

Y2018 Financial Results



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- This presentation contains forward-looking statements and is subject to risks and uncertainties. Actual results may differ materially from those contained in the forward-looking statements.
- The projections should not be interpreted as legally binding commitments, but rather as flexible information subject to change occasionally.

Y18 Financial Results

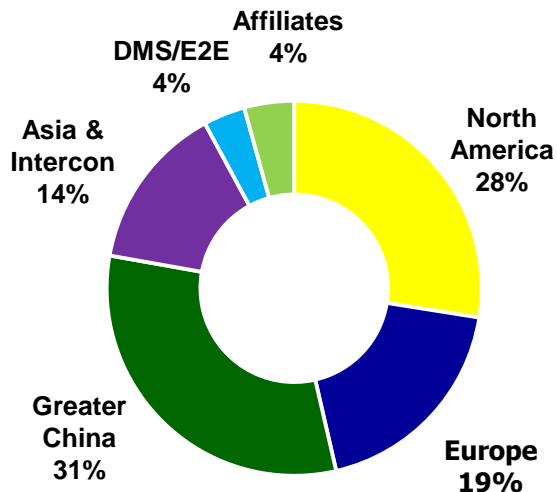
Consolidated

| NT\$M | Y2016 | Y2017 | Y2018 | | | | YTM | YOY |
|----------------------|------------|-----------|-----------|------------|------------|------------|------------|-------|
| | | | 1Q | 2Q | 3Q | 4Q | | |
| Net Sales | 42,002 | 44,375 | 11,355 | 12,645 | 12,360 | 12,367 | 48,727 | 10% |
| Gross Margin% | 40.8% | 39.2% | 38.2% | 37.9% | 38.5% | 38.6% | 38.3% | -0.9% |
| Gross Margin | 17,118 | 17,381 | 4,338 | 4,792 | 4,760 | 4,773 | 18,663 | 7% |
| Operation Expense | 10,486 | 10,602 | 2,696 | 2,851 | 2,854 | 2,795 | 11,196 | 6% |
| Operation Margins | 6,632 | 6,779 | 1,642 | 1,941 | 1,906 | 1,978 | 7,467 | 10% |
| YOY growth | 12% | 2% | 9% | 11% | 10% | 10% | 10% | |
| Non-Operation Income | 466 | 755 | 99 | 87 | 265 | 76 | 527 | -30% |
| Effective Tax Rate | 19.8% | 18.4% | 21.5% | 21.4% | 21.1% | 20.1% | 21.0% | 2.6% |
| NPAT | 5,689 | 6,149 | 1,368 | 1,595 | 1,713 | 1,640 | 6,316 | 3% |
| EPS (NT\$) | 8.15 | 8.84 | 1.95 | 2.28 | 2.45 | 2.34 | 9.02 | 2% |

Y18 Sales By Region

Local Sales: US\$1,618M, +11.2%

| USD\$M | Y2017 | Y2018 | GR% | % |
|-----------------|--------------|--------------|------------|-------------|
| North America | 393 | 445 | 13% | 28% |
| Europe | 256 | 306 | 20% | 19% |
| Greater China | 463 | 508 | 10% | 31% |
| Asia & Intercon | 206 | 232 | 13% | 14% |
| DMS/E2E | 70 | 58 | -16% | 4% |
| Affiliates | 68 | 69 | 1% | 4% |
| Total | 1,455 | 1,618 | 11% | 100% |



North America

| | | | |
|-------------------------------|--------|------|--------|
| ANA: | 415.4M | GR%: | +15.7% |
| iConnectivity Americas | 29.4M | GR%: | -13.9% |

Europe

| | | | |
|---------------|--------|------|--------|
| AEU: | 259.6M | GR%: | +17.6% |
| ADLoG: | 46.0M | GR%: | +31.8% |

Greater China

| | | | |
|----------------|--------|------|--------|
| China: | 400.4M | GR%: | +10.9% |
| Taiwan: | 108.0M | GR%: | +5.7% |

DMS/E2E

| | | | |
|-----------------|-------|------|--------|
| DMS(NC): | 44.7M | GR%: | -22.0% |
| DMS(AC): | 10.3M | GR%: | +14.2% |

Asia & Intercon

| | | | |
|-----------------|-------|------|--------|
| Japan: | 43.7M | GR%: | +9.2% |
| Korea: | 65.0M | GR%: | +7.8% |
| AAU/NZ: | 11.6M | GR%: | -5.3% |
| ASEAN: | 30.4M | GR%: | +5.3% |
| India | 15.3M | GR%: | +56.6% |
| Russia | 15.2M | GR%: | -12.4% |
| ME&A | 33.5M | GR%: | +60.5% |
| LATAM | 16.4M | GR%: | +12.4% |

Affiliates

| | | | |
|-------------------|-------|------|--------|
| Advanix: | 15.3M | GR%: | -0.8% |
| ALNC: | 20.4M | GR%: | +11.9% |
| A-Cermate: | 12.4M | GR%: | +15.6% |
| A-Kostec: | 2.8M | GR%: | -41.5% |

Y18 Sales by SBG

Local Sales: US 1,618M, +11.2%

US 708.3M, 44%, +7.6%

Networks & Communications

- Telecom & Mission Critical Systems
- Enterprise Network Platforms
- Network & Embedded Switches
- Video Broadcasting Solutions

US 164.7M
10%, -1.5%

Embedded-IoT + Allied DMS (Design-in)

Embedded Core & IoT Modules

- Computing on Modules
- Single Board Computers
- Industrial Motherboards
- Embedded Box Computers
- Industrial Displays
- Industrial Flash Storage (SQFlash)
- Embedded Wireless Modules (M2.COM)
- WISE-PaaS & Cloud Software
- ARM/ RISC Computing
- SBC/ Single Board Design Services
- Gaming Solutions

US 439.6M
27%, +12.3%

Applied Computing

- Industrial Mobile Computing
- Applied Computing DMS
- Service-IoT DMS

US 104.0M
7%, +4.7%

US 209.8M

13%, +16.3%

Industrial-IoT

+11% Industrial Automation

- Industrial I/O & Controllers
- Automation Computing & HMI
- Motion Controls & Machine Vision
- Remote IoT Devices (WISE)
- WebAccess+ Software
- iFactory (Industry 4.0) Solutions
- Machine Automation Solutions
- Energy & Environment Solutions

US 554.2M
34%, +13.3%

+16% Intelligent Systems

- Industrial Computers
- Industrial Servers & Storage
- Intelligent Video Solutions
- Transportation Solutions
- Connectivity
- Network Edge Solutions
- Industrial Switches +11%
- Industrial Wireless Devices
- Industrial Cellular Routers

Service-IoT

Intelligent Healthcare

- Medical Computing & Tablets
- Intelligent Hospital Solutions

Intelligent Retail

- iRetail Platforms
- Intelligent Retail Hospitality Solutions
- Digital Signage Solutions

US 145.6M
9%, +14.4%

Intelligent Logistics

- In-Vehicle Computing
- Digital Logistics & Fleet Management Solutions

% of Sales, YoY Growth

Y18 Performance By SBG

| Y2018 | US\$ mn | Revenues | YoY | Gross Margin Range | Operating Profit | OP Margin |
|-----------------------------------|---------|-------------|------------|--------------------|------------------|--------------|
| Industrial IOT | | 554 | 13% | 45~50% | 122 | 21.9% |
| Embedded IOT | | 440 | 12% | 33~38% | 72 | 16.3% |
| Allied DMS | ACG | 104 | 5% | 30~35% | 15 | 14.1% |
| | NCG | 165 | -1% | 35~40% | 26 | 15.8% |
| Service IOT | | 146 | 14% | 35~40% | 9 | 6.0% |
| AGS & APS | | 210 | 16% | 20~25% | 24 | 11.3% |
| Other unallocated expenses | | | | | -20 | |
| Total | | 1618 | 11% | | 248 | 15.3% |

- IIoT grew 13%, GP range to be between 45~50%,
- EIoT grew 12%, low to the medium GP product line had a higher growth rate
- SIoT margin improved due to conduct the production transfer from Germany to Taiwan and China plant

Y18 Working Capital

Consolidated

| NT\$ M | 2016 | 2017 | 2018 | | | |
|----------------------|--------------|--------------|--------------|---------------|--------------|--------------|
| | Full | Full | Q1 End | Q2 End | Q3 End | Q4 End |
| Cash Position | 7,237 | 8,300 | 8,386 | 10,275 | 6,993 | 8,676 |
| Account Receivable | 73,640 | 7,866 | 7,797 | 8,358 | 8,346 | 8,351 |
| DSO (Days) | 60 | 63 | 61 | 62 | 61 | 61 |
| Inventory | 5,597 | 6,242 | 6,818 | 7,174 | 7,600 | 7,558 |
| DOH (Days) | 77 | 80 | 87 | 82 | 84 | 84 |
| Account Payable | 4,983 | 5,281 | 5,376 | 6,251 | 6,248 | 5,811 |
| AP Days | 60 | 69 | 69 | 71 | 70 | 67 |