

1. 3Q23 REVIEW: Revenue was 4.241 billion NTD, down 2.9% QoQ but up 1.9% YoY. Gross profit margin was 33.47%, compared to the previous quarter's 32.03%. Operating expenses were 769 million NTD, slightly up from the second quarter's 767 million NTD. Operating profit margin (OPM) was 15.33%, with a net profit of 611 million NTD and a net profit margin of 15.57%. Earnings per share (EPS) were 3.98 NTD/Share, considering the reduction in capital stock.

2. Balance Sheet: Approximately 2.9 billion NTD in cash equivalents, 9.4 billion NTD in financial assets (Money market Fund). Inventory was 1.897 billion NTD, down from the previous quarter's 2.227 billion NTD. Short-term liabilities were 0.

Sales days stood at 65.8 days, similar to the previous quarter.

3. 3Q23 Breakdown:

- Display driver IC: 46.3%
- PMIC: 14.79% (almost unchanged from the previous quarter)
- Mobile IC: 26.22% (up 5%)
- Other semi: 12.5% (a 1.24% increase from the previous quarter)

Growth is primarily attributed to mobile ICs, the conclusion of mid-size inventory stocking, and growth in other semiconductor segments.

Gross margin improvement is attributed to product portfolio and new product contributions.

a. NB (Notebook) showed the strongest QoQ growth; mid-size plateaued. With mid and large markets stabilizing, there's a seasonal decrease, and the focus is on expanding market share through new product production.

b. VCM and REGULATOR are key drivers of growth, including DDR 5 PMIC, GPU POWER, and BLDC which are expected to contribute to revenue this quarter.

c. TDDI tablets show the strongest growth, with OLED contributing in 2Q24.

d. ESL (Electronic Shelf Labels) demonstrates the strongest growth, with plans for NB TCON and SENSOR product production in the future.

4. CEO Remarks: Key growth insights: In times of economic fluctuations, having a comprehensive product range is crucial. Various P to P interfaces are currently in production.

PMIC is expanding its product line logic, focusing on VCM, OPEN LOOP, CLOSE LOOP, controlling the angle of the lens, and developing ASICs for Apple.

In QC and PD, catering to different customer needs with A or C adapters.

HV BUCK is moving towards high current and high voltage, branching into different interfaces like GPU.

In motor control, focus on BLDC or high-power DRIVER with plans for fast mass production.

Mobile products emphasize integration, incorporating peripheral ICs and power management technologies.

For general displays, TDDI is moving towards higher resolutions, incorporating HD with DSC compression, tablet touchscreens, and stylus support.

In OLED, mass production is expected in the second quarter, driven by recent strong demand for smartphones.

Other semi-products are combining TCON and DRIVER, aligning with the trend from NB to TV, preparing for higher resolutions in monitors (100-180Hz).

Inventory-wise, end customer demand is stabilizing, and different departments have various urgent orders. With recent geopolitical tensions, demand stability has changed, and Q4 is typically slower; however, efforts are made to generate better revenue.

Q and A: 5. Opportunities for future growth in OLED: The company aims for earlier production; the process is at 40nm, and considerations for 28nm are being evaluated.

6. Competition in TCON: Competitors in NB TCON are limited, with main competitors being ICs with driving capabilities.
7. Outlook for 4Q23: The company does not provide financial estimates but sees a bright light at the end of the tunnel.
8. Smartphone stocking: Duration is uncertain, only visibility until the end of the year.
9. E-paper section: E5 ICs are in mass production, and the supply is not a problem. Market reception depends on Walmart's timely adoption.
10. AI-related products: Integrating AI into products is critical, especially considering applications at the edge.
11. Contribution of DDR 5 PMIC: Already in mass production, DDR 5 is gradually becoming mainstream, with a favorable manufacturing process.
12. DDR 5 opportunities in the server market: Multi-face controllers have a chance to move into servers as DDR 5 penetrates the PC market.
13. Cost management in wafer outsourcing: While driver ICs must be outsourced to the mainland, other products remain in Taiwan. From Tianyu's perspective, cost changes are influenced by the lower outsourcing costs for driver ICs in mainland China.
14. Competition with Chinese manufacturers: Many companies are investing in OLED, but there's still a technological gap. China's investment strategy in semiconductor companies was initially driven by listing mechanisms, but with difficulties in listing, investments have been more cautious.
15. Wafer outsourcing prices: The company does not comment on this.
16. Total ESL volume in 2024: It depends on the transition from E4 to E5 and market conditions.
17. Demand in the PC/phone/car markets: PC demand is expected to recover first, with cars having the slowest recovery.