


Sercomm Corporation

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Sercomm Announces 2nd Quarter Financial Results

Taipei, Taiwan, 9th August 2018 - Sercomm Corporation (TWSE: 5388), a leading manufacturer of telecom and broadband equipment today announced financial results for the second quarter of year 2018.

On consolidated basis, net sales for the first half of year 2018 were reported as NT\$15.26 billion, which represents a 13.4% decrease over NT\$17.63 billion for the first half of year 2017. Gross profit for 1H'18 was \$1.98 billion with 13% gross margin. Income before tax and net income attributable to owner of the parent for 1H'18 were NT\$461 million and NT\$323 million, respectively. Based on 246 million weighted average shares, earnings per share (EPS) for the first half of year 2018 were reported as NT\$1.32.

Consolidated net sales for the second quarter of year 2018 were NT\$7.3 billion, which represents an 8.3% decrease compared to NT\$7.96 billion for 1Q 2018. Gross profit for 2Q'18 was \$950 million with 13% gross margin. Income before tax and net income attributable to owner of the parent for 2Q'18 were NT\$224 million and NT\$138 million, respectively. Based on 246 million weighted average shares, EPS were reported as NT\$0.56 for the 2nd quarter of year 2018.

Table 1: 1H 2018 Statement of Comprehensive Income

(In NT\$MN)	1H 2018		1H 2017		Change
	Amount	%	Amount	%	
Net Revenue	15,263	100.0%	17,627	100.0%	-13.4%
Cost of Goods Sold	13,281	87.0%	15,335	87.0%	-13.4%
Gross Profit	1,982	13.0%	2,292	13.0%	-13.5%
Operating Expenses	1,669	10.9%	1,663	9.4%	0.4%
Operating Profit	313	2.1%	629	3.6%	-50.2%
Non-operating Income & Expenses	148	1.0%	22	0.1%	572.7%
Income before Tax	461	3.1%	651	3.7%	-29.2%
Net Income Attributable to Owners of Parent	323	2.1%	547	3.1%	-41.0%
EPS (NTD\$1)*	1.32		2.25		

* Based on weighted average shares: 245,654 thousand shares for 1H 2018 and 242,920 thousand shares for 1H 2017

Table 2: 2Q 2018 Statement of Comprehensive Income

(In NT\$MN)	2Q 2018		1Q 2018		Change
	Amount	%	Amount	%	
Net Revenue	7,300	100.0%	7,963	100.0%	-8.3%
Cost of Goods Sold	6,350	87.0%	6,931	87.0%	-8.4%
Gross Profit	950	13.0%	1,032	13.0%	-7.9%
Operating Expenses	847	11.6%	822	10.3%	3.0%
Operating Profit	103	1.4%	210	2.7%	-51.0%
Non-operating Income & Expenses	121	1.7%	27	0.3%	348.1%
Income before Tax	224	3.1%	237	3.0%	-5.5%
Net Income Attributable to Owners of Parent	138	1.9%	185	2.3%	-25.4%
EPS (NTD\$1)*	0.56		0.76		

* Based on weighted average shares: 245,654 thousand shares for 2Q 2018 and 245,654 thousand shares for 1Q 2018

Table 3: Balance Sheet

(In NT\$MN)	June 30, 2018		June 30, 2017	
	Amount	%	Amount	%
Cash Equivalents	4,944	20.5%	6,237	27.3%
A/R	7,287	30.2%	5,779	25.3%
Inventory	5,796	24.1%	5,758	25.2%
Other Current Assets	1,575	6.5%	825	3.6%
Non-current Assets	4,512	18.7%	4,265	18.6%
Total Assets	24,114	100.0%	22,864	100.0%
Loan	2,633	10.9%	2,116	9.3%
A/P	9,883	41.0%	9,420	41.2%
Leasehold Payable	121	0.5%	135	0.6%
Other Payable & Liabilities	4,583	19.0%	4,869	21.2%
Total Liabilities	17,220	71.4%	16,540	72.3%
Total Equity	6,894	28.6%	6,324	27.7%

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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