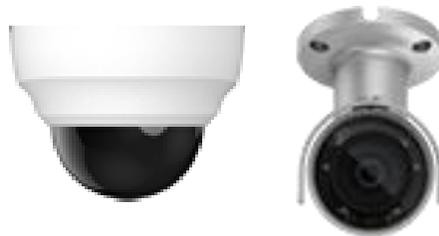
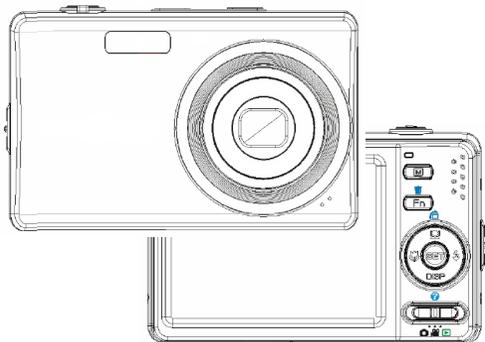


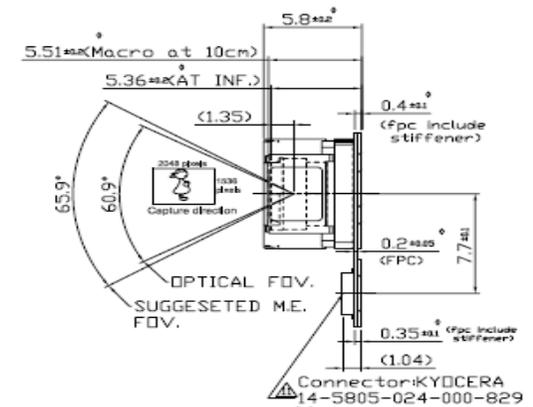


# Ability Enterprise Investor Conference 2018

Dec. 28, 2018



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# Agenda

- **2018 Q3 Financial Result**
  - EMS Pro Forma
- **Outlook**
- **Q&A**



# Consolidated IS EMS Pro Forma

Unit : NT\$ in millions (except EPS in NT\$)

	Jan~Sep '2018		Jan~Sep '2017		YOY	
	Amt	%	Amt	%	Amt	%
<b>Net Sales</b>	5,021	100.0	8,024	100.0	(3,003)	-37.4%
<b>COGS</b>	4,743	94.5	7,049	87.8	(2,306)	-32.7%
<b>Gross Margin</b>	278	5.5	975	12.2	(697)	-71.5%
<b>OP Exp</b>	842	16.8	847	10.6	(5)	-0.6%
<b>OP Income (Loss)</b>	(564)	(11.3)	128	1.6	(692)	-540.5%
<b>Net Non-OP</b>	165	3.3	120	1.5	45	37.2%
<b>PBT</b>	(399)	(8.0)	248	3.1	(647)	-261.0%
<b>Tax</b>	(43)	(0.9)	31	0.4	(74)	-238.0%
<b>Net Income (Loss)</b>	(356)	(7.1)	217	2.7	(573)	-264.3%
<b>After-Tax EPS</b>	(1.26)		0.77		(2.03)	-263.6%



# Con. Non-OP Items- YOY

## EMS Pro Forma

Unit : NT\$ in millions

	Jan~Sep '2018		Jan~Sep '2017		YOY	
	Amt	%	Amt	%	Amt	%
• <i>Interest income</i>	21	0.4	14	0.2	7	50.0%
• <i>Investment income (Loss) accounted for under the equity method</i>	14	0.3	(16)	(0.2)	30	187.5%
• <i>Dividend income</i>	88	1.8	82	1.0	6	7.3%
• <i>Gain on disposal of property, plant and equipment</i>	56	1.1	-	-	56	
• <i>Gain (Loss) on Exchange</i>	15	0.3	(36)	(0.4)	51	141.7%
• <i>Rental income</i>	24	0.5	23	0.3	1	4.3%
• <i>Other income</i>	7	0.1	61	0.8	(54)	-87.8%
<b><i>Total non-operating income</i></b>	<b>225</b>	<b>4.5</b>	<b>128</b>	<b>1.6</b>	<b>97</b>	<b>76.1%</b>
• <i>Impairment loss</i>	(52)	(1.0)	-	-	(52)	
• <i>Other expenses</i>	(8)	(0.2)	(8)	(0.1)	0	0.0%
<b><i>Total non-operating expenses</i></b>	<b>(60)</b>	<b>(1.2)</b>	<b>(8)</b>	<b>(0.1)</b>	<b>(52)</b>	<b>-650.0%</b>
<b><i>Net Non-Operating</i></b>	<b>165</b>	<b>3.3</b>	<b>120</b>	<b>1.5</b>	<b>45</b>	<b>37.9%</b>



# Financial Highlights

## EMS Pro Forma

- Consolidated Net Sales : -37.4% on YOY
- Consolidated Gross Margin : .5.5%, down 6.7% on YOY
- Material cost increased by 2.1% due to component price increase
- After Tax EPS: (\$1.26)



# Consolidated BS-EMS Pro Forma

Unit : NT\$ in millions

	2018/9/30		2017/12/31		Diff	Diff %
	Amt	%	Amt	%		
<b>Total Current Assets</b>	5,062	49.2	6,207	51.7	(1,145)	-18.4%
• Cash & cash equivalents, short-term investment	2,322	22.6	2,709	22.6	(387)	-14.3%
• Notes & accounts receivable	808	7.9	1,482	12.3	(674)	-45.5%
• Inventories	1,252	12.2	1,407	11.7	(155)	-11.0%
<b>Fund &amp; long-term Investments</b>	983	9.6	1,206	10.0	(223)	-18.5%
<b>Property , Plant &amp; Equipment</b>	3,426	33.3	3,801	31.6	(375)	-9.9%
<b>Total Assets</b>	<b>10,291</b>	<b>100.0</b>	<b>12,012</b>	<b>100.0</b>	<b>(1,721)</b>	<b>-14.3%</b>
<b>Total Current Liabilities</b>	2,803	27.2	3,427	28.5	(624)	-18.2%
• Notes & accounts payable	1,640	15.9	2,159	18.0	(519)	-24.0%
• Other payables	553	5.4	822	6.8	(269)	-32.7%
<b>Non-current liabilities</b>	67	0.7	68	0.6	(1)	-1.5%
<b>Total Liabilities</b>	<b>2,870</b>	<b>27.9</b>	<b>3,495</b>	<b>29.1</b>	<b>(625)</b>	<b>-17.9%</b>
• Common Stock	2,824	27.4	2,824	23.5	0	0.0%
• Capital Reserve	1,563	15.2	1,563	13.0	0	0.0%
• Legal Reserve	1,656	16.1	1,735	14.4	(79)	-4.6%
• Retained Earnings	1,753	17.0	2,254	18.8	(501)	-22.2%
• Other Equity	(375)	(3.6)	133	1.1	(508)	-382.0%
<b>Total Stockholders' Equity</b>	<b>7,421</b>	<b>72.1</b>	<b>8,509</b>	<b>70.8</b>	<b>(1,088)</b>	<b>-12.8%</b>
<b>Net Worth / Share (NT\$)</b>	<b>26.28</b>		<b>30.13</b>		<b>(3.85)</b>	<b>-12.8%</b>



## 2018.09.30 B/S Highlights-EMS Pro Forma

- *Debt ratio 28% with 57% payables; 19% accrued exp*
- *Current Ratio is 181%*
- *AP Payment days: 110 days*
- *AR Collection days: 62 days*
- *Inventory turnover days: 77 days*
- *Cash conversion cycle is -29 days*



# Consolidated IS

Unit : NT\$ in millions (except EPS in NT\$)

	Jan~Sep '2018		Jan~Sep '2017		YOY	
	Amt	%	Amt	%	Amt	%
<b>Net Sales</b>	5,747	100.0	8,614	100.0	(2,867)	-33.3%
<b>COGS</b>	5,246	91.3	7,488	86.9	(2,242)	-29.9%
<b>Gross Margin</b>	501	8.7	1,126	13.1	(625)	-55.5%
<b>OP Exp</b>	1,021	17.8	992	11.5	30	3.0%
<b>OP Income (Loss)</b>	(521)	(9.1)	134	1.6	(655)	-488.5%
<b>Net Non-OP</b>	166	2.8	118	1.4	48	40.8%
<b>PBT</b>	(355)	(6.3)	252	3.0	(607)	-241.0%
<b>Tax</b>	(28)	(0.5)	39	0.4	(67)	-173.2%
<b>Cons. Net Income (Loss)</b>	(327)	(5.8)	213	2.6	(540)	-253.3%
<b>Minority interest</b>	30	0.5	(4)	(0.0)	34	868.7%
<b>Net Income (Loss) (After-mi)</b>	(356)	(6.3)	217	2.6	(573)	-264.3%
<b>After-Tax EPS</b>	(1.26)		0.77		(2.03)	-263.6%



# Consolidated BS

Unit : NT\$ in millions

	2018/9/30		2017/12/31		Diff	diff %
	Amt	%	Amt	%		
<b>Total Current Assets</b>	5,699	51.5	6,860	53.6	(1,161)	-16.9%
• <i>Cash &amp; cash equivalents, short-term investment</i>	2,505	22.6	3,012	23.5	(507)	-16.8%
• <i>Notes &amp; accounts receivable</i>	1,109	10.0	1,704	13.3	(595)	-34.9%
• <i>Inventories</i>	1,387	12.5	1,501	11.7	(114)	-7.6%
<b>Fund &amp; long-term Investments</b>	759	6.9	1,148	9.0	(389)	-33.9%
<b>Property , Plant &amp; Equipment</b>	3,614	32.6	3,990	31.2	(376)	-9.4%
<b>Total Assets</b>	<b>11,072</b>	<b>100.0</b>	<b>12,806</b>	<b>100.0</b>	<b>(1,734)</b>	<b>-13.5%</b>
<b>Total Current Liabilities</b>	3,356	30.3	4,017	31.4	(661)	-16.5%
• <i>Short-term bank loans</i>	401	3.6	340	2.7	61	17.9%
• <i>Notes &amp; accounts payable</i>	1,744	15.8	2,330	18.2	(586)	-25.2%
• <i>Other payables</i>	664	6.0	871	6.8	(207)	-23.8%
<b>Non-current liabilities</b>	83	0.7	83	0.6	0	0.0%
<b>Total Liabilities</b>	<b>3,438</b>	<b>31.1</b>	<b>4,100</b>	<b>32.0</b>	<b>(662)</b>	<b>-16.1%</b>
• <i>Common Stock</i>	2,824	25.5	2,824	22.1	0	0.0%
• <i>Capital Reserve</i>	1,563	14.1	1,563	12.2	0	0.0%
• <i>Legal Reserve</i>	1,656	15.0	1,735	13.5	(79)	-4.6%
• <i>Retained Earnings</i>	1,754	15.8	2,254	17.6	(500)	-22.2%
• <i>Other Equity</i>	(375)	(3.4)	133	1.0	(508)	-382.0%
<b>Total equity attributable to owners of parent</b>	<b>7,421</b>	<b>67.0</b>	<b>8,509</b>	<b>66.4</b>	<b>(1,088)</b>	<b>-12.8%</b>
<b>Net Worth / Share (NT\$)</b>	<b>26.28</b>		<b>30.13</b>		<b>(3.85)</b>	



# Q&A

## *Thank You*

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## *Safe Harbor Notice*

We have made forward-looking statements in the presentation. Our forward-looking statements contain information regarding, among other things, our financial conditions, future expansion plans and business strategies. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties, and assumptions about us.

We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events in the conference might not occur and our actual results could differ materially from those anticipated in these forward-looking statements.