



*Compound Semiconductor Solutions
from RF to Lightwave*

穩懋半導體

WIN Semiconductors Company Presentation

May - Jul 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

Business Growth Drivers



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



Infrastructure



**Optical
Devices**

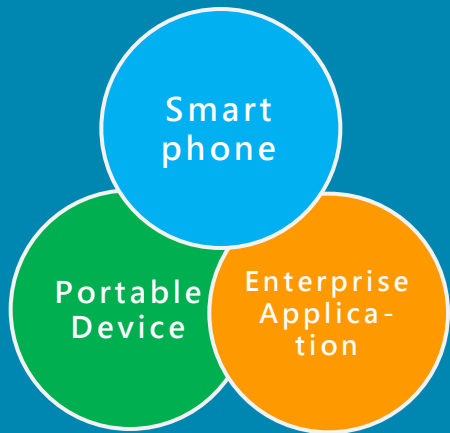
Growth Drivers – 5G+Wi-Fi



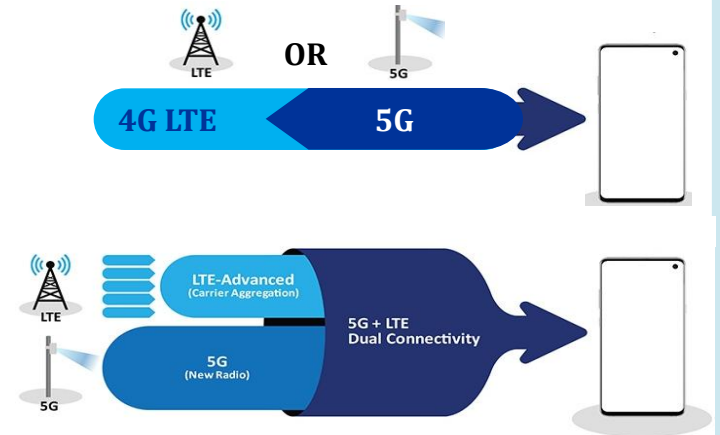
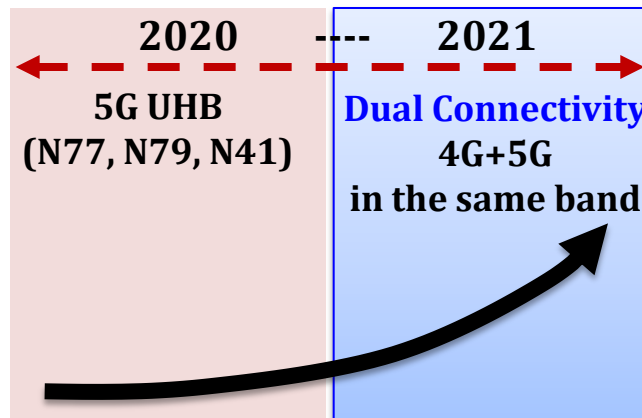
Y2019-20
Implement Phase

Y2021-25
Demand Rapid Growth

5G + Wi-Fi

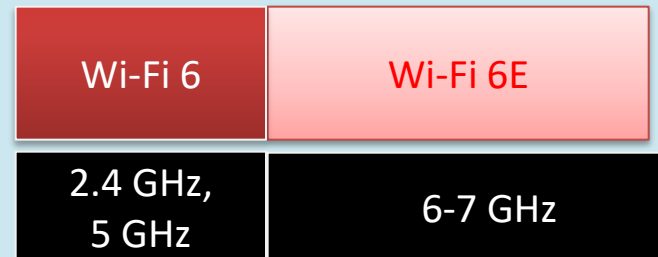


● Additional 5G PA for Dual Connectivity

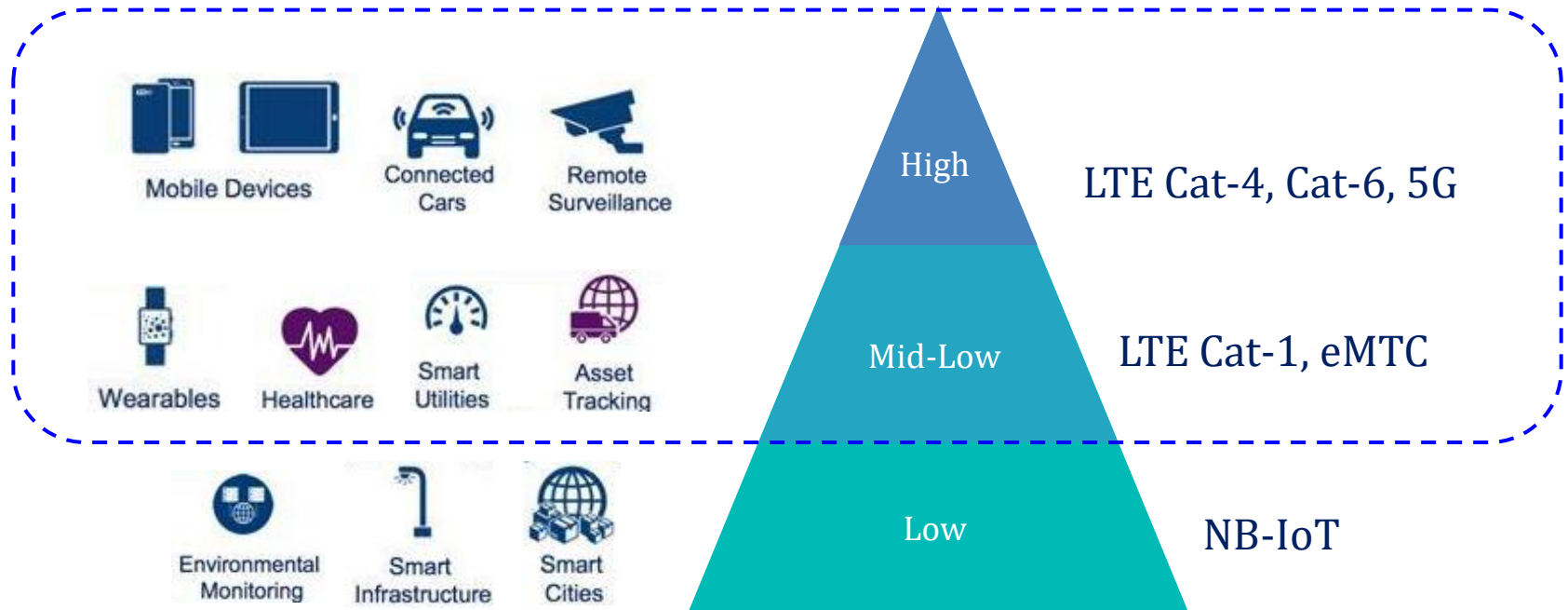


● Wi-Fi 6 will extend the frequency from 5GHz to 6~7GHz

- 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 |

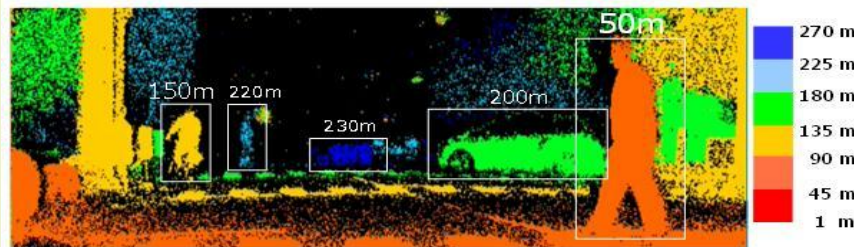
- **Satellite Communication keeps growing from LEO requirement**
 - More small satellites in orbit by 2027.
 - Communication applications will be the key growth engine for satellite.

Growth Drivers – Optical Devices

Optical Devices



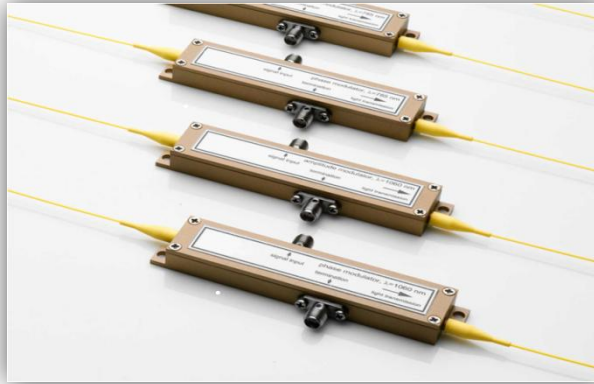
- **Structure-Light continuous** be used for facial recognition.
- **ToF for more 3D sensing applications will keep growing.**
 - LiDAR at rear side of smart phone
 - Door lock
 - LiDAR for autonomous car, in-cabin gesture recognition, driver condition monitoring, supermarket/bank payment system, airport/metro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



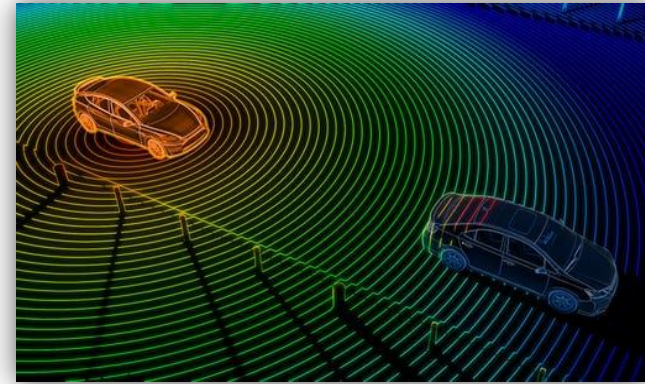
ADVANCED TECHNOLOGY DEVELOPMENT FOR FUTURE MARKETS



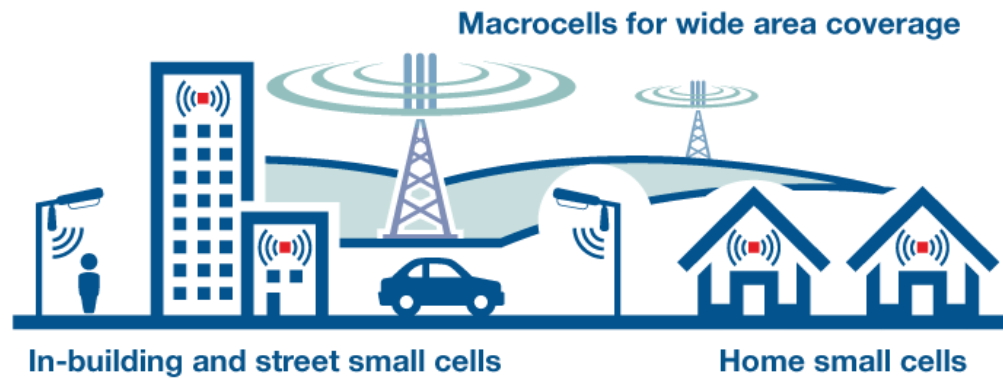
Laser Diode/Photo Diode



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

Technology Leadership

Invest in technologies to maintain competitive edge and sustain leadership

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

Cost & Efficiency

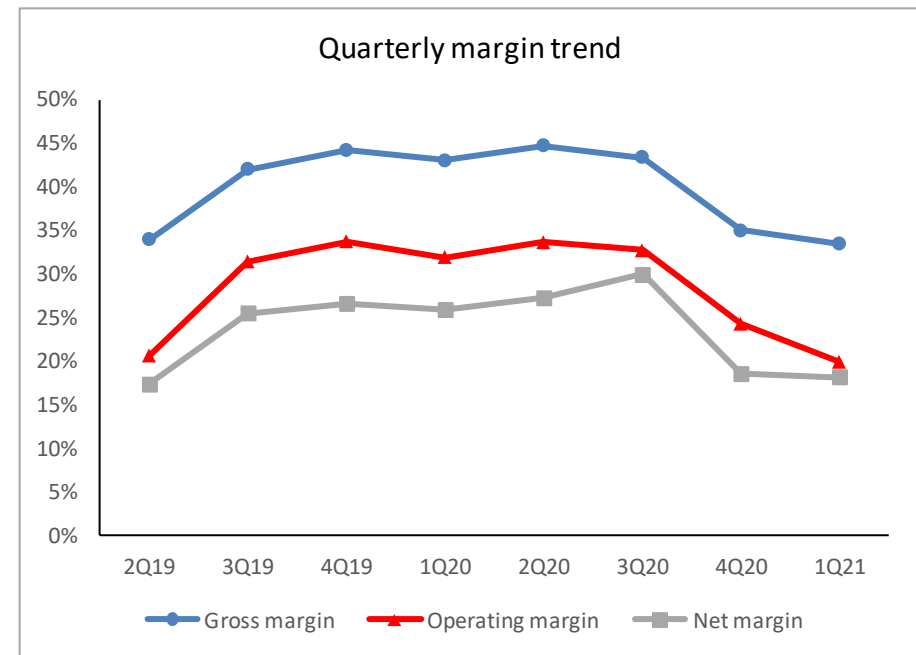
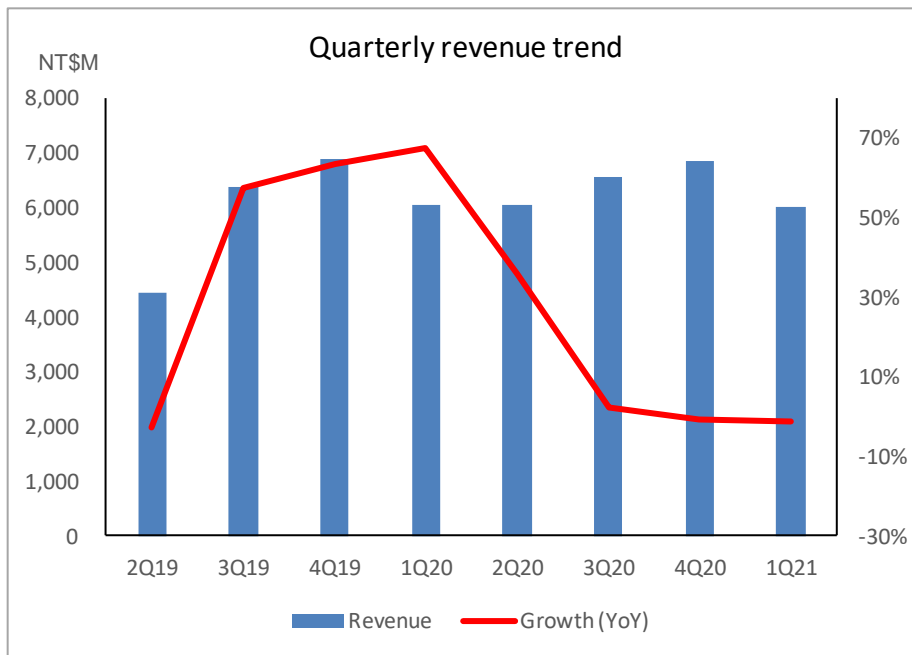
Customer Diversification

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

FINANCIAL REVIEW & GUIDANCE

Revenue & Margin Trend

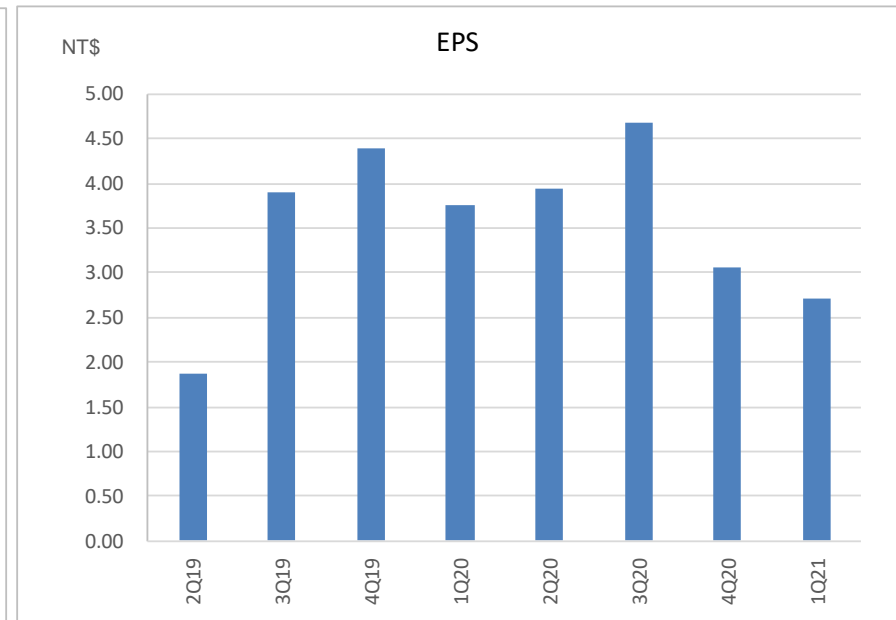
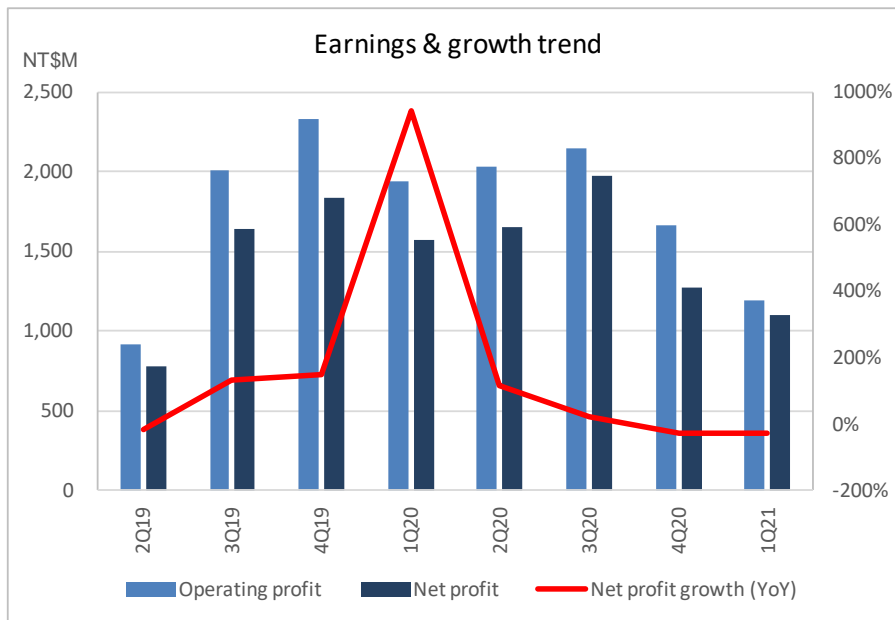
- 1Q21 revenue was NT\$6,009m, down 12% QoQ and down 1% YoY.
- 1Q21 gross margin declined by 1.5 pp sequentially to 33.5% and operating margin declined by 4.4 pp to 19.9%. The declines were mainly attributable to changes in product mix and a decline in capacity utilization rate.



Source: company.

Earnings Trend

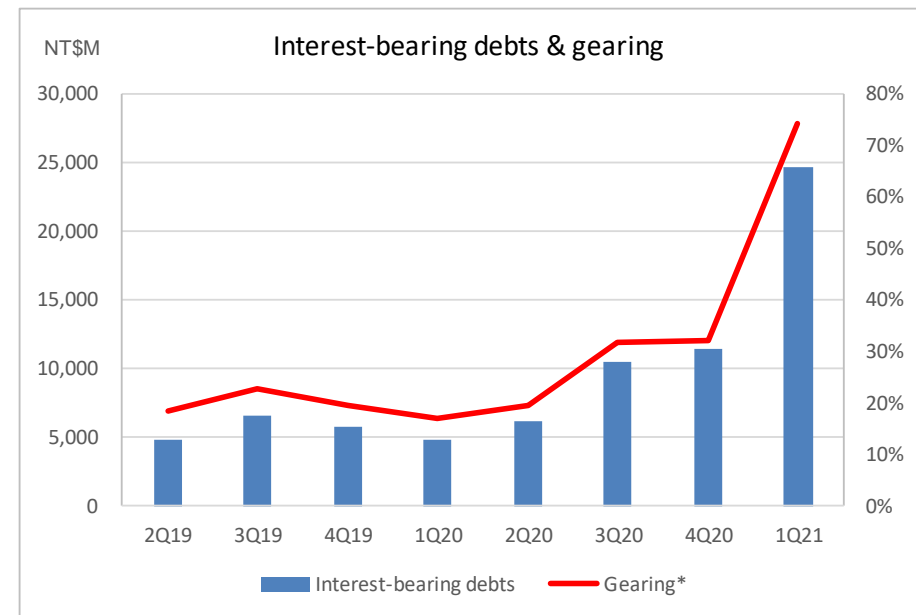
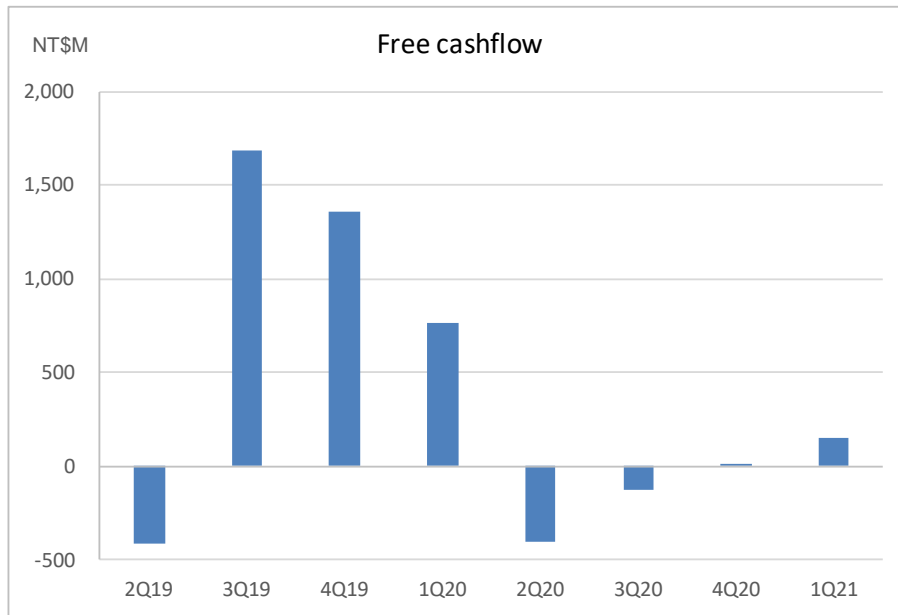
- **1Q21 net profit was NT\$ 1,095m, down 14% QoQ and down 30% YoY. EPS came in at NT\$2.72, compared to NT\$3.07 in 4Q20.**



Source: company.

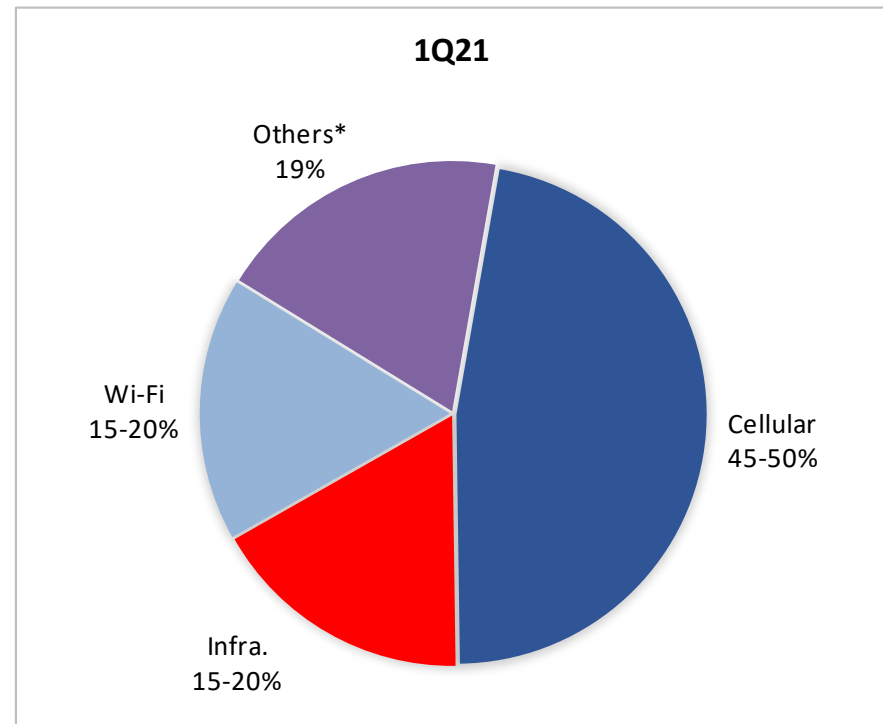
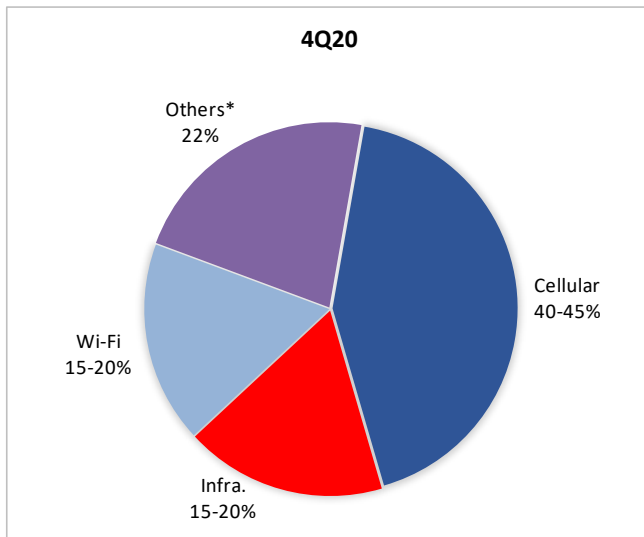
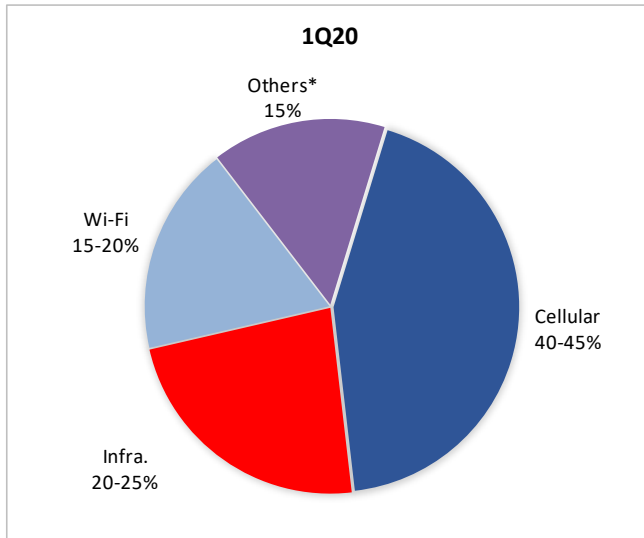
FCF & Gearing Trend

- In 1Q21, as our capex was lower than the previous quarter, we had an increase in net inflow of free cash flow.
- Due to the issuance of ECB in 1Q21, our interest-bearing debts and gearing ratio both increased materially.



* 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.

2Q21 Guidance



- **We expect 2Q21 revenue to grow by low-single digit QoQ.**
- **We expect 2Q21 gross margin to be around the level of low-thirties.**

APPENDIX - FINANCIAL SUMMARY

Consolidated Statements of Comprehensive Income - Quarterly



| Unit: NTD Million | 1Q'20 | 4Q'20 | 1Q'21 | QoQ | YoY |
|------------------------------------|--------------|--------------|--------------|------|------|
| Net revenue | 6,071 | 6,861 | 6,009 | -12% | -1% |
| Gross profit | 2,611 | 2,399 | 2,012 | -16% | -23% |
| <i>Gross margin (%)</i> | <i>43.0%</i> | <i>35.0%</i> | <i>33.5%</i> | | |
| Operating expenses | (673) | (735) | (816) | +11% | +21% |
| <i>Operating expenses rate (%)</i> | <i>-11%</i> | <i>-11%</i> | <i>-14%</i> | | |
| Operating income | 1,938 | 1,664 | 1,196 | -28% | -38% |
| <i>Operating margin (%)</i> | <i>31.9%</i> | <i>24.3%</i> | <i>19.9%</i> | | |
| Non-operating incomes and expenses | 26 | (48) | 191 | | |
| Income before income tax | 1,965 | 1,617 | 1,386 | -14% | -29% |
| Income tax expense | (389) | (341) | (291) | | |
| Net income | 1,575 | 1,276 | 1,095 | -14% | -30% |
| <i>Net margin (%)</i> | <i>25.9%</i> | <i>18.6%</i> | <i>18.2%</i> | | |
| EPS (NT\$) | 3.76 | 3.07 | 2.72 | -11% | -28% |
| Other comprehensive income, net | (3) | 718 | (14) | | |
| Comprehensive income | 1,572 | 1,994 | 1,081 | -46% | -31% |
| ROE(%) | 22% | 16% | 14% | | |
| Approx. Utilization (%) | 90% | 85% | 80% | | |
| Depreciation | 841 | 983 | 1,000 | | |
| CAPEX | 1,322 | 2,958 | 1,834 | | |

Non-operating Items



Unit: NTD Million

| | 1Q'20 | 1Q'21 |
|--|-----------|------------|
| Foreign exchange gains (losses) | 64 | 191 |
| Gains (losses) on disposals of property, plant and equipment | (1) | (5) |
| Gains on financial assets (liabilities) at fair value through profit or loss, net | (57) | 78 |
| Share of gains (losses) of associates and joint ventures accounted for using equity method | (6) | (39) |
| Others | 26 | (34) |
| Total | 26 | 191 |

Consolidated Balance Sheets

| (Unit: NTD Million) | Major Item | 2020/3/31 | | 2020/12/31 | | 2021/3/31 | |
|---------------------|---|---------------|-------------|---------------|-------------|---------------|-------------|
| | | \$ | % | \$ | % | \$ | % |
| | Cash and cash equivalents | 4,812 | 11% | 8,356 | 15% | 22,334 | 32% |
| | Current financial assets at fair value through profit or loss | 587 | 1% | 756 | 1% | 896 | 1% |
| | Notes and accounts receivable, net | 2,297 | 5% | 2,038 | 4% | 1,999 | 3% |
| | Inventories | 4,977 | 12% | 5,499 | 10% | 5,945 | 8% |
| | Long-term investments | 6,342 | 15% | 8,375 | 15% | 8,525 | 12% |
| | Net property, plant and equipment | 22,112 | 51% | 26,637 | 49% | 27,519 | 39% |
| | Total Assets | 42,996 | 100% | 54,702 | 100% | 70,149 | 100% |
| | Current liabilities | 9,178 | | 6,703 | | 11,368 | |
| | Long-term borrowings | 4,833 | | 11,419 | | 11,536 | |
| | Bonds payable | - | | - | | 13,160 | |
| | Total Liabilities | 14,533 | 34% | 18,972 | 35% | 36,919 | 53% |
| | Common stock | 4,241 | | 4,241 | | 4,240 | |
| | Total equity attributable to owners of parent | 28,299 | | 34,078 | | 31,643 | |
| | Total Equity | 28,463 | 66% | 35,730 | 65% | 33,230 | 47% |
| | Book value per share (NT\$) ¹ | 66.73 | | 80.36 | | 74.62 | |
| | Key Indices | | | | | | |
| | Current ratio (<i>Current assets / Current liabilities</i>) | 142% | | 261% | | 279% | |
| | Debt ratio (<i>Total liabilities / Total assets</i>) | 34% | | 35% | | 53% | |

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

Q & A

For more information regarding WIN
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For all inquiries, suggestions, and comments
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