



2018 Second Quarter Investor Conference

**Presented by Cheryl Yang
August 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. 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

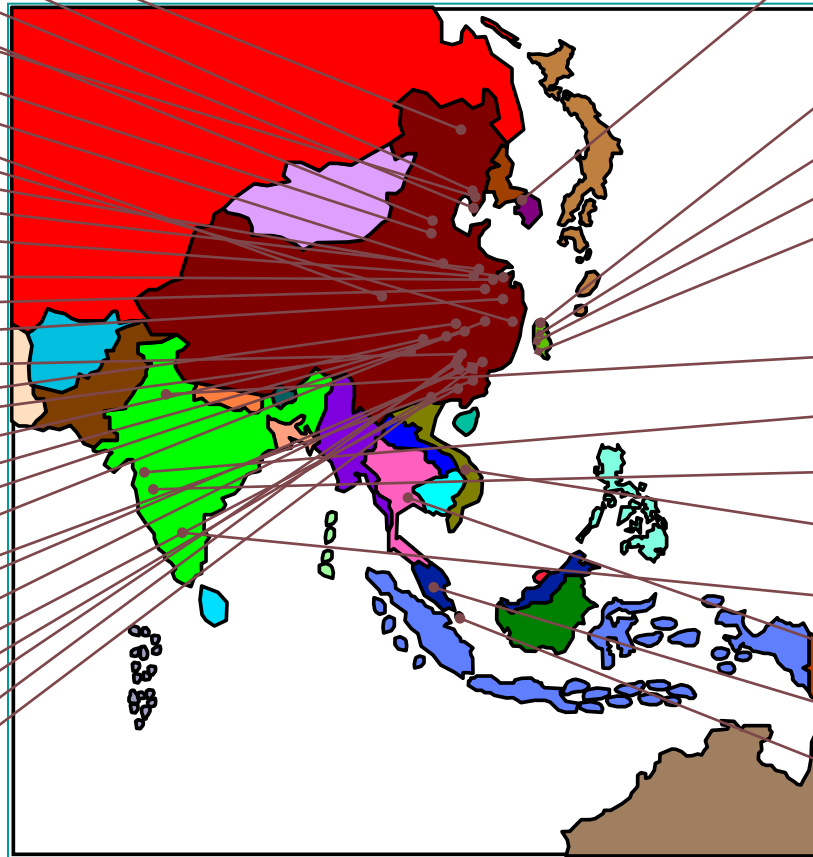


1. Overview

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

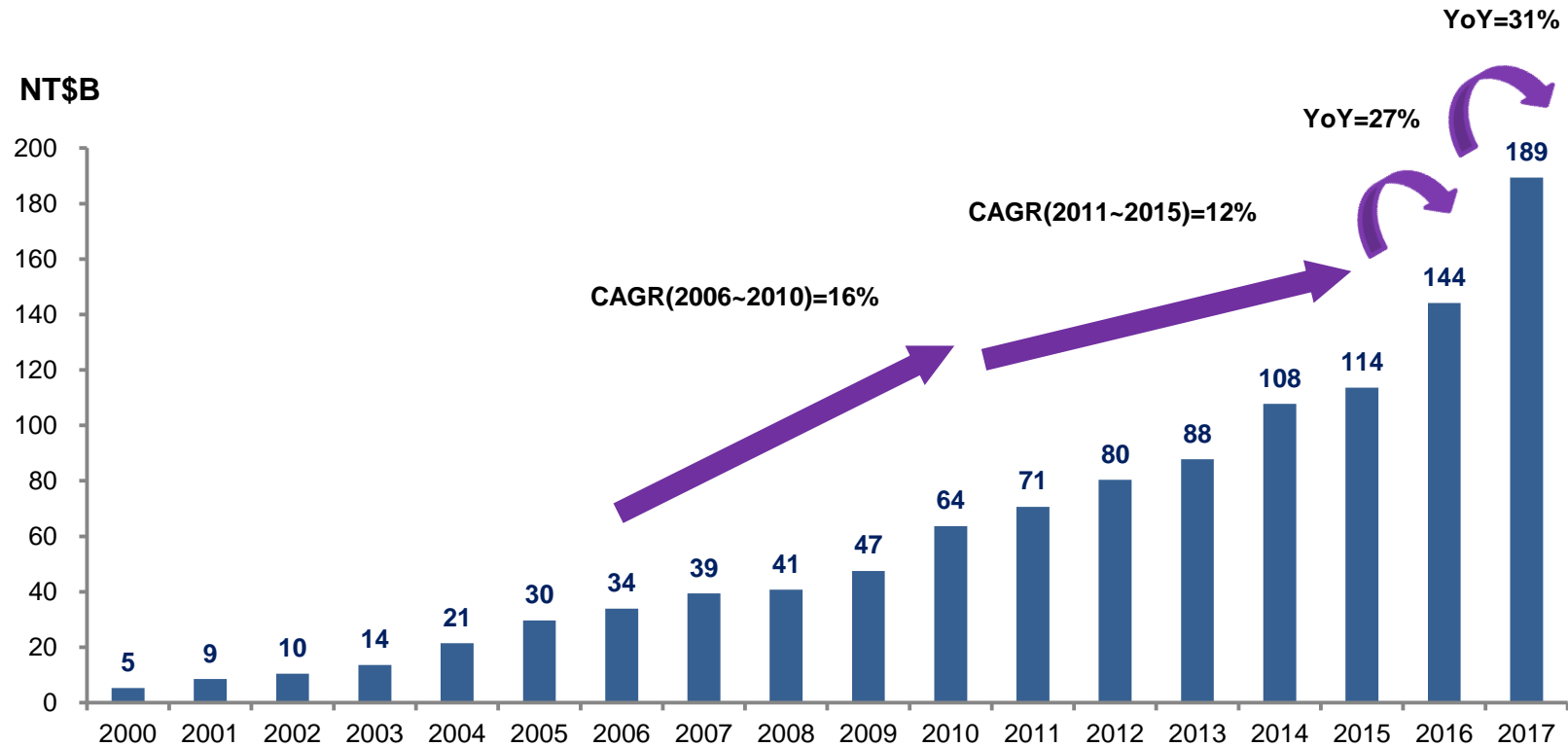
South Asia Offices (10)

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

2Q18 result highlights

- Net revenue in line with guidance, up 7% QoQ and 31% YoY
- Gross margin and operating profit margin outperformed guidance
- Net profit up 7% QoQ and 14% YoY



2. Financial Update

Statement of Comprehensive Income

Unit: NT\$M

Key accounts	2Q18		2Q18	1Q18		QoQ	2Q17		YoY
	Amount	%	Guidance	Amount	%		Amount	%	
Net Operating revenues	53,248	100.00%	51B~55B	49,635	100.00%	7.28%	40,364	100.00%	31.92%
Gross profit	2,560	4.81%	4.5%~4.7%	2,288	4.61%	+0.2ppt	1,924	4.77%	+0.04ppt
Operating expenses	(1,332)	-2.50%		(1,247)	-2.51%	-0.01ppt	(1,015)	-2.52%	-0.02ppt
Operating income	1,228	2.31%	2.1%~2.3%	1,041	2.10%	+0.21ppt	909	2.25%	+0.06ppt
Financing costs	(383)	-0.72%		(346)	-0.70%	+0.02ppt	(208)	-0.51%	+0.21ppt
Others	41	0.07%		18	0.04%		12	0.03%	
Earning before tax	886	1.66%		713	1.44%	24.26%	713	1.77%	24.26%
Income tax expense	(266)	-0.50%		(133)	-0.27%	100.00%	(167)	-0.42%	59.28%
Non-Controlling Interests	-	-		-	-		-	-	
Profit after tax	620	1.16%		580	1.17%	6.90%	546	1.35%	13.55%
EPS (in dollars)	1.12			1.05		6.67%	1.15		-2.61%



2. Financial Update

Statement of Comprehensive Income

Unit: NT\$M

Key accounts	1H18		2H17		HoH	1H17		YoY
	Amount	%	Amount	%		Amount	%	
Net Operating revenues	102,883	100.00%	110,677	100.00%	-7.04%	78,742	100.00%	30.66%
Gross profit	4,848	4.71%	4,701	4.25%	+0.46ppt	3,721	4.73%	-0.02ppt
Operating expenses	(2,579)	-2.50%	(2,509)	-2.27%	+0.23ppt	(1,994)	-2.54%	-0.04ppt
Operating income	2,269	2.21%	2,192	1.98%	+0.23ppt	1,727	2.19%	+0.02ppt
Financing costs	(729)	-0.71%	(550)	-0.49%	+0.22ppt	(413)	-0.52%	+0.19ppt
Others	59	0.06%	135	0.12%		14	0.02%	
Earning before tax	1,599	1.56%	1,777	1.61%	-10.02%	1,328	1.69%	20.41%
Income tax expense	(399)	-0.39%	(306)	-0.28%	30.39%	(279)	-0.36%	43.01%
Non-Controlling Interests	-	-	-	-		-	-	
Profit after tax	1,200	1.17%	1,471	1.33%	-18.42%	1,049	1.33%	14.39%
EPS (in dollars)	2.17		2.66		-18.53%	2.21		-1.81%



2. Financial Update

Balance Sheet

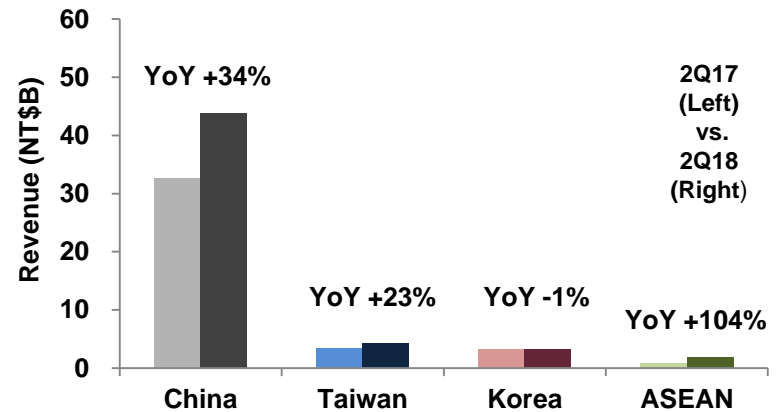
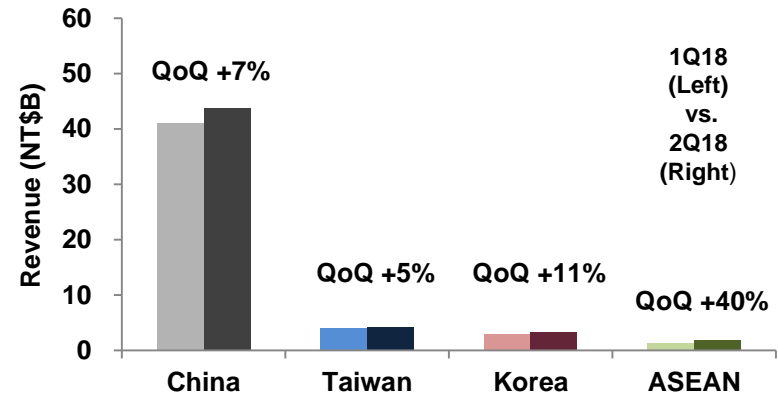
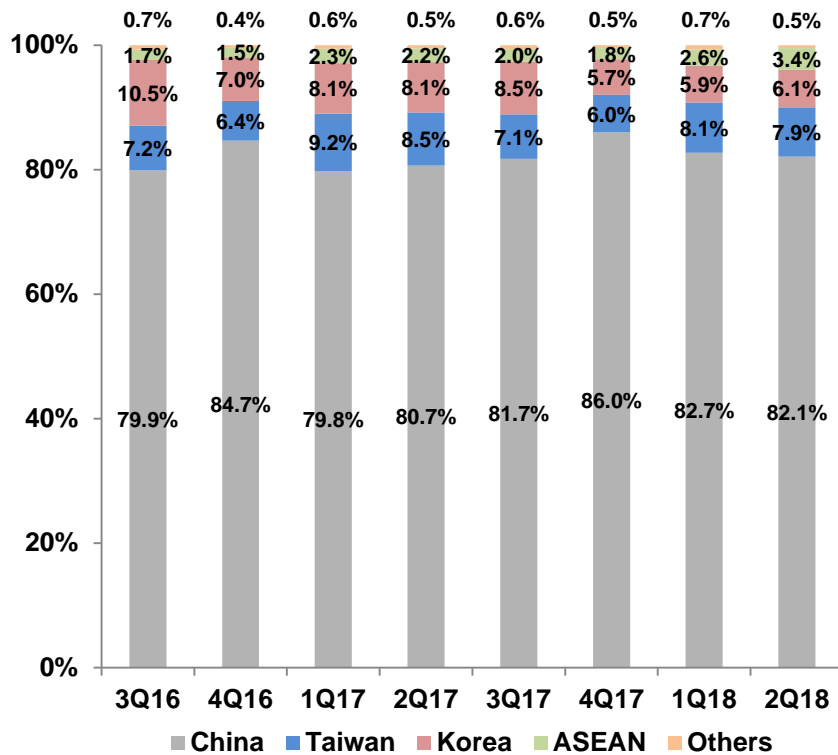
Unit: NT\$M

Key accounts	2Q18		1Q18		2Q17	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	2,283	3	2,542	3	2,178	4
Accounts receivable	35,865	43	31,765	41	24,001	42
Inventory	38,500	46	35,426	46	25,441	44
Other current assets	2,321	2	2,929	4	1,684	3
Non-current assets	4,926	6	4,837	6	4,135	7
Total Assets	83,895	100	77,499	100	57,439	100
Short-term loans	33,033	39	29,385	38	19,118	33
Accounts payable	24,039	29	22,239	29	18,262	32
Other current liabilities	4,513	5	3,451	4	2,576	4
Long-term loans	494	1	670	1	-	-
Other liabilities	1,806	2	1,703	2	1,550	3
Total Liabilities	63,885	76	57,448	74	41,506	72
Total Equity	20,010	24	20,051	26	15,933	28
Indices	2Q18		1Q18		2Q17	
Current ratio	128%		132%		133%	
Debt/Assets ratio	76%		74%		72%	
Debt/Equity ratio	319%		287%		261%	
Gearing ratio	1.56		1.37		1.06	



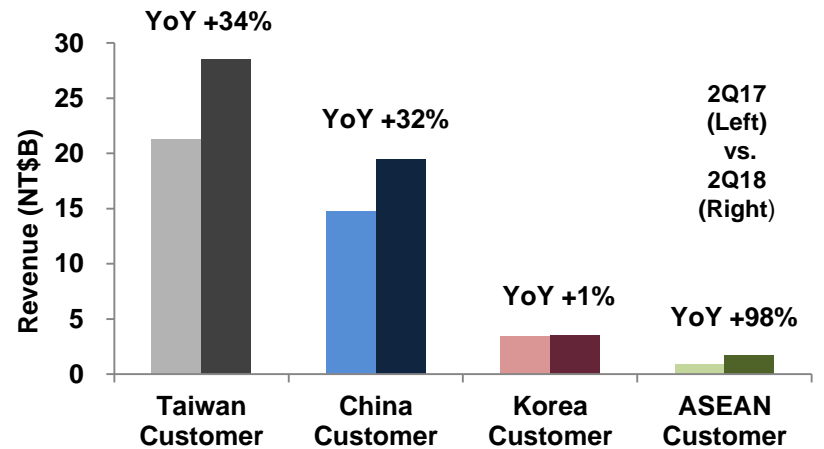
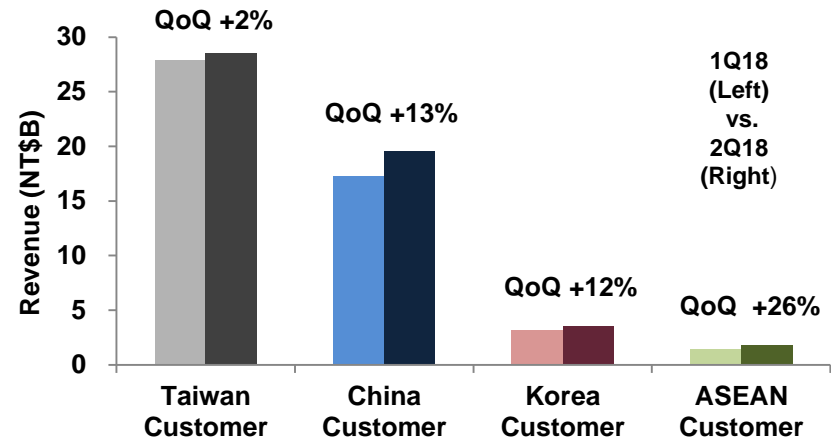
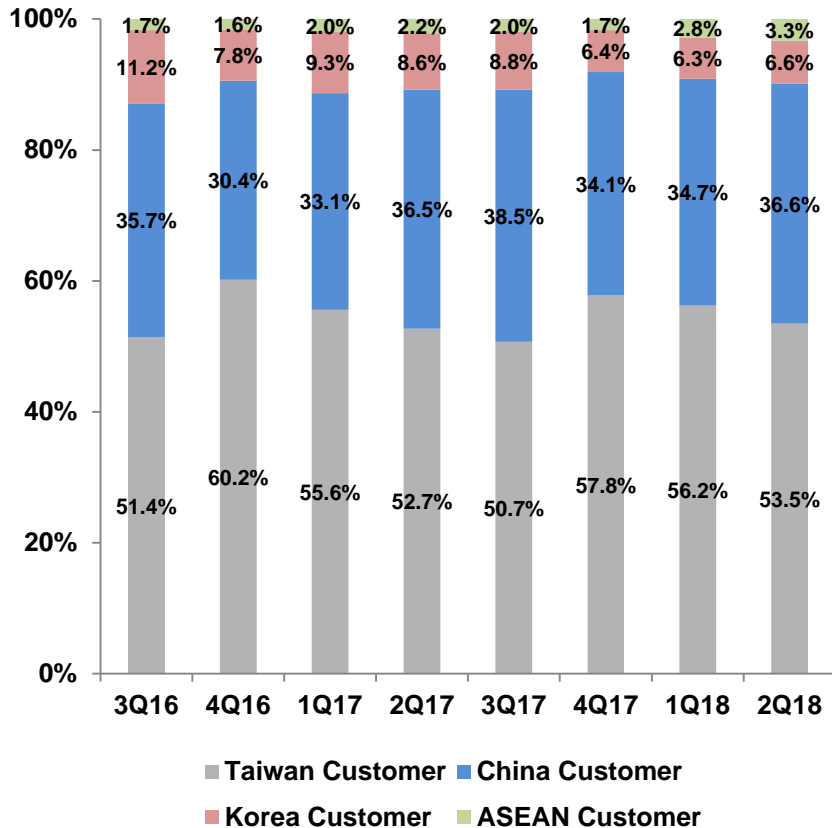
2. Financial Update

NR by Geography (Ship-to Destination)



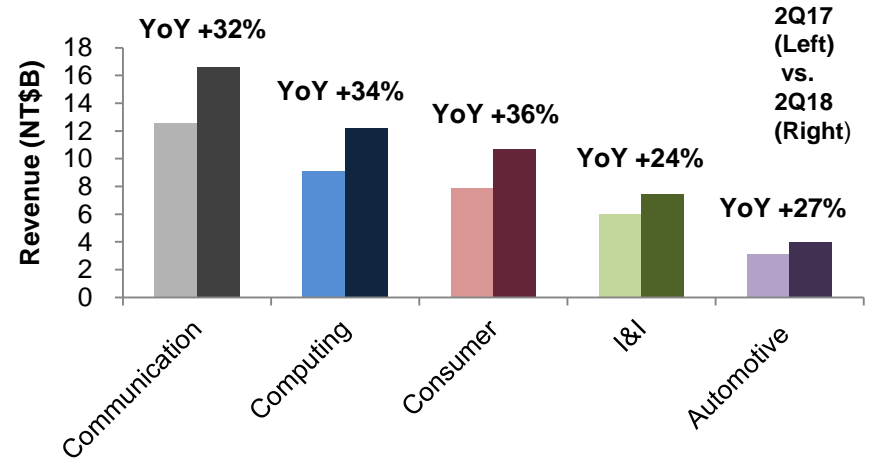
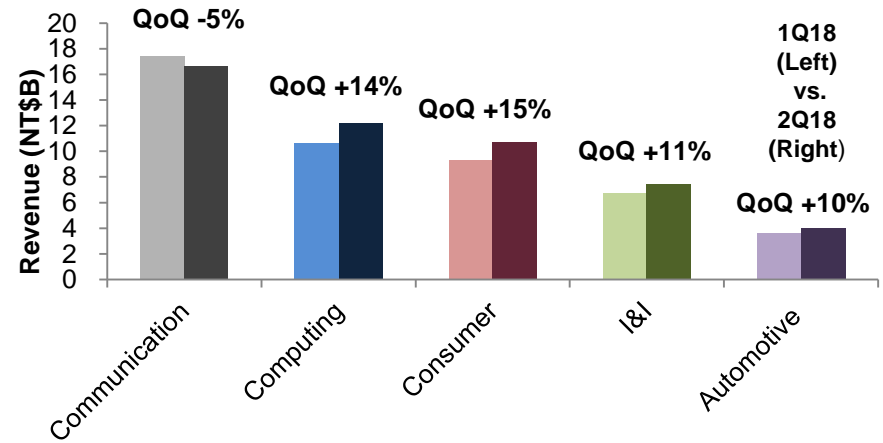
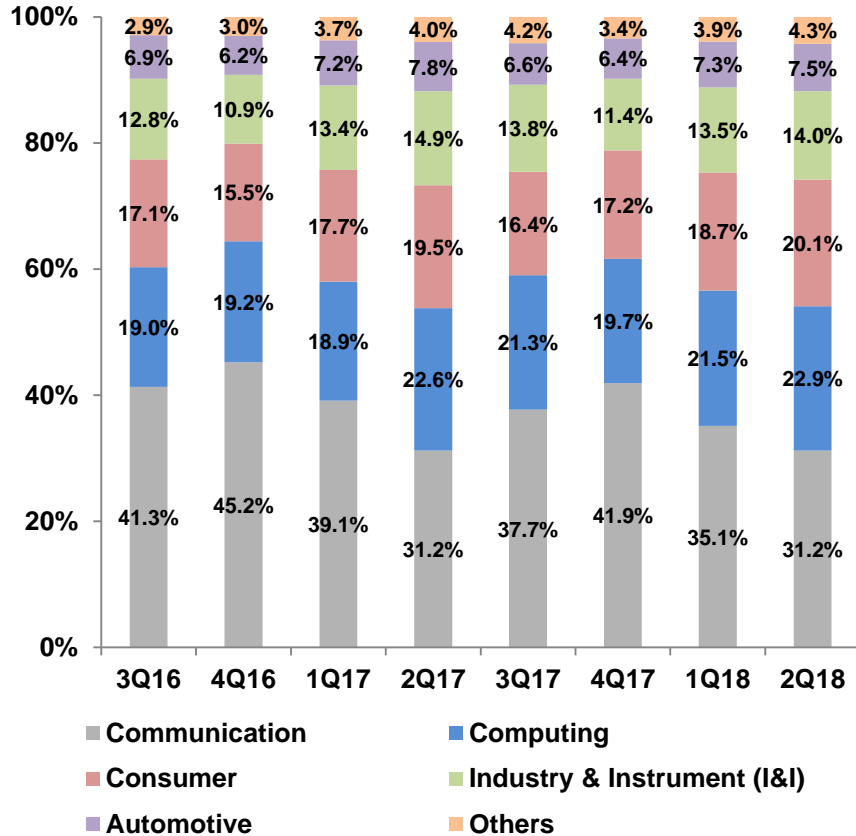
2. Financial Update

NR by Customer Base



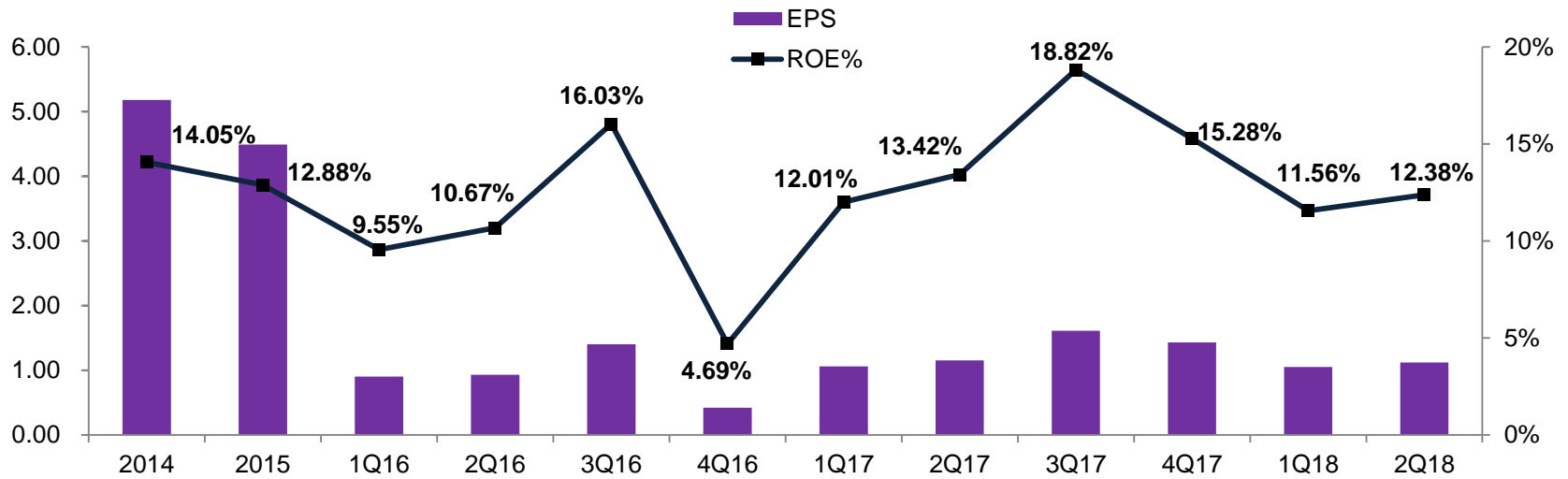
2. Financial Update

NR by Application



2. Financial Update

ROE vs. EPS

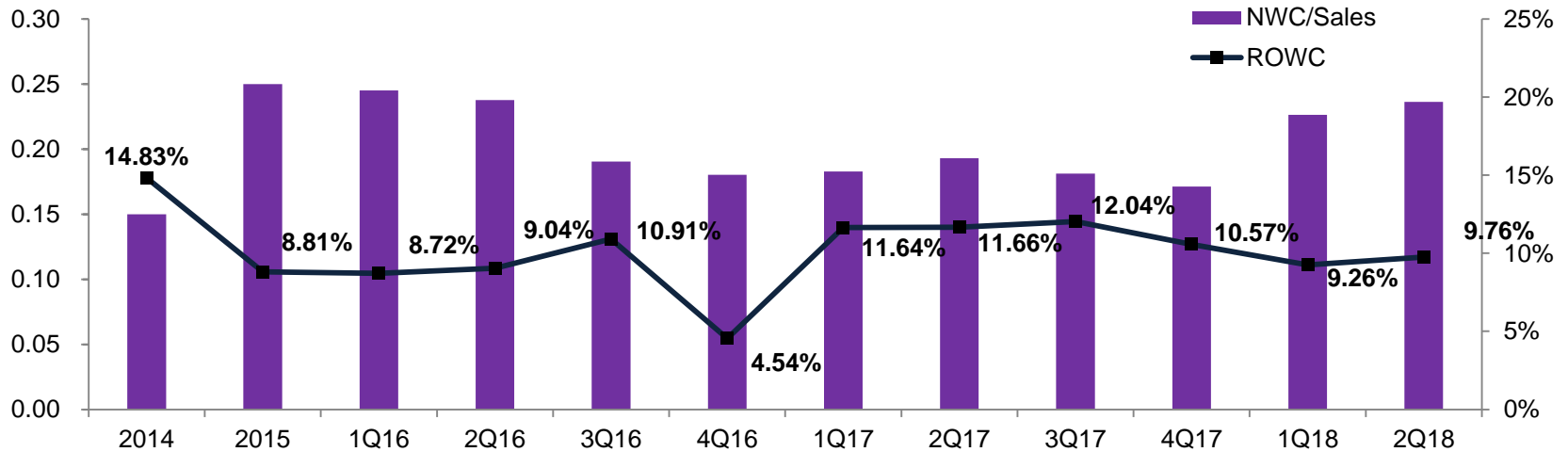


ITEM	2014	2015	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
ROE%	14.05%	12.88%	9.55%	10.67%	16.03%	4.69%	12.01%	13.42%	18.82%	15.28%	11.56%	12.38%
EPS	5.18	4.49	0.90	0.93	1.40	0.42	1.06	1.15	1.61	1.43	1.05	1.12



2. Financial Update

ROWC vs. NWC/Sales

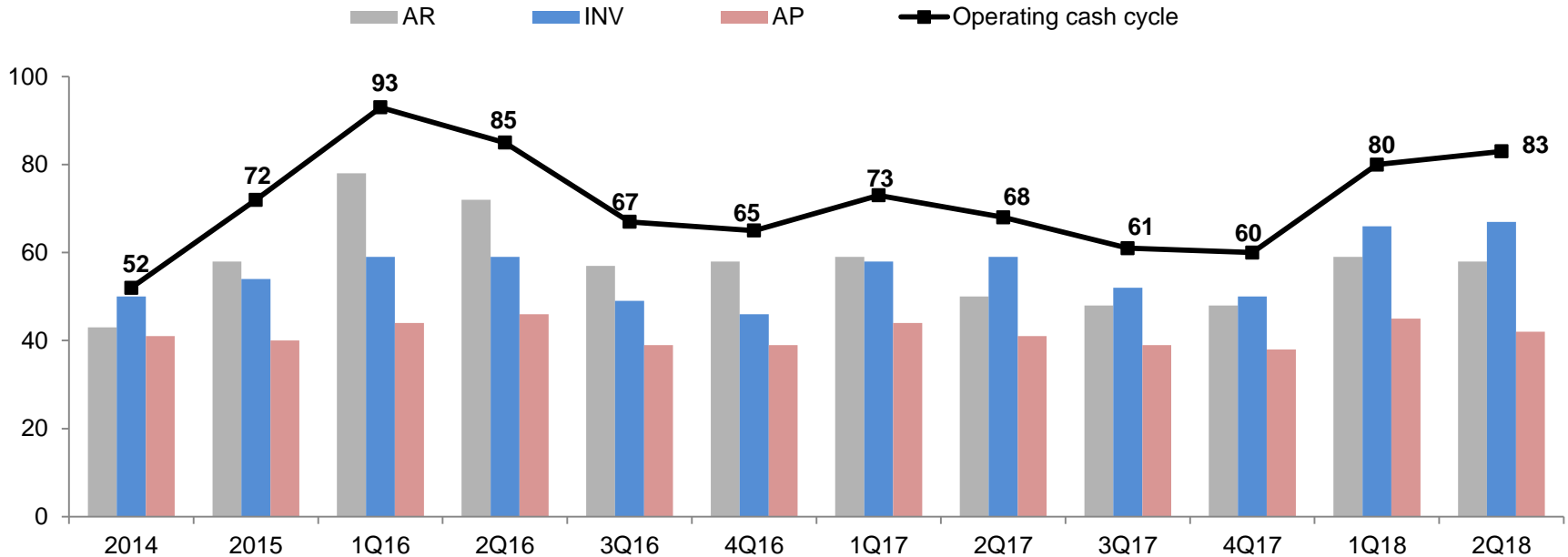


ITEM	2014	2015	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
NWC/Sales	0.15	0.25	0.25	0.24	0.19	0.18	0.18	0.19	0.18	0.17	0.23	0.24
ROWC	14.83%	8.81%	8.72%	9.04%	10.91%	4.54%	11.64%	11.66%	12.04%	10.57%	9.26%	9.76%



2. Financial Update

Operating Cash Cycle



3. Business Outlook

We currently expect 3Q18 :

- Revenue : between NT\$74 billion ~ NT\$78 billion, at a forecast exchange rate of 30.6 NT Dollars to 1 US Dollar
- Gross profit margin : between 3.7% ~ 3.9%
- Operating profit margin : between 1.9% ~ 2.1%



4. Recap of Recent Major Events

- WT set August 6 as ex-dividend date and August 31 as cash dividend issue date.
- WT was ranked as 2017 APAC Best Performance Distributor from STMicroelectronics.
- WT was ranked as 2017 APAC Best Distributor Partner from ON Semiconductor.





Thank You !

WT Microelectronics Co., Ltd.

Website : www.wtmec.com

