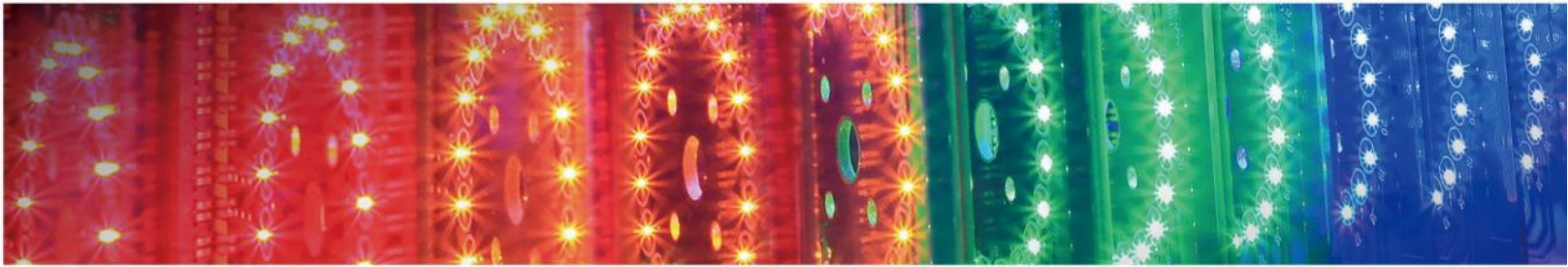


# EPISTAR

2448



## Actualize III-V Semiconductor Potential



..... Co-activation Service Model

..... Full Spectrum LED Chips Portfolio

..... Chip Solution for Various Applications

# Safe Harbor Notice

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These presentation materials include forward-looking statements that are subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.

The factors that could cause actual results including, but not limited to current uncertainty in global market conditions, our development in new technologies and products, our ability to lower costs, the complexity of our manufacturing processes, the availability of raw materials, and the difficulties of estimating future market demand.

Our industry and business are constantly evolving and we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

# Quick Glance at Epistar

**Founded** : September 1996

**Chairman** : Dr. B. J. Lee

**President** : Mr. Patrick Fan

**Paid-in Capital** : NTD 10.9 Billions (~ US\$ 373 M)

**Products** :

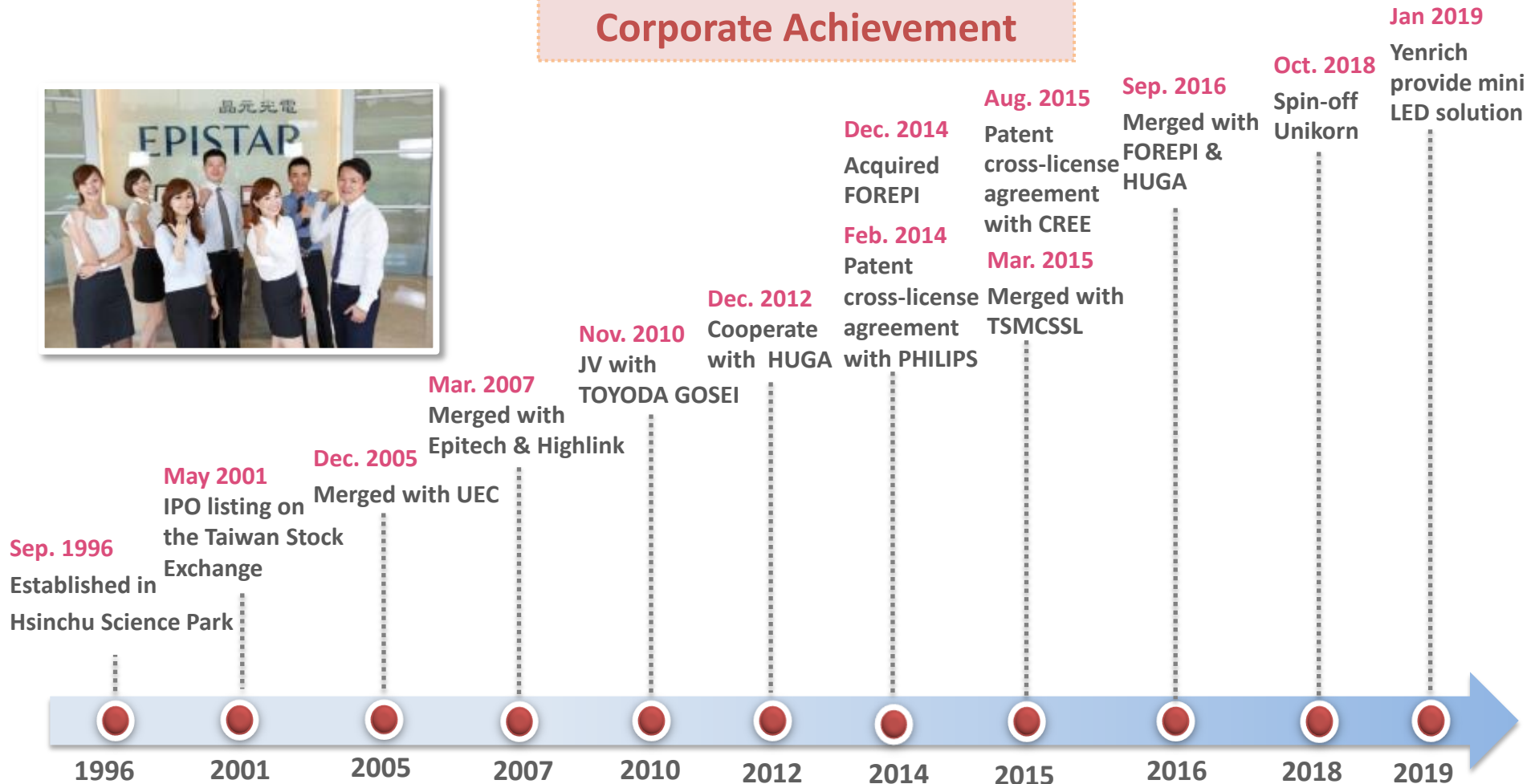
- AlGaInP LED EPI-wafers and chips
- InGaN LED EPI-wafers and chips
- UV / Infrared LED chips
- VCSEL Foundry Services
- III-V solar cells

**Employee** : 3,319 staff (update: Jan, 2020)



# History & Milestones

## Corporate Achievement



# Balance Sheets

(In NT billions excepted otherwise noted)	2019.12.31		2019.09.30		2018.12.31	
Cash & Marketable Securities	6.4	10.9%	5.7	9.5%	6.3	10.0%
Accounts Receivable	9.2	15.7%	9.4	15.7%	10.4	16.6%
Inventory	3.3	5.6%	3.8	6.4%	4.7	7.5%
Long-Term Investment	0.7	1.2%	0.7	1.2%	1.1	1.8%
Net PP&E	20.6	35.1%	21.1	35.3%	22.4	35.7%
<b>Total Assets</b>	<b>58.7</b>	<b>100.0%</b>	<b>59.8</b>	<b>100.0%</b>	<b>62.7</b>	<b>100.0%</b>
Current Liabilities	7.0	11.9%	7.1	11.9%	9.1	14.5%
Long-Term Interest-bearing Debt	1.0	1.7%	0.6	1.0%	0.4	0.6%
<b>Total Liabilities</b>	<b>11.5</b>	<b>19.6%</b>	<b>11.4</b>	<b>19.1%</b>	<b>11.8</b>	<b>18.8%</b>
<b>Total Shareholders' Equity</b>	<b>47.2</b>	<b>80.4%</b>	<b>48.4</b>	<b>80.9%</b>	<b>50.9</b>	<b>81.2%</b>

# 2019 4Q Income QoQ Comparison

(In NT millions except otherwise noted)	4Q 2019		3Q 2019		QoQ	
Sales revenue	4,007	100.0%	4,172	100.0%	(165)	(4.0%)
Gross loss	(58)	(1.4%)	(45)	(1.1%)	13	28.9%
Operating expenses	(921)	(23.0%)	(894)	(21.4%)	27	3.0%
Net other income and expenses	115	2.9%	64	1.5%	51	79.7%
Operating loss	(864)	(21.6%)	(875)	(21.0%)	(11)	(1.3%)
Net currency exchange loss	(132)	(3.3%)	(47)	(1.1%)	85	180.9%
Interest expense	(35)	(0.9%)	(47)	(1.1%)	(12)	(26.0%)
Other net non-operating income (expenses)	(103)	(2.6%)	27	0.6%	130	481.5%
Loss before income tax	(1,134)	(28.3%)	(942)	(22.6%)	192	20.4%
Loss for the period	(1,286)	(32.1%)	(926)	(22.2%)	360	38.9%
<b>Basic loss per share(NT\$)</b>	<b>(1.14)</b>		<b>(0.79)</b>		<b>0.35</b>	<b>44.3%</b>

# 2019 Income YoY Comparison

(In NT millions except otherwise noted)	2019Y		2018Y		YoY	
Sales revenue	15,960	100.0%	20,307	100.0%	(4,347)	(21.4%)
Gross profit (loss)	(432)	(2.7%)	2,678	13.2%	3,110	116.1%
Operating expenses	(3,517)	(22.0%)	(3,578)	(17.6%)	(61)	(1.7%)
Net other income and expenses	257	1.6%	221	1.1%	36	16.3%
Operating loss	(3,692)	(23.1%)	(679)	(3.3%)	3,013	443.7%
Net currency exchange (loss)gains	(128)	(0.8%)	123	0.6%	251	204.1%
Interest expense	160	1.0%	185	0.9%	(25)	(13.5%)
Other net non-operating income	(94)	(0.6%)	(496)	(2.4%)	(402)	(81.0%)
Loss before income tax	(3,754)	(23.5%)	(867)	(4.3%)	2,887	333.0%
Loss for the period	(3,938)	(24.7%)	(506)	(2.5%)	3,432	678.3%
<b>Basic earnings (loss) per share(NT\$)</b>	<b>(3.48)</b>		<b>(0.42)</b>		<b>3.06</b>	<b>728.6%</b>



# Market Overview and Outlook

- The overall industry still oversupply in the last half of 2019
- Inventories rise substantially among China peers, price-cut and utilization adjustment are inevitable
- Players lacking cost-competiveness or product-differentiation could face Industry shakeout
- Expected Mini LED will gradually increase demand from the last half of 2020



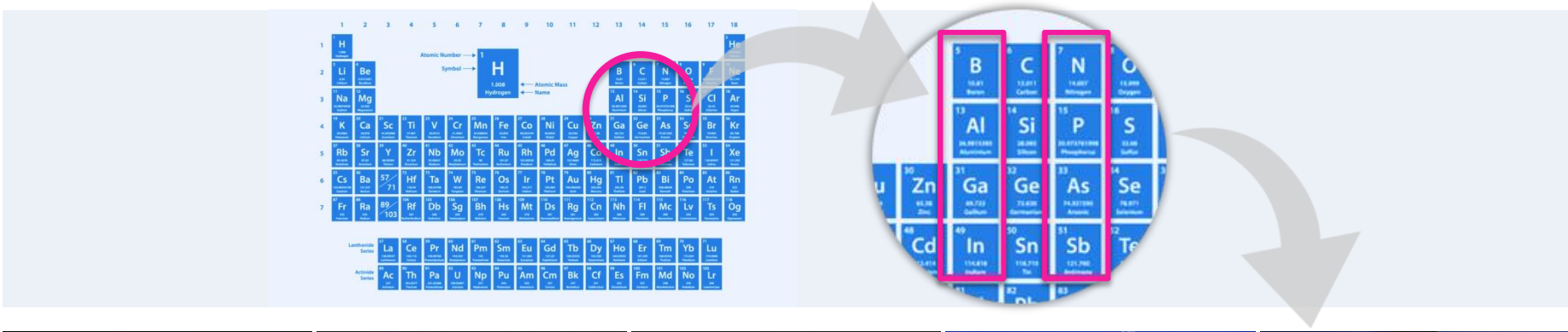


Actualize **LED** Potential



Actualize **III-V Semiconductor** Potential

# 延伸至三五族半導體的應用



## LED

- Illumination
- Signals
- Automotive
- Mobile Application

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## Laser Diodes

- Optical Storage
- Industry Medical
- Projector
- Fiber commutation

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## Power

- PFC / Power/Supply
- PV Inverter/ EV / HEV/UPS

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## RF Electronic

- 5G
- Wireless charge

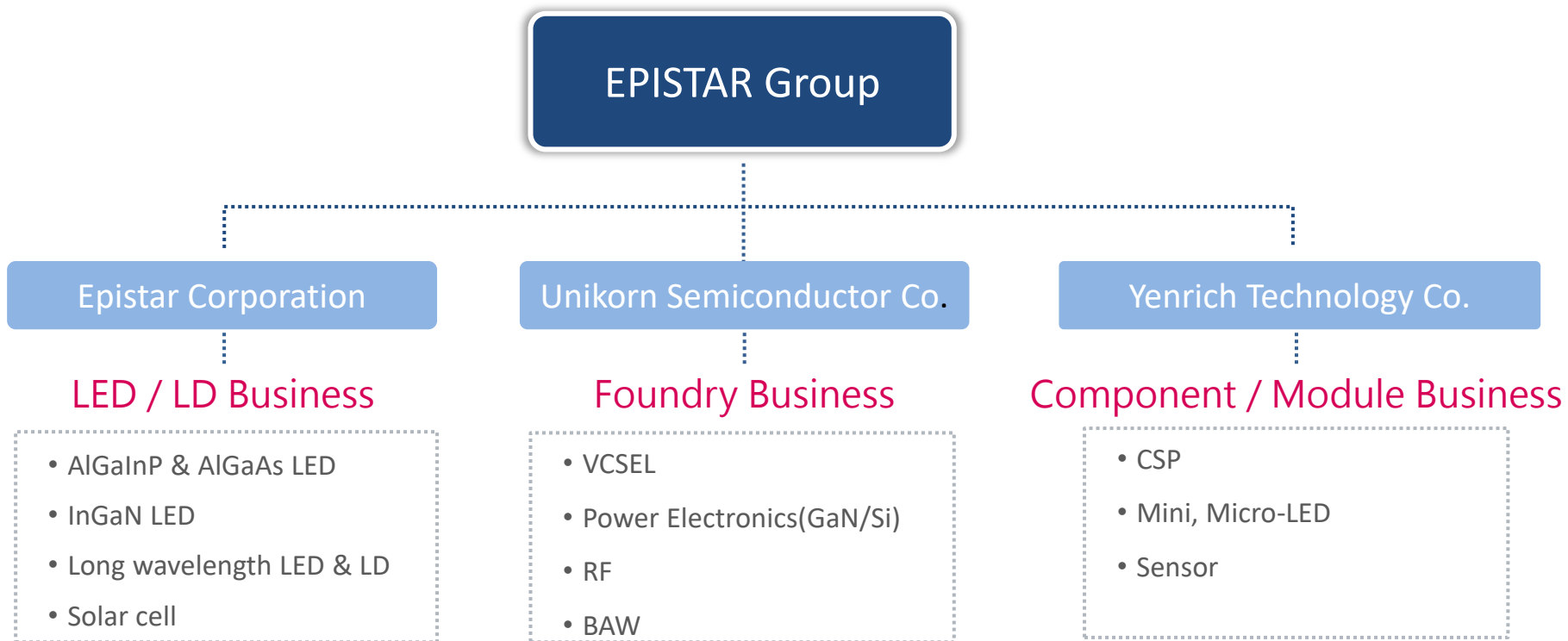
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## Acoustic wave

- BAW Device
- Mobile Phone

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# EPISTAR Group



# New Growth Engines

- Future Display (Mini-LED/Micro-LED)
- New Generation Smart Car – GaN Power/LiDAR
- IoT –/Sensor/Power Module
- 5G World – Solar Cell/BAW....
- 3D Sensing, VR/AR – VCSEL

