



Leading the
Global Communication

SEMICONDUCTORS



WIN Semiconductors

Wireless • Information • Networking

Company Presentation

May 2013



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.

Outline

- ✓ Vision Statement
- ✓ The WIN Strategy
- ✓ Growth Drivers
- ✓ Financial Performance

Vision Statement



- We have achieved our goal of becoming the industry leader in the GaAs semiconductor foundry industry with 62% market share as of 2012.
- Our growth has been profitable. In the past five years, WIN Semi has delivered annual average top-line growth of 38% and bottom-line growth of 35%. ROE has averaged 13.5%.
- We continue to invest in capacity to retain our leading industry position, but remain focused on providing steady improvement in FCF generation.
- We continually strive to diversify our revenue base, increasing exposure to new rapidly growing device manufacturers and to new applications.
- We target higher than industry growth in revenues and profit, while striving to maintain our dividend payout ratio at 50%.

Competitive Strengths



World's largest GaAs foundry with strong growth momentum

Exposed to attractive end markets with strong secular growth outlook

Superior technology and manufacturing capabilities

Diversified top tier customers and end markets

Strong and experienced management team with proven track record

The WIN Strategy



Invest in capacity to capture market growth and maintain leadership

Scale

Technology

Invest in technology to maintain competitive edge and penetrate into new markets

Cost & Efficiency

Customers

Leverage on technology and manufacturing expertise for continuous cost & efficiency improvement

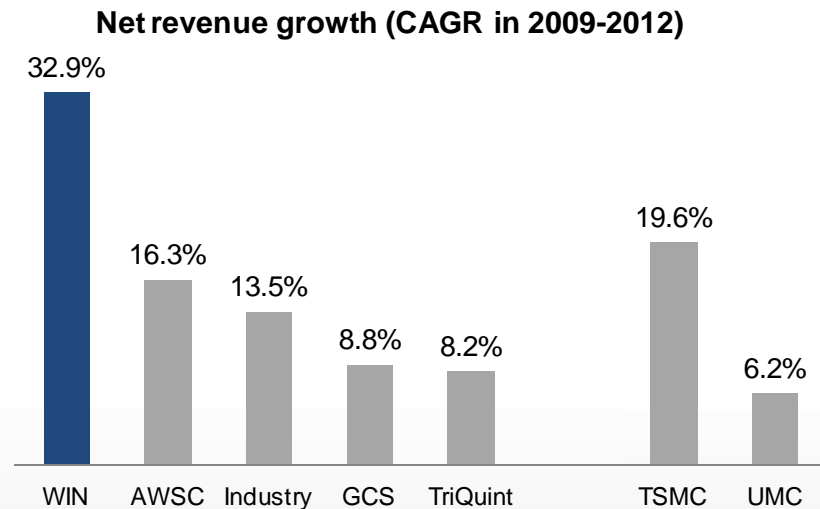
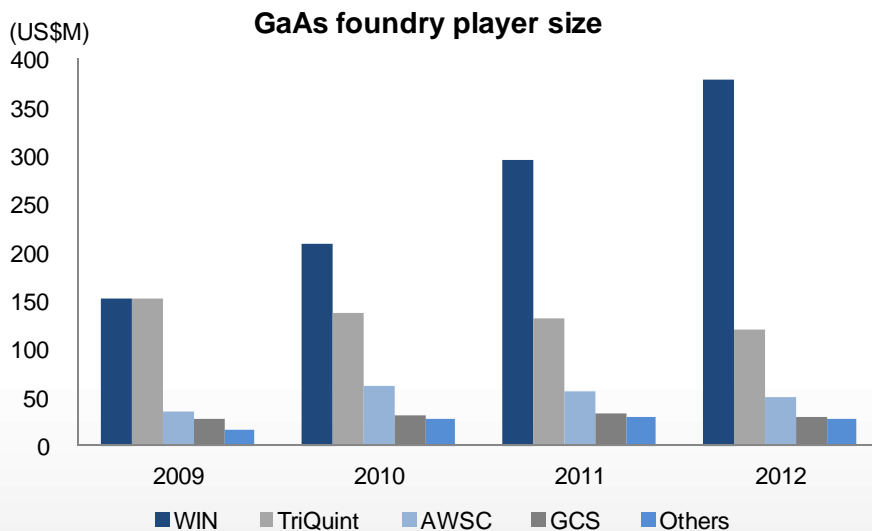
Grow and acquire new customer base in existing and new markets

Industry Leading GaAs Foundry with Strong Growth Momentum



Largest GaAs semiconductor foundry in the world

Fastest growing GaAs and foundry player



- Fastest growing semiconductor foundry with consistent share gains
- Ship approximately 2.2bn chips annually, accounting for 20% of worldwide demand
- Pure-play conflict-free model attracts both IDMs and fabless customers

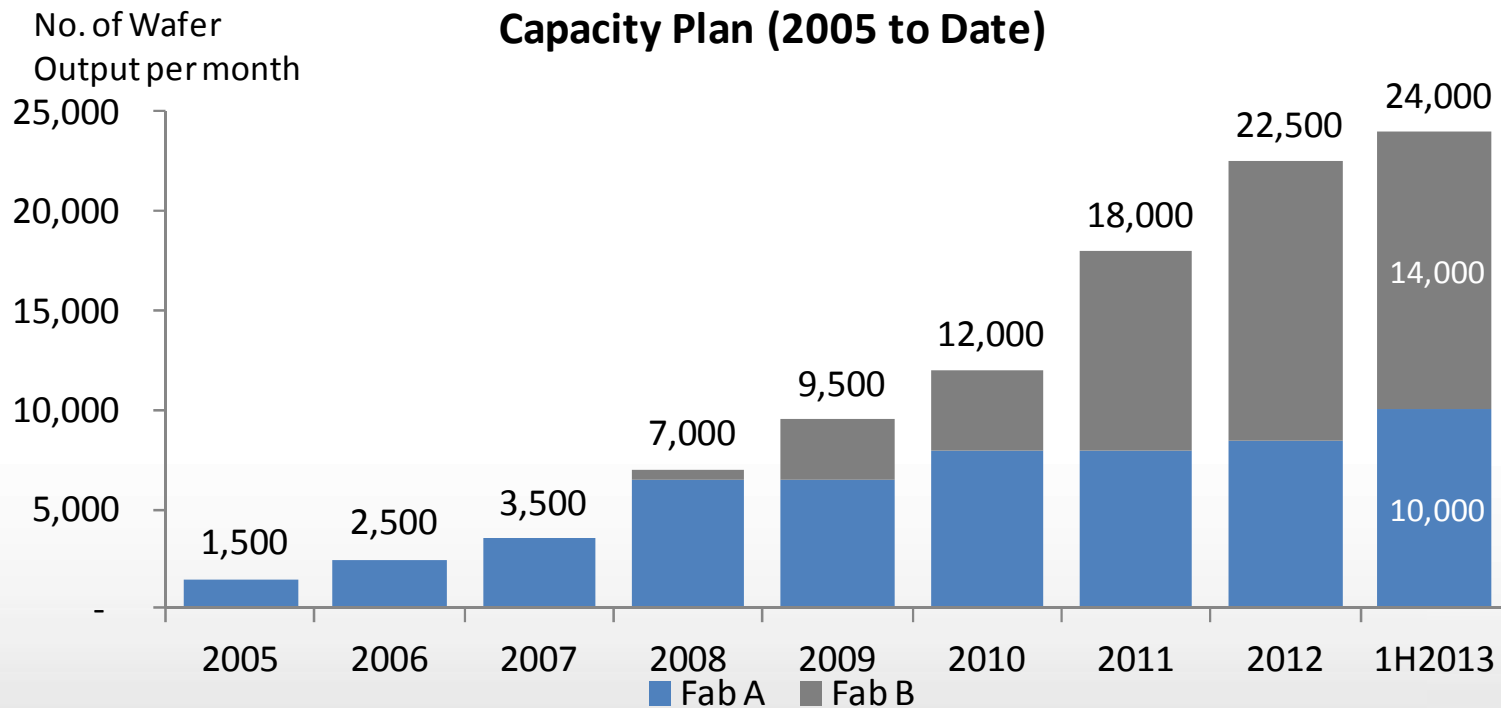
Note 1: Industry growth represents GaAs foundry industry growth

Source: Strategy Analytics, Company filings, management estimates

Invest in Capacity to Capture Market Growth and Maintain Leadership



Largest manufacturing capacity among GaAs foundries in the world

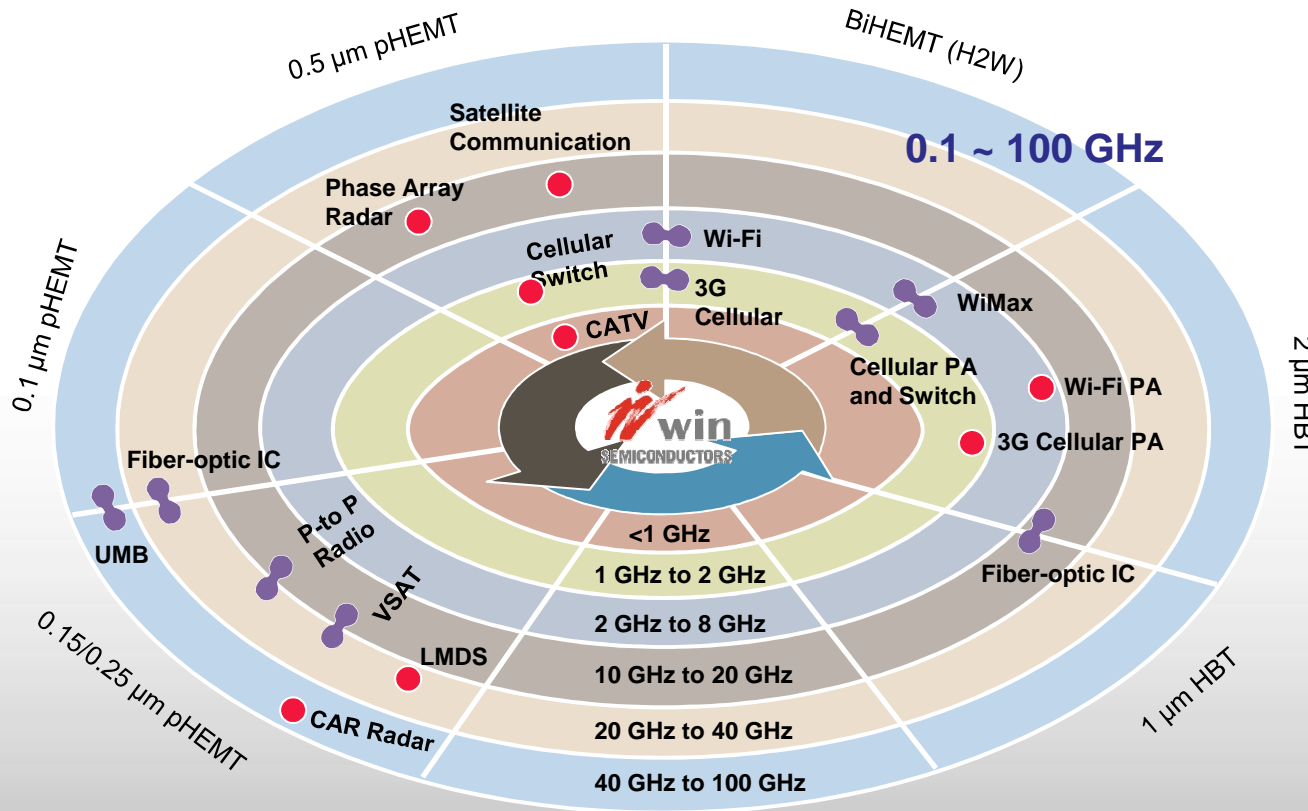


- ☑ Installed capacity to reach 24,000 wafers per month in 1H2013
- ☑ Unparalleled manufacturing capacity a key competitive advantage to attract orders
- ☑ Continued trend of IDMs going fabless and fab-lite

Broad Portfolio of Advanced Technologies



The most comprehensive technology portfolio in the industry enables customers to develop optimized products for a wide range of applications

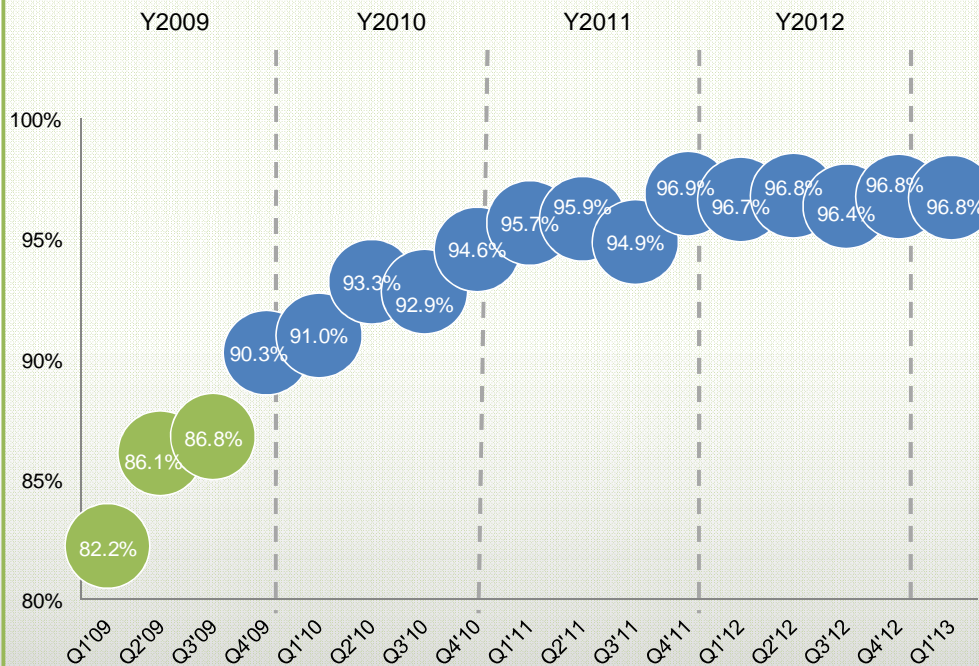


- ☑ Dominant market share for high-performance HBT used in LTE PAs
- ☑ First and only foundry worldwide to commercially develop 0.1μm pHEMT on 6” GaAs wafer
- ☑ Industry leading 0.15–0.25μm pHEMT technology
- ☑ Leading BiHEMT technology for advanced integrated PA/switch chips
- ☑ Supports broad range of products such as PAs (from 50MHz–100GHz), switches, and fiber optic IC
- ☑ Developing GaN for high power devices (4G base station)

Superior Manufacturing Capabilities



Company wide production yield

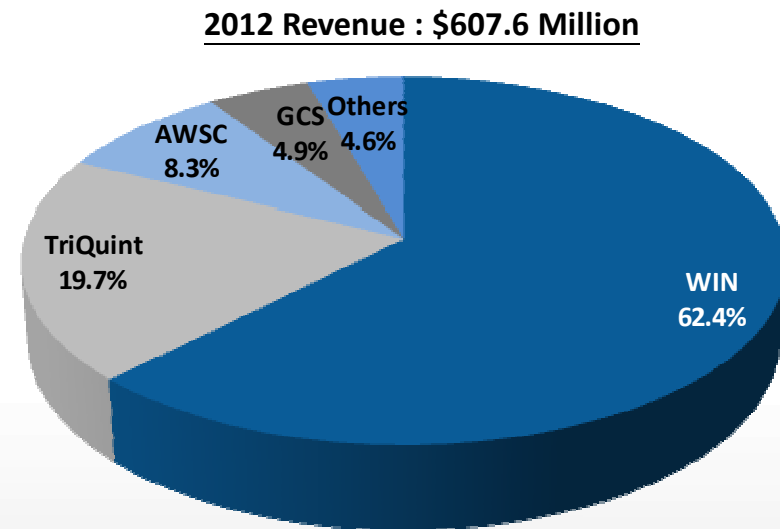
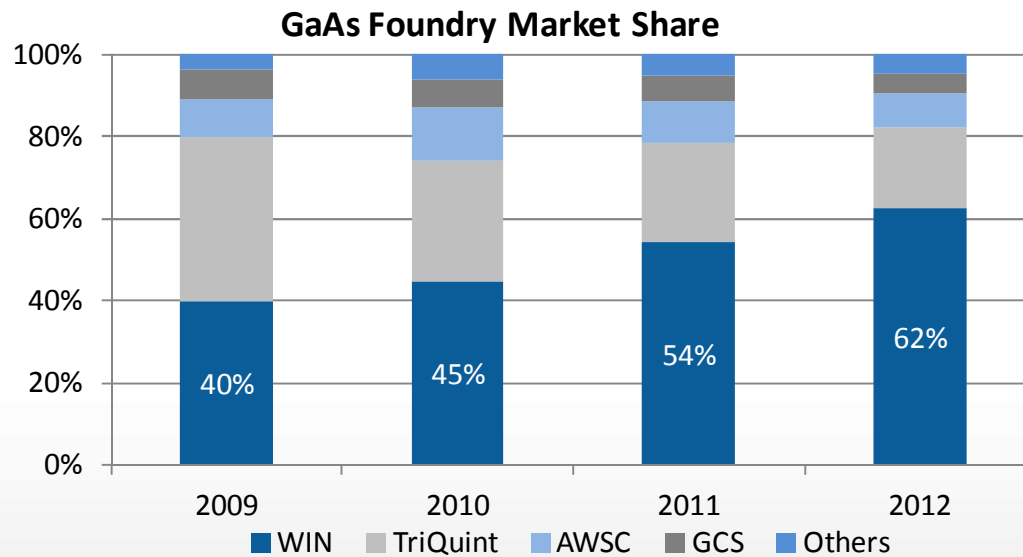


Note: Production yield defined as total units completed / (total units completed + units disposed)

- Largest GaAs capacity in the industry
- Longest history of production on 6" wafer in industry
 - over 10 years experience in GaAs
- Short cycle times to help customers shorten products' time to market
- Excellent track record of on-time delivery
- One of the highest production yields in industry

Manufacturing capacity, process reliability, product quality and operation efficiency enables WIN to manage ASP erosion

Partnering with WINning Customers

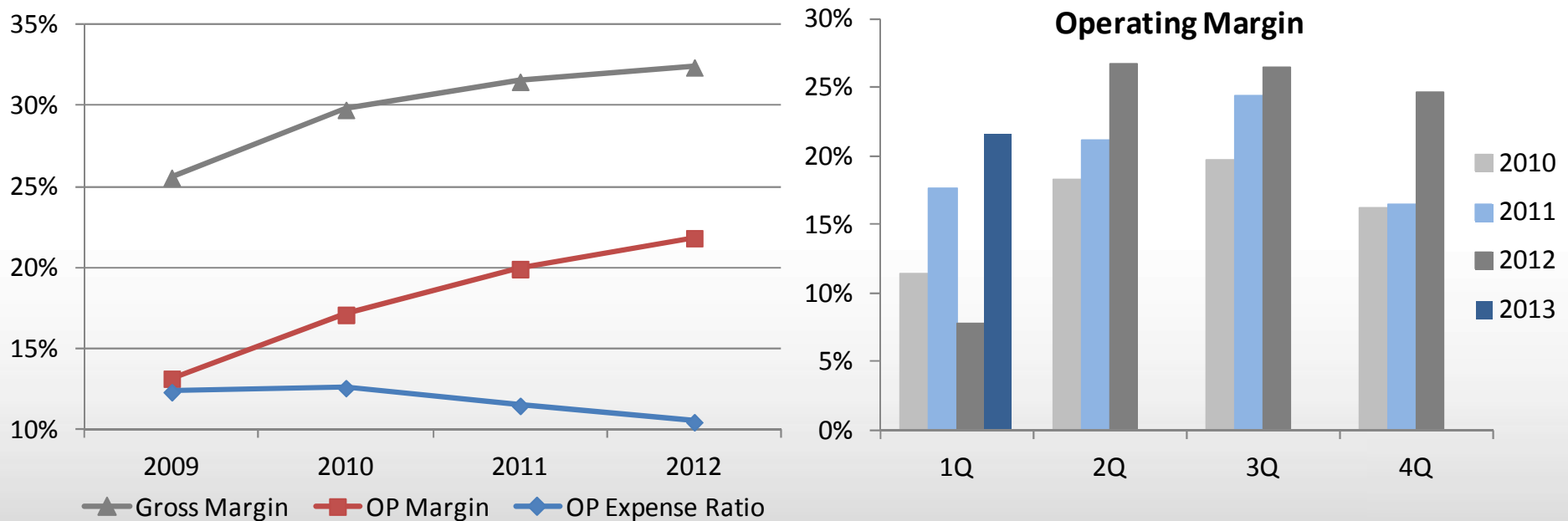


Source: Strategy Analytics 2013

Continuous Cost & Efficiency Improvement



Continuous Improvement in Operating Efficiency & Cost Control



Growth Drivers



Increasing penetration of 4G LTE smartphones

Strong End Demand

PA Content Growth

GaAs content rises in both handset and Wi-Fi

New Applications

Outsourcing Trend

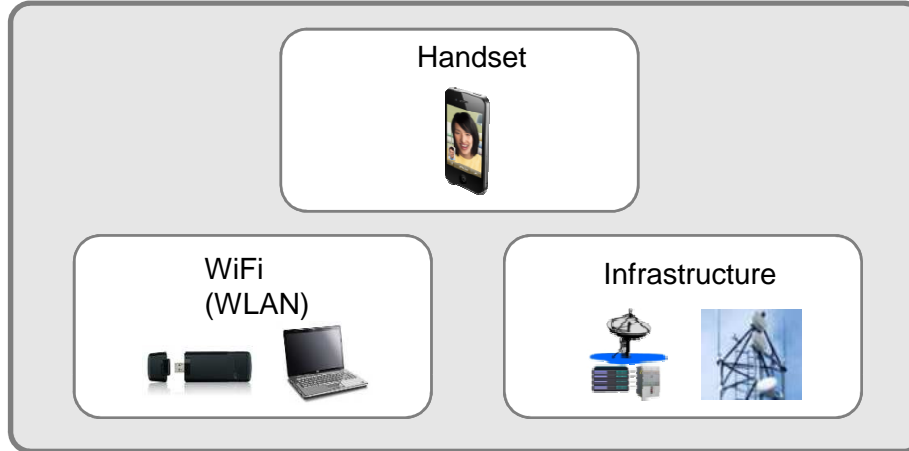
Non-handset devices to drive future growth

Foundry taking share from IDM
Industry peers going fab-light

Three Strong End Markets

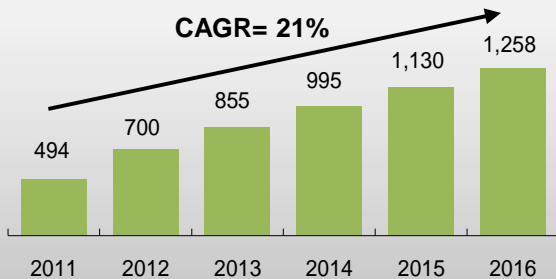


WIN plays in 3 LARGE and ATTRACTIVE end markets



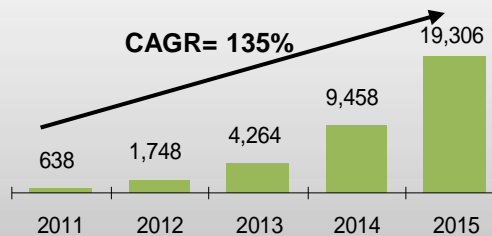
Strong growth continues in the smartphone market

Worldwide smartphone shipment (m units)



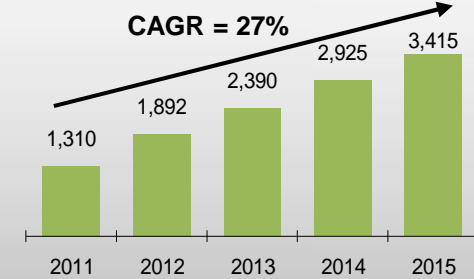
Cloud computing and content boost growth of data traffic

Mobile internet traffic (petabyte/month)



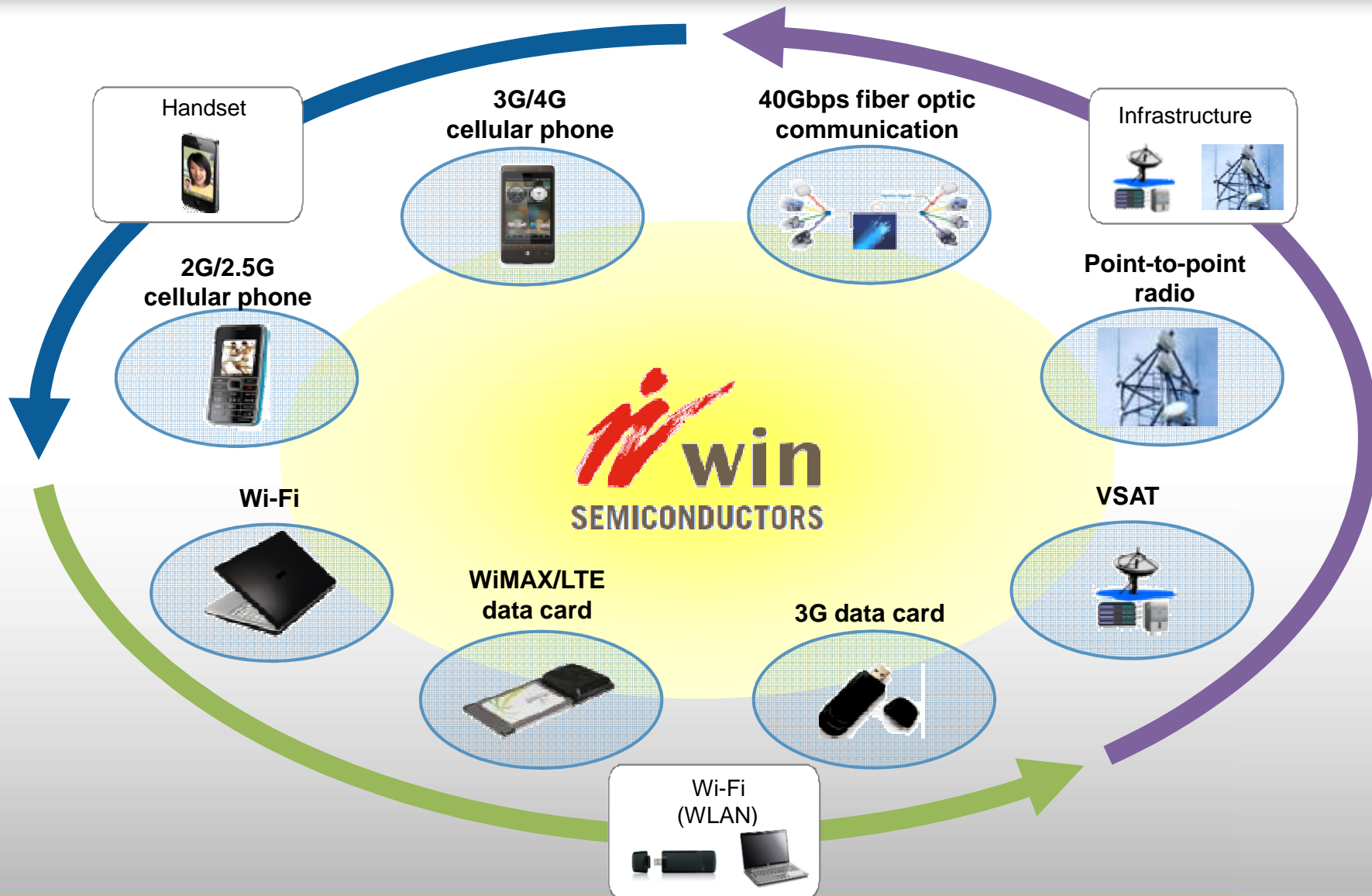
Double-digit growth driven by WiFi in mobility devices and consumer electronics

Wireless LAN shipments (m units)



Source: IDC; Company data

Compound Semiconductor Applications

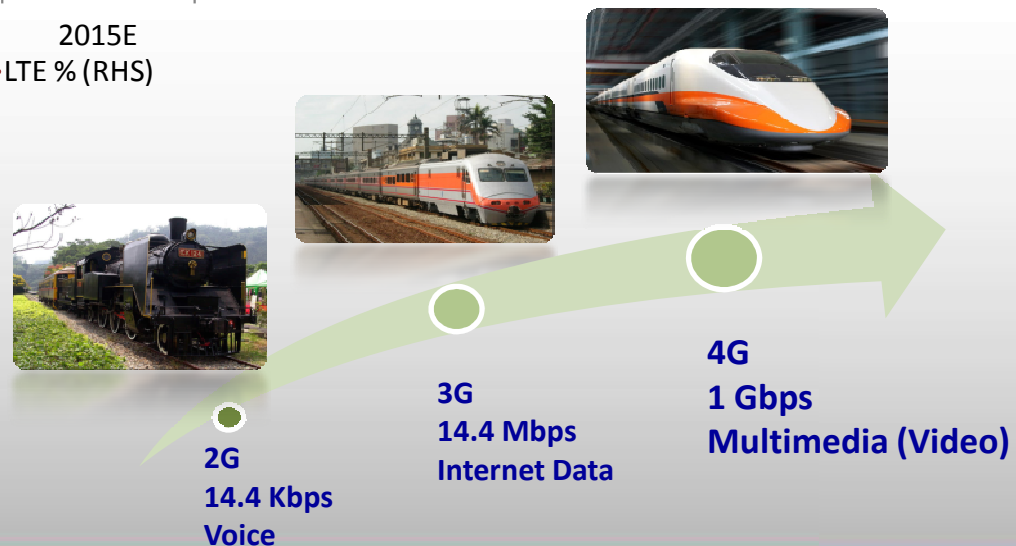
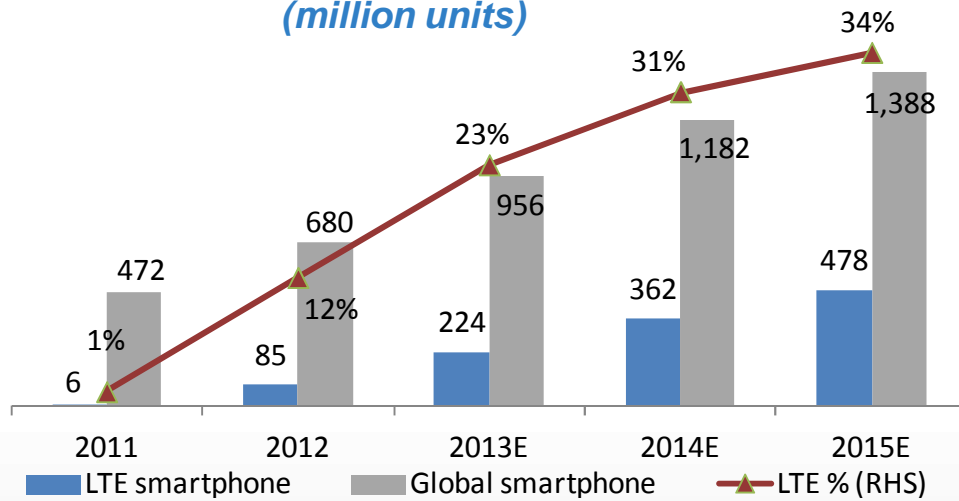


LTE Smartphone Driving Demand



4G LTE Smartphone Penetration Forecast

Smartphone unit shipments
(million units)



Source: Goldman Sachs Research estimates

Rising GaAs PA Module Usage



Increase in GaAs content per device



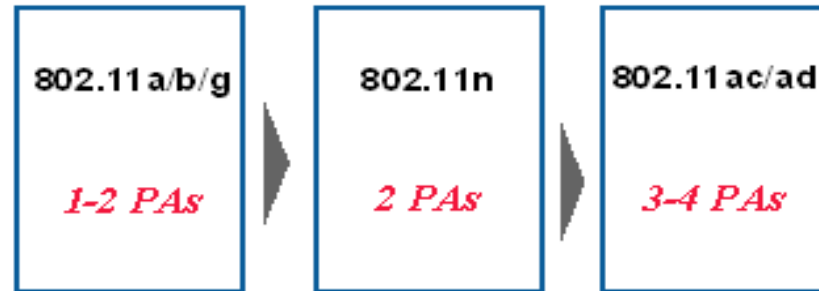
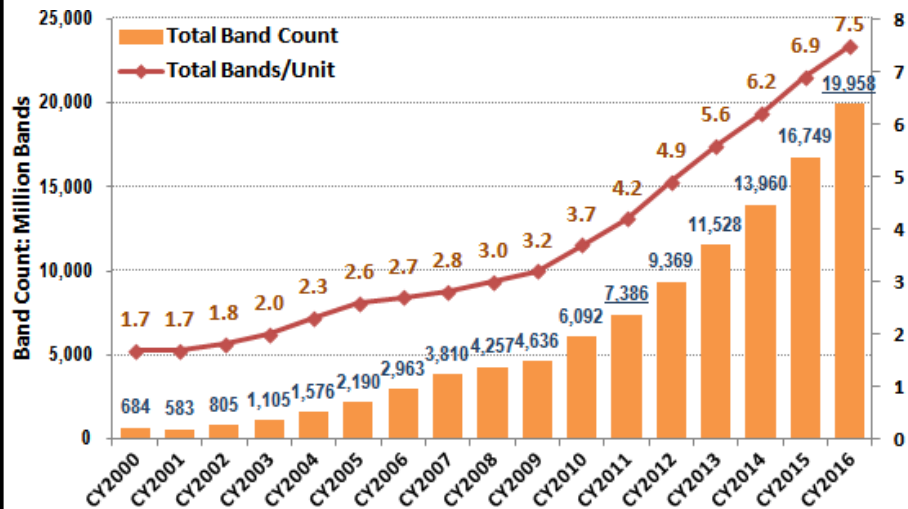
Handset

Increasing number of PAs with increasing band count per device



Wi-Fi (WLAN)

Increasing number of PAs for different Wi-Fi standards



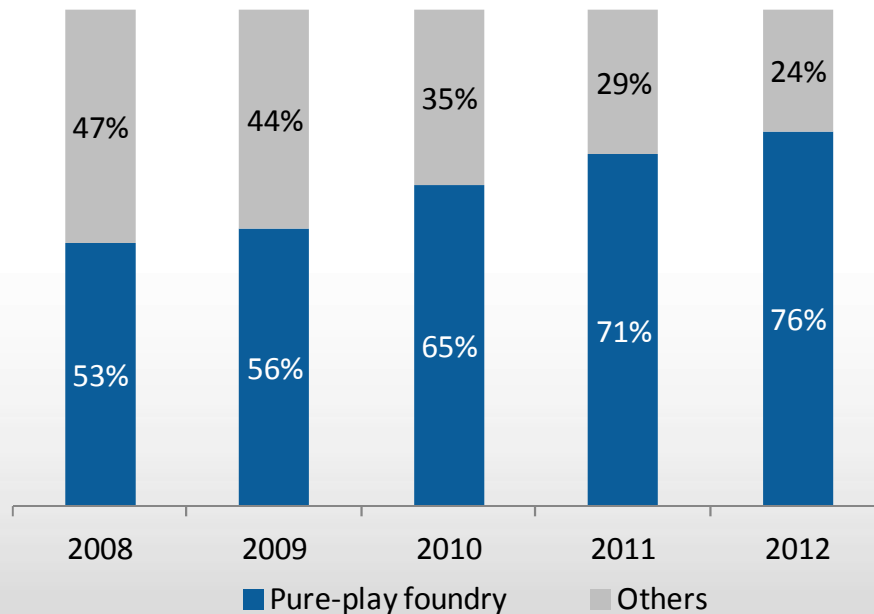
Source: Navian Inc.

Gaining Share as IDM Going “Fab-Lite”



- Pure-play foundry capturing share
- With foundry’s share of total GaAs device value at less than 35%, there is ample room for more outsourcing

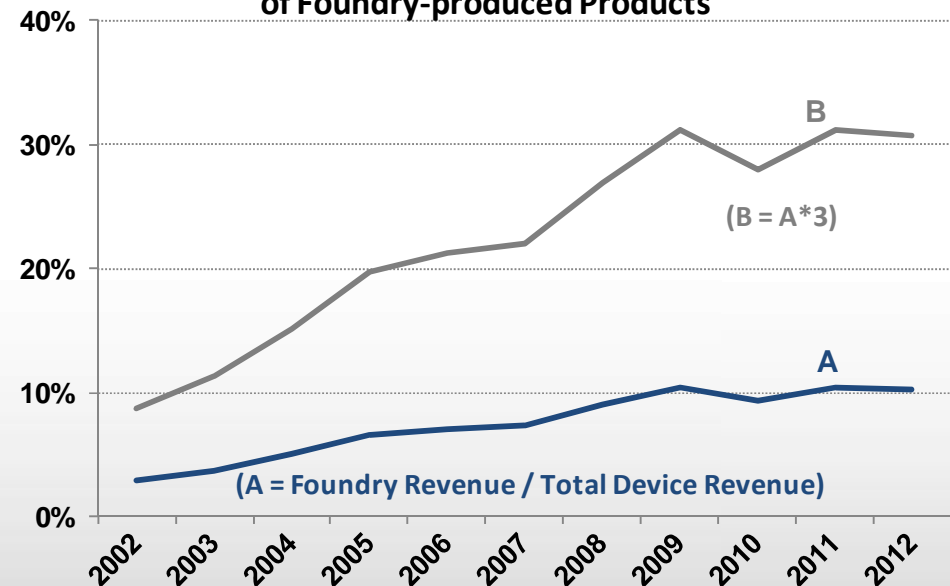
GaAs Foundry Market Share Breakdown



Note: Pure-play foundry includes market share of WIN, AWSC and GCS

Source: Company data, Strategy Analytics.

Total Impact Revenue of Foundry-produced Products



Note: Indicator B is the estimated revenue from finished products delivered from foundry wafers. WIN estimates this revenue to be 3 times the foundry wafer revenue.

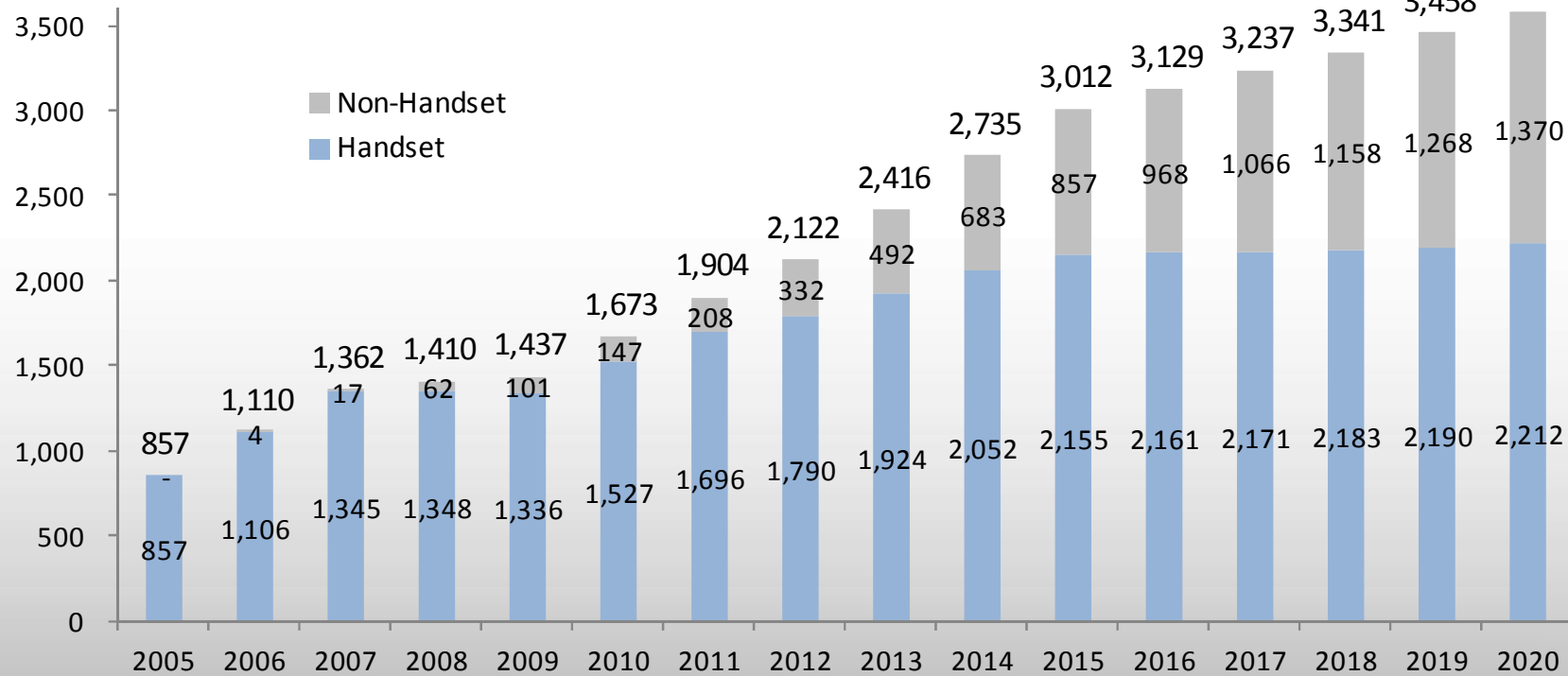
Demand from New Applications is Growing Rapidly



Million Pieces

Cellular Terminal Forecast

**2011-2020
CAGR**

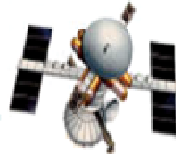


23.3%

3.0%

Source: Navian Inc.

Summary of Growth Momentum



Wi-Fi widely used in cellular phone, notebook, tablet PC, home entertainment

P-t-P, satellite, fiberoptic communications

4G LTE, femto cell, and WiMAX

Short Term:
Fast growth of 3G Smartphones (30~40% YoY)

Mid-Term:

1. Entry level Smartphones replacing 2G feature phones
2. 4G LTE launch
3. 802.11ac MIMO

Long Term:
Machine-to-Machine (M2M). Smart grid, smart traffic, smart city... etc.

Summary



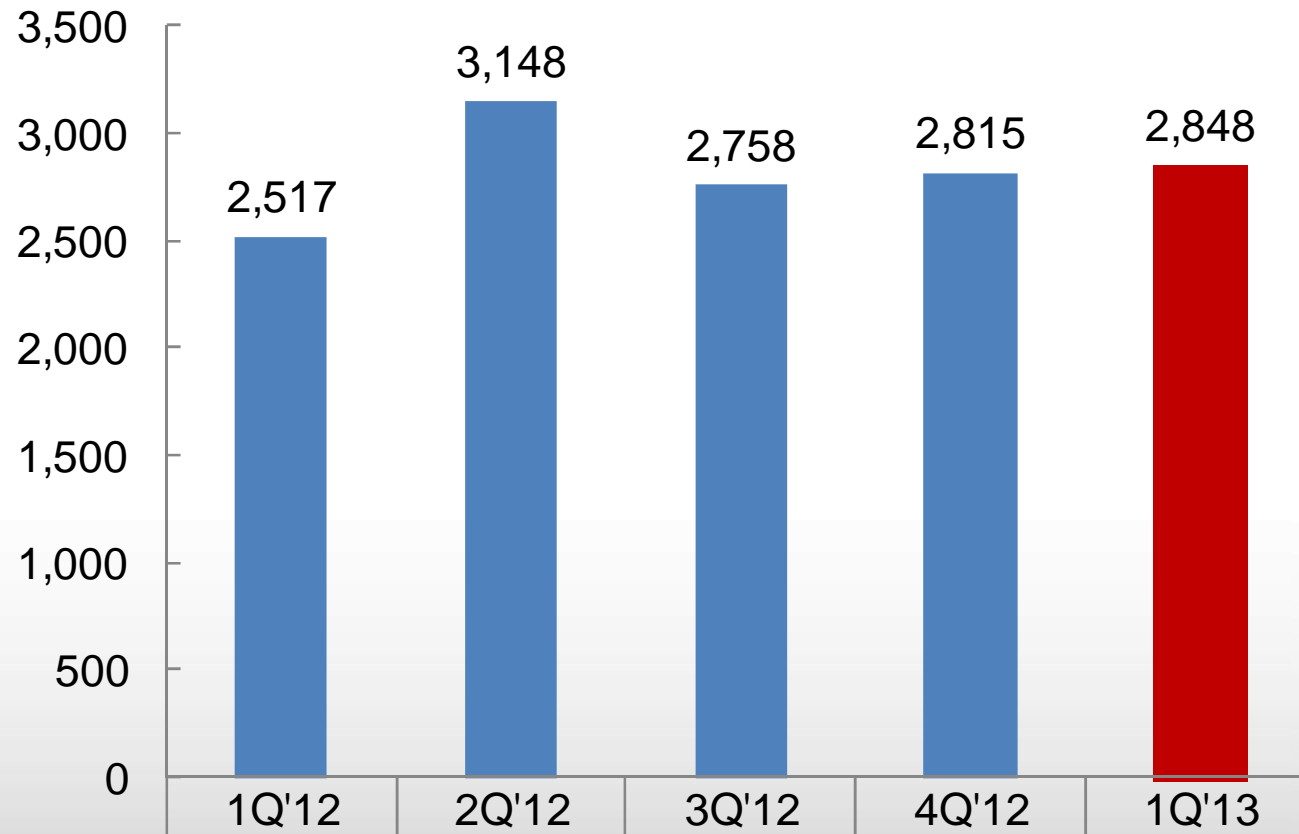
- Driven by strong demand from smartphones and tablets, WIN's 2012 revenue grew 26% YoY, yet AGAIN reaching a new record high.
- We continue to see the GaAs industry growing rapidly and the value chain is moving in a very healthy direction.
- Mobile devices (smartphones, tablets, ... etc.) are major drivers for growth in demand for GaAs. This growth should be further augmented by the fact that GaAs content per device is growing significantly.
- WIN has consistently grown at a higher pace than the overall GaAs industry.
- The silicon threat to GaAs is very limited, and almost exclusively in low to mid end phones.

Financial Performance

Revenue Trend - Quarterly



(NT\$M)



	1Q'12	2Q'12	3Q'12	4Q'12	1Q'13
Net Revenue	2,517	3,148	2,758	2,815	2,848
QoQ	0.1%	25%	-12%	2%	1%
YoY	37%	46%	16%	12%	13%

Consolidated Statements of Comprehensive Income - Quarterly



(NTD M\$)	Selected Items	IFRSs	IFRSs	YoY	ROC GAAP	QoQ
		1Q'13	1Q'12		4Q'12	
Net revenue		2,848	2,517	+13%	2,815	+1%
Gross profit		916	642	+43%	983	-7%
<i>Gross margin (%)</i>		32.2%	25.5%		34.9%	
Operating expenses		(300)	(450)	-33%	(291)	+3%
<i>Operating expenses rate (%)</i>		-10%	-18%		-10%	
Operating income		616	192	+221%	693	-11%
<i>Operating margin (%)</i>		22%	8%		25%	
Non-operating incomes (expenses), net		369	180		(408)	
Income before income tax		985	372	+165%	285	+246%
Income tax expense		(195)	(11)		(70)	
Net income		790	361	+119%	215	+268%
<i>Net margin (%)</i>		27.7%	14.4%		7.6%	
EPS (NT\$)		1.04	0.56	+86%	0.24	+333%
Other comprehensive income (net of tax)		116	28	+313%		
Comprehensive income		906	389	+133%		
Annualized ROE(%)		21%	14%		7%	
Approx. Utilization (%)		80%	74%		85%	
Depreciation		442	307		320	
CAPEX		775	262		550	

Investment Gain or Loss



(NTD M\$)	Selected Items	1Q'13
	Dividend income	0.4
	Losses on disposals of investments	(334)
	Gains on financial assets (liabilities) at fair value through profit or loss, net	333
	Share of loss of associates and joint ventures accounted for using equity method	(18)
	Subtotal	(19)
	Other comprehensive income, before tax, available-for-sale financial assets	108
	Total	89

Consolidated Balance Sheets - IFRSs



(NTD M\$)	Selected Items	2012/3/31		2012/12/31		2013/3/31	
		Amount	%	Amount	%	Amount	%
	Cash and cash equivalents	881	4%	3,026	13%	3,614	15%
	Current financial assets at fair value through profit or loss	1,883	10%	1,501	6%	1,683	7%
	Current available-for-sale financial assets	145	1%	512	2%	610	2%
	Notes and accounts receivable, net	845	4%	1,049	4%	1,050	4%
	Inventories	1,827	9%	2,101	9%	2,412	10%
	Long-term investments	1,470	8%	1,351	6%	1,350	5%
	Net property, plant and equipment	11,214	57%	13,228	56%	13,376	54%
	Total Assets	19,633	100%	23,589	100%	24,767	100%
	Current liabilities	3,807		3,614		3,747	
	Long-term borrowings	5,053		5,559		5,500	
	Total Liabilities	8,894	45%	9,236	39%	9,432	38%
	Common stock	6,487		7,542		7,575	
	Total Equity	10,739	55%	14,353	61%	15,335	62%
	Book value per share (NT\$)	16.56		19.03		20.25	
	Key Indices						
	Current ratio (<i>Current assets / Current liabilities</i>)	166%		237%		259%	
	Debt ratio (<i>Total liabilities / Total assets</i>)	45%		39%		38%	

For more information regarding WIN
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