2014Q4 Update

February 10th 2015

TPK

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Disclaimer Statement

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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4Q14 Result Summary

2014年第四季營運簡報

NT$	Revenues	Net Profits/Loss	EPS
4Q14	39.6 bn	66 mn	0.20
2014	129.5 bn	277 mn	0.84

- Revenues exceeded original guidance due to stronger demand for smartphone, tablet and NB PC
- Margin improvement mainly stemmed from:
  - Favorable product mix, and
  - Operating leverage
- Excluding one-time write-off on asset impairment and goodwill of NT$1,844 million, fully diluted 4Q14 EPS would be NT$5.6

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Re-engineer, Re-align and Re-focus

再造、 編制、聚焦

- **Enhance operational efficiency**
  - ✓ establishing clearly-defined business units
  - ✓ streamlining production work-flow
- **Optimize resource allocation**
  - ✓ allocating resources to key customers
  - ✓ collaborating with strategic customers on new product development
- **Identify growth opportunities**
  - ✓ enhancing first-mover advantage on continued touch proliferation
  - ✓ potential new growth drivers such as wearable and automotive

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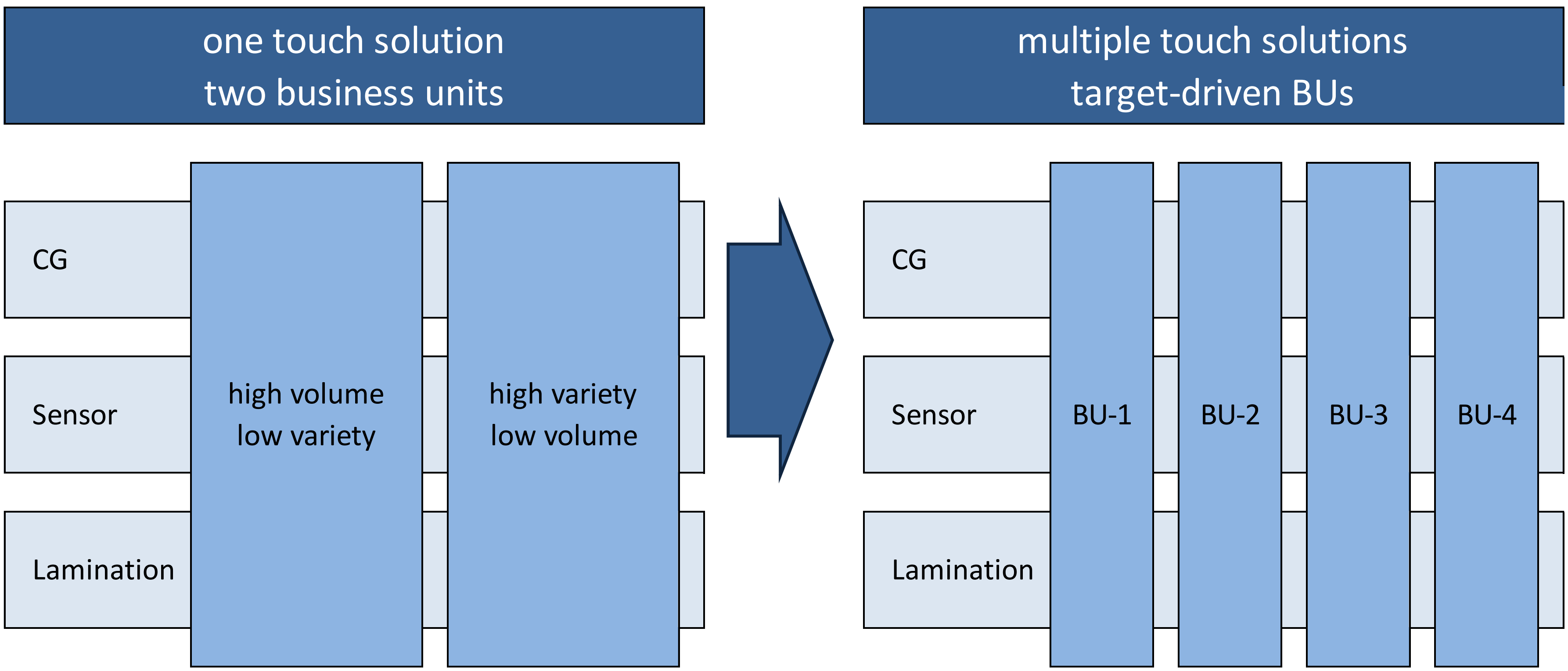
Defining BUs for versatility and flexibility

設立多個專責事業單位，提供產品多樣性並維持高度生產彈性



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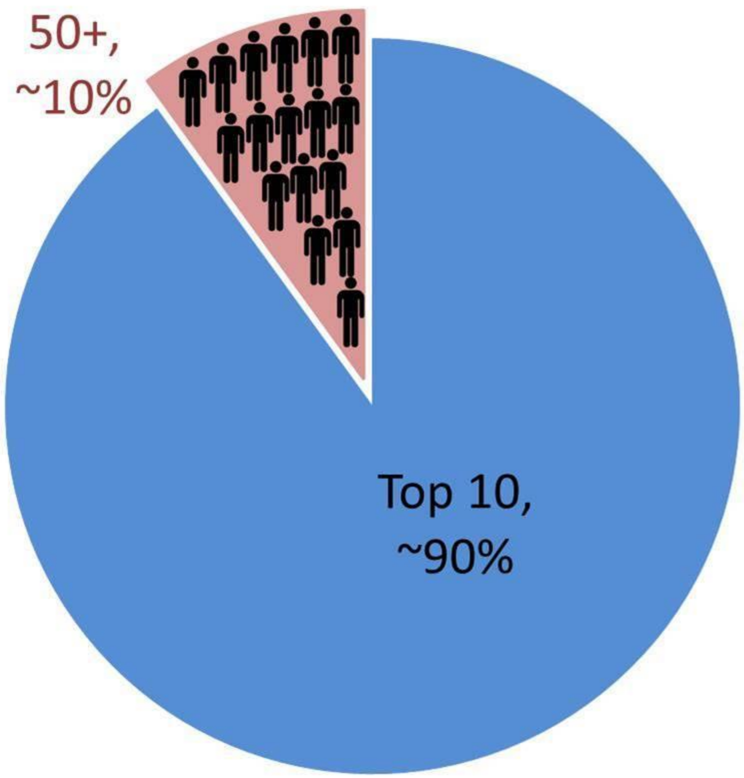
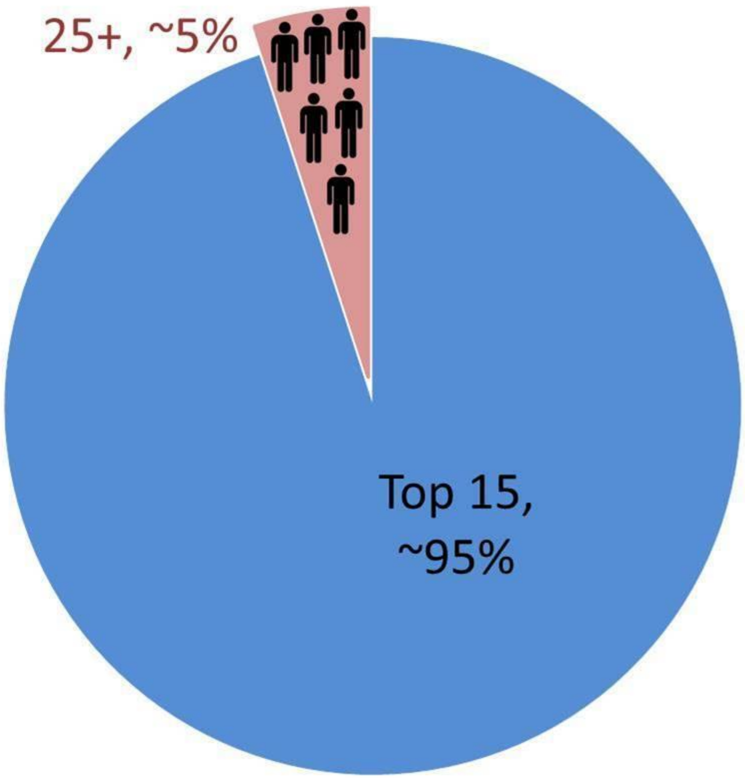
Focus on key strategic customers

專注於主要策略客戶，達到資源分配最佳化

Current	Target





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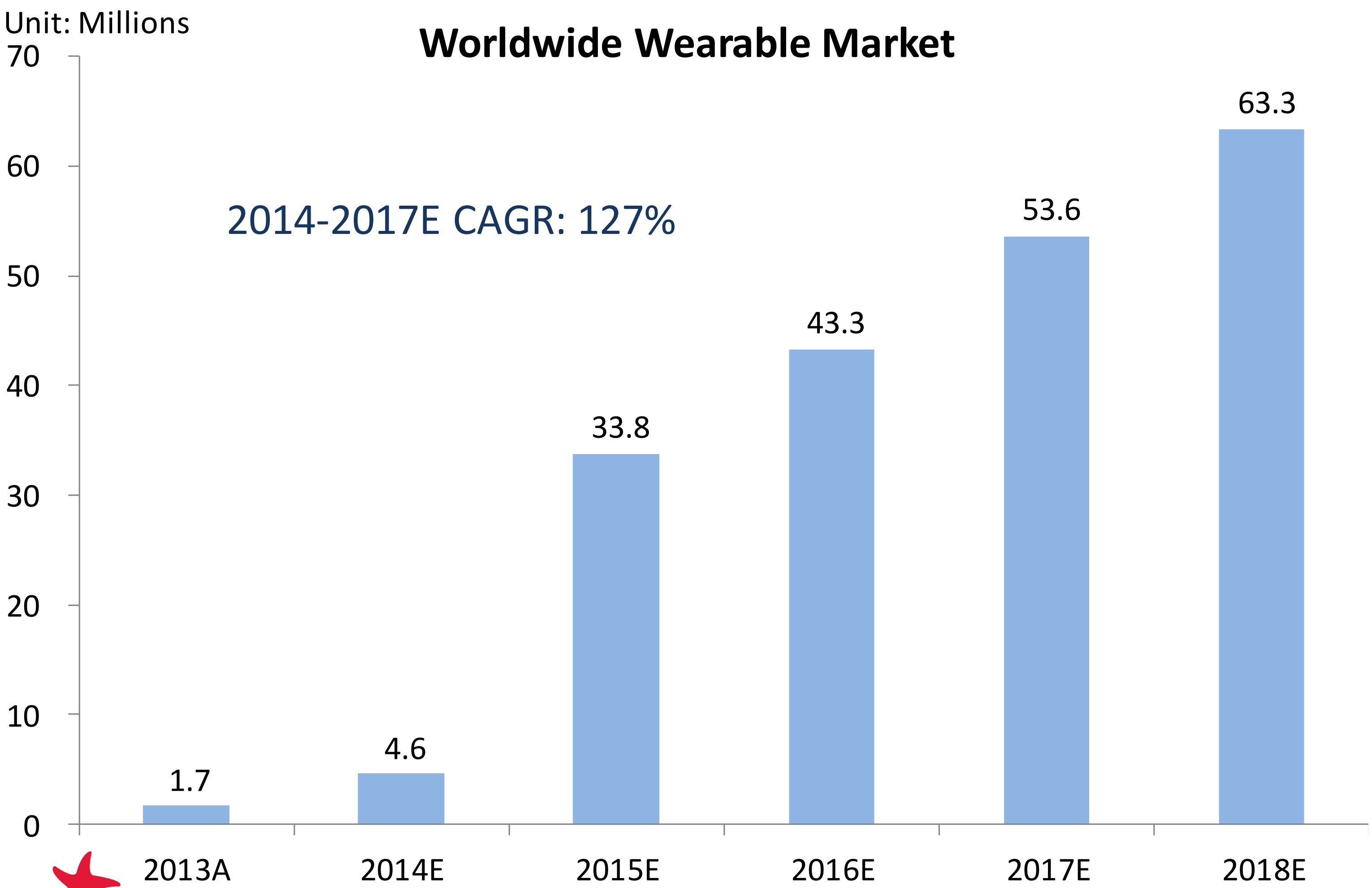
Wearable set to take off

穿戴式裝置將於2015年開始蓬勃發展



Source: IDC, December 2014

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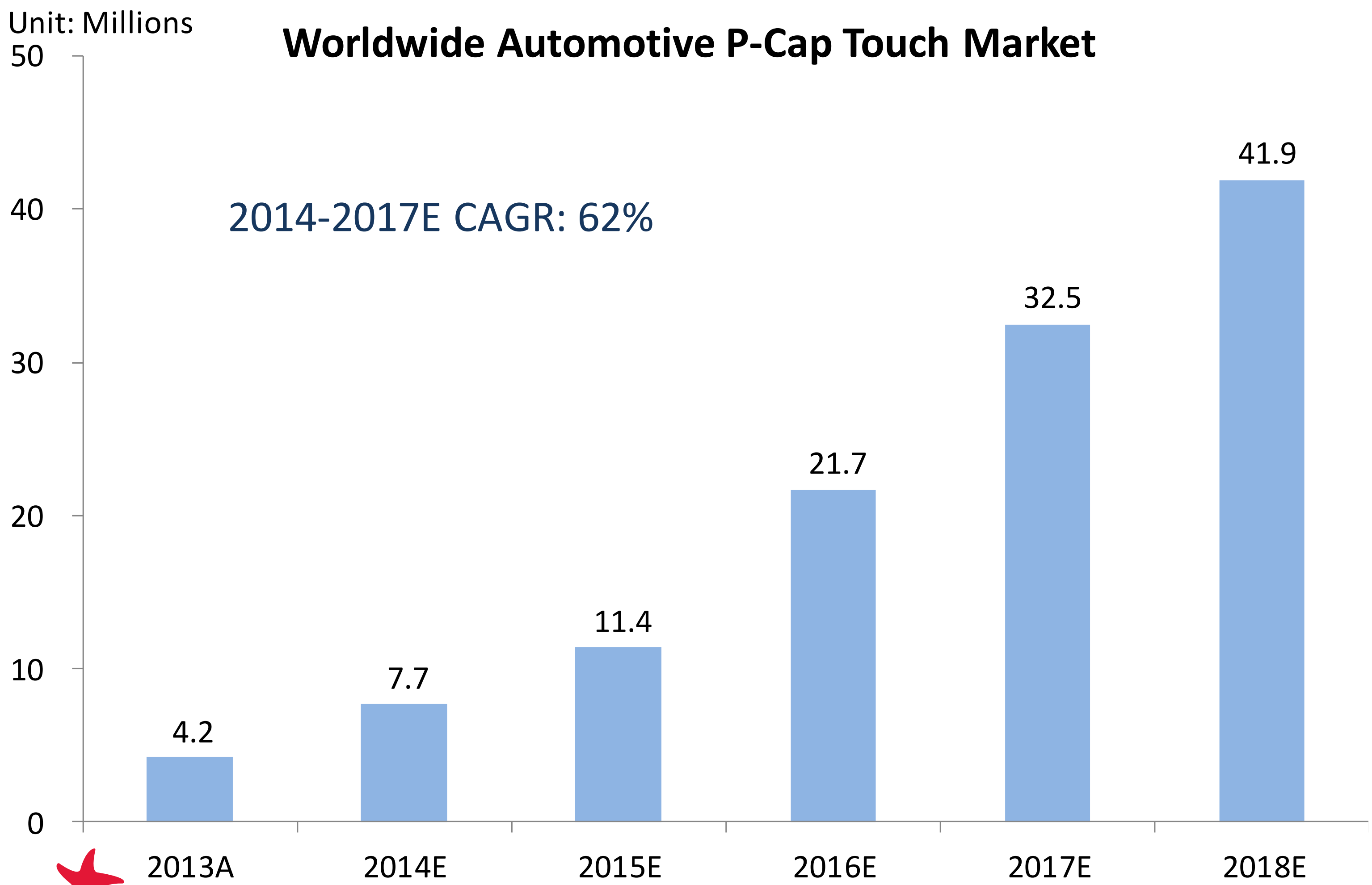
Automotive is another rising star

觸控普及化將快速地滲入車用市場



Source: DisplaySearch, December 2014

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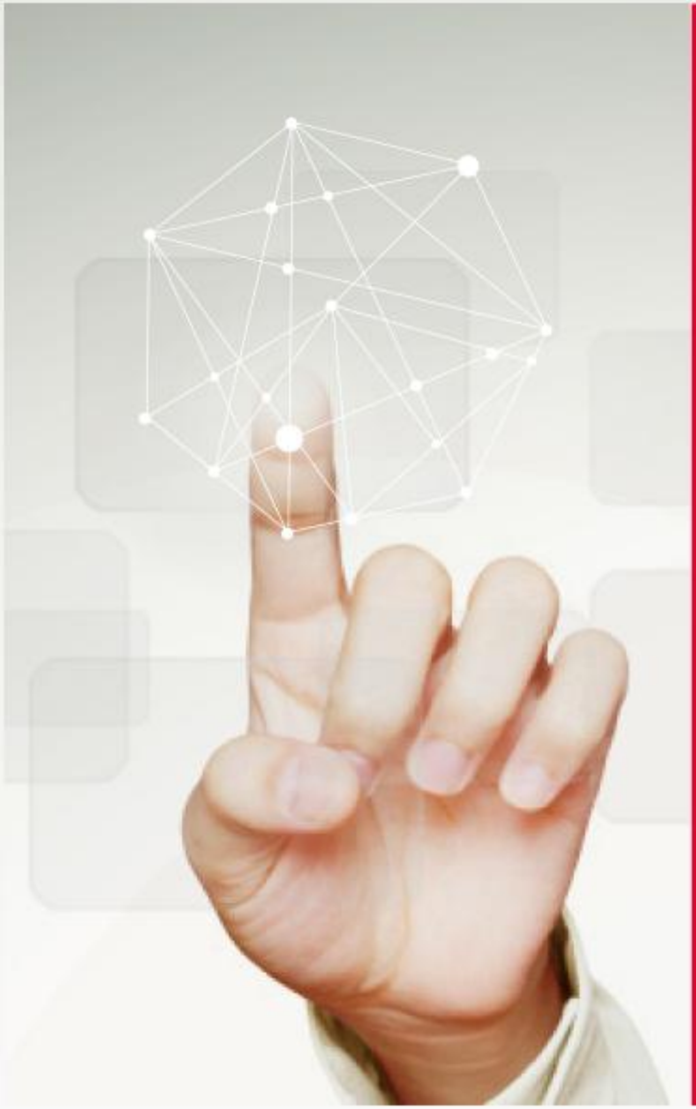

Financials

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4Q14 Profit & Loss

損益表

Profit & Loss	4Q14	3Q14	QoQ	4Q13	YoY
(NT$ million)					
Revenues	**39,581**	**32,613**	**21.4%**	**41,883**	**(5.5%)**
COGS	(36,674)	(30,445)		(38,858)	
Gross Profits	**2,907**	**2,168**	**34.1%**	**3,025**	**(3.9%)**
Operating Expenses	(2,837)	(2,481)		(2,840)	
SG&A	(1,528)	(1,310)		(1,492)	
R&D	(1,309)	(1,170)		(1,349)	
Operating Profits	**70**	**(313)**		**185**	
Non-Op Inc/(Exp)	499	30		(1,219)	
Int Inc/(Exp)	*(45)*	*(54)*		*(68)*	
FX Gain/(Loss)	*288*	*127*		*72*	
Invest Inc/(Loss)	*(27)*	*(46)*		*(1,422)*	
Others	*284*	*3*		*200*	
Earnings Before Tax	**569**	**(283)**		**(1,034)**	
Income Tax	(387)	116		(444)	
Net Income (Parent)	**66**	**(241)**		**(1,608)**	
EPS (Parent)	**0.20**	**(0.73)**		**(4.88)**	
EBITDA	**3,207**	**2,061**		**1,110**	
Margin:					
GM	7.3%	6.6%		7.2%	
OM	0.2%	(1.0%)		0.4%	
NM	0.2%	(0.7%)		(3.8%)	
Op Exp	(7.2%)	(7.6%)		(6.8%)	

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Pro forma 4Q14 P&L (excluding one-time charges)

損益表（刪除一次性費用）

4Q14 Profit & Loss	Reported	Excl One-Time	One-Time Items
(NT$ million)			
Revenues	**39,581**	**39,581**	
COGS	(36,674)	(35,031)	Asset impairment: NT$ 1,643 mn
Gross Profits	**2,907**	**4,550**	
Operating Expenses	(2,837)	(2,636)	Asset impairement: NT$ 139 mn; Goodwill: NT$ 63 mn
SG&A	(1,528)	(1,430)	
R&D	(1,309)	(1,206)	
Operating Profits	**70**	**1,914**	
Non-Op Inc/(Exp)	499	499	
Earnings Before Tax	**569**	**2,413**	
Income Tax	(387)	(387)	
Net Income (Parent)	**66**	**1,910**	
EPS (Parent)	**0.20**	**5.60**	
Margin:			
GM	7.3%	11.5%	
OM	0.2%	4.8%	
NM	0.2%	4.8%	
Op Exp	(7.2%)	(6.7%)	

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2014 Profit & Loss

年度損益表

Profit & Loss	**2014**	**2013**	**YoY**
(NT$ million)			
Revenues	**129,517**	**159,067**	**(18.6%)**
COGS	(119,035)	(138,137)	
Gross Profits	**10,482**	**20,931**	**(49.9%)**
Operating Expenses	(10,337)	(10,939)	
SG&A	(5,354)	(5,523)	
R&D	(4,983)	(5,416)	
Operating Profits	**145**	**9,991**	**(98.5%)**
Non-Op Inc/(Exp)	431	(1,087)	
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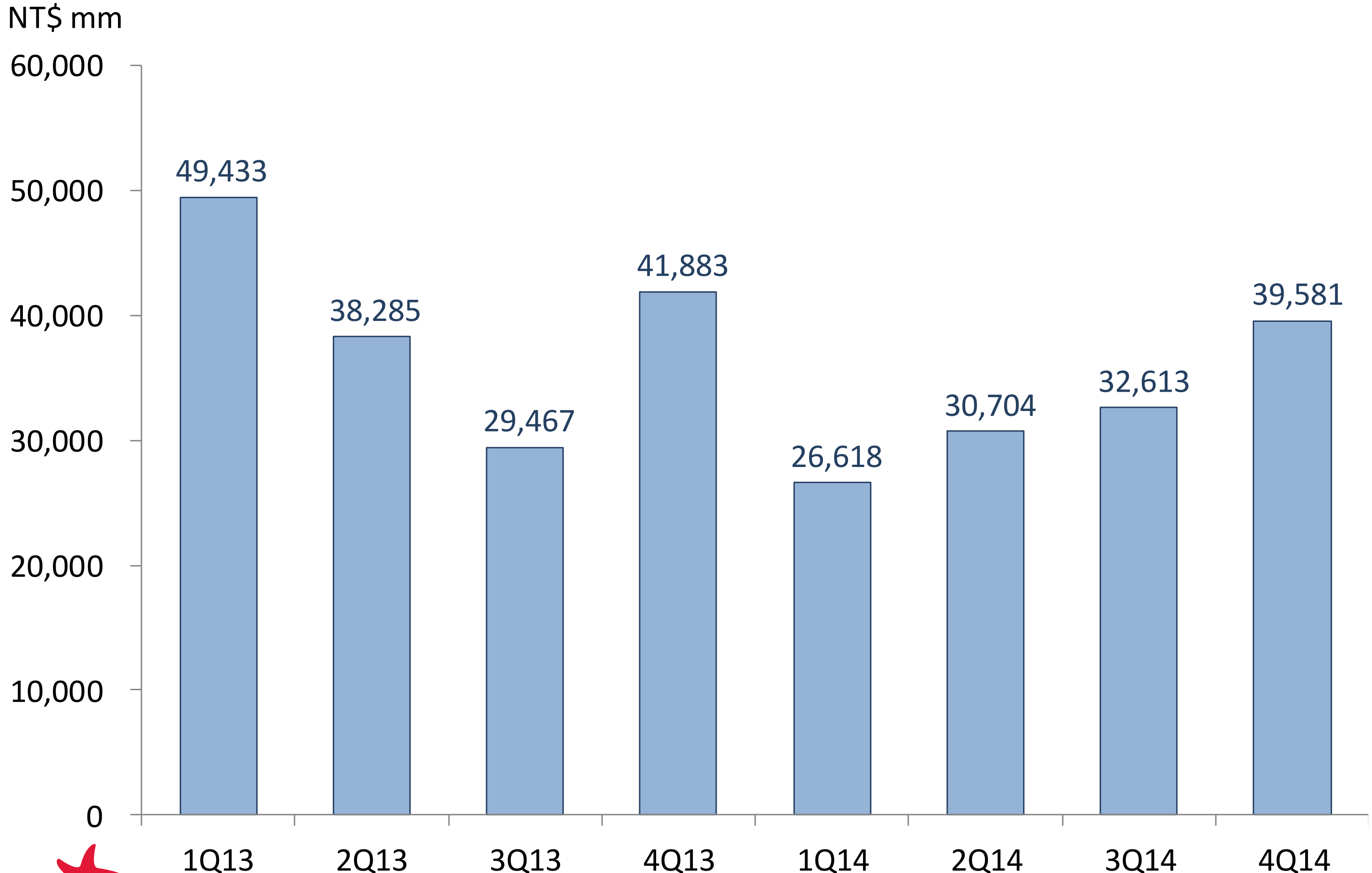
Quarterly Sales

季營收



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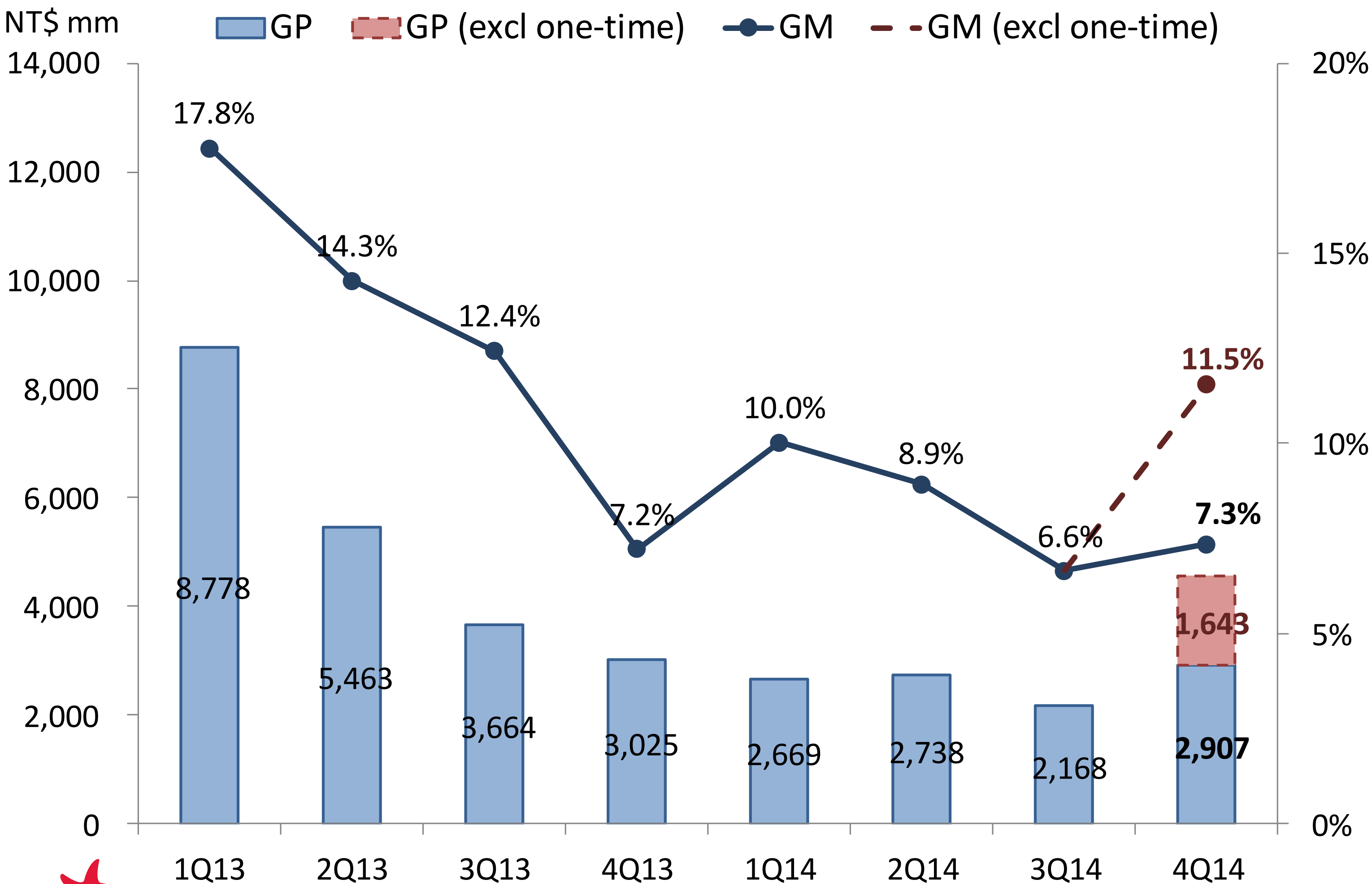
Gross Profits

營業毛利



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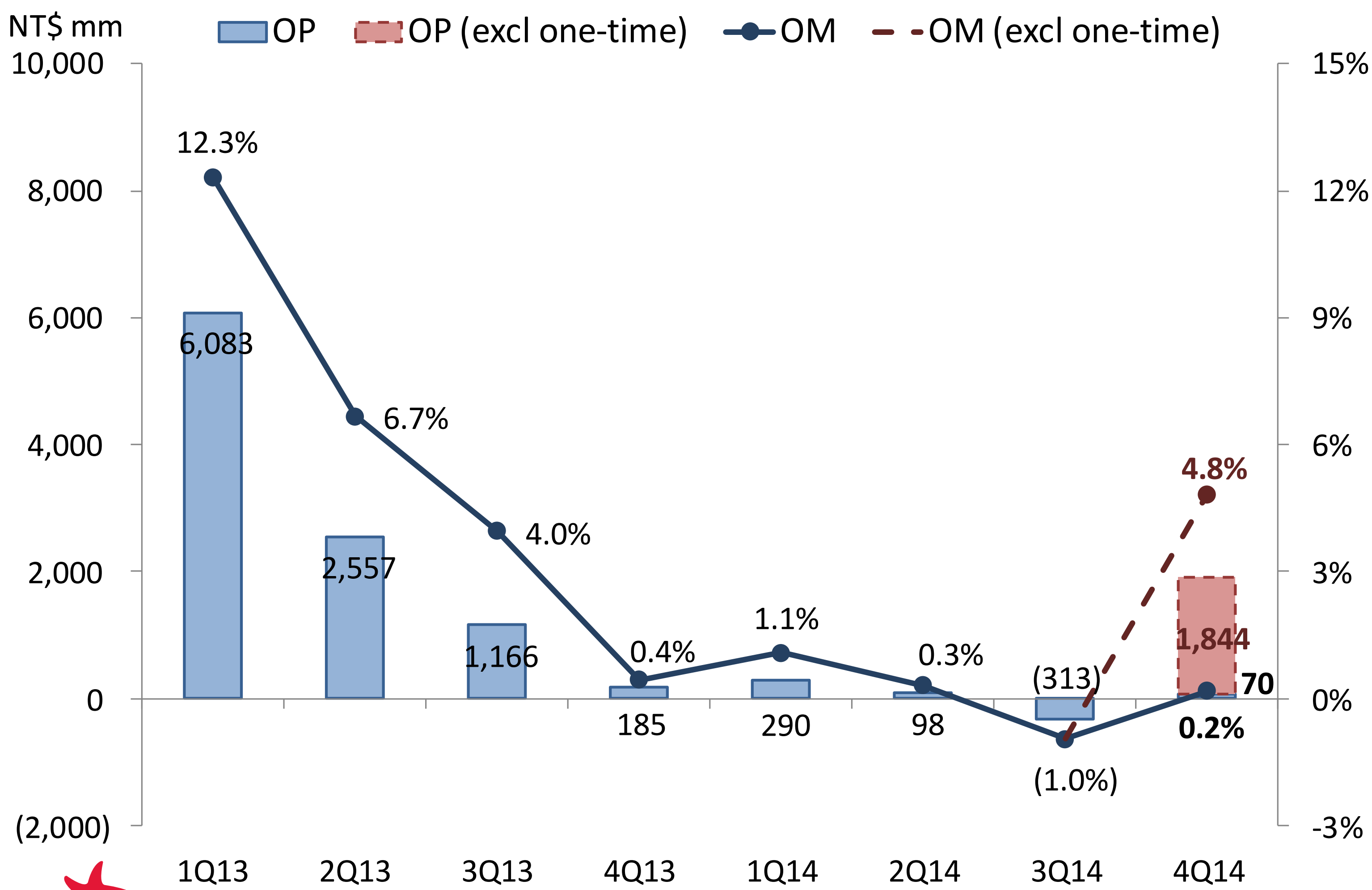
Operating Profits

營業利益



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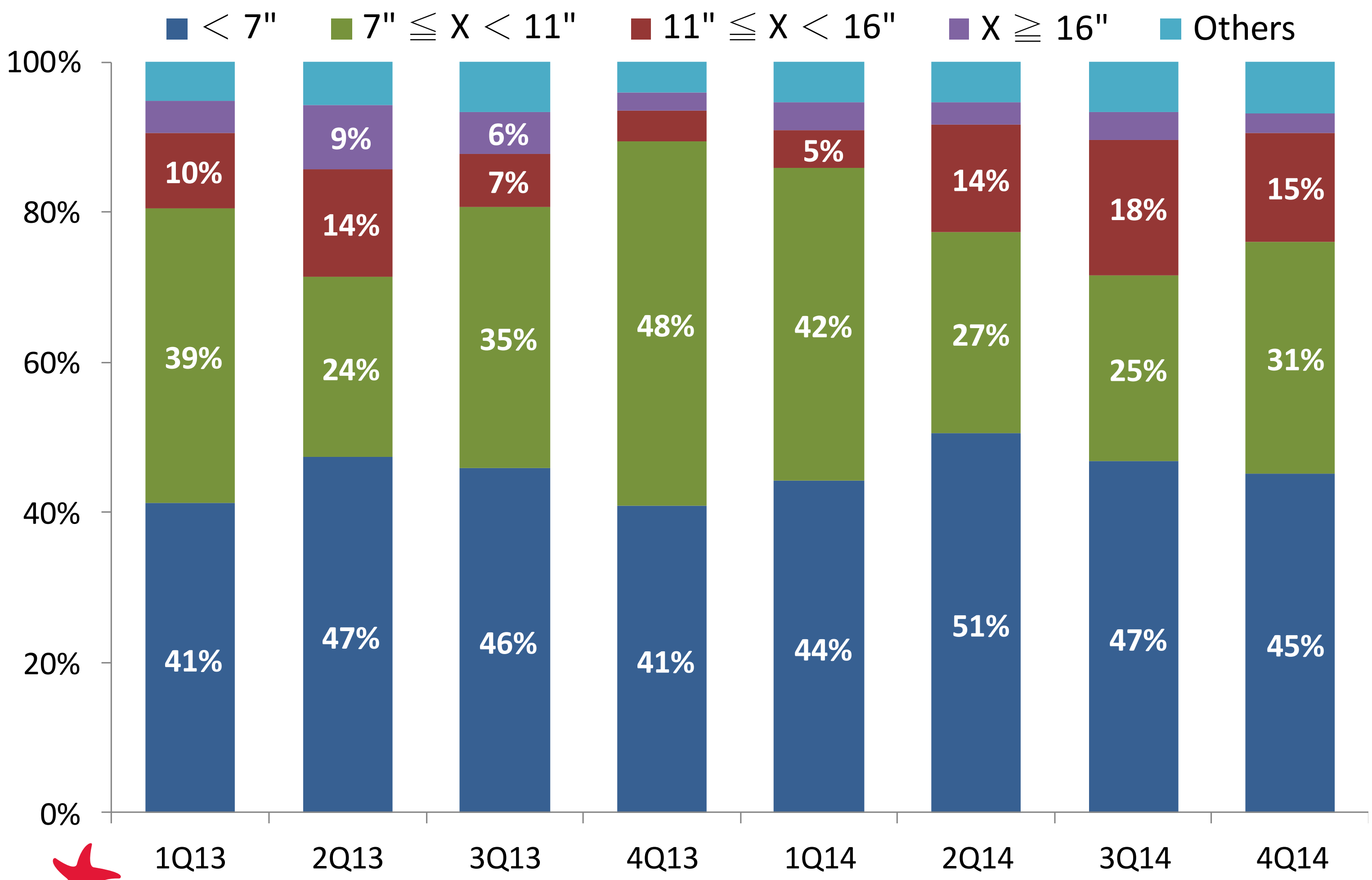
Sales by Form Factors

營收結構



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4Q14 Balance Sheet

資產負債表

Balance Sheet	2014/12/31	2014/9/30
(NT$ million)		
Cash Equivalents	29,888	25,347
Receivables	20,595	20,288
Inventories	7,180	7,986
Current Assets	**74,648**	**66,116**
Long-term Investments	**1,162**	**1,190**
Property, Plant and Equipment	**71,573**	**72,326**
Total Assets	**152,723**	**144,906**
ST Loans	65,252	53,222
Payables	20,540	18,417
Current Liabilities	**95,306**	**82,829**
Convertible Bonds	**-**	**6,536**
LT Loans	**7,928**	**7,858**
Total Liabilities	**106,571**	**100,592**
Common Shares	3,313	3,311
Non-Controlling Interest	818	676
Total Shareholder's Equities	**46,151**	**44,314**
Ratio Analysis:		
Quick Ratio	0.71	0.70
Current Ratio	0.78	0.80
ROE (YTD Annualized)	0.6%	0.6%
Net Debt to Equity	0.94	0.95

Note: PP&E includes prepayments.

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4Q14 Cash Flow

現金流量表

Cashflow Statement	4Q14	3Q14
(NT$ million)		
Operating Cashflows:		
Earning Before Tax	569	(283)
Depreciation & Amortization	2,308	2,002
Net Inc/(Dec) Working Capital	1,583	(632)
Other Operating Cash Flow	819	563
Cash Flow from Operations	**5,279**	**1,650**
Investing Cashflows:		
Capital Expenditures	(721)	(3,175)
Acquisitions	-	-
Others	(4,205)	901
Cash Flow from Investments	**(4,926)**	**(2,274)**
Financing Cashflows:		
Inc/(Dec) in Debts	2,691	3,102
Others	(245)	(1,921)
Cash Flow from Financing	**2,446**	**1,182**
FX Adjustments	1,742	539
Total Cash Flow	**4,541**	**1,097**

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新聞稿

TPK 公告 2014 年第四季自結營運成果

中華民國，台灣，台北，2015 年 2 月 10 日 – TPK Holding Co., Ltd. 宸鴻科技（TWSE: 3673）（"宸鴻" 或 "本公司"）今日公告 2014 年第四季自結營運成果。本季自結稅後淨利為新台幣 6 仟 6 佰萬元，稅後稀釋每股盈餘為新台幣 0.20 元。2014 年全年營收達新台幣 1,295.2 億元，稅後稀釋每股盈餘為新台幣 0.84 元。

營運成果分析

2014 年第四季自結合併營收為新台幣 395.8 億元，較上季增加 21.4%，主要係受惠於旺季效應及平板電腦與穿戴式裝置新產品推出需求所致。產品組合方面，小尺寸（7 吋以下）及平板電腦尺寸（7~11 吋）產品營收較前一季分別增加 15%及 47%。而筆記型電腦（11~16 吋）營收則較上一季略減 3%。

2014 年全年自結合併營收為新台幣 1,295.2 億元，較前一年度減少 18.6%；全年觸控產品出貨量為 1.0 億片，較 2013 年減少 8%。小尺寸、平板電腦尺寸及大尺寸觸控產品營收較 2013 年分別減少 14%、34%及 50%。筆記型電腦尺寸營收則因受惠於平板電腦往大尺寸發展之趨勢，呈現 19%的年成長。

受惠於產能利用率提升及生產良率與效率之提升，加上較佳的產品組合，營業毛利率由第三季的 6.6%增加至第四季的 11.5%。然而，受到一次性資產減損提列之影響（主要係老舊設備及產能利用率偏低之資產設備，約新台幣 16.4 億元），本季營業毛利僅由上一季的新台幣 21.7 億元增加至新台幣 29.1 億元，而營業毛利率則為 7.3%。在銷售成本結構方面，原料成本約為新台幣 291.6 億元，約佔營收比例的 73.7%，較上季之 75.4%減少。人工成本約為新台幣 27.1 億元，約佔營收比例的 6.8%，較上季之 8.9%下降。銷貨成本相關之折舊及攤提費用為新台幣 18.3 億元，較上季之新台幣 15.2 億元增加。

本季營業費用為新台幣 28.4 億元，較上季新台幣 24.8 億元增加。其中，研發費用為新台幣 13.1 億元，較前一季新台幣 11.7 億元增加，主要係因產品打樣費用上升所致。第四季銷售與管理費用為新台幣 15.3 億元，較第三季新台幣 13.1 億元增加，主要係隨著出貨量增加，相關運輸費用亦相對提升。此外，本公司於本季亦認列營業費用相關之一次性減損費用，約新台幣 2.0 億元，其中主要為研發設備減損（設備減損合計約為新台

幣 1.4 億元）及併購子公司 Hallys Corporation 相關之商譽減損約新台幣 6,300 萬元。營業費用佔整體營收比例，因受惠於營業槓桿效益，由上季之 7.6%下降至 7.2%。若扣除營業費用相關之一次性減損費用，營業費用佔整體營收比例則為 6.7%

第四季業外投資損失由前一季約新台幣 4,600 萬元下降至約新台幣 2,700 萬元，主要係達鴻營運開始展現成果。本季產生淨利息費用約新台幣 4,500 萬元，較上一季的淨利息費用約新台幣 5,400 萬元減少。本季外幣兌換利益約為新台幣 2.9 億元。

資本結構及資本支出

2014 年全年資本支出約新台幣 139.0 億元。截至 2014 年年底，本公司帳上現金餘額為新台幣 298.9 億元，較上一季現金餘額新台幣 253.5 億元增加。銀行借款餘額為新台幣 663.5 億元，其中短期銀行借款為新台幣 584.2 億元（含一年內到期之長期借款），長期銀行借款為新台幣 79.3 億元，另應付海外可轉換公司債餘額為新台幣 68.3 億元。截至 2014 年 12 月底，本公司銀行總額度為新台幣 1,346.4 億元，未使用銀行額度約為新台幣 562.5 億元。本公司本季 EBITDA 約新台幣 32.1 億元，2014 年全年 EBITDA 約新台幣 100.6 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。

2014 年第四季損益表

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2014 年第四季資產負債表

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Current Ratio	0.78	0.80
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Financing Cashflows:		
Inc/(Dec) in Debts	2,691	3,102
Others	(245)	(1,921)
Cash Flow from Financing	**2,446**	**1,182**
FX Adjustments	1,742	539
Total Cash Flow	**4,541**	**1,097**