



Contact
D.L. Tseng / Janey Liu
Public Relations & Investor Relations Division
VIS_IR@vis.com.tw
886-3-577-0355 ext. 1421

VIS Reports 2018 Third Quarter Results

Third Quarter 2018 Overview:

- Revenue increased about 9.9% QoQ to NT\$7,749 million
- Gross profit margin was around 36.0%, operating profit margin was around 25.6%
- Net income of NT\$1,669 million
- Diluted earnings per share was NT\$1.01

Hsinchu, Taiwan, October 30th, 2018 – Vanguard International Semiconductor Corporation today announced consolidated revenue of NT\$ 7,749 million, net income of NT\$1,669 million, and net earnings per share of NT\$1.01 for the third quarter ended September 30, 2018.

On a sequential basis, third quarter revenue increased around 9.9% to NT\$7,749 million, from NT\$7,049 million in previous quarter, primarily attributable to increase wafer demand from customers, favorable FX and mix. Net income in 3Q18 was NT\$1,669 million compared to NT\$1,421 million in 2Q18. Gross profit margin was around 36.0%, and Operating profit margin was around 25.6%. The results were in line with our revised guidance given on September 13th, 2018.

VIS spokesperson Mr. D.L. Tseng said, “Looking forward, we anticipate a stable wafer demand from customers. For the fourth quarter, revenue to be between NT\$7.6 billion and NT\$8 billion, gross profit margin to be between 36.5% and 38.5%, and operating profit margin to be between 25.5% and 27.5%.”

Safe Harbor Statements

Except for statements in respect of historical matters, the statements in this release contain “forward-looking statements” involve known and unknown risks, uncertainties and other factors that may cause the actual performance to be materially different from those contained in such forward-looking statements.

VIS undertakes no obligation to update these forward-looking statements for events or circumstances that occur after such date or to reflect the occurrence of unanticipated events.



I. COGS and Operating Expense

(In NT\$ million)	3Q18	2Q18	3Q17
Net Revenue	7,749	7,049	6,400
Cost of Revenue	(4,958)	(4,668)	(4,363)
Gross Profit	2,792	2,381	2,037
Gross Profit Margin (%)	36.0%	33.8%	31.8%
Total Operating Exp.	(810)	(727)	(696)
G&A	(316)	(277)	(230)
Sales & Marketing	(100)	(82)	(78)
R&D	(394)	(368)	(388)
Operating Income	1,982	1,654	1,341
Operating Profit Margin (%)	25.6%	23.5%	21.0%

As increased customer demand, revenue up around 9.9% to NT\$7,749 million sequentially. Gross profit increased from NT\$2,381 million to NT\$2,792 million in 3Q18. And gross profit margin increased from 33.8% to 36.0% sequentially as more wafer shipments combined with favorable mix and FX.

Operating expenses for 3Q18 was NT\$810 million, increased from NT\$727 million in previous quarter, mainly due to the higher employee compensation and bonus.

Operating income for 3Q18 was NT\$1,982 million represented 25.6% of net sales.

II. Non-Operating Items:

(In NT\$ million)	3Q18	2Q18	3Q17
Net Non-operating Income	91	112	65
Investment (Loss) Gain	(11)	17	(12)
Net Other Non-operating Income	102	95	77

Net non-operating income was NT\$91 million in 3Q18, mainly resulted by interest income.



III. Financial Condition Review

(In NT\$ million)	3Q18	2Q18	3Q17
Cash & Financial Instruments	14,653	18,446	16,088
Accounts Receivable	5,621	5,137	4,057
Inventories	3,277	3,060	2,519
Total Current Assets	23,958	27,004	23,043
Notes and Accounts Payable	1,376	1,374	1,205
Cash Dividends Payable	0	4,917	0
Accrued Liabilities and Others	5,194	5,099	3,822
Total Current Liabilities	6,570	11,390	5,027
Current Ratio	365%	237%	458%
Net Working Capital	17,388	15,613	18,016
A/R Turnover Days	63	62	59
Inventory Turnover Days	59	59	51

At the end of 3Q18, VIS has NT\$14,653 million cash & financial instruments, down NT\$3,793 million sequentially, primarily resulting from the payment of NT\$4,917 million cash dividends. Accounts Receivable increased to NT\$5,621 million. Inventories increased to NT\$3,277 million. VIS ended the quarter with NT\$23,958 million in total current assets, compared to NT\$27,004 million at the end of the previous quarter, decreased NT\$3,046 million sequentially.

Total current liabilities decreased NT\$4,820 million to NT\$6,570 million at the end of 3Q18. As a result, net working capital increased to NT\$17,388 million in 3Q18, up NT\$1,775 million sequentially, with a current ratio of 365%. Inventory turnover days maintained 59 days, and A/R days increased 1 day to 63 days sequentially.

IV. Cash Flow

(In NT\$ million)	3Q18	2Q18	3Q17
Cash - Begin of Period	17,768	16,334	18,931
Cash Flow from Operation	1,252	1,828	796
Cash Flow from Investment	(1,025)	(640)	241
Cash Flow from Financing	(4,917)	14	(4,886)
Net Cash Flow	(4,690)	1,201	(3,849)
Effect of Exchange Rate Change	(0)	232	(3)
Cash - End of Period	13,077	17,768	15,079

Cash inflow from operation decreased to NT\$1,252 million, mainly reflecting the payment of employee's compensation and higher income tax in 3Q18. The investment cash outflow was NT\$1,025 million, mainly reflecting increase in financial assets and CAPEX. The cash outflow of NT\$4,917 million from financing activities mainly reflected the payment of cash dividends. As a result, the net cash outflow was NT\$4,690 million in 3Q18, and VIS ended the quarter with a cash balance of NT\$13,077 million.



V. Revenue Analysis

Revenue Breakdown by Technology

By Technology	3Q18	2Q18	3Q17
0.5μm	27%	27%	27%
0.35μm	21%	22%	21%
0.25μm	16%	14%	16%
<=0.18μm	36%	37%	36%

Driven by increase customer demand in Power Management products, 0.25um technology increased to 16% of total revenue in 3Q18.

Revenue Breakdown by Platform

By Platform	3Q18	2Q18	3Q17
Driver IC (Large)	32%	28%	31%
Driver IC (Small)	12%	12%	13%
Power Management	51%	49%	49%
Others	5%	11%	7%

Due to customer demand increased in Power Management and Diver IC for IT and TV panel, revenue from Power Management and LDDIC platforms increased to 51% and 32% of total revenue in 3Q18 respectively.

VI. Wafer Shipments

Wafer Shipments

	3Q18	2Q18	1Q18	4Q17	3Q17
Wafer Shipments (Kpcs)	606	585	548	541	541

Wafer shipments increased 3.6% QoQ to 606 thousands 8-inch wafers in 3Q18.