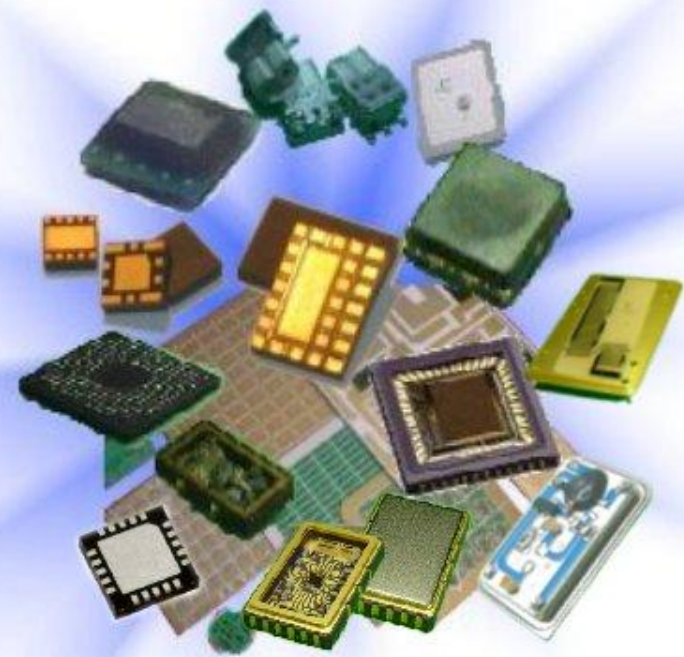


# Tong Hsing

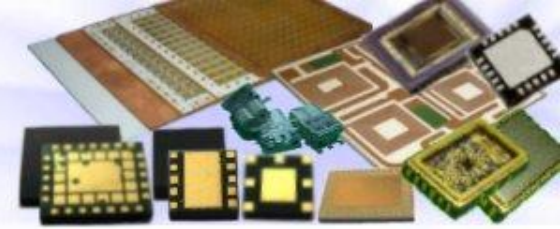
**Third Quarter 2018  
Earnings Conference  
Nov 9<sup>th</sup>, 2018**



**Excellence in Custom Electronics Manufacturing**



# Disclaimer

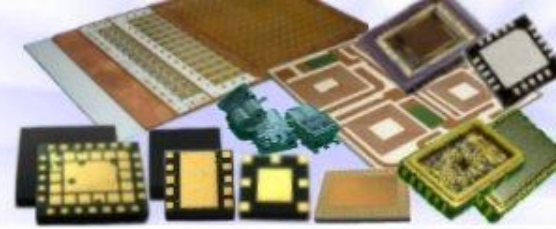


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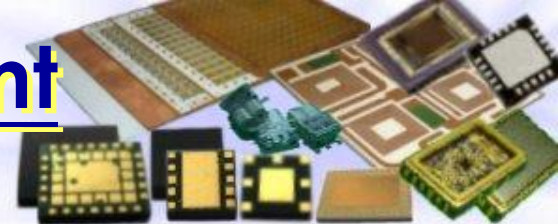
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1. Financial Update
2. Business Update



# 3Q 18 Income Statement QoQ Comparison



**consolidated**

Unit: NT\$Thousand

|                          | 3Q 2018<br>(Reviewed) | %      | 2Q 2018<br>(Reviewed) | %      | Chg %  |
|--------------------------|-----------------------|--------|-----------------------|--------|--------|
| Net Revenue              | 2,012,241             | 100.0% | 1,760,073             | 100.0% | 14.3%  |
| Cost of Sales            | 1,392,510             | 69.2%  | 1,378,763             | 78.3%  | 1.0%   |
| Gross Profit             | 619,731               | 30.8%  | 381,310               | 21.7%  | 62.5%  |
| Operating Expenses       | 180,446               | 9.0%   | 206,144               | 11.7%  | -12.5% |
| Operating Income         | 439,285               | 21.8%  | 175,166               | 10.0%  | 150.8% |
| Non-Operating Items      | 13,670                | 0.7%   | 79,249                | 4.5%   | -82.8% |
| Income before Income Tax | 452,955               | 22.5%  | 254,415               | 14.5%  | 78.0%  |
| EPS(NT\$) before Tax     | 2.74                  |        | 1.54                  |        |        |
| Income Tax Expense       | 93,248                | 4.6%   | 54,646                | 3.1%   | 70.6%  |
| Net Income               | 359,707               | 17.9%  | 199,769               | 11.4%  | 80.1%  |
| EPS(NT\$) after Tax      | 2.18                  |        | 1.21                  |        |        |

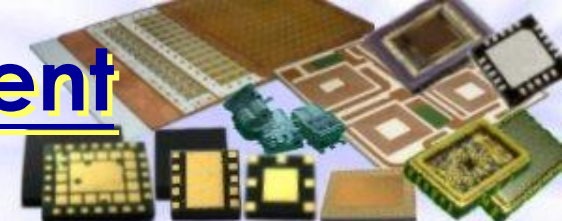
\*2018 Q3 Weighted Average Outstanding Shares : 165.36Million

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# 3Q 18 Income Statement

## YoY Comparison



**consolidated**

Unit: NT\$Thousand

|                          | 3Q 2018<br>(Reviewed) | %      | 3Q 2017<br>(Reviewed) | %      | Chg %  |
|--------------------------|-----------------------|--------|-----------------------|--------|--------|
| Net Revenue              | 2,012,241             | 100.0% | 2,097,312             | 100.0% | -4.1%  |
| Cost of Sales            | 1,392,510             | 69.2%  | 1,518,817             | 72.4%  | -8.3%  |
| Gross Profit             | 619,731               | 30.8%  | 578,495               | 27.6%  | 7.1%   |
| Operating Expenses       | 180,446               | 9.0%   | 185,814               | 8.9%   | -2.9%  |
| Operating Income         | 439,285               | 21.8%  | 392,681               | 18.7%  | 11.9%  |
| Non-Operating Items      | 13,670                | 0.7%   | 13,290                | 0.6%   | 2.9%   |
| Income before Income Tax | 452,955               | 22.5%  | 405,971               | 19.4%  | 11.6%  |
| EPS(NT\$) before Tax     | 2.74                  |        | 2.46                  |        |        |
| Income Tax Expense       | 93,248                | 4.6%   | 22,878                | 1.1%   | 307.6% |
| Net Income               | 359,707               | 17.9%  | 383,093               | 18.3%  | -6.1%  |
| EPS(NT\$) after Tax      | 2.18                  |        | 2.32                  |        |        |

\*2018 Q3 Weighted Average Outstanding Shares : 165.36Million

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# Y18 Income Statement

## First Nine Months YoY Comparison

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Unit: NT\$Thousand

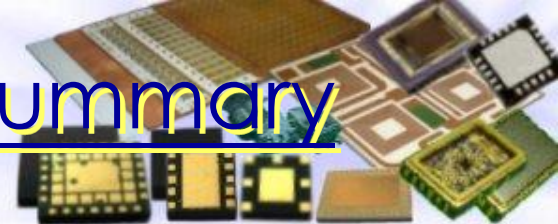
|                          | Y2018 First Nine Months |        | Y2017 First Nine Months |        | Chg %  |
|--------------------------|-------------------------|--------|-------------------------|--------|--------|
|                          | (Reviewed)              | %      | (Reviewed)              | %      |        |
| Net Revenue              | 5,496,436               | 100.0% | 5,750,923               | 100.0% | -4.4%  |
| Cost of Sales            | 4,112,573               | 74.8%  | 4,418,329               | 76.8%  | -6.9%  |
| Gross Profit             | 1,383,863               | 25.2%  | 1,332,594               | 23.2%  | 3.8%   |
| Operating Expenses       | 588,020                 | 10.7%  | 550,311                 | 9.6%   | 6.9%   |
| Operating Income         | 795,843                 | 14.5%  | 782,283                 | 13.6%  | 1.7%   |
| Non-Operating Items      | 85,306                  | 1.6%   | (47,157)                | -0.8%  | 280.9% |
| Income before Income Tax | 881,149                 | 16.0%  | 735,126                 | 12.8%  | 19.9%  |
| EPS(NT\$) before Tax     | 5.33                    |        | 4.47                    |        |        |
| Income Tax Expense       | 162,303                 | 3.0%   | 61,846                  | 1.1%   | 162.4% |
| Net Income               | 718,846                 | 13.1%  | 673,280                 | 11.7%  | 6.8%   |
| EPS(NT\$) after Tax      | <u>4.35</u>             |        | <u>4.09</u>             |        |        |

\*2018 First Nine Months Weighted Average Outstanding Shares : 165.36Million

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# 3Q 18 Operating Results Summary



**consolidated**

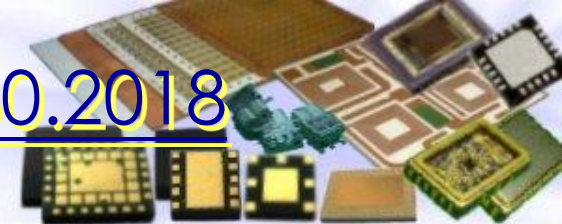
| Unit: NT\$Thousand   | 3Q 2018<br>(Reviewed) | 2Q 2018<br>(Reviewed) | 3Q 2017<br>(Reviewed) |
|----------------------|-----------------------|-----------------------|-----------------------|
| Net Revenues         | 2,012,241             | 1,760,073             | 2,097,312             |
| Net Income           | 359,707               | 199,769               | 383,093               |
| EPS(NT\$) before Tax | 2.74                  | 1.54                  | 2.46                  |
| EPS(NT\$) after Tax  | 2.18                  | 1.21                  | 2.32                  |
| Depreciation         | 218,150               | 226,614               | 249,661               |
| Capital Expenditure* | 169,067               | 121,926               | 154,061               |
| EBITDA**             | 673,797               | 483,272               | 661,295               |

\*Additions to property, plant and equipment

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



# Balance Sheet Highlight – 9.30.2018



**consolidated**

| Unit: NT\$Thousand  | 9.30.2018<br>(Reviewed) | %      | 9.30.2017<br>(Reviewed) | %      |
|---|-------------------------|--------|-------------------------|--------|
| Cash and Cash Equivalents                                     | 4,861,135               | 40.1%  | 5,491,003               | 42.9%  |
| Current financial assets at fair value through profit or loss | 100,282                 | 0.8%   | 828                     | 0.0%   |
| Fixed Assets  | 4,165,557               | 34.4%  | 4,518,397               | 35.3%  |
| Total Assets  | 12,124,939              | 100.0% | 12,787,598              | 100.0% |
| Long-term borrowings, current portion                         | -                       | 0.0%   | 704,724                 | 5.5%   |
| Long-term borrowings  | 65,000                  | 0.5%   | 65,000                  | 0.5%   |
| Shareholders' Equity  | 10,177,550              | 83.9%  | 10,110,847              | 79.1%  |
| Depreciation-YTD  | 673,510                 |        | 773,086                 |        |
| Capital Expenditure-YTD*                                      | 425,441                 |        | 468,254                 |        |
| EBITDA-YTD**  | 1,564,148               |        | 1,533,546               |        |

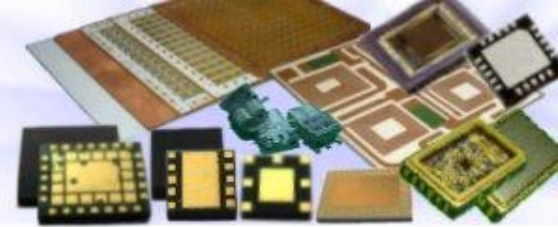
\*Additions to property, plant and equipment

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





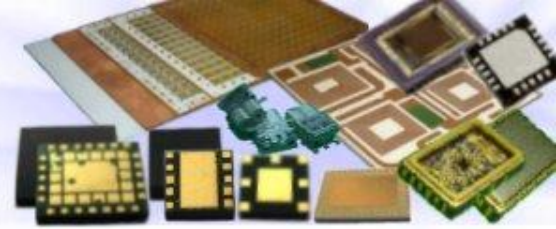
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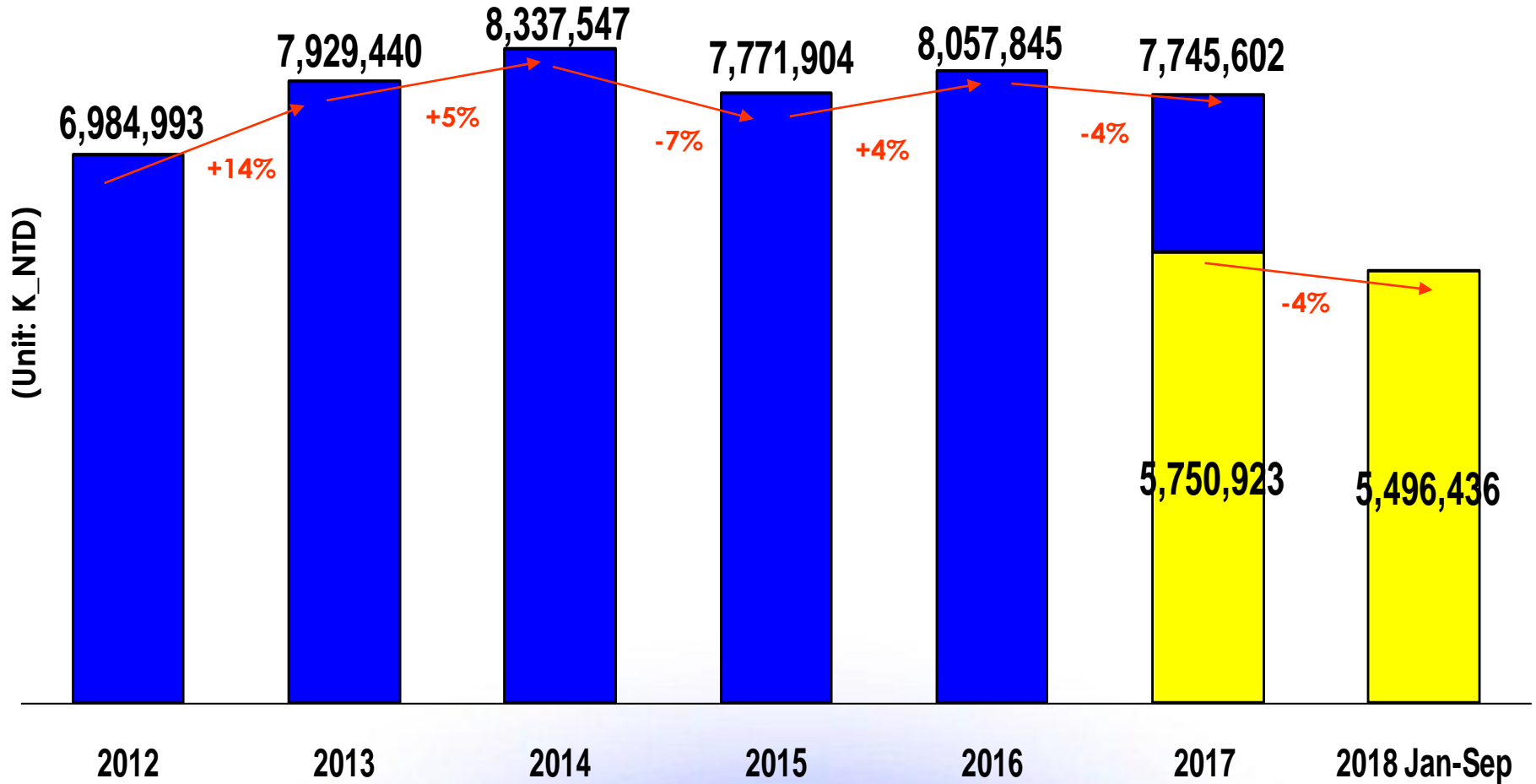
1. Financial Update
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# Tong Hsing Revenue History

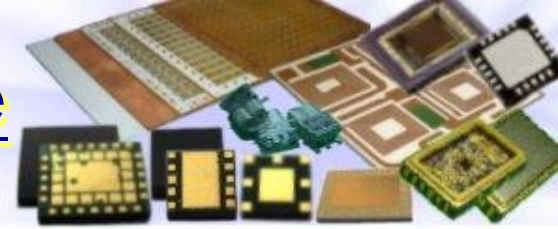


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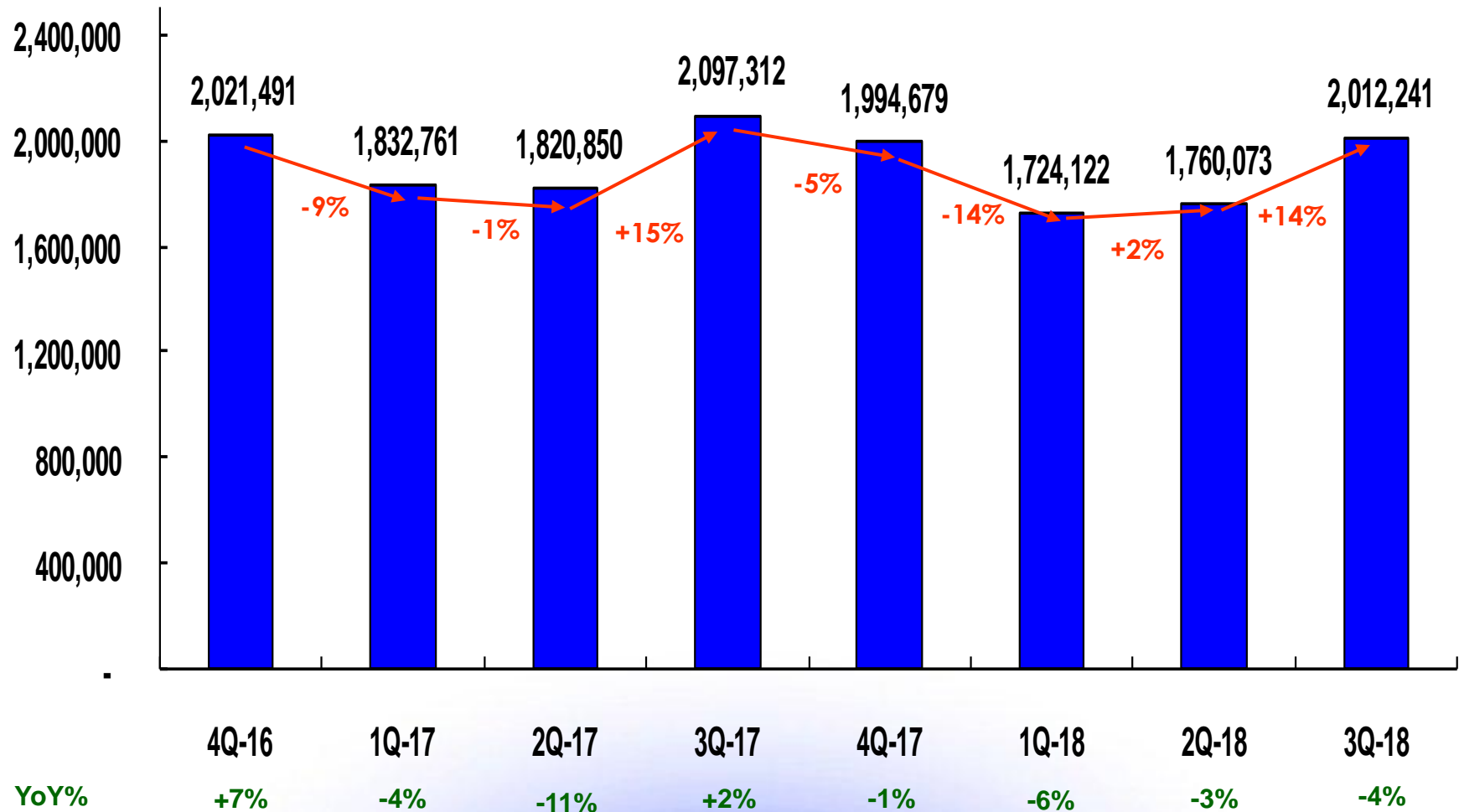


# Tong Hsing Quarterly Revenue



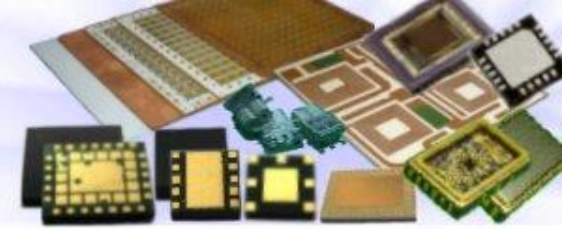
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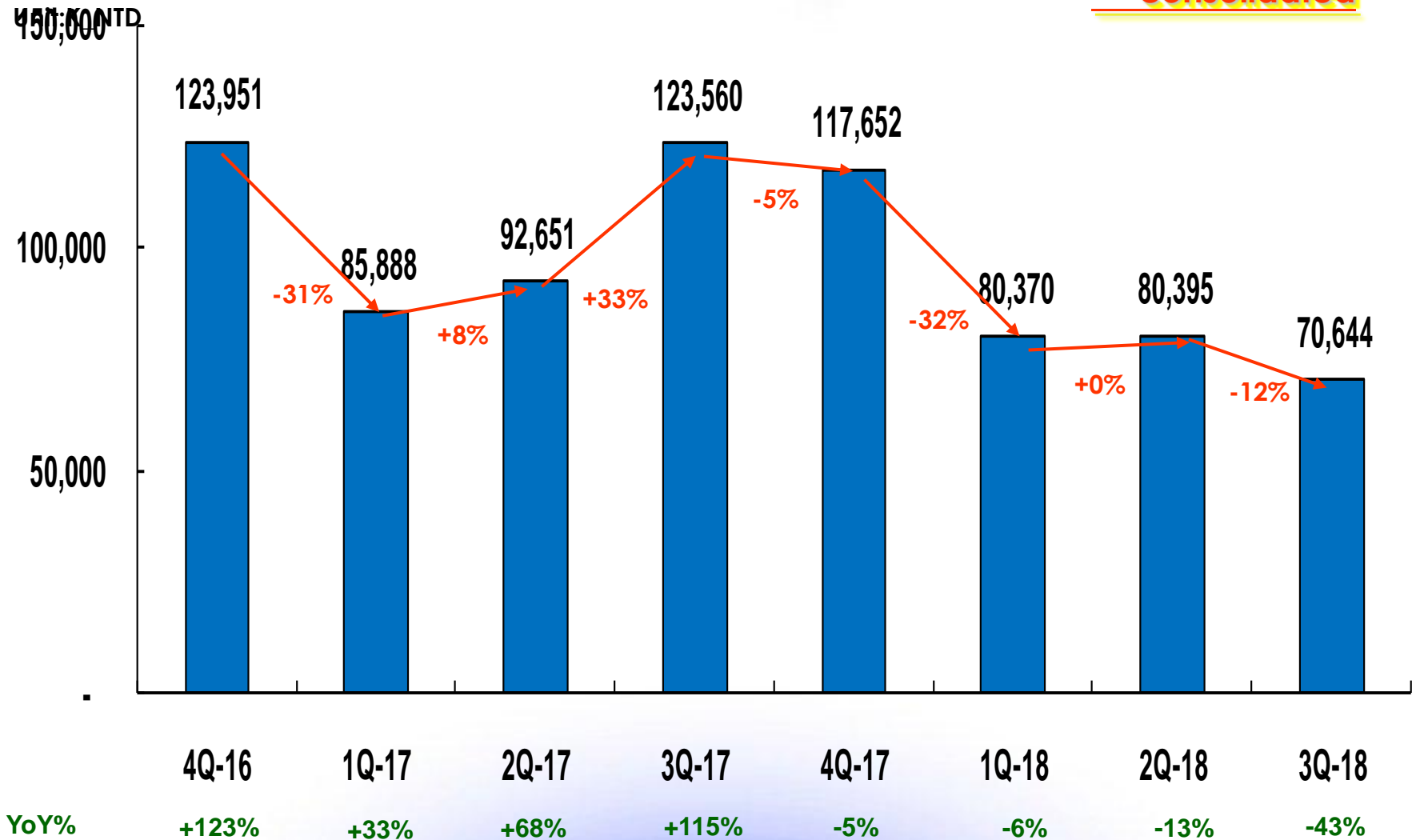




# RF Module Quarterly Revenue Trend



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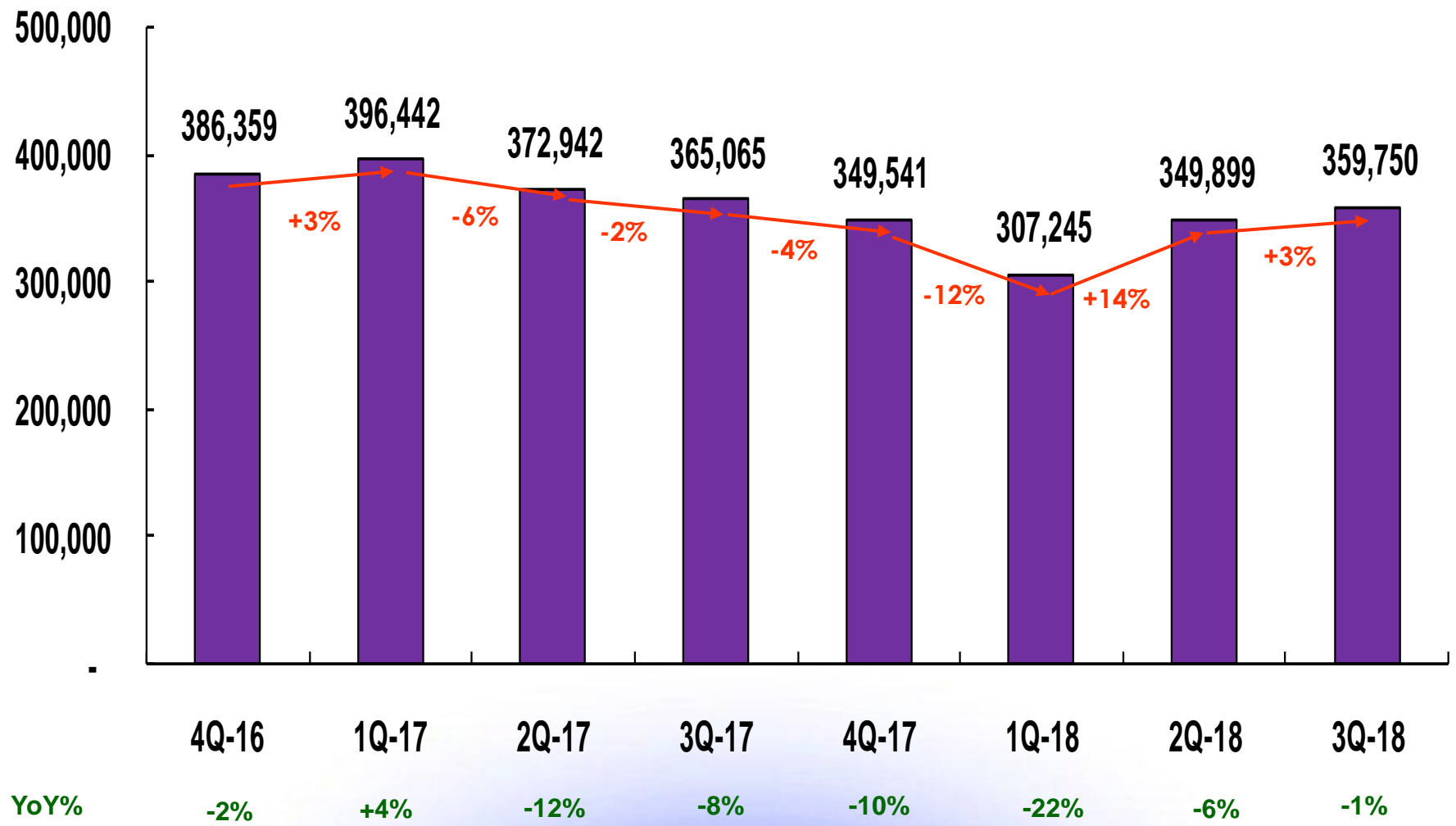


# Hybrid Modules & Specialty Packaging Quarterly Revenue Trend



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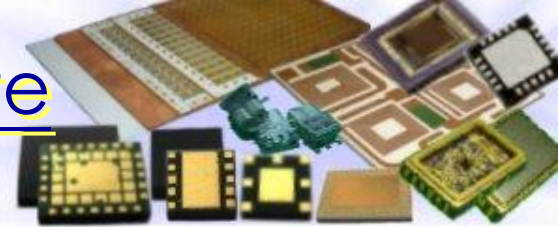
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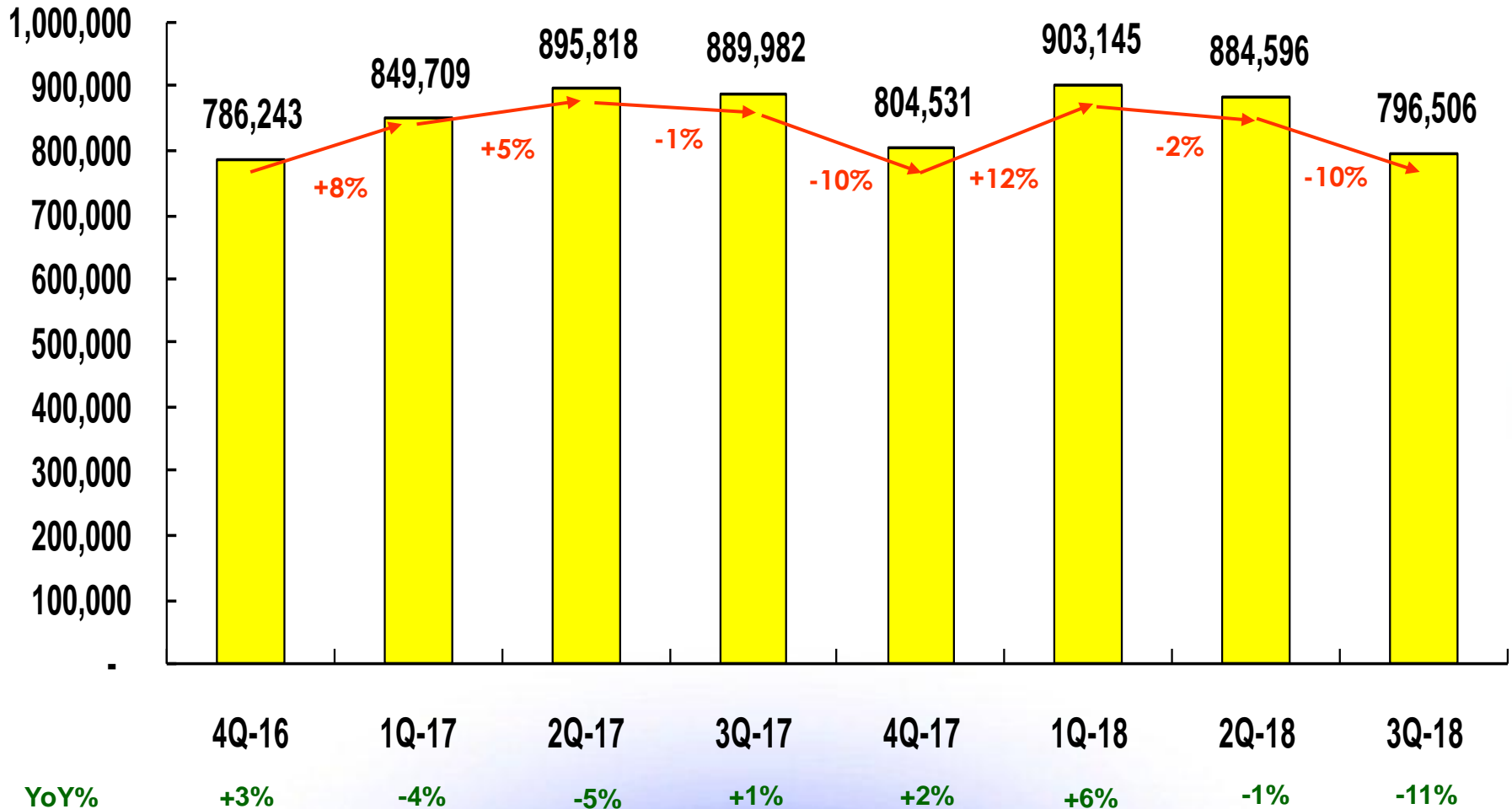


# Ceramic Metallized Substrate Quarterly Revenue Trend



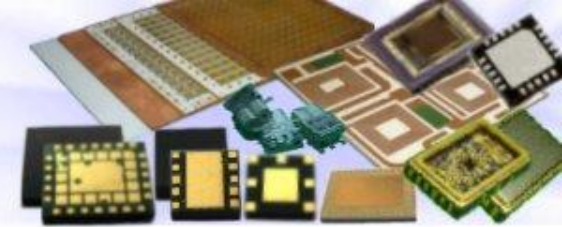
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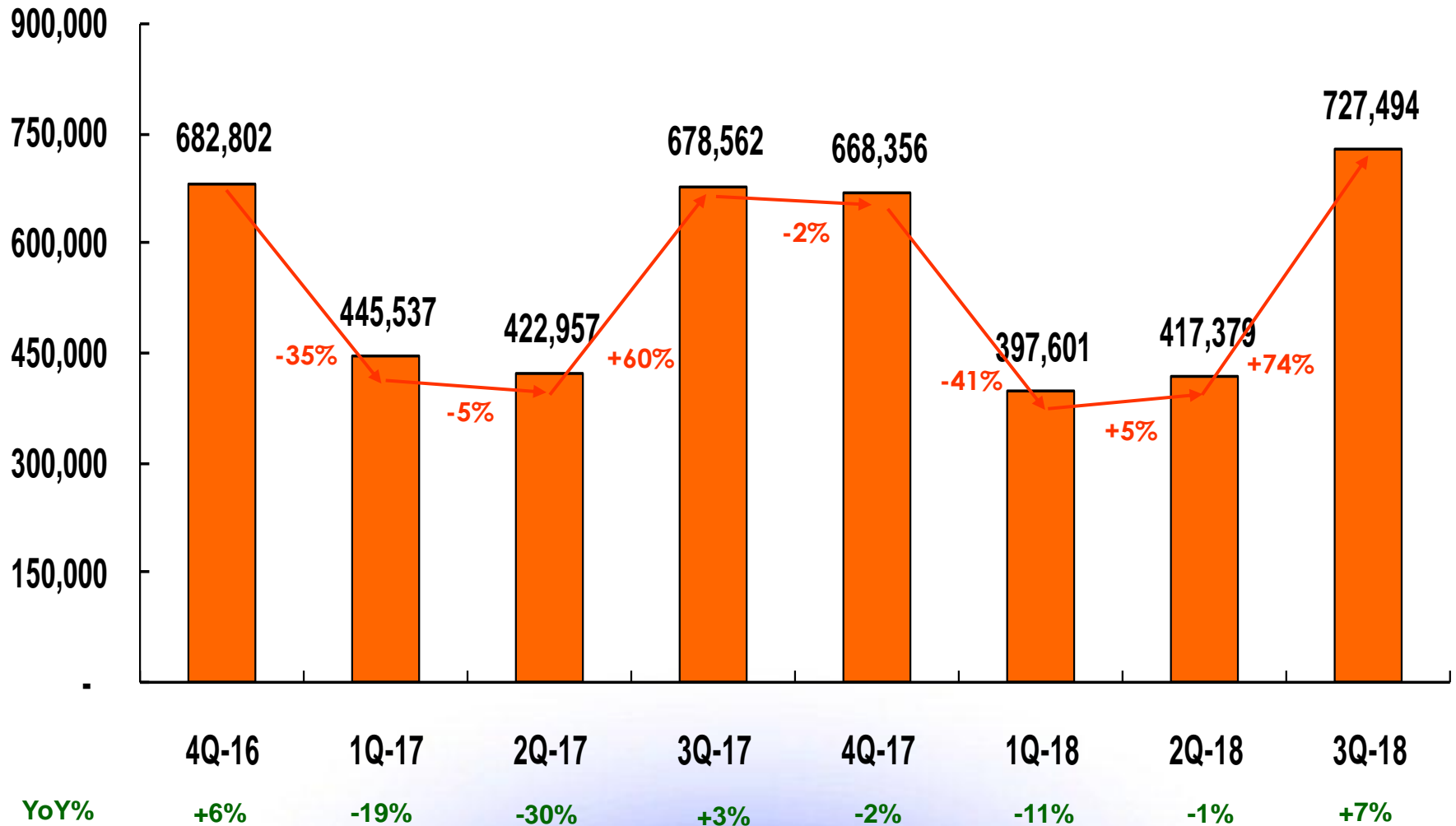


# Image Products Quarterly Revenue Trend



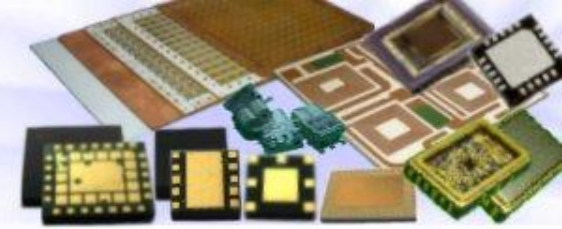
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Unit:K\_NTD



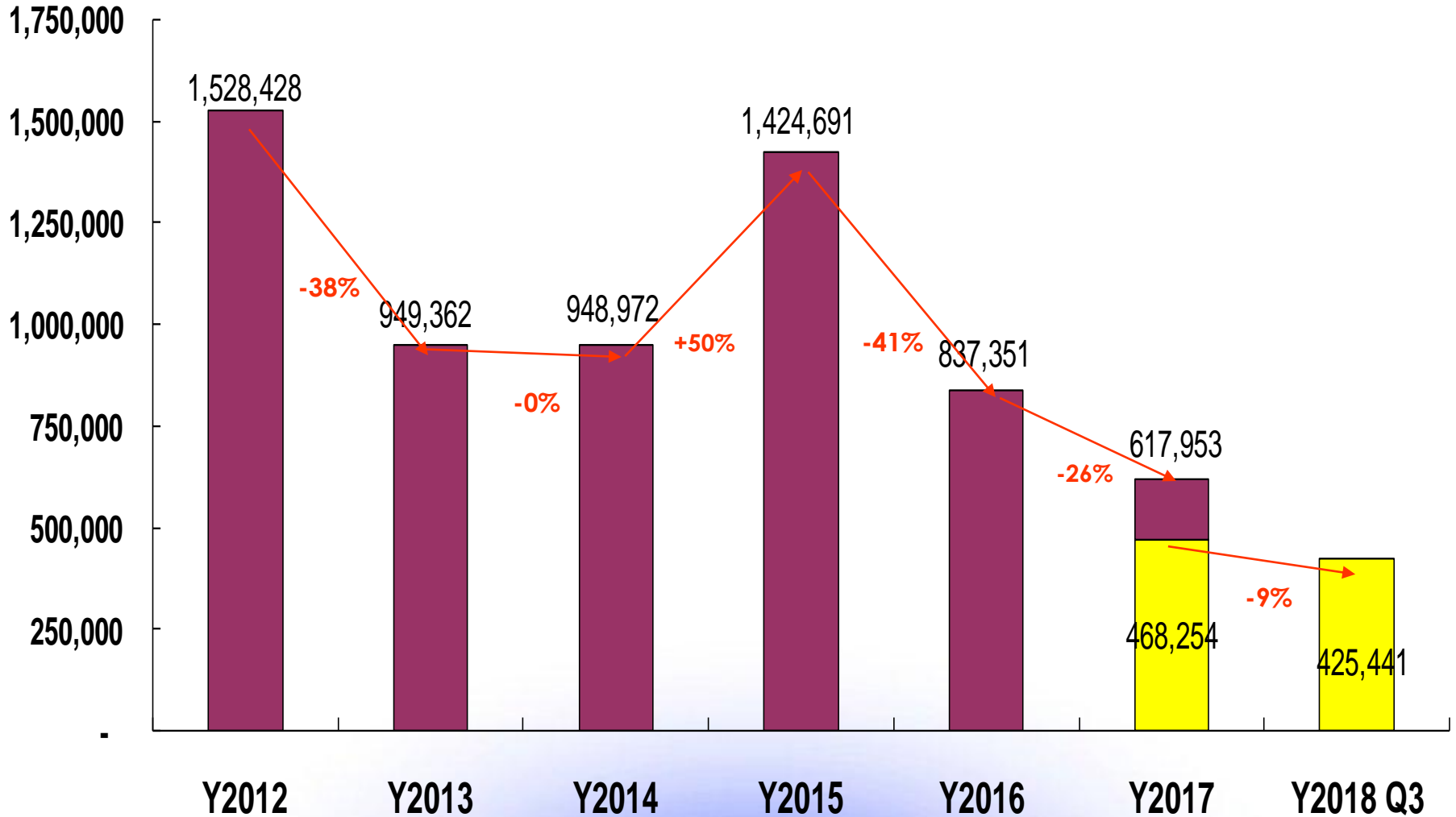


# Capital Expenditure



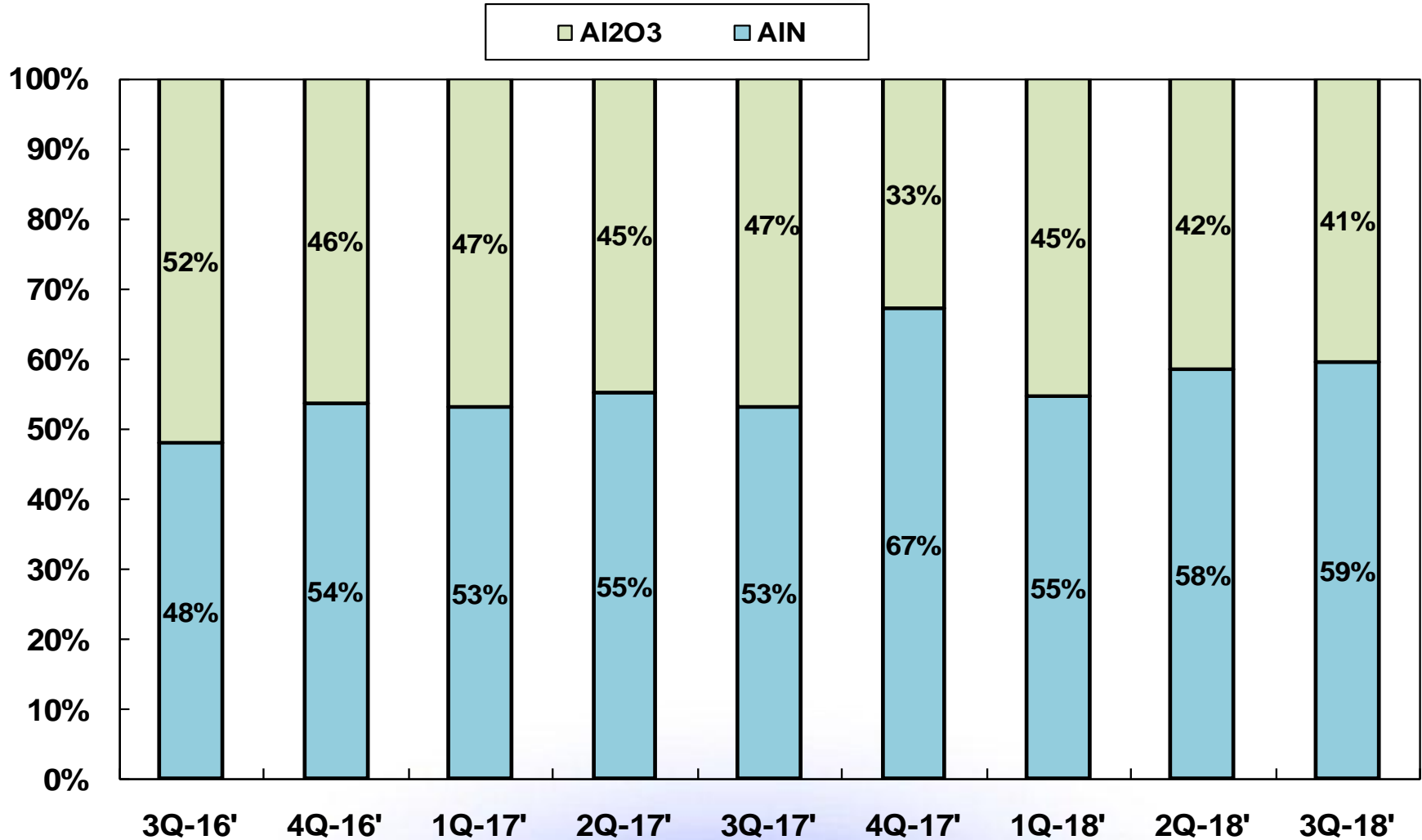
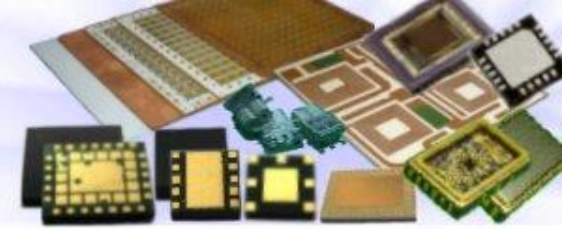
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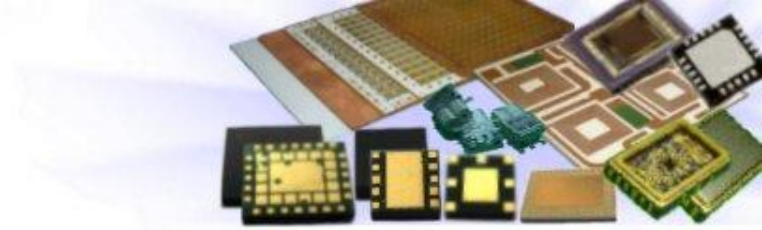
Unit:K\_NTD





# Al<sub>2</sub>O<sub>3</sub> VS AlN





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