

WT MICROELECTRONICS 文晔科技



# **2017 Second Quarter Investor Conference**

**Presented by Cheryl Yang  
August 8, 2017**

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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

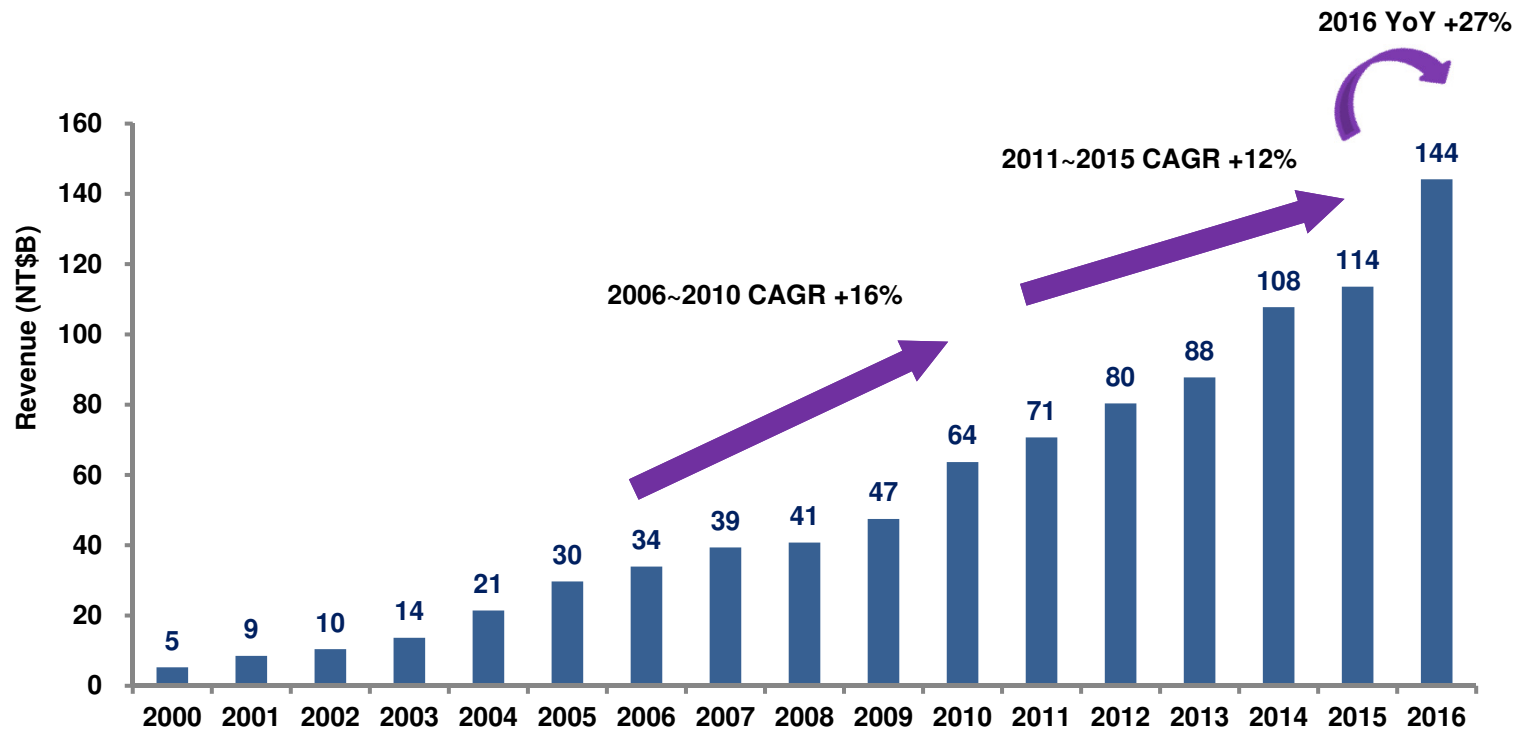
## Achieved economies of scale and continued operation improvement

- 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

## NR (Net Revenue)

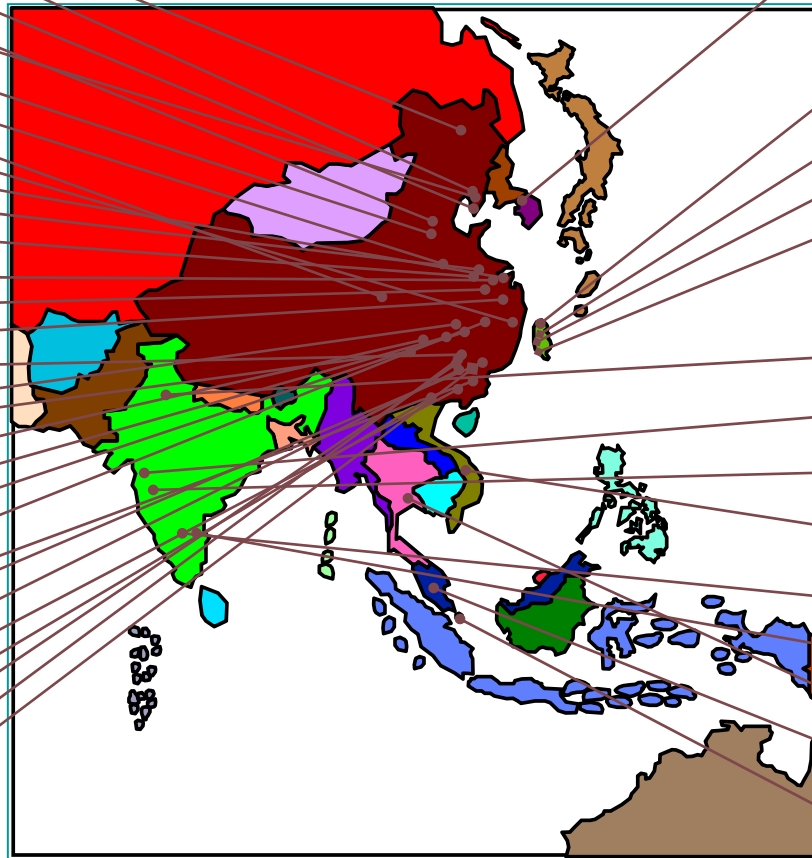


# 1. Overview

## 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



## 2. Financial Update

### Statement of Comprehensive Income

Unit: NT\$M

Key accounts	2Q17		2Q17 Guidance	1Q17		QoQ	2Q16		YoY
	Amount	%		Amount	%		Amount	%	
<b>Net Operating revenues</b>	<b>40,364</b>	<b>100.00%</b>	<b>37.5B~39.5B</b>	<b>38,378</b>	<b>100.00%</b>	<b>5.17%</b>	<b>30,141</b>	<b>100.00%</b>	<b>33.92%</b>
<b>Gross profit</b>	<b>1,924</b>	<b>4.77%</b>	<b>4.7%~4.9%</b>	<b>1,797</b>	<b>4.68%</b>	<b>+0.09ppt</b>	<b>1,618</b>	<b>5.37%</b>	<b>-0.6ppt</b>
Operating expenses	(1,015)	-2.52%		(979)	-2.55%	-0.03ppt	(970)	-3.22%	-0.7ppt
<b>Operating income</b>	<b>909</b>	<b>2.25%</b>	<b>2.1%~2.3%</b>	<b>818</b>	<b>2.13%</b>	<b>+0.12ppt</b>	<b>648</b>	<b>2.15%</b>	<b>+0.1ppt</b>
Financing costs	(208)	-0.52%		(205)	-0.53%	-0.02ppt	(89)	-0.30%	+0.22ppt
Others	12	0.03%		2	-		(9)	-0.03%	
Earning before tax	713	1.77%		615	1.60%	15.93%	550	1.82%	29.64%
Income tax expense	(167)	-0.42%		(112)	-0.29%	49.11%	(111)	-0.36%	50.45%
Non-Controlling Interests	-	-		-	-		-	-	
<b>Profit after tax</b>	<b>546</b>	<b>1.35%</b>		<b>503</b>	<b>1.31%</b>	<b>8.55%</b>	<b>439</b>	<b>1.46%</b>	<b>24.37%</b>
<b>EPS(in dollars)</b>	<b>1.15</b>			<b>1.06</b>		<b>8.49%</b>	<b>0.93</b>		<b>23.66%</b>



## 2. Financial Update

### Statement of Comprehensive Income

Unit: NT\$M

Key accounts	1H17		2H16		HoH	1H16		YoY
	Amount	%	Amount	%		Amount	%	
Net Operating revenues	78,742	100.00%	86,777	100.00%	-9.26%	57,370	100.00%	37.25%
Gross profit (GP)	3,721	4.73%	3,772	4.35%	+0.38ppt	3,153	5.50%	-0.77ppt
Operating expenses	(1,994)	-2.54%	(2,541)	-2.93%	-0.39ppt	(1,923)	-3.36%	-0.82ppt
Operating income (OM)	1,727	2.19%	1,231	1.42%	+0.77ppt	1,230	2.14%	+0.05ppt
Financing costs	(413)	-0.52%	(299)	-0.34%	+0.18ppt	(180)	-0.31%	+0.21ppt
Others	14	0.02%	63	0.07%		(7)	-0.01%	
Earning before tax	1,328	1.69%	995	1.15%	33.47%	1,043	1.82%	27.33%
Income tax expense	(279)	-0.36%	(137)	-0.16%	103.65%	(201)	-0.35%	38.81%
Non-Controlling Interests	-	-	-	-		-	-	
Profit after tax (PAT)	1,049	1.33%	858	0.99%	22.26%	842	1.47%	24.58%
EPS(in dollars)	2.21		1.82		21.45%	1.79		23.46%





## 2. Financial Update

### Balance Sheet

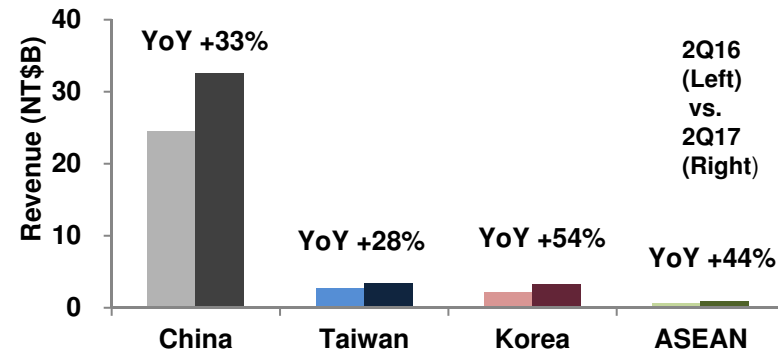
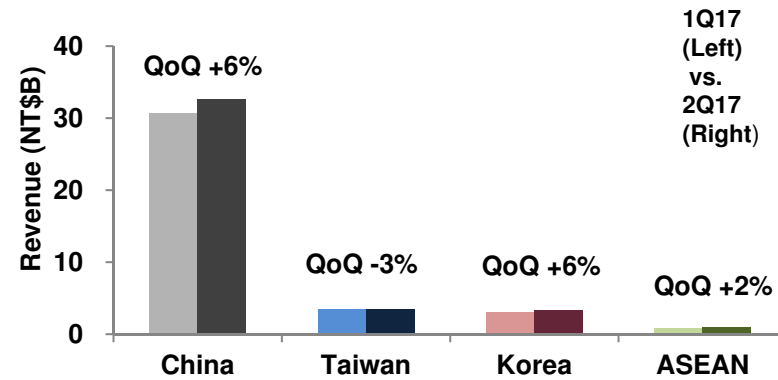
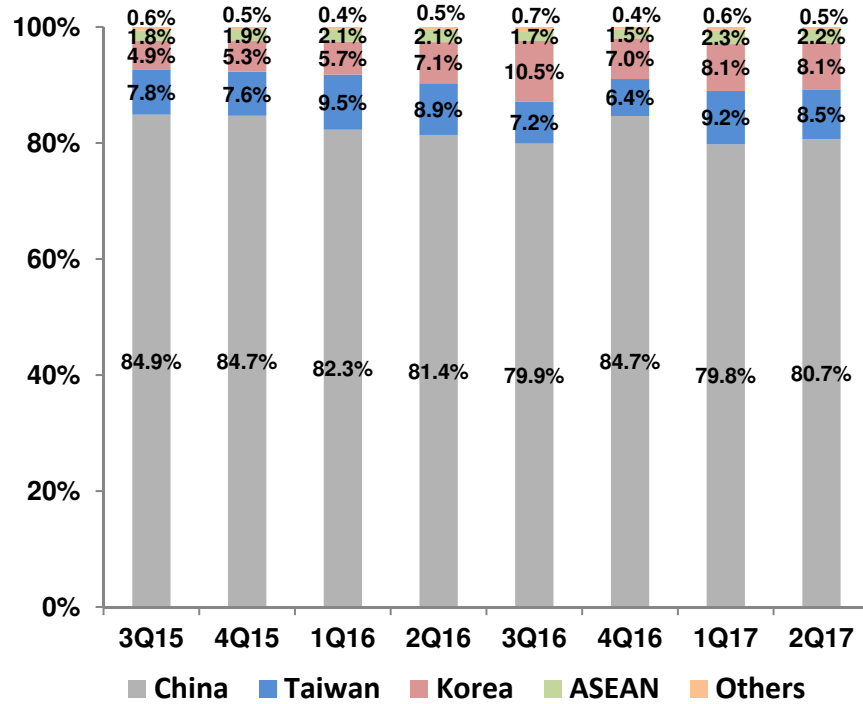
Unit: NT\$M

Key accounts	2Q17		1Q17		2Q16	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	2,178	4	2,913	5	1,504	3
Accounts receivable	24,001	42	20,509	36	23,853	47
Inventory	25,441	44	24,043	42	20,200	40
Other current assets	1,684	3	5,419	9	1,587	2
Non-current assets	4,135	7	4,359	8	3,887	8
<b>Total Assets</b>	<b>57,439</b>	<b>100</b>	<b>57,243</b>	<b>100</b>	<b>51,031</b>	<b>100</b>
Short-term loans	19,118	33	20,970	37	16,589	34
Accounts payable	18,262	32	16,484	29	15,389	30
Other current liabilities	2,576	4	1,627	2	2,683	4
Other liabilities	1,550	3	1,546	3	282	-
<b>Total Liabilities</b>	<b>41,506</b>	<b>72</b>	<b>40,627</b>	<b>71</b>	<b>34,943</b>	<b>68</b>
<b>Total Equity</b>	<b>15,933</b>	<b>28</b>	<b>16,616</b>	<b>29</b>	<b>16,088</b>	<b>32</b>
Indices	2Q17		1Q17		2Q16	
Current ratio	133%		135%		136%	
Debt/Assets ratio	72%		71%		68%	
Debt/Equity ratio	261%		245%		217%	
Gearing ratio	1.06		1.09		0.94	



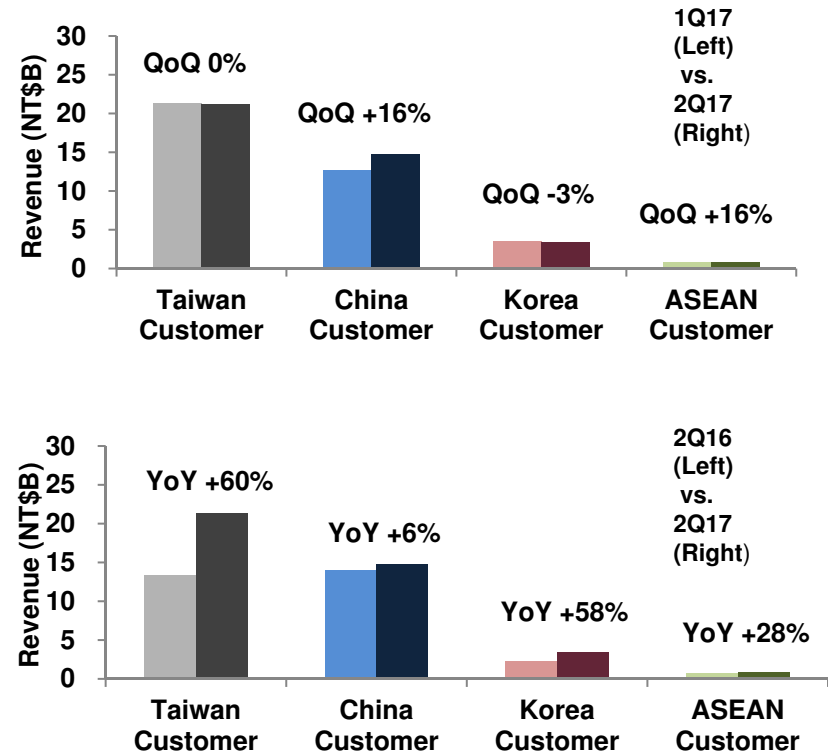
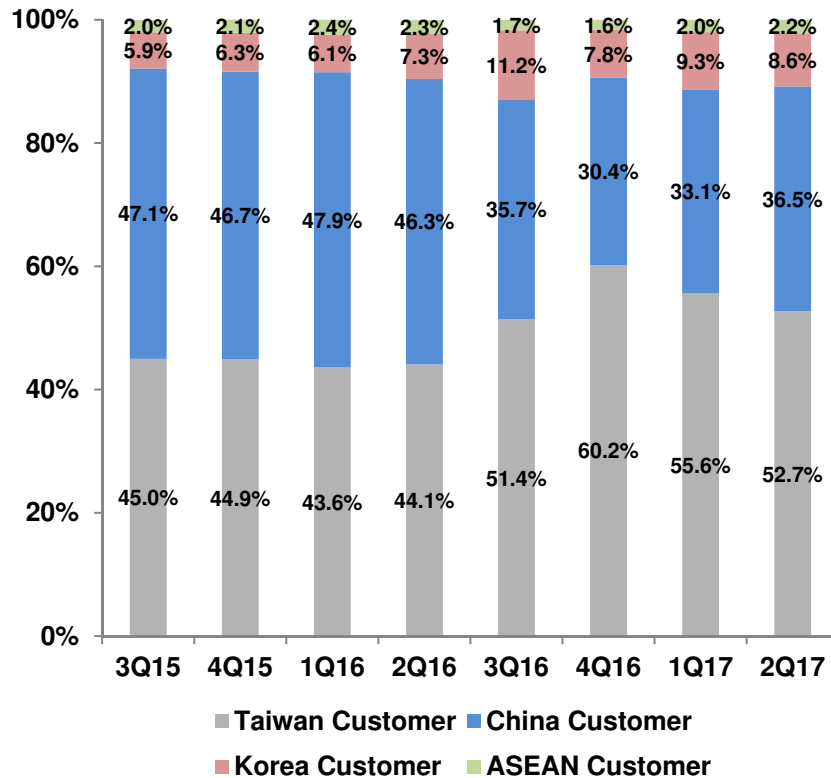
# 2. Financial Update

## NR by Geography (Ship-to Destination)



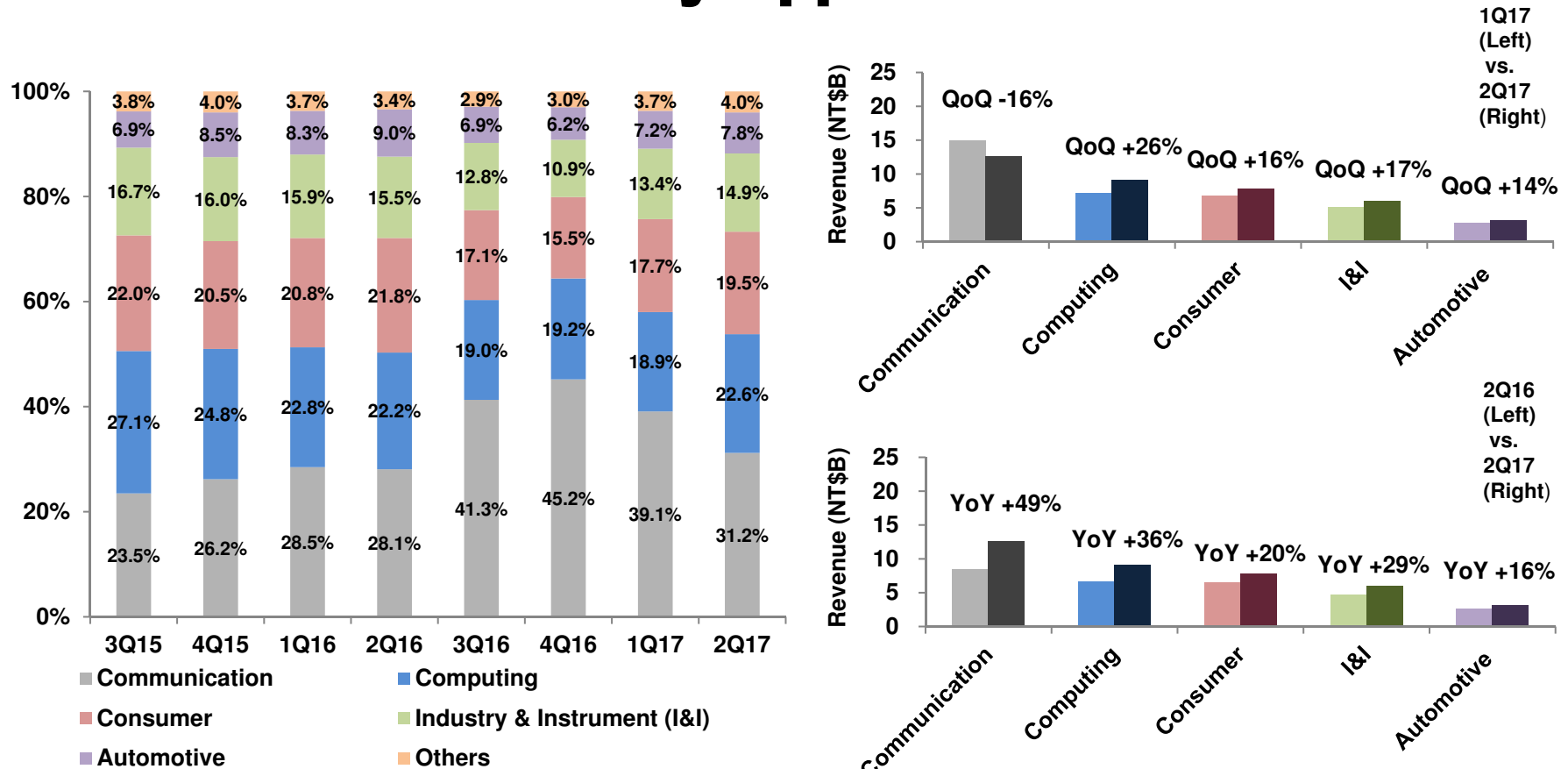
# 2. Financial Update

## NR by Customer Base



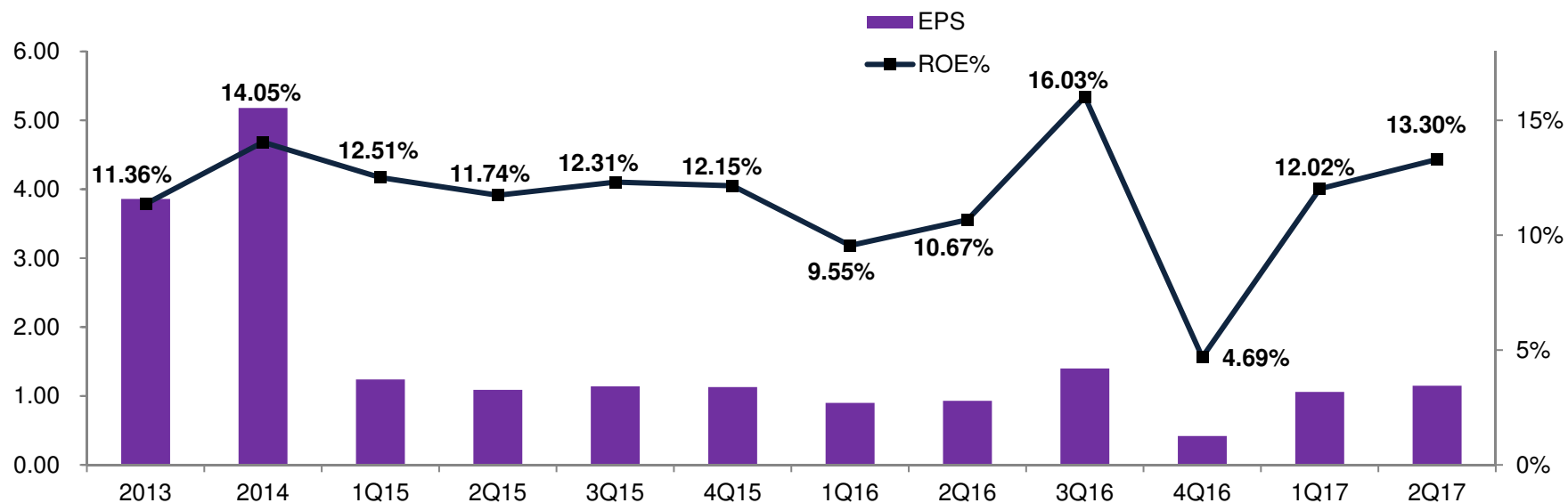
# 2. Financial Update

## NR by Application



# 2. Financial Update

## ROE vs. EPS

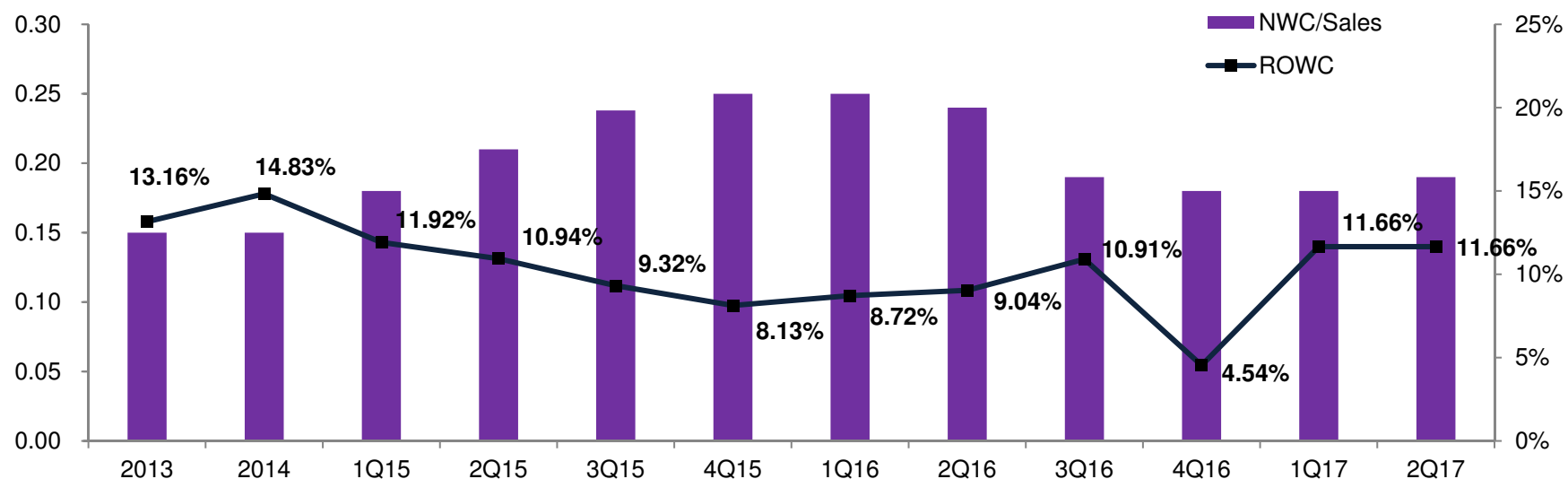


ITEM	2013	2014	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
ROE%	11.36%	14.05%	12.51%	11.74%	12.31%	12.15%	9.55%	10.67%	16.03%	4.69%	12.02%	13.30%
EPS	3.86	5.18	1.24	1.09	1.14	1.13	0.90	0.93	1.40	0.42	1.06	1.15



## 2. Financial Update

### ROWC vs. NWC/Sales

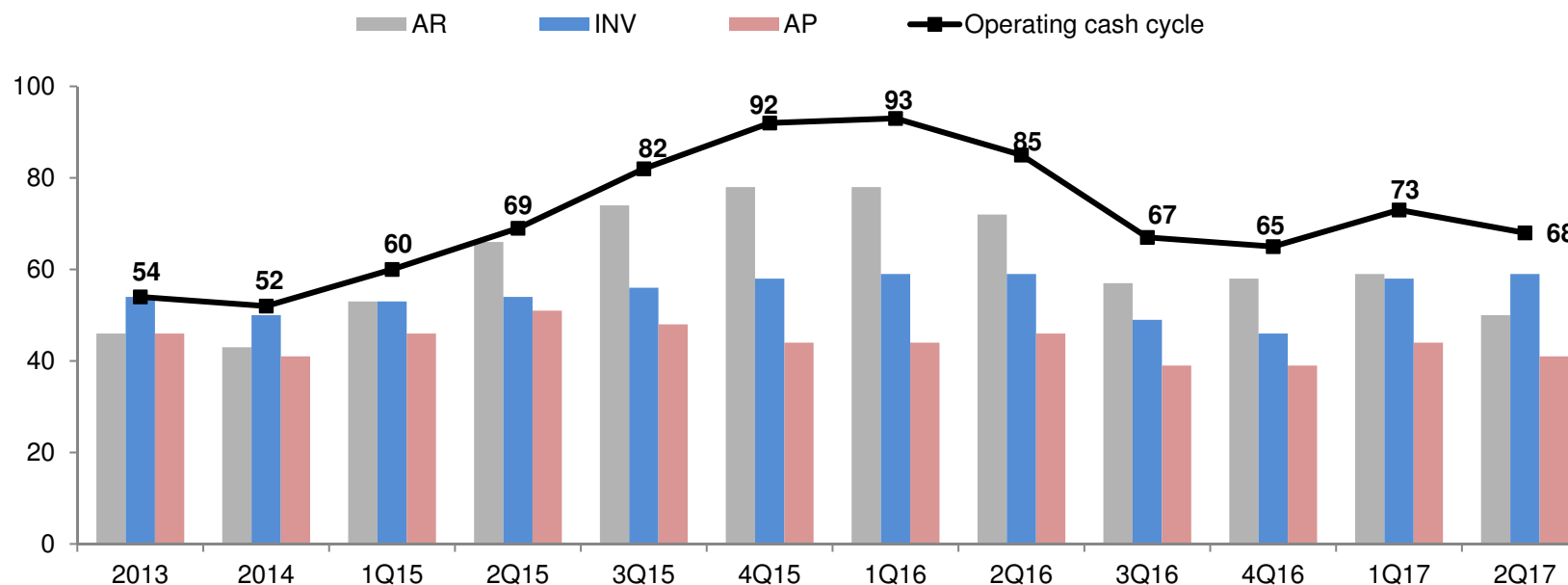


ITEM	2013	2014	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
NWC/Sales	0.15	0.15	0.18	0.21	0.24	0.25	0.25	0.24	0.19	0.18	0.18	0.19
ROWC	13.16%	14.83%	11.92%	10.94%	9.32%	8.13%	8.72%	9.04%	10.91%	4.54%	11.66%	11.66%



# 2. Financial Update

## Operating Cash Cycle



## 3. Business Outlook

### **We currently expect 3Q 17 :**

- Revenue : between NT\$47 billion ~ NT\$50 billion, at a forecast exchange rate of 30.2 NT Dollars to 1 US Dollar
- Gross profit margin : between 4.4% ~ 4.6%
- Operating profit margin : between 2.1% ~ 2.3%







# **Thank You !**

**WT Microelectronics Co., Ltd.**

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