

# **WPG Holdings Ltd.** **(3702 TT/3702.TW)**

## **4Q09 Earning Release**

Jan. 29th, 2010

亞洲第一電子通路

**WPG** 大聯大控股  
WPG Holdings Limited

# 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").
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# Agenda

## ■ Welcome

Kathryn Chen

## ■ 4Q09 Financial Highlights & 1Q10 Outlook

Cliff Yuan

## ■ CEO Comments

Simon Huang

## ■ Q&A

Simon Huang/  
Scott Lin/  
Cliff Yuan

# Result Highlights

**Unit:NT\$million**

item	2009	2008	YoY (%)
<b>Net Sales</b>	<b>196,962</b>	<b>143,232</b>	<b>37.5</b>
<b>Gross Margin</b>	<b>5.65%</b>	<b>5.58%</b>	<b>+7 bp</b>
<b>Operating Income</b>	<b>4,495</b>	<b>2,987</b>	<b>50.5</b>
<b>Operating Margin</b>	<b>2.28%</b>	<b>2.09%</b>	<b>+20 bp</b>
<b>Net Income</b>	<b>3,484</b>	<b>1,841</b>	<b>89.2</b>
<b>EPS (NTD)<sup>(1)</sup></b>	<b>3.94</b>	<b>2.41</b>	<b>63.7</b>
<b>Total Assets</b>	<b>59,396</b>	<b>42,522</b>	
<b>Total Liabilities</b>	<b>39,129</b>	<b>27,764</b>	
<b>Total Equity</b>	<b>20,267</b>	<b>14,758</b>	
<b>Net Working Capital</b>	<b>26,441</b>	<b>22,252</b>	
<b>Free Cash Flow</b>	<b>3,017</b>	<b>6,534</b>	
<b>KEY Indices<sup>(2)</sup></b>			
<b>ROWC</b>	<b>17.00%</b>	<b>13.43%</b>	<b>+357 bp</b>
<b>NWC/Sales</b>	<b>0.13</b>	<b>0.16</b>	
<b>ROE</b>	<b>19.89%</b>	<b>12.62%</b>	<b>+728 bp</b>
<b>Gearing</b>	<b>0.43</b>	<b>0.64</b>	

(1).Weighted average shares outstanding

(2).Annualized

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# Income Statements

Unit:NT\$million

Item	2009	2008	YoY(%)
<b>Net operating Revenue</b>	<b>196,962</b>	<b>143,232</b>	<b>37.5</b>
<b>COGS</b>	<b>(185,828)</b>	<b>(135,236)</b>	<b>37.4</b>
<b>Gross Profit</b>	<b>11,133</b>	<b>7,996</b>	<b>39.2</b>
<b>Gross Margin</b>	<b>5.65%</b>	<b>5.58%</b>	<b></b>
<b>Operating Expenses</b>	<b>(6,639)</b>	<b>(5,008)</b>	<b>32.6</b>
<b>Operating Income</b>	<b>4,495</b>	<b>2,987</b>	<b>50.5</b>
<b>Operating Margin</b>	<b>2.28%</b>	<b>2.09%</b>	<b></b>
<b>Net Non-operating Items</b>	<b>13</b>	<b>(528)</b>	<b>(102.4)</b>
<b>Net Financing costs</b>	<b>(326)</b>	<b>(780)</b>	<b>(58.2)</b>
<b>Others</b>	<b>339</b>	<b>251</b>	<b>34.6</b>
<b>Profit Before Tax/Minority</b>	<b>4,508</b>	<b>2,459</b>	<b>83.3</b>
<b>Tax</b>	<b>(1,020)</b>	<b>(607)</b>	<b>68.0</b>
<b>Extraordinary Gain</b>	<b>23</b>	<b>-</b>	<b>N/A</b>
<b>Minority/Accounting Principle Change</b>	<b>(27)</b>	<b>(11)</b>	<b>139.3</b>
<b>Profit After Tax/Minority</b>	<b>3,484</b>	<b>1,841</b>	<b>89.2</b>
<b>Net Margin</b>	<b>1.77%</b>	<b>1.29%</b>	<b></b>
<b>EPS (NTD)<sub>(1)</sub></b>	<b>3.94</b>	<b>2.41</b>	<b>63.74</b>
<b>Tax%</b>	<b>23%</b>	<b>25%</b>	

(1).Weighted average shares outstanding

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# Balance Sheet

Unit:NT\$million

item	4Q09		3Q09		4Q08	
	Amount	%	Amount	%	Amount	%
<b>Cash &amp; Marketable Securities</b>	6,962	12	6,958	11	6,137	14
<b>Accounts Receivable - Trade</b>	29,649	50	31,645	51	16,959	40
<b>Inventory</b>	15,411	26	15,793	26	14,054	33
<b>Current Assets</b>	56,430	95	58,731	95	39,744	93
<b>Others</b>	2,967	5	3,066	5	2,777	7
<b>Total Assets</b>	<b>59,396</b>	<b>100</b>	<b>61,797</b>	<b>100</b>	<b>42,522</b>	<b>100</b>
<b>Current Interest-bearing Debt</b>	12,195	21	14,019	23	14,993	35
<b>Accounts Payble</b>	18,620	31	22,784	37	8,760	21
<b>Accured Liabilities and Others</b>	3,332	6	3,100	5	1,788	4
<b>Current Liabilities</b>	34,146	57	39,904	65	25,541	60
<b>Long-term Interest-bearing Debt</b>	4,643	8	2,120	3	1,919	5
<b>Others</b>	340	1	342	1	303	1
<b>Total Liabilities</b>	<b>39,129</b>	<b>66</b>	<b>42,366</b>	<b>69</b>	<b>27,764</b>	<b>65</b>
<b>Total Equity</b>	<b>20,267</b>	<b>34</b>	<b>19,431</b>	<b>31</b>	<b>14,758</b>	<b>35</b>

**KEY Indices**

<b>Net Working Capital (\$)</b>	26,441	24,654	22,252
<b>AR Turnover (Days)</b>	43	46	50
<b>Inventory Turnover (Days)</b>	29	30	39
<b>AP Turnover (Days)</b>	27	32	27
<b>Average Collection Periods (Days)</b>	45	45	62
<b>Current Ratio</b>	165%	147%	156%
<b>Gearing Ratio</b>	0.43	0.41	0.64

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# Cash Flows

Unit:NT\$million

	<b>2009</b>	<b>2008</b>
-Net Income <sub>(1)</sub>	3,484	1,852
-Changes of NWC	(764)	3,611
-Adjustment & Others	296	1,072
<b>From Operation</b>	<b>3,017</b>	<b>6,534</b>
-Financial Instrument	826	20
-Capital Expenditure	8	(168)
-Others	(164)	24
<b>From Investment</b>	<b>670</b>	<b>(125)</b>
-Financial Debt	(2,527)	(2,980)
-Cash Dividends	(1,250)	(1,565)
-ESOP	28	37
-Others	25	29
<b>From Financing</b>	<b>(3,724)</b>	<b>(4,479)</b>
Effect on changes of consolidated subsidiaries	703	91
Cumulative translation adjustments	(440)	91
<b>Net Cash Position Change</b>	<b>226</b>	<b>2,112</b>
<b>Ending Cash Balance</b>	<b>6,315</b>	<b>6,089</b>

(1).Minority interest is included.

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# Result Highlights (pro forma)

Unit:NT\$million

item	4Q09	4Q08	YoY(%)	2009	2008	YoY (%)
Net Sales	53,599	37,133	44.3	198,496	173,829	14.2
Operating Income	993	60	1,566.5	4,496	3,115	44.3
Net Income	852	(298)	386.3	3,492	1,458	139.5
EPS (NT\$) <sup>(1)</sup>	0.95	(0.33)	386.0	3.90	1.63	139.2
Net Working Capital	26,441	25,605		26,441	25,605	
Bank Borrowing	16,838	20,226		16,838	20,226	
Free Cash Flow	(447)	3,871		2,720	7,174	
KEY Indices <sup>(2)</sup>						
ROWC	15.03%	0.93%	+1410 bp	17.00%	12.16%	+484 bp
NWC/Sales	0.12	0.17		0.13	0.15	
ROE	17.66%	-6.53%	+2419 bp	18.08%	7.99%	+1009 bp
Gearing Ratio	0.43	0.66		0.43	0.66	
Inventory Days	30	49		33	42	

(1).Weighted average shares outstanding

(2).Annualized

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# Result Highlights

Unit:NT\$million

item	4Q09	4Q09 Guidance	3Q09	4Q08	QoQ(%)	YoY(%)
<b>Net Sales</b>	<b>53,599</b>	<b>50~53B</b>	<b>59,077</b>	<b>31,934</b>	<b>(9.3)</b>	<b>67.8</b>
<b>Gross Margin</b>	<b>5.53%</b>	<b>5.3% ~ 5.5%</b>	<b>5.62%</b>	<b>5.20%</b>	<b>-8 bp</b>	<b>+33 bp</b>
<b>Operating Income</b>	<b>993</b>		<b>1,680</b>	<b>270</b>	<b>(40.9)</b>	<b>267.5</b>
<b>Operating Margin</b>	<b>1.85%</b>	<b>2.1% ~ 2.3%</b>	<b>2.84%</b>	<b>0.85%</b>	<b>-99 bp</b>	<b>+101 bp</b>
<b>Net Income</b>	<b>852</b>		<b>1,296</b>	<b>42</b>	<b>(34.2)</b>	<b>1,912.4</b>
<b>EPS (NT\$)<sub>(1)</sub></b>	<b>0.95</b>		<b>1.46</b>	<b>0.04</b>	<b>(35.4)</b>	<b>2,124.7</b>
<b>Net Book Value (NT\$)</b>	<b>22.80</b>					
<b>Total Assets</b>	<b>59,396</b>		<b>61,797</b>	<b>42,522</b>		
<b>Total Liabilities</b>	<b>39,129</b>		<b>42,366</b>	<b>27,764</b>		
<b>Total Equity</b>	<b>20,267</b>		<b>19,431</b>	<b>14,758</b>		
<b>Net Working Capital</b>	<b>26,441</b>		<b>24,654</b>	<b>22,252</b>		
<b>Free Cash Flow</b>	<b>(447)</b>		<b>(1,654)</b>	<b>3,950</b>		
<b>KEY Indices<sub>(2)</sub></b>						
<b>ROWC</b>	<b>15.03%</b>		<b>27.25%</b>	<b>4.86%</b>	<b>-1,222 bp</b>	<b>+1017 bp</b>
<b>NWC/Sales</b>	<b>0.12</b>		<b>0.10</b>	<b>0.17</b>		
<b>ROE</b>	<b>19.47%</b>		<b>30.32%</b>	<b>1.16%</b>	<b>-1,085 bp</b>	<b>+1831 bp</b>
<b>Gearing</b>	<b>0.43</b>		<b>0.41</b>	<b>0.64</b>		

(1).Weighted average shares outstanding

(2).Annualized

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# Income Statements

Unit:NT\$million

Item	4Q09	3Q09	QoQ(%)	4Q08	YoY(%)
Net operating Revenue	53,599	59,077	(9.3)	31,934	67.8
COGS	(50,633)	(55,759)	(9.2)	(30,273)	67.3
Gross Profit	2,966	3,319	(10.6)	1,661	78.5
Gross Margin	5.53%	5.62%		5.20%	
Operating Expenses	(1,972)	(1,639)	20.3	(1,391)	41.8
Operating Income	993	1,680	(40.9)	270	267.5
Operating Margin	1.85%	2.84%		0.85%	
Net Non-operating Items	101	(9)	1,263.6	(181)	155.8
Net Financing costs	(64)	(77)	(16.3)	(224)	(71.4)
Others	165	68		43	
Profit Before Tax/Minority	1,094	1,671	(34.5)	90	1,120.0
Tax	(238)	(360)	(33.9)	(59)	304.2
Minority/Accounting Principle Change	(4)	(16)		11	
Profit After Tax/Minority	852	1,296	(34.2)	42	1,912.4
Net Margin	1.59%	2.19%		0.13%	
EPS (NTD) <sub>(1)</sub>	0.95	1.46	(35.4)	0.04	2,124.7
Tax %	22%	22%		66%	

(1).Weighted average shares outstanding

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# Cash Flows

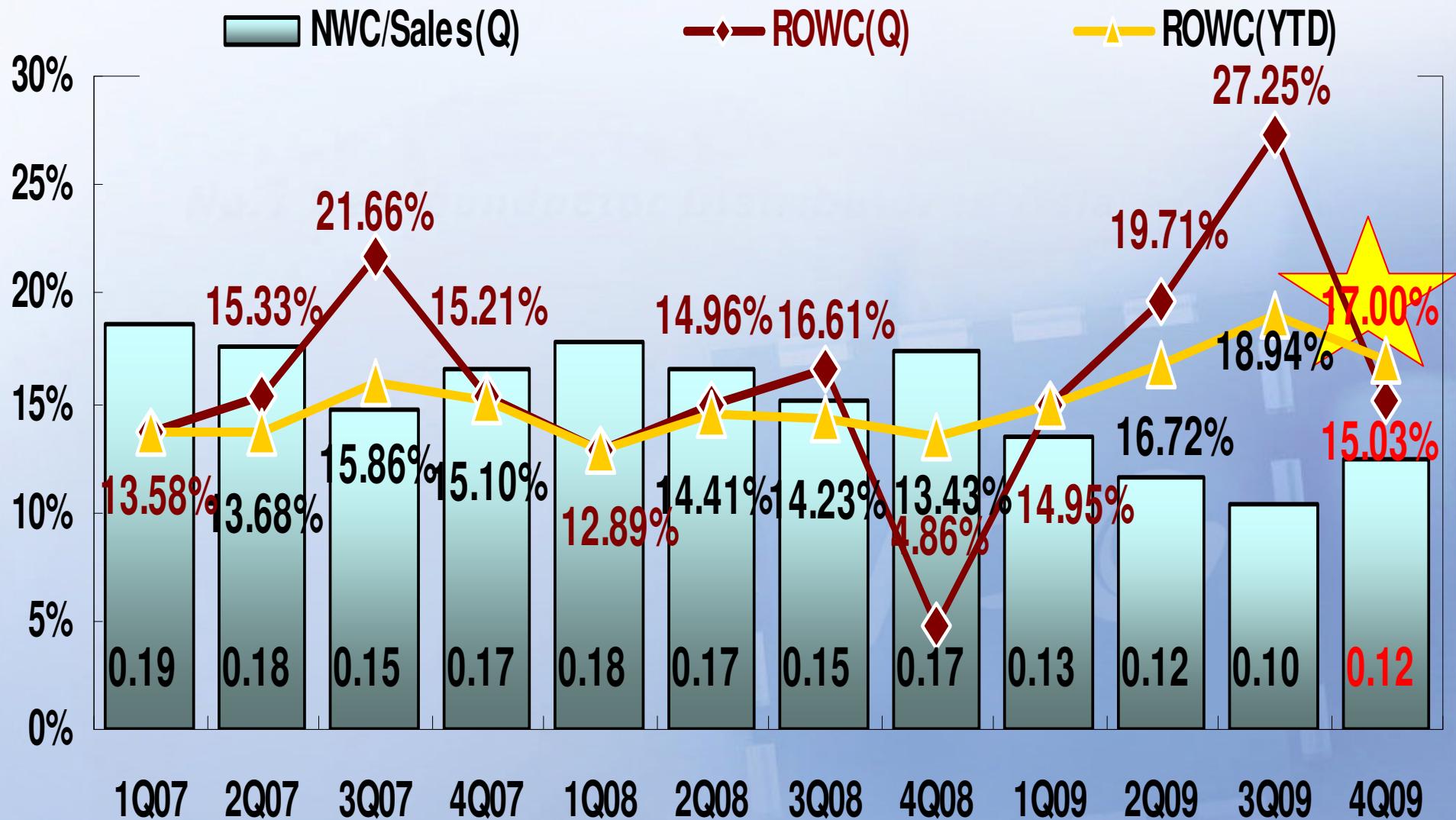
Unit:NT\$million

	<b>4Q09</b>	<b>3Q09</b>	<b>4Q08</b>
-Net Income <sub>(1)</sub>	830	1,311	31
-Changes of NWC	(1,690)	(2,915)	3,048
-Adjustment & Others	412	(50)	872
<b>From Operation</b>	<b>(447)</b>	<b>(1,654)</b>	<b>3,950</b>
-Financial Instrument	(431)	121	(386)
-Capital Expenditure	29	(9)	(8)
-Others	(127)	(11)	(10)
<b>From Investment</b>	<b>(529)</b>	<b>102</b>	<b>(404)</b>
-Financial Debt	698	2,341	(1,917)
-Cash Dividends	-	(1,250)	(9)
-ESOP	6	4	3
-Others	39	38	(67)
<b>From Financing</b>	<b>744</b>	<b>1,132</b>	<b>(1,990)</b>
Cumulative translation adjustments	(167)	(180)	192
<b>Net Cash Position Change</b>	<b>(399)</b>	<b>(600)</b>	<b>1,748</b>
<b>Ending Cash Balance</b>	<b>6,315</b>	<b>6,714</b>	<b>6,089</b>

(1).Minority interest is included.

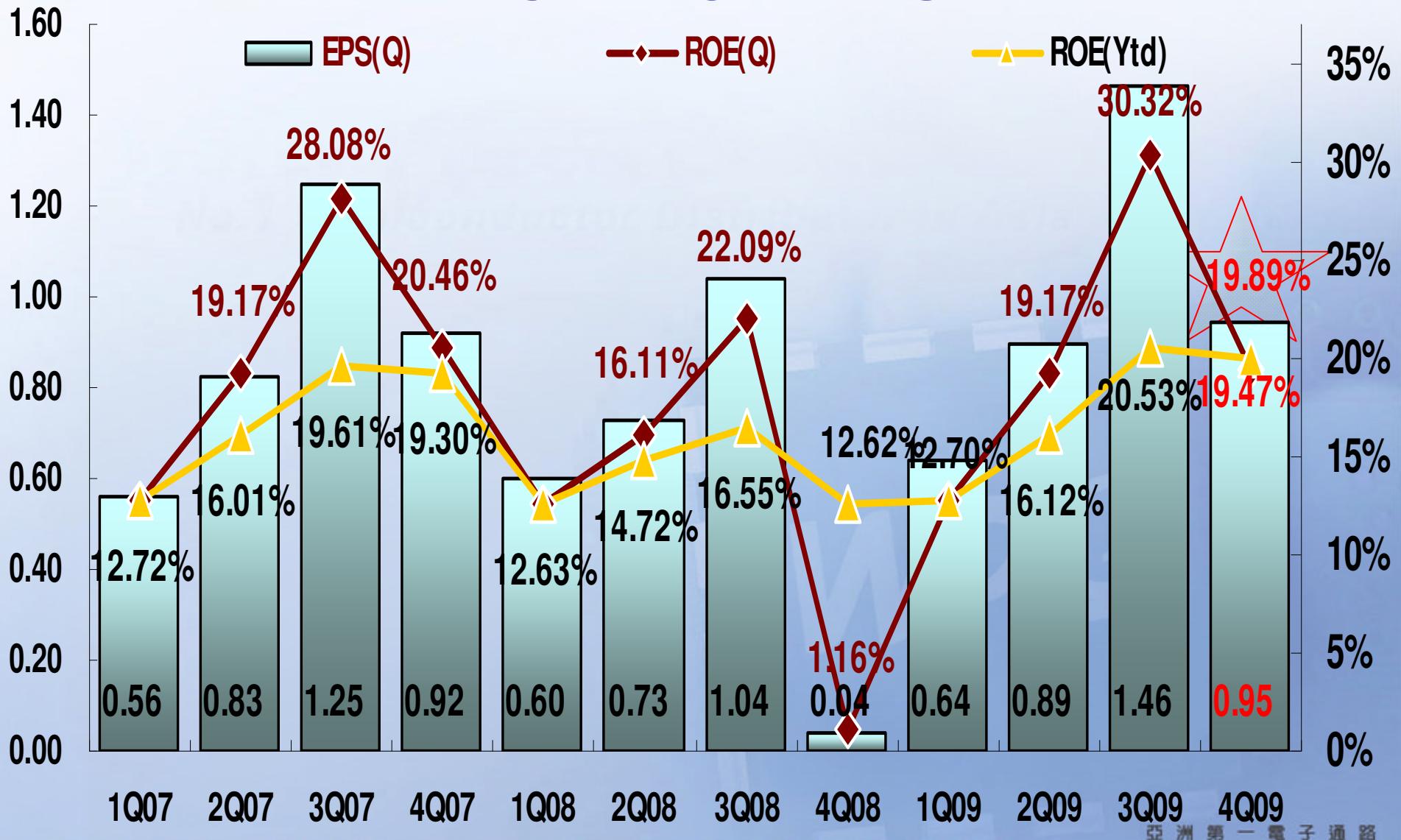
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# ROWC vs. NWC/Sales



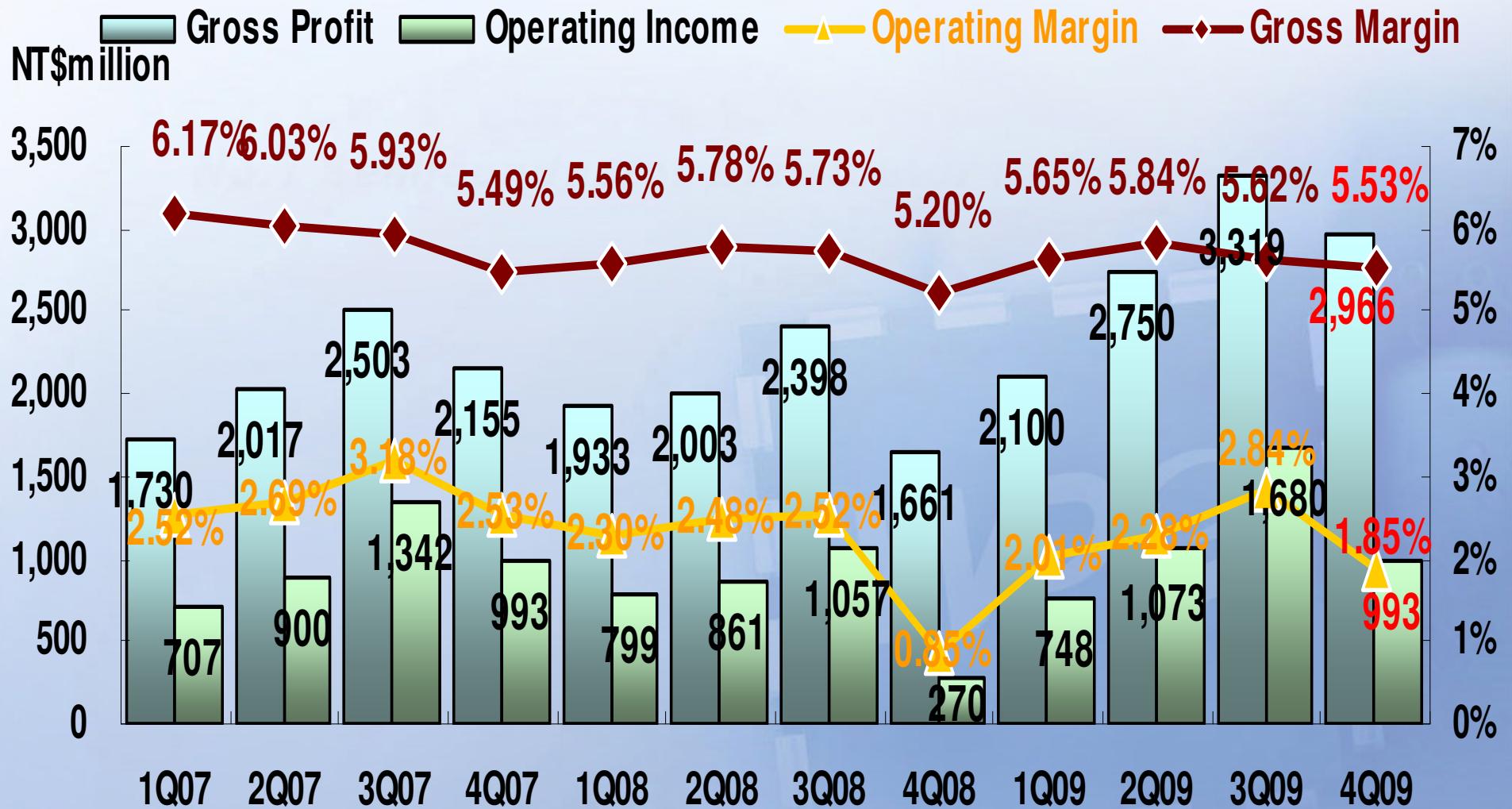
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# ROE vs. EPS



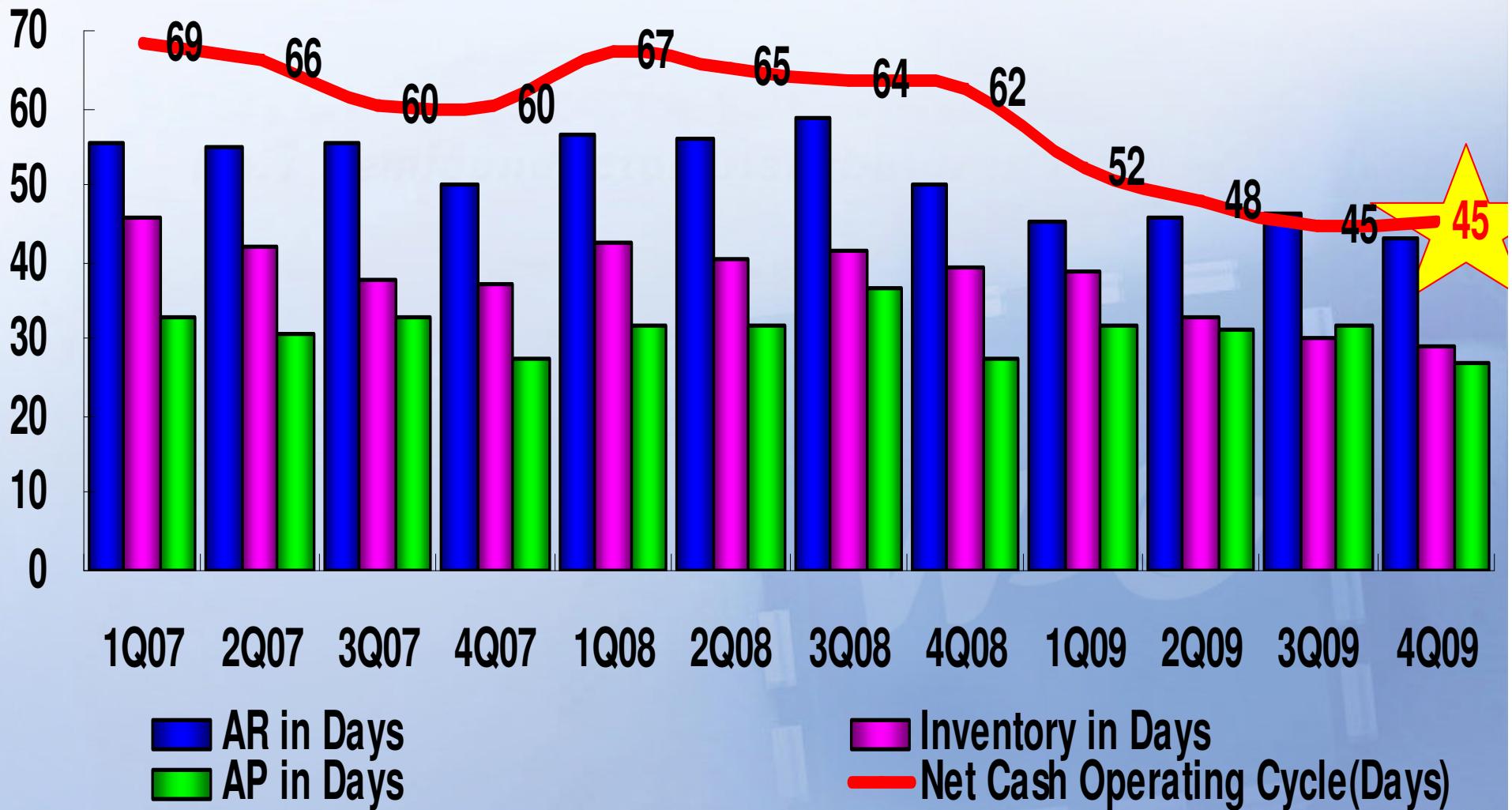
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# Gross Margin vs. Operating Margin



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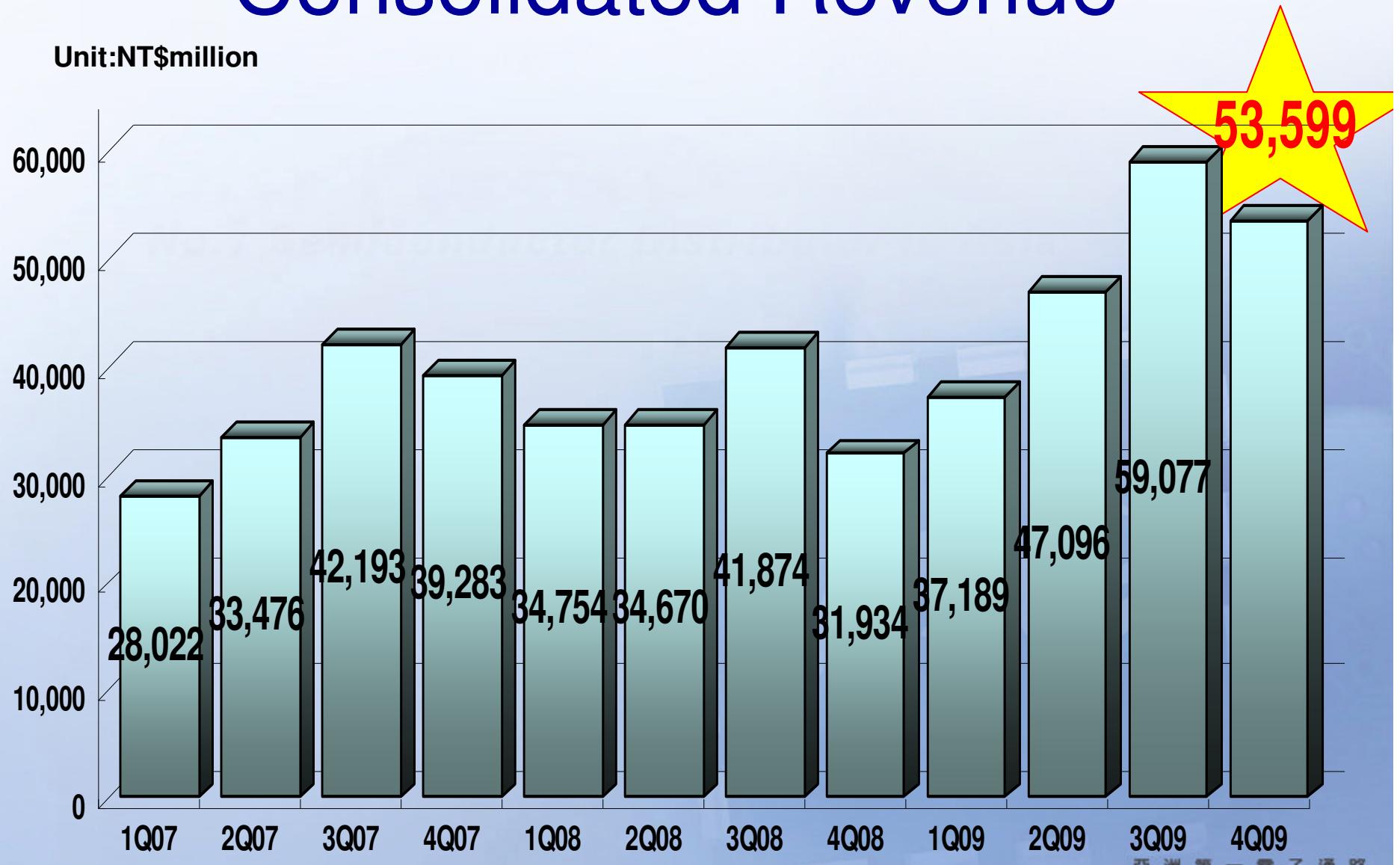
# Operating Cash Cycle



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# Consolidated Revenue

Unit:NT\$million

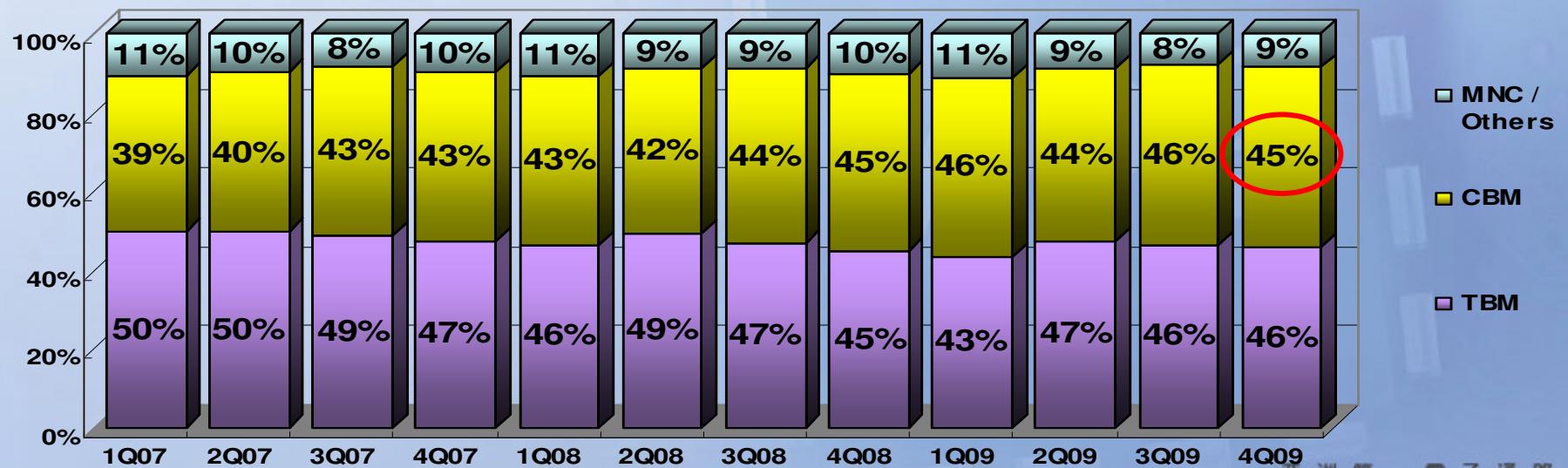
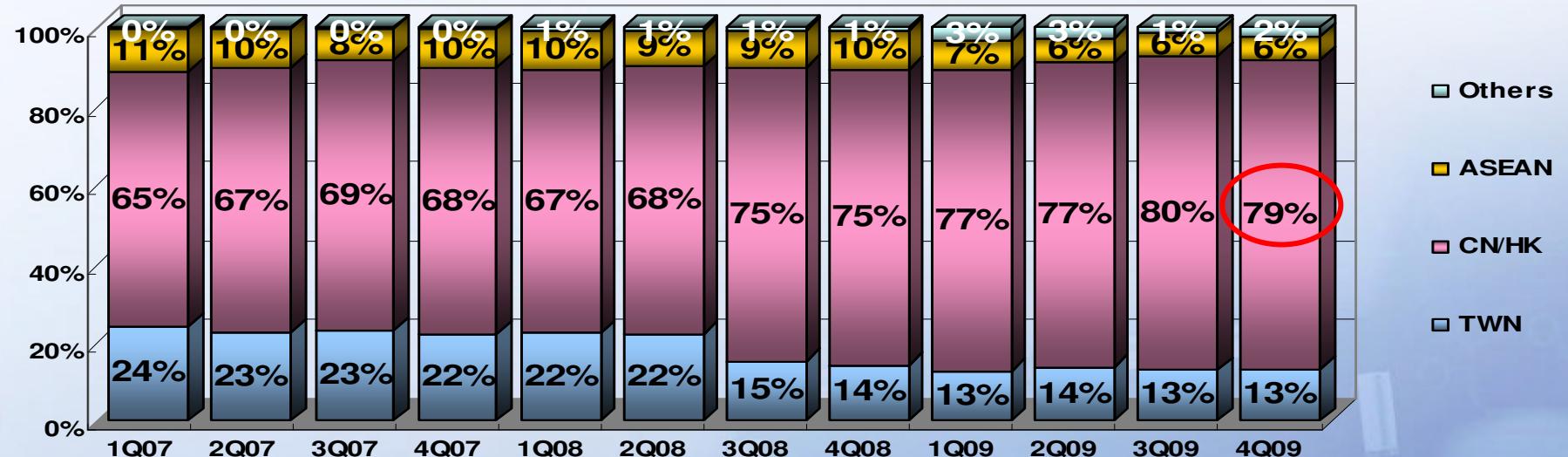


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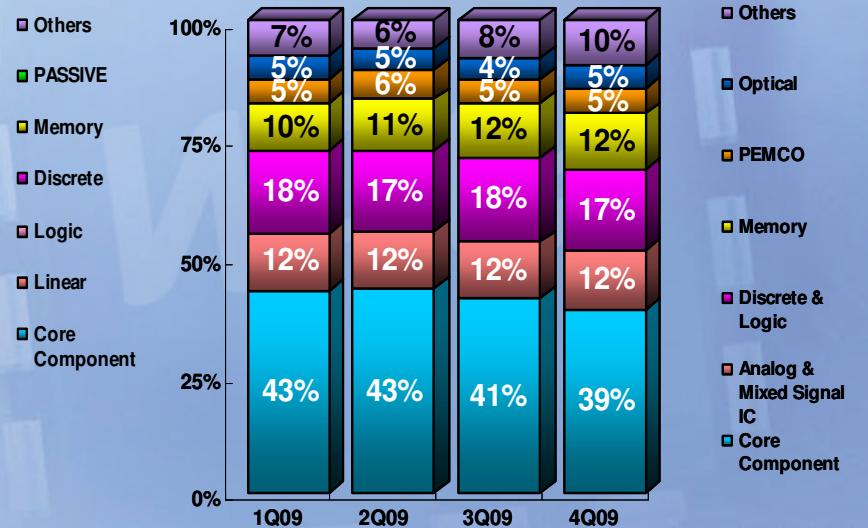
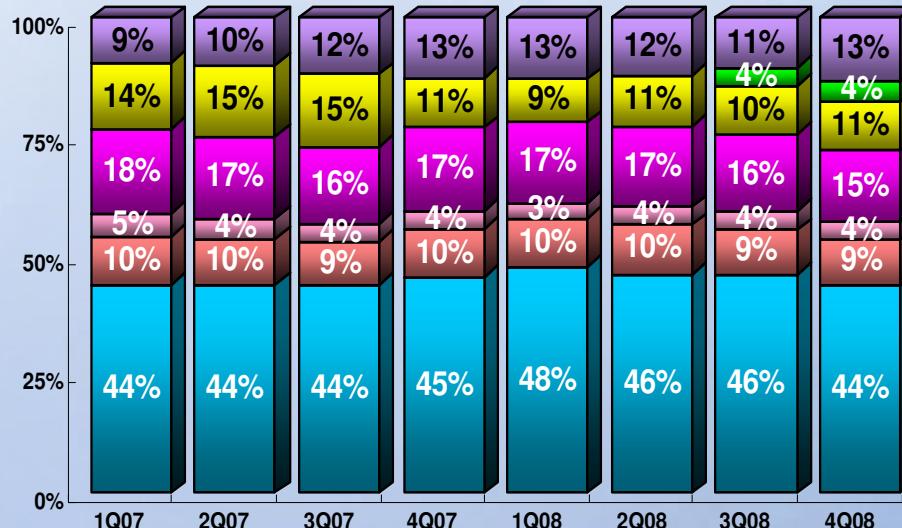
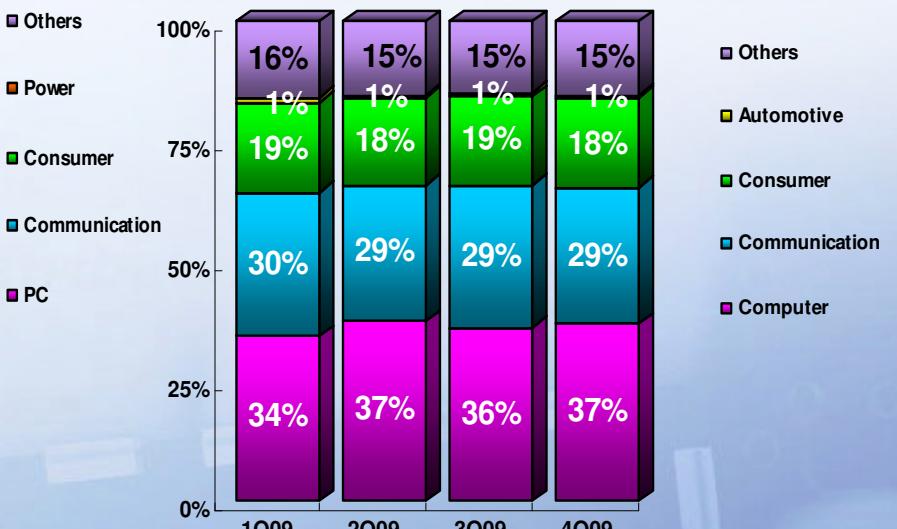
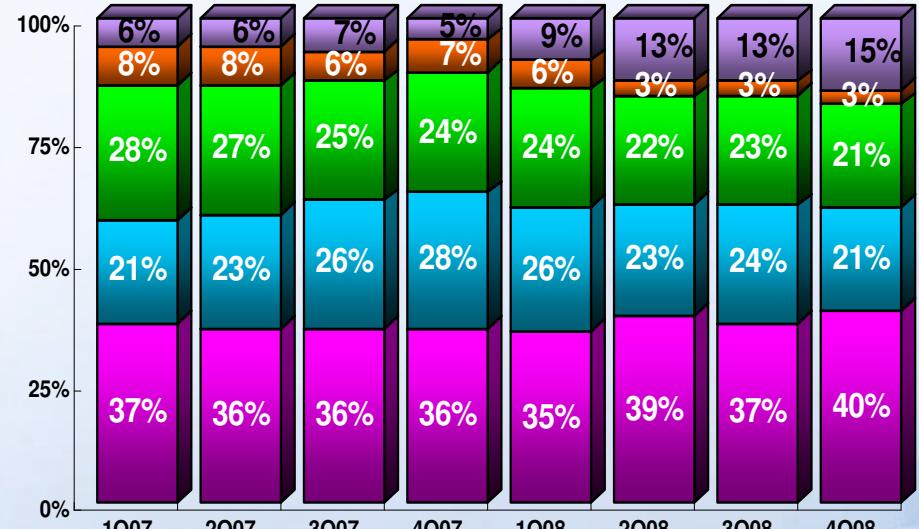
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# Sales breakdown by Geography/Customer



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# Sales breakdown by Application/ Device Type



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# 1Q10 Guidance

**Based on our current business outlook,  
management expects :**

- Revenues to be between NT\$ **51** billion and NT\$ **54** billion at a forecast FX rate of 31.75 NT dollars to 1 US dollar averaged over 1Q10.
- Gross profit margin to be between **5.3%** and **5.5%**
- Operating profit margin to be between **2.1%** and **2.3%**

# Recap of Recent Major Events

## ■ WPG Solutions Launched in 4Q09 :



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- ▶ 推出一系列針對 LCD TV 應用解決方案 2009-12-23
- ▶ 推出 LCD-TV 之主、被動元件最佳解決方案 2009-12-23
- ▶ 力推諸多產品線搭配 LCD TV Controller 提供完整液晶電視解決方案 2009-12-23
- ▶ 推出液晶電視解決方案 2009-12-23
- ▶ 代理產品線針對 TV 提出一系列解決方案 2009-12-23
- ▶ 推出 HD-DVR 機上盒系統級晶片解決方案\_CX24500 2009-12-09
- ▶ 推出地磁感測器系列方案 2009-11-25
- ▶ 推出 HD-DVR 機上盒系統級晶片解決方案\_CX24500 2009-12-09
- ▶ 力推高解析度 IP 與複合式數位電視機上盒整合方案 2009-12-09
- ▶ 推出 Set-Top Box 最佳的主被動解決方案 2009-12-09
- ▶ 力推適用機上盒(STB)之接收器單晶片 (a complete System-On-Chip)-A 2009-12-09



車用電子

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- ▶ 推出車用影音之最佳電源管理解決方案 2009-11-11
- ▶ 力推藍牙晶片(BC5MM)於車用免持及導航裝置之解決方案 2009-11-11
- ▶ 推出全方位車用及行動多媒體影音解決方案 2009-11-11
- ▶ 推出一系列車用電子解決方案 2009-10-14
- ▶ 推出 CMOS sensor MT9V126 倒車影像方案 2009-10-14
- ▶ 力推藍牙晶片(BC5MM)於車用免持及 PND 導航裝置之解決方案 2009-10-14
- ▶ 推出高效能儀表控制處理器 2009-10-14



一般應用

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- ▶ 推出一系列電源管理晶片 2009-10-28
- ▶ 推出高效能電源控制晶片 MC56F8000 系列案 2009-10-28
- ▶ 主諧振式電源控制器 2009-10-28
- ▶ 推出一系列 AC-DC Adaptor ( $\leq 65W$ )應用方案 2009-10-28



電腦及週邊

→ More

- ▶ 力推 MPS 在上網本電源解決方案 2009-10-28



手機&amp;通訊

→ More

- ▶ 力推客製化 3G 手機觸控式面板解決方案 2009-11-25
- ▶ 推出智能手機方案 2009-11-25
- ▶ 推出智慧型手機充電 IC 解決方案 2009-11-25
- ▶ 推出智慧型手機之解決方案 2009-11-25

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

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# Recap of Recent Major Events

- WPG Electronics (HK) Limited, the logistic center of WPG in HK, won Hong Kong Logistics Award for Medium-sized Enterprise in November 2009.



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