

環宇
芯系天下

**Q4 2021
Quarterly
Online Investor
Conference
(線上法說會)**

Feb 23, 2022



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

Q&A: All



FINANCIAL SECTION

Statements of Comprehensive Income - QoQ



(in NT\$ thousands except EPS)

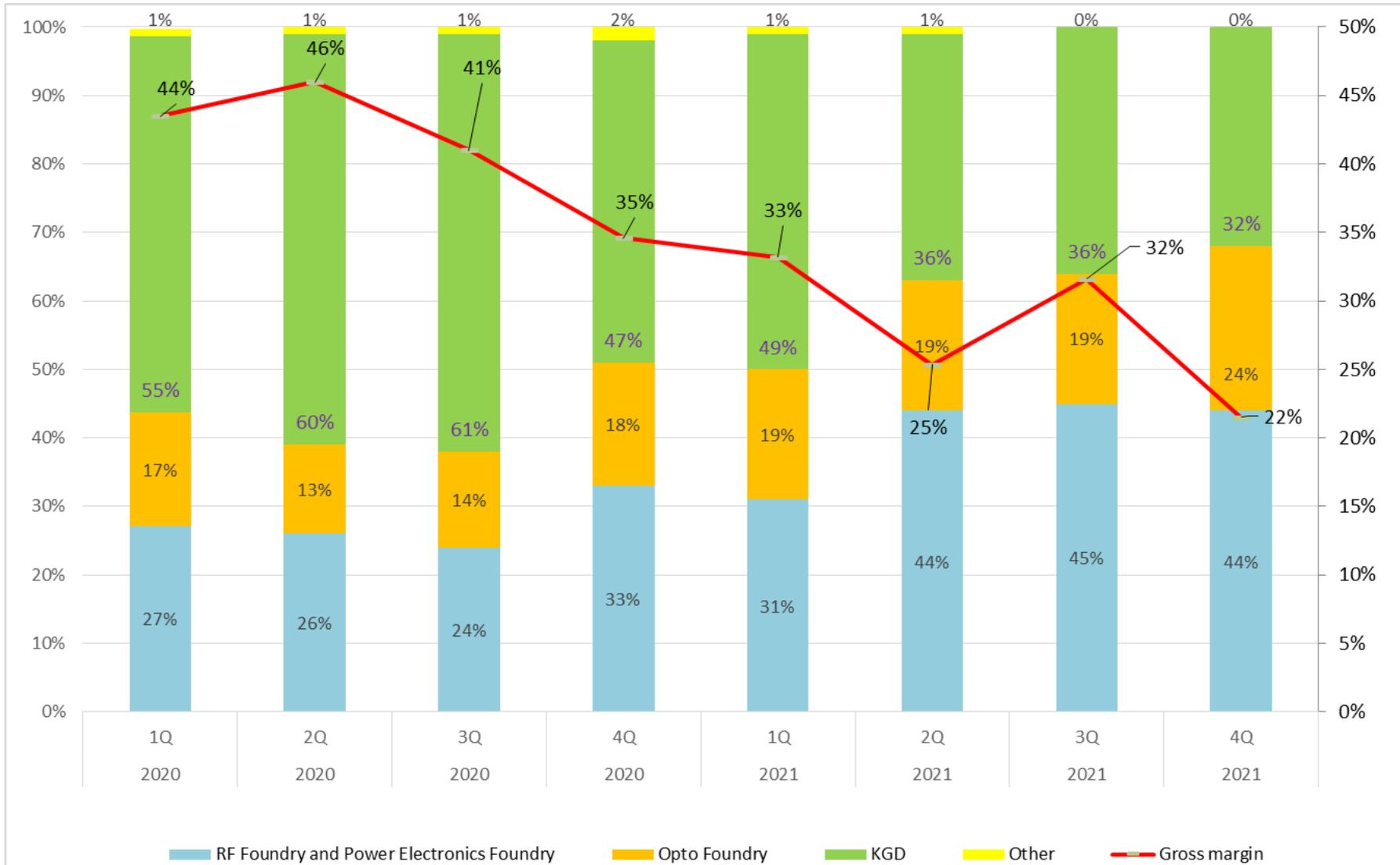
	4Q21	3Q21	4Q20	4Q21 Over 3Q21	4Q21 Over 4Q20
Net Operating Revenue	308,643	318,374	344,057	-3.1%	-10.3%
Gross Profit	66,373	100,670	119,015	-34.1%	-44.2%
Gross Margin	21.5%	31.6%	34.6%		
Operating Expenses	(77,645)	(92,527)	(107,102)	-16.1%	-27.5%
Operating Expenses to Revenue %	25.2%	29.1%	31.1%		
Operating Income (Loss)	(11,272)	8,143	11,913	-238.4%	-194.6%
Operating Margin	-3.7%	2.6%	3.5%		
Non-operating Items	(149,479)	(95,359)	(128,478)	56.8%	16.3%
Loss before Income Tax	(160,751)	(87,216)	(116,565)	84.3%	37.9%
Income Tax Benefit	1,507	1,350	28,519	11.6%	-94.7%
Net Loss	(159,244)	(85,866)	(88,046)	85.5%	80.9%
Net Loss Attributable to owners of the Parent	(159,244)	(85,866)	(88,046)		
Net Loss %	-51.6%	-27.0%	-25.6%		
Basic EPS (NTD)	(1.74)	(0.95)	(0.99)		
Diluted EPS (NTD)	(1.74)	(0.95)	(0.99)		
R&D Expense % to Revenue	12.6%	11.6%	12.9%		

Note 1: 91,265 thousand shares were used in basic EPS calculation for 4Q21.

Note 2. Revenue supplemental information

	4Q21	3Q21	4Q20	4Q21 Over 3Q21	4Q21 Over 4Q20
Revenue in US\$ thousand	11,090	11,419	11,992	-2.88%	-7.5%
Exchange Rate	28.01	28.07	29.55		

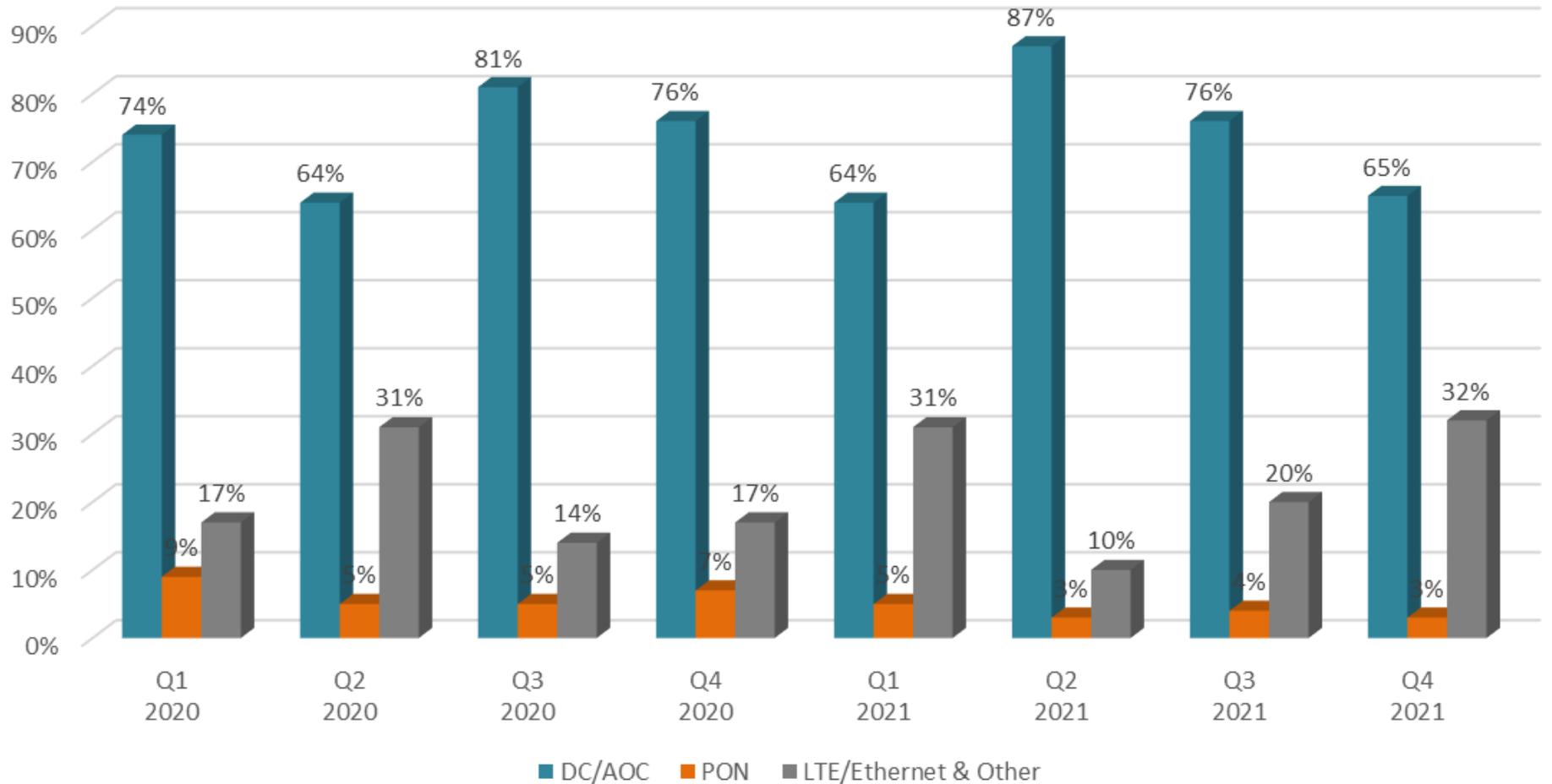
Revenue Mix % vs Gross Margin - QoQ



KGD Revenue Mix - QoQ



KGD Revenue Analysis-By Application



Non-operating Income and Expenses- QoQ



(in NT\$ thousands)

	4Q21	3Q21	4Q20	4Q21 Over 3Q21	4Q21 Over 4Q20
Other Income - other	181	1,588	2,911	-88.6%	-93.8%
Other Gains and Losses					
Net currency exchange gain or (loss)	3,611	(524)	(3,652)	-789.1%	-198.9%
Gain (loss) on disposal of property, plant and equipment	5,931	12,163	(281)	-51.2%	-2210.7%
Gain (loss) on disposal of investments	21,775	7,751	(18)	180.9%	-121072.2%
Gain on disposal of a subsidiary	-	12,890	-	-100.0%	-
Impairment loss on assets	-	(1,070)	-	-100.0%	-
Impairment loss on intangible assets	(42,074)	-	(40,094)	-	4.9%
Others	(272)	(553)	(798)	-50.8%	-65.9%
Finance Cost					
Interest expense	(1,714)	(1,843)	(693)	-7.0%	147.3%
Share of loss of equity-accounted investees	(136,917)	(125,761)	(85,853)	8.9%	59.5%
Total Non-operating Income and Expenses	(149,479)	(95,359)	(128,478)	56.8%	16.3%

Statements of Comprehensive Income - YoY



(in NT\$ thousands except EPS)

	2021	%	2020	%	Change (%)
Net Operating Revenue	1,235,881	100.0%	1,481,859	100.0%	-16.6%
Operating Cost	(890,824)	-72.1%	(868,125)	-58.6%	2.6%
Gross Profit	345,057	27.9%	613,734	41.4%	-43.8%
Operating Expenses	(375,871)	-30.4%	(426,204)	-28.8%	-11.8%
Operating Income (Loss)	(30,814)	-2.5%	187,530	12.7%	-116.4%
Non-operating items	(356,396)	-28.8%	(289,532)	-19.5%	23.1%
Loss before Income Tax	(387,210)	-31.3%	(102,002)	-6.9%	279.6%
Income Tax (Expense) Benefit	8,713	0.7%	(11,914)	-0.8%	-173.1%
Net Loss	(378,497)	-30.6%	(113,916)	-7.7%	232.3%
Net Loss Attributable to Owners of the Parent	(378,497)	-30.6%	(113,994)	-7.7%	232.0%
Basic EPS (NTD)	(4.20)		(1.28)		
Diluted EPS (NTD)	(4.20)		(1.28)		
Average Exchange Rate-USD/NTD	28.01		29.55		
R&D expense % to Revenue	13.0%		12.3%		
ROA (%)	-8.50%		-2.84%		
ROE (%)	-9.43%		-3.23%		

Note 1: 90,016 thousand shares were used in basic EPS calculation for Y2021.

Note 2. Revenue supplemental information

	Y2021	Y2020	Change (%)
Revenue in US\$ thousand	44,123	50,148	-12.0%
Exchange Rate	28.01	29.55	

Non-operating Income and Expenses- YoY



(in NT\$ thousands)

	2021	2020	Change (%)
Other Income	5,532	14,424	-61.6%
Other Income - Income from forgiveness of PPP loan	87,633	-	-
Other Gains and Losses			
Net currency exchange gain or (loss)	1,853	(6,360)	-129.1%
Gain (loss) on disposal of property, plant and equipment	17,064	(70)	-24477.1%
Liquidation losses on disposal of a subsidiary	-	(188)	-100.0%
Gain on disposal of investments	29,526	1,949	1414.9%
Gain on disposal of a subsidiary	12,890	-	-
Impairment loss on assets	(1,070)	-	-
Impairment loss on intangible assets	(42,074)	(40,094)	4.9%
Other loss	(1,982)	(3,536)	-43.9%
Finance Cost			
Interest expense	(4,632)	(3,320)	39.5%
Share of loss of equity-accounted investees	(461,136)	(252,337)	82.7%
Total Non-operating Income and Expenses	(356,396)	(289,532)	23.1%

Balance Sheet Highlight & Key Indices



Selected Items from Balance Sheet

(in NT\$ thousands)

	4Q21		3Q21		4Q20	
	Amount	%	Amount	%	Amount	%
Cash and Cash Equivalent	1,839,765	37%	909,407	24%	1,106,476	28%
Accounts Receivable and Notes Receivable	155,873	3%	184,014	5%	197,537	5%
Accounts Receivable and Notes Receivable - Related Party	2,913	0%	4,133	0%	-	0%
Inventory	280,451	6%	327,498	9%	362,021	9%
Other current assets	29,960	1%	30,145	1%	172,763	5%
Investments accounted for under the Equity Method	1,690,553	34%	1,145,285	31%	1,013,963	26%
Net Property, Plant and Equipment	575,485	12%	659,532	18%	695,634	18%
Intangible Assets	94,366	2%	138,427	4%	144,655	4%
Deferred Tax Assets	103,784	2%	104,412	3%	116,767	3%
Total Assets	4,901,994	100%	3,699,991	100%	3,898,075	100%
Short Term Loan	20,000	0%	20,000	1%	20,000	0%
Accounts Payable and Other Payables	98,445	2%	132,307	4%	133,292	4%
Long Term Bank Borrowings - Current Portion	10,292	0%	12,190	0%	22,828	1%
Long Term Bank Loans	188,673	4%	195,047	5%	106,993	3%
Deferred Tax Liabilities	59,173	1%	61,048	2%	60,674	2%
Total Liabilities	402,754	8%	453,372	12%	370,979	10%
Total Stockholders' Equity	4,499,240	92%	3,246,619	88%	3,527,096	90%

Key Indices

Current Ratio	1543%	816%	958%
Debt Ratio	8%	12%	10%
AR Turnover Days	53	57	64
Inventory Turnover Days	164	174	175

Cash Flows



(in NT\$ thousands)

	4Q21	3Q21	4Q20
Beginning Balance	909,407	1,136,546	1,146,721
Cash from Operating Activities	73,215	68,504	43,538
Acquisition of investments accounted for under the equity method	(56,065)	(400,000)	-
Acquisition of property, plant and equipment	(35,909)	(33,577)	(8,840)
Decrease (Increase) in other current assets	(299)	(498)	1,357
Decrease (Increase) in other non-current assets	1,454	124	(5,367)
Acquisition of intangible assets	-	-	(1,734)
Proceeds from the sale of PP&E	103,190	-	-
Disposal of a subsidiary- decrease in cash and cash equivalents	-	(24,675)	-
Proceed from long-term loan	-	199,278	-
Repayments of long-term loans	(7,264)	(24,483)	(5,631)
Principal elements of lease payments	(1,535)	(1,500)	(1,446)
Employee Option Exercise	2,112	5	-
Cash dividend paid	-	-	(45,623)
Proceed from private placement	815,800	-	-
The effect of exchange rate changes	36,097	(10,234)	(16,106)
Others	(438)	(83)	(393)
Ending Balance	1,839,765	909,407	1,106,476
Increase (Decrease) in Cash	930,358	(227,139)	(40,245)
Free Cash Flow (Note)	37,306	34,927	34,698

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

Q & A



環宇芯系天下

**For further inquiry
investors@gcsincorp.com**

