WPG Holdings

WPG Holdings Ltd.
(3702.TT/3702.TW)
2Q19 Earning Release

Aug. 1st, 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	
2Q19 Financial Highlights	Cliff Yuan
WPG Digital Transformation	Frank Yeh
Q&A	Simon Huang/ Frank Yeh/ Scott Lin/ Cliff Yuan

Result Highlights

Unit:NT$million

item	2Q19	2Q19 Forecast	1Q19	2Q18	*QoQ(%)*	*YoY(%)*	1H19	1H18	*YoY(%)*
Net Sales	129,176	125 ~ 133B	111,832	139,533	15.5	(7.4)	241,008	262,944	(8.3)
Gross Margin	4.40%	4.2% ~ 4.4%	4.45%	4.34%	-4 bp	+6 bp	4.42%	4.33%	+9 bp
Operating Expenses	(3,122)		(2,909)	(3,364)	7.3	(7.2)	(6,032)	(6,281)	(4.0)
Operating Income	2,565	2,187 ~ 2,593	2,064	2,697	24.3	(4.9)	4,629	5,106	(9.3)
Operating Margin	1.99%	1.75% ~ 1.95%	1.85%	1.93%	+14 bp	+5 bp	1.92%	1.94%	-2 bp
Net Income	1,629	1,064~ 1,381	1,304	2,204	24.9	(26.1)	2,933	4,095	(28.4)
EPS (NT$)(1)	0.97	0.66 ~ 0.85	0.78	1.21			1.75	2.24	
Net Book Value (NT$)(1)	31.82								
Total Assets	197,504		188,164	196,817			197,504	196,817	
Total Liabilities	143,583		131,710	143,994			143,583	143,994	
Total Equity	53,922		56,455	52,823			53,922	52,823	
Net Working Capital	104,808		98,789	108,435			104,808	108,435	
Free Cash Flow	(4,755)		9,293	(10,954)			4,538	(5,398)	
KEY Indices(2)									
ROWC	*9.8%*		*8.4%*	*9.9%*	+143 bp	-16 bp	*8.8%*	*9.4%*	-58 bp
NWC/Sales	*0.20*		*0.22*	*0.19*			*0.22*	*0.21*	
ROE	*12.1%*		*9.5%*	*17.0%*	+263 bp	-490 bp	*10.9%*	*15.8%*	-489 bp
Gearing	1.17		1.05	1.26			1.17	1.26	
(1).Weighted average shares outstanding	1,679		1,679	1,825			1,679	1,825	

(2).Annualized

Unaudited, Prepared by WPG based on TIFRS.

Statements of Comprehensive Income

Unit:NT$million

Item	2Q19	1Q19	QoQ(%)	2Q18	YoY(%)	1H19	1H18	YoY(%)
Revenue	129,176	111,832	15.5	139,533	(7.4)	241,008	262,944	(8.3)
COGS	(123,488)	(106,858)	15.6	(133,472)	(7.5)	(230,347)	(251,558)	(8.4)
Gross Profit	5,687	4,974	14.4	6,061	(6.2)	10,661	11,386	(6.4)
Gross Margin	4.40%	4.45%		4.34%		4.42%	4.33%	
Operating Expenses	(3,122)	(2,909)	7.3	(3,364)	(7.2)	(6,032)	(6,281)	(4.0)
Operating Income	2,565	2,064	24.3	2,697	(4.9)	4,629	5,106	(9.3)
Operating Margin	1.99%	1.85%		1.93%		1.92%	1.94%	
Net Non-operating Items	(369)	(409)	(9.9)	(42)	787.9	(778)	(102)	659.5
Net Financing costs	(539)	(619)	(13.0)	(564)	(4.5)	(1,158)	(1,077)	7.5
Foreign Exchange Gains/Losses	155	153	1.5	36	328.1	308	246	25.0
Others	15	57		486		72	729	
Profit Before Tax	2,196	1,655	32.7	2,655	(17.3)	3,851	5,003	(23.0)
Tax	(554)	(342)	62.0	(442)	25.4	(896)	(885)	1.2
Minority	(13)	(8)		(10)		(22)	(23)	
Profit After Tax	1,629	1,304	24.9	2,204	(26.1)	2,933	4,095	(28.4)
Net Margin	1.26%	1.17%		1.58%		1.22%	1.56%	
EPS (NT$)(1)	0.97	0.78		1.21		1.75	2.24	
Tax %	25%	21%		17%		23%	18%	
(1).Weighted average shares outstanding	1,679	1,679		1,825		1,679	1,825	

Unaudited, Prepared by WPG based on TIFRS.

Balance Sheet

Unit:NT$million	2Q19		1Q19		2Q18	
item	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
Cash & Marketable Securities	6,195	*3*	5,603	*3*	7,568	*4*
Accounts Receivable - Trade	94,439	*48*	83,484	*44*	98,305	*50*
Inventory	65,323	*33*	69,387	*37*	64,593	*33*
Current Assets	181,078	*92*	171,609	*91*	181,451	*92*
Others	16,426	*8*	16,555	*9*	15,366	*8*
Total Assets	197,504	*100*	188,164	*100*	196,817	*100*
Current Interest-bearing Debt	56,505	*29*	51,491	*27*	67,455	*34*
Accounts Payble	54,954	*28*	54,082	*29*	54,463	*28*
Accrued Liabilities and Others	16,536	*8*	10,503	*6*	13,833	*7*
Current Liabilities	127,995	*65*	116,076	*62*	135,752	*69*
Long-term Interest-bearing Debt	13,315	*7*	13,344	*7*	6,963	*4*
Others	2,273	*1*	2,289	*1*	1,279	*1*
Total Liabilities	143,583	*73*	131,710	*70*	143,994	*73*
Total Equity	53,922	*27*	56,455	*30*	52,823	*27*
KEY Indices(1)						
Net Working Capital (NT$million)	104,808		98,789		108,435	
AR Turnover (Days)	*63*		*74*		*60*	
Inventory Turnover (Days)	*50*		*57*		*43*	
AP Turnover (Days)	*40*		*46*		*37*	
Average Collection Periods (Days)	*72*		*86*		*67*	
Current Ratio	*141%*		*148%*		*134%*	
Gearing	*1.17*		*1.05*		*1.26*	

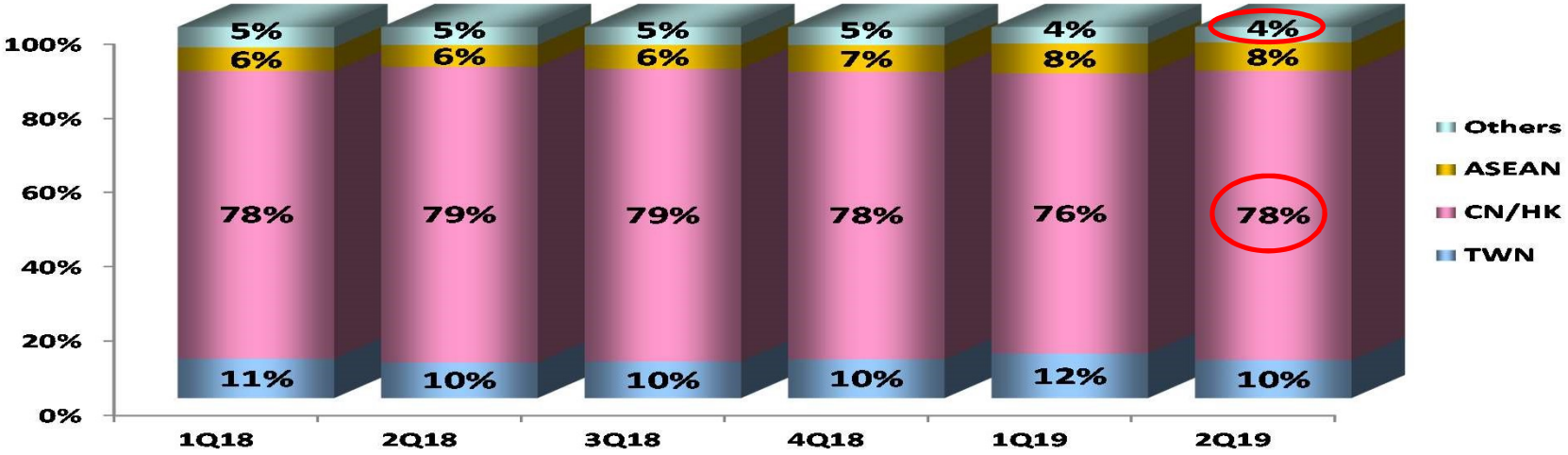
Unaudited, Prepared by WPG based on TIFRS.

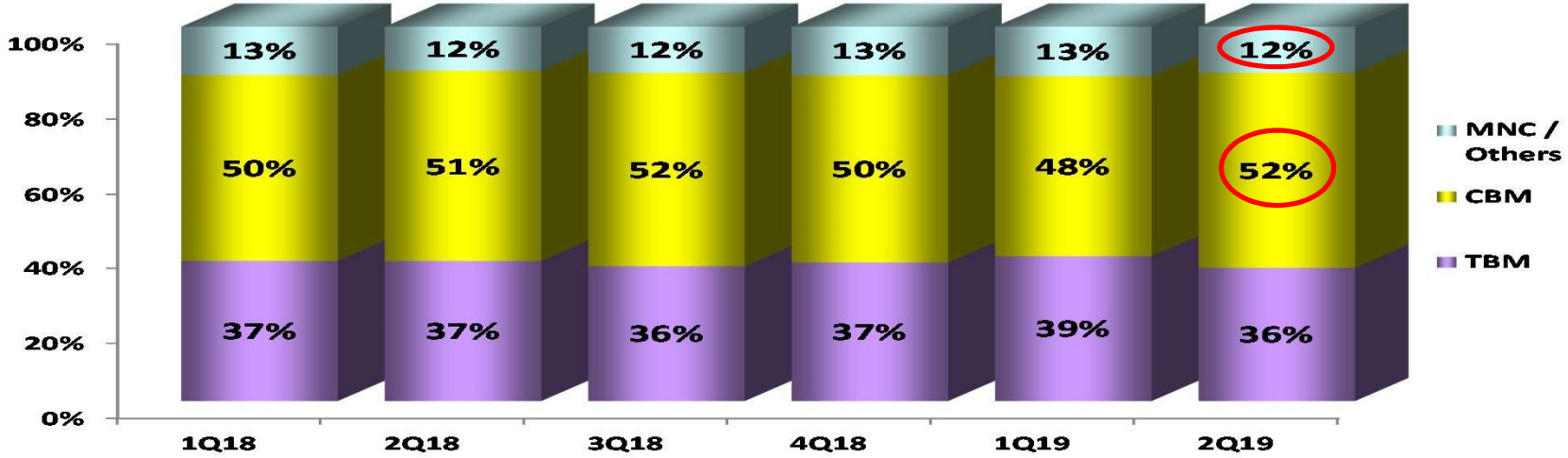
Cash Flows

Unit:NT$million	2Q19	1Q19	2Q18	1H19	1H18
-Income before Income Tax	2,196	1,655	2,655	3,851	5,003
-Changes of NWC	(6,045)	11,038	(13,354)	4,993	(6,214)
-Adjustment & Others	(906)	(3,400)	(255)	(4,306)	(4,187)
From Operation	**(4,755)**	**9,293**	**(10,954)**	**4,538**	**(5,398)**
-Other Financial Instruments	(130)	297	231	167	219
-Capital Expenditure	5	(96)	100	(91)	(124)
-Marketable Financial Instruments	(4)	2	281	(1)	402
-Others	5	(19)	(236)	(14)	(292)
From Investment	**(124)**	**184**	**376**	**60**	**204**
-Financial Debt	4,980	(11,196)	8,827	(6,216)	4,429
-Others	105	(108)	(8)	(4)	16
From Financing	**5,084**	**(11,304)**	**8,819**	**(6,220)**	**4,445**
Cumulative translation adjustments	**385**	**283**	**2,644**	**668**	**1,181**
Net Cash Position Change	**590**	**(1,544)**	**885**	**(953)**	**432**
Ending Cash Balance	**6,163**	**5,573**	**7,530**	**6,163**	**7,530**

Unaudited, Prepared by WPG based on TIFRS.

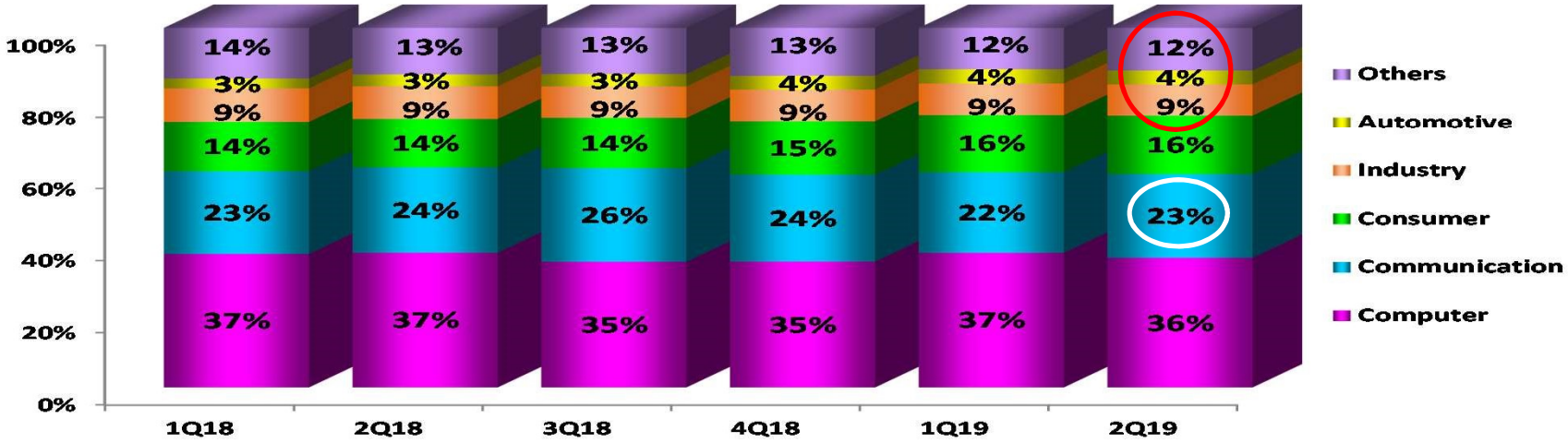
Sales breakdown by Geography/ Customer

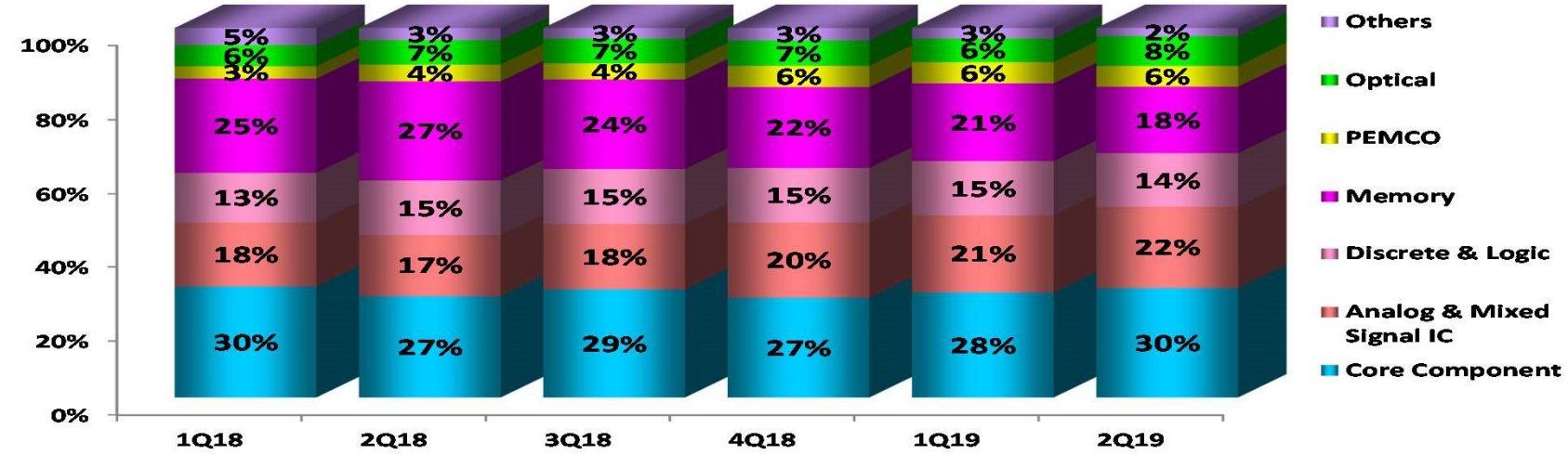




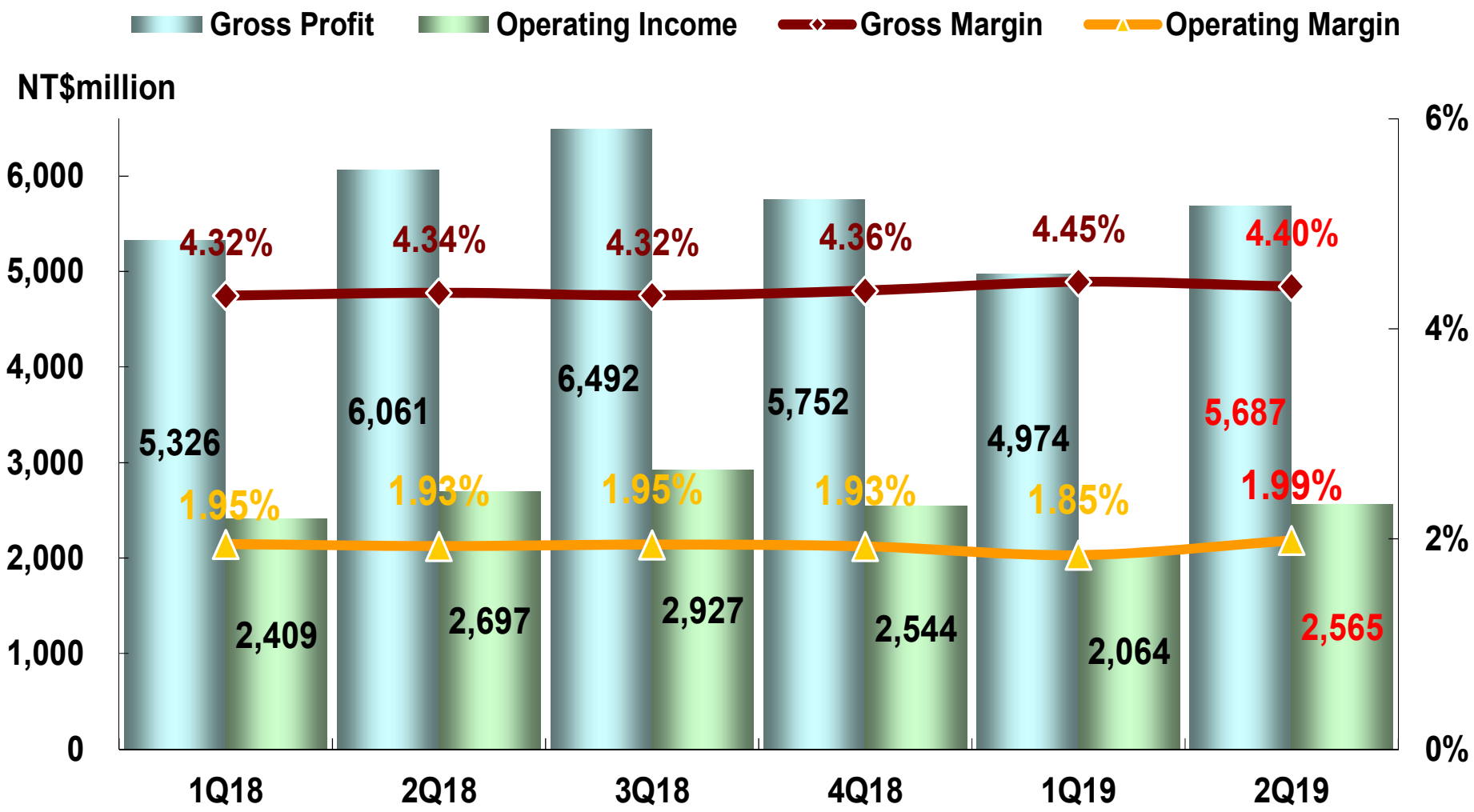
TBM：Taiwan-Based Customers
CBM：China Based Customers

Sales breakdown by Application/ Device Type

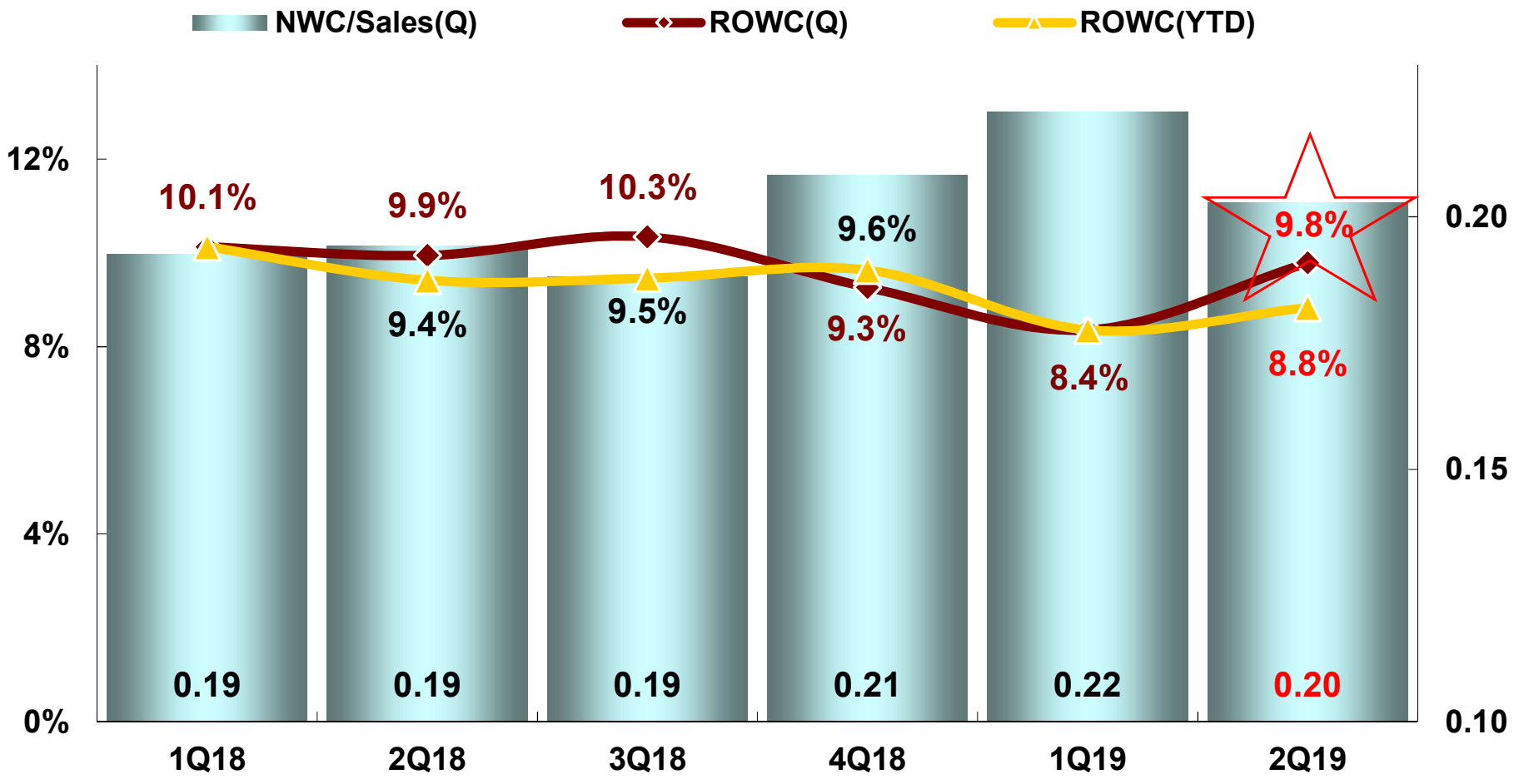




Gross Margin vs. Operating Margin

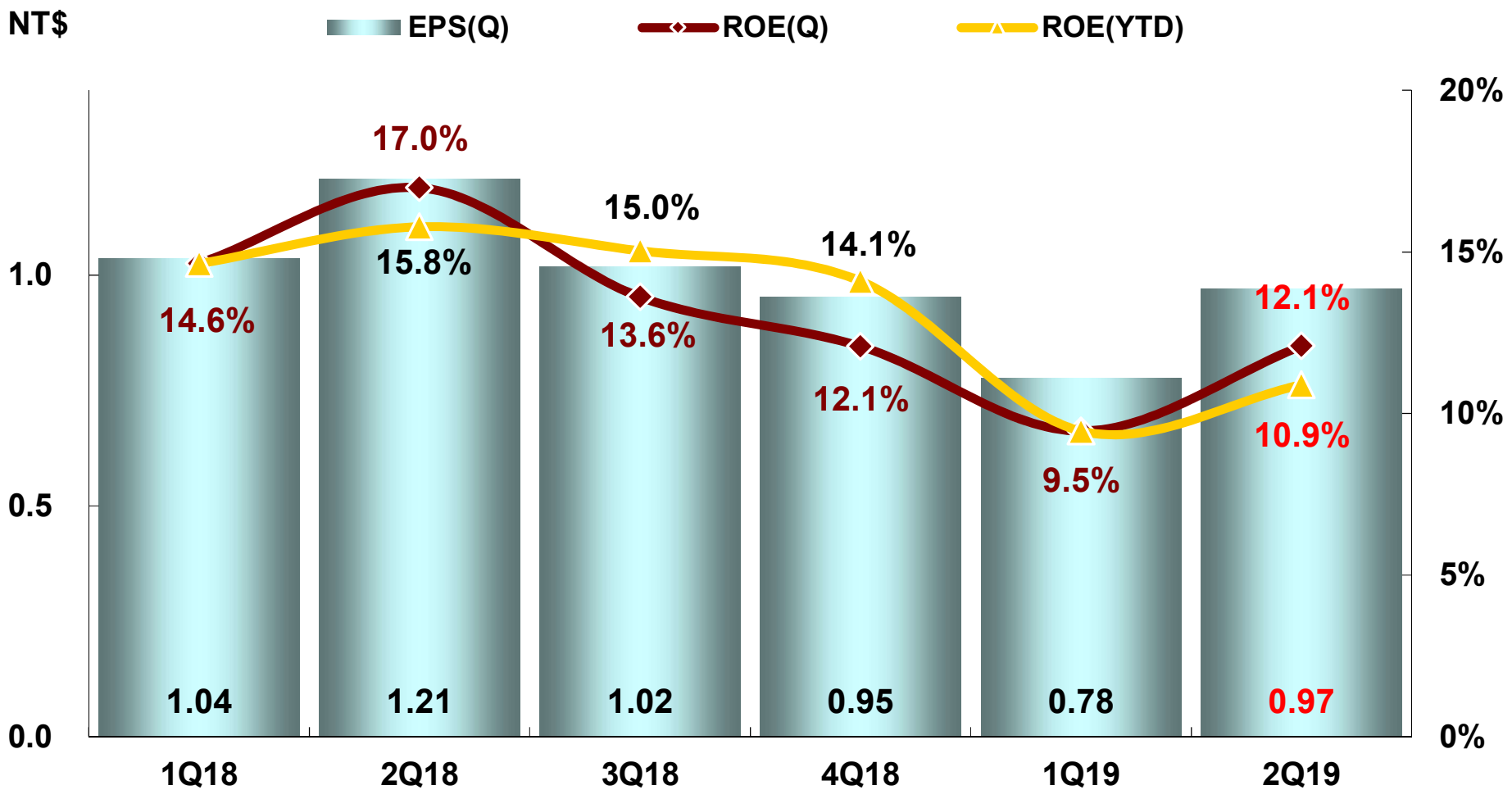


ROWC vs. NWC/Sales



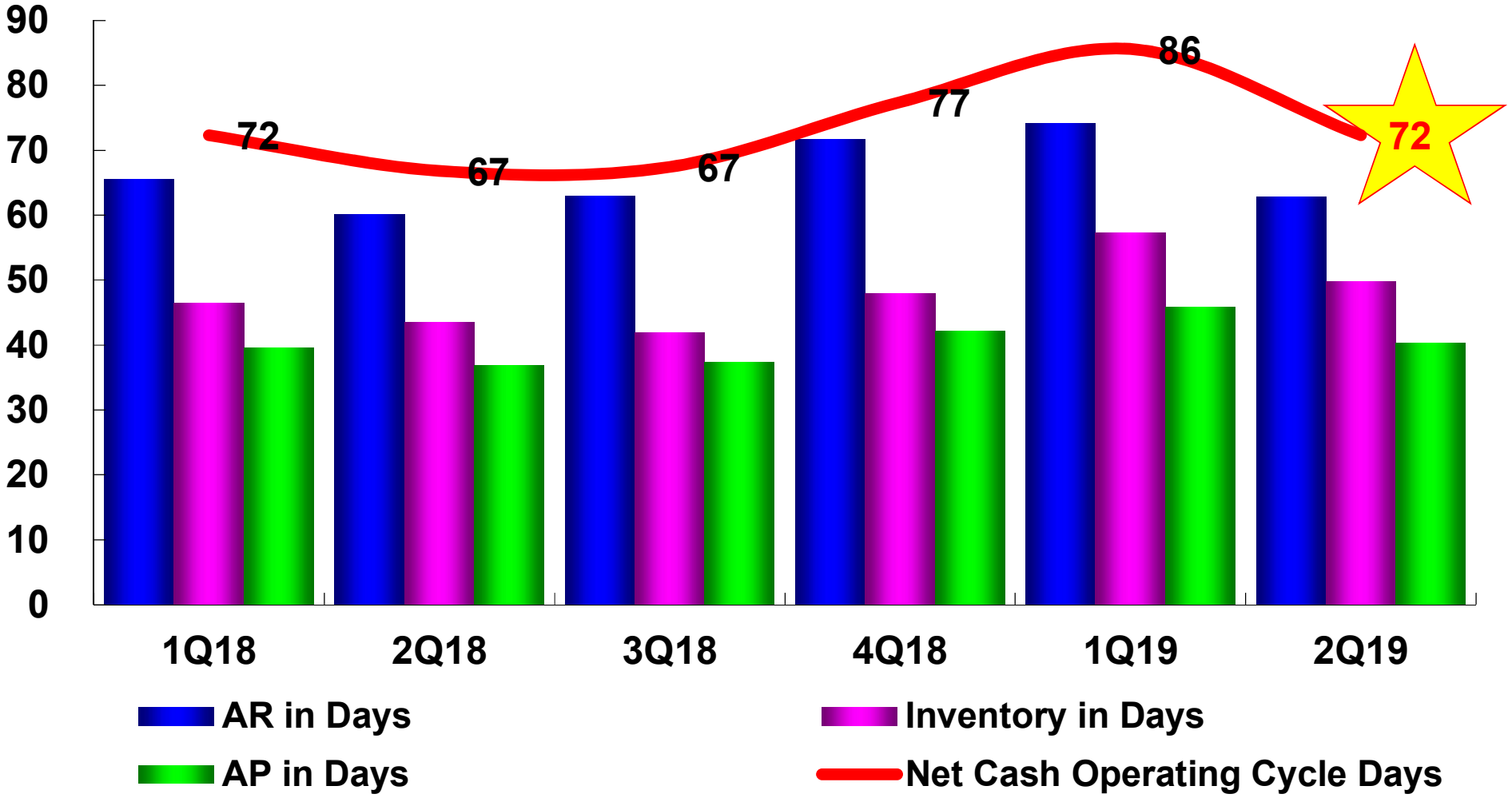
Note：Annualized

ROE vs. EPS



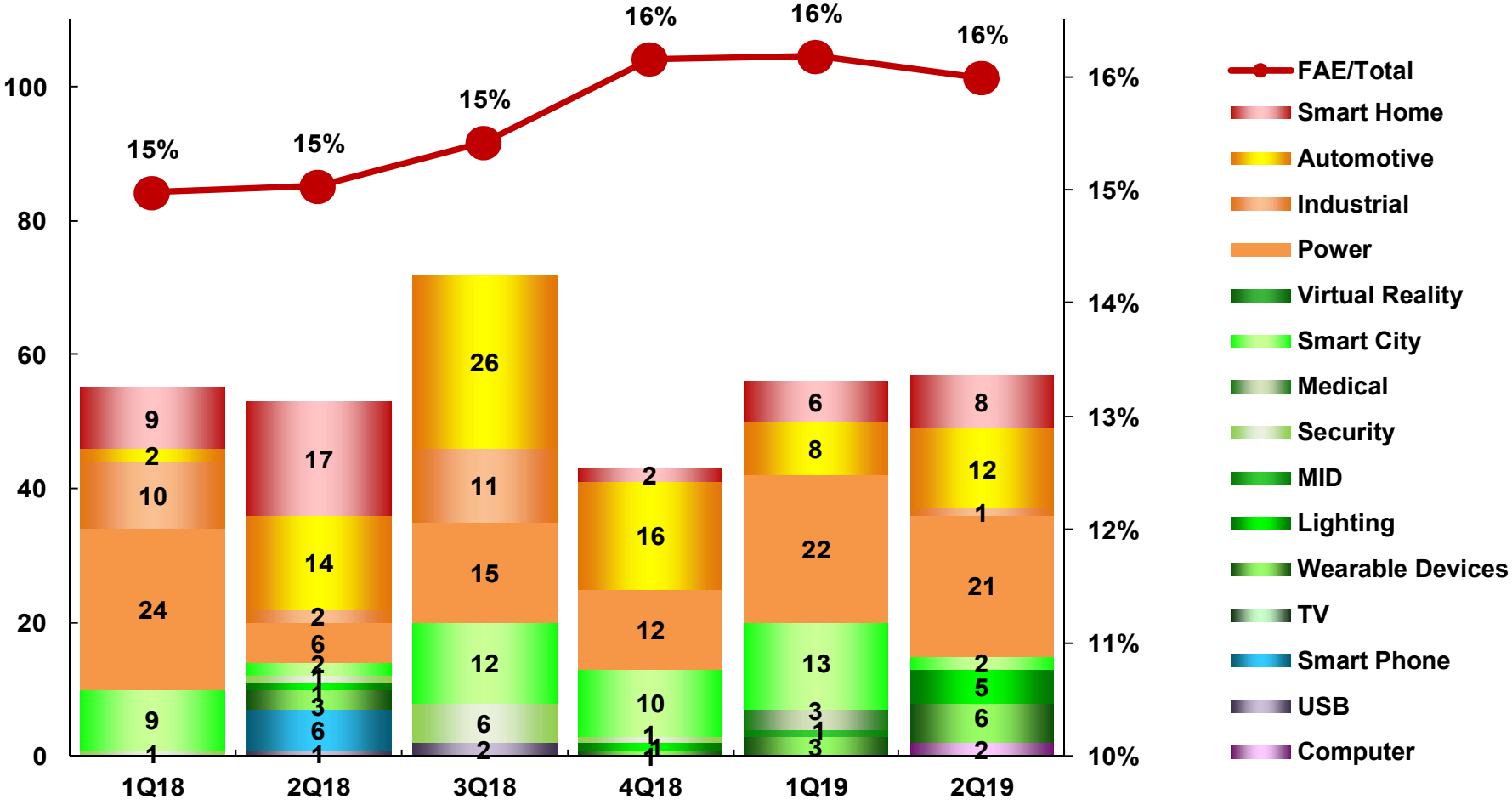
Note：Annualized

Operating Cash Cycle



Note：Annualized

More Solutions Launched



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57 Solutions Launched in 2Q19

工業電子

- EtherCAT Slave Digital I/O模組之工業自動化通訊控制方案 2019-06-06

POWER 電源

- 24W適配器方案 2019-06-25
- 45W AC-DC USB Type-C PD適配器 2019-06-25
- 15W,5V,USB電源轉接器方案 2019-06-19
- 65W高效率同步整流adaptor方案 2019-06-17
- 無線充電發射器方案 2019-06-14
- 模擬前端AFE的BMS鋰電池管理系統 2019-06-12
- 微控制器的40W電源供應器方案 2019-06-05
- Multi-device Transmitter無線充電 2019-05-31
- 19V3.43A筆電適配器方案 2019-05-29
- 小功率無線充電TWS耳機電池倉方案 2019-05-28
- 240W應用於PC、遊戲機電源適配器方案 2019-05-27
- 電流型LLC-240W電源解決方案 2019-05-22
- 雙馬達驅動方案 2019-05-21
- PFC+LLC 100W筆電適配器方案 2019-05-13
- 10W(5V/2A)No-YCAP之充電器解決方案 2019-05-09
- 直流無刷電機驅動應用吊扇解決方案 2019-04-29
- 15W車用充電器方案 2019-04-26
- SEPIC LED Driver電源方案 2019-04-22
- 5V及12V雙輸出Open Frame通用15W電源方案 2019-04-09
- 400V轉12.5V_250W電視電源方案 2019-04-05
- 36W雙向快充行動電源解決方案 2019-04-03

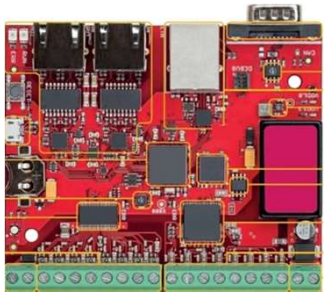
LED照明

- 200W PFC功率校正器之高能效低THD LED照明驅動方案 2019-06-03
- 25W LED路燈,80W太陽能充電器方案 2019-05-24
- 10W-50W智能可調LED驅動方案 2019-04-24
- 氣氛燈應用方案 2019-04-17
- 數位控制器的100W LED街燈電源方案 2019-04-02

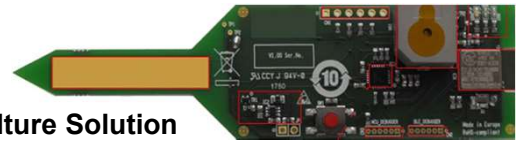
智慧城市

- DALI 2.0控制方案之智慧照明應用 2019-06-04
- NB-IoT提供之農業管理物聯網開發方案 2019-04-11

Solar-Powered LED Street Light Solution



EtherCAT Solution



Smart Agriculture Solution

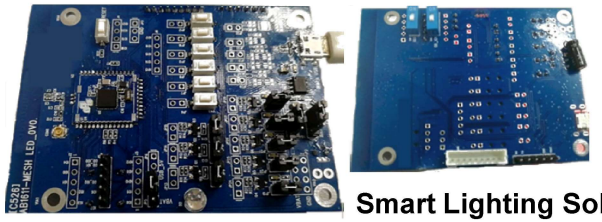
57 Solutions Launched in 2Q19

- LED車用頭燈驅動器方案 2019-06-21
- 3相Sensor-less BLDC Motor Pre-Driver應用於汽車水冷式冷卻系統方案 2019-06-13
- 新一代汽車遠近光LED大燈驅動方案 2019-06-11
- 帶觸覺反饋的車載中控觸摸屏方案 2019-05-27
- Video Signal Processing之車載顯示方案 2019-05-20
- 6.6KW車載OBC方案 2019-05-16
- 類比標清之四路影像行車影像方案 2019-05-10
- 電源與信號雙隔離型電流檢測器應用搭載於BMS方案 2019-04-16
- 車聯/工業閘道控制系統 2019-04-15
- BLE+NFC智能無鑰匙進入系統 2019-04-12
- 疲勞監測、前方碰撞、車道偏離、全景監控 之ADAS方案 2019-04-11
- 汽車流水轉向燈方案 2019-04-01

- 六合一藍芽滑鼠方案 2019-06-26
- 微控制器系列電腦周邊產品應用 2019-04-01

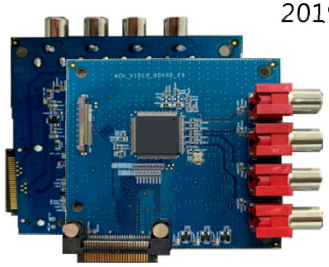
- 耳機血氧與心率的檢測方案 2019-06-28
- feedforward ANC耳機方案 2019-06-24
- 雙麥克風降噪之TWS無線藍牙耳機方案 2019-05-30
- 無線藍牙耳機方案 2019-05-23
- TWS無線耳機方案 2019-05-17
- ANC主動式抗噪藍芽耳機 2019-04-08

- mesh智能燈方案 2019-06-27
- 智慧門鈴DoorBell方案 2019-06-20
- 藍牙語音遙控器方案 2019-06-18
- 智能複合型鎖具應用方案 2019-06-10
- GSM無線商話方案 2019-05-06
- Wi-Fi技術且具有雲連接功能之電池供電智能鎖參考設計 2019-05-05
- BLDC無葉風扇方案 2019-04-10
- 工業遠程測控終端方案 2019-04-04



Smart Lighting Solution

ANC Earphone Solution



4-Channel Security Camera Solution

Recap of Recent Major Events

- WPG Shareholders' Meeting Approved NT$2.7 Cash Dividend Per Share. (2019/06/28)
- WPG Board of Directors Approved Issuance of Preferred Shares A for Capital Increase. (2019/06/28)
- The Issuance of Preferred Shares A for Capital Increase Have Been Approved by FSC. (2019/07/30)

WPG Holdings

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WPG Holdings

Q&A

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Thank you

The Benchmark of Distribution