

LITE-ON TECHNOLOGY CORPORATION

A World-Class Company Striving for Excellence

Lite-On Technology

4Q 2007 Results Presentation

April 8, 2008



Review of 4Q 2007 Results and Outlook for Q1 2008

Report Card For 4Q 2007 Results

		Promised	Delivered	Grade
Financial	Sales Growth	30 ~ 35% YoY	26% YoY	C
	Operating Margin	4.0% ~ 4.5%	3.6%	C
Operation	Power	50 ~ 60% YoY	58% YoY	B
	LED	20 ~ 30% YoY	24% YoY	B
	Enclosure	0 ~ 5% YoY	4% YoY	B
	Imaging	-10 ~ -20% YoY	-10% YoY	B

4Q 2007 Results - QoQ

(Lite-On Tech Pro Forma)

<i>In NT Millions</i>	4Q 2007		3Q 2007		QoQ
	Amount	%	Amount	%	%
Net Sales	52,953	100.0	51,101	100.0	3.6
COGS	47,913	90.5	46,057	90.1	4.0
Gross Profit	5,040	9.5	5,044	9.9	-0.1
Operating Expense	3,119	5.9	2,916	5.7	6.9
Operating Profit	1,922	3.6	2,128	4.2	-9.7
Other Income/Expense	331	0.6	979	1.9	-66.1
Profit Before Tax	2,253	4.3	3,106	6.1	-27.5
Profit After Tax	1,967	3.7	2,629	5.1	-25.2
After Tax EPS	0.91		1.03		

4Q 2007 Results - YoY

(Lite-On Tech Pro Forma)

<i>In NT Millions</i>	4Q 2007		4Q 2006		YoY
	Amount	%	Amount	%	%
Net Sales	52,953	100.0	41,916	100.0	26.3
COGS	47,913	90.5	37,058	88.4	29.3
Gross Profit	5,040	9.5	4,858	11.6	3.7
Operating Expense	3,119	5.9	2,647	6.3	17.8
Operating Profit	1,922	3.6	2,211	5.3	-13.1
Other Income/Expense	331	0.6	541	1.3	-38.7
Profit Before Tax	2,253	4.3	2,752	6.6	-18.1
Profit After Tax	1,967	3.7	2,306	5.5	-14.7
After Tax EPS	0.91		0.83		

2007 Results - YoY

(Lite-On Tech Pro Forma)

<i>In NT Millions</i>	2007		2006		YoY
	Amount	%	Amount	%	%
Net Sales	184,517	100.0	163,848	100.0	12.6
COGS	166,413	90.2	145,767	89.0	14.2
Gross Profit	18,103	9.8	18,081	11.0	0.1
Operating Expense	11,272	6.1	10,360	6.3	8.8
Operating Profit	6,831	3.7	7,721	4.7	-11.5
Other Income/Expense	3,043	1.7	1832	1.1	66.1
Profit Before Tax	9,874	5.4	9,553	5.8	3.4
Profit After Tax	8,490	4.6	8,402	5.1	1.1
EPS (Weighted Average Shares)	3.45		3.04		
EPS (Year-End Shares)	3.94		2.92		

4Q 2007 Balance Sheet – QoQ

<i>In NT Millions</i>	4Q 2007		3Q 2007	
	Amount	%	Amount	%
Cash & Equivalent	19,948	14.1	27,719	20.2
Accounts Receivable	41,295	29.1	41,797	30.4
Inventories	18,383	13.0	20,051	14.6
Total Assets	141,743	100.0	137,452	100.0
Short Term Debt	6,068	7.2	5,632	4.1
Accounts Payable	51,996	36.7	57,057	41.5
Long Term Debt	13,456	9.5	5,839	4.2
Total Liabilities	80,150	56.5	78,508	57.1
Equities	61,593	43.5	58,944	42.9

4Q 2007 Balance Sheet – YoY

<i>In NT Millions</i>	4Q 2007		4Q 2006	
	Amount	%	Amount	%
Cash & Equivalent	19,948	14.1	34,091	26.9
Accounts Receivable	41,295	29.1	34,922	27.5
Inventories	18,383	13.0	18,906	14.9
Total Assets	141,743	100.0	126,842	100.0
Short Term Debt	6,068	7.2	9,888	7.8
Accounts Payable	51,996	36.7	43,531	34.3
Long Term Debt	13,456	9.5	1,600	1.3
Total Liabilities	80,150	56.5	63,891	50.4
Equities	61,593	43.5	62,951	49.6

Highlights for 4Q 2007

- **Revenue reached another record high:**
Sales jumped 26% YoY to NT\$53B on the back of seasonal strength and ramp-up of new products.
- **Power Supply and LED posted record revenues:**
Power Supply jumped 58% YoY thanks to contribution from new applications as well as LSE, while LED rose 24% YoY thanks to robust growth in high-brightness products
- **Phone camera module saw continued momentum:**
Strength in phone camera module sales also continued into 4Q, with healthy growth of 31% QoQ and 86% YoY

Display Margin Erosion Led to Shortfall

- **Lower-than-expected gross and operating margins in 4Q 2007, mainly caused by the lower gross margin in Digital Display**
- **The declined gross margin in Digital Display was due to the change in the customer-mix and product-mix, from higher commodity sales**
- **Apart from Display, Lite-On has actually expanded its Q4 gross and operating margins**

Display Back on Track Post Fire Incident

- Update on Display Division post-fire status:

Area	Update
Insurance	<ul style="list-style-type: none">• Claims have been officially filed in early April; the inspection and communication with insurance company have been very smooth• Expect case to conclude in 2008
Capacity Restoration	<ul style="list-style-type: none">• Up to 700-800 k/month (3 additional lines built, with very limited capex) by Q208• Production focused on big-size, high-end models
2008 Revenue Scale	<ul style="list-style-type: none">• Currently expect revenue to reach NT\$55-60B for 2008 (full year capacity of 8-9M units)

Profit Improvement: 1st Priority

- With the downsized Display production, Lite-On will improve the product mix at Display Division on higher-margin models and orders
- Cost saving program in place, to further improve its cost structure and operating efficiency



Update on Perlos

Perlos 4Q 2007 Financial Results

<i>In € Millions</i>	4Q07	3Q07	QoQ%
Net Sales	103.3	110.1	-6.1%
COGS	88.8	94.1	-5.6%
Gross Profit	14.5	16.0	-9.4%
Gross Margin %	14.0%	14.5%	
Operating Expense	9.8	11.6	-15.5%
SG&A %	9.5%	10.5%	
Operating Profit	4.7	4.4	6.8%
Operating Margin %	4.5%	4.0%	

Shipments slower than expected

Cost structure continued to improve, with direct labor cost down from 12% of sales in 3Q to 11%

Improvement in operating efficiency and streamlining enabled SG&A expenses to come down

2007: A Year of Transition for Perlos

<i>In € Millions</i>	1Q07	2Q07	3Q07	4Q07	2007
Net Sales	126.7	113.6	110.1	103.3	453.7
COGS	94.1	100.2	94.1	88.8	377.2
Gross Profit	-27.4	13.4	16.0	14.5	16.5
SG&A	15.6	13.2	11.6	9.8	50.2
Operating Profit	-43.0	0.2	4.4	4.7	-33.7
OI/OE	-3.1	-2.8	-3.4	-4.2	-13.4
PBT	-46.1	-2.6	1.0	0.6	-47.1
Tax	-2.3	-2.6	-2.2	-2.0	-9.1
PAT	-48.4	-5.2	-1.2	-1.4	-56.2
Gross Profit %	-21.6%	11.8%	14.5%	14.0%	3.6%
SG&A %	12.3%	11.6%	10.5%	9.5%	11.1%
Operating Profit %	-33.9%	0.2%	4.0%	4.5%	-7.4%

2008: Operation Efficiency to Enhance

- **Revenue trend to be back-end loaded**
 - Revenue from new projects are more concentrated towards 2H, as the lead time for product launch is normally 9-12 months
 - As a result of improved cost structure and operating efficiency, Perlos now can compete in all product segments from low-end to high-end
- **Margin improvement on track**
 - Direct labor cost reduction: All production capacity has been relocated to emerging market sites by 3Q 2007; direct labor as % of sales declined from 17% in 1Q 2007 to 11% in 4Q
 - SG&A improvement: Restructuring efforts included streamlining of business model and reorganization of management personnel; SG&A as % of sales declined from 12.3% in 1Q 2007 to 9.5% in 4Q
 - Interest expense reduction: Lite-On Tech helped Perlos to refinance debt at a lower cost by borrowing a US\$150M bank loan in 4Q in Taiwan, and internally making a loan of the same amount to Perlos; Net interest expense is expected to be reduced by at least 20% in 2008 due to the debt restructuring



Q & A