WPG Holdings

WPG Holdings Ltd.
(3702.TT/3702.TW)
1Q18 Earning Release

May 2nd, 2018

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.**

- **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
- 1Q18 Financial Highlights & 2Q18 Outlook — Cliff Yuan
- Q&A — Simon Huang/ Scott Lin/ Cliff Yuan

Result Highlights

Unit:NT$million

item	1Q18	1Q18 Forecast	4Q17	1Q17	QoQ(%)	YoY(%)
Net Sales	123,412	108 ~ 120B	138,461	118,974	(10.9)	3.7
Gross Margin	4.32%	4.1% ~ 4.3%	3.90%	4.34%	+41 bp	-3 bp
Operating Expenses	(2,922)		(2,781)	(2,907)	5.1	0.5
Operating Income	2,404		2,620	2,261	(8.3)	6.3
Operating Margin	1.95%	1.75% ~ 1.84%	1.89%	1.90%	+5.5 bp	+5 bp
Net Income	1,891		1,645	1,846	14.9	2.4
EPS (NT$)(1)	1.04		0.90	1.07		
Net Book Value (NT$)(1)	28.41					
Total Assets	180,988		178,668	177,123		
Total Liabilities	128,587		126,612	128,236		
Total Equity	52,401		52,055	48,887		
Net Working Capital	95,295		99,732	93,743		
Free Cash Flow	5,527		4,236	3,235		
KEY Indices(2)						
ROWC	*10.1%*		*10.5%*	*9.6%*	-42 bp	+44 bp
NWC/Sales	*0.19*		*0.18*	*0.20*		
ROE	*14.6%*		*13.0%*	*15.0%*	+165 bp	-41 bp
Gearing	1.11		1.20	1.31		
(1).Weighted average shares outstanding	1,825		1,825	1,731		

(2).Annualized

Unaudited, Prepared by WPG based on TIFRS.

Statements of Comprehensive Income

Unit:NT$million

Item	1Q18	4Q17	QoQ(%)	1Q17	YoY(%)
Revenue	123,412	138,461	(10.9)	118,974	3.7
COGS	(118,086)	(133,059)	(11.3)	(113,805)	3.8
Gross Profit	5,326	5,401	(1.4)	5,168	3.0
Gross Margin	4.32%	3.90%		4.34%	
Operating Expenses	(2,922)	(2,781)	5.1	(2,907)	0.5
Operating Income	2,404	2,620	(8.3)	2,261	6.3
Operating Margin	1.95%	1.89%		1.90%	
Net Non-operating Items	(56)	(674)	(91.7)	(1)	8,471.8
Net Financing costs	(513)	(492)	4.4	(400)	28.4
Foreign Exchange Gains/Losses	210	78	170.6	111	89.5
Others	247	(260)		288	
Profit Before Tax	2,348	1,947	20.6	2,261	3.9
Tax	(443)	(292)	52.1	(395)	12.4
Minority	(14)	(10)		(20)	
Profit After Tax	1,891	1,645	14.9	1,846	2.4
Net Margin	1.53%	1.19%		1.55%	
EPS (NT$)(1)	1.04	0.90		1.07	
Tax %	19%	15%		17%	
(1).Weighted average shares outstanding	1,825	1,825		1,731	

Unaudited, Prepared by WPG based on TIFRS.

Balance Sheet

Unit:NT$million	1Q18		4Q17		1Q17	
item	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	6,673	4	7,100	4	7,016	4
Accounts Receivable - Trade	85,849	47	91,383	51	80,113	45
Inventory	62,263	34	57,474	32	62,923	36
Current Assets	165,623	92	163,855	92	162,905	92
Others	15,365	8	14,813	8	14,218	8
Total Assets	180,988	100	178,668	100	177,123	100
Current Interest-bearing Debt	58,727	32	62,753	35	66,940	38
Accounts Payble	52,817	29	49,125	27	49,294	28
Accrued Liabilities and Others	8,952	5	6,284	4	5,761	3
Current Liabilities	120,497	67	118,162	66	121,995	69
Long-term Interest-bearing Debt	6,862	4	7,238	4	5,087	3
Others	1,228	1	1,212	1	1,154	1
Total Liabilities	128,587	71	126,612	71	128,236	72
Total Equity	52,401	29	52,055	29	48,887	28
KEY Indices(1)						
Net Working Capital (NT$million)	95,295		99,732		93,743	
AR Turnover (Days)	66		62		66	
Inventory Turnover (Days)	46		41		45	
AP Turnover (Days)	39		37		39	
Average Collection Periods (Days)	72		66		72	
Current Ratio	137%		139%		134%	
Gearing	1.11		1.20		1.31	

(1).Annualized

Unaudited, Prepared by WPG based on TIFRS.

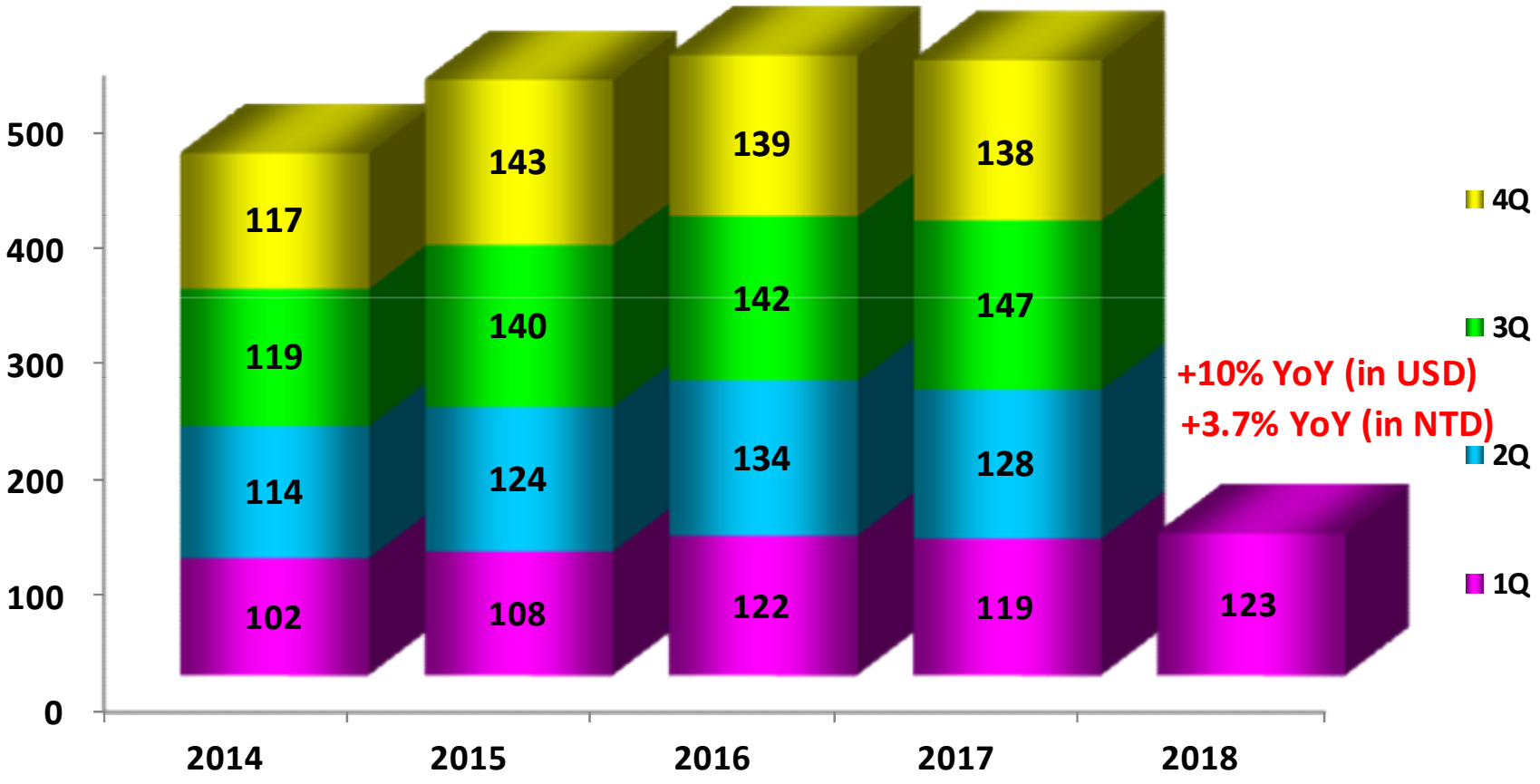
Cash Flows

Unit:NT$million	1Q18	4Q17	1Q17
-Income before Income Tax	2,348	1,947	2,261
-Changes of NWC	7,138	(1,393)	938
-Adjustment & Others	(3,959)	3,682	36
From Operation	**5,527**	**4,236**	**3,235**
-Financial Instrument	126	489	327
-Capital Expenditure	(112)	(124)	(660)
-Others	(166)	(39)	(26)
From Investment	**(152)**	**326**	**(359)**
-Financial Debt	(4,398)	(3,512)	(561)
-Others	19	35	3
From Financing	**(4,379)**	**(3,477)**	**(557)**
Cumulative translation adjustments	**(1,450)**	**(1,009)**	**(3,773)**
Net Cash Position Change	**(453)**	**76**	**(1,455)**
Ending Cash Balance	**6,645**	**7,098**	**7,002**

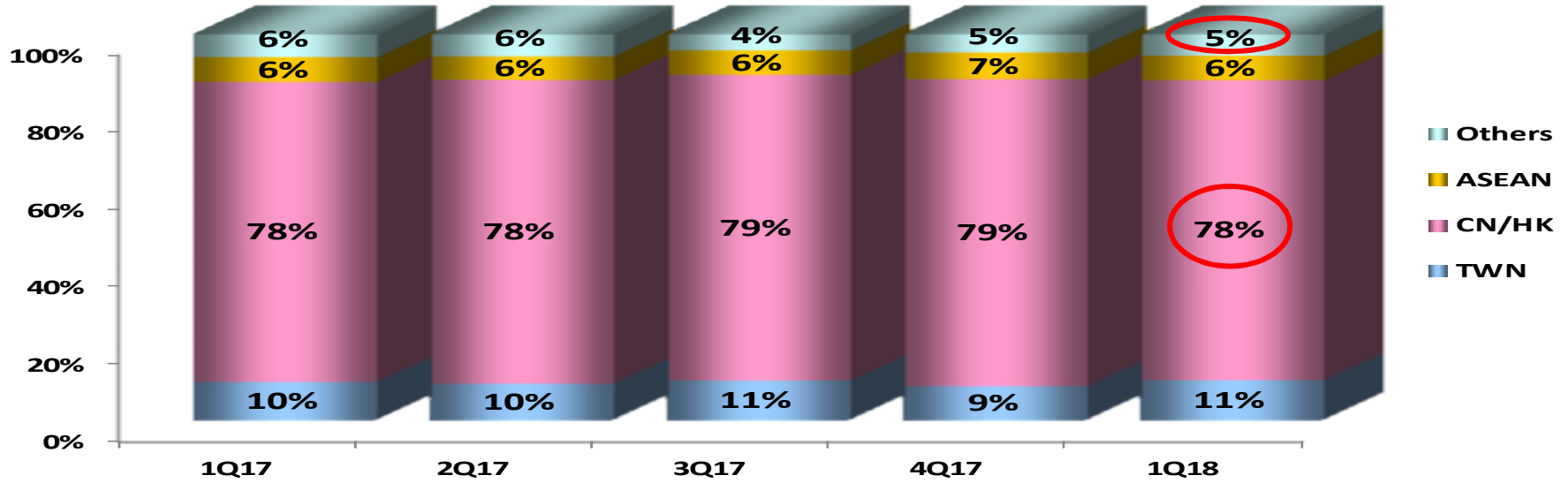
Unaudited, Prepared by WPG based on TIFRS.

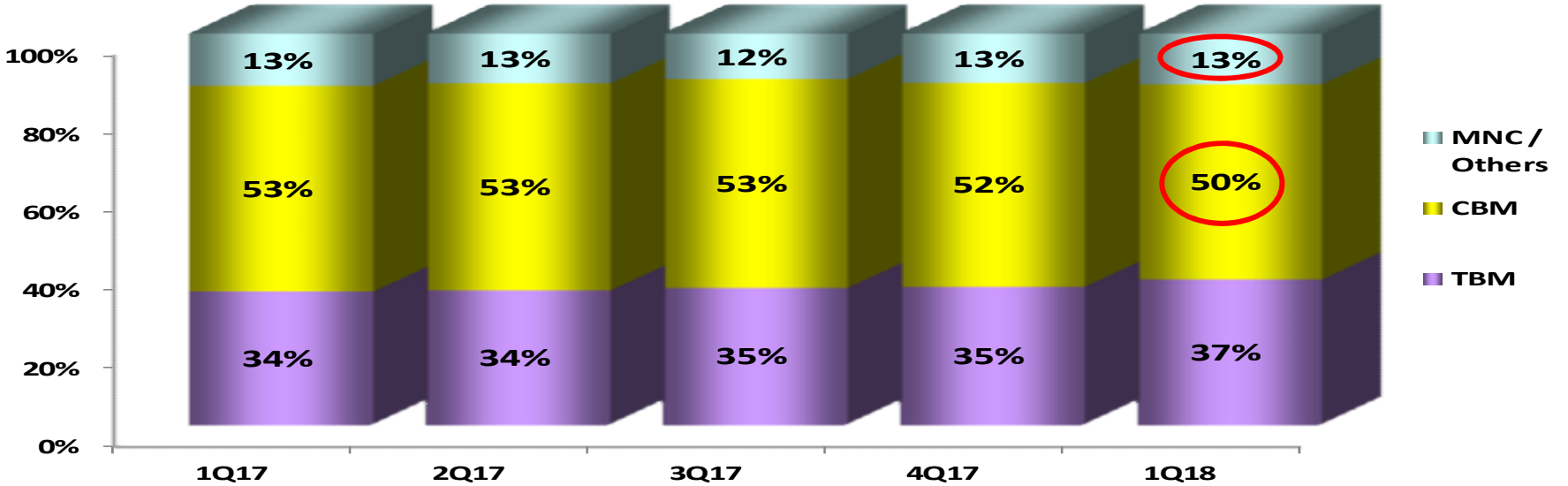
Consolidated Revenue

Unit: NT$billion



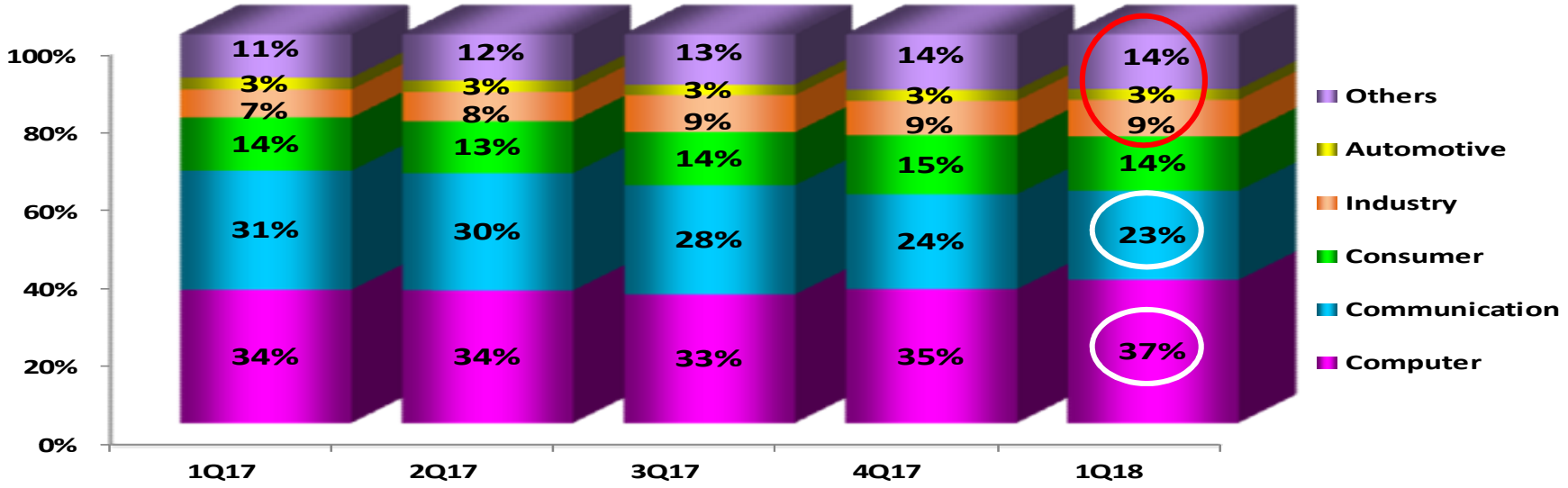
Sales breakdown by Geography/ Customer

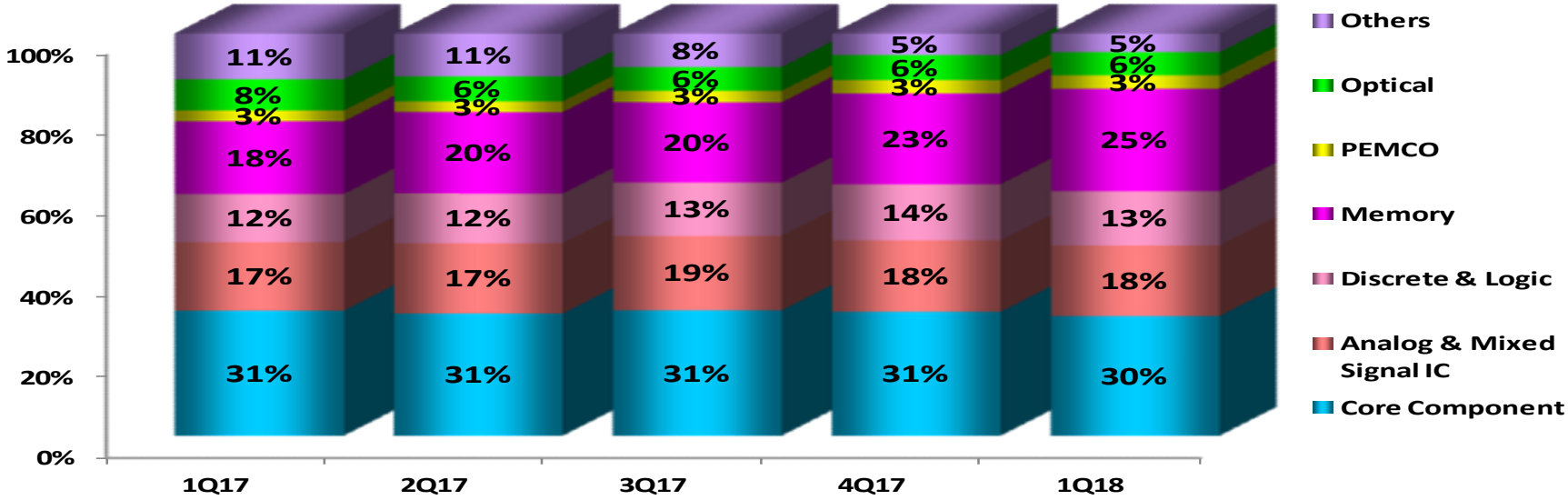




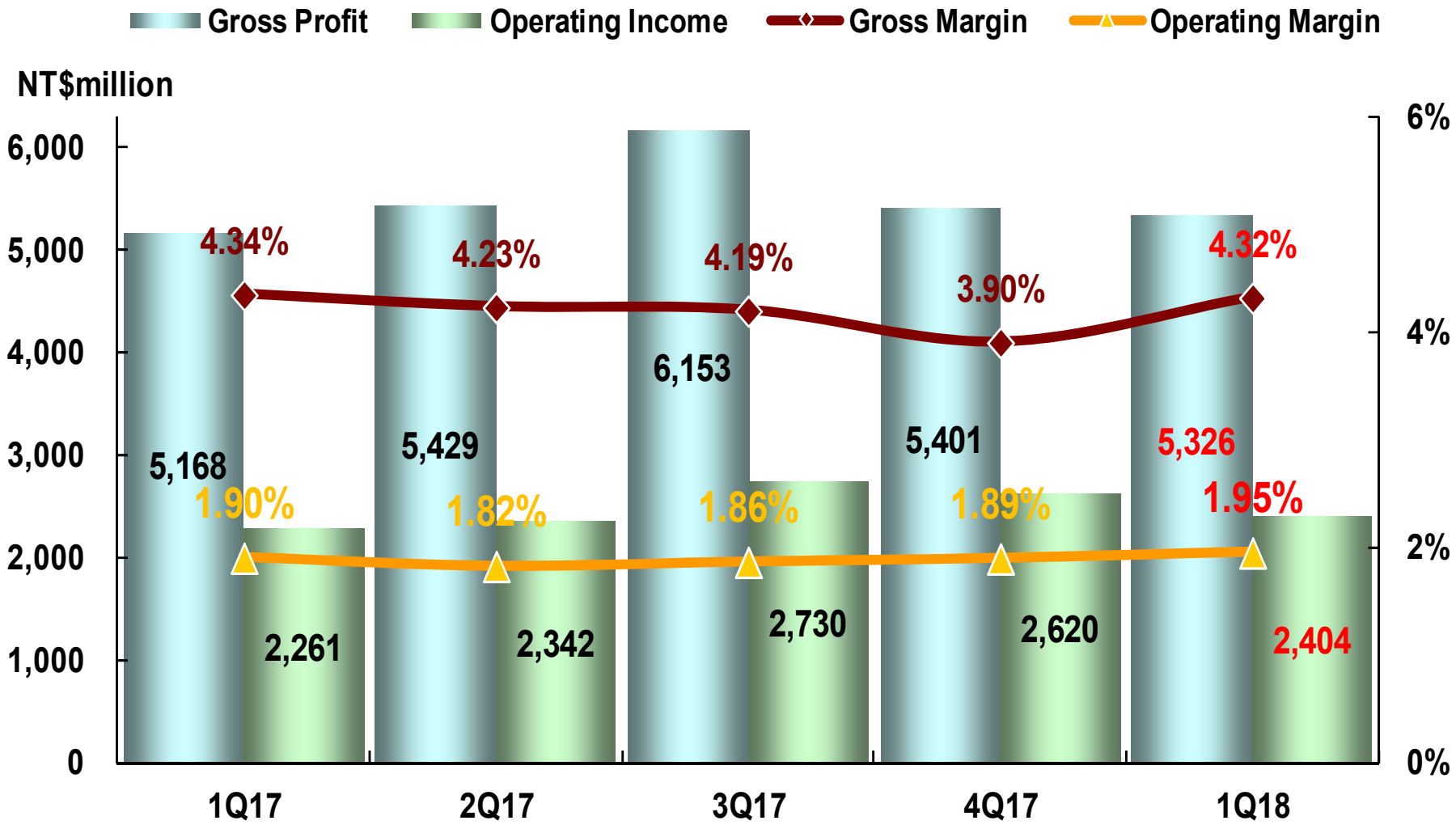
TBM：Taiwan-Based Customers
CBM：China Based Customers

Sales breakdown by Application/ Device Type

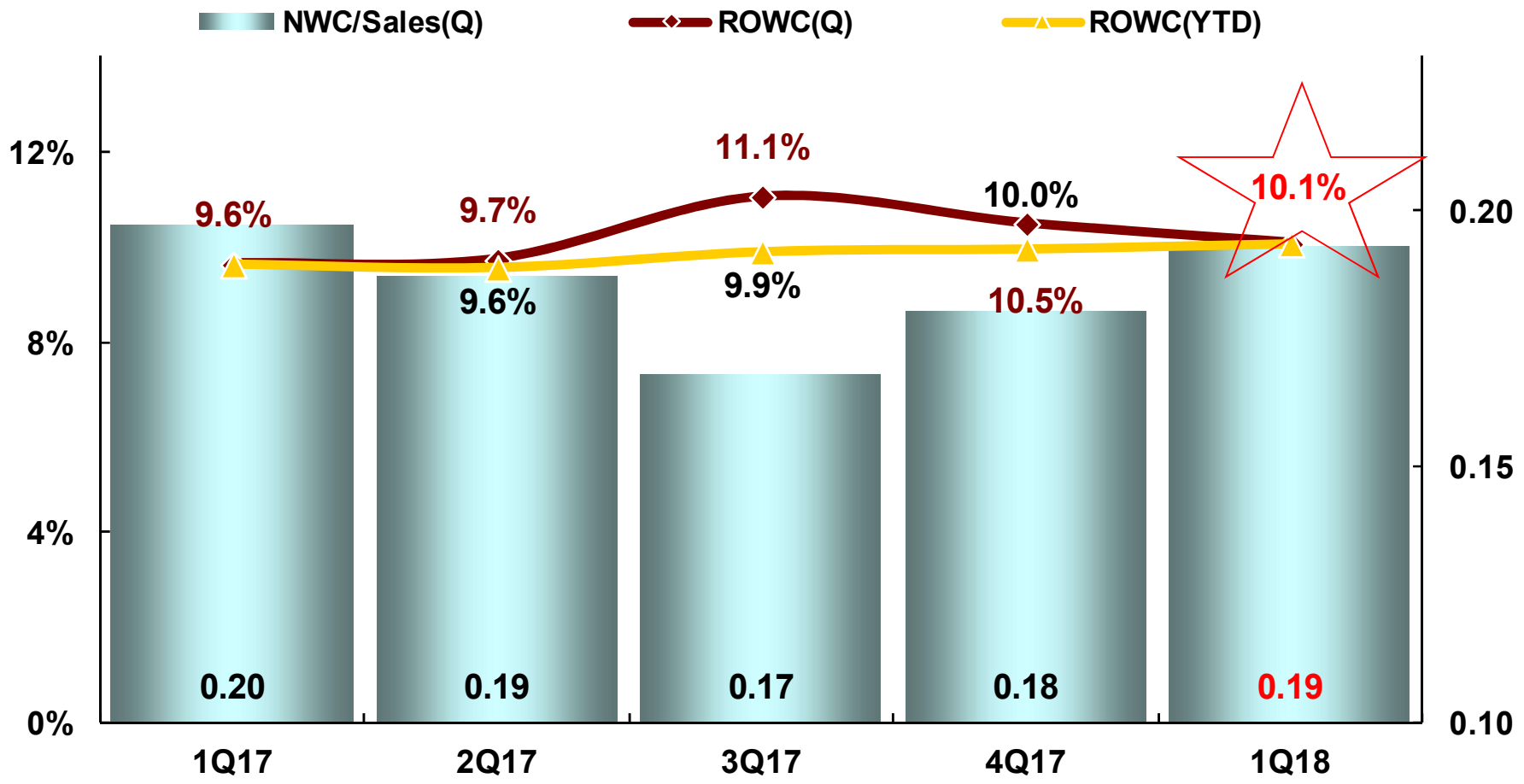




Gross Margin vs. Operating Margin

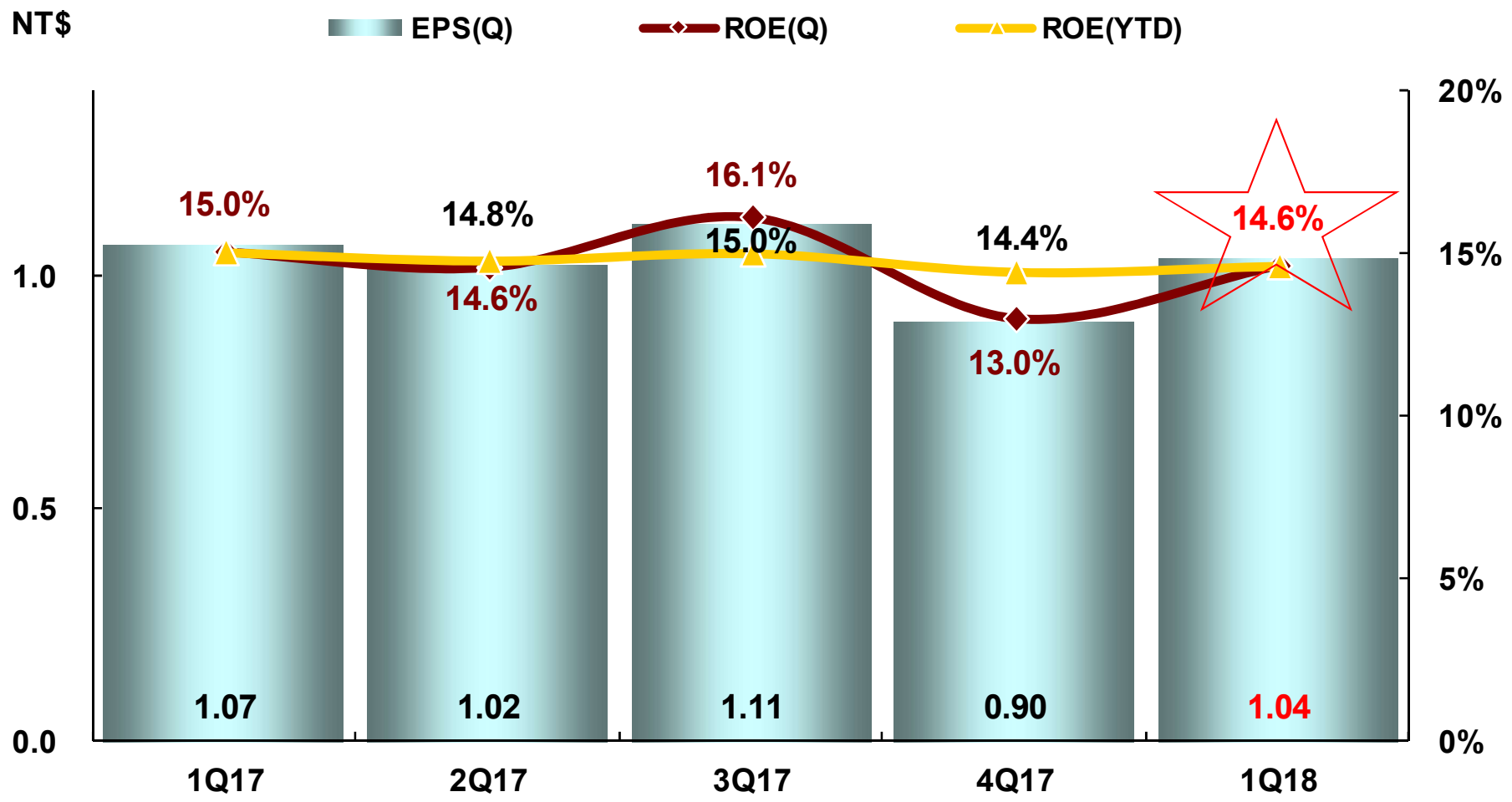


ROWC vs. NWC/Sales



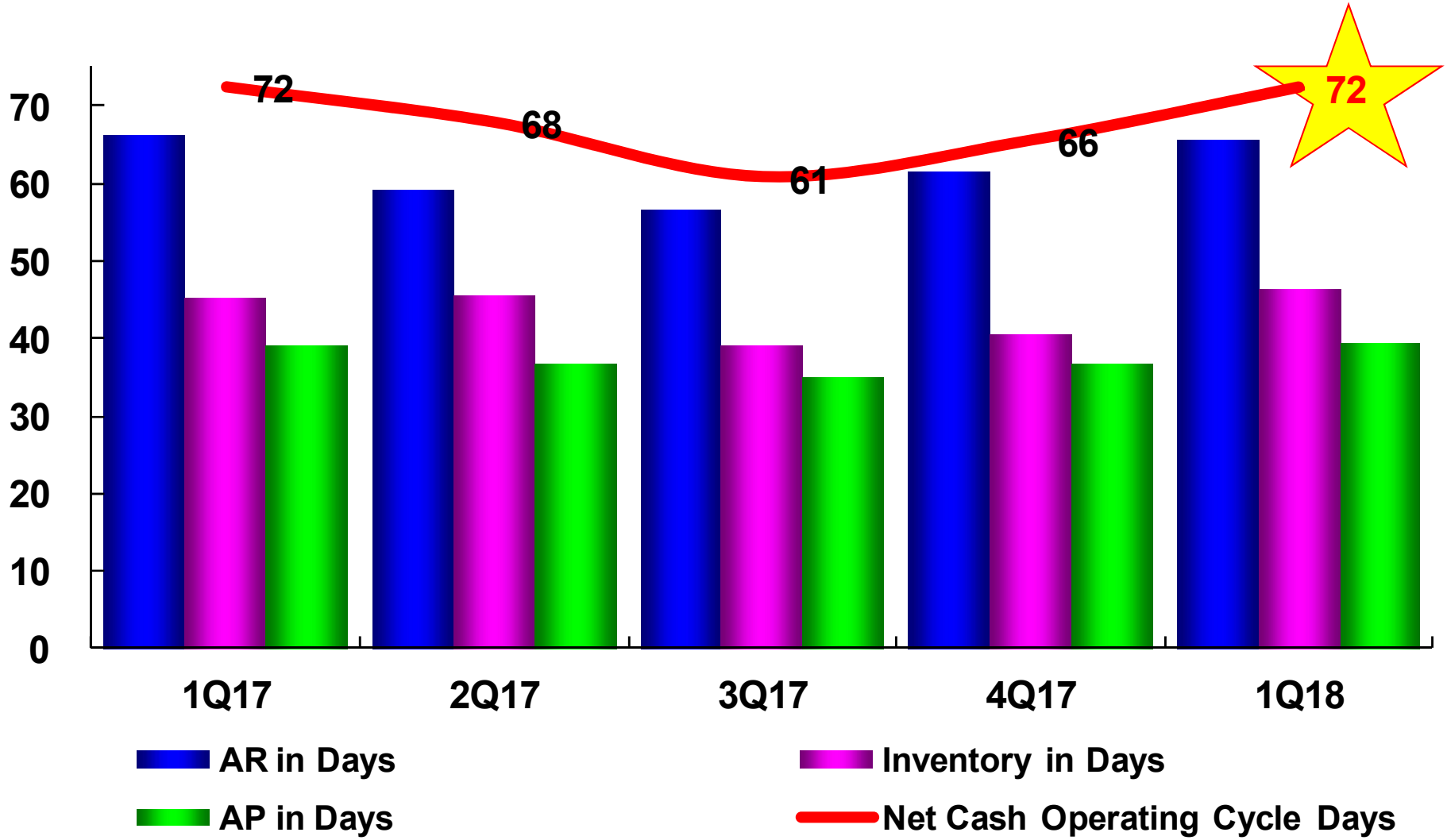
Note：Annualized

ROE vs. EPS



Note：Annualized

Operating Cash Cycle



Note：Annualized

2Q18 Summary Financial Forecast

Based on our current business outlook, management expects：

Unit:NT$million

Item	2Q18 Forecast			1Q18 (1)
Revenue	127,000	~	140,000	123,412
Gross Profit	5,207	~	6,020	5,326
Gross Margin	4.10%	~	4.30%	4.32%
Operating Expenses	2,858	~	3,248	2,922
Operating Income	2,349	~	2,772	2,404
Operating Margin	1.85%	~	1.98%	1.95%
Profit Before Tax	2,023	~	2,434	2,348
Profit After Tax	1,599	~	1,928	1,891
EPS (NT$)(2)	0.88	~	1.06	1.04

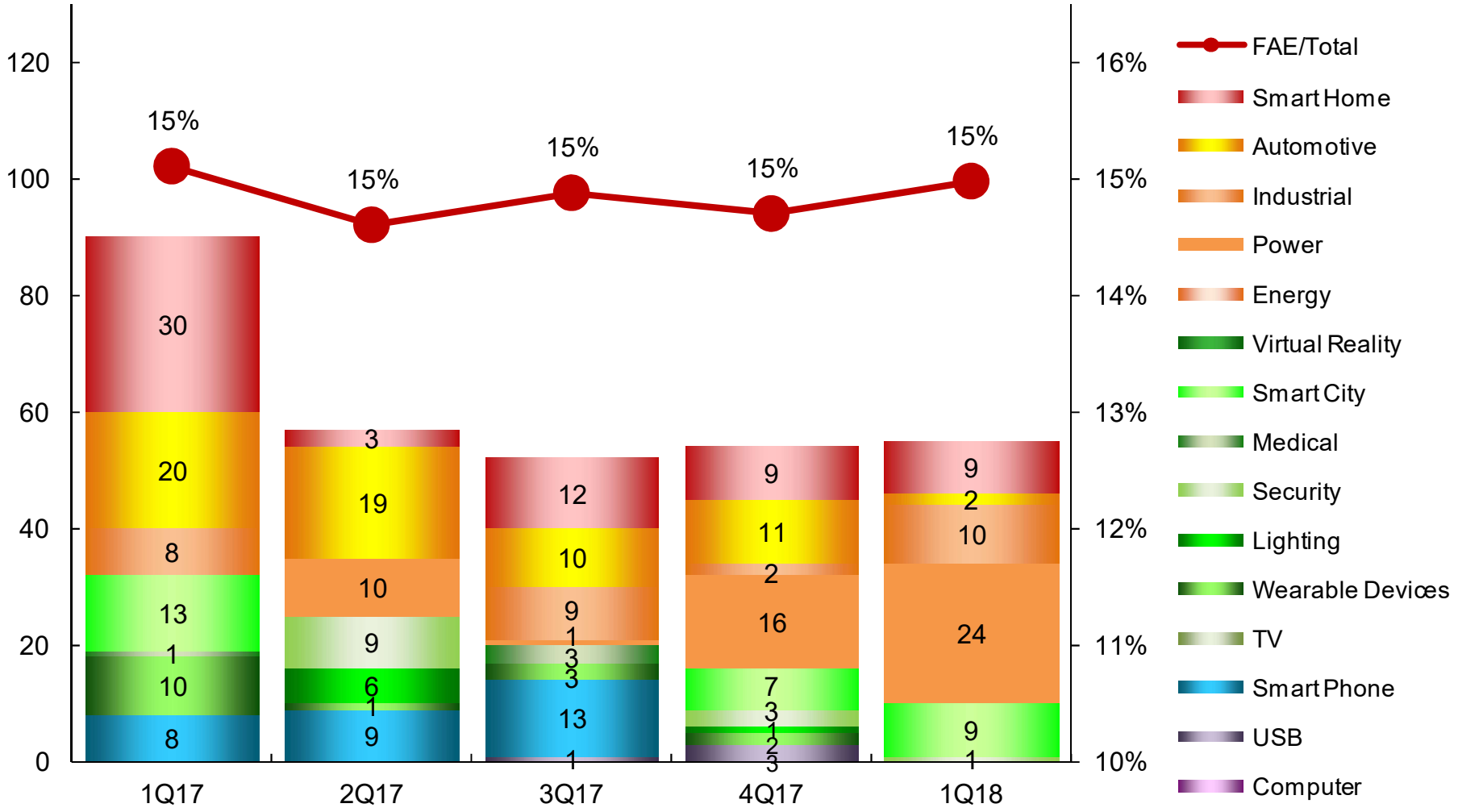
(1).Unaudited

(2).Weighted average shares outstanding

(3).at a forecast FX rate of 29.2 NT dollars to 1 US dollar averaged over 2Q18

Prepared by WPG based on TIFRS.

More Solutions Launched



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

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

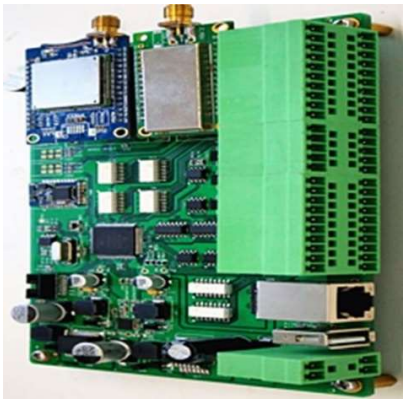
55 Solutions Launched in 1Q18

工業電子

力推適用工業電子之完整解決方案	2018-02-07
推出新系列微控制器，可提升工業電子產品之續航力	2018-02-07
推出高效率直流無刷電機電動工具參考設計	2018-02-07
力推BLDC馬達控制完整解決方案	2018-02-07
推出光伏電站監控運維解決方案	2018-02-07
力推1200V碳化矽MOSFET，協助電源轉換方案開發人員節省空間、減輕重量、降散熱要求，並提高可靠性和降低系統成本	2018-02-07
推出電機控制解決方案，讓自動化系統尺寸更小，運行更順暢、更安靜	2018-02-07
推出3D印表機自動步進電機調節功能	2018-02-07
推出有刷式直流電機參考設計	2018-01-24
推出適用於工業閘道之參考設計方案	2018-01-17



Electric Machine Control Solution



Solar Power Plant Monitoring System Solution

POWER 電源

推出USB PD車充方案，可實現大功率、高效率、高功率密度且保護周全的車充電源設計	2018-03-28
沒有最快，只有更快!充電速度提高 15%! 推出27W QC4.0+車充方案	2018-03-28
力推QC4.0 Plus解決方案	2018-03-28
推出450W高效和超瞬態交流/直流轉換器	2018-03-28
推出家用電器功率因數調節器轉換器	2018-03-28
推出Wireless Charger無線充電解決方案	2018-03-28
力推單晶片無線充電TX方案，完美支持蘋果三星快充	2018-03-28
推出A to D解決方案	2018-03-28
推出LLC同步整流控制器解決方案	2018-03-28
推出QC3.0充電解決方案，滿足快速充電等多項需求	2018-03-28
力推16bit MCU平台開發的300W DC-DC電源方案	2018-03-28
推出電源轉接器解決方案	2018-03-28
推出可靠的高效率交流/直流工業電源轉換器	2018-03-28
從低功率到高功率，力推多樣化的電源應用，滿足廣泛的客戶需求	2018-01-10
力推USB-PD和高通快速充電的方案	2018-01-10
推出大於93%效率隔離雙相不斷電系統的直流轉換器參考設計	2018-01-10
推出先進無線充電晶片，讓手機和平板充電速度更快	2018-01-10
力推無線充電全快充方案，將市場上所有支持無線充電的手機，一網打盡!	2018-01-10
推出15W單線圈定頻無線充電解決方案	2018-01-10
力推高性價比符合Qi標準5W無線充電TX端方案	2018-01-10
推出全數位化300W雙向充電器解決方案	2018-01-10
推出USB-C PD適配器系統解決方案	2018-01-10
力推全新數字式LLC+PFC整體方案	2018-01-10
推出高效、低成本單相功率因數調節器轉換器	2018-01-10

55 Solutions Launched in 1Q18



- 力推智能家居應用裝置各種方案，滿足客戶多樣化需求 2018-01-24
- 推出使用4節AA電池的智能鎖參考設計 2018-01-24
- 智能升級~推出最新ZigBee3.0智能家居開發套件 2018-01-24
- 力推多媒體嵌入式應用解決方案 2018-01-24
- 推出支持藍牙低能耗的氣體傳感器平台 2018-01-24
- 力推MCU應用於DALI 2.0照明控制方案 2018-01-24
- 推出集成網關功能的IoT遙控器方案 2018-01-24
- 推出智能家居IoT方案 2018-01-24
- 推出新系列微控制器，讓低功耗設計導入智能家居產品中 2018-01-24



- 力推車用數位儀表板方案應用 2018-02-07
- 推出電動汽車交流充電樁方案 2018-01-10

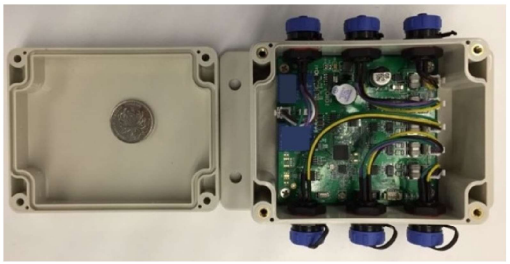




Gas Sensors Solution



Smart Door Lock Solution



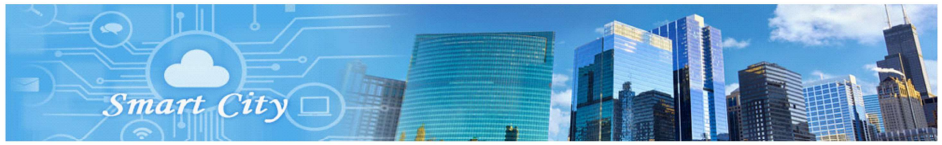
Smart Garden Solution



ZigBee Coordinator Solution



- 推出無線煙霧報警器解決方案 2018-03-14



- 力推MEMS時序解決方案,助力實現更小型、更低功耗的互聯網智慧城市 2018-03-14
- 推出用於智慧電網應用的精確溫度、光感應和診斷參考設計 2018-03-14
- 推出用於伺服驅動器和機器人的智慧制動控制 2018-03-14
- 推出NFC解決方案，用於其最新開發的智慧計量表 2018-03-14
- 力推電子智能鎖方案 2018-03-14
- 無需二次開發，可直接量產!推出完整全套的交流充電樁方案 2018-03-14
- 推出智慧菜園解決方案 2018-03-14
- 推出寬頻無線資料傳輸模組 2018-03-14
- 力推模塊化物聯網框架，提供全面記錄的集成開發體驗參考設計 2018-01-24

Recap of Recent Major Events

- **WPG Board of Directors Approved NT$2.4 Cash Dividend Per Share. (2018/04/24)**

- **WPG Board of Directors Approved Capital Reduction by Cancelling 146,004,942 Shares, the Capital reduction ratio is 8%. (2018/04/24)**

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WPG Holdings

Q&A

WPG Holdings

Thank you

The Benchmark of Distribution