

**Darwin Precisions Corporation  
2019 Results Investor Conference**

**達運精密工業股份有限公司  
2019年法人說明會**

**Oct. 7, 2019**



# Agenda

- Company Introduction
- Financial Report
- Business Overview



# 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 might not occur and our actual results could differ materially from those anticipated in these forward-looking statements.



# Company Introduction



# About us

## Financial Data

## Operation Overview

## Basic Information

## Management Team

### Capital :

TWD 66.56 E

### Number of Employees:

Around 6,000~7,000

### Establishment:

1989/10

### Chairman :

Fwu-Chyi Hsiang

### Main Products & Services:

SET/Back light Design & CBMS  
(Component-Backlight-Module-  
SET) Integrated operating mode

PMMA Material Application

Light guide & Component

Industry Display Design &  
Integrated Service

Precision Device Application

Precision Mold Design &  
Manufacturing

### Headquarter :

Hukou Township,  
Hsinchu County, Taiwan

### Offices/Factories:

Taiwan :  
Hsinchu 、 Taichung

China :  
Xiamen 、 Suzhou 、  
Wujiang

Europe : Slovakia

### CEO and President :

Kuo-Hsin Tsai



# Our Plant

Darwin Precisions (Slovakia) s.r.o. · Slovakia

Darwin Precisions Corporation · Hsinchu

**HQ**

Darwin Precisions Corporation · Taichung

Darwin Precisions (SZ) · Suzhou

Fortech Electronics (SZ) Co., Ltd. · Wujiang

Darwin Precisions(XM) · Xiamen

# Financial Report





# Comprehensive Income Statement Highlights

Amount : NT\$ Thousands, except EPS

	2Q19		QoQ %	1Q19		QoQ %	4Q18	
Net Sales	4,146,201	100%	(3%)	4,292,473	100%	(16%)	5,087,098	100%
Cost of Goods Sold	(3,778,634)	(91%)	(10%)	(4,201,319)	(98%)	(14%)	(4,894,225)	(96%)
Gross Profit	367,567	8.9%	303%	91,154	2.1%	(53%)	192,873	3.8%
Operating Expenses	(312,689)	(7.5%)	(9%)	(344,212)	(8.0%)	1%	(341,887)	(6.7%)
Operating Profit (Loss)	54,878	1.3%	122%	(253,058)	(5.9%)	(70%)	(149,014)	(2.9%)
Net Non-operating Income	22,344	0.5%	(65%)	64,627	1.5%	(5%)	67,793	1.3%
Profit (Loss) before Tax	77,222	1.9%	141%	(188,431)	(4.4%)	(132%)	(81,221)	(1.6%)
Net Profit (Loss)	86,520	2.1%	152%	(166,766)	(3.9%)	(135%)	(71,115)	(1.4%)
Basic EPS (NT\$)	0.13			(0.25)			(0.11)	
Operating Profit (Loss) + D&A	349,765	8.4%	469%	61,509	1.4%	(63%)	164,378	3.2%

※They are only reviewed rather than audited.





# Comprehensive Income Statement Highlights

Amount : NT\$ Thousands, except EPS

	For the six-month periods ended June 30				YoY %
	2019		2018		
Net Sales	8,438,674	100%	10,044,569	100%	(16%)
Cost of Goods Sold	(7,979,953)	(95%)	(9,514,437)	(95%)	(16%)
Gross Profit	458,721	5.4%	530,132	5.3%	(13%)
Operating Expenses	(656,901)	(7.8%)	(867,425)	(8.6%)	(24%)
Operating Profit (Loss)	(198,180)	(2.3%)	(337,293)	(3.4%)	41%
Net Non-operating Income	86,971	1.0%	812,352	8.1%	(89%)
Profit (Loss) before Tax	(111,209)	(1.3%)	475,059	4.7%	(123%)
Net Profit (Loss)	(80,246)	(1.0%)	216,458	2.2%	(137%)
Basic EPS (NT\$)	(0.12)		0.33		
Operating Profit (Loss) + D&A	411,274	4.9%	238,492	2.4%	72%

※They are only reviewed rather than audited.



# Consolidated Balance Sheet Highlights

Amount : NT\$ Thousands

	Jun. 30, 2019		QoQ %	Mar. 31, 2019		QoQ %	Dec. 31, 2018	
Cash and cash equivalents	3,984,784	18%	(12%)	4,539,643	20%	1%	4,494,723	19%
Financial assets at fair value through profit or loss - current <sup>(1)</sup>	2,009,648	9%	20%	1,679,592	7%	2%	1,641,743	7%
Accounts receivable	4,045,099	18%	(7%)	4,328,732	19%	(14%)	5,053,292	21%
Inventories	1,658,480	7%	10%	1,513,774	7%	(12%)	1,727,830	7%
Short Term Debt <sup>(a)</sup>	57,352	0%	0%	57,352	0%	0%	57,352	0%
Long Term Debt	2,900,163	13%	2%	2,834,501	13%	3%	2,738,839	12%
Total Liabilities	10,560,311	48%	(2%)	10,813,175	48%	(8%)	11,808,414	50%
Equity	11,573,384	52%	(2%)	11,831,839	52%	0%	11,794,849	50%
Total Assets	22,133,695	100%	(2%)	22,645,014	100%	(4%)	23,603,263	100%

AR Turnover (Days) <sup>(b)</sup>	92	(8)	100	(2)	102
Inventory Turnover (Days) <sup>(c)</sup>	38	3	35	0	35
AP Turnover (Days) <sup>(d)</sup>	76	(3)	80	(5)	85
Cash Cycle (Days)	54	(1)	55	3	53
Financial Debt to Equity <sup>(e)</sup>	26%	1%	24%	1%	24%

※They are only reviewed rather than audited.

(1) Financial assets at fair value through profit or loss-current : These are major the structured products that have guaranteed income in the end of the month.

(a) Short term debt refers to all interest bearing debt maturing within one year and long term debt maturing within one year.

(b) Calculated by dividing the average accounts receivable into the annualized sales during such period, then multiplying by 365 days.

(c) Calculated by dividing the average inventory into the annualized cost of goods sold during such period, then multiplying by 365 days.

(d) Calculated by dividing the average accounts payable into the annualized cost of goods sold during such period, then multiplying by 365 days.

(e) Financial Debt to Equity = (Short Term Debt + Long Term Debt) / Equity

# Consolidated Cash Flow Highlights

Amount : NT\$ Thousands

	For the six-month periods ended June 30		YoY %
	2019	2018	
<b>From Operating Activities</b>	219,195	(13,000)	1786%
Profit before Tax	(111,209)	475,059	(123%)
Depreciation & Amortization	609,454	575,785	6%
Net Change in Working Capital	(279,050)	(1,063,844)	74%
<b>From Investing Activities</b>	(917,340)	(987,294)	(7%)
Capital Expenditure	(673,983)	(875,543)	(23%)
Increase Investment <sup>(1)</sup>	(315,825)	(922,200)	(66%)
<b>From Financing Activities</b>	147,886	40,457	266%
Net Change in Debt	161,324	40,442	299%
<b>Net Change in Cash <sup>(2)</sup></b>	<b>(509,939)</b>	<b>(902,518)</b>	<b>43%</b>
<b>Ended balance of Cash and cash equivalents</b>	<b>3,984,784</b>	<b>4,960,867</b>	

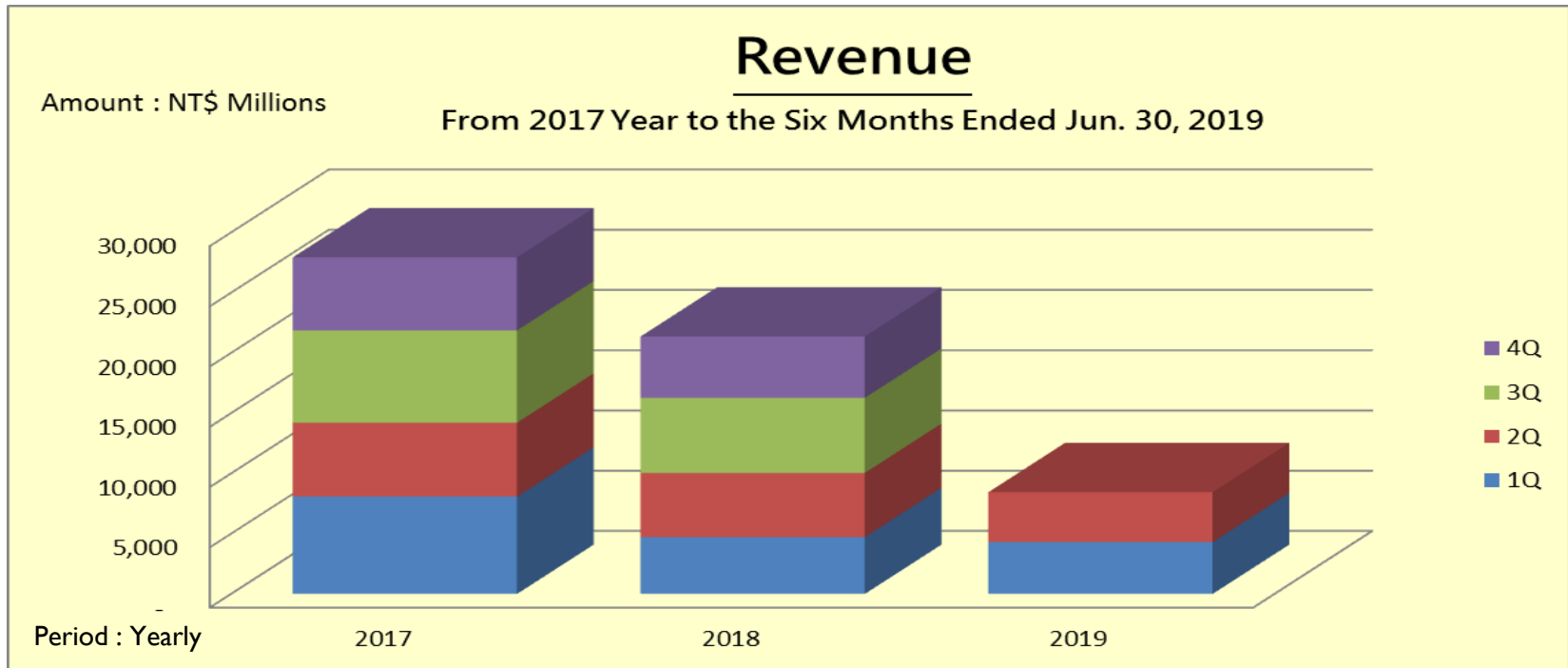
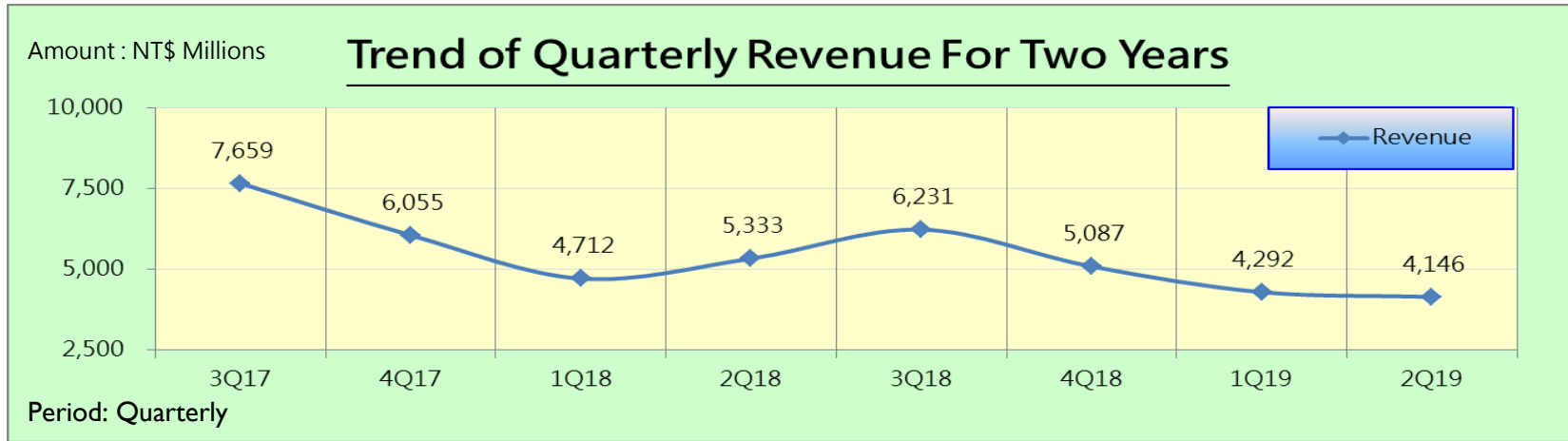
※They are only reviewed rather than audited.

(1) Increase Investment : They included Financial assets at fair value through profit or loss-structured product around NT\$305,111K in 2019 and NT\$922,200K in 2018 respectively, and the others are non-publicly traded equity investments for the six-month periods ended June 30, 2019.

(2) In addition to cash generated from operating, investing and financing activities, net change in cash also include effect on currency exchange of foreign subsidiaries.

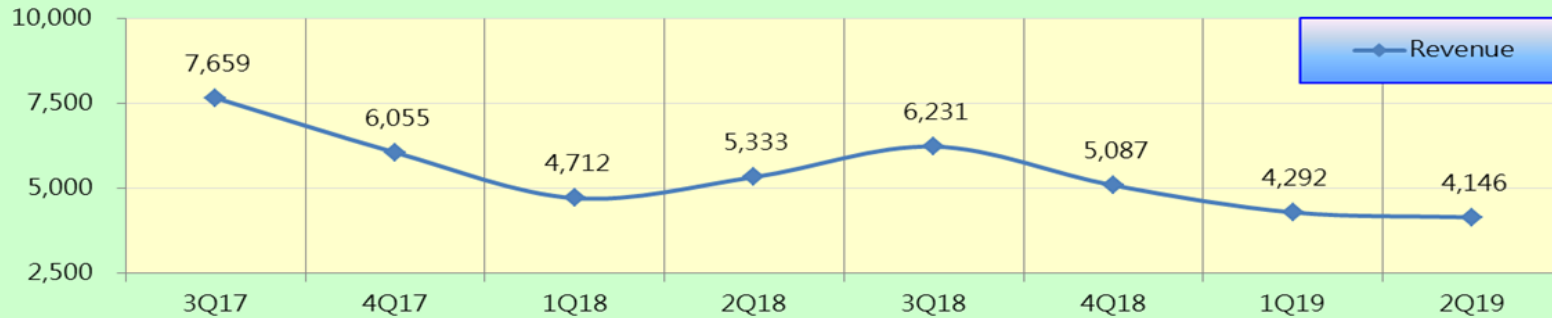
# Business Overview





## Trend of Quarterly Revenue For Two Years

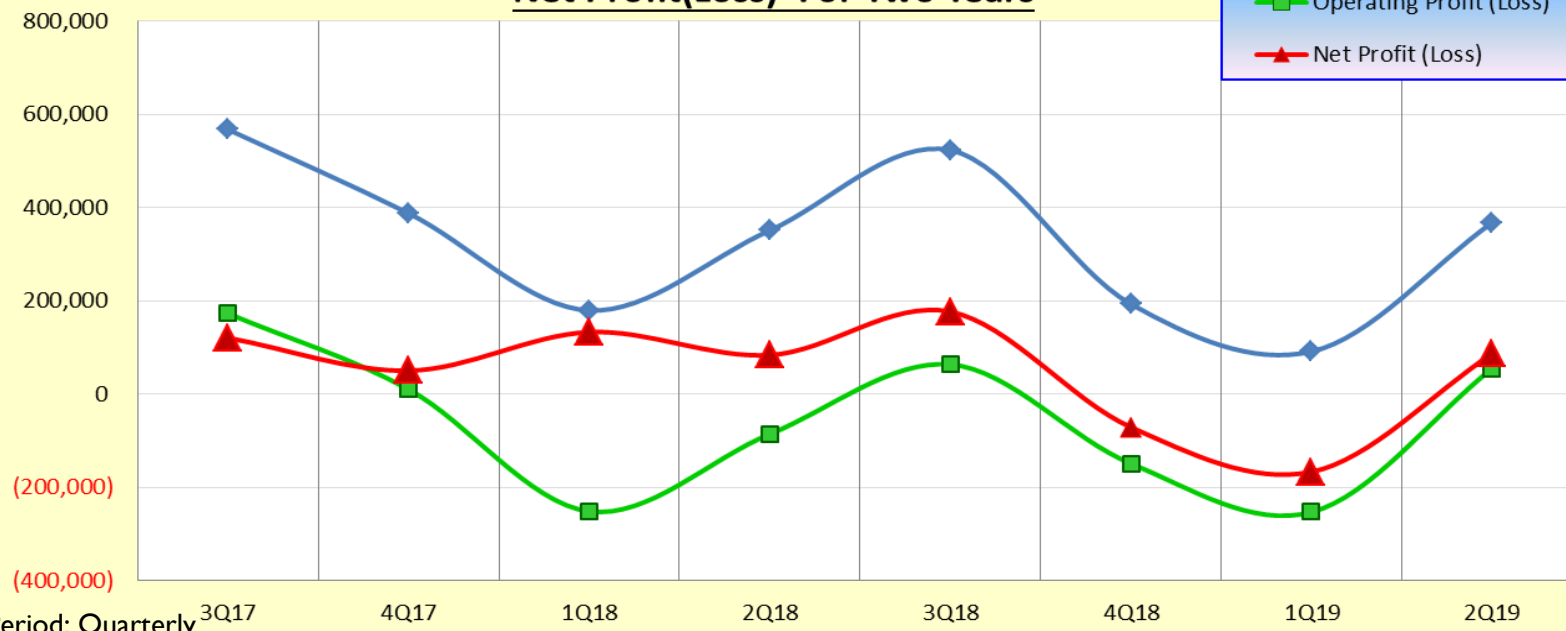
Amount : NT\$ Millions



Period: Quarterly

## Trend of Quarterly Operating Profit(Loss) and Net Profit(Loss) For Two Years

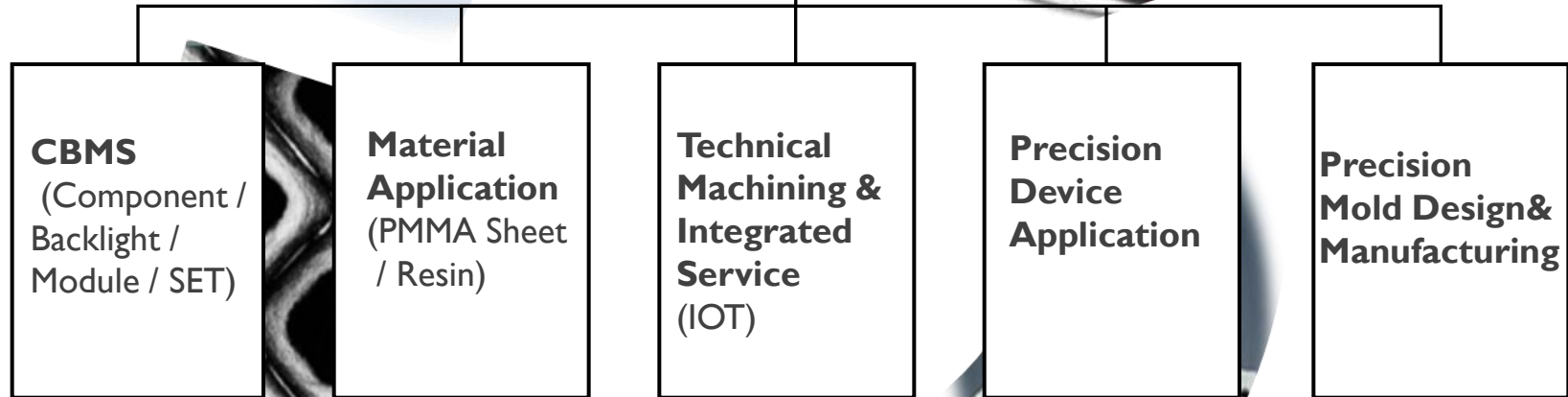
Amount : NT\$ Thousands



Period: Quarterly

# Our Business

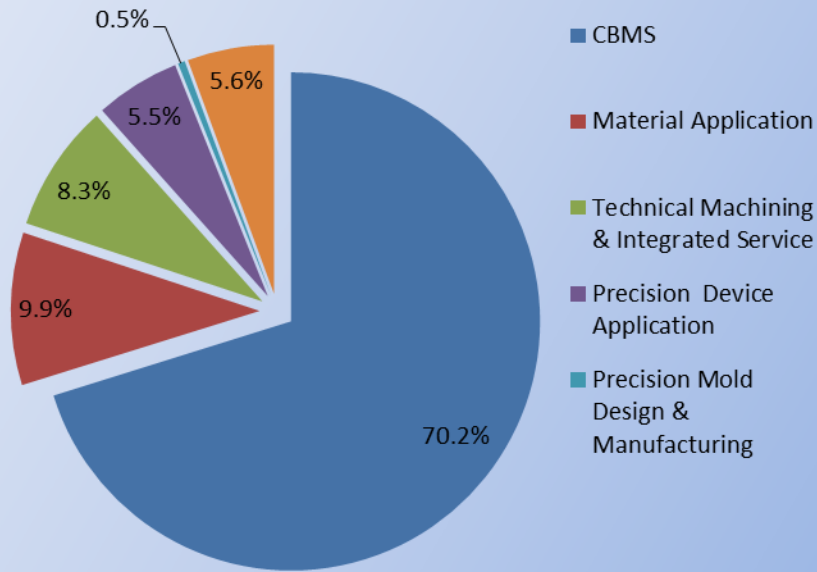
## Darwin 5 Major Operating Directions





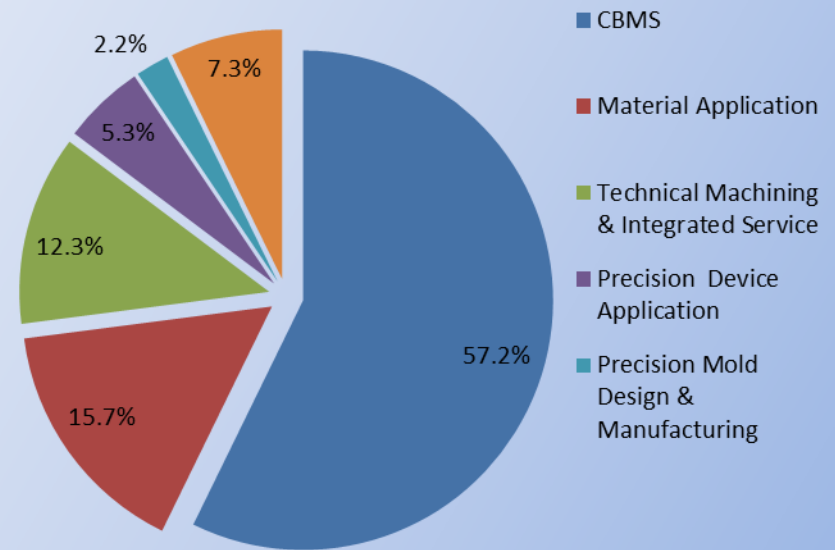
## Revenue % by Product

For the Year Ended December 31, 2018



## Revenue % by Product

For the Six Months Ended Jun. 30, 2019



### ➤ Business Development:

1. Original Business Optimization : Organization 、 Operating & Resource optimization ◦
2. Integrated Service Business Enhancement : Cooperating with the BenQ-AUO Group 、 Niche Products ◦
3. Technology innovation & Value creation : Precision Machining Application 、 PMMA Material Application ◦
4. Non-Assembly Business Revenue growth up : Industry Display Integrated Service 、 Miniature Precision Machining & Material Business.

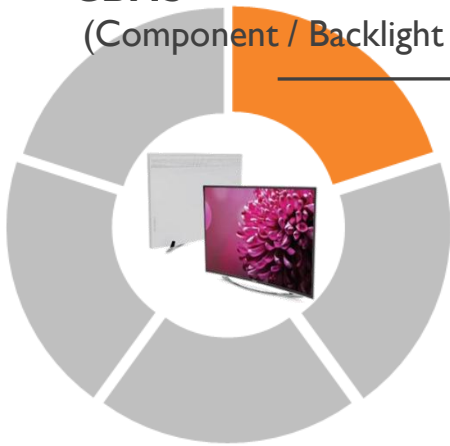


# PRODUCT & SERVICE



## CBMS

(Component / Backlight / Module / SET)



### SET Design

- LCD TV Design
- LCD Monitor Design
- Design Concept
- Mass Production

### Panel Module

- LCD Panel Module
- LCD Backlight Module

### Component

- Metal Stamping
- Plastic Injection
- Cosmetic Parts
- Bi-Injection



# PRODUCT & SERVICE



**Material Application**  
(PMMA Sheet/ Resin)



## Light Guide Plate Series

- PMMA
- PC
- PS
- MS
- Lenticular structure

## Diffuser Plate Series

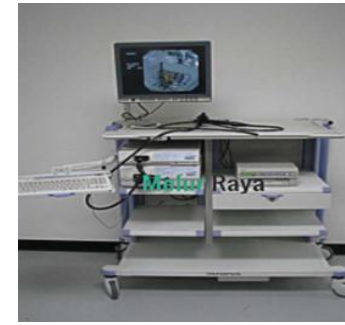
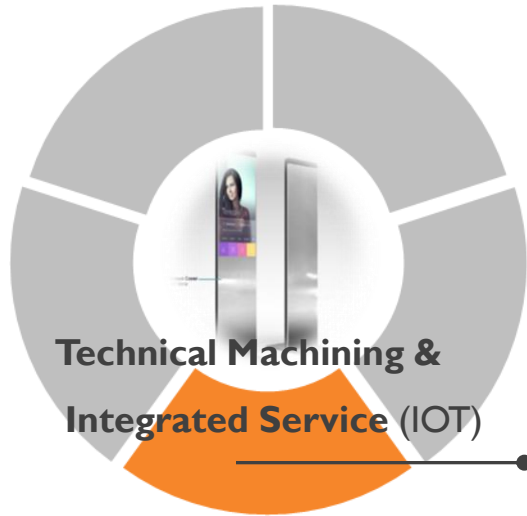
- PP
- PS

## Non-Display Application

- PMMA
- Multi-layer high gloss panel



# PRODUCT & SERVICE



## System Application

- Bar Display
- PID
- Curve Display

## Smart City

- Car Display Application
- e-Bus
- Outdoor Display

## Safety & Automotive

- Medical Display
- Instrument cluster display

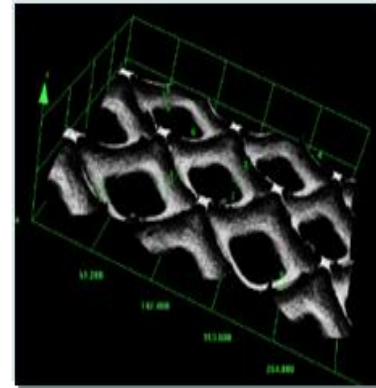
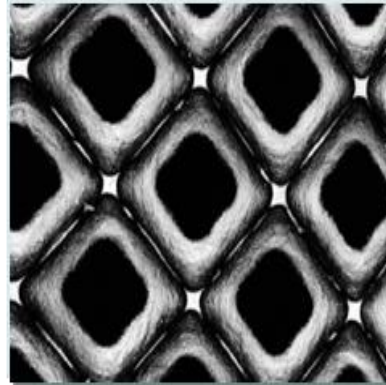
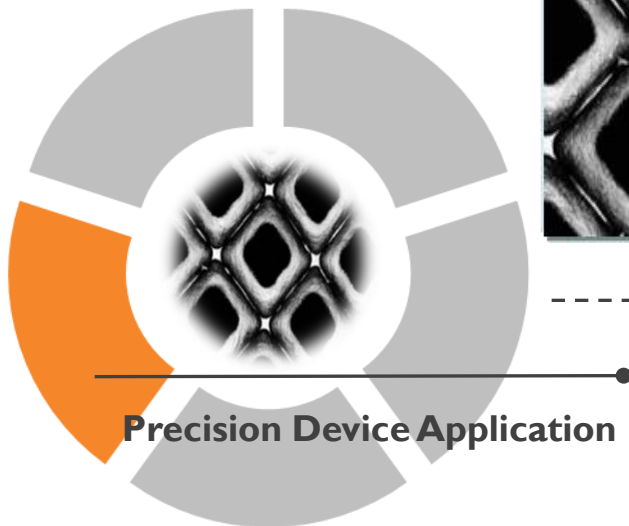
## Energy Saving Product

- Indoor e-Paper Display
- Outdoor e-Paper Display





# PRODUCT & SERVICE



## Precision Etching

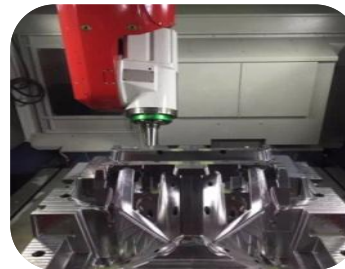
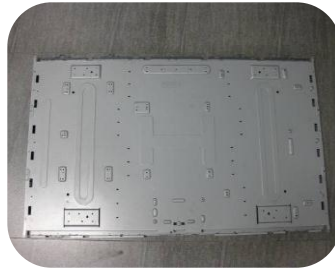
- Fine Metal Mask
- ITO Film
- VCM Spring

## Precision Electroforming

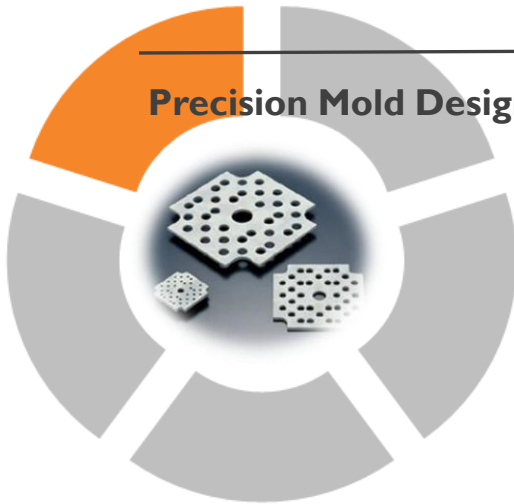
- Photomask
- Micro Cup



# PRODUCT & SERVICE



## Precision Mold Design & Manufacturing



### Sheet Metal Stamping Mold

- CAD (VISI)
- CAM (VISI)
- Wire EDM
- Heat Treatment
- Assembly

### Plastic Injection Mold

- CAD (Pro/E)
- CAM (CAMTOOL)
- EDM
- Polishing
- Assembly

### Precision Optical Mold

- Optical Lens (2<sup>nd</sup> Lens)
- Light guide Plate (LGP)





[stakeholder@darwinprecisions.com](mailto:stakeholder@darwinprecisions.com)





**Thank You!**

