Silitech Technology (3311.TW) investors conference：Silitech makes small profit in 2019 Q3, cautious to expect Q4

Silitech Technology (3311.TW) today held its 2019 investors conference briefing its financial results. In the third quarter of the year, the company's consolidated revenue was NT$652 million, up 29% Q-o-Q and even Y-o-Y, of which, shipment growth came from pull ahead of next quarter's orders to avoid impact of the trade war. The third quarter gross margin was 16.4%, up 5.2% Q-o-Q and 1.8% Y-o-Y respectively. Net profit was NT$16 million with EPS of NT$0.18. It shows a small profit in the third quarter.

Cumulated sales from January through September 2019 reached NT$1.71 billion, and the gross profit margin was 14%, which was better than 2018 of NT$1.65 billion and 12%. Net loss totaled NT$41 million, NT$14 million lower than the first three quarters of 2018. EPS was NT$-0.27.

Silitech Technology’s core technology lies in the integration of rubber, plastics and optics, and is applied to different industries and products divided into two categories: Mechanical Integration and Automotive Components. The Mechanical Integration contributed a 49.5% share of the first three quarters revenue, not only to maintain ongoing mobile phone buttons and gaming console products, but also to proactively deploy in cross-industry new areas such as smart locks module, Netcom optics component, wearable device, and 5G related applications. The Automotive Components accounted for 50.5% share of total sales, in addition to the steady profitable automotive interior components, and actively develop automotive interior glass and new technologies for automotive interior components.

Looking back at the results of Silitech for the first three quarters of 2019, toy industry moved to Southeast Asia for the impact of the trade war in the second quarter, at the same time, the demand for gaming products declined, so the shipment of toy products and gaming console products was not as expected, to face this environment changes, the company executed capacity adjustment plan in mainland China plant to focus on deployment in cross-industry new areas proactively, resulting in the decline in gross profit in the second quarter. In the third quarter, the shipment growth came from the high season of the industry and the benefit of execution the capacity adjustment plan in mainland China plant, so the gross margin returned to high level, and the third quarter turned into profit. However, from the perspective of the external economic environment, due to negative factors such as the trade war and industry uncertainty, the third quarter results of this year will be the peak, and Silitech is cautious to expect the fourth quarter.

Looking forward to 2020, Silitech has transformed in three sides: First, more clear in cross-industry applications: Due to the popularity of touch-controlled smartphones since 2013, demand for mobile phone keypads has been on a gradual decline. In response, Silitech has turned to cross-industry products, after these years of efforts, the Mechanical Integration cross-industry product direction has become more clear and specific. Second, Execution of the capacity adjustment plan in mainland China plant: To follow the direction of cross-industry product development, the company’s resources in mainland China plant has been adjusted to focus on the same direction. Third, Capital structure adjustment: The company reduced its capital from NT$1,794 million to NT$600 million to refund cash to shareholders and adjusted the capital structure for increasing the return on equity. In the future, not only to maintain ongoing mobile phone buttons and automotive components, but also to proactively deploy in Mechanical Integration cross-industry new areas such as smart locks module, Netcom optics component, wearable device, and 5G related applications etc., and Automotive Components also have good results in new technologies in automotive interior components. The company is going toward its not big but positive way.

Spokesperson: James Huang, President   TEL: 886-2-2623-2666