

# 2015Q4 Update

February 18<sup>th</sup> 2016



# Disclaimer Statement

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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.

# Disclosure Notice

## 公告原則

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- 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

# 4Q15 Result Summary

## 2015年第四季營運簡報

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NT\$	Revenues	Net Profits/Loss	EPS
4Q15	34.4 bn	1.0 bn	2.12
FY2015	121.4 bn	-20.0 bn	-57.86

- 4Q Revenues slightly below original guidance of 5% QoQ, primarily attributed to weaker demand in smart phone and wearable device.
- Margin also below plan due to lower utilization and unfavorable product mix change.
- Write off all remaining investment and associated liabilities in Cando Technology.
- Conclude insurance claim.

# Looking ahead to 2016

## 2016年營運展望

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- Continue to streamline operation and customer composition.
- Focus on efficiency improvement, yield enhancement and cost control.
- Emphasize on growing revenue with “quality”
- Go back to “Basics”:
  - Advance technology
  - Blue-chip customers
  - Total touch solution



# Financials

# 4Q15 Profit & Loss

## 2015年第四季損益表

Profit & Loss	4Q15	Notes	3Q15	QoQ	4Q14	YoY
(NT\$ million)						
<b>Revenues</b>	<b>34,438</b>		<b>34,235</b>	<b>0.6%</b>	<b>39,581</b>	<b>(13.0%)</b>
COGS	(32,123)		(45,508)		(36,674)	
<b>Gross Profits</b>	<b>2,314</b>		<b>(11,272)</b>	<b>n.m.</b>	<b>2,907</b>	<b>(20.4%)</b>
Operating Expenses	(1,964)		(6,408)		(2,837)	
SG&A	(1,745)	<i>Cando: \$104 mn</i>	(5,855)		(1,528)	
R&D	(218)		(553)		(1,309)	
<b>Operating Profits</b>	<b>350</b>		<b>(17,680)</b>	<b>n.m.</b>	<b>70</b>	<b>401.8%</b>
Non-Op Inc/(Exp)	(615)		(1,068)		499	
<i>Int Inc/(Exp)</i>	<i>(119)</i>		<i>(104)</i>		<i>(45)</i>	
<i>FX Gain/(Loss)</i>	<i>(232)</i>		<i>(153)</i>		<i>288</i>	
<i>Invest Inc/(Loss)</i>	<i>67</i>	<i>Cando: \$1,339 mn</i>	<i>(50)</i>		<i>(27)</i>	
<i>Impairment Loss</i>	<i>(1,406)</i>	<i>Others: \$67 mn</i>	<i>(765)</i>		<i>-</i>	
<i>Others</i>	<i>1,075</i>	<i>Fire claims: \$942 mn</i>	<i>3</i>		<i>284</i>	
<b>Earnings Before Tax</b>	<b>(265)</b>		<b>(18,748)</b>		<b>569</b>	
Income Tax	1,268		(709)		(387)	
<b>Net Income (Parent)</b>	<b>1,016</b>		<b>(19,390)</b>		<b>66</b>	
<b>EPS (Parent)</b>	<b>2.12</b>		<b>(55.15)</b>		<b>0.20</b>	
<b>EBITDA</b>	<b>2,172</b>		<b>n.m.</b>		<b>3,207</b>	
<b>Margin:</b>						
GM	6.7%		(32.9%)		7.3%	
OM	1.0%		(51.6%)		0.2%	
NM	2.9%		(56.6%)		0.2%	
Op Exp	(5.7%)		(18.7%)		(7.2%)	



# 2015 Profit & Loss

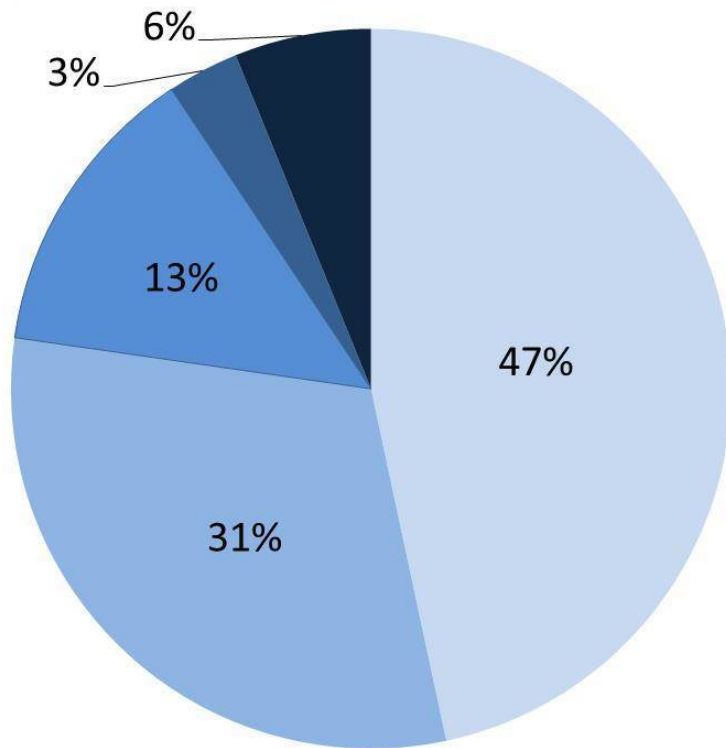
## 2015年損益表

Profit & Loss	2015	2014	YoY
(NT\$ million)			
<b>Revenues</b>	<b>121,364</b>	<b>129,517</b>	<b>(6.3%)</b>
COGS	(127,925)	(119,035)	
<b>Gross Profits</b>	<b>(6,561)</b>	<b>10,482</b>	
Operating Expenses	(11,793)	(10,337)	
SG&A	(10,467)	(5,354)	
R&D	(1,326)	(4,983)	
<b>Operating Profits</b>	<b>(18,354)</b>	<b>145</b>	
Non-Op Inc/(Exp)	(2,665)	431	
<i>Int Inc/(Exp)</i>	<i>(358)</i>	<i>(120)</i>	
<i>FX Gain/(Loss)</i>	<i>(322)</i>	<i>219</i>	
<i>Invest Inc/(Loss)</i>	<i>(89)</i>	<i>(389)</i>	
<i>Impairment</i>	<i>(2,170)</i>	<i>(291)</i>	
<i>Others</i>	<i>274</i>	<i>1,011</i>	
<b>Earnings Before Tax</b>	<b>(21,019)</b>	<b>575</b>	
Income Tax	943	(8)	
<b>Net Income (Parent)</b>	<b>(20,007)</b>	<b>277</b>	
<b>EPS (Parent)</b>	<b>(57.86)</b>	<b>0.84</b>	
<b>Margin:</b>			
GM	(5.4%)	8.1%	
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NM	(16.5%)	0.2%	
Op Exp	(9.7%)	(8.0%)	

# 2015 & 2014 Sales Mix

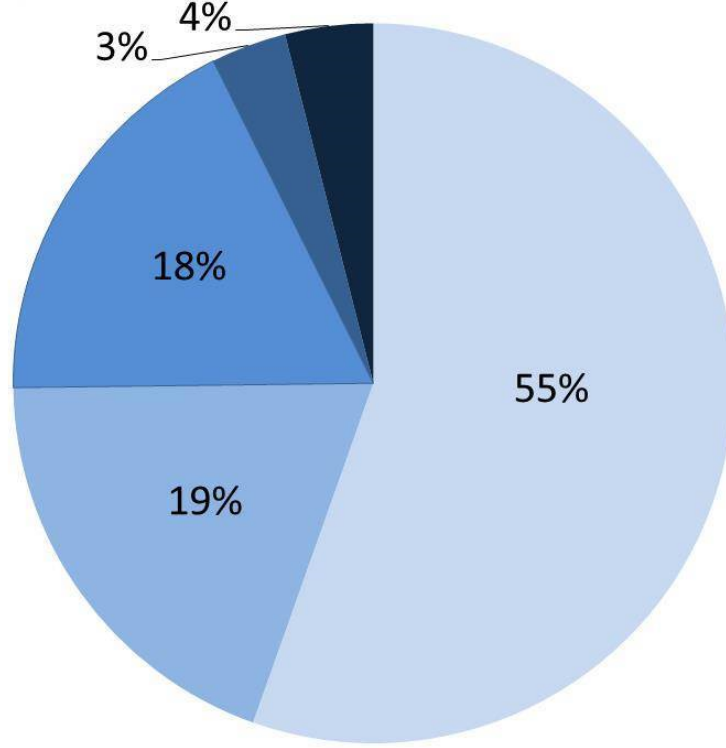
## 2015及2014年營收結構

FY2014



■ < 7" ■ 7" ≤ X < 11" ■ 11" ≤ X < 16" ■ X ≥ 16" ■ Others

FY2015



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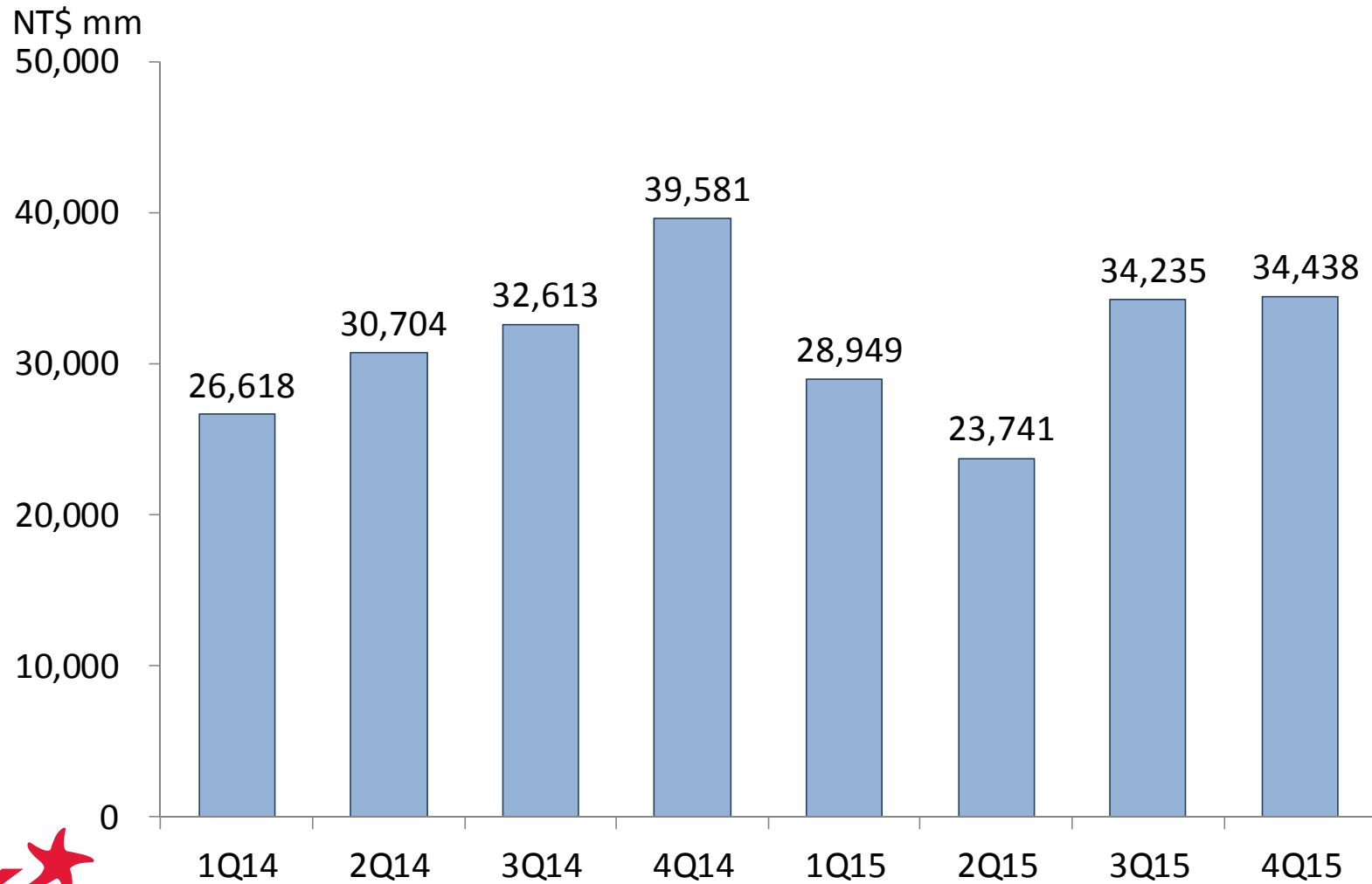
# 2015 Pre & Post Key W/O P&L

## 2015年擬制數與自結數

2015 Profit & Loss	Pre	Post	Notes
(NT\$ million)			
<b>Revenues</b>	<b>121,364</b>	<b>121,364</b>	
COGS	(114,315)	(127,925)	<i>Write-off: \$13,610 mn</i>
<b>Gross Profits</b>	<b>7,048</b>	<b>(6,561)</b>	
Operating Expenses	(7,098)	(11,793)	<i>Write-off: \$4,591 mn; Bad debts: \$104 mn</i>
<b>Operating Profits</b>	<b>(50)</b>	<b>(18,354)</b>	
Non-Op Inc/(Exp)	(242)	(2,665)	
<i>Int Inc/(Exp)</i>	<i>(358)</i>	<i>(358)</i>	
<i>FX Gain/(Loss)</i>	<i>(322)</i>	<i>(322)</i>	
<i>Invest Inc/(Loss)</i>	<i>(89)</i>	<i>(89)</i>	
<i>Impairment</i>	-	(2,170)	<i>Cando: \$2,103 mn; Others: 67 mn</i>
<i>Others</i>	527	274	<i>Fire loss: \$1,195 mn; Claims: \$942 mn</i>
<b>Earnings Before Tax</b>	<b>(292)</b>	<b>(21,019)</b>	
<b>Margin:</b>			
GM	5.8%	(5.4%)	
OM	(0.0%)	(15.1%)	
Op Exp	(5.8%)	(9.7%)	

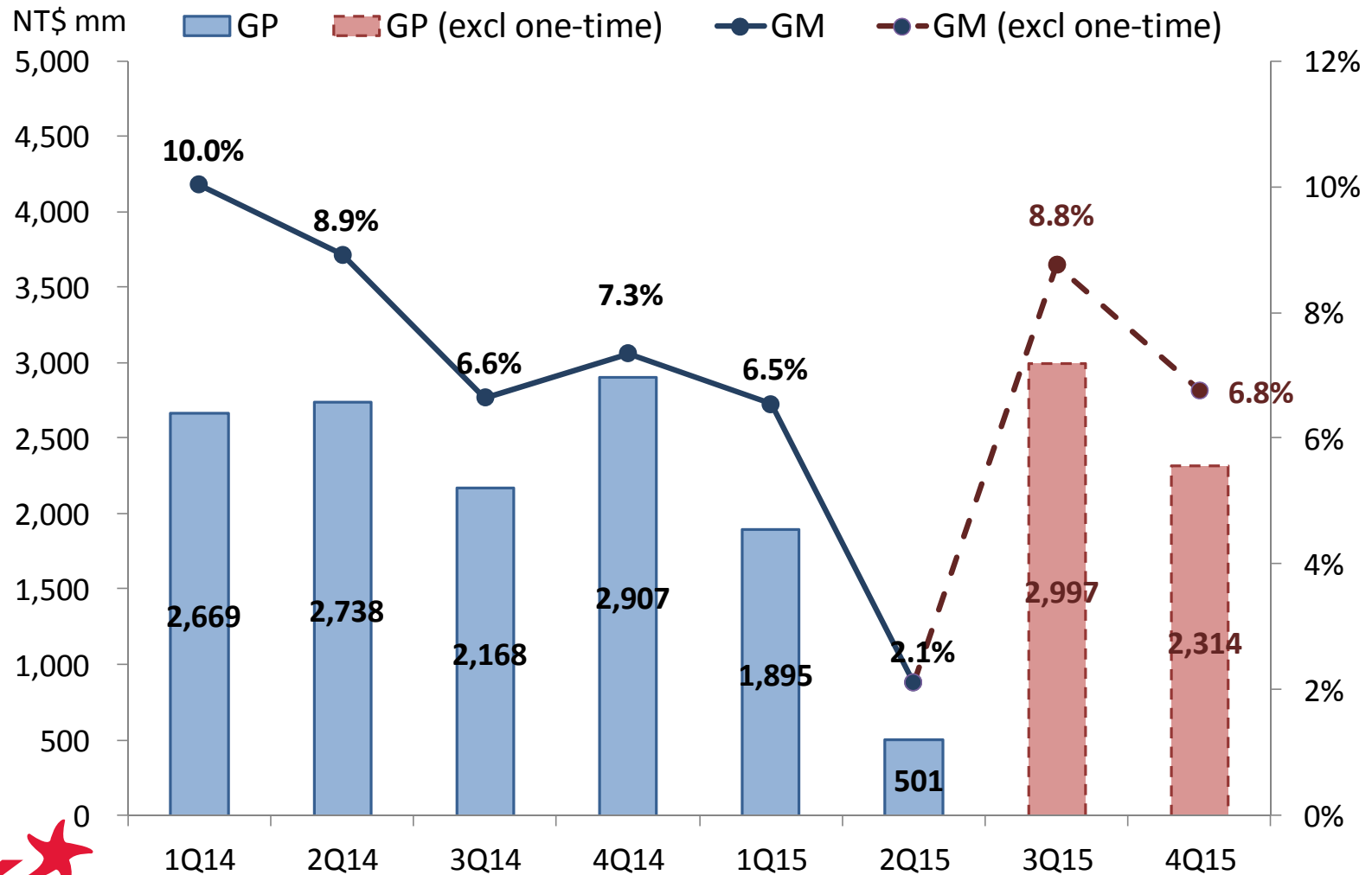
# Quarterly Sales

季營收



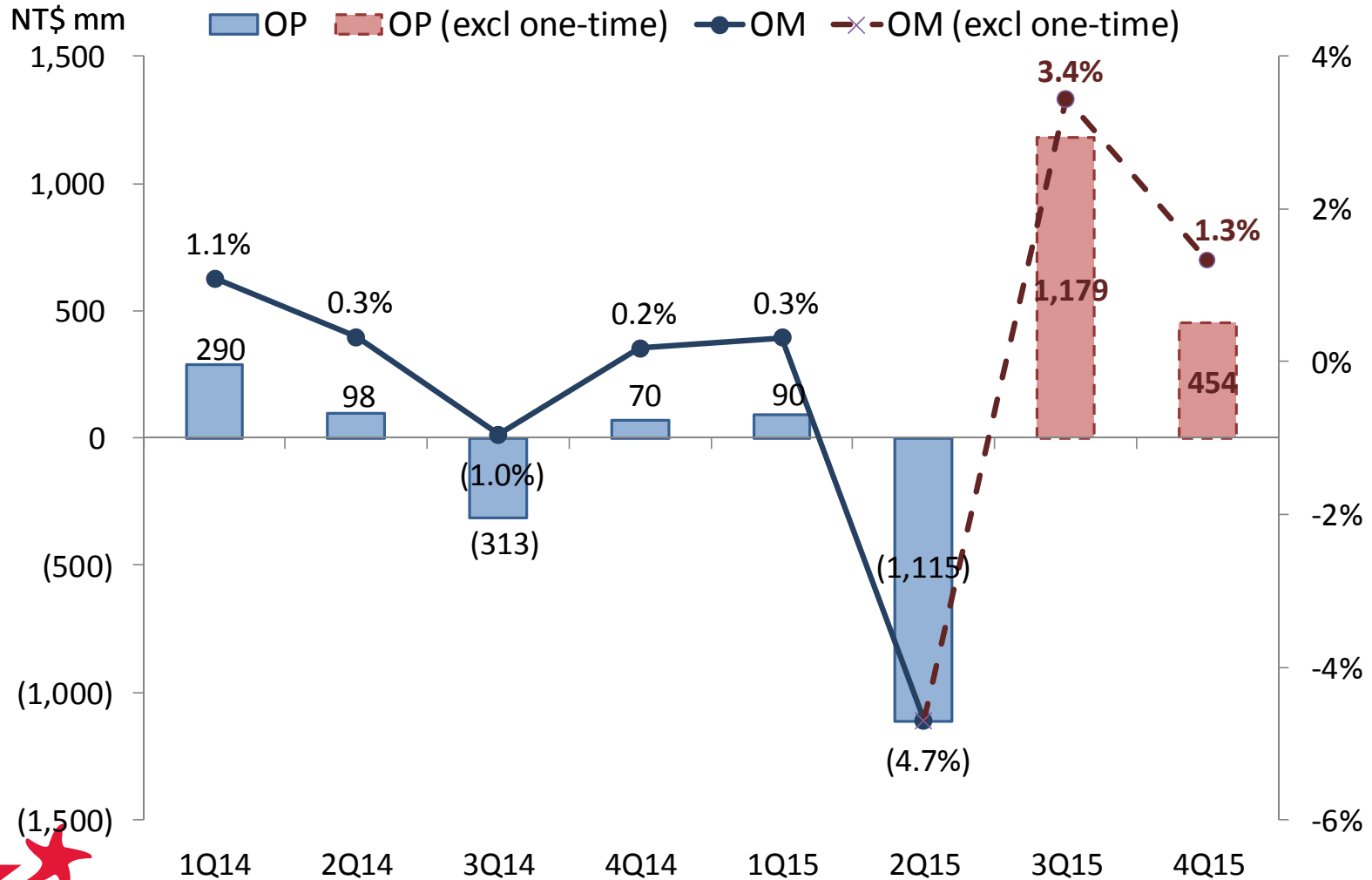
# Gross Profits (pre key write-off)

營業毛利 (3Q15與4Q15為擬制數)



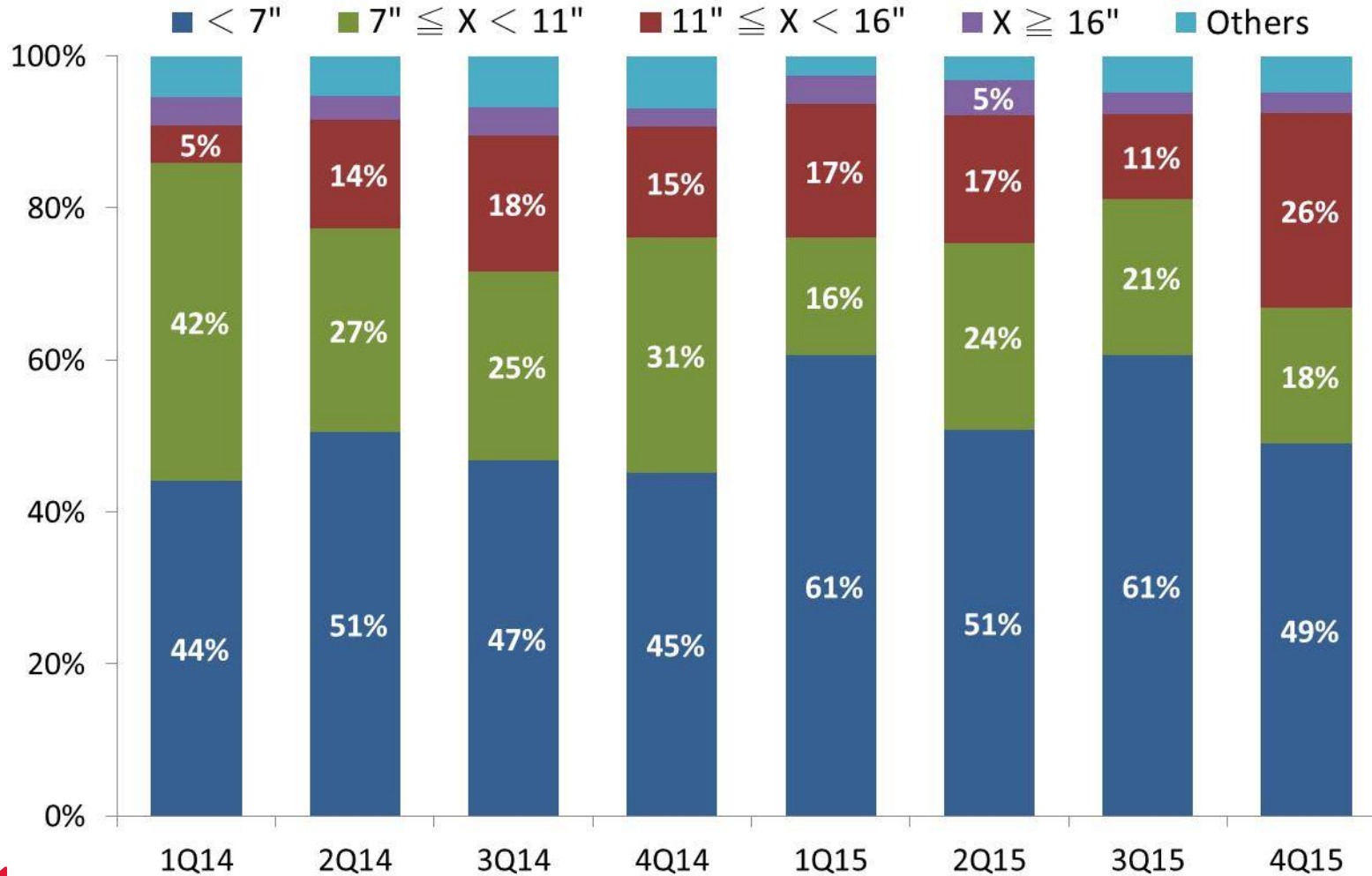
# Operating Profits (pre key write-off)

營業利益 (3Q15與4Q15為擬制數)



# Sales by Form Factors

## 營收結構



# 4Q15 Balance Sheet

## 資產負債表

Balance Sheet	2015/12/31	2014/12/31
(NT\$ million)		
Cash Equivalents	16,393	29,540
Debt Inv with no active market	16,787	16,737
Receivables	12,270	13,810
Inventories	8,737	7,180
<b>Current Assets</b>	<b>61,034</b>	<b>74,648</b>
<b>Long-term Investments</b>	<b>326</b>	<b>1,162</b>
<b>Property, Plant and Equipment</b>	<b>49,282</b>	<b>71,573</b>
<b>Total Assets</b>	<b>114,964</b>	<b>152,723</b>
ST Loans	46,740	65,252
Payables	14,956	20,540
<b>Current Liabilities</b>	<b>68,417</b>	<b>95,306</b>
<b>Convertible Bonds</b>	<b>7,850</b>	-
<b>LT Loans</b>	<b>4,829</b>	<b>7,928</b>
<b>Total Liabilities</b>	<b>83,437</b>	<b>106,571</b>
Common Shares	3,516	3,313
Retained Earnings	2,791	22,956
Non-Controlling Interest	423	818
<b>Total Shareholder's Equities</b>	<b>31,527</b>	<b>46,151</b>
<b>Ratio Analysis:</b>		
Quick Ratio	0.76	0.71
Current Ratio	0.89	0.78
ROE (YTD Annualized)	(52.3%)	0.6%
Net Debt to Equity	1.36	0.95
Book Value per share	89.66	139.31

Note: PP&E includes prepayments.

# 4Q15 Cash Flow

## 現金流量表

Cashflow Statement	4Q15	3Q15
(NT\$ million)		
<b>Operating Cashflows:</b>		
Earning Before Tax	(265)	(18,748)
Depreciation & Amortization	2,139	2,712
Net Inc/(Dec) Working Capital	(1,260)	465
Other Operating Cash Flow	721	19,755
<b>Cash Flow from Operations</b>	<b>1,336</b>	<b>4,183</b>
<b>Investing Cashflows:</b>		
Capital Expenditures	(1,043)	(1,082)
Acquisitions	(89)	(138)
Others	(1,236)	(3,569)
<b>Cash Flow from Investments</b>	<b>(2,367)</b>	<b>(4,789)</b>
<b>Financing Cashflows:</b>		
Inc/(Dec) in Debts	(9,260)	(3,006)
Capital Injection	-	-
Treasury Stock	(433)	-
Others	(201)	(414)
<b>Cash Flow from Financing</b>	<b>(9,894)</b>	<b>(3,420)</b>
FX Adjustments	94	2,847
<b>Total Cash Flow</b>	<b>(10,831)</b>	<b>(1,179)</b>



## 新聞稿

# TPK 公告 2015 年第四季自結營運成果

中華民國·台灣·台北·2016年2月18日 – TPK Holding Co., Ltd. 宸鴻科技(TWSE: 3673)(“宸鴻”或“本公司”)今日公告2015年第四季自結營運成果。本季自結稅後淨利為新台幣10.2億元，稅後稀釋每股獲利為新台幣2.12元。2015年全年營收達新台幣1,213.6億元，稅後淨損為新台幣200.1億元。

## 2015年第四季營運成果分析

2015年第四季自結合併營收為新台幣344.4億元，與前一季相當，較2014年第四季減少13.0%。第四季雖為傳統旺季，但受到全球經濟成長趨緩，導致智慧型手機需求不如預期，以至於本季營收較當初預期為低；此外，穿戴式裝置出貨量與前一季相比，亦顯著減少。本季營業毛利為新台幣23.1億元，營業毛利率為6.7%。在銷售成本結構方面，由於產品組合變化，原料成本由第三季新台幣249.8億元略增為約新台幣255.2億元。本季人工成本為新台幣27.9億元，與上一季相當。受惠於第三季的資產減損提列，第四季折舊攤提費用由前一季的新台幣22.1億元下降至新台幣17.3億元。

第四季營業費用為新台幣19.6億元，其中包含認列與達鴻之間的呆帳約新台幣1.0億元。儘管本季認列了一次性呆帳費用，營業費用仍較2014年第四季新台幣28.4億元減少30.8%，反映本公司於成本及費用控管上之成效。截至2015年12月31日，本公司員工總人數為37,478人，較前一季底42,429人及2014年底49,089人減少。

本季淨利息費用約新台幣1.2億元。然因人民幣貶值，2015年第四季外幣兌換損失約為新台幣2.3億元。由於達鴻已於2015年11月5日申請重整，故本公司於第四季提列相關費用，包含本公司對達鴻持有之剩餘長期股權投資、對達鴻之資金貸與及公司債保證，合計共約新台幣14.0億元。此外，針對本公司2015年1月之火災事故，已與保險公司達成協議並於本季認列保險理賠金額新台幣9.4億元。本季所得稅利益新台幣12.7億元，主要係因本公司重要營運子公司之一的宸美(廈門)光電有限公司取得高新科技公司之資格並享有稅賦優惠，故本季迴轉前三季認列之所得稅費用。2015年第四季稅後淨利新台幣10.2億元，稅後稀釋每股獲利為新台幣2.12元。本季EBITDA約新台幣21.7億元。

## 2015 年全年營運成果分析

2015 年全年自結合併營收為新台幣 1,213.6 億元，較前一年度減少 6.3%；全年觸控模組出貨量為 1.6 億片，較 2014 年增加 55%。其中，小尺寸觸控模組佔 2015 年整體營收之 55%，年成長率為 6%；7~11 吋產品佔 19%，較前一年度減少 44%；11~16 吋產品出貨量雖與 2014 年持平，但受惠於大尺寸平板電腦崛起之趨勢，營收較前一年成長 19%，其整體營收佔比亦由 2014 年的 13% 提升至 2015 年的 18%。

本年度主要一次性減損包括約新台幣 182.0 億元的固定資產與無形資產減損、新台幣 22.1 億元的達鴻相關費用之提列及第一季火災損失約新台幣 12.0 億元（已於第四季取得保險理賠金額新台幣 9.4 億元）。排除營運相關之一次性減損，本公司 2015 年營運虧損為新台幣 5,000 萬元，較 2014 年營業利益之新台幣 1.4 億元為低。

## 資本結構及資本支出

第四季資本支出約為新台幣 3.4 億元，2015 年全年資本支出則約為新台幣 38.5 億元，較年初公司預算的新台幣 45 億元為低。

截至 2015 年年底，本公司帳上現金餘額為新台幣 163.9 億元。銀行借款餘額為新台幣 515.7 億元，其中短期銀行借款為新台幣 467.4 億元（含一年內到期之長期借款），長期銀行借款為新台幣 48.3 億元，另應付海外可轉換公司債餘額為新台幣 78.5 億元。截至 2015 年 12 月底，本公司未使用銀行額度約為新台幣 504.1 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。

投資人關係聯絡人：

劉詩亮，財務長

王凱論，財務處長

Tel: +886.2.7727.1196

[ir@tpk.com](mailto:ir@tpk.com)

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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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GM	(5.4%)	8.1%	
OM	(15.1%)	0.1%	
NM	(16.5%)	0.2%	
Op Exp	(9.7%)	(8.0%)	

## 2015 年損益表 ( 2015 年擬制數與自結數 )

2015 Profit & Loss	Pre	Post	Notes
(NT\$ million)			
<b>Revenues</b>	<b>121,364</b>	<b>121,364</b>	
COGS	(114,315)	(127,925)	<i>Write-off: \$13,610 mn</i>
<b>Gross Profits</b>	<b>7,048</b>	<b>(6,561)</b>	
Operating Expenses	(7,098)	(11,793)	<i>Write-off: \$4,591 mn; Bad debts: \$104 mn</i>
<b>Operating Profits</b>	<b>(50)</b>	<b>(18,354)</b>	
Non-Op Inc/(Exp)	(242)	(2,665)	
<i>Int Inc/(Exp)</i>	<i>(358)</i>	<i>(358)</i>	
<i>FX Gain/(Loss)</i>	<i>(322)</i>	<i>(322)</i>	
<i>Invest Inc/(Loss)</i>	<i>(89)</i>	<i>(89)</i>	
<i>Impairment</i>	<i>-</i>	<i>(2,170)</i>	<i>Cando: \$2,103 mn; Others: 67 mn</i>
<i>Others</i>	<i>527</i>	<i>274</i>	<i>Fire loss: \$1,195 mn; Claims: \$942 mn</i>
<b>Earnings Before Tax</b>	<b>(292)</b>	<b>(21,019)</b>	
<b>Margin:</b>			
GM	5.8%	(5.4%)	
OM	(0.0%)	(15.1%)	
Op Exp	(5.8%)	(9.7%)	

## 2015 年第四季資產負債表

Balance Sheet	2015/12/31	2014/12/31
(NT\$ million)		
Cash Equivalents	16,393	29,540
Debt Inv with no active market	16,787	16,737
Receivables	12,270	13,810
Inventories	8,737	7,180
<b>Current Assets</b>	<b>61,034</b>	<b>74,648</b>
<b>Long-term Investments</b>	<b>326</b>	<b>1,162</b>
<b>Property, Plant and Equipment</b>	<b>49,282</b>	<b>71,573</b>
<b>Total Assets</b>	<b>114,964</b>	<b>152,723</b>
ST Loans	46,740	65,252
Payables	14,956	20,540
<b>Current Liabilities</b>	<b>68,417</b>	<b>95,306</b>
<b>Convertible Bonds</b>	<b>7,850</b>	-
<b>LT Loans</b>	<b>4,829</b>	<b>7,928</b>
<b>Total Liabilities</b>	<b>83,437</b>	<b>106,571</b>
Common Shares	3,516	3,313
Retained Earnings	2,791	22,956
Non-Controlling Interest	423	818
<b>Total Shareholder's Equities</b>	<b>31,527</b>	<b>46,151</b>
<b>Ratio Analysis:</b>		
Quick Ratio	0.76	0.71
Current Ratio	0.89	0.78
ROE (YTD Annualized)	(52.3%)	0.6%
Net Debt to Equity	1.36	0.95
Book Value per share	89.66	139.31

Note: PP&E includes prepayments.