



# **WIN** Semiconductors

*Wireless* • *Information* • *Networking*

3Q 2016 Investor Conference



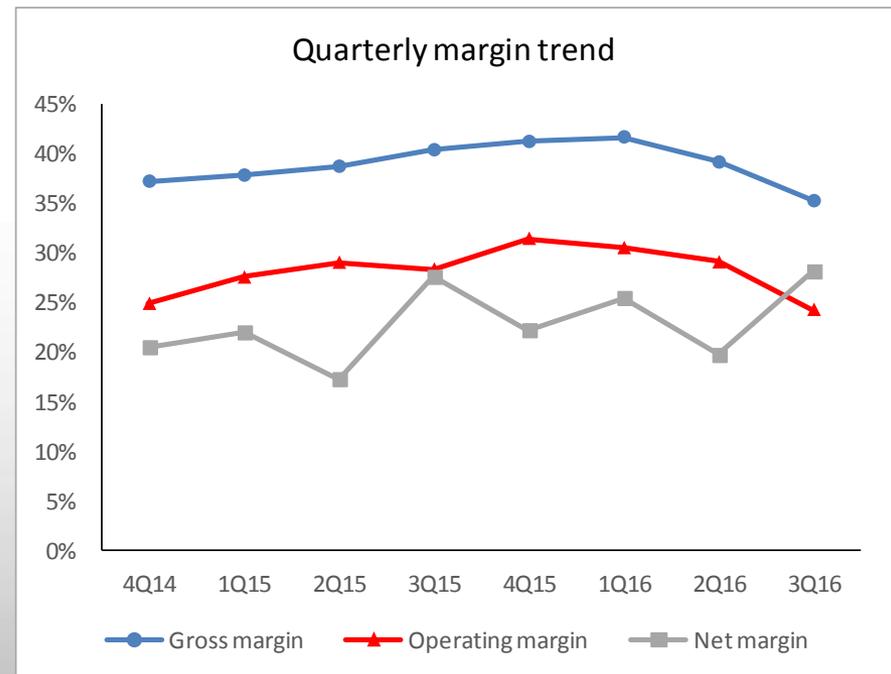
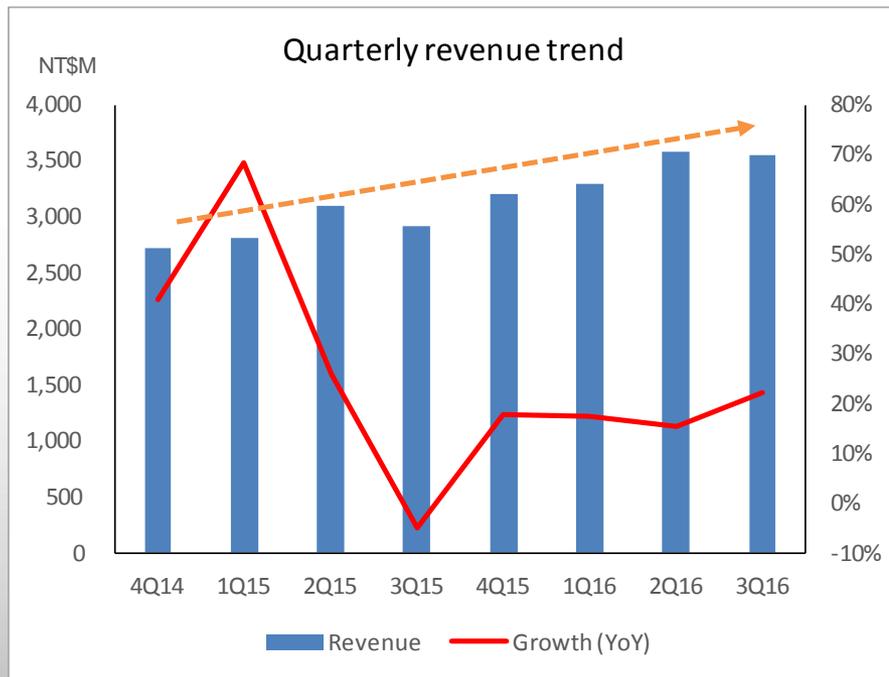
October 2016

- *This presentation contains certain forward-looking statements that are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.*
- *Except as required by law, we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.*

# Quarterly Results & Guidance

# Revenue & Margin Trend

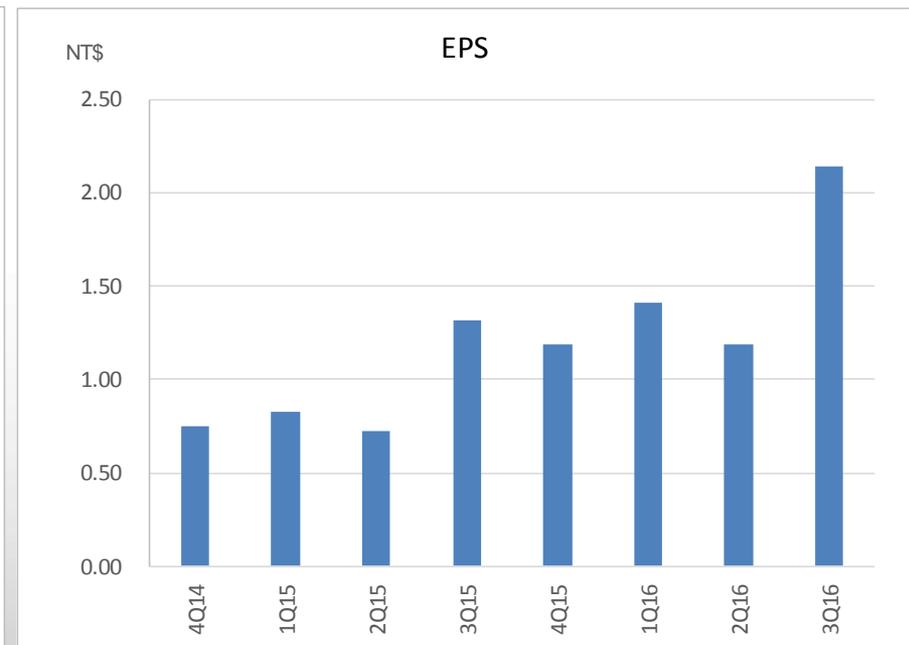
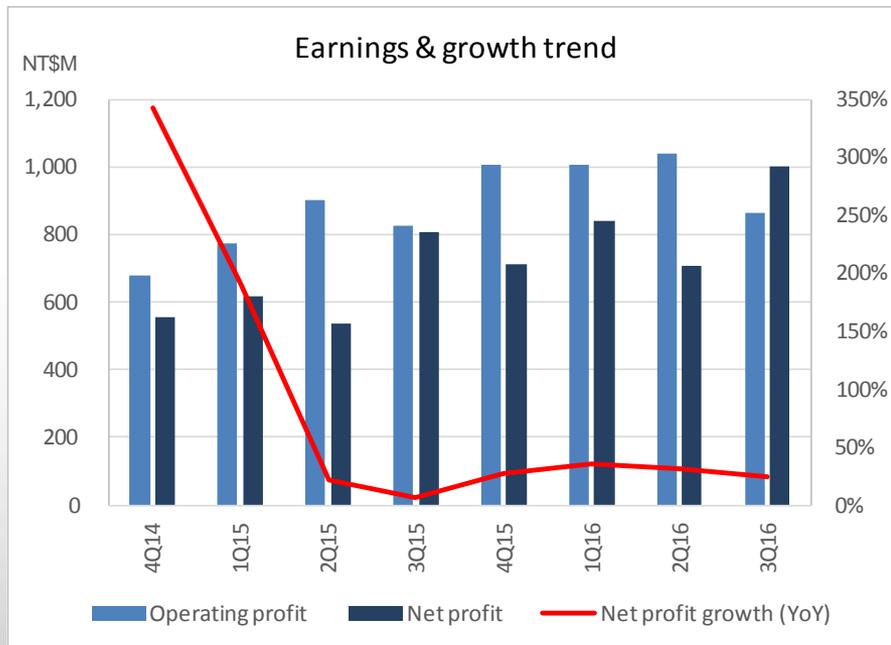
- 3Q16 revenue declined 1% QoQ but increased 22% YoY. This mainly reflects that the long-term demand for the RF industry remains strong, while near-term is impacted by unfavorable forex trend and product transition in the smartphone market.
- 3Q16 GM and OPM were 35.3% and 24.3%, respectively, with sequential decline of 3.9 and 4.8 pp. This was mainly due to the increase in fixed costs and depreciation expenses for the new Fab C, and the valuation impact for the items newly-consolidated into the consolidated financial report in accordance with IFRS.



Source: company.

# Earnings Trend

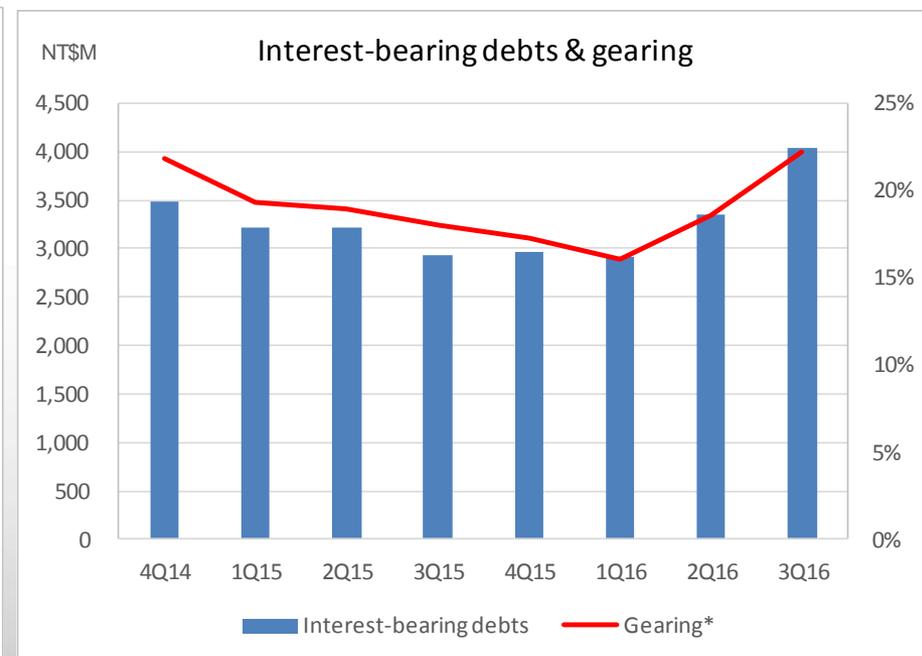
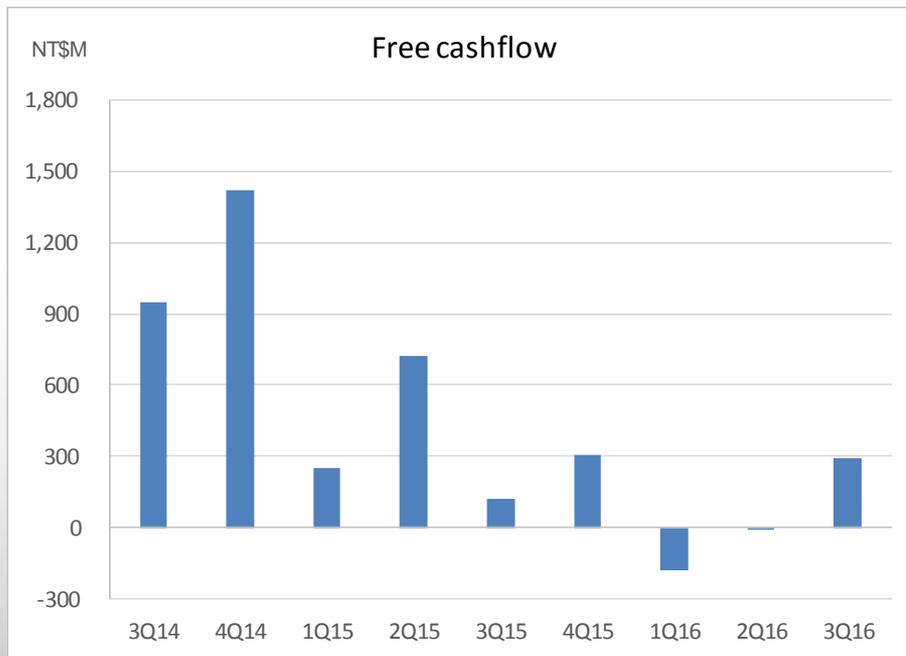
- 3Q16 net profit and EPS both reached a record high for a single quarter. Net profit was NT\$1bn, up 42% QoQ and 24% YoY. EPS came in at NT\$2.14, compared to NT\$1.19 in 2Q16.



Source: company.

# FCF & Gearing Trend

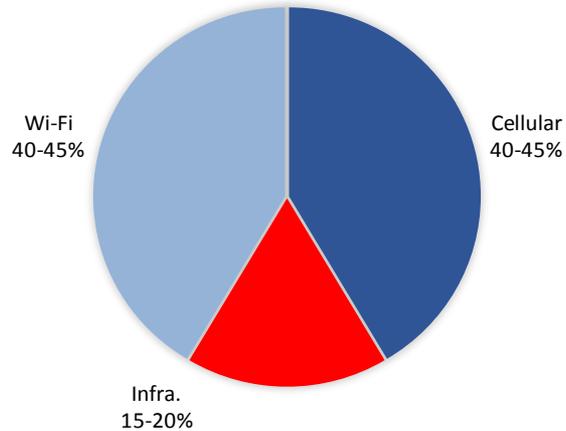
- Although 3Q16 capex continues to increase, free cash flow has materially improved in the quarter.
- Interest-bearing debts and gearing ratio modestly increased, as we moderately increase leverage while maintaining a healthy financial structure.



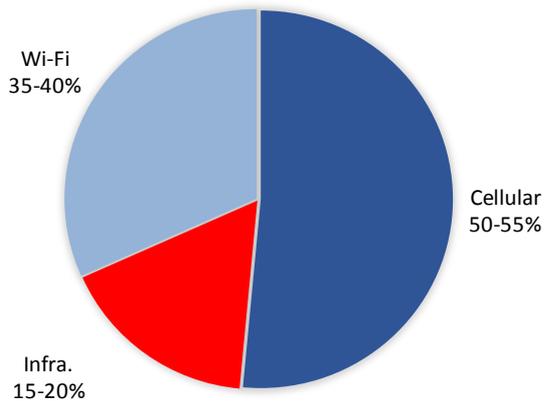
\* Gearing = interest-bearing debts / equity  
Source: company.

# Product Mix

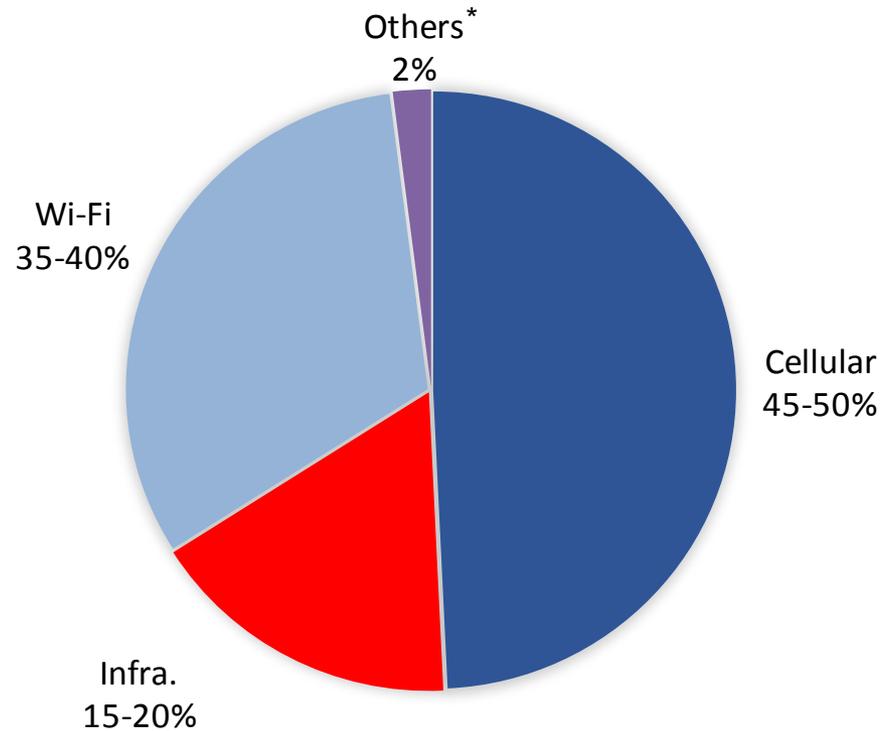
3Q15



2Q16



3Q16



\* Others: additional revenue being consolidated in accordance with IFRS

Source: company.

# 4Q16 Guidance



- We expect 4Q16 revenue to decrease by low teens QoQ.
- We expect 4Q16 gross margin to be flat at or slightly lower than the 3Q16 level.

# Financial Summary

# Consolidated Statements of Comprehensive Income - Quarterly

Unit: NTD Million	3Q'15	2Q'16	3Q'16 (unaudited)	QoQ	YoY
<b>Net revenue</b>	<b>2,913</b>	<b>3,572</b>	<b>3,553</b>	<b>-1%</b>	<b>+22%</b>
Gross profit	1,178	1,400	1,254	-10%	+6%
<i>Gross margin (%)</i>	40.4%	39.2%	35.3%		
Operating expenses	(350)	(360)	(390)	+8%	+11%
<i>Operating expenses rate (%)</i>	-12%	-10%	-11%		
<b>Operating income</b>	<b>827</b>	<b>1,040</b>	<b>864</b>	<b>-17%</b>	<b>+4%</b>
<i>Operating margin (%)</i>	28.4%	29.1%	24.3%		
Non-operating incomes and expenses	137	50	284		
Income before income tax	964	1,090	1,148	+5%	+19%
Income tax expense	(159)	(384)	(146)		
<b>Net income</b>	<b>805</b>	<b>706</b>	<b>1,001</b>	<b>+42%</b>	<b>+24%</b>
<i>Net margin (%)</i>	27.6%	19.8%	28.2%		
<b>EPS (NT\$)</b>	<b>1.32</b>	<b>1.19</b>	<b>2.14</b>	<b>+80%</b>	<b>+62%</b>
Other comprehensive income, net	34	171	69		
<b>Comprehensive income</b>	<b>839</b>	<b>876</b>	<b>1,071</b>	<b>+22%</b>	<b>+28%</b>
ROE(%)	19%	16%	22%		
Approx. Utilization (%)	85%	90%	90%		
Depreciation	475	560	637		
CAPEX	907	795	861		

# Consolidated Statements of Comprehensive Income - YTD

Unit: NTD Million	1-3Q'15	1-3Q'16 (unaudited)	YoY
<b>Net revenue</b>	<b>8,819</b>	<b>10,417</b>	<b>+18%</b>
Gross profit	3,442	4,027	+17%
<i>Gross margin (%)</i>	39.0%	38.7%	
Operating expenses	(939)	(1,117)	+19%
<i>Operating expenses rate (%)</i>	-11%	-10%	
<b>Operating income</b>	<b>2,503</b>	<b>2,911</b>	<b>+16%</b>
<i>Operating margin (%)</i>	28.4%	27.9%	
Non-operating incomes and expenses	46	332	
Income before income tax	2,549	3,243	+27%
Income tax expense	(589)	(696)	
<b>Net income</b>	<b>1,960</b>	<b>2,546</b>	<b>+30%</b>
<i>Net margin (%)</i>	22.2%	24.4%	
<b>EPS (NT\$)</b>	<b>2.81</b>	<b>4.62</b>	<b>+64%</b>
Other comprehensive income, net	1	413	
<b>Comprehensive income</b>	<b>1,961</b>	<b>2,959</b>	<b>+51%</b>
ROE(%)	16%	19%	
Approx. Utilization (%)	85%	90%	
Depreciation	1,412	1,702	
CAPEX	1,787	2,535	

# Non-operating Items

Unit: NTD Million	3Q'15	3Q'16 (unaudited)	1-3Q'15	1-3Q'16 (unaudited)
Foreign exchange gains (losses)	112	(34)	60	(85)
Gains (losses) on disposals of property, plant and equipment	1	(2)	1	(3)
Gains (losses) on disposals of investments	2	227	3	228
Gains on financial assets (liabilities) at fair value through profit or loss, net	(3)	(11)	(5)	18
Share of loss of associates and joint ventures accounted for using equity	(11)	(8)	(44)	(17)
Others	36	112	30	192
<b>Total</b>	<b>137</b>	<b>284</b>	<b>46</b>	<b>332</b>

# Consolidated Balance Sheets

(Unit: NTD Million)	Major Item	2015/9/30		2016/6/30		2016/9/30 (unaudited)	
		\$	%	\$	%	\$	%
	Cash and cash equivalents	1,675	8%	1,415	6%	1,813	7%
	Current financial assets at fair value through profit or	1,050	5%	506	2%	193	1%
	Current available-for-sale financial assets	607	3%	931	4%	922	4%
	Notes and accounts receivable, net	946	4%	1,297	5%	960	4%
	Inventories	2,166	10%	2,541	10%	2,569	10%
	Long-term investments	1,900	9%	2,588	10%	2,066	8%
	Net property, plant and equipment	13,462	60%	15,819	62%	15,889	63%
	<b>Total Assets</b>	<b>22,269</b>	<b>100%</b>	<b>25,591</b>	<b>100%</b>	<b>25,306</b>	<b>100%</b>
	Current liabilities	3,562		4,983		4,048	
	Long-term borrowings	2,197		2,356		2,858	
	<b>Total Liabilities</b>	<b>5,951</b>	<b>27%</b>	<b>7,545</b>	<b>29%</b>	<b>7,119</b>	<b>28%</b>
	Common stock	5,955		5,867		4,077	
	<b>Total Equity</b>	<b>16,318</b>	<b>73%</b>	<b>18,046</b>	<b>71%</b>	<b>18,188</b>	<b>72%</b>
	Book value per share (NT\$)	27.40		30.76		44.61	
	<b>Key Indices</b>						
	Current ratio ( <i>Current assets / Current liabilities</i> )	189%		140%		171%	
	Debt ratio ( <i>Total liabilities / Total assets</i> )	27%		29%		28%	

# Q & A

For more information regarding WIN  
[www.winfoudry.com](http://www.winfoudry.com)

For all inquiries, suggestions, and comments  
[ir@winfoundry.com](mailto:ir@winfoundry.com)

