

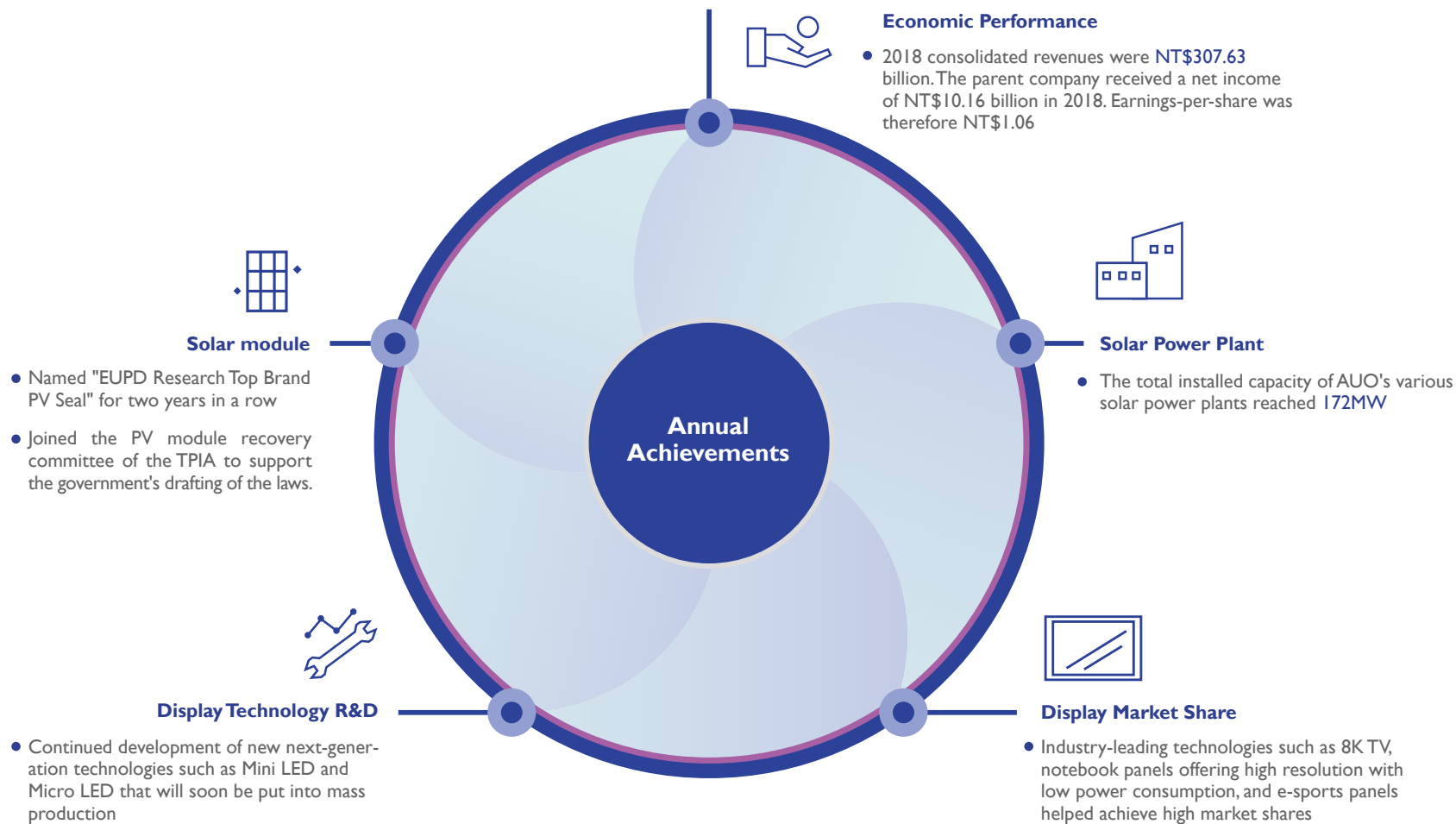
# 02

## Business Operations

2.1 Company Profile

2.2 Economic Performance





## 2.1 Corporate Vision, Mission and Core Corporate Values

### Leader of Value-Added Global Optoelectronic Solutions

AU Optronics Corporation (AUO) was founded in August 1996 under the name Acer Display Technology. In 2001, the Company merged with Unipac Optoelectronics and changed its name to AUO. Later in 2006, the Company acquired Quanta Display.

In 2000, AUO was listed on the TWSE, and it became the first TFT-LCD manufacturer listed on the New York Stock Exchange in 2002. Consolidated operating revenues totaled NT\$ 307.63 billion in 2018. Today, AUO has approximately 43,000 employees worldwide and operates a business network that spans Taiwan, China, Japan, Singapore, Korea, the U.S. and Europe.

### Innovative display technologies and products – commitment to creating higher value

AUO possesses full production lines from G3.5 to G8.5 that provides a full range of panel sizes and all types of display applications. The Company is dedicated to becoming a provider of comprehensive solutions through a full-spectrum of display technologies and a diversified product portfolio. We offer customers with services such as software/hardware system integration, a variety of customized products in small quantities, reliable product quality and smart services so as to work with our customers to create higher values. AUO takes pride in its R&D strength and patents in its possession. As of January 2019, AUO has submitted a total of 25,200 patent applications, with 18,500 applications approved for global patents.

### High efficiency and highly integrated solar energy solutions – a partner for green sustainability

AUO entered the green energy industry to provide total solutions for solar power plants in 2008. The Company's expertise in all aspects of the power plant ecosystem delivers a competitive edge in rooftop, ground and floating solar power plants. In addition to its past experience in the development of

different power plants, AUO provides high-quality, high-reliability modular products along with EPC<sup>1</sup> turn-key engineering, operating and maintenance services that create outstanding energy returns for customers while delivering on environmental sustainability for both parties.

### An outstanding enterprise on the path towards sustainable operation

A core philosophy of sustainability guides AUO's continued promotion of environmental protection policies and social engagement. AUO's inclusion in the Dow Jones Sustainability World Index since 2010 represents the Company's commitment to the sustainability of the environment, society and corporate governance even as it strives to improve its business. Engineering, Procurement, Construction services refer to providing turn-key solutions from engineering to design, procurement and construction.

Company Name	AU Optronics Corporation
No. of employees	Approximately 43,000 employees worldwide
Capital	NT\$96.24billion
Date of Establishment	August 12, 1996
Main Products and Technologies	Thin Film Transistor Liquid Crystal Displays (TFT-LCD) Low Temperature Poly-silicon (LTPS) Organic Light Emitting Display (AMOLED) Integrated Touch Solutions Solar Solutions
Chairman and CEO	Paul SL Peng
President and COO	Michael Tsai
Head office	No.1, Li-Hsin Road 2, Hsinchu Science Park, Hsinchu City 300, Taiwan
Regions of Operation	Taiwan, China, other Asian countries, Europe and the Americas

<sup>1</sup> Engineering, Procurement, Construction services refer to providing turn-key solutions from engineering to design, procurement and construction.

Corporate Vision, Mission  
and Core Corporate Values

# AUO Culture · AUO Way

Vision

Bright Innovation  Amazing Life

Mission

Be a Global Leader in Green Solutions

Core Value

#### B2B Five Themes

Accountability  
Walking in, Solution out  
Enhance Education and Training  
Streamline Processes  
Safety Enhancement

#### E2E Five Criteria

Do the right things  
Forward timely and correctly  
Use resources correctly and efficiently  
Review and adjust constantly  
Consider overall interest



Core DNA

Integrity · Accountability · Innovation

## Key Milestones

## Laying the Foundations

1996

Founding of ADT



2000

Listed for trading on the TWSE

2001

Merger of ADT and Unipac to form AUO

AUO

2002

Listed for trading on the NYSE



## Global expansion

1999-2015

Establishment of G3.5 to G8.5 fabs



2006

Merger with Quanta Display



2008

Initiation of AUO Green Solutions and solar business



2016

G6 LTPS Factory Began Mass Production



## Innovative Values

2013-

## Technology Forerunner

Release of the 8K4K bezel-less ALCD panels, HDR monitor panels, LTPS mobile panels and true circle AMOLED panels

## Value-added Applications

Released the full range of high-value displays for gaming, commercial, car, wearable and medical applications

## All-in-one Solutions

All-round smart solutions for retail, transportation, medical, industrial and commercial applications

Global Operations

Head office

Taiwan  
Hsinchu

13 Display Manufacturing

Taiwan Mainland China Singapore  
Linkou Kunshan Slovakia  
Longke Suzhou  
Longtan Xiamen  
Hsinchu  
Houli  
Taichung  
Tainan  
Kaohsiung

2 PV Manufacturing

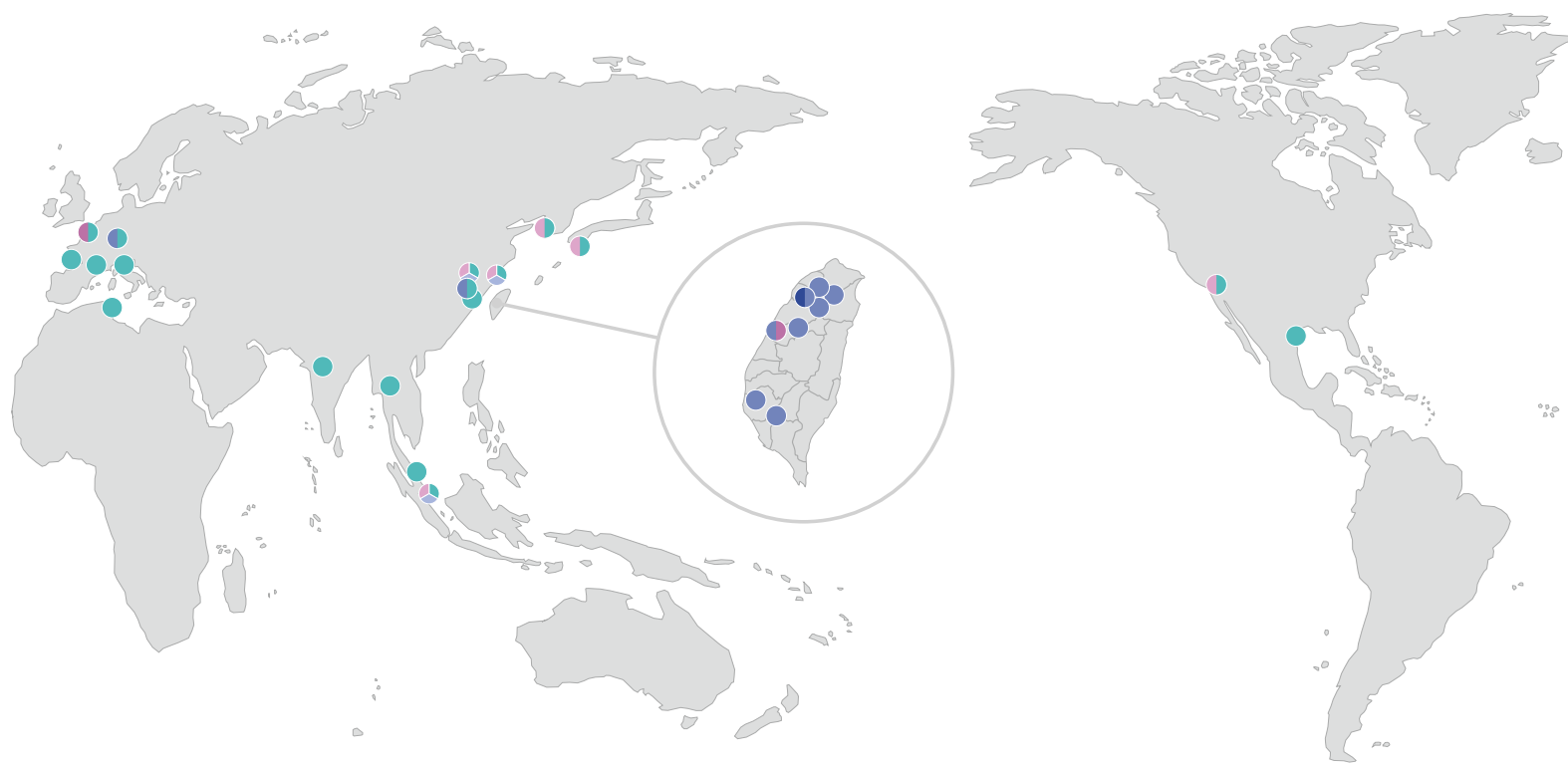
Taiwan  
Taichung  
Czech Republic

6 Overseas Subsidiaries

Mainland China  
Japan  
Holland  
Singapore  
Korea  
United States







Customer Service Locations

Mainland China Mexico  
Czech Republic Holland  
France Poland  
Germany Singapore  
Hungary Slovakia  
India Korea  
Italy Thailand  
Japan United States  
Malaysia



## Value chain integration and extension

AUO strives to integrate the value chain and extend the value of hardware to provide a diverse range of all-in-one solutions

System Integration	 <p>Darwin Backlight Modules <a href="http://www.darwinprecisions.com/?sn=1044&amp;lang=zh-TW">http://www.darwinprecisions.com/?sn=1044&amp;lang=zh-TW</a></p>
	 <p>Qisda Electronic Products OEM/ODM <a href="https://www.qisda.com.tw/home.aspx">https://www.qisda.com.tw/home.aspx</a></p>
Hardware-Software Integration	 <p>Space4Money Retail Digital Signage and Cloud Service <a href="https://space4m.waca.ec/">https://space4m.waca.ec/</a></p>
	 <p>ComQi Digital Signage and Interactive Solutions</p>
Smart Services	 <p>U-Fresh Technology Water Treatment Solutions <a href="https://www.u-fresh.com/">https://www.u-fresh.com/</a></p>
	 <p>AUO Care Smart Care Solutions</p>

## Key Events and Awards During the Year

Q1	<ul style="list-style-type: none"> <li>The first and only one corporation in Taiwan to be included in the Bloomberg Gender Equality Index</li> <li>Mobilized volunteers to plant trees at the AUO Houli site</li> </ul>
Q2	<ul style="list-style-type: none"> <li>First place in the "Electronic Technology Industry" category of the 2018 Global Views CSR Survey</li> <li>Released full-color active Micro LED display technology with the highest resolution in the world</li> <li>AUO's Micro LED and multiple advanced display technologies were honored in the "2018 SID Best in Show Award"</li> <li>Named one of the "Best Companies to Work for in Asia" by HR Asia</li> </ul>
Q3	<ul style="list-style-type: none"> <li>Won the 2018 CTSP Innovation Contest with the 85" 8K4K bezel-less ALCD TV display</li> <li>Won in 4 sub-categories of the 2018 Gold Panel Awards with the 65" UHD 4K bezel-less BFGD and other products</li> <li>Chairman Paul Peng receives the "Outstanding Contribution Award" from TDUA</li> <li>Presented with the Commonwealth CSR Corporate Citizenship Award - Top 10 Benchmark Enterprise.</li> <li>To date, NT\$ 120 million has been raised over 13 years for the Honesty-Intelligence Scholarship</li> <li>Listed of the Dow Jones Sustainability World Index for nine consecutive years.</li> </ul>
Q4	<ul style="list-style-type: none"> <li>AUO Micro Gallery showcases Taiwan's largest 556" video wall at the Taichung Flora Expo</li> <li>Won in 10 categories including "Top 10 Domestic Corporates" at the 2018 Taiwan Corporate Sustainability Awards</li> <li>Chairman Paul Peng receives the "2018 Global Corporate Sustainability Award (GCSA) - Professional" from the Taiwan Institute for Sustainable Energy</li> <li>AUO GreenArk at the Longtan site certified as an Environmental Education Facility</li> </ul>

## Organization Membership and Dues

	Title	2018			Membership dues (NT\$)			
		Management Role	Project or Committee Participation	Member	2018	2017	2016	2015
1	ROC Business Council for Sustainable Development (BCSD-Taiwan)		•	•	120,000	120,000	120,000	120,000
2	Taiwan Corporate Sustainability Forum (TCSF)	•	•	•	0	0	0	0
3	Center for Corporate Sustainability (CCS)		•	•	280,000	280,000	280,000	280,000
4	Taiwan Display Union Association (TDUA)	•	•	•	0	0	0	0
5	Taiwan TFT LCD Association (TTLA)	•	•	•	4,070,000	3,890,000	3,830,000	3,340,000
6	The Allied Association for Science Park Industries (ASIP)		•	•	810,000	810,000	810,000	810,000
7	The Society for Information Displays (SID)	•	•	•	0	600,000	0	600,000
8	ROC Taiwan Liquid Crystal Society (ROCTLCS)	•	•	•	35,000	85,000	35,000	35,000
9	VESA Video Electronics Standard Association			•	310,620	300,600	300,600	0
10	Taipei Computer Association (TCA)	•		•	15,000	15,000	15,000	15,000
11	Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)			•	42,000	42,000	42,000	42,000
12	Taiwan Photovoltaic Industry Association (TPVIA)	•	•	•	30,000	30,000	30,000	30,000
13	Semiconductor Equipment and Materials International (SEMI Taiwan)		•	•	56,044	42,033	58,441	0
14	Taiwan 3D Interactive Display Association (3DIDA)	•		•	20,000	20,000	0	20,000
15	Tumaround Management Association (TMA-Taiwan)			•	0	0	0	0

## 2.1.1 Display Business Developments

TFT-LCD is still mainstream flat-panel display technology today since it can be used in a wide range of product applications. Its economies of scale make it suitable for all IT and consumer electronic product applications in the digital age.

The coming of IoT means consumers have become increasingly reliant on Internet access and mobile communications. Consumer expectations on the thinness, slimness, endurance and performance of mobile products have continued to increase as well. 2-In-1 products that combine the convenience of tablets and the performance of slim notebooks to provide users with a high level of mobility at all times are now gaining increasing acceptance in the market; as for mobile products, high display-area ratios and narrow bezels have become the mainstream specifications. Requirements such as larger sizes, wide viewing angles, high resolutions, thinness, lightness, power conservation, narrow bezel, full-screen design and touch control have become increasingly important as well.

The spread of high-definition content, the consumers' pursuit of an immersive viewing experience and the push to maintain or provide even better image quality on larger screens have led to a continued increase in demand for high-definition TV panels. UHD 4K<sup>2</sup> is now the basic standard for large TVs. The 2020 Tokyo Olympics will be broadcast in 8K4K (7680 × 4320) resolution, so the TV content ecosystem including the camera equipment, compression technology, storage and transmission technologies are all evolving to take advantage of the opportunities offered by 8K UHD. These will come with wide-color gamut technology to increase color saturation or curved/fully flat and other designs that will provide consumers with an even more exciting, vivid and interactive experience from games, movies, sports or apps.

The increased density and activity of mass transit systems have spurred the spread of interactive multimedia kiosks as well as multimedia advertising. The emergence of new retail channels and business models means large-size panels are increasingly used to display commercial and public information. As IoT and cloud computing applications gradually make their way into the daily lives of ordinary consumers, panel specifications for the related applications will increasingly emphasize light weight, slim bezels, high quality picture and larger sizes.

## Trends in the Development of the Display Business

AUO strives to provide the full range of display solutions based on a-Si TFT<sup>3</sup> and LTPS TFT<sup>4</sup> technologies backed by an extensive R&D capability and innovative product designs. AUO provides competitive, high-quality products and solutions for LCD TVs, desktop monitors, notebook and tablet displays, mobile device displays, and wearable displays. Other product solutions include public information displays, automotive displays, integrated touch displays and general-purpose displays.

The industry is set to be revolutionized by IoT and AI developments. Smart applications are being introduced into every field at an accelerating pace. Faced with this digital tsunami of change, AUO will continue to focus its efforts on refining existing qualities, developing new technologies and quality improvements, and the development of new application-layer products in order to create value and respond to the challenges that new business models will bring. AUO released a premium 8K4K flat bezel-less LCD TV panel product in 2018 thanks to its tremendous technical expertise and manufacturing capability. The integration of the flat bezel-less technology, advanced HDR, super high 120 Hz refresh rate and Quantum Dot (QD) wide-gamut technologies provided a stacking of technological advantages that laid the foundations for leadership of the next-generation display market. AUO also provided total public information display solutions that encompass everything, from panels to whole systems, playback software and after-sales services. Applications included high-end airport TV wall displays, outdoor, retail and transportation. At the same time, AUO has been actively registering patents as a barrier against competition and to support branded customers around the world.

The manufacturing industry will become smarter in the future. One of the keys to success in the future will be efficient production for economies and scale as well as high-performance management to cater to high-mix, low-volume orders. AUO has a commanding technological advantage in many sectors. AI and big data are now being used to analyze and promote smart manufacturing. AUO resources at its global sites are being harnessed to construct highly efficient, high-quality and highly agile smart production lines that optimize the production capacity from different generations of production lines. Upon this solid mass production basis and supplemented by comprehensive supply chain integration and management, AUO has

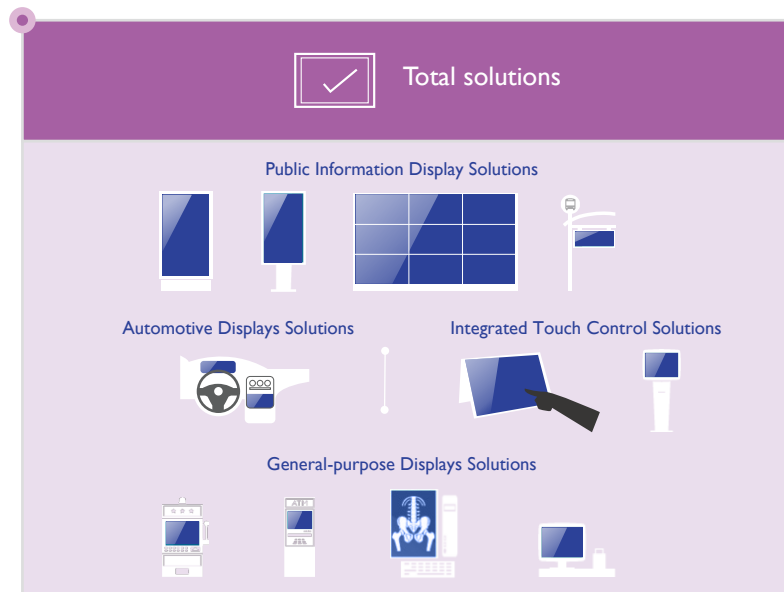
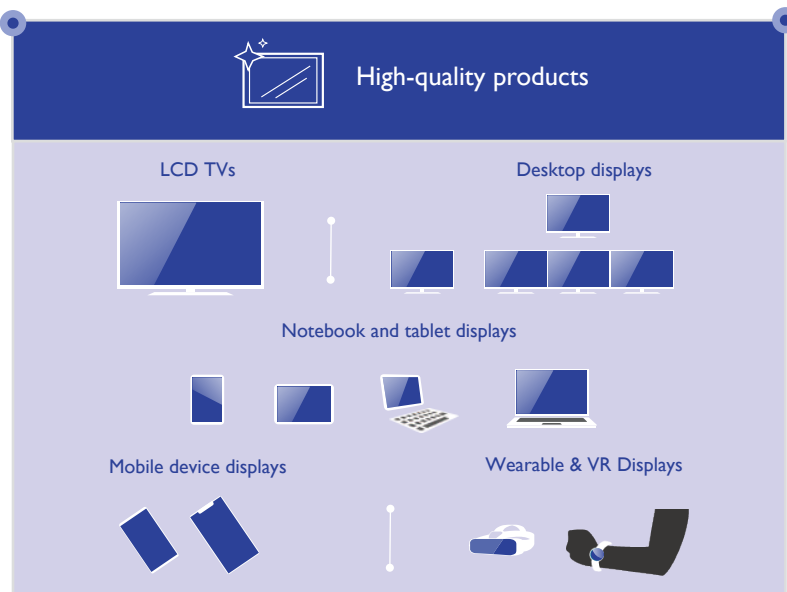
2. Screen resolution of 3840x2160, the visual effects is better than full HD

3. TFT-LCD can be divided into poly-Si and a-Si technologies with a-Si being the mainstream TFT-LCD technology today.

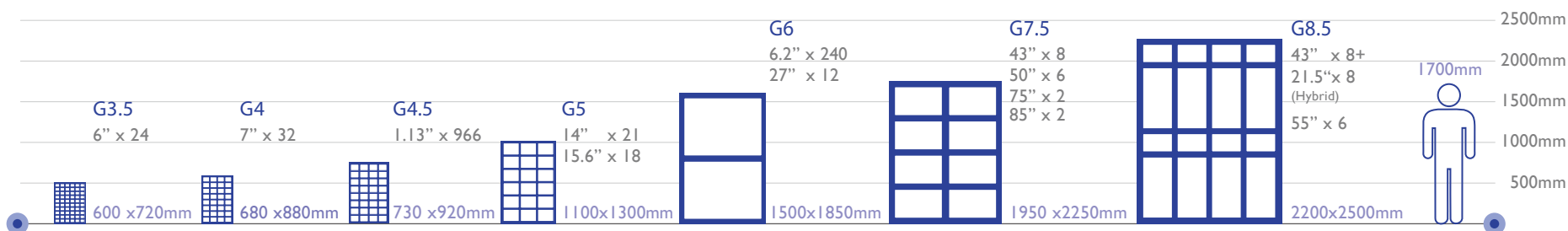
4. LTPS (Low Temperature Poly-Silicon) is a material made up of countless Silicon crystals ranging from 0.1 ~ several micron (μm) in size on a Silicon substrate.

established an integrated enterprise platform that encompasses marketing, product management, customer service, manufacturing, yield and quality management and material logistics. This platform has given AUO an advantage in cost competition, enabling it to offer customers value-added solutions and services as well as product differentiation, high quality and high value. AUO works closely with customers to develop products demanded by the market in addition to maintaining its leading position in the market while continuously improving its products, AUO seeks to develop new technologies so as to help end customers realize a more effective digital life.

Full Range of Display Solutions



Diverse Products



## Display Product Development Strategy

### High-quality products

The increasing maturity of the global HD audio-video ecosystem spurred AUO to draw upon its years of accumulated technical expertise to launch UHD 4K, 8K4K UHD, curved, HDR, wide-gamut Quantum Dot, flat and narrow-bezel TV products. Combining HDR with local ultra-brightness and ultra-low reflectivity makes black areas blacker and bright areas brighter. The result is greater depth, vivid colors as well as even more detailed and realistic images. The wide-gamut Quantum Dot (QD) technology is able to present a wide color gamut with richly detailed colors under any environment. The flat narrow-bezel design maximizes the visual real-estate and takes the visual experience to the next level. In addition to delivering what customers want, AUO also helps customers take advantage of the business opportunities offered in the premium segment of the market by developing a complete portfolio geared towards future trends such as visual enjoyment and interactive smart TV.

AUO has released a complete range of e-sports panels in response to the growing scale of e-sports competitions such as large panels, flat bezel-less designs, HDR, curved, ultra-high screen refresh rates (in excess of 144 Hz) and UHD 4K e-sports monitor/notebook panel products. Even larger sizes and faster refresh rates are under development to provide gamers with super-smooth visuals and realistic, immersive gaming experiences.

The coming of 4G has generated market demand for mobile phones with large, high-quality displays. Other classes of phones are in demand as well. AUO has responded by focusing its development efforts on large, high-resolution, narrow-bezel panels with AHVA (Advanced Hyper-Viewing Angle) technology to ensure image rendering with the richest details. These features are complemented by a thin frame to achieve a high-display area ratio while the embedded touch technology delivers more sensitive and precise touch control for the user. Slim form-factors and low power consumption technology balance user demand for a mobile product experience that balances extreme video quality with convenience and high-performance.

Displays for wearable devices must be thin, light and energy-efficient. AUO has mass production capabilities for AMOLED, conventional TFT LCD, and semi-transmissive TFT LCD technologies. The technical characteristics of AMOLED display technology for example, have been used to provide a smart watch product that is ultra-thin and ultra-light with low power conservation that satisfies user requirements on energy-efficiency, stylish appearance, comfort and convenience. The circular panel technology and ultra-narrow bezel make the panel look more like a classic wristwatch, satisfying the customization requirements of brands.

## Total solutions

The rise of cloud big data and the maturity of wireless transmission technologies show that the concept of the ubiquitous display is gradually coming true in everyday life. For public information displays, AUO used large display technology as the basis for incorporating additional features such as high-resolution, high-brightness, water/dust-proofing, low reflectivity and strip form-factor. Ultra-narrow bezel and touch control technology were added as well. The integration and extension of the supply chain enable AUO to provide the one-stop service that encompasses everything, from the panel to the turn-key system, playback software and after-sales services. These highly flexible products can be used in a variety of different spaces such as stations, airports, shopping centers, schools and business conferences.

At the same time, AUO is actively moving into the premium automotive panel product market that has a very high technical threshold. Products so far included the integration of panels with touch control sensors as well as curved panels in unique shapes for automotive applications. AUO is able to meet the demand for panels that are closely integrated with the interior while offering enhanced satellite navigation, communications and entertainment. For general-purpose display applications characterized by low-volume and a high level of customization, AUO is continuing to develop specialized panels that offer high-resolution, high brightness, high contrast, wide viewing angle, long product life and even lower power consumption. Integrated Touch Solutions are also used, so that these panels can be used for all kinds of temperature environments and innovative applications to create a richer and smarter living experience.

### Micro LED & Mini LED Technology

The Micro LED technology unveiled by AUO proved to be the highlight of Display Week at the 2018 SID due to the breakthroughs in high brightness and colorization technology. The Mini LED technology also shows potential for rapid commercialization. Mini LED refers to LED with crystal greater than 100  $\mu\text{m}$  in size that fall between conventional LED and Micro LED. Mini LED technology combines the strengths of the LED and LCD industries. There is a niche for the development of Mini LED in Taiwan due to its high-contrast, high-brightness and wide-gamut. Other potential applications include mobile phones, televisions, automotive panels, desktop e-sports monitors and e-sports notebooks. For non-conventional monitors, if Mini LED backlighting is used, the performance of existing LCD displays can be greatly improved. Cost will also be lower than Micro LED and easier to control. A variety of panel technologies are under development by AUO. Applying the right technology to each product is how AUO generates profits for shareholders and investors.

## 2.1.2 Analysis of Solar Market

Bloomberg New Energy Finance (BNEF) reported that there was 109.3 GW solar power installed worldwide in 2018. Though this represented a slight increase from 2017, most of the growth came from 10G in other regions and 5 GW in several European countries. However, the key installation markets such as China (43 GW), USA (10GW) and Japan (6.8GW) all stayed around the same rates or even showed signs of decrease. Changes and revisions to the government policies in 2018 such as the new solar power industry policy announced by China in May this year along with the reduction in feed-in tariffs<sup>5</sup>(FIT) and solar power subsidies all led to a decline in the amount of installed PV capacity during the course of 2018 which had an impact on the global PV supply chain as well. This was followed by the EU announcement that it was ending its Minimum Import Price (MIP)<sup>6</sup> undertaking for Chinese PV products. The EU is therefore officially a free market now. The move may stimulate demand in the EU, but it also means that everyone must now compete in terms of the price. For 2019, analysis by Energy Trend suggested a surge in demand from the PV market mainly due to the National Energy Administration in China openly stating that PV subsidies will continue through to 2022 during an interim review of the PV developments as part of the 13th 5-Year Plan. The PV Info Link also forecast that 16 countries will exceed an installed capacity of 1 GW in 2019. Most of these countries will be concentrated in Europe and include Germany, Spain, France, the Netherlands and Ukraine.

Taiwan has recently attracted the interest of the PV market. Taiwan's nuclear-free homeland policy has set the goal of reaching 20GW of installed capacity for solar power by 2025. Solar power exceeded 690 MW in installed capacity in 2018. Rising expectations on product specifications and efficiency means that mono-crystalline high-efficiency modules have greater room for improvement in terms of efficiency and technology compared to multi-crystalline modules. The demand for mono-crystalline high-efficiency modules from the commercial or residential market will therefore increase due to the limited amount of installation space available. Many large system vendors also began preparing for large ground-based projects in the second half of 2018. The unique geography of Taiwan makes solar power far more difficult to install compared to other countries. The equipment in particular must be able to resist salt corrosion and last for twenty years.

### Solar Energy Development Strategy

Balancing business development with green sustainability is important to AUO. The Company has upheld this philosophy ever since it entered the solar power business in 2008 by leveraging core capabilities to develop green energy and supporting business development through innovative thinking. Environmental sustainability and community care are also taken into account as well. AUO strives to develop highly reliable, high-quality products for sale worldwide under its own brand and sales

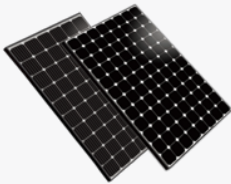


channel; shipping destinations include Europe, USA, Japan and Taiwan. Cumulative shipments since 2010 have reached approximately 3 GW. In specific niche segments, AUO offers mono crystalline high-efficiency modules as well as weather-resistant modules in response to all types of market demand. AUO accounts for approximately 20% of all PV modules shipped in Taiwan each year. AUO offers a full range of power plant construction services based around its high-efficiency PV module products, expertise in power infrastructure construction, and integrated O&M service platform. At the end of 2018, the total installed capacity of AUO's various solar power plant projects in Taiwan reached 172MW. AUO also partnered with domestic life insurance businesses to set up a green energy fund for managing and investing in stable, sustainable power plants. In addition, AUO provides cloud monitoring services for the solar system applications of residential and commercial users as well as power plants.



The Tier 1 solar module supplier from Bloomberg New Energy Finance Appraisal

### High efficiency and integration solar solution

Provide high-efficiency solar modules, comprehensive power plant construction services, and the total solution energy management platform.

Solar Module	Solar Project	Operational Maintenance / Energy Management
		
Solar module efficiency > 20%	Rich practical experience / Global partner	Highly integrated service platform

5. Feed-in Tariffs (FIT)

6. Minimum Import Price (MIP)

## Outstanding Solar Projects

<p>Solar Power Plant Project</p>	<p>AUO joined its supply chain partners as well as large local companies including Corning, Chang Chun, Yuen Foong Yu (YFY) and AIDC in the development of green energy infrastructure. The factory rooftop space was used to install 2.5 MW of solar power panels. Another 2 MW was installed at Chang Chun's Miaoli factory. Solar power panels with a total installed capacity of 11 MW were set up on the roofs of YFU's six factories throughout Taiwan, while 2.5 MW was installed at AIDC's Shalu factory.</p> <p>AUO began expanding into floating power plants in 2017 and more than 14.5 MW has been installed to date, this is an outstanding result. These include more than 6 MW of floating solar panels at public flood retention ponds 1 and 2 in Tainan, along with 4.5W and 2MW of floating solar power plants at the Liouying Technology and Environment Industrial Park in Tainan and the Dianbao River Flood Retention Pond in Kaohsiung, respectively. The PV modules that are resistant to moisture, salt fog and strong winds developed by AUO block over 40% of environmental moisture. The salt fog resistance is also 12 times higher than conventional modules to ensure exceptional power generation performance even in harsh conditions.</p> <p>In terms of ground-based solar power plants, AUO is working with the Taichung City Government to deploy a 7000 m<sup>2</sup> PV system on the car park and buildings at the Taichung Central Park. The installed capacity of 1 MW will meet all of the park's power requirements and maximize the economic benefits of the land.</p>
<p>Top PV Module Brand in Europe</p>	<p>AUO was rated as the "Top Brand PV in the module category" in 2017 and 2018. The evaluation was conducted by EuPD Research (EuPD Research Sustainable Management GmbH)<sup>7</sup> in Germany, which evaluates the brand management of solar module manufacturers in Europe every year. The scope of evaluation includes sales model management, after-sales services and other related items for the brands in the sales regions. EuPD's indicator and certification have been held in high regard in recent years and are relied upon by customers when making purchasing decisions.</p> <div data-bbox="1668 651 1870 766" style="display: flex; justify-content: space-around;">   </div> <p style="text-align: right; color: #800080;">"Top Brand PV in the module category" in 2017 and 2018 from EUPD RESEARCH</p>
<p>Taiwan Excellent PV</p> 	<p>AUO uses Multi-Busbar and half-cut technologies to supply PV modules that deliver stable performance and high efficiency. The "325W 60-cell mono-crystalline PERC multi-busbar PV module" and "390 W 72-cell mono-crystalline PERC multi-busbar PV module" with 12-busbar technology greatly boost the system generation capacity for the same given surface area. The PV module's resistance to salt fog and high humidity has also been improved, ensuring sound generation capacity and durability in harsh climates. These high-performance, weather-resistant PV modules were recognized by the Ministry of Economic Affairs with the "Taiwan Excellent PV Award" in 2018.</p> <div data-bbox="1653 845 1892 1045" style="text-align: center;">  </div> <p style="text-align: right; color: #800080;">AUO's Multi-busbar Mono-crystalline PV Module received the Taiwan Excellent PV Award from the Ministry of Economic Affairs.</p>
<p>Low-carbon PV Module</p>	<p>AUO supplies PV module products that comply with the solar power plant tender requirements issued by the French Regulatory Commission of Energy (CRE). Carbon emissions of under 300 kg per individual module were achieved through the rigorous control of materials and production processes.</p>
<p>Integration Platform with Microgrid Energy Dispatch</p>	<p>AUO provides a system integration platform for managing the operation of energy generation/storage equipment and the implementation of micro-grid energy dispatching to help users overcome the inherent constraints of renewable energy inconsistency and improve renewable energy utilization. Through energy dispatching, remote control and renewable energy management technology, AUO has made it possible to dynamically balance the creation, storage and saving of energy in a microgrid.</p>

7. EuPD Research Sustainable Management GmbH

## Expert on the Full Range of Rooftop, Ground and Floating Solar Power Plants

AUO is focusing on the development of total solar power plant solutions in addition to the research, development and manufacturing of solar panels. Its experience in the development of all types of power plants and their systems enables AUO to provide high-quality modules with high reliability, EPC general contracting, and operation and maintenance services. An innovative platform for power plant investments has also been set up to introduce a new model for power plant operations. AUO's module products can be combined with its development, engineering and O&M services as well as the power plant investment platform to design power plants customized to the client requirements. Its comprehensive and professional one-stop services shorten the learning curve for customers, so they can easily manage their system and start reaping the returns.

AUO has the most experience with industry-grade solar power plants in Taiwan. The AUO power plant and system projects of all sizes can be found on the rooftops of government buildings, residential communities and factories. Its extensive experience has been built up on the installation of large MW-grade projects, system and O&M planning, precision factory rooftops and elevated operations. The installations of the solar power plants in all 8 AUO sites in Taiwan were completed in 2016 to achieve a total installed capacity of nearly 42 MW. The supply of more than 160,000 kWh in green power every year has made an important contribution to the promotion of green energy at the local level. Up to 172 MW total installed capacity has been rolled out throughout Taiwan by the end of 2018 as well. Last year, AUO also expanded into ground and floating projects to meet a greater range of power plant construction requirements.



AUO Installed a 6 MW Floating Power Plant at the public flood retention ponds No.1 and No.2 in Tainan

3R (Reduce, Reuse, Reuse) is extensively applied by AUO during the design of PV modules to reduce energy consumption, eliminate the emission of all substances harmful to the environment and uphold the ideal of environmental sustainability. AUO is also investing in the development of recyclable PV modules and systems to create a "from the cradle to cradle" circular economy that will transform the industry. In addition, AUO has joined the PV module recovery committee of the Taiwan Photovoltaic Industry Association (TPIA) to support and cooperate with the government's drafting of the laws on recycling of PV modules to ensure the sustainable development of the PV industry in Taiwan.

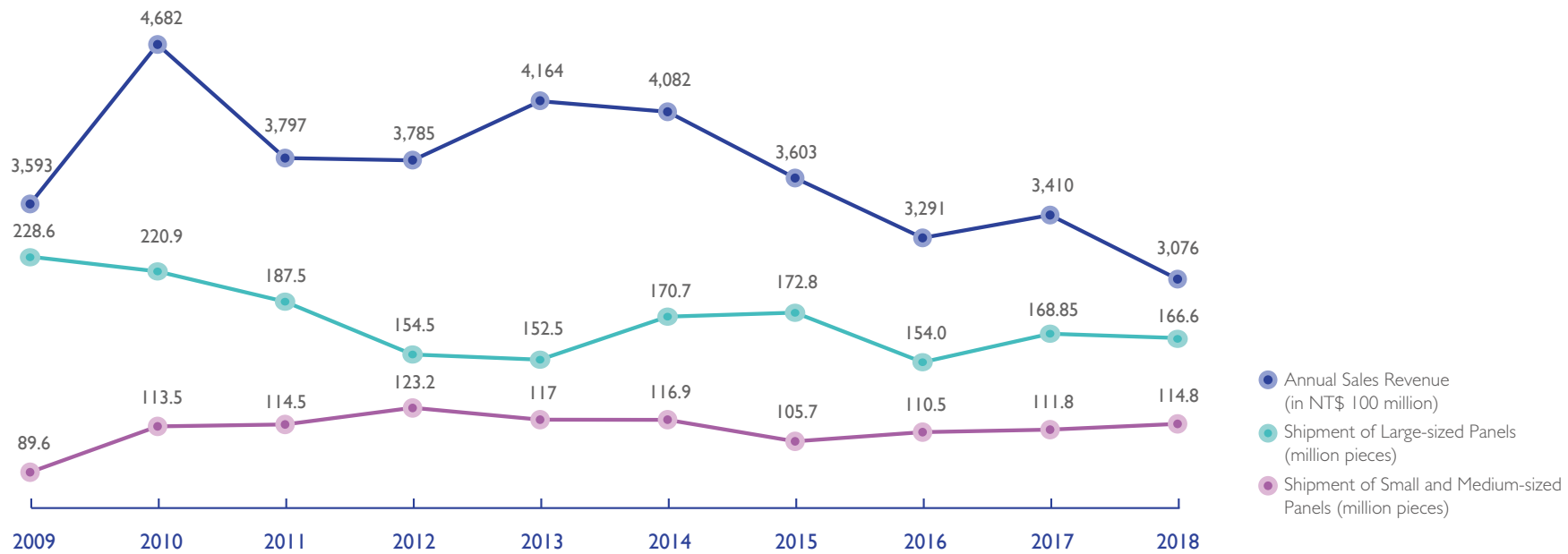
## 2.2 Economic Performance

The industry experienced a reversal of fortunes in 2018 with a steep drop in panel demand from the middle of the year onwards. As new production capacity in China continued to come online, market expectations of an easing in the supply of bulk display products produced a significant drop in panel prices. Fortunately for AUO, our focus on value transformation in recent years paid off and the share of revenues from non-consumer and premium products went up. The continued optimization of our product portfolio meant that we experienced smaller price changes than our peers. Business performance therefore remained solid and we stayed in the black for the sixth consecutive year. Total consolidated revenues in 2018 were NT\$30.764 billion, down 9.8% from 2017. Net operating profits were NT\$6.67 billion and net earnings for the parent company were NT\$10.16 billion. Earnings per share was NT\$1.06.

AUO strives to improve the transparency of its business operations. In addition to monthly revenue announcements, AUO also holds quarterly investor conferences and annual shareholders' meetings. AUO has set up the "Investor Relations" section in both Chinese and English on its corporate website, where financial information and presentation materials for investor conference are regularly uploaded. Important company information will be disclosed on "Market Observation Post System" of Taiwan Stock Exchange as well. The provision of timely information can keep shareholders and investors updated about company operations.

AUO has set up spokesperson, acting spokesperson, investor relations and stock affairs personnel to address information to the public and keep investors informed of the Company's operations. Furthermore, shareholders can propose written agendas for discussion during shareholders' meeting under the Company Act. Shareholders and investors can also send their questions or suggestions to the investor relations mailbox. All requests are processed directly by dedicated AUO personnel to provide timely responses.

## Annual Revenue and Shipments



	2014	2015	2016	2017	2018
Net Sales	4,082	3,603	3,291	3,410	3,076
Operating Costs and Expenses	3,860	3,428	3,168	3,019	3,009
Tax expenses	19.15	27.56	45.79	91.05	32.56
Tax credit	5	0	0 <sup>8</sup>	0	0

Unit: in NT\$ 100 million

 AUO website  
<http://AUO.com/en-global>  
 Investor mailbox [ir@auo.com](mailto:ir@auo.com)



8. Amount less than NT\$ 100 million.