

# WPG Holdings Ltd. (TWEX:3702) 2008 1Q Earning Release

May 02, 2008

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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

- **Business Y/Y highlights:**
  - Strong 3C growth in Greater China & ASEAN region
  - Computer : +23.1%
  - Communication : + 47.0%
  - Consumer : +9.5%
- **Strategic Expansion :**
  - Acquire Pernas, a leading Passive Components Distributor further strengthens Passive & LED Mkt.

# Overview

- Record results for 1Q08
  - Revenue over **US\$1.1Bn** , + **24.2%** Y/Y
  - By Strong Sales Growth & Operation Productivity improve continuously , **double-digit growth** in Net Income , ROE improve +24 bp Y/Y & EPS grew to **NT\$0.63** per share
  - NT\$1.65bn** of operating cash inflow generation, Gearing % improved from 1.04 to 0.92.

# Result Highlights

Unit:NT\$million

item	1Q08		4Q07 <sub>(3)</sub>	1Q07 <sub>(3)</sub>	QoQ(%)	YoY(%)
	1Q08	Guidance				
Net Sales	34,797	33BN ~35BN	39,283	28,022	(11.4)	24.2
Gross Margin	5.63%	5.7% ~ 5.9%	5.62%	6.35%	+1 bp	-72 bp
Operating Income	829		1,046	757	(20.8)	9.5
Operating Margin	2.38%	2.2% ~ 2.4%	2.66%	2.70%	-28 bp	-32 bp
Net Income	452		679	395	(33.4)	14.4
EPS (NTD) <sub>(1)</sub>	0.63		0.95	0.58	(34.4)	7.5
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Total Assets	45,612		47,356	38,848		
Total Liabilities	31,324		32,931	26,122		
Total Equity	14,289		14,425	12,726		
Net Working Capital	24,931		26,012	20,796		
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KEY Indices <sub>(2)</sub>						
ROWC	12.74%		15.27%	13.60%	-253 bp	-85 bp
NWC/Sales	0.18		0.17	0.19		
ROE	12.65%		18.82%	12.42%	-617 bp	+24 bp

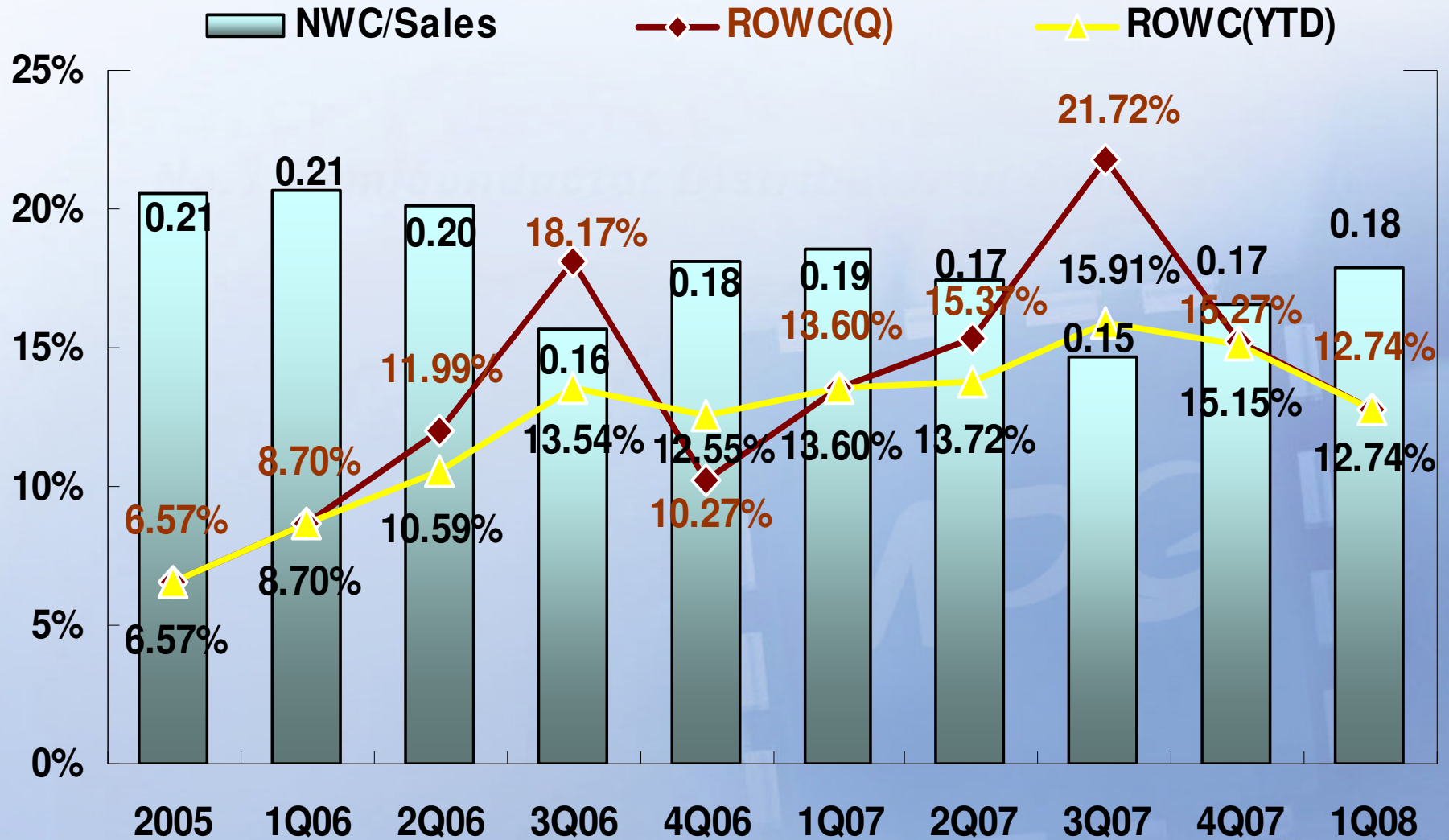
(1).Weighted average shares outstanding

(2).Annualized

(3).Before expensing of employee profit sharing

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# ROWC vs. NWC/Sales



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# Income Statements

Unit:NT\$million

Item	1Q08	4Q07 <sup>(2)</sup>	QoQ(%)	1Q07 <sup>(2)</sup>	YoY(%)
Net operating Revenue	34,797	39,283	(11.4)	28,022	24.2
COGS	(32,838)	(37,075)	(11.4)	(26,242)	25.1
Gross Profit	1,959	2,208	(11.3)	1,780	10.1
Gross Margin	5.63%	5.62%		6.35%	
Operating Expenses	(1,130)	(1,162)	(2.7)	(1,023)	10.5
Operating Income	829	1,046	(20.8)	757	9.5
Operating Margin	2.38%	2.66%		2.70%	
Net Non-operating Items	(209)	(204)	2.3	(220)	(4.9)
Net Financing costs	(224)	(270)	(16.9)	(199)	12.7
Inventory Provision & OBS	(35)	(53)	(34.9)	(50)	(31.0)
Others	50	119	(58.0)	29	69.7
Profit Before Tax/Minority	620	842	(26.4)	537	15.4
Tax	(148)	(151)	(2.1)	(124)	19.4
Minority/Accounting Principle Change	(20)	(12)	64.4	(19)	7.9
Profit After Tax/Minority	452	679	(33.4)	395	14.4
Net Margin	1.30%	1.73%		1.41%	
EPS (NTD) <sub>(1)</sub>	0.63	0.95	(34.4)	0.58	7.5
Tax %	24%	18%		23%	

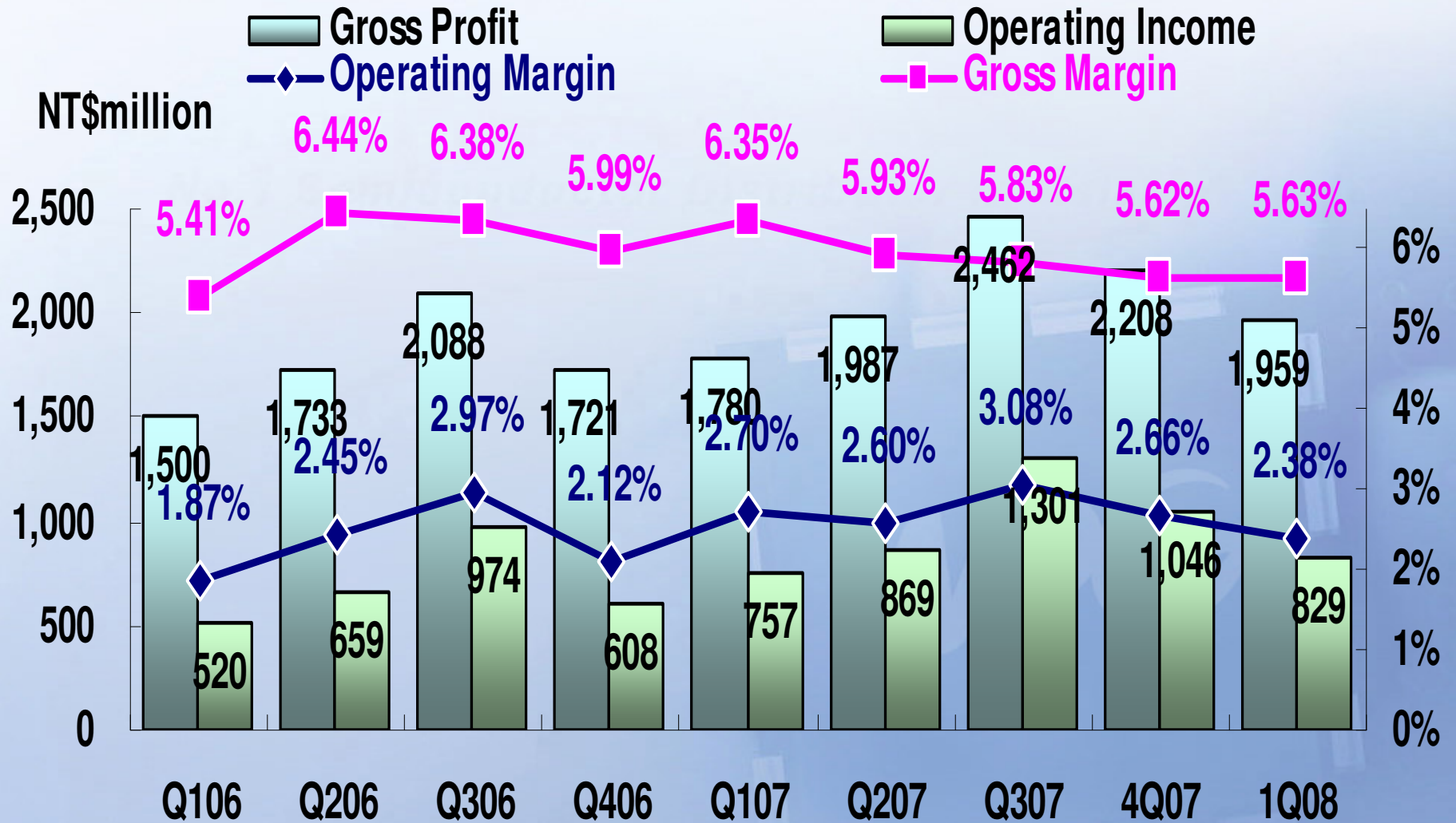
(1). Weighted average shares outstanding

(2).1Q07 &amp; 4Q07 result does not include expense of employee profit sharing

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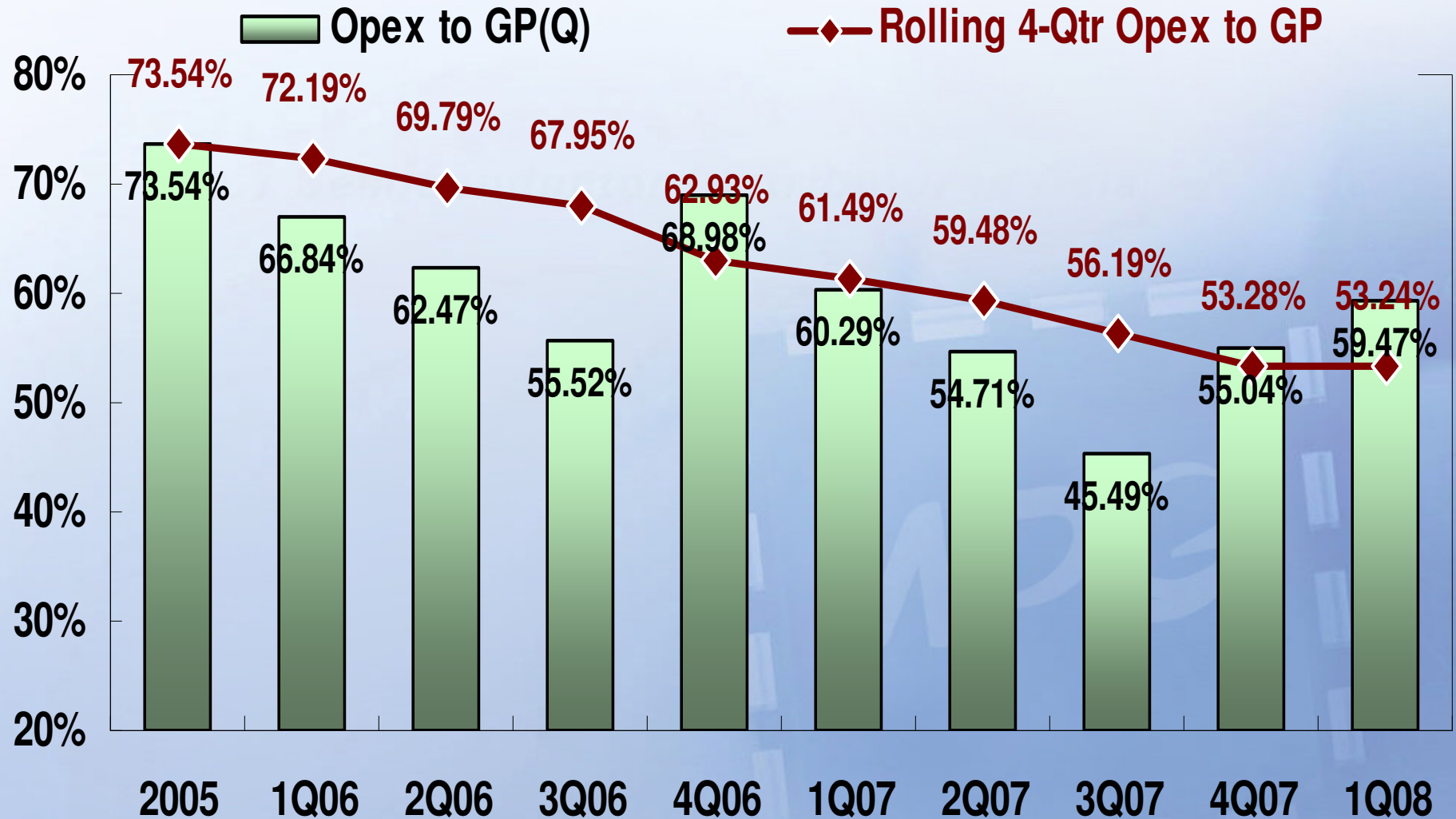


# Gross Margin vs. Operating Margin



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# Productivity improved continuously...



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# Balance Sheet

WPG Holdings, Holding the World

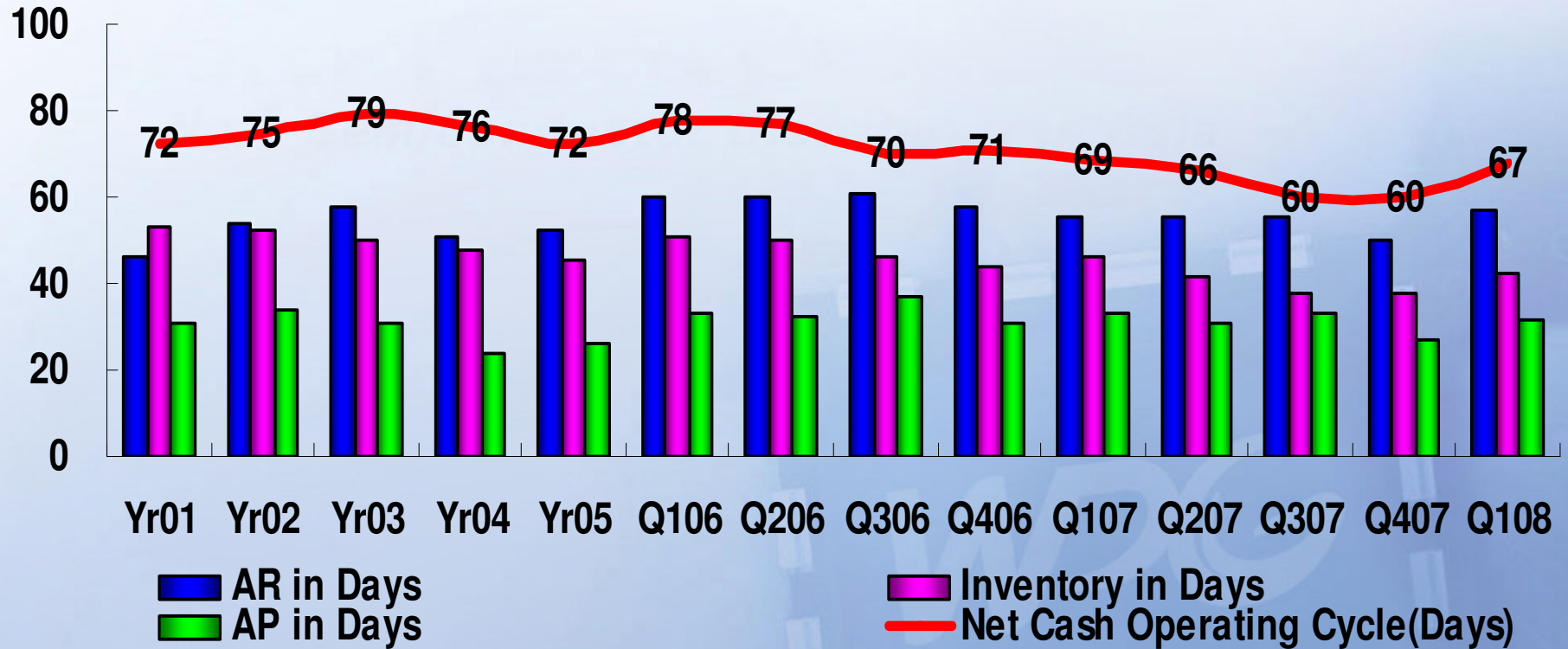
Unit:NT\$million item	1Q08		4Q07		1Q07	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	4,698	10	4,209	9	3,071	8
Accounts Receivable - Trade	20,794	46	22,432	47	17,182	44
Inventory	15,407	34	15,146	32	14,033	36
Current Assets	42,904	94	44,760	95	36,350	94
Others	2,709	6	2,596	5	2,498	6
<b>Total Assets</b>	<b>45,612</b>	<b>100</b>	<b>47,356</b>	<b>100</b>	<b>38,848</b>	<b>100</b>
Current Interest-bearing Debt	13,171	29	14,299	30	8,721	22
Accounts Payable	11,270	25	11,565	24	10,419	27
Accrued Liabilities and Others	2,255	5	2,339	5	1,446	4
Current Liabilities	26,696	59	28,203	60	20,586	53
Long-term Interest-bearing Debt	4,384	10	4,446	9	5,258	14
Others	243	1	281	1	279	1
<b>Total Liabilities</b>	<b>31,324</b>	<b>69</b>	<b>32,931</b>	<b>70</b>	<b>26,122</b>	<b>67</b>
<b>Total Equity</b>	<b>14,289</b>	<b>31</b>	<b>14,425</b>	<b>30</b>	<b>12,726</b>	<b>33</b>

## KEY Indices

Net Working Capital (\$)	24,931	26,012	20,796
AR Turnover (Days)	57	50	56
Inventory Turnover (Days)	42	37	46
AP Turnover (Days)	32	27	33
Average Collection Periods (Days)	67	60	69
Current Ratio	161%	159%	177%
Debt/Asset Ratio	69%	70%	67%
Gearing Ratio	0.92	1.02	1.04

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# Operating Cash Cycle



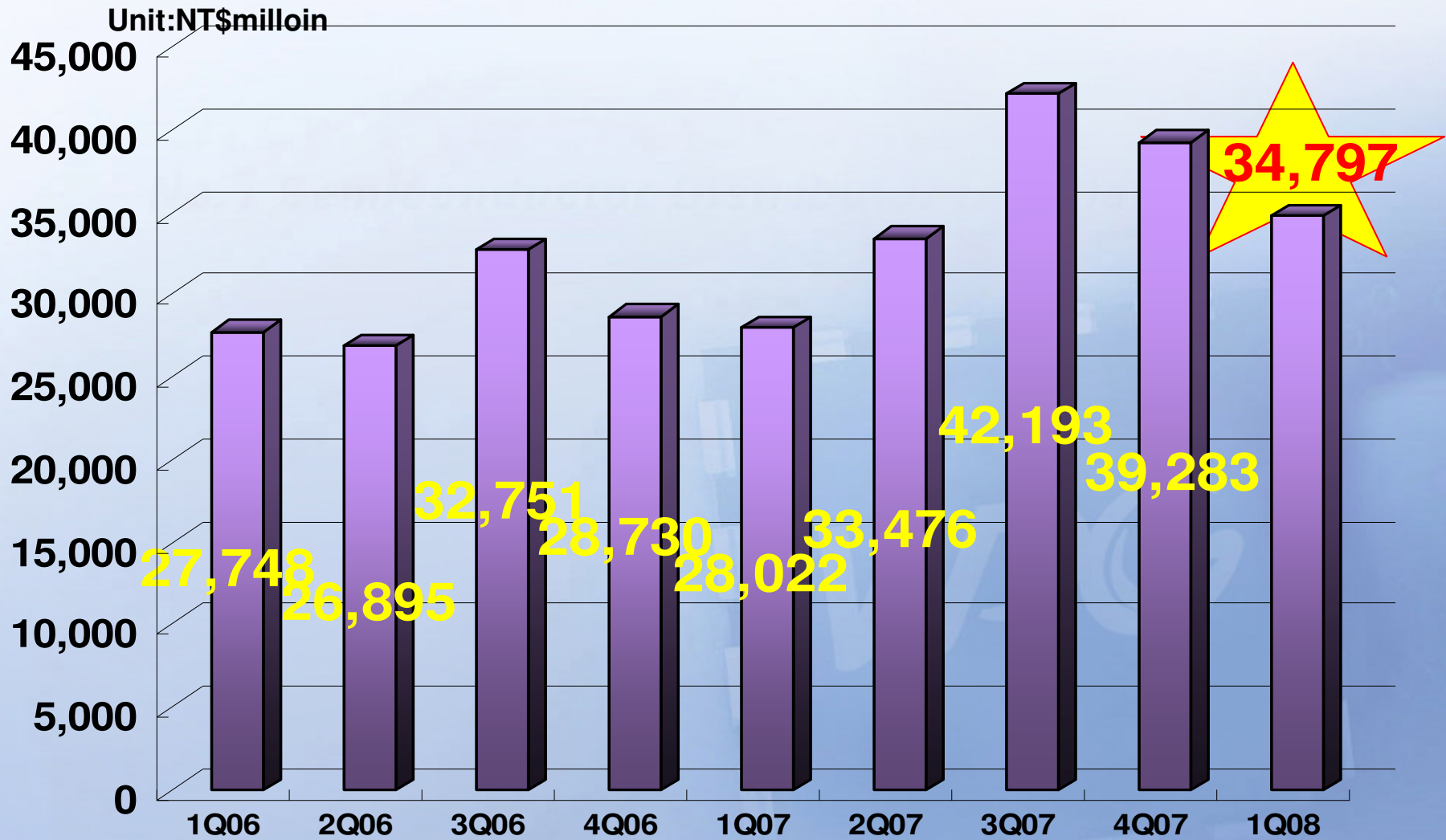
# Cash Flows

Unit:NT\$million	1Q08 <i>Amount</i>	4Q07 <i>Amount</i>	1Q07 <i>Amount</i>
-Net Income <sub>(1)</sub>	472	691	414
-Changes of NWC	1,081	(1,302)	(380)
-Adjustment & Others	97	(60)	289
<b>From Operation</b>	<b>1,650</b>	<b>(671)</b>	<b>323</b>
-Financial Instrument	408	20	310
-Capital Expenditure	(143)	(20)	(13)
-Others	(213)	(61)	(4)
<b>From Investment</b>	<b>52</b>	<b>(61)</b>	<b>293</b>
-Financial Debt	(1,189)	1,172	(516)
-Treasury Stock	0	0	0
-Cash Dividends	0	(5)	0
-ESOP	18	32	6
-Others	191	216	(19)
<b>From Financing</b>	<b>(981)</b>	<b>1,414</b>	<b>(529)</b>
<b>Net Cash Position Change</b>	<b>721</b>	<b>682</b>	<b>88</b>
Exchange Rate Change & Others	0	(54)	138
<b>Ending Cash Balance</b>	<b>4,698</b>	<b>3,977</b>	<b>3,071</b>

(1).Minority interest is included.

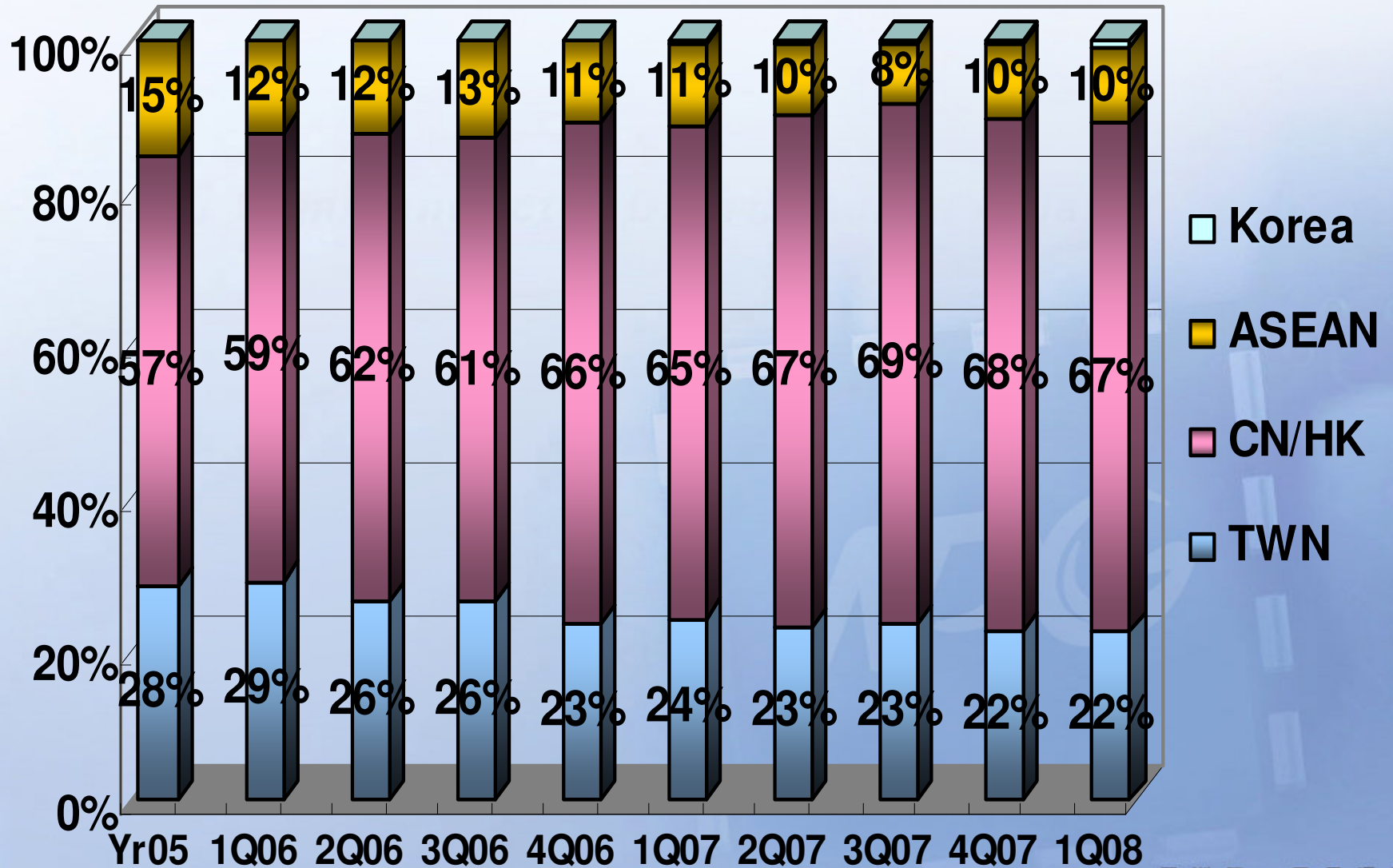
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# Consolidated Revenue



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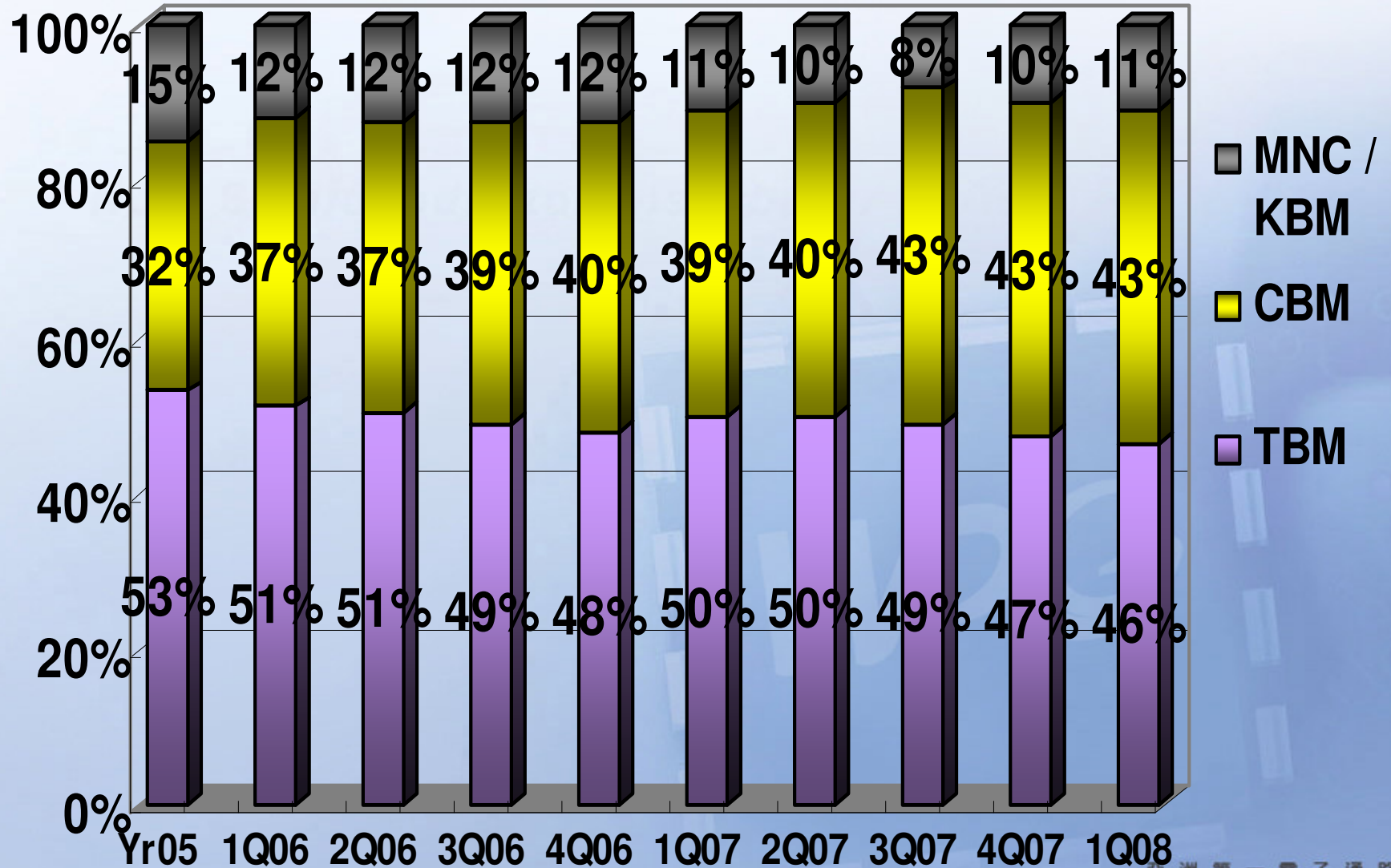
# Sales breakdown by Geography



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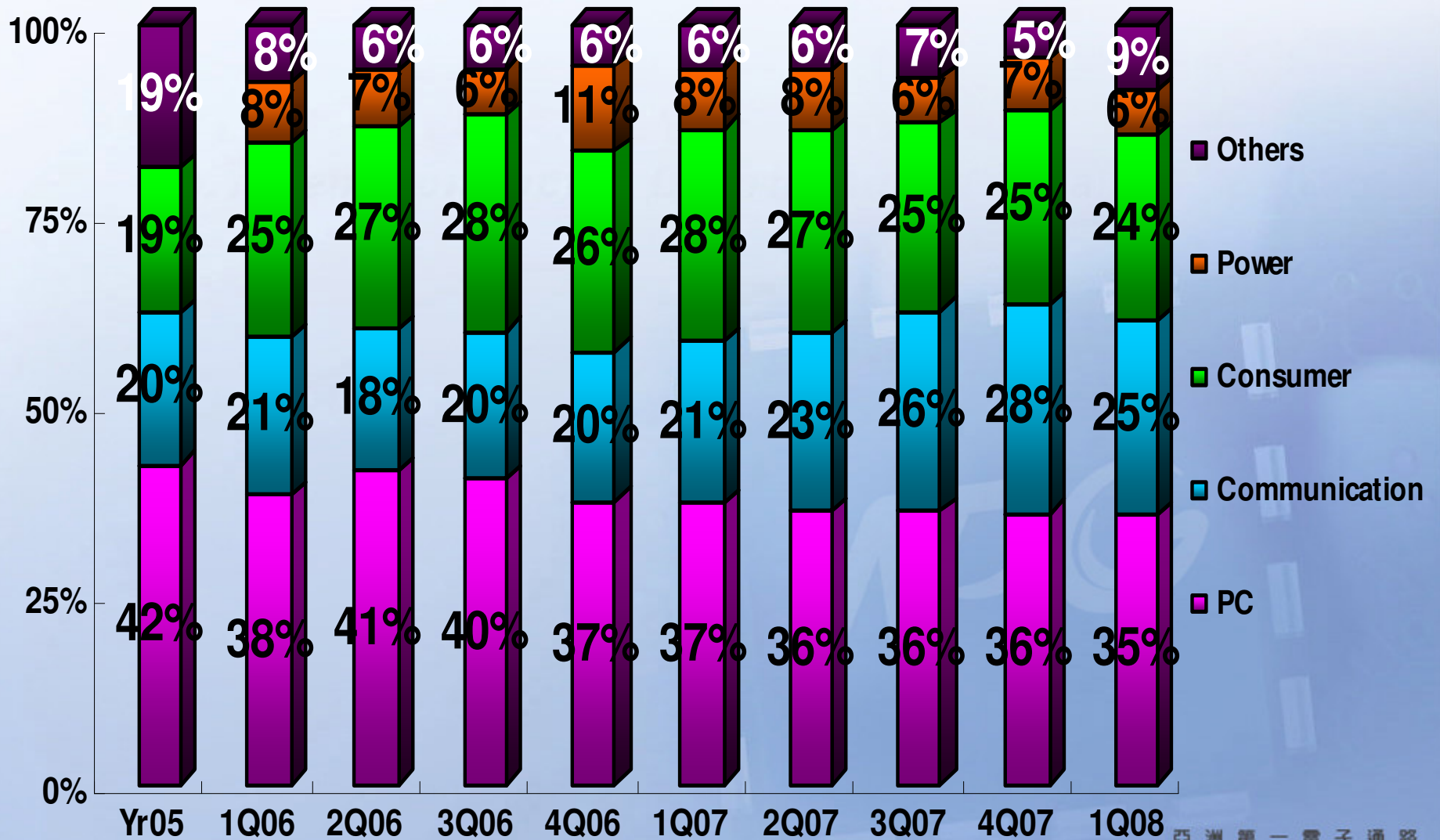
# Sales breakdown by Customer



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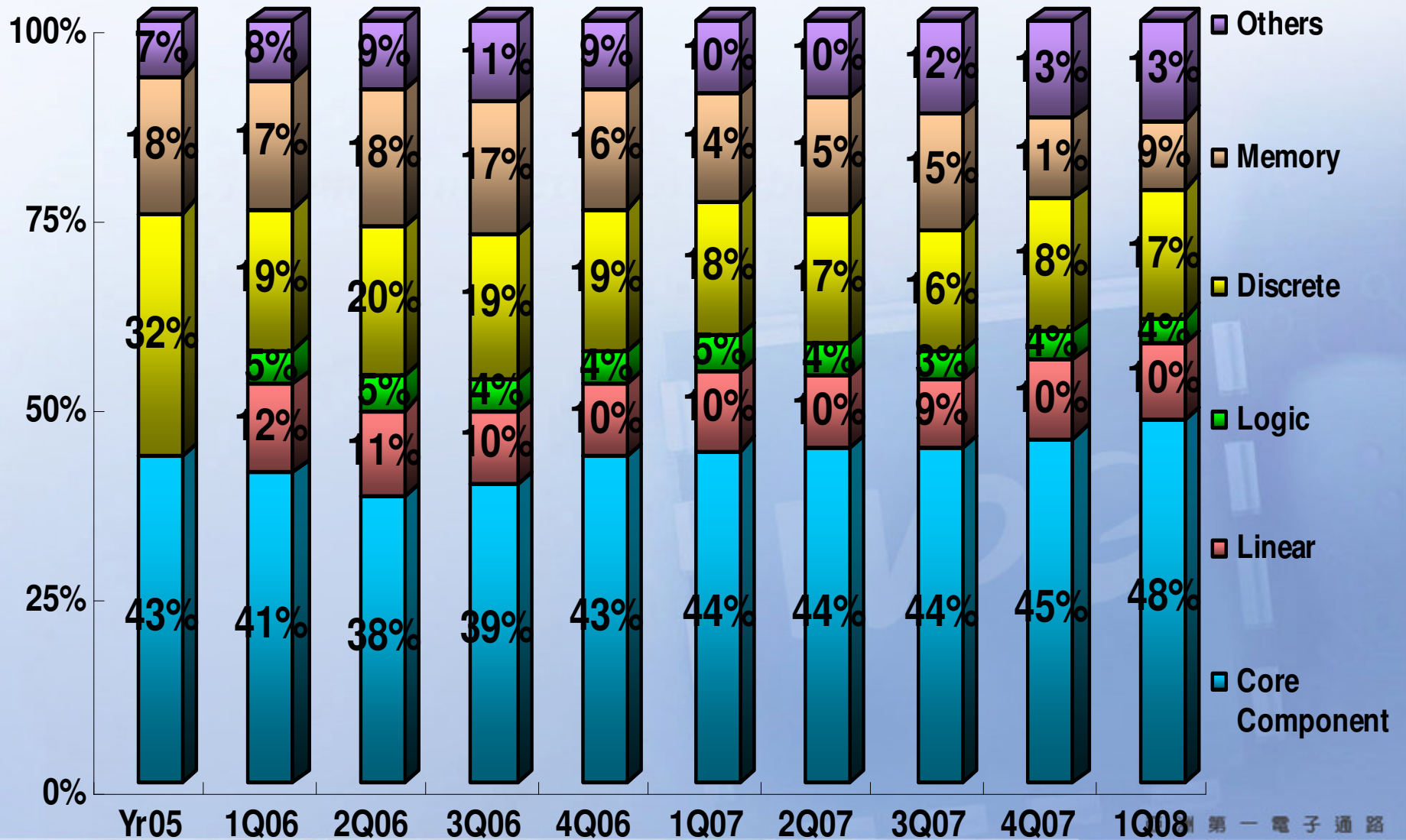


# Sales breakdown by Application



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# Sales breakdown by Device Type



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# Recap of Recent Major Events

- WPG Holdings was certified as “RECS” (Reliable Electronics Components Suppliers) by Ministry of Information Industry, PRC(2008/01)
- New Franchise in Q108 :
  - GPS Chipset Module for Mobile Phone
  - Small Array Microphone for Mobile Phone, Car Kit
  - Multi Media Application Processor for TDMB/CMMB/PND
- WPG Board Proposes Pernas acquisition by share swap(2008/03/05) & approve by Shareholders meeting (2008/04/21)



<http://www.wpg Holdings.com>

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