

# Nuvoton Technology Corporation

## 2H'19 Investor Conference

February 7, 2020



# Safe Harbor Notice

- We have made forward-looking statements in this presentation. Our forward-looking statements contain information regarding, among other things, our financial condition, future expansion plans and business strategies. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these expectations and projects are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions about us.
- We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future event or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this conference might not occur and our actual results could differ materially from those anticipated in these forward-looking statements.
- The information contained herein shall also not constitute an offer to sell or a solicitation of an offer to buy the company's securities nor shall there be any sale of such securities in any state or country in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or country.

# Agenda

- **Nuvoton Financial Results**
- **Nuvoton 2H'19 Business Results & 2020 Business Outlook**
- **Panasonic Acquisition Update**
- **Q&A**

# Nuvoton Financial Results

- **Nuvoton Consolidated Statement of Comprehensive Income**
- **Nuvoton Consolidated Balance Sheet**
- **Nuvoton Consolidated Statement of Cash Flows**
- **Nuvoton Revenue and GM Trend - Consolidated**



# Nuvoton Consolidated Statement of Comprehensive Income

Selected Items from Statement of Comprehensive Income.

	4Q'19		3Q'19		2H'19		2H'18		YoY	
Unit: NT\$ M	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Net Revenue</b>	2,789	100	2,944	100	5,733	100	5,113	100	620	12
<b>Gross Profit</b>	1,116	40	1,178	40	2,294	40	2,016	39	278	14
<b>Operating Income</b>	181	6	219	7	400	7	420	8	(20)	(5)
<b>Net Non-Operating Income</b>	7	0	2	0	9	0	4	0	5	125
<b>Income before Income Tax</b>	188	7	221	8	409	7	424	8	(15)	(4)
<b>Net Income</b>	168	6	176	6	344	6	349	7	(5)	(1)
<b>EPS (NTD)</b>	0.65		0.85		1.5		1.68		(0.18)	

Note: Weighted average outstanding shares were 234.2M units in 2H'19.

# Nuvoton Consolidated Statement of Comprehensive Income

Selected Items from Statement of Comprehensive Income.

Unit: NT\$ M	Y2019		Y2018		YoY	
	Amount	%	Amount	%	Amount	%
<b>Net Revenue</b>	10,367	100	10,040	100	327	3
<b>Gross Profit</b>	4,128	39	3,913	39	215	5
<b>Operating Income</b>	584	5	755	7	(171)	(23)
<b>Net Non-Operating Income</b>	83	1	84	1	(1)	(1)
<b>Income before Income Tax</b>	668	6	839	8	(171)	(20)
<b>Net Income</b>	558	5	711	7	(153)	(22)
<b>EPS (NTD)</b>	2.53		3.42		(0.89)	

Note: Weighted average outstanding shares were 220.9M units in Y2019.

# Nuvoton Consolidated Balance Sheet

Selected Items from Balance Sheet.

	Dec 31 '19		Dec 31 '18		YoY	
Unit: NT\$ M	Amount	%	Amount	%	Amount	%
Cash & Cash Equivalents	4,859	44	1,544	25	3,315	215
Accounts Receivable	1,078	10	997	16	81	8
Other Receivable	497	4	181	3	316	175
Inventories	1,605	14	1,561	26	44	3
Long-Term Investments	1,117	10	539	9	578	107
Property, Plant and Equipment(including R.O.U)	1,405	13	748	12	657	88
Others	595	5	548	9	47	9
<b>Total Assets</b>	<b>11,156</b>	<b>100</b>	<b>6,117</b>	<b>100</b>	<b>5,039</b>	<b>82</b>
<b>Current Liabilities</b>	<b>2,342</b>	<b>21</b>	<b>1,915</b>	<b>31</b>	<b>427</b>	<b>22</b>
<b>Non-Current Liabilities</b>	<b>1,422</b>	<b>13</b>	<b>468</b>	<b>8</b>	<b>954</b>	<b>204</b>
<b>Total Liabilities</b>	<b>3,764</b>	<b>34</b>	<b>2,383</b>	<b>39</b>	<b>1,381</b>	<b>58</b>
<b>Total Equity</b>	<b>7,392</b>	<b>66</b>	<b>3,734</b>	<b>61</b>	<b>3,658</b>	<b>98</b>
<b>Current Ratio</b>	<b>3.5</b>		<b>2.33</b>			
<b>Debt/Equity Ratio</b>	<b>0.51</b>		<b>0.64</b>			

# Nuvoton Consolidated Statement of Cash Flows

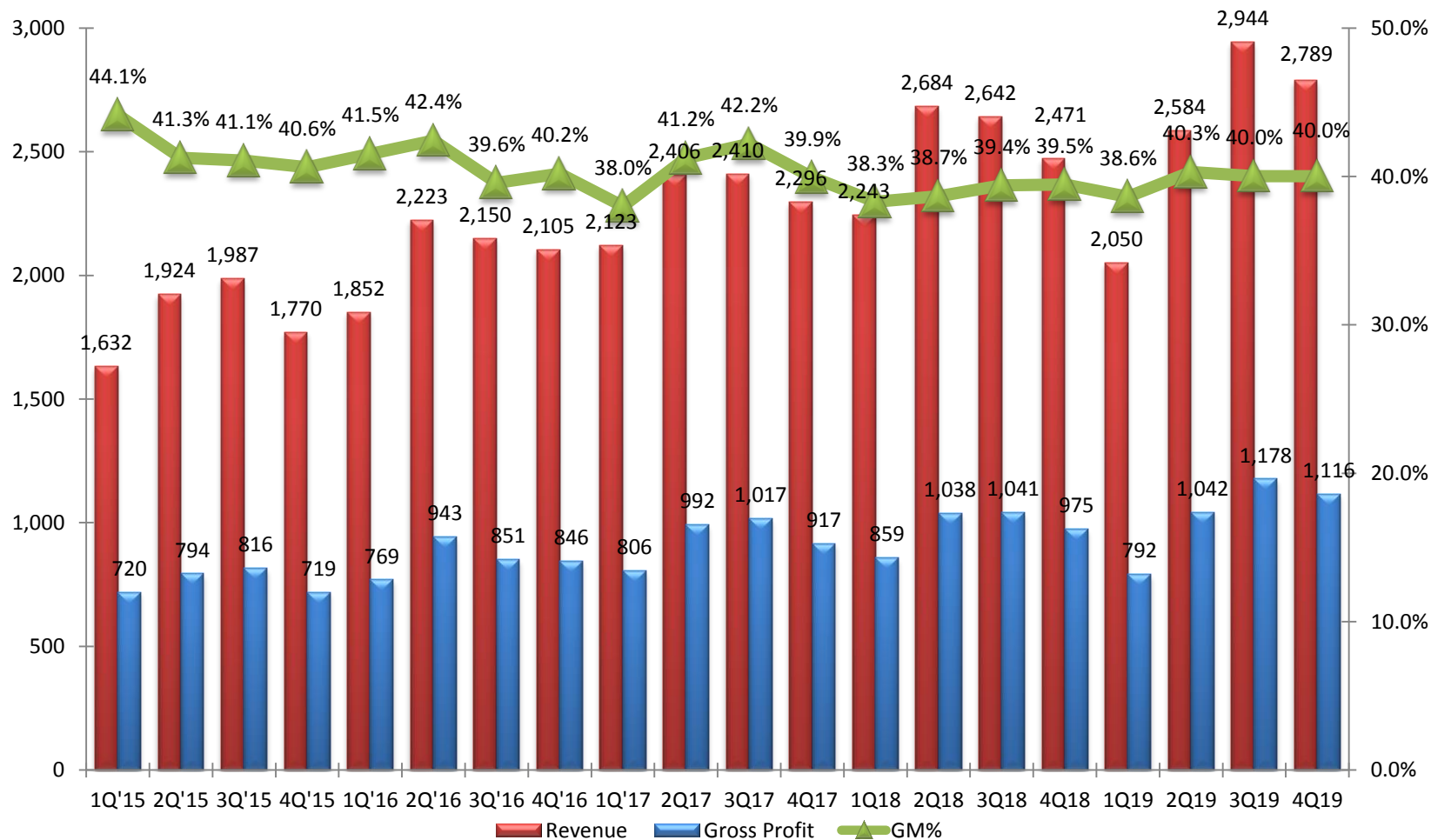
	2H'19	2H'18	YoY
Unit: NT\$ M	Amount	Amount	Amount
Cash Flows from Operating Activities	503	545	(42)
Cash Flows from Investing Activities	(788)	(107)	(681)
Cash Flows from Financing Activities	3,520	(519)	4,039
Cash & Cash Equivalents	4,859	1,544	3,315



# Nuvoton Revenue and GM Trend - Consolidated

Revenue/Gross Profit (NT\$ M)

Gross Margin Rate

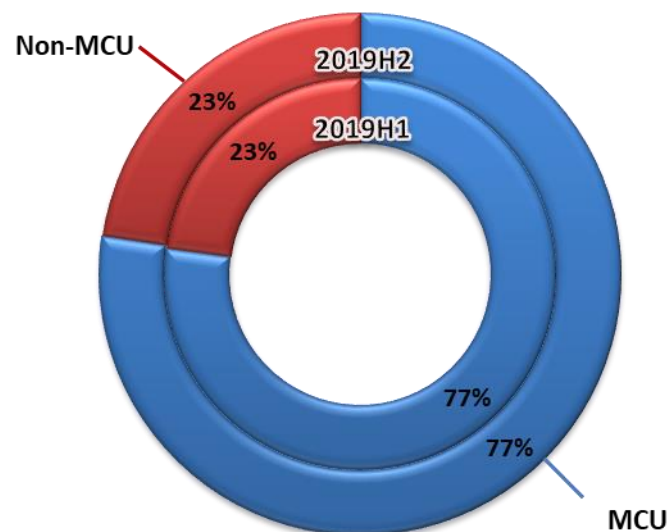




# Nuvoton 2H'19 Business Results & 2020 Business Outlook

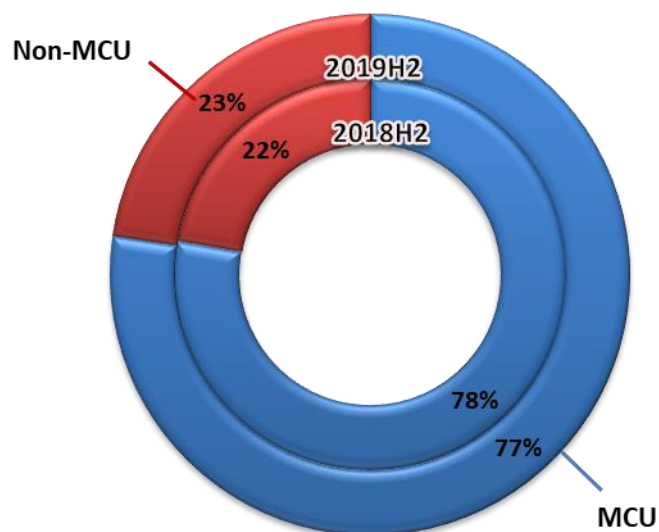
- 2H'19 Revenue by Product
- 2H'19 Revenue by Application
- Nuvoton 2H'19 Business Results
- Nuvoton 2020 Business Outlook





# 2H'19 Revenue by Product



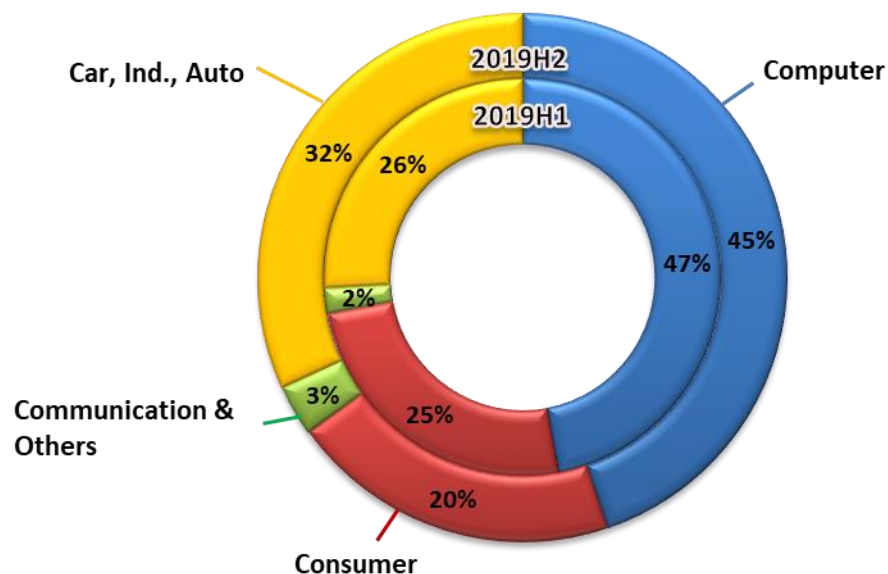
HoH %		
	MCU	0%
	Non-MCU	0%



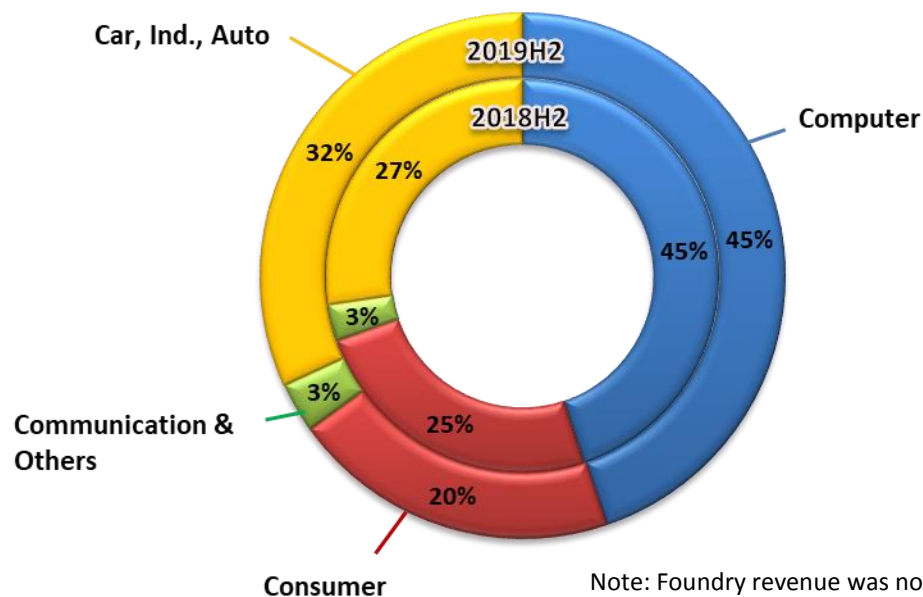
YoY %		
	MCU	-1%
	Non-MCU	1%

Note: Foundry revenue was not included in the numbers .

# 2H'19 Revenue by Application



HoH %		
	Computer	-2%
	Consumer	-5%
	Communication & Others	1%
	Car, Industry & Auto	6%



YoY %		
	Computer	0%
	Consumer	-5%
	Communication & Others	0%
	Car, Industry & Auto	5%

Note: Foundry revenue was not included in the numbers .

# Nuvoton 2H'19 Business Results (1)

**2H'19 YoY : Revenue +12%, Gross Margin + 0.58%**

- **Key reasons for Revenue YoY Increase**
  - Growth of NuMicro MCU applying on Selected and Multi-Market Applications
  - Shipments of EC for Chromebook and BMC (Baseboard Management Controller) for Server
- **Key reason for Gross Margin YoY Increase**
  - Product Mix

# Nuvoton 2H'19 Business Results (2)

- **2H'19 Main Achievements**

- Released NuMicro Arm® Cortex®-M4 based M480 new MCU series for high processing power industrial control applications
- Released NuMicro Arm® Cortex®-M0 based M031/M032 new MCU series for industrial control applications
- NuMaker IoT Platform provided integrated solutions including sensors and connectivity modules for gateway and IoT nodes, supporting Arm Mbed, Amazon FreeRTOS, AliOS and connecting to Arm Pelion, AWS and Ali clouds
- Released Nuvoton first Smart amplifier product with Voice coil stabilization feature

# Nuvoton 2H'19 Business Results (3)

- **2H'19 Main Achievements**

- Shipments of BMC products, support Intel Purley and AMD Rome server platforms, integrating highest performance duo-core Arm® Cortex® A9 processor
- All TPM projects have been certified by CC (Common Criteria) EAL4+ and by FIPS140-2 Level 2. The new TPM products have been design-win by worldwide major OEM brands for NB, DT and server products
- Contributed from AC/DC (Charger & LED Lighting) of Power management (Foundry Service)

# Nuvoton 2020 Business Outlook

- **New Products and Developments**

- NuMicro Arm® Cortex®-M23 based M252 new ultra low-power MCU series for smart home appliances
- Development of high processing power MCU and MPU for the industrial control and IoT gateway and edge devices
- High performance of NAU8315 (Mono Class D amplifier) in WLCP package
- OpenBMC firmware supports for BMC products

- **New Foundry Service Processes**

- Development of new generation BCD process
- Development of new customers of Half bridge HVIC process



# Panasonic Acquisition Update

- Acquisition Summary
- Financial Related to the Acquisition



# Acquisition Summary

- Announced acquisition on November 28, 2019
- All cash of US\$250M
- Expected close date June 1, 2020
- Benefits to Nuvoton
  - Broaden Technology & Product Portfolio
  - Expand Talent Pool
  - Expand Markets



# Financials Related to the Acquisition

*The following pro forma information have been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the corresponding financial position or result of operations of the Company and/or Target Business on a combined basis as of September 30, 2019 or at any future date. The following pro forma information is subject to all assumptions and qualifications relating thereto and should not be viewed as a comprehensive statement of the financial condition and the results of operations for the Company and/or the Target Business. The following information was prepared for reference purposes only.*

	Target Business Preliminary Financial Data <sup>1</sup> (As of and for 6 months ended September 30, 2019)	Combined Preliminary Pro Forma of the Company and the Target Business <sup>2</sup> (As of and for 6 months ended September 30, 2019)
Net Sales	JPY43,670 million	US\$579.9 million
Operating Profit / (Loss)	JPY(8,570) million	US\$(67.0) million
Total Assets	JPY79,420 million	US\$740.6 million
Total Liabilities	JPY27,380 million	US\$367.5 million

<sup>1</sup> The total assets comprising the Target Business Preliminary Financial Data set forth above includes cash, and the total liabilities comprising the Target Business Preliminary Financial Data set forth above includes lease obligations, while the assets and liabilities of the Target Business to be acquired by NuvoTon will not include parts of such items as the consideration of the Acquisition was set on a cash-free, debt-free basis.

<sup>2</sup> The Combined Pro Forma Data have been obtained in accordance with the following pro forma adjustments: (A) first, the Target Business Preliminary Financial Data have been translated into NT\$ amounts at the exchange rate of JPY1 to NT\$0.2849; (B) second, with respect to each item to be presented, the corresponding amounts of the Company data and the Target Business Preliminary Financial Data are aggregated to a single amount; (C) third, each such amount has been translated into US\$ amount at the exchange rate of NT\$30.99 to US\$1.00; and (D) fourth, the total assets constituting the Combined Pro Forma Data were reduced by the result of (i) the total assets constituting the Target Business Preliminary Financial Data (translated into a US\$ amount via the first and third steps above), subtracted by (ii) the total liabilities constituting the Target Business Preliminary Financial Data (translated into a US\$ amount via the first and third steps above), subtracted by (iii) US\$250.0 million. This fourth step of the adjustment reflects the consideration of US\$250.0 million to be paid at the closing of the Acquisition for the Target Business, subject to purchase price adjustments on account of net debt and net working capital."

# Questions & Answers

Company website

Nuvoton: [www.nuvoton.com](http://www.nuvoton.com)

