2014Q3 Update

October 23rd 2014

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This presentation and release may contain ‘forward-looking statements’ which may include projections on future results of operations, financial condition and business prospects based on our own information and other sources.

The actual results of operations, financial condition and business prospects may differ from those explicitly or implicitly indicated in those forward-looking statements for a variety of reasons, including but not limited to market demand, price fluctuations, competition, supply chain issues, global economic conditions, exchange rate fluctuation and other risks and factors beyond TPK’s controls.

The forward-looking statements in this presentation, if any, only reflect the current view of TPK Holding Co., Ltd. as of the date of its release. TPK undertakes no obligation to update those forward-looking statements for events or circumstances that occur subsequently.

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Disclosure Notice

公告原則

- All financial numbers are prepared in accordance with IFRS which is approved by regulators in Taiwan

- All financial numbers are unaudited

- 本公司財務報表係依照臺灣主管機關認可之國際財務報導準則編製

- 所有財務數字均為本公司自結數

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3Q14 Result Summary

2014年第三季營運簡報

NT$	Revenues	Net Profits/Loss	EPS
3Q14	32.6 bn	-241 mn	-0.73
YT3Q14	89.9 bn	211 mn	0.64

- Revenue exceeded original guidance due to stronger demand for high-end smartphone and large-sized tablet.
- Margin pressure mainly caused by:
  - Under-utilized capacity and labor force
  - Unsatisfactory yield rate for TOL
- MP for SNW and Pingtan G5.5 ramp-up starting in October.
- Q4 resumes profitability.
- Ramp-up for new product introduction shall mitigate seasonal weakness in Q1/2015.

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Financials

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3Q14 Profit & Loss

損益表

Profit & Loss	3Q14	2Q14	QoQ	3Q13	YoY
(NT$ million)					
Revenues	**32,613**	**30,704**	**6.2%**	**29,467**	**10.7%**
COGS	(30,445)	(27,966)		(25,802)	
Gross Profits	**2,168**	**2,738**	**(20.8%)**	**3,664**	**(40.8%)**
Operating Expenses	(2,481)	(2,640)		(2,498)	
SG&A	(1,310)	(1,262)		(1,098)	
R&D	(1,170)	(1,378)		(1,400)	
Operating Profits	**(313)**	**98**		**1,166**	
Non-Op Inc/(Exp)	30	92		(174)	
Int Inc/(Exp)	*(54)*	*9*		*(74)*	
FX Gain/(Loss)	*127*	*(74)*		*(96)*	
Invest Inc/(Loss)	*(46)*	*(428)*		*(232)*	
Others	*3*	*585*		*227*	
Earnings Before Tax	**(283)**	**190**		**992**	
Income Tax	116	193		106	
Net Income (Parent)	**(241)**	**323**		**1,013**	
EPS (Parent)	**(0.73)**	**0.98**		**3.06**	
EBITDA	**2,061**	**2,432**		**2,987**	
Margin:					
GM	6.6%	8.9%		12.4%	
OM	(1.0%)	0.3%		4.0%	
NM	(0.7%)	1.1%		3.4%	
Op Exp	(7.6%)	(8.6%)		(8.5%)	

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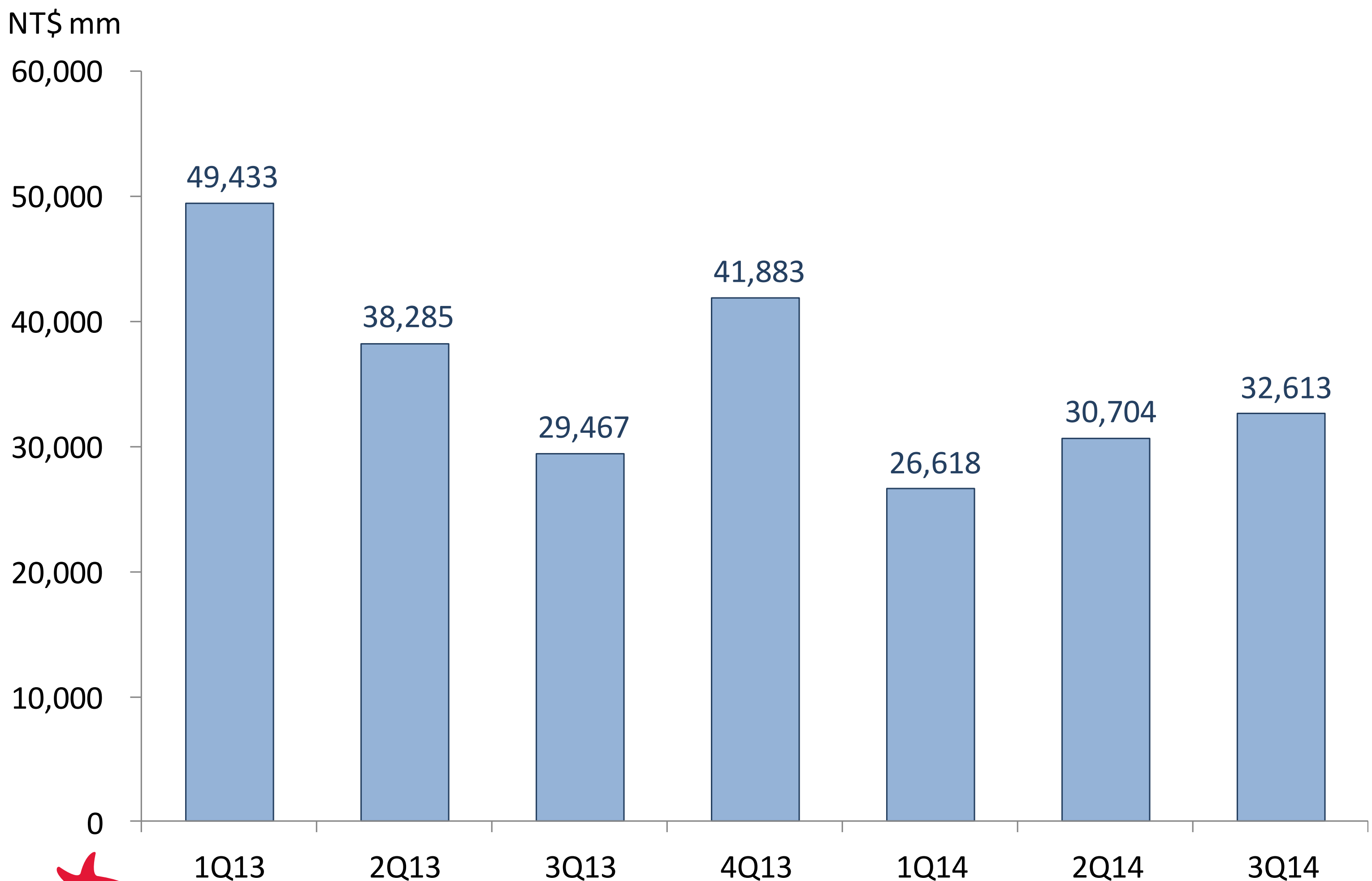
Quarterly Sales

季營收



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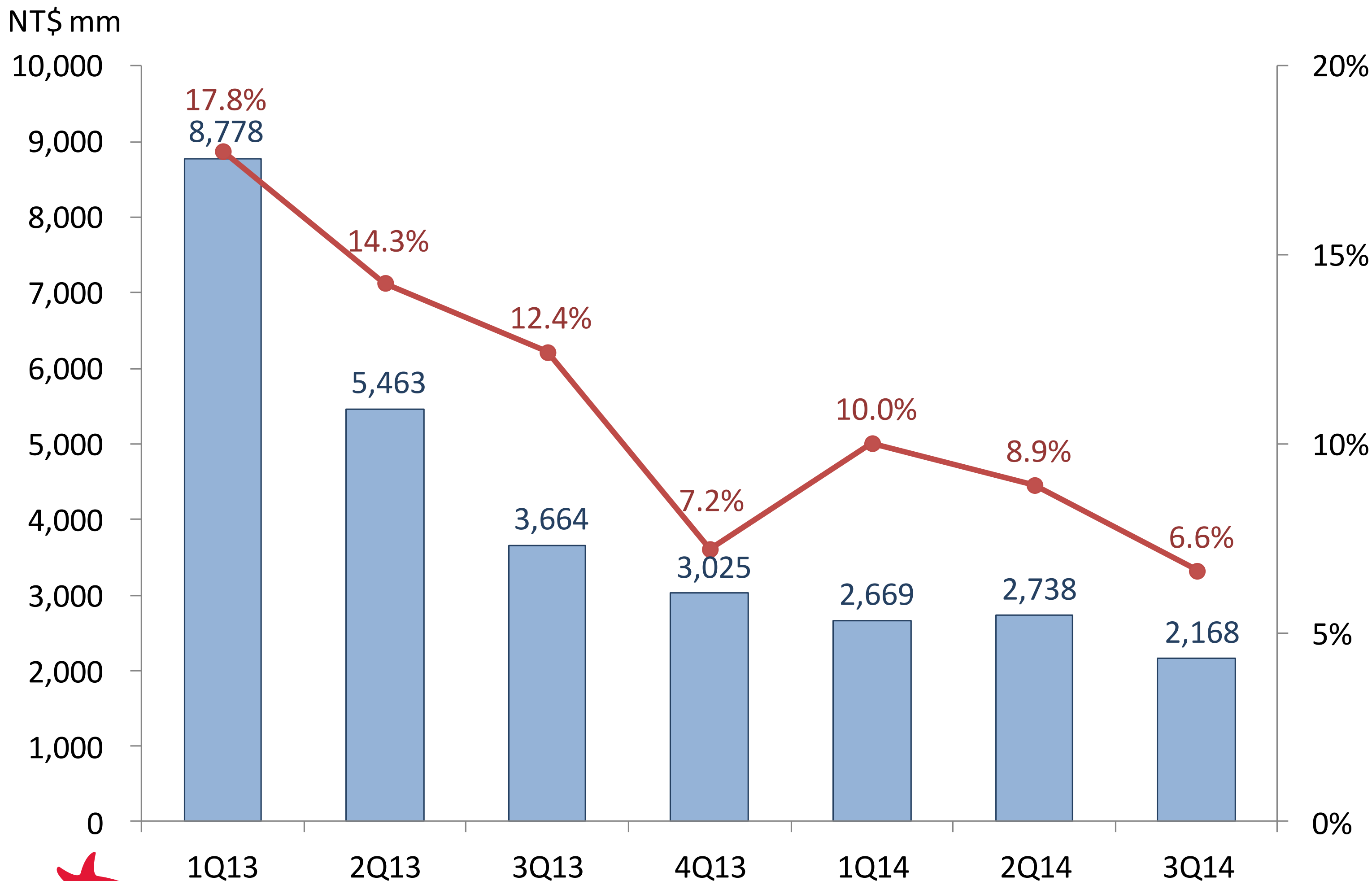
Gross Profits

營業毛利



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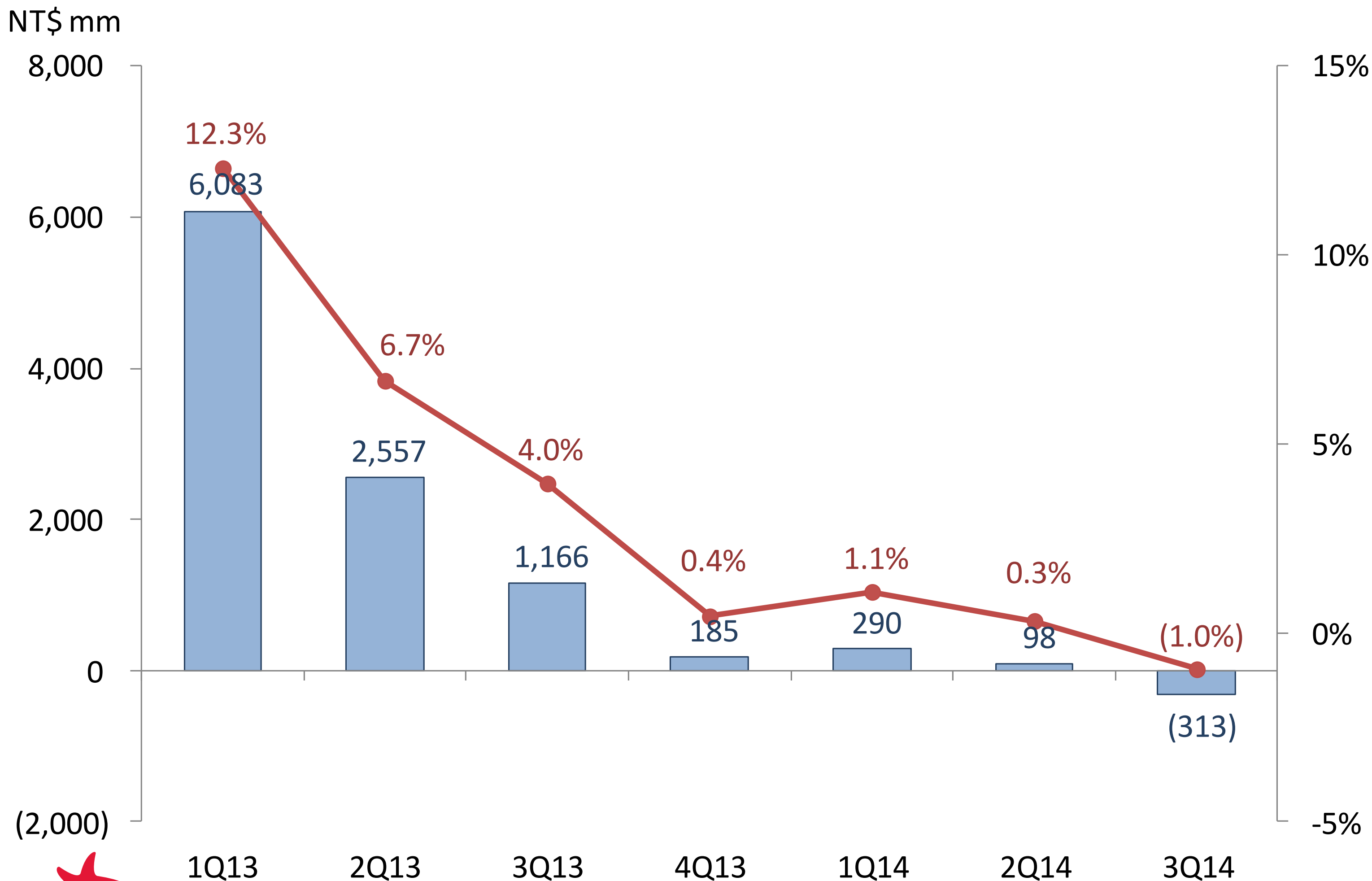
Operating Profits

營業利益



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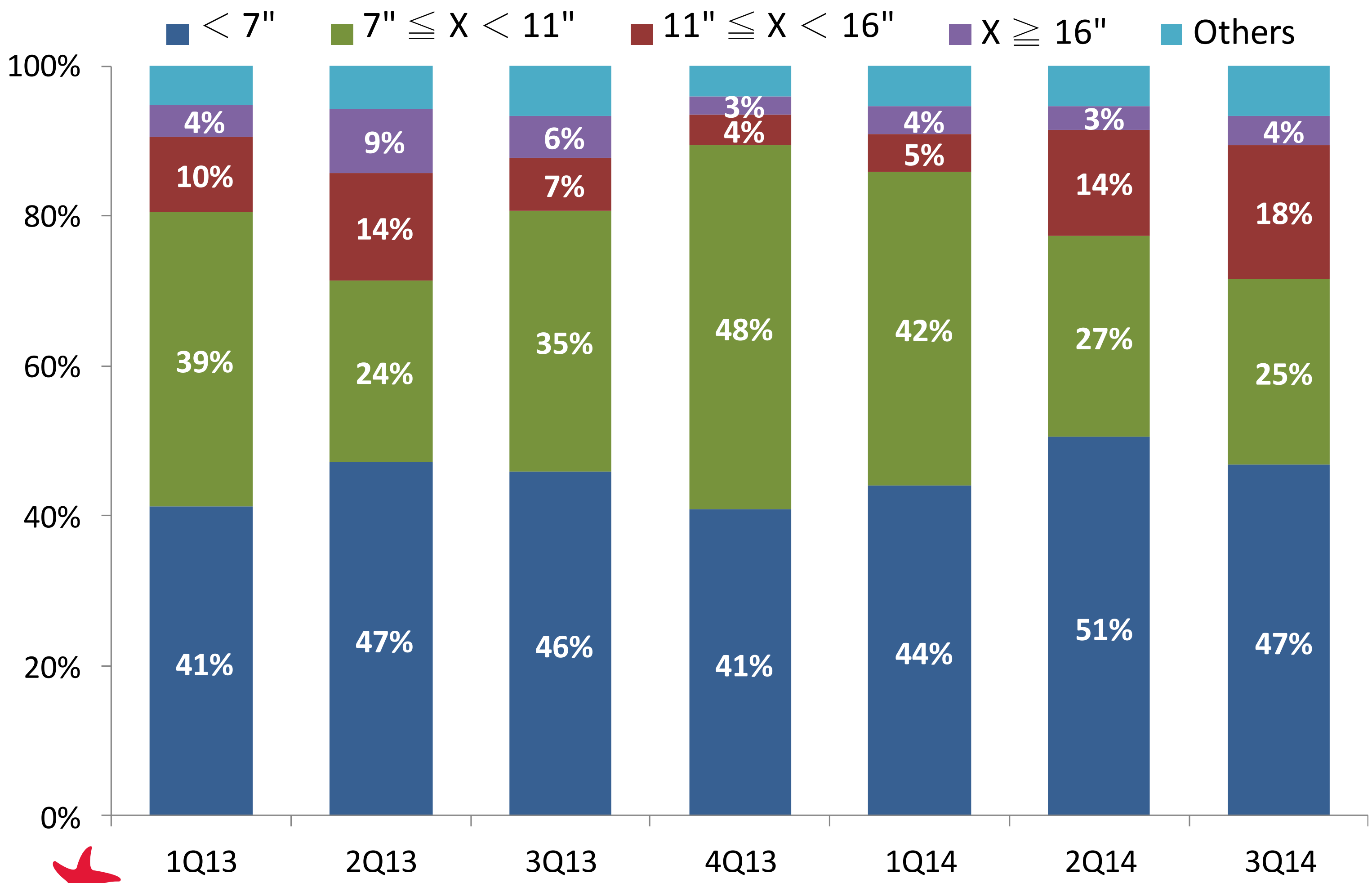
Sales by Form Factors

營收結構



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3Q14 Balance Sheet

資產負債表

Balance Sheet	2014/9/30	2014/6/30
(NT$ million)		
Cash Equivalents	25,347	24,250
Receivables	20,288	18,739
Inventories	7,986	7,607
Current Assets	**66,116**	**63,936**
Long-term Investments	**1,190**	**1,236**
Property, Plant and Equipment	**72,326**	**69,859**
Total Assets	**144,906**	**139,988**
ST Loans	53,222	49,150
Payables	18,417	15,380
Current Liabilities	**82,829**	**78,692**
Convertible Bonds	**6,536**	**6,385**
LT Loans	**7,858**	**7,791**
Total Liabilities	**100,592**	**96,305**
Common Shares	3,311	3,307
Non-Controlling Interest	676	590
Total Shareholder's Equities	**44,314**	**43,684**
Ratio Analysis:		
Quick Ratio	0.70	0.72
Current Ratio	0.80	0.81
ROE (YTD Annualized)	0.6%	2.1%
Net Debt to Equity	0.95	0.89

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Note: PP&E includes prepayments.

2Q14 Cash Flow

現金流量表

Cashflow Statement	3Q14	2Q14
(NT$ million)		
Operating Cashflows:		
Earning Before Tax	(283)	190
Depreciation & Amortization	2,002	1,893
Net Inc/(Dec) Working Capital	(632)	(433)
Other Operating Cash Flow	563	175
Cash Flow from Operations	**1,650**	**1,825**
Investing Cashflows:		
Capital Expenditures	(3,175)	(4,255)
Acquisitions	-	(150)
Others	901	3,874
Cash Flow from Investments	**(2,274)**	**(531)**
Financing Cashflows:		
Inc/(Dec) in Debts	3,102	(10,911)
Others	(1,921)	(618)
Cash Flow from Financing	**1,182**	**(11,529)**
FX Adjustments	539	(722)
Total Cash Flow	**1,097**	**(10,957)**

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新聞稿

TPK 公告 2014 年第三季自結營運成果

中華民國，台灣，台北，2014 年 10 月 23 日 – TPK Holding Co., Ltd. 宸鴻科技(TWSE: 3673)(“宸鴻”或“本公司”)今日公告 2014 年第三季自結營運成果。本季自結稅後淨損為新台幣 2.4 億元。本季稅後稀釋每股虧損為新台幣 0.73 元，合計 2014 年前三季累積稅後稀釋每股盈餘為新台幣 0.64 元。

營運成果分析

2014 年第三季自結合併營收為新台幣 326.1 億元，較上季增加 6.2%，主要係受惠於高階智慧型手機出貨持續成長、大尺寸平板及筆記型電腦需求暢旺所致。產品組合方面，大尺寸平板及筆記型電腦(11 至 16 吋)營收較前一季增加約 35%，AIO PC 及車用觸控產品(16 吋以上)營收亦較前一季增加 27%。平板電腦(7 至 11 吋)營收與第二季相當，係因新產品尚未開始大量出貨。

本季營業毛利由上一季的新台幣 27.4 億元減少至新台幣 21.7 億元，受到部份新產品遞延推出導致產能利用率偏低，加上全貼合產品營收增加及 TOL 良率尚待提升所影響，第三季營業毛利率由上一季的 8.9%下降至 6.6%。在銷售成本結構方面，原料成本約為新台幣 245.9 億元，約佔營收比例的 75.4%，較上季之 72.8%增加。人工成本約為新台幣 28.9 億元，約佔營收比例的 8.9%，較上季之 9.3%下降。銷貨成本相關之折舊及攤提費用為新台幣 15.2 億元，較上季之新台幣 14.3 億元增加。

本季營業費用為新台幣 24.8 億元，較上季新台幣 26.4 億元下降，主要係因新產品陸續出貨，產品打樣費用減少，使研發費用降低所致。受惠於營業槓桿效益及撙節成本計畫，營業費用佔整體營收比例由上季之 8.6%降至 7.6%。

2014 年第三季業外投資損失約新台幣 4,600 萬元，係認列達鴻營運虧損之結果，較前一季 1.4 億元投資損失大幅改善。本季產生淨利息費用約新台幣 5,400 萬元，較上一季的淨利息收入約新台幣 900 萬元增加。本季外幣兌換利益約為 1.3 億元。

資本結構及資本支出

本公司本季之資本支出約為新台幣 30.4 億元。2014 年前三季合計資本支出約新台幣 106.3 億元。截至 2014 年第三季季底，本公司帳上現金餘額為新台幣 253.5 億元，較上一季現金餘額新台幣 242.5 億元增加。銀行借款餘額為新台幣 610.8 億元，其中新台幣 532.2 億元為短期銀行借款(含一年內到期之長借)，新台幣 78.6 億元為長期銀行借款，另應付可轉換公司債餘額為新台幣 65.4 億元。截至 2014 年 9 月底，本公司銀行總額度為新台幣 1,172.8 億元，未使用銀行額度約為新台幣 480.2 億元。本公司本季 EBITDA 約新台幣 20.6 億元，2014 年前三季合計 EBITDA 約新台幣 68.5 億元。

註：本公司之財務數字係依照臺灣主管機關認可之國際財務報導準則編製。

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關於 TPK 宸鴻科技

TPK 為專業的觸控技術應用領導廠商，透過垂直整合的生產製程提供客戶全方位的觸控技術應用解決方案，包括產品設計、研發到量產。公司持續專注於觸控技術的研發與創新，以維持技術的領先地位，並透過新材質的開發、技術的提昇及製程的改善達到降低成本的效益，以期擴大觸控技術在各種電子產品的應用並滿足客戶需求。本公司之主要生產基地位於中國廈門。

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