



ASE Inc.

Q2 2014

Earnings Release

Presented by

Tien Wu
Chief Operating Officer

July 30, 2014



Safe Harbor Notice



This presentation contains "forward-looking statements" within the meaning of Section 27A of the United States Securities Act of 1933, as amended, and Section 21E of the United States Securities Exchange Act of 1934, as amended, including statements regarding our future results of operations and business prospects. Although these forward-looking statements, which may include statements regarding our future results of operations, financial condition or business prospects, are based on our own information and information from other sources we believe to be reliable, you should not place undue reliance on these forward-looking statements, which apply only as of the date of this press release. The words "anticipate," "believe," "estimate," "expect," "intend," "plan" and similar expressions, as they relate to us, are intended to identify these forward-looking statements in this press release. Our actual results of operations, financial condition or business prospects may differ materially from those expressed or implied in these forward-looking statements for a variety of reasons, including risks associated with cyclicity and market conditions in the semiconductor or electronic industry; changes in our regulatory environment, including our ability to comply with new or stricter environmental regulations and to resolve environmental liabilities; demand for the outsourced semiconductor packaging, testing and electronic manufacturing services we offer and for such outsourced services generally; the highly competitive semiconductor or manufacturing industry we are involved in; our ability to introduce new technologies in order to remain competitive; international business activities; our business strategy; our future expansion plans and capital expenditures; the strained relationship between the Republic of China and the People's Republic of China; general economic and political conditions; the recent global economic crisis; possible disruptions in commercial activities caused by natural or human-induced disasters; fluctuations in foreign currency exchange rates; and other factors. For a discussion of these risks and other factors, please see the documents we file from time to time with the Securities and Exchange Commission, including our 2013 Annual Report on Form 20-F filed on April 17, 2014.

ASE 1H14 Business Recap



- **Achieved 15% YoY revenue growth for ASE in 1H14**
 - IC ATM hit record high revenue in 2Q14 (up 14% QoQ)

- **K7 update**

- **SiP update**
 - Top down view
 - Specific examples
 - Technology building blocks

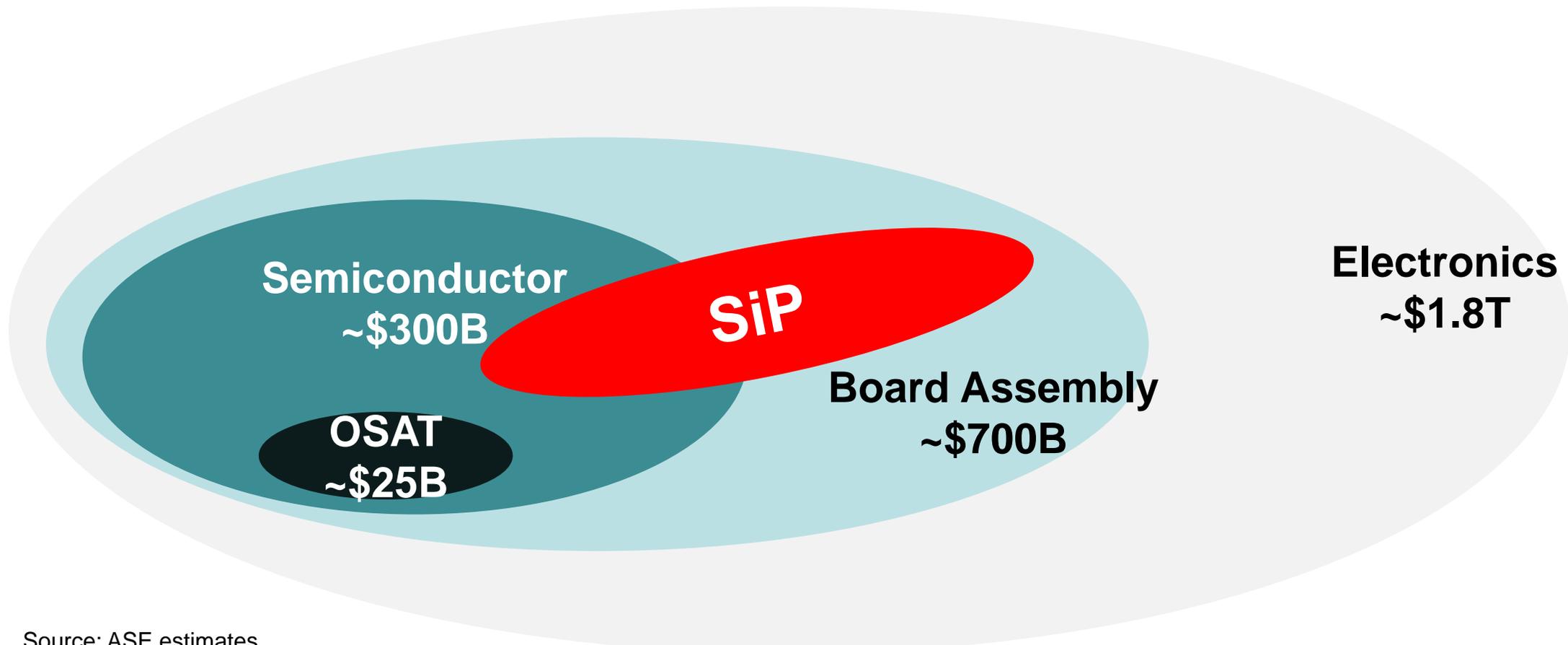
Note: Sequential revenue growth rates are based on NT dollar revenue



SiP: An Emerging Market



- As a system integration enabler with unique technology and manufacturing expertise, ASE is well-positioned to lead and thrive in the expanding SiP market.



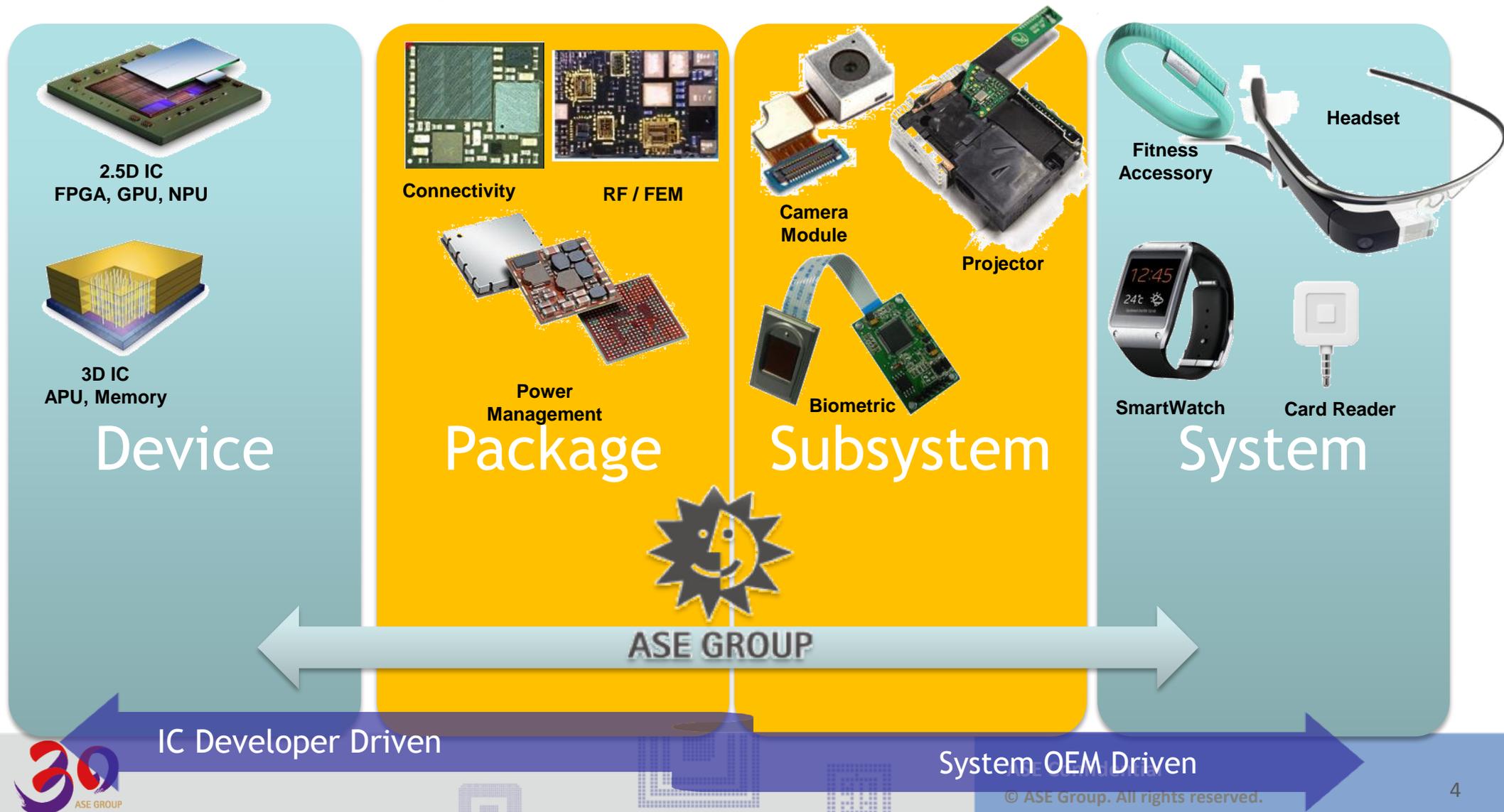
Source: ASE estimates



SiP: System Level Integration



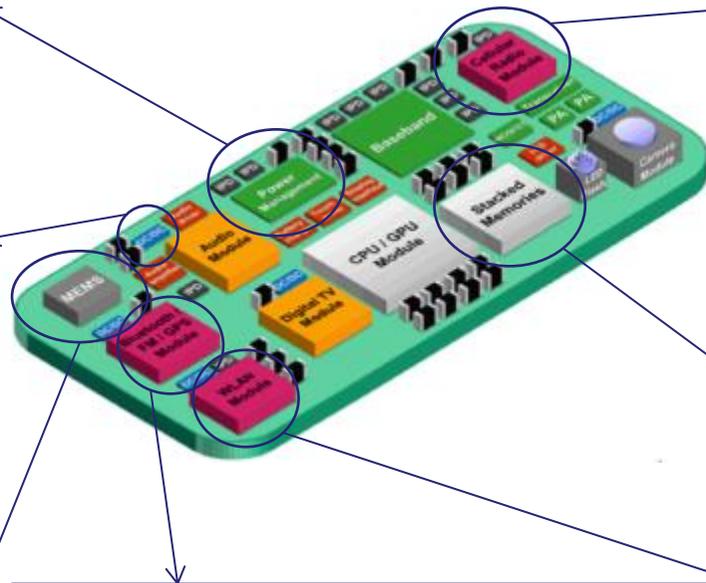
- ASE is standing in the sweet spot for offering integration solutions, combining OSAT and EMS competencies.



Packaging & SiP: Technology Applications



**Integration - Miniaturization
Optimization - Simplification**



Power Mgmt - PMU

Area Shrink by 63%

RF/FEM – Power Amplifier

Area Shrink by 44%

Power Mgmt – μ DC-DC Converter

Area Shrink by 36%

Storage - SSD

Area Shrink by 79%

Sensor – Motion / Position

3-axis accelerometer 3-axis accelerometer
3-axis magnetometer

Functionality Increase

Connectivity – Bluetooth Low Energy

Area Shrink by 88%

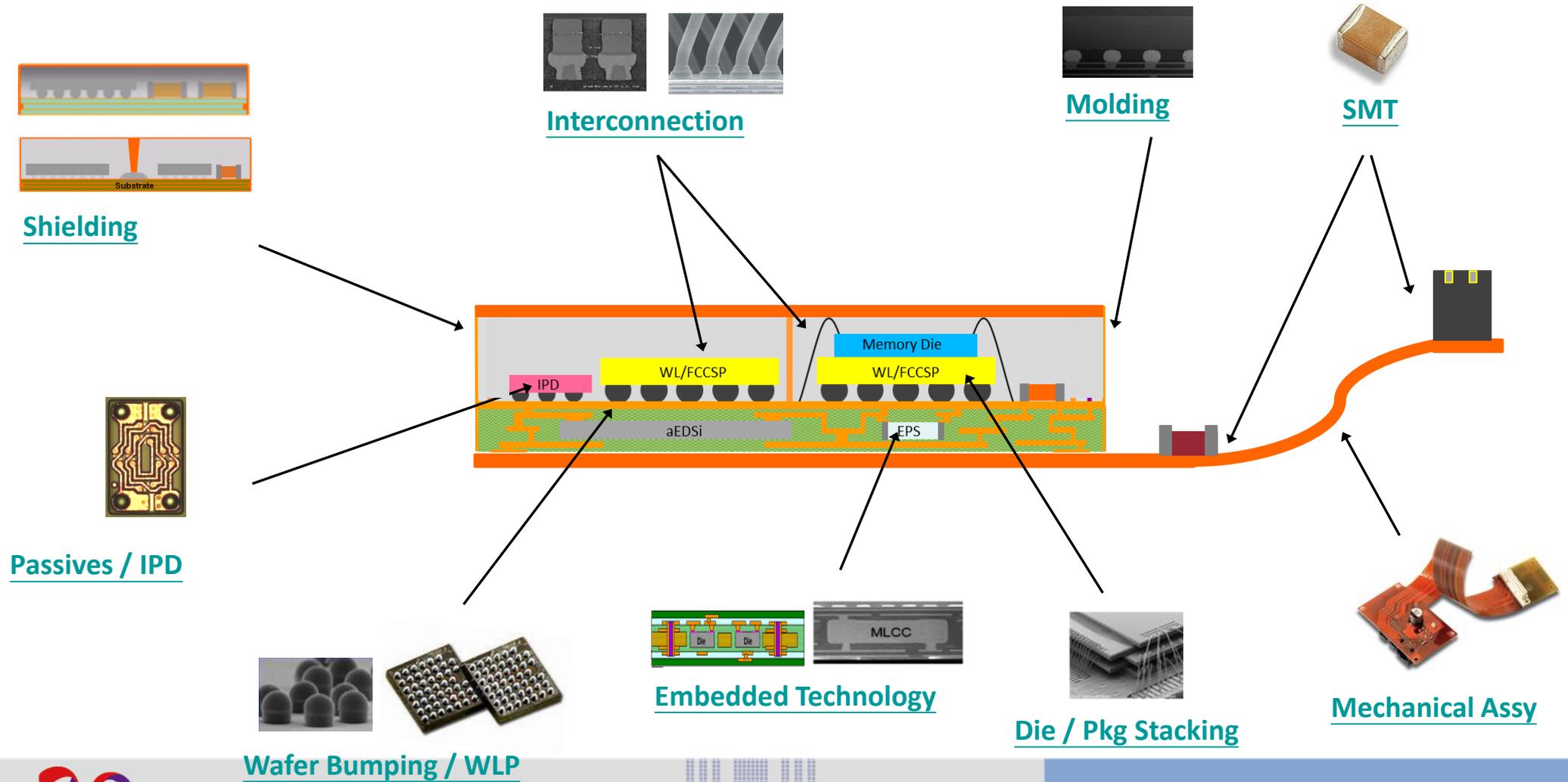
Connectivity - WLAN

Area Shrink by 47%



ASE Enabling Technologies for SiP

- Key technology building blocks differentiate ASE from the competition in system integration.



SiP Value



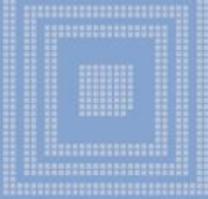
- **Market trend: miniaturization, low power, cost, mobility**
- **Holistic optimization of design-for-manufacturing**
 - Technology breath and depth
 - Industrial partnership & knowledge
 - Turn-key in system design and business integration
- **Quality, turn-around-time, and scalability**

Thank You

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ASE GROUP



ASE Inc. 2014 Second Quarter Earnings Release

Joseph Tung
Chief Financial Officer
ASE Inc.
Jul. 30, 2014



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Consolidated Statements of Comprehensive Income

Quarterly Sequential Comparison

(unaudited)



(NT\$ Million)	Q2 / 2014	%	Q1 / 2014	%	Change
Net Revenues:					
Packaging	30,641	52.3%	26,722	48.9%	15%
Testing	6,600	11.3%	5,785	10.6%	14%
Direct Material	873	1.5%	779	1.4%	12%
EMS	20,501	35.0%	21,365	39.1%	-4%
Others	0	0.0%	49	0.1%	-100%
Total Net Revenues	58,615	100.0%	54,700	100.0%	7%
Gross Profit	12,600	21.5%	10,349	18.9%	22%
Operating Income (Loss)	6,600	11.3%	5,070	9.3%	30%
Pretax Income (Loss)	6,050	10.3%	4,284	7.8%	41%
Income Tax Benefit (Expense)	(818)	-1.4%	(727)	-1.3%	
Noncontrolling Interest	(138)	-0.2%	(119)	-0.2%	
Net Income Attributable to Shareholders of the Parent	5,094	8.7%	3,438	6.3%	48%
Diluted EPS (NT Dollar)	0.64		0.44		45%
EBITDA	13,109	22.4%	11,363	20.8%	15%

Consolidated Statements of Comprehensive Income

Quarterly Year-over-Year Comparison

(unaudited)



(NT\$ Million)	Q2 / 2014	%	Q2 / 2013	%	Change
Net Revenues:					
Packaging	30,641	52.3%	29,021	57.2%	6%
Testing	6,600	11.3%	6,505	12.8%	1%
Direct Material	873	1.5%	759	1.5%	15%
EMS	20,501	35.0%	14,186	27.9%	45%
Others	0	0.0%	289	0.5%	-100%
Total Net Revenues	58,615	100.0%	50,760	100.0%	15%
Gross Profit	12,600	21.5%	10,436	20.6%	21%
Operating Income (Loss)	6,600	11.3%	5,403	10.6%	22%
Pretax Income (Loss)	6,050	10.3%	5,038	9.9%	20%
Income Tax Benefit (Expense)	(818)	-1.4%	(1,127)	-2.2%	
Noncontrolling Interest	(138)	-0.2%	(91)	-0.2%	
Net Income Attributable to Shareholders of the Parent	5,094	8.7%	3,820	7.5%	33%
Diluted EPS (NT Dollar)	0.64		0.50		28%
EBITDA	13,109	22.4%	12,175	24.0%	8%

IC ATM Statements of Comprehensive Income

Quarterly Sequential Comparison

(unaudited)



(NT\$ Million)	Q2 / 2014	%	Q1 / 2014	%	Change
Net Revenues:					
Packaging	31,792	81.0%	27,787	80.9%	14%
Testing	6,600	16.8%	5,785	16.8%	14%
Direct Material	874	2.2%	779	2.3%	12%
Total Net Revenues	39,266	100.0%	34,351	100.0%	14%
Gross Profit	10,588	27.0%	8,243	24.0%	28%
Operating Income (Loss)	5,973	15.2%	4,210	12.3%	42%
Pretax Income (Loss)	5,779	14.7%	4,038	11.8%	43%
Income Tax Benefit (Expense)	(647)	-1.6%	(570)	-1.7%	
Noncontrolling Interest	(38)	-0.1%	(30)	-0.1%	
Net Income Attributable to Shareholders of the Parent	5,094	13.0%	3,438	10.0%	48%
Diluted EPS (NT Dollar)	0.64		0.44		45%
EBITDA	12,055	30.7%	10,148	29.5%	19%

IC ATM Statements of Comprehensive Income

Quarterly Year-over-Year Comparison

(unaudited)

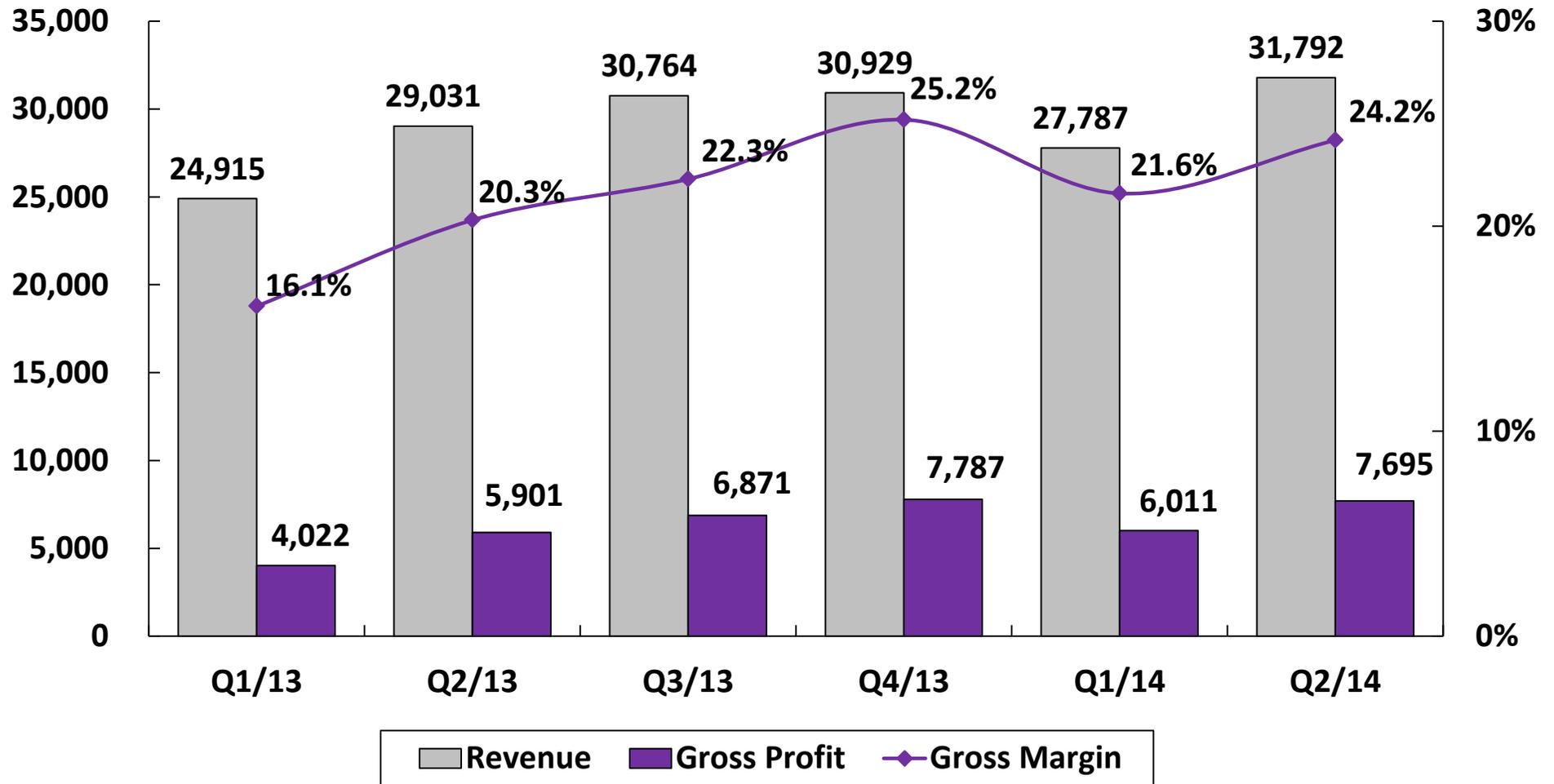


(NT\$ Million)	Q2 / 2014	%	Q2 / 2013	%	Change
Net Revenues:					
Packaging	31,792	81.0%	29,031	80.0%	10%
Testing	6,600	16.8%	6,505	17.9%	1%
Direct Material	874	2.2%	759	2.1%	15%
Total Net Revenues	39,266	100.0%	36,295	100.0%	8%
Gross Profit	10,588	27.0%	8,723	24.0%	21%
Operating Income (Loss)	5,973	15.2%	4,810	13.3%	24%
Pretax Income (Loss)	5,779	14.7%	4,833	13.3%	20%
Income Tax Benefit (Expense)	(647)	-1.6%	(975)	-2.7%	
Noncontrolling Interest	(38)	-0.1%	(38)	-0.1%	
Net Income Attributable to Shareholders of the Parent	5,094	13.0%	3,820	10.5%	33%
Diluted EPS (NT Dollar)	0.64		0.50		28%
EBITDA	12,055	30.7%	11,095	30.6%	9%

Packaging Operations

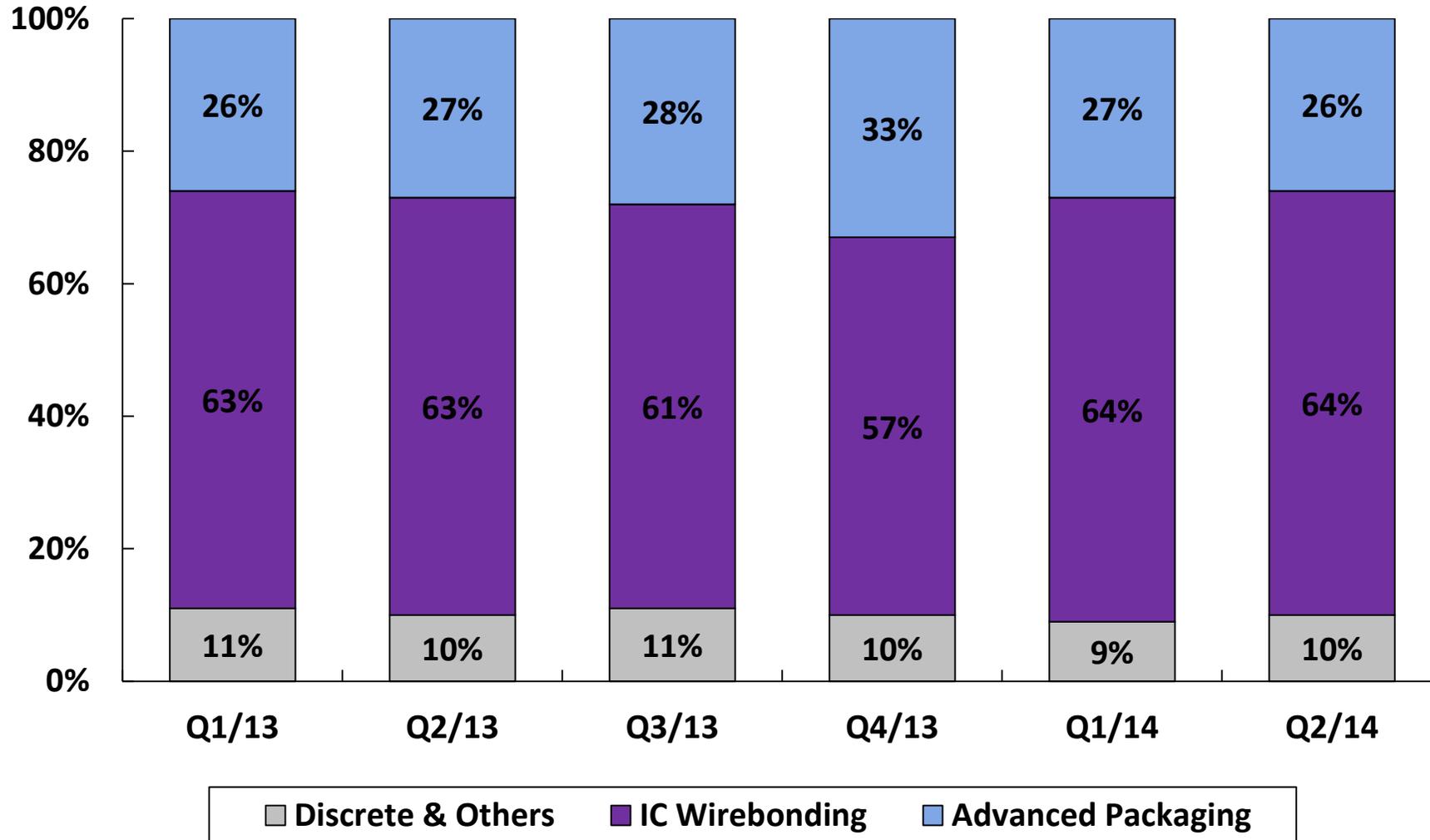


NT\$ Million



Packaging Operations

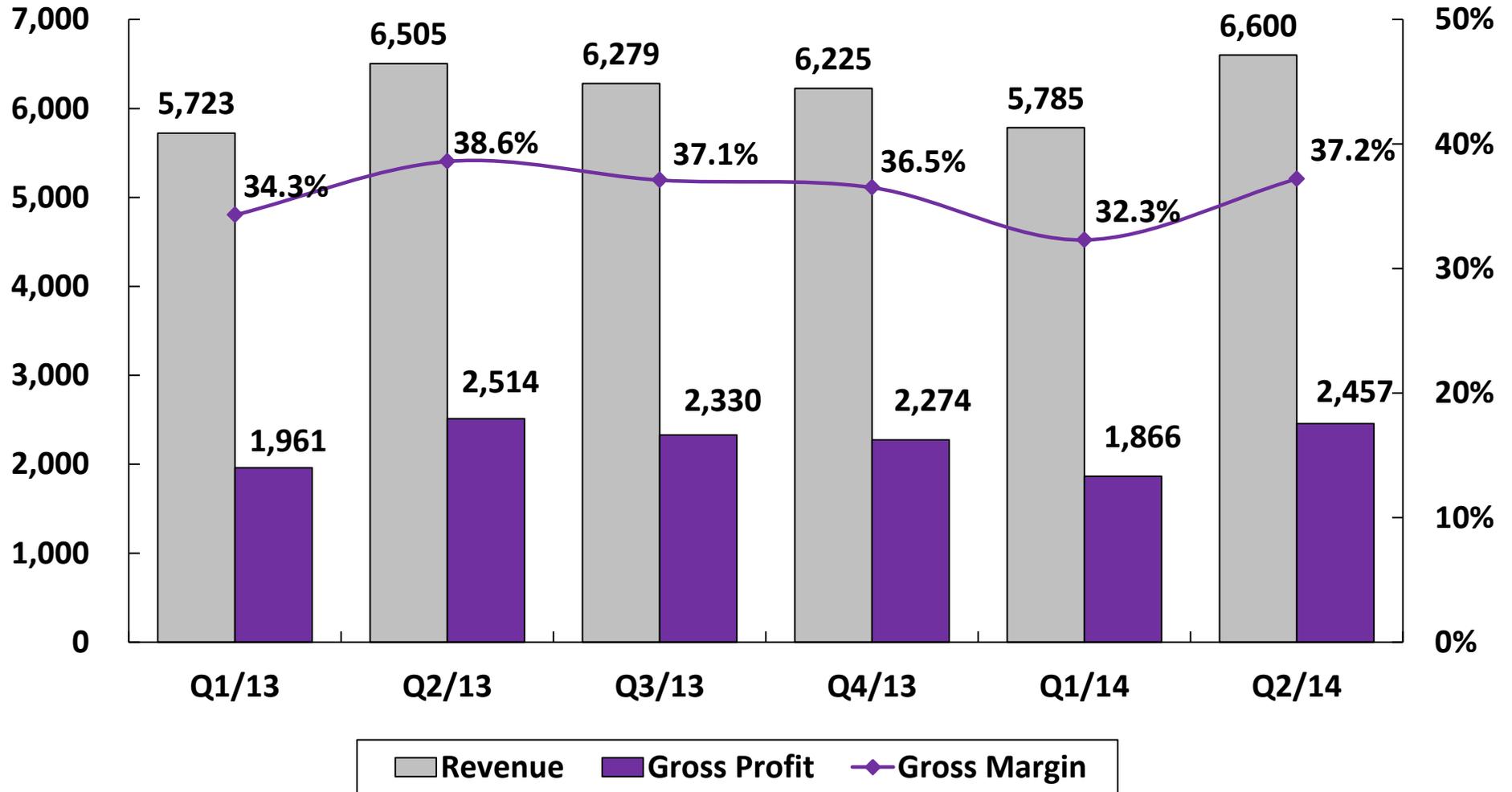
Package Revenue Breakdown



Testing Operations



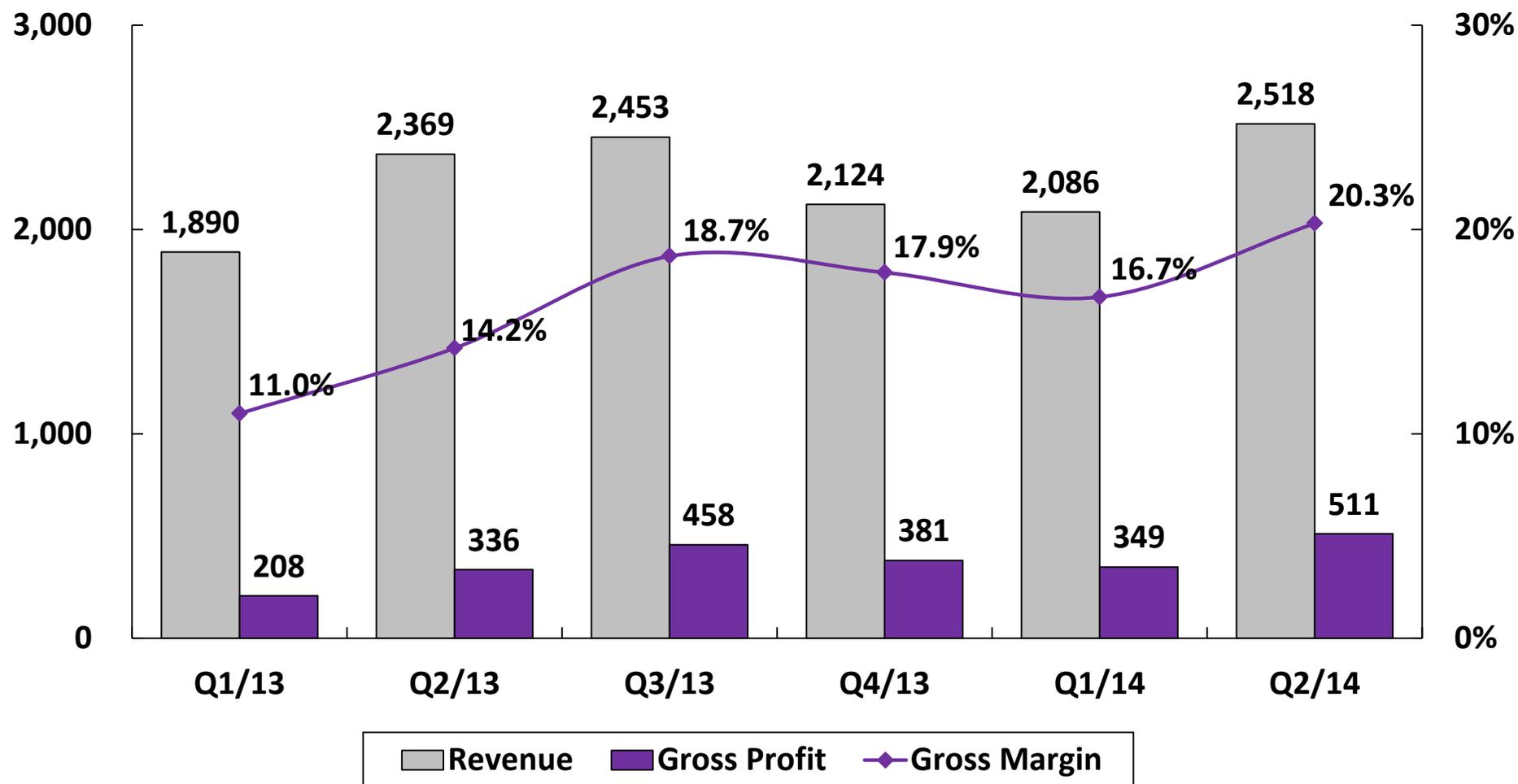
NT\$ Million



Material Operations



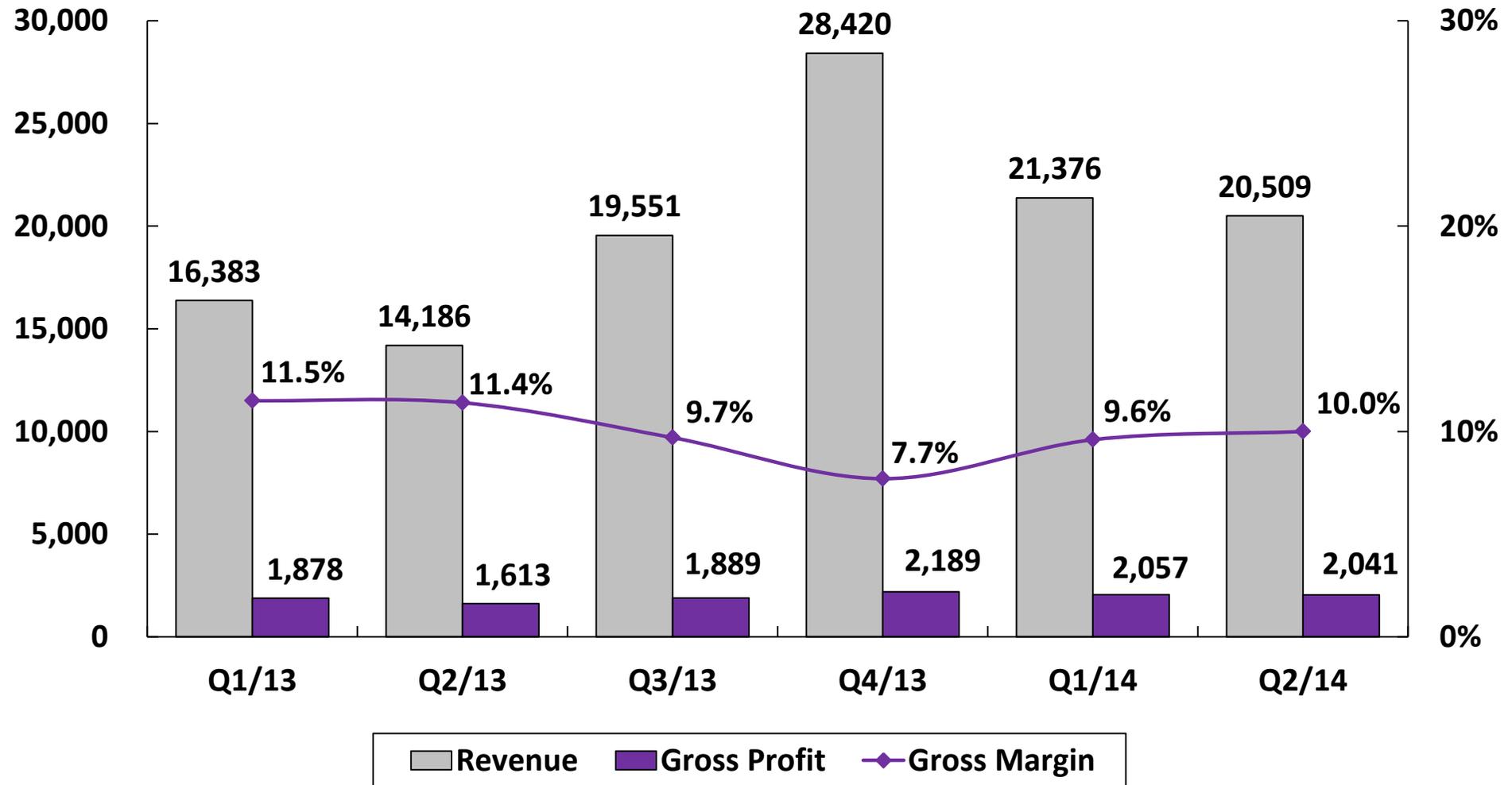
NT\$ Million



EMS Operations

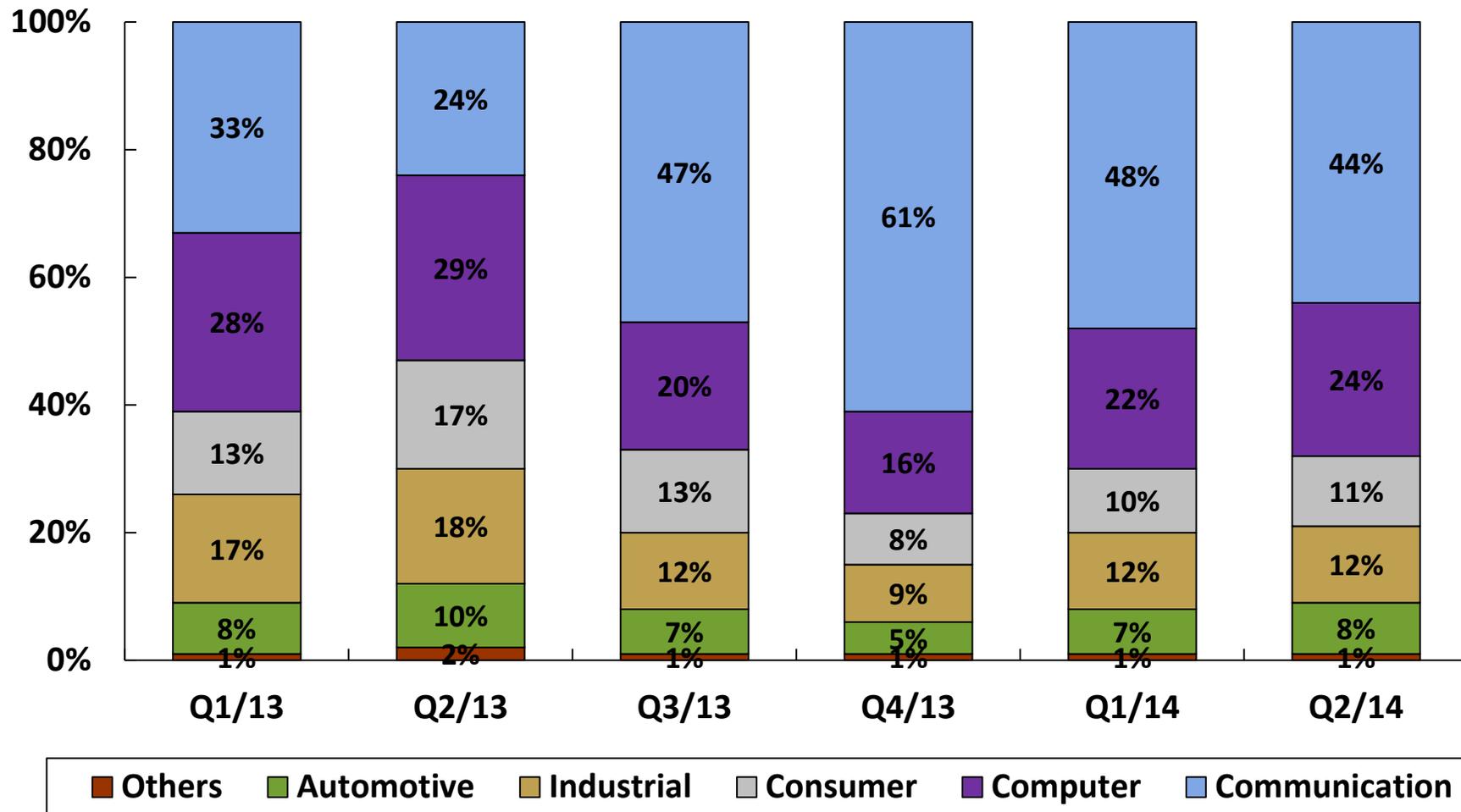


NT\$ Million



EMS Operations

EMS Revenue Breakdown



Balance Sheets & Key Indices

(unaudited)

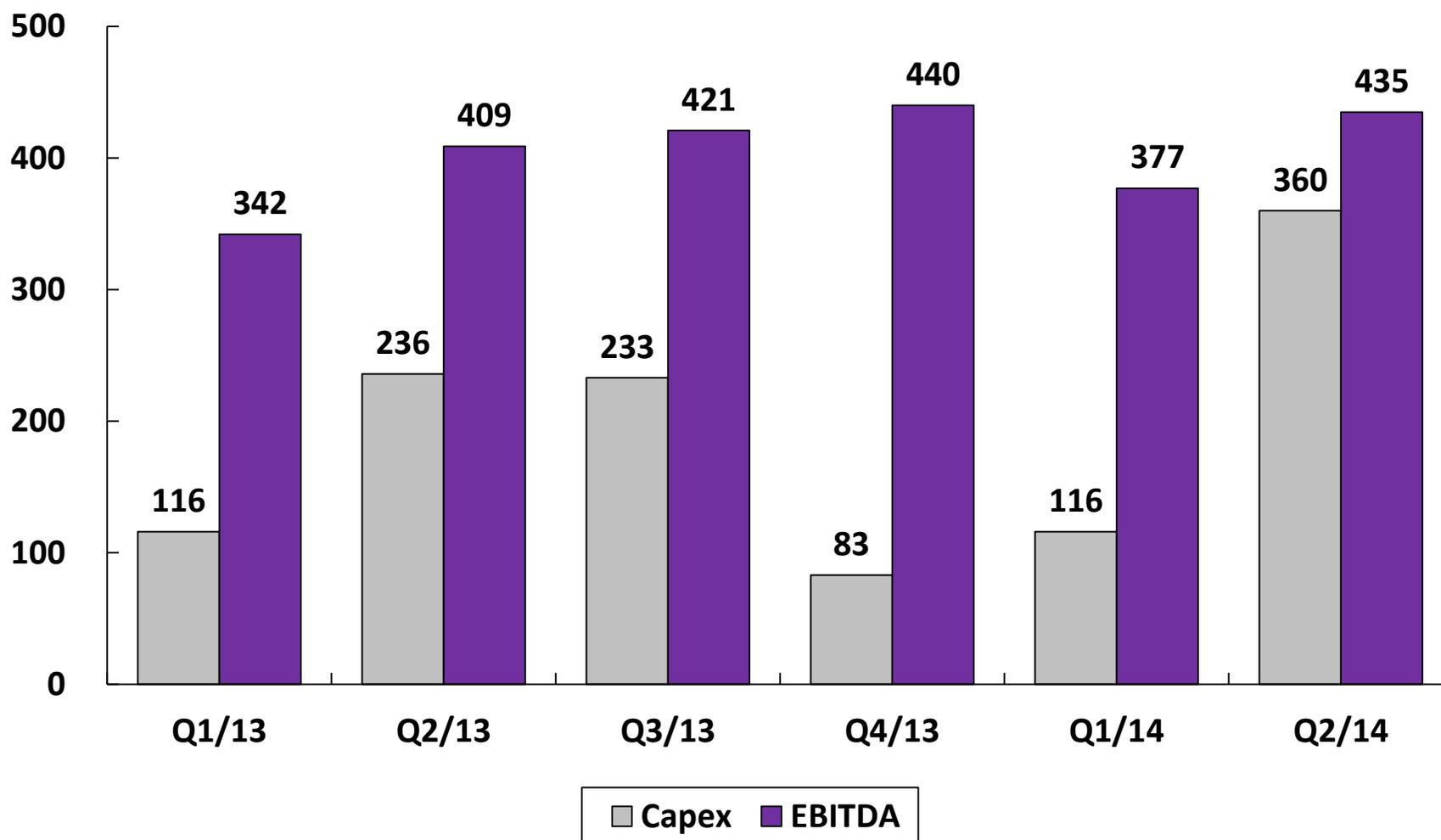


(NT\$ Million)	Jun. 30, 2014	Mar. 31, 2014	Change
Cash and cash equivalent	41,730	43,577	-4.2%
Financial assets - current	3,653	5,289	-30.9%
Financial assets - non current & investments - equity method	2,574	2,609	-1.3%
Property, plant & equipment	135,555	130,422	3.9%
Total assets	287,600	279,821	2.8%
Short-term borrowings	33,281	33,854	-1.7%
Current portion of bonds payable	728	742	-1.9%
Current portion of long-term borrowings			
capital lease obligations	5,316	5,040	5.5%
Bonds payable	20,781	20,976	-0.9%
Long-term borrowings & capital lease obligations	26,940	29,013	-7.1%
Total equity (Including non-controlling interest)	126,876	133,001	-4.6%
Quarterly EBITDA	13,109	11,363	15.4%
Current ratio	1.23	1.44	
Net debt to equity	0.33	0.31	

Machinery & Equipment Capital Expenditure vs. EBITDA

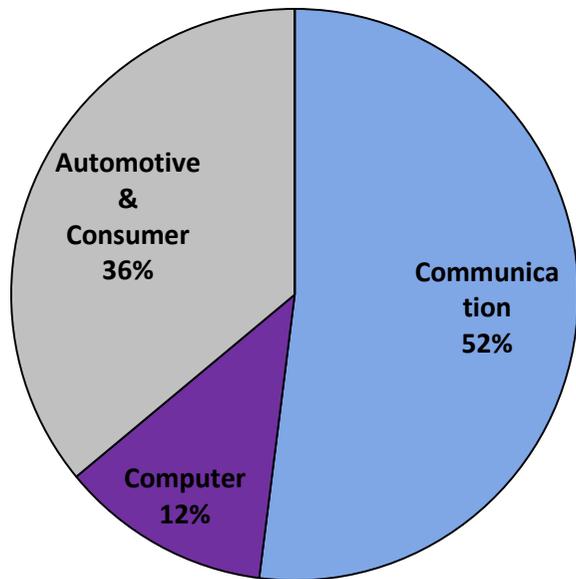


US\$ Million

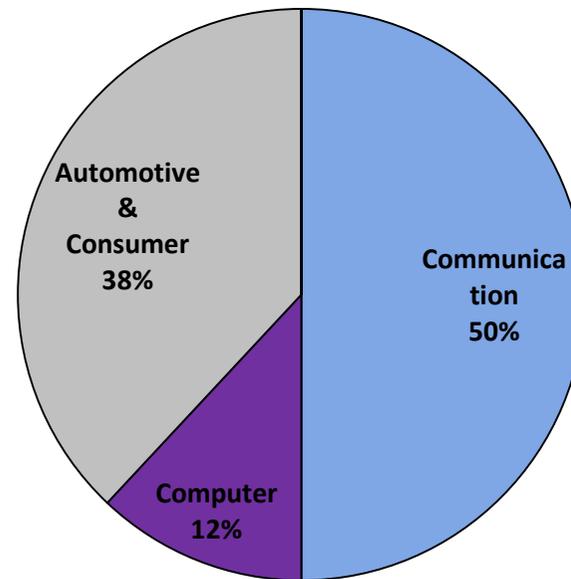


IC ATM Revenue by Application

Q1/2014



Q2/2014



Q3/2014 Outlook



Based on our current business outlook and exchange rate assumptions, management projects overall performance for the third quarter of 2014 to be as follows:

- IC-ATM production capacity should increase by roughly 4% quarter-over-quarter; blended IC-ATM utilization rate should increase by 2-4% from around 80% in Q2;
- The pace for our EMS first-half year-over-year growth should carry into Q3;
- Consolidated gross margin should edge down, while consolidated operating margin should edge up.

Thank You

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