

WPG Holdings Ltd. (3702.TT/3702.TW) 2Q14 Earning Release

Jul. 31th, 2014

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

Kathryn Chen

■ 2Q14 Financial Highlights & 3Q14 Outlook

Cliff Yuan

■ Q&A

Simon Huang/
Scott Lin/
Cliff Yuan

Result Highlights

Unit:NT\$million

item	2Q14	2Q14 Guidance	1Q14	2Q13	QoQ(%)	YoY(%)
Net Sales	113,706	105~110B	102,342	100,651	11.1	13.0
Gross Margin	4.67%	4.4% ~ 4.7%	4.70%	4.78%	-3 bp	-11 bp
Operating Expenses	(3,154)		(2,898)	(3,122)	8.8	1.0
Operating Income	2,152		1,909	1,689	12.7	27.4
Operating Margin	1.89%	1.65% ~ 1.9%	1.87%	1.68%	+3 bp	+21 bp
Net Income	1,510		1,396	1,377	8.2	9.6
EPS (NT\$) ₍₁₎	0.91		0.84	0.83		
Net Book Value (NT\$) ₍₁₎	23.52					
Total Assets	144,564		141,783	132,239		
Total Liabilities	105,540		99,483	94,469		
Total Equity	39,025		42,299	37,770		
Net Working Capital	74,979		71,148	66,191		
Free Cash Flow	(1,874)		(1,709)	(3,331)		
KEY Indices ₍₂₎						
ROWC	11.5%		10.7%	10.2%	+75 bp	+127 bp
NWC/Sales	0.16		0.17	0.16		
ROE	15.3%		13.6%	14.5%	+172 bp	+77 bp
Gearing	1.14		0.99	0.97		

(1).Weighted average shares outstanding

(2).Annualized

Unaudited, Prepared by WPG based on TIFRS.

The Benchmark of Distribution

Statements of Comprehensive Income

Unit:NT\$million

Item	2Q14	1Q14	QoQ(%)	2Q13	YoY(%)
Net operating Revenue	113,706	102,342	11.1	100,651	13.0
COGS	(108,400)	(97,534)	11.1	(95,841)	13.1
Gross Profit	5,306	4,807	10.4	4,810	10.3
Gross Margin	4.67%	4.70%		4.78%	
Operating Expenses	(3,154)	(2,898)	8.8	(3,122)	1.0
Operating Income	2,152	1,909	12.7	1,689	27.4
Operating Margin	1.89%	1.87%		1.68%	
Net Non-operating Items	(269)	(177)	52.5	14	NM
Net Financing costs	(290)	(277)	4.9	(193)	50.1
Others	21	100		208	
Profit Before Tax/Minority	1,883	1,732	8.7	1,703	10.6
Tax	(368)	(337)	9.4	(325)	13.4
Minority/Accounting Principle Change	(4)	1		(1)	
Profit After Tax/Minority	1,510	1,396	8.2	1,377	9.6
Net Margin	1.33%	1.36%		1.37%	
EPS (NT\$) ₍₁₎	0.91	0.84		0.83	
Tax %	20%	19%		19%	

(1).Weighted average shares outstanding

Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

Balance Sheet

Unit: NT\$million

item	2Q14		1Q14		2Q13	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	9,640	7	10,108	7	8,442	6
Accounts Receivable - Trade	73,335	51	70,077	49	66,130	50
Inventory	42,011	29	41,297	29	39,053	30
Current Assets	130,540	90	127,272	90	117,947	89
Others	14,024	10	14,510	10	14,291	11
Total Assets	144,564	100	141,783	100	132,239	100
Current Interest-bearing Debt	50,443	35	48,588	34	39,975	30
Accounts Payable	40,366	28	40,226	28	38,992	29
Accrued Liabilities and Others	9,942	7	5,508	4	8,978	7
Current Liabilities	100,752	70	94,323	67	87,945	67
Long-term Interest-bearing Debt	4,051	3	4,156	3	5,659	4
Others	737	1	1,005	1	865	1
Total Liabilities	105,540	73	99,483	70	94,469	71
Total Equity	39,025	27	42,299	30	37,770	29

KEY Indices⁽¹⁾

Net Working Capital (NT\$million)	74,979	71,148	66,191
AR Turnover Days	58	63	58
Inventory Turnover Days	35	36	36
AP Turnover Days	34	37	36
Average Collection Periods Days	59	62	57
Current Ratio	130%	135%	134%
Gearing	1.14	0.99	0.97

(1).Annualized

Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

Cash Flows

Unit:NT\$million

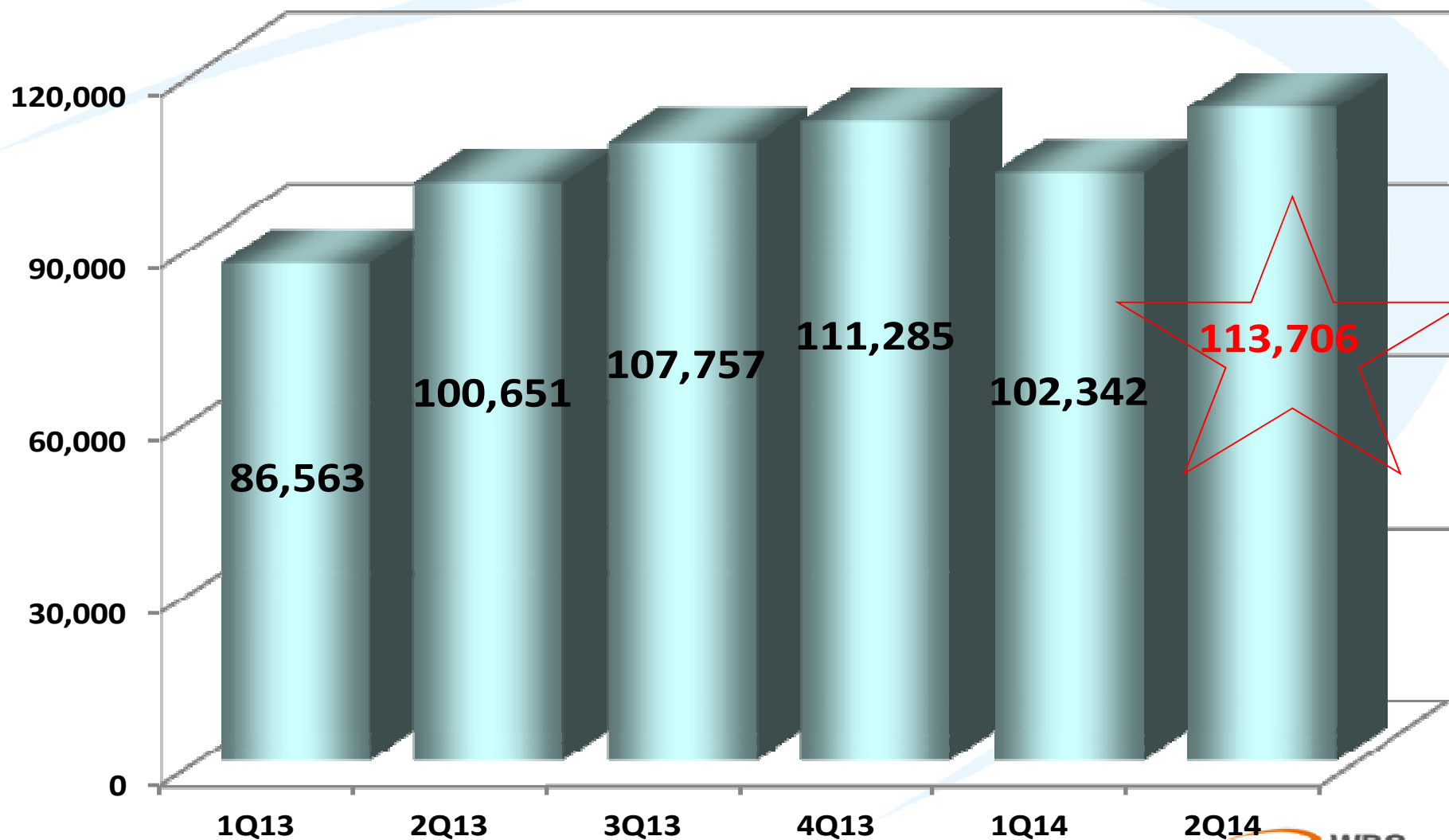
item	2Q14	1Q14	2Q13
-Income before Income Tax ₍₁₎	1,883	1,732	1,703
-Changes of NWC	(3,820)	(2,721)	(5,703)
-Adjustment & Others	63	(720)	669
From Operation	(1,874)	(1,709)	(3,331)
-Financial Instrument	581	(381)	298
-Capital Expenditure	(19)	(20)	(131)
-Others	(31)	132	189
From Investment	532	(269)	356
-Financial Debt	1,751	1,676	3,421
-Others	(4)	-	(0)
From Financing	1,747	1,676	3,421
Cumulative translation adjustments	(870)	922	251
Net Cash Position Change	(466)	620	697
Ending Cash Balance	9,612	10,078	8,427

(1).Minority interest is included.

Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

Consolidated Revenue

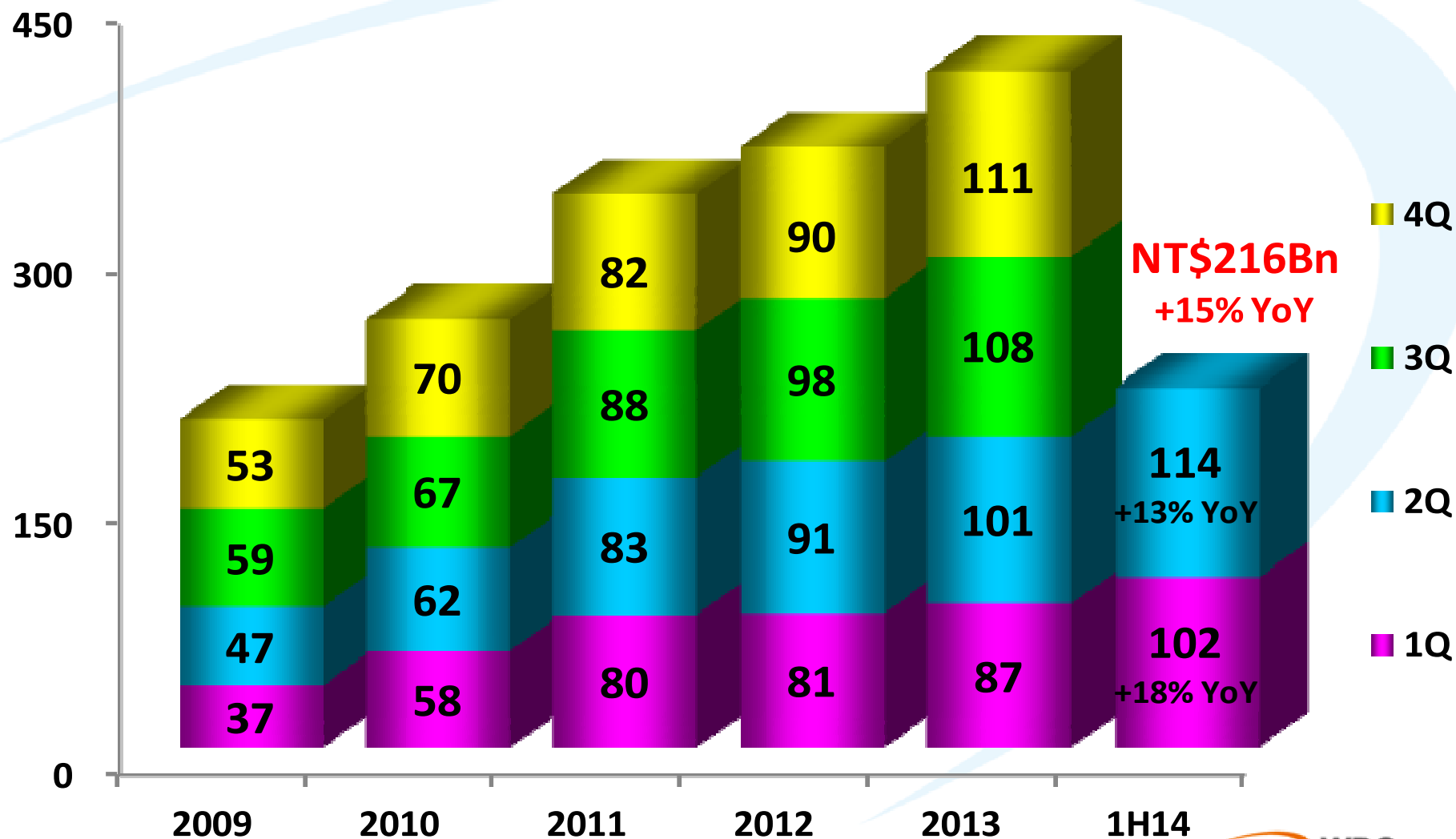
Unit: NT\$million



Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

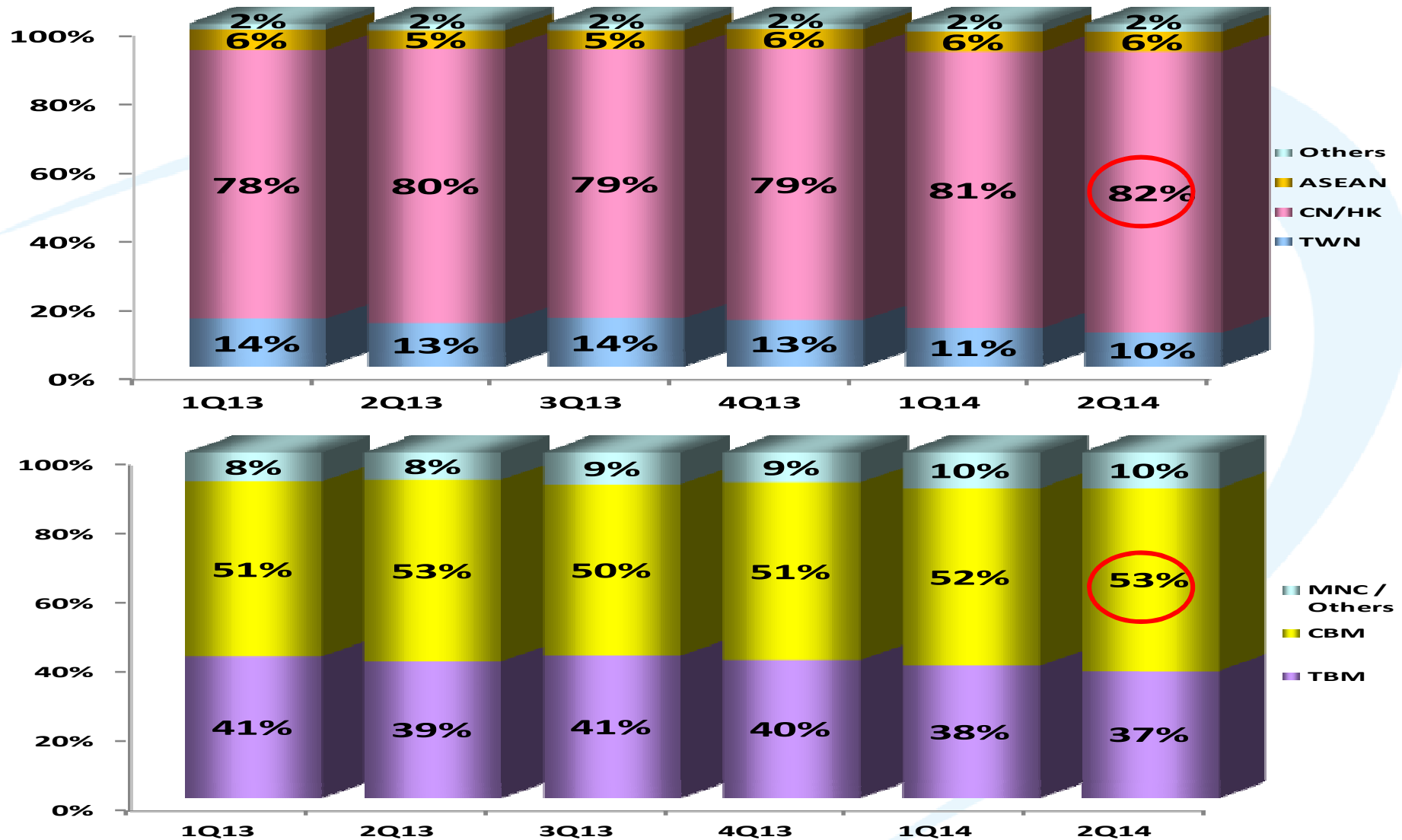
Consolidated Revenue

Unit: NT\$Billion



Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

Sales breakdown by Geography/ Customer



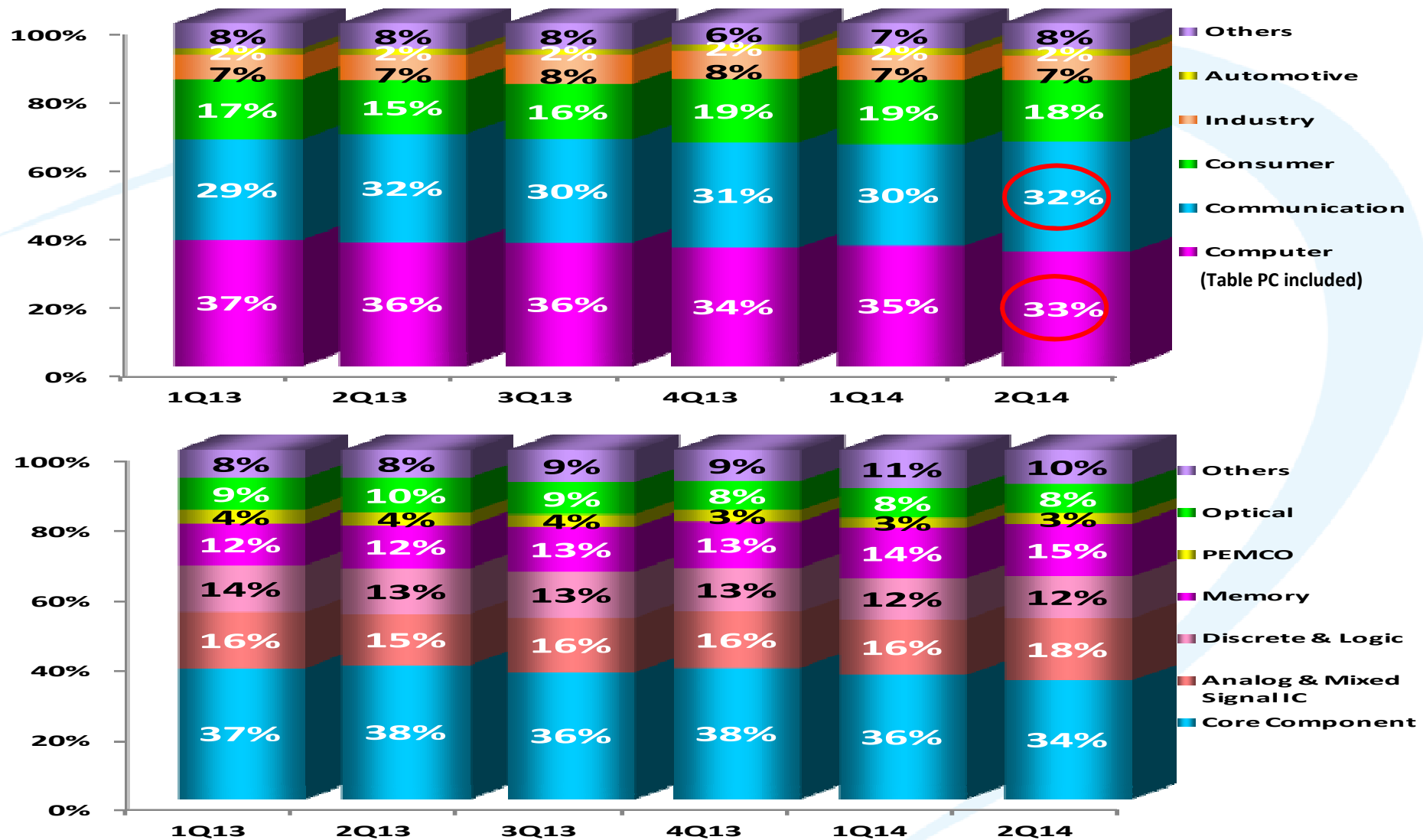
TBM : Taiwan-Based Customers

CBM : China Based Customers

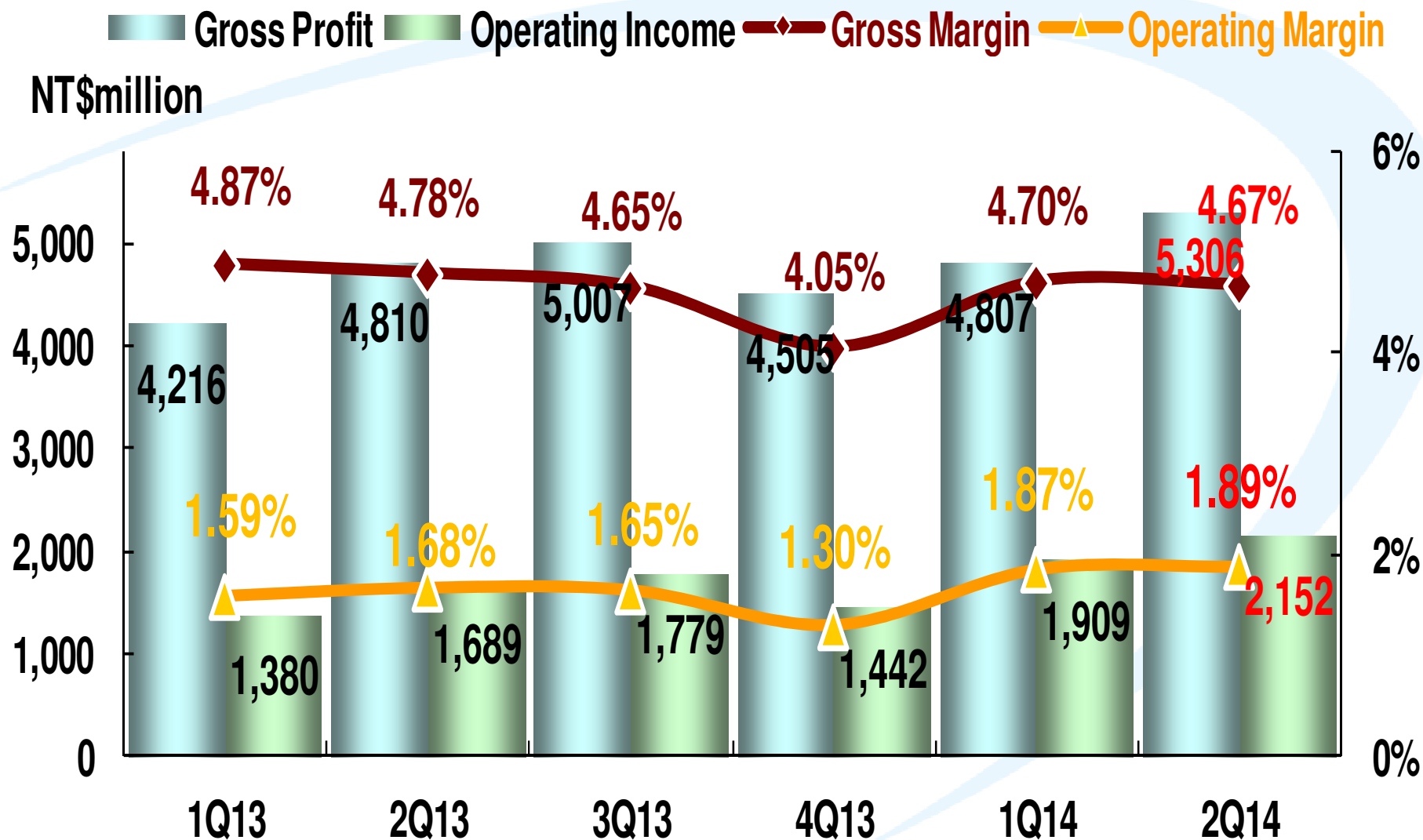
Unaudited, Prepared by WPG based on TIFRS.

The Benchmark of Distribution

Sales breakdown by Application/ Device Type

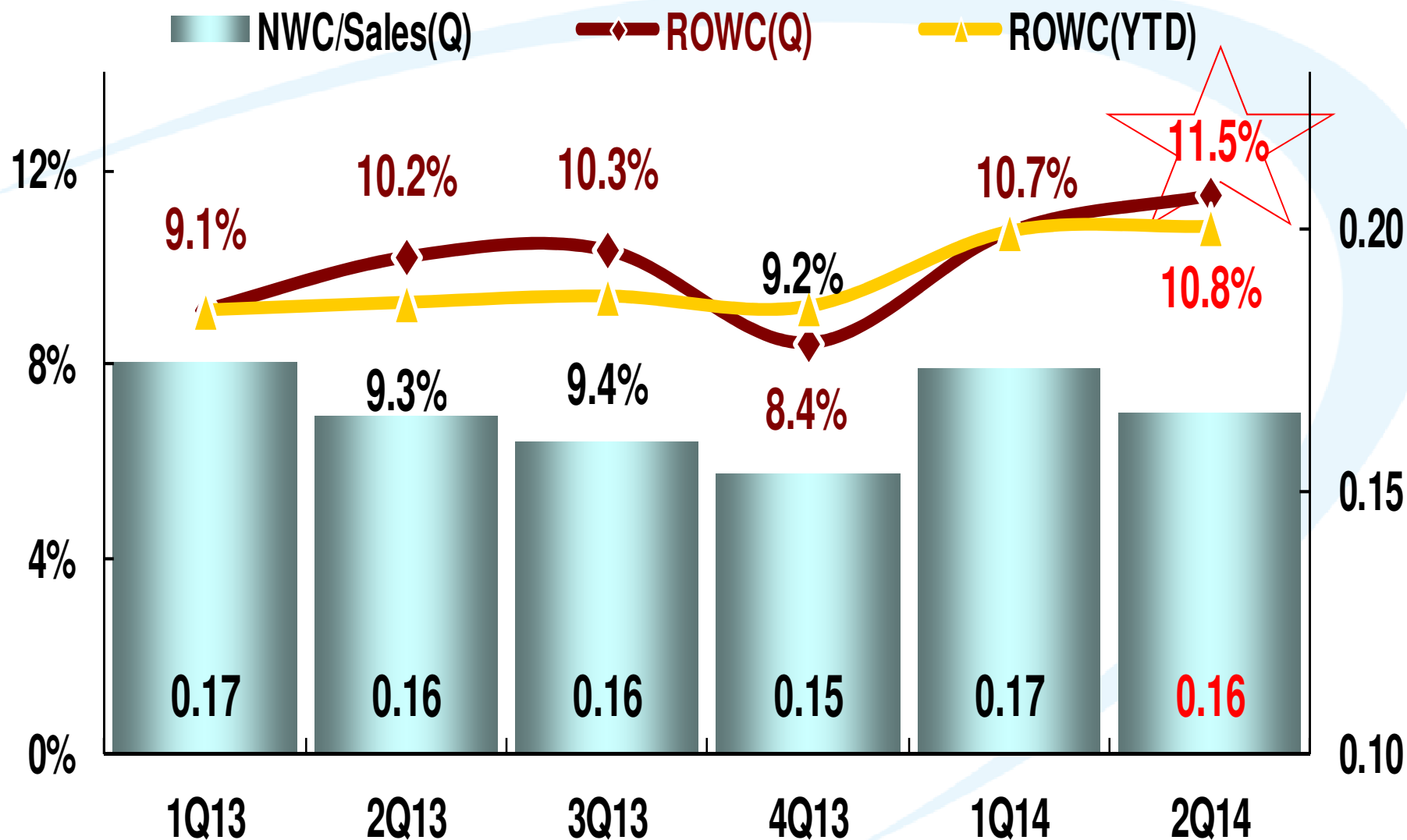


Gross Margin vs. Operating Margin



Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

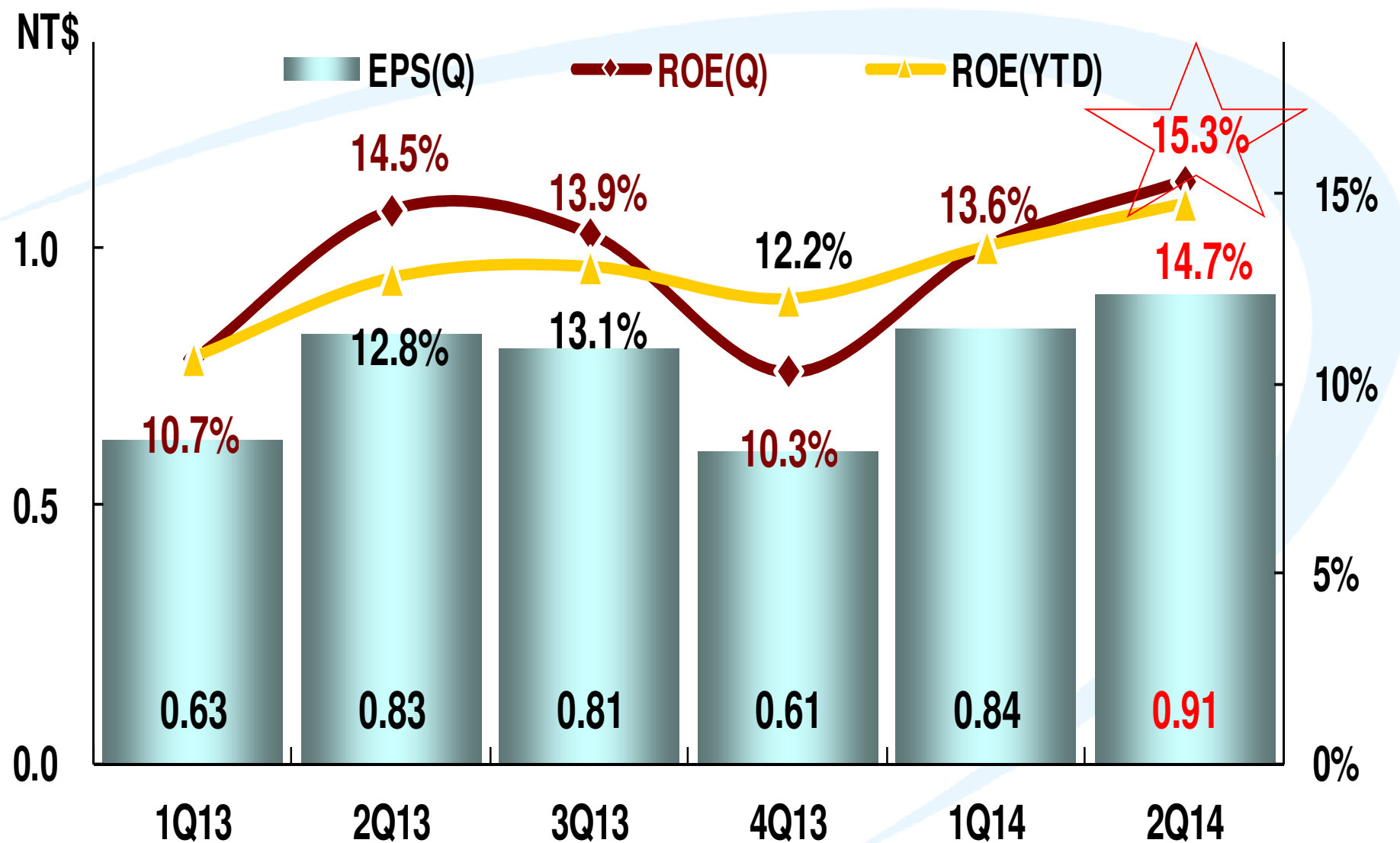
ROWC vs. NWC/Sales



Note : Annualized

Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

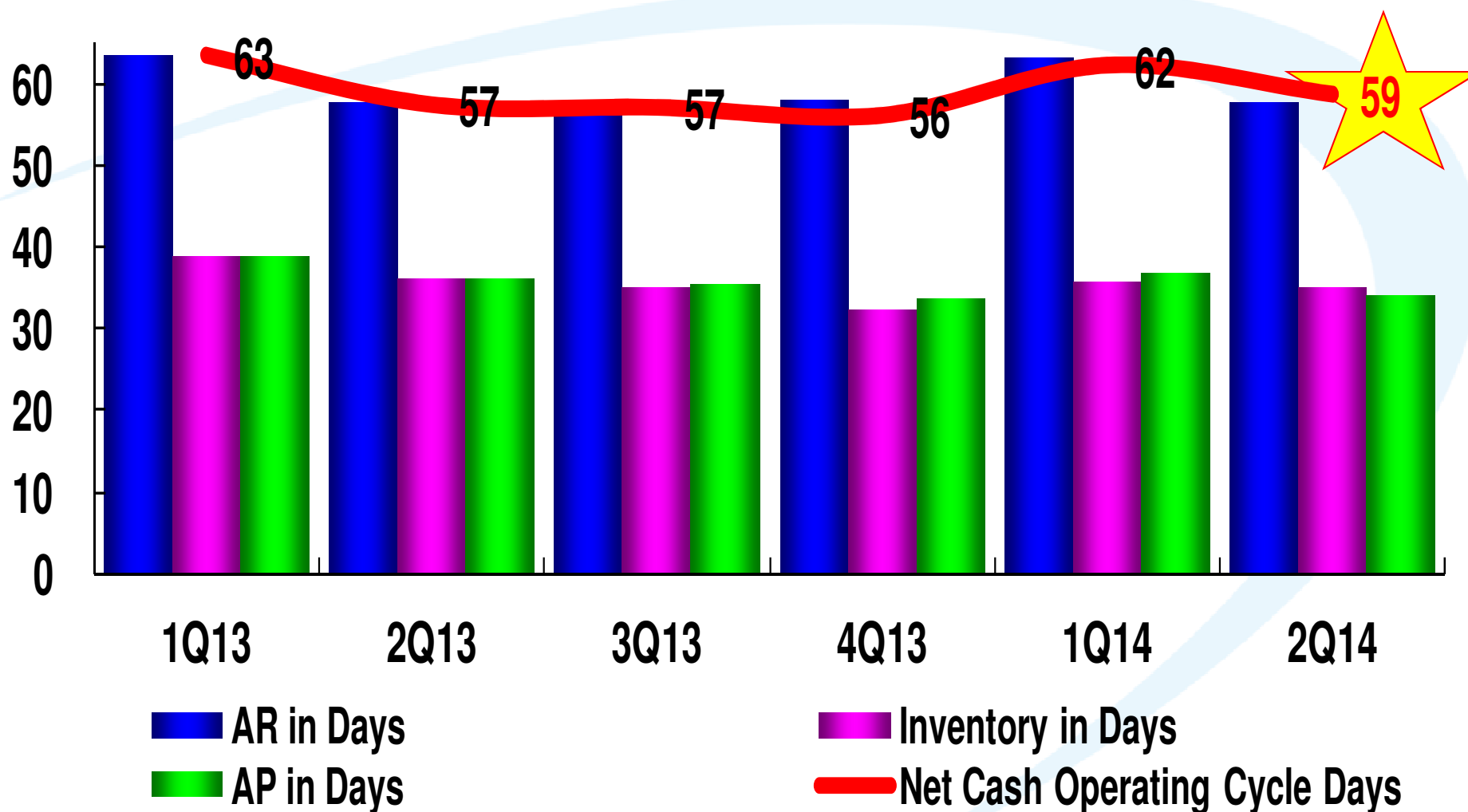
ROE vs. EPS



Note : Annualized

Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

Operating Cash Cycle



Note : Annualized

Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

3Q14 Guidance

Based on our current business outlook, management expects :

- Revenues to be between NT\$ **118** billion and NT\$ **123** billion at a forecast FX rate of 29.9 NT dollars to 1 US dollar averaged over 3Q14.
- Gross profit margin to be between **4.4%** and **4.7%**
- Operating profit margin to be between **1.75%** and **1.95%**

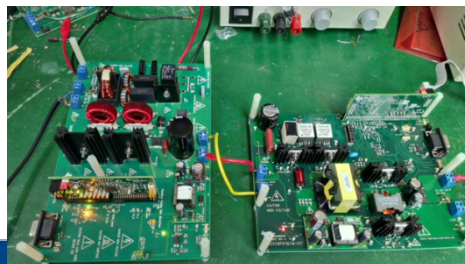
58 Solutions Launched in 2Q14



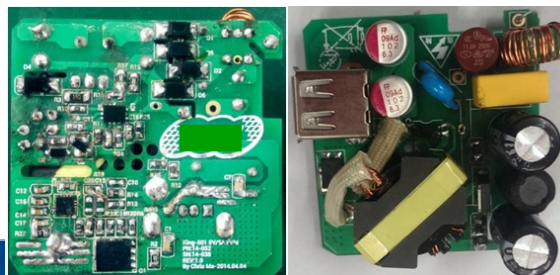
工業電子

- ▶ 推出電源應用方案
- ▶ 力推CoolMOS™ C7系列於PC、伺服器電源方案應用
- ▶ 力推Silergy TV/Monitor System Power解決方案
- ▶ 推出400W 12V/33A 伺服器數位電源解決方案
- ▶ 推出數位電源解決方案
- ▶ 推出高能效、低功耗的電源轉接器方案
- ▶ 力推适用电源管理之完整解决方案
- ▶ 推出基于数控系统方案
- ▶ 推出基于电力智能抄表方案
- ▶ 推出Embedded R-Series与G-Series SOC整合式芯片组嵌入式高效能解决方案
- ▶ 推出工业解决方案系统整合系列
- ▶ 推出智能化工业仪器仪表方案
- ▶ 推出温控器方案
- ▶ 推出无线传感器信息采集方案
- ▶ 推出数字电源解决方案
- ▶ 推出符合2014 能源之星待机能效要求的电源适配器方案
- ▶ 推出针对小家电市场的电源方案
- ▶ 推出电池管理系统方案

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The Server Power Solution



Adaptor Power Solution



智能手機

- ▶ 推出智能手机方案
- ▶ 推出IP Phone / Wifi Phone 設計解決方案
- ▶ 推出多款智慧手機解決方案
- ▶ 力推多模TD-SCDMA和EDGE / GPRS / GSM低成本的四核智慧型手機平臺
- ▶ 力推適用智慧型手機之完整解決方案
- ▶ 推出 NFC 和 TransferJet 近距離通信技術方案
- ▶ 力推NFC 手機行動支付解決方案
- ▶ 推出OIS(Optical Image Stabilization)兩軸陀螺儀解決方案
- ▶ 推出手機應用方案
- ▶ 力推新款閃光燈及紅外線感測器於智能手機方案應用
- ▶ 力推Smart Audio 移動音訊解決方案
- ▶ 推出多款智慧手機解決方案
- ▶ 力推適用智慧型手機之完整解決方案

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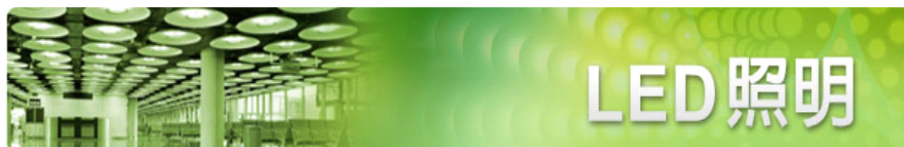
Mobile Solution

58 Solutions Launched in 2Q14



電腦&週邊

- ▶ 推出全系列伺服器解決方案 2014-05-28
- ▶ 推出桌上型電腦網卡完整解決方案 2014-05-28
- ▶ 提出筆記型電腦解決方案 2014-05-28
- ▶ 推出高速存取家庭雲計算完整解決方案 2014-05-26



LED照明

- ▶ 推出LED照明解決方案 2014-04-16
- ▶ 力推MCU在智慧照明調光中的應用 2014-04-16
- ▶ 力推智能照明解決方案 2014-04-16
- ▶ 力推市電供電LED驅動和JenNet IP 智能照明方案 2014-04-16
- ▶ 推出多款無線智能照明LED調光驅動方案 2014-04-15
- ▶ 推出LED智能照明驅動方案 2014-04-10
- ▶ 力推適用LED智能照明應用裝置方案 2014-04-09



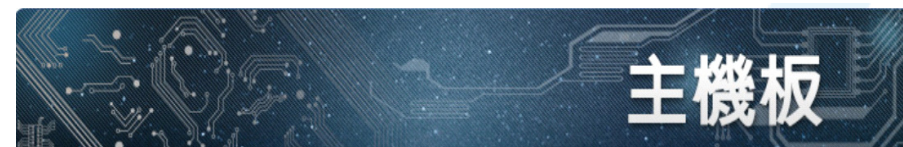
能源

- ▶ 推出太陽能微型逆變器解決方案 2014-06-24
- ▶ 推出電能品質線上監測系統方案 2014-06-23
- ▶ 力推適用太陽能逆變器的分離式元件之解決方案 2014-06-12
- ▶ 推出太陽能微型逆變器方案 2014-05-05



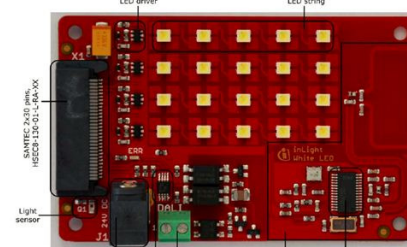
行動上網裝置

- ▶ 推出28nm四核Android MID方案 2014-06-11
- ▶ 推出平板方案 2014-06-11
- ▶ 力推Bay Trail – Entry平台设计入门级和经济型平板电脑方案 2014-06-11
- ▶ 推出平板电脑解決方案 2014-06-09
- ▶ 力推適用MID移動上網之完整解決方案 2014-06-04
- ▶ 推出在 Win8 感測元件 Sensor Hub 解決方案 2014-06-04
- ▶ 力推平板電腦解決方案 2014-05-28
- ▶ 推出在Win8感測元件上之Sensor Hub Design 2014-05-27
- ▶ 推出平板電腦解決方案 2014-05-26



主機板

- ▶ 提出筆記型電腦解決方案 2014-05-28
- ▶ 推出一系列主機板解決方案 2014-04-02
- ▶ 力推主機板完整解決方案 2014-04-02

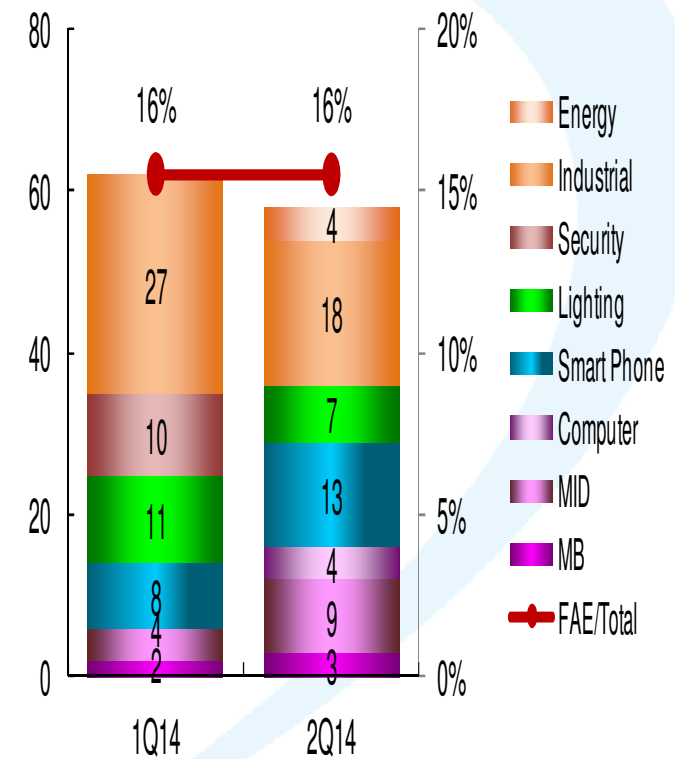
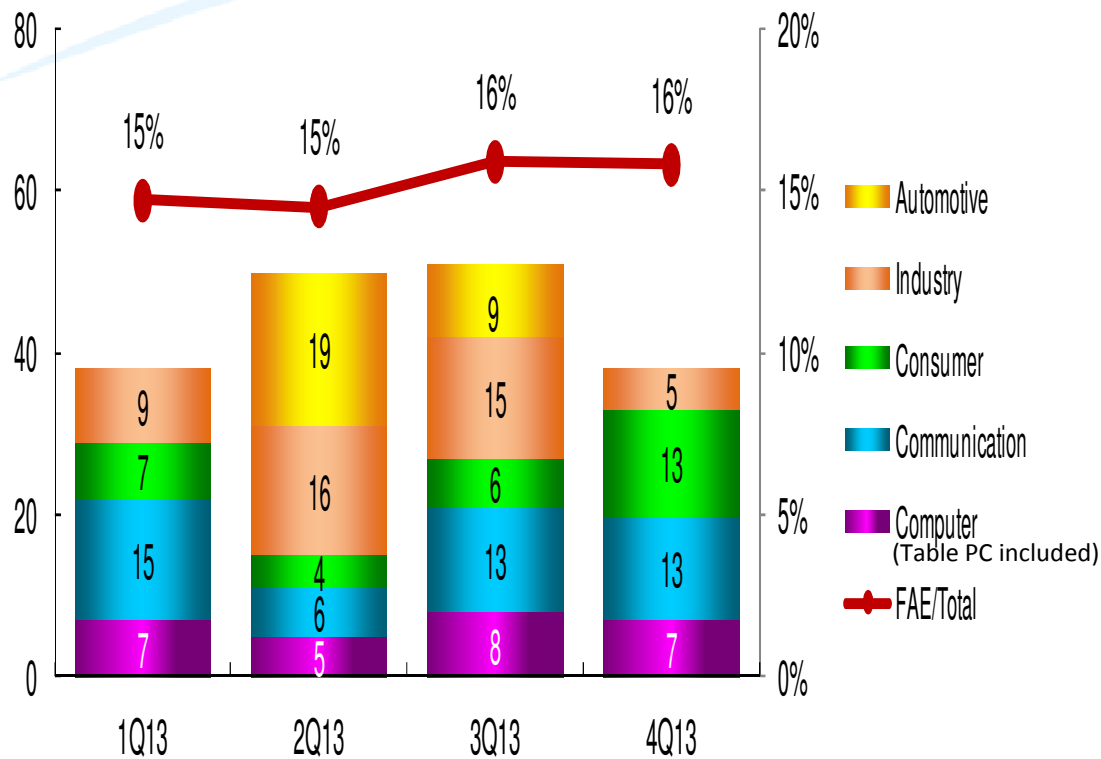


Lighting Solution



Solar Inverter Solution

More Solutions Launched ...



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

The Benchmark of Distribution

Result Highlights

Unit: NT\$ million

item	1H14	1H13	YoY (%)
Net Sales	216,047	187,215	15.4
Gross Margin	4.68%	4.82%	-14 bp
Operating Expenses	(6,053)	(5,957)	1.6
Operating Income	4,061	3,069	32.3
Operating Margin	1.88%	1.64%	+24 bp
Net Income	2,906	2,417	20.2
EPS (NT\$) ₍₁₎	1.75	1.46	
Total Assets	144,564	132,239	
Total Liabilities	105,540	94,469	
Total Equity	39,025	37,770	
Net Working Capital	74,979	66,191	
Free Cash Flow	(3,583)	(4,495)	
KEY Indices ₍₂₎			
ROWC	10.8%	9.3%	+156 bp
NWC/Sales	0.17	0.18	
ROE	14.7%	12.8%	+198 bp
Gearing	1.14	0.97	

(1).Weighted average shares outstanding

(2).Annualized

Unaudited, Prepared by WPG based on TIFRS.
The Benchmark of Distribution

Statements of Comprehensive Income

Unit:NT\$million

Item	1H14	1H13	YoY(%)
Net operating Revenue	216,047	187,215	15.4
COGS	(205,934)	(178,189)	15.6
Gross Profit	10,113	9,026	12.0
Gross Margin	4.68%	4.82%	
Operating Expenses	(6,053)	(5,957)	1.6
Operating Income	4,061	3,069	32.3
Operating Margin	1.88%	1.64%	
Net Non-operating Items	(446)	(91)	388.6
Net Financing costs	(567)	(388)	46.2
Others	121	297	(59.1)
Profit Before Tax/Minority	3,615	2,978	21.4
Tax	(705)	(559)	26.0
Minority/Accounting Principle Change	(4)	(1)	
Profit After Tax/Minority	2,906	2,417	20.2
Net Margin	1.35%	1.29%	
EPS (NT\$) ₍₁₎	1.75	1.46	
Tax%	20%	19%	

(1).Weighted average shares outstanding

Cash Flows

Unit:NT\$million

item	1H14	1H13
-Income before Income Tax ₍₁₎	3,615	2,978
-Changes of NWC	(6,541)	(6,681)
-Adjustment & Others	(657)	(791)
From Operation	(3,583)	(4,495)
-Financial Instrument	200	665
-Capital Expenditure	(39)	(912)
-Effect on changes of consolidated subsidiaries	-	(6)
-Others	101	102
From Investment	262	(151)
-Financial Debt	3,427	3,084
-Others	(4)	(0)
From Financing	3,423	3,084
Cumulative translation adjustments	52	1,117
Net Cash Position Change	154	(445)
Ending Cash Balance	9,612	8,427

(1).Minority interest is included.

**<http://www.WPGholdings.com>
IR@WPGholdings.com**