



2019 Second Quarter Investor Conference

Presented by Cheryl Yang

Aug 8, 2019

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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
- 2018 revenues of NT\$273bn, up 44% YoY
- 48 offices in Asia (33 offices in China and 15 offices in Korea, Taiwan, and South Asia) with over 9,000 customers
- Over 2,300 headcounts (over 700 sales, 250 PMs, and 500 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

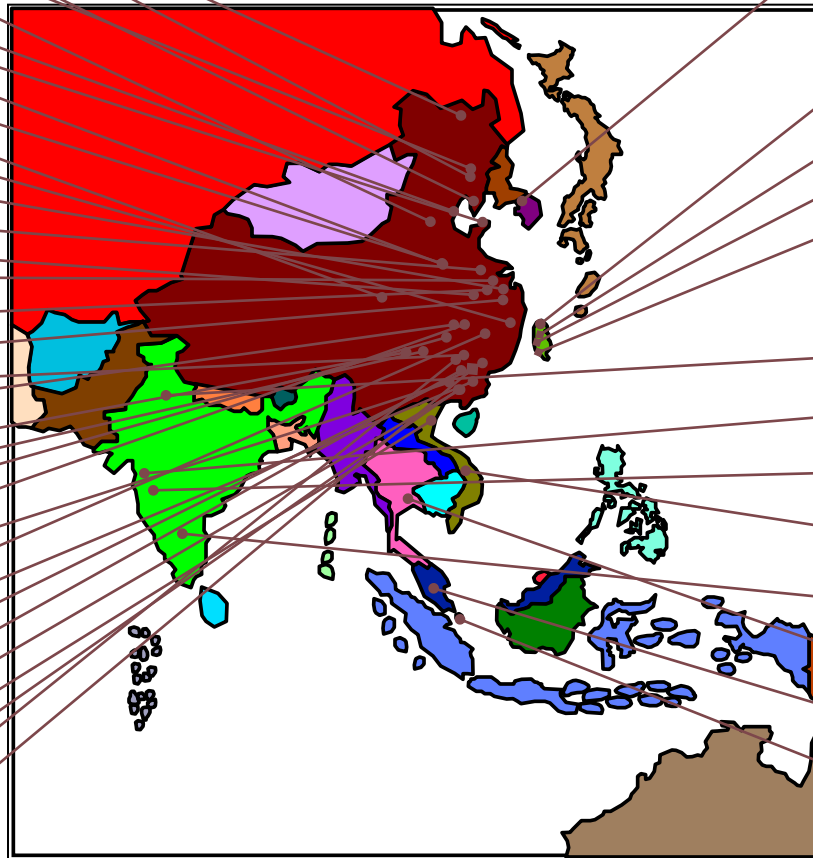


1. Overview

China Offices (33)

Harbin
Shenyang
Dalian
Beijing
Tianjin
Qingdao
Yantai
Zhengzhou
Jinan
Xian
Ningbo
Shanghai
Wuxi
Suzhou
Kunshan
Nanjing
Hangzhou
Wenzhou
Hefei
Chengdu
Mianyang
Chongqing
Changsha
Wuhan
Fuzhou
Fuqing
Xiamen
Dongguan
Shunde
Guangzhou
Zhuhai
Hong Kong
Shenzhen

Offices Across Asia



Korea Offices (2)

Seoul

Taiwan Offices (4)

Taipei, Headquarters

Hsinchu

Taichung

Tainan

South Asia Offices (9)

New Delhi, N. India

Mumbai, N. India

Pune, N. India

Vietnam (2)

Bangalore, S. India

Bangkok, Thailand

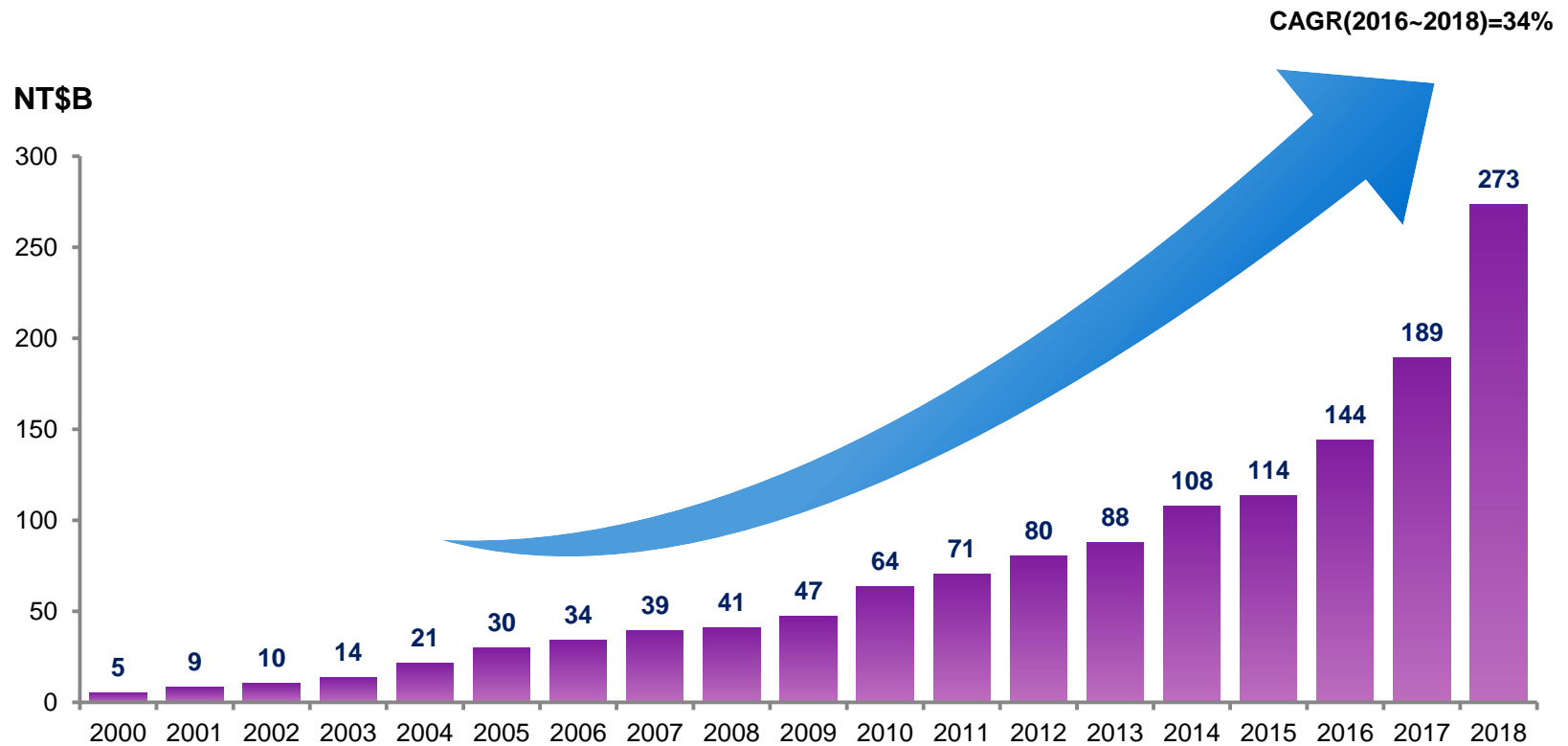
Penang, Malaysia

Singapore



1. Overview

NR (Net Revenue)



2. Financial Update

Statement of Comprehensive Income

Unit: NT\$M

| Key accounts | 2Q19 | | 2Q19 Guidance | 1Q19 | | QoQ | 2Q18 | | YoY |
|------------------------------------|---------|---------|------------------|---------|---------|------|---------|---------|------|
| | Amount | % | | Amount | % | | Amount | % | |
| Net Operating revenues | 74,748 | 100.00% | 71B~75B | 67,474 | 100.00% | 11% | 53,248 | 100.00% | 40% |
| Gross profit | 2,688 | 3.60% | 3.45%~3.65% | 2,322 | 3.44% | 16% | 2,560 | 4.81% | 5% |
| Operating expenses | (1,364) | -1.82% | | (1,300) | -1.93% | 5% | (1,332) | -2.50% | 2% |
| Operating income | 1,324 | 1.78% | 1.6%~1.8% | 1,022 | 1.51% | 30% | 1,228 | 2.31% | 8% |
| Financing costs | (486) | -0.65% | | (527) | -0.78% | -8% | (383) | -0.72% | 27% |
| Others | 23 | 0.02% | | (5) | 0.00% | | 41 | 0.07% | |
| Earning before tax | 861 | 1.15% | | 490 | 0.73% | 76% | 886 | 1.66% | -3% |
| Income tax expense | (239) | -0.32% | | (105) | -0.16% | 128% | (266) | -0.50% | -10% |
| Non-Controlling Interests | - | - | | - | - | | - | - | |
| Profit after tax | 622 | 0.83% | | 385 | 0.57% | 62% | 620 | 1.16% | 0% |
| EPS (in dollars) | 1.06 | | | 0.67 | | | 1.12 | | |
| Weighted average shares (M shares) | 588 | | | 572 | | | 553 | | |



2. Financial Update

Statement of Comprehensive Income

Unit: NT\$M

| Key accounts | 1H19 | | 2H18 | | HoH | 1H18 | | YoY |
|------------------------------------|---------|---------|---------|---------|------|---------|---------|------|
| | Amount | % | Amount | % | | Amount | % | |
| Net Operating revenues | 142,222 | 100.00% | 170,533 | 100.00% | -17% | 102,883 | 100.00% | 38% |
| Gross profit | 5,009 | 3.52% | 5,797 | 3.40% | -14% | 4,848 | 4.71% | 3% |
| Operating expenses | (2,663) | -1.86% | (2,812) | -1.65% | -5% | (2,579) | -2.50% | 3% |
| Operating income | 2,346 | 1.65% | 2,985 | 1.75% | -21% | 2,269 | 2.21% | 3% |
| Financing costs | (1,013) | -0.71% | (969) | -0.56% | 5% | (729) | -0.71% | 39% |
| Others | 18 | 0.01% | 6 | 0.00% | | 59 | 0.06% | |
| Earning before tax | 1,351 | 0.96% | 2,022 | 1.19% | -33% | 1,599 | 1.56% | -16% |
| Income tax expense | (344) | -0.24% | (443) | -0.26% | -22% | (399) | -0.39% | -14% |
| Non-Controlling Interests | - | - | - | - | | - | - | |
| Profit after tax | 1,007 | 0.71% | 1,579 | 0.93% | -36% | 1,200 | 1.17% | -16% |
| EPS (in dollars) | 1.74 | | 2.83 | | -39% | 2.17 | | -20% |
| Weighted average shares (M shares) | 580 | | 558 | | | 553 | | |



2. Financial Update

Balance Sheet

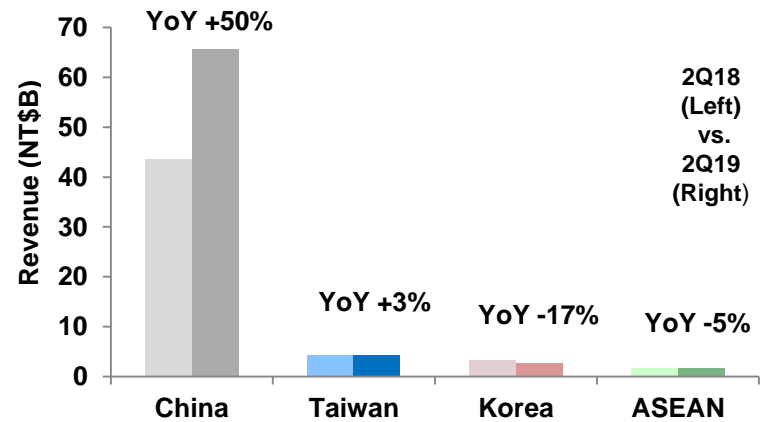
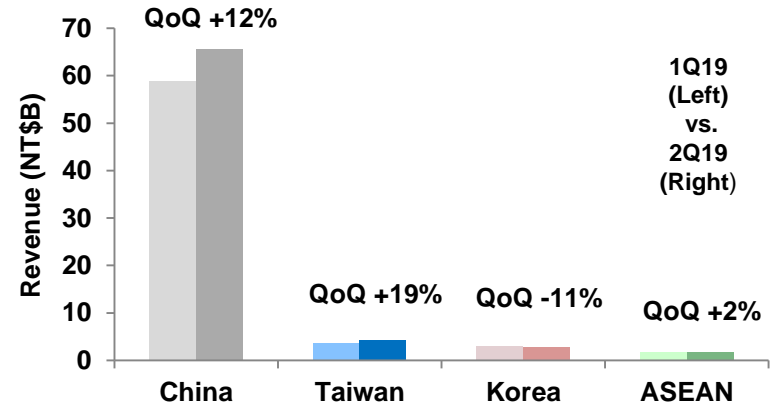
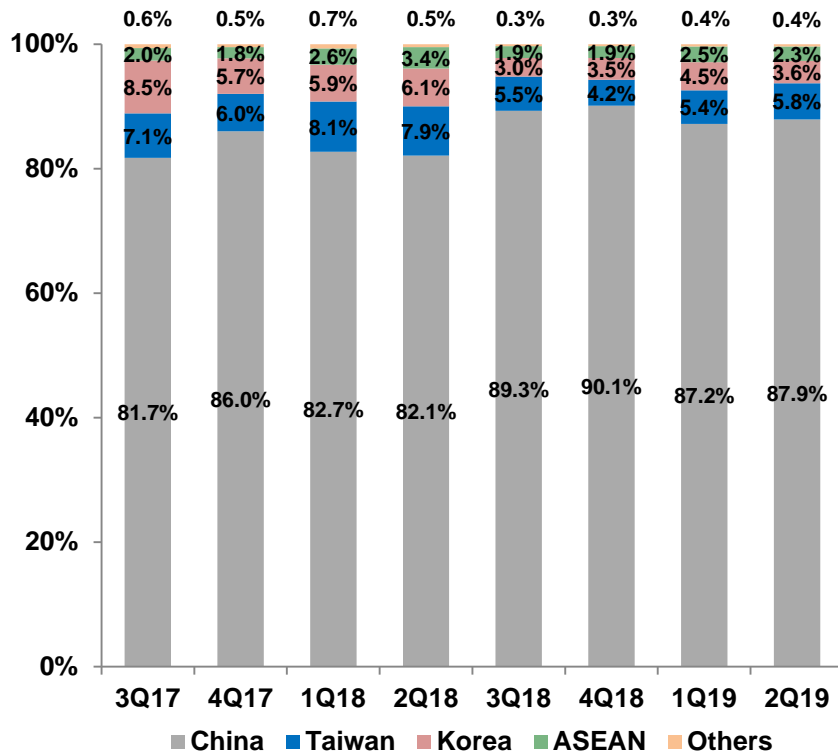
Unit: NT\$M

| Key accounts | 2Q19 | | 1Q19 | | 2Q18 | |
|---------------------------|---------------|------------|---------------|------------|---------------|------------|
| | Amount | % | Amount | % | Amount | % |
| Cash and cash equivalents | 5,018 | 5 | 2,360 | 3 | 2,283 | 3 |
| Accounts receivable | 37,211 | 40 | 34,692 | 38 | 35,865 | 43 |
| Inventory | 44,285 | 47 | 47,034 | 51 | 38,500 | 46 |
| Other current assets | 2,317 | 2 | 2,108 | 2 | 2,321 | 2 |
| Non-current assets | 5,268 | 6 | 5,398 | 6 | 4,926 | 6 |
| Total Assets | 94,099 | 100 | 91,592 | 100 | 83,895 | 100 |
| Short-term loans | 33,089 | 35 | 31,921 | 35 | 33,033 | 39 |
| Accounts payable | 31,396 | 34 | 32,055 | 35 | 24,039 | 29 |
| Other current liabilities | 4,639 | 5 | 3,091 | 3 | 4,513 | 5 |
| Long-term loans | - | - | - | - | 494 | 1 |
| Other liabilities | 2,305 | 2 | 1,245 | 2 | 1,806 | 2 |
| Total Liabilities | 71,429 | 76 | 68,312 | 75 | 63,885 | 76 |
| Total Equity | 22,670 | 24 | 23,280 | 25 | 20,010 | 24 |
| Indices | 2Q19 | | 1Q19 | | 2Q18 | |
| Current ratio | 129% | | 129% | | 128% | |
| Debt/Assets ratio | 76% | | 75% | | 76% | |
| Debt/Equity ratio | 315% | | 293% | | 319% | |
| Gearing ratio | 1.24 | | 1.27 | | 1.56 | |



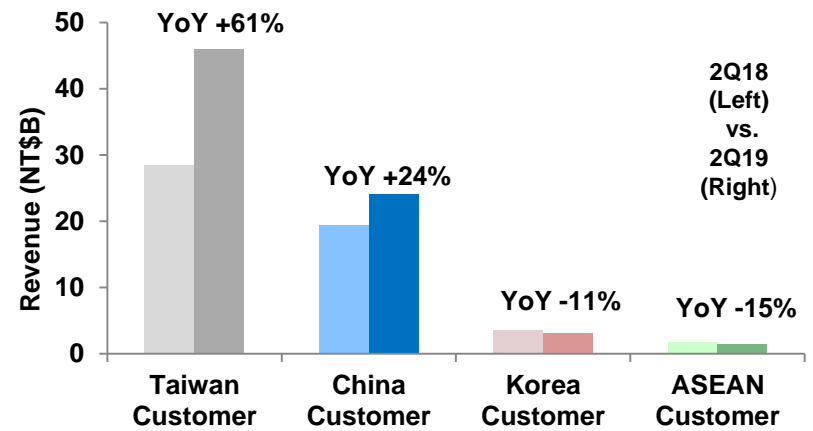
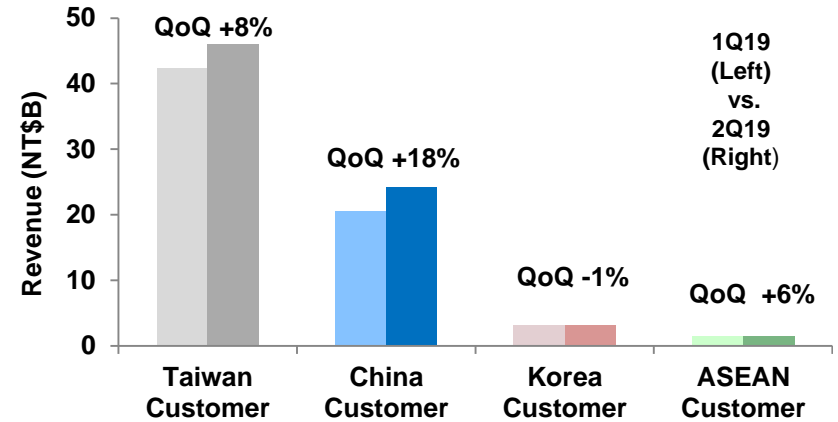
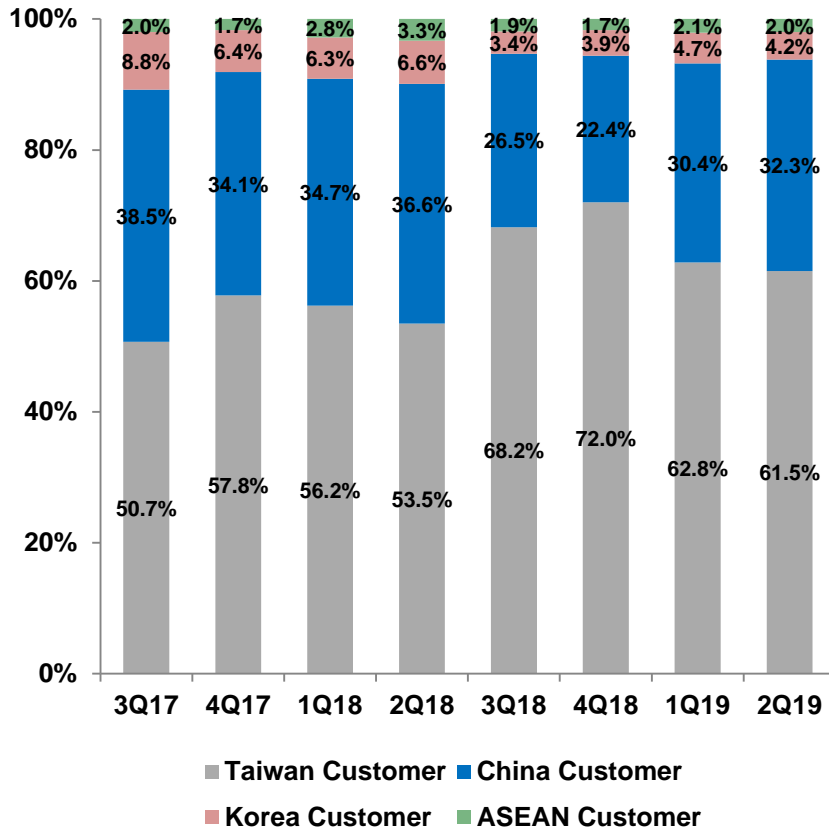
2. Financial Update

NR by Geography (Ship-to Destination)



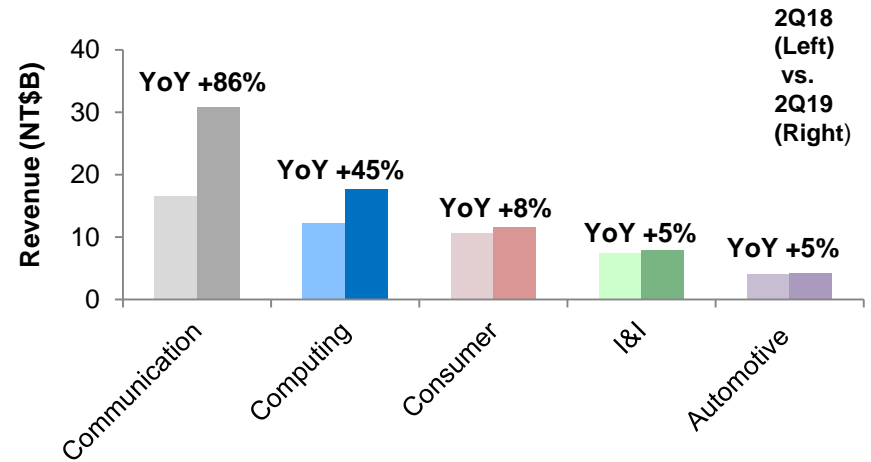
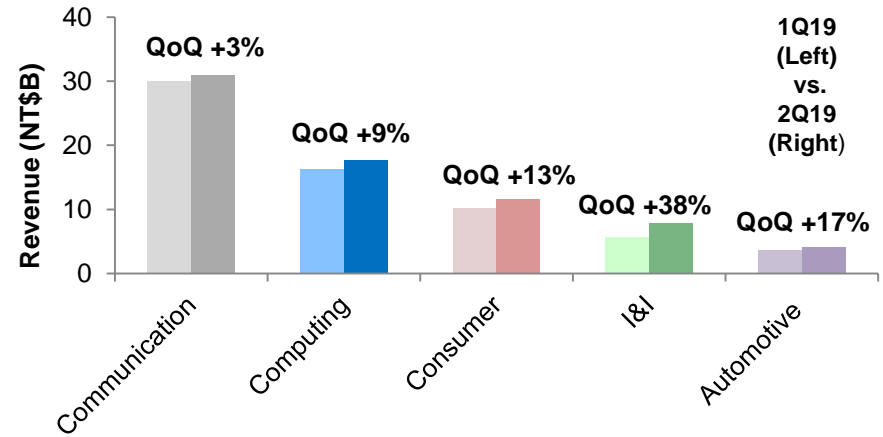
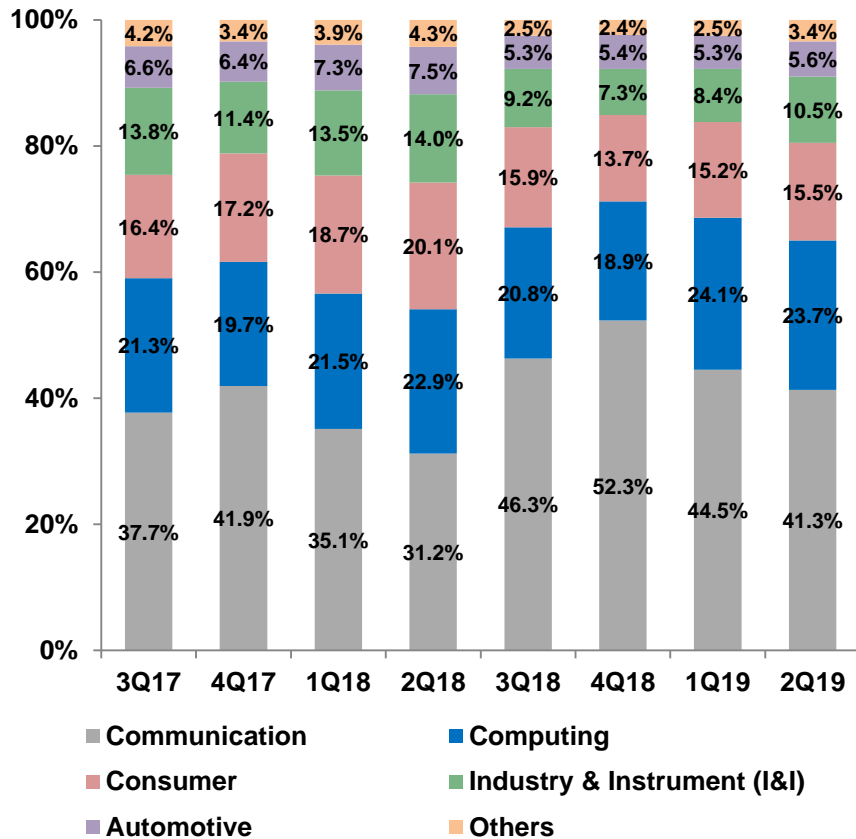
2. Financial Update

NR by Customer Base



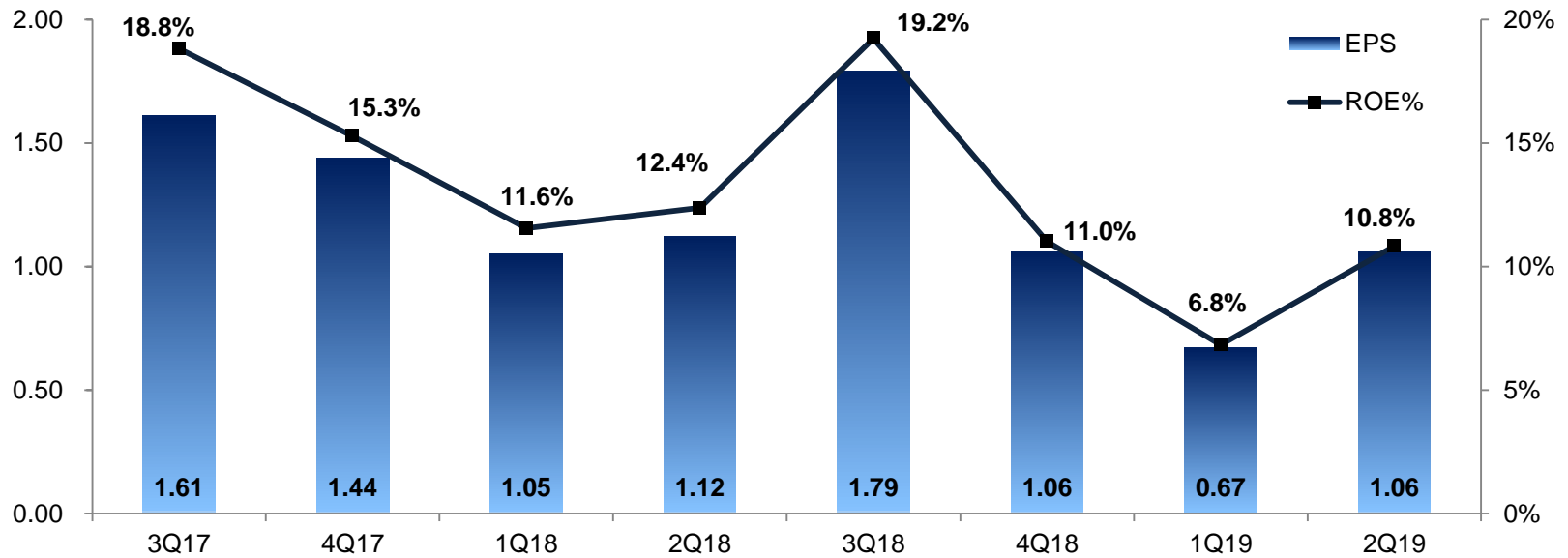
2. Financial Update

NR by Application



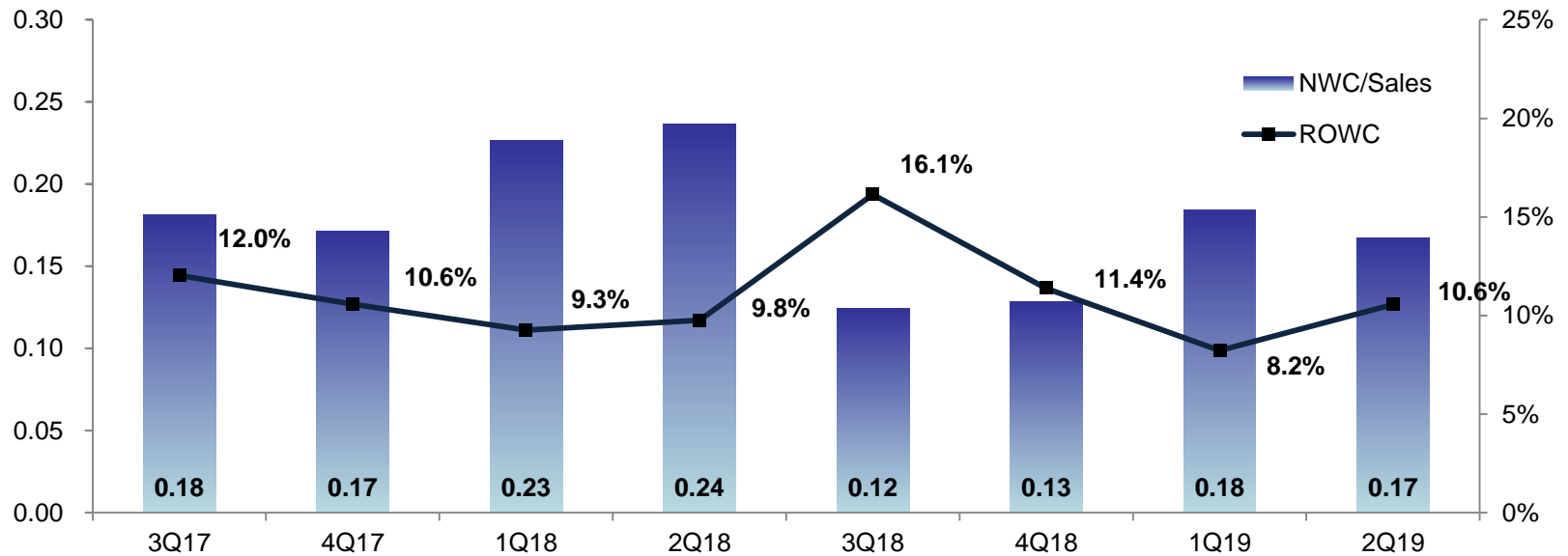
2. Financial Update

ROE vs. EPS



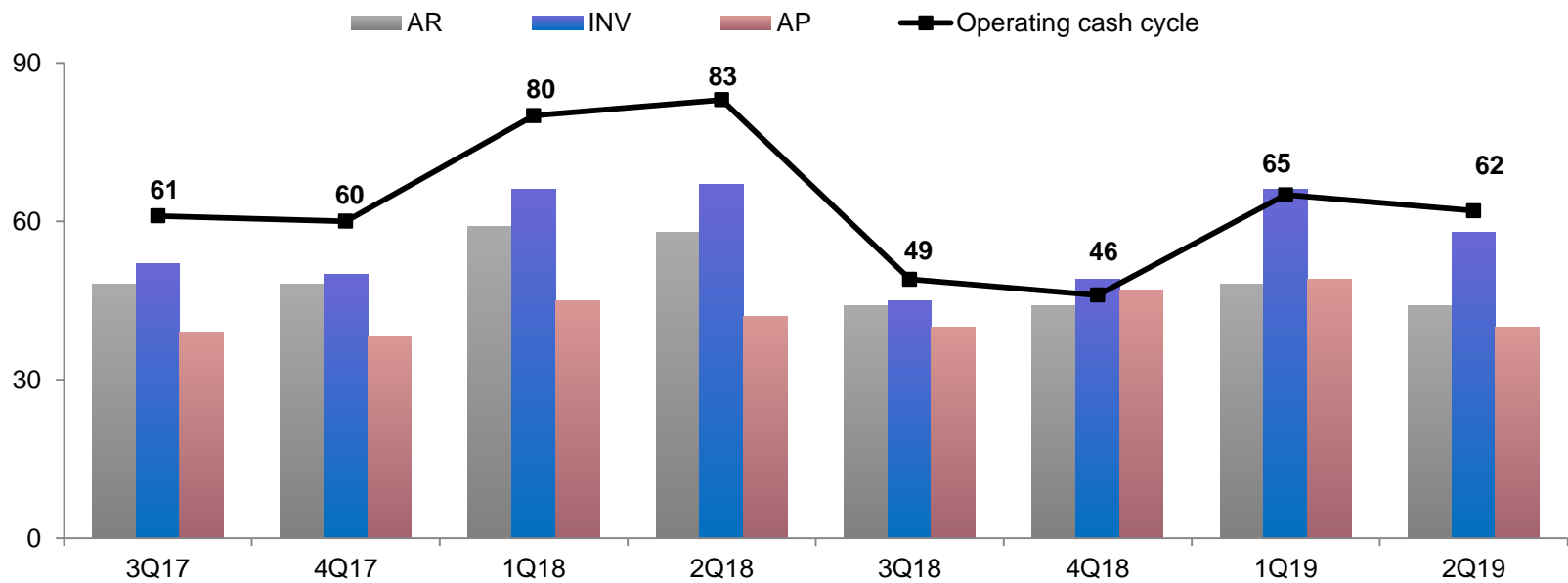
2. Financial Update

ROWC vs. NWC/Sales



2. Financial Update

Operating Cash Cycle



3. Business Outlook

We currently expect 3Q19 :

- Revenue : between NT\$87 billion ~ NT\$93 billion, at a forecast exchange rate of 31.3 NT Dollars to 1 US Dollar
- Revenue guidance between 16% ~ 24% QoQ growth and 3% ~ 10% YoY increase
- Gross profit margin : between 3.1% ~ 3.3%
- Operating profit margin : between 1.5% ~ 1.7%





Thank You !

WT Microelectronics Co., Ltd.

Website : www.wtmec.com

