2018 Third Quarter Investor Conference

2018//11/27

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Agenda

- Overview
- Financial Update
- Q & A

Overview

Founded in 1996
Headquarters at Taipei

750+
Employees

32
Sales Offices

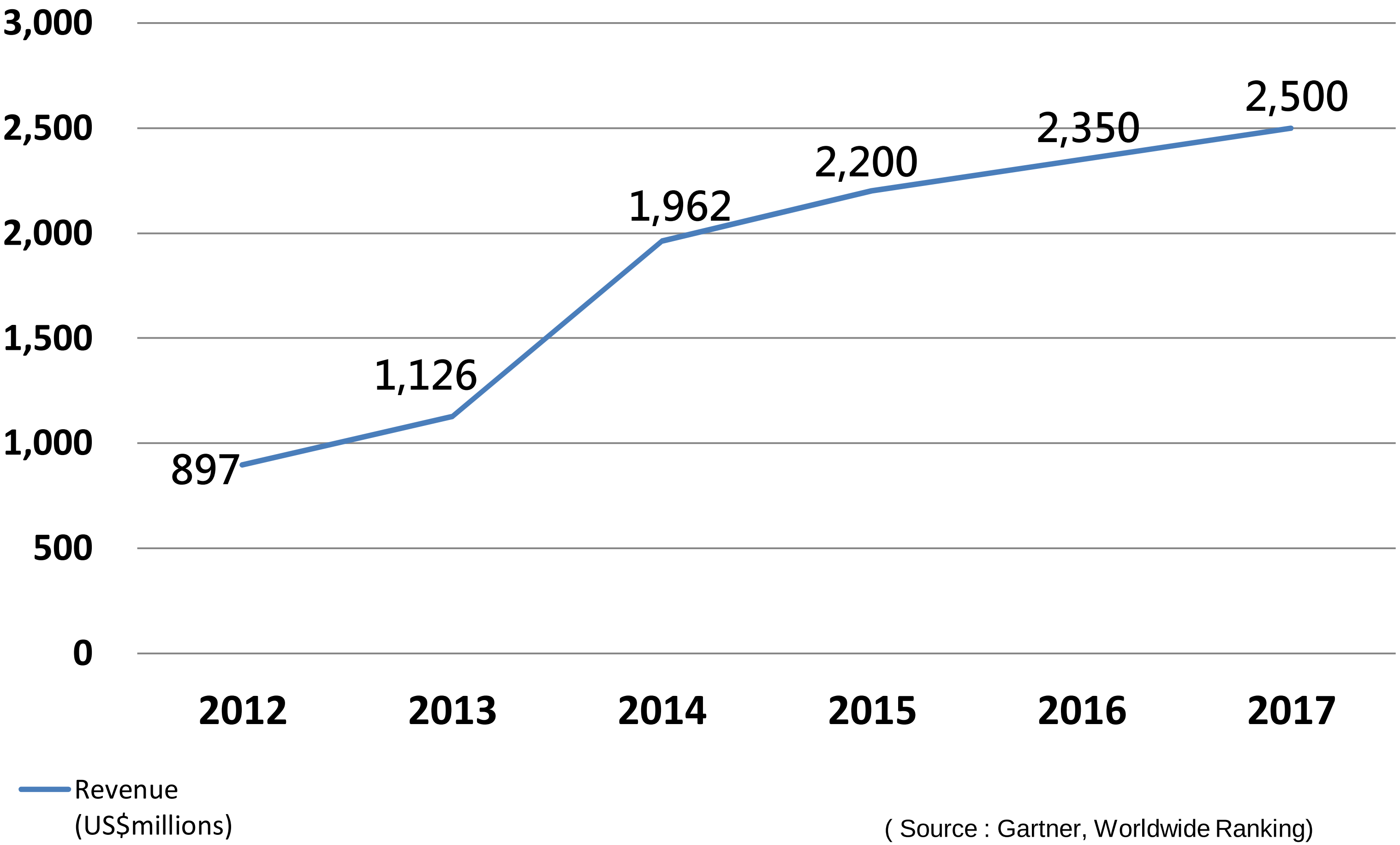
US$2.5 Billion
2017 Revenue

Main Principals

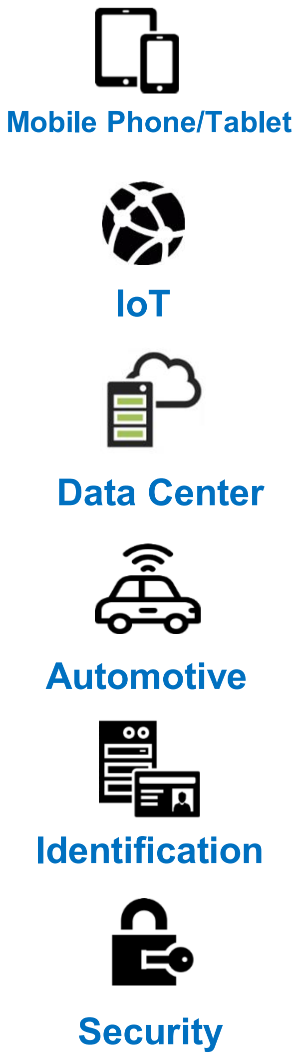
ams
dialog SEMICONDUCTOR
LATTICE SEMICONDUCTOR
MARVELL
MegaChips
NVIDIA
NXP
RENESAS
ROHM SEMICONDUCTOR
WD
SILICON LABS
SONY
ST
Synaptics
SKYWORKS
TDK InvenSense

Overview

9th Largest Semiconductor Distributor



(Source : Gartner, Worldwide Ranking)



Overview

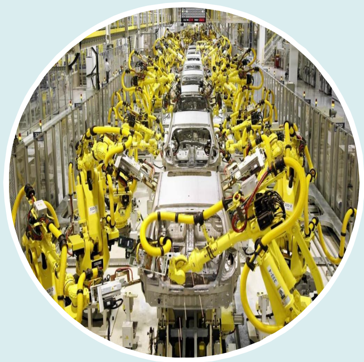
Mega Trends Driving Growth

IoT

Wearables
Smart City / Home
Smart Healthcare
Smart Metering
Smart Factory
Smart Agriculture, etc.

Data Center
Cloud Computing

Server
Networking
Storage systems
Cloud Software Platform, etc.



Automation
Automotive

EV/HEV
Digital Cockpit
Smart Car/Self-Driving Car
Robot, Drone, etc.

More Emerging Applications

Virtual Reality
Augmented Reality
Mixed Reality
Artificial Intelligence
FinTech, etc.

Key Factors: MCU, Power, Sensor, Connectivity, Storage, Identification/Security, Software

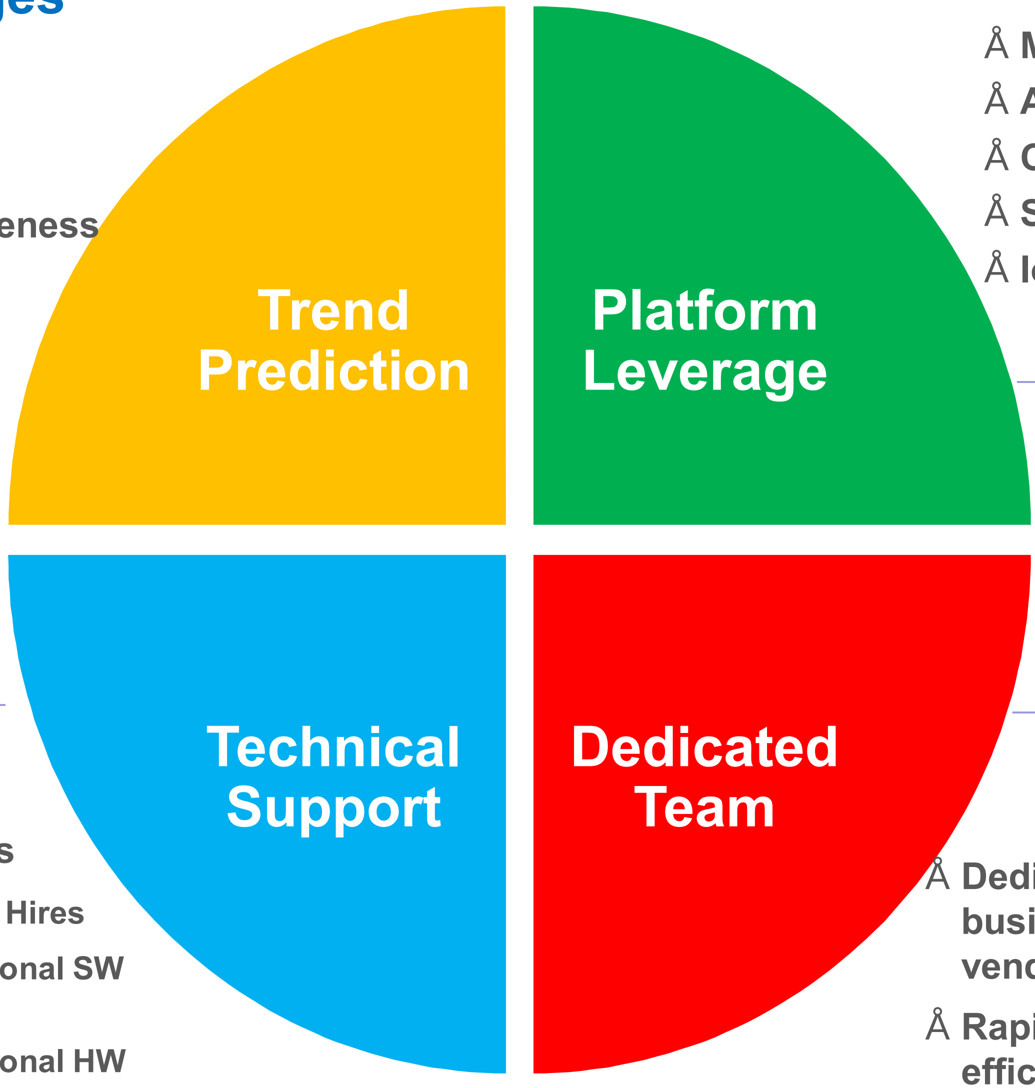
Overview

Our Advantages

Å Precise prediction

Å Early Involvement

Å Cross-industry opportunities awareness



Å Mobile Phone/Tablet

Å Automotive/Industrial

Å Cloud/Networking

Å Smart Home/Automation

Å IoT

Å Total 160 Engineers

Å FAE Support – New Hires

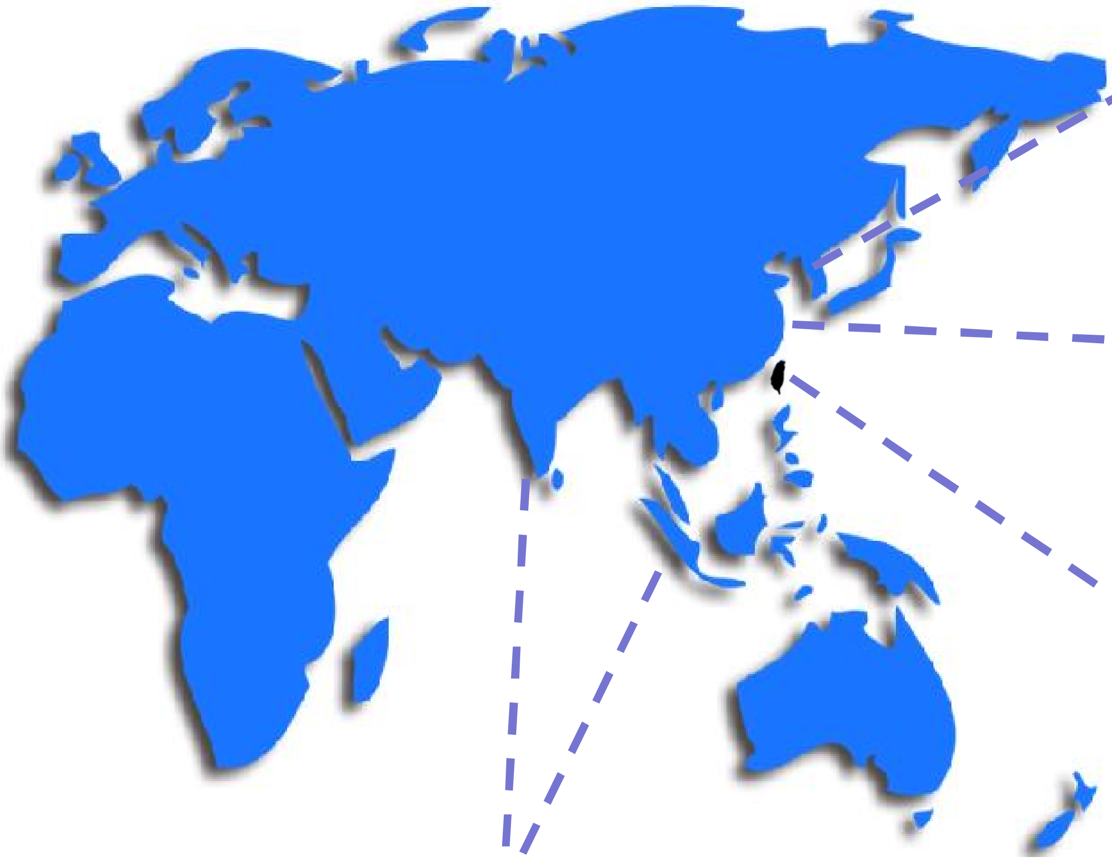
- ➢ 80% professional SW engineers
- ➢ 20% professional HW engineers

Å Dedicated team to drive business (by application / vendor)

Å Rapid response and highly efficient customer service

Å Experts at demand creation

Overview



Korea 1 sales offices
Seoul

China 20 sales offices
Shenzhen, Dongguan, Guangzhou, Zhuhai, Xiamen, Fuzhou, Hong Kong, Shanghai, Ningbo, Beijing, Dalian, Tianjin, Qingdao, Hefei, Hangzhou, Xiân, Chengdu, Chongqing, Wuhan, Nanjing

Taiwan 5 sales offices
Taipei (Headquarters), Hsinchu, Taichung, Tainan, Kaohsiung

Southeast Asia & India 6 Sales Offices
Malaysia, Singapore, Thailand, Vietnam, India (Bangalore, Delhi)

Total 32 Sales Offices

Will Open More Branches

Financial Update

Statement of Comprehensive Income

Unit：NT$K

	Quarterly					Yearly		
Item	Q318	Q218	QoQ	Q317	YoY	3Q18	3Q17	YoY
Operating revenue	22,124,429	18,784,987	17.8%	21,501,594	2.9%	59,601,764	55,334,228	7.7%
COGS	(21,427,185)	(18,173,279)	17.9%	(20,815,836)	2.9%	(57,740,358)	(53,512,121)	7.9%
Gross profit	697,244	611,708	14.0%	685,758	1.7%	1,861,406	1,822,107	2.2%
Gross profit%	3.2%	3.3%		3.2%		3.1%	3.3%	
Operating expenses	(437,099)	(406,949)	7.4%	(426,509)	2.5%	(1,205,831)	(1,175,790)	2.6%
Operating income	260,145	204,759	27.0%	259,249	0.3%	655,575	646,317	1.4%
Operating income%	1.2%	1.1%		1.2%		1.1%	1.2%	
Financial costs	(156,719)	(156,423)	0.2%	(104,964)	49.3%	(451,728)	(334,506)	35.0%
Others	(16,326)	16,310		12,696		(383)	23,879	
Profit before tax	87,100	64,646	34.73%	166,981	(47.8%)	203,464	335,690	(39.4%)
Income tax	(19,990)	(17,628)	13.4%	(28,730)	(30.4%)	(41,487)	(66,958)	(38.0%)
Profit after tax	67,110	47,018	42.73%	138,251	(51.5%)	161,977	268,732	(39.7%)
Net profit %	0.3%	0.3%		0.6%		0.3%	0.5%	
EPS (In dollar)(1)	0.30	0.21		0.62		0.73	1.21	

(1)Based on 2018'Q3 weighted average of outstanding shares

Financial Update

Balance Sheet

Unit：NT$K

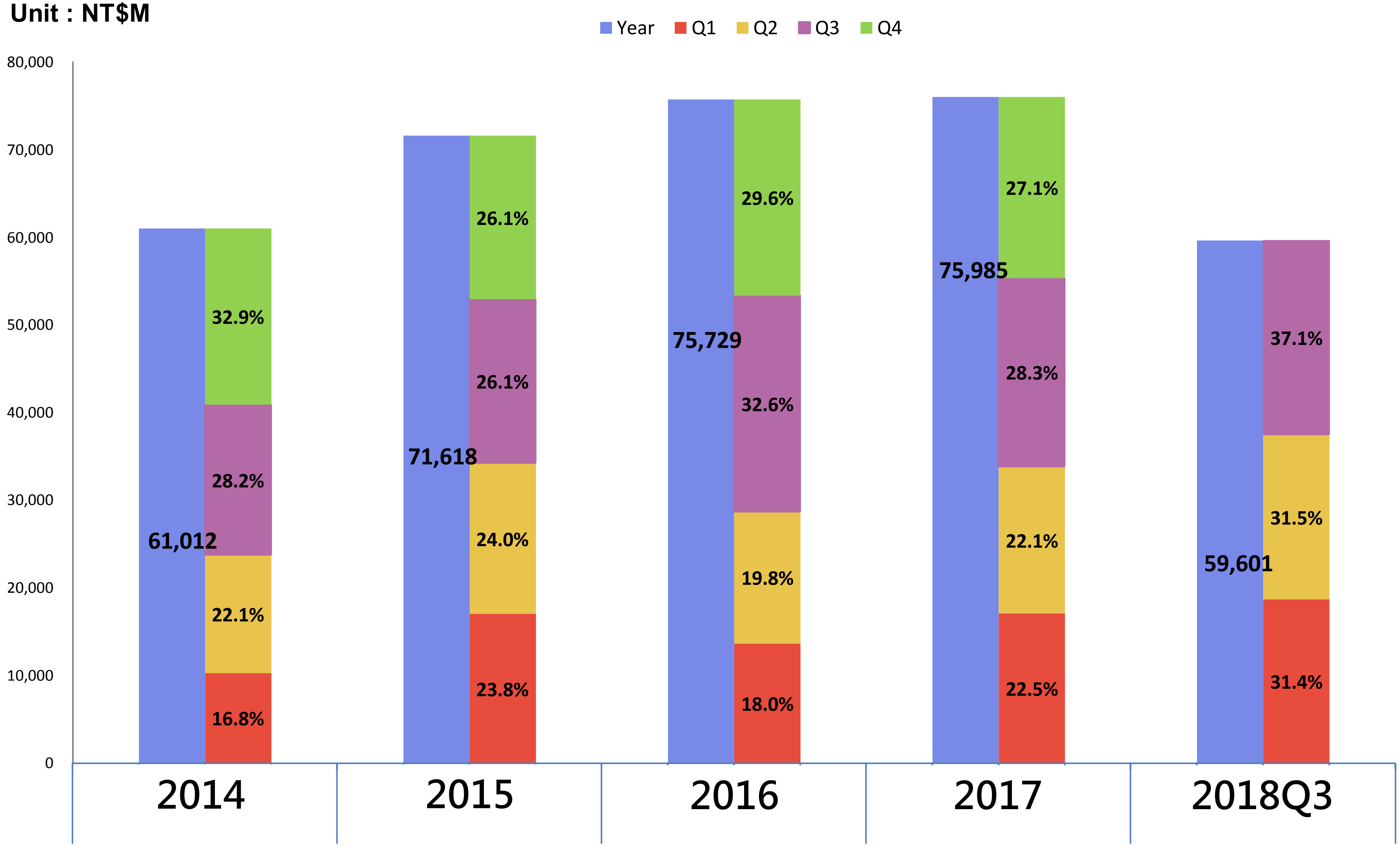
Item	2018/9/30		2018/6/30		2017/9/30	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	943,084	5.1	744,164	4.6	664,429	4.3
Notes/Accounts receivable	6,865,393	37.3	4,950,693	30.5	5,897,433	37.7
Inventory	9,295,350	50.5	9,357,190	57.7	7,695,566	49.2
Other current assets	291,663	1.6	174,373	1.1	358,356	2.3
Non-current assets	1,020,378	5.5	985,226	6.1	1,011,486	6.5
Total Assets	18,415,868	100.0	16,211,646	100.0	15,627,270	100.0
Short-term borrowings	4,070,415	22.1	4,090,919	25.2	3,498,334	22.4
Notes/Account payable	8,579,090	46.6	6,493,048	40.1	6,463,986	41.4
Other current liabilities	1,585,041	8.6	1,542,363	9.6	1,509,471	9.5
Long-term borrowings	912,102	5.0	895,216	5.5	900,077	5.8
Others	42,074	0.2	39,861	0.2	42,402	0.3
Total Liabilities	15,188,722	82.5	13,061,407	80.6	12,414,270	79.4
Total Equity	3,227,146	17.5	3,150,239	19.4	3,213,000	20.6

Index	3Q18	2Q18	3Q17
A/R turnover days	27	24	29
Inventory turnover days	41	43	41
A/P turnover days	32	29	33
Cash operating cycle days	36	38	37
Current ratio	122%	126%	127%
Return of assets	4.3%	4.4%	4.6%

Financial Update

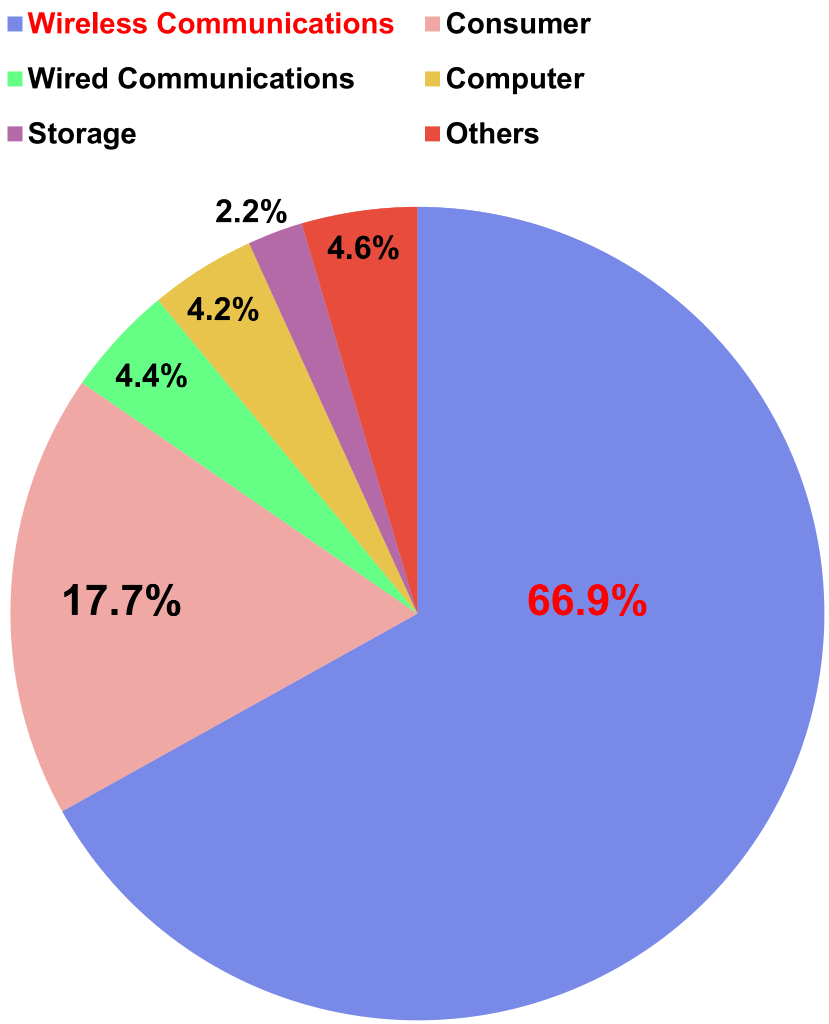
Operating revenue

Unit : NT$M

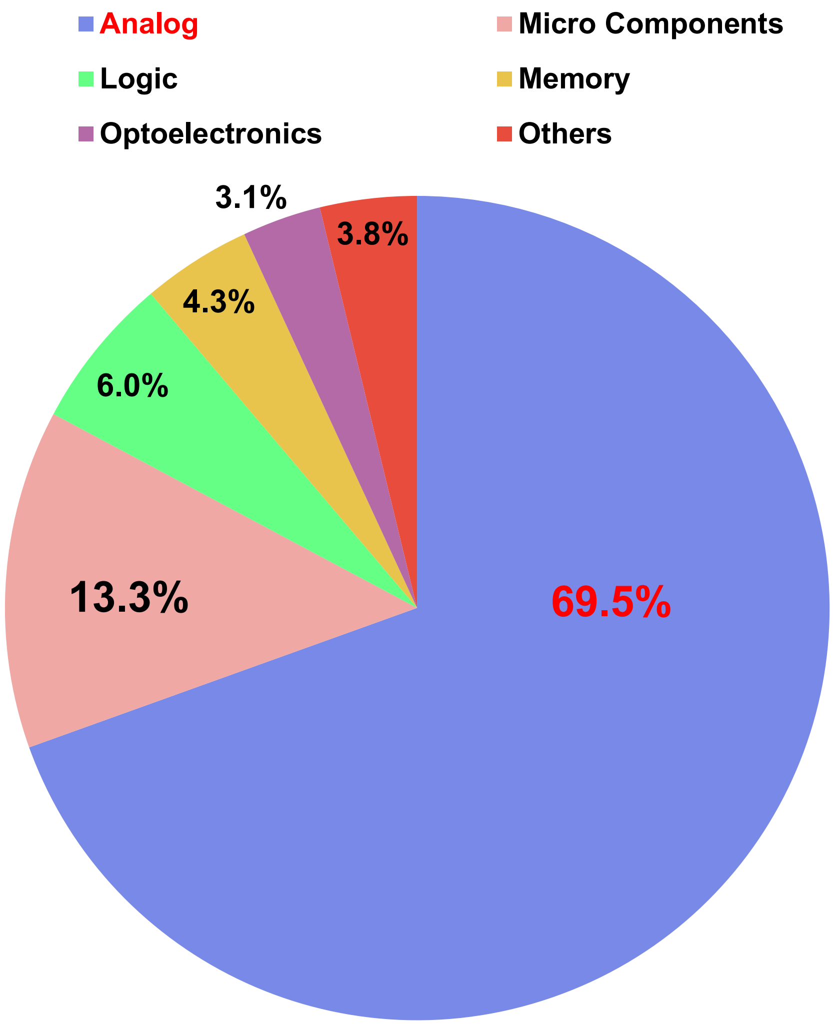


Financial Update

Year 2018 Q1~Q3 Application

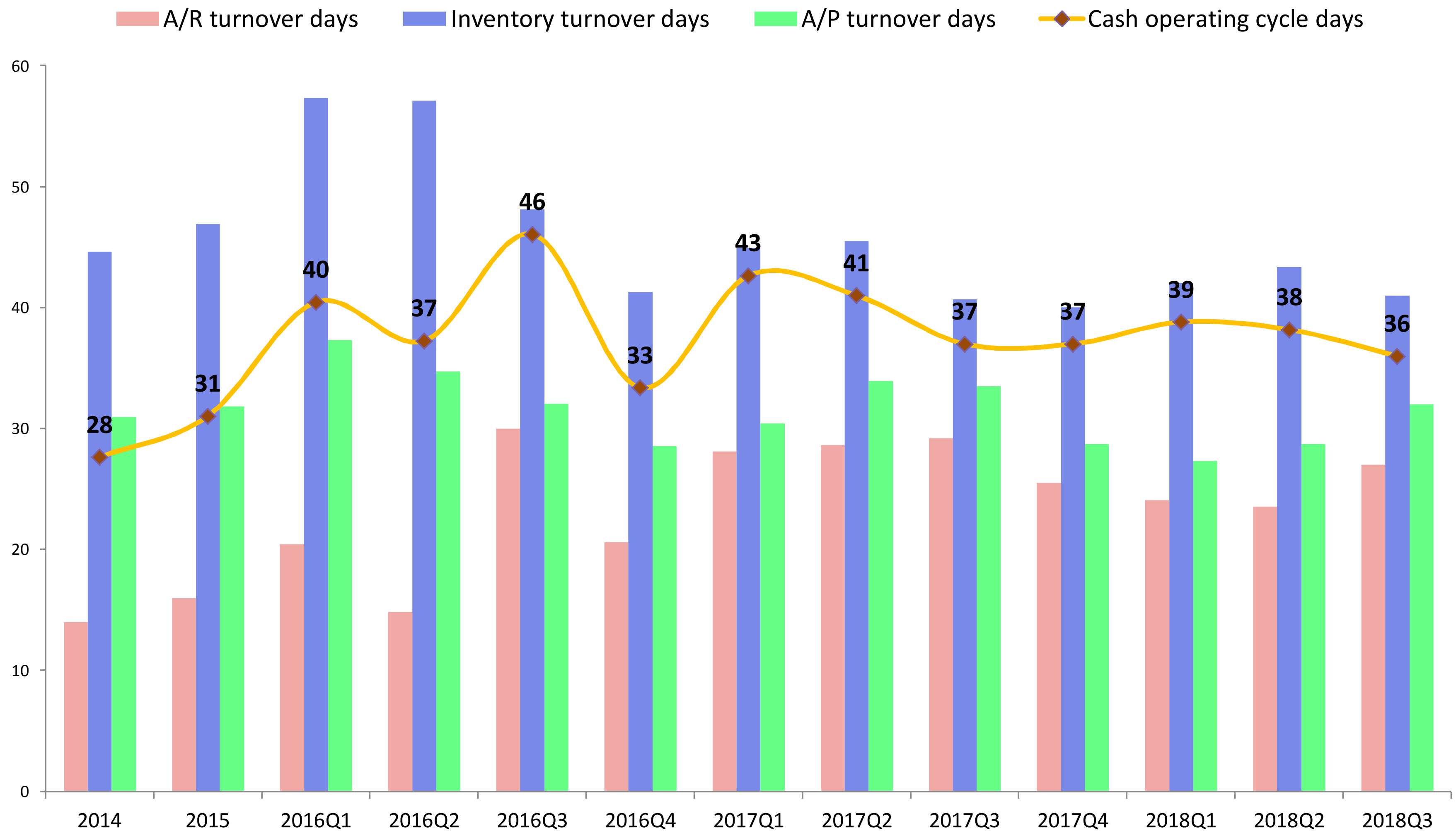


Year 2018 Q1~Q3 Category



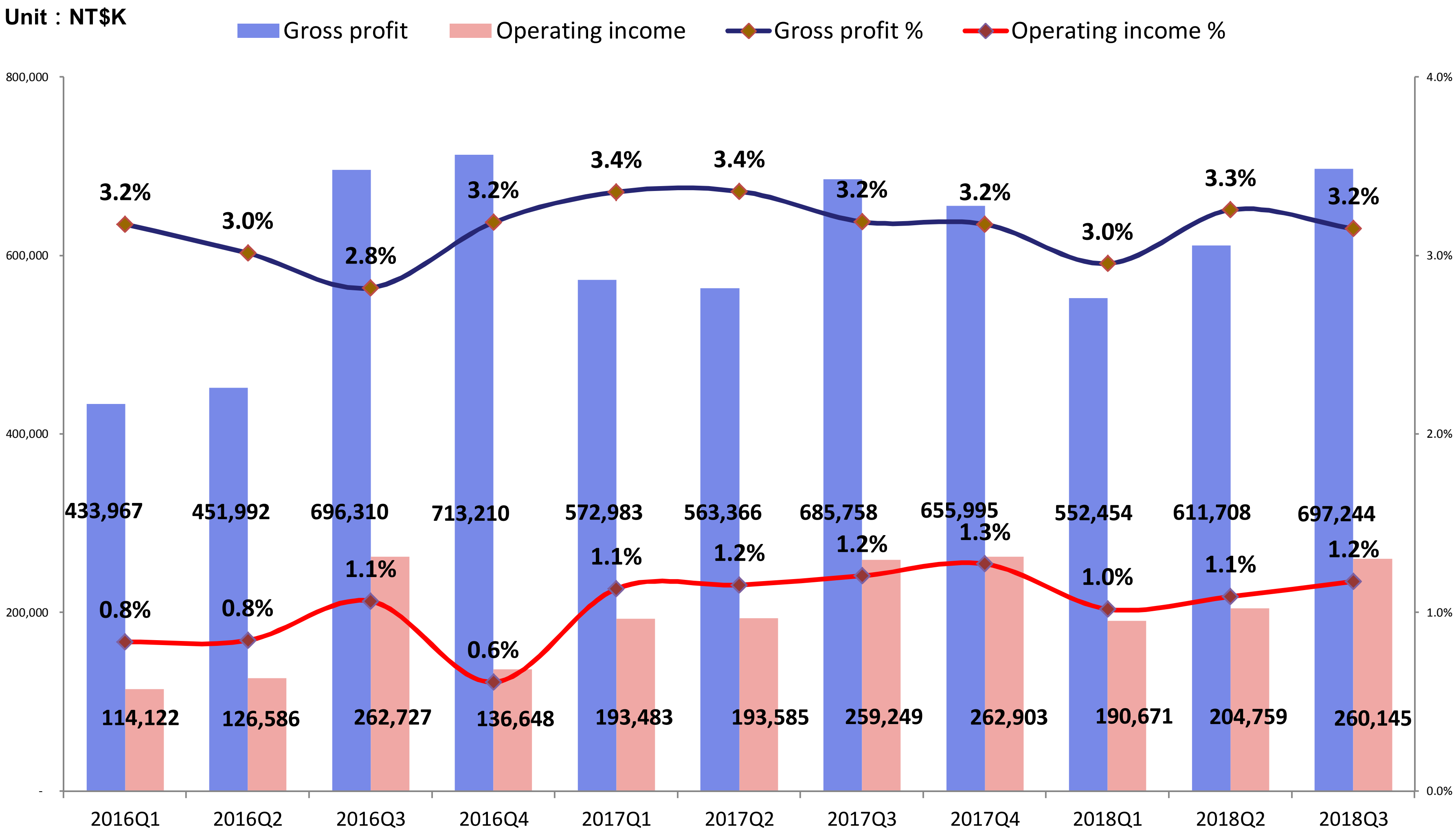
Financial Update

Cash operating cycle



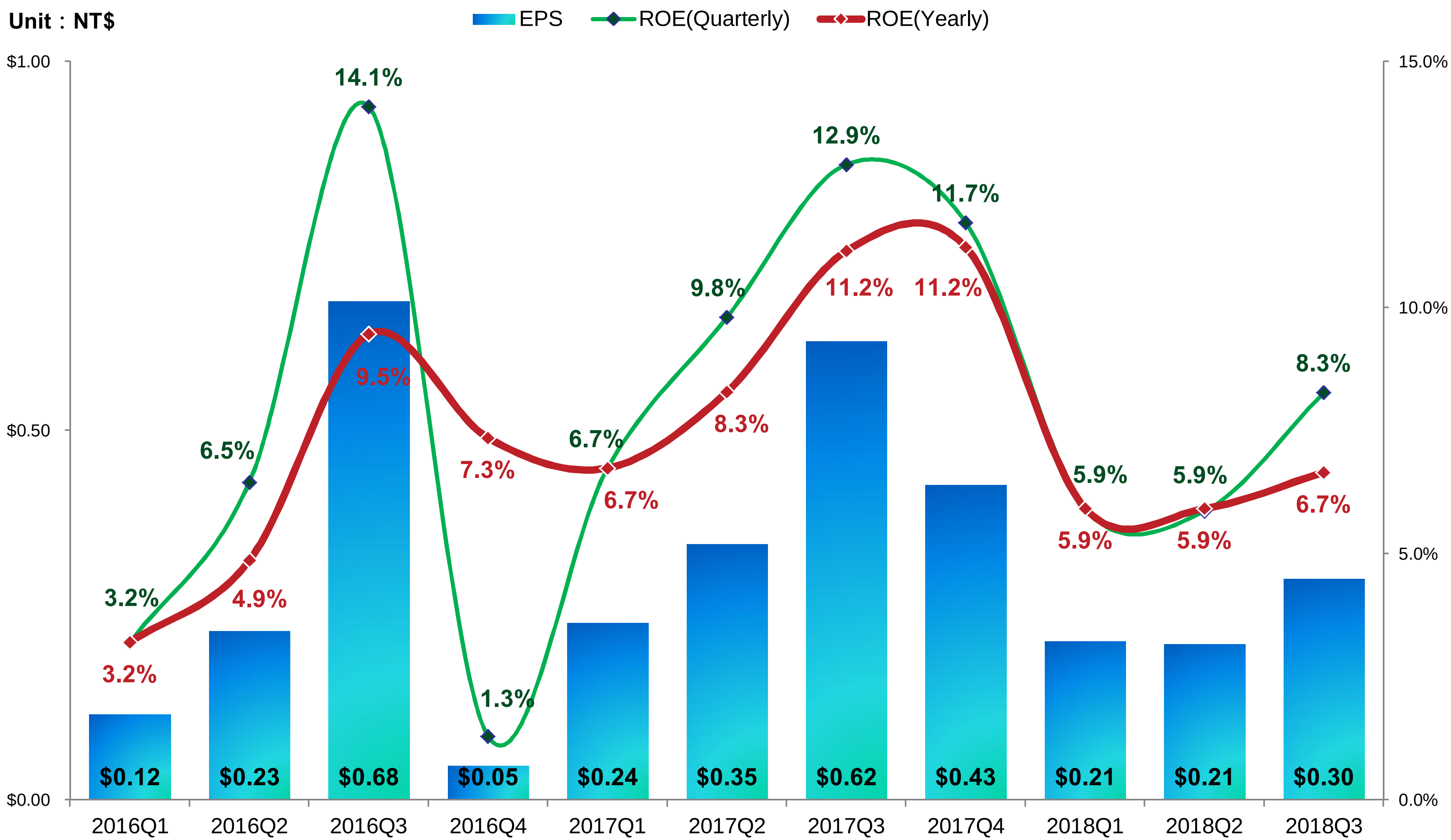
Financial Update

Gross profit & Operating income



Financial Update

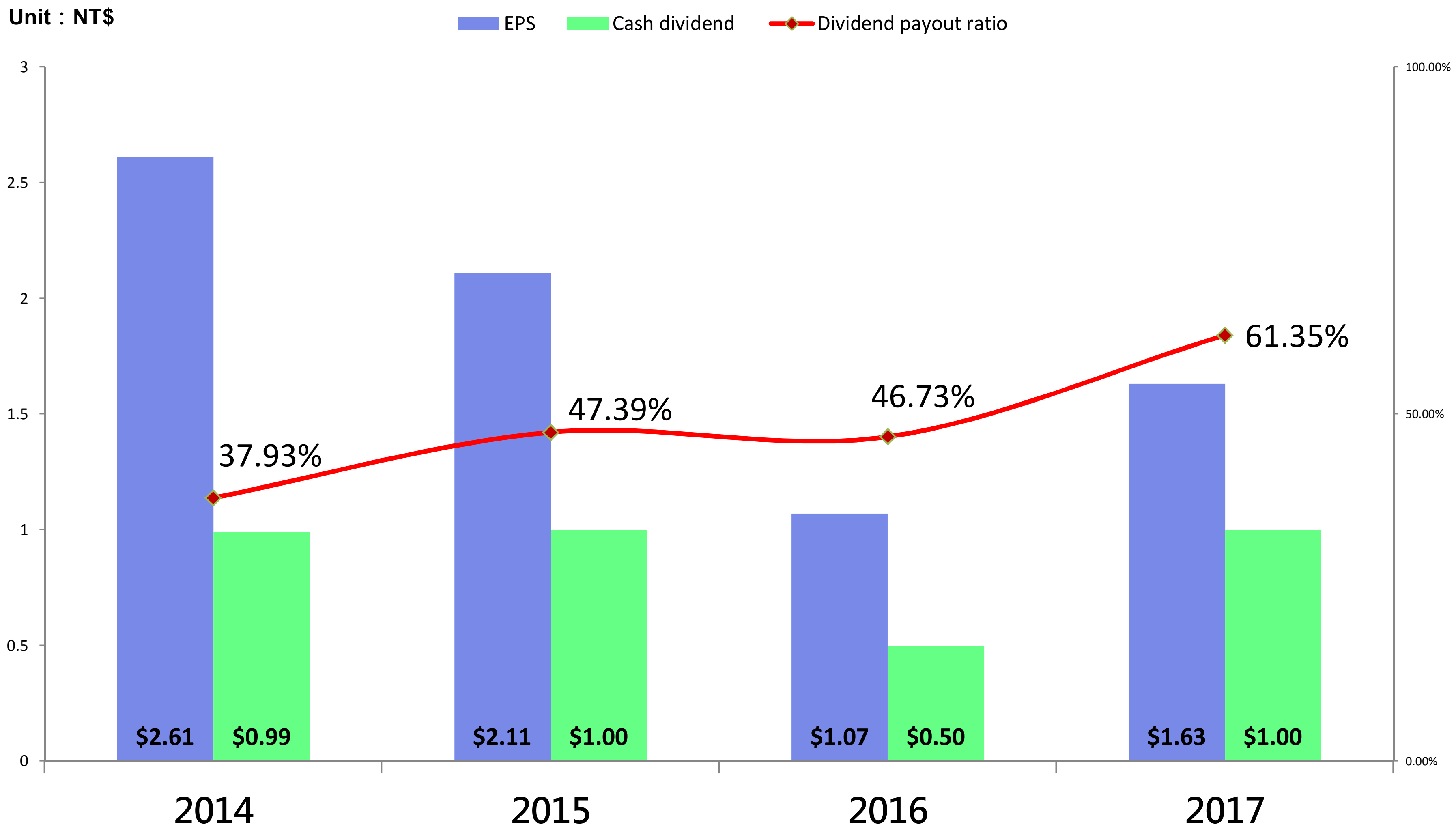
EPS & ROE



Financial Update

EPS & Cash dividend

Unit：NT$



EPS: Based on each year weighted average of outstanding shares

Q&A

Thanks!

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