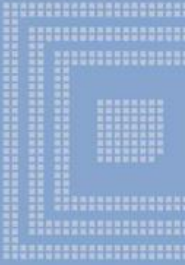




ASE GROUP



ASE Inc. 2016 Fourth Quarter Earnings Release

Tien Wu
Chief Operating Officer

Jan. 26, 2017

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 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 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 acquisition of 100% of SPIL shares not otherwise owned by ASE; 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 2015 Annual Report on Form 20-F filed on April 29, 2016.



Update on Joint Share Exchange Agreement with SPIL



- **Filing status update**
 - **Taiwan: TFTC has approved the proposed transaction.**
 - **China: MOFCOM formally accepted ASE/SPIL's applications on Dec 14, 2016 and the proposed transaction is currently under Phase II review.**
 - **US: On Jan 17, ASE and SPIL each certified that it has responded to the FTC's requests for information. The parties are continuing to cooperate with the FTC's investigation.**
- **The transaction is expected to be closed in year 2017 with a more specific timeline pending and subject to approvals by ASE and SPIL's shareholders as well as relevant authorities.**
- **ASE continues to work on the regulatory fronts actively.**



ASE 2016 Recap

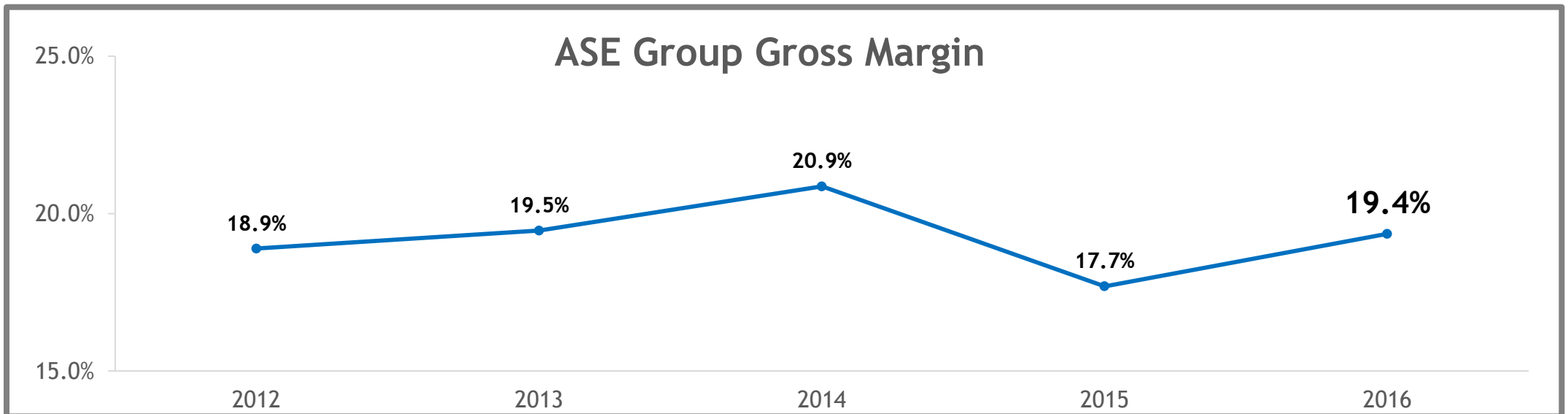
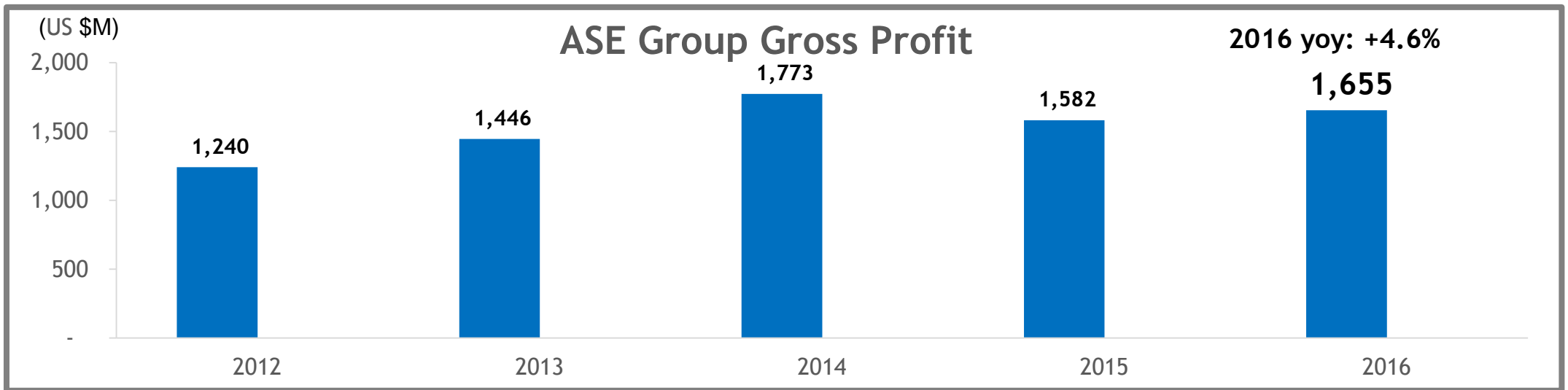


- **IC ATM revenue up 3.9% yoy, double the Semi Industry growth rate**
 - Growth driven by (1) continuous increase in backend outsourcing, and (2) ASE's improved capabilities
 - Broad-based business strength
 - Strong design-in pipeline in Bumping, Flip Chip & WLP - revenue up 13.7% yoy
- **EMS gross margin up from 7.5% in '15 to 9.8% in '16, contributing to the group's profit increase**
- **Expanded technology building blocks**
 - Fan-out portfolio, Cu Pillar bumping, embedded substrates, etc
- **CSR achievements**

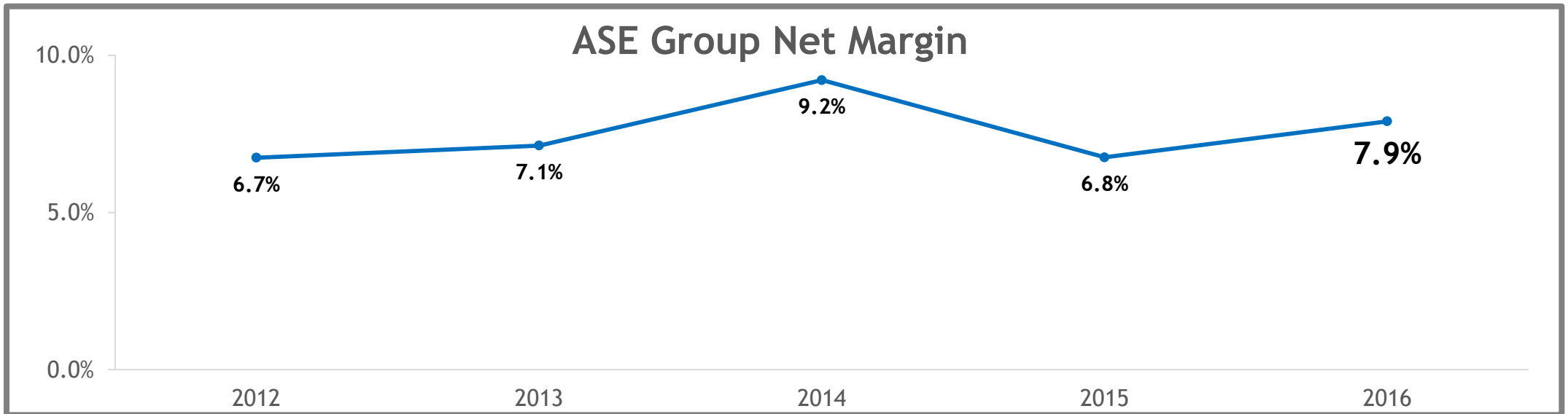
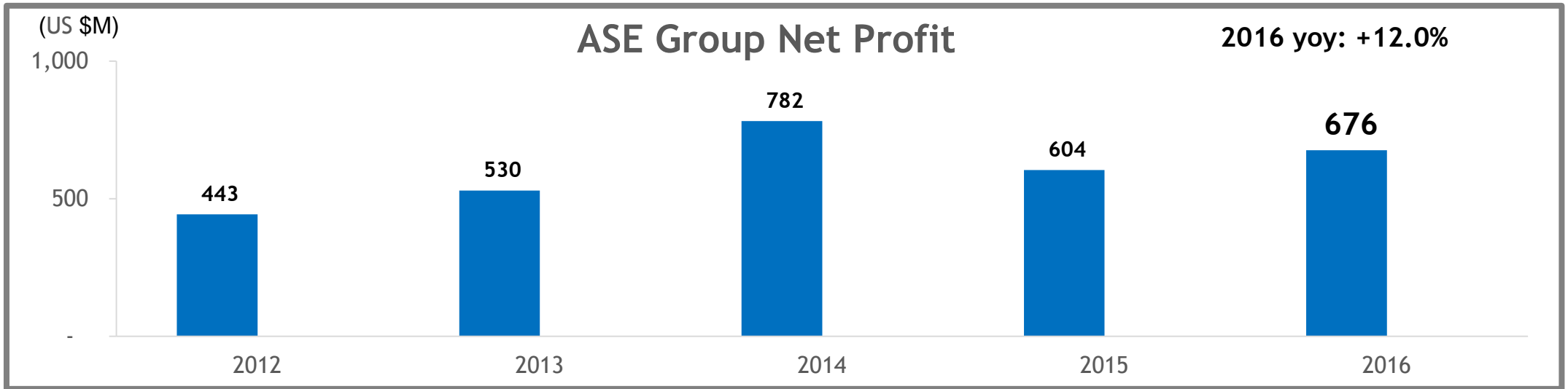
Note: all financial results are based on NTD



ASE Profit and Margin Rebound in 2016



ASE Profit and Margin Rebound in 2016



2016 ASE CSR Achievements

Receives **2016 Asia Responsible Entrepreneurship Award**, ASE 30 Environmental Conservation Fund demonstrates commitment to Taiwan's environmental conservation and protection efforts.



ASE is the sole company from Taiwan and the only outsourced semiconductor manufacturer on the **Climate A List 2016** issued by CDP.



MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

Named Industry Group Leader 2016 on the Dow Jones Sustainability Indices, selected as the

Semiconductors and Semiconductor Equipment Industry Group Leader and included for the first time as an index component on the iconic Dow Jones Sustainability World index - a global index which only includes companies that lead the field in terms of sustainability.



ASE receives the **Top 50 Corporate Sustainability Report Award, Climate Leadership Award** and **Supply Chain Sustainability Leadership Award** at the 2016 Taiwan Corporate Sustainability Awards (TCSA) event organized by the Taiwan Institute for Sustainable Energy (TAISE).

Green Building Certification

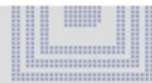
As of end of 2016, ASE had achieved **Taiwan EEWH certificates for 11 buildings** as well as **6 U.S. LEED certification** including 3 buildings with Platinum level.



2017 Outlook & Focus



- **Market condition continues to improve into 2017.**
- **Expect higher top-line growth yoy and higher Capex compared to 2016 levels.**
- **Focus on profitability and capability improvement.**
- **Execute Bumping, Flip Chip & WLP momentum, including Fan-out.**
- **SiP pipeline development and TDK embedded substrates.**
- **Seek completion of SPIL transaction.**



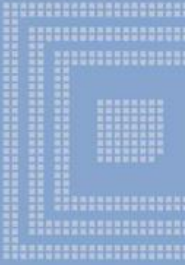
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Consolidated Statements of Comprehensive Income

Quarterly Sequential Comparison

(unaudited)



(NT\$ Million)	Q4 / 2016	%	Q3 / 2016	%	Change
Net Revenues:					
Packaging	33,620	43.6%	33,449	46.0%	1%
Testing	7,303	9.5%	7,231	9.9%	1%
Direct Material	806	1.0%	805	1.1%	0%
EMS	34,627	44.9%	31,174	42.8%	11%
Others	772	1.0%	125	0.2%	518%
Total Net Revenues	77,128	100.0%	72,784	100.0%	6%
Gross Profit	15,377	19.9%	14,113	19.4%	9%
Operating Income (Loss)	8,129	10.5%	7,438	10.2%	9%
Pretax Income (Loss)	9,680	12.6%	6,875	9.4%	41%
Income Tax Benefit (Expense)	(1,274)	-1.7%	(976)	-1.3%	
Noncontrolling Interest	(430)	-0.6%	(393)	-0.5%	
Net Income Attributable to Shareholders of the Parent	7,976	10.3%	5,506	7.6%	45%
Basic EPS (NT Dollar)	1.04		0.72		44%
Diluted EPS (NT Dollar)	0.86		0.64		34%
EBITDA	17,449	22.6%	14,701	20.2%	19%



Consolidated Statements of Comprehensive Income

Quarterly Year-over-Year Comparison

(unaudited)



(NT\$ Million)	Q4 / 2016	%	Q4 / 2015	%	Change
Net Revenues:					
Packaging	33,620	43.6%	29,093	38.5%	16%
Testing	7,303	9.5%	6,355	8.4%	15%
Direct Material	806	1.0%	798	1.1%	1%
EMS	34,627	44.9%	39,301	52.0%	-12%
Others	772	1.0%	1	-0.1%	
Total Net Revenues	77,128	100.0%	75,548	100.0%	2%
Gross Profit	15,377	19.9%	13,269	17.6%	16%
Operating Income (Loss)	8,129	10.5%	6,801	9.0%	20%
Pretax Income (Loss)	9,680	12.6%	6,290	8.3%	54%
Income Tax Benefit (Expense)	(1,274)	-1.7%	(1,259)	-1.7%	
Noncontrolling Interest	(430)	-0.6%	(322)	-0.4%	
Net Income Attributable to Shareholders of the Parent	7,976	10.3%	4,708	6.2%	69%
Basic EPS (NT Dollar)	1.04		0.62		68%
Diluted EPS (NT Dollar)	0.86		0.60		43%
EBITDA	17,449	22.6%	14,189	18.8%	23%



Consolidated Statements of Comprehensive Income

Full Year-over-Year Comparison

(unaudited)



(NT\$ Million)	FY / 2016	%	FY / 2015	%	Change
Net Revenues:					
Packaging	125,283	45.6%	116,607	41.2%	7%
Testing	27,032	9.8%	25,192	8.9%	7%
Direct Material	3,262	1.2%	3,260	1.2%	0%
EMS	115,395	42.0%	138,242	48.8%	-17%
Others	3,912	1.4%	1	-0.1%	
Total Net Revenues	274,884	100.0%	283,302	100.0%	-3%
Gross Profit	53,194	19.4%	50,135	17.7%	6%
Operating Income (Loss)	26,704	9.7%	24,884	8.8%	7%
Pretax Income (Loss)	28,052	10.2%	25,006	8.8%	12%
Income Tax Benefit (Expense)	(5,091)	-1.9%	(4,839)	-1.7%	
Noncontrolling Interest	(1,269)	-0.5%	(970)	-0.3%	
Net Income Attributable to Shareholders of the Parent	21,692	7.9%	19,197	6.8%	13%
Basic EPS (NT Dollar)	2.83		2.51		13%
Diluted EPS (NT Dollar)	2.35		2.41		-2%
EBITDA	59,356	21.6%	56,931	20.1%	4%



IC ATM Statements of Comprehensive Income

Quarterly Sequential Comparison

(unaudited)



(NT\$ Million)	Q4 / 2016	%	Q3 / 2016	%	Change
Net Revenues:					
Packaging	35,242	81.1%	34,832	81.0%	1%
Testing	7,303	16.8%	7,232	16.8%	1%
Direct Material	898	2.1%	920	2.1%	-2%
Others	20	0.0%	22	0.1%	-9%
Total Net Revenues	43,463	100.0%	43,006	100.0%	1%
Gross Profit	11,647	26.8%	10,969	25.5%	6%
Operating Income (Loss)	6,372	14.7%	6,193	14.4%	3%
Pretax Income (Loss)	9,058	20.8%	6,319	14.7%	43%
Income Tax Benefit (Expense)	(967)	-2.2%	(719)	-1.7%	
Noncontrolling Interest	(115)	-0.3%	(94)	-0.2%	
Net Income Attributable to Shareholders of the Parent	7,976	18.4%	5,506	12.8%	45%
EBITDA	14,969	34.4%	12,635	29.4%	18%



IC ATM Statements of Comprehensive Income

Quarterly Year-over-Year Comparison

(unaudited)



(NT\$ Million)	Q4 / 2016	%	Q4 / 2015	%	Change
Net Revenues:					
Packaging	35,242	81.1%	31,121	81.0%	13%
Testing	7,303	16.8%	6,356	16.5%	15%
Direct Material	898	2.1%	910	2.4%	-1%
Others	20	0.0%	19	0.0%	5%
Total Net Revenues	43,463	100.0%	38,406	100.0%	13%
Gross Profit	11,647	26.8%	9,978	26.0%	17%
Operating Income (Loss)	6,372	14.7%	5,313	13.8%	20%
Pretax Income (Loss)	9,058	20.8%	5,858	15.3%	55%
Income Tax Benefit (Expense)	(967)	-2.2%	(1,099)	-2.9%	
Noncontrolling Interest	(115)	-0.3%	(51)	-0.1%	
Net Income Attributable to Shareholders of the Parent	7,976	18.4%	4,708	12.3%	69%
EBITDA	14,969	34.4%	12,005	31.3%	25%



IC ATM Statements of Comprehensive Income

Full Year-over-Year Comparison

(unaudited)



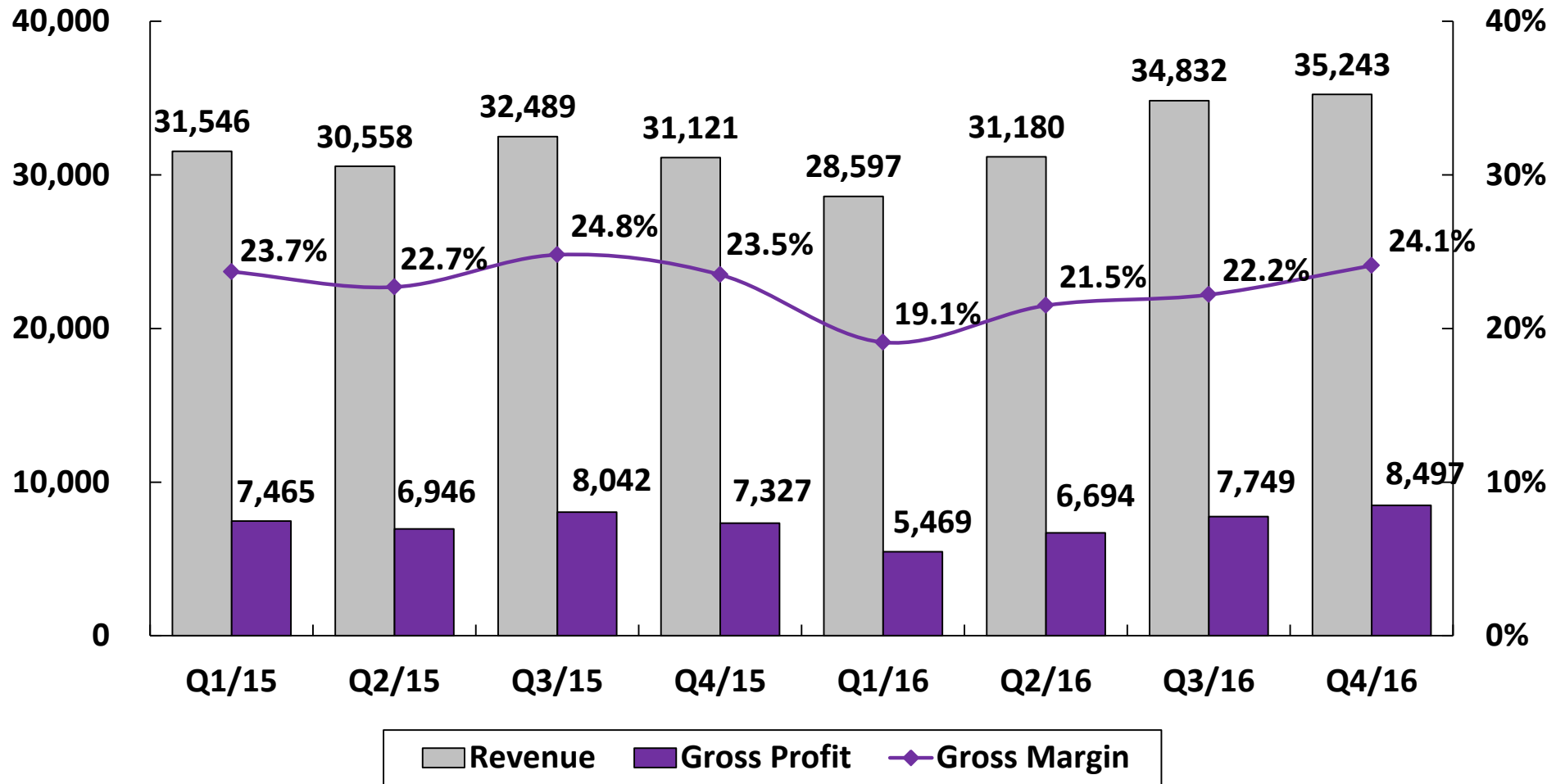
(NT\$ Million)	FY / 2016	%	FY / 2015	%	Change
Net Revenues:					
Packaging	129,851	80.9%	125,714	81.3%	3%
Testing	27,032	16.8%	25,192	16.3%	7%
Direct Material	3,550	2.2%	3,564	2.3%	0%
Others	83	0.1%	74	0.0%	12%
Total Net Revenues	160,516	100.0%	154,544	100.0%	4%
Gross Profit	40,009	24.9%	40,128	26.0%	0%
Operating Income (Loss)	20,744	12.9%	21,604	14.0%	-4%
Pretax Income (Loss)	25,492	15.9%	23,750	15.4%	7%
Income Tax Benefit (Expense)	(3,481)	-2.2%	(4,361)	-2.8%	
Noncontrolling Interest	(319)	-0.2%	(192)	-0.1%	
Net Income Attributable to Shareholders of the Parent	21,692	13.5%	19,197	12.4%	13%
EBITDA	50,391	31.4%	50,459	32.7%	0%



Packaging Operations



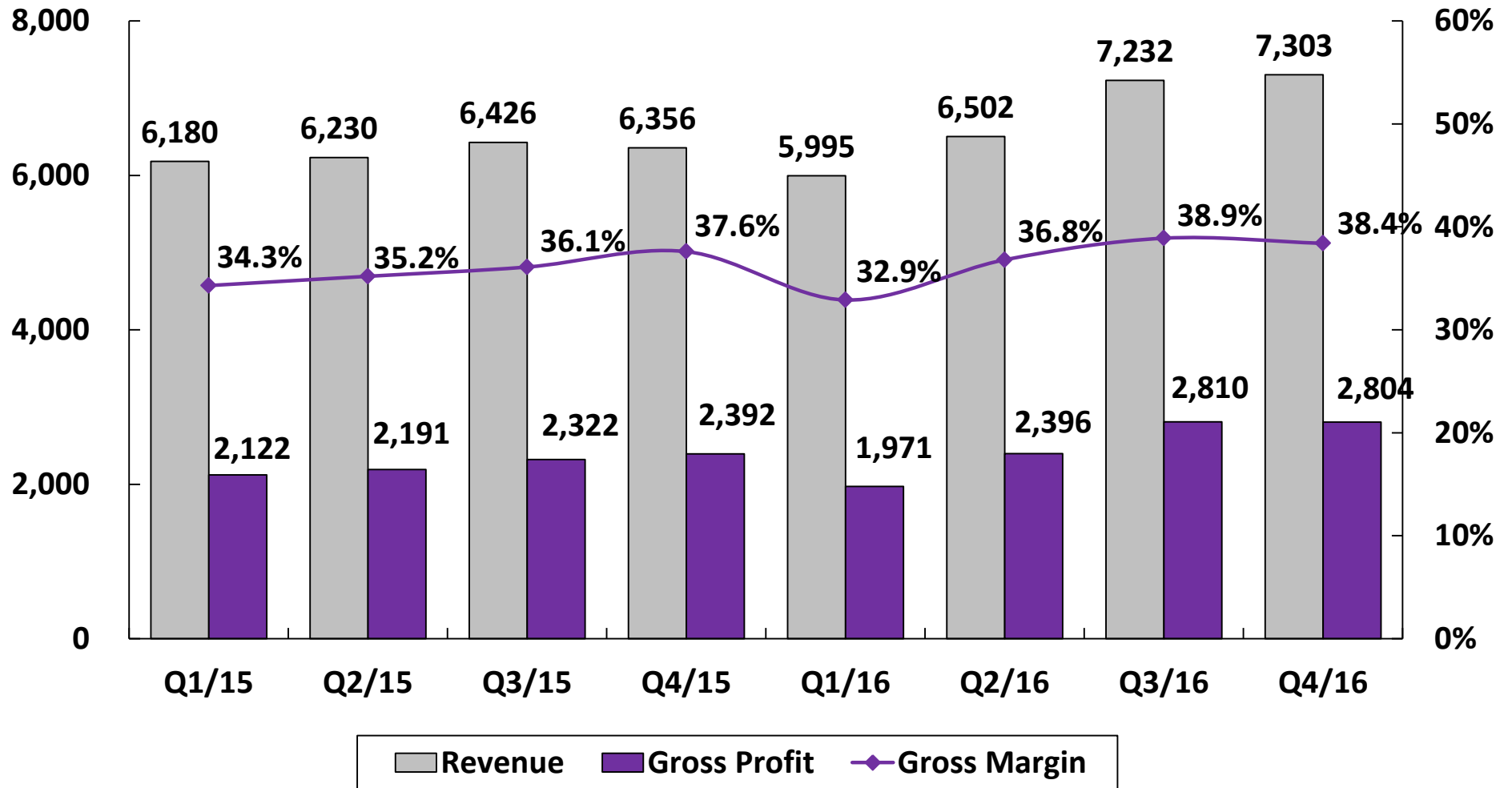
NT\$ Million



Testing Operations



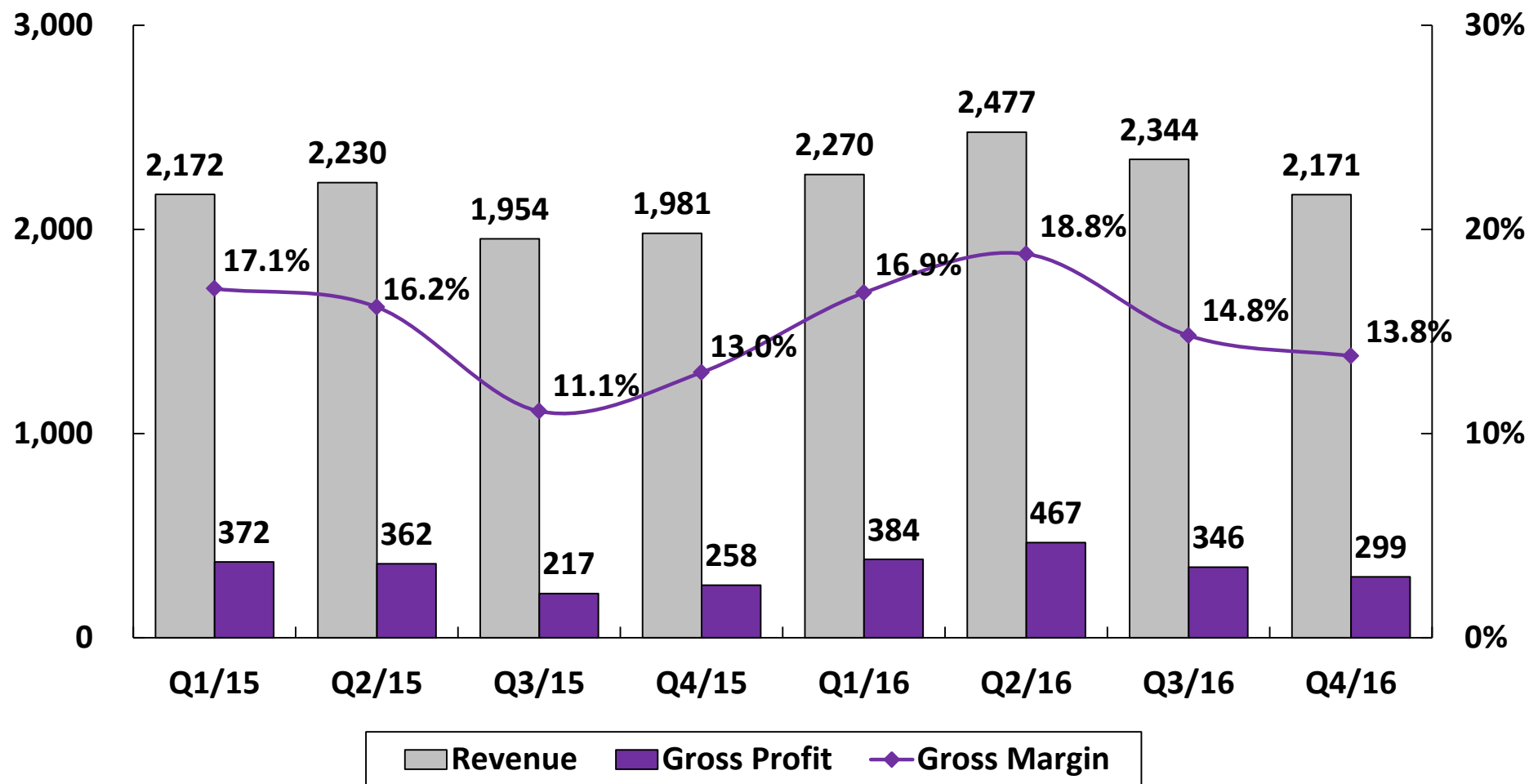
NT\$ Million



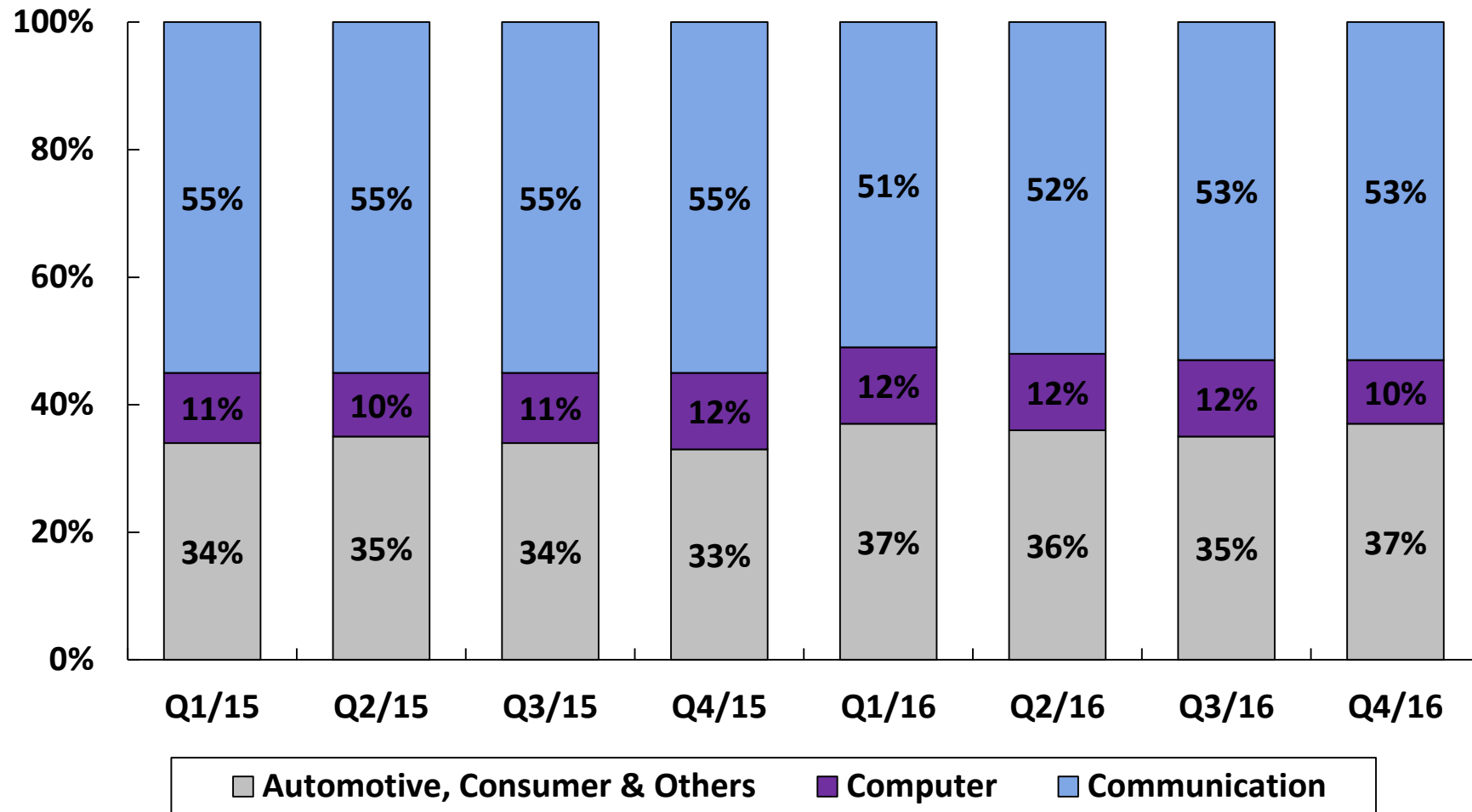
Material Operations



NT\$ Million



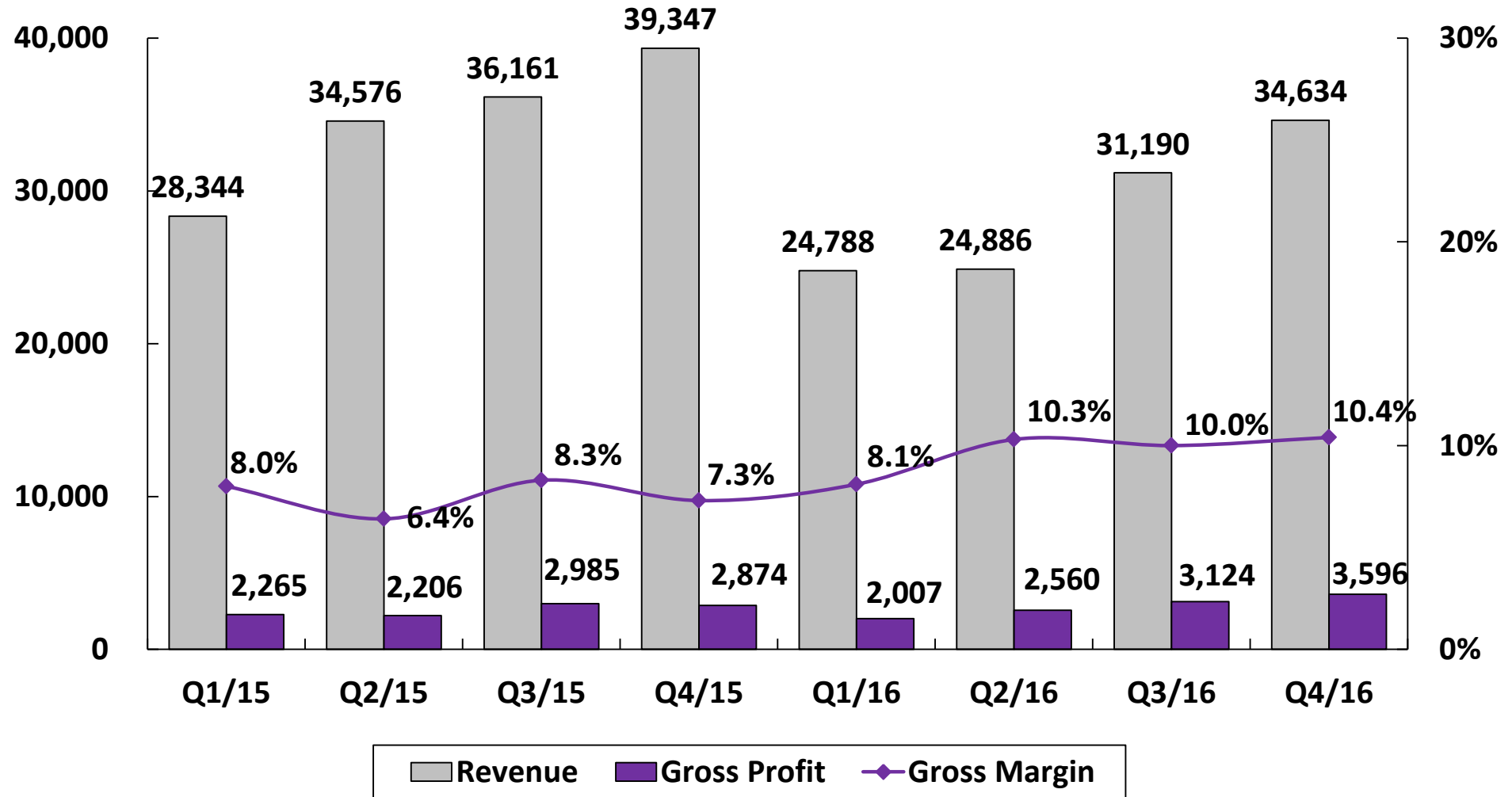
IC ATM Revenue by Application



EMS Operations

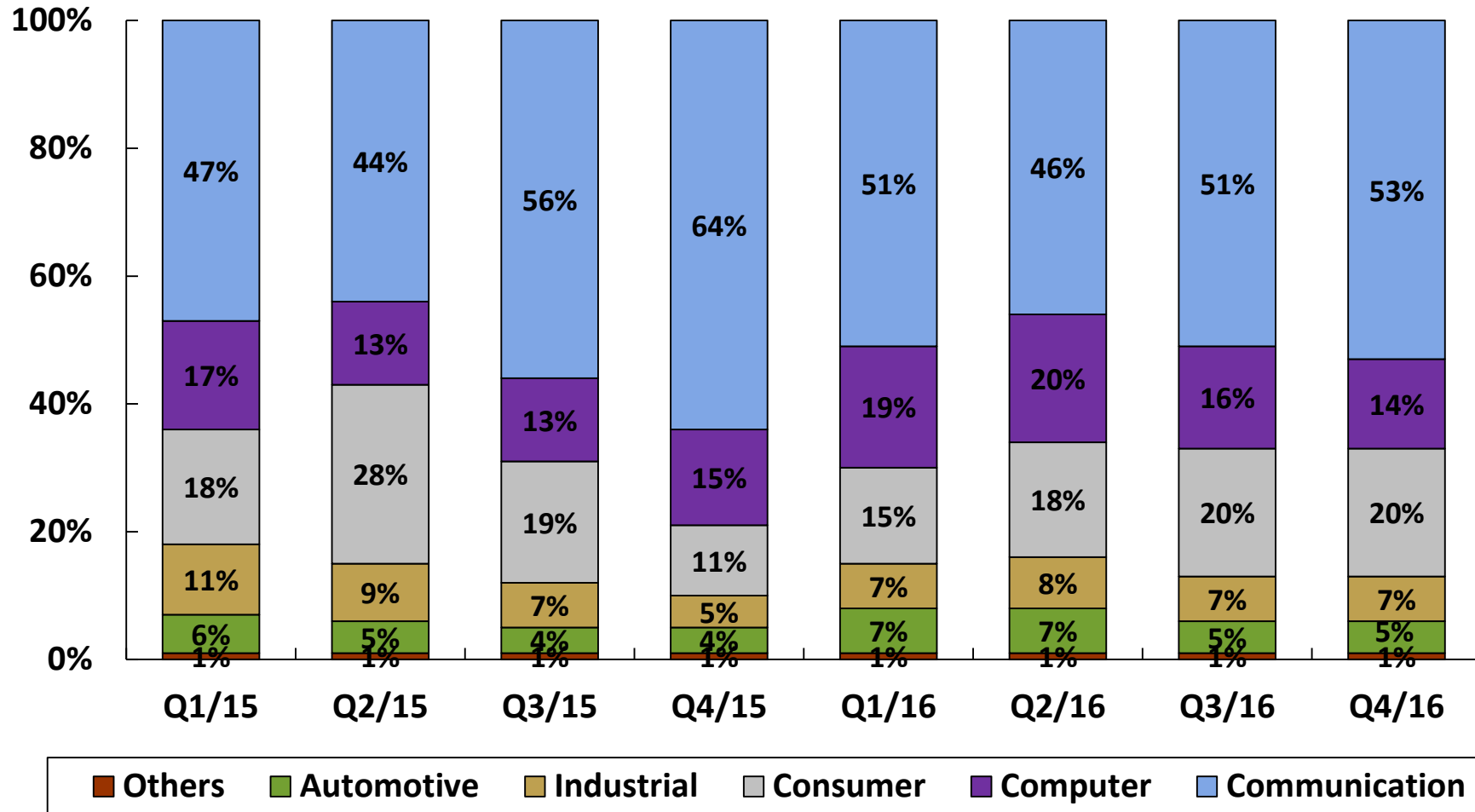


NT\$ Million



EMS Operations

EMS Revenue Breakdown



Key Balance Sheet Items & Indices

(unaudited)



(NT\$ Million)	Dec. 31, 2016	Sep. 30, 2016	Change
Cash and cash equivalent	38,392	37,661	1.9%
Financial assets - current	3,895	1,931	101.7%
Financial assets - non current & investments - equity method	52,174	51,975	0.4%
Property, plant & equipment	143,880	145,209	-0.9%
Total assets	357,943	360,628	-0.7%
Short-term borrowings & short-term bills payable	20,955	33,007	-36.5%
Current portion of bonds payable	9,658	9,385	2.9%
Current portion of long-term borrowings & capital lease obligations	6,683	6,384	4.7%
Bonds payable	27,342	26,872	1.7%
Long-term borrowings & capital lease obligations	47,013	44,255	6.2%
Total equity (Including non-controlling interest)	169,570	161,218	5.2%
Quarterly EBITDA	17,449	14,701	18.7%
Current ratio	1.37	1.21	
Net debt to equity	0.41	0.50	

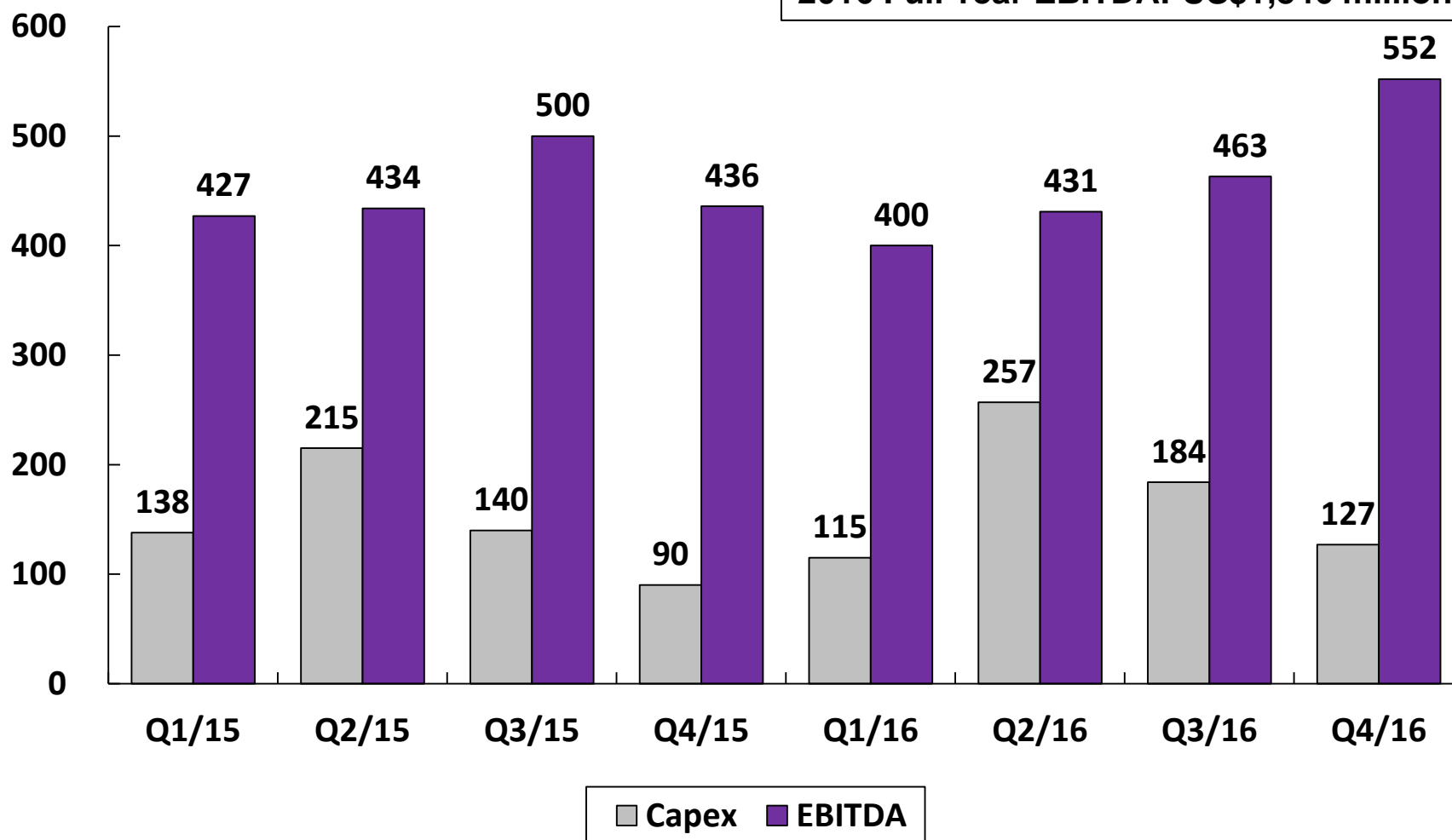


Machinery & Equipment Capital Expenditure vs. EBITDA



US\$ Million

2016 Full Year Capex: US\$683 million
2016 Full Year EBITDA: US\$1,846 million



First Quarter 2017 Outlook

Based on our current business outlook and exchange rate assumptions, management projects overall performance for the first quarter of 2017 to be as follows:

- IC ATM 1Q/2017 business should get close to 2Q/2016 levels;**
- IC ATM 1Q/2017 gross margin should be similar to 1H/2016 levels;**
- EMS 1Q/2017 business and gross margin should be similar to the quarterly averages of 2016.**



Thank You

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