



聯詠科技股份有限公司
NOVATEK MICROELECTRONICS CORP.

FOR IMMEDIATE RELEASE

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Novatek Announces 2017 Un-Audited Consolidated Financial Result & 2018 First Quarter Outlook:

**2017 Revenue & PAT Reached
NT\$47.07B & NT\$5.02B Respectively
With EPS of NT\$8.26**

Hsin-chu, Taiwan, ROC – February 6th, 2018 – Novatek (TSE:3034), a leading global Display IC total solution provider, today announced its un-audited consolidated financial result of 2017 and the first quarter outlook of 2018 at the analyst meeting.

Revenue, operating expense, and operating income of 2017 reached NT\$47.07 billion, NT\$7.80 billion, and NT\$5.76 billion, representing year-over-year increase of 3.12%, 6.82%, and 1.97%, respectively. The gross profit margin of 2017 rose to 28.80%, up from 28.36% of 2016. Net income of 2017 increased by 0.39% year-over-year to NT\$5.02 billion, with earnings per share of NT\$8.26.

The fourth quarter revenue was down by 3.61% quarter-over-quarter to NT\$11.95 billion from NT\$12.40 billion in Q3'17, and increased by 6.52% year-over-year from NT\$11.22 billion in Q4'16. The sequential revenue decline was caused by the year-end of slow seasonality, particularly for SOC products. The fourth quarter gross margin further increased quarter-over-quarter to 29.37% from 29.01% in Q3'17, helped by the product mix and non-recurring engineering (NRE) income, and was ahead of the guidance of 27.5%-29.0%.

The fourth quarter operating expenses decreased quarter-over-quarter to NT\$1.94 billion from NT\$2.00 billion in Q3'17 and increased year-over-year from NT\$1.83 billion in Q4'16. Fourth quarter operating income decreased quarter-over-quarter to NT\$1.57 billion from NT\$1.60 billion in Q3'17 and increased year-over-year from NT\$1.33 billion in Q4'16.

Novatek's 2017 Q4 net income was NT\$1.32 billion, which decreased quarter-over-quarter by 15.40% from NT\$1.55 billion in Q3'17 and increased year-over-year by 4.70% from NT\$1.26 billion in Q4'16. Earnings per share for Q4'17 were NT\$2.16, compared with NT\$2.55 in Q4'16.

Management expects overall performance for the first quarter 2018:
Revenue is expected to be between NT\$10.3 billion and NT\$10.7 billion
Gross profit margin is expected to be between 27.5% and 29.0%
Operating profit margin is expected to be between 10% and 12%



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Sales & Profits

Million NT dollars	Q4'17	QoQ	Q3'17	Q4'16	YoY
Net Sales	11,951	-3.61%	12,398	11,219	6.52%
Net Gross Profit	3,510	-2.41%	3,596	3,163	10.94%
(Margin %)	29.37	0.36%p	29.01	28.20	1.17%p
Operating Income	1,569	-1.73%	1,596	1,332	17.79%
Net Income	1,315	-15.40%	1,554	1,256	4.70%
EPS (NT\$)	2.16		2.55	2.06	

Sales Breakdown by Product

Million NT dollars	Q4'17	QoQ	Q3'17	Q4'16	YoY
SoC	4,131	-8.53%	4,516	3,711	11.32%
Display Driver IC	7,932	-0.85%	8,000	7,565	4.85%
Total	12,063	-3.62%	12,516	11,277	6.97%

About Novatek

Novatek was established in 1997, specializing in display-centered total solutions ranging from full line of display ICs and SoC for all display applications. The Company is the world's largest supplier of display driver ICs, and is ranked as the world 10th largest and Taiwan's 2nd largest fabless company in terms of sales revenue in 2016. For more information, please visit the company's web site at www.novatek.com.tw.



Novatek Microelectronics Corp. Financial Report 2017 Q4



Issued in Feb 2018

Monthly Sales

MNT\$

	2017	2016	+ (-) %
January	3,652	4,038	-10%
February	3,360	3,111	8%
March	3,906	3,821	2%
April	3,910	3,830	2%
May	4,016	3,873	4%
June	3,880	3,737	4%
July	3,953	3,815	4%
August	4,121	4,095	1%
September	4,324	4,111	5%
October	4,265	3,864	10%
November	4,071	3,630	12%
December	3,615	3,725	-3%
Total:	47,074	45,651	3%

Sales Breakdown By Products

MNT\$

Product	2017/Q4		2017/Q3		2017/Q2		2017/Q1		2016/Q4	
	AMT	%	AMT	%	AMT	%	AMT	%	AMT	%
SOC	4,131	35	4,516	36	4,130	35	3,675	34	3,711	33
DRIVER	7,932	66	8,000	65	7,781	66	7,311	67	7,565	67
Total:	12,063	101	12,516	101	11,910	101	10,986	101	11,277	101
OTHERS	41	0	7	0	8	0	7	0	1	0
Return & Allowance	(153)	(1)	(125)	(1)	(112)	(1)	(75)	(1)	(59)	(1)
Grand Total:	11,951	100	12,398	100	11,806	100	10,919	100	11,219	100
Growth	-4%		5%		8%		-3%		-7%	

Consolidated Income Statement (YoY)

(Expressed In New Taiwan Thousand Dollars)

	2017/1-12	%	2016/1-12	%	Growth %
Net sales	47,073,692	100.00	45,650,879	100.00	3.12
Cost of good sold	(33,518,431)	(71.20)	(32,705,260)	(71.64)	2.49
Gross Profit	13,555,261	28.80	12,945,619	28.36	4.71
Operating Exp.	(7,800,062)	(16.57)	(7,301,762)	(16.00)	6.82
Selling & Adm.	(1,341,548)	(2.85)	(1,281,855)	(2.81)	4.66
R & D Exp.	(6,458,514)	(13.72)	(6,019,907)	(13.19)	7.29
Operating Income	5,755,199	12.23	5,643,857	12.36	1.97
Net Non-Operating	181,500	0.38	141,360	0.31	28.40
Income Before Tax	5,936,699	12.61	5,785,217	12.67	2.62
Income Tax Exp.	(912,611)	(1.94)	(780,857)	(1.71)	16.87
Net Income	5,024,088	10.67	5,004,360	10.96	0.39
EPS	8.26		8.22		

Consolidated Income Statement (Q4 YoY)

(Expressed In New Taiwan Thousand Dollars)

	2017/Q4	%	2016/Q4	%	Growth %
Net sales	11,950,854	100.00	11,219,419	100.00	6.52
Cost of good sold	(8,441,232)	(70.63)	(8,055,925)	(71.80)	4.78
Gross Profit	3,509,622	29.37	3,163,494	28.20	10.94
Operating Exp.	(1,940,795)	(16.24)	(1,831,556)	(16.33)	5.96
Selling & Adm.	(321,495)	(2.69)	(326,418)	(2.91)	(1.51)
R & D Exp.	(1,619,300)	(13.55)	(1,505,138)	(13.42)	7.58
Operating Income	1,568,827	13.13	1,331,938	11.87	17.79
Net Non-Operating	(24,064)	(0.20)	124,627	1.11	(119.31)
Income Before Tax	1,544,763	12.93	1,456,565	12.98	6.06
Income Tax Exp.	(229,744)	(1.92)	(200,634)	(1.79)	14.51
Net Income	1,315,019	11.01	1,255,931	11.19	4.70
EPS	2.16		2.06		

Consolidated Income Statement (QoQ)

(Expressed In New Taiwan Thousand Dollars)

	2017/Q4	%	2017/Q3	%	Growth %
Net sales	11,950,854	100.00	12,398,257	100.00	(3.61)
Cost of good sold	(8,441,232)	(70.63)	(8,801,873)	(70.99)	(4.10)
Gross Profit	3,509,622	29.37	3,596,384	29.01	(2.41)
Operating Exp.	(1,940,795)	(16.24)	(2,000,016)	(16.13)	(2.96)
Selling & Adm.	(321,495)	(2.69)	(340,381)	(2.75)	(5.55)
R & D Exp.	(1,619,300)	(13.55)	(1,659,635)	(13.38)	(2.43)
Operating Income	1,568,827	13.13	1,596,368	12.88	(1.73)
Net Non-Operating	(24,064)	(0.20)	233,122	1.88	(110.32)
Income Before Tax	1,544,763	12.93	1,829,490	14.76	(15.56)
Income Tax Exp.	(229,744)	(1.92)	(275,089)	(2.22)	(16.48)
Net Income	1,315,019	11.01	1,554,401	12.54	(15.40)
EPS	2.16		2.55		

Financial Numbers

(Expressed In New Taiwan Thousand Dollars)

	2017/12/31	2017/09/30	2017/06/30	2017/03/31	2016/12/31
Cash and Cash Equivalents	18,111,760	17,077,541	19,381,022	18,474,970	19,641,545
Short Term Loans	(2,351,040)	(3,207,560)	(3,650,400)	(3,063,330)	(3,191,265)
Net Cash	15,760,720	13,869,981	15,730,622	15,411,640	16,450,280
QoQ Change	1,890,739	(1,860,641)	318,982	(1,038,640)	2,261,658
Notes & Accounts receivable	10,985,081	11,433,369	10,236,080	9,441,901	10,627,716
QoQ Change	(448,288)	1,197,289	794,179	(1,185,815)	544,289
Inventory	5,015,771	5,902,023	5,671,681	4,814,493	4,687,037
QoQ Change	(886,252)	230,342	857,188	127,456	42,057