WPG Holdings

WPG Holdings Ltd. (3702.TT/3702.TW) 1Q19 Earning Release

May. 3rd, 2019

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
- 1Q19 Financial Highlights & 2Q19 Outlook — Cliff Yuan
- Q&A — Simon Huang/ Scott Lin/ Cliff Yuan

Result Highlights

Unit:NT$million

item	1Q19	1Q19 Forecast	4Q18	1Q18	*QoQ(%)*	*YoY(%)*
Net Sales	111,832	117 ~ 123B	131,821	123,412	(15.2)	(9.4)
Gross Margin	4.45%	4.1% ~ 4.3%	4.36%	4.32%	+8 bp	+13 bp
Operating Expenses	(2,945)		(3,209)	(2,917)	(8.2)	1.0
Operating Income	2,028		2,544	2,409	(20.3)	(15.8)
Operating Margin	1.81%	1.65% ~ 1.85%	1.93%	1.95%	-12 bp	-14 bp
Net Income	1,304		1,599	1,891	(18.4)	(31.0)
EPS (NT$)(1)	0.78		0.95	1.04		
Net Book Value (NT$)(1)	33.34					
Total Assets	187,825		196,061	181,226		
Total Liabilities	131,349		141,237	128,873		
Total Equity	56,475		54,824	52,353		
Net Working Capital	98,928		109,801	95,082		
Free Cash Flow	9,137		6,081	5,556		
KEY Indices(2)						
ROWC	*8.2%*		*9.3%*	*10.1%*	-106 bp	-193 bp
NWC/Sales	*0.22*		*0.21*	*0.19*		
ROE	*9.5%*		*12.1%*	*14.6%*	-262 bp	-518 bp
Gearing	1.05		1.25	1.12		
(1).Weighted average shares outstanding	1,679		1,679	1,825		

(2).Annualized

Unaudited, Prepared by WPG based on TIFRS.

Statements of Comprehensive Income

Unit:NT$million

Item	1Q19	4Q18	QoQ(%)	1Q18	YoY(%)
Revenue	111,832	131,821	(15.2)	123,412	(9.4)
COGS	(106,858)	(126,069)	(15.2)	(118,086)	(9.5)
Gross Profit	4,974	5,752	(13.5)	5,326	(6.6)
Gross Margin	4.45%	4.36%		4.32%	
Operating Expenses	(2,945)	(3,209)	(8.2)	(2,917)	1.0
Operating Income	2,028	2,544	(20.3)	2,409	(15.8)
Operating Margin	1.81%	1.93%		1.95%	
Net Non-operating Items	(374)	(603)	(38.0)	(61)	513.0
Net Financing costs	(619)	(706)	(12.3)	(513)	20.7
Foreign Exchange Gains/Losses	152	106	43.9	210	(27.5)
Others	94	(2)		242	
Profit Before Tax	1,655	1,941	(14.7)	2,348	(29.5)
Tax	(342)	(326)	4.7	(443)	(22.9)
Minority	(8)	(16)		(14)	
Profit After Tax	1,304	1,599	(18.4)	1,891	(31.0)
Net Margin	1.17%	1.21%		1.53%	
EPS (NT$)(1)	0.78	0.95		1.04	
Tax %	21%	17%		19%	
(1).Weighted average shares outstanding	1,679	1,679		1,825	

Unaudited, Prepared by WPG based on TIFRS.

Balance Sheet

Unit:NT$million	1Q19		4Q18		1Q18	
item	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
Cash & Marketable Securities	5,603	*3*	7,145	*4*	6,673	*4*
Accounts Receivable - Trade	83,484	*44*	98,226	*50*	85,724	*47*
Inventory	69,104	*37*	64,773	*33*	62,639	*35*
Current Assets	171,226	*91*	180,975	*92*	165,870	*92*
Others	16,599	*9*	15,086	*8*	15,356	*8*
Total Assets	187,825	*100*	196,061	*100*	181,226	*100*
Current Interest-bearing Debt	51,496	*27*	62,670	*32*	58,730	*32*
Accounts Payble	53,660	*29*	53,198	*27*	53,282	*29*
Accrued Liabilities and Others	10,357	*6*	10,597	*5*	8,758	*5*
Current Liabilities	115,514	*62*	126,464	*65*	120,770	*67*
Long-term Interest-bearing Debt	13,338	*7*	13,366	*7*	6,862	*4*
Others	2,497	*1*	1,406	*1*	1,241	*1*
Total Liabilities	131,349	*70*	141,237	*72*	128,873	*71*
Total Equity	56,475	*30*	54,824	*28*	52,353	*29*
KEY Indices(1)						
Net Working Capital (NT$million)	98,928		109,801		95,082	
AR Turnover (Days)	*74*		*72*		*65*	
Inventory Turnover (Days)	*57*		*48*		*46*	
AP Turnover (Days)	*46*		*42*		*40*	
Average Collection Periods (Days)	*86*		*77*		*72*	
Current Ratio	*148%*		*143%*		*137%*	
Gearing	*1.05*		*1.25*		*1.12*	

Unaudited, Prepared by WPG based on TIFRS.

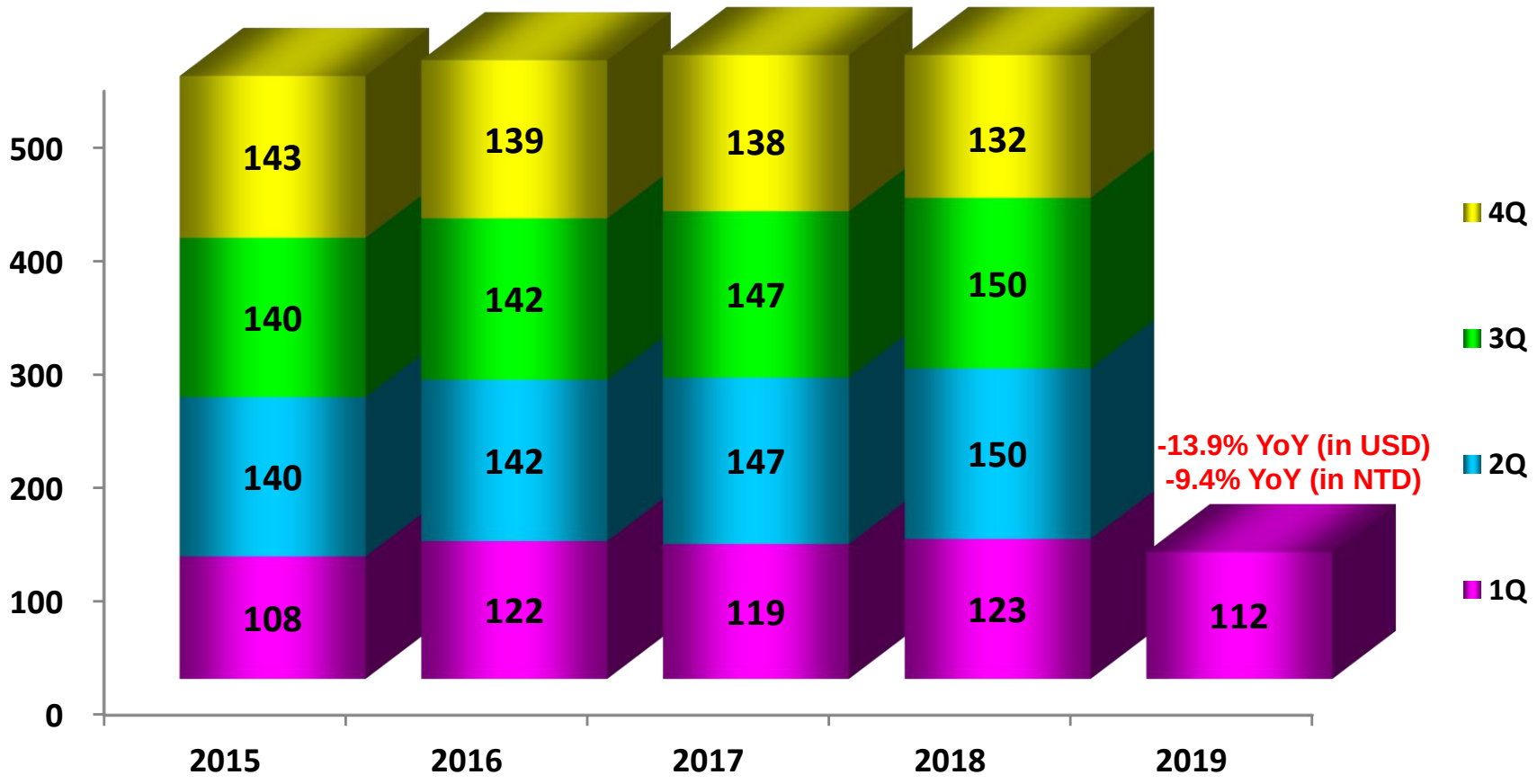
Cash Flows

Unit:NT$million	1Q19	4Q18	1Q18
-Income before Income Tax	1,655	1,941	2,348
-Changes of NWC	10,873	3,312	7,141
-Adjustment & Others	(3,390)	828	(3,932)
From Operation	**9,137**	**6,081**	**5,556**
-Other Financial Instruments	358	252	(12)
-Capital Expenditure	(93)	(284)	(224)
-Acquisition of subsidiaries	-	(120)	-
-Marketable Financial Instruments	-	(3)	121
-Others	(55)	(49)	(56)
From Investment	**211**	**(205)**	**(172)**
-Financial Debt	(11,201)	(5,686)	(4,398)
-Others	(4)	(1,446)	23
From Financing	**(11,205)**	**(7,131)**	**(4,374)**
Cumulative translation adjustments	**314**	**(18)**	**(1,463)**
Net Cash Position Change	**(1,544)**	**(1,274)**	**(453)**
Ending Cash Balance	**5,573**	**7,117**	**6,645**

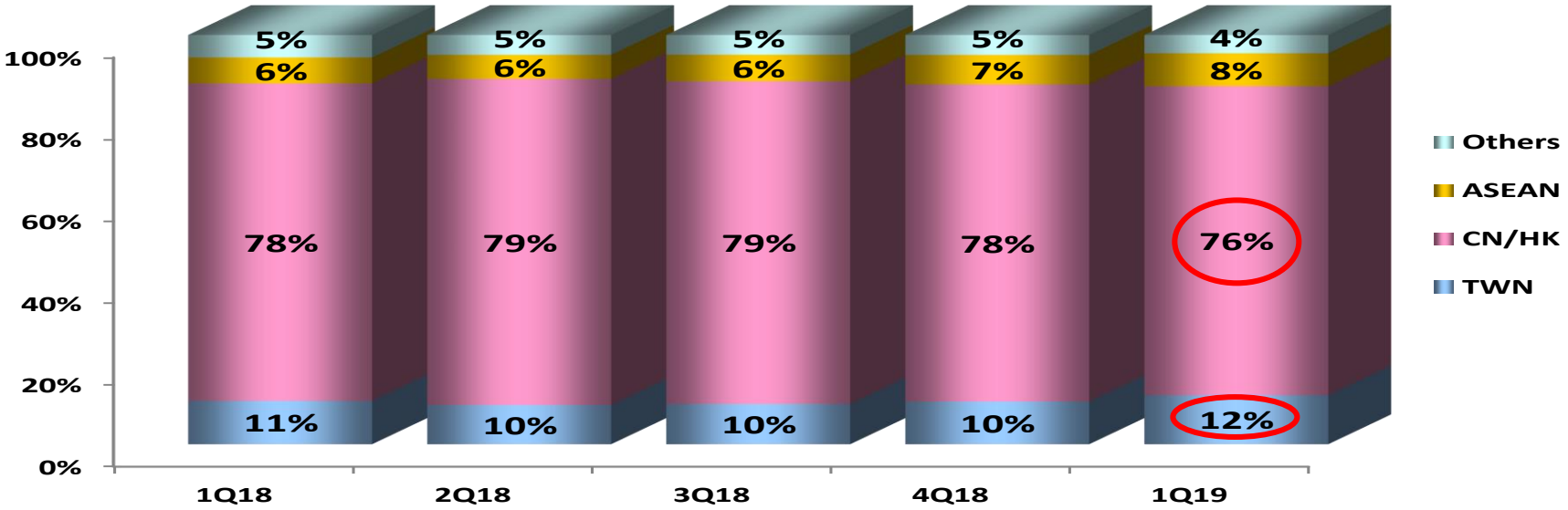
Unaudited, Prepared by WPG based on TIFRS.

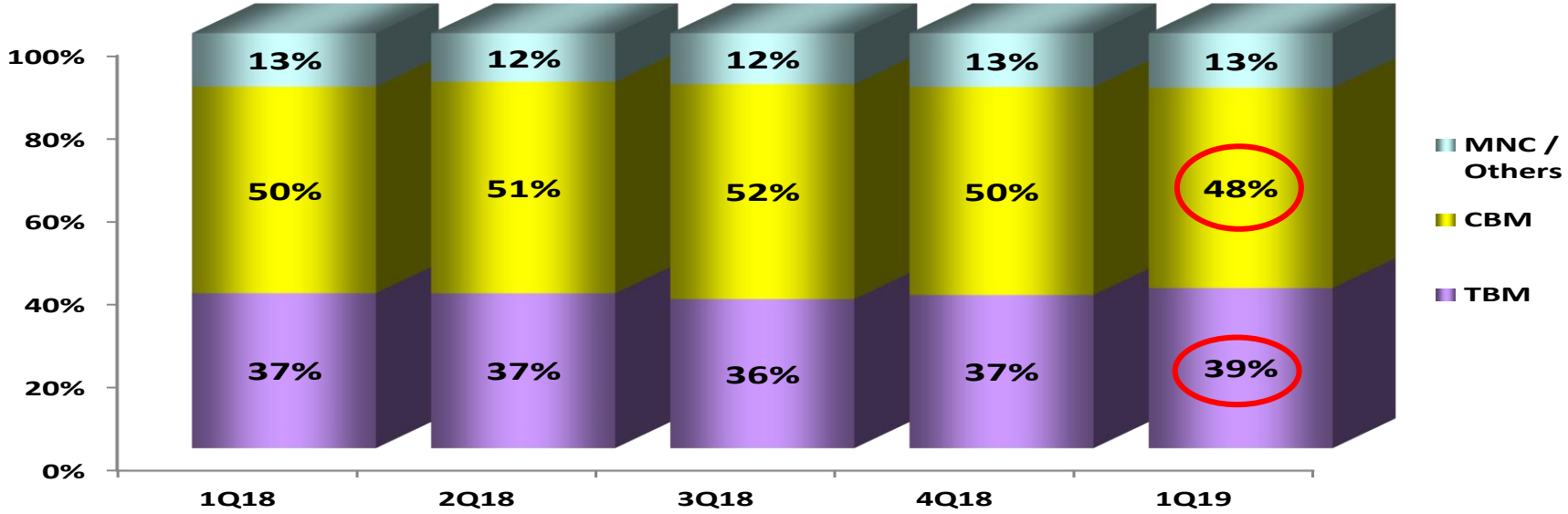
Consolidated Revenue

Unit: NT$billion



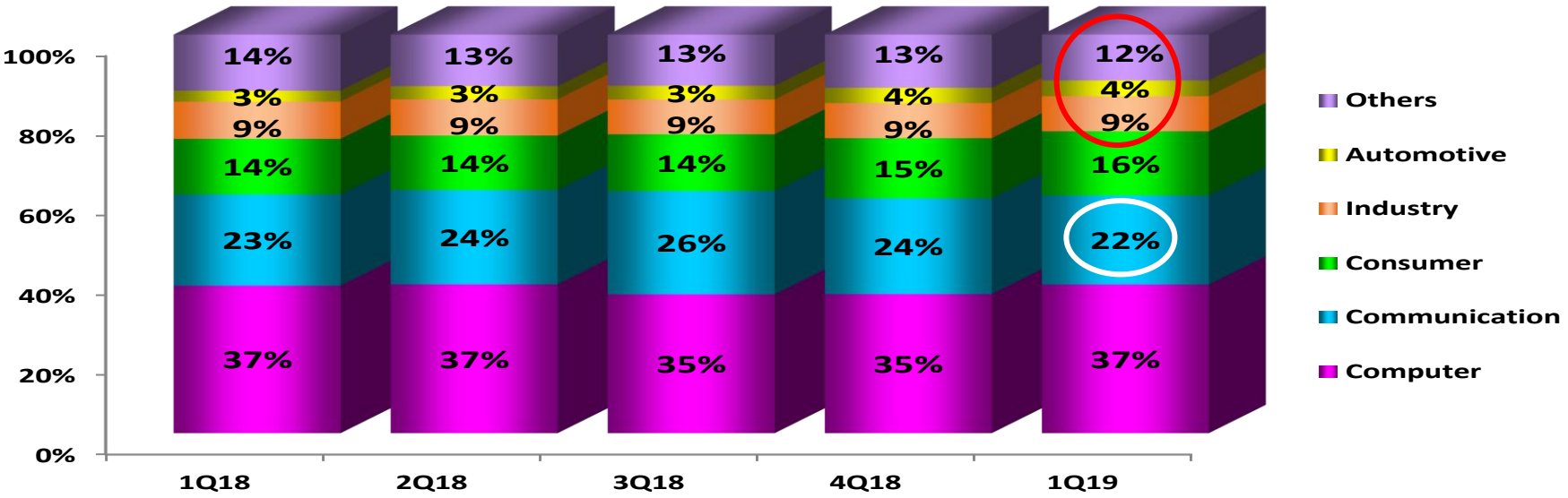
Sales breakdown by Geography/ Customer

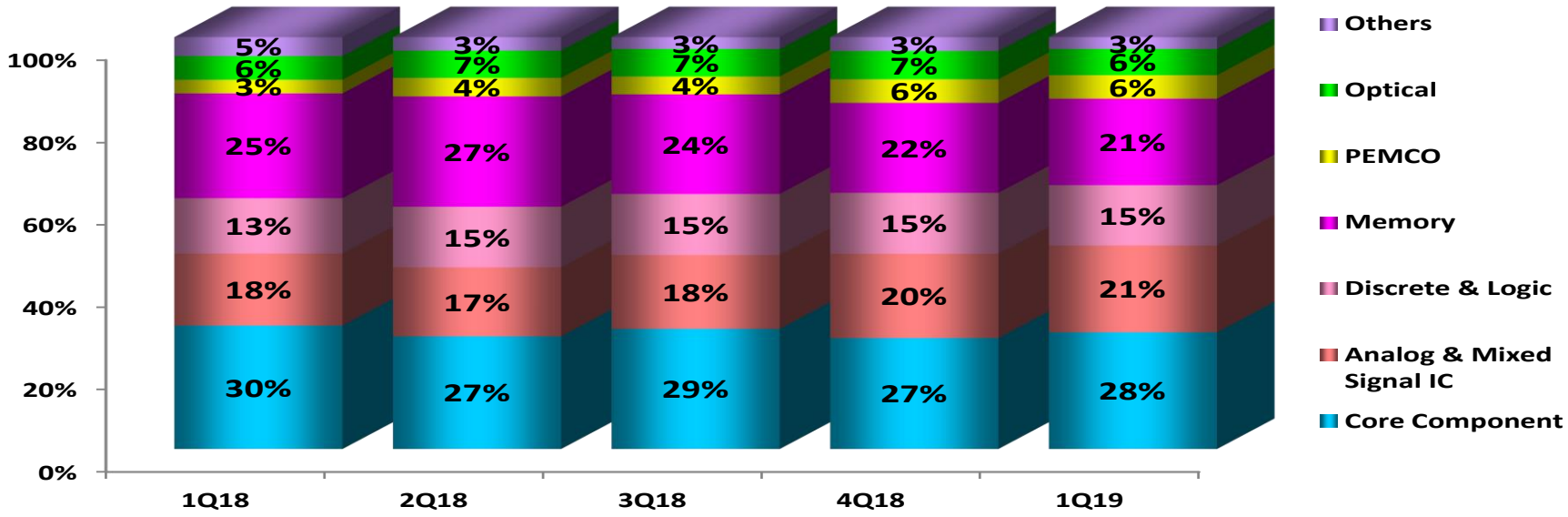




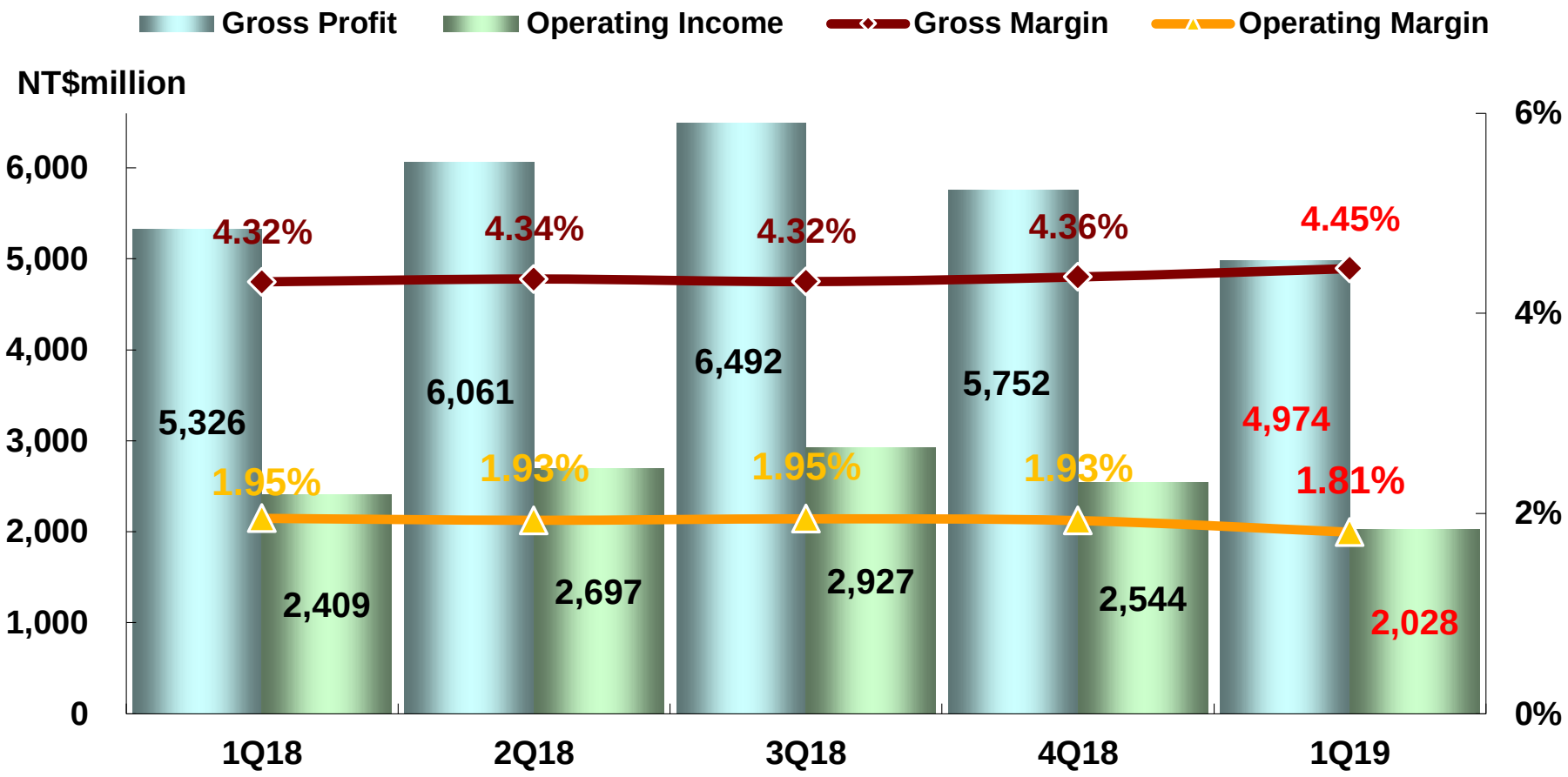
TBM：Taiwan-Based Customers
CBM：China Based Customers

Sales breakdown by Application/ Device Type

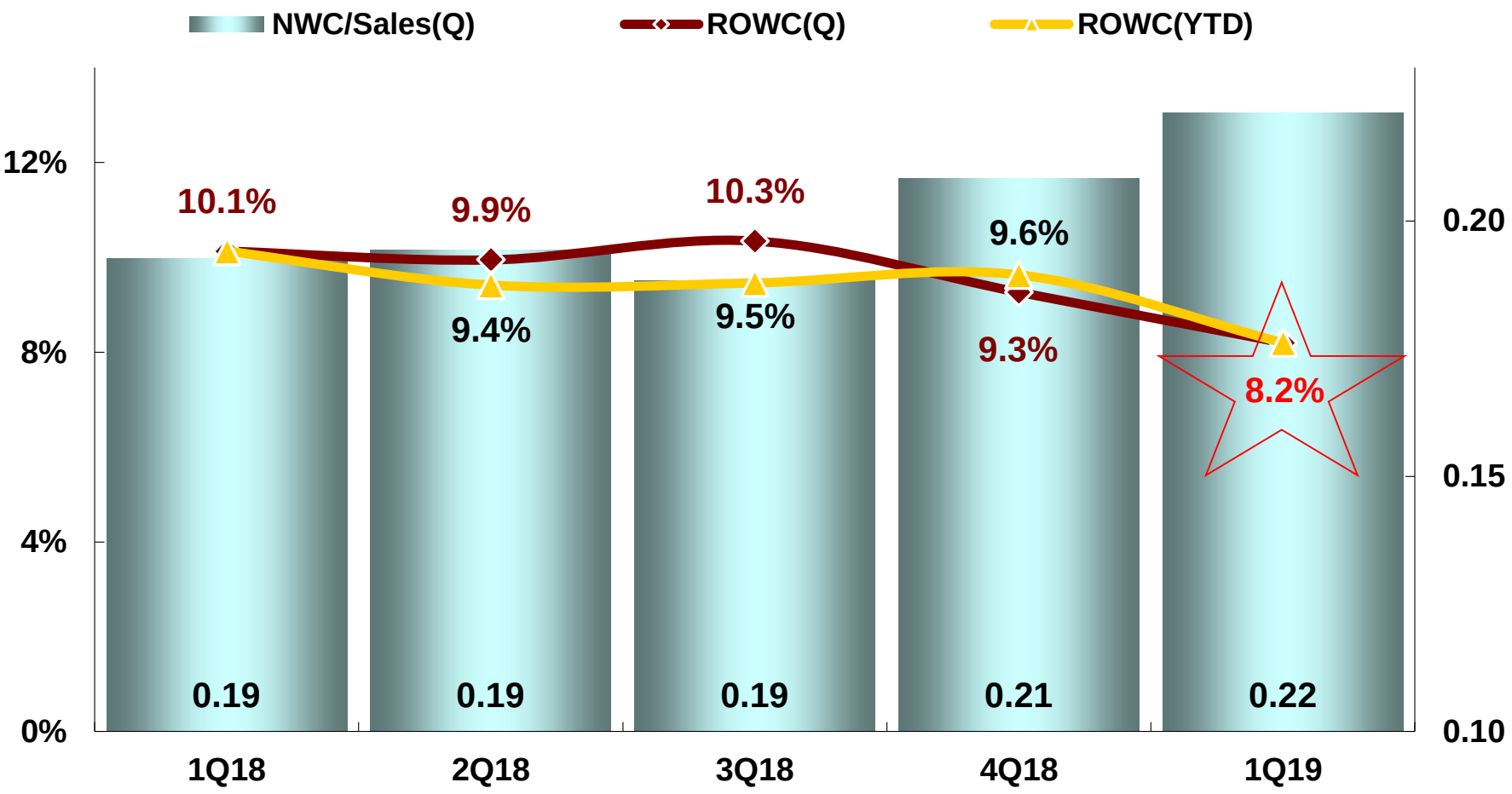




Gross Margin vs. Operating Margin

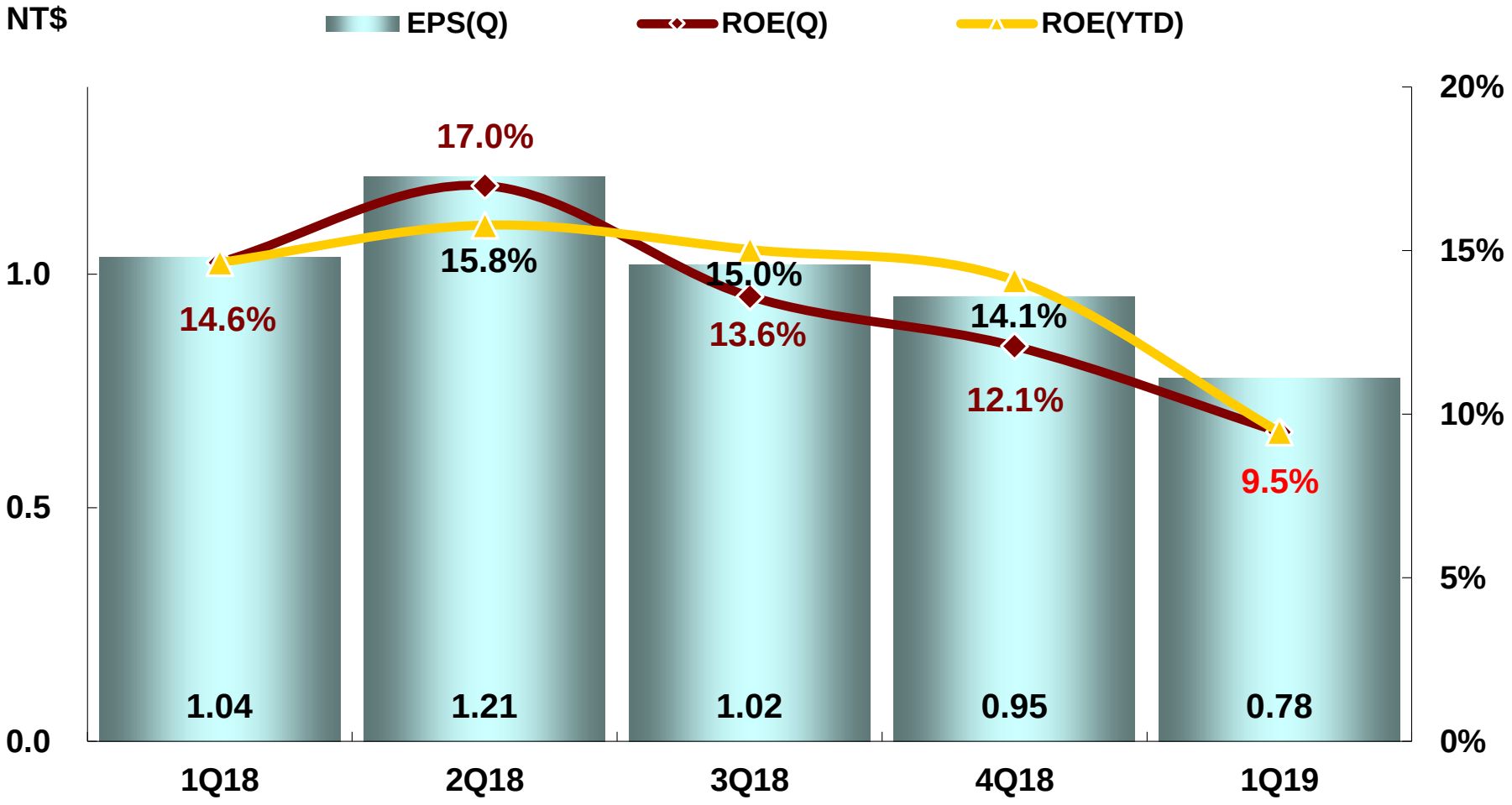


ROWC vs. NWC/Sales



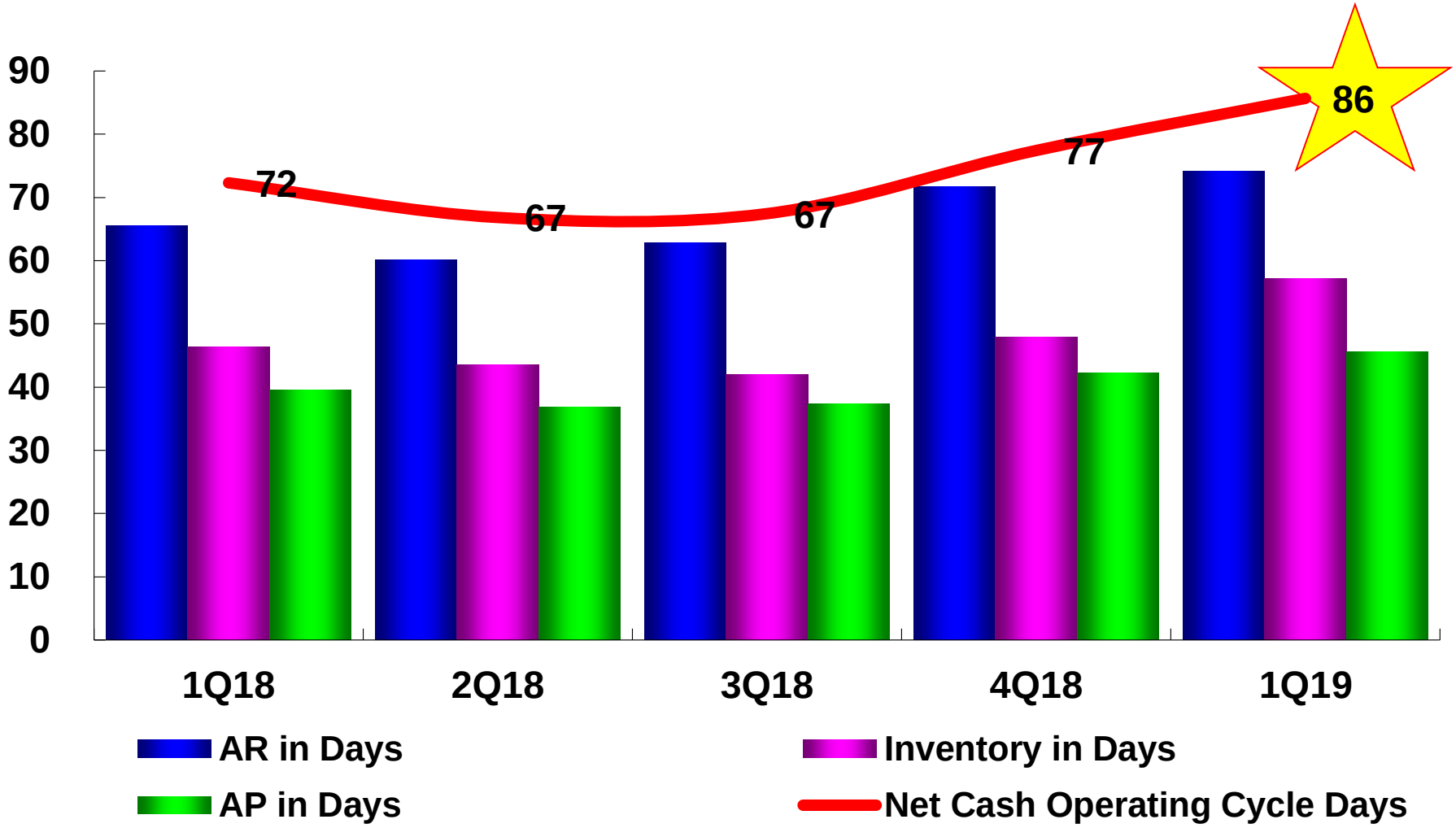
Note：Annualized

ROE vs. EPS



Note：Annualized

Operating Cash Cycle



Note：Annualized

2Q19 Summary Forecast

Based on our current business outlook, management expects：

Unit:NT$million

Item	2Q19 Forecast (3)			1Q19 (1)
Revenue	125,000	~	133,000	111,832
Gross Profit	5,250	~	5,852	4,974
Gross Margin	4.20%	~	4.40%	4.45%
Operating Expenses	3,063	~	3,259	2,945
Operating Income	2,187	~	2,593	2,028
Operating Margin	1.75%	~	1.95%	1.81%
Profit Before Tax	1,636	~	2,032	1,655
Profit After Tax	1,104	~	1,421	1,304
EPS (NT$)(2)	0.66	~	0.85	0.78

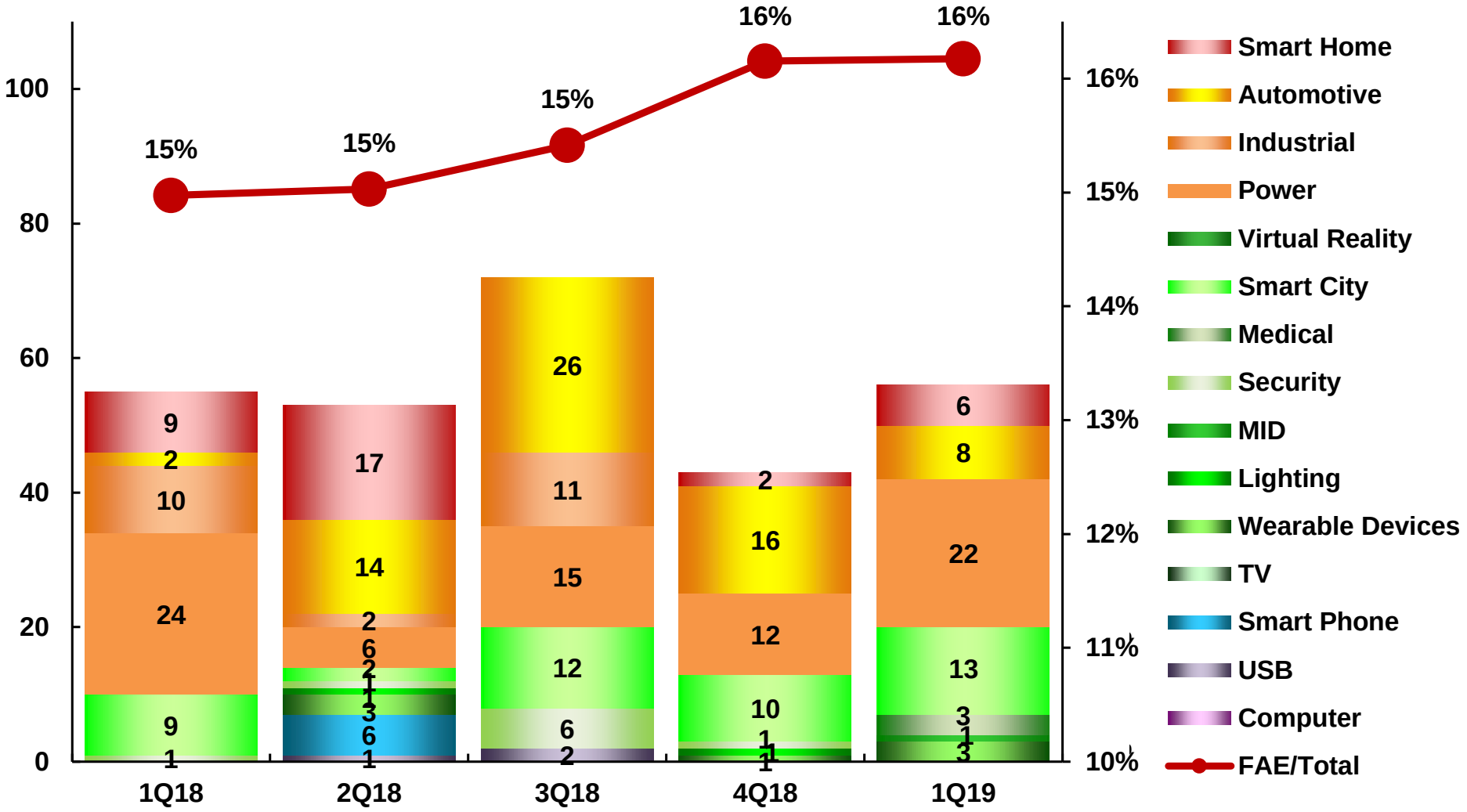
(1). Unaudited

(2). Weighted average shares outstanding

(3). At a forecast FX rate of 30.8 NT dollars to 1 US dollar averaged over 2Q19.

Prepared by WPG based on TIFRS.

More Solutions Launched



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https://www.wpgdadatong.com/MainPage

56 Solutions Launched in 1Q19

- 高PF隔離式恆流LED驅動電源方案 2019-03-29
- DC/DC Buck可調光LED 照明驅動方案 2019-03-29
- 適用於電信設備電源的3 kW全橋LLC諧振數位電源 2019-03-28
- 19V/45W 筆電Adaptor方案 2019-03-21
- 40W無線充電方案 2019-03-20
- 數字內核高功率因數Flyback 40W LED電源方案 2019-03-14
- 18W Type-C PD3.0充電器方案 2019-03-12
- 高功率因數Flyback 50W LED電源方案 2019-03-11
- 高效低價精簡10W無線充電方案 2019-03-07
- 750W全數字峰值電流控制型ZVS全橋變換之AC-DC方案 2019-03-06
- 27W全集成升降壓轉換器在拓展塢方案 2019-03-04
- 35W LED照明方案 2019-03-01
- 45W Printer Adaptor方案 2019-02-27
- 5W單線圈無線充電解決方案 2019-02-22
- 15W車載多線圈定頻無線充電方案 2019-02-22
- 700W電動扳手解決方案 2019-02-21
- 24W PSR的適配器電源方案 2019-01-21
- 數位IC PFC+LLC combin for TV電源供應器方案 2019-01-16
- 30W PD車規級應用方案 2019-01-14
- 車規級12V 240W充電器方案 2019-01-10
- 7W/10W之MR-16 LED照明電源方案 2019-01-08
- 150W all-in-one顯示器電源方案 2019-01-04

- 推出MPOS方案 2019-02-01

- 氣壓傳感器在家庭安防上的應用方案 2019-03-26
- 支持Always On voice的藍牙耳機方案 2019-01-11
- 聯合推出藍牙電子煙方案 2019-01-01

- 神經運算棒於皮膚腫瘤的辨識方案 2019-03-27
- 基於神經運算棒二代在開源平台訓練及皮膚腫瘤的辨識方案 2019-03-27
- 便攜智慧血壓計方案 2019-01-31

18W Type-C PD3.0 Charger Solution

Full-Bridge AC-DC Solution

Flyback 50W LED Solution

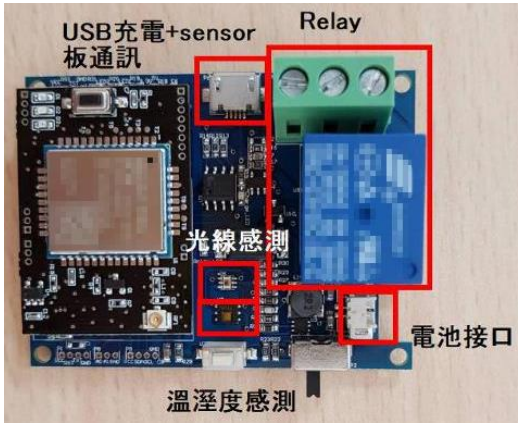
56 Solutions Launched in 1Q19

矯正書寫姿勢智能筆方案	2019-03-13
AWS IoT連接開發套件方案	2019-02-11
聯合推出LoRa智慧消防解決方案	2019-01-25
智能故事機方案	2019-01-24
WiFi物聯網接入雲端和手機APP方案	2019-01-15
聯合推出基於NB-IoT網關開發套件	2019-01-03

推出藍牙天線之PEPS無鑰匙系統方案	2019-03-19
60W汽車電子水泵解決方案	2019-03-18
汽車矩陣式大燈系統	2019-03-05
車用Android Auto車載系統方案	2019-02-28
AVB bridge之車載乙太網橋接方案	2019-02-26
推出Full HD 360度全景解決方案	2019-02-13
汽車數位儀錶板方案	2019-02-02
77G毫米波雷達盲區偵測BSD方案	2019-01-03

聯合推出電動車定位設備方案	2019-02-20
邊緣計算之人臉識別方案	2019-02-18
聯合推出通訊模塊的研發套件方案	2019-02-14
38*38mm人臉識別攝像頭方案	2019-02-12
連入大樹雲(BTC)之工業物聯網雲平臺方案	2019-02-01
聯合推出新零售電子貨架標籤解決方案	2019-01-29
聯合推出LoRa智慧停車解決方案	2019-01-28
聯合推出LoRa智慧農業解決方案	2019-01-23
聯合推出LoRa智慧水務解決方案	2019-01-22
基於SPS之智能農業水分感測技術方案	2019-01-09
聯合推出Lora對講機方案	2019-01-07
基於77G mmWave毫米波感測模組之人員計數方案	2019-01-05
联合推出基於LoRa智慧路燈解決方案	2019-01-03

Face Recognition Camera Solution



NB-IoT Solution

Water Pump Solution

Recap of Recent Major Events

- **WPG Board of Directors Resolved to Convene the 2019 Annual Shareholders' Meeting. (2019/03/26)**
- **WPG Board of Directors Approved NT$2.7 Cash Dividend Per Share. (2019/04/30)**

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

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Q&A

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Thank you

The Benchmark of Distribution