

AP Memory Technology Corporation

2020.Q3 Investor Conference

2020.11.11



Disclaimer

The forward-looking statements contained in the presentation are subject to risks and uncertainties and actual results may differ materially from those expressed or implied in these forward-looking statements.

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Outline

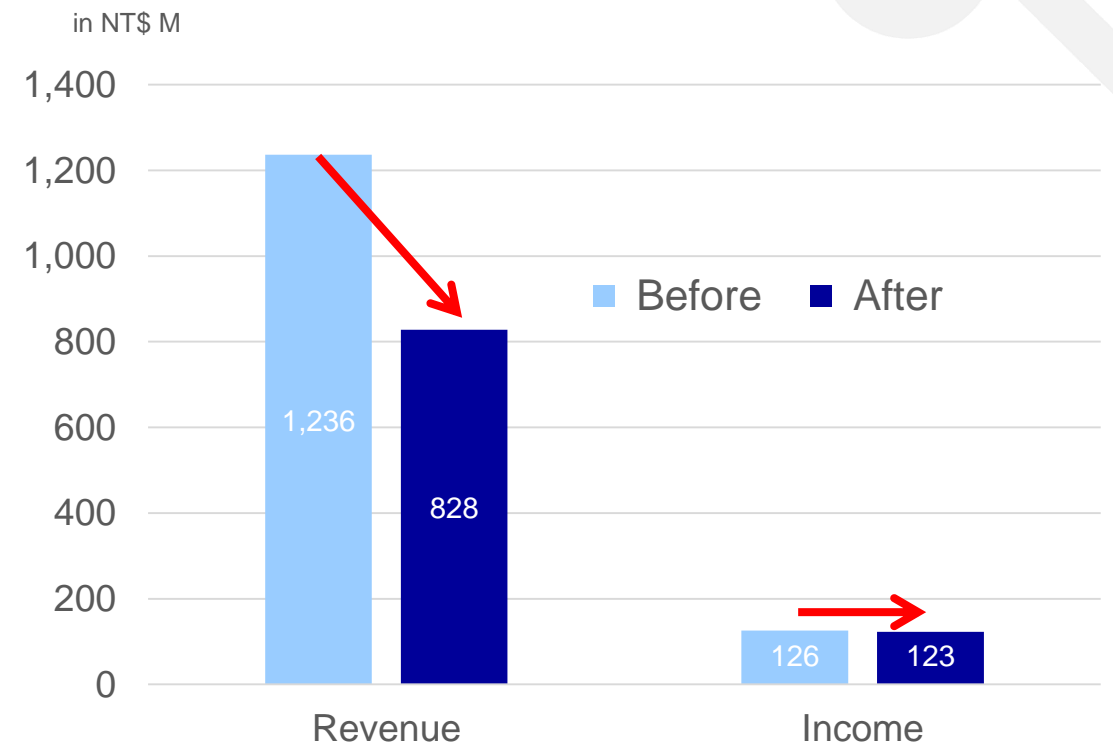
- 2020.Q3 Financial Results
- Business Outlook
- Business Unit Outlook
 - IOT BU
 - AI BU
- Q&A

01

2020.Q3 Financial Results

Zentel Japan Transaction

- Disposing of remaining 76% shares of Zentel Japan
- Reported as “discontinued operation” in Q3’20
- Closing expected in Q4’20
 - Estimated Gain: NT\$ 451M(6.11 / share)
- Impact on Q3’20 financials



2020.Q3 Consolidated Income Statements (1/2)

in NT\$K	2020.Q3	QoQ		YoY			
		2020.Q2	ΔAMT	Δ%	2019.Q3	ΔAMT	Δ%
Revenue	828,317	807,931	20,386	3	957,151	(128,834)	(13)
Cost of Revenue	557,190	601,100	(43,910)	(7)	815,839	(258,649)	(32)
Gross Profit	271,127	206,831	64,296	31	141,312	129,815	92
Gross Profit Margin (%)	33%	26%		28	15%		122
Operating Expenses	124,626	131,035	(6,409)	(5)	99,508	25,118	25
Operating Expenses Rate (%)	15%	16%		(7)	10%		45
Operating Income	146,501	75,796	70,705	93	41,804	104,697	250
Operating Income Rate (%)	18%	9%		89	4%		305
Non-operating P&L	(2,341)	(12,204)	9,863	(81)	2,277	(4,618)	(203)
Net Income before Tax	144,160	63,592	80,568	127	44,081	100,079	227
Income Tax Expense (Benefit)	21,609	(11,879)	33,488	(282)	6,124	15,485	253
Income from Continuing Operation	122,551	75,471	47,080	62	37,957	84,594	223
Income from Discontinued Operation	3,521	4,931	(1,410)	(29)	(21,331)	24,852	(117)
Net Income	126,072	80,402	45,670	57	16,626	109,446	658
Net Income (%)	15%	10%		53	4%		284
Net Income Attributable to Parent Company	125,221	75,052	50,169	67	16,626	108,595	653
EPS (NT\$)	1.70	1.02	0.68	67	0.23	1.47	639

2020.Q3 Consolidated Income Statements (2/2)

in NT\$K	2020.Q1~Q3	2019.Q1~Q3	YoY	
			ΔAMT	Δ%
Revenue	2,537,507	2,397,662	139,845	6
Cost of Revenue	1,911,439	2,080,220	(168,781)	(8)
Gross Profit	626,068	317,442	308,626	97
Gross Profit Margin (%)	25%	13%		86
Operating Expenses	360,221	372,716	(12,495)	(3)
Operating Expenses Rate (%)	14%	16%		(9)
Operating Income	265,847	(55,274)	321,121	581*
Operating Income Rate (%)	10%	(2%)		554*
Non-operating P&L	(3,440)	(327,946)	324,506	99*
Net Income before Tax	262,407	(383,220)	645,627	168*
Income Tax Expense (Benefit)	15,300	(5,513)	20,813	378*
Income from Continuing Operation	247,107	(377,707)	624,814	165*
Income from Discontinued Operation	(3,751)	(45,019)	41,268	92
Net Income	243,356	(422,726)	666,082	158*
Net Income (%)	10%	(18%)		154*
Net Income Attributable to Parent Company	236,272	(422,726)	658,998	156*
EPS (NT\$)	3.21	(5.69)	8.90	156*

* Adjusting to positive Δ%

2020.Q3 Consolidated Balance Sheet

	2020.09.30		2019.12.31		2019.09.30	
in NT\$K	AMT	%	AMT	%	AMT	%
Cash and Cash Equivalents	430,038	13	584,264	18	377,357	12
Financial Assets at FVTPL-Current	370,158	11	30,003	1	-	-
Accounts/Notes Receivable	483,873	14	588,346	19	561,195	18
Inventories	620,488	18	1,130,802	36	1,370,012	43
Current Assets Held for Sale and Discontinued Operations	820,874	24	-	-	-	-
Other Current Assets	116,525	3	124,703	4	138,115	4
Long-term Investments	78,763	2	82,525	3	82,405	3
Goodwill	-	-	76,204	2	76,204	2
Other Intangible Assets	17,691	1	107,709	3	112,211	4
Refundable Deposits	201,969	6	206,686	6	206,815	6
Other Non-Current Assets	296,605	8	245,783	8	253,399	8
Total Assets	3,436,984	100	3,177,025	100	3,177,713	100
Short-Terms Loans	146,290	4	300,000	9	250,000	8
Accounts Payable	241,416	7	307,382	10	357,508	11
Liabilities included in disposal groups classified as held for sale	196,357	6	-	-	-	-
Other Payables-Current/Non-Current	278,834	8	337,524	11	391,442	13
Other Liabilities	45,477	1	69,562	2	42,697	1
Total Liabilities	908,374	26	1,014,468	32	1,041,647	33
Total Shareholders' Equity	2,528,610	74	2,162,557	68	2,136,066	67
Net Worth Per Share	33.8		29.3		28.9	

3Q20 Financial Ratios

	2020Q3	2020Q2 (Note 1)	2020Q1 (Note1)	2019 (Note 1)
Current Ratio	357%	318%	349%	301%
Quick Ratio	277%	202%	214%	157%
Average A/R collection days	66 days	77 days	63 days	72 days
Days sales of inventory	156 days	169 days	151 days	217 days
Net income %	15%	10%	4%	-11%
ROA %	15%	10%	5%	-11%
ROE %	21%	13%	6%	-16%

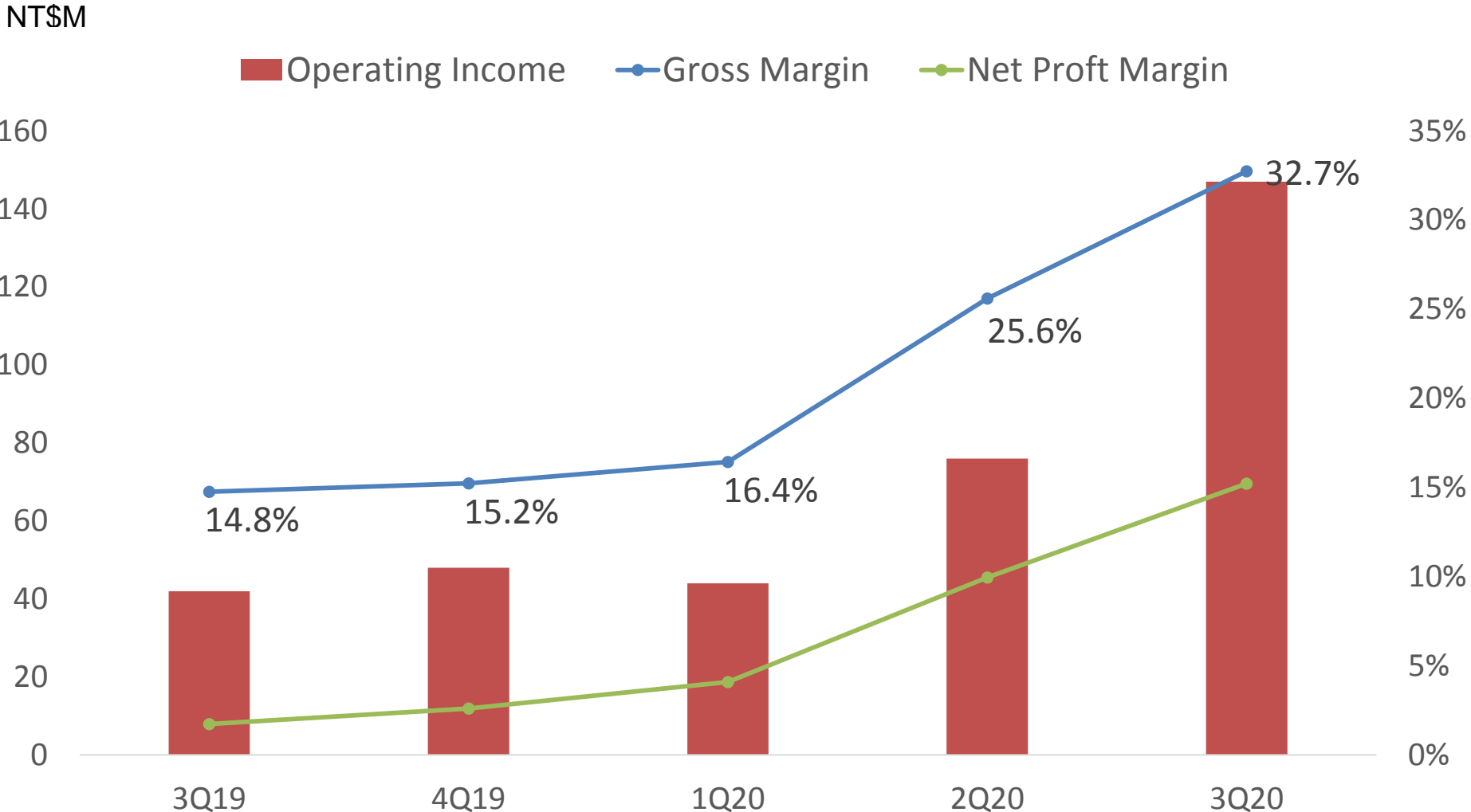
Note 1 : Reclassified as 2020.Q3.

Note 2 : Ratios are annualized.

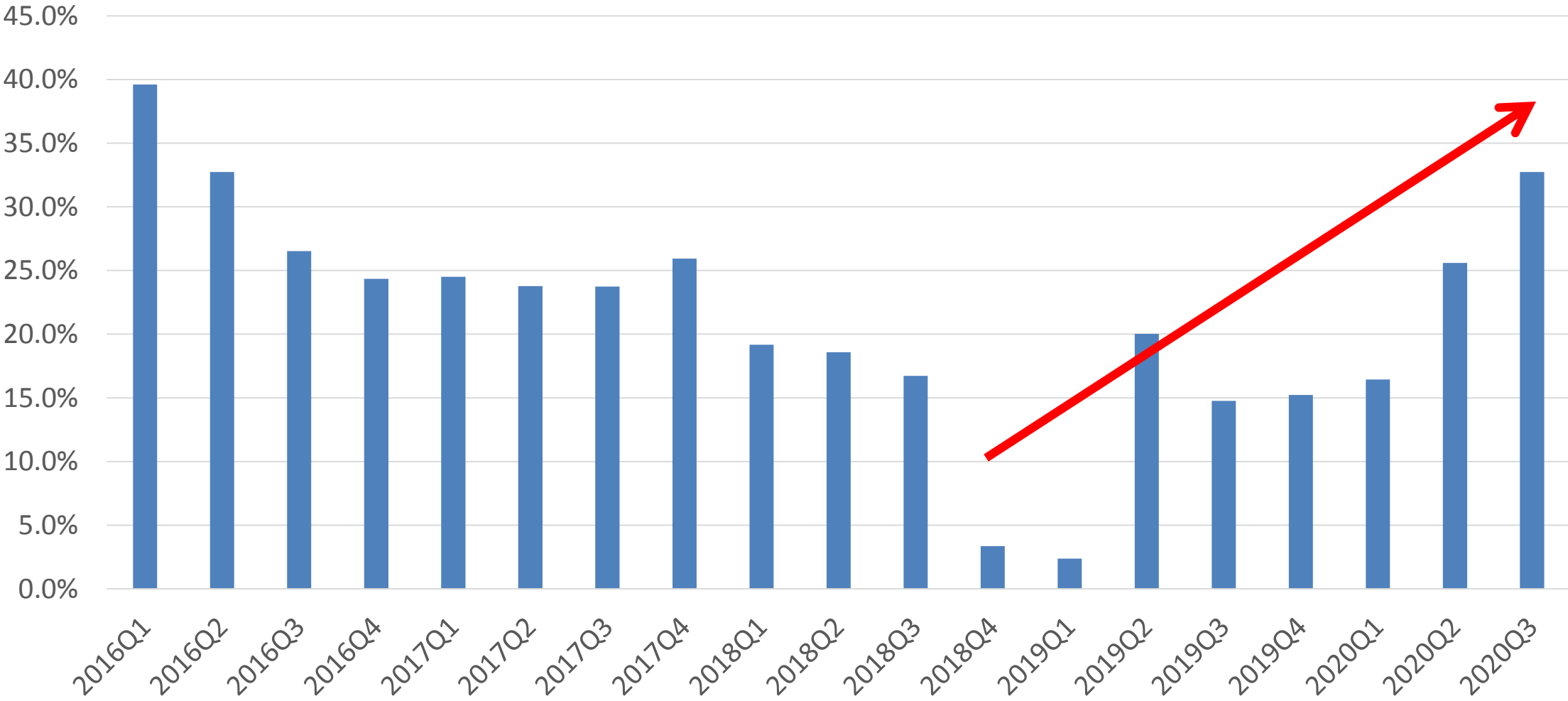
02

Business Outlook

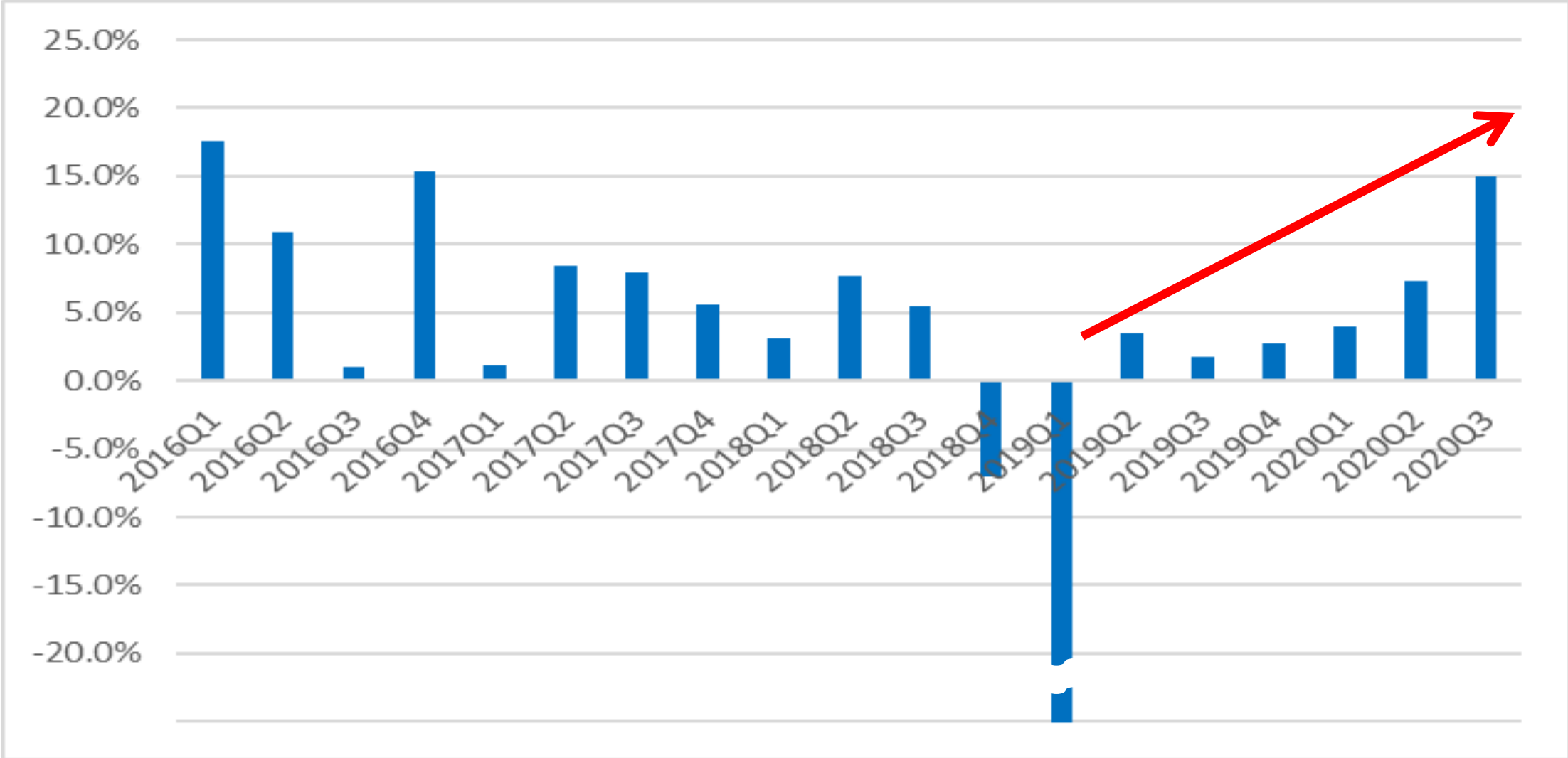
Operating Results Rapidly Improving



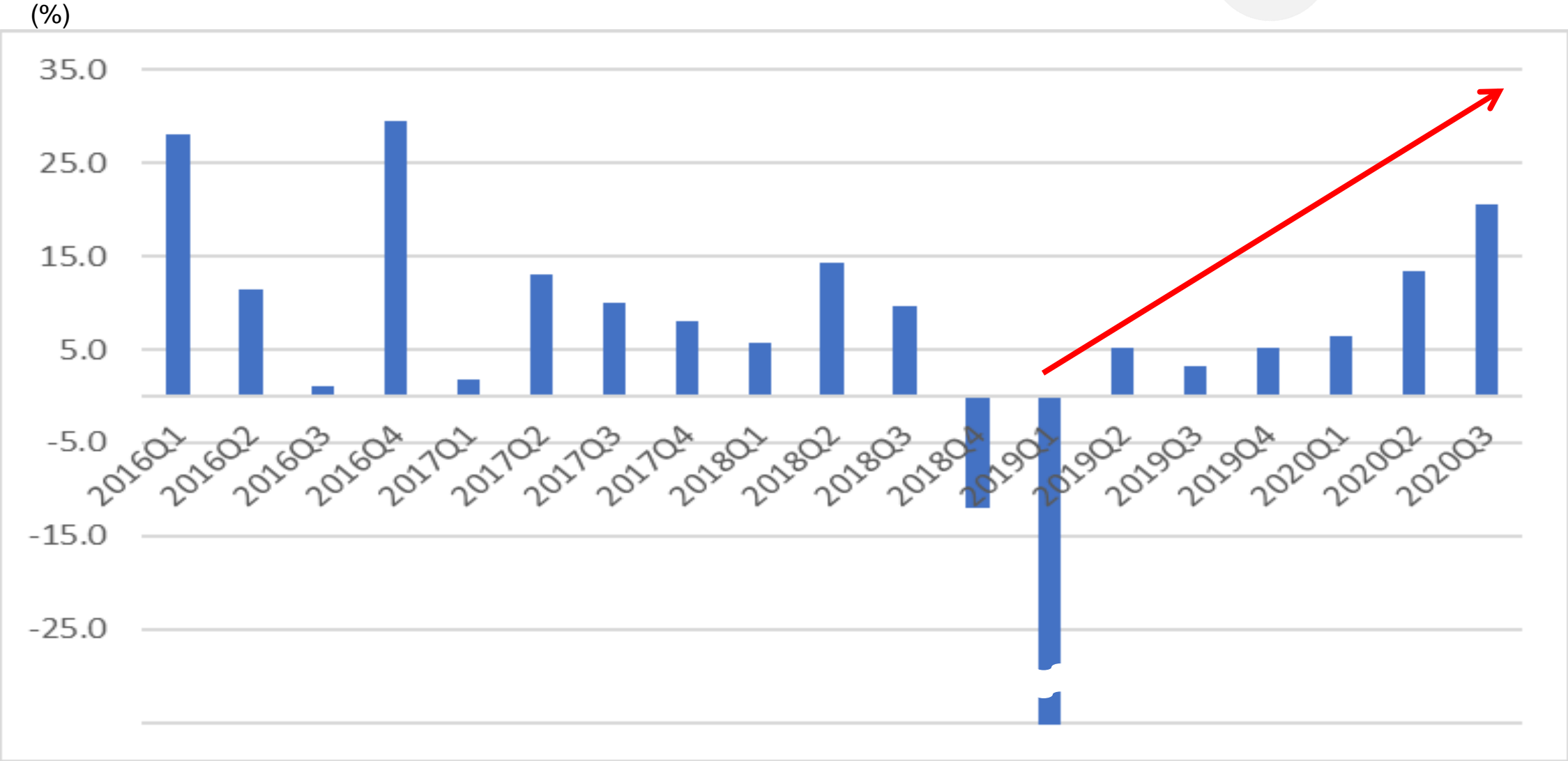
Gross Margin Rate: Recovering



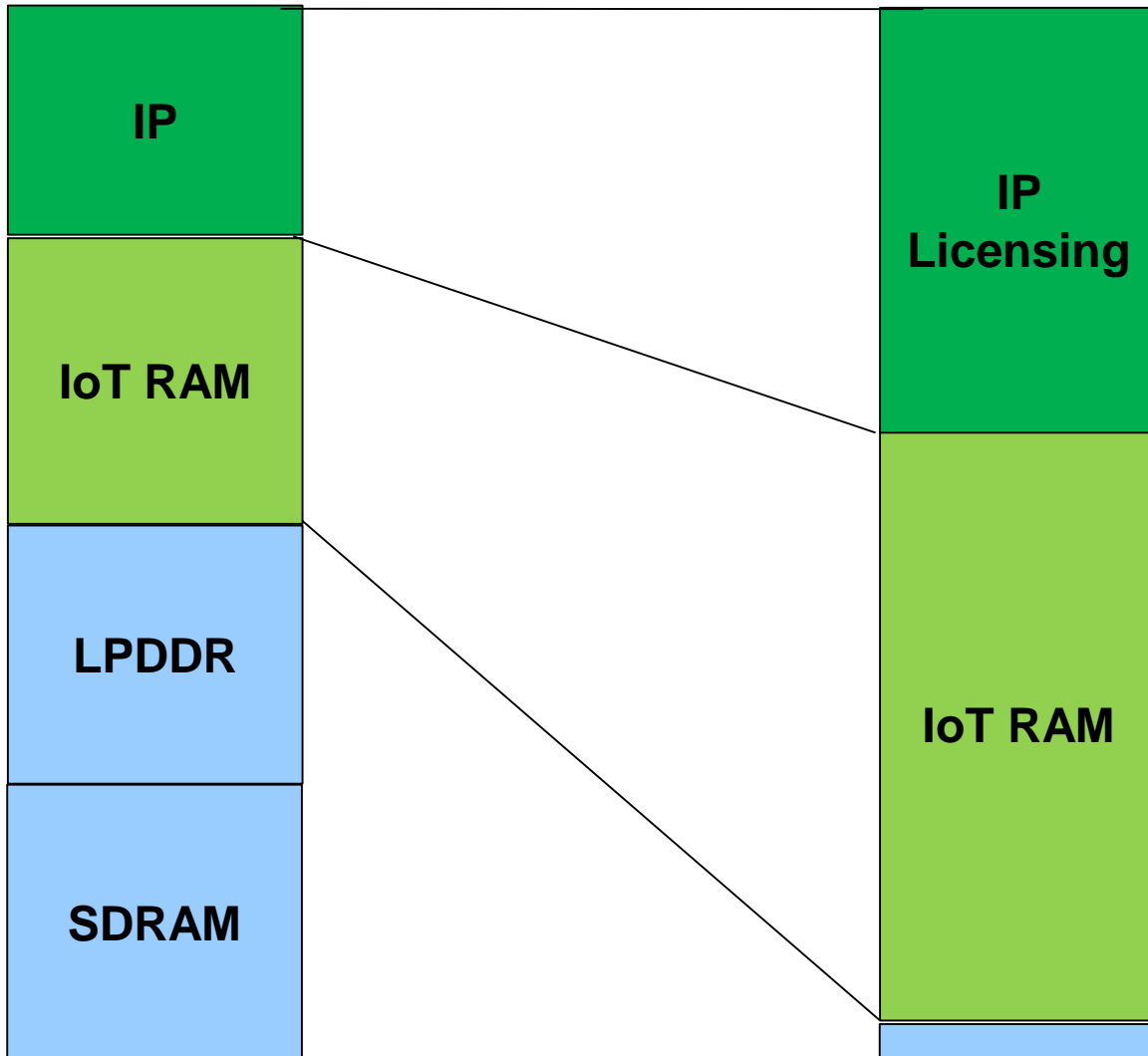
Net Profit Margin: Recovering



Annualized ROE: Rising steadily



Business Transformation



AI BU:

Pioneer in **logic/DRAM stacking** for AI, networking.

Licensing + Royalty.

IoT BU:

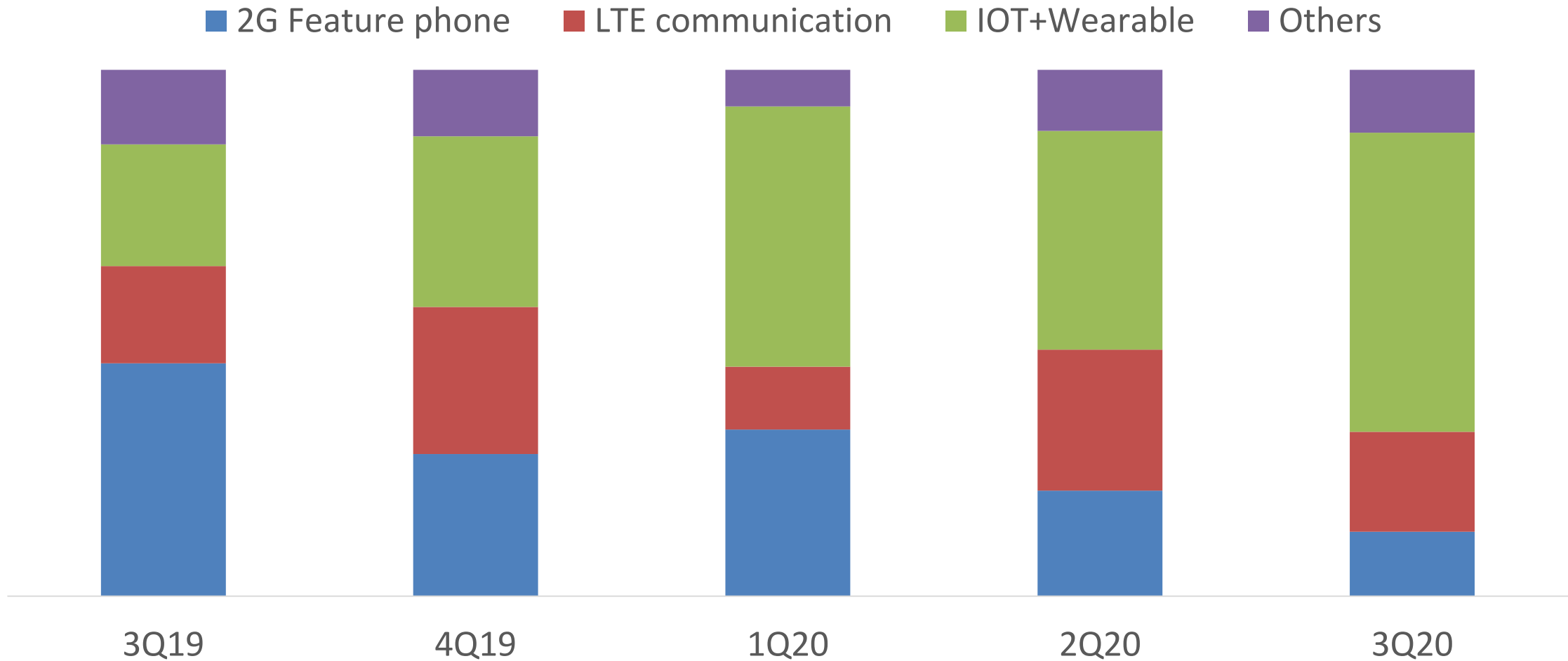
World's #1 supplier of **IP-embedded memory** for intelligent edge devices such as IoT, Wearable.

IP-embedded device sales.

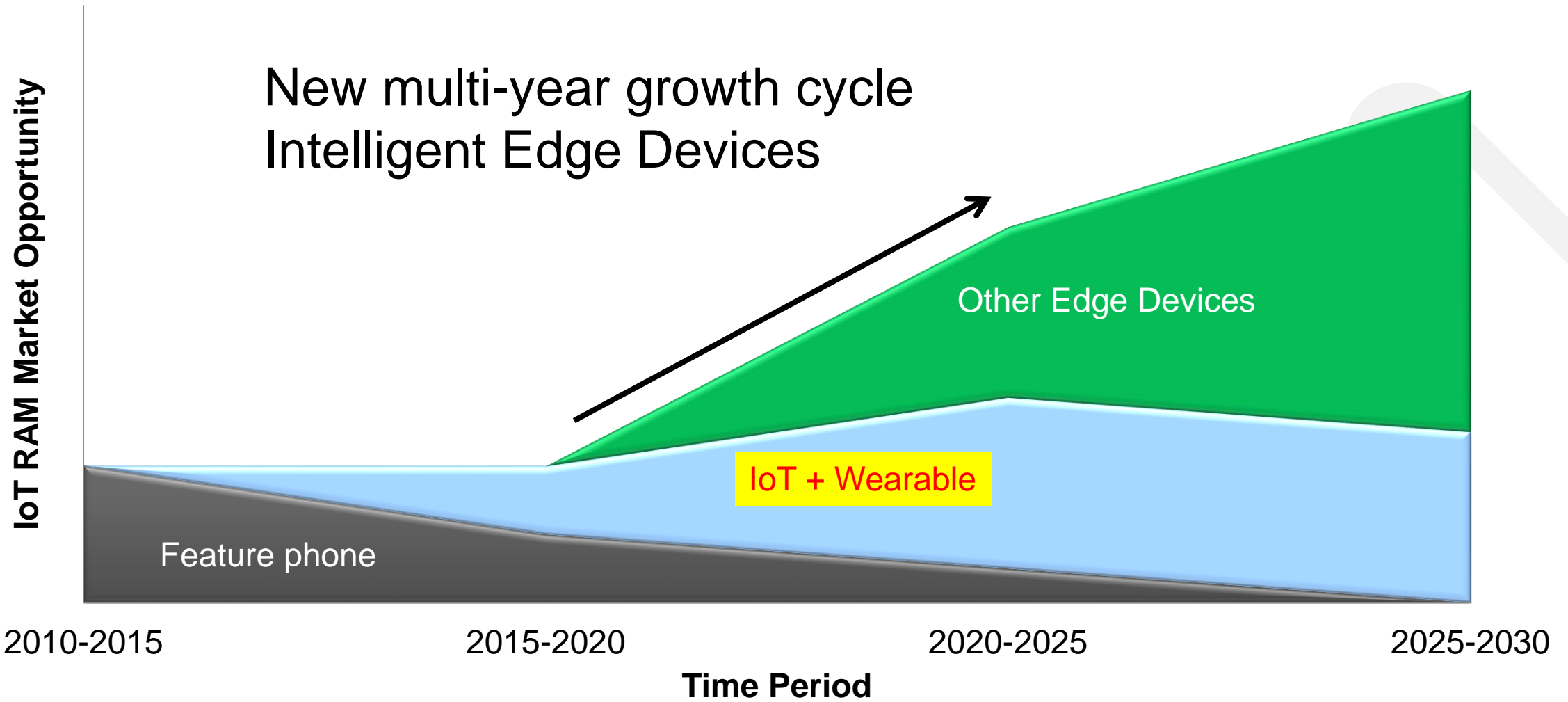
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IoT BU Outlook

IoT BU Revenue by Application



IoT RAM Market Opportunity



04

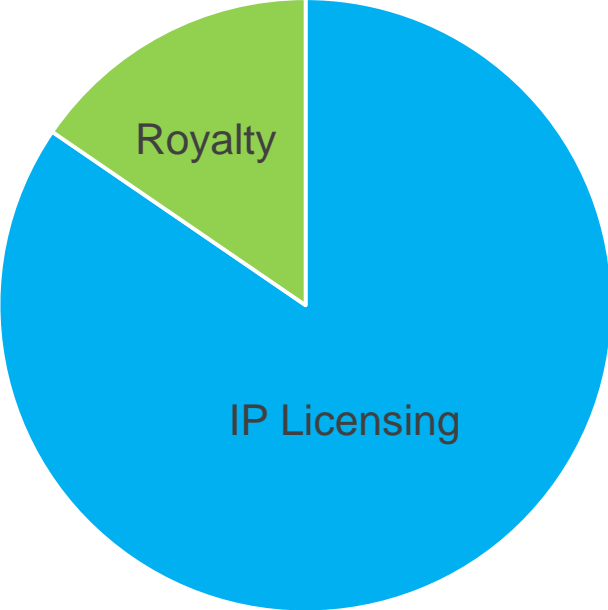
AI BU Outlook

VHM™

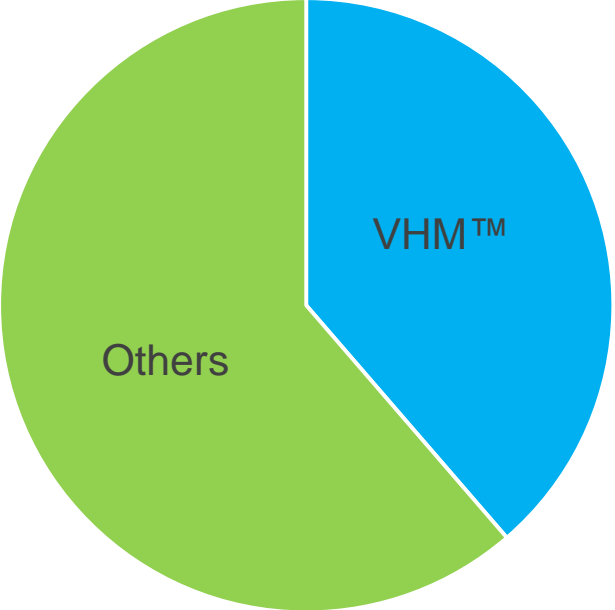
Versatile Heterogeneous Memory

DRAM crafted for 3D stacking

AI BU 2020.Q3 Revenue Breakdown



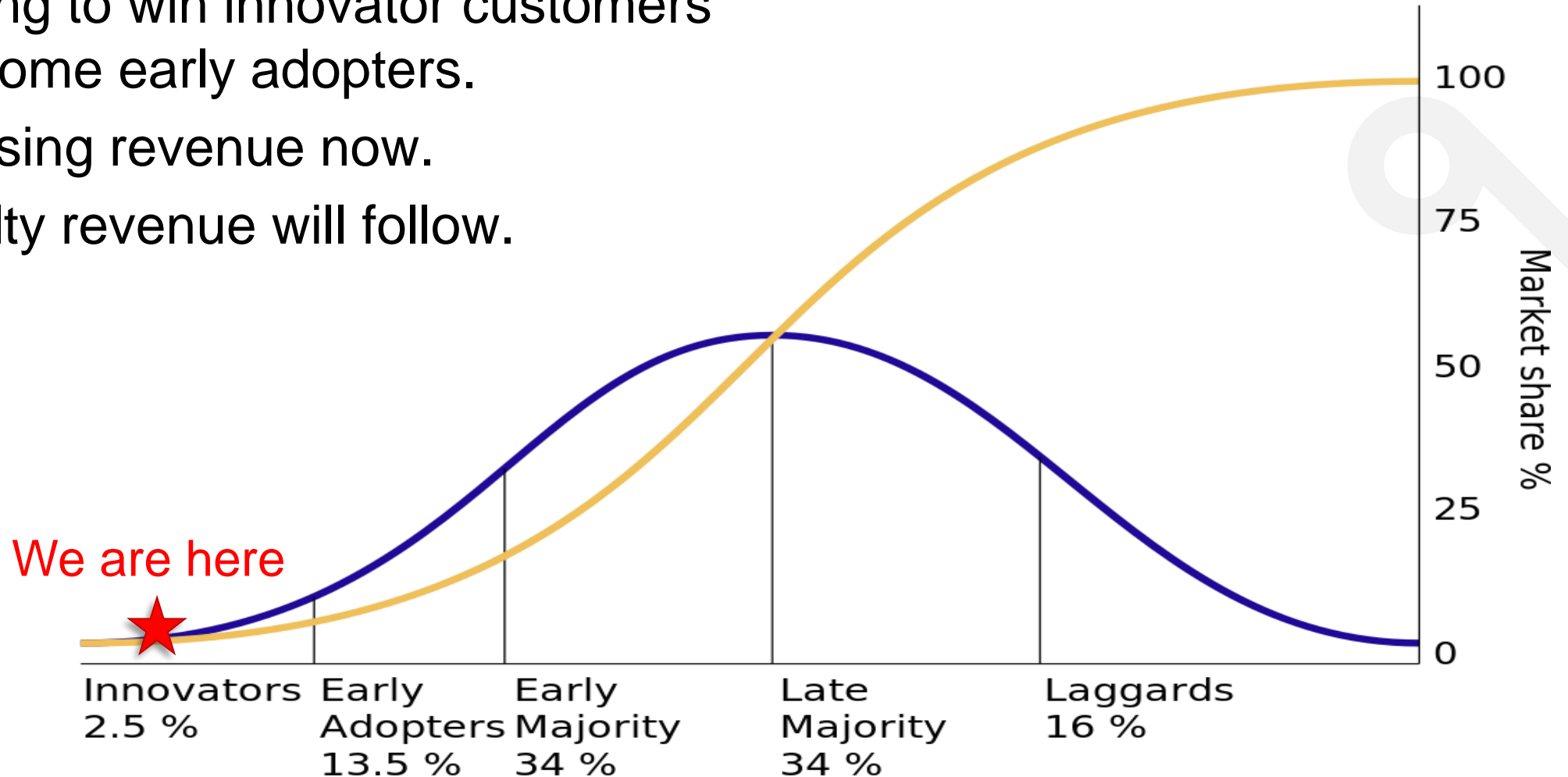
By Type



By Application

3D Logic-DRAM Stacking VHM™ in Perspective

- Starting to win innovator customers and some early adopters.
- Licensing revenue now.
- Royalty revenue will follow.



Source: Diffusion of Innovations

Q&A

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