



*Compound Semiconductor Solutions
from RF to Lightwave*

穩懋半導體

WIN Semiconductors Company Presentation

Aug - Oct 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**

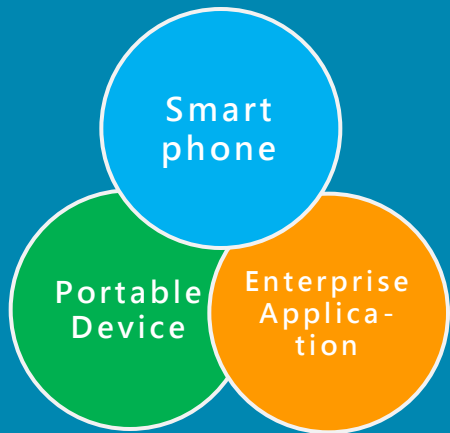
Growth Drivers – 5G+Wi-Fi



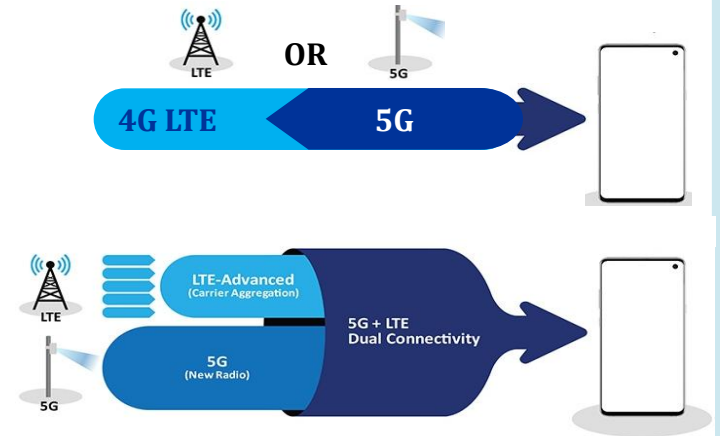
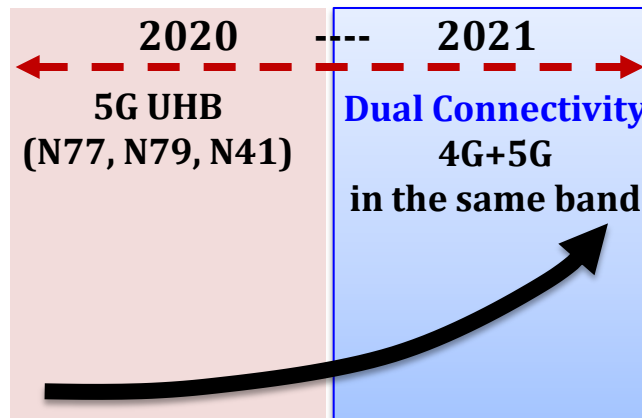
Y2019-20
Implement Phase

Y2021-25
Demand Rapid Growth

5G + Wi-Fi

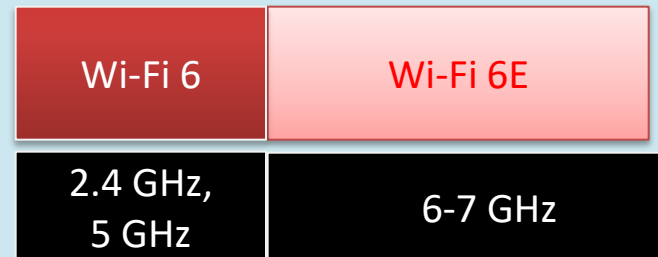


Additional 5G PA for Dual Connectivity

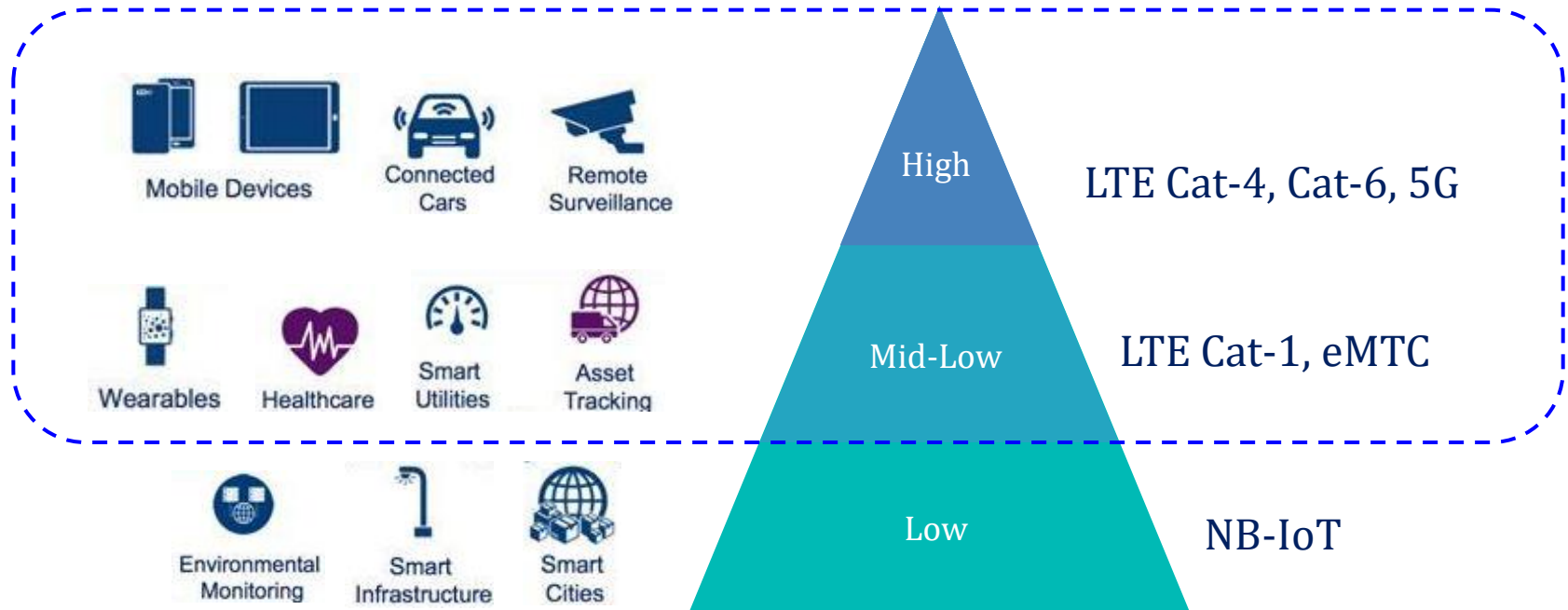


Wi-Fi 6 will extend the frequency from 5GHz to 6~7GHz

- 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

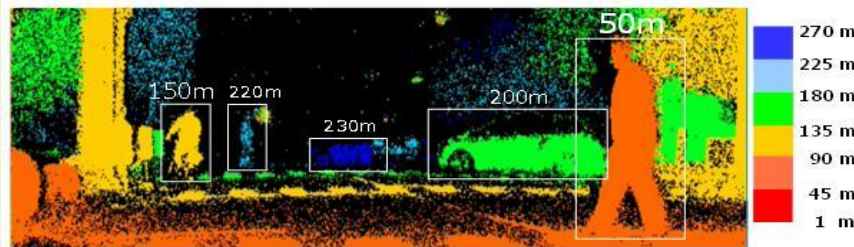
- **Satellite Communication keeps growing from LEO requirement**
 - More small satellites in orbit by 2027.
 - Communication applications will be the key growth engine for satellite.

Growth Drivers – Optical Devices

Optical Devices



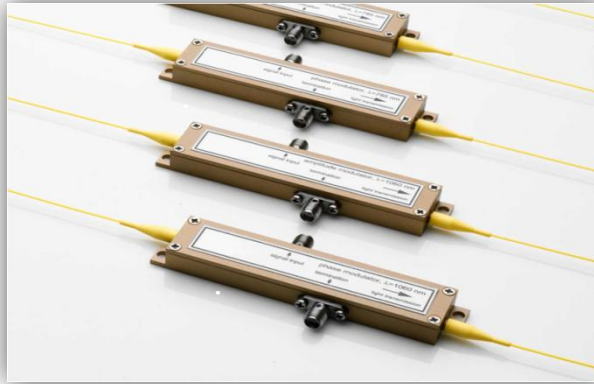
- **Structure-Light continuous** be used for facial recognition.
- **ToF for more 3D sensing applications will keep growing.**
 - LiDAR at rear side of smart phone
 - Door lock
 - LiDAR for autonomous car, in-cabin gesture recognition, driver condition monitoring, supermarket/bank payment system, airport/metro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



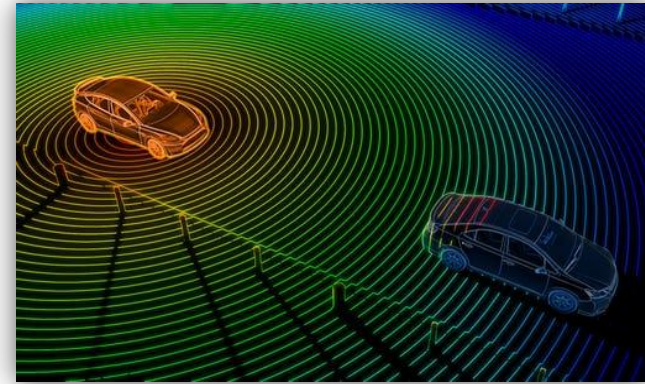
ADVANCED TECHNOLOGY DEVELOPMENT FOR FUTURE MARKETS



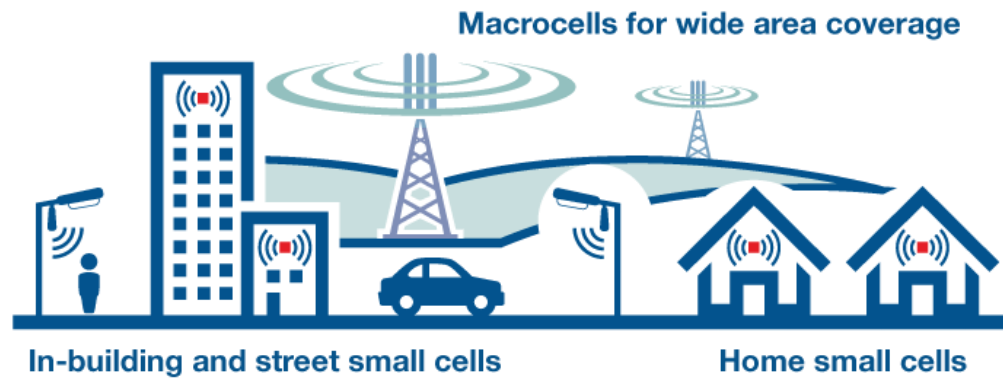
Laser Diode/Photo Diode



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

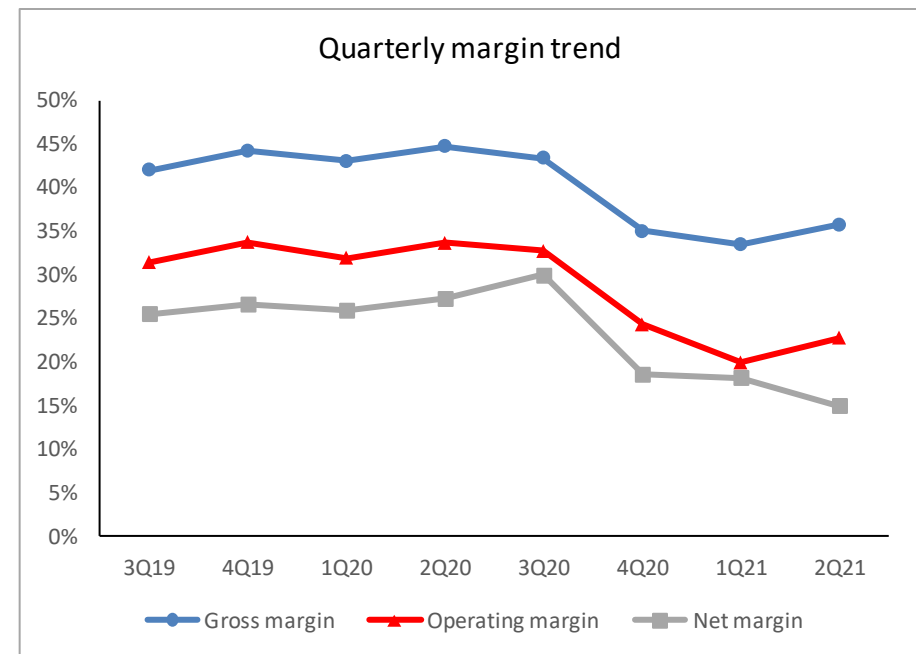
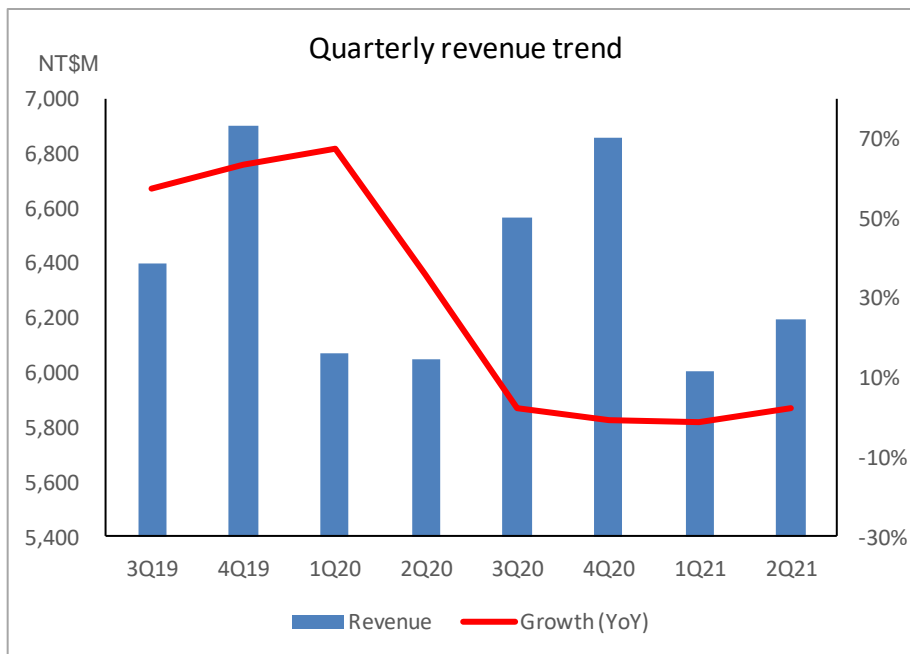
Customer Diversification

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

FINANCIAL REVIEW & GUIDANCE

Revenue & Margin Trend

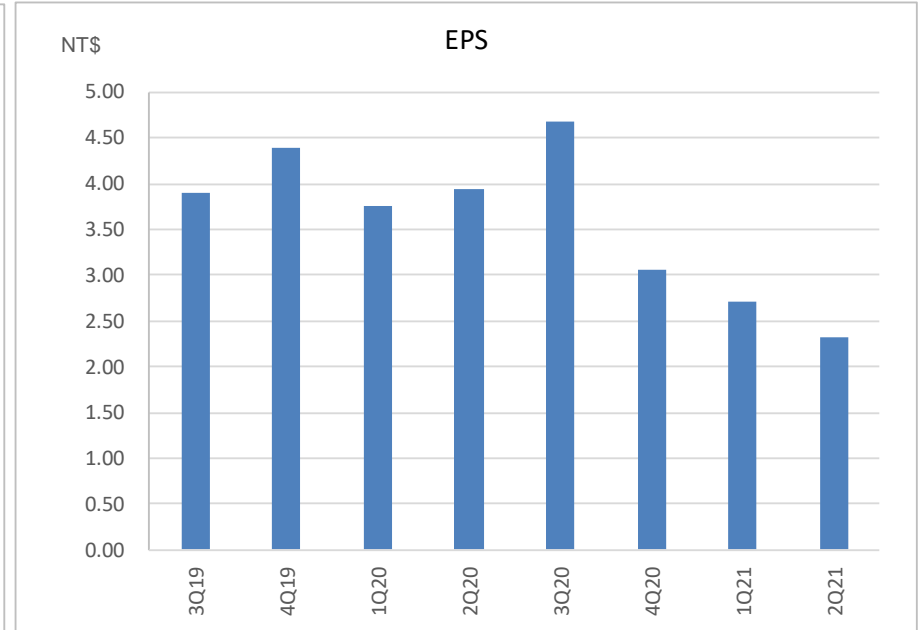
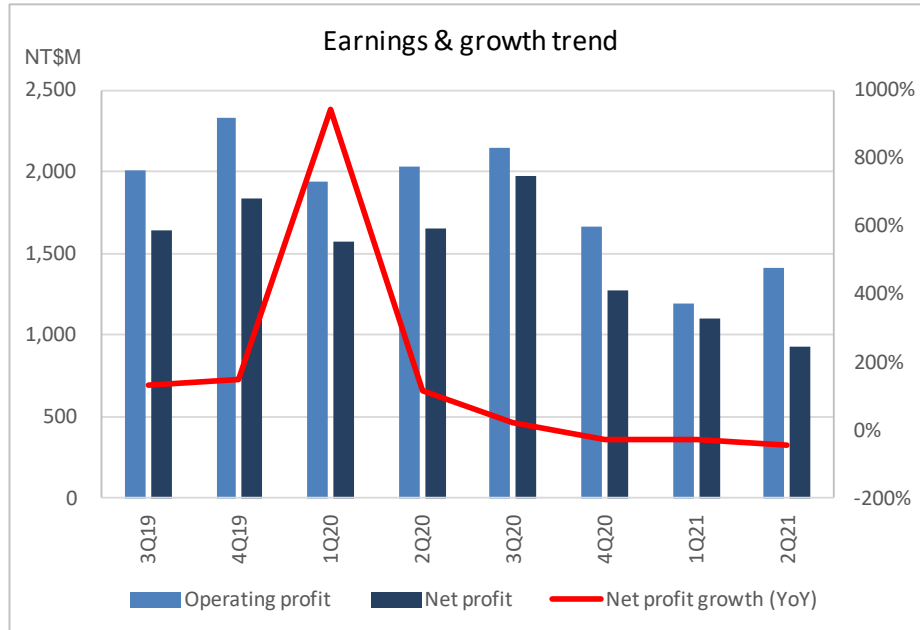
- 2Q21 revenue was NT\$6.2b, up 3% QoQ and up 2% YoY.
- In 2Q21, driven by changes in the product mix, gross margin increased by 2.2 pp sequentially to 35.7% and operating margin increased by 2.8 pp to 22.7%.



Source: company.

Earnings Trend

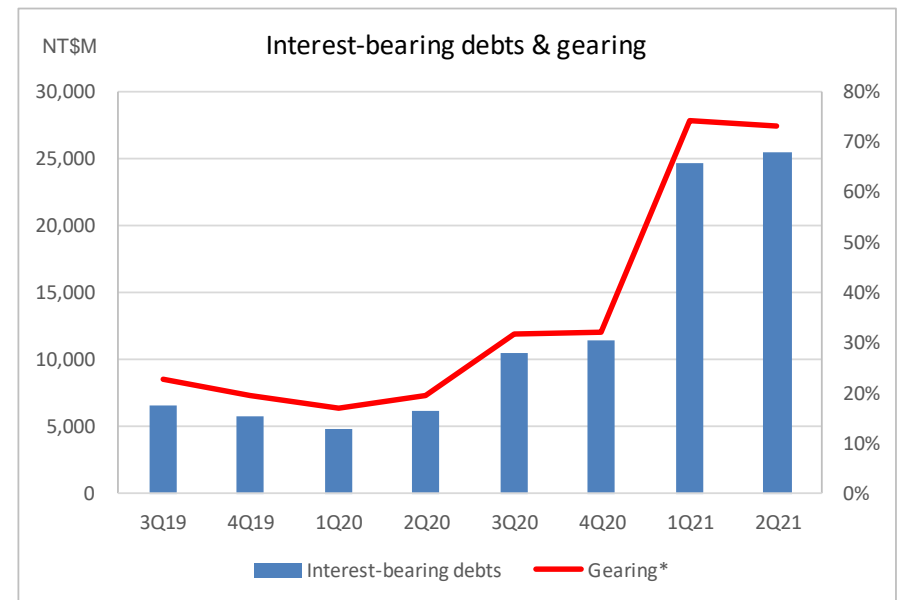
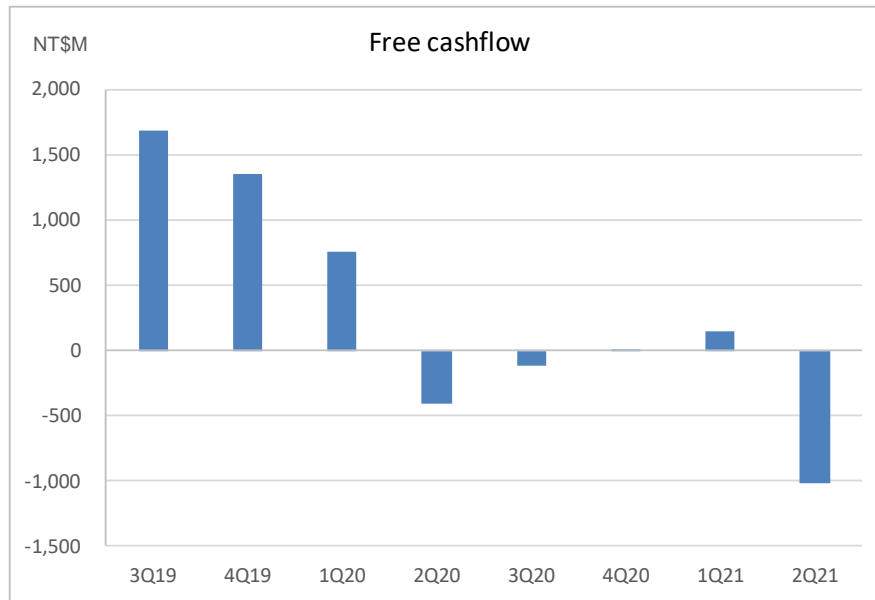
- **2Q21 net profit was NT\$930m, down 15% QoQ and down 44% YoY, mainly due to the appreciation of TWD against USD. EPS came in at NT\$2.32, compared to NT\$2.72 in 1Q21.**



Source: company.

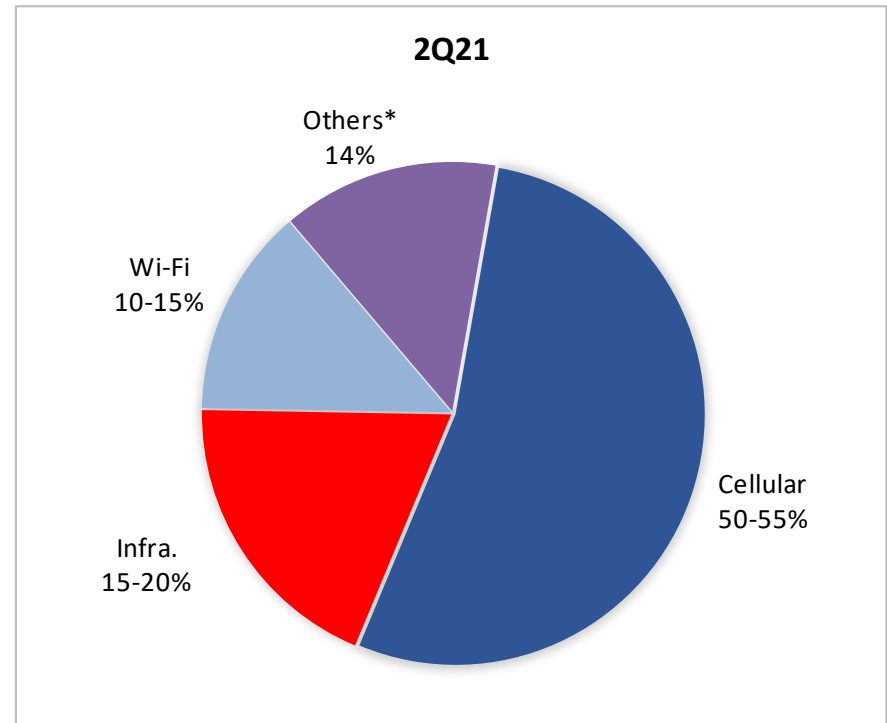
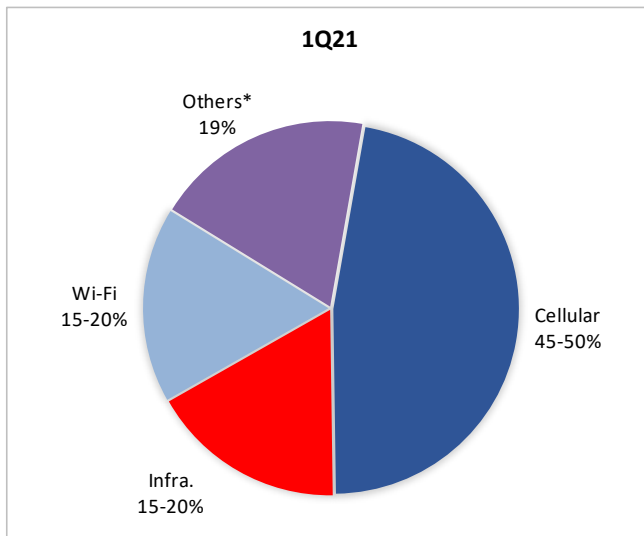
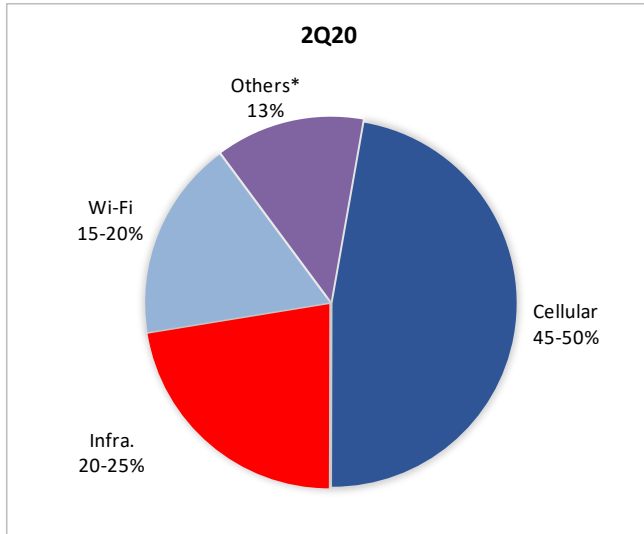
FCF & Gearing Trend

- In 2Q21, as our capex increased, we had a net outflow of free cash flow.
- In 2Q21, both our interest-bearing debts and gearing ratio were maintained at the level of the previous quarter, and 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.

3Q21 Guidance



- We expect 3Q21 revenue to grow by high-single digit QoQ.
- We expect 3Q21 gross margin to be around the level of mid-thirties.

APPENDIX - FINANCIAL SUMMARY

Consolidated Statements of Comprehensive Income - Quarterly



Unit: NTD Million

	2Q'20	1Q'21	2Q'21	QoQ	YoY
Net revenue	6,048	6,009	6,195	+3%	+2%
Gross profit	2,707	2,012	2,212	+10%	-18%
<i>Gross margin (%)</i>	<i>44.8%</i>	<i>33.5%</i>	<i>35.7%</i>		
Operating expenses	(674)	(816)	(803)	-2%	+19%
<i>Operating expenses rate (%)</i>	<i>-11%</i>	<i>-14%</i>	<i>-13%</i>		
Operating income	2,033	1,196	1,409	+18%	-31%
<i>Operating margin (%)</i>	<i>33.6%</i>	<i>19.9%</i>	<i>22.7%</i>		
Non-operating incomes and expenses	(3)	191	(283)		
Income before income tax	2,030	1,386	1,126	-19%	-45%
Income tax expense	(380)	(291)	(197)		
Net income	1,651	1,095	930	-15%	-44%
<i>Net margin (%)</i>	<i>27.3%</i>	<i>18.2%</i>	<i>15.0%</i>		
EPS (NT\$)	3.94	2.72	2.32	-15%	-41%
Other comprehensive income, net	606	(14)	69		
Comprehensive income	2,256	1,081	998	-8%	-56%
ROE(%)	23%	14%	12%		
Approx. Utilization (%)	90%	80%	90%		
Depreciation	868	1,000	1,028		
CAPEX	1,938	1,834	2,702		

Consolidated Statements of Comprehensive Income - YTD



Unit: NTD Million	2020H1	2021H1	YoY
Net revenue	12,119	12,204	+1%
Gross profit	5,318	4,224	-21%
<i>Gross margin (%)</i>	<i>43.9%</i>	<i>34.6%</i>	
Operating expenses	(1,347)	(1,619)	+20%
<i>Operating expenses rate (%)</i>	<i>-11%</i>	<i>-13%</i>	
Operating income	3,971	2,605	-34%
<i>Operating margin (%)</i>	<i>32.8%</i>	<i>21.3%</i>	
Non-operating incomes and expenses	23	(92)	
Income before income tax	3,995	2,513	-37%
Income tax expense	(769)	(488)	
Net income	3,226	2,025	-37%
<i>Net margin (%)</i>	<i>26.6%</i>	<i>16.6%</i>	
EPS (NT\$)	7.70	5.04	-35%
Other comprehensive income, net	603	55	
Comprehensive income	3,829	2,080	-46%
ROE(%)	22%	13%	
Approx. Utilization (%)	90%	85%	
Depreciation	1,709	2,027	
CAPEX	3,260	4,536	

Non-operating Items

Unit: NTD Million	2Q'20	2Q'21	2020H1	2021H1
Foreign exchange gains (losses)	(65)	(348)	(1.8)	(157)
Gains (losses) on disposals of property, plant and equipment	0.3	0.7	(1)	(5)
Gains on financial assets (liabilities) at fair value through profit or loss, net	(11)	144	(67)	222
Share of gains (losses) of associates and joint ventures accounted for using equity method	21	(22)	15	(61)
Others	52	(57)	78	(91)
Total	(3)	(283)	23	(92)

Consolidated Balance Sheets

(Unit: NTD Million)	Major Item	2020/6/30		2021/3/31		2021/6/30	
		\$	%	\$	%	\$	%
	Cash and cash equivalents	6,159	13%	22,334	32%	19,899	27%
	Current financial assets at fair value through profit or loss	1,033	2%	896	1%	258	0.4%
	Notes and accounts receivable, net	2,318	5%	1,999	3%	2,107	3%
	Inventories	5,347	11%	5,945	8%	6,065	8%
	Long-term investments	7,150	15%	8,525	12%	11,767	16%
	Net property, plant and equipment	23,058	49%	27,519	39%	29,111	40%
	Total Assets	47,169	100%	70,149	100%	72,576	100%
	Current liabilities	8,906		11,368		10,862	
	Bonds payable	-		13,160		13,202	
	Long-term borrowings	6,187		11,536		12,341	
	Total Liabilities	15,629	33%	36,919	53%	37,634	52%
	Common stock	4,241		4,240		4,240	
	Total equity attributable to owners of parent	30,596		31,643		32,727	
	Total Equity	31,540	67%	33,230	47%	34,942	48%
	Book value per share (NT\$) ¹	72.15		74.62		77.18	
	Key Indices						
	Current ratio (<i>Current assets / Current liabilities</i>)	172%		279%		266%	
	Debt ratio (<i>Total liabilities / Total assets</i>)	33%		53%		52%	

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

