WPG Holdings

WPG Holdings Ltd. (3702.TT/3702.TW) 3Q15 Earning Release

Nov 3rd, 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.**

- **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
- 3Q15 Financial Highlights & 4Q15 Outlook — Cliff Yuan
- Q&A — Scott Lin/ Cliff Yuan

Result Highlights

Unit:NT$million

item	3Q15	3Q15 Guidance	2Q15	3Q14	*QoQ(%)*	*YoY(%)*
Net Sales	140,469	128 ~ 134B	124,453	119,349	12.9	17.7
Gross Margin	4.05%	4.2% ~ 4.5%	4.32%	4.45%	-27 bp	-41 bp
Operating Expenses	(3,341)		(3,297)	(3,216)	1.3	3.9
Operating Income	2,342		2,078	2,097	12.7	11.7
Operating Margin	1.67%	1.6% ~ 1.8%	1.67%	1.76%	-0.2 bp	-9 bp
Net Income	1,615		1,161	1,554	39.1	3.9
EPS (NT$)(1)	0.98		0.70	0.94		
Net Book Value (NT$)(1)	28.30					
Total Assets	189,029		166,752	157,697		
Total Liabilities	141,607		124,332	115,992		
Total Equity	47,422		42,420	41,705		
Net Working Capital	97,624		90,458	81,601		
Free Cash Flow	(6,744)		(5,884)	(3,730)		
KEY Indices(2)						
ROWC	*9.6%*		*9.2%*	*10.3%*	+41 bp	-68 bp
NWC/Sales	*0.17*		*0.18*	*0.17*		
ROE	*14.1%*		*10.7%*	*15.2%*	+338 bp	-119 bp
Gearing	1.35		1.33	1.23		

(1).Weighted average shares outstanding

(2).Annualized

Unaudited, Prepared by WPG based on TIFRS.

Statements of Comprehensive Income

Unit:NT$million

Item	3Q15	2Q15	QoQ(%)	3Q14	YoY(%)
Net operating Revenue	140,469	124,453	12.9	119,349	17.7
COGS	(134,786)	(119,078)	13.2	(114,036)	18.2
Gross Profit	5,683	5,375	5.7	5,313	7.0
Gross Margin	4.05%	4.32%		4.45%	
Operating Expenses	(3,341)	(3,297)	1.3	(3,216)	3.9
Operating Income	2,342	2,078	12.7	2,097	11.7
Operating Margin	1.67%	1.67%		1.76%	
Net Non-operating Items	(385)	(224)	72.2	(241)	59.5
Net Financing costs	(351)	(323)	8.5	(299)	17.4
Others	(34)	100		57	
Profit Before Tax/Minority	1,957	1,854	5.5	1,856	5.5
Tax	(341)	(690)	(50.6)	(298)	14.3
Minority/Accounting Principle Change	(1)	(3)		(3)	
Profit After Tax/Minority	1,615	1,161	39.1	1,554	3.9
Net Margin	1.15%	0.93%		1.30%	
EPS (NT$)(1)	0.98	0.70		0.94	
Tax %	17%	37%		16%	

(1).Weighted average shares outstanding

Unaudited, Prepared by WPG based on TIFRS.

Balance Sheet

Unit:NT$million	3Q15		2Q15		3Q14	
item	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
Cash & Marketable Securities	10,244	*5*	8,555	*5*	10,685	*7*
Accounts Receivable - Trade	93,450	*49*	81,457	*49*	80,061	*51*
Inventory	60,654	*32*	55,823	*33*	47,738	*30*
Current Assets	175,148	*93*	153,014	*92*	143,886	*91*
Others	13,881	*7*	13,738	*8*	13,811	*9*
Total Assets	189,029	*100*	166,752	*100*	157,697	*100*
Current Interest-bearing Debt	62,505	*33*	53,260	*32*	49,373	*31*
Accounts Payble	56,480	*30*	46,822	*28*	46,198	*29*
Accrued Liabilities and Others	8,212	*4*	10,723	*6*	6,562	*4*
Current Liabilities	127,197	*67*	110,805	*66*	102,133	*65*
Long-term Interest-bearing Debt	13,435	*7*	12,656	*8*	12,933	*8*
Others	975	*1*	870	*1*	926	*1*
Total Liabilities	141,607	*75*	124,332	*75*	115,992	*74*
Total Equity	47,422	*25*	42,420	*25*	41,705	*26*
KEY Indices(1)						
Net Working Capital (NT$million)	97,624		90,458		81,601	
AR Turnover Days	*57*		*56*		*59*	
Inventory Turnover Days	*39*		*43*		*36*	
AP Turnover Days	*35*		*35*		*35*	
Average Collection Periods Days	*61*		*64*		*60*	
Current Ratio	*138%*		*138%*		*141%*	
Gearing	*1.35*		*1.33*		*1.23*	

(1).Annualized

Unaudited, Prepared by WPG based on TIFRS.

Cash Flows

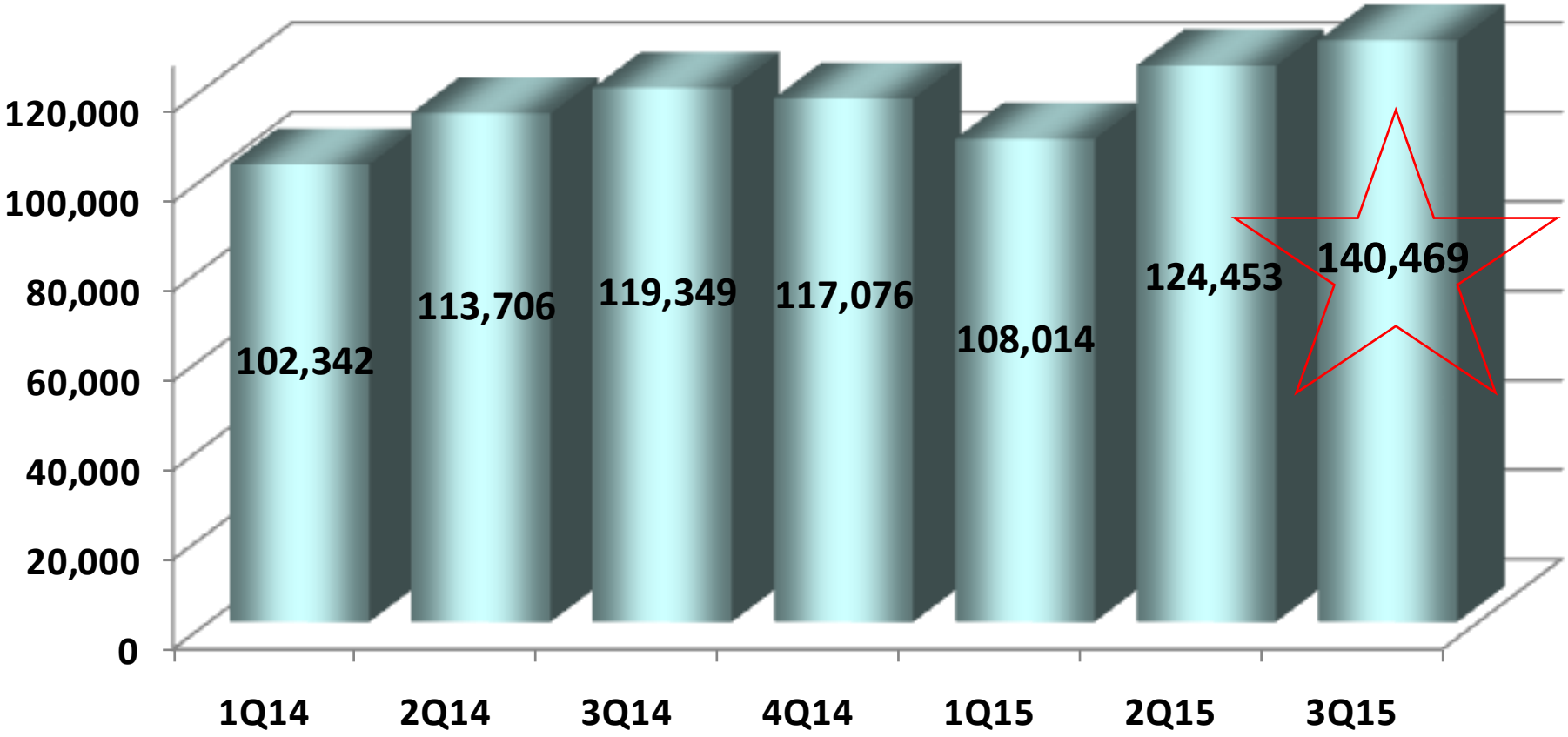
Unit:NT$million

item	3Q15	2Q15	3Q14
-Income before Income Tax	1,957	1,854	1,856
-Changes of NWC	(7,166)	(7,561)	(6,653)
-Adjustment & Others	(1,535)	(177)	1,068
From Operation	**(6,744)**	**(5,884)**	**(3,730)**
-Financial Instrument	(1,022)	(235)	(167)
-Capital Expenditure	63	(22)	(24)
-Acquisition of subsidiaries	-	(56)	-
-Others	(20)	75	15
From Investment	**(979)**	**(238)**	**(176)**
-Financial Debt	10,004	6,268	8,035
-Cash Dividends	(4,139)	-	(3,808)
-Others	76	(55)	(10)
From Financing	**5,941**	**6,213**	**4,217**
Cumulative translation adjustments	**3,472**	**(875)**	**714**
Net Cash Position Change	**1,689**	**(784)**	**1,025**
Ending Cash Balance	**10,190**	**8,501**	**10,670**

Unaudited, Prepared by WPG based on TIFRS.

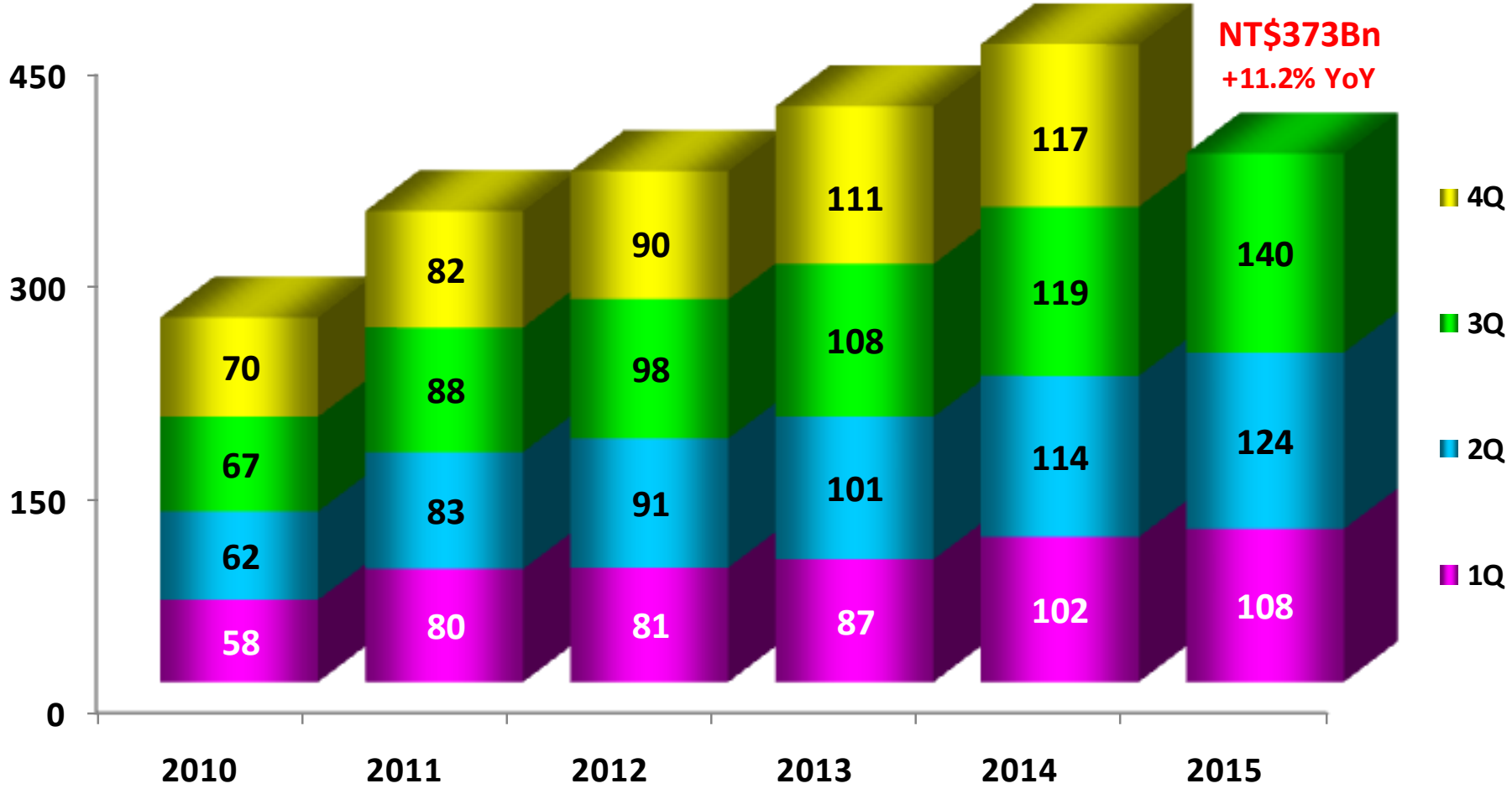
Consolidated Revenue

Unit: NT$million

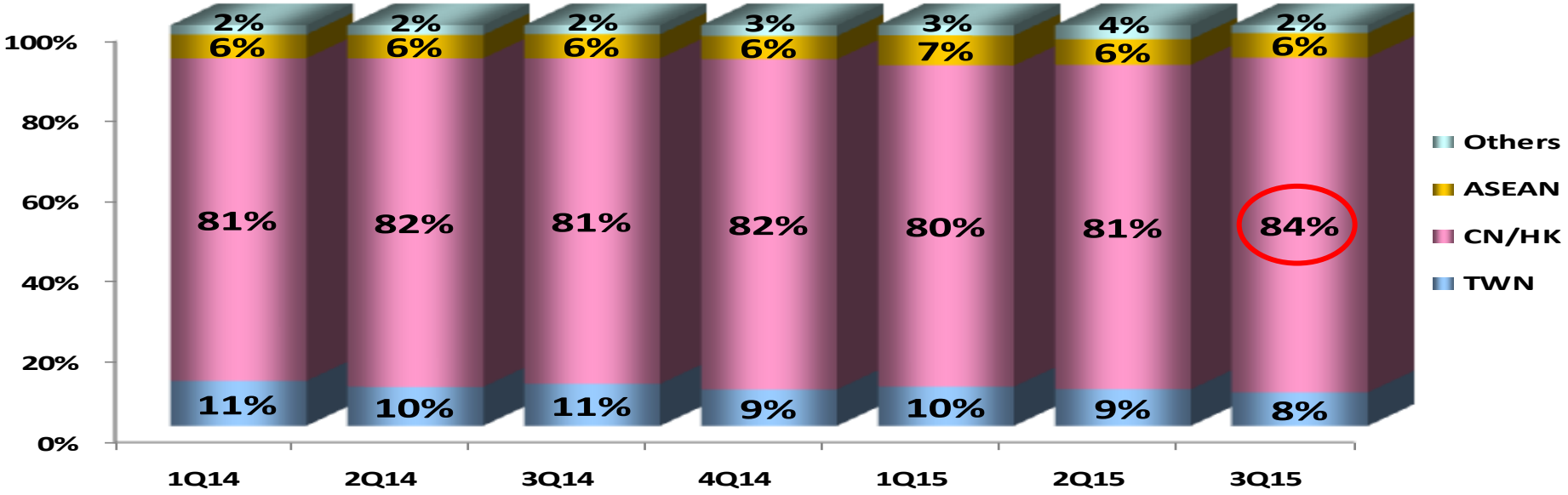


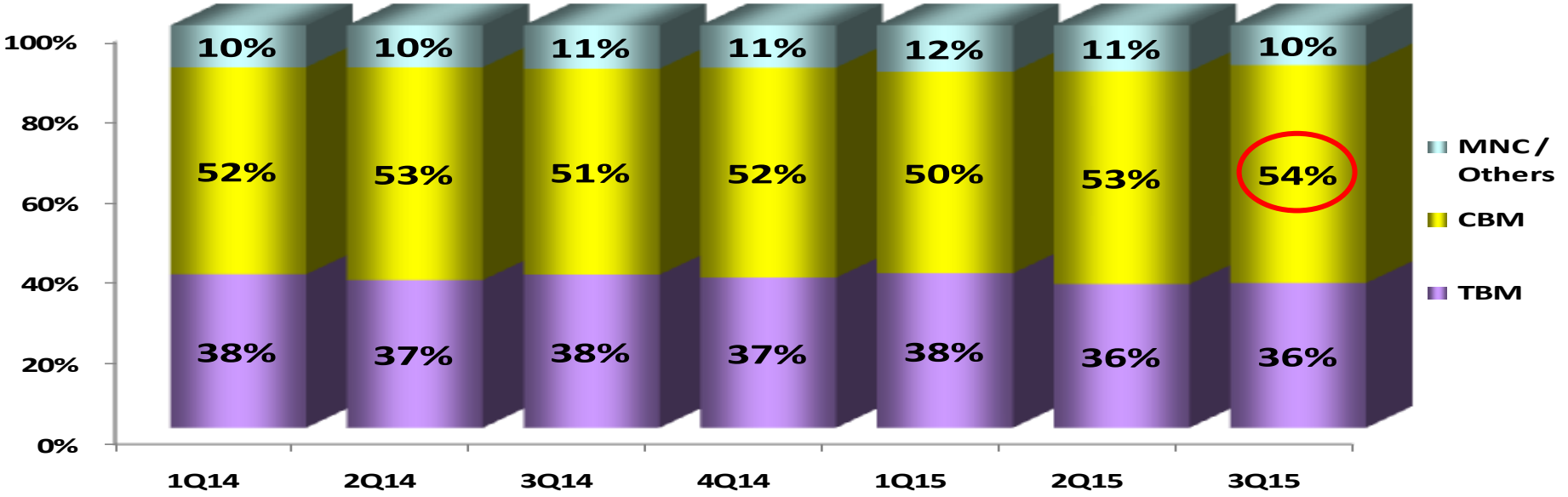
Consolidated Revenue

Unit: NT$billion



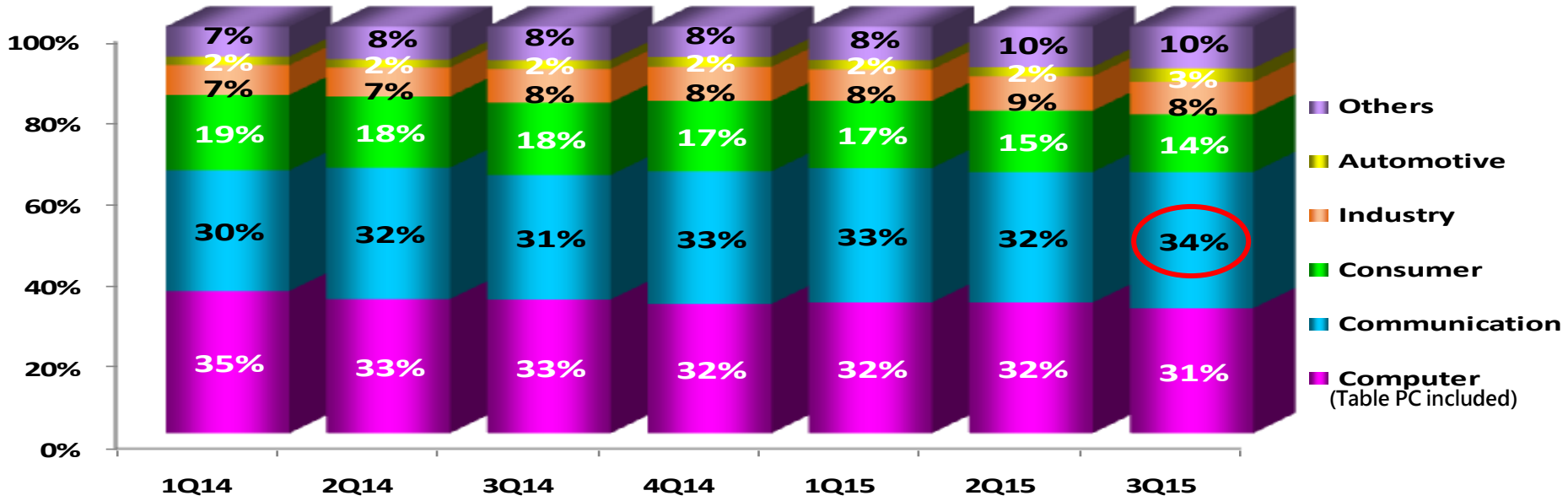
Sales breakdown by Geography/ Customer

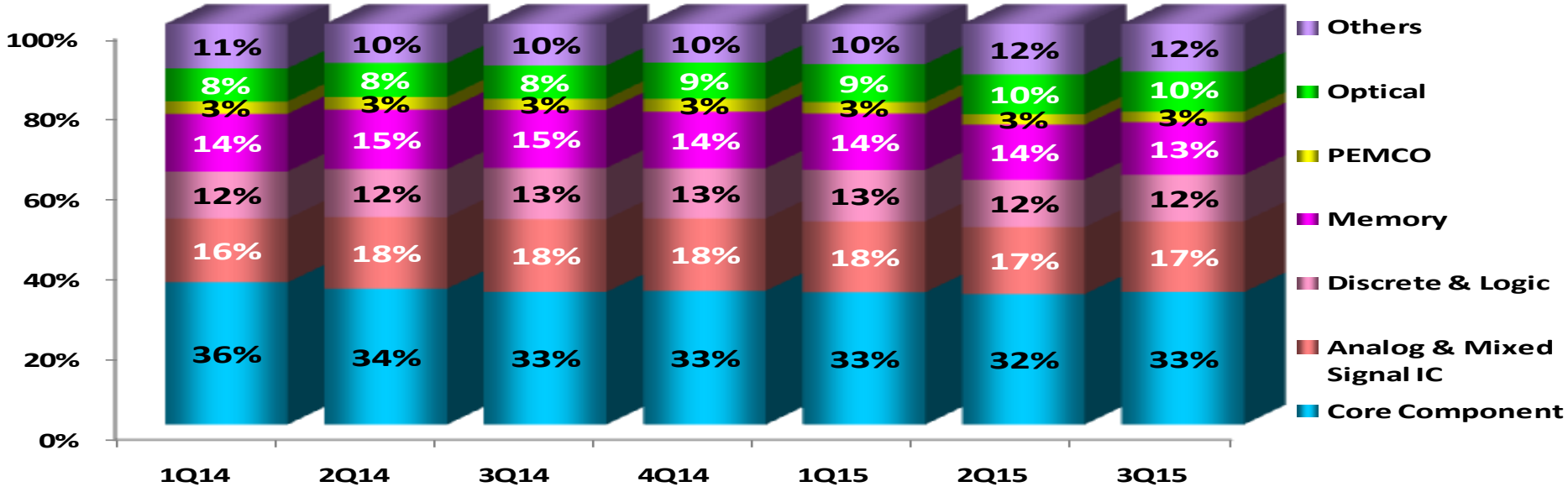




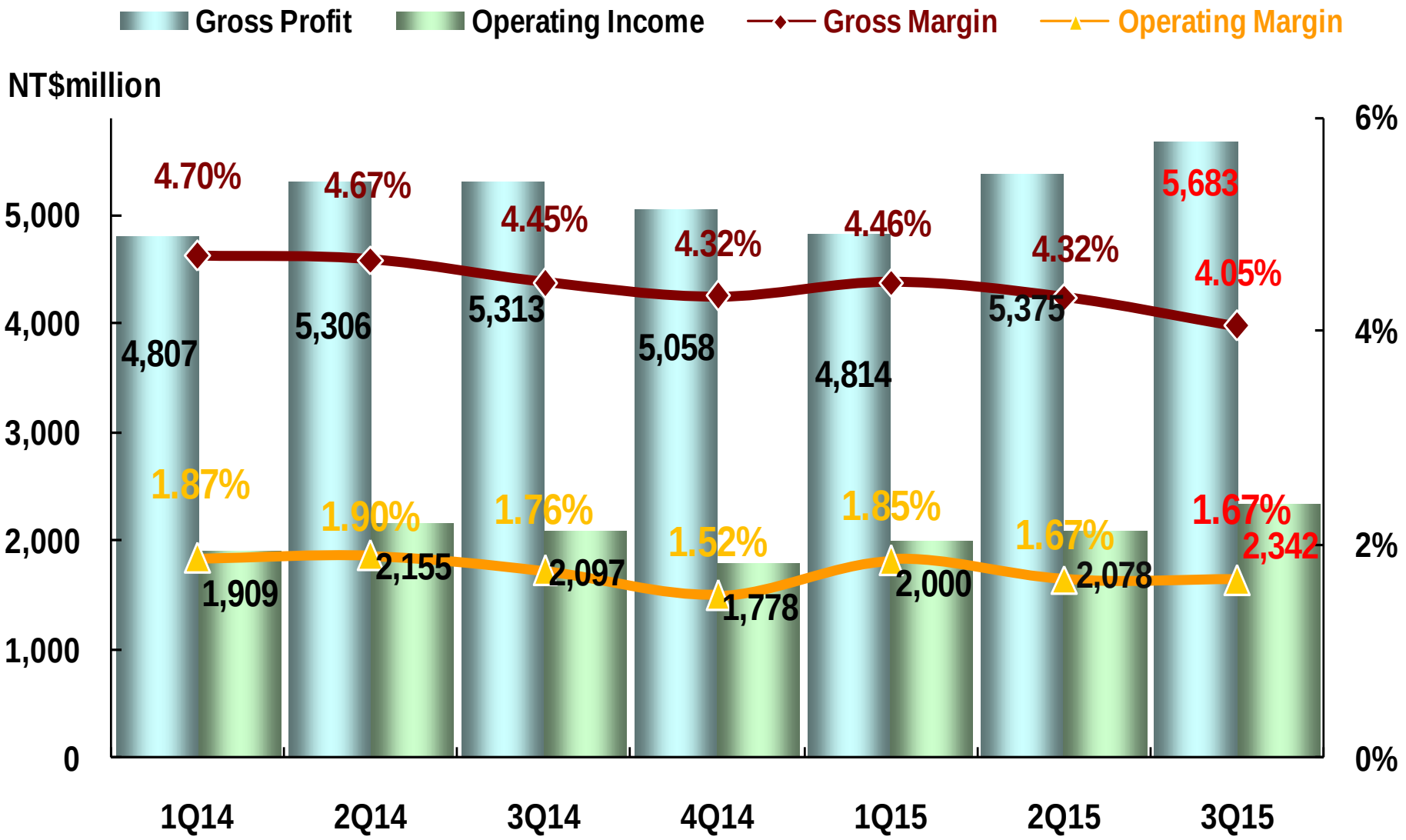
TBM：Taiwan-Based Customers
CBM：China Based Customers

Sales breakdown by Application/ Device Type

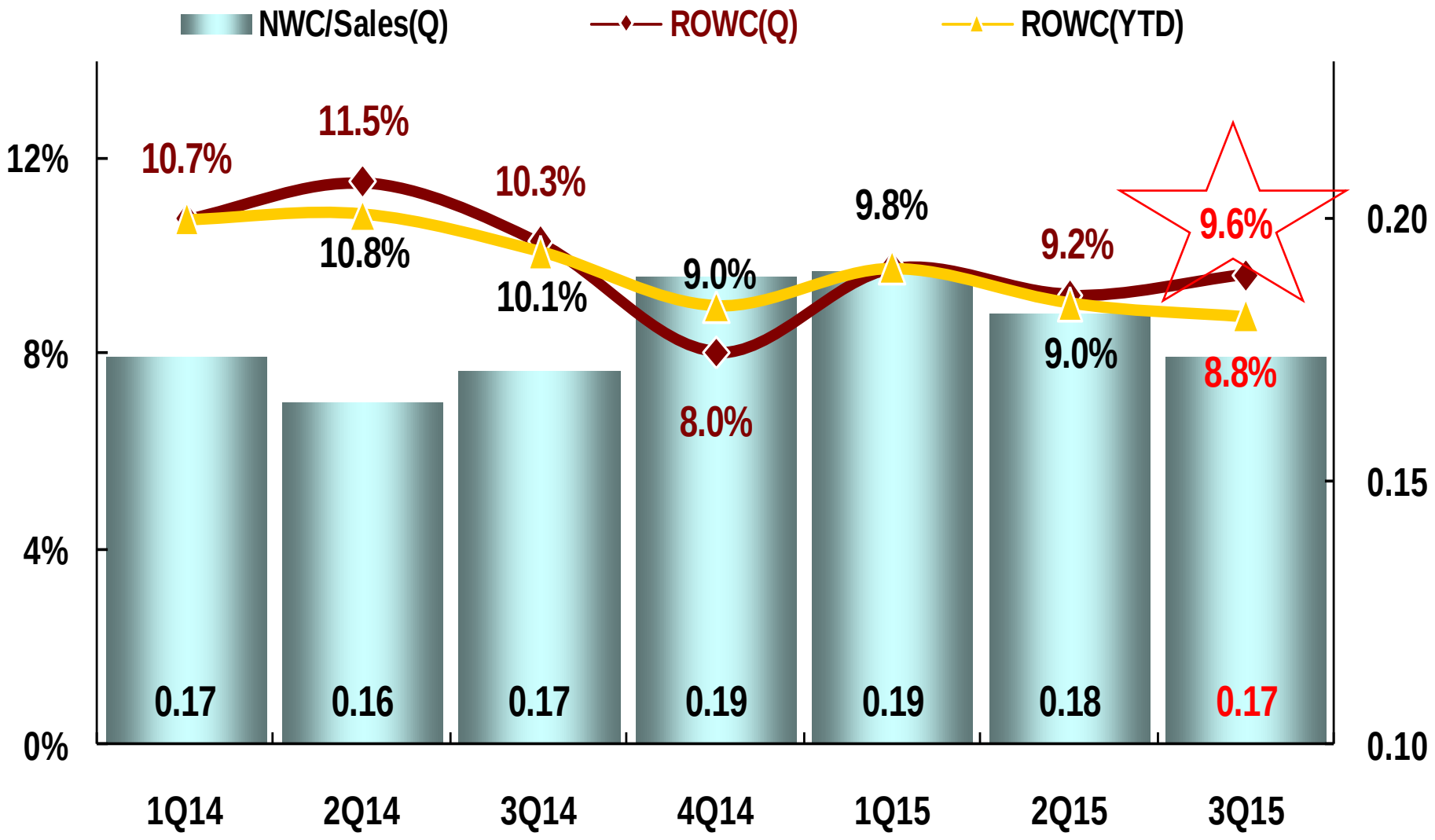




Gross Margin vs. Operating Margin

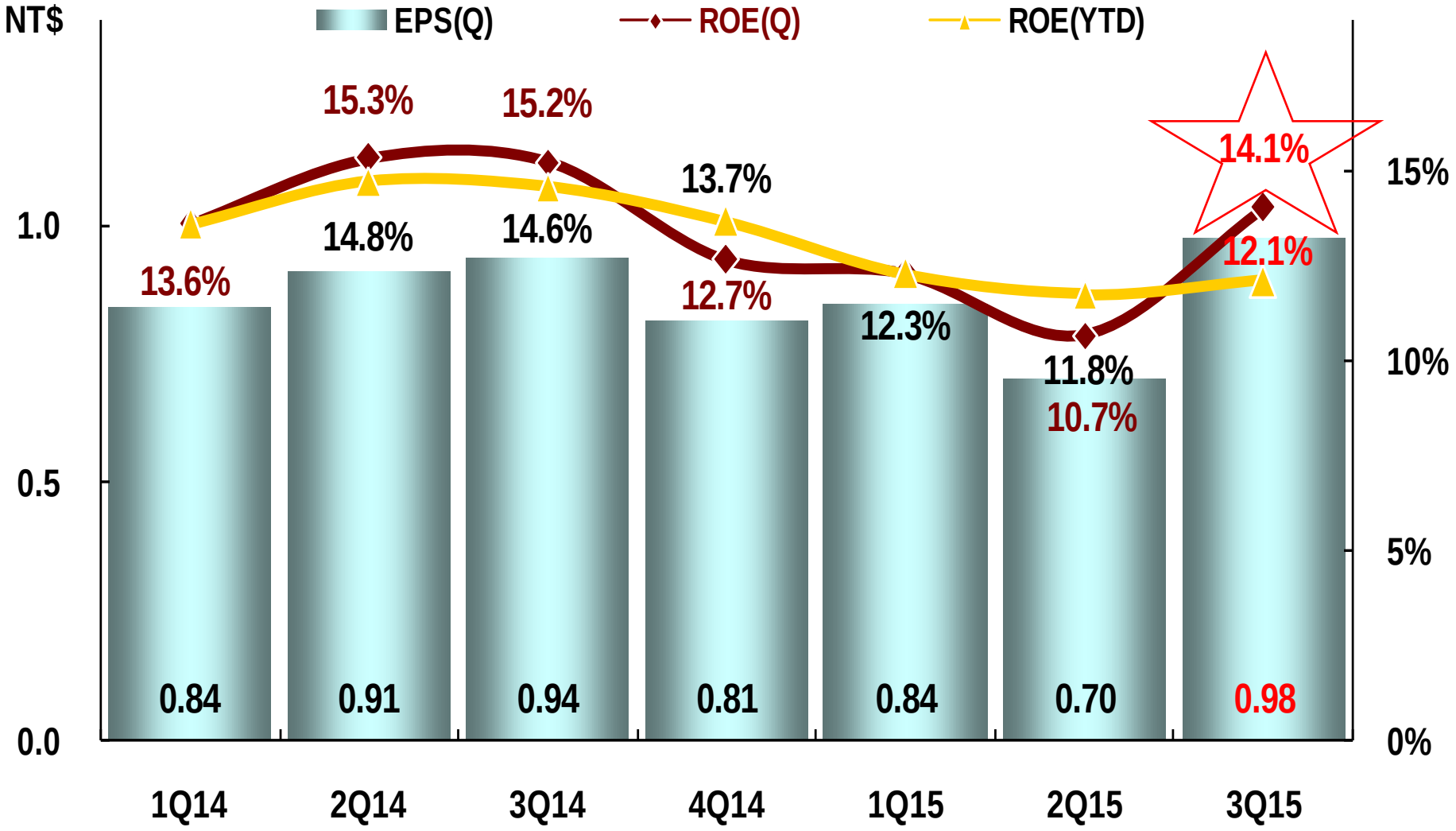


ROWC vs. NWC/Sales



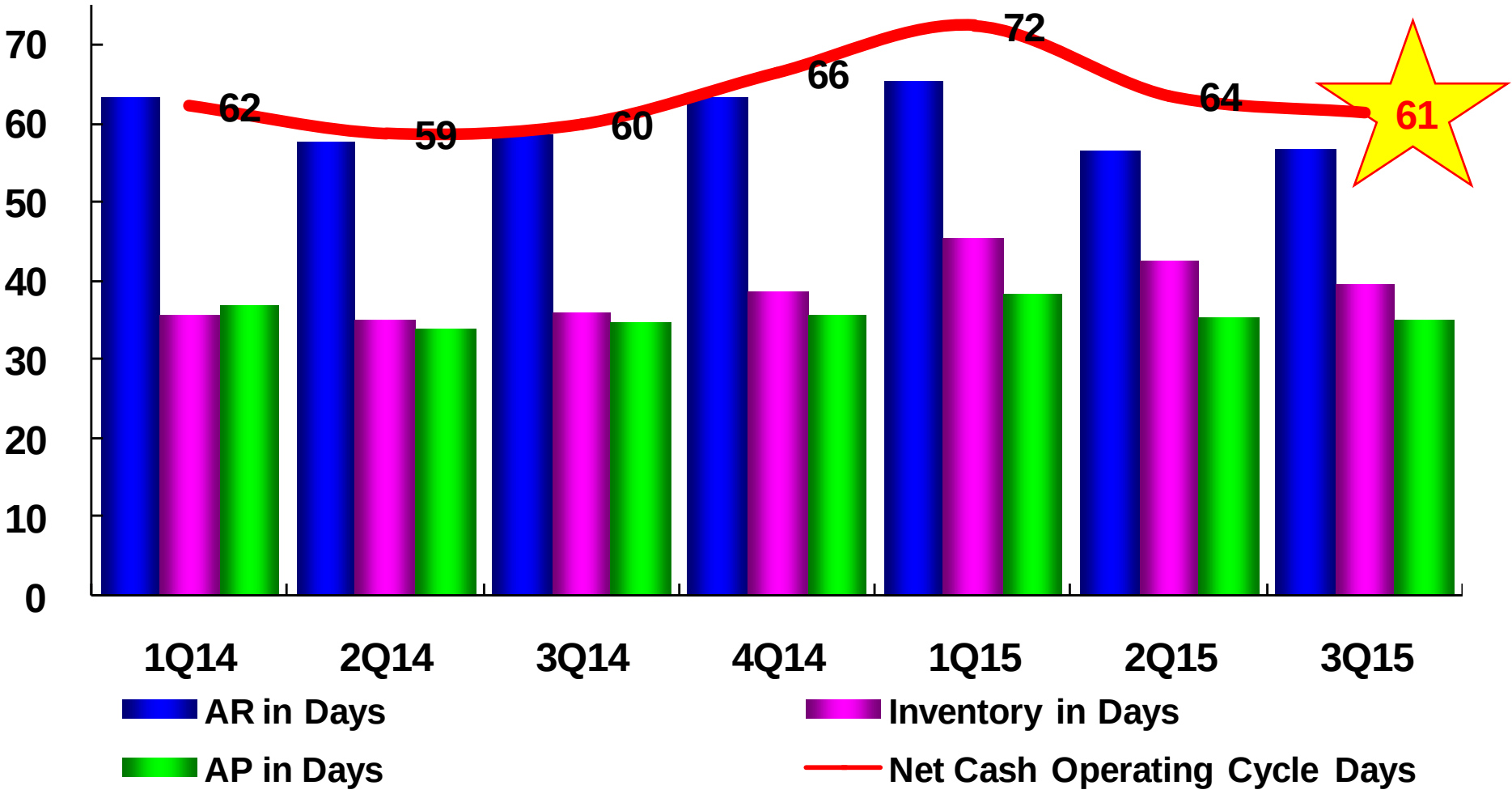
Note：Annualized

ROE vs. EPS



Note：Annualized

Operating Cash Cycle



Note：Annualized

4Q15 Guidance

Based on our current business outlook, management expects：

- **Revenues to be between NT$ 129 billion and NT$ 135 billion at a forecast FX rate of 32.8 NT dollars to 1 US dollar averaged over 4Q15.**
- **Gross profit margin to be between 3.95% and 4.1%**
- **Operating profit margin to be between 1.4% and 1.6%**

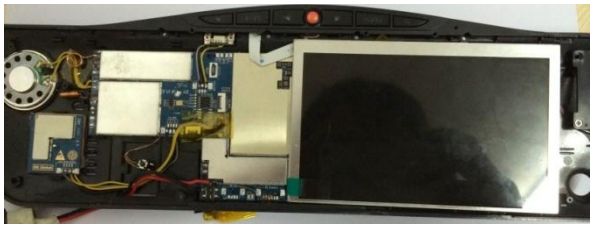
44 Solutions Launched in 3Q15

- 力推適用智能手機之完整解決方案 2015-09-23
- 力推NFC移動領域應用方案 2015-09-23
- 推出 NFC和TransferJet近場通信技術方案 2015-09-23
- 力推4G晶片和3G晶片解決方案 2015-09-23
- 推出3G 智慧手機&手機周邊應用方案 2015-09-23
- 推出SensorTag ，有助於無線連結靈活開發 2015-09-23
- 推出智慧型手機OIS模組解決方案 2015-09-23
- 推出手機應用方案 2015-09-23
- 推出全面性的USB Type-C解決方案，滿足各種需求 2015-09-23
- 力推紅外遙控解決方案 2015-09-23
- 力推兩款集成MCU的智慧感測器 2015-09-23
- 力推高精準度壓力傳感器, 專為智慧型手機與穿戴裝置所設計 2015-09-23
- 力推近接感測器(Proximity Sensor) 2015-09-23
- 推出新款NFC評估板，可簡化智慧城市及其它新興應用的NFC設計 2015-09-23
- 推出智能手机LCD Driver IC解决方案 2015-09-23
- 推出具有高速存取的3G智慧手機方案 2015-09-02

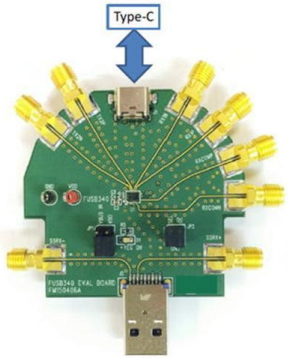
- 推出1GB DDR3、4GB eMMC車載後視鏡方案 2015-09-02
- 推出智慧電源開關可解決發光二極體 (LED) 設計難題 2015-07-22

- 推出高速存取的智慧家居安防系統閘道解決方案 2015-09-02
- 力推智慧照明解決方案 2015-07-22
- 推出智能家居照明系統解決方案 2015-07-22
- 推出智能網關解決方案 2015-07-22
- 推出精巧的離線控制器，為LED照明應用實現最佳的功率因數、能效及可靠性 2015-07-22

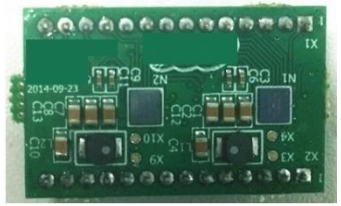
Fingerprint Identification Solution



Automotive Rear-View Mirror Solution



USB Type-C Solution



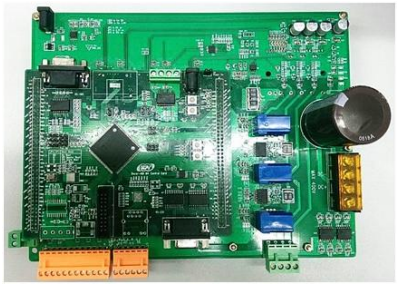
Smart phone Solution

44 Solutions Launched in 3Q15

推出全新超低功耗 FRAM，達到彈性的記憶體使用	2015-09-02
推出3D打印創新技術	2015-08-12
力推適用工業電子之完整解決方案	2015-08-12
推出針對可擴展設計推出首款具有可調電流驅動能力的有刷直流(DC)閘極驅動器	2015-08-12
推出應用於白家電的二合一智能功率模塊	2015-08-12
推出系列微控制器的1KW直流無刷電動手工具解決方案	2015-08-12
推出電機驅動參考方案	2015-08-12
推出系列微控制器Hall FOC電動自行車控制器方案	2015-08-12
推出電能品質線上監測系統方案	2015-08-12
推出高精度運動控制系統解決方案	2015-08-12
推出新款微控制器，創造出節能型工業、計量產品	2015-08-12
推出熱電偶測量儀方案	2015-08-12

力推紫外光感測器(UV Sensor)	2015-09-23
推出新款NFC評估板，可廣泛的整合EEPROM記憶體容量	2015-09-02

3D Printing Solution

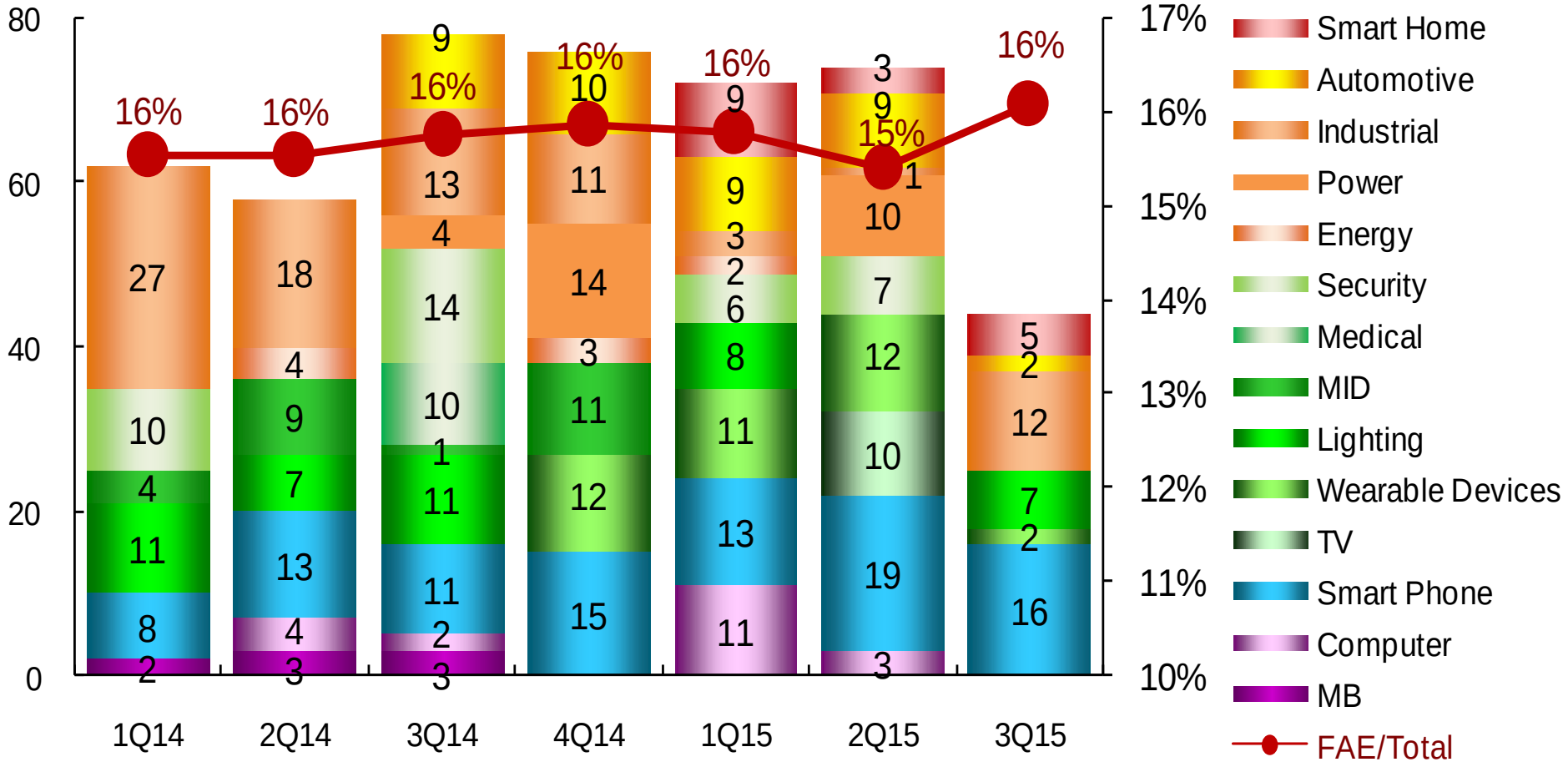


Motion Control Solution

推出Zigbee照明多樣化 LED調光驅動方案	2015-07-22
力推適用LED照明應用裝置方案	2015-07-22
力推適合消費類和照明應用的最具性價比 CE	2015-07-22
力推低成本LED照明電源解決方案	2015-07-22
力推高功因無頻閃智能調光驅動方案	2015-07-22
推出LED三合一調光方案	2015-07-22
力推集成PFC+LLC LED商业照明方案	2015-07-22

Zigbee Smart Lighting Solution

More Solutions Launched ..



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

Result Highlights

Unit:NT$million

item	Ytd15	Ytd14	YoY (%)
Net Sales	372,935	335,396	11.2
Gross Margin	4.26%	4.60%	-34 bp
Operating Expenses	(9,452)	(9,264)	2.0
Operating Income	6,420	6,162	4.2
Operating Margin	1.72%	1.84%	-12 bp
Net Income	4,173	4,461	(6.5)
EPS (NT$)(1)	2.52	2.69	
Total Assets	189,029	157,697	
Total Liabilities	141,607	115,992	
Total Equity	47,422	41,705	
Net Working Capital	97,624	81,601	
Free Cash Flow	(6,647)	(7,411)	
KEY Indices(2)			
ROWC	*8.8%*	*10.1%*	-130 bp
NWC/Sales	*0.20*	*0.18*	
ROE	*12.1%*	*14.6%*	-249 bp
Gearing	1.35	1.23	

(1).Weighted average shares outstanding

(2).Annualized

Unaudited, Prepared by WPG based on TIFRS.

Statements of Comprehensive Income

Unit:NT$million

Item	Ytd15	Ytd14	*YoY(%)*
Net operating Revenue	372,935	335,396	*11.2*
COGS	(357,064)	(319,971)	*11.6*
Gross Profit	15,872	15,426	*2.9*
Gross Margin	4.26%	4.60%	
Operating Expenses	(9,452)	(9,264)	*2.0*
Operating Income	6,420	6,162	*4.2*
Operating Margin	1.72%	1.84%	
Net Non-operating Items	(854)	(693)	*23.2*
Net Financing costs	(1,005)	(866)	*16.1*
Others	150	172	
Profit Before Tax/Minority	5,566	5,468	*1.8*
Tax	(1,387)	(1,003)	*38.3*
Minority/Accounting Principle Change	(6)	(4)	
Profit After Tax/Minority	4,173	4,461	*(6.5)*
Net Margin	*1.12%*	*1.33%*	
EPS (NT$)(1)	2.52	2.69	
Tax%	25%	18%	

(1).Weighted average shares outstanding

Unaudited, Prepared by WPG based on TIFRS.

Cash Flows

Unit:NT$million

item	Ytd15	Ytd14
-Income before Income Tax	5,566	5,468
-Changes of NWC	(8,313)	(13,163)
-Adjustment & Others	(3,899)	284
From Operation	**(6,647)**	**(7,411)**
-Financial Instrument	(1,160)	33
-Capital Expenditure	(6)	(57)
-Acquisition of subsidiaries	(56)	-
-Others	102	245
From Investment	**(1,121)**	**221**
-Financial Debt	8,884	11,461
-Cash Dividends	(4,139)	(3,808)
-Others	44	57
From Financing	**4,788**	**7,710**
Cumulative translation adjustments	**1,984**	**691**
Net Cash Position Change	**(995)**	**1,211**
Ending Cash Balance	**10,190**	**10,670**

Unaudited, Prepared by WPG based on TIFRS.

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