

AP Memory Technology Corporation

Investor Conference

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OUTLINES

- Introduction
- 4Q19 Financial Results
- Operation Highlight
- Business Outlook

Introduction

- 2019 financial results significantly below 2018
- Adjusting Business Strategy
 - Focus on high-margin customized business
 - Change part of commodity LPDRAM business to licensing
 - Increase SDRAM gross margin by bringing in external resources
- IP licensing & Design service is becoming a new growth driver

4Q19 Financial Results

4Q19 Consolidated I/S

(in NT\$K)	4Q19	3Q19	QoQ	4Q18	YoY
Net Revenue	1,023,638	962,209	6%	1,138,932	-10%
Cost of Revenue	857,681	815,839	5%	1,097,261	-22%
Gross Profit	165,957	146,370	13%	41,671	298%
Gross Profit Margin (%)	16%	15%		4%	
Operating Expenses	146,457	125,839	16%	135,774	8%
Operating Expense Ratio	14%	13%		12%	
Income from Operations	19,500	20,531	-5%	(94,103)	-121%
Operating margin(%)	2%	2%		-8%	
Non-operating Income and Expenses	(18,178)	2,232	-914%	15,094	-220%
Income(Loss) Before Income Tax	1,322	22,763	-94%	(79,009)	-102%
Income Tax Expenses(Benefits)	(26,339)	6,137	-529%	1,340	-2066%
Net Income(Losses)	27,661	16,626	66%	(80,349)	-134%
Net Profit Margin(%)	3%	2%		-7%	
Earnings per share(NT\$)	0.37	0.23	61%	(1.08)	-134%

2019 Consolidated I/S

(in NT\$K)	2019	2018	YoY
Net Revenue	3,462,645	4,723,851	-27%
Cost of Revenue	2,937,901	4,026,511	-27%
Gross Profit	524,744	697,340	-25%
Gross Profit Margin (%)	15%	15%	
Operating Expenses	604,117	607,464	-1%
Operating Expense Ratio	17%	13%	
Income from Operations	(79,373)	89,876	-188%
Operating margin(%)	-2%	2%	
Non-operating Income and Expenses	(346,574)	54,512	-736%
Income(Loss) Before Income Tax	(425,947)	144,388	-395%
Income Tax Expenses(Benefits)	(30,882)	28,917	-207%
Net Income(Losses)	(395,065)	115,471	-442%
Net Profit Margin(%)	-11%	2%	
Earnings per share(NT\$)	(5.33)	1.55	-444%

2019 Consolidated B/S

in NT\$K	2019.12.31		2018.12.31	
	AMT	%	AMT	%
Cash and Cash Equivalents	584,264	18	552,045	14
Accounts/ Notes Receivable	588,346	19	763,573	20
Inventories	1,130,802	36	1,880,601	49
Other Current Assets	124,703	4	162,662	4
Long-term Investments	82,525	3	81,840	2
Property, Plant and Equipment	14,854	1	42,788	1
Goodwill	76,204	2	76,204	2
Intangible Assets	130,735	4	122,866	3
Refundable Deposits	206,686	7	8,221	-
Other Non-Current Assets	237,906	6	176,149	5
Total Assets	3,177,025	100	3,866,949	100
Long/Short-Terms Loans	300,000	9	450,000	12
Accounts Payable	307,382	10	634,732	16
Other Payables-Current/Non-Current (Note)	337,524	11	107,441	3
Other Liabilities	69,562	2	36,305	1
Total Liabilities	1,014,468	32	1,228,478	32
Total Shareholders' Equity	2,162,557	68	2,638,471	68
Net Worth Per Share	29.28		35.05	

Note: Other Payables-Current/Non-Current (Note) are mainly included customer compensation payable(about 3E), compensation payables to employees and directors, payables on masks and probe card, payables on non-leaving pay, accrued payroll and bonus, etc.

2019 Cash Flows

(in NT\$K)	2019	2018
Net Cash Generated by (Used in) Operating Activities	382,675	(763,333)
Net Cash Generated by (Used in) Investing Activities	(87,718)	10,157
Net Cash Generated by (Used in) Financing Activities	(259,868)	241,050
Effect of Exchange Rate Changes on Cash and Cash Equivalents and Others	(2,870)	2,288
Net Increase (Decrease) in Cash and Cash Equivalents	32,219	(509,838)
Cash and Cash Equivalents at Beginning of Period	552,045	1,061,883
Cash and Cash Equivalents at End of Period	584,264	552,045

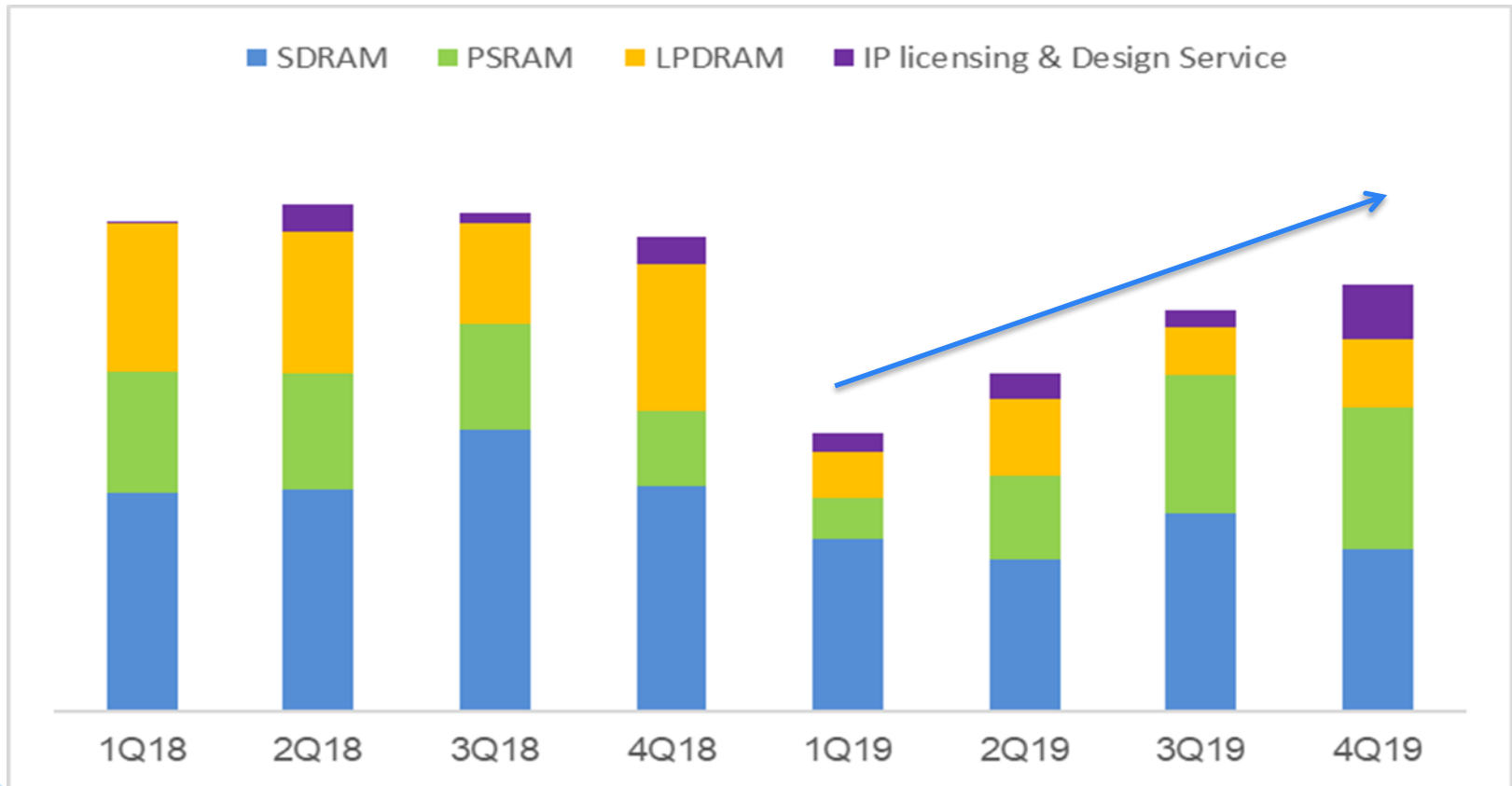
2019 Financial Structures

	2019	2018
Current Ratio	301%	274%
Quick Ratio	157%	109%
Average A/R collection days	72 days	53 days
Days sales of inventory	220 days	148 days
Net income %	-11%	2%
ROA	-11%	3%

Operation Highlight

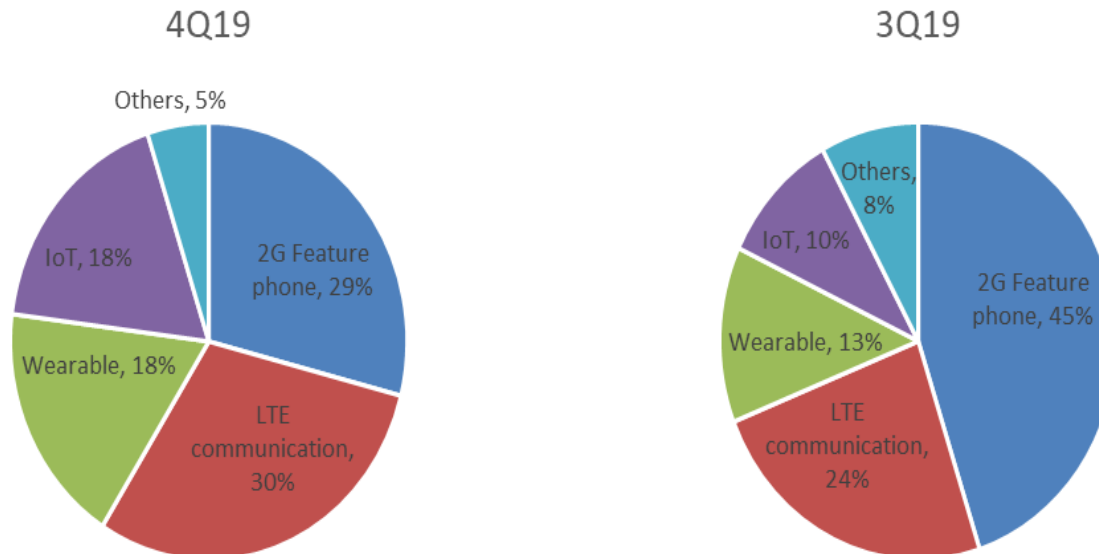
Revenue by Product lines

High-margin PSRAM revenue has recovered. Meanwhile, IP licensing & Design Service revenue grows steadily.



Customized Products Revenue by Application

Dependency on feature phone market is below 30%, while application in wearable and IOT is booming.

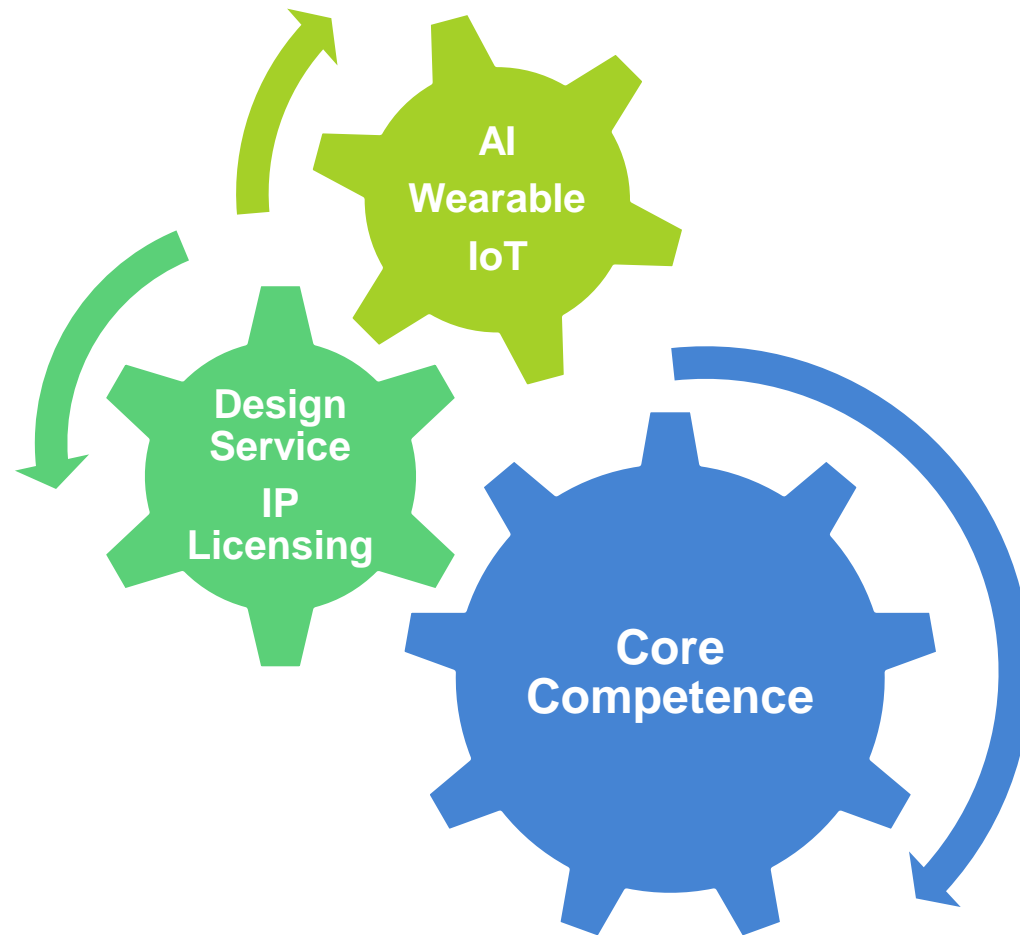


Business Outlook

Optimization of Current Business: Improve Gross Margin

- Commodity LPDRAM:
 - Change part of product sales business to licensing
- Standard DRAM (SDRAM):
 - Improve profitability by bringing in strategic resources
- Key driver for profitability:
 - Customized products + IP Licensing

Key Growth Driver: Customized Products + IP Licensing





Q & A

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