WPG Holdings

WPG Holdings Ltd. (3702.TT/3702.TW) 2Q15 Earning Release

Aug 4th, 2015

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
- 2Q15 Financial Highlights & 3Q15 Outlook — Cliff Yuan
- Q&A — Simon Huang/ Scott Lin/ Cliff Yuan

Result Highlights

Unit:NT$million

item	2Q15	2Q15 Guidance	1Q15	2Q14	*QoQ(%)*	*YoY(%)*
Net Sales	124,466	117 ~ 122B	108,014	113,706	15.2	9.5
Gross Margin	4.32%	4.2% ~ 4.5%	4.46%	4.67%	-14 bp	-35 bp
Operating Expenses	(3,297)		(2,814)	(3,152)	17.2	4.6
Operating Income	2,077		2,000	2,155	3.9	(3.6)
Operating Margin	1.67%	1.6% ~ 1.8%	1.85%	1.89%	-18 bp	-23 bp
Net Income	1,161		1,397	1,510	(16.9)	(23.1)
EPS (NT$)(1)	0.70		0.84	0.91		
Net Book Value (NT$)(1)	25.30					
Total Assets	166,874		157,717	144,557		
Total Liabilities	124,499		111,808	105,530		
Total Equity	42,375		45,909	39,028		
Net Working Capital	90,462		82,057	74,948		
Free Cash Flow	(6,413)		5,981	(1,952)		
KEY Indices(2)						
ROWC	*9.2%*		*9.8%*	*11.5%*	-56 bp	-231 bp
NWC/Sales	*0.18*		*0.19*	*0.16*		
ROE	*10.7%*		*12.3%*	*15.3%*	-161 bp	-464 bp
Gearing	1.34		1.08	1.14		

(1).Weighted average shares outstanding

(2).Annualized

Unaudited, Prepared by WPG based on TIFRS.

Statements of Comprehensive Income

Unit:NT$million

Item	2Q15	1Q15	QoQ(%)	2Q14	YoY(%)
Net operating Revenue	124,466	108,014	15.2	113,706	9.5
COGS	(119,091)	(103,200)	15.4	(108,400)	9.9
Gross Profit	5,375	4,814	11.6	5,306	1.3
Gross Margin	4.32%	4.46%		4.67%	
Operating Expenses	(3,297)	(2,814)	17.2	(3,152)	4.6
Operating Income	2,077	2,000	3.9	2,155	(3.6)
Operating Margin	1.67%	1.85%		1.89%	
Net Non-operating Items	(225)	(246)	(8.3)	(275)	(18.2)
Net Financing costs	(322)	(330)	(2.4)	(290)	11.1
Others	97	85		15	
Profit Before Tax/Minority	1,852	1,755	5.6	1,879	(1.4)
Tax	(690)	(356)	93.9	(368)	87.6
Minority/Accounting Principle Change	(1)	(2)		(2)	
Profit After Tax/Minority	1,161	1,397	(16.9)	1,510	(23.1)
Net Margin	0.93%	1.29%		1.33%	
EPS (NT$)(1)	0.70	0.84		0.91	
Tax %	37%	20%		20%	

(1).Weighted average shares outstanding

Unaudited, Prepared by WPG based on TIFRS.

Balance Sheet

Unit:NT$million	2Q15		1Q15		2Q14	
item	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
Cash & Marketable Securities	8,576	*5*	9,304	*6*	9,672	*7*
Accounts Receivable - Trade	81,549	*49*	72,210	*46*	73,232	*51*
Inventory	55,791	*33*	55,163	*35*	42,146	*29*
Current Assets	153,139	*92*	143,733	*91*	130,278	*90*
Others	13,735	*8*	13,984	*9*	14,280	*10*
Total Assets	166,874	*100*	157,717	*100*	144,557	*100*
Current Interest-bearing Debt	53,253	*32*	46,205	*29*	50,463	*35*
Accounts Payble	46,877	*28*	45,316	*29*	40,430	*28*
Accrued Liabilities and Others	10,845	*6*	6,221	*4*	9,675	*7*
Current Liabilities	110,976	*67*	97,741	*62*	100,567	*70*
Long-term Interest-bearing Debt	12,663	*8*	13,186	*8*	4,032	*3*
Others	860	*1*	881	*1*	930	*1*
Total Liabilities	124,499	*75*	111,808	*71*	105,530	*73*
Total Equity	42,375	*25*	45,909	*29*	39,028	*27*
KEY Indices(1)						
Net Working Capital (NT$million)	90,462		82,057		74,948	
AR Turnover Days	*56*		*65*		*58*	
Inventory Turnover Days	*43*		*45*		*35*	
AP Turnover Days	*35*		*38*		*34*	
Average Collection Periods Days	*64*		*72*		*59*	
Current Ratio	*138%*		*147%*		*130%*	
Gearing	*1.34*		*1.08*		*1.14*	

(1).Annualized

Unaudited, Prepared by WPG based on TIFRS.

Cash Flows

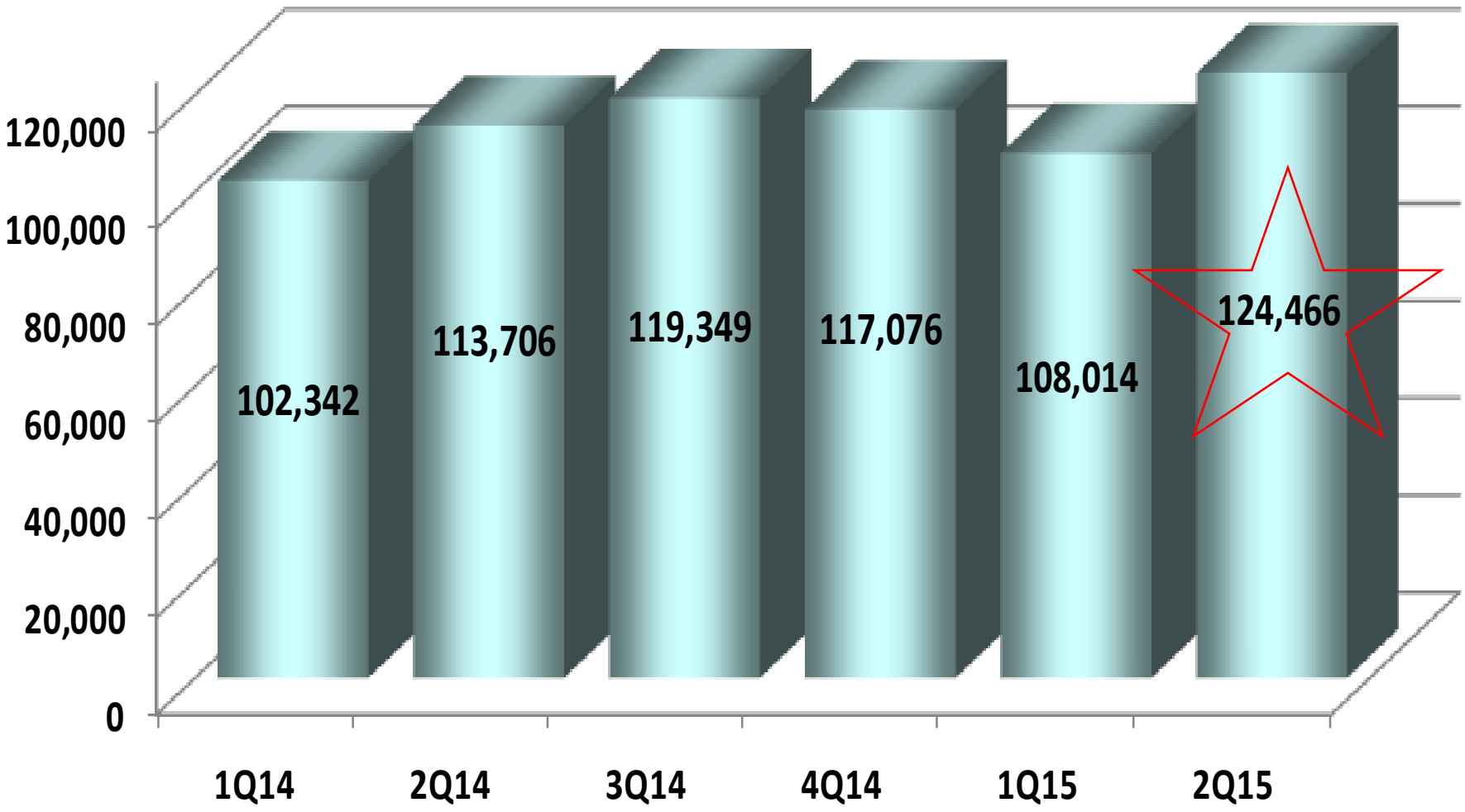
Unit:NT$million

item	2Q15	1Q15	2Q14
-Income before Income Tax	1,852	1,755	1,879
-Changes of NWC	(7,468)	6,414	(3,802)
-Adjustment & Others	(797)	(2,188)	(29)
From Operation	**(6,413)**	**5,981**	**(1,952)**
-Financial Instrument	(127)	96	581
-Capital Expenditure	40	(47)	(14)
-Others	118	47	99
From Investment	**31**	**96**	**666**
-Financial Debt	6,113	(7,388)	1,751
-Others	403	22	50
From Financing	**6,516**	**(7,365)**	**1,801**
Cumulative translation adjustments	**(896)**	**(612)**	**(948)**
Net Cash Position Change	**(762)**	**(1,901)**	**(434)**
Ending Cash Balance	**8,522**	**9,284**	**9,645**

Unaudited, Prepared by WPG based on TIFRS.

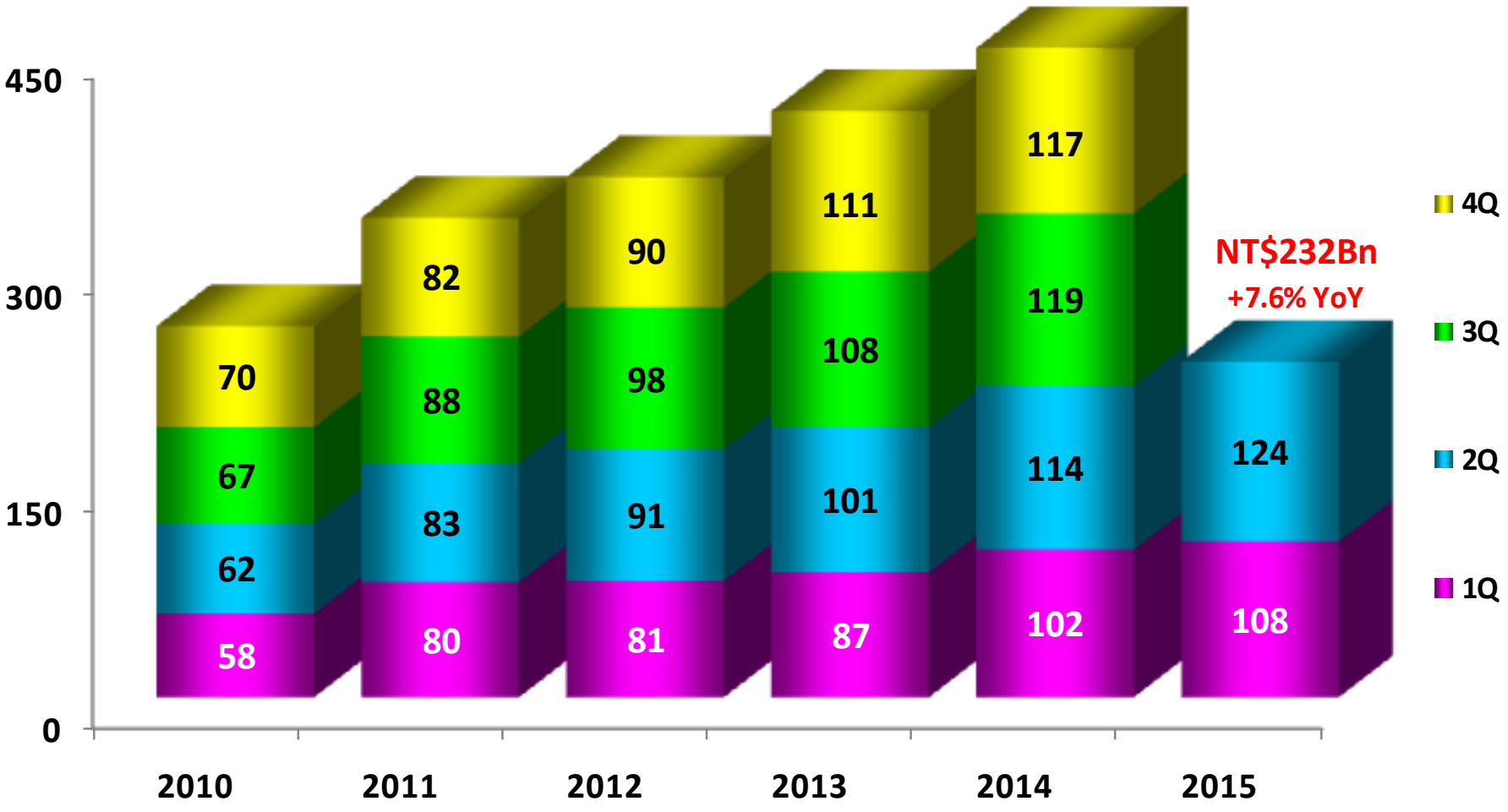
Consolidated Revenue

Unit: NT$million

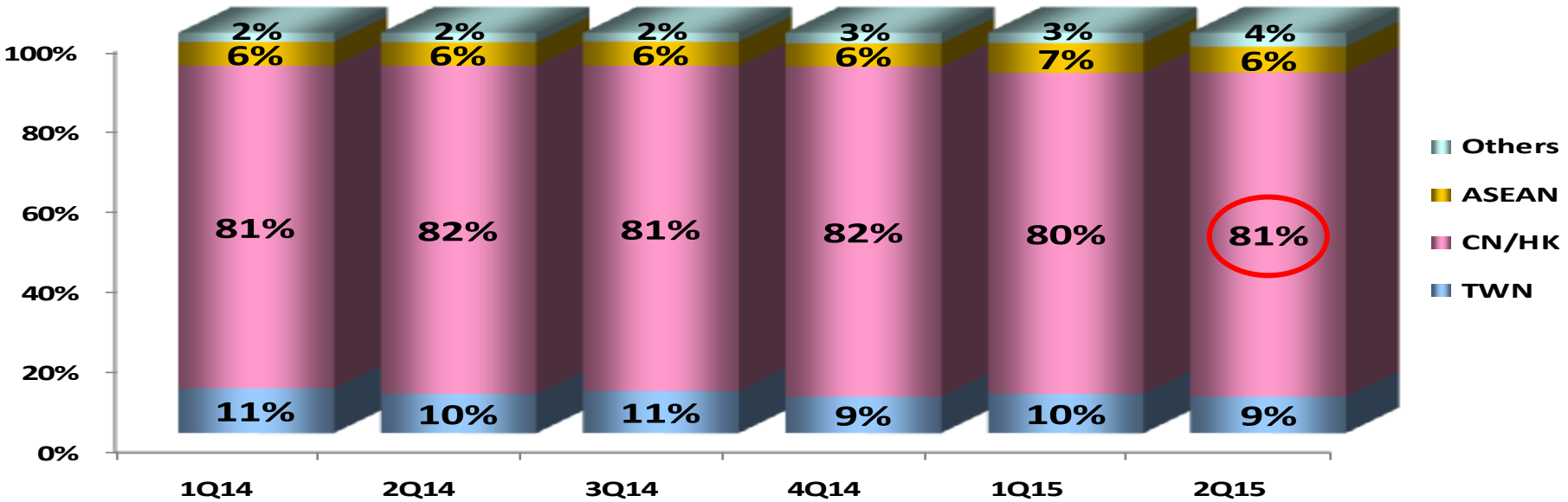


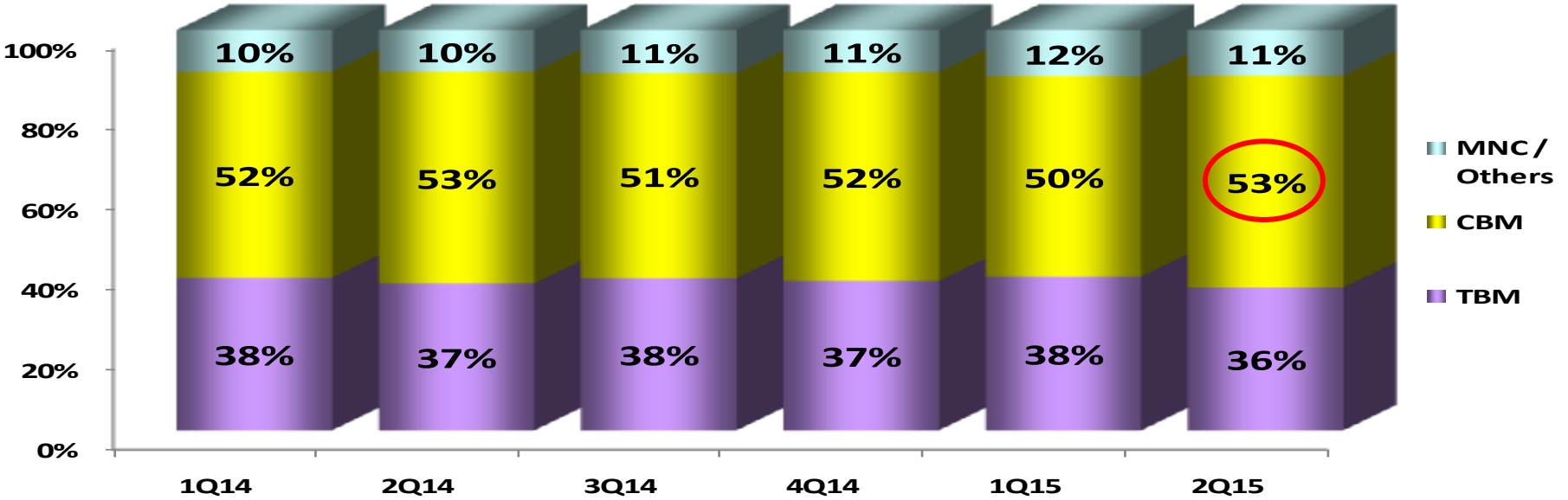
Consolidated Revenue

Unit: NT$billion



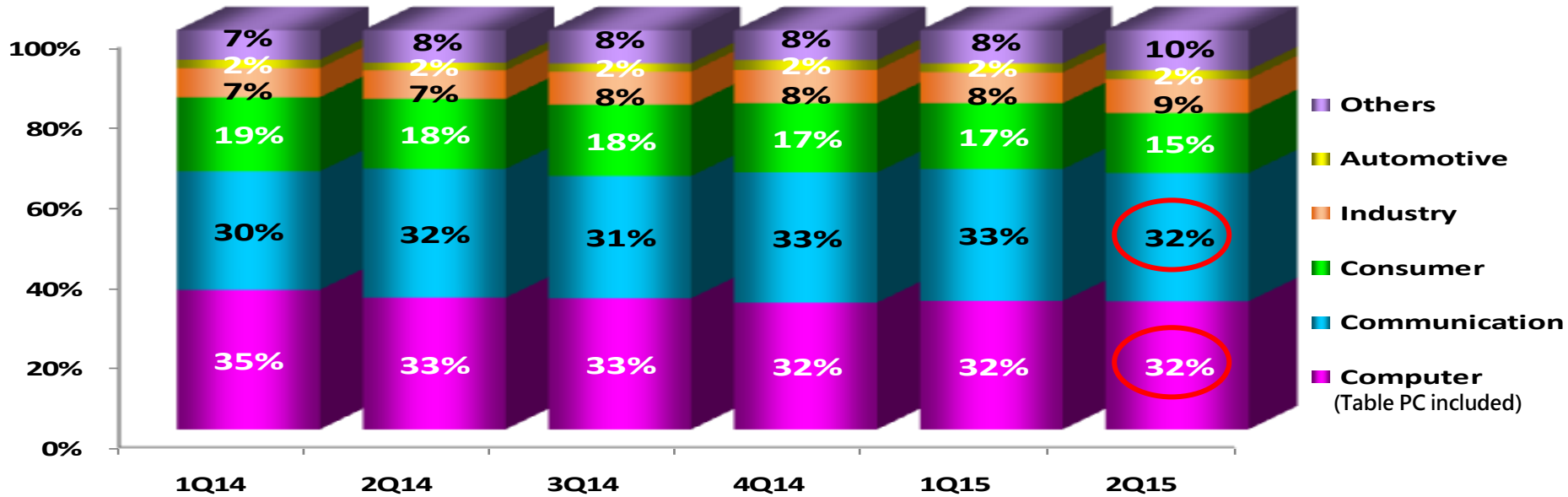
Sales breakdown by Geography/ Customer

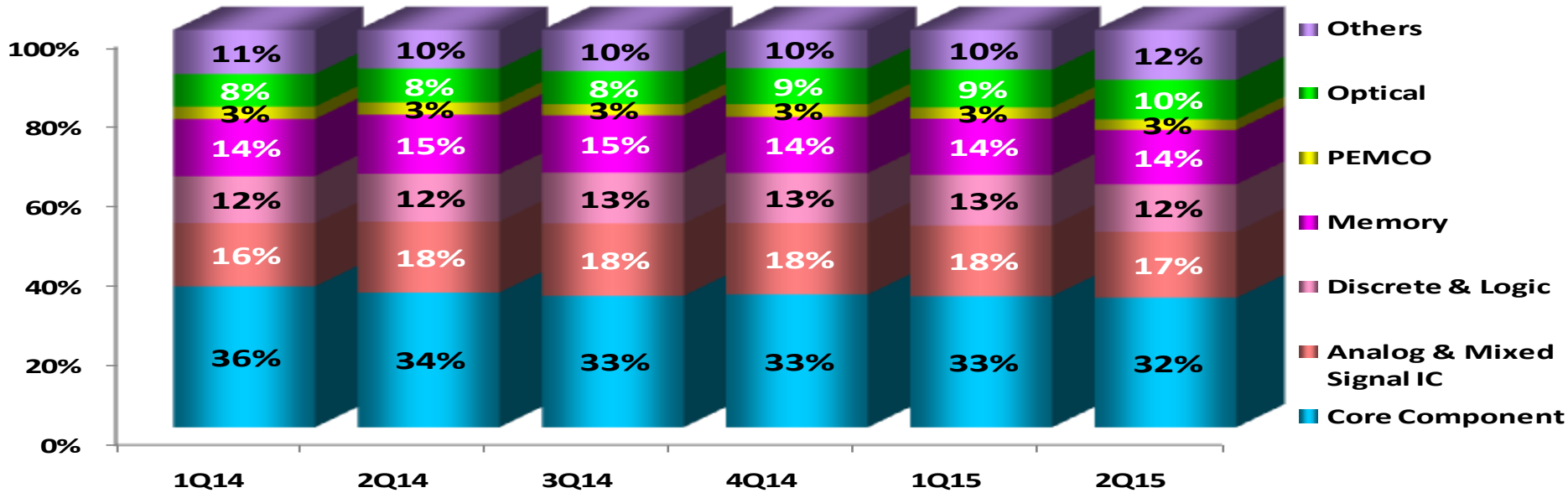




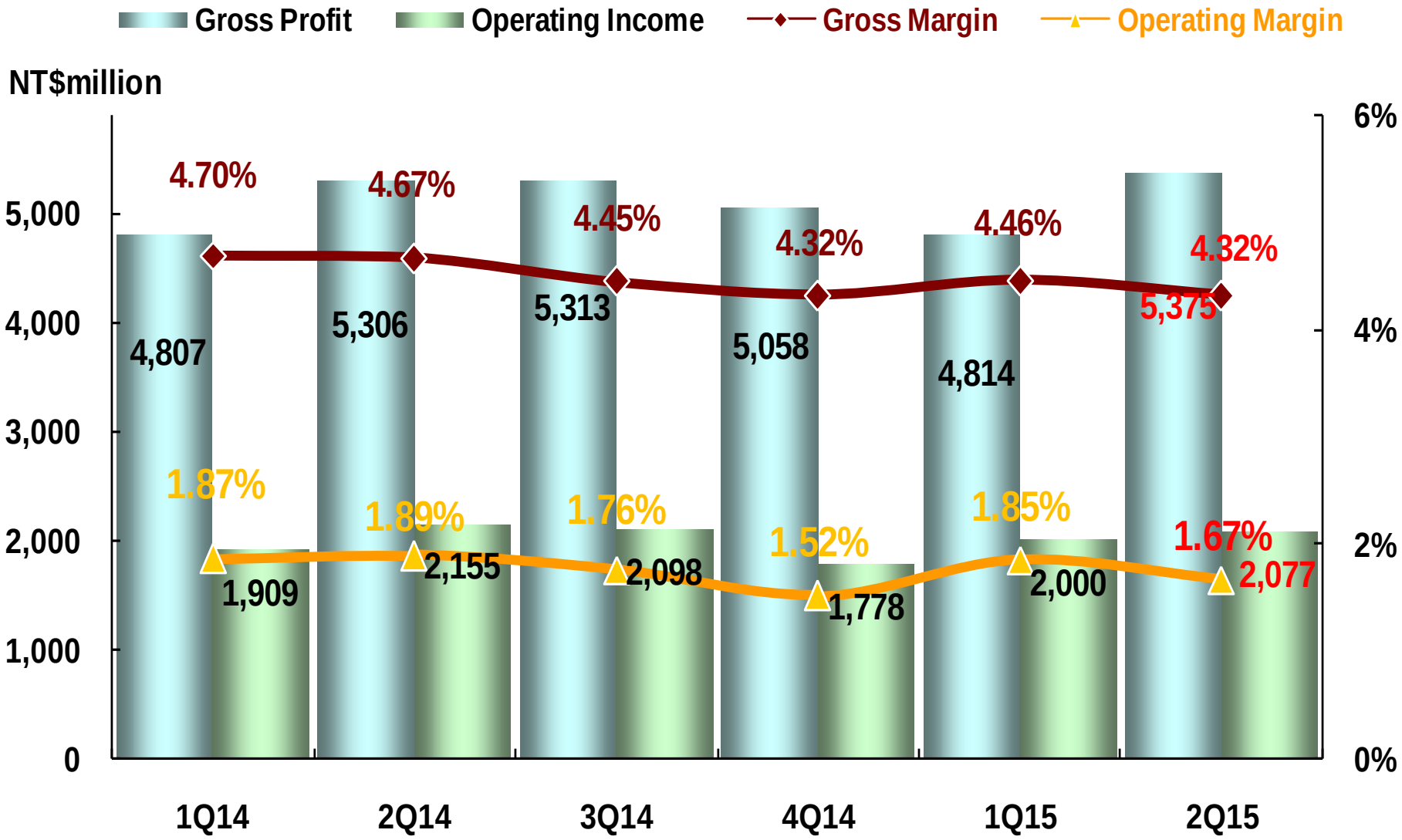
TBM：Taiwan-Based Customers
CBM：China Based Customers

Sales breakdown by Application/ Device Type

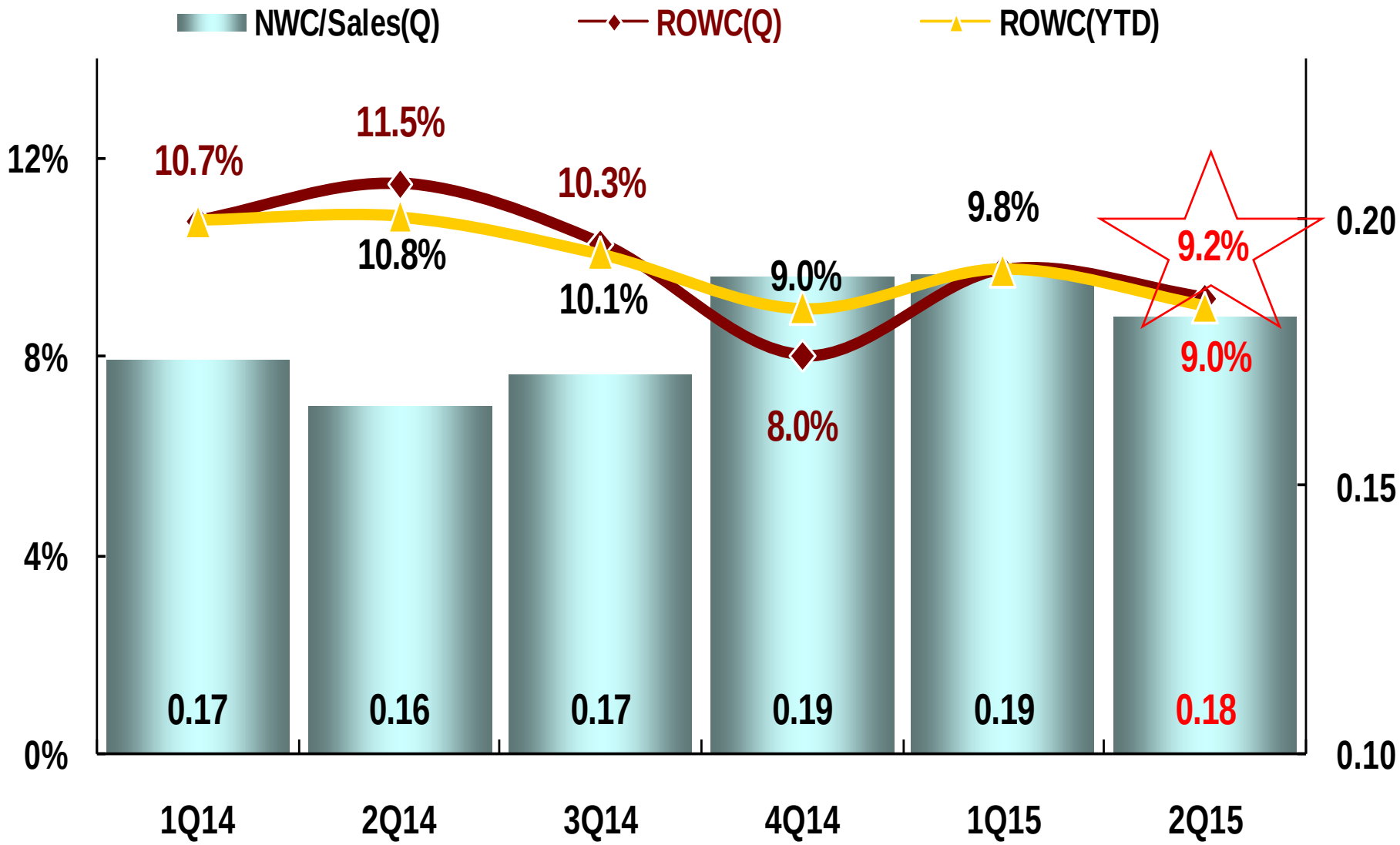




Gross Margin vs. Operating Margin

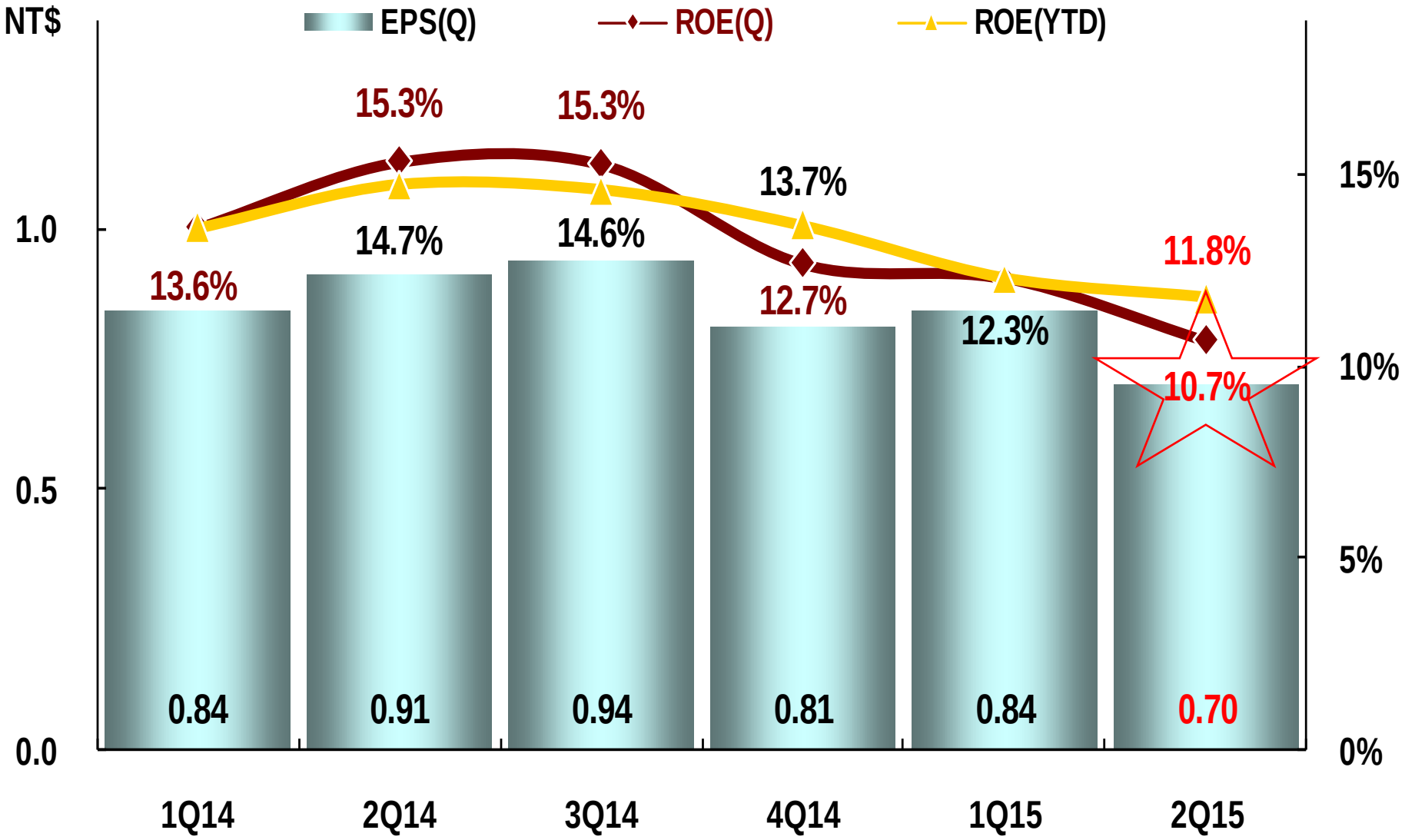


ROWC vs. NWC/Sales



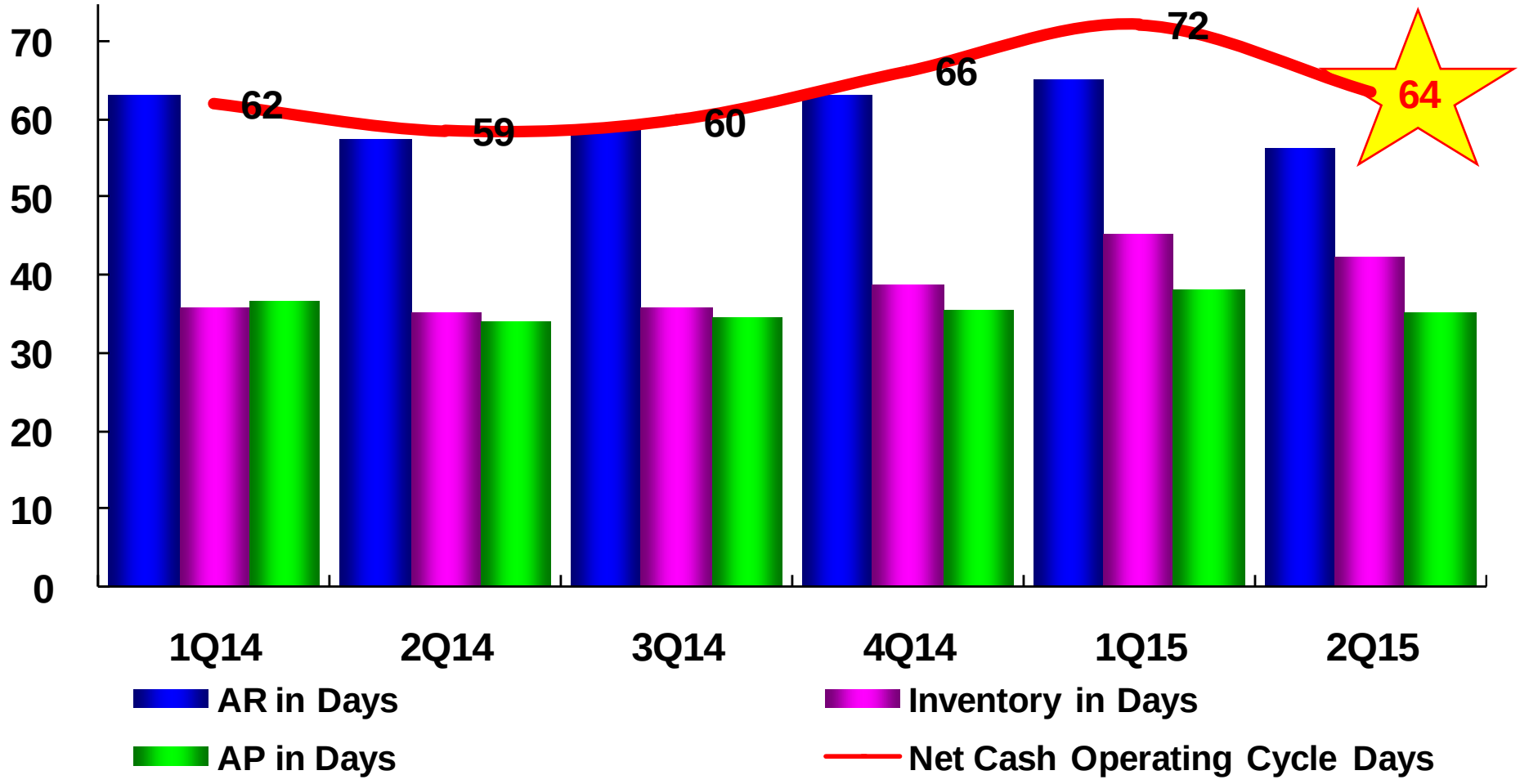
Note：Annualized

ROE vs. EPS



Note：Annualized

Operating Cash Cycle



Note：Annualized

3Q15 Guidance

Based on our current business outlook, management expects：

- **Revenues to be between NT$ 128 billion and NT$ 134 billion at a forecast FX rate of 31 NT dollars to 1 US dollar averaged over 3Q15.**
- **Gross profit margin to be between 4.2% and 4.5%**
- **Operating profit margin to be between 1.6% and 1.8%**

74 Solutions Launched in 2Q15

推出3分鐘內將感測器連結至雲端	2015-06-17
推出新款微控制器，讓日用品具有像智慧型手機一樣的圖形化使用者介面	2015-06-17
推出NFC和TransferJet近場通信技術方案	2015-06-17
推出3G智慧手機及手機周邊應用方案	2015-06-17
推廣光學引擎，快速投入微投設計量產	2015-06-17
推出SOC系列平台于入门级智能手机及通话平板应用	2015-06-17
力推Smart Audio在手機端應用	2015-06-17
推出手機應用方案	2015-06-17
推出智慧型手機OIS模組解決方案	2015-06-17
推出智能手机LCD Driver IC解决方案	2015-06-17
力推適用智能手機之完整解決方案	2015-06-17
力推近接感測器(Proximity Sensor)	2015-06-17
推出智慧型手機解決方案，可支援Wi-Fi、藍芽與NFC，亦增加GNSS功能	2015-04-22
推出指紋辯識方案	2015-04-22
力推系列平台设计入门级智能手机及通话平板	2015-04-22
力推LNA於智能手機應用	2015-04-22
力推Smart Audio在手機端應用	2015-04-22
力推高顯色性Flash LED手機應用解決方案	2015-04-22
力推4G晶片和3G晶片解決方案	2015-04-22

力推魚眼校正網路攝影機及360度全景式運動攝影機整體解決方案	2015-06-17
推出最新的14奈米產品：全新處理器系列	2015-05-20
力推主機板完整解決方案	2015-05-20

推出高功率密度智慧馬達驅動器，符合安全監視系統以及家庭自動化應用	2015-06-17
推出支援4K視頻的電纜驅動器，簡化安全監控設備等應用	2015-06-17
推出32位微控制器(MCU)，可協助開發樓宇自動化與安防面板	2015-06-17
力推安防監控應用方案	2015-06-17
力推基於大樓對講系統方案	2015-06-17
推出IP Camera網路攝像頭監控方案	2015-06-17
力推適用安防之完整解決方案	2015-06-17

推出晶片組，實現背投影/車載平視顯示業界最寬視野	2015-06-03
推出最新的微控制器大幅提升整合度和使用者體驗	2015-04-22
推出創新型汽車資訊娛樂解決方案	2015-04-22
推出適用於入門、中階汽車的ADAS解決方案	2015-04-22
推出OBD終端解決方案	2015-04-22
推出PKE汽車無鑰匙門禁系統解決方案	2015-04-22
推出基於Power Architecture技術的汽車雨刷器控制方案	2015-04-22
力推汽車遙控鑰匙RKE方案	2015-04-22
推出適用汽車電子之完整解決方案	2015-04-22

Passive Keyless Entry olution - key

Passive Keyless Entry Solution - base station

74 Solutions Launched in 2Q15

- 力推紫外光感測器(UV Sensor) 2015-06-17
- 推出全球首款可客製化的無線電池充電控制器，為穿戴裝置提供高效能解決方案 2015-05-20
- 推出光學反射式心率方案 2015-05-20
- 推出BLE低功耗藍牙智能可穿戴方案 2015-05-20
- 推出可穿戴設備與微信平臺互聯互通的低功耗藍牙解決方案 2015-05-20
- 推出智能穿戴式产品方案 2015-05-20
- 力推穿戴式設備心率血氧檢測解決方案 2015-05-20
- 推出Bluetooth 4.1 LE Single Mode SoC解決方案 2015-05-20
- 推出穿戴裝置應用方案 2015-05-20
- 推出穿戴裝置解決方案 2015-05-20
- 力推Bluetooth Smart用以開發穿戴式裝置 2015-05-20
- 力推適用穿戴裝置之完整解決方案 2015-05-20

- 力推新一代輕載高效DC TO DC方案 2015-06-03
- 推出具更高性能的新款HDMI保護IC，進一步提升超高畫質視覺體驗 2015-06-03
- 推出單晶片雙通道濾波器，有效簡化電視機、機上盒等裝置的ZigBee遙控器設計 2015-06-03
- 推出智慧電視盒方案及電視盒周邊應用方案 2015-06-03
- 推出智慧家電遙控器方案 2015-06-03
- 力推恒定電流控制LED Driver解決方案 2015-06-03
- 推出TV/STB無線連網解決方案 2015-06-03
- 推出智能电视及64位智能机顶盒解决方案 2015-06-03
- 力推Large LCD Display LED Backlighting完整解決方案 2015-06-03
- 力推電視/機上盒系統 2015-06-03

- 力推total power solution for TV 2015-06-03
- 力推Total Power Solution for NB/MB/Networking 2015-05-20
- 推出符合QC2.0標準的15W電池充電器快充方案 2015-04-08
- 推出數位電源，可簡化數位電源控制設計 2015-04-08
- 推出高功率AC/DC電源零待機功耗PSR解決方案 2015-04-08
- 推出支援QC2.0協定的快充評估套件 2015-04-08
- 推出系列QI標準無線充電方案 2015-04-08
- 力推适合消费类和照明应用的最具性价比CE 2015-04-08
- 力推伺服器電源應用完整解決方案 2015-04-08
- 推出電源應用方案 2015-04-08

- 推出智慧家居安防系統終端解決方案 2015-06-17
- 推出智慧家居安防系統閘道解決方案 2015-06-17
- 推出適用於安防領域WiFi模組化解決方案 2015-06-17

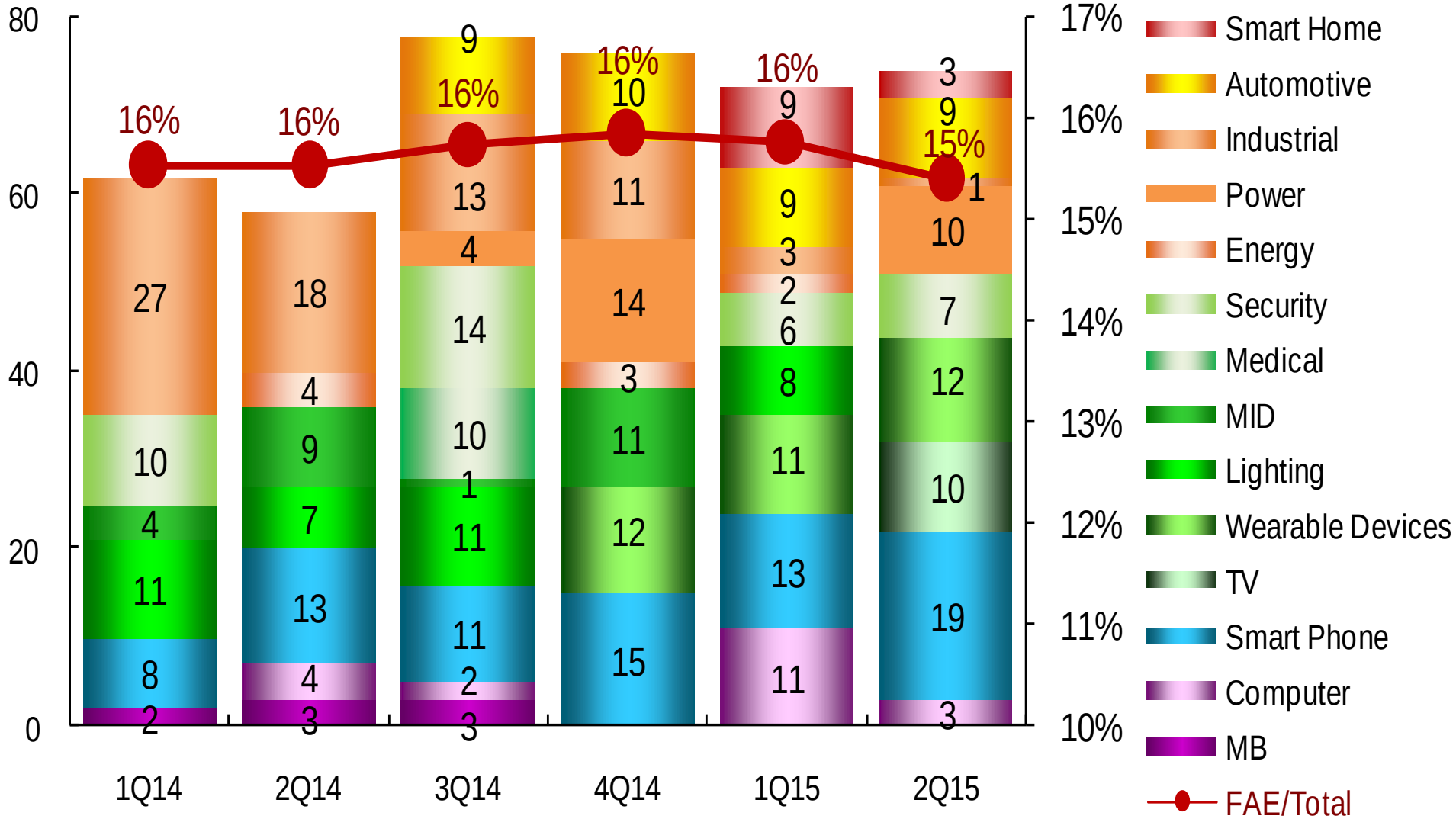
- 推出32位微控制器 (MCU)：最低的功耗，最佳的性能 2015-05-20

E- lock Solution

TV Box Solution

Zigbee Remote-Control Solution

More Solutions Launched ..



http://www.wpgholdings.com/hotchannel/index/zhtw

Recap of Recent Major Events

- **WPG Holdings Received an “A++” ranking in “Transparency and Information Disclosure” from Taiwan's Securities and Futures Institute (2015/4)**

- **WPG Holdings Acquire 44.21% shares of Genuine C&C INC. (OTC:5384) (2015/04/15)**

- **WPG Shareholders' Meeting Approved NT$2.5 Cash Dividend Per Share (2015/06/24)**

Result Highlights

Unit:NT$million

item	1H15	1H14	YoY (%)
Net Sales	232,480	216,047	7.6
Gross Margin	4.38%	4.68%	-30 bp
Operating Expenses	(6,111)	(6,049)	1.0
Operating Income	4,078	4,064	0.3
Operating Margin	1.75%	1.88%	-13 bp
Net Income	2,558	2,907	(12.0)
EPS (NT$)(1)	1.55	1.76	
Total Assets	166,874	144,557	
Total Liabilities	124,499	105,530	
Total Equity	42,375	39,028	
Net Working Capital	90,462	74,948	
Free Cash Flow	(432)	(3,689)	
KEY Indices(2)			
ROWC	*9.0%*	*10.8%*	-183 bp
NWC/Sales	*0.19*	*0.17*	
ROE	*11.8%*	*14.7%*	-298 bp
Gearing	1.34	1.14	

(1).Weighted average shares outstanding

(2).Annualized

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Statements of Comprehensive Income

Unit:NT$million

Item	1H15	1H14	YoY(%)
Net operating Revenue	232,480	216,047	7.6
COGS	(222,291)	(205,934)	7.9
Gross Profit	10,189	10,113	0.8
Gross Margin	4.38%	4.68%	
Operating Expenses	(6,111)	(6,049)	1.0
Operating Income	4,078	4,064	0.3
Operating Margin	1.75%	1.88%	
Net Non-operating Items	(471)	(452)	4.2
Net Financing costs	(653)	(567)	15.2
Others	182	115	
Profit Before Tax/Minority	3,607	3,612	(0.1)
Tax	(1,045)	(704)	48.4
Minority/Accounting Principle Change	(3)	(1)	
Profit After Tax/Minority	2,558	2,907	(12.0)
Net Margin	1.10%	1.35%	
EPS (NT$)(1)	1.55	1.76	
Tax%	29%	19%	

(1).Weighted average shares outstanding

Unaudited, Prepared by WPG based on TIFRS.

Cash Flows

Unit:NT$million

item	1H15	1H14
-Income before Income Tax	3,607	3,612
-Changes of NWC	(1,054)	(6,510)
-Adjustment & Others	(2,985)	(791)
From Operation	**(432)**	**(3,689)**
-Financial Instrument	(31)	200
-Capital Expenditure	(8)	(34)
-Others	165	231
From Investment	**127**	**397**
-Financial Debt	(1,275)	3,427
-Others	425	77
From Financing	**(849)**	**3,504**
Cumulative translation adjustments	**(1,509)**	**(26)**
Net Cash Position Change	**(2,663)**	**186**
Ending Cash Balance	**8,522**	**9,645**

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Thank you

The Benchmark of Distribution