

AP Memory Technology Corporation

2020 Q4 Investor Conference

2021.03.16

TWSE: 6531



Disclaimer

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Outline

- 2020 Q4 Financial Results
- Business Analysis & Outlook
- Q&A

01

2020 Q4 Financial Results

2020 Q4 Consolidated Income Statements

(in NT\$K)	2020.4Q	2020.3Q	Diff.	QoQ	2019.4Q	Diff.	YoY
Net Revenue	1,011,990	828,317	183,673	22%	1,019,007	(7,017)	-1%
Cost of Revenue	612,387	557,190	55,197	10%	855,808	(243,421)	-28%
Gross Profit	399,603	271,127	128,476	47%	163,199	236,404	145%
Gross Profit Margin (%)	39%	33%	6%		16%	23%	
Operating Expenses	145,704	124,626	21,078	17%	115,268	30,436	26%
Operating Expense Ratio	14%	15%	-1%		11%	3%	
Income from Operations	253,899	146,501	107,398	73%	47,931	205,968	430%
Operating margin(%)	25%	18%	7%		5%	20%	
Non-operating Income and Expenses	424,049	(2,341)	426,390	-	(19,068)	443,117	-
Income from Continuing Operation before Income Tax	677,948	144,160	533,788	370%	28,863	649,085	2249%
Income Tax Expenses(Benefit)	109,685	21,609	88,076	408%	(25,871)	135,556	-
Income from Continuing Operation	568,263	122,551	445,712	364%	54,734	513,529	938%
Income from Discontinued Operation	9,364	3,521	5,843	166%	(27,073)	36,437	-
Net Income	577,627	126,072	451,555	358%	27,661	549,966	1988%
Net Income(%)	56%	15%	41%	280%	5%	51%	945%
Net Income attributable to Parent Company	575,438	125,221	450,217	360%	27,661	547,777	1980%
EPS(NT\$)	7.79	1.70			0.36		

2020 Q4 Consolidated I/S (Excl. gains from subsidiary sale)

(in NT\$K)	2020.4Q	2020.3Q	Diff.	QoQ	2019.4Q	Diff.	YoY
Net Revenue	1,011,990	828,317	183,673	22%	1,019,007	(7,017)	-1%
Cost of Revenue	612,387	557,190	55,197	10%	855,808	(243,421)	-28%
Gross Profit	399,603	271,127	128,476	47%	163,199	236,404	145%
Gross Profit Margin (%)	39%	33%	7%		16%	23%	
Operating Expenses	145,704	124,626	21,078	17%	115,268	30,436	26%
Operating Expense Ratio	14%	15%	-1%		11%	3%	
Income from Operations	253,899	146,501	107,398	73%	47,931	205,968	430%
Operating margin(%)	25%	18%	7%		5%	20%	
Non-operating Income and Expenses*	(4,300)	(2,341)	(1,959)	84%	(19,068)	14,768	-77%
Income from Continuing Operation before Income Tax*	249,599	144,160	105,439	73%	28,863	220,736	765%
Income Tax Expenses(Benefit) *	27,669	21,609	6,060	28%	(25,871)	53,540	-
Income from Continuing Operation*	221,930	122,551	99,379	81%	54,734	167,196	305%
Income from Discontinued Operation*	9,364	3,521	5,843	166%	(27,073)	36,437	-
Net Income*	231,294	126,072	105,222	83%	27,661	203,633	736%
Net Income(%) *	22%	15%	7%	49%	5%	17%	310%
Net Income attributable to Parent Company*	229,105	125,221	103,884	83%	27,661	201,444	728%
EPS(NT\$) *	3.10	1.70			0.36		

*2020Q4 excluded one time gains from disposal of subsidiary.

2020 Full Year Consolidated Income Statements

(in NT\$K)	2020	2019	Diff.	YoY
Net Revenue	3,549,497	3,416,669	132,828	4%
Cost of Revenue	2,523,826	2,936,028	(412,202)	-14%
Gross Profit	1,025,671	480,641	545,030	113%
Gross Profit Margin (%)	29%	14%		
Operating Expenses	505,925	487,984	17,941	4%
Operating Expense Ratio	14%	14%		
Income from Operations	519,746	(7,343)	527,089	-
Operating margin(%)	15%	0%		
Non-operating Income and Expenses	420,609	(347,014)	767,623	-
Income from Continuing Operation before Income Tax	940,355	(354,357)	1,294,712	-
Income Tax Expenses(Benefit)	124,985	(31,384)	156,369	-
Income from Continuing Operation	815,370	(322,973)	1,138,343	-
Income from Discontinued Operation	5,613	(72,092)	77,705	-
Net Income	820,983	(395,065)	1,216,048	-
Net Income(%)	23%	-12%		
Net Income attributable to Parent Company	811,710	(395,065)	1,206,775	-
EPS(NT\$)	11.00	(5.33)		

2020 Full Year Consolidated I/S (Excl. gains from subsidiary sale)

(in NT\$K)	2020	2019	Diff.	YoY
Net Revenue	3,549,497	3,416,669	132,828	4%
Cost of Revenue	2,523,826	2,936,028	(412,202)	-14%
Gross Profit	1,025,671	480,641	545,030	113%
Gross Profit Margin (%)	29%	14%		
Operating Expenses	505,925	487,984	17,941	4%
Operating Expense Ratio	14%	14%		
Income from Operations	519,746	(7,343)	527,089	-
Operating margin(%)	15%	0%		
Non-operating Income and Expenses*	(7,740)	(347,014)	339,274	-98%
Income from Continuing Ope. before Income Tax *	512,006	(354,357)	866,363	
Income Tax Expenses(Benefit) *	42,969	(31,384)	74,353	
Income from Continuing Operation *	469,037	(322,973)	792,010	
Income from Discontinued Operation *	5,613	(72,092)	77,705	
Net Income *	474,650	(395,065)	869,715	
Net Income(%) *	13%	-12%		
Net Income attributable to Parent Company *	465,377	(395,065)	860,442	
EPS(NT\$) *	6.31	(5.33)		

*2020Q4 excluded one time gains from disposal of subsidiary.

2020 Q4 Consolidated Balance Sheet

in NT\$K	2020.12.31		2020.09.30		2019.12.31	
	AMT	%	AMT	%	AMT	%
Cash and Cash Equivalents	662,967	17	430,038	13	584,264	18
Financial Assets at FVTPL-Current	930,536	23	370,158	11	30,003	1
Accounts Receivable	600,601	15	483,873	14	588,346	19
Inventories	625,055	16	620,488	18	1,130,802	36
Current Assets Held for Sale and Discontinued Operations	-	-	820,874	24	-	-
Other Accounts Receivable	401,777	10	16,347	-	60,134	2
Other Current Assets	89,091	2	100,178	3	34,566	1
Long-term Investments	79,905	2	78,763	2	82,525	3
Property, Plant and Equipment	8,009	-	9,330	-	14,854	-
Goodwill and Other Intangible Assets	35,103	1	17,691	1	183,913	5
Refundable Deposits	208,547	5	201,969	6	206,686	7
Other Non-Current Assets	341,809	9	287,275	8	260,932	8
Total Assets	3,983,400	100	3,436,984	100	3,177,025	100
Short-Terms Loans	130,613	3	146,290	4	300,000	9
Accounts Payable	236,934	6	241,416	7	307,382	10
Other Payables	137,303	4	73,663	2	42,760	2
Current Tax Liabilities	132,617	3	21,352	-	108	-
Provisions	195,435	5	205,171	6	294,764	9
Liab. included in disposal groups classified as held for sale	-	-	196,357	6	-	-
Other Liabilities	47,528	1	24,125	1	69,454	2
Total Liabilities	880,430	22	908,374	26	1,014,468	32
Total Shareholders' Equity	3,102,970	78	2,528,610	74	2,162,557	68
Net Worth Per Share	41.8		33.8		29.3	

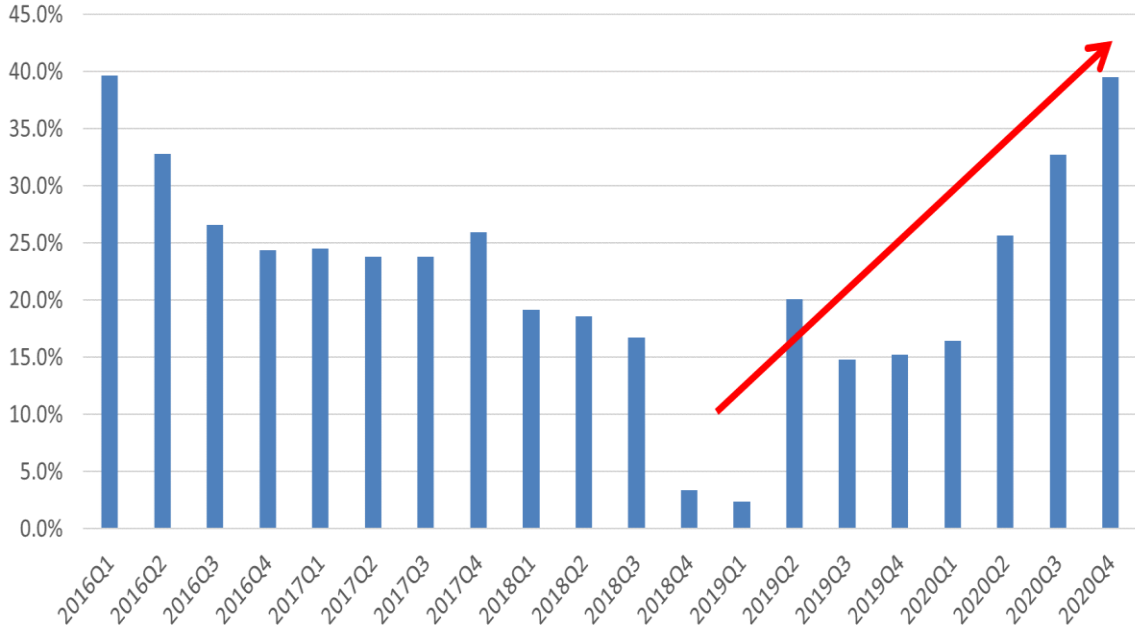
2020 Q4 Financial Ratios

	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019
Current Ratio	387%	357%	318%	349%	301%
Quick Ratio	313%	277%	202%	214%	157%
Average A/R collection days	49 days	66 days	77 days	63 days	72 days
Days sales of inventory	119 days	156 days	169 days	151 days	220 days
Net income (%)	22%*	15%	9%	5%	-11%
ROA	25%*	15%	10%	5%	-11%
ROE	33%*	21%	13%	6%	-16%

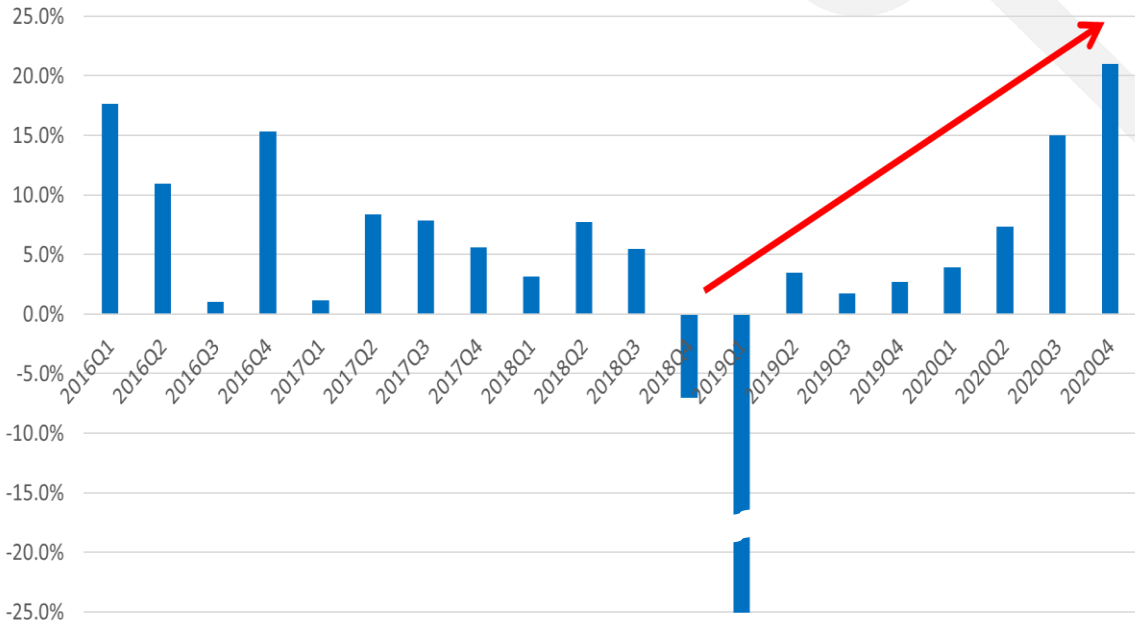
*4Q20 excluded one time gains from disposal of subsidiary.

Operating Results Improving (Margin Rates)

Gross Margin %

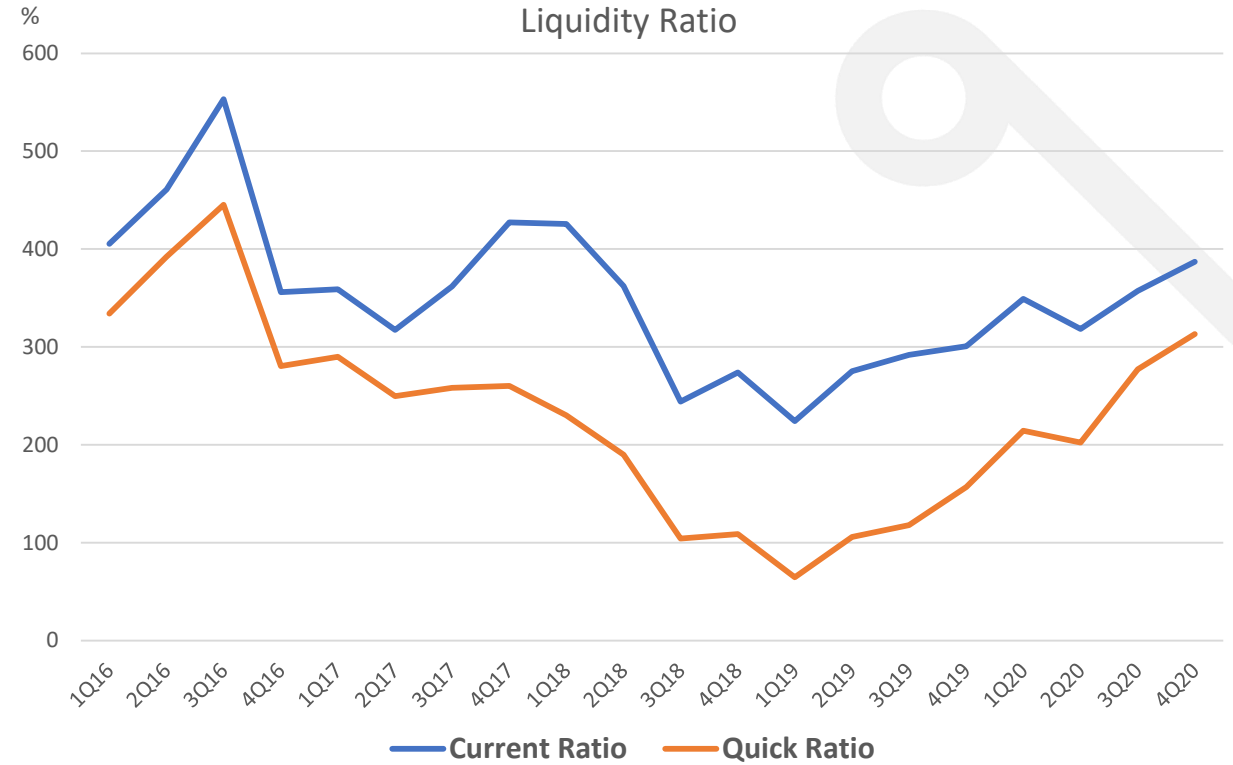
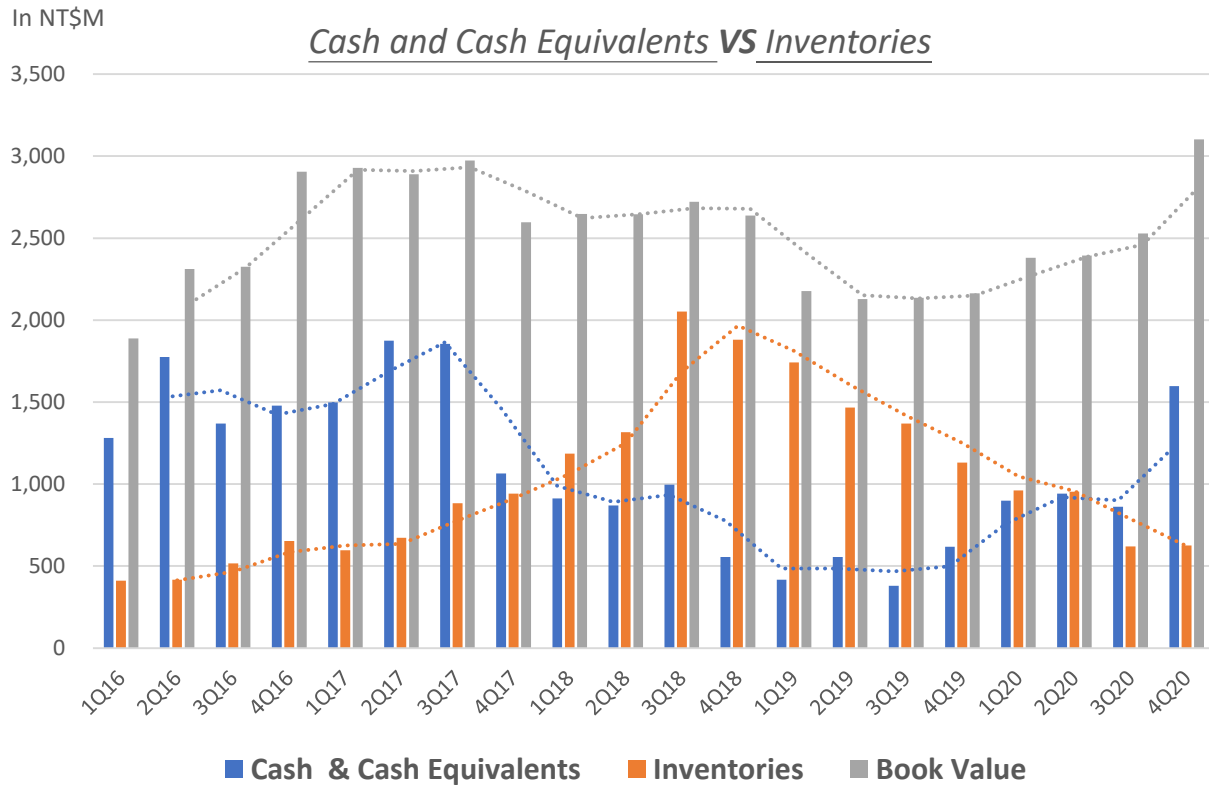


Net Profit Margin %



*2020Q4 excluded one time gain on disposal of subsidiary.

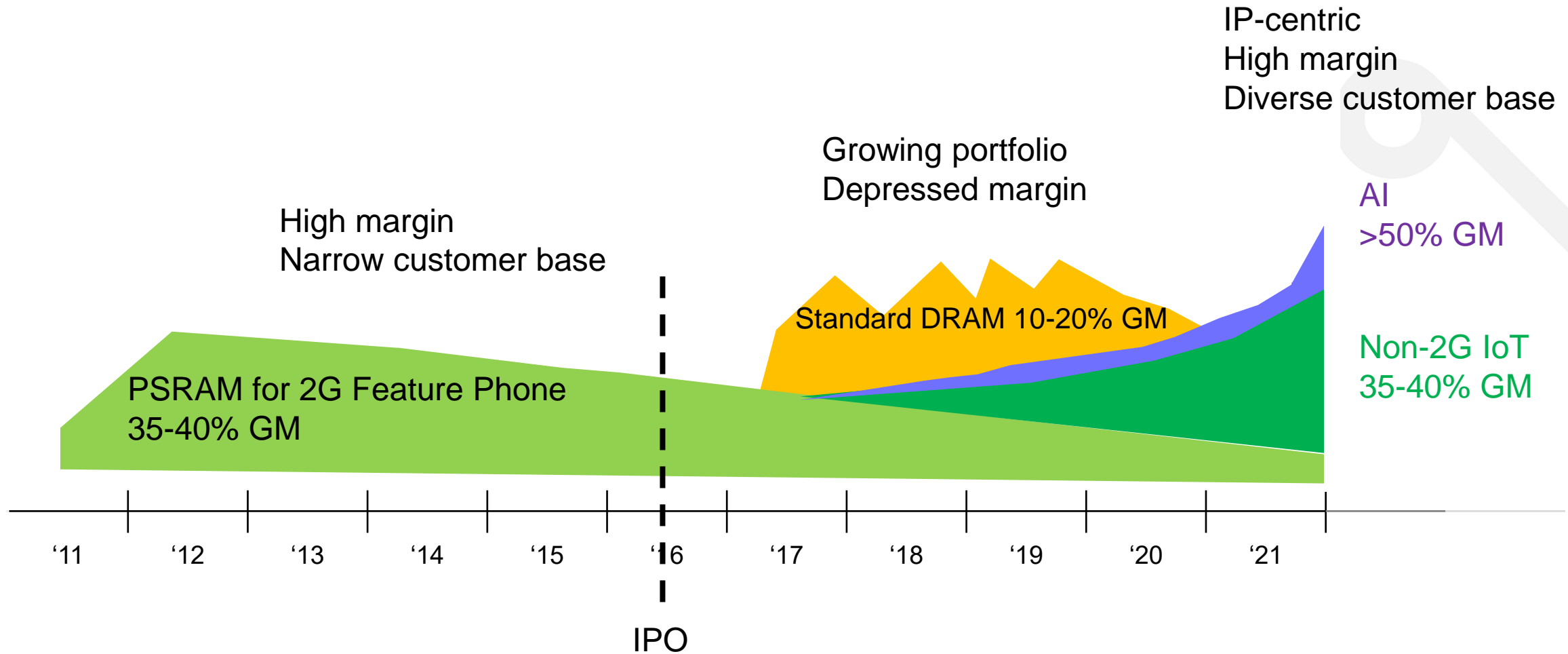
Increasing Cash & Cash Equivalents



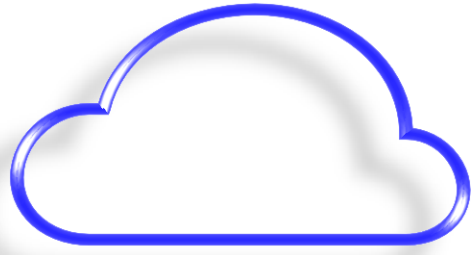
02

Business Analysis & Outlook

Evolution of Our Business Model



APM Products in Perspective



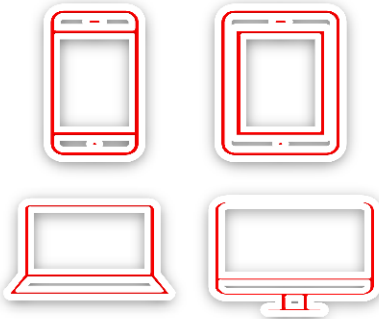
High growth
Cloud Computing



 **apmemory**

AI BU

Very High-bandwidth Memory



Local Computing



High growth
IoT Edge Computing

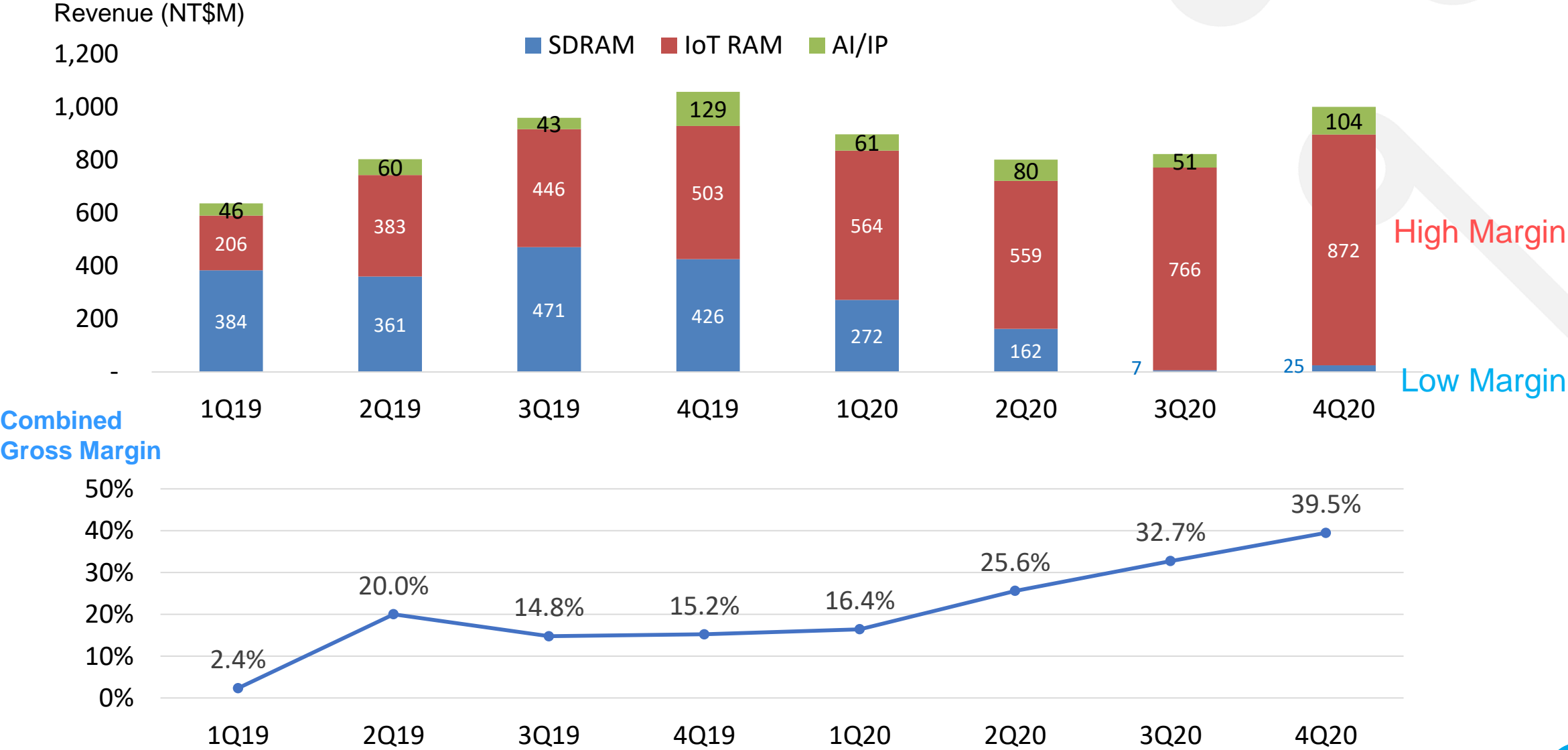


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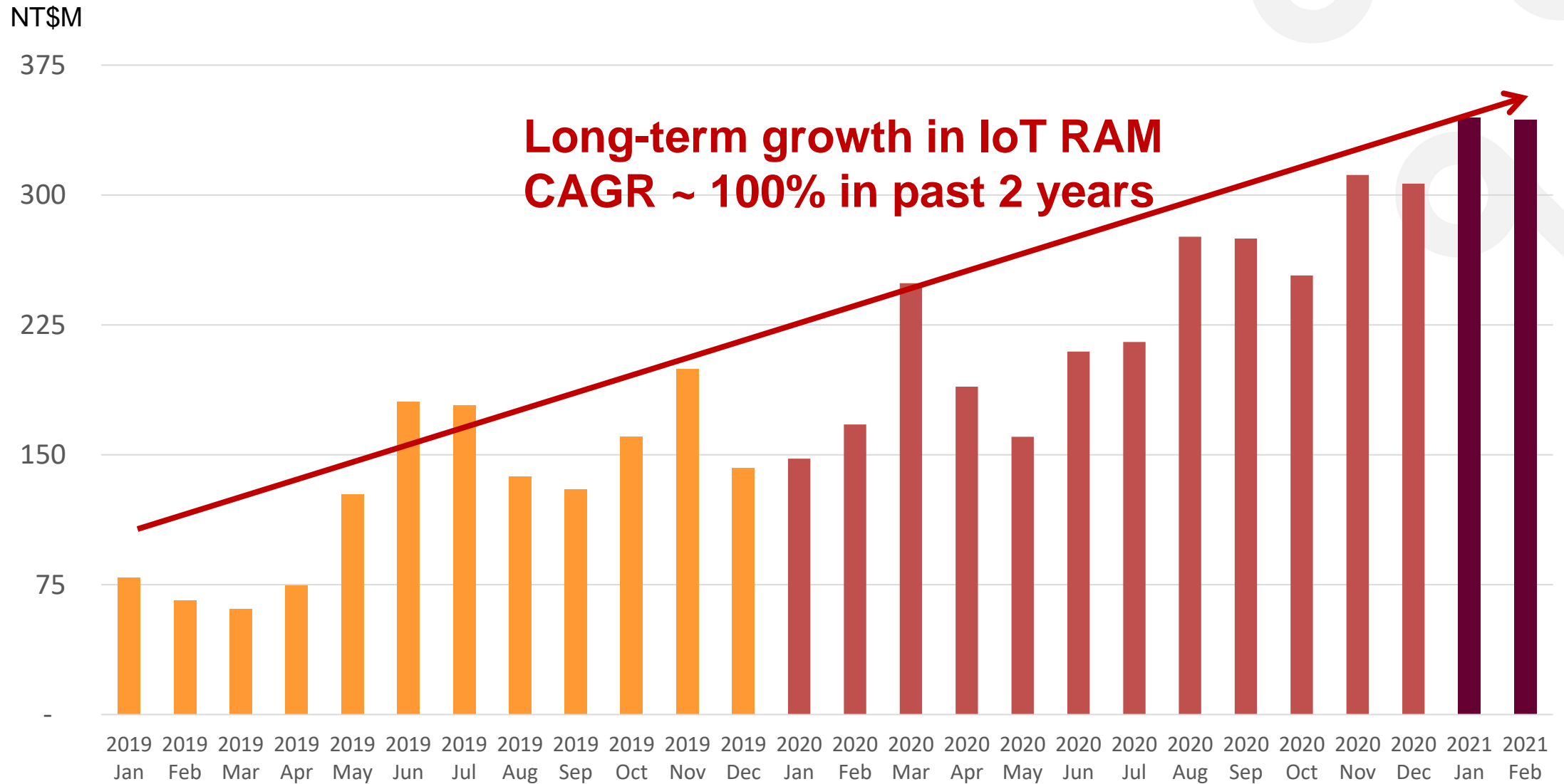
IoT BU

IP-embedded IOT RAM

Focus on Margin Improvement

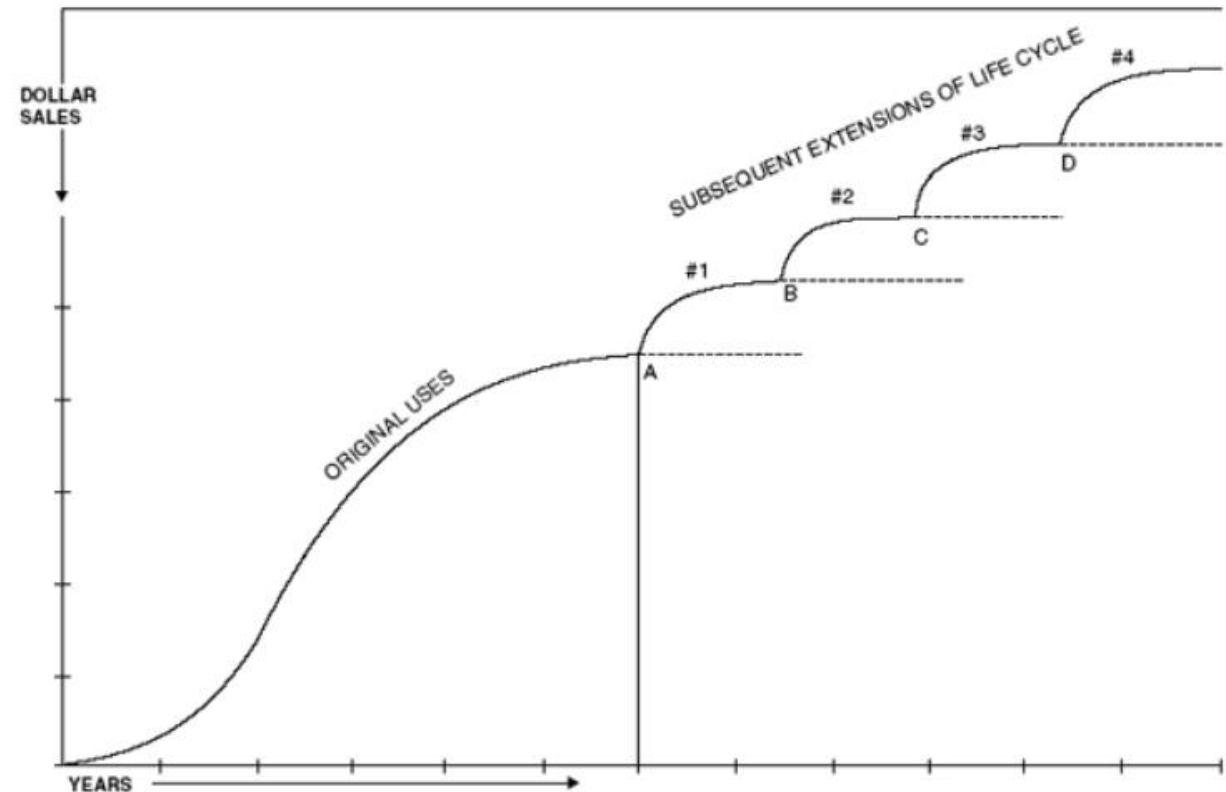


Monthly IoT Revenue Trend



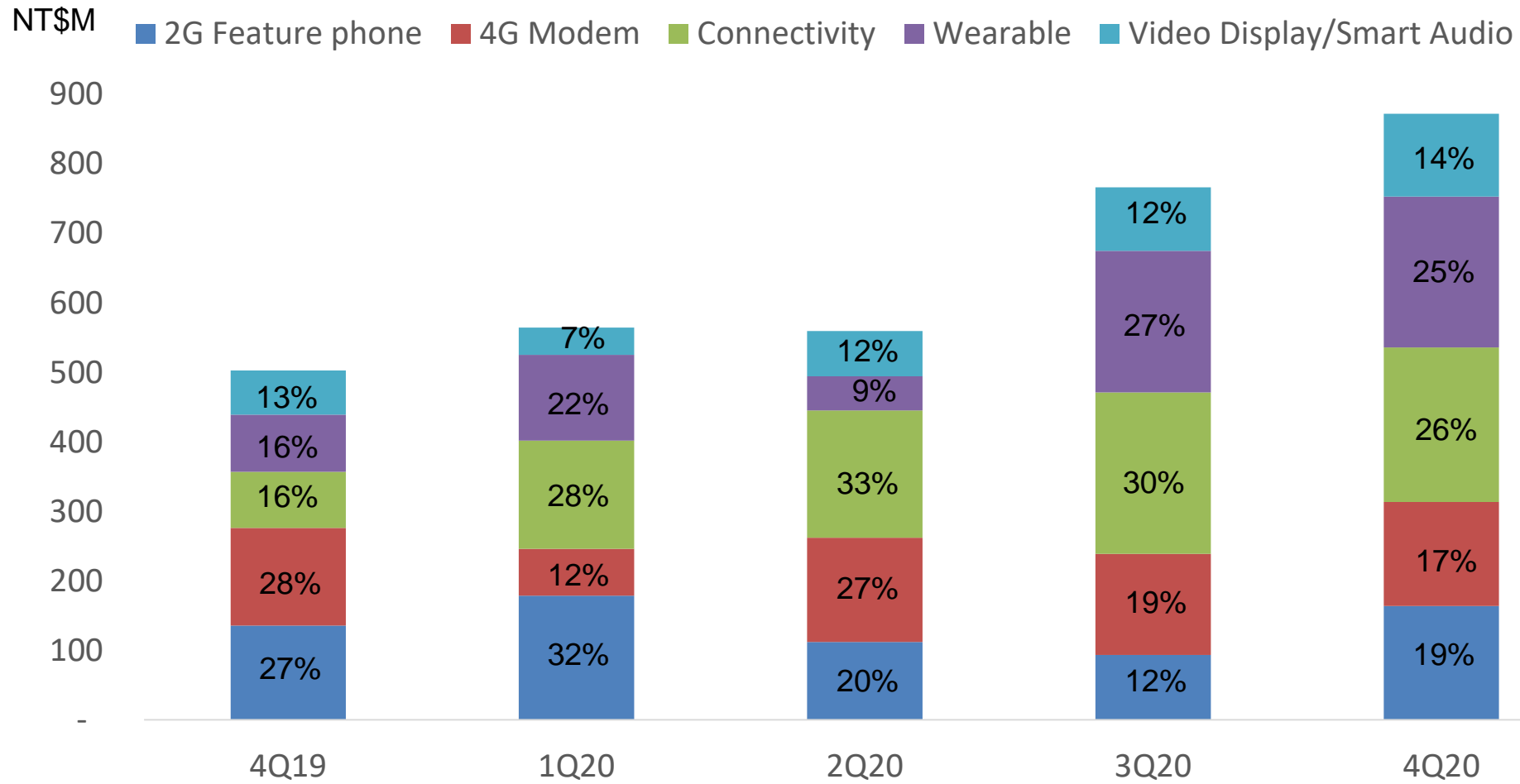
- IoT RAM Business Model

- Good gross margin
- Growing market
- High entry barrier
- Long product lifetime
- Diverse applications



Source: Harvard Business Review 1965/11

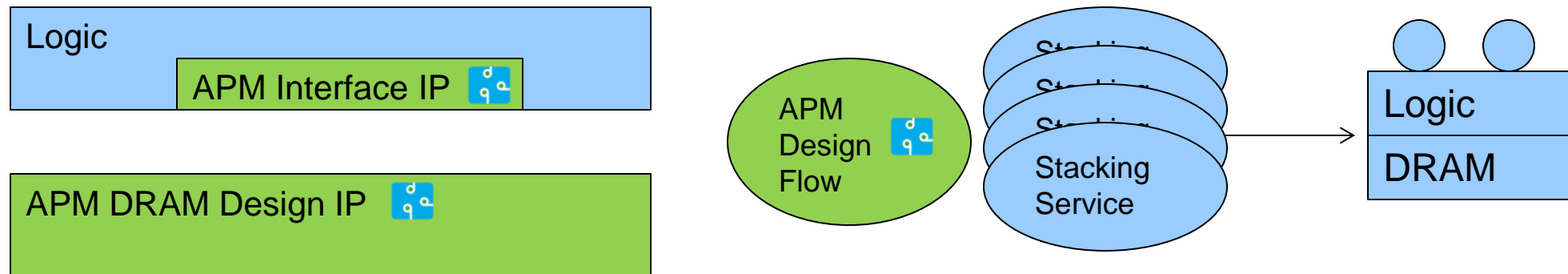
IoT BU Revenue by Application



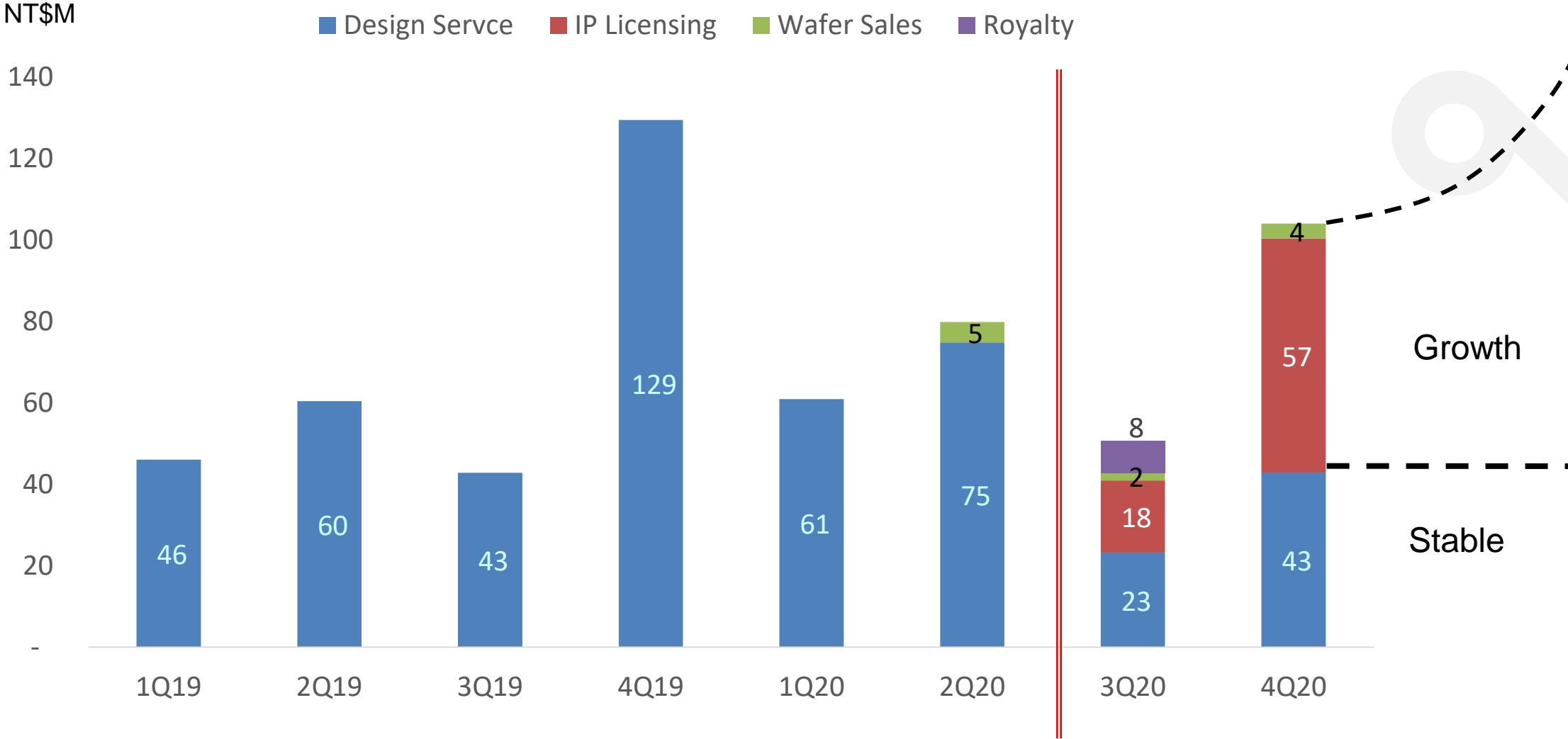
Multiple growing applications

AI BU: To Be #1 in AI Memory Solution

- AI BU Business Model
 - Memory solution for high-bandwidth (10-100X HBM)
 - Design-in stage:
 - Design service + IP licensing (\$/project)
 - Production stage:
 - Wafer sales and/or Royalty (\$/wafer)



AI BU Revenue Trend



- **Business Environment**

- Extreme capacity shortage.
- Mitigation
 - Long-term planning & strategic alignment with suppliers.
 - Short supply chain (KGD = Wafer + CP).

- **AP Memory Outlook**

- IoT: Strong demand, with some uncertainty in 2H21.
- AI: VHM™ to enter production in 2H21.
- Capacity mostly secured to support demand for 2021.
- Customer demand may be impacted by logic/OSAT shortage.

Q&A

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