

WT MICROELECTRONICS 文晔科技



2018 First Quarter Investor Conference

**Presented by Cheryl Yang
May 11, 2018**

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Agenda

- 1. Overview**
- 2. Financial Update**
- 3. Business Outlook**
- 4. Recap of Recent Major Events**
- 5. 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

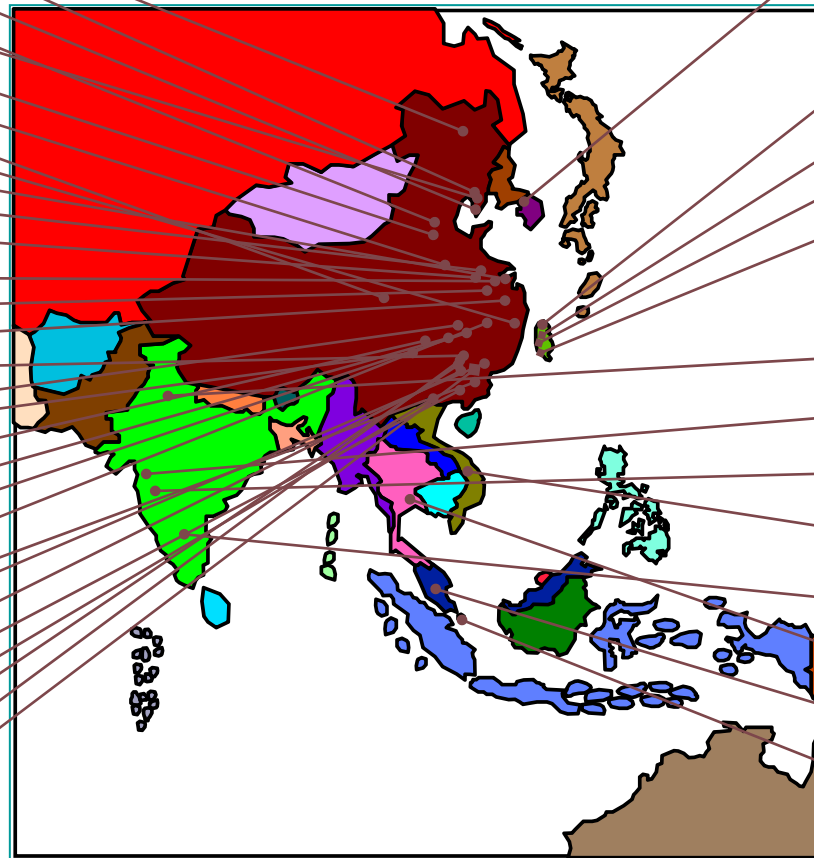


1. Overview

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

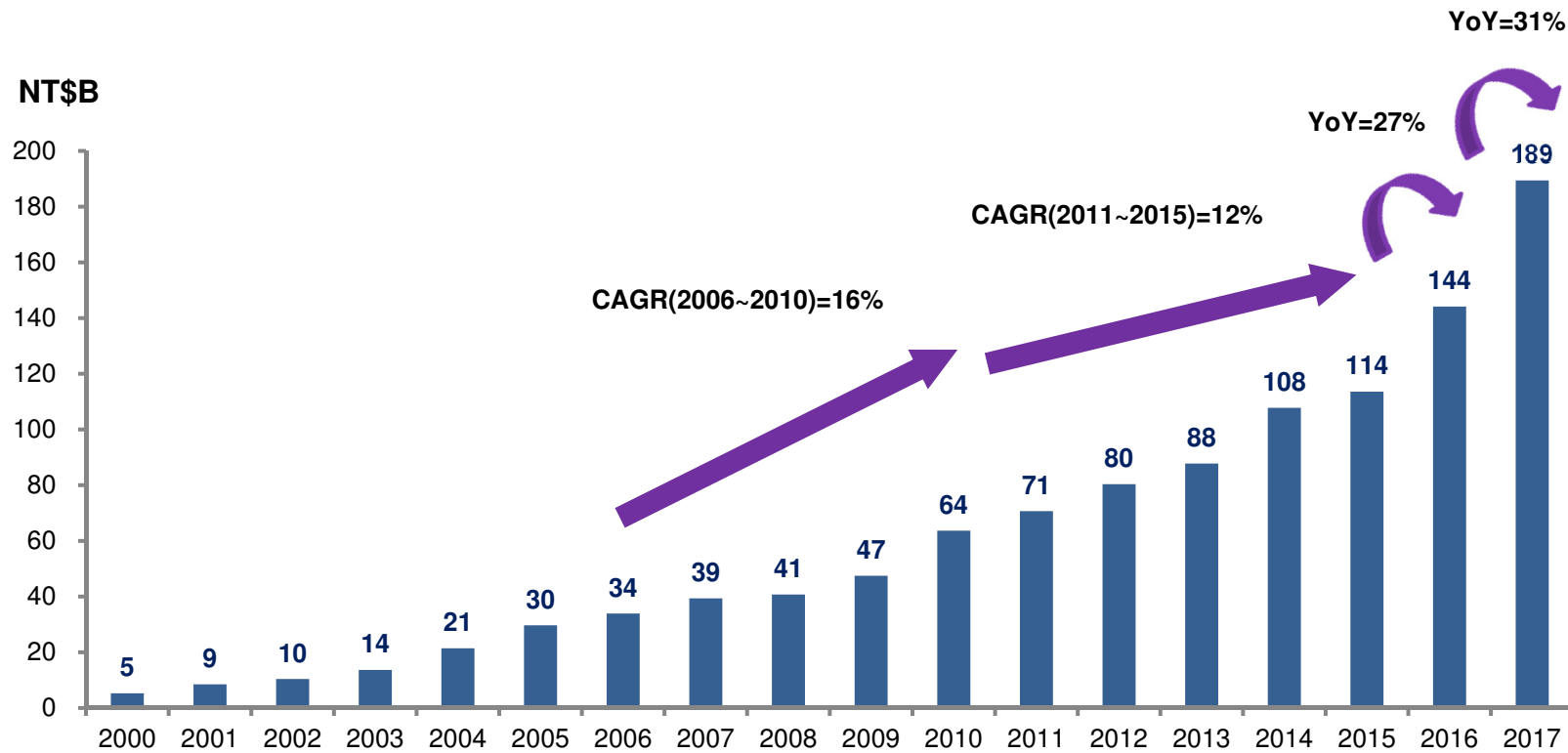
South Asia Offices (10)

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	1Q18		1Q18 Guidance	4Q17		QoQ	1Q17		YoY
	Amount	%		Amount	%		Amount	%	
Net Operating revenues	49,635	100.00%	48B~51B	59,844	100.00%	-17.06%	38,378	100.00%	29.33%
Gross profit	2,288	4.61%	4.4%~4.6%	2,456	4.10%	+0.51ppt	1,797	4.68%	-0.07ppt
Operating expenses	(1,247)	-2.51%		(1,373)	-2.29%	+0.22ppt	(979)	-2.55%	-0.04ppt
Operating income	1,041	2.10%	2.0%~2.2%	1,083	1.81%	+0.29ppt	818	2.13%	-0.03ppt
Financing costs	(346)	-0.70%		(318)	-0.53%	+0.17ppt	(205)	-0.53%	+0.17ppt
Others	18	0.04%		94	0.16%		2	-	
Earning before tax	713	1.44%		859	1.44%	-17.00%	615	1.60%	15.93%
Income tax expense	(133)	-0.27%		(156)	-0.26%	-14.74%	(112)	-0.29%	18.75%
Non-Controlling Interests	-	-		-	-		-	-	
Profit after tax	580	1.17%		703	1.18%	-17.50%	503	1.31%	15.31%
EPS(in dollars)	1.05			1.43		-26.57%	1.06		-0.94%



2. Financial Update

Balance Sheet

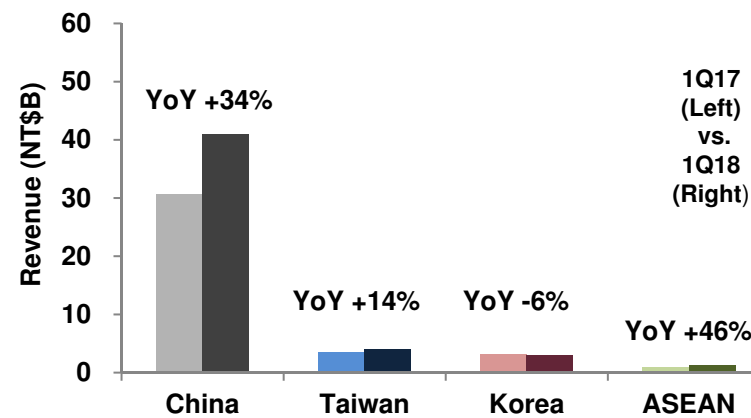
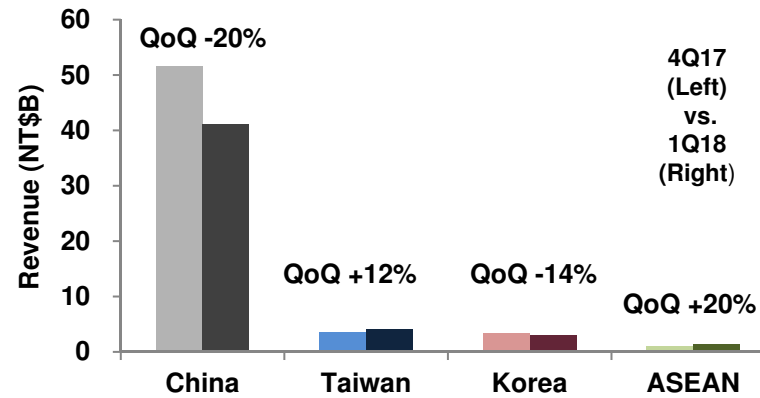
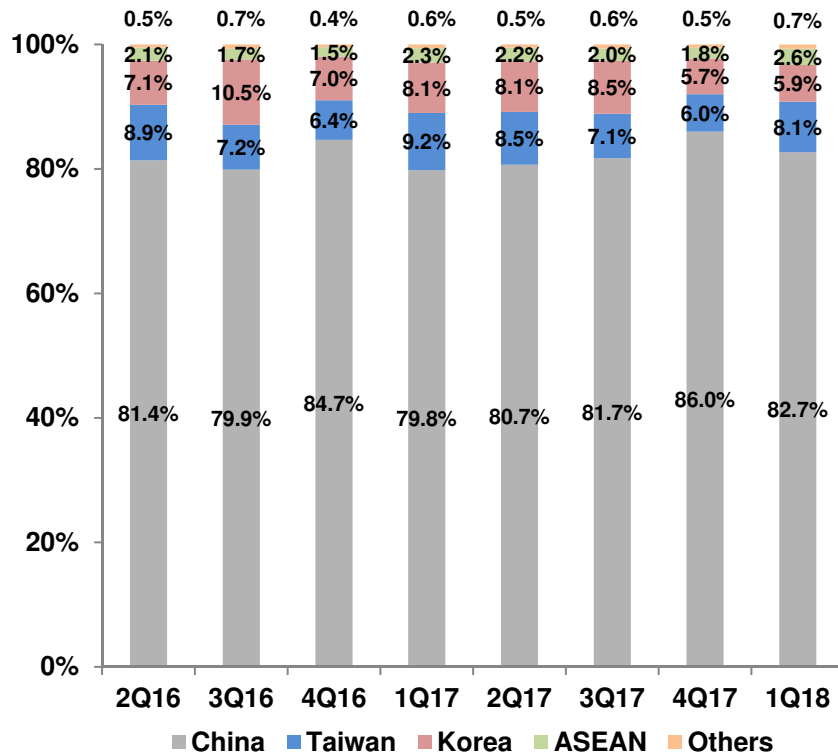
Unit: NT\$M

Key accounts	1Q18		4Q17		1Q17	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	2,542	3	2,288	3	2,913	5
Accounts receivable	31,765	41	32,326	43	20,509	36
Inventory	35,426	46	33,114	44	24,043	42
Other current assets	2,929	4	2,625	4	5,419	9
Non-current assets	4,837	6	4,813	6	4,359	8
Total Assets	77,499	100	75,166	100	57,243	100
Short-term loans	29,385	38	25,862	34	20,970	37
Accounts payable	22,239	29	24,463	33	16,484	29
Other current liabilities	3,451	4	2,125	3	1,627	2
Long-term loans	670	1	982	1	-	-
Other liabilities	1,703	2	1,653	2	1,546	3
Total Liabilities	57,448	74	55,085	73	40,627	71
Total Equity	20,051	26	20,081	27	16,616	29
Indices	1Q18		4Q17		1Q17	
Current ratio	132%		134%		135%	
Debt/Assets ratio	74%		73%		71%	
Debt/Equity ratio	287%		274%		245%	
Gearing ratio	1.37		1.22		1.09	



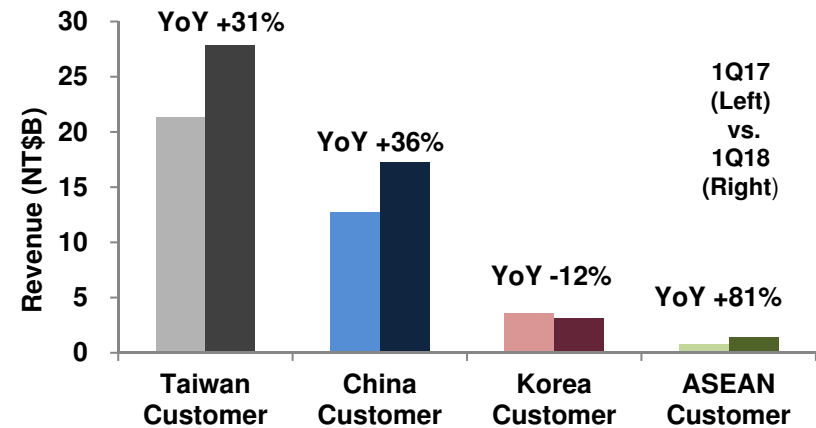
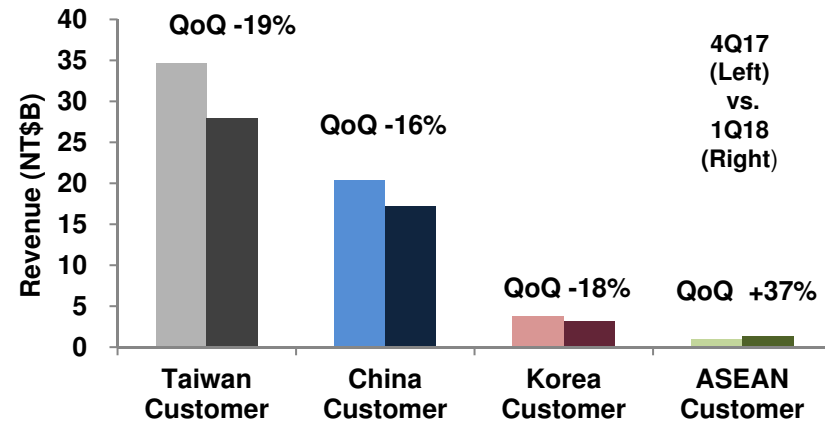
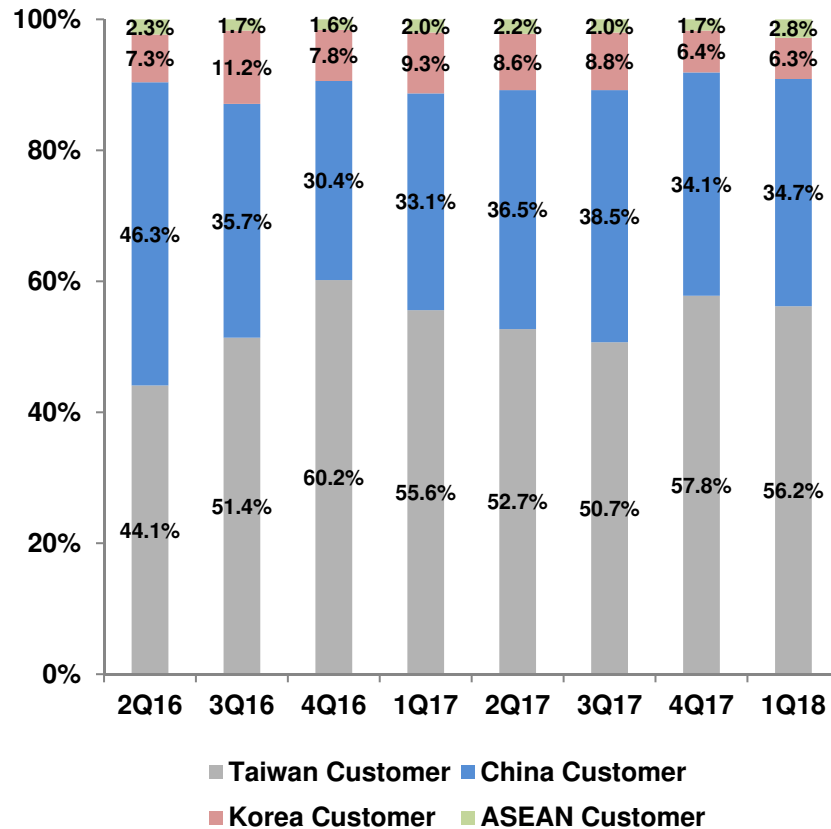
2. Financial Update

NR by Geography (Ship-to Destination)



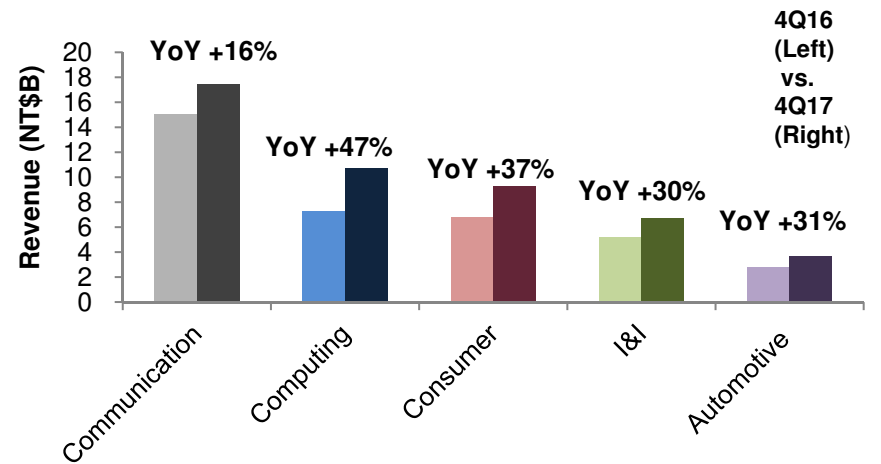
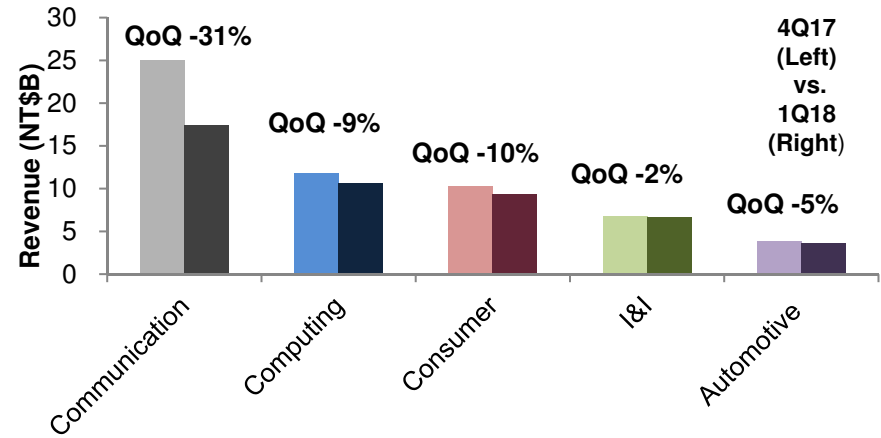
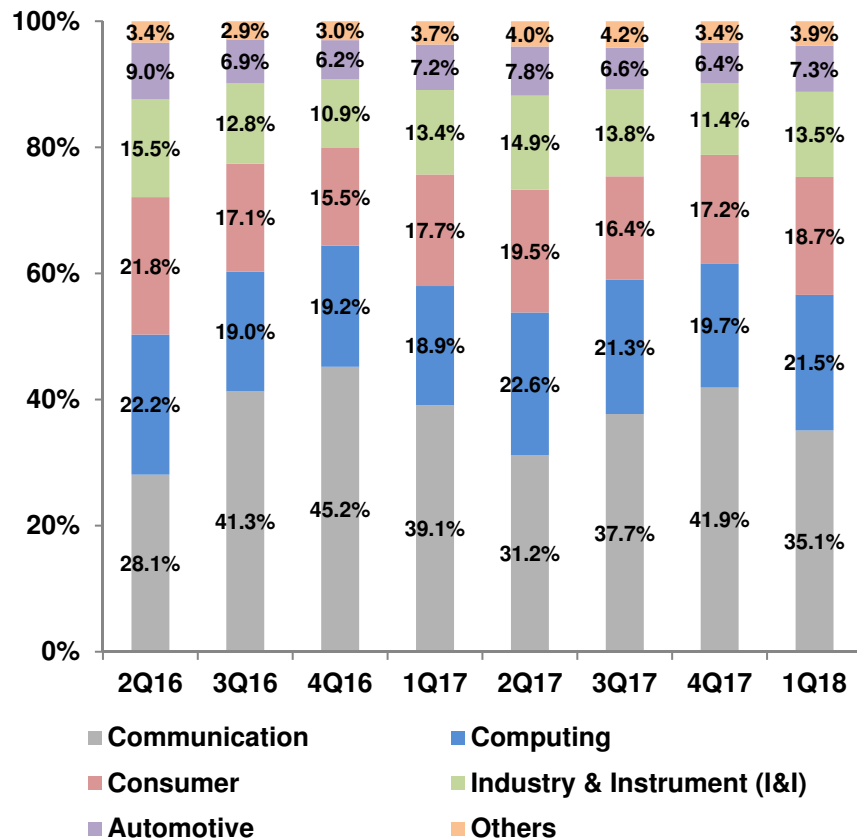
2. Financial Update

NR by Customer Base



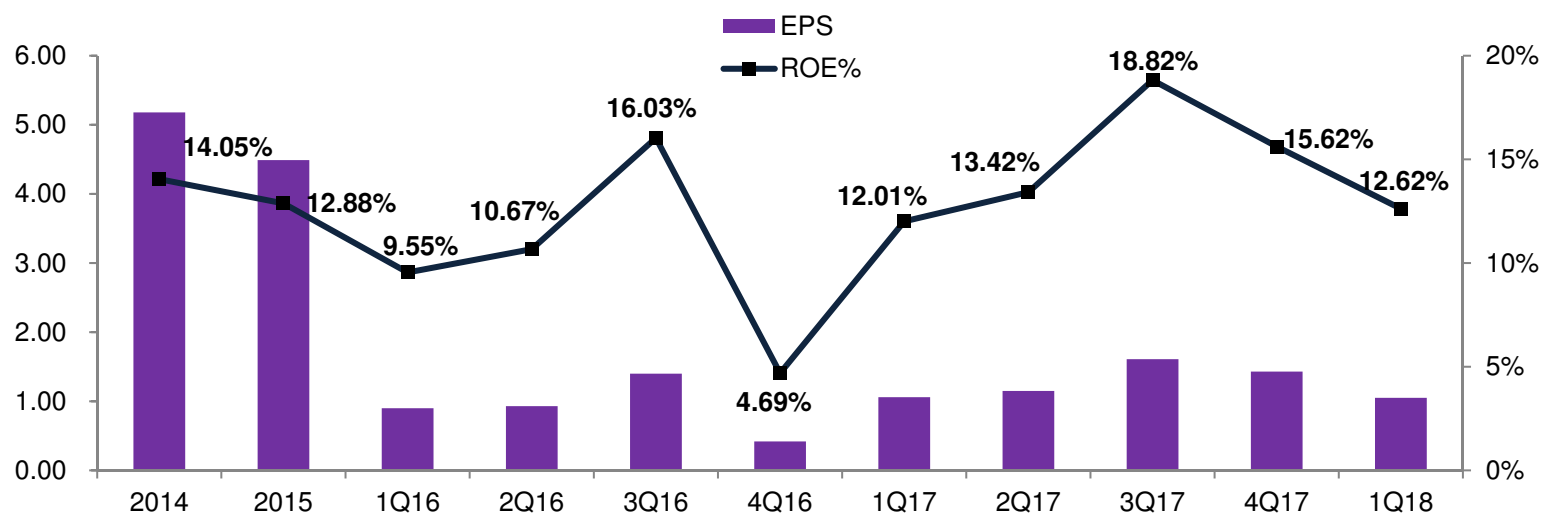
2. Financial Update

NR by Application



2. Financial Update

ROE vs. EPS

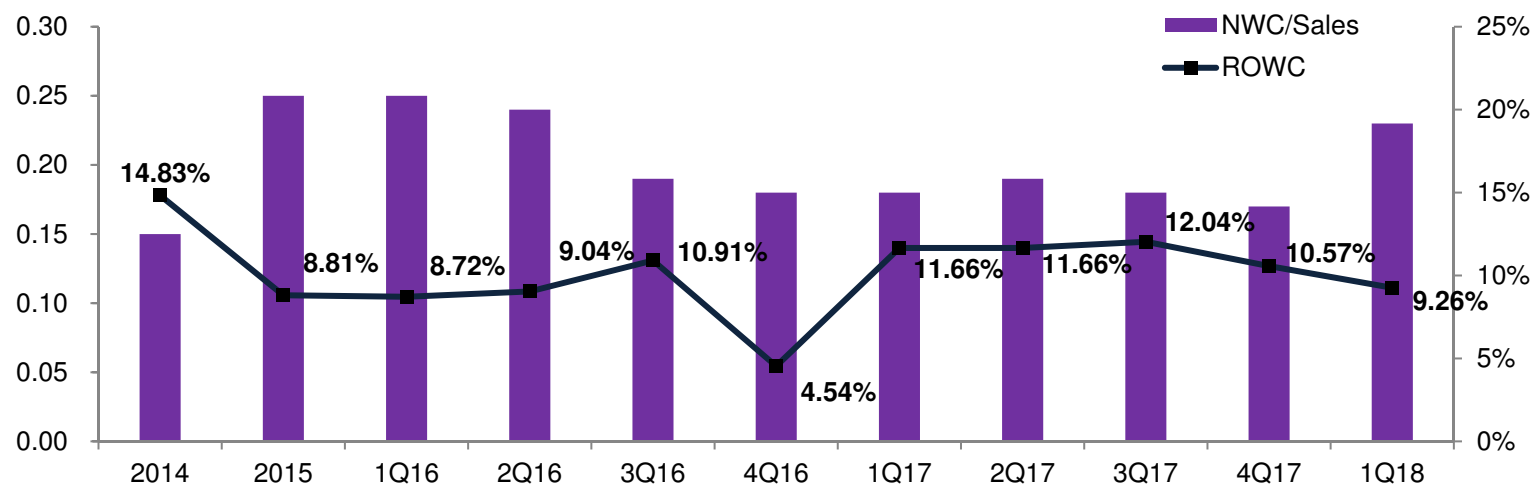


ITEM	2014	2015	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18
ROE%	14.05%	12.88%	9.55%	10.67%	16.03%	4.69%	12.01%	13.42%	18.82%	15.62%	12.62%
EPS	5.18	4.49	0.90	0.93	1.40	0.42	1.06	1.15	1.61	1.43	1.05



2. Financial Update

ROWC vs. NWC/Sales

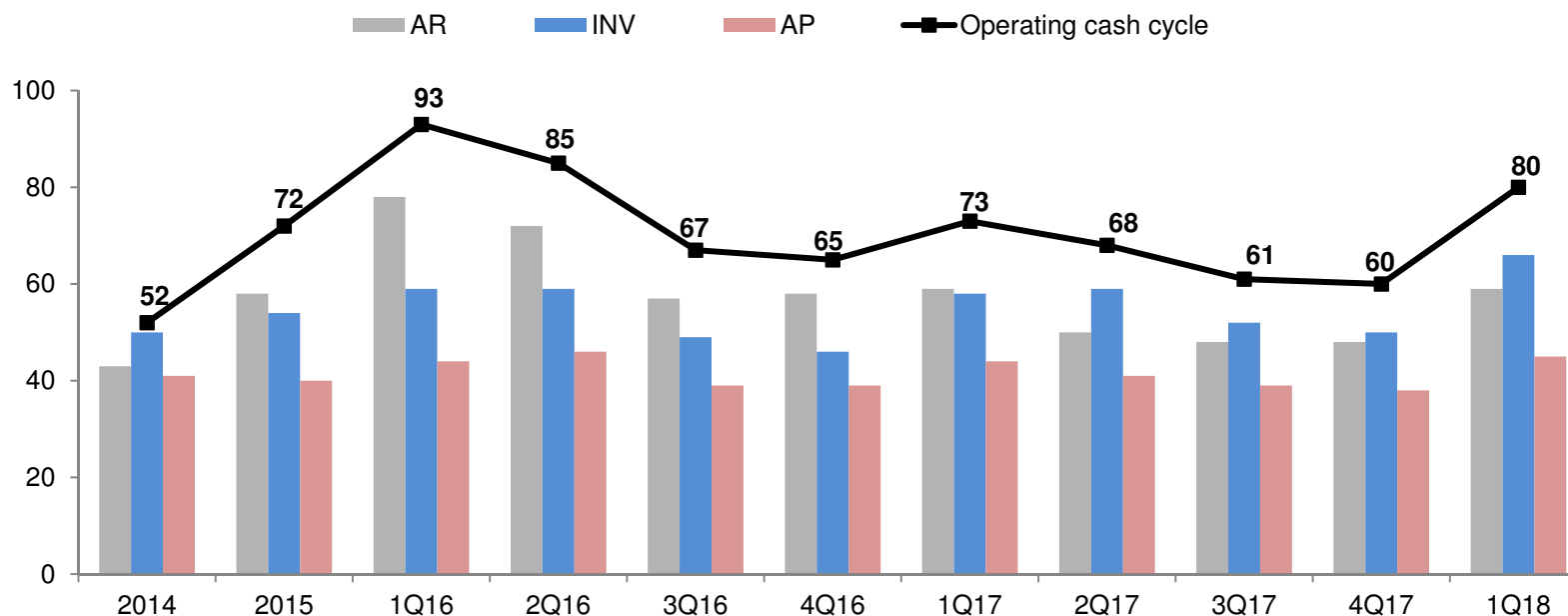


ITEM	2014	2015	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18
NWC/Sales	0.15	0.25	0.25	0.24	0.19	0.18	0.18	0.19	0.18	0.17	0.23
ROWC	14.83%	8.81%	8.72%	9.04%	10.91%	4.54%	11.66%	11.66%	12.04%	10.57%	9.26%



2. Financial Update

Operating Cash Cycle



Turnover days	2014	2015	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18
AR	43	58	78	72	57	58	59	50	48	48	59
INV	50	54	59	59	49	46	58	59	52	50	66
AP	(41)	(40)	(44)	(46)	(39)	(39)	(44)	(41)	(39)	(38)	(45)
Operating cash cycle	52	72	93	85	67	65	73	68	61	60	80



3. Business Outlook

We currently expect 2Q18 :

- Revenue : between NT\$51 billion ~ NT\$55 billion, at a forecast exchange rate of 29.6 NT Dollars to 1 US Dollar
- Gross profit margin : between 4.5% ~ 4.7%
- Operating profit margin : between 2.1% ~ 2.3%



4. Recap of Recent Major Events

- WT was ranked as Top 10 Overseas Branded Distributor of China Distributor Awards 2017 by ESM、EET and EDN.
- WT was ranked as revenue market share No.2 in Asia semiconductor distribution market in 2017 by Gartner.
- WT board of directors proposed NT\$2.5 cash dividend per share and approved the convening of the 2018 annual shareholders' meeting on June 28, 2018.





Thank You !

WT Microelectronics Co., Ltd.

Website : www.wtmec.com

