CHICONY ELECTRONICS (2385.TW)

1Q18 Results

May 25, 2018

Safe Harbor Notice

Chicony's statement of its current expectations are forward-looking statements which are subject to significant risks and uncertainties. Actual results may differ materially from those contained in any forward-looking statements.

Positioned as Number 1 Global Market Leader

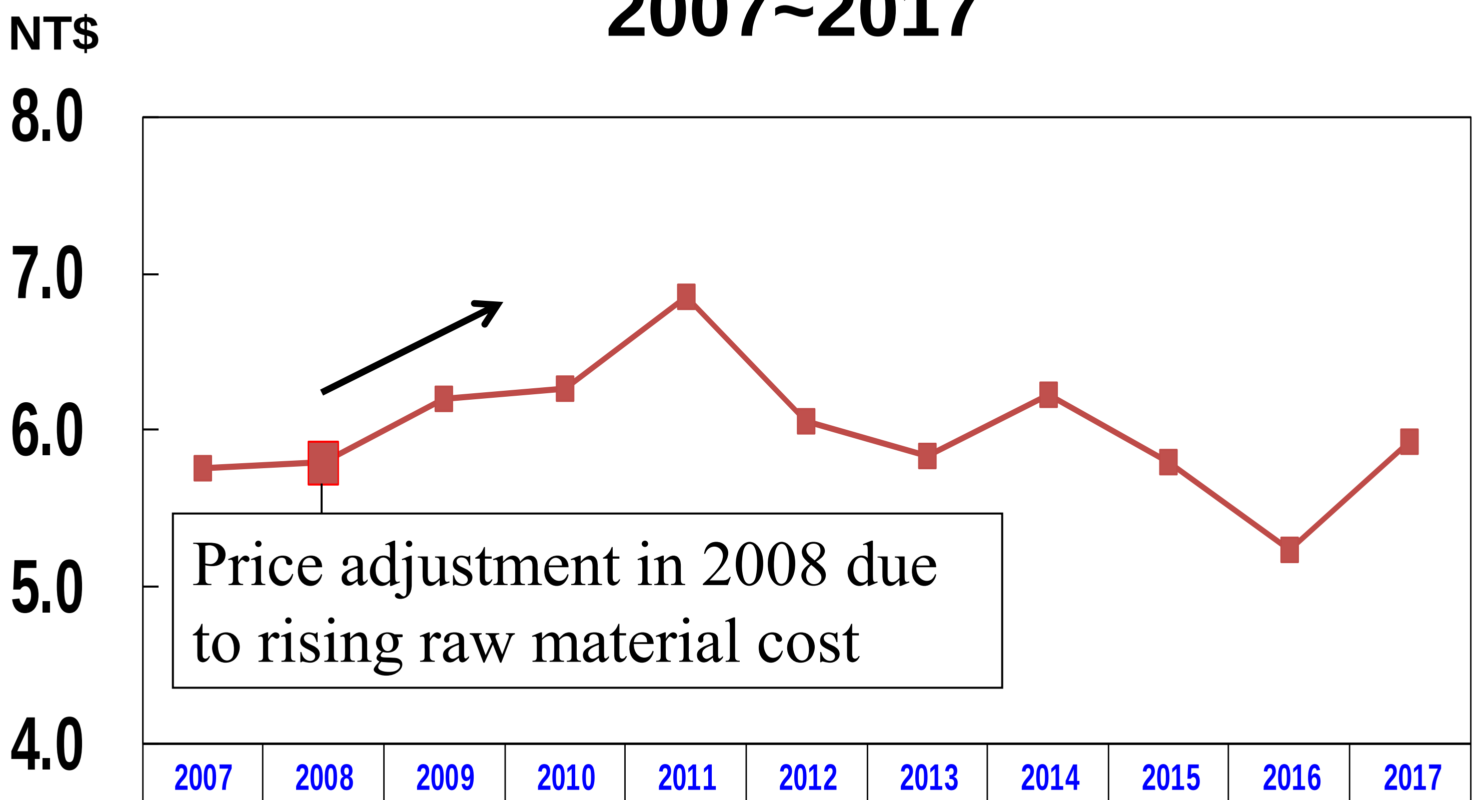
Chicony Continued to Achieve Leading Market Share

Number #1 Market Share in 2017

- 38% NB Keyboard
- 30% DT Keyboard
- 42% NB Camera Module
- 42% NB Adaptor
- 25% IP Cam

Proven Record of Sustainable Value Creation

Chicony EPS 2007~2017



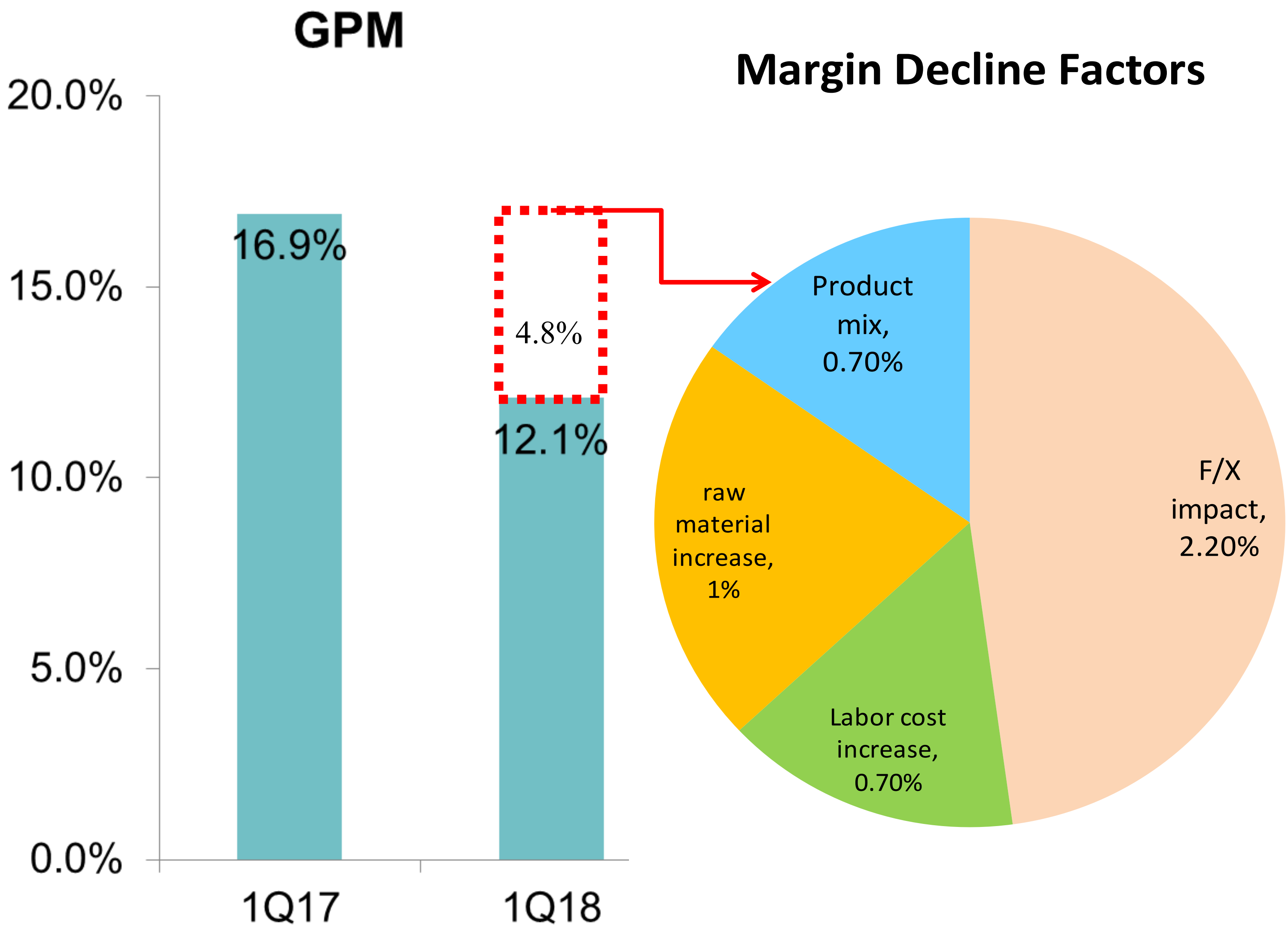
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EPS	5.8	5.8	6.2	6.3	6.9	6.1	5.8	6.2	5.8	5.2	5.9

1Q18 Financial Results

1Q 2018 P&L Statement

Million NT$	1Q 2018		4Q 2017		QoQ	1Q 2017		YoY
	Amount	%	**Amount**	%	**%**	Amount	%	**%**
Net Sales	**17,574**	**100.0**	21,035	100.0	-16.5	16,942	100.0	3.7
COGS	**(15,449)**	**(87.9)**	(17,415)	(82.8)		(14,076)	(83.1)	
Gross Profit	**2,125**	**12.1**	3,620	17.2	-41.3	2,866	16.9	-25.8
Operating Expense	**(1,582)**	**(9.0)**	(2,610)	(12.4)		(2,027)	(12.0)	
Operating Profit	**543**	**3.1**	1,010	4.8	-46.3	839	4.9	-35.3
Other Income/Expense	**250**	**1.4**	1,024	4.9		40	0.2	
Profit Before Tax	**793**	**4.5**	2,034	9.7	-61.0	878	5.2	-9.8
Tax	**(84)**	**(0.5)**	(489)	(2.3)		(185)	(1.1)	
Net Income	**587**	**3.3**	1,304	6.2	-55.0	608	3.6	-3.4
After Tax EPS	**0.86**		1.92		-55.2	0.90		-4.4

1Q18 Gross Margin Decline Analysis



Consolidated Balance Sheet

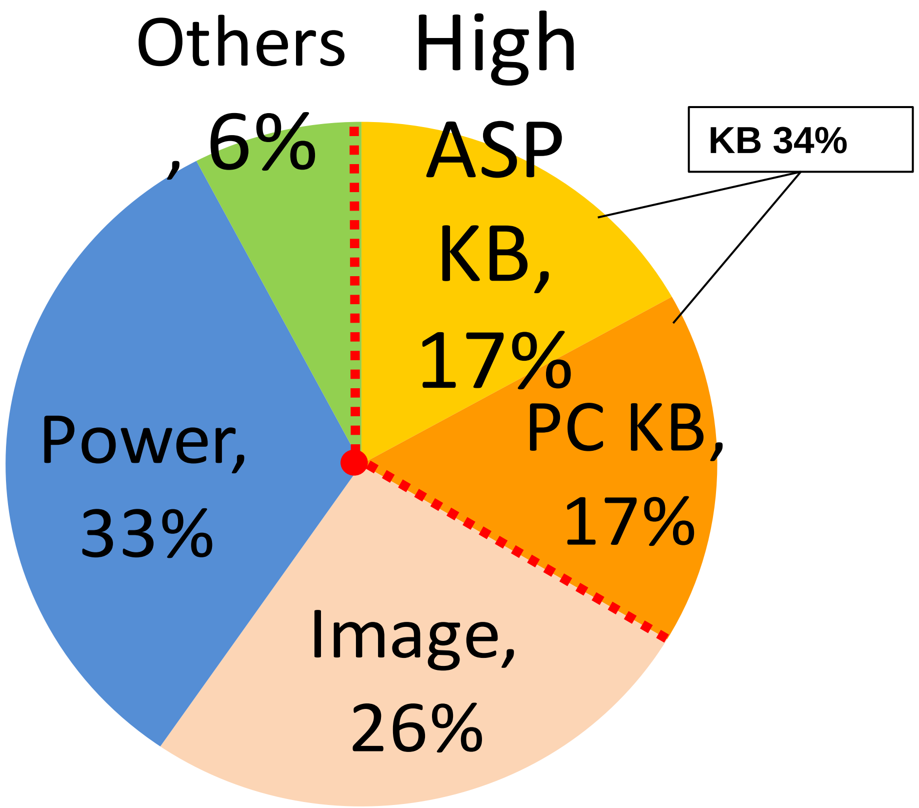
Million NT$	1Q18		4Q17		QoQ	1Q 2017		YoY
	Amount	%	Amount	%	%	Amount	%	%
Cash & Equivalent	2,893	4.3	2,680	4.0	7.9	6,548	10.1	-55.8
Total Assets	66,747	100.0	67,454	100.0	-1.0	64,957	100.0	2.8
Total Debt	8,342	12.5	6,078	9.0	37.2	9,052	14.1	-7.8
Equities	28,820	43.2	28,275	41.9	1.9	28,277	43.5	1.9
Net Debt	5,449		3,398			2,504		
Current ratio (X)	1.18		1.18			1.18		
Debt Ratio	57%		58%			56%		
Net Gearing Ratio	19%		12%			9%		

Note 1: Total Debt = Short-Term Debt + Long-Term Debt
Note 2: 2017 EBITDA=NT$8.2B, 2016 EBITDA = NT$7.5B

1Q18 Operating Results

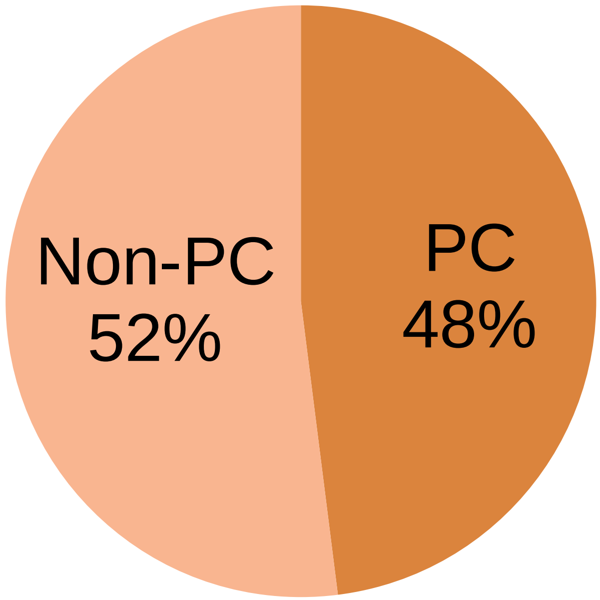
Image Revenue Delivered 36% YoY Growth

1Q18 Revenue by Products



Gaming and IOT Products Continued to Outperform PC Products in 1Q18

1Q18 Revenue

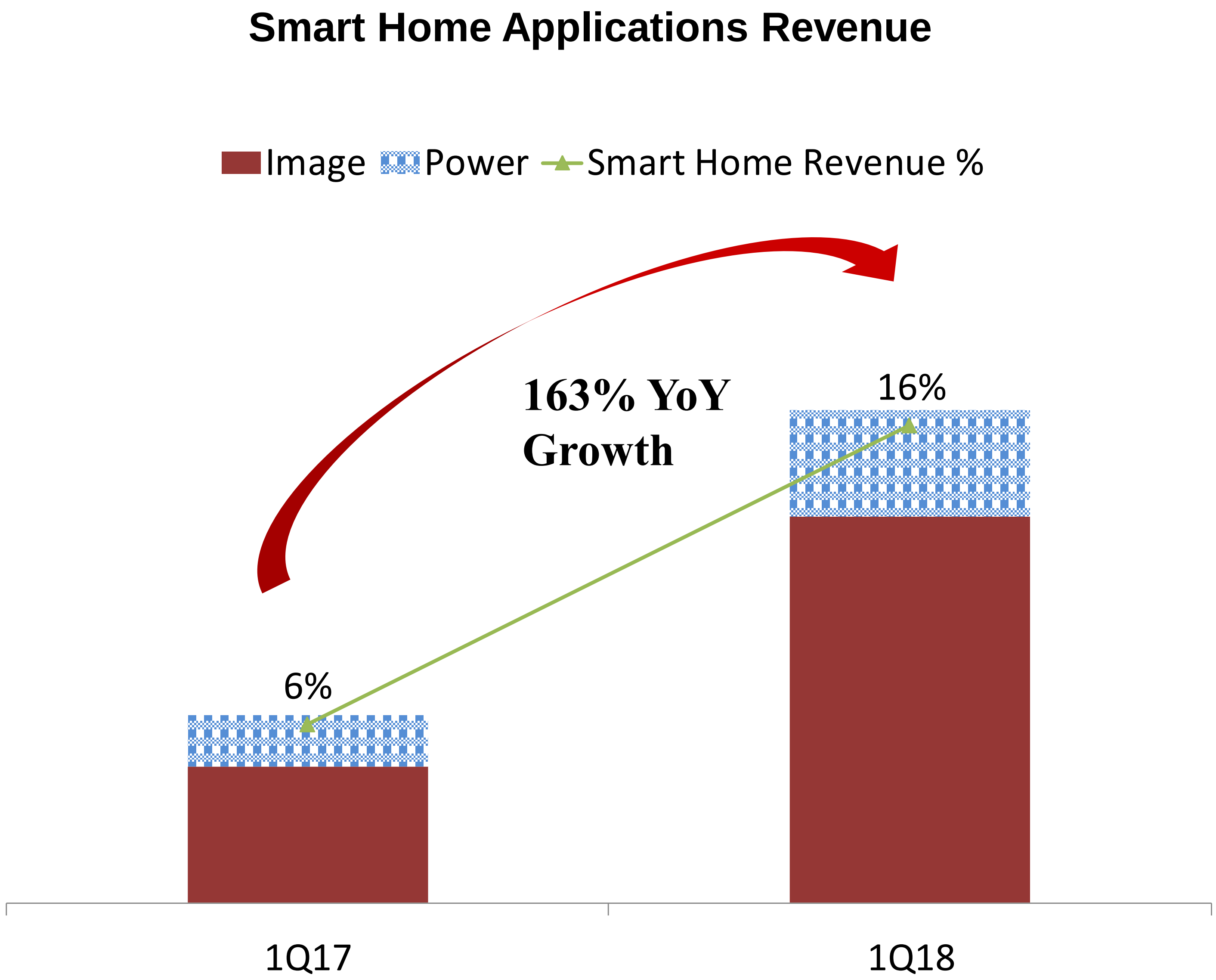


		Revenue %
PC		48%
Non-PC	Gaming	11%
	IOT	33%
	Networking & Others	9%
Total		100%

Product Category		Related Applications
PC		DT, NB Peripherals and tablet application
Non-PC	Gaming	Gaming Console and Gaming PC
	IOT	Smart Home, Smart Building, Automotive Electronics, Cloud Computing, Sports DV, Smartphone, and Drone
	Networking & Others	Networking, Chanel Management, and others

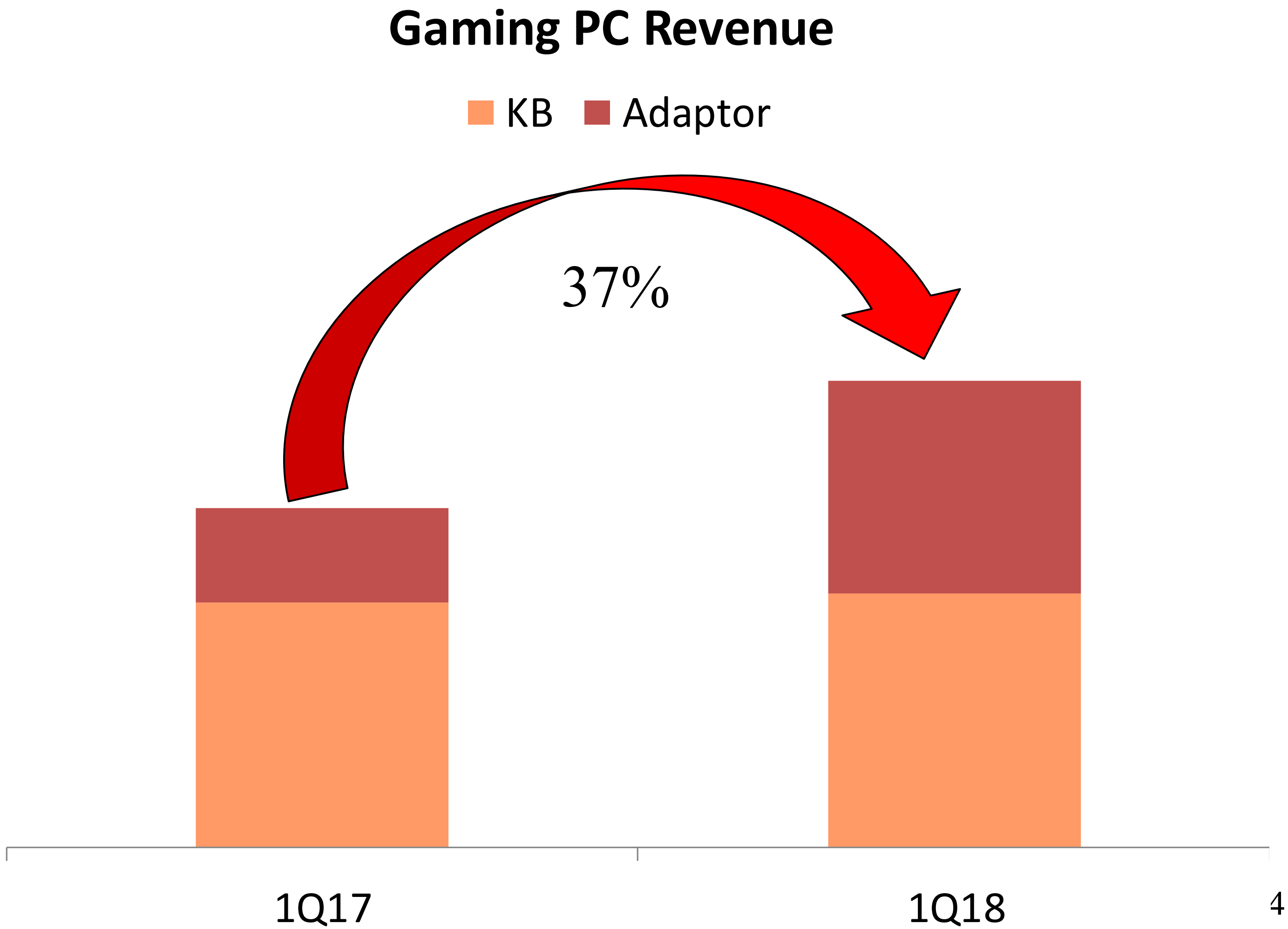
1Q18 Highlights

163% YoY Growth for Smart Home Revenue

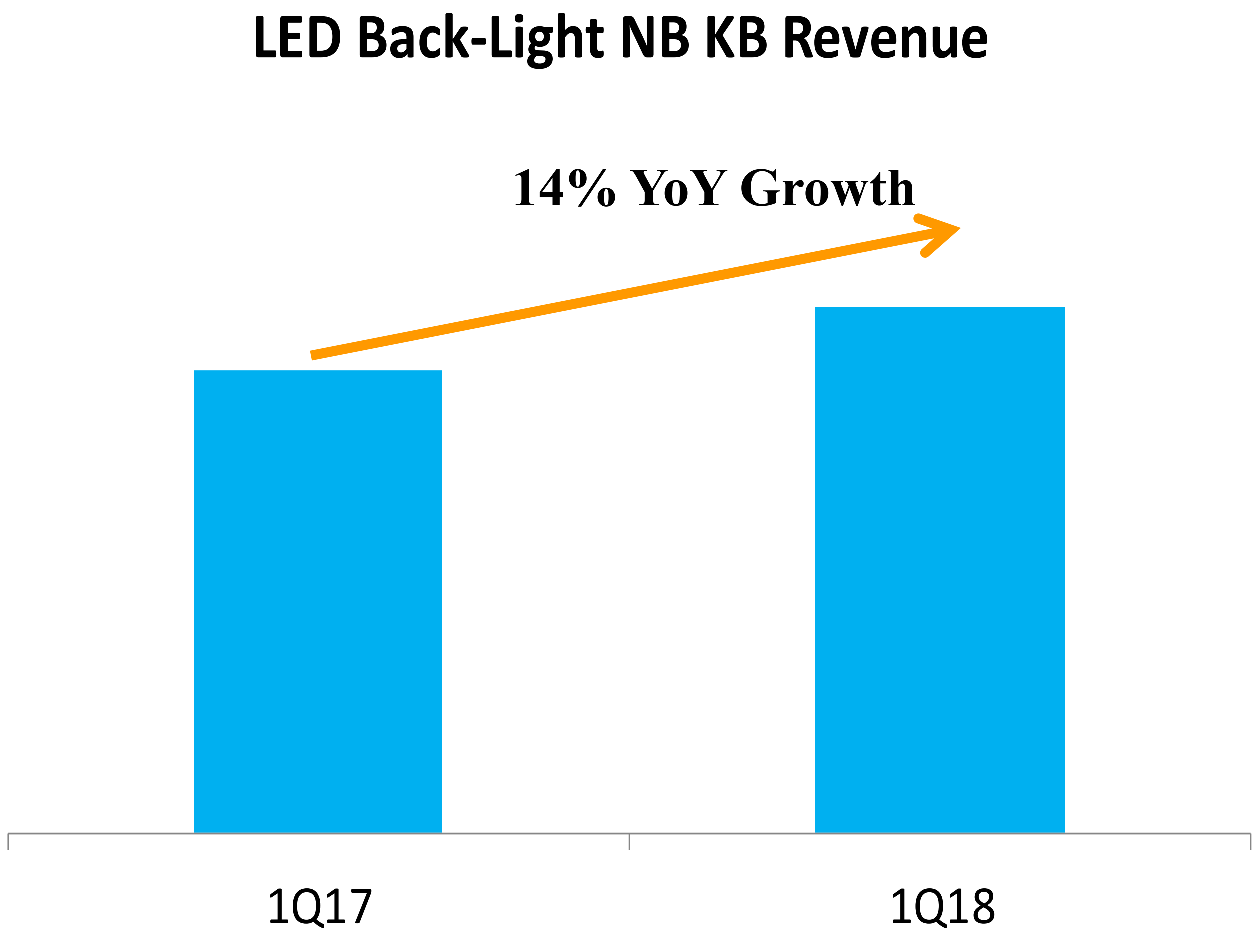


Gaming PC Revenue Increased 37% YoY in 1Q18

Gaming keyboard and adaptor accounted for around 8% revenue in 1Q18



LED Back-Light NB KB Increased 14% YoY in 1Q18



Consistent Dividend Pay-Out Policy to Reward Investors

Chicony	2013	2014	2015	2016	2017
EPS	5.83	6.22	5.79	5.24	5.9
Cash Dividend	4.6	4.65	4.3	4.25	4.45
Stock Dividend	0.05	0.05	0.05	0.05	0.05
Dividend Payout %	80%	76%	75%	82%	76%
Cash Yield Rate %	5.39	5.43	5.79	5.25	6.2%*

* Based on stock price on May 21, 2018

2018 Outlook

Chicony Has An Eye for IOT Unicorn Companies

Ring	Acquired by	**Amazon**	**2018** (Deal Size Over USD$1B)
Nest	Acquired by	**Google**	2014
GoPro		***IPO***	2014
Flip Cam	Acquired by	**Cisco**	2009

Strong Capabilities for IOT Products		
Image	Power	Networking

AI Accelerates Transformations of User Interfaces

Chicony provides user interface total solutions from keyboards, to acoustic and visual input devices

Voice Recognition	Machine Vision
Smart Building Management Smart Speaker	Home Surveillance AR/VR