



# **2021 Second Quarter Investor Conference**

**August 6, 2021**

# Agenda

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



# 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.
- In addition, any financial information contained here within is presented in conformity with International Financial Reporting Standards (IFRSs).
- Except as required by law, our release of financial forecasts and forward-looking statements at any particular time does not create any duty of disclosure, and we expressly disclaim any obligation to publicly update or revise any forecasts or forward-looking statements, whether as a result of new information, future events or otherwise.



# 1. Overview

- A leading Asian semiconductor distributor, founded in 1993 and listed in 2000 (ticker: 3036 TT), providing supply chain management such as capital flow, information flow, inventory, and technical support
- Sophisticated frameworks in Asia (total 45 offices in China, Taiwan, Korea, and S.E.Asia & India; total 5 warehouses in Taiwan, HK, Shenzhen China, Korea, and Singapore) to cover over 8,000 customers
- Over 2,300 headcounts (over 650 sales, 250 PMs, and 450 FAEs)
- Digital Transformation to enhance operation efficiency and reduce expense by intelligent operation management system
- Published Sustainability Reports since 2018 (More details in [WT Sustainability Website](#))
- 2016-2020 revenues CAGR of 25% and 2020 revenues closed to US\$12bn
- Maintaining sustainable growth by expanding value-added service and market share
- Establishment of a leading and trustworthy brand in distribution industry by core value - Integrity, Discipline and Teamwork with Respect for the Individual



# 1. Overview

## ESG Highlights

### ➤ Environmental Sustainability

- ✓ Greenhouse Gas (GHG) Emissions data certificated by thirty independent party during 2018-2020
- ✓ Commit the goal for reducing 1% GHG emissions per year
- ✓ Introduced Extended Warehouse Management (EWM) in 2014 and reduced 3,153 thousand paper sheets during 2015-2020

### ➤ Social Significance

- ✓ Value employees' health, safety, salary, and benefit. WT enters Taiwan High Salary 100 Index.
- ✓ Ability of WFH during COVID-19 pandemic and prevention material donation for the community
- ✓ WT Education Foundation established in 2014 and cumulative donations & activities expense more than NT\$47 millions during 2015-2020

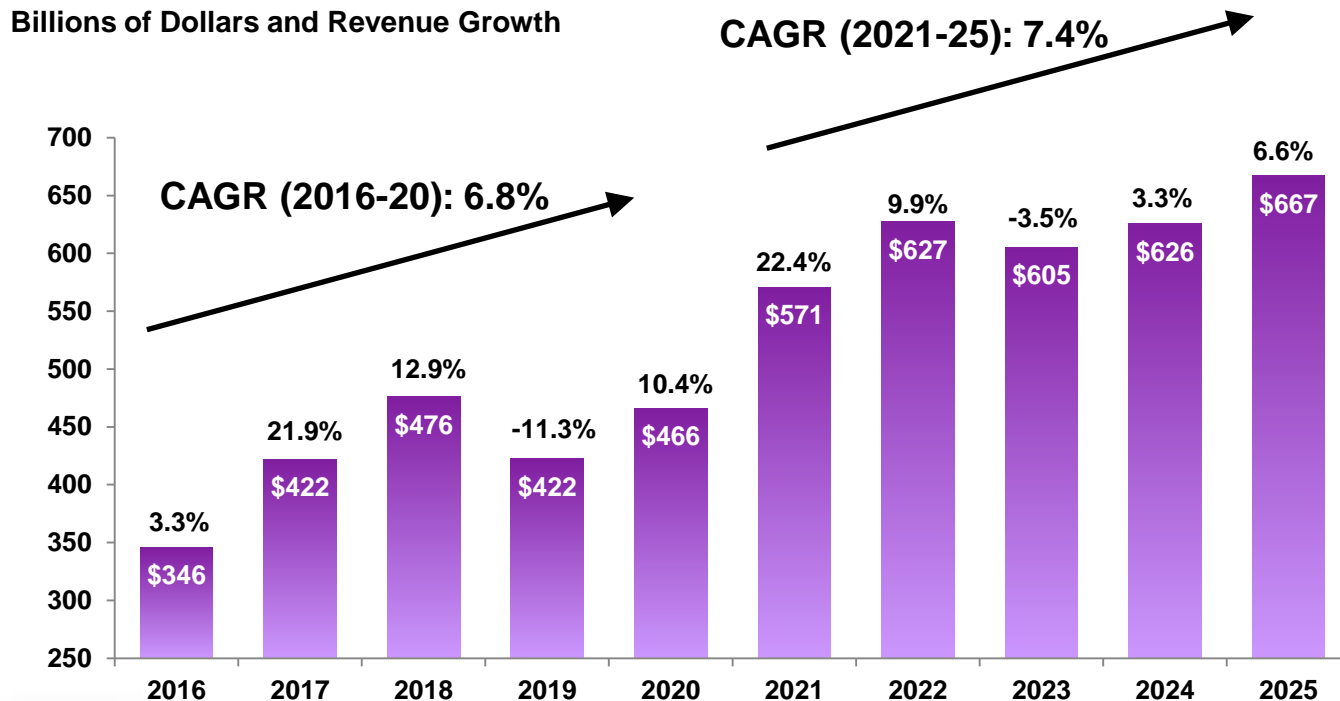
### ➤ Corporate Governance

- ✓ Awarded the top 5% in governance ranking by TWSE for the year of 2020
- ✓ Established risk management committee to enforce WT's risk management mechanisms
- ✓ The gender, experience, and expertise diversity. 43% female and 43% independent director among the board members



# 1. Overview

## World Semi Revenue Forecast: Strong Growth Continues to Break 600B Milestone in 2022

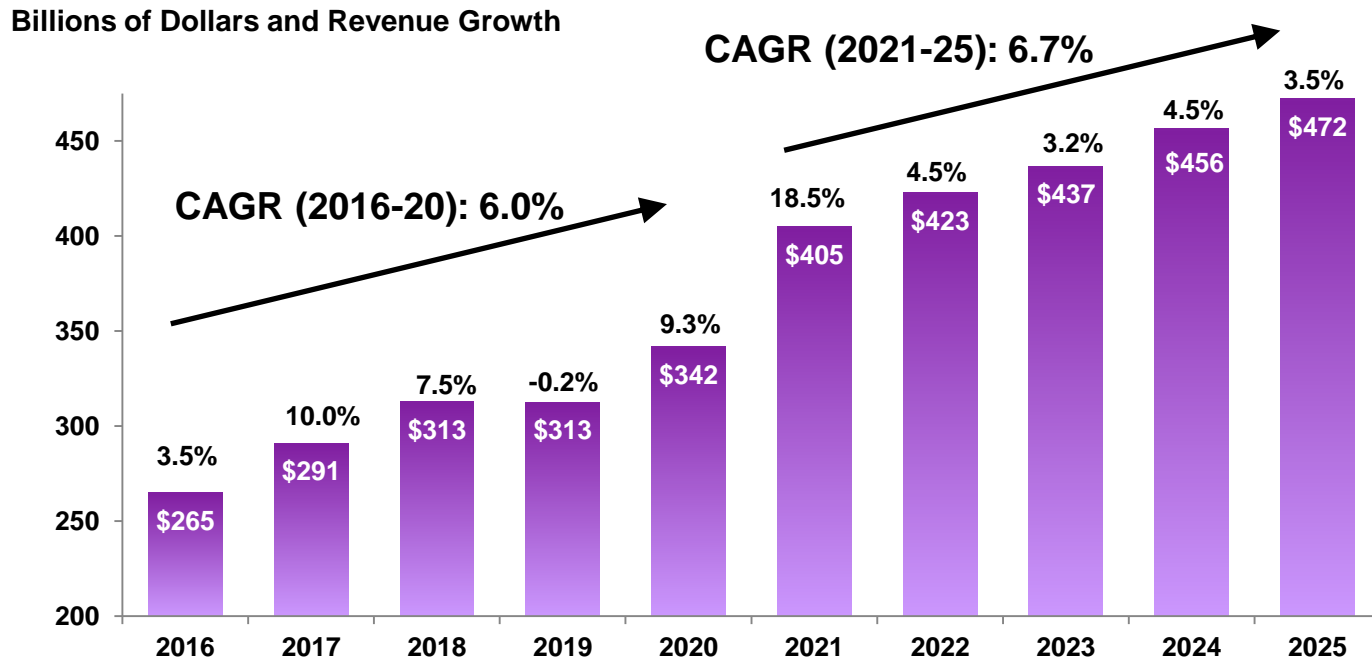


Source: Gartner, 2021/7



# 1. Overview

## Worldwide Non-Memory Semi Revenue Forecast: Strong Growth Continues to Break 400B Milestone in 2021



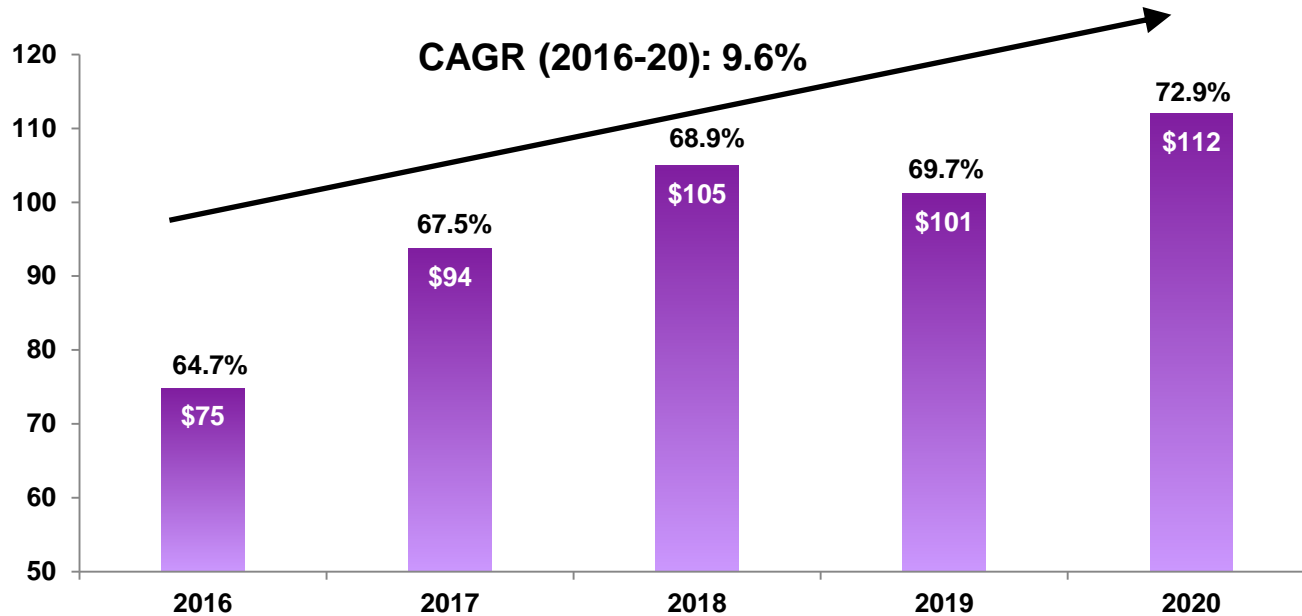
Source: Gartner, 2021/7



# 1. Overview

## Asia (ex-Japan) Semi Distribution Market Continues Outgrowing Global Semi & Semi Distribution Market

Asia/Pacific Distribution Market Revenue and Share of Global Semi Distribution Market



Source: Gartner, 2021/3



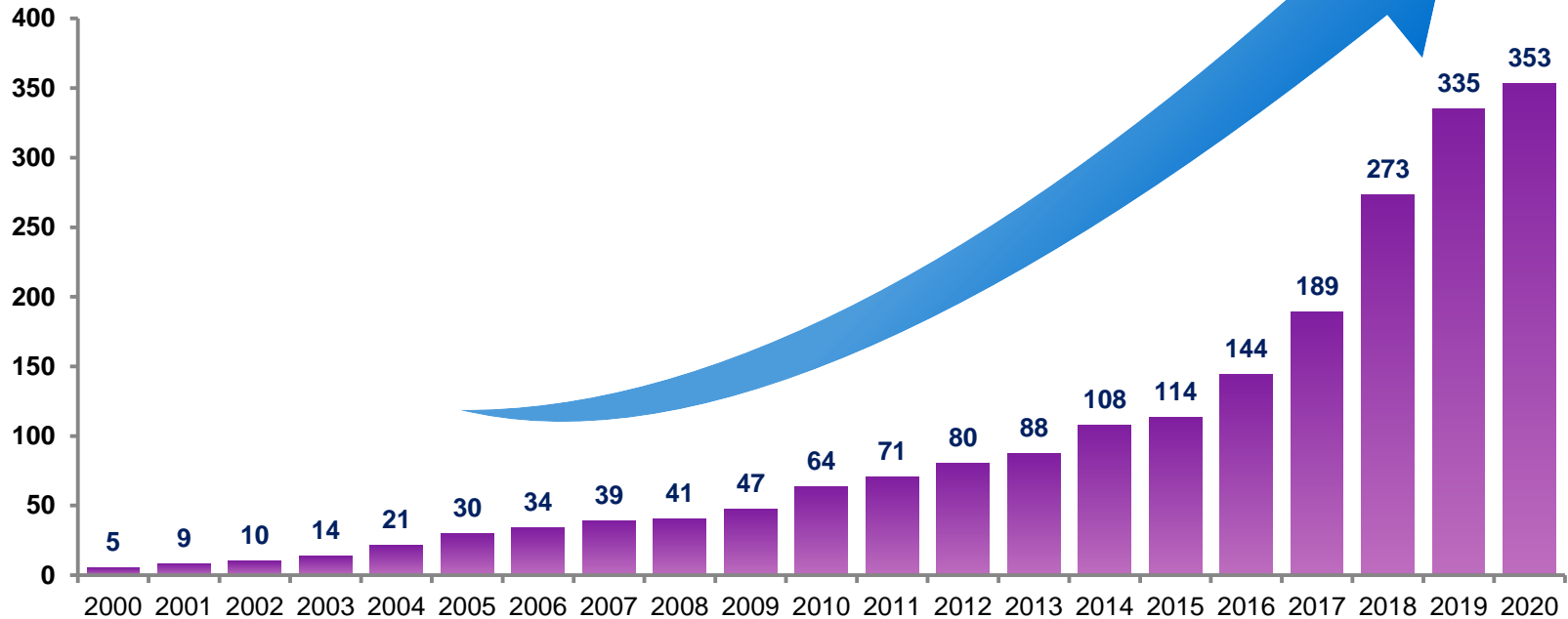


# 1. Overview

## NR (Net Revenue)

CAGR(2016-20): 25%

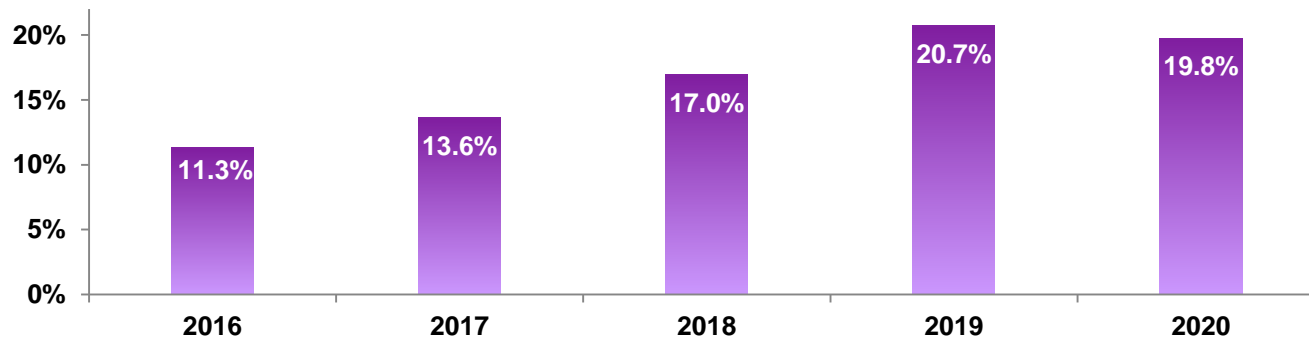
NT\$B



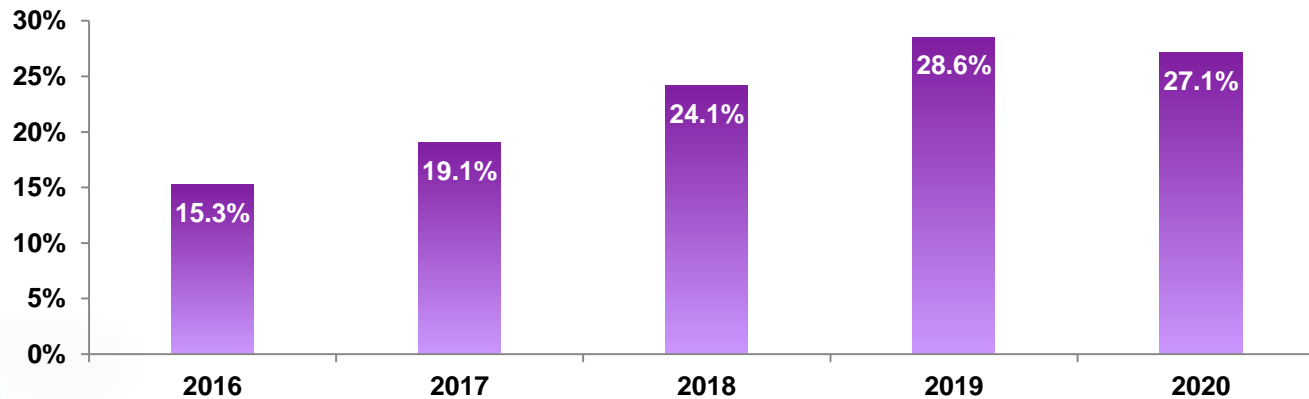
# 1. Overview

## WT Continues Expanding Market Share in Target Competitive Market

WT's Market Share of Top 10 Distributors, Asia/Pacific



WT's Market Share of Top 4 Distributors, Asia/Pacific



Source: Gartner, 2021/3



# 2. Financial Update

## Statement of Comprehensive Income

Unit: NT\$M

Key accounts	2Q21		1Q21		QoQ	2Q20		YoY
	Amount	%	Amount	%		Amount	%	
<b>Net Operating revenues</b>	<b>102,096</b>	<b>100.00%</b>	<b>97,646</b>	<b>100.00%</b>	<b>5%</b>	<b>74,724</b>	<b>100.00%</b>	<b>37%</b>
<b>Gross profit</b>	<b>4,203</b>	<b>4.12%</b>	<b>3,465</b>	<b>3.55%</b>	<b>21%</b>	<b>2,503</b>	<b>3.35%</b>	<b>68%</b>
Operating expenses	(1,517)	-1.49%	(1,450)	-1.48%	5%	(1,317)	-1.76%	15%
<b>Operating income</b>	<b>2,686</b>	<b>2.63%</b>	<b>2,015</b>	<b>2.06%</b>	<b>33%</b>	<b>1,186</b>	<b>1.59%</b>	<b>126%</b>
Financing costs	(158)	-0.16%	(149)	-0.15%	6%	(249)	-0.33%	-37%
Others	39	0.05%	32	0.03%	22%	48	0.06%	-19%
Earning before tax	2,567	2.51%	1,898	1.94%	35%	985	1.32%	161%
Income tax expense	(569)	-0.56%	(402)	-0.41%	42%	(196)	-0.26%	190%
<b>Profit after tax</b>	<b>2,001</b>	<b>1.96%</b>	<b>1,510</b>	<b>1.55%</b>	<b>33%</b>	<b>789</b>	<b>1.06%</b>	<b>154%</b>
<b>EPS (in dollars)</b>	<b>2.54</b>		<b>1.92</b>			<b>1.07</b>		
Weighted average shares (M shares)	788		788			737		
<b>Pro forma EPS (in dollars)</b>	<b>2.53</b>		<b>1.91</b>			<b>1.01</b>		
Outstanding shares as of period end (M shares)	792		791			784		



# 2. Financial Update

## Statement of Comprehensive Income

Unit: NT\$M

Key accounts	1H21		2H20		HoH	1H20		YoY
	Amount	%	Amount	%		Amount	%	
<b>Net Operating revenues</b>	<b>199,742</b>	<b>100.00%</b>	<b>200,952</b>	<b>100.00%</b>	-1%	<b>152,200</b>	<b>100.00%</b>	<b>31%</b>
<b>Gross profit</b>	<b>7,668</b>	<b>3.84%</b>	<b>5,791</b>	<b>2.88%</b>	<b>32%</b>	<b>4,983</b>	<b>3.27%</b>	<b>54%</b>
Operating expenses	(2,967)	-1.48%	(2,816)	-1.40%	5%	(2,642)	-1.75%	12%
<b>Operating income</b>	<b>4,701</b>	<b>2.35%</b>	<b>2,975</b>	<b>1.48%</b>	<b>58%</b>	<b>2,341</b>	<b>1.54%</b>	<b>101%</b>
Financing costs	(307)	-0.15%	(339)	-0.16%	-9%	(652)	-0.43%	-53%
Others	71	0.04%	392	0.20%	-82%	82	0.05%	-13%
Earning before tax	4,465	2.25%	3,028	1.51%	47%	1,771	1.16%	152%
Income tax expense	(971)	-0.49%	(638)	-0.32%	52%	(366)	-0.25%	165%
<b>Profit after tax</b>	<b>3,511</b>	<b>1.76%</b>	<b>2,390</b>	<b>1.19%</b>	<b>47%</b>	<b>1,405</b>	<b>0.92%</b>	<b>150%</b>
<b>EPS (in dollars)</b>	<b>4.45</b>		<b>3.03</b>			<b>2.11</b>		
Weighted average shares (M shares)	788		788			665		
<b>Pro forma EPS (in dollars)</b>	<b>4.43</b>		<b>3.03</b>			<b>1.79</b>		
Outstanding shares as of period end (M shares)	792		788			784		



# 2. Financial Update

## Balance Sheet

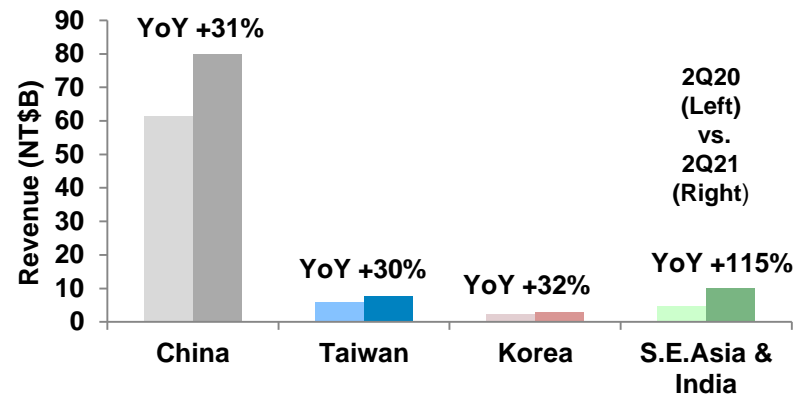
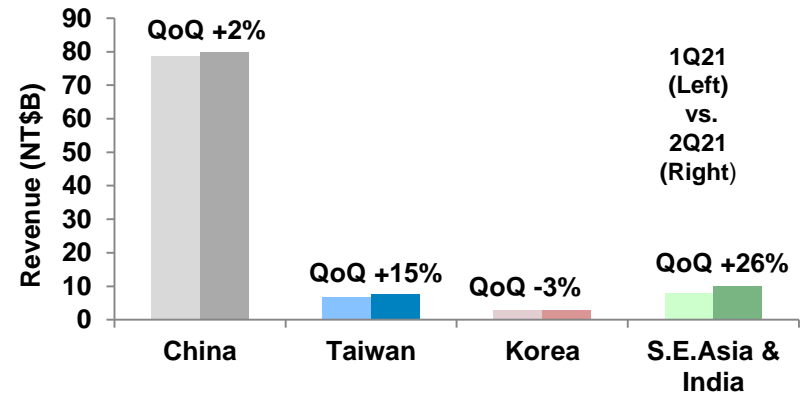
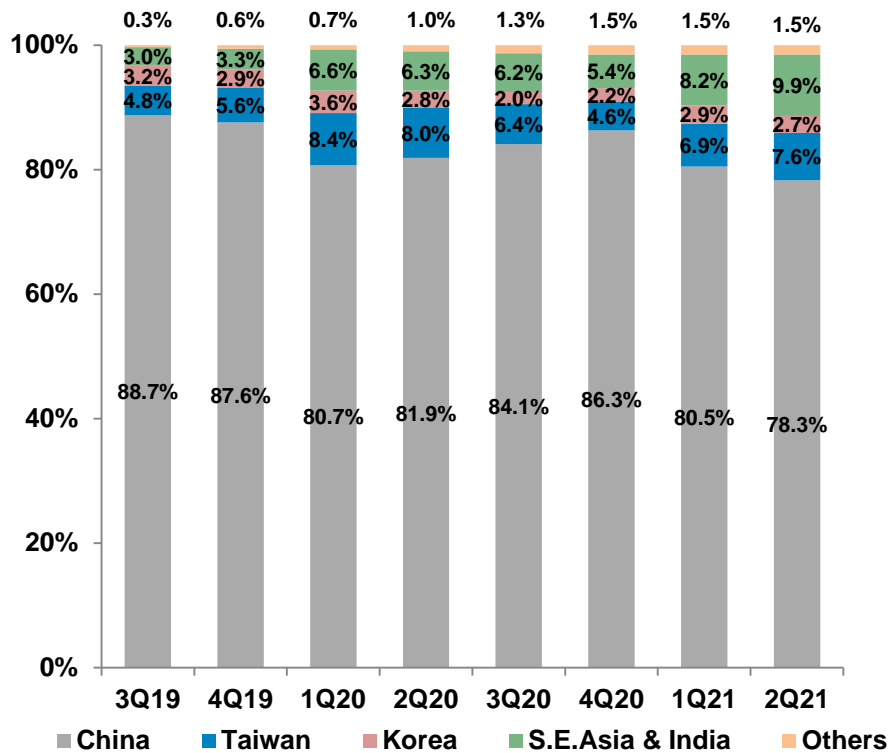
Unit: NT\$M

Key accounts	2Q21		1Q21		2Q20	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	5,062	4	5,297	4	5,050	4
Accounts receivable	61,920	44	58,936	44	43,322	38
Inventory	53,985	38	49,477	37	46,753	41
Other current assets	2,134	1	1,960	-	2,147	1
Non-current assets	19,201	13	19,771	15	17,938	16
<b>Total Assets</b>	<b>142,302</b>	<b>100</b>	<b>135,441</b>	<b>100</b>	<b>115,210</b>	<b>100</b>
Short-term loans	36,281	25	31,662	23	30,037	26
Accounts payable	53,214	37	51,017	38	42,989	37
Other current liabilities	3,690	3	3,608	3	4,402	4
Long-term loans	200	-	400	-	-	-
Other liabilities	1,526	1	1,494	1	1,547	1
<b>Total Liabilities</b>	<b>94,911</b>	<b>67</b>	<b>88,181</b>	<b>65</b>	<b>78,975</b>	<b>69</b>
<b>Total Equity</b>	<b>47,391</b>	<b>33</b>	<b>47,260</b>	<b>35</b>	<b>36,235</b>	<b>31</b>
Indices	2Q21		1Q21		2Q20	
Current ratio	132%		134%		126%	
Debt/Assets ratio	67%		65%		69%	
Debt/Equity ratio	200%		187%		218%	
Gearing ratio	0.66		0.57		0.69	



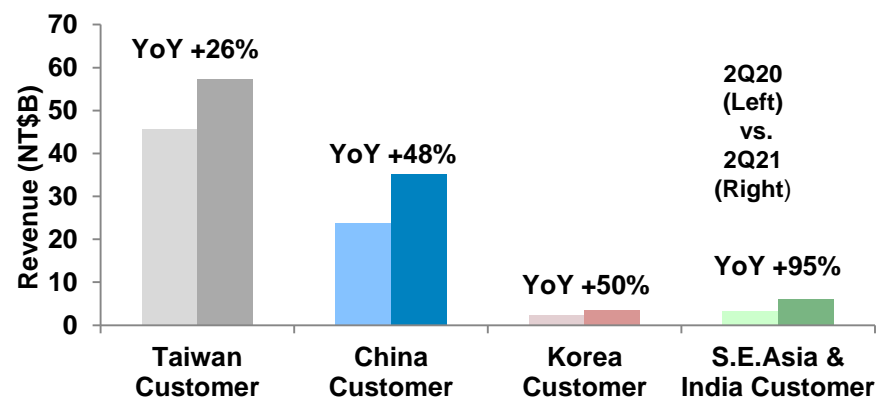
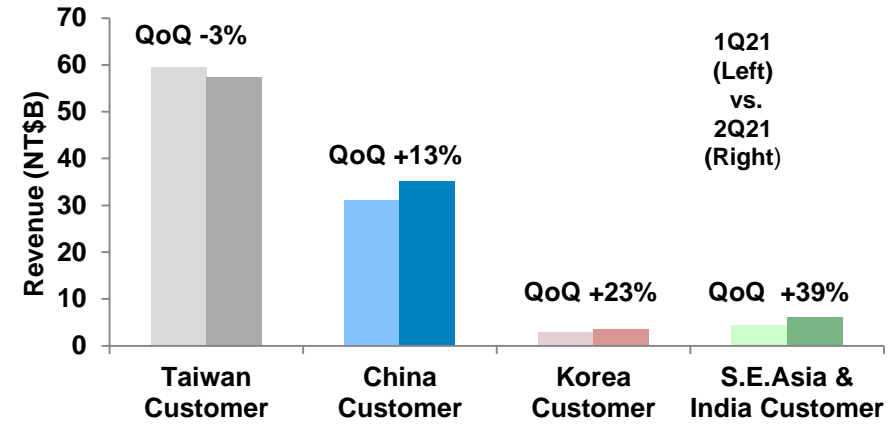
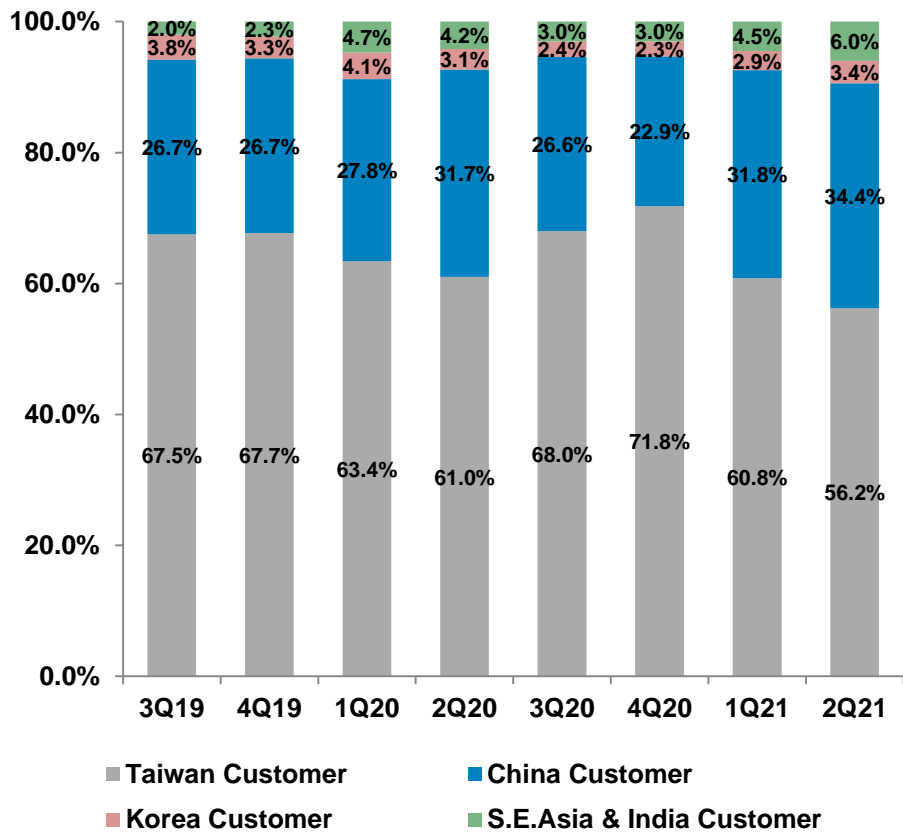
# 2. Financial Update

## NR by Geography (Ship-to Destination)



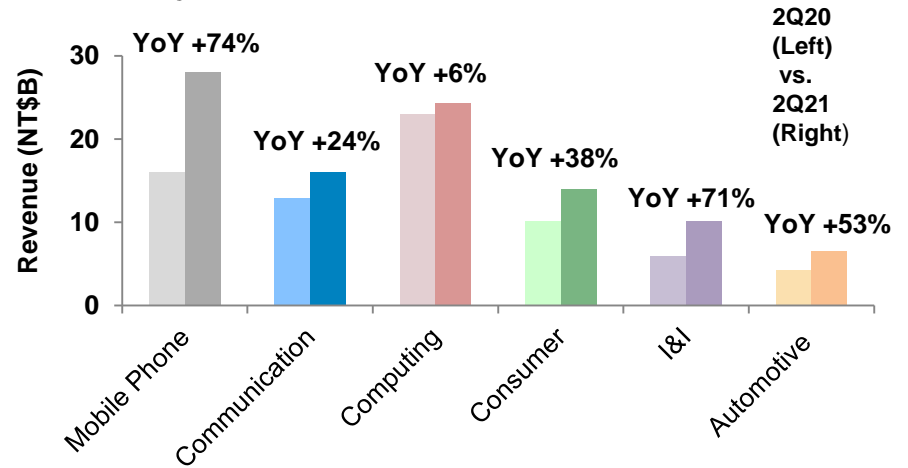
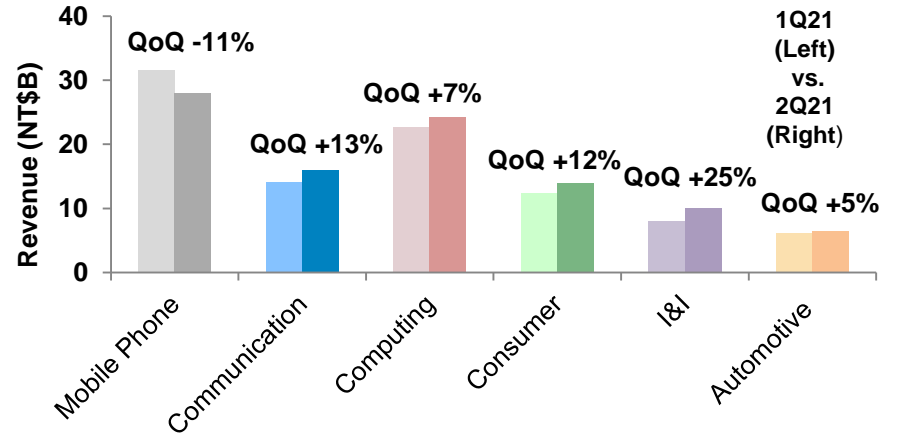
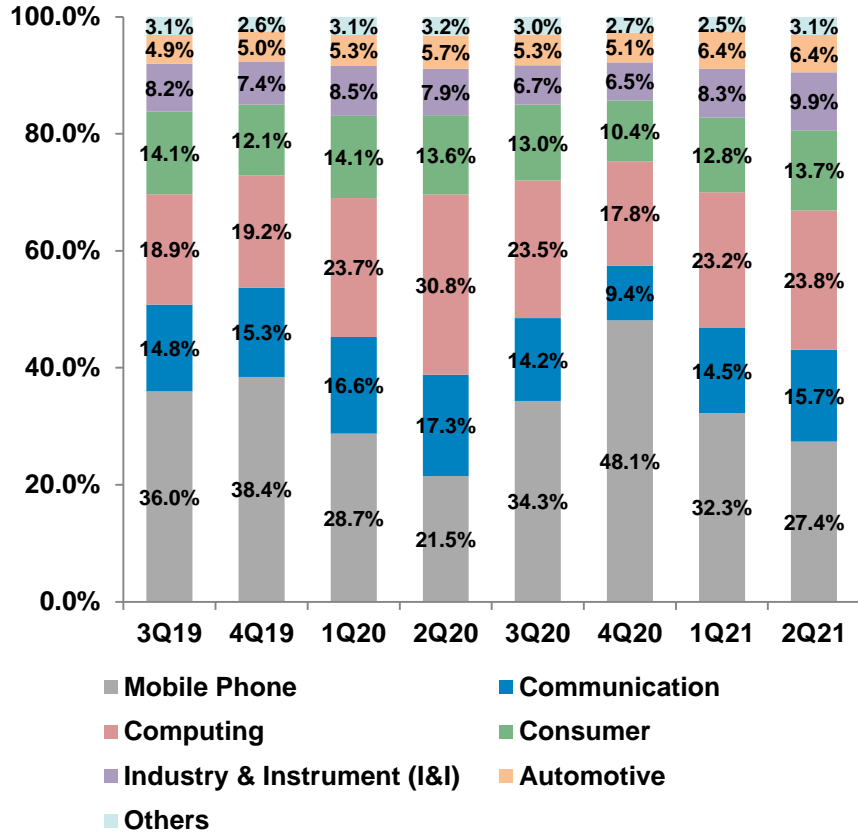
# 2. Financial Update

## NR by Customer Base



# 2. Financial Update

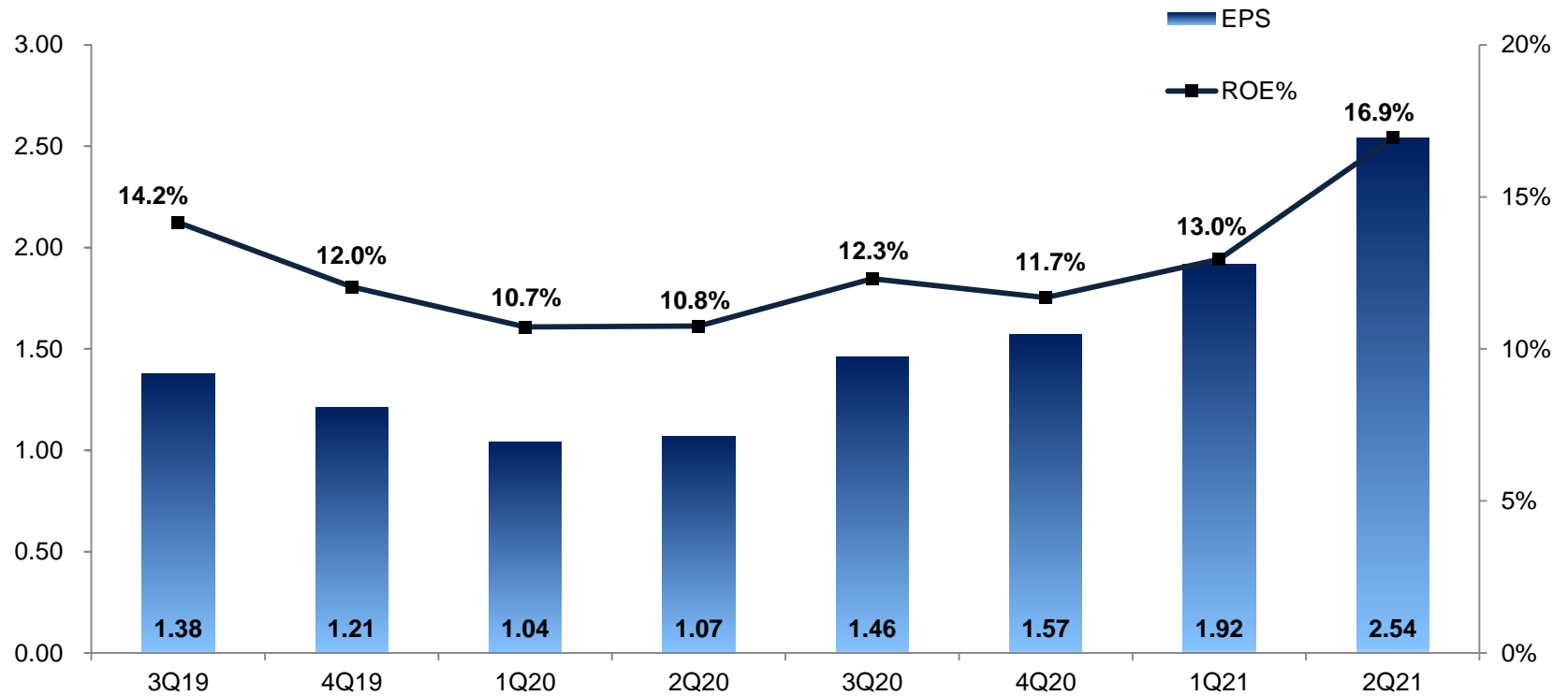
## NR by Application





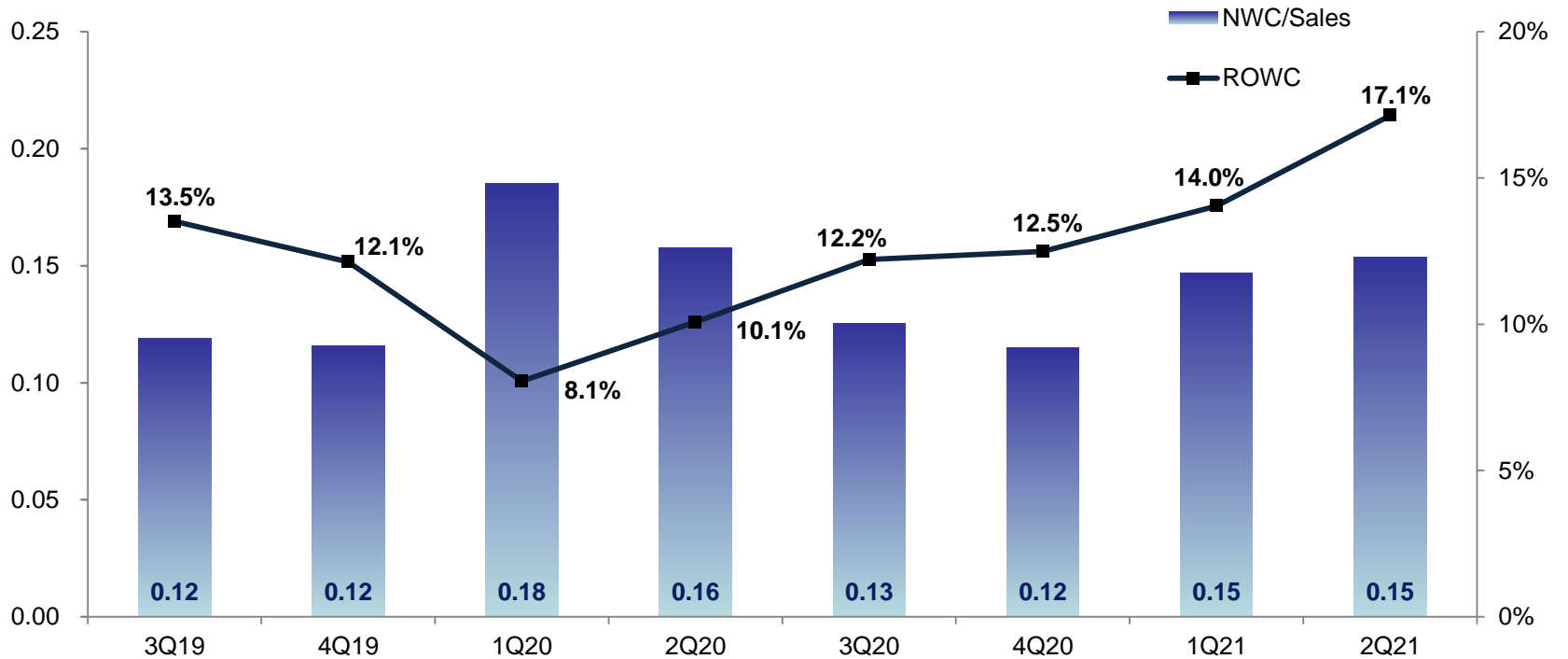
# 2. Financial Update

## ROE vs. EPS



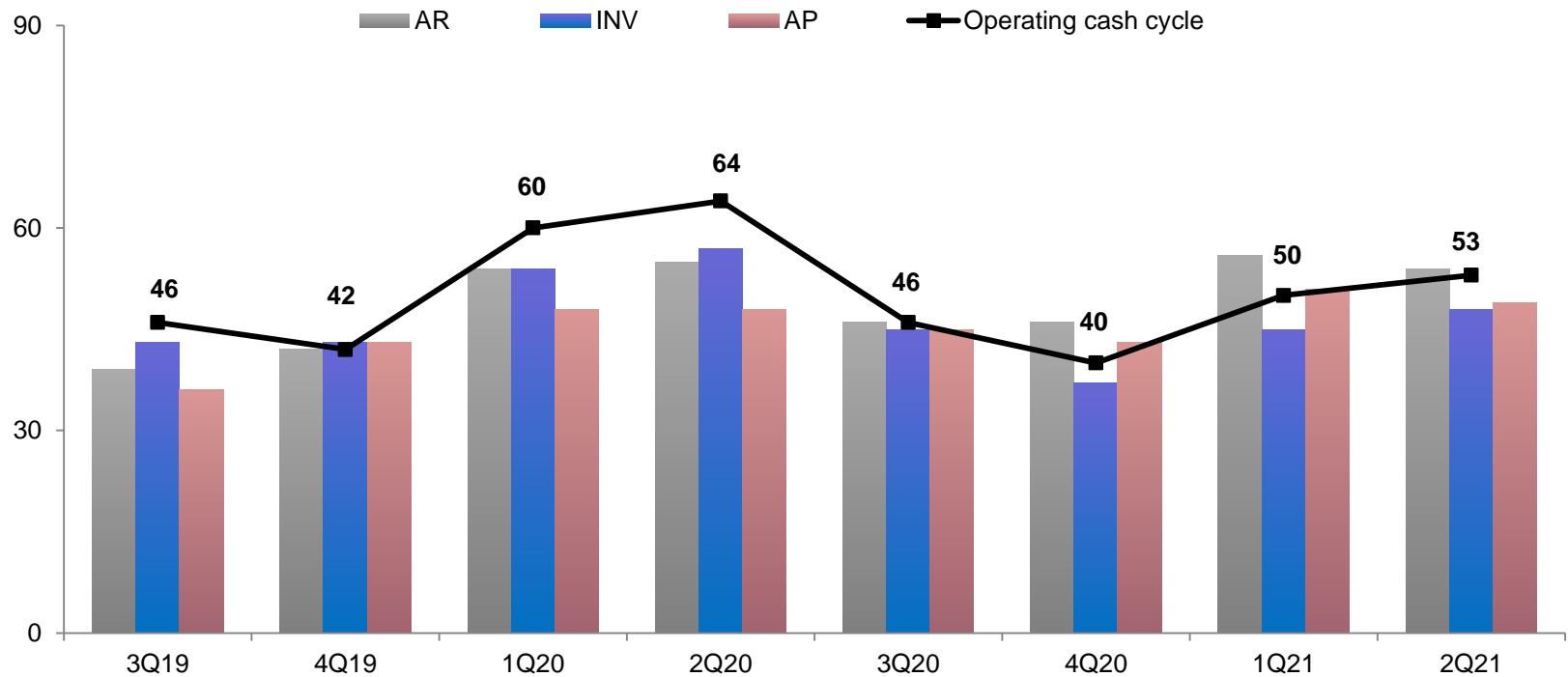
# 2. Financial Update

## ROWC vs. NWC/Sales



# 2. Financial Update

## Operating Cash Cycle



# 3. Business Outlook

## We currently expect 3Q21 :

- Revenue : between NT\$116 billion ~ NT\$122 billion, at a forecast exchange rate of 27.9 NT Dollars to 1 US Dollar
- Revenue guidance between 13.6% ~ 19.5% QoQ growth and 26.3% ~ 32.8% YoY growth
- Gross profit margin : between 3.65% ~ 3.85%
- Operating profit margin : between 2.3% ~ 2.5%





# **Thank You !**

**WT Microelectronics Co., Ltd.**

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