


Sercomm Corporation

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Sercomm Announces 2nd Quarter Financial Results

Taipei, Taiwan, 13th August 2019 - Sercomm Corporation (TWSE: 5388), a leading manufacturer of telecom and broadband equipment today announced financial results for the second quarter of year 2019.

On consolidated basis, net sales for the first half of year 2019 were reported as NT\$13.18 billion, which represents a 13.7% year-over-year decrease over NT\$15.26 billion for the first half of year 2018. Gross profit for 1H'19 was \$2.34 billion with 17.7% gross margin rate. Net income attributable to owners of the parent for 1H'19 was NT\$391 million which represents a 21.1% increase over NT\$323 million for the first half of year 2018. Based on 245 million weighted average shares, earnings per share (EPS) for the first half of year 2019 were reported as NT\$1.60.

Consolidated net sales for the second quarter of year 2019 were NT\$6.7 billion, which represents an 8.2% year-over-year decrease compared to NT\$7.3 billion for 2Q 2018. Gross profit for 2Q'19 was \$1.18 billion with 17.6% gross margin rate. Net income attributable to owners of parent for 2Q'19 were NT\$180 million, which represents a 30.4% increase compared to NT\$138 million for the 2Q 2018. Based on 245 million weighted average shares, EPS were reported as NT\$0.73 for the 2nd quarter of year 2019.

Table 1: 1H 2019 Statement of Comprehensive Income

(In NT\$MN)	1H 2019		1H 2018		Change
	Amount	%	Amount	%	
Net Revenue	13,179	100.0%	15,263	100.0%	-13.7%
Cost of Goods Sold	10,842	82.3%	13,281	87.0%	-18.4%
Gross Profit	2,337	17.7%	1,982	13.0%	17.9%
Operating Expenses	1,906	14.4%	1,669	10.9%	14.2%
Operating Profit	431	3.3%	313	2.1%	37.7%
Non-operating Income & Expenses	56	0.4%	148	1.0%	-62.2%
Income before Tax	487	3.7%	461	3.1%	5.6%
Net Income Attributable to Owners of Parent	391	3.0%	323	2.1%	21.1%
EPS (NTD\$1)*	1.60		1.32		

* Based on weighted average shares: 245,096 thousand shares for 1H 2019 and 245,654 thousand shares for 1H 2018

Table 2: 2Q 2019 Statement of Comprehensive Income

(In NT\$MN)	2Q 2019		2Q 2018		Change
	Amount	%	Amount	%	
Net Revenue	6,699	100.0%	7,300	100.0%	-8.2%
Cost of Goods Sold	5,522	82.4%	6,350	87.0%	-13.0%
Gross Profit	1,177	17.6%	950	13.0%	23.9%
Operating Expenses	953	14.2%	847	11.6%	12.5%
Operating Profit	224	3.4%	103	1.4%	117.5%
Non-operating Income & Expenses	-8	-0.1%	121	1.7%	-106.6%
Income before Tax	216	3.3%	224	3.1%	-3.6%
Net Income Attributable to Owners of Parent	180	2.7%	138	1.9%	30.4%
EPS (NTD\$1)*	0.73		0.56		

* Based on weighted average shares: 245,196 thousand shares for 2Q 2019 and 245,654 thousand shares for 2Q 2018

Table 3: Balance Sheet

(In NT\$MN)	June 30, 2019		June 30, 2018	
	Amount	%	Amount	%
Cash Equivalents	5,202	22.6%	4,944	20.5%
A/R	5,617	24.4%	7,287	30.2%
Inventory	5,766	25.0%	5,796	24.1%
Other Current Assets	1,741	7.5%	1,575	6.5%
Non-current Assets	4,737	20.5%	4,512	18.7%
Total Assets	23,063	100.0%	24,114	100.0%
Loan	2,729	11.8%	2,633	10.9%
A/P	8,358	36.3%	9,883	41.0%
Leasehold Payable	438	1.9%	121	0.5%
Other Payable & Liabilities	4,549	19.7%	4,583	19.0%
Total Liabilities	16,074	69.7%	17,220	71.4%
Total Equity	6,989	30.3%	6,894	28.6%

About Sercomm Corporation

Sercomm Corporation (TWSE: 5388) is a worldwide leading manufacturer of telecom and broadband equipment. Founded in 1992, Sercomm has focused on developing embedded solutions to make networking simple and affordable. Headquartered in Taipei, Taiwan, Sercomm's global operation network covers markets in North America, Europe, and the Asia Pacific region. Its customer base includes the world's top ODMs, telecommunication vendors, and system integrators. Sercomm posted sales revenue of NT\$33.4 BN in 2018 (approximately US\$1.1 BN). For more information, please visit www.sercomm.com

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