HannsTouch Solution Incorporation

和鑫光電股份有限公司

2018 -11 - 12

讓我們的下一代都能享受，新彩麗世界的新希望

Safe Harbor Notice

We have made forward-looking statements in this presentation. Our forward-looking statements contain information regarding, among other things, our financial condition, future expansion plans and business strategies. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions about us.

We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this conference might not occur and our actual results could differ materially from those anticipated in these forward-looking statements.

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Agenda

1. Financial Results
2. Update & Outlook
3. Q & A

Agenda

1 Financial Results

Statement of Comprehensive Income

NT$ Million	Q3 2018		Q3 2017		YTD 2018		YTD 2017	
Sales	705	100%	668	100%	2,198	100%	2,192	100%
Gross profit (loss)	138	20%	4	0%	426	19%	361	17%
Operating income	54	8%	-59	-9%	204	9%	171	8%
Net income (loss)	155	22%	-153	-23%	211	10%	-88	-4%
EBITDA	480		231		1,188		1,083	
EPS (NT$)	0.21		-0.21		0.29		-0.12	

Statement of Balance Sheet

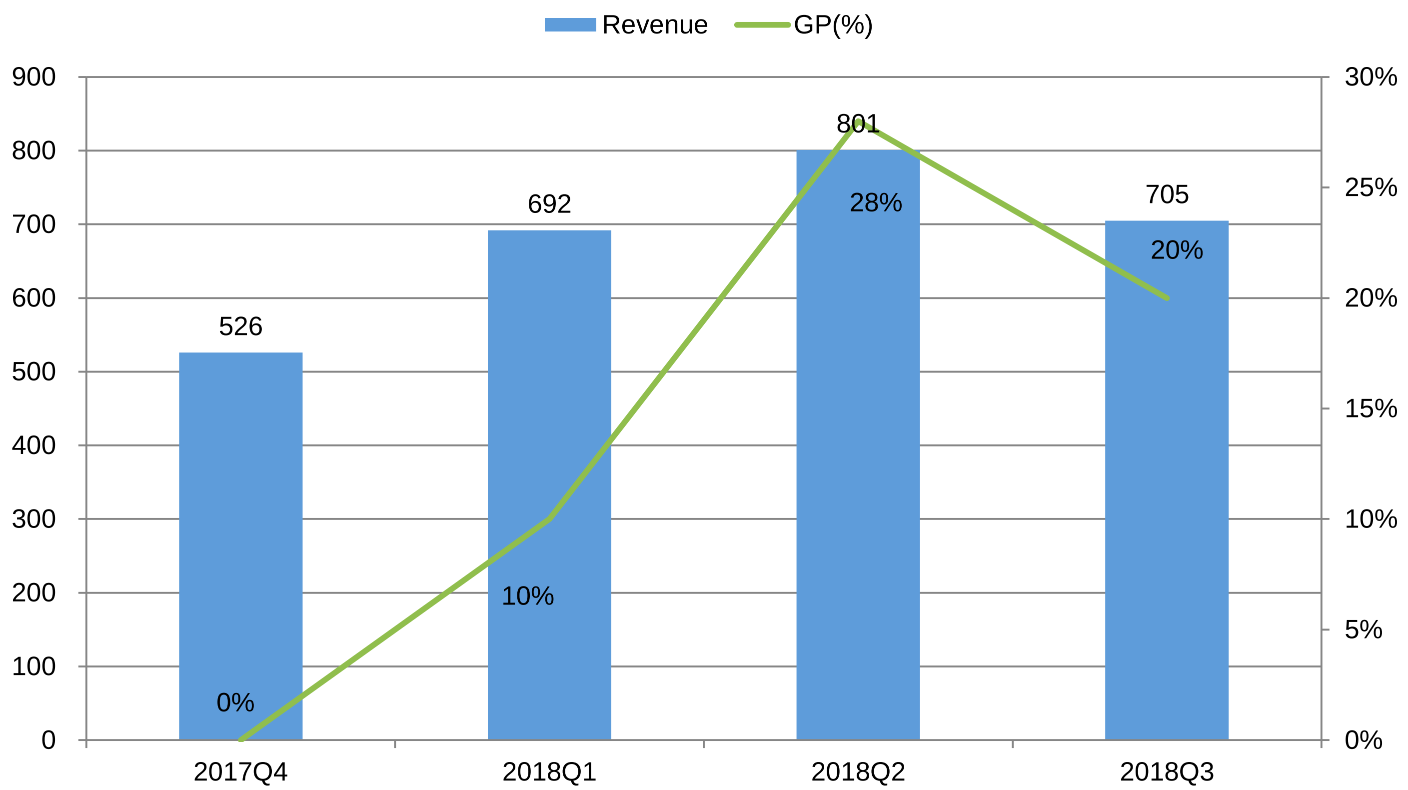
NT$ Million	Sep.30, 2018		Sep.30, 2017	
Cash and cash equivalents	246	1%	544	3%
Accounts receivable, net	184	1%	227	1%
Inventories	202	1%	156	1%
Property, plant and equipment	9,078	54%	9,728	54%
Investment property	5,554	33%	5,499	31%
Total Assets	16,824	100%	18,003	100%
Short-term loans	1,274	8%	1,549	9%
Long-term loans	7,281	43%	8,355	46%
Toal Debt	9,089	54%	11,021	61%
Total Equity	7,735	46%	6,982	39%
Current Ratio (%)	83%		73%	
Debt/Equity Ratio (%)	118%		158%	

Statement of Cash Flows

NT$ Million	YTD 2018	YTD 2017
Income before income tax	211	-88
Depreciation & Amortization	866	1,028
Operating Cash Flow	1,287	817
Investing Cash Flow	-1,301	-1,080
Financing Cash Flow	-258	191
Cash and cash equivalents	246	544

Revenue & GP (%) Trend

(NT$ million)



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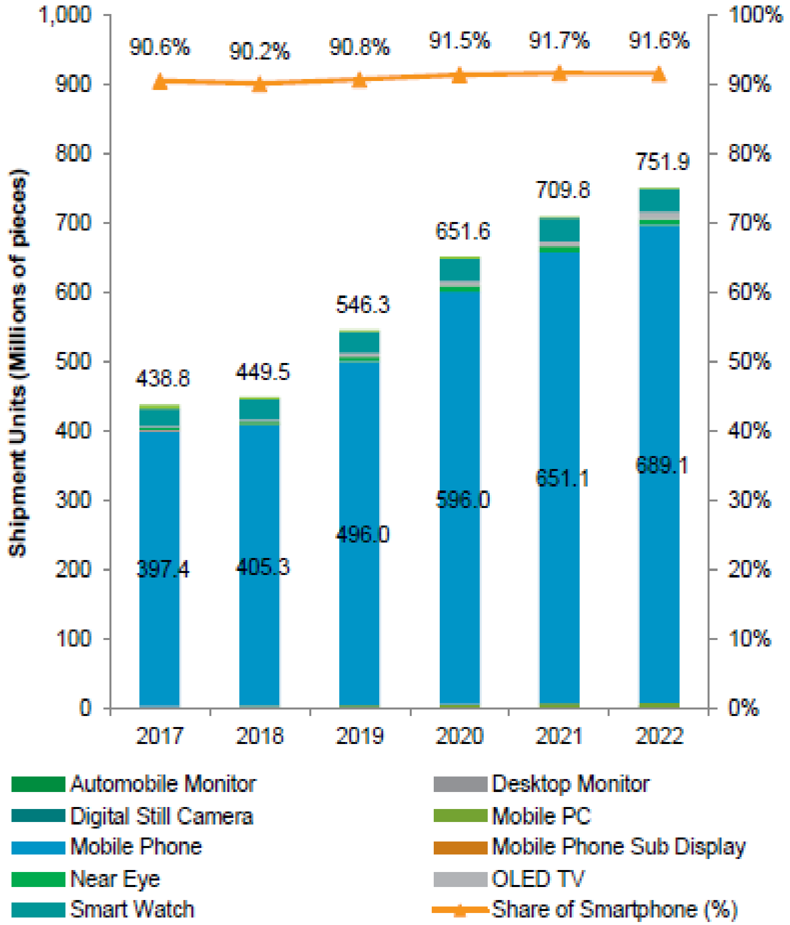
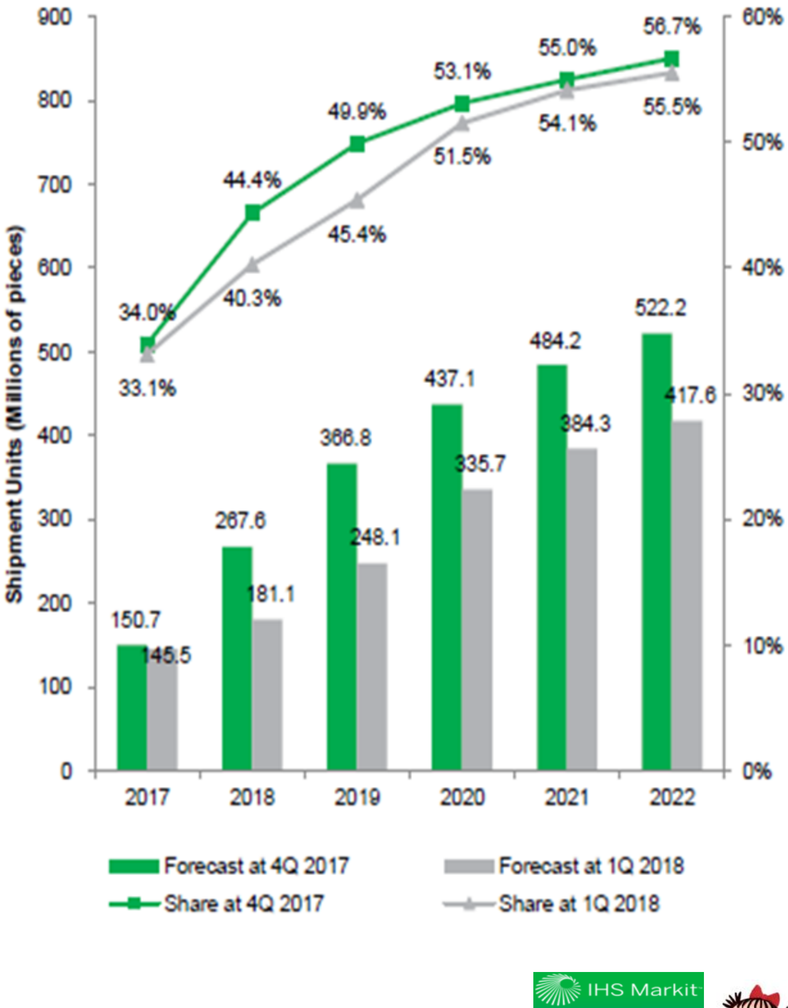
2 Update & Outlook

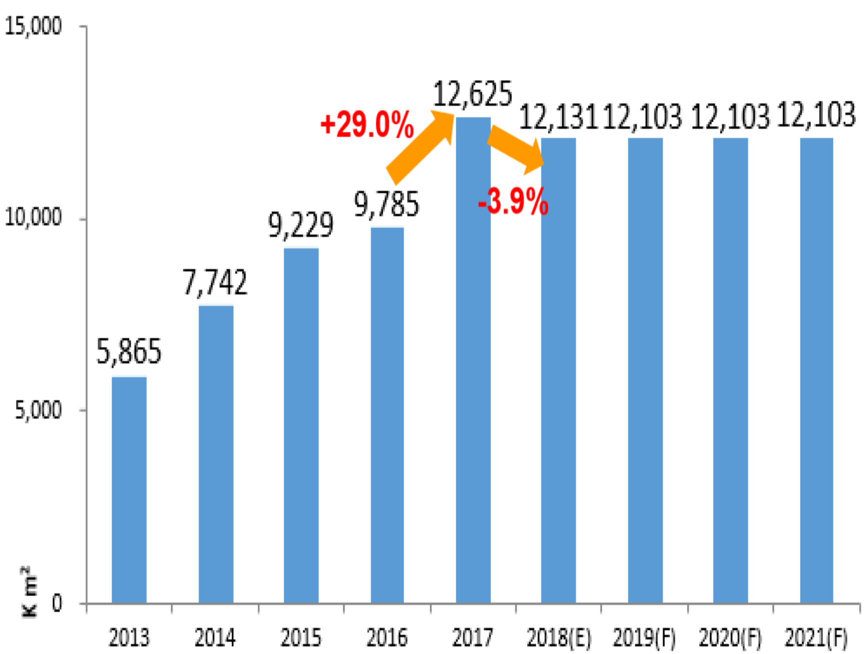
Recent Trend of AMOLED

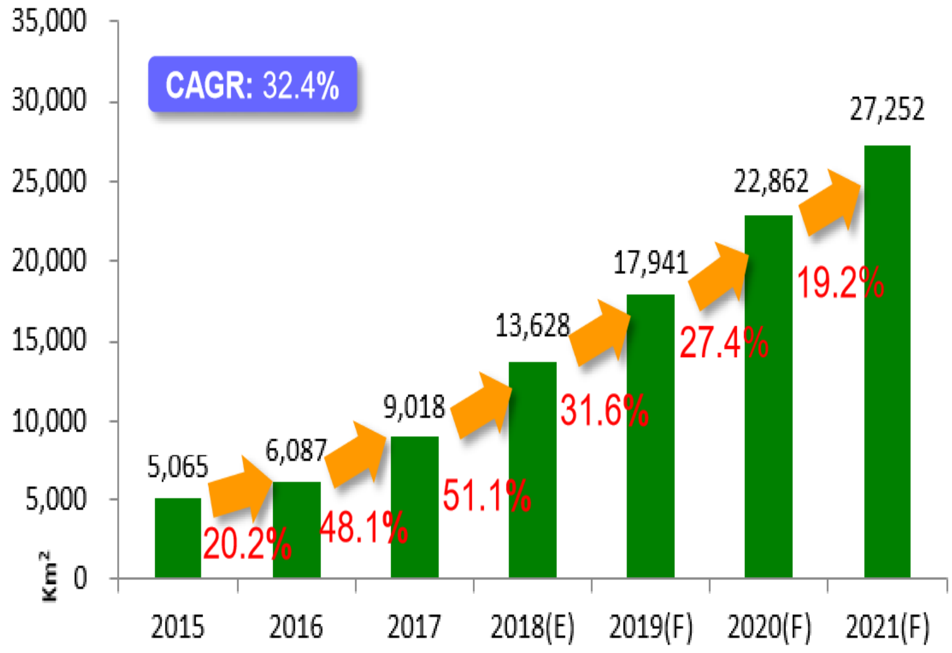




LTPS vs AMOLED Supply

LTPS manufacturing capacity





AMOLED manufacturing capacity

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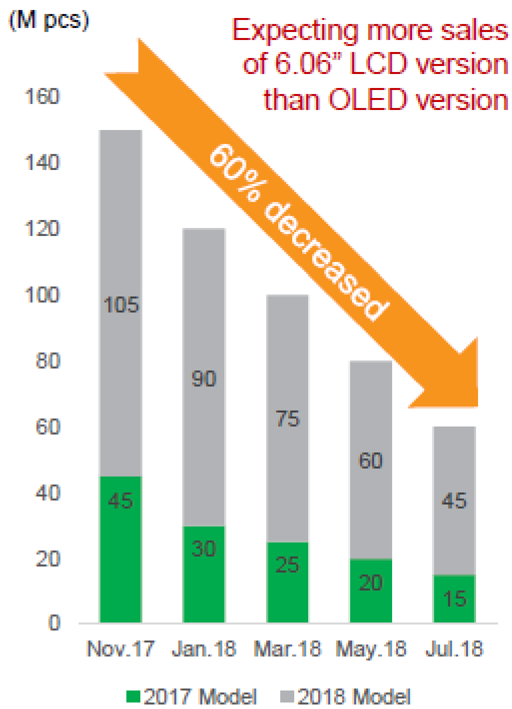
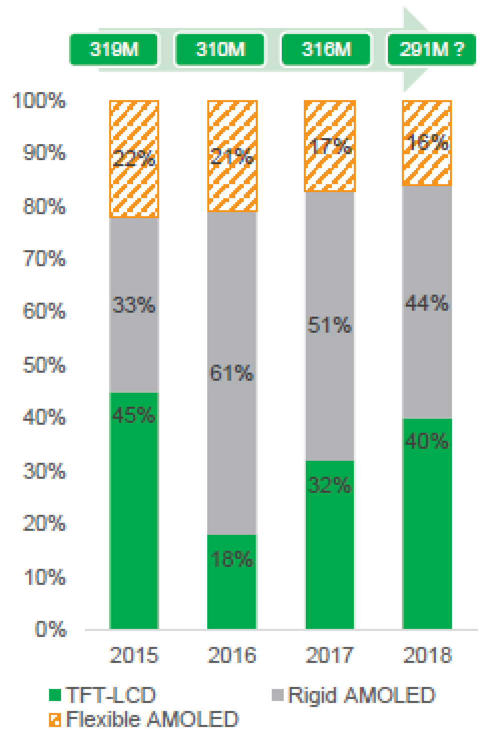
Flexible AMOLED Demand

Major flexible AMOLED demand does not increased much.

Forecast tracking of AMOLED
for iPhone X in 2018



Recent display share trend
of Samsung smartphone

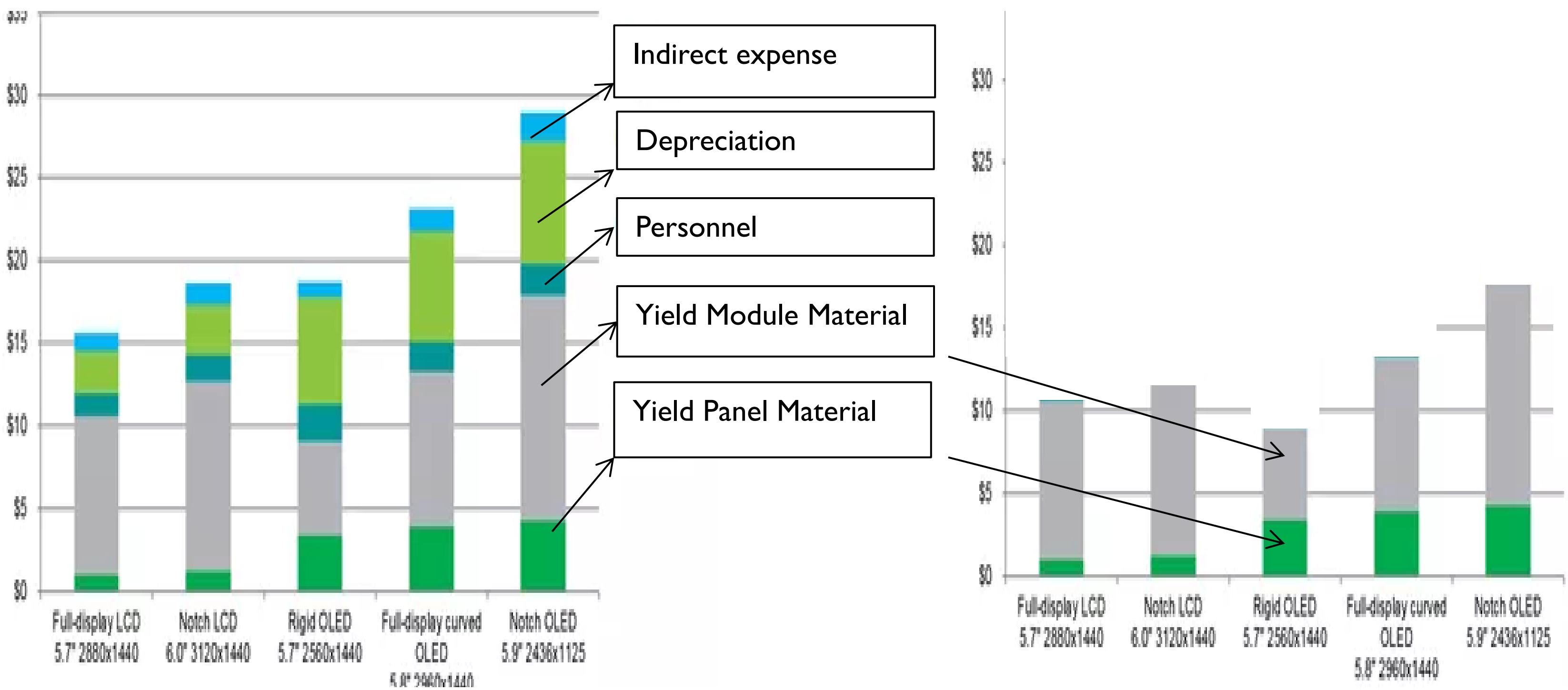


Chinese brands smartphone's
price share in 2017

Flexible AMOLED demand is quite limited only than expectation.

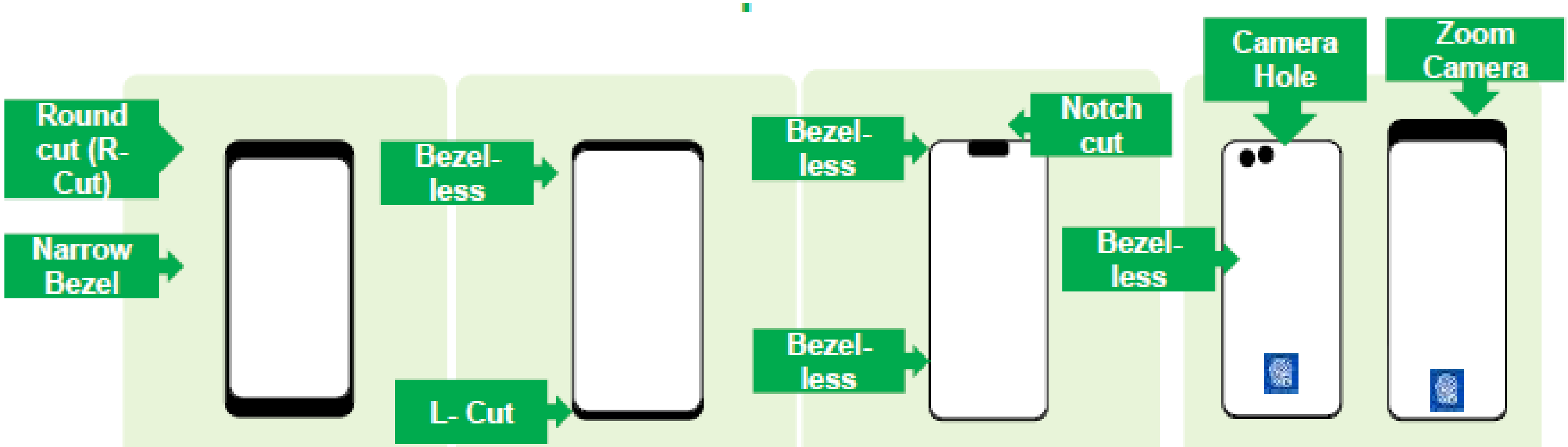
Cost Analysis

Manufacturing cost of full and notch panels



Opportunity for Rigid OLED : Behind the Depreciation

Evolution and Requirements



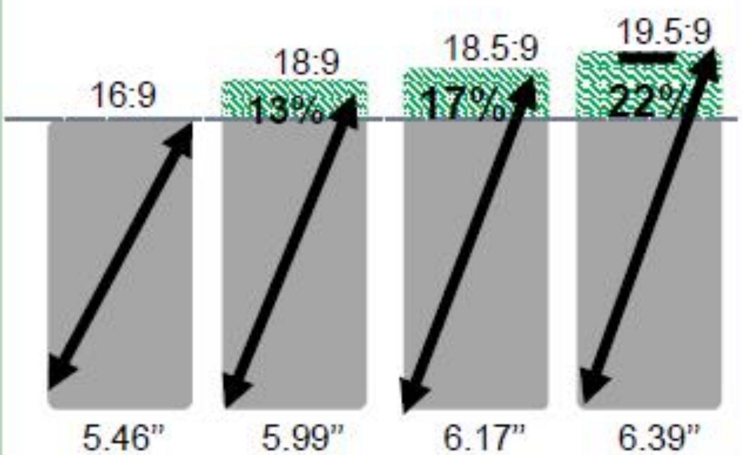
Line-up	▪ Mid-end	▪ Mid to high-end	▪ premium	▪ Special
Requirement	▪ HD+/ FHD+ ▪ Round cut ▪ Narrow bezel (L/R) ▪ COG (Chip on Glass) ▪ New Driver IC	▪ HD+/ FHD+ /WQHD+ ▪ Round cut / L Cut ▪ Bezel less (L/R) ▪ Narrow bezel (U/D) ▪ COF/two metal COF ▪ new Driver IC	▪ FHD+ / WQHD+ ▪ Round cut / C- Cut ▪ Bezel less (U/D/R/L) ▪ Notch cut ▪ COP (Chip on Plastic) ▪ new Driver IC	▪ FHD+ / WQHD+ ▪ Round cut/C-Cut, No notch ▪ Under Display Fingerprint ▪ COF (Chip on Film) ▪ Hole Drill or Zoom Camera
LCD vs AMOLED	▪ Both LCD and AMOLED OK. ▪ Cost is key	▪ Both LCD and AMOLED OK ▪ But, demand for edge-curved will be to Flexible AMOLED	▪ Both of LCD and AMOLED are available. ▪ LCD = special backlight and polarizer cutting process,	▪ Flexible AMOLED ▪ LCD = still need some technical study , especially on the hole drill

Full screen with large display

- **Display size**
  - > With the wide screen design, the average size increase significantly and help 6"+ category shipment to grow

Display area

> The significant benefit will be the fast increasing area demand, the yield rate challenge in the initial stage will also be helpful for supply demand balance



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Agenda

3 Q & A

Thanks for Your Attention!