WPG Holdings

# WPG Holdings Ltd. (3702.TT/3702.TW) 1Q17 Earning Release

May 3rd, 2017

# 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
- 1Q17 Financial Highlights — Cliff Yuan
- Q&A — Simon Huang/ Scott Lin/ Cliff Yuan

# Result Highlights

Unit:NT$million

| item | 1Q17 | 4Q16 | 1Q16 | *QoQ(%)* | *YoY(%)* |
|---|---|---|---|---|---|
| Net Sales | 119,100 | 139,368 | 121,533 | (14.5) | (2.0) |
| Gross Margin | 4.34% | 4.14% | 4.26% | +19 bp | +8 bp |
| Operating Expenses | (2,907) | (4,847) | (3,076) | (40.0) | (5.5) |
| Operating Income | 2,258 | 927 | 2,095 | 143.5 | 7.7 |
| Operating Margin | 1.90% | 0.67% | 1.72% | +123. bp | +17 bp |
| Net Income | 1,842 | 338 | 1,555 | 445.9 | 18.5 |
| EPS (NT$)(1) | 1.06 | 0.20 | 0.94 | | |
| Net Book Value (NT$)(1) | 27.93 | | | | |
| Total Assets | 176,503 | 179,015 | 167,593 | | |
| Total Liabilities | 127,617 | 128,697 | 119,020 | | |
| Total Equity | 48,886 | 50,317 | 48,573 | | |
| Net Working Capital | 93,770 | 94,447 | 86,776 | | |
| Free Cash Flow | 3,338 | (6,347) | 13,996 | | |
| KEY Indices(2) | | | | | |
| ROWC | *9.6%* | *3.9%* | *9.7%* | +570 bp | -3 bp |
| NWC/Sales | *0.20* | *0.17* | *0.18* | | |
| ROE | *15.0%* | *2.8%* | *13.0%* | +1,225 bp | +204 bp |
| Gearing | 1.31 | 1.26 | 1.12 | | |
| (1).Weighted average shares outstanding | 1,731 | 1,704 | 1,656 | | |

(2).Annualized

Unaudited, Prepared by WPG based on TIFRS.

# Statements of Comprehensive Income

Unit:NT$million

| Item | 1Q17 | 4Q16 | QoQ(%) | 1Q16 | YoY(%) |
|---|---|---|---|---|---|
| Revenue | 119,100 | 139,368 | (14.5) | 121,533 | (2.0) |
| COGS | (113,936) | (133,594) | (14.7) | (116,361) | (2.1) |
| Gross Profit | 5,165 | 5,774 | (10.6) | 5,172 | (0.1) |
| Gross Margin | 4.34% | 4.14% | | 4.26% | |
| Operating Expenses | (2,907) | (4,847) | (40.0) | (3,076) | (5.5) |
| Operating Income | 2,258 | 927 | 143.5 | 2,095 | 7.7 |
| Operating Margin | 1.90% | 0.67% | | 1.72% | |
| Net Non-operating Items | (1) | (443) | (99.9) | (193) | (99.7) |
| Net Financing costs | (400) | (410) | (2.5) | (391) | 2.3 |
| FX Gains/Losses | 111 | (41) | NM | 140 | (20.8) |
| Others | 288 | 7 | | 58 | |
| Profit Before Tax | 2,257 | 484 | 366.3 | 1,903 | 18.6 |
| Tax | (395) | (125) | 216.9 | (342) | 15.3 |
| Minority | (20) | (22) | | (5) | |
| Profit After Tax | 1,842 | 338 | 445.9 | 1,555 | 18.5 |
| Net Margin | 1.55% | 0.24% | | 1.28% | |
| EPS (NT$)(1) | 1.06 | 0.20 | | 0.94 | |
| Tax % | 17% | 26% | | 18% | |
| (1).Weighted average shares outstanding | 1,731 | 1,704 | | 1,656 | |

Unaudited, Prepared by WPG based on TIFRS.

# Balance Sheet

| Unit:NT$million | 1Q17 | | 4Q16 | | 1Q16 | |
|---|---|---|---|---|---|---|
| item | *Amount* | *%* | *Amount* | *%* | *Amount* | *%* |
| Cash & Marketable Securities | 7,016 | *4* | 8,495 | *5* | 9,486 | *6* |
| Accounts Receivable - Trade | 80,070 | *45* | 92,777 | *52* | 77,097 | *46* |
| Inventory | 62,486 | *35* | 49,927 | *28* | 55,953 | *33* |
| Current Assets | 162,332 | *92* | 165,271 | *92* | 154,049 | *92* |
| Others | 14,171 | *8* | 13,744 | *8* | 13,544 | *8* |
| Total Assets | 176,503 | *100* | 179,015 | *100* | 167,593 | *100* |
| Current Interest-bearing Debt | 66,933 | *38* | 68,003 | *38* | 48,468 | *29* |
| Accounts Payble | 48,786 | *28* | 48,258 | *27* | 46,274 | *28* |
| Accrued Liabilities and Others | 5,662 | *3* | 6,026 | *3* | 6,659 | *4* |
| Current Liabilities | 121,381 | *69* | 122,287 | *68* | 101,401 | *61* |
| Long-term Interest-bearing Debt | 5,094 | *3* | 5,196 | *3* | 16,522 | *10* |
| Others | 1,142 | *1* | 1,214 | *1* | 1,097 | *1* |
| Total Liabilities | 127,617 | *72* | 128,697 | *72* | 119,020 | *71* |
| Total Equity | 48,886 | *28* | 50,317 | *28* | 48,573 | *29* |
| KEY Indices(1) | | | | | | |
| Net Working Capital (NT$million) | 93,770 | | 94,447 | | 86,776 | |
| AR Turnover (Days) | *66* | | *61* | | *64* | |
| Inventory Turnover (Days) | *45* | | *34* | | *42* | |
| *AP Turnover (Days)* | *39* | | *34* | | *36* | |
| *Average Collection Periods (Days)* | *72* | | *61* | | *69* | |
| Current Ratio | *134%* | | *135%* | | *152%* | |
| Gearing | *1.31* | | *1.26* | | *1.12* | |

(1).Annualized

Unaudited, Prepared by WPG based on TIFRS.

# Cash Flows

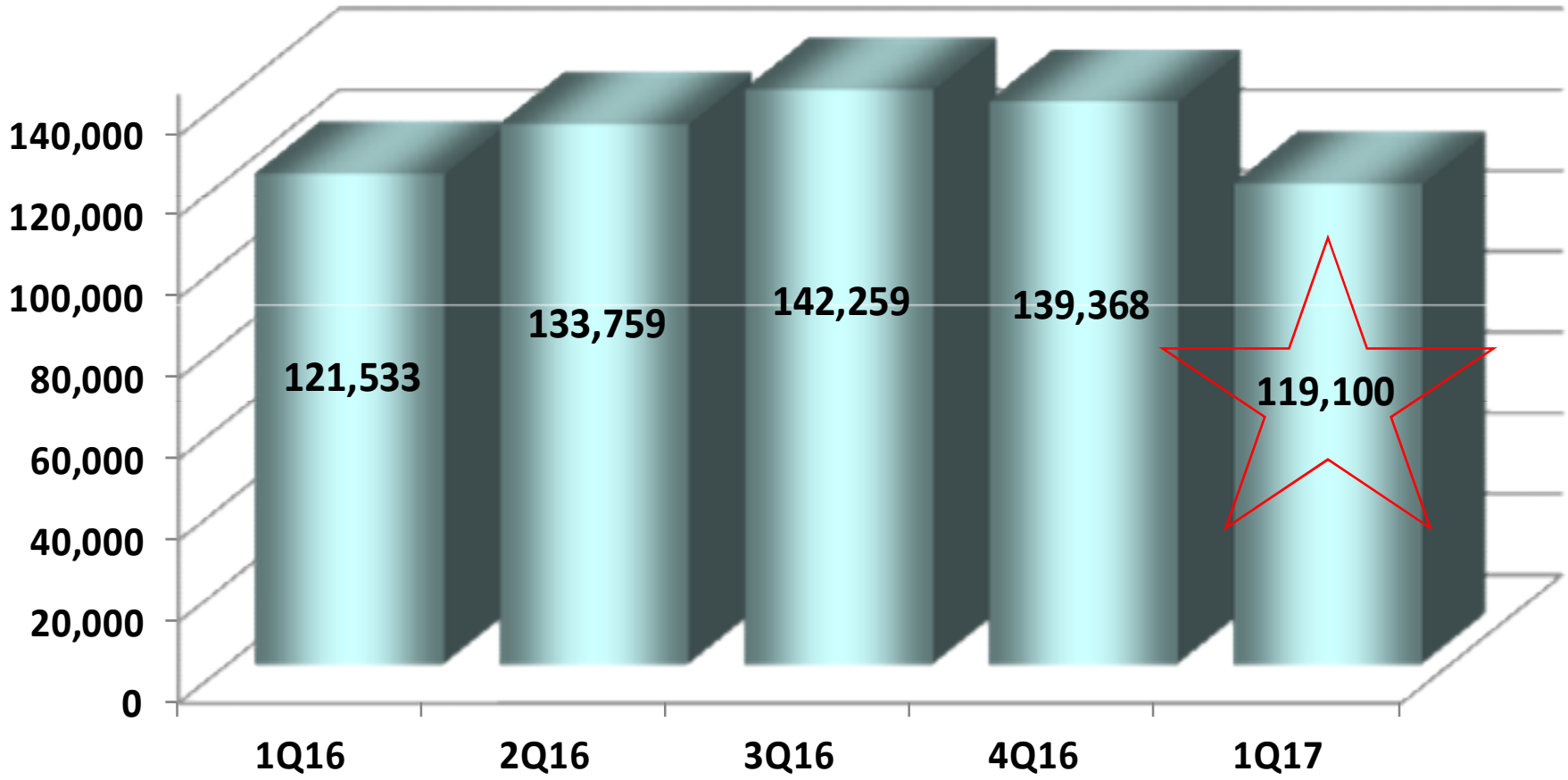
Unit:NT$million

| item | 1Q17 | 4Q16 | 1Q16 |
|---|---|---|---|
| -Income before Income Tax | 2,257 | 484 | 1,903 |
| -Changes of NWC | 677 | (4,958) | 10,390 |
| -Adjustment & Others | 404 | (1,873) | 1,704 |
| **From Operation** | **3,338** | **(6,347)** | **13,996** |
| -Financial Instrument | 325 | 858 | (59) |
| -Capital Expenditure | (650) | (45) | (30) |
| -Acquisition of subsidiaries | - | - | (30) |
| -Others | 31 | (14) | 49 |
| **From Investment** | **(293)** | **799** | **(70)** |
| -Financial Debt | (549) | 5,527 | (12,584) |
| -Others | (9) | 19 | (34) |
| **From Financing** | **(558)** | **5,545** | **(12,618)** |
| **Cumulative translation adjustments** | **(3,941)** | **1,405** | **(1,306)** |
| **Net Cash Position Change** | **(1,455)** | **1,402** | **3** |
| **Ending Cash Balance** | **7,002** | **8,457** | **9,450** |

**Unaudited, Prepared by WPG based on TIFRS.**

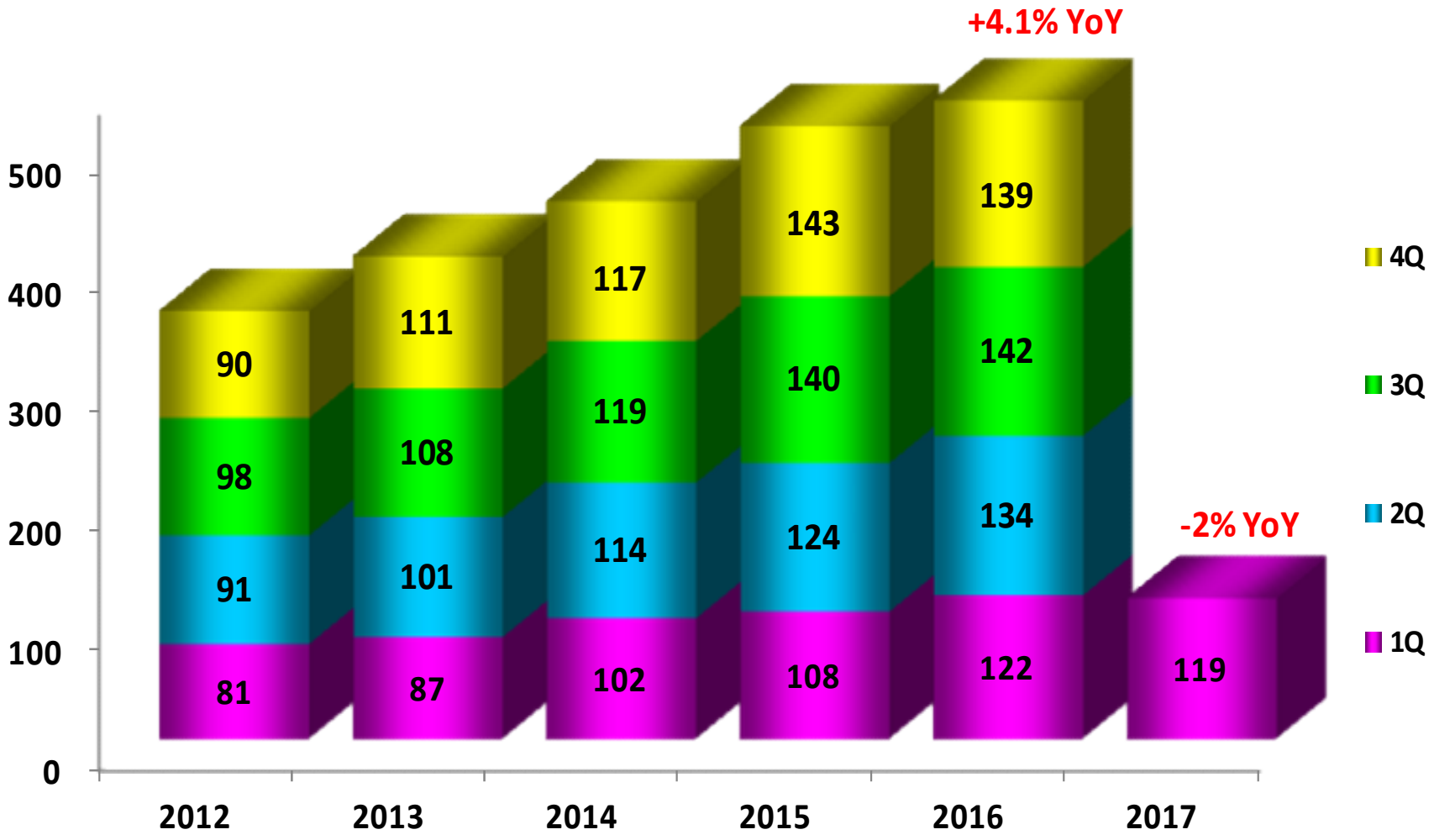
# Consolidated Revenue

Unit: NT$million

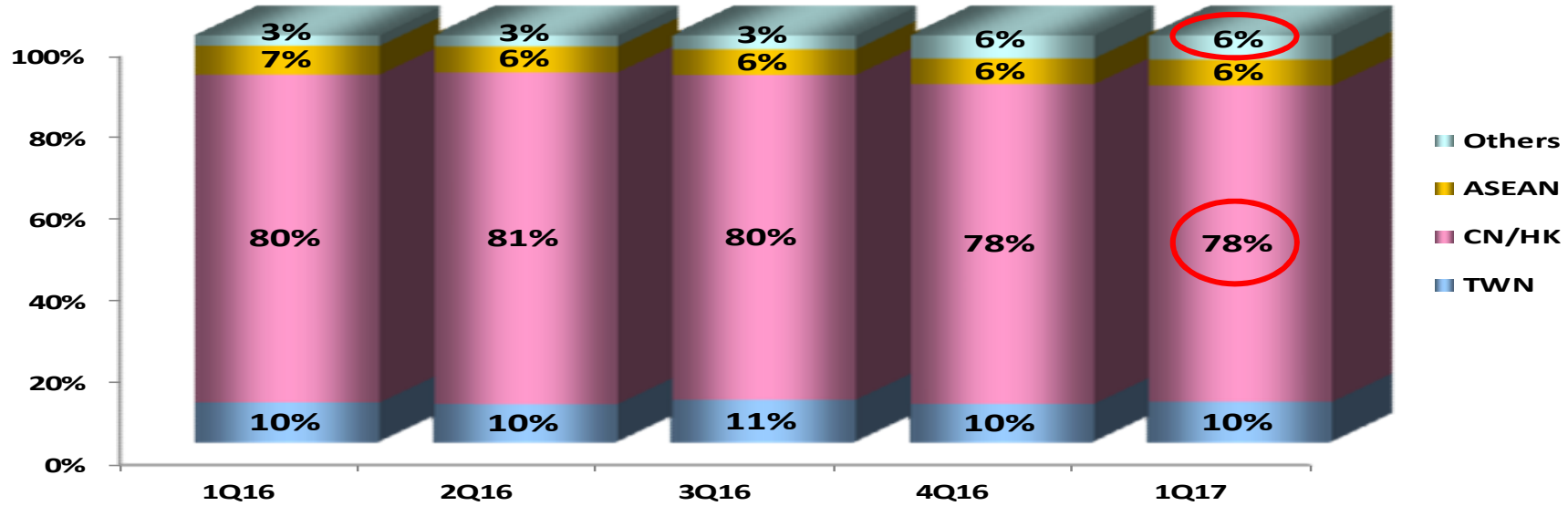


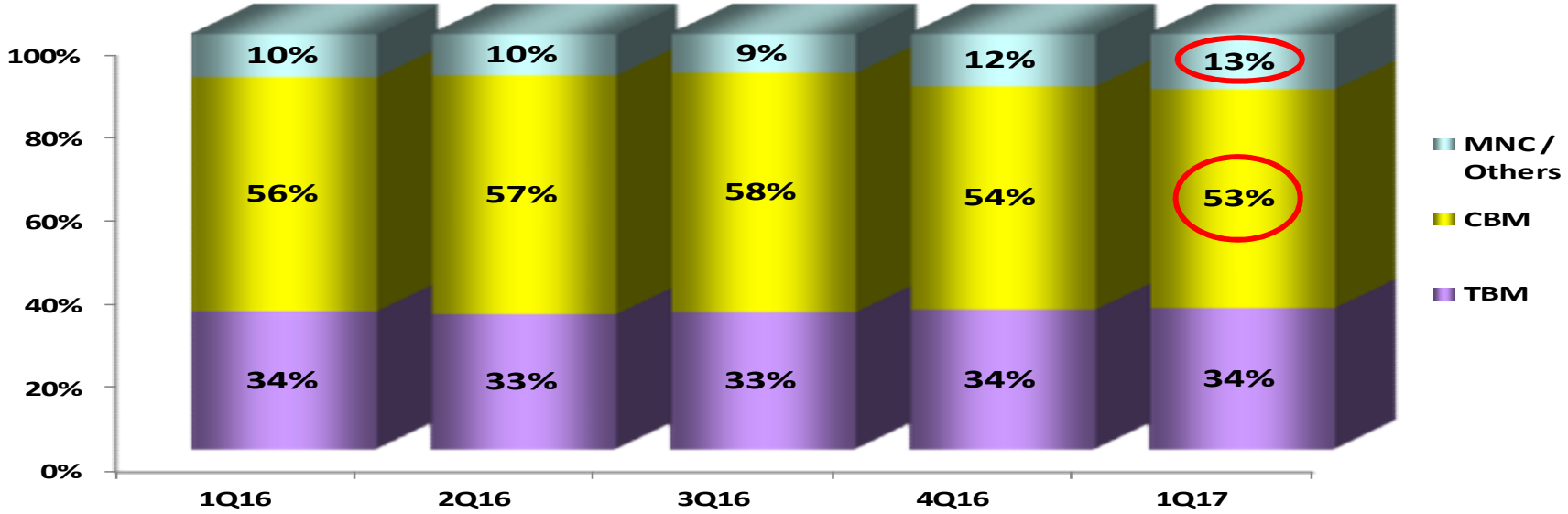
# Consolidated Revenue

Unit: NT$billion



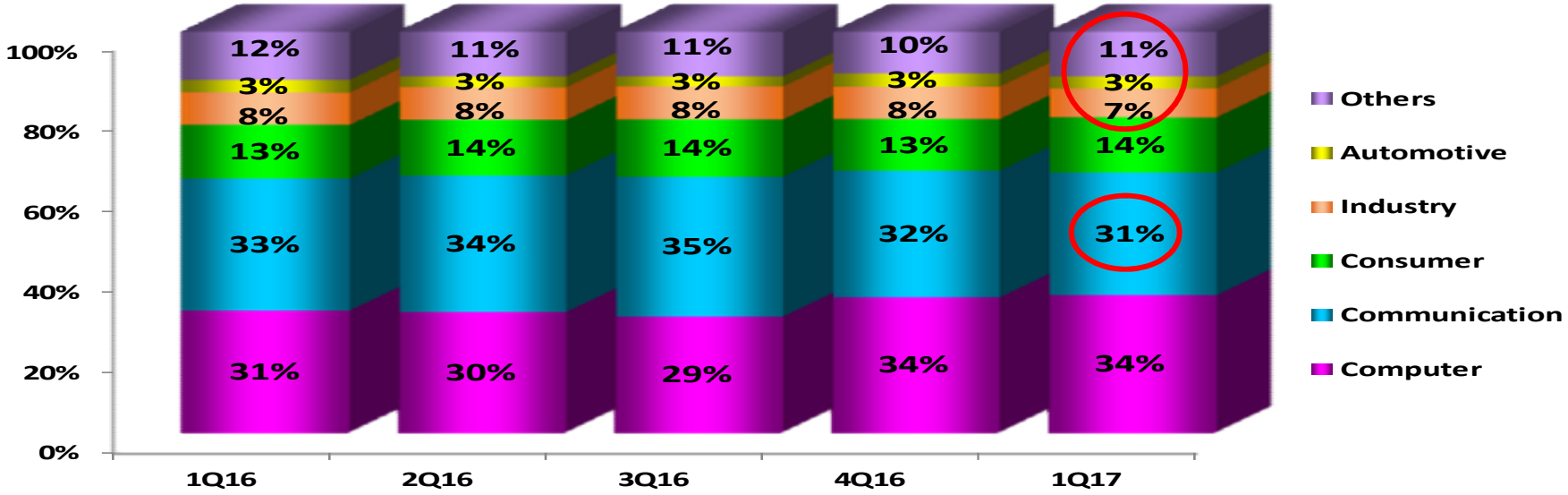
# Sales breakdown by Geography/ Customer

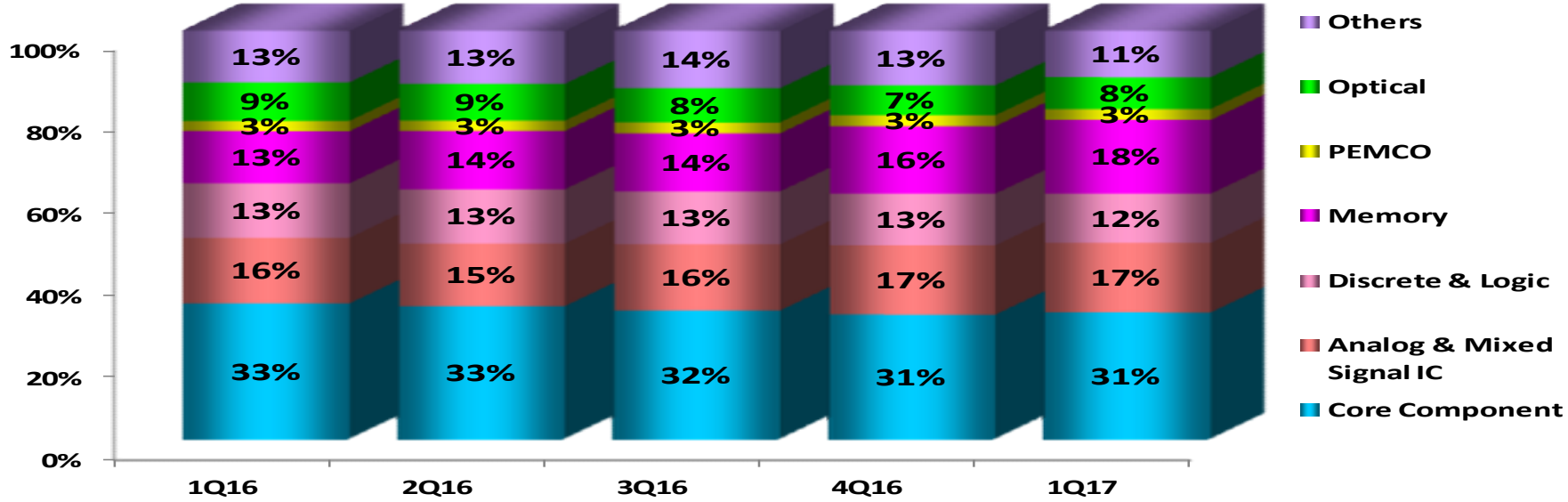


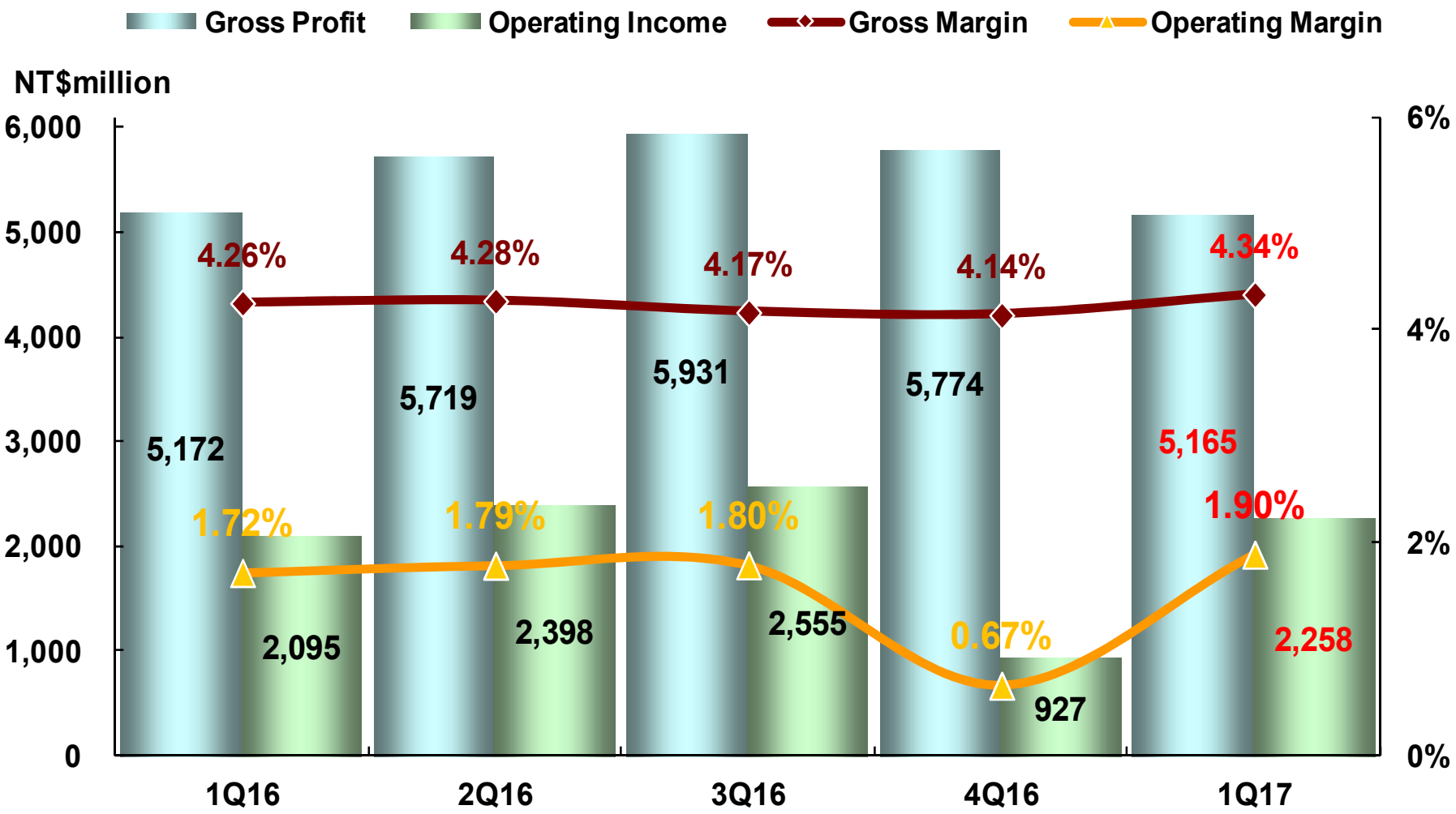

TBM：Taiwan-Based Customers
CBM：China Based Customers

# Sales breakdown by Application/ Device Type

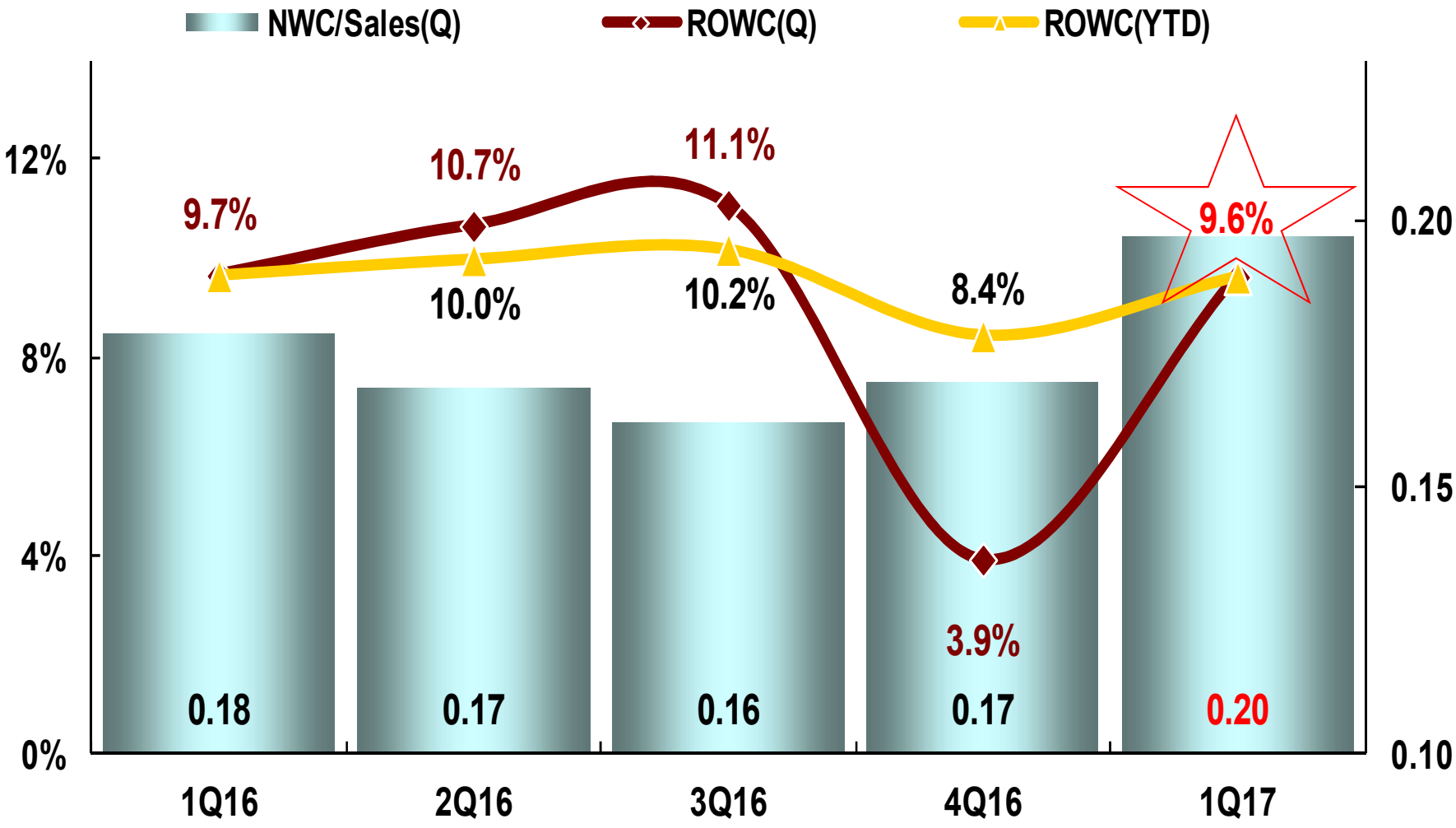


# Gross Margin vs. Operating Margin

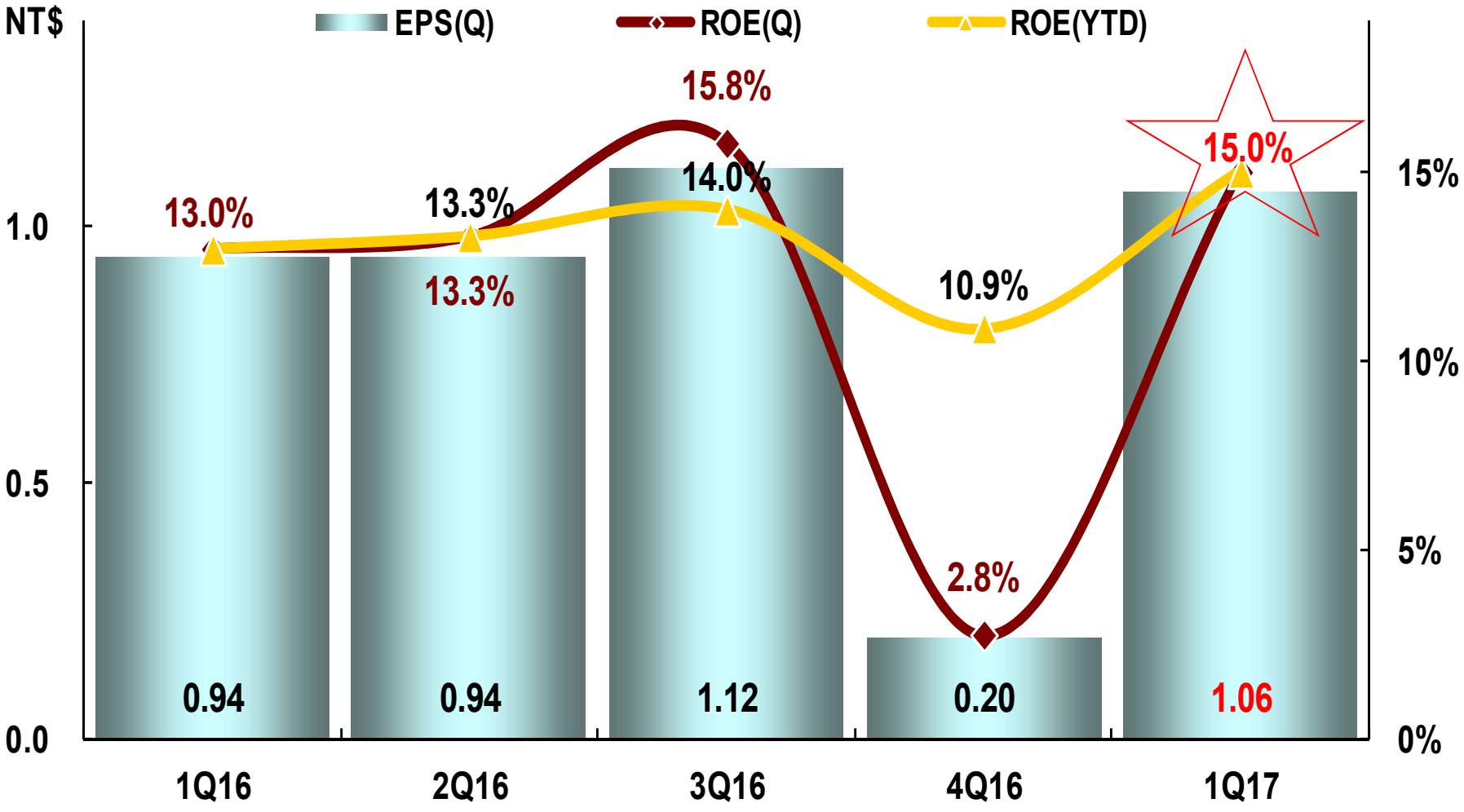


# ROWC vs. NWC/Sales



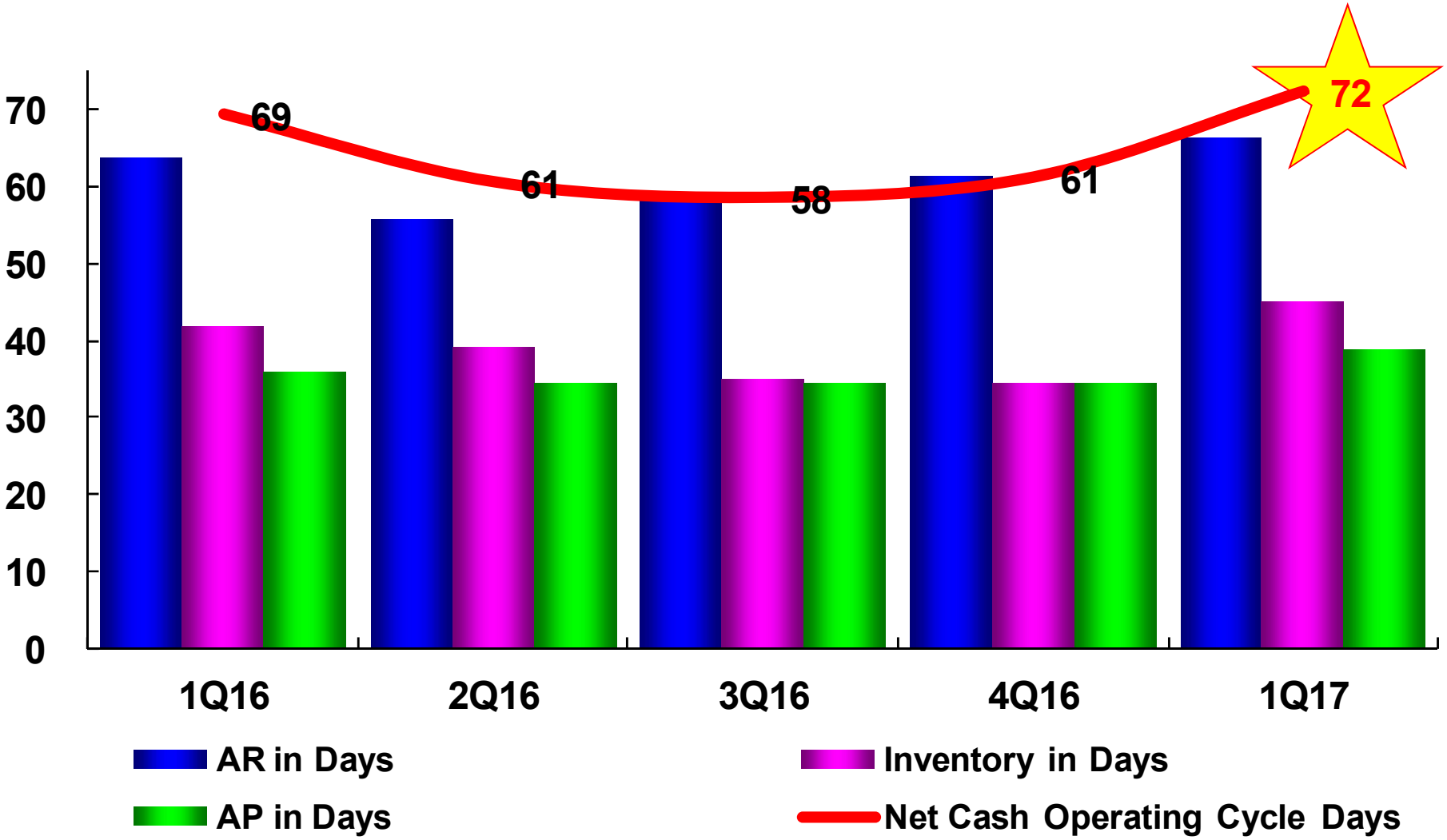

Note：Annualized

# ROE vs. EPS



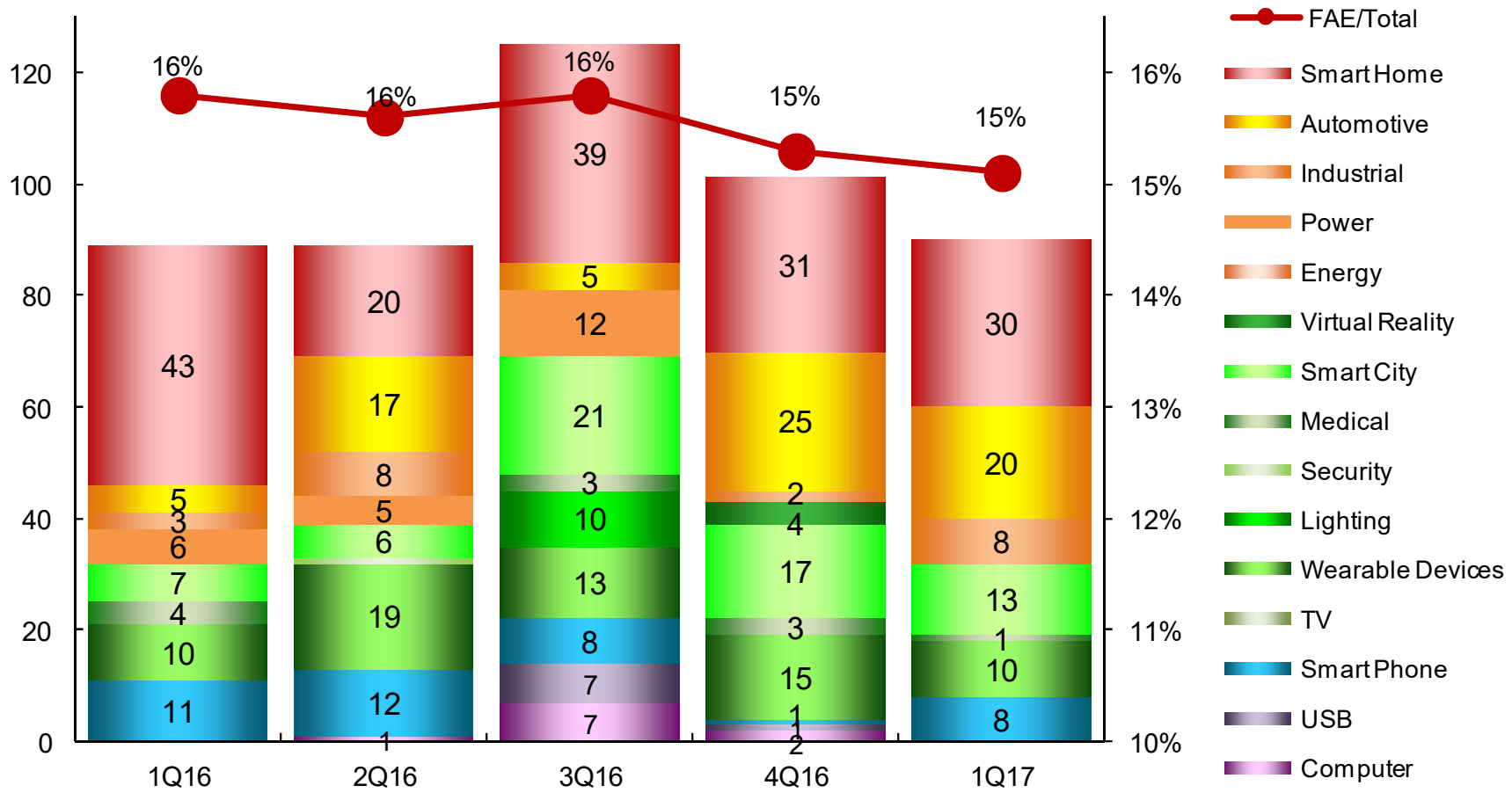

Note：Annualized

# Operating Cash Cycle




Note：Annualized

# More Solutions Launched ..




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

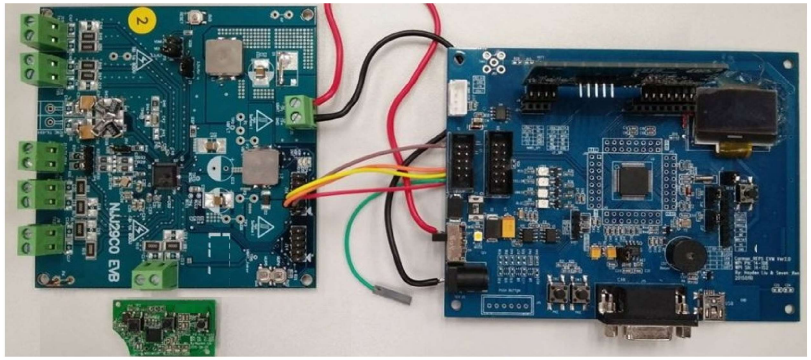
http://iot.wpgo2o.com/iot/index/zhtw

# 90 Solutions Launched in 1Q17

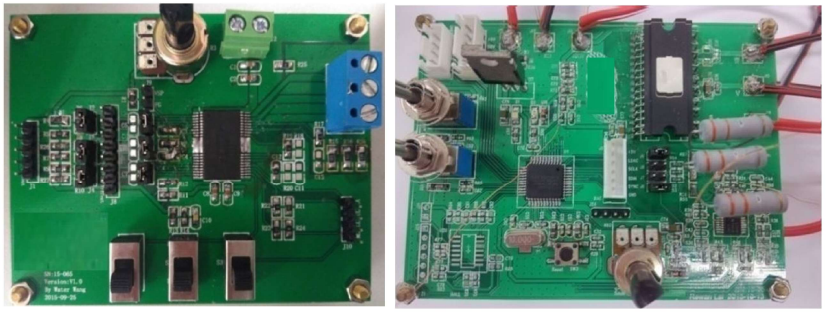
- 胎压监测解决方案 2017-03-15
- 低功耗蓝牙的车联网OBD智能终端和4G车载MIFI方案 2017-03-15
- 高级辅助驾驶系统(ADAS)解决方案 2017-03-15
- 多功能车载信息娱乐系统/智能后视镜解决方案 2017-03-15
- 四核智能后视镜方案 2017-03-15
- Full-HD 3D 360° 车载全景环视系统解决方案 2017-03-15
- 力推適用汽車電子之完整解決方案 2017-03-08
- 助力新能源汽車，推出基於產品線的BMS電池管理系統解決方案 2017-03-08
- 力推應用於汽車天窗/門窗升降BLDC/PMSM集成方案 2017-03-08
- 力推全新汽車照明解決方案 2017-03-08
- 力推360度全景行車記錄儀和VR 360運動攝影機方案 2017-03-08
- 領航安全，保駕未來! 推出行車記錄儀解決方案 2017-03-08
- 推出免鑰匙進入系統方案 2017-03-08
- 推出無線MCU，可實現汽車免鑰匙進入系統 2017-03-08
- 推出汽車跳頻 PKE 無鑰匙門禁系統解決方案 2017-03-08
- 基於Bluetooth智慧車鑰匙 2017-01-25
- 推出360度全景行車記錄儀方案 2017-01-25
- 車機3D手勢解決方案 2017-01-25
- 跳頻PKE鑰匙方案 2017-01-25
- PKE鑰匙無線充電方案 2017-01-25

- 推出智慧開發板連入醫療雲方案 2017-01-25

- 力推超低功耗24GHz雷達傳感器於智能偵測應用 2017-03-22
- 推出Qi認證的15W無線電源發射器 2017-02-15
- 力推適用工業電子之完整解決方案 2017-01-18
- 推出基於產品線的電機驅動參考方案 2017-01-18
- 力推雷達和感測器解決方案於工業機器人系統應用 2017-01-18
- 基於運動控制機器人方案 2017-01-18
- 推出高性能MCU EtherCAT介面參考設計方案 2017-01-18
- 推出無人機遠程遙控方案 2017-01-18



**Passive Keyless Entry Solution**

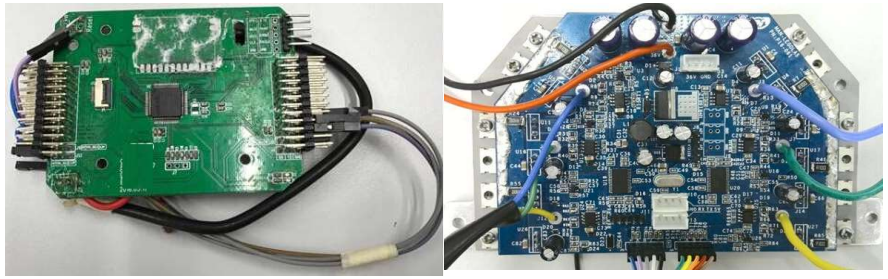


**Motor Driver Solution**

# 90 Solutions Launched in 1Q17

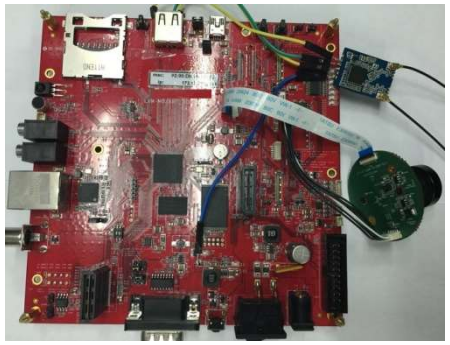
- 推出適用智能手機之完整解決方案 2017-02-15
- 打造安全移動讀卡平臺~推出基於產品線的智慧手機NFC近場通訊方案 2017-02-15
- 推出低能耗藍牙Bluetooth單片解決方案 2017-02-15
- 力推智能音頻放大器方案於手機等可攜式設備應用 2017-02-15
- 力推低雜訊放大器與多工器(LTE LNA & LMM)於智能手機應用 2017-02-15
- 推出指紋識別晶片方案，成為智慧手機搭載的標配 2017-02-15
- 代理產線推出USB Audio控制晶片 2017-02-15
- 智慧手機的進階之路~推出基於產品線的智慧音訊功放解決方案 2017-02-15

**NFC Card Reader Solution**



**Wheeled Mobile Robot Solution**

- 地下停車場空氣品質改善系統方案 2017-01-25
- 輪式機器人方案 2017-01-25
- 基於BLE攝像頭雲台方案 2017-01-25
- 推出POE智慧門鈴語音傳輸方案 2017-01-25
- 具有移動支付功能的電動單車充電樁方案 2017-01-25
- 基於LoRa長距離PM2.5監測方案 2017-01-25
- 基於Web-ZigBee無線智慧調光路燈方案 2017-01-25
- 基於2.4GHz無線大功率無人機遙控器方案 2017-01-25
- 推出基於技術平臺無人機控制模組 2017-01-25
- 基於LoRa長距離RFID門禁管理方案 2017-01-25
- 基於LoRa長距離水位監測方案 2017-01-25
- 基於LoRa長距離農業水溫檢測方案 2017-01-25
- 基於LoRa長距離基站路由器方案 2017-01-25
- 交流充電樁方案 2017-01-25



**Drone Solution**

**Charging Pile Solution**

# 90 Solutions Launched in 1Q17

| | |
|---|---|
| 推出指紋電子鎖方案 | 2017-03-22 |
| 力推適用智能家居應用裝置方案 | 2017-03-22 |
| 智慧魔盒~推出最新智慧家居開發七件套 | 2017-03-22 |
| 力推智能空氣淨化器方案 | 2017-03-22 |
| 推出智能窗簾方案 | 2017-03-22 |
| 力推基於接入雲的吸頂燈控制方案 | 2017-03-22 |
| 推出基於WiFi連接雲的智慧閘道方案 | 2017-03-22 |
| 推出微控制器，推動智能家居產品新革命 | 2017-03-22 |
| 基於藍牙智慧電子鎖方案 | 2017-01-25 |
| 智慧空氣淨化器方案 | 2017-01-25 |
| 無線溫度感測器方案 | 2017-01-25 |
| 基於BLE室內溫度感測器方案 | 2017-01-25 |
| 推出基於Sub-1G之家庭環境監測方案 | 2017-01-25 |
| 基於接入Homekit的智慧環境監控器方案 | 2017-01-25 |
| 多功能智能家居閘道方案 | 2017-01-25 |
| 基於WiFi連雲物聯網閘道方案 | 2017-01-25 |
| 基於連入微信的物聯網網關方案 | 2017-01-25 |
| 推出基於WiFi燈方案 | 2017-01-25 |
| 基於ZigBee智能照明組網方案 | 2017-01-25 |
| 基於產品線的ZigBee智慧照明控制箱方案 | 2017-01-25 |
| 基於BLE電動門遙控器方案 | 2017-01-25 |
| 推出智慧跳繩PCBA+app方案 | 2017-01-25 |
| 接入雲的網路攝像頭方案 | 2017-01-25 |
| 帶BLE Gateway連接雲的智慧插座方案 | 2017-01-25 |
| 影音串流設計方案 | 2017-01-25 |
| 指紋解鎖方案 | 2017-01-25 |
| 推出接入雲的Zigbee組網解決方案 | 2017-01-25 |
| VR 一體機解決方案 | 2017-01-25 |

| | |
|---|---|
| 推出POE智慧門鈴語音傳輸方案 | 2017-01-25 |
| 推出WiFi智慧洗衣機方案 | 2017-01-25 |

| | |
|---|---|
| 力推氣壓感測器於移動和可穿戴設備應用 | 2017-03-22 |
| NFMI無線耳機方案 | 2017-01-25 |
| 運動穿戴設備方案 | 2017-01-25 |
| 心率感測器的運動手錶方案 | 2017-01-25 |
| 基於BLE健康心律手環 | 2017-01-25 |
| 基於LoRa長距離老人平安求助手環方案 | 2017-01-25 |
| 推出無袖帶血壓監測方案 | 2017-01-25 |
| 藍牙運動手環方案 | 2017-01-25 |
| 藍牙老人健康手環方案 | 2017-01-25 |
| 推出心率心電監測內衣方案 | 2017-01-25 |

Smart Door Bell Solution

Infrared Sensor Solution

# Recap of Recent Major Events

- **WPG Board of Directors Approved NT$2.4 Cash Dividend Per Share (2017/04/25)**

WPG Holdings

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