

2017Q3 Update

November 2nd 2017

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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
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- 所有財務數字均為本公司自結數

3Q17 Result Summary

2017年第三季營運簡報

3Q17	Revenues	Net Profits	EPS
NT\$	30.5 bn	870 mn	2.37

- Seasonality and ramp-ups in new smartphone and tablet products elevated the revenues in third quarter.
- Profitability improved on the backdrop of favorable product mix & efficiency improvement.
- Operating cost remained at healthy level, given increased R&D expenses and higher production volume.
- Net-debt-to-equity at 0.05 and current ratio at 1.24.
- For first 9 months in 2017, EBITDA has amounted to NT\$9.7 billion.



Financials

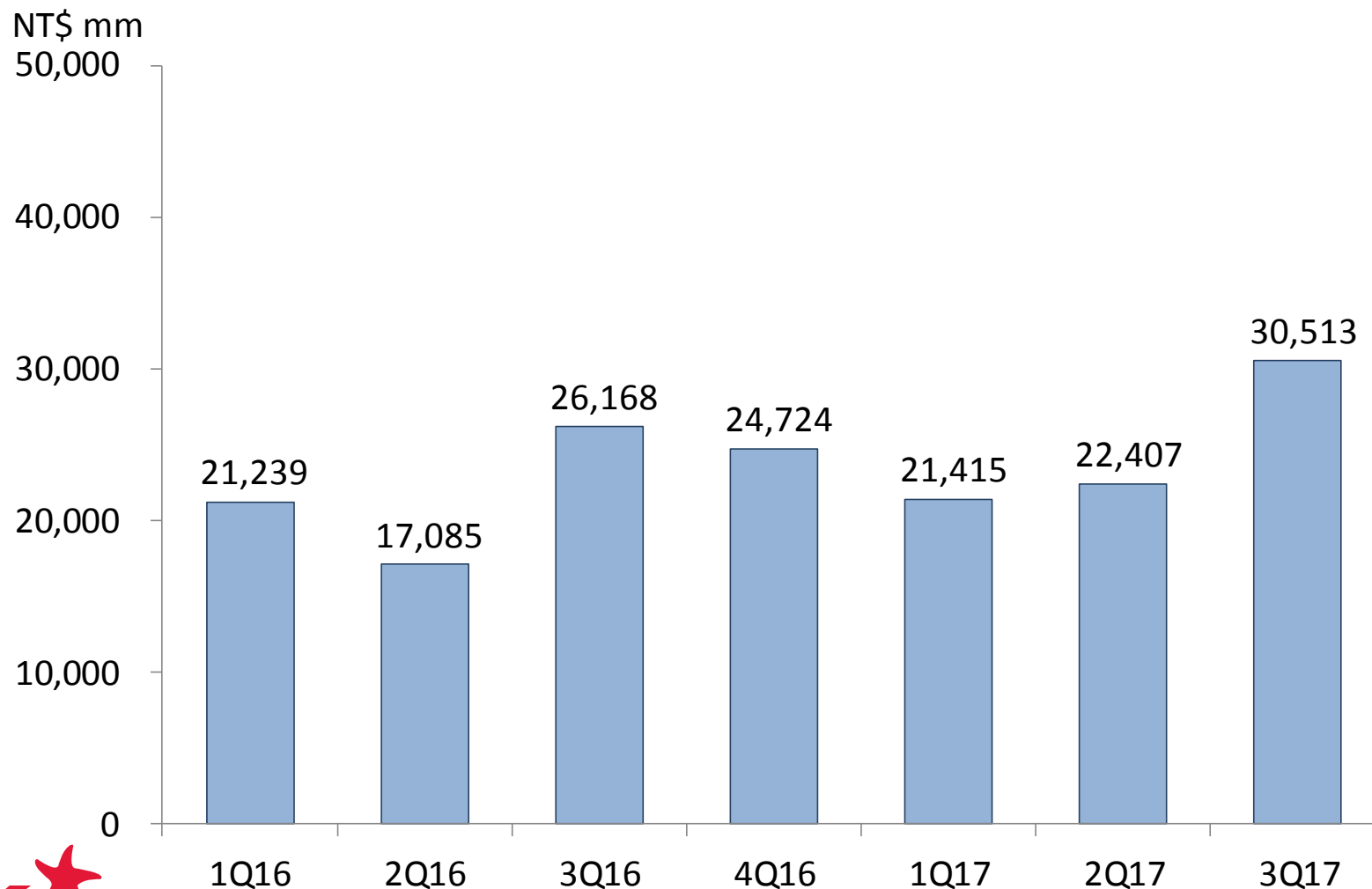
3Q17 Profit & Loss

2017年第三季損益表

Profit & Loss	3Q17	2Q17	QoQ	3Q16	YoY
(NT\$ million)					
Revenues	30,513	22,407	36.2%	26,168	16.6%
COGS	(27,898)	(20,897)		(23,654)	
Gross Profits	2,615	1,510	73.2%	2,514	4.0%
Operating Expenses	(1,273)	(1,080)		(1,240)	
SG&A	(992)	(874)		(1,015)	
R&D	(281)	(205)		(226)	
Operating Profits	1,342	430	211.8%	1,274	5.4%
Non-Op Inc/(Exp)	(178)	85		(284)	
<i>Int Inc/(Exp)</i>	<i>(210)</i>	<i>(203)</i>		<i>(230)</i>	
<i>FX Gain/(Loss)</i>	<i>(132)</i>	<i>(124)</i>		<i>(52)</i>	
<i>Invest Inc/(Loss)</i>	-	-		56	
<i>Others</i>	<i>164</i>	<i>412</i>		<i>(58)</i>	
Earnings Before Tax	1,164	516	125.7%	990	17.6%
Income Tax	(351)	(176)		(299)	
Net Income (Parent)	870	327		684	
EPS (Parent)	2.37	0.95	149.5%	1.97	20.3%
EBITDA	3,571	2,835		3,444	
Margin:					
GM	8.6%	6.7%		9.6%	
OM	4.4%	1.9%		4.9%	
NM	2.9%	1.5%		2.6%	
Op Exp	(4.2%)	(4.8%)		(4.7%)	

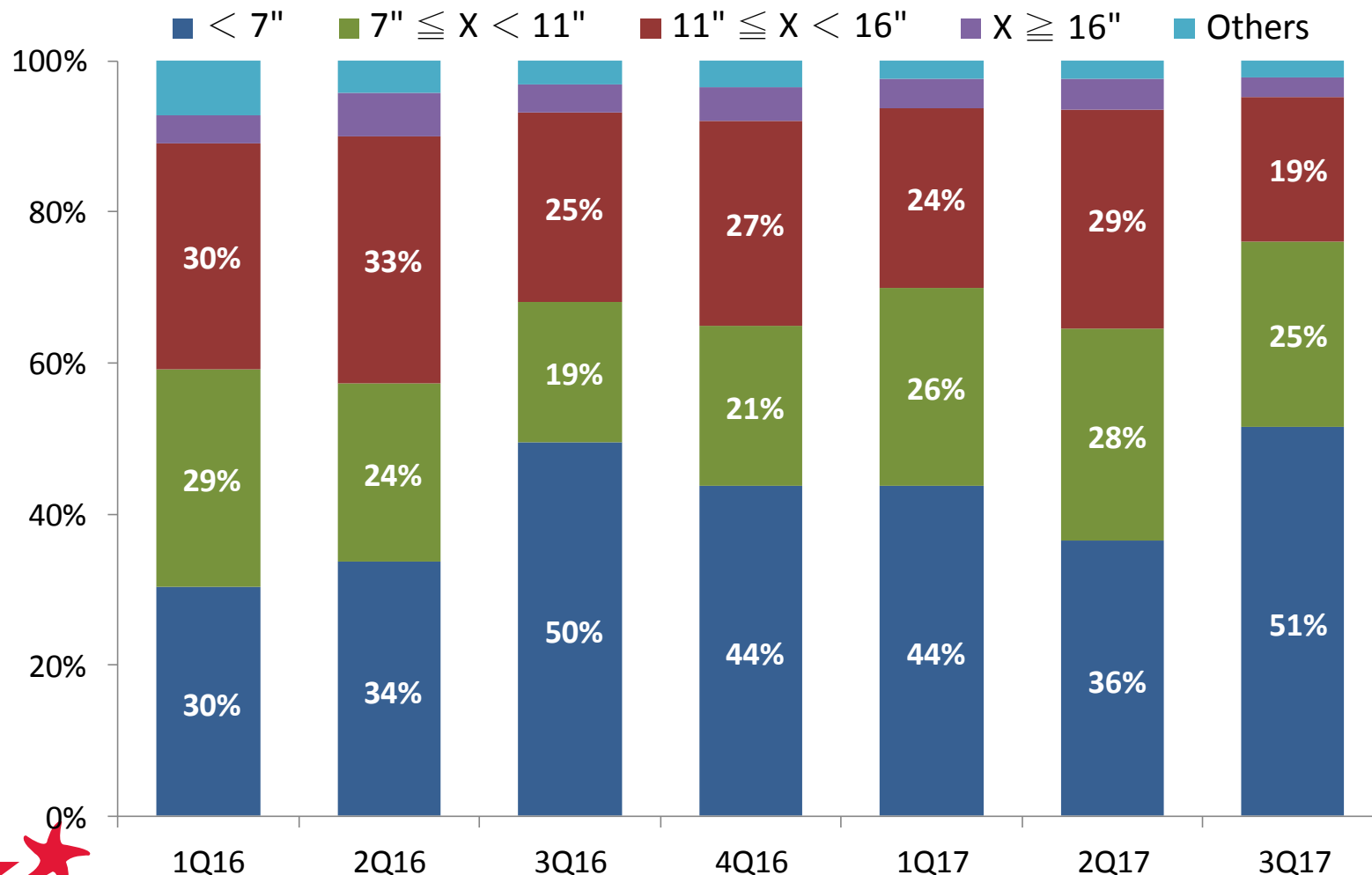
Quarterly Sales

季營收



Quarterly Sales by Form Factors

季營收結構



3Q17 Balance Sheet

2017年第三季資產負債表

Balance Sheet	2017/9/30	2017/6/30
(NT\$ million)		
Cash Equivalents	22,865	19,344
Debt Inv with no active market	2,433	1,526
Receivables	7,032	7,346
Inventories	7,453	5,604
Current Assets	47,361	35,628
Long-term Investments	257	258
Property, Plant and Equipment	36,133	38,320
Total Assets	87,692	78,030
ST Loans	14,449	20,104
Payables	17,268	10,344
Current Liabilities	38,225	36,328
Convertible Bonds	6,299	6,289
LT Loans	3,991	4,173
Total Liabilities	50,913	48,917
Common Shares	4,066	3,466
Non-Controlling Interest	200	253
Total Shareholder's Equities	36,778	29,112
Ratio Analysis:		
Quick Ratio	1.04	0.83
Current Ratio	1.24	0.98
ROE (YTD Annualized)	7.4%	6.5%
Net Debt to Equity	0.05	0.39



Oct 2017 Monthly Sales

2017年10月營收報告

Unit: Millions

MoM	Oct-17	Sep-17	Change
NTD	10,076	10,679	(5.6%)
USD	333	354	(5.9%)
YoY	Oct-17	Oct-16	Change
NTD	10,076	8,315	21.2%
USD	333	265	25.6%



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FOR IMMEDIATE RELEASE

TPK REPORTS UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE THIRD QUARTER OF 2017

Taipei, Taiwan, November 2nd, 2017 – TPK Holding Co., Ltd (TWSE: 3673) (“TPK” or the “Company”) today announced 2017 third quarter operating results. Company reported net profit of NT\$870 million, or earnings per share of NT\$2.37. For the first nine months of 2017, earnings per share were NT\$5.18.

Operating Results

Given the strong seasonality and ramp-up in new smartphone and tablet products, the Company’s third quarter revenues were elevated to NT\$30,513 million, up 36.2% quarter-on-quarter and up 16.6% year-on-year. Gross profits amounted to NT\$2,615 million, up 73.2% sequentially. On the backdrop of favorable product mix and improvement in operation efficiency, gross margin increased to 8.6% from 6.7% in 2Q17.

With a greater operating scale in 3Q17, raw material and labor cost of COGS also increased to NT\$23.0 billion and NT\$2.0 billion, up from NT\$16.6 billion and NT\$1.7 billion in 2Q17, respectively. As a result of our continuous effort in automating the production process, labor cost of NT\$2.0 billion was the same as 4Q16, despite 23.4% revenue increase over that period. Depreciation cost remained relatively flat quarter-on-quarter at NT\$2.0 billion.

3Q17 operating expenses increased to NT\$1.3 billion, coupled with the rise in business scale. Net interest expenses for the quarter totaled NT\$210 million. We recorded foreign exchange loss of NT\$132 million in the third quarter due to stronger RMB against USD. As of September 30 2017, total number of employees was 28,399, down by over 1,000 people compared with previous quarter, despite significant volume increase in 3Q.

Balance Sheet & Cash Flow

On September 8th, the Company successfully raised USD237 million through issuance of Global Depository Receipts (GDRs). As of September 30, 2017, Company had cash and cash equivalent of NT\$22.9 billion, up from NT\$19.3 billion at the end of second quarter. Total bank borrowings totaled

NT\$18.4 billion, down from NT\$24.3 billion in the previous quarter, demonstrating TPK's efforts on continuous deleveraging. Net-debt-to-equity ratio was 0.05 on September 30, 2017, the lowest since Company's IPO in 2010. Current ratio also improved to 1.24 at the end of the 3Q17. Quarterly EBITDA enhanced to NT\$3.6 billion, the highest since 2Q13. Capital expenditures during the third quarter were NT\$692 million on an accrual basis.

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.

3Q17 PROFIT & LOSS

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Note: PP&E includes prepayments.

3Q17 CASH FLOW

Cashflow Statement	3Q17	2Q17
(NT\$ million)		
Operating Cashflows:		
Earning Before Tax	1,164	516
Depreciation & Amortization	2,129	2,062
Net Inc/(Dec) Working Capital	(147)	1,352
Other Operating Cash Flow	562	(7)
Cash Flow from Operations	3,708	3,923
Investing Cashflows:		
Capital Expenditures	(65)	(1,443)
Acquisitions	-	373
Others	(916)	(978)
Cash Flow from Investments	(981)	(2,048)
Financing Cashflows:		
Inc/(Dec) in Debts	(3,964)	(2,097)
Capital Injection	7,023	-
Others	(314)	(30)
Cash Flow from Financing	2,745	(2,127)
FX Adjustments	(1,951)	98
Total Cash Flow	3,521	(154)