

WT MICROELECTRONICS 文晔科技



2017 Fourth Quarter Investor Conference

**Presented by Cheryl Yang
February 8, 2018**

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- 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

Strong secular growth with economies of scale

- 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
- 2017 revenues of NT\$189bn, up 31% YoY
- 45 offices in Asia (30 offices in China and 15 offices in Korea, Taiwan, and South Asia) with over 8,000 customers
- Over 2,000 headcounts after Maxtek acquisition in 4Q17 (over 650 sales, 200 PMs, and 450 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

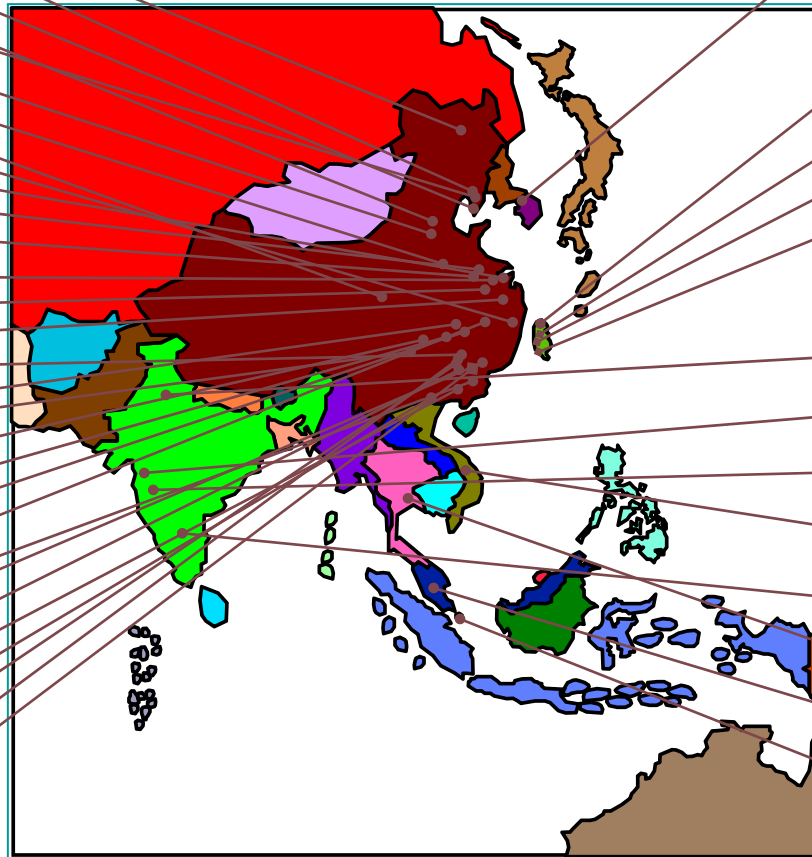


1. Overview

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

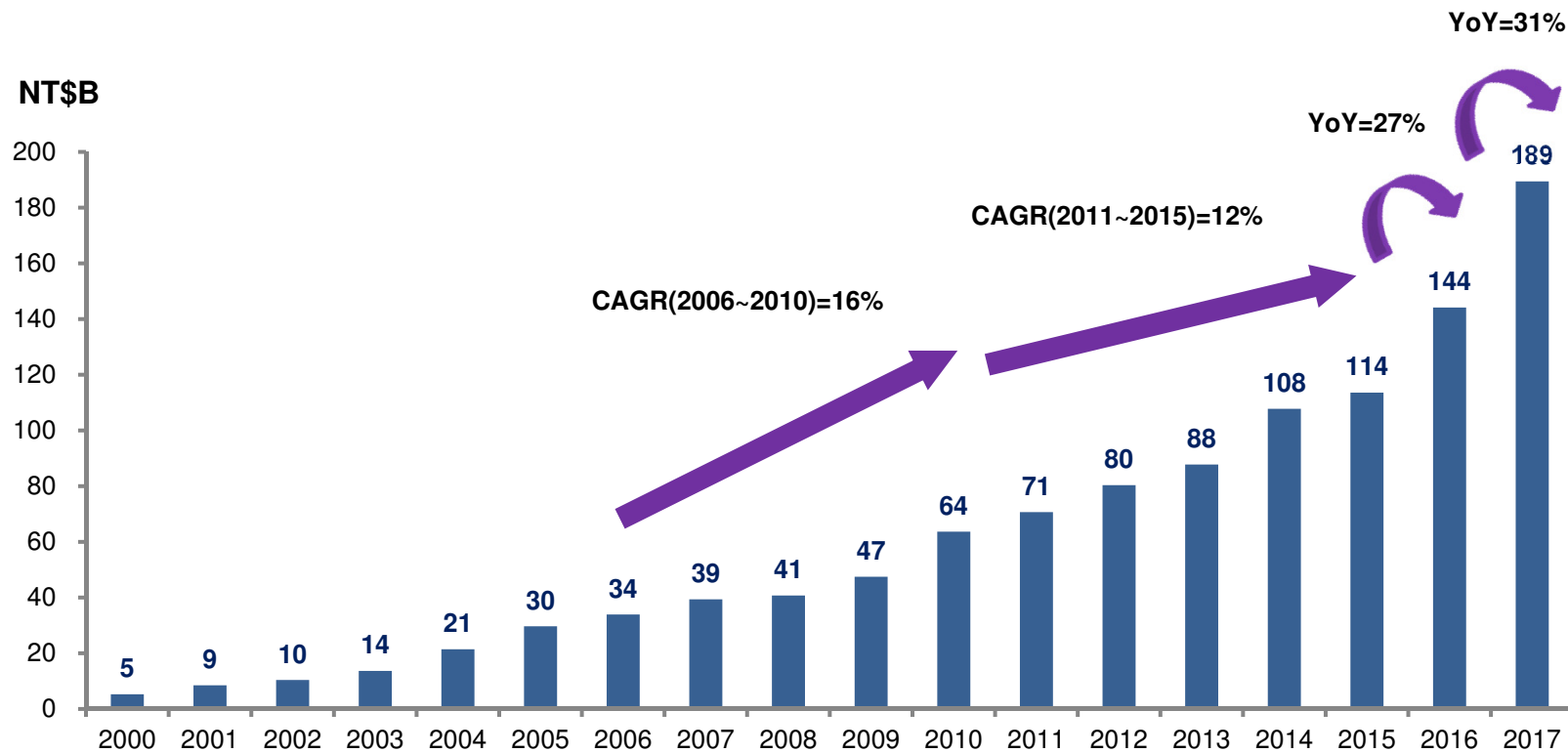
South Asia Offices (10)

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



1. Overview

NR (Net Revenue)



2. Financial Update

Statement of Comprehensive Income

Unit: NT\$M

Key accounts	4Q17		3Q17		QoQ	4Q16		YoY
	Amount	%	Amount	%		Amount	%	
Net Operating revenues	59,844	100.00%	50,833	100.00%	17.73%	45,452	100.00%	31.66%
Gross profit	2,456	4.10%	2,245	4.42%	-0.32ppt	1,913	4.21%	-0.11ppt
Operating expenses	(1,373)	-2.29%	(1,136)	-2.24%	+0.05ppt	(1,541)	-3.39%	-1.1ppt
Operating income	1,083	1.81%	1,109	2.18%	-0.37ppt	372	0.82%	+0.99ppt
Financing costs	(318)	-0.53%	(232)	-0.45%	+0.08ppt	(180)	-0.40%	+0.13ppt
Others	94	0.16%	41	0.08%		3	0.01%	
Earning before tax	859	1.44%	918	1.81%	-6.43%	195	0.43%	340.51%
Income tax expense	(156)	-0.26%	(150)	-0.30%	4.00%	3	0.01%	-5300.00%
Non-Controlling Interests	-	-	-	-		-	-	
Profit after tax	703	1.18%	768	1.51%	-8.46%	198	0.44%	255.05%
EPS(in dollars)	1.43		1.61		-11.18%	0.42		240.48%



2. Financial Update

Statement of Comprehensive Income

Unit: NT\$M

Key accounts	Y2017		Y2016		YoY
	Amount	%	Amount	%	
Net Operating revenues	189,419	100.00%	144,147	100.00%	31.41%
Gross profit	8,421	4.45%	6,925	4.80%	-0.35ppt
Operating expenses	(4,503)	-2.38%	(4,464)	-3.10%	-0.72ppt
Operating income	3,918	2.07%	2,461	1.70%	+0.37ppt
Financing costs	(963)	-0.51%	(479)	-0.33%	+0.18ppt
Others	150	0.08%	56	0.04%	
Earning before tax	3,105	1.64%	2,038	1.41%	52.36%
Income tax expense	(585)	-0.31%	(338)	-0.23%	73.08%
Non-Controlling Interests	-	-	-	-	
Profit after tax	2,520	1.33%	1,700	1.18%	48.24%
EPS(in dollars)	5.26		3.61		45.58%



2. Financial Update

Balance Sheet

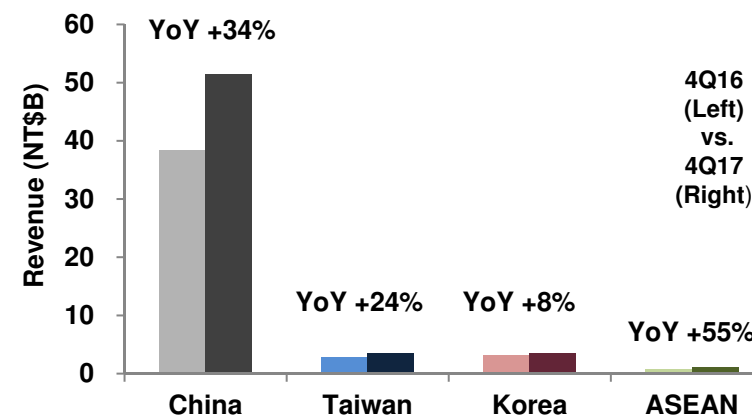
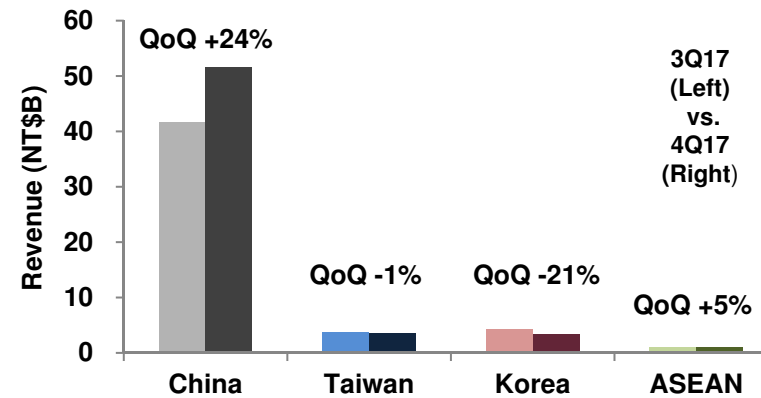
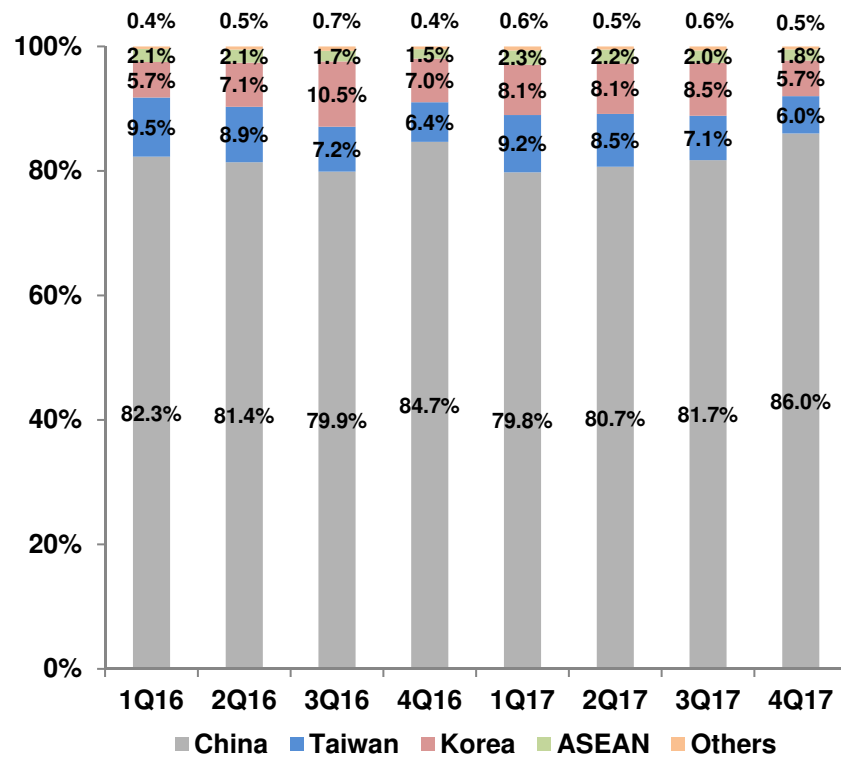
Unit: NT\$M

Key accounts	4Q17		3Q17		4Q16	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	2,670	4	2,178	3	2,081	4
Accounts receivable	32,527	43	29,980	44	29,302	48
Inventory	33,114	44	30,140	44	22,133	36
Other current assets	2,355	3	1,962	3	3,645	5
Non-current assets	4,709	6	4,303	6	4,243	7
Total Assets	75,375	100	68,563	100	61,404	100
Short-term loans	25,884	34	25,524	37	22,313	36
Accounts payable	24,603	33	23,267	34	18,657	30
Other current liabilities	2,171	3	1,538	3	1,818	3
Long-term loans	960.00	1	-	-	-	-
Other liabilities	1,654	2	1,512	2	1,713	3
Total Liabilities	55,272	73	51,841	76	44,501	72
Total Equity	20,103	27	16,722	24	16,903	28
Indices	4Q17		3Q17		4Q16	
Current ratio	134%		128%		134%	
Debt/Assets ratio	73%		76%		72%	
Debt/Equity ratio	275%		310%		263%	
Gearing ratio	1.20		1.40		1.20	



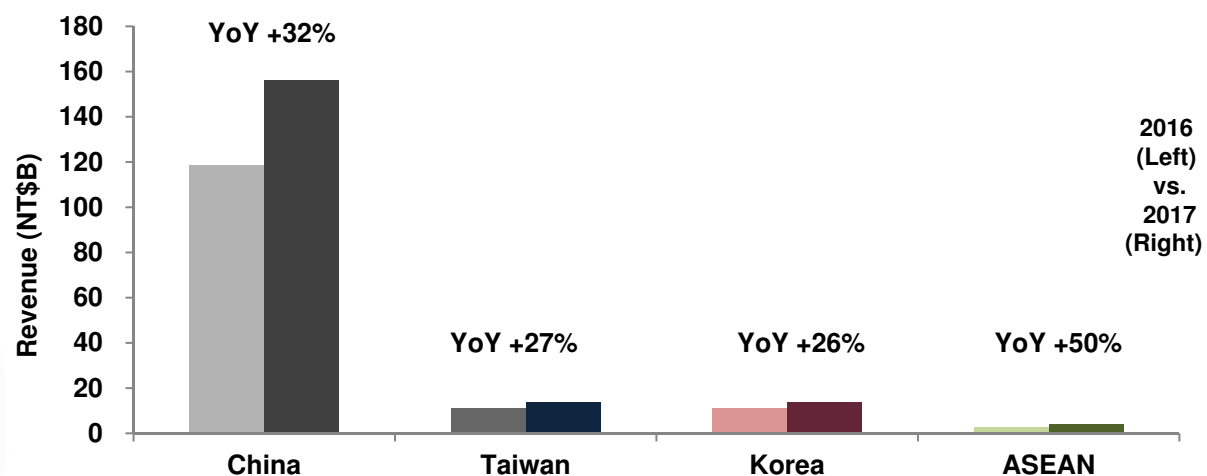
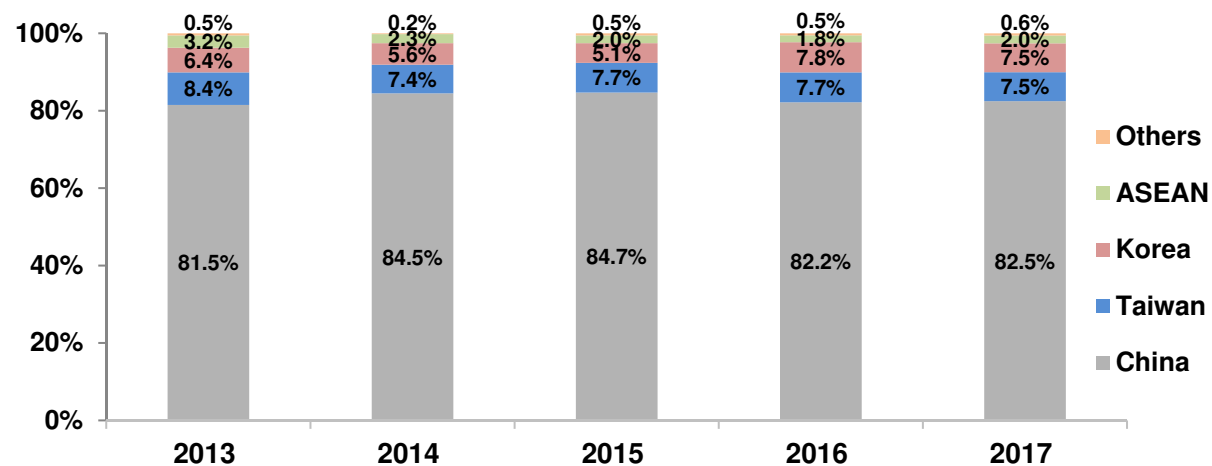
2. Financial Update

NR by Geography (Ship-to Destination)



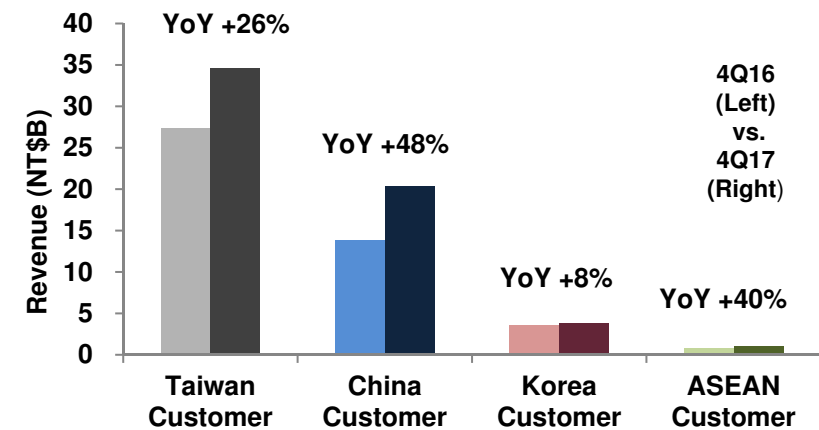
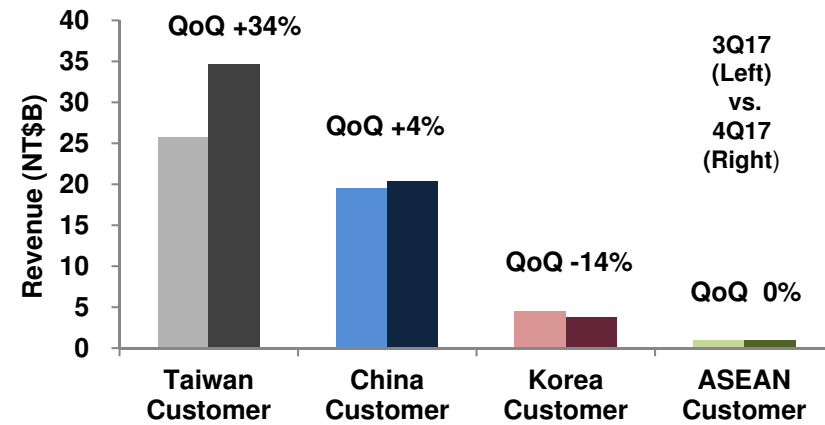
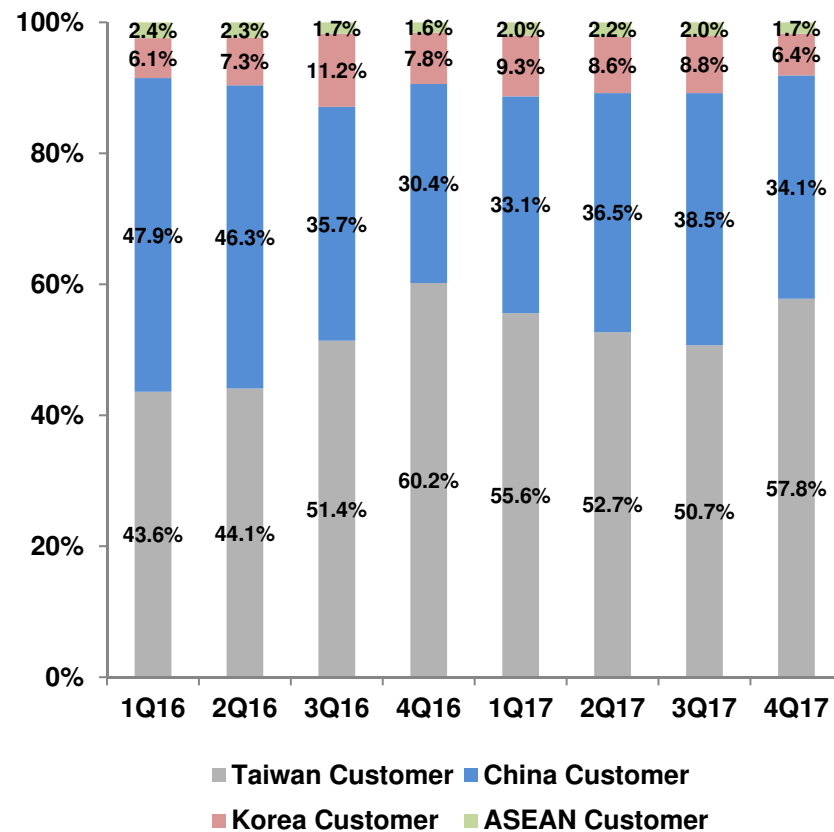
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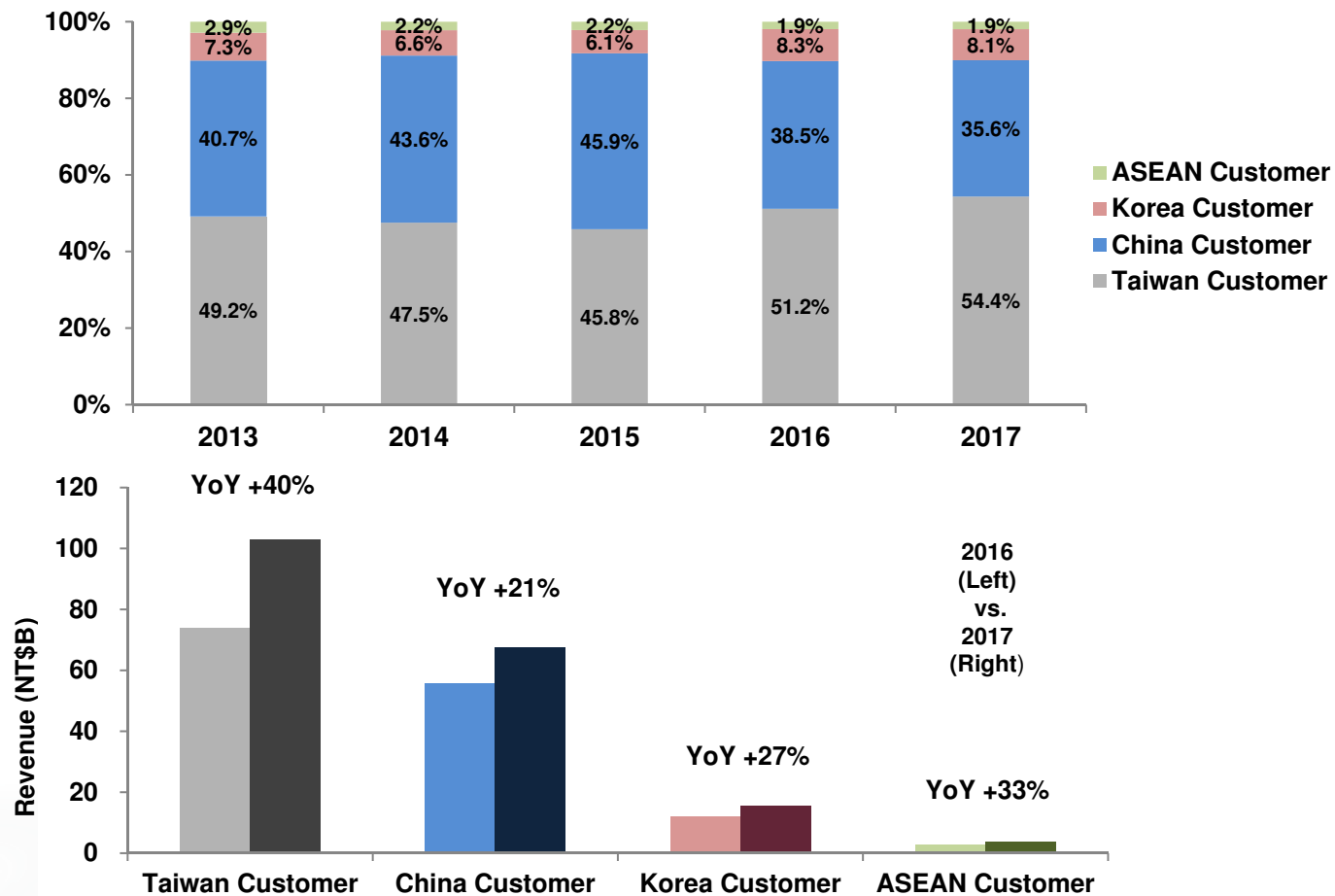
2. Financial Update

NR by Customer Base



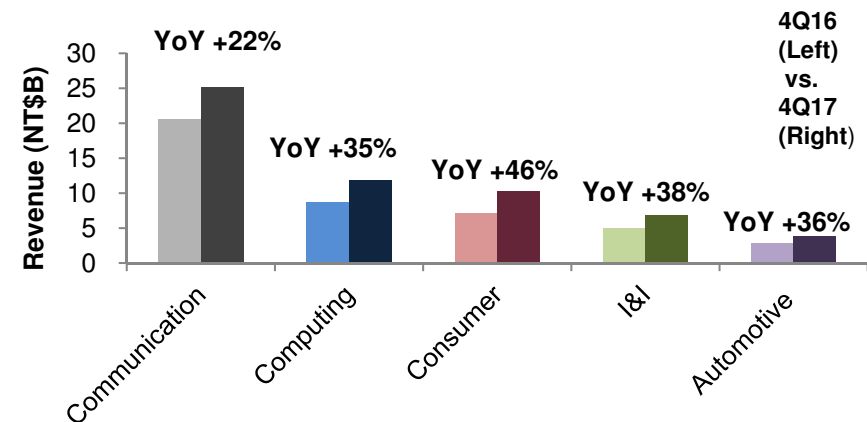
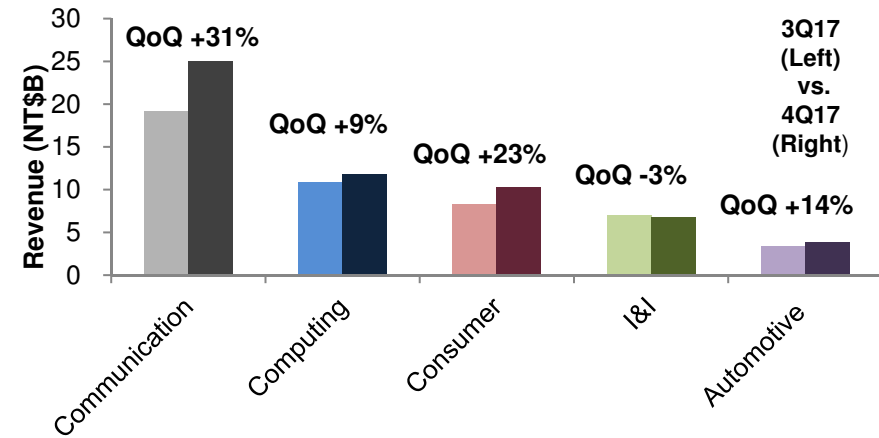
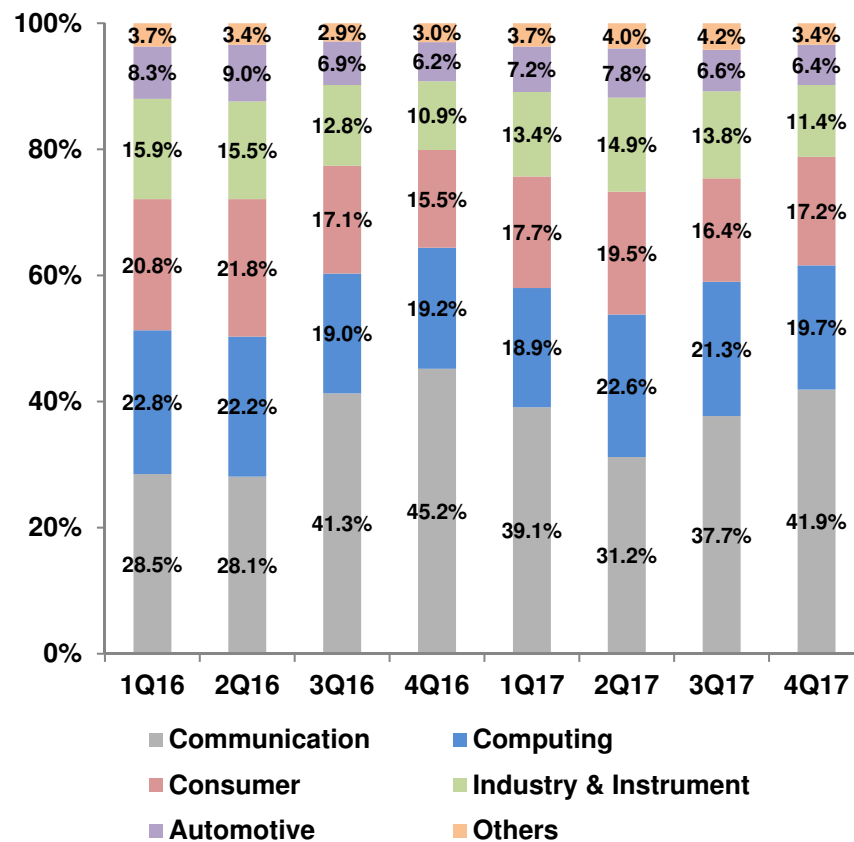
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NR by Customer Base



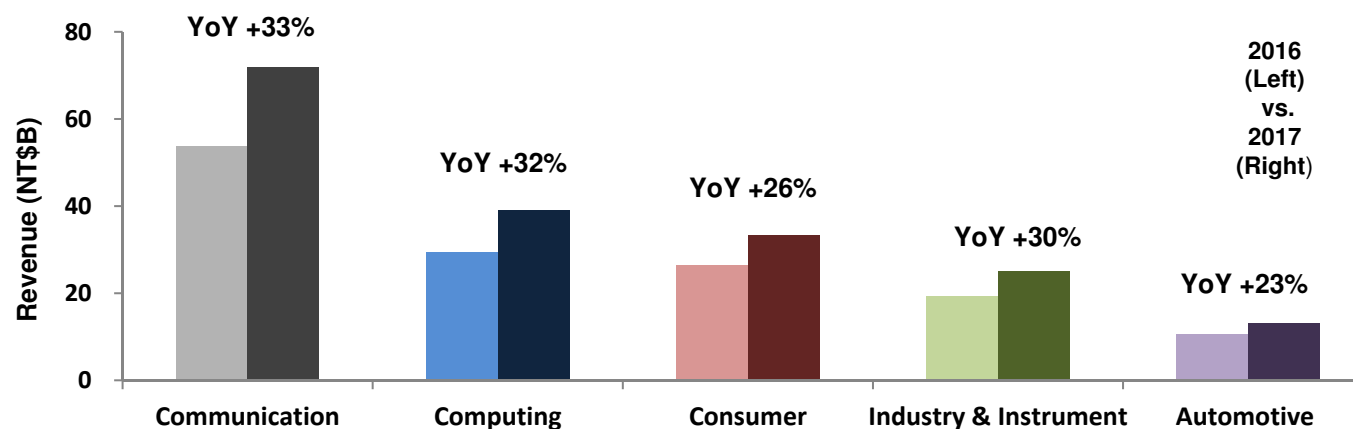
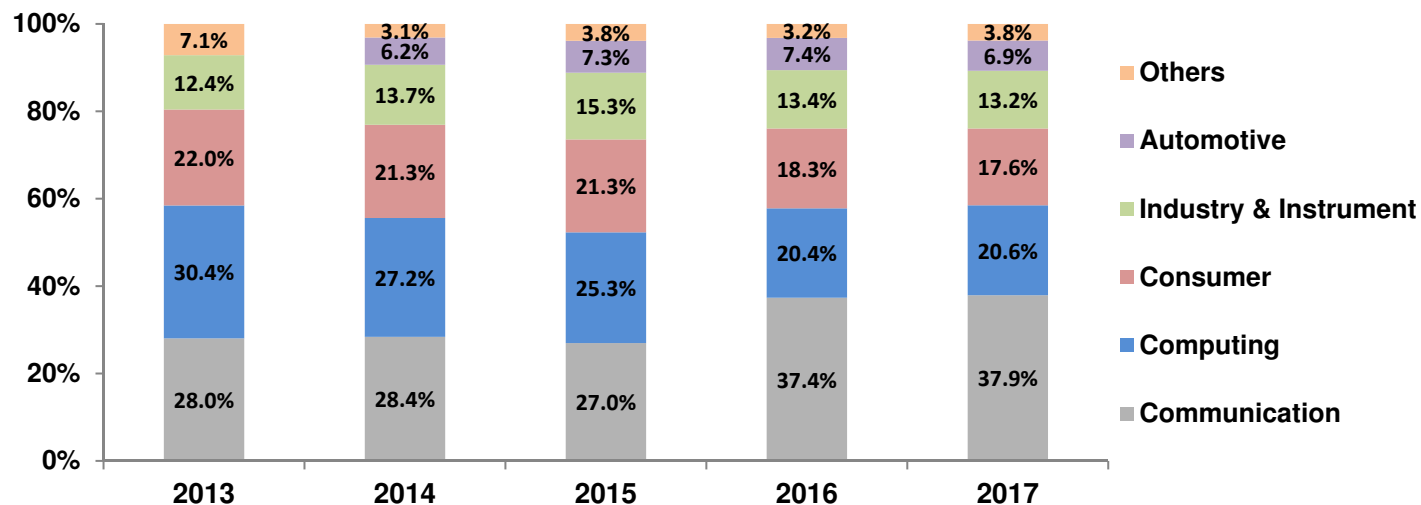
2. Financial Update

NR by Application



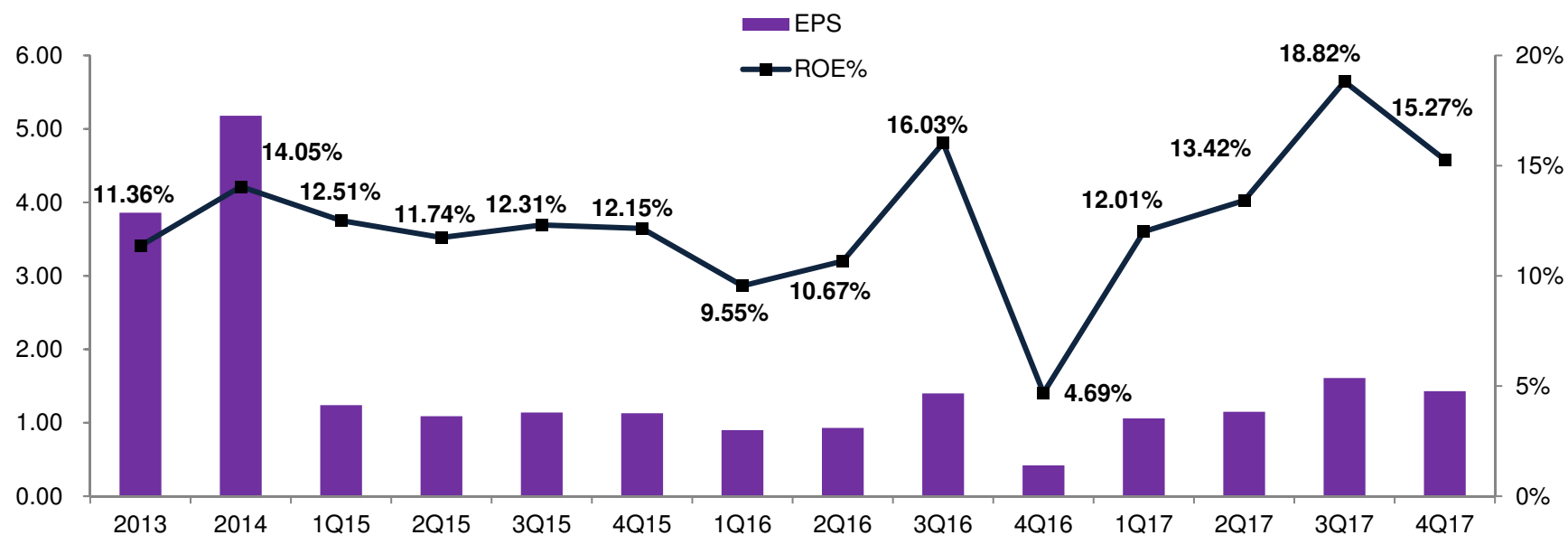
2. Financial Update

NR by Application



2. Financial Update

ROE vs. EPS

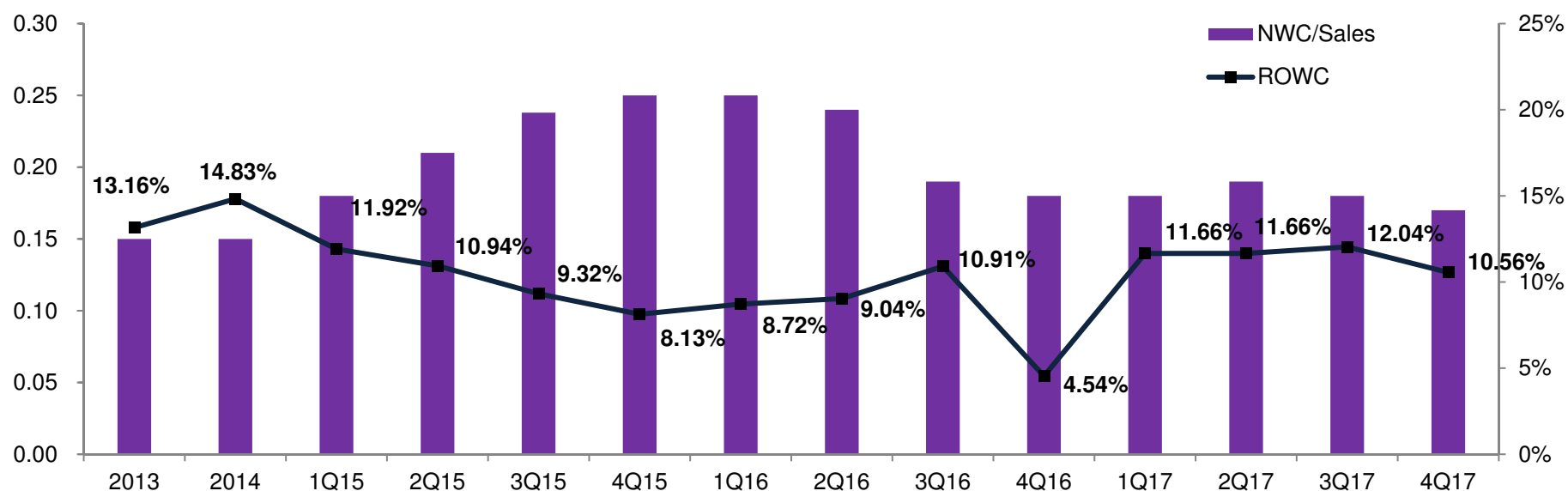


ITEM	2013	2014	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
ROE%	11.36%	14.05%	12.51%	11.74%	12.31%	12.15%	9.55%	10.67%	16.03%	4.69%	12.01%	13.42%	18.82%	15.27%
EPS	3.86	5.18	1.24	1.09	1.14	1.13	0.90	0.93	1.40	0.42	1.06	1.15	1.61	1.43



2. Financial Update

ROWC vs. NWC/Sales

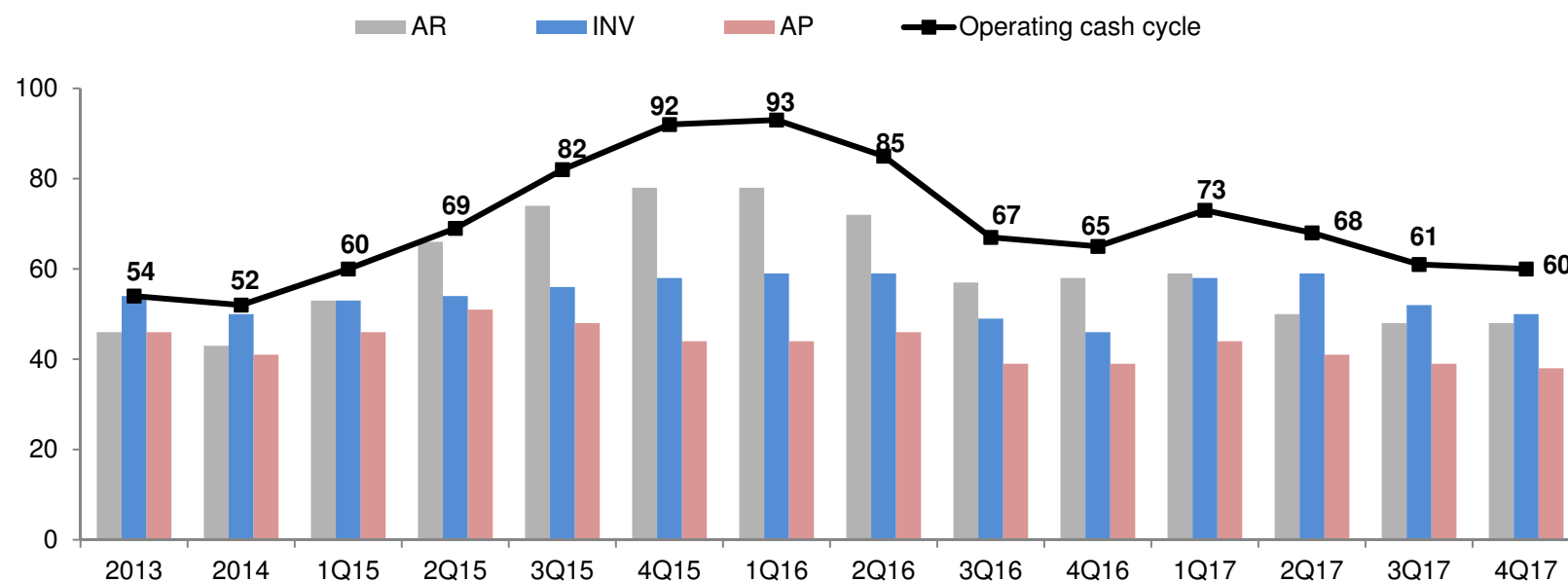


ITEM	2013	2014	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
NWC/Sales	0.15	0.15	0.18	0.21	0.24	0.25	0.25	0.24	0.19	0.18	0.18	0.19	0.18	0.17
ROWC	13.16%	14.83%	11.92%	10.94%	9.32%	8.13%	8.72%	9.04%	10.91%	4.54%	11.66%	11.66%	12.04%	10.56%



2. Financial Update

Operating Cash Cycle



Turnover days	2013	2014	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
AR	46	43	53	66	74	78	78	72	57	58	59	50	48	48
INV	54	50	53	54	56	58	59	59	49	46	58	59	52	50
AP	(46)	(41)	(46)	(51)	(48)	(44)	(44)	(46)	(39)	(39)	(44)	(41)	(39)	(38)
Operating cash cycle	54	52	60	69	82	92	93	85	67	65	73	68	61	60



3. Business Outlook

We currently expect 1Q 18 :

- Revenue : between NT\$48 billion ~ NT\$51 billion, at a forecast exchange rate of 29.3 NT Dollars to 1 US Dollar
- Gross profit margin : between 4.4% ~ 4.6%
- Operating profit margin : between 2.0% ~ 2.2%





Thank You !

WT Microelectronics Co., Ltd.

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