



*Compound Semiconductor Solutions
from RF to Lightwave*

穩懋半導體

WIN Semiconductors 1Q2019 Investor Conference

April 2019



Safe Harbor Notice

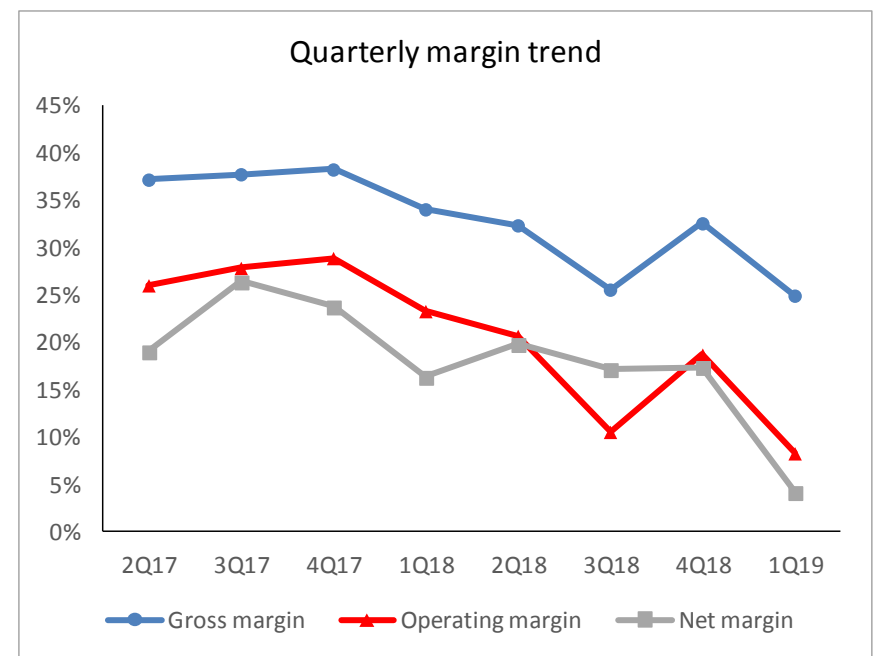
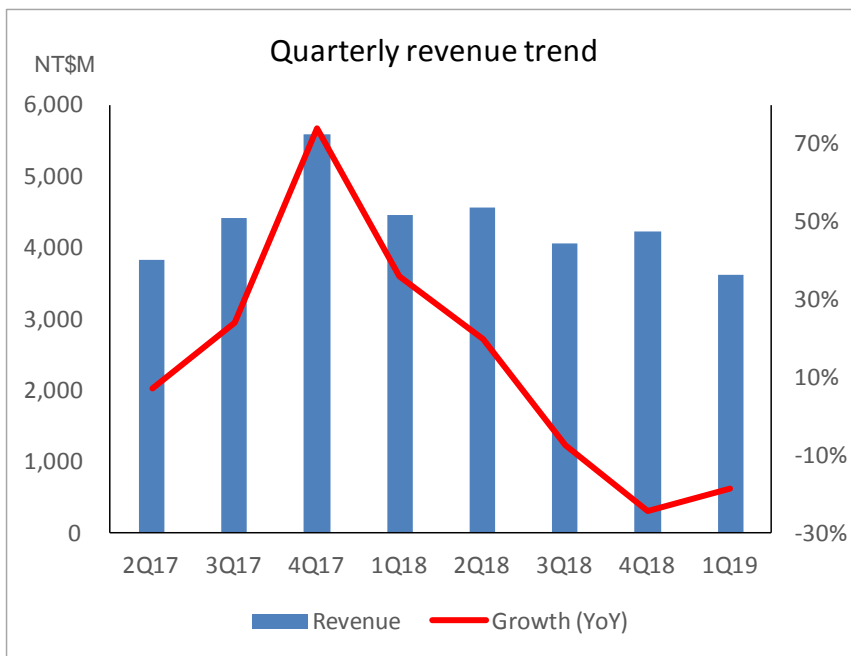


- **This presentation contains certain forward-looking statements that are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.**
- **Except as required by law,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

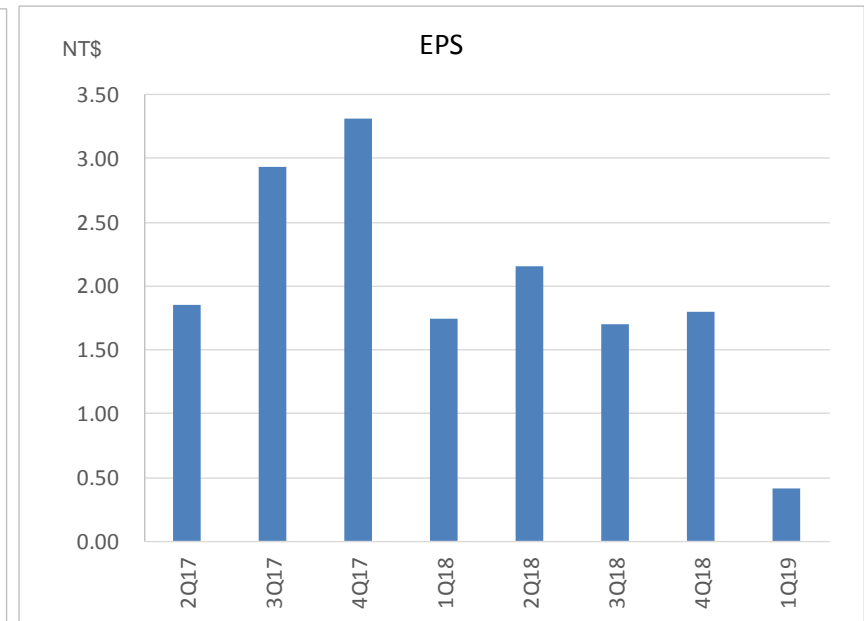
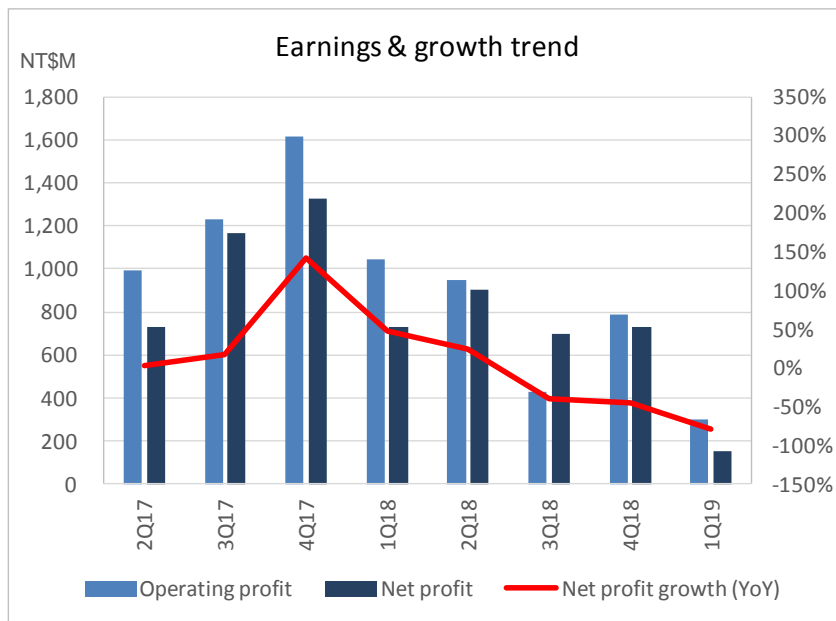
- 1Q19 revenue finished at NT\$3,619m, down 14% QoQ and 19% YoY.
- In 1Q19, due to lower utilization rate and product mix changes, our gross margin declined by 7.6 pp sequentially to 25.0%, and operating margin declined by 10.4pp sequentially to 8.3%.



Source: company.

Earnings Trend

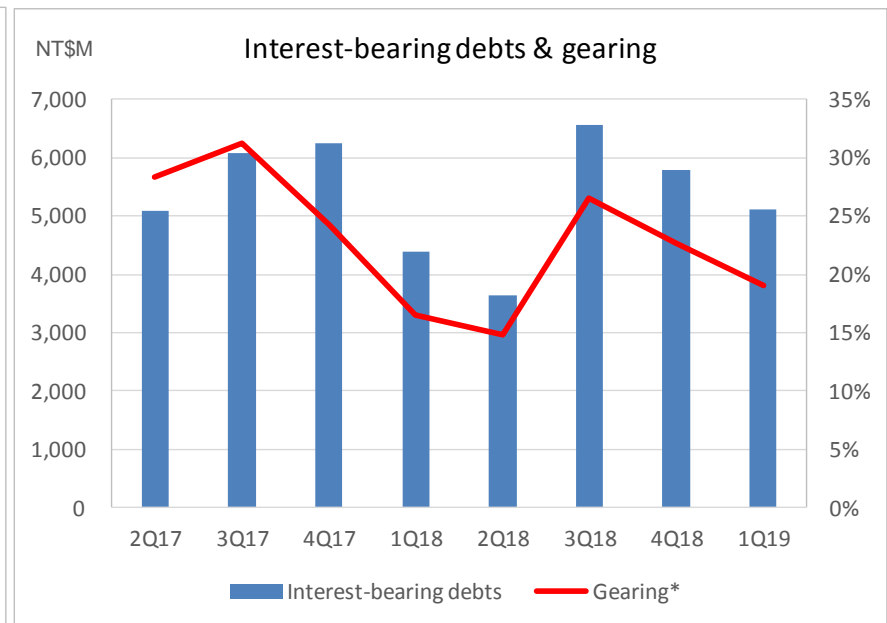
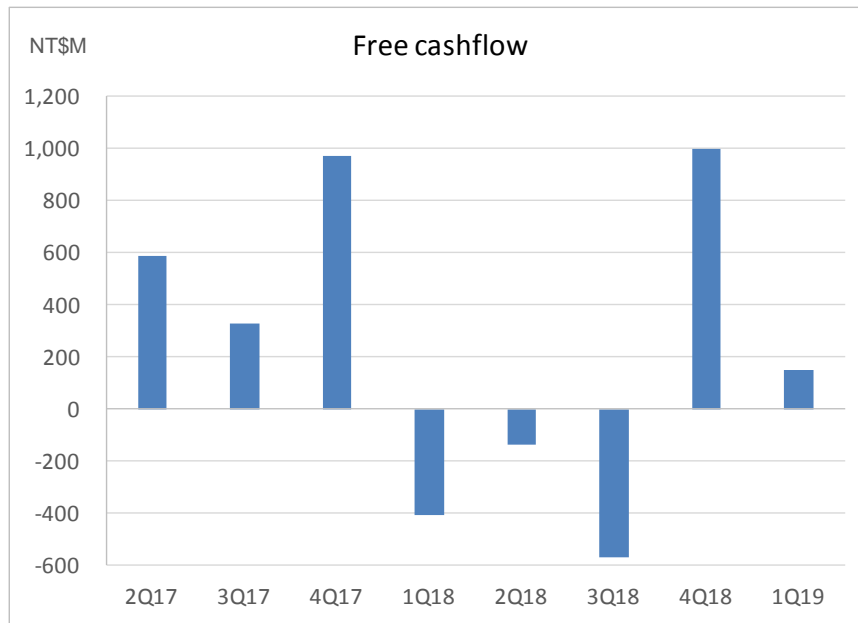
- **1Q19 net income was NT\$151m, down 79% on both a QoQ and YoY basis, with EPS of NT\$0.41.**



Source: company.

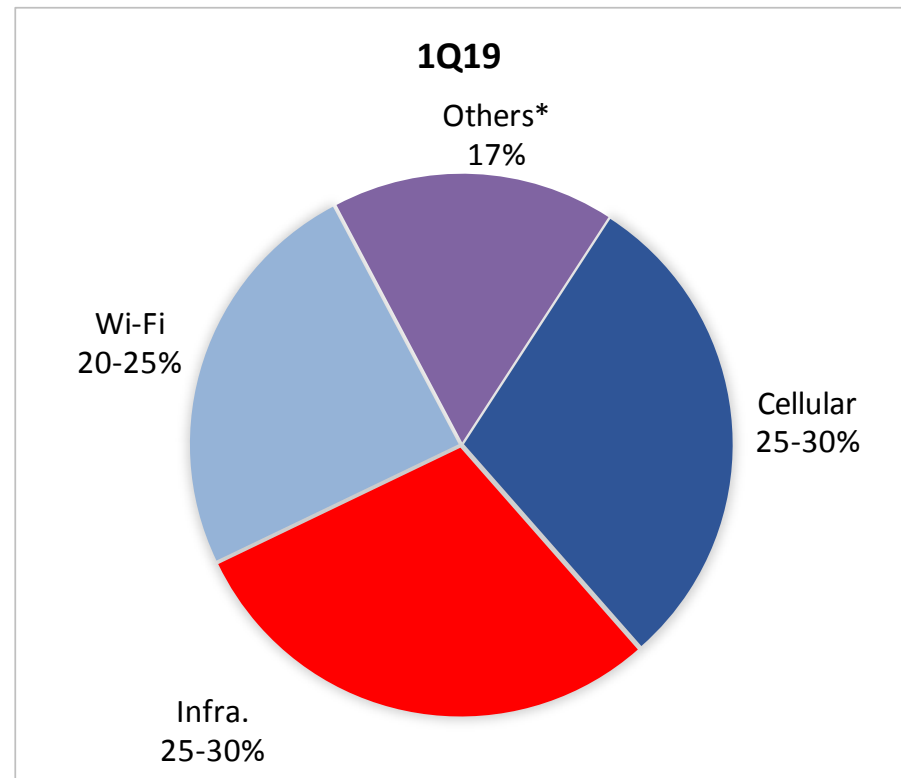
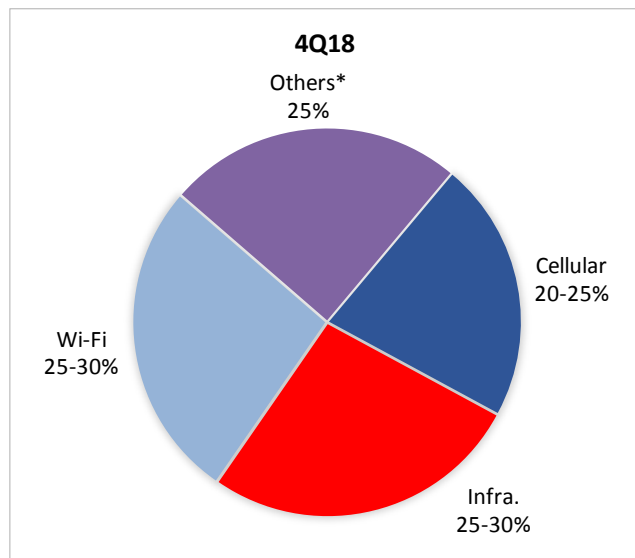
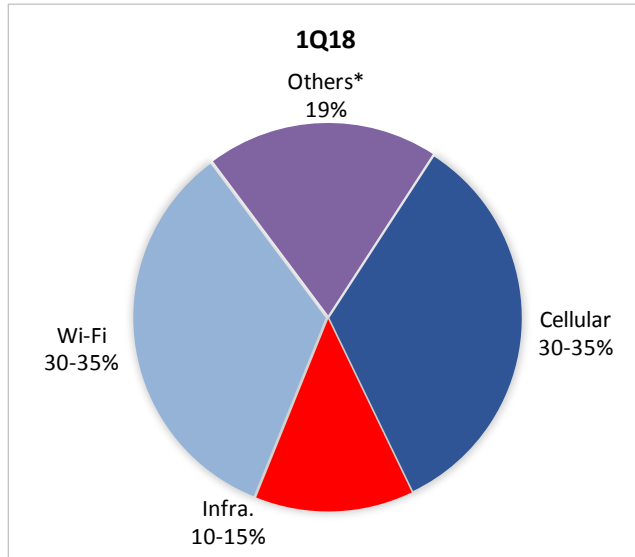
FCF & Gearing Trend

- Capex in 1Q19 was at the same level of previous quarter. Though our free cash was decrease sequentially due to decreased operating profit, we still generated positive free cash in 1Q19.
- 1Q19 interest-bearing debts and gearing ratio were lower than those of previous two quarters; 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.

2Q19 Guidance



- **We expect 2Q19 revenue to increase by mid-teens QoQ.**
- **We expect 2Q19 gross margin to be around the level of low thirties.**

FINANCIAL SUMMARY

Consolidated Statements of Comprehensive Income - Quarterly



Unit: NTD Million	1Q'18	4Q'18	1Q'19 (unaudited)	QoQ	YoY
Net revenue	4,464	4,214	3,619	-14%	-19%
Gross profit	1,521	1,374	903	-34%	-41%
<i>Gross margin (%)</i>	<i>34.1%</i>	<i>32.6%</i>	<i>25.0%</i>		
Operating expenses	(480)	(585)	(603)	+3%	+26%
<i>Operating expenses rate (%)</i>	<i>-11%</i>	<i>-14%</i>	<i>-17%</i>		
Operating income	1,041	789	300	-62%	-71%
<i>Operating margin (%)</i>	<i>23.3%</i>	<i>18.7%</i>	<i>8.3%</i>		
Non-operating incomes and expenses	(132)	72	(108)		
Income before income tax	909	861	192	-78%	-79%
Income tax expense	(179)	(128)	(42)		
Net income	730	733	151	-79%	-79%
<i>Net margin (%)</i>	<i>16.4%</i>	<i>17.4%</i>	<i>4.2%</i>		
EPS (NT\$)	1.74	1.80	0.41	-77%	-76%
Other comprehensive income, net	118	(226)	1,059		
Comprehensive income	848	507	1,210	+139%	+43%
ROE(%)	11%	12%	2%		
Approx. Utilization (%)	85%	55%	50%		
Depreciation	743	839	827		
CAPEX	1,760	838	820		

Non-operating Items

Unit: NTD Million	1Q'18	1Q'19 (unaudited)
Foreign exchange gains (losses)	(73)	2
Gains (losses) on disposals of property, plant and equipment	0.01	(1)
Gains (losses) on disposals of investments	0.3	(26)
Gains on financial assets (liabilities) at fair value through profit or loss, net	(74)	41
Share of loss of associates and joint ventures accounted for using equity method	(19)	(179)
Others	33	55
Total	(132)	(108)

Consolidated Balance Sheets



(Unit: NTD Million)	Major Item	2018/3/31		2018/12/31		2019/3/31 (unaudited)	
		\$	%	\$	%	\$	%
	Cash and cash equivalents	5,852	17%	5,462	15%	4,765	13%
	Current financial assets at fair value through profit or loss	710	2%	103	0.3%	137	0.4%
	Notes and accounts receivable, net	1,348	4%	1,422	4%	1,385	4%
	Inventories	3,775	11%	3,907	11%	3,748	10%
	Long-term investments	4,336	12%	3,641	10%	4,520	13%
	Net property, plant and equipment	18,128	52%	19,633	55%	20,002	55%
	Total Assets	35,126	100%	35,460	100%	36,137	100%
	Current liabilities	3,831		3,828		3,801	
	Long-term borrowings	4,399		5,803		5,105	
	Total Liabilities	8,473	24%	9,855	28%	9,362	26%
	Common stock	4,227		4,238		4,238	
	Total equity attributable to owners of parent	26,409		25,380		26,616	
	Total Equity	26,653	76%	25,604	72%	26,775	74%
	Book value per share (NT\$) ¹	62.48		59.88		62.80	
	Key Indices						
	Current ratio (<i>Current assets / Current liabilities</i>)	317%		296%		273%	
	Debt ratio (<i>Total liabilities / Total assets</i>)	24%		28%		26%	

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

Q & A

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