

**Contacts:**

Grace Tseng  
CFO & Spokesperson  
+886-3-5787888

Samantha Lu  
IR Manager  
+886-3-5787888 ext. 84588  
[ir@faraday-tech.com](mailto:ir@faraday-tech.com)

**Faraday Reports Third Quarter 2019 Financial Results**  
**3Q19 Revenues NT\$1,592 Million, Up 31% QoQ, a 3-Year High**  
**4Q19 Revenues Continue YoY Growth, NRE likely Achieve New Record**

---

**Third Quarter 2019 Highlights<sup>[1]</sup>:**

- Revenues were NT\$1,592 million (US\$51.12 million)
  - Gross margin was 50.4%
  - Net income attributed to stockholders of the parent was NT\$146 million (US\$4.69 million)
  - Earnings per share of NT\$0.59
- 

<Hsinchu, Taiwan – October 29, 2019> Faraday Technology Corporation (“Faraday” or the “Company”) (TWSE: 3035), a leading fabless ASIC service and silicon IP provider, today announced its consolidated financial results for the third quarter of 2019. Third quarter consolidated revenues were NT\$1,592 million, up 31.0% quarter-over-quarter and 13.2% year-over-year, with gross margin at 50.4%. Net income attributed to stockholders of the parent was NT\$146 million, with a basic earnings per share of NT\$0.59.

Looking back to the third quarter, Faraday delivered outstanding business performance thanks to its new high sales of both mass production and NRE. Overall revenues grew over 30% quarter-over-quarter to NT\$1,592 million, reaching a 13-quarter high. As to NRE, the Company has continued to expand in high design value projects in recent years which resulted in the historical high NRE sales at NT\$414M in the third quarter. Profit of NRE also achieved new height on the contributions from numerous high design value ASIC wins and 14nm FinFET project. As to mass production, besides the continuous shipment momentum of smartmeter, sales of communication and niche applications also performed well. 5G ASIC has been successfully shipped out in the second half this year. The niche applications with less seasonality also delivered stable shipment volumes. Those applications featured by wide variety and customization are the areas which Faraday has been acknowledged for expertise and many are its long-cultivated superior applications. Although gross margin in the third quarter was lower than that in the prior quarter, operating margin increased eight percentage points to 12.6%. Net income attributed to stockholders of the parent increased significantly by 159% quarter-over-quarter to NT\$146 million, the best since the second quarter of 2017.

The market of ASIC is booming. The rising AIoT applications, opportunities from US-China trade war and significant technology progresses, along with the limited IC design service players due to high entry barrier, resulting in numerous business opportunities to the ASIC vendors. Faraday's operation model has its uniqueness, the IP-platform driven vertical integration model, which helps the Company obtain considerable synergy and investment return by leveraging its R&D resources management and effectively supports the long-term growth of the Company. Looking into the fourth quarter, revenues are expected to

continue a year-over-year growth while NRE likely set a new record. Faraday holds optimistic outlook for 2019 and expects both IP and ASIC to continue on the growth trajectory.

---

<sup>[1]</sup> Unless otherwise stated, all financial figures discussed in this announcement are prepared in accordance with Taiwan-International Financial Report Standards (TIFRSs). They represent comparisons among the three-month period ended Sep 30, 2019, the three-month period ended Jun 30, 2019, and the equivalent three-month period that ended Sep 30, 2018. For all 3Q19 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. dollars at the exchange rate of NT\$31.1393 to one U.S. dollar.

## Summary of Operating Results

Operating Results					
(Amount: NT\$ million)	3Q19	2Q19	QoQ% change	3Q18	YoY% change
Net sales	1592	1215	31.0	1406	13.2
Gross profit	802	664	20.8	725	10.7
Operating expenses	(602)	(609)	(1.1)	(615)	(2.1)
Operating income	200	55	261.3	110	82.1
Non-operating income and expense	(22)	14	(256.4)	(10)	135.9
Net income attributed to stockholders of the parent	146	56	159.0	87	67.8
Earnings per share (NTD)	0.59	0.22		0.35	

## Detailed Financials Section

COGS & Expenses & Non-Operating Income & Expenses					
(Amount: NT\$ million)	3Q19	2Q19	QoQ% change	3Q18	YoY% change
Net sales	1592	1215	31.0	1406	13.2
Operating costs	(790)	(551)	43.3	(681)	15.9
Gross profit	802	664	20.8	725	10.7
Gross margin (%)	50.4%	54.7%		51.6%	(2.1)
Operating expenses	(602)	(609)	(1.1)	(615)	82.1
Operating income	200	55	261.3	110	
Operating margin (%)	12.6%	4.6%		7.8%	
Non-operating income and expense	(22)	14	(256.4)	(10)	135.9

Current Assets			
(Amount: NT\$ million)	As of		
	Sep 30, 2019	Jun 30, 2019	Sep 30, 2018
Cash and cash equivalents	2265	2734	2341
Notes and accounts receivable, net	1154	856	837
Days sales outstanding	71	69	59
Inventories, net	742	650	681
Days of inventory	102	112	92
Total current assets	4844	4837	4423

Liabilities			
(Amount: NT\$ million)	As of		
	Sep 30, 2019	Jun 30, 2018	Sep 30, 2018
Total current liabilities	2051	2193	1916
Notes and accounts payable	1102	1049	922
Others	949	1144	994
Non-current liabilities	333	379	274
Total liabilities	2384	2572	2190
Liabilities to equity	47.6%	53.0%	44.7%

## Analysis of Revenue

---

ASIC Revenue Breakdown by Geometry

Geometry	3Q18	2Q19	3Q19
≥0.25um	5.6%	4.9%	1.8%
0.11um~0.18um	41.3%	47.6%	47.7%
55nm~90nm	13.5%	21.1%	17.0%
40nm	25.4%	17.8%	18.8%
≤28nm	14.2%	8.6%	14.7%

ASIC Revenue Breakdown by Application

Application	3Q18	2Q19	3Q19
Communication	21.0%	24.8%	21.1%
Industrial	32.8%	31.5%	26.7%
MM/Con/PC	12.7%	14.2%	8.1%
AIoT	26.8%	26.4%	41.3%
Others	6.7%	3.1%	2.8%

Total Revenue Breakdown by Billing Method

Billing	3Q18	2Q19	3Q19
MP	59.7%	63.8%	59.4%
NRE	25.6%	19.5%	26.0%
IP	14.7%	16.7%	14.6%

## About Faraday

---

Faraday Technology Corporation (TWSE: 3035) is a leading ASIC design service and IP provider, certified to ISO 9001 and ISO 26262. The broad silicon IP portfolio includes I/O, Cell Library, Memory Compiler, ARM-compliant CPUs, DDR2/3/4, low-power DDR1/2/3, MIPI, V-by-One, USB 2.0/3.1 Gen 1, 10/100/1000 Ethernet, Serial ATA, PCI Express, and programmable SerDes, etc. Headquartered in Taiwan, Faraday has service and support offices around the world, including the U.S., Japan, Europe, and China. For more information, visit [www.faraday-tech.com](http://www.faraday-tech.com) or follow Faraday on LinkedIn