

# ASE Inc.

## Q2 2013

### Earnings Release

Presented by

Tien Wu  
Chief Operating Officer  
July 26, 2013

# 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.

# ASE Group: Solid 1H13

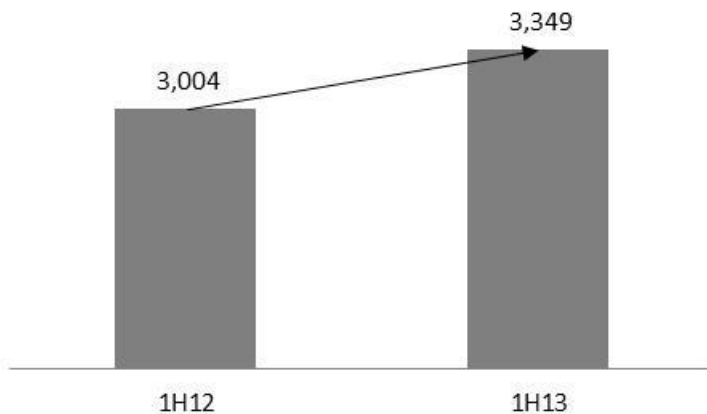
## 日月光集團上半年表現



- Sustaining growth momentum

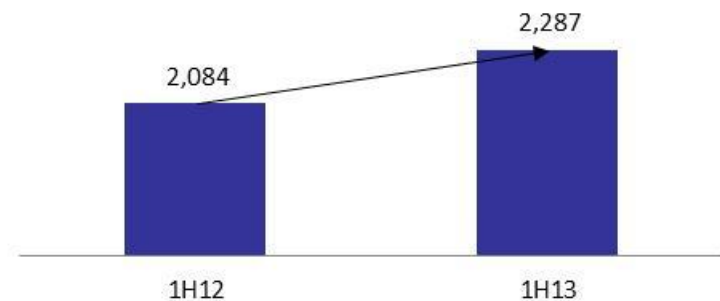
### ASE Group Revenue (US\$M)

1H13: +11% YoY



### ASE IC ATM Revenue (US\$M)

1H13: +10% YoY



Note: Sequential revenue growth is based on NT dollar revenue

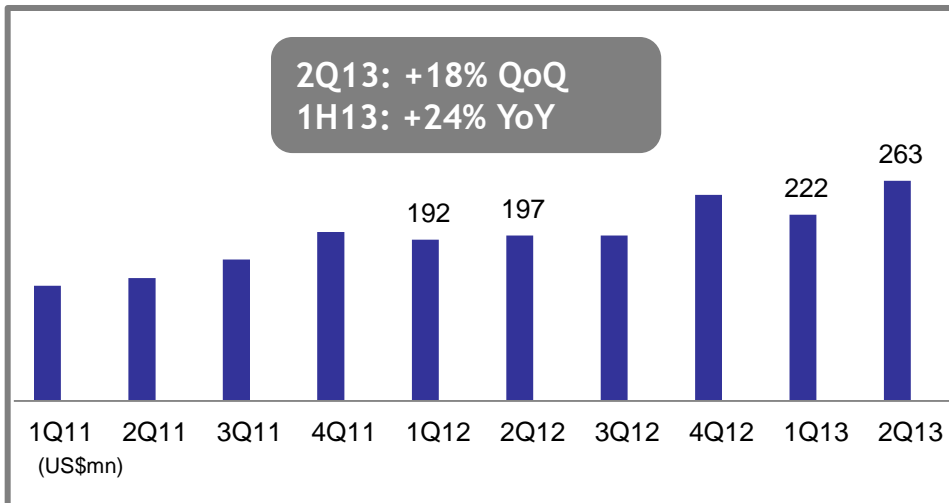


# Advanced Packaging: Next-Generation Enabler ASE GROUP

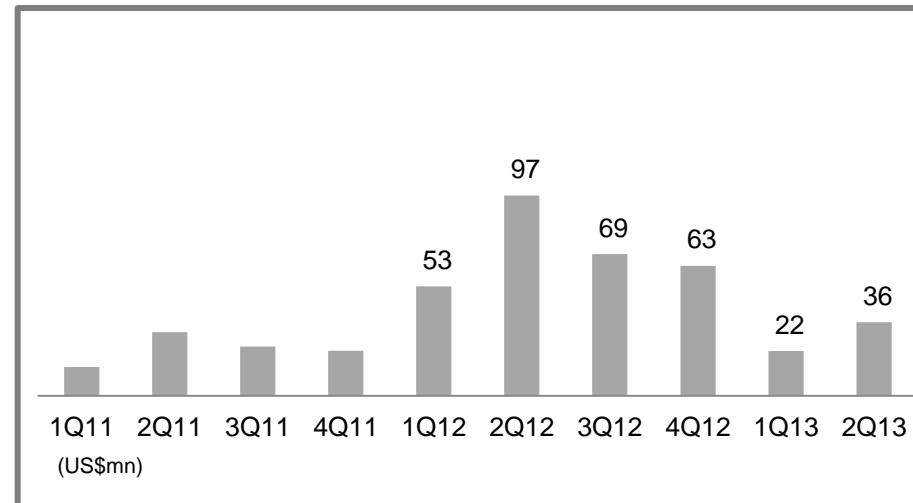
## 日月光先進封測產品

- Strong revenue growth from launch of smart devices
- Maintain capex discipline but continue to invest in strategic technologies

Flip Chip Packages & Wafer Bumping Revenue



Flip Chip Packages & Wafer Bumping Capex



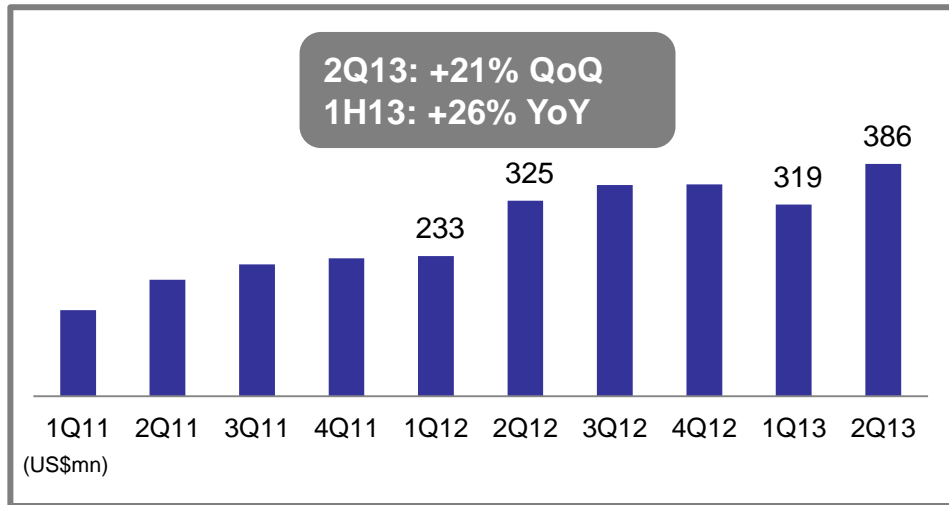
Note: Sequential revenue growth is based on US dollar revenue



# Copper Wirebond: Leadership

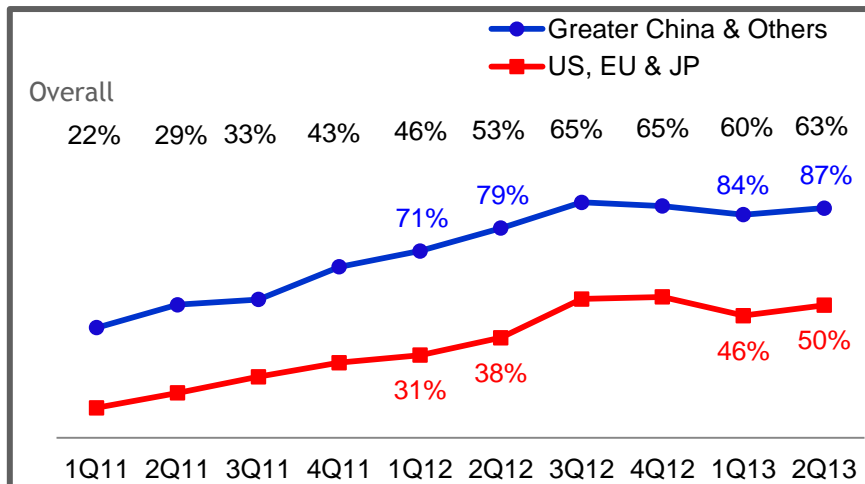
## 日月光銅打線位居領先地位

Copper Wirebond Revenue

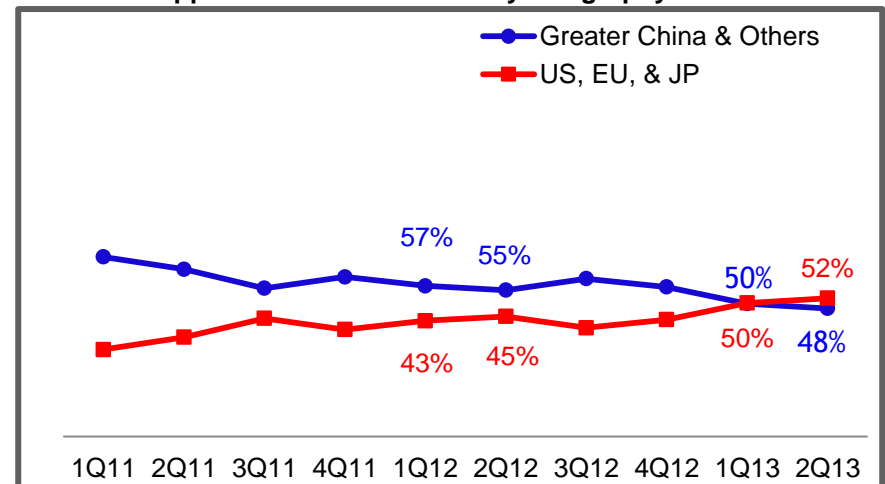


Note: Sequential revenue growth is based on US dollar revenue

Copper Wirebond Conversion Rate



Copper Wirebond Revenue By Geography

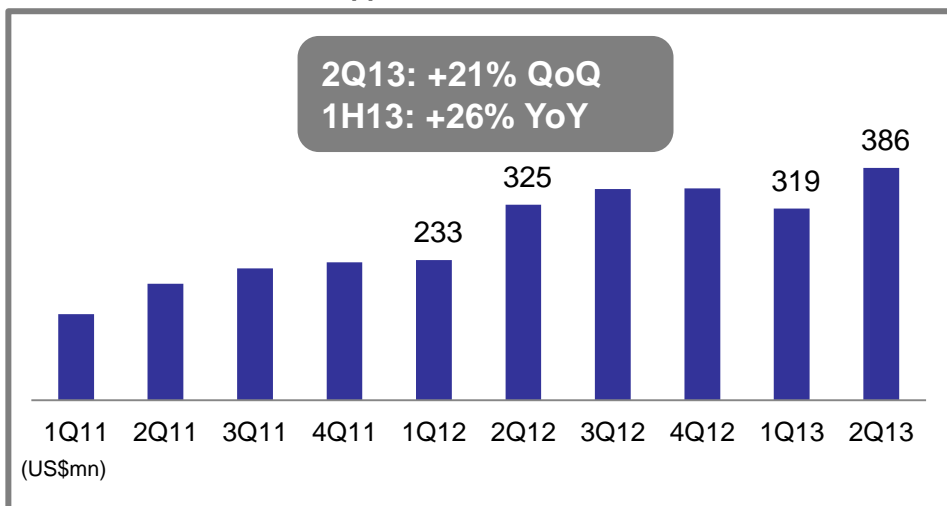


Note: Copper wirebond conversion rate is defined as copper wirebond revenue as % of total IC wirebond revenue

# Copper Wirebond Growth: IDM vs. Fabless

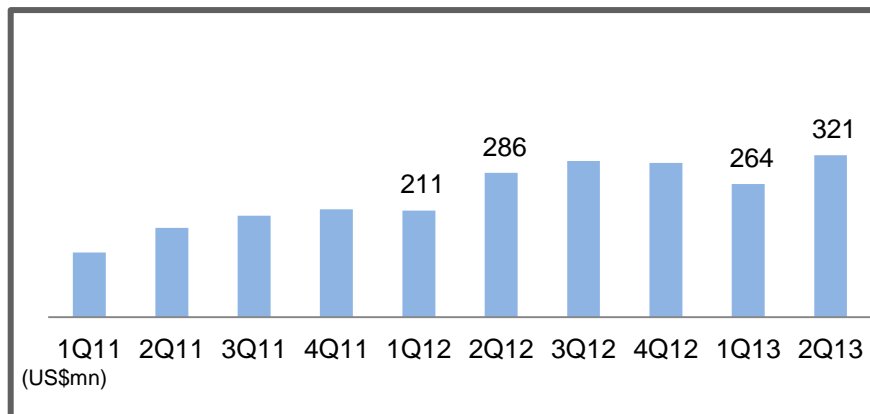
## 日月光銅打線營收成長

Copper Wirebond Revenue

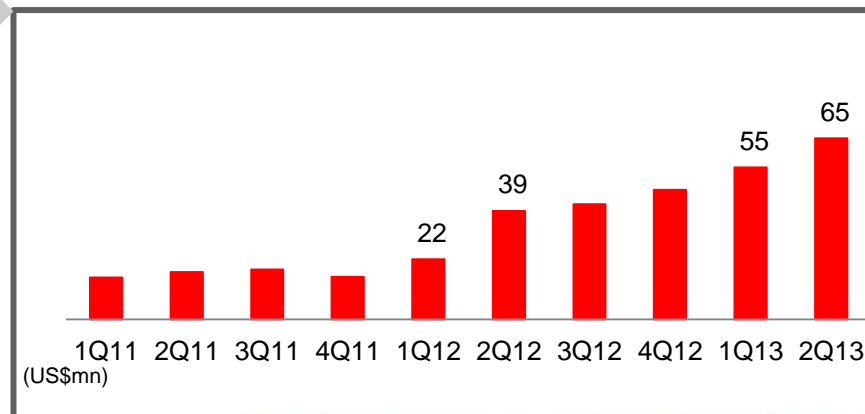


Note: Sequential revenue growth is based on US dollar revenue

Copper Wirebond Revenue From Fabless Customers



Copper Wirebond Revenue From IDM Customers



Note: Sequential revenue growth is based on US dollar revenue

### Moore's Law: Packaging Alignment

#### ● Form Factor: Miniaturization

- Wafer Level Package: PoP & MEMS
- High Density Cu Pillar Bump
- Embedded Die / Embedded Passive

#### ● More Than Moore: System Integration

- SiP
- 2.5D / 3D IC

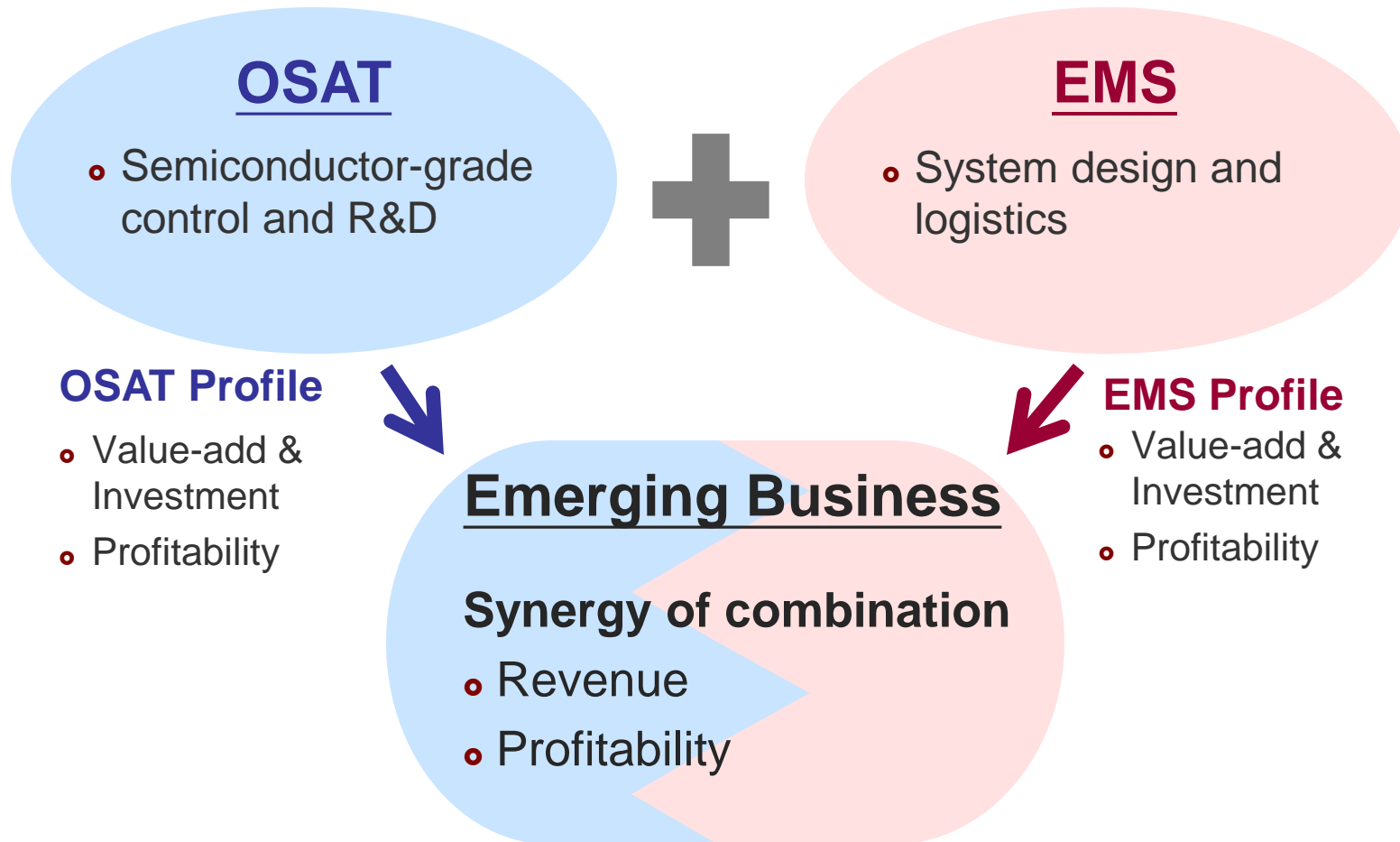
#### ASE's Value Proposition

- Installed Infrastructure
- Known Reliability Database / IP
- Flexibility / Speed / Cost



# System Integration - SiP

## 系統整合 - 系統級封裝





# Track Record

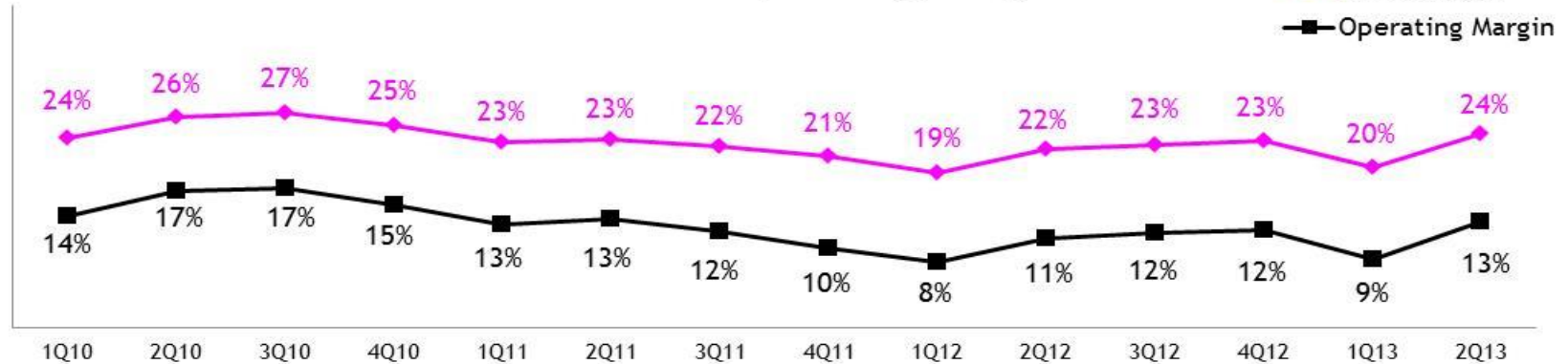
## 日月光歷史表現

### Consistently outperforming results

ASE IC ATM Revenue QoQ Growth Rate



ASE IC ATM Gross and Operating Margin



Note: Sequential revenue growth, gross margin, and operating margin are based on NT dollar revenue & profit

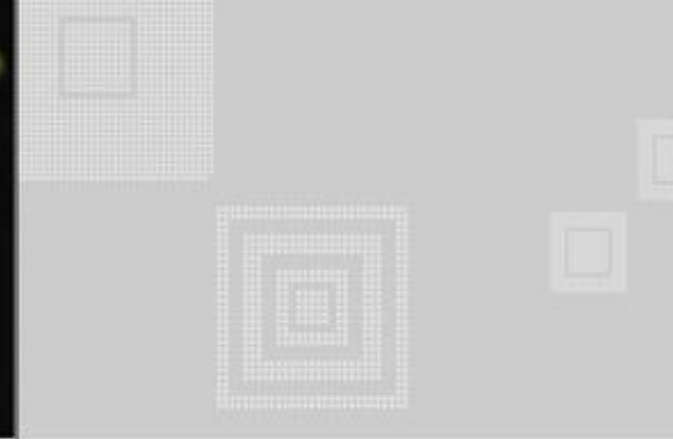
For more information regarding ASE Group

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# ASE Inc. Q2 2013 Earnings Release

Presented by

Joseph Tung  
Chief Financial Officer  
July 26, 2013



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# Consolidated Statement of Comprehensive Income

Quarterly Sequential Comparison

(unaudited)



| (NT\$ Million except EPS)                                    | Q2 / 2013      | %             | Q1 / 2013     | %             | Change     |
|--|----------------|---------------|---------------|---------------|------------|
| <b>Net Revenues:</b>   |                |               |               |               |            |
| IC Packaging   | 29,021         | 57.2%         | 24,903        | 51.7%         | 17%        |
| Testing  | 6,505          | 12.8%         | 5,723         | 11.9%         | 14%        |
| Direct Material  | 759            | 1.5%          | 679           | 1.4%          | 12%        |
| EMS  | 14,186         | 27.9%         | 16,383        | 34.0%         | -13%       |
| Others   | 289            | 0.6%          | 502           | 1.0%          | -42%       |
| <b>Total Net Revenues</b>                                    | <b>50,760</b>  | <b>100.0%</b> | <b>48,190</b> | <b>100.0%</b> | <b>5%</b>  |
| <b>Gross Profit</b>  | <b>10,432</b>  | <b>20.6%</b>  | <b>8,281</b>  | <b>17.2%</b>  | <b>26%</b> |
| <b>Operating Income(Loss)</b>                                | <b>5,400</b>   | <b>10.6%</b>  | <b>3,603</b>  | <b>7.5%</b>   | <b>50%</b> |
| <b>Pretax Income(Loss)</b>                                   | <b>5,038</b>   | <b>9.9%</b>   | <b>3,159</b>  | <b>6.6%</b>   | <b>59%</b> |
| <b>Income Tax Benefit(Expense)</b>                           | <b>(1,127)</b> | <b>-2.2%</b>  | <b>(803)</b>  | <b>-1.7%</b>  |            |
| <b>Noncontrolling Interest</b>                               | <b>(91)</b>    | <b>-0.2%</b>  | <b>(125)</b>  | <b>-0.3%</b>  |            |
| <b>Net Income Attributable to Shareholders of the Parent</b> | <b>3,820</b>   | <b>7.5%</b>   | <b>2,231</b>  | <b>4.6%</b>   | <b>71%</b> |
| <b>EPS<sup>1</sup></b>                                       | <b>0.50</b>    |               | <b>0.29</b>   |               |            |
| <b>EBITDA</b>  | <b>12,190</b>  | <b>24.0%</b>  | <b>10,035</b> | <b>20.8%</b>  | <b>21%</b> |

<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)                                    | Q2 / 2013      | %             | Q2 / 2012     | %             | Change     |
|--|----------------|---------------|---------------|---------------|------------|
| <b>Net Revenues:</b>   |                |               |               |               |            |
| IC Packaging   | 29,021         | 57.2%         | 26,106        | 56.9%         | 11%        |
| Testing  | 6,505          | 12.8%         | 5,633         | 12.3%         | 15%        |
| Direct Material  | 759            | 1.5%          | 733           | 1.6%          | 4%         |
| EMS  | 14,186         | 27.9%         | 13,400        | 29.2%         | 6%         |
| Others   | 289            | 0.6%          | 0             | -0.1%         |            |
| <b>Total Net Revenues</b>                                    | <b>50,760</b>  | <b>100.0%</b> | <b>45,872</b> | <b>100.0%</b> | <b>11%</b> |
| <b>Gross Profit</b>  | <b>10,432</b>  | <b>20.6%</b>  | <b>8,852</b>  | <b>19.3%</b>  | <b>18%</b> |
| <b>Operating Income(Loss)</b>                                | <b>5,400</b>   | <b>10.6%</b>  | <b>4,143</b>  | <b>9.0%</b>   | <b>30%</b> |
| <b>Pretax Income(Loss)</b>                                   | <b>5,038</b>   | <b>9.9%</b>   | <b>3,732</b>  | <b>8.1%</b>   | <b>35%</b> |
| <b>Income Tax Benefit(Expense)</b>                           | <b>(1,127)</b> | <b>-2.2%</b>  | <b>(442)</b>  | <b>-1.0%</b>  |            |
| <b>Noncontrolling Interest</b>                               | <b>(91)</b>    | <b>-0.2%</b>  | <b>(94)</b>   | <b>-0.2%</b>  |            |
| <b>Net Income Attributable to Shareholders of the Parent</b> | <b>3,820</b>   | <b>7.5%</b>   | <b>3,196</b>  | <b>7.0%</b>   | <b>20%</b> |
| <b>EPS<sup>1</sup></b>                                       | <b>0.50</b>    |               | <b>0.42</b>   |               |            |
| <b>EBITDA</b>  | <b>12,190</b>  | <b>24.0%</b>  | <b>10,007</b> | <b>21.8%</b>  | <b>22%</b> |

<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)                                    | Q2 / 2013     | %             | Q1 / 2013     | %             | Change     |
|--|---------------|---------------|---------------|---------------|------------|
| <b>Net Revenues:</b>   |               |               |               |               |            |
| IC Packaging   | 29,031        | 80.0%         | 24,915        | 79.6%         | 17%        |
| Testing  | 6,505         | 17.9%         | 5,723         | 18.3%         | 14%        |
| Direct Material  | 759           | 2.1%          | 679           | 2.2%          | 12%        |
| <b>Total Net Revenues</b>                                    | <b>36,295</b> | <b>100.0%</b> | <b>31,317</b> | <b>100.0%</b> | <b>16%</b> |
| <b>Gross Profit</b>  | <b>8,719</b>  | <b>24.0%</b>  | <b>6,224</b>  | <b>19.9%</b>  | <b>40%</b> |
| <b>Operating Income(Loss)</b>                                | <b>4,807</b>  | <b>13.2%</b>  | <b>2,669</b>  | <b>8.5%</b>   | <b>80%</b> |
| <b>Pretax Income(Loss)</b>                                   | <b>4,833</b>  | <b>13.3%</b>  | <b>2,776</b>  | <b>8.9%</b>   | <b>74%</b> |
| <b>Income Tax Benefit(Expense)</b>                           | <b>(975)</b>  | <b>-2.7%</b>  | <b>(506)</b>  | <b>-1.6%</b>  |            |
| <b>Noncontrolling Interest</b>                               | <b>(38)</b>   | <b>-0.1%</b>  | <b>(39)</b>   | <b>-0.1%</b>  |            |
| <b>Net Income Attributable to Shareholders of the Parent</b> | <b>3,820</b>  | <b>10.5%</b>  | <b>2,231</b>  | <b>7.1%</b>   | <b>71%</b> |
| <b>EPS<sup>1</sup></b>                                       | <b>0.50</b>   |               | <b>0.29</b>   |               |            |
| <b>EBITDA</b>  | <b>11,107</b> | <b>30.6%</b>  | <b>8,620</b>  | <b>27.5%</b>  | <b>29%</b> |

<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)

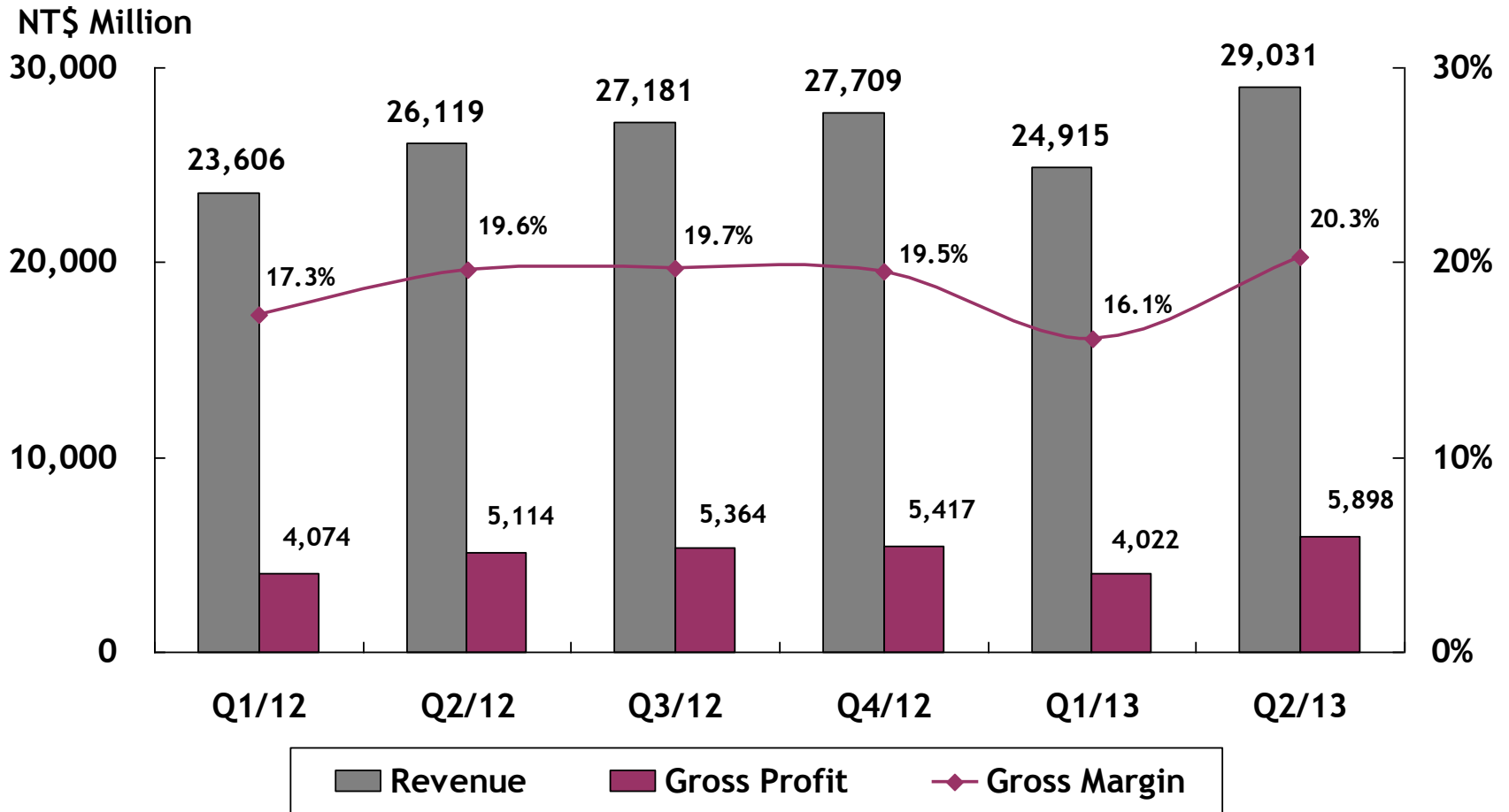
| (NT\$ Million except EPS)                                    | Q2 / 2013     | %             | Q2 / 2012     | %             | Change     |
|--|---------------|---------------|---------------|---------------|------------|
| <b>Net Revenues:</b>   |               |               |               |               |            |
| IC Packaging   | 29,031        | 80.0%         | 26,119        | 80.4%         | 11%        |
| Testing  | 6,505         | 17.9%         | 5,633         | 17.3%         | 15%        |
| Direct Material  | 759           | 2.1%          | 733           | 2.3%          | 4%         |
| <b>Total Net Revenues</b>                                    | <b>36,295</b> | <b>100.0%</b> | <b>32,485</b> | <b>100.0%</b> | <b>12%</b> |
| <b>Gross Profit</b>  | <b>8,719</b>  | <b>24.0%</b>  | <b>7,249</b>  | <b>22.3%</b>  | <b>20%</b> |
| <b>Operating Income(Loss)</b>                                | <b>4,807</b>  | <b>13.2%</b>  | <b>3,639</b>  | <b>11.2%</b>  | <b>32%</b> |
| <b>Pretax Income(Loss)</b>                                   | <b>4,833</b>  | <b>13.3%</b>  | <b>3,534</b>  | <b>10.9%</b>  | <b>37%</b> |
| <b>Income Tax Benefit(Expense)</b>                           | <b>(975)</b>  | <b>-2.7%</b>  | <b>(311)</b>  | <b>-1.0%</b>  |            |
| <b>Noncontrolling Interest</b>                               | <b>(38)</b>   | <b>-0.1%</b>  | <b>(27)</b>   | <b>-0.1%</b>  |            |
| <b>Net Income Attributable to Shareholders of the Parent</b> | <b>3,820</b>  | <b>10.5%</b>  | <b>3,196</b>  | <b>9.8%</b>   | <b>20%</b> |
| <b>EPS<sup>1</sup></b>                                       | <b>0.50</b>   |               | <b>0.42</b>   |               |            |
| <b>EBITDA</b>  | <b>11,107</b> | <b>30.6%</b>  | <b>9,122</b>  | <b>28.1%</b>  | <b>22%</b> |

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



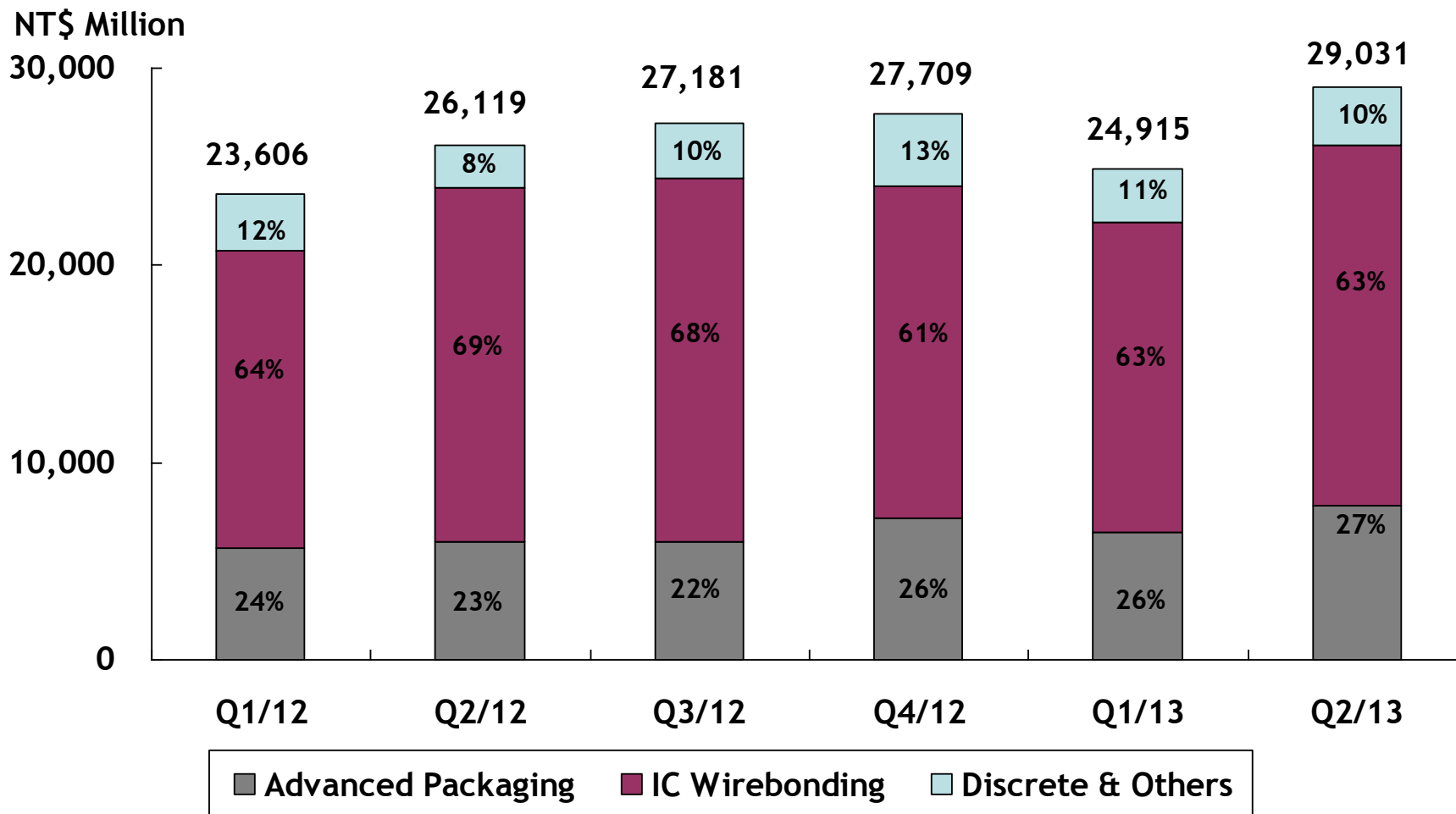


# Packaging Operations

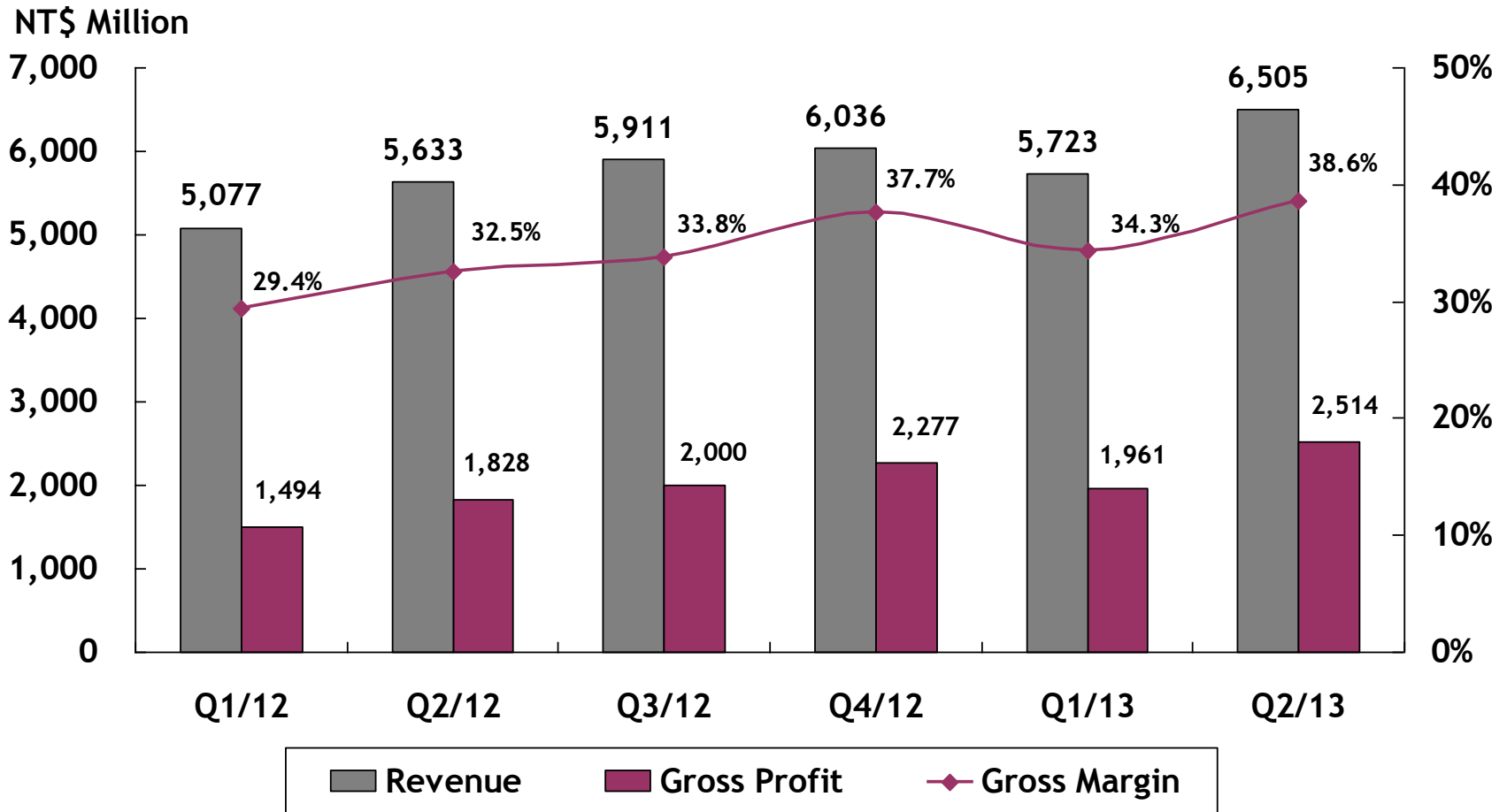


# Packaging Operations

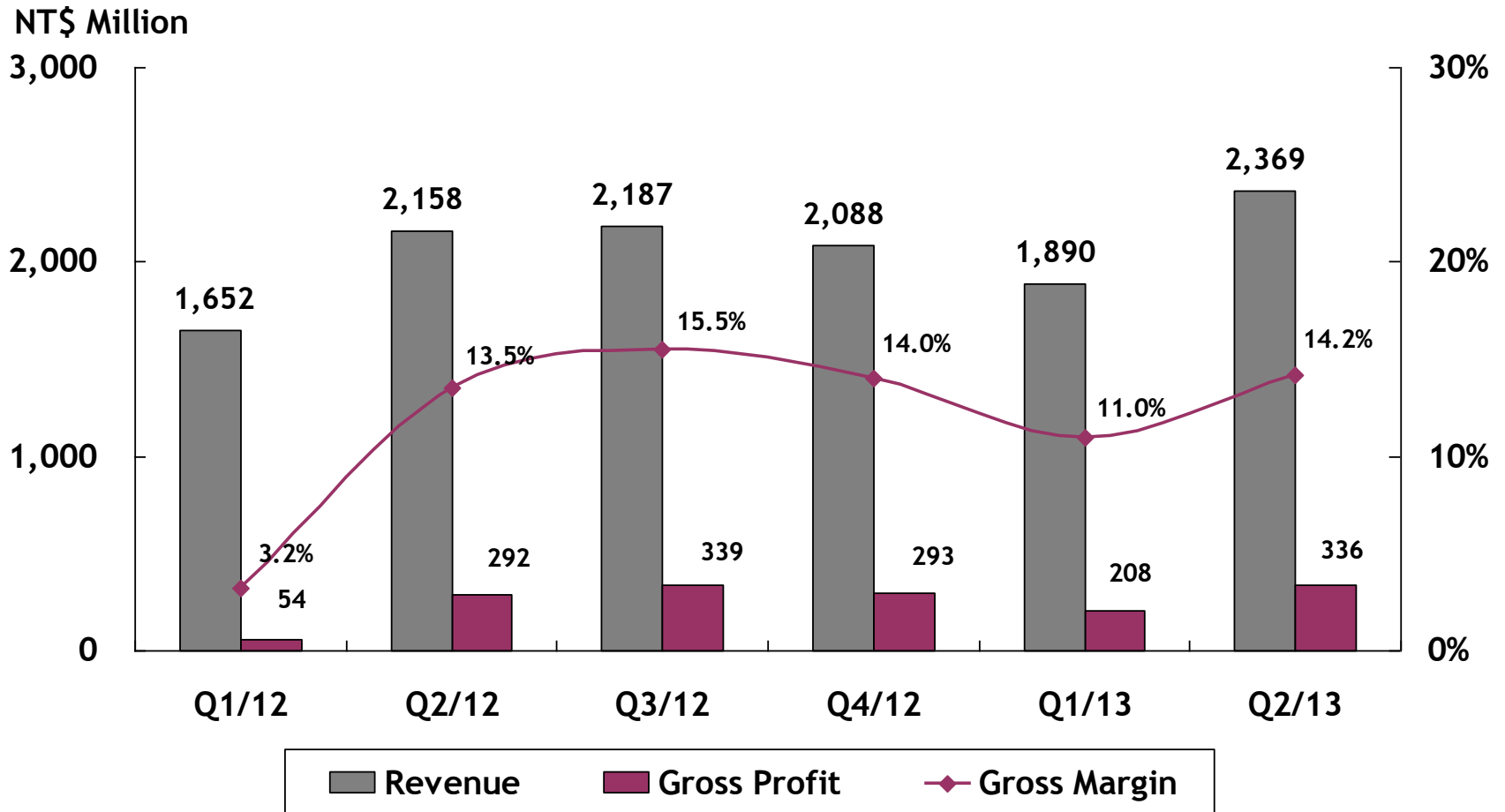
## Package Revenue Breakdown



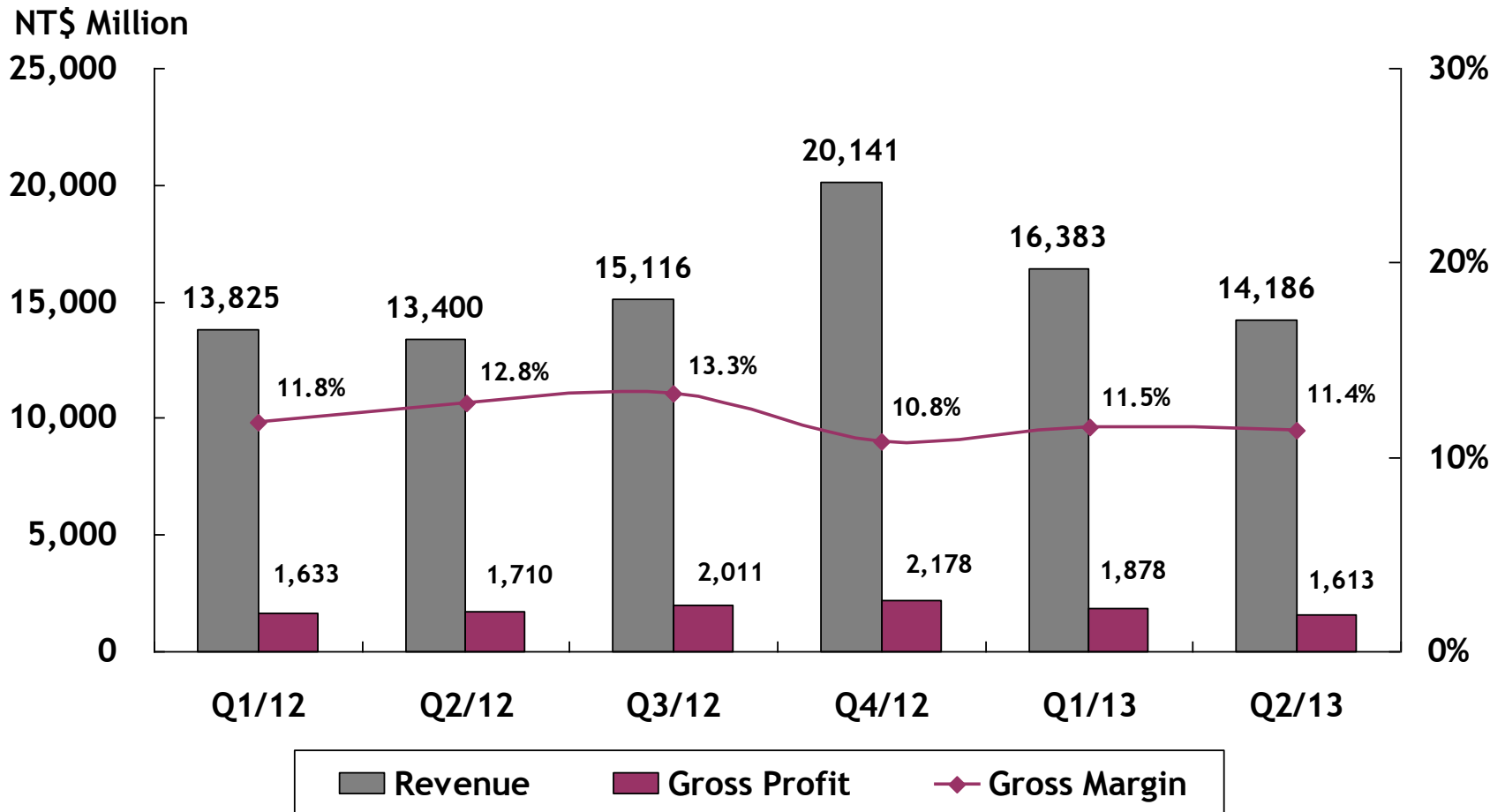
# Testing Operations



# Material Operations

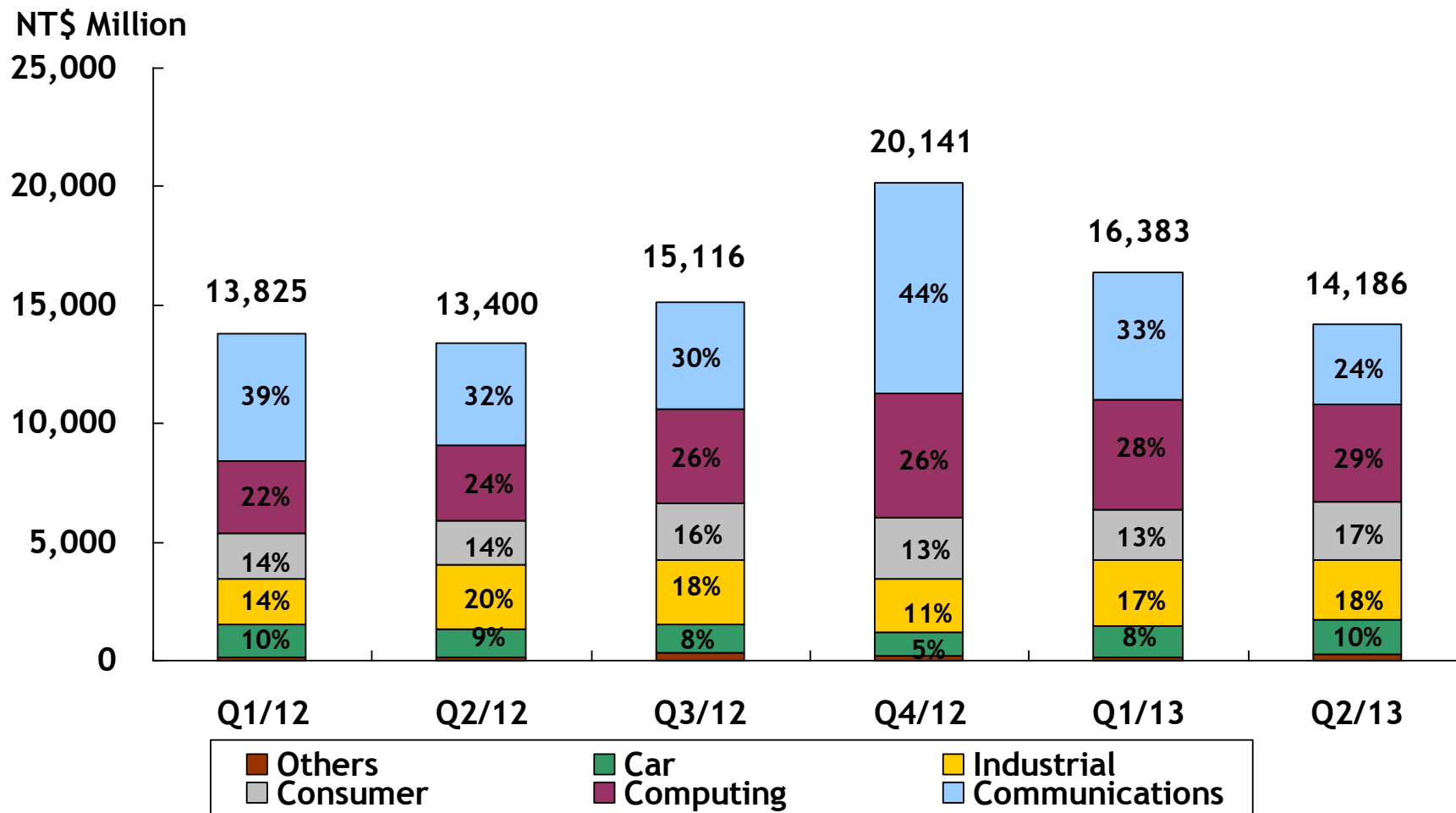


# EMS Operations



# EMS Operations

## EMS Revenue Breakdown



# Selective Balance Sheet Information

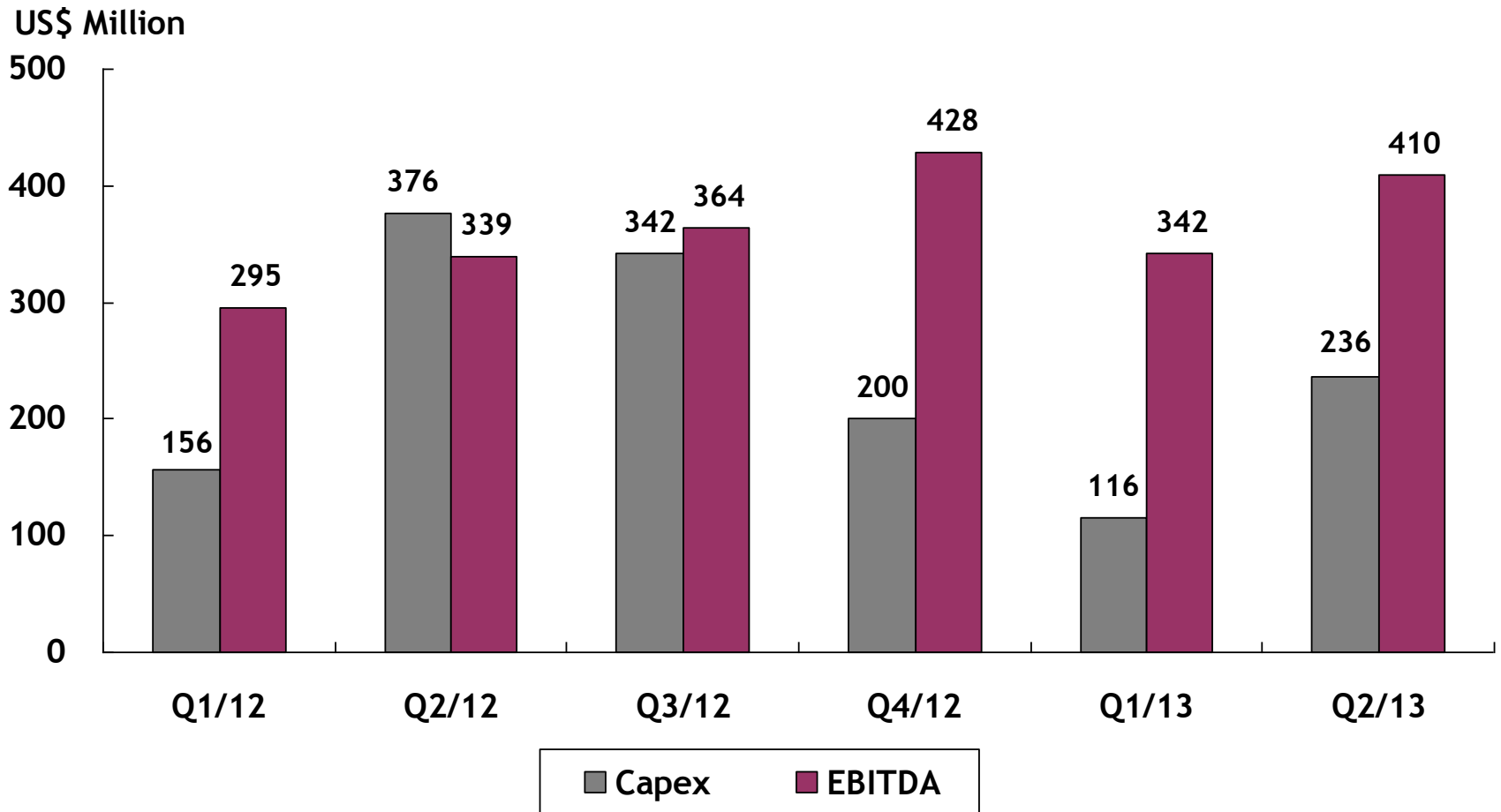
(unaudited)



| (NT\$ Million)   | Jun. 30, 2013  | Mar. 31, 2013  | Change       |
|--|----------------|----------------|--------------|
| Cash and Cash Equivalent   | 25,740         | 21,276         | 21.0%        |
| Financial Assets - current   | 4,576          | 6,093          | -24.9%       |
| Investments - non current  | 2,325          | 2,416          | -3.8%        |
| <b>Total Assets</b>  | <b>255,225</b> | <b>246,984</b> | <b>3.3%</b>  |
| <br>   |                |                |              |
| ST Bank Debt - Revolving Credit                                      | 35,914         | 33,937         | 5.8%         |
| - Current Portion of LT Debt   | 2,494          | 3,177          | -21.5%       |
| LT Bank Debt   | 45,174         | 45,298         | -0.3%        |
| <b>Total Net Worth</b><br><b>(Including noncontrolling interest)</b> | <b>112,720</b> | <b>115,682</b> | <b>-2.6%</b> |
| <br>   |                |                |              |
| Quarterly EBITDA   | 12,190         | 10,035         | 21.5%        |
| <br>   |                |                |              |
| Current Ratio  | 1.14           | 1.23           |              |
| Net Debt to Equity   | 0.47           | 0.48           |              |



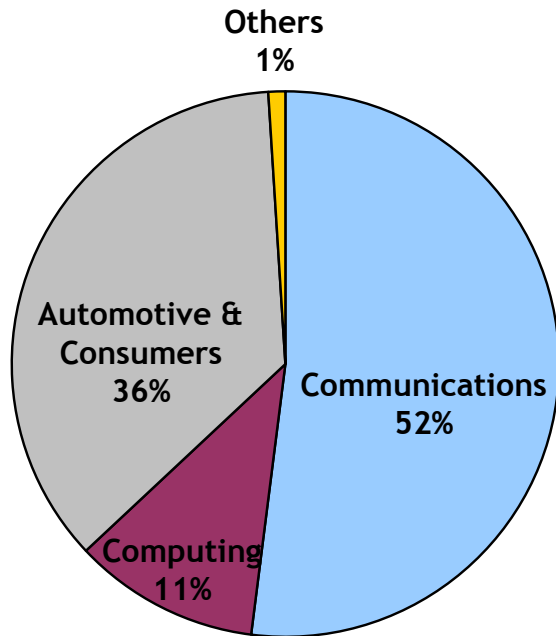
# Capital Expenditure & EBITDA



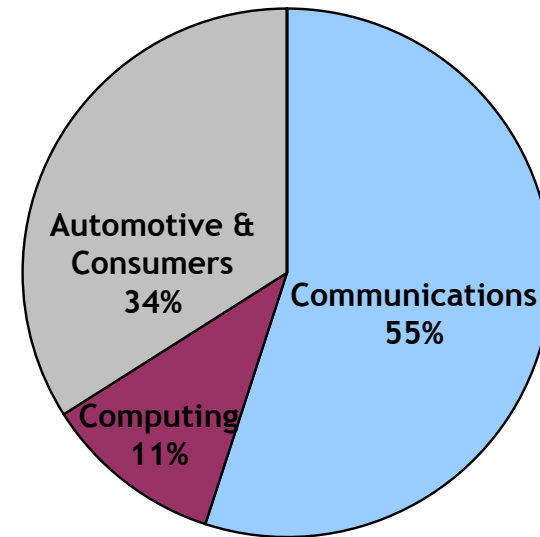


# IC ATM Market Segment Exposure

Q1 / 2013



Q2 / 2013



Based on our current business outlook and exchange rate assumption, management projects overall performance for the third quarter of 2013 to be as follows:

- Our IC-ATM revenue to grow between 1% to 5% and our EMS business to grow in excess of 25%.
- Our IC-ATM gross profit margin should be flattish to slightly up while our EMS business gross margin should soften by 0.6-0.9 percentage points.
- Our capital expenditure for full year 2013 will be US\$700 million to US\$750 million, subject to adjustments in line with market condition.



**For more information regarding ASE Group**

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