

WT MICROELECTRONICS 文晔科技



2016 Second Quarter Investor Conference

**Presented by Cheryl Yang
August 10, 2016**

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- WT's forward-looking statements, which may include statements regarding its results of operations, financial condition or business prospects, are subject to significant risks and uncertainties and are based on WT's current expectations.
- Actual results may differ materially from those expressed or implied in these forward-looking statements for a variety of reasons, including, among other things: the cyclical nature of our industry; our dependence on introducing new products on a timely basis; our dependence on growth in the demand for our products; our ability to compete effectively; our dependence on key personnel; general economic and political conditions; possible disruptions in commercial activities caused by natural and human-induced disasters, including terrorist activity and armed conflict; and fluctuations in foreign currency exchange rates.
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Agenda

- 1. Overview**
- 2. Financial Update**
- 3. Business Outlook**
- 4. Questions and Answers**

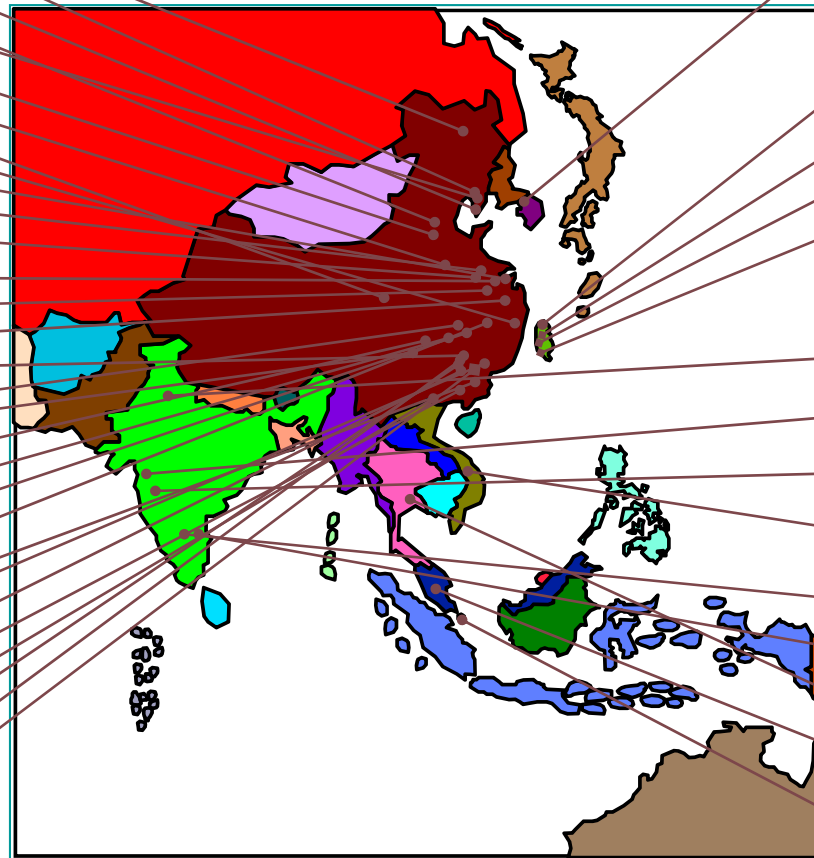


1. Overview

China Offices

Harbin
Shenyang
Dalian
Beijing
Qingdao
Zhengzhou
Jinan
Xian
Ningbo
Shanghai
Wuxi
Suzhou
Kunshan
Nanjing
Hangzhou
Wenzhou
Hefei
Chengdu
Chongqing
Changsha
Wuhan
Fuzhou
Fuqing
Xiamen
Dongguan
Shunde
Guangzhou
Zhuhai
Hong Kong
Shenzhen

Offices Across Asia



Korea Office

Seoul

Taiwan Offices

Taipei, Headquarters
Hsinchu, R&D
Taichung
Tainan

South Asia Offices

New Delhi, N. India
Mumbai, N. India
Pune, N. India
Vietnam
Bangalore, S. India
Chennai, S. India
Bangkok, Thailand
Penang, Malaysia
Singapore



2. Financial Update

Statement of Comprehensive Income

Unit: NT\$M

Key accounts	2Q16		1Q16		QoQ	2Q15		YoY
	Amount	%	Amount	%		Amount	%	
Net Operating revenues	30,141	100.00%	27,229	100.00%	10.69%	28,756	100.00%	4.82%
Gross profit (GP)	1,618	5.37%	1,535	5.64%	-0.27ppt	1,613	5.61%	-0.24ppt
Operating expenses	(970)	-3.22%	(953)	-3.51%	-0.29ppt	(968)	-3.37%	-0.15ppt
Operating income (OM)	648	2.15%	582	2.14%	+0.01ppt	645	2.24%	-0.09ppt
Financing costs	(89)	-0.30%	(91)	-0.33%	-0.03ppt	(86)	-0.30%	-0ppt
Others	(9)	-0.03%	2	0.01%		36	0.13%	
Earning before tax	550	1.82%	493	1.81%	11.56%	595	2.07%	-7.56%
Income tax expense	(111)	-0.36%	(90)	-0.33%	23.33%	(107)	-0.37%	3.74%
Non-Controlling Interests	-	-	-	-		-	-	
Profit after tax (PAT)	439	1.46%	403	1.48%	8.93%	488	1.70%	-10.04%
EPS(in dollars)	0.93		0.90		3.33%	1.09		-14.68%



2. Financial Update

Statement of Comprehensive Income

Unit: NT\$M

Key accounts	1H16		2H15		HoH	1H15		YoY
	Amount	%	Amount	%		Amount	%	
Net Operating revenues	57,370	100.00%	56,304	100.00%	1.89%	57,294	100.00%	0.13%
Gross profit (GP)	3,153	5.50%	3,208	5.70%	-0.2ppt	3,183	5.56%	-0.06ppt
Operating expenses	(1,923)	-3.36%	(1,992)	-3.54%	-0.18ppt	(1,923)	-3.36%	-0ppt
Operating income (OM)	1,230	2.14%	1,216	2.16%	-0.02ppt	1,260	2.20%	-0.06ppt
Financing costs	(180)	-0.31%	(181)	-0.32%	-0.01ppt	(189)	-0.33%	-0.02ppt
Others	(7)	-0.01%	149	0.26%		95	0.17%	
Earning before tax	1,043	1.82%	1,184	2.10%	-11.91%	1,166	2.04%	-10.55%
Income tax expense	(201)	-0.35%	(168)	-0.30%	19.64%	(199)	-0.35%	1.01%
Non-Controlling Interests	-	-	-	-		-	-	
Profit after tax (PAT)	842	1.47%	1,016	1.80%	-17.13%	967	1.69%	-12.93%
EPS(in dollars)	1.79		2.27		-21.13%	2.22		-19.26%



2. Financial Update

Balance Sheet

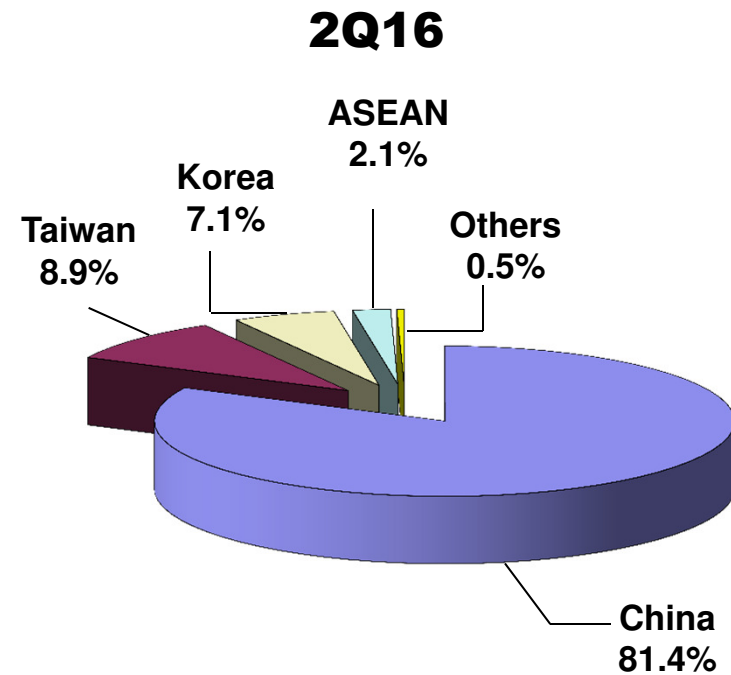
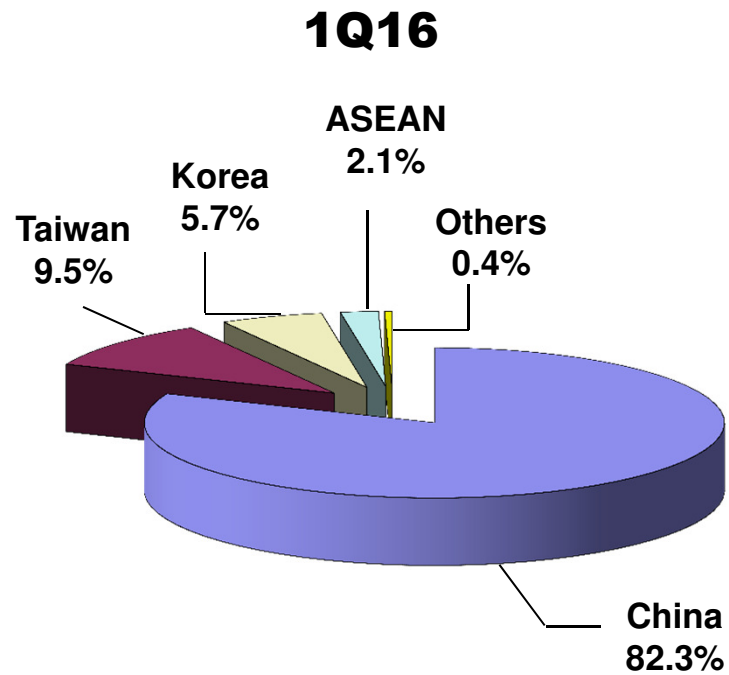
Unit: NT\$M

Key accounts	2Q16		1Q16		2Q15	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	1,504	3	1,706	5	1,777	4
Accounts receivable	23,853	47	23,455	49	22,303	46
Inventory	20,200	40	16,859	35	16,214	34
Other current assets	1,587	2	2,409	3	5,083	10
Non-current assets	3,887	8	3,858	8	2,980	6
Total Assets	51,031	100	48,287	100	48,357	100
Short-term loans	16,589	34	14,199	29	12,301	25
Accounts payable	15,389	30	13,625	28	14,931	31
Other current liabilities	2,683	4	1,480	4	2,592	6
Long-term loans	-	-	1,871	4	1,796	4
Other liabilities	282	-	269	-	246	-
Total Liabilities	34,943	68	31,444	65	31,866	66
Total Equity	16,088	32	16,843	35	16,491	34
Indices	2Q16		1Q16		2Q15	
Current ratio	136%		152%		152%	
Debt/Assets ratio	68%		65%		66%	
Debt/Equity ratio	217%		187%		193%	
Gearing ratio	0.94		0.85		0.75	



2. Financial Update

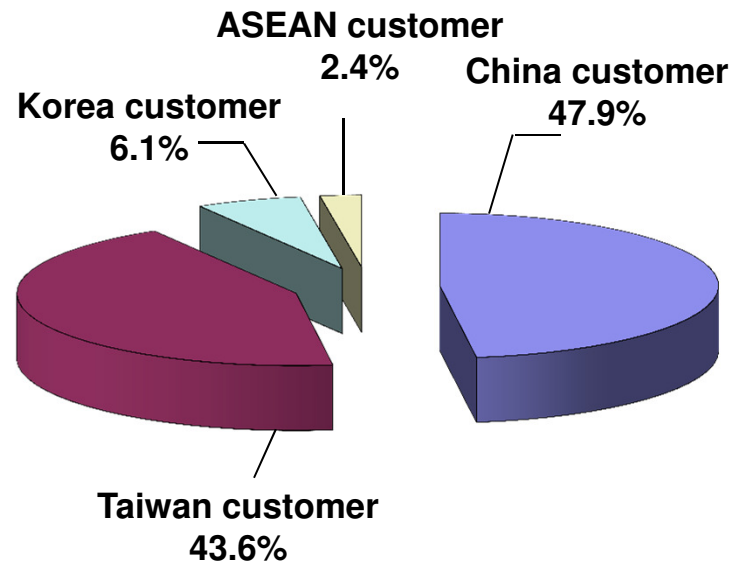
NR by Geography (Ship-to Destination)



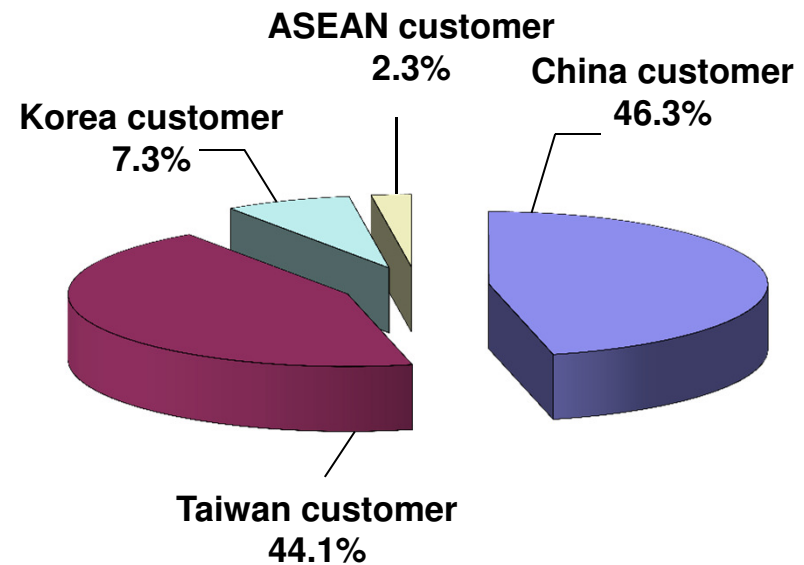
2. Financial Update

NR by Customer Base

1Q16



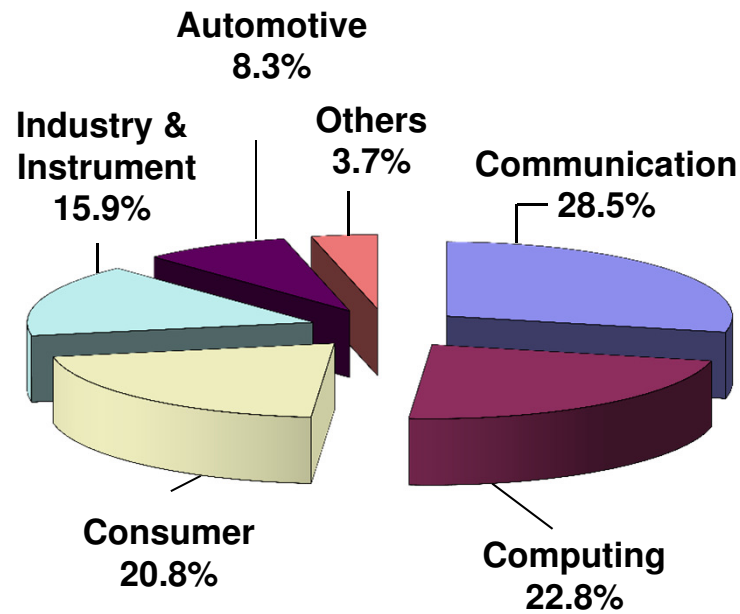
2Q16



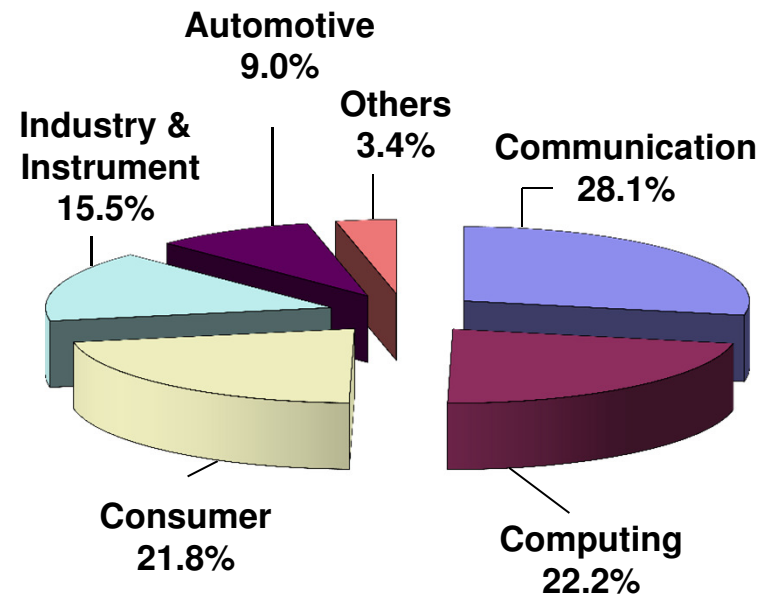
2. Financial Update

NR by Application

1Q16

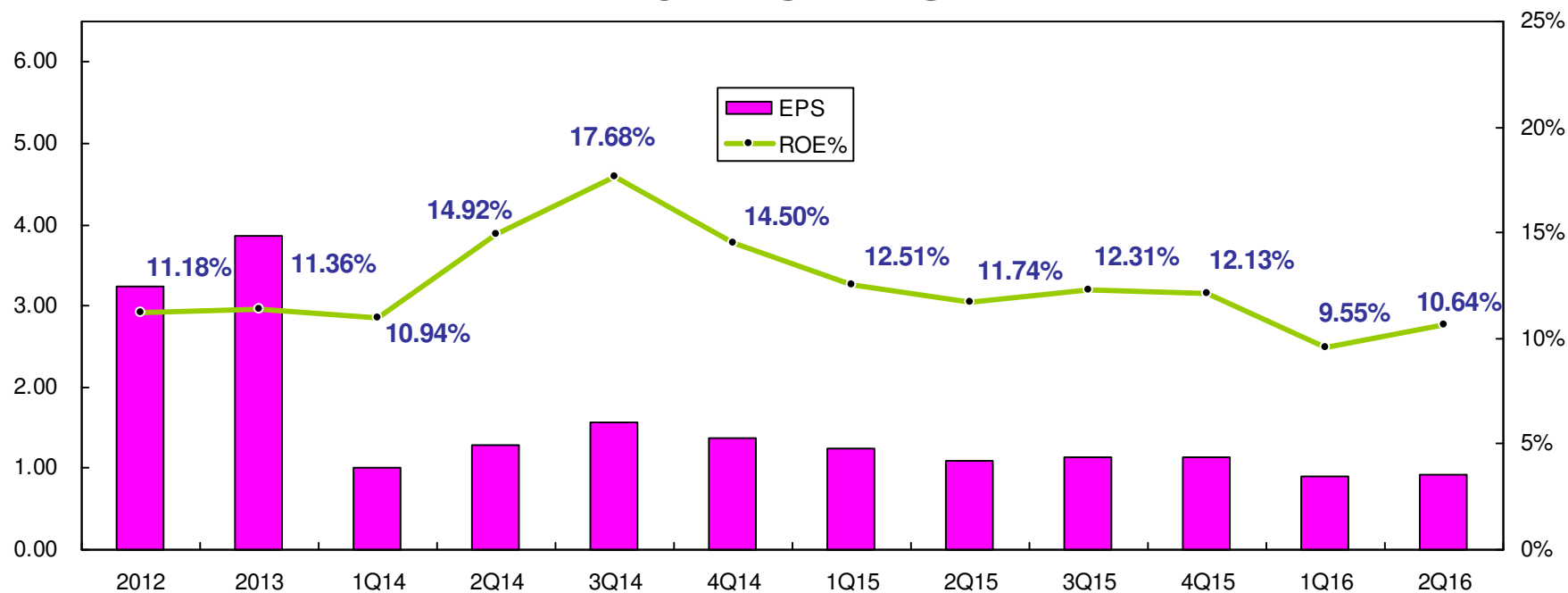


2Q16



2. Financial Update

ROE vs. EPS

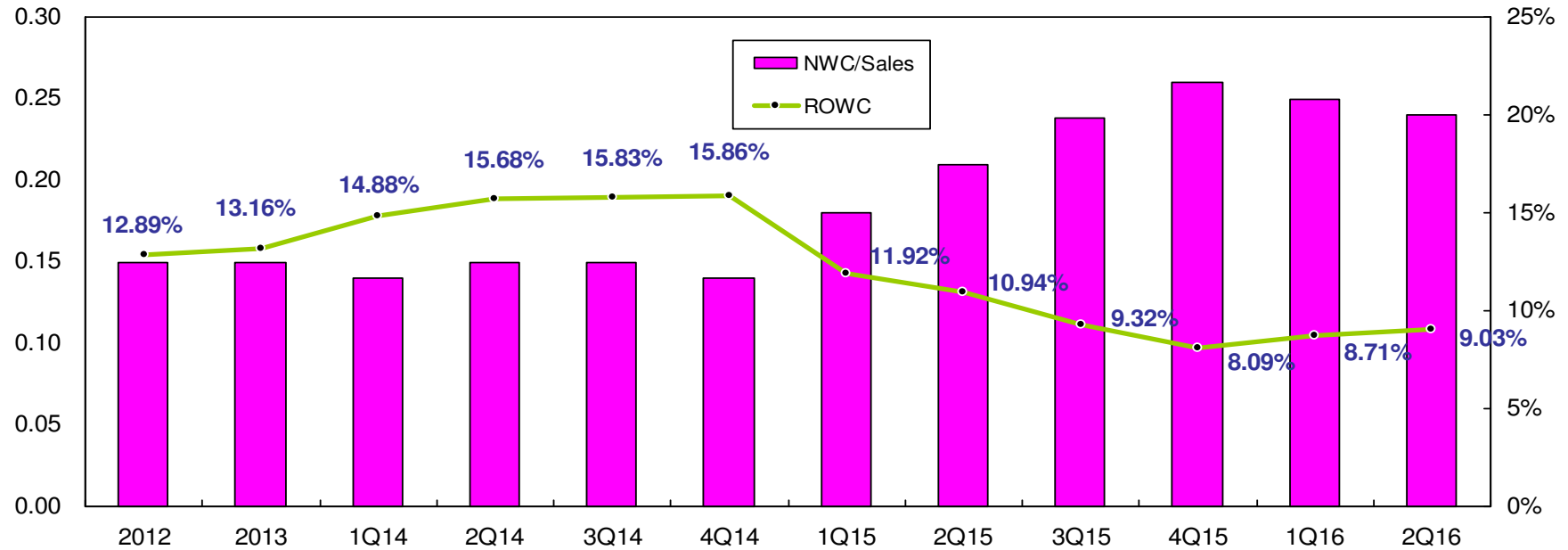


ITEM	2012	2013	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16
ROE%	11.18%	11.36%	10.94%	14.92%	17.68%	14.50%	12.51%	11.74%	12.31%	12.13%	9.55%	10.64%
EPS	3.23	3.86	1.00	1.29	1.56	1.37	1.24	1.09	1.14	1.13	0.90	0.93



2. Financial Update

ROWC vs. NWC/Sales

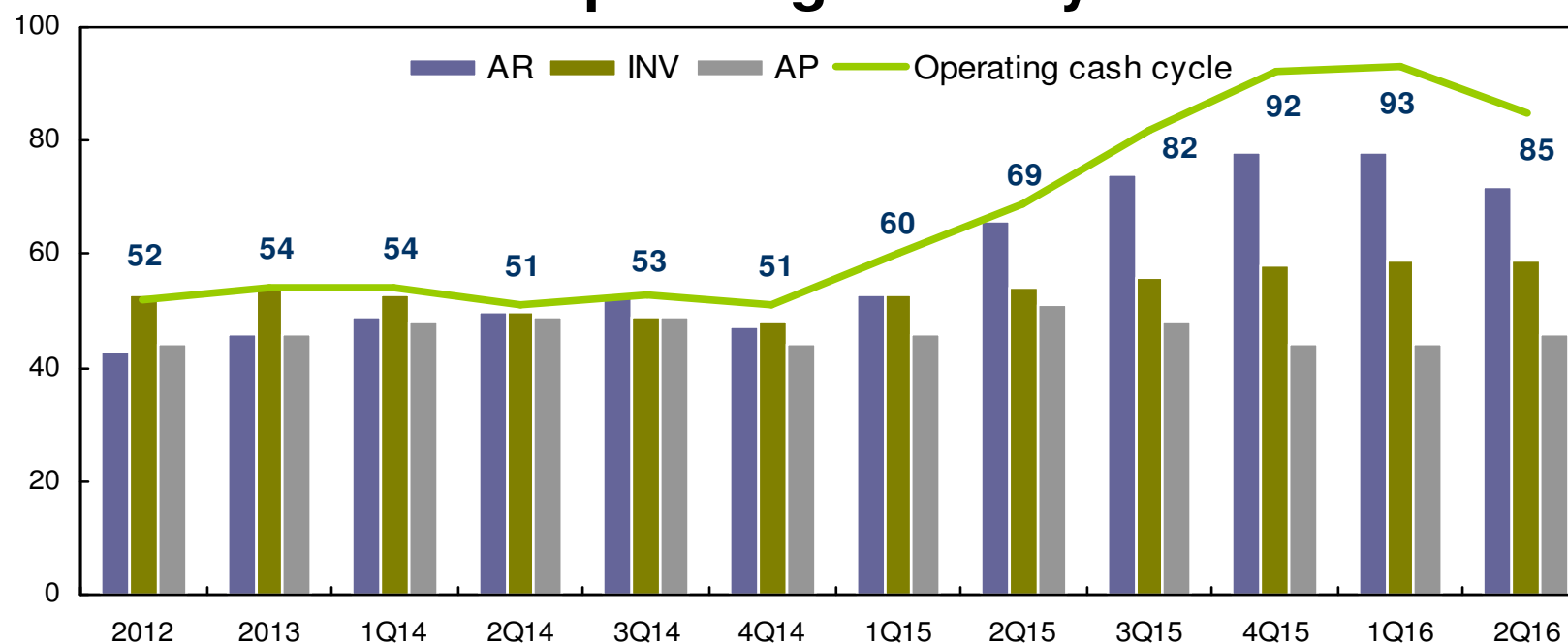


ITEM	2012	2013	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16
NWC/Sales	0.15	0.15	0.14	0.15	0.15	0.14	0.18	0.21	0.24	0.26	0.25	0.24
ROWC	12.89%	13.16%	14.88%	15.68%	15.83%	15.86%	11.92%	10.94%	9.32%	8.09%	8.71%	9.03%



2. Financial Update

Operating Cash Cycle



Turnover days	2012	2013	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16
AR	43	46	49	50	53	47	53	66	74	78	78	72
INV	53	54	53	50	49	48	53	54	56	58	59	59
AP	(44)	(46)	(48)	(49)	(49)	(44)	(46)	(51)	(48)	(44)	(44)	(46)
Operating cash cycle	52	54	54	51	53	51	60	69	82	92	93	85



3. Business Outlook

We currently expect 3Q 16 :

- Revenue : between NT\$37.5 billion ~ NT\$40.5 billion, at a forecast exchange rate of 31.8 NT Dollars to 1 US Dollar
- Gross profit margin : between 4.45% ~ 4.65%
- Operating profit margin : between 1.9% ~ 2.1%





Thank You !

WT Microelectronics Co., Ltd.

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