WPG Holdings
(3702 TT/3702.TW)

(http://www.WPGholdings.com)

WPI Group | SAC Group | RichPower Group | Pernas Group | AIT Group

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.**

Result Highlights

Unit:NT$million

item	2Q10	2Q10 Guidance	1Q10	2Q09	*QoQ(%)*	*YoY(%)*
Net Sales	62,424	60~63B	58,047	47,096	7.5	32.5
Gross Margin	6.10%	*5.6% ~ 5.8%*	5.85%	5.84%	+26 bp	+27 bp
Operating Income	1,694		1,526	1,073	11.0	57.8
Operating Margin	2.71%	*2.5% ~ 2.7%*	2.63%	2.28%	+8 bp	+43 bp
Net Income	1,485		1,258	794	18.0	87.0
EPS (NT$)(1)	1.66		1.41	0.89	18.0	85.6
Net Book Value (NT$)	23.60					
Total Assets	75,345		67,334	54,313		
Total Liabilities	54,145		46,018	35,936		
Total Equity	21,200		21,316	18,376		
Net Working Capital	34,287		28,306	21,786		
Free Cash Flow	(4,917)		(799)	(1,200)		
KEY Indices(2)						
ROWC	*19.8%*		*21.6%*	*19.7%*	-181 bp	+5 bp
NWC/Sales	*0.14*		*0.12*	*0.12*		
ROE	*28.8%*		*24.3%*	*19.3%*	+445 bp	+951 bp
Gearing	0.67		0.45	0.26		

(1).Weighted average shares outstanding

(2).Annualized

Income Statements

Unit:NT$million

Item	2Q10	1Q10	QoQ(%)	2Q09	YoY(%)
Net operating Revenue	62,424	58,047	7.5	47,096	32.5
COGS	(58,614)	(54,654)	7.2	(44,347)	32.2
Gross Profit	3,811	3,394	12.3	2,750	38.6
Gross Margin	6.10%	5.85%		5.84%	
Operating Expenses	(2,117)	(1,867)	13.4	(1,676)	26.3
Operating Income	1,694	1,526	11.0	1,073	57.8
Operating Margin	2.71%	2.63%		2.28%	
Net Non-operating Items	29	40	(26.6)	(35)	182.3
Net Financing costs	(66)	(50)	31.1	(64)	2.6
Others	95	90		29	
Profit Before Tax/Minority	1,723	1,566	10.0	1,038	66.0
Tax	(231)	(302)	(23.6)	(238)	(3.0)
Minority/Accounting Principle Change	(7)	(6)		(6)	
Profit After Tax/Minority	1,485	1,258	18.0	794	87.0
Net Margin	2.38%	2.17%		1.69%	
EPS (NTD)(1)	1.66	1.41	18.0	0.89	85.6
Tax %	13%	19%		23%	

(1).Weighted average shares outstanding

Balance Sheet

Unit:NT$million	2Q10		1Q10		2Q09	
item	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
Cash &Marketable Securities	5,906	*8*	5,515	*8*	7,769	*14*
Accounts Receivable - Trade	38,408	*51*	33,762	*50*	25,506	*47*
Inventory	22,818	*30*	20,735	*31*	14,666	*27*
Current Assets	72,469	*96*	64,343	*96*	51,328	*95*
Others	2,875	*4*	2,991	*4*	2,985	*5*
Total Assets	**75,345**	***100***	**67,334**	***100***	**54,313**	***100***
Current Interest-bearing Debt	16,367	*22*	11,708	*17*	11,672	*21*
Accounts Payble	26,939	*36*	26,191	*39*	18,386	*34*
Accured Liabilities and Others	6,012	*8*	3,653	*5*	3,453	*6*
Current Liabilities	49,318	*65*	41,552	*62*	33,510	*62*
Long-term Interest-bearing Debt	4,569	*6*	4,160	*6*	2,127	*4*
Others	258	*0*	306	*0*	299	*1*
Total Liabilities	**54,145**	***72***	**46,018**	***68***	**35,936**	***66***
Total Equity	**21,200**	***28***	**21,316**	***32***	**18,376**	***34***

KEY Indices			
Net Working Capital ($)	34,287	28,306	21,786
AR Turnover (Days)	*52*	*50*	*46*
Inventory Turnover (Days)	*31*	*30*	*33*
AP Turnover (Days)	*37*	*38*	*31*
Average Collection Periods (Days)	*46*	*43*	*48*
Current Ratio	*147%*	*155%*	*153%*
Gearing Ratio	*0.67*	*0.45*	*0.26*

Cash Flows

Unit:NT$million	2Q10	1Q10	2Q09
-Net Income(1)	1,479	1,264	800
-Changes of NWC	(6,041)	(1,128)	(1,771)
-Adjustment & Others	(355)	(934)	(229)
From Operation	**(4,917)**	**(799)**	**(1,200)**
-Financial Instrument	(112)	702	766
-Capital Expenditure	20	(28)	(1)
-Others	32	153	(41)
From Investment	**(61)**	**827**	**724**
-Financial Debt	4,984	(970)	1,108
-ESOP	2	2	8
-Others	(12)	(50)	(20)
From Financing	**4,974**	**(1,018)**	**1,095**
Cumulative translation adjustments	406	(101)	(822)
Net Cash Position Change	**403**	**(1,090)**	**(203)**
Ending Cash Balance	**5,826**	**5,423**	**7,315**

(1).Minority interest is included.

Result Highlights

Unit:NT$million

item	1H10	1H09	YoY (%)
Net Sales	120,472	84,285	42.9
Gross Margin	5.98%	5.75%	+23 bp
Operating Income	3,220	1,822	76.8
Operating Margin	2.67%	2.16%	+51 bp
Net Income	2,743	1,336	105.4
EPS (NTD)(1)	3.06	1.53	99.7
Total Assets	75,345	54,313	
Total Liabilities	54,145	35,936	
Total Equity	21,200	18,376	
Net Working Capital	34,287	21,786	
Free Cash Flow	(5,715)	5,118	
KEY Indices(2)			
ROWC	*18.8%*	*16.7%*	+206 bp
NWC/Sales	*0.14*	*0.13*	
ROE	*26.6%*	*16.2%*	+1,037 bp
Gearing	0.67	0.26	

(1).Weighted average shares outstanding

(2).Annualized

Income Statements

Unit:NT$million

Item	1H10	1H09	YoY(%)
Net operating Revenue	120,472	84,285	42.9
COGS	(113,267)	(79,436)	42.6
Gross Profit	7,204	4,849	48.6
Gross Margin	5.98%	5.75%	
Operating Expenses	(3,984)	(3,027)	31.6
Operating Income	3,220	1,822	76.8
Operating Margin	2.67%	2.16%	
Net Non-operating Items	69	(79)	(186.8)
Net Financing costs	(116)	(185)	(37.5)
Others	184	106	74.2
Profit Before Tax/Minority	3,289	1,742	88.8
Tax	(533)	(422)	26.1
Extraordinary Gain	-	23	N/A
Minority/Accounting Principle Change	(13)	(7)	86.8
Profit After Tax/Minority	2,743	1,336	105.4
Net Margin	2.28%	1.58%	
EPS (NTD)(1)	3.06	1.53	99.71
Tax%	16%	24%	

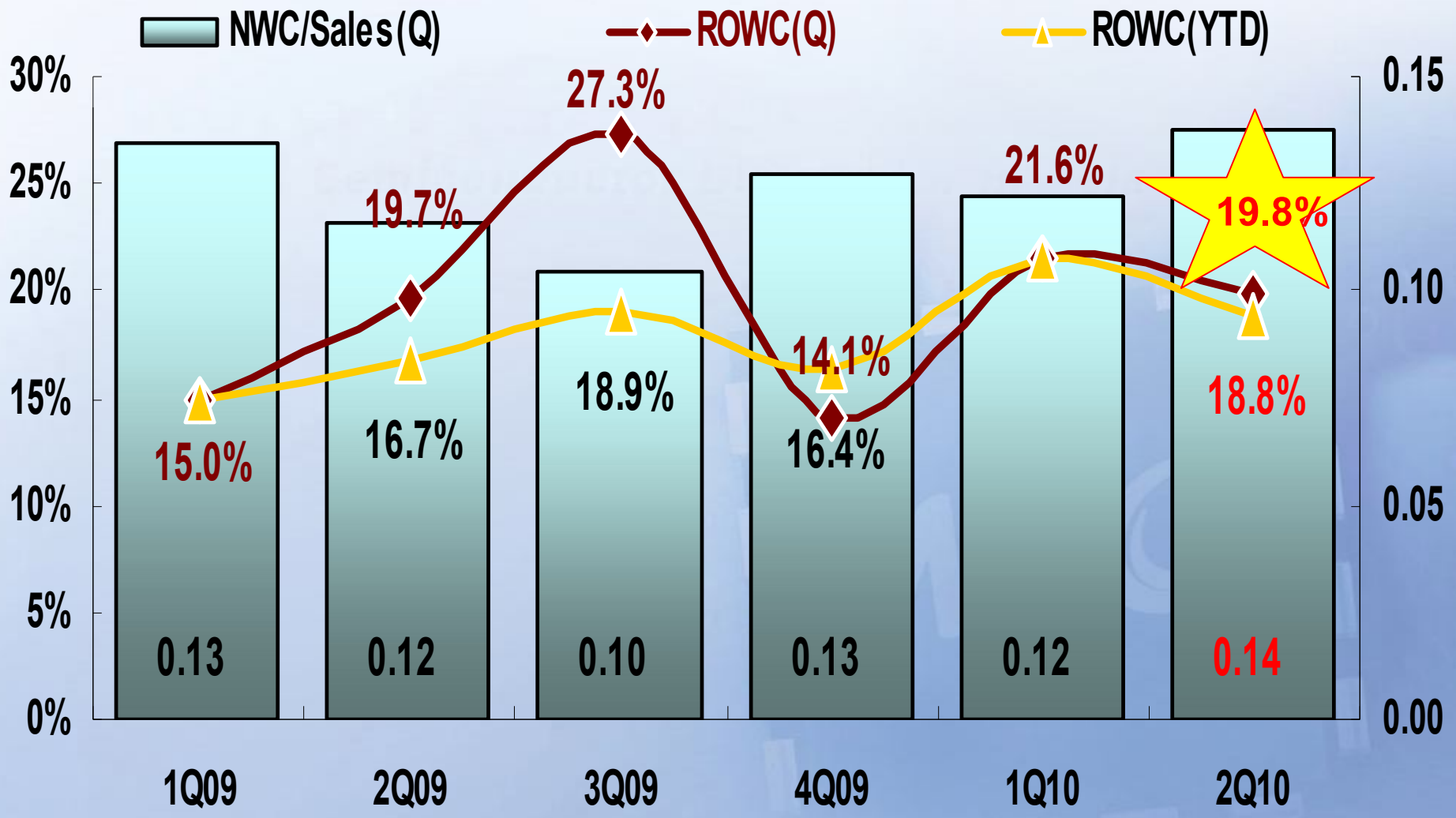
(1).Weighted average shares outstanding

Cash Flows

Unit:NT$million	1H10 Amount	1H09 Amount
-Net Income(1)	2,743	1,342
-Changes of NWC	(7,169)	3,841
-Adjustment & Others	(1,289)	(66)
From Operation	**(5,715)**	**5,118**
-Financial Instrument	590	1,136
-Capital Expenditure	(8)	(12)
-Others	184	(26)
From Investment	**766**	**1,098**
-Financial Debt	4,014	(5,566)
-ESOP	4	18
-Others	(61)	(52)
From Financing	**3,957**	**(5,600)**
Effect on changes of consolidated subsidiaries	-	**703**
Cumulative translation adjustments	305	**(92)**
Net Cash Position Change	**(687)**	**1,226**
Ending Cash Balance	**5,826**	**7,315**

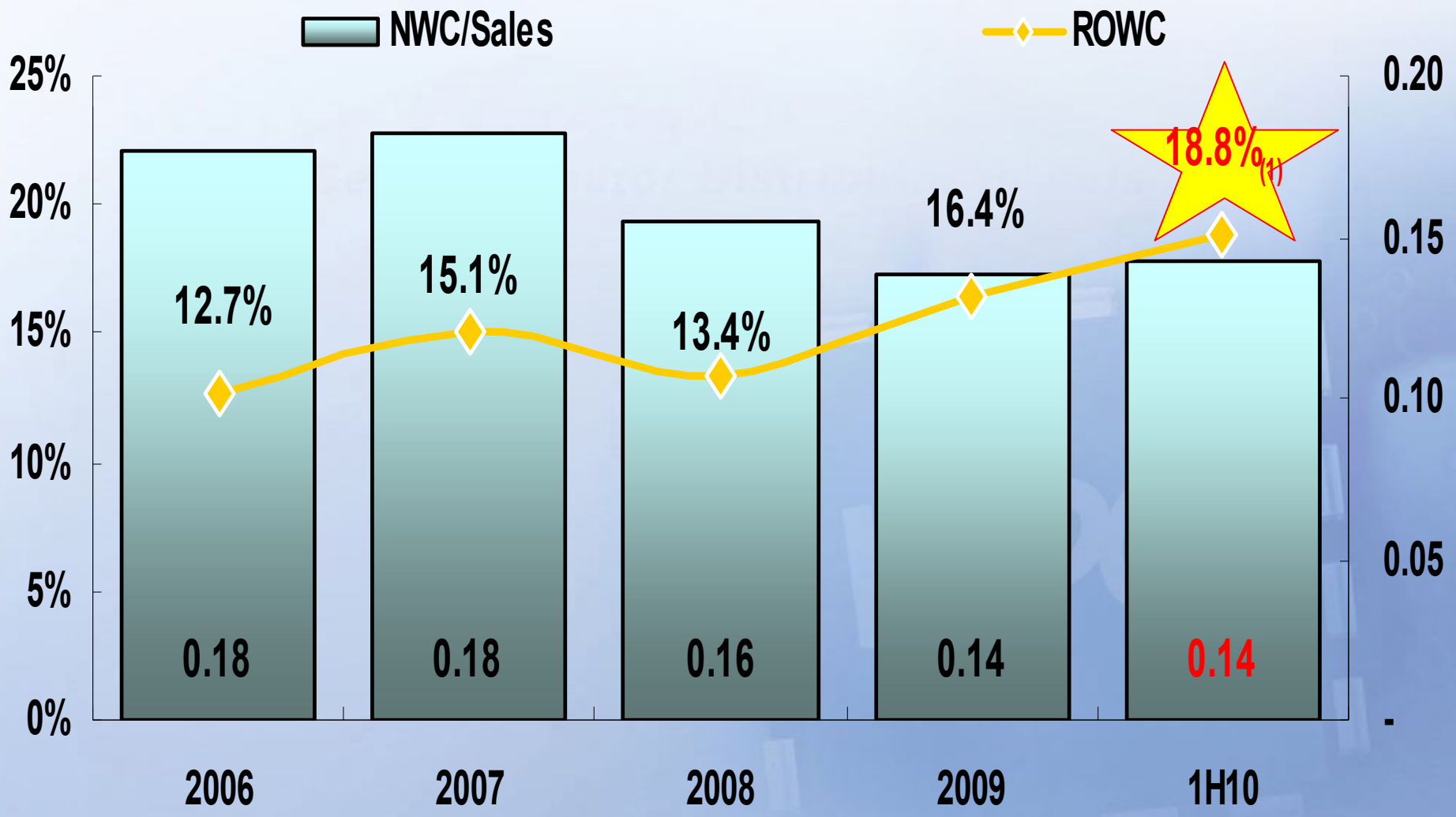
(1).Minority interest is included.

ROWC vs. NWC/Sales



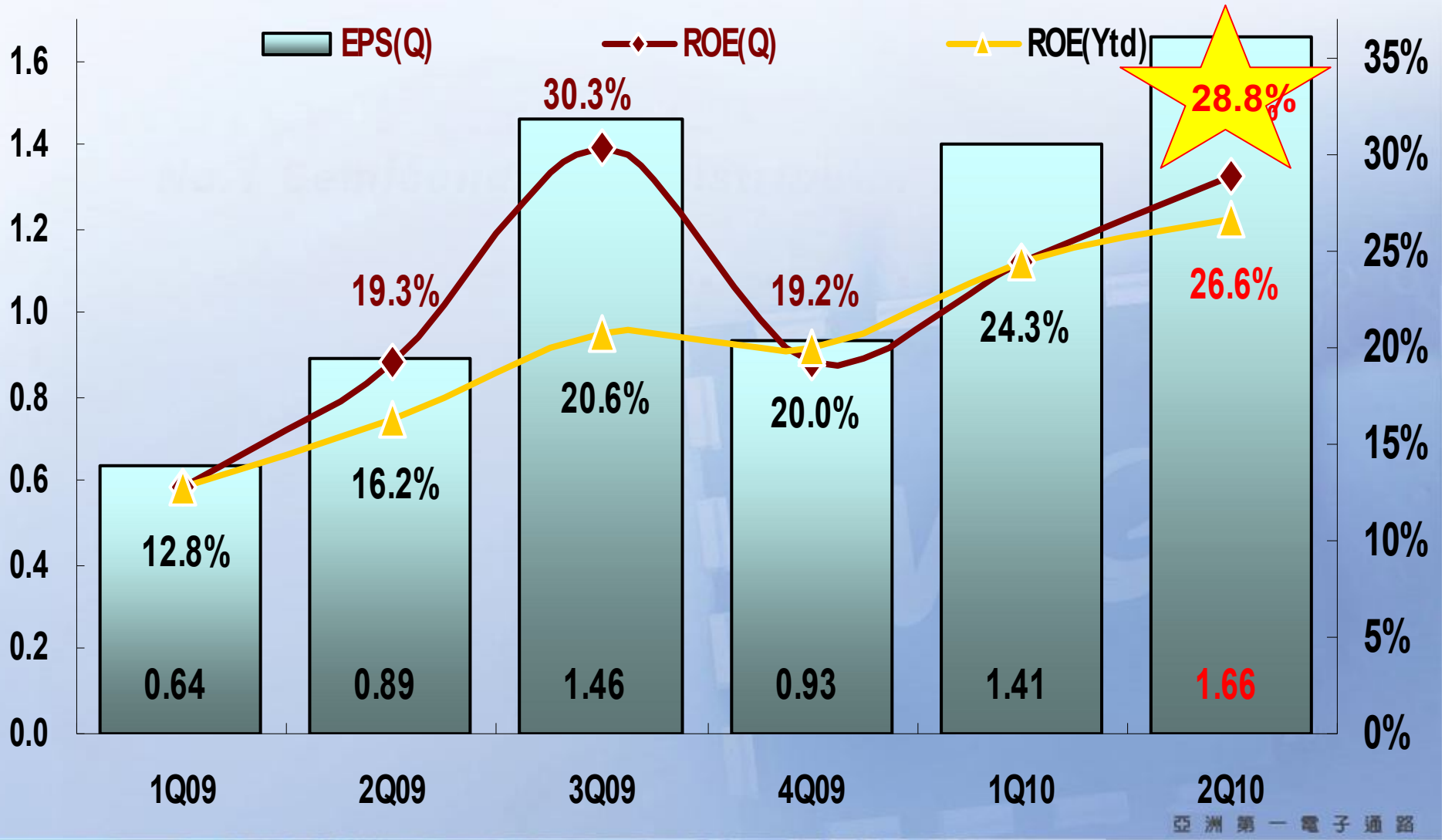
Note：Annualized

ROWC vs. NWC/Sales



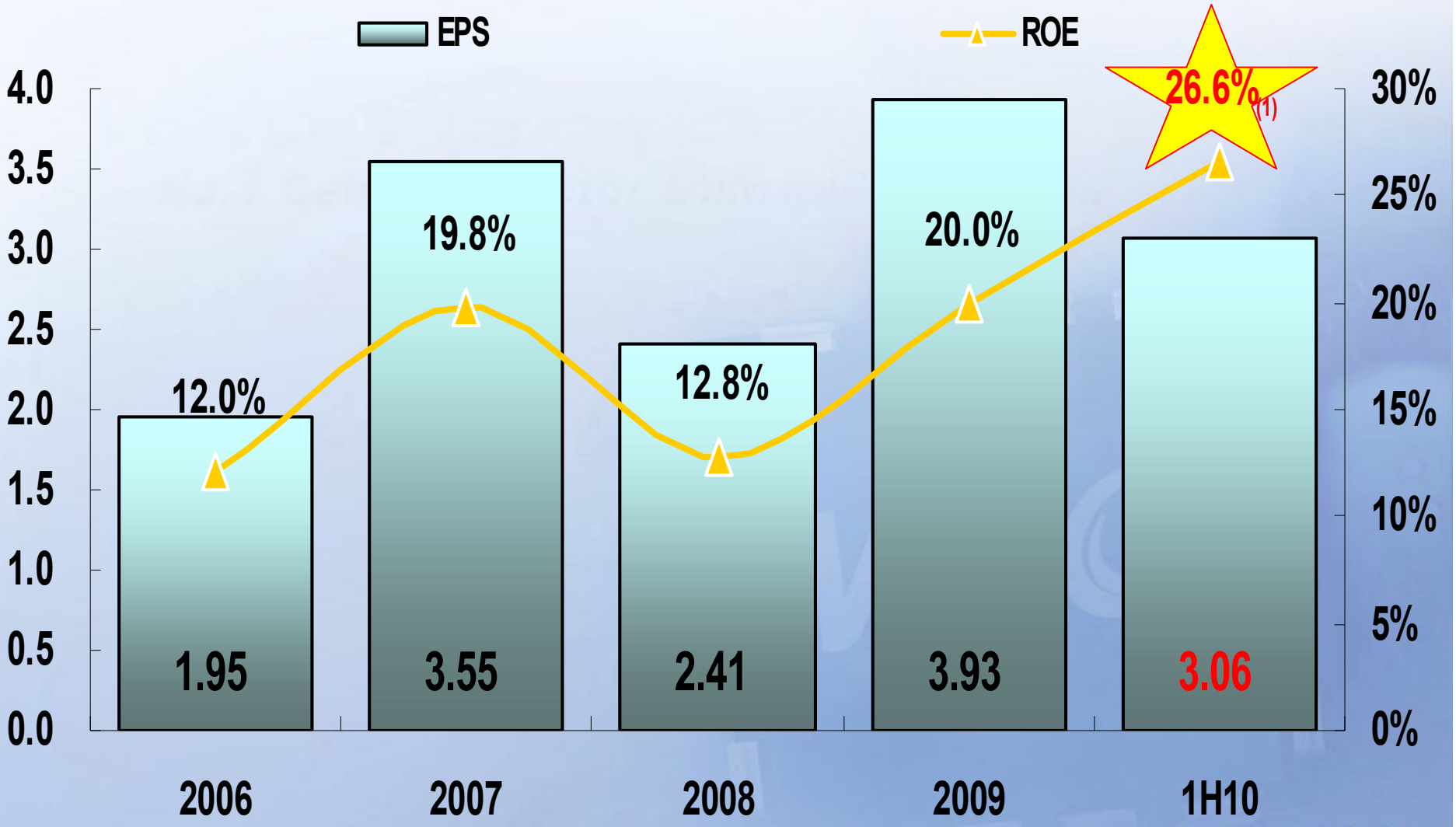
(1).Annualized

ROE vs. EPS



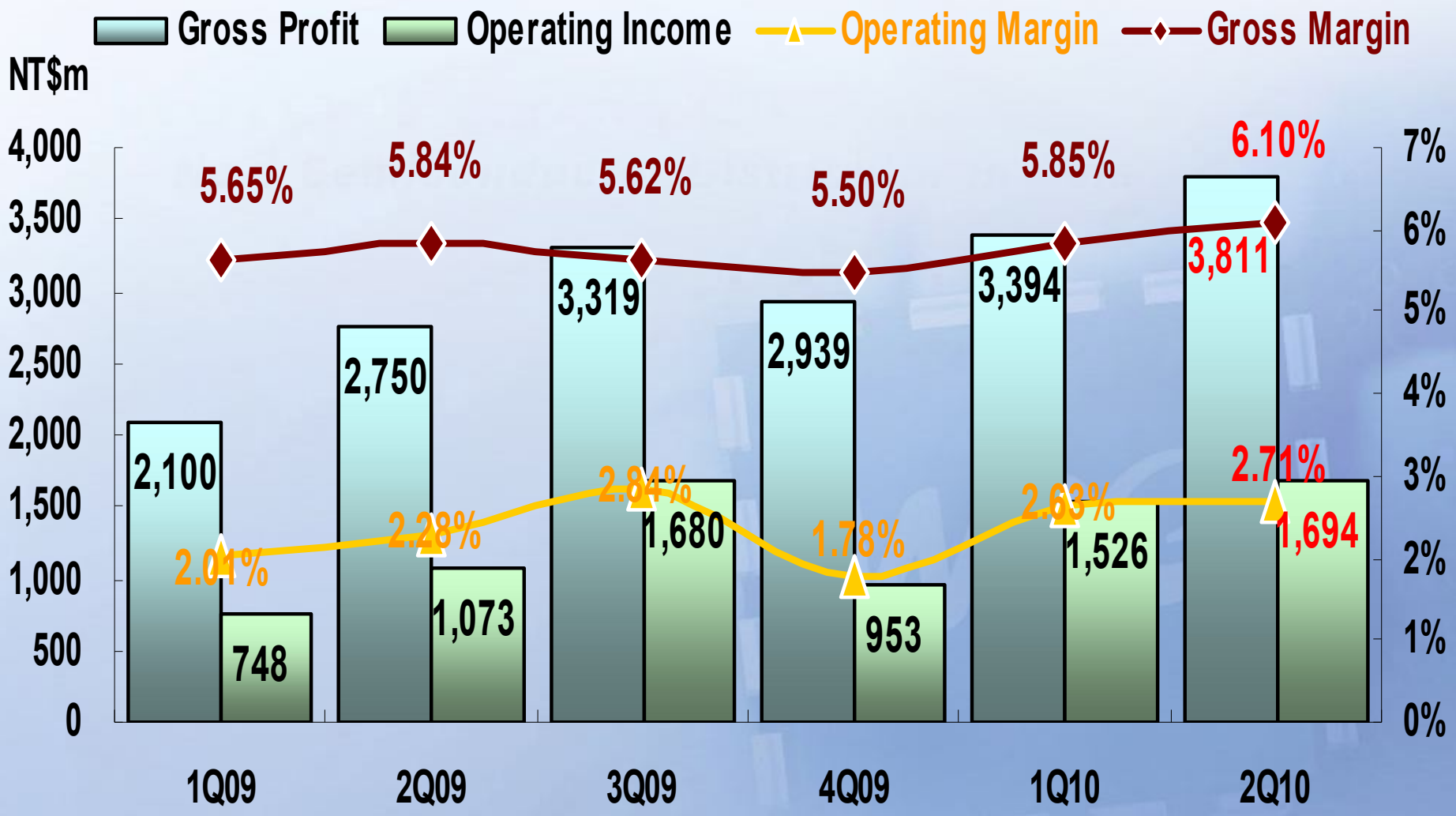
Note：Annualized

ROE vs. EPS

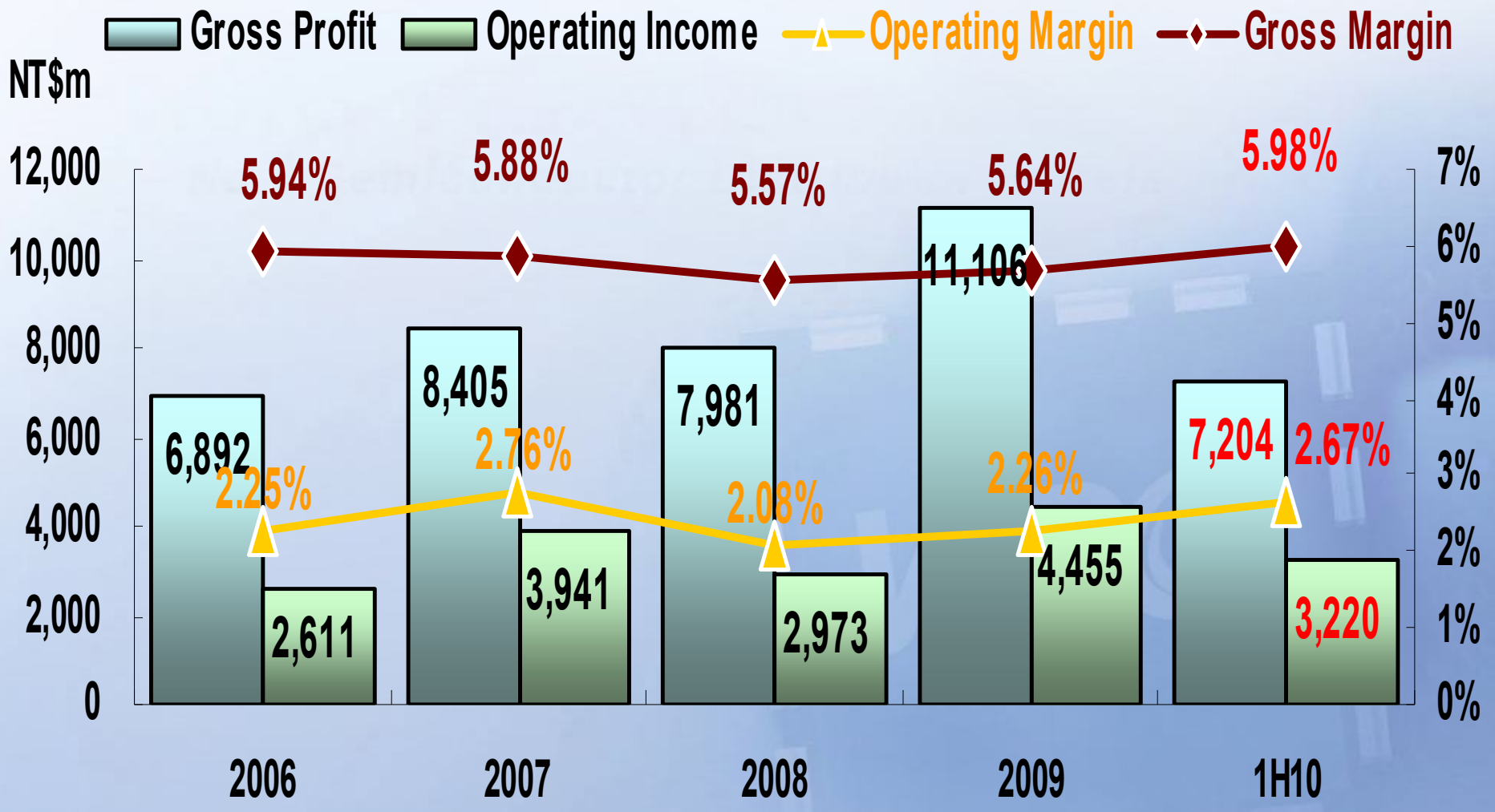


(1).Annualized

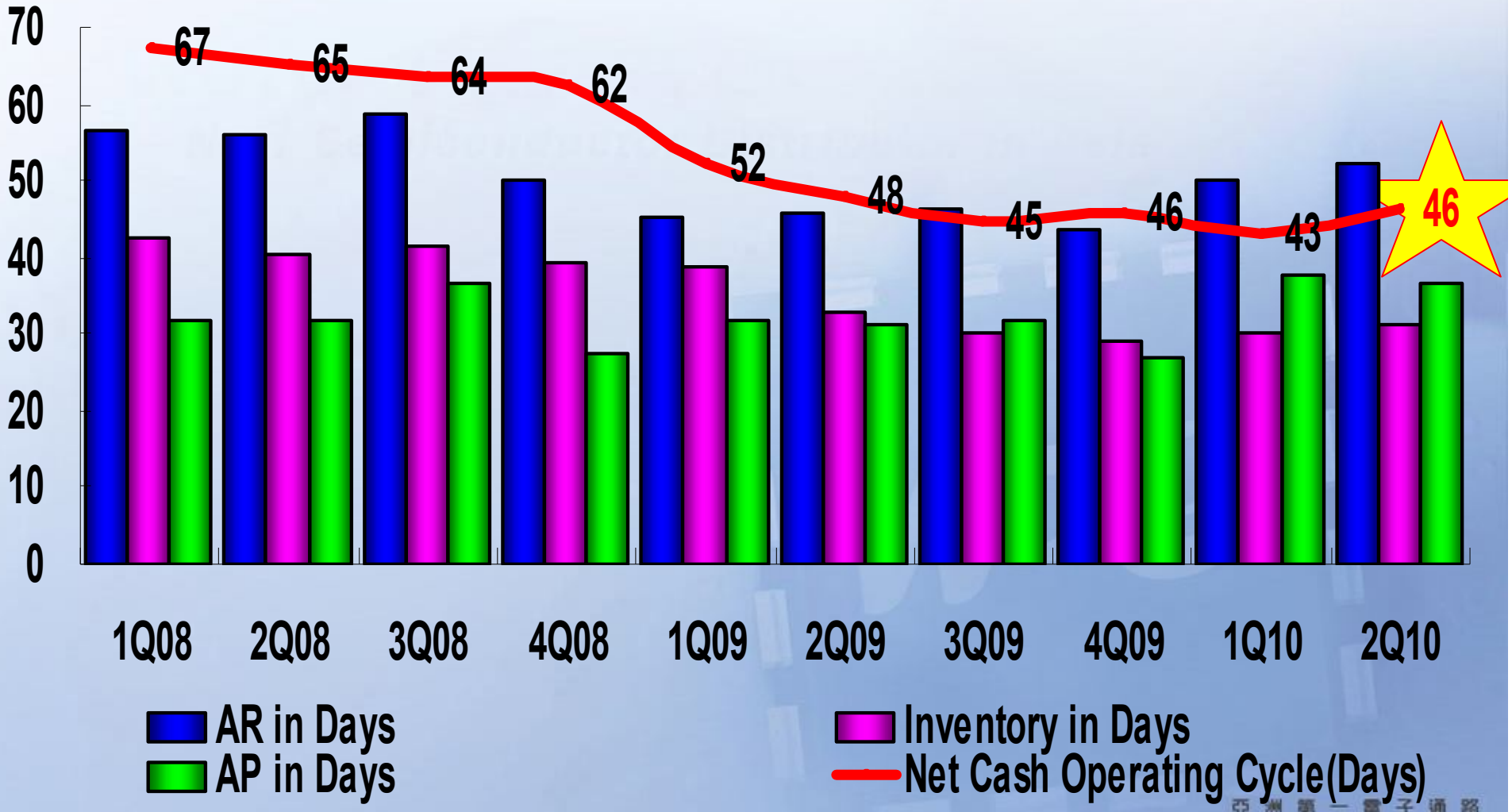
Gross Margin vs. Operating Margin



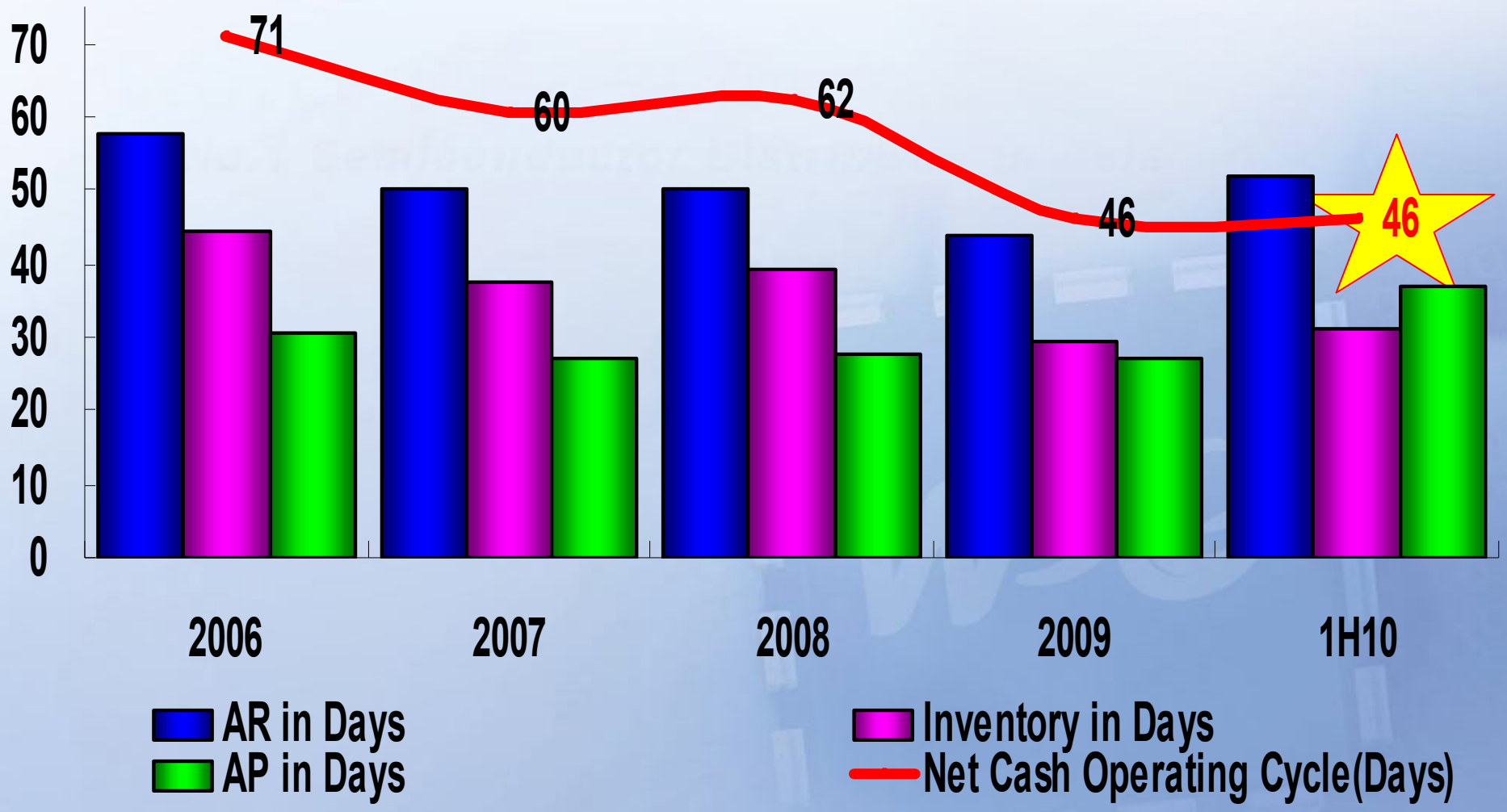
Gross Margin vs. Operating Margin



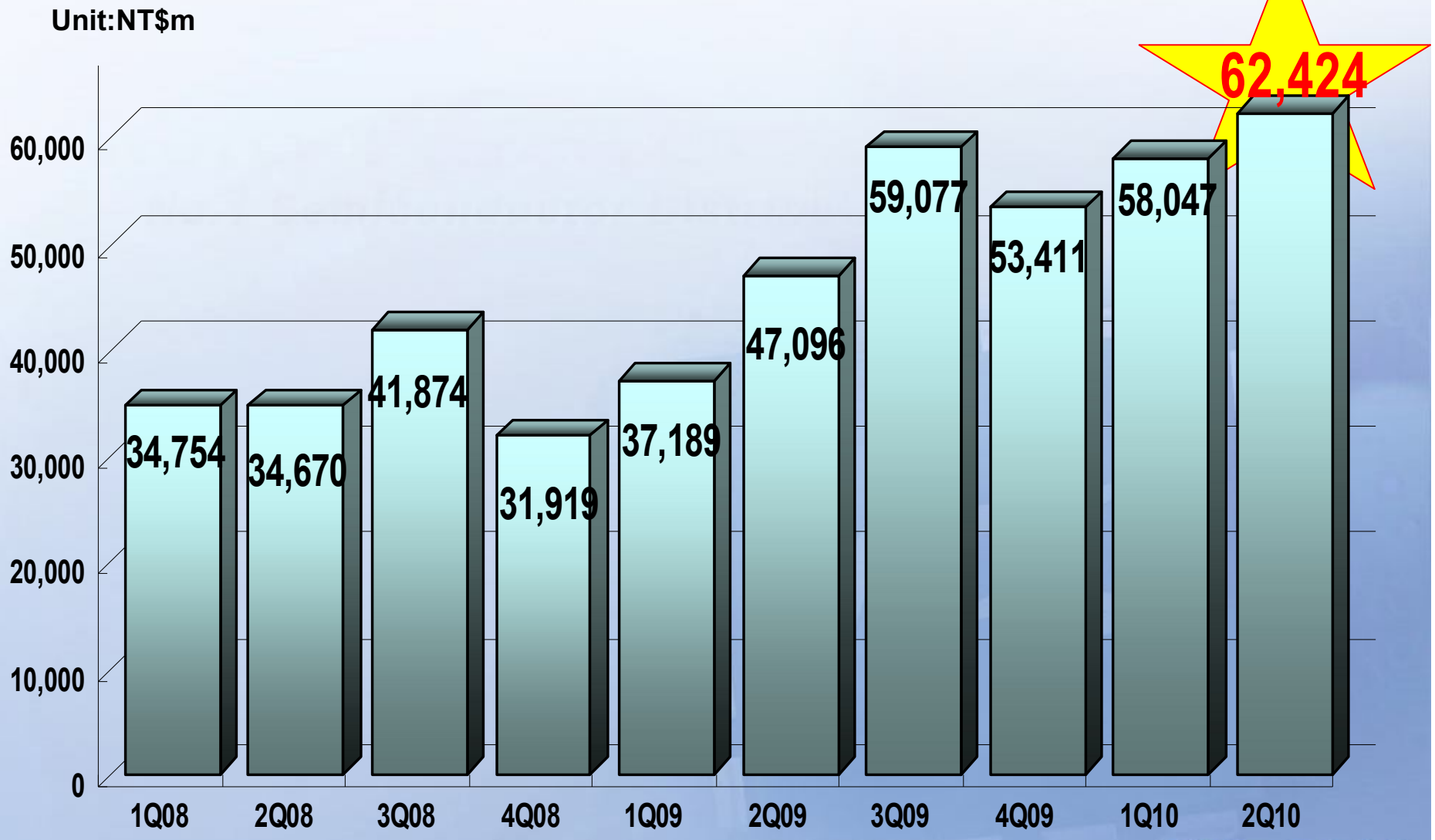
Operating Cash Cycle



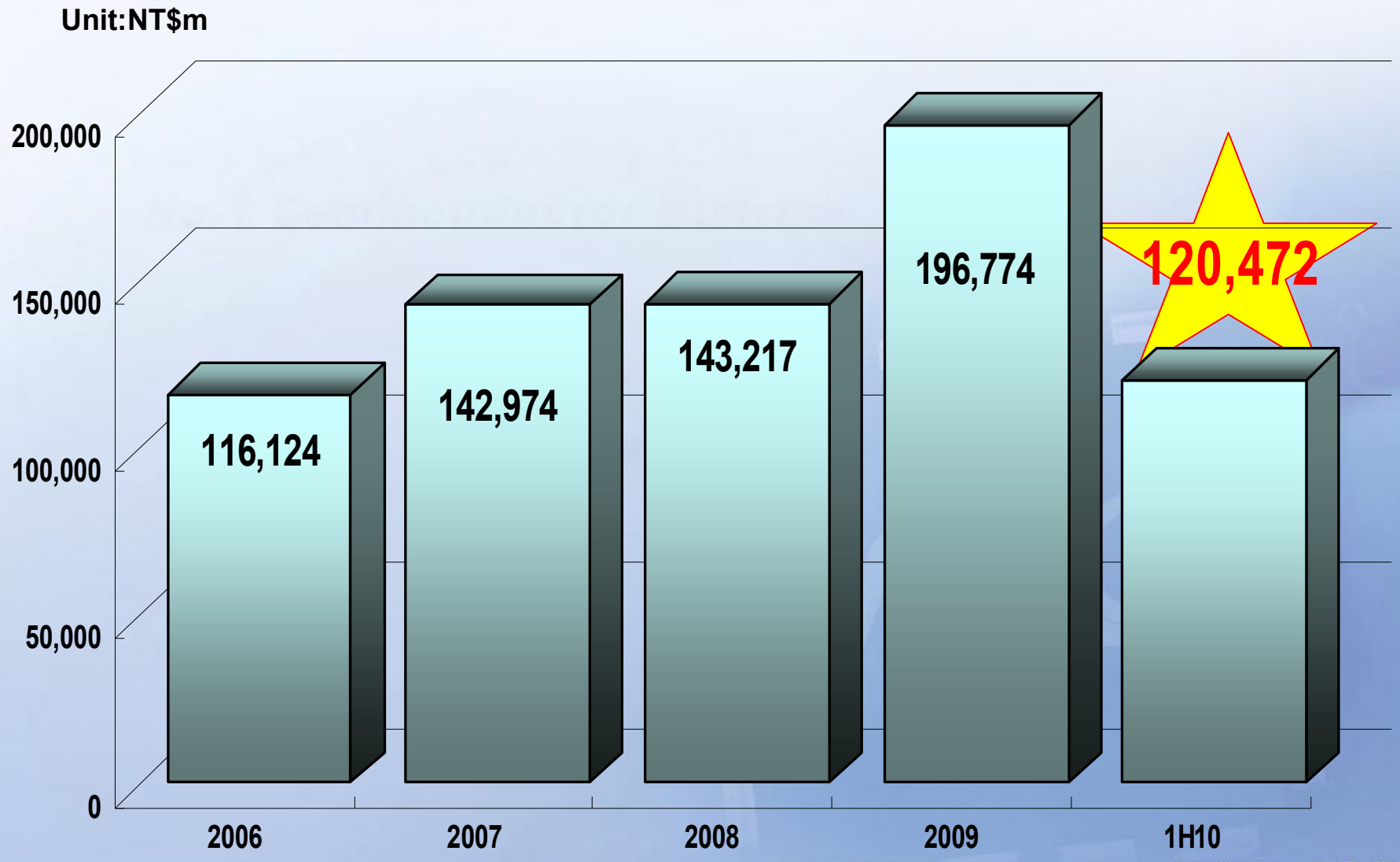
Operating Cash Cycle



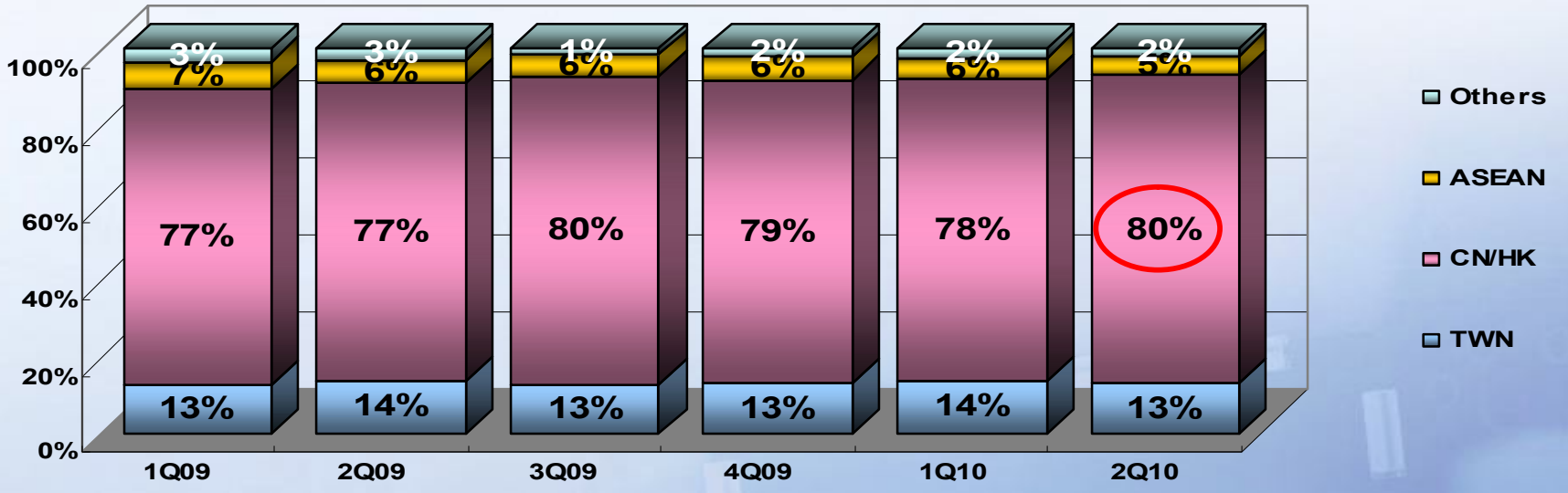
Consolidated Revenue

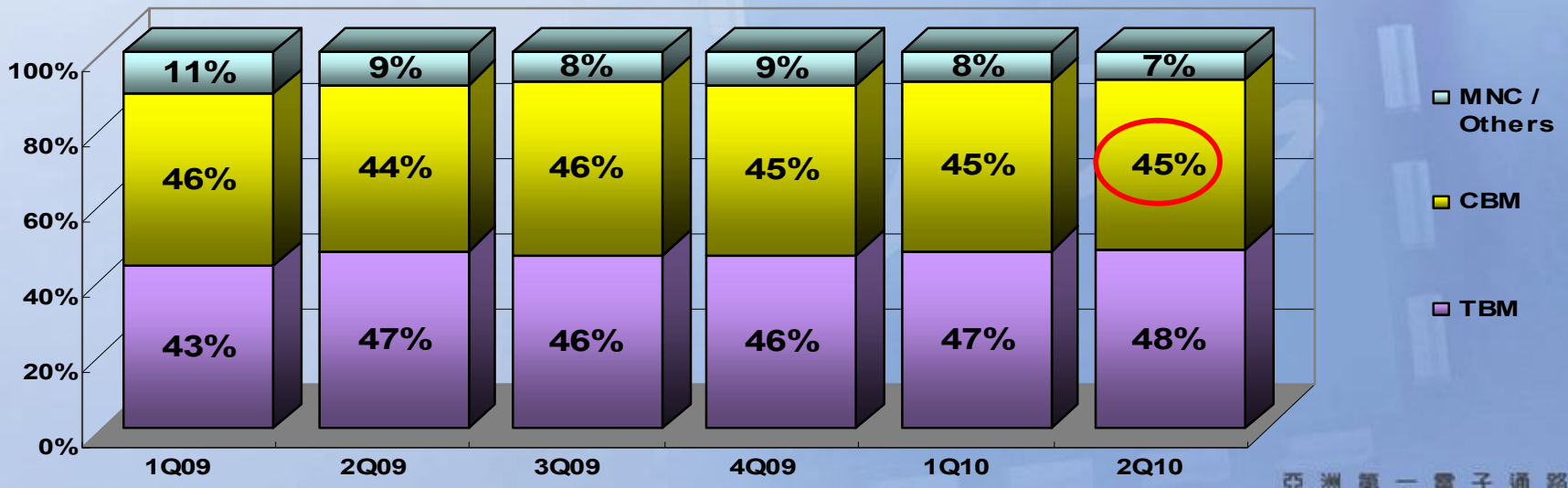


Consolidated Revenue



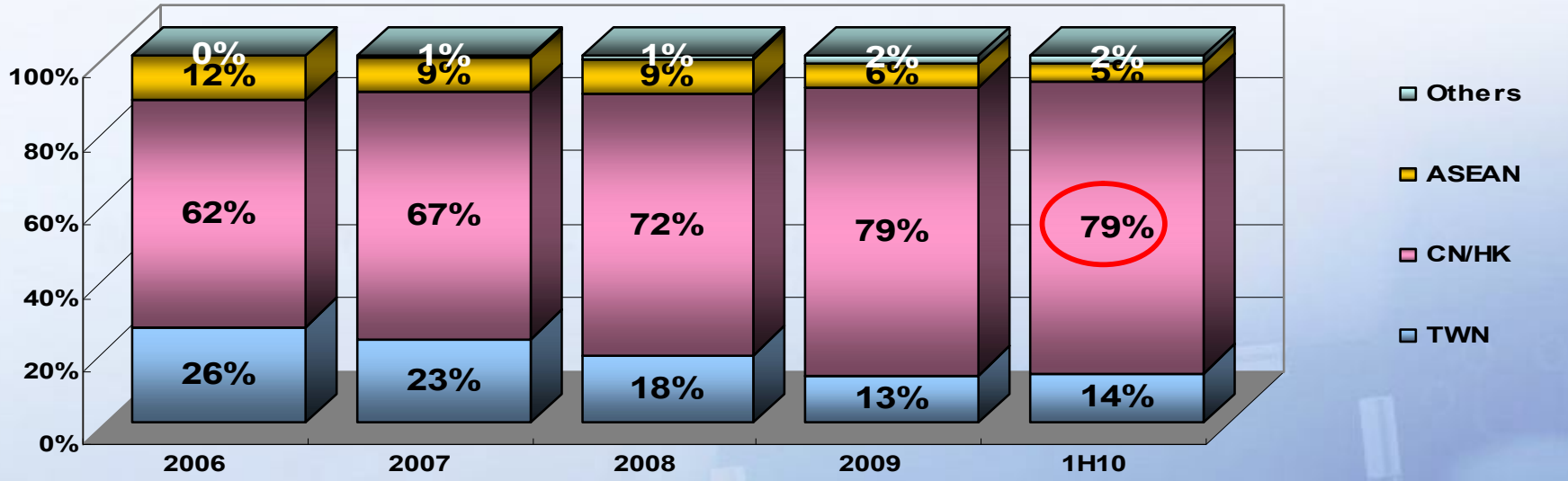
Sales breakdown by Geography/Customer

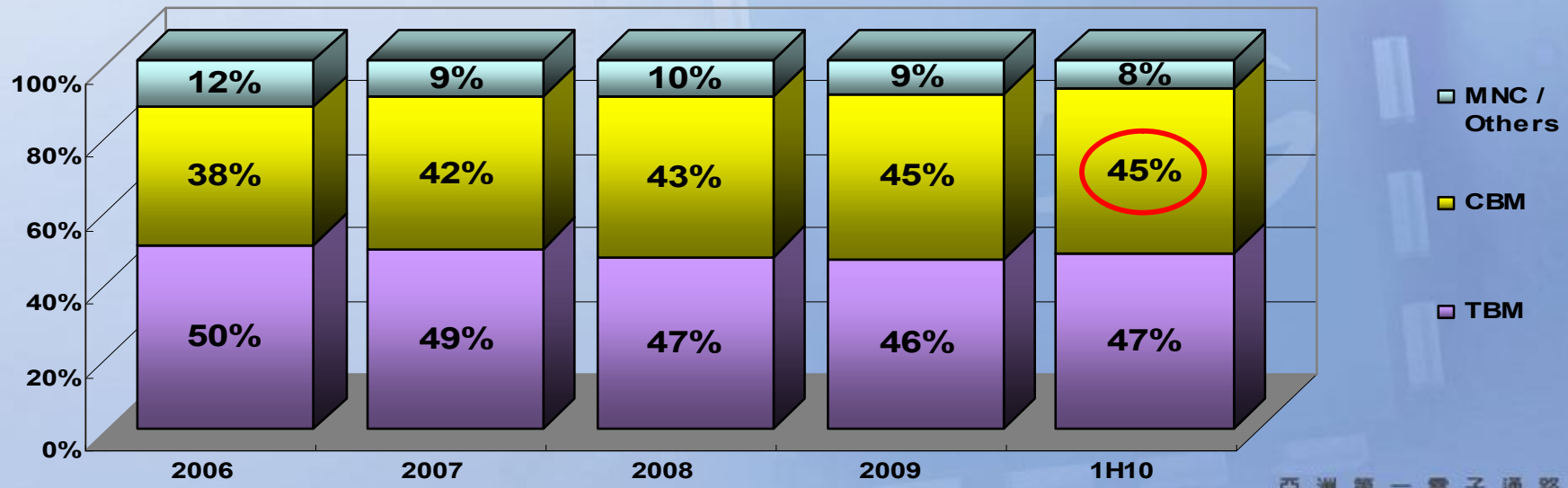




TBM：Taiwan-Based Customers
CBM：China Based Customers

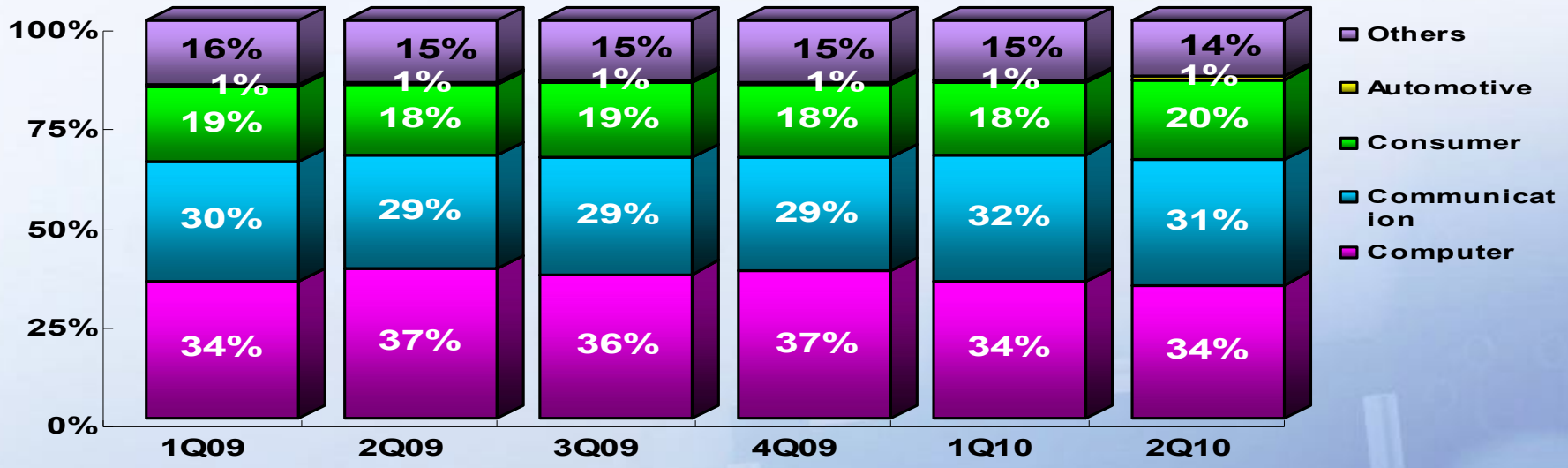
Sales breakdown by Geography/Customer

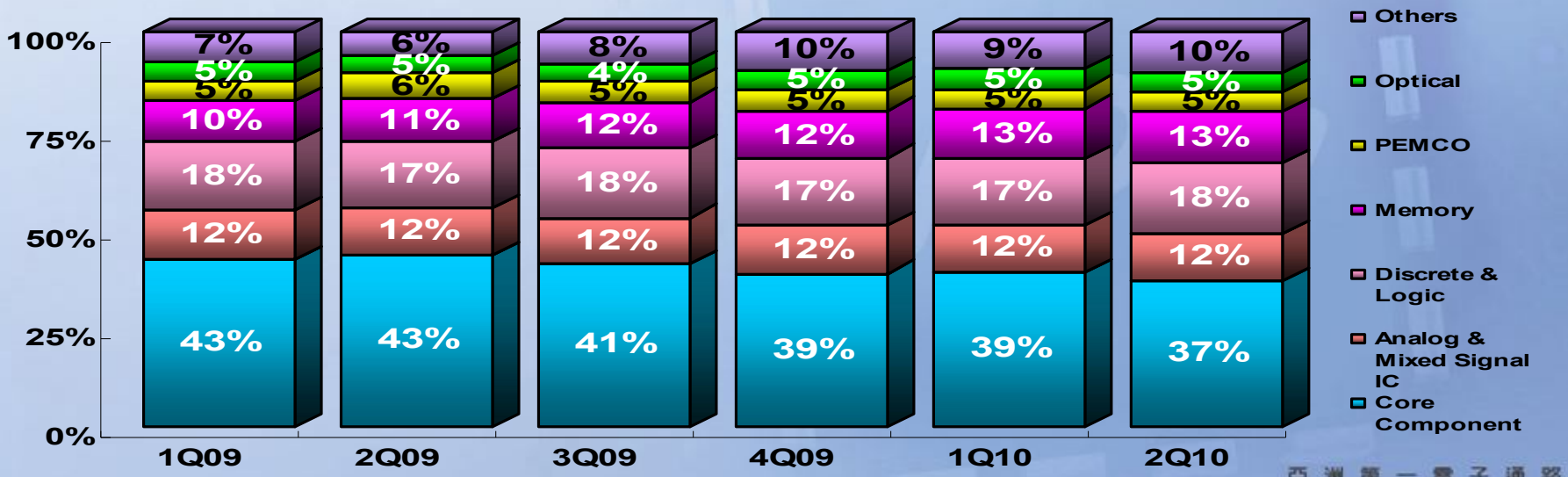




TBM：Taiwan-Based Customers
CBM：China Based Customers

Sales breakdown by Application/ Device Type





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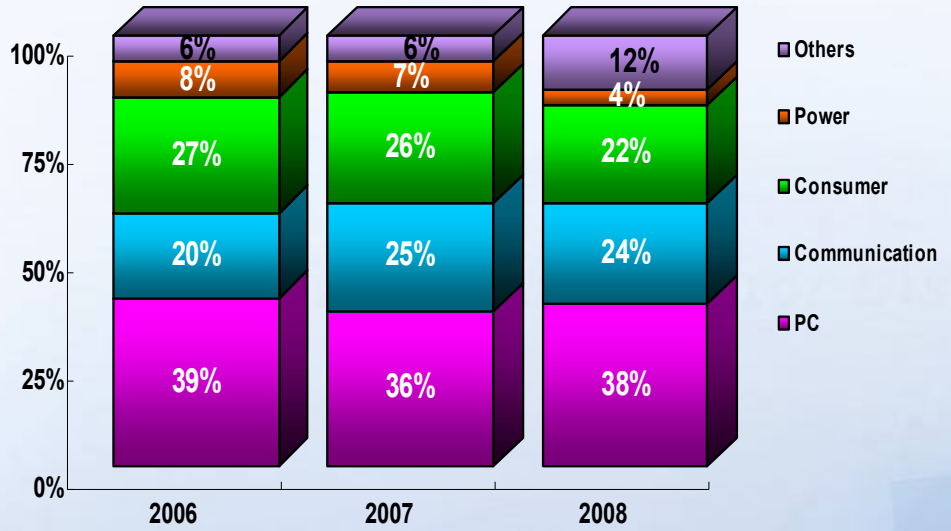

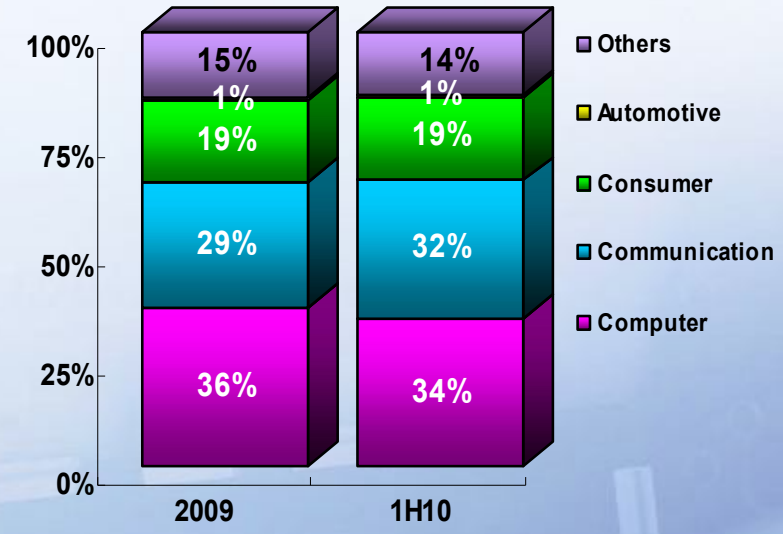

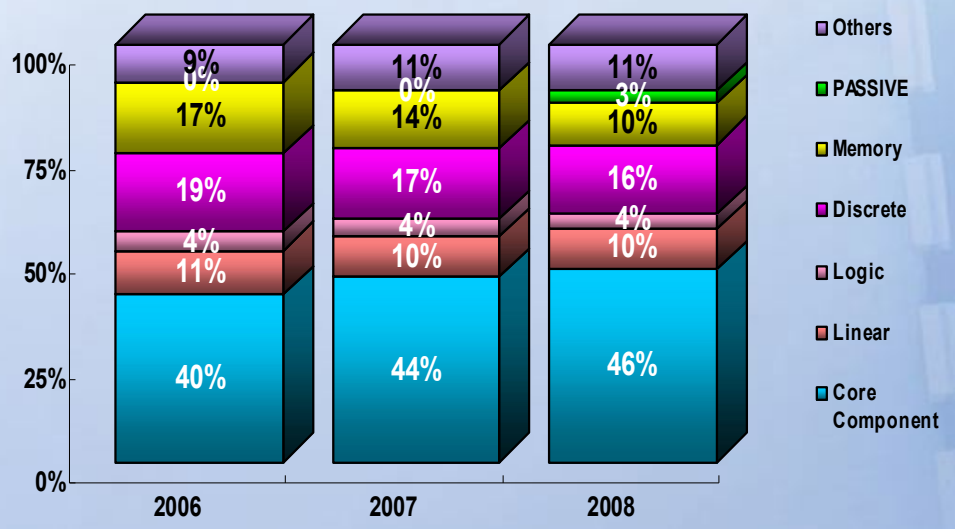

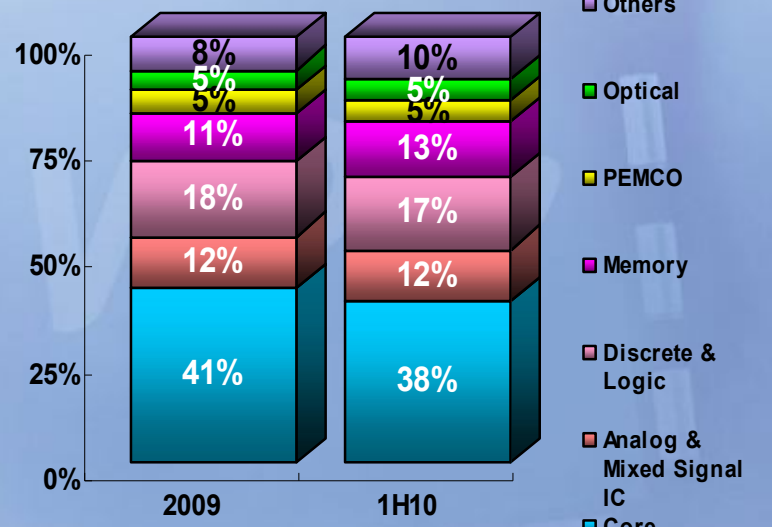

3Q10 Guidance

Based on our current business outlook, management expects：

- **Revenues to be between NT$ 66 billion and NT$ 69 billion at a forecast FX rate of 32 NT dollars to 1 US dollar averaged over 2Q10.**
- **Gross profit margin to be between 5.6% and 5.8%**
- **Operating profit margin to be between 2.6% and 2.8%**

Recap of Recent Major Events

■ 38 Solutions Launched in 2Q10：

電腦及週邊

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- 力推電容式觸控按鍵解決方案 06-23
- 推出 AIO PC 之主、被動元件最佳解決方案 06-23
- 推出一系列應用於 AIO 之電源管理解決方案 06-23
- 提出 AIO PC (PC Monitor)解決方案 06-23
- 力推搭配處理器的全新穩壓控制器家族 05-26
- 推出主機板 (Mother Board)之主、被動元件最佳解決方案 05-26
- 推出一系列主機板解決方案 05-26
- 提出主機板解決方案 05-26
- 提出小型筆記型電腦技術方案 04-28
- 提出小型筆記型電腦解決方案 04-28
- 針對小筆電 MOSFET 之解決方案 04-28
- 推出小型筆記型電腦之主、被動元件最佳解決方案 04-28
- 推出小型筆記型電腦應用整合方案 04-28
- 推出工業電腦（IPC）之主、被動元件最佳解決方案 04-14
- 推出整合式晶片組嵌入式高效能 Digital Signage 解決方案 04-14
- 推出一系列工業用電腦應用整合方案 04-14
- 提出工業電腦技術方案 04-14
- 提出工業用電腦解決方案 04-14

消費電子

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- 推出高清解码 PMP 应用方案 06-09
- 力推 OFN(Optical Finger Navigation)解決方案 06-09
- 推出掌上型多媒體播放器(PMP)之主、被動組件最佳解決方案 06-09
- 力推 SPMP8000 系列多媒體播放器解決方案 06-09
- 力推手持式多媒體播放器(PMP)解決方案 06-09
- 提出掌上型多媒體播放器技術方案 06-09

手機&通訊

→ More

- 力推可用于路由器之高效率电源降压调节器解決方案 06-23
- 推出路由器 (Router)之主、被动元件最佳解決方案 06-23
- 推出 11b/g/n WiFi AP router 完整方案及应用 06-23
- 提出路由器技术方案 06-23
- 推出数字用户线路 (xDSL)之主、被动组件最佳解決方案 05-26
- 力推可用于 Cable Modem 上低压转换 IC 解决方案 04-28
- 推出线缆调制解调器(Cable Modem)之主、被动组件最佳解決方案 04-28

一般應用

→ More

- 力推 LED 调光驱动 IC SSL2101 替换白炽灯调光方案 05-12
- 推出一系列单相电能表计量方案 05-12
- 力推在上網本電源解決方案 05-12
- 推出電源管理之主、被動元件最佳解決方案 05-12
- 推出Summit SMB113A/SMB117A/SMB137B/SMB122 一系列電源管理晶片 05-12
- 推出一系列針對 N/B, AIO Adaptor (Input≧75W) 應用解決方案 05-12
- 提供一系列電源管理解決方案 05-12

Recap of Recent Major Events

- **New Franchise in 2Q10：**

  - Get ready for the best picture and sound ever from HDTV. Cables based on RedMere's chip technology are thinner, lighter and easier to hide from view after installation.

  - The main product of APAQ is manufactured the solid electrolytic capacitor with super low ESR, high ripple current capability, high temperature and long endurance. APAQ group also cooperated with the customers for designing the capacitors of high voltage, v-chip, and capacitance.

  - Current ATLab products are mainly focused on human input devices for PC, portable multimedia devices, home appliances and cellular phones. In addition, ATLab has other emerging devices such as audio input/output device and high-speed digital video transceiver.

- **SAC, subgroup of WPG, Proposes SAPL business acquisition in Cash (2010/05/25)**

- **WPG Holdings ranked "Worldwide No.3, APAC No.1 in 2010 TOP 25 Global Distributors" by EETimes (2010/05)**

- **WPG Holdings ranked "The Preferable Overseas Distributor No.1" by ESMC (2010/06)**

- **WPG Holdings ranked "12th Annual Tech 100 List No.11" by Bloomberg BusinessWeek (2010/06)**

- **WPG Annual Shareholder meeting Approved NT$2.0 Cash Dividend Per Share & 18 percent Stock Dividend (180 shares for every 1,000 owned) (2010/06/21)**

http://www.WPGholdings.com