

**WPG Holdings Ltd.**  
**(TWEX:3702)**  
**2008 3Q Earning Release**

Oct 30, 2008

亞洲第一電子通路



**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").**
- **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
- Financial Highlights & Overview
- Q&A

# Overview

- **Consistent Profitability**
  - Revenue over **NT\$41.7Bn** , +20% Q/Q
  - By Operation Productivity improve continuously ,ROWC & ROE improved **169 & 481 basis point Q/Q** respectively, also **Net Profit + 46.5% Q/Q** faster than Sales , EPS grew to **NT\$1.04** per share (**Ytd NT\$2.37**)
- By well management of working capital , continue to improve **working/sales** to record low level , also strengthen **Asset Liquidity & Balance Sheet**
- Consistent Cash flow generation : **NT\$2.5bn**
- Complete acquisition of Pernas in July 16th,due to higher operating margin, contribute more than **7%** of income in 3Q respectively

# Result Highlights

Unit:NT\$million

item	3Q08	Guidance	2Q08	3Q07 <sup>(3)</sup>	QoQ(%)	YoY(%)
Net Sales	41,662	40~42BN	34,670	42,193	20.2	(1.3)
Gross Margin	5.77%	5.6% ~ 5.8%	5.81%	5.83%	-5 bp	-7 bp
Operating Income	1,063		873	1,301	21.8	(18.3)
Operating Margin	2.55%	2.7% ~ 2.9%	2.52%	3.08%	+3 bp	-53 bp
Net Income	800		546	898	46.5	(10.9)
EPS (NTD) <sup>(1)</sup>	1.04		0.73	1.25	43.4	(16.6)
<hr/>						
Total Assets	51,973		42,358	48,430		
Total Liabilities	37,420		29,644	34,958		
Total Equity	14,553		12,714	13,472		
Net Working Capital	25,453		23,032	24,782		
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KEY Indices <sup>(2)</sup>						
ROWC	16.64%		14.96%	21.66%	+169 bp	-502 bp
NWC/Sales	0.15		0.17	0.15		
ROE	22.00%		17.19%	26.66%	+481 bp	-466 bp

(1).Weighted average shares outstanding

(2).Annualized

(3).Expensing of employee profit sharing not included

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# Result Highlights

Unit:NT\$million	Ytd08	Ytd07	
item	<i>Amount</i>	<i>Amount</i>	YoY (%)
Net Sales	111,086	103,691	7.1
Operating Income	2,769	2,927	(5.4)
Net Income	1,799	1,882	(4.4)
EPS (NTD) <sub>(1)</sub>	2.37	2.63	

Total Assets	51,973	48,430	
Total Liabilities	37,420	34,958	
Total Equity	14,553	13,472	
Net Working Capital	25,453	24,782	

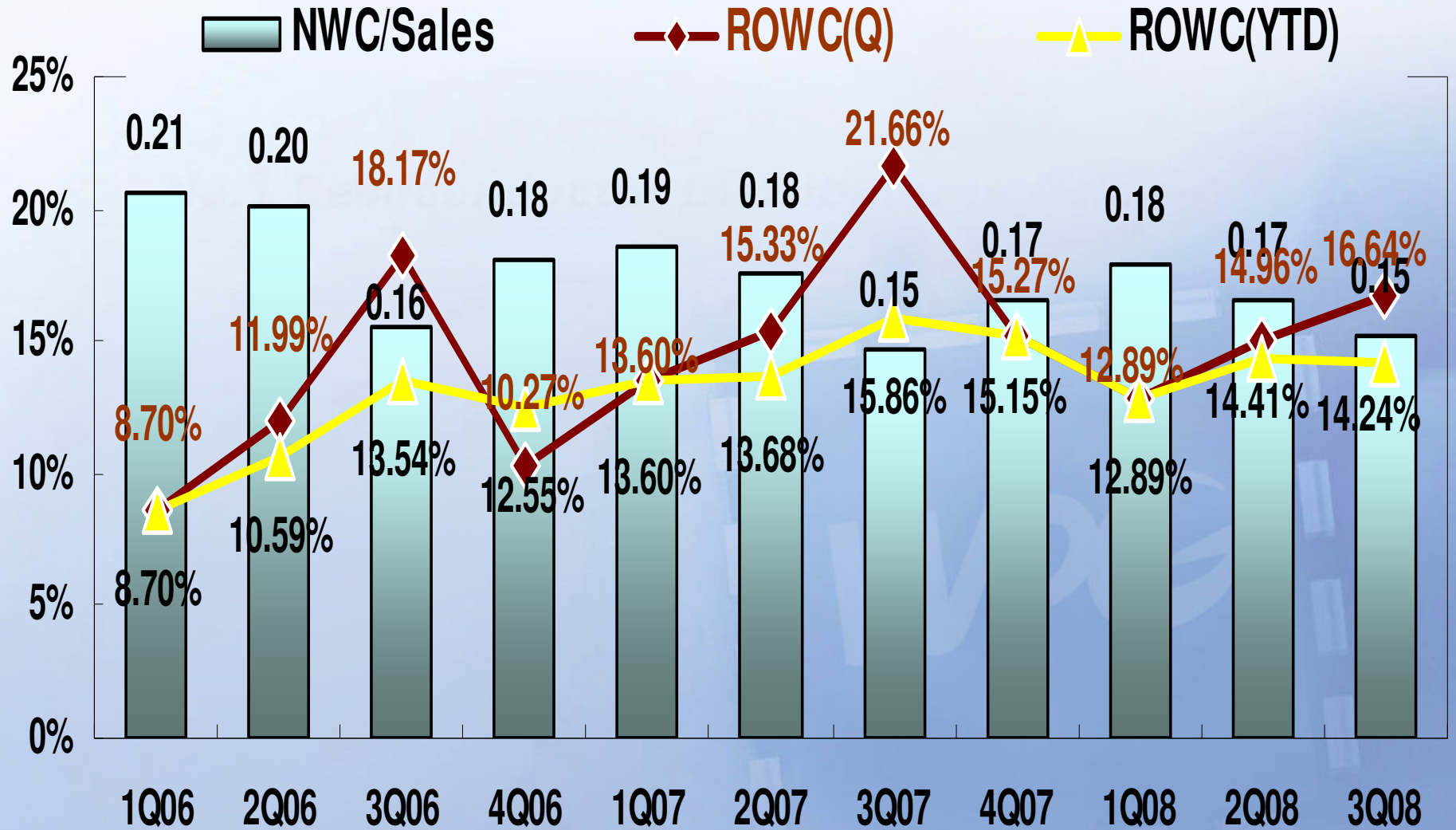
## KEY Indices<sub>(2)</sub>

ROWC	14.24%	15.86%	-162 bp
NWC/Sales	0.17	0.18	
ROE	16.48%	18.63%	-215 bp

(1).Weighted average shares outstanding

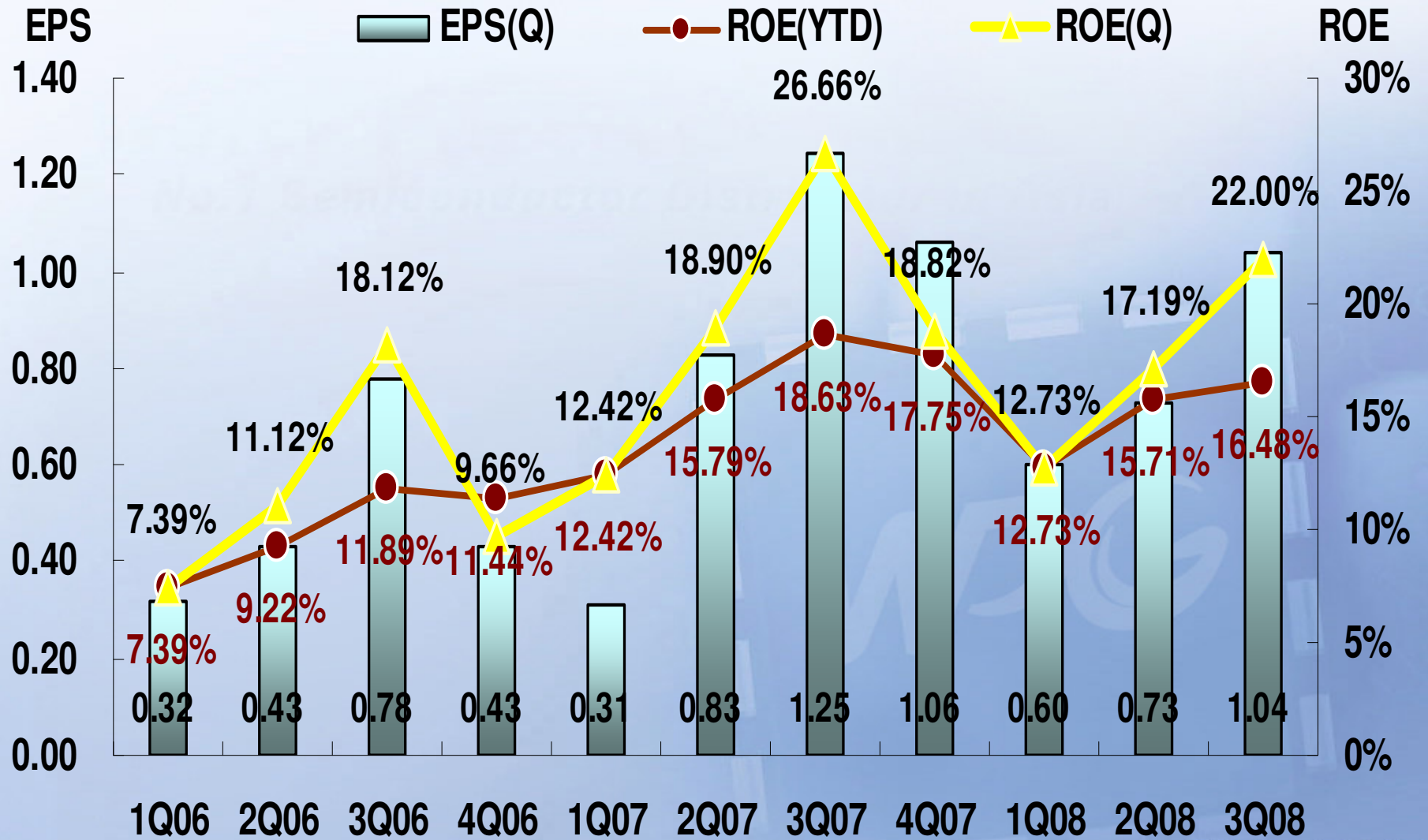
(2).Annualized

# ROWC vs. NWC/Sales



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# ROE vs. EPS



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# Income Statements

Unit:NT\$million

Item	3Q08	2Q08	QoQ(%)	3Q07	YoY(%)
Net operating Revenue	41,662	34,670	20.2	42,193	(1.3)
COGS	(39,259)	(32,655)	20.2	(39,731)	(1.2)
Gross Profit	2,402	2,015	19.2	2,462	(2.4)
Gross Margin	5.77%	5.81%		5.83%	
Operating Expenses	(1,339)	(1,142)	17.3	(1,161)	15.3
Operating Income	1,063	873	21.8	1,301	(18.3)
Operating Margin	2.55%	2.52%		3.08%	
Net Non-operating Items	(92)	(94)	(1.9)	(146)	(36.8)
Net Financing costs	(173)	(158)	9.1	(241)	(28.1)
Inventory Provision & OBS	(4)	(12)	(64.9)	41	(109.9)
Others	85	76	11.4	53	59.6
Profit Before Tax/Minority	971	779	24.7	1,155	(15.9)
Tax	(167)	(233)	(28.2)	(236)	(29.0)
Minority/Accounting Principle Change	(3)	1	(485.7)	(21)	(85.1)
Profit After Tax/Minority	800	546	46.5	898	(10.9)
Net Margin	1.92%	1.58%		2.13%	
EPS (NTD) <sub>(1)</sub>	1.04	0.73	43.4	1.25	(16.6)
Tax %	17%	30%		20%	

(1).Weighted average shares outstanding

(2).Expense of employee profit sharing not included

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# Income Statements

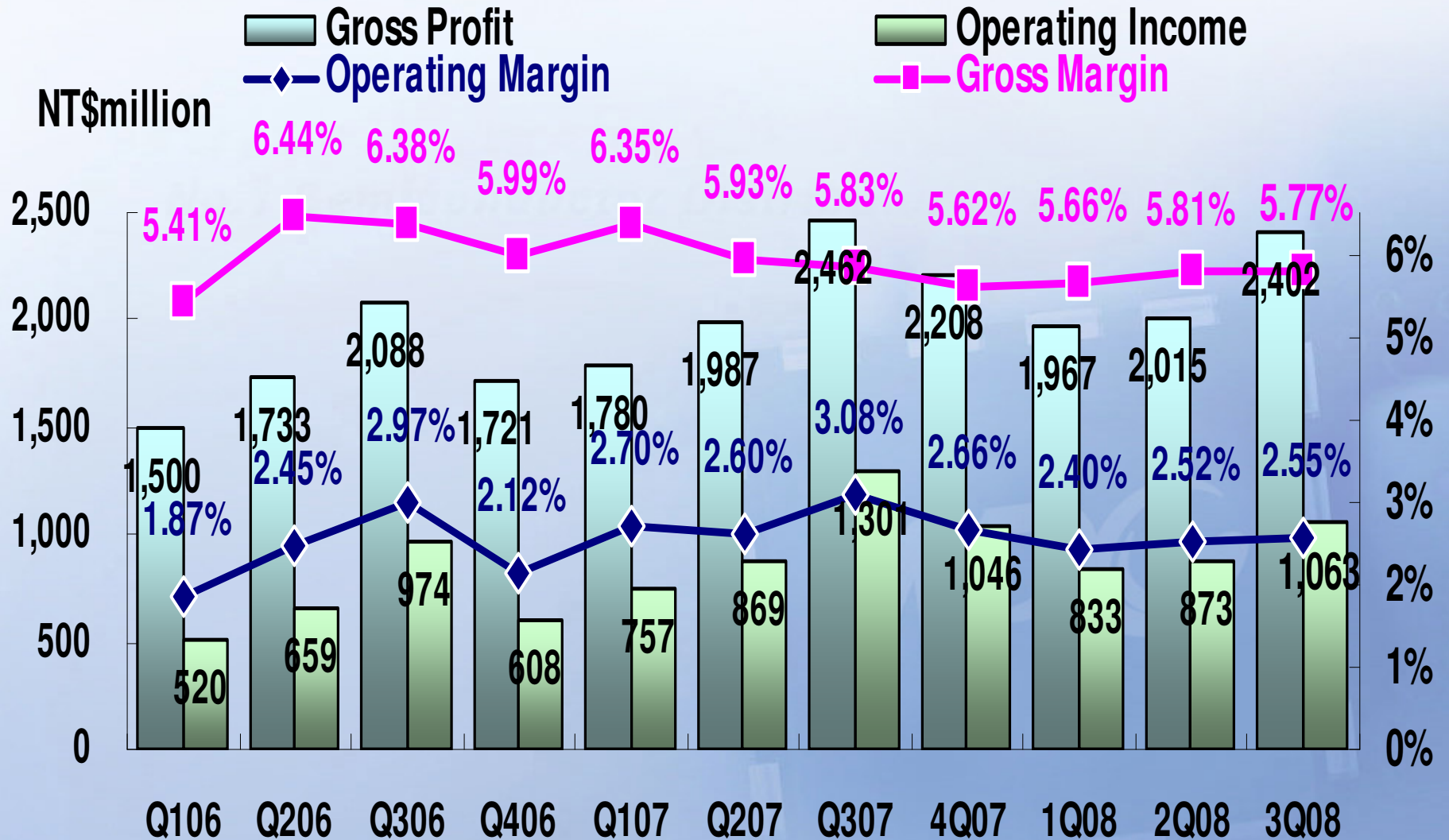
Unit:NT\$million

Item	Ytd 08	Ytd 07	YoY(%)
Net operating Revenue	111,086	103,691	7.1
COGS	(104,701)	(97,463)	7.4
Gross Profit	6,385	6,228	2.5
Gross Margin	5.75%	6.01%	
Operating Expenses	(3,616)	(3,301)	9.5
Operating Income	2,769	2,927	(5.4)
Operating Margin	2.49%	2.82%	
Net Non-operating Items	(400)	(503)	(20.5)
Net Financing costs	(556)	(633)	(12.2)
Inventory Provision & OBS	(50)	22	(332.5)
Others	206	108	90.6
Profit Before Tax/Minority	2,369	2,424	(2.2)
Tax	(548)	(484)	13.2
Minority/Accounting Principle Change	(23)	(58)	(60.9)
Profit After Tax/Minority	1,799	1,882	(4.4)
Net Margin	1.62%	1.81%	
EPS (NTD) <sub>(1)</sub>	2.37	2.63	(10.16)
Tax%	23%	20%	

(1).Weighted average shares outstanding

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# Gross Margin vs. Operating Margin



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# Balance Sheet

WPG Holdings, Holding the World

Unit:NT\$million

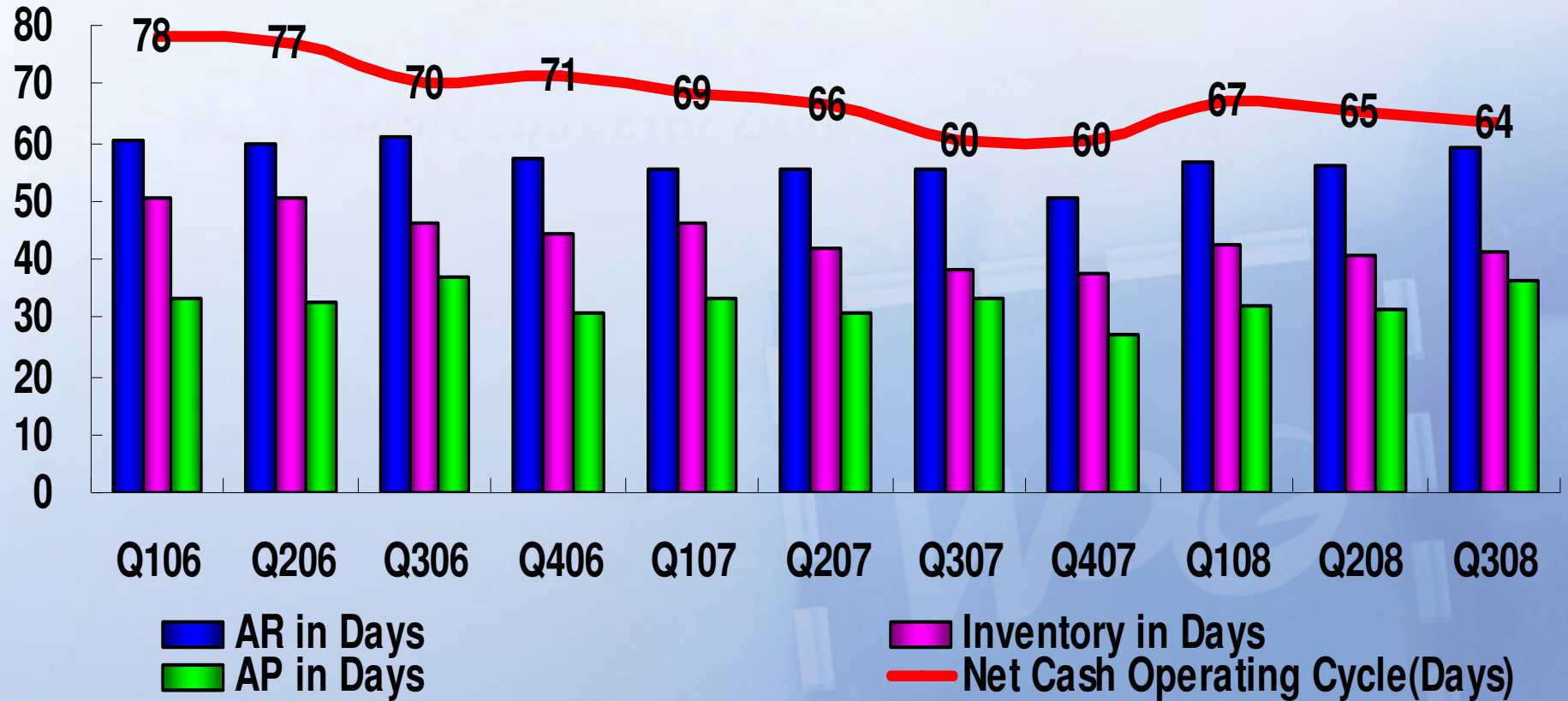
item	3Q08		2Q08		3Q07	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	4,425	9	3,508	8	3,550	7
Accounts Receivable - Trade	25,338	49	20,207	48	25,077	52
Inventory	16,453	32	13,940	33	14,635	30
Current Assets	49,177	95	39,755	94	45,973	95
Others	2,796	5	2,603	6	2,458	5
<b>Total Assets</b>	<b>51,973</b>	<b>100</b>	<b>42,358</b>	<b>100</b>	<b>48,430</b>	<b>100</b>
Current Interest-bearing Debt	14,861	29	12,538	30	13,249	27
Accounts Payable	16,338	31	11,115	26	14,931	31
Accrued Liabilities and Others	1,931	4	3,304	8	1,877	4
Current Liabilities	33,130	64	26,957	64	30,056	62
Long-term Interest-bearing Debt	3,988	8	2,400	6	4,630	10
Others	302	1	287	1	272	1
<b>Total Liabilities</b>	<b>37,420</b>	<b>72</b>	<b>29,644</b>	<b>70</b>	<b>34,958</b>	<b>72</b>
<b>Total Equity</b>	<b>14,553</b>	<b>28</b>	<b>12,714</b>	<b>30</b>	<b>13,472</b>	<b>28</b>

## KEY Indices

Net Working Capital (\$)	25,453	23,032	24,782
AR Turnover (Days)	59	56	55
Inventory Turnover (Days)	41	41	38
AP Turnover (Days)	36	32	33
Average Collection Periods (Days)	64	65	60
Current Ratio	148%	147%	153%
Debt/Asset Ratio	72%	70%	72%
Gearing Ratio	1.00	0.92	1.08

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# Operating Cash Cycle



# Cash Flows

Unit:NT\$million

	<b>3Q08</b>	<b>2Q08</b>	<b>3Q07</b>
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
-Net Income <sub>(1)</sub>	803	546	919
-Changes of NWC	(2,421)	1,758	(1,303)
-Adjustment & Others	1,227	(832)	438
<b>From Operation</b>	<b>(391)</b>	<b>1,472</b>	<b>54</b>
-Financial Instrument	(56)	20	(495)
-Capital Expenditure	(52)	(25)	(17)
-Others	(12)	48	18
<b>From Investment</b>	<b>(120)</b>	<b>44</b>	<b>(495)</b>
-Financial Debt	2,403	(2,262)	1,265
-Cash Dividends	(1,556)	0	(776)
-ESOP	12	4	94
-Others	(22)	(0)	4
<b>From Financing</b>	<b>838</b>	<b>(2,258)</b>	<b>587</b>
<b>Net Cash Position Change</b>	<b>327</b>	<b>(742)</b>	<b>146</b>
Exchange Rate Change & Others	694	5	52
<b>Ending Cash Balance</b>	<b>4,344</b>	<b>3,190</b>	<b>3,363</b>

(1).Minority interest is included.

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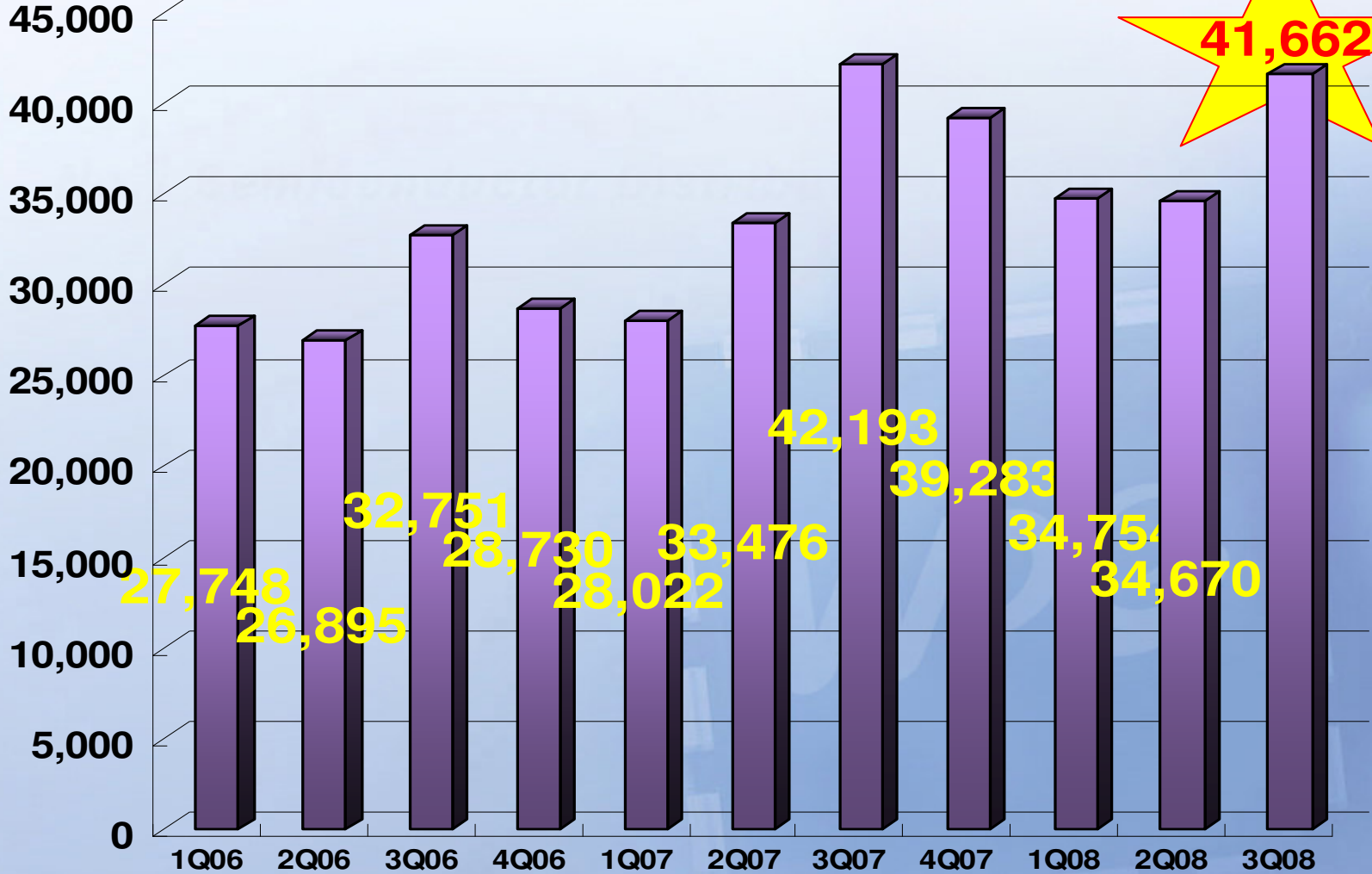
# Cash Flows

Unit:NT\$million	Ytd08 <i>Amount</i>	Ytd07 <i>Amount</i>
-Net Income <sub>(1)</sub>	1,821	1,939
-Changes of NWC	559	(3,983)
-Adjustment & Others	113	337
<b>From Operation</b>	<b>2,493</b>	<b>(1,707)</b>
-Financial Instrument	481	(179)
-Capital Expenditure	(160)	(64)
-Others	34	63
<b>From Investment</b>	<b>354</b>	<b>(180)</b>
-Financial Debt	(1,044)	3,080
-Cash Dividends	(1,556)	(776)
-ESOP	34	153
-Others	96	(44)
<b>From Financing</b>	<b>(2,469)</b>	<b>2,412</b>
<b>Net Cash Position Change</b>	<b>378</b>	<b>525</b>
Exchange Rate Change & Others	(101)	(7)
<b>Ending Cash Balance</b>	<b>4,344</b>	<b>3,363</b>

(1).Minority interest is included.

# Consolidated Revenue

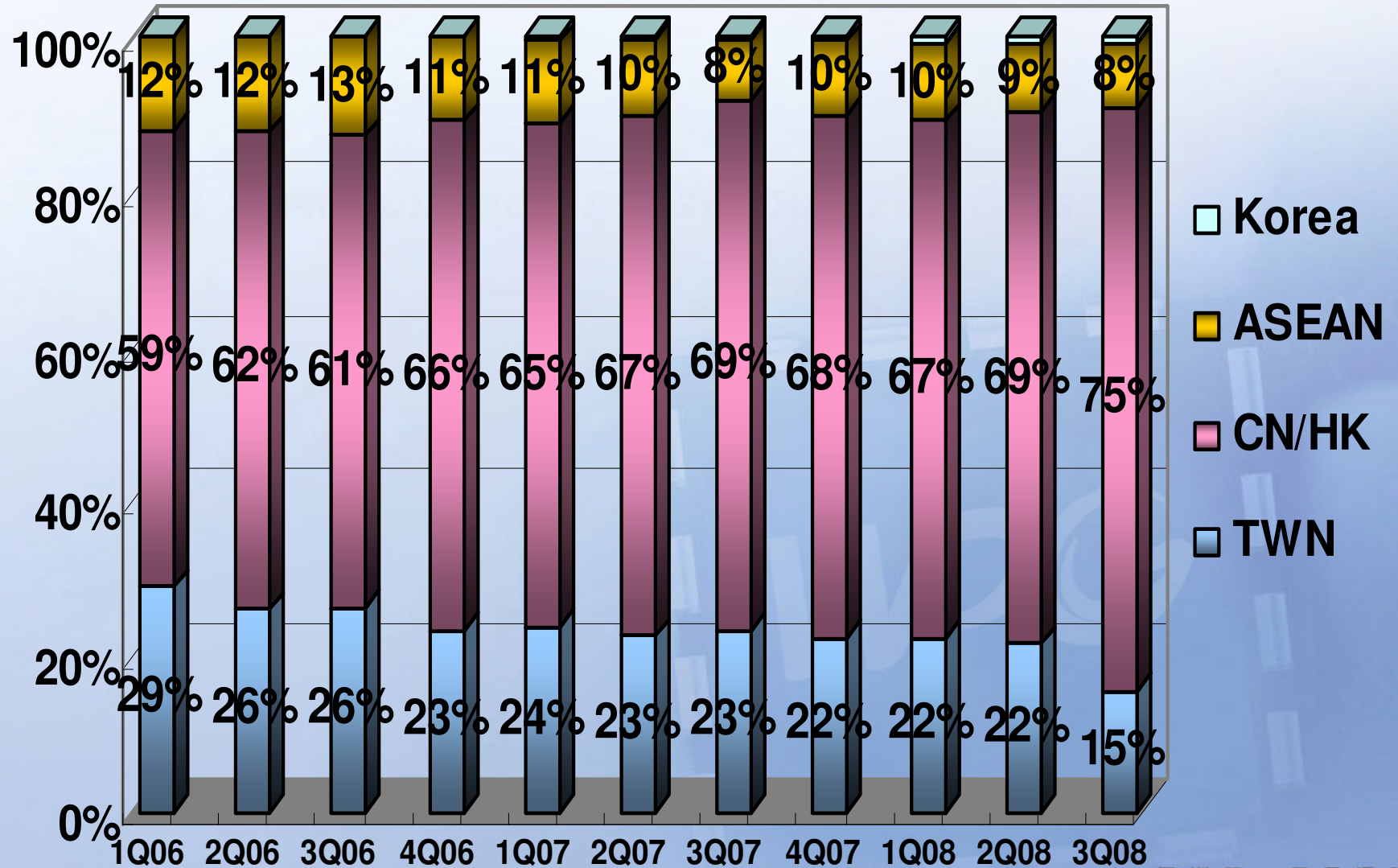
Unit:NT\$miloin



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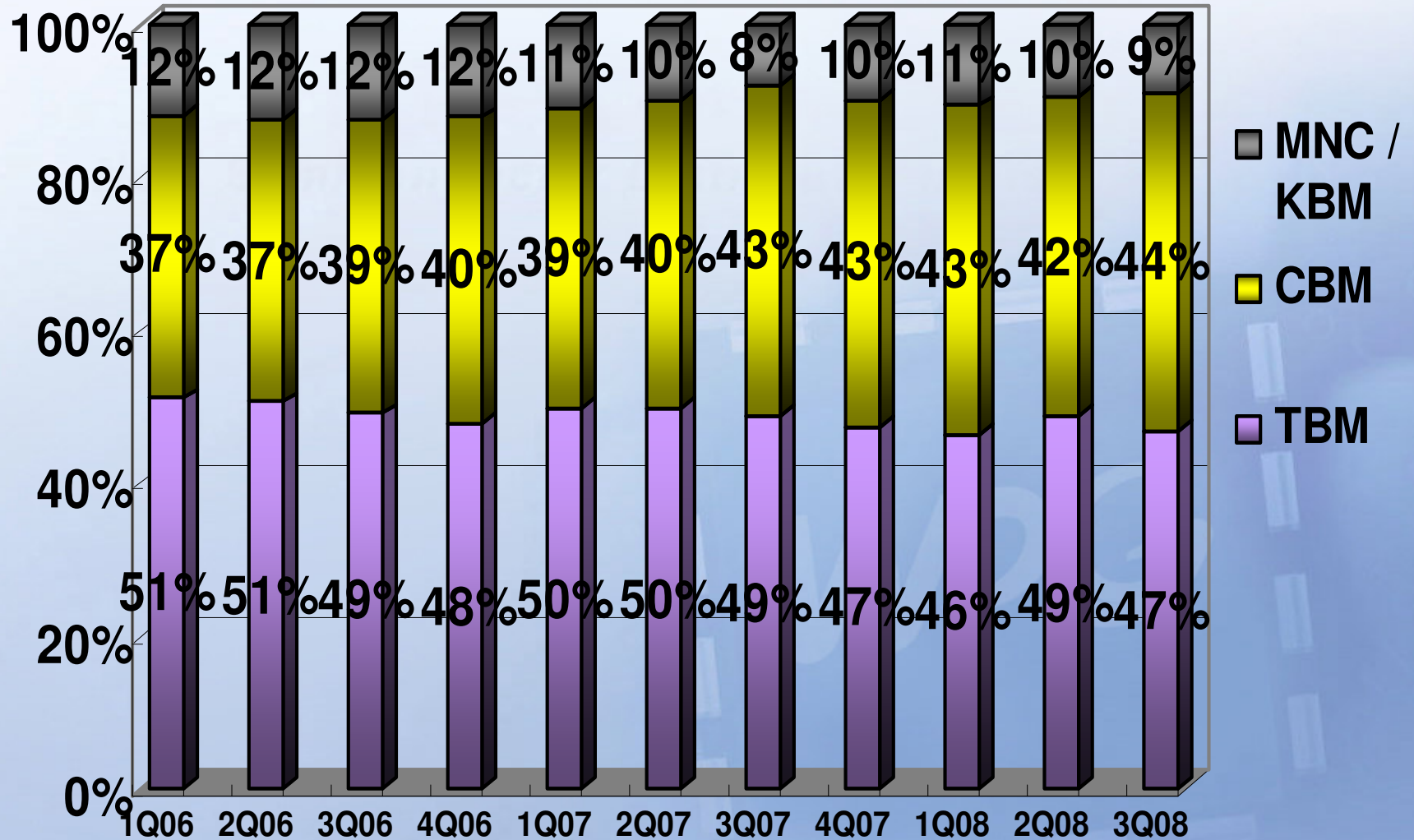


# Sales breakdown by Geography



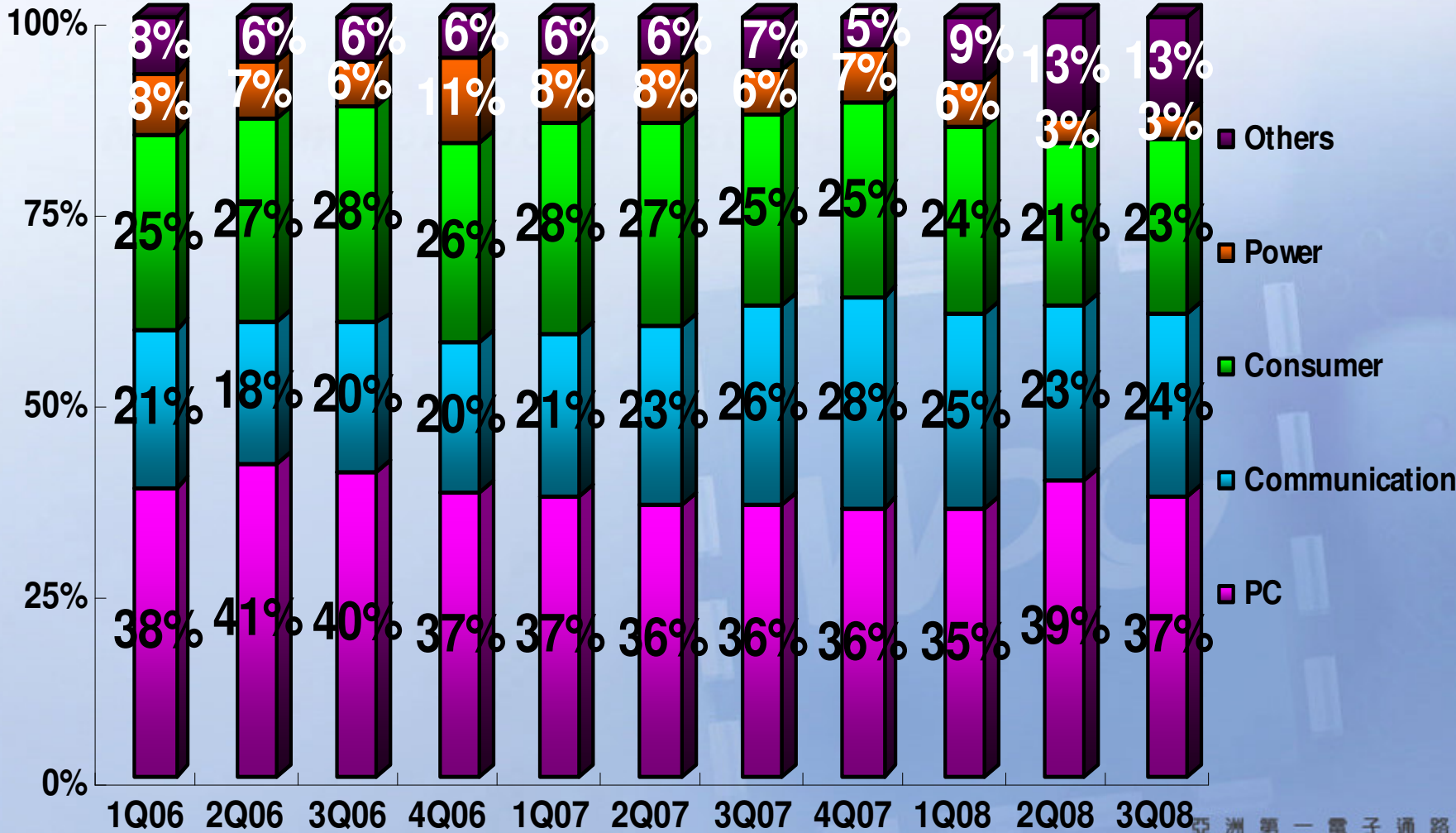
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# Sales breakdown by Customer



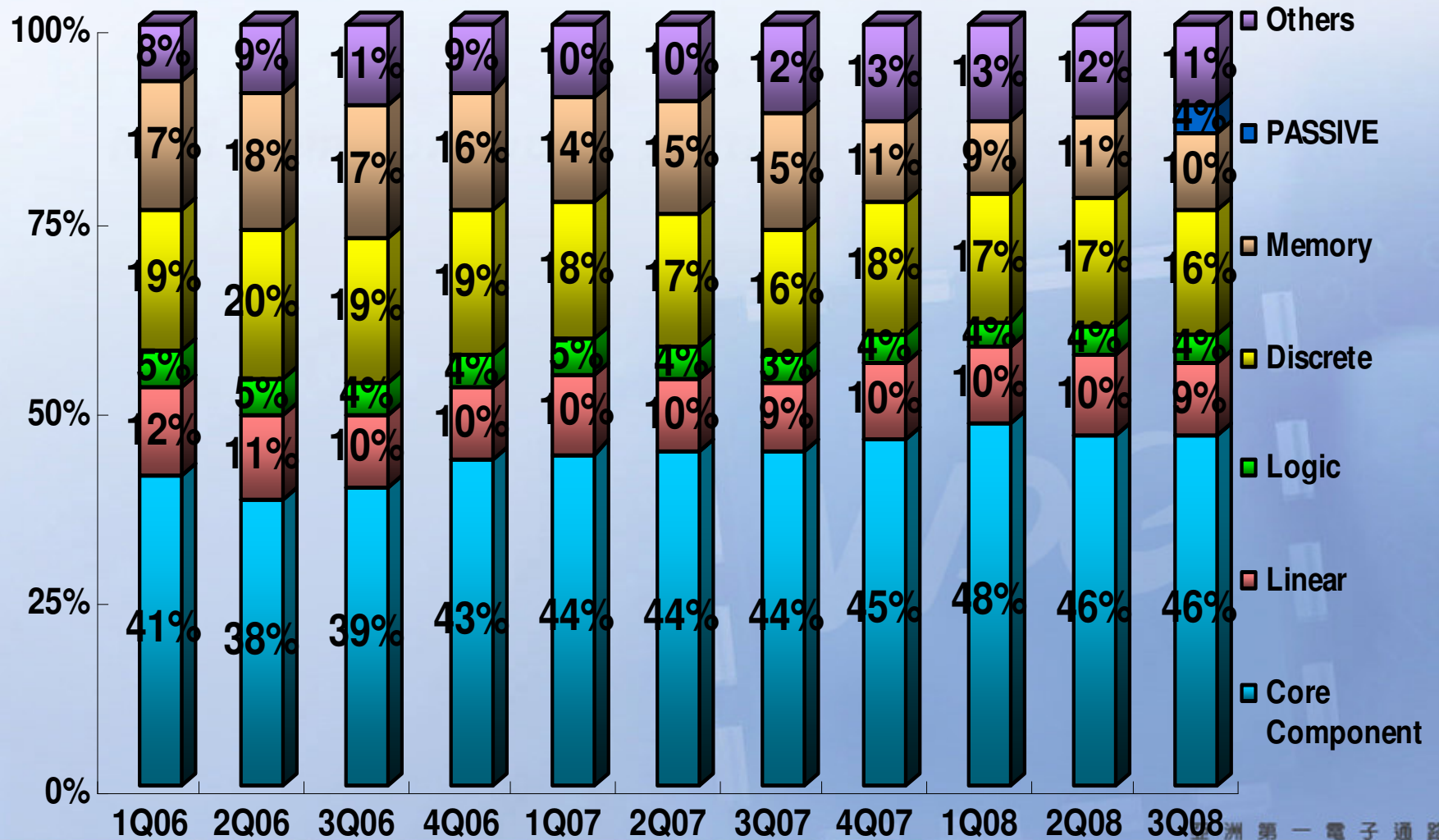
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# Sales breakdown by Application



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# Sales breakdown by Device Type



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# 4Q08 Guidance

- Revenues is expected to be between **NT\$34 billion** and **NT\$36 billion**
- Gross profit margin is expected to be between **5.5%** and **5.7%**
- Operating profit margin is expected to be between **2.1%** and **2.3%**

# Recap of Recent Major Events

- New Franchise in Q308 :



– CMMB Demodulator



– Acoustic MEMS Microphone



– FM Receiver/Transceiver

- WPG Holdings announces the BOD resolved to acquire AIT (code:6159) 100% share by share swap(2008/08/31)
- WPG Holdings participates in ShenZhen ICC to demo its total solutions (2008/10)

<http://www.wpgholdings.com>

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