

# **WPG Holdings Ltd. (3702.TT/3702.TW) 4Q12 Earning Release**

Feb. 1st, 2013

# Safe Harbor Notice

- **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

■ **Welcome**

■ **4Q12 Financial Highlights & 1Q13 Outlook**

**Cliff Yuan**

■ **Q&A**

**Simon Huang/  
Scott Lin/  
Cliff Yuan**

# Result Highlights

Unit:NT\$million

item	4Q12	4Q12 Guidance	3Q12	4Q11	QoQ(%)	YoY(%)
Net Sales	90,868	88~93B	98,340	82,107	(7.6)	10.7
Gross Margin	4.69%	4.95% ~ 5.15%	5.00%	5.08%	-31 bp	-39 bp
Operating Expenses	(2,890)		(3,057)	(2,859)	(5.5)	1.1
Operating Income	1,374		1,859	1,315	(26.1)	4.5
Operating Margin	1.51%	1.6% ~ 1.8%	1.89%	1.60%	-38 bp	-9 bp
Net Income	972		1,372	922	(29.2)	5.4
EPS (NT\$) <sub>(1)</sub>	0.59		0.84	0.58		
Net Book Value (NT\$) <sub>(1)</sub>	23.20					
<b>Total Assets</b>	<b>119,600</b>		<b>125,528</b>	<b>109,021</b>		
<b>Total Liabilities</b>	<b>81,371</b>		<b>87,919</b>	<b>71,208</b>		
<b>Total Equity</b>	<b>38,228</b>		<b>37,609</b>	<b>37,813</b>		
<b>Net Working Capital</b>	<b>59,848</b>		<b>60,811</b>	<b>52,647</b>		
<b>Free Cash Flow</b>	<b>3,526</b>		<b>(515)</b>	<b>8,562</b>		
<b>KEY Indices<sub>(2)</sub></b>						
ROWC	9.2%		12.2%	10.0%	-304 bp	-81 bp
NWC/Sales	0.16		0.15	0.16		
ROE	10.3%		14.7%	10.4%	-437 bp	-7 bp
Gearing	0.83		0.93	0.67		

(1).Weighted average shares outstanding

(2).Annualized

Asia's No.1 Electronics Distributor

Winning Partner Grouping

 WPG Holdings Limited

# Income Statements

Unit:NT\$million

Item	4Q12	3Q12	QoQ(%)	4Q11	YoY(%)
Net operating Revenue	90,868	98,340	(7.6)	82,107	10.7
COGS	(86,604)	(93,424)	(7.3)	(77,933)	11.1
Gross Profit	4,264	4,916	(13.3)	4,174	2.2
Gross Margin	4.69%	5.00%		5.08%	
Operating Expenses	(2,890)	(3,057)	(5.5)	(2,859)	1.1
Operating Income	1,374	1,859	(26.1)	1,315	4.5
Operating Margin	1.51%	1.89%		1.60%	
Net Non-operating Items	(159)	(220)	(27.7)	(114)	39.1
Net Financing costs	(191)	(188)	2.0	(213)	(10.2)
Others	32	(33)		99	
Profit Before Tax/Minority	1,215	1,639	(25.9)	1,201	1.2
Tax	(243)	(265)	(8.4)	(285)	(14.8)
Minority/Accounting Principle Change	(0)	(2)		6	
Profit After Tax/Minority	972	1,372	(29.2)	922	5.4
Net Margin	1.07%	1.40%		1.12%	
EPS (NTD) <sub>(1)</sub>	0.59	0.84		0.58	
Tax %	20%	16%		24%	

(1).Weighted average shares outstanding

# Balance Sheet

Unit:NT\$million

item	4Q12		3Q12		4Q11	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	8,997	8	8,528	7	7,921	7
Accounts Receivable - Trade	60,003	50	60,972	49	47,166	43
Inventory	32,391	27	36,723	29	34,032	31
Current Assets	106,442	89	112,439	90	97,956	90
Others	13,158	11	13,089	10	11,066	10
<b>Total Assets</b>	<b>119,600</b>	<b>100</b>	<b>125,528</b>	<b>100</b>	<b>109,021</b>	<b>100</b>
Current Interest-bearing Debt	35,774	30	40,526	32	31,940	29
Accounts Payable	32,546	27	36,885	29	28,551	26
Accrued Liabilities and Others	5,929	5	5,417	4	6,188	6
Current Liabilities	74,248	62	82,828	66	66,680	61
Long-term Interest-bearing Debt	6,540	5	4,513	4	3,978	4
Others	583	0	578	0	551	1
<b>Total Liabilities</b>	<b>81,371</b>	<b>68</b>	<b>87,919</b>	<b>70</b>	<b>71,208</b>	<b>65</b>
<b>Total Equity</b>	<b>38,228</b>	<b>32</b>	<b>37,609</b>	<b>30</b>	<b>37,813</b>	<b>35</b>
<b>KEY Indices<sub>(1)</sub></b>						
Net Working Capital (\$)	59,848		60,811		52,647	
AR Turnover (Days)	61		54		56	
Inventory Turnover (Days)	36		37		43	
AP Turnover (Days)	37		36		36	
Average Collection Periods (Days)	61		56		64	
Current Ratio	143%		136%		147%	
Gearing Ratio	0.83		0.93		0.67	

(1).Annualized

# Cash Flows

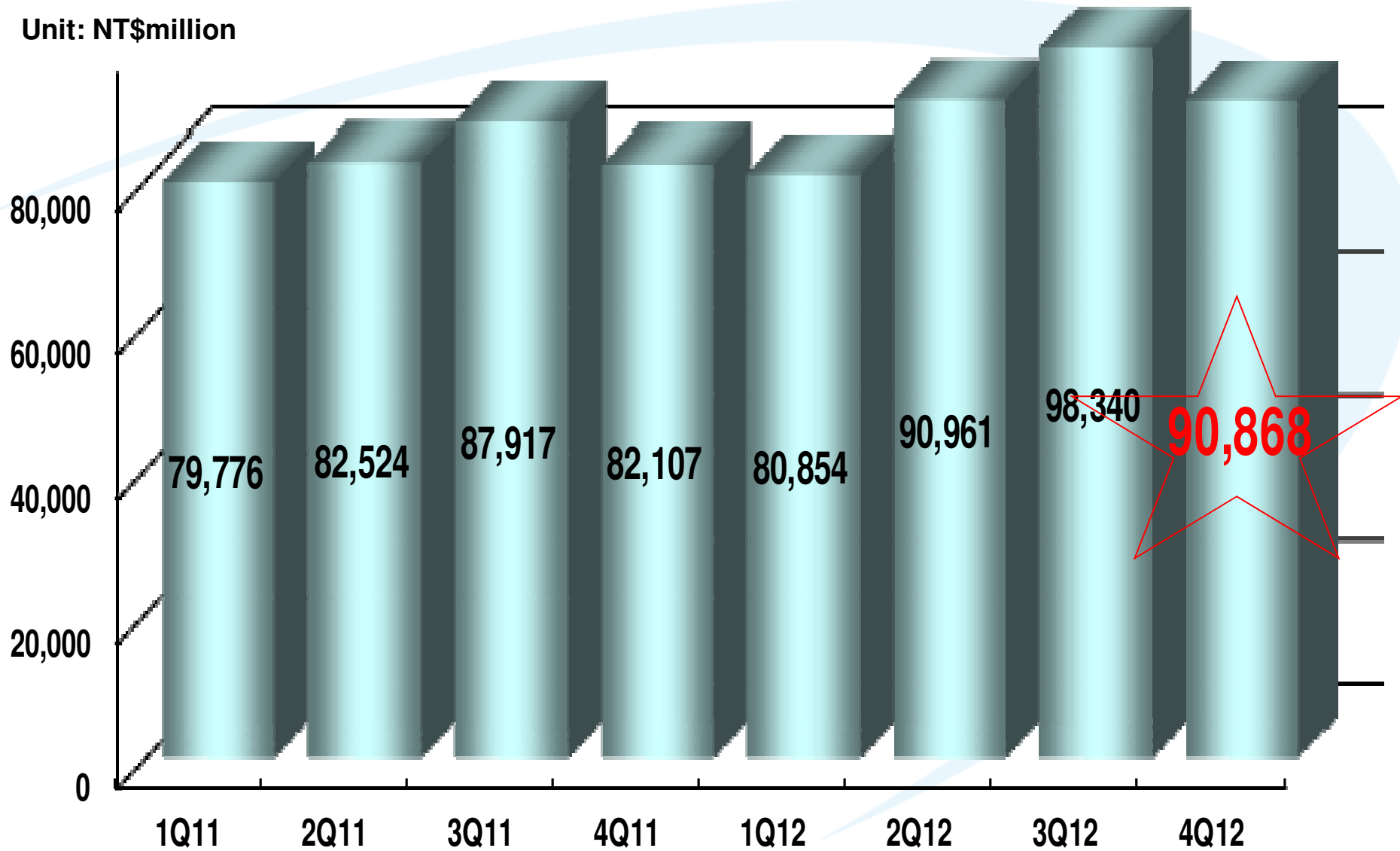
Unit:NT\$million

item	4Q12	3Q12	4Q11
-Net Income <sub>(1)</sub>	972	1,374	916
-Changes of NWC	867	(1,880)	8,136
-Adjustment & Others	1,686	(9)	(490)
<b>From Operation</b>	<b>3,526</b>	<b>(515)</b>	<b>8,562</b>
-Financial Instrument	81	436	676
-Capital Expenditure	1	(494)	(178)
-Others	(5)	(318)	(148)
<b>From Investment</b>	<b>77</b>	<b>(376)</b>	<b>349</b>
-Financial Debt	(2,774)	6,228	(8,700)
-Cash Dividends	-	(4,305)	-
-Others	(2)	(1)	(68)
<b>From Financing</b>	<b>(2,775)</b>	<b>1,921</b>	<b>(8,769)</b>
<b>Cumulative translation adjustments</b>	<b>(355)</b>	<b>(703)</b>	<b>78</b>
<b>Net Cash Position Change</b>	<b>472</b>	<b>328</b>	<b>220</b>
<b>Ending Cash Balance</b>	<b>8,948</b>	<b>8,476</b>	<b>7,786</b>

(1).Minority interest is included.

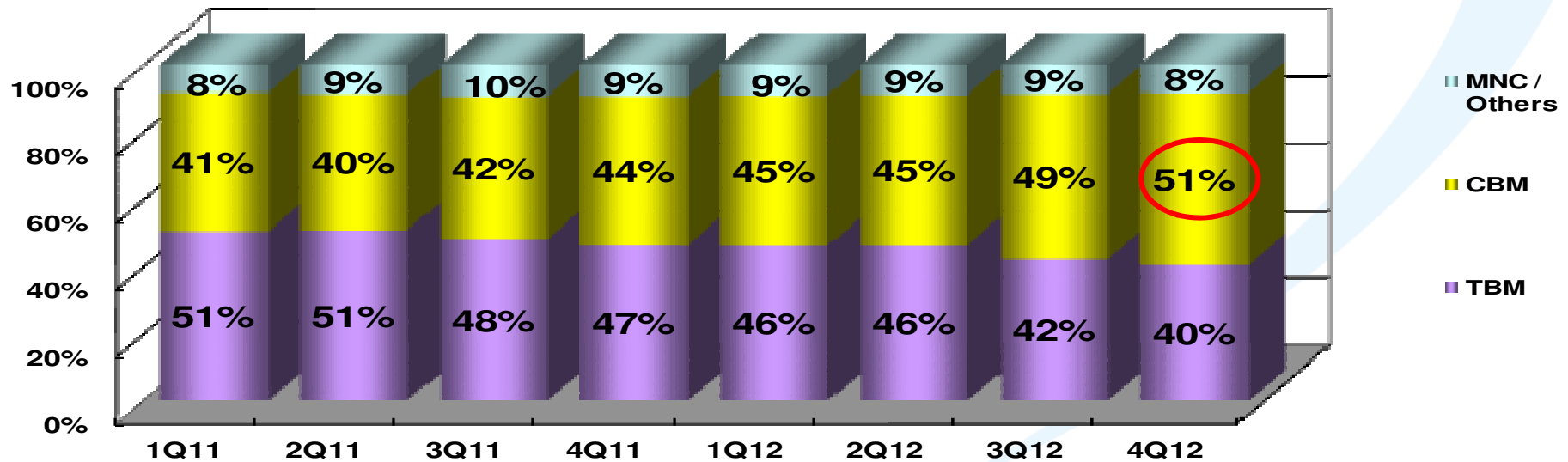
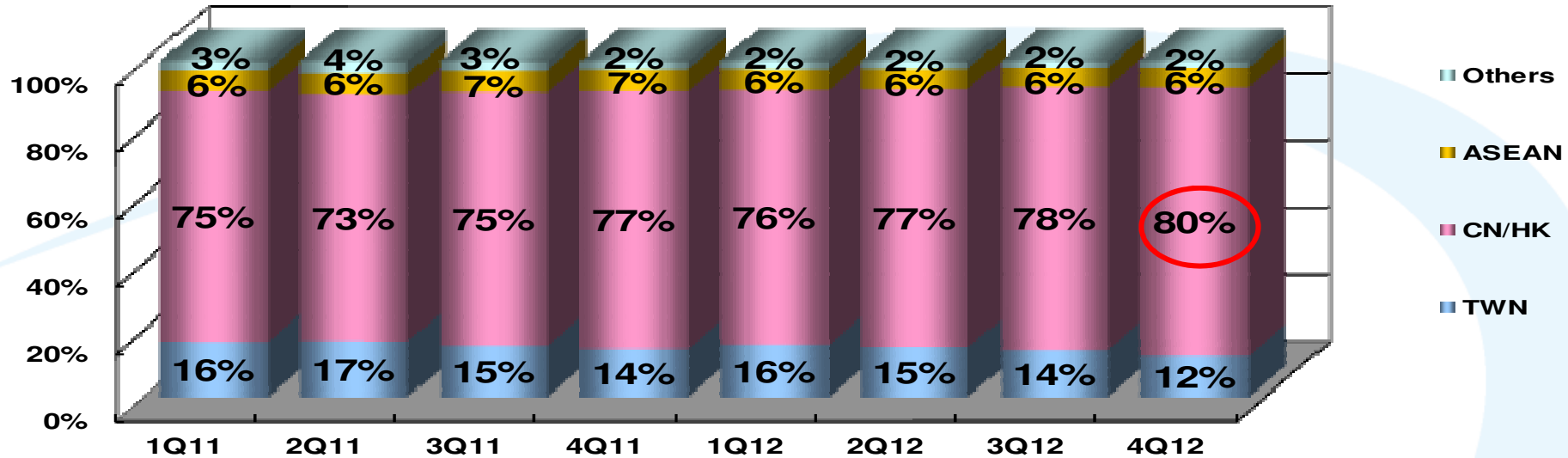
# Consolidated Revenue

Unit: NT\$million





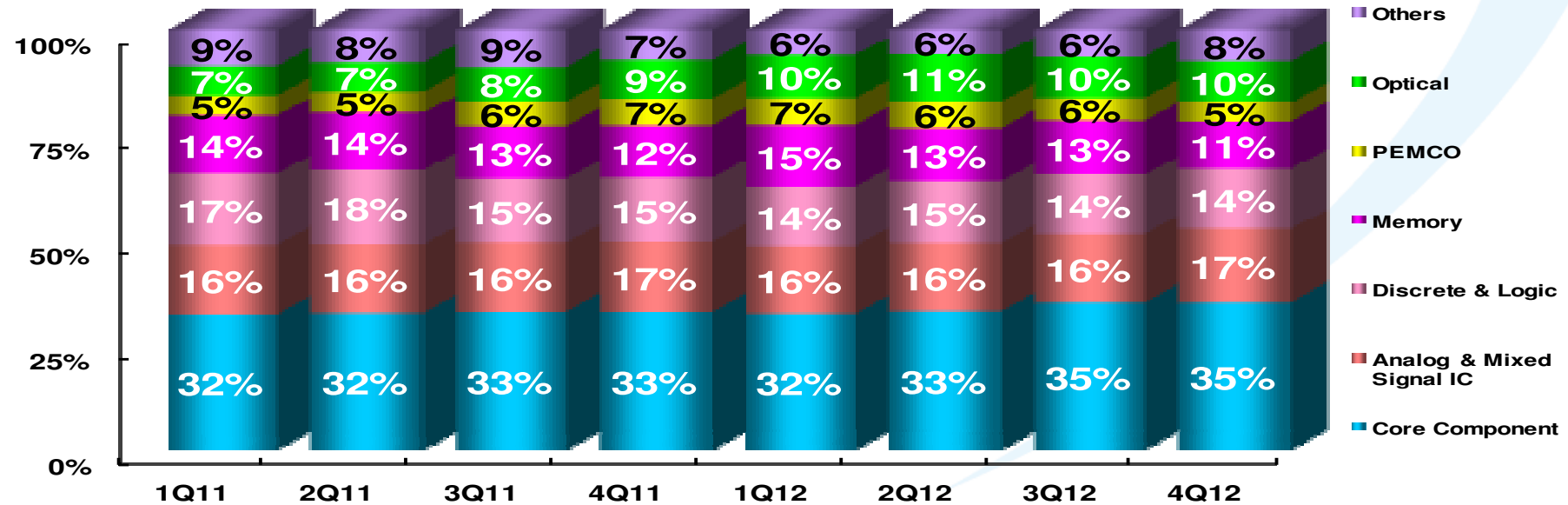
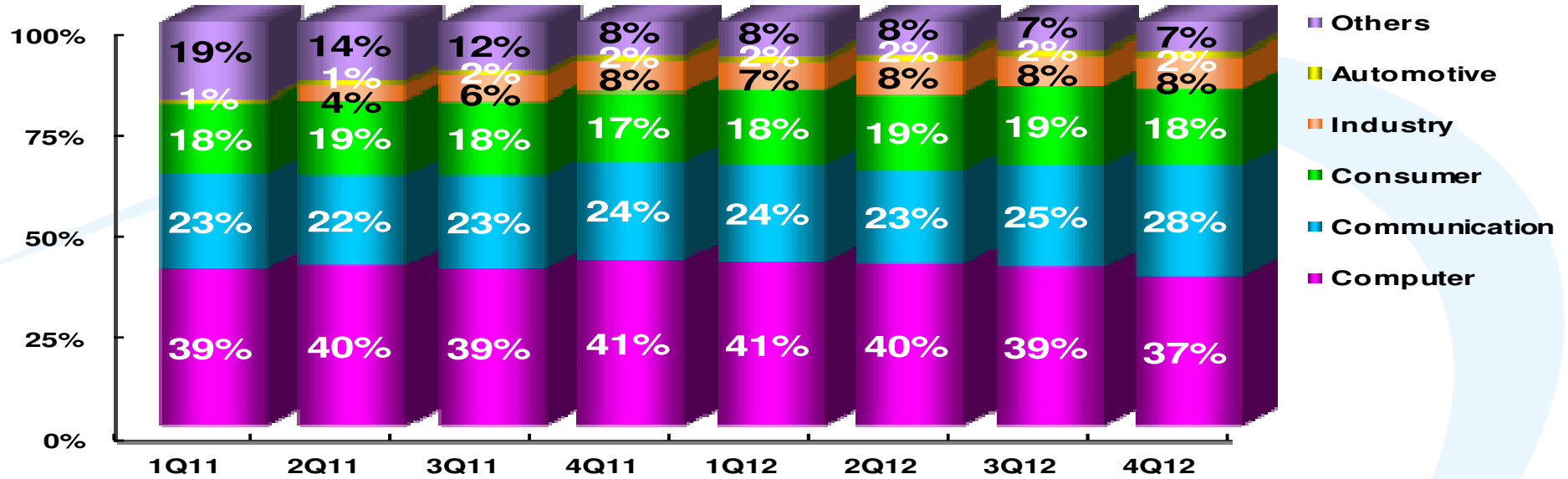
# Sales breakdown by Geography/ Customer



TBM : Taiwan-Based Customers

CBM : China Based Customers

# Sales breakdown by Application/ Device Type

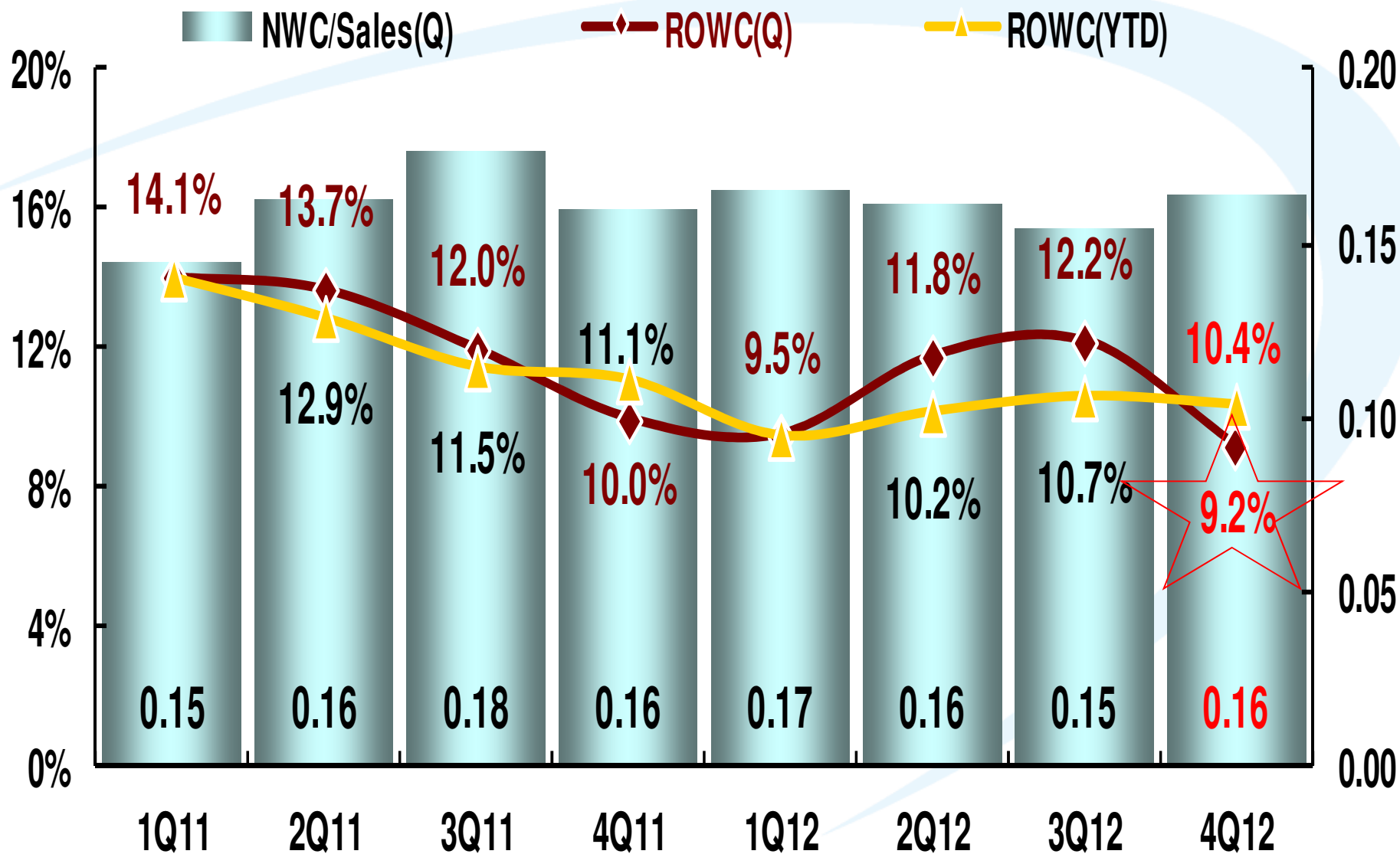


Note : Industrial included after 2Q11  
Asia's No.1 Electronics Distributor

Winning Partner Grouping

 WPG Holdings Limited

# ROWC vs. NWC/Sales



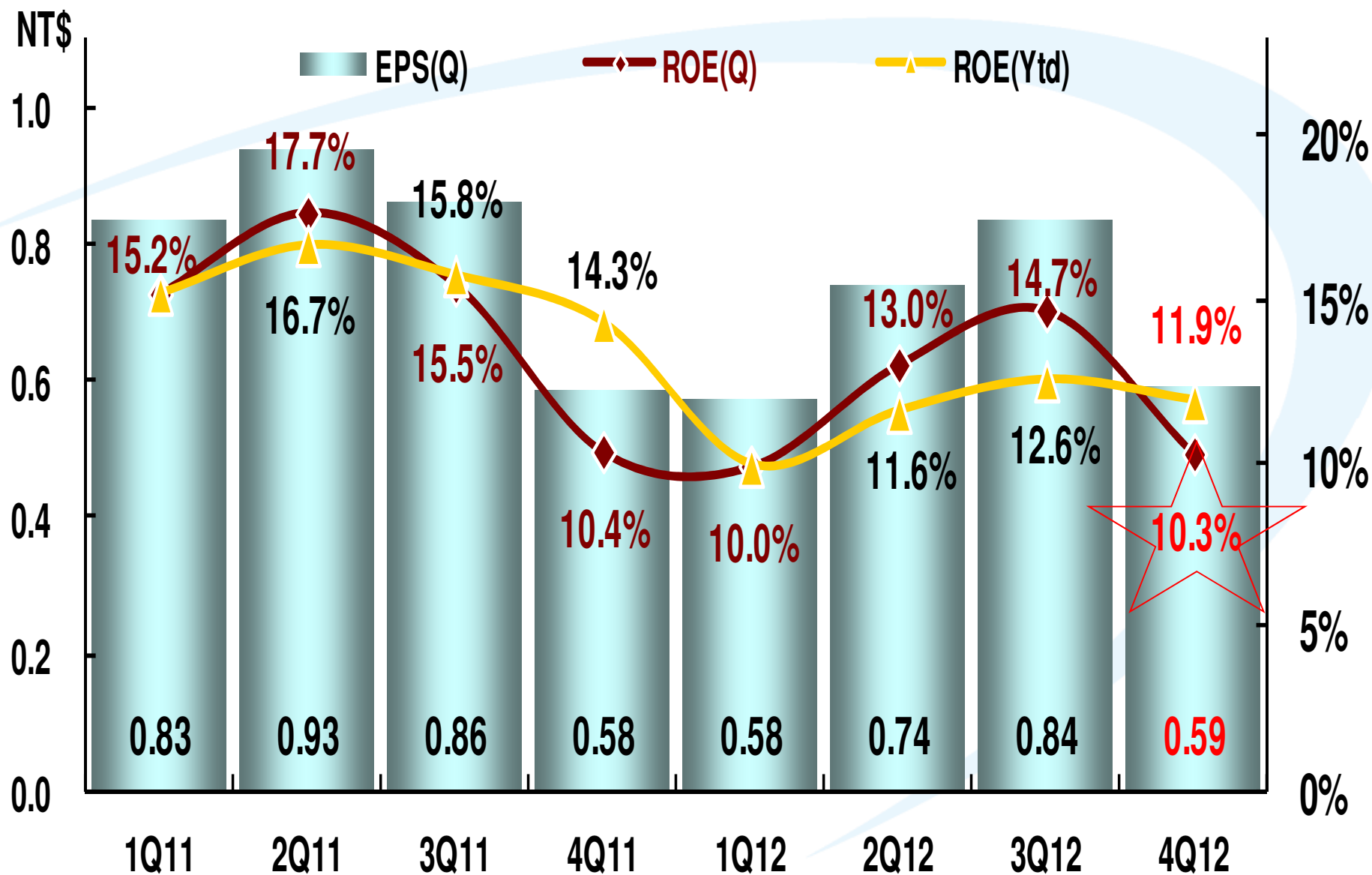
Note : Annualized  
Asia's No.1 Electronics Distributor

Winning Partner Grouping



WPG Holdings Limited

# ROE vs. EPS



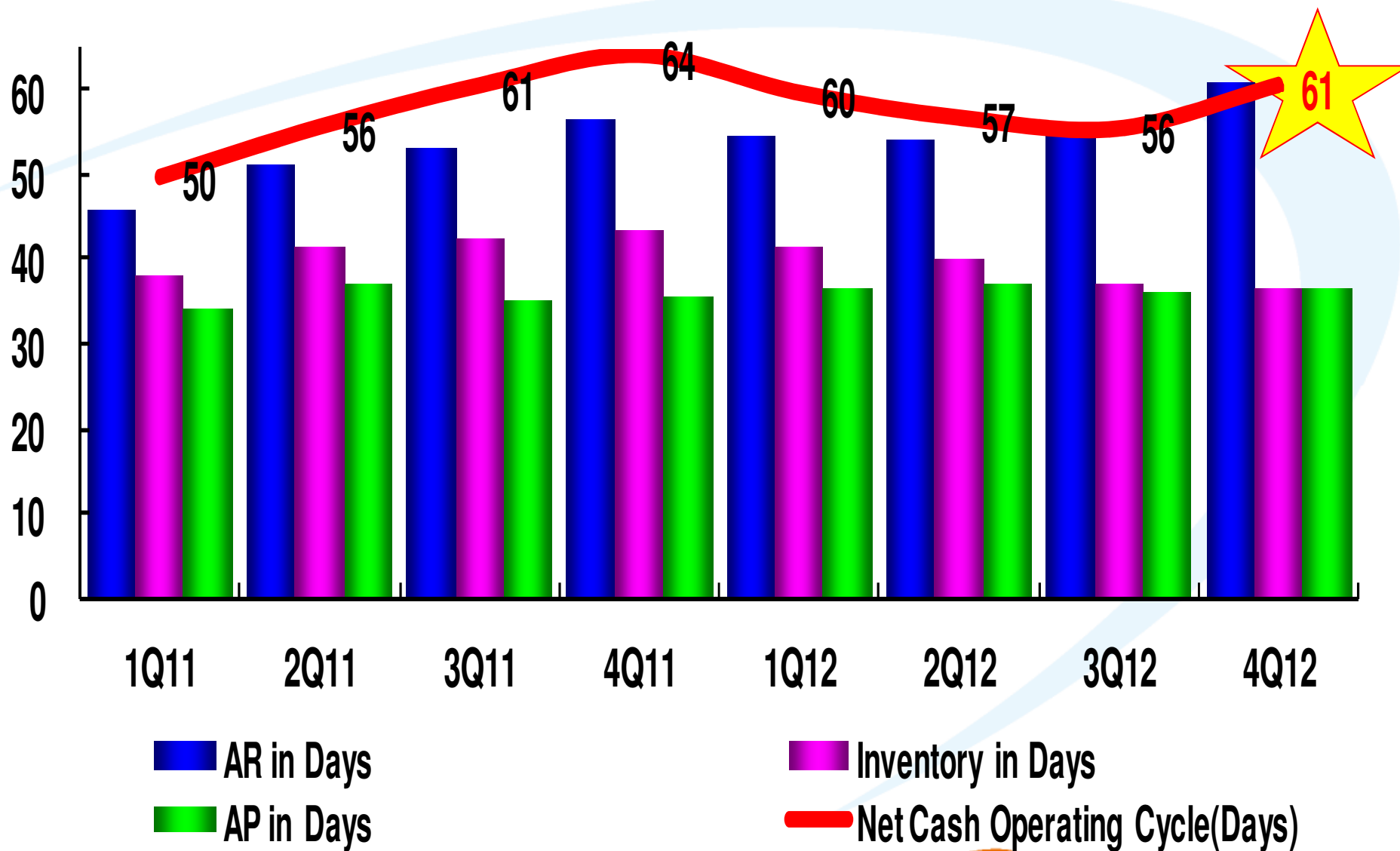
Note : Annualized  
Asia's No.1 Electronics Distributor

Winning Partner Grouping



WPG Holdings Limited

# Operating Cash Cycle



# 1Q13 Guidance

Based on our current business outlook, management expects :

- Revenues to be between NT\$ **82** billion and NT\$ **87** billion at a forecast FX rate of 29.1 NT dollars to 1 US dollar averaged over 1Q13.
- Gross profit margin to be between **4.7%** and **4.9%**
- Operating profit margin to be between **1.3%** and **1.5%**

# Recap of Recent Major Events

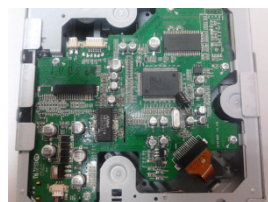
## ■ 49 Solutions Launched in 4Q12 :



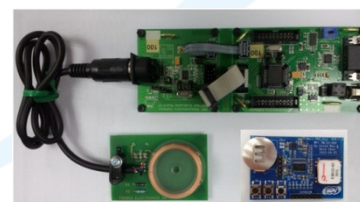
- ▶ 力推電源管理完整解決方案 2012-12-26
- ▶ 推出低壓直流無刷風扇專用電源方案 2012-12-26
- ▶ 推出數位電源配置 2012-12-26
- ▶ 推出電源轉換器方案 2012-12-26
- ▶ 推出電源解決方案 2012-12-26
- ▶ 力推高功率密度电源方案 准谐振·高效率·集成高压 CoolMOS 2012-12-26
- ▶ 推出安全監控整合解決方案 2012-12-12
- ▶ 力推產品應用於安全監控的完整方案 2012-12-12
- ▶ 推出影音壓縮晶片,為保持無線影像傳輸流暢度的最佳首選 2012-12-12
- ▶ 提出高效能安全監控系統解決方案 2012-12-12
- ▶ 安全監控解決方案 2012-12-12
- ▶ 推出安全監控方案 實現高畫質高感光效果 2012-12-12
- ▶ 推出马达控制解解決方案 2012-12-12
- ▶ 力推电动自行车锂电池 BMS+BLDC 马达控制器完整的解決方案 2012-12-12
- ▶ 推出三相直流无刷电机控制方案 2012-12-12
- ▶ 推出高集成·高效率无刷直流电机驱动方案 2012-12-12
- ▶ 力推无传感器无刷直流电机驱动方案有助于节约成本·提升效率·便于装 2012-12-12



- ▶ 推出應用於車用影音系統專題 2012-11-28
- ▶ 推出車用影音娛樂系統主、被動整合解決方案 2012-11-28
- ▶ 力推產品適用車用影音娛樂系統之完整解決方案 2012-11-28
- ▶ 推出車用影音娛樂系統 (Automotive Infotainment) 解決方案 2012-11-28
- ▶ 推出車載資訊娛樂主機解決方案 2012-11-28
- ▶ 推出車載資訊娛樂系統整體解決方案 2012-11-28
- ▶ 推出低成本、高性能的导航、多媒体及连接解決方案 2012-11-28
- ▶ 推出智能无钥匙进入方案 2012-10-31
- ▶ 力推汽车无钥匙进入 RKE 方案 2012-10-31
- ▶ 推出应用于免钥匙感应门锁系统解決方案 2012-10-31
- ▶ 推出远程遥控门锁解決方案 2012-10-31
- ▶ 力推 ISM 频段无钥匙进入 (RKE) 解決方案 2012-10-31
- ▶ 推出无钥匙进入 RKE 方案 2012-10-31



**Car PCBA Solution**



**Car RKE Solution**

# Recap of Recent Major Events

## ■ 49 Solutions Launched in 4Q12 :



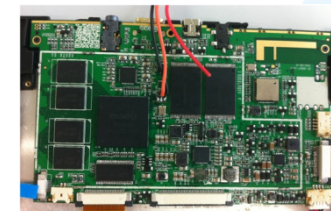
- ▶ 推出先進網路儲存伺服器方案 2012-10-31
- ▶ 推出雲端運算散熱解決方案 2012-10-31
- ▶ 推出低抖動 MEMS 振盪器推動雲端計算和儲存伺服器可靠性提升的解決方案 2012-10-31
- ▶ 力推達到雲端運算大量資料傳輸的需求 2012-10-31
- ▶ 推出代理產品高速介面上的應用與控制 IC 應用等針對 Data Center 解決方案 2012-10-31
- ▶ 推出產品線平板電腦解決方案 2012-10-17
- ▶ 推出多重選擇電容式觸控式螢幕平板電腦解決方案 2012-10-17
- ▶ 力推靜電保護元件 & GPS 低雜訊放大電晶體方案於平板電腦之應用 2012-10-17
- ▶ 推出 Tablet PC solution 解決方案 2012-10-17
- ▶ 推出平板電腦 ANT、Audio、EMI、ESD、LED、OSC、Power IC、USB 等等整合解決方案 2012-10-17
- ▶ 力推系列產品，適用 Tablet(Pad) 內嵌式記憶體 2012-10-17
- ▶ 力推解決方案高性价比 cortex A5，低功耗 MID 产品 2012-10-17
- ▶ 力推智能近程传感器 可用于行动与平板 PC 应用中的短距人体检测 2012-10-17



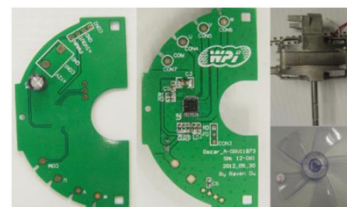
- ▶ 推出支援智慧型手機與平板電腦的 4 合 1 WiFi 無線模組 2012-11-14
- ▶ 推出第四代通訊手機方案 2012-11-14
- ▶ 推出第四代通訊手機之 ANT、Audio、ESD、EMI、Fuse、LED、Power 等等整合解決方案 2012-11-14
- ▶ 力推產品應用於 Smart Phone 的最佳方案 2012-11-14
- ▶ 推出產品線之第四代通訊手機方案 2012-11-14
- ▶ 推出 3G 智慧手機方案 2012-11-14



**Surveillance Solution**



**Tablet PC Solution**



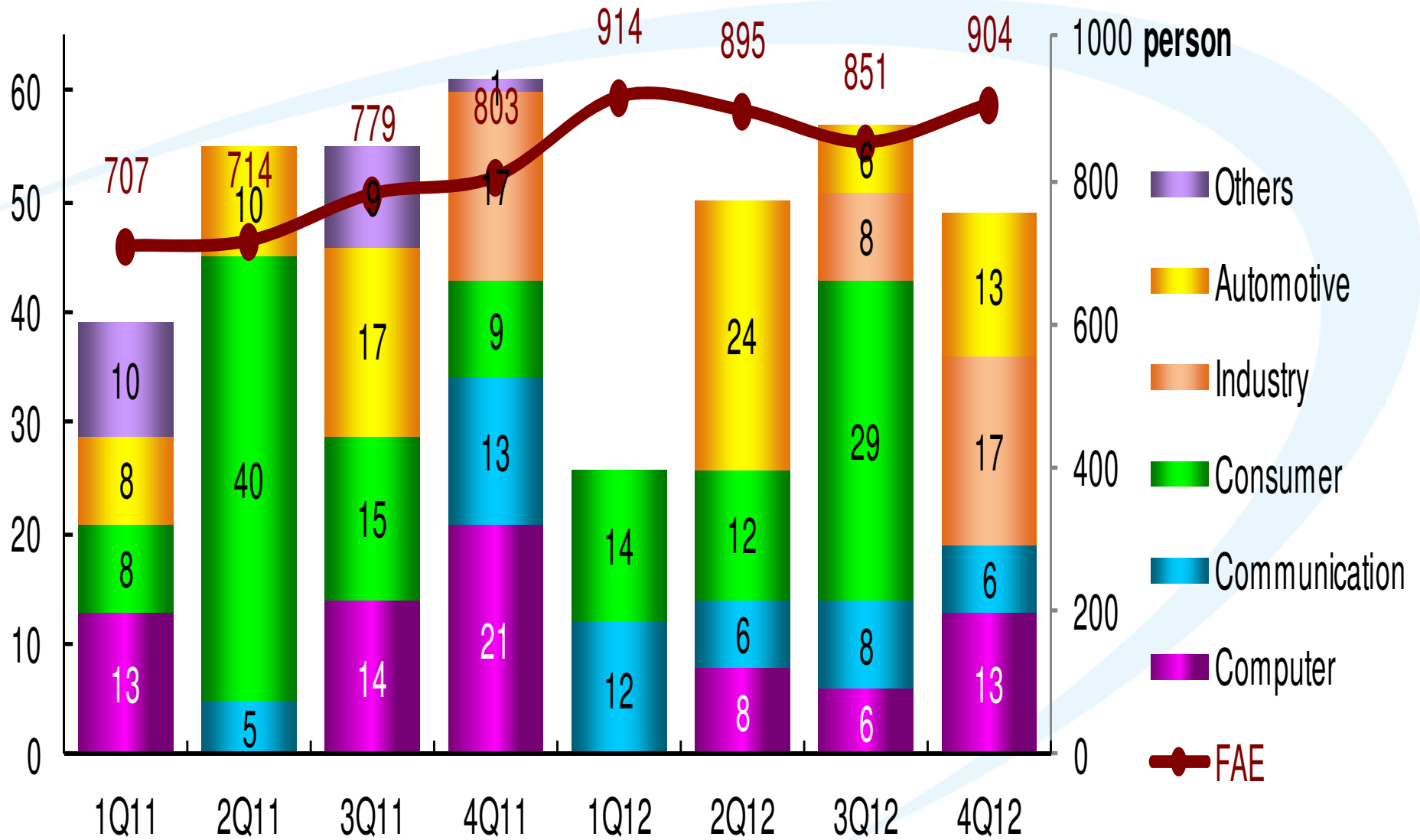
**BLDCM Solution**



**Touch Screen IC Solution**



# More Solutions Launched ...



**<http://www.WPGholdings.com>  
IR@WPGholdings.com**

# Income Statements

Unit:NT\$million

Item	2012	2011	YoY(%)
Net operating Revenue	361,022	332,323	8.6
COGS	(342,898)	(314,294)	9.1
Gross Profit	18,124	18,029	0.5
Gross Margin	5.02%	5.43%	
Operating Expenses	(11,890)	(11,367)	4.6
Operating Income	6,234	6,662	(6.4)
Operating Margin	1.73%	2.00%	
Net Non-operating Items	(623)	(395)	57.7
Net Financing costs	(743)	(633)	17.5
Others	120	238	(49.3)
Profit Before Tax/Minority	5,611	6,267	(10.5)
Tax	(1,128)	(1,183)	(4.6)
Minority/Accounting Principle Change	8	(4)	
Profit After Tax/Minority	4,490	5,080	(11.6)
Net Margin	1.24%	1.53%	
EPS (NTD) <sub>(1)</sub>	2.73	3.20	
Tax%	20%	19%	

(1).Weighted average shares outstanding

# Cash Flows

Unit:NT\$million

item	2012	2011
-Net Income <sub>(1)</sub>	4,482	5,084
-Changes of NWC	(6,657)	(11,802)
-Adjustment & Others	2,442	440
<b>From Operation</b>	<b>268</b>	<b>(6,278)</b>
-Financial Instrument	1,054	2,263
-Capital Expenditure	(1,831)	(283)
-Others	(106)	(564)
<b>From Investment</b>	<b>(883)</b>	<b>1,417</b>
-Financial Debt	7,676	6,695
-Cash Dividends	(4,305)	(3,051)
-Others	(8)	(121)
<b>From Financing</b>	<b>3,363</b>	<b>3,523</b>
<b>Effect on changes of consolidated subsidiaries</b>	<b>(110)</b>	<b>328</b>
<b>Cumulative translation adjustments</b>	<b>(1,476)</b>	<b>1,223</b>
<b>Net Cash Position Change</b>	<b>1,162</b>	<b>213</b>
<b>Ending Cash Balance</b>	<b>8,948</b>	<b>7,786</b>

(1).Minority interest is included.