

環宇
芯系天下

**Q3 2022
Quarterly
Online Investor
Conference
(線上法說會)**

Nov 01, 2022



環宇通訊半導體
Global Communication Semiconductors, LLC



“Enabling Today’s Global
Communications
and Beyond”

Disclaimer Statement



This presentation includes forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that GCS Holdings, Inc. expects or anticipates will or may occur in the future (including but not limited to projections, targets, estimates and business plans) are forward-looking statements.

GCS's actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties, including but not limited to price fluctuations, actual demand, exchange rate fluctuations, market share, competition, environmental risks, change in legal, financial and regulatory frameworks, government policies, international economic and financial market conditions, political risks, cost estimates and other risks and factors beyond our control.

GCS does not undertake any obligation to publicly update any forward-looking statement to reflect events or circumstances after the date on which any such statement is made or to reflect the occurrence of unanticipated events.

Agenda



Opening:

Brian Ann, CEO & President

Financial Section:

Grace Li, Senior Director & Special Assistant to
CEO

Participant:

Simon Yu, Senior VP and Spokesperson

Q&A: All

FINANCIAL SECTION

Statements of Comprehensive Income - QoQ



(in NT\$ thousands except EPS)

	3Q22	2Q22	3Q21	3Q22 Over 2Q22	3Q22 Over 3Q21
Net Operating Revenue	342,099	339,759	318,374	0.7%	7.5%
Gross Profit	78,551	94,121	100,670	-16.5%	-22.0%
Gross Margin	23.0%	27.7%	31.6%		
Operating Expenses	(115,673)	(102,555)	(92,527)	12.8%	25.0%
Operating Expenses to Revenue %	33.8%	30.2%	29.1%		
Operating Income (Loss)	(37,122)	(8,434)	8,143	340.1%	-555.9%
Operating Margin	-10.9%	-2.5%	2.6%		
Non-operating Items	(190,286)	(147,014)	(95,359)	29.4%	99.5%
Income (Loss) before Income Tax	(227,408)	(155,448)	(87,216)	46.3%	160.7%
Income Tax (Expense) Benefit	3,333	2,984	1,350	11.7%	146.9%
Net Income (Loss)	(224,075)	(152,464)	(85,866)	47.0%	161.0%
Net Income (Loss) Attributable to owners of the Parent	(224,075)	(152,464)	(85,866)		
Net Income (Loss) %	-65.5%	-44.9%	-27.0%		
Basic EPS (NTD)	(2.03)	(1.39)	(0.95)		
Diluted EPS (NTD)	(2.03)	(1.39)	(0.95)		
R&D Expense % to Revenue	11.9%	10.6%	11.6%		

Note 1: 110,235 thousand shares were used in basic EPS and diluted EPS calculation for 3Q22 .

Note 2. Revenue supplemental information

	3Q22	2Q22	3Q21	3Q22 Over 2Q22	3Q22 Over 3Q21
Revenue in US\$ thousand	11,258	11,559	11,419	-2.60%	-1.4%
Exchange Rate	29.28	28.72	28.07		

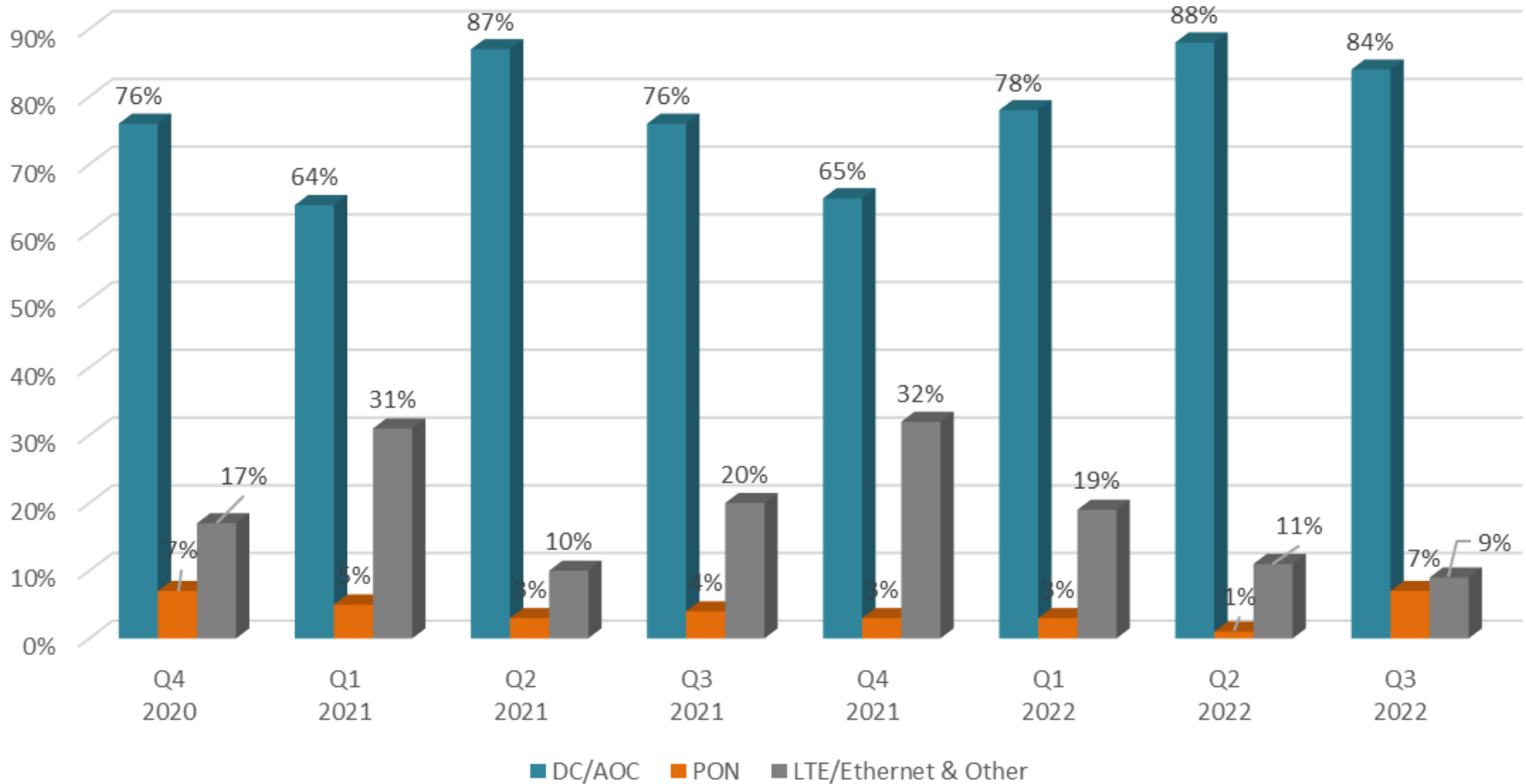
Revenue Mix % vs Gross Margin - QoQ



KGD Revenue Mix - QoQ



KGD Revenue Analysis-By Application



Non-operating Income and Expenses- QoQ



(in NT\$ thousands)

	3Q22	2Q22	3Q21	3Q22 Over 2Q22	3Q22 Over 3Q21
Other Income - other	1,233	658	1,588	87.4%	-22.4%
Other Income - Income from forgiveness of PPP loan	-	5,408	-	-100.0%	-
Other Gains and Losses					
Net currency exchange gain or (loss)	(11,042)	(7,212)	(524)	53.1%	2007.3%
Gain (loss) on disposal of property, plant and equipment	385	4,603	12,163	-91.6%	-96.8%
Gain (loss) on disposal of investments	(610)	302	7,751	-302.0%	-107.9%
Gain (loss) on disposal of a subsidiary	-	-	12,890	-	-100.0%
Impairment loss on assets	-	-	(1,070)	-	-100.0%
Others	(3,421)	(1,900)	(553)	80.1%	518.6%
Finance Cost					
Interest expense	(3,875)	(2,433)	(1,843)	59.3%	110.3%
Share of profit (loss) of equity-accounted investees	(172,956)	(146,440)	(125,761)	18.1%	37.5%
Total Non-operating Income and Expenses	(190,286)	(147,014)	(95,359)	29.4%	99.5%

Statements of Comprehensive Income - YoY



(in NT\$ thousands except EPS)

	2022 Jan to Sep.	%	2021 Jan to Sep.	%	Change (%)
Net Operating Revenue	979,343	100.0%	927,238	100.0%	5.6%
Operating Cost	(712,068)	-72.7%	(648,554)	-69.9%	9.8%
Gross Profit	267,275 ▲	27.3%	278,684	30.1%	-4.1%
Operating Expenses	(328,075)	-33.5%	(298,226)	-32.2%	10.0%
Operating Loss	(60,800) ▲	-6.2%	(19,542)	-2.1%	211.1%
Non-operating items	(495,262)	-50.6%	(206,917)	-22.3%	139.4%
Loss before Income Tax	(556,062) ▲	-56.8%	(226,459)	-24.4%	145.5%
Income Tax Benefit	8,861	0.9%	7,206	0.8%	23.0%
Net Loss	(547,201) ▲	-55.9%	(219,253)	-23.6%	149.6%
Net Loss Attributable to Owners of the Parent	(547,201)	-55.9%	(219,253)	-23.6%	149.6%
Basic EPS (NTD)	(4.97)		(2.45)		
Diluted EPS (NTD)	(4.97)		(2.45)		
Average Exchange Rate-USD/NTD	29.28		28.07		
R&D expense % to Revenue	12.7% ▼		13.1%		
ROA (%)	-14.82%		-7.59%		
ROE (%)	-16.97%		-8.63%		

Note 1: 110,070 thousand shares were used in basic EPS and diluted EPS calculation for Jan~Sep 2022.

Note 2. Revenue supplemental information

	Jan to Sep/2022	Jan to Sep/2021	Change (%)
Revenue in US\$ thousand	33,445	33,033	1.2%
Exchange Rate	29.28	28.07	

Non-operating Income and Expenses- YoY



(in NT\$ thousands)

	2022 Jan to Sep.	2021 Jan to Sep.	Change (%)
Other Income	2,671	4,883	-45.3%
Other Income - Income from forgiveness of PPP loan	5,408	88,101	-93.9%
Other Gains and Losses			
Net currency exchange gain or (loss)	(33,156)	(1,758)	1786.0%
Gain (loss) on disposal of property, plant and equipment	4,988	11,133	-55.2%
Gain (loss) on disposal of investments	(308)	7,751	-104.0%
Gain (loss) on disposal of a subsidiary	-	12,890	-100.0%
Impairment loss on assets	-	(1,070)	-100.0%
Other loss	(9,275)	(1,710)	442.4%
Finance Cost			
Interest expense	(8,142)	(2,918)	179.0%
Share of profit (loss) of equity-accounted investees	(457,448)	(324,219)	41.1%
Total Non-operating Income and Expenses	(495,262)	(206,917)	139.4%

Balance Sheet Highlight & Key Indices



Selected Items from Balance Sheet

(in NT\$ thousands)

	3Q22		2Q22		3Q21	
	Amount	%	Amount	%	Amount	%
Cash and Cash Equivalent	824,740	17%	864,552	18%	909,407	24%
Accounts Receivable and Notes Receivable	237,183	5%	250,378	5%	184,014	5%
Accounts Receivable and Notes Receivable - Related Party	9,900	0%	11,038	0%	4,133	0%
Inventory	389,776	8%	323,284	7%	327,498	9%
Other current assets	34,436	1%	32,247	1%	30,145	1%
Investments accounted for under the Equity Method	2,147,920	45%	2,299,482	48%	1,145,285	31%
Net Property, Plant and Equipment	729,654	15%	658,543	15%	659,532	18%
Intangible Assets	104,873	2%	99,609	2%	138,427	4%
Deferred Tax Assets	128,961	3%	117,464	2%	104,412	3%
Total Assets	4,799,684	100%	4,798,236	100%	3,699,991	100%
Short Term Loan	20,000	0%	20,000	0%	20,000	1%
Accounts Payable and Other Payables	151,165	4%	125,466	4%	132,307	4%
Long Term Bank Borrowings - Current Portion	44,278	1%	41,032	1%	12,190	0%
Long Term Bank Loans	351,614	7%	339,627	7%	195,047	5%
Deferred Tax Liabilities	67,858	2%	63,527	1%	61,048	2%
Total Liabilities	700,564	15%	619,762	13%	453,372	12%
Total Stockholders' Equity	4,099,120	85%	4,178,474	87%	3,246,619	88%

Key Indices

Current Ratio	598%	714%	816%
Debt Ratio	15%	13%	12%
AR Turnover Days	57	61	57
Inventory Turnover Days	163	162	174

Cash Flows



(in NT\$ thousands)

	<u>3Q22</u>	<u>2Q22</u>	<u>3Q21</u>
Beginning Balance	864,552	778,385	1,136,546
Cash from Operating Activities	7,536	(54,342)	68,504
Acquisition of investments accounted for under the equity method	-	-	(400,000)
Acquisition of property, plant and equipment	(109,337)	(56,719)	(33,577)
Decrease (Increase) in other non-current assets	-	3,663	0
Proceeds from the sale of PP&E	29,711	5,314	0
Disposal of a subsidiary- decrease in cash and cash equivalents	-	-	(24,675)
Proceed from long-term loan	-	169,454	199,278
Repayments of long-term loans	(12,903)	(1,348)	(24,483)
Principal elements of lease payments	(2,103)	(1,677)	(1,500)
The effect of exchange rate changes	47,700	21,867	(10,234)
Others	(416)	(45)	(452)
Ending Balance	824,740	864,552	909,407
Increase (Decrease) in Cash	(39,812)	86,167	(227,139)
Free Cash Flow (Note)	(101,801)	(111,061)	34,927

Note: Free Cash Flow = Cash from Operating Activities - Capital Expenditures

Q & A



環宇芯系天下

**For further inquiry
investors@gcsincorp.com**

