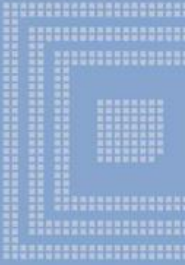




ASE GROUP



ASE Inc. 2017 Second Quarter Earnings Release

July 28, 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. 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 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 2016 Annual Report on Form 20-F filed on April 21, 2017.



2017 1H ASE Group Performance



Revenue and Net Earnings:

Q2 Revenue US\$2.188bn, +3% QoQ/+13% YoY

Q2 Net Earnings US\$260mn

1H Revenue US\$4.321bn, +13% YoY

1H Industry Environment:

Inventory status in check

2H Outlook:

Steady demand. Cautiously optimistic.

ASE-SPIL Transaction Update



ASE-SPIL Transaction Update

- **On November 16, 2016, the Taiwan Fair Trade Commission issued a no objection letter in respect of the transaction.**
- **On May 16, 2017, ASE received a letter from the U.S. Federal Trade Commission (“FTC”) confirming its non-public investigation on the transaction has been closed.**
- **ASE and SPIL initially submitted the required materials to the Ministry of Commerce of the People’s Republic of China (“MOFCOM”) on August 25, 2016 and underwent Phase I, Phase II and Phase III statutory reviews by MOFCOM. In light of the expiration of the statutory review period for Phase III review, on June 6, 2017, ASE withdrawn its original filing and re-filed the same case with MOFCOM. The parties will continue to cooperate with MOFCOM on its review of the transaction.**



Addendum 1: Foreign Exchange Implication



- ASE's 2Q17 & 1H17 revenues and margins in functional currency are negatively impacted by the strong Taiwan dollar.

Foreign Exchange Rate (USD/NTD) in 2Q17 & 1H17								
USD/NTD			2Q17 USD/NTD		USD/NTD		1H17 USD/NTD	
2Q17	1Q17	2Q16	QoQ	YoY	1H17	1H16		YoY
30.18	31.20	32.40	-3.3%	-6.8%	30.68	32.73		-6.2%

F/X Impact on 2Q17 GM (percentage points)		
QoQ (GM impact in 2Q17, -3.3% USD/NTD vs. 1Q17)	Group	-1.0
	IC ATM	-1.4
	EMS	-0.4
YoY (GM impact in 2Q17, -6.8% USD/NTD vs. 2Q16)	Group	-2.1
	IC ATM	-2.9
	EMS	-0.8

Revenues Growth		2Q17 QoQ	2Q17 YoY	1H17 YoY
Group	In USD	3%	13%	13%
IC ATM		5%	9%	12%
EMS		-0%	22%	24%
Group	In NTD	-1%	5%	6%
IC ATM		2%	1%	5%
EMS		-4%	14%	16%

Addendum 2:

Investment Gain Impact on 2Q Margins & Earnings



- The real estate related investment gain booked in 2Q17 had incurred incremental bonus expense at both gross and operating level, and higher tax expense.
- The net impact to 2Q17 earnings was NT\$0.48 per share while the bonus expenses have lead to 0.6 and 1.0 percentage points negative impact on ASE Group and IC ATM OPM, respectively.

2Q17	NT\$bn			
Investment gain in 2Q17	5.6			
Tax expense incurred	-1.4			
After tax contribution	4.2			
Total bonus expense incurred from investment gain	-0.38	Bonus expense impact on margin (percentage points)		
			Group	IC ATM
<i>Bonus expense in Cost of Goods Sold</i>	-0.13	GM	-0.2	-0.3
<i>Bonus expense in Operating Expense</i>	-0.25	OPM	-0.6	-1.0
Net impact on earnings	3.9			
Net impact on 2Q17 basic EPS (NT\$)	0.48			

Consolidated Statements of Comprehensive Income

Quarterly Sequential Comparison

(unaudited)



(NT\$ Million)	Q2 / 2017	%	Q1 / 2017	%	Change
Net Revenues:					
Packaging	30,494	46.2%	29,806	44.8%	2%
Testing	6,350	9.6%	6,365	9.6%	0%
Direct Material	928	1.4%	892	1.3%	4%
EMS	28,210	42.7%	29,355	44.1%	-4%
Others	44	0.1%	133	0.2%	-67%
Total Net Revenues	66,026	100.0%	66,551	100.0%	-1%
Gross Profit	12,116	18.4%	11,975	18.0%	1%
Operating Income (Loss)	5,219	7.9%	5,225	7.9%	0%
Pretax Income (Loss)	11,390	17.3%	3,845	5.8%	196%
Income Tax Benefit (Expense)	(3,207)	-4.9%	(886)	-1.3%	
Noncontrolling Interest	(336)	-0.5%	(400)	-0.6%	
Net Income Attributable to Shareholders of the Parent	7,847	11.9%	2,559	3.8%	207%
Basic EPS (NT Dollar)	0.97		0.33		194%
Diluted EPS (NT Dollar)	0.89		0.29		207%
EBITDA	19,085	28.9%	11,764	17.7%	62%



Consolidated Statements of Comprehensive Income

Quarterly Year-over-Year Comparison

(unaudited)



(NT\$ Million)	Q2 / 2017	%	Q2 / 2016	%	Change
Net Revenues:					
Packaging	30,494	46.2%	30,178	48.2%	1%
Testing	6,350	9.6%	6,503	10.4%	-2%
Direct Material	928	1.4%	759	1.2%	22%
EMS	28,210	42.7%	24,845	39.7%	14%
Others	44	0.1%	316	0.4%	-86%
Total Net Revenues	66,026	100.0%	62,601	100.0%	5%
Gross Profit	12,116	18.4%	12,254	19.6%	-1%
Operating Income (Loss)	5,219	7.9%	5,889	9.4%	-11%
Pretax Income (Loss)	11,390	17.3%	6,080	9.7%	87%
Income Tax Benefit (Expense)	(3,207)	-4.9%	(1,523)	-2.4%	
Noncontrolling Interest	(336)	-0.5%	(255)	-0.4%	
Net Income Attributable to Shareholders of the Parent	7,847	11.9%	4,302	6.9%	82%
Basic EPS (NT Dollar)	0.97		0.56		73%
Diluted EPS (NT Dollar)	0.89		0.47		89%
EBITDA	19,085	28.9%	13,977	22.3%	37%



IC ATM Statements of Comprehensive Income

Quarterly Sequential Comparison

(unaudited)



(NT\$ Million)	Q2 / 2017	%	Q1 / 2017	%	Change
Net Revenues:					
Packaging	31,718	81.2%	31,061	80.9%	2%
Testing	6,350	16.3%	6,365	16.6%	0%
Direct Material	960	2.5%	935	2.4%	3%
Others	20	0.1%	24	0.1%	-17%
Total Net Revenues	39,048	100.0%	38,385	100.0%	2%
Gross Profit	9,027	23.1%	8,833	23.0%	2%
Operating Income (Loss)	4,102	10.5%	3,983	10.4%	3%
Pretax Income (Loss)	9,462	24.2%	3,207	8.4%	195%
Income Tax Benefit (Expense)	(1,541)	-3.9%	(570)	-1.5%	
Noncontrolling Interest	(74)	-0.2%	(78)	-0.2%	
Net Income Attributable to Shareholders of the Parent	7,847	20.1%	2,559	6.7%	207%
EBITDA	11,522	29.5%	9,800	25.5%	18%



IC ATM Statements of Comprehensive Income

Quarterly Year-over-Year Comparison

(unaudited)



(NT\$ Million)	Q2 / 2017	%	Q2 / 2016	%	Change
Net Revenues:					
Packaging	31,718	81.2%	31,180	81.0%	2%
Testing	6,350	16.3%	6,502	16.9%	-2%
Direct Material	960	2.5%	801	2.1%	20%
Others	20	0.1%	21	0.1%	-5%
Total Net Revenues	39,048	100.0%	38,504	100.0%	1%
Gross Profit	9,027	23.1%	9,559	24.8%	-6%
Operating Income (Loss)	4,102	10.5%	4,915	12.8%	-17%
Pretax Income (Loss)	9,462	24.2%	5,608	14.6%	69%
Income Tax Benefit (Expense)	(1,541)	-3.9%	(1,266)	-3.3%	
Noncontrolling Interest	(74)	-0.2%	(40)	-0.1%	
Net Income Attributable to Shareholders of the Parent	7,847	20.1%	4,302	11.2%	82%
EBITDA	11,522	29.5%	12,206	31.7%	-6%

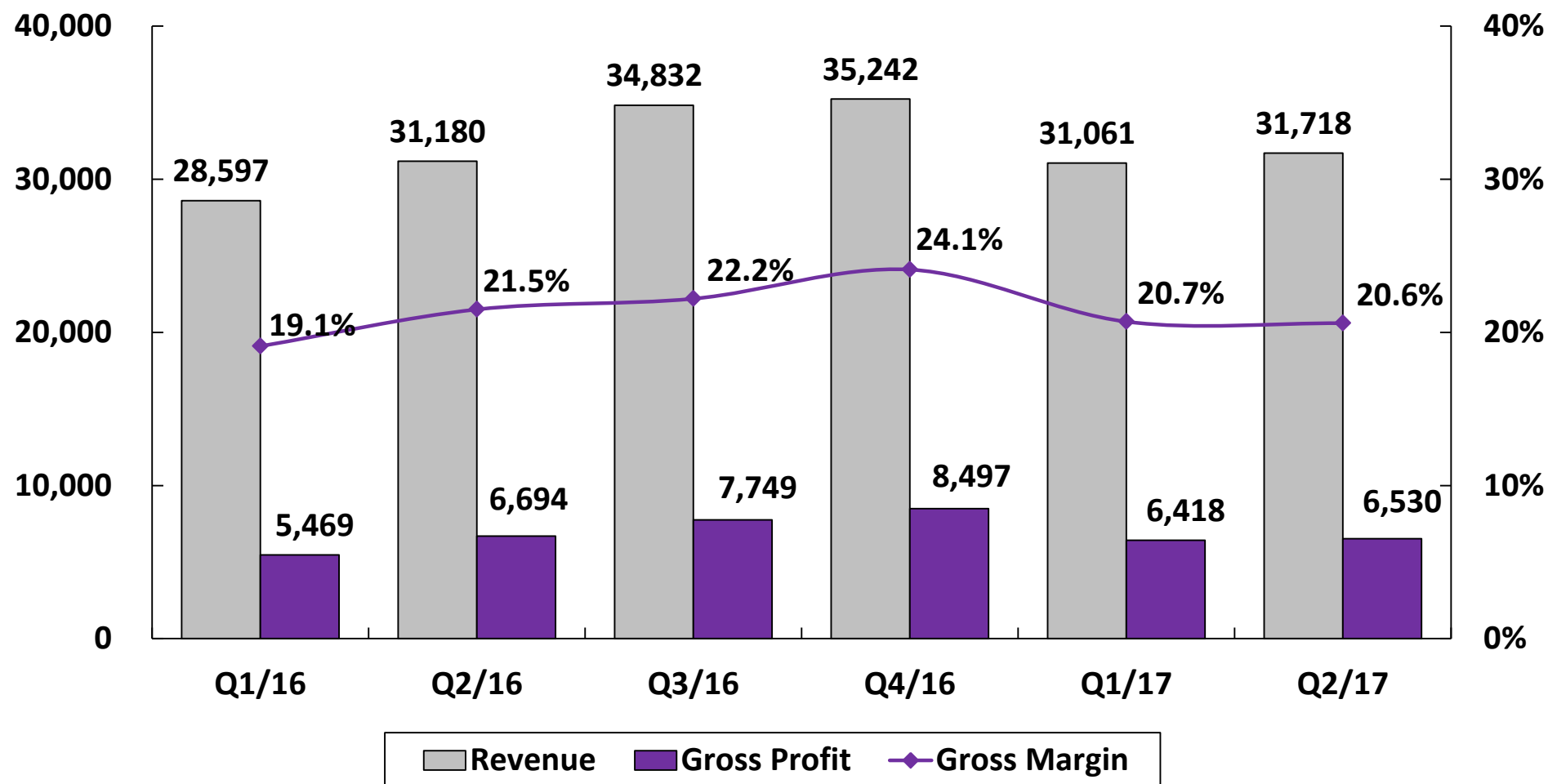


Packaging Operations

(unaudited)



NT\$ Million

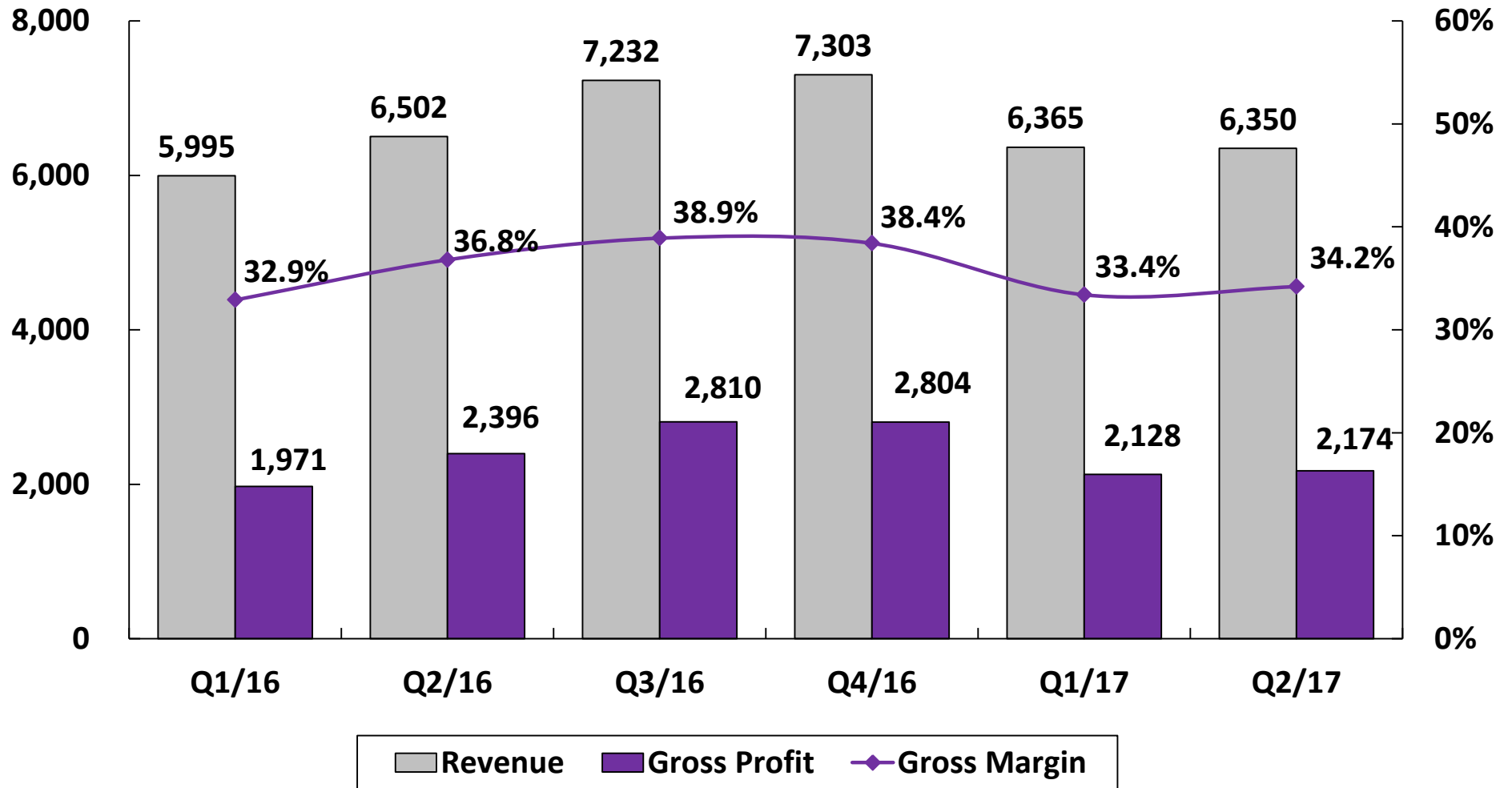


Testing Operations

(unaudited)



NT\$ Million

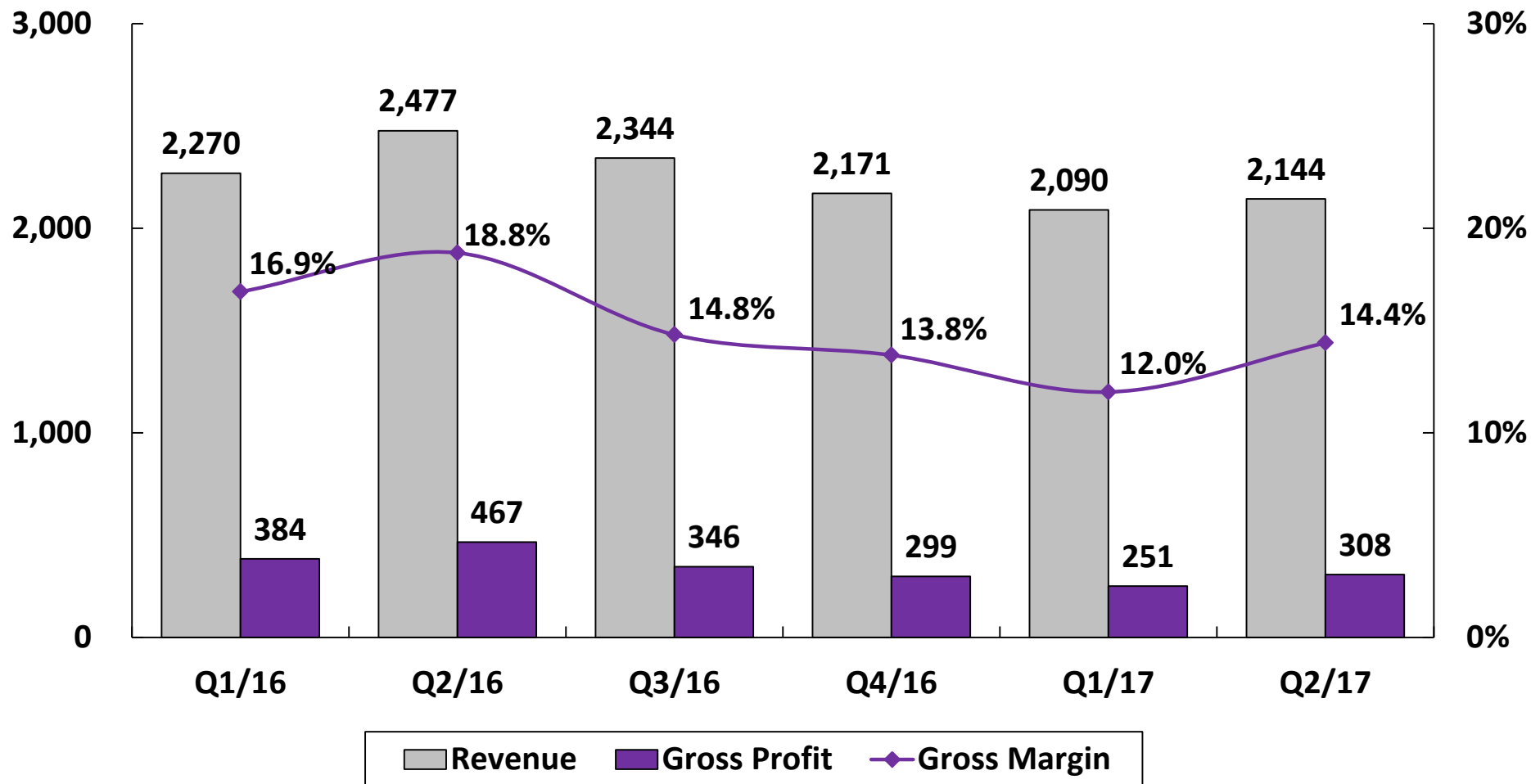


Material Operations

(unaudited)

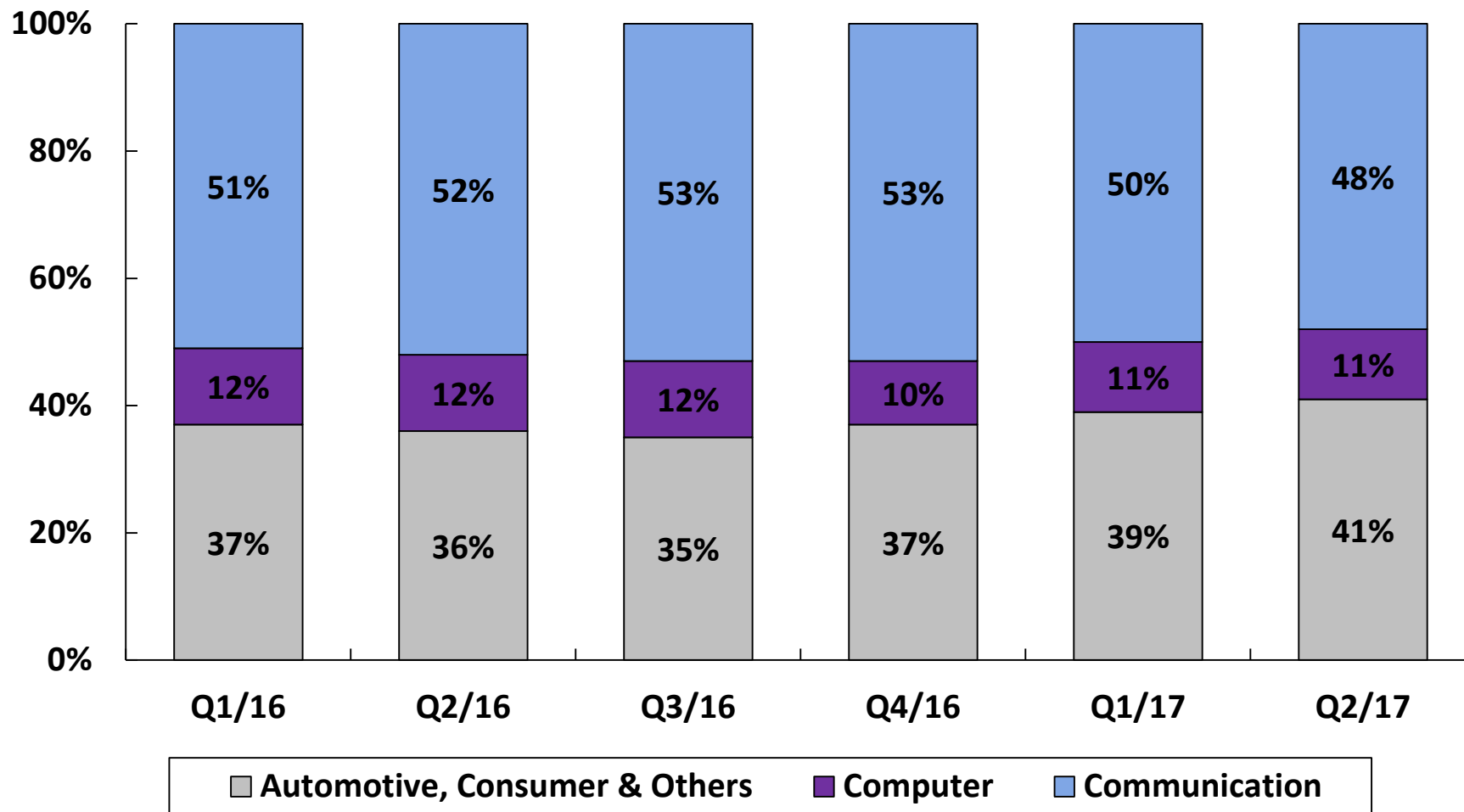


NT\$ Million



IC ATM Revenue by Application

(unaudited)

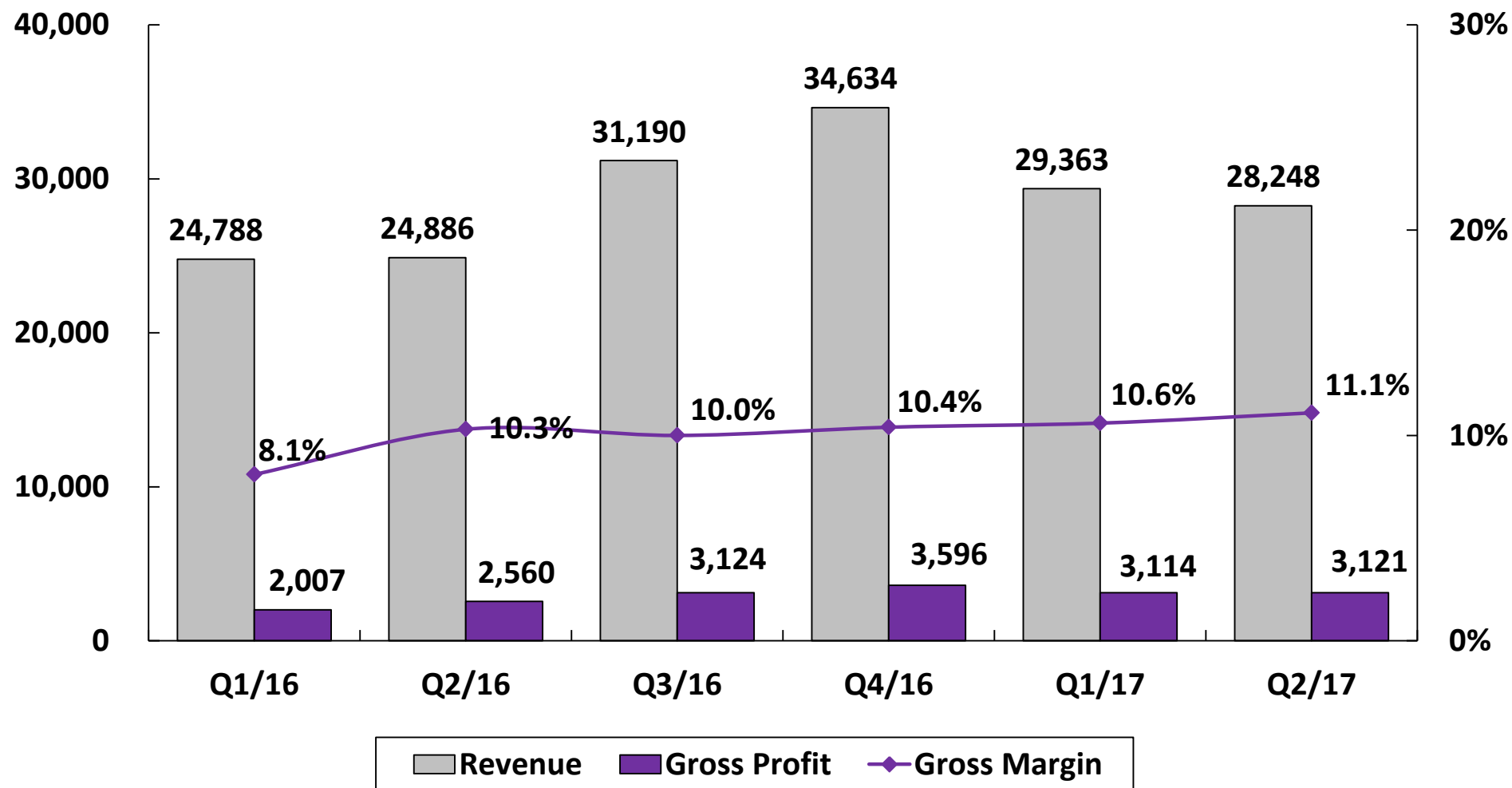


EMS Operations

(unaudited)



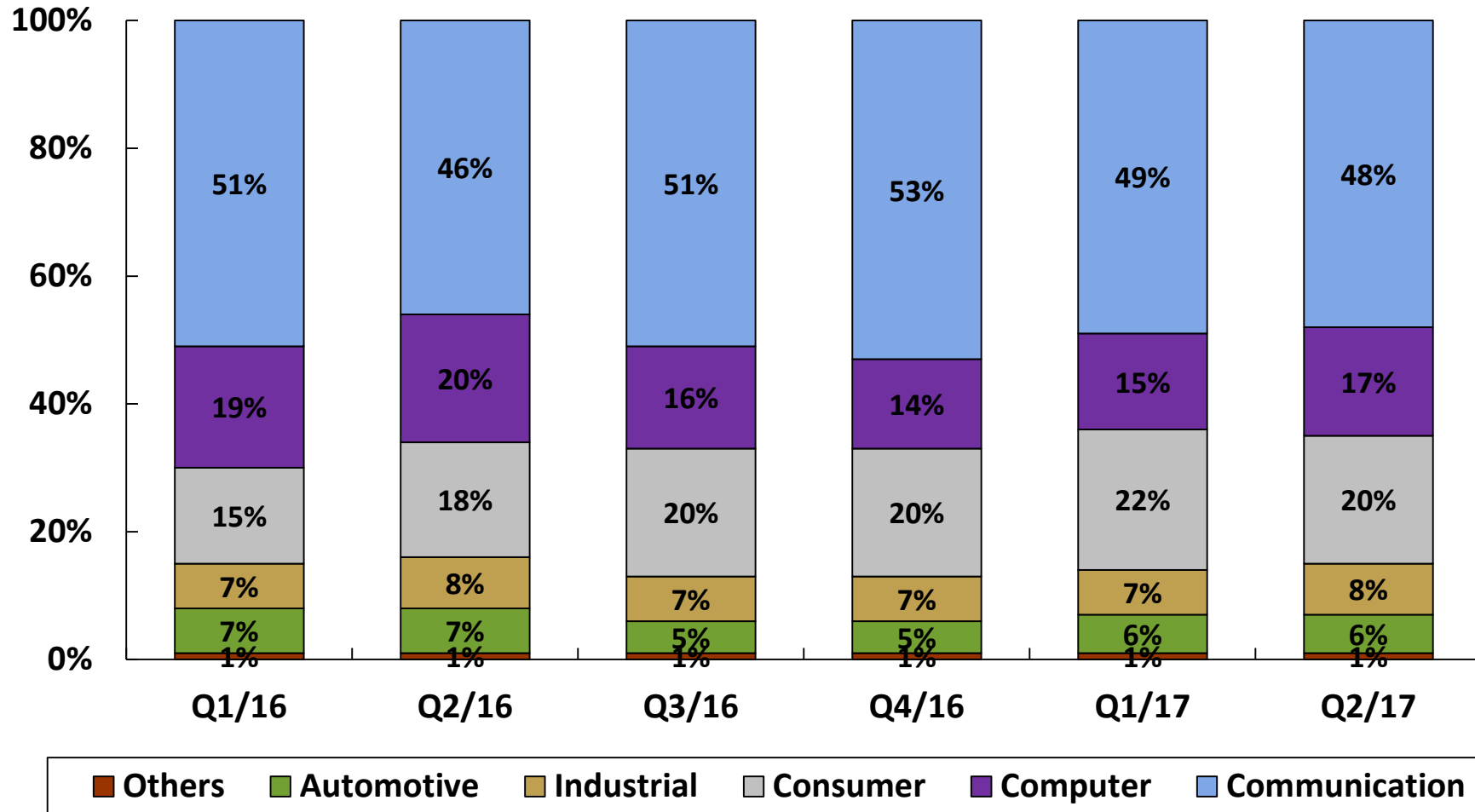
NT\$ Million



EMS Operations

EMS Revenue Breakdown

(unaudited)



Key Balance Sheet Items & Indices

(unaudited)



(NT\$ Million)	Jun. 30, 2017	Mar. 31, 2017	Change
Cash and cash equivalent	43,891	42,474	3.3%
Financial assets - current	4,138	3,720	11.2%
Financial assets - non current & investments - equity method	50,878	52,183	-2.5%
Property, plant & equipment	140,378	140,072	0.2%
Total assets	356,623	347,517	2.6%
Short-term borrowings & short-term bills payable	14,209	13,400	6.0%
Current portion of bonds payable	15,236	15,179	0.4%
Current portion of long-term borrowings & capital lease obligations	7,454	7,218	3.3%
Bonds payable	25,845	28,476	-9.2%
Long-term borrowings & capital lease obligations	28,823	33,639	-14.3%
Total equity (Including non-controlling interest)	179,063	176,758	1.3%
Quarterly EBITDA	19,085	11,764	62.2%
Current ratio	1.30	1.38	
Net debt to equity	0.24	0.29	

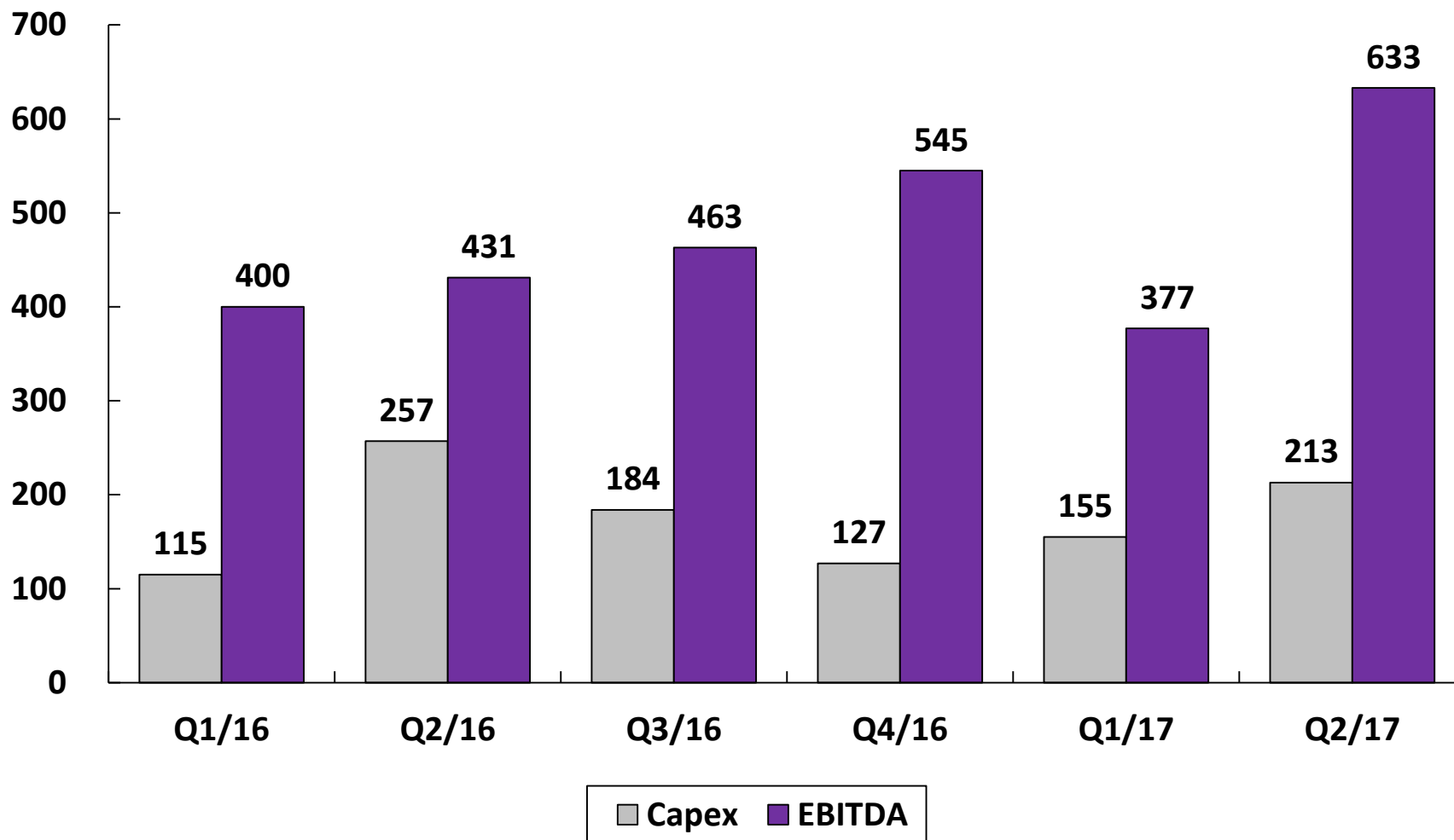


Equipment Capital Expenditure vs. EBITDA

(unaudited)



US\$ Million



Third Quarter 2017 Outlook



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

- **IC ATM 3Q17 business should be a notch or two lower than 3Q16 levels;**
- **IC ATM 3Q17 margin should be similar to 2Q16 levels;**
- **EMS 3Q17 business should be similar to the average of 3Q16 and 4Q16 levels;**
- **EMS 3Q17 gross margin should be similar to the average of 1Q16 and 2Q16 levels.**



Thank You

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