2017Q4 Update

February 1st 2018

TPK

touching tomorrow, today

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.

touching tomorrow, today

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

TPK
touching tomorrow, today

4Q17 Result Summary

2017年第四季營運簡報

NT$	Revenues	Net Profits	EPS
4Q17	32.9 bn	591 mn	1.53

- Revenue slightly higher-than-expected, due to greater shipment of high-end smartphone and tablet products in Q4, in the backdrop of seasonal demand and new product introductions
- Gross margin was negatively impacted by unfavorable product mix, towards higher cost of pass-through raw materials, and lower capacity utilization rate
- Operating expenses increased quarter-on-quarter, due to expenses accruals for incentive bonus and employees purchasing treasury stocks

touching tomorrow, today

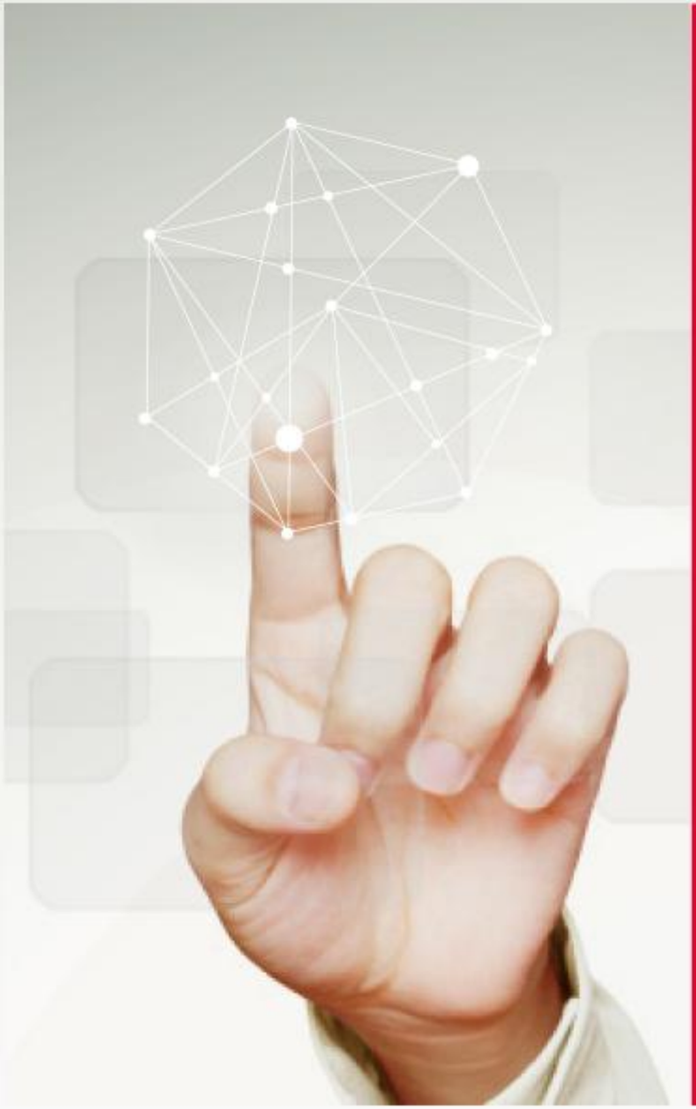
2017 Result Summary

2017年全年營運簡報

NT$	Revenues	Net Profits	EPS
2017	107.2 bn	2,404 mn	6.63

- **Profitability resumed – successful outcomes from the company's re-engineering and restructuring to focus on key customers, scalable and profitable business**
- Goal of annual operating expenses below NT$5.0 billion achieved, with operating expenses as a percentage of sales reduced to 4.6%, a historical low level
- Company is in net-cash position; 2017 EBITDA amounted to NT$12.7 billion and current ratio reached 1.33, as of year-end

TPK
touching tomorrow, today



Financials

touching tomorrow, today

4Q17 Profit & Loss

2017年第四季損益表

Profit & Loss	4Q17	3Q17	QoQ	4Q16	YoY
(NT$ million)					
Revenues	**32,873**	**30,513**	**7.7%**	**24,724**	**33.0%**
COGS	(30,664)	(27,898)		(23,375)	
Gross Profits	**2,209**	**2,615**	**(15.5%)**	**1,349**	**63.7%**
Operating Expenses	(1,491)	(1,273)		(1,394)	
SG&A	(1,195)	(992)		(1,141)	
R&D	(295)	(281)		(253)	
Operating Profits	**718**	**1,342**	**(46.5%)**	**(45)**	**N.M.**
Non-Op Inc/(Exp)	137	(178)		564	
Int Inc/(Exp)	*(53)*	*(210)*		*(245)*	
FX Gain/(Loss)	*(64)*	*(132)*		*232*	
Others	*254*	*164*		*577*	
Earnings Before Tax	**855**	**1,164**	**(26.5%)**	**519**	**64.9%**
Income Tax	(242)	(351)		(215)	
Net Income (Parent)	**591**	**870**		**296**	
EPS (Parent)	**1.53**	**2.37**	**(35.4%)**	**0.89**	**71.9%**
EBITDA	**2,969**	**3,571**		**3,035**	
Margin:					
GM	6.7%	8.6%		5.5%	
OM	2.2%	4.4%		(0.2%)	
NM	1.8%	2.9%		1.2%	
Op Exp	(4.5%)	(4.2%)		(5.6%)	

TPK
touching tomorrow, today

2017 Profit & Loss

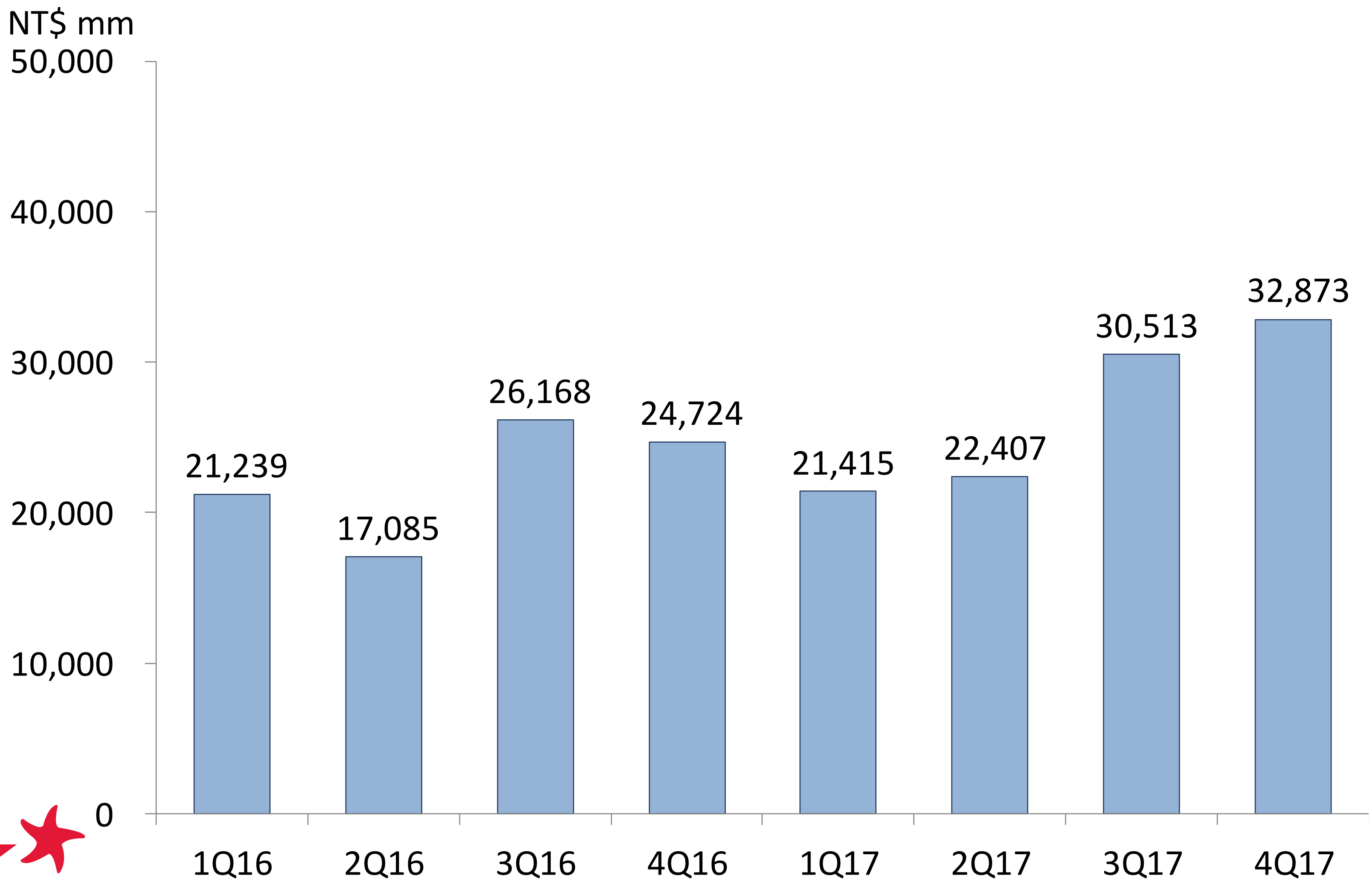
2017年損益表

Profit & Loss	2017	2016	YoY
(NT$ million)			
Revenues	**107,208**	**89,216**	**20.2%**
COGS	(99,674)	(85,950)	
Gross Profits	**7,535**	**3,266**	**130.7%**
Operating Expenses	(4,924)	(5,138)	
SG&A	(3,939)	(4,229)	
R&D	(985)	(909)	
Operating Profits	**2,611**	**(1,872)**	
Non-Op Inc/(Exp)	665	629	
Int Inc/(Exp)	*(700)*	*(849)*	
FX Gain/(Loss)	*(420)*	*127*	
Others	*1,785*	*1,351*	
Earnings Before Tax	**3,276**	**(1,243)**	
Income Tax	(890)	(261)	
Net Income (Parent)	**2,404**	**(1,467)**	
EPS (Parent)	**6.63**	**(4.27)**	
EBITDA	**12,666**	**8,663**	
Margin:			
GM	7.0%	3.7%	
OM	2.4%	(2.1%)	
NM	2.2%	(1.6%)	
Op Exp	(4.6%)	(5.8%)	

TPK
touching tomorrow, today

Quarterly Sales

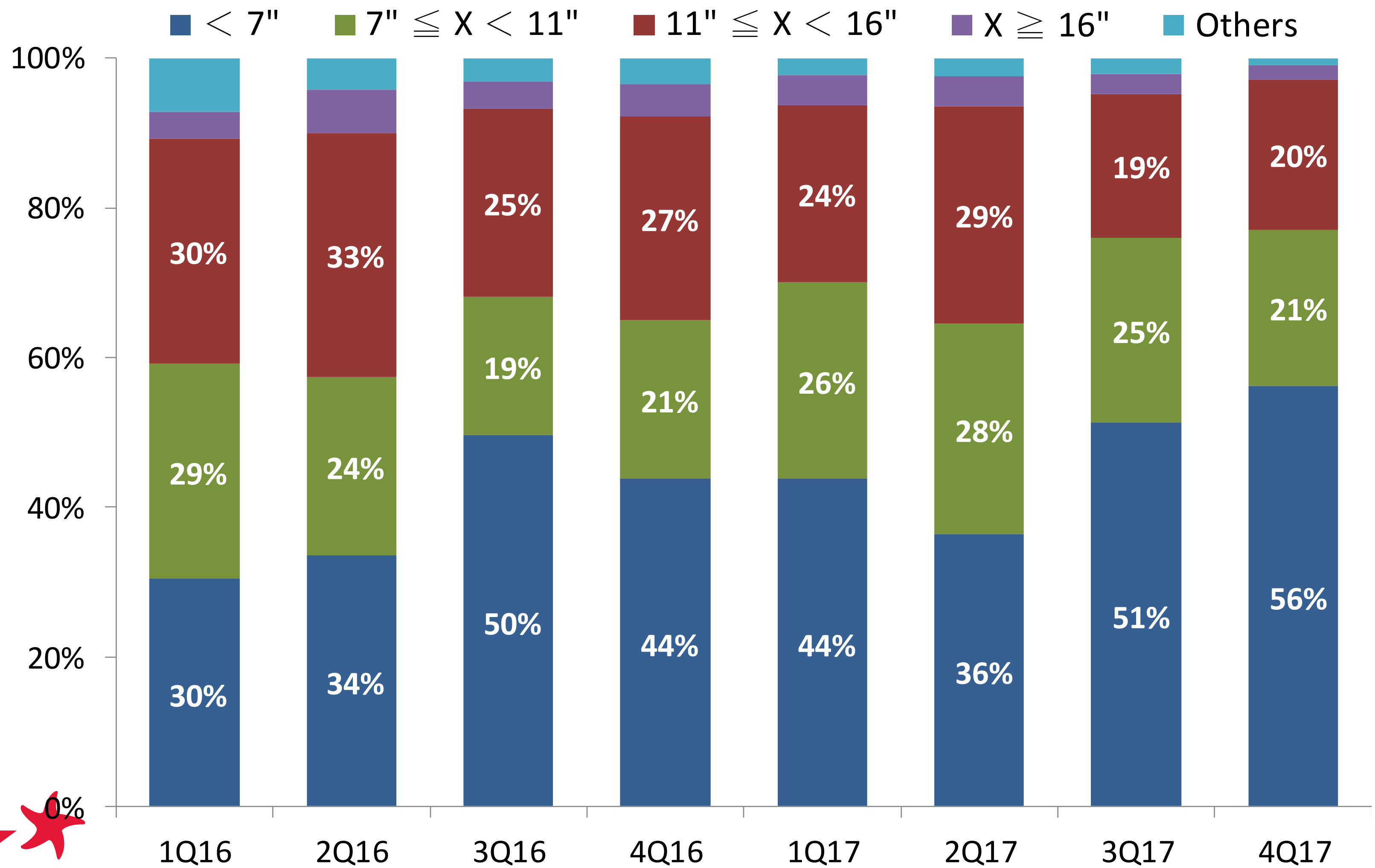
季營收



touching tomorrow, today

Quarterly Sales by Form Factors

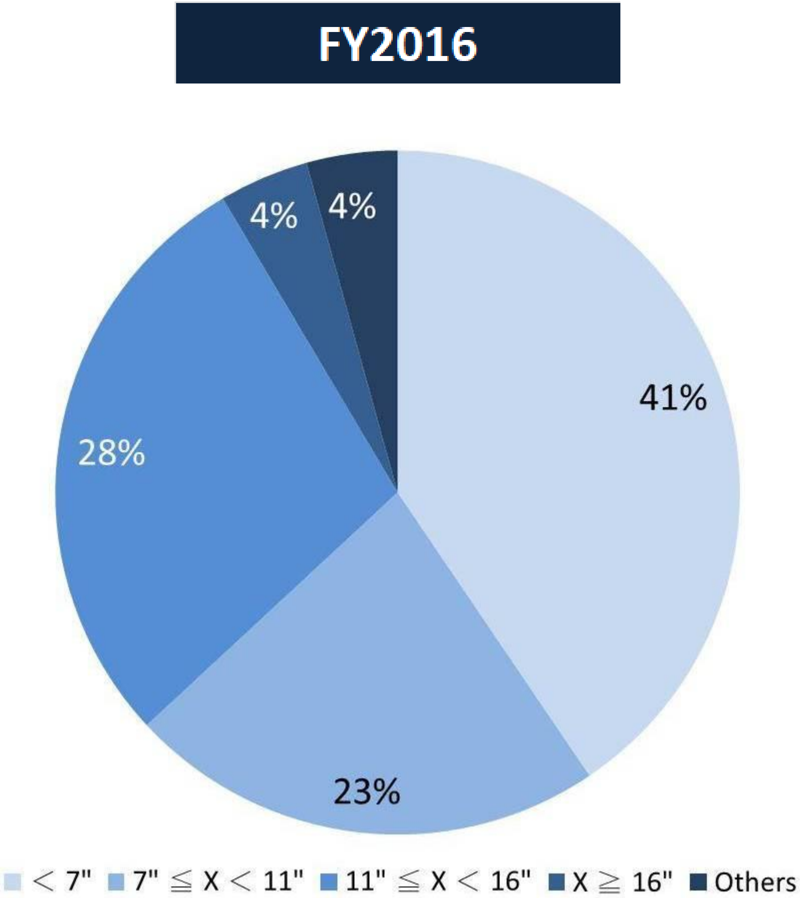
季營收結構

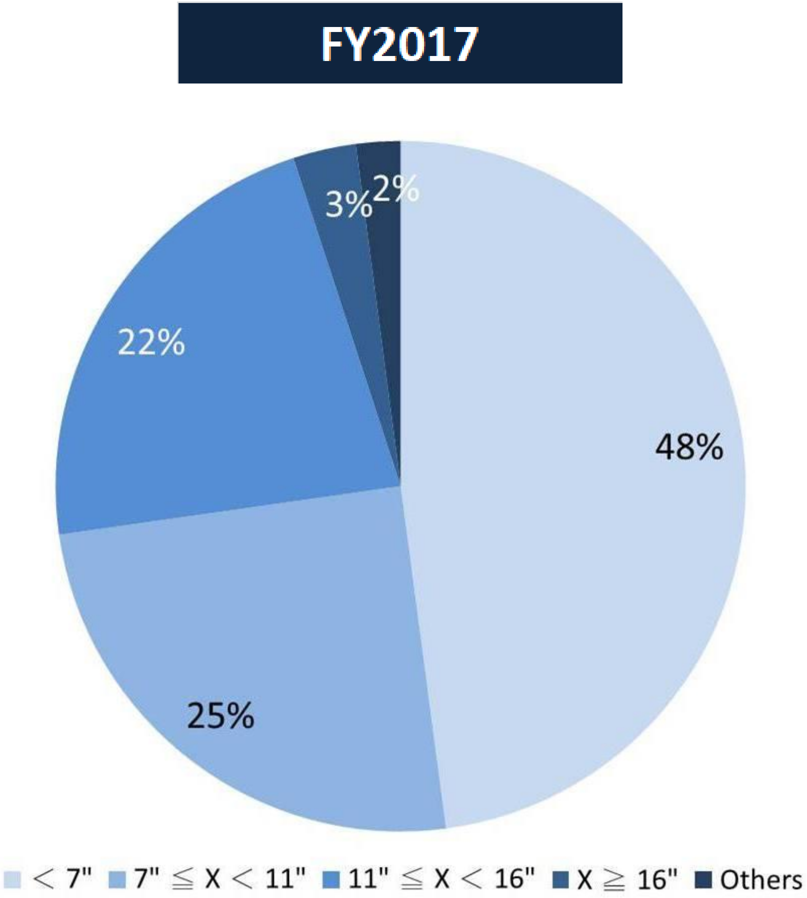


touching tomorrow, today

Annual Sales by Form Factors

年營收結構





touching tomorrow, today

4Q17 Balance Sheet

2017年第四季資產負債表

Balance Sheet	2017/12/31	2016/12/31
(NT$ million)		
Cash Equivalents	19,402	20,490
Debt Inv with no active market	5,535	1,387
Receivables	5,331	7,646
Inventories	7,298	7,816
Current Assets	**44,680**	**40,881**
Long-term Investments	**256**	**346**
PP&E	**34,211**	**42,052**
Total Assets	**82,976**	**87,683**
ST Loans	7,808	30,534
Payables	18,513	12,125
Current Liabilities	**33,669**	**48,472**
Convertible Bonds	**6,239**	**6,575**
LT Loans	**3,500**	**1,122**
Total Liabilities	**45,806**	**58,271**
Common Shares	4,067	3,466
Total Shareholder's Equities	**37,171**	**29,412**
Ratio Analysis:		
Quick Ratio	1.11	0.68
Current Ratio	1.33	0.84
ROE (YTD Annualized)	7.3%	(4.9%)
Net Debt to Equity	Net Cash	0.60

Note: PP&E includes prepayments.

touching tomorrow, today

TPK

touching tomorrow, today

新聞稿

TPK 公告 2017 年第四季自結營運成果

中華民國，台灣，台北，2018 年 2 月 1 日 – TPK Holding Co., Ltd. 宸鴻科技（TWSE: 3673）(“宸鴻” 或 “本公司”）今日公告 2017 年第四季自結營運成果。本季自結稅後淨利為新台幣 5 億 9 仟 1 佰萬元，稀釋後每股淨利為新台幣 1.53 元。2017 年全年營收達新台幣 1,072.1 億元，稅後淨利為新台幣 24.0 億元，稀釋後每股淨利為新台幣 6.63 元。

2017 年第四季營運成果分析

本公司第四季自結合併營收為新台幣 328.7 億元，較去年同期增加 33.0%，亦較上季增加 7.7%，主要係受惠於季節性需求與新產品上市效應推動高階智慧型手機及平板電腦持續出貨所致。第四季營業毛利為新台幣 22.1 億元，營業毛利率為 6.7%，主要係產品組合改變，原料成本較高之產品出貨量比重提升，及產能利用率較低之影響。

在銷售成本結構方面，原料成本由第三季新台幣 229.7 億元，增加為新台幣 256.9 億元。人工成本則因提列直接員工激勵獎金費用，由上季新台幣 20.4 億元，增加為新台幣 21.8 億元。本季折舊攤提費用由前季新台幣 19.8 億元，降為新台幣 18.5 億元。

第四季營業費用約新台幣 14.9 億元，較上季新台幣 12.7 億元增加，主要係提列庫藏股轉讓員工認購之相關費用及年度激勵獎金費用所致。本季淨利息費用約為新台幣 5,348 萬元，較前一季新台幣 2.1 億元顯著下降，主要係因公司大幅減少銀行短期借款所致。受到美金相對人民幣及台幣弱勢影響，本季認列外幣兌換損失約為新台幣 6,357 萬元。截至 2017 年 12 月 31 日止，本公司員工總人數由前一季底 28,399 人減少為 26,177 人。

2017 年全年營運成果分析

宸鴻在歷經過去兩年以來的組織再造及優化、聚焦重點客戶並充分利用公司核心觸控技術與製造的競爭優勢，其成果已於 2017 年營運績效中顯現。2017 年全年自結合併營收為新台幣 1,072.1 億元，較前一年度成長 20.2%。全年總出貨量約為 1.7 億，較 2016 年成長 42%。營業毛利較去年增加 130.7%，為新台幣 75.3 億元。同時 2017 年全年營業費用降至新台幣 49.2 億元，營業費用率低於 5%，亦達成公司設定之目標。

受惠於 2017 年營運成果顯著地提升，本公司財務結構亦大幅度強化。本公司於 2017

年 9 月成功發行海外存託憑證，進一步使資產負債結構更加穩健。本公司將持續維持低財務槓桿之目標，以因應高科技電子產業營運環境多變之特性。

面對接踵而來的產業競爭及觸控技術的挑戰與機會，本公司將持續強化核心競爭力，透過開發創新觸控材料及生產製程，拓展觸控應用，特別是可撓式觸控技術相關之領域。

資本結構及資本支出

本季資本支出約為新台幣 5.8 億元。2017 年全年資本支出金額為新台幣 46.3 億元。2017 年全年 EBITDA 為新台幣 126.7 億元。截至 2017 年 12 月 31 日，本公司帳上現金餘額為新台幣 194.0 億元，較 2016 年底新台幣 204.9 億元減少。銀行借款餘額合計約為新台幣 113.1 億元，較 2016 年底銀行借款餘額新台幣 293.5 億元大幅減少逾新台幣 180 億元。截至 2017 年 12 月 31 日，本公司約有新台幣 62.4 億元海外可轉換公司債餘額。2017 年底，公司擁有淨現金部位，流動比率達 1.33。

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，策略長
陳忠義，財務長
王凱論，財務處資深處長
Tel: +886.2.7727.1196
ir@tpk.com

****

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。

4Q17 損益表

Profit & Loss	4Q17	3Q17	QoQ	4Q16	YoY
(NT$ million)					
Revenues	**32,873**	**30,513**	**7.7%**	**24,724**	**33.0%**
COGS	(30,664)	(27,898)		(23,375)	
Gross Profits	**2,209**	**2,615**	**(15.5%)**	**1,349**	**63.7%**
Operating Expenses	(1,491)	(1,273)		(1,394)	
SG&A	(1,195)	(992)		(1,141)	
R&D	(295)	(281)		(253)	
Operating Profits	**718**	**1,342**	**(46.5%)**	**(45)**	**N.M.**
Non-Op Inc/(Exp)	137	(178)		564	
Int Inc/(Exp)	*(53)*	*(210)*		*(245)*	
FX Gain/(Loss)	*(64)*	*(132)*		*232*	
Others	*254*	*164*		*577*	
Earnings Before Tax	**855**	**1,164**	**(26.5%)**	**519**	**64.9%**
Income Tax	(242)	(351)		(215)	
Net Income (Parent)	**591**	**870**		**296**	
EPS (Parent)	**1.53**	**2.37**	**(35.4%)**	**0.89**	**71.9%**
EBITDA	**2,969**	**3,571**		**3,035**	
Margin:					
GM	6.7%	8.6%		5.5%	
OM	2.2%	4.4%		(0.2%)	
NM	1.8%	2.9%		1.2%	
Op Exp	(4.5%)	(4.2%)		(5.6%)	

2017 損益表

Profit & Loss	2017	2016	YoY
(NT$ million)			
Revenues	**107,208**	**89,216**	**20.2%**
COGS	(99,674)	(85,950)	
Gross Profits	**7,535**	**3,266**	**130.7%**
Operating Expenses	(4,924)	(5,138)	
SG&A	(3,939)	(4,229)	
R&D	(985)	(909)	
Operating Profits	**2,611**	**(1,872)**	
Non-Op Inc/(Exp)	665	629	
Int Inc/(Exp)	*(700)*	*(849)*	
FX Gain/(Loss)	*(420)*	*127*	
Others	*1,785*	*1,351*	
Earnings Before Tax	**3,276**	**(1,243)**	
Income Tax	(890)	(261)	
Net Income (Parent)	**2,404**	**(1,467)**	
EPS (Parent)	**6.63**	**(4.27)**	
EBITDA	**12,666**	**8,663**	
Margin:			
GM	7.0%	3.7%	
OM	2.4%	(2.1%)	
NM	2.2%	(1.6%)	
Op Exp	(4.6%)	(5.8%)	

touching tomorrow, today

2017 資產負債表

Balance Sheet	2017/12/31	2016/12/31
(NT$ million)		
Cash Equivalents	19,402	20,490
Debt Inv with no active market	5,535	1,387
Receivables	5,331	7,646
Inventories	7,298	7,816
Current Assets	**44,680**	**40,881**
Long-term Investments	**256**	**346**
PP&E	**34,211**	**42,052**
Total Assets	**82,976**	**87,683**
ST Loans	7,808	30,534
Payables	18,513	12,125
Current Liabilities	**33,669**	**48,472**
Convertible Bonds	**6,239**	**6,575**
LT Loans	**3,500**	**1,122**
Total Liabilities	**45,806**	**58,271**
Common Shares	4,067	3,466
Total Shareholder's Equities	**37,171**	**29,412**
Ratio Analysis:		
Quick Ratio	1.11	0.68
Current Ratio	1.33	0.84
ROE (YTD Annualized)	7.3%	(4.9%)
Net Debt to Equity	Net Cash	0.60

Note: PP&E includes prepayments.