

Asia's No.1 Electronics Distributor

**WPG Holdings Ltd.**  
**(3702.TT/3702.TW)**  
**1Q12 Earning Release**

Apr. 27th, 2012

# Safe Harbor Notice

World's No.1 Electronics Distributor

- These forward-looking statements, which may include statements regarding WPG' future results of operations, financial condition or business prospects, are subject to significant risks and uncertainties and are based on WPG' current expectations.
- Actual results may differ materially from those expressed or implied in these forward-looking statements for a variety of reasons, including, among other things: the cyclical nature of our industry; our dependence on introducing new products on a timely basis; our dependence on growth in the demand for our products; our ability to compete effectively; our ability to successfully expand our capacity; our dependence on key personnel; general economic and political conditions, including those related to the IC industry; possible disruptions in commercial activities caused by natural and human-induced disasters, including terrorist activity and armed conflict; and fluctuations in foreign currency exchange rates.
- In addition, any financial information contained here within is presented in conformity with accounting principles generally accepted in the Republic of China ("ROC GAAP").
- Our release of financial forecasts and forward-looking statements at any particular time does not create any duty of disclosure beyond that which is imposed by law, and we expressly disclaim any obligation to publicly update or revise any forecasts or forward-looking statements, whether as a result of new information, future events or otherwise.

# Agenda

Asia's No.1 Electronics Distributor

■ **Welcome**

**Kathryn Chen**

■ **1Q12 Financial Highlights & 2Q12 Outlook**

**Cliff Yuan**

■ **Q&A**

**Simon Huang/**

**Scott Lin/**

**Cliff Yuan**

# Result Highlights

No.1 Electronics Distributor

Unit:NT\$million

| item                                 | 1Q12           | 1Q12<br>Guidance | 4Q11           | 1Q11           | QoQ(%) | YoY(%)  |
|--------------------------------------|----------------|------------------|----------------|----------------|--------|---------|
| Net Sales                            | 80,897         | 75~79B           | 82,107         | 79,776         | (1.5)  | 1.4     |
| Gross Margin                         | 5.15%          | 5.3% ~ 5.5%      | 5.08%          | 5.46%          | +7 bp  | -31 bp  |
| Operating Expenses                   | (2,892)        |                  | (2,859)        | (2,724)        | 1.2    | 6.2     |
| Operating Income                     | 1,276          |                  | 1,315          | 1,634          | (3.0)  | (21.9)  |
| Operating Margin                     | 1.58%          | 1.4% ~ 1.6%      | 1.60%          | 2.05%          | -2 bp  | -47 bp  |
| Net Income                           | 939            |                  | 922            | 1,318          | 1.8    | (28.7)  |
| EPS (NT\$) <sub>(1)</sub>            | 0.58           |                  | 0.58           | 0.83           |        |         |
| Net Book Value (NT\$) <sub>(1)</sub> | 24.59          |                  |                |                |        |         |
| <b>Total Assets</b>                  | <b>117,584</b> |                  | <b>109,021</b> | <b>103,261</b> |        |         |
| <b>Total Liabilities</b>             | <b>77,305</b>  |                  | <b>71,208</b>  | <b>67,761</b>  |        |         |
| <b>Total Equity</b>                  | <b>40,280</b>  |                  | <b>37,813</b>  | <b>35,500</b>  |        |         |
| <b>Net Working Capital</b>           | <b>54,381</b>  |                  | <b>52,647</b>  | <b>46,380</b>  |        |         |
| <b>Free Cash Flow</b>                | <b>1,325</b>   |                  | <b>8,562</b>   | <b>(3,437)</b> |        |         |
| <b>KEY Indices<sub>(2)</sub></b>     |                |                  |                |                |        |         |
| ROWC                                 | 9.6%           |                  | 10.0%          | 14.1%          | -41 bp | -450 bp |
| NWC/Sales                            | 0.17           |                  | 0.16           | 0.15           |        |         |
| ROE                                  | 10.1%          |                  | 10.4%          | 15.2%          | -32 bp | -514 bp |
| Gearing                              | 0.63           |                  | 0.67           | 0.52           |        |         |

(1).Weighted average shares outstanding

(2).Annualized

# Income Statements

1 Electronics Distributor

Unit:NT\$million

| Item                                 | 1Q12     | 4Q11     | QoQ(%) | 1Q11     | YoY(%) |
|--------------------------------------|----------|----------|--------|----------|--------|
| Net operating Revenue                | 80,897   | 82,107   | (1.5)  | 79,776   | 1.4    |
| COGS                                 | (76,729) | (77,933) | (1.5)  | (75,418) | 1.7    |
| Gross Profit                         | 4,169    | 4,174    | (0.1)  | 4,358    | (4.3)  |
| Gross Margin                         | 5.15%    | 5.08%    |        | 5.46%    |        |
| Operating Expenses                   | (2,892)  | (2,859)  | 1.2    | (2,724)  | 6.2    |
| Operating Income                     | 1,276    | 1,315    | (3.0)  | 1,634    | (21.9) |
| Operating Margin                     | 1.58%    | 1.60%    |        | 2.05%    |        |
| Net Non-operating Items              | (169)    | (114)    | 47.4   | (34)     | 397.3  |
| Net Financing costs                  | (192)    | (213)    | (10.0) | (135)    | 42.3   |
| Others                               | 23       | 99       |        | 101      |        |
| Profit Before Tax/Minority           | 1,108    | 1,201    | (7.8)  | 1,600    | (30.8) |
| Tax                                  | (177)    | (285)    | (37.7) | (278)    | (36.2) |
| Minority/Accounting Principle Change | 9        | 6        |        | (4)      |        |
| Profit After Tax/Minority            | 939      | 922      | 1.8    | 1,318    | (28.7) |
| Net Margin                           | 1.16%    | 1.12%    |        | 1.65%    |        |
| EPS (NTD) <sub>(1)</sub>             | 0.58     | 0.58     |        | 0.83     |        |
| Tax %                                | 16%      | 24%      |        | 17%      |        |

(1).Weighted average shares outstanding

# Balance Sheet

Asia's No.1 Electronics Distributor

| Unit:NT\$million<br>item        | 1Q12           |            | 4Q11           |            | 1Q11           |            |
|---------------------------------|----------------|------------|----------------|------------|----------------|------------|
|                                 | <i>Amount</i>  | <i>%</i>   | <i>Amount</i>  | <i>%</i>   | <i>Amount</i>  | <i>%</i>   |
| Cash & Marketable Securities    | 8,362          | 7          | 7,921          | 7          | 7,670          | 7          |
| Accounts Receivable - Trade     | 51,752         | 44         | 47,166         | 43         | 44,024         | 43         |
| Inventory                       | 36,590         | 31         | 34,032         | 31         | 33,616         | 33         |
| Current Assets                  | 105,339        | 90         | 97,956         | 90         | 93,241         | 90         |
| Others                          | 12,246         | 10         | 11,066         | 10         | 10,020         | 10         |
| <b>Total Assets</b>             | <b>117,584</b> | <b>100</b> | <b>109,021</b> | <b>100</b> | <b>103,261</b> | <b>100</b> |
| Current Interest-bearing Debt   | 32,442         | 28         | 31,940         | 29         | 26,908         | 26         |
| Accounts Payable                | 33,961         | 29         | 28,551         | 26         | 31,260         | 30         |
| Accrued Liabilities and Others  | 6,050          | 5          | 6,188          | 6          | 7,022          | 7          |
| Current Liabilities             | 72,453         | 62         | 66,680         | 61         | 65,190         | 63         |
| Long-term Interest-bearing Debt | 4,276          | 4          | 3,978          | 4          | 1,938          | 2          |
| Others                          | 575            | 0          | 551            | 1          | 633            | 1          |
| <b>Total Liabilities</b>        | <b>77,305</b>  | <b>66</b>  | <b>71,208</b>  | <b>65</b>  | <b>67,761</b>  | <b>66</b>  |
| <b>Total Equity</b>             | <b>40,280</b>  | <b>34</b>  | <b>37,813</b>  | <b>35</b>  | <b>35,500</b>  | <b>34</b>  |

## KEY Indices<sup>(1)</sup>

|                                   |        |        |        |
|-----------------------------------|--------|--------|--------|
| Net Working Capital (\$)          | 54,381 | 52,647 | 46,380 |
| AR Turnover (Days)                | 55     | 46     | 46     |
| Inventory Turnover (Days)         | 41     | 37     | 38     |
| AP Turnover (Days)                | 37     | 31     | 34     |
| Average Collection Periods (Days) | 60     | 51     | 50     |
| Current Ratio                     | 145%   | 147%   | 143%   |
| Gearing Ratio                     | 0.63   | 0.67   | 0.52   |

(1).Annualized

# Cash Flows

Asia's No.1 Electronics Distributor

Unit:NT\$million

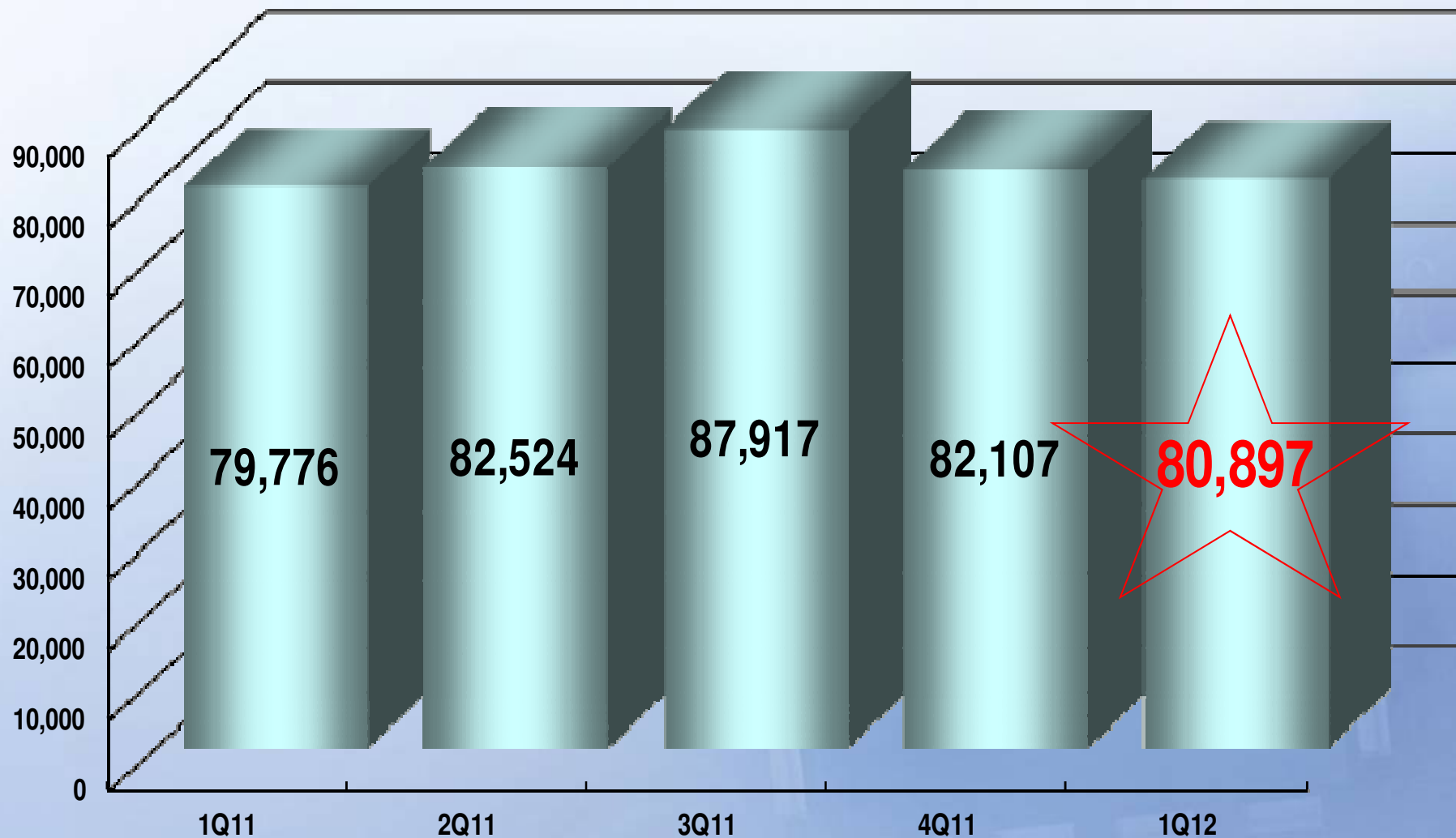
|   | 1Q12         | 4Q11           | 1Q11           |
|---|--------------|----------------|----------------|
| -Net Income <sub>(1)</sub>                            | 930          | 916            | 1,322          |
| -Changes of NWC                                       | 325          | 8,172          | (6,403)        |
| -Adjustment & Others                                  | 69           | (526)          | 1,643          |
| <b>From Operation</b>                                 | <b>1,325</b> | <b>8,562</b>   | <b>(3,437)</b> |
| -Financial Instrument                                 | 383          | 676            | 1,289          |
| -Capital Expenditure                                  | (918)        | (178)          | (50)           |
| -Others   | (110)        | (148)          | 72             |
| <b>From Investment</b>                                | <b>(646)</b> | <b>349</b>     | <b>1,312</b>   |
| -Financial Debt                                       | (64)         | (8,700)        | 1,837          |
| -Others   | 23           | (68)           | 28             |
| <b>From Financing</b>                                 | <b>(41)</b>  | <b>(8,769)</b> | <b>1,864</b>   |
| <b>Effect on changes of consolidated subsidiaries</b> | <b>398</b>   | <b>-</b>       | <b>48</b>      |
| <b>Cumulative translation adjustments</b>             | <b>(651)</b> | <b>78</b>      | <b>59</b>      |
| <b>Net Cash Position Change</b>                       | <b>385</b>   | <b>220</b>     | <b>(154)</b>   |
| <b>Ending Cash Balance</b>                            | <b>8,171</b> | <b>7,786</b>   | <b>7,419</b>   |

(1).Minority interest is included.

# Consolidated Revenue

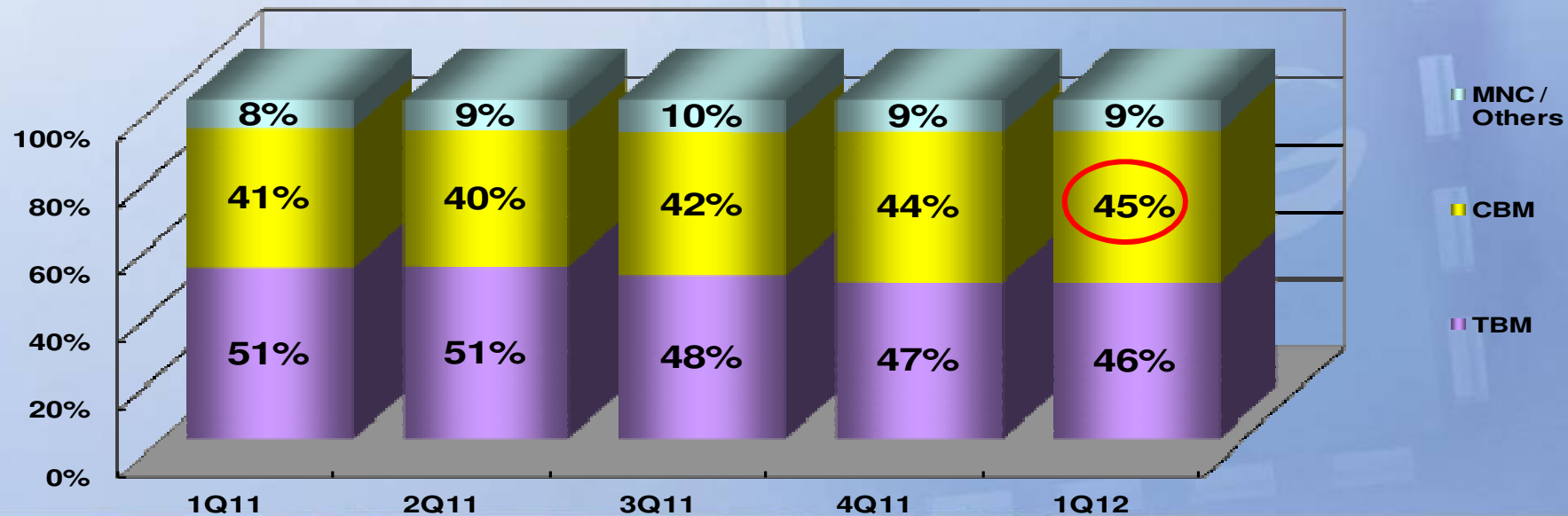
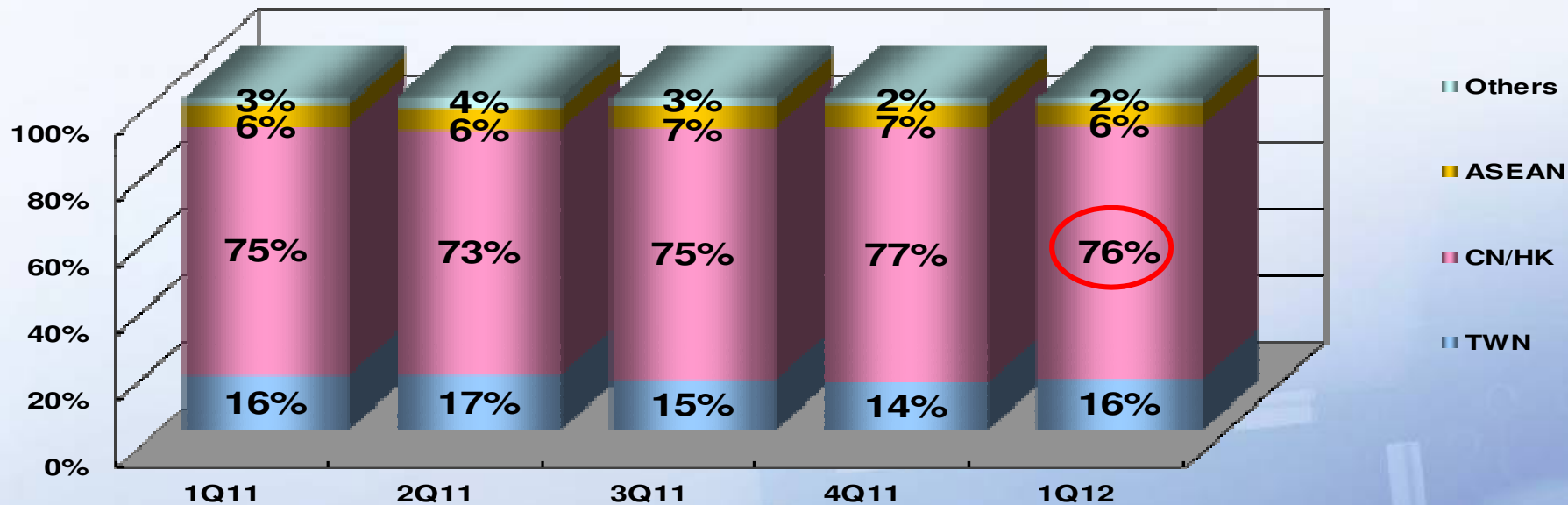
WPG Holdings Limited Electronics Distributor

Unit: NT\$million



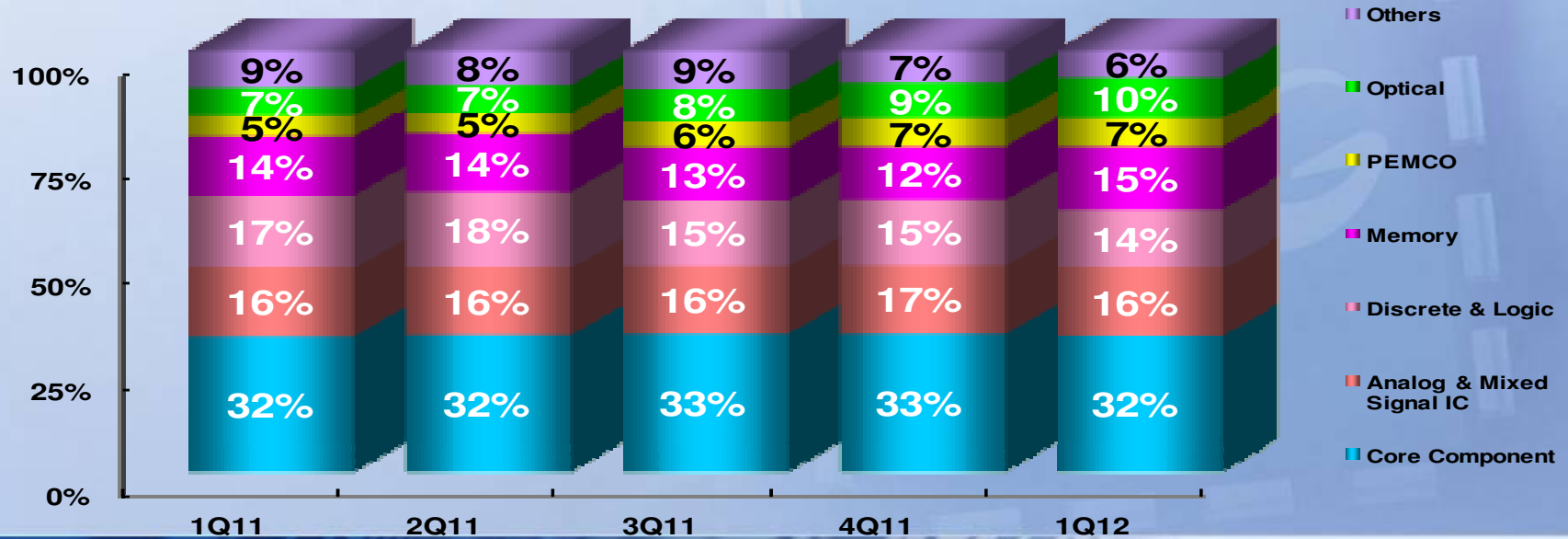
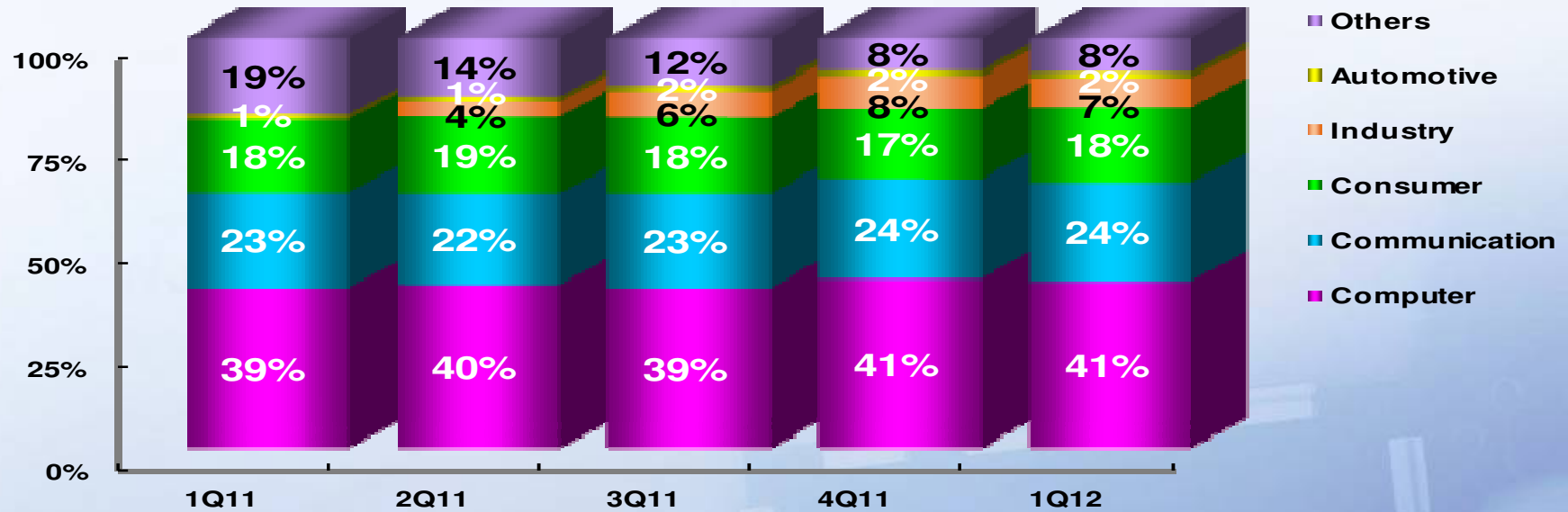


# Sales breakdown by Geography/ Customer



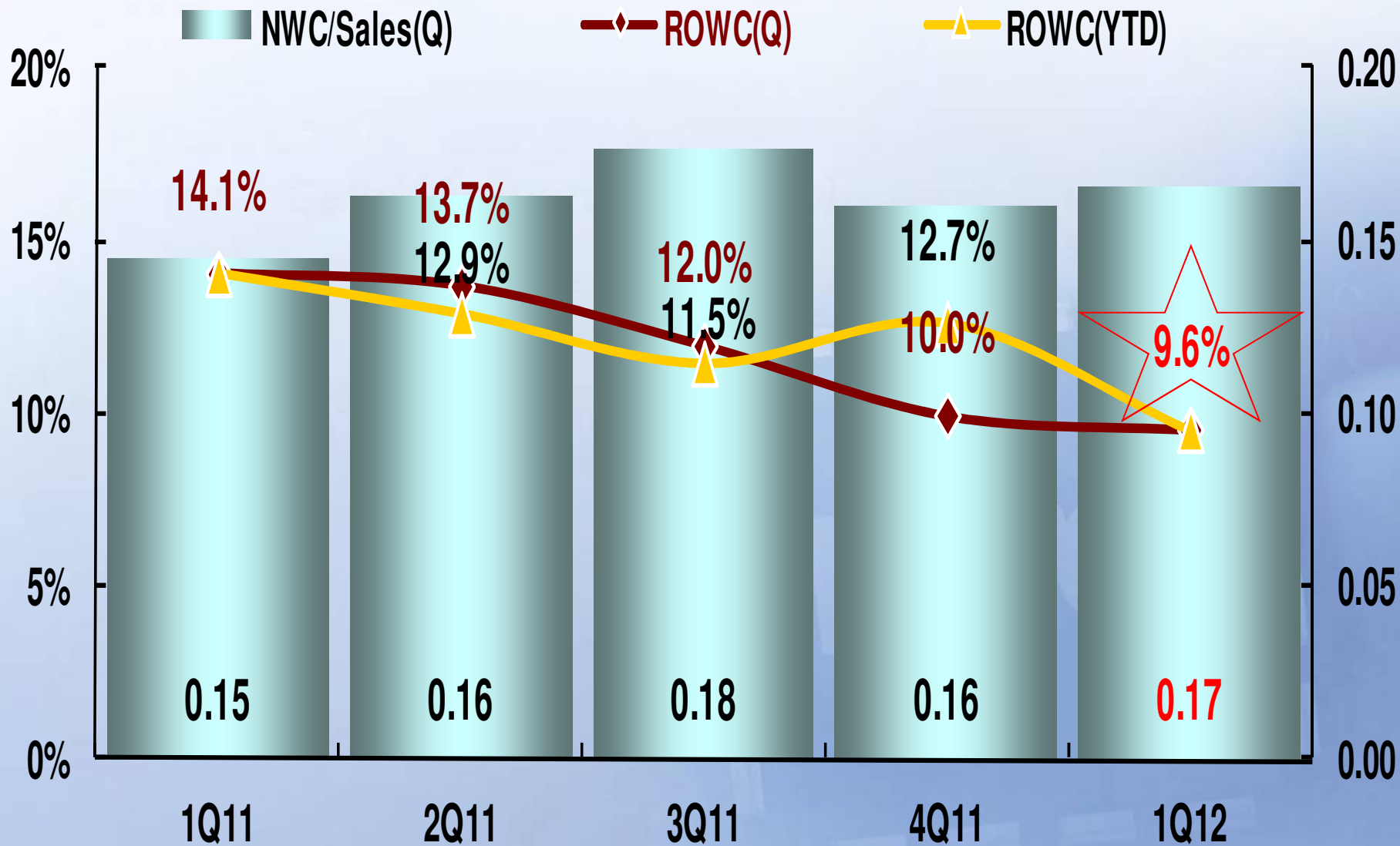
TBM : Taiwan-Based Customers  
 CBM : China Based Customers

# Sales breakdown by Application/ Device Type



# ROWC vs. NWC/Sales

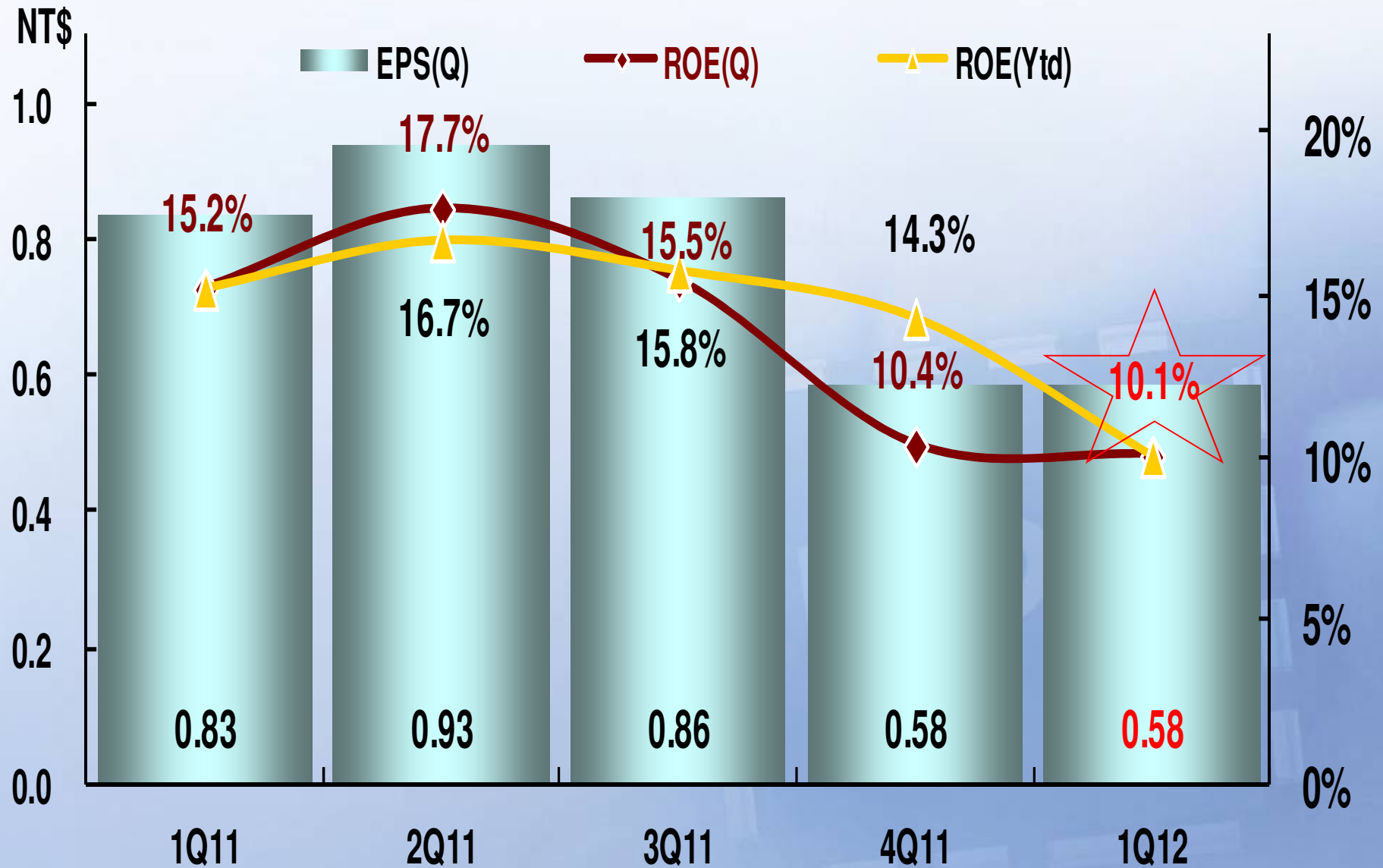
WPG Holdings Limited, an Electronics Distributor



Note : Annualized

# ROE vs. EPS

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Note : Annualized

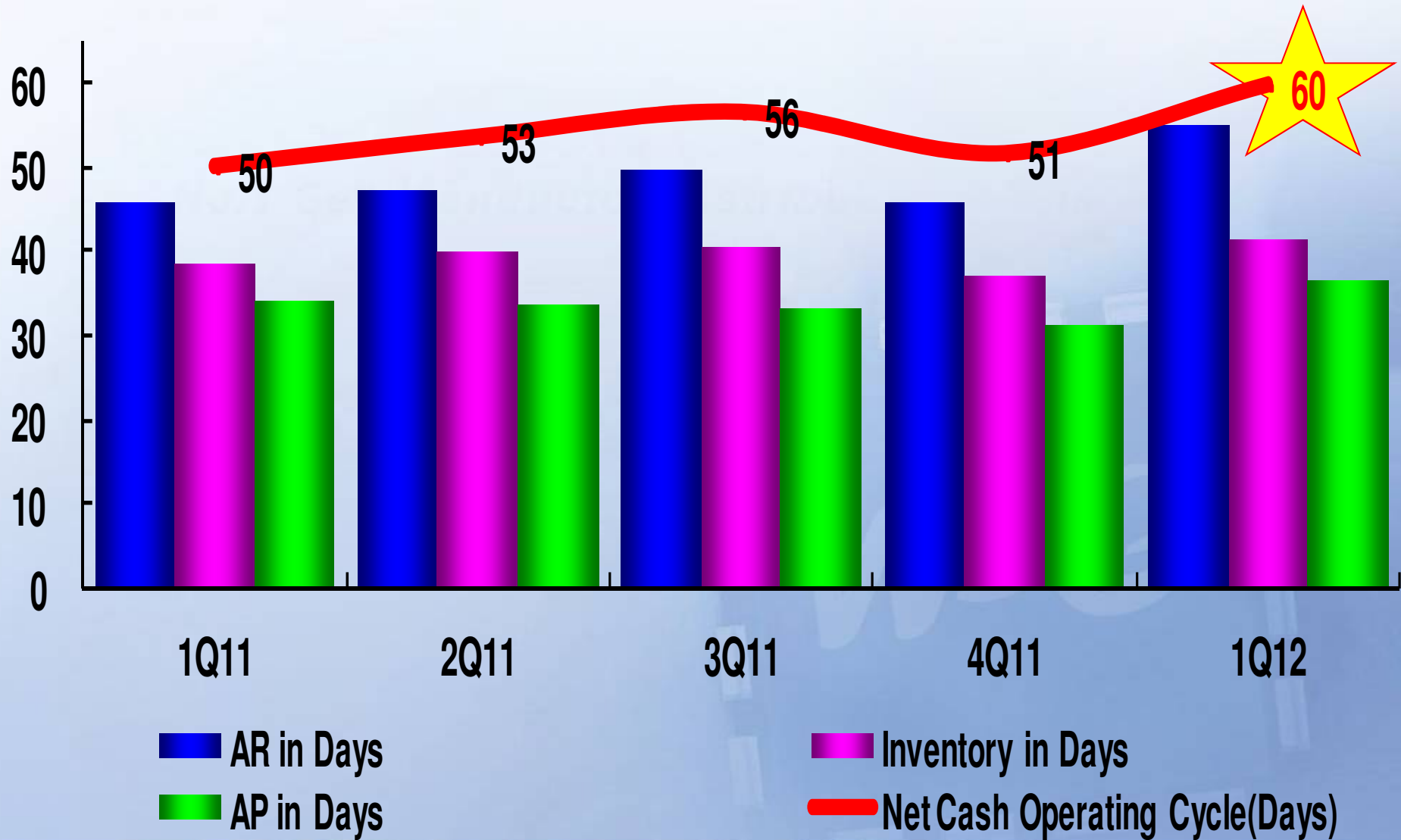
# Gross Margin vs. Operating Margin

■ Gross Profit   ■ Operating Income   ▲ Operating Margin   ◆ Gross Margin



# Operating Cash Cycle

WPG Holdings Limited  
Electronics Distributor



# 2Q12 Guidance

World's No.1 Electronics Distributor

Based on our current business outlook, management expects :

- Revenues to be between NT\$ **90** billion and NT\$ **94** billion at a forecast FX rate of 29.5 NT dollars to 1 US dollar averaged over 2Q12.
- Gross profit margin to be between **5.1%** and **5.3%**
- Operating profit margin to be between **1.6%** and **1.8%**

# Recap of Recent Major Events

## ■ 26 Solutions Launched in 1Q12 :



- ▶ 推出多連網模式 TV 機頂盒
- ▶ 推出多媒體播放器整體方案
- ▶ 推出多媒體盒主、被動組件最佳解決方案
- ▶ 力推於多媒體盒的應用方案
- ▶ 推出多媒體盒上的解決方案
- ▶ 力推多媒体播放器方案
- ▶ 推出 MID 解決方案
- ▶ 推出機頂盒方案
- ▶ 推出機上盒整體方案
- ▶ 推出高性價比高清有線數字電視機頂盒解決方案
- ▶ 推出 Set Top Box 主、被動解決方案
- ▶ 力推大眾化機上盒(iTV-Box)方案
- ▶ 推出業界最新的 DVB-T2 機上盒
- ▶ 力推高清数字机顶盒方案

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- ▶ 推出高度整合的單晶片無線接收器解決方案
- ▶ 推出節能型 IEEE 802.11n 無線區域網路路由器解決方案
- ▶ 推出無線接收器之主、被動元件解決方案
- ▶ 力推無線接收器方案
- ▶ 力推无线基站用高效 LDMOS 射頻功率晶体管
- ▶ 推出電源效率與高效能絕佳均衡之平台智慧型手機方案
- ▶ 力推智慧型手機方案
- ▶ 推出智慧手機單晶片解決方案
- ▶ 推出智慧型手機之主、被動組件最佳解決方案
- ▶ 力推應用於智能手機方案
- ▶ 力推於智能手機上的運用
- ▶ 力推 3G 平台在 Smart Phone 應用

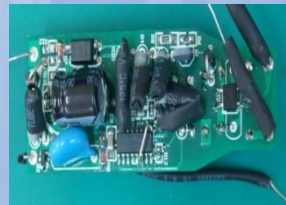
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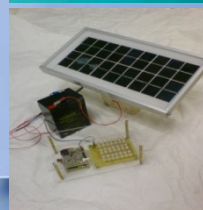
GPS Solution



GPS



LED Lighting with Dimming



Solar charging Beacon system



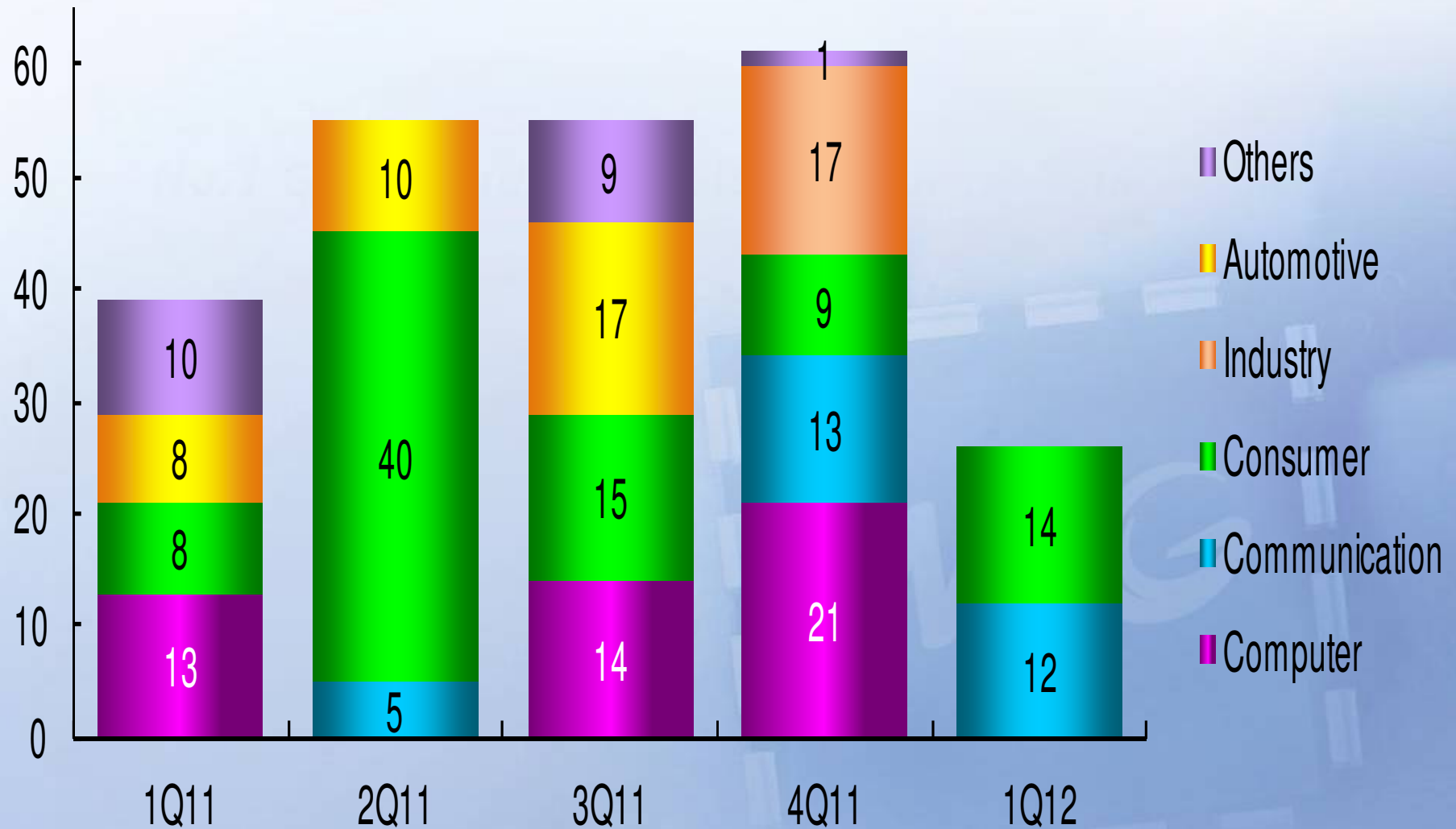
Car TV



Car-CD MP3 Solution



# More Solutions Launched ...



<http://www.WPGholdings.com/wpgtechonline.php>

# Recap of Recent Major Events

- Closing announcement of AECO acquisition (2012/3/1)
- WPI, subgroup of WPG, Proposes Long-Think business acquisition in Cash (2012/04/11)
- WPG Holdings ranked “2012 The Forbes Global 2000 List No.1944” by Forbes (2012/04/18)
- WPG Board of Directors Proposes NT\$2.6 Cash Dividend Per Share (2012/04/24)

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<http://www.WPGholdings.com>