

WT MICROELECTRONICS 文晔科技



# **2016 Fourth Quarter Investor Conference**

**Presented by Cheryl Yang  
February 9, 2017**

# 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.
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# Agenda

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



# 1. Overview

## Achieved economies of scale and continued operation improvement

- A leading Asian semiconductor distributor, founded in 1993 and listed in 2000 (ticker: 3036 TT)
- Strategic focus on Asia region and Automotive & Internet of Things (IoT) applications
- 2016 revenues of NT\$144bn, up 27% YoY
- 45 offices in Asia (30 offices in China and 15 offices in Korea, Taiwan, and South Asia) with over 8,000 customers
- Around 1,800 headcounts (over 500 sales, 150 PMs, and 350 FAEs)
- Completion of warehouse semi automation (total 6 warehouses in Taiwan, HK, Shenzhen China, Shanghai China, Korea, and Singapore)
- Completion of B2B service platform for major vendors and customers

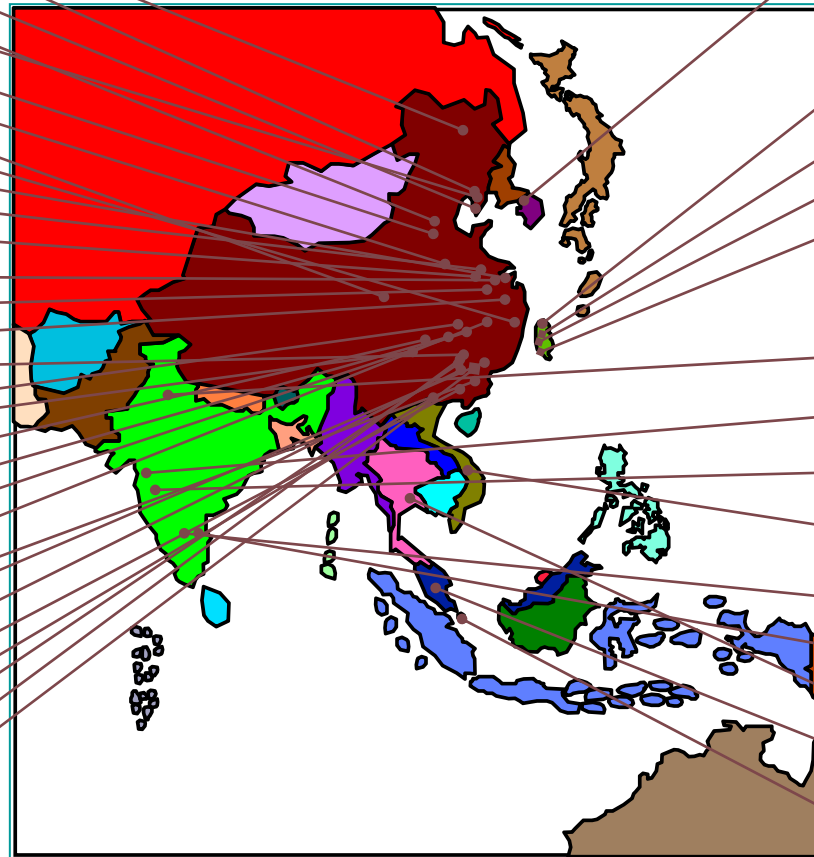


# 1. Overview

## 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

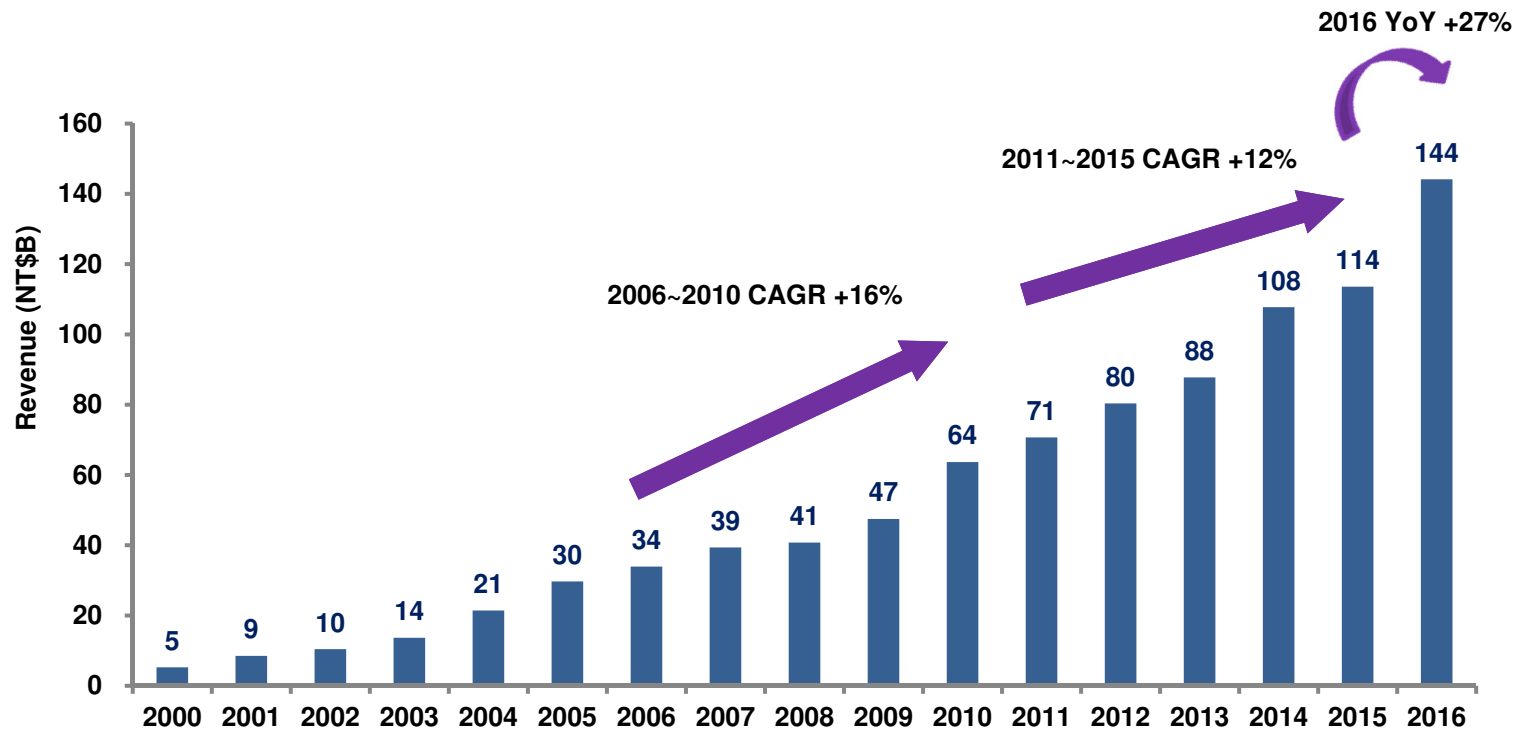
## South Asia Offices (10)

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



# 1. Overview

## NR (Net Revenue)



## 2. Financial Update

### Statement of Comprehensive Income

Unit: NT\$M

Key accounts	4Q16		4Q16 Guidance	3Q16		QoQ	4Q15		YoY
	Amount	%		Amount	%		Amount	%	
<b>Net Operating revenues</b>	<b>45,452</b>	<b>100.00%</b>	<b>41.5B~44.0B</b>	<b>41,325</b>	<b>100.00%</b>	<b>9.99%</b>	<b>27,575</b>	<b>100.00%</b>	<b>64.83%</b>
<b>Gross profit</b>	<b>1,913</b>	<b>4.21%</b>	<b>4.25%~4.45%</b>	<b>1,859</b>	<b>4.50%</b>	<b>-0.29ppt</b>	<b>1,560</b>	<b>5.66%</b>	<b>-1.45ppt</b>
Operating expenses (Note)	(1,541)	-3.39%		(1,000)	-2.42%	+0.97ppt	(989)	-3.59%	-0.2ppt
<b>Operating income</b>	<b>372</b>	<b>0.82%</b>	<b>1.90%~2.10%</b>	<b>859</b>	<b>2.08%</b>	<b>-1.26ppt</b>	<b>571</b>	<b>2.07%</b>	<b>-1.25ppt</b>
Financing costs	(180)	-0.40%		(119)	-0.29%	+0.11ppt	(88)	-0.32%	+0.08ppt
Others	3	0.01%		60	0.15%		94	0.34%	
Earning before tax	195	0.43%		800	1.94%	-75.63%	577	2.09%	-66.20%
Income tax expense	3	0.01%		(140)	-0.34%	-102.14%	(69)	-0.25%	-104.35%
Non-Controlling Interests	-	-		-	-		-	-	
<b>Profit after tax</b>	<b>198</b>	<b>0.44%</b>		<b>660</b>	<b>1.60%</b>	<b>-70.00%</b>	<b>508</b>	<b>1.84%</b>	<b>-61.02%</b>
<b>EPS(in dollars)</b>	<b>0.42</b>			<b>1.40</b>		<b>-70.00%</b>	<b>1.13</b>		<b>-62.83%</b>

Note : LeTV's allowance for doubtful accounts NT\$500M



## 2. Financial Update

### Statement of Comprehensive Income (proforma)

Unit: NT\$M

Key accounts	4Q16		4Q16 Guidance	3Q16		QoQ	4Q15		YoY
	Amount	%		Amount	%		Amount	%	
<b>Net Operating revenues</b>	<b>45,452</b>	<b>100.00%</b>	<b>41.5B~44.0B</b>	<b>41,325</b>	<b>100.00%</b>	<b>9.99%</b>	<b>27,575</b>	<b>100.00%</b>	<b>64.83%</b>
<b>Gross profit</b>	<b>1,913</b>	<b>4.21%</b>	<b>4.25%~4.45%</b>	<b>1,859</b>	<b>4.50%</b>	<b>-0.29ppt</b>	<b>1,560</b>	<b>5.66%</b>	<b>-1.45ppt</b>
Operating expenses	(1,041)	-2.29%		(1,000)	-2.42%	-0.13ppt	(989)	-3.59%	-1.3ppt
<b>Operating income</b>	<b>872</b>	<b>1.92%</b>	<b>1.90%~2.10%</b>	<b>859</b>	<b>2.08%</b>	<b>-0.16ppt</b>	<b>571</b>	<b>2.07%</b>	<b>-0.15ppt</b>
Financing costs	(180)	-0.40%		(119)	-0.29%	+0.11ppt	(88)	-0.32%	+0.08ppt
Others	3	0.01%		60	0.15%		94	0.34%	
Earning before tax	695	1.53%		800	1.94%	-13.13%	577	2.09%	20.45%
Income tax expense	(80)	-0.18%		(140)	-0.34%	-42.86%	(69)	-0.25%	15.94%
Non-Controlling Interests	-	-		-	-		-	-	
<b>Profit after tax</b>	<b>615</b>	<b>1.35%</b>		<b>660</b>	<b>1.60%</b>	<b>-6.82%</b>	<b>508</b>	<b>1.84%</b>	<b>21.06%</b>
<b>EPS(in dollars)</b>	<b>1.31</b>			<b>1.40</b>		<b>-6.43%</b>	<b>1.13</b>		<b>15.93%</b>





## 2. Financial Update

### Statement of Comprehensive Income

Unit: NT\$M

Key accounts	Y2016		Y2015		YoY
	Amount	%	Amount	%	
<b>Net Operating revenues</b>	<b>144,147</b>	<b>100.00%</b>	<b>113,598</b>	<b>100.00%</b>	<b>26.89%</b>
<b>Gross profit</b>	<b>6,925</b>	<b>4.80%</b>	<b>6,390</b>	<b>5.63%</b>	<b>-0.83ppt</b>
Operating expenses (Note)	(4,464)	-3.10%	(3,914)	-3.45%	-0.35ppt
<b>Operating income</b>	<b>2,461</b>	<b>1.70%</b>	<b>2,476</b>	<b>2.18%</b>	<b>-0.48ppt</b>
Financing costs	(479)	-0.33%	(370)	-0.33%	-0ppt
Others	56	0.04%	244	0.22%	
Earning before tax	2,038	1.41%	2,350	2.07%	-13.28%
Income tax expense	(338)	-0.23%	(367)	-0.32%	-7.90%
Non-Controlling Interests	-	-	-	-	
<b>Profit after tax</b>	<b>1,700</b>	<b>1.18%</b>	<b>1,983</b>	<b>1.75%</b>	<b>-14.27%</b>
<b>EPS(in dollars)</b>	<b>3.61</b>		<b>4.49</b>		<b>-19.60%</b>

Note : LeTV's allowance for doubtful accounts NT\$500M



## 2. Financial Update

### Statement of Comprehensive Income (proforma)

Unit: NT\$M

Key accounts	Y2016		Y2015		YoY
	Amount	%	Amount	%	
<b>Net Operating revenues</b>	<b>144,147</b>	<b>100.00%</b>	<b>113,598</b>	<b>100.00%</b>	<b>26.89%</b>
<b>Gross profit</b>	<b>6,925</b>	<b>4.80%</b>	<b>6,390</b>	<b>5.63%</b>	<b>-0.83ppt</b>
Operating expenses	(3,965)	-2.75%	(3,914)	-3.45%	-0.7ppt
<b>Operating income</b>	<b>2,960</b>	<b>2.05%</b>	<b>2,476</b>	<b>2.18%</b>	<b>-0.13ppt</b>
Financing costs	(479)	-0.33%	(370)	-0.33%	-0ppt
Others	57	0.04%	244	0.22%	
Earning before tax	2,538	1.76%	2,350	2.07%	8.00%
Income tax expense	(421)	-0.29%	(367)	-0.32%	14.71%
Non-Controlling Interests	-	-	-	-	
<b>Profit after tax</b>	<b>2,117</b>	<b>1.47%</b>	<b>1,983</b>	<b>1.75%</b>	<b>6.76%</b>
<b>EPS(in dollars)</b>	<b>4.50</b>		<b>4.49</b>		<b>0.22%</b>



## 2. Financial Update

### Balance Sheet

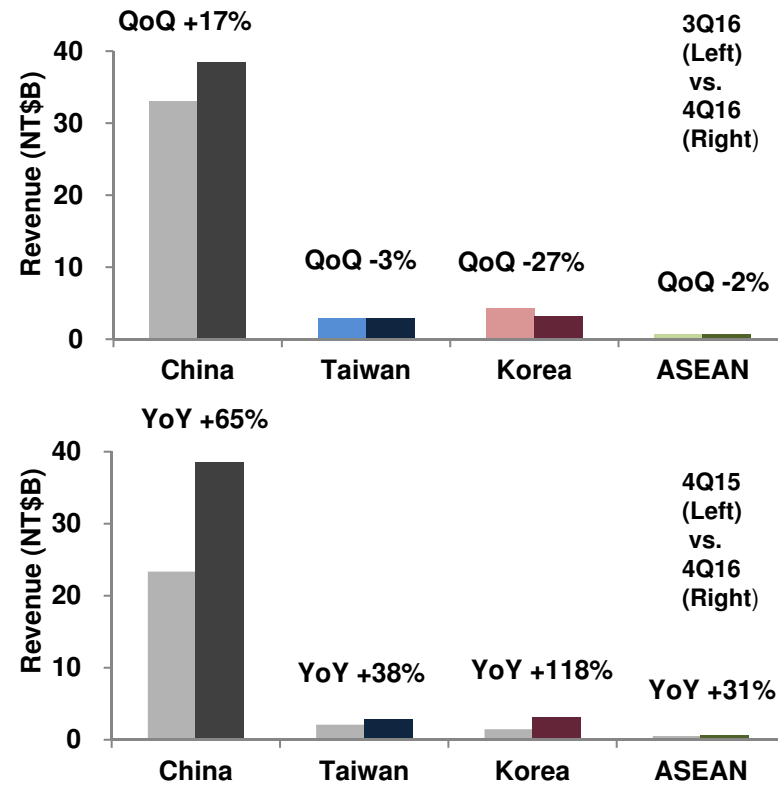
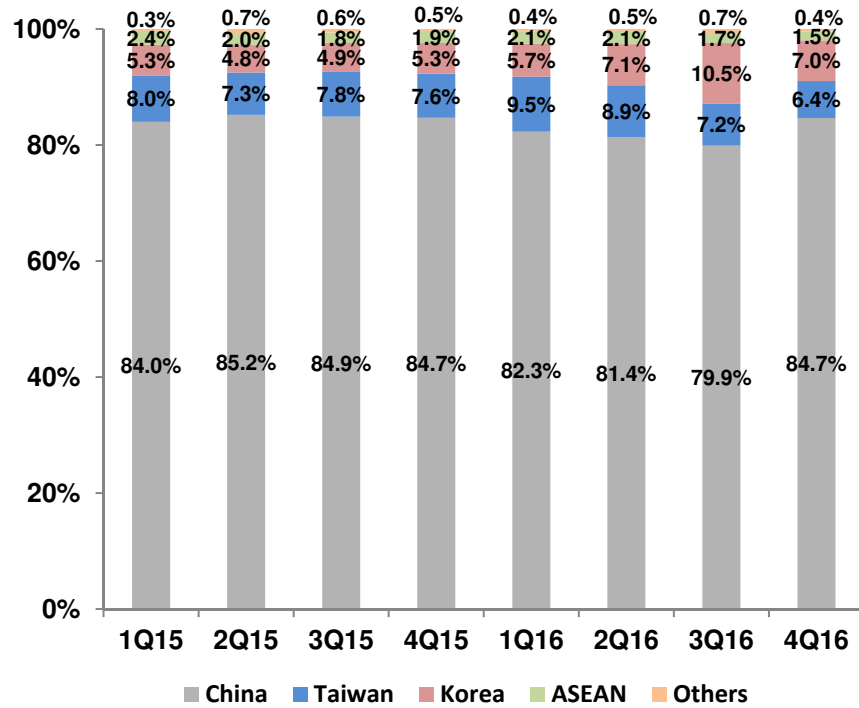
Unit: NT\$M

Key accounts	4Q16		3Q16		4Q15	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	1,748	3	1,805	3	1,579	4
Accounts receivable	30,061	49	27,984	49	22,806	48
Inventory	22,133	36	21,955	38	16,552	35
Other current assets	3,660	6	1,960	3	2,252	5
Non-current assets	3,982	6	4,036	7	3,988	8
<b>Total Assets</b>	<b>61,584</b>	<b>100</b>	<b>57,740</b>	<b>100</b>	<b>47,177</b>	<b>100</b>
Short-term loans	22,013	36	18,218	32	15,261	32
Accounts payable	18,638	30	18,442	32	11,249	24
Other current liabilities	2,343	4	1,583	2	1,553	3
Long-term loans	-	-	941	2	1,906	4
Other liabilities	1,688	3	1,699	3	283	1
<b>Total Liabilities</b>	<b>44,682</b>	<b>73</b>	<b>40,883</b>	<b>71</b>	<b>30,252</b>	<b>64</b>
<b>Total Equity</b>	<b>16,902</b>	<b>27</b>	<b>16,857</b>	<b>29</b>	<b>16,925</b>	<b>36</b>
Indices	4Q16		3Q16		4Q15	
Current ratio	134%		140%		154%	
Debt/Assets ratio	73%		71%		64%	
Debt/Equity ratio	264%		243%		179%	
Gearing ratio	1.22		1.04		0.92	



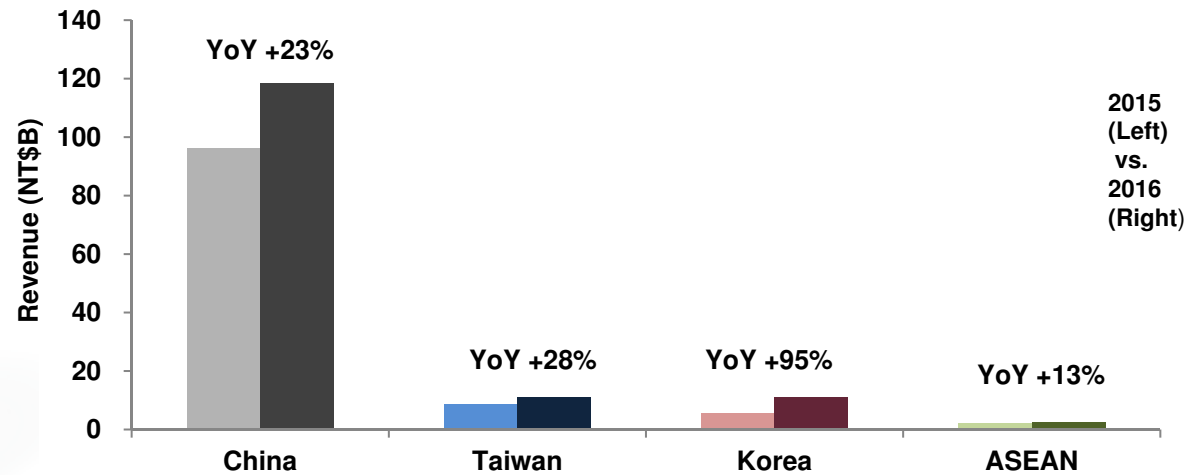
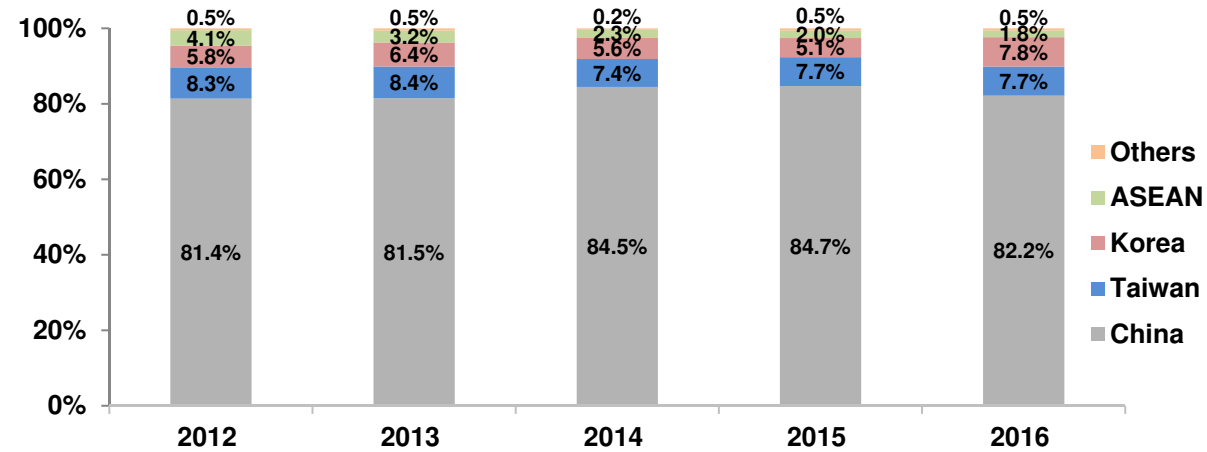
# 2. Financial Update

## NR by Geography (Ship-to Destination)



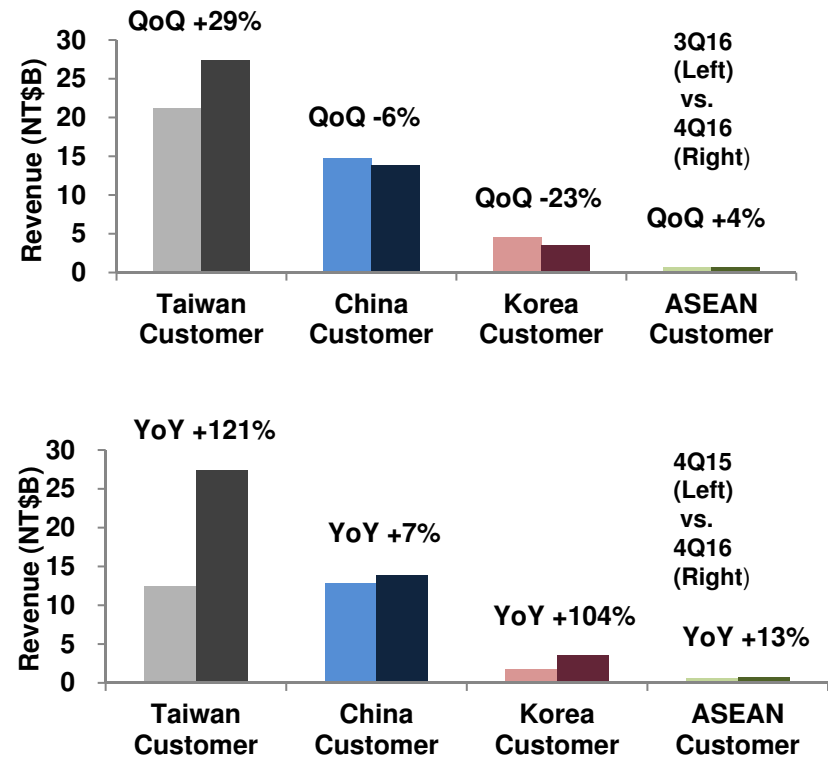
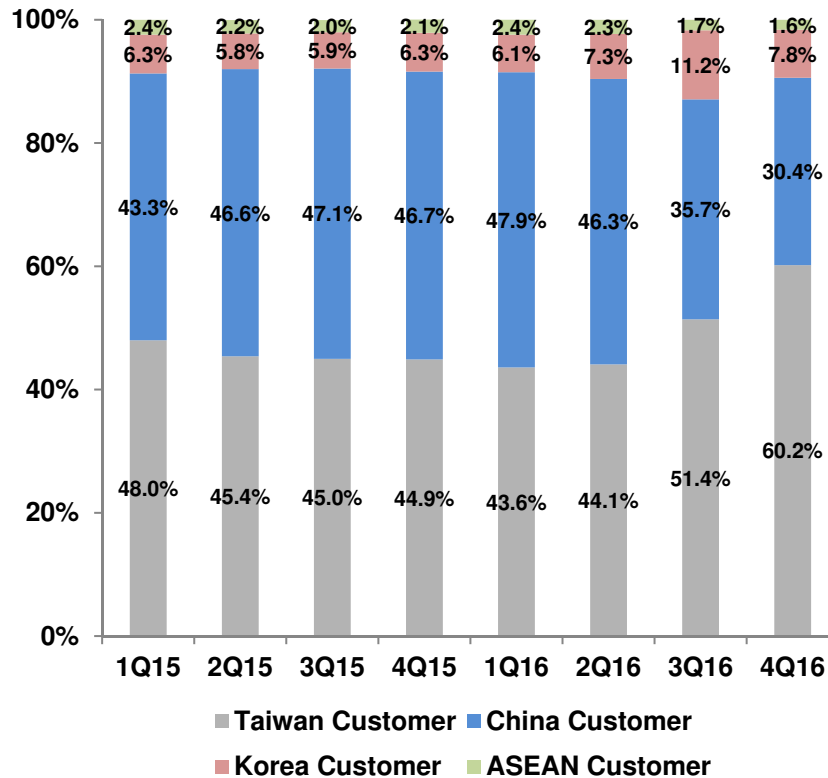
# 2. Financial Update

## NR by Geography (Ship-to Destination)



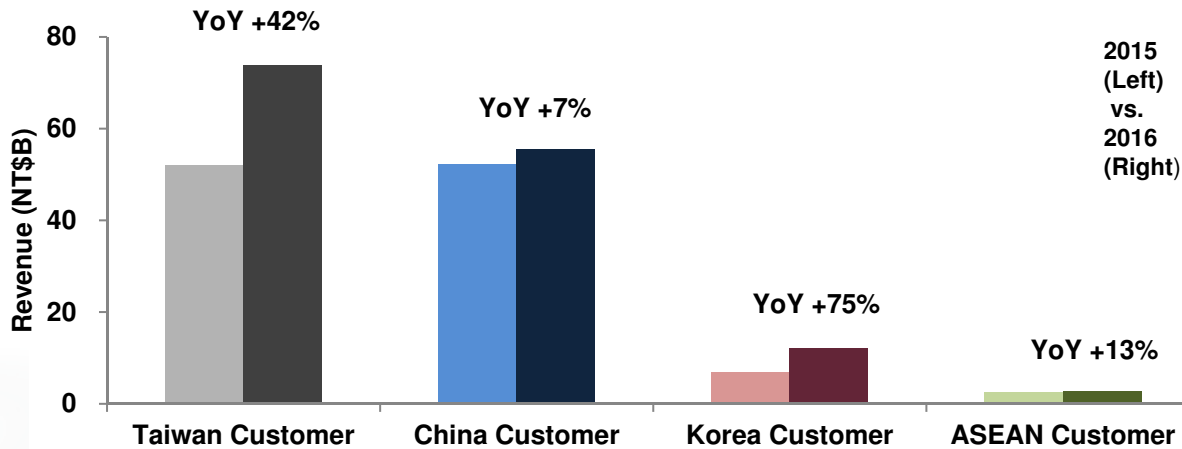
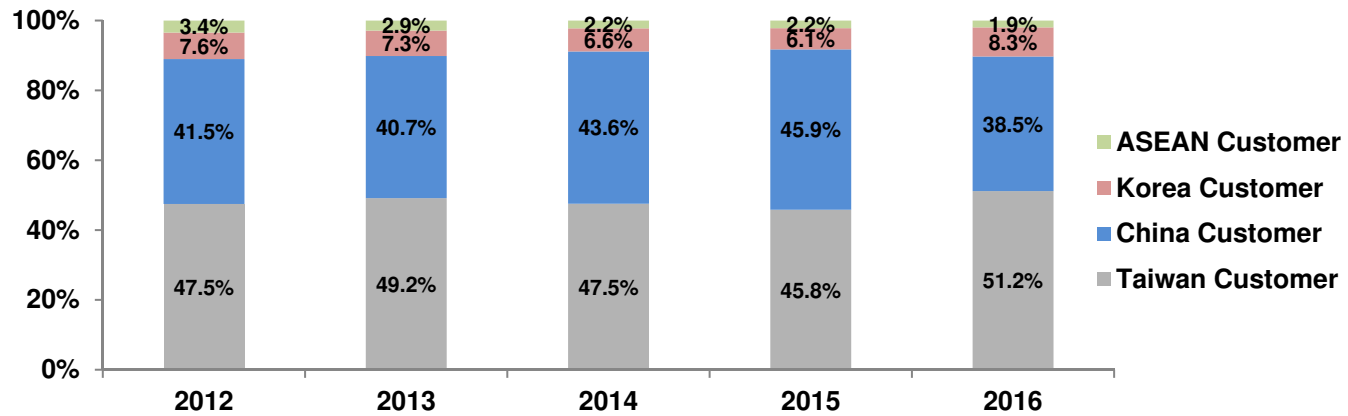
# 2. Financial Update

## NR by Customer Base



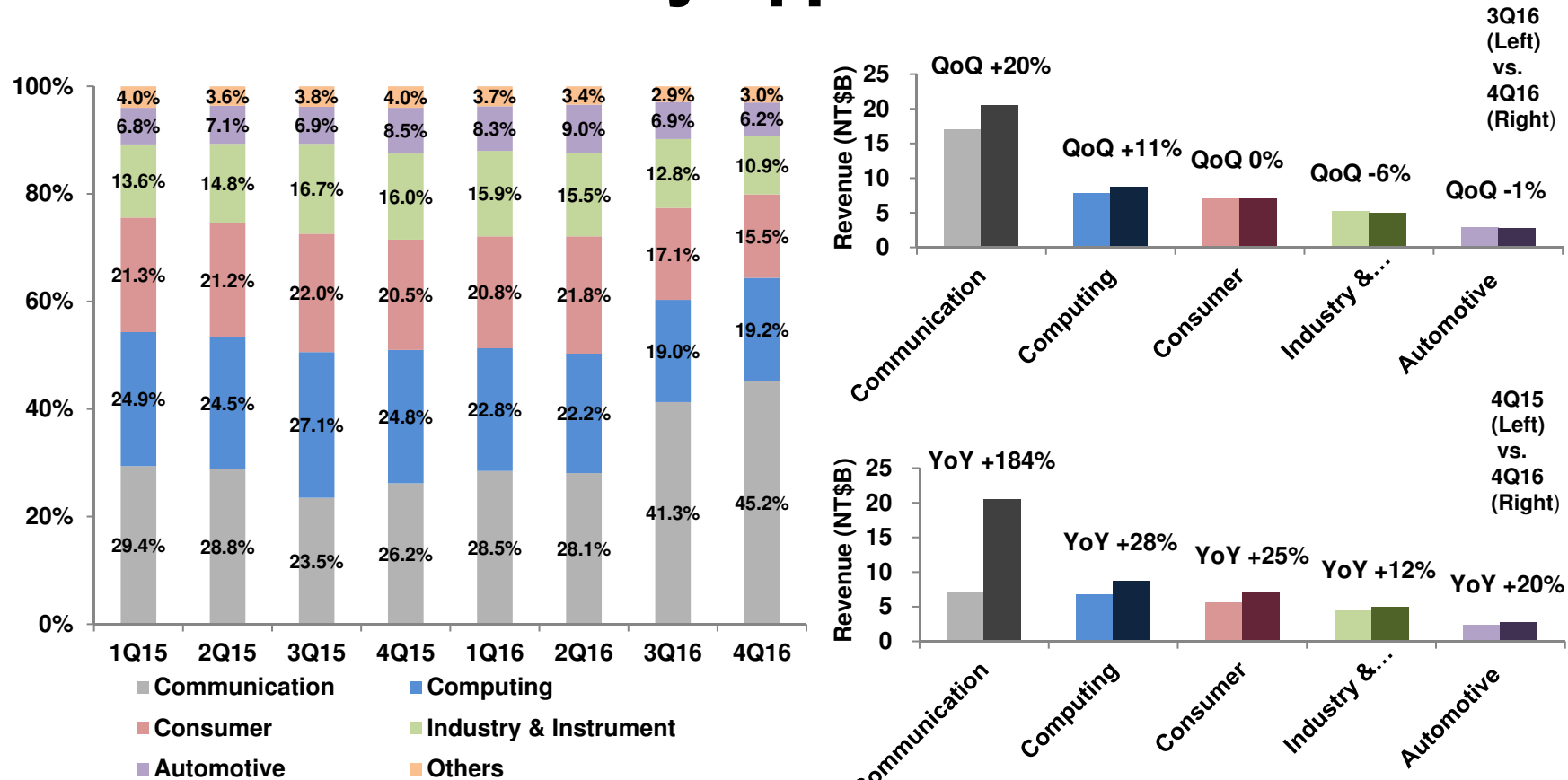
# 2. Financial Update

## NR by Customer Base



# 2. Financial Update

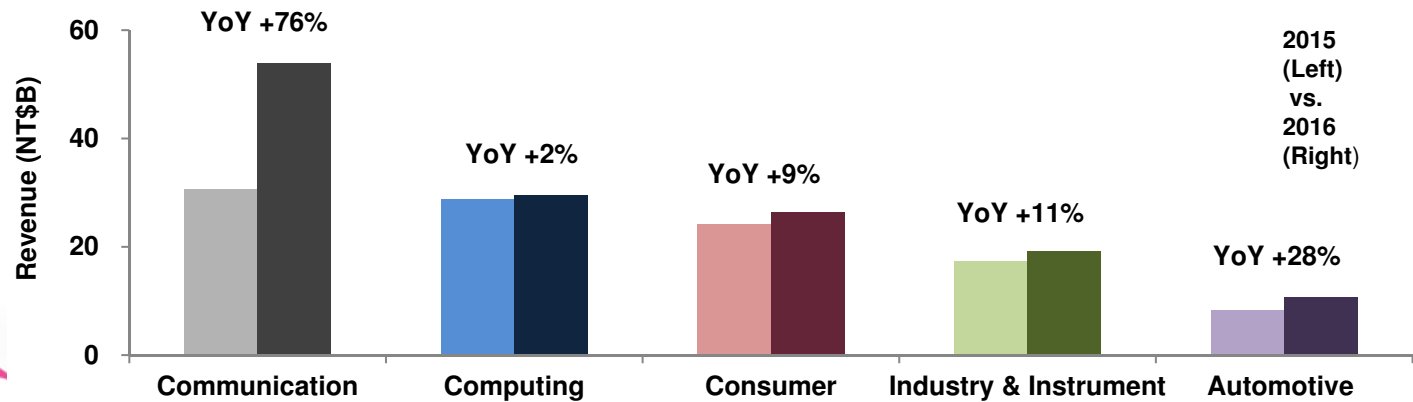
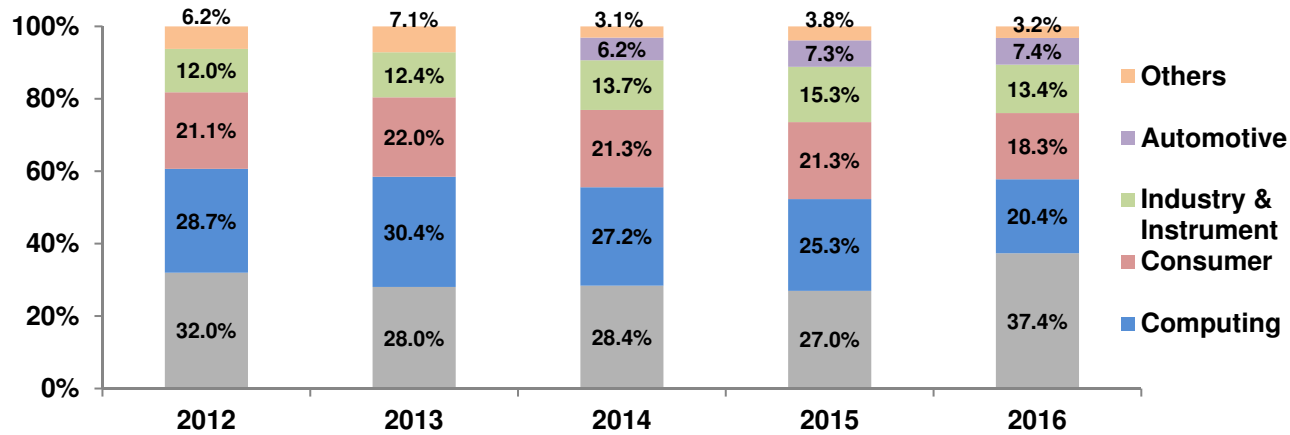
## NR by Application





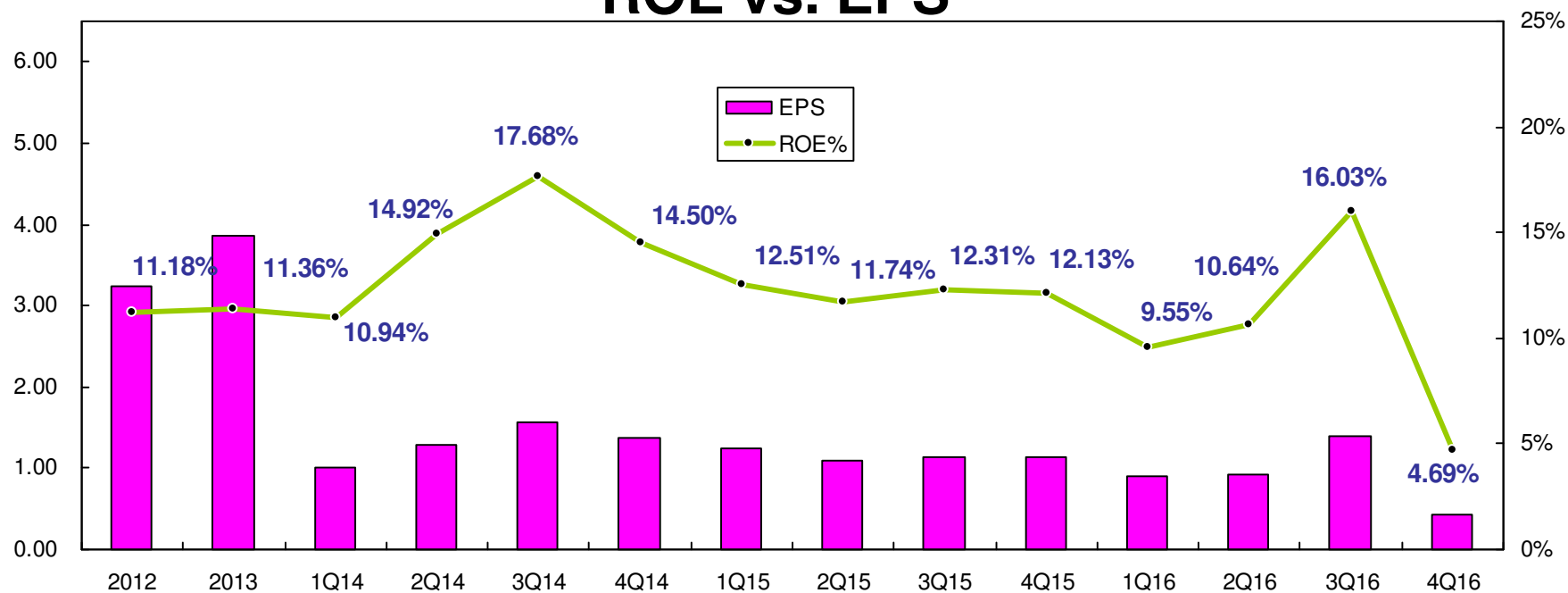
# 2. Financial Update

## NR by Application



# 2. Financial Update

## ROE vs. EPS

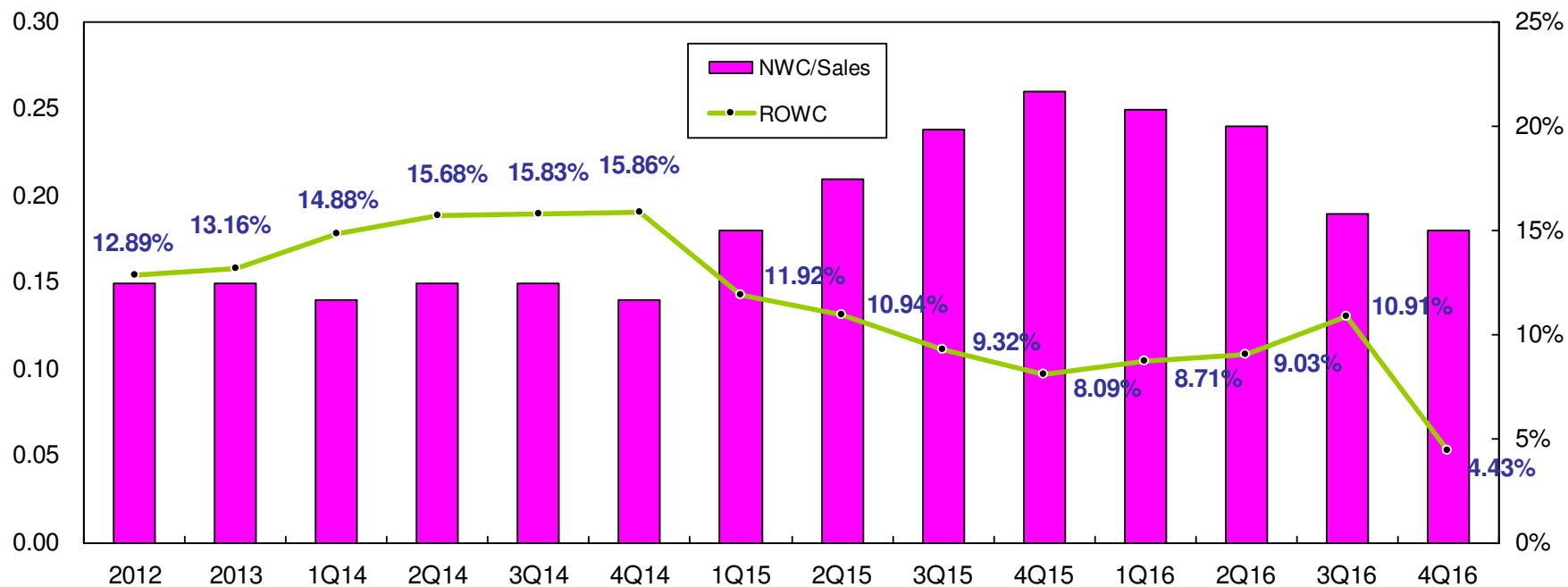


ITEM	2012	2013	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16
ROE%	11.18%	11.36%	10.94%	14.92%	17.68%	14.50%	12.51%	11.74%	12.31%	12.13%	9.55%	10.64%	16.03%	4.69%
EPS	3.23	3.86	1.00	1.29	1.56	1.37	1.24	1.09	1.14	1.13	0.90	0.93	1.40	0.42



# 2. Financial Update

## ROWC vs. NWC/Sales

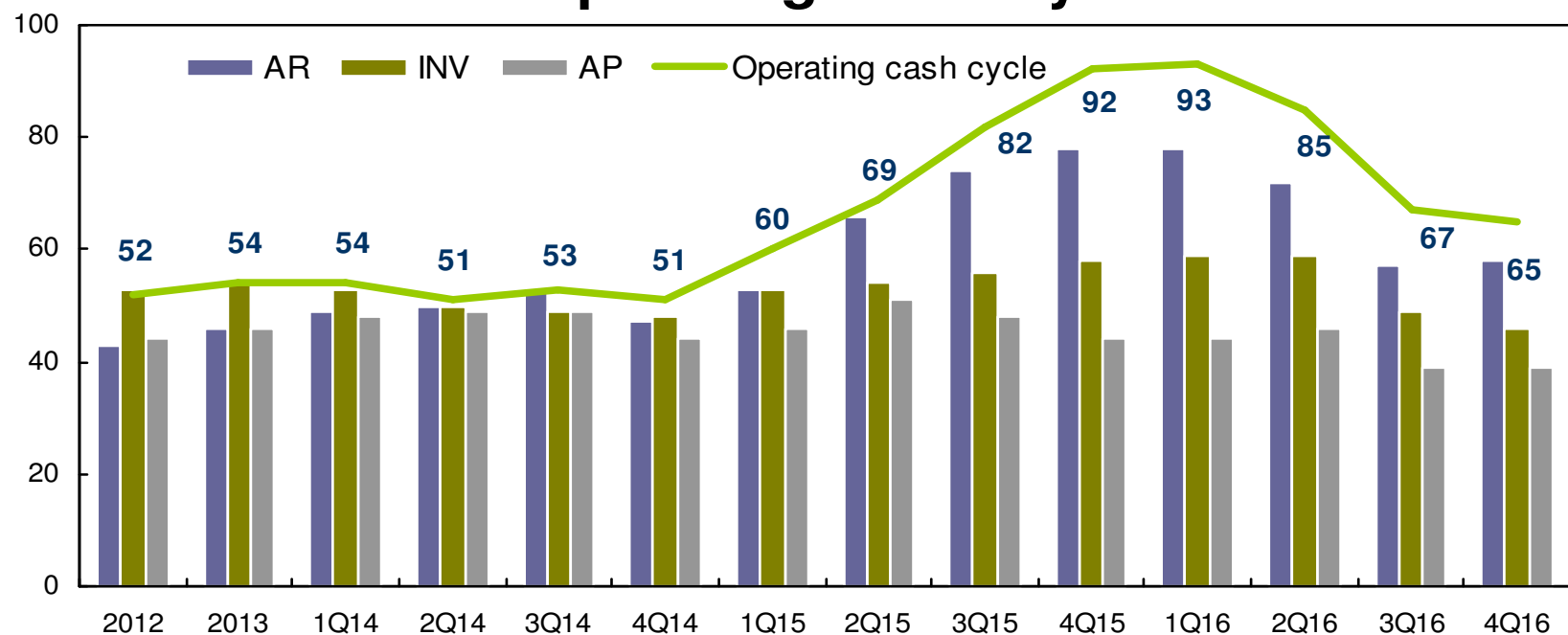


ITEM	2012	2013	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16
NWC/Sales	0.15	0.15	0.14	0.15	0.15	0.14	0.18	0.21	0.24	0.26	0.25	0.24	0.19	0.18
ROWC	12.89%	13.16%	14.88%	15.68%	15.83%	15.86%	11.92%	10.94%	9.32%	8.09%	8.71%	9.03%	10.91%	4.43%



## 2. Financial Update

### Operating Cash Cycle



Turnover days	2012	2013	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16
AR	43	46	49	50	53	47	53	66	74	78	78	72	57	58
INV	53	54	53	50	49	48	53	54	56	58	59	59	49	46
AP	(44)	(46)	(48)	(49)	(49)	(44)	(46)	(51)	(48)	(44)	(44)	(46)	(39)	(39)
Operating cash cycle	52	54	54	51	53	51	60	69	82	92	93	85	67	65



## 3. Business Outlook

### **We currently expect 1Q 17 :**

- Revenue : between NT\$36 billion ~ NT\$38 billion, at a forecast exchange rate of 31.2 NT Dollars to 1 US Dollar
- Gross profit margin : between 4.65% ~ 4.85%
- Operating profit margin : between 2.0% ~ 2.2%





**Thank You !**

**WT Microelectronics Co., Ltd.**

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