



WIN Semiconductors

Wireless • Information • Networking

2Q 2014 Investor Conference

August 2014

Safe Harbor Notice



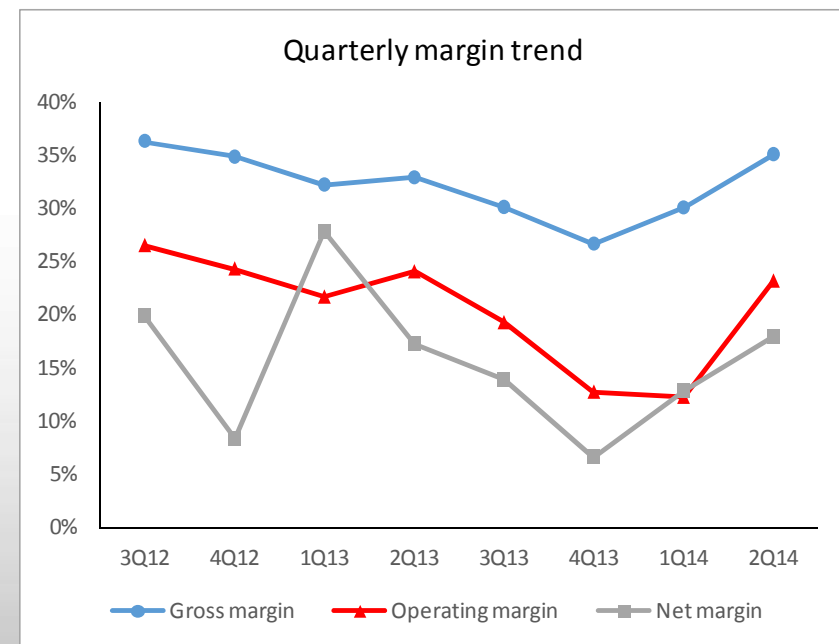
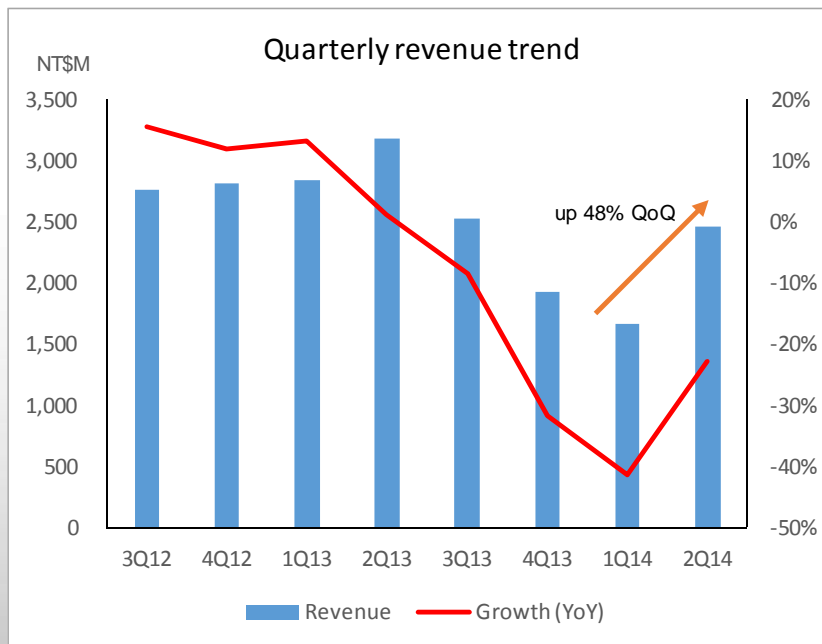
- *This presentation contains certain forward-looking statements that are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.*
- *Except as required by law,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



- 2Q14 revenue recovered a strong 48% QoQ due to low base and customers' starts of inventory restocking.
- GM/OPM improved 5.0pp/10.9pp to 35.0%/23.1% on the back of top-line recovery and our continued improvements in efficiencies.

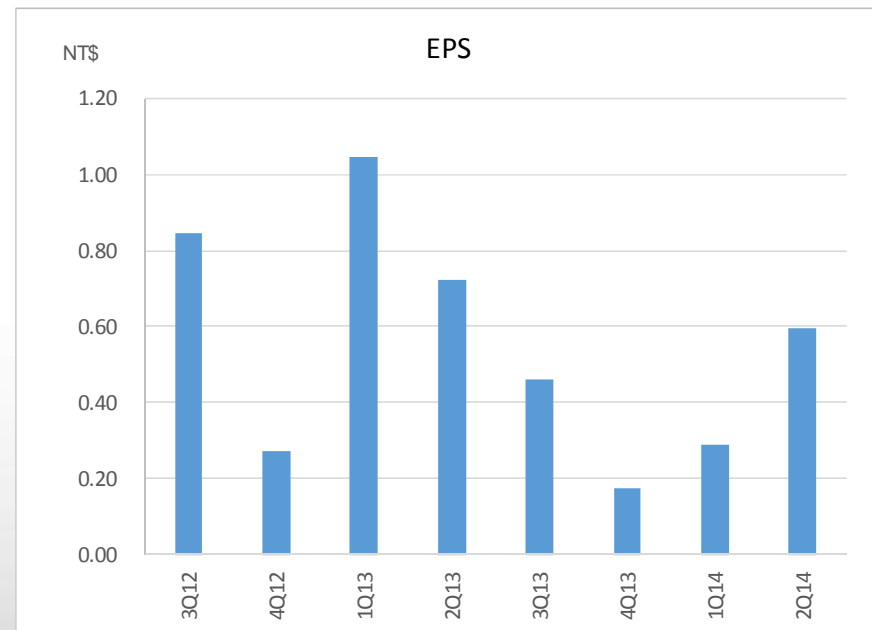
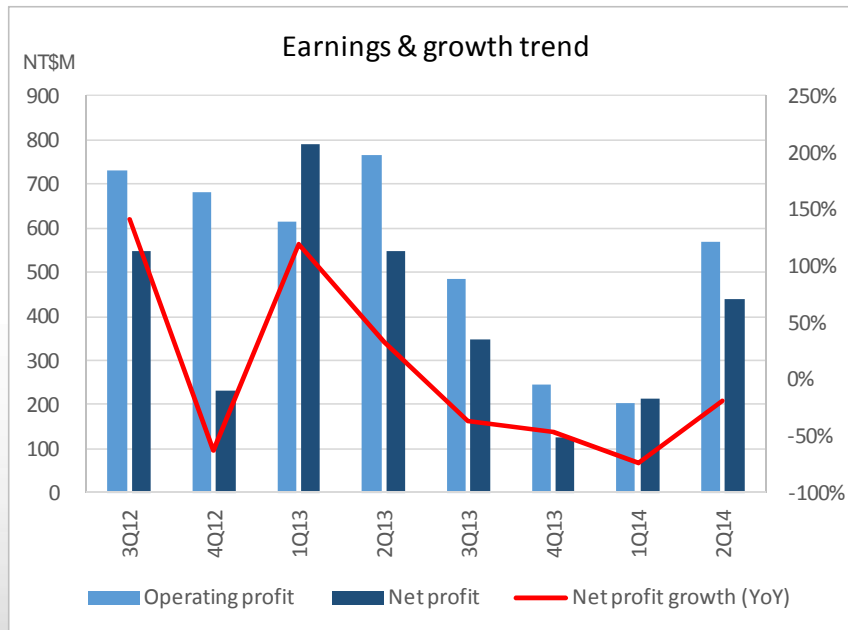


Source: company.

Earnings Trend



- Net profit rose 106% QoQ to NT\$440 million, with YoY growth trend bottoming in 1Q14.
- EPS for 2Q14 was NT\$0.59, up 103% from NT\$0.29 in 1Q14.

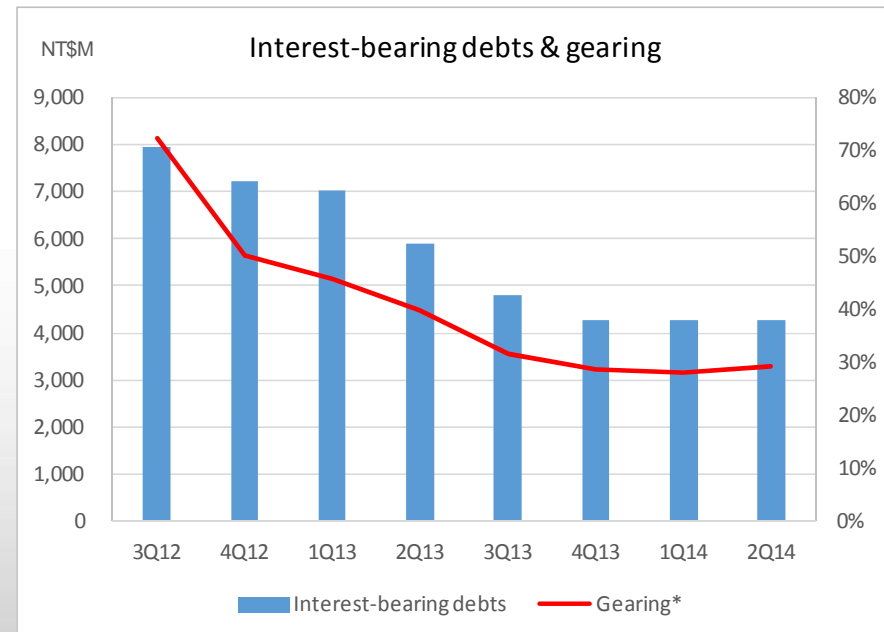
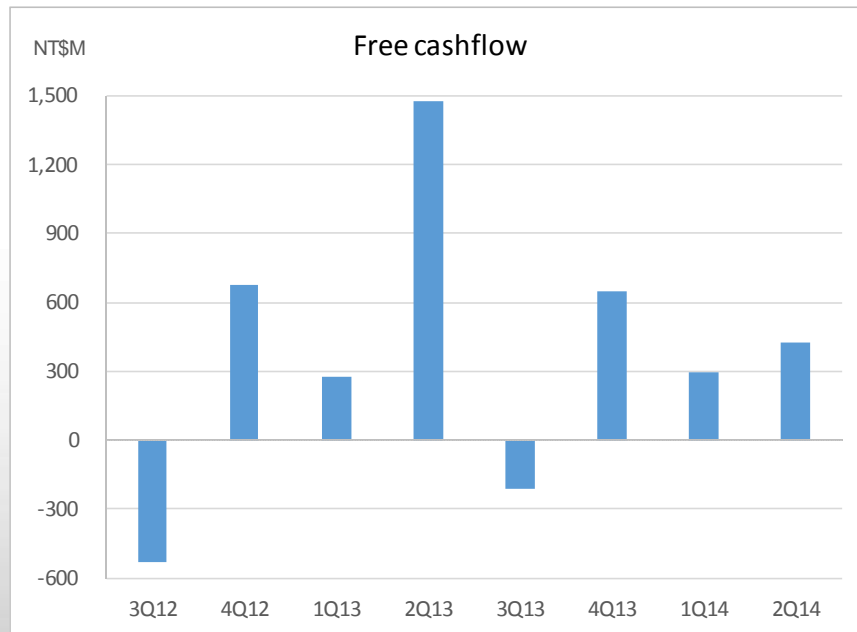


Source: company.

FCF & Gearing Trend

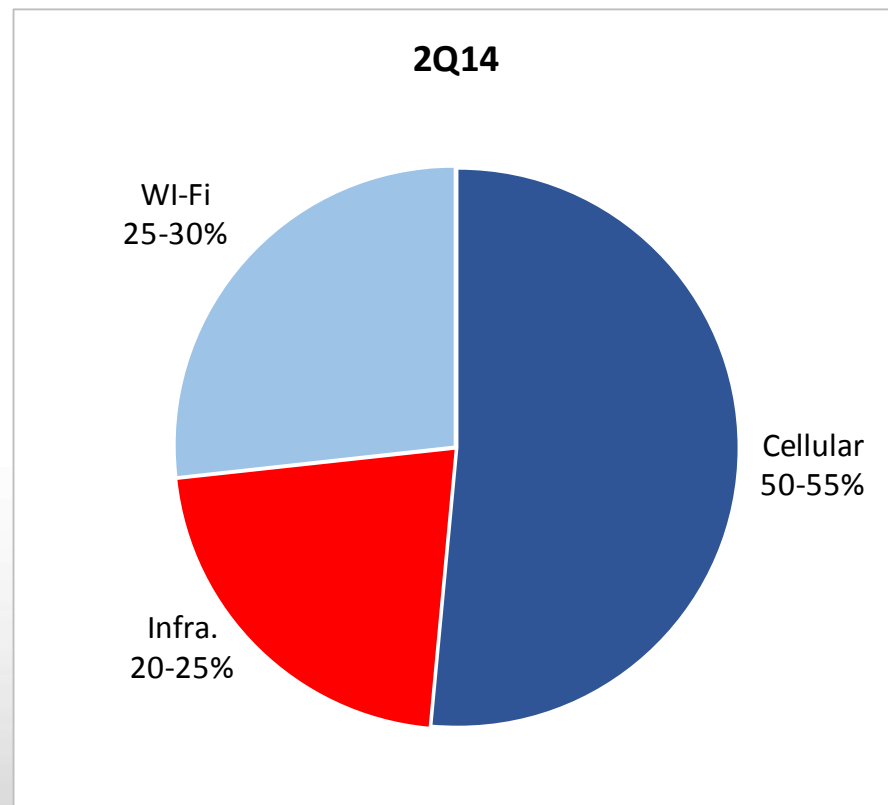
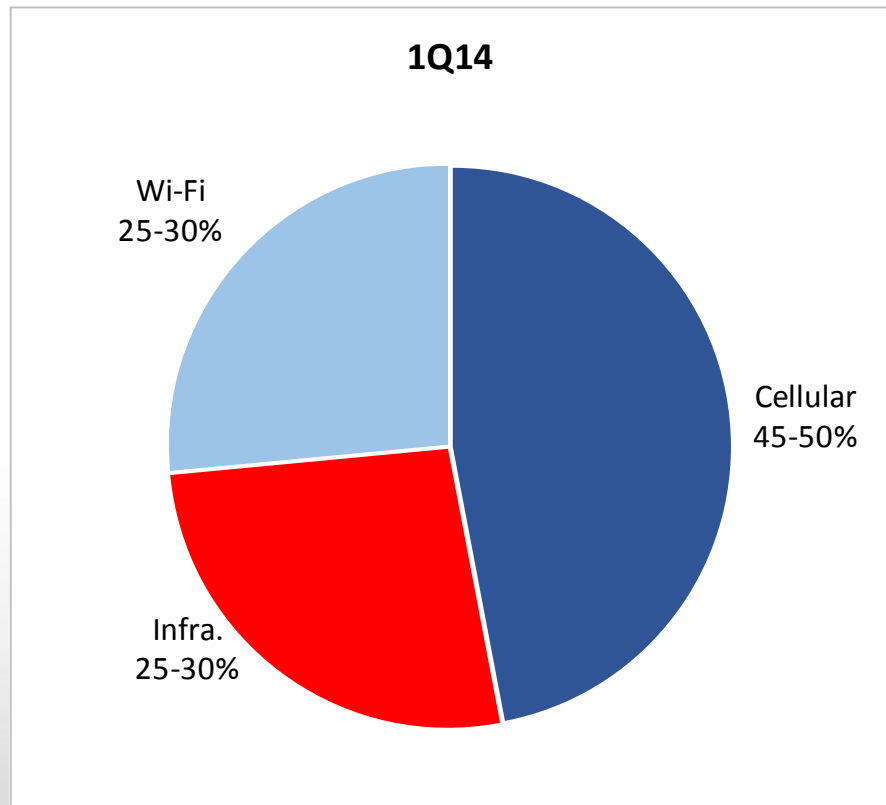


- Free cashflow (FCF) turned positive for 3 quarters in a row, as a result of our frugal control on capex on the back of the corrections.
- Interest-bearing debts and gearings continued to fall as a result of our debts payback, indicating our solid balance sheet position.



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

Product Mix



Source: company.

Guidance



- Revenues for the third quarter 2014 are expected to grow quarter on quarter.
- Gross margins are expected to sustain sequentially.

Financial Summary

Consolidated Statements of Comprehensive Income - Quarterly



(NTD M\$)	Selected Items	2Q'13	1Q'14	2Q'14	QoQ	YoY
Net revenue		3,184	1,667	2,461	+48%	-23%
Gross profit		1,045	500	862	+72%	-18%
<i>Gross margin (%)</i>		32.8%	30.0%	35.0%		
Operating expenses		(281)	(297)	(293)	-1%	+4%
<i>Operating expenses rate (%)</i>		-9%	-18%	-12%		
Operating income		764	204	569	+180%	-26%
<i>Operating margin (%)</i>		24.0%	12.2%	23.1%		
Non-operating incomes (expenses), net		(97)	46	6		
Income before income tax		667	250	575	+130%	-14%
Income tax expense		(120)	(37)	(135)		
Net income		547	213	440	+106%	-20%
<i>Net margin (%)</i>		17.2%	12.8%	17.9%		
EPS (NT\$)		0.72	0.29	0.59	+103%	-18%
Other comprehensive income (net of tax)		62	121	(4)		
Comprehensive income		608	334	436	+30%	-28%
Annualized ROE(%)		15%	6%	12%		
Approx. Utilization (%)		90%	45%	70%		
Depreciation		446	459	462		
CAPEX		301	232	131		

Consolidated Statements of Comprehensive Income - YTD



(NTD M\$)	Selected Items	1H'2013	1H'2014	YoY
Net revenue		6,032	4,128	-32%
Gross profit		1,961	1,362	-31%
	<i>Gross margin (%)</i>	32.5%	33.0%	
Operating expenses		(581)	(589)	+1%
	<i>Operating expenses rate (%)</i>	-10%	-14%	
Operating income		1,380	773	-44%
	<i>Operating margin (%)</i>	22.9%	18.7%	
Non-operating incomes (expenses), net		272	53	
Income before income tax		1,652	825	-50%
Income tax expense		(315)	(172)	
Net income		1,337	653	-51%
	<i>Net margin (%)</i>	22.2%	15.8%	
EPS (NT\$)		1.77	0.88	-50%
Other comprehensive income (net of tax)		178	116	
Comprehensive income		1,514	770	-49%
Annualized ROE(%)		18%	9%	
Approx. Utilization (%)		87%	60%	
Depreciation		888	921	
CAPEX		1,076	363	

Non-operating Items



(NTD M\$)	Selected Items	2Q'13	2Q'14	1H'2013	1H'2014
	Foreign exchange gains	20	(4)	116	1
	Gains (losses) on disposals of property, plant and equipment	-	(0)	307	(0)
	Gains (losses) on disposals of investments	(70)	1	(404)	(53)
	Gains on financial assets (liabilities) at fair value through profit or loss, net	53	12	385	133
	Share of loss of associates and joint ventures accounted for using equity method	(30)	4	(48)	(2)
	Others	(69)	(7)	(84)	(27)
	Total	(97)	6	272	53

Consolidated Balance Sheets



(NTD M\$)	Selected Items	2013/6/30		2014/3/31		2014/6/30	
		Amount	%	Amount	%	Amount	%
	Cash and cash equivalents	3,793	15%	1,694	8%	1,842	8%
	Current financial assets at fair value through profit or loss	2,175	9%	1,772	8%	2,142	10%
	Current available-for-sale financial assets	665	3%	668	3%	704	3%
	Notes and accounts receivable, net	1,037	4%	617	3%	856	4%
	Inventories	2,069	8%	1,047	5%	1,563	7%
	Long-term investments	957	4%	1,126	6%	1,179	5%
	Net property, plant and equipment	13,185	54%	13,828	65%	13,462	60%
	Total Assets	24,560	100%	21,281	100%	22,287	100%
	Current liabilities	4,860		2,141		3,796	
	Long-term borrowings	4,699		3,724		3,724	
	Total Liabilities	9,744	40%	6,036	28%	7,705	35%
	Common stock	7,579		7,402		7,406	
	Total Equity	14,816	60%	15,245	72%	14,581	65%
	Book value per share (NT\$)	19.55		20.60		19.69	
	Key Indices						
	Current ratio (<i>Current assets / Current liabilities</i>)	208%		285%		197%	
	Debt ratio (<i>Total liabilities / Total assets</i>)	40%		28%		35%	

Q & A

For more information regarding WIN
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