

Maximum with Minimum

# ASE Inc. 2005 Q4 Earnings Release

Presented by  
Advanced  
Semiconductor  
Engineering, Inc.  
2/8/2006



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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, including terrorist activity and armed conflict; 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 2004 Annual Report on Form 20-F filed on June 23, 2005.



# Consolidated Income Statement



## 2005 Q4 Sequential Comparison

(NT\$ Million except EPS)			Sequential		Change
	2005 Q4	%	2005 Q3	%	
<b>Net Revenues:</b>					
IC Packaging	18,730	70.9%	15,265	70.0%	23%
Testing	5,267	19.9%	4,410	20.2%	19%
Module Assembly	2,054	7.8%	1,895	8.7%	8%
Others	353	1.3%	252	1.2%	40%
<b>Total Net Revenues</b>	<b>26,404</b>	<b>100.0%</b>	<b>21,822</b>	<b>100.0%</b>	<b>21%</b>
<b>Gross Profit</b>	<b>6,535</b>	<b>24.8%</b>	<b>4,088</b>	<b>18.7%</b>	<b>60%</b>
<b>Operating Profit</b>	<b>4,237</b>	<b>16.0%</b>	<b>1,954</b>	<b>9.0%</b>	<b>117%</b>
<b>Pretax Income(Loss)</b>	<b>3,271</b>	<b>12.4%</b>	<b>1,692</b>	<b>7.8%</b>	<b>93%</b>
<b>Income Tax(Expense)</b>	<b>(46)</b>	<b>-0.2%</b>	<b>40</b>	<b>0.2%</b>	
<b>Income(Loss) from Discontinuing</b>					
Operations	230	0.9%	41	0.2%	
<b>MI in Net Loss(Income)</b>	<b>(540)</b>	<b>-2.0%</b>	<b>(185)</b>	<b>-0.8%</b>	
<b>Net Income(Loss)</b>	<b>2,915</b>	<b>11.0%</b>	<b>1,588</b>	<b>7.3%</b>	
<b>EPS<sup>1</sup></b>	<b>0.64</b>		<b>0.35</b>		
<b>EBITDA<sup>2</sup></b>	<b>7,753</b>		<b>5,872</b>		

<sup>1</sup> All EPS figures are based on fully diluted number of shares

<sup>2</sup> EBITDA number has been adjusted for fire loss

# Consolidated Income Statement



## 2005 Q4 YoY Comparison

(NT\$ Million except EPS)			YoY		Change
	2005 Q4	%	2004 Q4	%	
<b>Net Revenues:</b>					
IC Packaging	18,730	70.9%	14,695	70.8%	27%
Testing	5,267	19.9%	4,357	21.0%	21%
Module Assembly	2,054	7.8%	1,497	7.2%	37%
Others	353	1.3%	211	1.0%	67%
<b>Total Net Revenues</b>	<b>26,404</b>	<b>100.0%</b>	<b>20,760</b>	<b>100.0%</b>	<b>27%</b>
Gross Profit	6,535	24.8%	3,473	16.7%	88%
Operating Profit	4,237	16.0%	1,157	5.6%	266%
Pretax Income(Loss)	3,271	12.4%	(2,115)	-10.2%	
Income Tax(Expense)	(46)	-0.2%	211	1.0%	
<b>Income(Loss) from Discontinuing</b>					
Operations	230	0.9%	75	0.4%	
MI in Net Loss(Income)	(540)	-2.0%	422	2.0%	
<b>Net Income(Loss)</b>	<b>2,915</b>	<b>11.0%</b>	<b>(1,407)</b>	<b>-6.8%</b>	
EPS <sup>1</sup>	0.64		(0.32)		
EBITDA <sup>2</sup>	7,753		5,148		

<sup>1</sup> All EPS figures are based on fully diluted number of shares

<sup>2</sup> EBITDA number has been adjusted for fire loss

# Consolidated Income Statement



## 2005 Full Year YoY Comparison

(NT\$ Million except EPS)			YoY		Change
	2005 FY	%	2004 FY	%	
<b>Net Revenues:</b>					
IC Packaging	59,443	70.7%	53,545	71.2%	11%
Testing	17,122	20.4%	16,474	21.9%	4%
Module Assembly	6,580	7.8%	4,717	6.3%	39%
Others	891	1.1%	502	0.7%	77%
<b>Total Net Revenues</b>	<b>84,036</b>	<b>100.0%</b>	<b>75,238</b>	<b>100.0%</b>	<b>12%</b>
<b>Gross Profit</b>	<b>14,498</b>	<b>17.3%</b>	<b>15,597</b>	<b>20.7%</b>	<b>-7%</b>
<b>Operating Profit</b>	<b>5,805</b>	<b>6.9%</b>	<b>6,957</b>	<b>9.2%</b>	<b>-17%</b>
<b>Pretax Income(Loss)</b>	<b>(5,701)</b>	<b>-6.8%</b>	<b>2,936</b>	<b>3.9%</b>	<b>-294%</b>
<b>Income Tax(Expense)</b>	<b>119</b>	<b>0.1%</b>	<b>1,397</b>	<b>1.9%</b>	
<b>Income(Loss) from Discontinuing</b>					
Operations	354	0.4%	568	0.8%	
<b>MI in Net Loss(Income)</b>	<b>510</b>	<b>0.6%</b>	<b>(691)</b>	<b>-0.9%</b>	
<b>Net Income(Loss)</b>	<b>(4,718)</b>	<b>-5.6%</b>	<b>4,210</b>	<b>5.6%</b>	
<b>EPS<sup>1</sup></b>	<b>(1.08)</b>		<b>0.96</b>		
<b>EBITDA<sup>2</sup></b>	<b>20,303</b>		<b>23,008</b>		

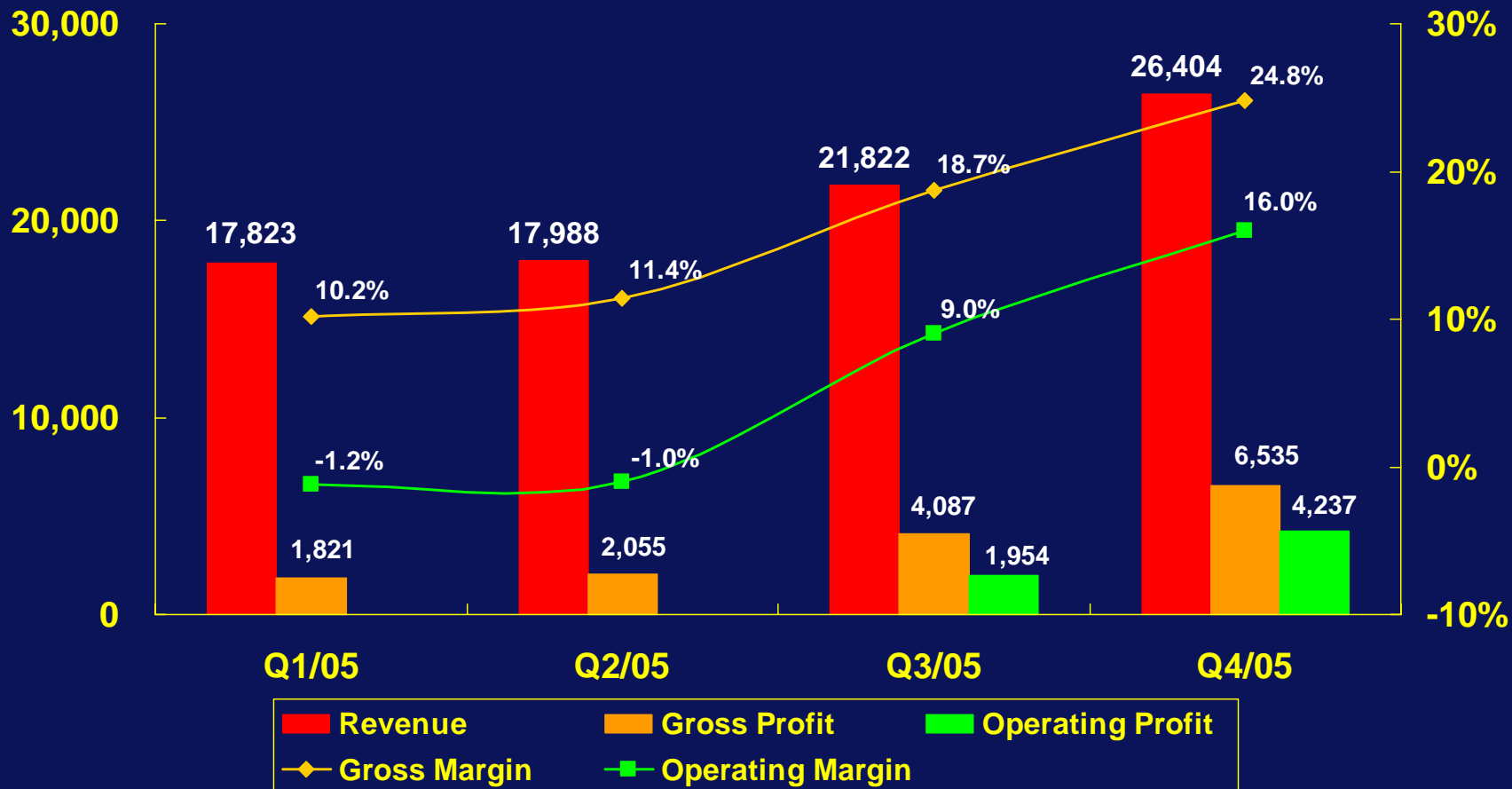
<sup>1</sup> All EPS figures are based on fully diluted number of shares

<sup>2</sup> EBITDA number has been adjusted for fire loss

# Consolidated Revenue & Margin Trend



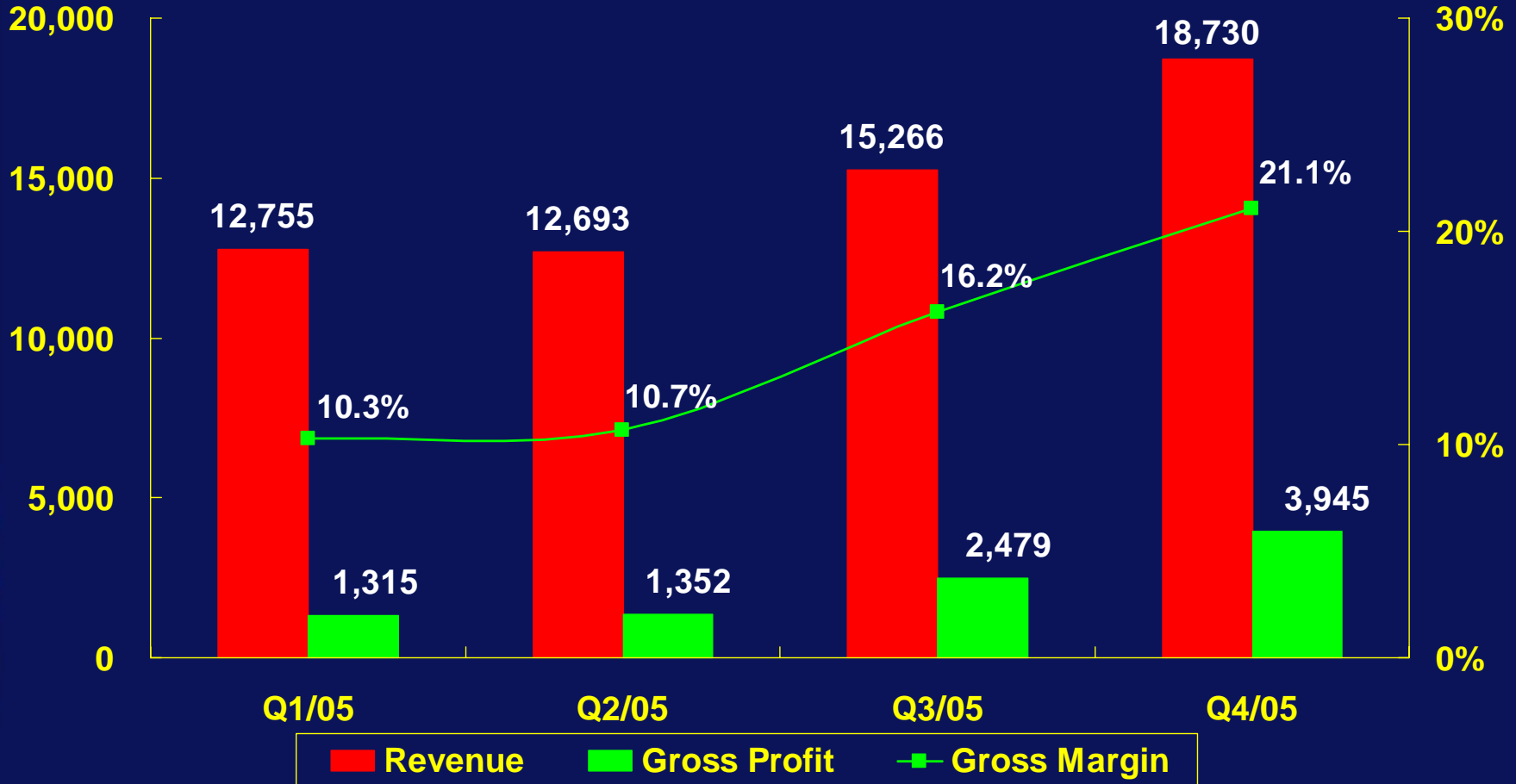
NT\$ Million



# IC Packaging Operations



NT\$ Million

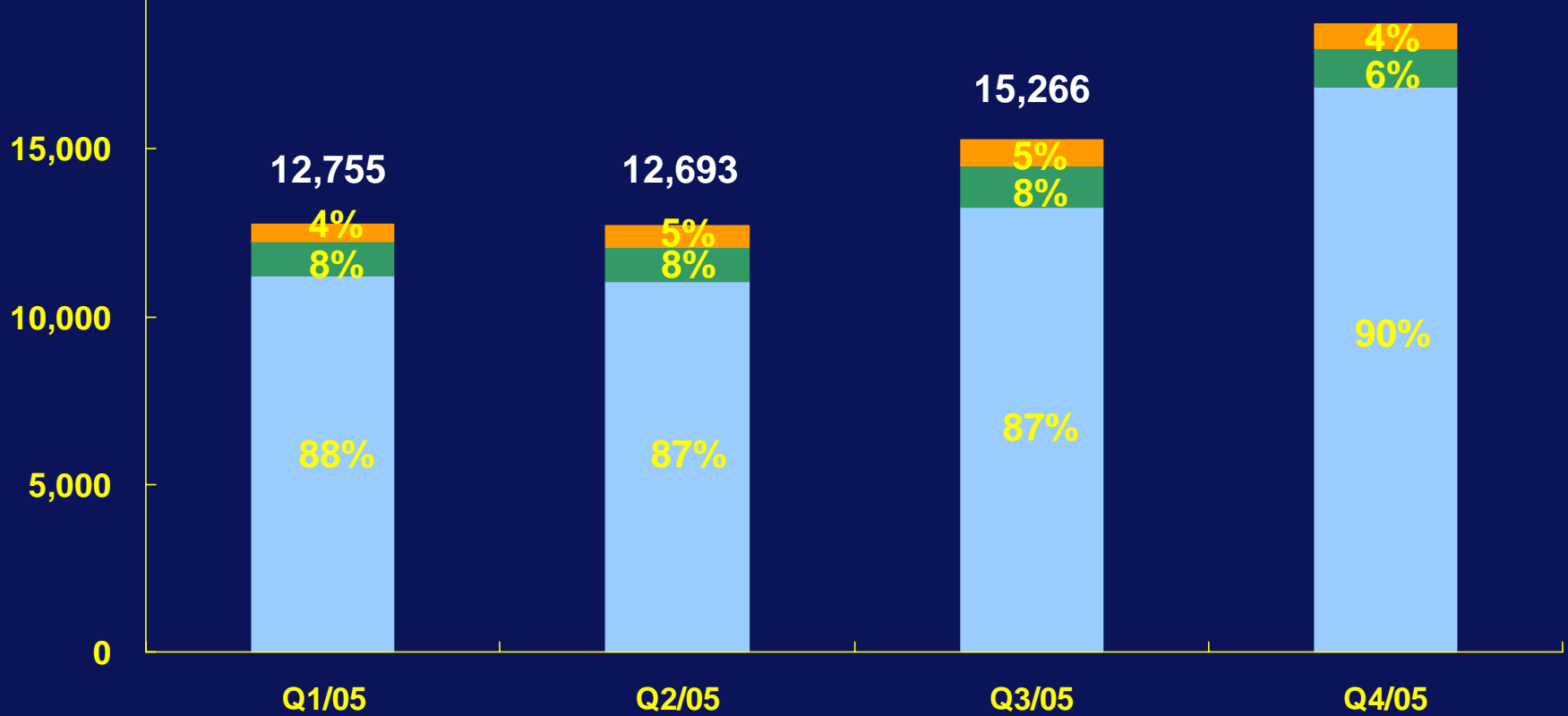




# IC Packaging Operations

## Package Revenue Breakdown

NT\$ Million  
20,000



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

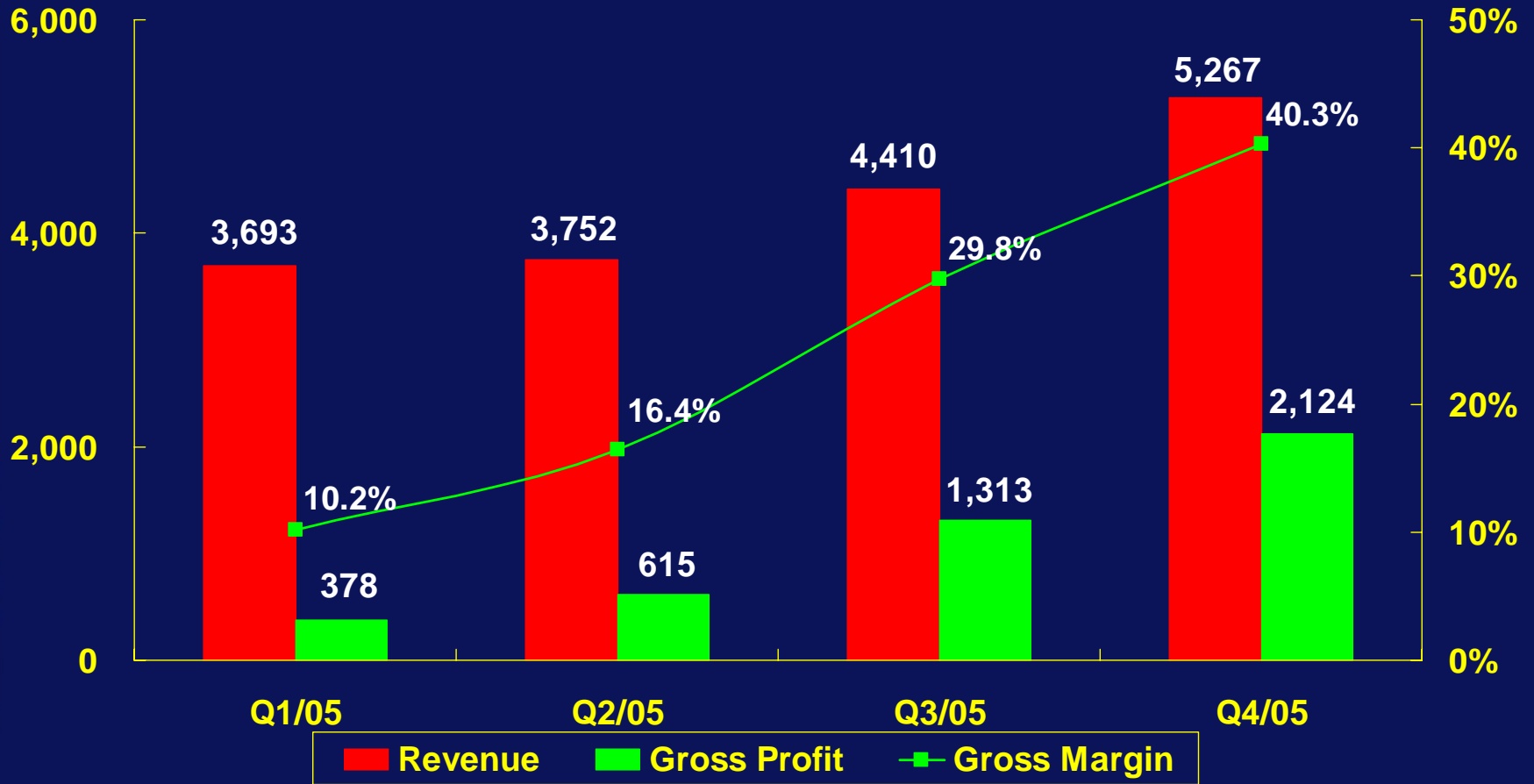




# Testing Operations



NT\$ Million



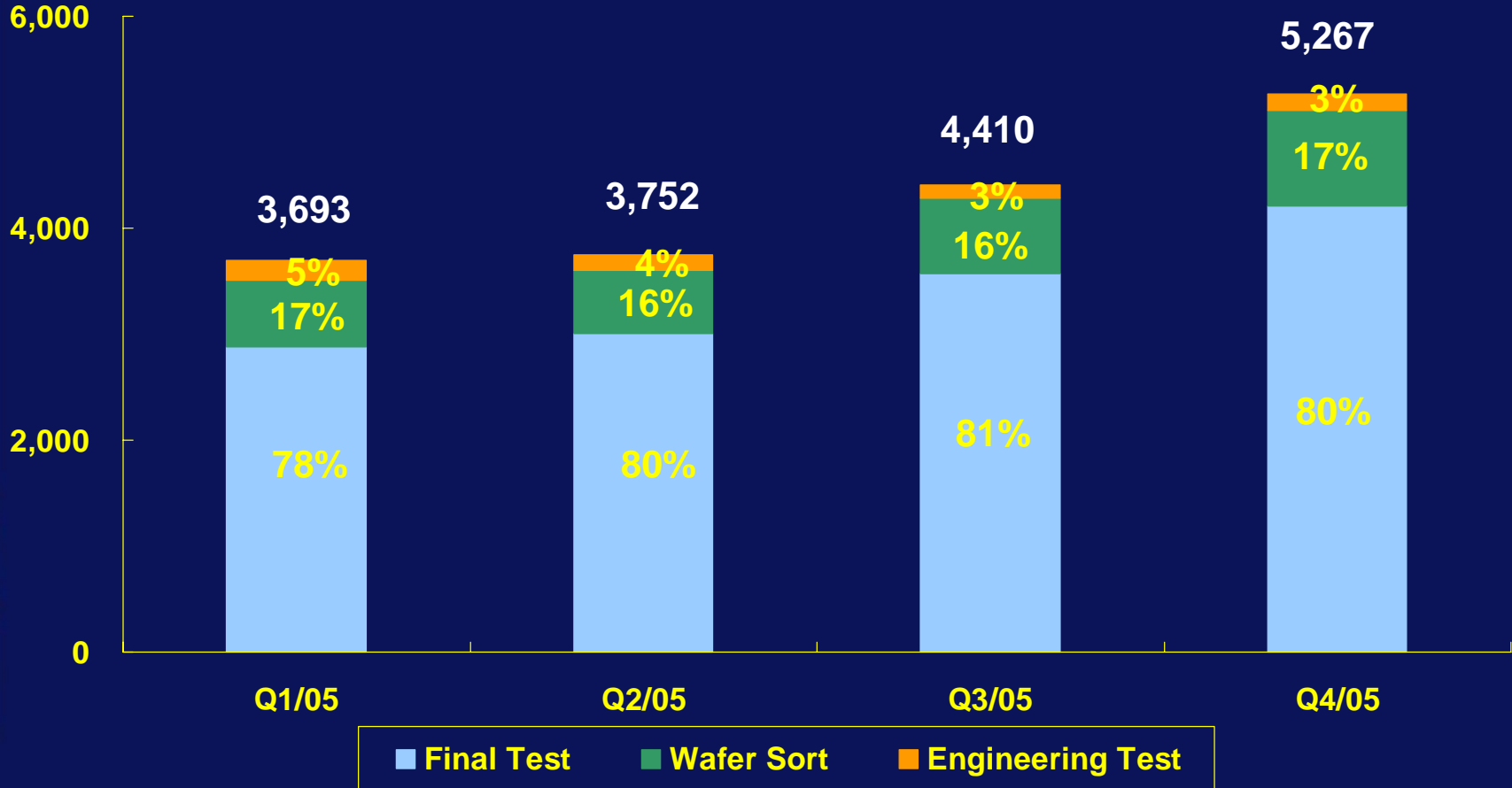


# Testing Operations

## Test Revenue Breakdown



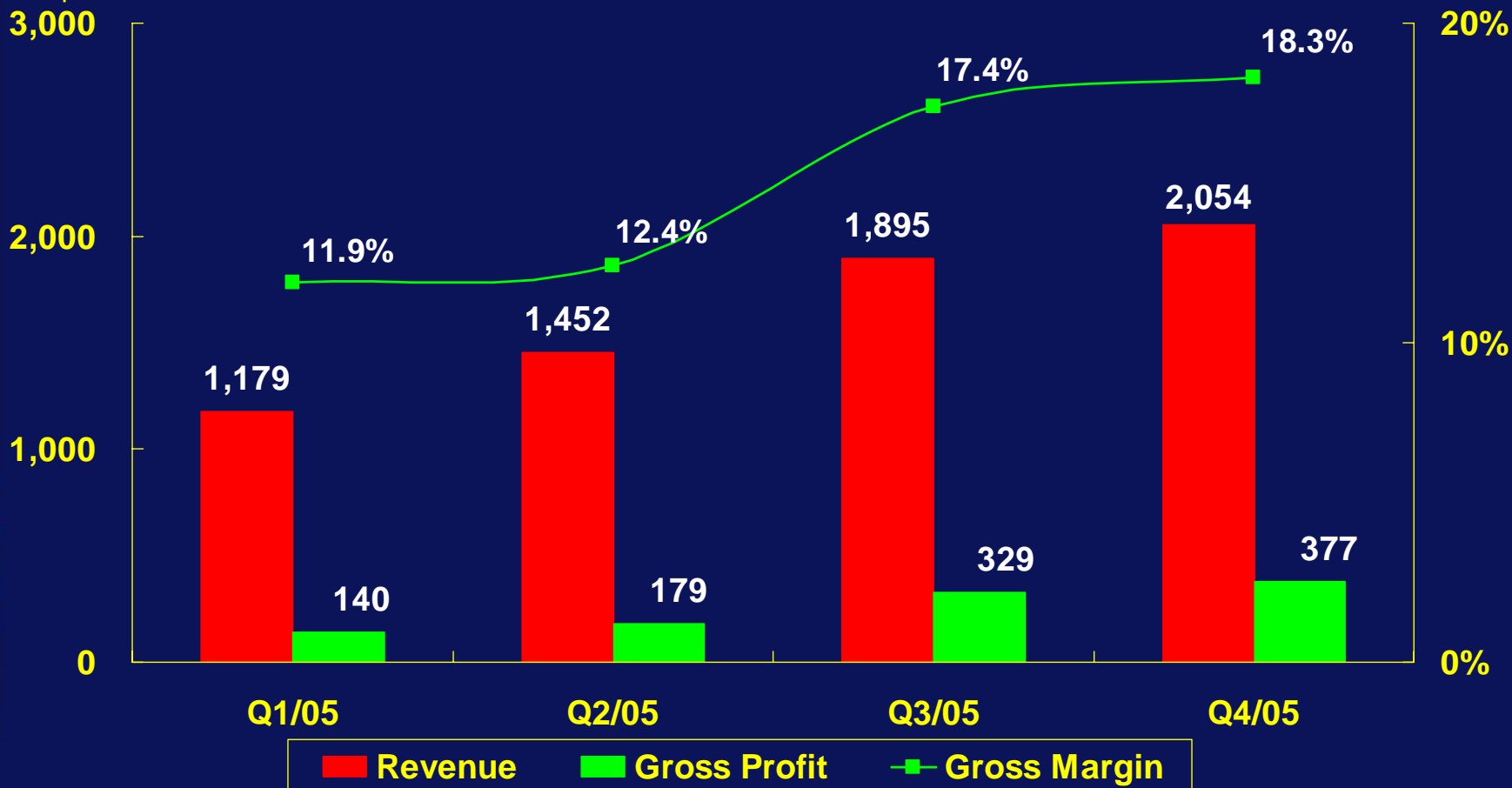
NT\$ Million



# Module Assembly Operations



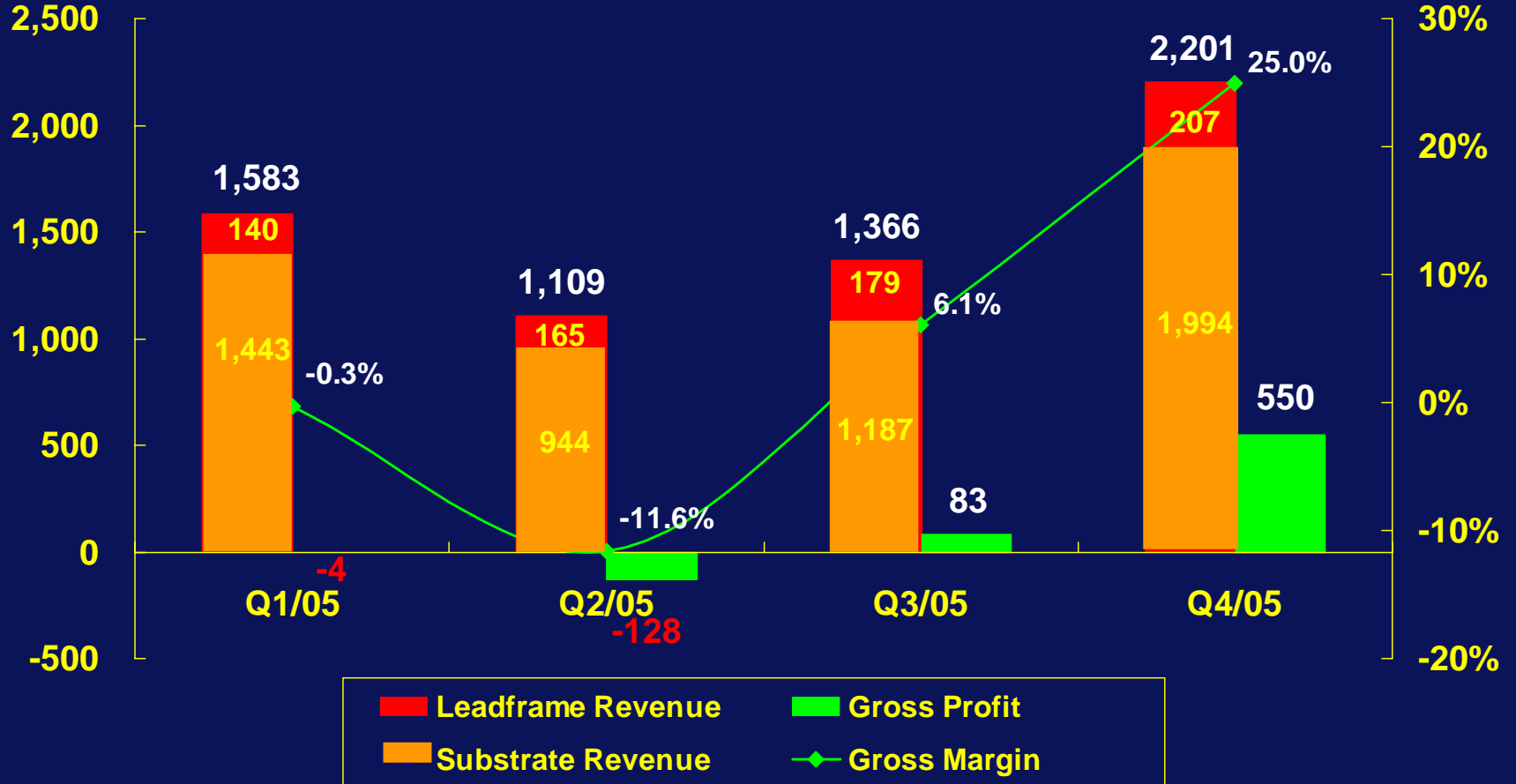
NT\$ Million



# Material Operations



NT\$ Million



# Selective Balance Sheet Information



(NT\$ Million)	<u>Dec. 31, 2005</u>	<u>Sep. 30, 2005</u>	<u>Change</u>
Cash and Cash Equivalent	13,345	9,988	33.6%
Short-term Investments	4,353	3,514	23.9%
Long-term Investments	4,825	4,802	0.5%
<b>Total Assets</b>	<b>131,515</b>	<b>130,377</b>	<b>0.9%</b>
ST Bank Debt - Revolving Credit	5,085	6,400	-20.5%
- Current Portion of LT Debt	5,438	6,523	-16.6%
Bonds Payable within 1 year	0	0	
LT Bank Debt	33,500	35,338	-5.2%
LT Bonds Payable	9,362	9,358	0.0%
<b>Total Net Worth</b> (Including minority interest)	<b>54,952</b>	<b>51,581</b>	<b>6.5%</b>
<b>Quarterly EBITDA*</b>	<b>7,753</b>	<b>5,872</b>	<b>32.0%</b>
<b>Current Ratio</b>	<b>1.54</b>	<b>1.45</b>	
<b>Leverage Ratio</b>	<b>0.65</b>	<b>0.86</b>	

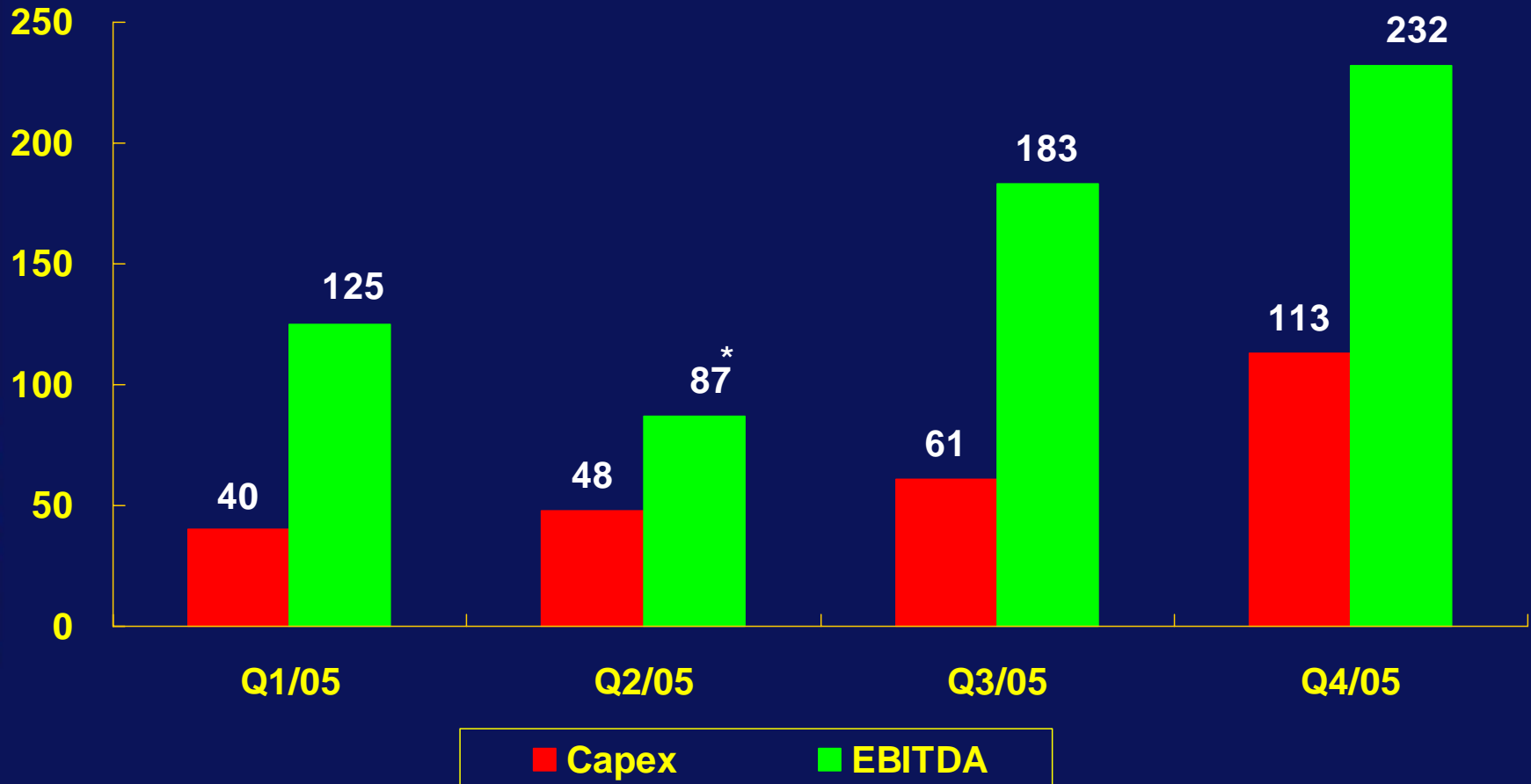
\*: EBITDA number has been adjusted for fire loss

# Capital Expenditure v.s. EBITDA



2005 Full Year Capex: US\$262 millions

US\$ Million



\*: EBITDA number has been adjusted for fire loss



# Top Ten Customers

2005 Q4

**ASE Group**

**ATI**

**CAMBRIDGE**

**FREESCALE**

**IEE**

**MICROSOFT**

**NEC**

**QUALCOMM**

**RFMD**

**SIS**

**VIA**

**Top 5**

**Top 10**

**30% of Total Sales**

**46% of Total Sales**

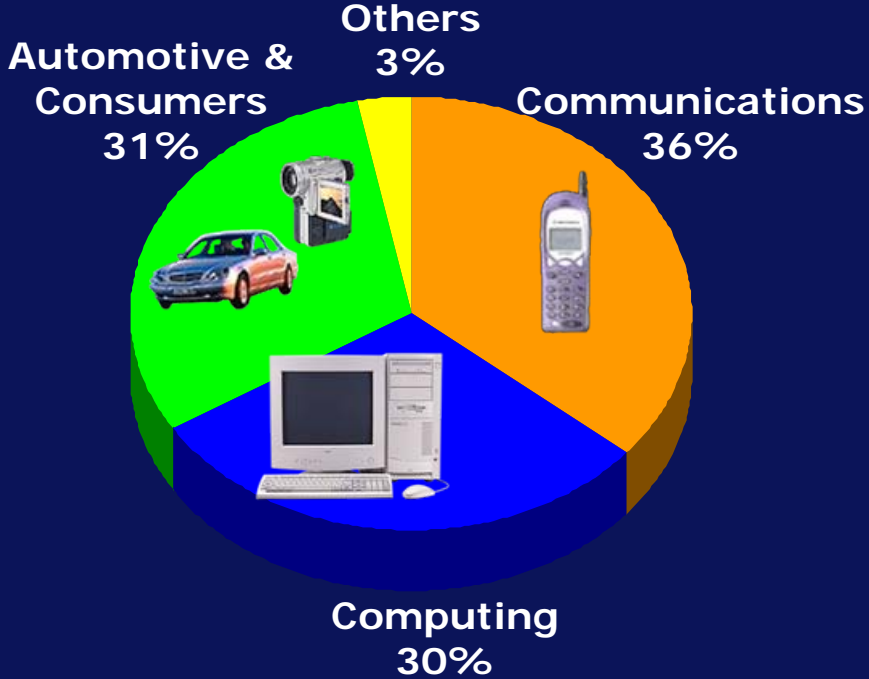
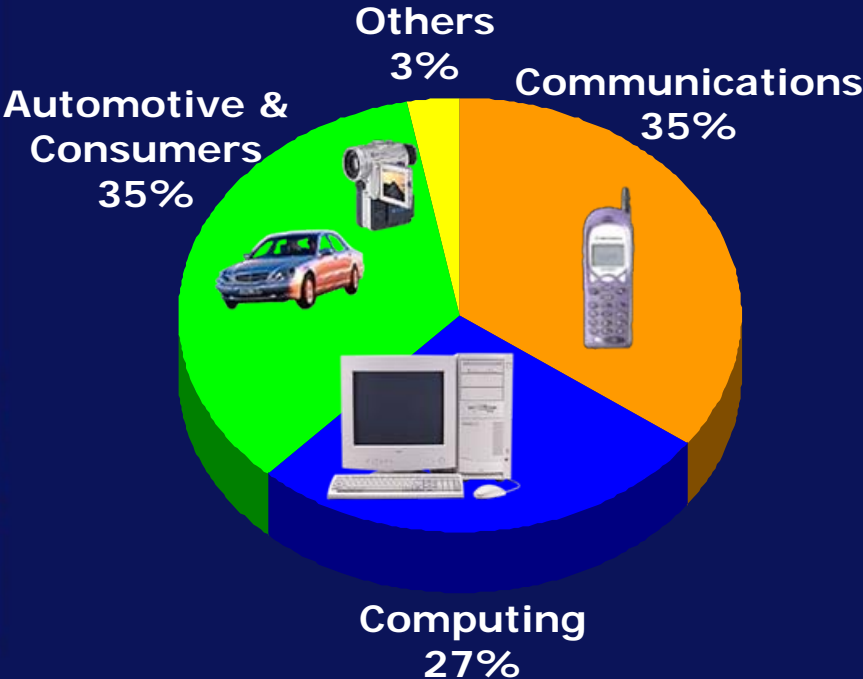


# Market Segment Exposure



2005 Q4

2005 Q3



Maximum with Minimum



# Guidance for 2006 Q1



- > Sequential revenue decline: high single digit %
- > Gross margin: slightly down sequentially
- > 2006 full year Capex: US\$350 million
  - > IC packaging: US\$100 million
  - > IC testing: US\$50 million
  - > Substrate: US\$200 million

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