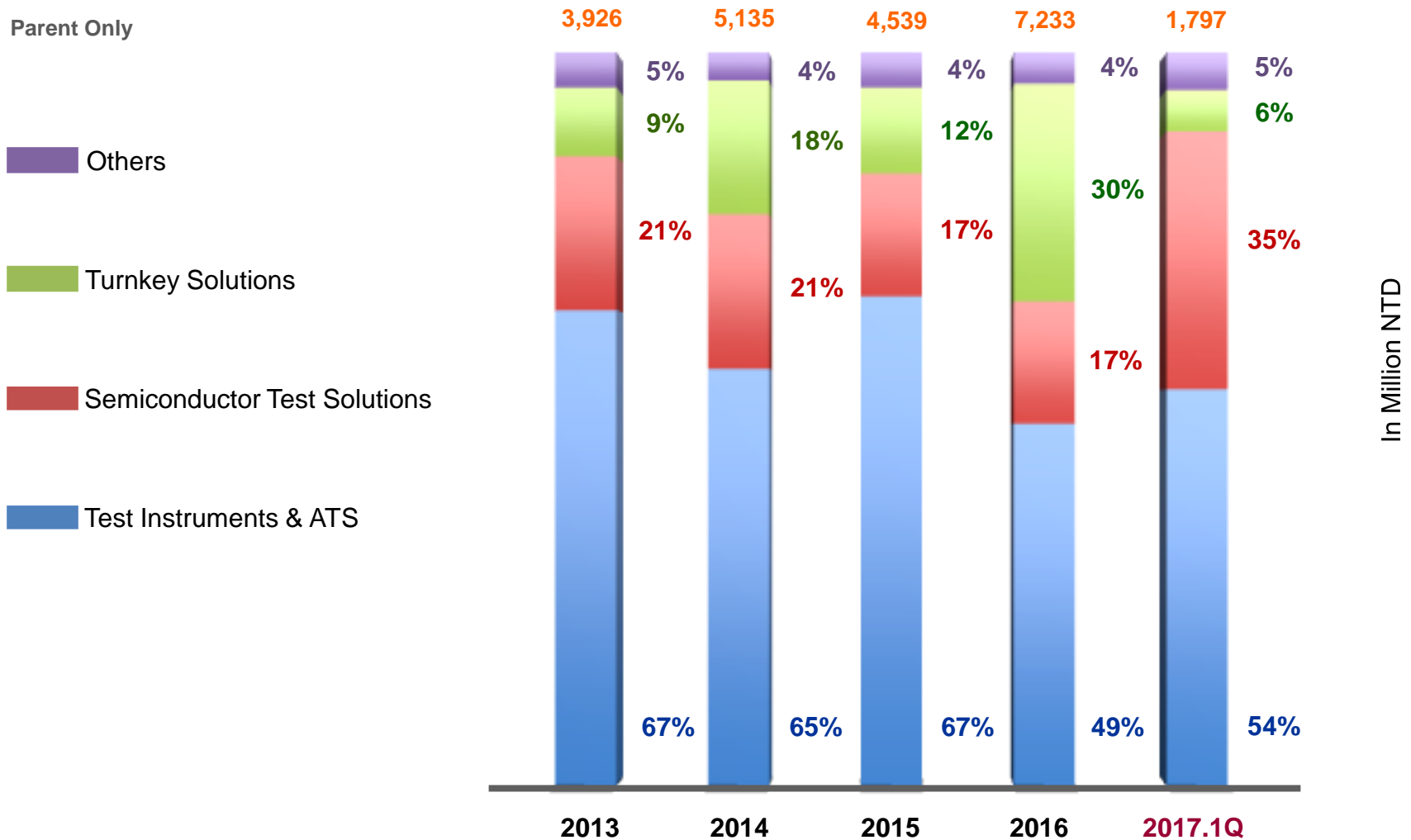


Chroma Ate Inc. Sales Breakdown by Testing Solutions

(Unit: Million NTD)

	<u>2017.1Q</u>	<u>%</u>	<u>QoQ</u>	<u>YoY</u>	<u>2016</u>	<u>%</u>
Test Instruments & Automate Testing System (ATS)	972	54%	1%	32%	3,570	49%
Semiconductor Test Solutions	631	35%	89%	338%	1,209	17%
Turnkey Solutions	102	6%	(58%)	(86%)	2,143	30%
Service & Others	92	5%	24%	61%	311	4%
Total	1,797	100%	11%	9%	7,233	100%

A Turnkey Solution and Intelligent Automation Line Provider



Sales Breakdown by Consolidated Entities

(Unit: Million NTD)	<u>2017.1Q</u>	<u>%</u>	<u>QoQ</u>	<u>YoY</u>	<u>2016</u>	<u>%</u>
Chroma Ate. Inc. included overseas affiliates	2,090	75%	7%	10%	8,587	74%
MAS	80	3%	(32%)	100%	382	3%
New Material	513	18%	(16%)	(10%)	2,269	20%
Others	93	4%	(6%)	(4%)	386	3%
Consolidated Sales	2,776	100%	-	6%	11,624	100%

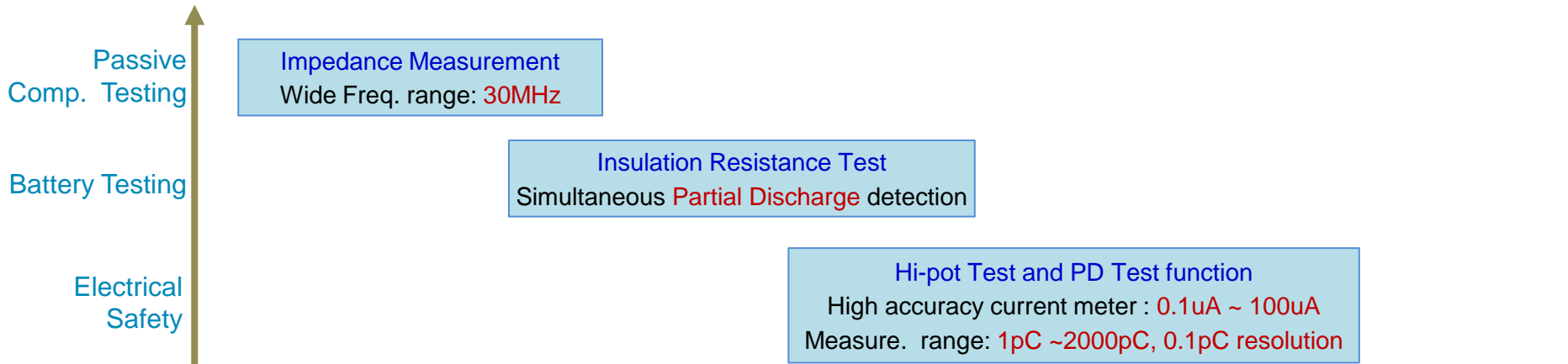
- In the first quarter 2017, parent company sales was the biggest contributor.

The key driver for parent company growth is coming from semiconductor testing solutions, which presented a strong growth of 89% QoQ and 338% YoY.

Meanwhile, the core business of Test Instruments and ATS also presented a double digits growth of 32% YoY.

- The Company expected 2Q will be better than 1Q due to:
 - ✓ Increasing demand of power related components and battery cell / pack testing equipment.
 - ✓ Semiconductor testing solution, by increasing demand of SLT and delivery of Laser Diode (VCSEL) testing equipment.

TECHNOLOGY



Impedance Measurement
Wide Freq. range: 30MHz

Insulation Resistance Test
Simultaneous Partial Discharge detection

Hi-pot Test and PD Test function
High accuracy current meter : 0.1uA ~ 100uA
Measure. range: 1pC ~2000pC, 0.1pC resolution



HF LCR Meter
11050-30M



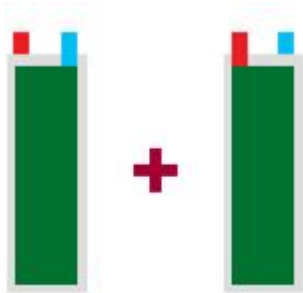
Battery Cell Insulation Tester
11210-K



Partial Discharge Tester
19501-K

SOLUTION

Lamination



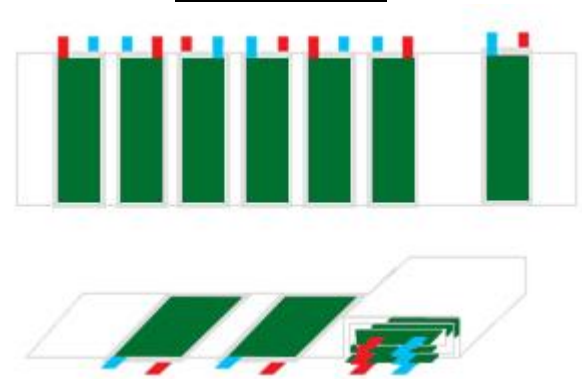
Test

between electrodes

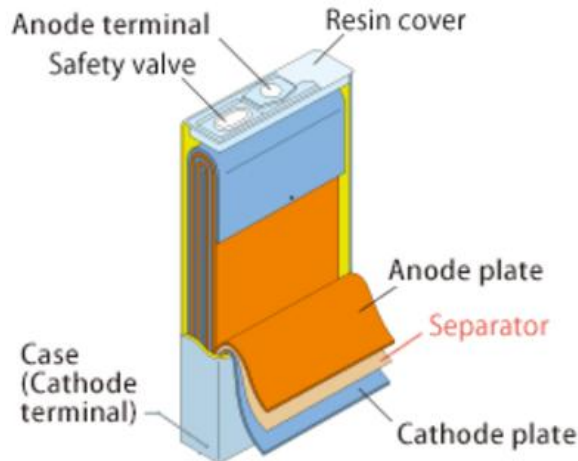


Battery Cell Insulation Tester
11210-K

Folding



Package



Seal in aluminum film Case

Test

between electrodes



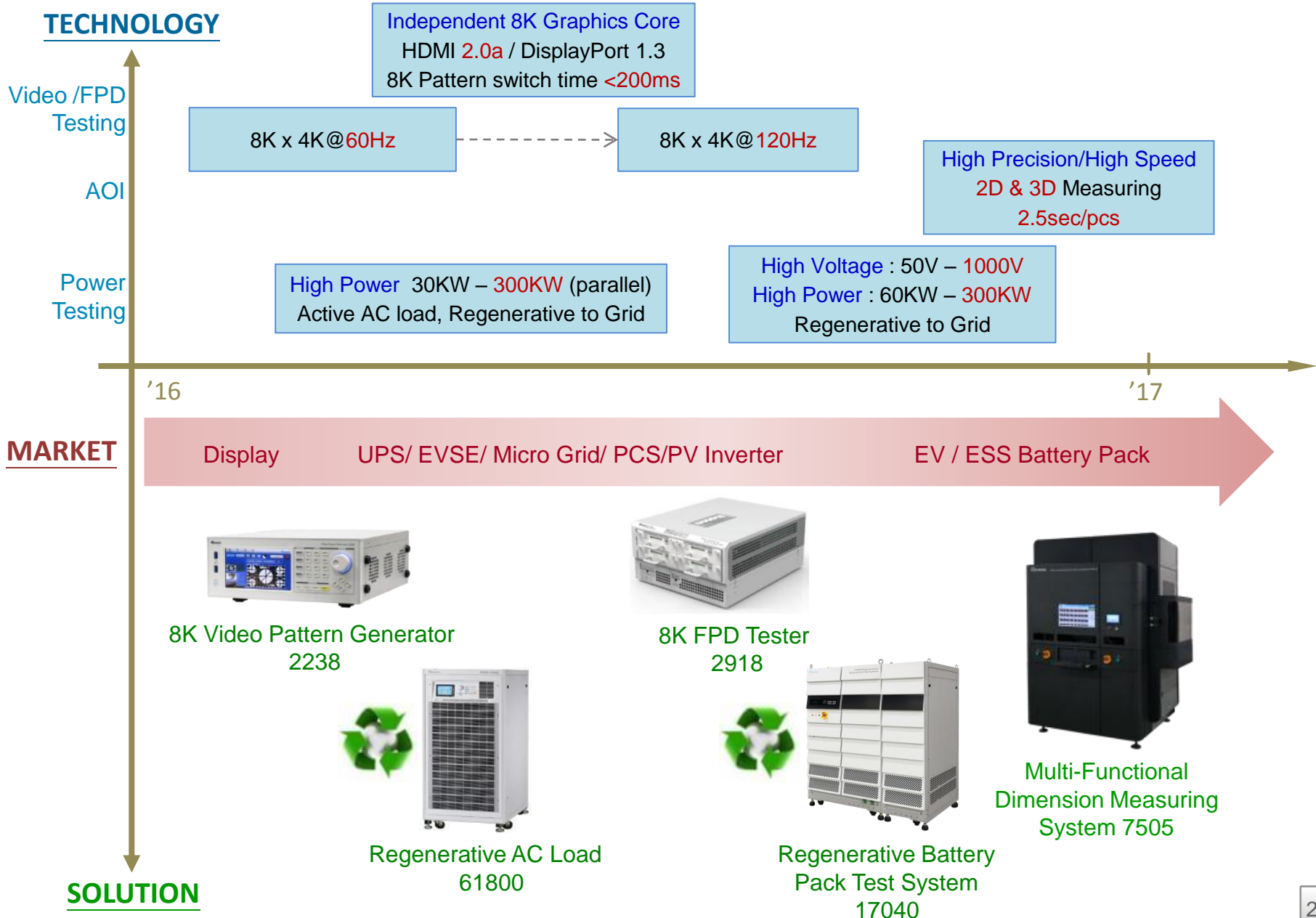
11210-K

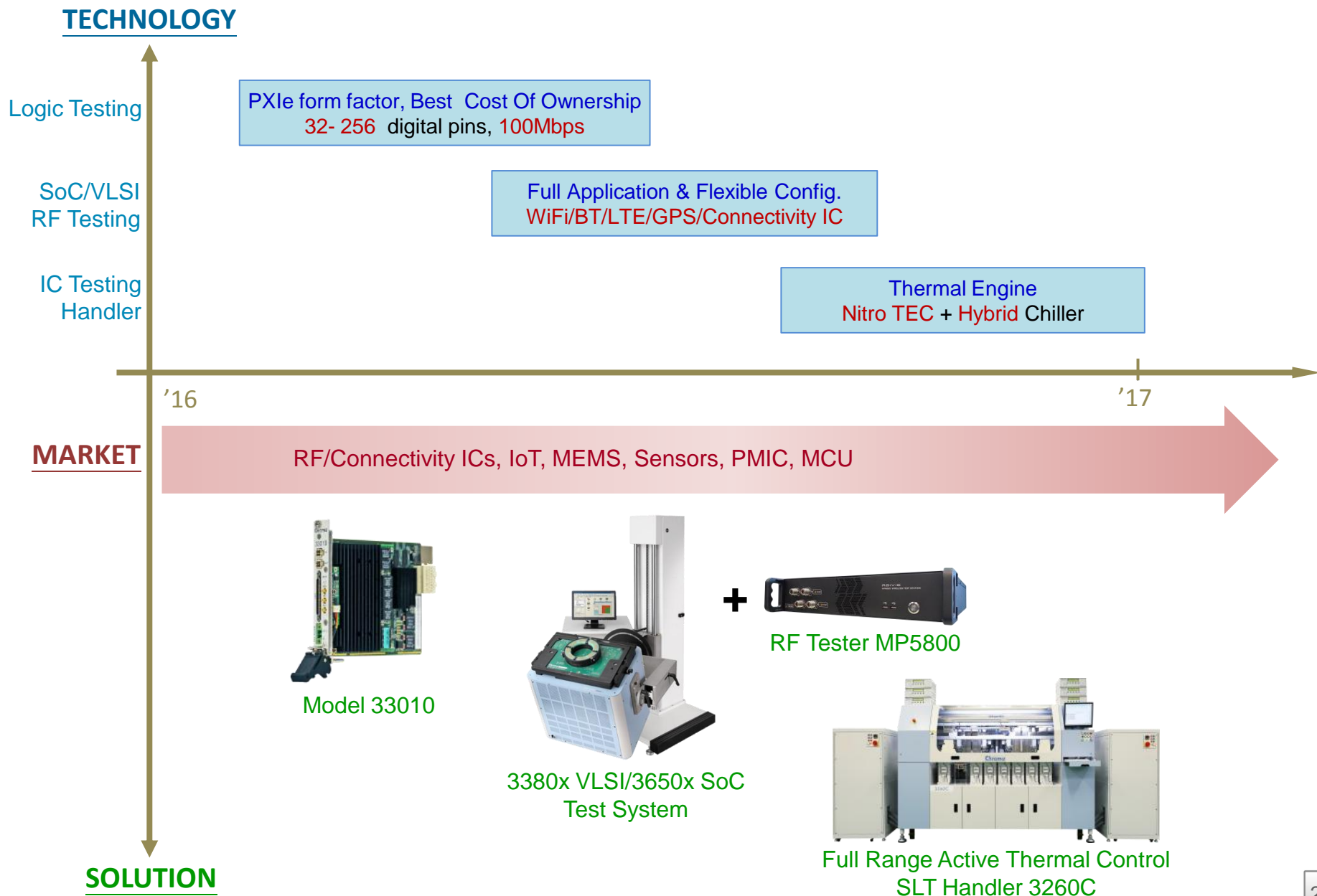
Test

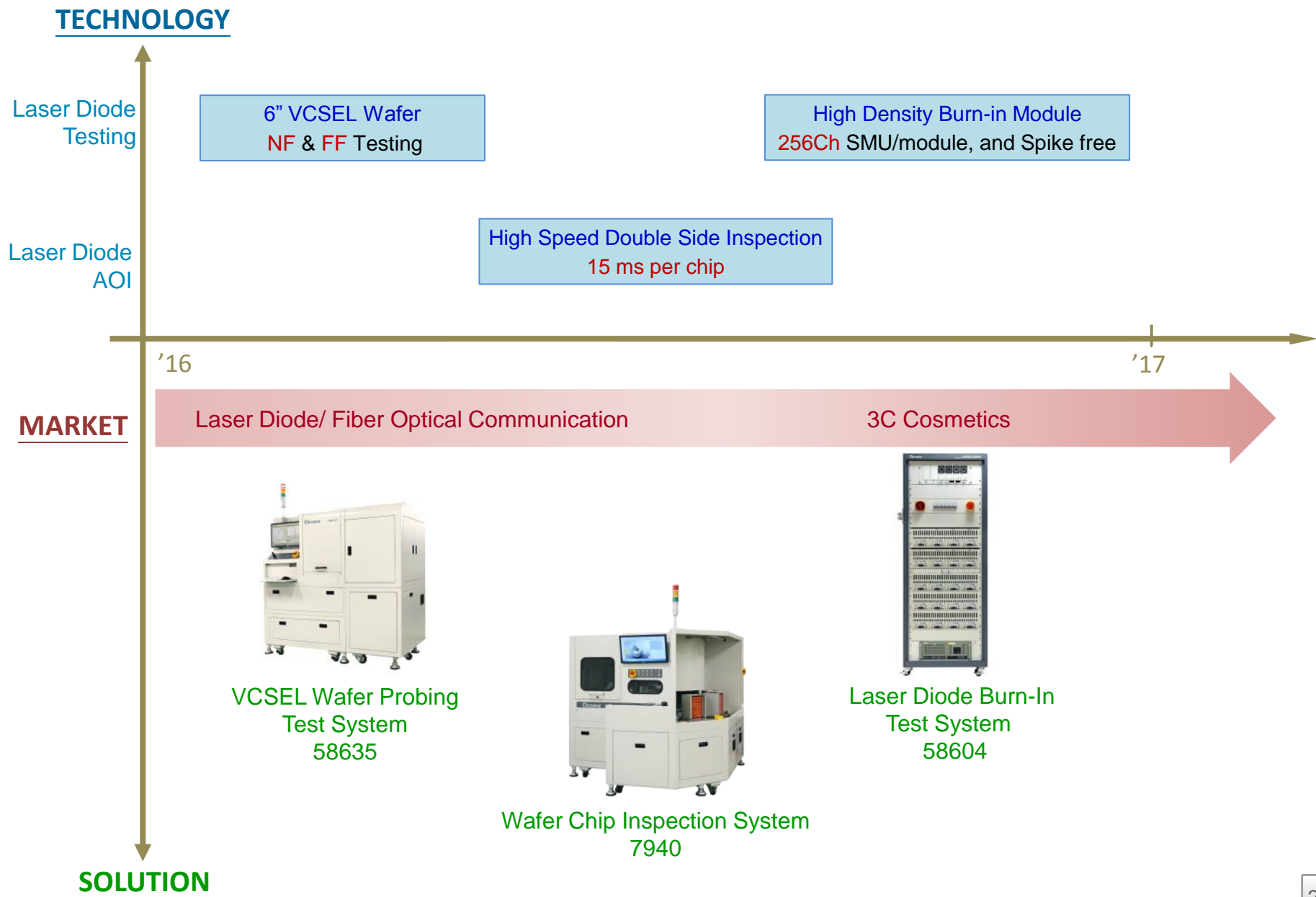
between electrode and case



11210-K







Innovation in Laser Diode Test Solution

Wafer

Package

Module

New

New

New

New



• VCSEL Wafer Probing Test System



• Wafer Chip Inspection System



• Laser Diode Characterization System



• Laser Diode Burn In System



• TO-CAN Package Inspection System



• TOSA/BOSA Temperature Control System



58635



7940

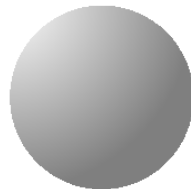
Wafer

Epitaxy

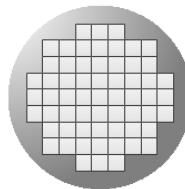
Front-End

Back-End

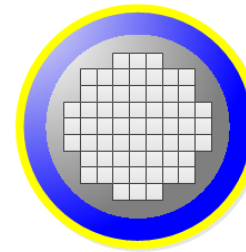
Substrate



Patterning



Dicing



Package



**let's make a better world
Thank You!**