



*Compound Semiconductor Solutions
from RF to Lightwave*

穩懋半導體

20[📶]
YEARS
of
III-V INNOVATION

WIN Semiconductors 3Q2019 Investor Conference

October 2019



Safe Harbor Notice

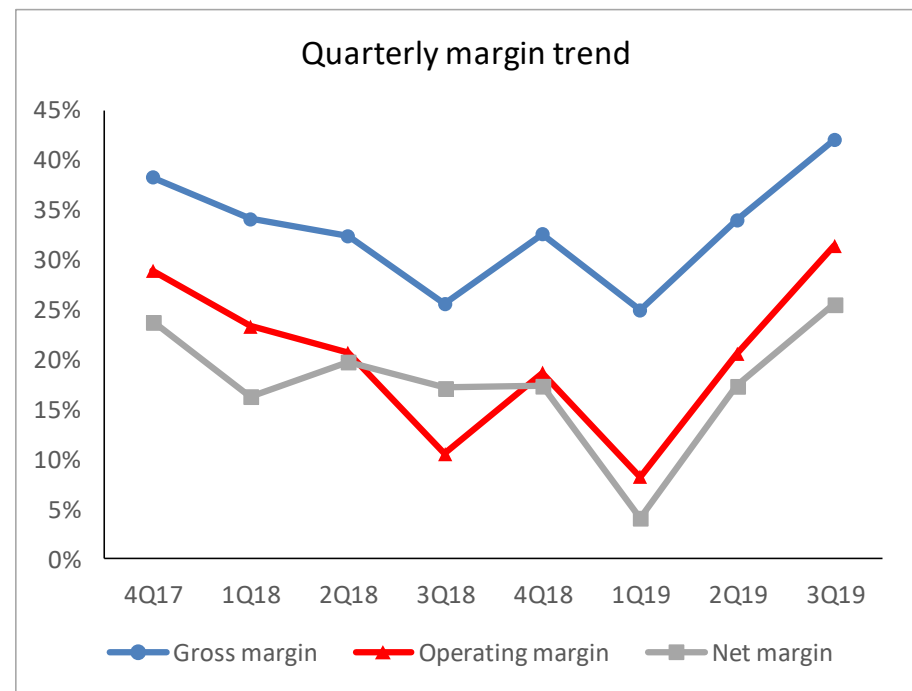
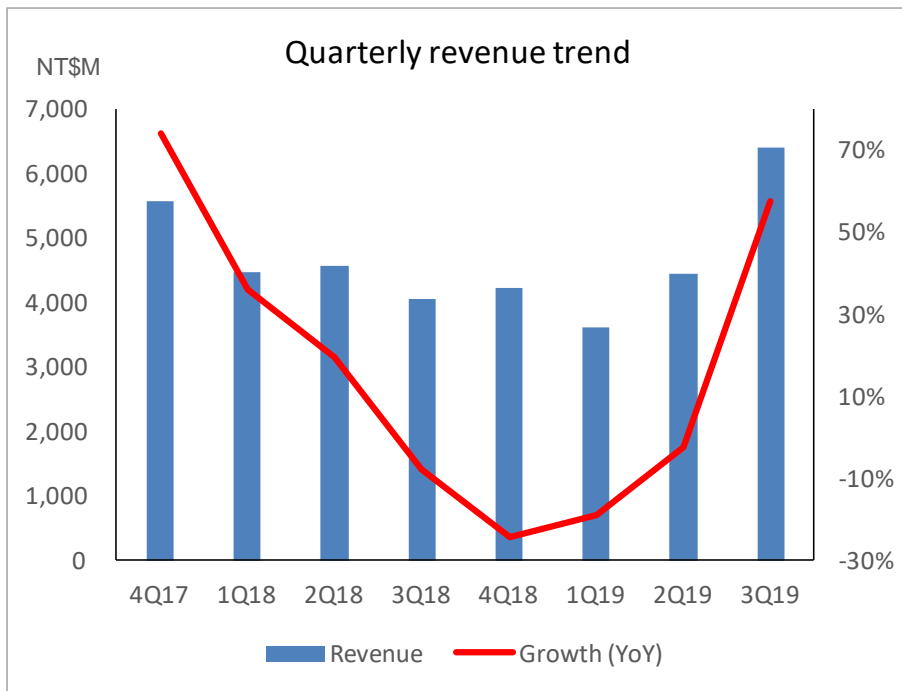


- **This presentation contains certain forward-looking statements that are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.**
- **Except as required by law,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

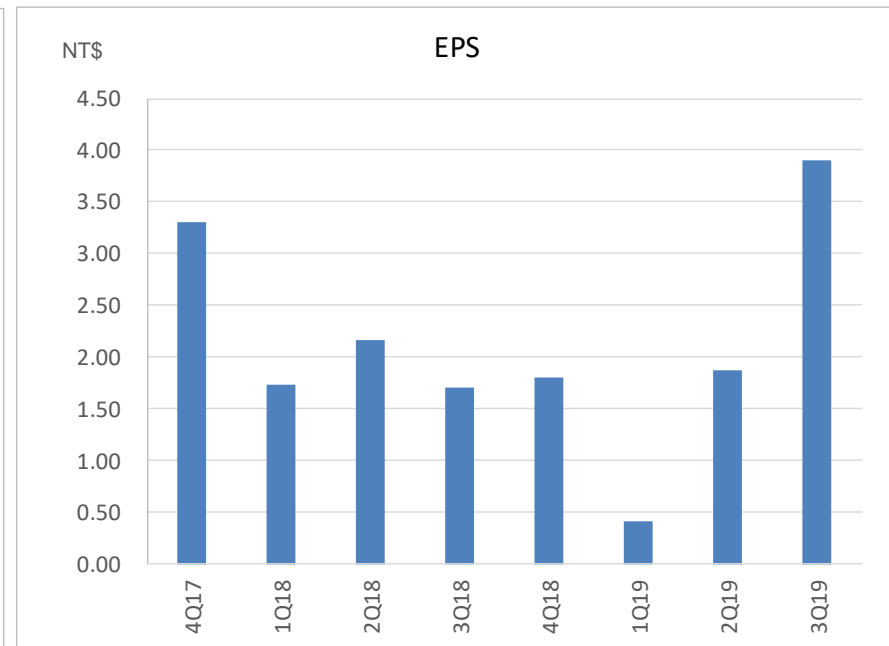
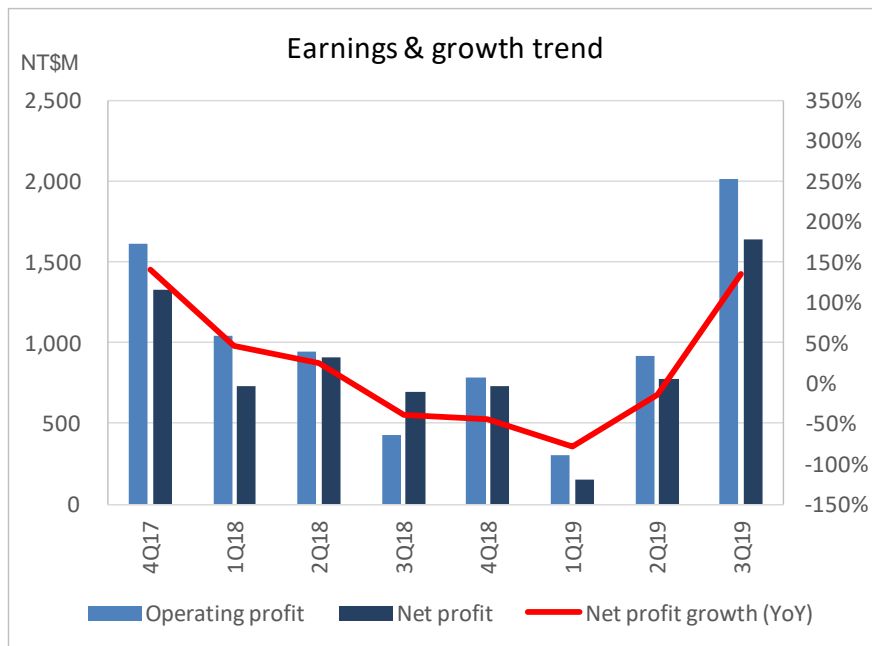
- 3Q19 revenue finished at NT\$6,404m, reaching a record high, up 44% QoQ and 58% YoY.
- In 3Q19, due to higher utilization rate, our gross margin increased by 8.1pp sequentially to 42.1%, beating historical highs, while operating margin increased by 10.8pp sequentially to 31.4% reaching the second highest level in our company's history..



Source: company.

Earnings Trend

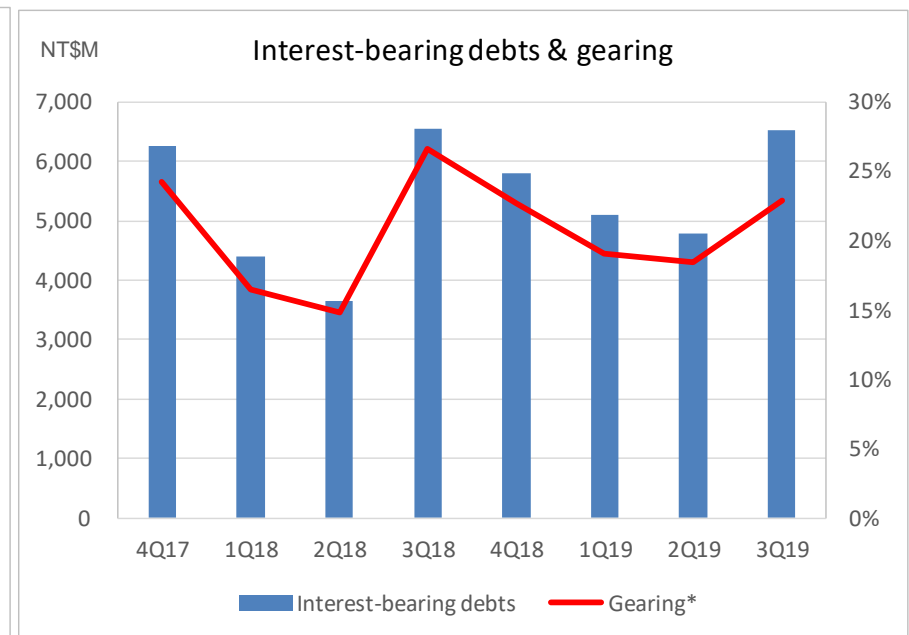
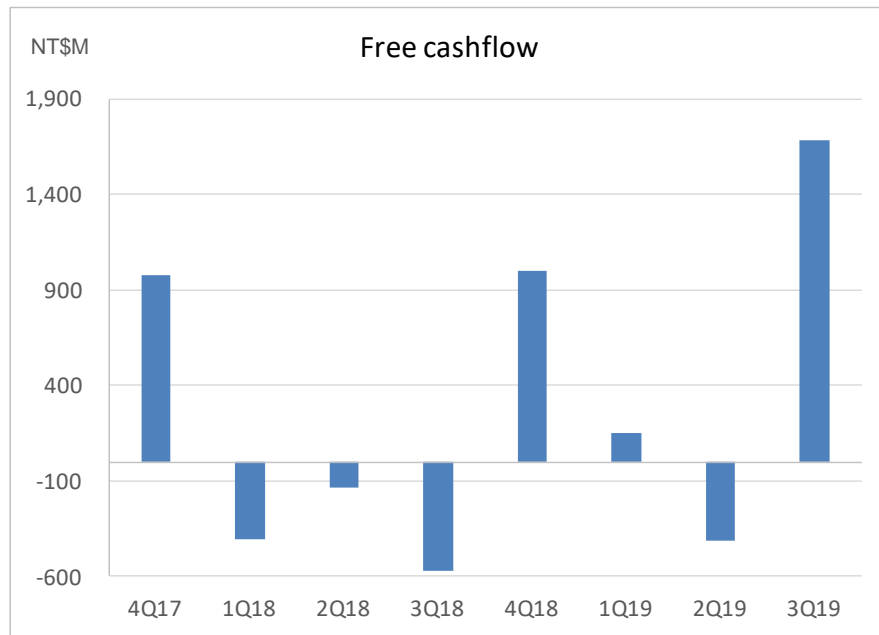
- In 3Q19, net profit and EPS both reached record high. Net profit was NT\$1,637m, up 112% QoQ and 135% YoY. EPS came in at NT\$3.9, compares to NT\$1.87 in 2Q19.



Source: company.

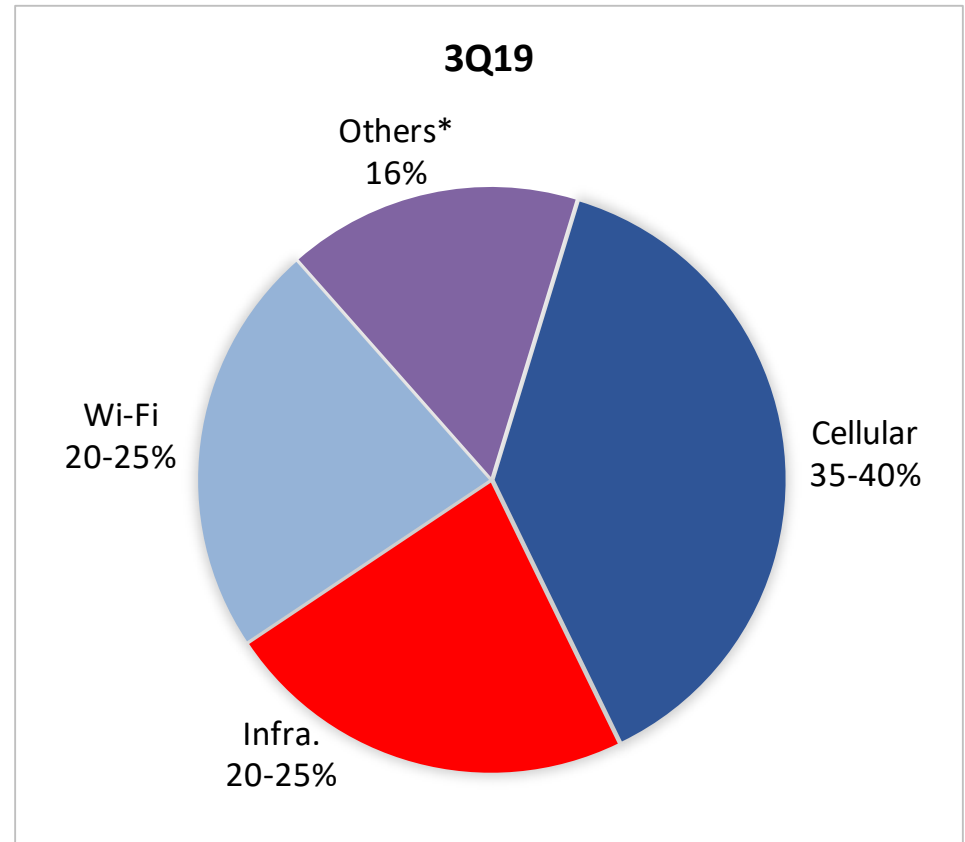
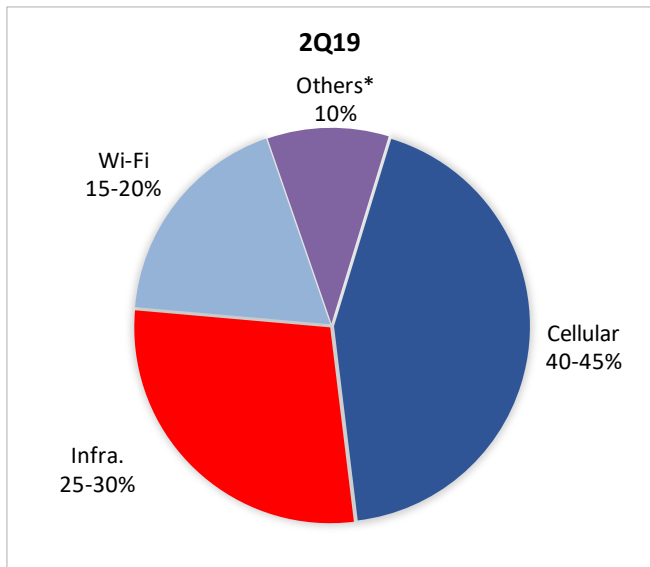
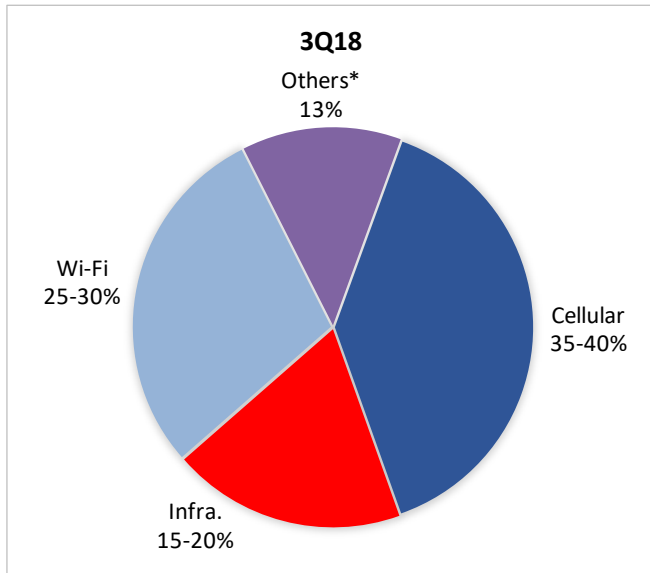
FCF & Gearing Trend

- In 3Q19, free cash increased over previous quarters given higher net profit.
- 3Q19 interest-bearing debts and gearing ratio were higher than those of previous quarter; but 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.

4Q19 Guidance



- We expect 4Q19 revenue to grow by mid-single digit QoQ.
- We expect 4Q19 gross margin to be around the same level as 3Q19.

FINANCIAL SUMMARY

Consolidated Statements of Comprehensive Income - Quarterly



Unit: NTD Million	3Q'18	2Q'19	3Q'19 (unaudited)	QoQ	YoY
Net revenue	4,066	4,451	6,404	+44%	+58%
Gross profit	1,041	1,513	2,693	+78%	+159%
<i>Gross margin (%)</i>	<i>25.6%</i>	<i>34.0%</i>	<i>42.1%</i>		
Operating expenses	(611)	(595)	(681)	+14%	+11%
<i>Operating expenses rate (%)</i>	<i>-15%</i>	<i>-13%</i>	<i>-11%</i>		
Operating income	429	918	2,012	+119%	+369%
<i>Operating margin (%)</i>	<i>10.6%</i>	<i>20.6%</i>	<i>31.4%</i>		
Non-operating incomes and expenses	379	82	(29)		
Income before income tax	808	999	1,983	+98%	+145%
Income tax expense	(110)	(226)	(346)		
Net income	698	774	1,637	+112%	+135%
<i>Net margin (%)</i>	<i>17.2%</i>	<i>17.4%</i>	<i>25.6%</i>		
EPS (NT\$)	1.70	1.87	3.90	+109%	+129%
Other comprehensive income, net	(314)	415	1,031		
Comprehensive income	384	1,189	2,668	+124%	+595%
ROE(%)	11%	12%	24%		
Approx. Utilization (%)	60%	80%	95%		
Depreciation	805	842	809		
CAPEX	1,540	1,669	1,116		

Consolidated Statements of Comprehensive Income - YTD



Unit: NTD Million	2018Q1-3	2019Q1-3 (unaudited)	YoY
Net revenue	13,097	14,474	+11%
Gross profit	4,041	5,109	+26%
<i>Gross margin (%)</i>	<i>30.9%</i>	<i>35.3%</i>	
Operating expenses	(1,625)	(1,879)	+16%
<i>Operating expenses rate (%)</i>	<i>-12%</i>	<i>-13%</i>	
Operating income	2,416	3,230	+34%
<i>Operating margin (%)</i>	<i>18.5%</i>	<i>22.3%</i>	
Non-operating incomes and expenses	458	(55)	
Income before income tax	2,874	3,175	+10%
Income tax expense	(541)	(613)	
Net income	2,333	2,561	+10%
<i>Net margin (%)</i>	<i>17.8%</i>	<i>17.7%</i>	
EPS (NT\$)	5.59	6.18	+11%
Other comprehensive income, net	(139)	2,505	
Comprehensive income	2,194	5,067	+131%
ROE(%)	12%	13%	
Approx. Utilization (%)	75%	75%	
Depreciation	2,319	2,477	
CAPEX	4,753	3,605	

Non-operating Items

Unit: NTD Million	3Q'18	3Q'19 (unaudited)	2018Q1-3	2019Q1-3 (unaudited)
Foreign exchange gains (losses)	4	19	108	63
Gains (losses) on disposals of property, plant and equipment	(0.4)	(288) ^(Note)	(0.2)	(289)
Gains (losses) on disposals of investments	275	(32)	275	48
Gains on financial assets (liabilities) at fair value through profit or loss, net	6	146	(89)	68
Share of loss of associates and joint ventures accounted for using equity method	(8)	(6)	(49)	(196)
Others	102	132	212	251
Total	379	(29)	458	(55)

(Note) We acquired the manufacturing equipment from our large customer Avago's all HBT production lines in the first half of this year. The loss was mainly due to the disposal of some unserviceable machines in 3Q19.

Consolidated Balance Sheets



(Unit: NTD Million)	Major Item	2018/9/30		2019/6/30		2019/9/30 (unaudited)	
		\$	%	\$	%	\$	%
	Cash and cash equivalents	5,224	15%	4,206	11%	4,993	12%
	Current financial assets at fair value through profit or loss	96	0.3%	103	0.3%	720	1.8%
	Notes and accounts receivable, net	1,455	4%	1,855	5%	2,220	5%
	Inventories	3,755	11%	4,438	12%	4,364	11%
	Long-term investments	3,870	11%	4,760	13%	6,191	15%
	Net property, plant and equipment	19,559	55%	20,358	54%	20,432	50%
	Total Assets	35,248	100%	37,434	100%	40,580	100%
	Current liabilities	3,398		6,287		4,971	
	Long-term borrowings	6,467		4,780		6,521	
	Total Liabilities	10,087	29%	11,567	31%	12,024	30%
	Common stock	4,238		4,241		4,241	
	Total equity attributable to owners of parent	24,858		25,723		28,427	
	Total Equity	25,161	71%	25,867	69%	28,557	70%
	Book value per share (NT\$) ¹	58.65		60.66		67.04	
	Key Indices						
	Current ratio (<i>Current assets / Current liabilities</i>)		323%		175%		253%
	Debt ratio (<i>Total liabilities / Total assets</i>)		29%		31%		30%

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

