



# Proposed Acquisition of NSEB

April 21, 2006

***“Strengthening UTAC’s Industry Leadership  
& Core Businesses ...”***



# Acquisition of NSEB



**Enhance assembly business by:**

1. extending UTAC's packaging portfolio
2. providing an alternate low-cost manufacturing base
3. enhancing purchasing power with suppliers through consolidated purchasing



**Strong customer fit – minimal overlap for cross-selling opportunities over a comprehensive range of products and services**



**Economies of scale – take advantage of shared resources in research and development, marketing and other corporate functions.**



**Addition of a strong and profitable franchise which would enhance ROE.**



**Attractive valuation – values NSEB at 4.2x EV/EBITDA FY2005. Based on proforma effect of the acquisition, the transaction would have been EPS accretive\* for UTAC in FY2005.**

*\* Based on EPS computation that excludes the under-provision of income tax expenses in prior years.*

# Transaction Summary

## Consideration

US\$175 million for 100% NSEB shares, subject to downward adjustment if there is any shortfall in the consolidated NAV of NSEB at 31 Mar '06 since 31 Dec '05 exceeding 5% of NAV as at 31 Dec '05.

## Structure

UTAC shall acquire 68.45% NSEB shares from UBS Capital B.V. ("UBS Capital"). Completion conditional upon UTAC acquiring at least another 16.55% NSEB shares from remaining shareholders. Upon completion, NSEB will become a subsidiary of UTAC.

## Financial Highlights

NSEB generated EBITDA of approximately US\$43.1 million, profit before tax of approximately US\$15.4 million and net profit before under-provision of income tax expenses for prior years of approximately US\$11.9 million in FY2005.

## Proforma Financials

Proforma enlarged UTAC would have generated revenue and EBITDA of approximately US\$456.6 million and US\$183.2 million in FY2005 respectively, and enhanced its ROE.

## Leadership

NSEB's current team will remain. Udom Udompanyavit, CEO of NSEB, will be a member of UTAC's senior management team reporting to UTAC's Group CEO, JC Lee.

## Funding

Internal resources and bank borrowing

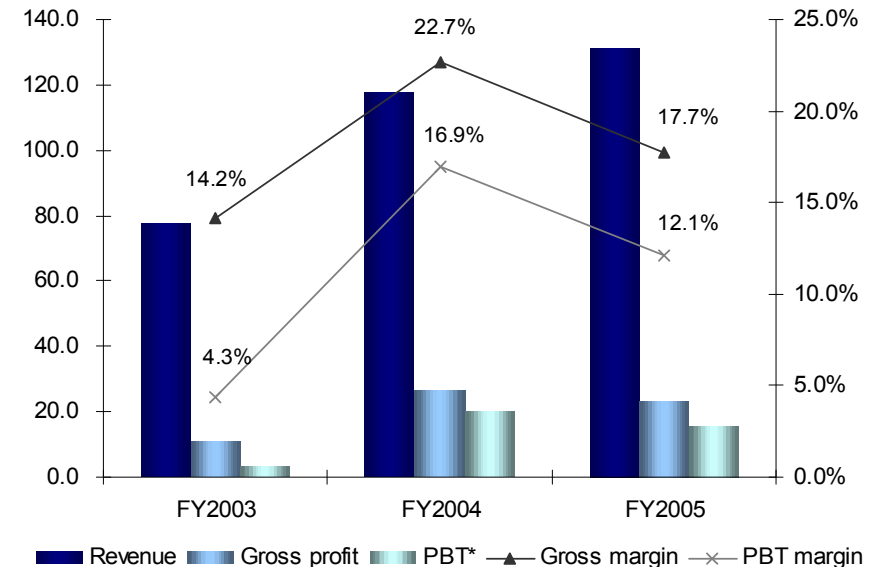
## Timeline

Target closing expected by June 2006

# Overview of NSEB

## Key Facts

- Headquartered in Bangkok, Thailand
- Originally established as a subsidiary of National Semiconductor in 1973
- Re-established as an independent SATS provider in 1993
- In 2000, UBS Capital invested in NSEB and became the majority shareholder
- Diversified products and end-industries served
- Revenue - 81% assembly, 19% test
- Highly experienced management - top managers average 25 years of experience in semiconductor



*Note:*

- Financial numbers were prepared in accordance with Thai GAAP.
- Exchange rates used for FY2003, FY2004 and FY2005 are Baht 42.25, Baht 39.50 and Baht 40.27 to US\$1 respectively.
- PBT (profit before tax) excludes unrealised loss / gain on foreign exchange rates.

# Location of NSEB



Existing Airport (Don Muang Bangkok International Airport)

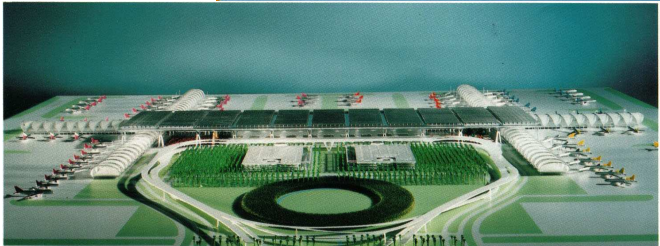


NSE-1 (Lasalle) Operational since March 1973



New Airport (expected 2006) (Suvarnabhumi International Airport)

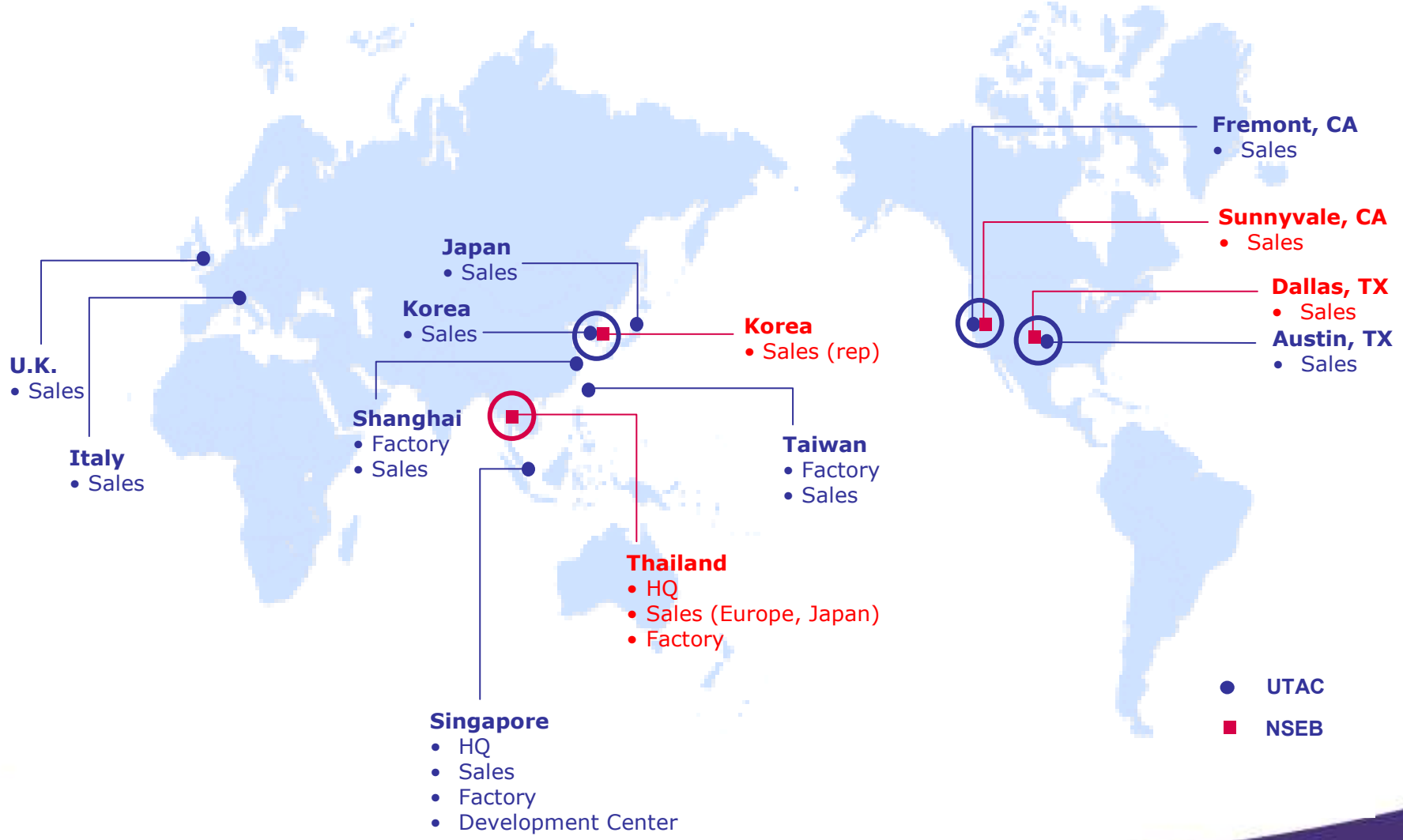
NSE-2 (Wellgrow) Operational since April 2004





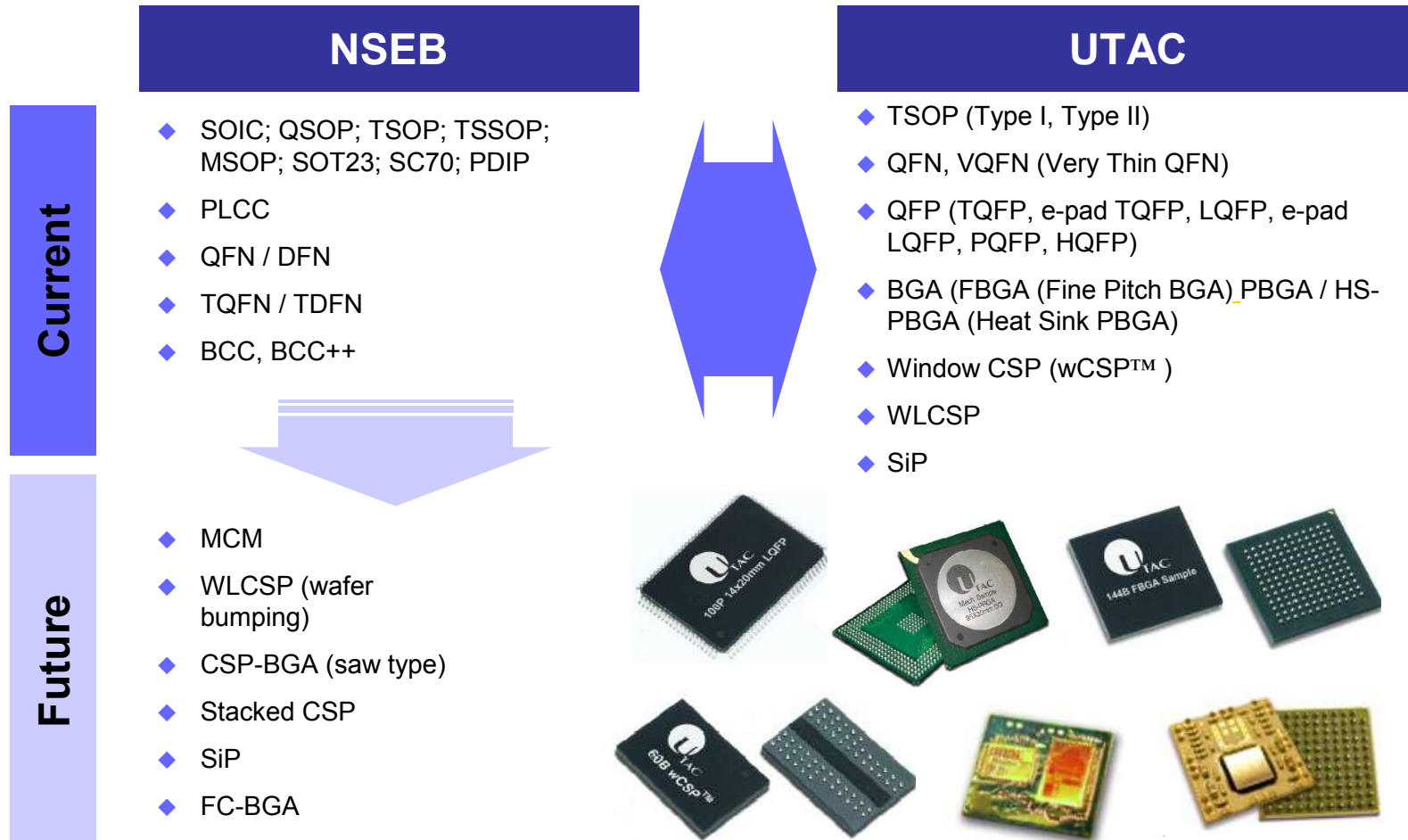
# A Strategic Low-cost Packaging Location in Thailand

No overlap in manufacturing locations. Sales office locations to be consolidated.



# Enhancing Competitiveness of UTAC's Assembly

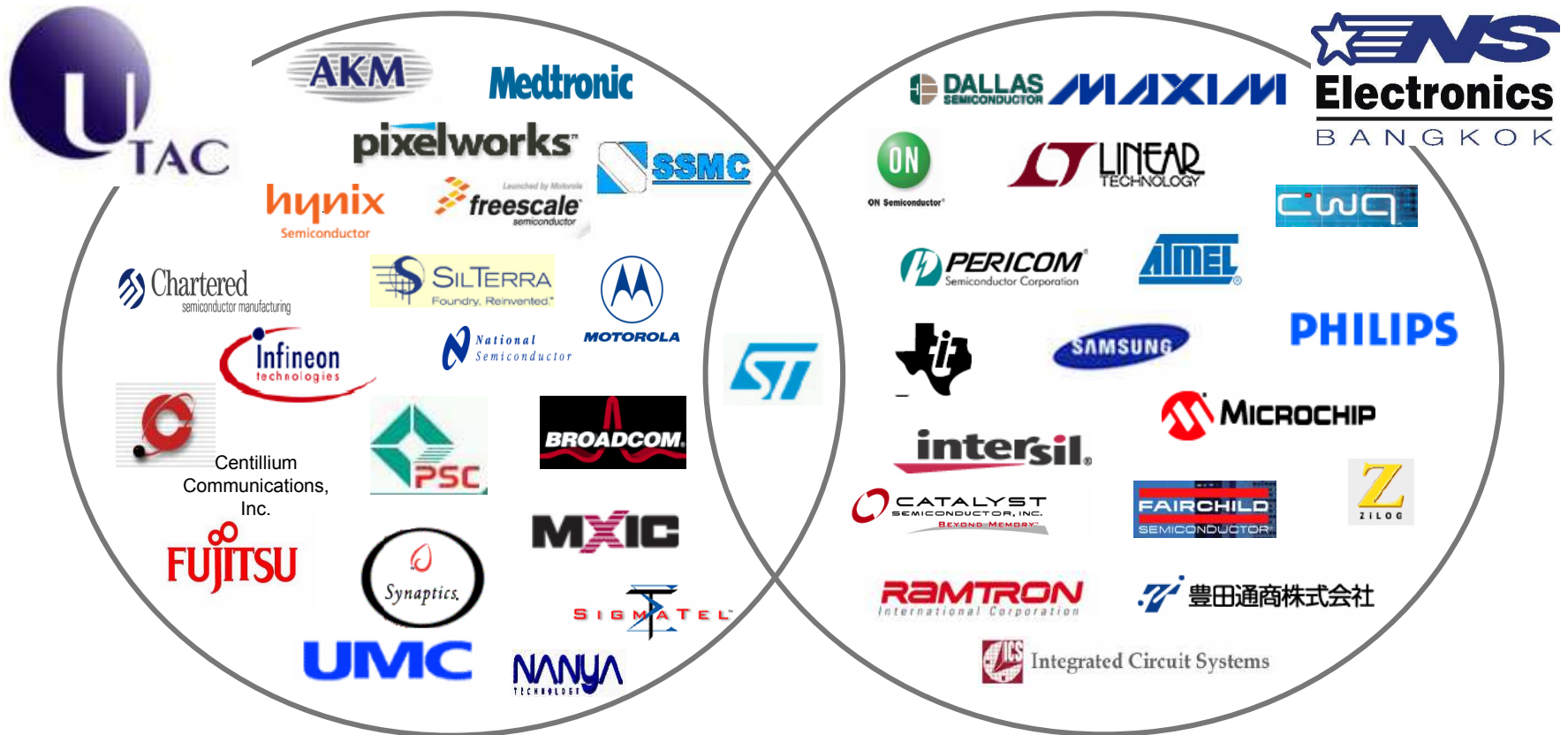
Expands UTAC's packaging portfolio



# Strong Customer Fit

Only one overlapping customer

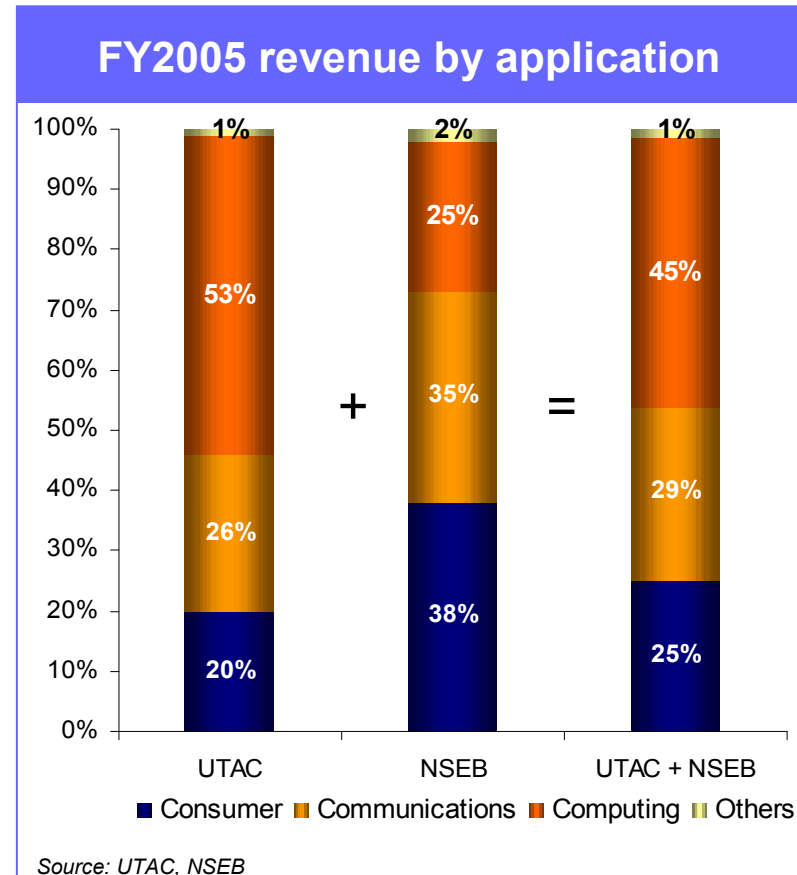
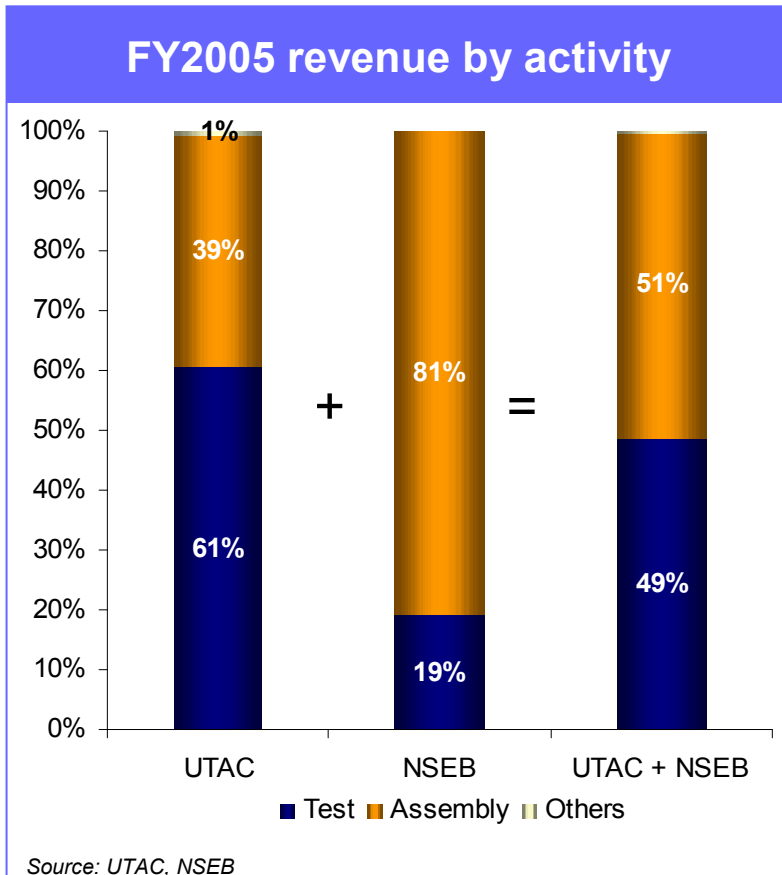
Diversifies customer base and reduces customer concentration





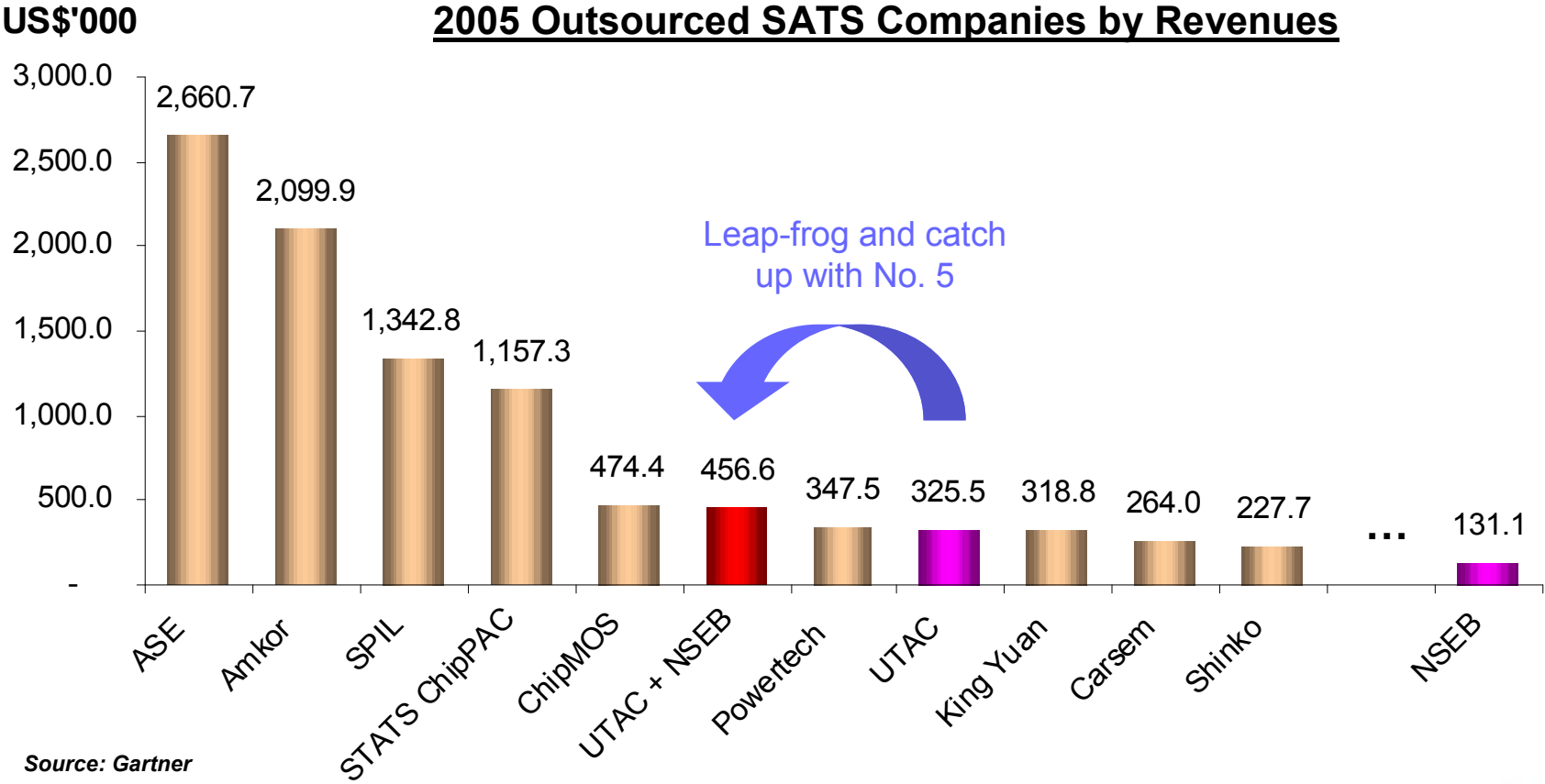
# Diversifying Sector Concentration

A more balanced portfolio



# Economies of Scale

Enlarged UTAC will catch-up with the 5<sup>th</sup>-ranked SATS player







Source: Gartner  
(February 2006)



# Consolidation of resources and capabilities

Increased operational flexibility

Resources / Capabilities				
Wire Bonders	319	489	808	
Testers	353	327	680	
Employees (approximately)	3,300	4,000	7,300	
Manufacturing area	1.2m sq.ft.	0.3m sq.ft.	1.5m sq.ft.	
Manufacturing facilities	Singapore Shanghai Taiwan	Thailand	Singapore Thailand Taiwan Shanghai	

# Significant Synergies

Little overlap. The combined entity will leverage on each other's strengths

## Portfolio Synergies

- Combination of strong product and customer portfolios

## Cost Synergies

- Access to lower cost structure for assembly business
- Cost reduction potential due to greater purchasing power arising from economies of scale
- Consolidation of R&D, marketing and other corporate functions




## Optimization of Capex

- UTAC can leverage on NSEB's assembly capabilities / capacities
- NSEB can leverage on UTAC's test capabilities / capacities

## Financial Synergies

- NSEB increases financial flexibility due to the healthy balance sheet of the enlarged UTAC group

# FY2005 Income Statement

			
<b>(US\$'000)</b>	<b><u>Audited</u></b>	<b><u>Audited</u></b>	<b><u>Proforma</u></b>
<b>Sales</b>	<b>325,497</b>	<b>131,094</b>	<b>456,591</b>
<b>Gross Profit</b>	<b>79,200</b>	<b>23,252</b>	<b>102,452</b>
<i>Margin %</i>	<i>24.3%</i>	<i>17.7%</i>	<i>22.4%</i>
<b>EBITDA</b>	<b>140,081</b>	<b>43,071</b>	<b>183,152</b>
<i>Margin %</i>	<i>43.0%</i>	<i>32.9%</i>	<i>40.1%</i>
<b>Net Profit</b>	<b>41,756</b>	<b>11,861*</b>	<b>45,637**</b>
<i>Margin %</i>	<i>12.8%</i>	<i>9.0%</i>	<i>10.0%</i>
<b>EPS (US cents)</b>	<b>3.06</b>	<b>-</b>	<b>3.35</b>

Note: No adjustments for purchase price allocation or GAAP differences.

EPS is computed based on the Company's weighted average number of ordinary shares in issue in FY2005 of 1,362,422,767.





NSEB's statement of income for FY2005 was translated at the average exchange rate of FY05 of Baht 40.27 : US\$1.

\* Net profit for NSEB excludes tax provision for prior years of Baht 233,733,356.

\*\* Proforma net profit of the enlarged group includes an after-tax interest expense of US\$8.0 million arising from 100% financing of US\$175 million purchase consideration at UTAC's long term loan interest rate of 5.7% p.a.



# FY2005 Balance Sheet

			 
<u>(US\$'000)</u>	<u>Audited</u>	<u>Audited</u>	<u>Proforma</u>
Cash	83,083	6,490	89,573
Property, Plant and Equipment	450,134	104,600	554,734
Intangible Assets	63,220	-	145,823 *
<b>Total Assets</b>	<b>743,882</b>	<b>159,800</b>	<b>986,285</b>
<b>Total Debt</b>	<b>86,068</b>	<b>10,461</b>	<b>271,529 **</b>
<b>Total Liabilities</b>	<b>214,014</b>	<b>67,403</b>	<b>456,417</b>
<b>Shareholders' Equity</b>	<b>529,868</b>	<b>92,397</b>	<b>529,868</b>
<b>Net Debt</b>	<b>2,985</b>	<b>3,971</b>	<b>181,956</b>
<b>Gross Gearing</b>	<b>16.2%</b>	<b>11.3%</b>	<b>51.2%</b>
<b>Net Gearing</b>	<b>0.6%</b>	<b>4.3%</b>	<b>34.3%</b>

Note: No adjustment for purchase price allocation and GAAP differences.

UTAC's cash includes financial assets at fair value.

NSEB's balance sheet for FY2005 is translated at end-FY05 exchange rate of Baht 41.03 : US\$1.

\* Includes proforma goodwill of approximately US\$82.6 million arising from consolidation without making any adjustments for purchase price allocation or differences in accounting standards, principles and practices.

\*\* Includes US\$175m bank borrowing to fund the acquisition of NSEB.

# Indicative Timetable

Date	Key Event
April 20	<ul style="list-style-type: none"><li>• Sign definitive agreement with UBS Capital</li></ul>
From April 20	<ul style="list-style-type: none"><li>• Extend offer to other shareholders</li><li>• Fulfillment of conditions precedent</li><li>• Sign definitive agreements with other shareholders</li></ul>
June	<ul style="list-style-type: none"><li>• Closing</li></ul>

# Q&A