WPG Holdings

WPG Holdings Ltd. (3702.TT/3702.TW) 2Q16 Earning Release

Aug 2nd, 2016

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.**

- **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**
- **2Q16 Financial Highlights** — **Cliff Yuan**
- **Q&A** — **Simon/ Cliff Yuan**

Result Highlights

Unit:NT$million

item	2Q16	1Q16	2Q15	*QoQ(%)*	*YoY(%)*
Net Sales	133,759	121,533	124,453	10.1	7.5
Gross Margin	4.28%	4.26%	4.32%	+2 bp	-4 bp
Operating Expenses	(3,321)	(3,076)	(3,297)	8.0	0.7
Operating Income	2,398	2,095	2,078	14.4	15.4
Operating Margin	1.79%	1.72%	1.67%	+6.9 bp	+12 bp
Net Income	1,553	1,555	1,161	(0.1)	33.8
EPS (NT$)(1)	0.94	0.94	0.70		
Net Book Value (NT$)(1)	27.56				
Total Assets	171,981	167,593	166,752		
Total Liabilities	125,848	119,020	124,332		
Total Equity	46,133	48,573	42,420		
Net Working Capital	90,091	86,776	90,458		
Free Cash Flow	3	13,996	(5,884)		
KEY Indices(2)					
ROWC	*10.6%*	*9.7%*	*9.2%*	+99 bp	+146 bp
NWC/Sales	*0.17*	*0.18*	*0.18*		
ROE	*13.3%*	*13.0%*	*10.7%*	+32 bp	+262 bp
Gearing	1.17	1.12	1.33		

(1).Weighted average shares outstanding

(2).Annualized

Unaudited, Prepared by WPG based on TIFRS.

Statements of Comprehensive Income

Unit:NT$million

Item	2Q16	1Q16	QoQ(%)	2Q15	YoY(%)
Net operating Revenue	133,759	121,533	10.1	124,453	7.5
COGS	(128,040)	(116,361)	10.0	(119,078)	7.5
Gross Profit	5,719	5,172	10.6	5,375	6.4
Gross Margin	4.28%	4.26%		4.32%	
Operating Expenses	(3,321)	(3,076)	8.0	(3,297)	0.7
Operating Income	2,398	2,095	14.4	2,078	15.4
Operating Margin	1.79%	1.72%		1.67%	
Net Non-operating Items	(368)	(193)	90.5	(224)	64.4
Net Financing costs	(350)	(391)	(10.3)	(323)	8.3
Others	(17)	198		100	
Profit Before Tax/Minority	2,031	1,903	6.7	1,854	9.5
Tax	(473)	(342)	38.3	(690)	(31.4)
Minority/Accounting Principle Change	(5)	(5)		(3)	
Profit After Tax/Minority	1,553	1,555	(0.1)	1,161	33.8
Net Margin	1.16%	1.28%		0.93%	
EPS (NT$)(1)	0.94	0.94		0.70	
Tax %	23%	18%		37%	

(1).Weighted average shares outstanding

Unaudited, Prepared by WPG based on TIFRS.

Balance Sheet

Unit:NT$million	2Q16		1Q16		2Q15	
item	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	8,002	5	9,486	6	8,555	5
Accounts Receivable - Trade	86,569	50	77,097	46	81,457	49
Inventory	53,854	31	55,953	33	55,823	33
Current Assets	158,656	92	154,049	92	153,014	92
Others	13,325	8	13,544	8	13,738	8
Total Assets	**171,981**	**100**	**167,593**	**100**	**166,752**	**100**
Current Interest-bearing Debt	48,093	28	48,468	29	53,260	32
Accounts Payble	50,332	29	46,274	28	46,822	28
Accrued Liabilities and Others	10,453	6	6,659	4	10,723	6
Current Liabilities	108,877	63	101,401	61	110,805	66
Long-term Interest-bearing Debt	15,878	9	16,522	10	12,656	8
Others	1,093	1	1,097	1	870	1
Total Liabilities	**125,848**	**73**	**119,020**	**71**	**124,332**	**75**
Total Equity	**46,133**	**27**	**48,573**	**29**	**42,420**	**25**
KEY Indices(1)						
Net Working Capital (NT$million)	90,091		86,776		90,458	
AR Turnover (Days)	56		64		56	
Inventory Turnover (Days)	39		42		43	
AP Turnover (Days)	34		36		35	
Average Collection Periods (Days)	61		69		64	
Current Ratio	146%		152%		138%	
Gearing	1.17		1.12		1.33	

(1).Annualized

Unaudited, Prepared by WPG based on TIFRS.

Cash Flows

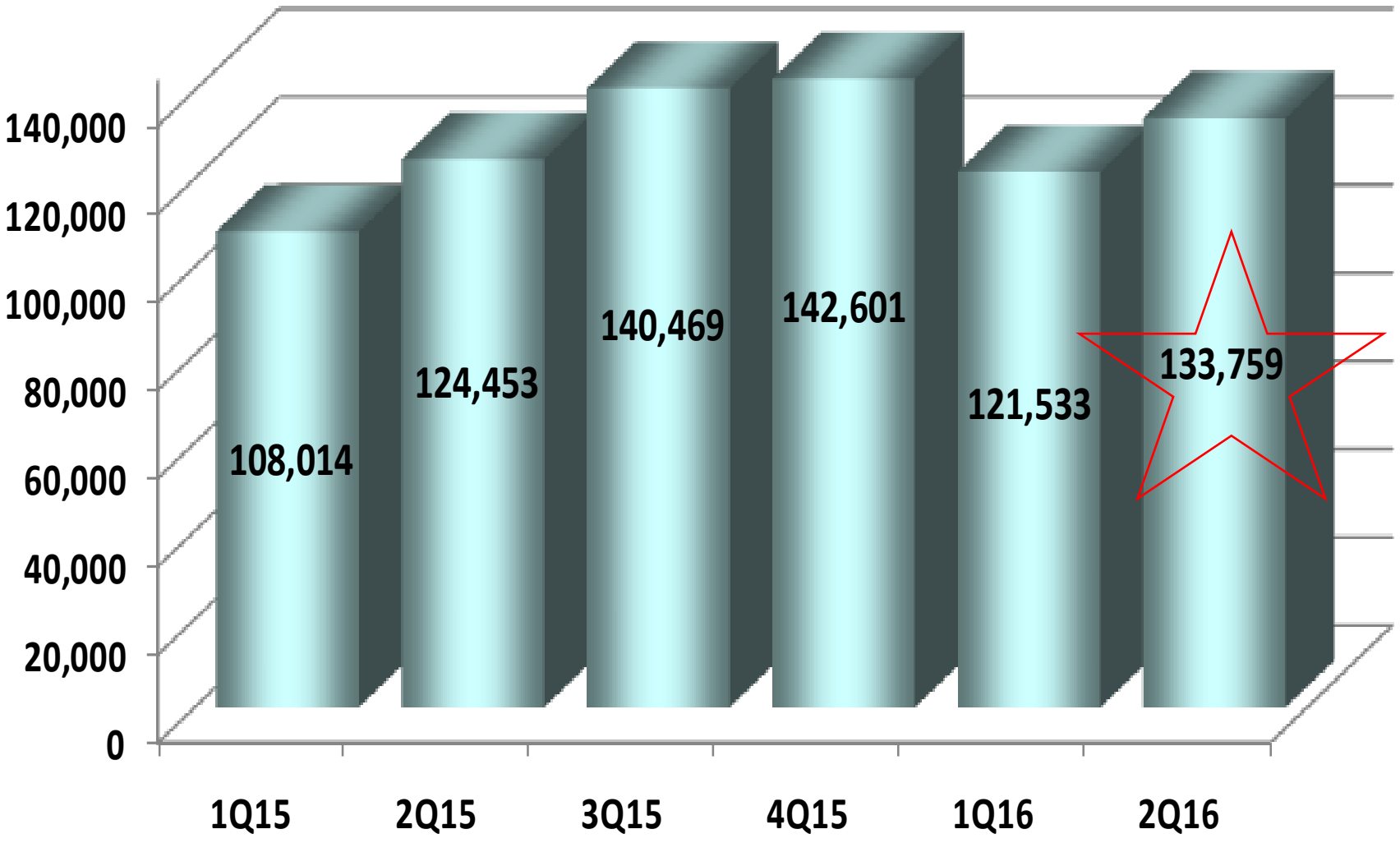
Unit:NT$million

item	2Q16	1Q16	2Q15
-Income before Income Tax	2,031	1,903	1,854
-Changes of NWC	(3,220)	10,453	(7,561)
-Adjustment & Others	1,192	1,641	(177)
From Operation	**3**	**13,996**	**(5,884)**
-Financial Instrument	(452)	(59)	(235)
-Capital Expenditure	30	(30)	(22)
-Acquisition of subsidiaries	-	(30)	(56)
-Others	5	49	75
From Investment	**(418)**	**(70)**	**(238)**
-Financial Debt	(1,111)	(12,584)	6,268
-Others	29	(34)	(55)
From Financing	**(1,082)**	**(12,618)**	**6,213**
Cumulative translation adjustments	**14**	**(1,306)**	**(875)**
Net Cash Position Change	**(1,483)**	**3**	**(784)**
Ending Cash Balance	**7,966**	**9,450**	**8,501**

Unaudited, Prepared by WPG based on TIFRS.

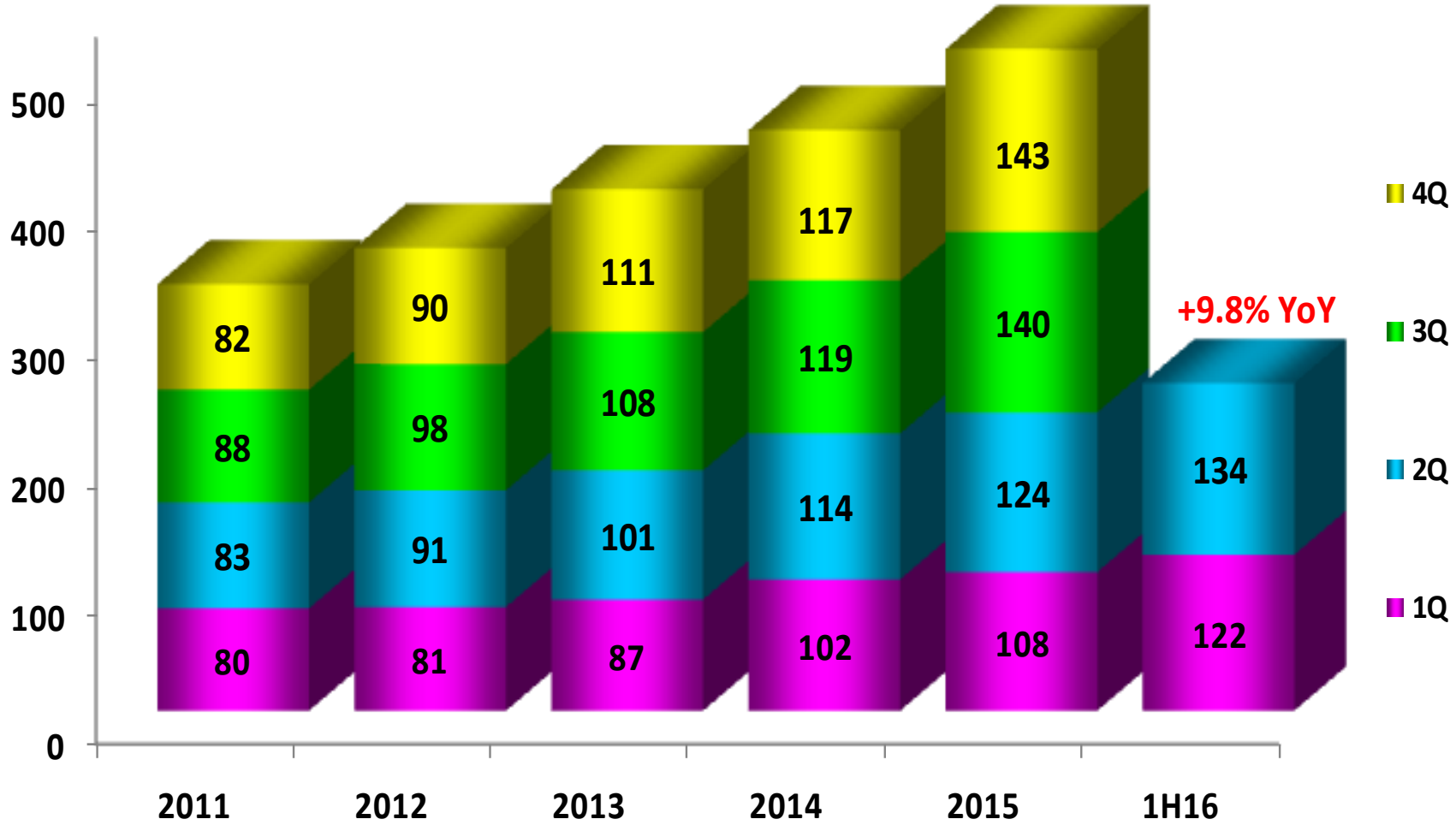
Consolidated Revenue

Unit: NT$million

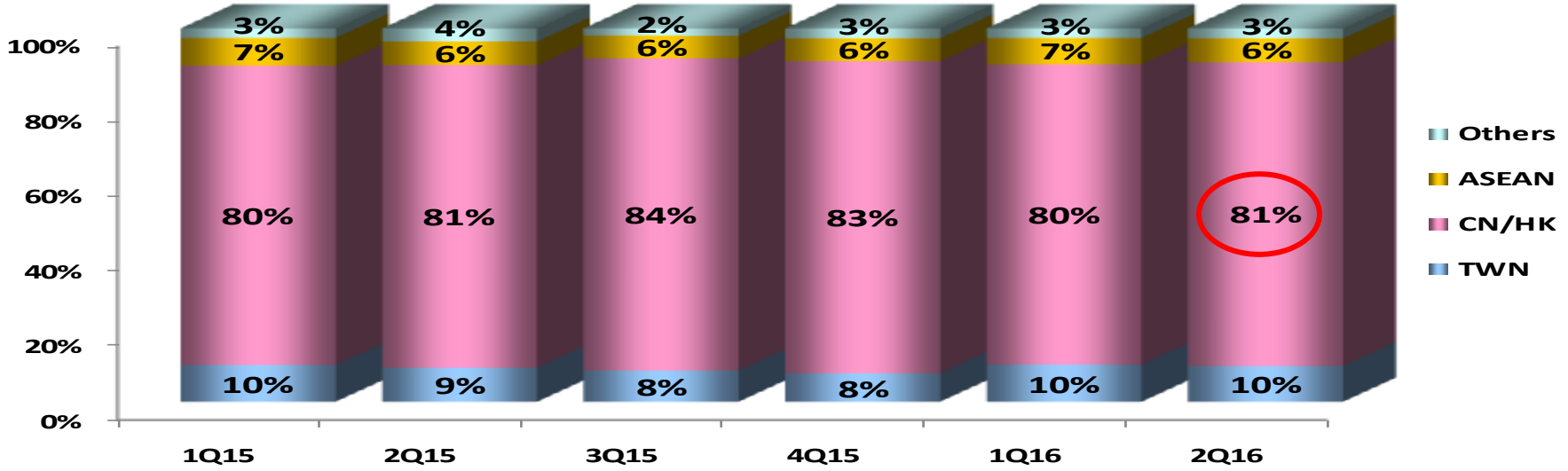


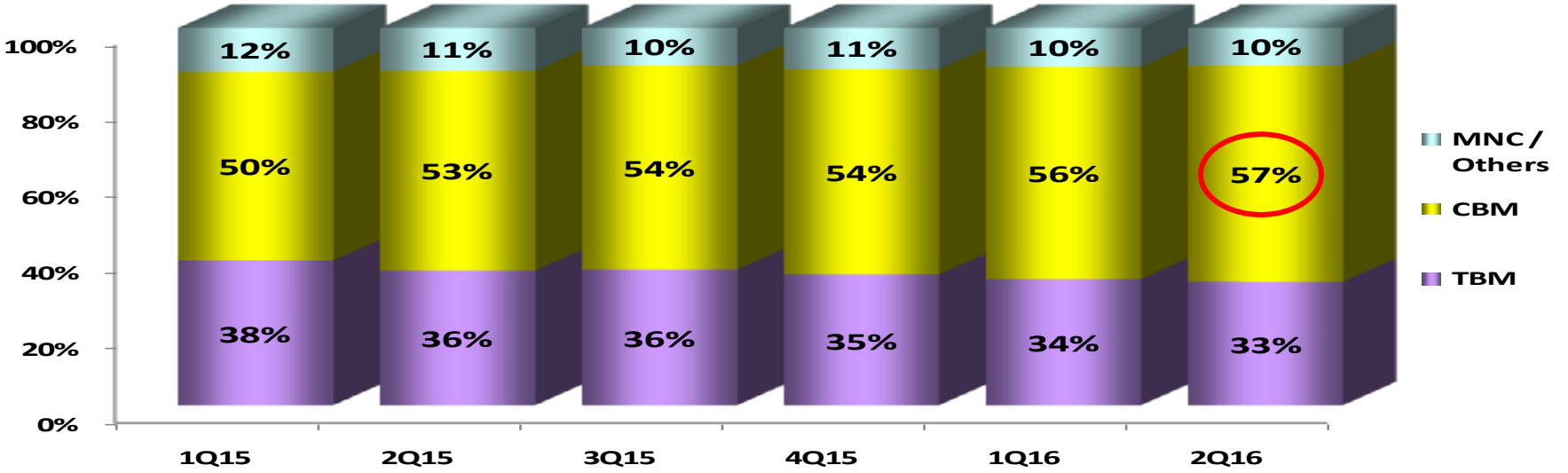
Consolidated Revenue

Unit: NT$billion



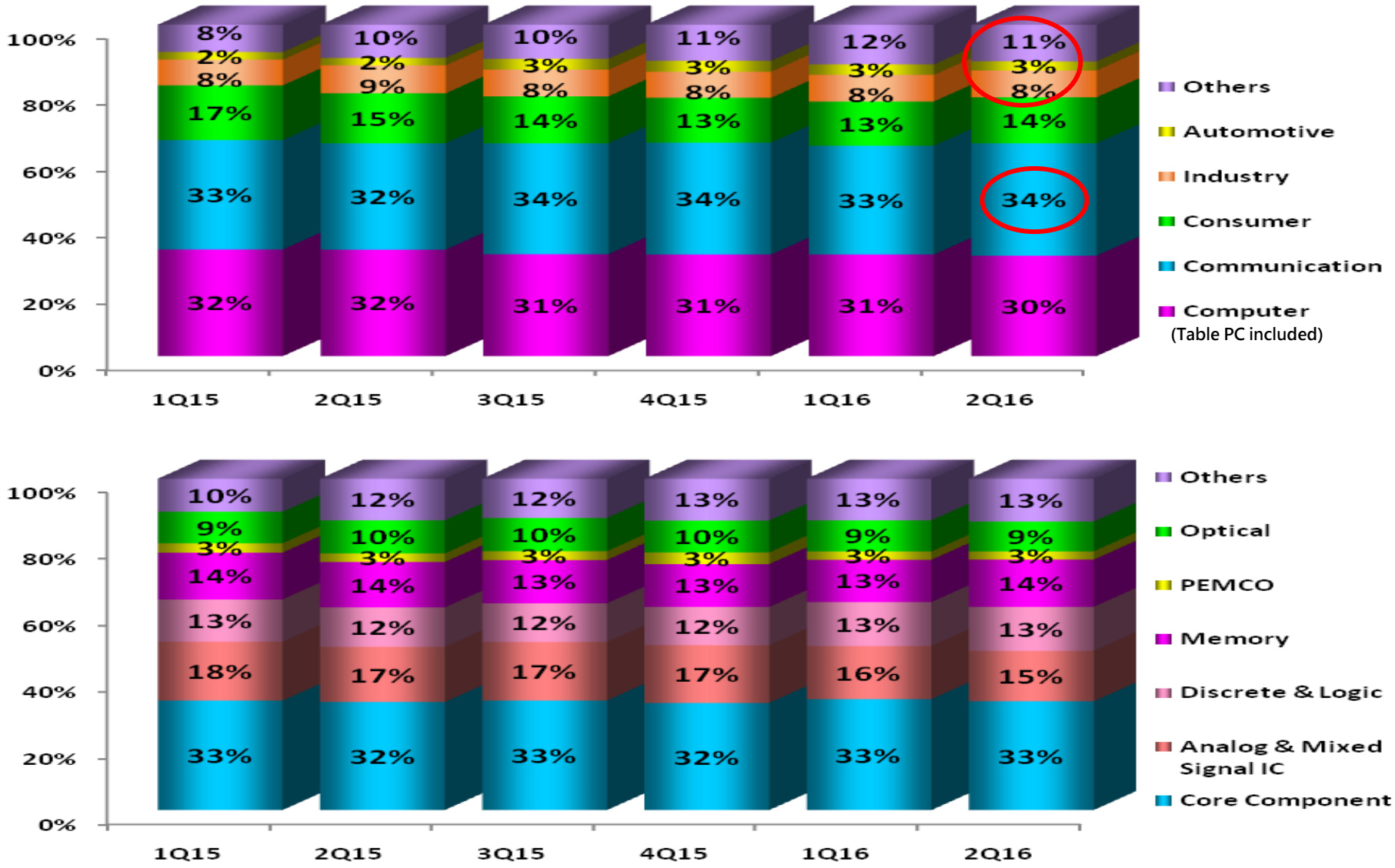
Sales breakdown by Geography/ Customer



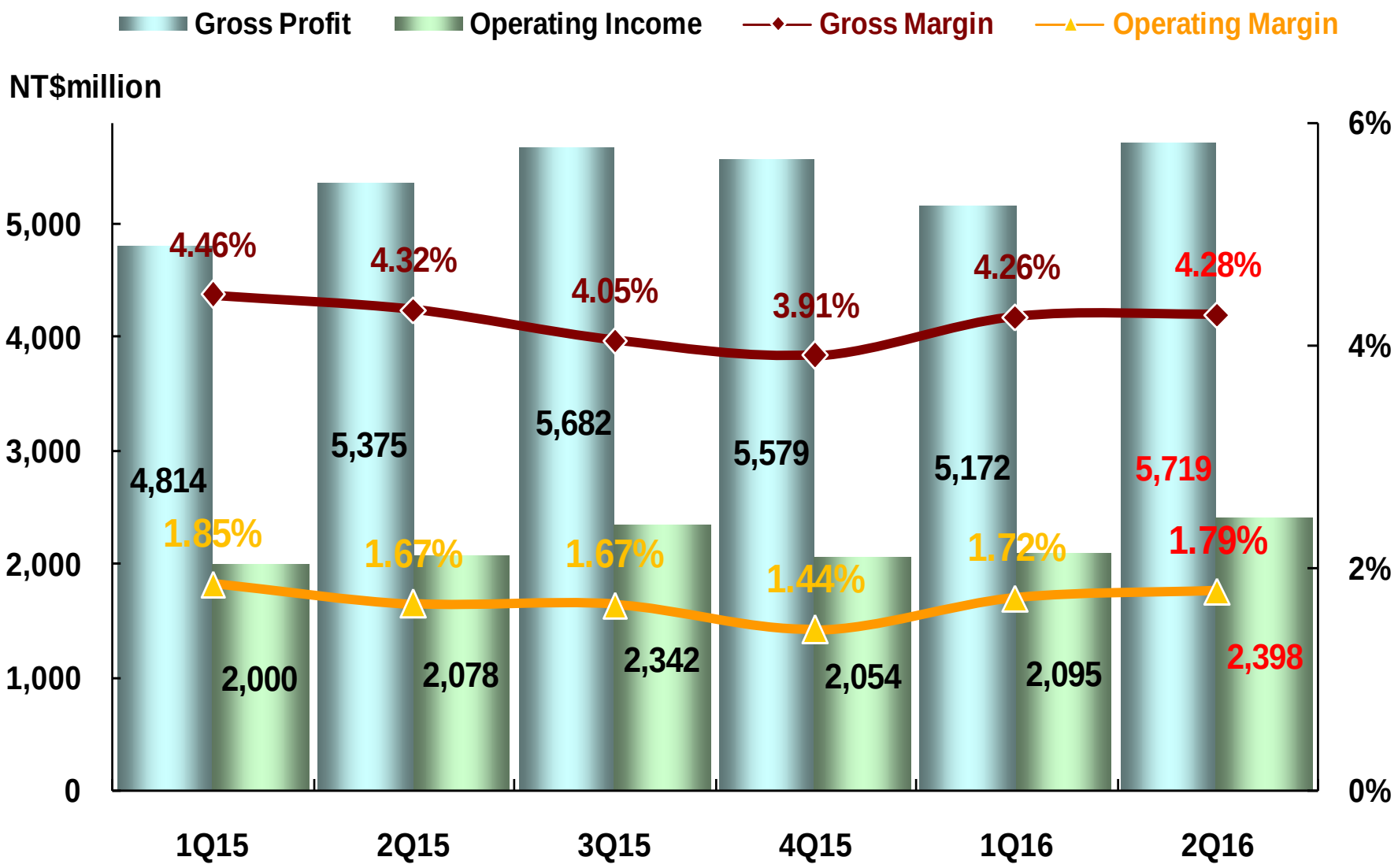


TBM：Taiwan-Based Customers
CBM：China Based Customers

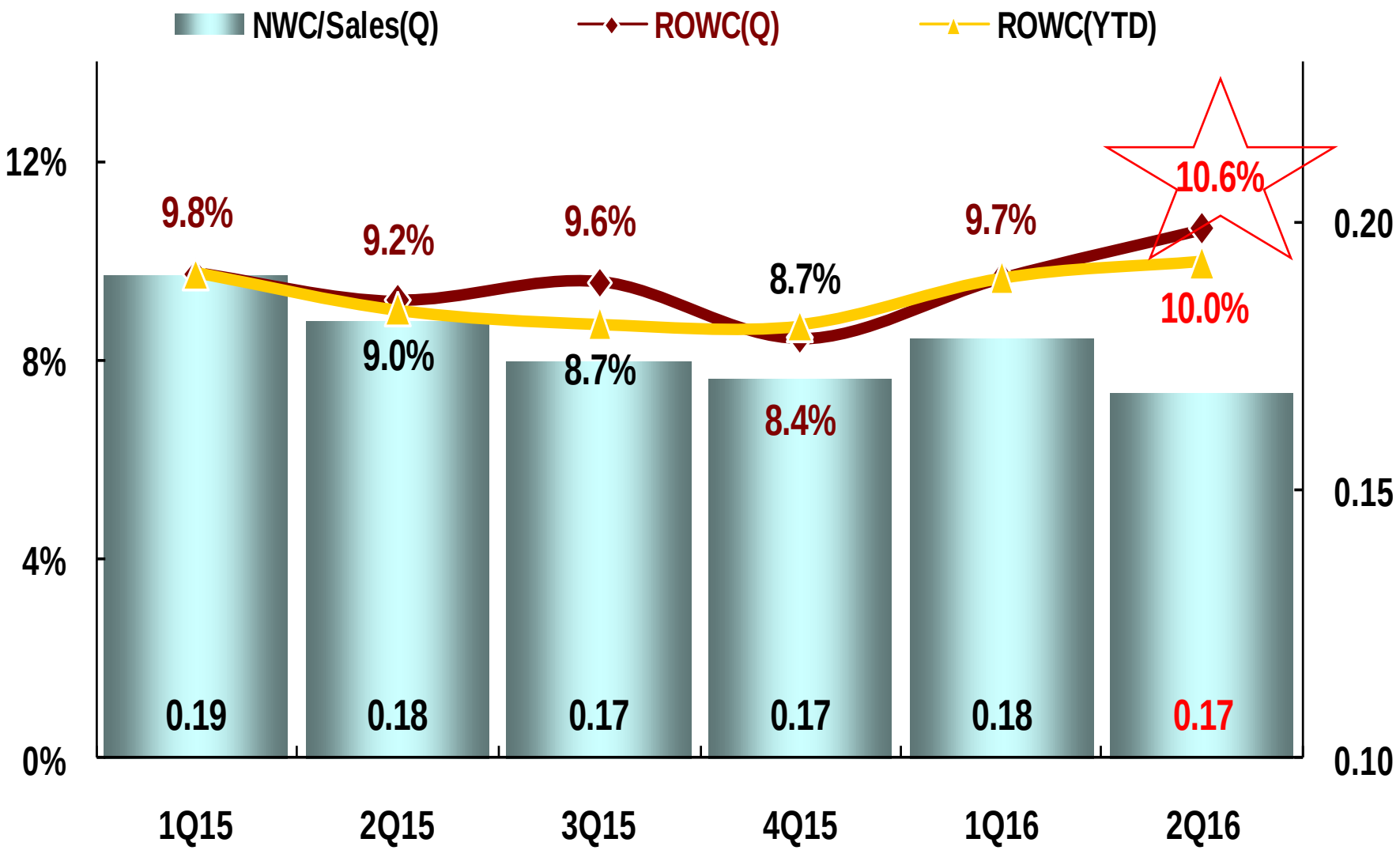
Sales breakdown by Application/ Device Type



Gross Margin vs. Operating Margin

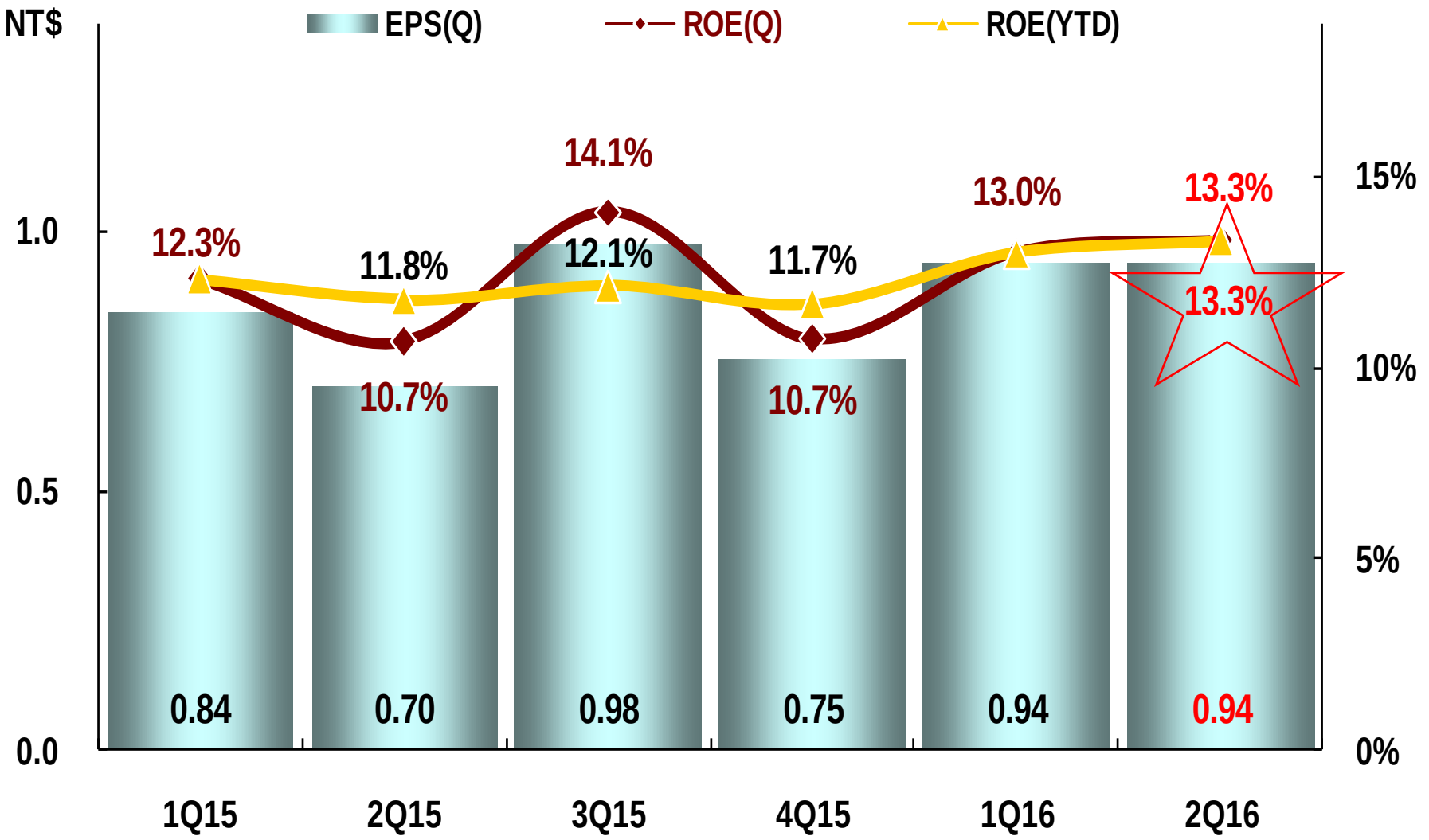


ROWC vs. NWC/Sales



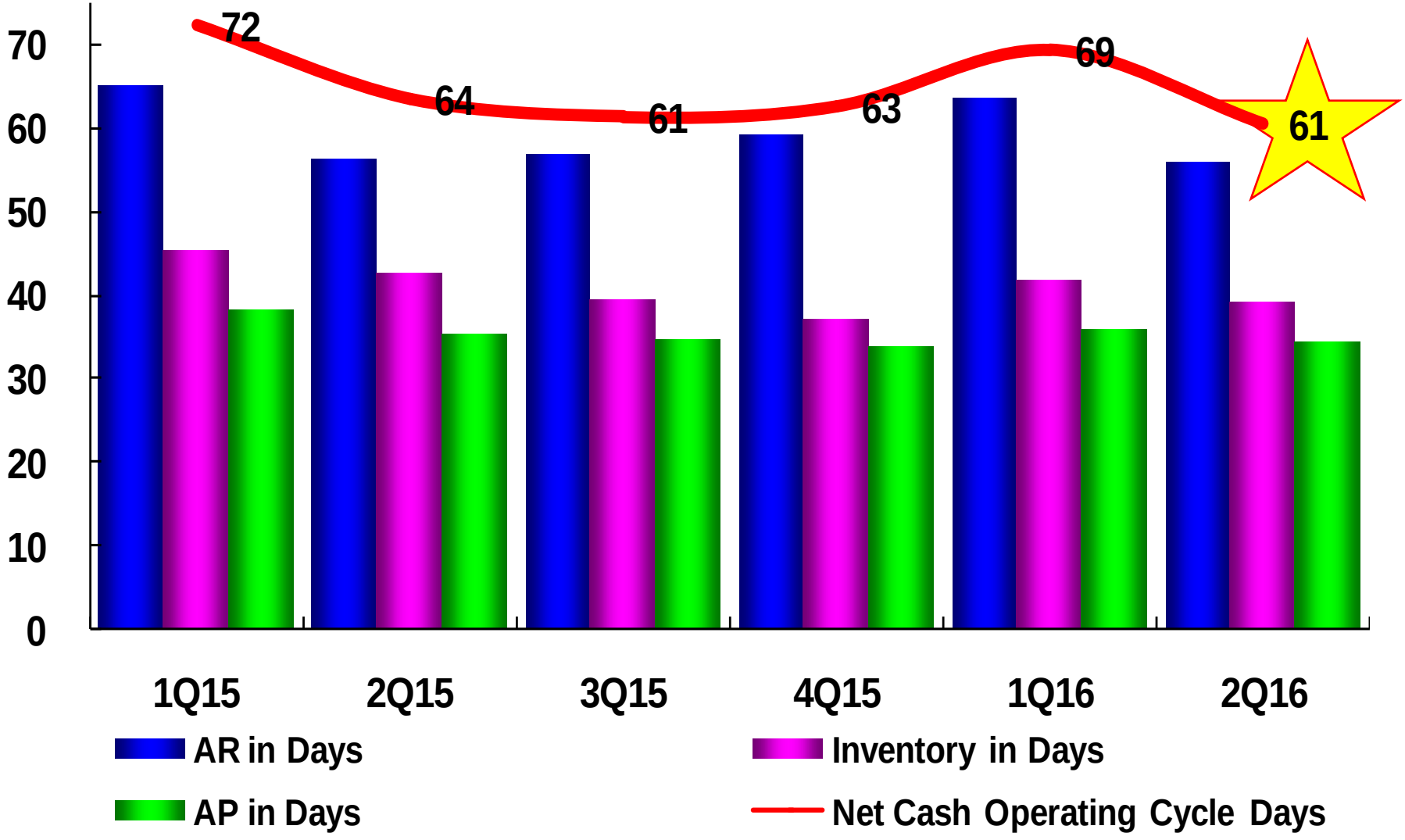
Note：Annualized

ROE vs. EPS



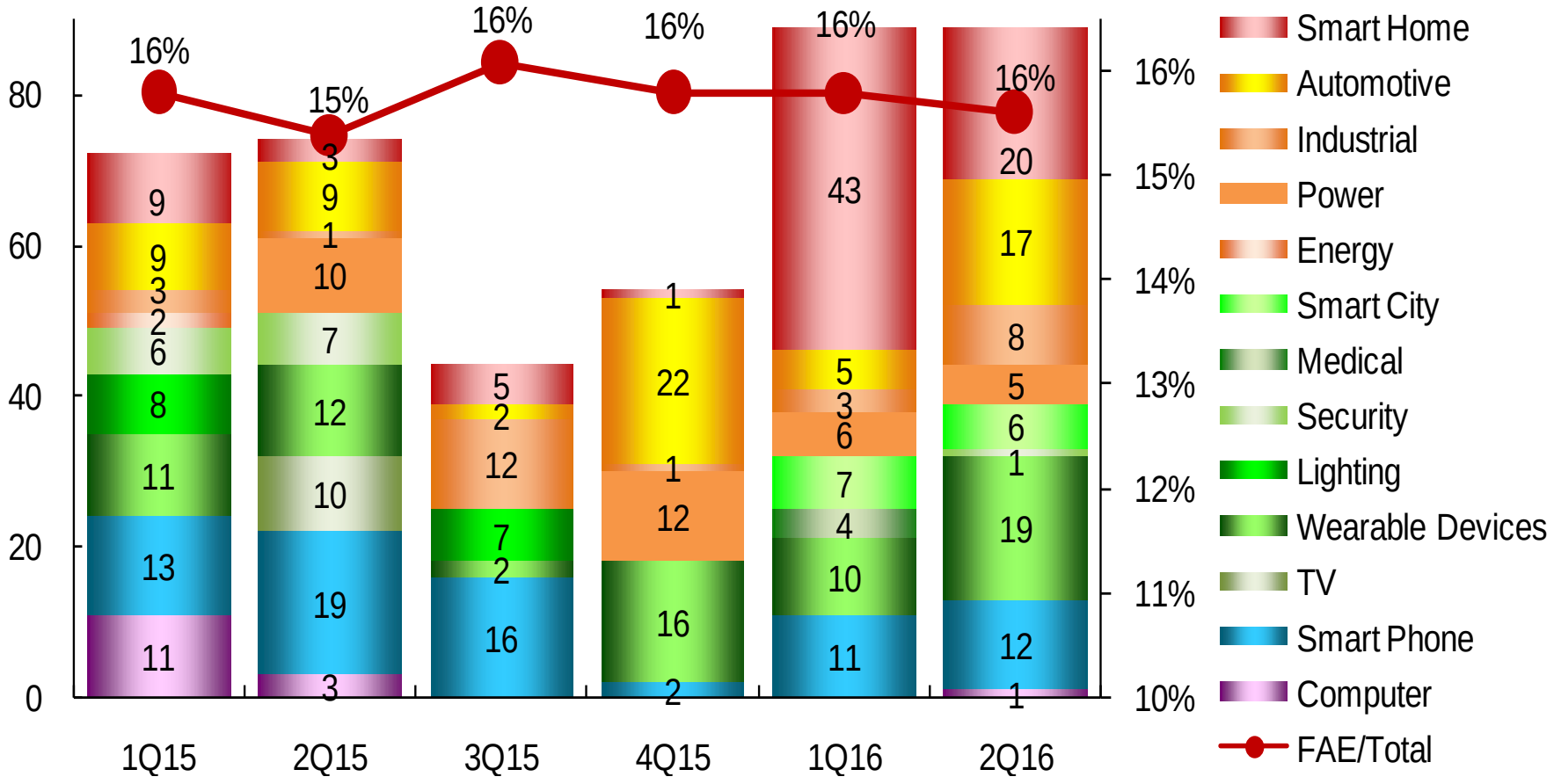
Note：Annualized

Operating Cash Cycle



Note：Annualized

IoT Dominated



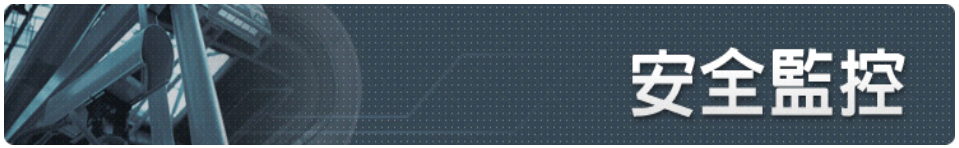
http://www.wpgholdings.com/hotchannel/index/zhtw

http://iot.wpgo2o.com/iot/index/zhtw

89 Solutions Launched in 2Q16



世上最小卡包~推出NFC技術方案	2016-05-25
推出適用智能手機之完整解決方案	2016-05-25
力推適用智能手機解決方案	2016-05-25
推出在Smart Phone無線電源接收器運用	2016-05-25
推出支援96Boards開放式平臺技術，可簡化智能手機的開發	2016-05-25
推出整合解決方案，適用在智能手機NFC交易安全	2016-05-25
推出第一款無線音訊模組	2016-05-25
超快通行證~推出按壓式指紋識別方案	2016-05-25
推出Type-C解決方案	2016-05-25
五星級的聽覺享受~推出Smart Audio解決方案	2016-05-25
力推行動安全防護解決方案	2016-05-25
力推Flash LED雙色溫閃光燈于智能手機應用	2016-05-25



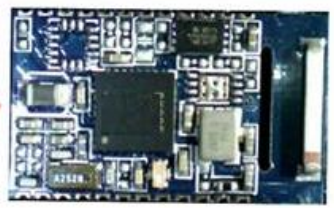
推出魚眼校正的網路攝影機及360度全景式運動攝影機	2016-06-15

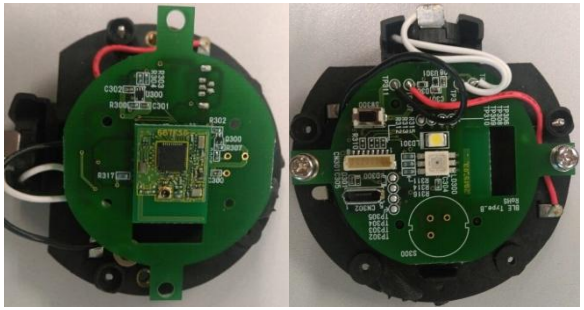


Fingerprint Identification Solution



BLE Mesh Solution





BLE Scatternet Net Solution



ZigBee人體紅外感應方案	2016-04-25
ZigBee門磁方案	2016-04-25
推出智慧空氣盒子方案	2016-04-25
語音辨識物聯網開發板方案	2016-04-25
WiFi智慧水族箱解決方案	2016-04-25
WiFi Light Socket&Dimmer Box方案	2016-04-25
WiFi智慧咖啡機方案	2016-04-25
SUB 1GHz的星狀網路的溫濕度感測器節點方案	2016-04-25
wM-Bus的熱量分配表方案	2016-04-25
支持WIFI功能的IoT節點方案	2016-04-25
BleFi - BLE Wifi 物聯網閘道方案	2016-04-25
溫濕度感測器節電功能方案	2016-04-25
物聯網節點與BLE架構的老人小孩居家安控系統	2016-04-25
Wi-Fi影像智慧門鈴方案	2016-04-25
Bluetooth Smart藍牙組網Mesh方案	2016-04-25
BLE Scatternet/beacon燈光組網方案	2016-04-25
Zigbee的PWM控制LED照明方案	2016-04-25
WiFi智慧溫控器解決方案	2016-04-25
3G無線報警器方案	2016-04-25
基於WiFi+BLE+ZigBee閘道方案	2016-04-25

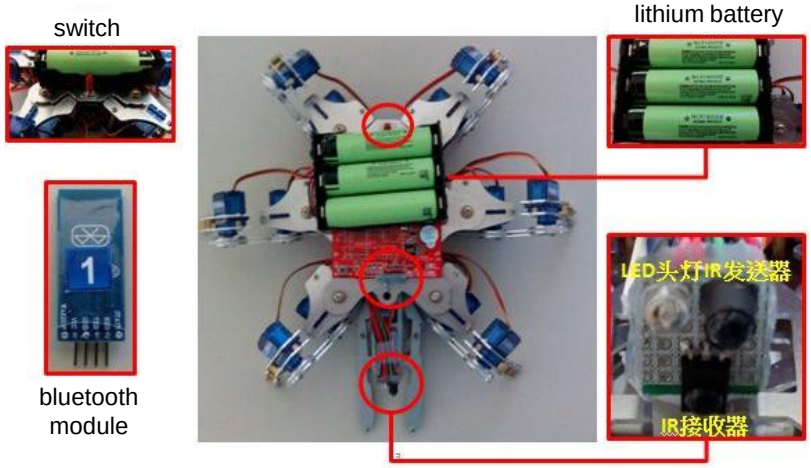
89 Solutions Launched in 2Q16

電源

- 基於延長AA電池供電時間之WIFI系統方案 2016-04-25
- 力推數位電源平台(.dp) - 120W TV電源方案 2016-04-14
- 符合節能環保風潮，從低功耗IC整合出高效能電源管理方案 2016-04-13
- 力推Qi無線充電解決方案 2016-04-13
- 不再拘束，想充就充~推出無線充電方案 2016-04-13



- 推出無人機航拍高清傳輸系統 2016-04-25
- 基於LoRa的智慧酒店門禁方案 2016-04-25
- 基於物聯網節點與工廠人員管理系統 2016-04-25
- 基於物聯網節點與長距離農業管理系統 2016-04-25
- 基於平臺藍牙土肥監測儀錶解決方案 2016-04-25
- BLE六爪機器人解決方案 2016-04-25



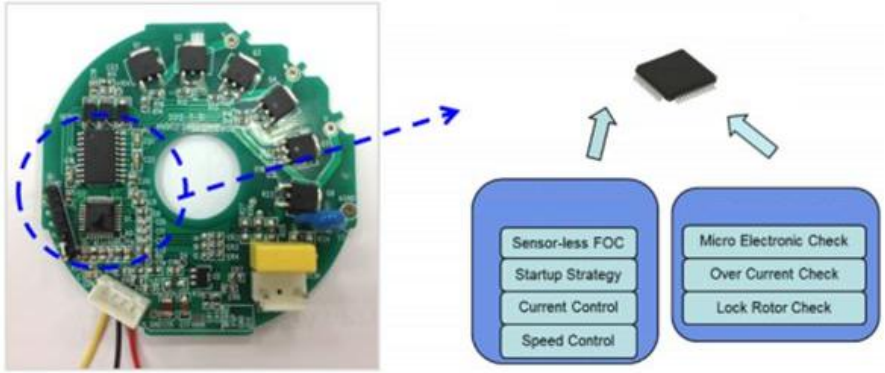
six-claw Robot Solution

電腦&週邊

- 基於Wi-Fi平臺的雲端印表機 2016-04-25

工業電子

- 力推適用工業電子之完整解決方案 2016-04-13
- 推出新款開發板，加強對全球領先的32位元微控制器的支援 2016-04-13
- 推出馬達控制開發套件，數秒鐘即可直接開始運轉無刷直流馬達 2016-04-13
- 推出BLDC馬達控制解決方案 2016-04-13
- 推出機板，針對教育環境、製造商和嵌入式開發人員使用 2016-04-13
- 推出系列工業機器人解決方案 2016-04-13
- 推出全新數位輸出/入產品於工業控制與自動化系統應用 2016-04-13
- 推出抗噪解決方案，將電容感測引入溫控器應用 2016-04-13



BLDC Motor Control Solution

89 Solutions Launched in 2Q16



力推穿戴式應用：心率感測器、魚眼校正及360度運動攝影機	2016-05-04
推出微控制器，擁有處理器性能，可支援穿戴式裝置應用	2016-05-04
力推可穿戴應用方案	2016-05-04
力推適用穿戴裝置之完整解決方案	2016-05-04
一石激起千層浪~推出系列藍牙智慧可穿戴方案	2016-05-04
推出智慧手錶方案	2016-05-04
力推可穿戴式應用方案	2016-05-04
推出生物傳感模組方案	2016-05-04
力推硬體開發包(HDK)	2016-05-04
力推MEMS時脈解決方案於穿戴式裝置與物聯網應用	2016-05-04
推出反射式血氧測量模組	2016-05-04
推出BLE美顏口罩方案	2016-05-04
推薦心律運動手錶	2016-05-04
智能运动耳机方案	2016-05-04
力推带app可穿戴式无线充电方案	2016-05-04
基於BLE遙控器方案	2016-04-25
基於LoRa的調變技術USB GPS定位方案	2016-04-25
基於LoRa的調變技術的穿戴式GPS定位方案	2016-04-25
藍牙情侶(一對二)耳機方案	2016-04-25

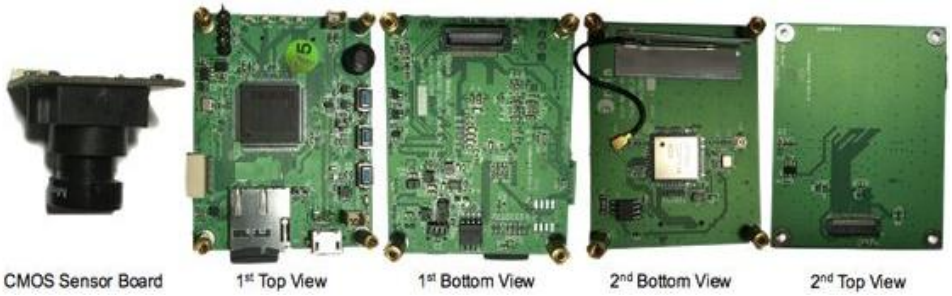


Biosensor Solution



DRL Solution

推出汽車藍牙解決方案	2016-06-15
車聯網先驅~推出基於WiFi互聯技術的車載影音導航系統方案	2016-06-15
推出車用智能雙模藍牙方案	2016-06-15
推出汽車音頻解決方案	2016-06-15
推出創新型廣泛DC/DC控制器特有業界最高65V運行方式	2016-06-15
車載電腦解決方案	2016-06-15
推出適用汽車電子之完整解決方案	2016-06-15
力推汽車LED動態轉向尾燈驅動整體解決方案	2016-06-15
推出多通道汽車頭燈解決方案	2016-06-15
力推LED Driver IC晶片DRL解決方案	2016-06-15
推出車載後視鏡方案	2016-06-15
力推高效能行車影音記錄器解決方案	2016-06-15
讓愛車如虎添翼~推出基於跳頻鑰匙解決方案	2016-06-15
力推车载USB快速充电解决方案	2016-06-15
無線藍牙OBDII方案	2016-04-25
基於GPS&北斗雙模加GPRS基帶追蹤定位裝置	2016-04-25
基於BLE車用後視鏡方案	2016-04-13



Driving Video Recorder Solution

Result Highlights

Unit:NT$million

item	1H16	1H15	YoY (%)
Net Sales	255,292	232,467	9.8
Gross Margin	4.27%	4.38%	-12 bp
Operating Expenses	(6,397)	(6,111)	4.7
Operating Income	4,494	4,078	10.2
Operating Margin	1.76%	1.75%	+1 bp
Net Income	3,108	2,558	21.5
EPS (NT$)(1)	1.88	1.55	
Total Assets	171,981	166,752	
Total Liabilities	125,848	124,332	
Total Equity	46,133	42,420	
Net Working Capital	90,091	90,458	
Free Cash Flow	13,999	98	
KEY Indices(2)			
ROWC	*10.0%*	*9.0%*	+96 bp
NWC/Sales	*0.18*	*0.19*	
ROE	*13.3%*	*11.8%*	+154 bp
Gearing	1.17	1.33	

(1).Weighted average shares outstanding

(2).Annualized

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Statements of Comprehensive Income

Unit:NT$million

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Gross Margin	4.27%	4.38%	
Operating Expenses	(6,397)	(6,111)	4.7
Operating Income	4,494	4,078	10.2
Operating Margin	1.76%	1.75%	
Net Non-operating Items	(560)	(469)	19.5
Net Financing costs	(741)	(654)	13.3
Others	180	185	
Profit Before Tax/Minority	3,933	3,609	9.0
Tax	(815)	(1,045)	(22.0)
Minority/Accounting Principle Change	(10)	(5)	
Profit After Tax/Minority	3,108	2,558	21.5
Net Margin	1.22%	1.10%	
EPS (NT$)(1)	1.88	1.55	
Tax%	21%	29%	

(1).Weighted average shares outstanding

Unaudited, Prepared by WPG based on TIFRS.

Cash Flows

Unit:NT$m	1H16	1H15
-Income before Income Tax	3,933	3,609
-Changes of NWC	7,233	(1,147)
-Adjustment & Others	2,833	(2,364)
From Operation	**13,999**	**98**
-Financial Instrument	(511)	(139)
-Capital Expenditure	-	(69)
-Acquisition of subsidiaries	(30)	(56)
-Others	53	122
From Investment	**(487)**	**(142)**
-Financial Debt	(13,695)	(1,120)
-Others	(5)	(32)
From Financing	**(13,700)**	**(1,152)**
Cumulative translation adjustments	**(1,292)**	**(1,487)**
Net Cash Position Change	**(1,480)**	**(2,684)**
Ending Cash Balance	**7,966**	**8,501**

Unaudited, Prepared by WPG based on TIFRS.

Recap of Recent Major Events

- **WPG Board of Directors Resolved to Sign MOU of Office Building Acquisition (2016/04/26)**
- **WPG Shareholders' Meeting Approved NT$2.4 Cash Dividend Per Share (2016/06/22)**

WPG Holdings

Thank you

http://www.WPGholdings.com
IR@WPGholdings.com

The Benchmark of Distribution