



**SOLOMON  
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# **2020 Interim Results Announcement**

**18 Aug 2020  
Stock code: 2878**

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# HIGHLIGHTS



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# HIGHLIGHTS

- Revenue amounted to US\$58.6 million, increased by about 3.5%
- Gross profit was US\$15.1 million, jumped by 51.7%
- Gross margin was 25.8%, increased 8.2% points
- Net profit was US\$4.3 million, turnaround from loss of US\$9.6 million
- Earnings per share was 0.18 US cent (1.40 HK cents)
- Book-to-bill ratio for the period was 1.2
- The Board resolved not to declare any interim dividend for the six months ended 30 June 2020



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# FINANCIAL REVIEW



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# PROFIT & LOSS



	1H 2020	1H 2019	Variance
	(US\$ million)	(US\$ million)	
Revenue	58.6	56.6	+3.5%
Gross Profit	15.1	10.0	+51.7%
Gross Margin	25.8%	17.6%	+8.2% Pts
Net Profit / (Loss)	4.3	(9.6)	
Earnings / (Loss) per Share (US cents)	0.18	(0.39)	
Dividends per Share	Nil	Nil	
Book-to-Bill Ratio	1.2	1.1	

# PROFIT BEFORE TAX



	1H 2020	1H 2019
	(US\$ million)	(US\$ million)
Cost of Goods Sold	44.0	41.9
(Reversal of) / Provision for Obsolete Inventory	(0.8)	4.4
(Reversal of) / Impairment of Trade Receivable	(0.01)	0.08
Amortisation of Intangible Assets	0.3	2.1
Depreciation of PPE	0.7	0.8
Depreciation of Right-to-Use Assets	0.6	0.7
Foreign Exchange Differences, net	(0.08)	0.20

# FINANCIAL REMARKS



		Key Factors
Revenue	US\$58.6m (1H19: US\$56.6m)	<ul style="list-style-type: none"> <li>• Revenue: up 3.5%</li> <li>• Unit Shipments: up 7.9% YoY</li> </ul>
Gross Profit	US\$15.1m (1H19: US\$10.0m)	<ul style="list-style-type: none"> <li>• Gross Margin: 25.8% (1H19: 17.6%)</li> </ul>
Total Operating Expenses	US\$13.8m (1H19: US\$22.2m)	<ul style="list-style-type: none"> <li>• Product R&amp;D Costs:                             <ul style="list-style-type: none"> <li>- US\$7.9m (1H19: US\$14.0m)</li> <li>- 13% of Sales (1H19: 25%)</li> </ul> </li> <li>• Selling &amp; Distribution Expenses:                             <ul style="list-style-type: none"> <li>- US\$1.3m (1H19: US\$1.8m)</li> <li>- 2% of Sales (1H19: 3%)</li> </ul> </li> <li>• General Admin Expenses:                             <ul style="list-style-type: none"> <li>- US\$4.6m (1H19: US\$6.4m)</li> </ul> </li> </ul>
Net Profit	US\$4.3m (1H19: Net Loss of US\$9.6m)	



# BALANCE SHEET



	As at 30 Jun 2020	As at 31 Dec 2019	Variance
	(US\$ million)	(US\$ million)	
Total Assets	84.7	76.9	+10.1%
Total Borrowings	0.2	0.2	-
Shareholders' Funds	55.6	51.3	+8.4%
Cash and Cash Equivalents	33.4	18.1	+84.5%
Shareholders' Funds per Share (HK cents)	17.4	16.0	+8.8%
Net Cash per Share (HK cents)	10.5	5.6	+87.5%

# TRADE RECEIVABLE AGEING

(Based on invoice date)



	As at 30 Jun 2020	As at 31 Dec 2019
	(US\$ million)	(US\$ million)
1-30 days	10.5	13.8
31-60 days	4.6	4.0
61-90 days	4.2	1.6
91-180 days	1.9	-
181-365 days	0.1	0.2
Total	21.3	19.6

# TRADE PAYABLE AGEING

(Based on invoice date)



	As at 30 Jun 2020	As at 31 Dec 2019
	(US\$ million)	(US\$ million)
1-30 days	7.1	6.8
31-60 days	6.0	5.9
61-90 days	3.4	3.0
Over 90 days	1.5	0.1
Total	18.0	15.8

# CASH & CASH EQUIVALENTS ANALYSIS 2020 VS 2019

## Cash and Cash Equivalents

## Change

- US\$33.4m (30 Jun 2020) vs US\$18.1m (31 Dec 2019)

+US\$15.3m

## Major Cash Inflow

## US\$

- Net Cash generated from Operating Activities

+16.3m

# BUSINESS REVIEW

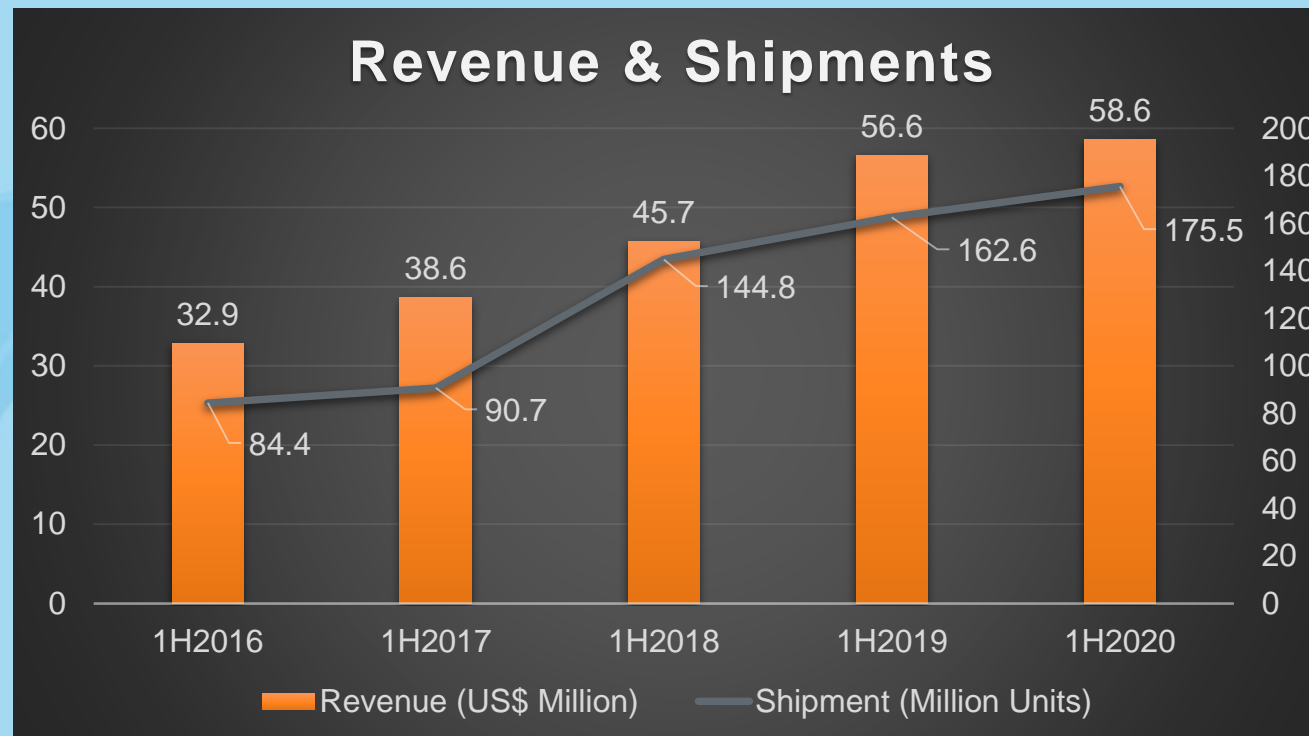


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# REVENUE & SHIPMENTS



- 1H2020 total revenue: ~US\$58.6 million (+3.5% YoY)
- 1H2020 total shipments: ~175.5 million units (+7.9% YoY)



# ADVANCED DISPLAY

## Advanced Display



- **Total Shipments:**
  - Increased about 63.4% year-on-year to around 109 million units
- **PMOLED Display Driver IC (DDI)**
  - Increased orders for portable healthcare devices and related applications, triggered by the demand for healthcare products worldwide under the COVID-19 pandemic (“the pandemic”)
- **PMOLED Touch and Display Driver Integration (TDDI)**
  - Received and processed sample orders in 1H of 2020
- **Bistable DDI**
  - Shifted focus to promote its product for medium-sized ESL panels (4”-6”) used at mega stores
- **Micro LED**
  - Collaborated with leading companies and received orders that paved the way for applying micro-LED technology to mass production

# LARGE DISPLAY

## Large Display

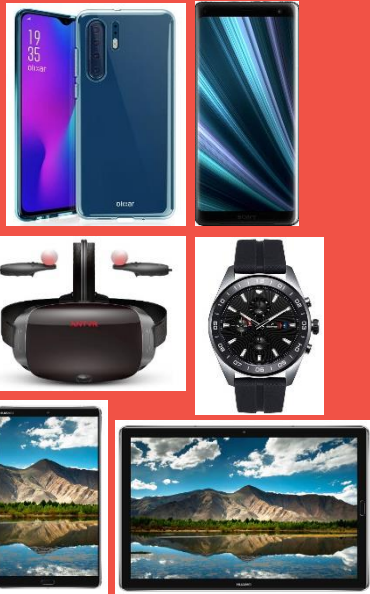


- **Total Shipments:**
  - Decreased about 42.7% year-on-year to around 38.9 million units
- **Softening demand**
  - Apart from a shortage of certain raw materials for wafer for LD products, the global demand for TVs had also slowed down due to the pandemic.
- **New IC**
  - Point-to-point display driver IC for high-end 120Hz UHD TV and 8K TV were made ready-for-testing.



# OTHERS

## Mobile Display/ Mobile Touch



- **Total Shipments:**
  - Decreased slightly by approximately 1.4% year-on-year to around 27.6 million units
- **Mobile Display Products**
  - The demand for mobile devices in China and consumer sentiment have gradually recovered and resumed respectively from May 2020 onwards, which helped boost revenue in relation to TDDI and DDI.
  - Inventory level of MD business was gradually reduced in June 2020.
- **Mobile Touch Products**
  - Product line that supported game consoles was most benefitted as more people stayed at home and played video games under the pandemic.
  - The drastic demand for the product consumed most inventories in May and June 2020 with inflows in return.

# OUTLOOK



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# OUTLOOK

## Advanced Display

- **PMOLED TDDI IC**
  - Expected to start mass production by the end of 2020
- **Bistable Display Driver IC**
  - Continue its strong growth momentum, bolstered by retail automation and commercial applications
- **Develop new ICs**
  - Resources will be devoted to working with market leading micro-LED panel manufacturers, in order to develop more new ICs with technological breakthroughs plus fulfilling the market needs.

## Large Display

- **Large Display Driver IC**
  - Set to regain its growth momentum in 2H of 2020
  - Ready to leverage the expanding business of the key customers in Chengdu and Xianyang to drive further growth
  - The point-to-point display driver IC for the high-end TV markets is expected to start production in 2H of 2020.

## Others

- **Mobile Display Products**
  - Launch new driver products and custom ICs applicable to smart wearables and public information displays applications in the upcoming months
  - The new target segment will be able to contribute to revenue stream next year.



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**THANK YOU**