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WIN SEMI. REPORTS 3Q18 CONSOLIDATED RESULTS (UNAUDITED)

Taiwan, October 23, 2018: WIN Semiconductors Corp. (WIN Semi., TPEX: 3105), the global leader in GaAs foundry services, today reported its fiscal year 2018, third quarter (3Q18) consolidated financial results.

3Q18 Results Highlights

- ◆ Net revenue for the quarter finished at NT\$4,066 million, down 11% quarter on quarter, and down 8% year on year.
- ◆ Gross margin declined sequentially by 6.8 percentage points to 25.6%, and operating margin declined 10.1 percentage points to 10.6%.
- ◆ Operating profit came in at NT\$429 million, down 55% quarter on quarter, and down 65% year on year.
- ◆ Net profit reached NT\$698 million, down 23% quarter on quarter, and down 40% year on year. EPS was NT\$1.70, compared to NT\$2.16 for the second quarter of 2018.

4Q18 Outlook & Guidance

The following statements are forward-looking which are based on our current expectations of market demand and may involve risks and uncertainties, some of which are set forth under “Safe Harbor Notice” below.

- ◆ We expect 4Q18 revenue to grow mid-single digit QoQ.
- ◆ We expect 4Q18 gross margin to be around the same level as 3Q18.

Management Comments

“For the third quarter of 2018, given that some customers have pulled in inventories during the first half of the year, and some have faced product transitions or soft demand, we experienced that customers in different application areas faced inventory adjustments at the same time. Our revenue for the third quarter declined 11% quarter-on-quarter and 8% year-on-year, but revenue for the first three quarters still delivered 14% annual growth. As capacity slightly increased while shipments declined in the third quarter, our utilization rate decreased to 60% from 85% in the second quarter. This combined with increasing depreciation expenses and unfavorable product mix compared to last quarter, our gross margin was 25.6%, declining 6.8 percentage points sequentially. EPS for the third quarter and the first three quarters of 2018 was NT\$ 1.70 and 5.59, respectively.

The second half of each year is traditionally the season for customers to actively prepare for future market demand, and typically customers are at the product development stage for design-in of end products for the next year. With our technical and capacity support, our customers were not affected by the downturn in the third quarter, and we witnessed more R&D activities for both Sub 6 GHz and VCSEL related applications in the second half of 2018. This is evidenced by our third quarter R&D expenses which reached this year's new high.

Looking ahead to the fourth quarter of 2018, VCSEL and Infrastructure businesses are expected to recover from the bottom and be better than the third quarter, while Cellular and Wi-Fi businesses would continue to face inventory adjustments. We expect the fourth quarter revenue to grow by mid-single digit quarter-on-quarter, and for gross margin to be around the same level as the third quarter.”

About WIN Semi.

WIN Semiconductors Corp. was founded in October of 1999, and has become the first pure-play 6-inch GaAs foundry in the world. In recognition of the growing demand, three advanced GaAs wafer fabs were established to manufacture cost-effective, high speed, and high quality GaAs MMIC's (monolithic microwave ICs) and RFIC's (radio frequency ICs).

WIN provides dedicated foundry services to design houses and integrated device manufacturers. Using state of the art GaAs technology, WIN supplies HBT and pHEMT MMIC fabrication services to worldwide IC corporations. With MMIC technique as basis, WIN also provides optoelectronic device fabrication services for optical communication and 3D sensing applications.

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.