WPG Holdings

WPG Holdings Ltd.
(3702.TT/3702.TW)
4Q17 Earning Release

Feb 6th, 2018

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**
- **4Q17 Financial Highlights & 1Q18 Outlook** **Cliff Yuan**
- **Q&A** **Simon Huang/ Scott Lin/ Cliff Yuan**

Result Highlights

Unit:NT$million

item	4Q17	3Q17	4Q16	QoQ(%)	YoY(%)	2017	2016	YoY(%)
Net Sales	138,413	146,667	139,368	(5.6)	(0.7)	532,462	536,919	(0.8)
Gross Margin	4.05%	4.19%	4.14%	-14 bp	-9 bp	4.20%	4.21%	-1 bp
Operating Expenses	(2,991)	(3,423)	(4,847)	(12.6)	(38.3)	(12,408)	(14,620)	(15.1)
Operating Income	2,617	2,730	927	(4.1)	182.2	9,950	7,976	24.7
Operating Margin	1.89%	1.86%	0.67%	+2.9 bp	+123 bp	1.87%	1.49%	+38 bp
Net Income	1,636	2,026	338	(19.2)	384.8	7,299	5,313	37.4
EPS (NT$)(1)	0.90	1.11	0.20			4.09	3.18	
Net Book Value (NT$)(1)	28.25							
Total Assets	178,423	190,753	179,015			178,423	179,015	
Total Liabilities	126,334	139,401	128,697			126,334	128,697	
Total Equity	52,089	51,352	50,317			52,089	50,317	
Net Working Capital	99,788	98,580	94,447			99,788	94,447	
Free Cash Flow	4,298	(1,318)	(6,330)			8,110	7,607	
KEY Indices(2)								
ROWC	*10.5%*	*11.1%*	*3.9%*	-59 bp	+656 bp	*10.0%*	*8.4%*	+153 bp
NWC/Sales	*0.18*	*0.17*	*0.17*			*0.19*	*0.18*	
ROE	*12.9%*	*16.1%*	*2.8%*	-319 bp	+1,015 bp	*14.4%*	*10.9%*	+351 bp
Gearing	1.20	1.27	1.26			1.20	1.26	
(1).Weighted average shares outstanding	1,825	1,824	1,704			1,783	1,672	

(2).Annualized

Unaudited, Prepared by WPG based on TIFRS.

Statements of Comprehensive Income

Unit:NT$million

Item	4Q17	3Q17	QoQ(%)	4Q16	YoY(%)	2017	2016	YoY(%)
Revenue	138,413	146,667	(5.6)	139,368	(0.7)	532,462	536,919	(0.8)
COGS	(132,805)	(140,515)	(5.5)	(133,594)	(0.6)	(510,105)	(514,323)	(0.8)
Gross Profit	5,608	6,153	(8.9)	5,774	(2.9)	22,357	22,596	(1.1)
Gross Margin	4.05%	4.19%		4.14%		4.20%	4.21%	
Operating Expenses	(2,991)	(3,423)	(12.6)	(4,847)	(38.3)	(12,408)	(14,620)	(15.1)
Operating Income	2,617	2,730	(4.1)	927	182.2	9,950	7,976	24.7
Operating Margin	1.89%	1.86%		0.67%		1.87%	1.49%	
Net Non-operating Items	(638)	(268)	137.7	(443)	43.9	(1,037)	(1,288)	(19.5)
Net Financing costs	(533)	(460)	15.8	(410)	30.1	(1,812)	(1,521)	19.1
Foreign Exchange Gains/Losses	78	101	(23.6)	(41)	NM	401	74	439.0
Others	(182)	91		7		374	159	
Profit Before Tax	1,979	2,462	(19.6)	484	308.9	8,913	6,688	33.3
Tax	(333)	(425)	(21.6)	(125)	167.4	(1,555)	(1,338)	16.3
Minority	(10)	(11)		(22)		(58)	(38)	
Profit After Tax	1,636	2,026	(19.2)	338	384.8	7,299	5,313	37.4
Net Margin	1.18%	1.38%		0.24%		1.37%	0.99%	
EPS (NT$)(1)	0.90	1.11		0.20		4.09	3.18	
Tax %	17%	17%		26%		17%	20%	
(1).Weighted average shares outstanding	1,825	1,824		1,704		1,783	1,672	

Unaudited, Prepared by WPG based on TIFRS.

Balance Sheet

Unit:NT$million	4Q17		3Q17		4Q16	
item	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
Cash & Marketable Securities	7,106	*4*	7,039	*4*	8,495	*5*
Accounts Receivable - Trade	91,649	*51*	95,356	*50*	92,777	*52*
Inventory	56,625	*32*	61,078	*32*	49,927	*28*
Current Assets	163,600	*92*	176,225	*92*	165,271	*92*
Others	14,823	*8*	14,528	*8*	13,744	*8*
Total Assets	178,423	*100*	190,753	*100*	179,015	*100*
Current Interest-bearing Debt	58,049	*33*	61,196	*32*	68,003	*38*
Accounts Payble	48,486	*27*	57,854	*30*	48,258	*27*
Accrued Liabilities and Others	6,724	*4*	6,885	*4*	6,026	*3*
Current Liabilities	113,260	*63*	125,935	*66*	122,287	*68*
Long-term Interest-bearing Debt	11,938	*7*	12,319	*6*	5,196	*3*
Others	1,136	*1*	1,147	*1*	1,214	*1*
Total Liabilities	126,334	*71*	139,401	*73*	128,697	*72*
Total Equity	52,089	*29*	51,352	*27*	50,317	*28*
KEY Indices(1)						
Net Working Capital (NT$million)	99,788		98,580		94,447	
AR Turnover (Days)	*62*		*56*		*61*	
Inventory Turnover (Days)	*40*		*39*		*34*	
AP Turnover (Days)	*37*		*35*		*34*	
Average Collection Periods (Days)	*66*		*61*		*61*	
Current Ratio	*144%*		*140%*		*135%*	
Gearing	*1.20*		*1.27*		*1.26*	

(1).Annualized

Unaudited, Prepared by WPG based on TIFRS.

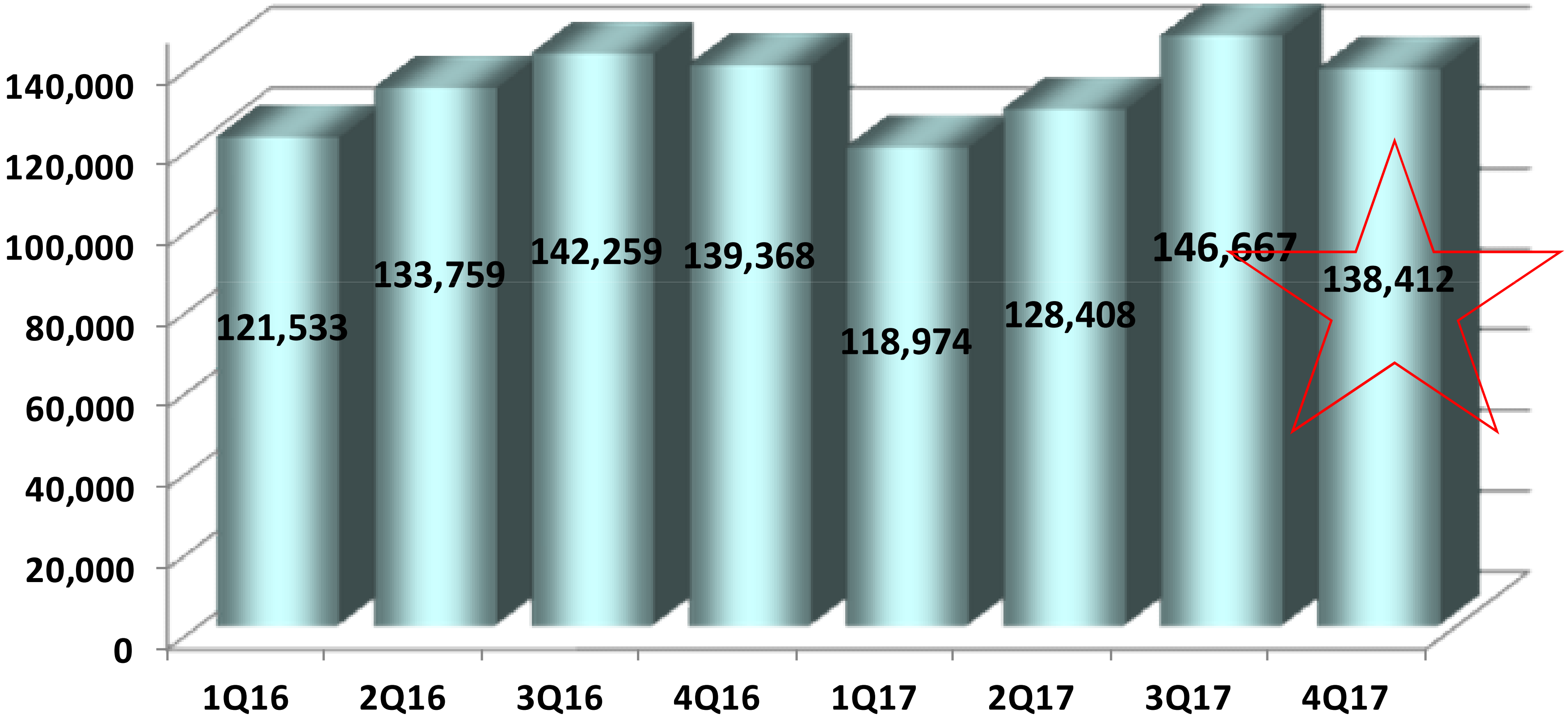
Cash Flows

Unit:NT$million	4Q17	3Q17	4Q16	2017	2016
-Income before Income Tax	1,979	2,462	484	8,913	6,688
-Changes of NWC	(1,560)	(2,423)	(4,958)	(5,342)	(57)
-Adjustment & Others	3,879	(1,356)	(1,856)	4,539	975
From Operation	**4,298**	**(1,318)**	**(6,330)**	**8,110**	**7,607**
-Financial Instrument	496	202	868	748	(109)
-Capital Expenditure	(82)	(15)	(45)	(933)	(144)
-Acquisition of subsidiaries	-	-	-	-	(34)
-Others	(62)	(25)	(22)	(235)	(547)
From Investment	**352**	**162**	**801**	**(420)**	**(834)**
-Financial Debt	(3,512)	6,348	5,527	337	(1,984)
-Cash Dividends	-	(4,178)	-	(4,178)	(3,974)
-Others	30	(155)	1	(17)	(22)
From Financing	**(3,482)**	**2,015**	**5,527**	**(3,858)**	**(5,980)**
Cumulative translation adjustments	**(1,087)**	**(493)**	**1,404**	**(5,186)**	**(1,782)**
Net Cash Position Change	**81**	**367**	**1,402**	**(1,354)**	**(990)**
Ending Cash Balance	**7,103**	**7,022**	**8,457**	**7,103**	**8,457**

Unaudited, Prepared by WPG based on TIFRS.

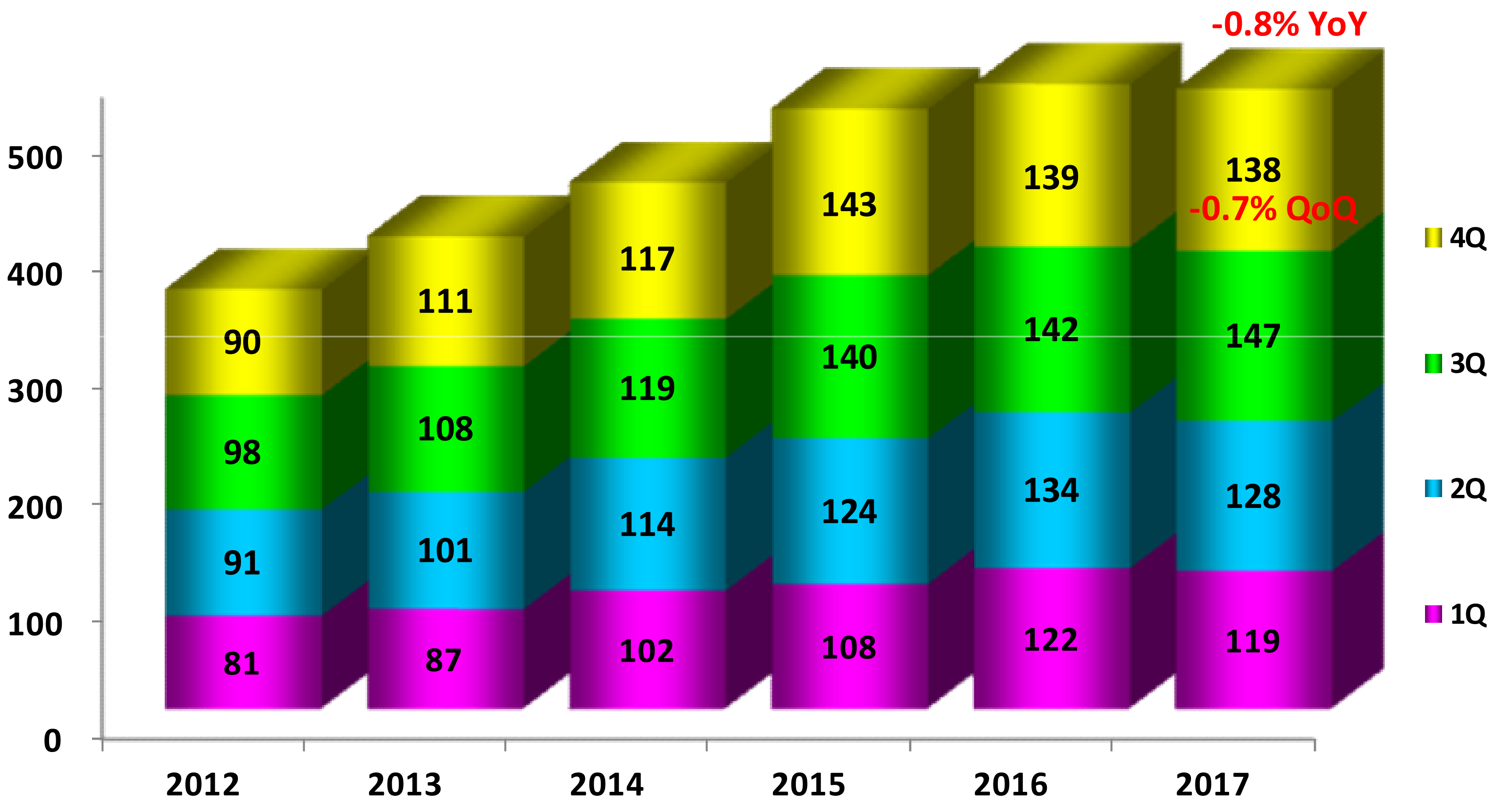
Consolidated Revenue

Unit: NT$million

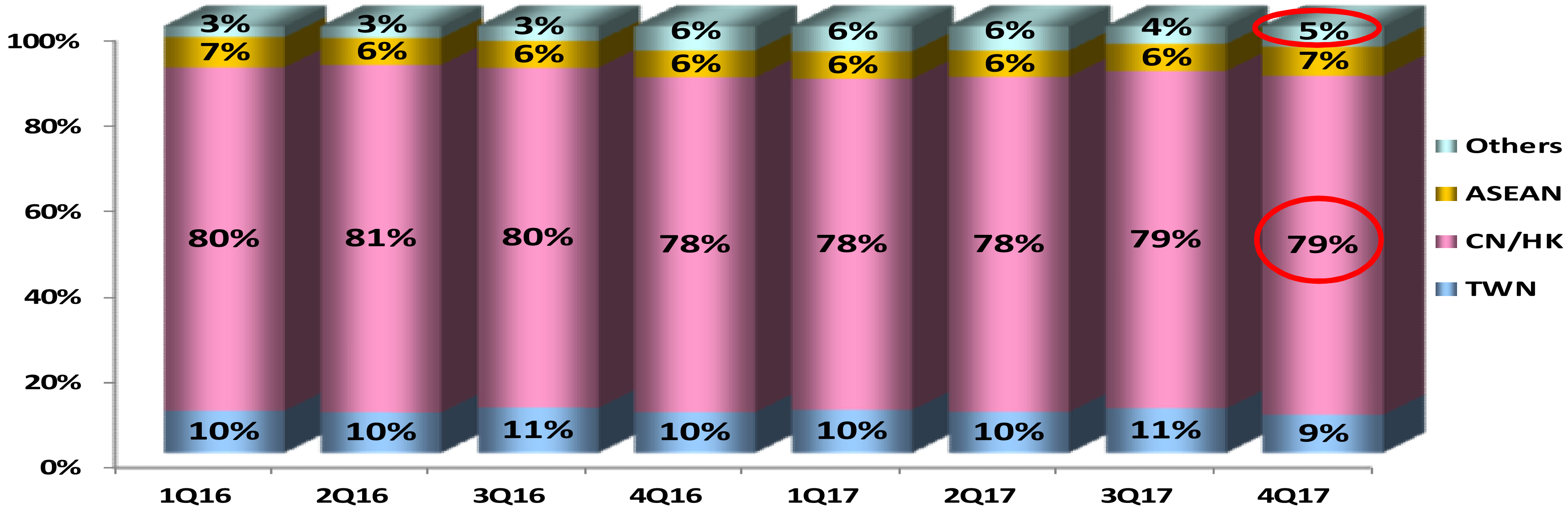


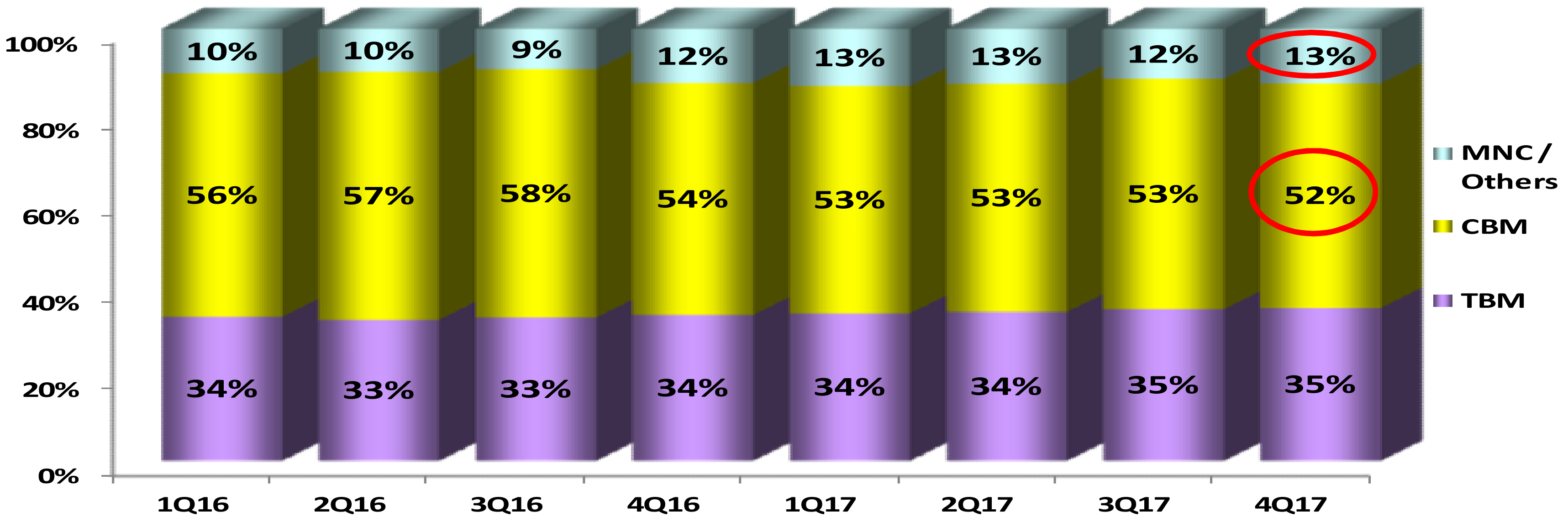
Consolidated Revenue

Unit: NT$billion



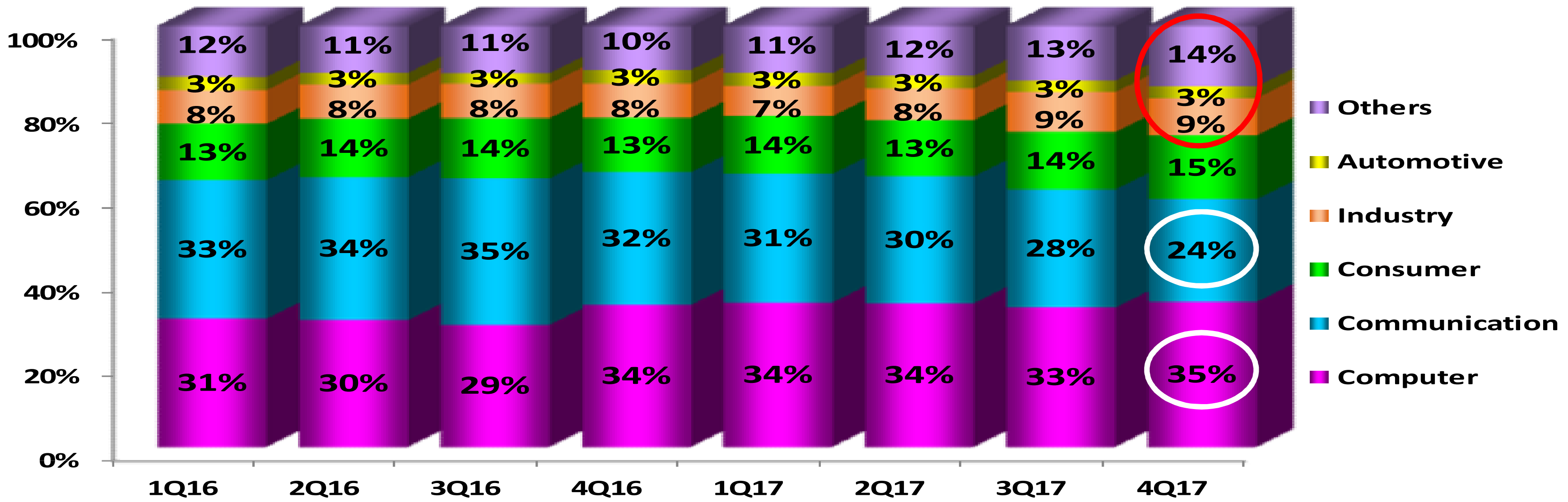
Sales breakdown by Geography/ Customer

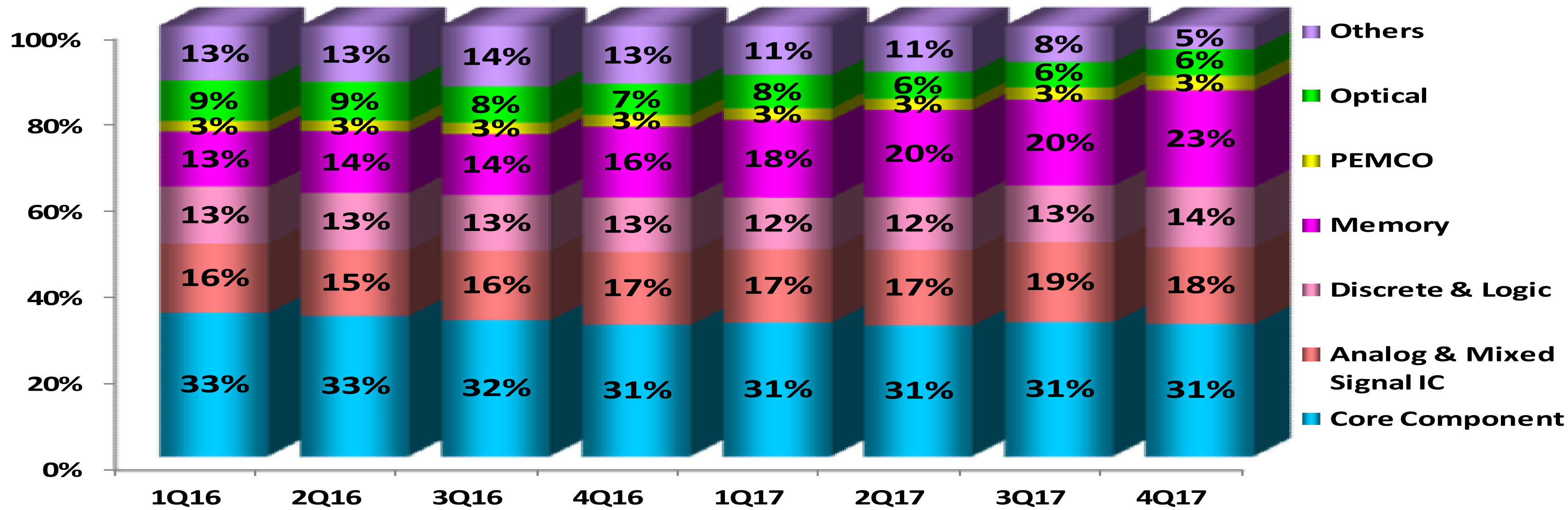




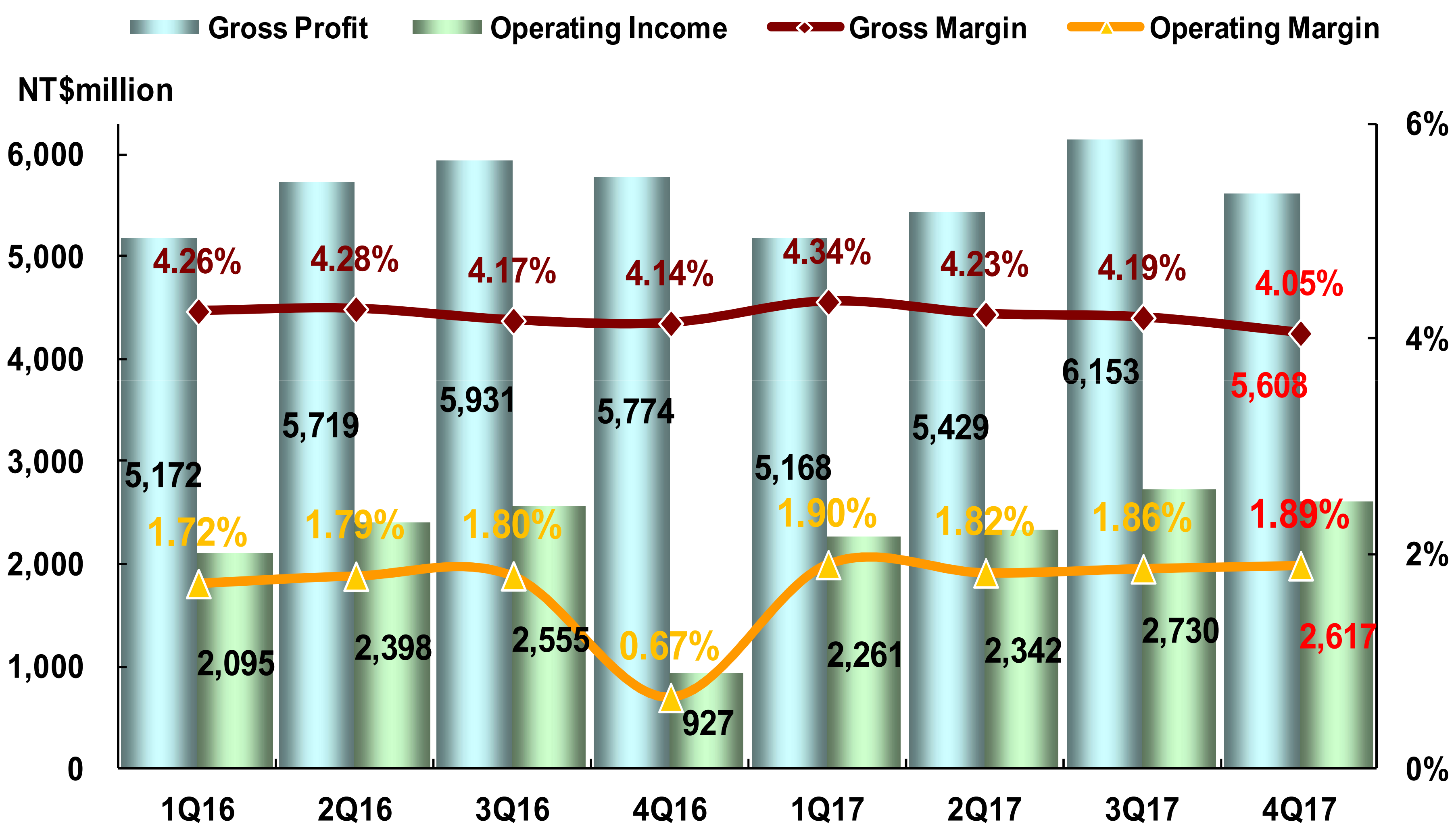
TBM：Taiwan-Based Customers
CBM：China Based Customers

Sales breakdown by Application/ Device Type

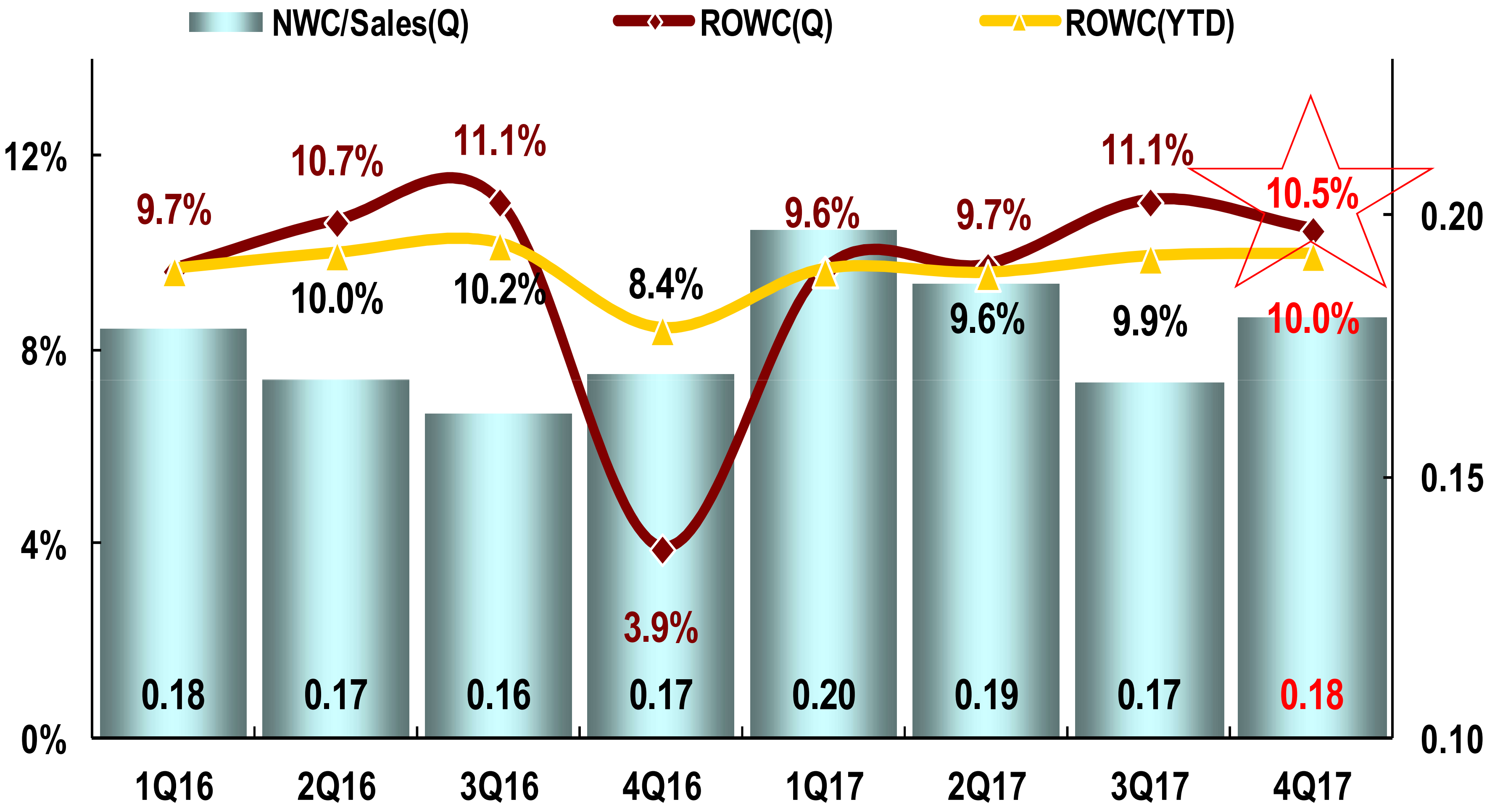




Gross Margin vs. Operating Margin

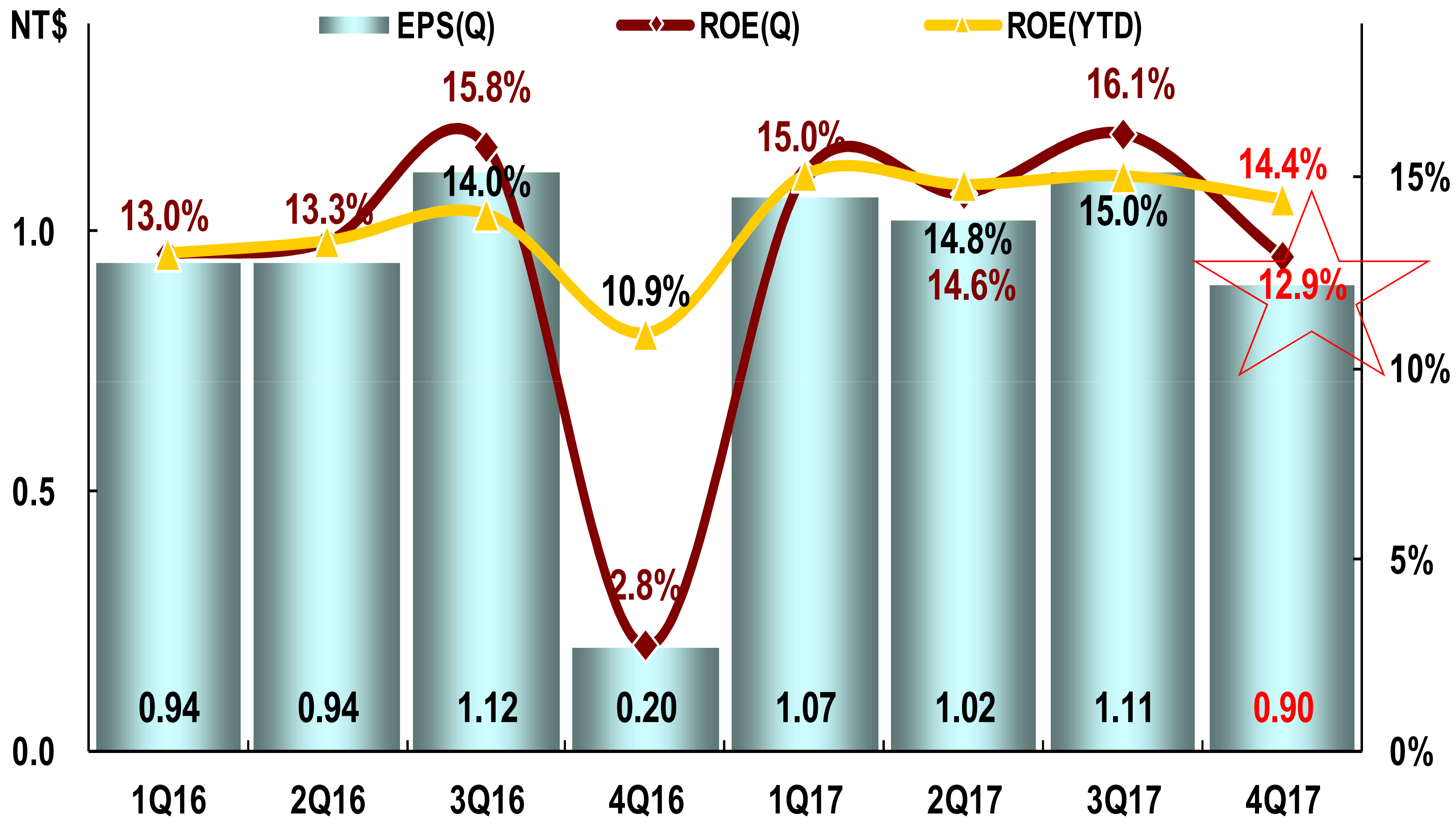


ROWC vs. NWC/Sales



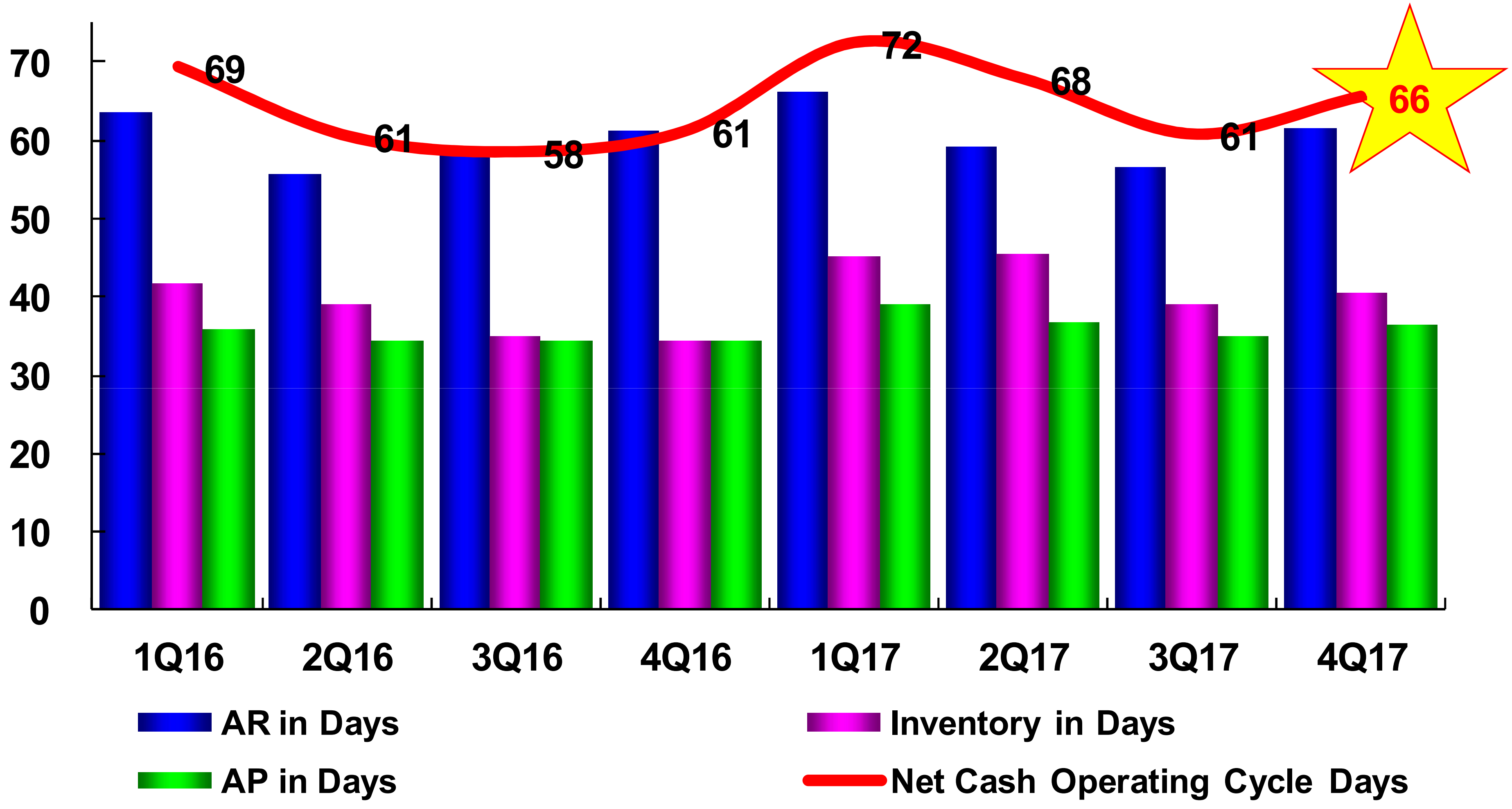
Note：Annualized

ROE vs. EPS



Note：Annualized

Operating Cash Cycle



Note：Annualized

1Q18 Guidance

Based on our current business outlook, management expects：

- **Revenues to be between NT$ 108 billion and NT$ 120 billion at a forecast FX rate of 29 NT dollars to 1 US dollar averaged over 1Q18.**
- **Gross profit margin to be between 4.1% and 4.3%**
- **Operating profit margin to be between 1.75% and 1.84%**

1Q18 Summary Financial Forecast

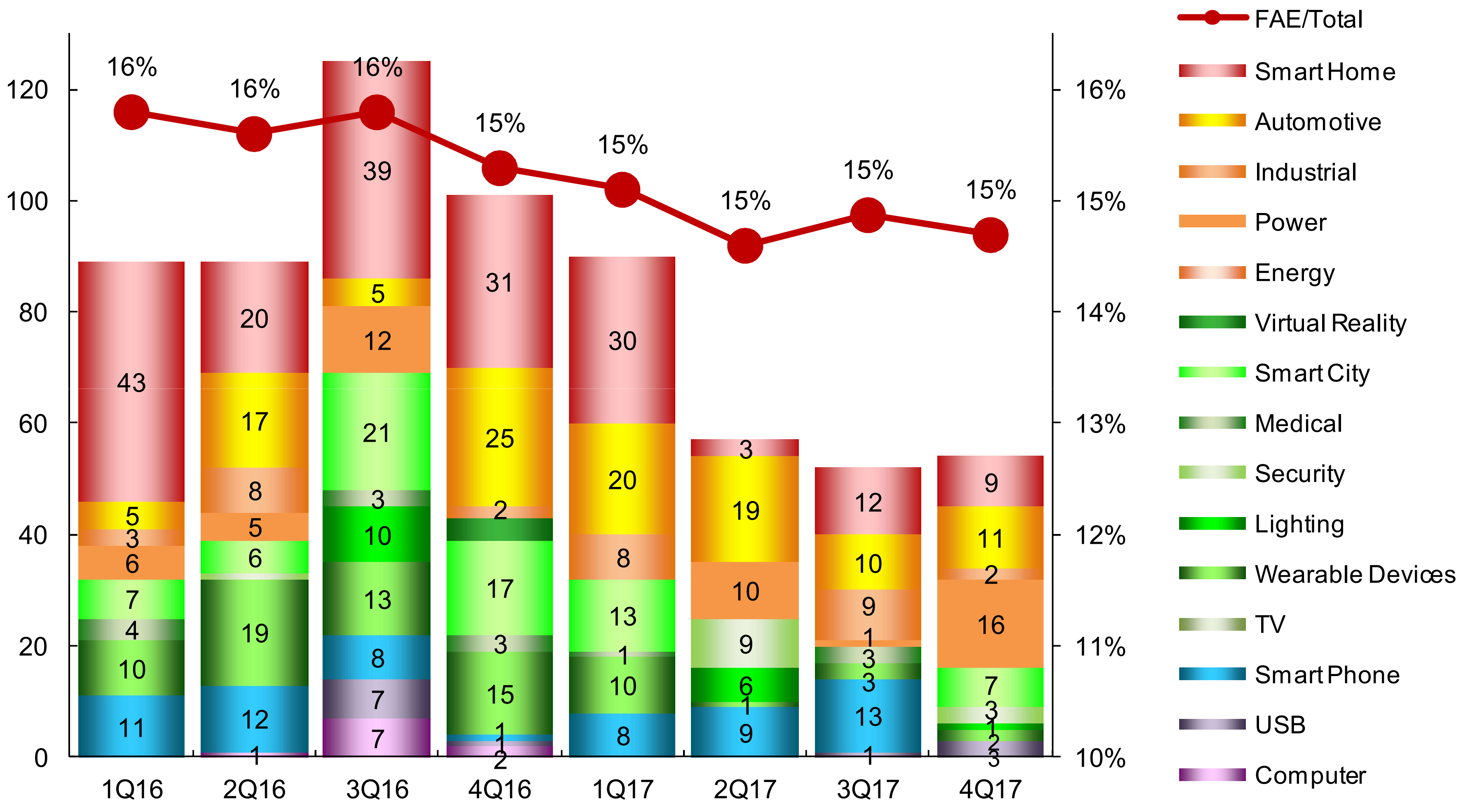
Unit:NT$million

Item	1Q18 Forecast
Revenue	108,000 ~ 120,000
Gross Profit	4,428 ~ 5,160
Gross Margin	4.10% ~ 4.30%
Operating Expenses	2,536 ~ 2,955
Operating Income	1,892 ~ 2,205
Operating Margin	1.75% ~ 1.84%
Profit Before Tax	1,499 ~ 1,769
Profit After Tax	1,183 ~ 1,399
EPS (NT$)(1)	0.65 ~ 0.77

(1).Weighted average shares outstanding

Prepared by WPG based on TIFRS.

More Solutions Launched ...



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

http://iot.wpgo2o.com/iot/index/zhtw

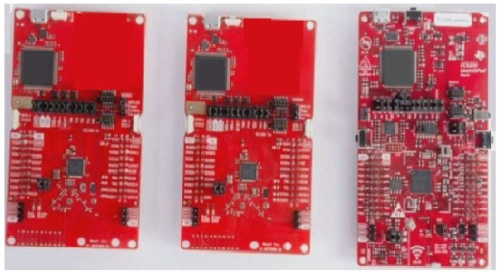
54 Solutions Launched in 4Q17

推出LoRa智能塊，讓用戶專注於傳感器應用開發	2017-11-22
推出LoRa無線煙霧報警器方案	2017-11-22
推出IOT智能監控網絡攝像頭	2017-12-06

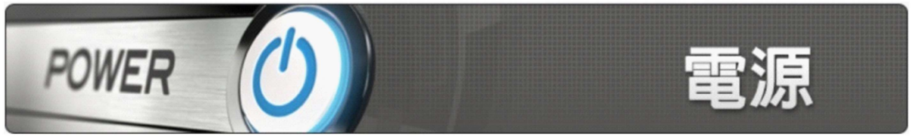
為物聯網、穿戴式、消費等應用提供業界最低藍牙功耗	2017-11-22
心電血壓手環整體方案	2017-11-28

推出USB-C PD適配器完整系統解決方案	2017-10-25
推出USB Type-C™控制器，內置保護電路機制，節省空間並提升操作安全性	2017-10-25
推出具靈活性、小外形和低功耗特性USB Type-C控制器	2017-12-06

Intelligent Surveillance Camera Solution



Wireless Sensor Network Solution



力推Wireless Charger無線充電解決方案	2017-10-25
力推基於15W 無線充電解決方案	2017-10-25
推出高集成度數字電源解決方案	2017-10-25
力推高效能數位電源方案	2017-10-25
力推AC DC二次側同步整流控制IC方案	2017-10-25
力推基於快速充電解決方案	2017-10-25
力推PPS 解決方案	2017-10-25
推出USB Power Delivery電源轉換方案	2017-10-25
推出Type-C快充電源解決方案	2017-10-25
推出先進二次側LLC諧振轉換器，具有同步整流器控制的控制器	2017-10-25
推出支援多協定快充方案	2017-10-25
推出大功率應用的高能效電源配置方案	2017-10-25
推出LLC諧振轉換器控制卡參考設計	2017-10-25
推出無線充電功率發射器和接收器解決方案，為您的無線充電設計帶來專業及領先優勢	2017-11-22
推出多款物聯網供電方案	2017-12-06
力推多協議的快充方案	2017-12-20

推出1GHz無線網路感測器連接到雲IoT Gateway參考設計	2017-11-08
力推ZigBee無線智慧路燈控制系統	2017-11-08
力推智慧晶片於共享單車方案	2017-11-08
推出共用單車解決方案	2017-11-08
推出共享單車解決方案	2017-11-08
推出智能城市IoT物聯網—台北市空氣盒子PM2.5專案	2017-11-08
推出LoRa長距離無線技術之物聯網RFID門禁管理方案	2017-11-08

54 Solutions Launched in 4Q17

汽车电子

推出適用汽車電子之完整解決方案	2017-12-20
推出安全模組(HSM)的汽車微處理器方案	2017-12-20
力推汽車級電容式觸控式螢幕解決方案	2017-12-20
力推基於5埠汽車乙太網交換機	2017-12-20
力推TPMS Sensor搭配平台方案	2017-12-20
推出車用乙太網路解決方案	2017-12-20
推出400W相移全橋汽車轉換器參考設計	2017-12-20
推出高精度電阻的電源與信號雙隔離型分流器方案	2017-12-20
力推汽車級提高性能和耐久性的功率MOSFET	2017-12-20
推出微處理器於汽車冷卻風扇控制應用	2017-12-20
推出先進駕駛輔助系統77G毫米波雷達方案	2017-12-20

工業電子

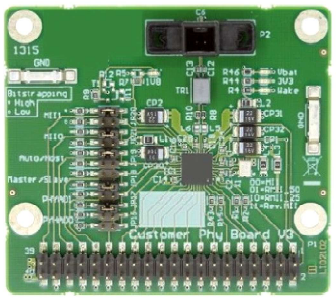
推出適用於工業閘道之參考設計方案	2017-11-08
推出適用於系統的低於 1 GHz 感測器到雲參考設計	2017-11-22

智能家居

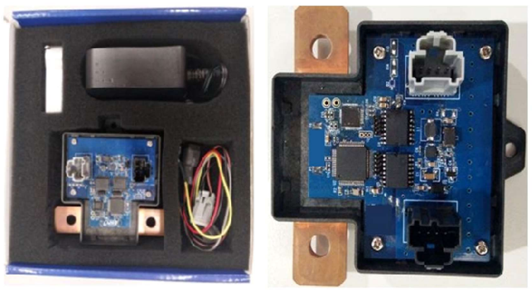
推出適用無線傳輸應用裝置方案	2017-11-22
推出高性價比的BLE模組方案	2017-11-22
家庭的守護神~推出基於多功能低功耗藍牙電子鎖方案	2017-12-06
力推整合式智能門鎖方案提供更便捷、更安全的智能生活體驗	2017-12-06
力推適用智能家居應用裝置方案	2017-12-06
力推適用於智能家居的安全解決方案	2017-12-06
推出Bluetooth® Mesh網狀網軟體發展工具套件，加快智慧互聯照明及自動化產品問世	2017-12-06
力推實体按鍵與觸控並存的觸控解決方案	2017-12-06
推出WiFi 轉 ZigBee 智能網關方案	2017-12-06

LED照明

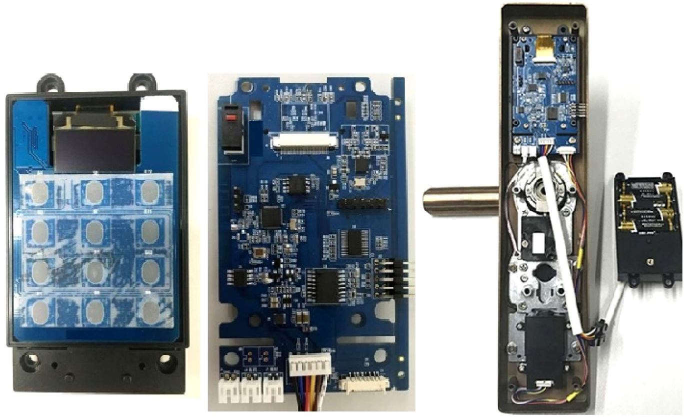
力推基於BLE Scatternet/beacon燈光組網方案	2017-11-22



Automotive Ethernet Switch Solution



Automotive Battery Management Solution



Bluetooth Smart Lock Solution

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WPG Holdings

Q&A

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Thank you

The Benchmark of Distribution