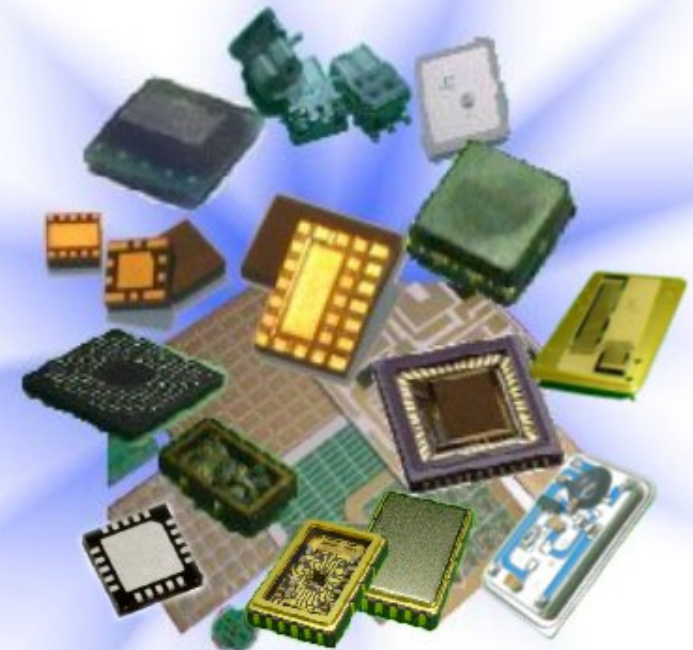




TONG HSING ELECTRONIC INDUSTRIES, LTD.

Tong Hsing

**Third Quarter 2016
Earnings Conference
Nov 11th, 2016**

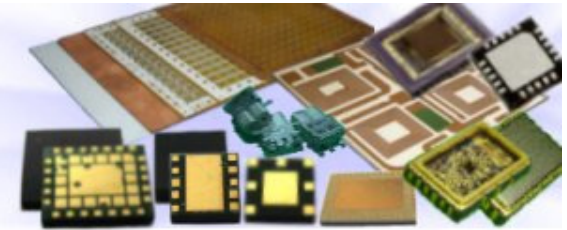


Excellence in Custom Electronics Manufacturing

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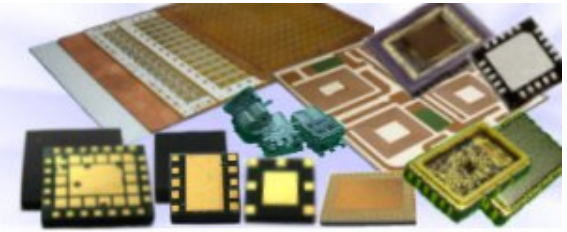


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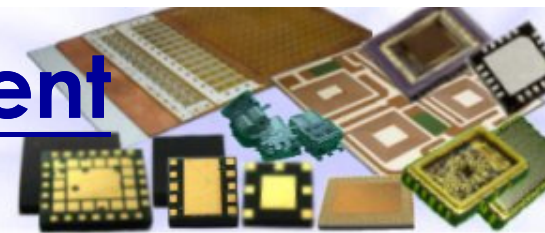


1. Financial Update
2. Business Update



3Q 16 Income Statement

QoQ Comparison



consolidated

Unit: NT\$Thousand

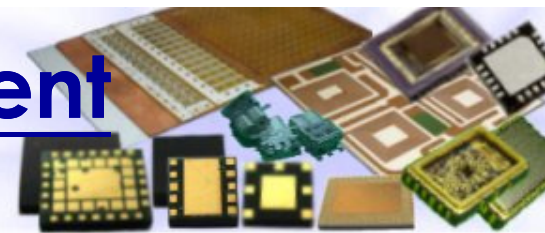
| | 3Q 2016 (Reviewed) | % | 2Q 2016 (Reviewed) | % | Chg % |
|--------------------------|-----------------------|--------|-----------------------|--------|---------|
| Net Revenue | 2,064,363 | 100.0% | 2,055,341 | 100.0% | 0.4% |
| Cost of Sales | 1,579,815 | 76.5% | 1,537,145 | 74.8% | 2.8% |
| Gross Profit | 484,548 | 23.5% | 518,196 | 25.2% | -6.5% |
| Operating Expenses | 184,164 | 8.9% | 193,004 | 9.4% | -4.6% |
| Operating Income | 300,384 | 14.6% | 325,192 | 15.8% | -7.6% |
| Non-Operating Items | (30,242) | -1.5% | (1,424) | -0.1% | 2023.7% |
| Income before Income Tax | 270,142 | 13.1% | 323,768 | 15.8% | -16.6% |
| EPS(NT\$) before Tax | 1.66 | | 1.99 | | |
| Income Tax Expense | 43,380 | 2.1% | 60,171 | 2.9% | -27.9% |
| Net Income | 226,762 | 11.0% | 263,597 | 12.8% | -14.0% |
| EPS(NT\$) after Tax | 1.39 | | 1.62 | | |

*2016 Weighted Average Outstanding Shares : 162.91Million

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3Q 16 Income Statement YoY Comparison



- consolidated

Unit: NT\$Thousand

| | 3Q 2016 (Reviewed) | % | 3Q 2015 (Reviewed) | % | Chg % |
|--------------------------|-----------------------|--------|-----------------------|--------|---------|
| Net Revenue | 2,064,363 | 100.0% | 2,137,908 | 100.0% | -3.4% |
| Cost of Sales | 1,579,815 | 76.5% | 1,539,495 | 72.0% | 2.6% |
| Gross Profit | 484,548 | 23.5% | 598,413 | 28.0% | -19.0% |
| Operating Expenses | 184,164 | 8.9% | 196,124 | 9.2% | -6.1% |
| Operating Income | 300,384 | 14.6% | 402,289 | 18.8% | -25.3% |
| Non-Operating Items | (30,242) | -1.5% | 67,122 | 3.1% | -145.1% |
| Income before Income Tax | 270,142 | 13.1% | 469,411 | 22.0% | -42.5% |
| EPS(NT\$) before Tax | 1.66 | | 2.88 | | |
| Income Tax Expense | 43,380 | 2.1% | 72,215 | 3.4% | -39.9% |
| Net Income | 226,762 | 11.0% | 397,196 | 18.6% | -42.9% |
| EPS(NT\$) after Tax | 1.39 | | 2.44 | | |

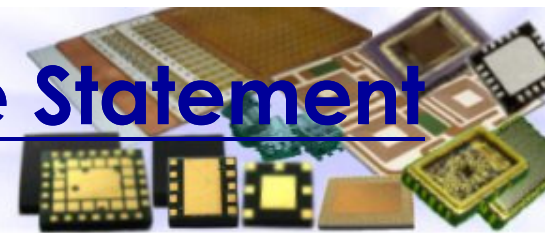
*2016 Weighted Average Outstanding Shares : 162.91Million

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First Nine Months 2016 Income Statement

YoY Comparison



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Unit: NT\$Thousand

| | For the nine months ended Sep 30,2016 | | For the nine months ended Sep 30,2015 | | Chg % |
|--------------------------|---------------------------------------|--------|---------------------------------------|--------|---------|
| | (Reviewed) | % | (Reviewed) | % | |
| Net Revenue | 6,036,354 | 100.0% | 5,877,503 | 100.0% | 2.7% |
| Cost of Sales | 4,564,040 | 75.6% | 4,413,428 | 75.1% | 3.4% |
| Gross Profit | 1,472,314 | 24.4% | 1,464,075 | 24.9% | 0.6% |
| Operating Expenses | 570,834 | 9.5% | 544,332 | 9.3% | 4.9% |
| Operating Income | 901,480 | 14.9% | 919,743 | 15.6% | -2.0% |
| Non-Operating Items | (39,398) | -0.7% | 66,348 | 1.1% | -159.4% |
| Income before Income Tax | 862,082 | 14.3% | 986,091 | 16.8% | -12.6% |
| EPS(NT\$) before Tax | 5.29 | | 6.05 | | |
| Income Tax Expense | 146,025 | 2.4% | 195,142 | 3.3% | -25.2% |
| Net Income | 716,057 | 11.9% | 790,949 | 13.5% | -9.5% |
| EPS(NT\$) after Tax | 4.40 | | 4.86 | | |

*2016 Weighted Average Outstanding Shares : 162.91Million

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3Q 16 Operating Results Summary



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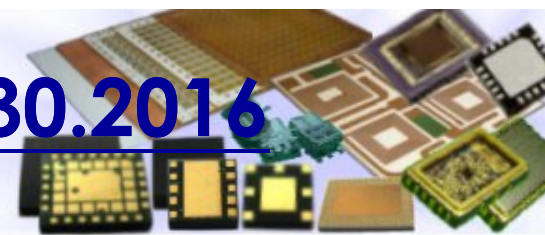
| Unit: NT\$Thousand | 3Q 2016 (Reviewed) | 2Q 2016 (Reviewed) | 3Q 2015 (Reviewed) |
|----------------------|-----------------------|-----------------------|-----------------------|
| Net Revenues | 2,064,363 | 2,055,341 | 2,137,908 |
| Net Income | 226,762 | 263,597 | 397,196 |
| EPS(NT\$) before Tax | 1.66 | 1.99 | 2.88 |
| EPS(NT\$) after Tax | 1.39 | 1.62 | 2.44 |
| Depreciation | 275,364 | 278,352 | 270,580 |
| Capital Expenditure* | 215,991 | 184,982 | 224,709 |
| EBITDA** | 560,699 | 617,853 | 757,954 |

*Additions to property, plant and equipment

**EBITDA = Net Income + Interest + Tax + Depreciation & Amortization expenses



Balance Sheet Highlight – 9.30.2016



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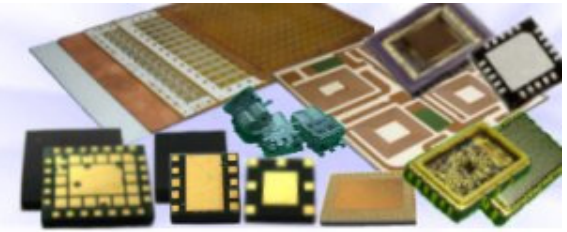
| Unit: NT\$thousand | 9.30.2016 (Reviewed) | % | 9.30.2015 (Reviewed) | % |
|---|-------------------------|--------|-------------------------|--------|
| Cash and Cash Equivalents | 5,906,659 | 39.6% | 6,148,883 | 40.0% |
| Current financial assets at fair value through profit or loss | 1,303,690 | 8.7% | 1,167,039 | 7.6% |
| Fixed Assets | 5,039,268 | 33.8% | 5,278,209 | 34.4% |
| Total Assets | 14,930,769 | 100.0% | 15,362,210 | 100.0% |
| Long-term borrowings, current portion | 288,076 | 1.9% | 288,465 | 1.9% |
| Long-term borrowings | 769,895 | 5.2% | 1,058,595 | 6.9% |
| Bonds Payable | 1,987,959 | 13.3% | 1,966,709 | 12.8% |
| Shareholders' Equity | 9,825,929 | 65.8% | 9,884,883 | 64.3% |
| Depreciation-YTD | 834,462 | | 797,904 | |
| Capital Expenditure-YTD* | 700,715 | | 1,180,860 | |
| EBITDA-YTD** | 1,743,928 | | 1,839,154 | |

*Additions to property, plant and equipment

**EBITDA = Net Income + Interest + Tax + Depreciation & Amortization expenses



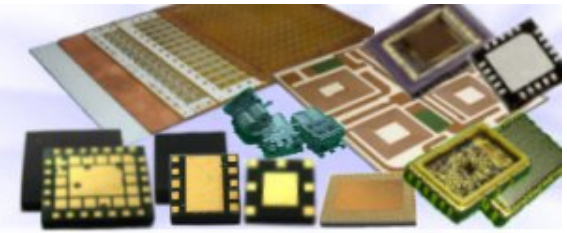
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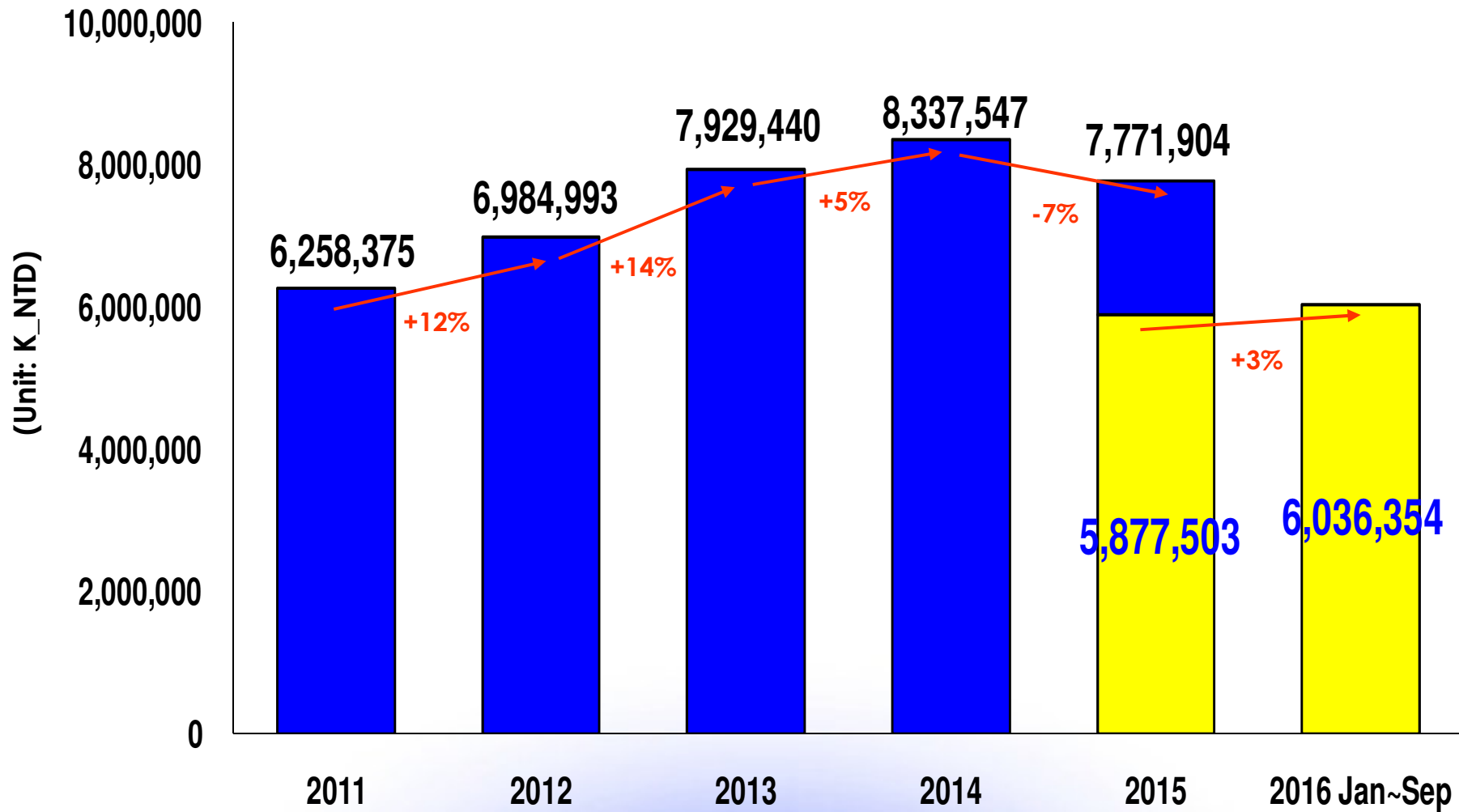
1. Financial Update
2. Business Update



Tong Hsing Revenue History

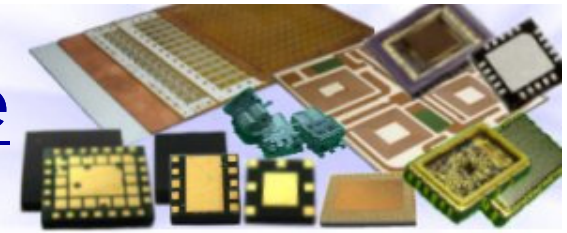


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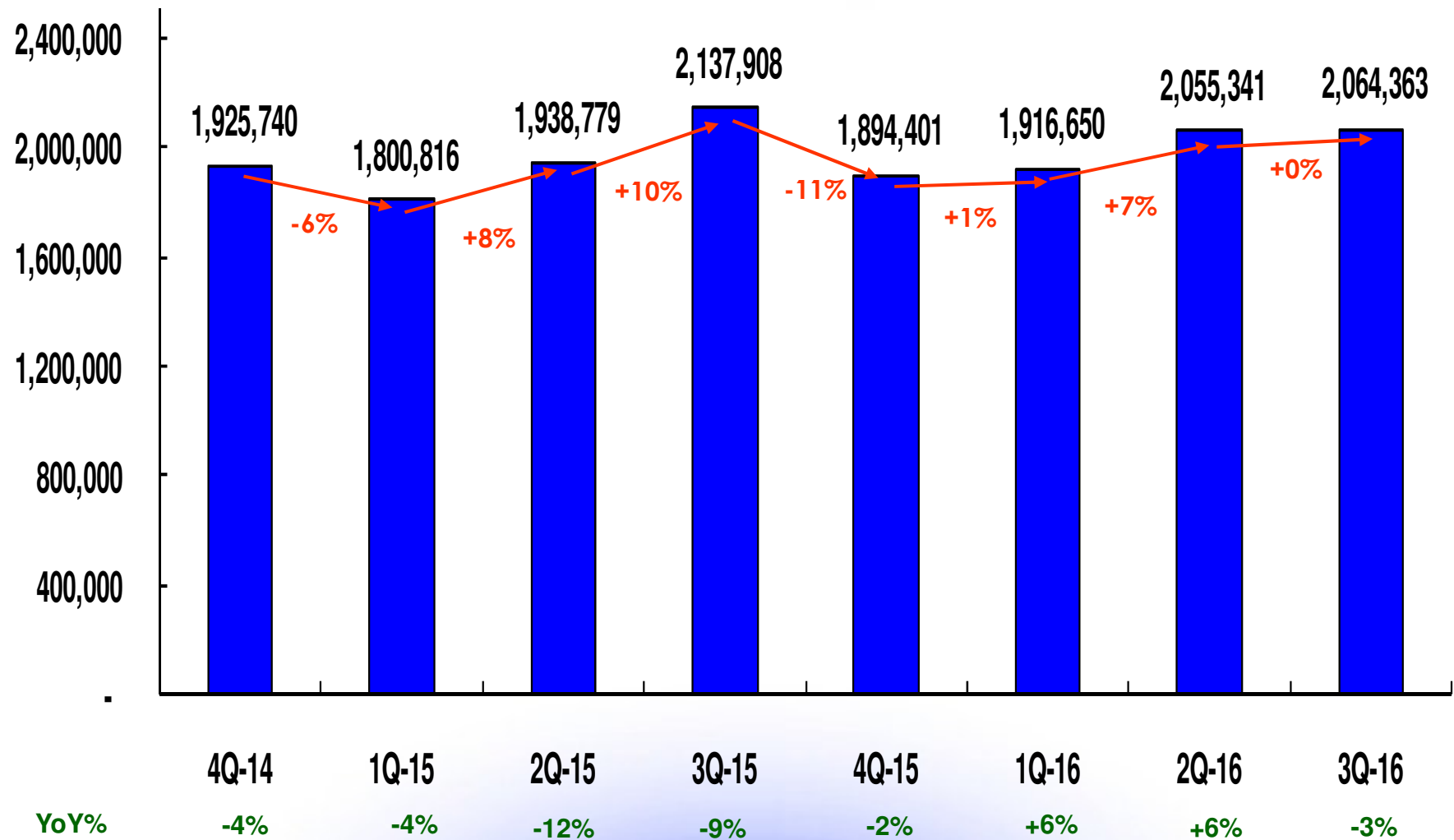


Tong Hsing Quarterly Revenue



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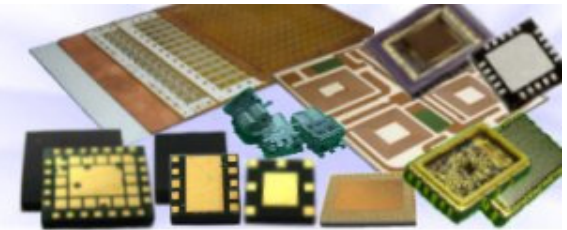
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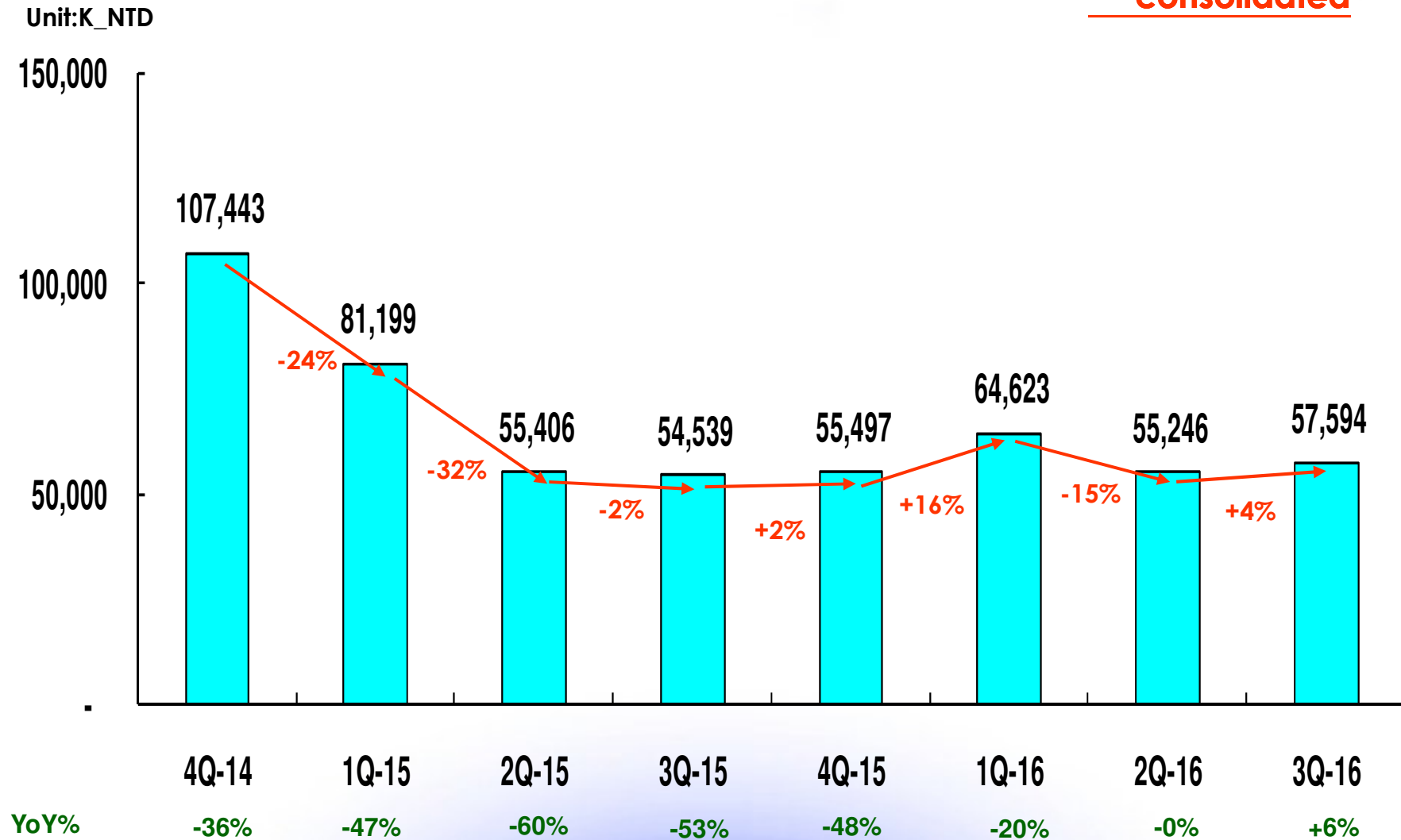
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RF Module Quarterly Revenue Trend

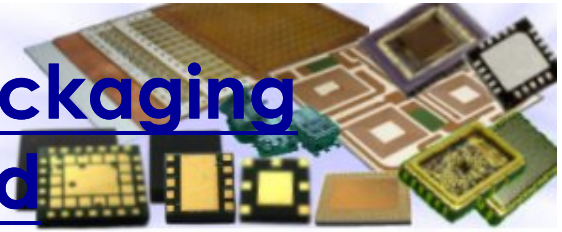


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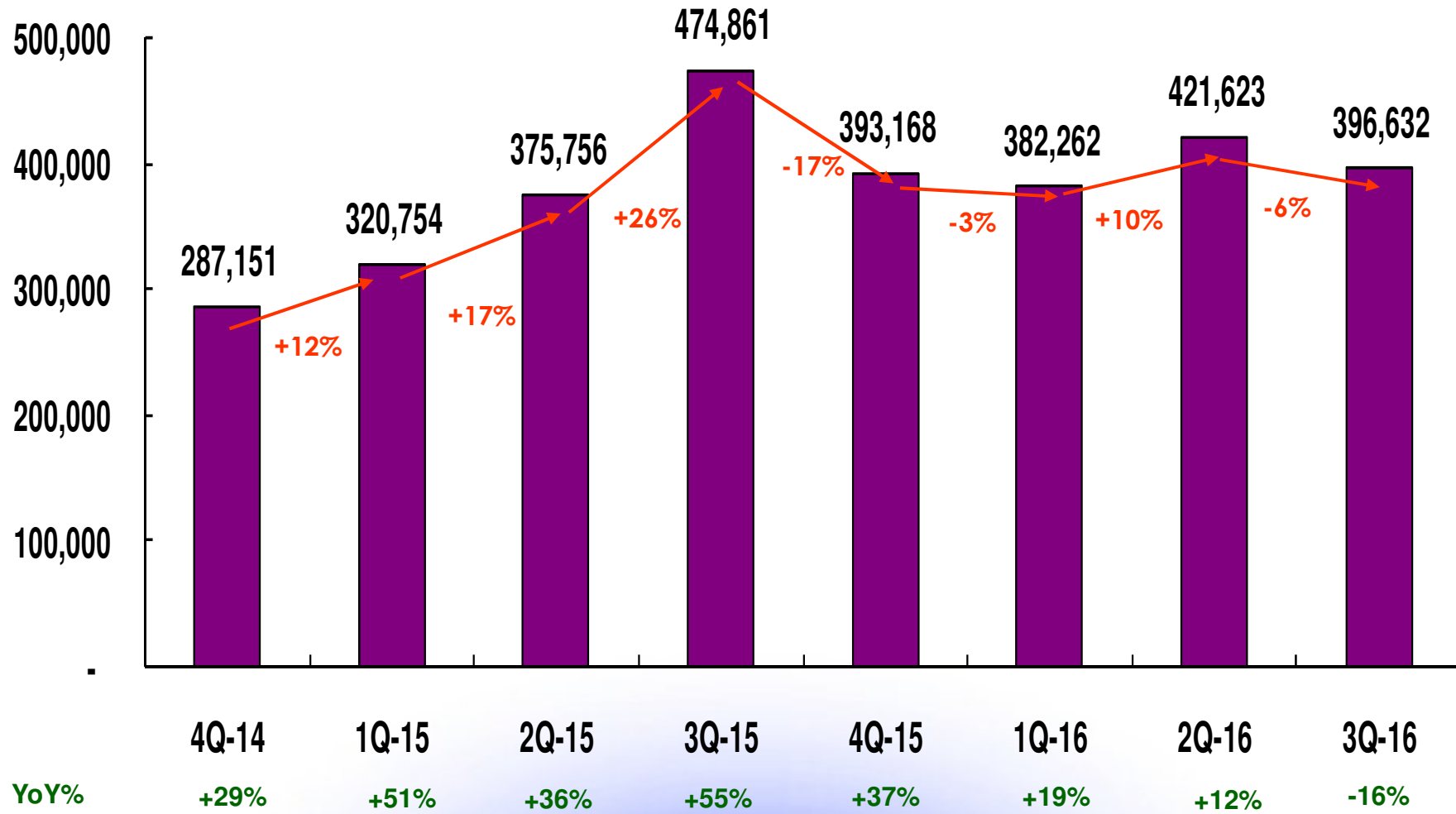


Hybrid Modules & Specialty Packaging Quarterly Revenue Trend



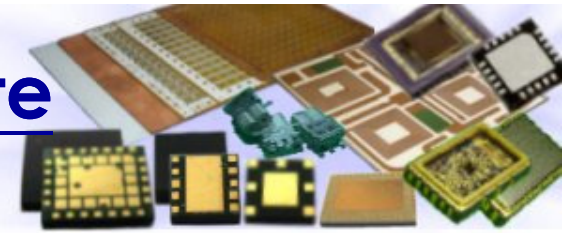
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Unit:K_NTD





Ceramic Metallized Substrate Quarterly Revenue Trend



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Unit:K_NTD

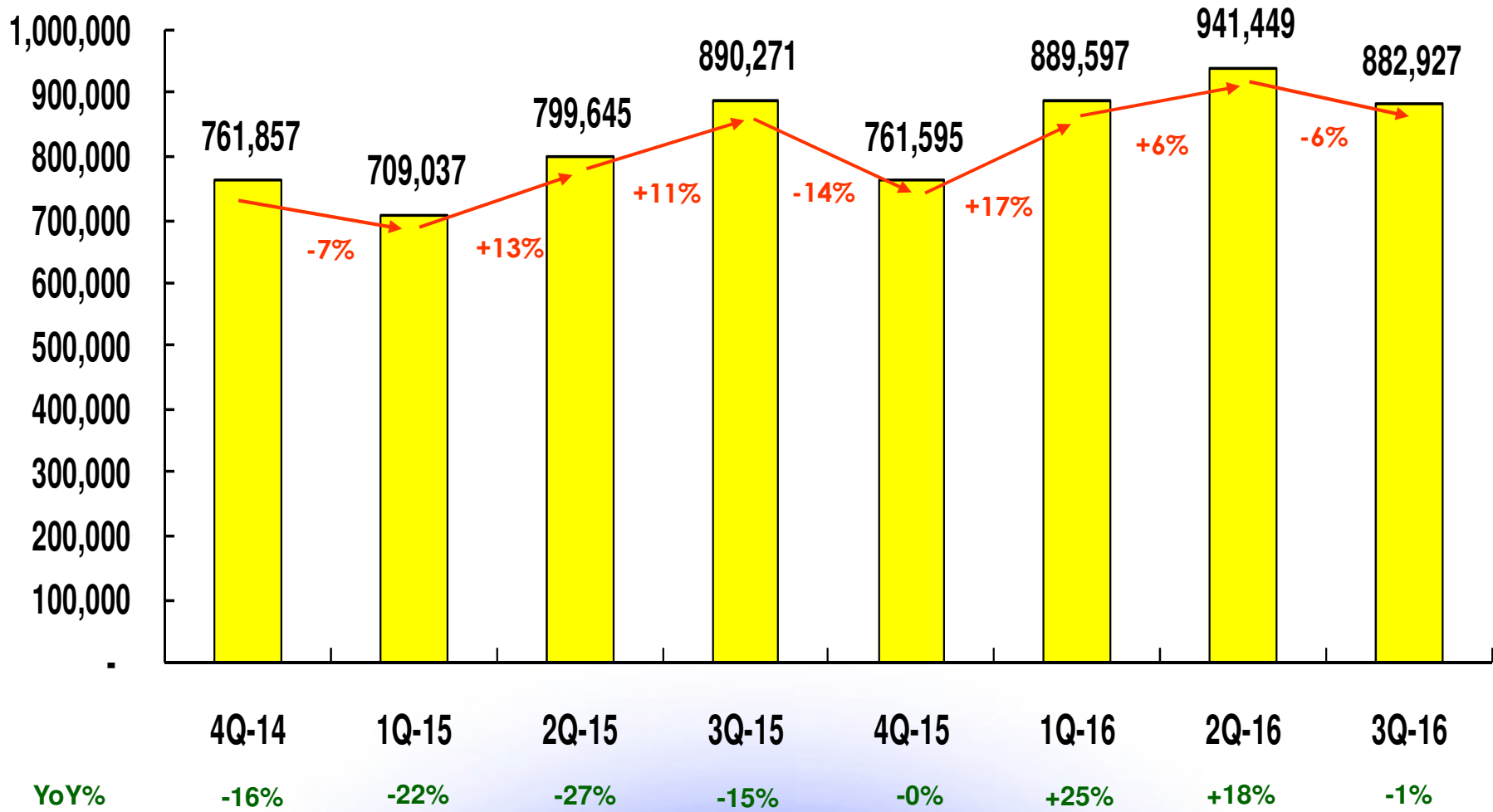
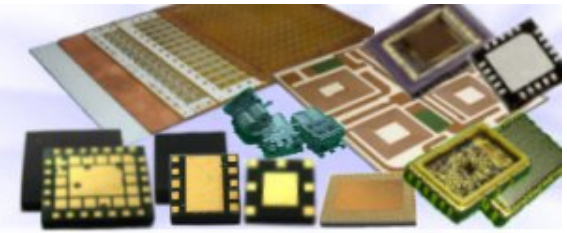


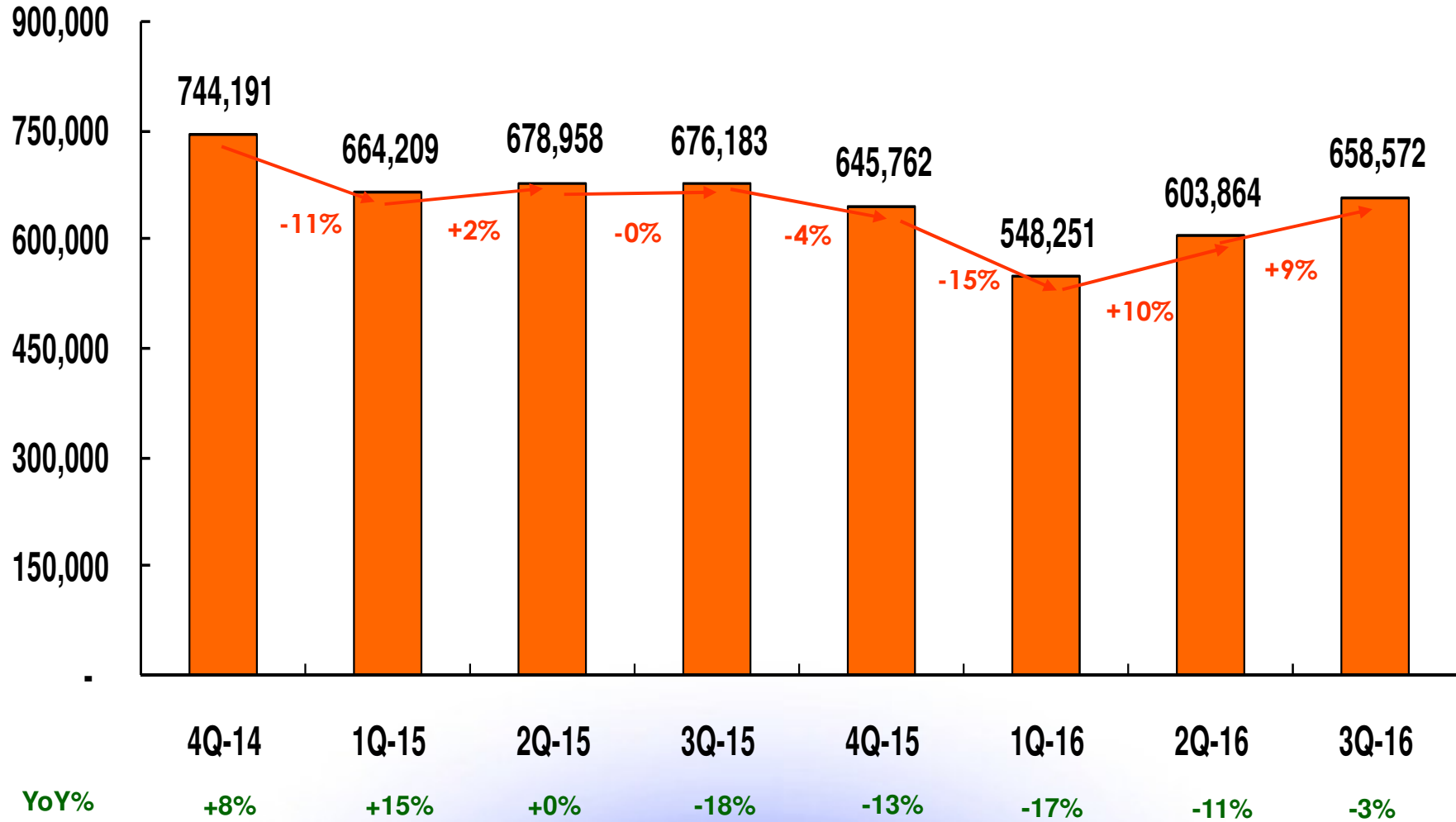


Image Products Quarterly Revenue Trend



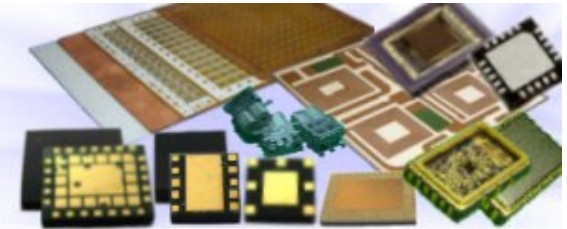
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Unit:K_NTD



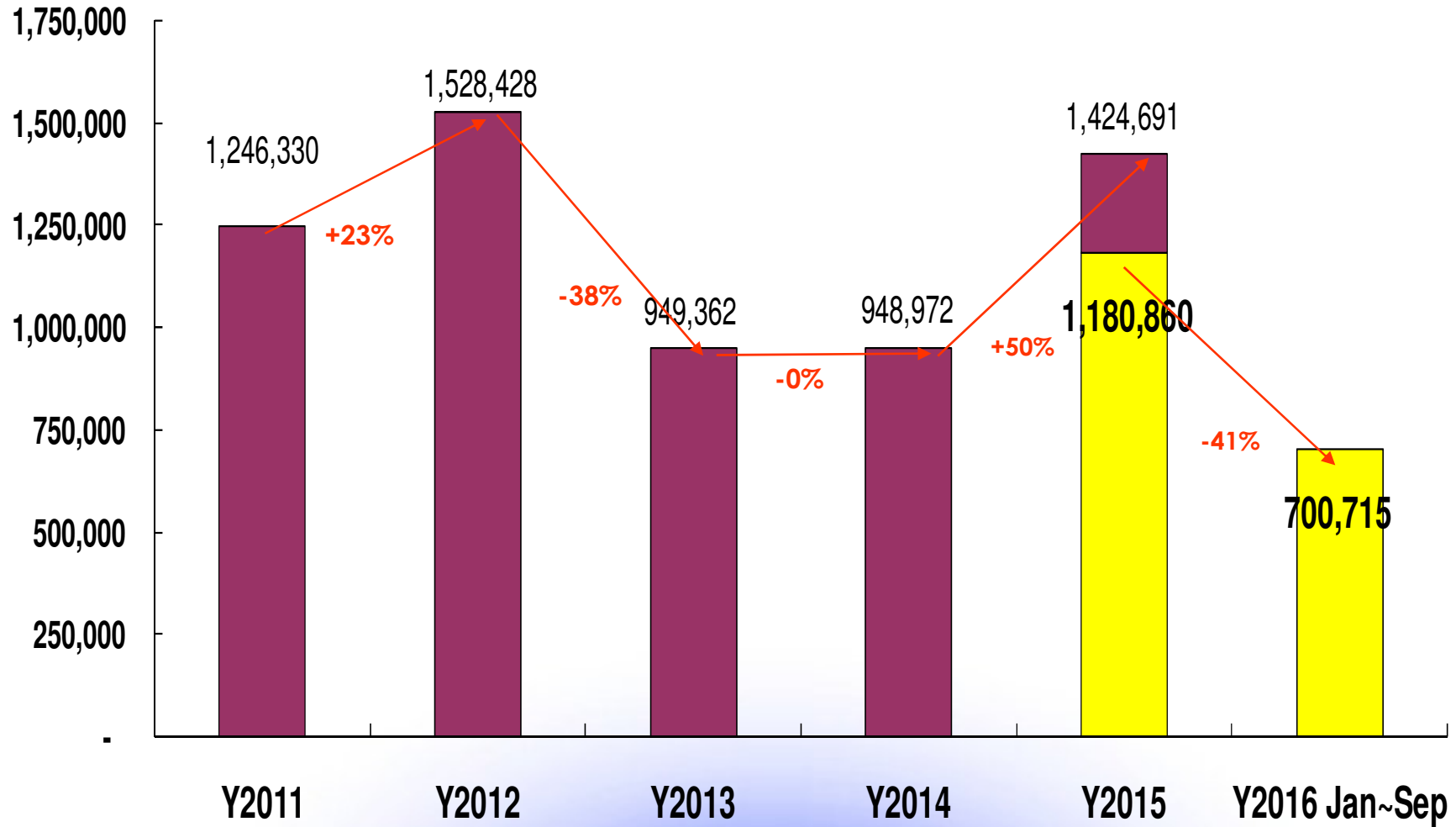


Capital Expenditure



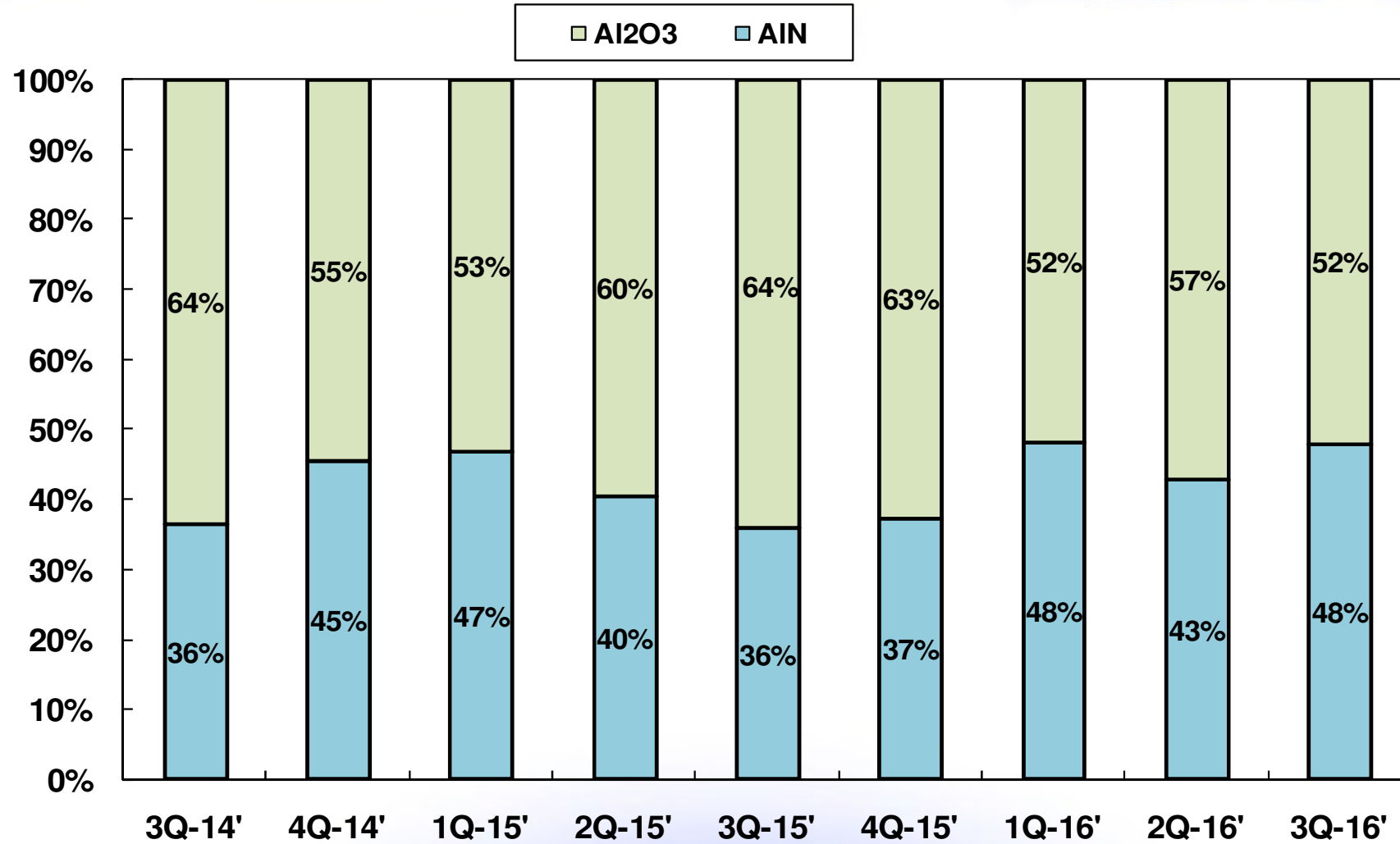
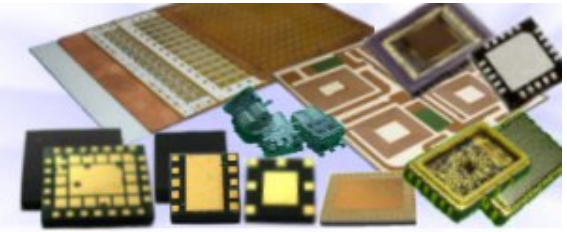
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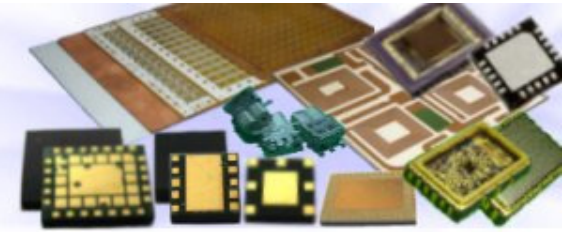
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