

WPG Holdings Ltd. (3702.TT/3702.TW) 2Q12 Earning Release

Aug. 3rd, 2012

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

Kathryn Chen

■ 2Q12 Financial Highlights & 3Q12 Outlook

Cliff Yuan

■ Q&A

Simon Huang/
Scott Lin/
Cliff Yuan

Result Highlights

Unit:NT\$million

item	2Q12	2Q12 Guidance	1Q12	2Q11	QoQ(%)	YoY(%)
Net Sales	90,975	90~94B	80,854	82,524	12.5	10.2
Gross Margin	5.26%	5.1% ~ 5.3%	5.15%	5.73%	+12 bp	-47 bp
Operating Expenses	(3,048)		(2,893)	(2,878)	5.3	5.9
Operating Income	1,738		1,267	1,852	37.2	(6.1)
Operating Margin	1.91%	1.6% ~ 1.8%	1.57%	2.24%	+34 bp	-33 bp
Net Income	1,206		939	1,481	28.4	(18.6)
EPS (NT\$) ⁽¹⁾	0.74		0.58	0.93		
Net Book Value (NT\$) ⁽¹⁾	22.59					
Total Assets	122,493		116,837	110,884		
Total Liabilities	85,553		76,560	76,986		
Total Equity	36,940		40,277	33,898		
Net Working Capital	58,716		54,156	53,940		
Free Cash Flow	(4,028)		1,249	(5,039)		
KEY Indices ⁽²⁾						
ROWC	11.8%		9.5%	13.7%	+232 bp	-189 bp
NWC/Sales	0.16		0.17	0.16		
ROE	13.0%		10.0%	17.7%	+308 bp	-464 bp
Gearing	0.78		0.64	0.74		

(1).Weighted average shares outstanding

(2).Annualized

Asia's No.1 Electronics Distributor

Winning Partner Grouping



WPG Holdings Limited

Result Highlights

Unit:NT\$million

item	1H12	1H11	YoY (%)
Net Sales	171,829	162,299	5.9
Gross Margin	5.21%	5.60%	-39 bp
Operating Expenses	(5,941)	(5,602)	6.1
Operating Income	3,005	3,486	(13.8)
Operating Margin	1.75%	2.15%	-40 bp
Net Income	2,145	2,798	(23.4)
EPS (NTD)⁽¹⁾	1.31	1.77	
Total Assets	122,493	110,884	
Total Liabilities	85,553	76,986	
Total Equity	36,940	33,898	
Net Working Capital	58,716	53,940	
Free Cash Flow	(2,779)	(8,423)	
KEY Indices⁽²⁾			
ROWC	10.2%	12.9%	-269 bp
NWC/Sales	0.17	0.17	
ROE	11.6%	16.7%	-511 bp
Gearing	0.78	0.74	

(1).Weighted average shares outstanding

(2).Annualized

Income Statements

Unit:NT\$million

Item	2Q12	1Q12	QoQ(%)	2Q11	YoY(%)
Net operating Revenue	90,975	80,854	12.5	82,524	10.2
COGS	(86,189)	(76,694)	12.4	(77,794)	10.8
Gross Profit	4,786	4,160	15.0	4,730	1.2
Gross Margin	5.26%	5.15%		5.73%	
Operating Expenses	(3,048)	(2,893)	5.3	(2,878)	5.9
Operating Income	1,738	1,267	37.2	1,852	(6.1)
Operating Margin	1.91%	1.57%		2.24%	
Net Non-operating Items	(85)	(165)	(48.4)	(67)	26.8
Net Financing costs	(172)	(192)	(10.5)	(122)	40.9
Others	87	27		55	
Profit Before Tax/Minority	1,653	1,102	50.0	1,785	(7.4)
Tax	(448)	(172)	160.5	(300)	48.9
Minority/Accounting Principle Change	0	9		(4)	
Profit After Tax/Minority	1,206	939	28.4	1,481	(18.6)
Net Margin	1.33%	1.16%		1.79%	
EPS (NTD) ⁽¹⁾	0.74	0.58		0.93	
Tax %	27%	16%		17%	

(1).Weighted average shares outstanding

Income Statements

Unit:NT\$million

Item	1H12	1H11	YoY(%)
Net operating Revenue	171,829	162,299	5.9
COGS	(162,882)	(153,212)	6.3
Gross Profit	8,946	9,087	(1.6)
Gross Margin	5.21%	5.60%	
Operating Expenses	(5,941)	(5,602)	6.1
Operating Income	3,005	3,486	(13.8)
Operating Margin	1.75%	2.15%	
Net Non-operating Items	(250)	(101)	147.6
Net Financing costs	(365)	(257)	41.8
Others	114	156	(26.7)
Profit Before Tax/Minority	2,755	3,384	(18.6)
Tax	(619)	(578)	7.1
Minority/Accounting Principle Change	9	(8)	
Profit After Tax/Minority	2,145	2,798	(23.4)
Net Margin	1.25%	1.72%	
EPS (NTD)₍₁₎	1.31	1.77	
Tax%	22%	17%	

(1).Weighted average shares outstanding

Balance Sheet

Unit:NT\$million

item	2Q12		1Q12		2Q11	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	8,162	7	8,315	7	7,194	6
Accounts Receivable - Trade	56,421	46	51,384	44	48,225	43
Inventory	38,921	32	36,547	31	37,238	34
Current Assets	109,934	90	104,706	90	100,866	91
Others	12,559	10	12,131	10	10,018	9
Total Assets	122,493	100	116,837	100	110,884	100
Current Interest-bearing Debt	35,180	29	32,450	28	33,403	30
Accounts Payable	36,626	30	33,776	29	31,524	28
Accrued Liabilities and Others	9,550	8	5,418	5	9,380	8
Current Liabilities	81,355	66	71,644	61	74,307	67
Long-term Interest-bearing Debt	3,633	3	4,318	4	2,013	2
Others	564	0	599	1	667	1
Total Liabilities	85,553	70	76,560	66	76,986	69
Total Equity	36,940	30	40,277	34	33,898	31

KEY Indices⁽¹⁾

Net Working Capital (\$)	58,716	54,156	53,940
AR Turnover (Days)	54	55	51
Inventory Turnover (Days)	40	41	42
AP Turnover (Days)	37	37	37
Average Collection Periods (Days)	57	60	56
Current Ratio	135%	146%	136%
Gearing Ratio	0.78	0.64	0.74

(1).Annualized

Cash Flows

Unit:NT\$million

item	2Q12	1Q12	2Q11
-Net Income ₍₁₎	1,206	930	1,484
-Changes of NWC	(6,053)	527	(5,810)
-Adjustment & Others	819	(208)	(713)
From Operation	(4,028)	1,249	(5,039)
-Financial Instrument	289	325	766
-Capital Expenditure	(413)	(869)	2
-Others	158	20	(223)
From Investment	34	(525)	544
-Financial Debt	4,190	(14)	4,356
-Others	(73)	45	(42)
From Financing	4,116	31	4,315
Effect on changes of consolidated subsidiaries	(507)	398	280
Cumulative translation adjustments	376	(815)	(451)
Net Cash Position Change	(9)	339	(351)
Ending Cash Balance	8,115	8,125	7,068

(1).Minority interest is included.

Cash Flows

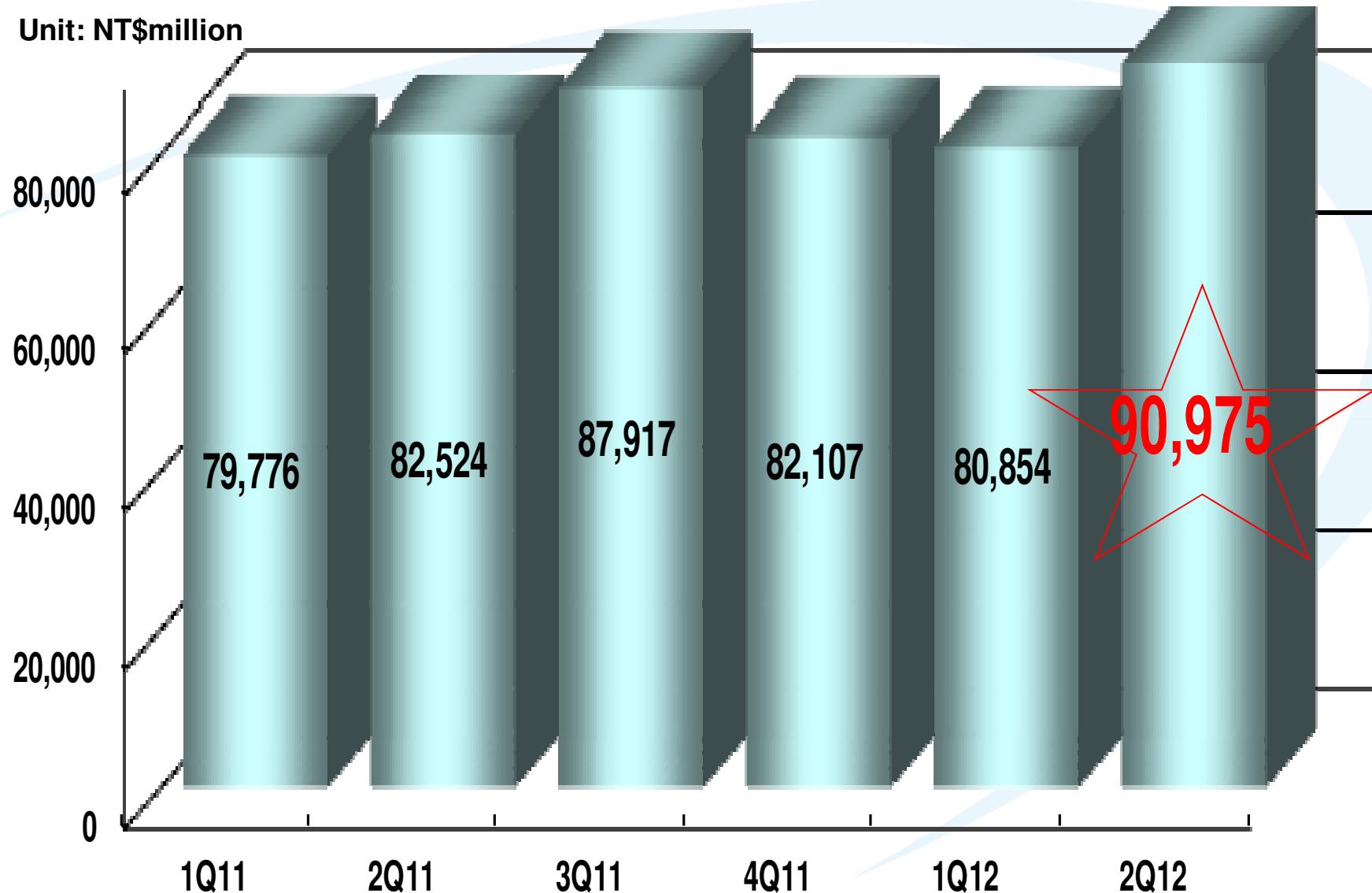
Unit:NT\$million

item	1H12	1H11
-Net Income ₍₁₎	2,136	2,806
-Changes of NWC	(5,525)	(12,213)
-Adjustment & Others	611	983
From Operation	(2,779)	(8,423)
-Financial Instrument	614	2,055
-Capital Expenditure	(1,282)	(48)
-Others	178	(173)
From Investment	(491)	1,834
-Financial Debt	4,176	6,193
-Others	(28)	(14)
From Financing	4,148	6,179
Effect on changes of consolidated subsidiaries	(110)	328
Cumulative translation adjustments	(439)	(423)
Net Cash Position Change	329	(505)
Ending Cash Balance	8,115	7,068

(1). Minority interest is included.

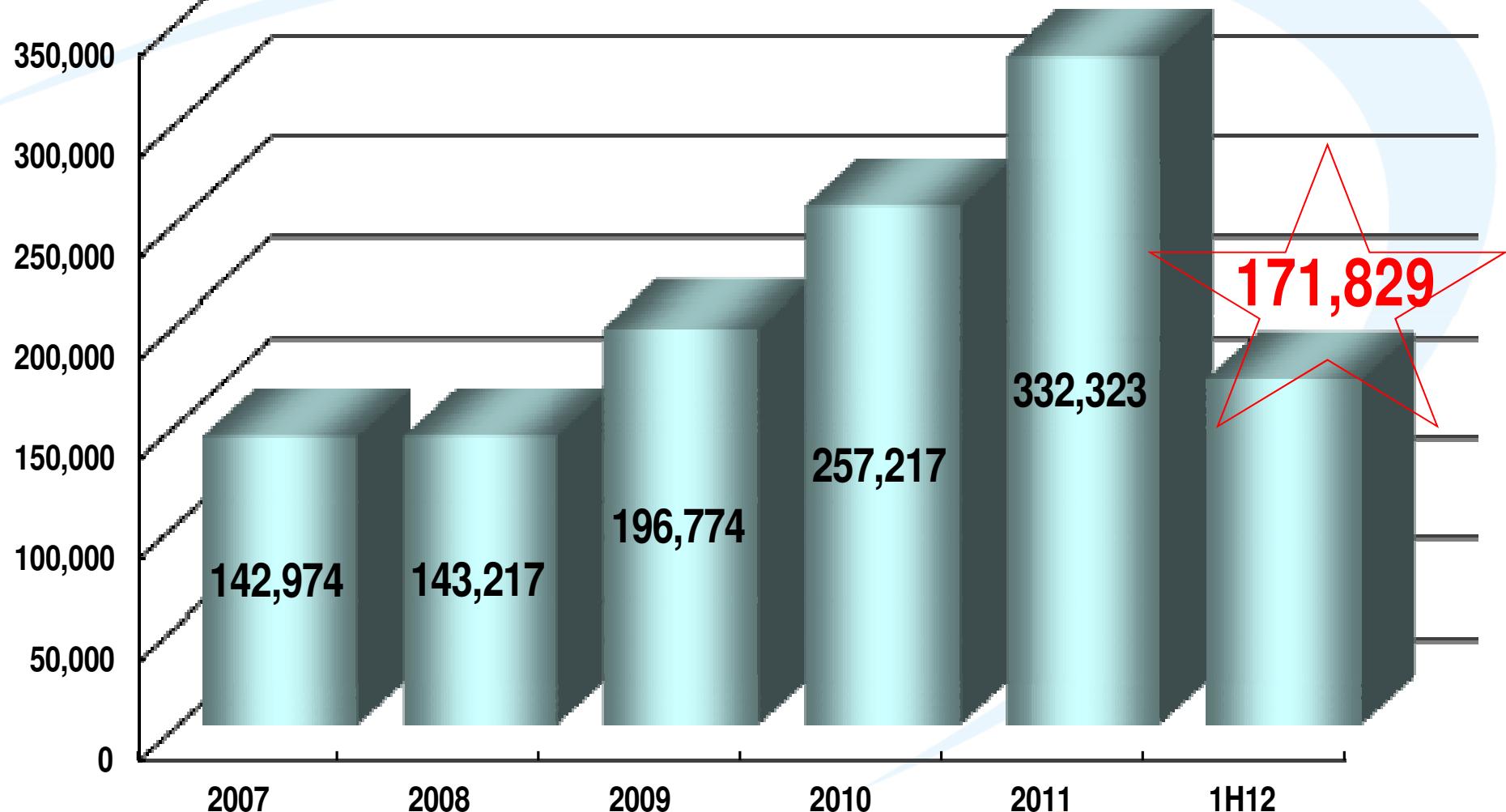
Consolidated Revenue

Unit: NT\$million

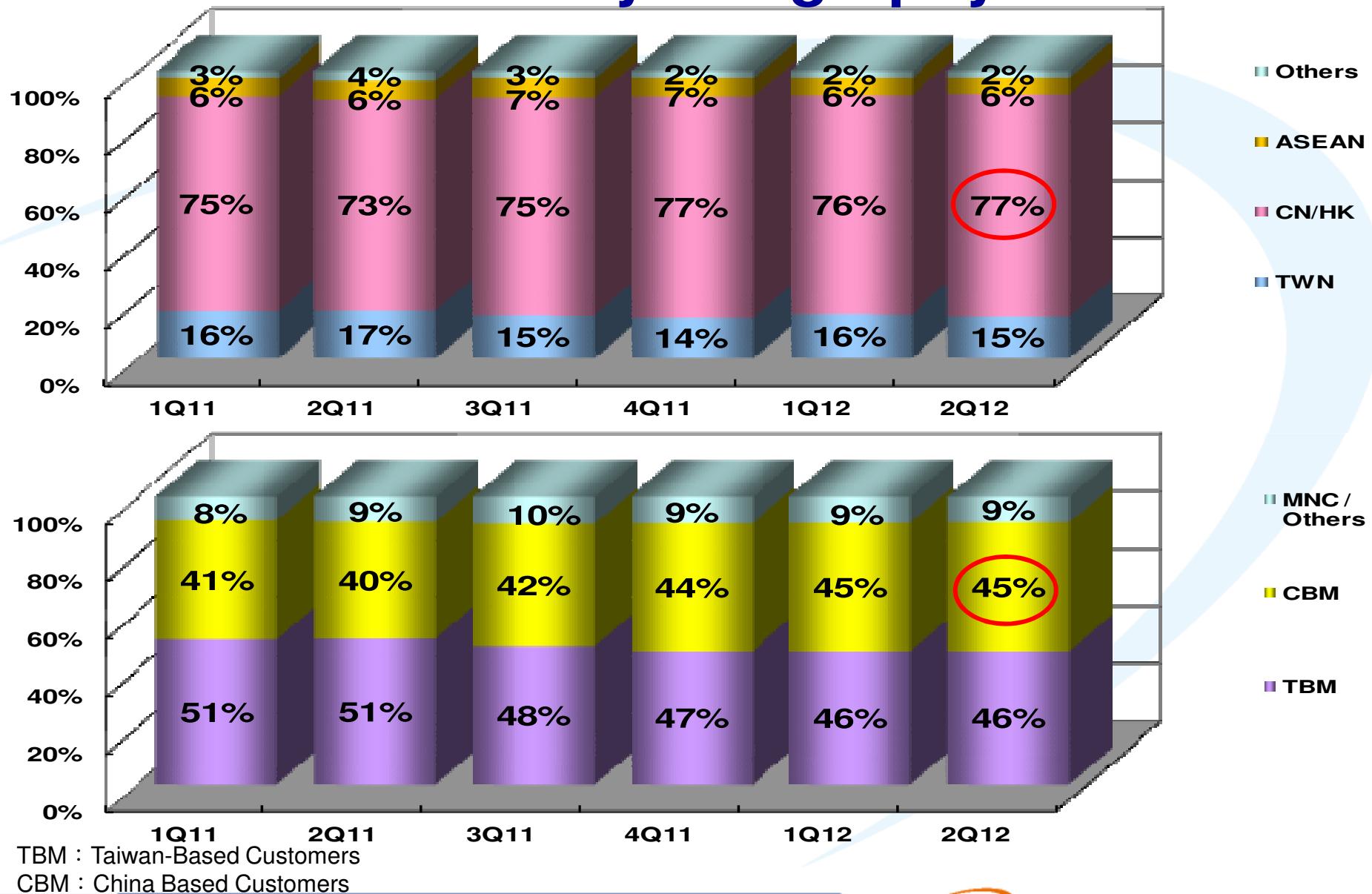


Consolidated Revenue

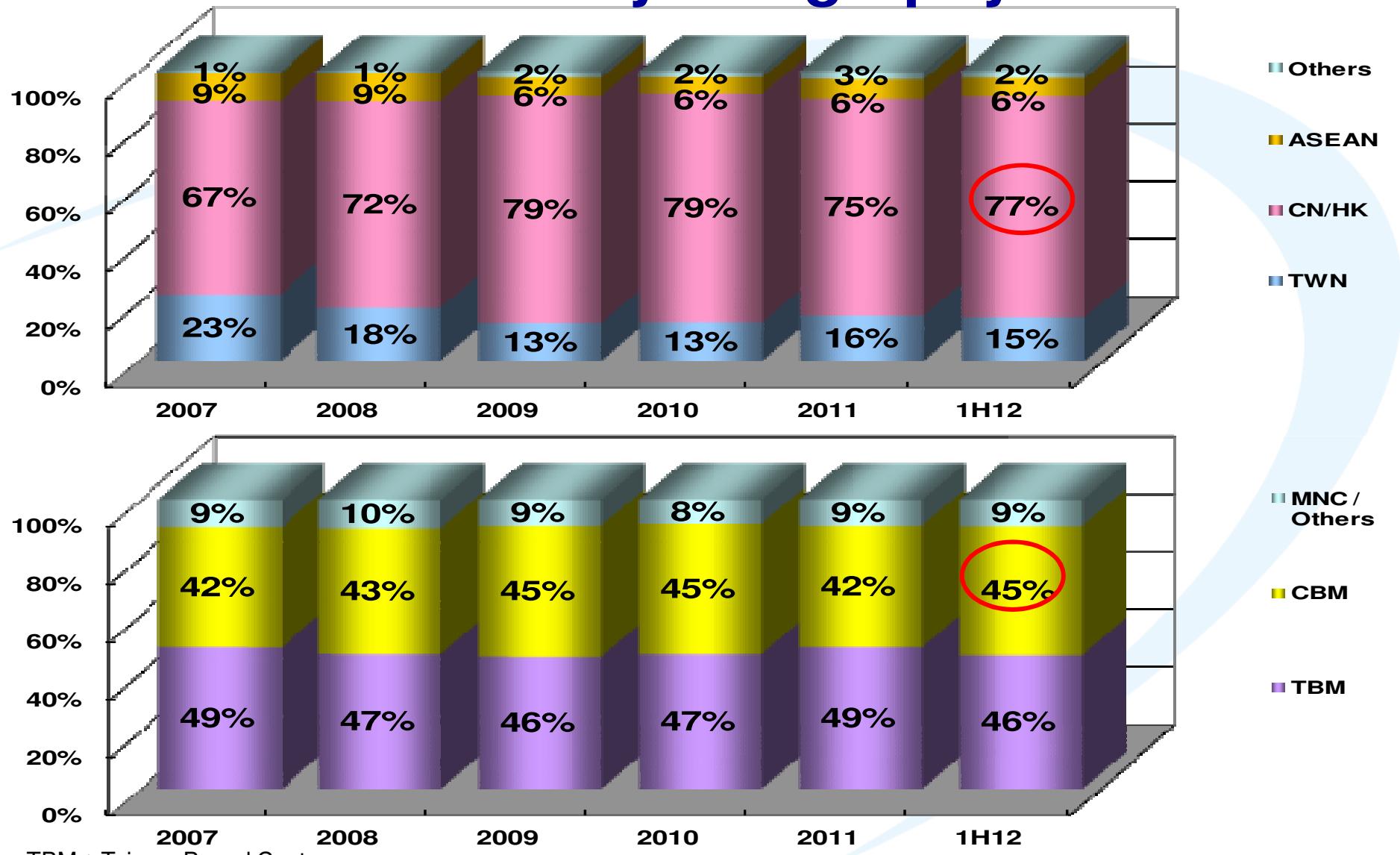
Unit: NT\$million



Sales breakdown by Geography/ Customer



Sales breakdown by Geography/ Customer



TBM : Taiwan-Based Customers

CBM : China Based Customers

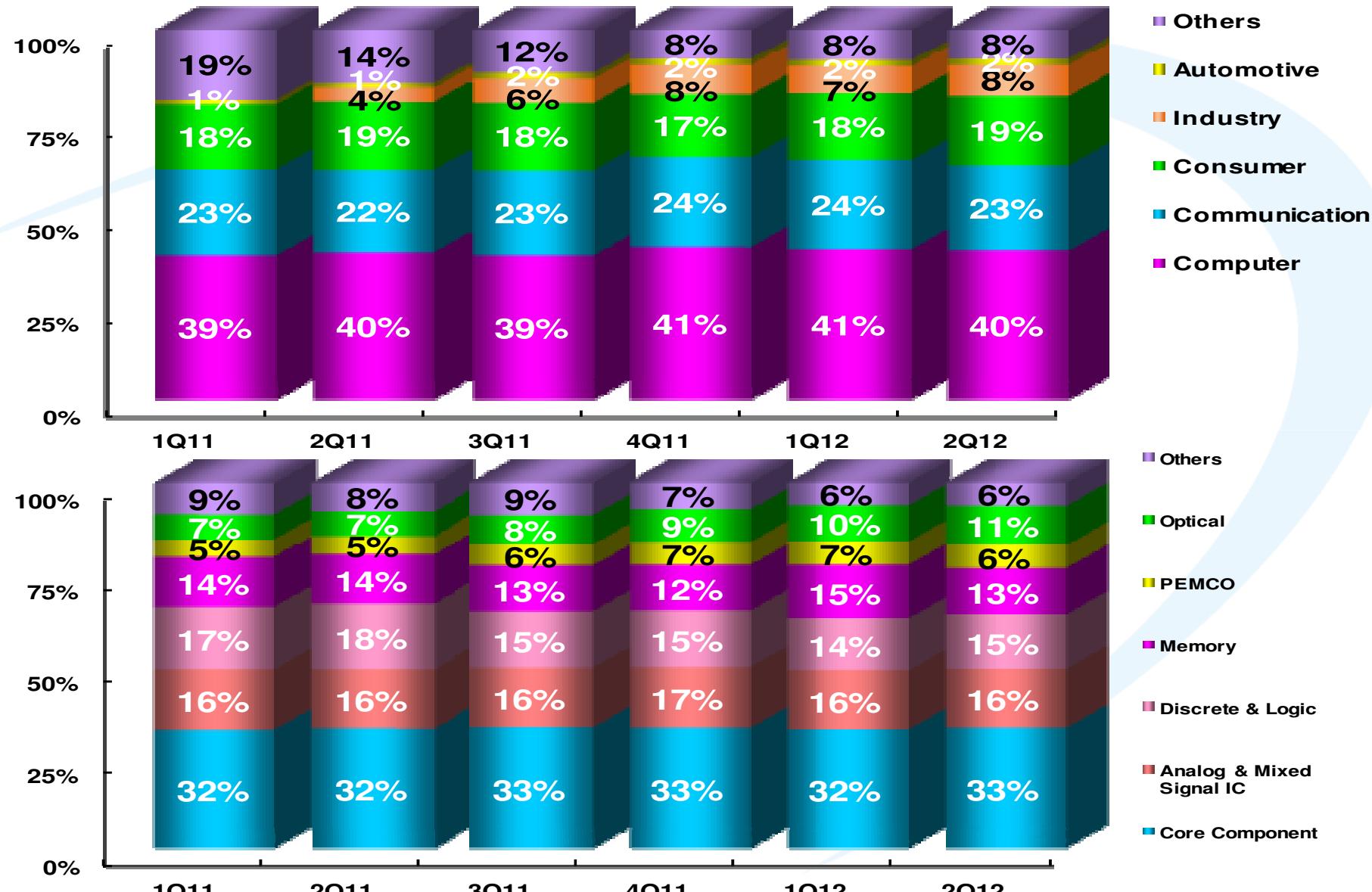
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Winning Partner Grouping



WPG Holdings Limited

Sales breakdown by Application/ Device Type



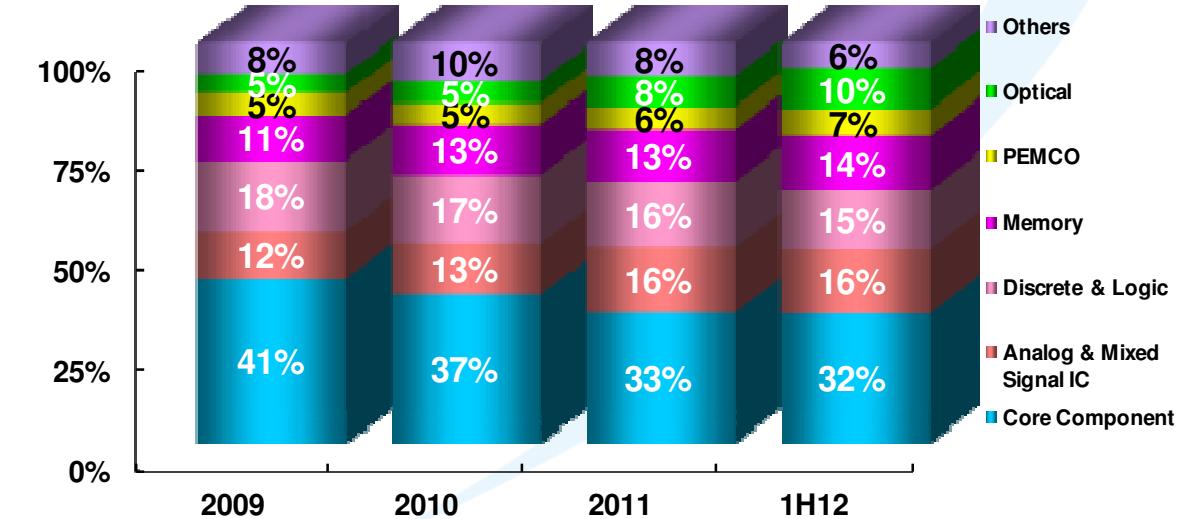
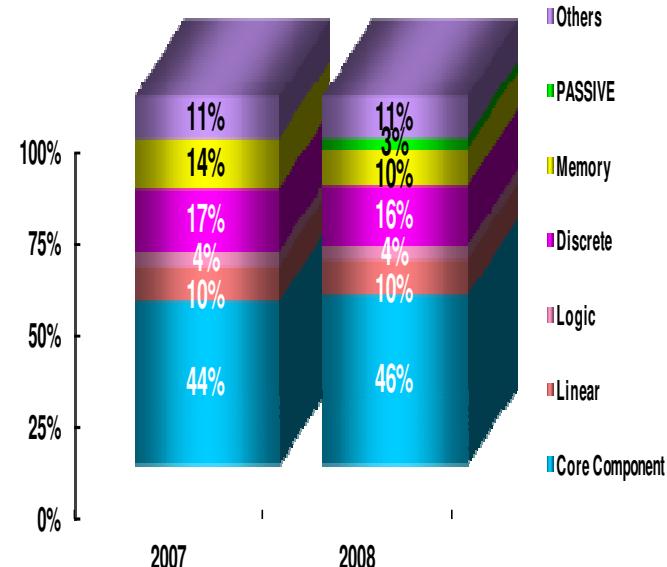
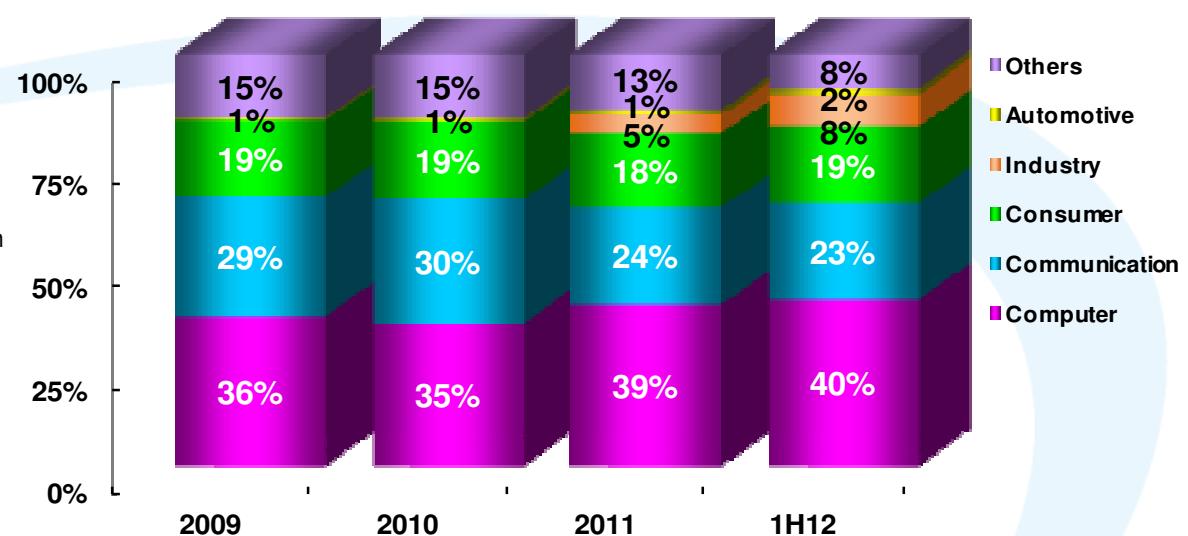
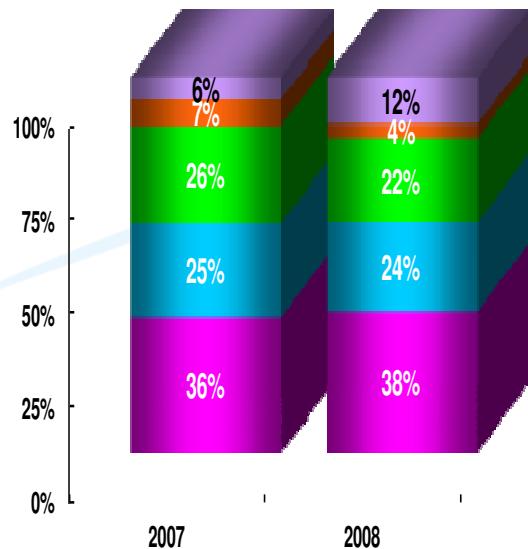
Note : Industrial included after 2Q11
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Winning Partner Grouping



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Sales breakdown by Application/ Device Type

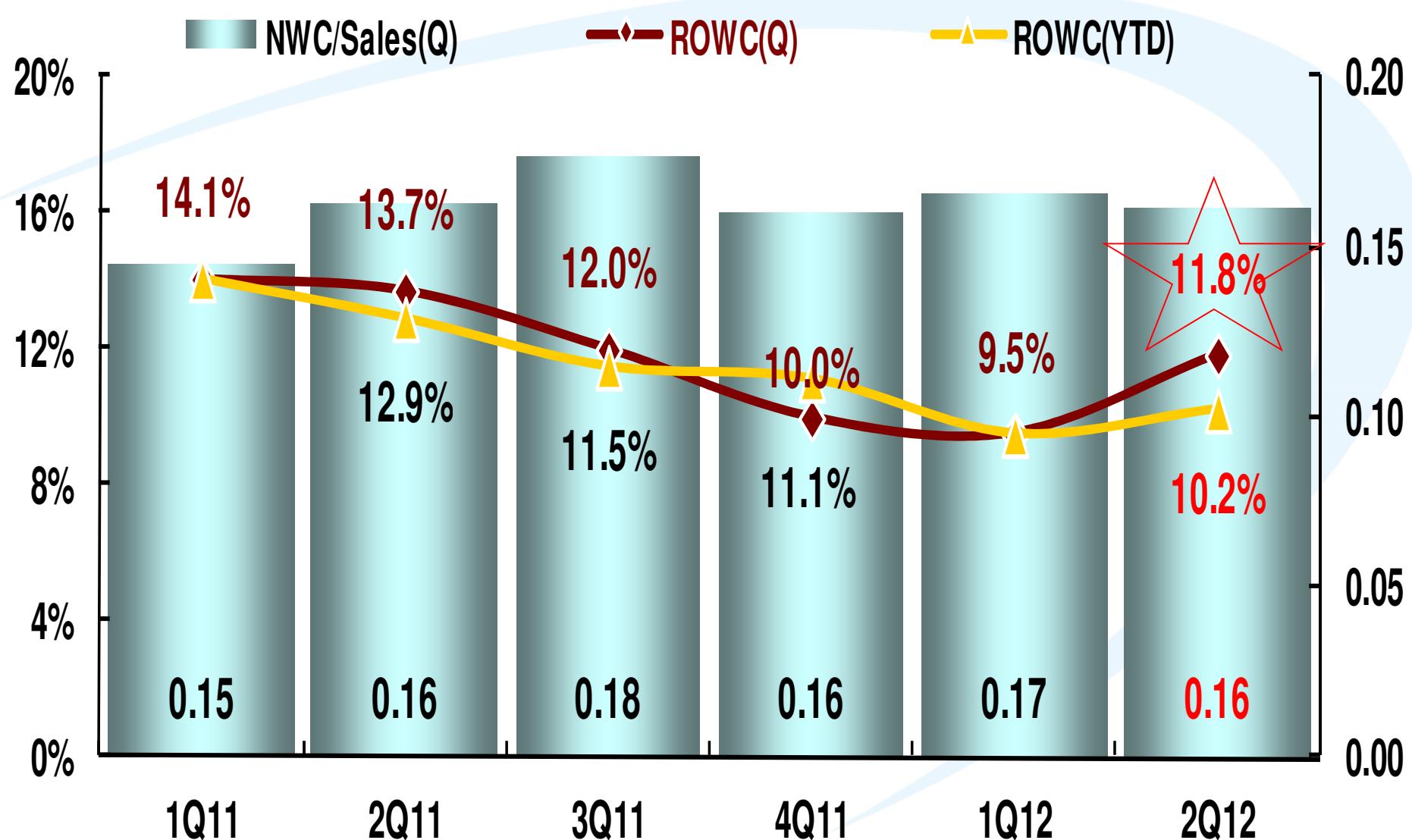


Note : Industrial included after 2Q11
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ROWC vs. NWC/Sales



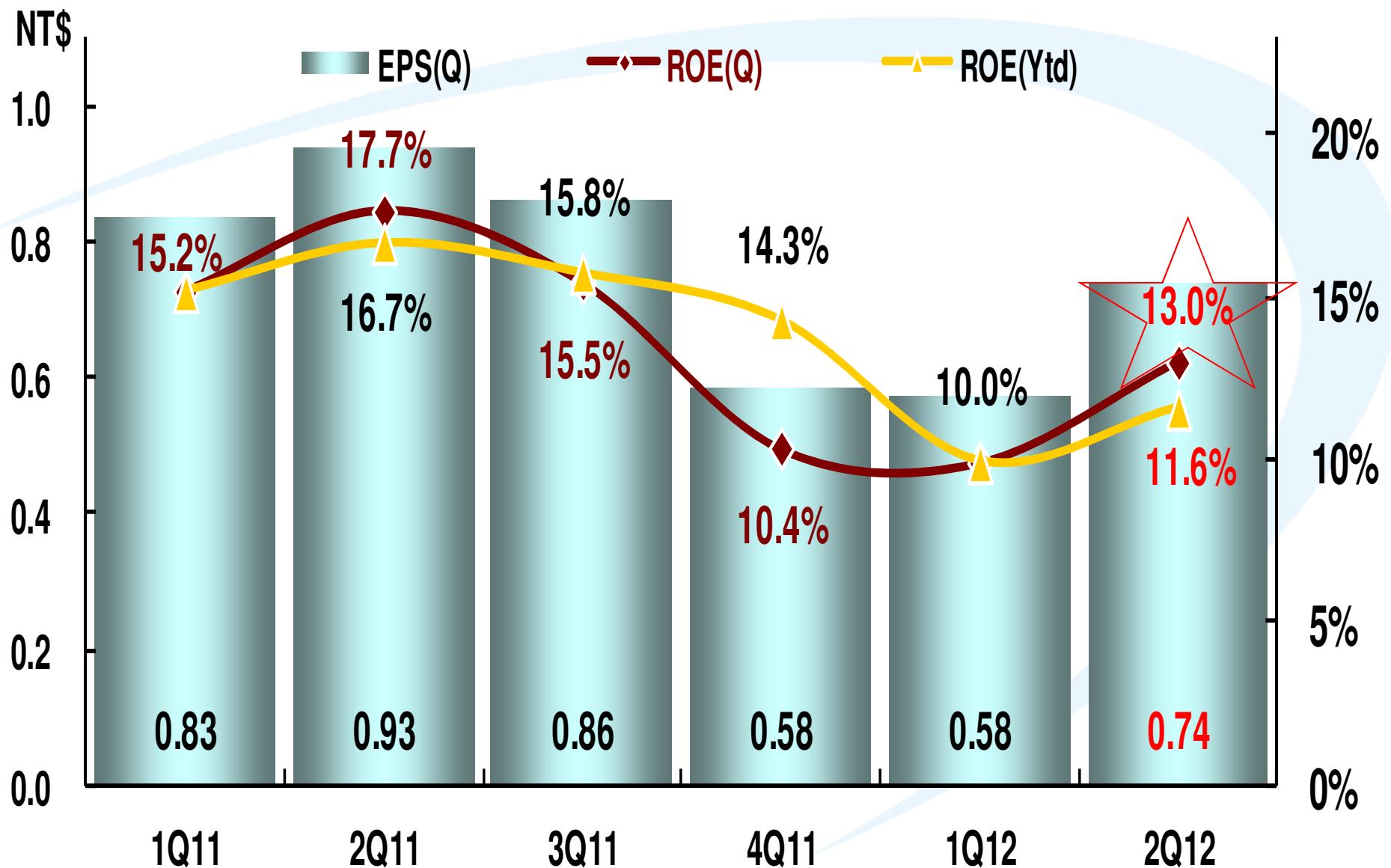
Note : Annualized
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ROE vs. EPS



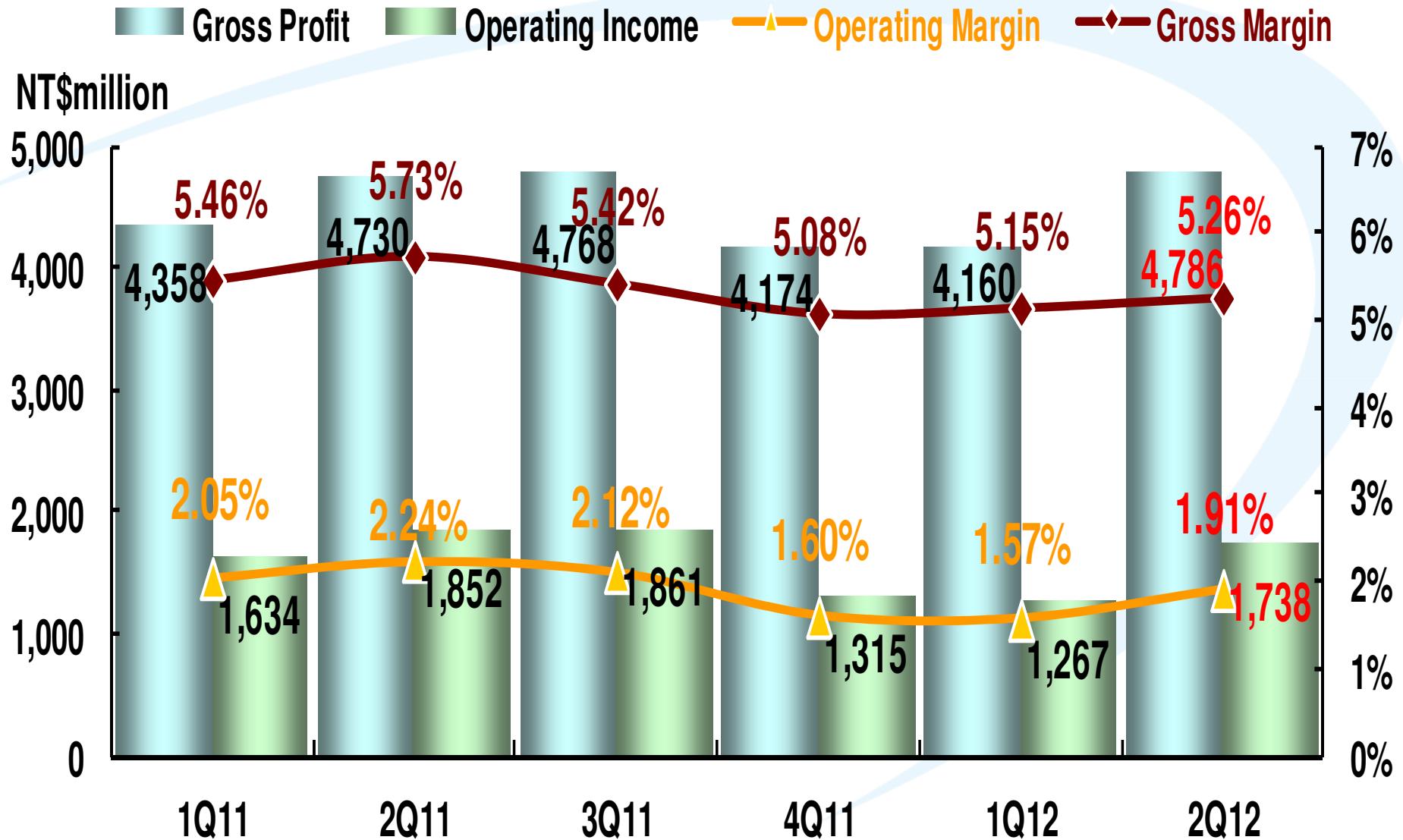
Note : Annualized
Asia's No.1 Electronics Distributor

Winning Partner Grouping

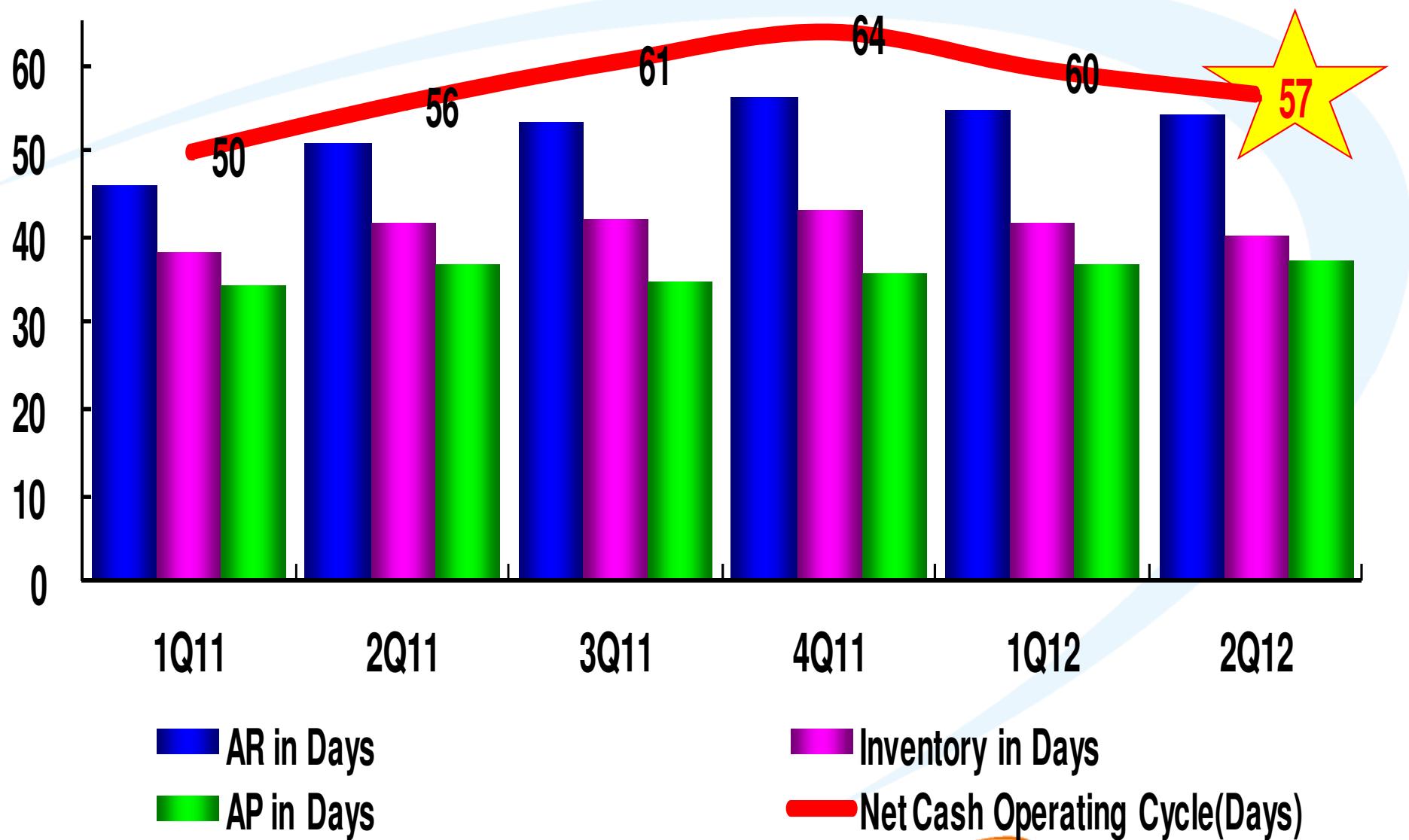


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Gross Margin vs. Operating Margin



Operating Cash Cycle



3Q12 Guidance

Based on our current business outlook,
management expects :

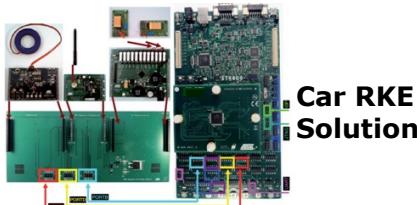
- Revenues to be between NT\$ **93** billion and NT\$ **98** billion at a forecast FX rate of 30 NT dollars to 1 US dollar averaged over 3Q12.
- Gross profit margin to be between **5.0%** and **5.2%**
- Operating profit margin to be between **1.7%** and **1.9%**

Recap of Recent Major Events

■ 50 Solutions Launched in 2Q12 :



- ▶ 推出 LED TV 解決方案
- ▶ 推出數位電視之主、被動元件解決方案
- ▶ 力推針對 3D TV 的方案及應用
- ▶ 推出 3D 數位電視解決方案
- ▶ 推出全方位 3D TV 解決方案
- ▶ 力推適用於地面數位電視之小型/低功耗解調 IC 符合中國數位電視地面廣播規格接收專用 LIS (Demodulator)
- ▶ 力推視訊串流方案，整合周邊元件，實現成本與效能極佳比值
- ▶ 推出串流媒體解決方案
- ▶ 推出多連網模式 TV 視訊串流/機頂盒方案
- ▶ 推出視訊串流整體方案有助於視訊串流播放器快速上市，節省開發成本，為最佳性價比方案
- ▶ 推出視訊串流解決方案
- ▶ 推出 Android Box/MID 解決方案



- 2012-06-06 ▶ 推出第四代通訊手機之主、被動組件最佳解決方案
- 2012-06-06 ▶ 力推 4x4 MIMO 效能的 WiMAX 2 (802.16m) 4G 單晶片解決方案
- 2012-06-06 ▶ 推出第四代通訊手機解決方案
- 2012-06-06 ▶ 推出 3G 智慧手機方案
- 2012-06-06 ▶ 力推高性能微機電感測器 於第四代通訊手機應用
- 2012-06-06 ▶ 推出第四代手機應用解決方案
- 2012-04-11
- 2012-04-11
- 2012-04-11
- 2012-04-11
- 2012-04-11
- 2012-04-11



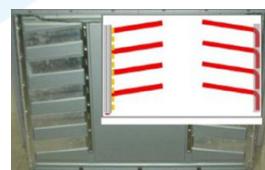
Car Audio
Solution



Car Radio
Tuner
Solution



TV eHome
Futures
Solution



LED TV
Solution

Recap of Recent Major Events

■ 50 Solutions Launched in 2Q12 :



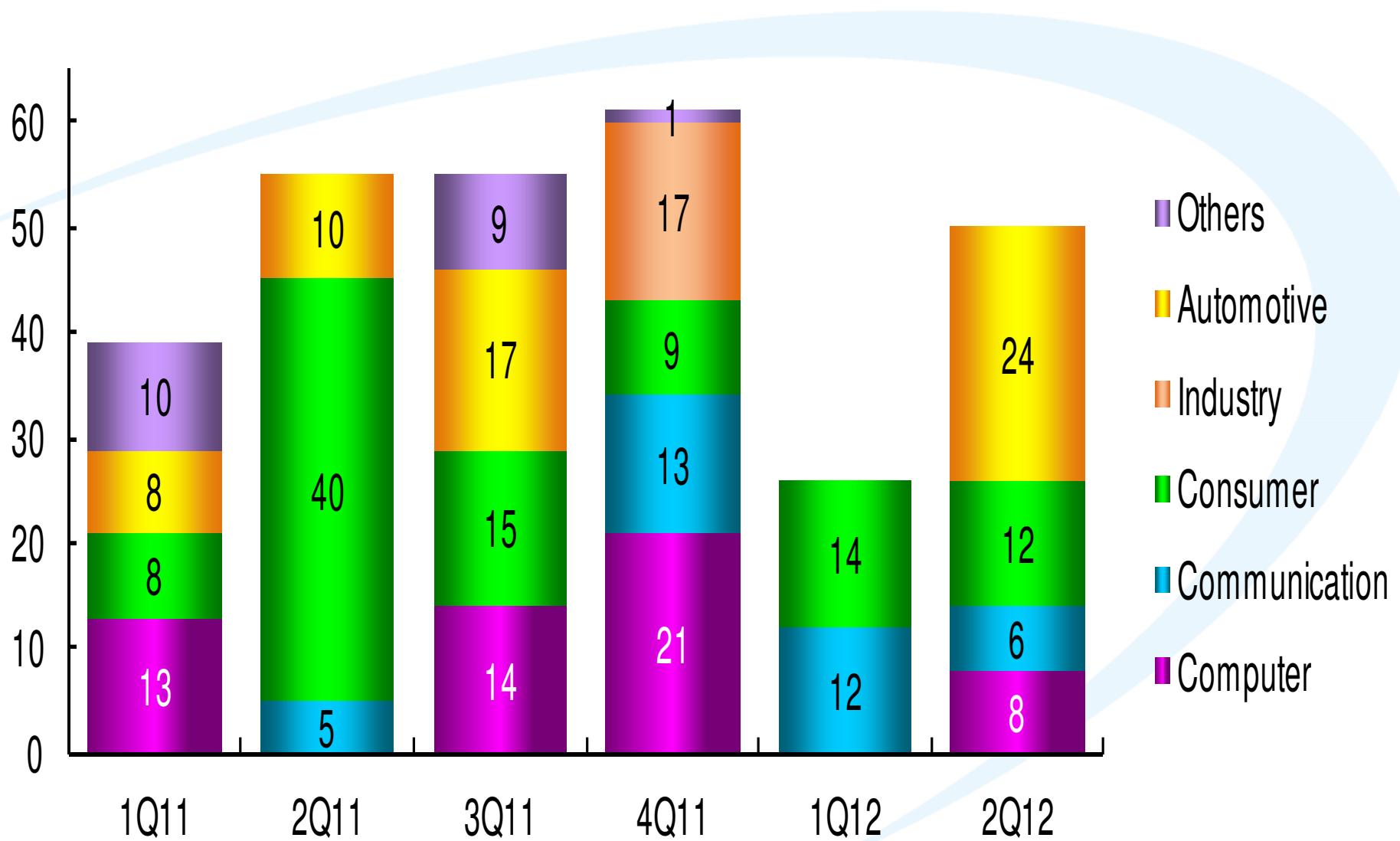
- ▶ 推出行车记录器之主被动组件最佳解决方案
- ▶ 推出新一代 VGA 图像传感器 为客户提供高质量影像解决方案
- ▶ 推出高性價比行车记录仪方案
- ▶ 力推行车纪录器解决方案 高性价比高清行车记录器方案平台
- ▶ 推出 sensor 可应用于行车纪录器方案
- ▶ 推出应用于免钥匙感应门锁系统解决方案
- ▶ 推出免钥匙感应门锁系统主、被动最佳解决方案
- ▶ 力推频段无钥匙进入 (RKE) 解决方案
- ▶ 推出系列免钥匙感应门锁产品
- ▶ 推出智能无钥匙进入方案
- ▶ 推出一系列汽车无钥匙进入汽车防盗方案
- ▶ 力推處理器的汽車多媒體及全景泊車解決方案
- ▶ 推出 Car Audio 解決方案
- ▶ 推出車用影音娛樂系統主、被動最佳解決方案
- ▶ 力推應用於車用影音娛樂系統的最佳方案
- ▶ 推出車用影音娛樂系統解決方案
- ▶ 推出高品質車載娛樂影音解決方案
- ▶ 推出车用影音娱乐系统整体方案有助于节省开发成本,为最佳性价比方案



- | | | |
|------------|---|------------|
| 2012-06-20 | ▶ 推出车载娱乐影音完整解决方案及其周边应用 | 2012-05-23 |
| 2012-06-20 | ▶ 推出車用感測器應用方案 | 2012-05-09 |
| 2012-06-20 | ▶ 推出 CMOS Sensor 應用方案 | 2012-05-09 |
| 2012-06-20 | ▶ 推出車用感測器之主、被動元件最佳解決方案 | 2012-05-09 |
| 2012-06-20 | ▶ 力推適用於車用感測器之完整方案 | 2012-05-09 |
| 2012-06-06 | ▶ 力推在車用的監控(DSC) 模組應用與在車用無線傳輸影像上的解決方案 | 2012-05-09 |
| 2012-06-06 | ▶ 推出運用於平板電腦上的解決方案 | 2012-04-25 |
| 2012-06-06 | ▶ 推出多重選擇電容式觸控式螢幕平板電腦解決方案 | 2012-04-25 |
| 2012-06-06 | ▶ 力推高性能微機電感測器 於平板電腦應用 | 2012-04-25 |
| 2012-06-06 | ▶ 推出 Tablet PC solution 解決方案 | 2012-04-25 |
| 2012-05-23 | ▶ 推出平板電腦之主、被動元件最佳解決方案 | 2012-04-25 |
| 2012-05-23 | ▶ 力推應用於平板電腦的最佳方案 | 2012-04-25 |
| 2012-05-23 | ▶ 力推 MID 解決方案高性价比 cortex A8, 低功耗 MID 产品 | 2012-04-25 |
| 2012-05-23 | ▶ 推出平板电脑解决方案 | 2012-04-25 |



More Solutions Launched ...



Recap of Recent Major Events

- WPG Holdings ranked “Worldwide No.3, APAC No.1 in 2012 TOP 25 Global Distributors” by EETimes (2012/05)
- WPG Annual Shareholder meeting Approved NT\$2.6 Cash Dividend Per Share (2012/06/22)

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