


Sercomm Corporation

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Sercomm Announces 3rd Quarter Financial Results

Taipei, Taiwan, 12th November 2018 - Sercomm Corporation (TWSE: 5388), a leading manufacturer of telecom and broadband equipment today announced financial results for the third quarter of year 2018.

Consolidated net sales from January to September of year 2018 were reported as NT\$23.78 billion, which represents a 16% decrease over NT\$28.15 billion for the same period of 2017. Operating profit and net income attributable to owners of parent for the first three quarters of 2018 were NT\$564 million and NT\$507 million, respectively. Based on 245 million weighted average shares, earnings per share (EPS) for the first three quarters of year 2018 were reported as NT\$2.07.

On consolidated basis, net sales for the third quarter of year 2018 were NT\$8.52 billion, which represents a 17% increase compared to NT\$7.3 billion for 2Q'18. Operating profit for 3Q'18 were NT\$251 million, which represents a 144% quarter-over-quarter increase over NT\$103 million for the second quarter of year 2018. Net income attributable to owners of parent for 3Q'18 were NT\$184 million, which also represents a 33% increase compared to NT\$138 million for the 2Q 2018. Based on 245 million weighted average shares, EPS were reported as NT\$0.75 for the 3rd quarter of year 2018.

Table 1: Cumulative Statement of Comprehensive Income

(In NT\$MN)	JAN.-SEP.'18		JAN.-SEP.'17		Change
	Amount	%	Amount	%	
Net Revenue	23,782	100.0%	28,151	100.0%	-15.5%
Cost of Goods Sold	20,648	86.8%	24,485	87.0%	-15.7%
Gross Profit	3,134	13.2%	3,666	13.0%	-14.5%
Operating Expenses	2,570	10.8%	2,579	9.1%	-0.3%
Operating Profit	564	2.4%	1,087	3.9%	-48.1%
Non-operating Income & Expenses	122	0.5%	37	0.1%	229.7%
Income before Tax	686	2.9%	1,124	4.0%	-39.0%
Net Income Attributable to Owners of Parent	507	2.1%	936	3.3%	-45.8%
EPS (NTD\$1)*	2.07		3.85		

* Based on weighted average shares: 245,110 thousand shares for Jan.-Sep. 2018 and 242,920 thousand shares for Jan.-Sep. 2017

Table 2: 3Q 2018 Statement of Comprehensive Income

(In NT\$MN)	3Q 2018		2Q 2018		Change
	Amount	%	Amount	%	
Net Revenue	8,519	100.0%	7,300	100.0%	16.7%
Cost of Goods Sold	7,367	86.5%	6,350	87.0%	16.0%
Gross Profit	1,152	13.5%	950	13.0%	21.3%
Operating Expenses	901	10.6%	847	11.6%	6.4%
Operating Profit	251	2.9%	103	1.4%	143.7%
Non-operating Income & Expenses	-25	-0.3%	121	1.7%	-120.7%
Income before Tax	226	2.6%	224	3.1%	0.9%
Net Income Attributable to Owners of Parent	184	2.2%	138	1.9%	33.3%
EPS (NTD\$1)*	0.75		0.56		

* Based on weighted average shares: 245,110 thousand shares for Q3 2018 and 245,654 thousand shares for Q2 2018

Table 3: Balance Sheet

(In NT\$MN)	September 30, 2018		September 30, 2017	
	Amount	%	Amount	%
Cash Equivalents	5,210	22.5%	5,937	24.5%
A/R	5,883	25.4%	7,276	30.0%
Inventory	5,748	24.8%	6,006	24.7%
Other Current Assets	1,788	7.7%	746	3.1%
Non-current Assets	4,536	19.6%	4,301	17.7%
Total Assets	23,165	100.0%	24,266	100.0%
Loan	3,363	14.5%	2,606	10.7%
A/P	9,783	42.2%	10,960	45.2%
Leasehold Payable	117	0.5%	131	0.5%
Other Payable & Liabilities	3,239	14.0%	3,758	15.5%
Total Liabilities	16,502	71.2%	17,455	71.9%
Total Equity	6,663	28.8%	6,811	28.1%

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\$38.6 BN in 2017 (approximately US\$1.3 BN). For more information, please visit www.sercomm.com

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