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VIS Reports 2019 Fourth Quarter Results

Fourth Quarter 2019 Overview:

- Revenue increased about 2.9% QoQ to NT\$7,334 million
- Gross profit margin was around 36.1%, operating profit margin was around 24.4%
- Net income of NT\$1,497 million
- Diluted earnings per share was NT\$0.91

Hsinchu, Taiwan, February 21, 2020 – Vanguard International Semiconductor Corporation today announced consolidated revenue of NT\$ 7,334 million, net income of NT\$1,497 million, and earnings per share of NT\$0.91 for the fourth quarter ended December 31, 2019.

On a sequential basis, as more wafer shipped, fourth quarter revenue increased around 2.9% to NT\$7,334 million, from NT\$7,127 million in previous quarter. Net income in 4Q19 was NT\$1,497 million compared to NT\$1,496 million in 3Q19. Gross profit margin was around 36.1%, and operating profit margin was around 24.4%. The results were inline or slightly better than our guidance given on October 31, 2019.

VIS spokesperson Ms. Amanda Huang said, “Due to the completion of VIS Singapore acquisition, we anticipate a further increase of demand from customer and expect first quarter revenue to be between NT\$7.5 billion and NT\$7.9 billion, gross profit margin to be between 29% and 31%, and operating profit margin to be between 17% and 19%.”

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)	4Q19	3Q19	4Q18
Net Revenue	7,334	7,127	7,705
Cost of Revenue	(4,689)	(4,489)	(4,777)
Gross Profit	2,645	2,638	2,928
Gross Profit Margin (%)	36.1%	37.0%	38.0%
Total Operating Exp.	(859)	(849)	(854)
G&A	(349)	(355)	(346)
Sales & Marketing	(82)	(75)	(96)
R&D	(428)	(420)	(412)
Operating Income	1,786	1,789	2,074
Operating Profit Margin (%)	24.4%	25.1%	26.9%

Due to the increase in wafer shipments, revenue grew around 3% to NT\$7,334 million sequentially, and gross profit increased from NT\$2,638 million to NT\$2,645 million in 4Q19. As the unfavorable FX and change in product mix, gross profit margin decreased from 37.0% to 36.1% sequentially.

Operating expenses for 4Q19 was NT\$859 million, increased from NT\$849 million in previous quarter.

Operating income for 4Q19 was NT\$1,786 million represented 24.4% of net sales.

II. Non-Operating Items:

(In NT\$ million)	4Q19	3Q19	4Q18
Net Non-operating Income	43	98	115
Investment Loss	(4)	(3)	(17)
Net Other Non-operating Income	46	101	131

Net non-operating income was NT\$43 million in 4Q19, largely resulted from interest income which partially offset by the exchange loss.



III. Financial Condition Review

(In NT\$ million)	4Q19	3Q19	4Q18
Cash & Financial Instruments	12,272	10,956	16,209
Accounts Receivable	4,968	5,518	5,728
Inventories	3,108	3,570	3,416
Total Current Assets	21,117	20,463	25,803
Short-term Loans	3,210	4,210	0
Notes and Accounts Payable	1,025	1,089	1,293
Accrued Liabilities and Others	6,844	5,542	5,897
Total Current Liabilities	11,079	10,841	7,189
Current Ratio	191%	189%	359%
Net Working Capital	10,038	9,622	18,614
A/R Turnover Days	69	73	62
Inventory Turnover Days	66	72	60

At the end of 4Q19, total current assets increased NT\$654 million to NT\$21,117 million, mainly resulting from cash & financial instruments increased by NT\$1,316 million.

Total current liabilities increased NT\$238 million to NT\$11,079 million at the end of 4Q19.

As a result, net working capital increased to NT\$10,038 million in 4Q19, up NT\$416 million sequentially, with a current ratio of 191%. A/R turnover days decreased 4 days to 69 days, and inventory turnover days decreased 6 days to 66 days sequentially.

IV. Cash Flow

(In NT\$ million)	4Q19	3Q19	4Q18
Cash - Begin of Period	9,663	11,332	13,077
Cash Flow from Operation	3,256	1,223	2,995
Cash Flow from Investment	(780)	(1,674)	(1,496)
Cash Flow from Financing	(1,042)	(1,072)	1
Net Cash Flow	1,434	(1,523)	1,500
Effect of Exchange Rate Changes	(209)	(146)	31
Cash - End of Period	10,888	9,663	14,607

Cash inflow from operation increased NT\$2,033 million to NT\$3,256 million, mainly reflecting less payment of income tax and employee's compensation in 4Q19. The investment cash outflow was NT\$780 million, mainly reflecting CAPEX and increase in financial assets. The cash outflow of NT\$1,042 million from financing activities mainly reflected the repayment of short-term loans. As a result, the net cash inflow was NT\$1,434 million in 4Q19, and VIS ended the quarter with a cash balance of NT\$10,888 million.



V. Revenue Analysis

Revenue Breakdown by Technology

By Technology	4Q19	3Q19	4Q18
0.5μm	25%	30%	24%
0.35μm	20%	23%	24%
0.25μm	12%	12%	14%
<=0.18μm	43%	35%	38%

Driven by increase customer demand in DDIC and LED driver IC products, <=0.18um technology increased to 43% of total revenue in 4Q19 respectively.

Revenue Breakdown by Platform

By Platform	4Q19	3Q19	4Q18
Driver IC (Large)	26%	25%	34%
Driver IC (Small)	10%	7%	11%
Power Management	59%	62%	51%
Others	5%	6%	4%

Due to customer demand increased in Driver IC for smartphone and IT display, revenue from SDDIC and LDDIC platform increased to 10% and 26% of total revenue in 4Q19 respectively.

VI. Wafer Shipments

Wafer Shipments

	4Q19	3Q19	2Q19	1Q19	4Q18
Wafer Shipments (Kpcs)	556	526	521	520	590

Wafer shipments increased 6% QoQ to 556 thousands 8-inch wafers in 4Q19.