

1Q20 Earnings Updates

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Forward-Looking Statement

Information included in this press release that are not historical in nature are "forward-looking statements". Phison cautions readers that forward-looking statements are based on Phison's reasonable knowledge and current expectations and are subject to various risks and uncertainties. Actual results may differ materially from those contained in such forward-looking statements for a variety of reasons including without limitation, risks associated with demand and supply change, manufacturing and supply capacity, design-win, time to market, market competition, industrial cyclicity, customer's financial condition, exchange rate fluctuation, legal actions, amendments of the laws and regulations, global economy change, natural disasters, and other unexpected events which may disrupt Phison's business and operations. Accordingly, readers should not place reliance on any forward-looking statements. Except as required by law, Phison undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

本新聞稿所提供之資訊(除歷史資訊之外)屬於預測性陳述。在此敬告讀者，預測性陳述乃基於群聯之合理認知以及就現狀所作的預估，且將受到各種風險以及不確定因素影響，因此可能造成實際結果和預測性陳述之內容顯著不同。這些風險以及不確定性因素包括但不限於，供給與需求變化、產銷能力、開發成功、及時導入市場、市場競爭、產業循環、客戶財務狀況、匯率浮動、法律訴訟、法令變更、全球經濟變化、自然災害、其他可能會影響群聯業務與營運的不確定因素。鑑於此，讀者請勿倚賴預測性陳述。除法律另有規定外，無論是基於新資訊、未來事件或是其他因素，群聯皆無義務更新預測性陳述。

PCIe Gen4 Leadership

Pushing the Boundary of
SSD Performance



PS5016-E16



PS5019-E19T



PS5018-E18

Financial Performance

1Q 2020

Income Statement

(損益表)

項目 Category	Q1, 2020		Q4, 2019		Q1, 2019	
營業收入 Operating Revenues (K NTD)	12,866,703 (History 2nd High)	100.00%	13,173,394	100.00%	9,343,016	100.00%
營業毛利 Operating Revenues (K NTD)	3,865,621 (History Record High)	30.04%	3,480,270	26.42%	2,094,693	22.42%
本期營業淨利 Operating Income (K NTD)	1,782,640 (History 3rd High)	13.85%	1,343,150	10.20%	1,067,547	11.43%
稅息折舊及攤銷前利潤 EBITDA (K NTD)	2,368,332 (History Record High)	18.41%	1,562,939	11.86%	1,158,288	12.40%
本期淨利 Net Profit Attributed (K NTD)	1,898,152 (History Record High)	14.75%	1,250,420	9.50%	881,823	9.44%
基本每股盈餘(稅後) Earnings Per Share Basic (After Income Tax) (NTD)	9.63 (History Record High)		6.34		4.47	

Note: Above mentioned history record refers to seasonal record

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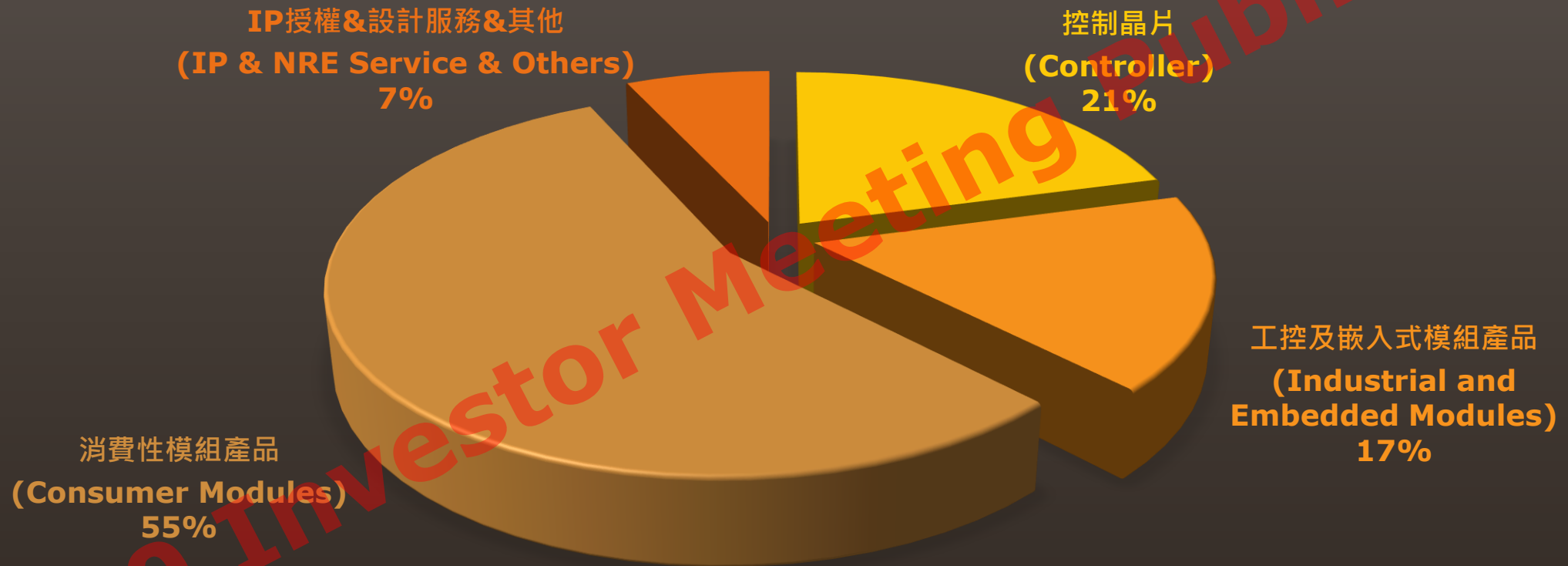
Balance Sheet

(資產負債表)

項目 Category	Q1, 2020	Q4, 2019
流動資產 Current Assets (K NTD)	34,614,678	31,959,839
現金 Cash (K NTD)	10,258,694	10,205,257
存貨 Inventory (K NTD)	13,172,340	11,532,724
不動產、廠房及設備 PPEs (K NTD)	3,391,041	3,282,950
非流動資產 Non-Current Assets (K NTD)	7,306,436	6,676,941
總資產 Total Assets (K NTD)	41,921,114	38,636,780
總負債 Total Liabilities (K NTD)	10,793,220	9,448,152
總權益 Net Assets (K NTD)	31,127,894	29,188,628
每股淨值 The Net Asset Value of Each Share (NTD)	158	148
股價淨值比 PBR (2020/5/12)	1.81 (285.5/158)	1.93 (285.5/148)

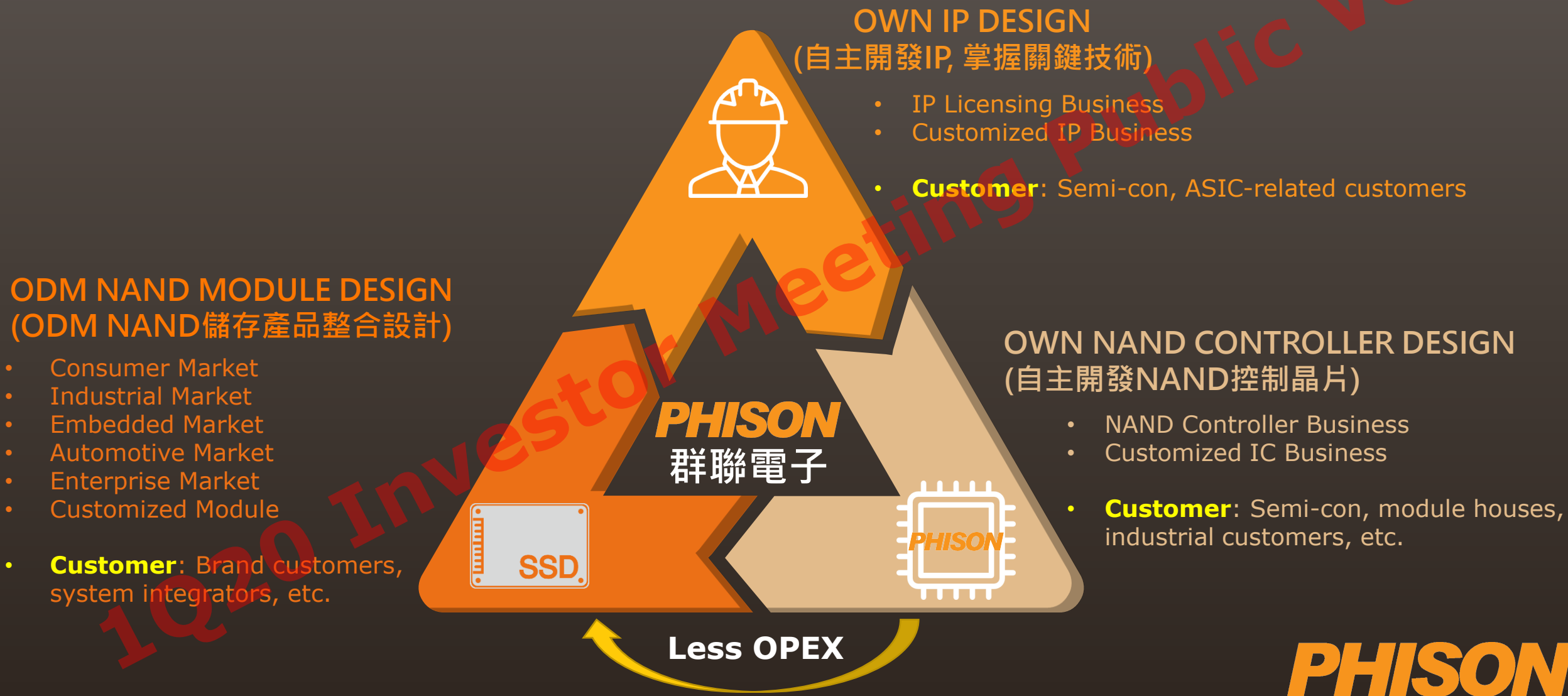
1Q 2020 Sales Analysis – Revenue Contribution Ratio

(1Q 2020 銷售分析 – 營收貢獻比率)

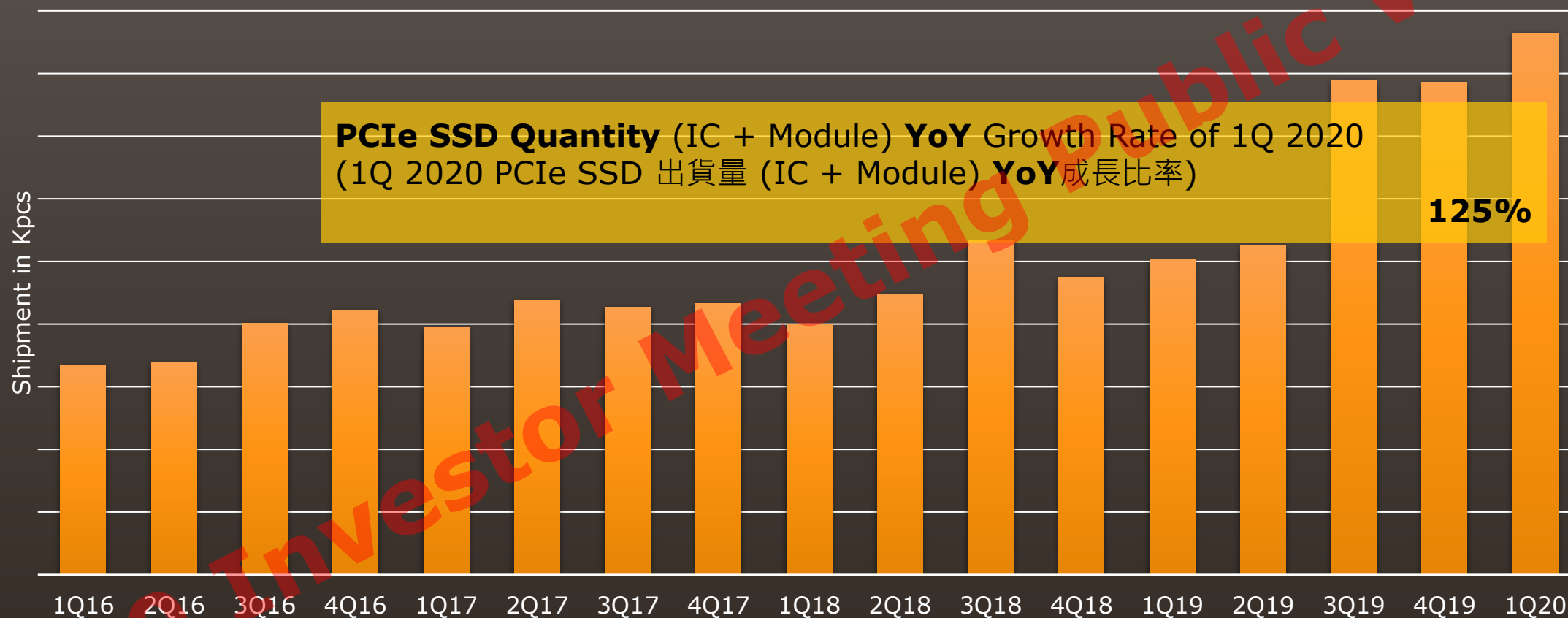


Phison's Business Model Creates More Earnings

(群聯獨特的營運模式創造更多收益)

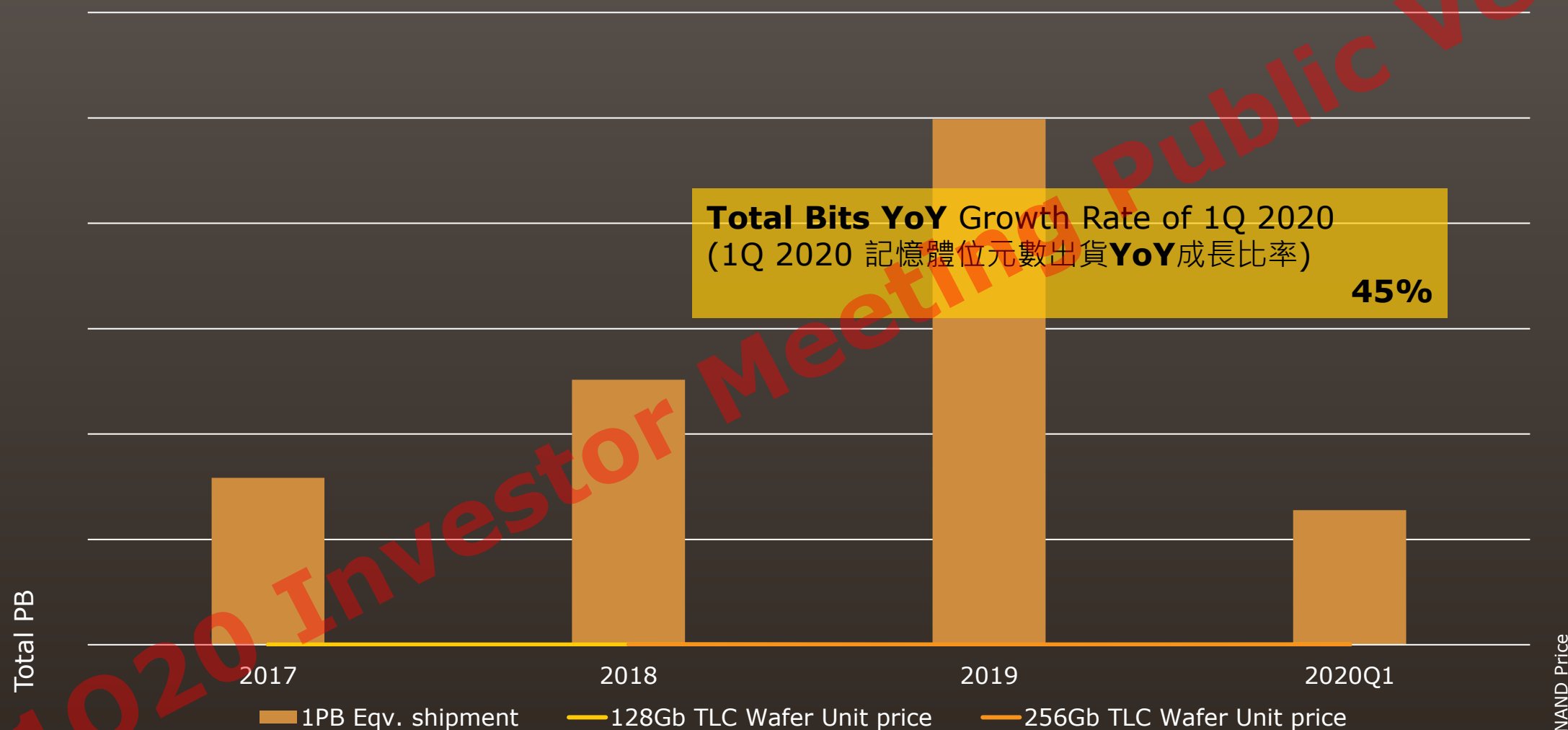


Phison's SATA + PCIe + eMMC Market Share Keeps Growing (群聯的SATA + PCIe + eMMC 市占率穩健成長)



Including "SATA + PCIe + eMMC" Related Modules and Controller Shipping Quantity
包含SATA + PCIe + eMMC 相關之模組及控制晶片出貨額

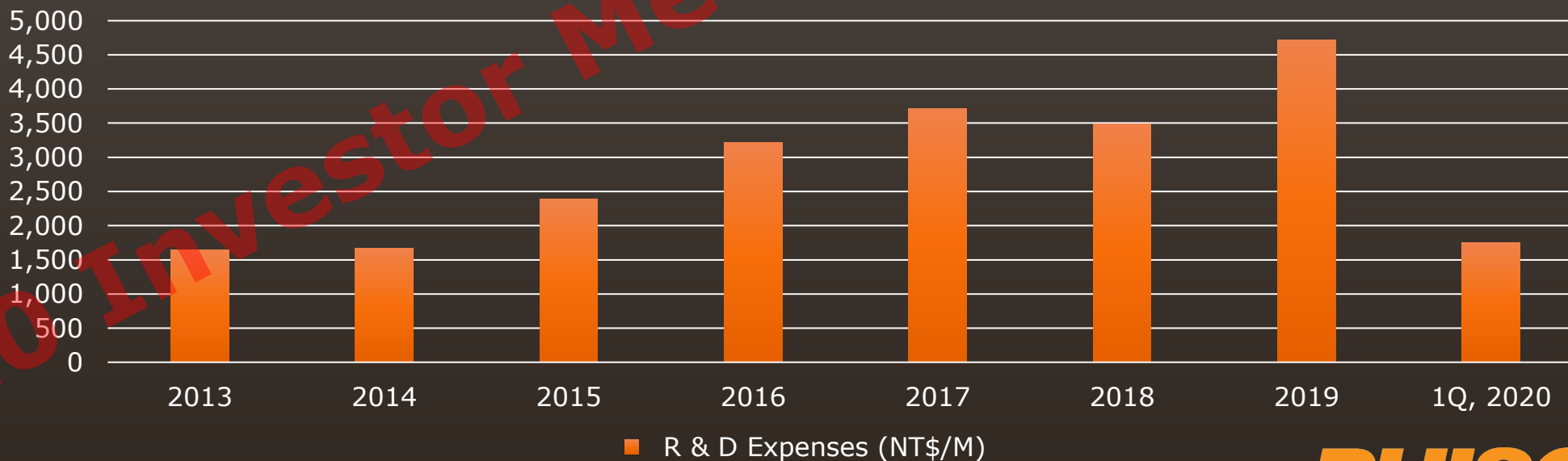
Phison's NAND Products Increasing Capacity and Shipments Continuously (群聯的NAND儲存產品提升容量及出貨量持續提升)



Phison Invests Next Gen. Controller to Keep Leadership and Profits

(群聯持續投資次世代控制晶片研發以維持領導地位及獲利)

項目 Category	2013	2014	2015	2016	2017	2018	2019	1Q, 2020
研發團隊員工人數 R&D Headcount	454	530	674	809	942	1,112	1,450	1,483
研發費用 R & D Expenses (NT\$/M)	1,644	1,674	2,395	3,218	3,714	3,495	4,714	1,748
研發費用佔營收比 R & D Exp. / Revenue (%)	5%	5%	6%	7%	9%	9%	11%	14%
研發費用佔營業費用比 R & D Exp. / Operating Exp. (%)	66%	65%	71%	73%	78%	79%	79%	84%



1Q, 2020 Financial Summary

(1Q 2020 財務總結)

Year-Over-Year:

Revenue Growth of 38% (營收成長38%)

While NAND Controller WW unit shipments were previously forecasted to be growing slowly, Phison is pleased to report controller unit shipments steadily increased from increased customer demand. Additional revenue contributions were achieved from Phison's NAND storage modules with increased demand for higher capacity products.

Gross Profit Grew 85% (毛利成長85%)

Phison maintained gross profit margins for the NAND Controller business and realized significant upside contributions from increased demand for higher capacity, higher priced NAND storage modules.

Operating Profit Growth of 67% (營業利益成長67%)

Phison is pleased to report a 67% growth in operating profit, even after doubling investment spending in R&D YoY (NT\$1748M, QoQ 5%, YoY 103%).

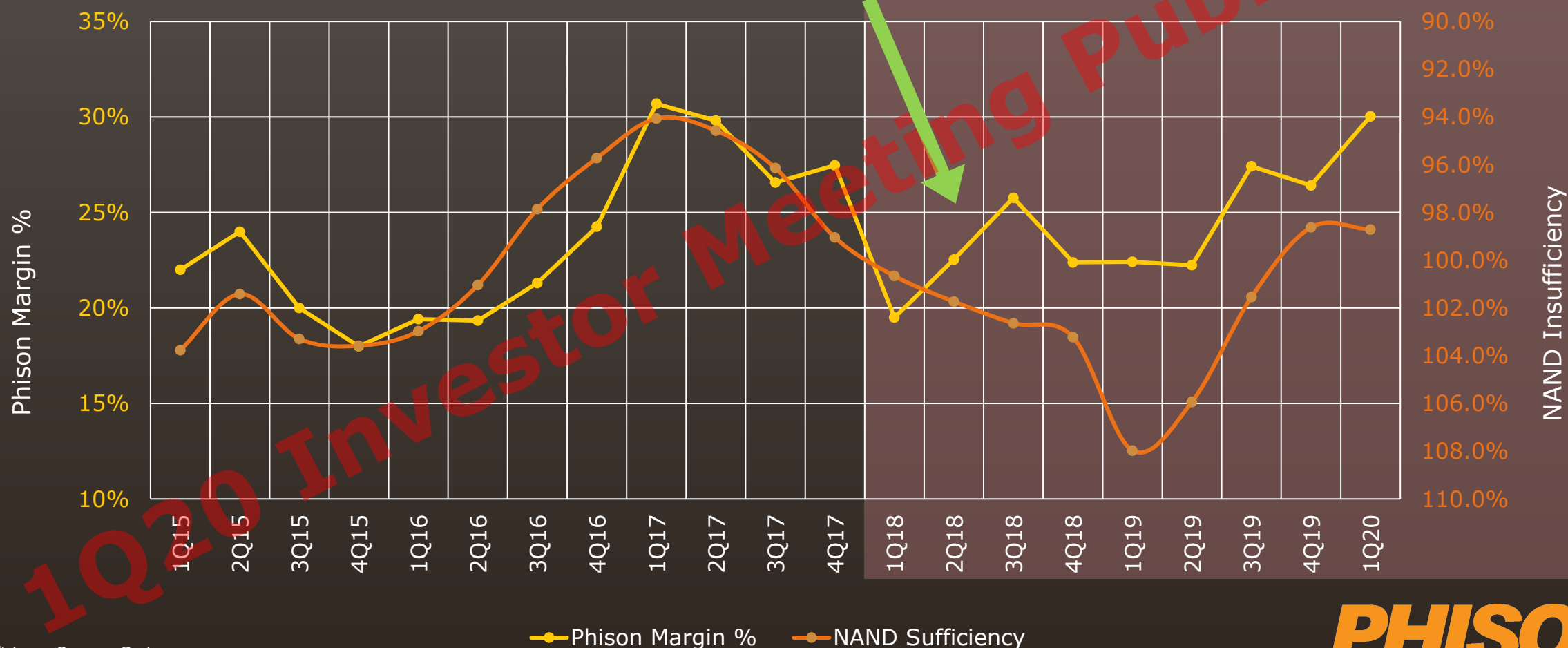
Net Income Grew 115% (稅後淨利成長115%)

Including unrealized gains in equity method investment of an estimated NT\$ 434 million, Phison Net Income growth was 115%.

Phison's Strong Product Line Stabilizes Gross Margin Rate

(群聯愈趨強壯的產品線 有助於提升獲利穩定)

Revenue Contribution of High-Margin Product is **Higher**
NAND Dynamics **Less** Influence Gross Margin
(高毛利營收貢獻比率上升, NAND變化對毛利率較無影響)



Key Takeaways (重點摘要)

Impact of COVID-19 on Global Economy (新冠肺炎對全球經濟的影響)

- Global economy slowdown.
- WFH (Work-from-Home) demand has been raising, stimulated NB, game consoles, cloud server, set-top box, etc. demands.
- Consumers are postponing their purchase behavior until the recovery of economy.
- 全球整體經濟放緩
- 宅經濟需求上升, 刺激筆記型電腦, 遊戲機, 雲端伺服器, 電視機上盒等的需求
- 消費者遞延了購買行為, 等待經濟回復正常

Impact of COVID-19 on Phison Business (新冠肺炎對群聯營運的影響)

- ASP of consumer product declined due to postponed demand.
- Petabyte shipment YoY grew while QoQ slowed down due to postponed demand caused by coronavirus.
- Embedded business such as medical equipment or networking devices is relatively stable.
- 消費應用市場因需求遞延, 導致ASP下滑
- 記憶體位元數YoY穩健成長, 然疫情導致需求遞延, QoQ下滑
- 嵌入式系統需求例如電子醫療設備或網通設備等相較穩定

Prospects (未來展望)

- Phison has more advantages in embedded market (such as 5G-related equipment) gaining more market share and profits.
- Phison expects that after the epidemic, there will be a wave of urgent consumption.
- 群聯在嵌入式儲存應用市場 (例如 5G相關設備) 的優勢, 將努力持續提升市占與獲利
- 群聯預估待疫情過後, 將可能有一波急消費潮

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A hand is shown holding a glowing, semi-transparent globe. Surrounding the globe is a complex network of white icons connected by thin lines. The icons include human figures, light bulbs, and bar charts, symbolizing global connectivity, innovation, and business. The background is a blurred blue-toned image of a modern office interior.

THANK YOU

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