



*Compound Semiconductor Solutions
from RF to Lightwave*

穩懋半導體

WIN Semiconductors Company Presentation

Feb - Apr 2021



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.**

- **Market Outlook**
- **Advanced Technology Development**
- **The WIN Strategy**
- **Financial Review & Guidance**
- **Q&A**

MARKET OUTLOOK

2020 Operating Results

Operating Results



2020 revenue hit record high once again.



Revenue of all main products keep growing.
(Growth of Cellular, optics and infra > 20%)



WIN joined the semiconductor industry cluster of Southern Taiwan Science Park and it will be another production base for WIN in the future.



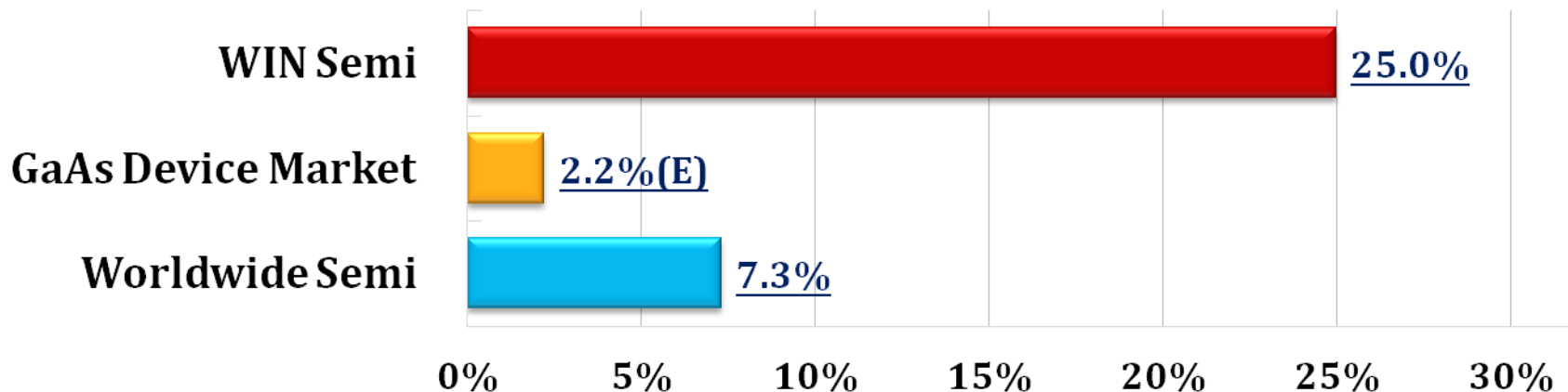
WIN was selected as a new constituent of DJSI World Index.

WIN was the winner of 2020 "Taiwan Corporate Sustainability Award" and SGS "2020 CSR Awards".

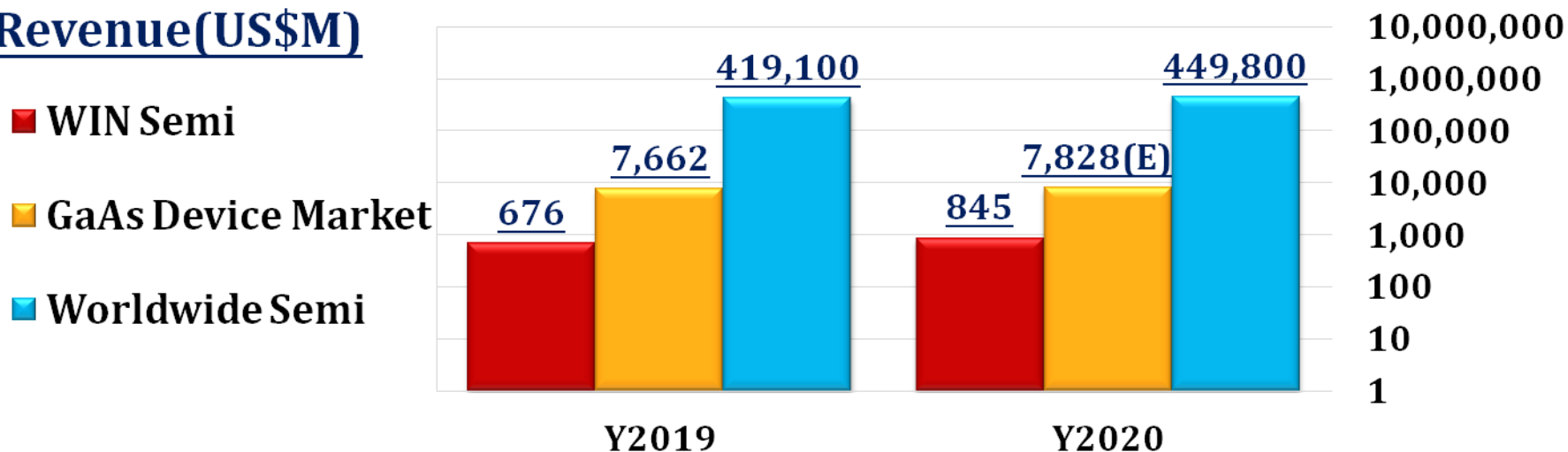
2020 Semiconductors Revenue Trend



Y2020 Revenue Growth Rate (US\$)



Revenue(US\$M)



Source : (1) GaAs Market Estimation, Strategy Analytics, March 2020
 (2) Worldwide Semiconductor Revenue, Gartner, January 2021

Business Growth Drivers



**5G + Wi-Fi
+ IoT**



Infrastructure



**Optical
Devices**

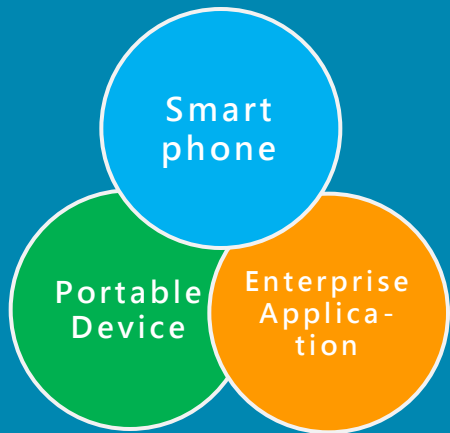
Growth Drivers – 5G+Wi-Fi



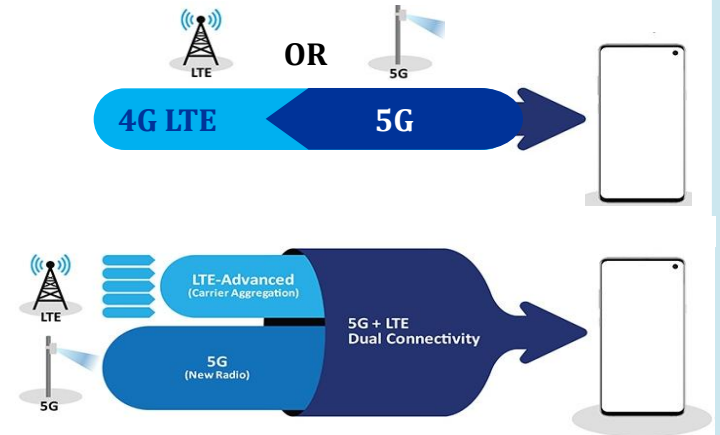
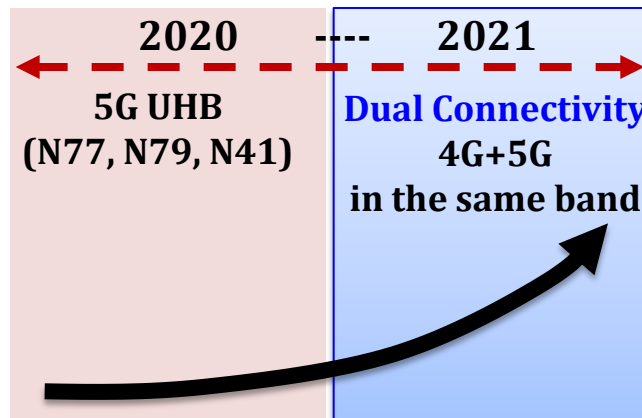
Y2019-20
Implement Phase

Y2021-25
Demand Rapid Growth

5G + Wi-Fi

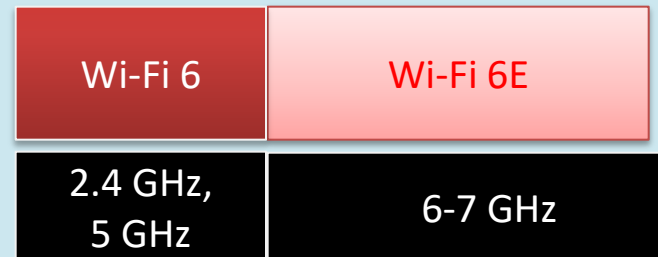


● Additional 5G PA for Dual Connectivity

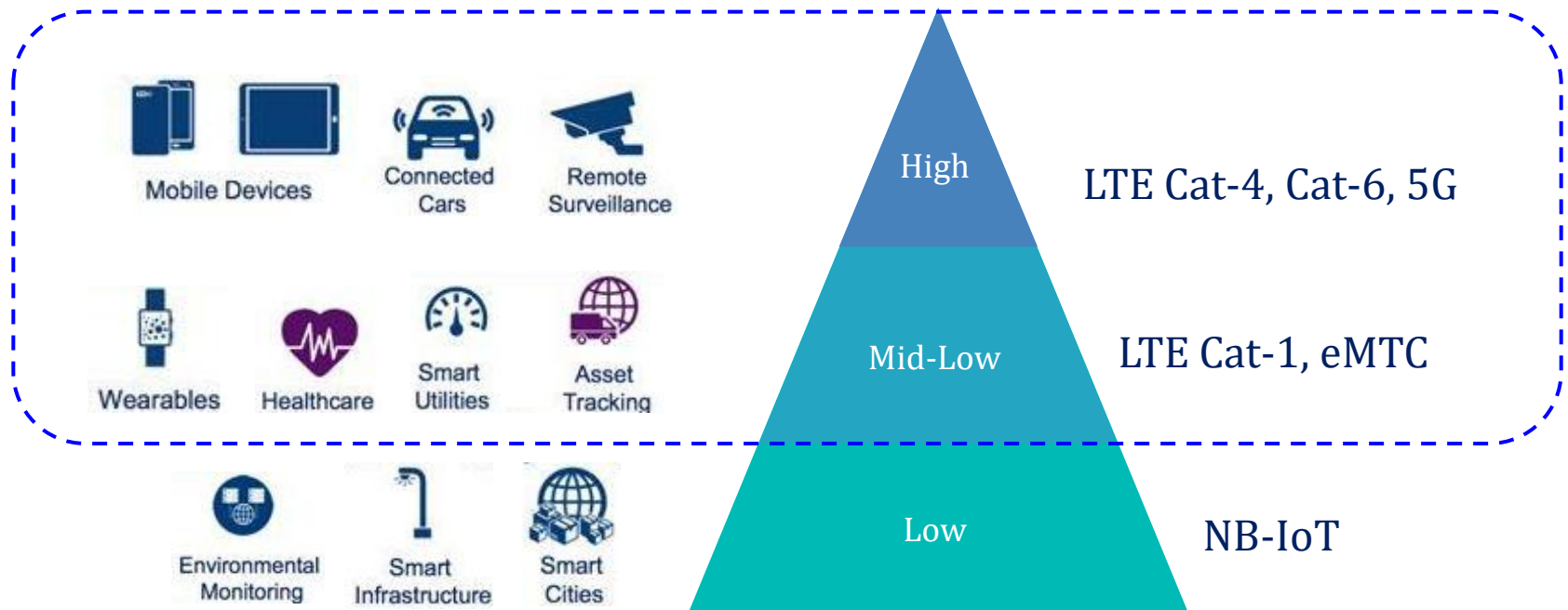


● Wi-Fi 6 will extend the frequency from 5GHz to 6~7GHz

- Wi-Fi 6 keeps growing and penetrating
- Wi-Fi 6E starts to ramp up



Growth Drivers – Massive IoT



- **LTE Cat.1** is a branch of the 4G network. The network can be deployed with the help of 4G base stations without increasing investment. Cat.1's medium and low rate can perfectly cover 2G/3G network data services. **Network coverage, network speed and latency** are better than NB-IoT and 2G modules.

Growth Drivers – Infrastructure



Y2019-20
Implement Phase

Y2021-25
Demand Rapid Growth

Infrastructure



- **RF Device for base station**
 - The better RF performance (Linearity, PAE, etc.) for 5G Infra.

	Technology
Macro Cell	<ul style="list-style-type: none">• PA : GaN HEMT• DA : GaAs HBT• LNA : GaAs pHEMT
Small Cell	<ul style="list-style-type: none">• GaN HEMT for outdoor PA• GaAs HBT for indoor PA• pHEMT for LNA

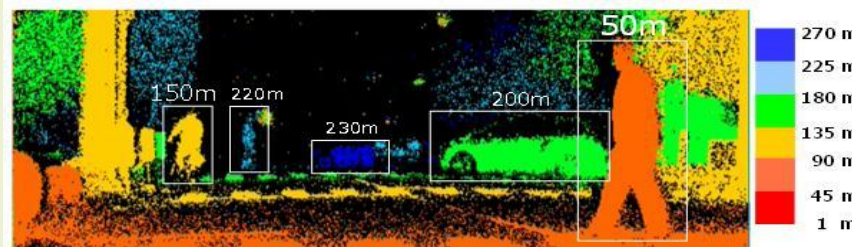
- **Satellite Communication keeps growing from LEO requirement**
 - More small satellites in orbit by 2027.
 - Communication applications will be the key growth engine for satellite.

Growth Drivers – Optical Devices

Optical Devices



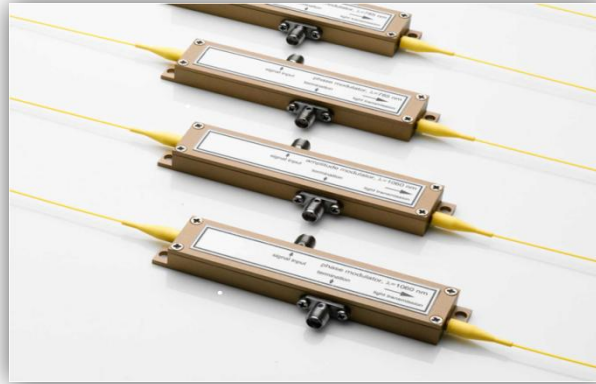
- **Structure-Light continuous** be used for facial recognition.
- **ToF for more 3D sensing applications will keep growing.**
 - LiDAR at rear side of smart phone
 - Door lock
 - LiDAR for autonomous car, in-cabin gesture recognition, driver condition monitoring, supermarket/bank payment system, airport/metro transportation entrance, etc.



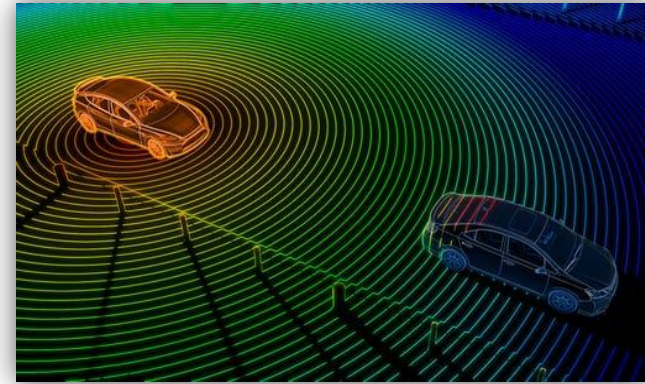
ADVANCED TECHNOLOGY DEVELOPMENT FOR FUTURE MARKETS



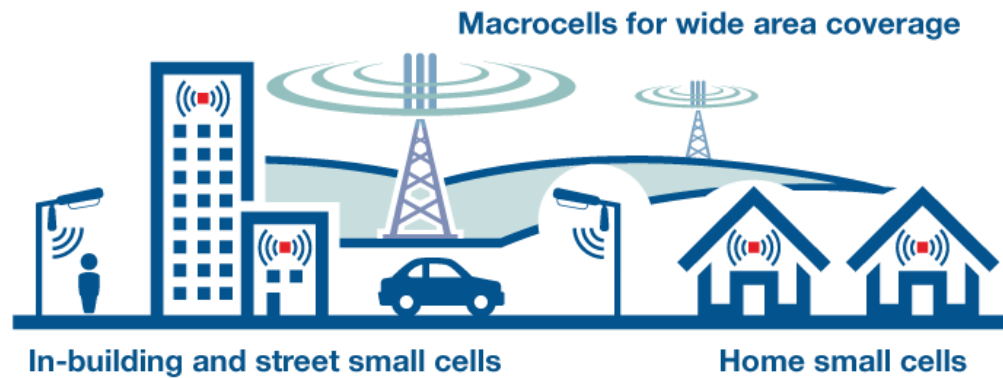
Laser Diode/Photo Diode



Mach-Zehnder (MZ) Modulator



LiDAR



RF Applications

Satellite, V band PtP, mm-Wave Solutions



The WIN Strategy

Invest in capacity to capture demand growth and improve margins through product remix

Scale & Remix

Invest in technologies to maintain competitive edge and sustain leadership

Technology Leadership

Leverage on technology and manufacture expertise to lift efficiency and drive cost down

Cost & Efficiency

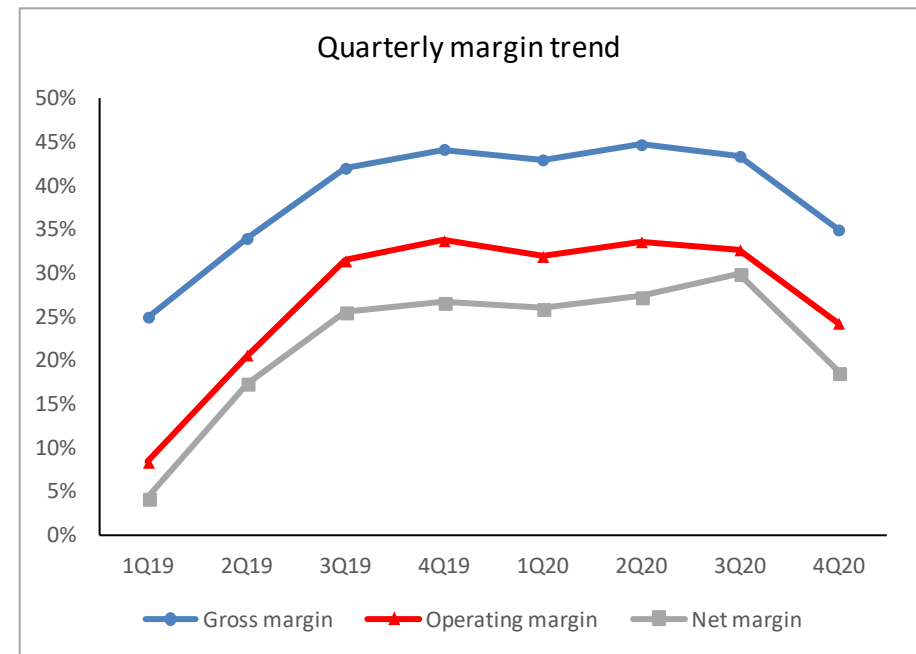
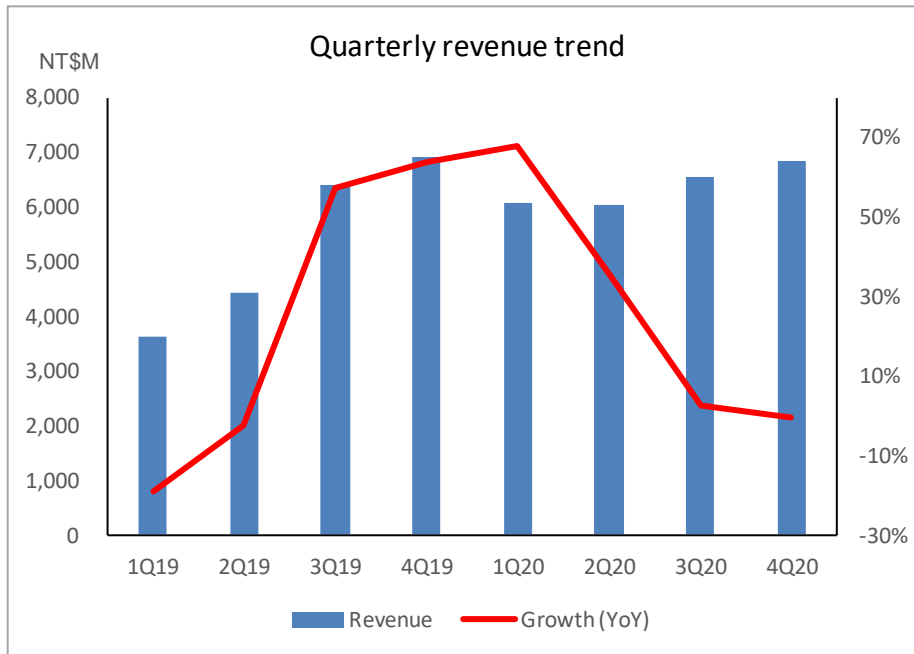
Customer Diversification

Grow and acquire new customers in existing and new markets to diversify customer base

FINANCIAL REVIEW & GUIDANCE

Revenue & Margin Trend

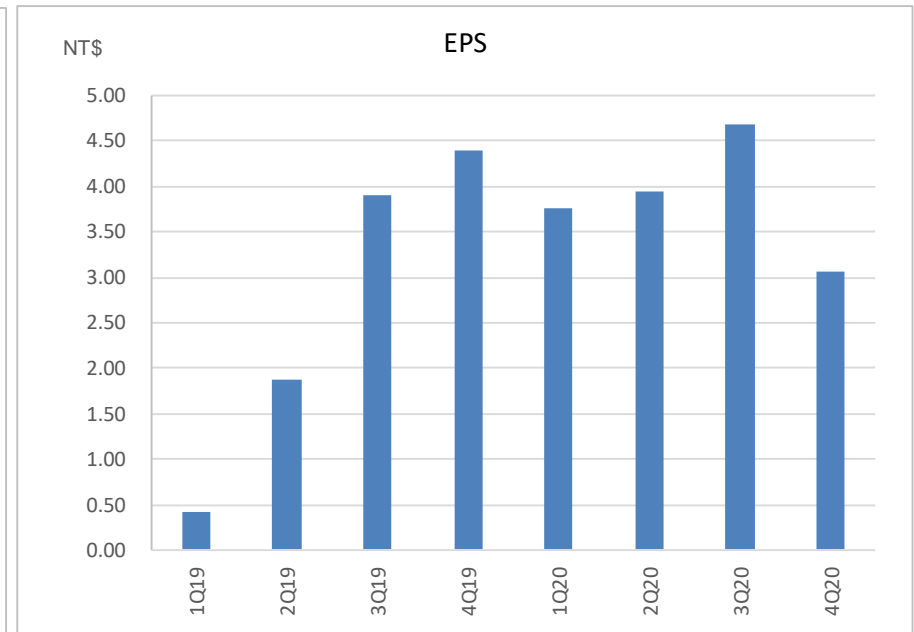
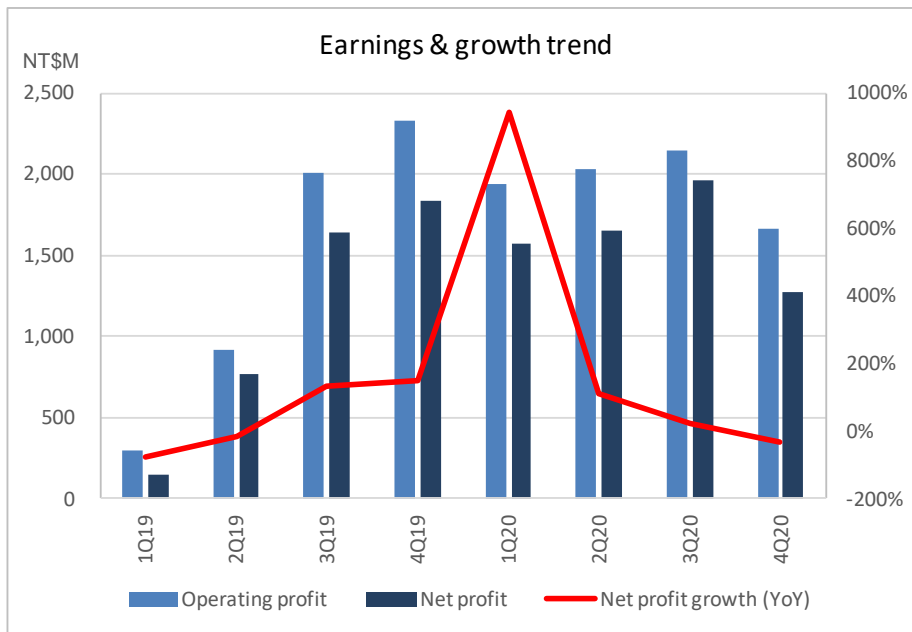
- 4Q20 revenue was NT\$6,861m, up 4% QoQ but down 1% YoY.
- In 4Q20, due to changes in the product mix and the impact of NTD appreciation over USD, our gross margin and operating margin both declined by 8.4pp sequentially to 35% and 24.3%, respectively.



Source: company.

Earnings Trend

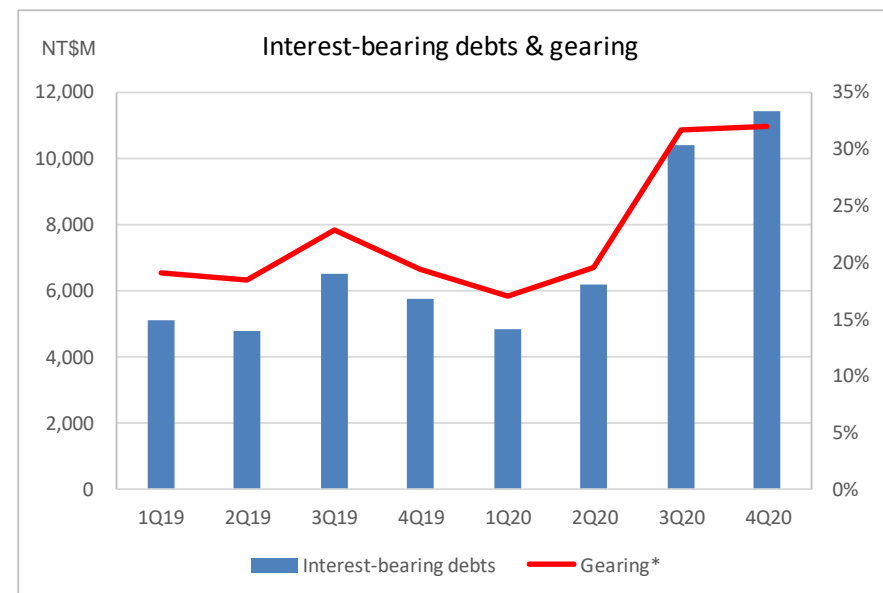
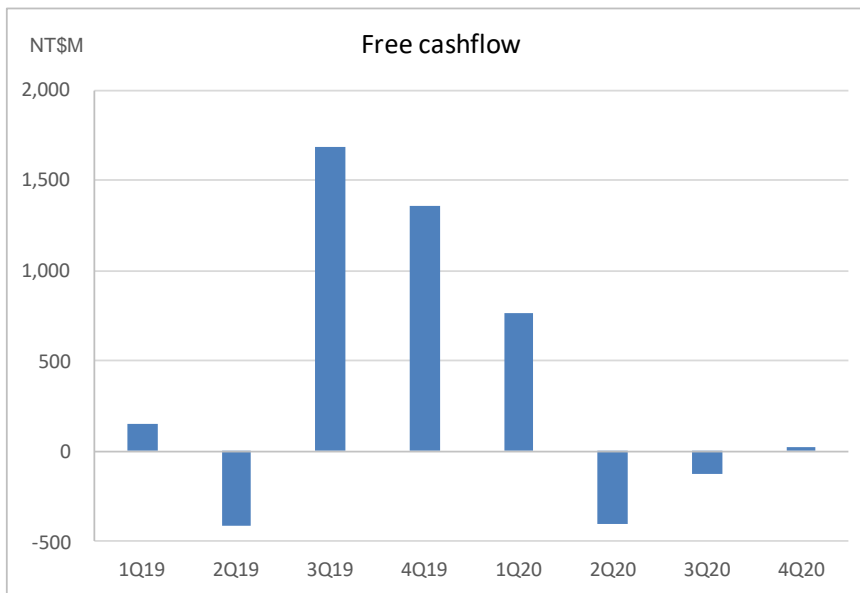
- 4Q20 net profit was NT\$1,276m, down 32% QoQ and 27% YoY. EPS came in at NT\$3.07, compared to NT\$4.68 in 3Q20.



Source: company.

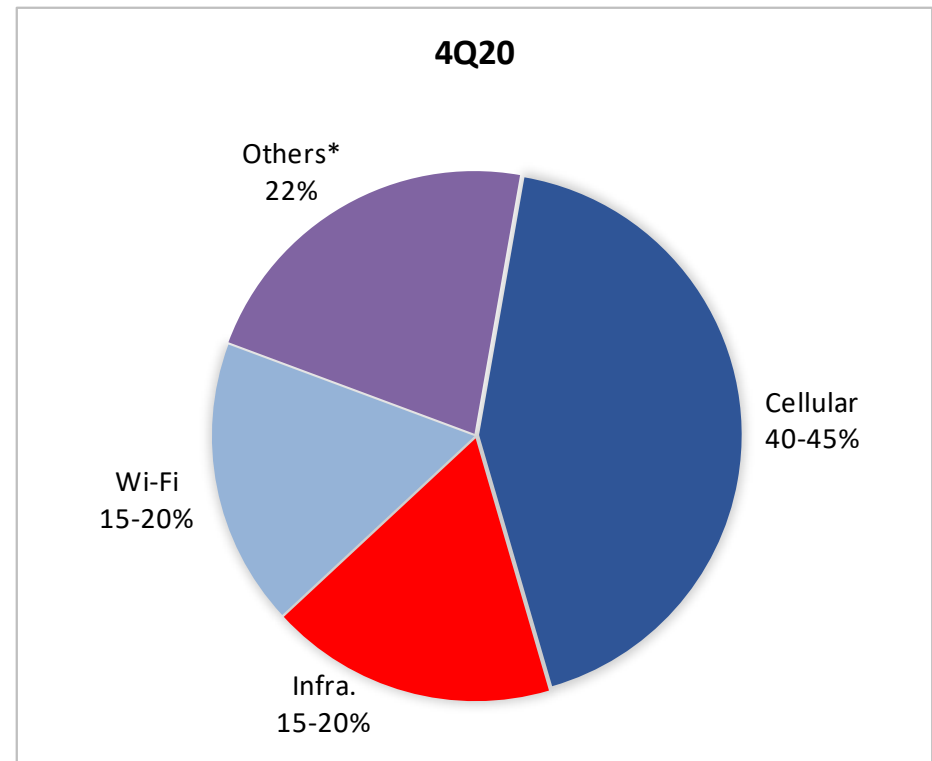
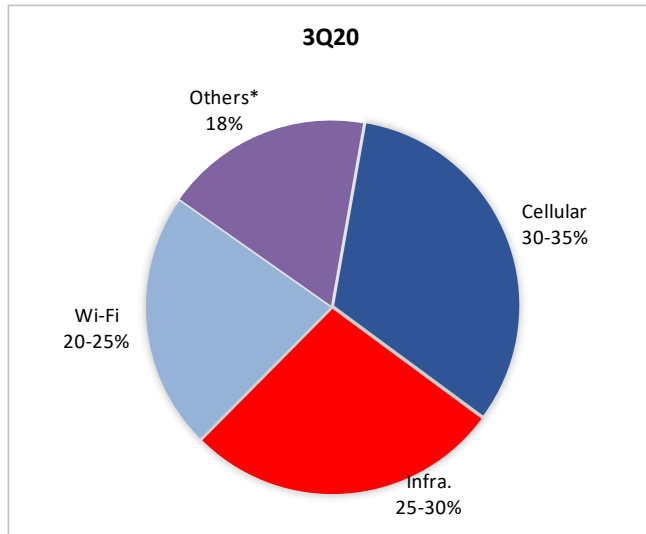
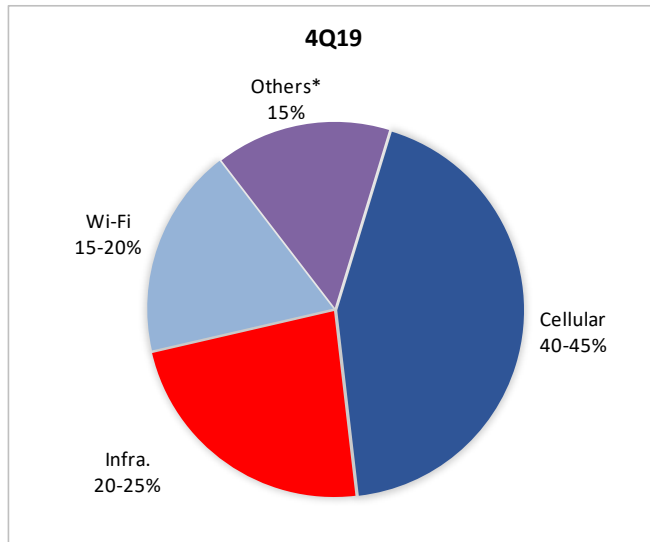
FCF & Gearing Trend

- In 4Q20, although our capex was higher than the previous quarter, we still generated modest net inflow of free cash flow.
- 4Q20 interest-bearing debts increased sequentially but gearing ratio was similar to 3Q20. Our financial structure remained healthy.



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

Product Mix



* Others: Revenue not attributable to main product segments and additional revenue being consolidated in accordance with IFRS.

Source: company.

1Q21 Guidance



- We expect 1Q21 revenue to decline low-teens QoQ.
- We expect 1Q21 gross margin to be around the level of mid-thirties.

APPENDIX - FINANCIAL SUMMARY

Consolidated Statements of Comprehensive Income - Quarterly



Unit: NTD Million	4Q'19	3Q'20	4Q'20 (unaudited)	QoQ	YoY
Net revenue	6,904	6,566	6,861	+4%	-1%
Gross profit	3,052	2,851	2,399	-16%	-21%
<i>Gross margin (%)</i>	<i>44.2%</i>	<i>43.4%</i>	<i>35.0%</i>		
Operating expenses	(723)	(705)	(735)	+4%	+2%
<i>Operating expenses rate (%)</i>	<i>-10%</i>	<i>-11%</i>	<i>-11%</i>		
Operating income	2,329	2,146	1,664	-22%	-29%
<i>Operating margin (%)</i>	<i>33.7%</i>	<i>32.7%</i>	<i>24.3%</i>		
Non-operating incomes and expenses	(110)	244	(48)		
Income before income tax	2,219	2,391	1,617	-32%	-27%
Income tax expense	(379)	(423)	(341)		
Net income	1,840	1,967	1,276	-35%	-31%
<i>Net margin (%)</i>	<i>26.6%</i>	<i>30.0%</i>	<i>18.6%</i>		
EPS (NT\$)	4.40	4.68	3.07	-34%	-30%
Other comprehensive income, net	(535)	(590)	718		
Comprehensive income	1,304	1,377	1,994	+45%	+53%
ROE(%)	25%	24%	15%		
Approx. Utilization (%)	100%	75%	85%		
Depreciation	871	935	983		
CAPEX	1,701	2,291	2,958		

Consolidated Statements of Comprehensive Income - YTD



Unit: NTD Million	2019Y	2020Y (unaudited)	YoY
Net revenue	21,378	25,546	+19%
Gross profit	8,161	10,569	+30%
<i>Gross margin (%)</i>	38.2%	41.4%	
Operating expenses	(2,602)	(2,786)	+7%
<i>Operating expenses rate (%)</i>	-12%	-11%	
Operating income	5,559	7,782	+40%
<i>Operating margin (%)</i>	26.0%	30.5%	
Non-operating incomes and expenses	(165)	220	
Income before income tax	5,393	8,002	+48%
Income tax expense	(993)	(1,534)	
Net income	4,401	6,469	+47%
<i>Net margin (%)</i>	20.6%	25.3%	
EPS (NT\$)	10.59	15.45	+46%
Other comprehensive income, net	1,970	731	
Comprehensive income	6,371	7,200	+13%
ROE(%)	16%	20%	
Approx. Utilization (%)	80%	85%	
Depreciation	3,348	3,628	
CAPEX	5,306	8,509	

Non-operating Items



Unit: NTD Million

	4Q'19	4Q'20 (unaudited)	2019Y	2020Y (unaudited)
Foreign exchange gains (losses)	(138)	(11)	(75)	(44)
Gains (losses) on disposals of property, plant and equipment	(87)	25	(376)	21
Gains (losses) on disposals of investments	(74)	-	(26)	-
Gains on financial assets (liabilities) at fair value through profit or loss, net	154	42	221	23
Share of gains (losses) of associates and joint ventures accounted for using equity method	(6)	35	(201)	127
Impairment loss on financial assets	-	(139)	-	(139)
Others	40	0.4	291	231
Total	(110)	(48)	(165)	220

Consolidated Balance Sheets



(Unit: NTD Million)	Major Item	2019/12/31		2020/9/30		2020/12/31 (unaudited)	
		\$	%	\$	%	\$	%
	Cash and cash equivalents	5,926	14%	6,709	13%	8,356	15%
	Current financial assets at fair value through profit or loss	507	1%	1,098	2%	756	1%
	Notes and accounts receivable, net	2,407	6%	1,762	4%	2,038	4%
	Inventories	4,389	10%	5,549	11%	5,499	10%
	Long-term investments	5,655	13%	7,359	15%	8,375	15%
	Net property, plant and equipment	21,405	51%	24,514	49%	26,637	49%
	Total Assets	42,126	100%	49,701	100%	54,702	100%
	Current liabilities	5,976		5,749		6,703	
	Long-term borrowings	5,788		10,433		11,419	
	Total Liabilities	12,287	29%	16,763	34%	18,972	35%
	Common stock	4,241		4,241		4,241	
	Total equity attributable to owners of parent	29,657		32,000		34,078	
	Total Equity	29,840	71%	32,938	66%	35,730	65%
	Book value per share (NT\$) ¹	69.94		75.46		80.36	
	Key Indices						
	Current ratio (<i>Current assets / Current liabilities</i>)	228%		279%		261%	
	Debt ratio (<i>Total liabilities / Total assets</i>)	29%		34%		35%	

¹ Book value per share = total equity attributable to owners of parent / number of common shares

Q & A

For more information regarding WIN
www.winfoundry.com

For all inquiries, suggestions, and comments
ir@winfoundry.com

