WPG Holdings

WPG Holdings Ltd.
(3702.TT/3702.TW)
2Q18 Earning Release

Aug. 7th, 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
- 2Q18 Financial Highlights & 3Q18 Outlook — Cliff Yuan
- Q&A — Simon Huang/ Scott Lin/ Cliff Yuan

Result Highlights

Unit:NT$million

item	2Q18	2Q18 Forecast	1Q18	2Q17	QoQ(%)	YoY(%)	1H18	1H17	YoY(%)
Net Sales	139,533	127 ~ 140B	123,412	128,408	13.1	8.7	262,944	247,382	6.3
Gross Margin	4.34%	4.1% ~ 4.3%	4.32%	4.23%	+3 bp	+12 bp	4.33%	4.28%	+5 bp
Operating Expenses	(3,366)		(2,917)	(3,087)	15.4	9.0	(6,283)	(5,994)	4.8
Operating Income	2,695		2,409	2,342	11.9	15.1	5,104	4,603	10.9
Operating Margin	1.93%	1.85% ~ 1.98%	1.95%	1.82%	-2 bp	+11 bp	1.94%	1.86%	+8 bp
Net Income	2,204		1,891	1,791	16.6	23.1	4,095	3,637	12.6
EPS (NT$)(1)	1.21		1.04	1.02			2.24	2.09	
Net Book Value (NT$)(1)	28.65								
Total Assets	197,015		181,226	177,971			197,015	177,971	
Total Liabilities	144,171		128,873	128,801			144,171	128,801	
Total Equity	52,844		52,353	49,170			52,844	49,170	
Net Working Capital	108,611		95,082	96,122			108,611	96,122	
Free Cash Flow	(10,544)		5,556	1,895			(4,988)	5,129	
KEY Indices(2)									
ROWC	*9.9%*		*10.1%*	*9.7%*	-21 bp	+18 bp	*9.4%*	*9.6%*	-18 bp
NWC/Sales	*0.19*		*0.19*	*0.19*			*0.21*	*0.19*	
ROE	*17.0%*		*14.6%*	*14.6%*	+235 bp	+243 bp	*15.8%*	*14.8%*	+100 bp
Gearing	1.26		1.12	1.21			1.26	1.21	
(1).Weighted average shares outstanding	1,825		1,825	1,751			1,825	1,741	

(2).Annualized

Unaudited, Prepared by WPG based on TIFRS.

Statements of Comprehensive Income

Unit:NT$million

Item	2Q18	1Q18	QoQ(%)	2Q17	YoY(%)	1H18	1H17	YoY(%)
Revenue	139,533	123,412	13.1	128,408	8.7	262,944	247,382	6.3
COGS	(133,472)	(118,086)	13.0	(122,979)	8.5	(251,558)	(236,785)	6.2
Gross Profit	6,061	5,326	13.8	5,429	11.6	11,386	10,597	7.4
Gross Margin	4.34%	4.32%		4.23%		4.33%	4.28%	
Operating Expenses	(3,366)	(2,917)	15.4	(3,087)	9.0	(6,283)	(5,994)	4.8
Operating Income	2,695	2,409	11.9	2,342	15.1	5,104	4,603	10.9
Operating Margin	1.93%	1.95%		1.82%		1.94%	1.86%	
Net Non-operating Items	(41)	(61)	(33.2)	(130)	(68.8)	(102)	(131)	(22.5)
Net Financing costs	(564)	(513)	9.9	(418)	34.8	(1,077)	(818)	31.7
Foreign Exchange	35	210	(83.2)	112	(68.5)	245	222	10.2
Others	488	242		176		731	465	
Profit Before Tax	2,654	2,348	13.1	2,211	20.0	5,002	4,472	11.9
Tax	(442)	(443)	(0.4)	(403)	9.6	(885)	(798)	11.0
Minority	(9)	(14)		(17)		(23)	(37)	
Profit After Tax	2,204	1,891	16.6	1,791	23.1	4,095	3,637	12.6
Net Margin	1.58%	1.53%		1.39%		1.56%	1.47%	
EPS (NT$)(1)	1.21	1.04		1.02		2.24	2.09	
Tax %	17%	19%		18%		18%	18%	
(1).Weighted average shares outstanding	1,825	1,825		1,751		1,825	1,741	

Unaudited, Prepared by WPG based on TIFRS.

Balance Sheet

Unit:NT$million	2Q18		1Q18		2Q17	
item	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	7,379	4	6,673	4	6,670	4
Accounts Receivable - Trade	98,481	50	85,724	47	86,069	48
Inventory	64,720	33	62,639	35	59,527	33
Current Assets	181,755	92	165,870	92	163,497	92
Others	15,259	8	15,356	8	14,474	8
Total Assets	197,015	100	181,226	100	177,971	100
Current Interest-bearing Debt	67,270	34	58,730	32	62,498	35
Accounts Payble	54,590	28	53,282	29	49,473	28
Accrued Liabilities and Others	14,081	7	8,758	5	10,405	6
Current Liabilities	135,941	69	120,770	67	122,376	69
Long-term Interest-bearing Debt	6,963	4	6,862	4	5,157	3
Others	1,266	1	1,241	1	1,268	1
Total Liabilities	144,171	73	128,873	71	128,801	72
Total Equity	52,844	27	52,353	29	49,170	28
KEY Indices(1)						
Net Working Capital (NT$million)	108,611		95,082		96,122	
AR Turnover (Days)	60		65		59	
Inventory Turnover (Days)	44		46		45	
AP Turnover (Days)	37		40		37	
Average Collection Periods (Days)	67		72		68	
Current Ratio	134%		137%		134%	
Gearing	1.26		1.12		1.21	

(1).Annualized

Unaudited, Prepared by WPG based on TIFRS.

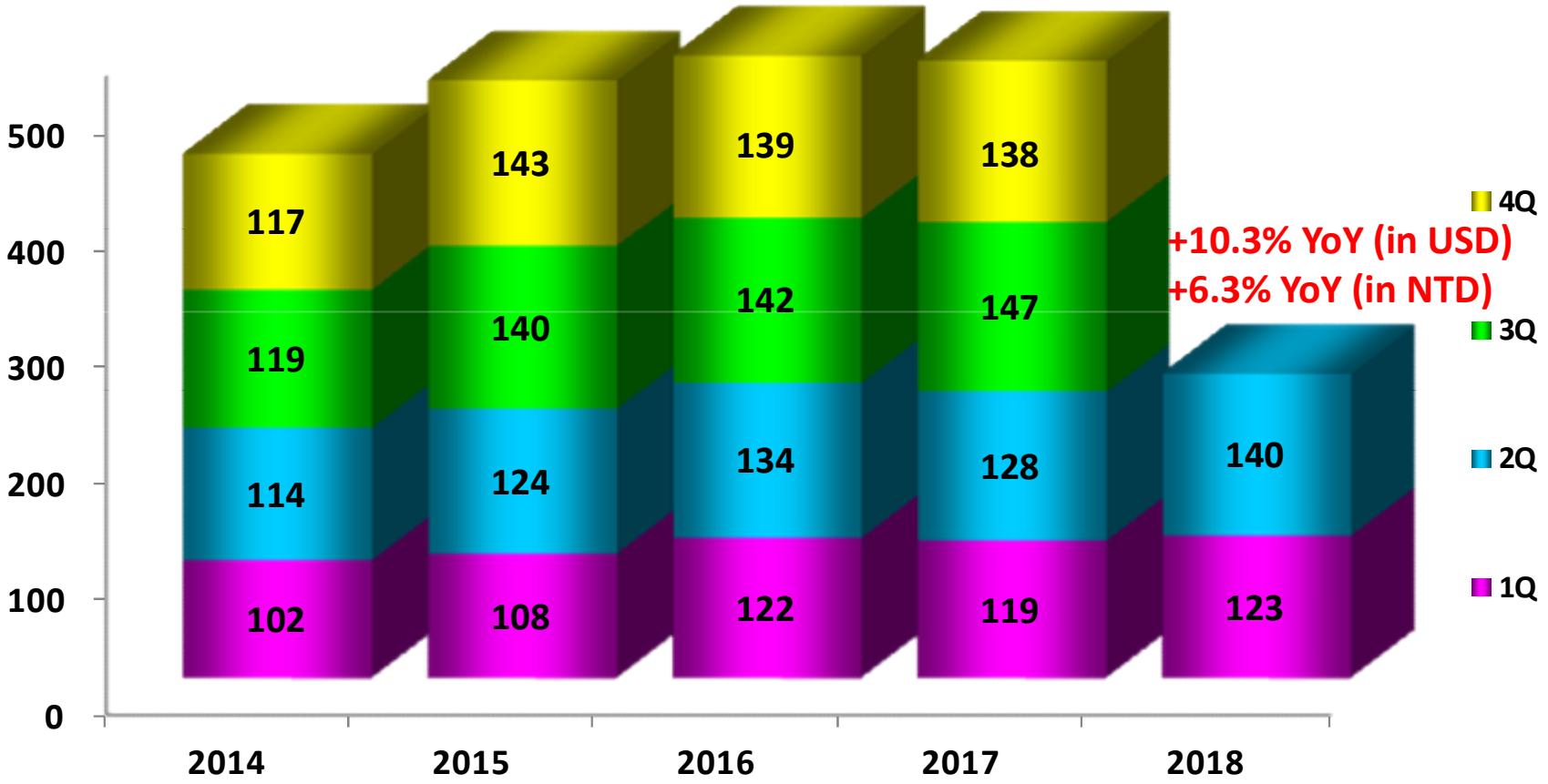
Cash Flows

Unit:NT$million	2Q18	1Q18	2Q17	1H18	1H17
-Income before Income Tax	2,654	2,348	2,211	5,002	4,472
-Changes of NWC	(13,318)	7,141	(2,296)	(6,177)	(1,358)
-Adjustment & Others	120	(3,932)	1,980	(3,813)	2,016
From Operation	**(10,544)**	**5,556**	**1,895**	**(4,988)**	**5,129**
-Financial Instrument	148	114	(277)	262	49
-Capital Expenditure	(178)	(90)	(176)	(268)	(836)
-Others	(70)	(197)	(122)	(267)	(148)
From Investment	**(100)**	**(172)**	**(575)**	**(272)**	**(934)**
-Financial Debt	8,644	(4,398)	(1,939)	4,246	(2,500)
-Others	7	23	105	31	108
From Financing	**8,651**	**(4,374)**	**(1,834)**	**4,277**	**(2,392)**
Cumulative translation adjustments	**2,695**	**(1,463)**	**167**	**1,232**	**(3,605)**
Net Cash Position Change	**702**	**(453)**	**(347)**	**250**	**(1,802)**
Ending Cash Balance	**7,347**	**6,645**	**6,655**	**7,347**	**6,655**

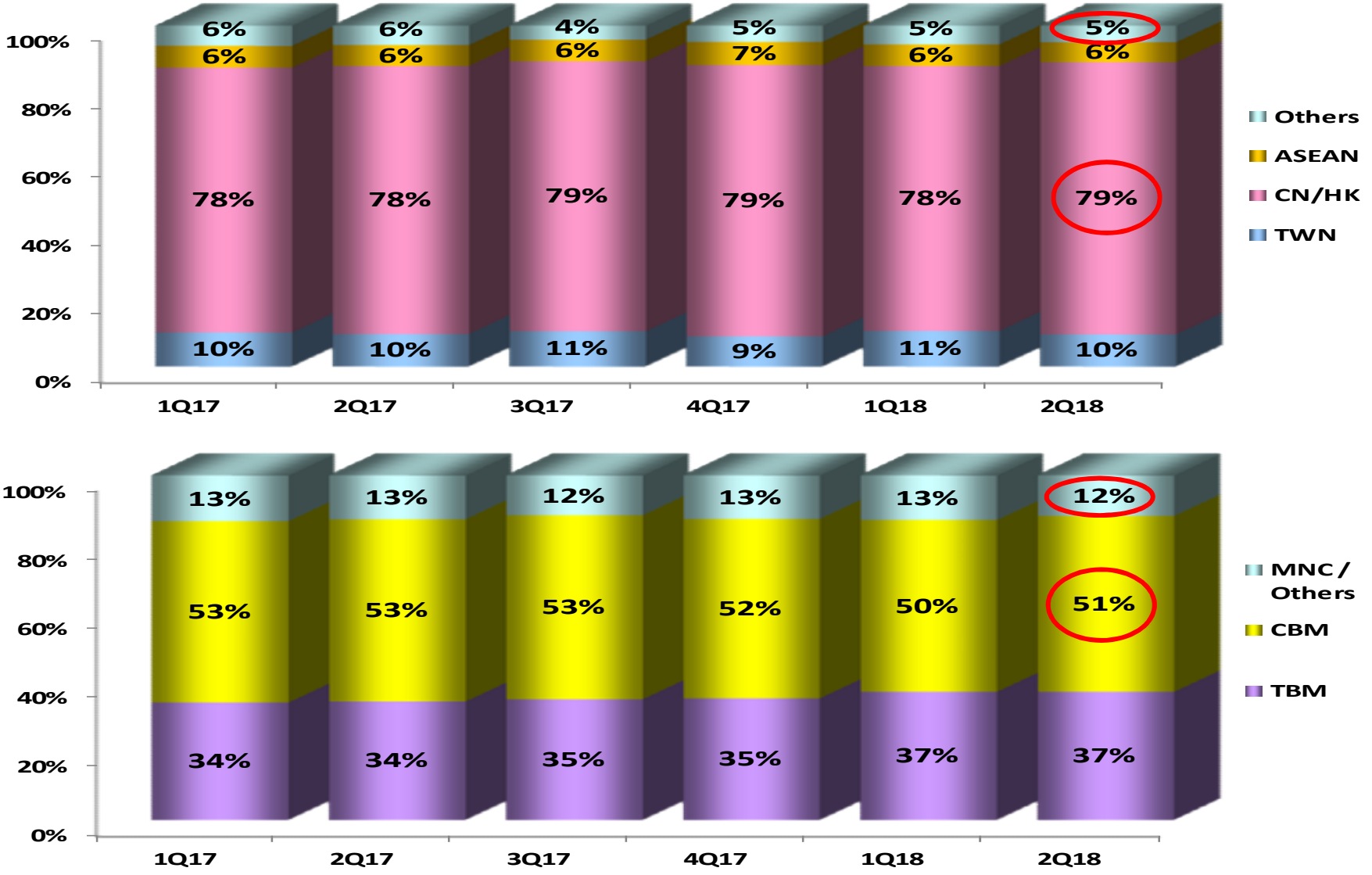
Unaudited, Prepared by WPG based on TIFRS.

Consolidated Revenue

Unit: NT$billion

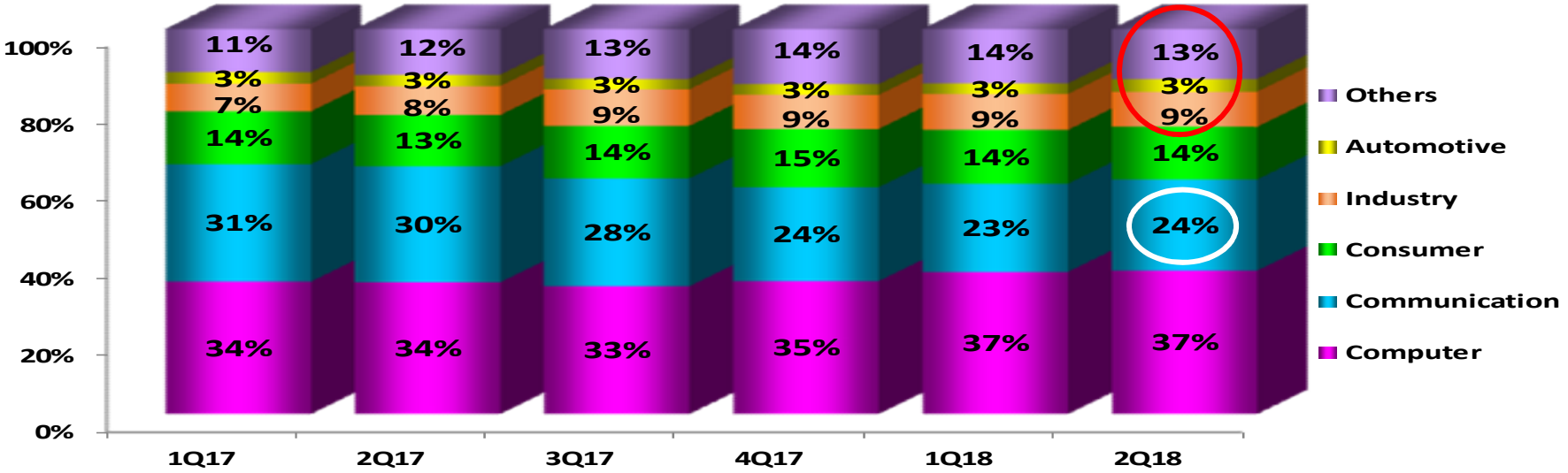


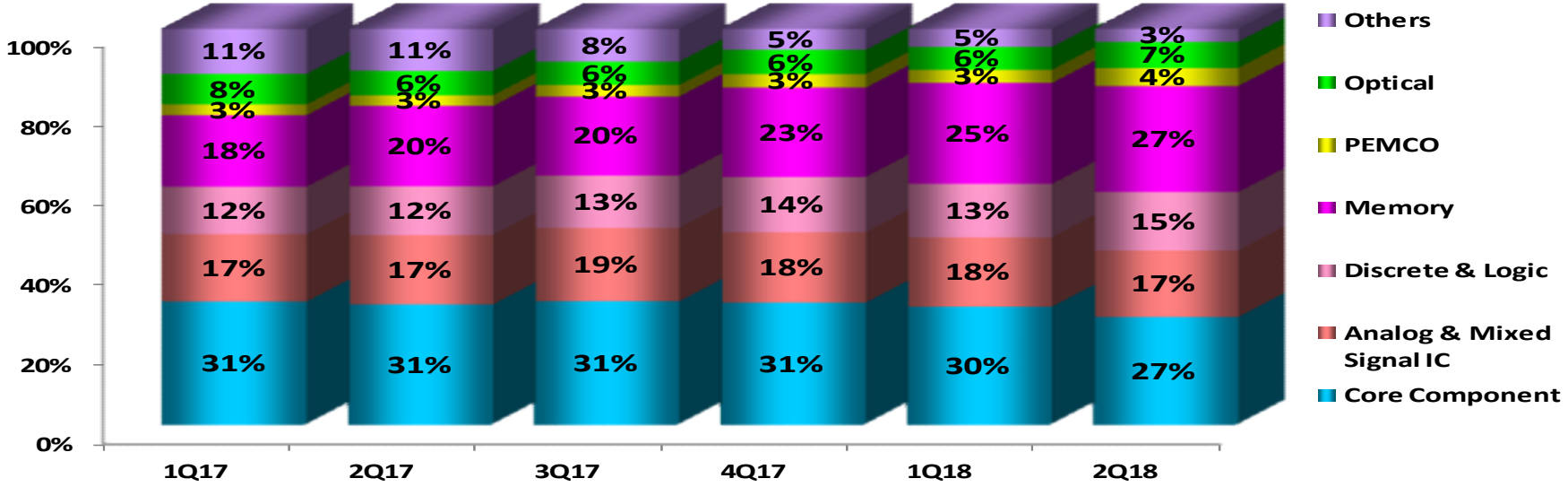
Sales breakdown by Geography/ Customer



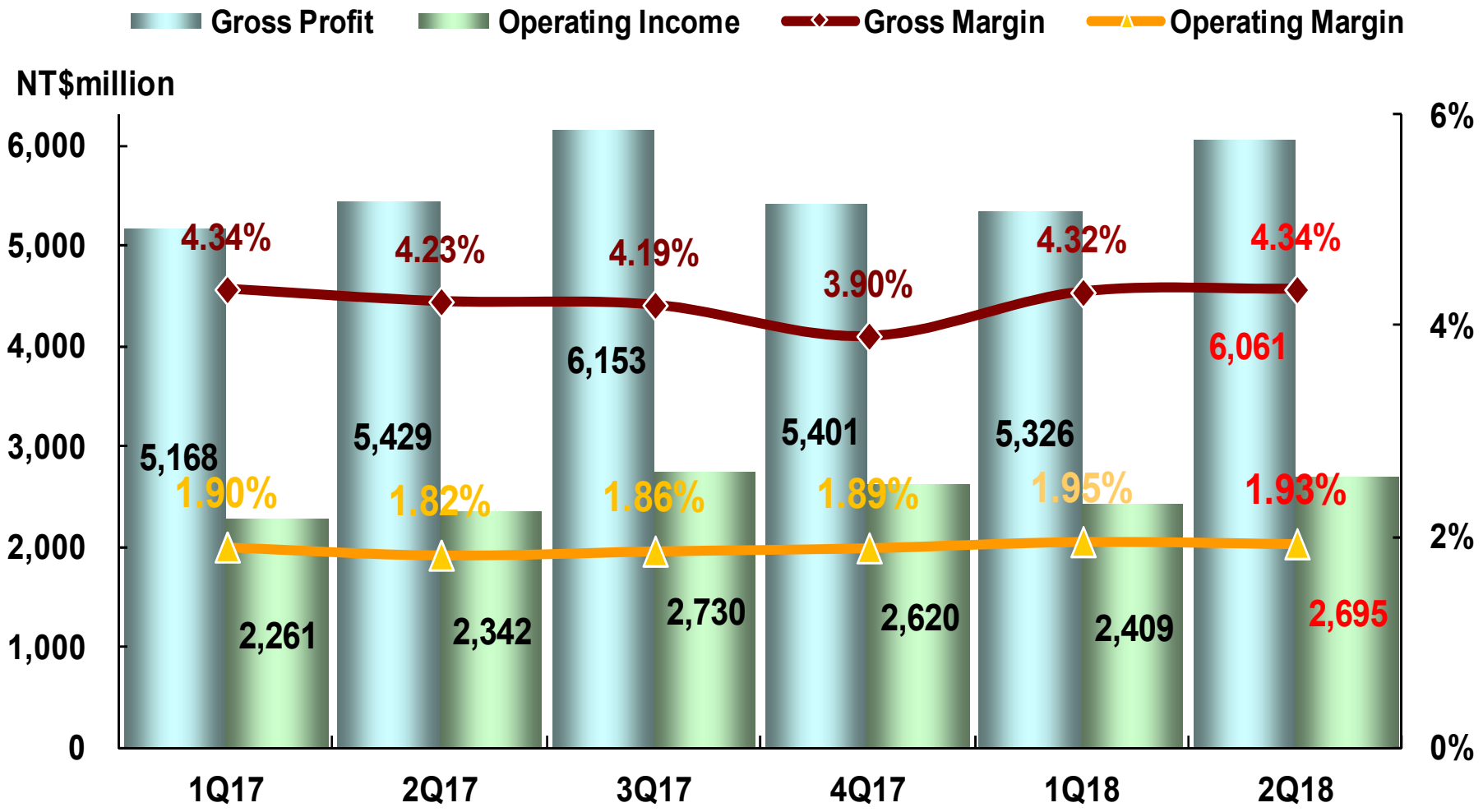
TBM：Taiwan-Based Customers
CBM：China Based Customers

Sales breakdown by Application/ Device Type

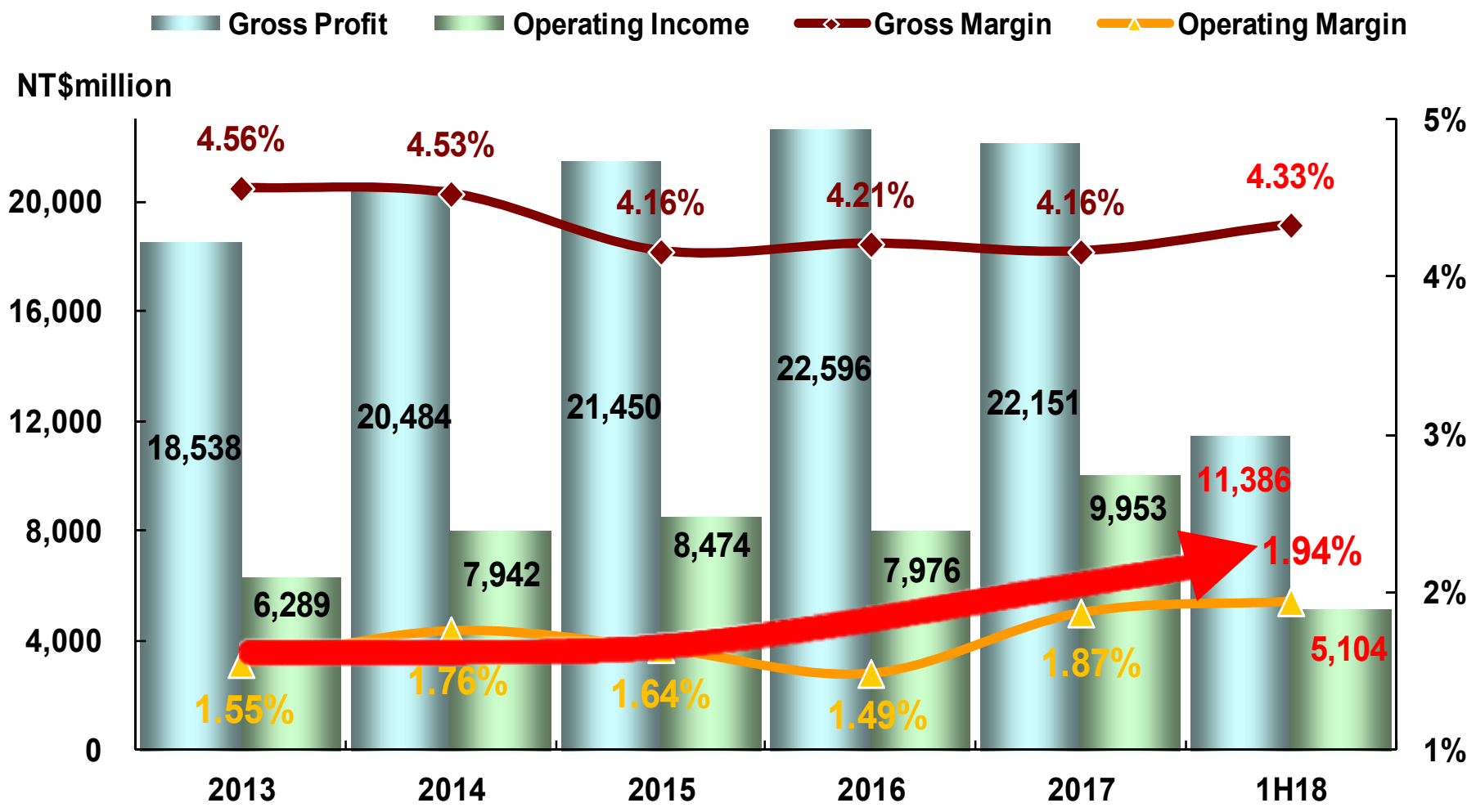




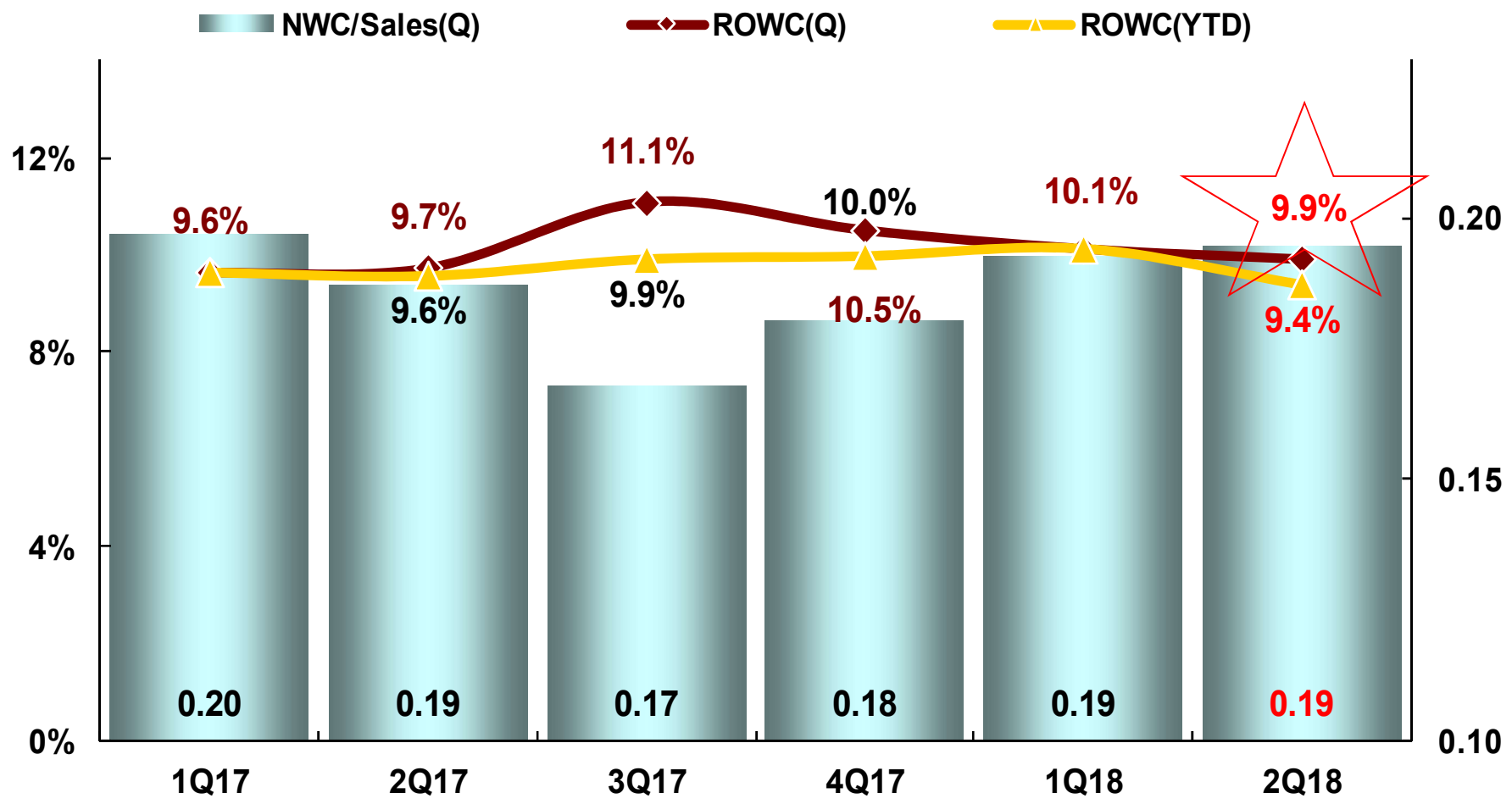
Gross Margin vs. Operating Margin



Gross Margin vs. Operating Margin

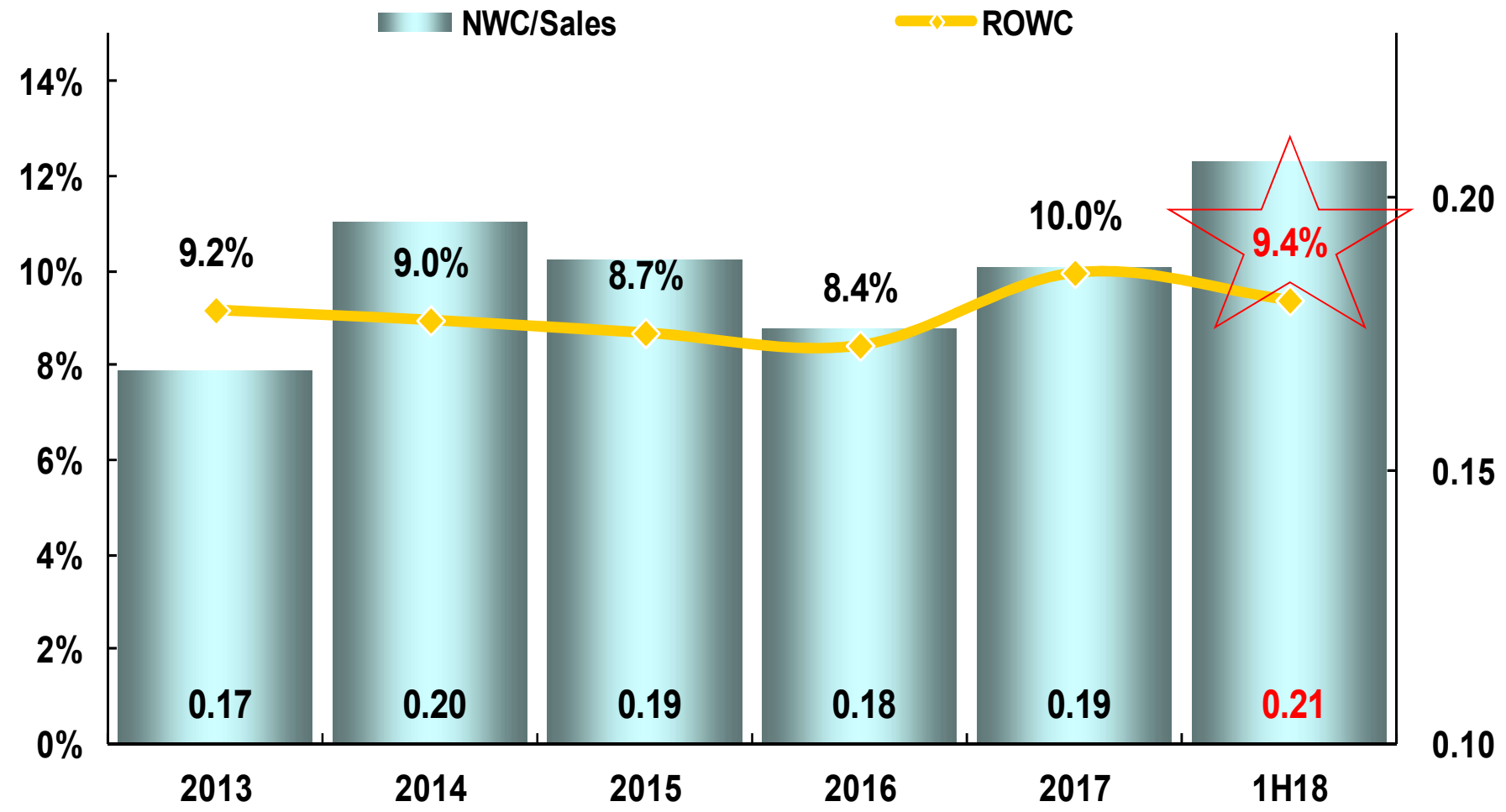


ROWC vs. NWC/Sales



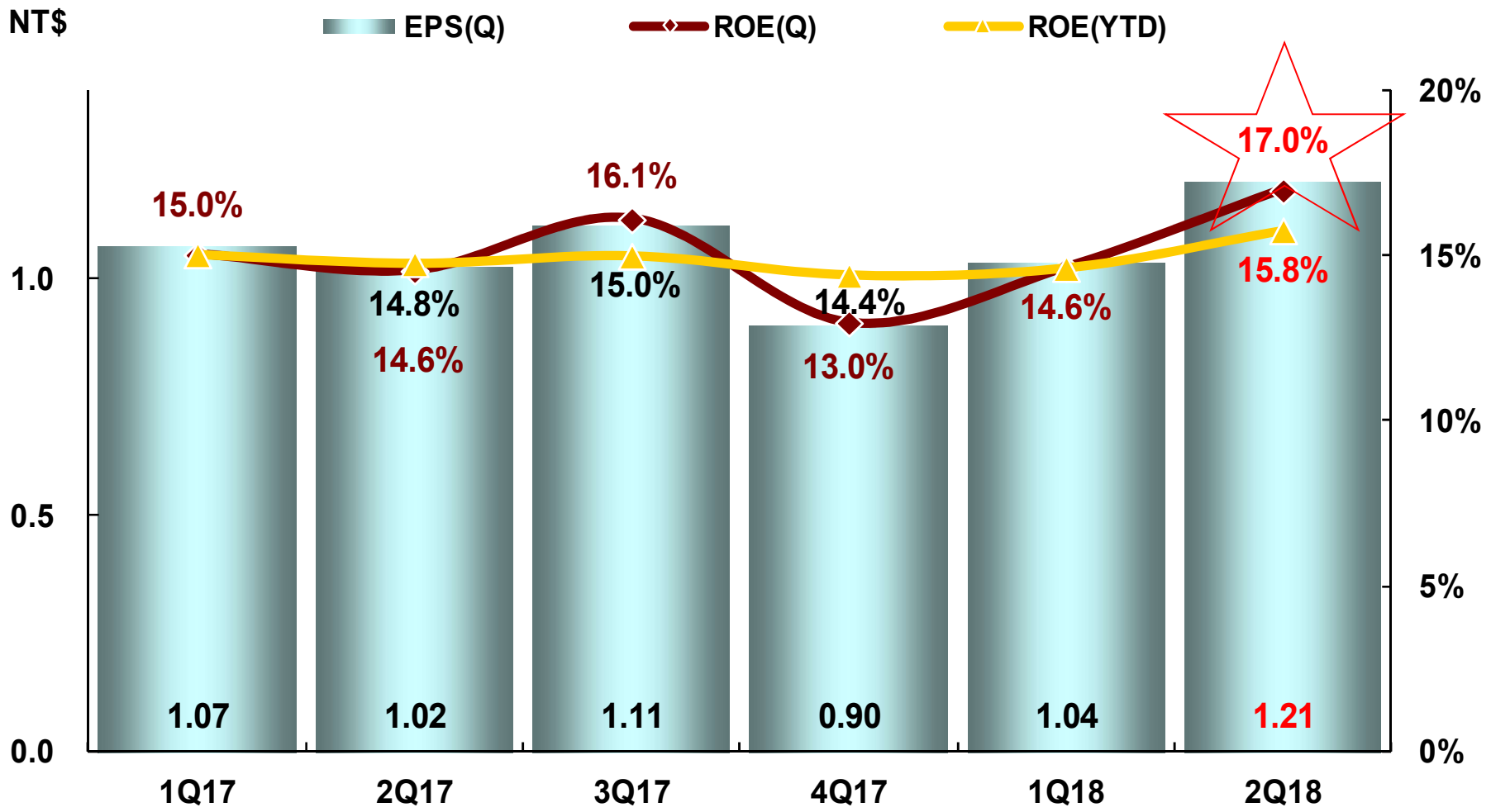
Note：Annualized

ROWC vs. NWC/Sales



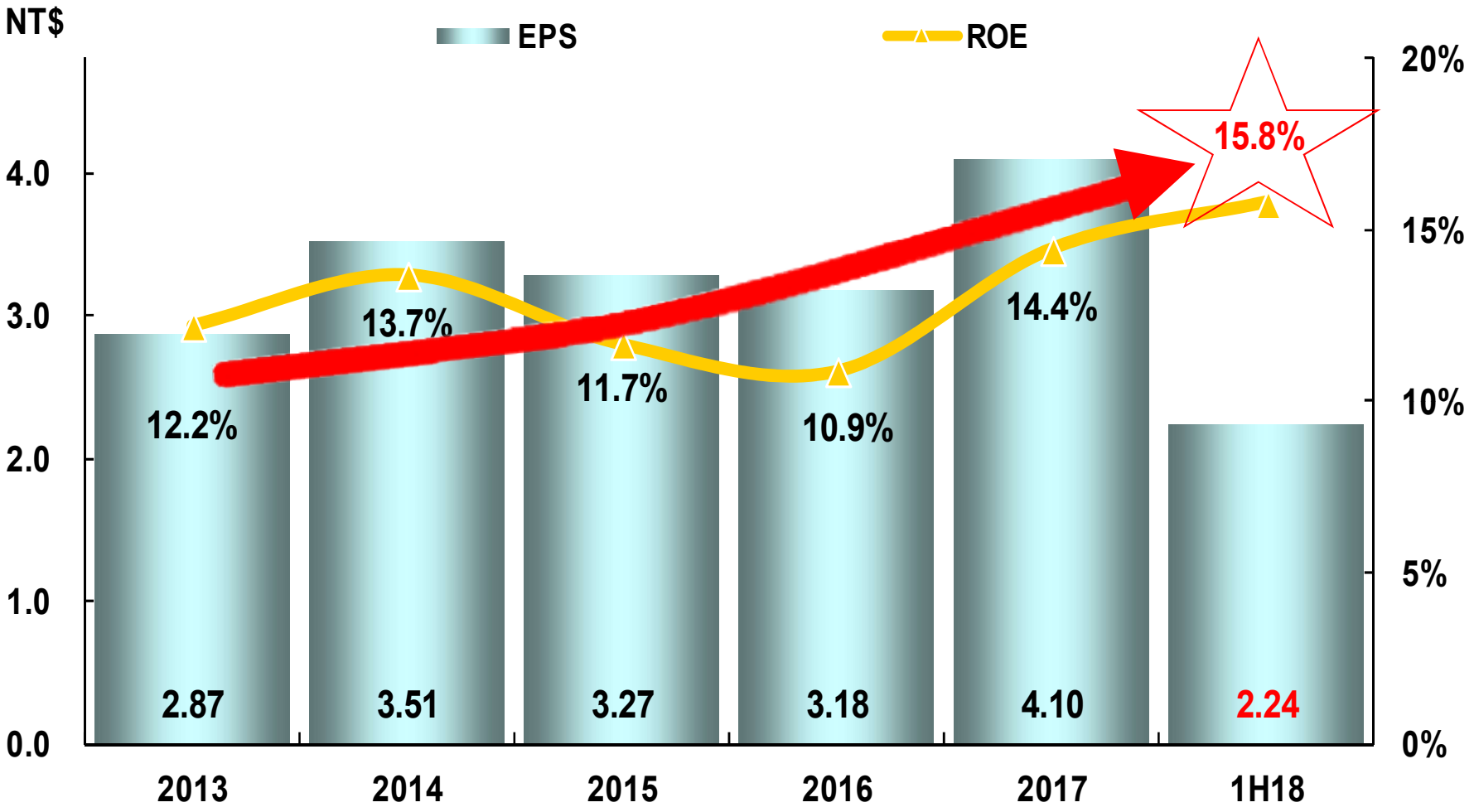
Note：Annualized

ROE vs. EPS



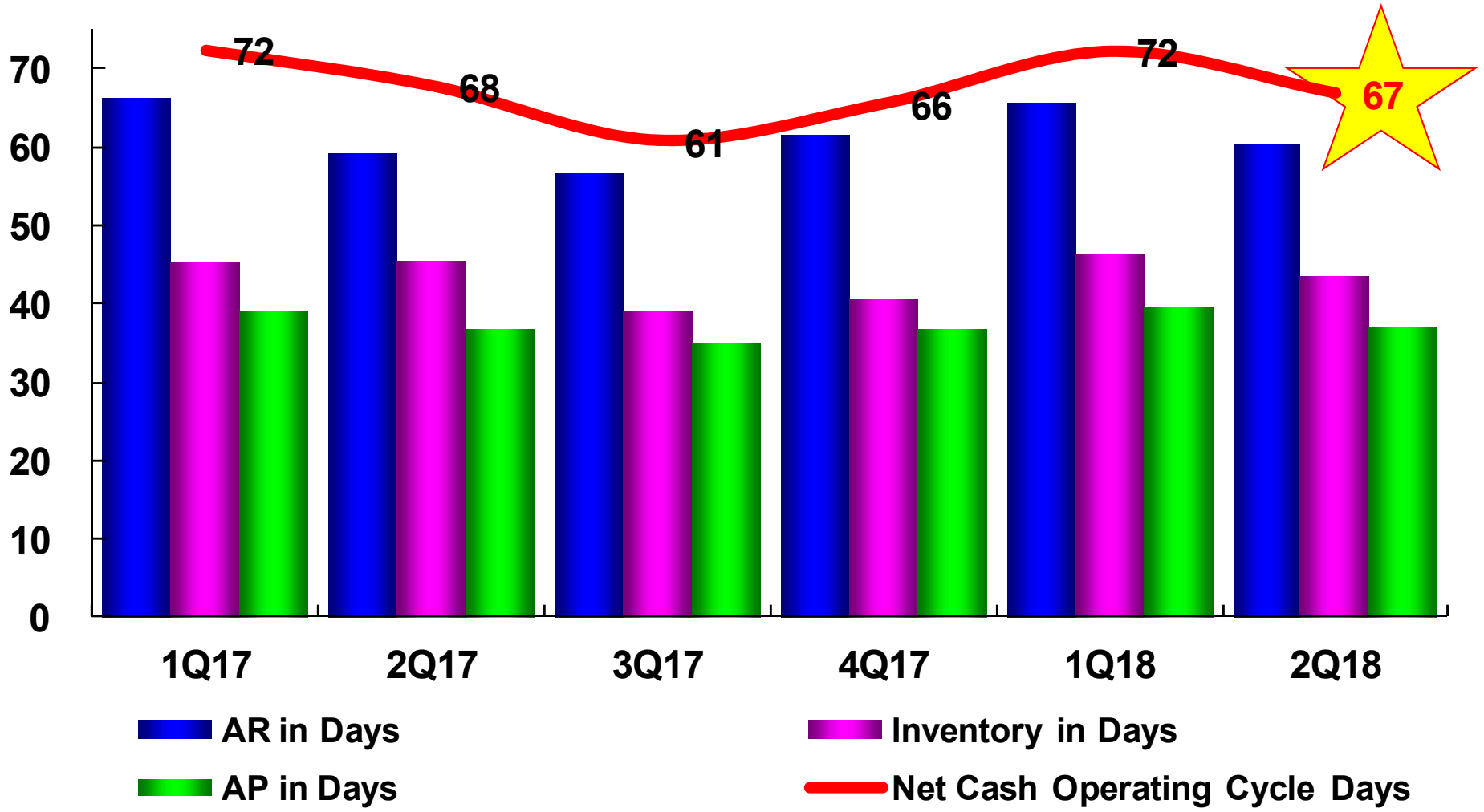
Note：Annualized

ROE vs. EPS



Note：Annualized

Operating Cash Cycle



Note：Annualized

3Q18 Summary Forecast

Based on our current business outlook, management expects：

Unit:NT$million

Item	3Q18 Forecast			2Q18 (1)
Revenue	142,000	~	150,000	139,533
Gross Profit	5,822	~	6,450	6,061
Gross Margin	4.10%	~	4.30%	4.34%
Operating Expenses	3,195	~	3,480	3,366
Operating Income	2,627	~	2,970	2,695
Operating Margin	1.85%	~	1.98%	1.93%
Profit Before Tax	2,035	~	2,343	2,654
Profit After Tax	1,603	~	1,850	2,204
EPS (NT$)(2)	0.92	~	1.07	1.21

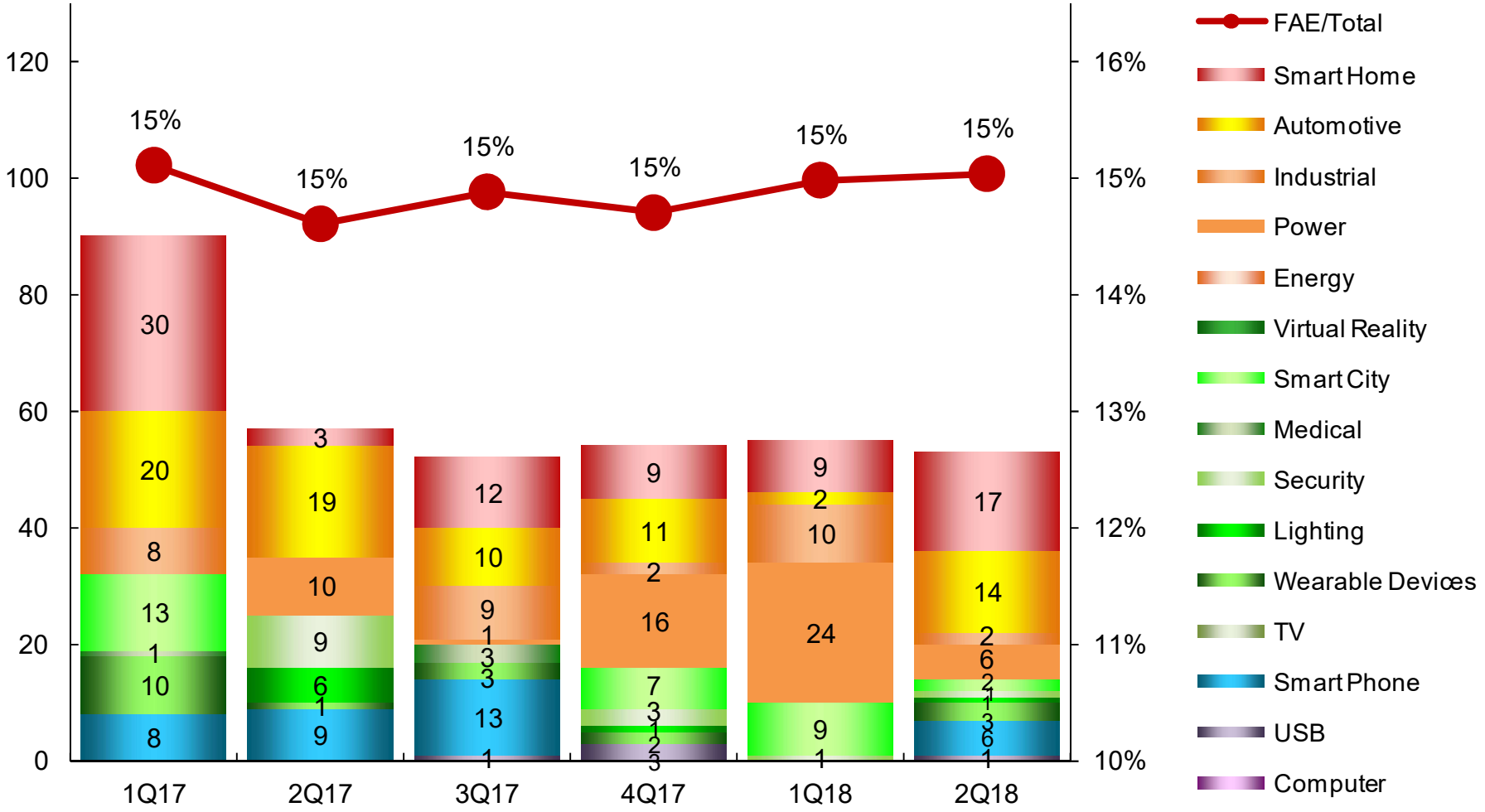
(1). Unaudited

(2). Weighted average shares outstanding

(3). At a forecast FX rate of 30.5 NT dollars to 1 US dollar averaged over 3Q18.

Prepared by WPG based on TIFRS.

More Solutions Launched



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

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

53 Solutions Launched in 2Q18

LED照明

- 推出可編程邏輯LED驅動器參考設計 2018-05-09

安全監控

- 推出ZigBee聲光報警器 2018-06-06

- 推出採用智慧藍牙低功耗運動檢測器參考設計 2018-05-23
- 力推移動資料機方案 2018-05-23

USB傳輸應用

- 推出全新超高速外接式存儲解決方案 2018-05-23

Mobile Data Solution

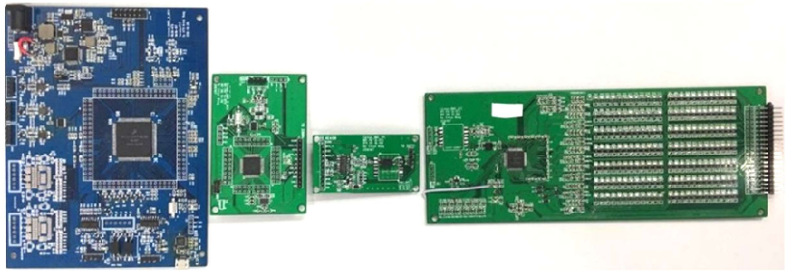
ADAS Solution

工業電子

- 提出物聯網閘道解決方案 2018-06-06
- 推出無線電機監控參考設計 2018-05-23

汽车电子

- 推出車聯網智慧影音及儀表方案 2018-06-20
- 推出車用乙太網路方案 建構車聯網基礎建設 2018-06-20
- 推出適用車聯網之完整解決方案 2018-06-20
- 推出先進駕駛輔助系統77G毫米波雷達方案 2018-06-20
- 力推MCU及LED的LIN匯流排汽車氛圍燈方案 2018-06-20
- 力推MCU及LED的汽車流水轉向燈方案 2018-06-20
- 推出智慧前燈解決方案 2018-06-20
- 推出BMS動力電池管理系統解決方案 2018-06-20
- 推出PKE 汽車無鑰匙門禁系統解決方案 2018-06-20
- 推出汽車級車載娛樂方案 USB雙路Type-C充電控制器全集成 2018-06-20
- 推出Full-HD 3D 360°全景環視與ADAS系統解決方案 2018-04-18
- 汽車乙太網產品線助力自動駕駛 2018-04-18
- 推出日間行車燈LED驅動器參考設計 2018-04-18
- 力推ADB自適應汽車大燈系統方案 2018-04-18



Battery Management System Solution

53 Solutions Launched in 2Q18

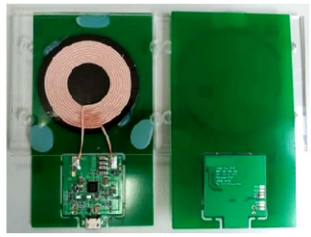
- 力推物聯網門鎖一站式PCBA解決方案 2018-06-06
- 智慧無鑰匙安全又省心 推出多功能低功耗藍牙電子鎖方案 2018-06-06
- 力推智慧藍牙模塊方案於IoT智慧家居應用 2018-06-06
- 推出採用低功耗藍牙和電容式觸控技術的門禁控制台參考設計 2018-06-06
- 推出使用4節AA電池(壽命超過5年)的智慧鎖參考設計 2018-06-06
- 推出智慧家居IoT方案 2018-06-06
- 推出模組化的物聯網開發套件(IDK)可簡化基於雲的物聯網設計 2018-06-06
- 推出物聯網智慧照明方案 2018-06-06
- 力推模組化物聯網路由器開發平臺提供完整支援 協助客戶縮短系統開發時程、加速產品上市 2018-06-06
- 力推安全晶片的IoT智慧家居應用解決方案 2018-06-06
- 推出智慧家庭環境監控閘道器解決方案 2018-06-06
- 推出ZigBee智慧家居網關方案 2018-06-06
- 推出多協定物聯網平臺 2018-05-23
- 推出高性能多協定Bluetooth和系統晶片為下一代物聯網設備開發 2018-05-23
- 推出無線超低音放大器參考設計 2018-05-23
- 推出超低功耗藍牙模組 2018-05-23
- 推出BLE藍牙BT5.0 SOC晶片支援IoT長距離傳輸 2018-05-23

- 推出支援穿戴式裝置記憶體晶片解決方案 2018-05-23
- 力推高性能、低功耗音訊平臺支援TWS藍牙耳機與音箱 2018-05-23
- 推出兒童智慧手錶方案 2018-05-23

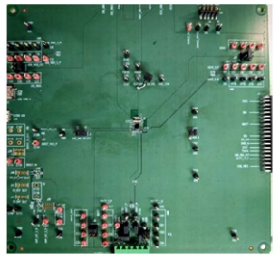
- 推出高效率升壓轉換器for GPS追蹤器 2018-06-20
- 推出Wireless Charger無線充電解決方案 2018-05-23
- 推出IoT電源解決方案 2018-05-23
- 力推車內無線充電解決方案 2018-05-23
- 力推多線圈無線充電發送器參考平臺於汽車應用 2018-05-23
- 推出二次側同步整流控制器解決方案 2018-05-23

- 力推針對掌上型應用裝置提供高效率快速的解決方案 2018-05-09
- 力推NFC移動設備支付方案 2018-05-09
- 推出32bit/192kHz Hi-Fi audio headset晶片方案 2018-05-09
- 推出智慧手機充電技術方案 2018-05-09
- 推出適用智慧手機之5W單線圈無線充電解決方案 2018-05-09
- 力推虹膜識別應用解決方案 2018-05-09

BLE & Capacitive Touch Control Panel Solution



Wireless Charging Solution



High-Efficiency Charging Solution

Recap of Recent Major Events

- **WPG Shareholders' Meeting Approved NT$2.4 Cash Dividend Per Share. (2018/06/21)**

- **WPG Shareholders' Meeting Approved Capital Reduction by Cancelling 146,004,942 Shares, the Capital Reduction Ratio is 8%. (2018/06/21)**

WPG Holdings

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