

WPG Holdings Ltd. (3702.TT/3702.TW) 1Q13 Earning Release

May 3rd, 2013

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, beginning on January 1, 2013, any financial information contained here within is presented in conformity with TIFRS (International Financial Reporting Standards as endorsed for use in R.O.C.). We have historically presented our consolidated financial statements in accordance with ROC GAAP, including our consolidated financial statements for the year ended December 31, 2012. Consequently, the selected comparison financial information to be included in our quarterly earning releases in 2013 may differ materially from those released historically.
- 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

■ 1Q13 Financial Highlights & 2Q13 Outlook

Cliff Yuan

■ Q&A

Simon Huang/
Scott Lin/
Cliff Yuan

Result Highlights

Unit:NT\$million

item	1Q13	1Q13 Guidance	4Q12	1Q12	QoQ(%)	YoY(%)
Net Sales	86,564	82~87B	90,460	80,854	(4.3)	7.1
Gross Margin	4.87%	4.7% ~ 4.9%	4.68%	5.15%	+19 bp	-27 bp
Operating Expenses	(2,842)		(2,890)	(2,882)	(1.7)	(1.4)
Operating Income	1,374		1,345	1,278	2.1	7.5
Operating Margin	1.59%	1.3% ~ 1.5%	1.49%	1.58%	+10 bp	+1 bp
Net Income	1,040		952	952	9.3	9.3
EPS (NT\$) ₍₁₎	0.63		0.58	0.59		
Net Book Value (NT\$) ₍₁₎	24.21					
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Total Assets	125,093		119,887	116,906		
Total Liabilities	84,950		81,804	76,821		
Total Equity	40,144		38,083	40,086		
Net Working Capital	60,611		59,676	54,156		
<hr/>						
Free Cash Flow	(1,229)		3,490	1,249		
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KEY Indices ₍₂₎						
ROWC	9.1%		9.0%	9.6%	+5 bp	-54 bp
NWC/Sales	0.18		0.16	0.17		
ROE	10.6%		10.2%	10.1%	+49 bp	+51 bp
Gearing	0.81		0.86	0.64		

(1).Weighted average shares outstanding

(2).Annualized

Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

Major Differences between TIFRS and ROC GAAP

Unit:NT\$million	TIFRS* 2012	R.O.C GAAP 2012	Difference	%
Items on Statement of Comprehensive Income				
Net Sales	360,614	360,614	-	-
Gross Profit	18,095	18,095	-	-
Operating Income	6,237	6,193	44.24	0.7%
Net Income	4,556	4,466	90.31	2.0%
Items on Balance Sheets				
Current Assets	106,425	106,596	(170.11)	(0.2%)
Total Assets	119,887	119,661	225.84	0.2%
Accrued Liabilities and Others	5,116	5,066	49.89	1.0%
Current Liabilities	74,480	74,430	49.89	0.1%
Total Liabilities	81,804	81,453	350.38	0.4%
Total Equity	38,083	38,207	(124.54)	(0.3%)
KEY Indices				
ROWC	10.5%	10.4%	0.1%	
ROE	12.2%	11.9%	0.3%	
Gearing ratio	0.86	0.85	0.00	

*International Financial Reporting Standards as endorsed in R.O.C.

Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

 **WPG Holdings Ltd.**
Winning Partner Grouping

Income Statements

Unit:NT\$million

Item	1Q13	4Q12	QoQ(%)	1Q12	YoY(%)
Net operating Revenue	86,564	90,460	(4.3)	80,854	7.1
COGS	(82,348)	(86,225)	(4.5)	(76,694)	7.4
Gross Profit	4,216	4,235	(0.5)	4,160	1.3
Gross Margin	4.87%	4.68%		5.15%	
Operating Expenses	(2,842)	(2,890)	(1.7)	(2,882)	(1.4)
Operating Income	1,374	1,345	2.1	1,278	7.5
Operating Margin	1.59%	1.49%		1.58%	
Net Non-operating Items	(99)	(188)	(47.2)	(163)	(39.4)
Net Financing costs	(194)	(200)	(2.6)	(192)	1.0
Others	95	12		29	
Profit Before Tax/Minority	1,275	1,157	10.1	1,115	14.3
Tax	(235)	(205)	14.2	(173)	35.5
Minority/Accounting Principle Change	(0)	(0)		10	
Profit After Tax/Minority	1,040	952	9.3	952	9.3
Net Margin	1.20%	1.05%		1.18%	
EPS (NTD) ₍₁₎	0.63	0.58		0.59	
Tax %	18%	18%		16%	

(1).Weighted average shares outstanding

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The Benchmark of Distribution



WPG Holdings Ltd.
Winning Partner Grouping

Balance Sheet

Unit:NT\$million

item	1Q13		4Q12		1Q12	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	7,746	6	8,921	7	8,315	7
Accounts Receivable - Trade	60,935	49	59,592	50	51,384	44
Inventory	36,417	29	33,339	28	36,547	31
Current Assets	111,037	89	106,425	89	104,537	89
Others	14,056	11	13,461	11	12,370	11
Total Assets	125,093	100	119,887	100	116,906	100
Current Interest-bearing Debt	35,427	28	36,109	30	32,450	28
Accounts Payable	36,740	29	33,255	28	33,776	29
Accrued Liabilities and Others	6,008	5	5,116	4	5,498	5
Current Liabilities	78,175	62	74,480	62	71,724	61
Long-term Interest-bearing Debt	5,867	5	6,441	5	4,318	4
Others	908	1	883	1	779	1
Total Liabilities	84,950	68	81,804	68	76,821	66
Total Equity	40,144	32	38,083	32	40,086	34

KEY Indices₍₁₎

Net Working Capital (\$)	60,611	59,676	54,156
AR Turnover (Days)	64	61	55
Inventory Turnover (Days)	39	37	41
AP Turnover (Days)	39	37	37
Average Collection Periods (Days)	63	61	60
Current Ratio	142%	143%	146%
Gearing Ratio	0.81	0.86	0.64

(1).Annualized

Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution



WPG Holdings Ltd.
Winning Partner Grouping

Cash Flows

Unit:NT\$million

item	1Q13	4Q12	1Q12
-Net Income ₍₁₎	1,275	1,144	1,102
-Changes of NWC	(1,027)	1,115	527
-Adjustment & Others	(1,477)	1,231	(380)
From Operation	(1,229)	3,490	1,249
-Financial Instrument	344	(12)	325
-Capital Expenditure	(803)	(48)	(869)
-Others	(57)	(1)	20
From Investment	(516)	(61)	(525)
-Financial Debt	(410)	(2,489)	(14)
-Others	23	(71)	45
From Financing	(387)	(2,560)	31
Effect on changes of consolidated subsidiaries	(10)	30	398
Cumulative translation adjustments	997	(502)	(815)
Net Cash Position Change	(1,145)	396	339
Ending Cash Balance	7,728	8,872	8,125

(1).Minority interest is included.

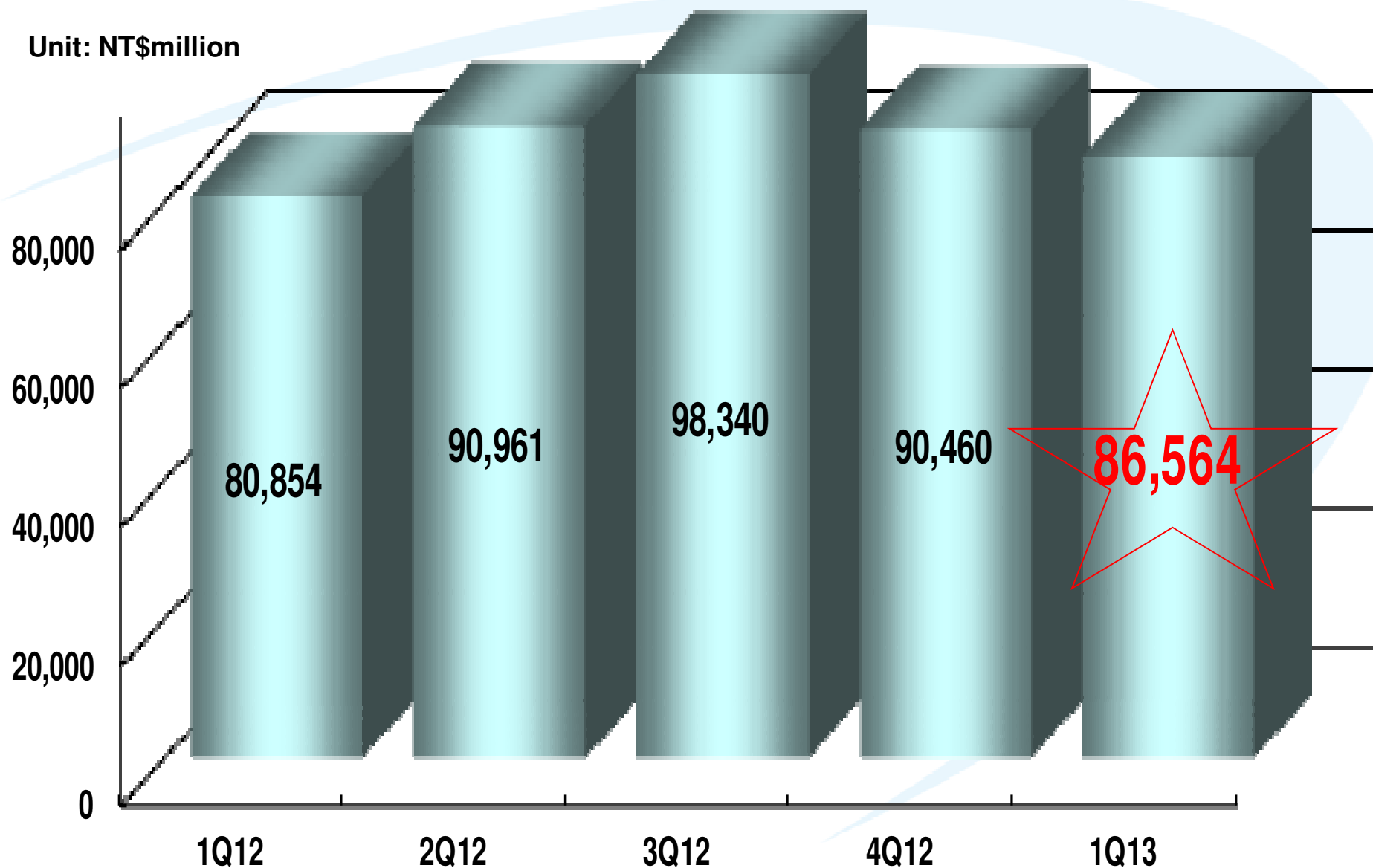
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The Benchmark of Distribution



WPG Holdings Ltd.
Winning Partner Grouping

Consolidated Revenue

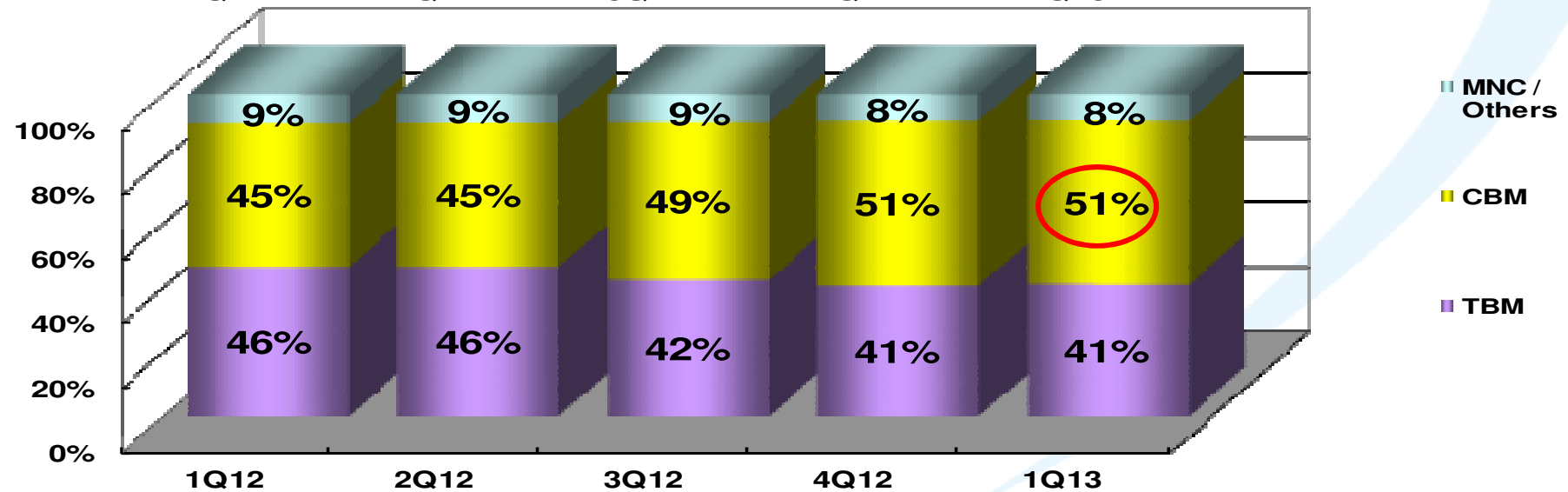
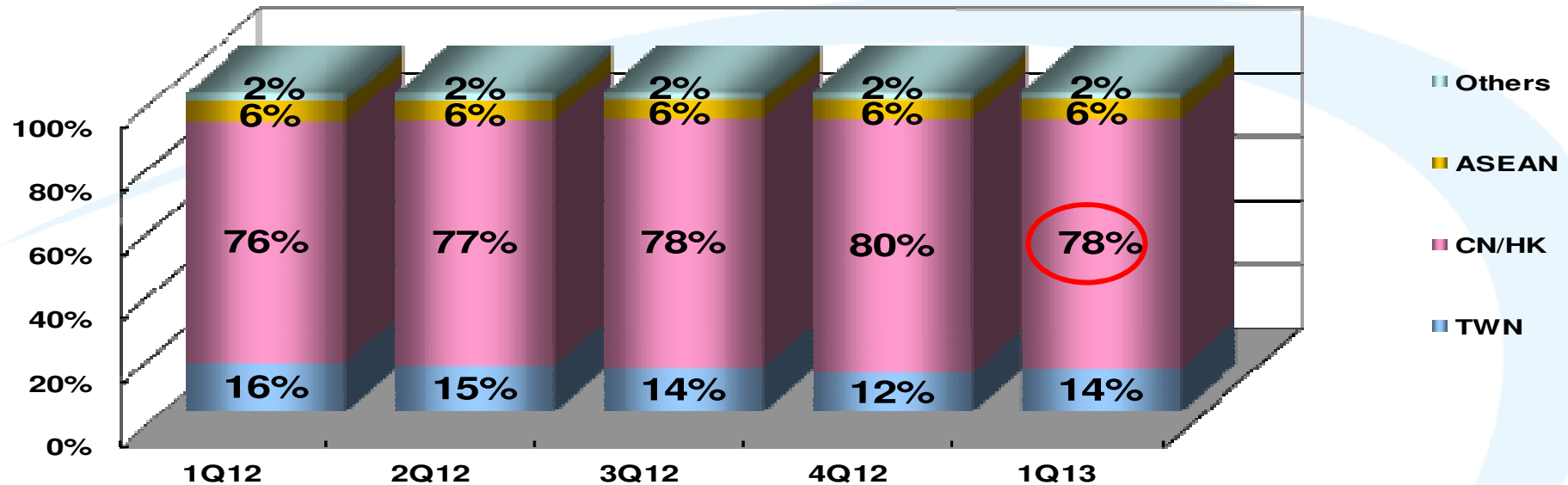
Unit: NT\$million



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The Benchmark of Distribution

 **WPG Holdings Ltd.**
Winning Partner Grouping

Sales breakdown by Geography/ Customer



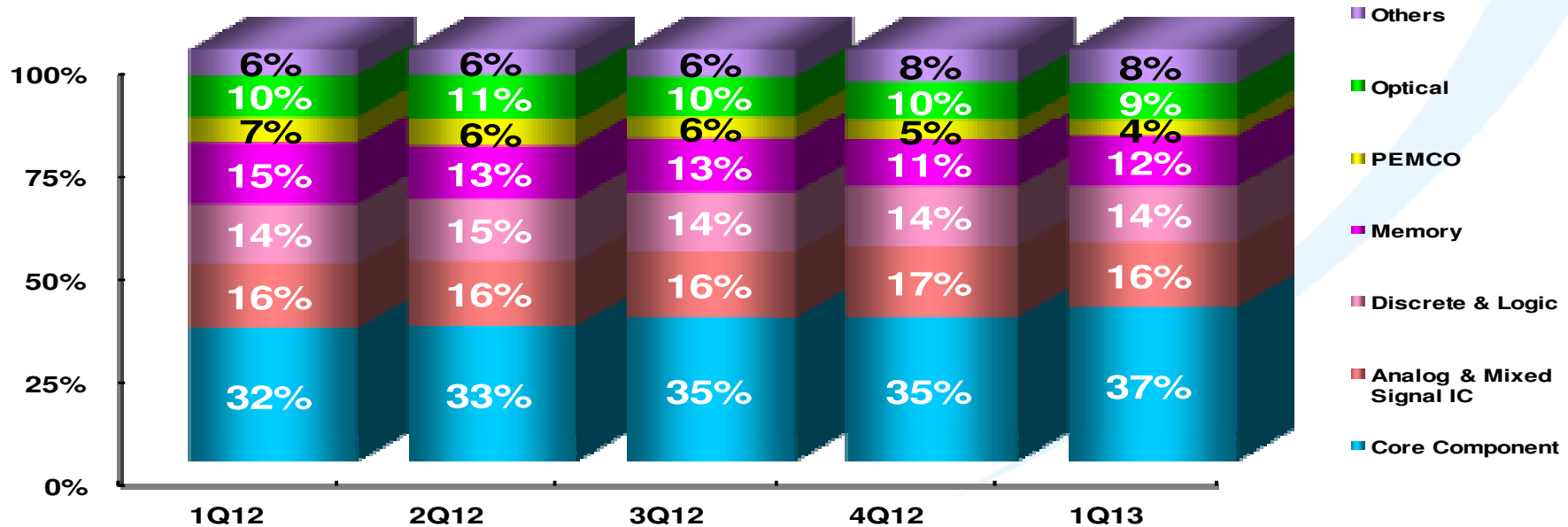
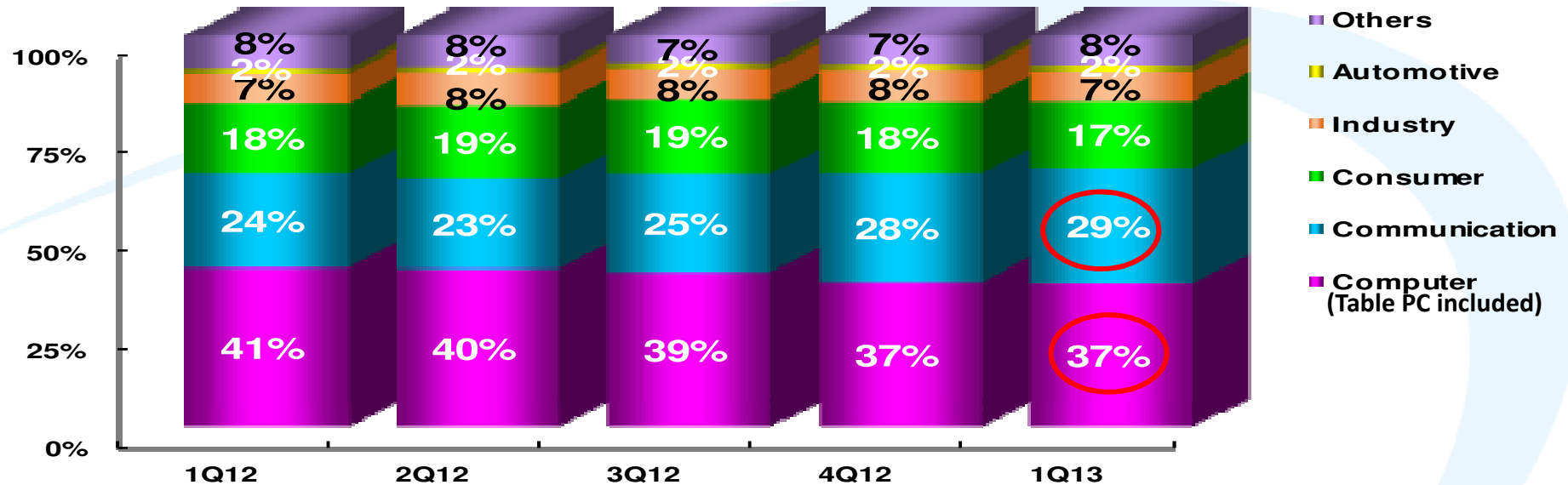
TBM : Taiwan-Based Customers

CBM : China Based Customers

Unaudited, Prepared by WPG based on TIFRS.

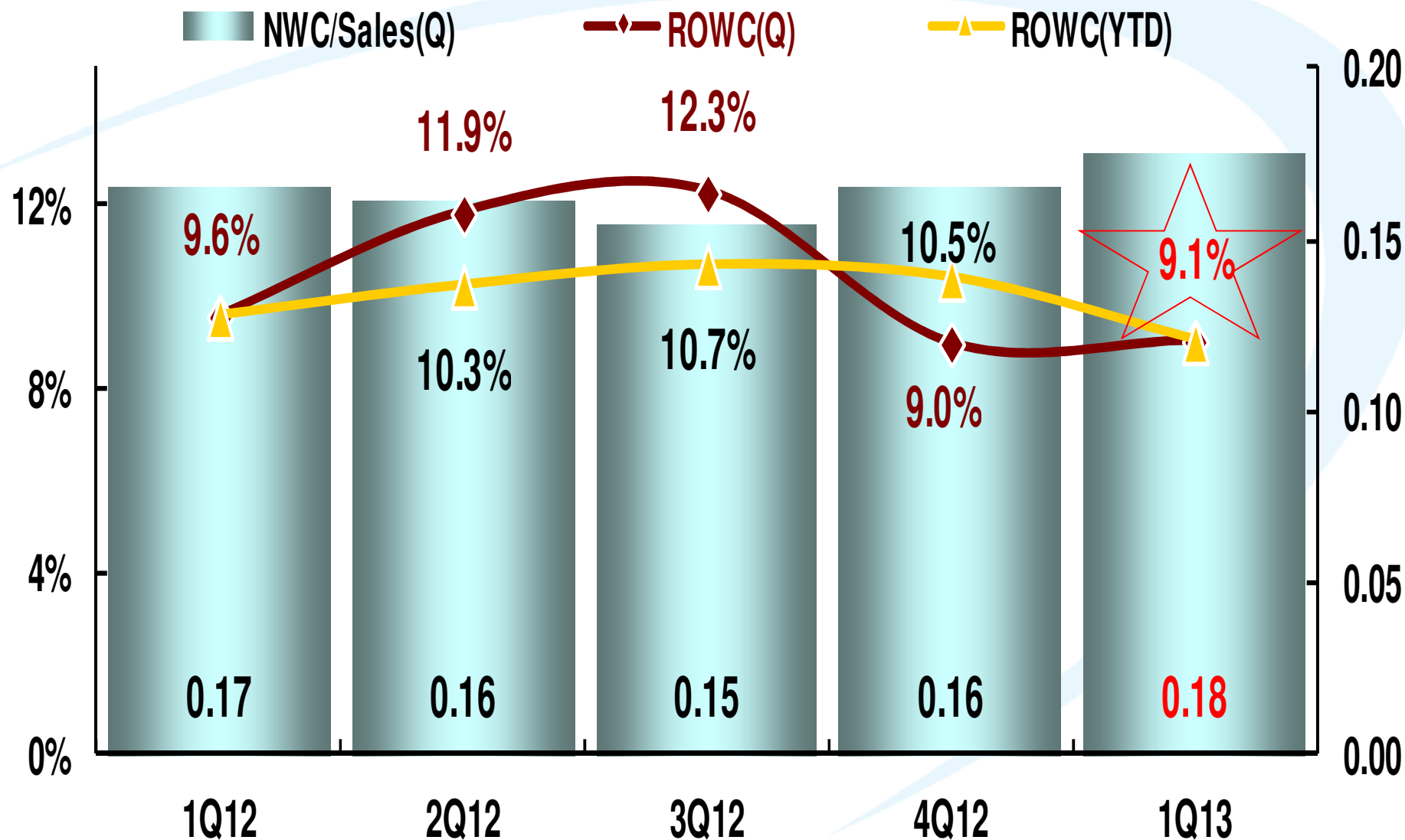
The Benchmark of Distribution

Sales breakdown by Application/ Device Type



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ROWC vs. NWC/Sales



Note : Annualized

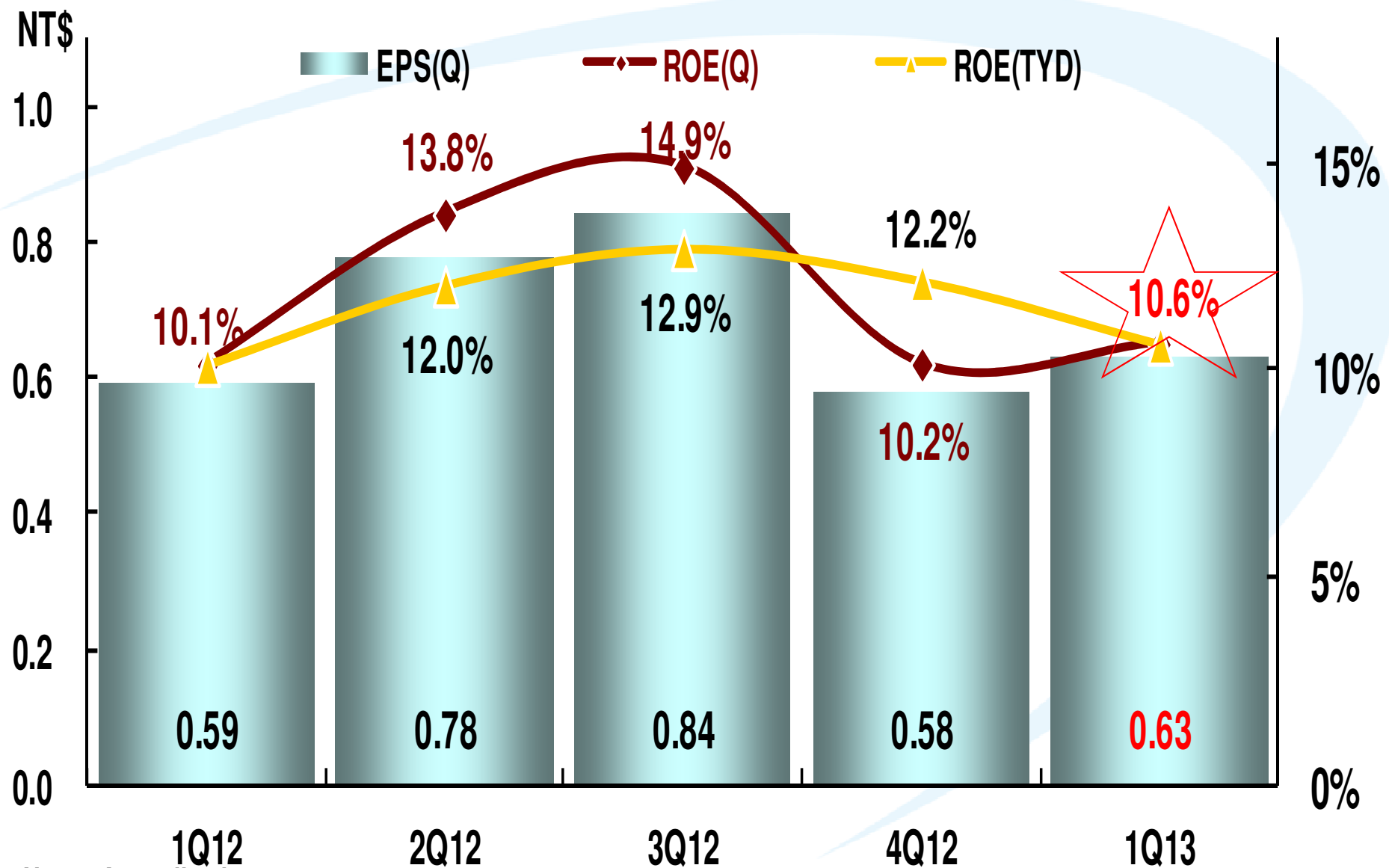
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The Benchmark of Distribution



WPG Holdings Ltd.
Winning Partner Grouping

ROE vs. EPS



Note : Annualized

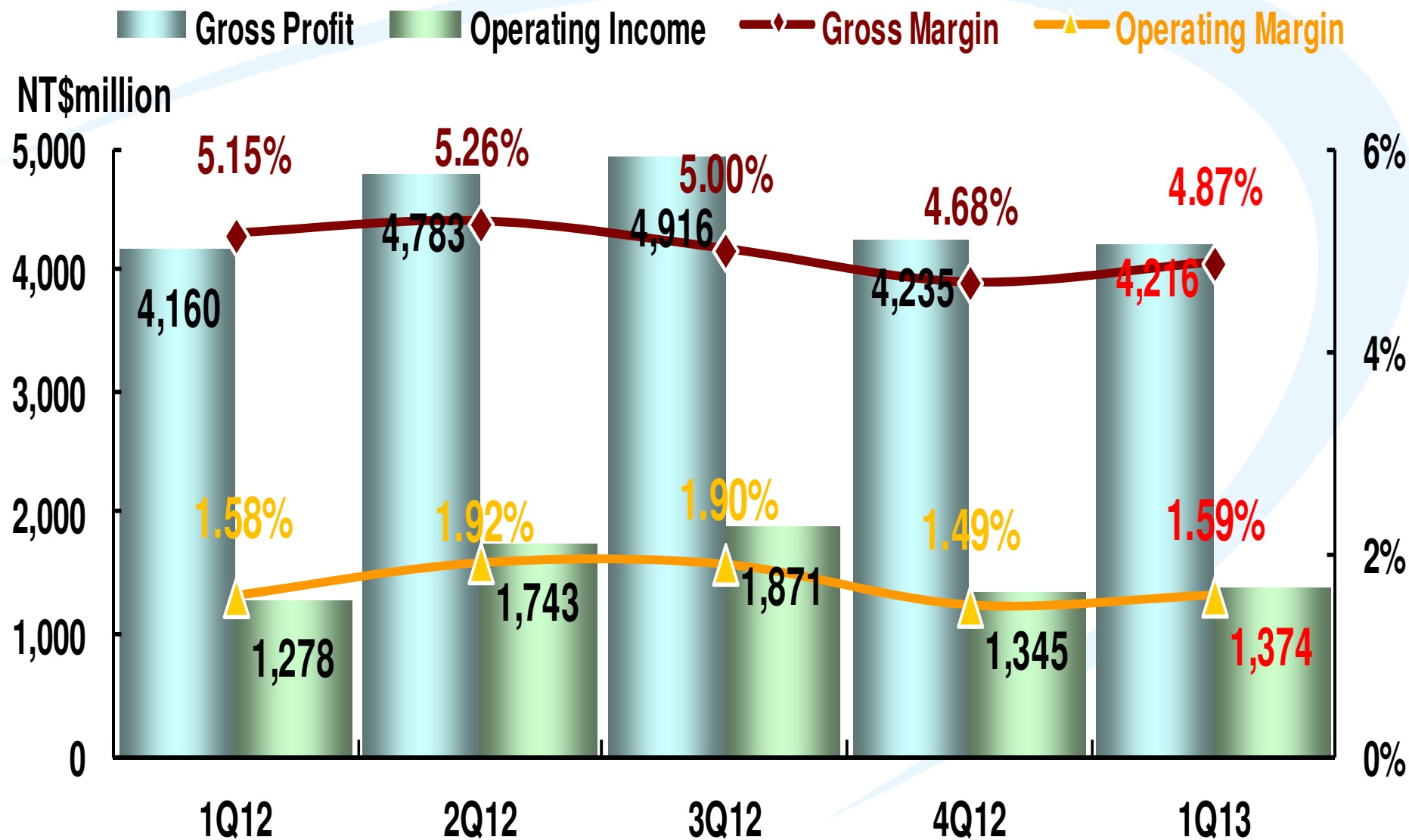
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Winning Partner Grouping

Gross Margin vs. Operating Margin

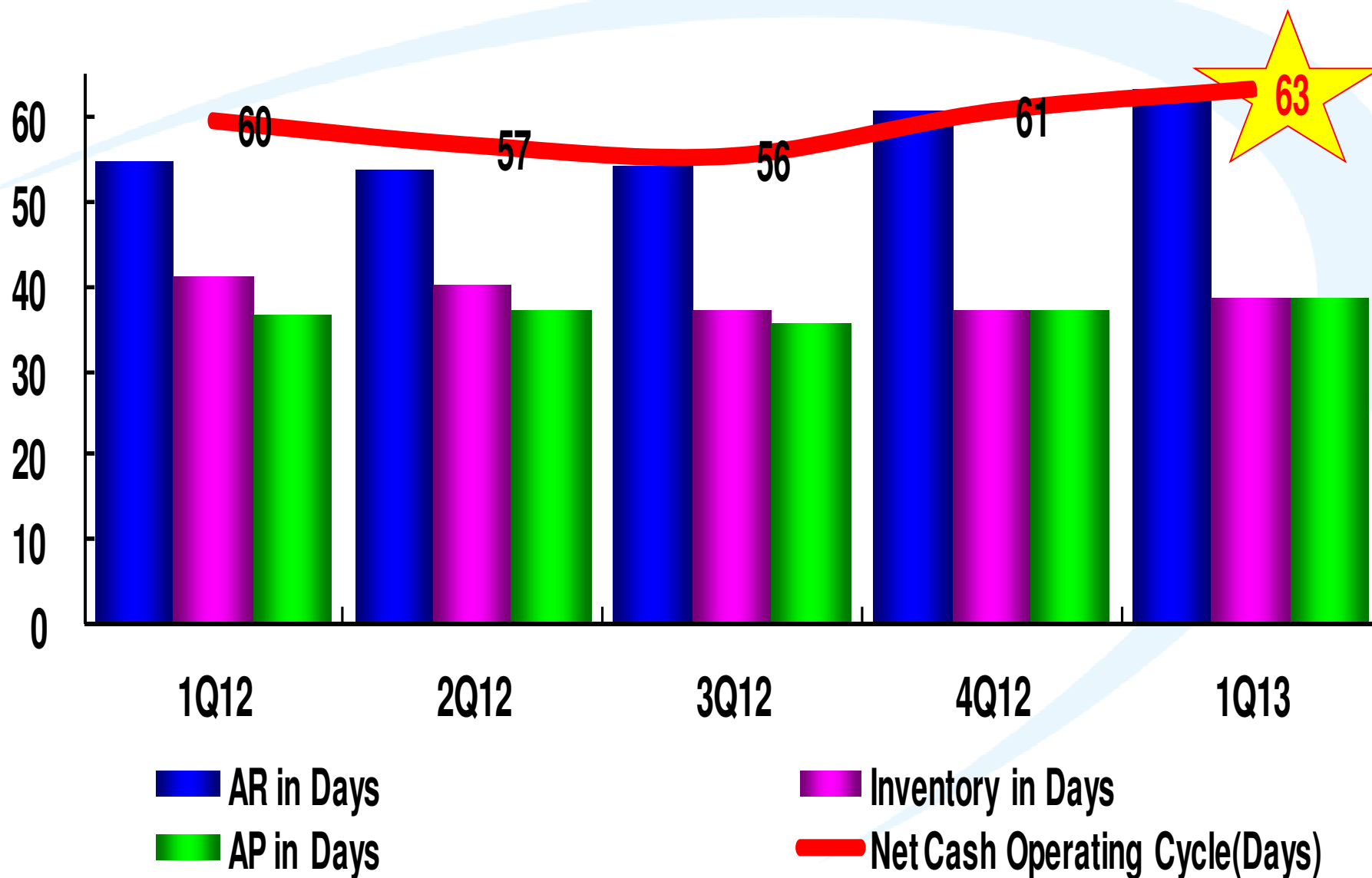


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Winning Partner Grouping

Operating Cash Cycle



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The Benchmark of Distribution

2Q13 Guidance

Based on our current business outlook, management expects :

- Revenues to be between NT\$ **96** billion and NT\$ **101** billion at a forecast FX rate of 30 NT dollars to 1 US dollar averaged over 2Q13.
- Gross profit margin to be between **4.5%** and **4.7%**
- Operating profit margin to be between **1.5%** and **1.7%**

Recap of Recent Major Events

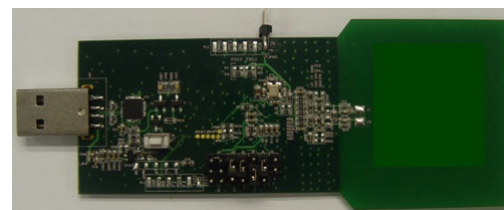
■ 38 Solutions Launched in 1Q13 :



- ▶ 推出 Android 系統機上盒方案 2013-01-23
- ▶ 推出適用於機上盒解決方案 2013-01-23
- ▶ 推出 Set Top Box 主、被動元件解決方案，滿足各種需求如 Audio、ESD、EMI、IRM 等 2013-01-23
- ▶ 力推適用 STB (Digital/IP TSB)之完整解決方案 2013-01-23
- ▶ 推出新系列機上盒主晶片與 DVB-T 調諧器模組接收器為市場提供創新服務平台 2013-01-23
- ▶ 推出 3G 智能手機方案 2013-01-23
- ▶ 推出手機射頻組件搭配第四代手機平台 2013-01-23
- ▶ 推出第四代通訊手機主、被動組件解決方案 2013-01-23
- ▶ 力推適用 Smart phone 之完整解決方案 2013-01-23
- ▶ 力推第四代通訊手機方案 2013-01-23
- ▶ 推出基於 NFC 技術的電子錢包方案 2013-01-09
- ▶ 力推 NFC 方案-短距離無線通訊技術，移動支付，讀卡器、感應式卡片和點對點的功能 2013-01-09
- ▶ 推出近距離無線通訊器材整合解決方案 2013-01-09
- ▶ 力推 SIP 應用於 NFC 行動式裝置 2013-01-09
- ▶ 力推近距離無線傳輸技術解決方案 2013-01-09



- ▶ 推出安全監控整合解決方案 2013-03-27
- ▶ 推出適用安全監控之完整解決方案 2013-03-27
- ▶ 推出網路監控系統與數位安全監控方案 2013-03-27
- ▶ 提出高效能安全監控系統解決方案 2013-03-27
- ▶ 主打一系列 SoC 安全監控元件 2013-03-27
- ▶ 推出安全監控應用解決方案 2013-03-27
- ▶ 力推產品應用於安全監控的完整方案 2013-03-27
- ▶ 聯合多家 IDH，重磅推出廣義安全監控整合方案 2013-03-27
- ▶ 力推數字網絡攝像機 IP Camera 方案，有助提高畫面分辨率和流暢度 2013-03-27



**NFC
Solution**



**SoC
Solution**

Recap of Recent Major Events

■ 38 Solutions Launched in 1Q13 :



(Table PC included)

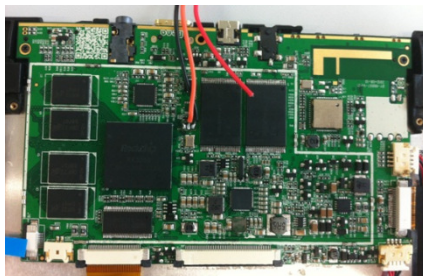
- ▶ 推出平板電腦解決方案
- ▶ 推出平板電腦主、被動元件解決方案
- ▶ 力推適用 Tablet (Pad)之完整解決方案
- ▶ 推出以應用處理器為主的平板電腦解決方案
- ▶ 推出多重選擇電容式觸控螢幕平板電腦解決方案
- ▶ 力推適用平板计算机(Tablet PC)之 MEMS Microphone
- ▶ 力推 MID 解決方案、高性价比 Cortex A5、低功耗 MID 產品

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- ▶ 推出新世代 LED 陣列 提供 LED 照明解決方案
- ▶ 推出 LED 照明 (Lighting) 解決方案
- ▶ 力推適用 LED 照明應用裝置方案
- ▶ 推出多品牌 LED 球泡燈解決方案
- ▶ 推出 LED 驅動方案及多款 LED 照明方案
- ▶ 推出 LED 照明解決方案 T8 Tube, Bulbs and OA lighting
- ▶ 力推智能照明解決方案

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**Tablet PC
Solution**

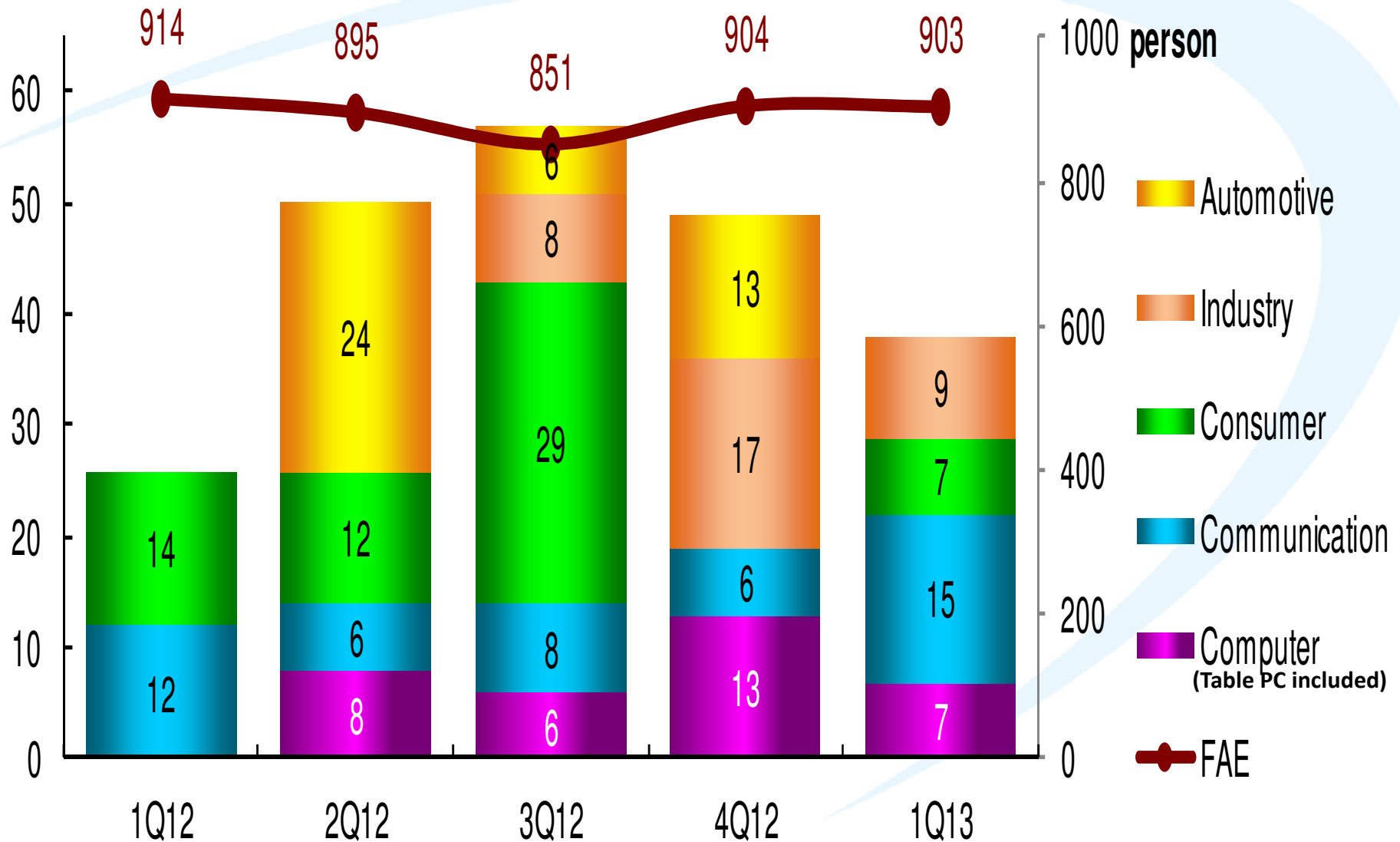


**MID
Solution**



**LED
Solution**

More Solutions Launched ...



Recap of Recent Major Events

- WPG Holdings ranked “2013 The Forbes Global 2000 List No.1946” by Forbes (2013/04/18)
- WPG Board of Directors Proposes NT\$2.4 Cash Dividend Per Share (2013/04/30)



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