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VIS Reports 2012 First Quarter Results

First Quarter 2012 Overview:

- Revenue decreased 5% QoQ to NT\$3,150 million
- Gross profit margin of 11%, operating profit margin of -1%
- Net income of NT\$24 million
- Diluted earning per share was NT\$ 0.02

Hsinchu, Taiwan, Apr. 27th, 2012 – Vanguard International Semiconductor Corporation today announced consolidated revenue of NT\$ 3,150 million, net income of NT\$24 million, and net earning per share of NT\$0.02 for the first quarter ended March 31st, 2012.

On a sequential basis, first quarter revenue decreased 5% to NT\$3,150 million, from NT\$3,308 million in previous quarter. Net income in 1Q12 was NT\$24 million compared to NT\$28 million in 4Q11. Due to better than expected customer demand, Wafer shipment was flat QoQ, Fab utilization kept 61% sequentially, Gross profit margin reached 11%, while Blended ASP decreased 4% compared with previous quarter. The results were better or in-line with our guidance given on Feb 20th, 2012.

VIS spokesperson Mr. D.L. Tseng said, “Thanks to the inventory restocking and new customer demand, for second quarter, Wafer shipment to increase by mid forties percentage QoQ, Fab utilization rate to be mid eighties percentage, Gross profit margin to be high twenties percentage, and Blended ASP to increase by a low single digit percentage QoQ.”

Safe Harbor Statements

Except for statements in respect of historical matters, the statements in this release contain “forward-looking statements” involve known and unknown risks, uncertainties and other factors that may cause the actual performance to be materially different from those contained in such forward-looking statements.

VIS undertakes no obligation to update these forward-looking statements for events or circumstances that occur after such date or to reflect the occurrence of unanticipated events.



I. COGS and Operating Expense

(In NT\$ million)	1Q12	4Q11	1Q11
Revenue	3,150	3,308	3,991
COGS	(2,795)	(3,007)	(3,274)
Gross Profit	356	302	717
Gross Profit Margin (%)	11.3%	9.1%	18.0%
Total Operating Exp.	(374)	(304)	(358)
G&A	(137)	(141)	(162)
Sales & Marketing	(36)	1	(35)
R&D	(201)	(164)	(161)
Operating (Loss) Income	(19)	(2)	360
Operating Profit Margin (%)	-0.6%	-0.1%	9.0%

As a result of unfavorable exchanging rate and lower blended ASP in 1Q12, sales revenue decreased to NT\$3,150 million, down 5% sequentially and down 21% YoY by less wafer shipment and lower ASP. Thanks to Fab cost reduction and restocking of WIP inventory, gross profit was NT\$356 million, up from NT\$302 million in 4Q11 and gross profit margin increased from 9.1% to 11.3% sequentially.

Operating expenses for 1Q12 was NT\$374 million, increased from NT\$304 million in 4Q11 mainly resulted from more R&D projects launched and Sales & Marketing expenses was back to normal level in 1Q12.

Loss from operations for 1Q12 was NT\$19 million, represented -0.6% of net sales.

II. Non-Operating Items:

(In NT\$ million)	1Q12	4Q11	1Q11
Net Non-operating Income	9	46	26
Investment (Loss) Gain	(4)	(8)	13
Net Other Non-operating Income	13	54	13

Net non-operating income was NT\$9 million in 1Q12, mainly contributed by interest revenue.



III. Financial Condition Review

(In NT\$ million)	1Q12	4Q11	1Q11
Cash & Financial Instruments	8,112	8,211	7,564
Accounts Receivable	2,138	2,316	2,600
Inventory	1,408	1,231	1,623
Total Current Assets	12,020	12,123	12,182
Accounts Payable and Others	877	768	1,606
Accrued Liabilities	1,183	1,290	1,309
Total Current Liabilities	2,061	2,058	2,915
Current Ratio	583%	589%	418%
Net Working Capital	9,959	10,065	9,267
A/R Turnover Days	65	51	52
Inventory Turnover Days	43	40	45

VIS ended the quarter with NT\$12,020 million in total current assets, compared to NT\$12,123 million at the end of previous quarter, down NT\$103 million, mainly due to NT\$99 million sequential decrease in cash & financial instruments in 1Q12.

Total current liabilities minor increased NT\$3 million to NT\$2,061 million in the end of 1Q12.

Net working capital decreased NT\$106 million to NT\$9,959 million at the end of the first quarter, with a current ratio of 583%. A/R turnover days increase to 65 days, and inventory turnover days increased 3 days to 43 days sequentially.

IV. Cash Flow

(In NT\$ million)	1Q12	4Q11	1Q11
Cash - Begin of Period	8,201	7,396	8,322
Cash Flow from Operation	914	1,243	336
Cash Flow from Investment	(267)	(398)	(1,150)
Cash Flow from Financing	(842)	(38)	32
Net Cash Flow	(195)	807	(783)
Effect of Exchange Rate Changes	(5)	(2)	(6)
Cash - End of Period	8,000	8,201	7,533

Due to inventory picked up and seasonal paid out of bonus in first quarter, cash inflow from operation decreased to NT\$914 million. The investment cash outflow was NT\$267 million, mainly reflecting the acquisitions of properties and increase in financial assets. The financing cash outflow was NT\$842 million, mainly reflecting the share buyback in 1Q12.

All in all, the net cash outflow was NT\$195 million in 1Q12. And VIS ended the quarter with a cash balance of NT\$8,000 million.



V. Revenue Analysis

Revenue Breakdown by Technology

By Technology	1Q12	4Q11	1Q11
0.5 μ m	40%	32%	30%
0.35 μ m	22%	18%	29%
0.25 μ m	11%	9%	7%
$\leq 0.18 \mu$ m	27%	41%	34%

Driven by good customer demand in large panel driver IC and PM IC, revenue in 0.25 μ m, 0.35 μ m, and 0.5 μ m segments increased to 11%, 22% and 40% of total sales revenue respectively.

Revenue Breakdown by Application

By Application	1Q12	4Q11	1Q11
Computer	42%	34%	41%
Communication	11%	30%	19%
Consumer	35%	26%	28%
Others	12%	10%	12%

As less wafer foundry demand for mobile phone, Communication application decreased to 11% in 1Q12.

Revenue Breakdown by Platform

By Platform	1Q12	4Q11
Driver IC (Large)	45%	36%
Driver IC (Small)	15%	24%
Power Management IC	30%	23%
Others	10%	17%

As good customer demand in PWM Controller, Regulator, and panel driver IC for TV and PC/NB, Large panel driver IC and Power Management IC increased to 45% and 30% of total revenue in 1Q12 respectively.

VI. Wafer Shipments and Utilization Rate

Wafer Shipments

	1Q12	4Q11	3Q11	2Q11	1Q11
Wafer Shipments (Kpcs)	250	249	299	310	298

Wafer shipments reached 250 thousands 8-inch wafers in 1Q12. Overall utilization rate for the quarter kept in 61%.

Utilization Rate

	1Q12	4Q11	3Q11	2Q11	1Q11
Utilization Rate	61%	61%	71%	85%	81%