



ASE GROUP



# ASE Inc. Q4/2013 Earnings Release

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Chief Financial Officer  
ASE Inc.  
Feb. 7, 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 presentation. 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 presentation. 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 industry; demand for the outsourced semiconductor packaging and testing services we offer and for such outsourced services generally; the highly competitive semiconductor industry; our ability to introduce new packaging, interconnect materials and testing technologies in order to remain competitive; our ability to successfully integrate pending and future mergers and acquisitions; international business activities; our business strategy; general economic and political conditions, including the recent global financial crisis; possible disruptions in commercial activities caused by natural or human-induced disasters; our future expansion plans and capital expenditures; the strained relationship between the Republic of China and the People's Republic of China; 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 2012 Annual Report on Form 20-F filed on April 24, 2013.

# Consolidated Statement of Comprehensive Income

## Quarterly Sequential Comparison

(unaudited)



(NT\$ Million except EPS)	Q4 / 2013	%	Q3 / 2013	%	Change
<b>Net Revenues:</b>					
IC Packaging	28,703	44.7%	29,977	52.8%	-4%
Testing	6,225	9.7%	6,279	11.1%	-1%
Direct Material	746	1.2%	767	1.4%	-3%
EMS	28,411	44.3%	19,551	34.5%	45%
Others	79	0.1%	174	0.3%	-55%
<b>Total Net Revenues</b>	<b>64,164</b>	<b>100.0%</b>	<b>56,748</b>	<b>100.0%</b>	<b>13%</b>
Gross Profit	12,486	19.5%	11,587	20.4%	8%
Operating Income(Loss)	6,873	10.7%	6,099	10.7%	13%
Pretax Income(Loss)	6,456	10.1%	5,368	9.5%	20%
Income Tax Benefit(Expense)	(507)	-0.8%	(822)	-1.4%	
Noncontrolling Interest	(134)	-0.2%	(116)	-0.2%	
<b>Net Income Attributable to Shareholders of the Parent</b>	<b>5,815</b>	<b>9.1%</b>	<b>4,430</b>	<b>7.8%</b>	<b>31%</b>
EPS <sup>1</sup>	0.73		0.57		
EBITDA	13,623	21.2%	12,567	22.1%	8%

<sup>1</sup> All EPS figures are based on fully diluted number of shares

# Consolidated Statement of Comprehensive Income

## Quarterly Year-over-Year Comparison

(unaudited)



(NT\$ Million except EPS)	Q4 / 2013	%	Q4 / 2012	%	Change
<b>Net Revenues:</b>					
IC Packaging	28,703	44.7%	27,698	49.5%	4%
Testing	6,225	9.7%	6,036	10.8%	3%
Direct Material	746	1.2%	650	1.2%	15%
EMS	28,411	44.3%	20,141	36.0%	41%
Others	79	0.1%	1,483	2.5%	-95%
<b>Total Net Revenues</b>	<b>64,164</b>	<b>100.0%</b>	<b>56,008</b>	<b>100.0%</b>	<b>15%</b>
Gross Profit	12,486	19.5%	10,976	19.6%	14%
Operating Income(Loss)	6,873	10.7%	5,934	10.6%	16%
Pretax Income(Loss)	6,456	10.1%	5,815	10.4%	11%
Income Tax Benefit(Expense)	(507)	-0.8%	(1,288)	-2.3%	
Noncontrolling Interest	(134)	-0.2%	(154)	-0.3%	
<b>Net Income Attributable to Shareholders of the Parent</b>	<b>5,815</b>	<b>9.1%</b>	<b>4,373</b>	<b>7.8%</b>	<b>33%</b>
EPS <sup>1</sup>	0.73		0.58		
EBITDA	13,623	21.2%	12,463	22.3%	9%

<sup>1</sup> All EPS figures are based on fully diluted number of shares

# Consolidated Statement of Comprehensive Income

## Full Year Comparison

(unaudited)



(NT\$ Million except EPS)	FY / 2013	%	FY / 2012	%	Change
<b>Net Revenues:</b>					
IC Packaging	112,604	51.2%	104,563	53.9%	8%
Testing	24,732	11.2%	22,657	11.7%	9%
Direct Material	2,951	1.3%	2,735	1.4%	8%
EMS	78,531	35.7%	62,483	32.2%	26%
Others	1,044	0.5%	1,534	0.7%	-32%
<b>Total Net Revenues</b>	<b>219,862</b>	<b>100.0%</b>	<b>193,972</b>	<b>100.0%</b>	<b>13%</b>
Gross Profit	42,790	19.5%	36,620	18.9%	17%
Operating Income(Loss)	21,978	10.0%	17,687	9.1%	24%
Pretax Income(Loss)	20,021	9.1%	16,584	8.5%	21%
Income Tax Benefit(Expense)	(3,259)	-1.5%	(3,061)	-1.6%	
Noncontrolling Interest	(466)	-0.2%	(457)	-0.2%	
<b>Net Income Attributable to Shareholders of the Parent</b>	<b>16,296</b>	<b>7.4%</b>	<b>13,066</b>	<b>6.7%</b>	<b>25%</b>
EPS <sup>1</sup>	2.11		1.71		
EBITDA	48,386	22.0%	42,116	21.7%	15%

<sup>1</sup> All EPS figures are based on fully diluted number of shares

# IC ATM Statement of Comprehensive Income

## Quarterly Sequential Comparison

(unaudited)



(NT\$ Million except EPS)	Q4 / 2013	%	Q3 / 2013	%	Change
<b>Net Revenues:</b>					
IC Packaging	30,929	81.6%	30,764	81.4%	1%
Testing	6,225	16.4%	6,279	16.6%	-1%
Direct Material	746	2.0%	767	2.0%	-3%
<b>Total Net Revenues</b>	<b>37,900</b>	<b>100.0%</b>	<b>37,810</b>	<b>100.0%</b>	<b>0%</b>
Gross Profit	10,425	27.5%	9,646	25.5%	8%
Operating Income(Loss)	6,083	16.1%	5,383	14.2%	13%
Pretax Income(Loss)	6,319	16.7%	5,134	13.6%	23%
Income Tax Benefit(Expense)	(463)	-1.2%	(661)	-1.7%	
Noncontrolling Interest	(41)	-0.1%	(43)	-0.1%	
<b>Net Income Attributable to Shareholders of the Parent</b>	<b>5,815</b>	<b>15.3%</b>	<b>4,430</b>	<b>11.7%</b>	<b>31%</b>
EPS <sup>1</sup>	0.73		0.57		
EBITDA	12,332	32.5%	11,371	30.1%	8%

<sup>1</sup> All EPS figures are based on fully diluted number of shares

# IC ATM Statement of Comprehensive Income

## Quarterly Year-over-Year Comparison

(unaudited)



(NT\$ Million except EPS)	Q4 / 2013	%	Q4 / 2012	%	Change
<b>Net Revenues:</b>					
IC Packaging	30,929	81.6%	27,710	80.6%	12%
Testing	6,225	16.4%	6,036	17.5%	3%
Direct Material	746	2.0%	650	1.9%	15%
<b>Total Net Revenues</b>	<b>37,900</b>	<b>100.0%</b>	<b>34,396</b>	<b>100.0%</b>	<b>10%</b>
Gross Profit	10,425	27.5%	7,972	23.2%	31%
Operating Income(Loss)	6,083	16.1%	4,197	12.2%	45%
Pretax Income(Loss)	6,319	16.7%	4,973	14.5%	27%
Income Tax Benefit(Expense)	(463)	-1.2%	(556)	-1.6%	
Noncontrolling Interest	(41)	-0.1%	(44)	-0.1%	
<b>Net Income Attributable to Shareholders of the Parent</b>	<b>5,815</b>	<b>15.3%</b>	<b>4,373</b>	<b>12.7%</b>	<b>33%</b>
EPS <sup>1</sup>	0.73		0.58		
EBITDA	12,332	32.5%	10,178	29.6%	21%

<sup>1</sup> All EPS figures are based on fully diluted number of shares

# IC ATM Statement of Comprehensive Income

## Full Year Comparison

(unaudited)



(NT\$ Million except EPS)	FY / 2013	%	FY / 2012	%	Change
<b>Net Revenues:</b>					
IC Packaging	115,639	80.7%	104,616	80.5%	11%
Testing	24,732	17.3%	22,657	17.4%	9%
Direct Material	2,951	2.1%	2,735	2.1%	8%
<b>Total Net Revenues</b>	<b>143,322</b>	<b>100.0%</b>	<b>130,008</b>	<b>100.0%</b>	<b>10%</b>
Gross Profit	35,018	24.4%	28,550	22.0%	23%
Operating Income(Loss)	18,945	13.2%	14,198	10.9%	33%
Pretax Income(Loss)	19,062	13.3%	15,123	11.6%	26%
Income Tax Benefit(Expense)	(2,605)	-1.8%	(1,926)	-1.5%	
Noncontrolling Interest	(161)	-0.1%	(131)	-0.1%	
<b>Net Income Attributable to Shareholders of the Parent</b>	<b>16,296</b>	<b>11.4%</b>	<b>13,066</b>	<b>10.1%</b>	<b>25%</b>
EPS <sup>1</sup>	2.11		1.71		
EBITDA	43,408	30.3%	36,779	28.3%	18%

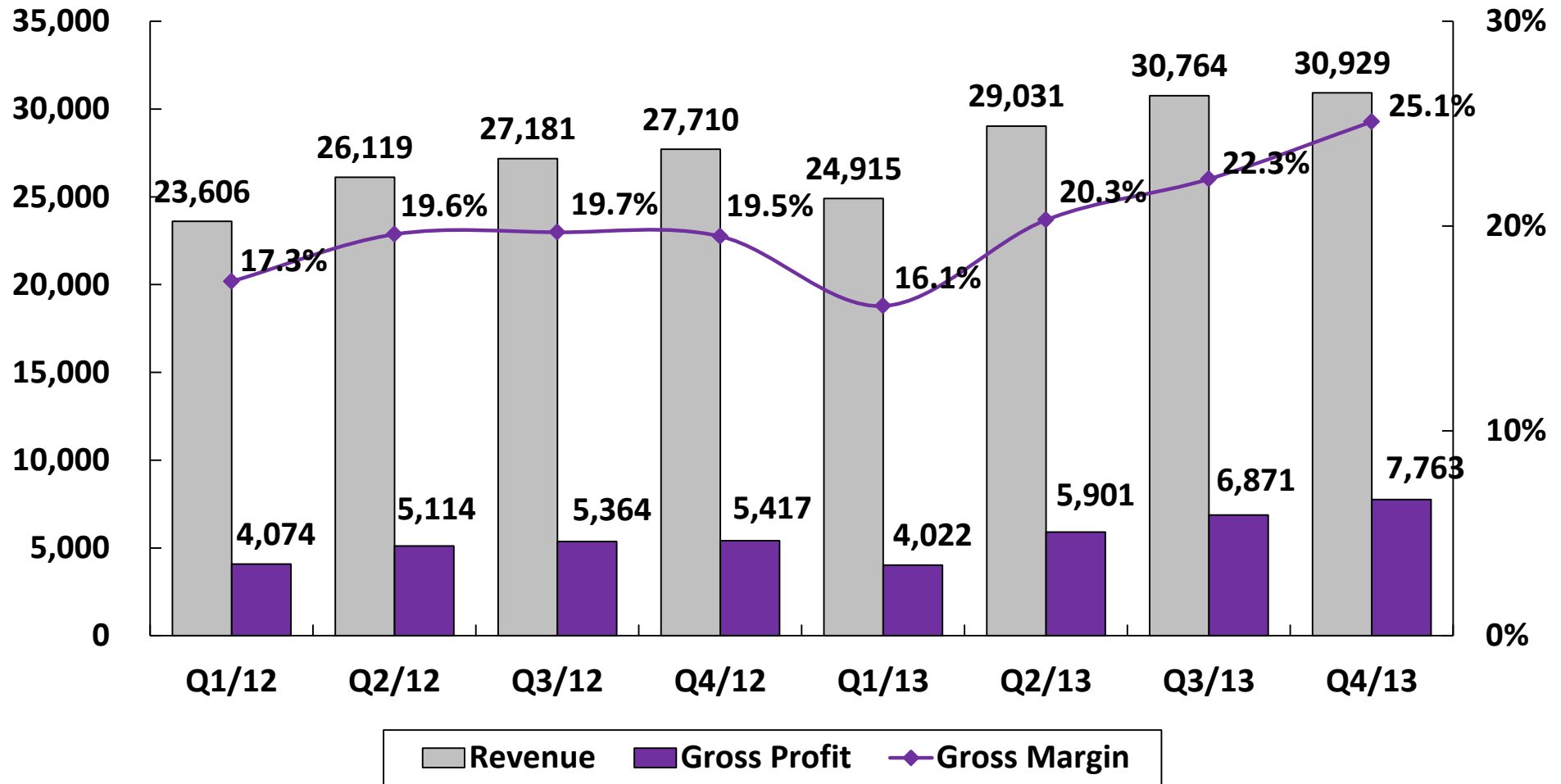
<sup>1</sup> All EPS figures are based on fully diluted number of shares



# Packaging Operations

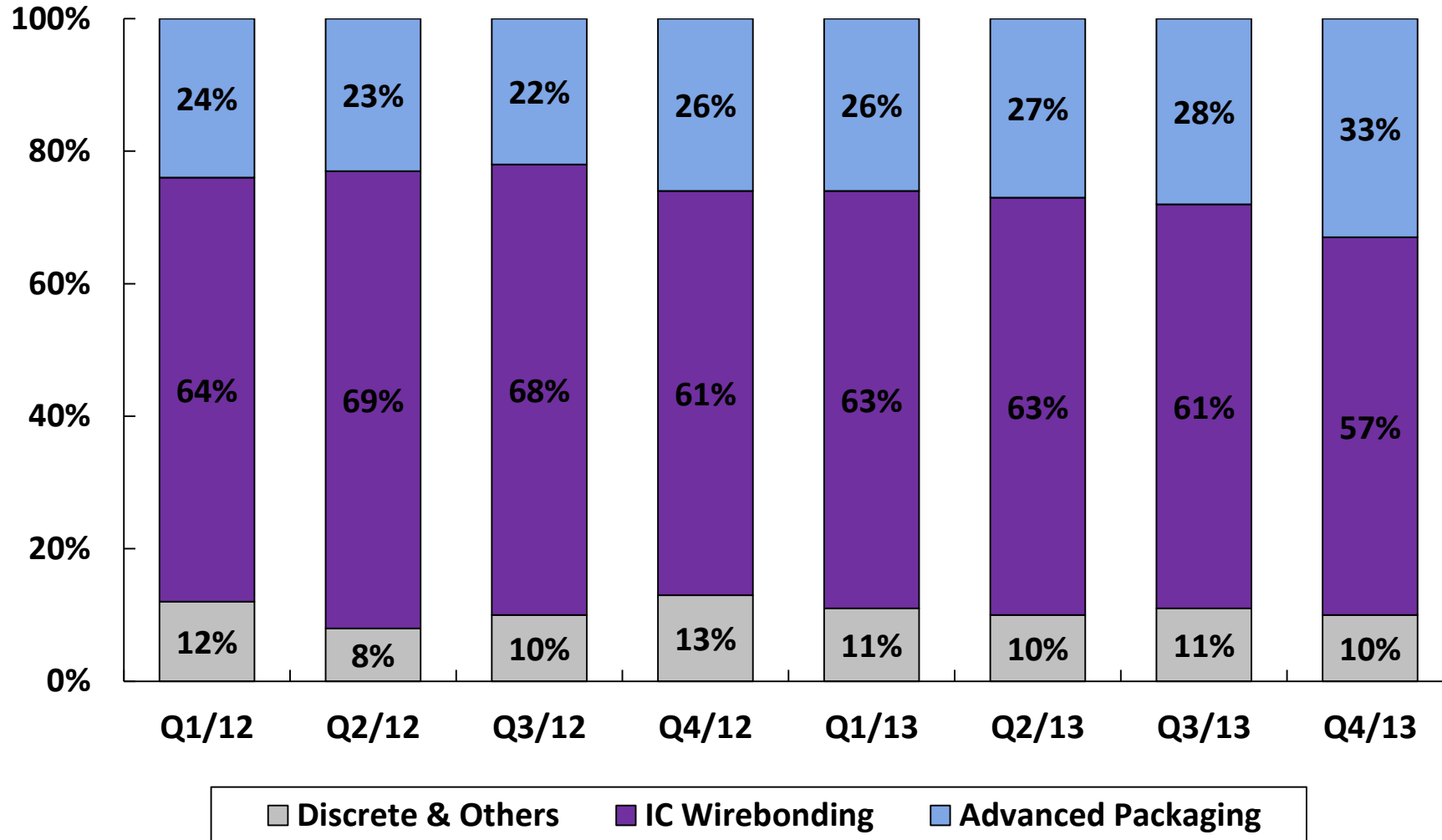


NT\$ Million



# Packaging Operations

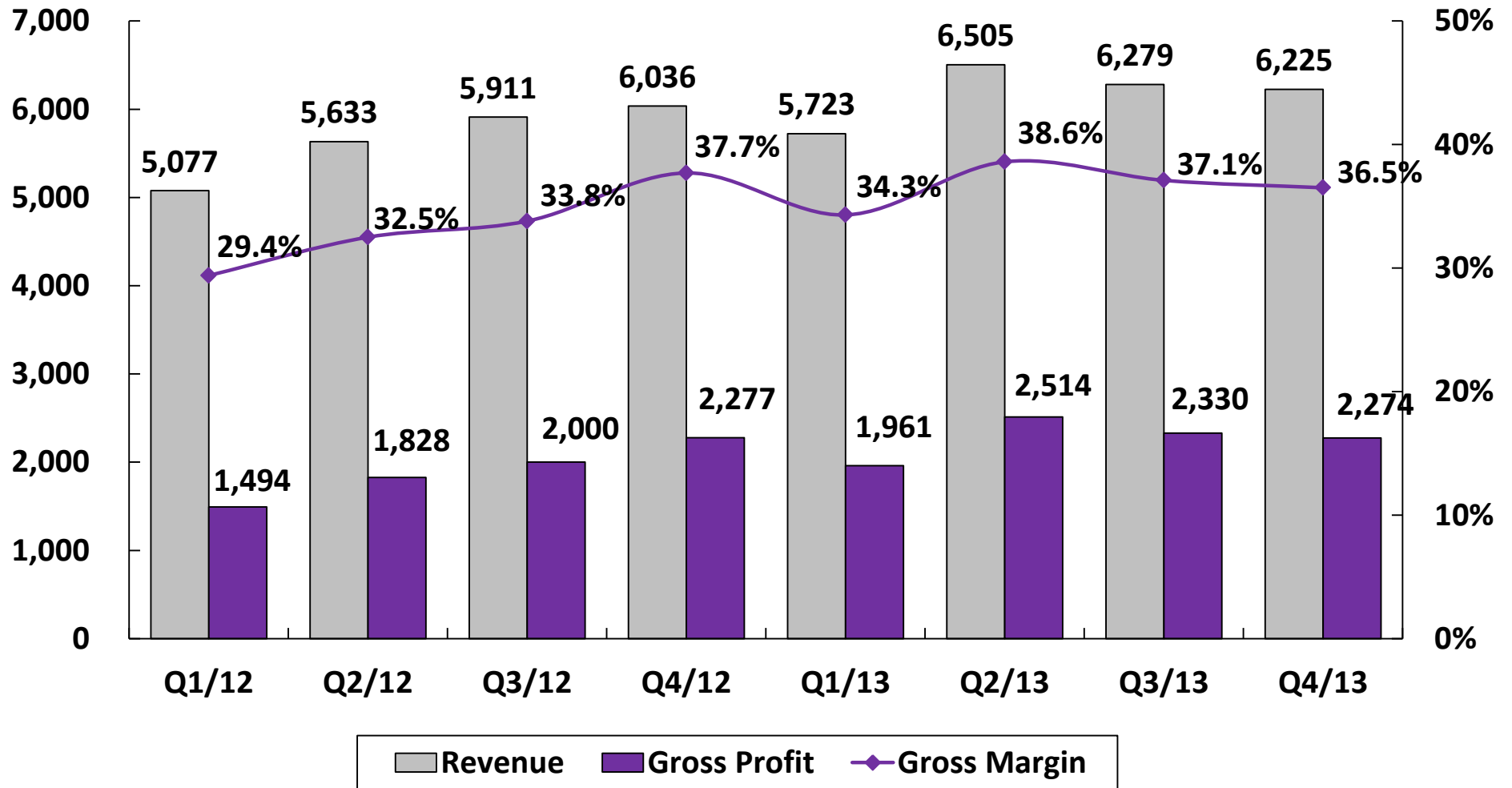
## Package Revenue Breakdown



# Testing Operations



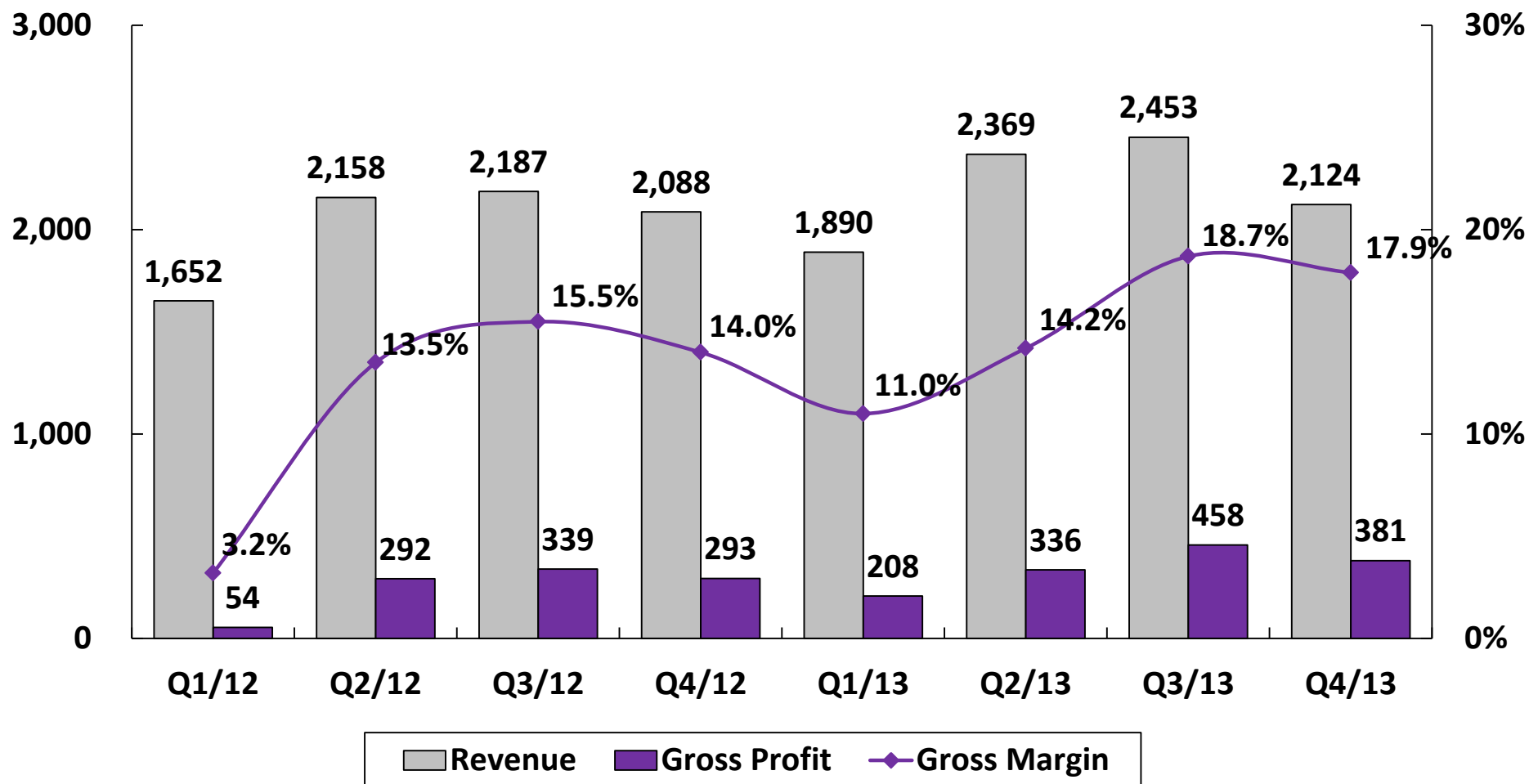
NT\$ Million



# Material Operations



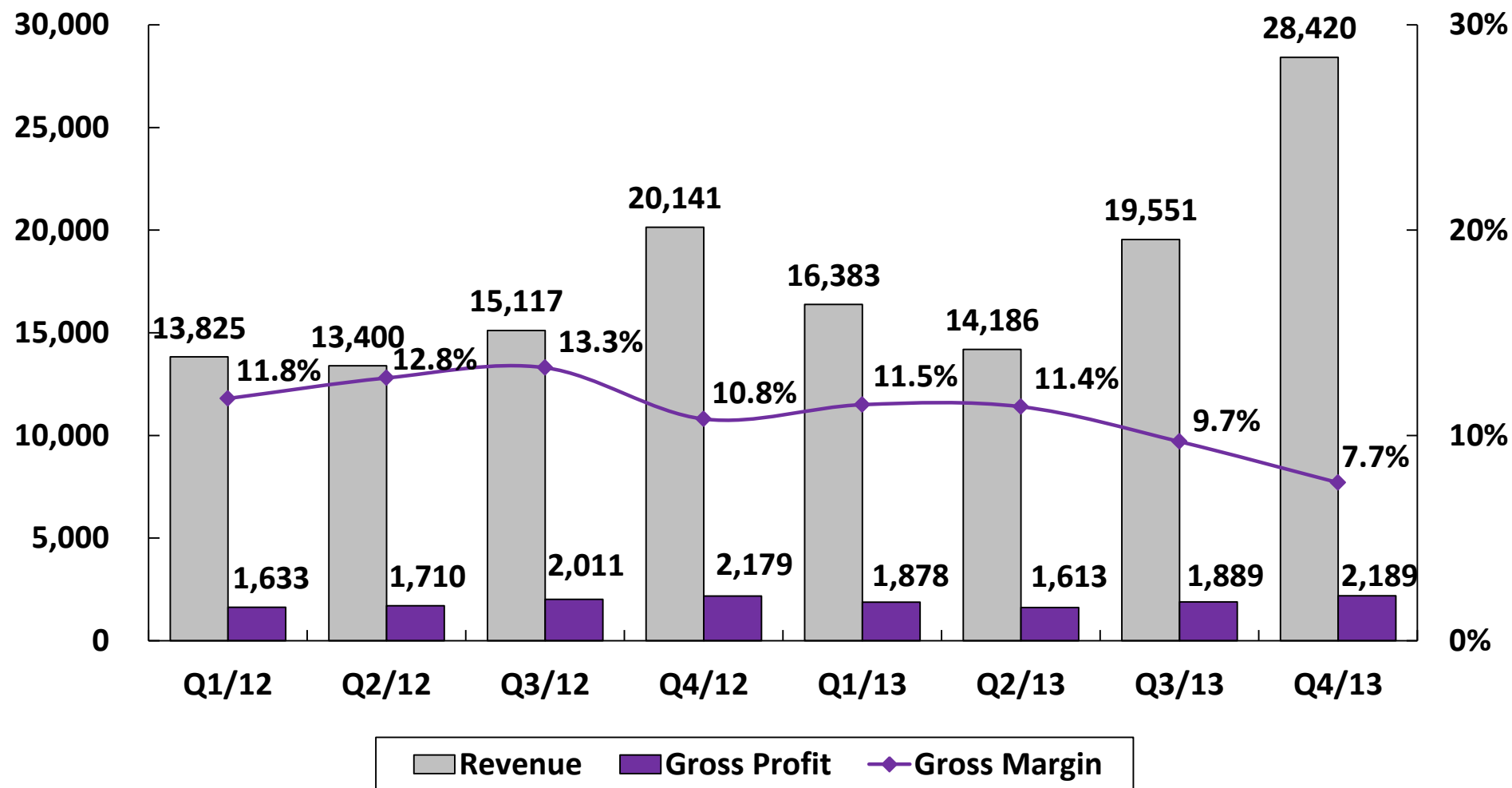
NT\$ Million



# EMS Operations

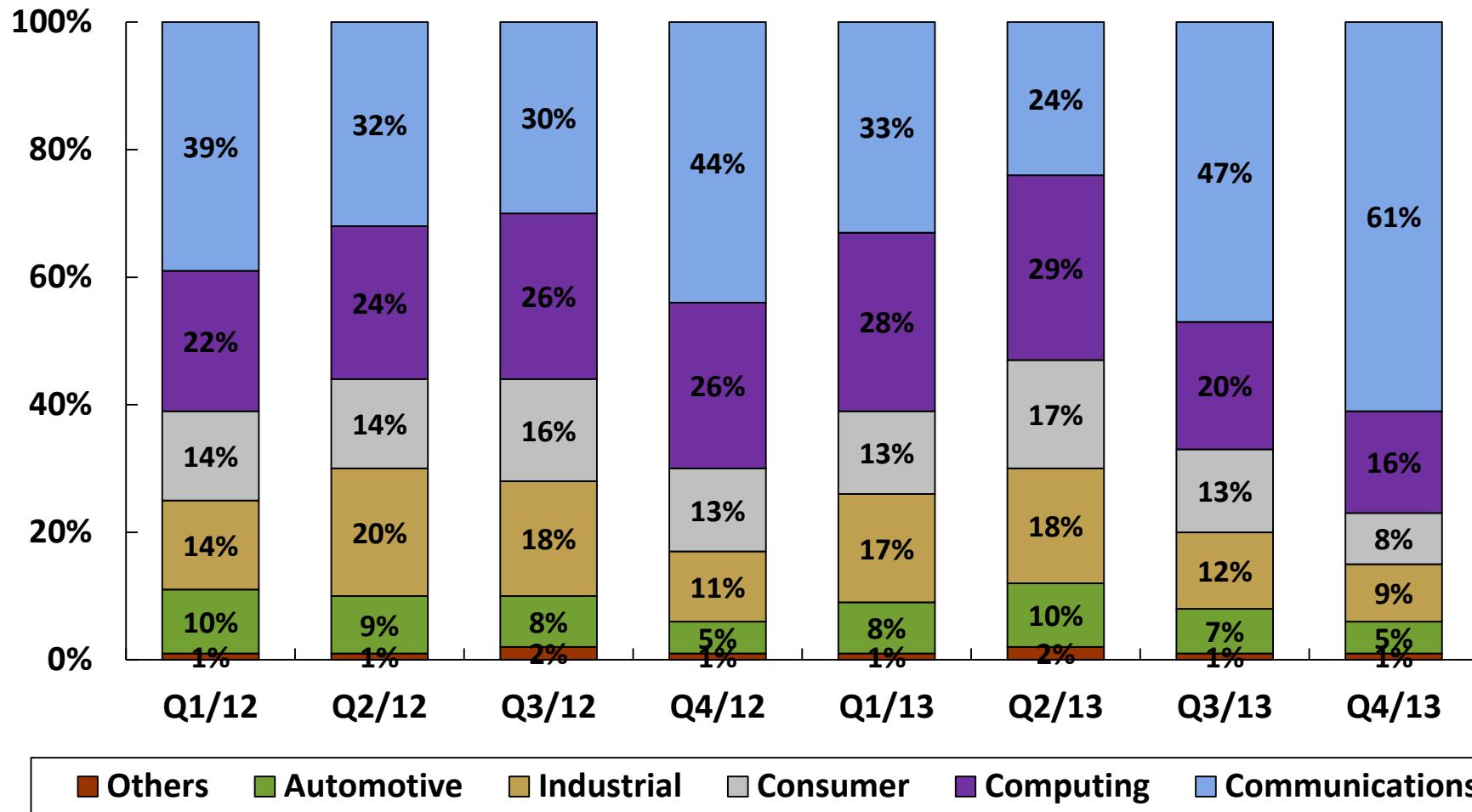


NT\$ Million



# EMS Operations

## EMS Revenue Breakdown



# Selective Balance Sheet Information

(unaudited)

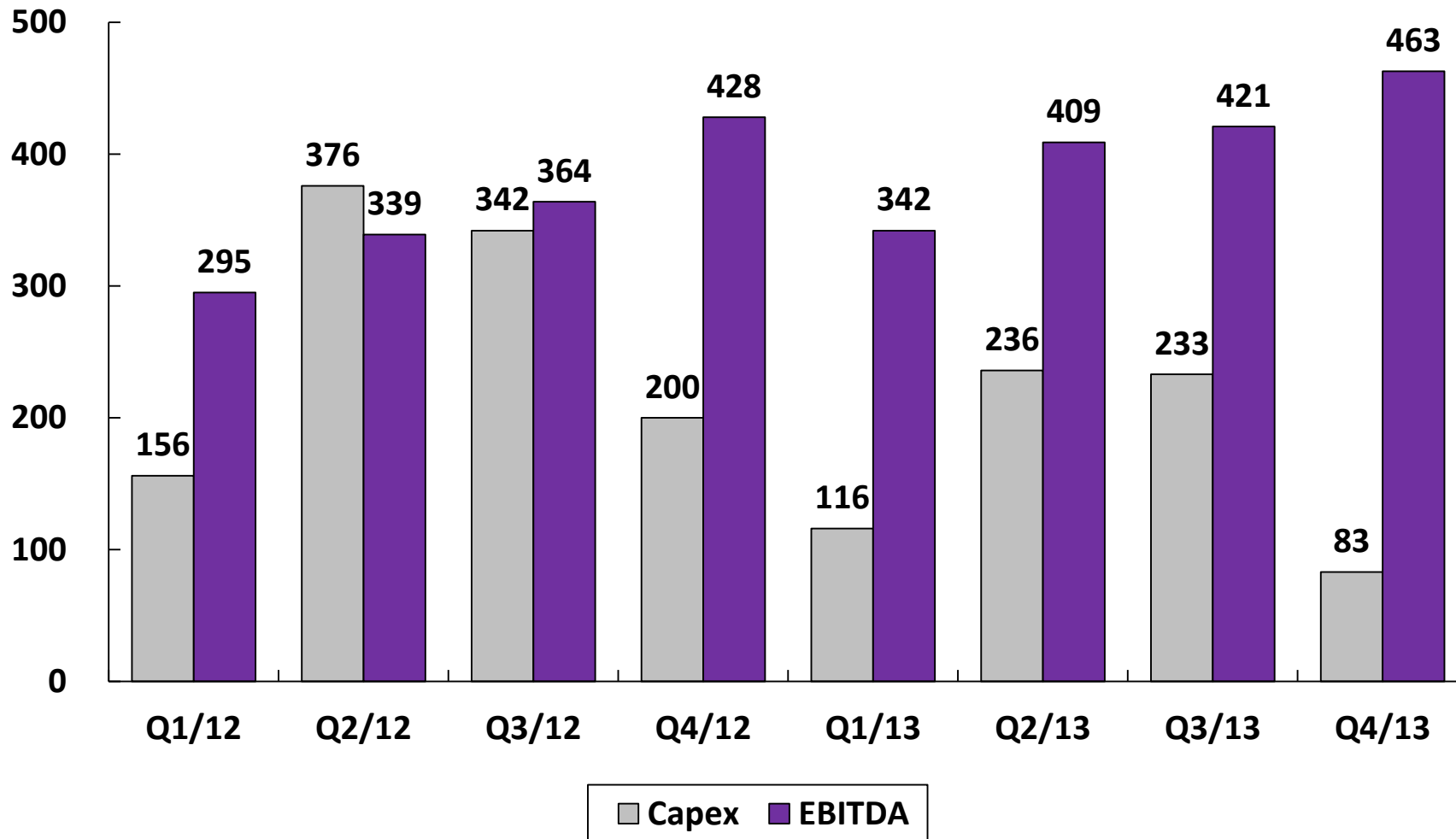


(NT\$ Million)	Dec. 31, 2013	Sept. 30, 2013	Change
Cash and Cash Equivalent	45,026	40,295	11.7%
Financial Assets - current	5,141	3,234	59.0%
Investments - non current	2,357	2,388	-1.3%
<b>Total Assets</b>	<b>286,814</b>	<b>276,036</b>	<b>3.9%</b>
ST Bank Debt - Revolving Credit	44,618	42,617	4.7%
- Current Portion of LT Debt	6,017	4,646	29.5%
LT Bank Debt	50,166	52,891	-5.2%
<b>Total Net Worth</b>			
(Including noncontrolling interest)	127,772	120,094	6.4%
Quarterly EBITDA	13,623	12,567	8.4%
Current Ratio	1.31	1.29	
Net Debt to Equity	0.40	0.47	

# Capital Expenditure & EBITDA



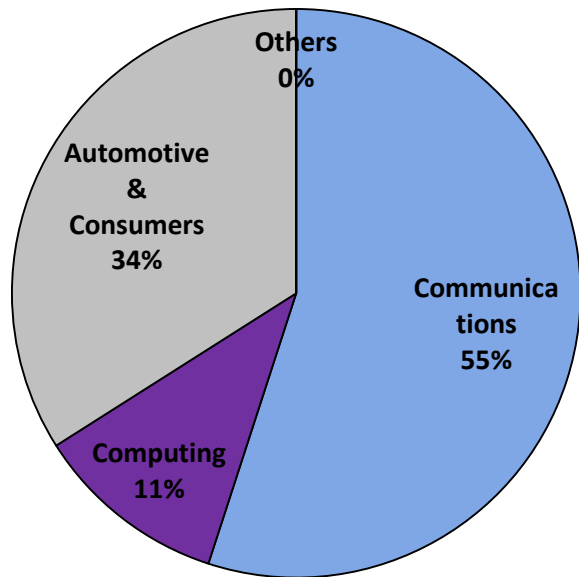
US\$ Million



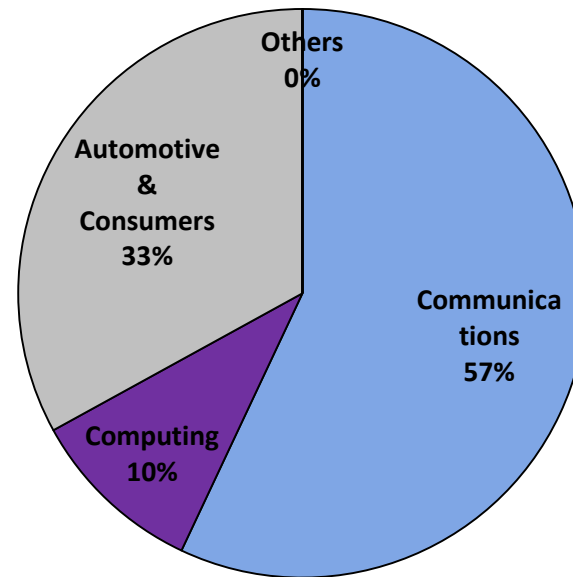


# IC ATM Market Segment Exposure

Q3/2013



Q4/2013



# Q1/2014 Guidance



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

- Our IC-ATM revenues should decline 12% to 15% and our EMS revenues to show a seasonal decline of approximately 30%;
- Our consolidated gross profit margin is expected to be between 17% and 18%;
- Our capital expenditure for full year 2014 should be around US\$700 million, subject to adjustments in line with market condition.

# Thank You

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