

WPG Holdings Ltd.

(TWEX:3702)

2008 2Q Earning Release

July 31, 2008

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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

The Main Functions

Supply Chain of Electronics

Accurate and efficient information delivery is the key to success!!

Supplier

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(Service Provider)

Customer

Services of
Distributor

- B2B / e-Supply Chain Management
- Expand Customer Base
- Design In and Win / Solution Provider
- Regional Operation/Local Service
- Inventory Buffer and Adjustments

- Provide Engineering and Solution Support
- Provide a Flexible / Responsive Source of Supply
- Provide Value-Added Capabilities
- Real-time Supply
- Multi-shipping models

Main functions:

1. Adjust → Buffer the gap between market demand and supply.
2. Coordinate → Deliver customers' requests to suppliers for their information.

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Overview

- Record results for 2Q08
 - Revenue over **US\$1.1Bn** , flat Q/Q
 - By Operation Productivity improve continuously ,ROWC & ROE improved **202 & 478 basis point Q/Q** respectively, also Net Profit improved 23% Q/Q & EPS grew to **NT\$0.74** per share
 - Continue to generate **NT\$1.56Bn** operating cash inflow in 2Q.

Result Highlights

Unit:NT\$million

item	2Q08	Guidance	1Q08	2Q07 ⁽³⁾	QoQ(%)	YoY(%)
Net Sales	34,711	35BN ⁽⁴⁾	34,754	33,476	(0.1)	3.7
Gross Margin	5.81%	5.6% ~ 5.8%	5.66%	5.93%	+15 bp	-12 bp
Operating Income	868		833	869	4.2	(0.1)
Operating Margin	2.50%	2.3% ~ 2.5%	2.40%	2.60%	+10 bp	-9 bp
Net Income	557		452	589	23.1	(5.5)
EPS (NTD) ⁽¹⁾	0.74		0.60	0.83	22.9	(10.7)
<hr/>						
Total Assets	43,078		45,063	42,513		
Total Liabilities	30,362		30,861	30,047		
Total Equity	12,716		14,203	12,466		
Net Working Capital	23,319		24,790	23,414		
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KEY Indices ⁽²⁾						
ROWC	14.90%		12.89%	15.37%	+202 bp	-47 bp
NWC/Sales	0.17		0.18	0.17		
ROE	17.51%		12.73%	18.90%	+478 bp	-139 bp

(1).Weighted average shares outstanding

(2).Annualized

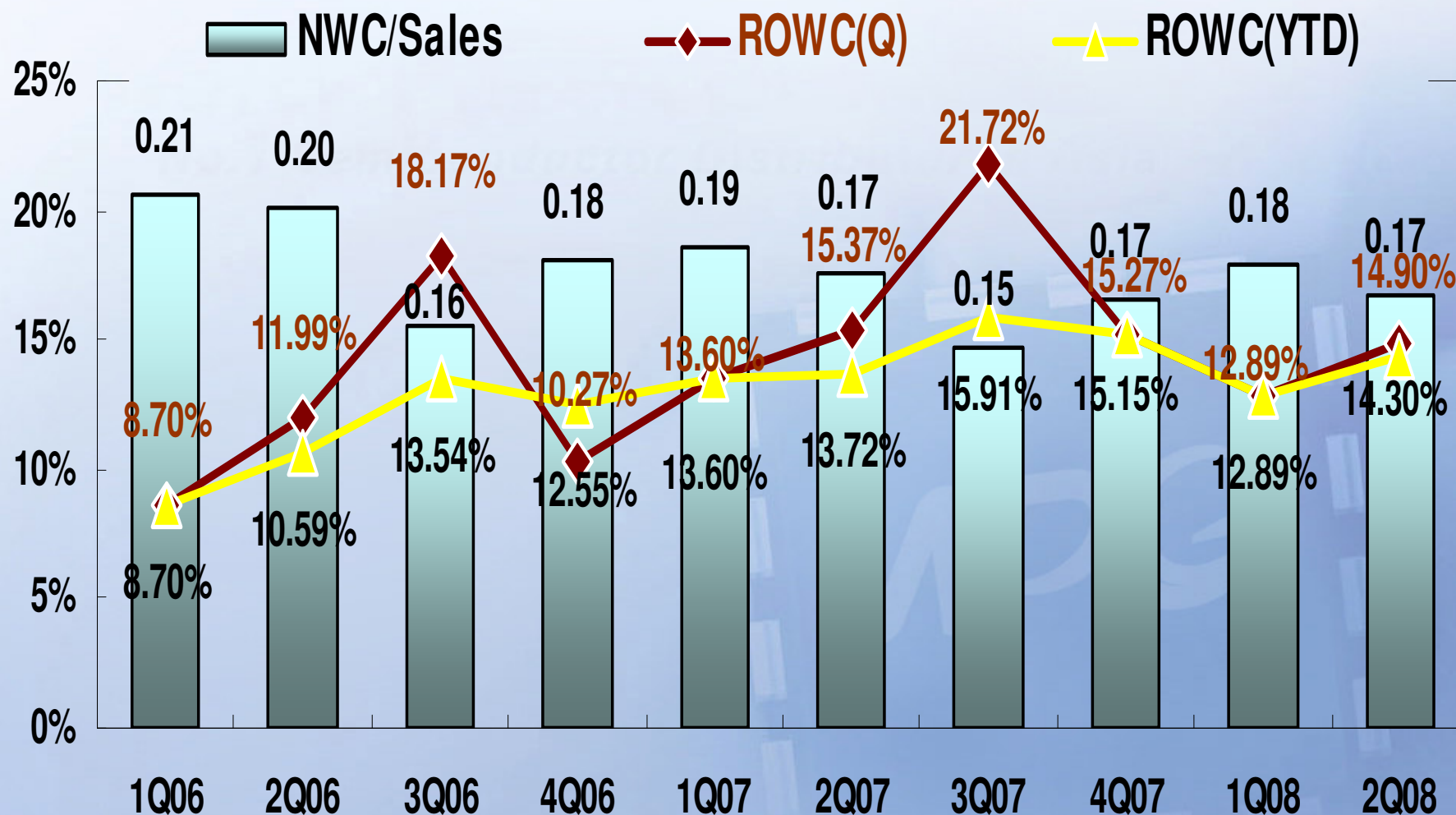
(3).Expensing of employee profit sharing not included

(4).Revised

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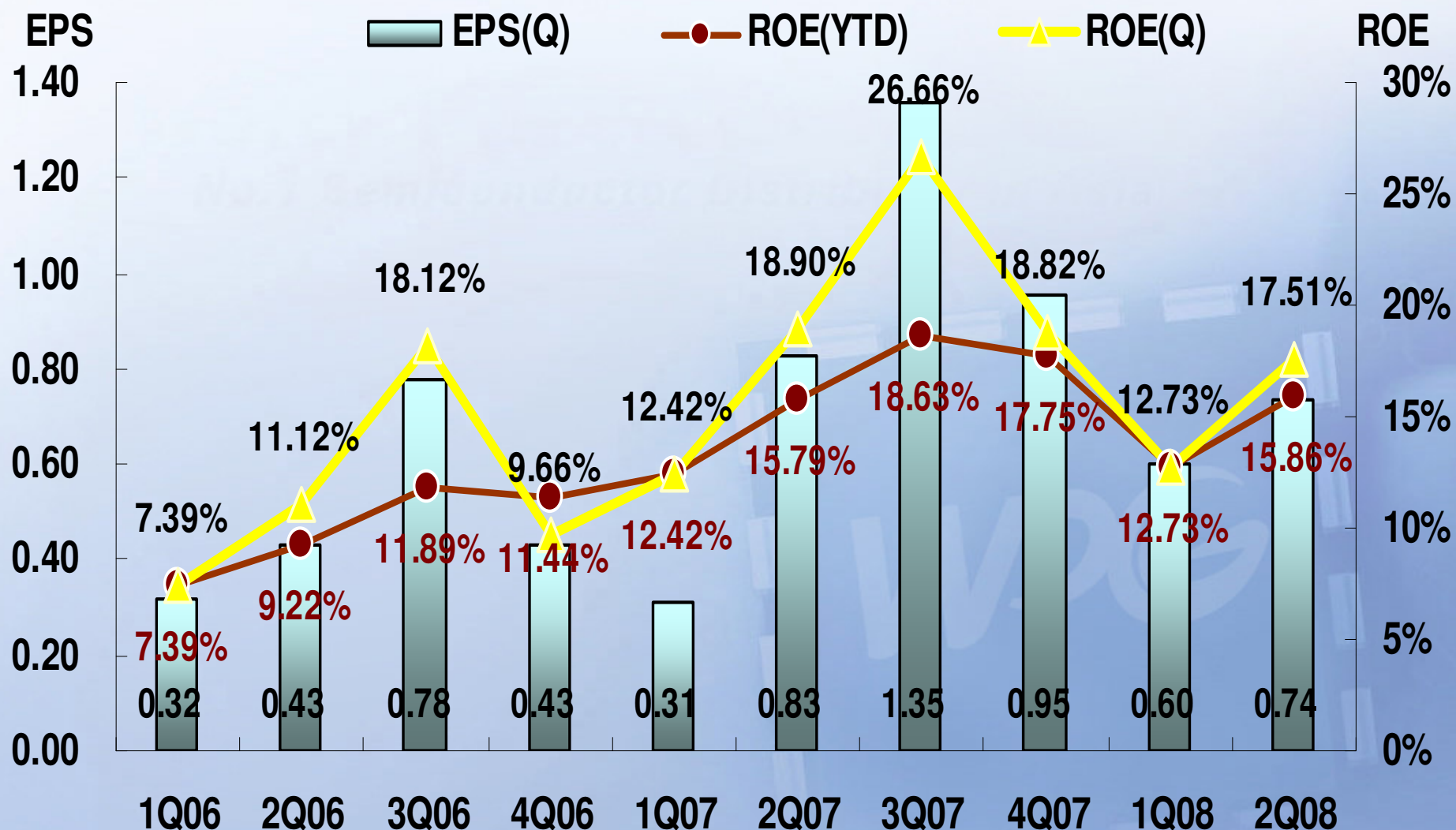

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ROWC vs. NWC/Sales



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ROE vs. EPS



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Income Statements

Unit:NT\$million

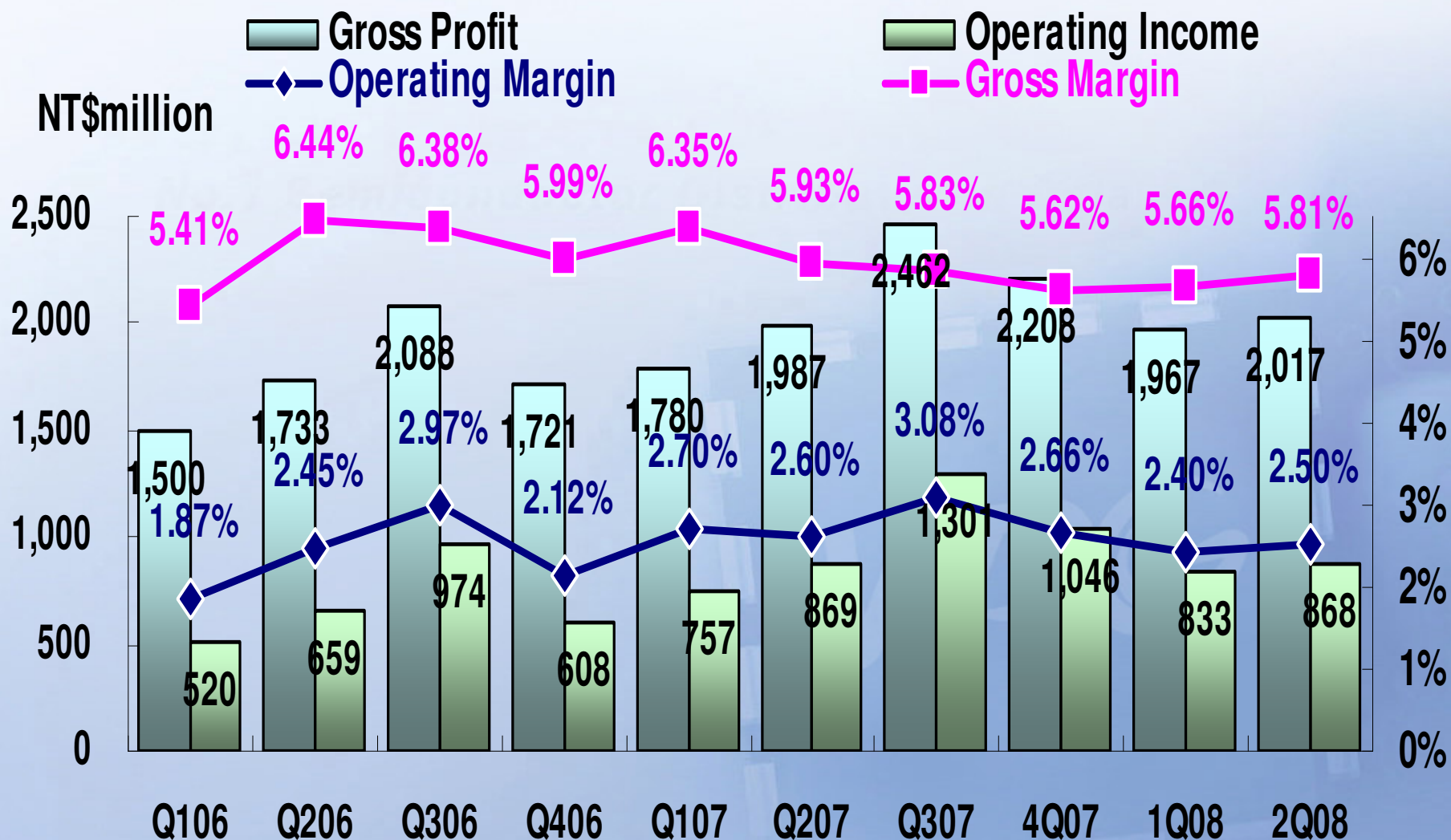
Item	2Q08	1Q08	QoQ(%)	2Q07 ₍₂₎	YoY(%)
Net operating Revenue	34,711	34,754	(0.1)	33,476	3.7
COGS	(32,693)	(32,786)	(0.3)	(31,490)	3.8
Gross Profit	2,017	1,967	2.5	1,987	1.5
Gross Margin	5.81%	5.66%		5.93%	
Operating Expenses	(1,149)	(1,134)	1.3	(1,117)	2.8
Operating Income	868	833	4.2	869	(0.1)
Operating Margin	2.50%	2.40%		2.60%	
Net Non-operating Items	(86)	(214)	(59.8)	(137)	(37.4)
Net Financing costs	(159)	(224)	(29.0)	(193)	(17.7)
Inventory Provision & OBS	0	(35)	(101.1)	31	(98.7)
Others	73	45	60.7	26	183.6
Profit Before Tax/Minority	783	620	26.3	732	6.9
Tax	(222)	(148)	50.8	(125)	77.8
Minority/Accounting Principle Change	(4)	(20)	(82.6)	(18)	(80.5)
Profit After Tax/Minority	557	452	23.1	589	(5.5)
Net Margin	1.60%	1.30%		1.76%	
EPS (NTD) ₍₁₎	0.74	0.60	22.9	0.83	(10.7)
Tax %	28%	24%		17%	

(1).Weighted average shares outstanding

(2).Expense of employee profit sharing not included

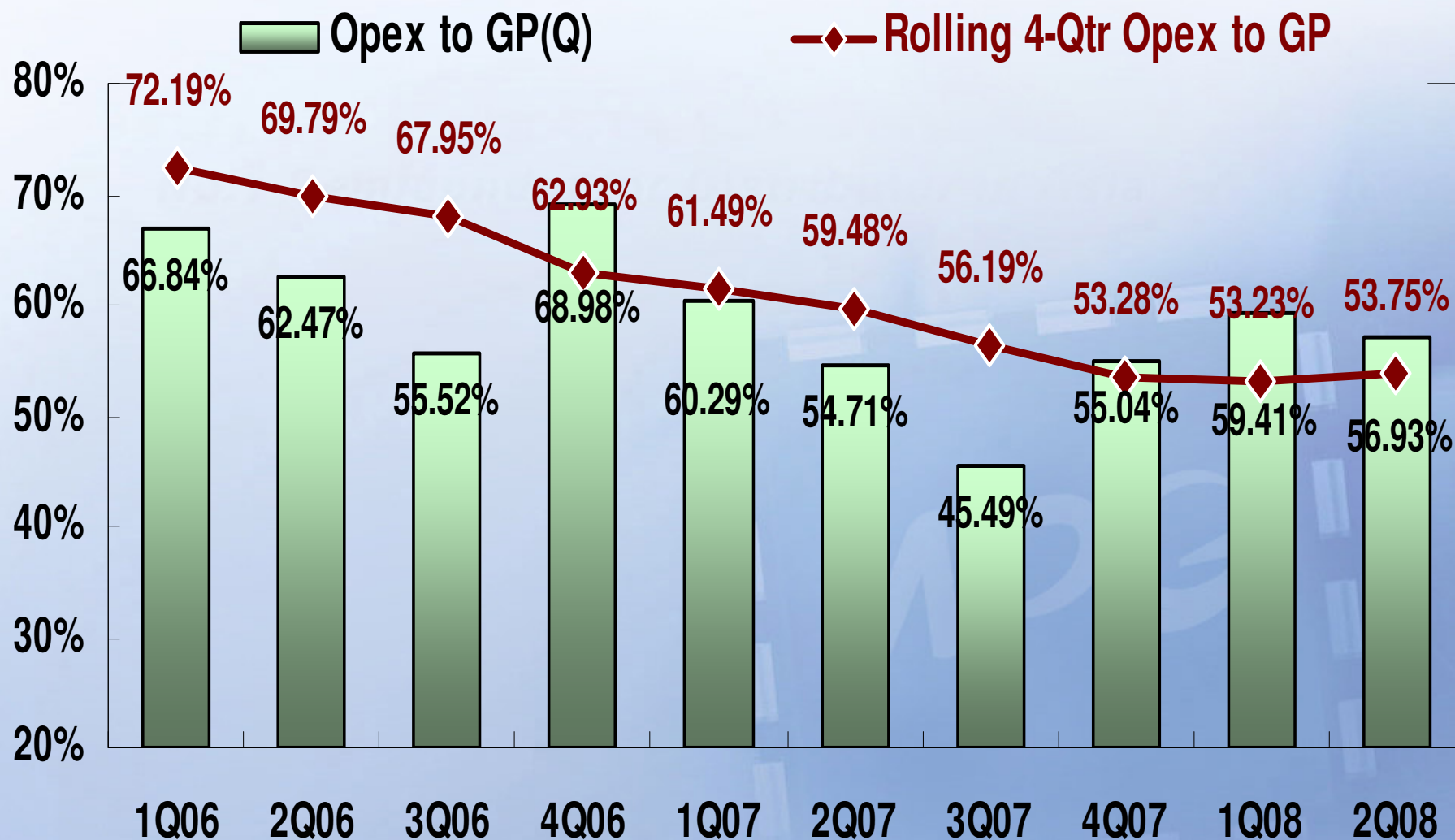
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Gross Margin vs. Operating Margin



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Productivity improved continuously...



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Balance Sheet

WPG Holdings, Holding the World

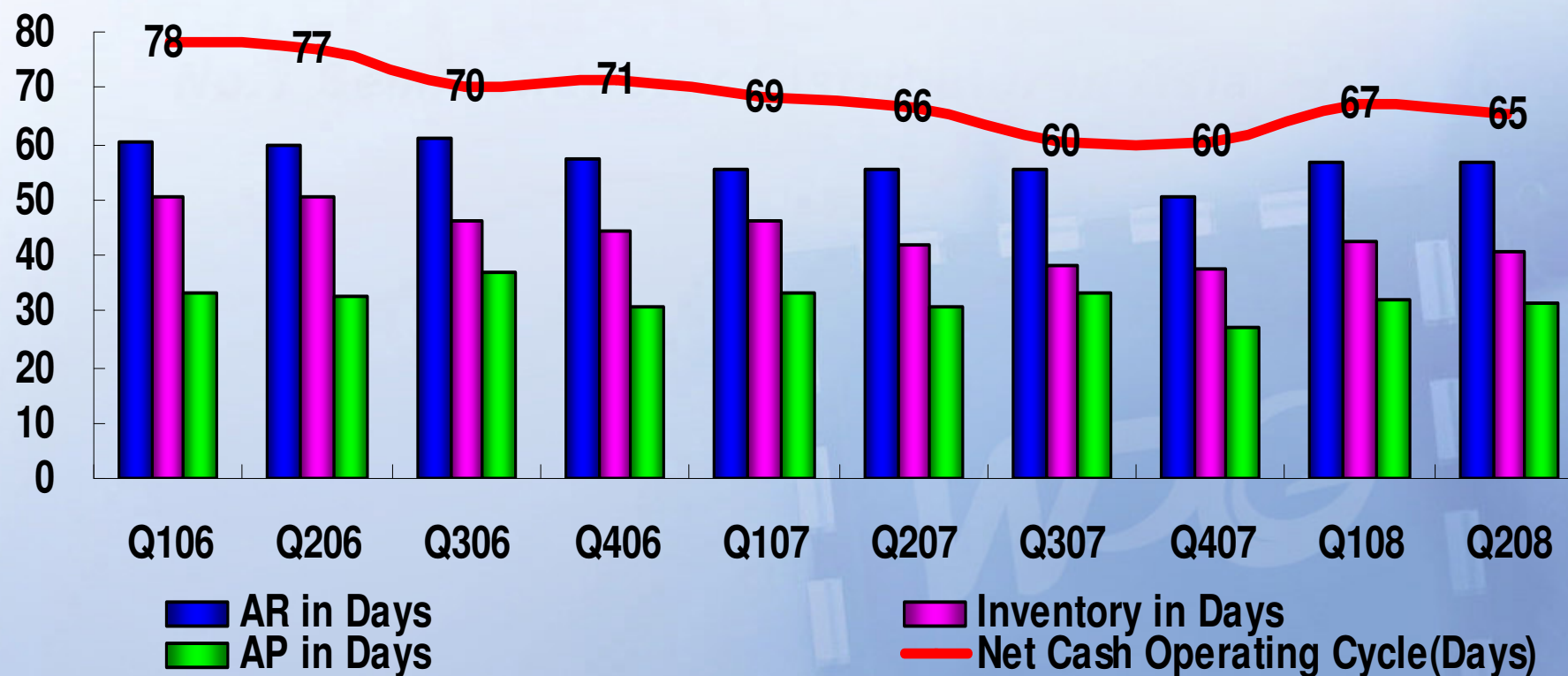
Unit:NT\$million	2Q08		1Q08		2Q07	
item	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Cash & Marketable Securities	3,850	9	4,287	10	3,415	8
Accounts Receivable - Trade	20,606	48	20,561	46	20,225	48
Inventory	13,825	32	15,465	34	14,074	33
Current Assets	40,461	94	42,445	94	40,065	94
Others	2,617	6	2,618	6	2,448	6
Total Assets	43,078	100	45,063	100	42,513	100
Current Interest-bearing Debt	12,074	28	13,137	29	11,345	27
Accounts Payable	11,112	26	11,235	25	10,885	26
Accured Liabilities and Others	4,070	9	1,777	4	2,579	6
Current Liabilities	27,257	63	26,149	58	24,810	58
Long-term Interest-bearing Debt	2,855	7	4,422	10	4,962	12
Others	250	1	290	1	275	1
Total Liabilities	30,362	70	30,861	68	30,047	71
Total Equity	12,716	30	14,203	32	12,466	29

KEY Indices

Net Working Capital (\$)	23,319	24,790	23,414
AR Turnover (Days)	57	56	55
Inventory Turnover (Days)	40	43	42
AP Turnover (Days)	32	32	31
Average Collection Periods (Days)	65	67	66
Current Ratio	148%	162%	161%
Debt/Asset Ratio	70%	68%	71%
Gearing Ratio	1.09	0.96	1.04

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Operating Cash Cycle



Cash Flows

Unit:NT\$million

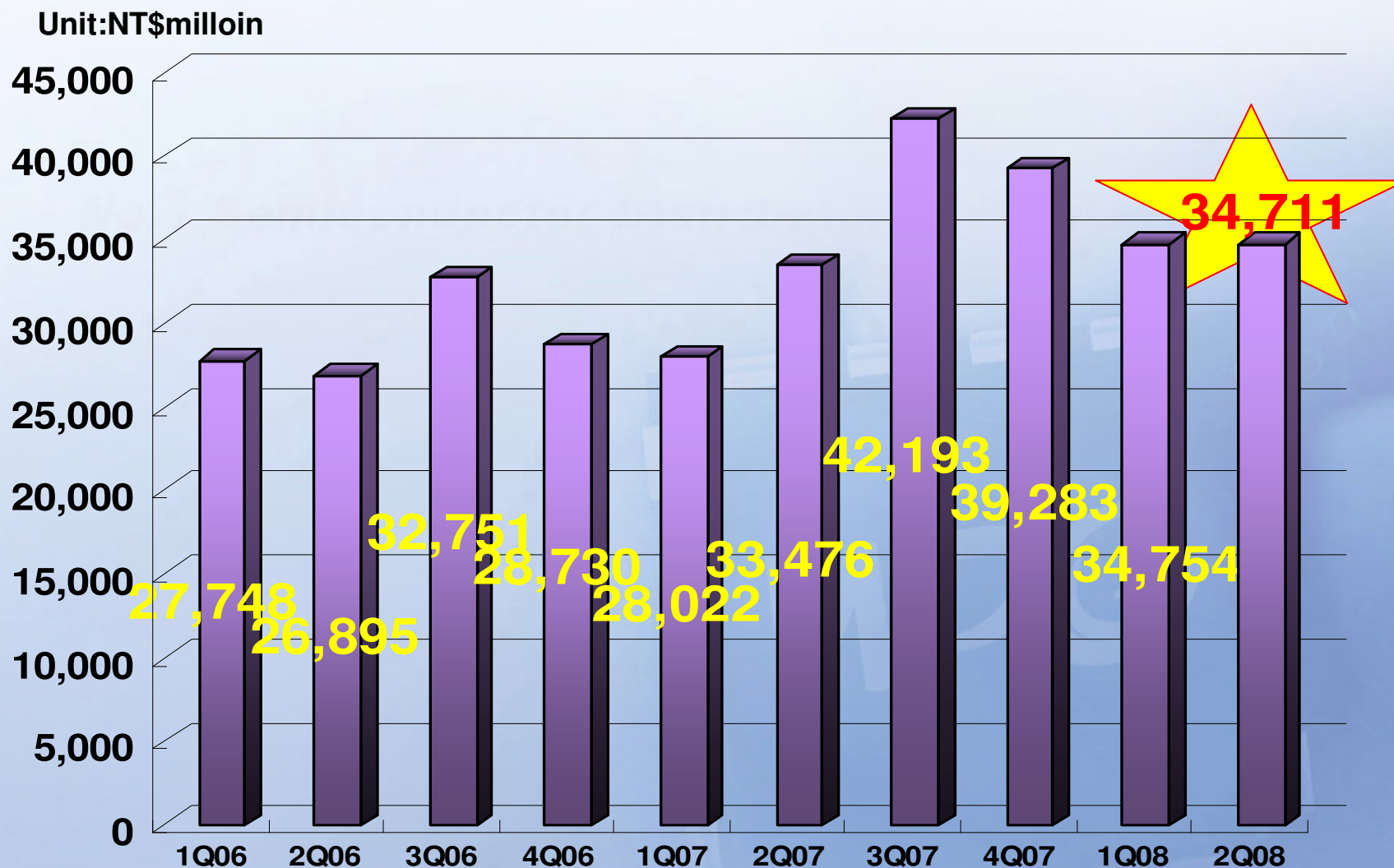
	2Q08 <i>Amount</i>	1Q08 <i>Amount</i>	2Q07 <i>Amount</i>
-Net Income ₍₁₎	560	472	607
-Changes of NWC	1,471	1,222	(2,236)
-Adjustment & Others	(476)	(283)	(416)
From Operation	1,555	1,412	(2,045)
-Financial Instrument	77	517	(32)
-Capital Expenditure	0	(84)	(34)
-Others	(48)	(2)	49
From Investment	30	431	(17)
-Financial Debt	(2,630)	(1,185)	2,330
-ESOP	4	18	52
-Others	122	118	(29)
From Financing	(2,504)	(1,049)	2,353
Net Cash Position Change	(920)	793	291
Exchange Rate Change & Others	800	(800)	(78)
Ending Cash Balance	3,850	3,970	3,283

(1).Minority interest is included.

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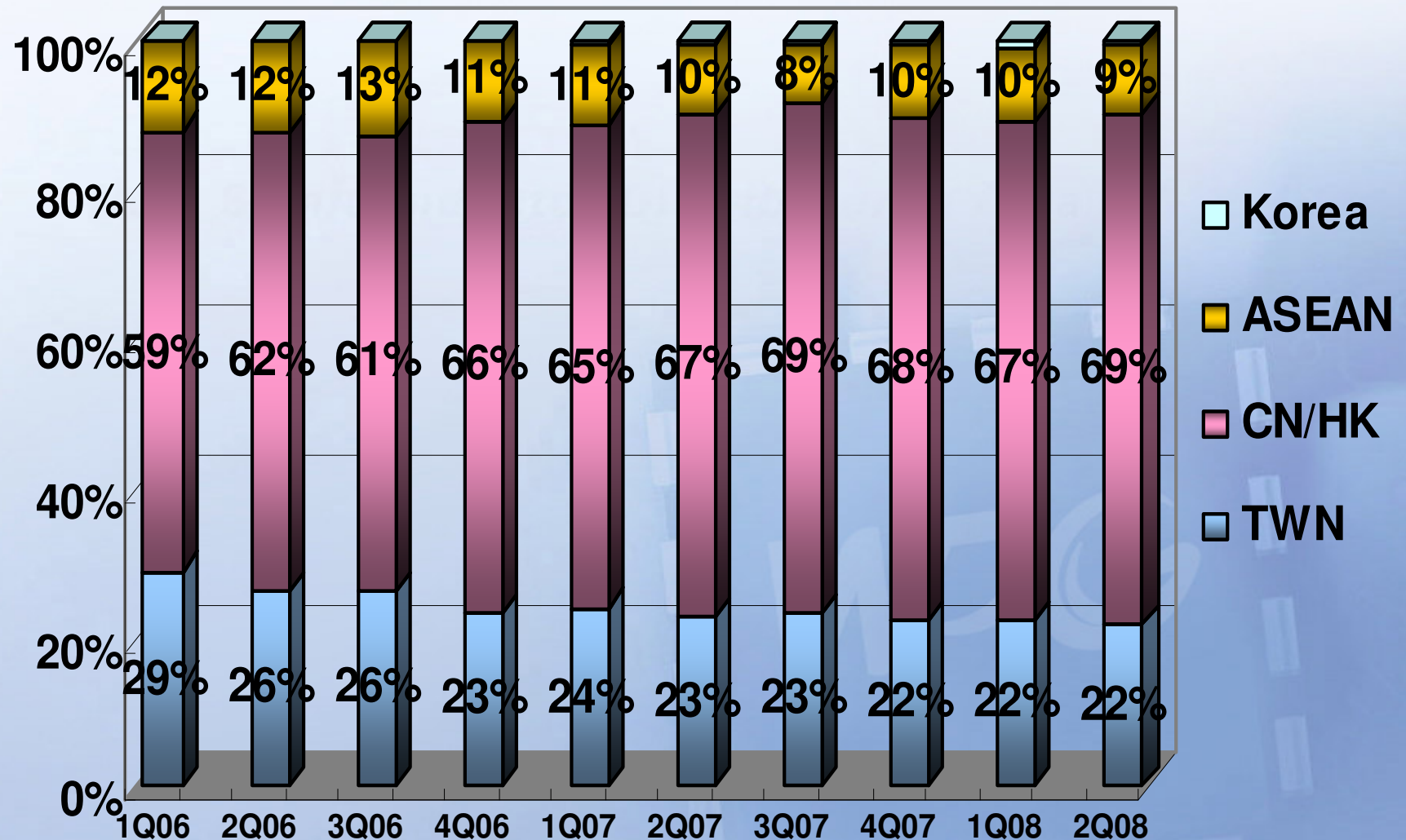

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Consolidated Revenue



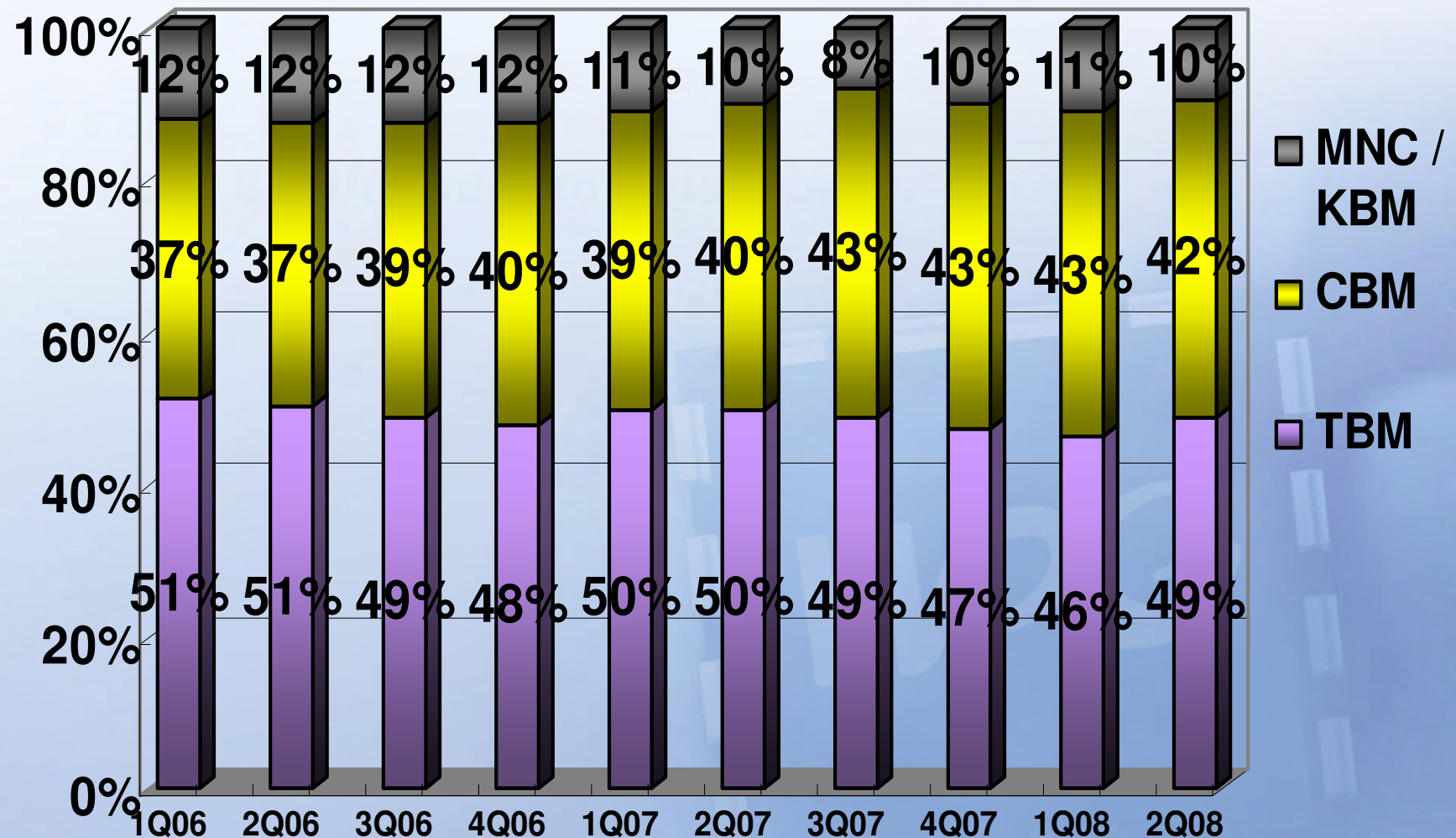
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Sales breakdown by Geography



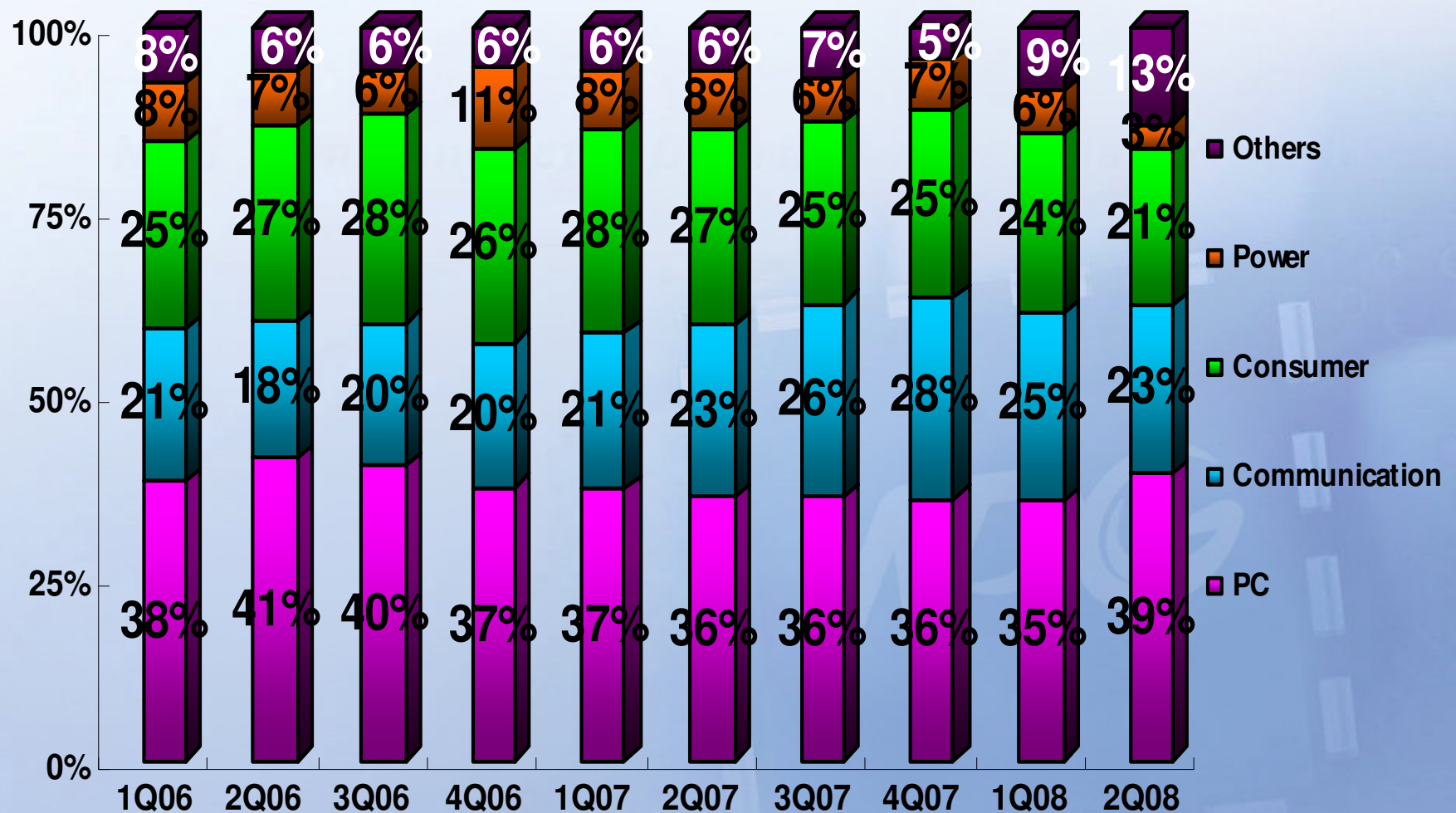
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Sales breakdown by Customer



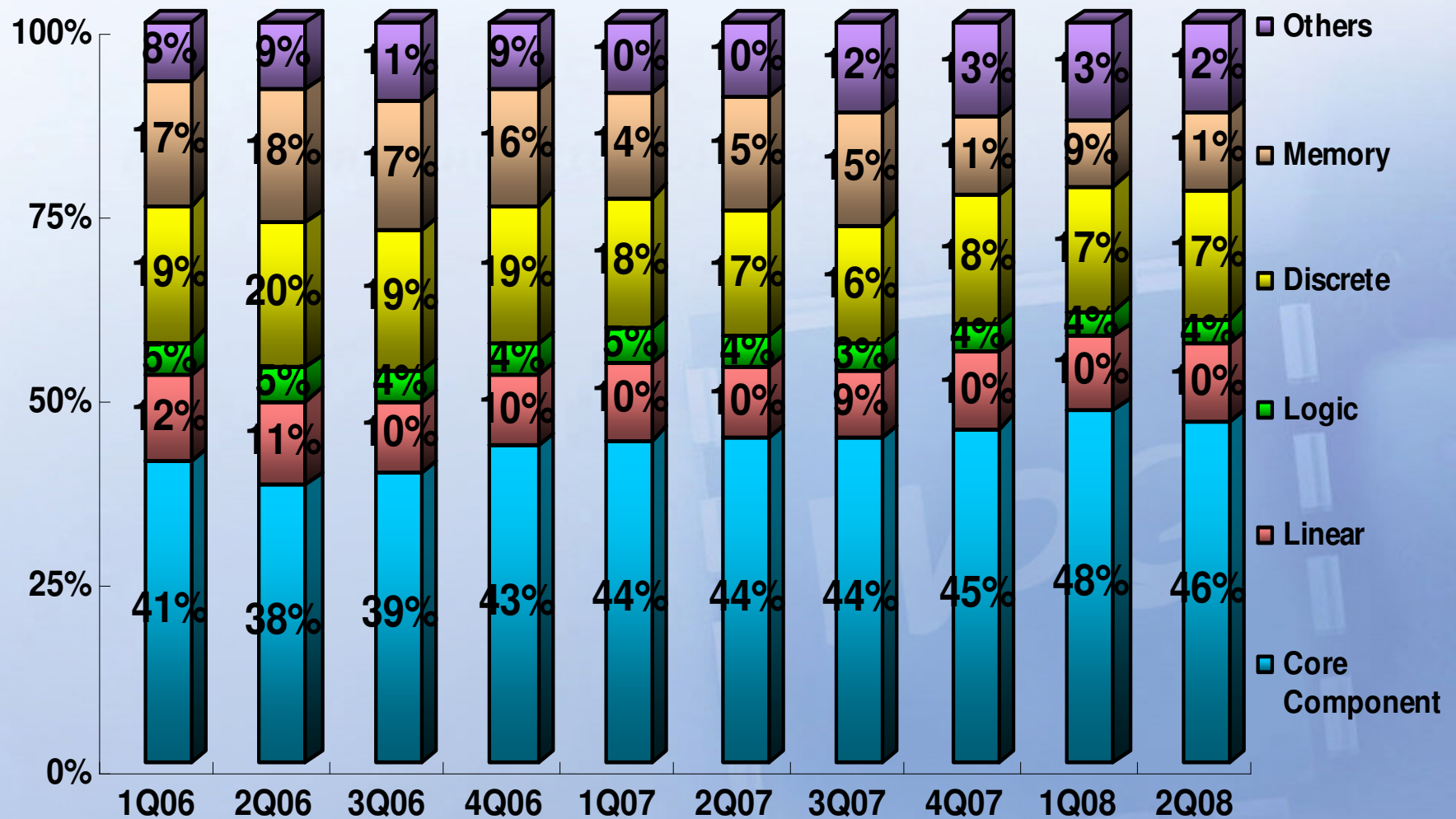
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Sales breakdown by Application



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Sales breakdown by Device Type



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3Q08 Guidance

- Revenues is expected to be between NT\$**40** billion and NT\$**42** billion, +18% Q/Q organic growth
- Gross profit margin is expected to be between **5.6%** and **5.8%**
- Operating profit margin is expected to be between **2.7% and 2.9%**, including approximately **5 bp** impact from the expensing of employee profit sharing

Recap of Recent Major Events

- WPG Holdings ranked 3rd worldwide semiconductor distributor by ESM (2008/05)
- New Franchise in Q208 :



– CMOS Sensor for Mobile Phone, NB CAM., PC CAM.
IP CAM.



– MEMS process, programmable Oscillator



– GPS Module for handheld devices



– Backend processor for PC CAM., NB CAM., Mobile
Phone

- WPG Annual Shareholder meeting Approved Dividend of NT\$2.15 Cash & 3.15% Stock Per Share(2008/06/25)
- WPG Board has set up the Audit Committee to supervise the proper disclosure of company financial report; the selection, termination, independence and performance of certifying accountant; the effectiveness of internal control ; compliance of laws, regulations and legal terms; and the existing or potential risk management of the company (2008/06/25)
- Closing announcement of Pernas acquisition (2008/07/16)

<http://www.wpgholdings.com>

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