

The top section of the slide features a background image of a blue and white globe. In the upper right corner, the word "winbond" is written in a bold, italicized, red sans-serif font. On the left side, a black integrated circuit (chip) is shown. The chip has "winbond" printed on its top surface and "We Deliver" on its bottom surface. It has several pins visible on its sides.

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# **2018 Q4 Investor Conference**

**Jan 31, 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

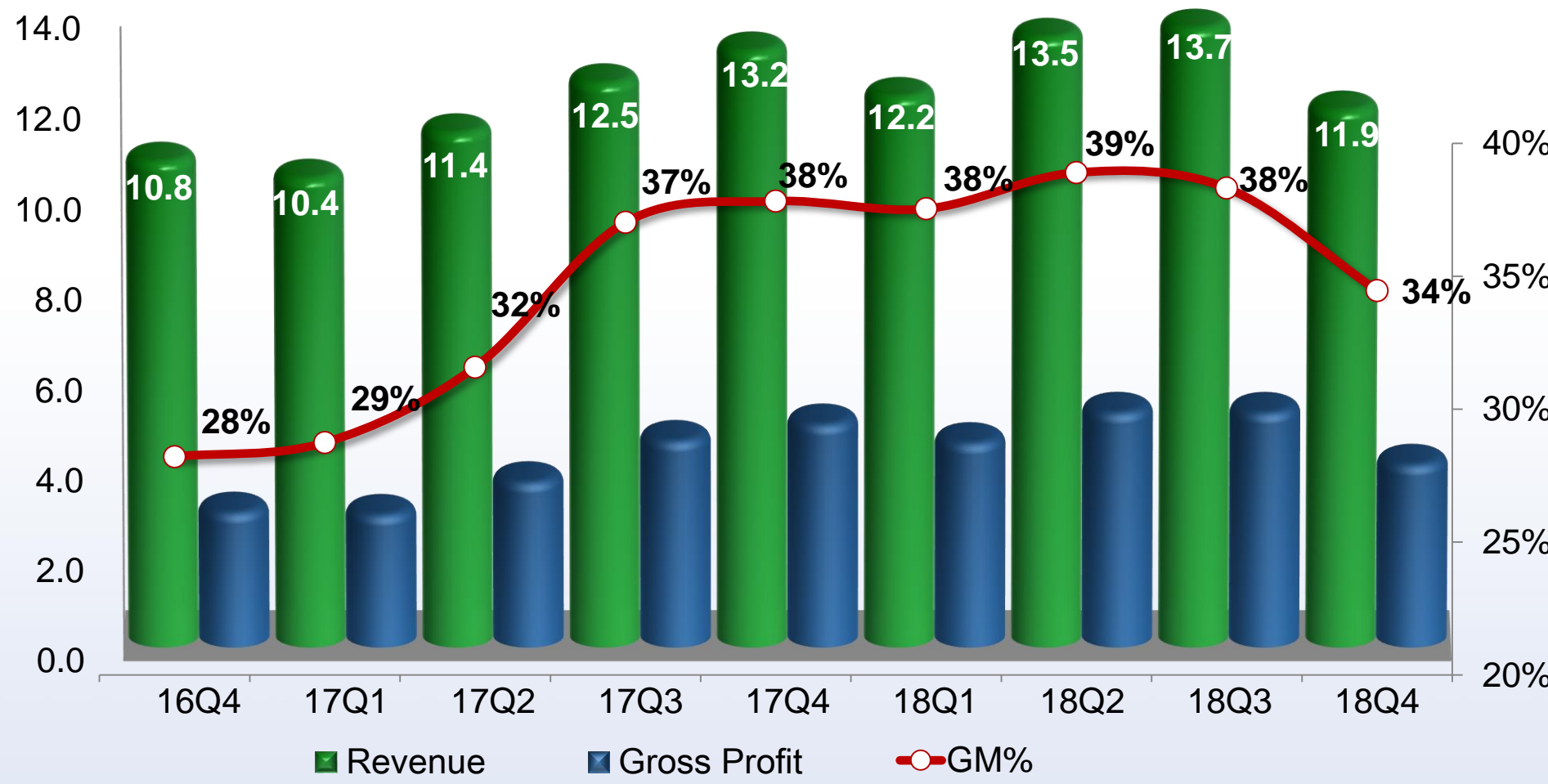
Unit: NT\$ M	2018Q4	2018Q3	QoQ	2018	2017	YoY
Net Sales	11,868	13,681	(1,812)	51,190	47,592	3,598
Gross Profit	4,072	5,250	(1,178)	19,151	16,324	2,827
Gross Margin	34%	38%		37%	34%	
Operating Income	1,229	2,212	(984)	7,927	6,656	1,271
Operating Margin	10%	16%		15%	14%	
Net Non-Operating Income (Loss)	(44)	206	(250)	468	442	26
Income Tax	(245)	498	(743)	(667)	(1,275)	608
Net Income (Loss)	940	2,917	(1,977)	7,728	5,823	1,905
Earnings Per Share	0.22	0.71	(0.49)	1.87	1.54	0.33
EBITDA	3,245	4,186	(941)	15,510	12,740	2,770



# Revenue and GM Trend- Consolidated

Revenue (NT\$B)

Gross Margin





## Balance Sheet - Consolidated

Unit: NT\$ M	Dec. 31 '18	%	Sep. 30 '18	%	Dec. 31 '17	%
Cash	12,560	13%	16,571	17%	14,172	16%
Inventory (Net)	10,908	11%	9,906	10%	8,140	9%
Property, Plant and Equipment	52,484	55%	49,131	50%	43,829	50%
<b>Total Assets</b>	<b>96,042</b>	<b>100%</b>	<b>98,760</b>	<b>100%</b>	<b>88,116</b>	<b>100%</b>
Long Term Liability	14,099	14%	16,694	17%	8,729	10%
<b>Total Liabilities</b>	<b>32,151</b>	<b>33%</b>	<b>33,595</b>	<b>34%</b>	<b>26,489</b>	<b>30%</b>
<b>Shareholders' Equity</b>	<b>63,891</b>	<b>67%</b>	<b>65,165</b>	<b>66%</b>	<b>61,627</b>	<b>70%</b>
Debt / Equity Ratio	0.50		0.52		0.43	
Current Ratio	2.28		2.77		2.29	



# Statement of Cash Flows - Consolidated

Unit: NT\$ M	2018Q4	2018Q3	QoQ	2018	2017	YoY
Operating Cash Flow	3,145	3,178	(33)	13,533	12,143	1,390
Depreciation & Amortization	2,016	1,974	42	7,583	6,084	1,499
Investing Cash Flow	(5,215)	(1,682)	(3,533)	(17,062)	(15,030)	(2,032)
CAPEX	(5,135)	(1,656)	(3,479)	(16,930)	(15,412)	(1,518)
Financing Cash Flow	(1,959)	5,728	(7,687)	1,854	9,458	(7,604)
Net change	(4,011)	7,226	(11,237)	(1,613)	6,489	(8,102)
Cash & Equivalents	12,560	16,571	(4,011)	12,560	14,172	(1,612)



# 2018 Financial Highlight- Consolidated

Unit: NT\$ M	2018	2017	YoY
Net Sales	51,190	47,592	+8%
Gross Margin	37%	34%	+ 3 ppts.
Operating Margin	15%	14%	+ 1 ppts.
Net Income	7,728	5,823	+33%
EBITDA	15,510	12,740	+22%
EPS (NT\$)	1.87	1.54	+21%
Operating Cash Flow	13,533	12,143	+12%
CAPEX	16,930	15,412	+10%
Cash & Equivalents	12,560	14,172	-11%
ROE	12%	9%	+ 3 ppts.

- ❖ Record revenue of NT\$51,190M reached 18-year high, an 8% YoY increase.
- ❖ Gross Margin increased to 37%, driven by increased ASP and market demand.
- ❖ CAPEX for continued investment in Fab capacity & technology migration.
- ❖ EPS increased 21% year-over-year to NT\$1.87.
- ❖ Stayed profitable for consecutive 6 years.



# Statement of Comprehensive Income - Memory

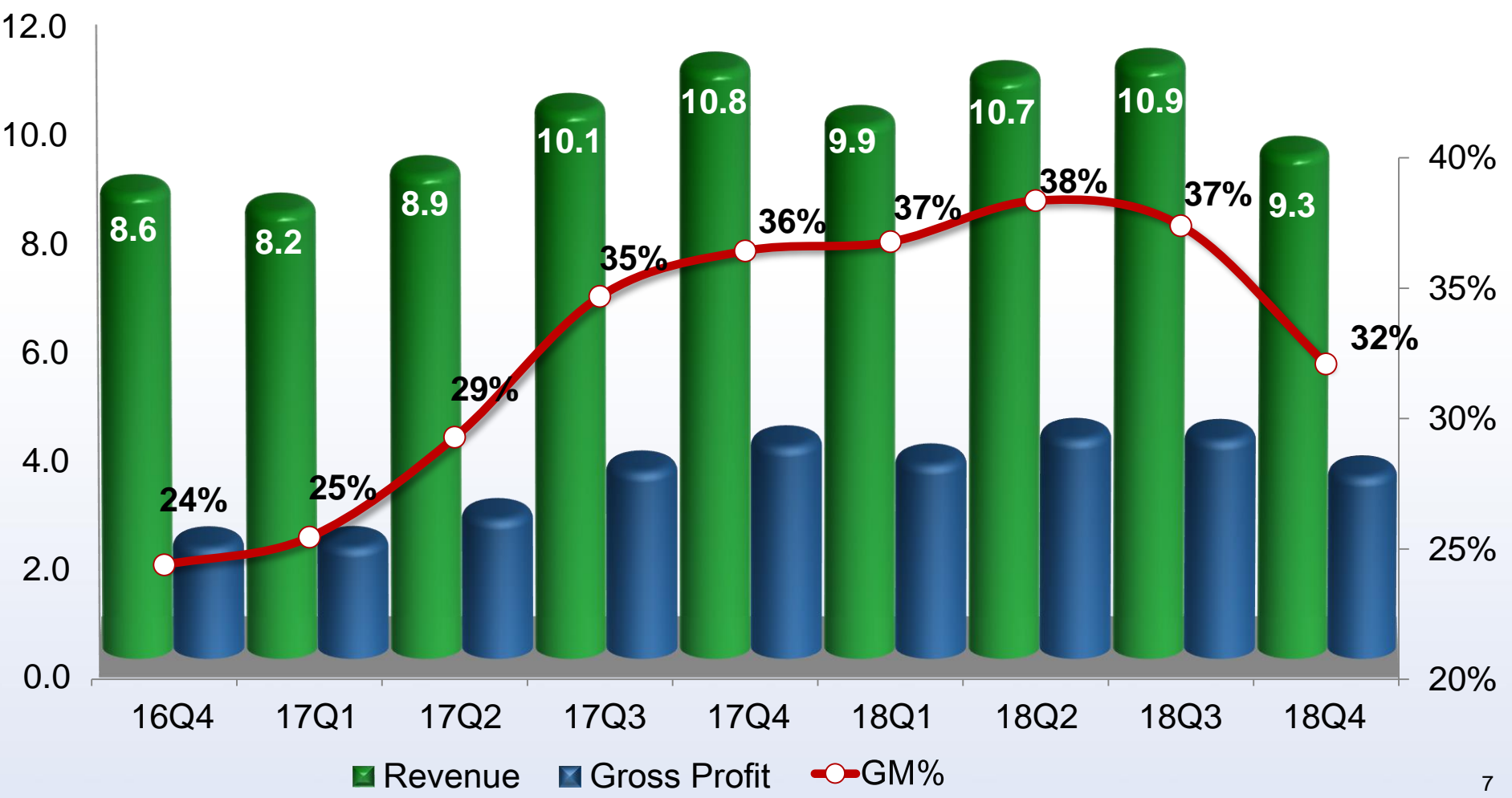
Unit: NT\$ M	2018Q4	2018Q3	QoQ	2018	2017	YoY
Net Sales	9,293	10,903	(1,610)	40,734	38,103	2,631
Gross Profit	2,982	4,077	(1,095)	14,781	12,158	2,623
Gross Margin	32%	37%		36%	32%	
Operating Income	967	1,932	(965)	6,944	5,711	1,233
Operating Margin	10%	18%		17%	15%	
Net Non-Operating Income (Loss)	108	362	(254)	993	942	51
Income Tax	(196)	546	(742)	(491)	(1,102)	611
Net Income (Loss)	879	2,840	(1,961)	7,446	5,551	1,895
Earnings Per Share	0.22	0.71	(0.49)	1.87	1.54	0.33
EBITDA	2,914	3,836	(922)	14,254	11,532	2,722



# Revenue and GM Trend- Memory

Revenue (NT\$B)

Gross Margin





## Balance Sheet - Memory

Unit: NT\$ M	Dec. 31 '18	%	Sep. 30 '18	%	Dec. 31 '17	%
Cash	9,385	10%	13,898	15%	11,658	14%
Inventory (Net)	9,331	10%	8,327	9%	6,497	8%
Property, Plant and Equipment	51,578	56%	48,220	51%	42,969	51%
<b>Total Assets</b>	<b>92,173</b>	<b>100%</b>	<b>95,000</b>	<b>100%</b>	<b>84,410</b>	<b>100%</b>
Long Term Liability	14,099	15%	16,694	18%	8,729	10%
<b>Total Liabilities</b>	<b>29,729</b>	<b>32%</b>	<b>31,258</b>	<b>33%</b>	<b>24,198</b>	<b>29%</b>
<b>Shareholders' Equity</b>	<b>62,444</b>	<b>68%</b>	<b>63,742</b>	<b>67%</b>	<b>60,212</b>	<b>71%</b>
Debt / Equity Ratio	0.48		0.49		0.40	
Current Ratio	2.13		2.67		2.16	

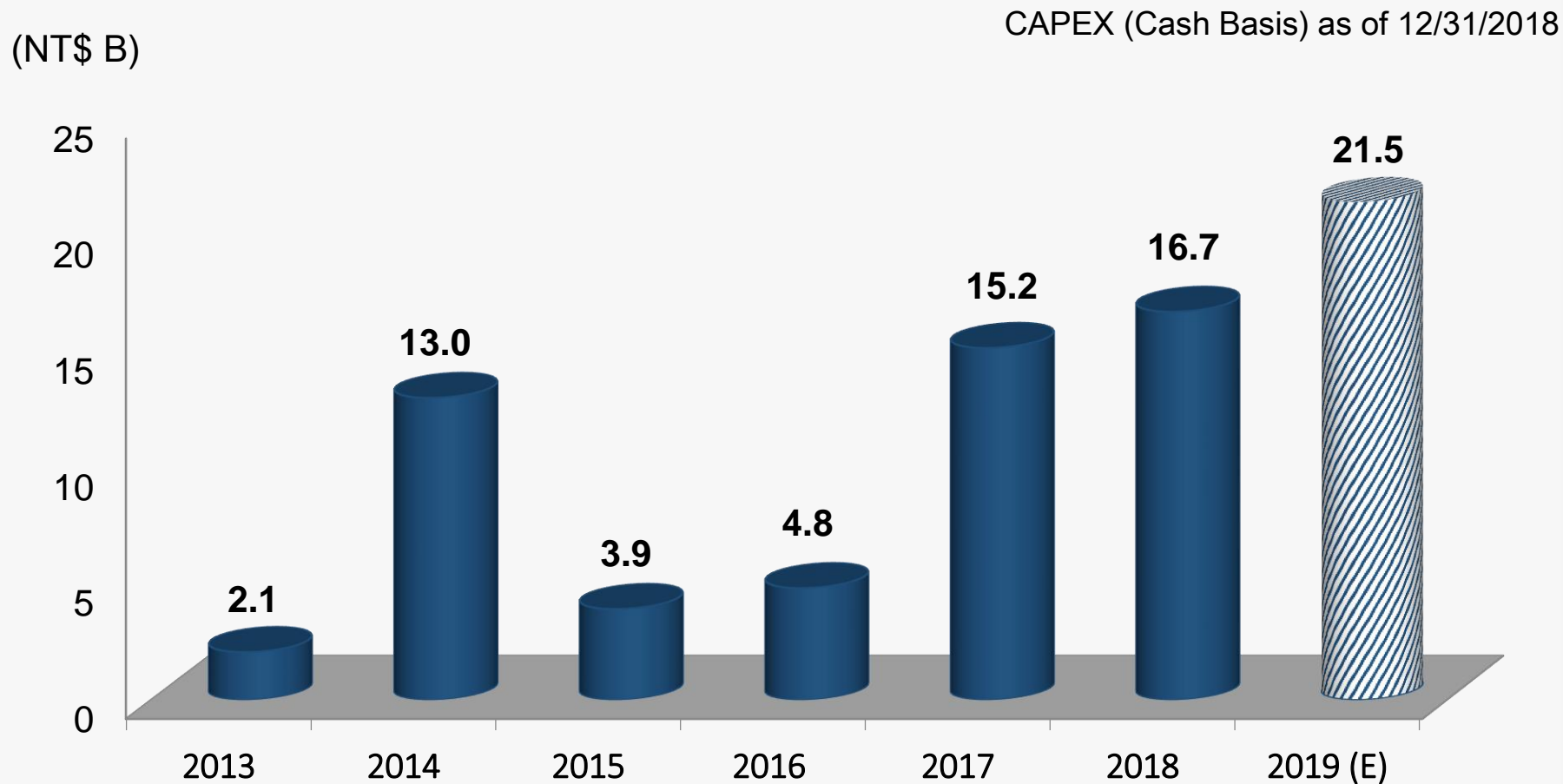


# Statement of Cash Flows-Memory

Unit: NT\$ M	2018Q4	2018Q3	QoQ	2018	2017	YoY
Operating Cash Flow	2,589	3,260	(671)	12,839	11,879	960
Depreciation & Amortization	1,947	1,904	43	7,310	5,821	1,489
Investing Cash Flow	(5,140)	(2,042)	(3,098)	(17,170)	(14,598)	(2,572)
CAPEX	(5,070)	(1,609)	(3,461)	(16,714)	(15,108)	(1,606)
Financing Cash Flow	(1,962)	5,934	(7,896)	2,057	9,503	(7,446)
Net change	(4,513)	7,152	(11,665)	(2,274)	6,784	(9,058)
Cash & Equivalents	9,385	13,898	(4,513)	9,385	11,658	(2,273)



# Y18 & Y19 Memory CAPEX



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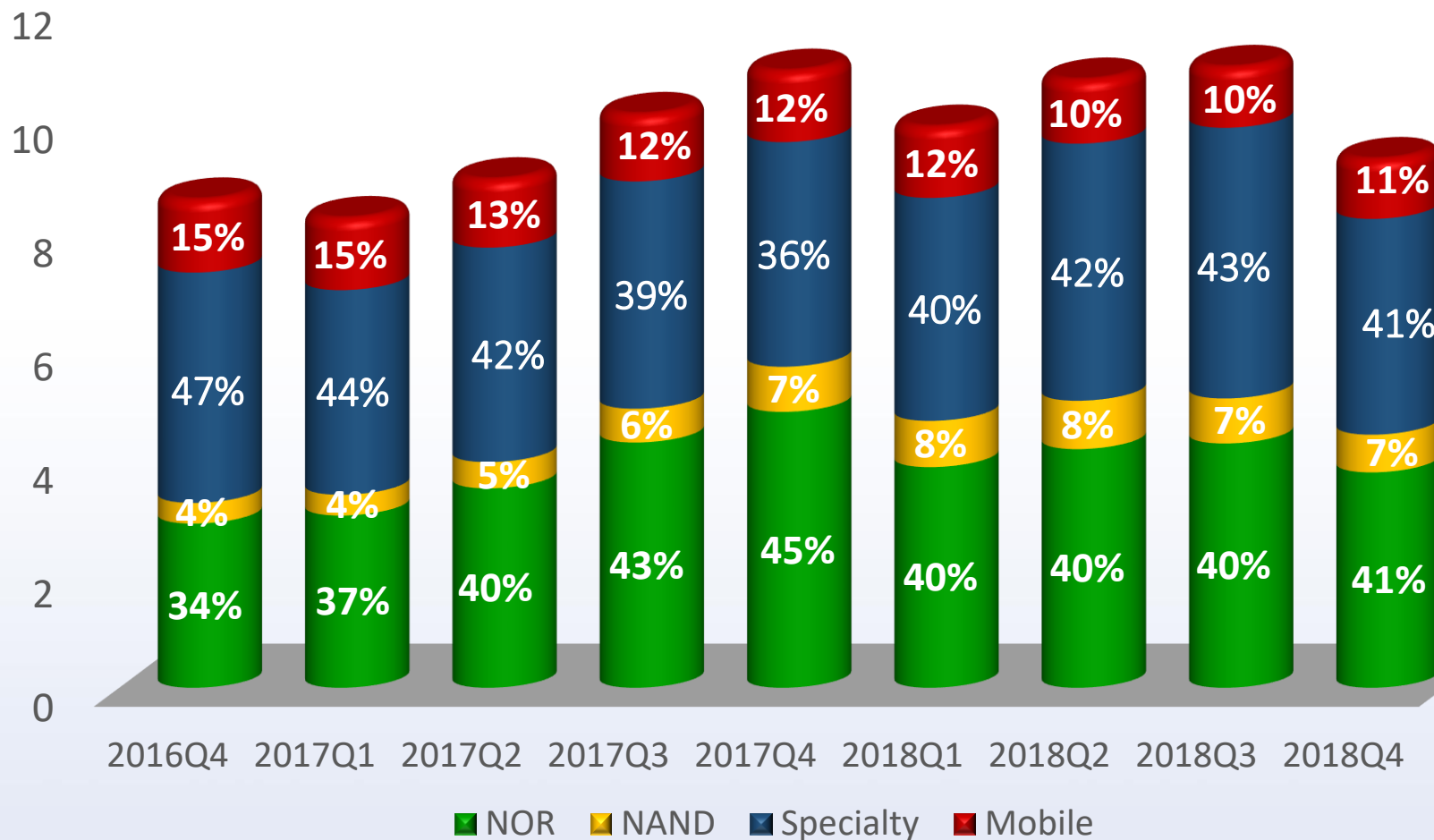


# **Winbond Business Recap & Outlook**



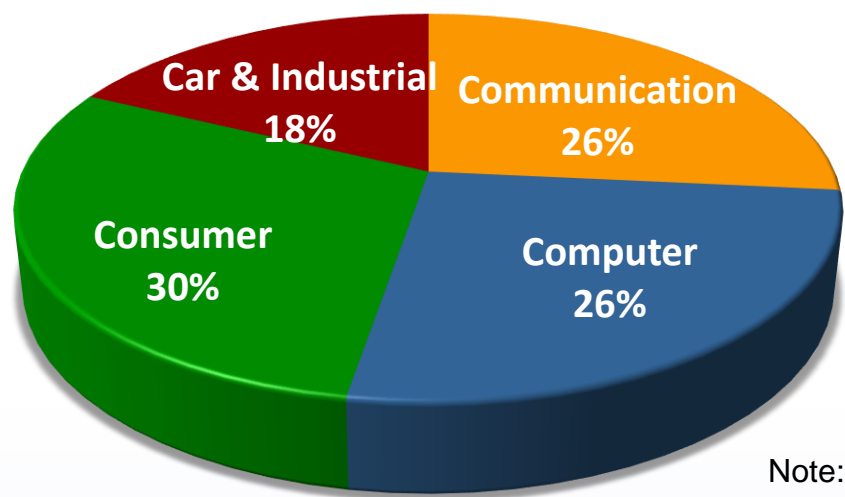
# 4Q18 Revenue Breakdown by Product

Revenue (NT\$B)





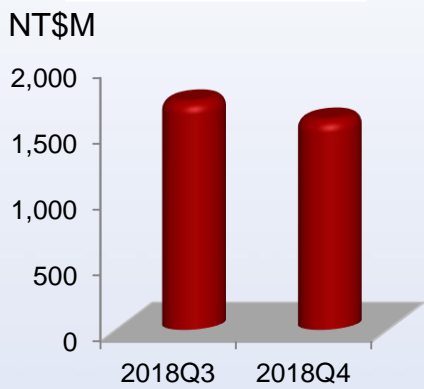
# 4Q18 Revenue Breakdown by Application



Note: Revenue excluded foundry and others

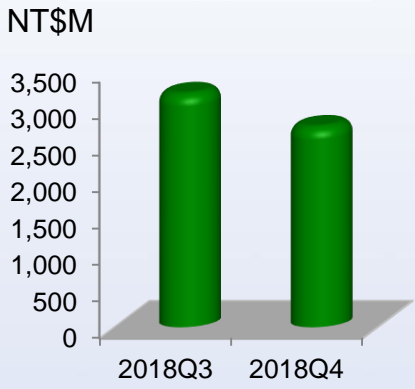
**Car & Industrial**  
QoQ - 8%

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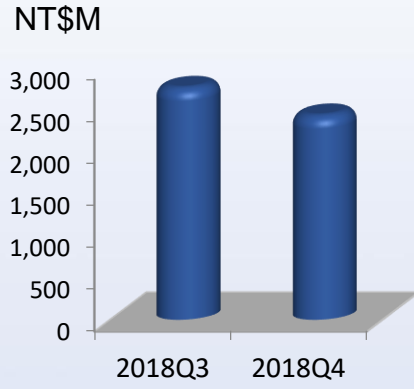
**Consumer**  
QoQ - 14%

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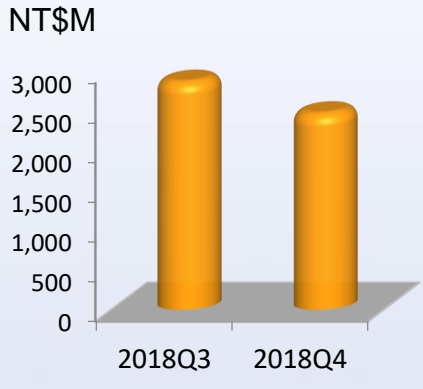
**Computer**  
QoQ - 12%

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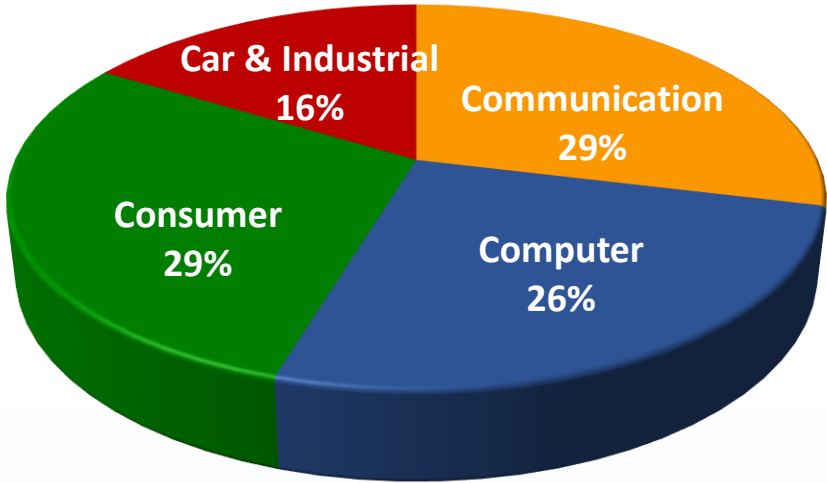
**Communication**  
QoQ - 14%

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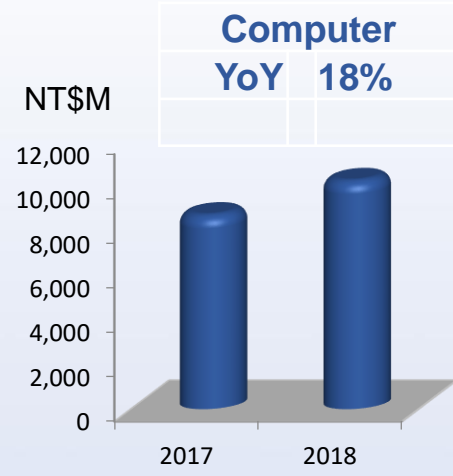




# 2018 Revenue Breakdown by Application



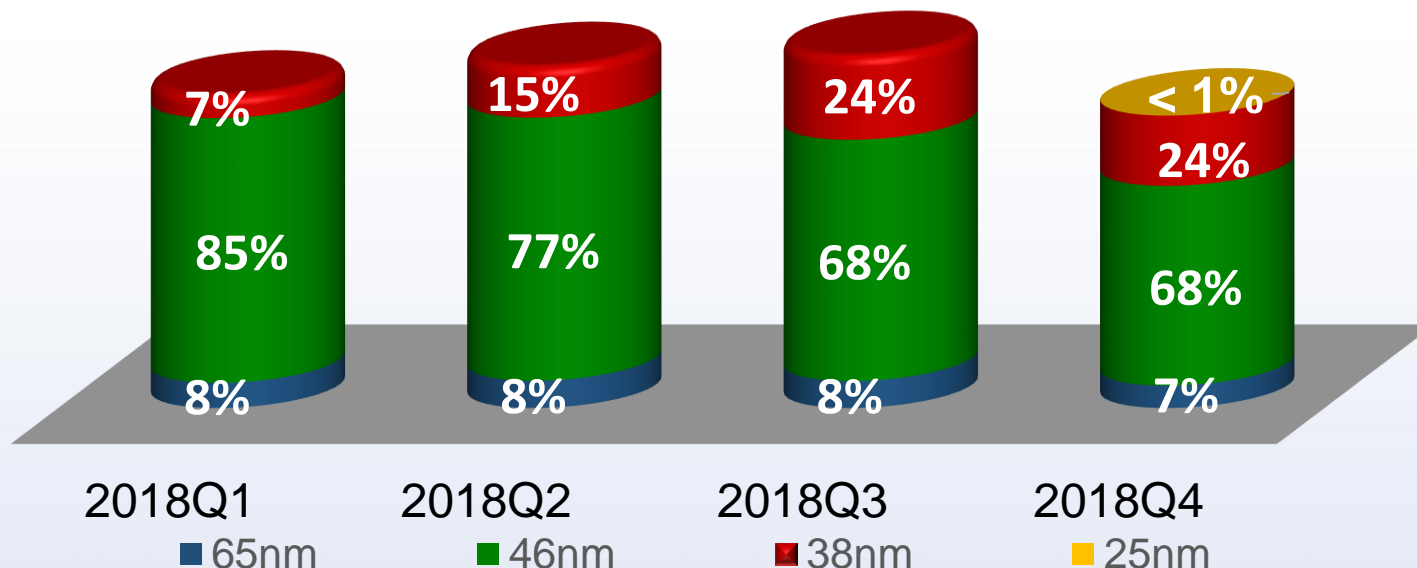
Note: Revenue excluded foundry and others





# DRAM Memory Business

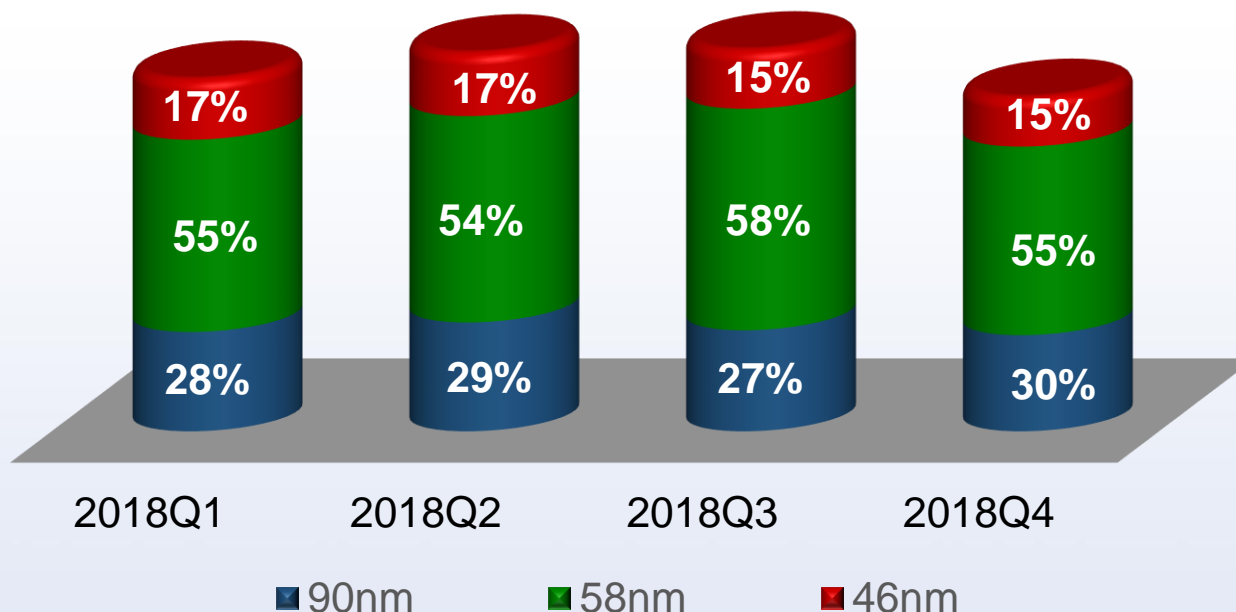
- ❑ Revenue decreased by 17% QoQ ; shipment declined low teens % ; ASP dropped low single digit %.
- ❑ Started small volume ramp up of 25nm 2G DDR3 in 4Q18.





# Flash Memory Business

- ❑ Revenue decreased by 12% QoQ ; shipment down high single digit % ; ASP down low single digit %.
- ❑ Price competition in NAND was more intense than in NOR.





# 2018 Key Achievement

- ❖ Successful raising of NT\$10 Billion Secured Ordinary Corporate Bonds
- ❖ Groundbreaking for new Kaohsiung Fab
- ❖ 1.2V Serial NOR Flash won 「2018 World Electronics Achievement Awards- Memory of the Year」
- ❖ Started volume ramp up of 25nm



# Market Status and Outlook

2017 ~ 2018/1H

## Market:

- ❖ Thriving demand from all applications
- ❖ Order overbooking & pull-in by channels

## Suppliers:

- ❖ Increased supply/ capacity based on market demand forecast

2018/2H

## Market:

- ❖ US/China trade war initiated
- ❖ EMS supply chain relocation
- ❖ Inventory adjustment
- ❖ Weaker than normal demand

## Suppliers:

- ❖ Conservative CAPEX plan industry wide for slowing down capacity expansion

2019

## Market:

- ❖ Demand downside in smart phones and Bitcoin
- ❖ Demand from end consumers in general remains healthy
- ❖ Inventory in channels back to normal in 1H19

## Suppliers:

- ❖ Over-planned capacity in manufacturers need to be digested.



# Winbond Business Outlook

## ❖ Business

- Demand and share in major customers is solid

## ❖ Product

- 2Gb/4Gb DDR3 and 2Gb LP DDR4
- 256Mb and 512 Mb Serial NOR Flash for PC BIOS, server and automotive
- Automotive and Serial SLC NAND: increasing design-in
- Security Flash and 1.2V SPI Flash for future opportunities

## ❖ Technology

- 25 nm-shrink DRAM development : on track
- 2x nm SLC NAND: under development
- 4x nm NOR : under development

## ❖ Kaohsiung Fab

- Construction: on track
- DRAM process and product development: on track

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**2018 Q4 Investor Conference**

**Thank You**

**Jan 31, 2019**