

Global Unichip Corp. (GUC) Reports Financial Results for 1Q20

Hsinchu – May 7, 2020 -- Global Unichip Corporation (TAIEX: 3443) today announced consolidated net sales of NT\$3,170 million, income from operations of NT\$74 million, net income of NT\$99 million, and basic earnings per share of NT\$0.74 for the first quarter ended Mar 31, 2020.

Financial Summary

<i>(In NT\$M except EPS and percentage)</i>	<u>1Q20</u>	<u>4Q19</u>	QoQ	<u>1Q19</u>	YoY
Net Sales	3,170	3,297	-4%	2,561	24%
NRE	777	958	-19%	1,067	-27%
Turnkey	2,377	2,287	4%	1,408	69%
Others	16	52	-69%	86	-81%
Gross Profit	765	1,081	-29%	808	-5%
Gross Margin	24.1%	32.8%	--	31.6%	--
Operating Expense	691	738	-6%	683	1%
Income from Operations	74	343	-79%	125	-41%
Operating Margin	2.3%	10.4%	--	4.9%	--
Net Income	99	275	-64%	153	-35%
Net Profit Margin	3.1%	8.3%	--	6.0%	--
EPS (NT\$)	0.74	2.06	-64%	1.14	-35%
Cash from Operating activity	218	-278	-178%	-172	-227%

Topics in This Report:

- Revenue Analysis
- Gross Margin Analysis
- Expense Analysis
- Net Profit & EPS
- Financial Condition Review
- Cash Flow Analysis

Financial Highlights: First Quarter 2020

- Net Sales was NT\$3,170 million, which decreased 4% compared to NT\$3,297 million in 4Q19 but representing a 24% increase from NT\$2,561 million in 1Q19.
- NRE revenue was NT\$777 million, decreased 19% in 1Q20 from 4Q19. Turnkey revenue was NT\$2,377 million, increased 4% in 1Q20 from 4Q19, which is better than guidance released earlier.
- Gross Margin was 24.1%, which is 8.7 percentage points lower than 4Q19 and also decreased 7.5 percentage points than 1Q19.
- Operating Margin was 2.3%, down 8.1 percentage points from 4Q19 and 2.6 percentage points lower than 1Q19.
- Net Margin was 3.1%, down 5.2% compared with 4Q19 and 2.9 percentage points lower than 1Q19.

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Revenue Analysis

● By Segment

NRE by Technology	1Q20	4Q19	1Q19
	%	%	%
Below 7nm	8%	9%	15%
16nm	25%	41%	35%
28nm	34%	34%	31%
40nm	24%	3%	5%
65nm Above	9%	13%	14%
Total	100%	100%	100%

Turnkey by Technology	1Q20	4Q19	1Q19
	%	%	%
Below 7nm	0%	0%	13%
16nm	5%	9%	0%
28nm	44%	42%	25%
40nm	21%	13%	18%
65nm Above	30%	36%	44%
Total	100%	100%	100%

● By Technology/Application/Region

Net Sales by Technology	1Q20	4Q19	1Q19
	%	%	%
Below 7nm	2%	3%	14%
16nm	10%	19%	15%
28nm	41%	40%	29%
40nm	22%	10%	12%
65nm Above	25%	28%	30%
Total	100%	100%	100%

Net Sales by Application	1Q20	4Q19	1Q19
	%	%	%
Communication	8%	10%	12%
Computer	44%	39%	41%
Consumer	33%	35%	37%
Others	15%	16%	10%
Total	100%	100%	100%

Net Sales by Region	1Q20	4Q19	1Q19
	%	%	%
Taiwan	17%	13%	15%
USA	38%	30%	26%
China	21%	21%	14%
Japan	4%	8%	26%
Korea	13%	12%	14%
Europe	7%	16%	5%
Total	100%	100%	100%

By segment, combined 28 nm and below accounted for 67% of total NRE revenue in 1Q20, and mostly from 28nm. 7nm and below accounted for 8%.

For Turnkey revenue, 40nm & 28nm revenue contribution was 65% in 1Q20, and still no revenue contribution from 7nm and below in 1Q20.

By technology, 7nm and below revenue contribution in 1Q20 was 2%, and all of them were from NRE revenue. Advanced technologies (40nm and below) accounted for 75% of total revenue in 1Q20.

By application, revenue contribution from Computer increased sequentially to 44%, which was because of rush orders from server applications.

From a geographic perspective, revenue from China and USA totally accounted for 59% in 1Q20.

Gross Margin Analysis

(In NT\$M except percentages)	1Q20		4Q19		1Q19	
	Amount	% of net sales	Amount	% of net sales	Amount	% of net sales
Cost of sales	2,405	75.9%	2,216	67.2%	1,753	68.4%
Gross profit	765	24.1%	1,081	32.8%	808	31.6%

Gross margin rate was 24.1% in 1Q20, decreased compare to 4Q19 and 1Q19, which was primarily attributable to product mix, and margin of both NRE and TK business in 1Q20 were lower.

Expenses Analysis

(In NT\$M except percentages)	1Q20		4Q19		1Q19	
	Amount	% of net sales	Amount	% of net sales	Amount	% of net sales
SG&A Exp	129	4.1%	157	4.8%	143	5.6%
R&D Exp	562	17.7%	581	17.6%	540	21.1%
Total operating expenses	691	21.8%	738	22.4%	683	26.7%

Total operating expenses in 1Q20 represented 21.8% of net sales; operating expenses in 1Q20 decreased 6.4% sequentially but slightly increased 1.2% on YoY basis.

Net Profit & EPS

(In NT\$M except EPS)	1Q20		4Q19		1Q19	
	Net Income	EPS (NT\$)	Net Income	EPS (NT\$)	Net Income	EPS (NT\$)
	99	0.74	275	2.06	153	1.14

Net income in 1Q20 was NT\$99 million and EPS was NT\$0.74, decreased 64% compared with 4Q19 and decreased 35% on YoY basis.

Financial Condition Review

● Liquidity Analysis

Unit: NT\$M

	Unit: NT\$M		
	03,31,2020	12,31,2019	03,31,2019
Assets			
Cash and cash equivalents	2,586	2,542	3,331
Accounts receivable, net	1,727	1,743	985
Inventories	1,671	1,778	1,223
Other current assets	455	553	362
Total current assets	6,439	6,616	5,901
Property, plant and equipment	930	983	1,051
Other non-current assets	801	742	560
Total assets	8,170	8,341	7,512
Liabilities			
Current liabilities	3,332	3,638	2,724
Non-current liabilities	428	390	266
Total liabilities	3,760	4,028	2,990
Equity			
Total equity	4,410	4,313	4,522
Total liabilities and equity	8,170	8,341	7,512
Net working capital (NT\$M)	3,107	2,978	3,177
Current ratio(%)	193	182	217

At the end of 1Q20, total assets were NT\$8,170 million and total liabilities were NT\$3,760 million. Both decreased sequentially, which was mainly due to decrease of inventory and account payable in 1Q20. Total assets and total liabilities increased on YOY basis, which was because of inventory and advance receipts increase.

Net working capital in 1Q20 was NT\$3,107 million and current ratio was 193%, which was higher than the number at end of 4Q19.

● Receivable and Inventory days

	03,31,2020	12,31,2019	03,31,2019
A/R turnover days	42	40	29
Inv. turnover days	65	78	65

Days of A/R turnover and Inventory turnover in 1Q20 were 42 days and 65 days, respectively. Inventory turnover days decreased compared with 2019.

Cash flow analysis

	Unit: NT\$M		
	1Q20	4Q19	1Q19
Cash flows from operating activities:			
218	(278)	(172)	
(157)	(129)	(393)	
(15)	(15)	(13)	
(2)	(9)	3	
44	(431)	(575)	
2,542	2,973	3,906	
Cash and cash equivalents, beginning of period			
Cash and cash equivalents, end of period	2,586	2,542	3,331

Net cash generated from operating activities was NT\$218 million in 1Q20, which was because of advance receipts increase in 1Q20.

Net cash spent in investing activities was NT\$157 million in 1Q20, which was mainly due to the acquisitions of intangible asset and properties.

Financing activities spent cash of NT\$15 million during this quarter.



The Advanced ASIC Leader

May 7, 2020

GLOBAL UNICHIP CORP. (GUC) is the Advanced 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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