

環宇  
芯系天下

**Q2 2020  
Quarterly  
Online Investor  
Conference  
(線上法說會)**

**Aug 05, 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

Participant:

Simon Yu, Senior VP and Spokesperson

Q&A: All



# FINANCIAL SECTION

# Statements of Comprehensive Income - QoQ



(in NT\$ thousands except EPS)

	2Q20	1Q20	2Q19	2Q20 Over 1Q20	2Q20 Over 2Q19
Net Operating Revenue	412,013	367,352	465,346	12.2%	-11.5%
Gross Profit	187,826	159,898	239,073	17.5%	-21.4%
Gross Margin	45.6%	43.5%	51.4%		
Operating Expenses	(101,990)	(109,694)	(129,466)	-7.0%	-21.2%
Operating Expenses to Revenue %	24.8%	29.9%	27.8%		
Operating Income	85,836	50,204	109,607	71.0%	-21.7%
Operating Margin	20.8%	13.7%	23.6%		
Non-operating Items	(60,495)	(35,440)	5,408	70.7%	-1218.6%
Income before Income Tax	25,341	14,764	115,015	71.6%	-78.0%
Income Tax	(19,391)	(12,209)	(28,377)	58.8%	-31.7%
Net Income	5,950	2,555	86,638	132.9%	-93.1%
Net Income Attributable to owners of the Parent	5,950	2,477	88,189		
Net Profit Margin	1.4%	0.7%	18.6%		
Basic EPS (NTD)	0.07	0.03	1.00		
Diluted EPS (NTD)	0.07	0.03	0.99		
R&D Expense % to Revenue	10.2%	12.3%	9.8%		

Note 1: 89,164 thousand shares and 89,481 thousand shares were used in basic EPS and diluted EPS calculation for 2Q20, respectively.

Note 2. Revenue supplemental information

	2Q20	1Q20	2Q19	1Q20 Over 4Q19	1Q20 Over 1Q19
Revenue in US\$ thousand	13,779	12,200	14,961	12.94%	-7.9%
Exchange Rate	30.00	30.11	30.98		

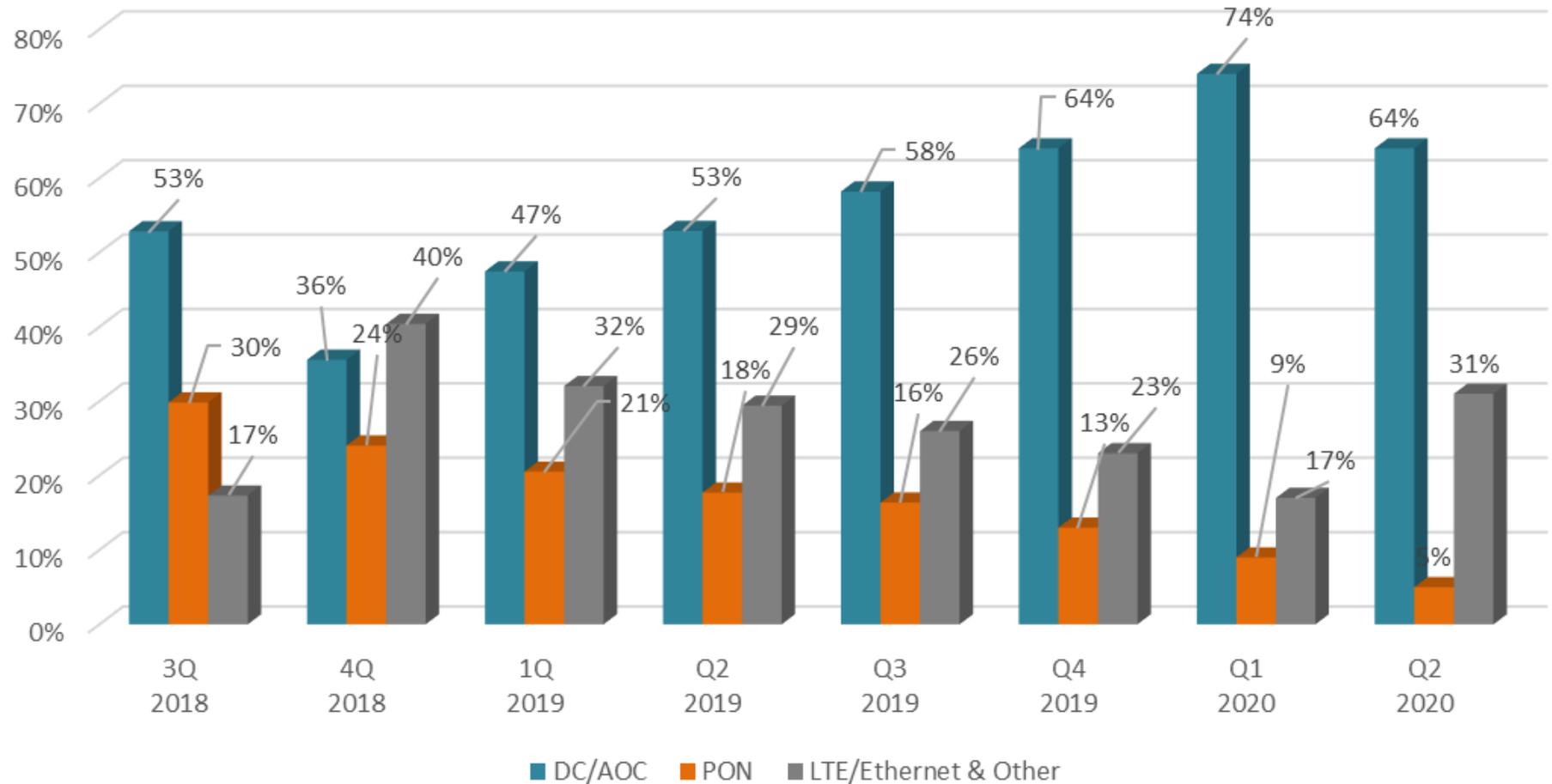
# Revenue Mix % vs Gross Margin - QoQ



# KGD Revenue Mix - QoQ



## KGD Revenue Analysis-By Application



# Non-operating Income and Expenses- QoQ



(in NT\$ thousands)

	2Q20	1Q20	2Q19	2Q20 Over 1Q20	2Q20 Over 2Q19
Other Income	3,123	6,248	7,103	-50.0%	-56.0%
Other Gains and Losses					
Net currency exchange gain or (loss)	(650)	461	757	-241.0%	-185.9%
Gain (loss) on disposal of property, plant and equipment	-	213	(637)	-100.0%	-100.0%
Liquidation losses on disposal of a subsidiary	(188)	-	-	-	-
Others	(1,873)	(87)	(528)	2052.9%	254.7%
Finance Cost					
Interest expense	(855)	(994)	(1,287)	-14.0%	-33.6%
Share of profit (loss) of equity-accounted investees	(60,052)	(41,281)	-	45.5%	-
<b>Total Non-operating Income and Expenses</b>	<b>(60,495)</b>	<b>(35,440)</b>	<b>5,408</b>	<b>70.7%</b>	<b>-1218.6%</b>

# Statements of Comprehensive Income - YoY



(in NT\$ thousands except EPS)

	2020 Jan to Jun.	%	2019 Jan to Jun.	%	Change (%)
Net Operating Revenue	779,365	100.0%	843,255	100.0%	-7.6%
Operating Cost	(431,641)	-55.4%	(468,122)	-55.5%	-7.8%
Gross Profit	347,724	44.6%	375,133	44.5%	-7.3%
Operating Expenses	(211,684)	-27.2%	(251,946)	-29.9%	-16.0%
Operating Income	136,040	17.5%	123,187	14.6%	10.4%
Non-operating items	(95,935)	-12.3%	9,121	1.1%	-1151.8%
Income before Income Tax	40,105	5.1%	132,308	15.7%	-69.7%
Income Tax	(31,600)	-4.1%	(32,677)	-3.9%	-3.3%
Net Income	8,505	1.1%	99,631	11.8%	-91.5%
Net Income Attributable to Owners of the Parent	8,427	1.1%	102,931	12.2%	-91.8%
Basic EPS (NTD)	0.09		1.18		
Diluted EPS (NTD)	0.09		1.17		
Average Exchange Rate-USD/NTD	30		30.98		
R&D expense % to Revenue	11.2%		10.67%		
ROA (%)	0.49%		5.72%		
ROE (%)	0.47%		6.39%		

Note 1: 88,986 thousand shares and 89,673 thousand shares were used in basic EPS and diluted EPS calculation for 1H2020, respectively.

Note 2. Revenue supplemental information

	Jan to Jun/2020	Jan to Jun/2019	Change (%)
Revenue in US\$ thousand	25,979	27,219	-4.6%
Exchange Rate	30	30.98	

# Non-operating Income and Expenses- YoY



(in NT\$ thousands)

	2020 Jan to Jun.	2019 Jan to Jun.	Change (%)
Other Income	9,371	12,307	-23.9%
Other Gains and Losses			
Net currency exchange gain or (loss)	(189)	648	-129.2%
Gain (loss) on disposal of property, plant and equipment	213	(637)	-133.4%
Liquidation losses on disposal of a subsidiary	(188)	-	-
Other loss	(1,960)	(528)	271.2%
Finance Cost			
Interest expense	(1,849)	(2,669)	-30.7%
Share of profit (loss) of equity-accounted investees	(101,333)	-	-
Total Non-operating Income and Expenses	(95,935)	9,121	-1151.8%

# Balance Sheet Highlight & Key Indices



## *Selected Items from Balance Sheet*

(in NT\$ thousands)

	2Q20		1Q20		2Q19	
	Amount	%	Amount	%	Amount	%
Cash and Cash Equivalent	1,113,221	27%	1,448,840	37%	1,771,104	45%
Accounts Receivable and Notes Receivable	218,338	5%	201,303	5%	291,301	8%
Inventory	368,263	9%	369,392	10%	368,755	9%
Financial assets at fair value through other comprehensive income - non current	-	0%	-	0%	165,278	4%
Other current assets	179,531	4%	183,166	5%	94,186	2%
Investments accounted for under the Equity Method	1,133,230	27%	519,865	13%	-	0%
Net Property, Plant and Equipment	768,824	19%	757,595	19%	742,591	19%
Intangible Assets	192,172	5%	197,022	5%	204,745	5%
Deferred Tax Assets	119,150	3%	121,431	3%	170,893	5%
<b>Total Assets</b>	<b>4,148,480</b>	<b>100%</b>	<b>3,886,093</b>	<b>100%</b>	<b>3,937,172</b>	<b>100%</b>
Short Term Loan	20,000	1%	20,000	1%	20,000	1%
Accounts Payable and Other Payables	190,813	4%	194,888	5%	260,435	7%
Long Term Bank Borrowings - Current Portion	23,233	1%	23,446	1%	21,469	1%
Long Term Bank Loans	123,053	3%	36,538	1%	47,210	1%
Deferred Tax Liabilities	71,171	2%	72,612	2%	84,838	2%
<b>Total Liabilities</b>	<b>459,471</b>	<b>11%</b>	<b>373,535</b>	<b>10%</b>	<b>483,593</b>	<b>12%</b>
<b>Total Stockholders' Equity</b>	<b>3,689,009</b>	<b>89%</b>	<b>3,512,558</b>	<b>90%</b>	<b>3,453,579</b>	<b>88%</b>

## *Key Indices*

Current Ratio	740%	879%	780%
Debt Ratio	11%	10%	12%
AR Turnover Days	64	66	55
Inventory Turnover Days	177	184	161

# Cash Flows



(in NT\$ thousands)

	2Q20	1Q20	2Q19
<b>Beginning Balance</b>	1,448,840	1,838,994	1,709,872
Cash from Operating Activities	92,138	182,004	89,146
Acquisition of investments accounted for under the equity method	(464,693)	(400,000)	-
Acquisition of property, plant and equipment	(35,267)	(23,443)	(28,682)
Decrease (Increase) in other current assets	553	(151,354)	-
Decrease(Increase) in other non-current assets	5,843	1,355	(945)
Acquisition of intangible assets	(720)	-	(3,573)
Disposal of a subsidiary- decrease in cash and cash equivalents	-	(11,707)	-
Refund of investment from the liquidation of a subsidiary	5,924	-	-
Proceed from lon-term loan	94,159	-	-
Repayments of long-term loans	(5,725)	(5,707)	(4,829)
Principal elements of lease payments	(1,714)	(2,226)	(3,997)
The effect of exchange rate changes	(26,117)	20,985	13,523
Others	-	(61)	589
<b>Ending Balance</b>	1,113,221	1,448,840	1,771,104
<b>Increase (Decrease) in Cash</b>	(335,619)	(390,154)	61,232
<b>Free Cash Flow (Note)</b>	56,871	158,561	60,464

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

# Q & A



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**For further inquiry  
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