

WPG Holdings Ltd. (3702.TT/3702.TW) 3Q14 Earning Release

Oct. 31th, 2014

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, beginning on January 1, 2013, any financial information contained here within is presented in conformity with TIFRS (International Financial Reporting Standards as endorsed for use in R.O.C.). We have historically presented our consolidated financial statements in accordance with ROC GAAP, including our consolidated financial statements for the year ended December 31, 2012. Consequently, the selected comparison financial information to be included in our quarterly earning releases in 2013 may differ materially from those released historically.
- 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

Kathryn Chen

■ 3Q14 Financial Highlights & 4Q14 Outlook

Cliff Yuan

■ Q&A

Simon Huang/
Scott Lin/
Cliff Yuan

Result Highlights

Unit:NT\$million

item	3Q14	3Q14 Guidance	2Q14	3Q13	QoQ(%)	YoY(%)
Net Sales	119,349	118 ~ 123B	113,706	107,757	5.0	10.8
Gross Margin	4.45%	4.4% ~ 4.7%	4.67%	4.65%	-22 bp	-20 bp
Operating Expenses	(3,214)		(3,151)	(3,229)	2.0	(0.5)
Operating Income	2,099		2,155	1,779	(2.6)	18.0
Operating Margin	1.76%	1.75% ~ 1.95%	1.90%	1.65%	-14 bp	+11 bp
Net Income	1,555		1,511	1,334	2.9	16.6
EPS (NT\$) ₍₁₎	0.94		0.91	0.81		
Net Book Value (NT\$) ₍₁₎	25.15					
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Total Assets	158,122		144,557	137,454		
Total Liabilities	116,418		105,530	98,872		
Total Equity	41,703		39,028	38,581		
Net Working Capital	81,585		74,948	68,740		
<hr/>						
Free Cash Flow	(3,677)		(1,980)	(1,658)		
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KEY Indices ₍₂₎						
ROWC	10.3%		11.5%	10.3%	-121 bp	-6 bp
NWC/Sales	0.17		0.16	0.16		
ROE	15.3%		15.3%	13.9%	-7 bp	+132 bp
Gearing	1.23		1.14	1.11		

(1).Weighted average shares outstanding

(2).Annualized

Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution



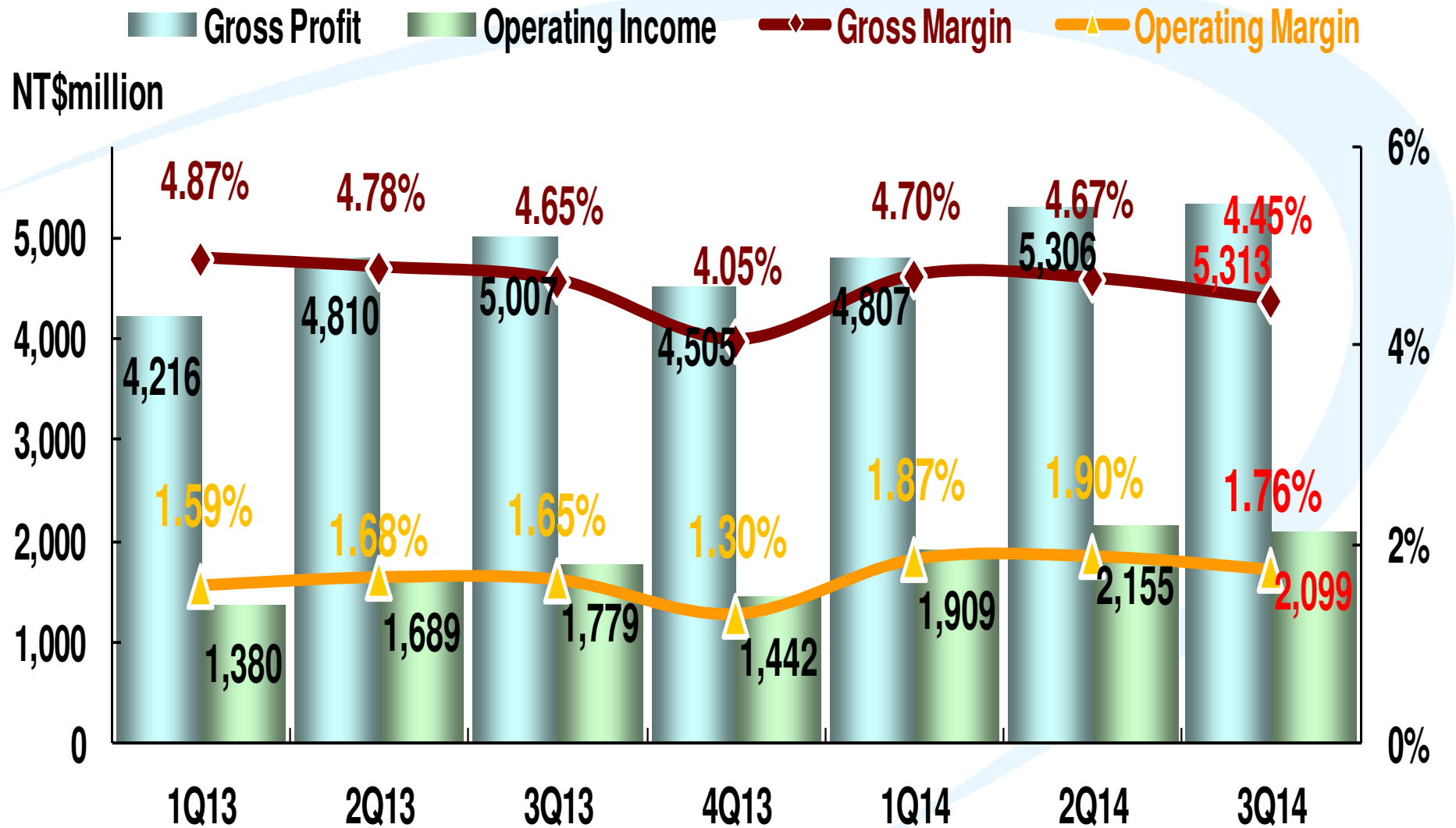
Statements of Comprehensive Income

Unit:NT\$million

Item	3Q14	2Q14	QoQ(%)	3Q13	YoY(%)
Net operating Revenue	119,349	113,706	5.0	107,757	10.8
COGS	(114,036)	(108,400)	5.2	(102,749)	11.0
Gross Profit	5,313	5,306	0.1	5,007	6.1
Gross Margin	4.45%	4.67%		4.65%	
Operating Expenses	(3,214)	(3,151)	2.0	(3,229)	(0.5)
Operating Income	2,099	2,155	(2.6)	1,779	18.0
Operating Margin	1.76%	1.90%		1.65%	
Net Non-operating Items	(237)	(275)	(13.8)	(178)	33.6
Net Financing costs	(299)	(290)	3.0	(232)	28.6
Others	62	15		55	
Profit Before Tax/Minority	1,862	1,880	(1.0)	1,601	16.3
Tax	(299)	(368)	(18.7)	(266)	12.2
Minority/Accounting Principle	(8)	(2)		(1)	
Profit After Tax/Minority	1,555	1,511	2.9	1,334	16.6
Net Margin	1.30%	1.33%		1.24%	
EPS (NT\$) ₍₁₎	0.94	0.91		0.81	
Tax %	16%	20%		17%	

(1).Weighted average shares outstanding

Gross Margin vs. Operating Margin



Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

Balance Sheet

Unit:NT\$million

item	3Q14		2Q14		3Q13	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	10,603	7	9,672	7	8,324	6
Accounts Receivable - Trade	80,309	51	73,232	51	69,348	50
Inventory	47,723	30	42,146	29	40,194	29
Current Assets	144,442	91	130,278	90	122,979	89
Others	13,679	9	14,280	10	14,475	11
Total Assets	158,122	100	144,557	100	137,454	100
Current Interest-bearing Debt	49,366	31	50,463	35	48,221	35
Accounts Payable	46,446	29	40,430	28	40,802	30
Accrued Liabilities and Others	6,907	4	9,675	7	5,247	4
Current Liabilities	102,719	65	100,567	70	94,270	69
Long-term Interest-bearing Debt	12,940	8	4,032	3	3,729	3
Others	759	0	930	1	873	1
Total Liabilities	116,418	74	105,530	73	98,872	72
Total Equity	41,703	26	39,028	27	38,581	28

KEY Indices⁽¹⁾

Net Working Capital (NT\$million)	81,585	74,948	68,740
AR Turnover Days	59	58	57
Inventory Turnover Days	36	35	35
AP Turnover Days	35	34	35
Average Collection Periods Days	60	59	57
Current Ratio	141%	130%	130%
Gearing	1.23	1.14	1.11

(1).Annualized

Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

Cash Flows

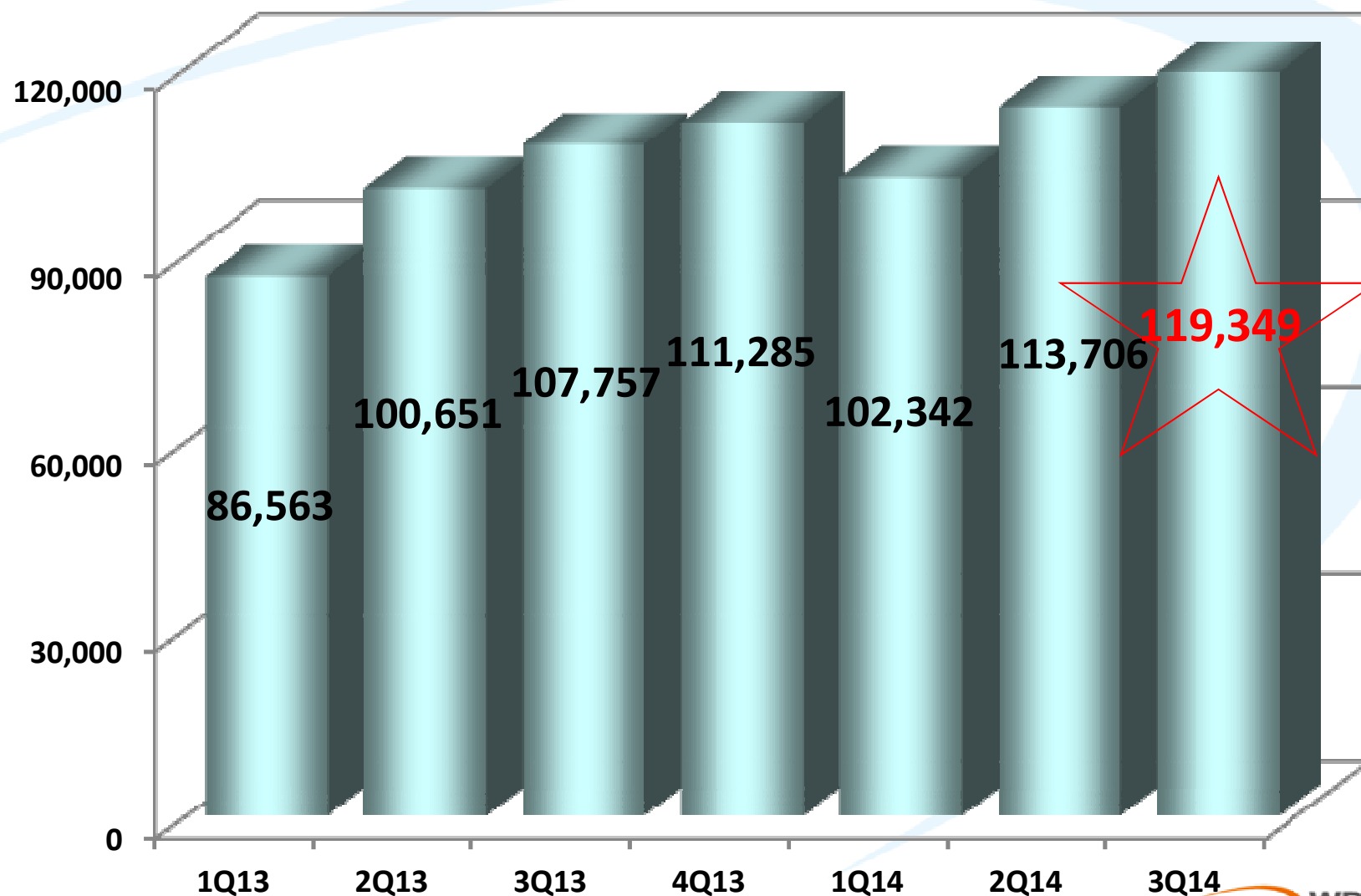
Unit:NT\$million

item	3Q14	2Q14	3Q13
-Income before Income Tax	1,862	1,880	1,601
-Changes of NWC	(6,885)	(3,800)	(2,549)
-Adjustment & Others	1,347	(59)	(710)
From Operation	(3,677)	(1,980)	(1,658)
-Financial Instrument	(167)	581	(25)
-Capital Expenditure	(49)	(14)	(139)
-Others	(56)	99	(96)
From Investment	(272)	666	(260)
-Financial Debt	7,811	1,751	6,316
-Cash Dividends	(3,808)	-	(3,974)
-Others	(79)	77	(12)
From Financing	3,924	1,828	2,330
Cumulative translation adjustments	969	(948)	(529)
Net Cash Position Change	944	(434)	(117)
Ending Cash Balance	10,589	9,645	8,310

Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

Consolidated Revenue

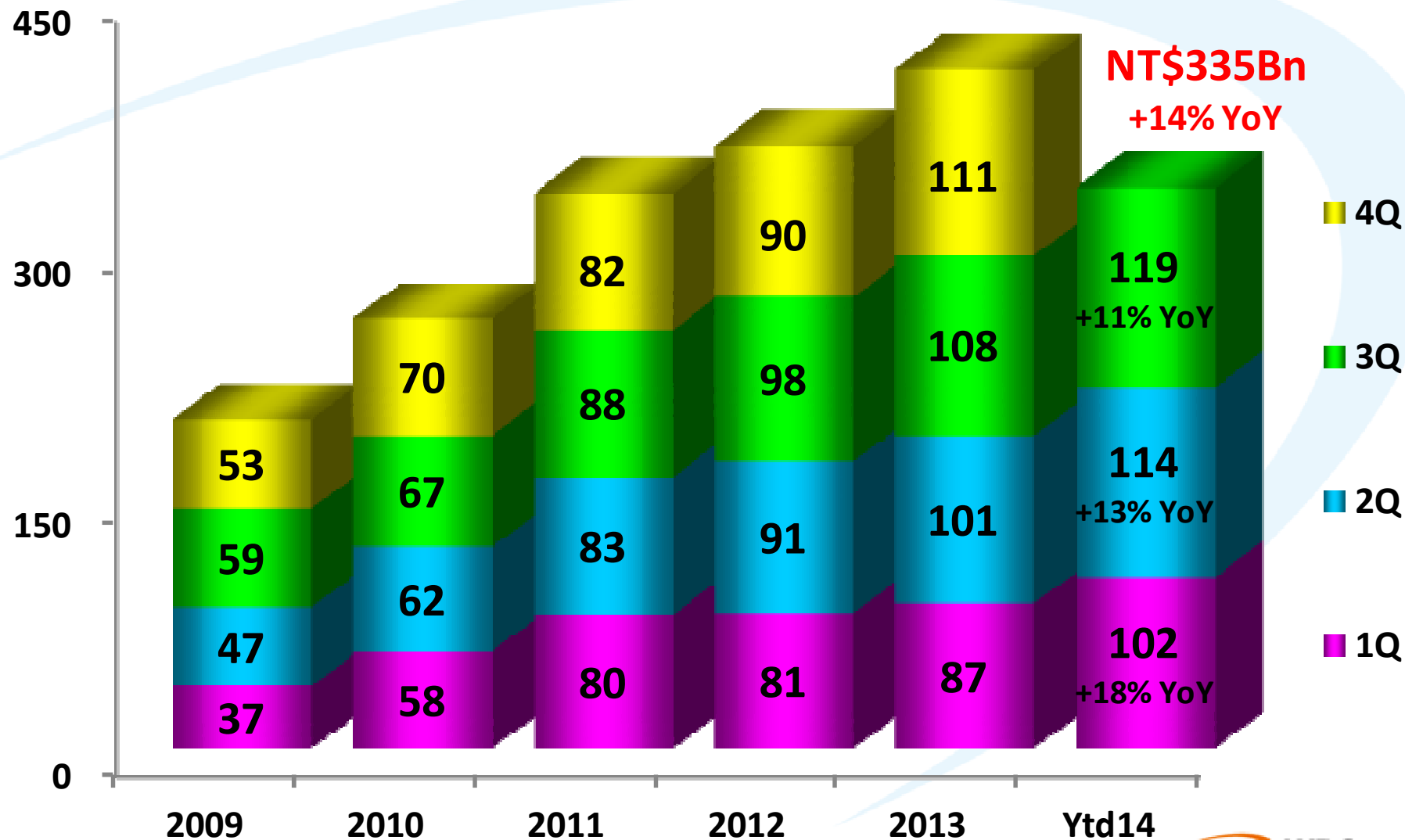
Unit: NT\$million



Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

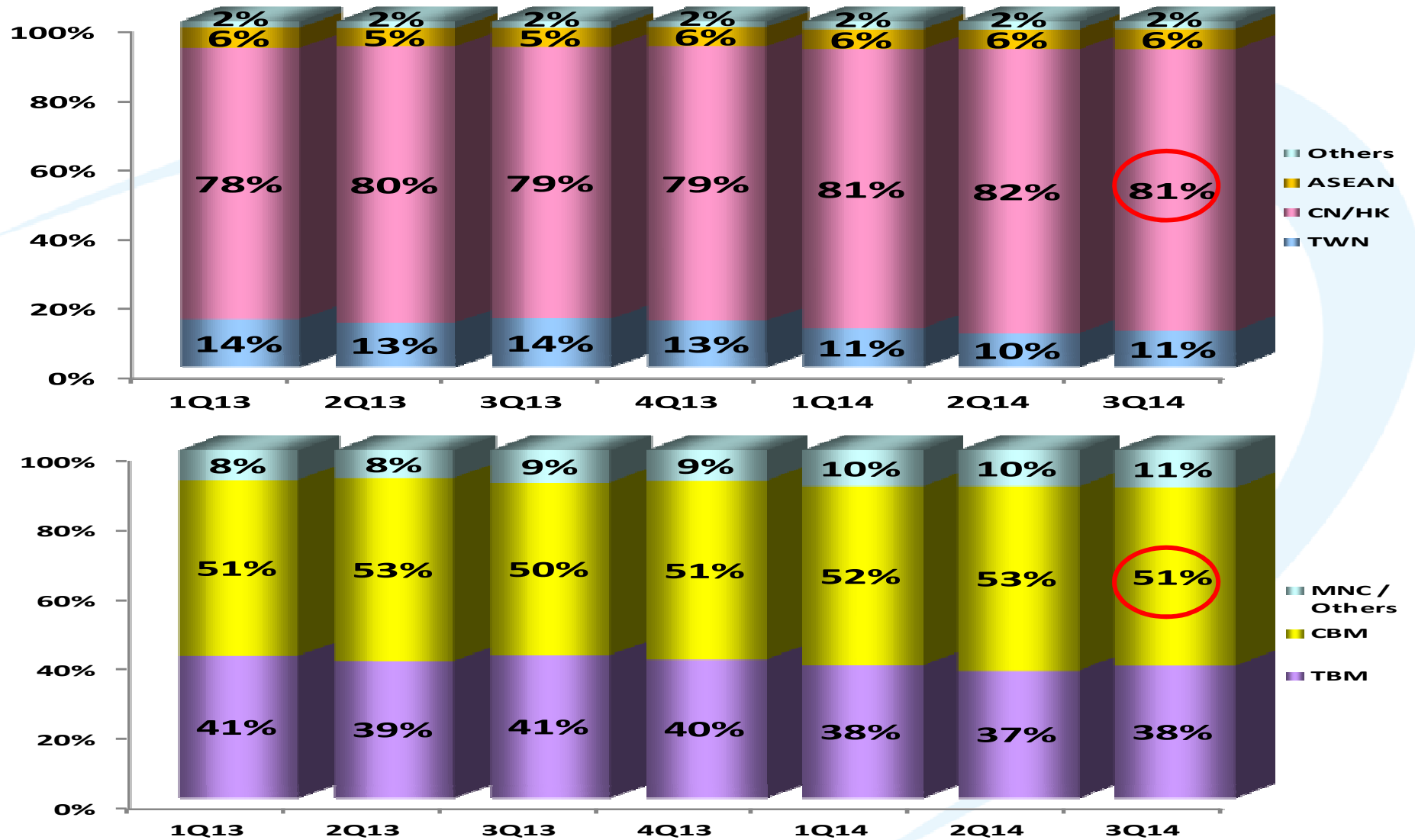
Consolidated Revenue

Unit: NT\$Billion



Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

Sales breakdown by Geography/ Customer



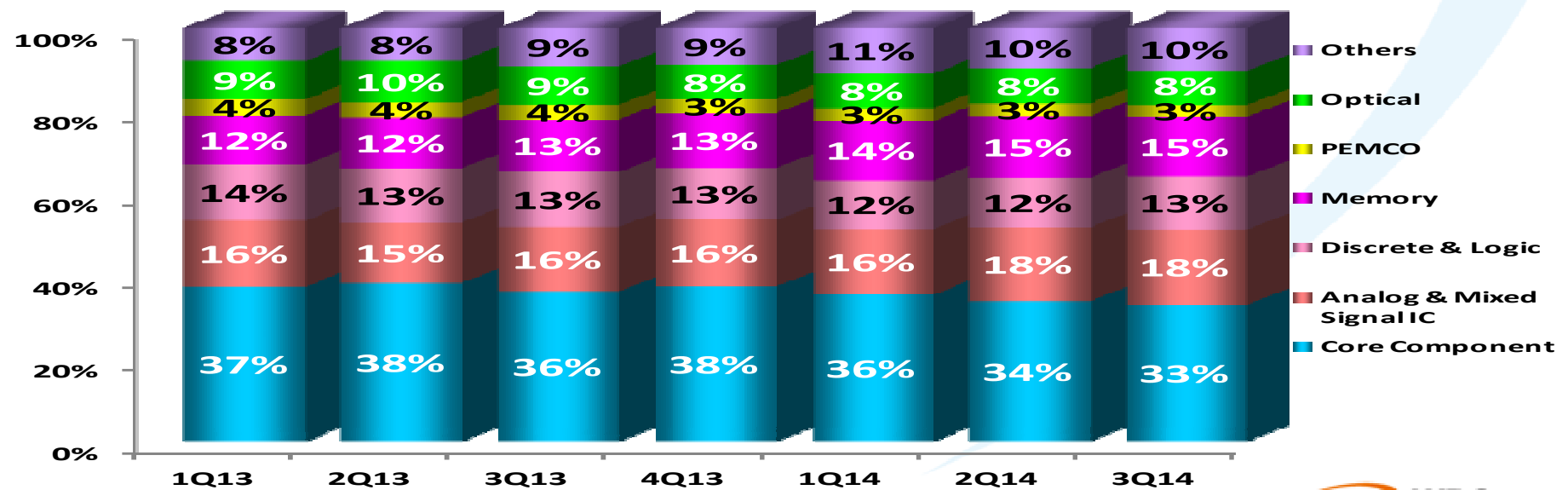
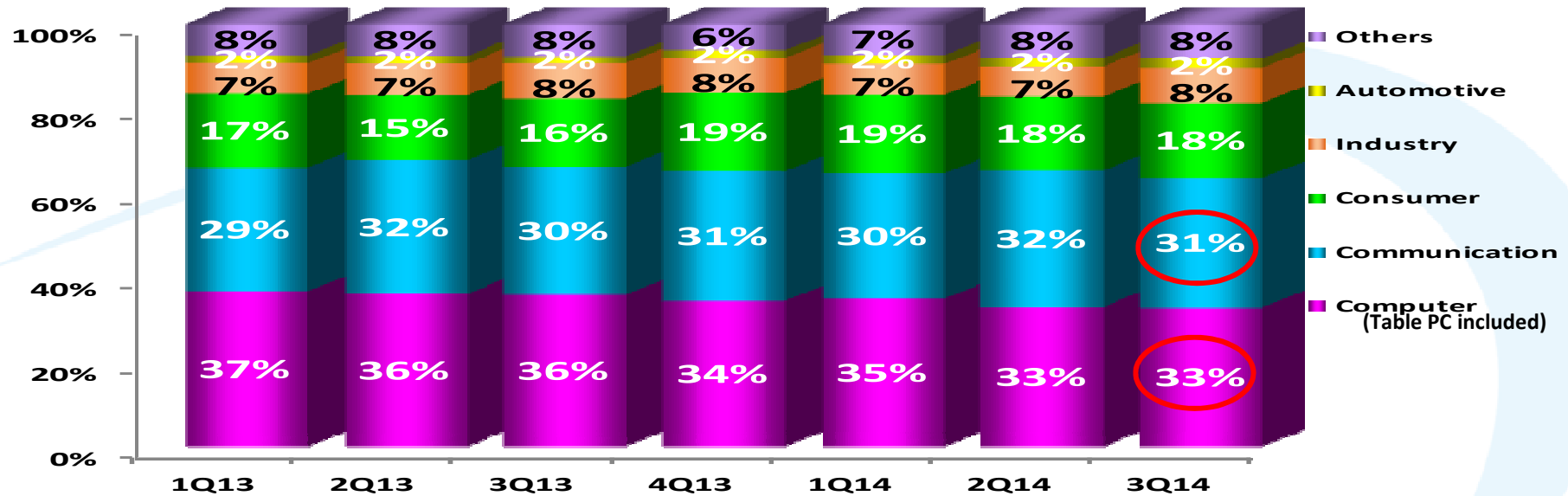
TBM : Taiwan-Based Customers

CBM : China Based Customers

Unaudited, Prepared by WPG based on TIFRS.

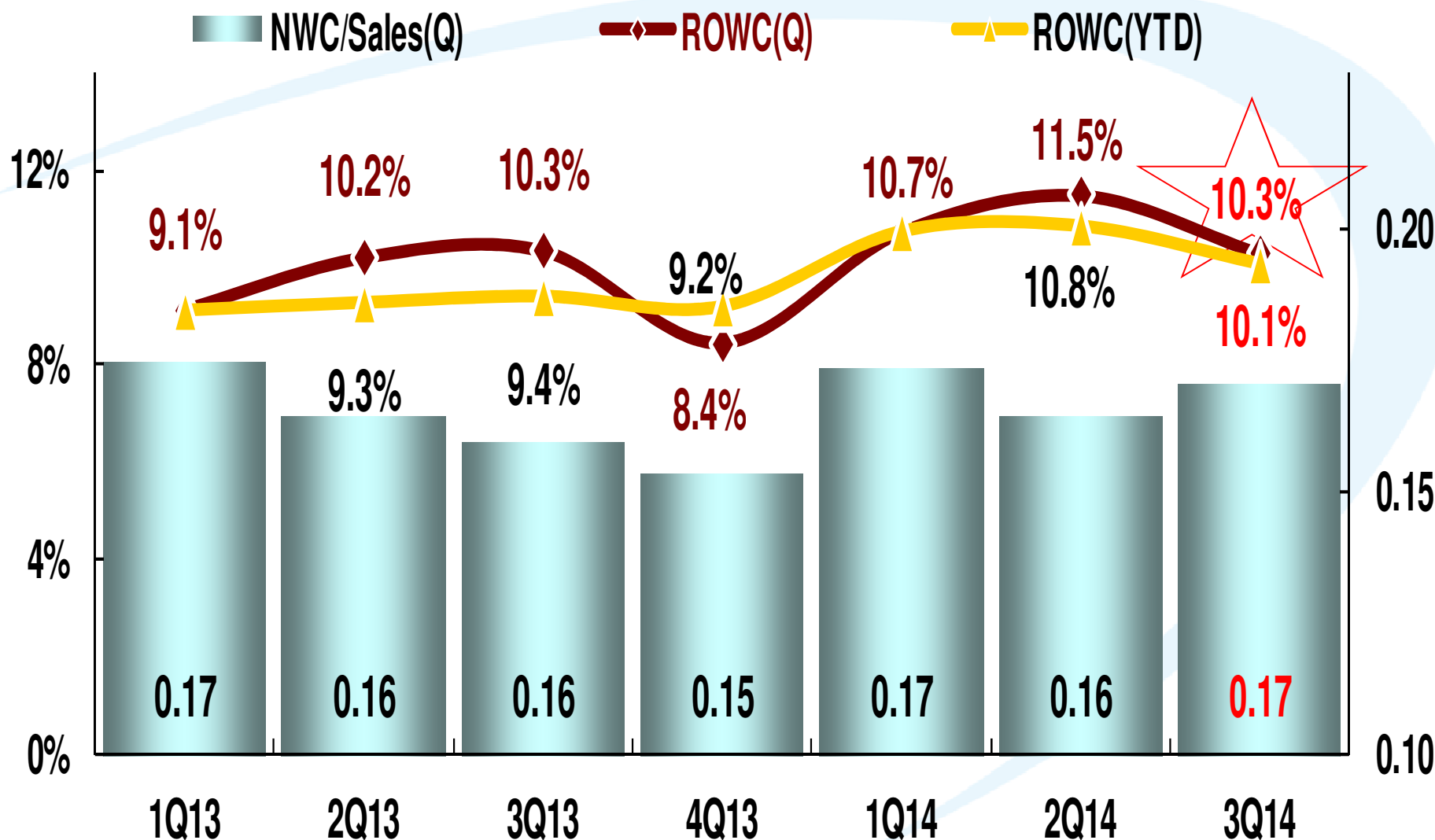
The Benchmark of Distribution

Sales breakdown by Application/ Device Type



Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

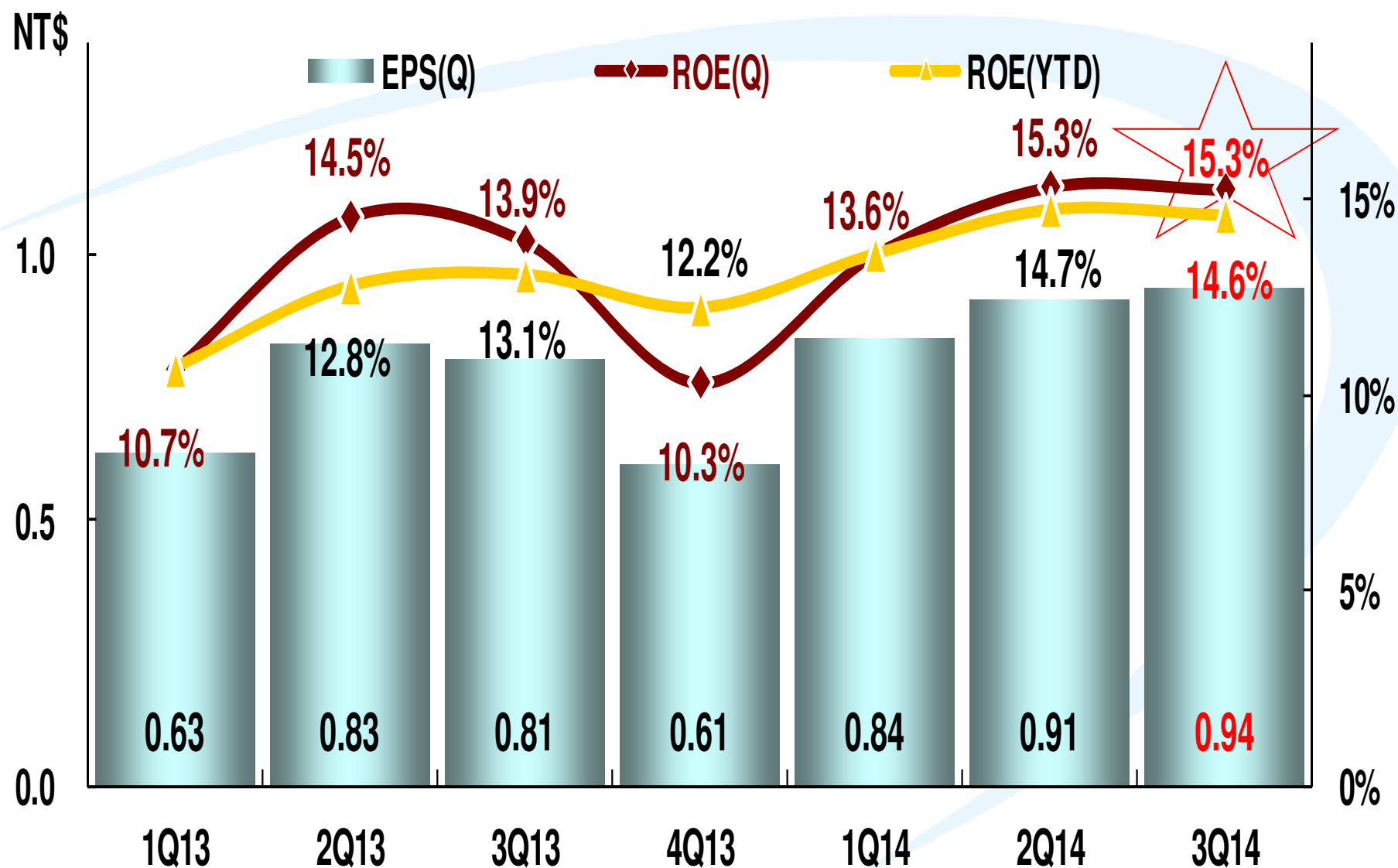
ROWC vs. NWC/Sales



Note : Annualized

Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

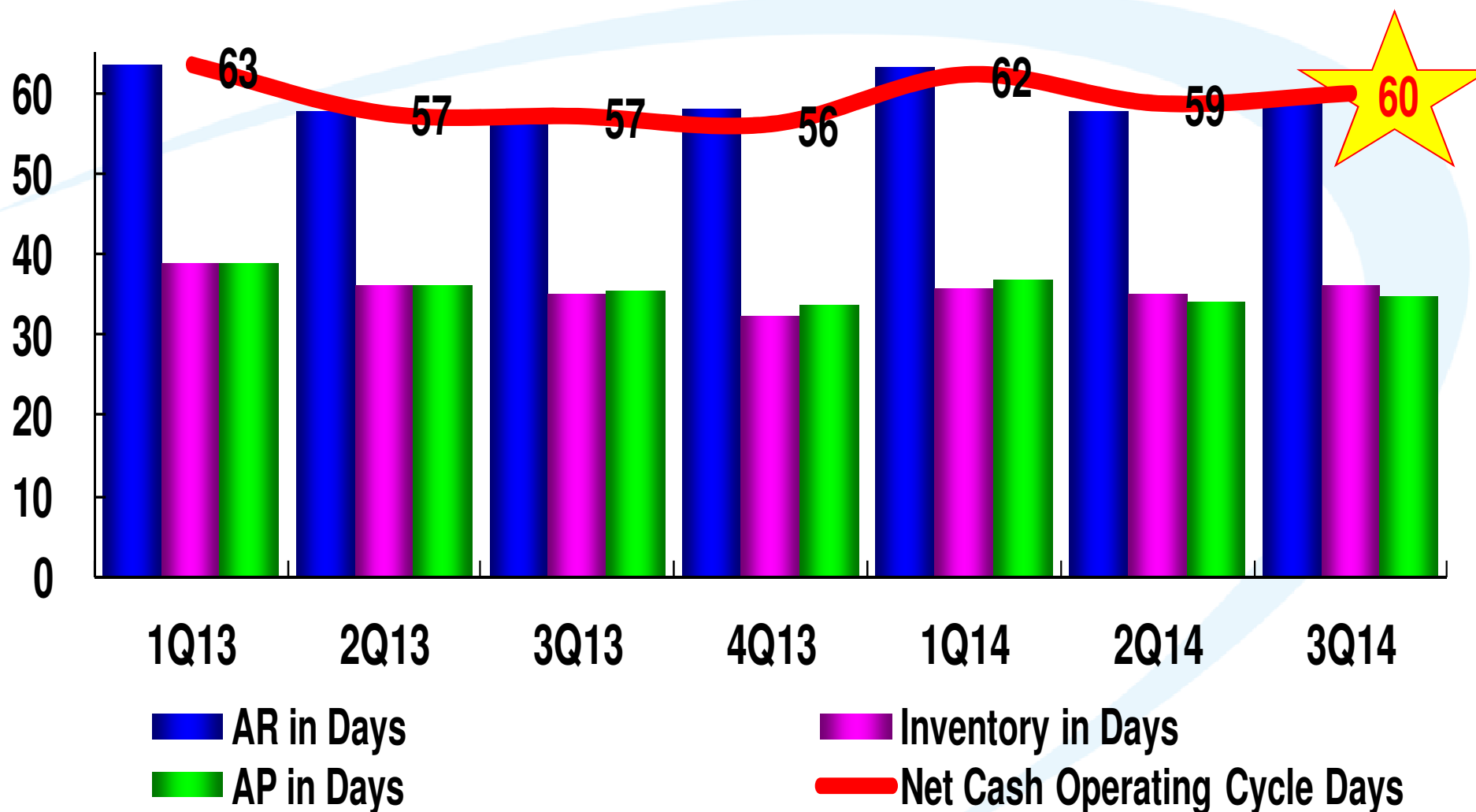
ROE vs. EPS



Note : Annualized

Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

Operating Cash Cycle



Note : Annualized

Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

4Q14 Guidance

Based on our current business outlook, management expects :

- Revenues to be between NT\$ **107.5** billion and NT\$ **112.5** billion at a forecast FX rate of 30.4 NT dollars to 1 US dollar averaged over 4Q14.
- Gross profit margin to be between **4.4%** and **4.7%**
- Operating profit margin to be between **1.5%** and **1.7%**

78 Solutions Launched in 3Q14



智能手機

- ▶ 推出3G單核WCDMA智慧手機解決方案
- ▶ 力推適用智慧型手機之完整解決方案
- ▶ 推出智慧型手機OIS模組解決方案
- ▶ 推出手機應用方案
- ▶ 力推高集成度四模智慧手機SC883X平臺
- ▶ 推出智能手机LCD Driver IC解決方案
- ▶ 推出智能手机及四模十一頻LTE終端芯片
- ▶ 力推基於智慧型手機領域應用紅外遙控LED解決方案
- ▶ 力推触控IC于智能手机上的解決方案
- ▶ 推出WiFi無線智慧連接模組
- ▶ 推出多款智慧手機解決方案

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醫療電子

- ▶ 推出MCU、MEMS在智慧醫療穿戴產品應用解決方案
- ▶ 推出整合式晶片組嵌入式高效能解決方案
- ▶ 力推整系列醫療電子解決方案
- ▶ 推出可攜式醫療儀器解決方案
- ▶ 推出远程医疗解決方案
- ▶ 推出無線藍牙低能耗心率監測器
- ▶ 力推系列應用血糖儀方案
- ▶ 推出遠端醫療照護 SoC元件
- ▶ 推出基於藍牙4.0單模(BLE)低功耗技術的心率計方案
- ▶ 推出基於藍牙4.0單模(BLE)低功耗技術的體脂血氧儀方案

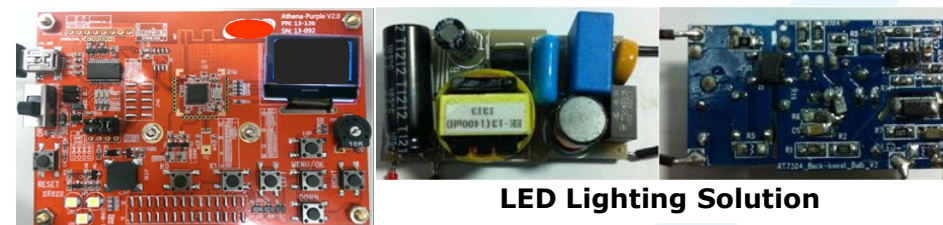
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LED照明

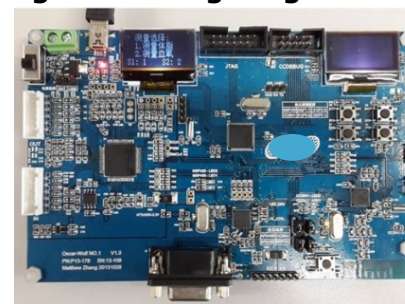
- ▶ 推出適用於室內照明的多品牌LED Lighting設計方案
- ▶ 力推高性能LED照明解決方案
- ▶ 力推適用LED照明應用裝置方案
- ▶ 推出開發平台實現高性能數位控制照明設計的快速開發
- ▶ 力推應用於LED室內照明之T8、球泡、線性恒流及MR16驅動方案
- ▶ 力推藍牙組網智慧照明解決方案
- ▶ 推出LED調光室內照明方案
- ▶ 力推倒裝芯片无支架結構室內照明方案
- ▶ 力推高性价比LED驅動器解決方案
- ▶ 推出多款無線智能LED調光驅動方案
- ▶ 推出LED照明解決方案

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LED Lighting Solution

Zigbee LED Lighting Solution



Body Fat & Oximetry Monitor Solution



Cardiotachometer Solution

The Benchmark of Distribution

78 Solutions Launched in 3Q14

安全監控

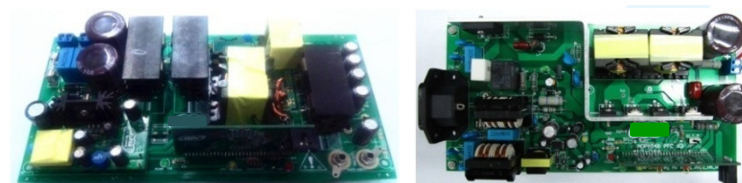
- ▶ 力推应用于安防和楼宇对讲的IP-CAM方案 2014-09-17
- ▶ 推出系列 IP Camera方案 2014-09-17
- ▶ 力推藍牙組網智慧家居解決方案 2014-09-17
- ▶ 力推適用安全監控之完整解決方案 2014-09-17
- ▶ 推出新一代控制器加速，充分滿足網絡攝像機及乙太網交換機應用需求 2014-09-17
- ▶ 推出高清監控網路攝影機解決方案 2014-09-17
- ▶ 推出SOC適用於安防解決方案 2014-09-17
- ▶ 推出網絡攝像機(IPCAM)完整解決方案 2014-09-17
- ▶ 推出高性能工業級Ethernet 10/100/1000 Transceiver安防解決方案 2014-09-17
- ▶ 力推紅外線LED应用于安防的方案 2014-09-17
- ▶ 推出智慧家居安防系統開道解決方案 2014-09-16
- ▶ 推出智能家居安防系統終端解決方案 2014-09-16
- ▶ 推出中低端人機交互平臺 2014-09-16
- ▶ 推出智慧家居安防系統開道解決方案 2014-09-16

工業電子

- ▶ 推出低功耗、記憶體和安全性選項的三相智慧電表SoC產品系列 2014-09-17
- ▶ 推出超小型 5W 接收器，為Qi標準智慧型手機達到更快、更低溫以及更高電源效率的充電 2014-09-03
- ▶ 力推微控制器的直流無刷電動機控制方案 2014-08-20
- ▶ 力推適用工業控制之完整解決方案 2014-08-20
- ▶ 推出馬達解決方案與感測產品組合 2014-08-20
- ▶ 力推微控制器Hall FOC電動自行車控制器方案 2014-08-20
- ▶ 推出直流無刷電機驅動微處理器解決方案 2014-08-18
- ▶ 推出高精度運動控制系統解決方案 2014-08-18
- ▶ 力推電源管理之完整解決方案 2014-08-06
- ▶ 推出電源應用方案 2014-08-06
- ▶ 推出多節電池監控器提高安全性並增強對12-V至48-V工業鋰電池管理系統 2014-08-06
- ▶ 推出數位電源解決方案 2014-08-04
- ▶ 推出快速充電解決方案 2014-08-04

電源

- ▶ 推出150W/ 700mA AC/DC Converter LED照明電源 2014-08-06
- ▶ 推出鋰電池快速充電應用解決方案 2014-08-06
- ▶ 力推高性能通信電源解決方案 2014-08-06
- ▶ 推出可充電式電池，壽命長且尺寸輕薄，為未來的微技術提供電能 2014-08-06



Digital Power Solution



IPCam Solution

The Benchmark of Distribution

78 Solutions Launched in 3Q14



汽车电子

- ▶ 推出前车灯双通道开关与后车灯单LED短路检测解决方案, 2014-07-16
可节省板级空间与成本
- ▶ 力推车灯LED可调光驱动方案 2014-07-16
- ▶ 力推汽车LED照明解决方案 2014-07-16
- ▶ 力推采用的高性能头灯LED解决方案 2014-07-16
- ▶ 推出高端1080P行车记录仪之汽车电子解决方案 2014-07-09
- ▶ 力推分散式车门电子系统方案 2014-07-09
- ▶ 力推新一代动力车身控制平台 2014-07-09
- ▶ 推出整合多驱动器的门区控制解决方案 2014-07-07
- ▶ 推出自动感应式雨刷解决方案 2014-07-07



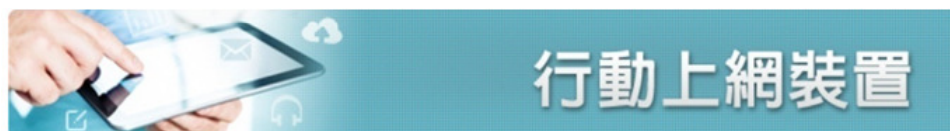
電腦&週邊

- ▶ 推出SSD固態硬碟解决方案 2014-09-17
- ▶ 推出代理筆電解决方案 2014-07-21



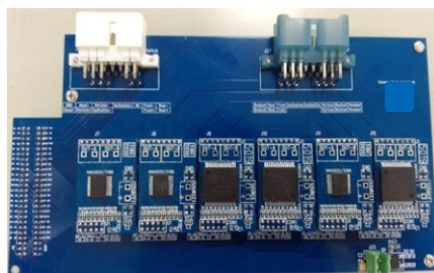
主機板

- ▶ 推出新一代系列晶片組 2014-07-23
- ▶ 推出一系列主機板應用整合方案 2014-07-23
- ▶ 推出主機板解决方案 2014-07-23



行動上網裝置

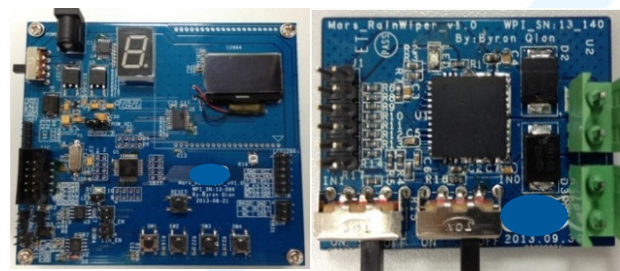
- ▶ 力推4G LTE主晶片 2014-09-03



**Door-Zone-Control Solution
(Driving Board)**

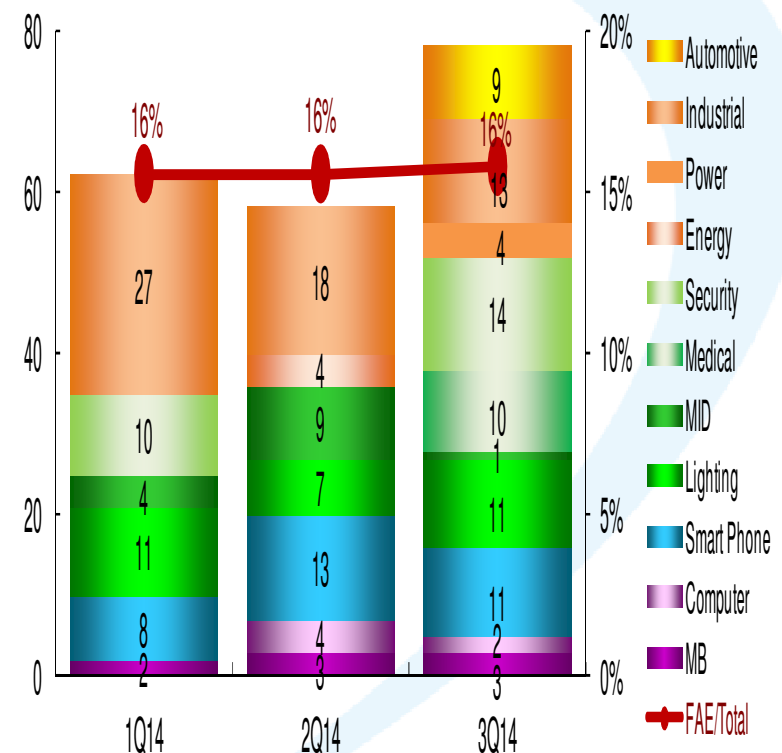
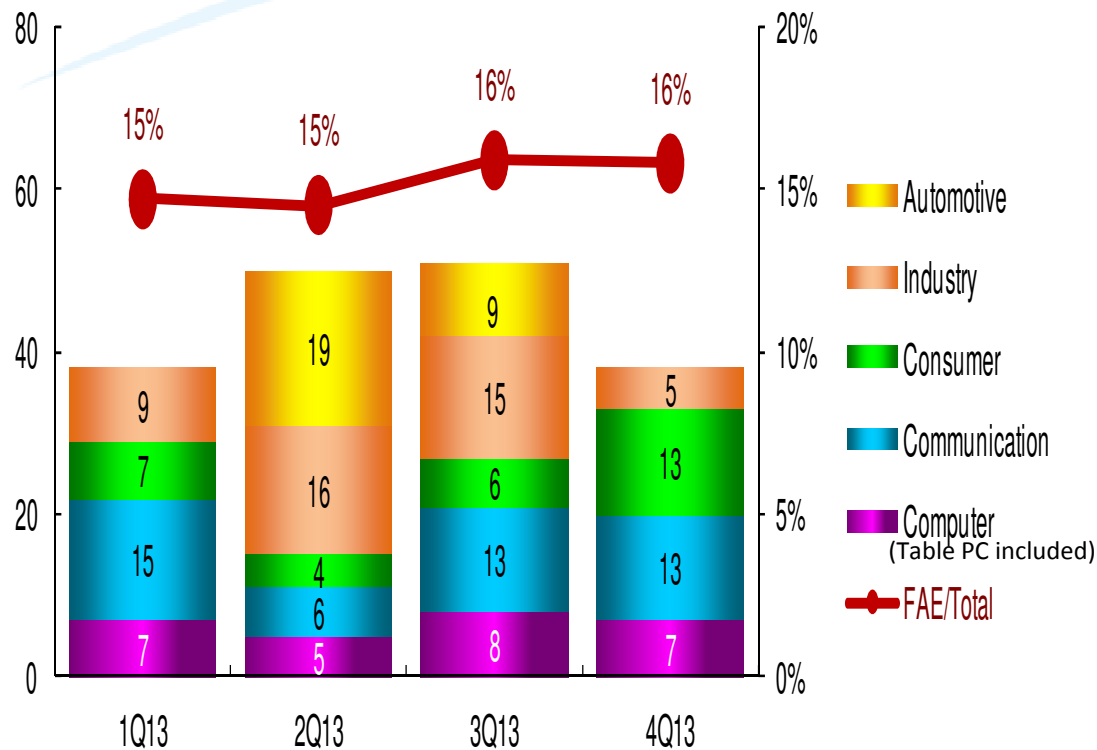


**Door-Zone-Control Solution
(Control Board)**



Rain-Sensing-Control Solution

More Solutions Launched ...



<http://www.wpgholdings.com/hotchannel/index/zhtw>

The Benchmark of Distribution

Result Highlights

Unit:NT\$million

item	Ytd14	Ytd13	YoY (%)
Net Sales	335,396	294,971	13.7
Gross Margin	4.60%	4.76%	-16 bp
Operating Expenses	(9,263)	(9,186)	0.8
Operating Income	6,163	4,847	27.1
Operating Margin	1.84%	1.64%	+19 bp
Net Income	4,461	3,751	18.9
EPS (NT\$) ₍₁₎	2.69	2.27	
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Total Assets	158,122	137,454	
Total Liabilities	116,418	98,872	
Total Equity	41,703	38,581	
Net Working Capital	81,585	68,740	
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Free Cash Flow	(7,366)	(6,133)	
<hr/>			
KEY Indices ₍₂₎			
ROWC	10.1%	9.4%	+67 bp
NWC/Sales	0.18	0.17	
ROE	14.6%	13.1%	+153 bp
Gearing	1.23	1.11	

(1).Weighted average shares outstanding

(2).Annualized

Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

Statements of Comprehensive Income

Unit:NT\$million

Item	Ytd14	Ytd13	YoY(%)
Net operating Revenue	335,396	294,971	13.7
COGS	(319,971)	(280,938)	13.9
Gross Profit	15,426	14,033	9.9
Gross Margin	4.60%	4.76%	
Operating Expenses	(9,263)	(9,186)	0.8
Operating Income	6,163	4,847	27.1
Operating Margin	1.84%	1.64%	
Net Non-operating Items	(689)	(269)	156.4
Net Financing costs	(866)	(620)	39.6
Others	176	351	
Profit Before Tax/Minority	5,474	4,579	19.5
Tax	(1,003)	(825)	21.5
Minority/Accounting Principle	(9)	(2)	
Profit After Tax/Minority	4,461	3,751	18.9
Net Margin	1.33%	1.27%	
EPS (NT\$) ₍₁₎	2.69	2.27	
Tax%	18%	18%	

(1).Weighted average shares outstanding

Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution



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