

# *Etron Technology, Inc.*

## Q1-Q3 2007 Investor Conference

October 30, 2007

# Safe Harbor Notice

**This following presentation contains forward-looking statements, which involve known and unknown risks and are subject to uncertainties that could cause actual performance, financial results, or operation conditions to be materially different from those contained in the forward-looking statements.**

**Except as required by law, we undertake no obligation to update any forward-looking statement, whether as result of new information, future events, or otherwise.**



# Highlights of Q1-Q3 2007

| Amount: NT\$M          | Q1-Q3 2007 | Q1-Q3 2006 | YoY    |
|------------------------|------------|------------|--------|
| Net Sales              | 9,780      | 7,235      | 35%    |
| Gross Profit           | 1,824      | 853        | 114%   |
| Operating Income       | 1,183      | 287        | 312%   |
| Income Before Tax      | 983        | 465        | 111%   |
| Net Income             | 963        | 426        | 126%   |
| EPS (NT\$)             | 2.60       | 1.24*      | 110%   |
| Total Assets           | 12,388     | 10,167     | 22%    |
| Total Liabilities      | 5,371      | 4,464      | 20%    |
| Shareholder's Equities | 7,017      | 5,703      | 23%    |
| ROE (%)                | 19.4       | 10.4       | +9%Pts |

\*After adjustment EPS is NT\$1.15

# Income Statement of Q1-Q3 2007

| Amount: NT\$M                | Q1-Q3 2007 |       | Q1-Q3 2006 |       | YoY    |
|------------------------------|------------|-------|------------|-------|--------|
| Net Sales                    | 9,780      | 100%  | 7,235      | 100%  | 35%    |
| COGS                         | (7,956)    | (81%) | (6,382)    | (88%) | 25%    |
| Gross Profit                 | 1,824      | 19%   | 853        | 12%   | 114%   |
| Operating Expense            | (641)      | (7%)  | (566)      | (8%)  | 13%    |
| Operating Income             | 1,183      | 12%   | 287        | 4%    | 312%   |
| Non-Operating Income (Loss)  | (200)      | (2%)  | 178        | 2%    | (212%) |
| Income Before Tax            | 983        | 10%   | 465        | 6%    | 111%   |
| Income Tax Benefit (Expense) | (20)       | 0%    | (39)       | (1%)  | -      |
| Net Income                   | 963        | 10%   | 426        | 6%    | 126%   |
| Capital                      | 3,840      |       | 3,511      |       | 9%     |
| Earnings Per Share (NT\$)    | 2.60       |       | 1.24*      |       | 110%   |

\*After adjustment EPS is NT\$1.15



# Income Statement of Q3 2007

| Amount: NT\$M                 | Q3'07   |       | Q2'07   |       | QtQ    | Q3'06   |       | YoY    |
|-------------------------------|---------|-------|---------|-------|--------|---------|-------|--------|
| Net Sales                     | 3,701   | 100%  | 3,203   | 100%  | 16%    | 2,705   | 100%  | 37%    |
| COGS                          | (2,974) | (80%) | (2,594) | (81%) | 15%    | (2,300) | (85%) | 29%    |
| Gross Profit                  | 727     | 20%   | 609     | 19%   | 19%    | 405     | 15%   | 80%    |
| Operating Expense             | (247)   | (7%)  | (196)   | (6%)  | 26%    | (191)   | (7%)  | 29%    |
| Operating Income              | 480     | 13%   | 413     | 13%   | 16%    | 214     | 8%    | 124%   |
| Non-Operating Income (Loss)   | (16)    | 0%    | (145)   | (5%)  | -      | 47      | 2%    | (134%) |
| Income Before Tax             | 464     | 13%   | 268     | 8%    | 73%    | 261     | 10%   | 78%    |
| Income Tax Benefits (Expense) | (26)    | (1%)  | 32      | 1%    | (181%) | (16)    | (1%)  | -      |
| Net Income                    | 438     | 12%   | 300     | 9%    | 46%    | 245     | 9%    | 79%    |
| Capital                       | 3,840   |       | 3,796   |       | 1%     | 3,511   |       | 9%     |
| Earnings Per Share (NT\$)     | 1.18    |       | 0.87    |       | 36%    | 0.69    |       | 71%    |

# Balance Sheet of Q3 2007

| Amount: NT\$M              | Q3'07         |             | Q2'07         |             | QtQ        | Q3'06         |             | YoY        |
|----------------------------|---------------|-------------|---------------|-------------|------------|---------------|-------------|------------|
| Cash & Equivalent          | 3,718         | 30%         | 3,031         | 20%         | 23%        | 2,663         | 26%         | 40%        |
| Accounts Receivable        | 1,921         | 16%         | 1,812         | 15%         | 6%         | 1,630         | 16%         | 18%        |
| Inventory                  | 2,278         | 18%         | 2,667         | 22%         | (15%)      | 2,367         | 23%         | (4%)       |
| L-T Investments            | 2,953         | 24%         | 3,167         | 26%         | (7%)       | 1,985         | 20%         | 49%        |
| <b>Total Assets</b>        | <b>12,388</b> | <b>100%</b> | <b>12,103</b> | <b>100%</b> | <b>2%</b>  | <b>10,167</b> | <b>100%</b> | <b>22%</b> |
| <b>Current Liabilities</b> | <b>3,356</b>  | <b>27%</b>  | <b>3,032</b>  | <b>25%</b>  | <b>11%</b> | <b>2,155</b>  | <b>21%</b>  | <b>56%</b> |
| Accounts Payable           | 3,045         | 25%         | 2,988         | 25%         | 2%         | 2,097         | 21%         | 45%        |
| L-T Debt                   | 1,959         | 16%         | 2,220         | 18%         | (12%)      | 2,260         | 22%         | (13%)      |
| <b>Total Liabilities</b>   | <b>5,371</b>  | <b>43%</b>  | <b>5,308</b>  | <b>44%</b>  | <b>1%</b>  | <b>4,464</b>  | <b>44%</b>  | <b>20%</b> |
| <b>Total Equities</b>      | <b>7,017</b>  | <b>57%</b>  | <b>6,795</b>  | <b>56%</b>  | <b>3%</b>  | <b>5,703</b>  | <b>56%</b>  | <b>23%</b> |

# Key Indices (I)

|                             | Q1-Q3<br>2007 | Q1-Q3<br>2006 | Q1-Q3<br>2005 | Q1-Q3<br>2004 | Q1-Q3<br>2003 |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| Revenue Growth (YoY%)       | 35            | 68            | (20)          | 84            | 29            |
| Gross Profit Margin (%)     | 19            | 12            | 12            | 26            | 14            |
| Operating Income Margin (%) | 12            | 4             | 2             | 19            | 4             |
| Net Income Margin (%)       | 10            | 6             | 2             | 15            | 3             |
| EPS - Before Tax            | 2.65          | 1.35          | 0.35          | 3.61          | 0.29          |
| EPS - After Tax             | 2.60          | 1.24          | 0.27          | 3.31          | 0.35          |



# Key Indices (II)

|                   | 2007* | 2006 | 2005 | 2004 | 2003 |
|-------------------|-------|------|------|------|------|
| A/R T/O Day       | 53    | 56   | 61   | 52   | 75   |
| Inventory T/O Day | 85    | 98   | 153  | 157  | 190  |
| Asset Turnover    | 1.1   | 1.1  | 0.9  | 0.9  | 0.7  |
| Current Ratio (%) | 244   | 291  | 248  | 270  | 246  |
| Equity Ratio (%)  | 57    | 56   | 65   | 63   | 47   |
| ROE (%)           | 19.4  | 11.8 | 10.7 | 10.9 | 5.9  |

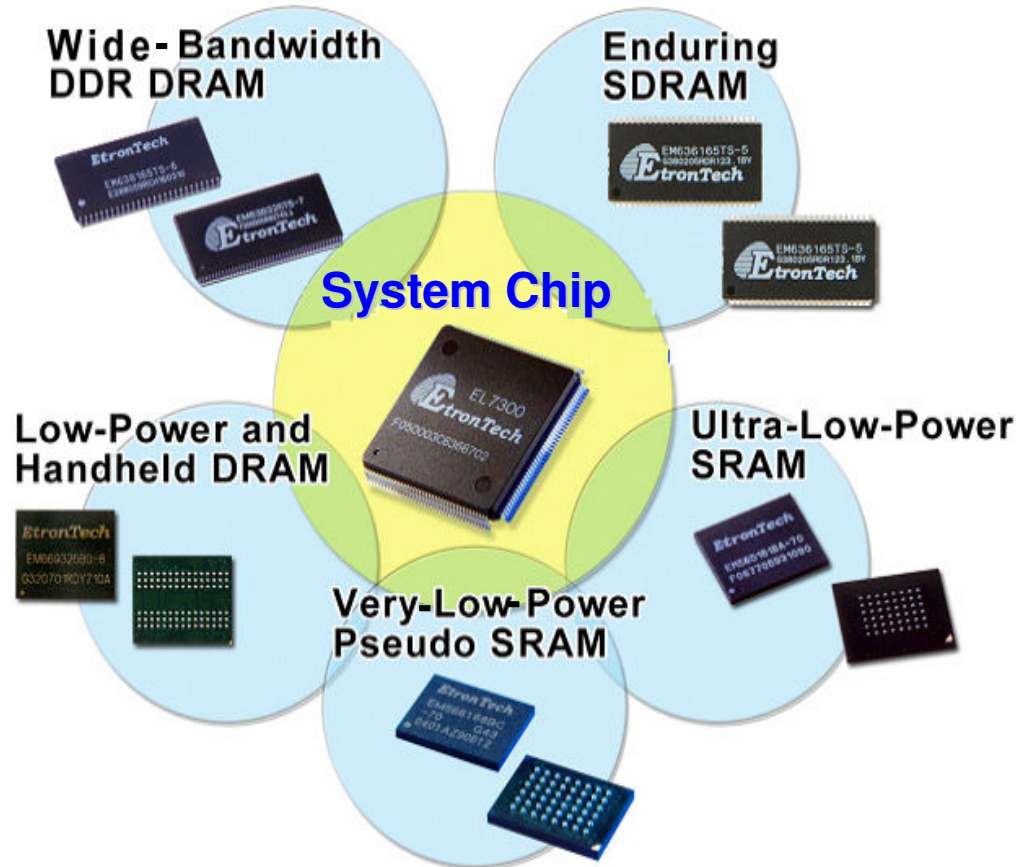
2007\* numbers are annualized for Q1 to Q3.

# Outline

- **Financial Results**
- **Application, Product, and Technology**
- **Messages**
- **Q&A**



# A Leading Memory Solution Provider on Application Driven DRAM and Known-Good-Die Memory, and Stacked System Chip



← **Various Package Types: TSOP, BGA, TQFP, CSP, etc.**

← **Classified Quality Grades including Known Good Dies**

← **Customized Solutions including Software and Multi-Dimensional Die Stacking**

# Etron's ICs Prevailing in 4C Areas

## Consumer Electronics



## Communication



## Computers



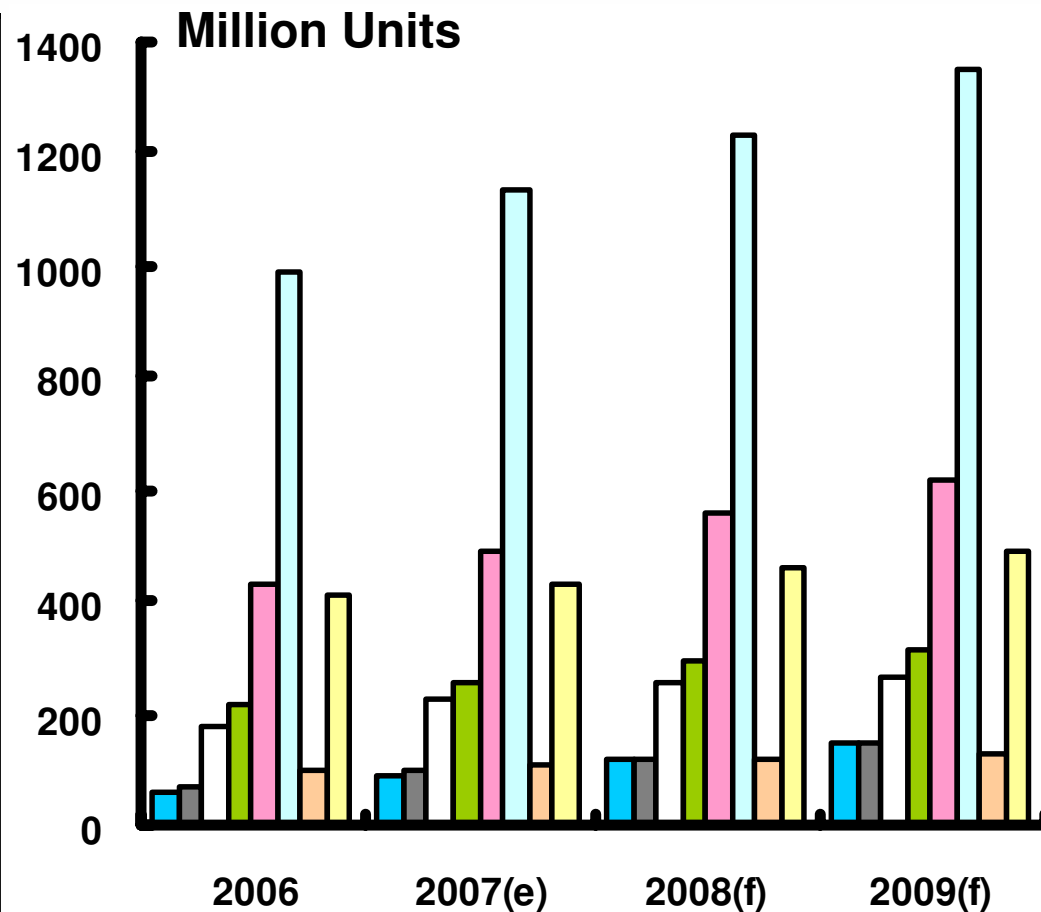
## Car/Mobile Vehicles





# Memory Application Markets: YoY

| Application |                | '06~'09 CAGR |
|-------------|----------------|--------------|
| 1           | DTV            | 33.6%        |
| 2           | Panel          | 30.8%        |
| 3           | MP3+PMP        | 13.2%        |
| 4           | Communication  | 14.3%        |
| 5           | HDD            | 12.3%        |
| 6           | Cellular Phone | 10.8%        |
| 7           | DSC+DVC        | 6.4%         |
| 8           | ODD+Player     | 5.3%         |

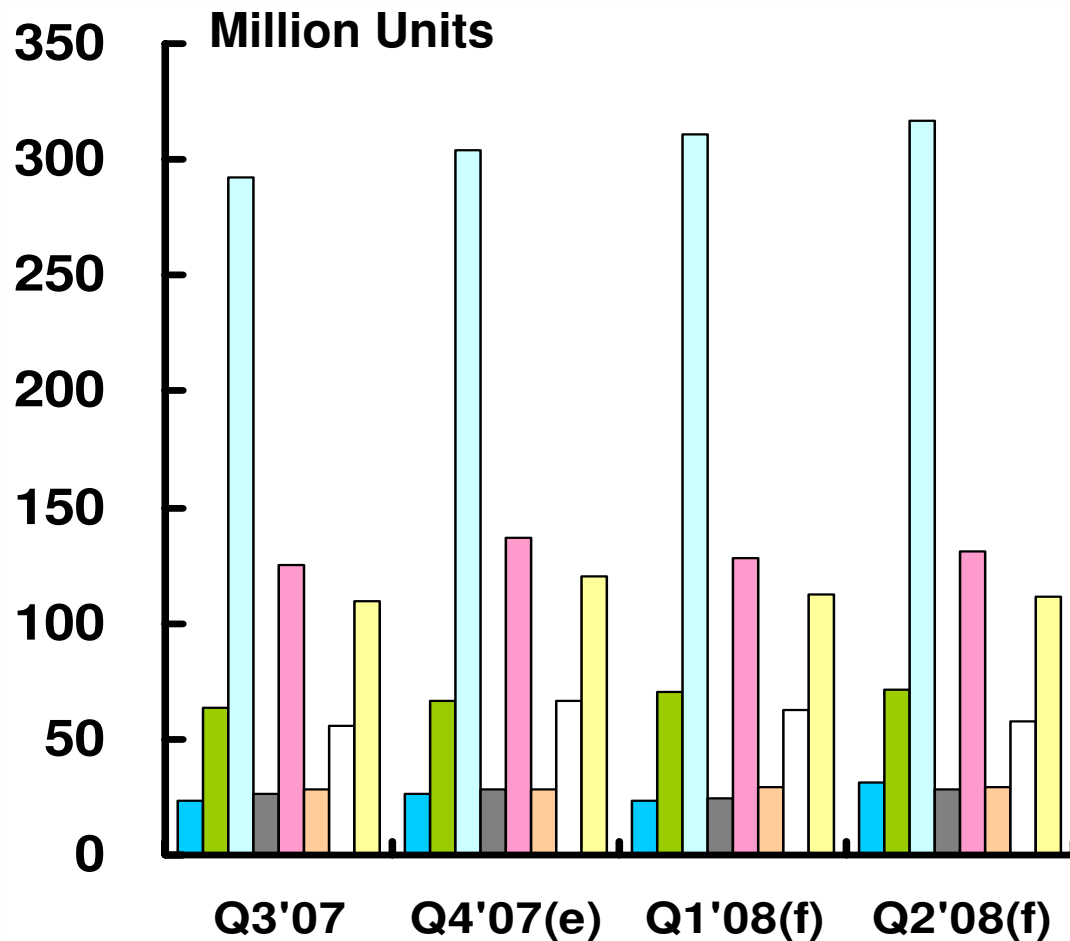


Sources: IDC (May'07), DisplaySearch (Q2'07), Gartner (Sept.'07); Etron (Sept.'07)



# Memory Application Markets: QtQ

| Application |                | Q3'07~Q2'08<br>CAGR |
|-------------|----------------|---------------------|
| 1           | DTV            | 9.4%                |
| 4           | Communication  | 3.6%                |
| 6           | Cellular Phone | 2.7%                |
| 2           | Panel          | 2.1%                |
| 5           | HDD            | 1.5%                |
| 7           | DSC+DVC        | 1.5%                |
| 3           | MP3+PMP        | 1.2%                |
| 8           | ODD+Player     | 0.6%                |



Sources: IDC (May'07), DisplaySearch (Q2'07), Gartner (Sept.'07); Etron (Sept.'07)

# Mastering Technologies for Robust Design

## Mobility and Portability

### Low Voltage

3.3V □ 1.8V

### Low Power

1mA □ 0.001mA

### Small Form Factor

TSOP, TQFP □

BGA, Known-Good-Die



## Video, Audio and Multimedia

### High Speed

133MHz □ 400MHz, DDR I/II

### High Integration

SOC □ Multi-Chip Stack

### High Density

16Mb □ 256Mb

## Low Cost and High Quality / Productivity

### Multiple Foundry Alliance

DRAM, SRAM, Logic

### Large Wafer Size

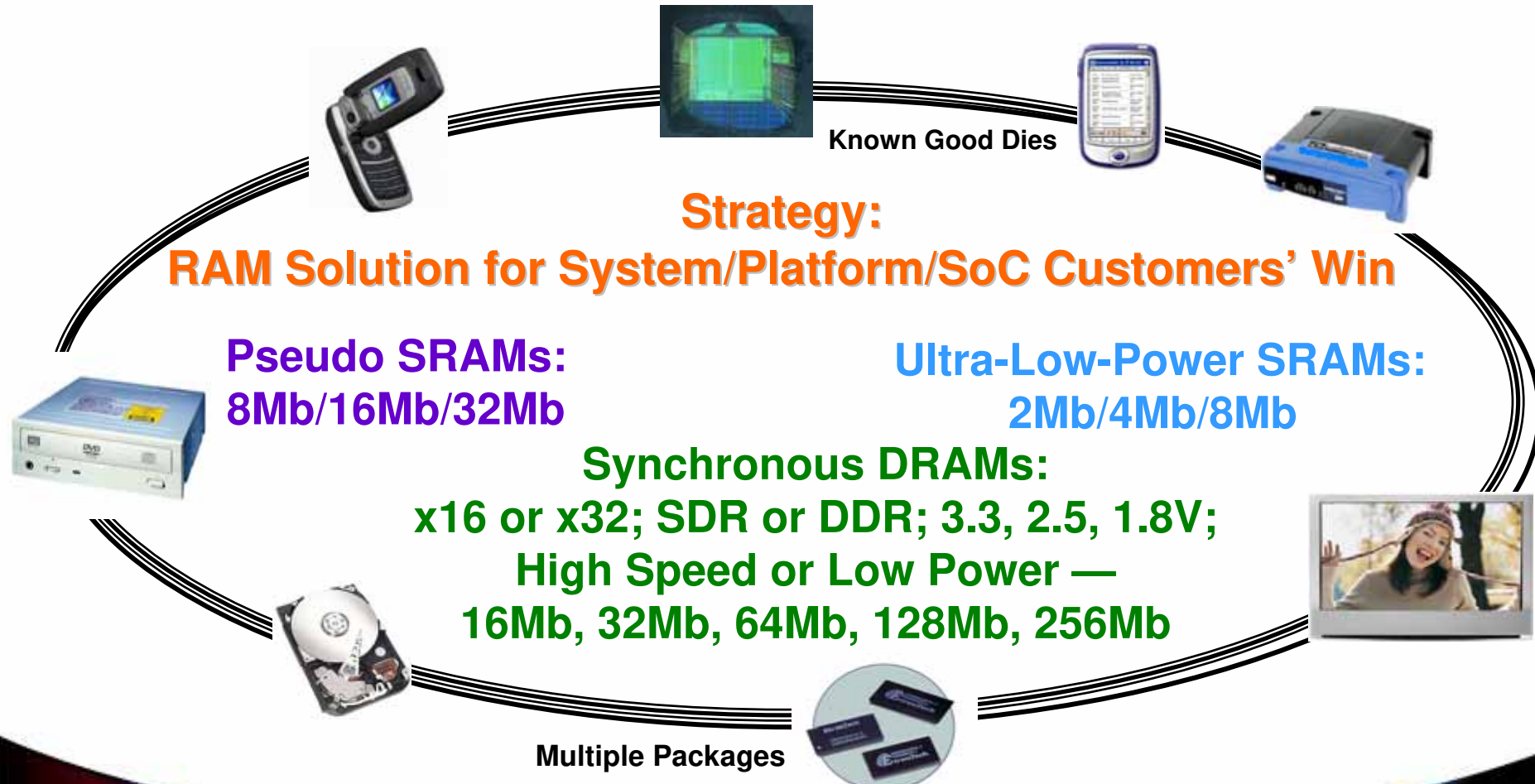
8 inch □ 12 inch

### Advanced Process Technology

SRAM: 0.15 $\mu$ m □ 0.11 $\mu$ m

DRAM: 0.15 $\mu$ m □ 90nm

# Hundreds of Products across Various 4C\* Applications by Engineers' Enthusiasm

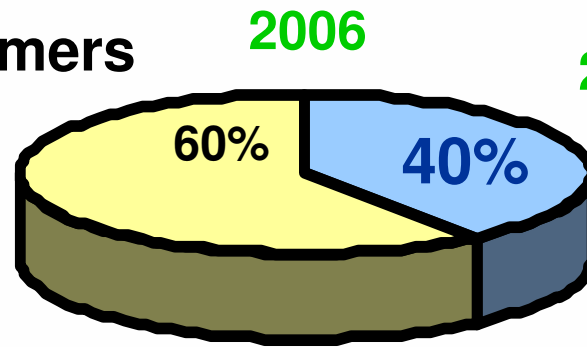


\*4C – Consumer Electronics, Communication, Computers, Car

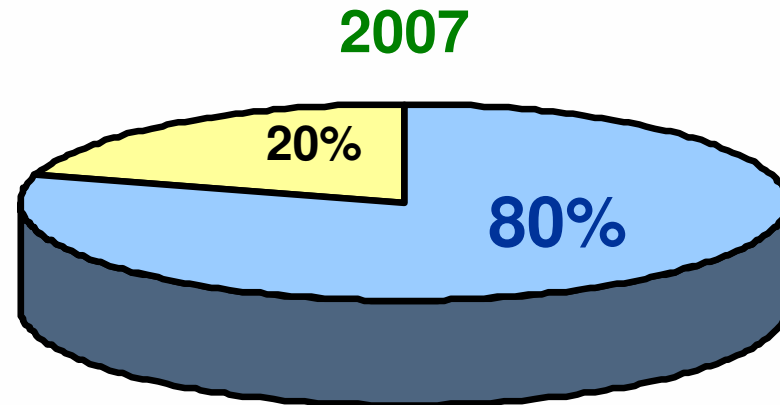
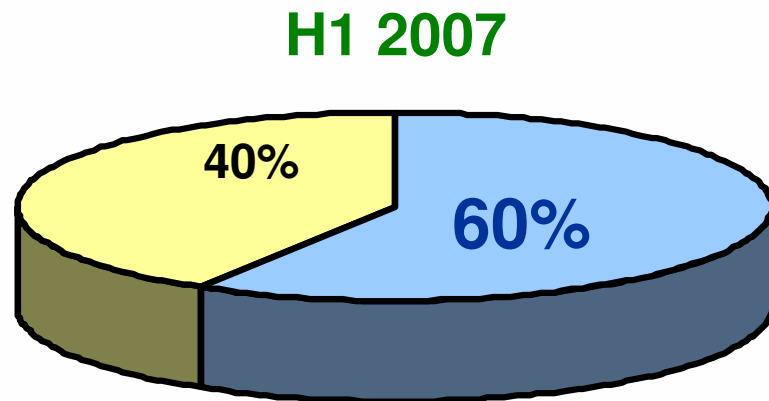
# Etron's Customers in Worldwide Market of LCD Panel for TV

Market Share by

- Etron's Customers
- Others



2006 Global LCD TV Panel Volume: 55M Units

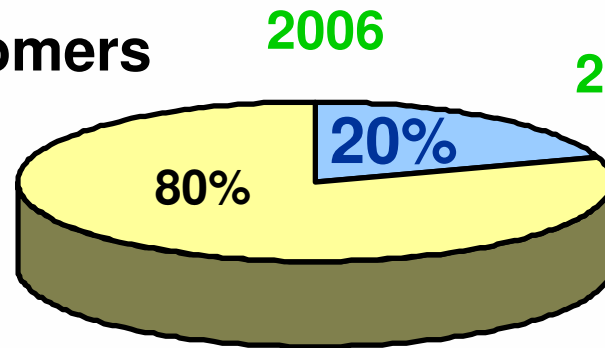


2007 Global LCD TV Panel Volume: 81M Units

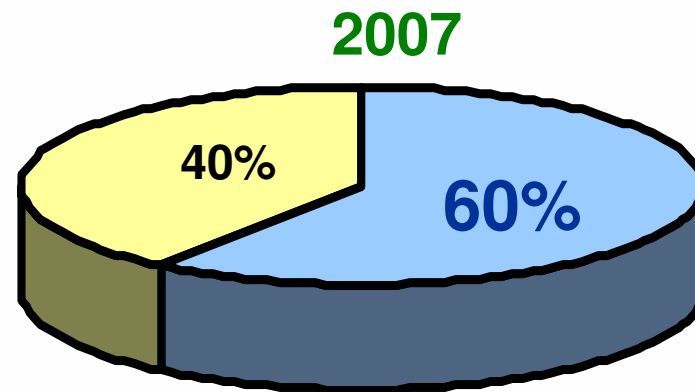
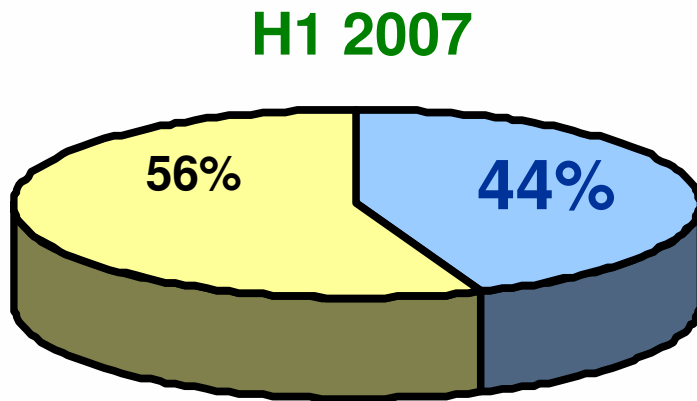
# Etron's Customers in Worldwide Market of PDP Panel for TV

Market Share by

- Etron's Customers
- Others



2006 Global PDP TV Panel Volume: 10M Units



2007 Global PDP TV Panel Volume: 14M Units

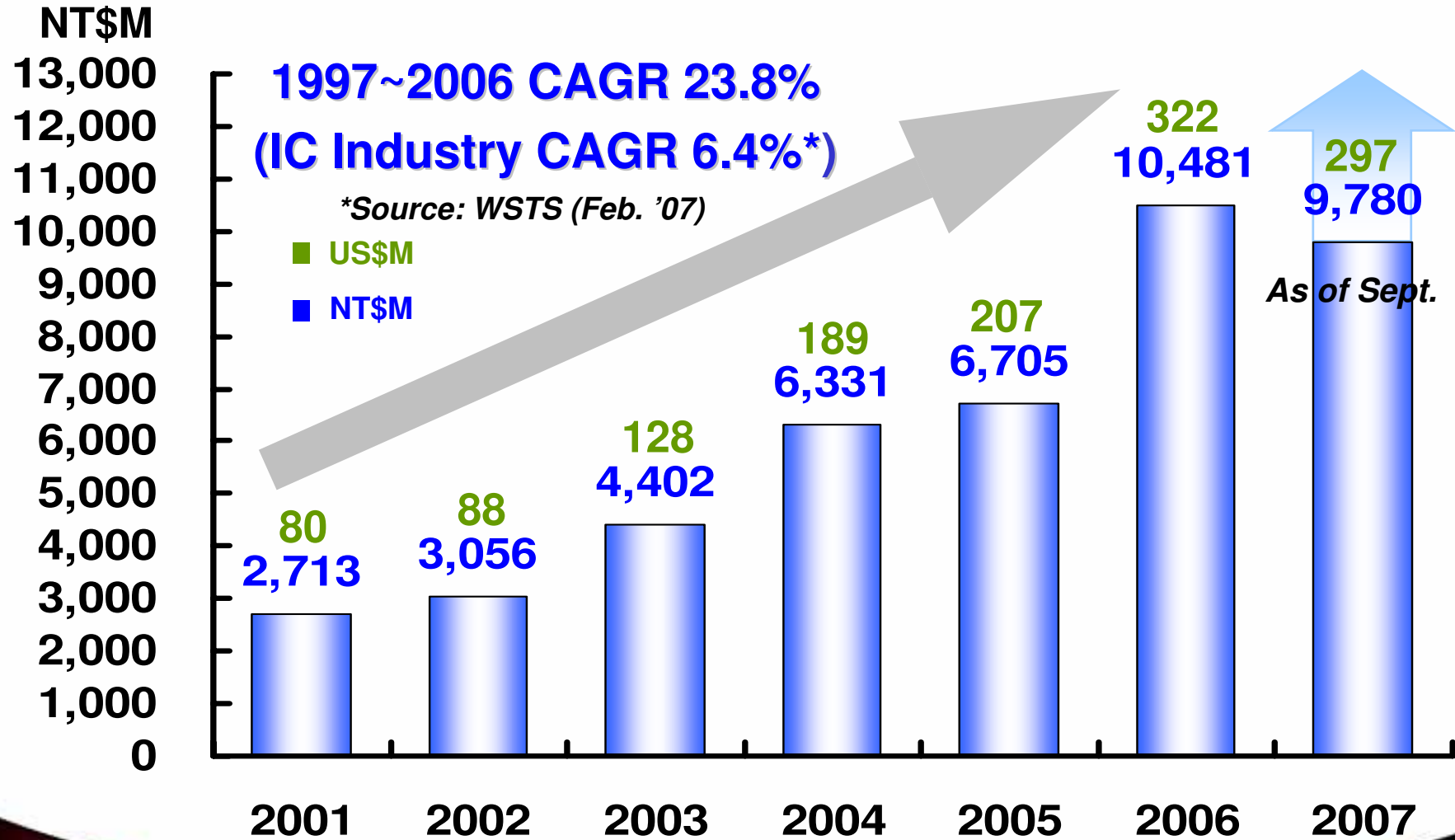


# Outline

- Financial Results
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- Messages
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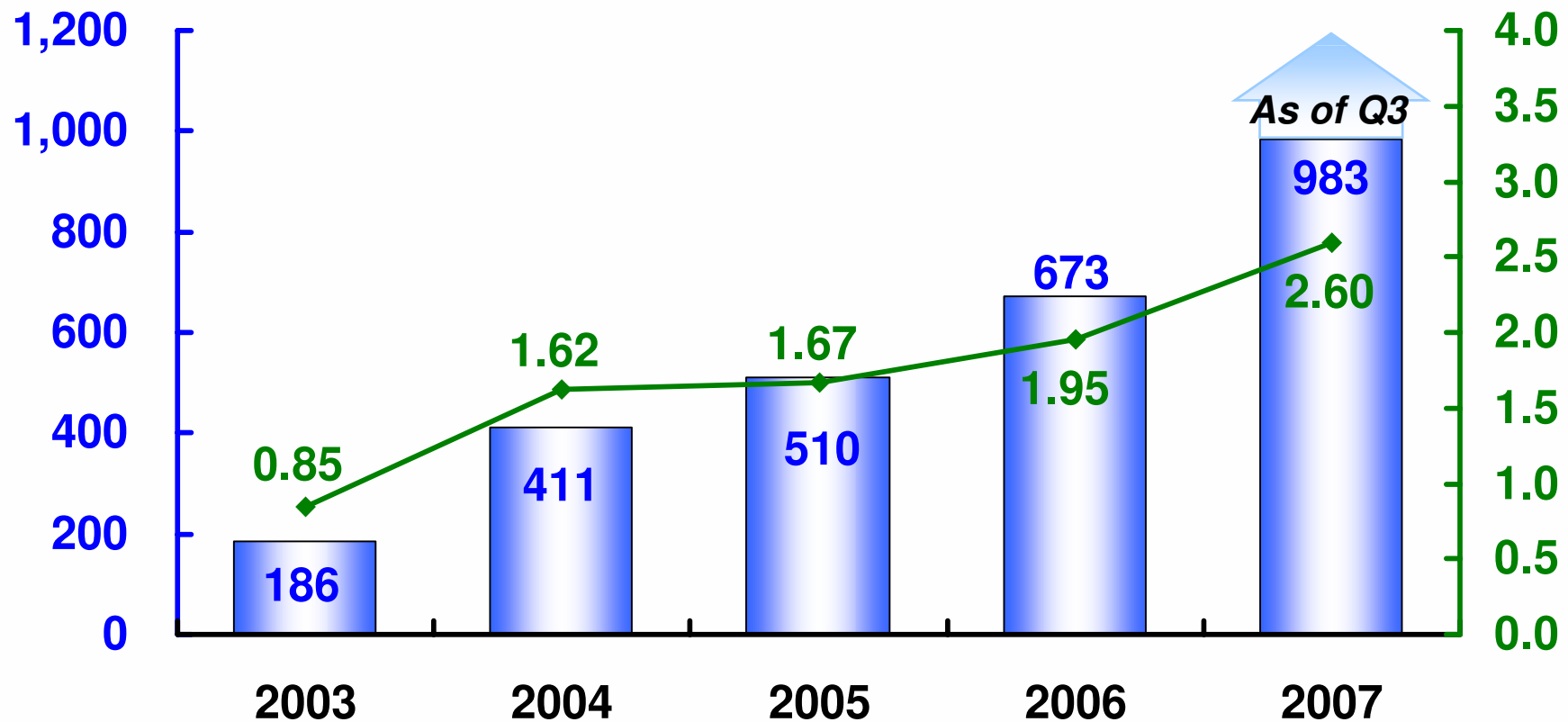
# Revenue Growth of Etron



# Net Income and EPS After Tax (2003-2007)

Net Income (NT\$M)

EPS After Tax



# DRAM Market Update in Q2

## ■ Industry Revenues Fell 25% in Q2; Most Analysts Believe Bottom Hit

| Q2 Rank | Company        | Q2'07            | Q1'07            | QoQ               | Q2'06            | YtY                 |
|---------|----------------|------------------|------------------|-------------------|------------------|---------------------|
|         |                | Revenues (US\$M) | Revenues (US\$M) | Sequential Growth | Revenues (US\$M) | Year to Year Growth |
| 1       | Samsung (三星)   | 2,084            | 2,503            | -16.7%            | 2,150            | -3%                 |
| 2       | Hynix (海力士)    | 1,518            | 2,160            | -29.7%            | 1,174            | 29%                 |
| 3       | Qimonda (奇夢達)  | 988              | 1,283            | -23.0%            | 1,206            | -18%                |
| 4       | Micron (美光)    | 885              | 1,171            | -24.4%            | 764              | 16%                 |
| 5       | Elpida (爾必達)   | 742              | 880              | -15.7%            | 854              | -13%                |
| 6       | Nanya (南亞科)    | 347              | 510              | -32.0%            | 534              | -35%                |
| 7       | Powerchip (力晶) | 318              | 527              | -39.7%            | 342              | -7%                 |
| 8       | ProMOS (茂德)    | 224              | 393              | -43.0%            | 260              | -14%                |
| 9       | Etron (鈺創)     | 94               | 85               | 10.6%             | 57               | 65%                 |
| 10      | Winbond (華邦電)  | 38               | 45               | -15.6%            | 36               | 6%                  |

Source: iSuppli (July 2007)

# Recent Industry's View on Etron

The collage features several industry news articles and website screenshots. The central focus is an article from InformationWeek titled "Global DRAM Market Dives In Second Quarter" with a sub-headline "Only one supplier in the top 10 Etron Technology managed to increase revenue in the period." Other visible articles include "DRAM market plummets in Q2 by 25 percent" from EE Times and "DRAM market hit bottom" from EDN. Navigation elements like "Home", "Subscribe", and "Back Issues" are also visible.

**Etron's Vision and Commitment:  
Be a Global Leader in Supplying Enduring DRAM, KGD DRAM,  
and Specialty DRAM to Enable Our Customers' Success**



# Taiwan Top Ten Fabless Companies by Revenues

| Ranking | Company       | Q1-Q3 2007           | 2006                 | 2005                 |
|---------|---------------|----------------------|----------------------|----------------------|
|         |               | Revenues<br>(NTD\$M) | Revenues<br>(NTD\$M) | Revenues<br>(NTD\$M) |
| 1       | MediaTek/聯發科技 | 56,983               | 52,942               | 40,491               |
| 2       | Novatek/聯詠科技  | 26,706               | 31,428               | 25,984               |
| 3       | Phison/群聯電子   | 14,418               | 12,452               | 6,308                |
| 4       | VIA/威盛電子      | 12,211               | 21,441               | 19,134               |
| 5       | Realtek/瑞昱半導體 | 11,994               | 12,423               | 10,636               |
| 6       | Etron/鈺創科技    | 9,780                | 10,481               | 6,705                |
| 7       | CoAsia/擎亞科技   | 8,619                | 10,110               | 6,340                |
| 8       | Sunplus/凌陽科技  | 7,138                | 17,076               | 18,781               |
| 9       | GUC/創意電子      | 5,274                | 3,359                | 1,591                |
| 10      | ESMT/晶豪科技     | 5,054                | 5,817                | 5,710                |

Source: 公開資訊觀測站

# Summary (I): Major Achievements Q1-Q3 in 2007

- **Historical Record Highs in Revenues, Net Income, and Total Shipment Volumes**
  - **Revenues: NT9,780 M (US\$297 M), up 35% YoY**
  - **Net Income: NT\$963 M (US\$29 M), up 126% YoY**

# Summary (II): Major Achievements Q1-Q3 in 2007

- **Ranked the 6<sup>th</sup> among Taiwanese Fabless Companies;  
the 9<sup>th</sup> among Worldwide DRAM Suppliers**
- **Application Widely Distributed in the 4C Areas; Total  
Customer Number Continue to Grow**
- **0.11-micron, 12-inch Wafer Technology Production  
Increasing; 90nm Development Ongoing; 8-inch Wafer  
Volume Production Continuing for Strategic  
Customers**

# Summary (III): 2007 Remarks

- Annual Revenue Stably Growing
- Gross Profit Margin Improving Year by Year
- Net Income, EPS, and ROE Maintained Healthy
- More New Products & Expanded Customer Portfolio
- Become a Global Leader in CEDRAM\*

CEDRAM\*: Consumer Electronic DRAM

# Q & A

*For complete financial and press release,  
please visit: <http://www.etrone.com>*