



ASE GROUP

# ASE Inc. First Quarter 2018 Earnings Release

Advanced Semiconductor  
Engineering, Inc.  
Apr. 27, 2018



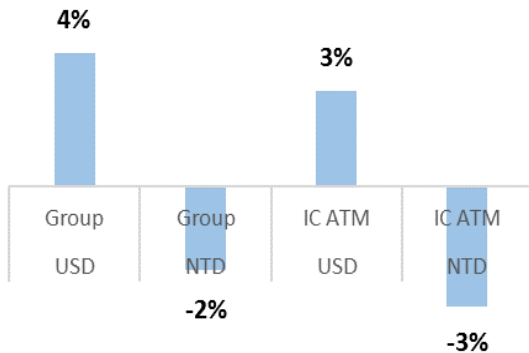
# Safe Harbor Notice

**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. 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 cyclical 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 uncertainties as to whether we can complete the share exchange contemplated by a joint share exchange agreement between Siliconware Precision Industries Co., Ltd. and us; 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 2017 Annual Report on Form 20-F filed on March 28, 2018.**

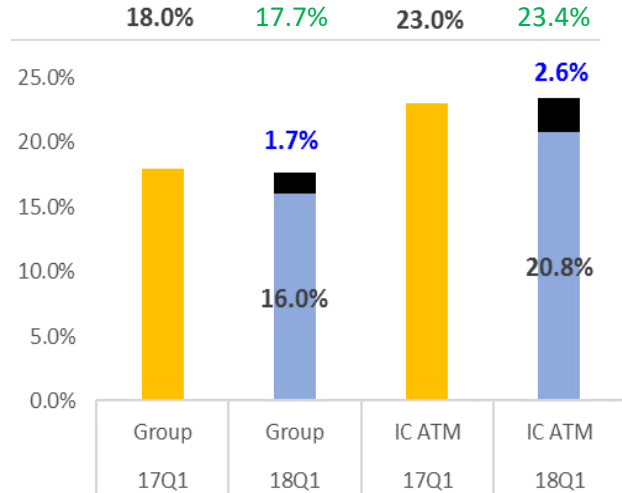
# Foreign Exchange Implication

- **Foreign Exchange Rate assumption (USD/NTD):**
  - 1Q17 and 1Q18 (31.20 vs. 29.33): 6.0% NTD appreciation against USD YoY

1Q18 Revenue Growth (YoY%)



Gross Margin by Sector



# Consolidated Statements of Comprehensive Income

## Quarterly Comparison

(unaudited)

(NT\$ Million)	Q1 / 2018	%	Q4 / 2017	%	Q1 / 2017	%	QoQ	YoY
<b>Net Revenues:</b>								
Packaging	29,368	45.2%	33,045	39.4%	29,806	44.8%	-11%	-1%
Testing	5,679	8.7%	6,553	7.8%	6,365	9.6%	-13%	-11%
Direct Material	1,009	1.6%	922	1.1%	892	1.3%	9%	13%
EMS	28,686	44.2%	43,285	51.5%	29,355	44.1%	-34%	-2%
Others	224	0.3%	181	0.2%	133	0.2%	24%	68%
<b>Total Net Revenues</b>	<b>64,966</b>	<b>100.0%</b>	<b>83,986</b>	<b>100.0%</b>	<b>66,551</b>	<b>100.0%</b>	<b>-23%</b>	<b>-2%</b>
<b>Gross Profit</b>	<b>10,388</b>	<b>16.0%</b>	<b>14,793</b>	<b>17.6%</b>	<b>11,975</b>	<b>18.0%</b>	<b>-30%</b>	<b>-13%</b>
<b>Operating Income (Loss)</b>	<b>4,316</b>	<b>6.6%</b>	<b>7,706</b>	<b>9.2%</b>	<b>5,225</b>	<b>7.9%</b>	<b>-44%</b>	<b>-17%</b>
<b>Pretax Income (Loss)</b>	<b>3,776</b>	<b>5.8%</b>	<b>7,879</b>	<b>9.4%</b>	<b>3,845</b>	<b>5.8%</b>	<b>-52%</b>	<b>-2%</b>
<b>Income Tax Benefit (Expense)</b>	<b>(1,420)</b>	<b>-2.2%</b>	<b>(1,085)</b>	<b>-1.3%</b>	<b>(886)</b>	<b>-1.3%</b>		
<b>Noncontrolling Interest</b>	<b>(260)</b>	<b>-0.4%</b>	<b>(548)</b>	<b>-0.7%</b>	<b>(400)</b>	<b>-0.6%</b>		
<b>Net Income Attributable to Shareholders of the Parent</b>	<b>2,096</b>	<b>3.2%</b>	<b>6,246</b>	<b>7.4%</b>	<b>2,559</b>	<b>3.8%</b>	<b>-66%</b>	<b>-18%</b>
<b>Basic EPS (NT Dollar)</b>	<b>0.25</b>		<b>0.74</b>		<b>0.33</b>		<b>-66%</b>	<b>-24%</b>
<b>Diluted EPS (NT Dollar)</b>	<b>0.24</b>		<b>0.71</b>		<b>0.29</b>		<b>-66%</b>	<b>-17%</b>
<b>EBITDA</b>	<b>11,893</b>	<b>18.3%</b>	<b>16,147</b>	<b>19.2%</b>	<b>11,764</b>	<b>17.7%</b>	<b>-26%</b>	<b>1%</b>

# IC ATM Statements of Comprehensive Income

## Quarterly Comparison

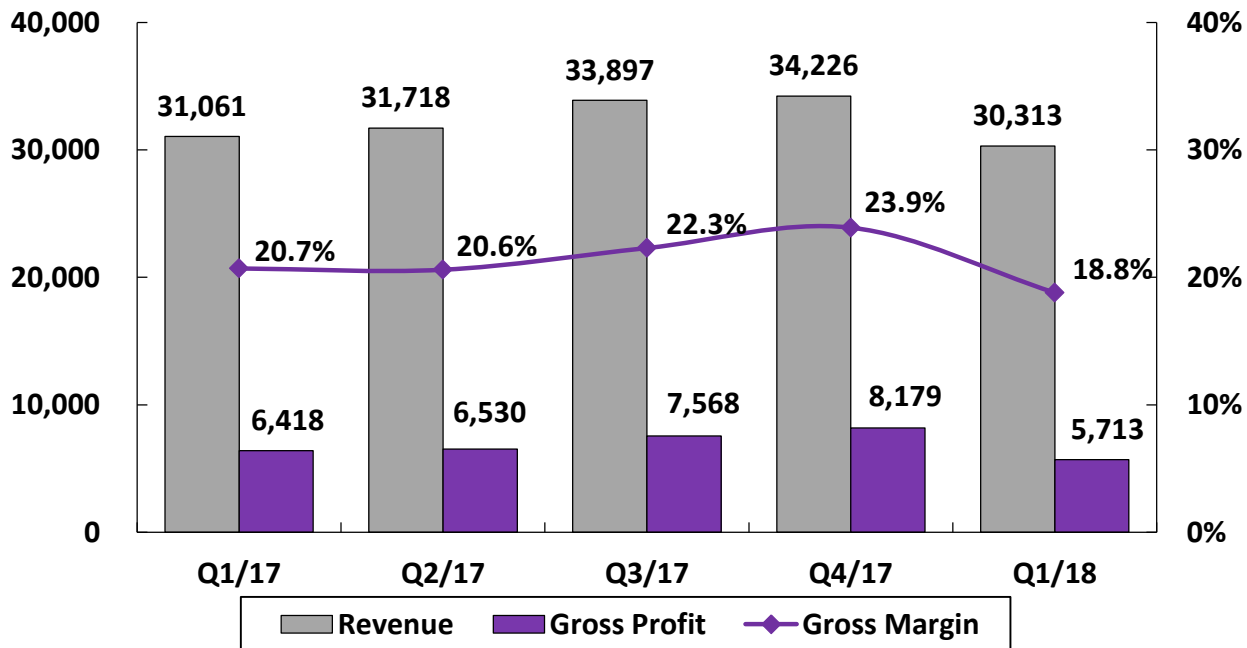
(unaudited)

(NT\$ Million)	Q1 / 2018	%	Q4 / 2017	%	Q1 / 2017	%	QoQ	YoY
<b>Net Revenues:</b>								
Packaging	30,313	81.8%	34,226	81.9%	31,061	80.9%	-11%	-2%
Testing	5,679	15.3%	6,556	15.7%	6,365	16.6%	-13%	-11%
Direct Material	1,050	2.8%	989	2.4%	935	2.4%	6%	12%
Others	30	0.1%	23	0.0%	24	0.1%	30%	25%
<b>Total Net Revenues</b>	<b>37,072</b>	<b>100.0%</b>	<b>41,794</b>	<b>100.0%</b>	<b>38,385</b>	<b>100.0%</b>	<b>-11%</b>	<b>-3%</b>
Gross Profit	7,701	20.8%	10,862	26.0%	8,833	23.0%	-29%	-13%
Operating Income (Loss)	3,418	9.2%	6,001	14.4%	3,983	10.4%	-43%	-14%
Pretax Income (Loss)	3,401	9.2%	7,099	17.0%	3,207	8.4%	-52%	6%
Income Tax Benefit (Expense)	(1,250)	-3.4%	(776)	-1.9%	(570)	-1.5%		
Noncontrolling Interest	(55)	-0.1%	(77)	-0.2%	(78)	-0.2%		
<b>Net Income Attributable to Shareholders of the Parent</b>	<b>2,096</b>	<b>5.7%</b>	<b>6,246</b>	<b>14.9%</b>	<b>2,559</b>	<b>6.7%</b>	<b>-66%</b>	<b>-18%</b>
EBITDA	10,393	28.0%	13,508	32.3%	9,800	25.5%	-23%	6%

# Packaging Operations

(unaudited)

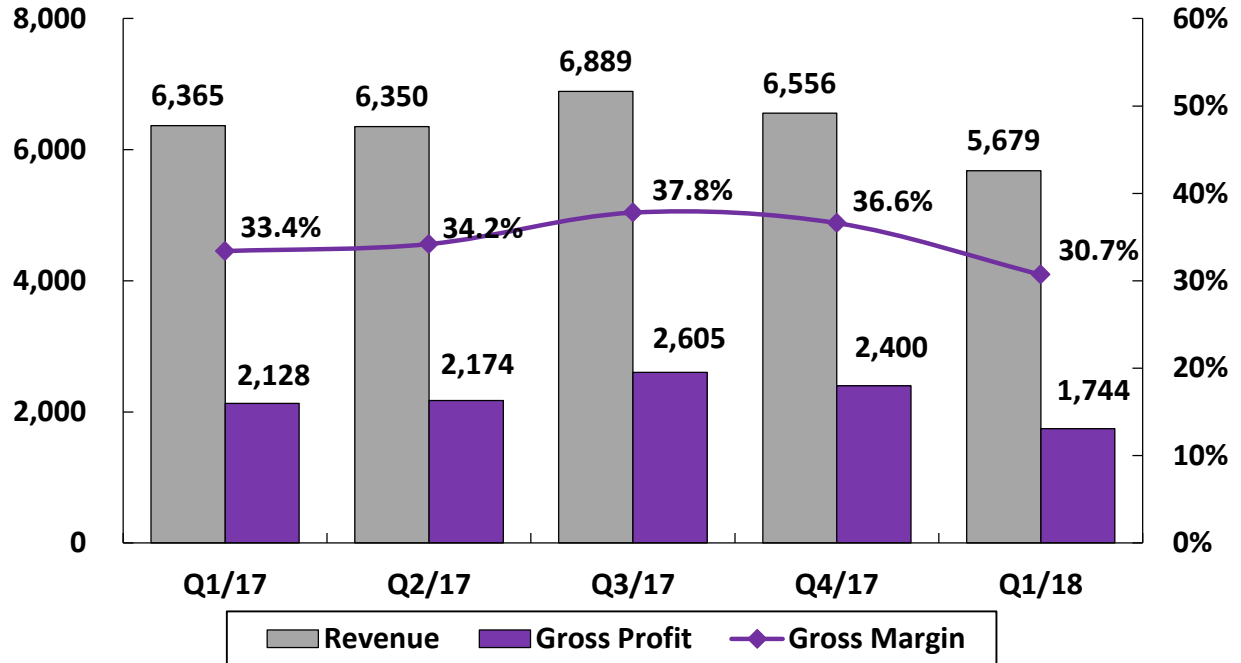
NT\$ Million



# Testing Operations

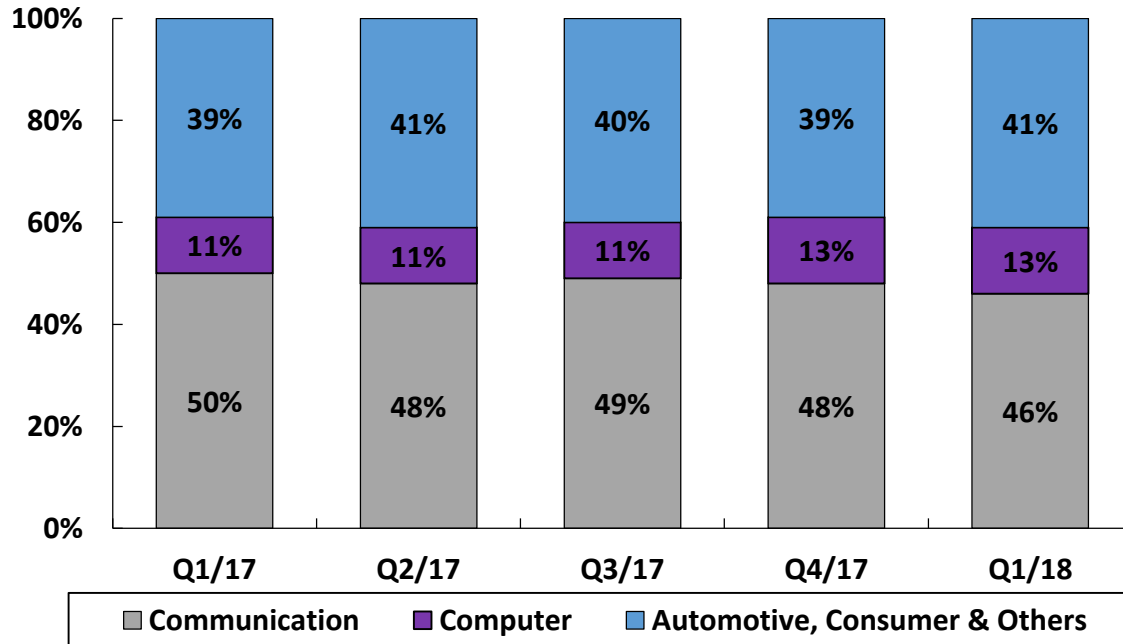
(unaudited)

NT\$ Million



# IC ATM Revenue by Application

(unaudited)

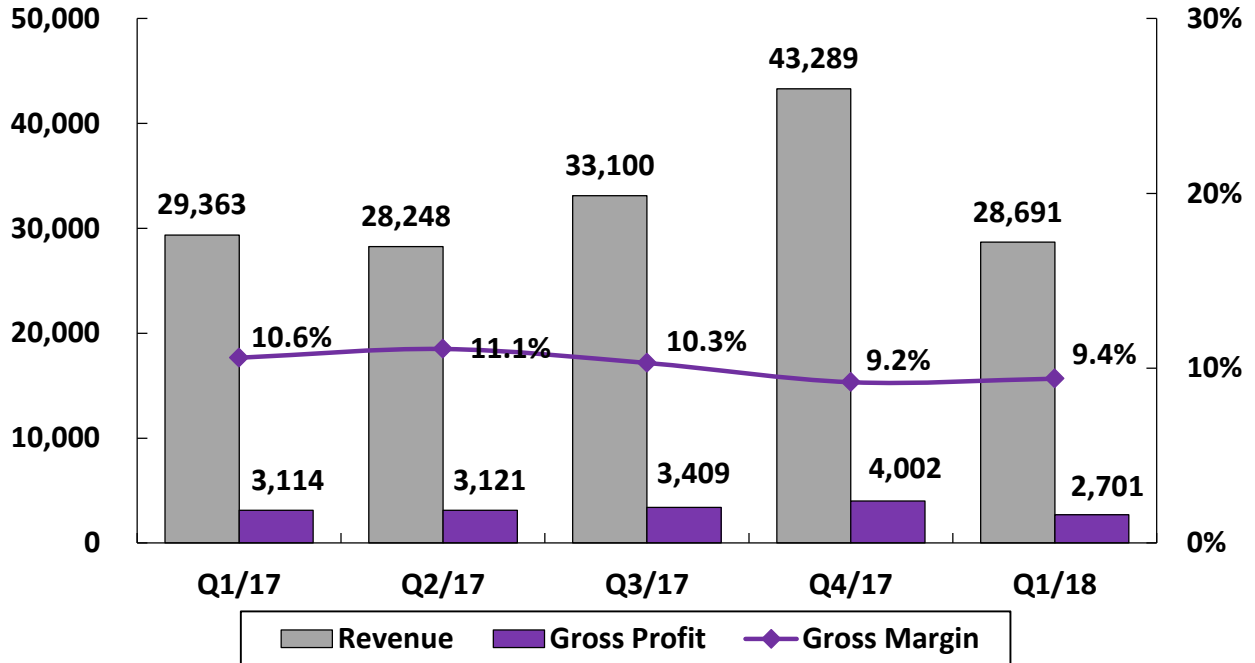




# EMS Operations

(unaudited)

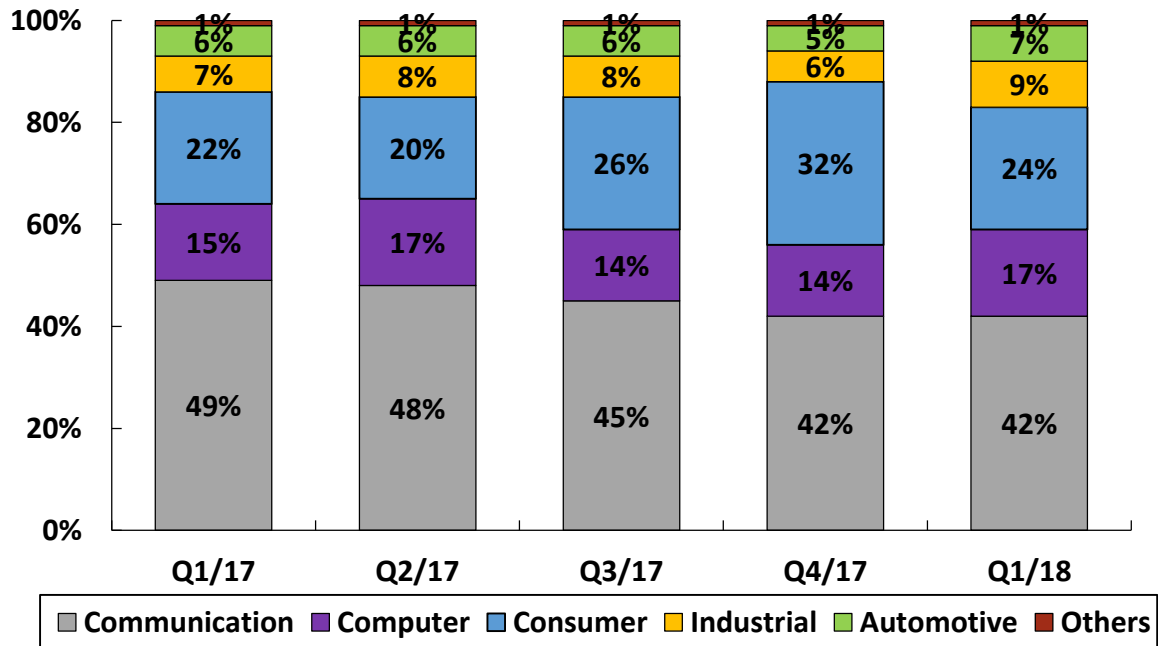
NT\$ Million



# EMS Operations

## EMS Revenue Breakdown

(unaudited)



# Key Balance Sheet Items & Indices

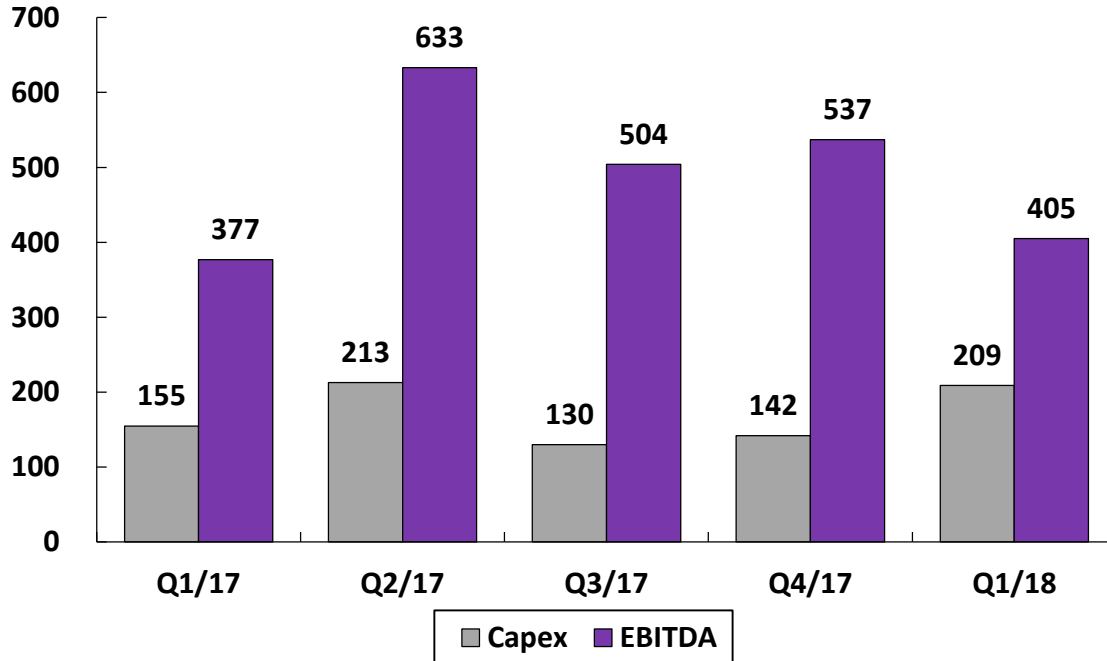
(unaudited)

(NT\$ Million)	<u>Mar. 31, 2018</u>	<u>Dec. 31, 2017</u>
Cash and cash equivalent	43,146	46,078
Financial assets - current	10,551	5,785
Financial assets - non current & investments - equity method	50,854	50,983
Property, plant & equipment	134,637	135,169
<b>Total assets</b>	<b>356,880</b>	<b>363,858</b>
Short-term borrowings & short-term bills payable	17,381	17,962
Current portion of bonds payable	0	6,161
Current portion of long-term borrowings & capital lease obligations	5,739	8,280
Bonds payable	16,983	16,982
Long-term borrowings & capital lease obligations	34,435	27,520
<b>Total equity (Including non-controlling interest)</b>	<b>206,027</b>	<b>204,001</b>
Quarterly EBITDA	11,893	16,147
Current ratio	1.55	1.37
Net debt to equity	0.09	0.12

# Equipment Capital Expenditure vs. EBITDA

(unaudited)

US\$ Million



# Second Quarter 2018 Outlook

**Based on our current business outlook and exchange rate assumptions, management projects overall performance for the second quarter of 2018 to be as follows:**

- **In USD term, IC-ATM 2Q18 business should be above 2Q17 levels but below 4Q17 levels;**
- **Excluding foreign exchange impact, IC-ATM 2Q18 GM should be similar to 2Q17 levels;**
- **EMS 2Q18 business should be between 2Q17 and 3Q17 levels;**
- **EMS 2Q18 gross margin should improve slightly from 1Q18 levels.**



# Thank You

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