

WT MICROELECTRONICS 文晔科技



# **2016 Third Quarter Investor Conference**

**Presented by Cheryl Yang  
November 7, 2016**

# Safe Harbor Statement

- 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**

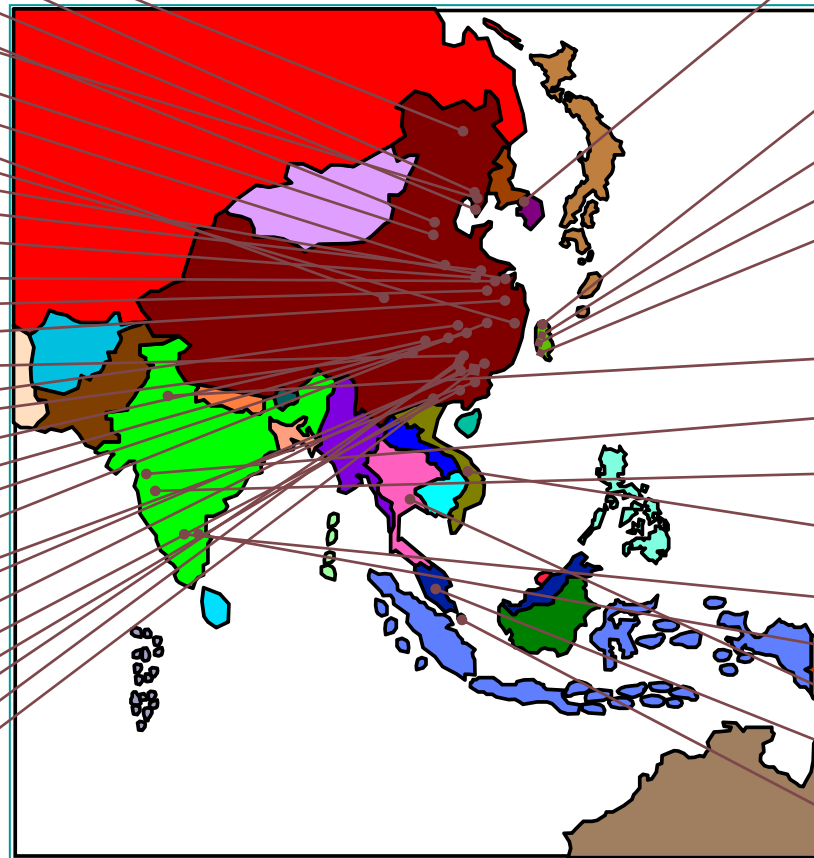


# 1. Overview

## China Offices (30)

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 (1)

Seoul

## Taiwan Offices (4)

Taipei, Headquarters  
Hsinchu, R&D  
Taichung  
Tainan

## South Asia Offices (9)

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              | 3Q16    |         | 3Q16<br>Guidance | 2Q16   |         | QoQ      | 3Q15    |         | YoY      |
|---------------------------|---------|---------|------------------|--------|---------|----------|---------|---------|----------|
|                           | Amount  | %       |                  | Amount | %       |          | Amount  | %       |          |
| Net Operating revenues    | 41,325  | 100.00% | 37.5B~40.5B      | 30,141 | 100.00% | 37.11%   | 28,729  | 100.00% | 43.84%   |
| Gross profit (GP)         | 1,859   | 4.50%   | 4.45%~4.65%      | 1,618  | 5.37%   | -0.87ppt | 1,648   | 5.74%   | -1.24ppt |
| Operating expenses        | (1,000) | -2.42%  |                  | (970)  | -3.22%  | -0.8ppt  | (1,002) | -3.49%  | -1.07ppt |
| Operating income (OM)     | 859     | 2.08%   | 1.90%~2.10%      | 648    | 2.15%   | -0.07ppt | 646     | 2.25%   | -0.17ppt |
| Financing costs           | (119)   | -0.29%  |                  | (89)   | -0.30%  | -0.01ppt | (94)    | -0.33%  | -0.04ppt |
| Others                    | 60      | 0.15%   |                  | (9)    | -0.03%  |          | 55      | 0.19%   |          |
| Earning before tax        | 800     | 1.93%   |                  | 550    | 1.82%   | 45.45%   | 607     | 2.11%   | 31.80%   |
| Income tax expense        | (140)   | -0.33%  |                  | (111)  | -0.36%  | 26.13%   | (99)    | -0.34%  | 41.41%   |
| Non-Controlling Interests | -       | -       |                  | -      | -       |          | -       | -       |          |
| Profit after tax (PAT)    | 660     | 1.60%   |                  | 439    | 1.46%   | 50.34%   | 508     | 1.77%   | 29.92%   |
| EPS(in dollars)           | 1.40    |         |                  | 0.93   |         | 50.54%   | 1.14    |         | 22.81%   |



## 2. Financial Update

### Balance Sheet

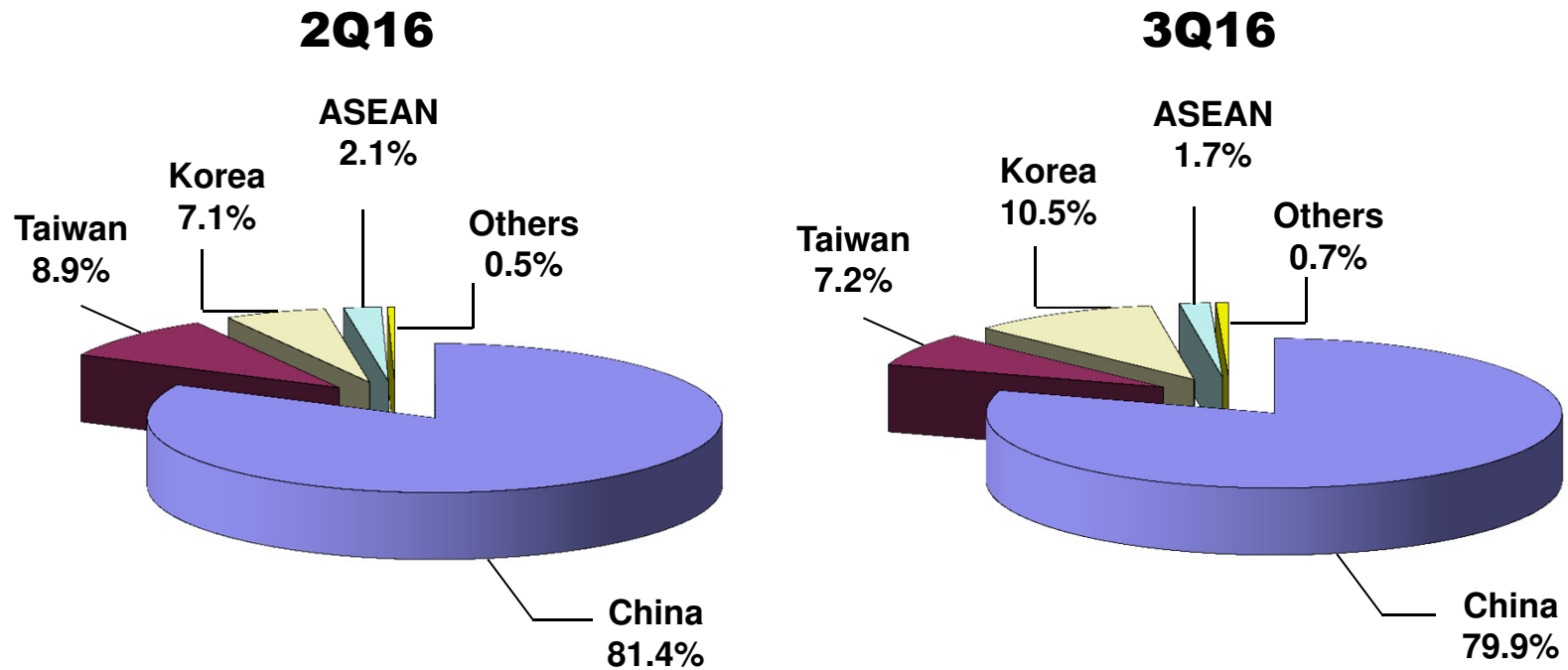
Unit: NT\$M

| Key accounts              | 3Q16          |            | 2Q16          |            | 3Q15          |            |
|---------------------------|---------------|------------|---------------|------------|---------------|------------|
|                           | Amount        | %          | Amount        | %          | Amount        | %          |
| Cash and cash equivalents | 1,805         | 3          | 1,504         | 3          | 2,031         | 4          |
| Accounts receivable       | 27,984        | 49         | 23,853        | 47         | 24,353        | 48         |
| Inventory                 | 21,955        | 38         | 20,200        | 40         | 16,880        | 33         |
| Other current assets      | 1,960         | 3          | 1,587         | 2          | 4,371         | 8          |
| Non-current assets        | 4,036         | 7          | 3,888         | 8          | 3,380         | 7          |
| <b>Total Assets</b>       | <b>57,740</b> | <b>100</b> | <b>51,032</b> | <b>100</b> | <b>51,015</b> | <b>100</b> |
| Short-term loans          | 18,218        | 32         | 16,589        | 34         | 17,380        | 34         |
| Accounts payable          | 18,442        | 32         | 15,389        | 30         | 13,518        | 27         |
| Other current liabilities | 1,583         | 2          | 2,684         | 4          | 1,316         | 2          |
| Long-term loans           | 941           | 2          | -             | -          | 1,914         | 4          |
| Other liabilities         | 1,699         | 3          | 282           | -          | 354           | 1          |
| <b>Total Liabilities</b>  | <b>40,883</b> | <b>71</b>  | <b>34,944</b> | <b>68</b>  | <b>34,482</b> | <b>68</b>  |
| <b>Total Equity</b>       | <b>16,857</b> | <b>29</b>  | <b>16,088</b> | <b>32</b>  | <b>16,533</b> | <b>32</b>  |
| Indices                   | 3Q16          |            | 2Q16          |            | 3Q15          |            |
| Current ratio             | 140%          |            | 136%          |            | 148%          |            |
| Debt/Assets ratio         | 71%           |            | 68%           |            | 68%           |            |
| Debt/Equity ratio         | 243%          |            | 217%          |            | 209%          |            |
| Gearing ratio             | 1.03          |            | 0.94          |            | 1.04          |            |



## 2. Financial Update

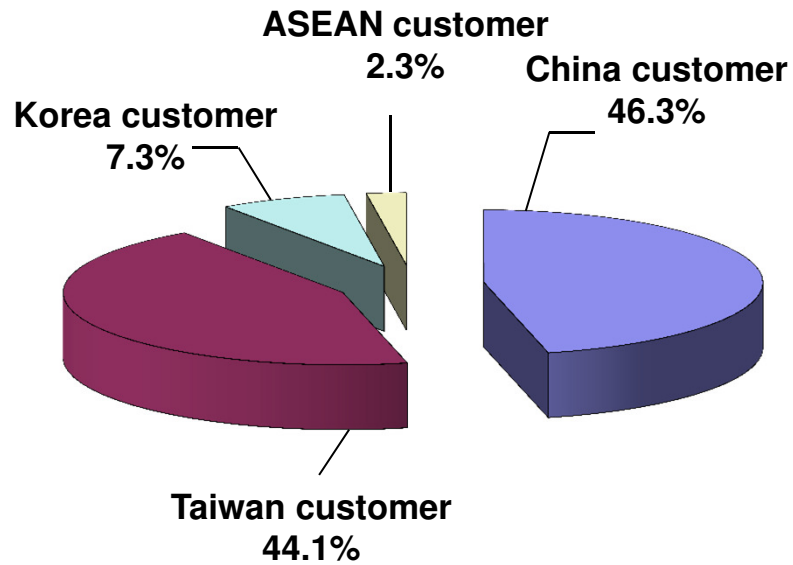
### NR by Geography (Ship-to Destination)



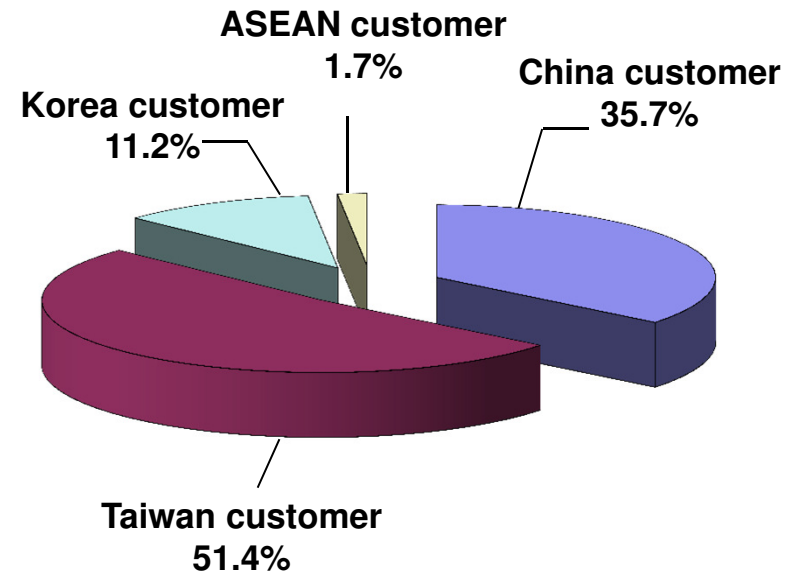
## 2. Financial Update

### NR by Customer Base

2Q16



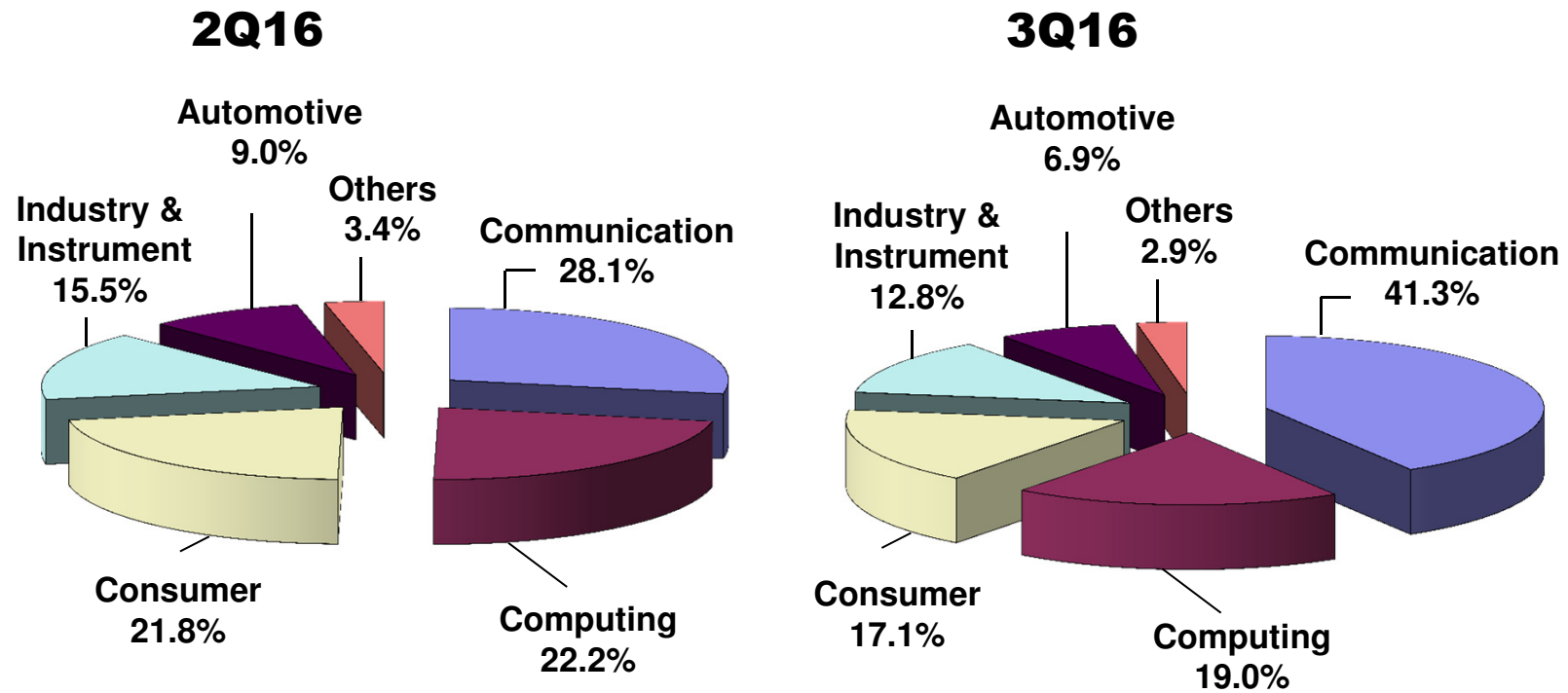
3Q16





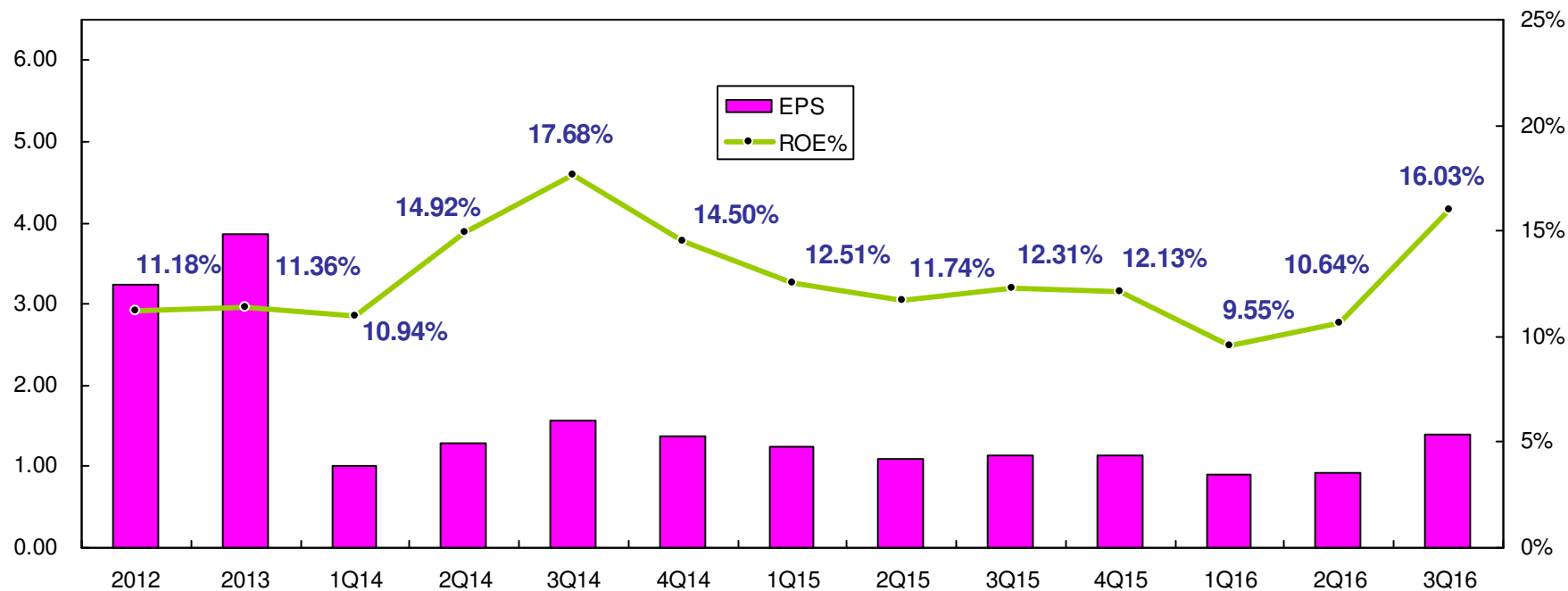
# 2. Financial Update

## NR by Application



# 2. Financial Update

## ROE vs. EPS

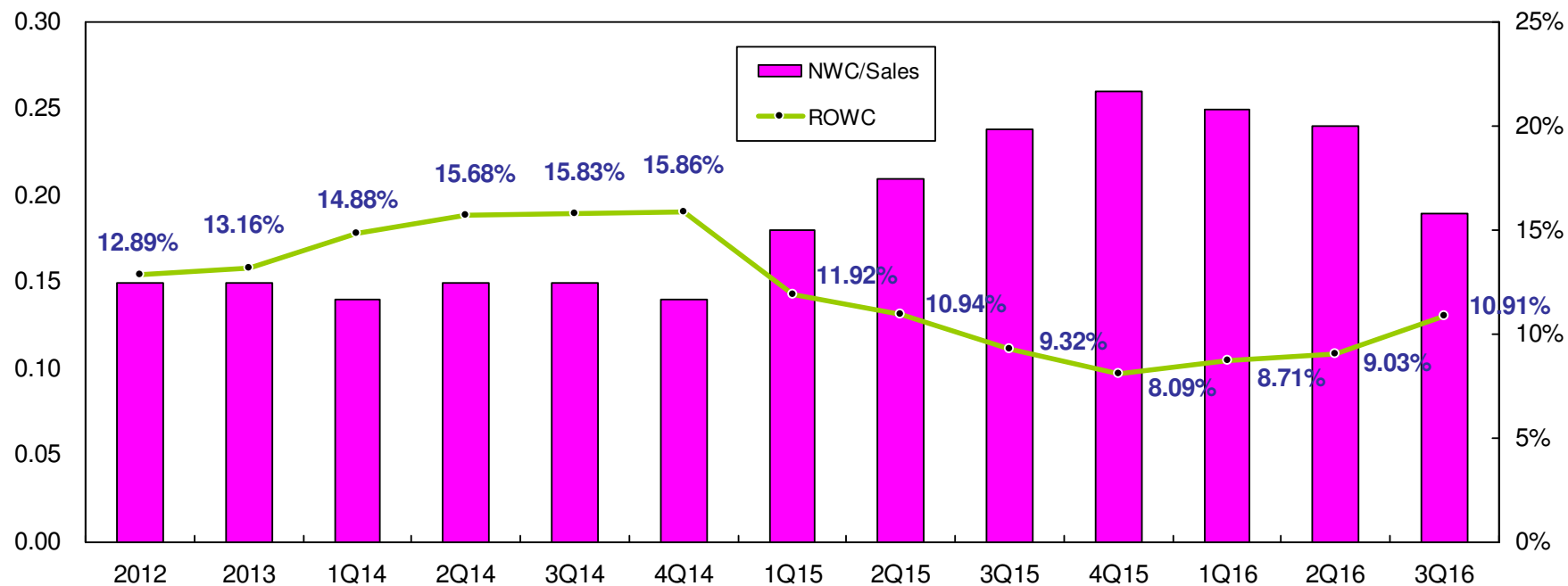


| ITEM | 2012   | 2013   | 1Q14   | 2Q14   | 3Q14   | 4Q14   | 1Q15   | 2Q15   | 3Q15   | 4Q15   | 1Q16  | 2Q16   | 3Q16   |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|--------|
| ROE% | 11.18% | 11.36% | 10.94% | 14.92% | 17.68% | 14.50% | 12.51% | 11.74% | 12.31% | 12.13% | 9.55% | 10.64% | 16.03% |
| 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   | 1.40   |



# 2. Financial Update

## ROWC vs. NWC/Sales

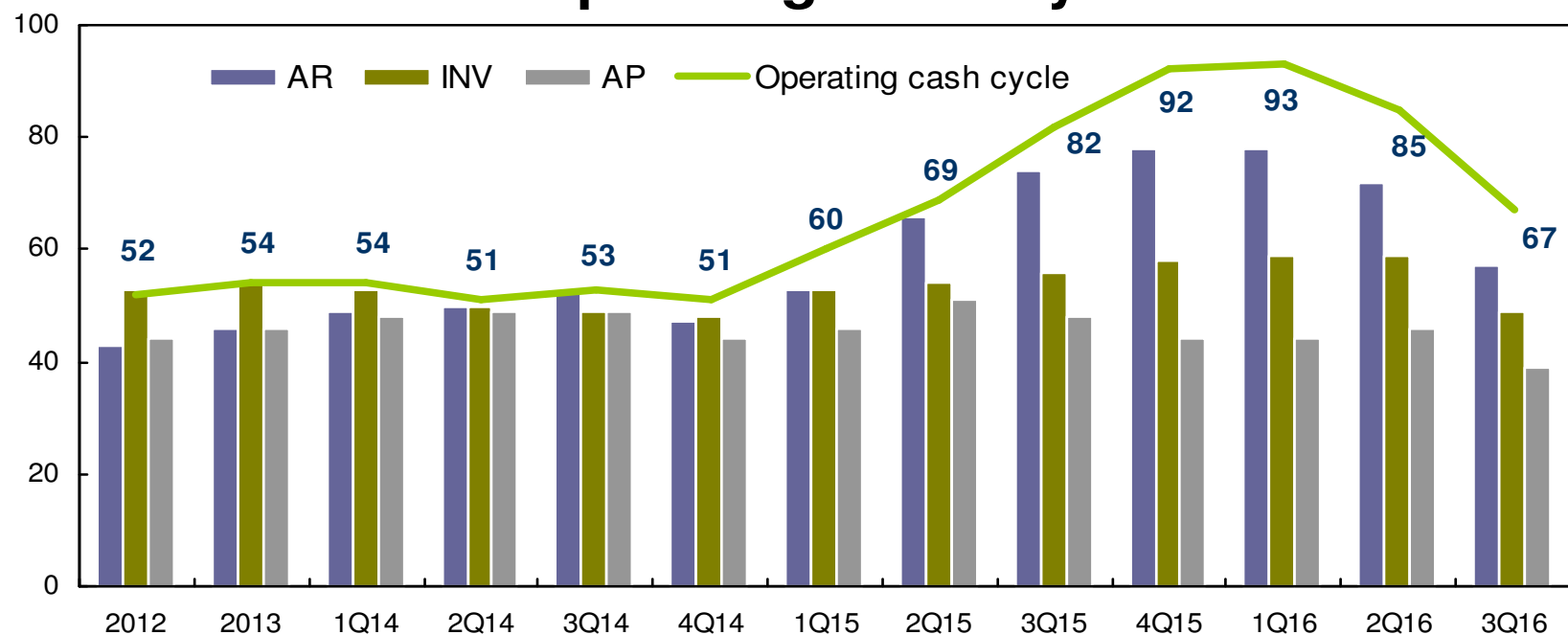


| ITEM      | 2012   | 2013   | 1Q14   | 2Q14   | 3Q14   | 4Q14   | 1Q15   | 2Q15   | 3Q15  | 4Q15  | 1Q16  | 2Q16  | 3Q16   |
|-----------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|-------|--------|
| NWC/Sales | 0.15   | 0.15   | 0.14   | 0.15   | 0.15   | 0.14   | 0.18   | 0.21   | 0.24  | 0.26  | 0.25  | 0.24  | 0.19   |
| 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% | 10.91% |



## 2. Financial Update

### Operating Cash Cycle



| Turnover days        | 2012 | 2013 | 1Q14 | 2Q14 | 3Q14 | 4Q14 | 1Q15 | 2Q15 | 3Q15 | 4Q15 | 1Q16 | 2Q16 | 3Q16 |
|----------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| AR                   | 43   | 46   | 49   | 50   | 53   | 47   | 53   | 66   | 74   | 78   | 78   | 72   | 57   |
| INV                  | 53   | 54   | 53   | 50   | 49   | 48   | 53   | 54   | 56   | 58   | 59   | 59   | 49   |
| AP                   | (44) | (46) | (48) | (49) | (49) | (44) | (46) | (51) | (48) | (44) | (44) | (46) | (39) |
| Operating cash cycle | 52   | 54   | 54   | 51   | 53   | 51   | 60   | 69   | 82   | 92   | 93   | 85   | 67   |



## 3. Business Outlook

### **We currently expect 4Q 16 :**

- Revenue : between NT\$41.5 billion ~ NT\$44.0 billion, at a forecast exchange rate of 31.5 NT Dollars to 1 US Dollar
- Gross profit margin : between 4.25% ~ 4.45%
- Operating profit margin : between 1.9% ~ 2.1%





**Thank You !**

**WT Microelectronics Co., Ltd.**

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