WPG Holdings Ltd. (TWEX:3702) 4Q08 Earning Release

Feb 10th, 2009

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- 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").
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Agenda

- Welcome
- Financial Highlights & Overview
- Q&A

Result Highlights

Unit:NT$million

item	4Q08	Guidance(4)	3Q08	4Q07(3)	QoQ(%)	YoY(%)
Net Sales	31,895	28.5~30BN	41,874	39,283	(23.8)	(18.8)
Gross Margin	5.67%	*5.5% ~ 5.7%*	5.74%	5.62%	-7 bp	+5 bp
Operating Income	479		1,061	1,046	(54.8)	(54.2)
Operating Margin	1.50%	*1.4% ~ 1.7%*	2.53%	2.66%	-103 bp	-116 bp
Net Income	61		800	679	(92.3)	(91.0)
EPS (NTD)(1)	0.07		1.04	0.92	(93.6)	(92.7)
Total Assets	43,062		51,954	47,356		
Total Liabilities	28,286		37,400	32,931		
Total Equity	14,777		14,553	14,425		
Net Working Capital	22,074		25,453	26,012		
Free Cash Flow	3,224		(300)	(574)		
KEY Indices(2)						
ROWC	*6.07%*		*16.61%*	*15.27%*	-1054 bp	-919 bp
NWC/Sales	*0.17*		*0.15*	*0.17*		
ROE	*1.66%*		*22.00%*	*18.82%*	-2034 bp	-1716 bp

(1).Weighted average shares outstanding
(2).Annualized
(3).Expensing of employee profit sharing not included
(4).Revised

Income Statements

Unit:NT$million

Item	4Q08	3Q08	QoQ(%)	4Q07(2)	YoY(%)
Net operating Revenue	31,895	41,874	(23.8)	39,283	(18.8)
COGS	(30,087)	(39,472)	(23.8)	(37,075)	(18.8)
Gross Profit	1,808	2,402	(24.7)	2,208	(18.1)
Gross Margin	5.67%	5.74%		5.62%	
Operating Expenses	(1,329)	(1,341)	(0.9)	(1,162)	14.4
Operating Income	479	1,061	(54.8)	1,046	(54.2)
Operating Margin	1.50%	2.53%		2.66%	
Net Non-operating Items	(328)	(90)	262.9	(204)	60.5
Net Financing costs	(223)	(173)	29.0	(270)	(17.3)
Inventory Provision & OBS	(144)	(4)	3,420.1	(53)	170.6
Others	39	87	(54.7)	119	(66.9)
Profit Before Tax/Minority	151	971	(84.4)	842	(82.0)
Tax	(92)	(167)	(44.8)	(151)	(38.7)
Minority/Accounting Principle Change	2	(3)	(177.9)	(12)	(119.9)
Profit After Tax/Minority	61	800	(92.3)	679	(91.0)
Net Margin	0.19%	1.91%		1.73%	
EPS (NTD)(1)	0.07	1.04	(93.6)	0.92	(92.7)
Tax %	61%	17%		18%	

(1).Weighted average shares outstanding

(2).Expense of employee profit sharing not included

Balance Sheet

Unit:NT$million	4Q08		3Q08		4Q07	
item	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
Cash &Marketable Securities	6,422	*15*	4,422	*9*	4,209	*9*
Accounts Receivable - Trade	16,924	*39*	25,338	*49*	22,432	*47*
Inventory	13,990	*32*	16,453	*32*	15,146	*32*
Current Assets	40,265	*94*	49,158	*95*	44,760	*95*
Others	2,798	*6*	2,796	*5*	2,596	*5*
Total Assets	**43,062**	***100***	**51,954**	***100***	**47,356**	***100***
Current Interest-bearing Debt	12,521	*29*	14,853	*29*	14,299	*30*
Accounts Payble	8,839	*21*	16,338	*31*	11,565	*24*
Accured Liabilities and Others	2,242	*5*	1,931	*4*	2,339	*5*
Current Liabilities	23,602	*55*	33,122	*64*	28,203	*60*
Long-term Interest-bearing Debt	4,419	*10*	3,976	*8*	4,446	*9*
Others	265	*1*	302	*1*	281	*1*
Total Liabilities	**28,286**	***66***	**37,400**	***72***	**32,931**	***70***
Total Equity	**14,777**	***34***	**14,553**	***28***	**14,425**	***30***
KEY Indices						
Net Working Capital ($)	22,074		25,453		26,012	
AR Turnover (Days)	*50*		*59*		*50*	
Inventory Turnover (Days)	*39*		*41*		*37*	
AP Turnover (Days)	*28*		*36*		*28*	
Average Collection Periods (Days)	*62*		*64*		*60*	
Current Ratio	*171%*		*148%*		*159%*	
Debt/Asset Ratio	*66%*		*72%*		*70%*	
Gearing Ratio	*0.64*		*0.92*		*0.97*	

Cash Flows

Unit:NT$million	4Q08 Amount	3Q08 Amount	4Q07 Amount
-Net Income(1)	59	803	691
-Changes of NWC	3,937	(2,421)	(905)
-Adjustment & Others	(772)	1,318	(361)
From Operation	3,224	**(300)**	**(574)**
-Financial Instrument	185	(142)	69
-Capital Expenditure	22	(52)	(20)
-Others	(98)	(2)	(207)
From Investment	109	**(195)**	**(158)**
-Financial Debt	(1,692)	2,384	1,172
-Cash Dividends	(12)	(1,556)	(5)
-ESOP	3	12	32
-Others	118	(22)	216
From Financing	(1,583)	**818**	**1,414**
Net Cash Position Change	**1,751**	**323**	**682**
Effect on changes of consolidated subsidiaries	0	133	(14)
Cumulative translation adjustments	280	694	(54)
Ending Cash Balance	**6,372**	**4,341**	**3,977**

(1).Minority interest is included.

Yr08 Overview

- Became Top 3 distributor WW, continue to gain shares
  - Increasing shares in Emerged market, China esp.
  - Over 14 new Franchises undertaking
  - Step by step to involve in new territory
  - Acquisition of Pernas & AIT, enhance presence in Passive component & continue to have more value-added M&A .

- Financial Strength to weather the Financial Tsunami
  - Operating Income of NT$3.25bn, -18.3% & **Net Profit of NT$1.86bn, -27.4% Y/Y** respectively ,**EPS was NT$2.43** per share
  - By well management of working capital, **working capital/ sales** improved to 0.15 record low level, also inventory down 15% sequentially
  - Generated **NT$5.8bn in cash from Operation**
  - ROWC (Return on working capital) & ROE were 13.83% & 12.59%respectively

Result Highlights

Unit:NT$million item	2008 *Amount*	2007 *Amount*	YoY (%)
Net Sales	143,194	142,974	0.2
Operating Income	3,247	3,973	(18.3)
Net Income	1,860	2,561	(27.4)
EPS (NTD)(1)	2.43	3.55	
Total Assets	43,062	47,356	
Total Liabilities	28,286	32,931	
Total Equity	14,777	14,425	
Net Working Capital	22,074	26,012	
Free Cash Flow	5,808	(2,353)	
KEY Indices(2)			
ROWC	*13.83%*	*15.15%*	-133 bp
NWC/Sales	*0.15*	*0.18*	
ROE	*12.59%*	*17.75%*	-516 bp

(1).Weighted average shares outstanding

(2).Annualized

Income Statements

Unit:NT$million

Item	2008	2007(2)	YoY(%)
Net operating Revenue	143,194	142,974	0.2
COGS	(135,001)	(134,538)	0.3
Gross Profit	8,193	8,436	(2.9)
Gross Margin	5.72%	5.90%	
Operating Expenses	(4,946)	(4,463)	10.8
Operating Income	3,247	3,973	(18.3)
Operating Margin	2.27%	2.78%	
Net Non-operating Items	(726)	(707)	2.6
Net Financing costs	(779)	(903)	(13.7)
Inventory Provision & OBS	(194)	(32)	515.8
Others	247	227	9.0
Profit Before Tax/Minority	2,521	3,266	(22.8)
Tax	(640)	(635)	0.8
Minority/Accounting Principle Change	(20)	(70)	(71.2)
Profit After Tax/Minority	1,860	2,561	(27.4)
Net Margin	1.30%	1.79%	
EPS (NTD)(1)	2.43	3.55	(31.47)
Tax%	25%	19%	

(1).Weighted average shares outstanding

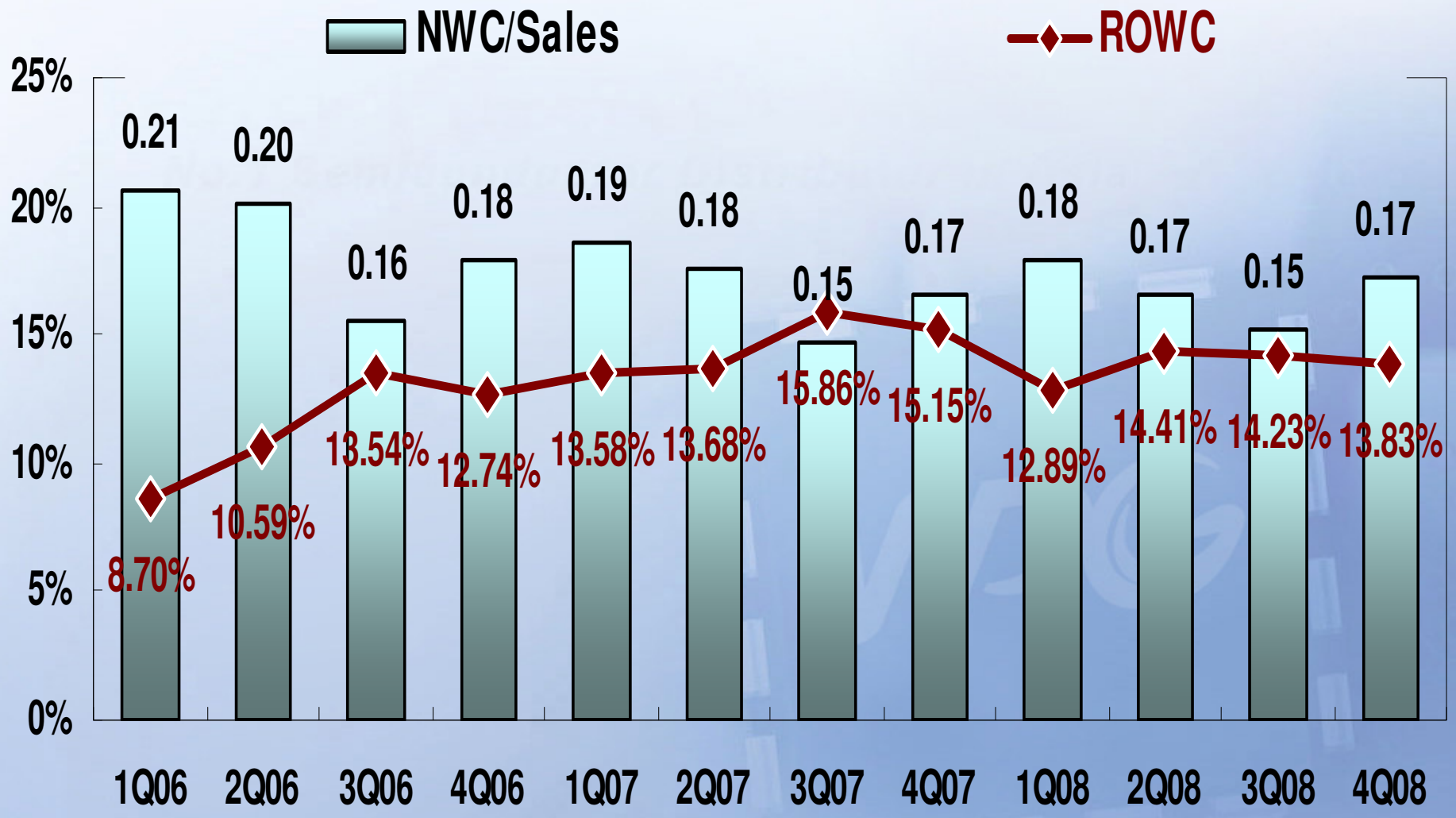
(2).Expense of employee profit sharing not included

Cash Flows

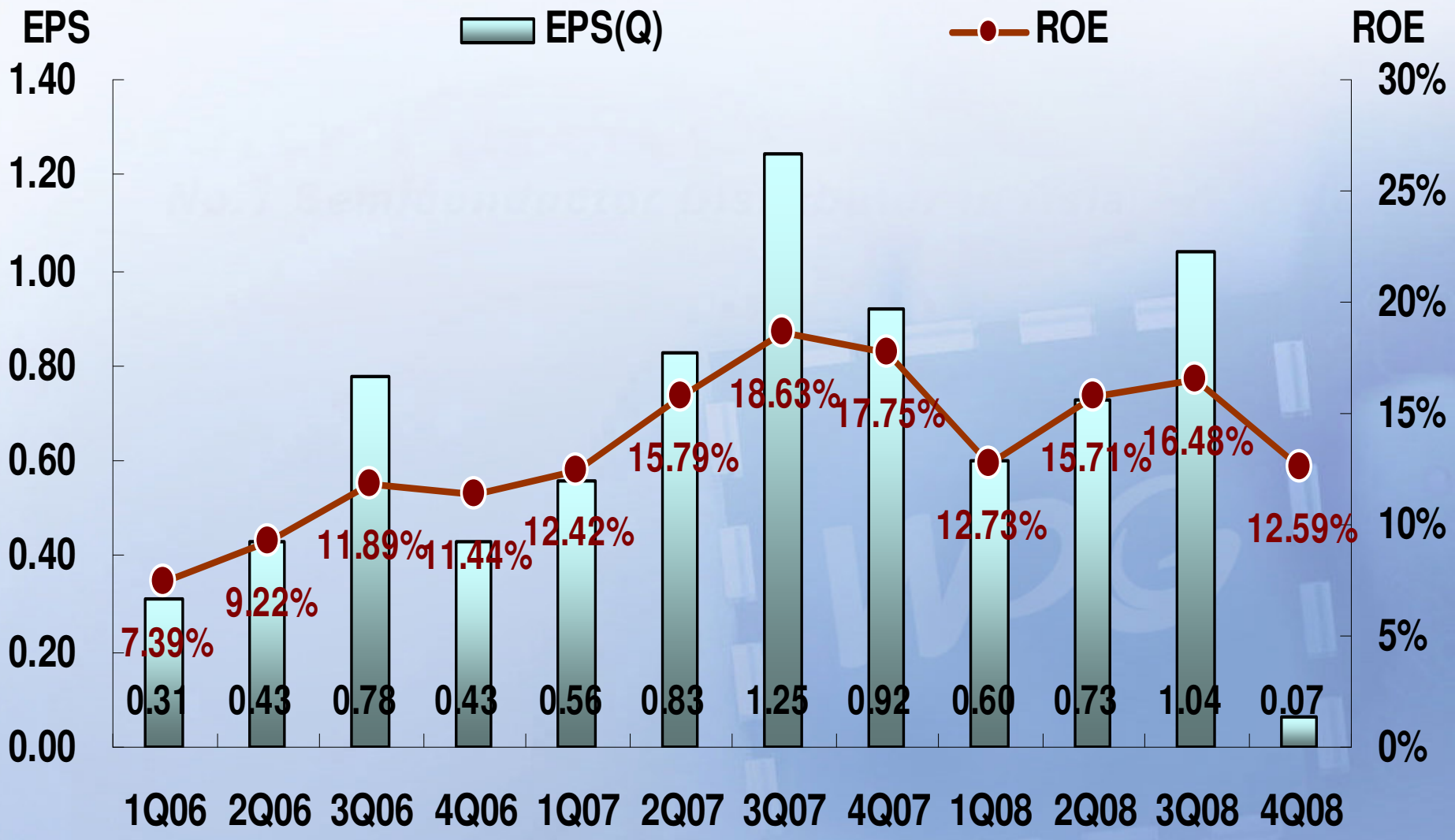
Unit:NT$million	2008 *Amount*	2007 *Amount*
-Net Income(1)	1,880	2,631
-Changes of NWC	4,497	(5,194)
-Adjustment & Others	(569)	211
From Operation	**5,808**	**(2,353)**
-Financial Instrument	591	(38)
-Capital Expenditure	(138)	(84)
-Others	(64)	(144)
From Investment	**388**	**(266)**
-Financial Debt	(2,755)	4,251
-Cash Dividends	(1,567)	(781)
-ESOP	37	185
-Others	214	172
From Financing	**(4,072)**	**3,826**
Net Cash Position Change	**2,125**	**1,207**
Effect on changes of consolidated subsidiaries	91	(14)
Cumulative translation adjustments	180	(62)
Ending Cash Balance	**6,372**	**3,977**

(1).Minority interest is included.

ROWC vs. NWC/Sales



ROE vs. EPS


EPS
EPS(Q)
ROE
ROE
1.40
1.20
1.00
0.80
0.60
0.40
0.20
0.00
30%
25%
20%
15%
10%
5%
0%
7.39%
9.22%
11.89%
11.44%
12.42%
15.79%
18.63%
17.75%
12.73%
15.71%
16.48%
12.59%
0.31
0.43
0.78
0.43
0.56
0.83
1.25
0.92
0.60
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1.04
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1Q06
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4Q06
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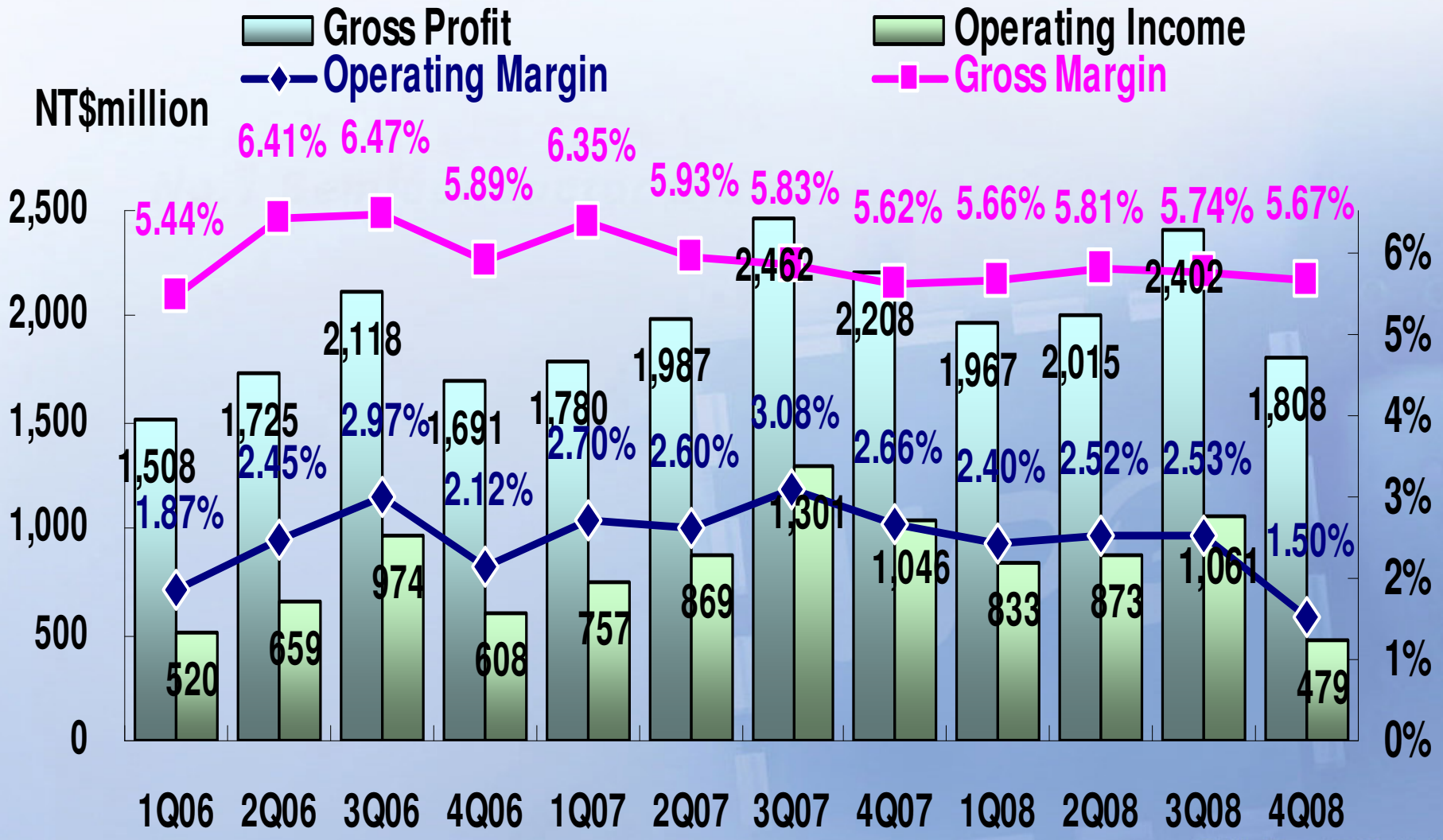
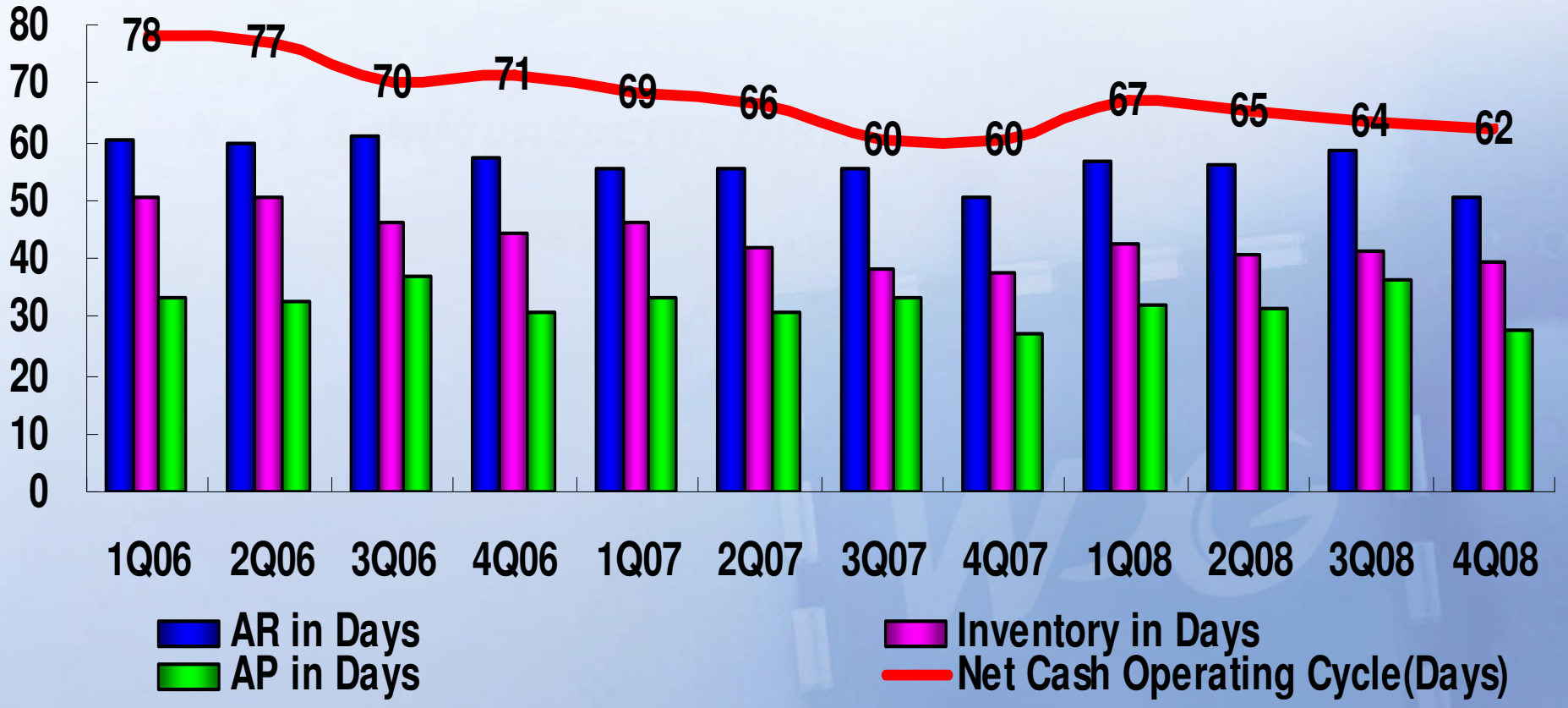
4Q08

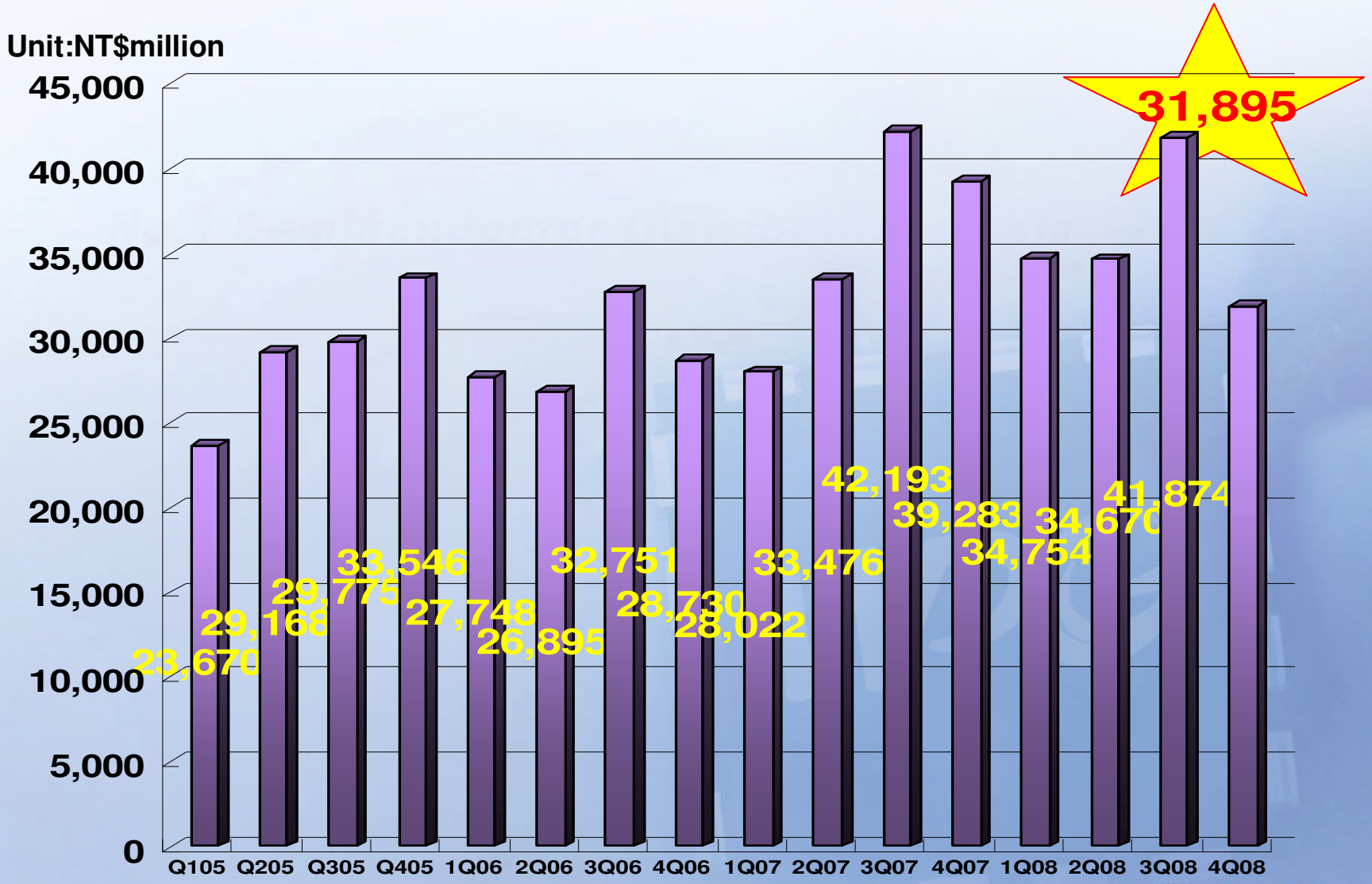
Gross Margin vs. Operating Margin



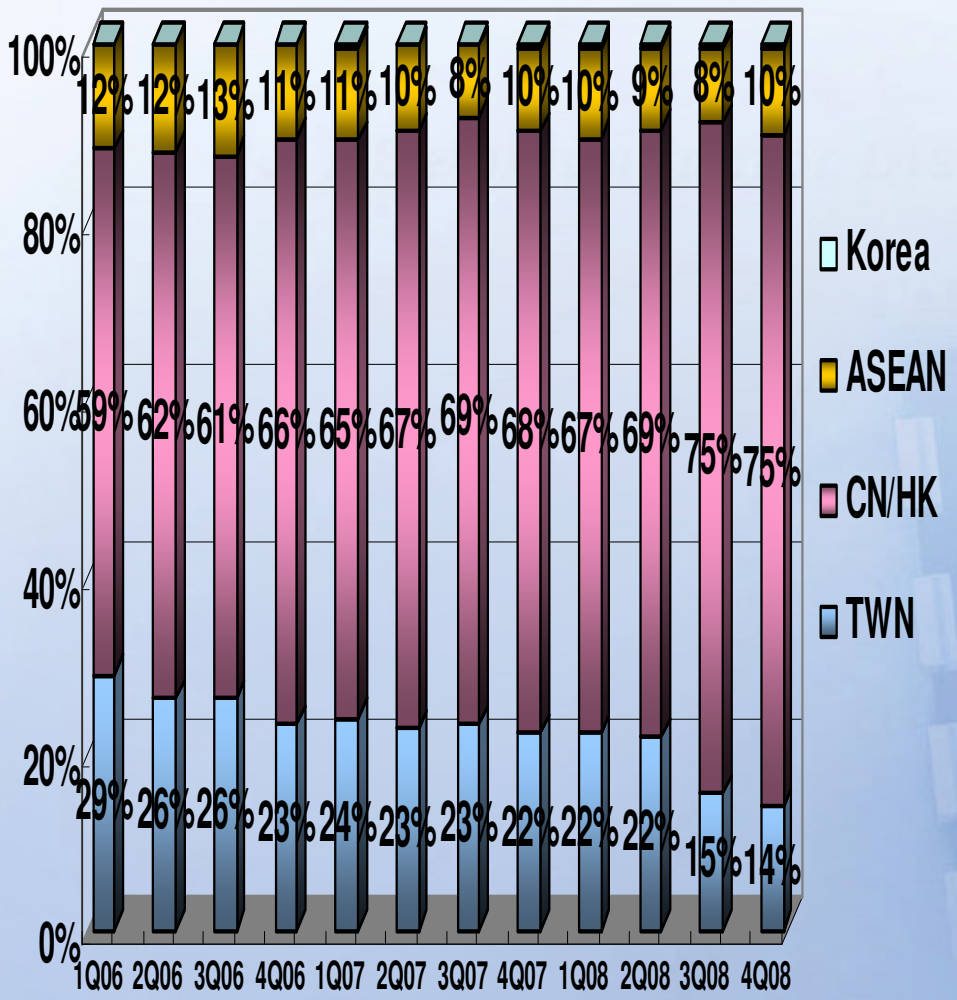
Operating Cash Cycle

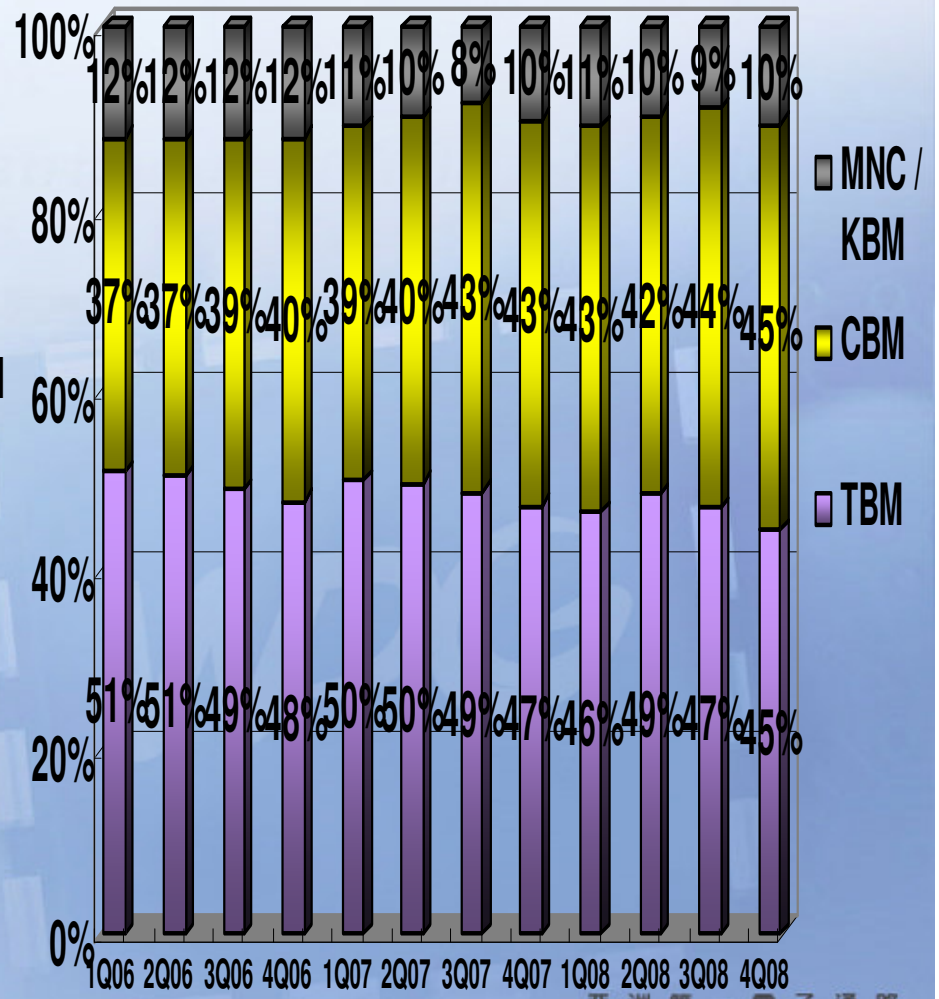


Consolidated Revenue

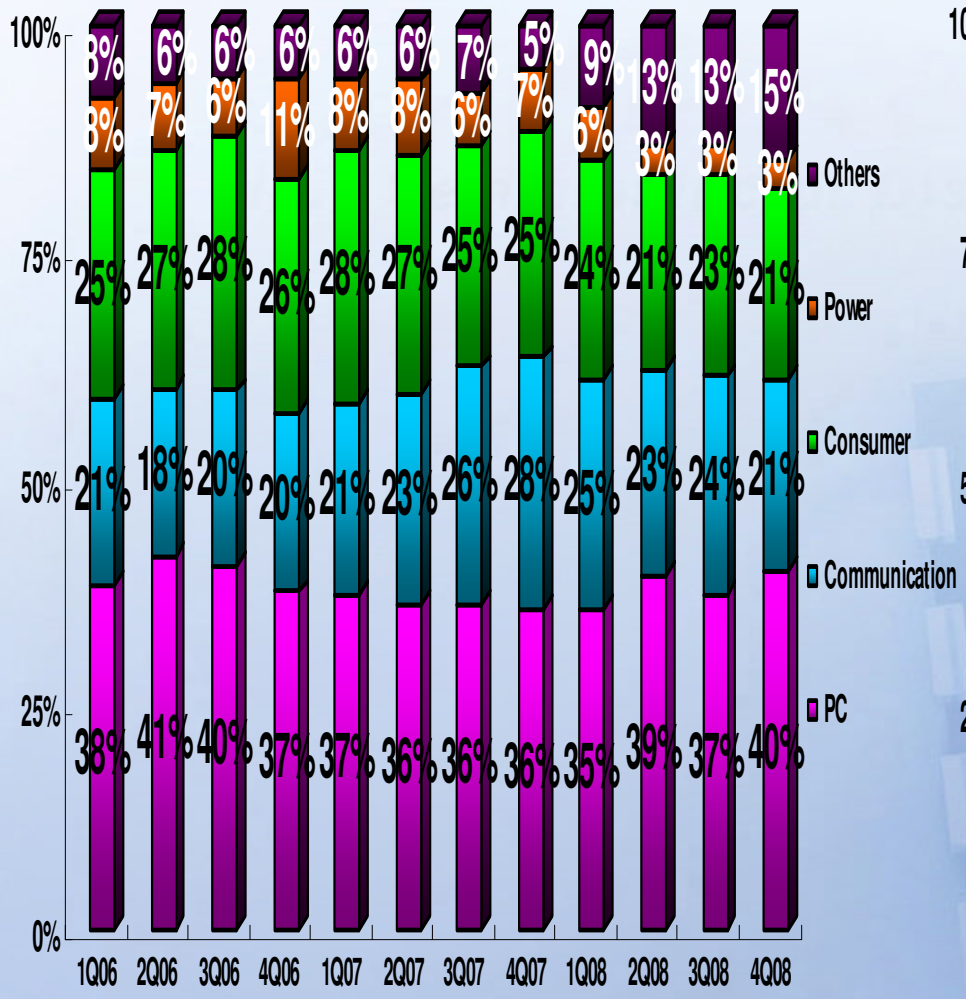


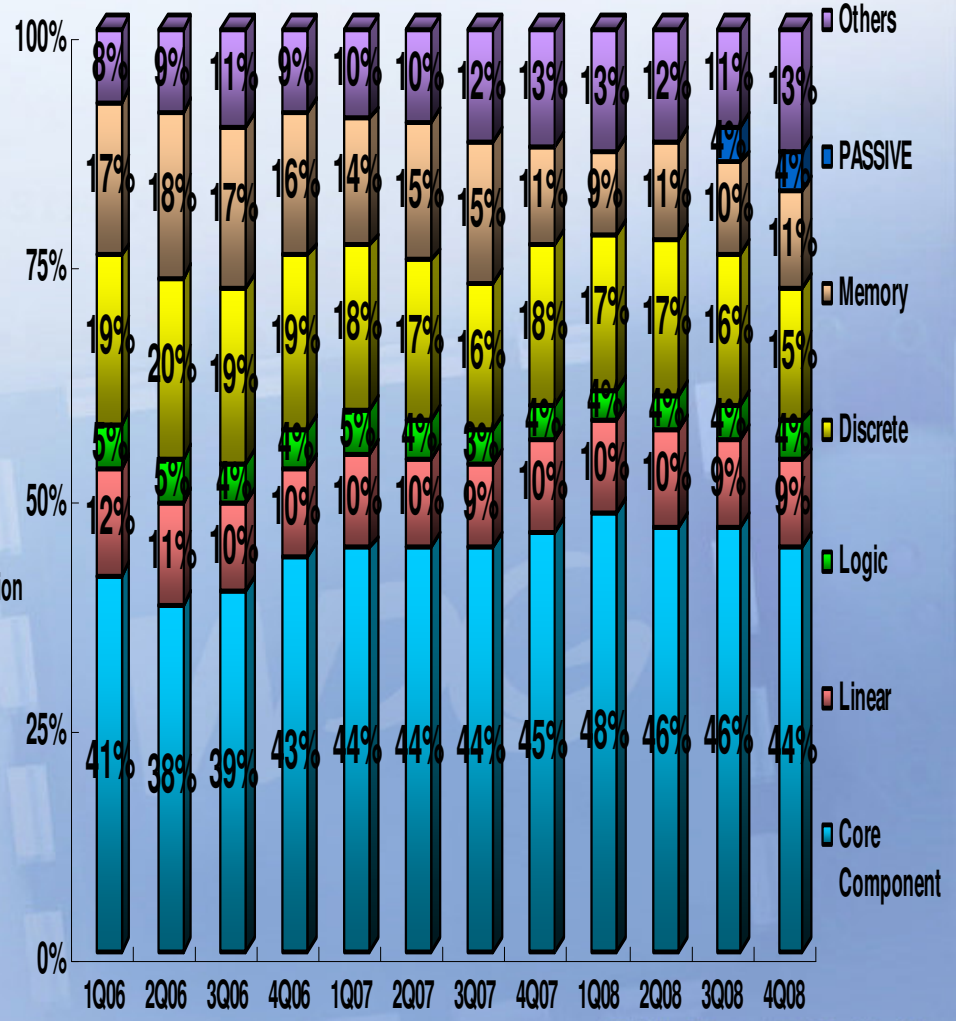
Sales breakdown by Geography/Customer





Sales breakdown by Application/ Device Type





1Q09 Guidance

- **Revenues is expected to be between NT$30 billion and NT$32 billion at a forecast of FX rate of 33 NT dollars to 1 US dollar averaged over 1Q09.**

- **Gross profit margin is expected to be between 5.7% and 5.9%**

- **Operating profit margin is expected to be between 1.1% and 1.3%**

Recap of Recent Major Events

- New Franchise in 4Q08：
  - Advanced Material on Technology – EMI/ESD Solutions
  - grenergy – AC/DC Power, Power Management IC
  - TXC 台灣晶技 TXC CORPORATION – Crystals, Automotive Crystals, Oscillators, SAW Devices
  - AIT – Chip Resistor, Thin Film, Resistor, Fuse
- Closing announcement of AIT acquisition (2009/02/06)

http://www.wpgholdings.com