



**ChipMOS TECHNOLOGIES INC. Q4 and full year 2024 Earnings Conference Call
February 25, 2025, 3:00 PM Taiwan**

Company Participants

S.J. Cheng – Chairman and President
Silvia Su – Vice President-Finance and Accounting Management Center
Jesse Huang – Spokesperson and Senior Vice President-Strategy and Investor Relations
G.S. Shen – Technical Deputy Director-Strategy and Investor Relations

Operator

Greetings, and welcome to the ChipMOS Fourth Quarter and Full Year 2024 Results Conference Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. I would now like to turn the conference over to Dr. GS Shen, of ChipMOS TECHNOLOGIES Strategy and Investor Relations team to introduce the management team of the Company in Conference. Dr. Shen, you may begin.

GS Shen, Technical Deputy Director-Strategy and Investor Relations

Thank you, operator. Welcome everyone to ChipMOS' fourth quarter and full year 2024 results conference call. Joining us today from the company are Mr. S.J. Cheng, Chairman and President; and Ms. Silvia Su, Vice President of Finance and Accounting Management Center. We are also joined on the call today by Mr. Jesse Huang, Spokesperson and Senior Vice President of Strategy and Investor Relations. S.J. will chair the meeting and review business highlights and provide more color on the operating environment. After Silvia's review of the Company's key financial results, SJ will provide our current business outlook. All Company executives will then participate in an open Q&A session.

Please note, we have posted a presentation on the MOPS and also on the ChipMOS' website www.chipmos.com to accompany today's conference call. Before we begin the prepared comments, we remind you to review our forward-looking statements disclaimer, which is noted as the "Safe Harbor Notice" on the second page of today's presentation and in the results press release we issued. As a reminder, today's conference call is being recorded and a replay will be made available later today on the Company's website.

At this time, I'd like to now turn the call over to our company's Chairman and President, Mr. S.J. Cheng. Please go ahead, sir.

S.J. Cheng, Chairman and President

Yes, thank you, GS. We appreciate everyone joining our call today.

2024 was a year of execution for ChipMOS. We were prudent in our CapEx. We invested in support of capacity required by our customers with a focus on supporting growth. This gave us flexibility in our capital allocation as we returned capital to shareholders through another dividend and recently announced a share repurchase program. Overall, we are pleased with our ability to navigate the industry headwinds that impacted all companies.



In terms of Q4 and full year highlights....

- Our revenue for the full year 2024 increased 6.3% compared to 2023; Q4 revenue decreased 11% compared to Q3 2024.
- 2024 Gross Margin was down coming in 360 basis points lower compared to 2023, and 440 basis points lower compared to Q3 2024 due to lower UT level and lower OSAT subcon pricing.
- We achieved Net Earnings of NT\$ 1.95 for 2024 for the full year 2024, and NT\$ 0.32 in Q4 2024.

In terms of the details, our overall utilization rate was 59% in Q4 2024 compared to 67% in Q3 2024. The Assembly UT decreased to 54% in Q4, reflecting the continued impact of customer inventory adjustments. Average Test utilization was 61%, and DDIC was 65%. Bumping UT level decreased to 54%.

Regarding our manufacturing business, assembly represented 25.3% of Q4 revenue. Mixed-signal and memory Testing represented 22.3% and wafer bumping represented 22% of Q4 revenue. On a product basis, our DDIC product represented 31.3% of total revenue in Q4, with gold bumping representing about 19.6%. Revenue from DRAM and SRAM represented 14.6% of total Q4 revenue. Our Mixed-signal products represented 10.4% of total Q4 revenue.

As additional color on our business, our memory products represented 38.7% of total Q4 revenue. Memory product revenue decreased 6.2% compared to Q3 2024, and decreased slightly by 1.3% on a year-over-year basis. DRAM revenue decreased 6.7% compared to Q3 2024. DRAM represented 14.1% of total Q4 revenue, and decreased 15.9% on a year-over-year basis. Flash revenue represented about 24.1% of Q4 revenue, which was down 6.5% compared to Q3 2024 and was up 9.3% on a year-over-year basis. NOR Flash decreased 4.3% compared to Q3 2024, but increased significantly by 25% on a year-over-year basis. NAND Flash represented 30.3% of Q4 total Flash revenue, decreased 6.2% compared to Q3 2024, reflecting the impact of the continued customer inventory adjustments.

Moving onto Driver IC and gold bump revenue, this represented about 51% of total Q4 revenue. This was impacted by macro end-demand softness and customers' seasonal inventory adjustments. Overall, this segment was down 15.6% compared to Q3 2024 and was lower by 12.8% on a year-over-year basis. Of note, Gold bump revenue was down 15.6% compared to Q3 2024 and was up 2.1% on a year-over-year basis, while DDIC revenue was also down 15.6% compared to Q3 2024. Demand related to Auto panels contributed about 30% of our Q4 DDIC revenue, which was slightly down about 0.9% compared to Q3, reflecting ongoing customer inventory rebalancing. Total Auto panel revenue in 2024 increased 16.6% compared to 2023. Regarding TDDI, benefited by rush orders in Q4. TDDI represented around 20.8% of Q4 DDIC revenue, and decreased slightly by 0.8% compared to Q3 2024. While OLED declined to 23.5% of Q4 DDIC revenue, impacted by seasonal de-stocking, it decreased 24.6% compared to Q3 2024. However, we benefited from a higher OLED penetration rate and share gain, with OLED revenue increasing more than 27% for the full year 2024.

On an end-market basis, total revenue from Automotive and Industrial represented about 23.5% of Q4 revenue. This was slightly down 2.6% compared to Q3 2024. Smartphone revenue represented 37.2% of total Q4 revenue, and was down 17.1% compared to Q3 2024. This reflects the industry-wide impact of softer end-demand and seasonal de-stocking. Consumer related revenue represented 20% of total Q4



revenue, which was down 9.9% compared to Q3 2024. TV panel demand represented 14.9% of Q4 revenue, which was down 19.6% compared to Q3 2024, reflecting broader demand softness of large panels. Computing accounted for 4.4% of Q4 revenue, which was up 15% compared to Q3 2024.

Now let me turn the call to Ms. Silvia Su, to review the fourth quarter and full year 2024 financial results. Silvia, please go ahead.

Silvia Su, Vice President-Finance and Accounting Management Center

Thank you S.J. All dollar amounts cited in our presentation are in NT dollars. The following numbers are based on the exchange rates of NT\$ 32.79 against US\$1 as of December 31, 2024. All the figures were prepared in accordance with Taiwan-International Financial Reporting Standards.

Referencing presentation Page 12 Consolidated Operating Results Summary

For the fourth quarter of 2024, total revenue was NT\$ 5,400 million.

Net profit attributable to the Company was NT\$ 232 million in Q4.

Net earnings for the fourth quarter of 2024 were NT\$ 0.32 per basic common share or US\$ 0.19 per basic ADS.

EBITDA for Q4 was NT\$ 1,388 million. EBITDA was calculated by adding depreciation and amortization together with operating profit.

Return on equity in Q4 at 3.7%.

Referencing presentation Page 13 Consolidated Statements of Comprehensive Income

Compared to Q3 2024:

Total Q4 2024 revenue decreased 11.0% compared to Q3 2024.

Q4 2024 Gross profit was NT\$ 515 million, with gross margin at 9.5% compared to 13.9% in Q3 2024. This represents a decrease of 4.4ppts.

Our operating expenses in Q4 2024 were NT\$ 432 million, or 8.0% of total revenue, which decreased 3.8% compared to Q3 2024.

Operating profit for Q4 2024 was NT\$ 117 million, with operating profit margin at 2.2%, which is about a 4.7ppts decrease compared to Q3 2024.

Net non-operating income in Q4 2024 was NT\$ 155 million compared to net non-operating expenses of NT\$ 65 million in Q3 2024. The difference is mainly due to the positive foreign exchange impact of NT\$ 210 million from the foreign exchange losses of NT\$ 73 million in Q3 2024 to foreign exchange gains of NT\$ 137 million in Q4 2024.

Profit attributable to the Company in Q4 2024 decreased 22.4% compared to Q3 2024. The difference was mainly due to the decrease of operating profit of NT\$ 304 million and partially offset by the increase of net non-operating income of NT\$ 220 million and decrease of income tax expense of NT\$ 17 million.



Basic weighted average outstanding shares were 727 million shares.

Compared to Q4 2023:

Total revenue for Q4 2024 decreased 5.7% compared to Q4 2023.

Gross margin at 9.5% decreased 10.6ppts compared to Q4 2023.

Operating expenses decreased 3.0% compared to Q4 2023.

Operating profit margin at 2.2% decreased 10.3ppts compared to Q4 2023.

Net non-operating income in Q4 2024 was NT\$ 155 million compared to net non-operating expenses of NT\$ 137 million in Q4 2023. The difference is mainly due to the positive foreign exchange impact of NT\$ 332 million from the foreign exchange losses of NT\$ 195 million in Q4 2023 to the foreign exchange gains of NT\$ 137 million in Q4 2024 and the increase of interest income of NT\$ 14 million and partially offset by the adverse impact of share of associates accounted for using equity method of NT\$ 57 million from share of profit of associates accounted for using equity method of NT\$ 56 million in Q4 2023 to share of loss of associates accounted for using equity method NT\$ 0.6 million in Q4 2024.

Profit attributable to the Company decreased 51.8% compared to Q4 2023. The difference is mainly due to a decreased operating profit of NT\$ 598 million and partially offset by the increase of net non-operating income of NT\$ 292 million and decrease of income tax expense of NT\$ 56 million.

**Referencing presentation Page 14 Consolidated Statements of Comprehensive Income
Compared to last year:**

Total revenue for 2024 was NT\$ 22,696 million, which increased 6.3% compared to 2023.

Gross margin at 13.0%, decreased 3.6ppts compared to 2023.

Our operating expenses in 2024 were NT\$ 1,770 million, which increased 2.5% compared to 2023.

Operating profit margin in 2024 was 5.6%, a decrease of 3.3ppts compared to 2023.

Net non-operating income in 2024 was NT\$ 373 million, which increased 3.7% compared to 2023.

Net profit in 2024 was NT\$ 1,420 million, which decreased 25.0% compared to 2023. The difference due to a decreased operating profit of NT\$ 635 million and partially offset by lower income tax expense of NT\$ 148 million and increased net non-operating income of NT\$ 13 million.

Net earnings for the full year 2024 were NT\$ 1.95 per basic common share compared to NT\$ 2.60 per basic common share for the full year 2023.

Referencing presentation Page 15 Consolidated Statements of Financial Position & Key Indices

Total assets at the end of Q4 2024 were NT\$ 45,380 million.

Total liabilities at the end of Q4 2024 were NT\$ 20,306 million.

Total equity at the end of Q4 2024 was NT\$ 25,074 million.

Accounts receivable turnover days in Q4 2024 were 88 days.

Inventory turnover days was 51 days in Q4 2024.

Referencing presentation Page 16 Consolidated Statements of Cash Flows



As of December 31, 2024, our balance of cash and cash equivalents was NT\$ 15,219 million, which represents an increase of NT\$ 2,865 million compared to the beginning of the year.

Net free cash outflow for the full year 2024 was NT\$ 938 million compared to net free cash inflow of NT\$ 1,339 million for the full year 2023. The difference was mainly due to a NT\$ 2,223 million CapEx increase. We continue to balance our capital allocation strategy by investing in the long-term capacity and revenue generation areas that will drive our success, while returning value to shareholders through the distribution of dividends.

Free cash flow was calculated by adding depreciation, amortization, interest income together with operating profit and then subtracting CapEx, interest expense, income tax expense and dividend from the sum.

Referencing presentation Page 17 Capital Expenditures and Depreciation

We invested NT\$ 1,872 million in CapEx in Q4 and NT\$ 5,451 million in CapEx in 2024.

The breakdown of CapEx in Q4 was 12.0% for bumping, 32.8% for LCD Driver, 23.5% for assembly and 31.7% for testing.

Depreciation expenses were NT\$ 1,271 million in Q4.

Depreciation expenses were NT\$ 4,856 million in 2024.

As of January 31, 2025 the Company's outstanding ADS number was approximately 3.7 million units, which represents around 10.1% of the Company's outstanding common shares.

That concludes the financial review. I will now turn the call back to our Chairman Mr. S.J. Cheng for our outlook. Please go ahead, sir.

SJ Cheng, Chairman and President

Thank you, Silvia.

2025 started out positively for us. We ended Q4 on a strong note and have a strong balance sheet. We are seeing some signs of improvement but remain cautious. Our Team has managed through industry volatility before. We are in close talks with our customers and being careful with our CapEx budget. We have heard different views this earnings season from companies. Some are more positive than others. For us, we are in the middle. There are new uncertainties around the global economic situation and potential impact from tariffs and new government policies. This is not new and we are confident in our business outlook.

Based on what we are hearing from customers and companies in the industry, we expect normal Q1 seasonality from fewer working days and the Lunar New Year. We also expect a small correction as customers continue to adjust inventory levels to target levels. At the same time, we are seeing some positive impact from short term, rush orders. We believe this is from customers trying to secure needed inventory in advance of new tariffs. Strategically, improving our utilization rate will be priority.



In our memory product, business, a little correction is expected in the first quarter due to softer demand and seasonal inventory adjustments by customers, which would impact the UT level of related product. However, we are seeing signs of rebounding of NAND Flash and Niche DRAM demand in Q1.

In our DDIC product, despite the improving UT level of TV and smart phone products, we are still impacted by softness in end product demand. However, we are benefitting some short rush order drove by early re-stocking for increased tariffs and China's subsidy programs and stimulus policy. Therefore, we expect our DDIC product momentum to be impacted less than our memory product momentum.

Regarding our 2025 CapEx, we are taking a conservative approach with our CapEx budget in 2025, similar to prior years. We plan to carefully invest in new added capacity based on customer demand and UT level. Our focus is on supporting customers as we drive strong free cash flow, while reducing the further depreciation pressure and maintain our competitive advantage and strength.

Finally, in terms of our capital allocation, we recently announced Board approval of a share repurchase program and another dividend. This reflects our balance sheet strength, strong market position and our focus on building shareholder value. We prioritize returning capital to shareholders as part of our overall shareholder-friendly capital allocation plan. Pending shareholder approval at our May AGM, we will distribute NT\$ 1.2 per common share.

Operator, that concludes our formal remarks, we can now take questions.

Question and Answer Session

Operator

Thank you. At this time, we will be conducting a question and answer session. Our first question comes from James Li from Yuanta. You may begin.

James Li, Analyst, Yuanta

Can you please give us a revenue and gross margin outlook for Q1 2025?

Jesse Huang, Spokesperson and Senior Vice President of Strategy and Investor Relations

We didn't provide 1Q25 outlook guidance. We will probably wait until 2Q or 3Q to have better visibility. However, we expect our business momentum will improve through 2025 leading to a stronger second half with operating momentum, end markets and end customer inventory levels.

James Li, Analyst, Yuanta

Previously management mentioned relatively stronger automotive panel and OLED DDIC business momentum. Can you please give us the outlook for 2025?

SJ Cheng, Chairman and President

We would still expect to benefit from a higher OLED penetration rate and share gain, and also stable display panel penetration in the automotive segment.

James Li, Analyst, Yuanta



Do you see some customers re-allocate the backend order back to Taiwan due to some foundries in China increasing prices recently?

SJ Cheng, Chairman and President

Recently, we are benefitting from some short-term rush orders driven by early re-stocking for increased tariffs, and China's subsidy programs and stimulus policy. Additionally, due to the earthquake that happened in January, which caused broken wafers in fabs, we would expect the re-loaded wafers would be dispatched to the backend in April.

Operator

Thank you. And I am not showing any further questions in the queue. I would like to turn the call back over to GS Shen.

GS Shen, Technical Deputy Director of Strategy and Investor Relations

That concludes our question and answer session. Thank you for participating. I'll turn the floor back to Mr. S.J. Cheng for any closing comments.

S.J. Cheng, Chairman and President

Thank you everyone for joining our conference call. Please email our IR Team if you have any more questions. We appreciate your support. Goodbye.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.

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