



January 14, 2013

SemiLEDs Reports First Quarter of Fiscal Year 2013 Financial Results

HSINCHU, Taiwan--(BUSINESS WIRE)-- SemiLEDs Corporation (NASDAQ: LEDS), "SemiLEDs" or the "Company," a developer and manufacturer of LED chips and LED components, today announced its financial results for the first quarter of fiscal year 2013, ended November 30, 2012.

Revenue for the first quarter of fiscal 2013 was \$6.2 million, an 8% decrease compared to \$6.7 million in the first quarter of fiscal 2012. GAAP net loss attributable to SemiLEDs stockholders for the first quarter of fiscal 2013 was \$8.9 million, or a net loss of \$0.32 per diluted share, compared to GAAP net loss attributable to SemiLEDs stockholders of \$7.7 million, or a net loss of \$0.28 per diluted share, for the first quarter of fiscal 2012.

"As more of our customers have qualified our EV products, the demand of our LED chips and LED components has increased. We are seeing pockets of demands while the overall LED market is still weak; we continue to manage cost, inventory and spending with a focus on profitable LED sectors to achieve our positive cash flow goal," said Trung Doan, Chairman and CEO of SemiLEDs.

On a non-GAAP basis, net loss attributable to SemiLEDs stockholders for the first quarter of fiscal 2013 was \$8.6 million, or a net loss of \$0.31 per diluted share, compared to non-GAAP net loss attributable to SemiLEDs stockholders of \$7.1 million, or a net loss of \$0.26 per diluted share, for the first quarter of fiscal 2012.

GAAP gross margin for the first quarter of fiscal 2013 was negative 53%, compared with negative gross margin for the first quarter of fiscal 2012 of 12%. Operating margin for the first quarter of fiscal 2013 was negative 131% compared with negative 95% in the first quarter of fiscal 2012. Gross margin was negatively impacted in the first quarter of fiscal 2013 primarily due to a decrease in average selling prices and excess capacity charges for our LED chips.

The Company's cash and cash equivalents were \$39.3 million at the end of the first quarter of fiscal 2013, compared to the fourth quarter fiscal 2012 ending balance of \$47.2 million. The Company also had short-term investments consisting of time deposits with initial maturities of greater than three months but less than one year of \$8.3 million at the end of the first quarter of fiscal 2013, compared to the fourth quarter fiscal 2012 ending balance of \$8.8 million. Cash used in operating activities was \$3.3 million in the first quarter of fiscal 2013.

Conference Call Information

SemiLEDs will discuss these financial results in a conference call today at 8:00 a.m. Eastern Standard Time (5:00 a.m. Pacific Standard Time, 9:00 p.m. China Standard Time). The public is invited to listen to a live webcast of the conference call on the Investors section of the Company's website at <http://investors.semileds.com/events.cfm>.

A replay of the webcast will be available on the Investors section of the Company's website approximately three hours after the conclusion of the call and remain available for approximately 90 calendar days.

About SemiLEDs

SemiLEDs develops and manufactures LED chips and LED components primarily for general lighting applications, including street lights and commercial, industrial and residential lighting, along with specialty industrial applications such as ultraviolet (UV) curing, medical/cosmetic, counterfeit detection, and horticulture. SemiLEDs sells blue, green and UV LED chips.

Non-GAAP Financial Measures

SemiLEDs has provided in this press release adjusted financial information that has not been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. SemiLEDs uses these non-GAAP financial measures internally in analyzing its financial results and believes they are useful to investors, as a supplement to, but not as a substitute for, GAAP measures, in evaluating the Company's operational performance. SemiLEDs believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating operating results and trends, and in comparing its financial results with other companies in SemiLEDs' industry, many of which present similar non-GAAP financial measures to investors. The historical non-GAAP financial measures presented above exclude the following items required to be included by GAAP: non-cash stock-based compensation charges and the related tax effect, if any. In addition to

the non-GAAP financial measures discussed above, SemiLEDs also uses free cash flow as a measure of operating performance. Free cash flow represents cash provided by operating activities less capital expenditures.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures. A reconciliation of historic non-GAAP financial measures to GAAP results has been provided in the financial statement tables included in this press release.

Forward Looking Statements

This press release contains statements that may constitute "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact could be deemed forward-looking, including, but not limited to, any projections of future revenues, income, margins or other financial information; any statements about historical results that may suggest trends for SemiLEDs' business; any statements of the plans, strategies and objectives of management for future operations; any statements of expectation or belief regarding recovery of the LED industry, market opportunities and other future events or technology developments; any statements regarding SemiLEDs' position to capitalize on any market opportunities; and any statements of assumptions underlying any of the foregoing. These forward-looking statements are based on current expectations, estimates, forecasts and projections of future SemiLEDs' or industry performance based on management's judgment, beliefs, current trends and market conditions and involve risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements. SemiLEDs' Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") and other SemiLEDs filings with the SEC (which you may obtain for free at the SEC's website at <http://www.sec.gov>) discuss some of the important risks and other factors that may affect SemiLEDs' business, results of operations and financial condition. SemiLEDs undertakes no intent or obligation to publicly update or revise any of these forward looking statements, whether as a result of new information, future events or otherwise, except as required by law.

SEMILEDS CORPORATION Unaudited Condensed Consolidated Balance Sheets (In thousands of U.S. dollars)

	<u>November 30, 2012</u>	<u>August 31, 2012</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 39,320	\$ 47,228
Short-term investments	8,343	8,831
Accounts receivable, net	4,086	4,759
Accounts receivable from related parties, net	18	157
Inventories	11,711	13,016
Prepaid expenses and other current assets	1,056	1,130
Total current assets	<u>64,534</u>	<u>75,121</u>
Property, plant and equipment, net	46,212	46,642
Intangible assets, net	1,520	1,552
Goodwill	1,104	1,072
Investments in unconsolidated entities	4,435	1,821
Other assets	1,572	1,326
TOTAL ASSETS	<u><u>\$ 119,377</u></u>	<u><u>\$ 127,534</u></u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Notes payable to banks	\$ —	\$ 1,585
Current installments of long-term debt	1,001	967
Accounts payable	4,630	5,768
Accrued expenses and other current liabilities	5,681	4,969
Deferred income, current portion	51	51
Total current liabilities	<u>11,363</u>	<u>13,340</u>
Long-term debt, excluding current installments	4,852	4,953
Deferred income, net of current portion	377	390
Total liabilities	<u>16,592</u>	<u>18,683</u>

Commitments and contingencies

EQUITY:

SemiLEDs stockholders' equity		
Common stock	—	—
Additional paid-in capital	167,407	167,070
Accumulated other comprehensive income	7,865	5,179
Accumulated deficit	(73,354)	(64,431)
Total SemiLEDs stockholders' equity	101,918	107,818
Noncontrolling interests	867	1,033
Total equity	102,785	108,851
TOTAL LIABILITIES AND EQUITY	\$ 119,377	\$ 127,534

SEMILEDS CORPORATION

Unaudited Condensed Consolidated Statements of Operations
(In thousands of U.S. dollars and shares, except per share data)

	Three Months Ended November 30,	
	2012	2011
Revenues, net	\$ 6,227	\$ 6,747
Cost of revenues	9,515	7,569
Gross loss	(3,288)	(822)
Operating expenses:		
Research and development	1,223	1,689
Selling, general and administrative	3,663	3,905
Total operating expenses	4,886	5,594
Loss from operations	(8,174)	(6,416)
Other income (expenses):		
Equity in losses from unconsolidated entities, net	(75)	(1,526)
Interest income, net	5	4
Other income, net	52	48
Foreign currency transaction gain (loss), net	(926)	59
Total other expenses, net	(944)	(1,415)
Loss before income taxes	(9,118)	(7,831)
Income tax expense	—	—
Net loss	(9,118)	(7,831)
Less: Net loss attributable to noncontrolling interests	(195)	(110)
Net loss attributable to SemiLEDs stockholders	\$ (8,923)	\$ (7,721)
Net loss attributable to SemiLEDs common stockholders:		
Basic and diluted	\$ (8,923)	\$ (7,721)
Net loss per share attributable to SemiLEDs common stockholders:		
Basic and diluted	\$ (0.32)	\$ (0.28)
Shares used in computing net loss per share attributable to SemiLEDs common stockholders:		
Basic and diluted	27,495	27,303

SEMILEDS CORPORATION

Unaudited Reconciliation of GAAP to Non-GAAP Measures
(In thousands of U.S. dollars, except per share data)

Non-GAAP Net Loss	Three Months Ended November 30,	
	2012	2011
GAAP net loss attributable to SemiLEDs stockholders	\$ (8,923)	\$ (7,721)

Adjustments:		
Stock-based compensation expense	336	651
Income tax effect	<u>—</u>	<u>—</u>
Non-GAAP net loss attributable to SemiLEDs stockholders	<u>\$ (8,587)</u>	<u>\$ (7,070)</u>

Diluted net loss per share attributable to SemiLEDs common stockholders:		
GAAP net loss	<u>\$ (0.32)</u>	<u>\$ (0.28)</u>
Non-GAAP net loss	<u>\$ (0.31)</u>	<u>\$ (0.26)</u>

Free Cash Flow	Three Months Ended November 30,	
	2012	2011
Net cash used in operating activities	\$ (3,250)	\$ (3,456)
Less: Capital expenditures	<u>1,669</u>	<u>5,808</u>
Total free cash flows	<u>\$ (4,919)</u>	<u>\$ (9,264)</u>

SemiLEDs Corporation
Timothy Lin, 415-471-2700
Interim Chief Financial Officer
investor@semileds.com
or
Sapphire Investor Relations, LLC
Erica Mannion, 415-471-2700
Investor Relations
investor@semileds.com

Source: SemiLEDs Corporation

News Provided by Acquire Media