

WPG Holdings Limited First Half of Year 2006 Earning Release

August, 2006

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大聯大控股
WPG Holdings Limited

Agenda

- **Business Highlights (by Chairman)**
- **Financial Overview**
- **Closing Remarks (by Chairman)**
- **Q&A**

Agenda

- **Business Highlights (by Chairman)**
 - **WPG Vision**
 - **Financial Highlights**
 - **Operation Highlights**
- **Financial Overview**
- **Closing Remarks (by Chairman)**
- **Q&A (by Chairman, CEOs, CFOs)**

WPG Vision

- **WPG New Vision**

Asia's # 1 Electronics Distributor

→ the Best ROWC/ROE performer in Asia

- **WPG Shared Values**

**Teamwork, Integrity,
Professionalism, Efficiency**

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WPG Strategy

- **Resource Reallocation : focus on customers, products & markets which will maximize ROWC**
- **M&A : choose the qualified FCF / ROWC / ROE players for Maximum Cash Dividend Payout**
- **Upgrade personnel productivity through regional integration**

Financial Highlights

- **Improved operating efficiencies: ROWC & NWC/Sales**
- **Continued to grow profits at a much faster pace than sales**

ROWC = Operating Income/ NWC

■ **Operating income = GP\$-Opex\$**

■ **NWC (Net working Capital)= AR+ Inv-AP**

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Operational Highlights (1)

- **No. 4 Worldwide and No. 1 Asia Franchiser in terms of Y2005 Consolidated Sales (EMS, May06)**
- **New Product Line Agency**
 - 1H: Atheros (WiFi Mobile Phone), CREE (High Power LED)
 - 2H: Microchip (Microprocessor)
- **Get Better T&C from Suppliers, eg. Shipping Terms, Payment Terms, Stock Rotation etc.**
- **Reduced Customer Rebate Program**

Operational Highlights (2)

- **WPG Adopted ROWC as KPI to Improve Earning Quality**
- **ERP Implementation at WPI TWN & CN**
- **Logistics Integration in CN & SA Come toward Completion**
- **One Office Policy Implemented in 2nd Tier City in CN & SA**
- **On Going Restructuring Project: WPG (China) Inc.& WPG (Korea) Inc.**

Agenda

- Business Highlights (by Chairman)
- **Financial Overview**
 - P&L and BS
 - Key Financial Indicators
 - Segment Performance
- Closing Remarks (by Chairman)
- Q&A (by Chairman, CEOs, CFOs)

First Half Y06 Financial Highlights

- **ROWC** rose **322 basis points** to **11.15%** from Y2005end
- **NWC/Sales** achieved record low at **TW\$0.20**
- **ROE** improved **553 basis points** to **8.76%** vs. Y2005end

First Half Y06 Financial Highlights

- 1H Sales increased 3.3% YoY
- **1H** Gross profit increased 13.4% YoY to TW\$3.23bn, or 50 basis points. **2Q** Gross profit margin grew 100 basis points sequentially.
- **1H Operating profit increased 30% YoY to TW\$1.23bn, or 40 basis points. 2Q Operating margin increased 70 basis points.**
- **1H** EPS YoY by TW\$0.33 ascended to TW\$0.73. **2Q** EPS YoY by TW\$0.18 and by TW\$0.11 respectively rose to TW\$0.42.

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YoY Consol P&L - 1H05 vs 1H106

Unit:TW\$K

Item	WPG Holdings		WPG Holdings		YoY
	1H '05	%	1H '06	%	%Change
Net operating Revenue	52,838,009	100.0	54,571,405	100.0	3.3
Gross Profit	2,844,228	5.4	3,224,692	5.9	13.4
Operating Expenses	(1,900,467)	(3.6)	(1,998,324)	(3.7)	5.1
Operating Income	943,761	1.8	1,226,368	2.2	29.9
Net Non-operating Income	(472,786)	(0.9)	(422,778)	(0.8)	(10.6)
Net Financing costs	(309,600)	(0.6)	(451,166)	(0.8)	45.7
Inventory Provision & OBS	(135,724)	(0.3)	(37,078)	(0.1)	(72.7)
Profit Before Tax/Minority	470,975	0.9	803,590	1.5	70.6
Tax	(186,343)	(0.4)	(293,787)	(0.5)	57.7
Minority/Accounting Principle Change	(5,888)	(0.0)	(3,951)	(0.0)	(32.9)
Profit After Tax/Minority	278,744	0.5	505,852	0.9	81.5

EPS/PAT

0.40

0.73

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WPG Holdings Limited

YoY Consol B/S - 1H05 vs 1H106

Unit:TW\$M

item	WPG Holdings		WPG Holdings		YoY
	06/30/05	%	06/30/06	%	%Change
Current Assets	38,654	93	34,587	92	(10.5)
<i>Fund & LT investments</i>	<i>970</i>	<i>2</i>	<i>1,117</i>	<i>3</i>	<i>15.2</i>
Fixed Assets	1,607	4	1,515	4	(5.7)
<i>Others</i>	<i>475</i>	<i>1</i>	<i>307</i>	<i>1</i>	<i>(35.4)</i>
Total Assets	41,706	100	37,526	100	(10.0)
Current Liabilities	25,282	61	20,337	54	(19.6)
<i>Long-term Liabilities</i>	<i>5,220</i>	<i>13</i>	<i>4,195</i>	<i>11</i>	<i>(19.6)</i>
<i>Others</i>	<i>200</i>	<i>0</i>	<i>1,440</i>	<i>4</i>	<i>620.0</i>
Stockholders' Equity	11,004	26	11,554	31	5.0
Acct. Receivables	15,914	38	15,751	42	(1.0)
Inventory	15,366	37	14,059	37	(8.5)
Acct. Payables	9,458	23	7,678	20	(18.8)
AR Turnover (Days)		50		58	
Inventory Turnover (Days)		53		50	
AP Turnover (Days)		28		31	
Average Collection Periods (Days)		75		78	
Debt/Asset Ratio	74%		69%		
Debt/Equity Ratio	279%		225%		
Gearing Ratio	171%		139%		

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QoQ Consol P&L - Q1'06 vs Q2'06

Unit:TW\$K

Item	WPG Holdings		WPG Holdings		QoQ
	Q1 '06	%	Q2 '06	%	%Change
Net operating Revenue	27,747,895	100.0	26,823,510	100.0	(3.3)
Gross Profit	1,500,382	5.4	1,724,310	6.4	14.9
Operating Expenses	(980,541)	(3.5)	(1,017,783)	(3.8)	3.8
Operating Income	519,841	1.9	706,527	2.6	35.9
Net Non-operating Income	(204,647)	(0.7)	(218,131)	(0.8)	6.6
Net Financing costs	(221,042)	(0.8)	(230,124)	(0.9)	4.1
Inventory Provision & OBS	(22,303)	(0.1)	(14,775)	(0.1)	(33.8)
Profit Before Tax/Minority	315,194	1.1	488,396	1.8	55.0
Tax	(110,705)	(0.4)	(183,082)	(0.7)	65.4
Minority/Accounting Principle Change	8,948	0.0	(12,899)	(0.0)	(244.2)
Profit After Tax/Minority	213,437	0.8	292,415	1.1	37.0

EPS/PAT

0.31

0.42

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YoY Consol P&L - Q205 vs Q206

Unit:TW\$K

Item	WPG Holdings		WPG Holdings		YoY
	Q2 '05	%	Q2 '06	%	%Change
Net operating Revenue	29,167,910	100.0	26,823,510	100.0	(8.0)
Gross Profit	1,649,590	5.7	1,724,310	6.4	4.5
Operating Expenses	(1,117,522)	(3.8)	(1,017,783)	(3.8)	(8.9)
Operating Income	532,068	1.8	706,527	2.6	32.8
Net Non-operating Income	(236,899)	(0.8)	(218,131)	(0.8)	(7.9)
Net Financing costs	(174,636)	(0.6)	(230,124)	(0.9)	31.8
Inventory Provision & OBS	(56,376)	(0.2)	(14,775)	(0.1)	(73.8)
Profit Before Tax/Minority	295,169	1.0	488,396	1.8	65.5
Tax	(111,246)	(0.4)	(183,082)	(0.7)	64.6
Minority/Accounting Principle Change	1,226	0.0	(12,899)	(0.0)	(1,152.1)
Profit After Tax/Minority	185,149	0.6	292,415	1.1	57.9

EPS/PAT

0.24

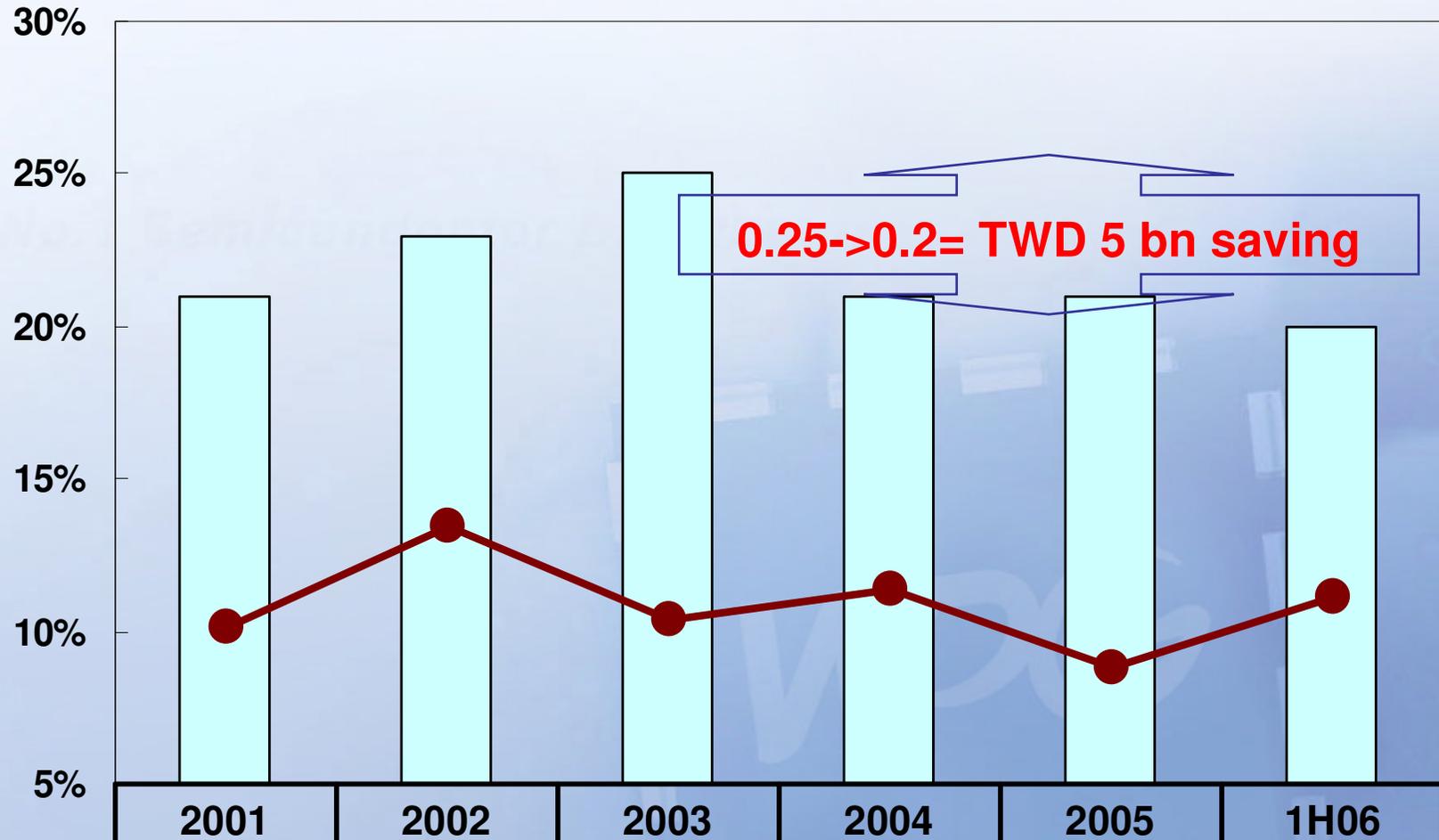
0.42

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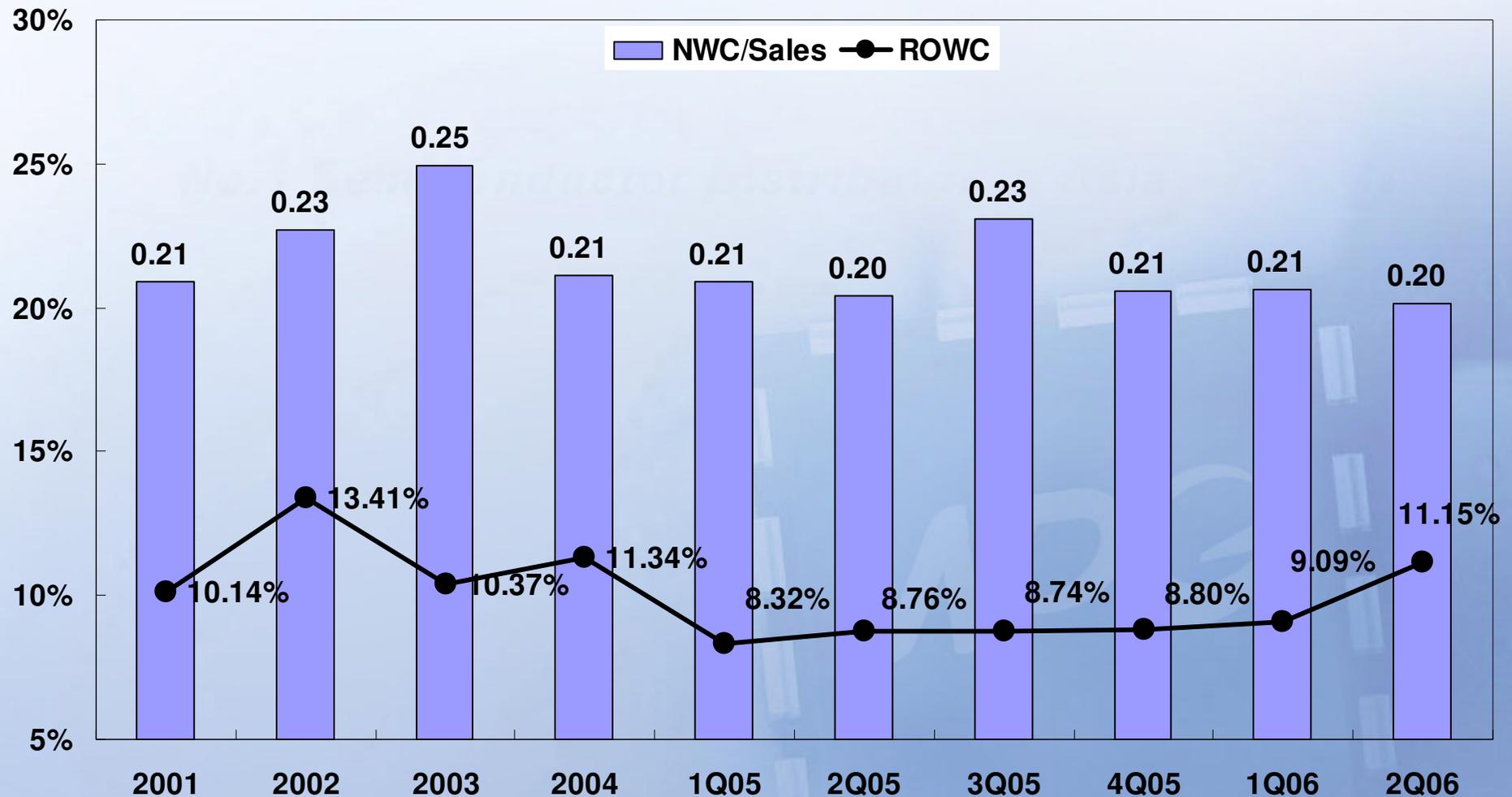
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ROWC vs. NWC/Sales



NWC/Sales	0.21	0.23	0.25	0.21	0.21	0.20
ROWC	10.14%	13.41%	10.37%	11.34%	8.80%	11.15%

ROWC vs. NWC/Sales

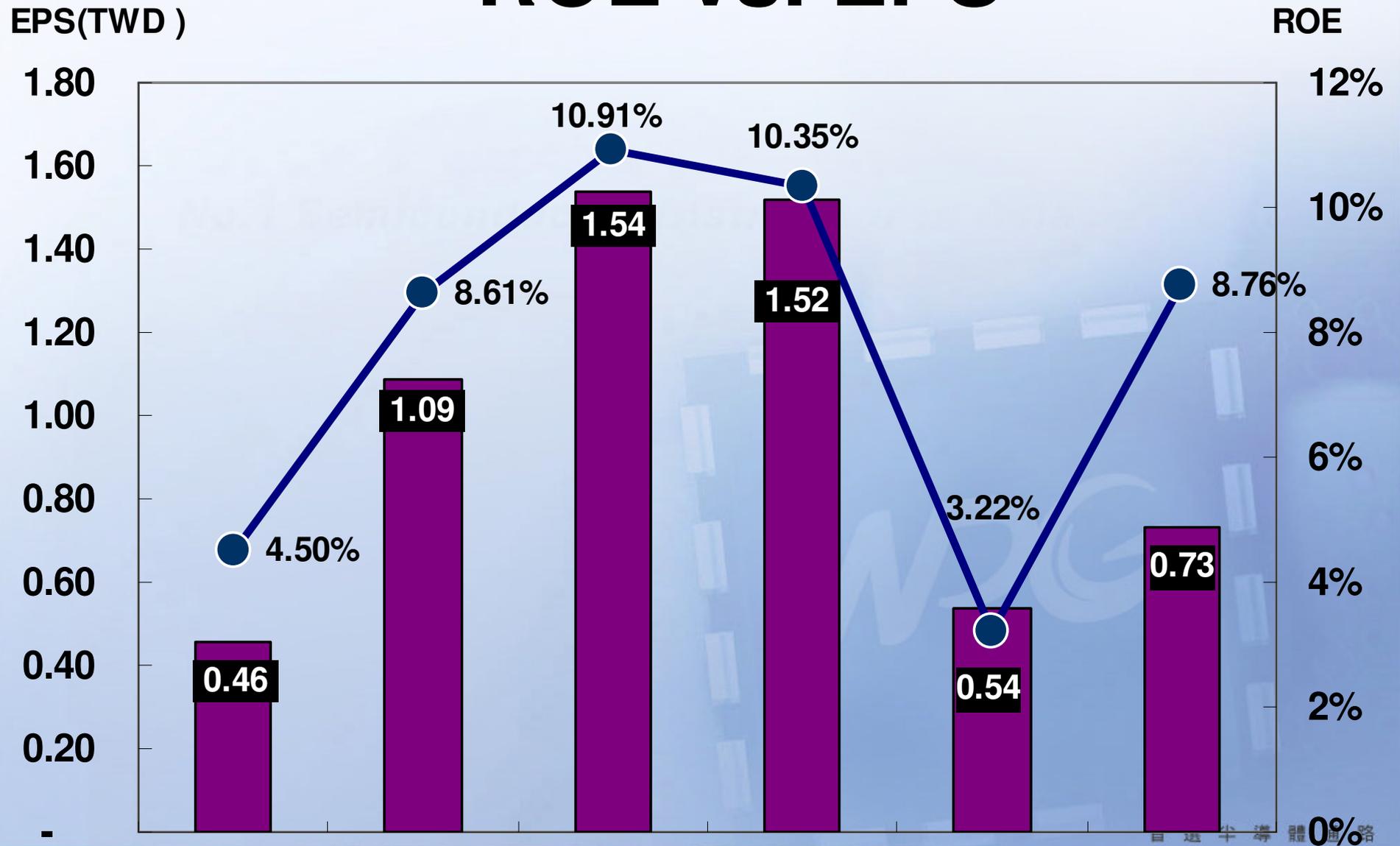


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ROE vs. EPS



2001

2002

2003

2004

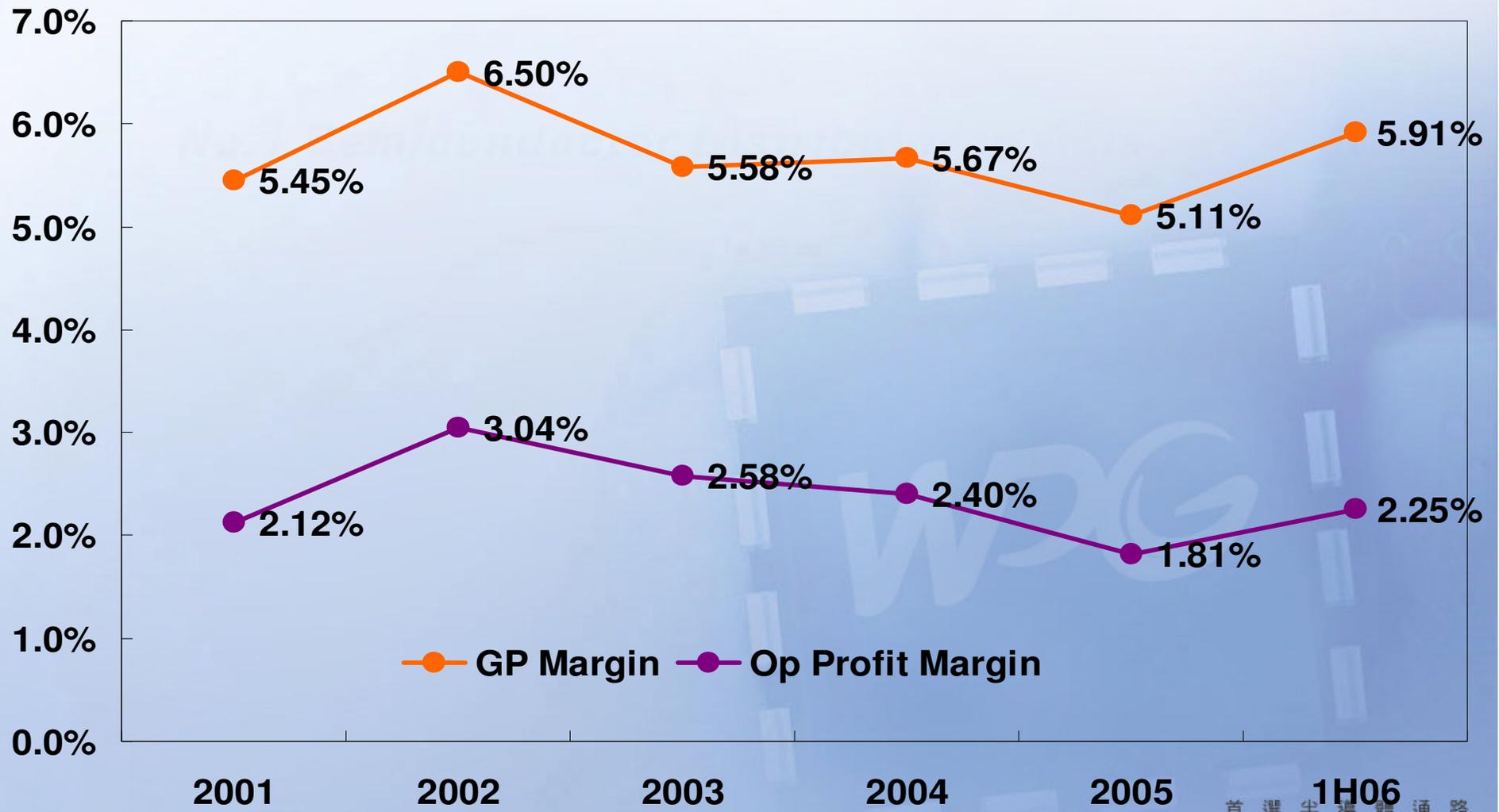
2005

2006



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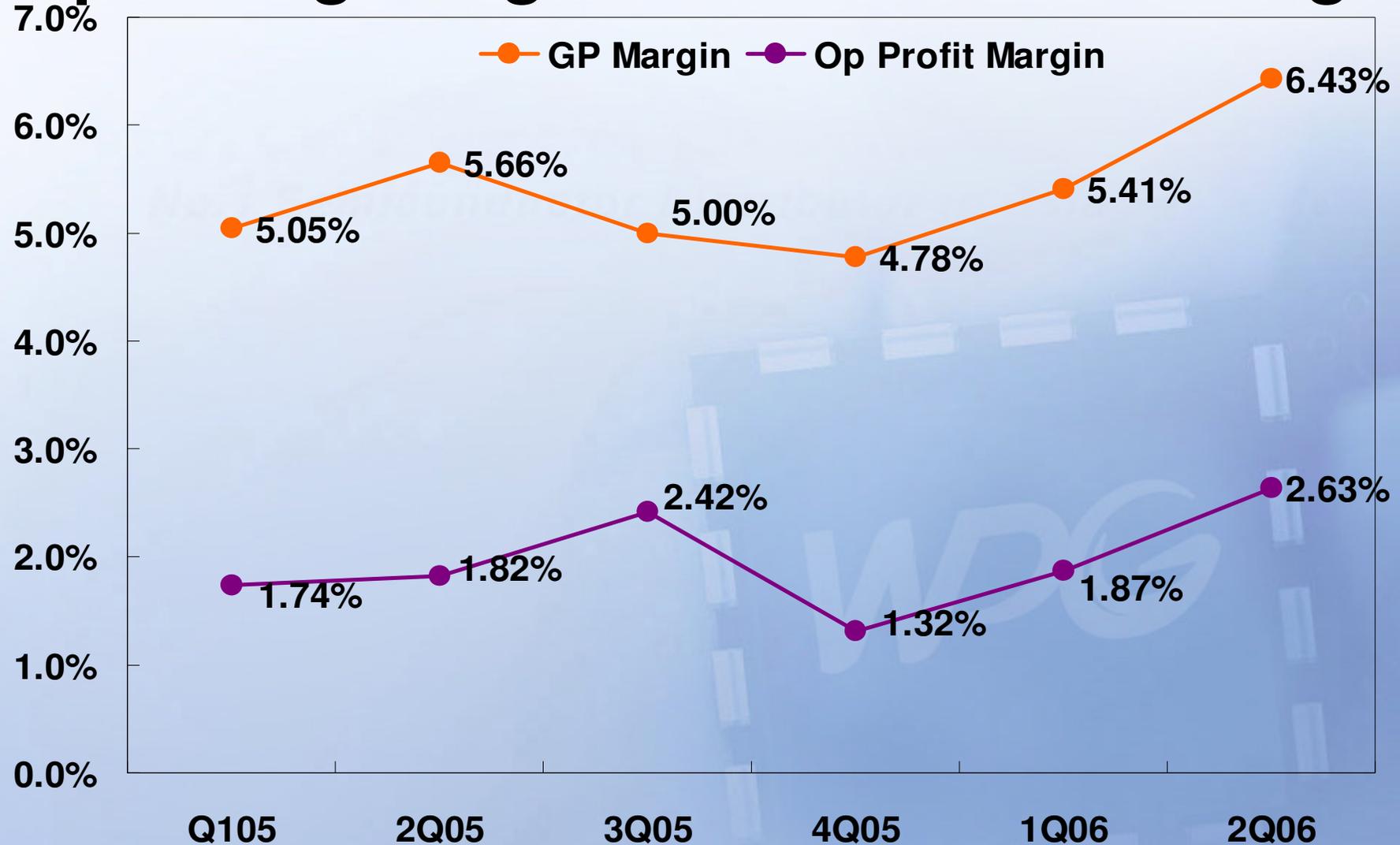
Operating Margin vs. Gross Profit Margin



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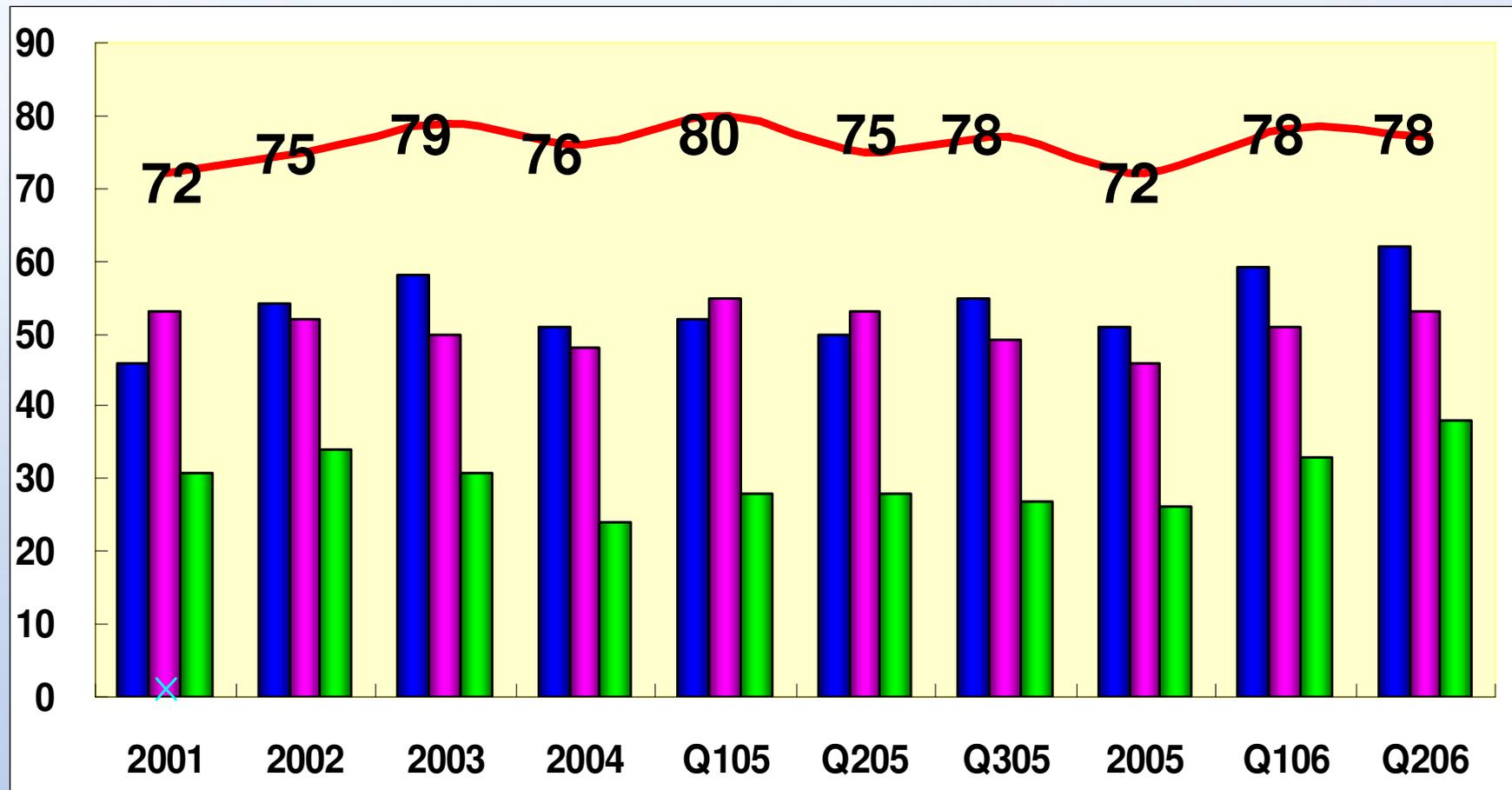
Operating Margin vs. Gross Profit Margin



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Operating Cash Cycle

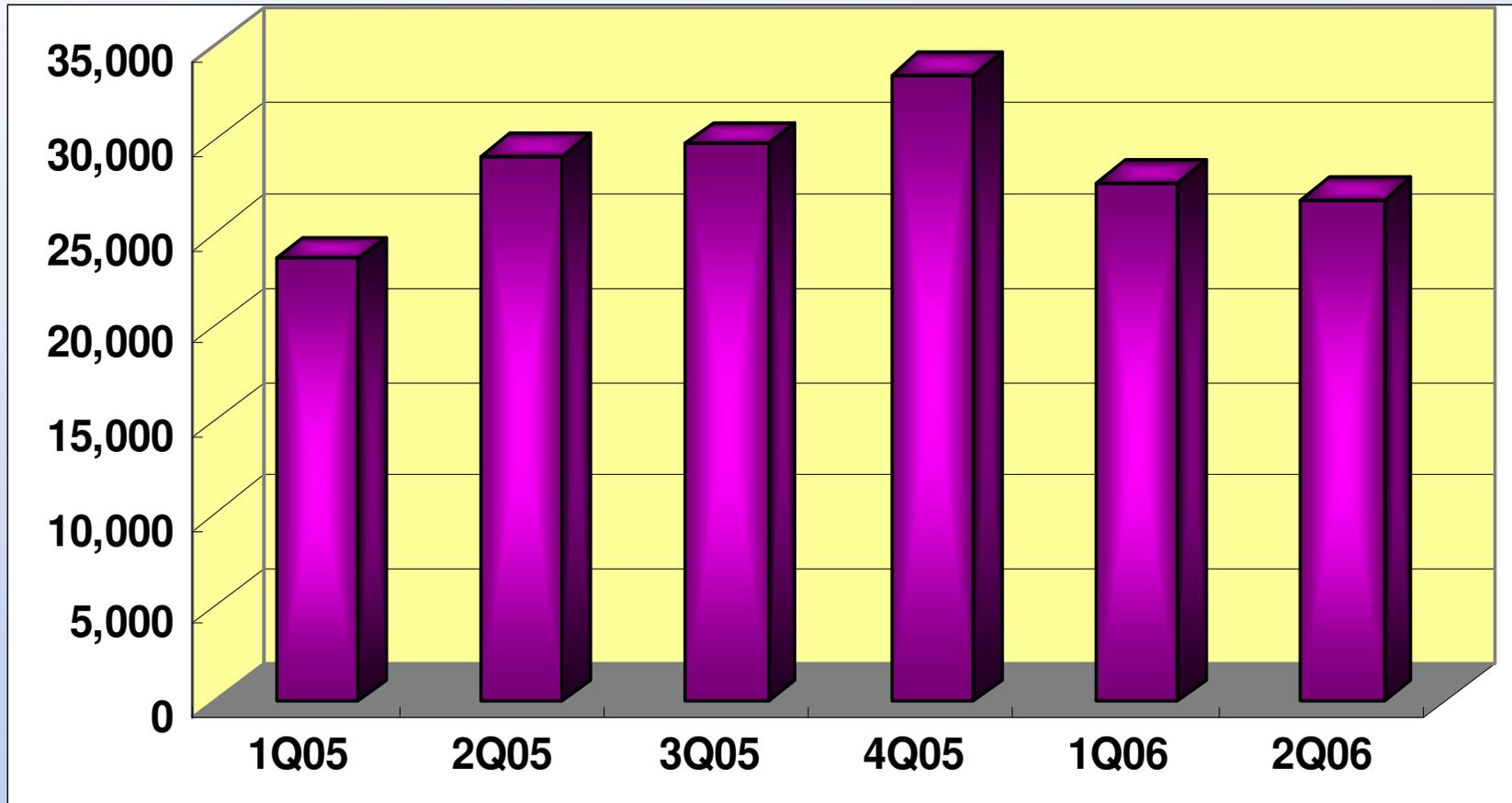


■ AR in Days
■ AP in Days

■ Inventory in Days
— Operating Cash Cycle (days) 導體通路



Revenue Performance



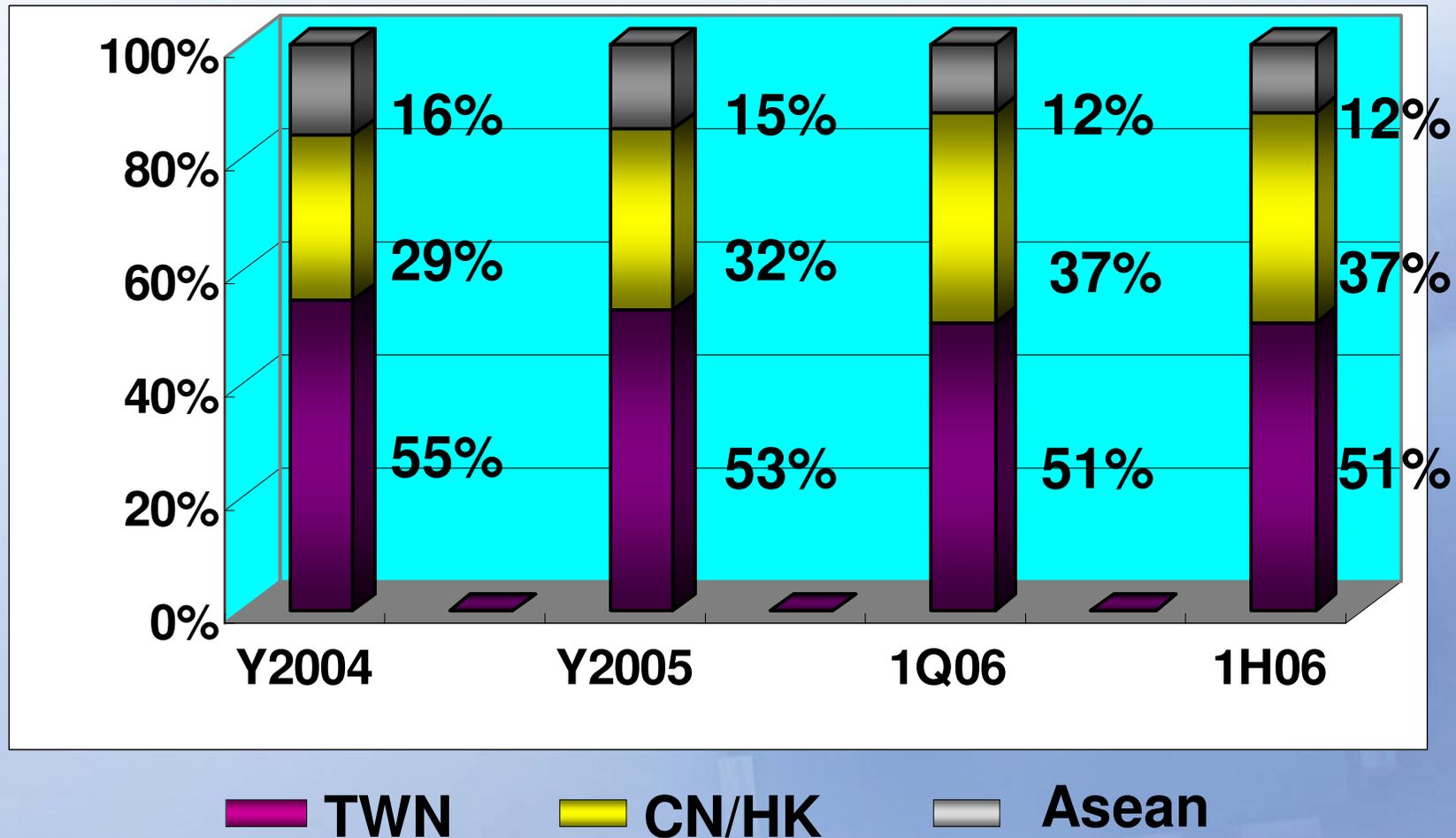
23,670	29,168	29,775	33,546	27,748	26,776
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Y2004/5/1Q06/1H06 Invoice Sales by Region

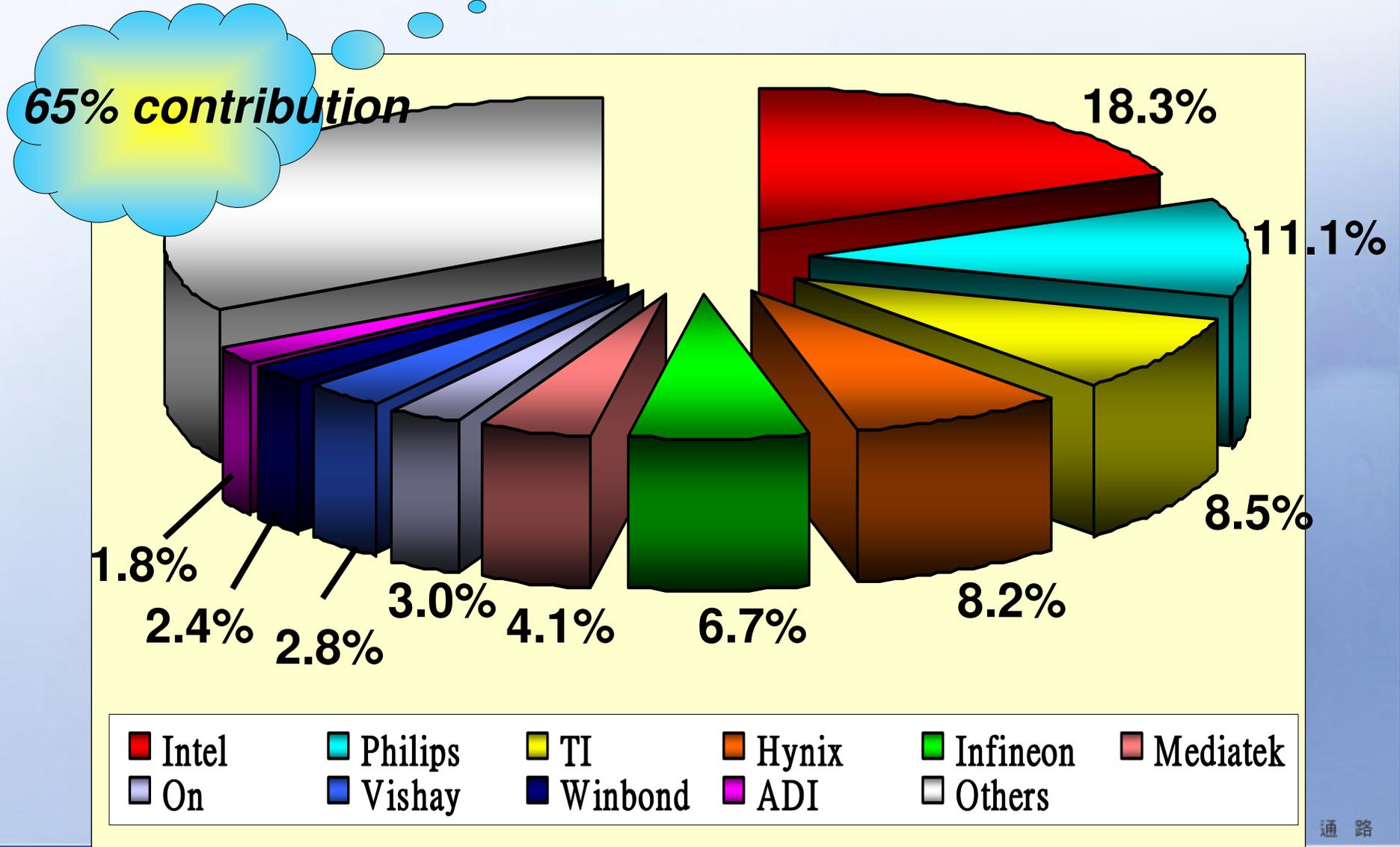


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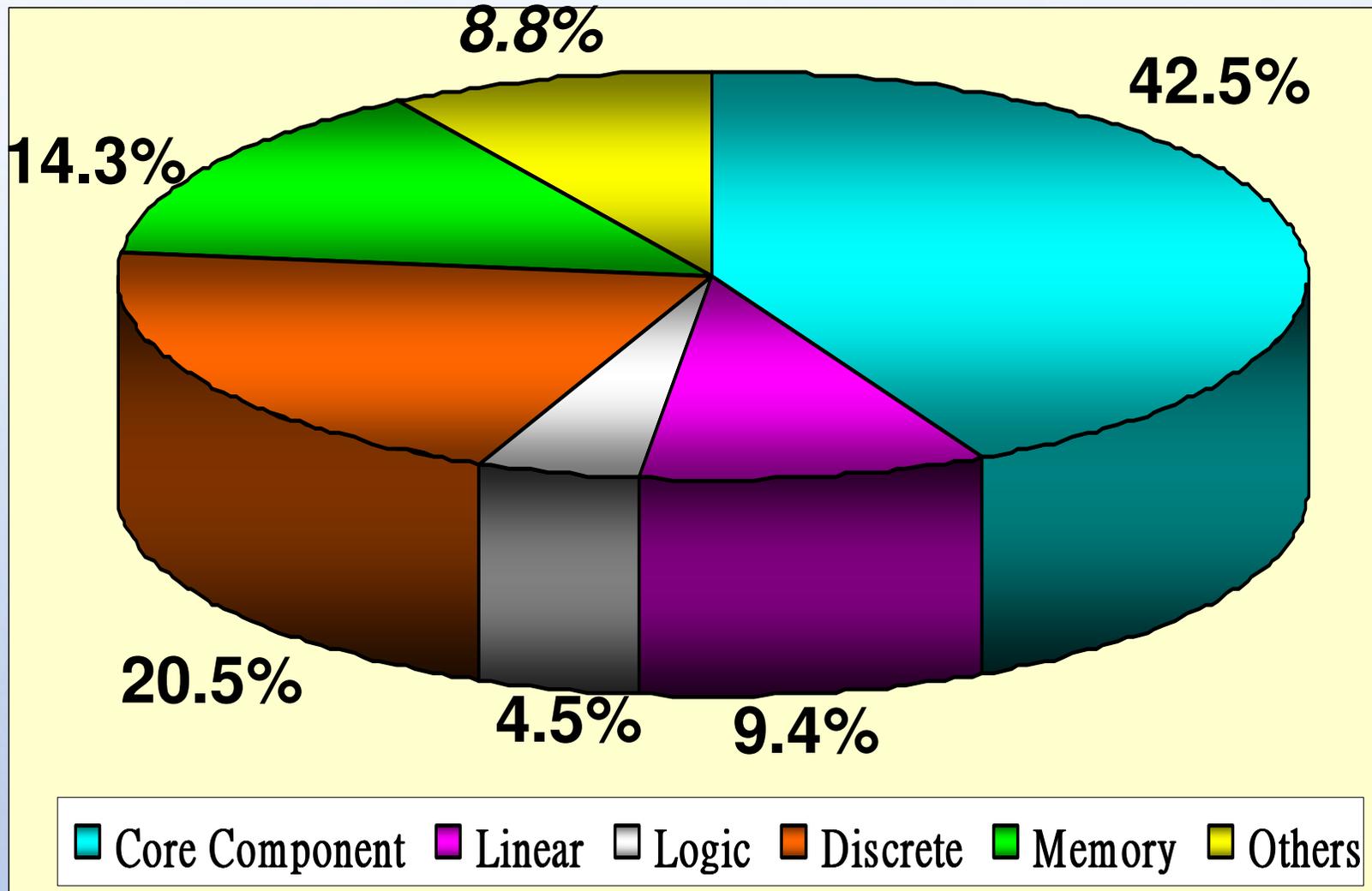
1HY06 Top 10 Product Lines



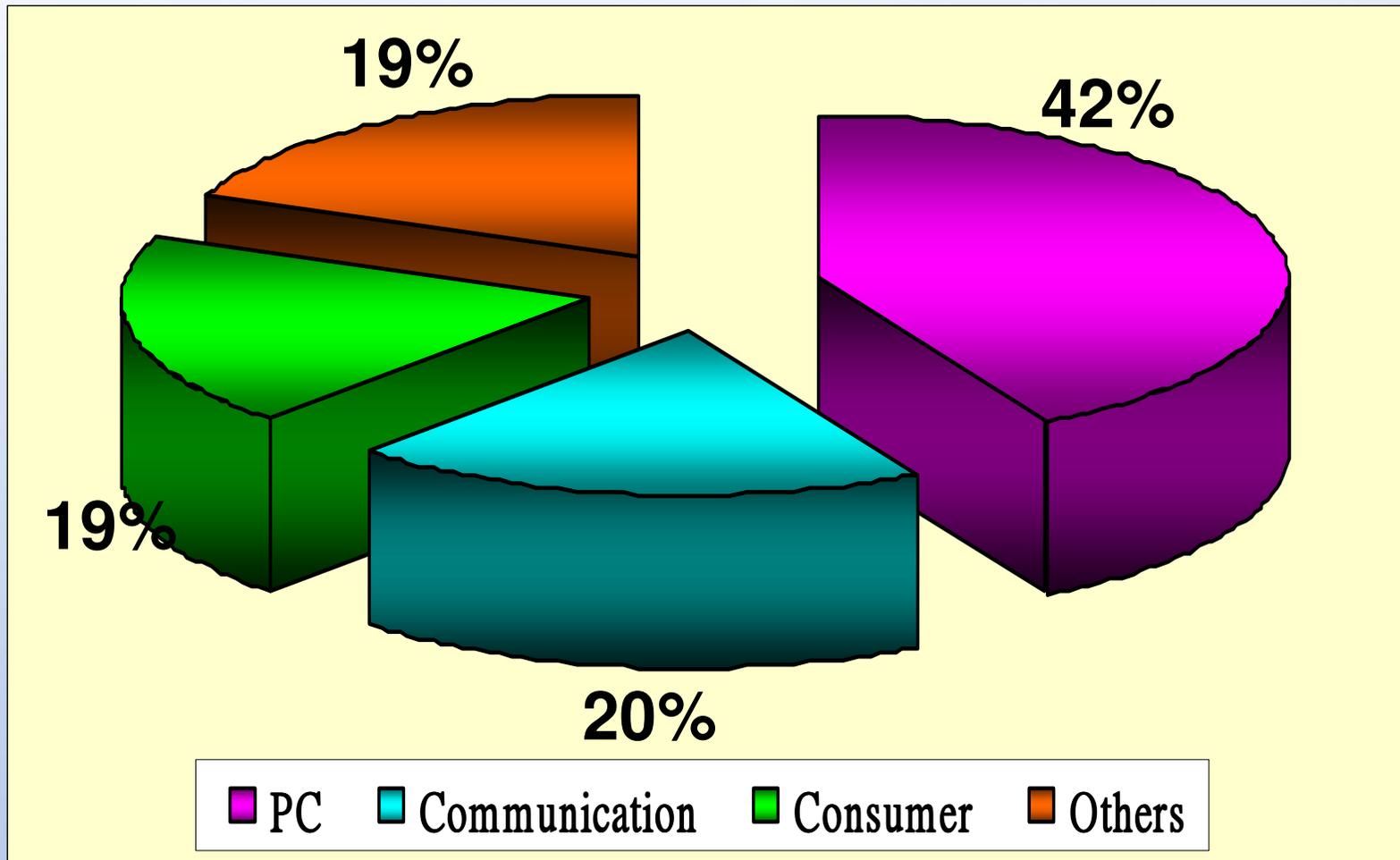
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1HY06 Sales by Device Type



Y2005 Sales by End-Mkt Application



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- Q&A (by Chairman, CEOs, CFOs)

ROWC vs. Shareholder Value

- **ROWC, the Leading Indicator of ROE & EPS**
- **Enhance ROWC**
 - **Reduce NWC/Sales**
 - **Improve Debt/Equity Ratio**
 - **Positive Operating Cash Flow**
 - **Optimum Cash Dividend Payout**

WPG Improvement Roadmap

- **2006** ROWC Adoption
- **2007 Onward** ROWC Deployment
Tax Planning
Restructure & Integration

World's
No.1 Semiconductor Distributor

Q&A

WPG

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