



**SOLOMON
SYSTECH**

2021 Interim Results Presentation

**18 Aug 2021
Stock code: 2878**

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HIGHLIGHTS



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HIGHLIGHTS

- Revenue amounted to US\$74.8 million, increased by about 27.7%
- Gross profit was US\$29.1 million, jumped by 92.4%
- Gross margin was 38.9%, increased 13.1% points
- Profit attributable to owners of the parent was US\$10.7 million
- Earnings per share was 0.43 US cent (equivalent to 3.33 HK cents)
- Book-to-bill ratio for the period was 2.0



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FINANCIAL REVIEW



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PROFIT & LOSS



	1H 2021	1H 2020	Variance
	(US\$ million)	(US\$ million)	
Revenue	74.8	58.6	+27.7%
Gross Profit	29.1	15.1	+92.4%
Gross Margin	38.9%	25.8%	+13.1% Pts
Profit Attributable to Owners of the Parent	10.7	4.4	+143.1%
Earnings per Share (US cents)	0.43	0.18	+138.9%
Book-to-Bill Ratio	2.0	1.2	

REVENUE BY PRODUCTS

	1H 2021		1H 2020		+/(-) by	
	US\$'000	%	US\$'000	%	US\$'000	%
New Display	31,696	42%	16,298	28%	15,398	94.5
OLED Display	17,377	23%	12,758	22%	4,619	36.2
Mobile Display and Mobile Touch	16,883	23%	16,088	27%	795	4.9
Large Display	8,872	12%	13,430	23%	(4,558)	(33.9)
TOTAL	74,828	100%	58,574	100%	16,254	27.7

FINANCIAL REMARKS



		Key Factors
Revenue	US\$74.8m (1H2020: US\$58.6m)	<ul style="list-style-type: none"> Revenue: up 27.7% Unit Shipments (million pcs): up 19.3%
Gross Profit	US\$29.1m (1H2020: US\$15.1m)	<ul style="list-style-type: none"> Gross Margin: 38.9% (1H2020: 25.8%)
Total Operating Expenses	US\$18.8m (1H2020: US\$13.8m)	<ul style="list-style-type: none"> Product R&D Costs: <ul style="list-style-type: none"> US\$12.1m (1H2020: US\$7.9m) 16% of Sales (1H2020: 13% of Sales) Selling & Distribution Expenses: <ul style="list-style-type: none"> US\$1.4m (1H2020: US\$1.3m) 2% of Sales (1H2020: 2% of Sales) General Admin Expenses: <ul style="list-style-type: none"> US\$5.4m (1H2020: US\$4.6m) Other Expenses (Non-recurring): <ul style="list-style-type: none"> US\$ NIL (1H2020: NIL)
Profit Attributable to Owners of the Parent	US\$10.7m (1H2020: Net Profit of US\$4.4m)	

BALANCE SHEET



	As at 30 June 2021	As at 31 Dec 2020	Variance
	(US\$ million)	(US\$ million)	
Total Assets	113.3	94.2	+20.2%
Total Borrowings	0.2	0.2	-
Shareholders' Funds	72.0	63.4	+13.4%
Cash and Cash Equivalents	54.6	50.8	+7.5%
Shareholders' Funds per Share (HK cents)	22.4	19.8	+13.1%
Net Cash per Share (HK cents)	17.0	15.9	+6.9%

TRADE RECEIVABLE AGEING

(Based on invoice date)



	As at 30 June 2021	As at 31 Dec 2020
	(US\$ million)	(US\$ million)
1-30 days	14.4	6.4
31-60 days	3.3	4.0
61-90 days	2.5	2.7
91-180 days	1.9	2.2
Total	22.1	15.3

TRADE PAYABLE AGEING

(Based on invoice date)



	As at 30 June 2021	As at 31 Dec 2020
	(US\$ million)	(US\$ million)
1-30 days	12.7	7.3
31-60 days	3.2	6.8
61-90 days	1.6	1.5
Over 90 days	0.1	0.2
Total	17.6	15.8

CASH & CASH EQUIVALENTS ANALYSIS 2021 V 2020

Cash and Cash Equivalents

Change

- US\$54.6m (30 June 2021) vs US\$ 50.8m (31 Dec 2020)

+US\$3.8m
+7.5%

Major Cash Inflow (Outflow)

US\$

- Net Cash generated from Operating Activities (1H 2021)

7.6m

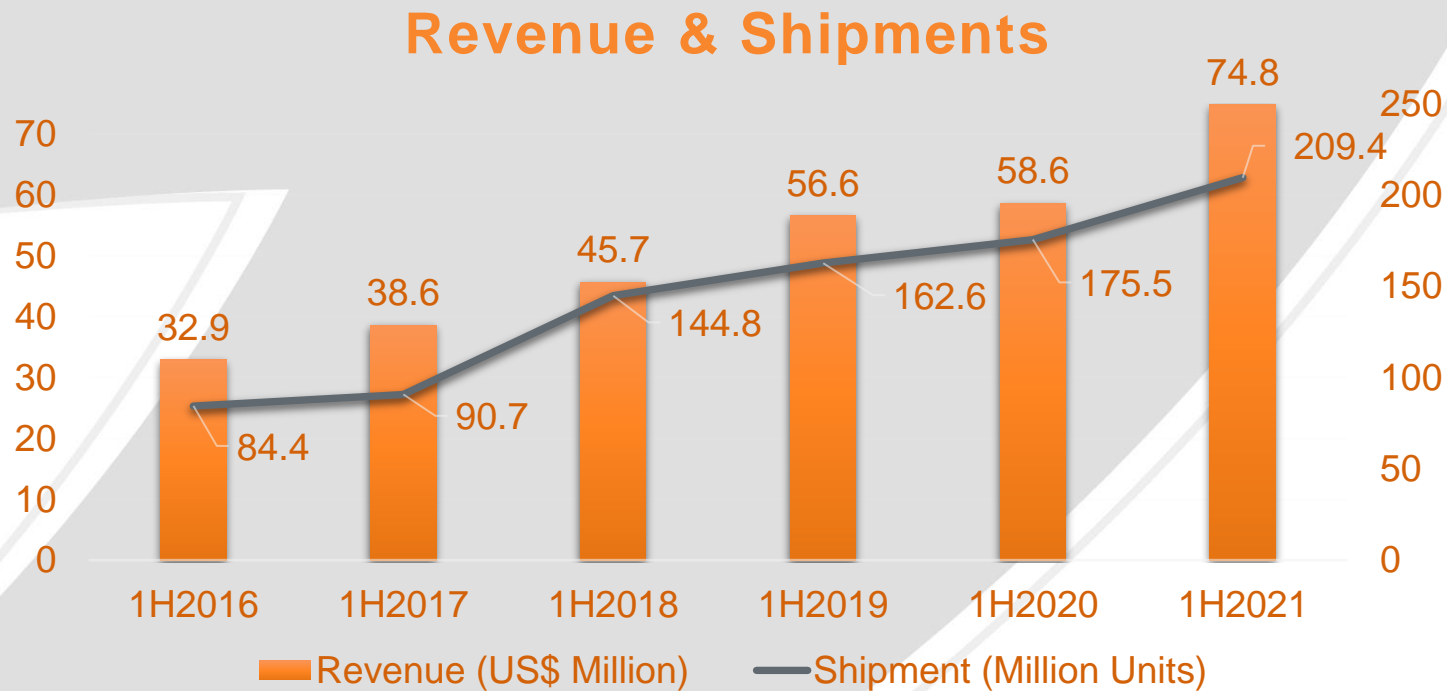
BUSINESS REVIEW



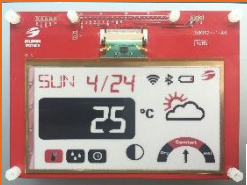
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REVENUE & SHIPMENTS

- 1H2021 total revenue: US\$74.8 million (+27.7%YoY)
- 1H2021 total shipments: 209.4 million units (+19.3%YoY)



NEW DISPLAY



➤ New version of e-paper technology demonstrated Solomon Systech's technological advancement

- Successful launch of e-paper technology - Spectra™ 3100, the next-generation ink platform in 1H2021
- Spectra™ 3100 combined four of the most commonly used colours in the retail industry: black, white, red, and yellow, adding vibrant colour-rich content in electronic shelf labels (ESL) and retail signage displays
- The brighter and more power-efficient display panels for wide range electronic appliances

➤ Expanding the European Market

- The Group achieved a significant ESL project from two leading ESL System Integration Solution Providers in early 2021
- ESL with the Group's display IC will be massively launched in the top ranked supermarkets in Europe in 2022
- Approximately 10 million units of ESL per year to be launched in the market

OLED DISPLAY

OLED Display



- **World's no. 1 PMOLED display driver IC player with over 70% market share**
- **PMOLED Display Driver IC ("DDI")**
 - Strong market demand from PMOLED wearables, smart home solutions and IoT/AIoT solutions
 - Demand on handheld healthcare devices increased continuously given the higher healthcare standard after the outbreak of covid-19
- **PMOLED Touch and Display Driver Integration ("TDDI")**
 - launched the production of the SSD7317 - the world's first Touch and Display Driver Integration ("TDDI") IC for targeted use in smart home products with mass production
 - The rapid growth of the market demand is being fuelled by demand from PMOLED wearables, smart home solutions, and IoT/AIoT solutions. The Group achieved innovative breakthrough on the ICs solution for offering user experience to new height
- **Mini-LED**
 - Collaborated with leading companies and received orders that paved the way for applying mini-LED technology to mass production
 - The mini-LED display products are ready to launch in the market at the end of 2021, and it has been promoted to our 1st tier end customers

MOBILE DISPLAY



➤ Mobile Display (“MD”) Products

- The Group has continued to diversify the Mobile Display product portfolio spanning In-Cell Touch Display Driver IC, TFT Display Driver IC, STN Display Driver IC, MIPI Bridge IC, and Display Controller IC, as well as both industrial and consumer products such as smartphones, tablets, wearables, gaming devices, and IoT devices.

➤ Development of new products

- The Group has developed a number of new driver products and custom ICs and launched IoT TDDI for the application in wearable products:
 - ✓ the world’s first TDDI chip for IoT
 - ✓ wearable application with excellent touch and ultra-low power consumption performance

LARGE DISPLAY



➤ New IC for entertainment

- In 1H 21, Solomon Systech has launched its high-speed Peer-to-peer (P2P) display driver IC for the 165Hz high refresh rate gaming monitor and 8K TV
- The Group continued with its marketing plans to promote the higher functionality display IC for this segment

OUTLOOK



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OUTLOOK

New Display

➤ **Bistable Display Driver IC**

- Continue its strong growth momentum and developing new generation of IC
- Continue to pursue the next generation bistable display solution for developing the 7-colour or full colour e-paper
- Consumer's pursuit of product versatility and lightweight design brings opportunity for development of sophisticated IC solutions with unique features

OLED Display

➤ **micro-LED**

- the growing demand of micro-LED for brighter and power-efficient appliances
- Potential to become the next-generation mainstream displays
- Develop the advanced technology of micro-LED IC solution

➤ **Various application for OLED display**

- stepping up its research in offering the ultimate solution for micro-LED display driver applications with increasing resources to achieve technology breakthroughs
- Enhanced the display quality, bendability, and transparency

OUTLOOK

Mobile Display

➤ MD Products

- Demand in the 1H of 2021 is expected to be kept up and supported by the signs of China's economic recovery and 5G adoption, MIPI, TDDI and DDI products will be in demand.
- The increasing adoption of 5G mobile technology is expected to boost the MD business
- Riding the trend of Internet of Things, new driver products and custom ICs will be able to make contribution in the second half of 2021.

Large Display

➤ LD Driver IC

- Responding to the demand of P2P display driver IC for the high-end 8K TV markets, focusing on gaming monitors and work-from-home technology, will continue in the post-pandemic period
- Developing the advanced technology of the high fresh rate monitor for entertainment



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THANK YOU