

環宇  
芯系天下

**Q3 2021  
Quarterly  
Online Investor  
Conference  
(線上法說會)**

**Nov 05, 2021**



環宇通訊半導體  
Global Communication Semiconductors, LLC



“Enabling Today’s Global  
Communications  
and Beyond”

# Disclaimer Statement



This presentation includes forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that GCS Holdings, Inc. expects or anticipates will or may occur in the future (including but not limited to projections, targets, estimates and business plans) are forward-looking statements.

GCS's actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties, including but not limited to price fluctuations, actual demand, exchange rate fluctuations, market share, competition, environmental risks, change in legal, financial and regulatory frameworks, government policies, international economic and financial market conditions, political risks, cost estimates and other risks and factors beyond our control.

GCS does not undertake any obligation to publicly update any forward-looking statement to reflect events or circumstances after the date on which any such statement is made or to reflect the occurrence of unanticipated events.

# Agenda



Opening:

Brian Ann, CEO & President

Financial Section:

Grace Li, Senior Director & Special Assistant to  
CEO

Participant:

Simon Yu, Senior VP and Spokesperson

Q&A: All

# FINANCIAL SECTION

# Statements of Comprehensive Income - QoQ



(in NT\$ thousands except EPS)

	3Q21	2Q21	3Q20	3Q21 Over 2Q21	3Q21 Over 3Q20
Net Operating Revenue	318,374	307,557	358,437	3.5%	-11.2%
Gross Profit	100,670	78,009	146,995	29.0%	-31.5%
Gross Margin	31.6%	25.4%	41.0%		
Operating Expenses	(92,527)	(106,478)	(107,418)	-13.1%	-13.9%
Operating Expenses to Revenue %	29.1%	34.6%	30.0%		
Operating Income (Loss)	8,143	(28,469)	39,577	-128.6%	-79.4%
Operating Margin	2.6%	-9.3%	11.0%		
Non-operating Items	(95,359)	(24,037)	(65,119)	296.7%	46.4%
Income (Loss) before Income Tax	(87,216)	(52,506)	(25,542)	66.1%	241.5%
Income Tax (Expense) Benefit	1,350	7,308	(8,833)	-81.5%	-115.3%
Net Income (Loss)	(85,866)	(45,198)	(34,375)	90.0%	149.8%
Net Income (Loss) Attributable to owners of the Parent	(85,866)	(45,198)	(34,375)		
Net Income (Loss) %	-27.0%	-14.7%	-9.6%		
Basic EPS (NTD)	(0.95)	(0.50)	(0.39)		
Diluted EPS (NTD)	(0.95)	(0.50)	(0.39)		
R&D Expense % to Revenue	11.6%	14.6%	14.2%		

Note 1: 90,191 thousand shares and 90,191 thousand shares were used in basic EPS and diluted EPS calculation for 3Q21, respectively.

Note 2. Revenue supplemental information

	3Q21	2Q21	3Q20	3Q21 Over 2Q21	3Q21 Over 3Q20
Revenue in US\$ thousand	11,419	10,993	12,179	3.88%	-6.2%
Exchange Rate	28.07	28.17	29.82		

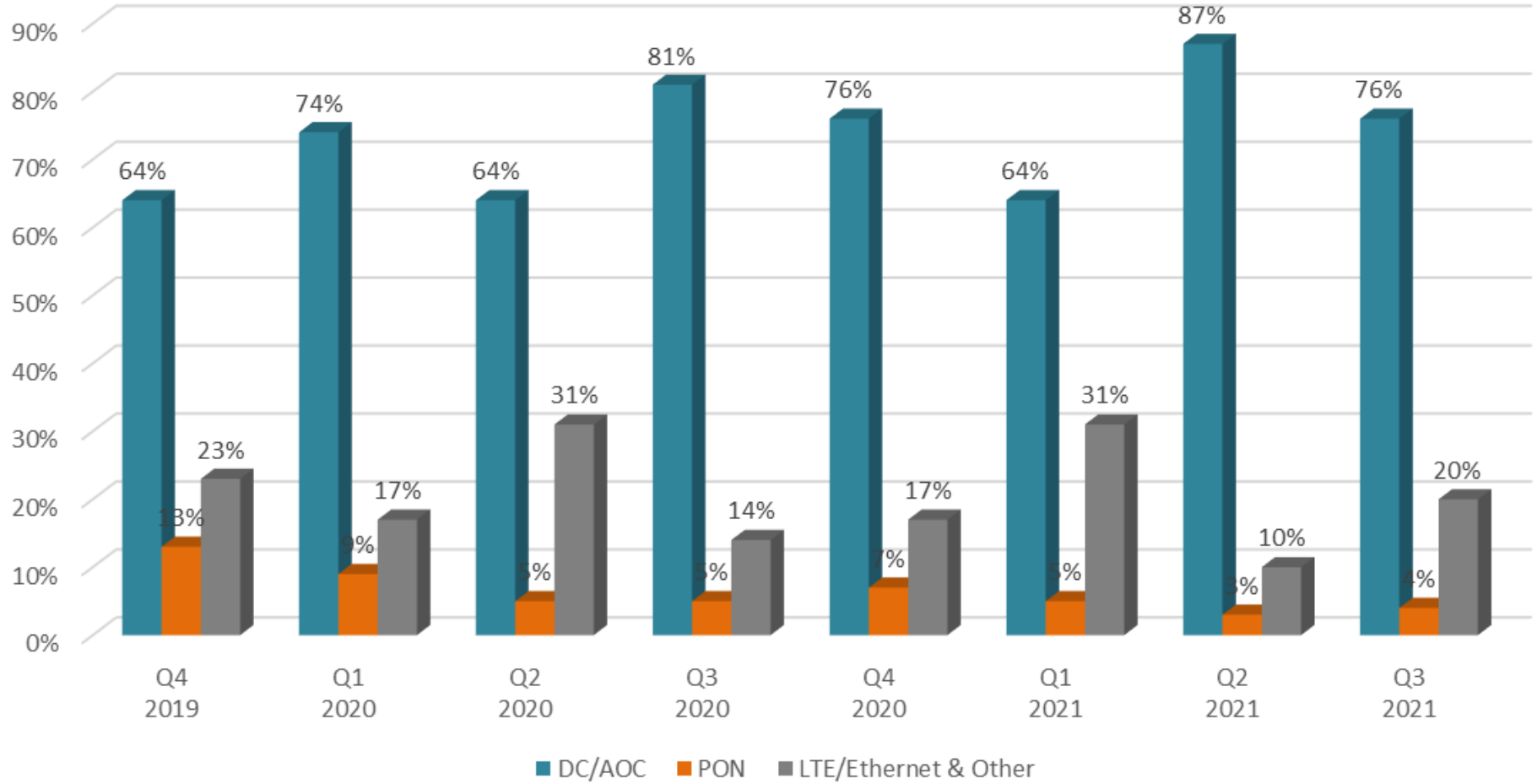
# Revenue Mix % vs Gross Margin - QoQ



# KGD Revenue Mix - QoQ



## KGD Revenue Analysis-By Application



# Non-operating Income and Expenses- QoQ



(in NT\$ thousands)

	3Q21	2Q21	3Q20	3Q21 Over 2Q21	3Q21 Over 3Q20
Other Income - other	1,588	1,046	2,142	51.8%	-25.9%
Other Income - Income from forgiveness of PPP loan	-	81,577	-	-100.0%	-
Other Gains and Losses					
Net currency exchange gain or (loss)	(524)	(1,121)	(2,519)	-53.3%	-79.2%
Gain (loss) on disposal of property, plant and equipment	12,163	(2)	(2)	-608250.0%	-608250.0%
Gain (loss) on disposal of investments	7,751	-	1,967	-	294.1%
Gain (loss) on disposal of a subsidiary	12,890	-	-	-	-
Impairment loss on assets	(1,070)	-	-	-	-
Others	(553)	(576)	(778)	-4.0%	-28.9%
Finance Cost					
Interest expense	(1,843)	(502)	(778)	267.1%	136.9%
Share of profit (loss) of equity-accounted investees	(125,761)	(104,459)	(65,151)	20.4%	93.0%
<b>Total Non-operating Income and Expenses</b>	<b>(95,359)</b>	<b>(24,037)</b>	<b>(65,119)</b>	<b>296.7%</b>	<b>46.4%</b>



# Statements of Comprehensive Income - YoY



(in NT\$ thousands except EPS)

	2021	%	2020	%	Change (%)
	Jan to Sep.		Jan to Sep.		
Net Operating Revenue	927,238	100.0%	1,137,802	100.0%	-18.5%
Operating Cost	(648,554)	-69.9%	(643,083)	-56.5%	0.9%
Gross Profit	278,684	30.1%	494,719	43.5%	-43.7%
Operating Expenses	(298,226)	-32.2%	(319,102)	-28.0%	-6.5%
Operating Income	(19,542)	-2.1%	175,617	15.4%	-111.1%
Non-operating items	(206,917)	-22.3%	(161,054)	-14.2%	28.5%
Income (Loss) before Income Tax	(226,459)	-24.4%	14,563	1.3%	-1655.0%
Income Tax (Expense) Benefit	7,206	0.8%	(40,433)	-3.6%	-117.8%
Net Income (Loss)	(219,253)	-23.6%	(25,870)	-2.3%	747.5%
Net Income (Loss) Attributable to Owners of the Parent	(219,253)	-23.6%	(25,948)	-2.3%	745.0%
Basic EPS (NTD)	(2.45)		(0.29)		
Diluted EPS (NTD)	(2.45)		(0.29)		
Average Exchange Rate-USD/NTD	28.07		29.82		
R&D expense % to Revenue	13.1%		12.1%		
ROA (%)	-7.59%		-0.80%		
ROE (%)	-8.63%		-0.97%		

Note 1: 89,629 thousand shares and 89,629 thousand shares were used in basic EPS and diluted EPS calculation for Jan~Sep 2021, respectively.

Note 2. Revenue supplemental information

	Jan to Sep/2021	Jan to Sep/2020	Change (%)
Revenue in US\$ thousand	33,033	38,156	-13.4%
Exchange Rate	28.07	29.82	

# Non-operating Income and Expenses- YoY



(in NT\$ thousands)

	2021 Jan to Sep.	2020 Jan to Sep.	Change (%)
Other Income	4,883	11,513	-57.6%
Other Income - Income from forgiveness of PPP loan	88,101	-	-
Other Gains and Losses			
Net currency exchange gain or (loss)	(1,758)	(2,708)	-35.1%
Gain (loss) on disposal of property, plant and equipment	11,133	211	5176.3%
Liquidation losses on disposal of a subsidiary	-	(188)	-100.0%
Gain (loss) on disposal of investments	7,751	1,967	294.1%
Gain (loss) on disposal of a subsidiary	12,890	-	-
Impairment loss on assets	(1,070)	-	-
Other loss	(1,710)	(2,738)	-37.5%
Finance Cost			
Interest expense	(2,918)	(2,627)	11.1%
Share of profit (loss) of equity-accounted investees	(324,219)	(166,484)	94.7%
<b>Total Non-operating Income and Expenses</b>	<b>(206,917)</b>	<b>(161,054)</b>	<b>28.5%</b>

# Balance Sheet Highlight & Key Indices



## *Selected Items from Balance Sheet*

(in NT\$ thousands)

	3Q21		2Q21		3Q20	
	Amount	%	Amount	%	Amount	%
Cash and Cash Equivalent	909,407	24%	1,136,546	31%	1,146,721	28%
Accounts Receivable and Notes Receivable	184,014	5%	206,180	6%	190,908	5%
Accounts Receivable and Notes Receivable - Related Party	4,133	0%	-	0%	-	0%
Inventory	327,498	9%	320,604	9%	365,119	9%
Other current assets	30,145	1%	30,156	1%	176,520	4%
Investments accounted for under the Equity Method	1,145,285	31%	888,121	24%	1,088,059	27%
Net Property, Plant and Equipment	659,532	18%	677,710	19%	730,225	18%
Intangible Assets	138,427	4%	140,249	4%	187,197	4%
Deferred Tax Assets	104,412	3%	119,228	3%	117,134	3%
<b>Total Assets</b>	<b>3,699,991</b>	<b>100%</b>	<b>3,643,353</b>	<b>100%</b>	<b>4,084,299</b>	<b>100%</b>
Short Term Loan	20,000	1%	20,000	1%	20,000	1%
Accounts Payable and Other Payables	132,307	4%	135,399	4%	181,921	4%
Long Term Bank Borrowings - Current Portion	12,190	0%	28,032	1%	23,066	1%
Long Term Bank Loans	195,047	5%	5,811	0%	115,114	3%
Deferred Tax Liabilities	61,048	2%	58,210	2%	69,898	2%
<b>Total Liabilities</b>	<b>453,372</b>	<b>12%</b>	<b>297,321</b>	<b>8%</b>	<b>438,791</b>	<b>11%</b>
<b>Total Stockholders' Equity</b>	<b>3,246,619</b>	<b>88%</b>	<b>3,346,032</b>	<b>92%</b>	<b>3,645,508</b>	<b>89%</b>

## *Key Indices*

Current Ratio	816%	760%	781%
Debt Ratio	12%	8%	11%
AR Turnover Days	57	61	62
Inventory Turnover Days	174	174	177

# Cash Flows



(in NT\$ thousands)

	3Q21	2Q21	3Q20
<b>Beginning Balance</b>	1,136,546	1,159,644	1,113,221
Cash from Operating Activities	68,504	45,914	56,678
Acquisition of investments accounted for under the equity method	(400,000)	-	-
Acquisition of property, plant and equipment	(33,577)	(31,227)	(2,724)
Decrease (Increase) in other current assets	(498)	(997)	905
Disposal of a subsidiary- decrease in cash and cash equivalents	(24,675)	-	-
Proceed from long-term loan	199,278	(37)	-
Repayments of long-term loans	(24,483)	(5,602)	(5,700)
Principal elements of lease payments	(1,500)	(1,457)	(1,446)
Employee Option Exercise	5	-	5,325
The effect of exchange rate changes	(10,234)	(29,882)	(19,373)
Others	41	190	(165)
<b>Ending Balance</b>	909,407	1,136,546	1,146,721
<b>Increase (Decrease) in Cash</b>	(227,139)	(23,098)	33,500
<b>Free Cash Flow (Note)</b>	34,927	14,687	53,954

**Note: Free Cash Flow = Cash from Operating Activities - Capital Expenditures**

# Q & A



# 環宇芯系天下

**For further inquiry  
[investors@gcsincorp.com](mailto:investors@gcsincorp.com)**

