



*Compound Semiconductor Solutions
from RF to Lightwave*

穩懋半導體

WIN Semiconductors 2Q2019 Investor Conference

July 2019



Safe Harbor Notice

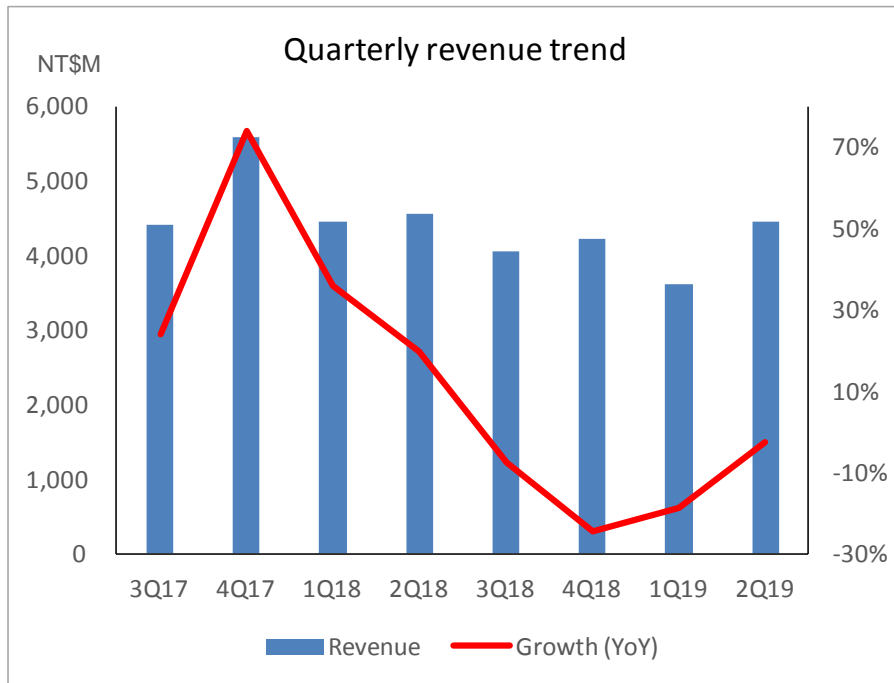


- **This presentation contains certain forward-looking statements that are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.**
- **Except as required by law, we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.**

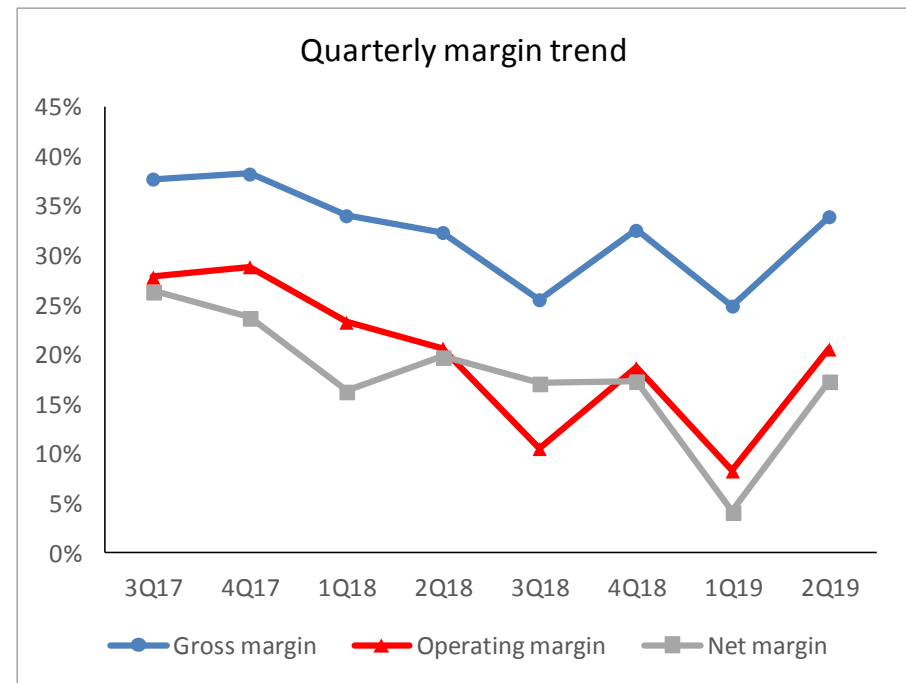
QUARTERLY RESULTS & GUIDANCE

Revenue & Margin Trend

- 2Q19 revenue finished at NT\$4,451m, up 23% QoQ but down 3% YoY.
- In 2Q19, due to higher utilization rate, our gross margin increased by 9pp sequentially to 34.0%, and operating margin increased by 12.3pp sequentially to 20.6%.

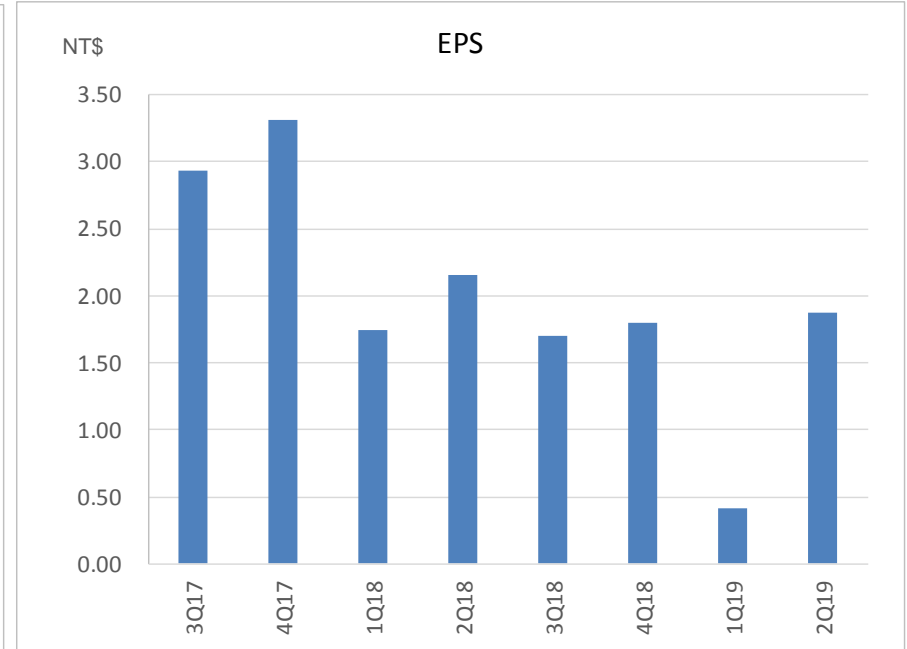
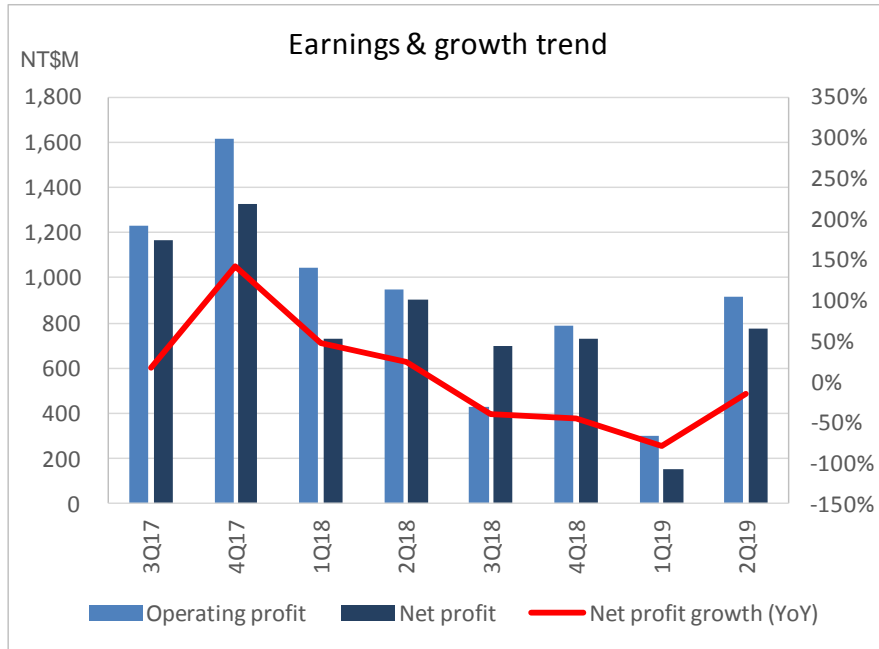


Source: company.



Earnings Trend

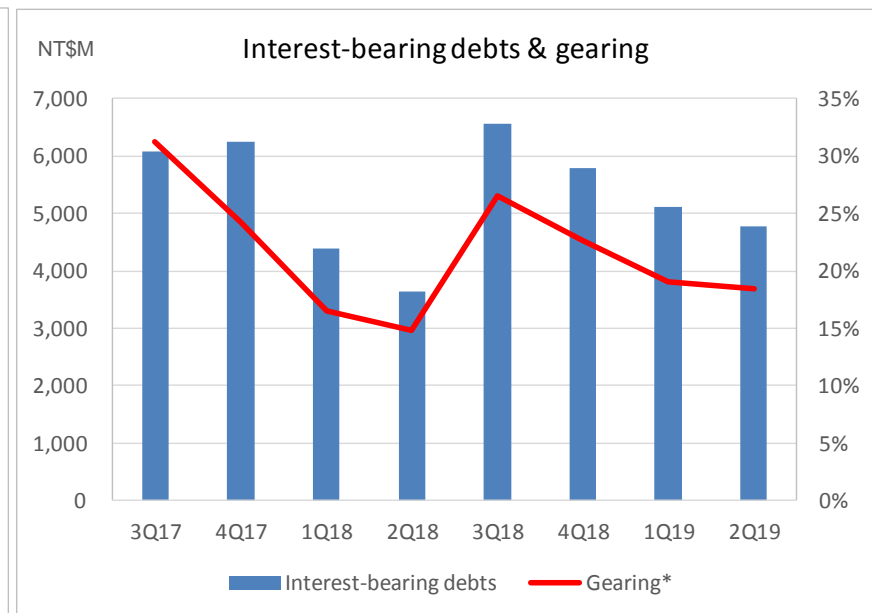
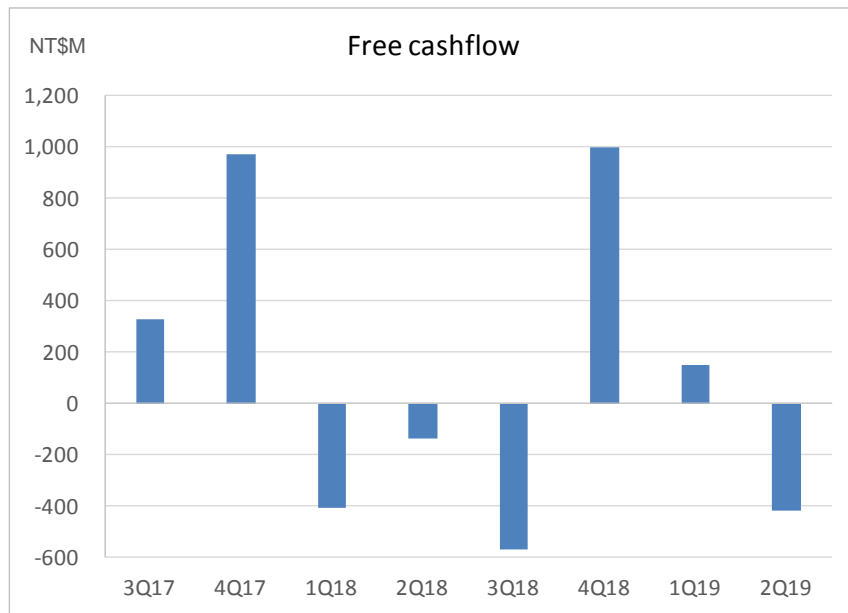
- **2Q19 net income was NT\$774m, up 413% QoQ but down 15% YoY.**
2Q19 EPS came in at NT\$1.87, compares to NT\$0.41 in 1Q19.



Source: company.

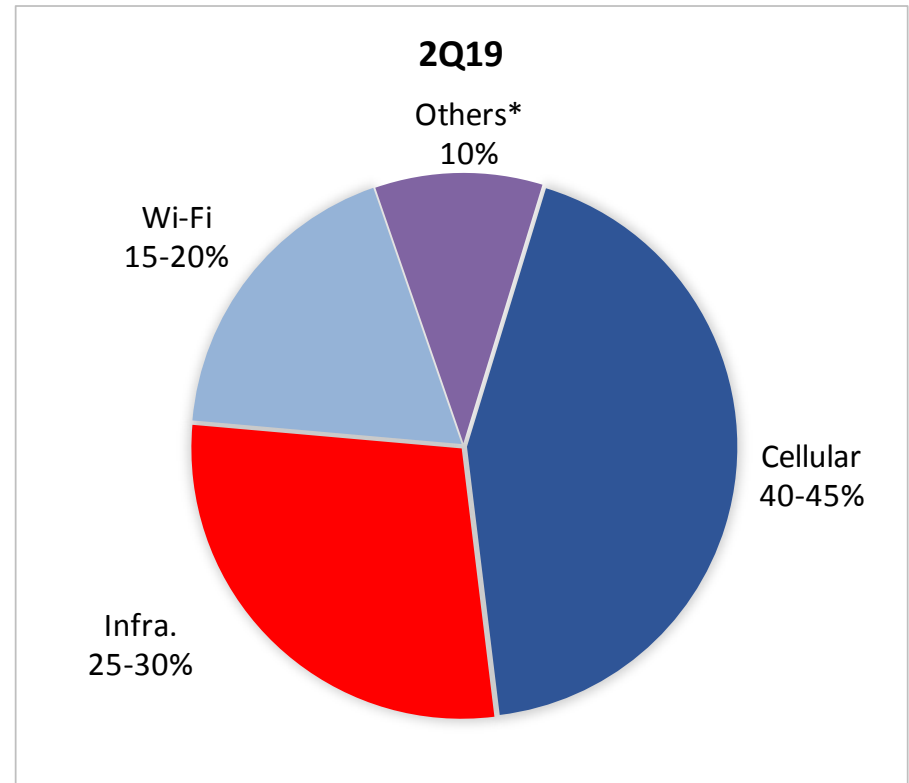
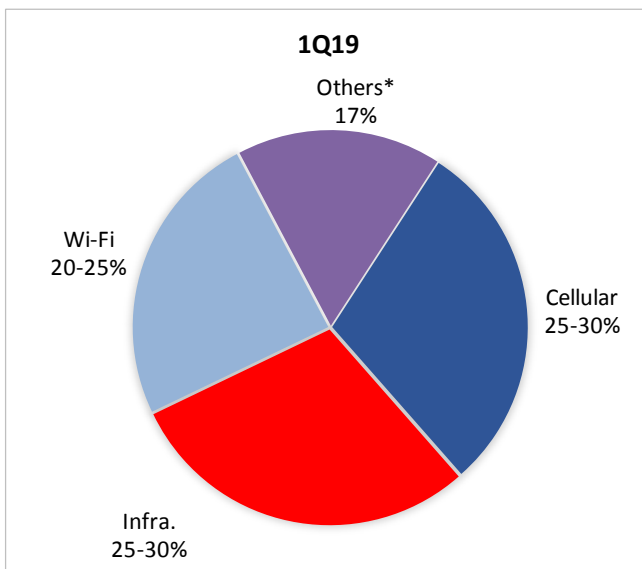
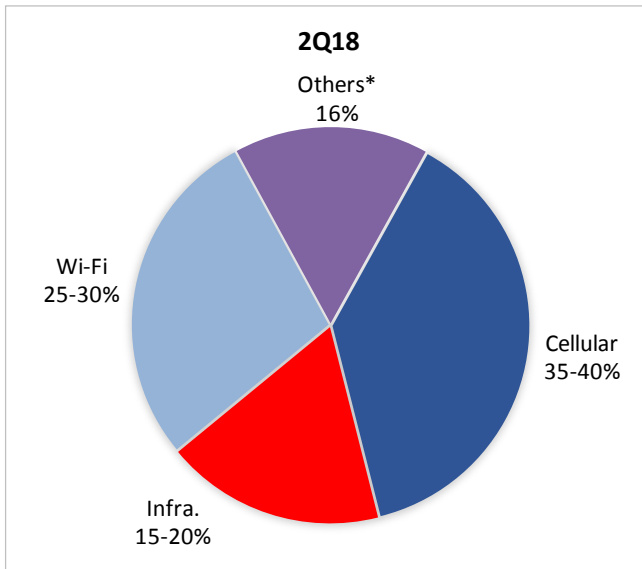
FCF & Gearing Trend

- As capex in 2Q19 was higher than previous quarter, our free cash was decrease sequentially.
- 2Q19 interest-bearing debts and gearing ratio were lower than those of previous quarter; 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.

3Q19 Guidance



- **We expect 3Q19 revenue to increase around 30% QoQ.**
- **We expect 3Q19 gross margin to be better than the level of 2Q19.**

FINANCIAL SUMMARY

Consolidated Statements of Comprehensive Income - Quarterly



| Unit: NTD Million | 2Q'18 | 1Q'19 | 2Q'19 (unaudited) | QoQ | YoY |
|------------------------------------|--------------|--------------|----------------------|-------|------|
| Net revenue | 4,567 | 3,619 | 4,451 | +23% | -3% |
| Gross profit | 1,479 | 903 | 1,513 | +67% | +2% |
| <i>Gross margin (%)</i> | <i>32.4%</i> | <i>25.0%</i> | <i>34.0%</i> | | |
| Operating expenses | (533) | (603) | (595) | -1% | +12% |
| <i>Operating expenses rate (%)</i> | <i>-12%</i> | <i>-17%</i> | <i>-13%</i> | | |
| Operating income | 946 | 300 | 918 | +206% | -3% |
| <i>Operating margin (%)</i> | <i>20.7%</i> | <i>8.3%</i> | <i>20.6%</i> | | |
| Non-operating incomes and expenses | 211 | (108) | 82 | | |
| Income before income tax | 1,157 | 192 | 999 | +419% | -14% |
| Income tax expense | (252) | (42) | (226) | | |
| Net income | 905 | 151 | 774 | +413% | -15% |
| <i>Net margin (%)</i> | <i>19.8%</i> | <i>4.2%</i> | <i>17.4%</i> | | |
| EPS (NT\$) | 2.16 | 0.41 | 1.87 | +356% | -13% |
| Other comprehensive income, net | 56 | 1,059 | 415 | | |
| Comprehensive income | 962 | 1,210 | 1,189 | -2% | +24% |
| ROE(%) | 14% | 2% | 12% | | |
| Approx. Utilization (%) | 85% | 50% | 80% | | |
| Depreciation | 772 | 827 | 842 | | |
| CAPEX | 1,453 | 820 | 1,669 | | |

Consolidated Statements of Comprehensive Income - YTD



| Unit: NTD Million | 2018H1 | 2019H1 (unaudited) | YoY |
|------------------------------------|--------------|-----------------------|-------------|
| Net revenue | 9,031 | 8,070 | -11% |
| Gross profit | 3,001 | 2,416 | -19% |
| <i>Gross margin (%)</i> | <i>33.2%</i> | <i>29.9%</i> | |
| Operating expenses | (1,013) | (1,198) | +18% |
| <i>Operating expenses rate (%)</i> | <i>-11%</i> | <i>-15%</i> | |
| Operating income | 1,987 | 1,218 | -39% |
| <i>Operating margin (%)</i> | <i>22.0%</i> | <i>15.1%</i> | |
| Non-operating incomes and expenses | 79 | (26) | |
| Income before income tax | 2,066 | 1,192 | -42% |
| Income tax expense | (431) | (267) | |
| Net income | 1,635 | 924 | -43% |
| <i>Net margin (%)</i> | <i>18.1%</i> | <i>11.5%</i> | |
| EPS (NT\$) | 3.90 | 2.28 | -42% |
| Other comprehensive income, net | 175 | 1,474 | |
| Comprehensive income | 1,810 | 2,399 | +33% |
| ROE(%) | 13% | 7% | |
| Approx. Utilization (%) | 85% | 65% | |
| Depreciation | 1,515 | 1,668 | |
| CAPEX | 3,213 | 2,489 | |

Non-operating Items

Unit: NTD Million

| | 2Q'18 | 2Q'19 (unaudited) | 2018H1 | 2019H1 (unaudited) |
|---|------------|----------------------|-----------|-----------------------|
| Foreign exchange gains (losses) | 176 | 42 | 104 | 44 |
| Gains (losses) on disposals of property, plant and equipment | 0.2 | - | 0.2 | (0.8) |
| Gains (losses) on disposals of investments | 0.02 | 105 | 0.3 | 80 |
| Gains on financial assets (liabilities) at fair value through profit or loss, net | (21) | (119) | (94) | (78) |
| Share of loss of associates and joint ventures accounted for using equity method | (21) | (10) | (41) | (189) |
| Others | 77 | 64 | 110 | 119 |
| Total | 211 | 82 | 79 | (26) |

Consolidated Balance Sheets



| (Unit: NTD Million) | Major Item | 2018/6/30 | | 2019/3/31 | | 2019/6/30 (unaudited) | |
|---------------------|---|---------------|-------------|---------------|-------------|--------------------------|-------------|
| | | \$ | % | \$ | % | \$ | % |
| | Cash and cash equivalents | 4,819 | 13% | 4,765 | 13% | 4,206 | 11% |
| | Current financial assets at fair value through profit or loss | 877 | 2% | 137 | 0.4% | 103 | 0.3% |
| | Notes and accounts receivable, net | 1,803 | 5% | 1,385 | 4% | 1,855 | 5% |
| | Inventories | 4,055 | 11% | 3,748 | 10% | 4,438 | 12% |
| | Long-term investments | 4,334 | 12% | 4,520 | 13% | 4,760 | 13% |
| | Net property, plant and equipment | 19,204 | 53% | 20,002 | 55% | 20,358 | 54% |
| | Total Assets | 36,134 | 100% | 36,137 | 100% | 37,434 | 100% |
| | Current liabilities | 7,581 | | 3,801 | | 6,287 | |
| | Long-term borrowings | 3,649 | | 5,105 | | 4,780 | |
| | Total Liabilities | 11,478 | 32% | 9,362 | 26% | 11,567 | 31% |
| | Common stock | 4,227 | | 4,238 | | 4,241 | |
| | Total equity attributable to owners of parent | 24,473 | | 26,616 | | 25,723 | |
| | Total Equity | 24,656 | 68% | 26,775 | 74% | 25,867 | 69% |
| | Book value per share (NT\$) ¹ | 57.90 | | 62.80 | | 60.66 | |
| | Key Indices | | | | | | |
| | Current ratio (<i>Current assets / Current liabilities</i>) | 159% | | 273% | | 175% | |
| | Debt ratio (<i>Total liabilities / Total assets</i>) | 32% | | 26% | | 31% | |

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

Q & A

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