



**SOLOMON  
SYSTECH**

# **Solomon Systech (International) Limited**

## **2010 Annual Results Announcement**

**24 March 2011**

**Hong Kong**



**CREATING VALUE THROUGH  
SYNERGIES**

*solution in silicon*

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# Summary



# Results summary

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- ▶ Unit shipment up 53% to 142 million units
- ▶ Sales grew by 37% to US\$84.7 million
- ▶ Gross profit grew by 25% to US\$25.6 million
- ▶ Net profit US\$1.0 million
- ▶ Book to bill ratio for the year was 1.0
- ▶ Basic earnings per share 0.33 HK cent
- ▶ The Board recommended no final dividend



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# Financial Review












# Profit and loss

<b>(US\$ million)</b>	<b>Twelve months ended 31 Dec</b>		<b>YoY</b>
	<b>2010</b>	<b>2009</b>	<b>Change</b>
<b>Sales</b>	<b>84.7</b>	<b>61.8</b>	<b>+37%</b>
<b>Gross profit</b>	<b>25.6</b>	<b>20.4</b>	<b>+25%</b>
<b><i>Gross profit margin</i></b>	<b>30%</b>	<b>33%</b>	
<b>Net profit</b>	<b>1.0</b>	<b>0.7</b>	<b>+52%</b>
<b><i>Net margin</i></b>	<b>1.2%</b>	<b>1.1%</b>	
<b>(HK cent)</b>			
<b>Earnings per share</b>	<b>0.33</b>	<b>0.22</b>	<b>+51%</b>
<b>Dividend per share</b>	<b>Nil</b>	<b>1.0</b>	
<b>Book to Bill ratio</b>	<b>1.0</b>	<b>1.0</b>	

- ▶ All financial figures are rounded up to one or two decimal point

# Financial Remark

		Key Factors	
Sales	37% 	Unit shipment	53% YoY 
		Blended ASP	11% YoY 
Net profit • US\$1.0m		Gross profit	\$25.6m 25% up YoY 
			• Gross profit margin 30% ('09: 33%)
		Operating expenses	\$28.6m 10% up YoY 
			• SG&A up 15% YoY and R&D up 6% YoY
		Other financial income	
	• US\$1.6m Gain ('09: US\$3.4m Gain)		
		Disposal of long term investment asset	
		• US\$3.2m Gain ('09: US\$0.1m Gain)	
		Strategic investment loss	
		• US\$1.0m Loss ('09: US\$1.9m Loss)	

# Balance sheet

<b>(US\$ million)</b>	<b>As at 31 Dec 2010</b>	<b>As at 31 Dec 2009</b>	<b>YoY Change</b>
<b>Total assets</b>	<b>154.2</b>	<b>150.2</b>	<b>3%</b>
<b>Total borrowings</b>	<b>0.8</b>	<b>0.8</b>	<b>(2%)</b>
<b>Shareholders' funds</b>	<b>135.0</b>	<b>135.8</b>	<b>(1%)</b>
<b>Net cash</b>	<b>79.6</b>	<b>92.9</b>	<b>(14%)</b>
<b>(HK cents)</b>			
<b>Shareholders' funds per share</b>	<b>43</b>	<b>43</b>	
<b>Net cash per share</b>	<b>25</b>	<b>29</b>	

# Net cash delta analysis '10 vs '09

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- ▶ Net Cash @ 31<sup>st</sup> Dec:
  - ▶ US\$79.6m ('10) vs \$92.8m ('09) - US\$13.2m

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- ▶ Major Cash Outflow
  - ▶ Business Operating Activities - US\$ 2.7m
  - ▶ Plant, Property & Equipment - US\$ 4.1m
  - ▶ Financial Assets Net Increase - US\$ 5.0m
  - ▶ Dividend Payout - US\$ 3.2m
- ▶ Major Cash Inflow
  - ▶ Interest Received + US\$ 1.6m



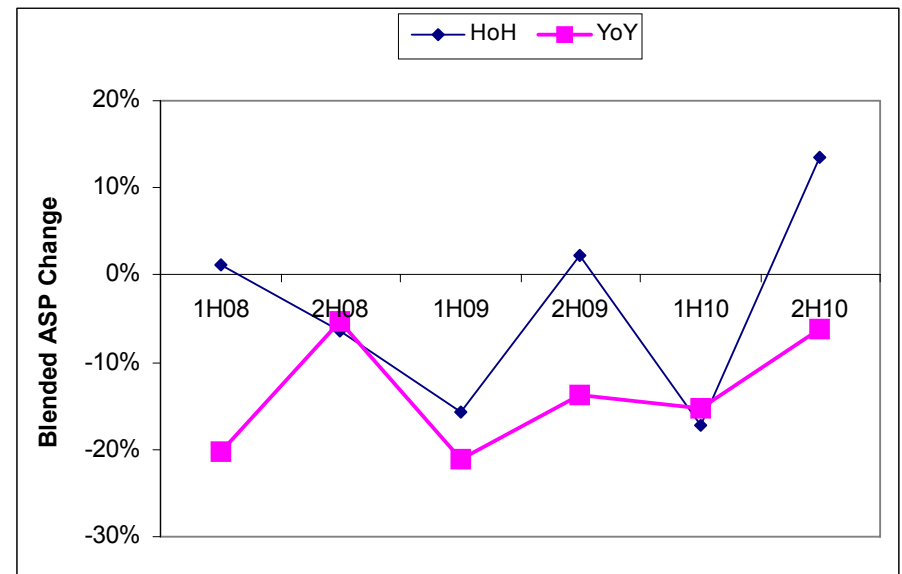
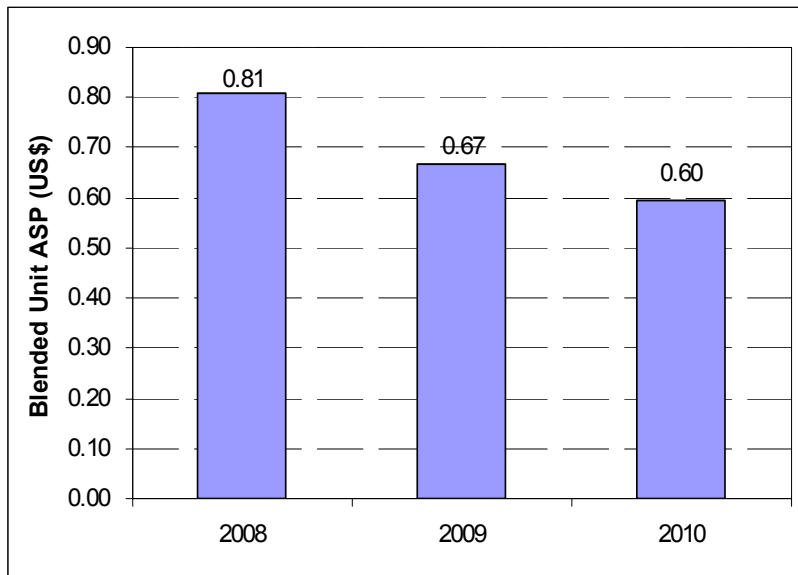
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# Business Review



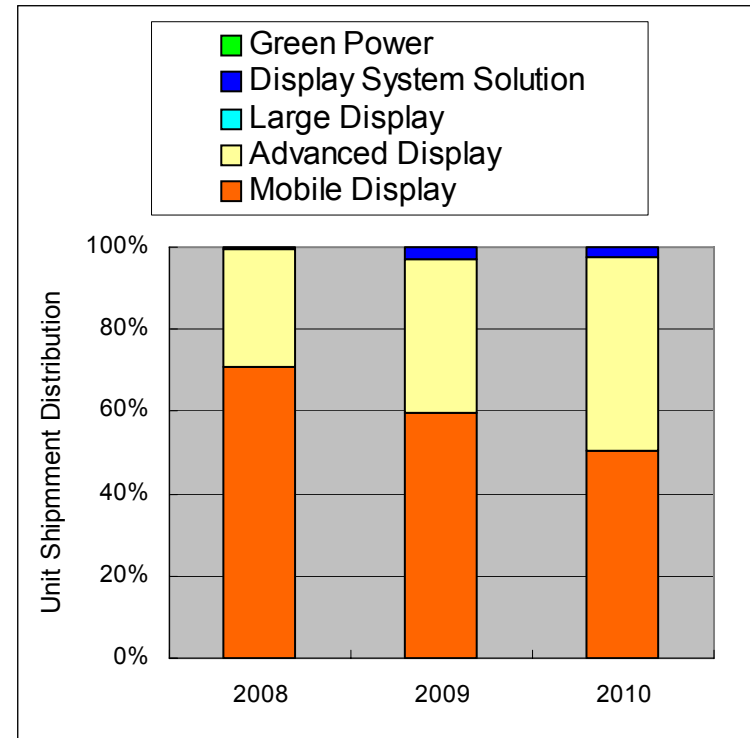
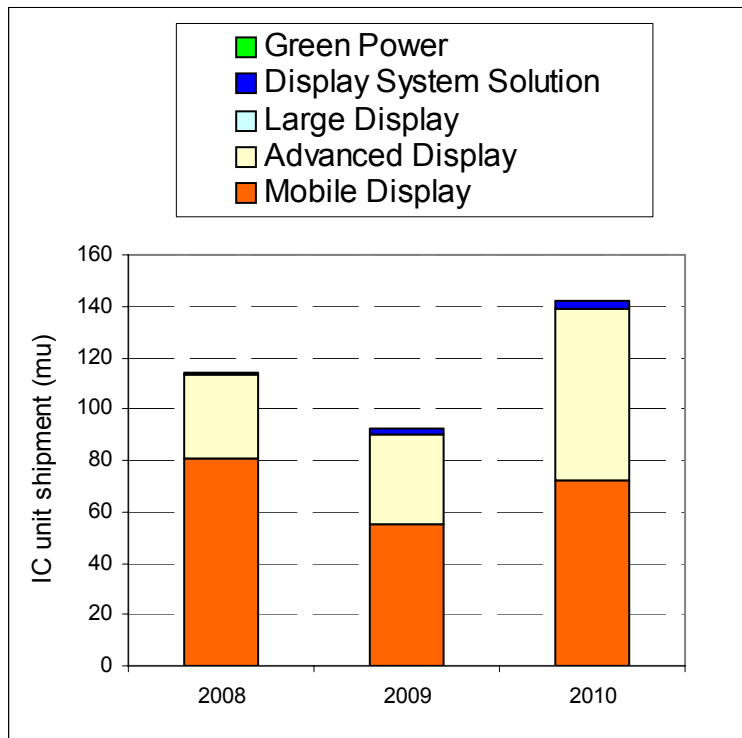
# Blended average selling price

- ▶ 2010 blended ASP = US\$0.60, down 11% YoY



# Unit shipment by product line

- ▶ Total unit shipment 142 million units



# Examples of 2010 design-wins

## New Customers, New Products, New Applications

### Mobile Display IC



Smartphone



Personal Navigation Device

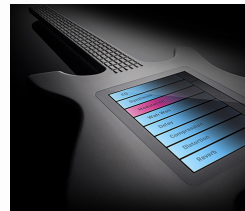


Android Phone

### Touch Panel IC



Mobile Internet Device



Electronic Guitar

### Advanced Display IC



MP3 Players



USB Bank Key



Price Tag

### Display System Solution



Android Mobile Internet Device



Pico-projector



Display Remote Control

### Green Power



LED Light Bulb



LED Spot Light



LED Street Lamp



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# Outlook



# 2011 Outlook

## ▶ Sales

- ▶ Expect new market applications and demand created by the latest electronics advancement in smartphones and tablet PCs with touch sensing function, and green energy
- ▶ Anticipate growth in diversified business
- ▶ Gain new business through synergies with China based customers

## ▶ Gross profit margin

- ▶ Stay in line with industry

## ▶ Operating expenses

- ▶ Continue monitoring
- ▶ Invest in focused R&D projects

## ▶ 2011 Challenges & Focus

- ▶ Generate revenue with our new products
- ▶ Continue new product and technology development
- ▶ Dedicate strategic effort to expand China business
- ▶ Manage supply chain capacity and lead time

## ▶ Risk

- ▶ Japan 311 earthquake - No impact on delivery for orders on hand but need close monitoring for the coming months due to unforeseeable changes in supply chain

# Business Plan

## ▶ Display IC

### Mobile Display

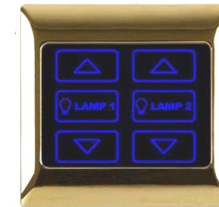
- ▶ Driver IC
  - ▶ Address high growth market segment like smartphones and tablet PCs of high resolution, medium size display.
- ▶ Touch Panel IC (Capacitive Touch)
  - ▶ Volume shipment of multi-touch IC started from 1Q 2011 for smartphone.
  - ▶ A portfolio of new products to come out
    - ▶ Cost effective solutions for simple single touch applications
    - ▶ Advanced 10 points touch sensing technology for medium size display Window Mobile and tablet PC applications.



Smartphone



Tablet PCs



Dimmer Control



Remote Control with Touch Screen



Tablet Desk Phone



Multi-touch Applications

# Business Plan

## ▶ Display IC (cont'd)

### Advanced Display

- ▶ Continue PMOLED leadership and expand applications from consumer electronics to industrial appliances such as power meter
- ▶ Extend volume shipment of e-Paper IC from electronic shelf labels to health care product and storage device



OLED Power Meter



Health Care Product

### Large Display

- ▶ Align to China's emerging large TFT display and TV industry
- ▶ Complete qualification for production of TFT driver ICs



LCD TV

# Business Plan

## ▶ System Solutions

### Display System Solution

- ▶ Increase sales of multimedia ICs (**MagusCore™**) via pico-projector and Android mobile internet device design-wins
- ▶ Extend mobile system solution shipment in vertical market segments to include senior mobile, GPS tracking system and Android applications



Android Mobile Internet Device

### Green Power

- ▶ Generate volume shipment of LED driver ICs and power modules for retrofit lighting
- ▶ Complete qualification for production of LED backlight units for monitor / TV applications



LED Light Bulb

# Thank You



**Solomon Systech (International) Limited**

**Stock code: 2878**

**[www.solomon-systech.com](http://www.solomon-systech.com)**