

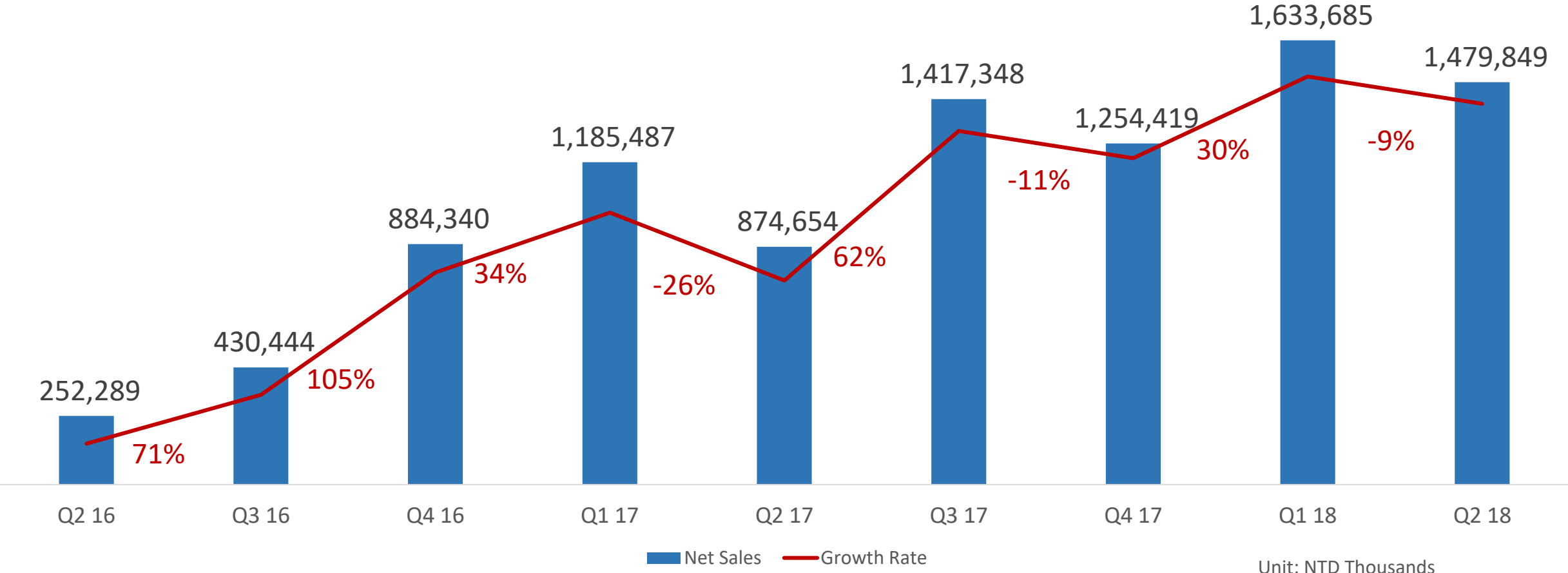
Egis Technology Inc.

Q2 2018

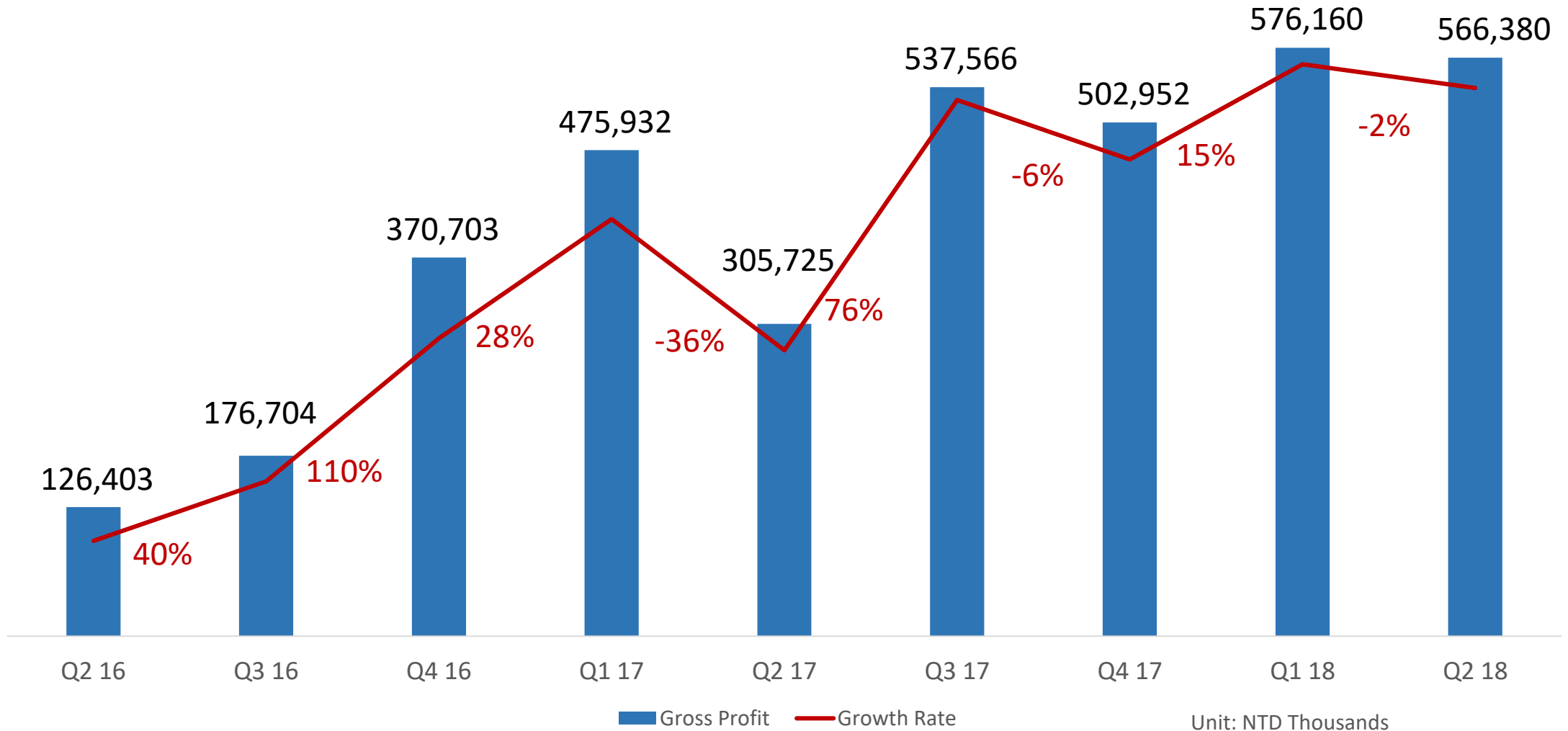
Confidential



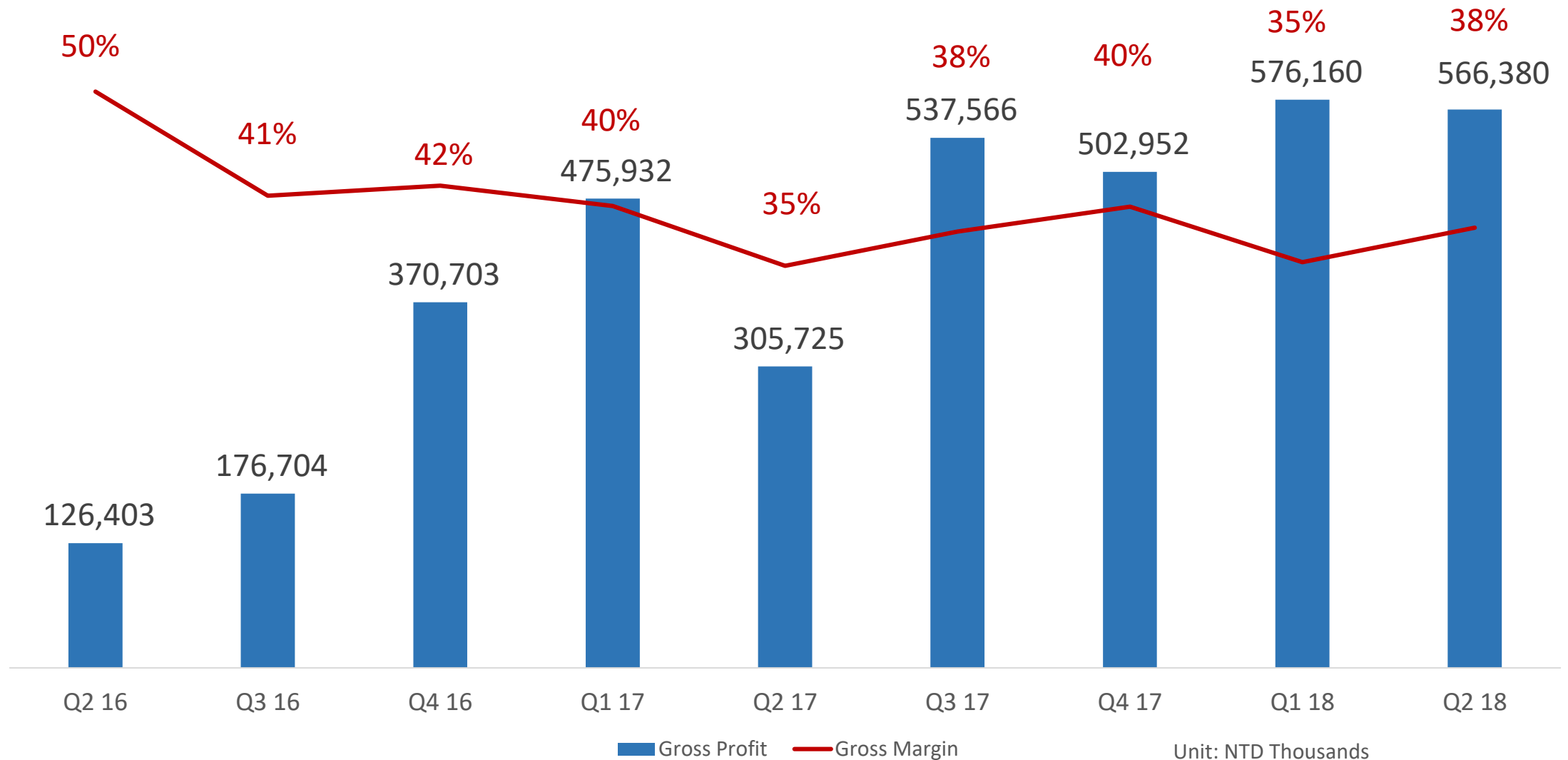
Net Sales Trend



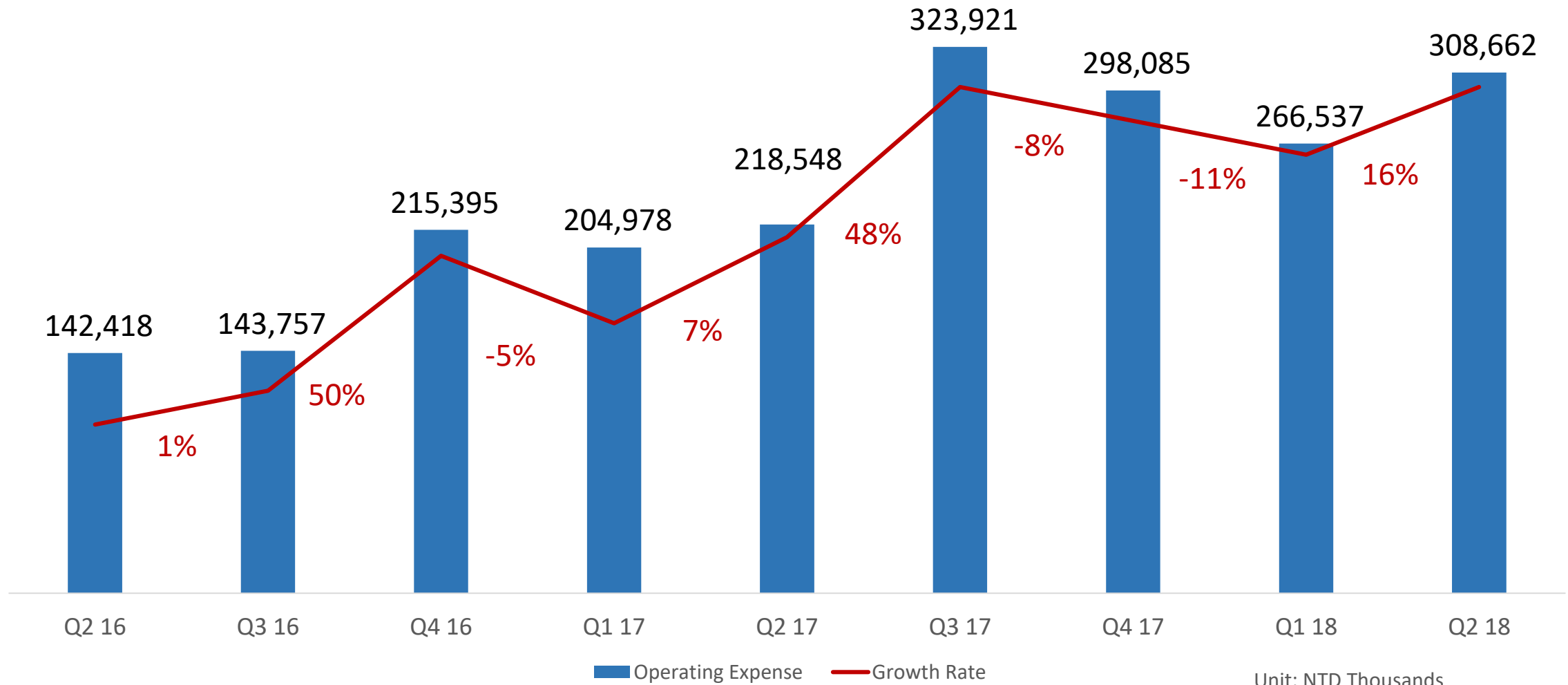
Gross Profit



Gross Profit & Margin Trends



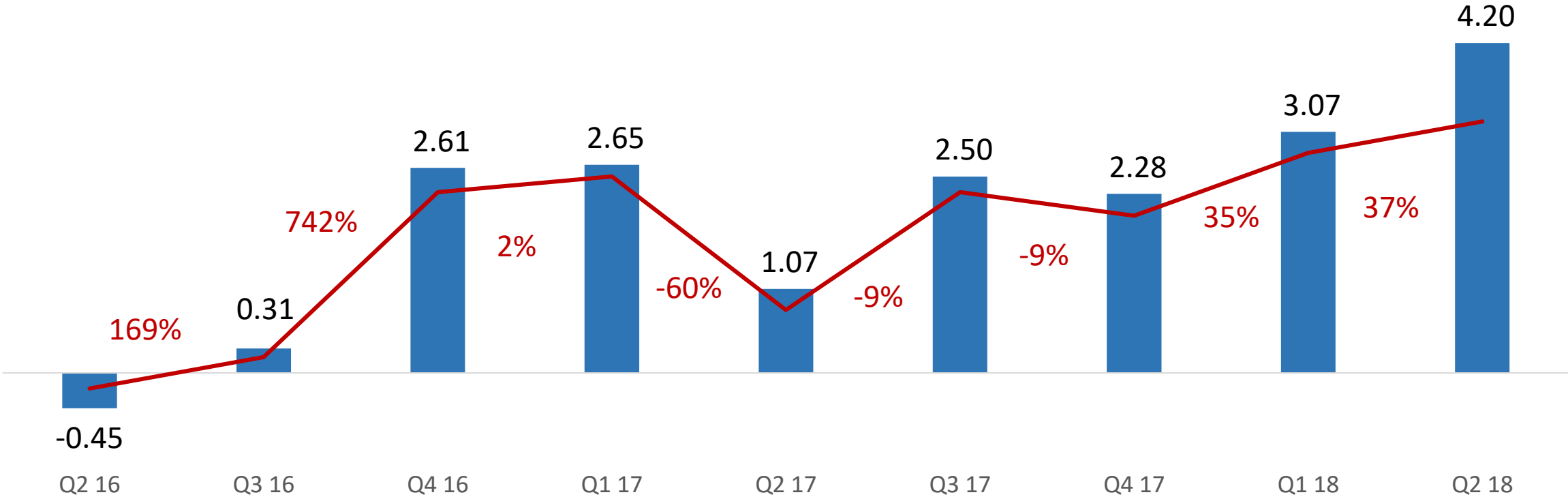
Operating Expense



EPS

Unit: NTD

■ EPS — Growth Rate



Income Statement Summary

2Q18 vs. 2Q17

Unit: NTD Thousands	Q2 2018	Q2 2017	Growth Rate
Net Sales	1,479,849	874,654	69%
COGS	913,469	568,929	61%
Gross Profit	566,380	305,725	85%
Gross Margin	38%	35%	9%
Operating Expense	308,662	218,548	41%
Operating Expense %	21%	25%	(17%)
Operating Income	257,718	87,177	196%
Operating Margin	17%	10%	75%
Non-operating Income and Expense	96,780	7,757	1148%
Income before Tax	354,498	94,934	273%
Income Tax	60,067	20,040	200%
Net Income (Loss)	294,431	74,894	293%
Net Margin	20%	9%	132%
Total comprehensive income	288,962	74,993	285%
EPS (NT\$)	4.20	1.07	293%

Income Statement Summary

1H18 vs. 1H17

Unit: NTD Thousands	1H 2018	1H 2017	Growth Rate
Net Sales	3,113,534	2,060,141	51%
COGS	1,970,994	1,278,484	54%
Gross Profit	1,142,540	781,657	46%
Gross Margin	37%	38%	(3%)
Operating Expense	575,199	423,526	36%
Operating Expense %	18%	21%	(10%)
Operating Income	567,341	358,131	58%
Operating Margin	18%	17%	5%
Non-operating Income and Expense	66,159	(30,226)	319%
Income before Tax	633,500	327,905	93%
Income Tax	122,583	68,116	80%
Net Income (Loss)	510,917	259,789	97%
Net Margin	16%	13%	30%
Total comprehensive income	504,246	258,543	95%
EPS (NT\$)	7.27	3.73	95%

Balance Sheet

Unit: NTD Thousands

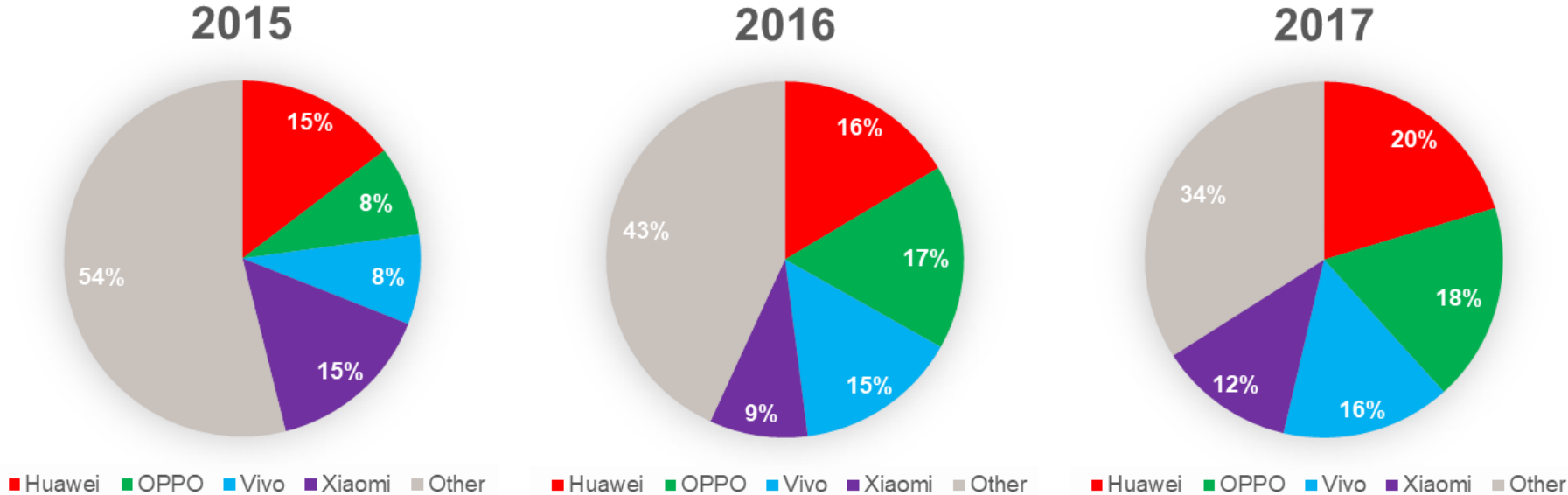
	Q2 2018	Q2 2017
<i>Current assets</i>		
Cash and cash equivalents	2,257,205	1,172,154
Notes and accounts receivable, net	1,013,485	411,861
Inventories	1,114,972	680,910
Prepaid expenses and other current assets	74,860	42,052
Total Current assets	4,506,744	2,578,206
<i>Non-Current assets</i>		
Total Non-Current assets	408,431	329,191
Total Assets	4,915,175	2,907,397
<i>Current liabilities</i>		
Short-term borrowings	967,087	526,892
Notes and accounts payable	720,091	323,692
Accrued expenses and other current liabilities	355,236	157,331
Total Current liabilities	2,483,535	1,068,645
<i>Non-Current liabilities</i>		
Deferred tax	-	1,285
Total Liabilities	2,483,535	1,069,930
Total Equity	2,431,640	1,837,467
Current Ratio	181%	241%
Debt ratio	51%	37%

Guidance

- Continue to expand the business with Korean customer with new model shipment in 2018. Full year shipment target to major customer is in line with our expectation
- Waiting for qualification completion for Optical under-display solution in China and Korea and to be ready for shipment in 2019
- More R&D effort in optical solution, facial recognition, and other biometric sensors targeting new AI consolidated application
- Continue to manage a justifiable OPEX in 2018 in line with product development and ground support to customers
- Next generation optical sensor for $\frac{1}{4}$, $\frac{1}{2}$, and full screen sensing solution is under-development and will have product in 2019

Market

- Market competition in China is crucial in Mobile phone industry. The branding product market concentration ratio is getting higher especially for top 4 players. So, for Egis, this is a good entry point to win the project of the top 4 customers due to our better cost structure and without historical inventory burden like peers to further strengthen our product flexibility and negotiation power

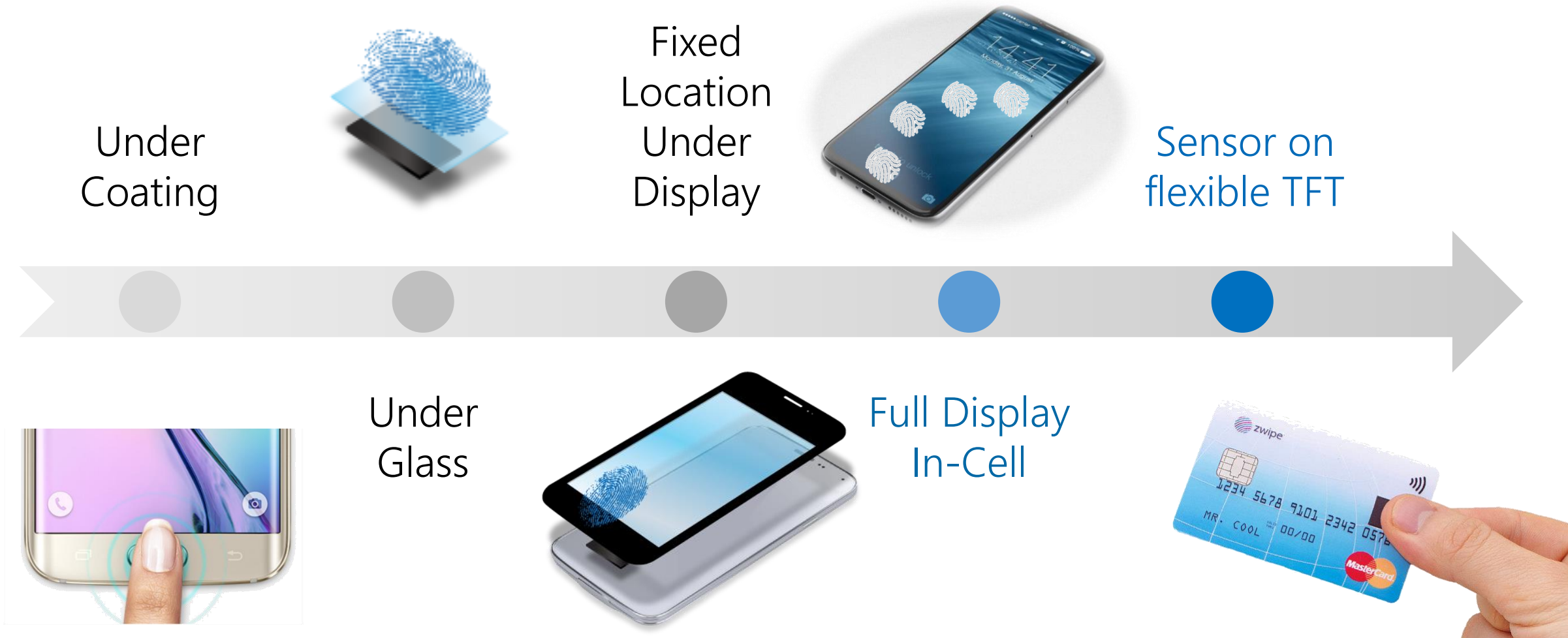


Source: IDC

Market

- More biometric sensing technology such as 3D facial recognition and Iris will be used in high-end models as complimentary security solution to fingerprint sensing
- Fingerprint sensor is still the most cost effective and best user experience in mobile device environment
- More application of fingerprint sensing in IOT, smart-card, and automobile will be emerging in the near future

Market



Thank you