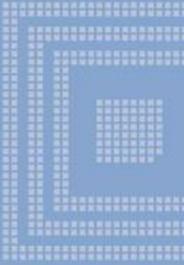




ASE GROUP



# ASE Inc.

## Q2 2015

# Earnings Release

Presented by

Tien Wu  
Chief Operating Officer

July 30, 2015

# Safe Harbor Notice



ASE GROUP

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 2014 Annual Report on Form 20-F filed on March 18, 2015.



# ASE 1H15 Business Recap



- **Challenging environment with mixed message**
  - iOS vs. Android share exchange, PC slow-down, Auto/Industrial steady
  - Inventory control ahead of market sell-through and pricing stability
  - Consolidation is positive for OSAT (eliminating old asset, demanding more new capacity)
  
- **Achieved record high 1H consolidated revenue**
  - Total consolidated revenue up 15% YoY
  - Consolidated SiP revenue tripled YoY
    - ◆ SiP as % of total consolidated revenue: 7% to 19% (1H14 to 1H15)
  - **Flip Chip, Bumping and WLP revenue up 11% YoY**
    - ◆ Share gain and package migration

# SiP Paradigm



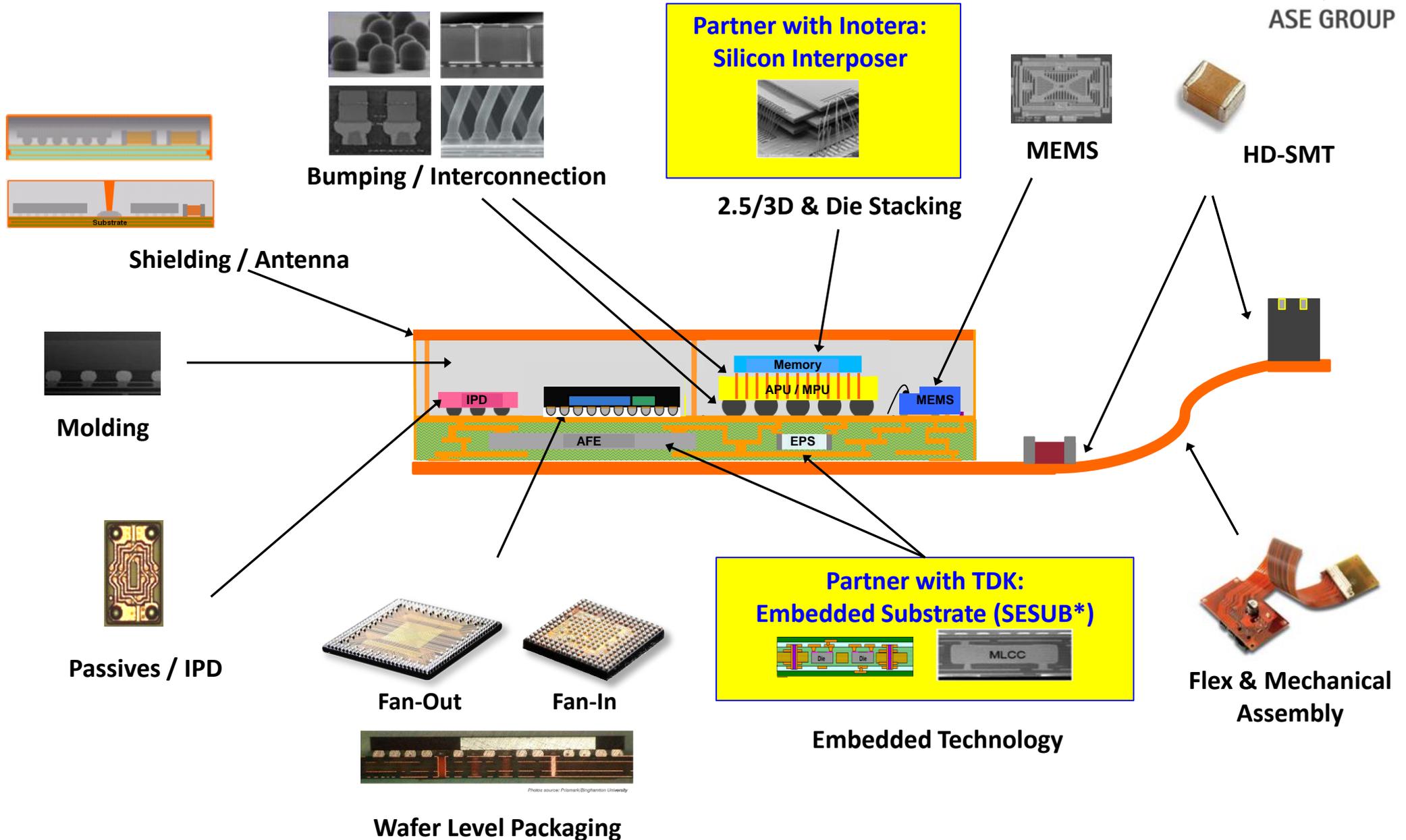
- **Integrating heterogeneous components and functionalities into the most efficient form factor and cost of ownership**
- **Collaborate with system house, IC, sensor, MEMS, optical, memory, substrate, material and equipment suppliers from design to manufacturing**
- **Create a standard platform with established capacity, process flow, and business ownership to support SiP migration**
- **Truly global, truly collaborative, truly vertical**



# Adding New Differentiation to SiP Toolbox



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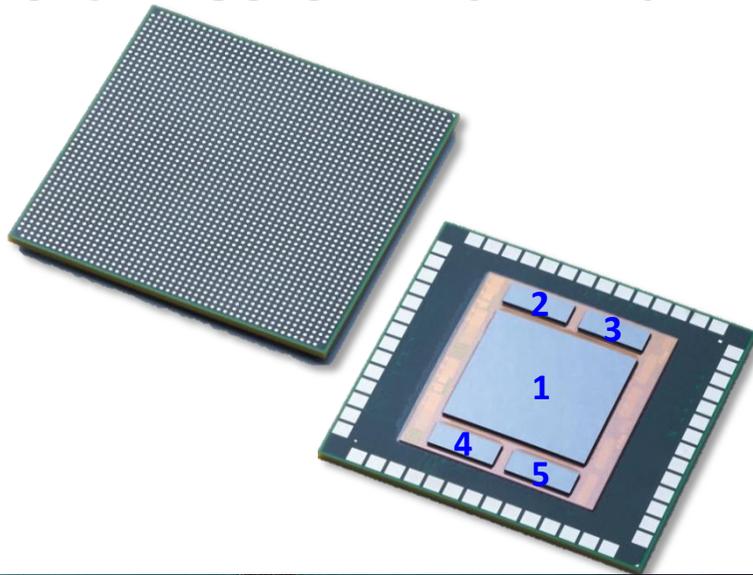


\* SESUB is a trademark or registered trademark of TDK Corporation.

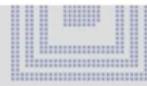
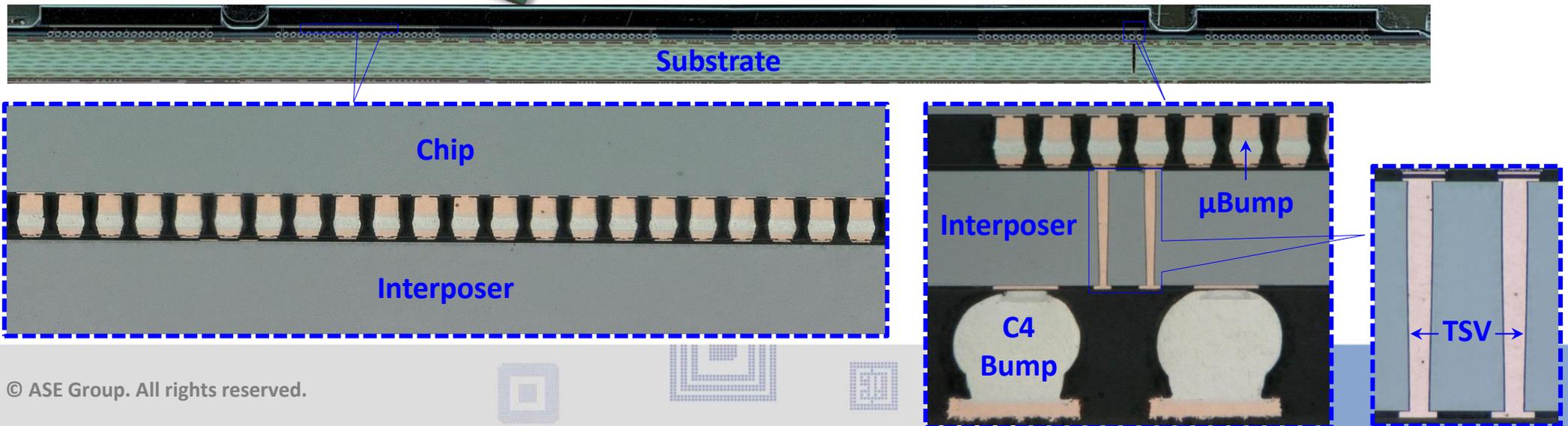
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# 2.5D IC: An Alternative to Moore's Law

- 1st high-volume 2.5D FCBGA production worldwide
- 20 times of Maximum I/O count vs existing FCBGA package



- Package Type: 2.5D IC, 50 x 50 x 1.7 mm<sup>3</sup> 2,397L
- Interposer Chip Size: 24 x 36 mm<sup>2</sup>
- Chip 1 Size: 22.2 x 22.2 mm<sup>2</sup>
- Chip 2, 3, 4 & 5 Size: 4.2 x 10.2 mm<sup>2</sup>
- $\mu$ Bump Pitch & I/O: 40  $\mu$ m & > 135,000
- C4 Bump Pitch & I/O: 170  $\mu$ m & 11,000



# Outlook for 2H15

- **Cautiously optimistic even with low visibility**
- **Expect to see sequential growth in 2H for IC ATM and EMS**
- **Building SiP momentum on existing and new projects**
- **CapEx stays at current pace**
  - **1H15 CapEX: US\$353M\***

\* Note: CapEx is for machinery only



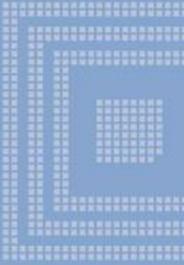
# Thank You

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ASE GROUP



# **ASE Inc. 2015 Second Quarter Earnings Release**

Joseph Tung  
Chief Financial Officer  
ASE Inc.  
Jul. 30, 2015

# Safe Harbor Notice



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# Consolidated Statements of Comprehensive Income

## Quarterly Sequential Comparison

(unaudited)



(NT\$ Million)	Q2 / 2015	%	Q1 / 2015	%	Change
<b>Net Revenues:</b>					
Packaging	28,618	40.8%	29,321	45.3%	-2%
Testing	6,231	8.9%	6,180	9.6%	1%
Direct Material	839	1.2%	861	1.3%	-3%
EMS	34,534	49.2%	28,300	43.8%	22%
Others	0	0.0%	0	0.0%	
<b>Total Net Revenues</b>	<b>70,222</b>	<b>100.0%</b>	<b>64,662</b>	<b>100.0%</b>	<b>9%</b>
Gross Profit	11,566	16.5%	12,313	19.0%	-6%
Operating Income (Loss)	5,409	7.7%	6,292	9.7%	-14%
Pretax Income (Loss)	5,400	7.7%	5,506	8.5%	-2%
Income Tax Benefit (Expense)	(1,596)	-2.3%	(856)	-1.3%	
Noncontrolling Interest	(152)	-0.2%	(181)	-0.3%	
<b>Net Income Attributable to Shareholders of the Parent</b>	<b>3,652</b>	<b>5.2%</b>	<b>4,469</b>	<b>6.9%</b>	<b>-18%</b>
Basic EPS (NT Dollar)	0.48		0.58		-17%
Diluted EPS (NT Dollar)	0.43		0.56		-23%
EBITDA	13,369	19.0%	13,470	20.8%	-1%



# Consolidated Statements of Comprehensive Income

## Quarterly Year-over-Year Comparison

(unaudited)



(NT\$ Million)	Q2 / 2015	%	Q2 / 2014	%	Change
<b>Net Revenues:</b>					
Packaging	28,618	40.8%	30,641	52.3%	-7%
Testing	6,231	8.9%	6,600	11.3%	-6%
Direct Material	839	1.2%	873	1.5%	-4%
EMS	34,534	49.2%	20,501	35.0%	68%
Others	0	0.0%	0	-0.1%	
<b>Total Net Revenues</b>	<b>70,222</b>	<b>100.0%</b>	<b>58,615</b>	<b>100.0%</b>	<b>20%</b>
Gross Profit	11,566	16.5%	12,610	21.5%	-8%
Operating Income (Loss)	5,409	7.7%	6,615	11.3%	-18%
Pretax Income (Loss)	5,400	7.7%	6,065	10.3%	-11%
Income Tax Benefit (Expense)	(1,596)	-2.3%	(821)	-1.4%	
Noncontrolling Interest	(152)	-0.2%	(138)	-0.2%	
<b>Net Income Attributable to Shareholders of the Parent</b>	<b>3,652</b>	<b>5.2%</b>	<b>5,106</b>	<b>8.7%</b>	<b>-28%</b>
Basic EPS (NT Dollar)	0.48		0.66		-27%
Diluted EPS (NT Dollar)	0.43		0.65		-34%
EBITDA	13,369	19.0%	13,125	22.4%	2%



# IC ATM Statements of Comprehensive Income

## Quarterly Sequential Comparison

(unaudited)



(NT\$ Million)	Q2 / 2015	%	Q1 / 2015	%	Change
<b>Net Revenues:</b>					
Packaging	30,558	81.1%	31,546	81.7%	-3%
Testing	6,230	16.5%	6,180	16.0%	1%
Direct Material	865	2.3%	861	2.2%	0%
Others	18	0.0%	18	0.0%	0%
<b>Total Net Revenues</b>	<b>37,671</b>	<b>100.0%</b>	<b>38,605</b>	<b>100.0%</b>	<b>-2%</b>
Gross Profit	9,504	25.2%	9,995	25.9%	-5%
Operating Income (Loss)	5,101	13.5%	5,546	14.4%	-8%
Pretax Income (Loss)	5,229	13.9%	5,230	13.5%	0%
Income Tax Benefit (Expense)	(1,537)	-4.1%	(709)	-1.8%	
Noncontrolling Interest	(40)	-0.1%	(52)	-0.1%	
<b>Net Income Attributable to Shareholders of the Parent</b>	<b>3,652</b>	<b>9.7%</b>	<b>4,469</b>	<b>11.6%</b>	<b>-18%</b>
EBITDA	11,620	30.8%	11,937	30.9%	-3%



# IC ATM Statements of Comprehensive Income

## Quarterly Year-over-Year Comparison

(unaudited)



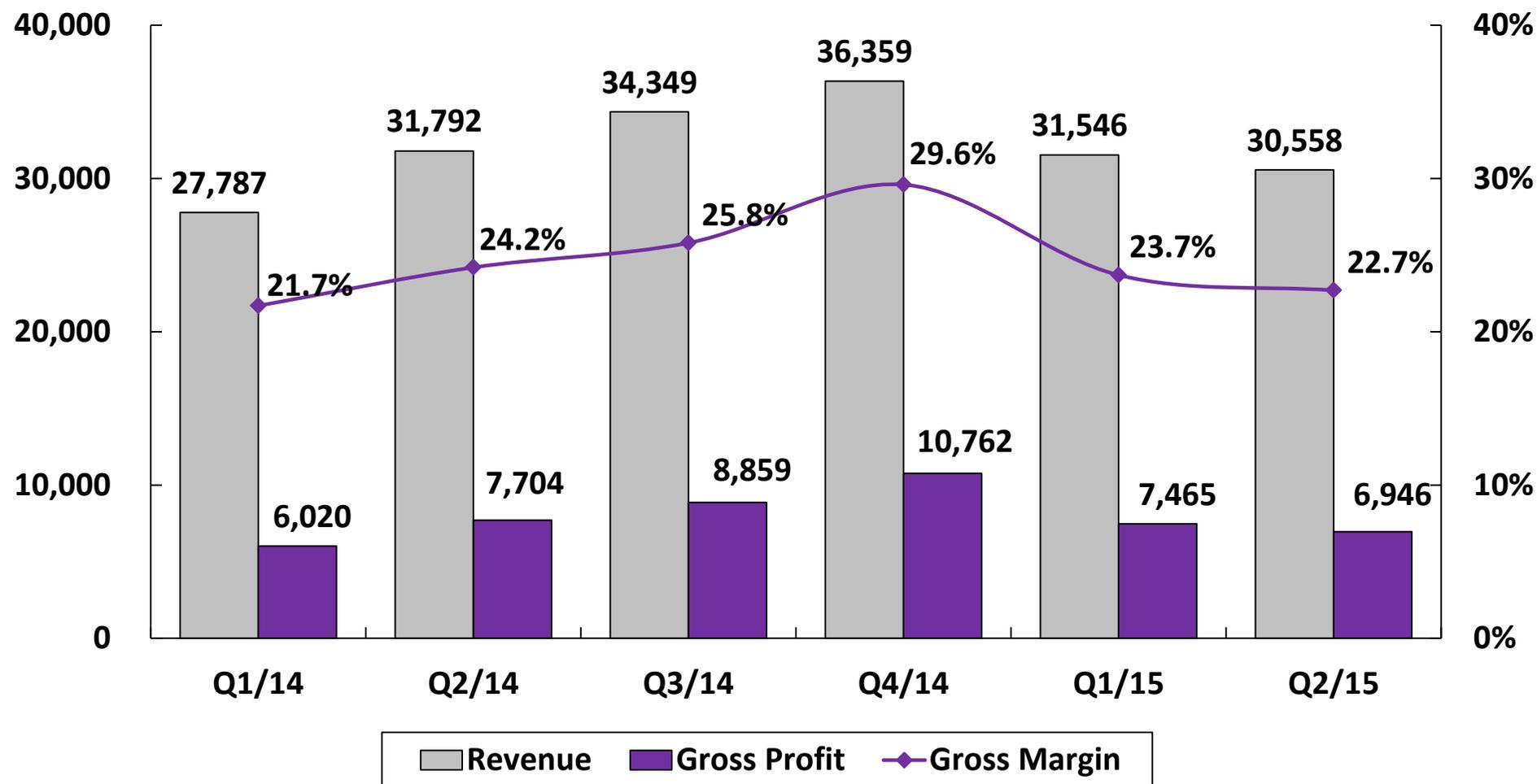
(NT\$ Million)	Q2 / 2015	%	Q2 / 2014	%	Change
<b>Net Revenues:</b>					
Packaging	30,558	81.1%	31,792	81.0%	-4%
Testing	6,230	16.5%	6,600	16.8%	-6%
Direct Material	865	2.3%	874	2.2%	-1%
Others	18	0.0%	0	0.0%	
<b>Total Net Revenues</b>	<b>37,671</b>	<b>100.0%</b>	<b>39,266</b>	<b>100.0%</b>	<b>-4%</b>
Gross Profit	9,504	25.2%	10,599	27.0%	-10%
Operating Income (Loss)	5,101	13.5%	5,986	15.2%	-15%
Pretax Income (Loss)	5,229	13.9%	5,794	14.8%	-10%
Income Tax Benefit (Expense)	(1,537)	-4.1%	(650)	-1.7%	
Noncontrolling Interest	(40)	-0.1%	(38)	-0.1%	
<b>Net Income Attributable to Shareholders of the Parent</b>	<b>3,652</b>	<b>9.7%</b>	<b>5,106</b>	<b>13.0%</b>	<b>-28%</b>
EBITDA	11,620	30.8%	12,068	30.7%	-4%



# Packaging Operations

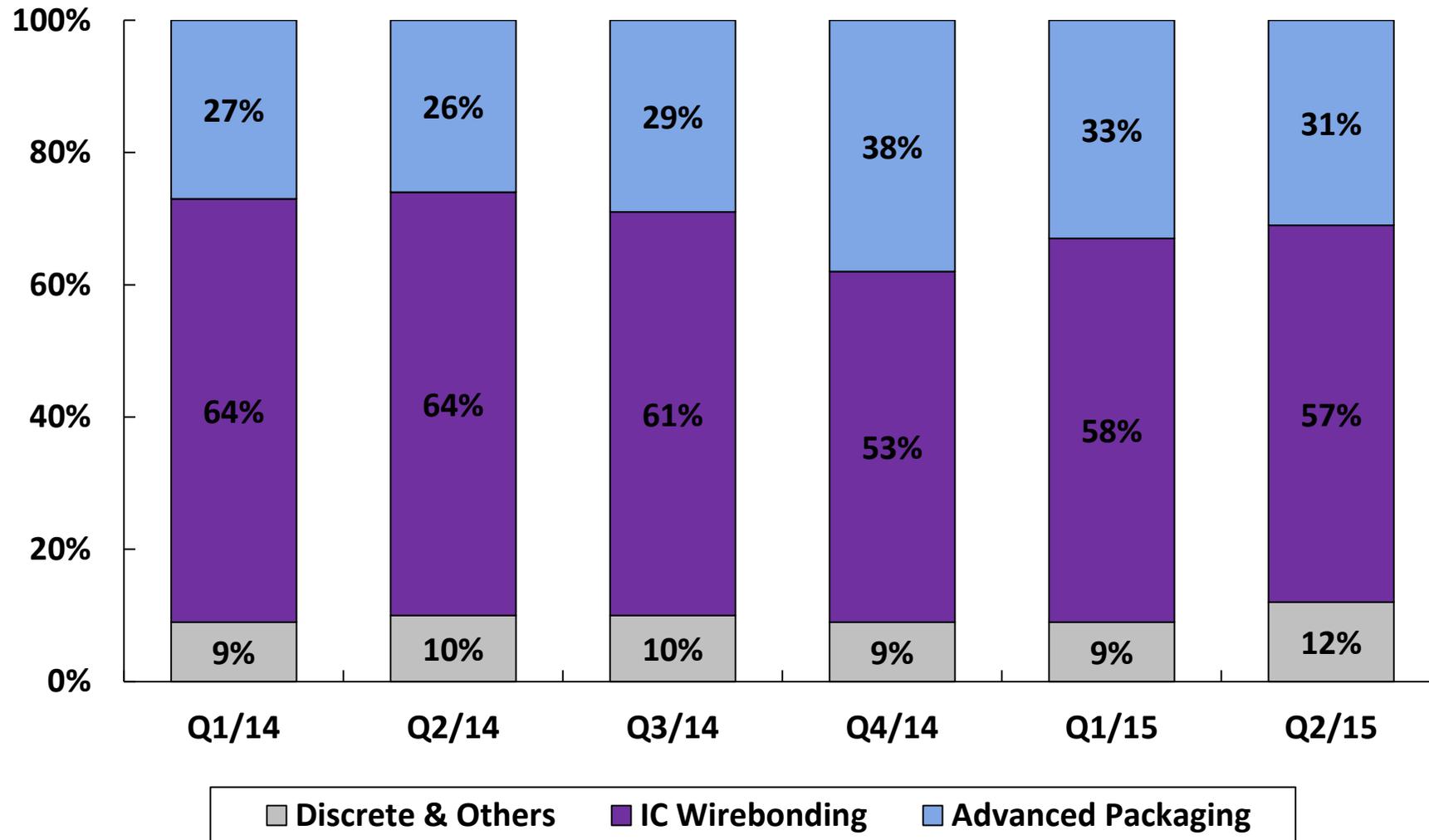


NT\$ Million



# Packaging Operations

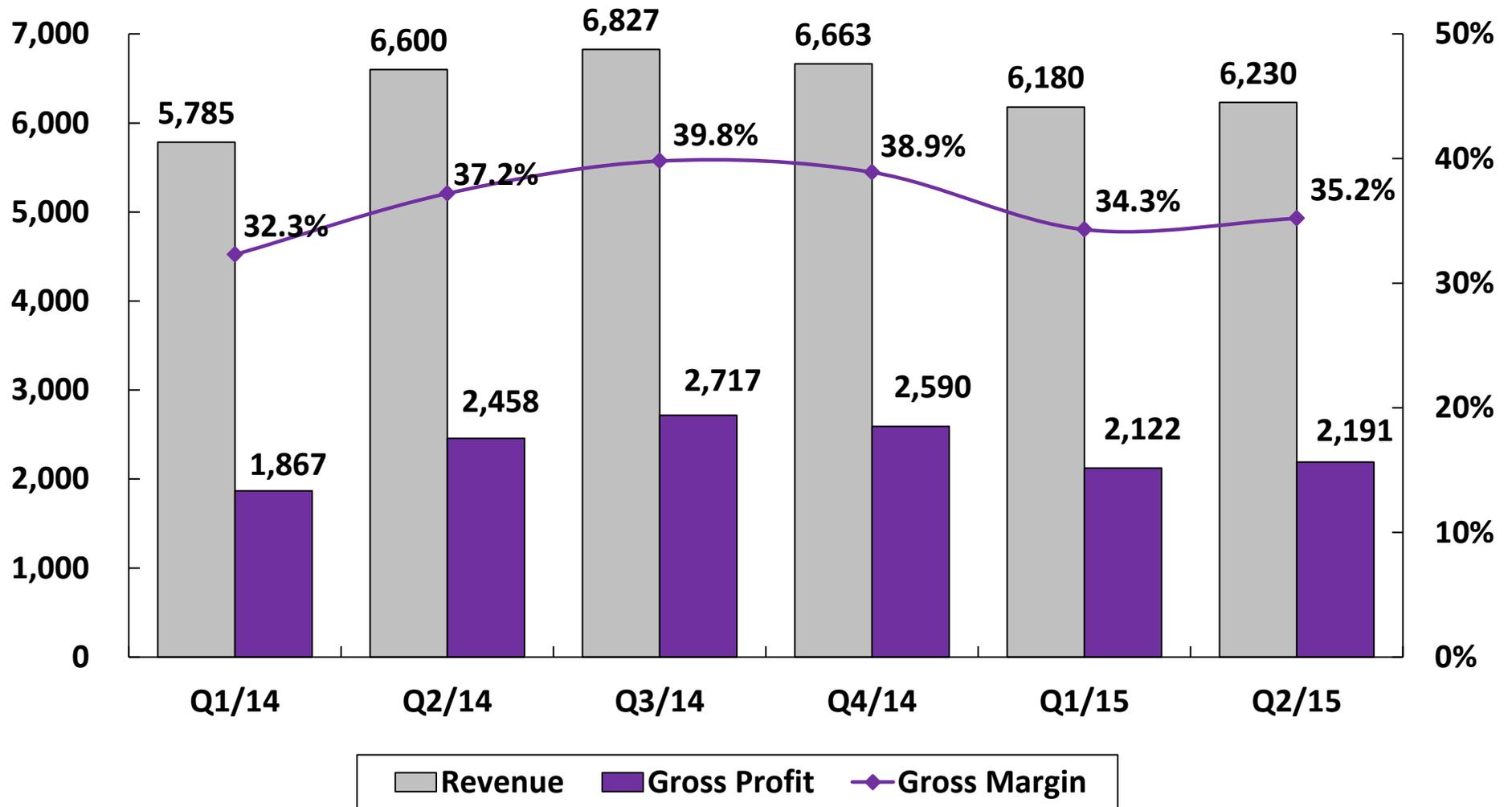
## Package Revenue Breakdown



# Testing Operations

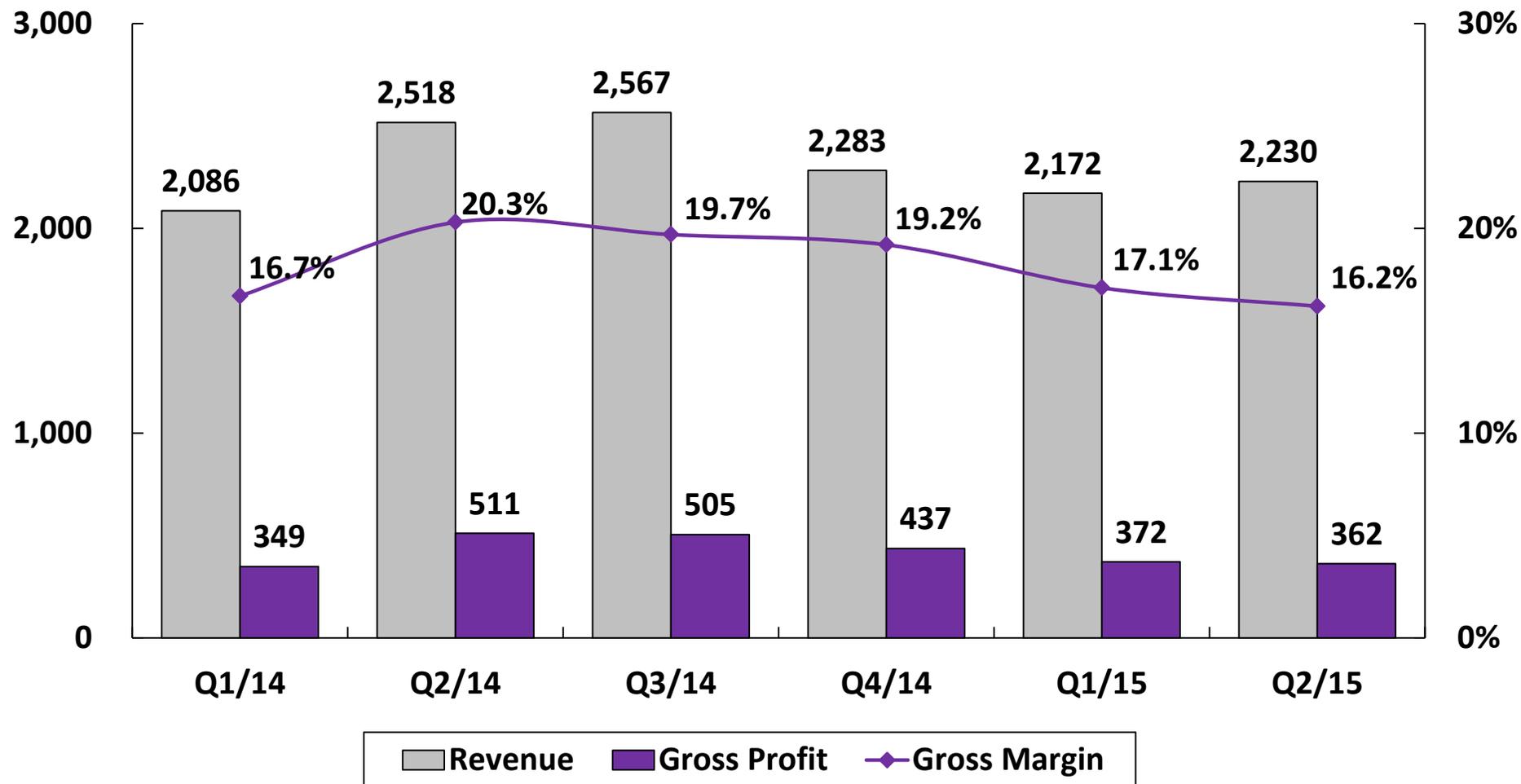


NT\$ Million

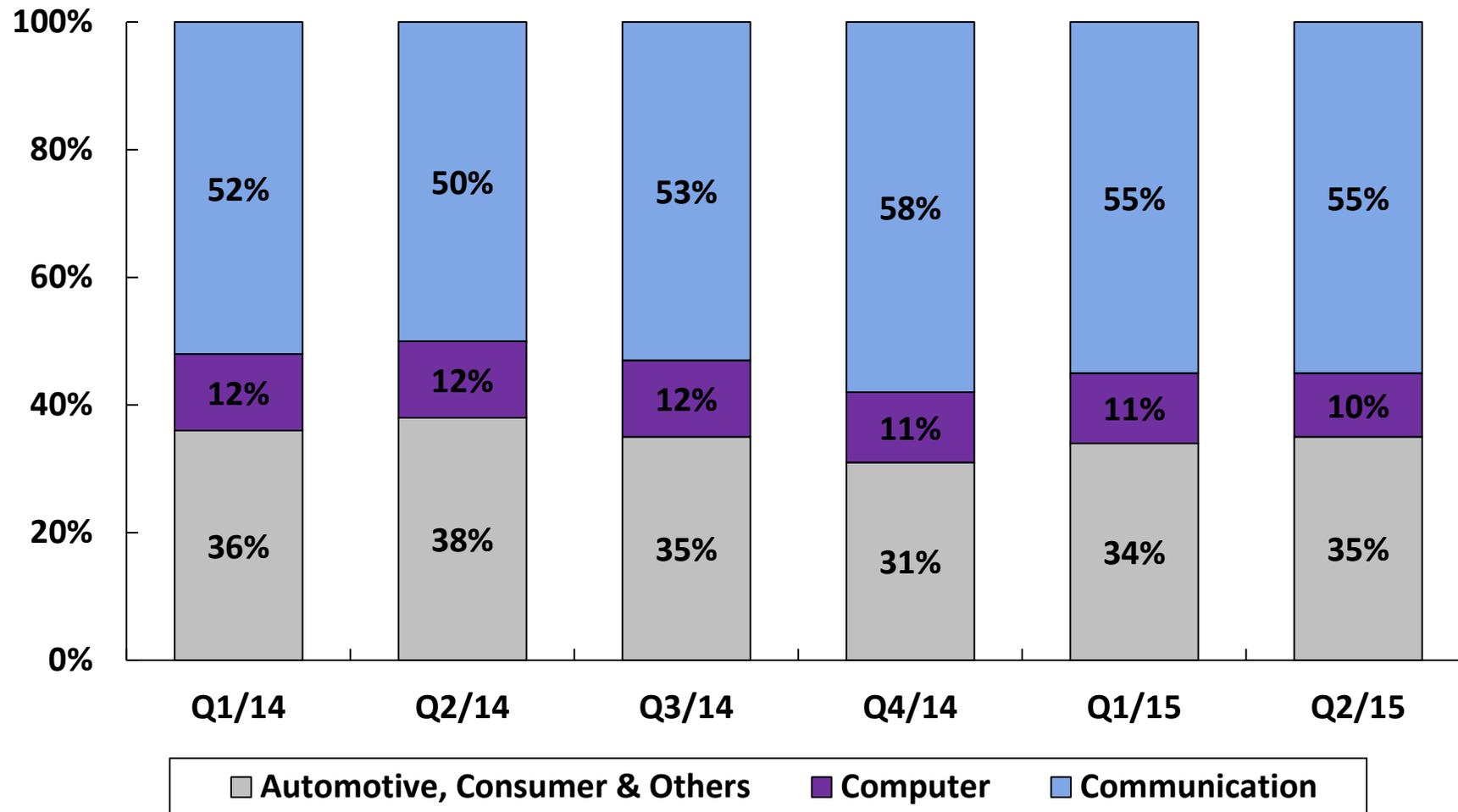


# Material Operations

NT\$ Million



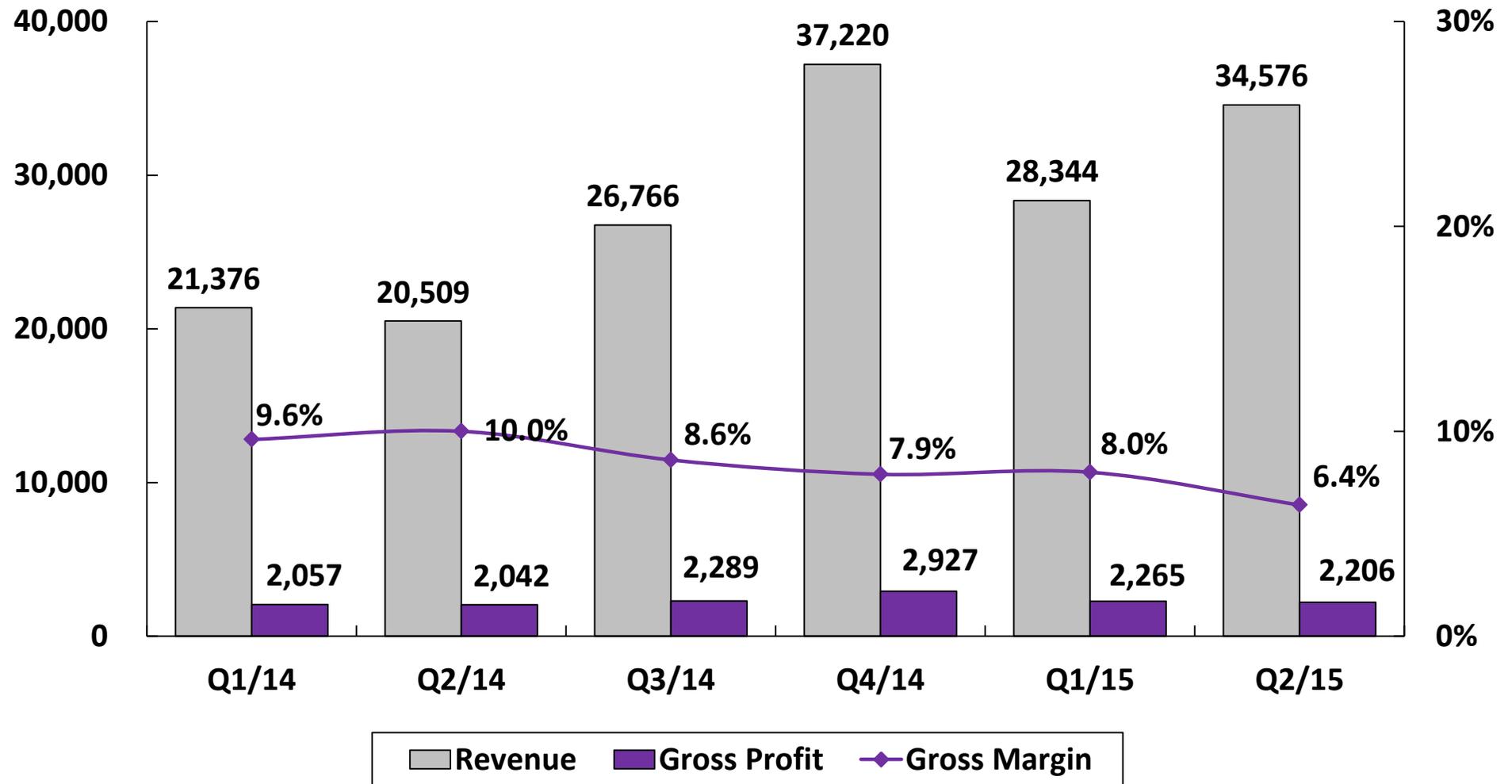
# IC ATM Revenue by Application



# EMS Operations

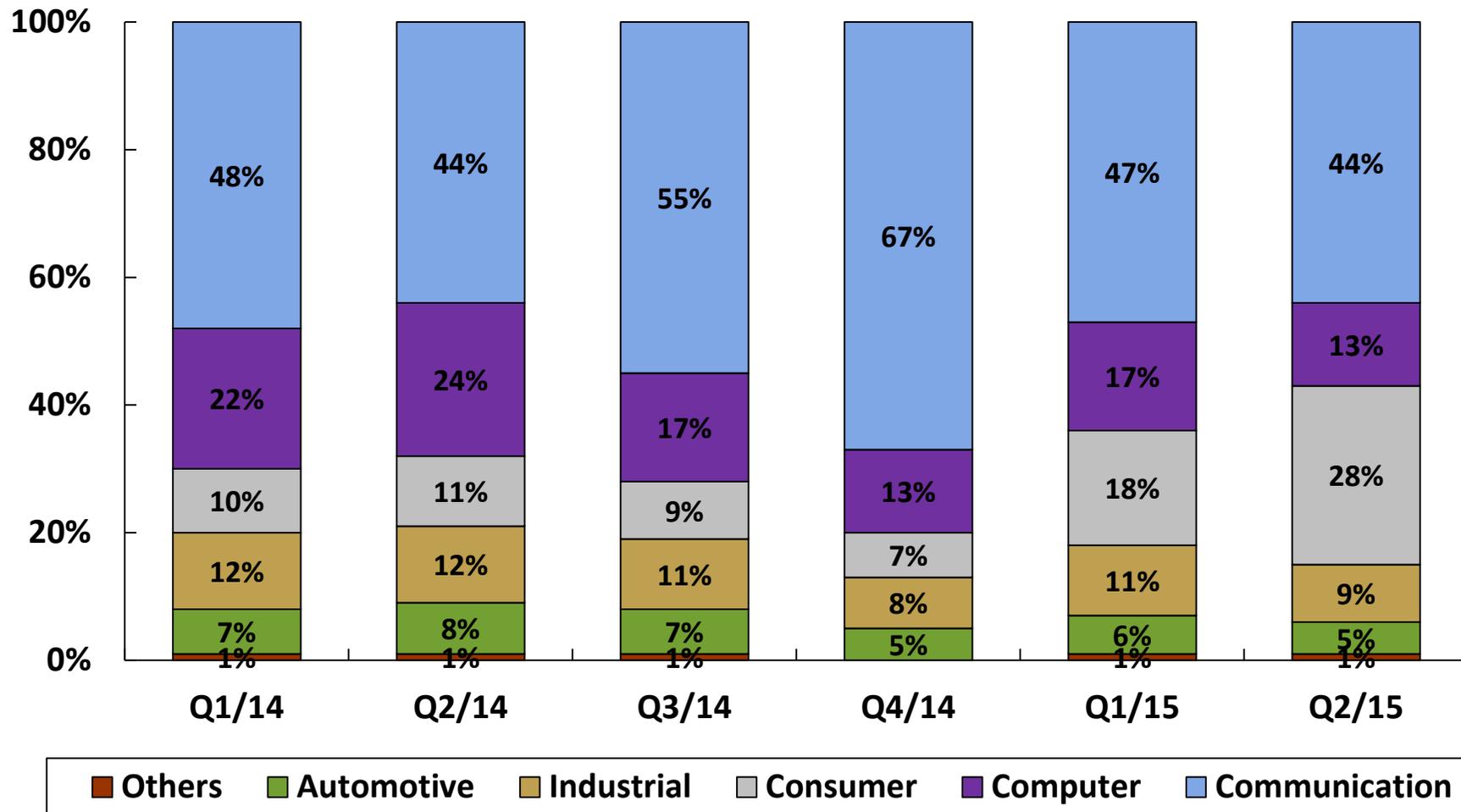


NT\$ Million



# EMS Operations

## EMS Revenue Breakdown



# Key Balance Sheet Items & Indices

(unaudited)



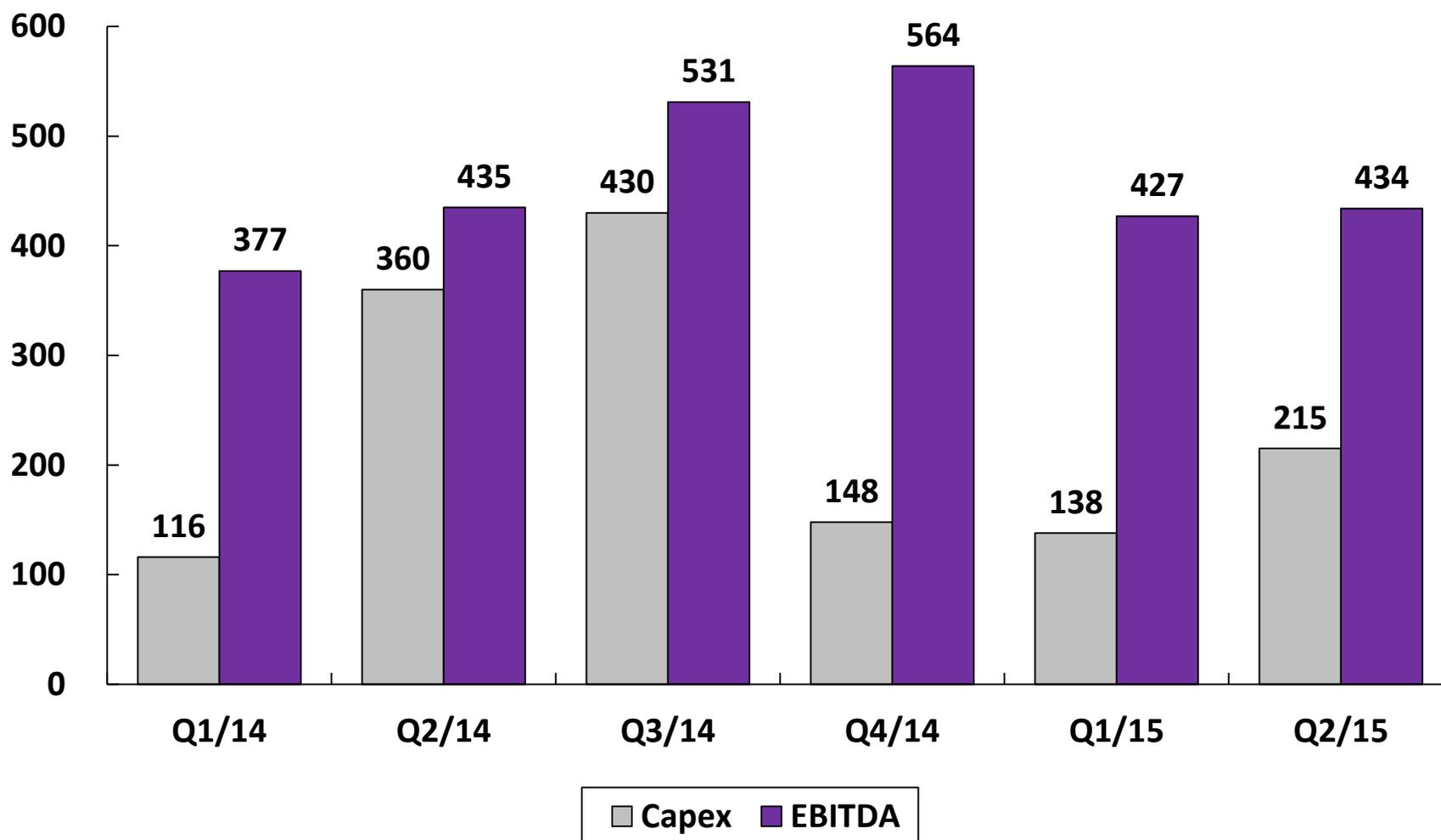
(NT\$ Million)	Jun. 30, 2015	Mar. 31, 2015	Change
Cash and cash equivalent	54,175	49,414	9.6%
Financial assets - current	4,690	5,510	-14.9%
Financial assets - non current & investments - equity method	2,280	2,475	-7.9%
Property, plant & equipment	152,755	150,055	1.8%
Total assets	335,161	322,490	3.9%
Short-term borrowings	37,193	36,661	1.5%
Current portion of long-term borrowings & capital lease obligations	1,554	1,151	35.0%
Bonds payable	30,867	31,093	-0.7%
Long-term borrowings & capital lease obligations	22,290	24,751	-9.9%
Total equity (Including non-controlling interest)	152,688	156,648	-2.5%
Quarterly EBITDA	13,369	13,470	-0.7%
Current ratio	1.34	1.48	
Net debt to equity	0.22	0.25	



# Machinery & Equipment Capital Expenditure vs. EBITDA



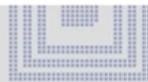
US\$ Million



# Third Quarter 2015 Outlook

Based on our current business outlook and exchange rate assumptions, management projects overall performance for the third quarter of 2015 to be as follows:

- IC ATM production capacity should be flat and blended IC ATM utilization should be up 1% to 5%;
- IC ATM gross margin should resemble the 1Q15 level;
- EMS Business should approach 4Q14 level;
- EMS gross margin should decline slightly.



# Thank You

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