



*Compound Semiconductor Solutions
from RF to Lightwave*

穩懋半導體

WIN Semiconductors Company Presentation

July 2022



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**
- **Financial Review & Guidance**
- **Q&A**

MARKET OUTLOOK

Growth Engines



5G + Wi-Fi



Satellite



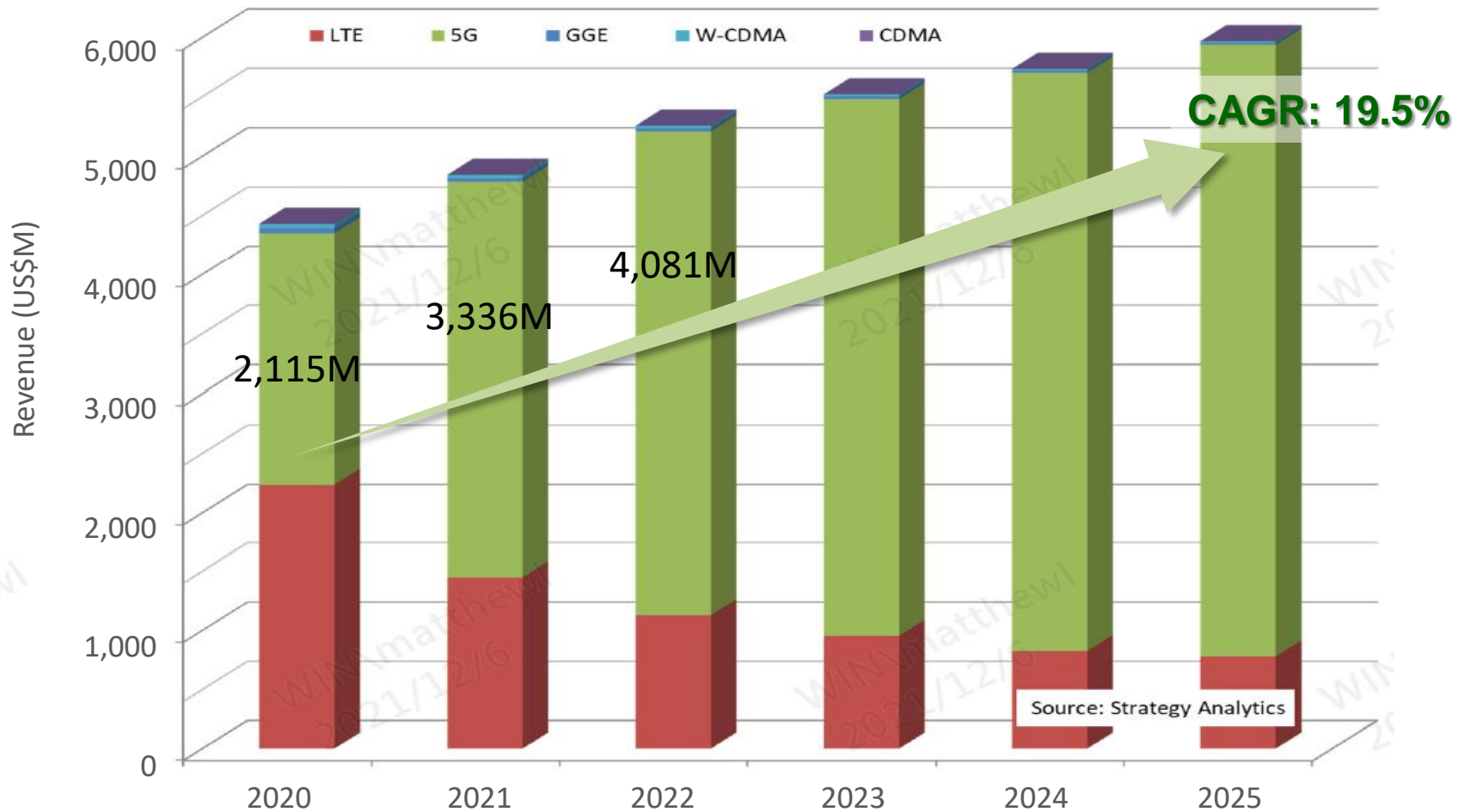
Optical Devices

Outlook

- The momentum is increasing with the coexistence of 4G and 5G network. Cellular and Infra products keep under mass production. WIN is continuously developing the new-generation technologies.
- As market penetration of Wi-Fi 6 & 6E increasing, WIN is developing technologies for Wi-Fi 7.
- Strong demand on satellite communication especially Low Earth Orbit (LEO) satellites provide seamless connectivity for ubiquitous communications.
- WIN takes the lead in VCSEL manufacturing/quality techniques. Applications on 3D and proximity sensing are expanding. And, WIN has delivered the vehicular sensors in automobiles successfully.
- Optoelectronic products including receivers and other laser devices, WIN is working closely with potential customers to develop LiDAR related applications.

5G Is Expanding

Merchant RF GaAs MMIC Revenue for Cellular Terminals





Wi-Fi 6E Is the Next Wave

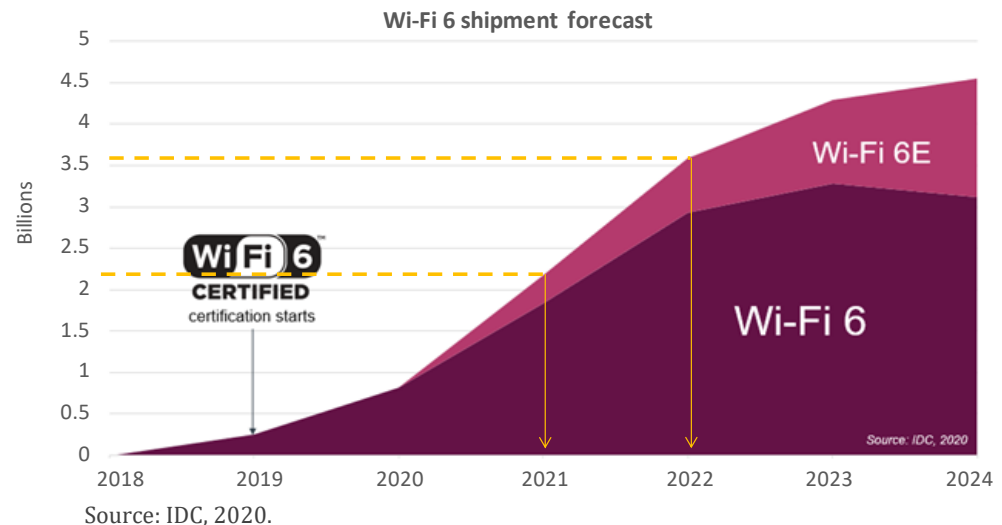


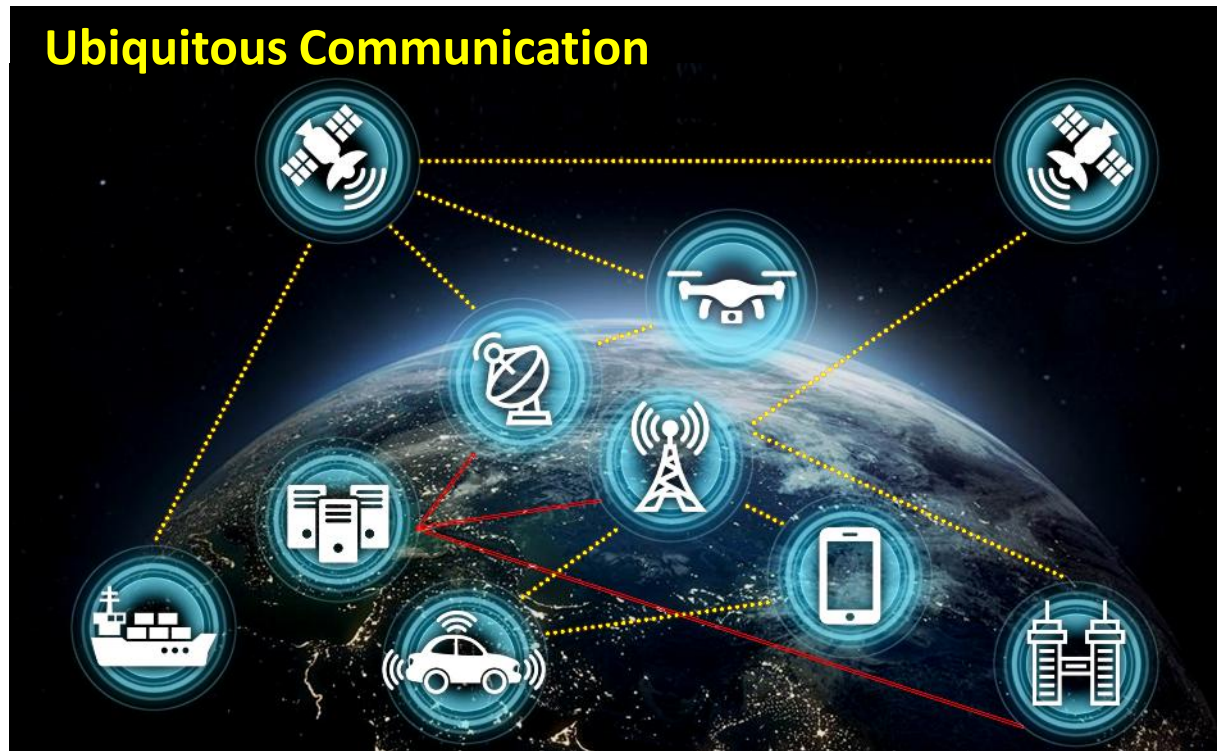
Wi-Fi 6 & 6E new frequency band and penetration rate growth



- Wi-Fi 6E (6-7 GHz) needs superior frequency & high linearity performance which is a challenge to semiconductor.
- GaAs' outstanding characteristics can fulfill the critical requirement of Wi-Fi 6E.

- More than 3.5 billion Wi-Fi 6 product shipments in 2022, growing to 79% of product shipments.
- Nearly 20% of all Wi-Fi 6 device shipments will support 6 GHz by 2022.
- 5.2 billion Wi-Fi 6 product shipments by 2025, 41% of which will be Wi-Fi 6E.





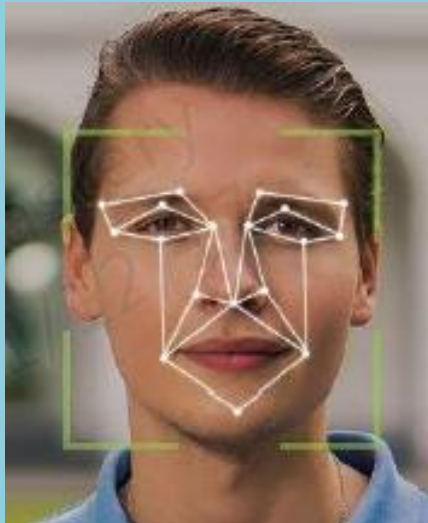
- **Market is Augmenting** ~December 21, 2021 MarketsandMarkets
 - The SATCOM on the move market is projected to grow from US\$ 17.7 billion in 2021 to USD 42.8 billion by 2026, at a CAGR of 19.3%.
- **Data Traffic is Increasing** ~December 6, 2021 NSR Report
 - The space data volumes are expected to increase 14x, and it will reach more than 500 exabytes of information from 2020 to 2030.

3D Sensing Applications

AR/VR



- Structure-Light continuously be used for facial recognition.
- ToF for more 3D sensing applications will keep growing.
 - LiDAR at rear side of smartphone
 - AR/VR Metaverse
 - Proximity sensor
 - Camera focus assistant

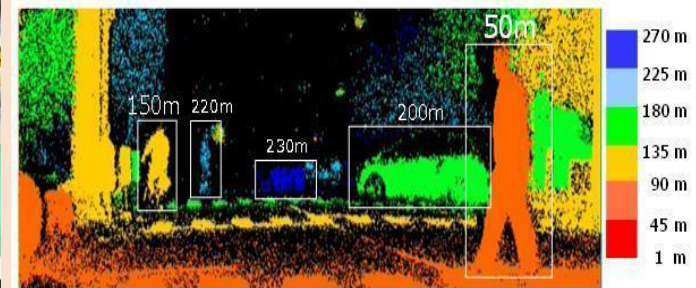


LiDAR Applications

LiDAR



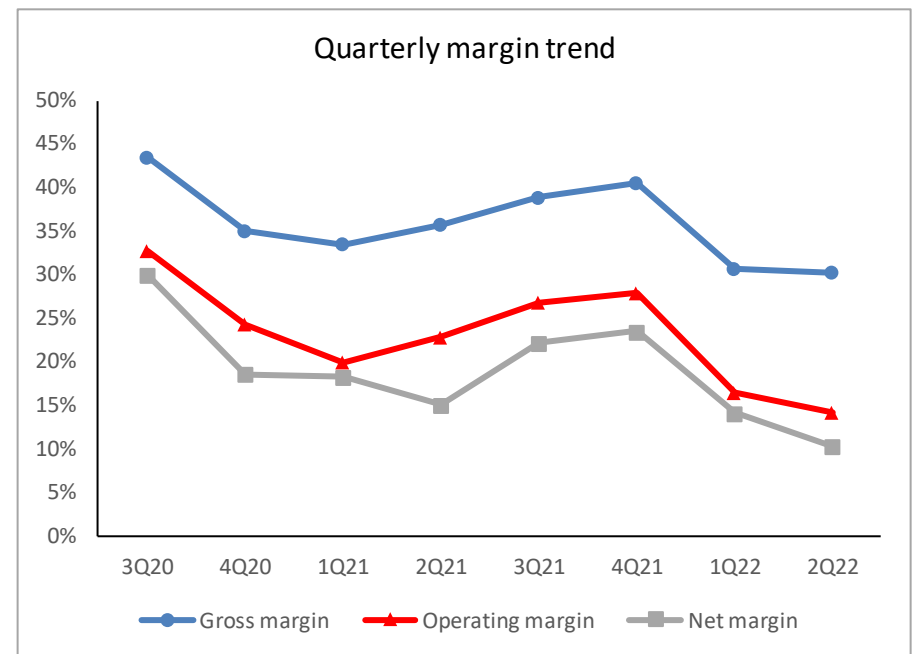
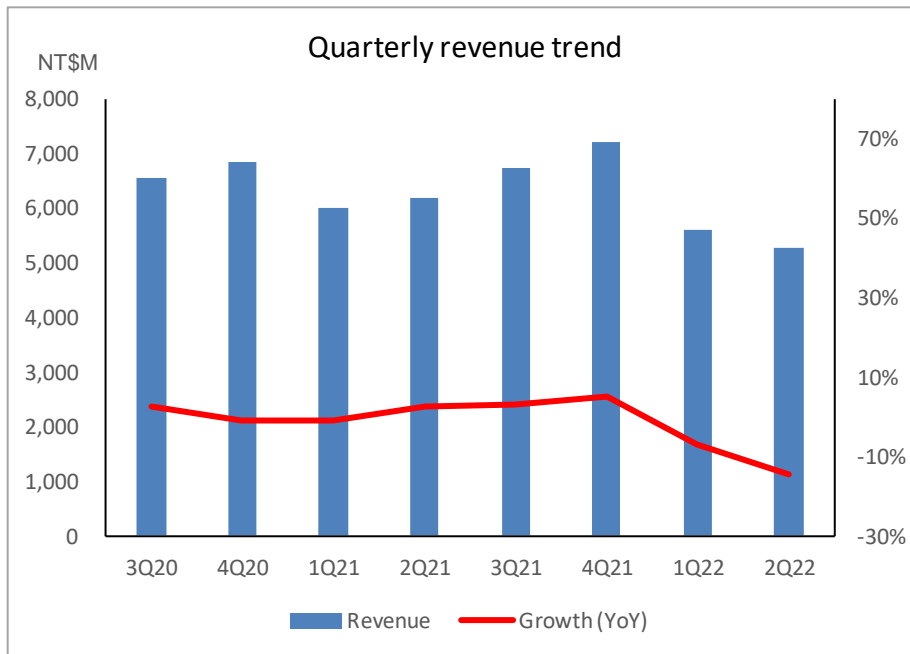
- **ToF for LiDAR applications will keep growing.**
 - High-power infrared VCSEL is in production for automotive applications. (in-vehicle sensing device DMS/OMS)
 - 150-200m long range LiDAR for robotaxis and passenger cars is in pilot stage.
 - AGV (Automated Guided Vehicle) is in pilot stage.



FINANCIAL REVIEW & GUIDANCE

Revenue & Margin Trend

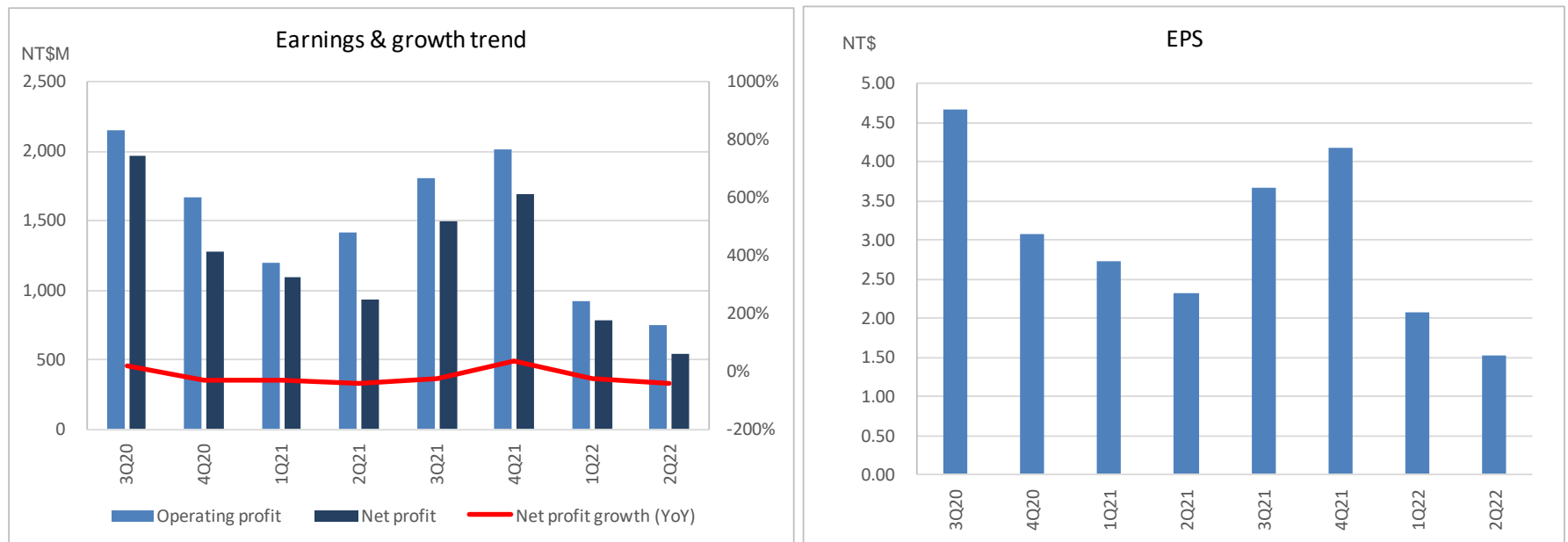
- 2Q22 revenue was NT\$ 5.3b, down 5% QoQ and down 14% YoY.
- 2Q22 gross margin declined by 0.4pp sequentially to 30.2% and operating margin declined by 2.3pp to 14.1%. The declines were mainly caused by a decline in capacity utilization rate.



Source: company.

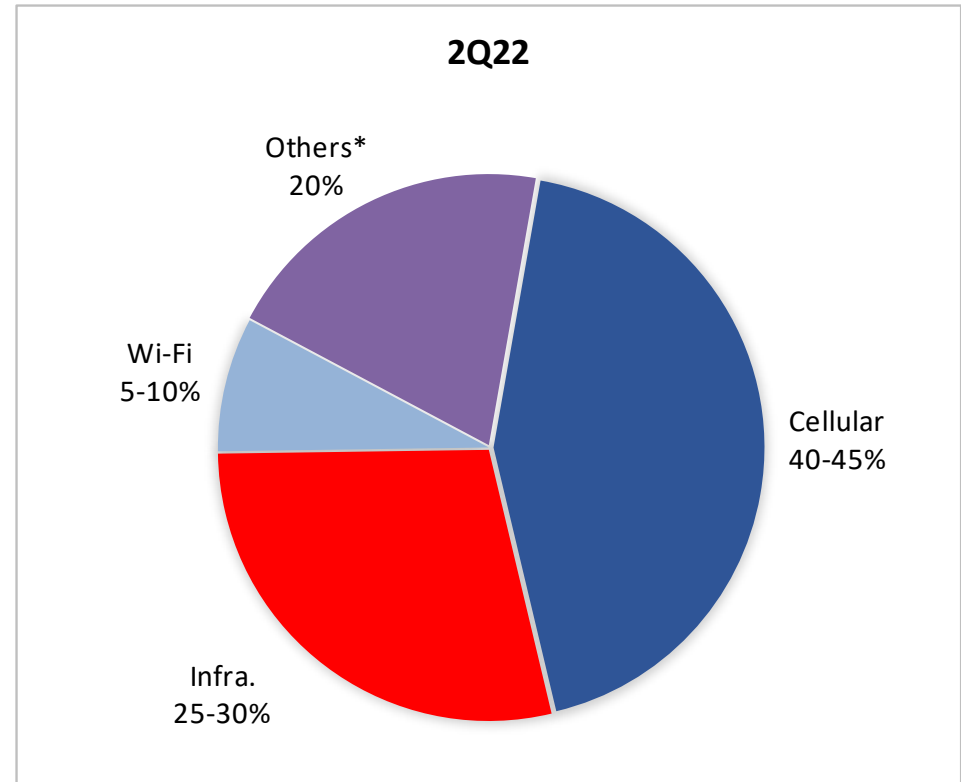
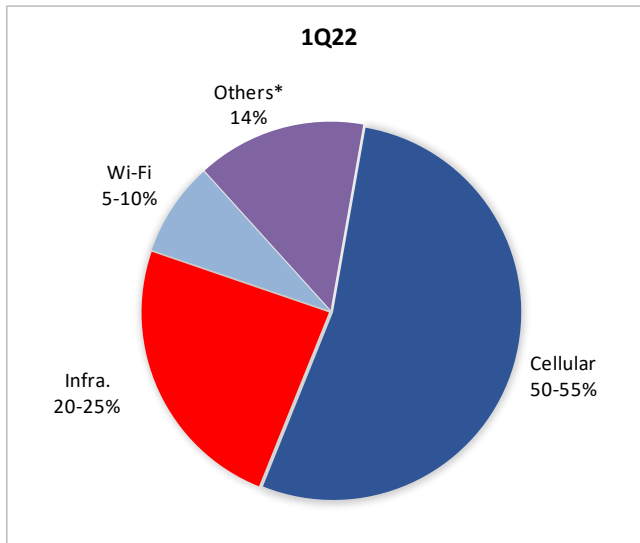
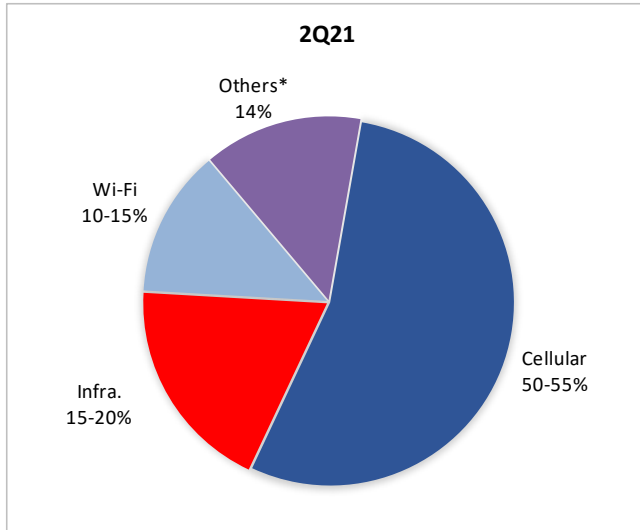
Earnings Trend

- **2Q22 net profit was NT\$ 544m, down 31% QoQ and down 41% YoY. EPS came in at NT\$1.52, compared to NT\$2.08 in 1Q22.**



Source: company.

Product Mix



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

Source: company.

3Q22 Guidance



- **We expect 3Q22 revenue to decline mid-twenties QoQ.**
- **We expect 3Q22 gross margin will be around the level of low-twenties.**

APPENDIX - FINANCIAL SUMMARY

Consolidated Statements of Comprehensive Income - Quarterly



Unit: NTD Million	2Q'21	1Q'21	2Q'22 (unaudited)	QoQ	YoY
Net revenue	6,195	5,597	5,297	-5%	-14%
Gross profit	2,212	1,714	1,601	-7%	-28%
<i>Gross margin (%)</i>	<i>35.7%</i>	<i>30.6%</i>	<i>30.2%</i>		
Operating expenses	(803)	(798)	(853)	+7%	+6%
<i>Operating expenses rate (%)</i>	<i>-13%</i>	<i>-14%</i>	<i>-16%</i>		
Operating income	1,409	916	747	-18%	-47%
<i>Operating margin (%)</i>	<i>22.7%</i>	<i>16.4%</i>	<i>14.1%</i>		
Non-operating incomes and expenses	(283)	75	(79)		
Income before income tax	1,126	991	669	-33%	-41%
Income tax expense	(197)	(205)	(125)		
Net income	930	786	544	-31%	-41%
<i>Net margin (%)</i>	<i>15.0%</i>	<i>14.0%</i>	<i>10.3%</i>		
EPS (NT\$)	2.32	2.08	1.52	-27%	-34%
Other comprehensive income, net	69	374	(472)		
Comprehensive income	998	1,160	72	-94%	-93%
ROE(%)	12%	10%	8%		
Approx. Utilization (%)	90%	70%	60%		
Depreciation	1,028	1,058	1,051		
CAPEX	2,702	1,320	3,136		

Consolidated Statements of Comprehensive Income - YTD

Unit: NTD Million	2021H1	2022H1 (unaudited)	YoY
Net revenue	12,204	10,894	-11%
Gross profit	4,224	3,315	-22%
<i>Gross margin (%)</i>	<i>34.6%</i>	<i>30.4%</i>	
Operating expenses	(1,619)	(1,651)	+2%
<i>Operating expenses rate (%)</i>	<i>-13%</i>	<i>-15%</i>	
Operating income	2,605	1,663	-36%
<i>Operating margin (%)</i>	<i>21.3%</i>	<i>15.3%</i>	
Non-operating incomes and expenses	(92)	(4)	
Income before income tax	2,513	1,659	-34%
Income tax expense	(488)	(329)	
Net income	2,025	1,330	-34%
<i>Net margin (%)</i>	<i>16.6%</i>	<i>12.2%</i>	
EPS (NT\$)	5.04	3.60	-29%
Other comprehensive income, net	55	(98)	
Comprehensive income	2,080	1,233	-41%
ROE(%)	13%	9%	
Approx. Utilization (%)	85%	65%	
Depreciation	2,027	2,109	
CAPEX	4,536	4,456	

Non-operating Items

Unit: NTD Million	2Q'21	2Q'22 (unaudited)	2021H1	2022H1 (unaudited)
Foreign exchange gains (losses)	(348)	100	(157)	439
Gains (losses) on disposals of property, plant and equipment	0.7	7	(5)	7
Gains on financial assets (liabilities) at fair value through profit or loss, net	144	(300)	222	(579)
Share of gains (losses) of associates and joint ventures accounted for using equity method	(22)	99	(61)	161
Others	(57)	15	(91)	(31)
Total	(283)	(79)	(92)	(4)

Consolidated Balance Sheets



(Unit: NTD Million)	Major Item	2021/6/30		2022/3/31		2022/6/30 (unaudited)	
		\$	%	\$	%	\$	%
	Cash and cash equivalents	19,899	27%	14,207	19%	12,960	18%
	Current financial assets at fair value through profit or loss	258	0.4%	57	0.1%	53	0.1%
	Notes and accounts receivable, net	2,107	3%	2,020	3%	1,826	3%
	Inventories	6,065	8%	6,295	8%	5,960	8%
	Long-term investments	11,767	16%	14,621	20%	14,036	19%
	Net property, plant and equipment	29,111	40%	33,003	45%	33,996	47%
	Total Assets	72,576	100%	74,073	100%	72,767	100%
	Current portion of long-term liabilities	-		-		247	
	Current liabilities	10,862		11,036		10,252	
	Bonds payable	13,202		13,329		13,372	
	Long-term borrowings	12,341		13,520		12,914	
	Total Liabilities	37,634	52%	39,177	53%	37,796	52%
	Common stock	4,240		4,240		4,240	
	Total equity attributable to owners of parent	32,727		32,739		32,929	
	Total Equity	34,942	48%	34,896	47%	34,971	48%
	Book value per share (NT\$) ¹	77.18		77.22		77.67	
	Key Indices						
	Current ratio (<i>Current assets / Current liabilities</i>)	266%		210%		210%	
	Debt ratio (<i>Total liabilities / Total assets</i>)	52%		53%		52%	

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

Q & A

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