



ASE GROUP



ASE Inc. 2014 Third Quarter Earnings Release

Joseph Tung
Chief Financial Officer
ASE Inc.
Oct. 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.

Consolidated Statements of Comprehensive Income

Quarterly Sequential Comparison

(unaudited)



ASE GROUP

(NT\$ Million)	Q3 / 2014	%	Q2 / 2014	%	Change
Net Revenues:					
Packaging	32,031	48.1%	30,641	52.3%	5%
Testing	6,827	10.2%	6,600	11.3%	3%
Direct Material	1,033	1.6%	873	1.5%	18%
EMS	26,741	40.1%	20,501	35.0%	30%
Others	0	0.0%	0	0.0%	
Total Net Revenues	66,632	100.0%	58,615	100.0%	14%
Gross Profit	14,198	21.3%	12,600	21.5%	13%
Operating Income (Loss)	8,084	12.1%	6,600	11.3%	22%
Pretax Income (Loss)	8,590	12.9%	6,050	10.3%	42%
Income Tax Benefit (Expense)	(1,237)	-1.9%	(818)	-1.4%	
Noncontrolling Interest	(148)	-0.2%	(138)	-0.2%	
Net Income Attributable to Shareholders of the Parent	7,205	10.8%	5,094	8.7%	41%
Basic EPS (NT Dollar)	0.94		0.66		42%
Diluted EPS (NT Dollar)	0.82		0.64		28%
EBITDA	15,865	23.8%	13,109	22.4%	21%

Consolidated Statements of Comprehensive Income

Quarterly Year-over-Year Comparison

(unaudited)



(NT\$ Million)	Q3 / 2014	%	Q3 / 2013	%	Change
Net Revenues:					
Packaging	32,031	48.1%	29,977	52.8%	7%
Testing	6,827	10.2%	6,279	11.1%	9%
Direct Material	1,033	1.6%	767	1.4%	35%
EMS	26,741	40.1%	19,551	34.5%	37%
Others	0	0.0%	174	0.2%	
Total Net Revenues	66,632	100.0%	56,748	100.0%	17%
Gross Profit	14,198	21.3%	11,587	20.4%	23%
Operating Income (Loss)	8,084	12.1%	6,099	10.7%	33%
Pretax Income (Loss)	8,590	12.9%	5,368	9.5%	60%
Income Tax Benefit (Expense)	(1,237)	-1.9%	(822)	-1.4%	
Noncontrolling Interest	(148)	-0.2%	(116)	-0.2%	
Net Income Attributable to Shareholders of the Parent	7,205	10.8%	4,430	7.8%	63%
Basic EPS (NT Dollar)	0.94		0.59		59%
Diluted EPS (NT Dollar)	0.82		0.57		44%
EBITDA	15,865	23.8%	12,567	22.1%	26%

IC ATM Statements of Comprehensive Income

Quarterly Sequential Comparison

(unaudited)



(NT\$ Million)	Q3 / 2014	%	Q2 / 2014	%	Change
Net Revenues:					
Packaging	34,349	81.4%	31,792	81.0%	8%
Testing	6,827	16.2%	6,600	16.8%	3%
Direct Material	1,035	2.5%	874	2.2%	18%
Total Net Revenues	42,211	100.0%	39,266	100.0%	8%
Gross Profit	12,073	28.6%	10,588	27.0%	14%
Operating Income (Loss)	7,348	17.4%	5,973	15.2%	23%
Pretax Income (Loss)	8,366	19.8%	5,779	14.7%	45%
Income Tax Benefit (Expense)	(1,105)	-2.6%	(647)	-1.6%	
Noncontrolling Interest	(56)	-0.1%	(38)	-0.1%	
Net Income Attributable to Shareholders of the Parent	7,205	17.1%	5,094	13.0%	41%
Diluted EPS (NT Dollar)	0.82		0.64		28%
EBITDA	14,748	34.9%	12,055	30.7%	22%

IC ATM Statements of Comprehensive Income

Quarterly Year-over-Year Comparison

(unaudited)

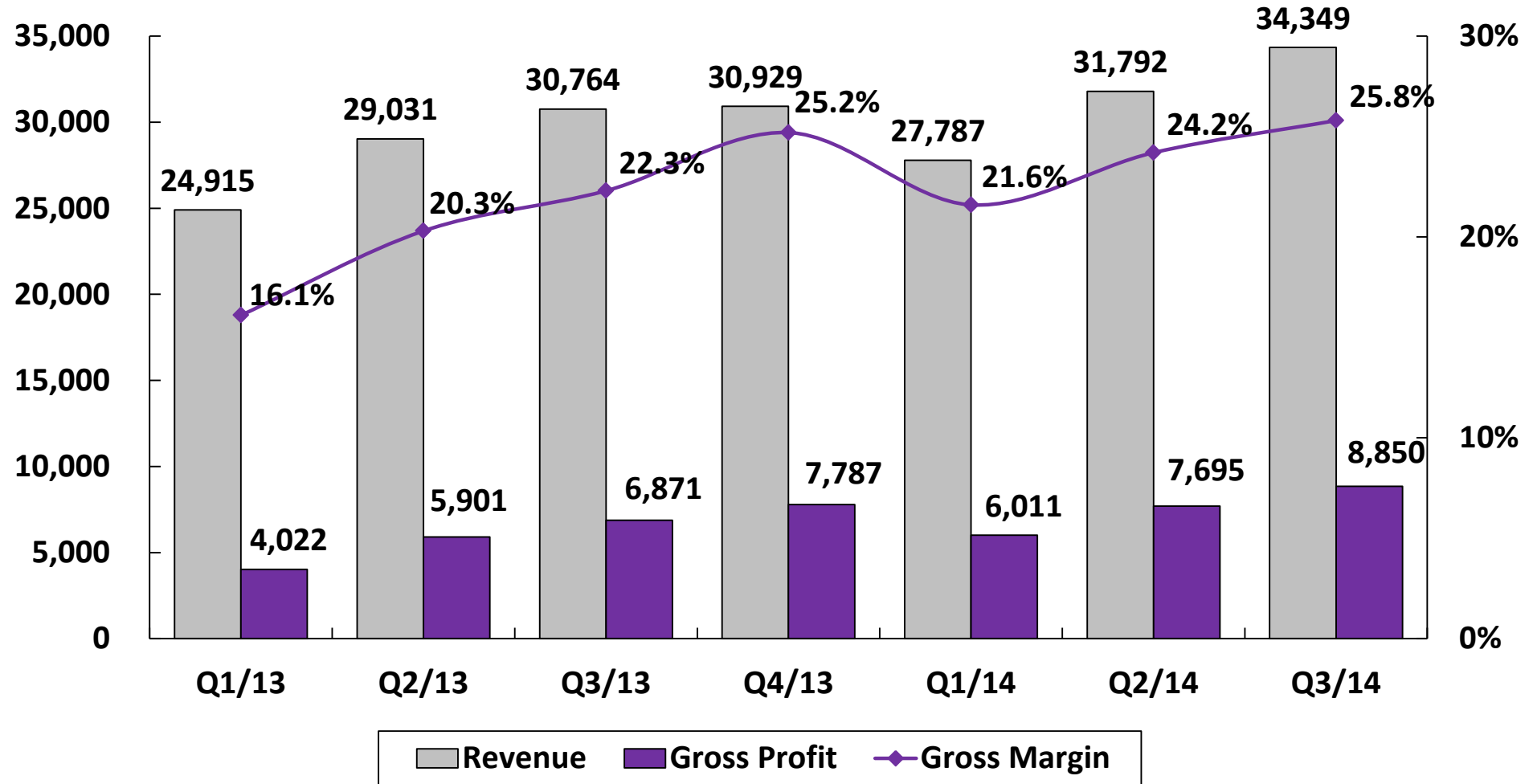


(NT\$ Million)	Q3 / 2014	%	Q3 / 2013	%	Change
Net Revenues:					
Packaging	34,349	81.4%	30,764	81.4%	12%
Testing	6,827	16.2%	6,279	16.6%	9%
Direct Material	1,035	2.5%	767	2.0%	35%
Total Net Revenues	42,211	100.0%	37,810	100.0%	12%
Gross Profit	12,073	28.6%	9,646	25.5%	25%
Operating Income (Loss)	7,348	17.4%	5,383	14.2%	37%
Pretax Income (Loss)	8,366	19.8%	5,134	13.6%	63%
Income Tax Benefit (Expense)	(1,105)	-2.6%	(661)	-1.7%	
Noncontrolling Interest	(56)	-0.1%	(43)	-0.1%	
Net Income Attributable to Shareholders of the Parent	7,205	17.1%	4,430	11.7%	63%
Diluted EPS (NT Dollar)	0.82		0.57		44%
EBITDA	14,748	34.9%	11,371	30.1%	30%

Packaging Operations

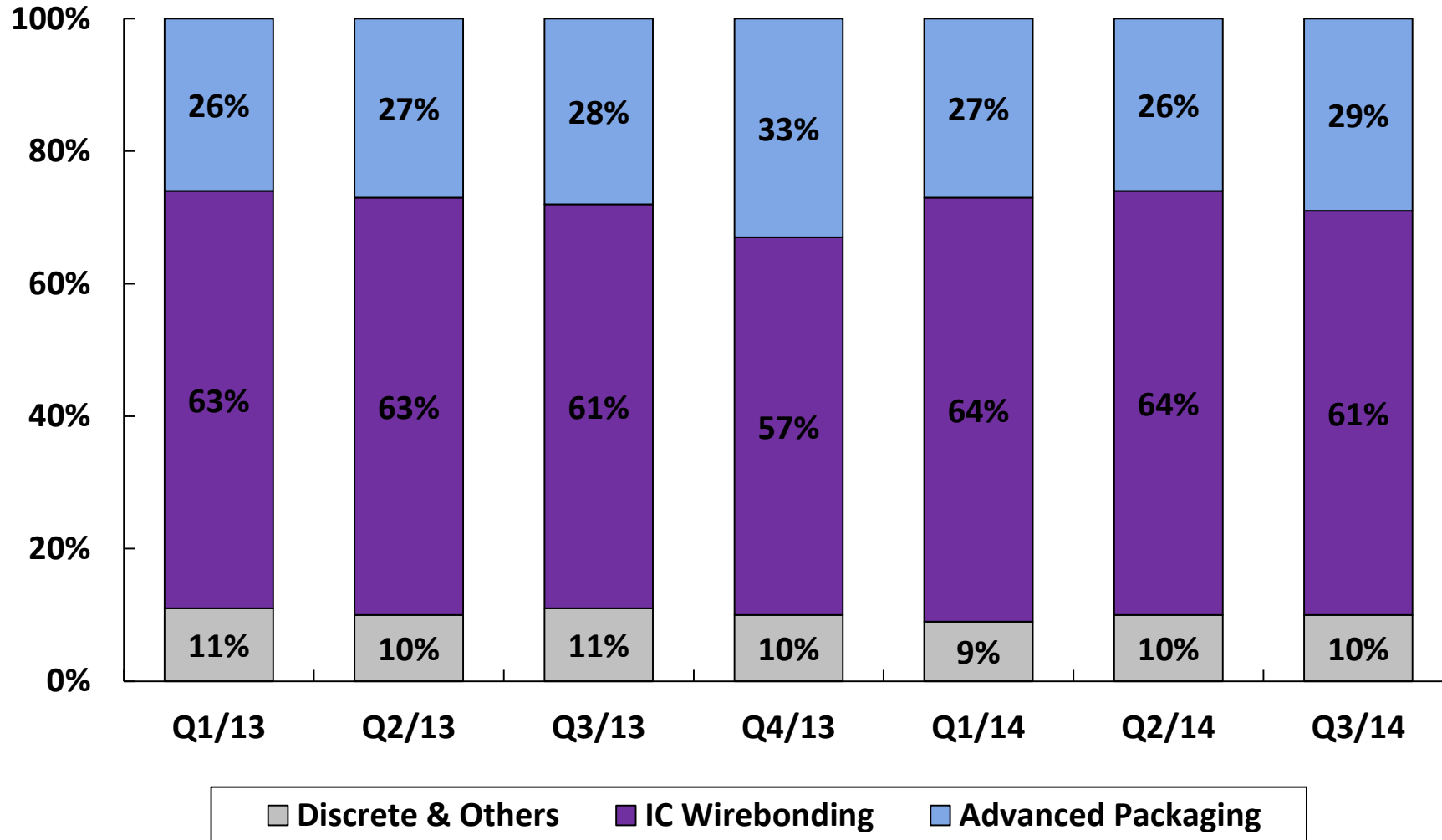


NT\$ Million



Packaging Operations

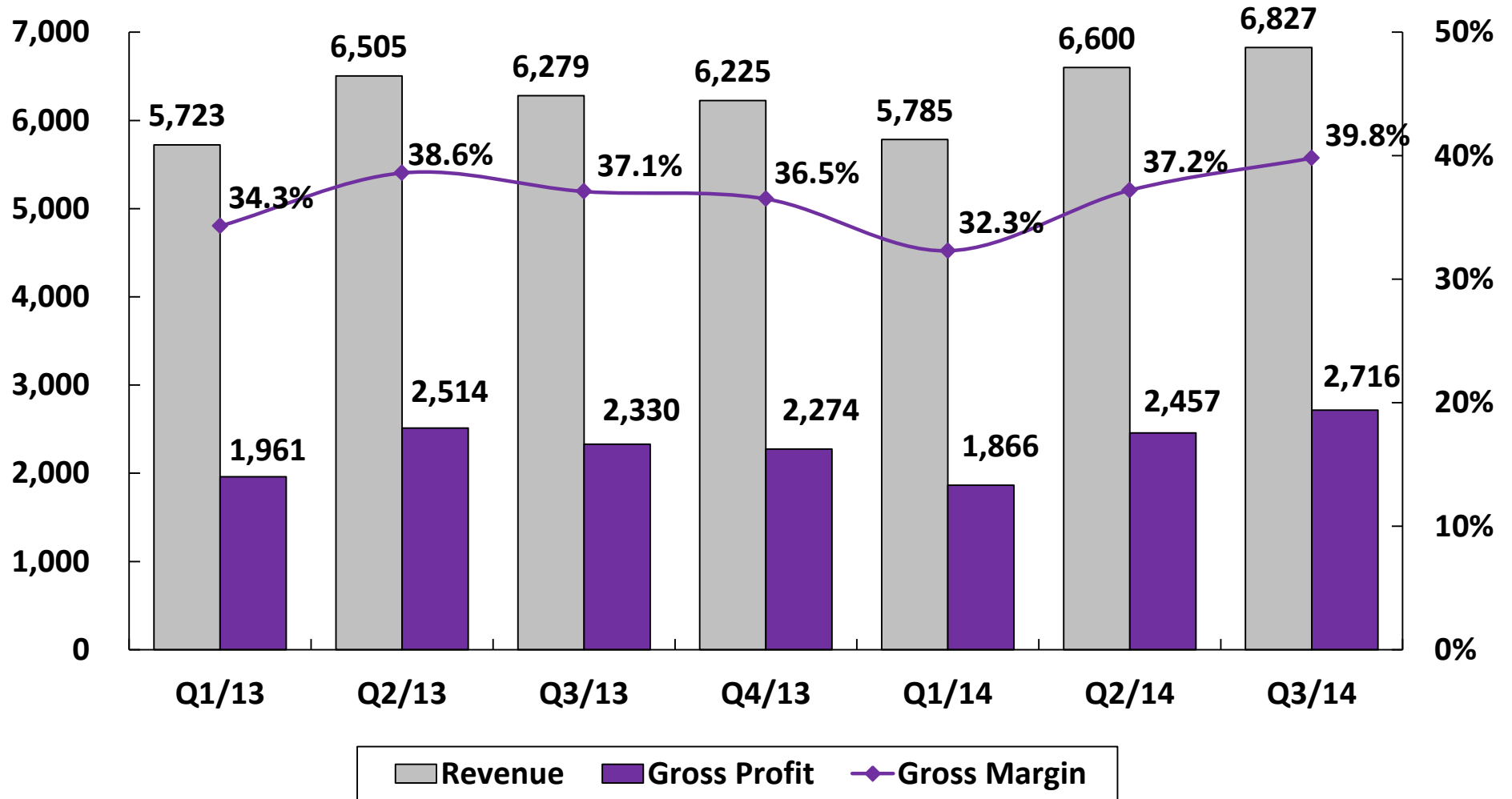
Package Revenue Breakdown



Testing Operations



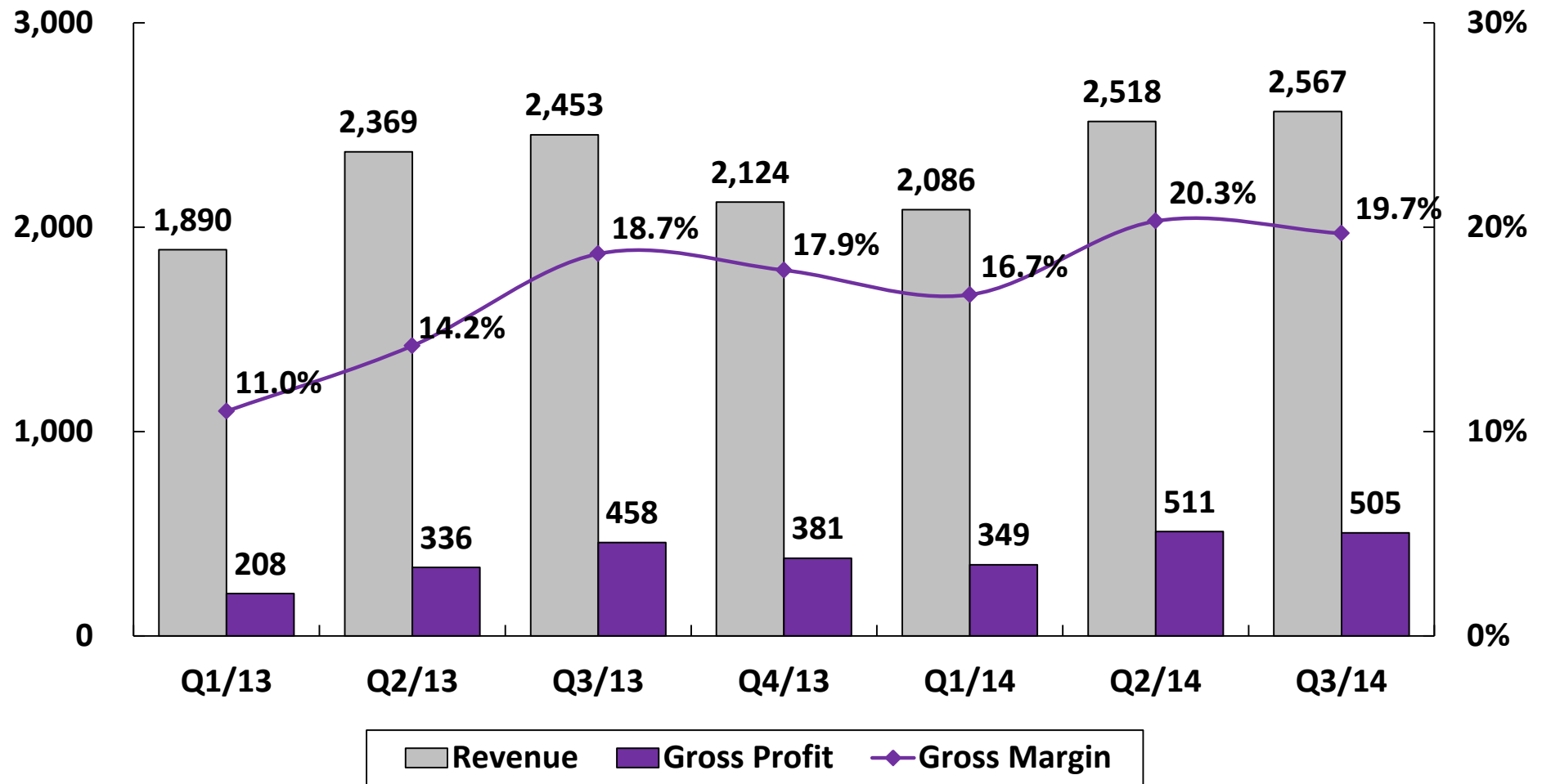
NT\$ Million



Material Operations



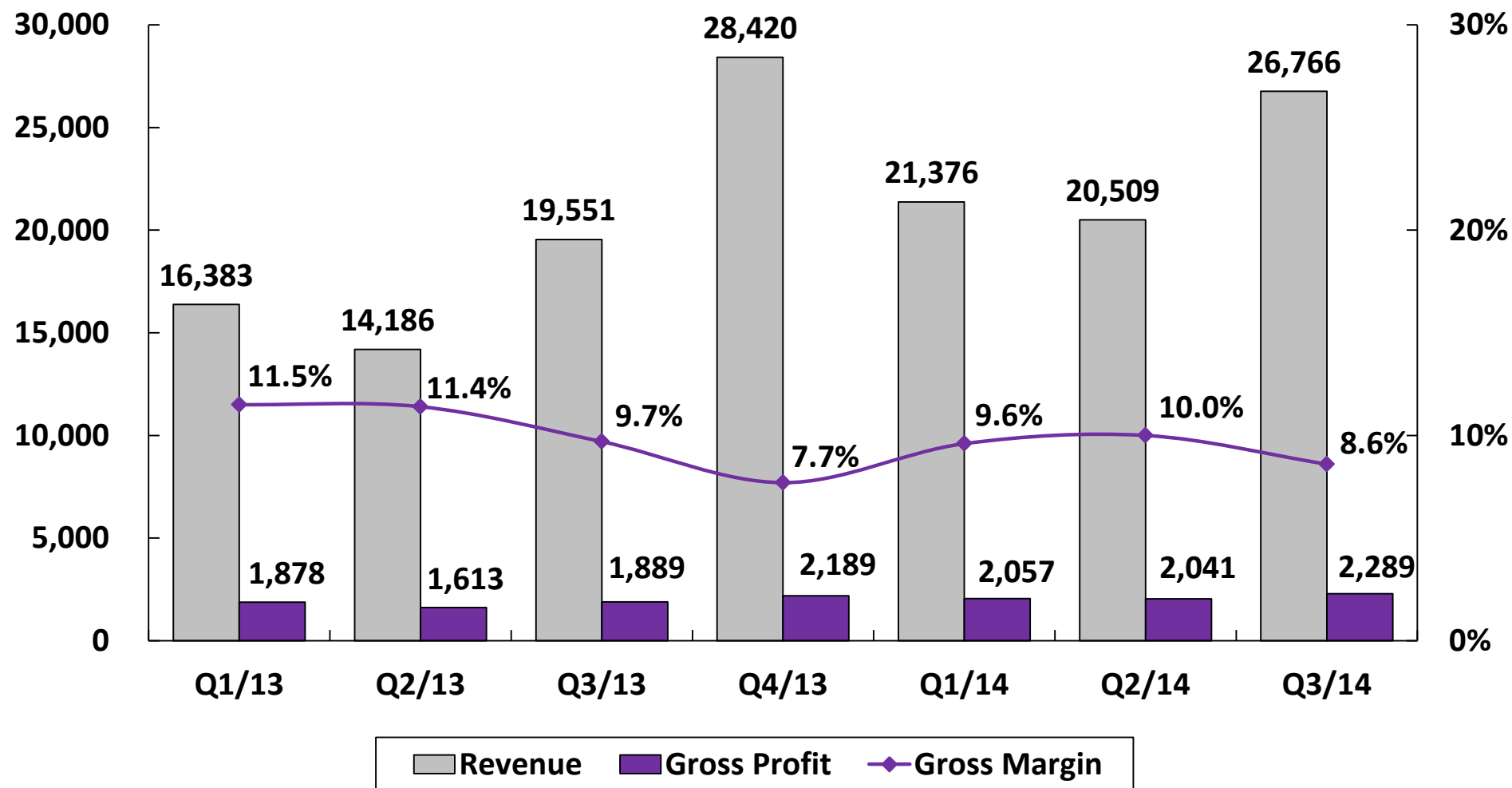
NT\$ Million



EMS Operations

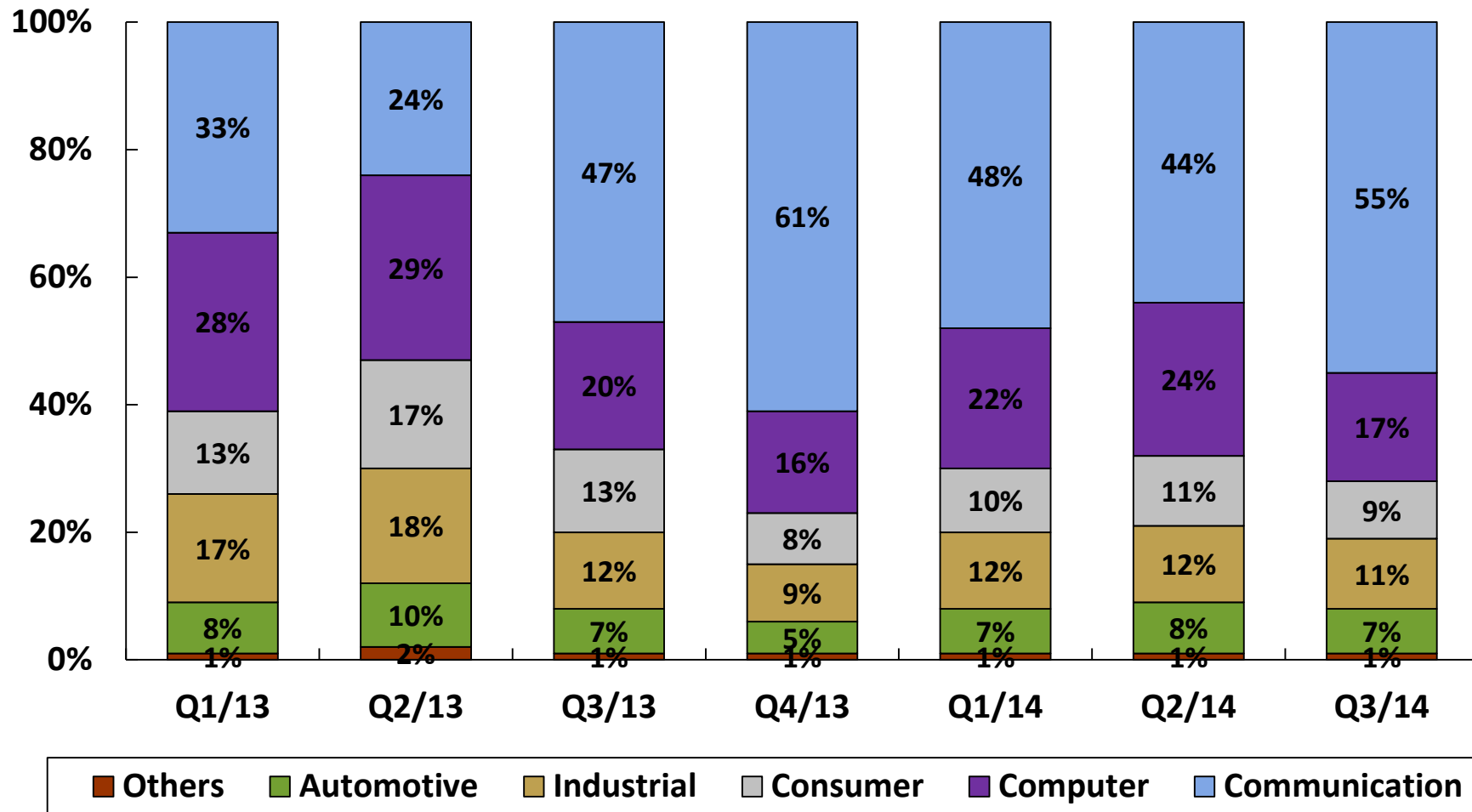


NT\$ Million



EMS Operations

EMS Revenue Breakdown



Balance Sheets & Key Indices

(unaudited)



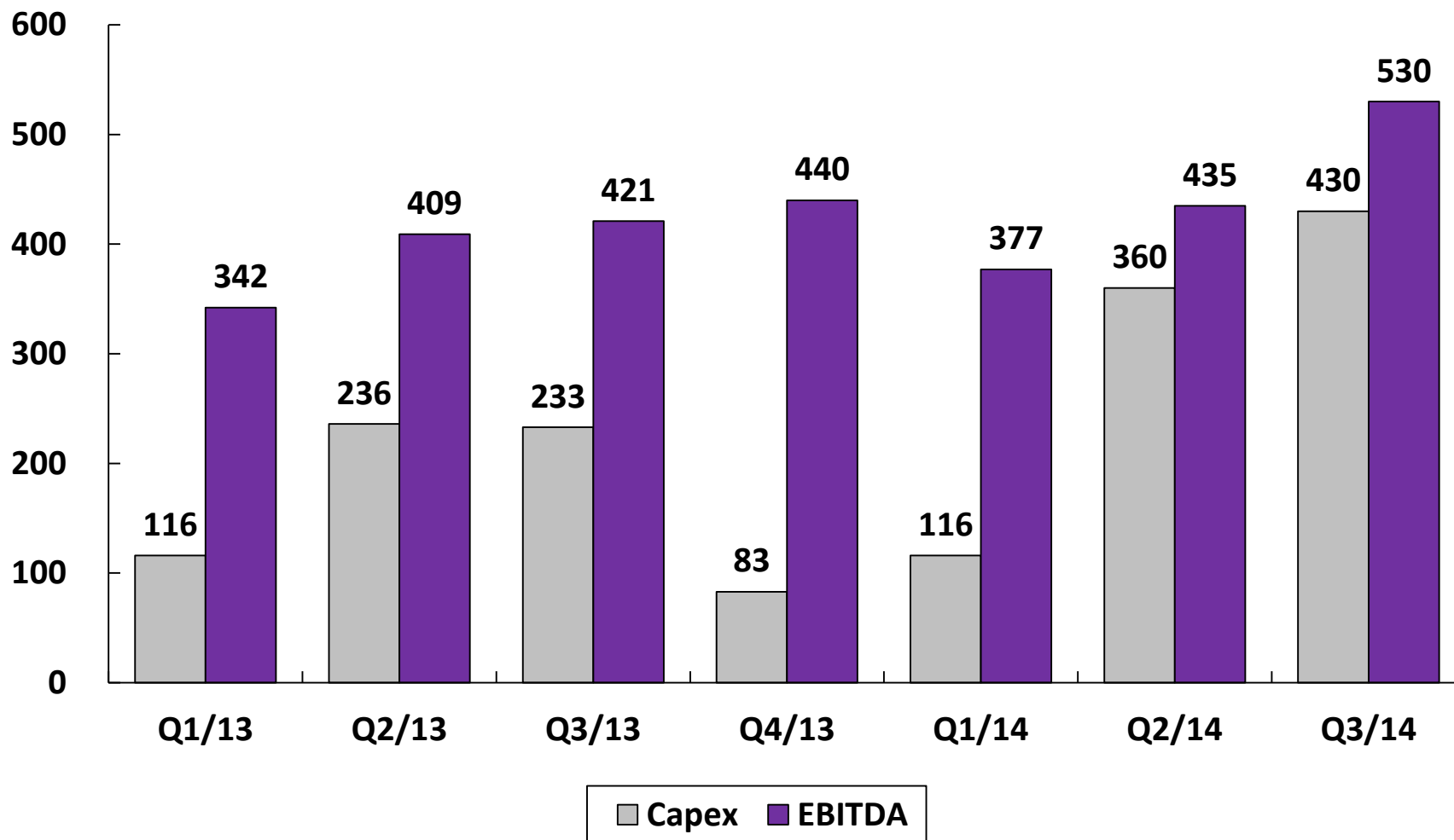
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(NT\$ Million)	Sept. 30, 2014	Jun. 30, 2014	Change
Cash and cash equivalent	32,968	41,730	-21.0%
Financial assets - current	3,817	3,653	4.5%
Financial assets - non current & investments - equity method	2,475	2,574	-3.8%
Property, plant & equipment	148,998	135,555	9.9%
Total assets	304,727	287,600	6.0%
Short-term borrowings	38,672	33,281	16.2%
Current portion of bonds payable	0	728	
Current portion of long-term borrowings & capital lease obligations	3,226	5,316	-39.3%
Bonds payable	30,194	20,781	45.3%
Long-term borrowings & capital lease obligations	22,826	26,940	-15.3%
Total equity (Including non-controlling interest)	136,111	126,876	7.3%
Quarterly EBITDA	15,865	13,109	21.0%
Current ratio	1.25	1.23	
Net debt to equity	0.43	0.33	

Machinery & Equipment Capital Expenditure vs. EBITDA

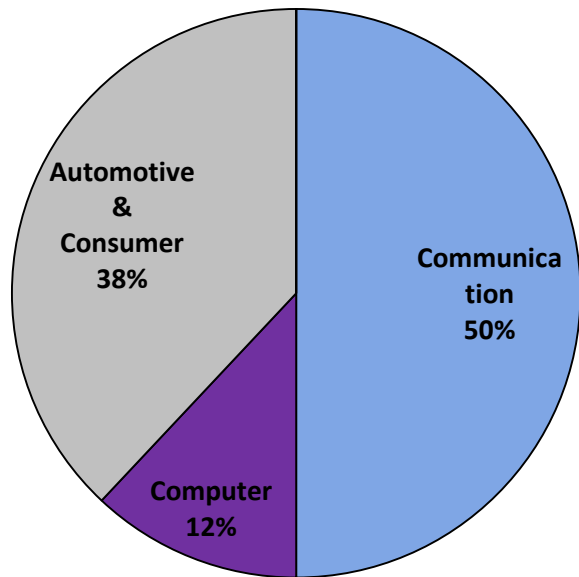


US\$ Million

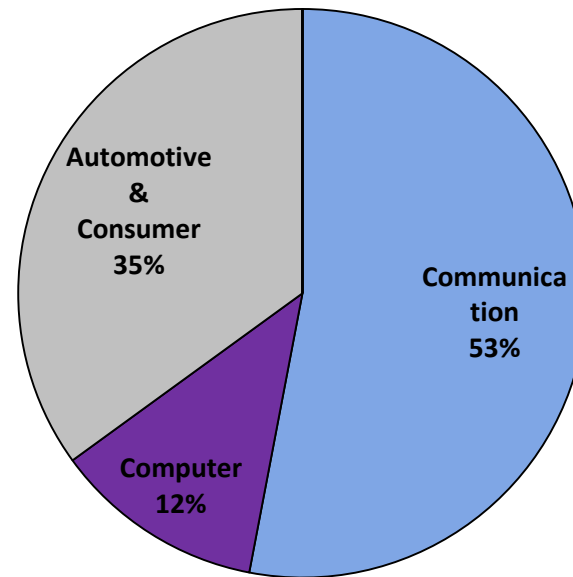


IC ATM Revenue by Application

Q2/2014



Q3/2014



Fourth Quarter 2014 Outlook



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

- **IC-ATM production capacity should increase by roughly 1% quarter-over-quarter; blended IC-ATM utilization rate should go up by 1-3% as compared to 3rd quarter;**
- **The pace for our EMS 3rd quarter sequential growth should carry into 4th quarter;**
- **Consolidated gross margin should edge down, while consolidated operating margin should be flattish.**

Thank You

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