



瑞声科技控股有限公司
AAC TECHNOLOGIES HOLDINGS INC.

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 02018)

2017 Interim Results

Record First-Half Earnings of RMB2,126.8 million, Up 57% YoY

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Interim Dividend Raises from HK\$0.3 to HK\$0.4

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**Robust Growth in Non-acoustic and Acoustic Solutions,
Increased 130% and 22% YoY respectively**

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Steps Up Efforts in Expanding Optics Business

(25 August 2017, Hong Kong) **AAC Technologies Holdings Inc.** has today announced its unaudited interim results for the six months ended 30 June 2017, reporting revenue for the period of RMB8,644.3 million and net profit of RMB2,126.8 million. Both are new highs. The Chairman's Statement in the Results Announcement provides the overall highlights of the interim results.

2017 Interim Results Highlights (unaudited):

- Revenue grew by 55% to RMB8,644.3 million and net profit rose by 57% to RMB2,126.8 million year-on-year, both are new highs;
- Dual growth drivers comprising sales of acoustic and non-acoustic solutions which grew by 22% and 130% respectively year-on-year, both delivered gross margins of 40+%;
- Optical lenses (specifications not less than 5P or 13M), based on proprietary designs and manufactured on a new production platform technology, has reached 10 million sets monthly production capacity. We expect the Optics business to become our next significant growth driver;
- Annualized return on average equity (ROE) was 29.2%, up from 23.5% in the first half of 2016;
- Solid balance sheet with cash on hand of RMB3,088.1 million. Gearing remains low with gross and net gearing ratios of 19.4% and 6.8% respectively;
- A proposed interim dividend of HK\$0.40 per share for the first half of 2017, 33% higher than the corresponding period of last year.

<i>(RMB Million)</i>	1H 2017	1H 2016	<i>YoY%</i>	2Q 2017	2Q 2016	<i>YoY%</i>
Revenue	8,644	5,564	+55%	4,429	3,019	+47%
Gross Profit	3,541	2,289	+55%	1,787	1,258	+42%
<i>Gross Profit Margin</i>	41.0%	41.1%	-0.1pt	40.4%	41.7%	-1.3pt
Net Profit	2,127	1,355	+57%	1,065	736	+45%
<i>Net Profit Margin</i>	24.6%	24.4%	+0.2pt	24.1%	24.4%	-0.3pt
Basic EPS (RMB)	1.73	1.10	+57%	0.87	0.60	+45%
Dividend (HK\$)	0.40	0.30	+33%	–	–	–

BUSINESS REVIEW

AAC Technologies delivered strong results in the first half of 2017 with continued growth momentum from both the acoustic and non-acoustic segments. The Company posted revenue and net profit of RMB8,644.3 million and RMB2,126.8 million, representing a rise of 55% and 57% year-on-year respectively. Gross margin stayed at a high stable level of 41.0%. A major upgrade trend involving stereo sound and waterproof features drove dynamic components sales, rising by 22% year-on-year and accounting for 48% of total sales. RF Mechanical and Haptics solutions, key contributors in the non-acoustic business, grew by 130% year-on-year and contributed 48.5% of total sales in the first half of 2017, exceeding acoustic revenue. The Company's continuous and effective cost controls drove operating expenses down to 12.8% from 14.7% in the first half of 2016. The semi-annual R&D spending, as a percentage of revenue, fell slightly from 8.8% in 2016 to 8.4% in 2017. Half year net profit margin improved 0.2 percentage points to 24.6%.

Q2 revenue rose 47% year-on-year to RMB4,429.2 million. Reported net profit was RMB1,065.2 million, up 45% when compared with the same quarter last year. The strong growth from non-acoustic revenue was the main contributor. Non-acoustic business grew by 74% year-on-year, contributing over 45% of total sales in the second quarter of 2017. We demonstrated strong execution in fulfilling order for advanced solutions to meet customers' requirements. Q2 gross margin, due to product mix change, delivered 40.4%; the overall profitability of the Company will be improving when the technology and production platforms mature. The Company continues to focus on investing in R&D which accounted for about 8.8% of Q2 sales. Net profit margin was 24.1%.