

# AP MEMORY TECHNOLOGY CORP. ROADSHOW

2016.11.10  
KGI Security 12F

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# OUTLINES

- 2016.Q3 Financial Data
- Business Highlights
- Future Outlook

# 2016.Q3 Financial Data

# Consolidated Income Statement

in NT\$K	2016.Q3	2015.Q3	Δ%	
Revenue	628,962	583,666	8%	
Gross Margin	166,867	219,203	-24%	← Δ G/M ↓ NT\$ 53M
G/M %	27%	38%		
Operating Exp.	118,932	96,928	23%	← ΔOpe. Exp. ↑ NT\$ 22M
Operating Income	47,935	122,275	-61%	
Non-operating G(L)	(37,525)	75,705	-150%	← ΔFX Loss ↑ NT\$113M
Net Income	6,258	164,014	-96%	← Q3 N/I ↓ NT\$158M
EPS (NT\$)	0.09	2.64		

in NT\$K	2016年Q1~Q3	2015.Q1~Q3	Δ%	
Revenue	1,904,198	1,729,014	10%	
Gross Margin	633,964	623,176	2%	
G/M %	33%	36%		
Operating Exp.	323,208	305,951	6%	
Operating Income	310,756	317,225	-2%	
Non-operating G(L)	(61,063)	45,588	-234%	← ΔFX Loss ↑ NT\$106M
Net Income	194,058	293,981	-34%	← Q1~Q3 N/I ↓ NT\$100M
EPS (NT\$)	2.95	4.81		

# Consolidated Balance Sheet

in NT\$K	2016.09.30		2015.12.31		2015.09.30	
	AMT	%	AMT	%	AMT	%
Cash & Cash Equiv	1,369,481	49	817,315	40	965,461	45
A/R (Net)	739,806	26	954,058	46	620,098	29
Inventory (Net)	515,502	18	154,429	8	369,512	17
Prepaid Mask & Probe Cards	77,572	3	35,783	2	73,428	3
Others	103,339	4	93,618	5	96,873	5
<b>Total Assets</b>	<b>2,805,700</b>	<b>100</b>	<b>2,055,203</b>	<b>100</b>	<b>2,125,372</b>	<b>100</b>
A/P	406,091	14	198,566	10	283,411	13
Others *	73,740	3	104,473	5	270,598	13
<b>Total Liabilities</b>	<b>479,831</b>	<b>17</b>	<b>303,039</b>	<b>15</b>	<b>554,009</b>	<b>26</b>
Common Stocks	701,373	25	624,053	30	621,853	29
Additional Paid-in Capital	777,139	28	154,262	8	138,803	7
Retained Earnings	860,557	31	980,800	48	809,185	38
Others	(13,200)	0	(6,951)	0	1,522	0
<b>Total Equity</b>	<b>2,325,869</b>	<b>83</b>	<b>1,752,164</b>	<b>85</b>	<b>1,571,363</b>	<b>74</b>
<b>BV per Share</b>	<b>33.16</b>		<b>28.08</b>		<b>25.27</b>	

\* Including Dividends Payables, Employee Bonus Payables and Salary Payables, etc.

# Operating Expenses-Mkt, Adm & RD

in NT\$K

	2016.Q3	2015.Q3	Δ%	2016.Q2	Δ%
Mkt. Exp.	9,951	3,858	158%	5,625	77%
Adm. Exp.	61,547 *	4,248	1349%	22,104	178%
RD. Exp.	47,434	88,822	-47%	71,095	-33%
Ope. Exp.	118,932	96,928	23%	98,824	20%
Ope. Exp. %	19%	17%		18%	

	2016.Q1~Q3	2016.Q1~Q3	Δ%
Mkt. Exp.	23,085	19,764	17%
Adm. Exp.	106,097 *	29,766	256%
RD. Exp.	194,026	256,421	-24%
Ope. Exp.	323,208	305,951	6%
Ope. Exp. %	17%	18%	

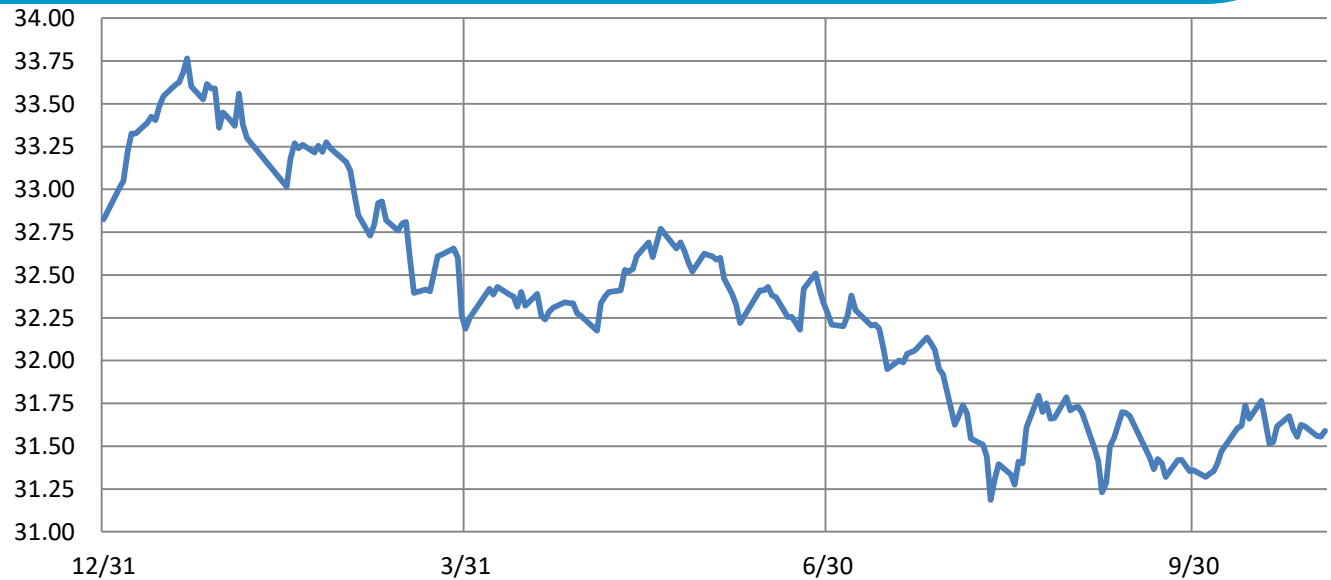
\* The administrative expenses increased because of the provision of the bad debt.

# A/R and Bad Debt Allowance

in NT\$K	2016.09.30		2016.06.30		2015.12.31		2015.09.30	
Overdue Days	AMT	%	AMT	%	AMT	%	AMT	%
Not overdue	515,630	64%	322,667	52%	556,486	58%	506,036	81%
0~60 days	126,554	16%	269,257	43%	397,572	42%	117,567	19%
61~90 days	42,093	5%	32,275	5%	-	-%	-	-%
91~120 days	121,156	15%	-	-%	-	-%	-	-%
A/R	805,433	100%	624,199	100%	954,058	100%	623,603	100%
Bad Debt Allow.	(65,627)	-8%	(19,560)	-3%	-	-%	(3,505)	-1%
A/R (Net)	739,806	92%	604,639	97%	954,058	100%	620,098	99%



# US\$ : NT\$ Trends



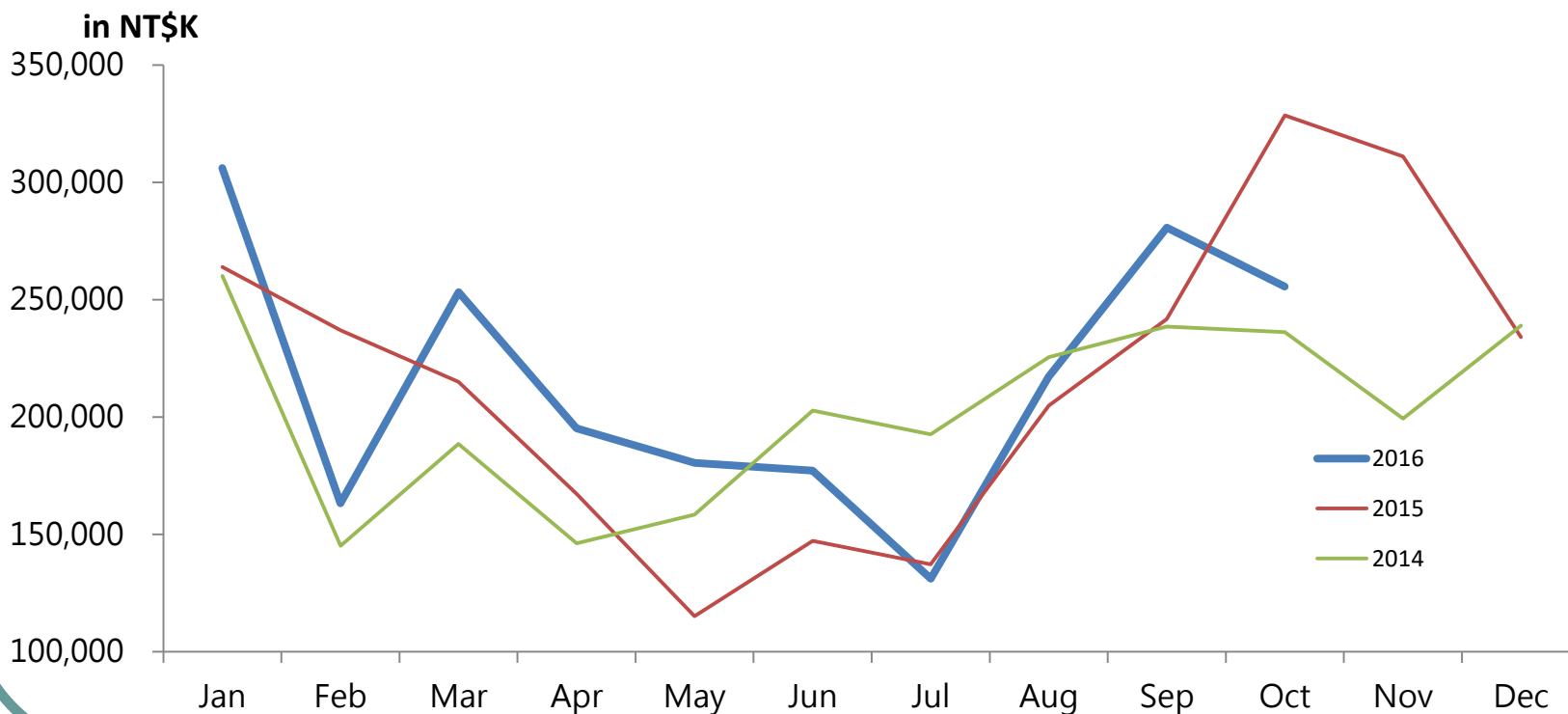
	12/31	3/31	6/30	9/30
	2015.Q4	2016.Q1	2016.Q2	2016.Q3
FX Rate-End	32.825	32.185	32.275	31.360
FX Rate-Avg	32.623	33.113	32.428	31.709
Δ%-End		(1.95%)	0.28%	(2.84%)
Δ%-Q.Avg.		1.50%	(2.07%)	(2.22%)
Net US\$ Portion* in US\$K	43,047	42,192	46,428	35,882
FX Gain(Loss) in NT\$K	5,974	(27,326)	1,106	(39,204)

\*Show US\$ Portion only,.

# Business Highlights

# Monthly & Quarterly Revenue

In NT\$ K	Q1	Q2	Q3	Q4
2016年	722,375	552,861	628,962	255,506(Oct.)
2015年	715,720	429,628	583,666	873,496
2014年	593,681	507,313	656,611	674,368



# Main Products

- Low Density Mobile-RAM (PSRAM)
  - Feature phone application is still the main market, but the replacement by the mid~low level smart phone is obvious.
  - Continually explore and boil up the new application market
- Mid-to-High Density Mobile-RAM (LPDRAM)
  - The demand in the Long-tail market is strong
  - DRAM wafer capacity is tight

# The Alliance with Zentel Electronics Corp. (3553.TW)

- 1<sup>st</sup> Stage
  - Tender offer Zentel' s shares for 50~100% at NT\$14.5
  - The whole transaction shares: 37,531,281(55.24%)
  - Transaction completed on 11/1.
- 2<sup>nd</sup> Stage
  - Zentel will be 100% owned subsidiary by purchasing the residual shares at the same price\* in cash
  - Expect to complete in 2017.Q3 after the 2017 shareholders meeting

\* Considering cash or stock dividends, if any.

# Future Outlooks

# Business Outlooks

- New application for PSRAM
- Pull-up LPDRAM gross margin
  - Improve yield rate
  - License model for less inventory and capital stress
- Synergy with Zentel
  - Cross to consumer and PC-related memory market

From  apmemory to Zentel 

**WE**  
**provide**  
**comprehensive**  
**memory solutions**





Q&A