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WIN Semiconductors

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1Q 2016 Investor Conference

April 2016



Safe Harbor Notice



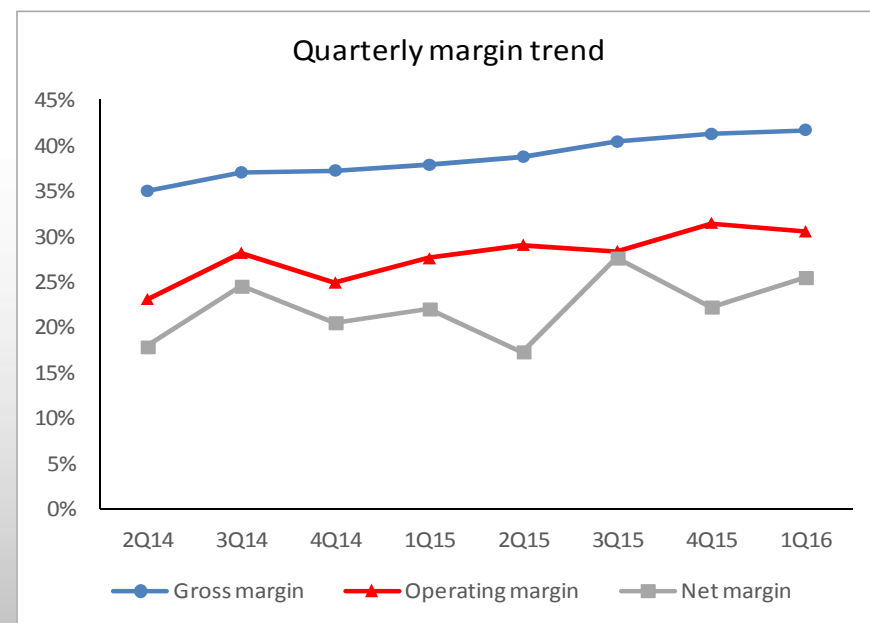
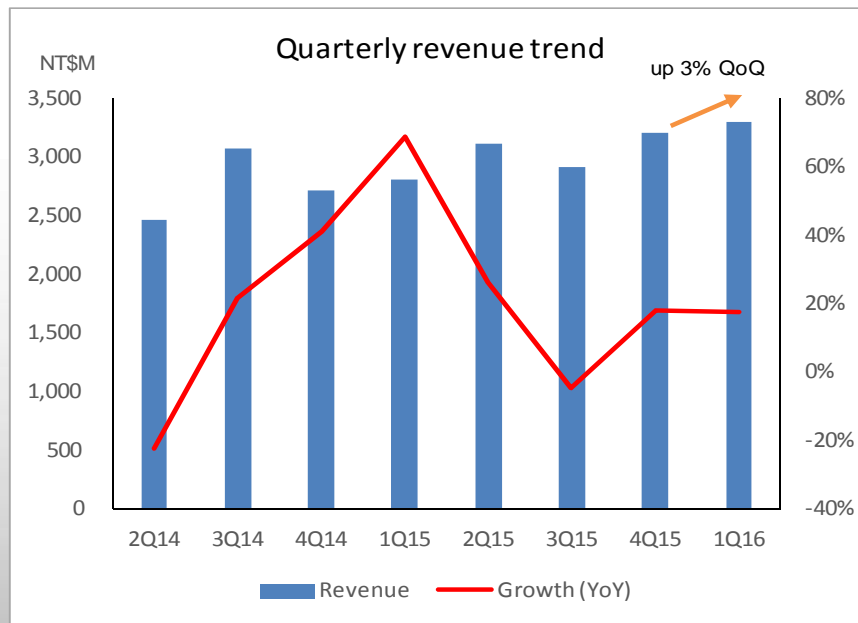
- *This presentation contains certain forward-looking statements that are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.*
- *Except as required by law, 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



- 1Q16 revenue was up 3% QoQ, mainly driven by the better-than-expected demand from the smartphone market. The 17% YoY revenue growth reflected the increasing overall demand for the RF industry.
- 1Q16 GM improved 0.4pp sequentially to a record high of 41.7%, primarily benefiting from continued high utilization and improving product mix. OPM decreased 0.9pp to 30.6%, but was still the second highest in our history.

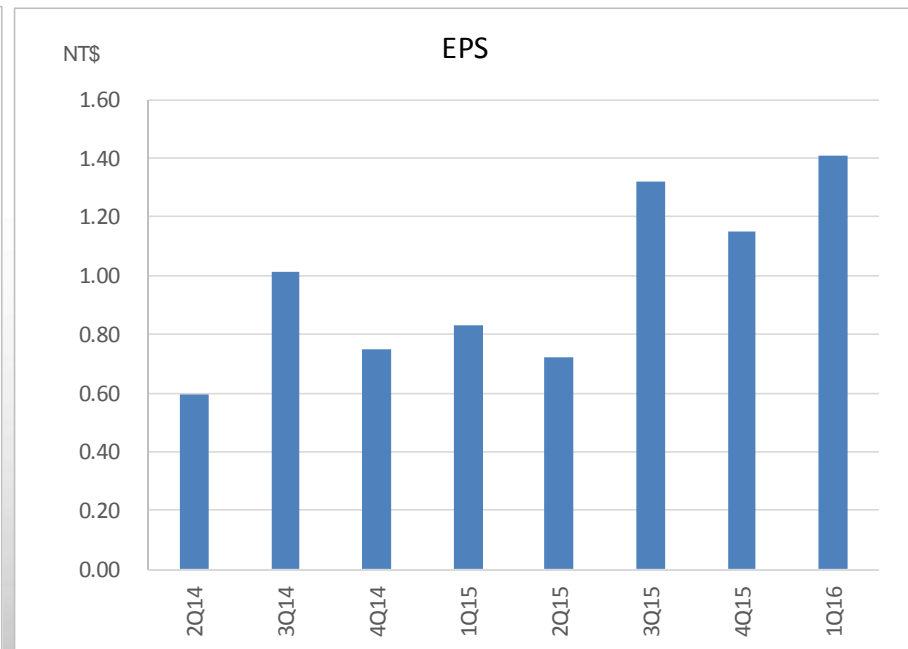
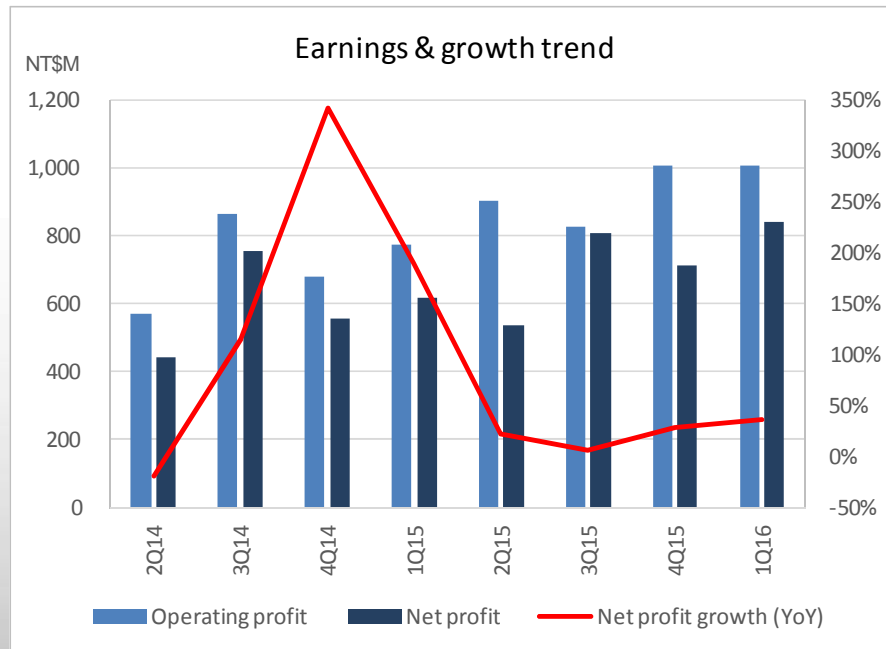


Source: company.

Earnings Trend



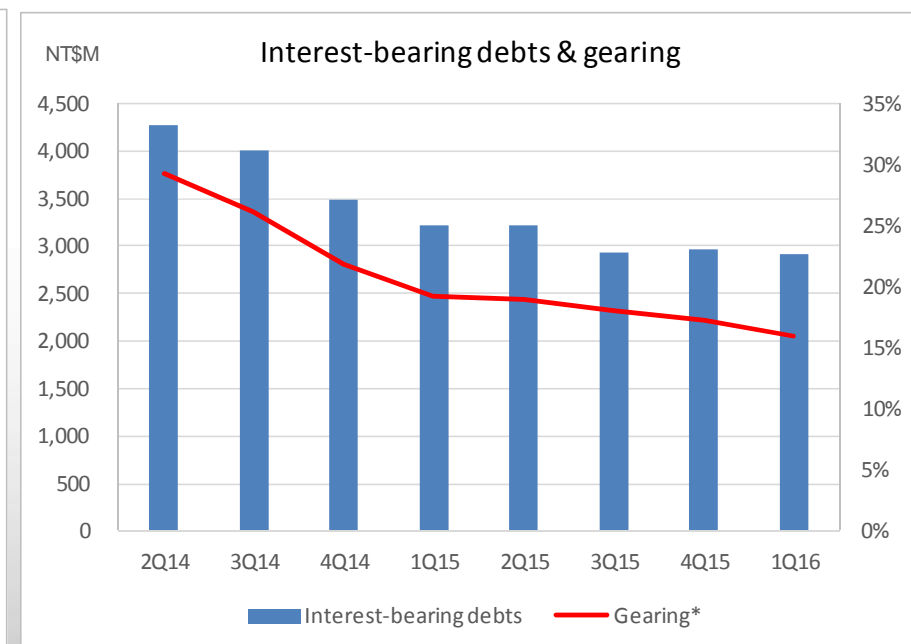
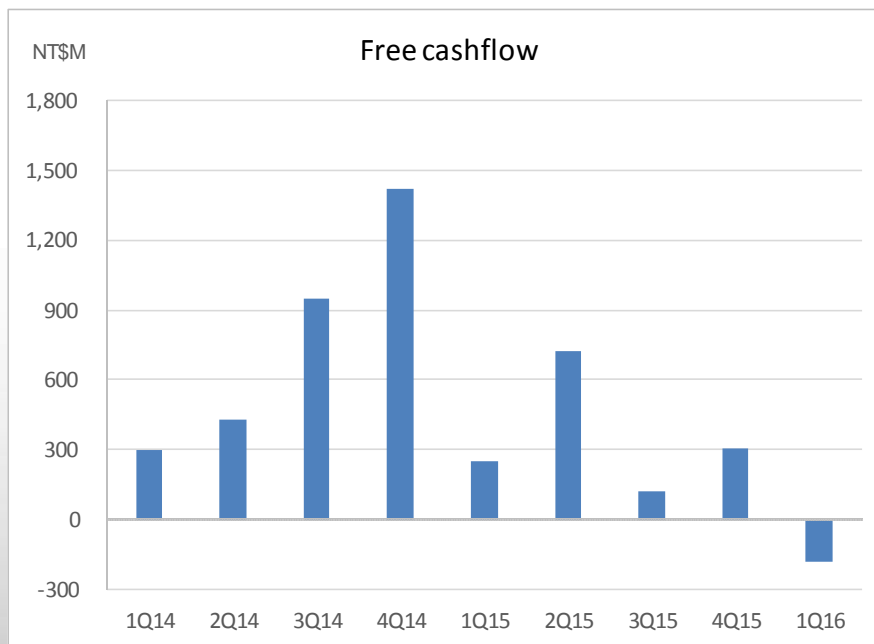
- 1Q16 net profit reached a record high of NT\$839mn, which increased 18% QoQ and 36% YoY. The solid growth was attributable to revenue growth and GM improvement.
- 1Q16 EPS came in at NT\$1.41, compared to NT\$1.19 in 4Q15.



Source: company.

FCF & Gearing Trend

- Free cash flow was negative in 1Q16, mainly due to the capex for continued capacity expansion. However, interest-bearing debts were maintained at below NT\$3bn and gearings declined to a historical low since listing, reinforcing our solid balance sheet position.

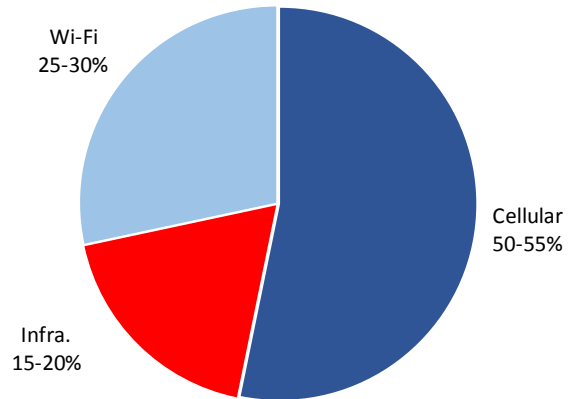


* Gearing = interest-bearing debts / equity
Source: company.

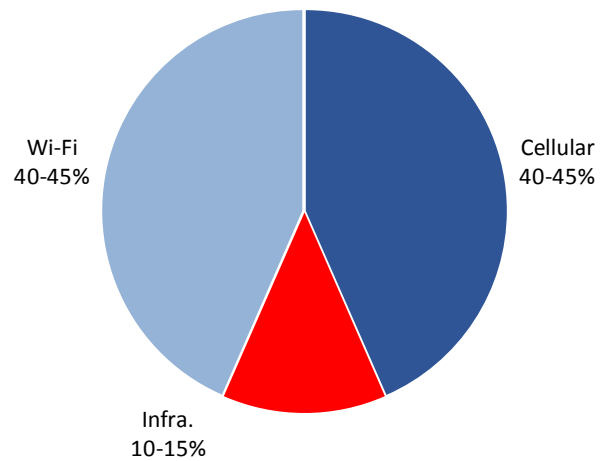
Product Mix



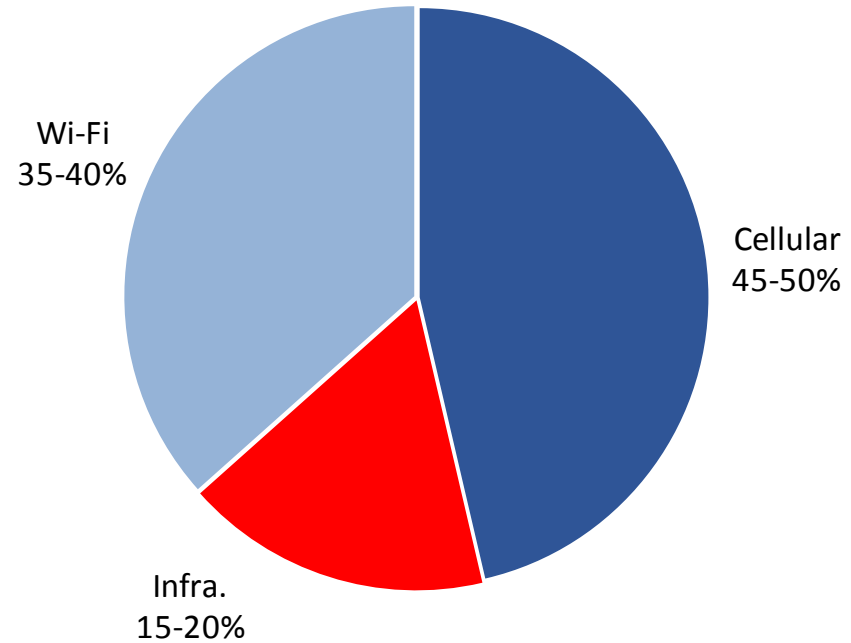
1Q15



4Q15



1Q16



Source: company.

2Q16 Guidance



- We expect 2Q16 revenue to grow by high single digit QoQ.
- We expect 2Q16 depreciation expenses to be higher than 1Q16, which will impact 2Q16 gross margin by 1-2 pp.

Financial Summary

Consolidated Statements of Comprehensive Income - Quarterly



Unit: NTD Million	1Q'15	4Q'15	1Q'16 (unaudited)	QoQ	YoY
Net revenue	2,807	3,197	3,292	+3%	+17%
Gross profit	1,063	1,319	1,374	+4%	+29%
<i>Gross margin (%)</i>	37.9%	41.3%	41.7%		
Operating expenses	(288)	(312)	(367)	+18%	+27%
<i>Operating expenses rate (%)</i>	-10%	-10%	-11%		
Operating income	774	1,007	1,006	-0.1%	+30%
<i>Operating margin (%)</i>	27.6%	31.5%	30.6%		
Non-operating incomes and expenses	(32)	(122)	(1)		
Income before income tax	742	885	1,005	+14%	+35%
Income tax expense	(124)	(173)	(165)		
Net income	618	711	839	+18%	+36%
<i>Net margin (%)</i>	22.0%	22.3%	25.5%		
EPS (NT\$)	0.83	1.19	1.41	+18%	+70%
Other comprehensive income, net	78	156	173		
Comprehensive income	697	867	1,012	+17%	+45%
ROE(%)	15%	17%	19%		
Approx. Utilization (%)	80%	90%	90%		
Depreciation	468	487	504		
CAPEX	499	1,706	879		

Non-operating Items



Unit: NTD Million

	1Q'15	1Q'16 (unaudited)
Foreign exchange gains (losses)	(22)	(44)
Gains (losses) on disposals of property, plant and equipment	-	(0)
Gains (losses) on disposals of investments	1	1
Gains on financial assets (liabilities) at fair value through profit or loss, net	2	8
Share of loss of associates and joint ventures accounted for using equity	(14)	(4)
Others	0	38
Total	(32)	(1)

Consolidated Balance Sheets



(Unit: NTD Million)	Major Item	2015/3/31		2015/12/31		2016/3/31 (unaudited)	
		\$	%	\$	%	\$	%
	Cash and cash equivalents	2,897	13%	1,870	8%	1,718	7%
	Current financial assets at fair value through profit or	903	4%	1,015	4%	774	3%
	Current available-for-sale financial assets	698	3%	630	3%	839	3%
	Notes and accounts receivable, net	936	4%	700	3%	911	4%
	Inventories	1,915	8%	2,471	10%	2,534	10%
	Long-term investments	1,896	8%	2,086	9%	2,281	9%
	Net property, plant and equipment	12,939	57%	14,845	62%	15,057	61%
	Total Assets	22,689	100%	24,111	100%	24,533	100%
	Current liabilities	3,172		4,606		4,127	
	Long-term borrowings	2,666		2,099		1,978	
	Total Liabilities	6,026	27%	6,902	29%	6,303	26%
	Common stock	7,434		5,966		5,967	
	Total Equity	16,663	73%	17,209	71%	18,230	74%
	Book value per share (NT\$)	22.41		28.85		30.55	
	Key Indices						
	Current ratio (<i>Current assets / Current liabilities</i>)	242%		152%		169%	
	Debt ratio (<i>Total liabilities / Total assets</i>)	27%		29%		26%	

Q & A

For more information regarding WIN
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