

ASE Inc. 2006 Q4 Earnings Release

Presented by
Advanced
Semiconductor
Engineering, Inc.
2/6/2007

Safe Harbor Notice



This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the 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 cyclical and market conditions in the semiconductor industry; demand for the outsourced semiconductor packaging and testing services we offer and for such outsourced services generally; the highly competitive semiconductor industry; our ability to introduce new packaging, interconnect materials and testing technologies in order to remain competitive; our ability to successfully integrate pending and future mergers and acquisitions; international business activities; our business strategy; general economic and political conditions; possible disruptions in commercial activities caused by natural or human-induced disasters; our future expansion plans and capital expenditures; the strained relationship between the Republic of China and the People's Republic of China; 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 2005 Annual Report on Form 20-F filed on June 19, 2006.

Consolidated Income Statement



2006 Q4 Sequential Comparison

(NT\$ Million except EPS)	<u>2006 Q4</u>	<u>%</u>	<u>2006 Q3</u>	<u>%</u>	<u>Change</u>
Net Revenues:					
IC Packaging	17,186	76.1%	20,374	76.2%	-16%
Testing	4,797	21.3%	5,810	21.7%	-17%
Others	591	2.6%	542	2.0%	9%
Total Net Revenues	22,574	100.0%	26,726	100.0%	-16%
Gross Profit	6,398	28.3%	8,247	30.9%	-22%
Operating Profit	4,223	18.7%	6,093	22.8%	-31%
Pretax Income(Loss)	4,038	17.9%	5,539	20.7%	-27%
Income Tax(Expense)	(766)	-3.4%	(751)	-2.8%	
Income(Loss) from Discontinuing Operations	0	0.0%	0	0.0%	
Cumulative Effect of Change in Accounting Principle	0	0.0%	0	0.0%	
Minority Interest	(538)	-2.4%	(607)	-2.3%	
Net Income(Loss)	2,734	12.1%	4,181	15.6%	-35%
EPS¹	0.59		0.91		-35%
EBITDA²	8,082	35.8%	9,555	35.8%	-15%

¹ All EPS figures are based on fully diluted number of shares

² EBITDA number has been adjusted for fire loss and insurance income

Consolidated Income Statement



2006 Q4 YoY Comparison

(NT\$ Million except EPS)	2006 Q4	%	2005 Q4	%	Change
Net Revenues:					
IC Packaging	17,186	76.1%	20,784	78.7%	-17%
Testing	4,797	21.3%	5,267	19.9%	-9%
Others	591	2.6%	353	1.3%	67%
Total Net Revenues	22,574	100.0%	26,404	100.0%	-15%
Gross Profit	6,398	28.3%	6,555	24.8%	-2%
Operating Profit	4,223	18.7%	4,252	16.1%	-1%
Pretax Income(Loss)	4,038	17.9%	3,298	12.5%	22%
Income Tax(Expense)	(766)	-3.4%	(46)	-0.2%	
Income(Loss) from Discontinuing					
Operations	0	0.0%	230	0.9%	
Cumulative Effect of Change in					
Accounting Principle	0	0.0%	0	0.0%	
Minority Interest	(538)	-2.4%	(540)	-2.0%	
Net Income(Loss)	2,734	12.1%	2,942	11.1%	-7%
EPS ¹	0.59		0.65		-9%
EBITDA ²	8,082	35.8%	7,546	28.6%	7%

¹ All EPS figures are based on fully diluted number of shares

² EBITDA number has been adjusted for fire loss and insurance income

Consolidated Income Statement



2006 Full Year YoY Comparison

(NT\$ Million except EPS)	2006 FY	%	2005 FY	%	Change
Net Revenues:					
IC Packaging	76,820	76.5%	66,023	78.6%	16%
Testing	21,430	21.3%	17,122	20.4%	25%
Others	2,174	2.2%	891	1.1%	144%
Total Net Revenues	100,424	100.0%	84,036	100.0%	20%
Gross Profit	28,780	28.7%	14,518	17.3%	98%
Operating Profit	20,446	20.4%	5,819	6.9%	251%
Pretax Income(Loss)	22,252	22.2%	(5,674)	-6.8%	
Income Tax(Expense)	(2,085)	-2.1%	119	0.1%	
Income(Loss) from Discontinuing Operations	0	0.0%	354	0.4%	
Cumulative Effect of Change in Accounting Principle	(343)	-0.3%	0	0.0%	
Minority Interest	(2,408)	-2.4%	510	0.6%	
Net Income(Loss)	17,416	17.3%	(4,691)	-5.6%	
EPS¹	3.77		(1.07)		
EBITDA²	33,846	33.7%	19,820	23.6%	71%

¹ All EPS figures are based on fully diluted number of shares

² EBITDA number has been adjusted for fire loss and insurance income

Consolidated Revenue & Margin Trend



NT\$ Million

30,000

20,000

10,000

0

40%

30%

20%

10%

0%

-10%

Q1/05

Q2/05

Q3/05

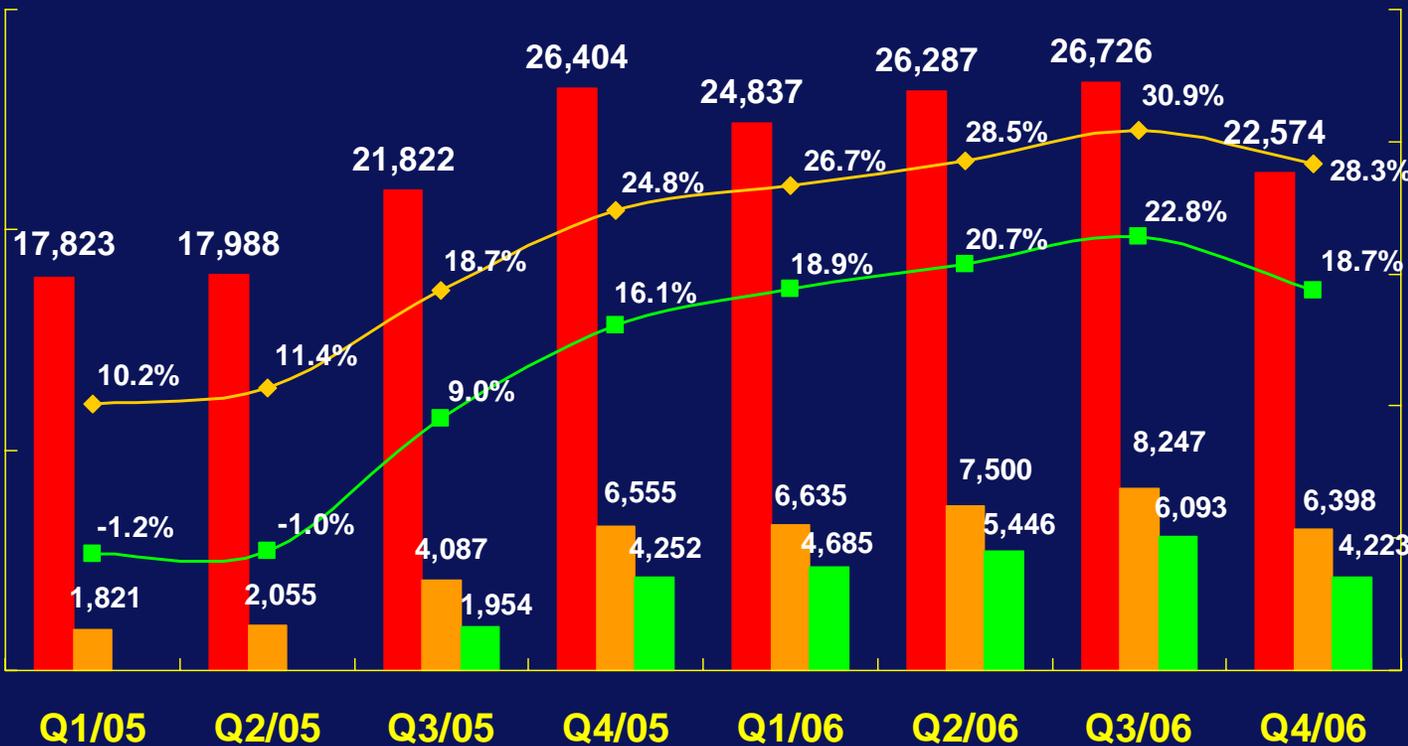
Q4/05

Q1/06

Q2/06

Q3/06

Q4/06

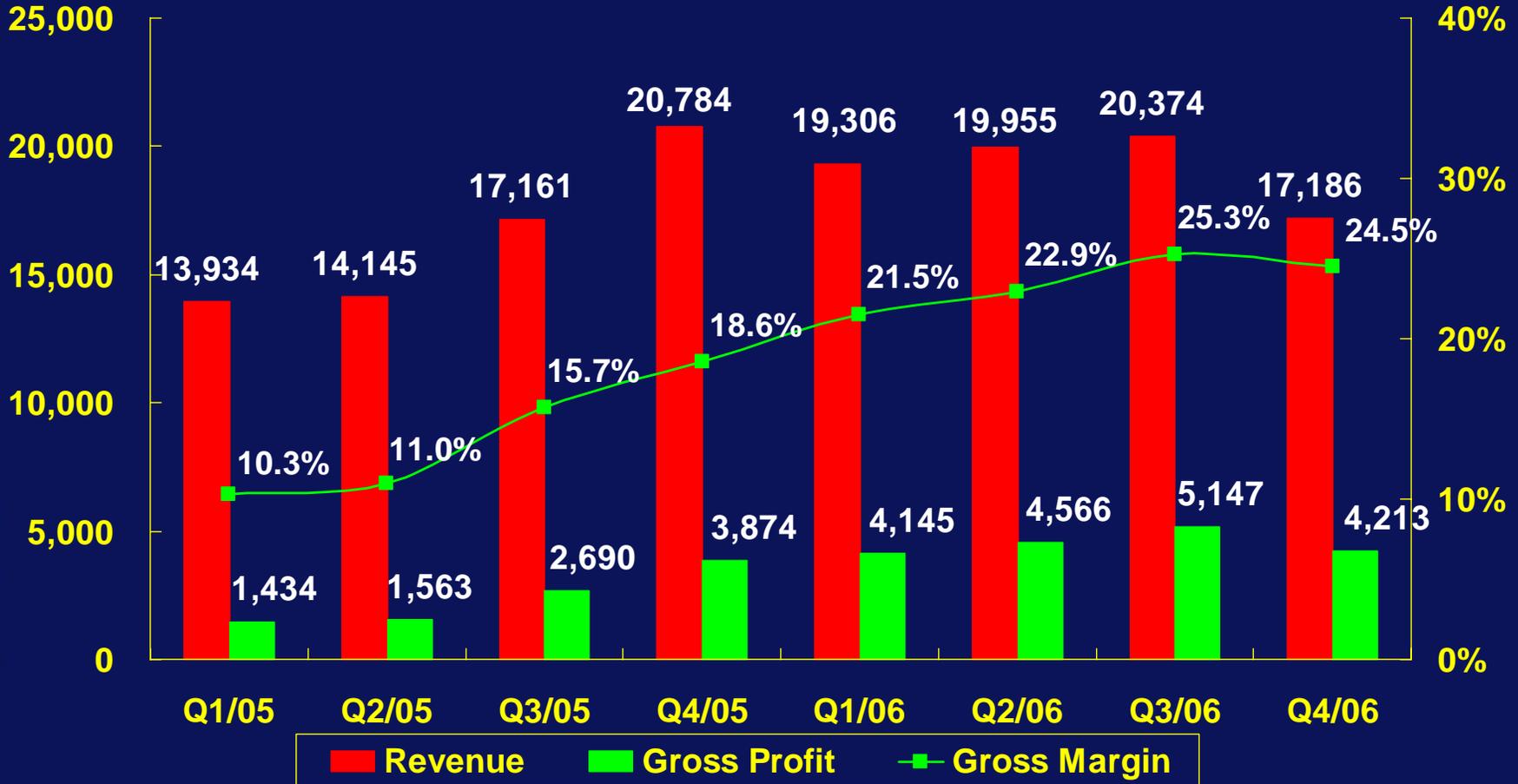


Maximum with Minimum

IC Packaging Operations



NT\$ Million



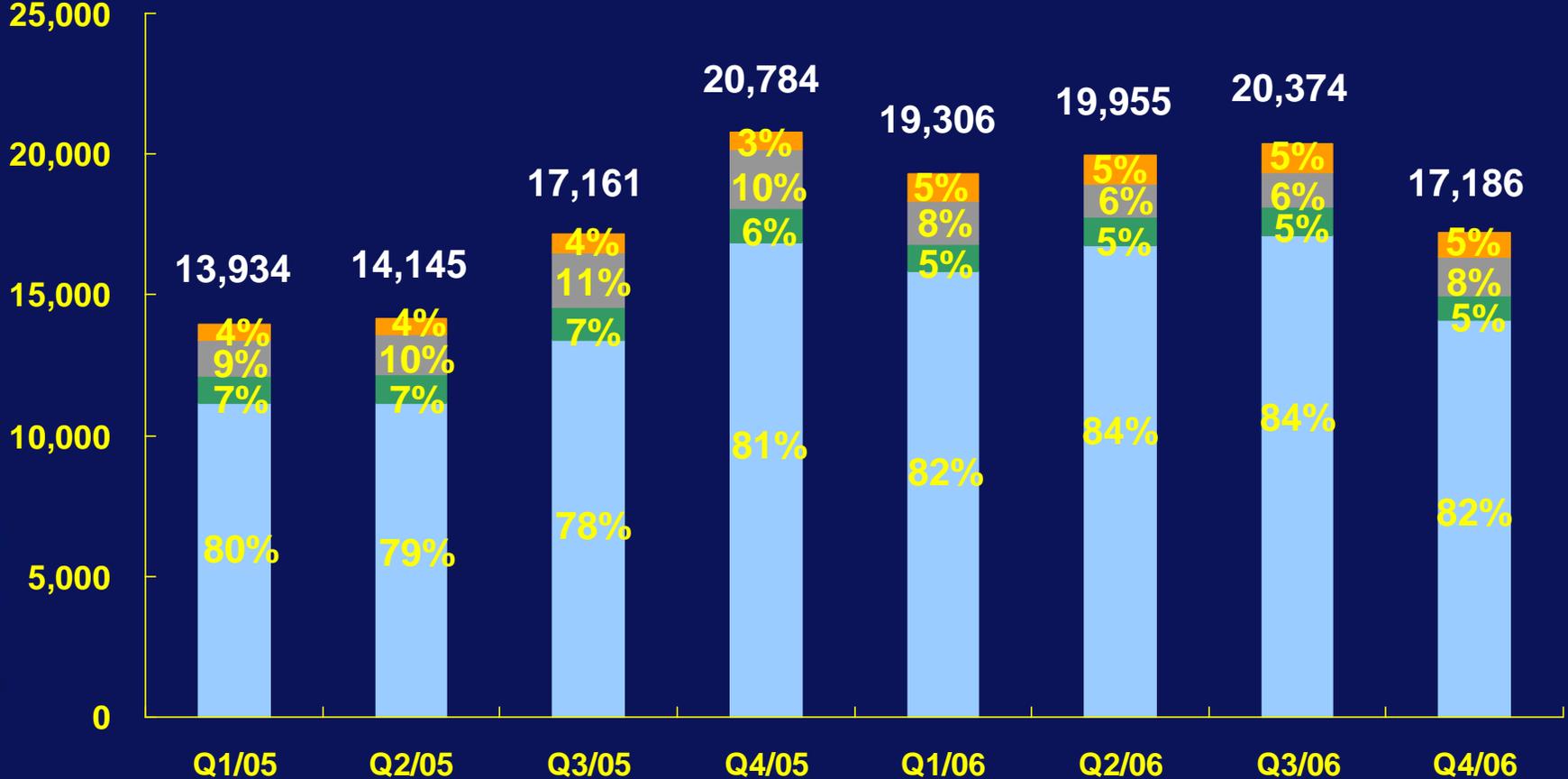


IC Packaging Operations

Package Revenue Breakdown



NT\$ Million

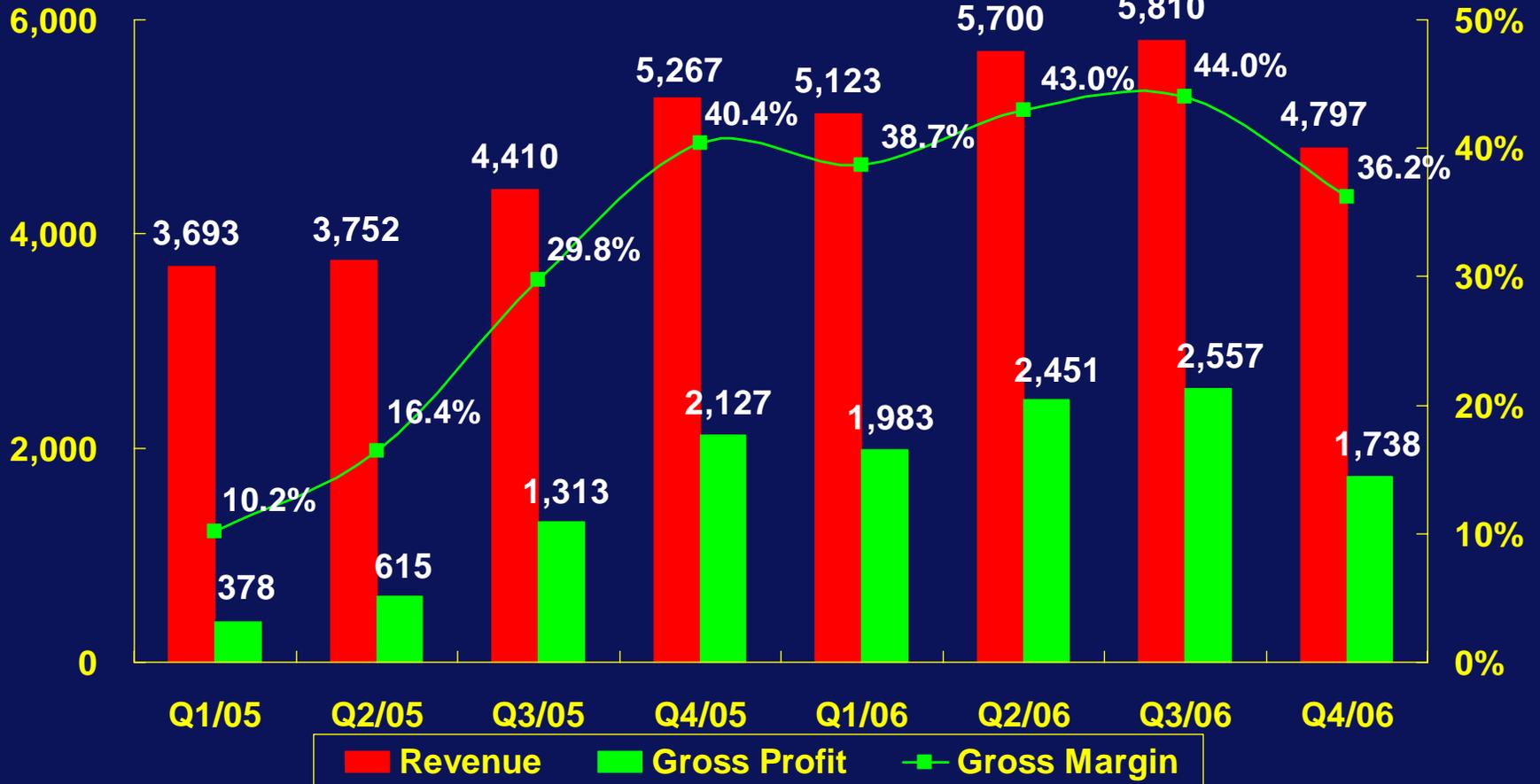


- Others
- Module Assembly
- Traditional Leadframe Based Packages
- Advanced Substrate & Leadframe Based Packages

Testing Operations



NT\$ Million





Testing Operations

Test Revenue Breakdown

NT\$ Million

6,000

4,000

2,000

0

Q1/05

Q2/05

Q3/05

Q4/05

Q1/06

Q2/06

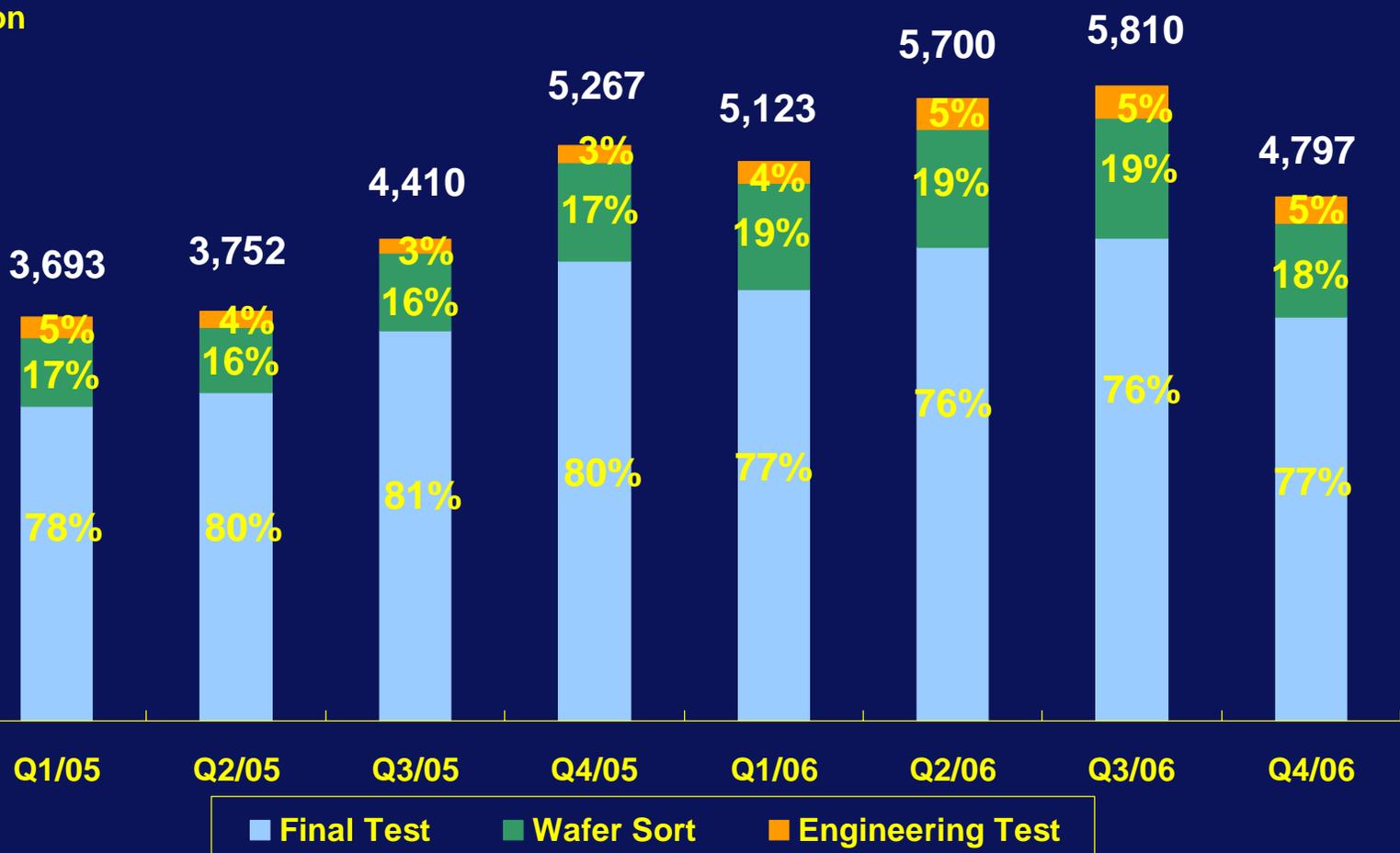
Q3/06

Q4/06

Final Test

Wafer Sort

Engineering Test



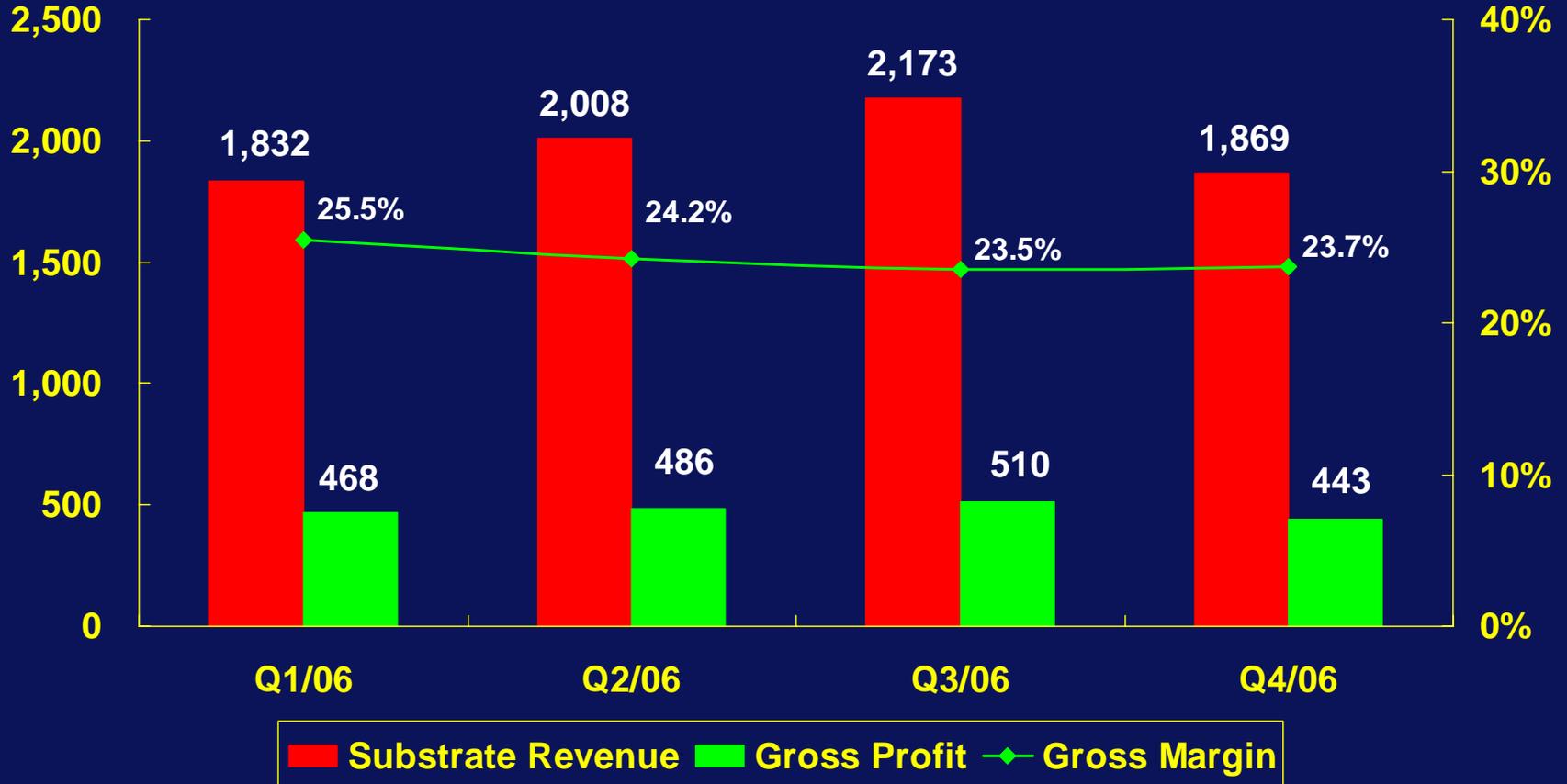
Maximum with Minimum



Material Operations



NT\$ Million



Selective Balance Sheet Information



(NT\$ Million)	<u>Dec. 31, 2006</u>	<u>Sep. 30, 2006</u>	<u>Change</u>
Cash and Cash Equivalent	15,735	22,980	-31.5%
Financial Assets - current	10,904	7,496	45.5%
Financial Assets - non current	5,735	5,612	2.2%
Total Assets	137,020	144,521	-5.2%
ST Bank Debt - Revolving Credit	2,868	7,526	-61.9%
- Current Portion of LT Debt	1,833	3,974	-53.9%
Bonds Payable within 1 year	3,798	0	
LT Bank Debt	23,639	26,260	-10.0%
LT Bonds Payable	5,759	9,588	-39.9%
Total Net Worth (Including minority interest)	77,127	73,596	4.8%
Quarterly EBITDA*	8,082	9,555	-15.4%
Current Ratio	1.74	1.66	
Leverage Ratio	0.15	0.23	

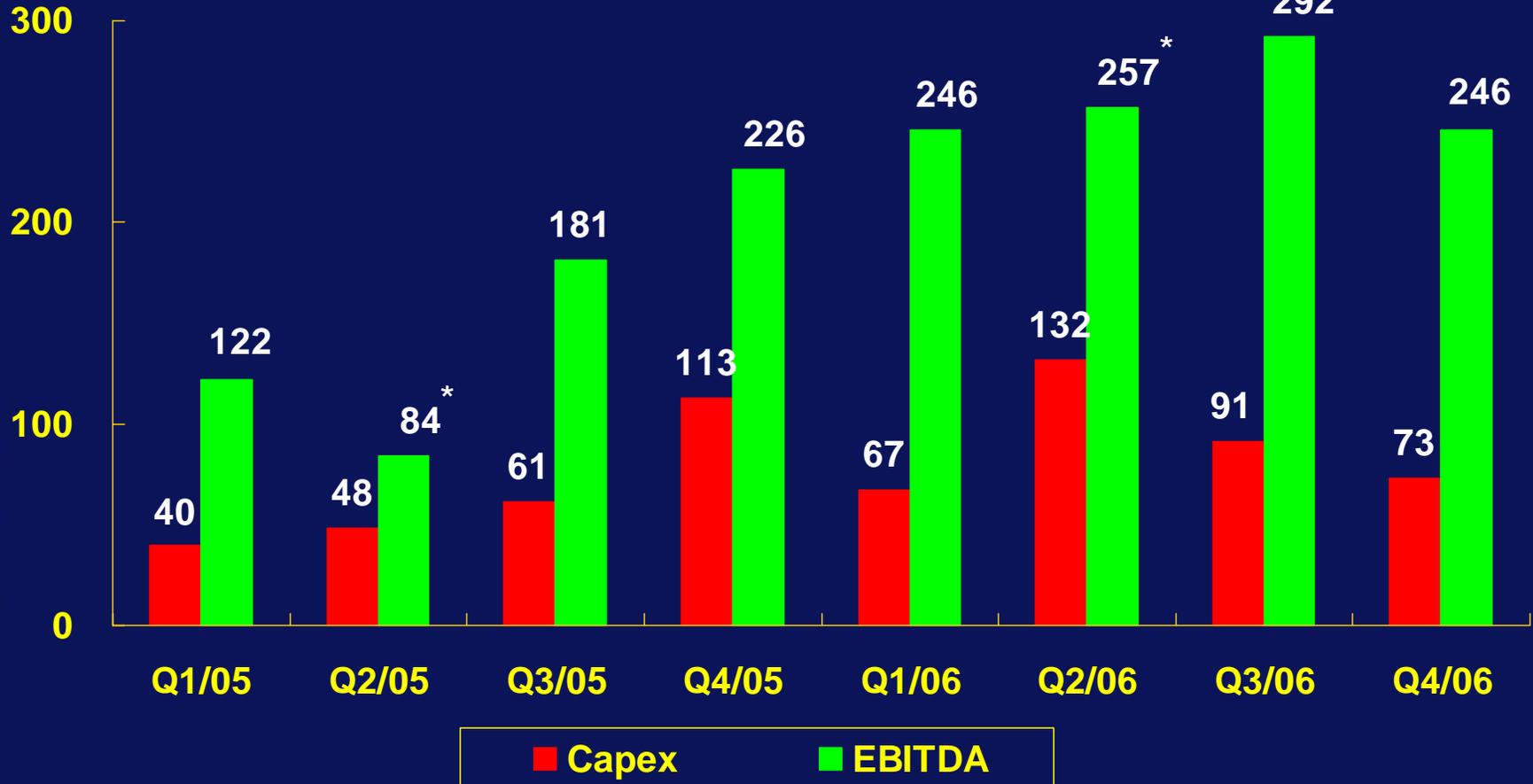
*: EBITDA number has been adjusted for fire loss and insurance income

Capital Expenditure v.s. EBITDA



2005 Full Year Capex: US\$262 millions
2006 Full Year Capex: US\$363 millions

US\$ Million



*: EBITDA number has been adjusted for fire loss and insurance income



Top Ten Customers

2006 Q4

ASE Group

ATI

ATMEL

CAMBRIDGE

FREESCALE

IEE

NEC

QUALCOMM

RFMD

STM

VIA

Top 5

Top 10

27% of Total Sales

43% of Total Sales

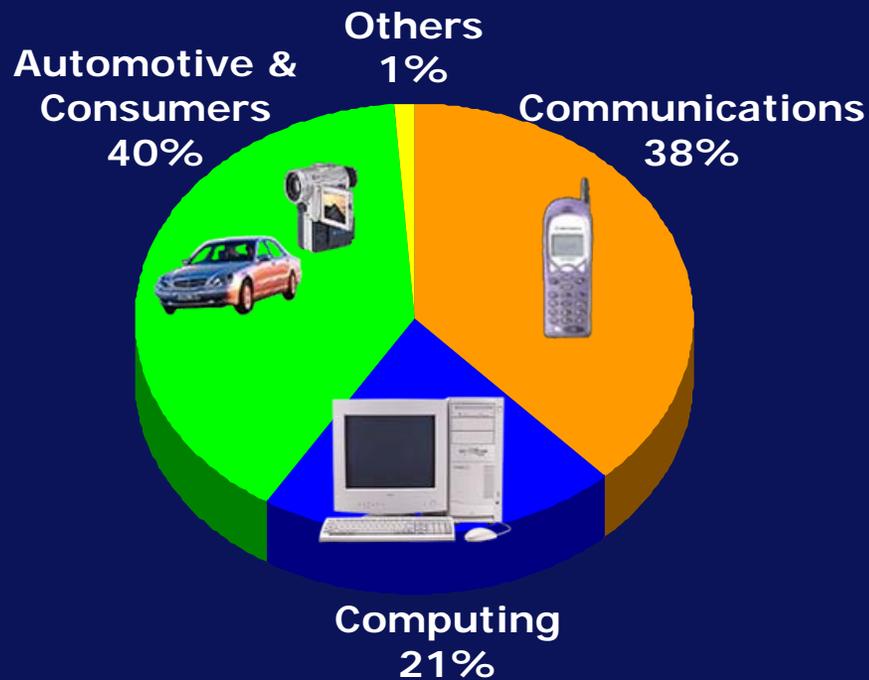
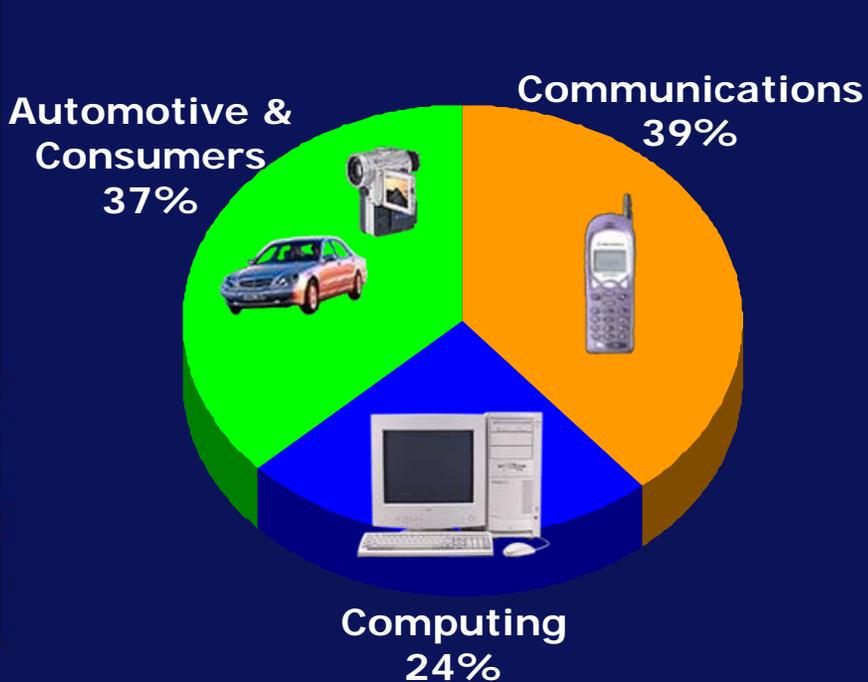


Market Segment Exposure



2006 Q4

2006 Q3



Maximum with Minimum



**For more information regarding
ASE Group
<http://www.aseglobal.com>**

**For all inquiries, suggestion, and
comments
ir@aseglobal.com**

