

環宇  
芯系天下

**Q4 2019  
Quarterly  
Online Investor  
Conference  
(線上法說會)**

**Mar 16, 2020**



環宇通訊半導體  
Global Communication Semiconductors, LLC



“Enabling Today’s Global  
Communications  
and Beyond”

# Disclaimer Statement



This presentation includes forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that GCS Holdings, Inc. expects or anticipates will or may occur in the future (including but not limited to projections, targets, estimates and business plans) are forward-looking statements.

GCS's actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties, including but not limited to price fluctuations, actual demand, exchange rate fluctuations, market share, competition, environmental risks, change in legal, financial and regulatory frameworks, government policies, international economic and financial market conditions, political risks, cost estimates and other risks and factors beyond our control.

GCS does not undertake any obligation to publicly update any forward-looking statement to reflect events or circumstances after the date on which any such statement is made or to reflect the occurrence of unanticipated events.

# Agenda



Opening:

Brian Ann, CEO & President

Financial Section:

Grace Li, Senior Director & Special Assistant to  
CEO

Market Overview: (Omit presentation this time)

Simon Yu, Senior VP and General Manager,  
Worldwide Sales & Marketing and Component  
Business

Q&A: All



# FINANCIAL SECTION

# Statements of Comprehensive Income - QoQ



(in NT\$ thousands except EPS)

	4Q19	3Q19	4Q18	4Q19 Over 3Q19	4Q19 Over 4Q18
Net Operating Revenue	476,513	466,566	436,367	2.1%	9.2%
Gross Profit	237,496	197,302	179,877	20.4%	32.0%
Gross Margin	49.8%	42.3%	41.2%		
Operating Expenses	(130,559)	(125,676)	(121,545)	3.9%	7.4%
Operating Expenses to Revenue %	27.4%	26.9%	27.9%		
Operating Income	106,937	71,626	58,332	49.3%	83.3%
Operating Margin	22.4%	15.4%	13.4%		
Non-operating Items	4,318	6,432	2,813	-32.9%	53.5%
Income before Income Tax	111,255	78,058	61,145	42.5%	82.0%
Income Tax	(7,459)	(18,489)	(11,454)	-59.7%	-34.9%
Net Income	103,796	59,569	49,691	74.2%	108.9%
Net Income Attributable to owners of the Parent	104,107	60,540	52,404	72.0%	98.7%
Net Profit Margin	21.8%	12.8%	12.0%		
Basic EPS (NTD)	1.17	0.68	0.65		
Diluted EPS (NTD)	1.16	0.68	0.65		
R&D Expense % to Revenue	9.2%	9.6%	11.8%		

Note 1: 88,678 thousand shares and 89,767 thousand shares were used in basic EPS and diluted EPS calculation for 4Q19 respectively.

Note 2. Revenue supplemental information

	4Q19	3Q19	4Q18	4Q19 Over 3Q19	4Q19 Over 4Q18
Revenue in US\$ thousand	15,607	14,965	14,087	4.29%	10.8%
Exchange Rate	30.91	31.05	30.15		

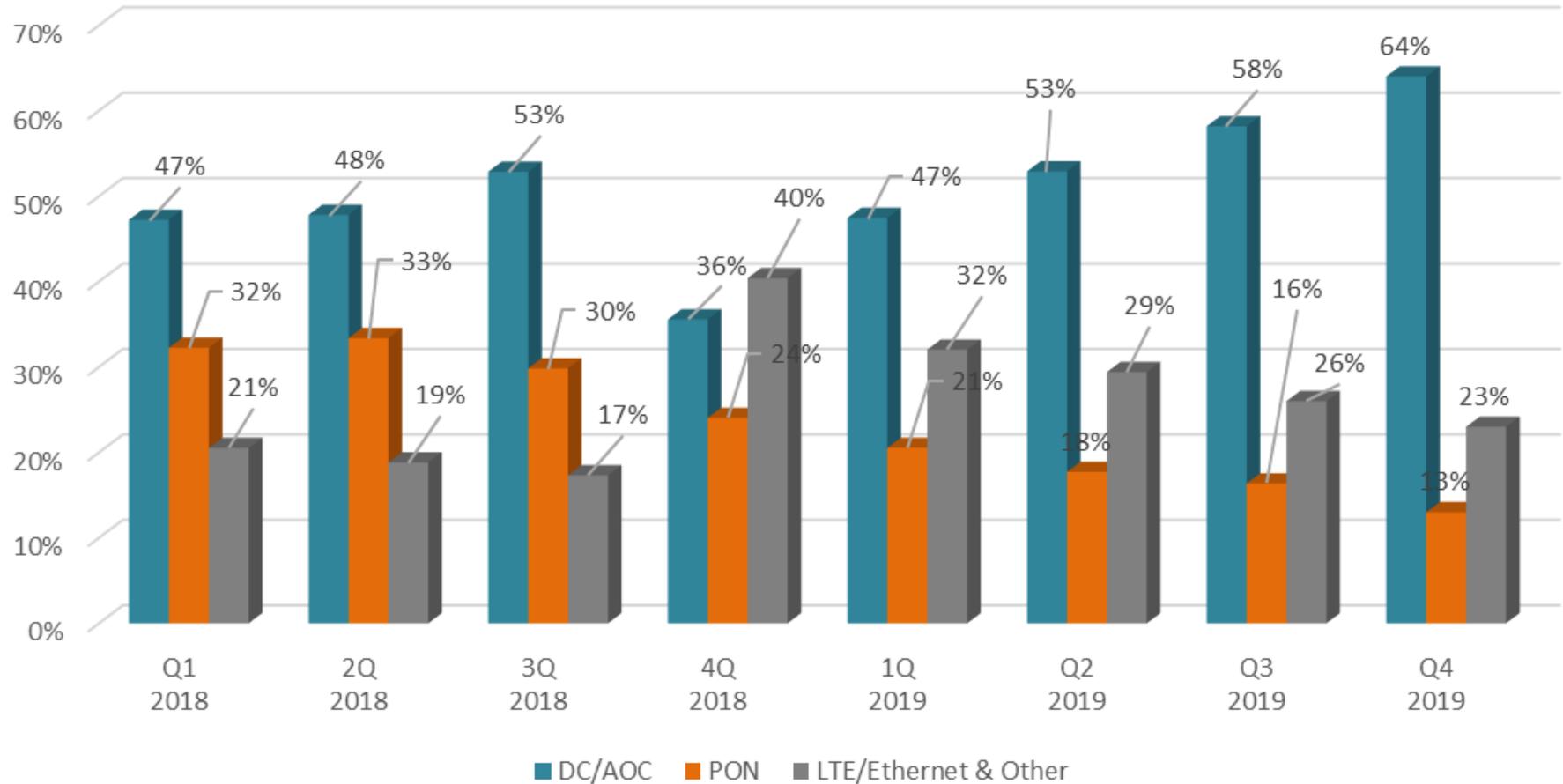
# Revenue Mix % vs Gross Margin - QoQ



# KGD Revenue Mix - QoQ



## KGD Revenue Analysis-By Application



# Statements of Comprehensive Income - YoY



(in NT\$ thousands except EPS)

	2019	%	2018	%	Change (%)
Net Operating Revenue	1,786,334	100.0%	1,952,411	100.0%	-8.5%
Operating Cost	(976,403)	-54.7%	(1,054,699)	-54.0%	-7.4%
Gross Profit	809,931 <span style="color: green;">▲</span>	45.3%	897,712	46.0%	-9.8%
Operating Expenses	(508,181)	-28.4%	(510,472)	-26.1%	-0.4%
Operating Income	301,750 <span style="color: green;">▲</span>	16.9%	387,240	19.8%	-22.1%
Non-operating items	19,871	1.1%	3,774	0.2%	426.5%
Income before Income Tax	321,621 <span style="color: green;">▲</span>	18.0%	391,014	20.0%	-17.7%
Income Tax	(58,625)	-3.3%	(73,425)	-3.8%	-20.2%
Net Income	262,996 <span style="color: green;">▲</span>	14.7%	317,589	16.3%	-17.2%
Net Income Attributable to Owners of the Parent	267,578	15.0%	320,302	16.4%	-16.5%
Basic EPS (NTD)	3.04		4.01		
Diluted EPS (NTD)	3.00		3.96		
Average Exchange Rate-USD/NTD	30.91		30.15		
R&D expense % to Revenue	10.0%		9.7%		
ROA (%)	7.4%		10.2%		
ROE (%)	8.2%		11.6%		

Note 1: 88,030 thousand shares and 89,318 thousand shares were used in basic EPS and diluted EPS calculation for 2019, respectively.

Note 2. Revenue supplemental information

	Y2019	Y2018	Change (%)
Revenue in US\$ thousand	57,791	64,757	-10.8%
Exchange Rate	30.91	30.15	

# Balance Sheet Highlight & Key Indices



## *Selected Items from Balance Sheet*

(in NT\$ thousands)

	4Q19		3Q19		4Q18	
	Amount	%	Amount	%	Amount	%
Cash and Cash Equivalent	1,838,994	47%	1,941,017	48%	1,512,863	44%
Accounts Receivable and Notes Receivable	317,126	8%	265,767	7%	212,933	6%
Inventory	352,983	9%	347,914	9%	330,694	10%
Financial assets at fair value through other comprehensive income - non current	159,531	4%	165,171	4%	-	0%
Net Property, Plant and Equipment	775,808	20%	720,514	18%	723,641	21%
Intangible Assets	197,032	5%	202,994	5%	185,489	6%
Deferred Tax Assets	129,281	3%	152,849	4%	171,323	5%
<b>Total Assets</b>	<b>3,902,999</b>	<b>100%</b>	<b>4,019,261</b>	<b>100%</b>	<b>3,402,284</b>	<b>100%</b>
Short Term Loan	20,000	1%	20,000	1%	20,300	1%
Accounts Payable and Other Payables	173,652	4%	278,610	7%	183,703	5%
Long Term Bank Borrowings - Current Portion	23,050	1%	23,576	1%	20,818	1%
Long Term Bank Loans	42,195	1%	49,455	1%	57,424	2%
Deferred Tax Liabilities	76,123	2%	75,699	2%	84,451	2%
<b>Total Liabilities</b>	<b>375,891</b>	<b>10%</b>	<b>493,396</b>	<b>12%</b>	<b>389,499</b>	<b>11%</b>
<b>Total Stockholders' Equity</b>	<b>3,527,108</b>	<b>90%</b>	<b>3,525,865</b>	<b>88%</b>	<b>3,012,785</b>	<b>89%</b>

## *Key Indices*

Current Ratio	1083%	774%	894%
Debt Ratio	10%	12%	11%
AR Turnover Days	55	51	48
Inventory Turnover Days	150	150	140

# Cash Flows



(in NT\$ thousands)

	4Q19	3Q19	4Q18
<b>Beginning Balance</b>	1,941,017	1,771,104	1,392,649
Cash from Operating Activities	77,636	181,651	161,850
Acquisition of property, plant and equipment	(66,893)	(10,216)	(39,269)
Acquisition of intangible assets	(3,383)	(13)	(2,079)
Principal elements of lease payments	(2,775)	(3,745)	-
Proceeds from Long-term Loan	-	10,000	-
Proceeds from the sale of Property, plant and equipment	50	-	-
Prepayments Paid	-	-	(5,792)
Repayments of long-term loans	(5,711)	(6,048)	(5,085)
Employee Option Exercise	2,279	1,821	29
Cash Dividend Paid	(106,561)	-	-
Decrease (Increase) in other current assets	61,822	-	(404)
Decrease (Increase) in other non-current assets	495	(2,204)	(84)
The effect of exchange rate changes	(58,982)	(1,332)	10,748
Others	-	(1)	300
<b>Ending Balance</b>	1,838,994	1,941,017	1,512,863
<b>Increase (Decrease) in Cash</b>	(102,023)	169,913	120,214
<b>Free Cash Flow (Note)</b>	10,743	171,435	122,581

**Note: Free Cash Flow = Cash from Operating Activities - Capital Expenditures**

# Non-operating Income and Expenses- QoQ



(in NT\$ thousands)

	4Q19	3Q19	4Q18	4Q19 Over 3Q19	4Q19 Over 4Q18
Other Income	7,011	7,184	2,642	-2.4%	165.4%
Other Gains and Losses					
Net currency exchange gain or (loss)	(1,576)	483	1,981	-426.3%	-179.6%
Gain (loss) on disposal of property, plant and equipment	53	(2)	0	-2750.0%	-
Others	2	(1)	(799)	-300.0%	-100.3%
Finance Cost					
Interest expense	(1,172)	(1,232)	(1,011)	-4.9%	15.9%
Total Non-operating Income and Expenses	4,318	6,432	2,813	-32.9%	53.5%

# Non-operating Income and Expenses- YoY



(in NT\$ thousands)

	2019	2018	Change (%)
Other Income	26,502	7,571	250.0%
Other Gains and Losses			
Net Gain or (losses) on financial liabilities at fair value through profit or loss	-	2,322	-100.0%
Net currency exchange gain or (loss)	(445)	1,523	-129.2%
Gain on disposal of property, plant and equipment	(586)	-	-
Other loss	(527)	(1,749)	-69.9%
Finance Cost			
Interest expense for convertible bonds (Note)	-	(881)	-100.0%
Interest expense	(5,073)	(4,256)	19.2%
Share of profit (loss) of equity-accounted investees	-	(756)	-100.0%
Total Non-operating Income and Expenses	19,871	3,774	426.5%

Note: Amortization of discount on convertible bonds

# Q & A



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**For further inquiry  
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