WT MICROELECTRONICS 文曄科技

2014 Second Quarter Investor Conference

Presented by Eric Cheng

Aug 4, 2014

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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 dependence on key personnel; general economic and political conditions; 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.
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Agenda

1. Overview

2. Financial Update

3. Business Outlook

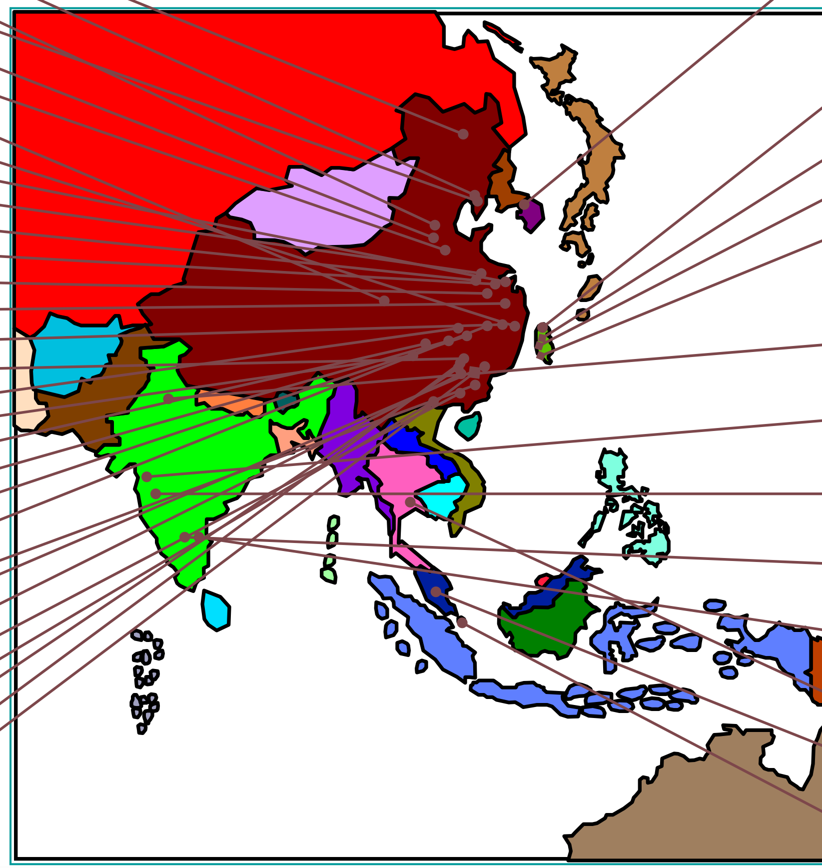
4. Questions and Answers

1. Overview

Offices Across Asia

China Offices

Harbin
Shenyang
Beijing
Qingdao
Zhengzhou
Jinan
Xian
Ningbo
Shanghai
Wuxi
Suzhou
Kunshan
Nanjing
Hangzhou
Taizhou
Wenzhou
Hefei
Chengdu
Chongqing
Changsha
Wuhan
Fuzhou
Fuqing
Xiamen
Dongguan
Shunde
Guangzhou
Zhongshan
Hong Kong
Shenzhen



Korea Office

Seoul

Taiwan Offices

Taipei, Headquarters
Hsinchu, R&D
Taichung
Tainan

South Asia Offices

New Delhi, N. India
Mumbai, N. India
Pune, N. India
Bangalore, S. India
Chennai, S. India
Bangkok, Thailand
Penang, Malaysia
Singapore

1. Overview

2Q 14

- Revenue better than expected, up 11.75% sequentially
- Gross profit better than expected, up 0.01 ppt
- Operating expense in line with guidance, up by NT$33.41 Million
- Operating profit margin better than expected, up 0.27 ppt
- Inventory turnover days better than expected, down by 3 days

2. Financial Update

Statement of Comprehensive Income

Unit: NT$K

Key accounts	2Q14		1Q14		QoQ	2Q13		YoY
	Amount	%	Amount	%		Amount	%	
Net Operating revenues	**25,711,407**	**100.00%**	**23,007,779**	**100.00%**	**11.75%**	**21,018,646**	**100.00%**	**22.33%**
Gross profit (GP)	**1,522,589**	**5.92%**	**1,360,728**	**5.91%**	**+0.01ppt**	**1,251,254**	**5.95%**	**-0.03ppt**
Operating expenses	(902,061)	-3.51%	(868,656)	-3.77%	-0.26ppt	(828,037)	-3.94%	-0.43ppt
Operating income (OM)	**620,528**	**2.41%**	**492,072**	**2.14%**	**+0.27ppt**	**423,217**	**2.01%**	**+0.4ppt**
Financing costs	(79,196)	-0.31%	(84,660)	-0.37%	-0.06ppt	(62,371)	-0.30%	+0.01ppt
Others	53,782	0.21%	(754)	0.00%		70,855	0.34%	
Earning before tax	595,114	2.31%	406,658	1.77%	46.34%	431,701	2.05%	37.85%
Income tax expense	(137,265)	-0.53%	(67,820)	-0.30%	102.40%	(108,818)	-0.51%	26.14%
Non-Controlling Interests	(34)	0.00%	(35)	0.00%		(55)	0.00%	
Profit after tax (PAT)	**457,815**	**1.78%**	**338,803**	**1.47%**	**35.13%**	**322,828**	**1.54%**	**41.81%**
EPS(in dollars)	**1.29**		**1.00**		**29.00%**	**0.96**		**34.38%**

Note:

1. 2Q'14 Income tax expense included an additional 10% taxation on undistributed surplus earnings totaled NT$ 32,187 thousand.
2. 354,443 thousand and 337,565 thousand shares were used in EPS calculations for 2Q'14 and 1Q'14, respectively.

2. Financial Update

Statement of Comprehensive Income

Unit: NT$K

Key accounts	1H14		2H13		HoH	1H13		YoY
	Amount	%	Amount	%		Amount	%	
Net Operating revenues	**48,719,186**	**100.00%**	**46,724,421**	**100.00%**	**4.27%**	**41,034,710**	**100.00%**	**18.73%**
Gross profit (GP)	**2,883,317**	**5.92%**	**2,697,501**	**5.77%**	**+0.15ppt**	**2,417,707**	**5.89%**	**+0.03ppt**
Operating expenses	(1,770,717)	-3.64%	(1,753,262)	-3.75%	-0.11ppt	(1,607,622)	-3.92%	-0.28ppt
Operating income (OM)	**1,112,600**	**2.28%**	**944,239**	**2.02%**	**+0.26ppt**	**810,085**	**1.97%**	**+0.31ppt**
Financing costs	(163,856)	-0.33%	(144,618)	-0.31%	+0.02ppt	(123,402)	-0.30%	+0.03ppt
Others	53,028	0.11%	52,779	0.11%		101,350	0.25%	
Earning before tax	1,001,772	2.06%	852,400	1.82%	17.52%	788,033	1.92%	27.12%
Income tax expense	(205,085)	-0.42%	(168,470)	-0.36%	21.73%	(167,603)	-0.41%	22.36%
Non-Controlling Interests	(69)	0.00%	26	0.00%		(44)	0.00%	
Profit after tax (PAT)	**796,618**	**1.64%**	**683,956**	**1.46%**	**16.47%**	**620,386**	**1.51%**	**28.41%**
EPS(in dollars)	**2.25**		**2.03**		**10.84%**	**1.84**		**22.28%**

Note:

1. 1H'14 Income tax expense included an additional 10% taxation on undistributed surplus earnings totaled NT$ 32,187 thousand.
2. 354,443 thousand and 337,565 thousand shares were used in EPS calculations for 1H'14 and 2H'13, respectively.

2. Financial Update

Balance Sheet

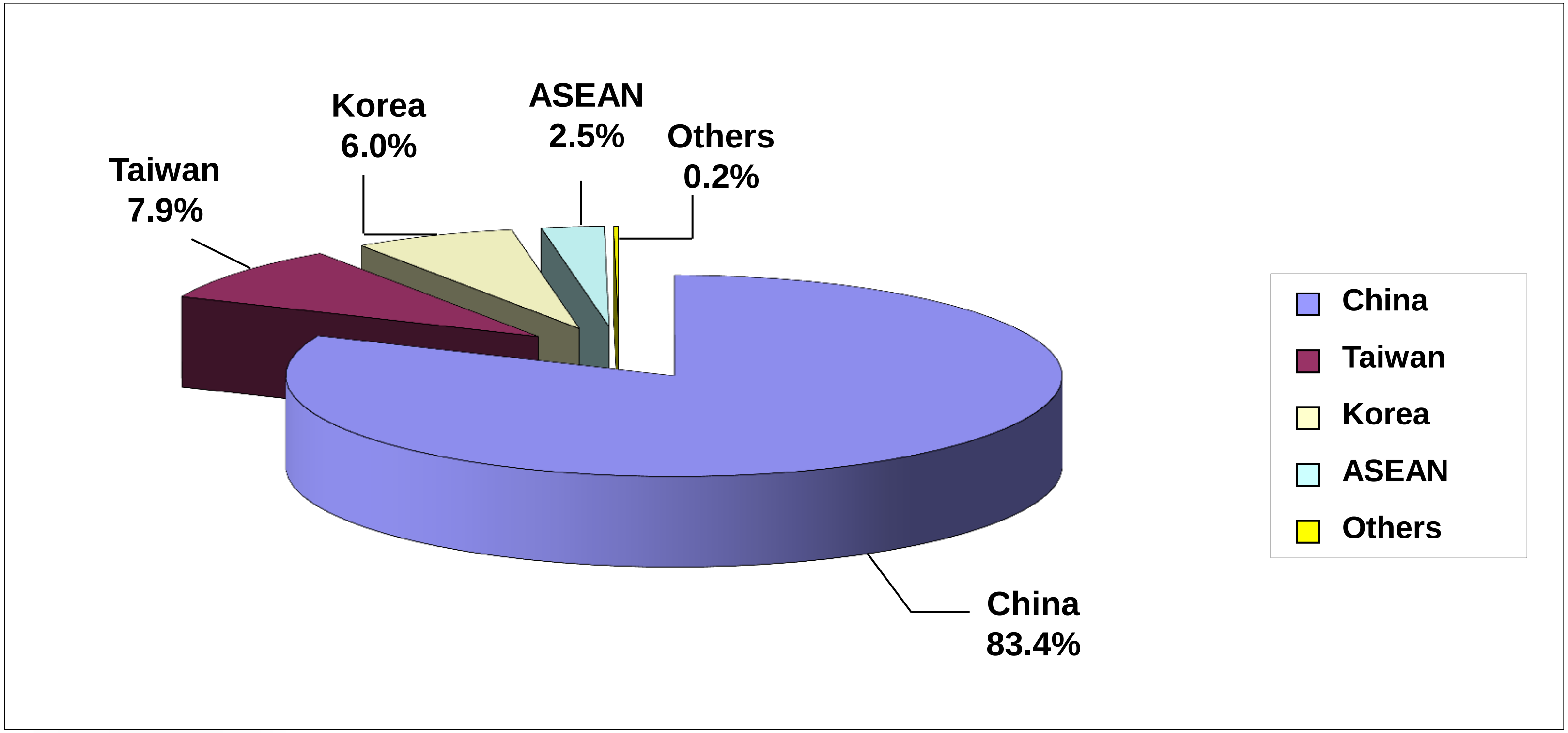
Unit: NT$K

Key accounts	2Q14		1Q14		2Q13	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	1,978,252	5	1,564,618	4	1,760,087	5
Accounts receivable	15,436,079	40	12,933,157	35	11,639,393	35
Inventory	13,991,520	36	12,538,132	34	12,967,111	40
Other current assets	4,165,919	11	7,125,017	19	3,557,972	11
Current assets	35,571,770	92	34,160,924	92	29,924,563	91
Non-current assets	3,015,496	8	2,945,387	8	2,925,401	9
Total Assets	38,587,266	100	37,106,311	100	32,849,964	100
Short-term loans	9,822,360	25	9,429,166	25	6,859,057	21
Accounts payable	13,560,940	35	12,244,793	33	9,916,107	30
Other current liabilities	2,097,882	6	1,239,081	4	1,960,308	6
Current liabilities	25,481,182	66	22,913,040	62	18,735,472	57
Long-term loans	899,150	2	1,504,950	4	3,000,000	9
Other liabilities	178,402	1	170,343	-	142,236	1
Total Liabilities	26,558,734	69	24,588,333	66	21,877,708	67
Non-Controlling Interests	531	-	601	-	4,131	-
Equity holders of the Company	12,028,001	31	12,517,377	34	10,968,125	33
Total Equity	12,028,532	31	12,517,978	34	10,972,256	33

Indices	2Q14	1Q14	2Q13
Current ratio	140%	149%	160%
Debt/Assets ratio	69%	66%	67%
Debt/Equity ratio	221%	196%	199%
Gearing ratio	0.73	0.75	0.74

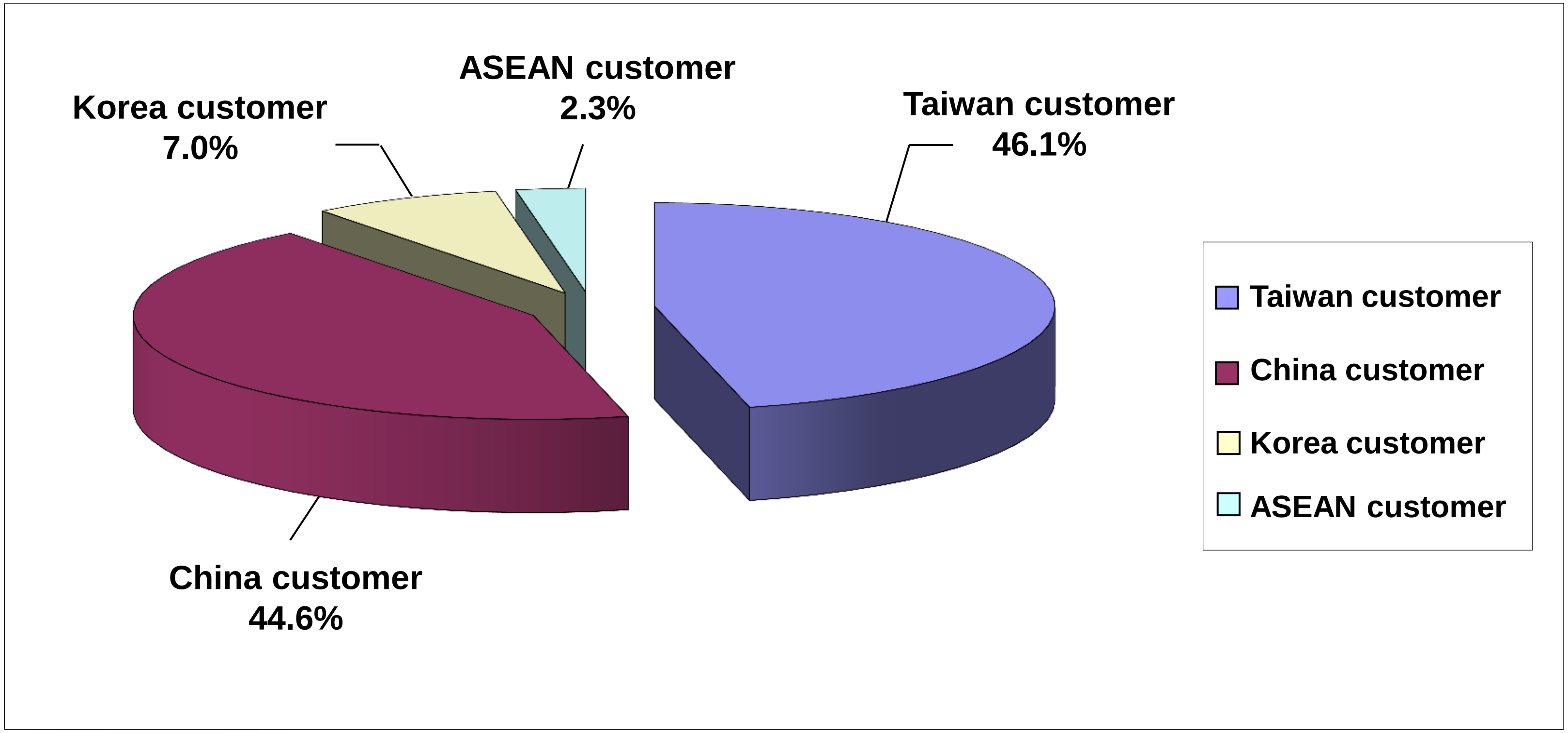
2. Financial Update

2Q 14 NR by Geography
(Ship-to Destination)



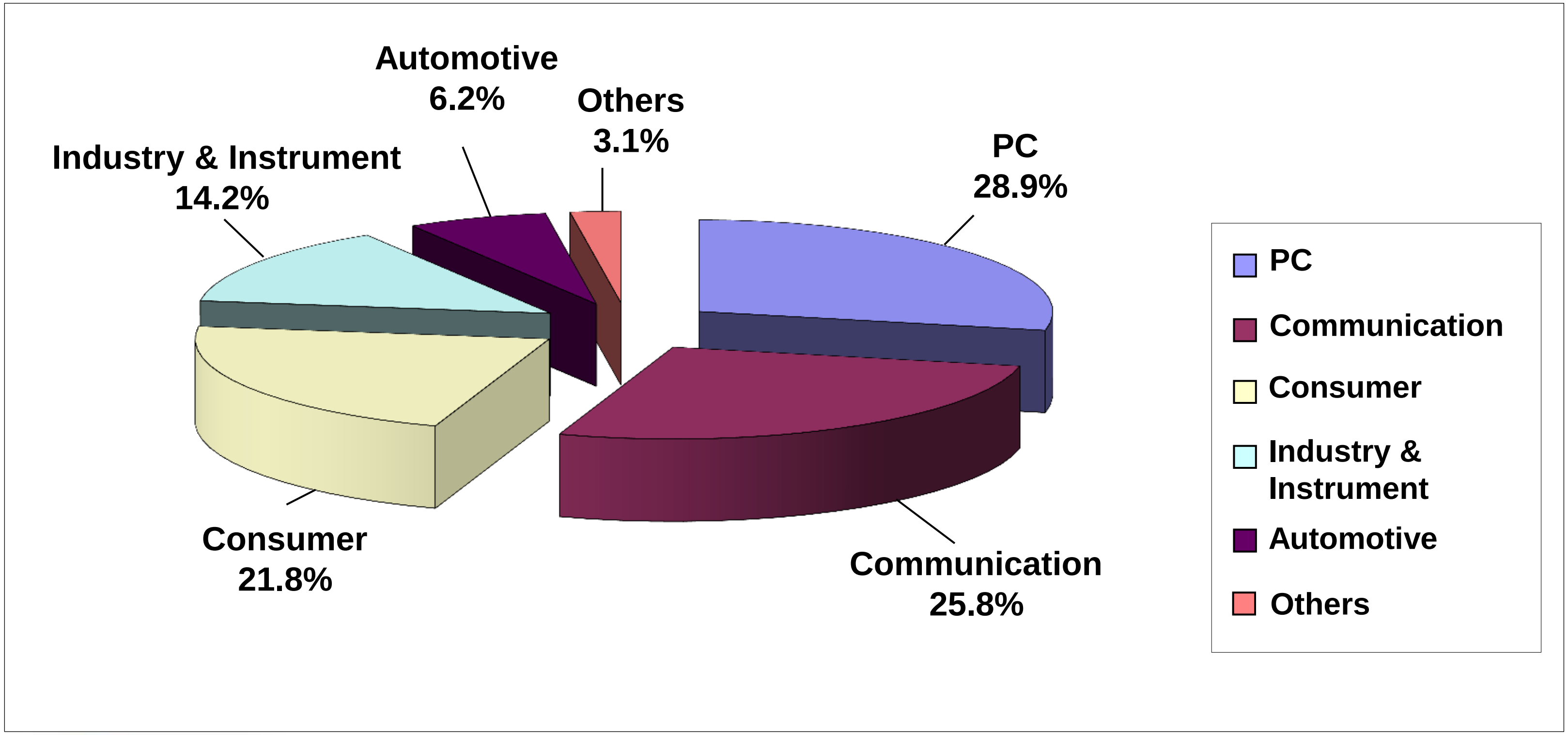
2. Financial Update

2Q 14 NR by Customer Base



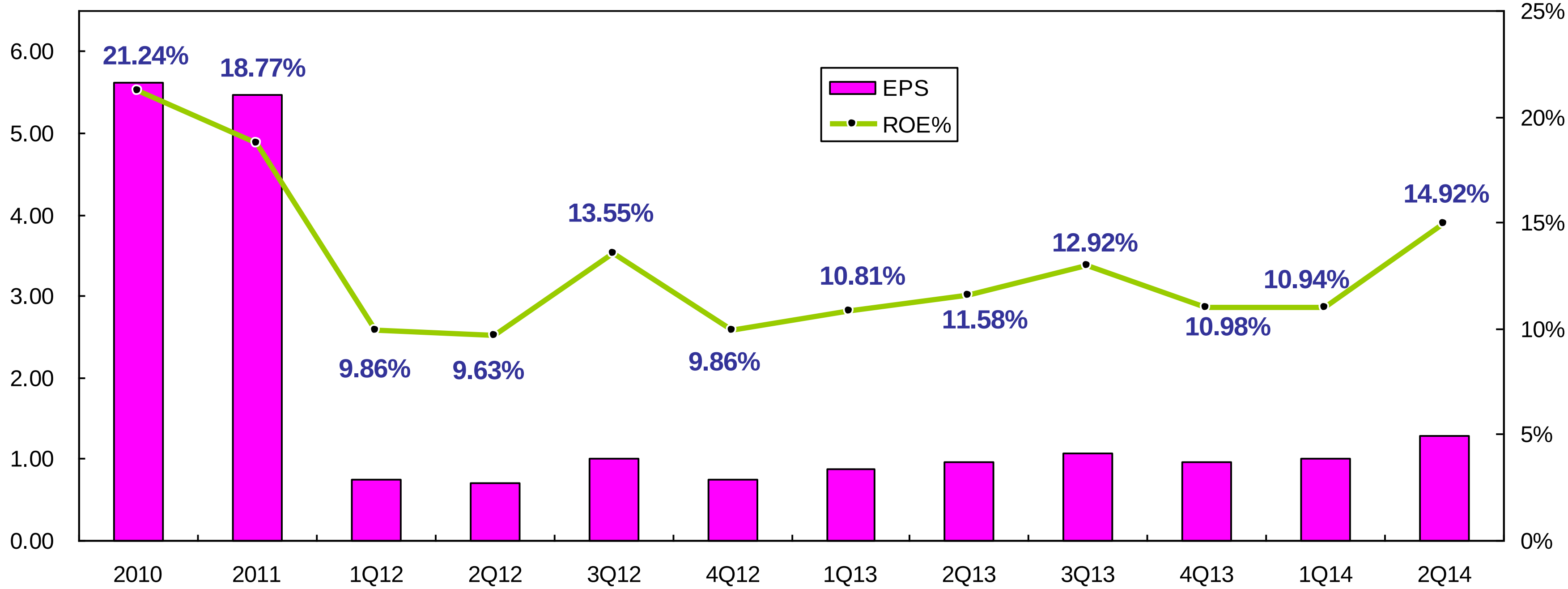
2. Financial Update

2Q 14 NR by Application



2. Financial Update

ROE vs. EPS

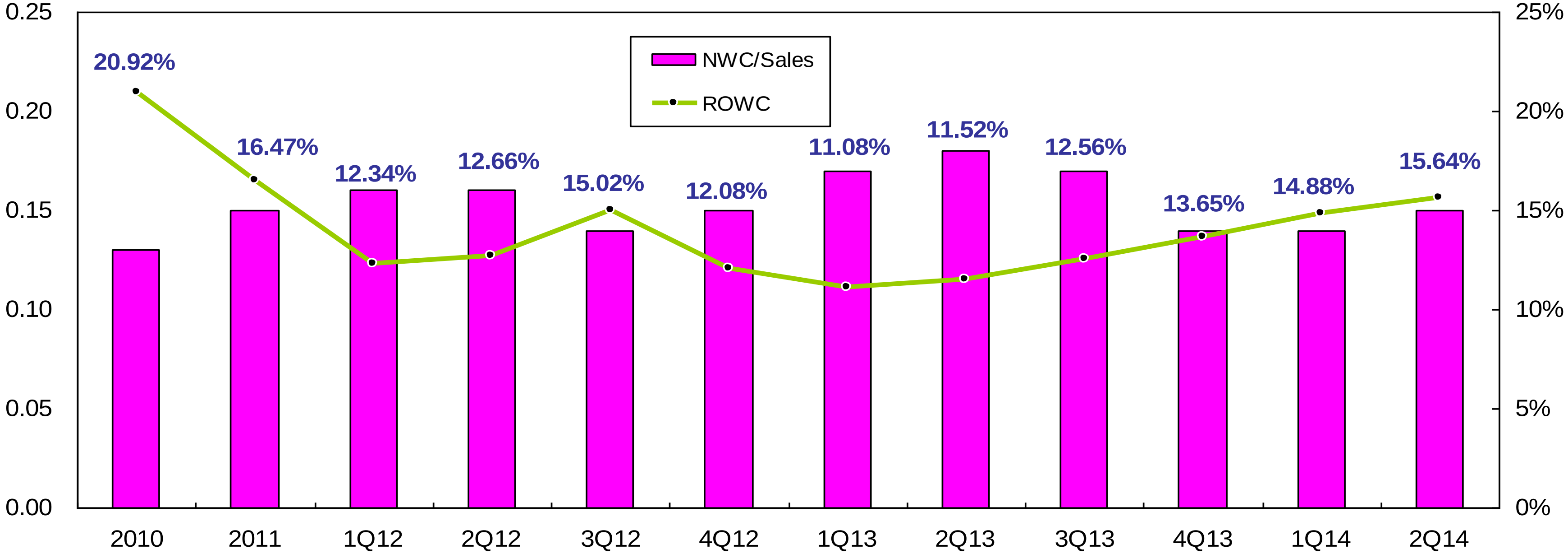


ITEM	2010	2011	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14
ROE%	21.24%	18.77%	9.86%	9.63%	13.55%	9.86%	10.81%	11.58%	12.92%	10.98%	10.94%	14.92%
EPS	5.61	5.46	0.75	0.71	1.01	0.76	0.88	0.96	1.07	0.96	1.00	1.29

Note : Numbers prior to 2012 are based on R.O.C GAAP accounting principles

2. Financial Update

ROWC vs. NWC/Sales

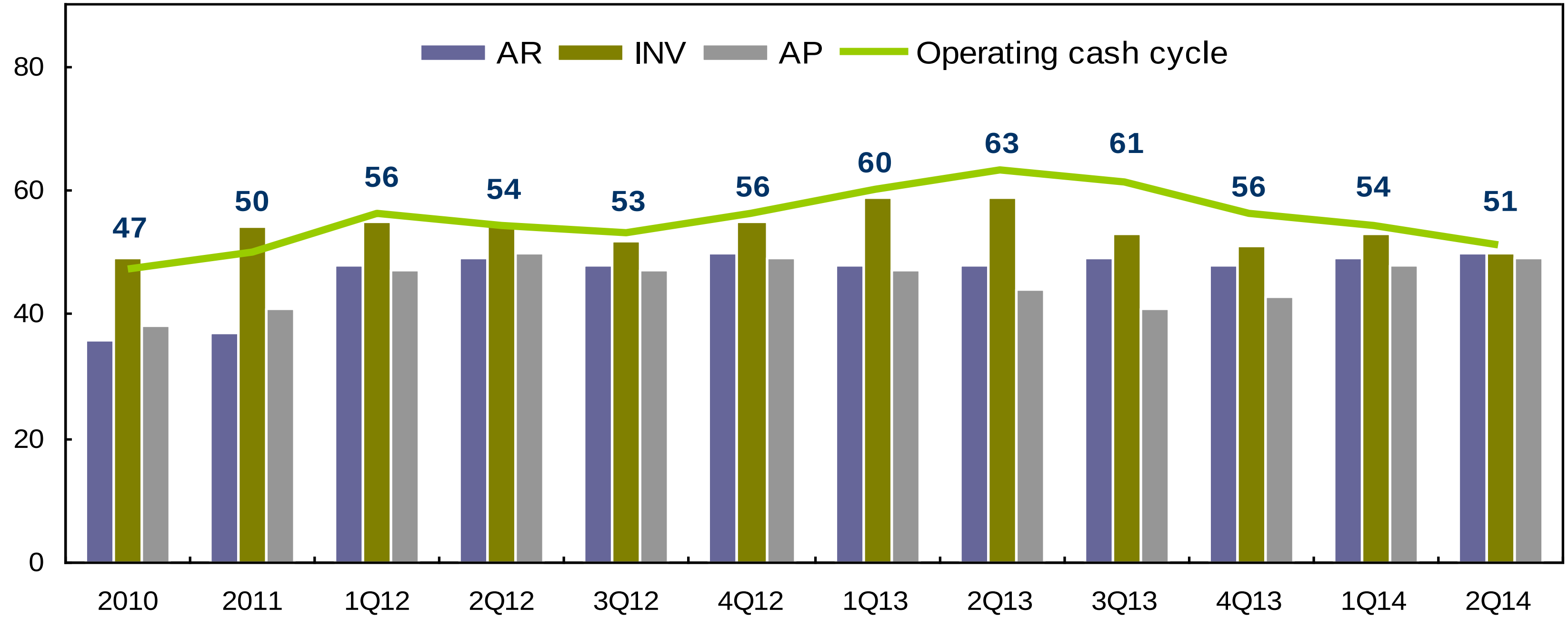


ITEM	2010	2011	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14
NWC/Sales	0.13	0.15	0.16	0.16	0.14	0.15	0.17	0.17	0.17	0.14	0.14	0.15
ROWC	20.92%	16.47%	12.34%	12.66%	15.02%	12.08%	11.08%	11.52%	12.56%	13.65%	14.88%	15.64%

Note : Numbers prior to 2012 are based on R.O.C. GAAP accounting principles

2. Financial Update

Operating Cash Cycle



Turnover days	2010	2011	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14
AR	36	37	48	49	48	50	48	48	49	48	49	50
INV	49	54	55	55	52	55	59	59	53	51	53	50
AP	(38)	(41)	(47)	(50)	(47)	(49)	(47)	(44)	(41)	(43)	(48)	(49)
Operating cash cycle	47	50	56	54	53	56	60	63	61	56	54	51

3. Business Outlook

We currently expect 3Q 14 :

- Revenue : between NT$ 27.5 billion ~ NT$ 29.1 billion, at a forecast exchange rate of 30 NT Dollars to 1 US Dollar
- Gross profit margin : between 5.7% ~ 5.9%
- Operating expense : slightly up sequentially
- Operating profit margin : between 2.4% ~ 2.6%
- Inventory turnover days : remain at the same level


Q uestions
&
A nswers

Thank You！

WT Microelectronics Co., Ltd.

Website : www.wtmec.com