



*Compound Semiconductor Solutions  
from RF to Lightwave*

**穩懋半導體**

# WIN Semiconductors Company Presentation

Nov - Dec 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**

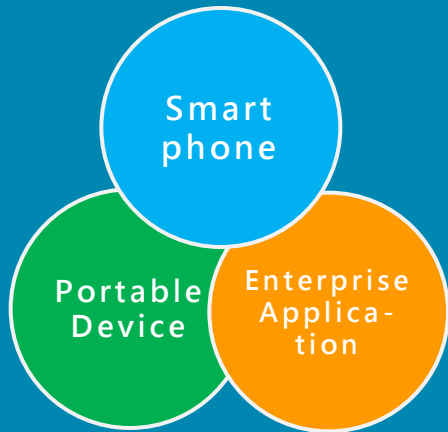
# Growth Drivers – 5G+Wi-Fi



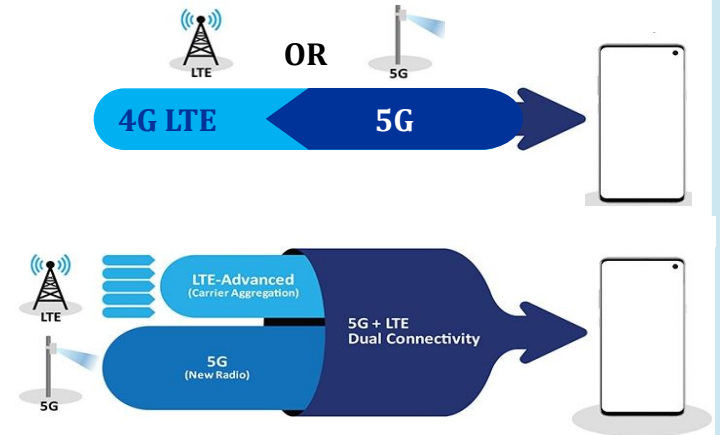
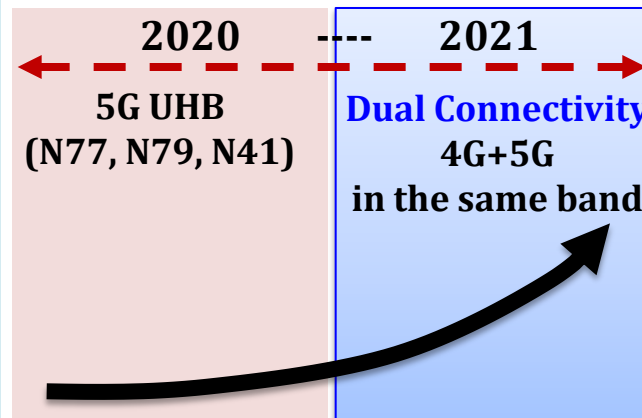
Y2019-20  
Implement Phase

Y2021-25  
Demand Rapid Growth

## 5G + Wi-Fi

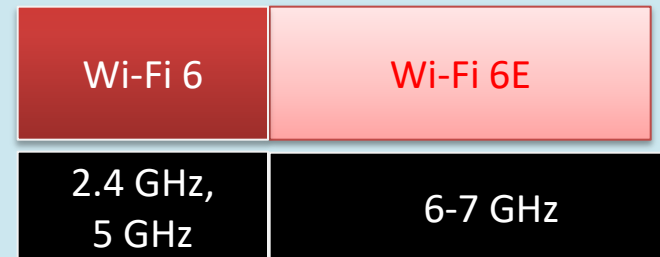


### ● Additional 5G PA for Dual Connectivity

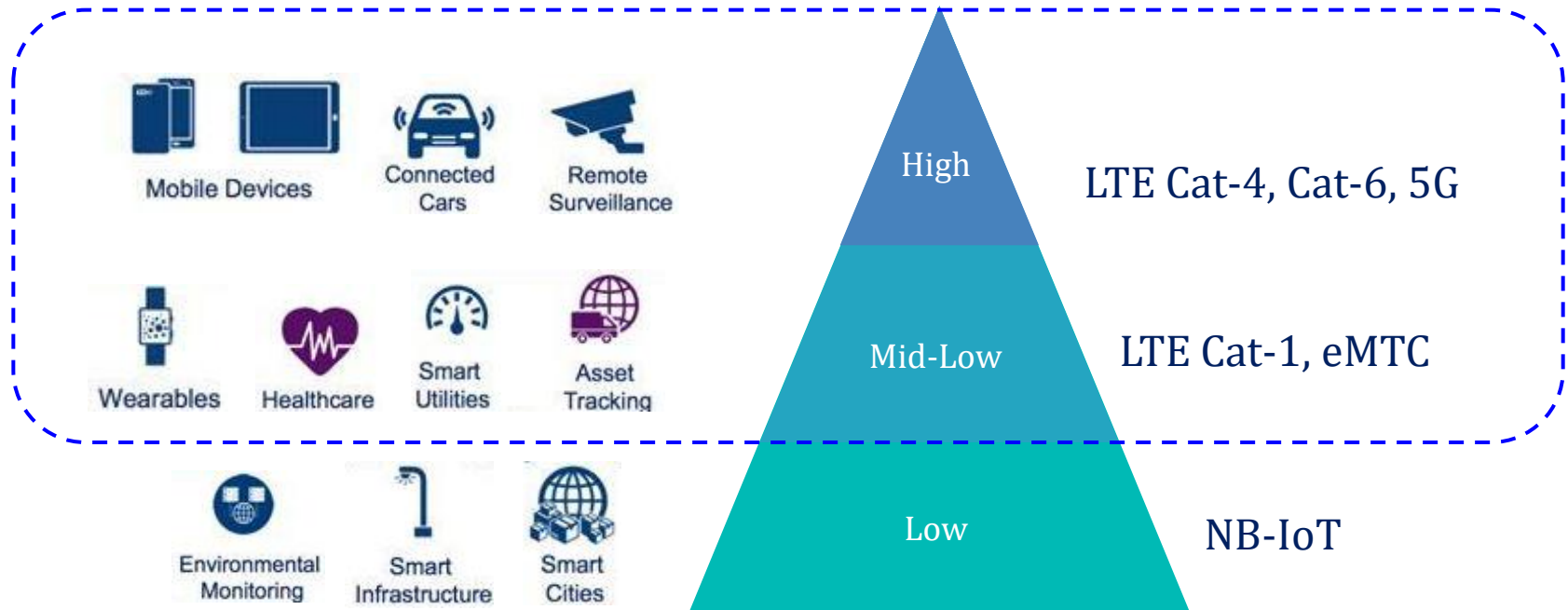


### ● Wi-Fi 6 will extend the frequency from 5GHz to 6~7GHz

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

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

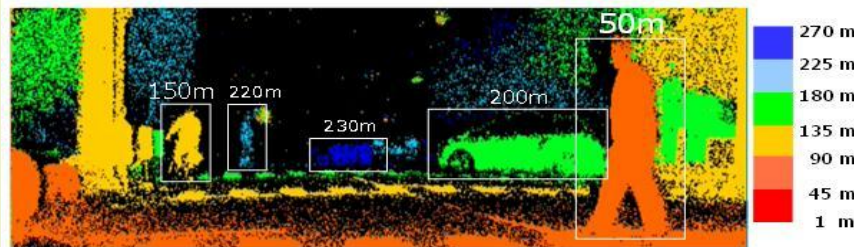


# Growth Drivers – Optical Devices

## 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.

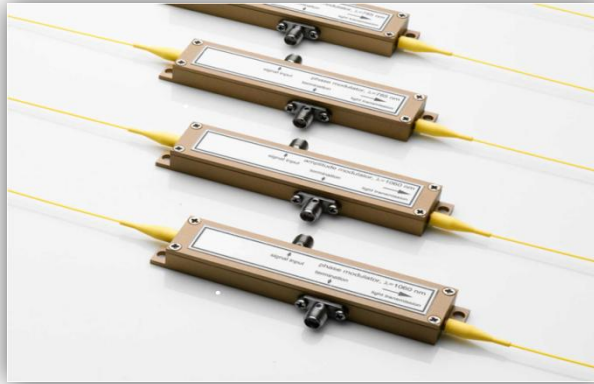


# ADVANCED TECHNOLOGY DEVELOPMENT FOR FUTURE MARKETS

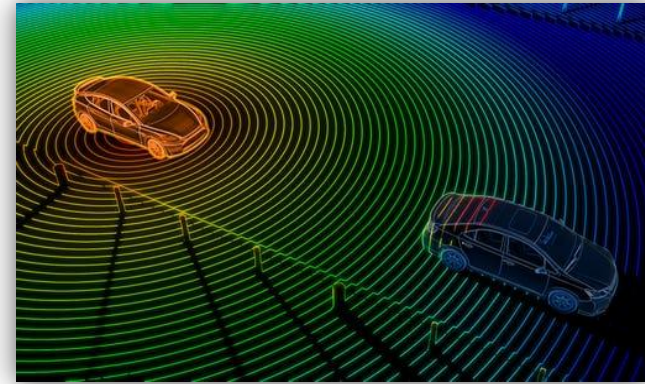
---



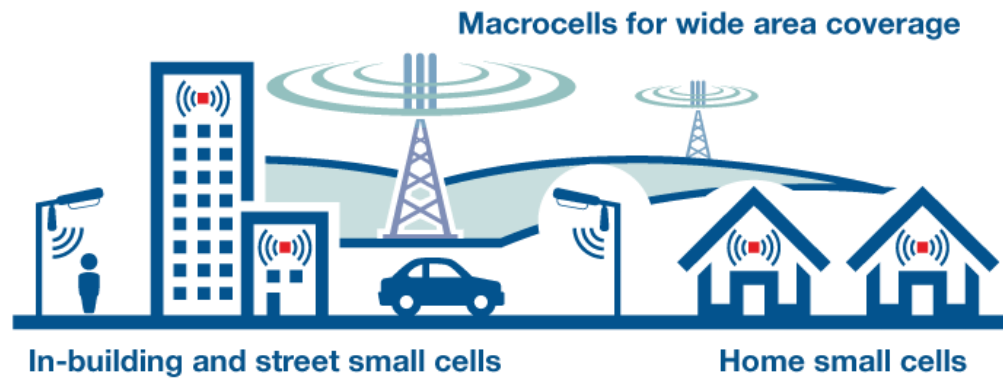
**Laser Diode/Photo Diode**



**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**

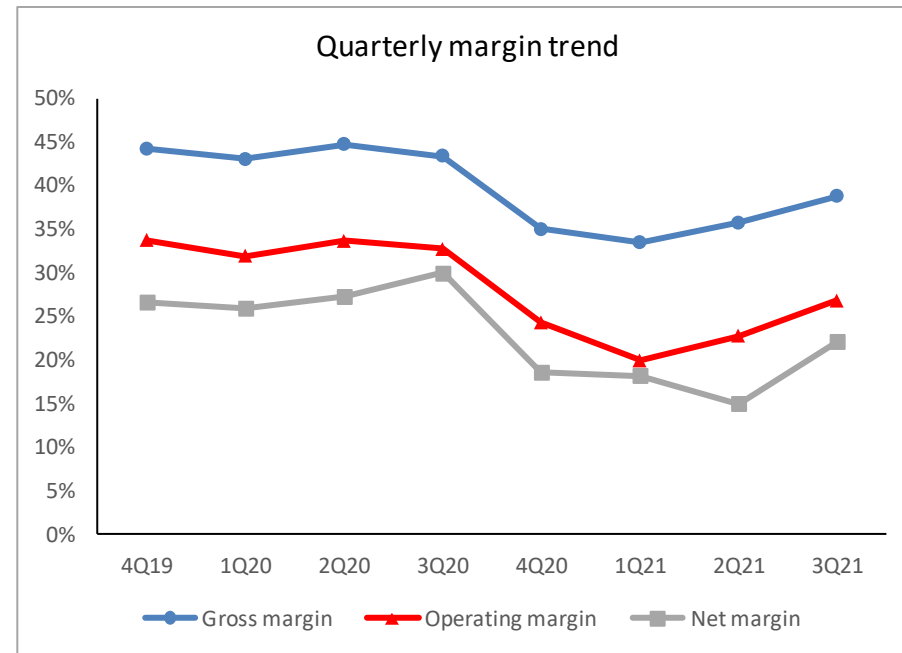
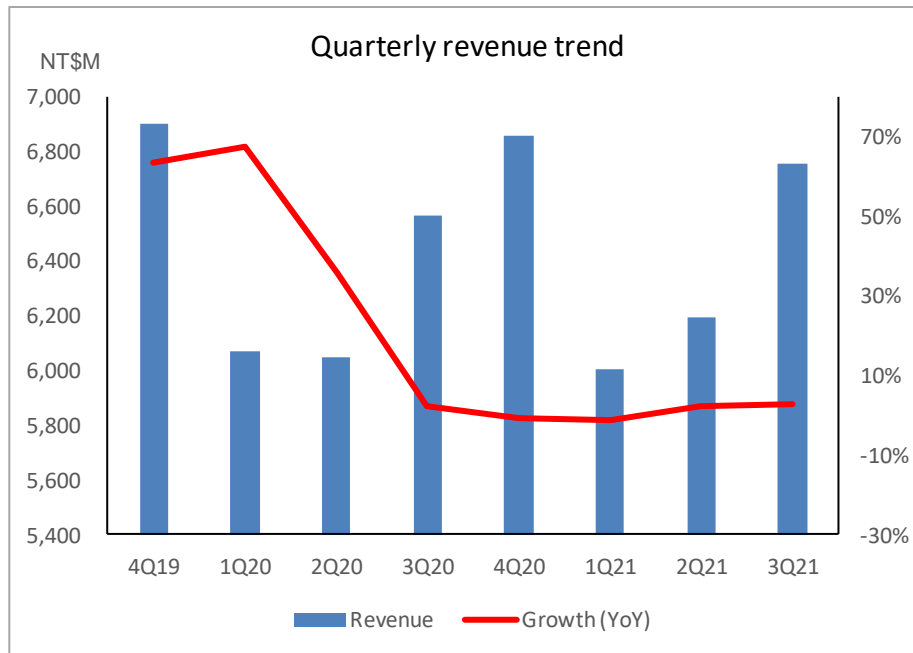
Grow and acquire new customers in existing and new markets to diversify customer base

# FINANCIAL REVIEW & GUIDANCE

---

# Revenue & Margin Trend

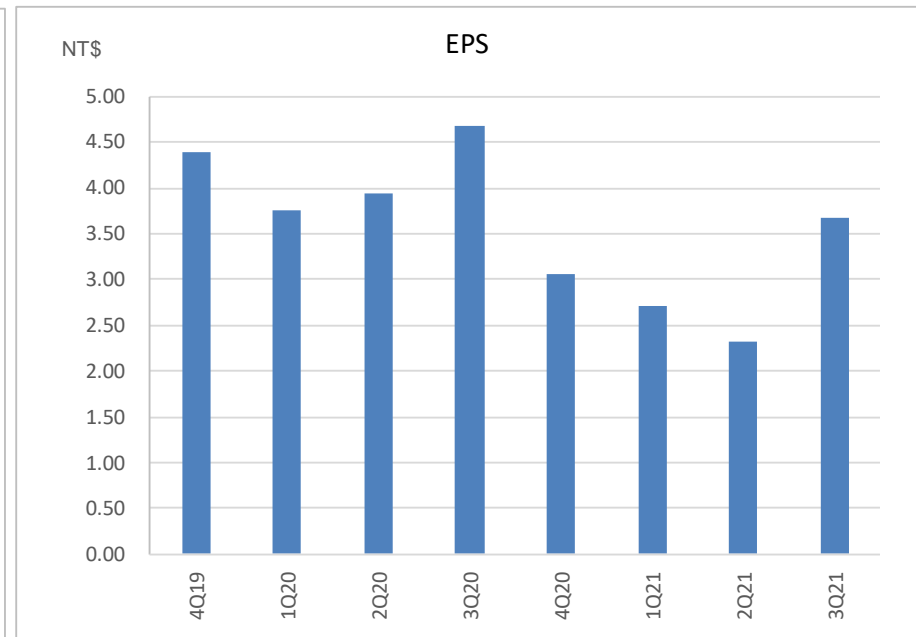
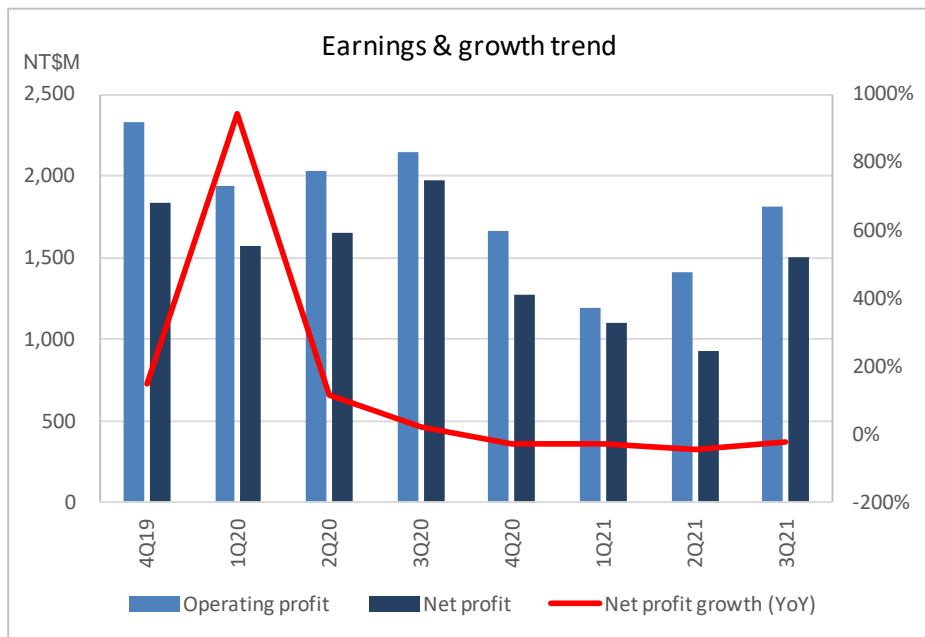
- 3Q21 revenue was NT\$6.76b, up 9% QoQ and up 3% YoY.
- In 3Q21, driven by better product mix and higher capacity utilization rate, gross margin increased by 3.1 pp sequentially to 38.8% and operating margin increased by 4.1 pp to 26.8%.



Source: company.

# Earnings Trend

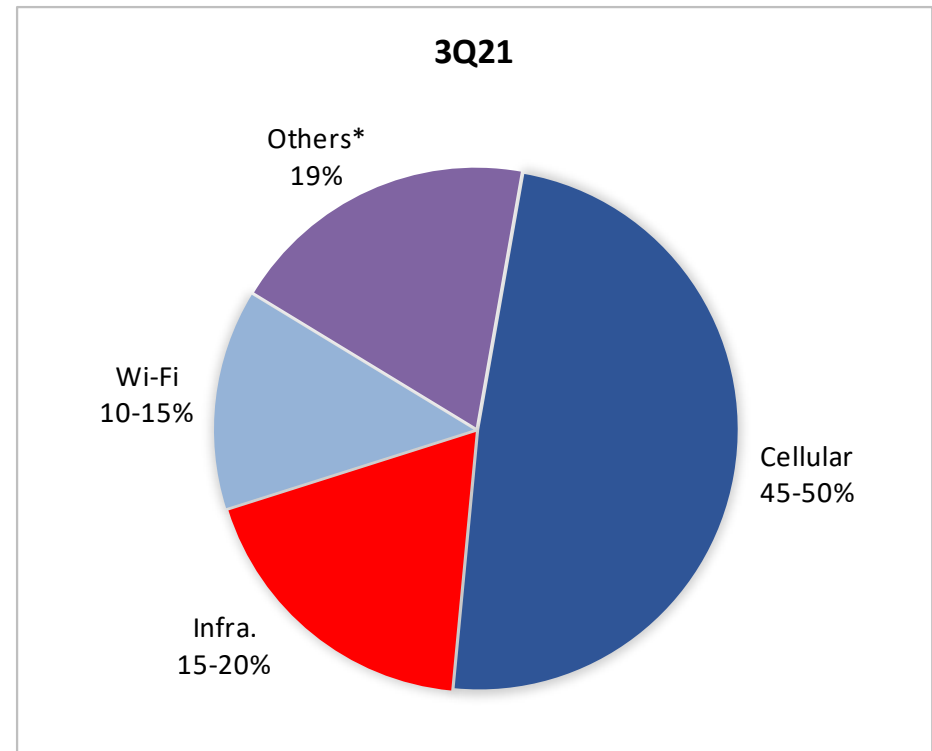
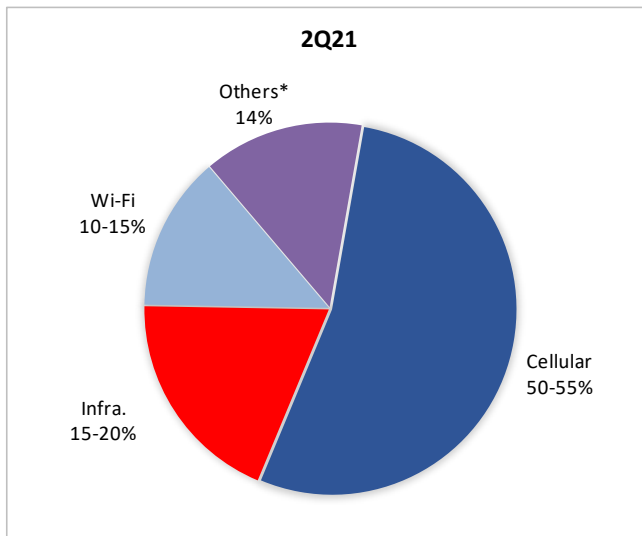
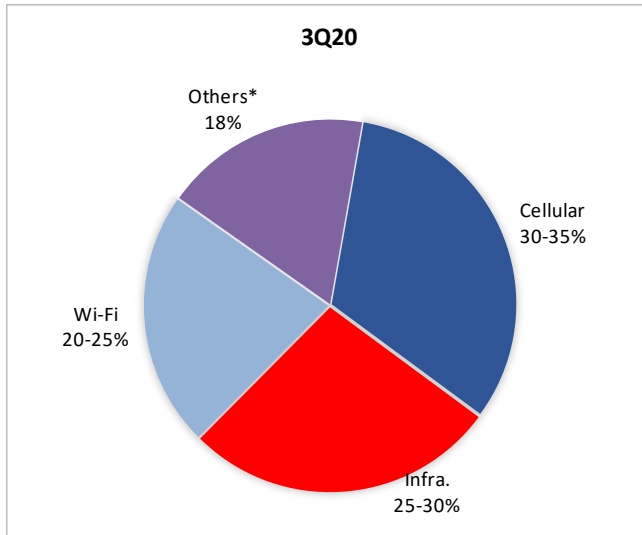
- **3Q21 net profit was NT\$1.5b, up 61% QoQ but down 24% YoY. EPS came in at NT\$3.67, compared to NT\$2.32 in 2Q21.**



Source: company.



# Product Mix



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

Source: company.

# 4Q21 Guidance



- We expect 4Q21 revenue to grow by mid-single digit QoQ.
- We expect 4Q21 gross margin to be around the level of high-thirties.

# APPENDIX - FINANCIAL SUMMARY

# Consolidated Statements of Comprehensive Income - Quarterly



Unit: NTD Million	3Q'20	2Q'21	3Q'21	QoQ	YoY
<b>Net revenue</b>	<b>6,566</b>	<b>6,195</b>	<b>6,761</b>	<b>+9%</b>	<b>+3%</b>
Gross profit	2,851	2,212	2,623	+19%	-8%
<i>Gross margin (%)</i>	<i>43.4%</i>	<i>35.7%</i>	<i>38.8%</i>		
Operating expenses	(705)	(803)	(814)	+1%	+15%
<i>Operating expenses rate (%)</i>	<i>-11%</i>	<i>-13%</i>	<i>-12%</i>		
<b>Operating income</b>	<b>2,146</b>	<b>1,409</b>	<b>1,810</b>	<b>+28%</b>	<b>-16%</b>
<i>Operating margin (%)</i>	<i>32.7%</i>	<i>22.7%</i>	<i>26.8%</i>		
Non-operating incomes and expenses	244	(283)	28		
Income before income tax	2,391	1,126	1,838	+63%	-23%
Income tax expense	(423)	(197)	(342)		
<b>Net income</b>	<b>1,967</b>	<b>930</b>	<b>1,496</b>	<b>+61%</b>	<b>-24%</b>
<i>Net margin (%)</i>	<i>30.0%</i>	<i>15.0%</i>	<i>22.1%</i>		
<b>EPS (NT\$)</b>	<b>4.68</b>	<b>2.32</b>	<b>3.67</b>	<b>+58%</b>	<b>-22%</b>
Other comprehensive income, net	(590)	69	(192)		
<b>Comprehensive income</b>	<b>1,377</b>	<b>998</b>	<b>1,304</b>	<b>+31%</b>	<b>-5%</b>
ROE(%)	25%	12%	19%		
Approx. Utilization (%)	75%	90%	95%		
Depreciation	935	1,028	990		
CAPEX	2,291	2,702	1,289		

# Consolidated Statements of Comprehensive Income - YTD



Unit: NTD Million	2020Q1-3	2021Q1-3	YoY
<b>Net revenue</b>	<b>18,685</b>	<b>18,965</b>	+1%
Gross profit	8,169	6,847	-16%
<i>Gross margin (%)</i>	<i>43.7%</i>	<i>36.1%</i>	
Operating expenses	(2,052)	(2,433)	+19%
<i>Operating expenses rate (%)</i>	<i>-11%</i>	<i>-13%</i>	
<b>Operating income</b>	<b>6,118</b>	<b>4,414</b>	-28%
<i>Operating margin (%)</i>	<i>32.7%</i>	<i>23.3%</i>	
Non-operating incomes and expenses	268	(64)	
Income before income tax	6,385	4,351	-32%
Income tax expense	(1,192)	(830)	
<b>Net income</b>	<b>5,193</b>	<b>3,521</b>	-32%
<i>Net margin (%)</i>	<i>27.8%</i>	<i>18.6%</i>	
<b>EPS (NT\$)</b>	<b>12.38</b>	<b>8.71</b>	-30%
Other comprehensive income, net	13	(137)	
<b>Comprehensive income</b>	<b>5,206</b>	<b>3,384</b>	-35%
ROE(%)	23%	15%	
Approx. Utilization (%)	85%	90%	
Depreciation	2,645	3,017	
CAPEX	5,551	5,825	

# Non-operating Items

Unit: NTD Million	3Q'20	3Q'21	2020Q1-3	2021Q1-3
Foreign exchange gains (losses)	(31)	10	(33)	(147)
Gains (losses) on disposals of property, plant and equipment	(3)	1	(4)	(4)
Gains on financial assets (liabilities) at fair value through profit or loss, net	48	(2)	(19)	220
Share of gains (losses) of associates and joint ventures accounted for using equity method	77	99	92	38
Others	153	(80)	231	(171)
<b>Total</b>	<b>244</b>	<b>28</b>	<b>268</b>	<b>(64)</b>

# Consolidated Balance Sheets

(Unit: NTD Million)	Major Item	2020/9/30		2021/6/30		2021/9/30	
		\$	%	\$	%	\$	%
	Cash and cash equivalents	6,709	13%	19,899	27%	16,482	23%
	Current financial assets at fair value through profit or loss	1,098	2%	258	0.4%	56	0.1%
	Notes and accounts receivable, net	1,762	4%	2,107	3%	2,088	3%
	Inventories	5,549	11%	6,065	8%	6,594	9%
	Long-term investments	7,359	15%	11,767	16%	13,575	19%
	Net property, plant and equipment	24,514	49%	29,111	40%	29,512	41%
	<b>Total Assets</b>	<b>49,701</b>	<b>100%</b>	<b>72,576</b>	<b>100%</b>	<b>71,999</b>	<b>100%</b>
	Current portion of long-term liabilities	-		-		5,549	
	Current liabilities	5,749		10,862		11,930	
	Bonds payable	-		13,202		13,244	
	Long-term borrowings	10,433		12,341		10,520	
	<b>Total Liabilities</b>	<b>16,763</b>	<b>34%</b>	<b>37,634</b>	<b>52%</b>	<b>37,021</b>	<b>51%</b>
	Common stock	4,241		4,240		4,240	
	Total equity attributable to owners of parent	32,000		32,727		32,792	
	<b>Total Equity</b>	<b>32,938</b>	<b>66%</b>	<b>34,942</b>	<b>48%</b>	<b>34,978</b>	<b>49%</b>
	Book value per share (NT\$) <sup>1</sup>	75.46		77.18		77.33	
	<b>Key Indices</b>						
	Current ratio ( <i>Current assets / Current liabilities</i> )	279%		266%		218%	
	Debt ratio ( <i>Total liabilities / Total assets</i> )	34%		52%		51%	

<sup>1</sup> 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](http://www.winfoundry.com)

For all inquiries, suggestions, and comments  
[ir@winfoundry.com](mailto:ir@winfoundry.com)

