2016Q3 Update

November 1st 2016

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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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3Q16 Result Summary

2016年第三季營運簡報

NT$	Revenues	Net Profits	EPS
3Q16	26.2 bn	684 mn	1.97

- 3Q sequential revenue growth was primarily attributed to new product ramp-ups and seasonality for 2H.
- Operating profit driven by higher utilization, favorable product mix and effective operating cost control.
- New product launches and seasonal demand shall continue in 4Q subject to end demand.

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Financials

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3Q16 Profit & Loss

2016年第三季損益表

Profit & Loss	3Q16	2Q16	QoQ	3Q15	YoY
(NT$ million)					
Revenues	**26,168**	**17,085**	**53.2%**	**34,235**	**(23.6%)**
COGS	(23,654)	(18,673)		(45,508)	
Gross Profits	**2,514**	**(1,588)**		**(11,272)**	
Operating Expenses	(1,240)	(1,155)		(6,408)	
SG&A	(1,015)	(944)		(5,855)	
R&D	(226)	(211)		(553)	
Operating Profits	**1,274**	**(2,743)**		**(17,680)**	
Non-Op Inc/(Exp)	(284)	68		(1,068)	
Int Inc/(Exp)	*(230)*	*(192)*		*(104)*	
FX Gain/(Loss)	*(52)*	*60*		*(153)*	
Invest Inc/(Loss)	*56*	*69*		*(50)*	
Others	*(58)*	*131*		*(761)*	
Earnings Before Tax	**990**	**(2,675)**		**(18,748)**	
Income Tax	(299)	161		(709)	
Net Income (Parent)	**684**	**(2,499)**		**(19,390)**	
EPS (Parent)	**1.97**	**(7.28)**		**(55.15)**	
EBITDA	**3,444**	**(259)**		**n.m.**	
Margin:					
GM	9.6%	(9.3%)		(32.9%)	
OM	4.9%	(16.1%)		(51.6%)	
NM	2.6%	(14.6%)		(56.6%)	
Op Exp	(4.7%)	(6.8%)		(18.7%)	

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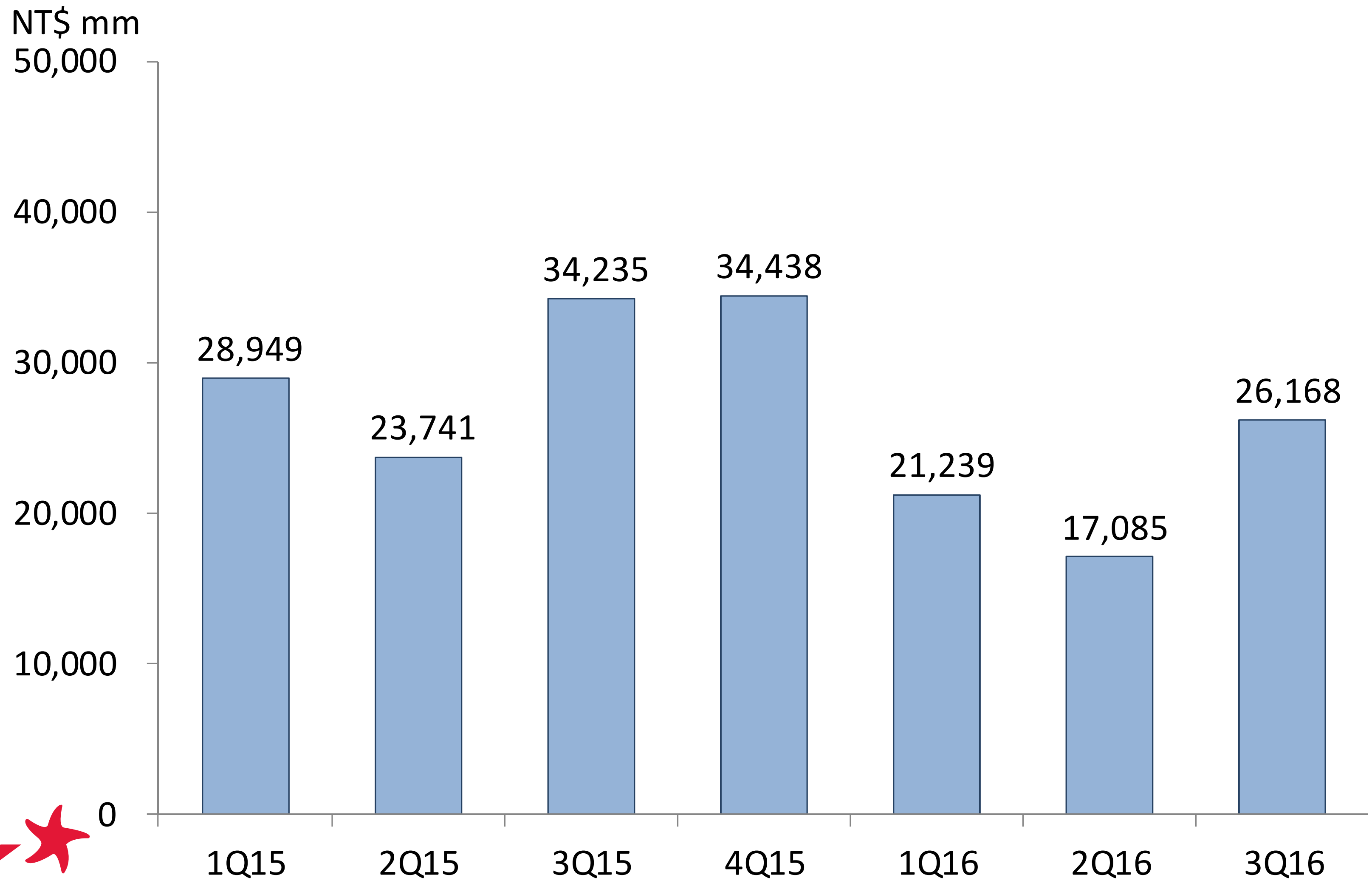
Quarterly Sales

季營收



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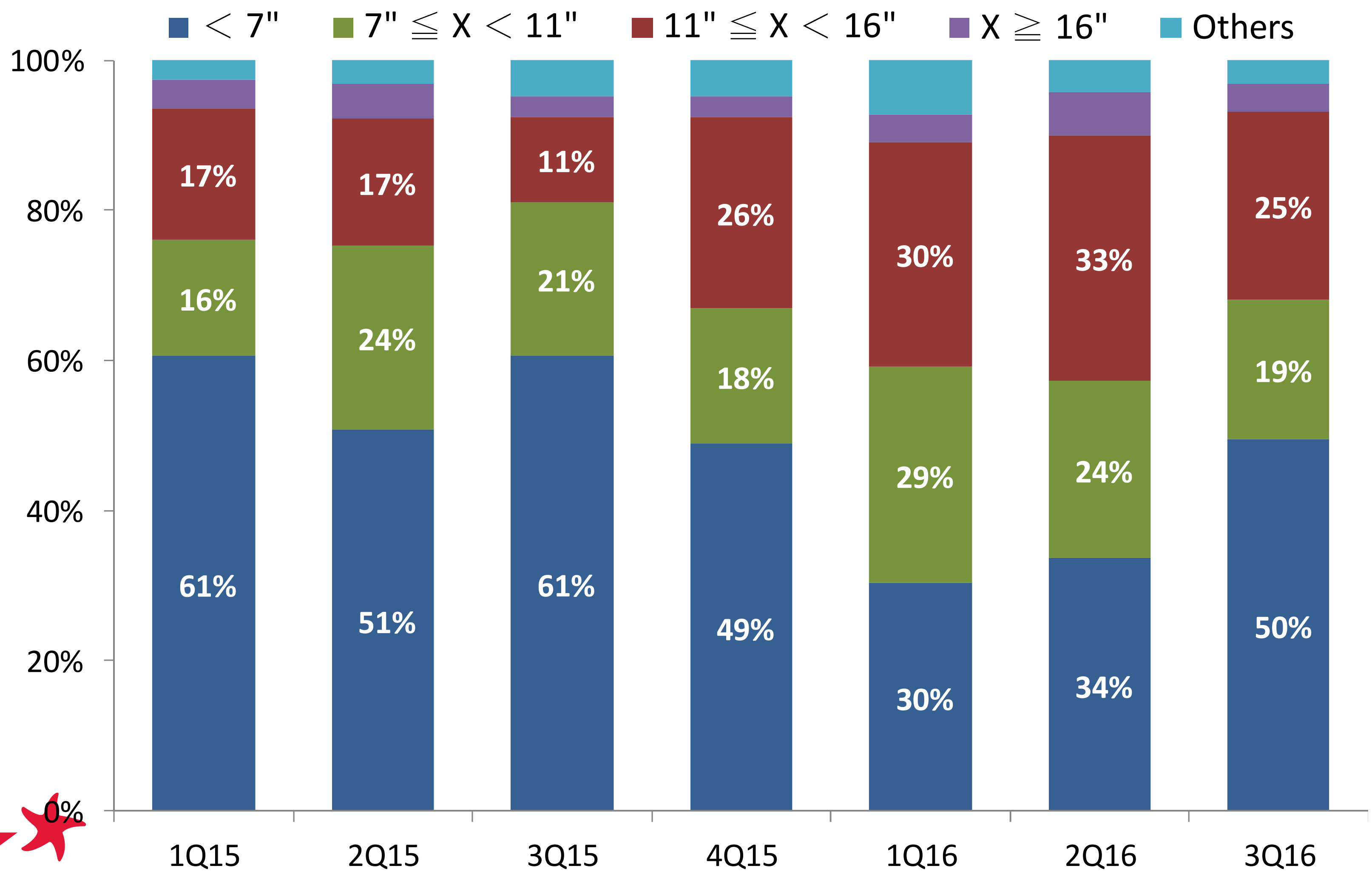
Sales by Form Factors

營收結構



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3Q16 Balance Sheet

2016年第三季資產負債表

Balance Sheet	2016/9/30	2016/6/30
(NT$ million)		
Cash Equivalents	19,688	18,022
Debt Inv with no active market	1,961	2,065
Receivables	9,331	7,050
Inventories	7,843	6,598
Current Assets	**41,864**	**36,462**
Long-term Investments	**547**	**503**
Property, Plant and Equipment	**42,895**	**45,771**
Total Assets	**89,956**	**87,515**
ST Loans	32,961	33,935
Payables	12,190	8,216
Current Liabilities	**51,578**	**48,043**
Convertible Bonds	**6,349**	**6,489**
LT Loans	**1,346**	**1,955**
Total Liabilities	**61,626**	**58,910**
Common Shares	3,466	3,466
Non-Controlling Interest	233	514
Total Shareholder's Equities	**28,331**	**28,605**
Ratio Analysis:		
Quick Ratio	0.66	0.62
Current Ratio	0.81	0.76
ROE (YTD Annualized)	(7.9%)	(16.5%)
Net Debt to Equity	0.74	0.85

Note: PP&E includes prepayments.

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FOR IMMEDIATE RELEASE

TPK REPORTS UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE THIRD QUARTER OF 2016

Taipei, Taiwan, November 1st, 2016 – TPK Holding Co., Ltd (TWSE: 3673) ("TPK" or the "Company") today announced 2016 third quarter operating results. Company reported net profit of NT$684 million, or earnings per share of NT$1.97 for the quarter.

3Q2016 Operating Results

Consolidated revenues in 3Q16 were NT$26,168 million, up 53.2% quarter-on-quarter and down 23.6% versus same period last year. The sequential growth in revenues was primarily attributable to new product ramp-ups and seasonality for 2H. Gross profit amounted to NT$2,514 million and gross margin reached 9.6% on the backdrop of higher utilization and favorable product mix.

Within the cost-of-goods-sold items, raw material cost was NT$18.7 billion, up from NT$13.8 billion in the previous quarter, and labor cost was NT$2.0 billion, up from NT$1.7 billion in 2Q16, driven primarily by increased business activities in 3Q16. Depreciation expenses amounted to NT$2.0 billion in the third quarter.

Despite the strong sequential growth in 3Q revenues, operating expenses totaled to NT$1.2 billion, flat quarter-on-quarter, reflecting company's success in maintaining an effective expense control. Net interest expenses for the quarter totaled NT$230 million and foreign exchange loss of NT$52 million was recorded for the quarter. Due to damages caused by Typhoon Meranti from September 15, 2016, TPK accrued loss of approximately NT$254 million in 3Q16. Insurance claims for the incident are in progress. As of September 30, total number of employees was 27,490, down from 29,737 in the previous quarter.

Balance Sheet and Cash flow

Capital expenditures during the third quarter amounted to NT$538 million on accrual basis, the lowest quarter so far in 2016. As of September 30, 2016, Company had cash or cash equivalent of NT$19.7 billion. Total bank borrowings totaled NT$32.0 billion, of which NT$30.6 billion was short-term bank loans and NT$1.3 billion was long-term bank loans. TPK has NT$2.3 billion of short-term RMB bond, and NT$6.3 billion of convertible bond due in 2020, outstanding. Total unused bank facilities amount to NT$40.6 billion.

Note: All financial numbers are prepared in accordance with IFRS which is approved by regulators in Taiwan.

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ABOUT TPK

TPK was founded solely for touch solutions in 2003. We are the inventor of transparent glass-based projected capacitive (P-Cap) touch solutions and the first company for mass production. Since 2Q 2010, TPK has expanded its touch product offering into PET-film based solutions. Our production sites are located in Xiamen City of Fujian Province, China. TPK is completely and vertically integrated for one-stop shopping for touch solutions.

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3Q16 PROFIT & LOSS

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