

***TXC Corp.***  
***FY2003 Annual Results***  
***Investor Conference***

台灣晶技股份有限公司  
年度法人說明會

***March 26, 2004***

- **Finance**
- **Product Briefing**
- **Vision / Core Competence**
- **Business / Applications**
- **Factories and Capacity**
- **Capital Investment**
- **Future Operation Outlook**
- **Q&A**

# 4Q 2003 Income Statement (Consolidated)



Unit: NT\$ in Million

	4Q'03(a)		3Q'03(a)		QoQ Change %
<b>Net Operating Revenues</b>	646	100.0%	698	100.0%	(7.5%)
Cost of Goods Sold	522	80.8%	584	83.7%	(10.7%)
<b>Gross Profit</b>	124	19.2%	114	16.3%	8.8%
Operating Expenses	78	12.0%	60	8.6%	29.3%
<b>Operating Income(Loss)</b>	46	7.2%	54	7.7%	(14.1%)
Net Non-operating Income(Loss)	(2)	-0.3%	(2)	-0.2%	37.5%
<b>Income(Loss) before Tax</b>	44	6.8%	52	7.5%	(15.6%)
Income Tax Credit	(9)	-1.4%	4	0.6%	(322.5%)
<b>Net Income</b>	53	8.2%	48	6.9%	10.6%
<b>Fully Diluted EPS (NT\$)</b>	0.35		0.34		
Unit Shipment (Million)					
Dip X'tal / CXO	57.8		58.4		(1.0%)
Smd X'tal	34.6		31.3		10.5%
Smd Cxo	12.6		9.0		40.0%
Capacity utilization rate	95%		85%		

(a) Audited, prepared by TXC Corp.

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# Income Statement (Estimate) FY1Q'03 VS. FY1Q'04

Unit: NT\$ in Million

	<u>1Q'04(e)</u>		<u>1Q'03(a)</u>		<u>QoY Change %</u>
<b>Net Operating Revenues</b>	<b>580</b>	<b>100.0%</b>	<b>383</b>	<b>100.0%</b>	<b>51.5%</b>
Cost of Goods Sold	<b>468</b>	<b>80.7%</b>	<b>323</b>	<b>84.4%</b>	<b>44.8%</b>
<b>Gross Profit</b>	<b>112</b>	<b>19.3%</b>	<b>60</b>	<b>15.6%</b>	<b>87.6%</b>
Operating Expenses	<b>68</b>	<b>11.7%</b>	<b>52</b>	<b>13.5%</b>	<b>31.5%</b>
<b>Operating Income(Loss)</b>	<b>44</b>	<b>7.6%</b>	<b>8</b>	<b>2.1%</b>	<b>450.0%</b>
Net Non-operating Income(Loss)	<b>11</b>	<b>1.9%</b>	<b>(5)</b>	<b>-1.3%</b>	<b>(320.0%)</b>
<b>Income(Loss) before Tax</b>	<b>55</b>	<b>9.5%</b>	<b>3</b>	<b>0.8%</b>	<b>1733.3%</b>
Income Tax Credit			<b>(7)</b>	<b>-1.8%</b>	
<b>Net Income</b>			<b>10</b>	<b>2.6%</b>	
<b>Fully Diluted EPS (NT\$)</b>			<b>0.08</b>		

- (a) Audited, prepared by TXC Corp.  
(b) 1Q'04(e) data is forecasted by TXC Corp.

# 2003 Income Statement Highlights (Consolidated)



**Unit: NT\$ in Million**

	FY2003(a)		FY2002(a)		YoY Change %
<b>Net Operating Revenues</b>	<b>2,173</b>	<b>100.0%</b>	<b>1,768</b>	<b>100.0%</b>	<b>22.9%</b>
<b>Gross Profit</b>	<b>384</b>	<b>17.7%</b>	<b>262</b>	<b>14.8%</b>	<b>46.3%</b>
<b>Operating Income(Loss)</b>	<b>135</b>	<b>6.2%</b>	<b>73</b>	<b>4.1%</b>	<b>85.4%</b>
<b>Net Income</b>	<b>143</b>	<b>6.6%</b>	<b>83</b>	<b>4.7%</b>	<b>71.7%</b>
<b>Fully Diluted EPS (NT\$)</b>	<b>0.99</b>		<b>0.60</b>		<b>65.0%</b>
<b>ROE</b>	<b>7.3%</b>		<b>4.7%</b>		<b>56.0%</b>
<b>Unit Shipment (Million)</b>					
Dip X'tal / Cxo	<b>208.0</b>		<b>165.4</b>		<b>25.8%</b>
Smd X'tal	<b>112.6</b>		<b>79.7</b>		<b>41.2%</b>
Smd Cxo	<b>28.9</b>		<b>17.3</b>		<b>67.5%</b>

(a) Audited, prepared by TXC Corp.

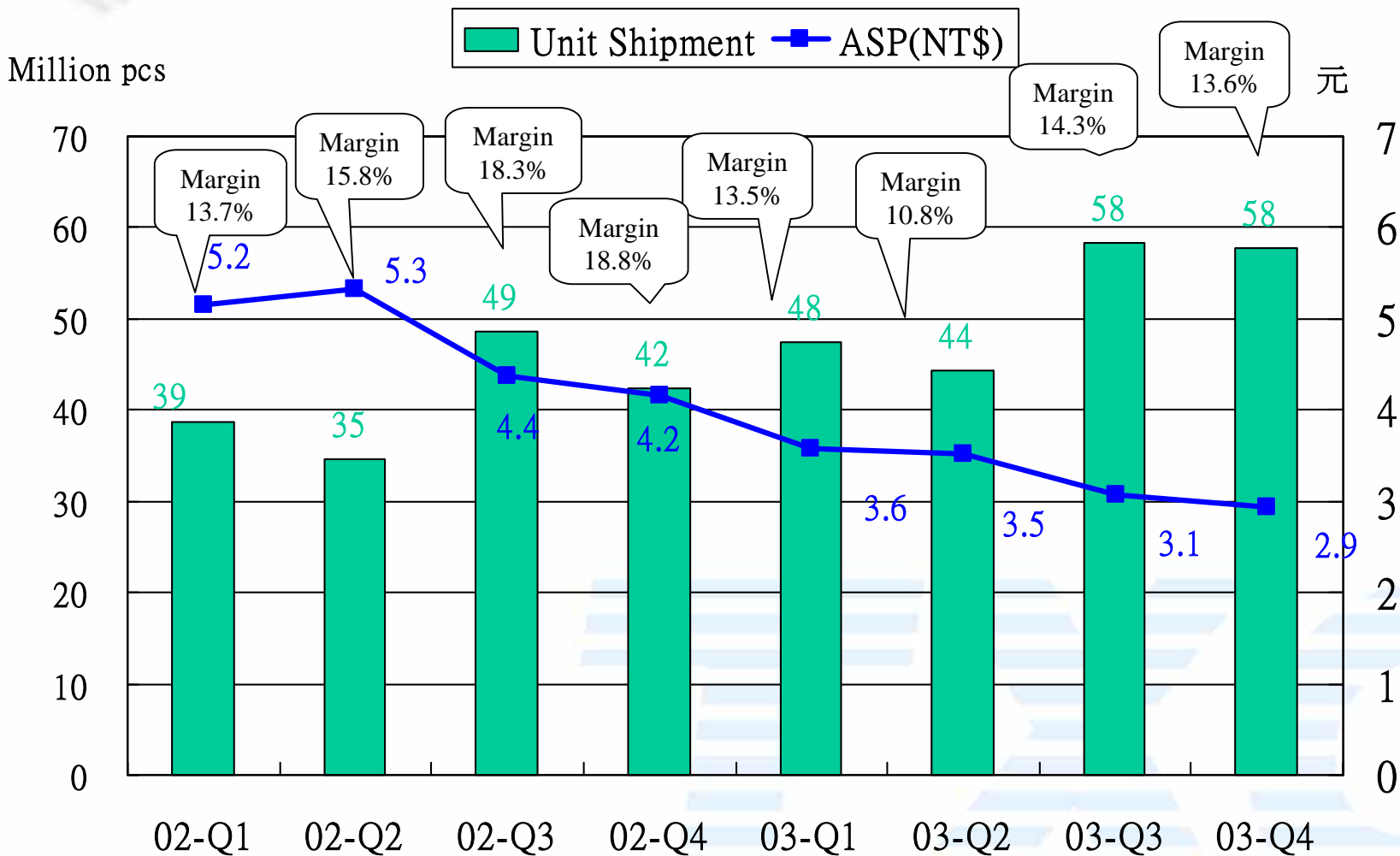
# 2004 Income Statement Forecast



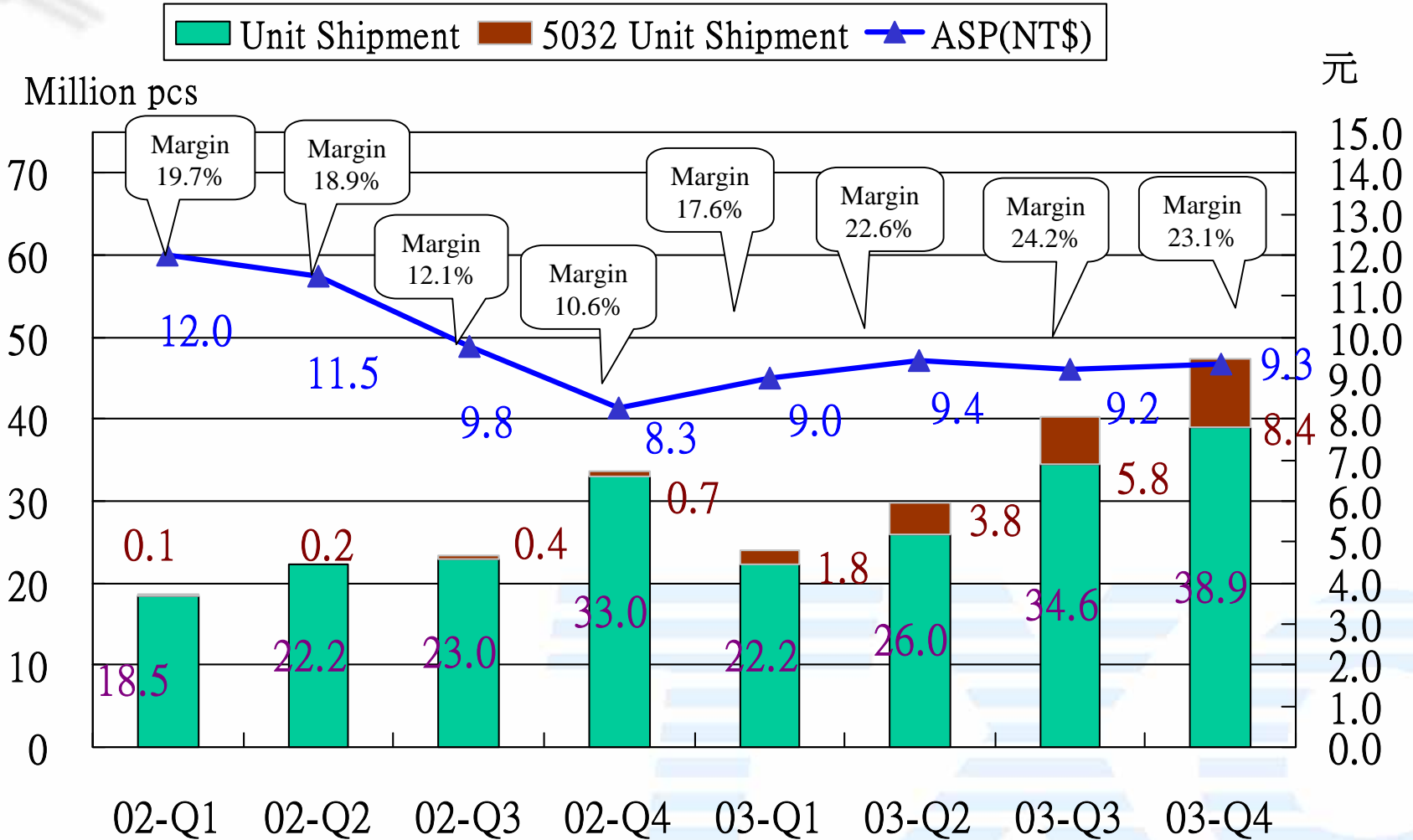
Unit: NT\$ in Million

	1Q	2Q	3Q	4Q	Year 2004(F)
<b>Net Operating Revenues</b>	577	623	679	622	2,500
Cost of Goods Sold	445	484	535	491	1,954
<b>Gross Profit</b>	132	139	143	131	546
Operating Expenses	65	67	67	69	267
<b>Operating Income(Loss)</b>	67	72	76	63	279
Net Non-operating Income(Loss)	(6)	(5)	(6)	1	(16)
<b>Income(Loss) before Tax</b>	61	67	70	64	262
Income Tax Credit					(0)
<b>Net Income</b>					263
<b>Fully Diluted EPS (NT\$)</b>					1.65

# Quarterly DIP Type Shipment & Blended ASP



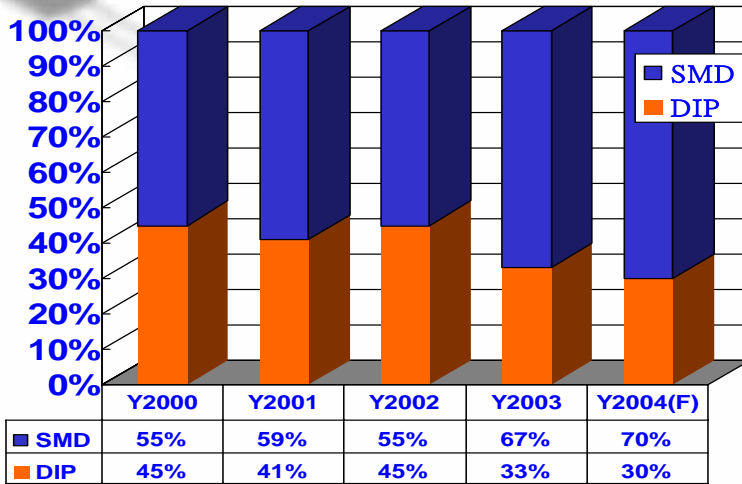
# Quarterly SMD Type Shipment & Blended ASP



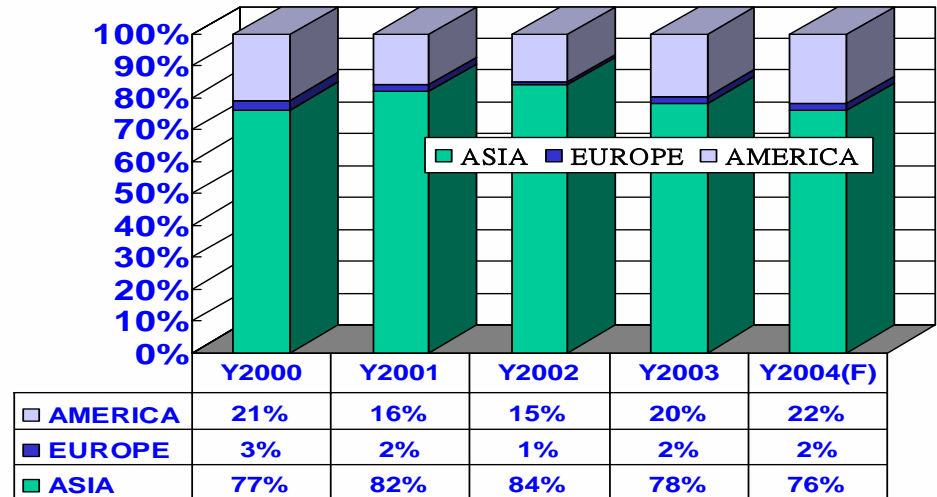


# Sales Segment

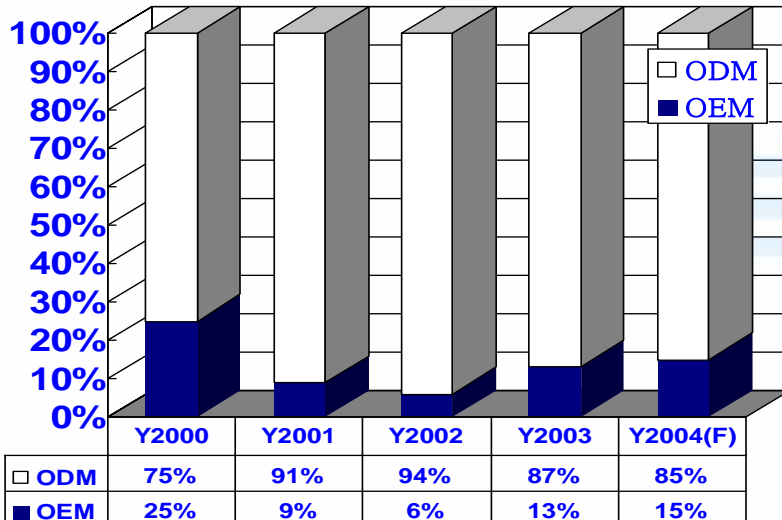
## By Type



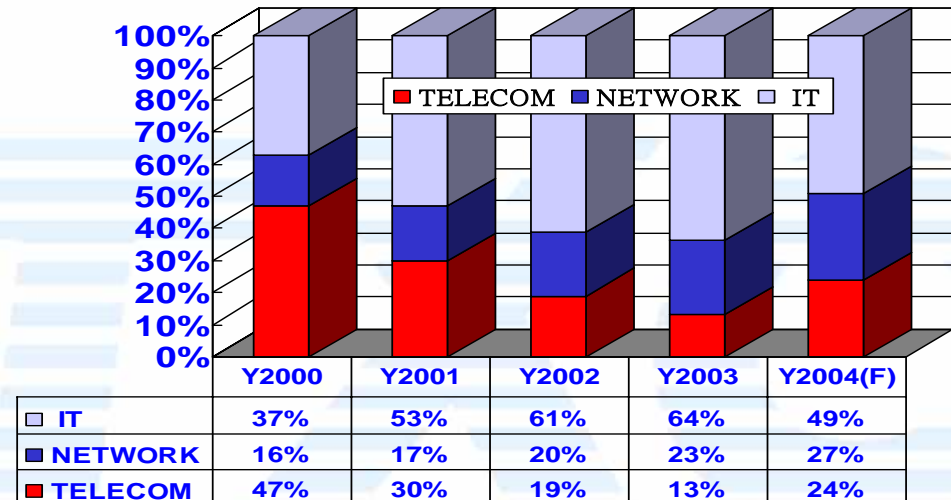
## By Region



## By OEM/ODM



## By Application Industry





## *Our Vision*

### ■ TXC Essence

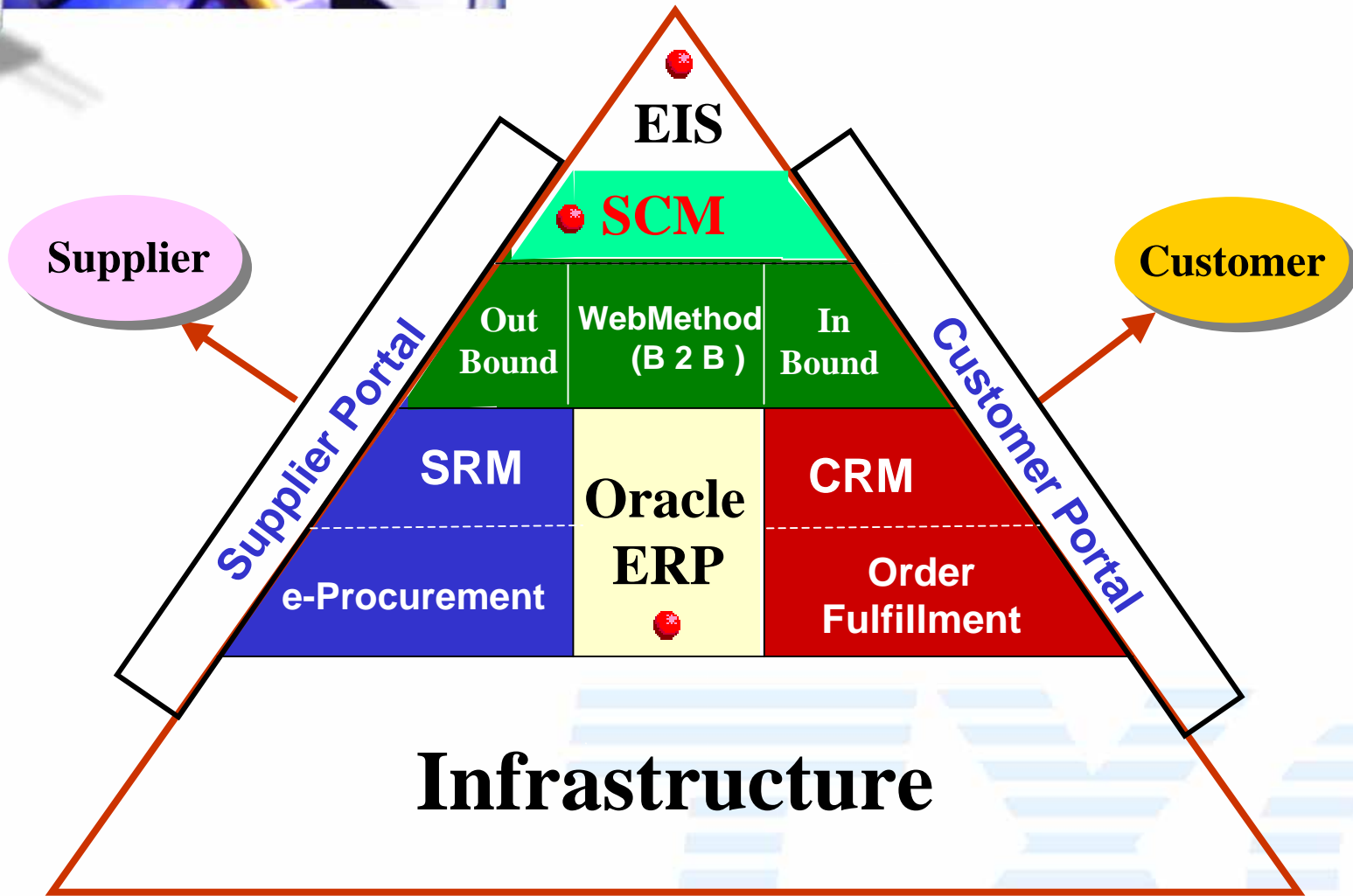
- **T : Total Solution 、 Service 、 Speed ~ 3S Promotion**
- **X : Frequency controlled devices**
- **C : Customer 、 Core-technology 、 Competition ~ 3C commitment**

■ **Provide the products for automobile industry by 2005**

■ **Top 5 supplier in world wide by 2005, providing high value added products**

■ **Focus on frequency controlled components and modules for IT, Tele-Comm & Optical industries.**

# Core Competence



● System Information Pyramid

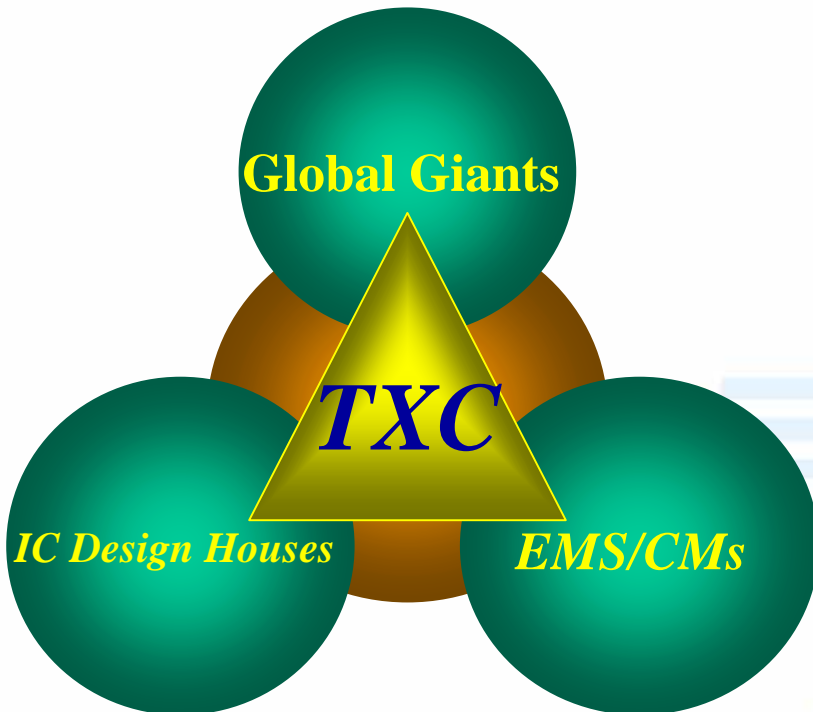


## Frequency Control Products

- Crystals
- Oscillators
- Timing Modules

## Core Technologies

- Crystal Technology
- Oscillators Technology
- High Volume SMD Production Capability (>20M pcs/month) and Expanding
- Smaller size crystals & oscillators

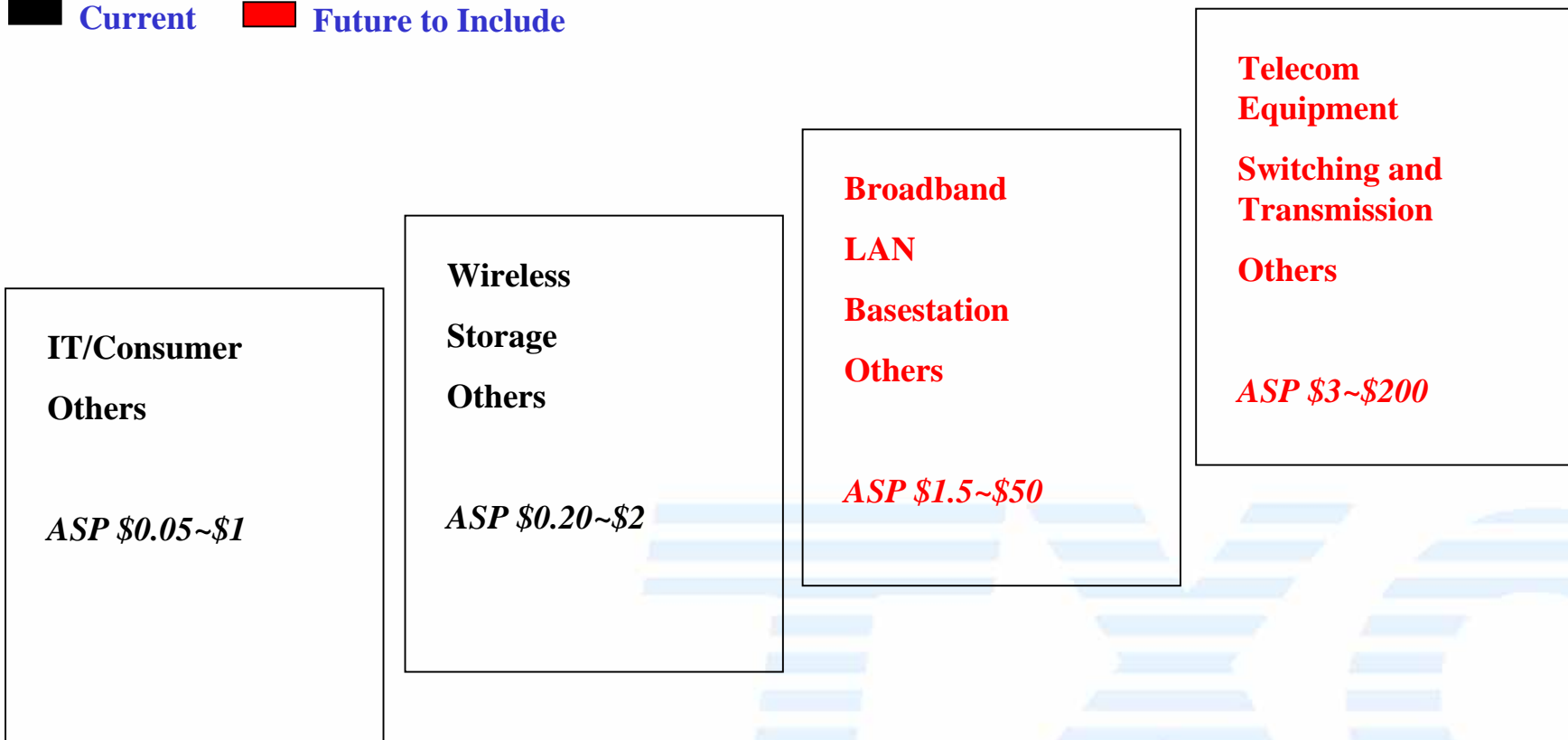


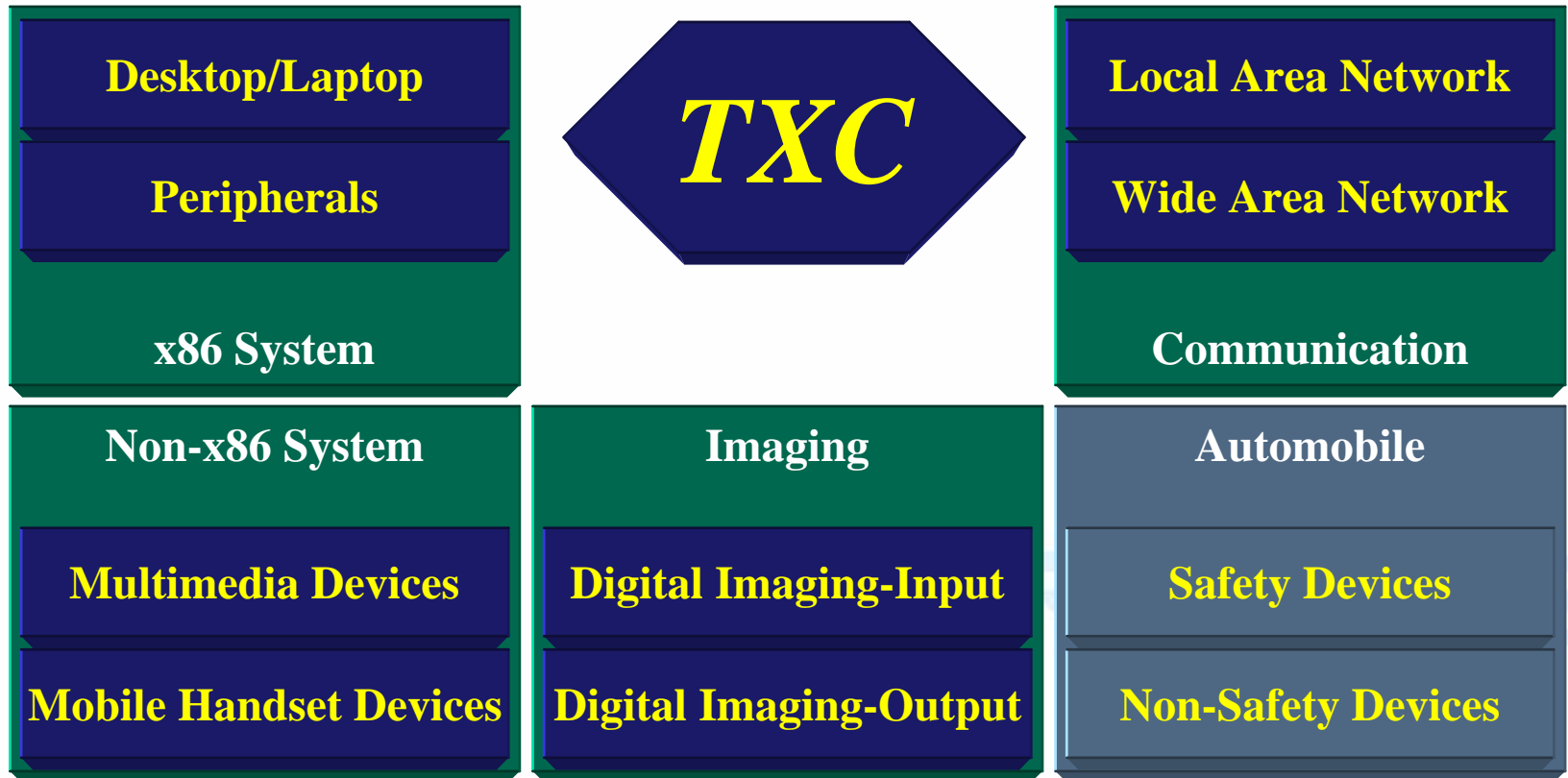


# TXC's Business Plan



■ Current    ■ Future to Include



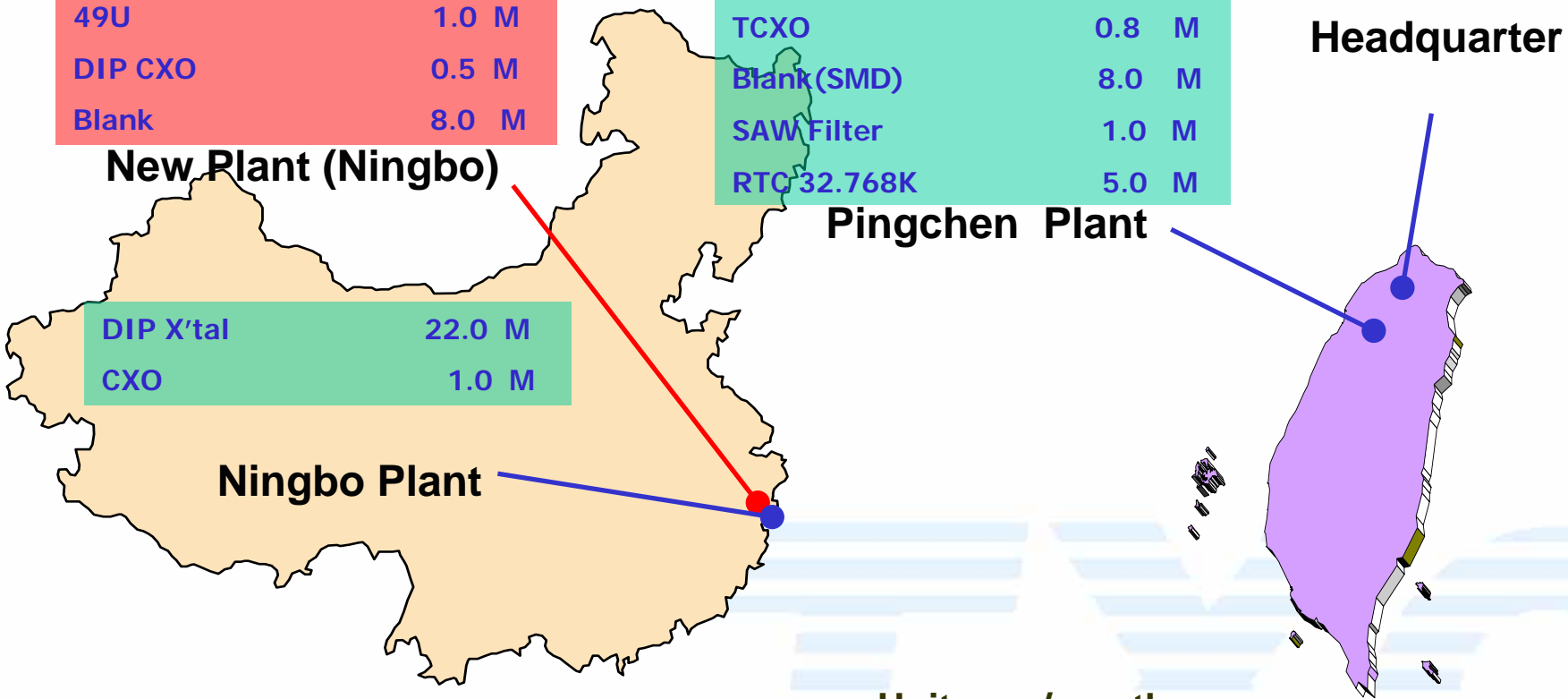




# Manufacture Locations and Capacities for 2003

Glass SMD X'tal	4.0 M
49S,49S-SMD	6.0 M
49U	1.0 M
DIP CXO	0.5 M
Blank	8.0 M

SMD CXO/VCXO	4.5 M
SEAM X'tal	3.0 M
Glass X'tal	2.0 M
TCXO	0.8 M
Blank(SMD)	8.0 M
SAW Filter	1.0 M
RTC 32.768K	5.0 M



**New Plant (Ningbo)**

**Pingchen Plant**

**Ningbo Plant**

**Headquarter**

DIP X'tal	22.0 M
CXO	1.0 M

Unit: pcs/month



# Factories & 2004 Monthly Capacity



**Peitou Headquarters**  
Taipei, Taiwan  
2,200 Sq. M.

**Ping Cheng Factory**  
Taoyuan, Taiwan  
10,400 Sq. M.

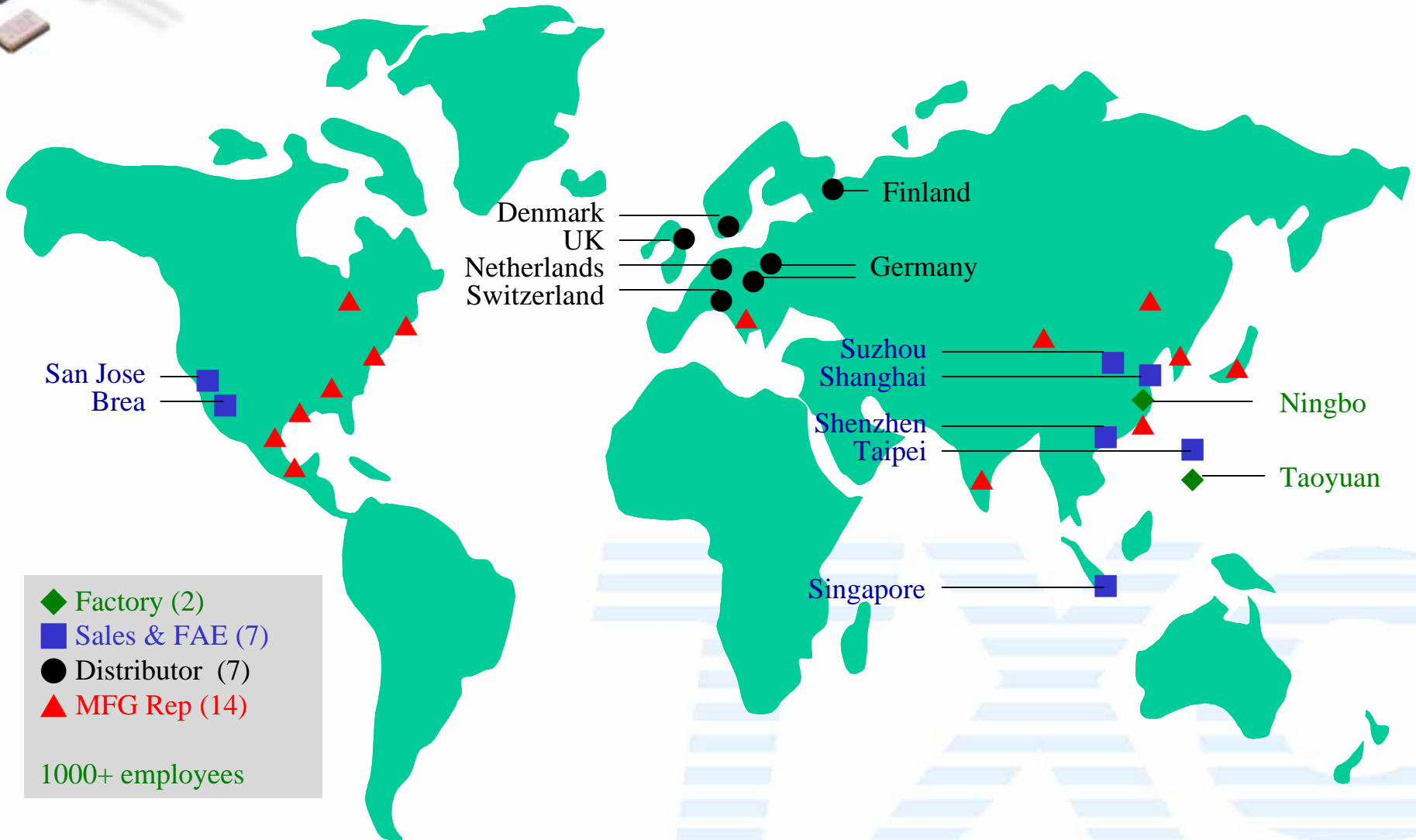
**Ningbo Factory**  
China  
25,000 Sq. M.

49U	3 M
49S	20 M
49S SMD	6 M
DIP CXO	0.8 M
SMD CXO	4.5 M
Glass Crystal	10 M
Seam Crystal	6 M
Tuning Fork	8 M
TCXO	1.6 M
SAW	1M
<b>Total</b>	<b>60.9M/Month</b>





# Worldwide Locations



- ◆ Factory (2)
- Sales & FAE (7)
- Distributor (7)
- ▲ MFG Rep (14)

1000+ employees

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# Product- Crystals

DIP type



6A	6B	6C	6E
49U	49S	49S/SMD	UM-1

SMD type



6Z	6P	6V	7B	7G	7M	6X	7A
12*5.5	7*5	6*3.5	5*3.2	4*2.5	3.2*2.5	8*4.5	5*3.2

Tuning Fork type



6H
T2/3/5/6/7/8

# Product- Oscillators



7K  
OCXO (AT-Cut/SC-Cut)

6R	7H	6U
VCXO Full/Half	14*9	7*5



6K	6M	7J	6N /7F	7C
CXO Full	Half	14*9	7*5	5*3.2

7P
TCXO 5*3.2



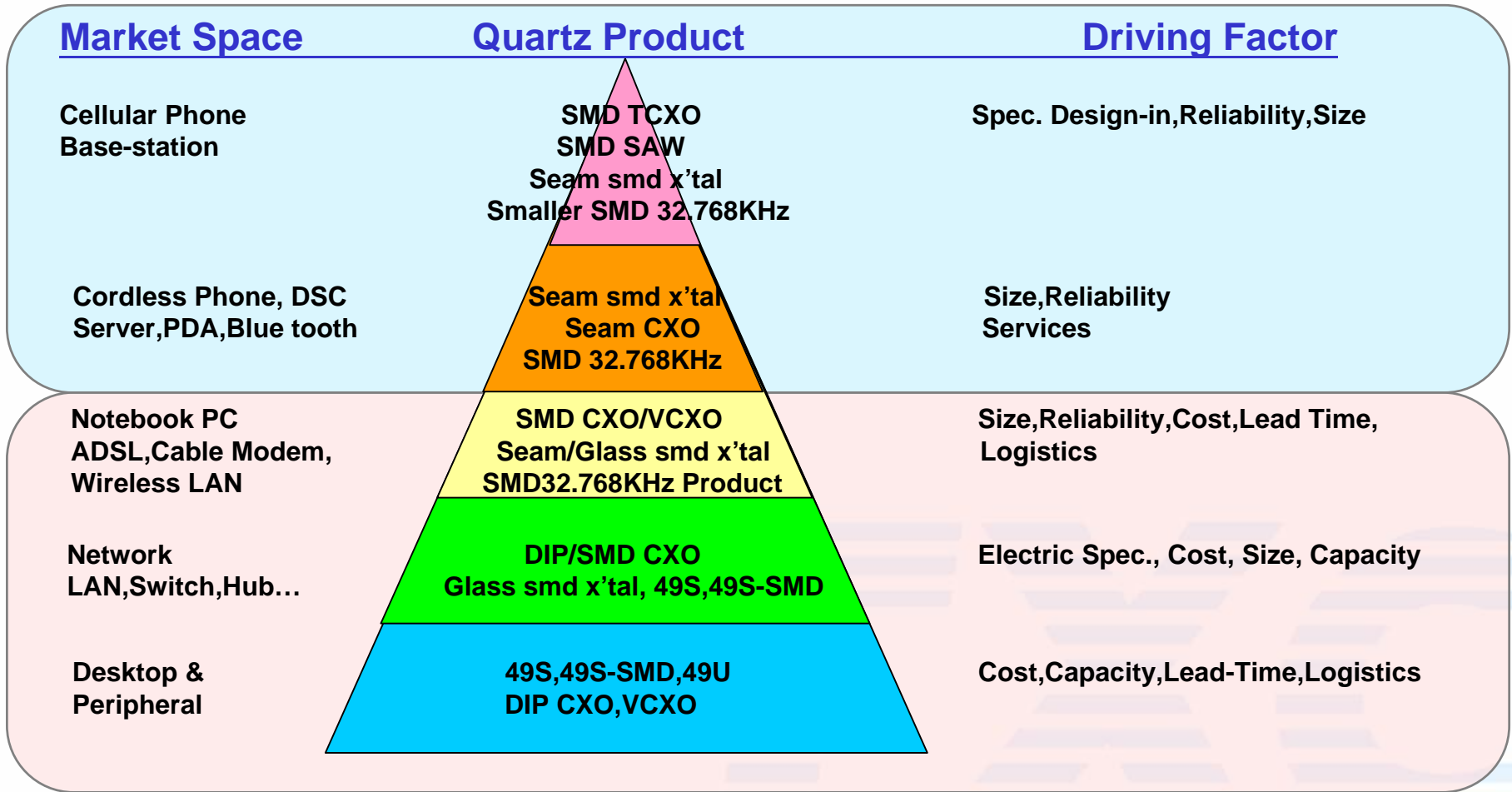
Frequency Translator (25.5\*20)

FX



Synchronous Timing Chips

Stratum 2/3/3E/4



# TXC Key Customers



<b>PC Board</b>	<b>Asus, Gigabite, MicroStar, Foxconn, USI, ECS, FIC, Shuttle, Chaintech, ...</b>
<b>Notebook</b>	<b>Quanta, Compal, Acer, Inventec, Arima, Mitac, Asus, ECS, ...</b>
<b>Monitor</b>	<b>LG, Samsung, BenQ , Philips, Compal, ADI, ...</b>
<b>Peripheral Device</b>	<b>Logitech, HP, ...</b>
<b>Entertainment</b>	<b>Kaga, Microsoft (X-Box), SONY, ...</b>
<b>HDD</b>	<b>Seagate ...</b>
<b>Telecom</b>	<b>Quanta, BenQ, DBTEL, Compal, Arima, GVC, Inventec, ...</b>
<b>Cable Modem, ADSL, LAN, Network</b>	<b>D-Link, Accton, Abocom, Askey, GVC, Turbo, Delta, CIS, Mustek, Primax, CastleNet, C-One, CISCO...</b>
<b>Set-top Box</b>	<b>GIT, Motorola, Zinwell...</b>
<b>Wireless LAN</b>	<b>Lucent, TI, Gentek, GLOBAL, D-Link, Accton, ...</b>
<b>Chipset Suppliers</b>	<b>TI, CSR, Intersil, SiRF, VIA, SiS, ALi , nVidia, Intel, Broadcom...</b>

# Worldwide Shipment Volume Forecast By Year 2004

Data Resource: MIC

Application	Y 2002	Y 2003	Y 2004(F)	YoY (%)	Unit/per set
NoteBook	30,000	38,000	43,000	18.5	3~4 pcs
MatherBoard	105,655	109,917	118,051	7 %	2~3 pcs
WLAN	15,489	38,000	45,000	18 %	2 pcs
LAN Card	128,336	129,951	125,000	- 4 %	3 pcs
xDSL	19,497	26,352	30,000	14 %	3 ~4 pcs
Switch	151,454	174,000	189,053	9 %	2~ 3 pcs
SOHO Router	10,015	14,198	15,660	10 %	3 pcs
Cable Moderm	10,372	12,031	13,000	8 %	3 ~ 4 pcs
Analog Moderm	62,303	62,829	62,059	- 1 %	3 ~ 4 pcs
DSC	26,540	35,000	40,000	14 %	3 pcs
Mobil	415,000	510,000	570,000	11 %	3 ~ 4 pcs
Game	40,200	52,620	35,250	- 33 %	2 ~ 3 pcs
PDA	13,800	16,400	19,000	16 %	2 ~ 3 pcs
Setup Box	5,420	4,991	5,112	2 %	3 ~ 4 pcs
DVD+RW	44	714	1,915	173 %	2 ~ 3 pcs
CD-RW	63,353	85,952	88,048	2 %	2 ~ 3 pcs
DVD-ROM	39,028	49,047	57,073	16 %	2 ~ 3 pcs
CD-ROM	70,351	52,142	44,146	- 15 %	2 ~ 3 pcs
Combo	3,686	5,000	12,439	149 %	3 ~ 4 pcs
Automobile	50,000	60,000	66,000	10 %	6 ~ 8 pcs

# Capital Investment Plan in 2004

Unit:NT\$ Million

Product	Line	Amount\$	Date (F)	Capacity	Revenue/M (F)
<b>Seam X'tal 5032 / 3225 / 2025</b>	<b>2</b>	<b>160</b>	<b>2Q</b>	<b>1.6M</b>	<b>19.2</b>
<b>Seam X'tal 5032 / 3225 / 2025</b>	<b>1</b>	<b>60</b>	<b>4Q</b>	<b>0.8M</b>	<b>9.6</b>
<b>Glass X'tal 5032/3225</b>	<b>1</b>	<b>30</b>	<b>2Q</b>	<b>1M</b>	<b>8.0</b>
<b>Glass X'tal 5032/3225</b>	<b>1</b>	<b>50</b>	<b>3Q</b>	<b>1M</b>	<b>8.0</b>
<b>SMD TCXO 5032/3225</b>	<b>1</b>	<b>100</b>	<b>4Q</b>	<b>0.8M</b>	<b>20.0</b>
<b>SMD T/F</b>	<b>1</b>	<b>75</b>	<b>4Q</b>	<b>1M</b>	<b>12.0</b>
<b>Total</b>	<b>7</b>	<b>475</b>		<b>6.2M</b>	<b>76.8</b>





## *Future Motive Power*

- **Centrino is still hot continuously by 2004**
- **The telecom will shows strong demand cause of multi-functional handset by 2004**
- **Consumer Products still heat continuously**
- **Offering the high added-value products for optical industry by 2004**
- **We will across the automobile industry by 2005**



## *Automotive Industry and Demand of Quartz Products*

The demand of quartz crystal products in automobiles is continuously growing. Quartz products can be used for:

Engine control, Air bag, ABS braking system, Traction control  
AT Transmission, Safe distance monitor, Clock, audio  
Global Positioning System (GPS), Others, like tire pressure sensors  
etc...

1. In 1997, each vehicle used approximately 4.5 quartz products. In year 2002, it was approximately 6, and it forecast to exceed 7 by the year 2005.
2. There are 50 to 60 million vehicles are manufactured every year. The requirement for quartz products will increase from approximately 250 million in the year 1997 to approximately 420 million.

**TXC, a major frequency control components provider in the world, to achieve goal of being one of top 5 frequency control products supplier in the world, TXC must be able to provide quartz products for the automotive industry.**

*Thank You*

**For more information regarding TXC**  
**<http://www.txc.com.tw>**



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