

Wistron Corporation

Investor presentation





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Company Overview

Section 1





Company Overview

- ◆ The leading provider of Design, Manufacturing and After-sales Service support for ICT products
- ◆ Listed on the TSE in August 2003
- ◆ Acer shareholding – 15.0%¹
- ◆ Market Cap - NT\$62.0 billion (US\$1.9B)²

Key financials ³	2004	2005 ⁴	1-3Q'06
NT\$M			
Revenue	116,752	164,732	156,574
Gross Profit	6,487	10,581	10,481
<i>Gross Margin</i>	5.6%	6.4%	6.7%
Operating Profit	600	3,802	5,345
<i>Operating Margin</i>	0.5%	2.3%	3.4%
PBT	(985)	3,275	5,140
PAT	(824)	3,182	4,107

Note:

1 Inclusive of indirect holdings of Acer Investments as of Jan. 25, 2007

2 As of close of trading at September 30, 2006

3 Consolidated financials for 2004 and 2005. Unconsolidated financials for 1-3Q'06

4 2005 financials includes consolidation impact of Wistron NeWeb under ROC SFAS NO.7



Wistron leadership strategy

Pursue best performance, not biggest

Continue to enhance operation quality

Drive for more high-value business opportunities

wistron[®]

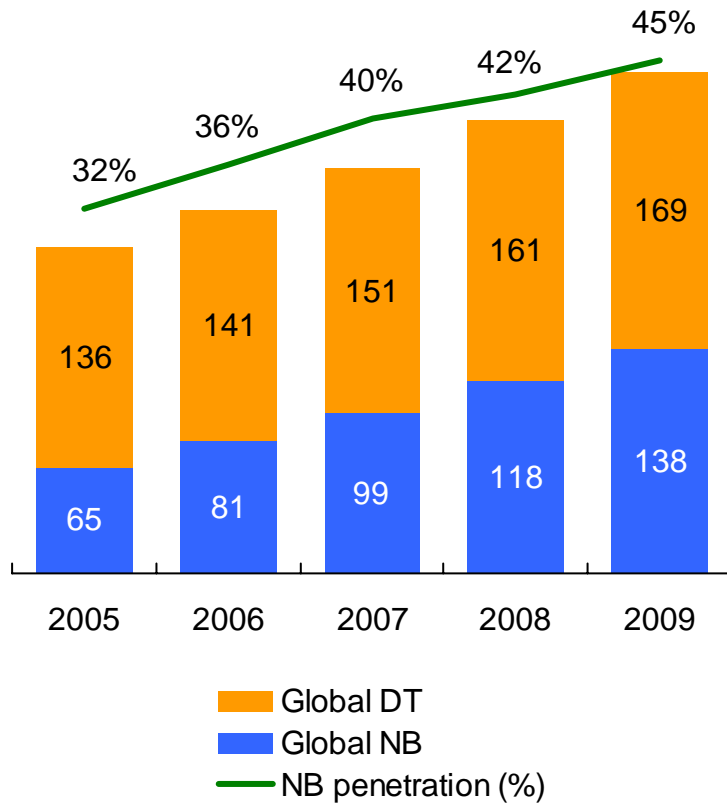


Key investment highlights

- 1** Steady industry growth outlook
- 2** Well-established foundation in notebooks
- 3** Growth strategy beyond notebooks
- 4** Well-diversified tier 1 customer base
- 5** Strong R&D and efficient manufacturing and services platform
- 6** Strong financial performance and superior balance sheet management

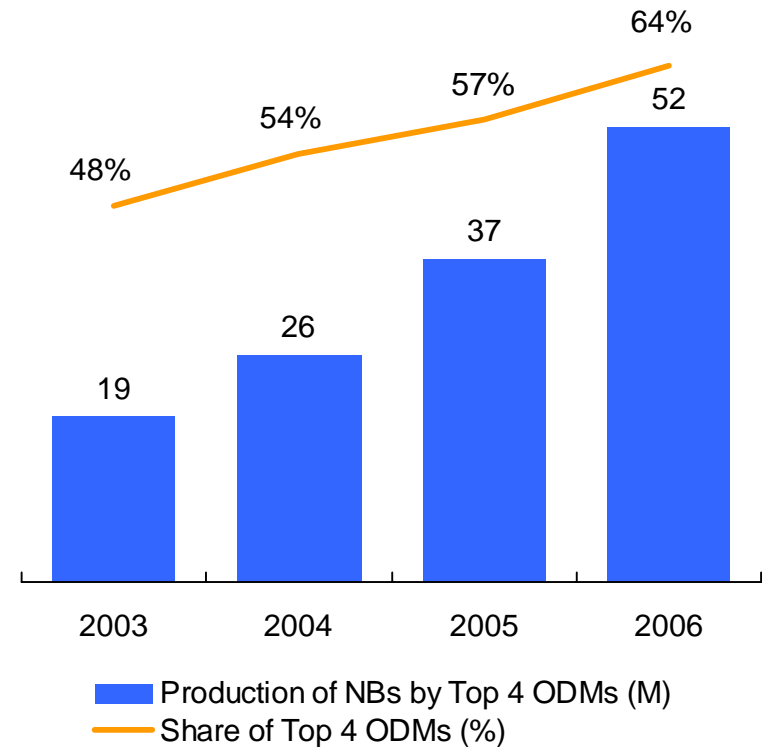
Strong growth outlook for the NB market

Notebooks - 20% 4 year CAGR



Source: IDC, Oct. 2006
 Note: Notebook includes ultra-portables

Strong growth outlook for Top ODMs



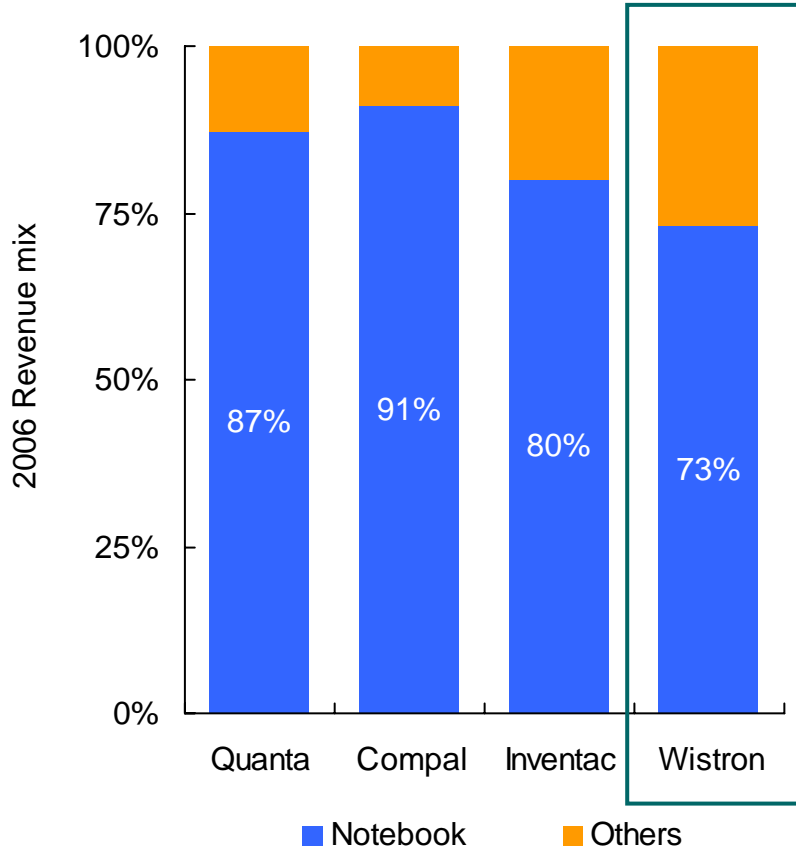
Source: Gartner

Diversified product mix leading to stable margins



More diversified revenue mix

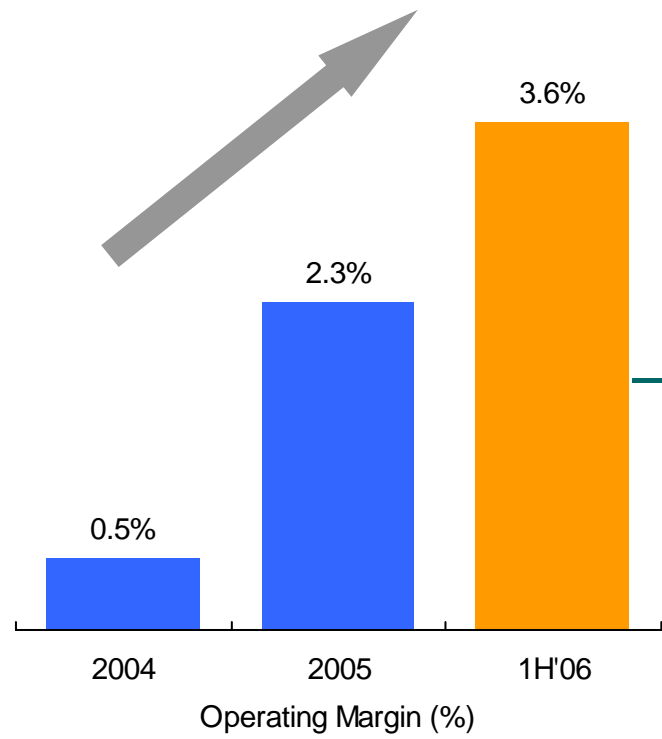
Better GM trend vs. peers'



Cost control and efficiency improvement strategy taking effect



Substantial gain in cost and opex efficiency



Source: Company consolidated financials

Manufacturing consolidation

1H'03

→

Current

Diversified product portfolio

- ◆ De-emphasis on low margin MBs and PDAs
- ◆ Mix with more high-margin innovative products

Increasing economies of scale

- ◆ Emergence as core supplier for top OEMs
- ◆ Tier 1 ODM procurement power due to scale and product focus

Improving production efficiency

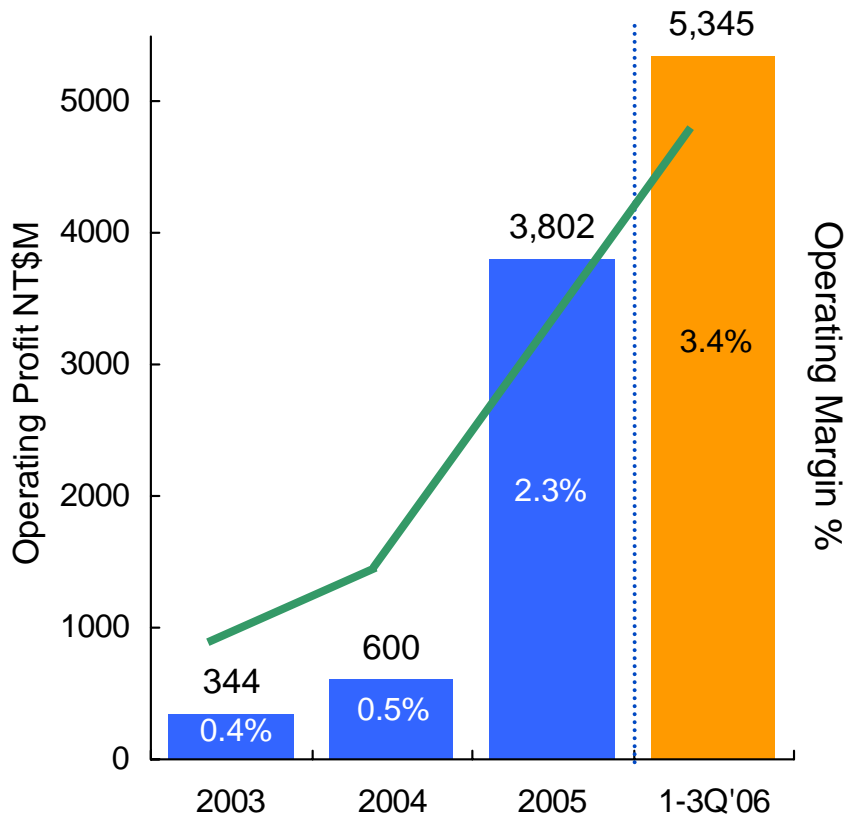
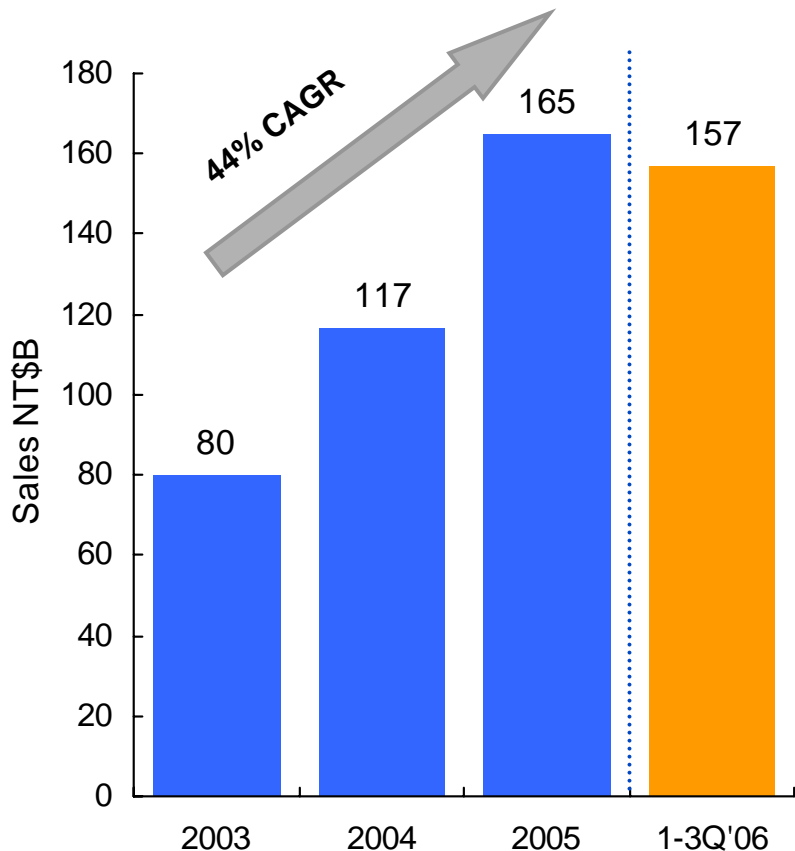
- ◆ Better Yield and SMT output/utilization



Track record of strong financial performance

Strong growth momentum in sales

Continuously improving profitability

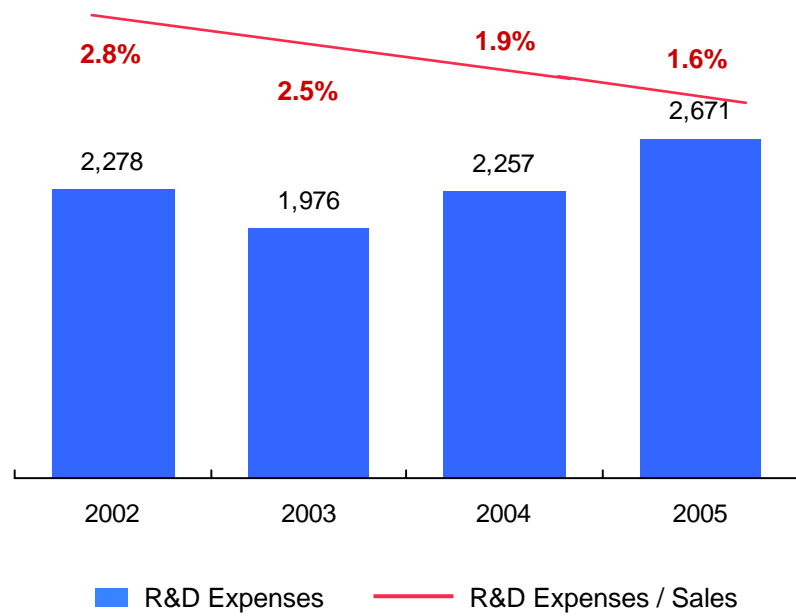


Source: 2003-05 consolidated financials
1-3Q'06 unconsolidated financials

Strong commitment to R&D

Sustained R&D spending with continual efficiency enhancements

Key R&D focus



- ◆ Designing and developing new products and technologies, value-added features and functions
- ◆ Improving enclosure design including appearance, texture and “fit and finish”
- ◆ Developing innovative, practical and high-quality manufacturing processes to improve efficiency and reduce costs
- ◆ R&D team Over 3,200*
- ◆ Locations Taipei, Shanghai Region

Source: Company consolidated financials

* R&D headcount including engineers

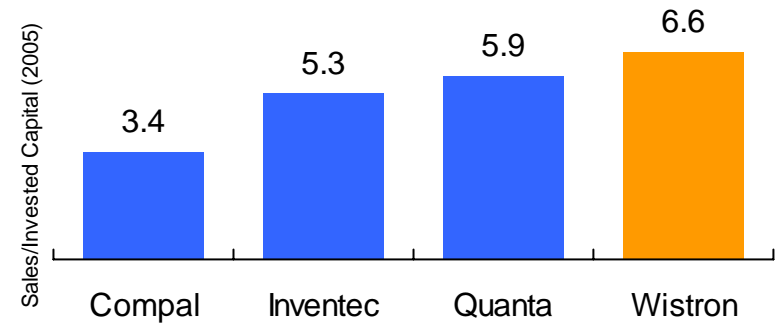


Superior balance sheet management

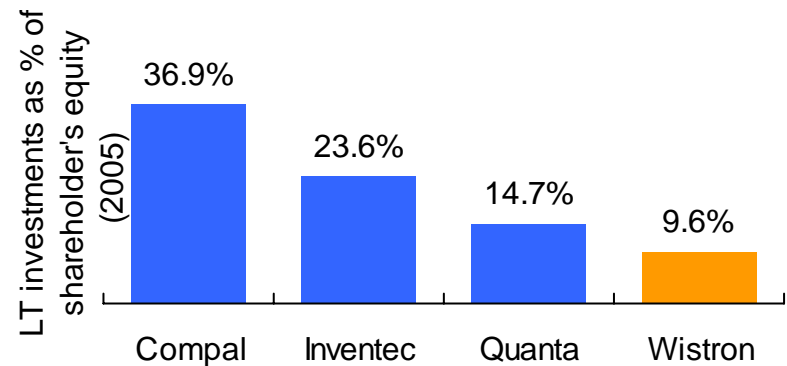
(NT\$M)	2004	2005	1H'06
Total assets	41,467	65,082	70,851
Total debt	6,486	3,892	6,464
Shareholders' equity	14,977	25,042	26,015
LT investments	2,653	2,409	2,398
D/E	43%	16%	25%
Net Debt / Equity	1%	-28%	-23%

Source: Company consolidated financials

More efficient utilisation of capital



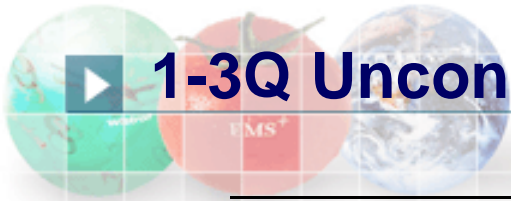
Higher focus on core business



Financial Summary

Section 2





1-3Q Unconsolidated Income Statements

NT\$ M	1-3Q 06		1-3Q 05		YoY
Net Revenue	156,574		99,149		57.92%
Realized gross profit	10,481	6.69%	5,637	5.69%	85.92%
Operating Expenses					
Selling	(2,537)	-1.62%	(1,613)	-1.63%	57.34%
Administrative	(542)	-0.35%	(391)	-0.39%	38.65%
Research and Development	(2,056)	-1.31%	(1,604)	-1.62%	28.20%
Total Operating Expenses	(5,136)	-3.28%	(3,608)	-3.64%	42.36%
Operating Income	5,345	3.41%	2,030	2.05%	163.34%
Non-operating Income/(Loss)					
Interest Expense, net	(476)		(186)		
Investment Income/(Loss)	248		(123)		
Disposal of Investment	80		155		
Exchange Gain/(Loss), net	(100)		(194)		
Other Income/(Expense)	43		124		
PBT	5,140		1,806		184.66%
Tax	(1,033) *		(0)		
PAT	4,107		1,806		127.43%
Outstanding Shares (M)	1,272		1,149		

* Including one-off estimated adjustment of prior years' income tax expense of NT\$357.8 million

▶ 2006 Q3 vs. 2006 Q2 & 2005 Q3 (Unconsolidated)

NT\$ M	Q3'06		Q2'06		QoQ	Q3'05		YoY
Net Revenue	58,235		47,915		21.54%	41,600		39.99%
Realized gross profit	3,475	5.97%	3,851	8.04%	-9.76%	2,392	5.75%	45.26%
Operating Expenses								
Selling	(810)	-1.39%	(843)	-1.76%	-3.92%	(639)	-1.54%	26.79%
Administrative	(228)	-0.39%	(183)	-0.38%	24.19%	(139)	-0.33%	63.77%
Research and Development	(709)	-1.22%	(704)	-1.47%	0.79%	(581)	-1.40%	22.11%
Total Operating Expenses	(1,747)	-3.00%	(1,730)	-3.61%	0.97%	(1,359)	-3.27%	28.57%
Operating Income	1,727	2.97%	2,120	4.42%	-18.53%	1,033	2.48%	67.21%
Non-operating Income/(Loss)								
Interest Expense, net	(170)		(154)			(99)		
Investment Income/(Loss)	308		(118)			(84)		
Disposal of Investment	22		34			144		
Exchange Gain/(Loss), net	15		(111)			(81)		
Other Income/(Expense)	35		21			24		
PBT	1,937		1,793		8.05%	937		106.70%
Tax	(648) *		(258)			0		
PAT	1,289		1,535		-16.04%	937		37.53%
Outstanding Shares (M)	1,272		1,196			1,149		

Consolidated Income Statements

NT\$ M	2003		2004		2005		1H'06	
Net Revenue	80,058		116,752		164,732		98,807	
Realized gross profit	5,096	6.37%	6,488	5.56%	10,581	6.42%	7,194	7.28%
Operating Expenses								
Selling	(1,887)	-2.36%	(2,573)	-2.20%	(3,120)	-1.89%	(1,801)	-1.82%
Administrative	(889)	-1.11%	(1,058)	-0.91%	(988)	-0.60%	(478)	-0.48%
Research and Development	(1,976)	-2.47%	(2,257)	-1.93%	(2,671)	-1.62%	(1,371)	-1.39%
Total Operating Expenses	(4,752)	-5.94%	(5,888)	-5.04%	(6,779)	-4.12%	(3,650)	-3.69%
Operating Income	344	0.43%	600	0.51%	3,802	2.31%	3,544	3.59%
Non-operating Income/(Loss)								
Interest Expense, net	(105)		(181)		(526)		(447)	
Investment Income/(Loss)	411		(444)		(288)		62	
Disposal of Investment	540		(26)		392		31	
Exchange Gain/(Loss), net	(121)		(12)		(199)		32	
Other Income/(Expense)	427		(921)		94		(34)	
PBT	1,496		(985)		3,275		3,187	
Tax	23		14		(39)		(395)	
Minority Interest	86		140		(54)		27	
PAT	1,606		(823)		3,182		2,819	
Outstanding Shares (M)	8,709		9,493		1,178		1,272	

▶ Unconsolidated Balance Sheets

NT\$M	2006/9/30		2006/6/30		2005/9/30	
Cash & ST Investments	15,389	25%	11,080	21%	11,188	25%
A/R	24,658	41%	21,408	41%	14,823	34%
Inventory	4,222	7%	3,999	8%	4,249	10%
Other current Assets	3,942	6%	4,012	8%	2,420	5%
Total Current Assets	48,211	79%	40,498	77%	32,680	74%
LT equity investments	8,218	14%	7,771	15%	7,198	16%
Property, plant and equipment	2,904	5%	2,834	5%	2,724	6%
Other assets	1,341	2%	1,405	3%	1,456	3%
Total Assets	60,675	100%	52,508	100%	44,058	100%
ST Borrowing	-	0%	-	0%	-	0%
ECB	-	0%	-	0%	1,278	3%
A/P	27,978	46%	20,228	39%	18,386	42%
Other current liabilities	5,283	9%	6,263	12%	1,608	4%
Total Current Liabilities	33,261	55%	26,490	50%	21,272	48%
LT & Other liabilities	3	0%	3	0%	10	0%
Total Liabilities	33,264	55%	26,493	50%	21,283	48%
Shareholders' Equity	27,411	45%	26,015	50%	22,775	52%

Consolidated Balance Sheets

NT\$M	2006/6/30		2005/12/31		2005/6/30	
Cash & ST Investments	12,328	17%	10,845	17%	4,490	9%
A/R	19,475	27%	15,079	23%	12,603	26%
Inventory	16,766	24%	18,471	28%	13,421	28%
Other current Assets	5,516	8%	4,184	6%	2,449	5%
Total Current Assets	54,086	76%	48,579	75%	32,963	69%
LT equity investments	2,398	3%	2,409	4%	2,374	5%
Property, plant and equipment	11,677	16%	11,436	18%	9,971	21%
Other assets	2,689	4%	2,658	4%	2,309	5%
Total Assets	70,851	100%	65,082	100%	47,617	100%
ST Borrowing	6,064	9%	3,098	5%	5,428	11%
ECB	-	0%	494	1%	2,023	4%
A/P	31,130	44%	31,454	48%	20,427	43%
Other current liabilities	7,068	10%	4,429	7%	3,264	7%
Total Current Liabilities	44,262	62%	39,474	61%	31,142	65%
LT & Other liabilities	446	1%	401	1%	380	1%
Total Liabilities	44,708	63%	39,876	61%	31,521	66%
Shareholders' Equity	26,015	37%	25,042	38%	15,967	34%
Minority Interest	128		164		129	



Cash Flows

NT\$M	Consolidated		Unconsolidated	
	2005	1H'06	2005	1-3Q'06
Cash* (Beginning of period)	6,335	10,845	4,943	8,653
Cash flow from Operation				
Net income	3,182	2,819	3,182	4,108
Depreciation & amortization	1,705	1,044	627	550
(Income)/loss from equity method	288	(62)	114	(248)
Others	(1,157)	(3,544)	(2,204)	7,897
Cash provided by operating activities	4,018	258	1,718	8,200
Cash flow from Investment				
Capex	(4,410)	(2,259)	(1,830)	(641)
Others	686	737	171	1,405
Cash provided by investing activities	(3,724)	(1,522)	(1,659)	764
Cash flow from Finance				
Increase (decrease) in ST borrowings & debt	490	3,066	-	-
Issuance of common stock	4,874	14	4,874	14
Increase (decrease) in convertible bonds payable	(1,467)	-	(1,467)	-
Payment on cash dividends	-	-	-	(1,880)
Payment on directors' and supervisors' remuneration	-	-	-	(29)
Others	319	(333)	243	(335)
Cash provided by financing activities	4,217	2,747	3,651	(2,229)
Cash (End of period)	10,845	12,328	8,653	15,389

* Cash = Cash + Cash equivalent + ST financial instruments



Historical Earning Distribution

- Dividend

	2002	2003	2004	2005
Stock	0.5	0.5	-	0.5
Cash	0.5	0.5	-	1.5
Diluted EPS	2.70	1.68	(0.89)	3.02
Payout Ratio	37%	60%	-	66%

- Employee Bonus Dilution

	2002	2003	2004	2005
PBT (NT\$M)	1,662	1,568	(834)	3,212
Cash Bonus (NT\$M)	-	-	-	114
Stock Bonus (000' Shares)	15,340	14,450	-	17,148
Average share price of previous December	-	27.2	14.1	41.9
Employee Bonus / PBT		25.0%	0.0%	25.9%