

ASE Inc. 2006 Q3 Earnings Release

Presented by
Advanced
Semiconductor
Engineering, Inc.
10/30/2006

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 Q3 Sequential Comparison

(NT\$ Million except EPS)	2006 Q3	%	2006 Q2	%	Adjusted 2006 Q2	%	Change	Adjusted Change
Net Revenues:								
IC Packaging	20,374	76.2%	19,955	75.9%	19,955	75.9%	2%	2%
Testing	5,810	21.7%	5,700	21.7%	5,700	21.7%	2%	2%
Others	542	2.0%	632	2.4%	632	2.4%	-14%	-14%
Total Net Revenues	26,726	100.0%	26,287	100.0%	26,287	100.0%	2%	2%
Gross Profit	8,275	31.0%	7,500	28.5%	7,500	28.5%	10%	10%
Operating Profit	6,120	22.9%	5,446	20.7%	5,446	20.7%	12%	12%
Pretax Income(Loss)	5,539	20.7%	8,592	32.7%	4,407	16.8%	-36%	26%
Income Tax(Expense)	(751)	-2.8%	(435)	-1.7%	(647)	-2.5%		
Income(Loss) from Discontinuing Operations	0	0.0%	0	0.0%	0	0.0%		
Cumulative Effect of Change in Accounting Principle	0	0.0%	0	0.0%	0	0.0%		
Minority Interest	(607)	-2.3%	(838)	-3.2%	(495)	-1.9%		
Net Income(Loss)	4,181	15.6%	7,319	27.8%	3,265	12.4%	-43%	28%
EPS¹	0.91		1.58		0.71		-42%	28%
EBITDA²	9,527	35.6%	8,257	31.4%	8,257	31.4%	15%	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 Q3 YoY Comparison

(NT\$ Million except EPS)	2006 Q3	%	2005 Q3	%	Change
Net Revenues:					
IC Packaging	20,374	76.2%	17,161	78.6%	19%
Testing	5,810	21.7%	4,410	20.2%	32%
Others	542	2.0%	251	1.2%	116%
Total Net Revenues	26,726	100.0%	21,822	100.0%	22%
Gross Profit	8,275	31.0%	4,088	18.7%	102%
Operating Profit	6,120	22.9%	1,954	9.0%	213%
Pretax Income(Loss)	5,539	20.7%	1,692	7.8%	227%
Income Tax(Expense)	(751)	-2.8%	40	0.2%	-1978%
Income(Loss) from Discontinuing					
Operations	0	0.0%	41	0.2%	
Cumulative Effect of Change in					
Accounting Principle	0	0.0%	0	0.0%	
Minority Interest	(607)	-2.3%	(185)	-0.8%	
Net Income(Loss)	4,181	15.6%	1,588	7.3%	163%
EPS¹	0.91		0.35		160%
EBITDA²	9,527	35.6%	5,793	26.5%	64%

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 Y-T-Sep Sequential Comparison

(NT\$ Million except EPS)	<u>2006 Y-T-Sep</u>	<u>%</u>	<u>2005 Y-T-Sep</u>	<u>%</u>	<u>Change</u>
Net Revenues:					
IC Packaging	59,635	76.6%	45,239	78.5%	32%
Testing	16,633	21.4%	11,855	20.6%	40%
Others	1,582	2.0%	538	0.9%	194%
Total Net Revenues	77,850	100.0%	57,632	100.0%	35%
Gross Profit	22,410	28.8%	7,963	13.8%	181%
Operating Profit	16,251	20.9%	1,567	2.7%	937%
Pretax Income(Loss)	18,213	23.4%	(8,972)	-15.6%	
Income Tax(Expense)	(1,204)	-1.5%	165	0.3%	-830%
Income(Loss) from Discontinuing Operations	0	0.0%	123	0.2%	
Cumulative Effect of Change in Accounting Principle	(457)	-0.6%	0	0.0%	
Minority Interest	(1,870)	-2.4%	1,050	1.8%	-278%
Net Income(Loss)	14,682	18.9%	(7,634)	-13.2%	
EPS¹	3.18		(1.75)		
EBITDA²	25,737	33.1%	12,274	21.3%	110%

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

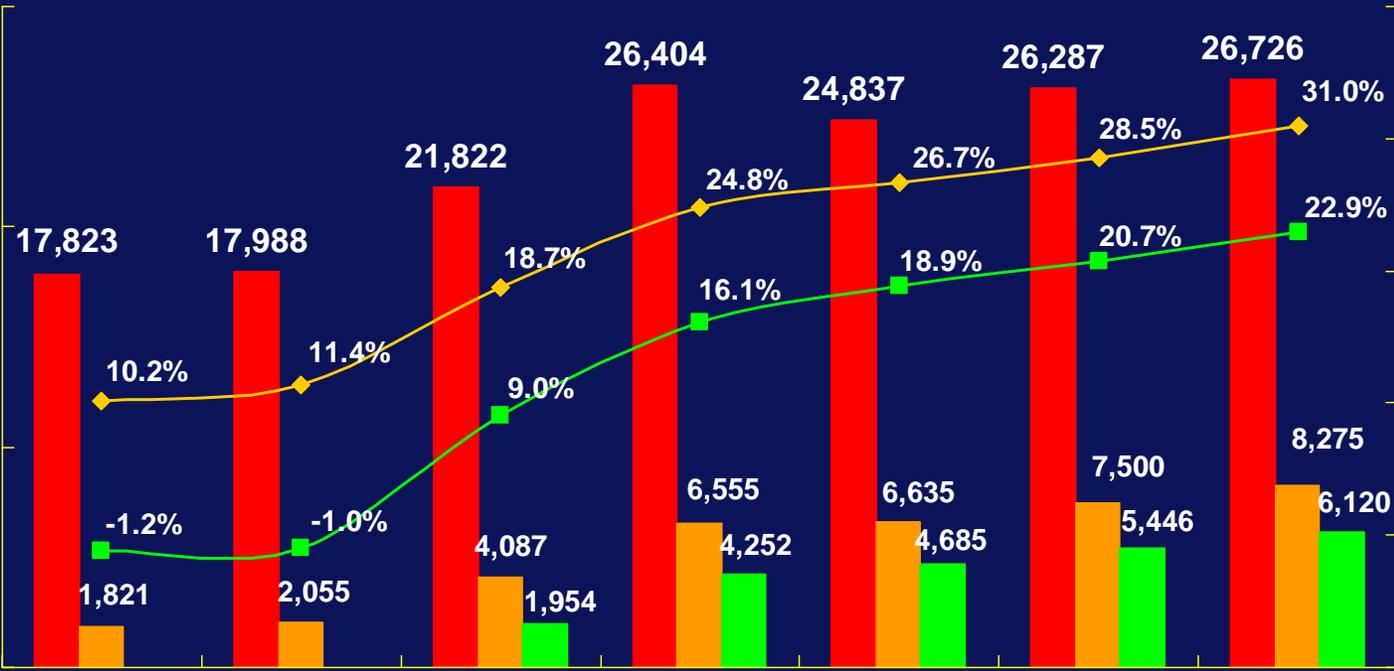
Q3/05

Q4/05

Q1/06

Q2/06

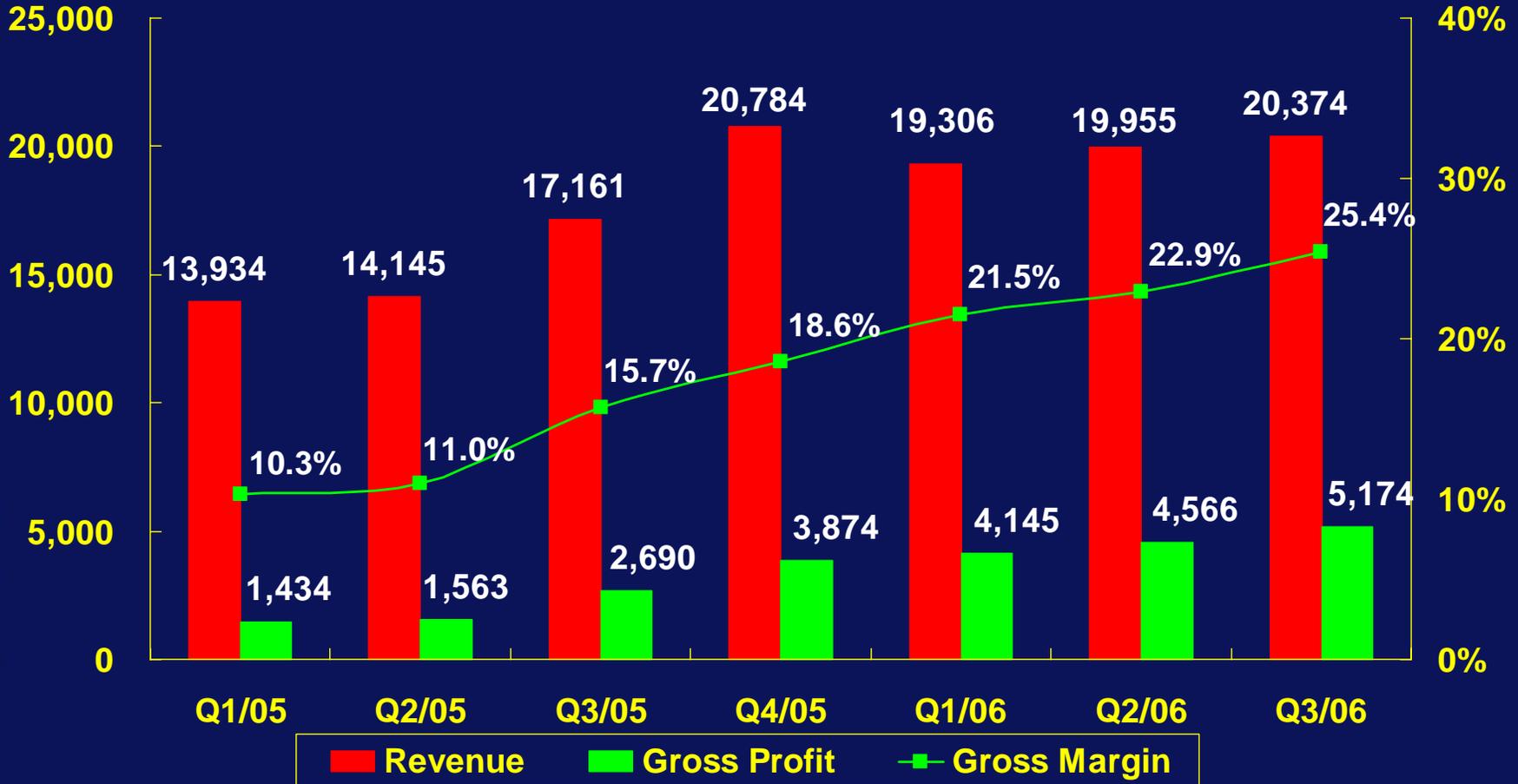
Q3/06



IC Packaging Operations



NT\$ Million



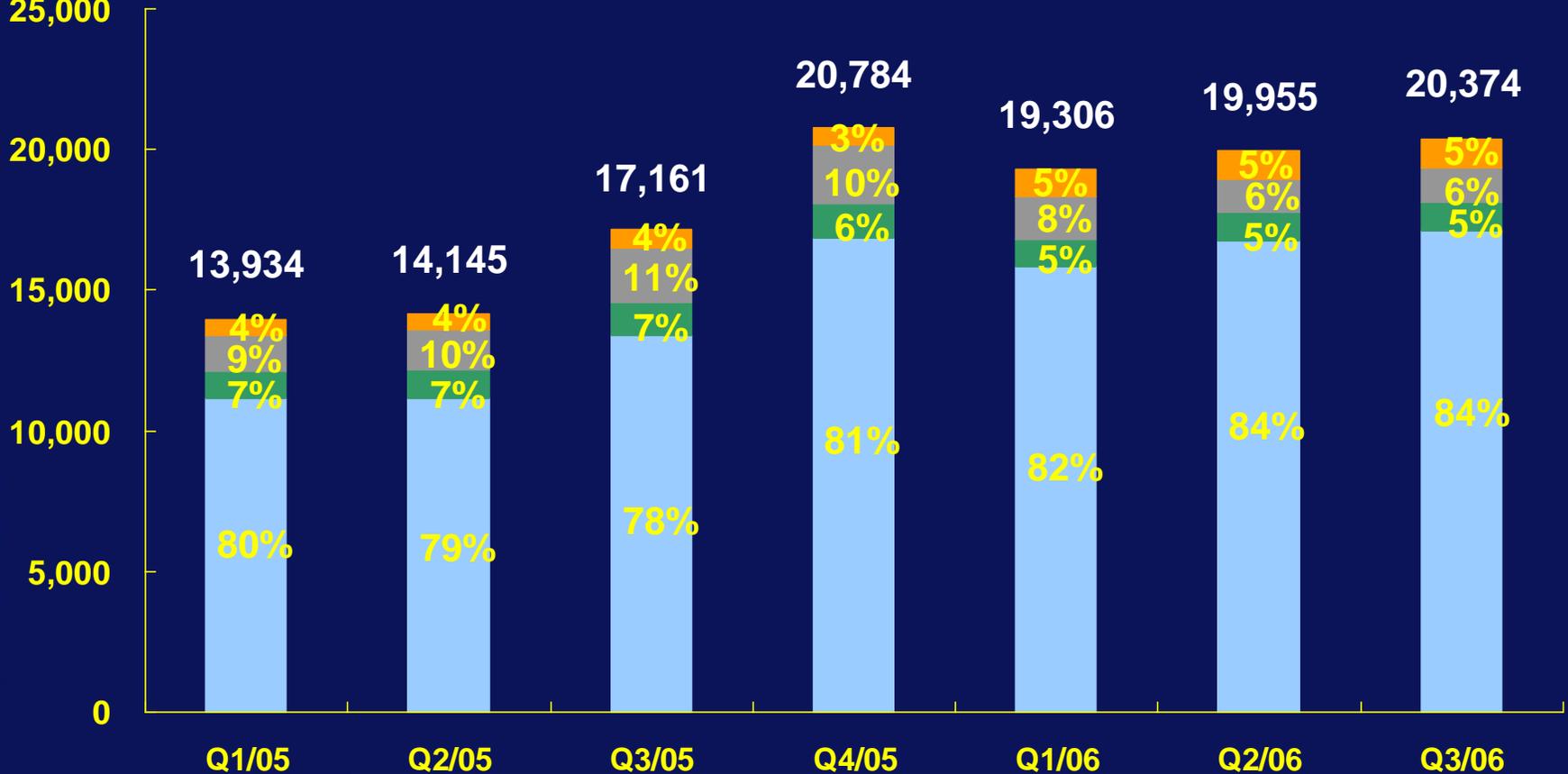


IC Packaging Operations

Package Revenue Breakdown



NT\$ Million

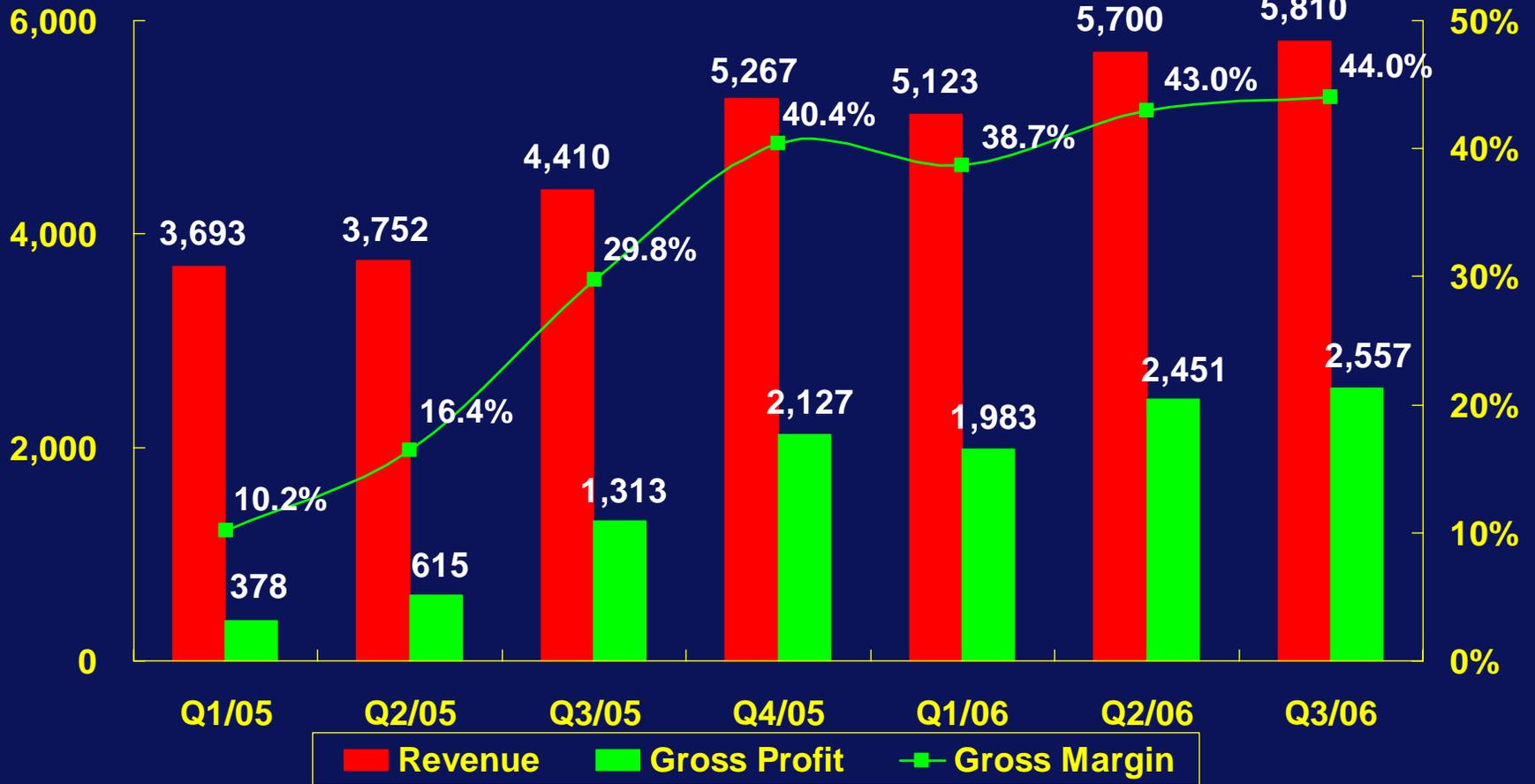


- Others
- Module Assembly
- Traditional Leadframe Based Packages
- Advanced Substrate & Leadframe Based Packages

Testing Operations



NT\$ Million





Testing Operations

Test Revenue Breakdown

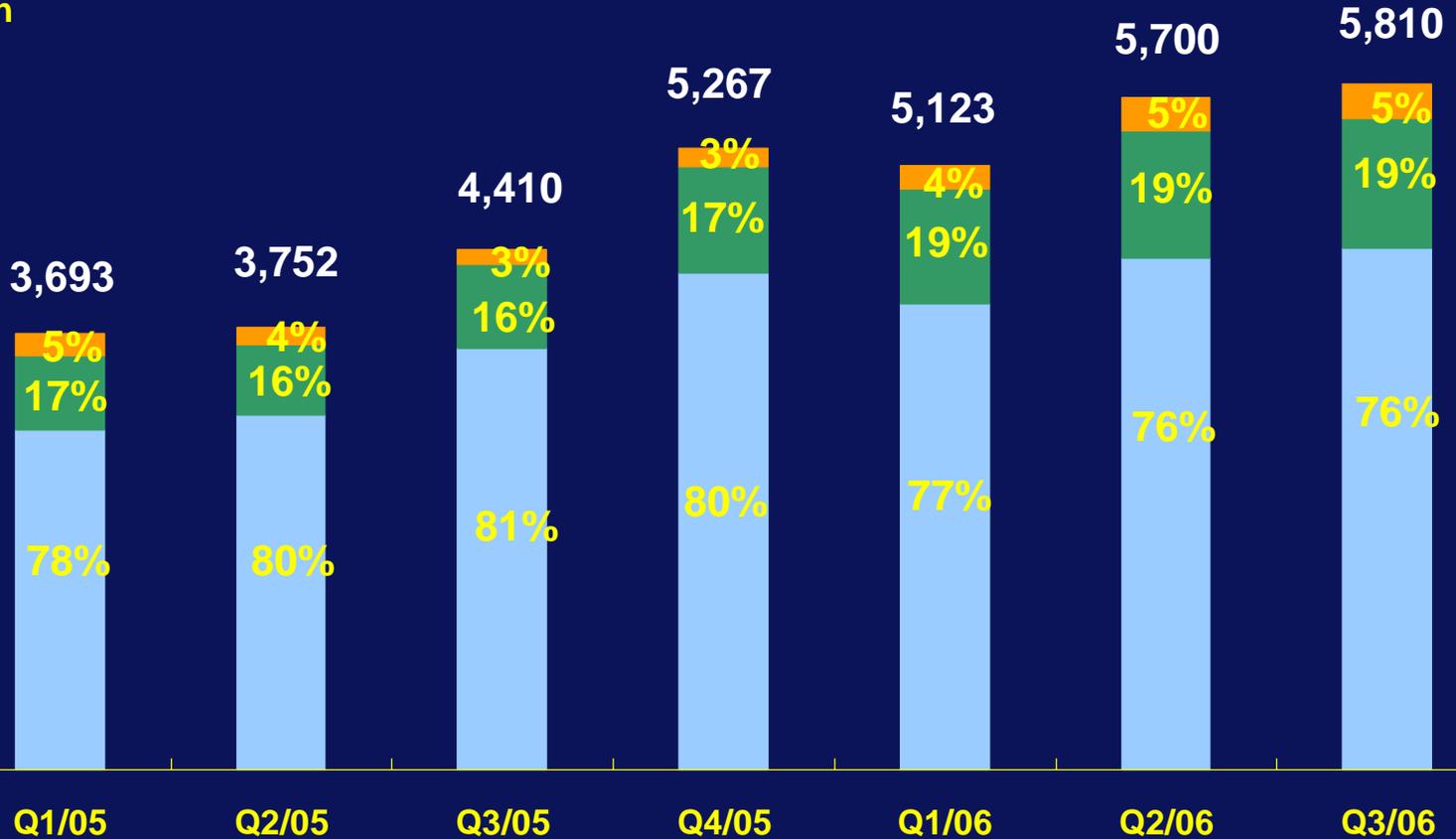
NT\$ Million

6,000

4,000

2,000

0



Final Test

Wafer Sort

Engineering Test

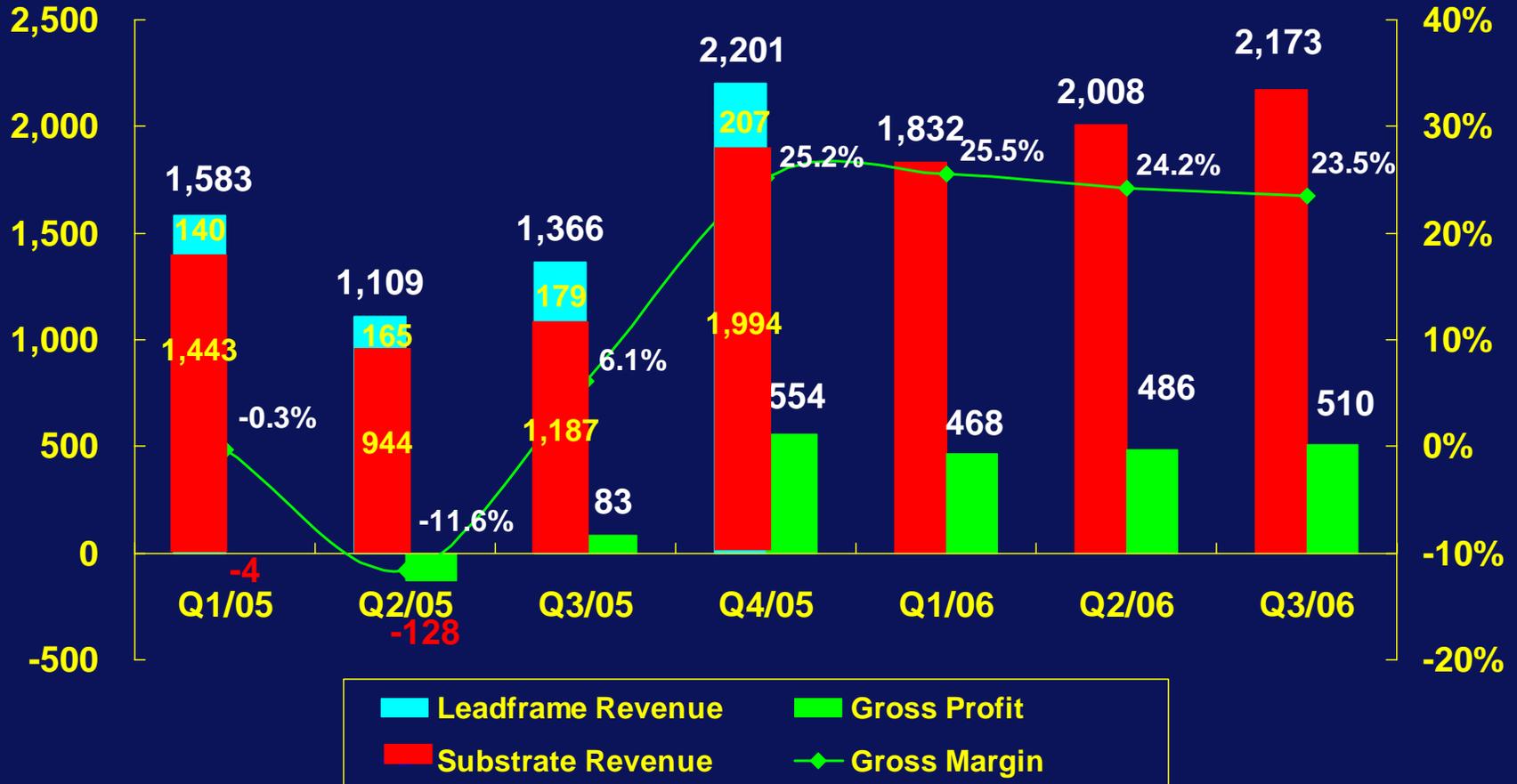
Maximum with Minimum



Material Operations



NT\$ Million



Selective Balance Sheet Information



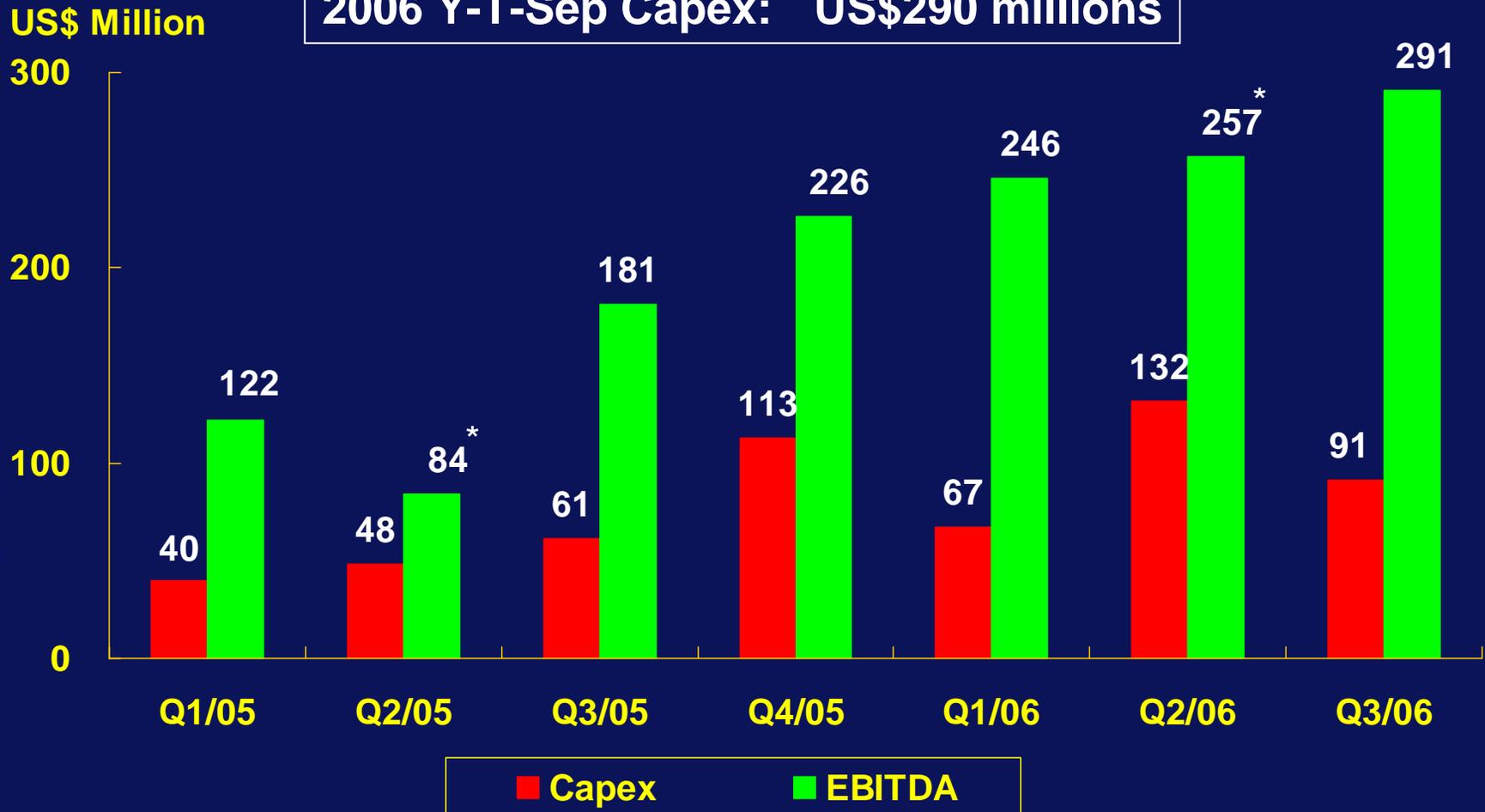
(NT\$ Million)	Sep. 30, 2006	Jun. 30, 2006	Change
Cash and Cash Equivalent	22,980	17,038	34.9%
Financial Assets - current	7,496	5,322	40.8%
Financial Assets - non current	5,612	5,238	7.1%
Total Assets	144,521	141,271	2.3%
ST Bank Debt - Revolving Credit	7,526	5,482	37.3%
- Current Portion of LT Debt	3,974	3,512	13.2%
Bonds Payable within 1 year	0	0	
LT Bank Debt	26,260	31,640	-17.0%
LT Bonds Payable	9,588	9,404	2.0%
Total Net Worth (Including minority interest)	73,596	67,358	9.3%
Quarterly EBITDA*	9,527	8,257	15.4%
Current Ratio	1.66	1.71	
Leverage Ratio	0.23	0.41	

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

Capital Expenditure v.s. EBITDA



2005 Full Year Capex: US\$262 millions
2006 Y-T-Sep Capex: US\$290 millions



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



Top Ten Customers

2006 Q3

ASE Group

ATI

CAMBRIDGE

FREESCALE

IEE

MICROSOFT

NEC

PHILIPS

QUALCOMM

RFMD

VIA

Top 5

Top 10

28% of Total Sales

44% of Total Sales

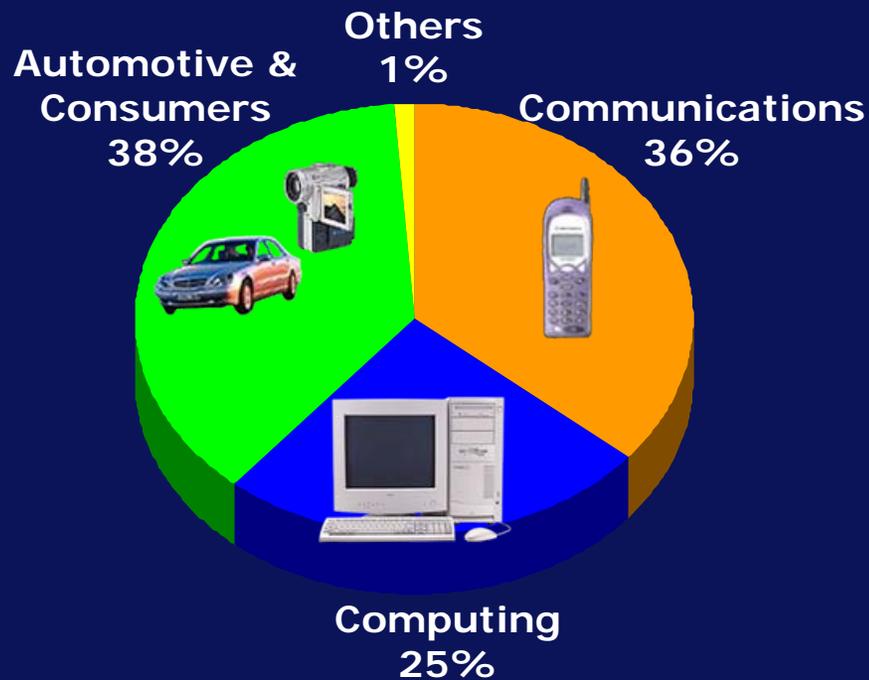
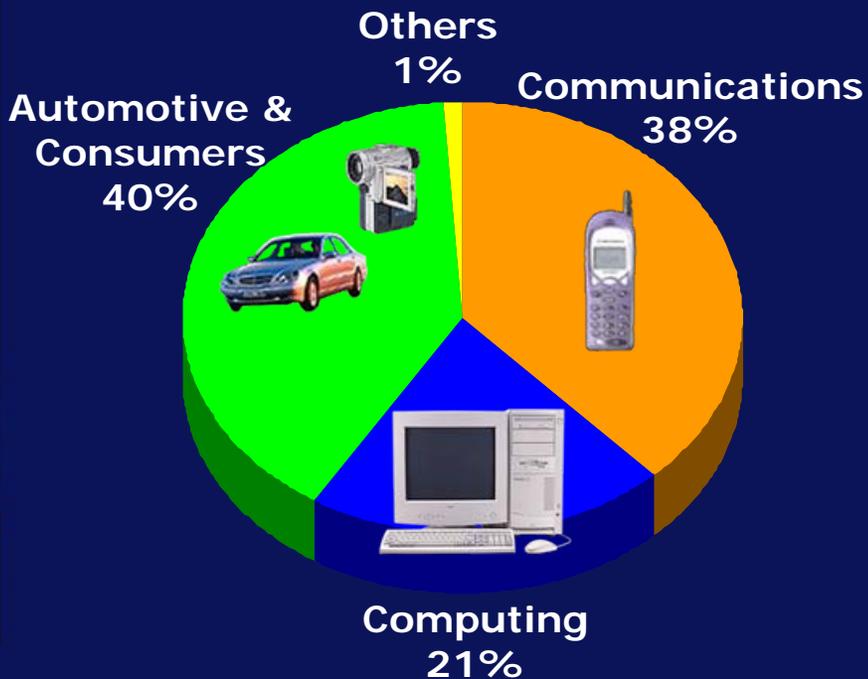


Market Segment Exposure



2006 Q3

2006 Q2



Guidance for 2006 Q4



- > Revenue: decline mid to high single digit percentage points sequentially
- > Gross margin: around 29%
- > 2006 full year Capex: US\$350 million



**For more information regarding
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