

PSA

PASSIVE SYSTEM ALLIANCE

HannStar Board Corporation

HannStar Board Corporation (5469)

2018 Investor Conference

2018/5/11

Safe Harbor Statement

The statements in this release are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual performance, financial condition or results of operations of Hannstar Board Corporation (the “ Company”) to be materially different from what may be implied by such forward-looking statements.

The Company undertakes no obligation to update these forecasts and forward-looking statements for events or circumstances that occur subsequent to such date.

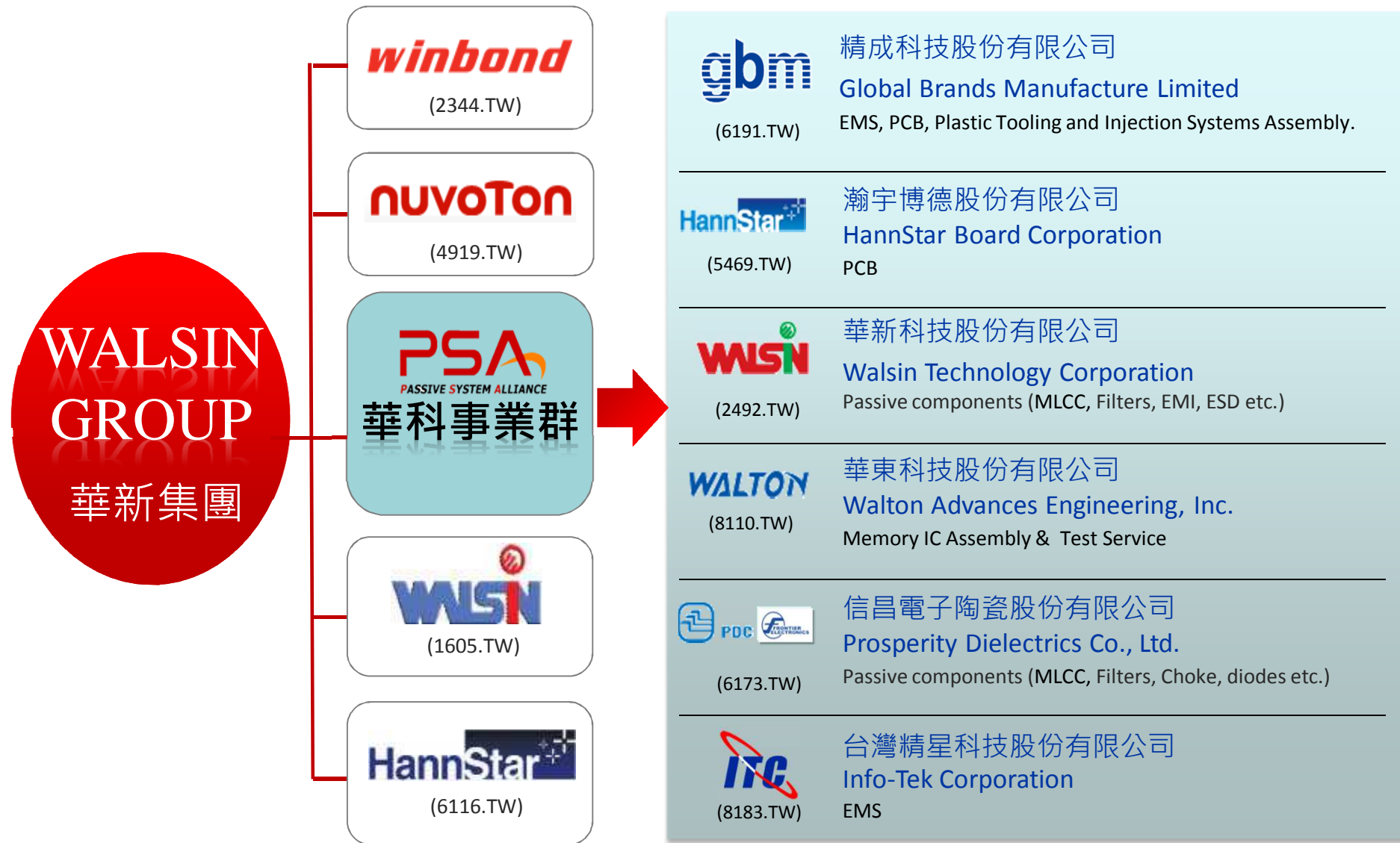
The statements in respect of historical matters may contain unaudited information, which may have certain deficiency or weakness so as not to fairly present financial condition or the result of operations of the Company.

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Introduction

Group Profile



History and Business

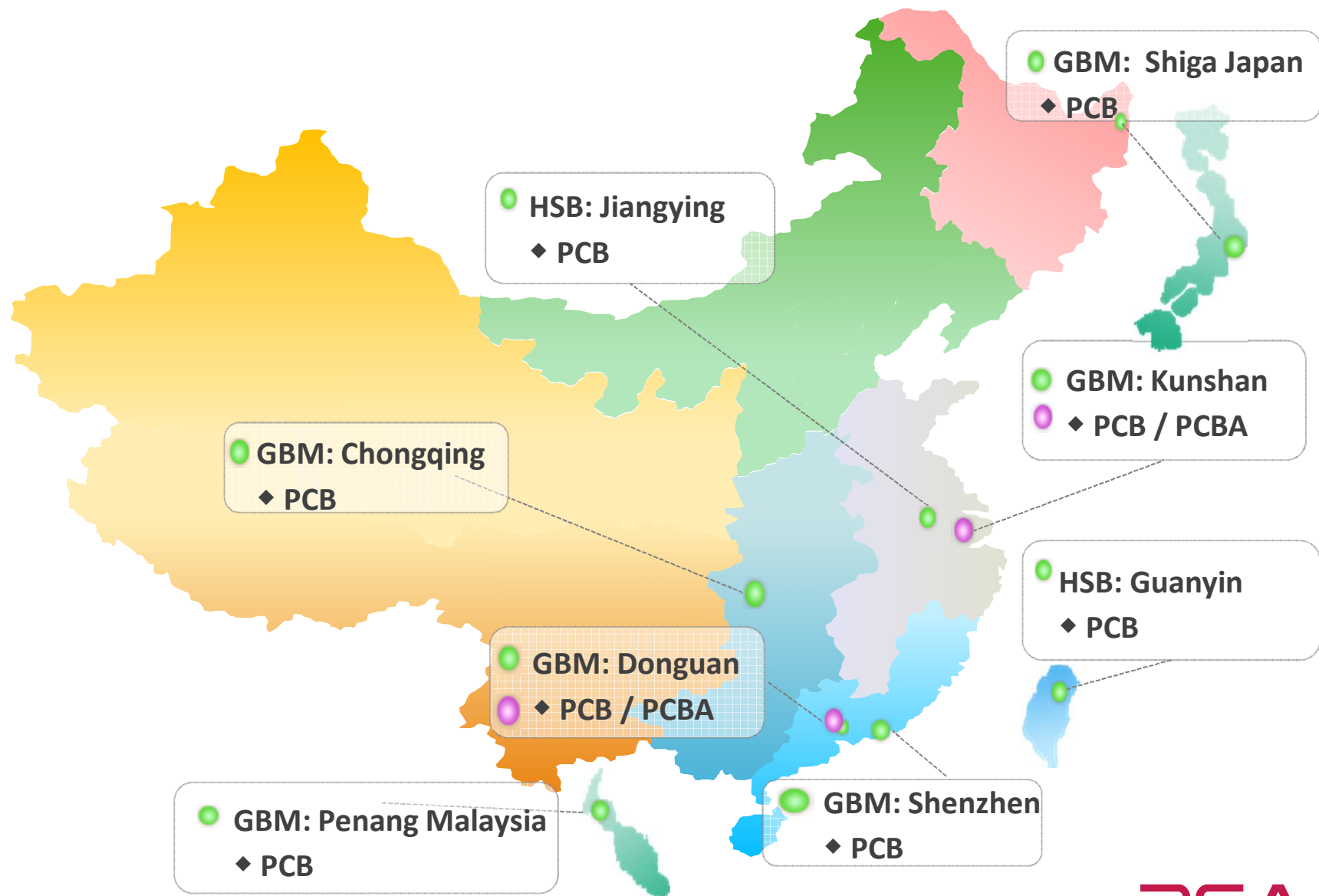


Major Business















HannStar Board Corporation (HSB) mainly fabricates conventional PCBs & HDI PCBs applied to notebook, computer, set-top-box, flat TV, game console, communication device and all kinds of consumer electronics. Recently, also stepped into new field of applications, ex. server, LCD panel, etc.



Global Footprint



World Ranking – YR 2017

Rank	Maker	Country
1	Zhen Ding Technology	 Taiwan
2	Nippon Mektron	 Japan
3	TTM Technologies	 USA
4	Unimicron	 Taiwan
5	Compeq	 Taiwan
6	Tripod	 Taiwan
7	SEMCO	 Korea
8	Sumitomo Denko	 Japan
9	Fujikura	 Japan
10	AT&S	 Austria
11	Ibiden	 Japan
12	M-Flex	 USA
13	Meiko	 Japan
14	Hannstar (PSA)	 Taiwan

Source: Prismark 2018

Financial Results

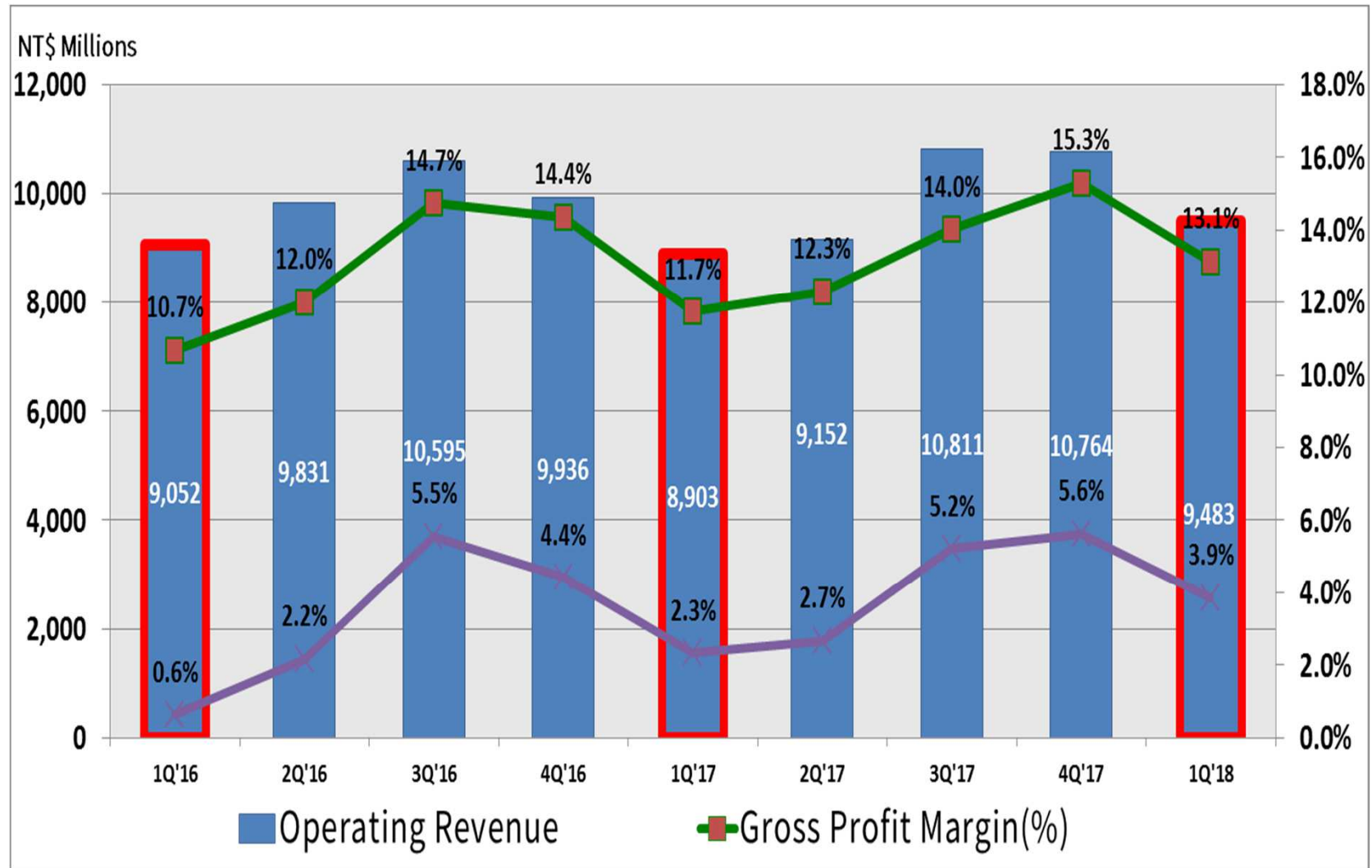
Statement of Comprehensive Income (YoY)

NT\$ Millions	2016	2017	Growth(%)	1Q'18
Operating Revenue	39,415	39,629	1%	9,483
Gross Profit	5,135	5,335	4%	1,246
Operating Profit	1,295	1,621	25%	366
Net Profit Before Tax	1,643	1,693	3%	315
Net Profit	1,257	1,088	-13%	194
Net Income to Shareholders of the Parent Company	945	856	-9%	141
Contribution From GBM	219	168	-23%	38
Contribution From HSB	726	688	-5%	103
EPS (NT Dollar)	2.10	1.90	-10%	0.31
Gross Profit Margin(%)	13.0%	13.5%	0.5%	13.1%
Operating Profit Margin(%)	3.3%	4.1%	0.8%	3.9%
Net Profit Margin(%)	3.2%	2.7%	-0.5%	2.0%

Statement of Profit & Lose –Consolidated(by Q)

	2016				2017				2018
NT\$ Millions	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Operating Revenue	9,052	9,831	10,595	9,936	8,903	9,152	10,811	10,764	9,483
Gross Profit	966	1,181	1,561	1,426	1,046	1,127	1,515	1,647	1,246
Operating Profit	57	212	588	439	207	245	564	606	366
Net Profit Before Tax	92	278	669	605	191	281	601	620	315
Net Profit	59	205	519	474	107	97	427	457	194
Net Income to Shareholders of the Parent Company	27	165	411	342	125	62	326	343	141
Contribution From GBM	25	28	75	91	(10)	25	71	82	38
Contribution From HSB	2	137	336	251	135	37	254	261	103
EPS (NT Dollar)	0.06	0.36	0.92	0.76	0.28	0.14	0.72	0.76	0.31
Gross Profit Margin(%)	10.7%	12.0%	14.7%	14.4%	11.7%	12.3%	14.0%	15.3%	13.1%
Operating Profit Margin(%)	0.6%	2.2%	5.5%	4.4%	2.3%	2.7%	5.2%	5.6%	3.9%
Net Profit Margin(%)	0.6%	2.1%	4.9%	4.8%	1.2%	1.1%	4.0%	4.2%	2.0%

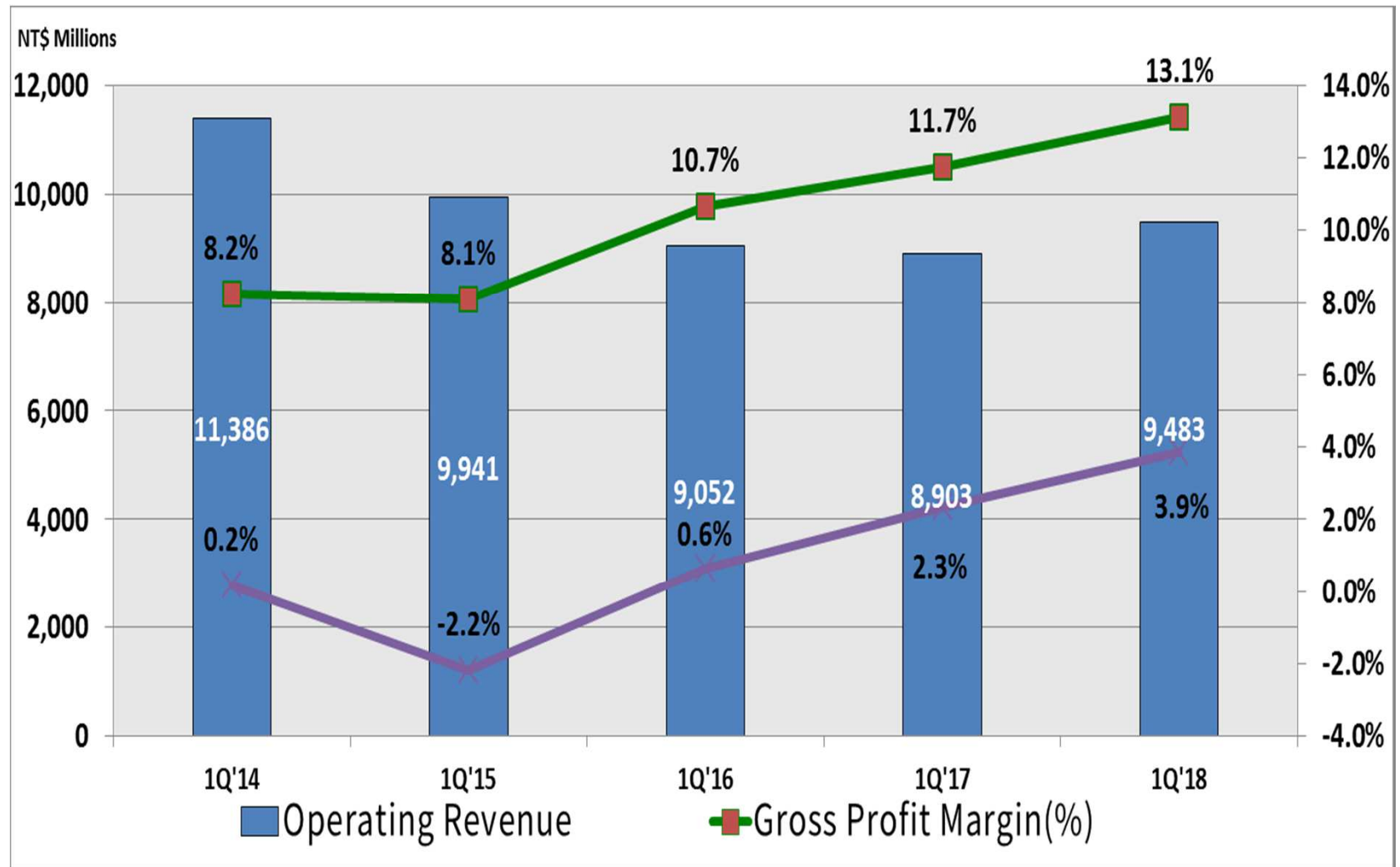
Trend of Revenue and Gross Margin-Consolidated (by Quarter)



Comparative Revenue and GM - For Quarter 1

NT\$ Millions	1Q'14	1Q'15	1Q'16	1Q'17	1Q'18
Operating Revenue	11,386	9,941	9,052	8,903	9,483
Gross Profit	938	805	966	1,046	1,246
Operating Profit(Loss)	19	(217)	57	207	366
Net Profit(Loss) Before Tax	46	(121)	92	191	315
Net Profit(Loss)	13	(170)	59	107	194
Net Income(Loss) to Shareholders of the Parent Company	23	(32)	27	125	141
Contribution From GBM	(7)	(89)	25	(10)	38
Contribution From HSB	29	58	2	135	103
EPS (NT Dollar)	0.05	(0.07)	0.06	0.28	0.31
Gross Profit Margin(%)	8.2%	8.1%	10.7%	11.7%	13.1%
Operating Profit Margin(%)	0.2%	-2.2%	0.6%	2.3%	3.9%
Net Profit Margin(%)	0.1%	-1.7%	0.6%	1.2%	2.0%

Trend of Revenue and Gross Margin- Consolidated (the 1st Quarter)



Balance Sheet -Consolidated

NT\$ Millions	Dec.31 '16	%	Dec.31 '17	%	Mar.31 '18	%
Current Assets	33,561	63%	35,004	61%	35,117	60%
Non-Current Assets	19,469	37%	22,391	39%	23,599	40%
Total Assets	53,030	100%	57,395	100%	58,716	100%
Current Liabilities	22,964	43%	23,039	40%	23,088	39%
Non-Current Liabilities	9,819	19%	10,827	19%	10,861	18%
Total Liabilities	32,783	62%	33,866	59%	33,949	58%
Total Equity Attributable to Owners of the Company	12,433	23%	15,618	27%	16,744	29%
Non-Controlling Interests	7,814	15%	7,911	14%	8,022	14%
Total Equity	20,247	38%	23,529	41%	24,766	42%
Liabilities and Equity	53,030	100%	57,395	100%	58,715	100%

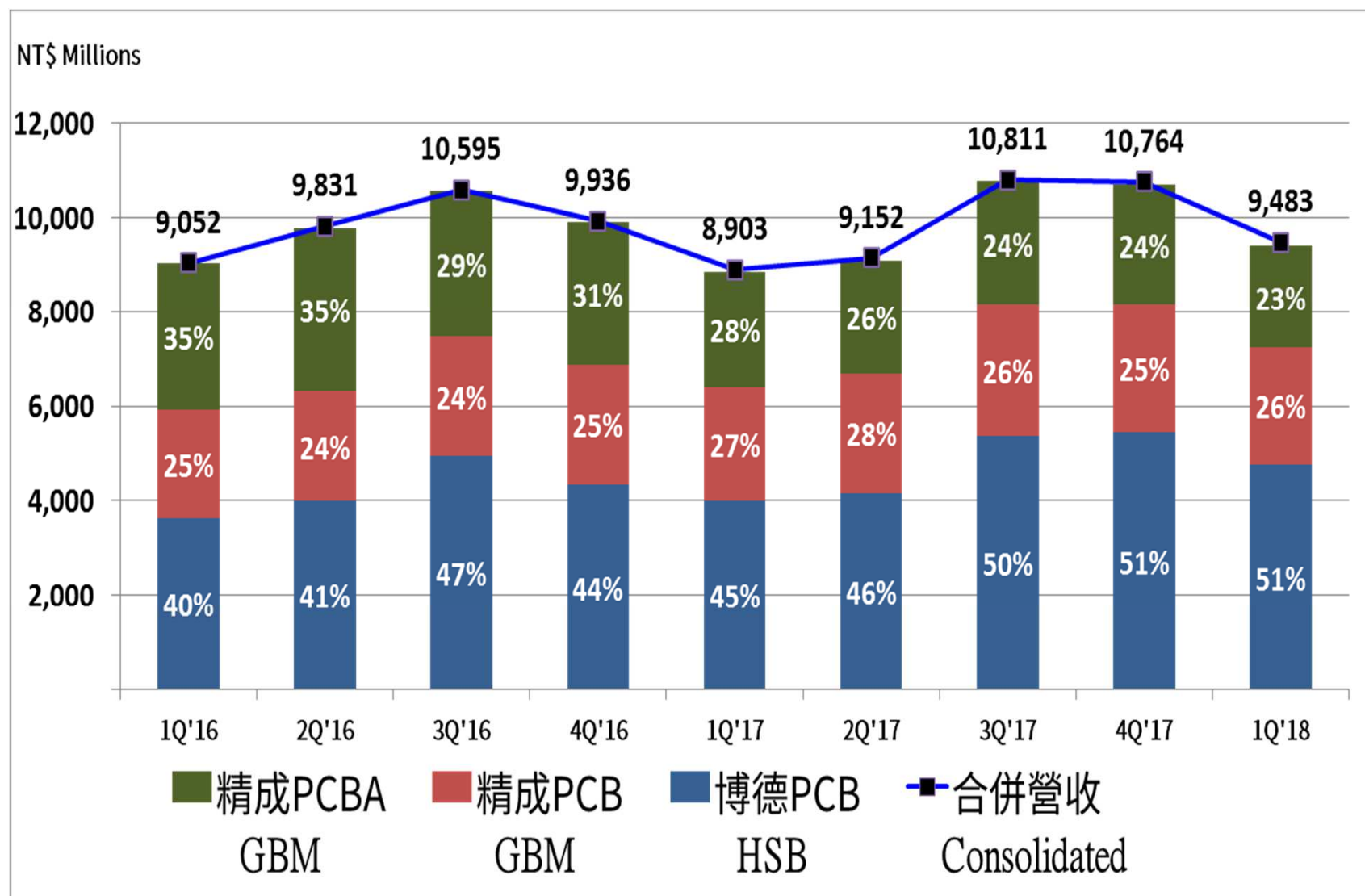
Asset Value Per share (NT\$Dollors)	27.60	34.67	37.17
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Statement of Cash Flows -Consolidated

NT\$ Millions	2016	2017	1Q'18
Cash From Operating Activities	4,950	1,000	1,198
Cash From/(Used In) Investing Activities	(1,413)	(1,815)	(895)
Cash from/(Used In) Financing Activities	(2,896)	(330)	659
Others	(1,092)	(403)	75
Increase/(Decrease) In Cash	(451)	(1,547)	1,037
Beginning Balance	9,935	9,484	7,937
Ending Balance	9,484	7,937	8,974

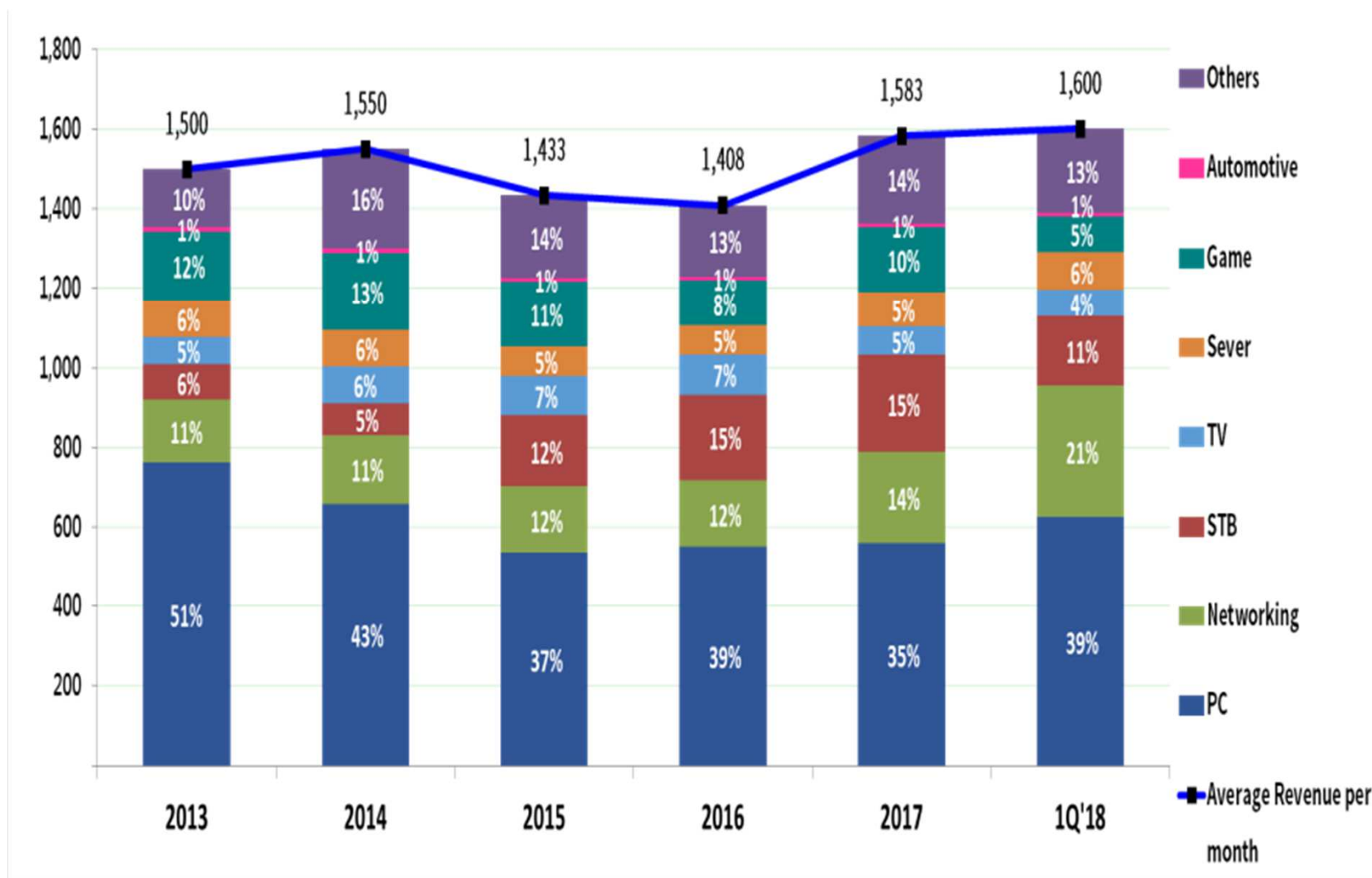
Market Review & Outlook

Consolidated Revenue Trend (HSB+GBM)



Product Mix – By Application(HSB only)

NT\$ Millions

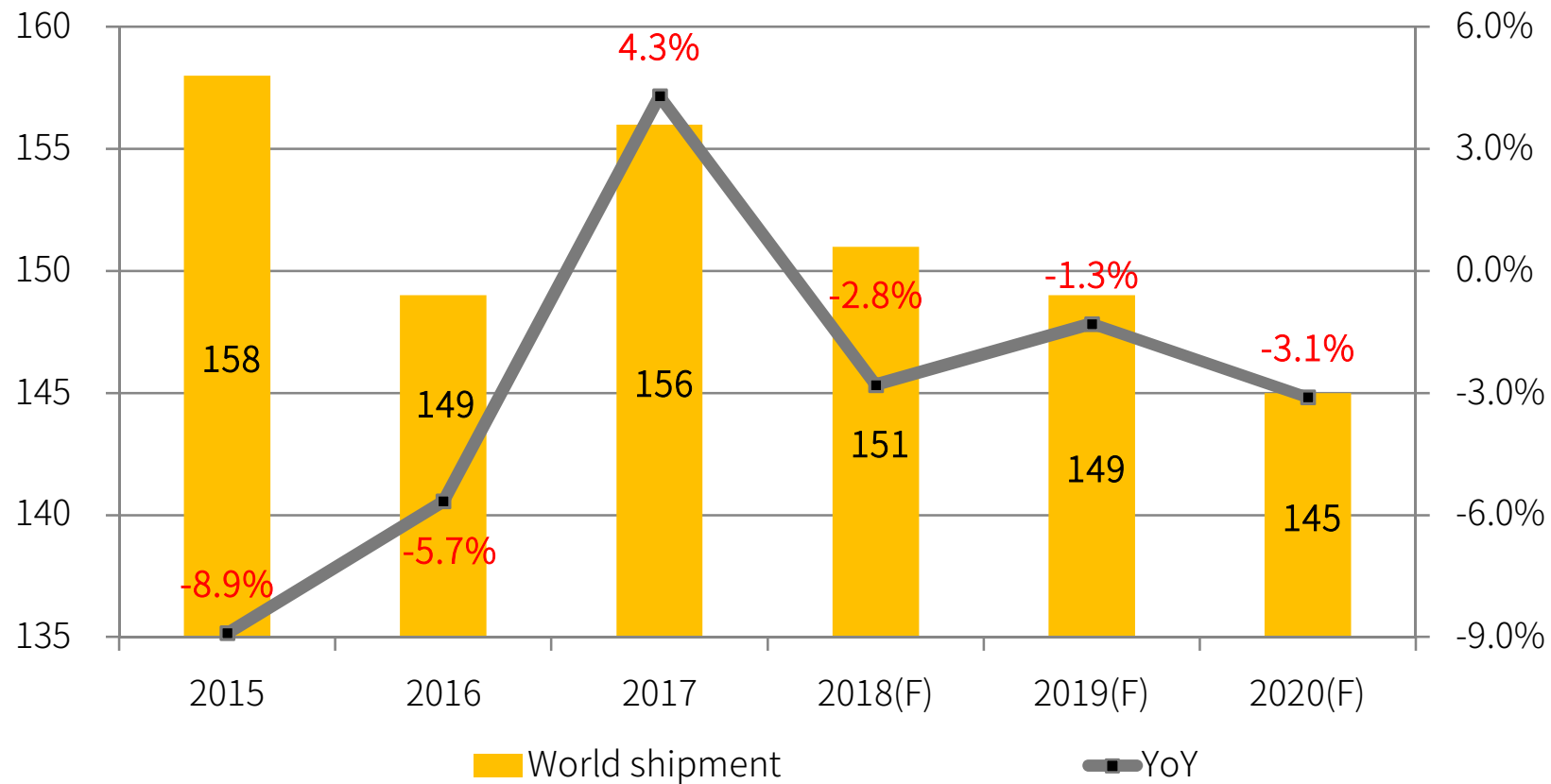


Market trend-NB

2015~2020 World NB Shipment

Slow declining rate

Million Set

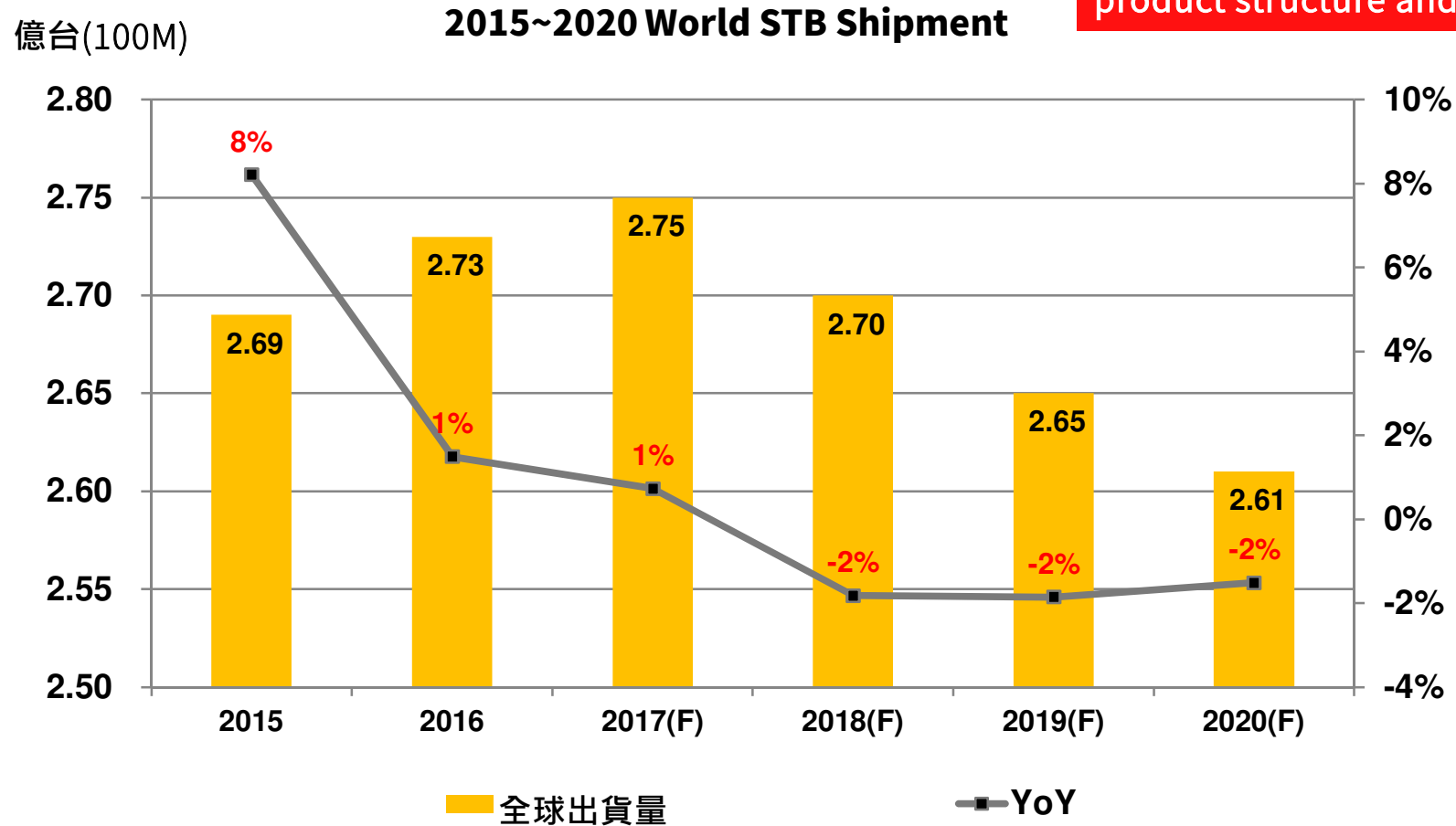


Unit: Million Set	2015	2016	2017	2018(F)	2019(F)	2020(F)
World shipment	158	149	156	151	149	145
YoY	-8.9%	-5.7%	4.3%	-2.8%	-1.3%	-3.1%

Resource: DIGITIMES Research 2018/05

Market trend-STB

Demand declining,
AI application will improve
product structure and ASP



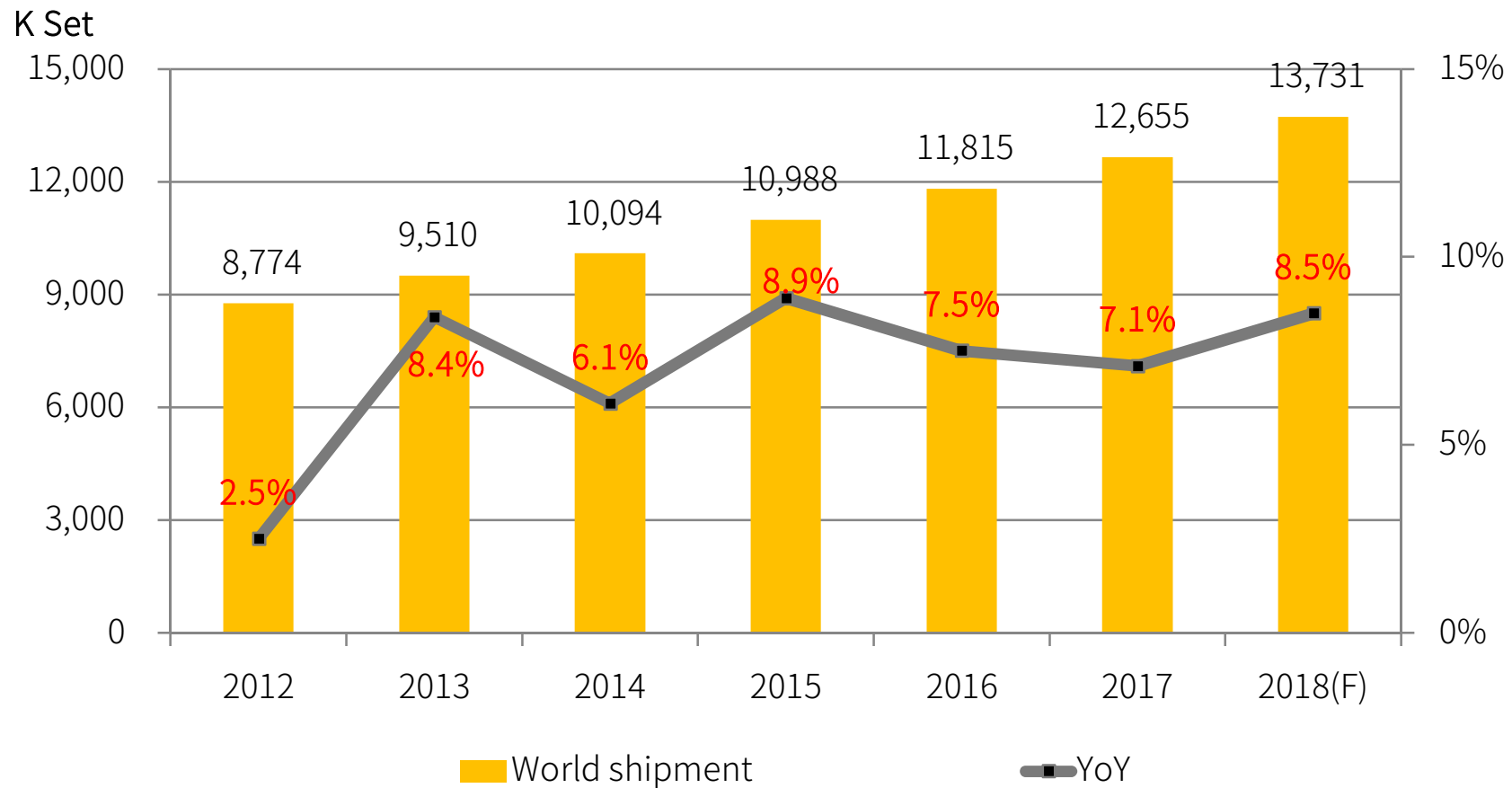
億台(100M)	2015	2016	2017(F)	2018(F)	2019(F)	2020(F)
World shipment	2.69	2.73	2.75	2.70	2.65	2.61
YoY	8%	1%	1%	-2%	-2%	-2%

Resource: SNL Kagan 2016/12

Market trend-Server

2012~2018 World Sever Shipment

IoT+5G+AI
= continue increasing



Unit: K Set	2012	2013	2014	2015	2016	2017	2018(F)
World shipment	8,774	9,510	10,094	10,988	11,815	12,655	13,731
YoY	2.5%	8.4%	6.1%	8.9%	7.5%	7.1%	8.5%

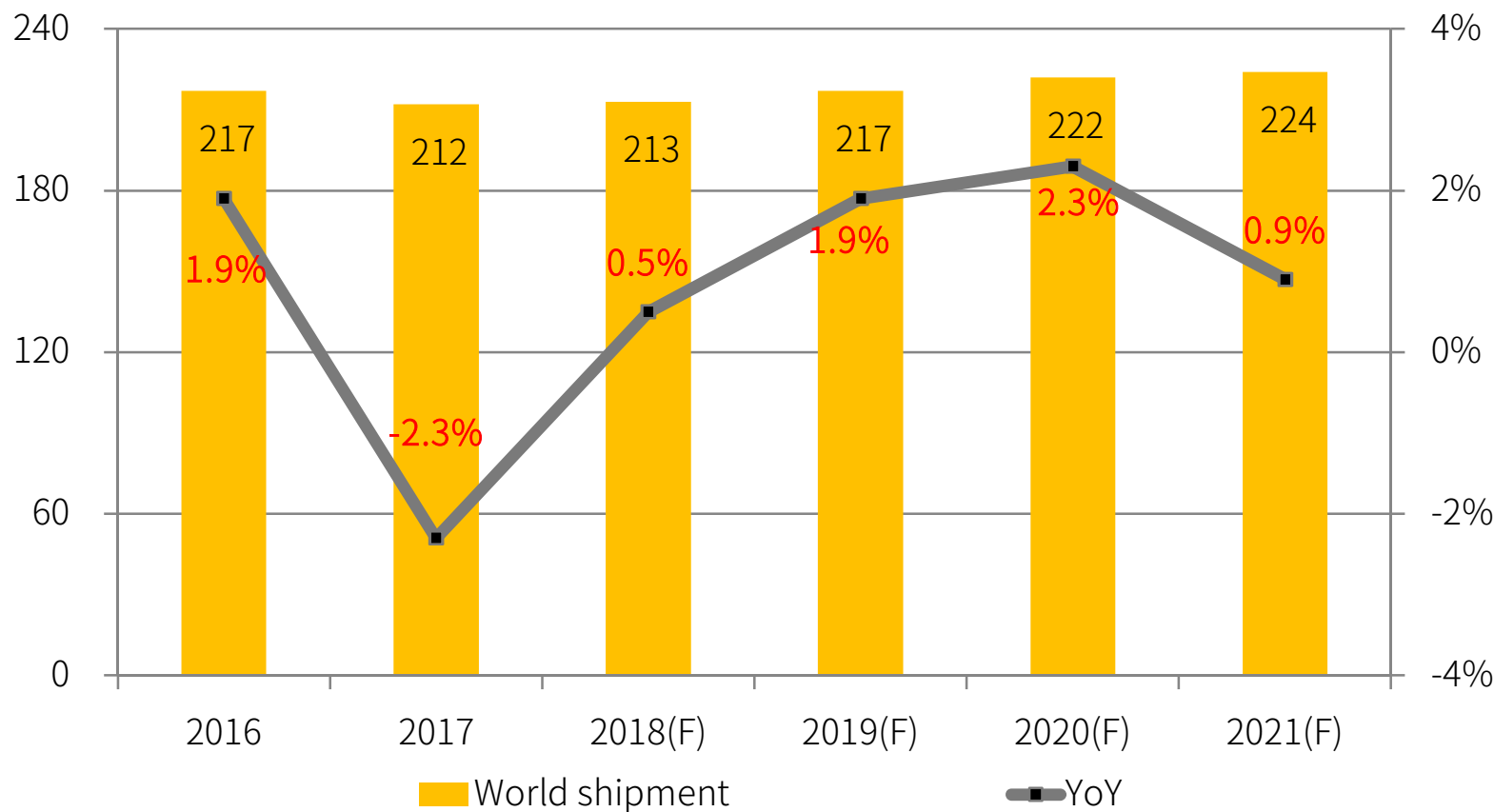
Resource: DIGITIMES Research 2017/10

Market trend-TV

Stable demand
plus 4K/8K trend

Million Set

2016~2021 World LCD TV Shipment

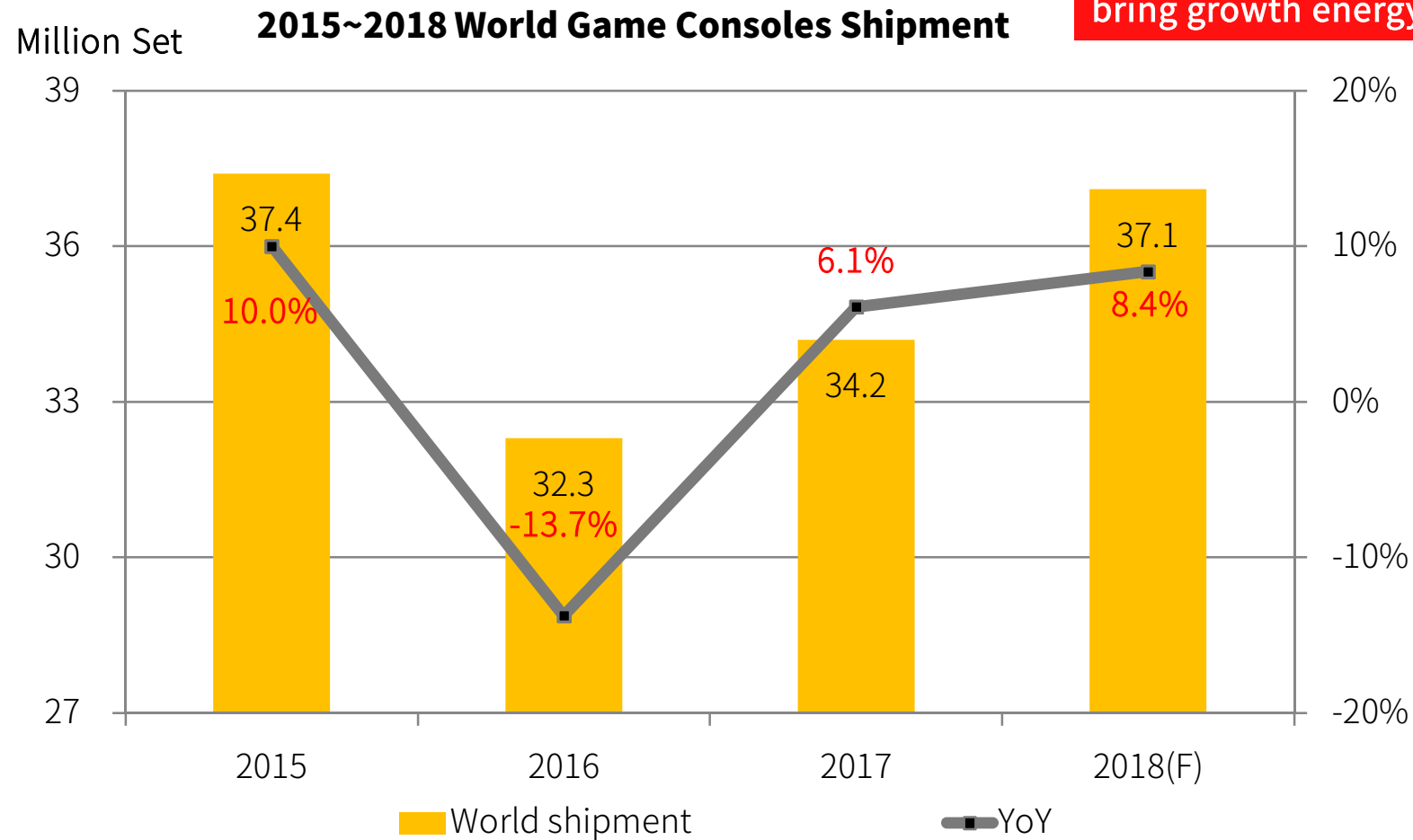


Unit: Million Set	2016	2017	2018(F)	2019(F)	2020(F)	2021(F)
World shipment	217	212	213	217	222	224
YoY	1.9%	-2.3%	0.5%	1.9%	2.3%	0.9%

Resource: DIGITIMES Research 2017/12

Market trend-Game

Stable increasing,
new applications
bring growth energy

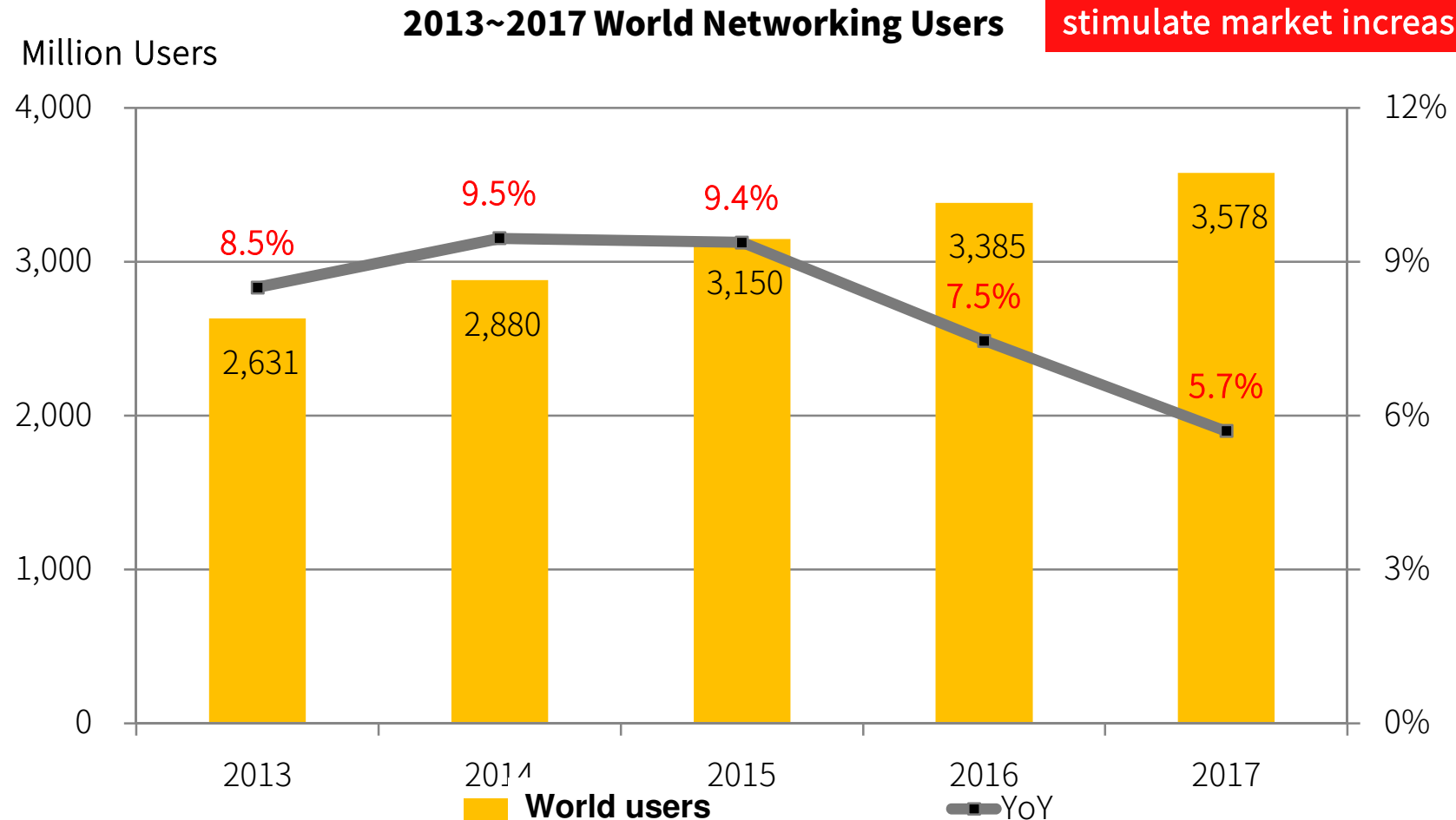


Unit: Million Set	2015	2016	2017	2018(F)
World shipment	37.4	32.3	34.2	37.1
YoY	10.0%	-13.7%	6.1%	8.4%

Resource: DIGITIMES Research 2018/02

Market trend-Networking





Users increase and broadband demand stimulate market increase



Unit: Million Users	2013	2014	2015	2016	2017
World users	2,631	2,880	3,150	3,385	3,578
YoY	8.5%	9.5%	9.4%	7.5%	5.7%

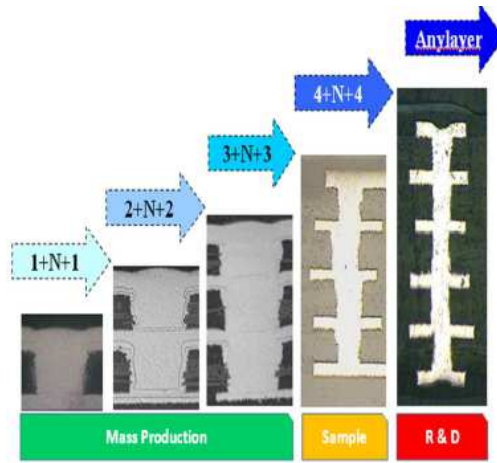
Resource: ITU 2017/08

Developing Applications

IOT	Networking	Server	LCD
 <ul style="list-style-type: none">• AI• VR• Home Audio	 <ul style="list-style-type: none">• Hub• Router• AP	 <ul style="list-style-type: none">• Server• Storage• Switch	 <ul style="list-style-type: none">• TV• NB• Monitor

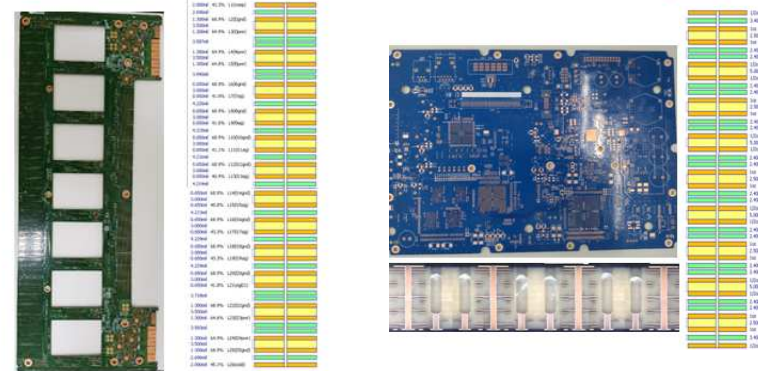
Business Outlook

HDI

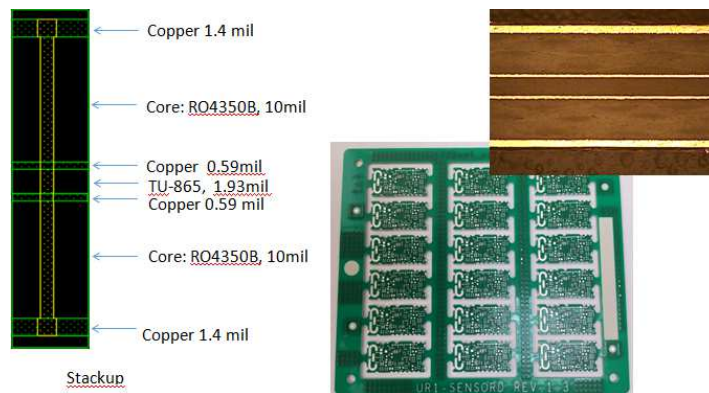


High Layer Count

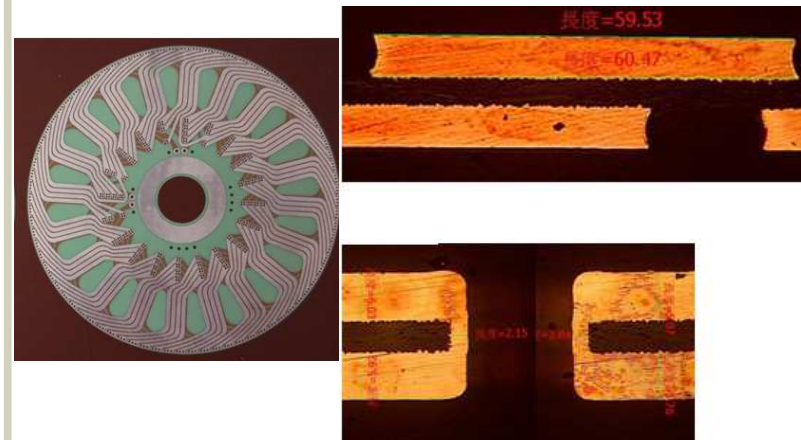
Layer count	Material	Trace/space	A/R	Thickness	Layer count	Material	Trace/space	Thickness	Process
26L	EM-828G	3.5 / 4	11.1	111	20L	EM-888 + VLP	4 / 4	93 mil	VIPPO + Backdrill



Hybrid & High Frequency Material



Embedded / Heavy Copper



Thank you!