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# **1H19 Investor Conference**

**July 26, 2019**



# Safe Harbor Notice

- We have made forward-looking statements in this presentation. Our forward-looking statements contain information regarding, among other things, our financial condition, future expansion plans and business strategies. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions about us.
- We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this conference might not occur and our actual results could differ materially from those anticipated in these forward-looking statements.
- The information contained herein shall also not constitute an offer to sell or a solicitation of an offer to buy the company's securities nor shall there be any sale of such securities in any state or country in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or country.

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# Financial Results



# Statement of Comprehensive Income - Consolidated

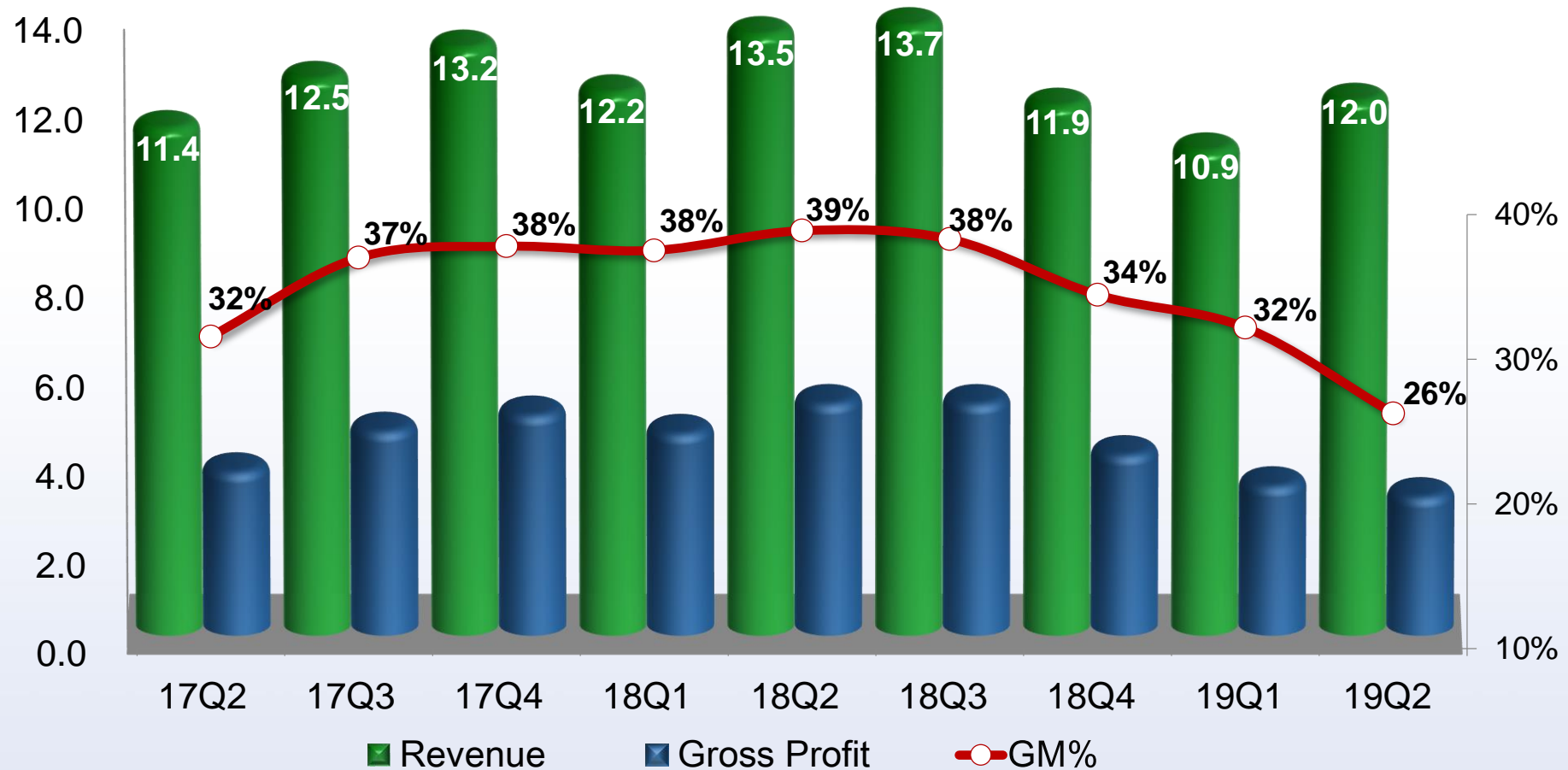
Unit: NT\$ M	2019Q2	2019Q1	QoQ	1H19	1H18	YoY
Net Sales	12,011	10,887	1,124	22,898	25,641	(2,743)
Gross Profit	3,155	3,449	(294)	6,604	9,830	(3,226)
Gross Margin	26%	32%		29%	39%	
Operating Income	245	652	(407)	897	4,486	(3,589)
Net Non-Operating Income (Loss)	393	(58)	451	335	306	29
Income Tax	(103)	(166)	63	(269)	(921)	652
Net Income	535	428	107	963	3,871	(2,908)
Earnings Per Share	0.12	0.10	0.02	0.22	0.94	(0.72)
EBITDA	2,448	2,737	(289)	5,185	8,079	(2,894)



# Revenue and GM Trend- Consolidated

Revenue (NT\$B)

Gross Margin





## Balance Sheet - Consolidated

Unit: NT\$ M	Jun. 30 '19	%	Dec. 31 '18	%	Jun. 30 '18	%
Cash	14,074	13%	12,560	13%	9,345	10%
Inventory(Net)	11,068	11%	10,908	11%	9,339	10%
Property, Plant and Equipment	55,730	54%	52,484	55%	48,392	52%
<b>Total Assets</b>	<b>103,280</b>	<b>100%</b>	<b>96,042</b>	<b>100%</b>	<b>92,781</b>	<b>100%</b>
L/T Liability	16,955	17%	14,099	14%	6,774	7%
<b>Total Liabilities</b>	<b>43,013</b>	<b>42%</b>	<b>32,151</b>	<b>33%</b>	<b>27,424</b>	<b>30%</b>
<b>Shareholders' Equity</b>	<b>60,267</b>	<b>58%</b>	<b>63,891</b>	<b>67%</b>	<b>65,358</b>	<b>70%</b>
Debt / Equity Ratio	0.71		0.50		0.42	
Current Ratio	1.75		2.28		1.95	



# Statement of Cash Flows - Consolidated

Unit: NT\$ M	2019Q2	2019Q1	QoQ	1H19	1H18	YoY
Operating Cash Flow	2,805	2,041	764	4,846	7,206	(2,360)
Depreciation & Amortization	2,203	2,085	118	4,288	3,593	695
Investing Cash Flow	(3,239)	(3,551)	312	(6,790)	(10,161)	3,371
CAPEX	(3,166)	(3,346)	180	(6,512)	(10,135)	3,623
Financing Cash Flow	3,592	(186)	3,778	3,406	(1,915)	5,321
Net change	3,183	(1,669)	4,852	1,514	(4,827)	6,341
Cash & Equivalents	14,074	10,890	3,184	14,074	9,345	4,729





# Statement of Comprehensive Income - Memory

Unit: NT\$ M	2019Q2	2019Q1	QoQ	1H19	1H18	YoY
Net Sales	9,331	8,684	647	18,015	20,538	(2,523)
Gross Profit	1,979	2,550	(571)	4,529	7,722	(3,193)
Gross Margin	21%	29%		25%	38%	
Operating Income	32	566	(534)	598	4,045	(3,447)
Net Non-Operating Income (Loss)	485	(6)	491	479	523	(44)
Income Tax	(55)	(145)	90	(200)	(840)	640
Net Income (Loss)	462	415	47	877	3,728	(2,851)
Earnings Per Share	0.12	0.10	0.02	0.22	0.94	(0.72)
EBITDA	2,135	2,551	(416)	4,686	7,505	(2,819)

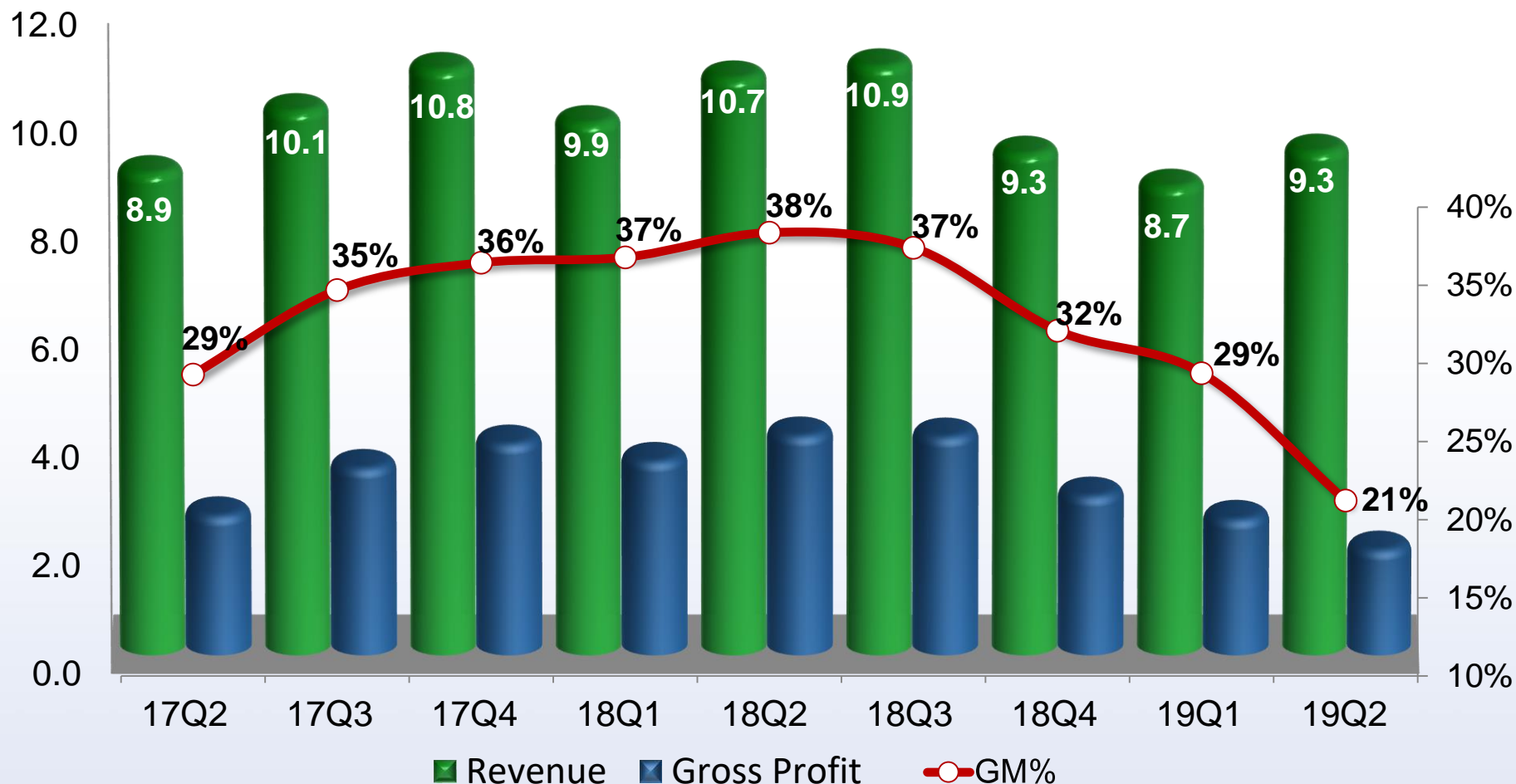




# Revenue and GM Trend- Memory

Revenue (NT\$B)

Gross Margin





# Balance Sheet - Memory

Unit: NT\$ M	Jun. 30 '19	%	Dec. 31 '18	%	Jun. 30 '18	%
Cash	11,205	11%	9,385	10%	6,746	8%
Inventory(Net)	9,554	10%	9,331	10%	7,659	9%
Property, Plant and Equipment	54,779	55%	51,578	56%	47,516	54%
<b>Total Assets</b>	<b>98,814</b>	<b>100%</b>	<b>92,173</b>	<b>100%</b>	<b>88,653</b>	<b>100%</b>
L/T Liability	16,955	17%	14,099	15%	6,774	8%
<b>Total Liabilities</b>	<b>39,890</b>	<b>40%</b>	<b>29,729</b>	<b>32%</b>	<b>24,646</b>	<b>28%</b>
<b>Shareholders' Equity</b>	<b>58,924</b>	<b>60%</b>	<b>62,444</b>	<b>68%</b>	<b>64,006</b>	<b>72%</b>
Debt / Equity Ratio	0.68		0.48		0.38	
Current Ratio	1.63		2.13		1.84	

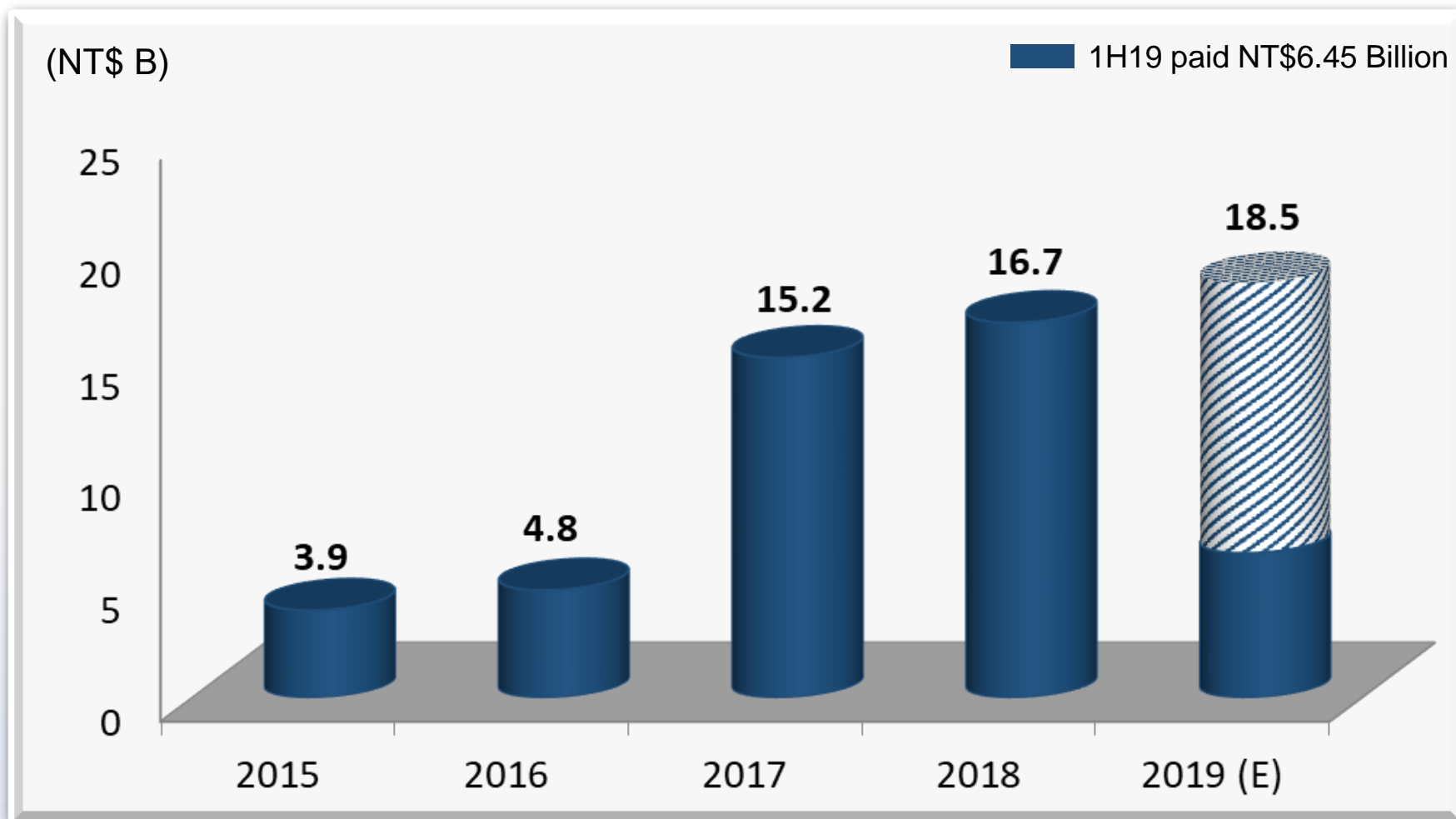


# Statement of Cash Flows-Memory

Unit: NT\$ M	2019Q2	2019Q1	QoQ	1H19	1H18	YoY
Operating Cash Flow	2,503	2,488	15	4,991	6,990	(1,999)
Depreciation & Amortization	2,103	1,985	118	4,088	3,460	628
Investing Cash Flow	(3,155)	(3,458)	303	(6,613)	(9,987)	3,374
CAPEX	(3,126)	(3,299)	173	(6,425)	(10,035)	3,610
Financing Cash Flow	3,608	(166)	3,774	3,442	(1,915)	5,357
Net change	2,956	(1,136)	4,092	1,820	(4,912)	6,732
Cash & Equivalents	11,205	8,249	2,956	11,205	6,746	4,459



# Y2019 Memory CAPEX



CAPEX (Cash Basis) as of 06/30/2019

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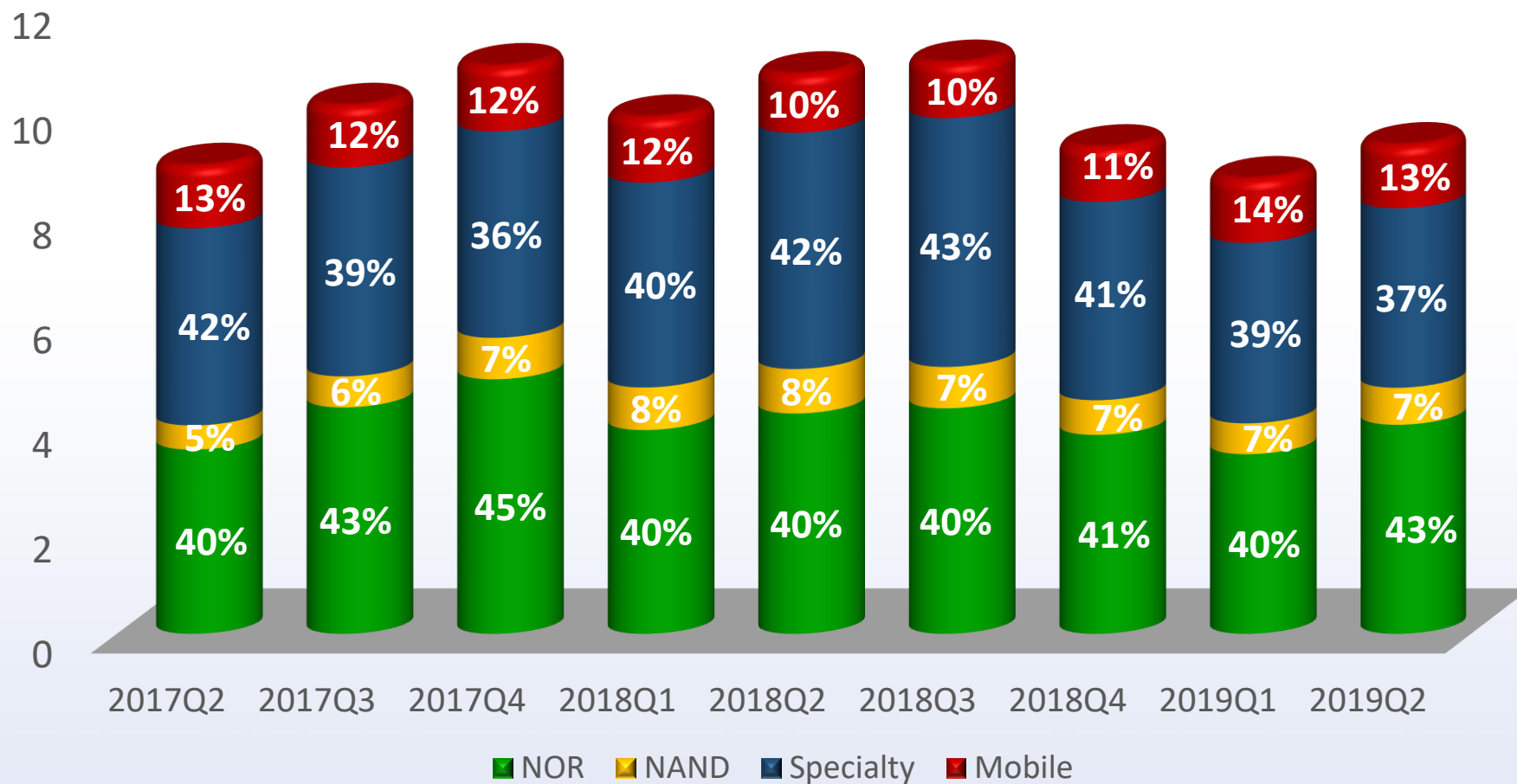


# **Winbond Business Recap & Outlook**



# 2Q19 Revenue Breakdown by Product

Revenue (NT\$B)

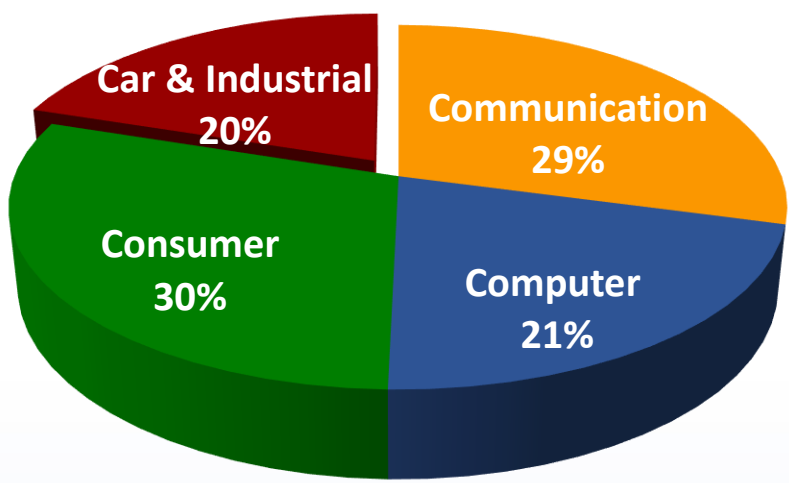
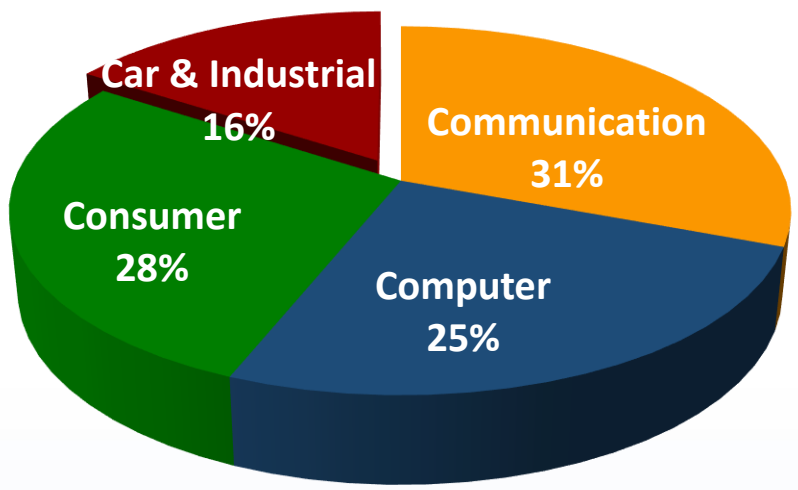




# Revenue Breakdown by Application

**1H18**

**1H19**



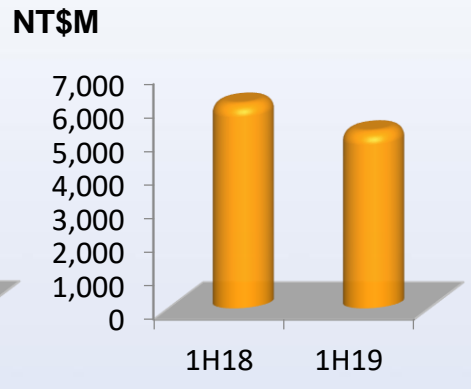
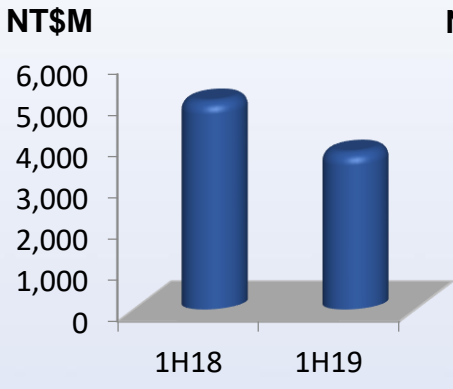
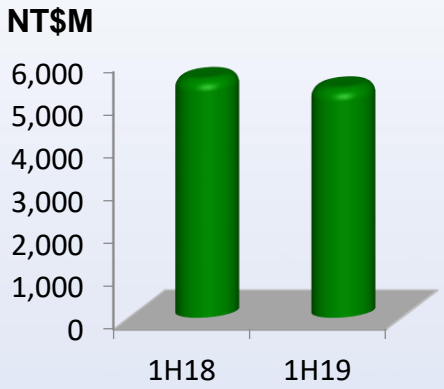
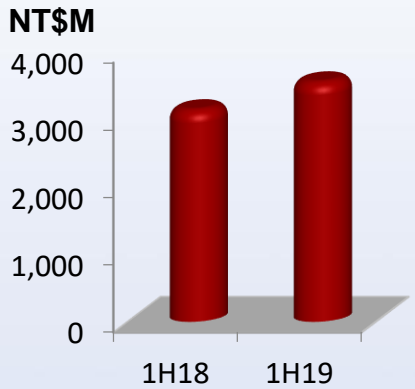
Note: Revenue excluded foundry and others

**Car & Industrial**  
YoY + 13%

**Consumer**  
YoY - 4%

**Computer**  
YoY - 25%

**Communication**  
YoY - 14%

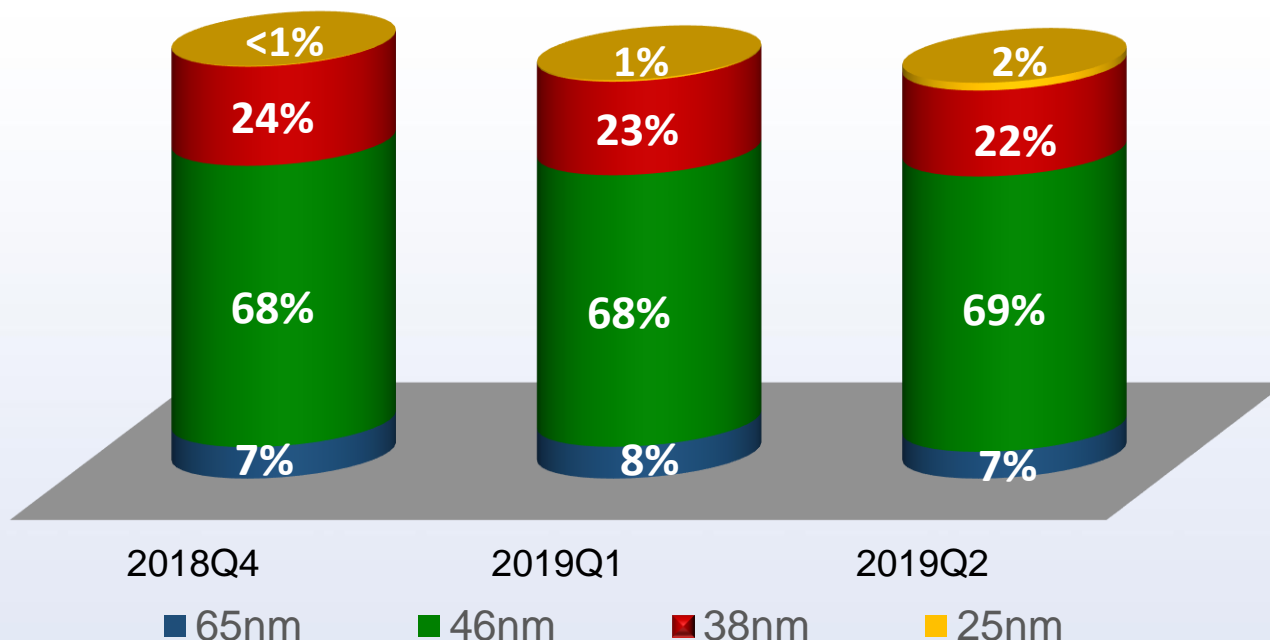






# DRAM Memory Business

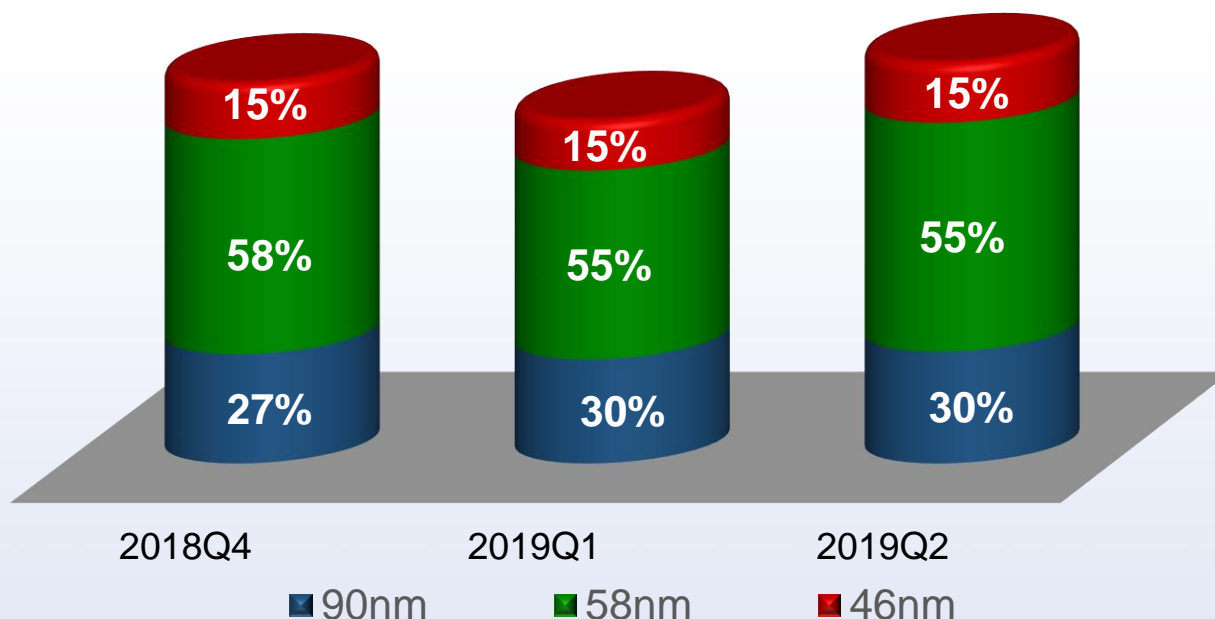
- ❑ Secured the market share at major customers led 2Q19 shipment rebound from the 1Q19 trough.
- ❑ Margin has been stable as compared with the market.
- ❑ Slow market stalled the 25nm product verification schedule in customer side.





# Flash Memory Business

- ❑ Revenue increased 16.8% QoQ in Q2 which was mainly contributed by high monthly shipment.
- ❑ Continued to maintain as No.1 SPI NOR supplier
- ❑ Significant growth in NAND shipment.





## Achievement in 1H19

- ❖ Securing an NT\$42 Billion 7-year Syndication Loan for Kaohsiung Fab.
- ❖ The first TW memory company to receive ISO 26262 certificate, the highest standard of road vehicles functional safety.
- ❖ Successful launching 2Gb+2Gb NAND+LPDDR4x multi-chip package for consumer to adopt 5G with more cost effective solution.



# Market and Business Outlook

## ❑ Overall market

- ❖ Uncertainties remained due to continuous trade tensions.
- ❖ CAPEX reductions and inventory adjustments is ongoing.
- ❖ The worst situation is over, but supply vs. demand balance takes time.

## ❑ Winbond Business

- ❖ Expand customer base to strengthen market share.
- ❖ Resume full capacity in Q3 to support increasing market demand.
- ❖ Continue to focus on Automotive and Industrial segment to pursue better margin.



# Market and Business Outlook

## □ DRAM

- ❖ Monitor the market dynamics and expect better demand in 2H19.
- ❖ Retain and gain more market share in mid-to-low density market.
- ❖ With the increased design-in and product portfolio, 25nm shipment is expected to increase in 2H19.
- ❖ Chances to get more design-in opportunities and demand during the evolution of trade disputes.

## □ Code Storage Flash

- ❖ Code Storage Flash plays an important role in various electronic devices, which will grow along with GDP.
- ❖ Inventory digestion, peak season, and the proliferation of IoT application will support better business in 2H19.
- ❖ Continue to expand the customers shares of 256Mb and above products.
- ❖ Diversify applications mix in NAND to improve the margin.

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**Thank You**

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