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## VIS Reports 2019 Third Quarter Results

### Third Quarter 2019 Overview:

- Revenue increased about 3.0% QoQ to NT\$7,127 million
- Gross profit margin was around 37.0%, operating profit margin was around 25.1%
- Net income of NT\$1,496 million
- Diluted earnings per share was NT\$0.90

Hsinchu, Taiwan, October 31, 2019 – Vanguard International Semiconductor Corporation today announced consolidated revenue of NT\$ 7,127 million, net income of NT\$1,496 million, and earnings per share of NT\$0.90 for the third quarter ended September 30, 2019.

On a sequential basis, due to product mix change and minor increase in wafer shipments, third quarter revenue increased around 3.0% to NT\$7,127 million, from NT\$6,918 million in previous quarter. Net income in 3Q19 was NT\$1,496 million compared to NT\$1,480 million in 2Q19. Gross profit margin was around 37.0%, and operating profit margin was around 25.1%. The results were inline with our guidance given on July 30, 2019.

VIS spokesperson Ms. Amanda Huang said, “Due to the high level of inventory in supply chain, we maintain cautious about customer wafer demand. And we expect fourth quarter revenue to be between NT\$6.8 billion and NT\$7.2 billion, gross profit margin to be between 35% and 37%, and operating profit margin to be between 23% and 25%.”

### *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)	3Q19	2Q19	3Q18
Net Revenue	7,127	6,918	7,749
Cost of Revenue	(4,489)	(4,359)	(4,958)
Gross Profit	2,638	2,559	2,792
Gross Profit Margin (%)	37.0%	37.0%	36.0%
Total Operating Exp.	(849)	(882)	(810)
G&A	(355)	(320)	(316)
Sales & Marketing	(75)	(88)	(100)
R&D	(420)	(474)	(394)
Operating Income	1,789	1,677	1,982
Operating Profit Margin (%)	25.1%	24.2%	25.6%

Due to change in product mix and increase in wafer shipments, revenue grew 3% to NT\$7,127 million sequentially, and gross profit increased from NT\$2,559 million to NT\$2,638 million in 3Q19. Gross profit margin was 37.0%, flat from 2Q19 and up 1 percentage points from 3Q18.

As the lower R&D expenses, operating expenses for 3Q19 was NT\$849 million, down from NT\$882 million in previous quarter.

Operating income for 3Q19 was NT\$1,789 million represented 25.1% of net sales.

## II. Non-Operating Items:

(In NT\$ million)	3Q19	2Q19	3Q18
Net Non-operating Income	98	216	91
Investment (Loss) Gain	(3)	22	(11)
Net Other Non-operating Income	101	194	102

Net non-operating income was NT\$98 million in 3Q19, largely resulted from interest income.



### III. Financial Condition Review

(In NT\$ million)	3Q19	2Q19	3Q18
Cash & Financial Instruments	10,956	13,138	14,653
Accounts Receivable	5,518	5,431	5,621
Inventories	3,570	3,623	3,277
<b>Total Current Assets</b>	<b>20,463</b>	<b>22,726</b>	<b>23,958</b>
Notes and Accounts Payable	1,089	1,131	1,376
Cash Dividends Payable	0	5,245	0
Accrued Liabilities and Others	9,752	6,509	5,194
<b>Total Current Liabilities</b>	<b>10,841</b>	<b>12,885</b>	<b>6,570</b>
Current Ratio	189%	176%	365%
Net Working Capital	9,622	9,840	17,388
A/R Turnover Days	73	74	63
Inventory Turnover Days	72	73	59

At the end of 3Q19, total current assets decreased NT\$2,263 million to NT\$20,463 million, mainly resulting from cash & financial instruments decreased by NT\$2,182 million.

Total current liabilities decreased NT\$2,044 million to NT\$10,841 million at the end of 3Q19, primarily resulting from the payment of NT\$5,245 million cash dividends.

As a result, net working capital decreased to NT\$9,622 million in 3Q19, down NT\$218 million sequentially, with a current ratio of 189%. A/R turnover days decreased 1 day to 73 days, and inventory turnover days decreased 1 day to 72 days sequentially.

### IV. Cash Flow

(In NT\$ million)	3Q19	2Q19	3Q18
Cash - Begin of Period	11,332	15,112	17,768
Cash Flow from Operation	1,223	1,239	1,252
Cash Flow from Investment	(1,674)	(4,985)	(1,025)
Cash Flow from Financing	(1,072)	(64)	(4,917)
<b>Net Cash Flow</b>	<b>(1,523)</b>	<b>(3,809)</b>	<b>(4,690)</b>
Effect of Exchange Rate Chang	(146)	30	(0)
Cash - End of Period	9,663	11,332	13,077

Cash inflow from operation minor decreased NT\$16 million to NT\$1,223 million. The investment cash outflow was NT\$1,674 million, primarily including capital expenditures of NT\$1,832 million. The cash outflow of NT\$1,072 million from financing activities mainly reflected the payment of cash dividends which partially offset by the increase in short-term loans. As a result, the net cash outflow was NT\$1,523 million in 3Q19, and VIS ended the quarter with a cash balance of NT\$9,663 million.



## V. Revenue Analysis

### Revenue Breakdown by Technology

By Technology	3Q19	2Q19	3Q18
0.5 $\mu$ m	30%	27%	27%
0.35 $\mu$ m	23%	25%	21%
0.25 $\mu$ m	12%	10%	16%
$\leq$ 0.18 $\mu$ m	35%	38%	36%

Driven by increase customer demand in power management products, 0.25 $\mu$ m and 0.5 $\mu$ m technologies increased to 12% and 30% of total revenue in 3Q19 respectively.

### Revenue Breakdown by Platform

By Platform	3Q19	2Q19	3Q18
Driver IC (Large)	25%	30%	32%
Driver IC (Small)	7%	4%	12%
Power Management	62%	61%	51%
Others	6%	5%	5%

Due to customer demand increased in Smartphone Driver IC, Discrete and Mixed Signal products, revenue from SDDIC, Power Management, and Others platform increased to 7%, 62%, and 6% of total revenue in 3Q19 respectively.

## VI. Wafer Shipments

### Wafer Shipments

	3Q19	2Q19	1Q19	4Q18	3Q18
Wafer Shipments (Kpcs)	526	521	520	590	606

Wafer shipments increased 1% QoQ to 526 thousands 8-inch wafers in 3Q19.