

WPG Holdings Ltd. 2006 3Q Earning Release

November 1 , 2006

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大聯大控股
WPG Holdings Limited

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.

In addition, any financial information contained here within is presented in conformity with accounting principles generally accepted in the Republic of China ("ROC GAAP").

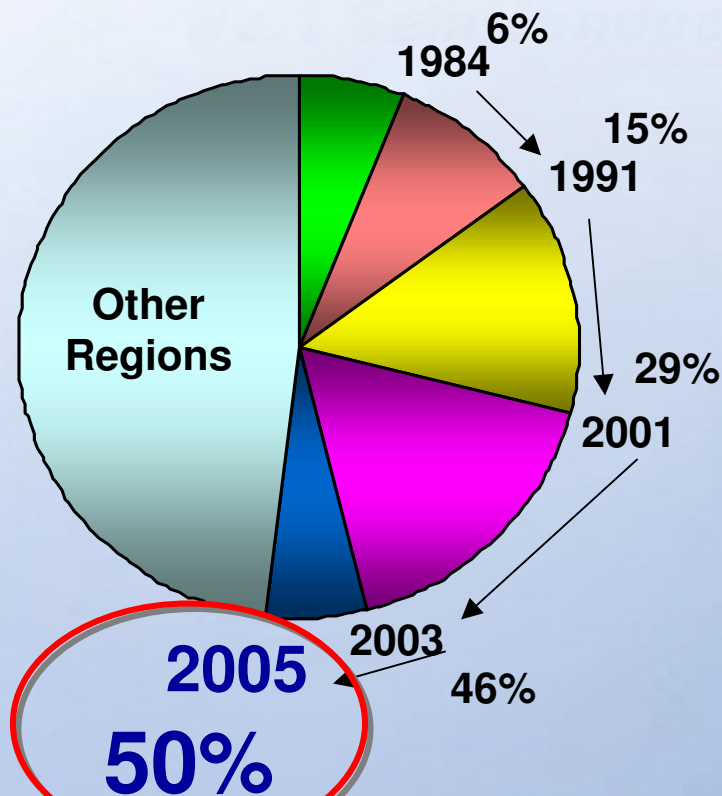
Our release of financial forecasts and forward-looking statements at any particular time does not create any duty of disclosure beyond that which is imposed by law, and we expressly disclaim any obligation to publicly update or revise any forecasts or forward-looking statements, whether as a result of new information, future events or otherwise.

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Agenda

- Welcome
- Introduction
- Financial Highlights & Overview
- Q&A

Growing Significance of Asian Semi Market



Gartner Dataquest
(May 2006)

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(US\$)	2005	2006(F)	2010(F)
WW SC TAM	235B	259B	352B
WW SC TAM in APAC	117B	135B	201B
30% DTAM in APAC	35B	41B	60B
WPG's Sales	3.6B		
WPG's Mkt Share in APAC	10%		

Y2005/10CAGR

WW: 8.0%

Asia/Pac: 11.1%

Y2003:8%

Y2004:8%

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Y05 Top 15 Global Franchised Dists

World # 4

Asia # 1

Rank 2005	Rank 2004	Company Name	2005 total global revenue	2004 total global revenue	% change from 2004	2005 Americas revenue	2005 Asian/ Japanese revenue	2005 Euro/ East revenue	2005 Other revenue	2005 Private revenue
1	1	Avnet Inc.	12,611	10,766	17.10%	6,582	2,119	3,910	b	pu
2	2	Arrow Electronics, Inc.	11,164	10,646	4.9%	6,365	1,466	3,333	b	pu
3	3	Future Electronics	3,650	3,500	4.3%	2,650	500	500	b	pr
4	5	WPG Holdings Limited	3,630	2,259	60.7%	0	3,630	0	b	pu
5	4	Bell Microproducts	3,194	2,828	12.9%	1,437	0	1,757	s	pu
6	8	Premier Farnell plc	1,455	1,425	2.1%	664	20	771	c	pu
7	7	Electrocomponents plc	1,331	1,425	4.5%	240	27	1,064	c	pu
8	9	TTI Inc. / Mouser Electronics Inc.	973	877	11.0%	712	53	208	s / c	pr
9	10	Digi-Key Corporation	630	531	18.8%	565	28	37	c	pr
10	11	Richardson Electronics, Ltd	603	570	5.8%	353	110	140	s	pu
11	13	NuHorizons	534	458	16.6%	398	120	16	s	pu
12	12	Excelpoint Technology Ltd	453	592	-23.5%	0	453	0	b	pu
13	14	All American Semiconductor Inc.	435	409	6.4%	428	3	4	b	pu
14	15	DAC Group	381	345	10.6%	373	4	4	s	pr
15	17	Laco Electronics Inc.	218	235	-7.2%	211	2	5	b	pu
TOTALS			41,262	36,866		20,978	8,535	11,749		

Source : Electronics Supply & Manufacturing 2005. May

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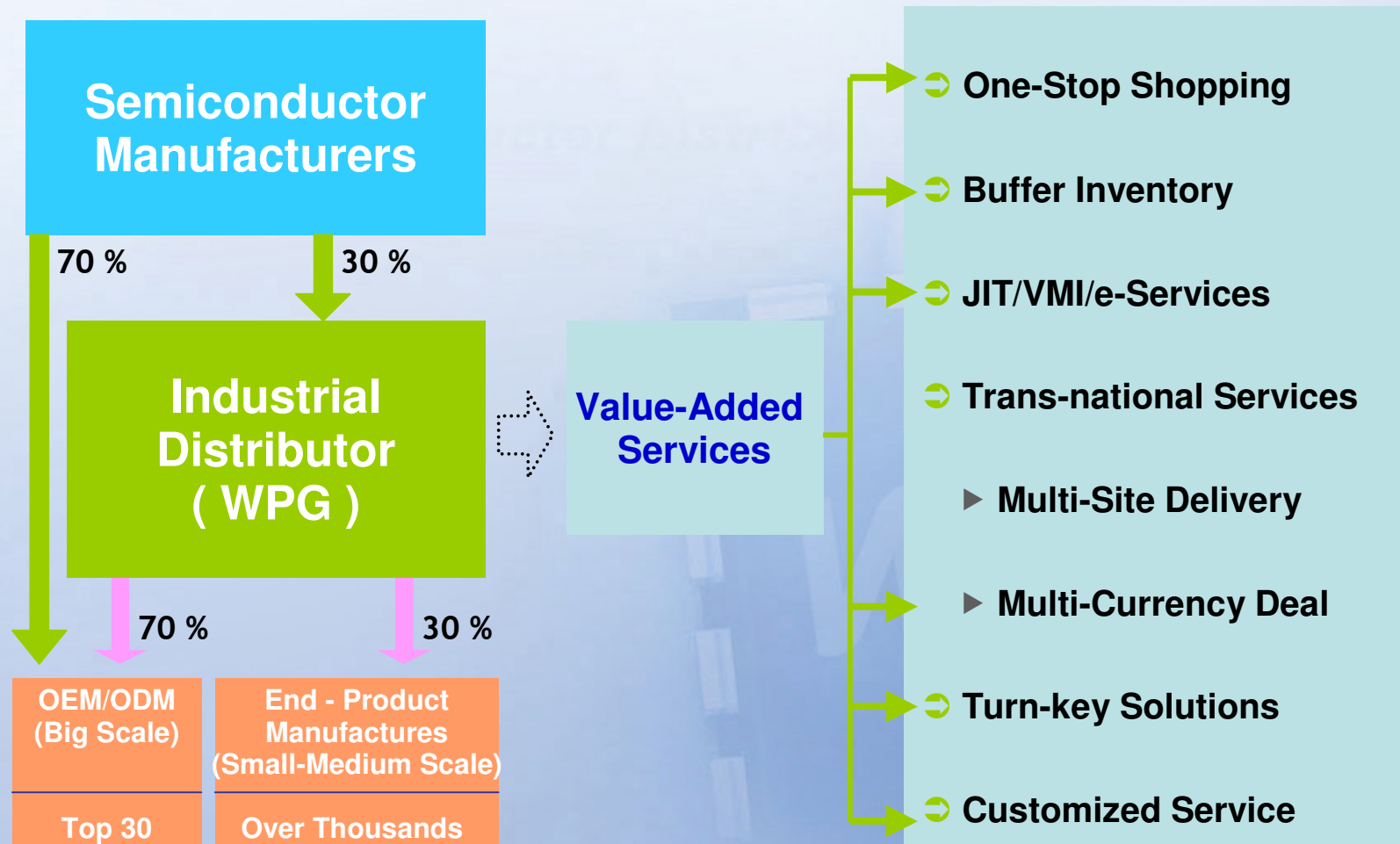
Asia Distribution Environment

- **Unreliable Forecast**
- **Short Lead-time Orders**
- **Order/Delivery Processing Cross Countries**
- **Custom shipping services**
- **Hub/VMI/BTO...**
- **Long Payment Terms**
- **Turn-key Solutions**
- **Custom programming solutions**

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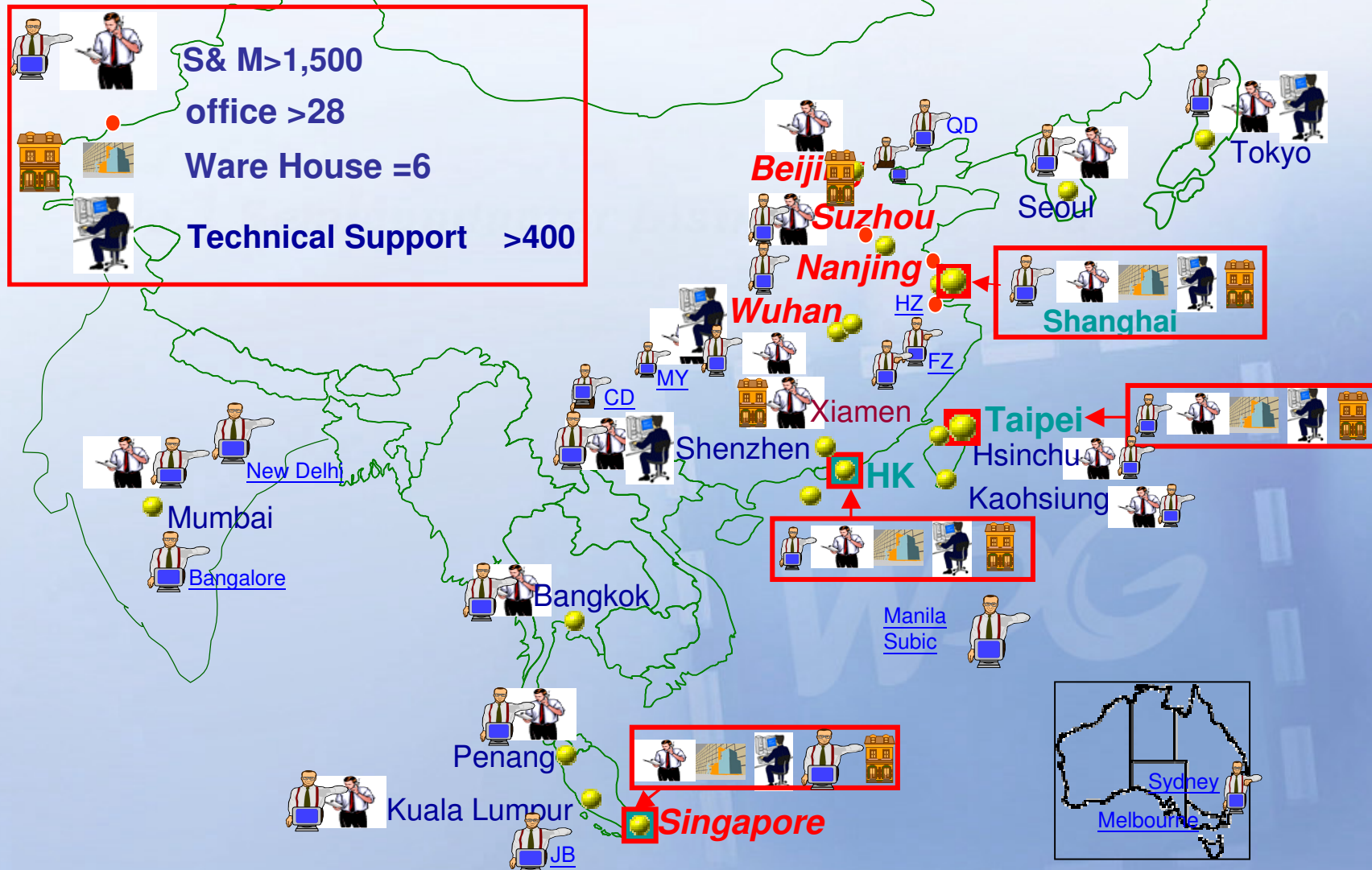
WPG Holdings Value-Added Services Towards Total Satisfaction



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Sales Office/Warehouse Presence

 S& M > 1,500
 office > 28
 Ware House = 6
 Technical Support > 400



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What WPG provides:

- Demand creation/Solution provider culture Pan-Asia.
- Supply Chain optimized to handle business Pan-Asia.
- Full spectrum of programs for principal and/or customer support.
- B2B/eSupply Chain experience for customers (& principals).
- Comprehensive, consistent reporting capabilities Pan-Asia.
- Financial strength: Able to invest to grow the business.

WPG Vision

■ WPG New Vision

Asia's # 1 Electronics Distributor

→ the Best ROWC/ROE performer in Asia

■ WPG Shared Values

**Teamwork, Integrity,
Professionalism, Efficiency**

ROWC = Adj. Operating Margin/ NWC

■ Adj. Operating margin = Oper income – Stock Provision & OBS

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

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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

- Consolidated Sales of **NT\$ 32.75bn** , +22% Q/Q & +10% Y/Y
- Net income record high to **NT\$ 556m**, +71% Q/Q & +79% Y/Y , EPS at high level at **NT\$0.82** & Ytd EPS **NT\$1.6**, Continued profit growth faster than sales
- ROWC at **18.17%** , improved for 3rd consecutive quarter
 - Adj. Operating income increased 42.8% Q/Q to **NT\$929m** , or 42 basis points.
 - Working Capital / Sales improved from 0.2 to **0.16** , NT\$1.2bn Working Capital Employed decreased.
- Ytd generated **NT\$4.86bn** operating cash flow , Gearing % improved from 173% to **118%** , **NT\$ 337m** for stock buyback.體通路

3Q'06 Result Highlights

Unit:NT\$million	3Q06	2Q06	3Q05
item	<i>AMOUNT</i>	<i>AMOUNT</i>	<i>AMOUNT</i>
Net Sales	32,751	26,895	29,775
Operating Income	974	659	721
Net Income	556	324	311
EPS	0.82	0.47	0.45
Total Assets	40,983	38,090	44,253
Total Liabilities	28,720	26,432	32,446
Total Equity	12,263	11,658	11,807
Net Working Capital	20,451	21,688	25,396

KEY Indices

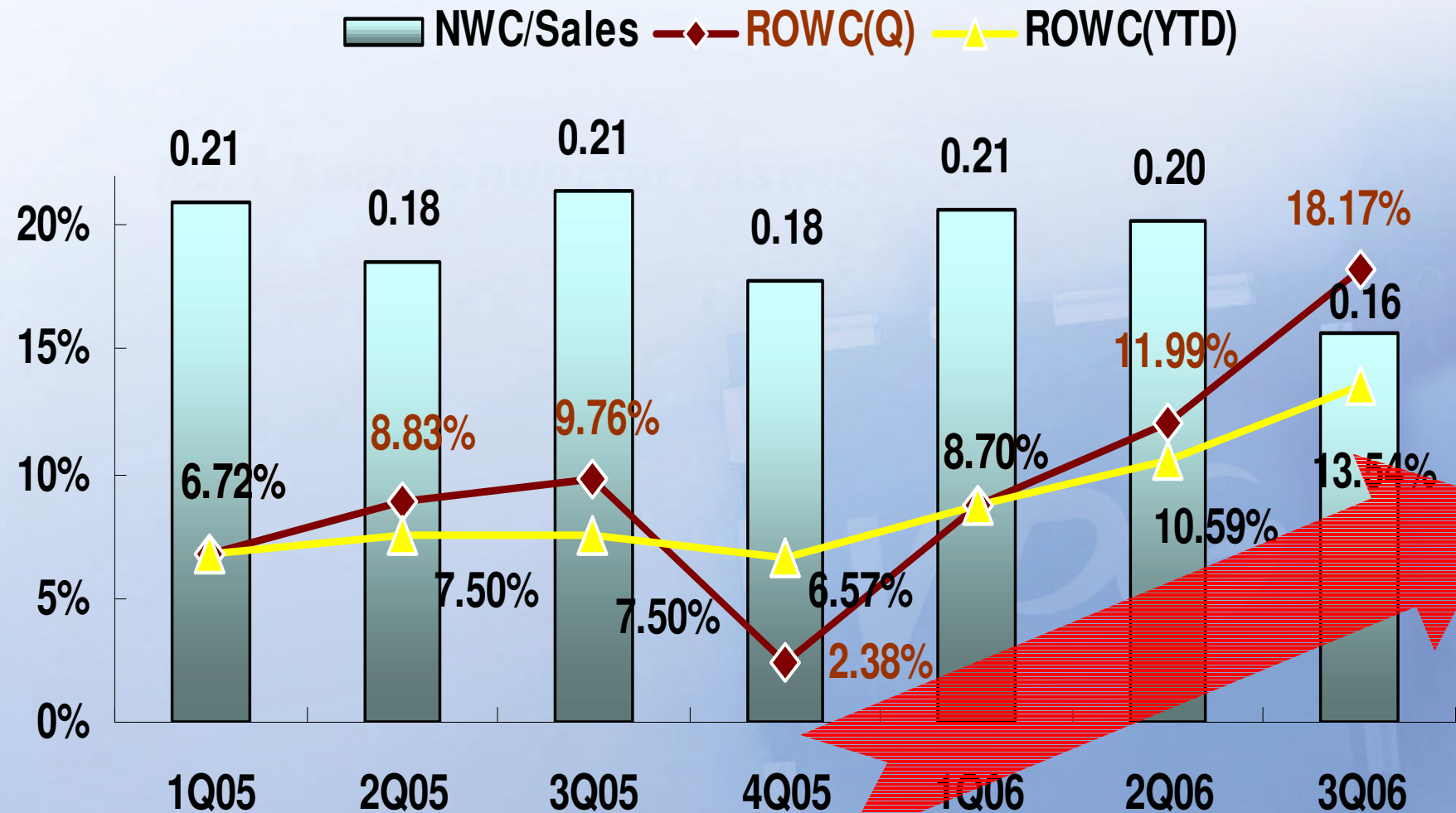
ROWC	18.17%	11.99%	9.76%
NWC/Sales	0.16	0.20	0.21
ROE	18.12%	11.12%	10.50%

(1).Annualized for the quarter

(2).No of Shares (in K) 693,202

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ROWC vs. NWC/Sales



Note: Annualized

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Income Statements

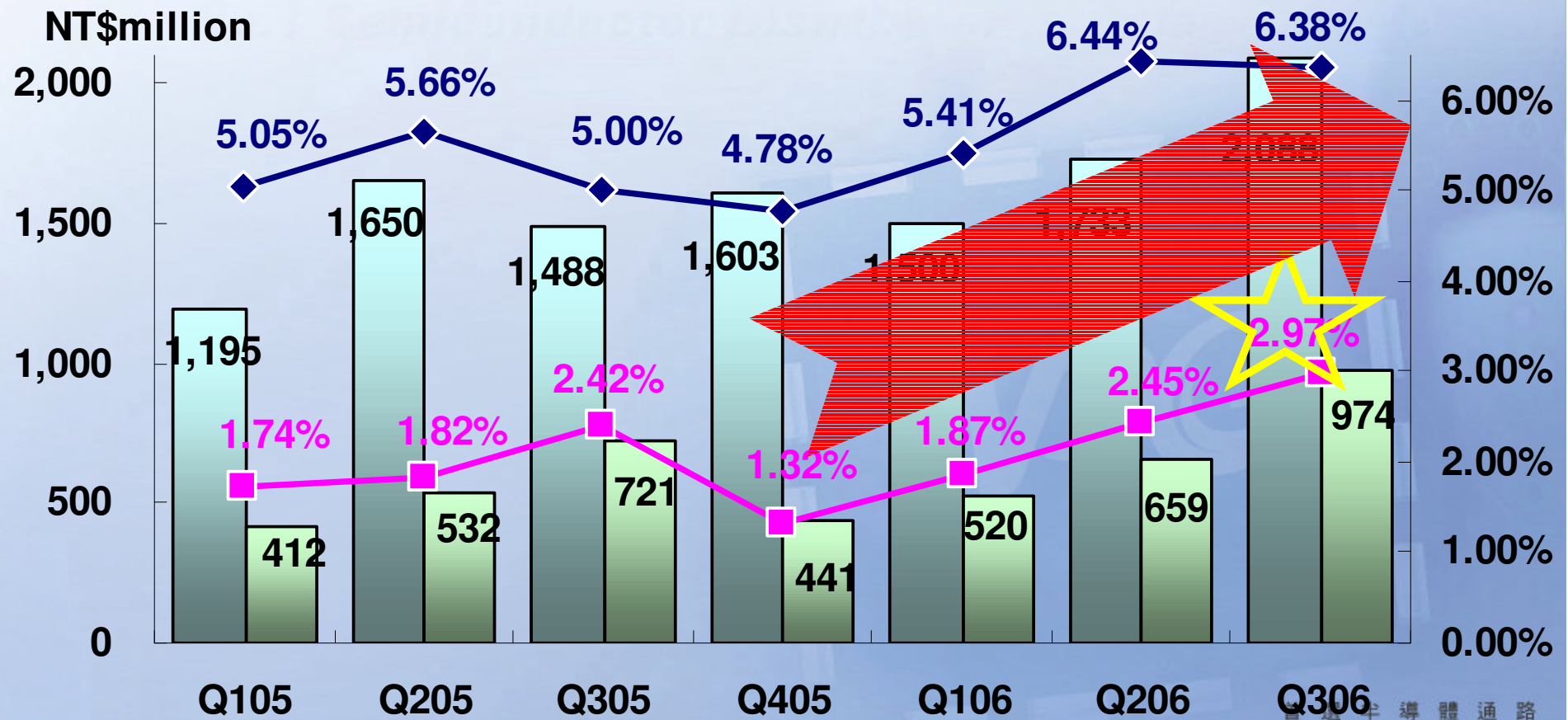
Unit:NT\$K

Item	3Q06	2Q06	QoQ(%)	3Q05	YoY(%)
Net operating Revenue	32,751,405	26,894,986	21.8	29,775,489	10.0
COGS	(30,663,446)	(25,161,871)	21.9	(28,287,632)	8.4
Gross Profit	2,087,959	1,733,115	20.5	1,487,857	40.3
Gross Margin	6.4%	6.4%		5.0%	
Operating Expenses	(1,113,632)	(1,074,380)	3.7	(767,218)	45.2
Operating Income	974,327	658,735	47.9	720,639	35.2
Operating Margin	3.0%	2.4%		2.4%	
Net Non-operating Income (Expense)	(234,741)	(201,734)	16.4	(294,263)	(20.2)
Net Financing costs	(233,684)	(202,084)	15.6	(176,660)	32.3
Inventory Provision & OBS	(45,536)	(8,371)	444.0	(100,703)	(54.8)
Others	44,479	8,721	410.0	(16,900)	(363.2)
Profit Before Tax/Minority	739,586	457,001	61.8	426,376	73.5
Tax	(159,599)	(131,208)	21.6	(93,232)	71.2
Minority/Accounting Principle Change	(24,452)	(1,642)	1,389.2	(22,452)	8.9
Profit After Tax/Minority	555,535	324,151	71.4	310,692	78.8
Net Margin	1.70%	1.21%		1.04%	
EPS (NTD)	0.82	0.47	74.5	0.45	83.0
Tax Rate	22%	29%		22%	
(1).No of Shares (in K)	693,202				

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Operating Margin vs. Gross Margin

■ Gross Profit ■ Operating Income
—■— Operating Margin —◆— Gross Margin



Balance Sheets

Unit:NT\$million

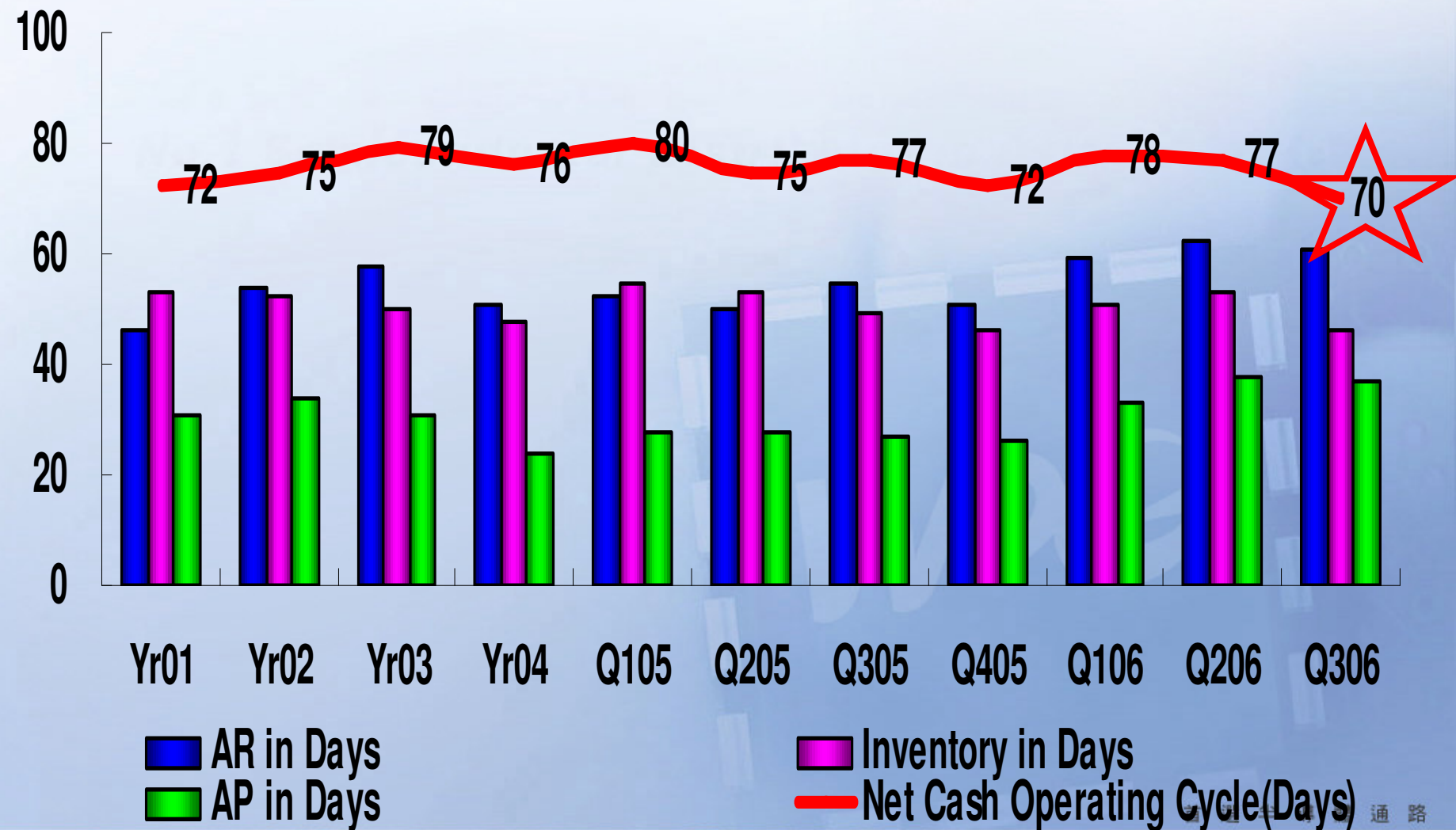
item	3Q06		2Q06		3Q05	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
Cash & Marketable Securities	2,839	7	2,558	7	3,509	8
Accounts Receivable - Trade	19,365	47	16,066	42	20,581	47
Inventory	13,516	33	14,273	37	14,583	33
Current Assets	38,197	93	35,219	92	40,999	93
Others	2,786	7	2,871	8	3,254	7
Total Assets	40,983	100	38,090	100	44,253	100
Accounts Payable	12,430	30	8,651	23	9,768	22
Accrued Liabilities and Others	11,968	29	13,159	35	18,954	43
Current Liabilities	24,398	60	21,810	57	28,722	65
Long-term Liabilities	3,985	10	4,291	11	3,477	8
Others	337	1	331	1	247	1
Total Liabilities	28,720	70	26,432	69	32,446	73
Total Equity	12,263	30	11,658	31	11,807	27

KEY Indices

AR Turnover (Days)	61	60	57
Inventory Turnover (Days)	46	50	49
AP Turnover (Days)	37	33	27
Average Collection Periods (Days)	70	77	78
Current Ratio(%)	1.6	1.6	1.4
Net Working Capital (\$)	20,451	21,688	25,396
Debt/Asset Ratio	70%	69%	73%
Debt/Equity Ratio	234%	227%	275%
Gearing Ratio	118%	137%	173%

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Operating Cash Cycle



Cash Flows

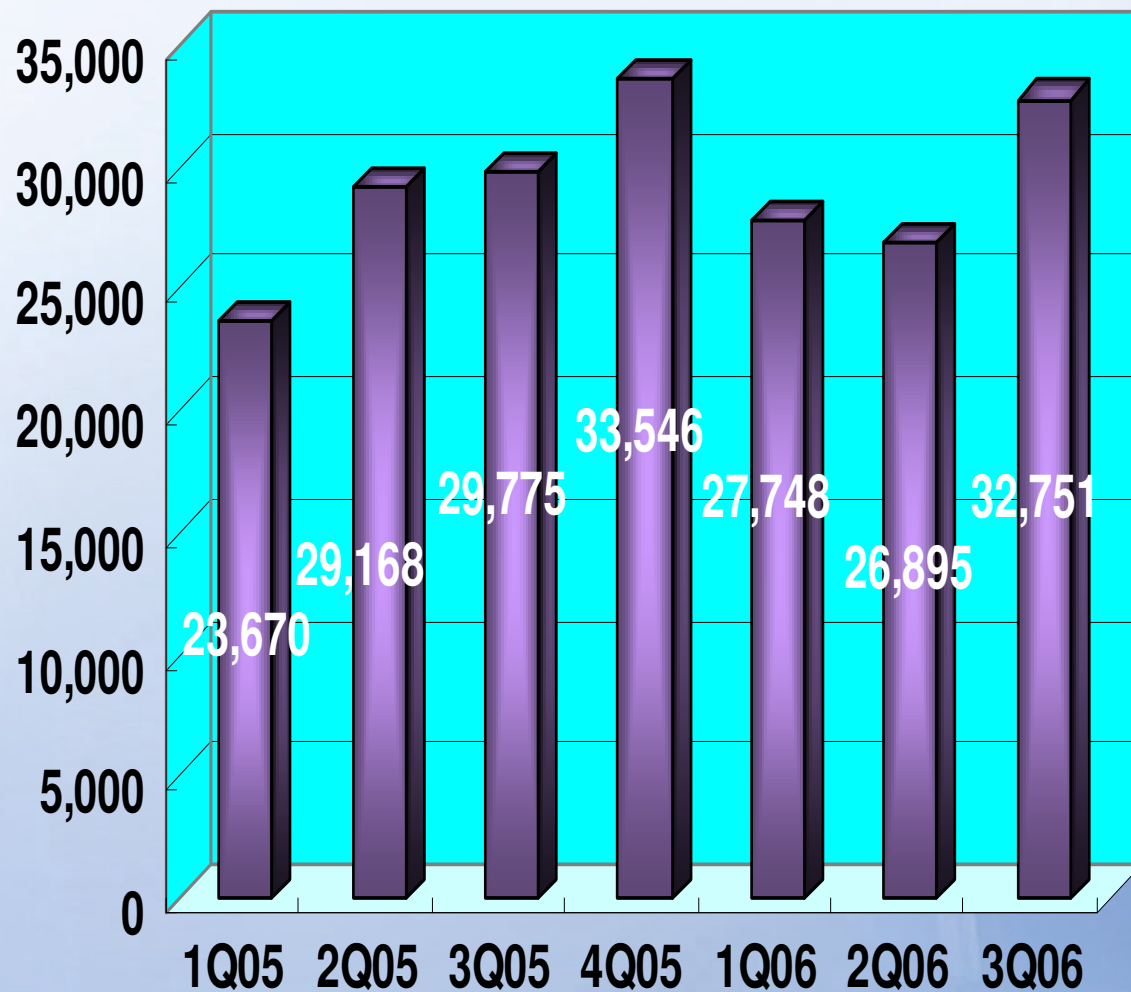
Amount:NT\$million

	3Q'06 Amount	2Q'06 Amount
-Net Income(Note)	580.0	325.8
-Changes of NWC	1,236.8	1,198.0
-Other Op Sources(Uses)	9.7	302.5
From Operation	1,826.5	1,826.3
-Financial Instrument	78.7	322.2
-Capital Expenditure	1.7	(12.2)
-Other Investing Sources(Uses)	39.3	(13.3)
From Investment	119.6	296.6
-Financial Debt	(1,579.6)	(1,918.2)
-Treasury Stock	(222.1)	(95.8)
-Cash Dividends	(109.3)	-
-Other Financing Sources(Uses)	(6.2)	(35.0)
From Financing	(1,917.2)	(2,049.1)
Net Cash Position Change	28.9	73.9
Exchange Rate Change & Others	240.0	70.3
Ending Cash Balance	2,664.1	2,395.1

(1).Minority interest is included.

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Consolidated Revenue



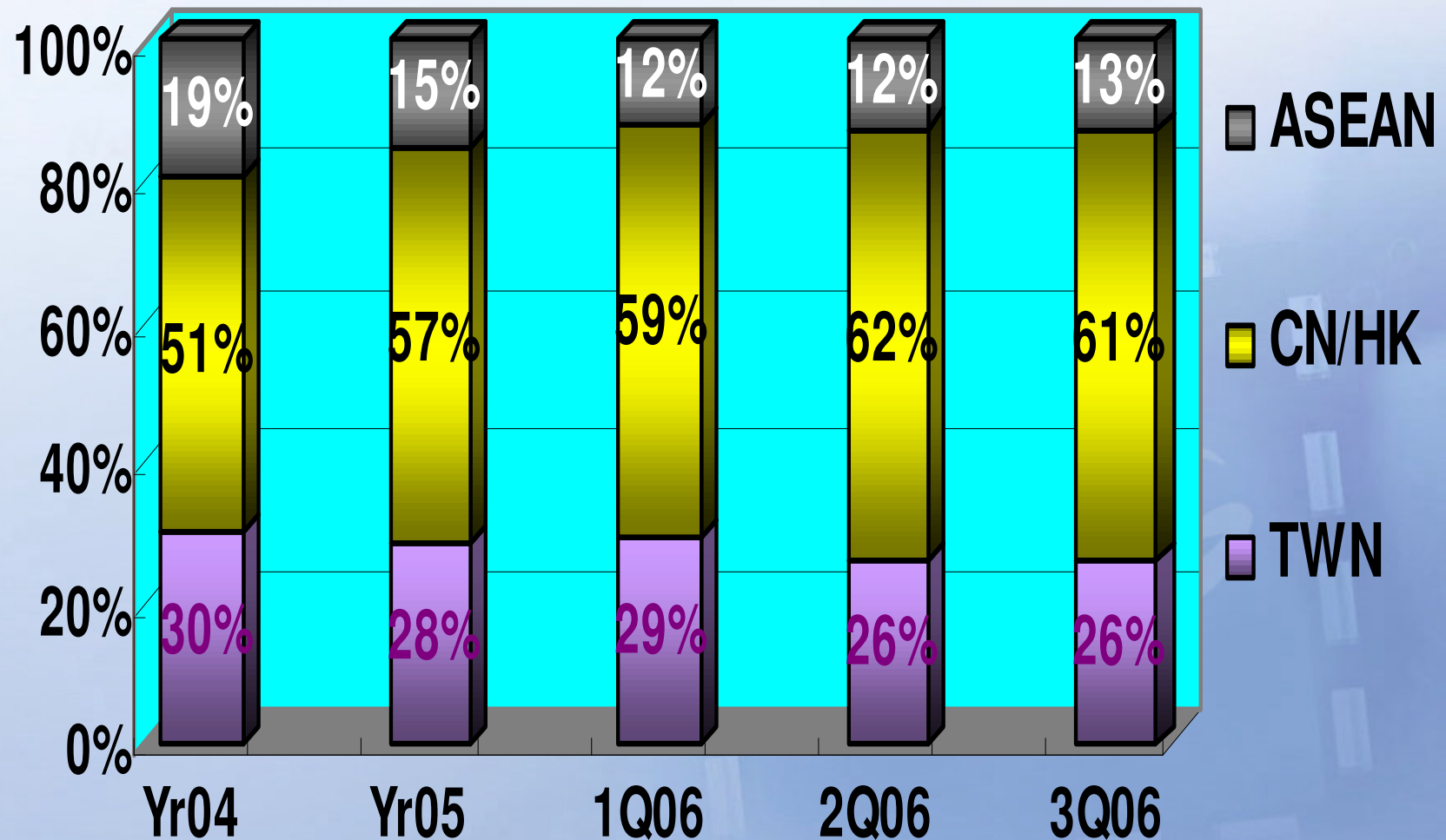
■ NT\$ 32.75 bn ,
+22% Q/Q &
+10% Y/Y

■ Vista effect
(CPU /
Memory)

■ China > 60%

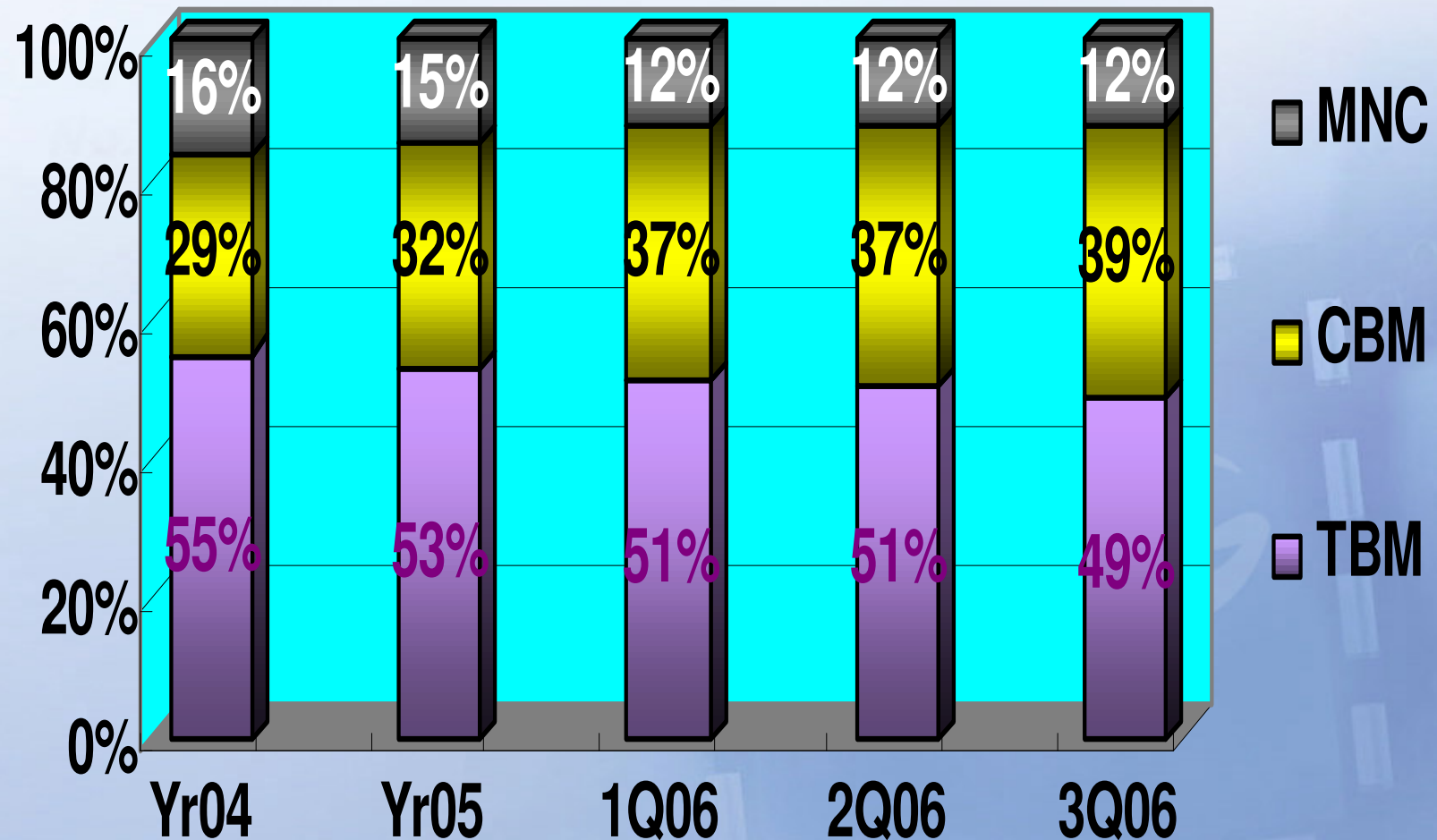
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Sales by Region



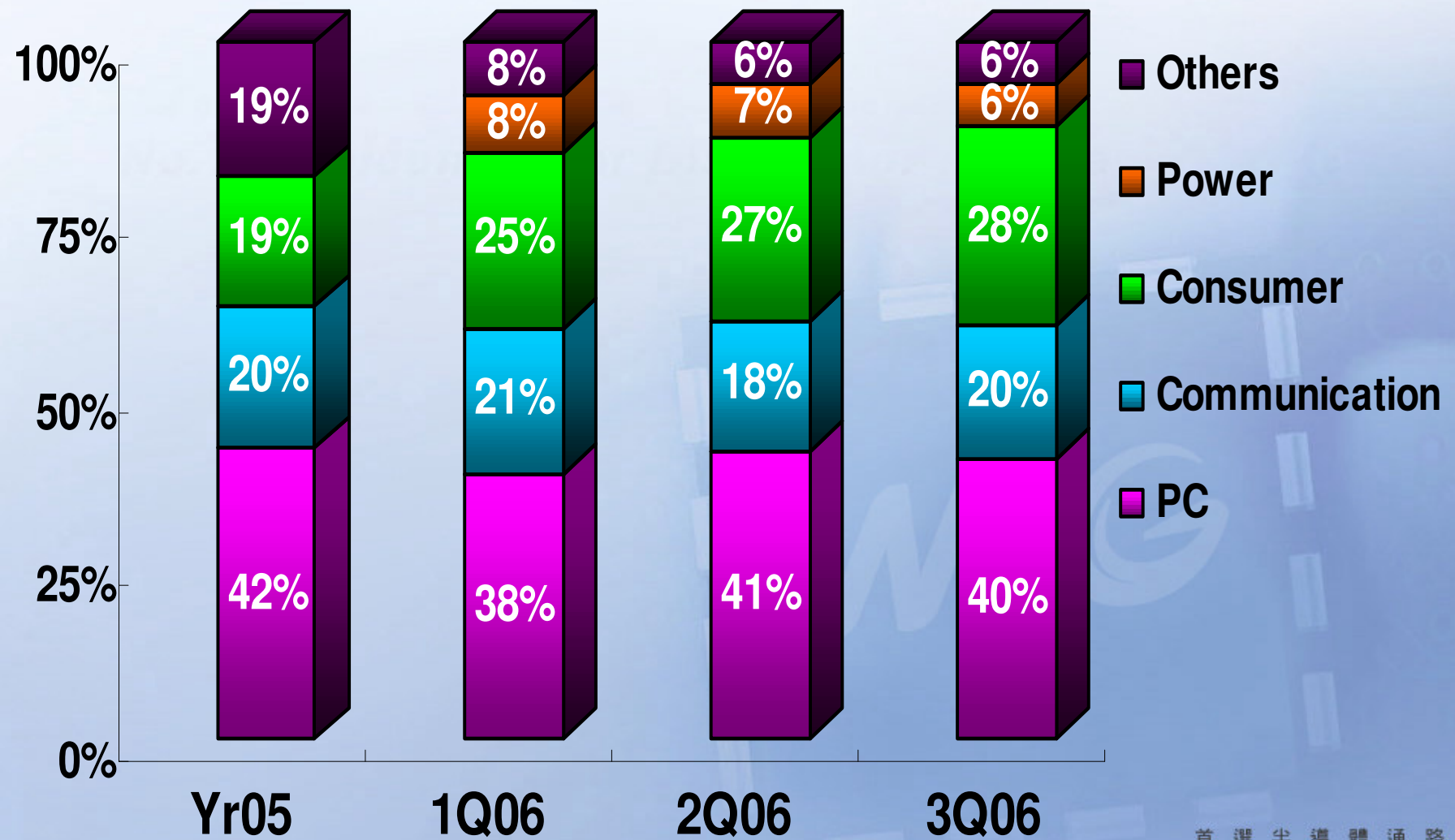
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Sales by Customer



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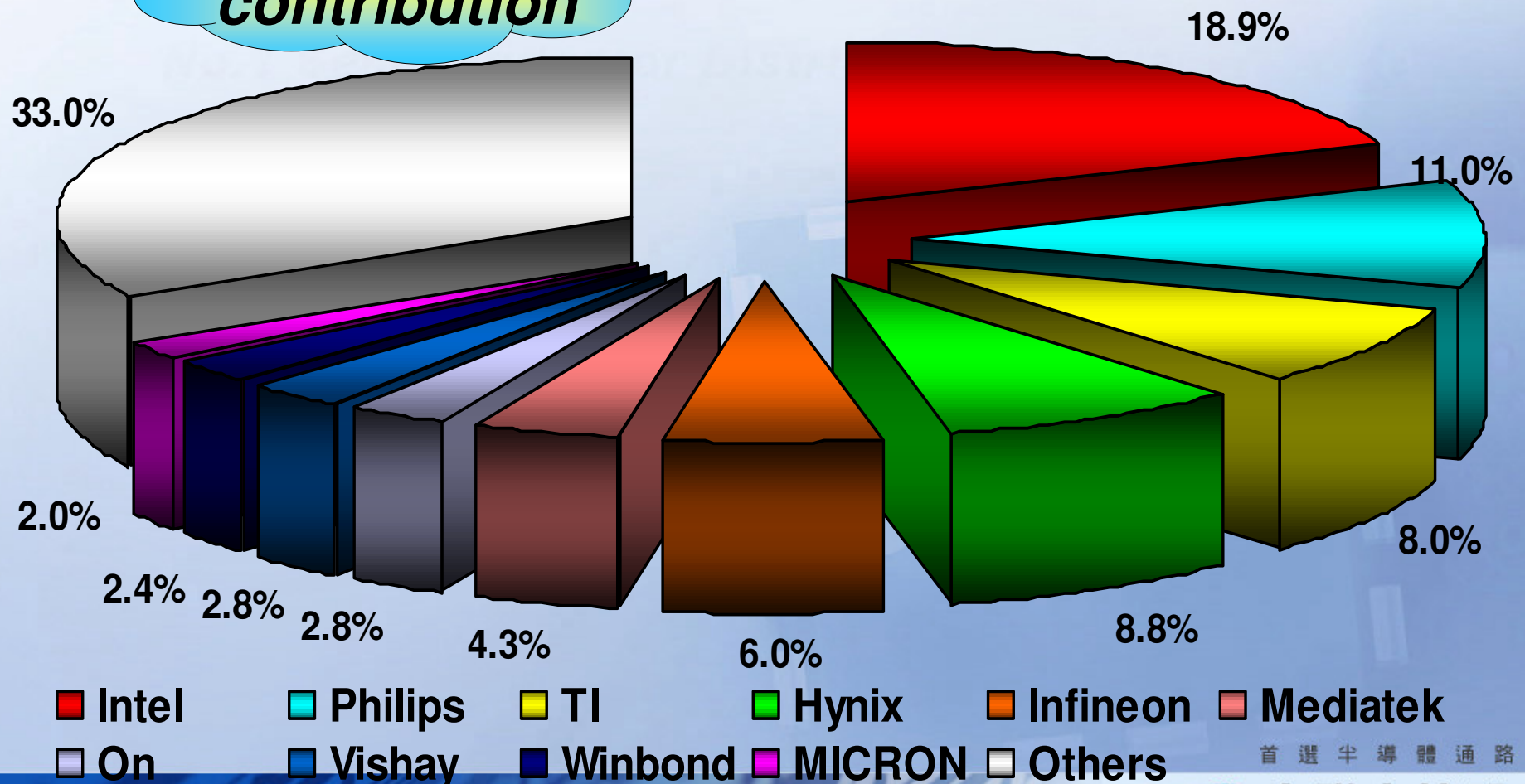
Sales by Application



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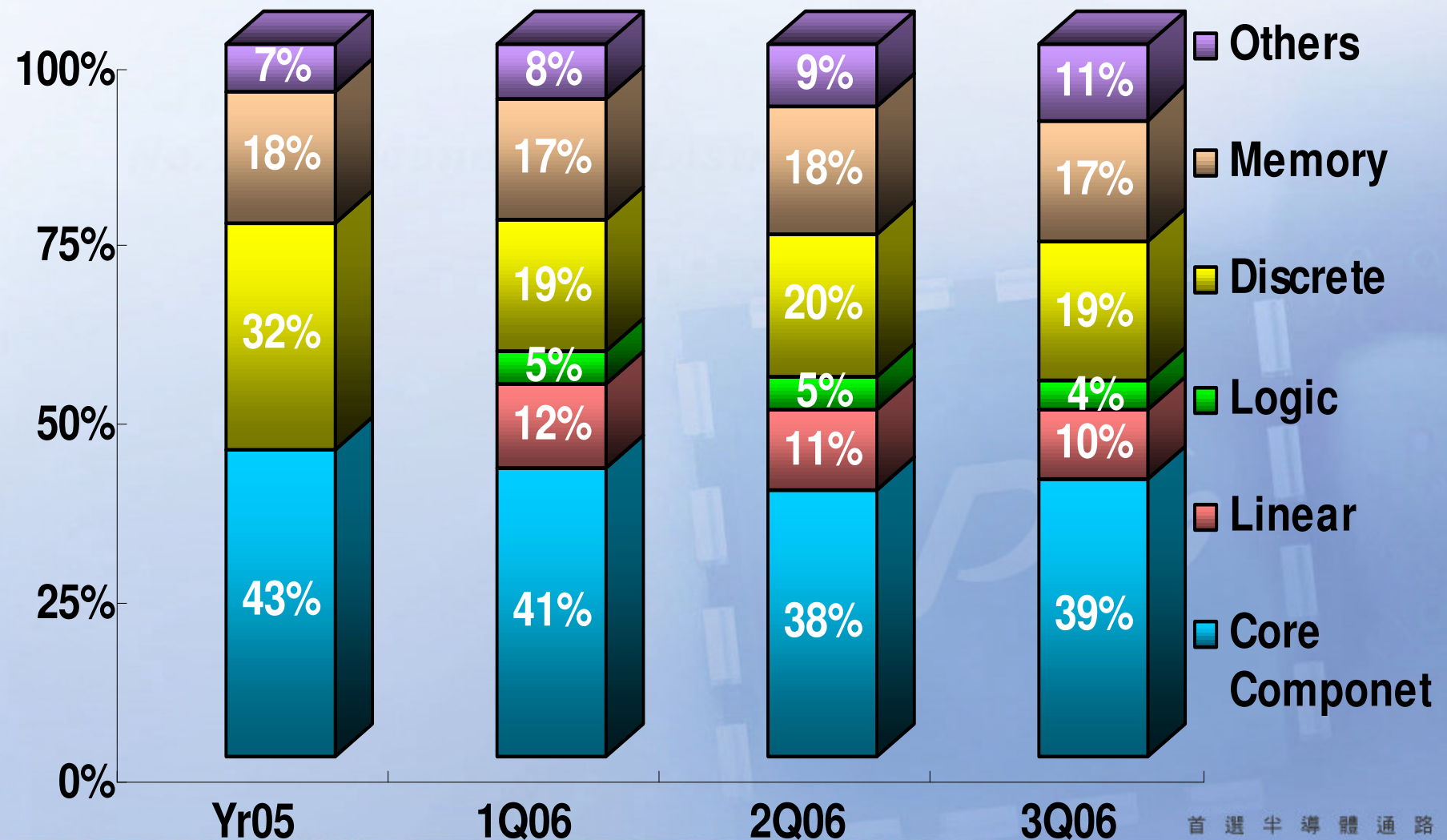
3Q'06 Top 10 Product Lines

**67%
contribution**



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Sales by Device Type



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4Q'06 Guidance

- Revenues to be between NT\$**28** billion and NT\$**30** billion;
- Gross profit margin to reach between **6.0%** and **6.2%**;
- Operating profit margin to be approximately **2.1~2.4%**

Q&A

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Ytd. Income Statement

Unit:NT\$K

Item	1Q~3Q06	1Q~3Q05	YoY(%)
Net operating Revenue	87,394,286	82,613,498	5.8
COGS	(82,072,830)	(78,281,413)	4.8
Gross Profit	5,321,456	4,332,085	22.8
Gross Margin	6.1%	5.2%	
Operating Expenses	(3,168,553)	(2,667,685)	18.8
Operating Income	2,152,903	1,664,400	29.4
Operating Margin	2.5%	2.0%	
Net Non-operating Income (Expense)	(641,122)	(767,049)	(16.4)
Net Financing costs	(651,388)	(486,260)	34.0
Inventory Provision & OBS	(76,210)	(236,427)	(67.8)
Others	86,476	(44,362)	(294.9)
Profit Before Tax/Minority	1,511,781	897,351	68.5
Tax	(401,512)	(279,575)	43.6
Minority/Accounting Principle Change	(17,146)	(28,985)	(40.8)
Profit After Tax/Minority	1,093,123	588,791	85.7
Net Margin	1.25%	0.71%	
EPS (NTD)	1.60	0.85	88.4
Tax Rate	27%	31%	(14.8)
(1).No of Shares (in K)	693,202		

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Ytd. Balance Sheet

Unit:NT\$million

item	3Q06		3Q05	
	AMOUNT	%	AMOUNT	%
Cash & Marketable Securities	2,839	7	3,509	8
Accounts Receivable - Trade	19,365	47	20,581	47
Inventory	13,516	33	14,583	33
Current Assets	38,197	93	40,999	93
Others	2,786	7	3,254	7
Total Assets	40,983	100	44,253	100
Accounts Payable	12,430	30	9,768	22
Accrued Liabilities and Others	11,968	29	18,954	43
Current Liabilities	24,398	60	28,722	65
Long-term Liabilities	3,985	10	3,477	8
Others	337	1	247	1
Total Liabilities	28,720	70	32,446	73
Total Equity	12,263	30	11,807	27

KEY Indices

AR Turnover (Days)	61	57
Inventory Turnover (Days)	46	49
AP Turnover (Days)	37	27

Average Collection Periods (Days)	70	70
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Current Ratio(%)	1.6	1.4
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Net Working Capital (\$)	20,451	25,396
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Debt/Asset Ratio	70%	73%
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Debt/Equity Ratio	234%	275%
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Gearing Ratio	118%	173%
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Ytd. Cash Flows

Amount:NT\$million

	<u>1Q~3Q06</u> <u>Amount</u>
-Net Income(Note)	1,113.7
-Changes of NWC	3,468.2
-Other Op Sources(Uses)	281.9
From Operation	4,863.7
-Financial Instrument	542.7
-Capital Expenditure	(8.7)
-Other Investing Sources(Uses)	92.8
From Investment	626.8
-Financial Debt	(5,301.6)
-Treasury Stock	(336.7)
-Cash Dividends	(109.3)
-Other Financing Sources(Uses)	(44.0)
From Financing	(5,791.6)
Net Cash Position Change	(301.0)
Exchange Rate Change & Others	46.1
Ending Cash Balance	2,664.1

(1).Minority interest is included.

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