

**LITE-ON TECHNOLOGY CORPORATION**

A World-Class Company Striving for Excellence

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# Lite-On Technology

## 1Q 2008 Results Presentation

April 30, 2008



## Safe Harbor Notice

Lite-On Technology's statement of its current expectations are forward-looking statements which are subject to significant risks and uncertainties. Actual results may differ materially from those contained in any forward-looking statements.

# Agenda

- ▣ 1Q 2008 Results and 2Q 2008 Outlook
- ▣ Update on Recent Developments
- ▣ Q&A



# **1Q 2008 Results and 2Q 2008 Outlook**

# Report Card For 1Q 2008 Results

		Promised	Delivered	Grade
Financial	Sales Growth	5 to 10% YoY	7% YoY	<i>B</i>
	Operating Margin	1.8% to 2.3%	2.0%	<i>B</i>
Operation	Power	35 to 40% YoY	40% YoY	<i>B</i>
	LED	10 to 15% YoY	15% YoY	<i>B</i>
	Imaging	-10 to -15% YoY	-15% YoY	<i>B</i>
	Enclosure	-20 to -25% YoY	-23% YoY	<i>B</i>

# 1Q 2008 Results - QoQ

(Lite-On Tech Pro Forma )

<i>In NT Millions</i>	1Q 2008		4Q 2007		QoQ
	Amount	%	Amount	%	%
<b>Net Sales</b>	<b>40,866</b>	<b>100.0</b>	<b>52,953</b>	<b>100.0</b>	<b>-22.8</b>
<b>COGS</b>	<b>37,315</b>	<b>91.3</b>	<b>47,913</b>	<b>90.5</b>	<b>-22.1</b>
<b>Gross Profit</b>	<b>3,551</b>	<b>8.7</b>	<b>5,040</b>	<b>9.5</b>	<b>-29.6</b>
<b>Operating Expense</b>	<b>2,691</b>	<b>6.6</b>	<b>3,119</b>	<b>5.9</b>	<b>-13.7</b>
<b>Operating Profit</b>	<b>860</b>	<b>2.1</b>	<b>1,922</b>	<b>3.6</b>	<b>-55.3</b>
<b>Other Income/Expense</b>	<b>44</b>	<b>0.1</b>	<b>331</b>	<b>0.6</b>	<b>-86.7</b>
<b>Profit Before Tax</b>	<b>904</b>	<b>2.2</b>	<b>2,253</b>	<b>4.3</b>	<b>-59.9</b>
<b>Profit After Tax</b>	<b>638</b>	<b>1.6</b>	<b>1,967</b>	<b>3.7</b>	<b>-67.6</b>
<b>After Tax EPS</b>	<b>0.30</b>		<b>0.91</b>		

# 1Q 2008 Results - YoY

(Lite-On Tech Pro Forma )

<i>In NT Millions</i>	1Q 2008		1Q 2007		YoY
	Amount	%	Amount	%	%
<b>Net Sales</b>	<b>40,866</b>	<b>100.0</b>	<b>38,138</b>	<b>100.0</b>	<b>7.2</b>
<b>COGS</b>	<b>37,315</b>	<b>91.3</b>	<b>34,181</b>	<b>89.6</b>	<b>9.2</b>
<b>Gross Profit</b>	<b>3,551</b>	<b>8.7</b>	<b>3,957</b>	<b>10.4</b>	<b>-10.3</b>
<b>Operating Expense</b>	<b>2,691</b>	<b>6.6</b>	<b>2,625</b>	<b>6.9</b>	<b>2.5</b>
<b>Operating Profit</b>	<b>860</b>	<b>2.1</b>	<b>1,332</b>	<b>3.5</b>	<b>-35.5</b>
<b>Other Income/Expense</b>	<b>44</b>	<b>0.1</b>	<b>725</b>	<b>1.9</b>	<b>-93.9</b>
<b>Profit Before Tax</b>	<b>904</b>	<b>2.2</b>	<b>2,057</b>	<b>5.4</b>	<b>-56.0</b>
<b>Profit After Tax</b>	<b>638</b>	<b>1.6</b>	<b>1,737</b>	<b>4.6</b>	<b>-63.3</b>
<b>After Tax EPS</b>	<b>0.30</b>		<b>0.60</b>		

Note : EPS figures are calculated based on the weighted average share count of 2,153M in 1Q 2008 and 2,871M in 1Q 2007

# 1Q 2008 Results - Without Bonus Expense

(Lite-On Tech Pro Forma )

<i>In NT Millions</i>	1Q 2008 (No Bonus Exp)		1Q 2008 (Actual)		Difference
	Amount	%	Amount	%	%
<b>Net Sales</b>	<b>40,866</b>	<b>100.0</b>	<b>40,866</b>	<b>100.0</b>	<b>0.0</b>
<b>COGS</b>	<b>37,315</b>	<b>91.3</b>	<b>37,315</b>	<b>91.3</b>	<b>0.0</b>
<b>Gross Profit</b>	<b>3,551</b>	<b>8.7</b>	<b>3,551</b>	<b>8.7</b>	<b>0.0</b>
<b>Operating Expense</b>	<b>2,571</b>	<b>6.3</b>	<b>2,691</b>	<b>6.6</b>	<b>-4.5</b>
<b>Operating Profit</b>	<b>979</b>	<b>2.4</b>	<b>860</b>	<b>2.1</b>	<b>13.8</b>
<b>Other Income/Expense</b>	<b>44</b>	<b>0.1</b>	<b>44</b>	<b>0.1</b>	<b>0.0</b>
<b>Profit Before Tax</b>	<b>1,024</b>	<b>3.1</b>	<b>904</b>	<b>2.2</b>	<b>13.2</b>
<b>Profit After Tax</b>	<b>722</b>		<b>638</b>	<b>1.6</b>	<b>13.2</b>
<b>After Tax EPS</b>	<b>0.34</b>		<b>0.30</b>		



# Non-Operating Income Breakdown

In NT\$ Millions	1Q 2008
Net Interest	-21
FX	130
Investment Income	-137
LOIT	99
Silitech	70
LOS	20
Perlos	-80
Others	-246
Others	72
<b>Total</b>	<b>44</b>

Loss of NT\$251M from Lite-On Japan was the main reason for shortfall in investment income

# Perlos 1Q 2008 Results

<i>In € Millions</i>	1Q08	4Q07	QoQ %	1Q07	YoY %
<b>Net Sales</b>	<b>88.3</b>	<b>103.3</b>	<b>-14.5%</b>	<b>126.7</b>	<b>-30.3%</b>
<b>COGS</b>	<b>75.1</b>	<b>87.7</b>	<b>-14.4%</b>	<b>116.2</b>	<b>-35.4%</b>
<b>Gross Profit</b>	<b>13.3</b>	<b>15.6</b>	<b>-15.1%</b>	<b>10.5</b>	<b>26.5%</b>
<b>SG&amp;A</b>	<b>10.7</b>	<b>11.1</b>	<b>-3.3%</b>	<b>14.6</b>	<b>-26.6%</b>
<b>Operating Profit</b>	<b>2.6</b>	<b>4.6</b>	<b>-43.8%</b>	<b>-4.1</b>	
<b>OI/OE</b>	<b>-2.7</b>	<b>-3.9</b>		<b>-41.9</b>	
<b>PBT</b>	<b>-0.1</b>	<b>0.7</b>		<b>-46.0</b>	
<b>Tax</b>	<b>1.8</b>	<b>2.0</b>		<b>-2.3</b>	
<b>PAT</b>	<b>-1.9</b>	<b>-1.3</b>		<b>-48.4</b>	
<b>Gross Profit %</b>	<b>15.0%</b>	<b>15.1%</b>		<b>8.3%</b>	
<b>SG&amp;A %</b>	<b>12.1%</b>	<b>10.7%</b>		<b>11.5%</b>	
<b>Operating Profit %</b>	<b>2.9%</b>	<b>4.4%</b>		<b>-3.2%</b>	

# Highlights for 1Q 2008

- ▣ **Sustained Momentum amid Unfavorable Environment**  
1Q 2008 saw sales climb 7% YoY to NT\$40.9B despite the less than favorable economic climate and pressure from USD depreciation
- ▣ **Worst is Over for Margins:**  
Margins in 1Q have reflected the impact from various negative factors such as increased labor costs and provision of employee bonus expense. Starting in 2Q, gross and operating margins are expected to trend up
- ▣ **Prudent FX Strategy Helped to Avoid Losses:**  
Lite-On was able to avoid incurring FX-related losses in 1Q, thanks to its conservative and consistent approach in currency management

# 2Q 2008 Guidance

## Financial Outlook

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- ▣ **Revenue:** -15 to -20% YoY
- ▣ **Operating Margin:** 2.3% to 2.8% (inclusive of employee bonus)

## Business Outlook

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- ▣ **Power:** 30 to 35% YoY; strength in notebook and new applications to continue
- ▣ **LED:** 10 to 15% YoY; stable growth momentum in new applications
- ▣ **Imaging:** 15 to 20% YoY; growth momentum to resume with new projects
- ▣ **Enclosure:** -30 to -35% YoY; product focus transition underway

## Perlos

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- ▣ **Revenue:** 5 to 10% QoQ
- ▣ **Operating Margin:** 2% to 4%

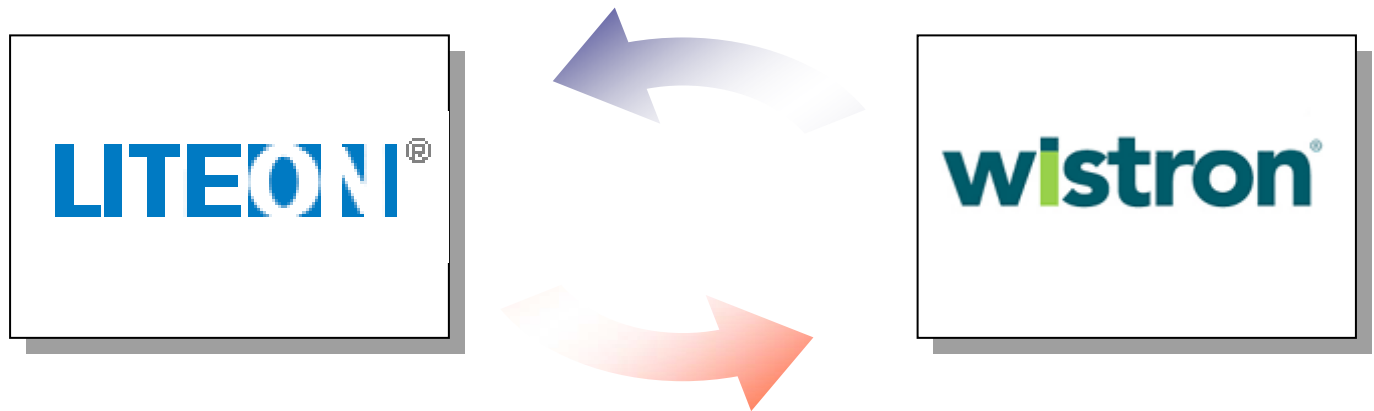


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# Update on Recent Developments

# Transfer of Display Business to Wistron

▣ NT\$9.2 Billion Cash



- ▣ Transfer of Digital Display Division (including assets, liabilities and employees)
- ▣ Lite-On to invest in Wistron through private placement, with the amount up to NT\$1.2 billion

# Win-Win Solution for the Future

## LITEON®

- ▣ Enhance strategic focus as a component powerhouse with optimal resource allocation
- ▣ Allow Lite-On to focus on core growth drivers
- ▣ Free up working capital and improve cash conversion cycle

## wistron®

- ▣ Attain status as one of the top manufacturers of display products with tier-1 clientele
- ▣ Boost capability as leading system integrator in global IT industry with total solutions offerings
- ▣ Gain competitiveness in procurement power, manufacturing efficiency and scale

# Favorable Valuation Achieved

## Transaction Multiple based on Different Profitability Assumptions

Transaction Price	2008E Sales	2008E OP Margin	P/E Multiple	
NT\$9.2 billion	NT\$60 billion	1.0%	15.3 x	
		1.5%	10.2 x	
		2.0%	7.7 x	
		2.5%	6.1 x	
		<b>Peer Average*</b>	<b>~2%</b>	<b>7.1 x</b>

\* Average of consensus estimates for TPV, Qisda and Amtran



# Expect Transfer to Complete by End of July

**April 29**

- Board approved sale of Digital Display and subscription of Wistron's private placement

**June 25**

- AGM to approve transaction

**July 31**

- Effective date of transfer

# LOT to Strengthen Focus on Core Products

- ▣ **Focus on Core Businesses from Now on**

Better resource allocation and cost structure resulting from the sale of Digital Display

- ▣ **New and high-growth businesses make up for revenue loss**

The robust growth expected for core businesses and venture into new end applications will gradually reduce the gap with much-improved margin structure

- ▣ **Lite-On's overall growth strategy**

An important step in Lite-On's pursuit of customer-centric growth with focus on new markets that offer high growth potential and favorable margins

# Strong Commitment to Shareholder Value

- ▣ Lite-On is committed to maintaining a generous and consistent dividend policy aimed to maximize returns to shareholders
- ▣ 2007 payout ratio up from 85% to 87%, with regular cash dividend of NT\$2.95 per share and stock dividend of NT\$0.05 per share
- ▣ Cash yield reaches historic high of 8.2%

	2003	2004	2005	2006	2007
<b>Payout Ratio</b>	72%	72%	72%	85%	87%
<b>Cash Yield</b>	3.8%	5.9%	5.4%	6.4%	8.2%



## Q & A

# 1Q 2008 Balance Sheet – QoQ

<i>In NT Millions</i>	1Q 2008		4Q 2007	
	Amount	%	Amount	%
Cash & Equivalent	20,512	15.3	19,948	14.1
Accounts Receivable	36,455	27.2	41,295	29.1
Inventories	16,231	12.1	18,383	13.0
<b>Total Assets</b>	<b>134,148</b>	<b>100.0</b>	<b>141,743</b>	<b>100.0</b>
Short Term Debt	10,609	7.9	7,668	7.2
Accounts Payable	42,090	31.4	51,996	36.7
Long Term Debt	13,192	9.8	13,456	9.5
<b>Total Liabilities</b>	<b>73,598</b>	<b>54.9</b>	<b>80,150</b>	<b>56.5</b>
Equities	60,550	45.1	61,593	43.5

# 1Q 2008 Balance Sheet – YoY

<i>In NT Millions</i>	1Q 2008		1Q 2007	
	Amount	%	Amount	%
Cash & Equivalent	20,512	15.3	32,596	26.9
Accounts Receivable	36,455	27.2	31,972	27.5
Inventories	16,231	12.1	18,134	14.9
<b>Total Assets</b>	<b>134,148</b>	<b>100.0</b>	<b>123,074</b>	<b>100.0</b>
Short Term Debt	10,609	7.9	7,865	7.8
Accounts Payable	42,090	31.4	39,921	34.3
Long Term Debt	13,192	9.8	1,600	1.4
<b>Total Liabilities</b>	<b>73,598</b>	<b>54.9</b>	<b>57,849</b>	<b>50.4</b>
Equities	60,550	45.1	65,225	49.6