

2018Q2 Update

July 26th 2018

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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
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2Q18 Result Summary

2018年第二季營運簡報

NT\$	Revenues	Net Profits	EPS
2Q18	17.8 bn	(227 mn)	(0.56)

- Revenues decline mainly attributed to inventory adjustment and product transitioning as legacy product entering EOL.
- Profitability was negatively affected by unfavorable product mix and utilization rate below breaking even.
- Mid and large size product (11" and above) accounted for 46% in Q2, representing NB and vertical market touch penetration accelerating.
- Expects robust revenue growth momentum in 2H.

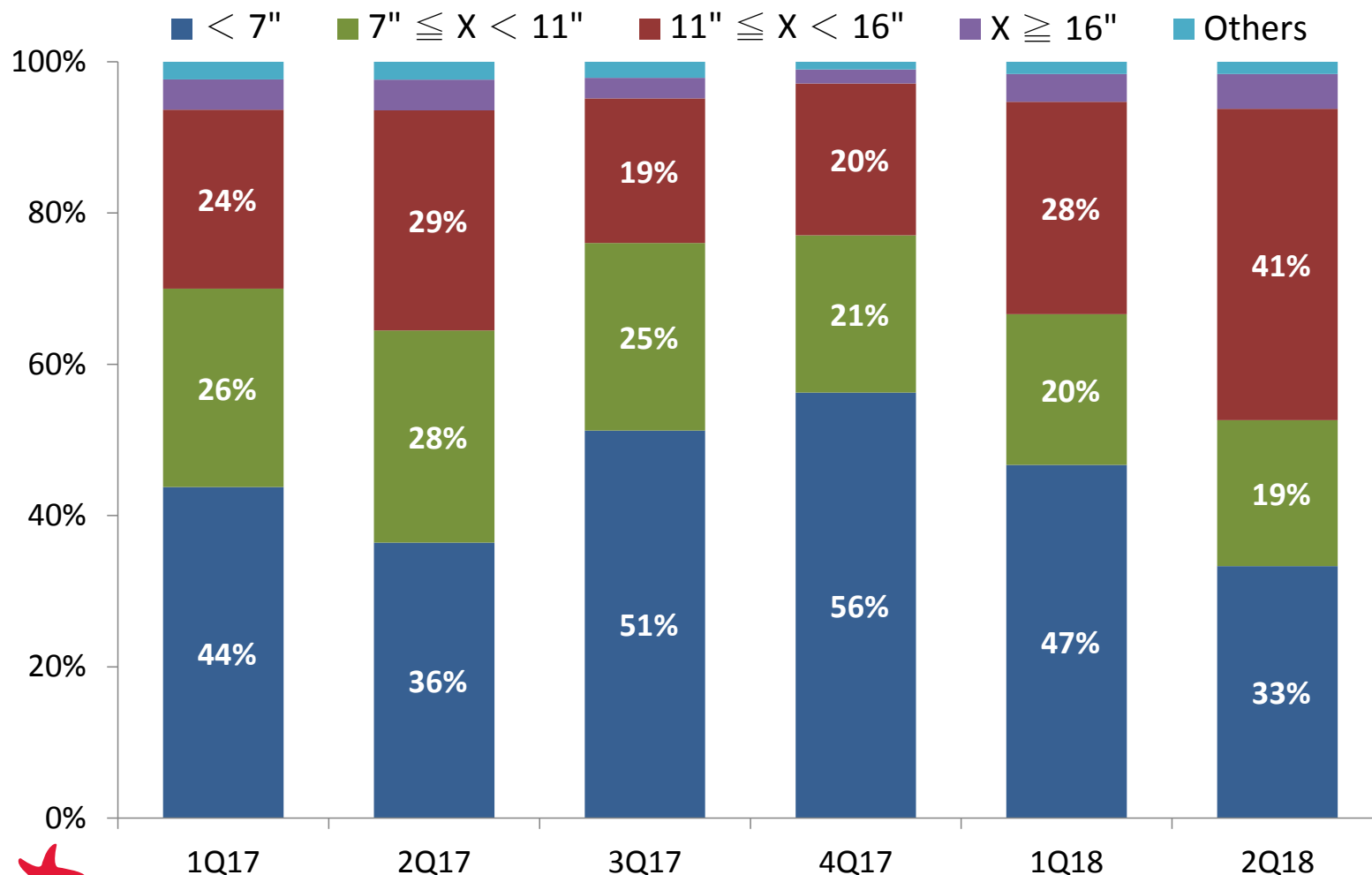
2Q18 Profit & Loss

2018年第二季損益表

Profit & Loss	2Q18	1Q18	QoQ	2Q17	YoY
(NT\$ million)					
Revenues	17,791	20,854	(14.7%)	22,407	(20.6%)
COGS	(17,619)	(19,622)		(20,897)	
Gross Profits	172	1,231		1,510	
Operating Expenses	(1,067)	(1,008)		(1,080)	
SG&A	(846)	(761)		(874)	
R&D	(221)	(247)		(205)	
Operating Profits	(895)	223		430	
Non-Op Inc/(Exp)	413	22		85	
<i>Int Inc/(Exp)</i>	<i>(40)</i>	<i>(41)</i>		<i>(203)</i>	
<i>FX Gain/(Loss)</i>	<i>192</i>	<i>(68)</i>		<i>(124)</i>	
<i>Others</i>	<i>261</i>	<i>131</i>		<i>412</i>	
Earnings Before Tax	(482)	245		516	
Income Tax	288	(179)		(176)	
Net Income (Parent)	(227)	68		327	
EPS (Parent)	(0.56)	0.17		0.95	
EBITDA	1,436	2,248		2,835	
Margin:					
GM	1.0%	5.9%		6.7%	
OM	(5.0%)	1.1%		1.9%	
NM	(1.3%)	0.3%		1.5%	
Op Exp	(6.0%)	(4.8%)		(4.8%)	

Quarterly Sales by Form Factors

季營收結構



2Q18 Balance Sheet

2018年第二季資產負債表

Balance Sheet	6/30/2018	3/31/2018
(NT\$ million)		
Cash Equivalents	16,759	21,609
Debt Inv with no active market	6,941	4,992
Receivables	6,756	5,386
Inventories	6,634	5,609
Current Assets	38,880	38,829
Long-term Investments	258	253
PP&E	34,907	32,349
Total Assets	78,026	75,045
ST Loans	11,677	17,653
Payables	11,675	8,860
Current Liabilities	31,843	32,430
LT Loans	6,827	3,756
Total Liabilities	41,488	38,603
Common Shares	4,067	4,067
Total Shareholder's Equities	36,537	36,442
Ratio Analysis:		
Quick Ratio	1.01	1.02
Current Ratio	1.22	1.20
ROE (YTD Annualized)	(0.9%)	0.7%
Net Debt to Equity	0.05	Net Cash

Note: PP&E includes prepayments.



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FOR IMMEDIATE RELEASE

TPK REPORTS UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND QUARTER OF 2018

Taipei, Taiwan, July 26th, 2018 – TPK Holding Co., Ltd (TWSE: 3673) (“TPK” or the “Company”) today announced 2018 second quarter operating results. Company reported net loss of NT\$227 million, or loss per share of NT\$0.56.

Operating Results

The Company's second quarter revenues were NT\$17,791 million, down 14.7% quarter-on-quarter and down 20.6% year-on-year. The decline in revenue was primarily due to seasonal factors and product transitions which resulted in a radical reduction in Q2 shipments, particularly from the legacy smartphone product approaching their end of life. In the backdrop of lower business scale to around breakeven point, gross profits amounted to NT\$172 million and gross margin decreased to 1.0% in this quarter.

In the second quarter, unfavorable product mix continued to weigh on raw material cost and drove its percentage of sales from 76.1% in 1Q18 to 77.6%. Furthermore, the slowdown in business scale lifted depreciation and labor costs, as percentage of revenues, to 9.3% from 8.3% in the previous quarter, and 8.3% from 6.5% in 1Q18, respectively. Consequentially, 2Q18 gross margin was negatively affected.

2Q18 operating expenses totaled NT\$1,067 million, remaining close to Company's historical low level. Net interest expenses for the quarter totaled NT\$40 million. The Company recorded foreign exchange gain of NT\$192 million in this quarter due to strong USD versus RMB and NTD in 2Q. As of June 30th 2018, total number of employees was 23,928, up from 22,317 on March 31st 2018 as the Company started to bring in new hires in June in preparation for second half ramp up.

Balance Sheet & Cash Flow

As of June 30th 2018, Company had cash and cash equivalent of NT\$16.8 billion, down from NT\$21.6 billion at the end of first quarter this year. Total bank borrowings, as end of 2Q18, totaled NT\$18.5 billion, down from NT\$21.4 billion, as end of the previous quarter. The outstanding Convertible bonds of NT\$6.3 billion has been fully repaid on April 8th 2018. TPK has completed a syndication loan of

US\$163 million on May 2018. As of June 30th 2018, TPK's net-debt-to-equity ratio was 0.05 with current ratio at 1.22. 2Q18 EBITDA amounted to NT\$1.4 billion. Capital expenditures for the quarter were NT\$2.6 billion 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.

2Q18 PROFIT & LOSS

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