

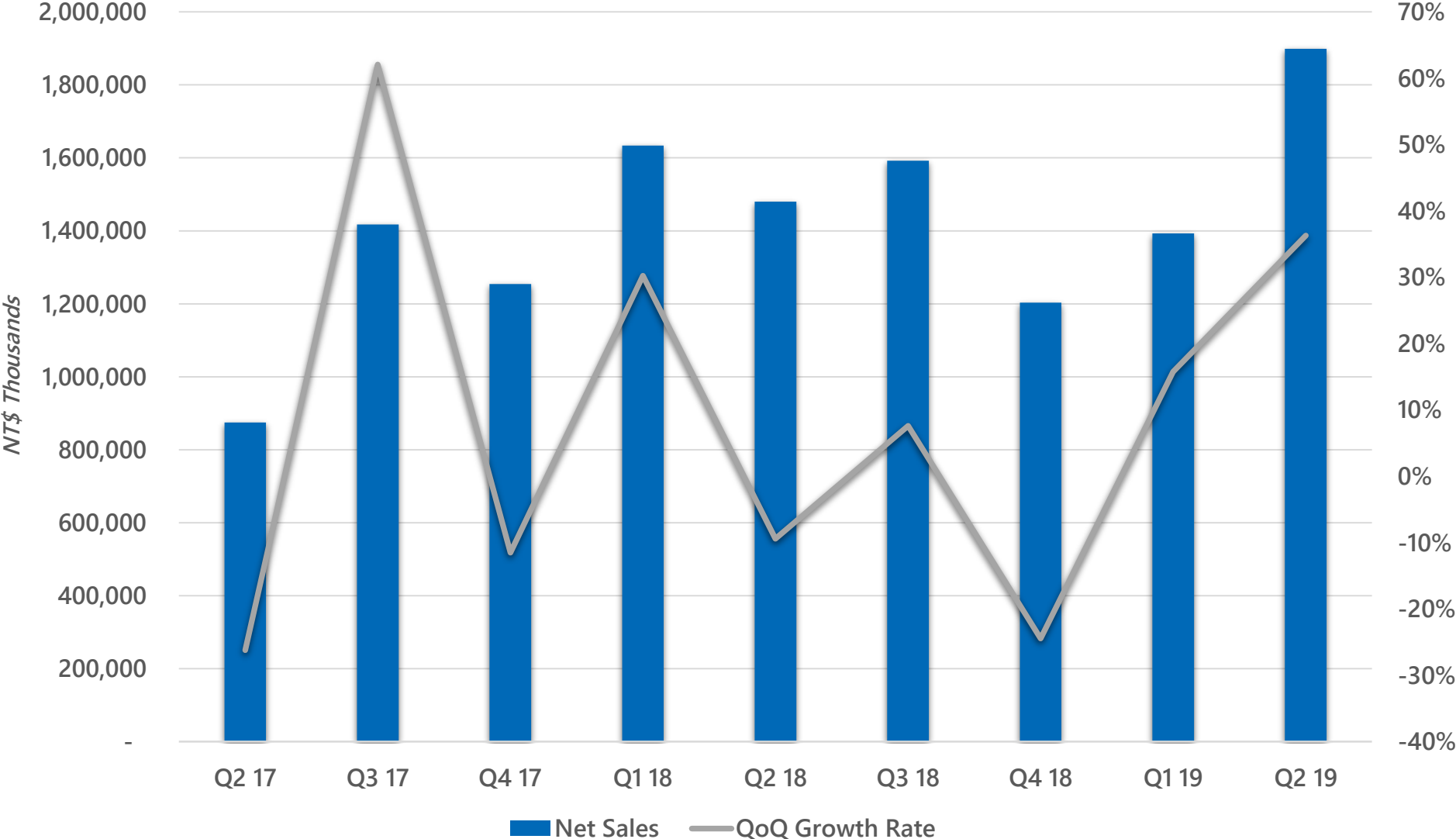
# Egis Technology Inc.

2019 Q2

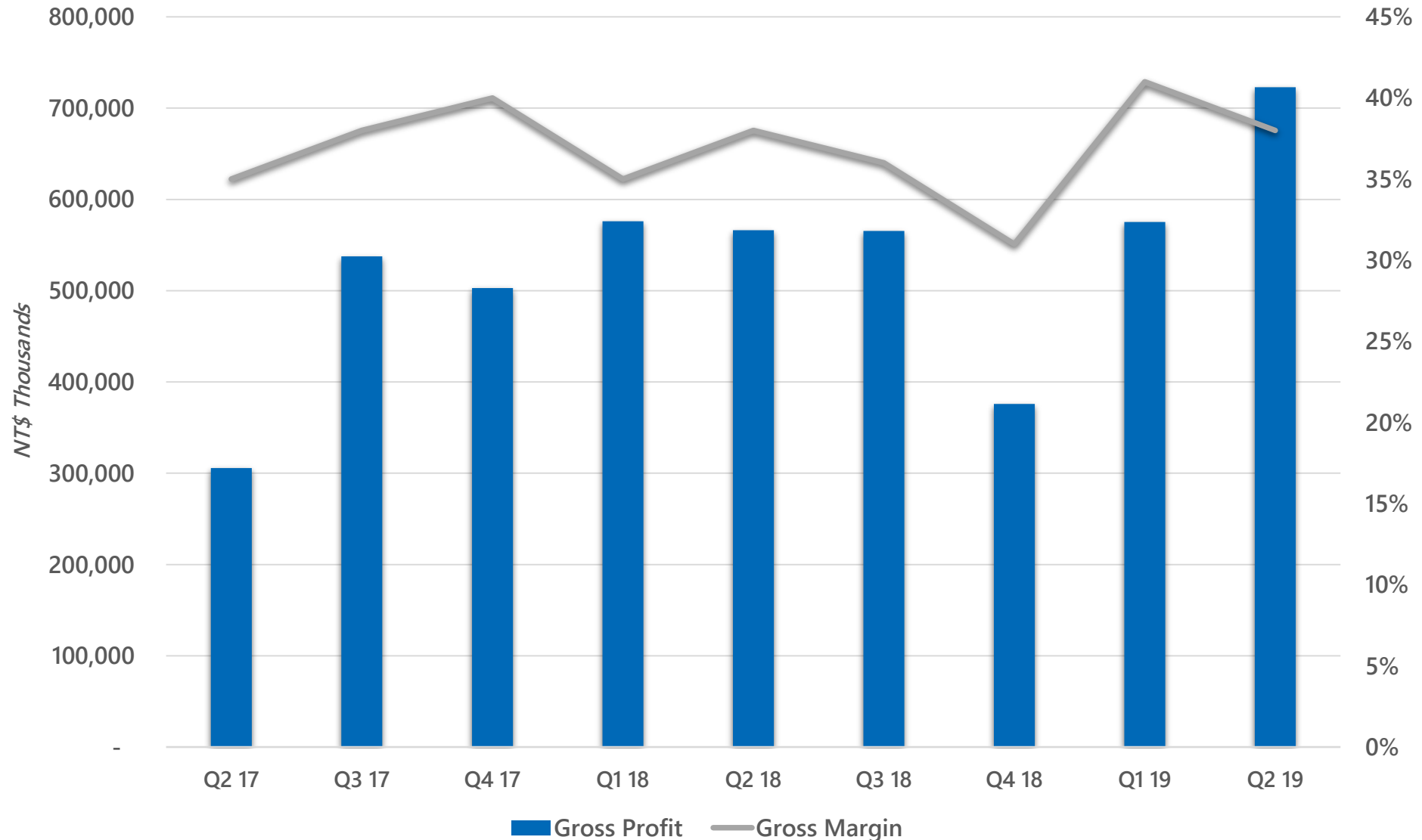
Confidential



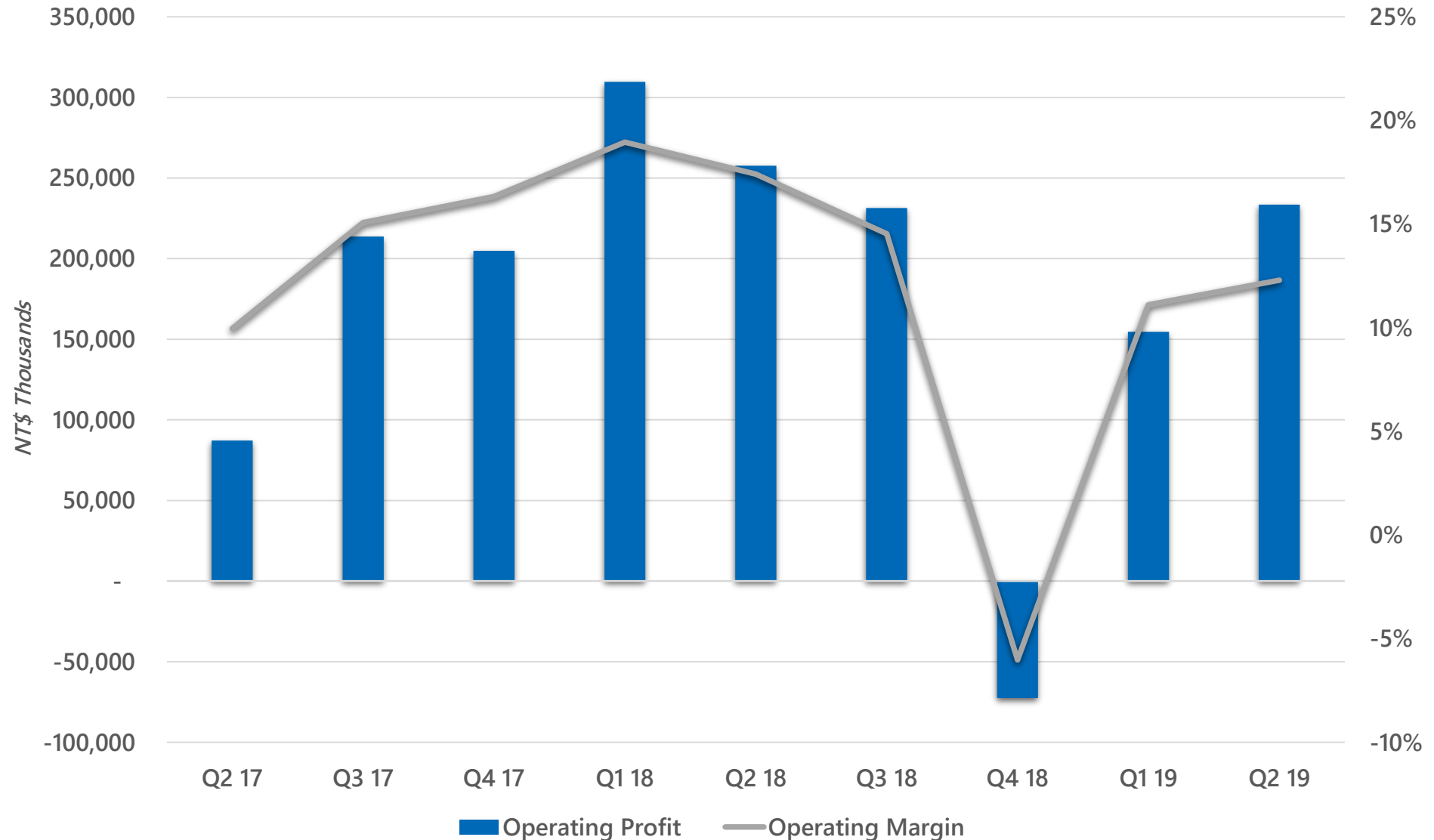
# Net Sales Trend



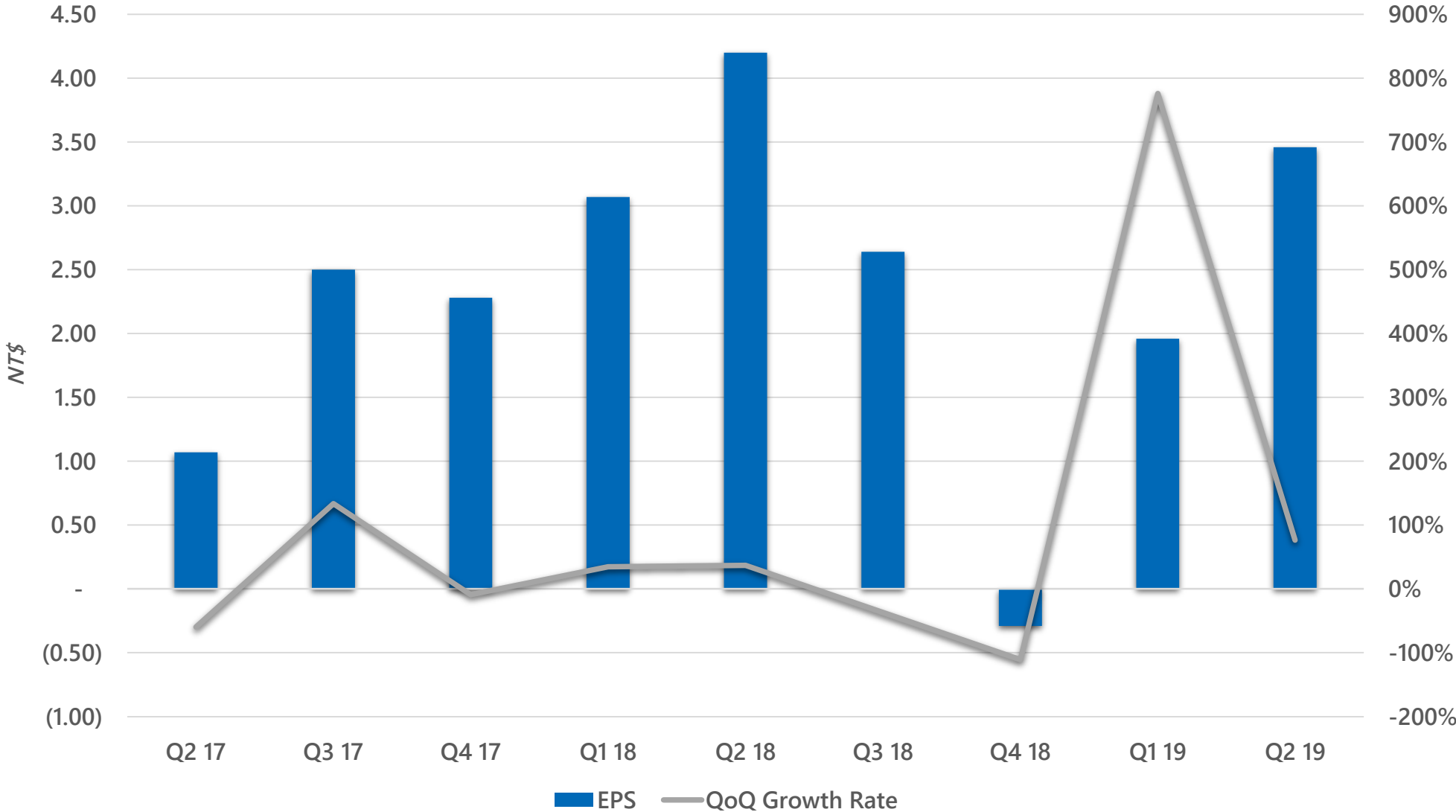
# Gross Profit & Margin Trend



# Operating Profit & Margin Trend



# EPS



# Income Statement 2019 Q2 vs. 2019 Q1

Unit: NT\$ Thousands

	Q2 2019	Q1 2019
<b>Net Sales</b>	1,898,529	1,393,119
COGS	1,175,578	817,873
<b>Gross Profit</b>	722,952	575,246
Gross Margin	38%	41%
Operating Expense	489,440	420,603
<b>Operating Income</b>	233,512	154,642
Operating Margin	12%	11%
Non-operating Income and Expense	35,590	12,825
<b>Income before Tax</b>	269,101	167,467
Income Tax	41,416	40,791
<b>Income after Tax</b>	227,686	126,677
Minority Interest	(8,687)	(6,991)
<b>Parent Net Income (Loss)</b>	236,373	133,668
Net Margin	12%	10%
<b>EPS (NT\$)</b>	3.46	1.96

# Income Statement 2019 Q2 vs. 2018 Q2

Unit: NT\$ Thousands

	Q2 2019	Q2 2018
<b>Net Sales</b>	1,898,529	1,479,848
COGS	1,175,578	913,469
<b>Gross Profit</b>	722,952	566,379
Gross Margin	38%	38%
Operating Expense	489,440	308,662
<b>Operating Income</b>	233,512	257,717
Operating Margin	12%	17%
Non-operating Income and Expense	35,590	96,781
<b>Income before Tax</b>	269,101	354,498
Income Tax	41,416	60,067
<b>Income after Tax</b>	227,686	294,430
Minority Interest	(8,687)	0
<b>Parent Net Income (Loss)</b>	236,373	294,430
Net Margin	12%	20%
<b>EPS (NT\$)</b>	3.46	4.20

# Balance Sheet

Unit: NT\$ Thousands

	Q2 2019	Q2 2018
<b>Current assets</b>		
Cash and cash equivalents	2,492,038	2,257,205
Notes and accounts receivable, net	1,231,554	1,013,485
Inventories	265,867	1,114,972
Prepaid expenses and other current assets	85,676	74,860
<b>Total current assets</b>	<b>4,547,370</b>	<b>4,506,744</b>
<b>Non-current assets</b>	<b>700,556</b>	<b>408,431</b>
<b>Total Assets</b>	<b>5,247,926</b>	<b>4,915,175</b>
<b>Current liabilities</b>		
Short-term borrowings	968,042	967,087
Notes and accounts payable	573,731	720,091
Accrued expenses and other current liabilities	726,744	355,236
<b>Total current liabilities</b>	<b>2,964,942</b>	<b>2,483,535</b>
<b>Total Liabilities</b>	<b>3,042,291</b>	<b>2,483,535</b>
<b>Total Equity</b>	<b>2,205,635</b>	<b>2,431,640</b>



# Recap

2Q19 revenues grew 36% QoQ to NT\$1.9bn, largely in line with market forecasts.

2Q19 GM declined 3 ppts QoQ to 38%. But on a pro forma basis (excluding write-off impact), GM was slightly higher than 1Q19 level.

Demand from key Korean customer was affected by model transition as well as other macro factors in recent months.

# Outlook

3Q19 revenues may see mild QoQ growth, with July being the trough in terms of monthly pattern. Nonetheless, visibility remains short due to macro events like Korea/Japan dispute, US/China Huawei trade tensions, etc.

Pull-in of new models at key Korean customer has commenced in August, and Egis will be working on more smartphone/tablet models in 2H19 than in 1H19.

For Chinese customers, shipments of optical sensors started in June/July, and volume would further expand this quarter.

Based on current forecasts, a stronger QoQ top-line growth is likely to be seen in 4Q19.

Development of next-generation fingerprint (ultra-slim, etc.) and non-fingerprint (OIS, etc.) products is on track, with potential revenue contribution starting from 2020.

# Thank you