

WPG Holdings Ltd. **(TWEX:3702)** **2007 4Q Earning Release**

February 14, 2008

亞洲第一電子通路



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.**

Agenda

- Welcome
- Financial Highlights & Overview
- Q&A

Overview

- Record results for 2007
- –Revenue over **US\$4Bn** , + **22.3%** Y/Y,
- –Operating Margin improve **40** basis points to **2.8%**
- –EPS grew **92%** Y/Y to **NT\$3.75** per share
- –Return on Working Capital (ROWC) & ROE at **15.20%** & **17.94%**, up **264** & **650** basis points Y/Y
- –By well-control on Working capital management, Operating Cash Cycle **10** days improved to **61** days

- **Business Y/Y highlights:**
- – Strong growth in Emerging Market
- – Computer : +11%
- – Communication : + 53.5%
- – Consumer : + 17%

2007 Result Highlights

Unit:NT\$million item	2007 <i>Amount</i>	2006 <i>Amount</i>
Net Sales	141,965	116,124
Operating Income	3,949	2,761
Net Income	2,601	1,386
EPS (NTD) ₍₁₎	3.75	1.95

Total Assets	47,330	37,347
Total Liabilities	32,834	25,232
Total Equity	14,496	12,115
Net Working Capital	26,136	20,798

KEY Indices₍₂₎

ROWC	15.20%	12.55%
NWC/Sales	0.18	0.18
ROE	17.94%	11.44%

(1).Weighted average shares outstanding

(2).Annualized

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4Q07 Result Highlights

Unit:NT\$million

item	4Q07	4Q Guidance	3Q07	4Q06	QoQ(%)	YoY(%)
Net Sales	38,273	37BN ~39BN	42,193	28,730	(9.3)	33.2
Gross Margin	5.73%	5.7% ~ 5.9%	5.83%	5.99%	-10 bp	-30 bp
Operating Income	1,022		1,301	608	(21.4)	68.0
Operating Margin	2.67%	2.6% ~ 2.8%	3.08%	2.12%	-40 bp	+60 bp
Net Income	719		898	293	(19.9)	145.7
EPS (NTD) ₍₁₎	1.01		1.30	0.43	(22.0)	133.7

Total Assets	47,330		48,457	37,347		
Total Liabilities	32,834		34,985	25,232		
Total Equity	14,496		13,472	12,115		
Net Working Capital	26,136		24,712	20,798		

KEY Indices₍₂₎

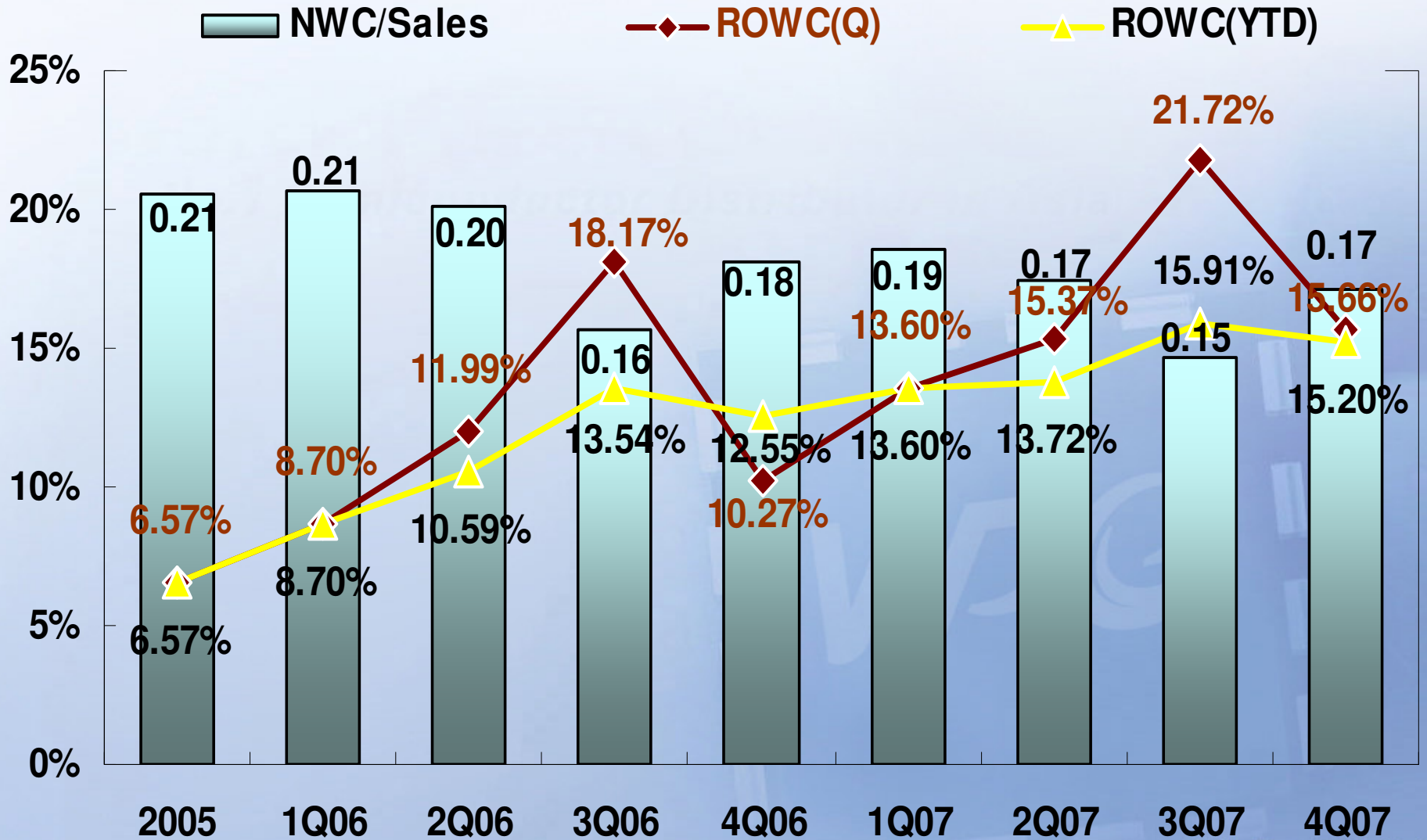
ROWC	15.66%		21.72%	10.27%	-610 bp	+540 bp
NWC/Sales	0.17		0.15	0.18		
ROE	19.84%		26.66%	9.66%	-680 bp	+1020 bp

(1).Weighted average shares outstanding

(2).Annualized

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ROWC vs. NWC/Sales



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Income Statements

Unit:NT\$million

Item	2007	2006	YoY(%)
Net operating Revenue	141,965	116,124	22.3
COGS	(133,543)	(109,081)	22.4
Gross Profit	8,422	7,043	19.6
Gross Margin	5.93%	6.06%	
Operating Expenses	(4,473)	(4,282)	4.5
Operating Income	3,949	2,761	43.0
Operating Margin	2.78%	2.38%	
Net Non-operating Items	(615)	(867)	(29.0)
Net Financing costs	(909)	(847)	7.2
Inventory Provision & OBS	23	(151)	(115.4)
Others	270	130	106.9
Profit Before Tax/Minority	3,333	1,894	76.0
Tax	(646)	(490)	31.9
Minority/Accounting Principle Change	(87)	(18)	368.5
Profit After Tax/Minority	2,601	1,386	87.7
Net Margin	1.83%	1.19%	
EPS (NTD) ₍₁₎	3.75	1.95	92.44
Tax%	19%	26%	

(1). Weighted average shares outstanding

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Income Statements

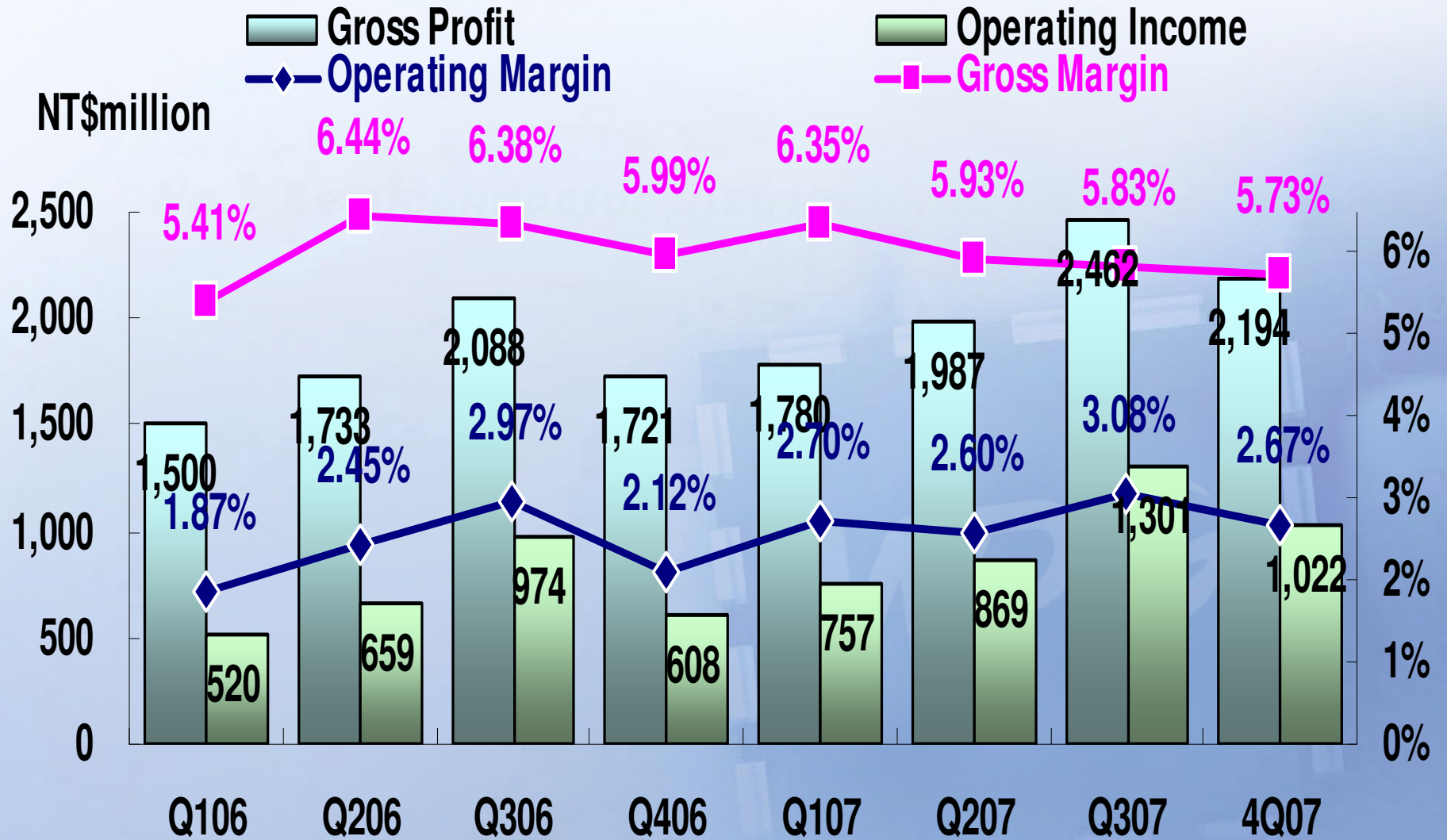
Unit:NT\$million

Item	4Q07	3Q07	QoQ(%)	4Q06	YoY(%)
Net operating Revenue	38,273	42,193	(9.3)	28,730	33.2
COGS	(36,080)	(39,731)	(9.2)	(27,008)	33.6
Gross Profit	2,194	2,462	(10.9)	1,721	27.4
Gross Margin	5.73%	5.83%		5.99%	
Operating Expenses	(1,172)	(1,161)	0.9	(1,113)	5.3
Operating Income	1,022	1,301	(21.4)	608	68.0
Operating Margin	2.67%	3.08%		2.12%	
Net Non-operating Items	(112)	(146)	(23.0)	(226)	(50.3)
Net Financing costs	(276)	(241)	14.6	(196)	40.7
Inventory Provision & OBS	2	41	(96.4)	(74)	(102.0)
Others	162	53	204.1	44	267.5
Profit Before Tax/Minority	909	1,155	(21.2)	382	138.0
Tax	(162)	(236)	(31.4)	(88)	83.0
Minority/Accounting Principle Change	(29)	(21)	38.4	(1)	2,087.9
Profit After Tax/Minority	719	898	(19.9)	293	145.7
Net Margin	1.88%	2.13%		1.02%	
EPS (NTD) ₍₁₎	1.01	1.30	(22.0)	0.43	133.7
Tax %	18%	20%		23%	

(1). Weighted average shares outstanding

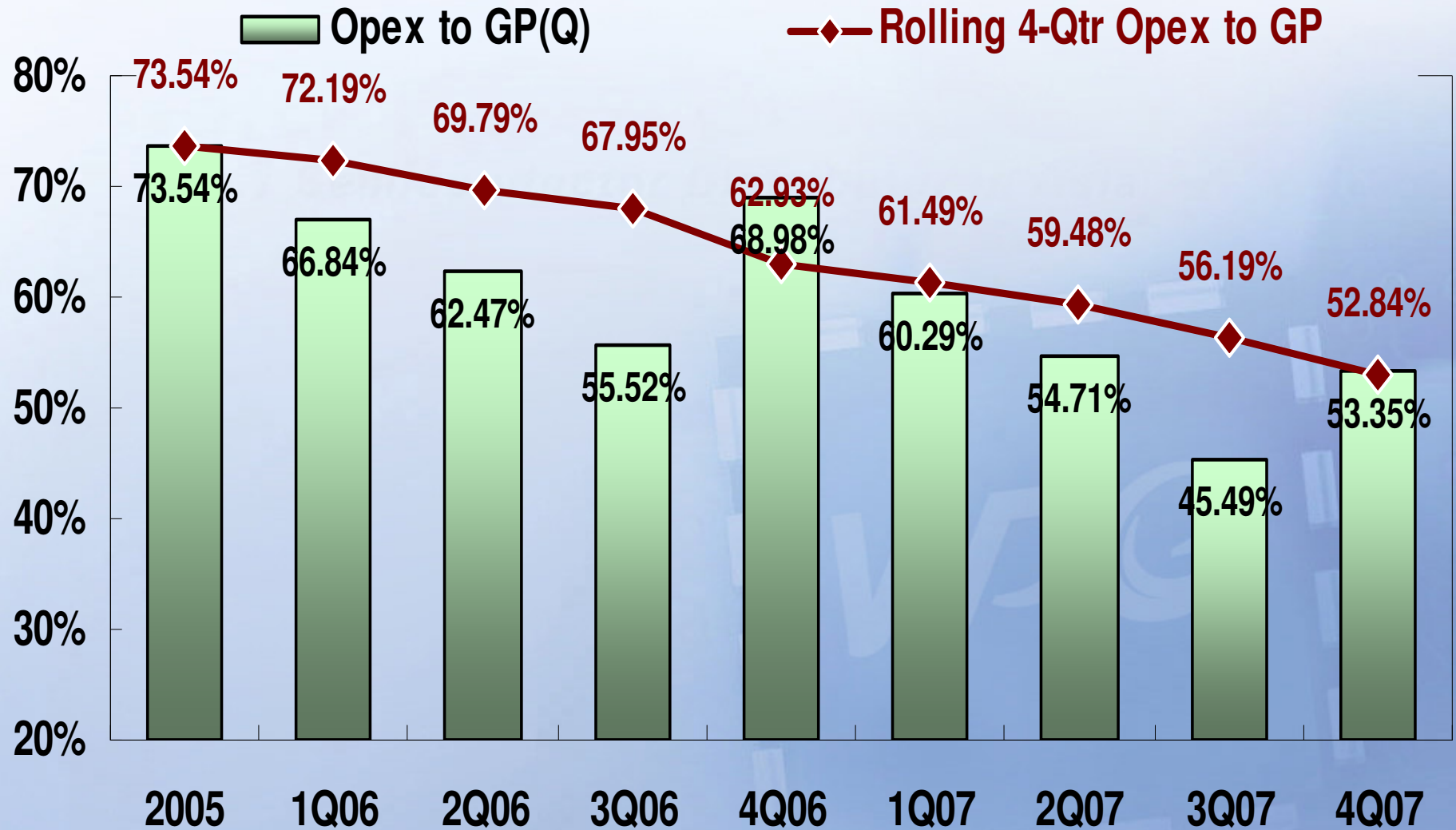
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Gross Margin vs. Operating Margin



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Productivity improved continuously...



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Balance Sheet

WPG Holdings, Holding the World

Unit:NT\$million item	2007		2006	
	Amount	%	Amount	%
Cash & Marketable Securities	4,370	9	2,846	8
Accounts Receivable - Trade	22,850	48	16,951	45
Inventory	14,388	30	12,395	33
Current Assets	44,616	94	34,962	94
Others	2,714	6	2,385	6
Total Assets	47,330	100	37,347	100
Current Interest-bearing Debt	14,298	30	9,564	26
Accounts Payable	11,102	23	8,548	23
Accrued Liabilities and Others	2,761	6	1,596	4
Current Liabilities	28,161	59	19,708	53
Long-term Interest-bearing Debt	4,446	9	5,236	14
Others	227	0	289	1
Total Liabilities	32,834	69	25,232	68
Total Equity	14,496	31	12,115	32

KEY Indices

Net Working Capital (\$)	26,136	20,798
AR Turnover (Days)	51	58
Inventory Turnover (Days)	37	44
AP Turnover (Days)	27	31
Average Collection Periods (Days)	61	71
Current Ratio	158%	177%
Debt/Asset Ratio	69%	68%
Gearing Ratio	1.08	0.97

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Balance Sheet

WPG Holdings, Holding the World

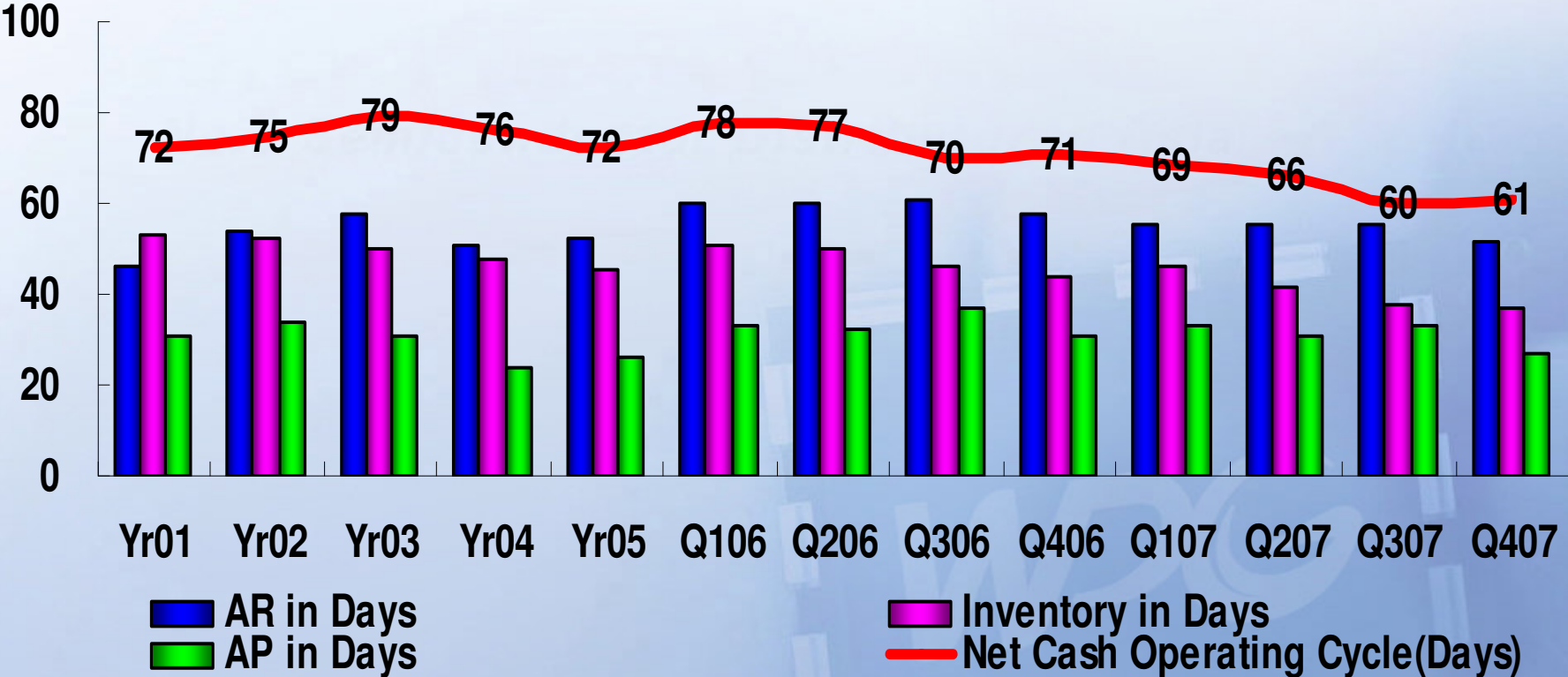
Unit:NT\$million item	4Q07		3Q07		4Q06	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	4,370	9	3,539	7	2,846	8
Accounts Receivable - Trade	22,850	48	25,008	52	16,951	45
Inventory	14,388	30	14,635	30	12,395	33
Current Assets	44,616	94	45,999	95	34,962	94
Others	2,714	6	2,458	5	2,385	6
Total Assets	47,330	100	48,457	100	37,347	100
Current Interest-bearing Debt	14,298	30	13,249	27	9,564	26
Accounts Payable	11,102	23	14,931	31	8,548	23
Accrued Liabilities and Others	2,761	6	1,904	4	1,596	4
Current Liabilities	28,161	59	30,083	62	19,708	53
Long-term Interest-bearing Debt	4,446	9	4,630	10	5,236	14
Others	227	0	272	1	289	1
Total Liabilities	32,834	69	34,985	72	25,232	68
Total Equity	14,496	31	13,472	28	12,115	32

KEY Indices

Net Working Capital (\$)	26,136	24,712	20,798
AR Turnover (Days)	51	55	58
Inventory Turnover (Days)	37	38	44
AP Turnover (Days)	27	33	31
Average Collection Periods (Days)	61	60	71
Current Ratio	158%	153%	177%
Debt/Asset Ratio	69%	72%	68%
Gearing Ratio	1.08	1.08	0.97

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Operating Cash Cycle



Cash Flows

Unit:NT\$million

	2007	2006
	<u>Amount</u>	<u>Amount</u>
-Net Income ₍₁₎	2,687	1,408
-Changes of NWC	(5,338)	3,012
-Adjustment & Others	251	816
From Operation	(2,400)	5,235
-Financial Instrument	180	325
-Capital Expenditure	(65)	(31)
-Others	(209)	50
From Investment	(94)	343
-Financial Debt	4,251	(4,752)
-Treasury Stock	305	(659)
-Cash Dividends	(776)	(109)
-ESOP	282	0
-Others	(44)	(10)
From Financing	4,018	(5,530)
Net Cash Position Change	1,524	48
Exchange Rate Change & Others	0	(121)
Ending Cash Balance	4,370	2,846

(1).Minority interest is included.

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Cash Flows

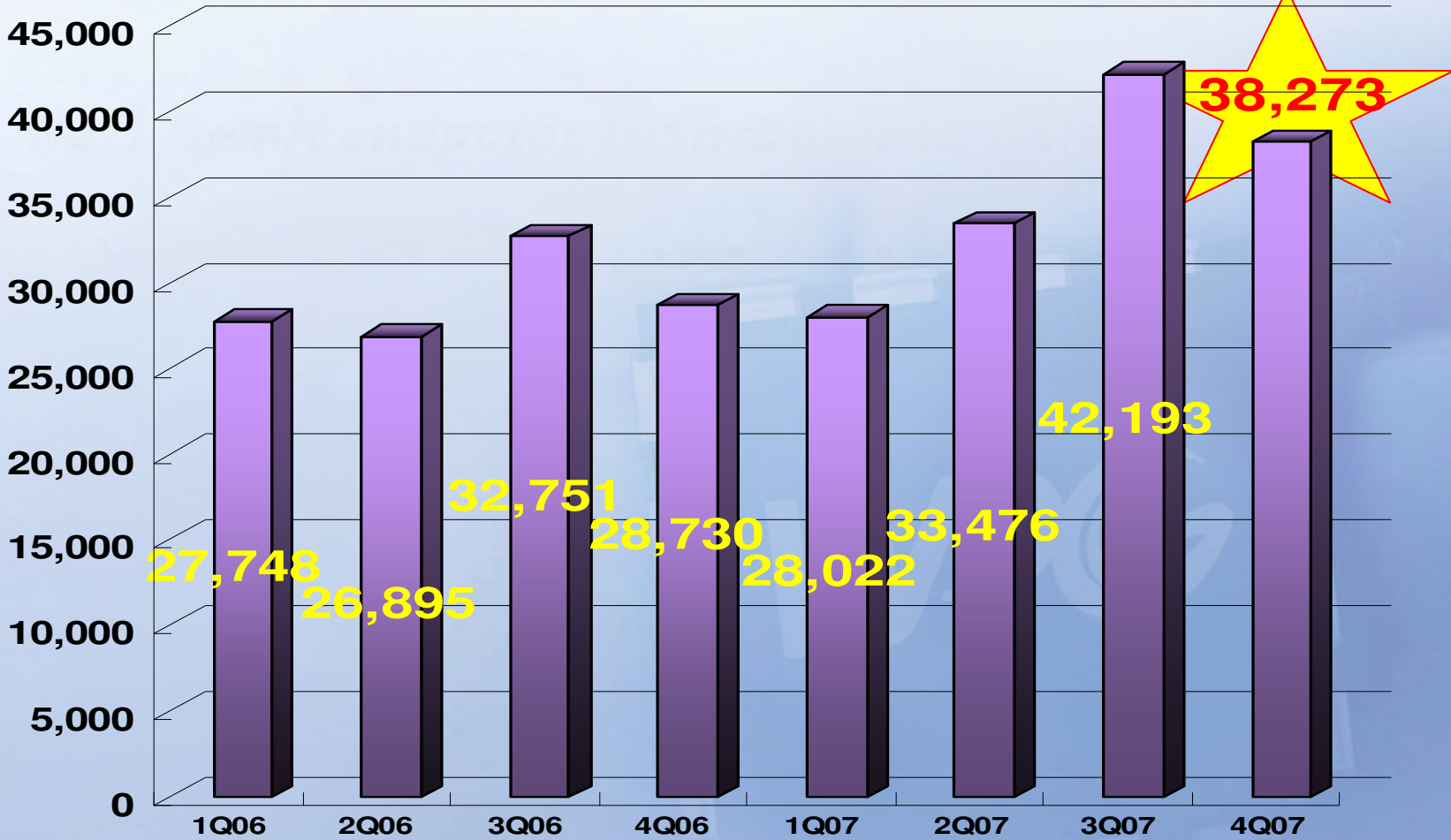
Unit:NT\$million	4Q07 <u>Amount</u>	3Q07 <u>Amount</u>	4Q06 <u>Amount</u>
-Net Income ₍₁₎	748	919	294
-Changes of NWC	(1,424)	(1,298)	(46)
-Adjustment & Others	(42)	419	123
From Operation	(718)	40	371
-Financial Instrument	384	(481)	(218)
-Capital Expenditure	(1)	(17)	(23)
-Others	(272)	18	(43)
From Investment	111	(481)	(283)
-Financial Debt	1,171	1,265	550
-Treasury Stock	305	0	(322)
-Cash Dividends	0	(776)	0
-ESOP	129	94	0
-Others	0	4	34
From Financing	1,605	587	261
Net Cash Position Change	999	146	349
Exchange Rate Change & Others	7	(66)	(168)
Ending Cash Balance	4,370	3,363	2,846

(1).Minority interest is included.

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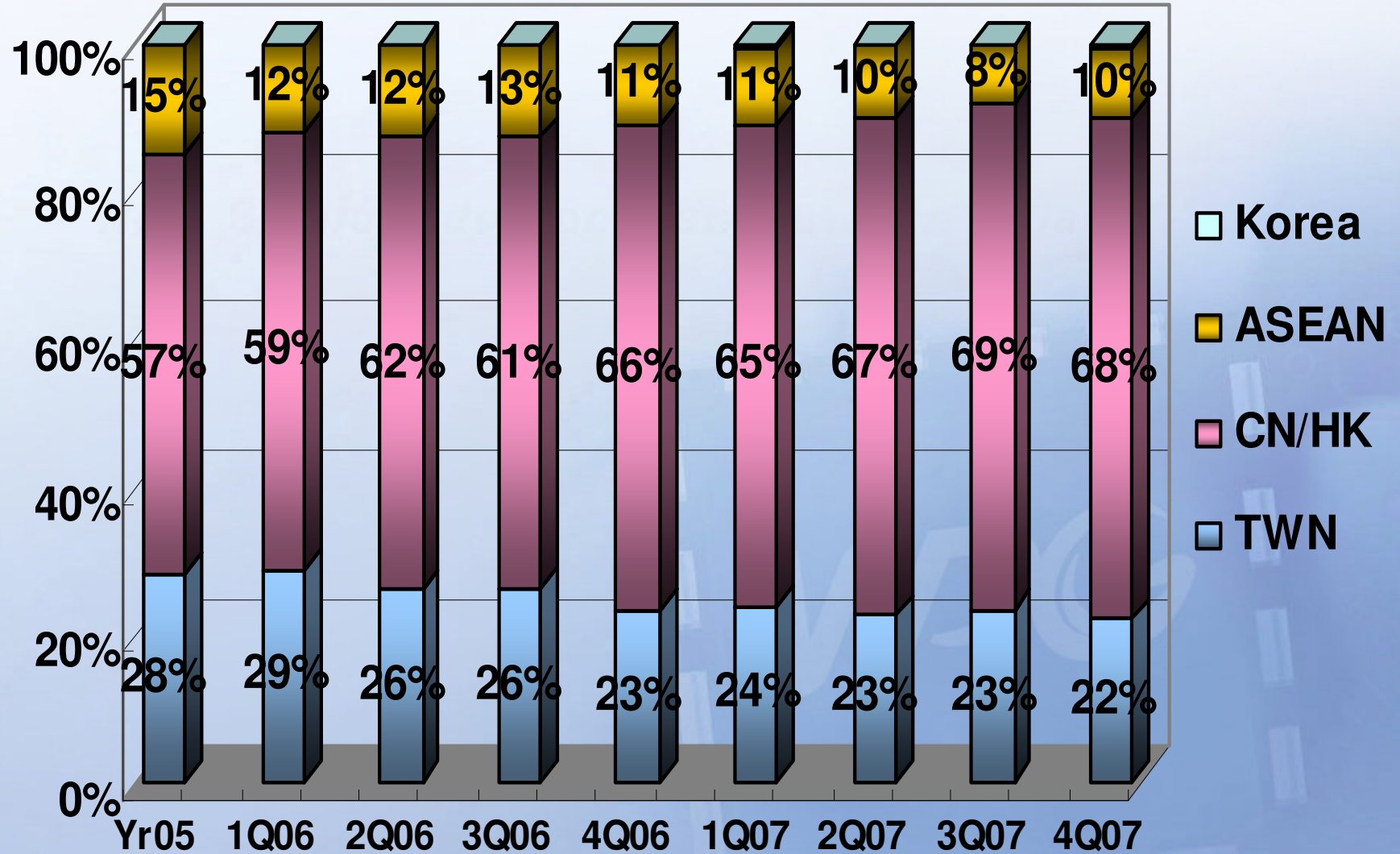
Consolidated Revenue

Unit:NT\$milloin



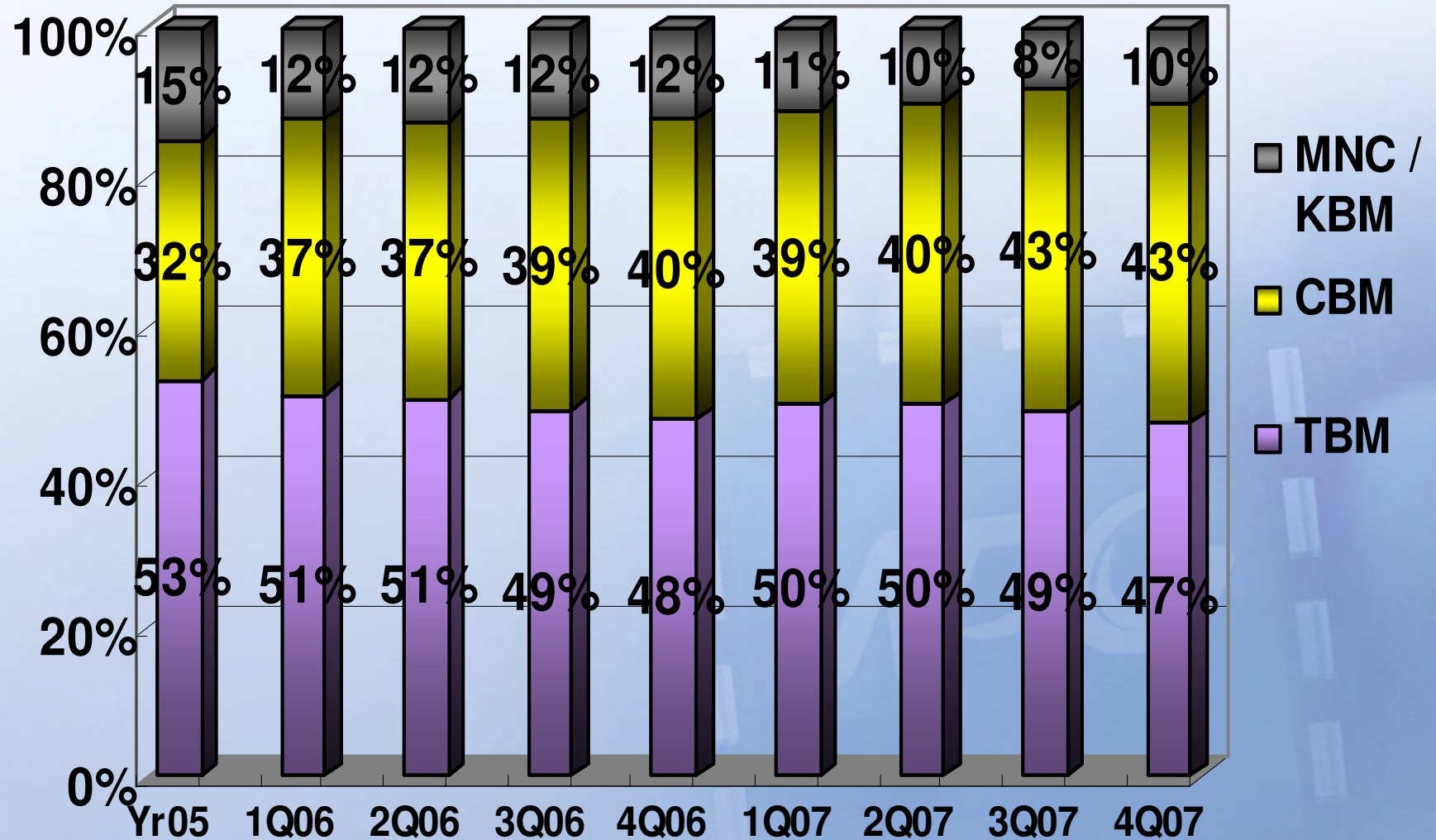
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Sales breakdown by Geography



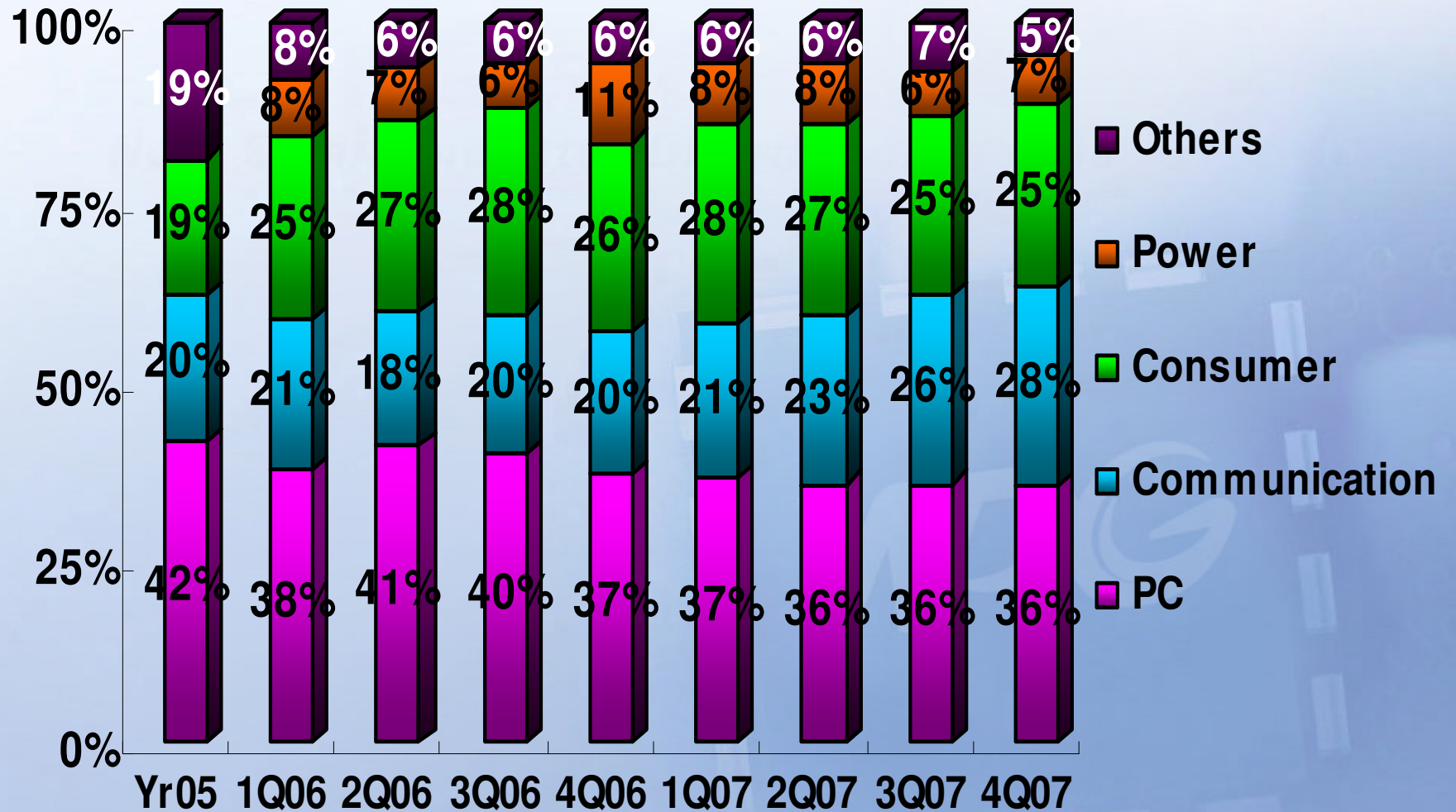
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Sales breakdown by Customer



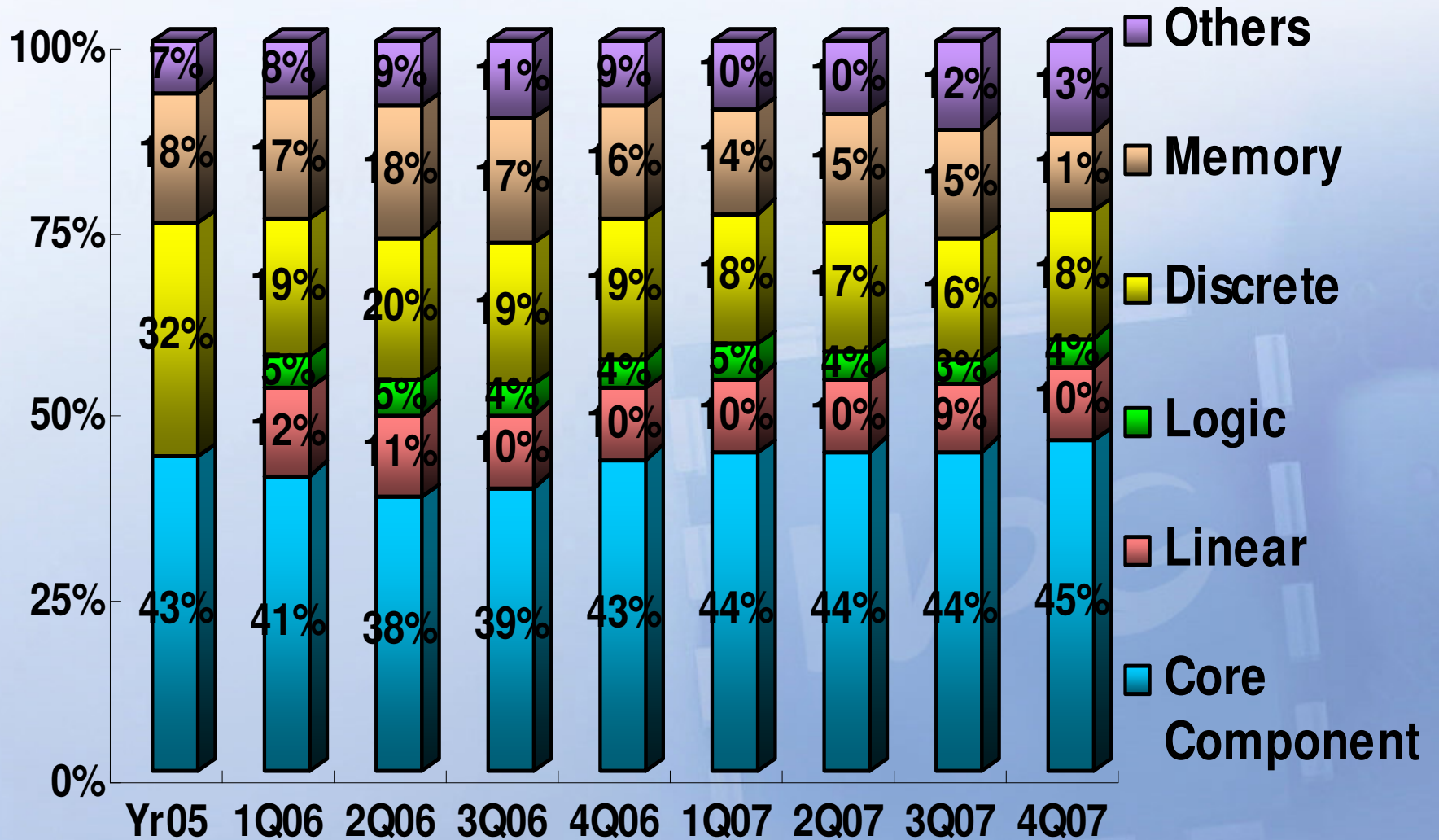
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Sales breakdown by Application



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Sales breakdown by Device Type



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1Q08 Guidance

- Revenues is expected to be between NT\$**33** billion and NT\$**35** billion
- Gross profit margin is expected to be between **5.7%** and **5.9%**
- Operating profit margin is expected to be between **2.2% and 2.4%**, including approximately **12 bp** impact from the expensing of employee profit sharing

Recap of Recent Major Events

- WPG Holdings was certified as “RECS” (Reliable Electronics Components Suppliers) by Ministry of Information Industry, PRC(2008/01)

- New Franchise in Q407 :



– Touch screen on tablet PC & smart phone



– RF switch on mobile phone , STB & DTV

- WPG Holdings ranked top one Electronics Components Distributor in mainland China, Taiwan and Hong Kong by Business Weekly (2007/05)
- WPG Holdings ranked 4th worldwide semiconductor distributor by ESM (2007/04)

No.1 Semiconductor Distributor in Asia

Q & A

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