

Global Unichip Corp. (GUC) Reports Financial Results for 2Q18

Hsinchu – Aug 3, 2018 -- Global Unichip Corporation (TAIEX: 3443) today announced consolidated net sales of NT\$3,234 million, income from operations of NT\$272 million, net income of NT\$225 million, and basic earnings per share of NT\$1.68 for the second quarter ended June 30, 2018.

Financial Summary

<i>(In NT\$M except EPS and percentage)</i>	2Q18	1Q18	QoQ	2Q17	YoY
Net Sales	3,234	2,758	17%	2,699	20%
Income from Operations	272	235	16%	189	44%
Net Income	225	207	9%	174	29%
EPS (NT\$)	1.68	1.54	9%	1.29	30%
Cash Flows from Operations	803	-171	570%	-49	1739%

Please visit GUC's website (<http://www.guc-asic.com>) for details.

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Consolidated Net Sales Analysis

Consolidated net sales in 2Q18 were NT\$3,234 million, increased 17% quarter-over-quarter and increased 20% year-over-year.

The table below presents net sales for reportable segments and the comparison of quarter-over-quarter and year-over-year, details were as follow:

(In NT\$M except percentages)	2Q18		1Q18		QoQ	2Q17	YoY
	Amount	% of net sales	Amount	% of net sales			
NRE	991	31%	992	36%	0%	457	17%
Turnkey	2,182	67%	1,741	63%	25%	2,202	82%
Others	61	2%	25	1%	144%	40	1%
Net Sales	3,234	100%	2,758	100%	17%	2,699	100%

The following tables present sales and ratios by technology, region, and application breakdown compared to the previous quarter and the same period in 2017.

NRE by Technology (In NT\$M except percentages)	2Q18		1Q18		2Q17	
	Amount	%	Amount	%	Amount	%
7nm	372	38%	15	1%	4	1%
16nm	369	37%	264	27%	5	1%
28nm	146	15%	485	49%	292	64%
40nm	43	4%	105	11%	118	26%
65nm Above	61	6%	123	12%	38	8%
Total	991	100%	992	100%	457	100%

Revenues from advanced technologies (mean 40nm and below) accounted for 94% of NRE revenues in 2Q18, increased 6 percentage points quarter-over-quarter and 2 percentage points year-over-year.

Turnkey by Technology (In NT\$M except percentages)	2Q18		1Q18		2Q17	
	Amount	%	Amount	%	Amount	%
7nm	535	25%	0	0%	0	0%
16nm	57	3%	5	0%	757	34%
28nm	336	15%	450	26%	253	12%
40nm	268	12%	178	10%	208	9%
65nm Above	986	45%	1,108	64%	984	45%
Total	2,182	100%	1,741	100%	2,202	100%

Revenues from advanced technologies (mean 40nm and below) represented 55% of Turnkey revenues in 2Q18, increased 19 percentage points quarter-over-quarter and remained the same level year-over-year.

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Net Sales by Technology <i>(In NT\$M except percentages)</i>	2Q18		1Q18		2Q17	
	Amount	%	Amount	%	Amount	%
7nm	906	28%	15	1%	4	0%
16nm	429	13%	281	10%	777	29%
28nm	535	17%	942	34%	561	21%
40nm	316	10%	287	10%	328	12%
65nm Above	1,048	32%	1,233	45%	1,029	38%
Total	3,234	100%	2,758	100%	2,699	100%

Advanced technologies (mean 40nm and below) accounted for 68% of net sales in 2Q18, increased 13 percentage points quarter-over-quarter and also increased 6 percentage points year-over-year.

Net Sales by Application <i>(In NT\$M except percentages)</i>	2Q18		1Q18		2Q17	
	Amount	%	Amount	%	Amount	%
Communication	457	14%	583	21%	609	22%
Computer	1,215	38%	465	17%	910	34%
Consumer	1,311	40%	1,337	48%	1,016	38%
Others	251	8%	373	14%	164	6%
Total	3,234	100%	2,758	100%	2,699	100%

Revenues from consumer accounted for 40% of net sales in 2Q18, decreased 8 percentage points quarter-over-quarter and increased 2 percentage points year-over-year; revenues from communication accounted for 14% of net sales in 2Q18, decreased 7 percentage points quarter-over-quarter and decreased 8 percentage points year-over-year; revenues from computer accounted for 38% of net sales in 2Q18, increased 21 percentage points quarter-over-quarter and 4 percentage points year-over-year.

Net Sales by Region <i>(In NT\$M except percentages)</i>	2Q18		1Q18		2Q17	
	Amount	%	Amount	%	Amount	%
Taiwan	587	18%	842	31%	451	17%
USA	565	17%	606	22%	520	19%
China	525	16%	565	20%	856	32%
Japan	1,129	35%	313	11%	151	5%
Korea	183	6%	222	8%	343	13%
Europe	245	8%	210	8%	378	14%
Total	3,234	100%	2,758	100%	2,699	100%

Revenues from Japan accounted for 35% of net sales in 2Q18, increased 24 percentage points quarter-over-quarter and increased 30 percentage points year-over-year; revenues from China accounted for 16% of net sales in 2Q18, decreased 4 percentage points quarter-over-quarter and also decreased 16 percentage points year-over-year.

Consolidated Net Sales, Cost of Sales and Gross Margin

(In NT\$M except percentages)	2Q18		1Q18		QoQ	2Q17		YoY
	Amount	% of net sales	Amount	% of net sales		Amount	% of net sales	
Net Sales	3,234	100.0%	2,758	100.0%	17%	2,699	100.0%	20%
Cost of sales	2,232	69.0%	1,827	66.2%	22%	1,978	73.3%	13%
Gross profit	1,002	31.0%	931	33.8%	8%	721	26.7%	39%

Gross margin rate was 31.0% in 2Q18, decreased compare to 1Q18 but still higher than 2Q17. Our gross margin percentage may fluctuate in future periods depending on the mix of products sold, design services provided, competitive pricing, and other factors.

Expenses in Sales, Marketing, General, Administration, Research and Development

(In NT\$M except percentages)	2Q18		1Q18		QoQ	2Q17		YoY
	Amount	% of net sales	Amount	% of net sales		Amount	% of net sales	
SG&A Exp	166	5.1%	149	5.4%	11%	151	5.6%	10%
R&D Exp	563	17.4%	547	19.8%	3%	381	14.1%	48%
Total operating expenses	729	22.5%	696	25.2%	5%	532	19.7%	37%

Total operating expenses in 2Q18 represented 22.5% of net sales; operating expenses growth in 2Q18 compared with the previous quarter and the same period last year is 5% and 37% respectively, mainly due to human resource and service fee increase.

(In NT\$M except shares and EPS)	2Q18			1Q18			2Q17		
	Net Income	Shares (million)	EPS (NT\$)	Net Income	Shares (million)	EPS (NT\$)	Net Income	Shares (million)	EPS (NT\$)
	225	134.012	1.68	207	134.012	1.54	174	134.012	1.29

Net income in 2Q18 was NT\$225 million and EPS was NT\$1.68

Financial Condition Review

	Unit: NT\$M		
	6.30, 2018	3.31, 2018	6.30, 2017
Assets			
Cash and cash equivalents	4,596	4,737	2,984
Accounts receivable, net	893	979	879
Inventories	1,880	1,612	1,250
Other current assets	751	372	1,057
Total current assets	8,120	7,700	6,170
Property, plant and equipment	690	693	365
Other non-current assets	507	470	268
Total assets	9,317	8,863	6,803
Liabilities			
Current liabilities	5,320	4,459	3,224
Non-current liabilities	184	150	66
Total liabilities	5,504	4,609	3,290
Equity			
Capital stock	1,340	1,340	1,340
Other equity	2,473	2,914	2,173
Total equity	3,813	4,254	3,513
Liab. & Shareholders' Equity			
Total liabilities and equity	9,317	8,863	6,803

Key Indices

	6.30, 2018	3.31, 2018	6.30, 2017
Current ratio(%)	153	173	191
A/R turnover days	28	31	30
Inv. turnover days	68	69	47
Net working capital (NT\$M)	2,799	3,241	2,946

Net working capital was NT\$2,799 million and current ratio was 153%. Cash and cash equivalent was NT\$4,596 million as of June 30, 2018, decreased NT\$141 million from Mar 31, 2018, which is because of inventory increase. Total liabilities increased by NT\$895 million to NT\$5,504 million from Mar 31, 2018, mainly due to customer prepayments. Net accounts receivable and inventory were NT\$893 million and NT\$1,880 million, respectively.

Net working capital was at NT\$2,799 million and current ratio was 153%.



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Days of A/R turnover and Inventory turnover for 20181H were 28 days and 68 days, respectively.

Cash flow analysis

Unit: NT\$M

	2Q18	1Q18	2Q17
Cash flows from operating activities:			
Income before income tax	803	(171)	(49)
Depreciation and amortization	266	238	202
Other operating sources/(uses)	101	93	62
	436	(502)	(313)
Cash flows from investing activities:			
Acquisition of available-for-sale financial assets	(278)	(182)	(75)
Acquisition of property, plant and equipment	0	0	(740)
Acquisition of intangible assets	(213)	(139)	(17)
	(71)	(45)	(65)
Proceeds from disposal of available-for-sale financial assets	0	0	740
Other investing sources/(uses)	6	2	7
Cash flows from financing activities:			
Cash dividends	(670)	0	(469)
Other financing sources/(uses)	(670)	0	(469)
	0	0	0
Effect of exchange rate changes on cash and cash equivalents	4	0	1
Net increase (decrease) in cash and cash equivalents	(141)	(353)	(592)
Cash and cash equivalents, beginning of period	4,737	5,090	3,576
Cash and cash equivalents, end of period	4,596	4,737	2,984

Operating activities generated cash of NT\$803 million in 2Q18 because of customer prepayments.

Investing activities used cash of NT\$278 million during this quarter mainly due to the acquisitions of equipment.

Financing used cash of NT\$670 million during this quarter mainly due to the cash dividend.



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GLOBAL UNICHIP CORP. (GUC) is the Flexible ASIC Leader™ whose customers target IC devices to leading edge computing, communications, and consumer applications. Based in Hsin-chu, Taiwan GUC has developed a global reputation with a presence in China, Europe, Japan, Korea, and North America. GUC is publicly traded on the Taiwan Stock Exchange under the symbol 3443. For more information, please visit GUC's company website (<http://www.guc-asic.com>) for details.

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