



# Tatung Company

(2371TT)

Integrity, Honesty, Industry, Frugality

2008.10.08



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## Safe Harbor Statement

The statements included in this presentation that are not historical in nature are forward-looking statements. These forward-looking statements which may include statements regarding Tatung group future results of operations, financial condition, and investment plan are subject to significant risks and uncertainties and are based on Tatung group current expectations.

Actual results may differ materially from those expressed or implied in these forward-looking statements for a variety of reasons, including, among other things: the cyclical fluctuation and our gross margin affected by downward price pressures; our dependence on growth in the demand for our products; dependence on access to raw materials and components; general economic and political conditions; possible disruptions in commercial activities caused by natural and human-induced disasters; and fluctuations in foreign currency exchange.

Additional information as to these and other factors that may cause actual results to differ materially from Tatung group forward-looking statements can be found in Tatung annual report on Market Observe Post System in TSEC website. Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.





# 2008 H1 Performance

| Unit: NT\$ Thousands            | 2007 H1    | 2008 H1    | Growth % |
|---------------------------------|------------|------------|----------|
| Sales Revenue                   | 19,447,045 | 19,082,060 | -1.88%   |
| Gross Profit                    | 1,081,333  | 1,491,111  | 37.90%   |
| Operating Profit (Loss)         | -884,976   | -494,457   | -44.13%  |
| Investment Income (Loss)        | 236,638    | 2,448,000  | -8.16%   |
| Divestment Income (Loss)        | 2,939,376  | 1,407      | -99.72%  |
| Net Interest and Other Expenses | -453,956   | -268,930   | -40.76%  |
| Total Net Non-operating Income  | 2,722,058  | 2,180,477  | -19.90%  |
| Net Income (Loss)               | 1,825,960  | 1,644,942  | -9.91%   |
| Simple Earnings per Share       | 0.42       | 0.37       | -11.90%  |

Note: Green Energy Technology divestment income in 2007 H1 was NT\$2,480,690K, which was recognized through SCSC investment income. Thus, numbers shown here are different from the financial statements.



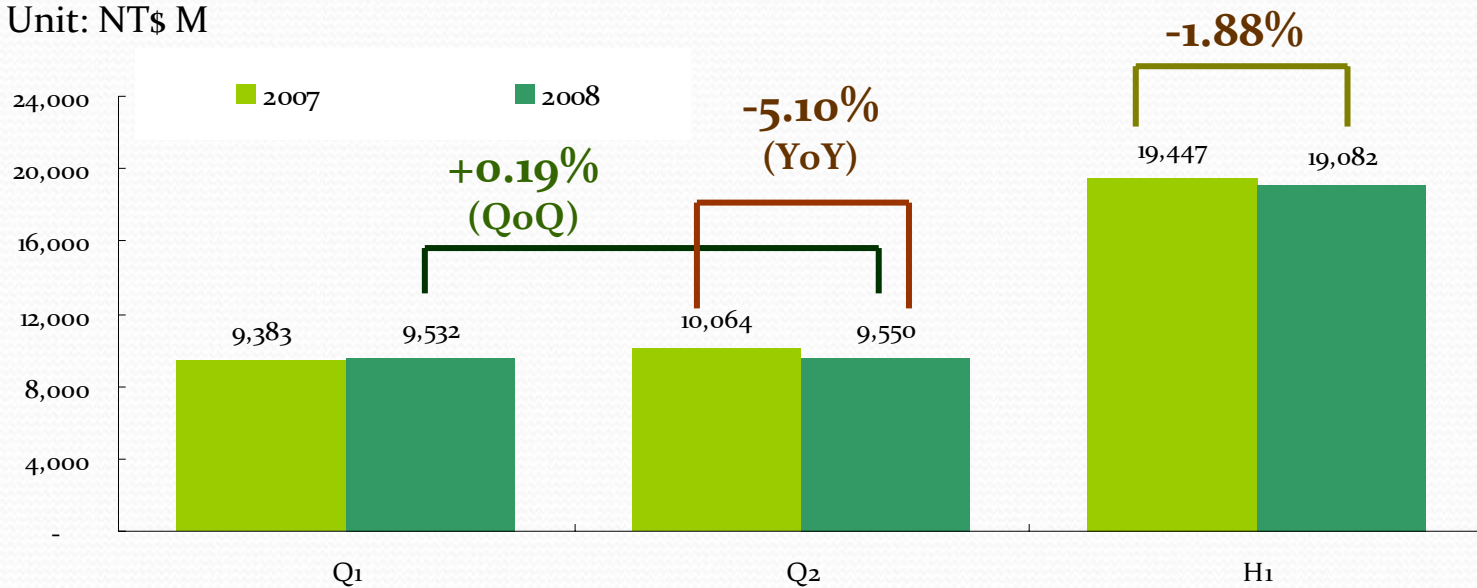
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# Quarterly Revenue

Unit: NT\$ M

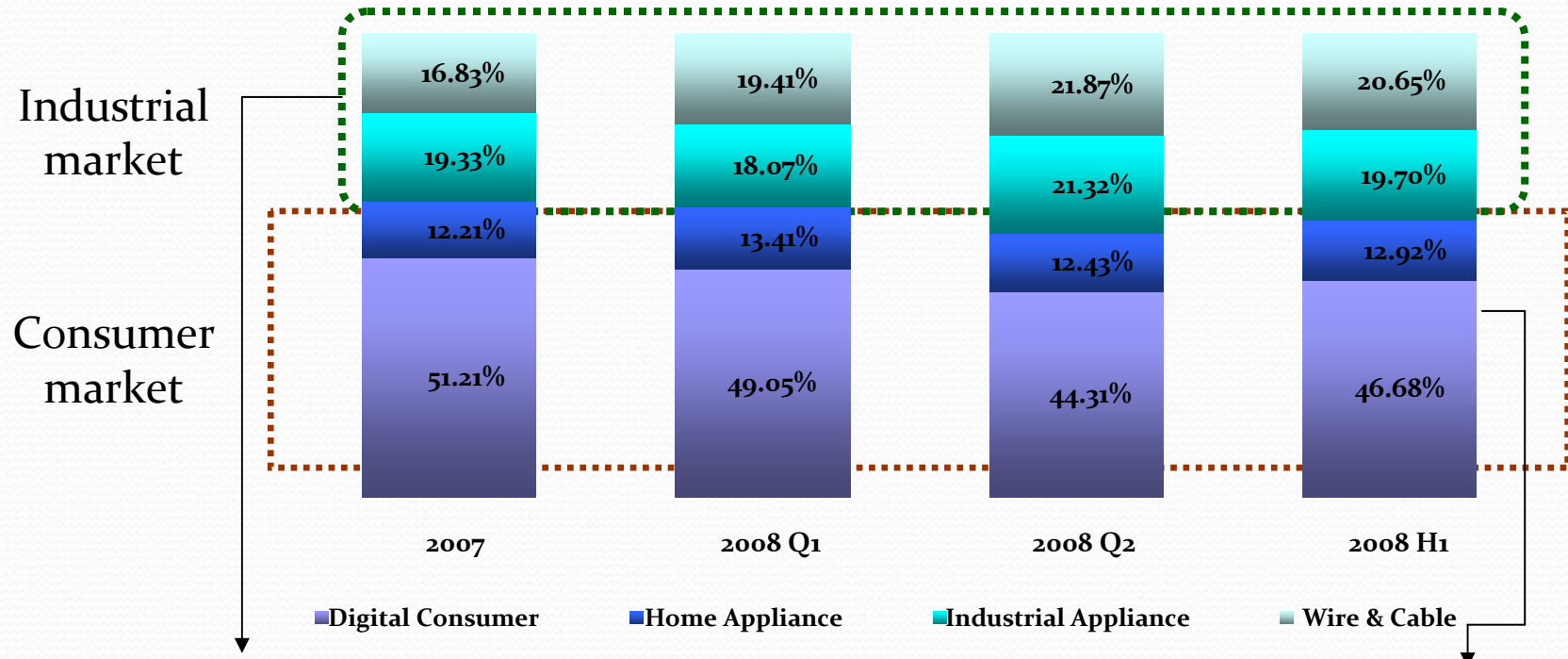


The revenue reduction was mainly on Digital Consumer because losing projects were terminated. New projects will start ramping after September.





# 2008 Revenue Breakdown



- Revenue and profit growth for industrial appliances
- Business expansion overseas

- Cost down and short-term business scale down for digital consumer
- Product line adjustment and production ramping after production transfer to Vietnam for home appliance

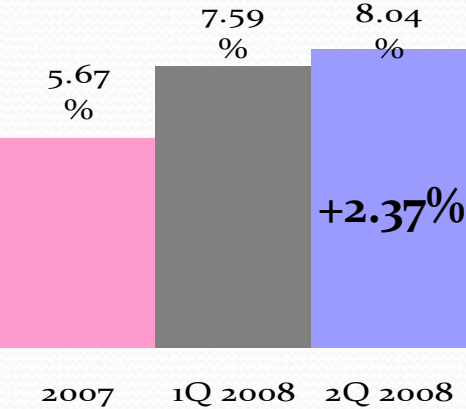


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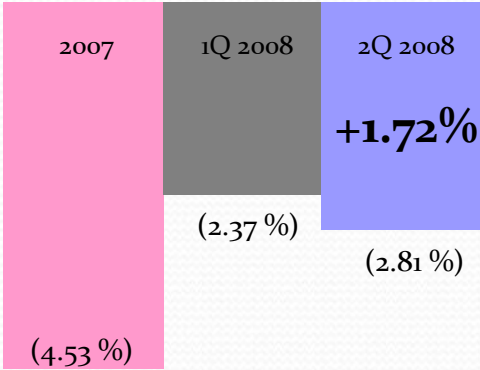


# 2008 H1 Margin Improvements

Gross Margin Rate (%)



Operating Margin Rate (%)



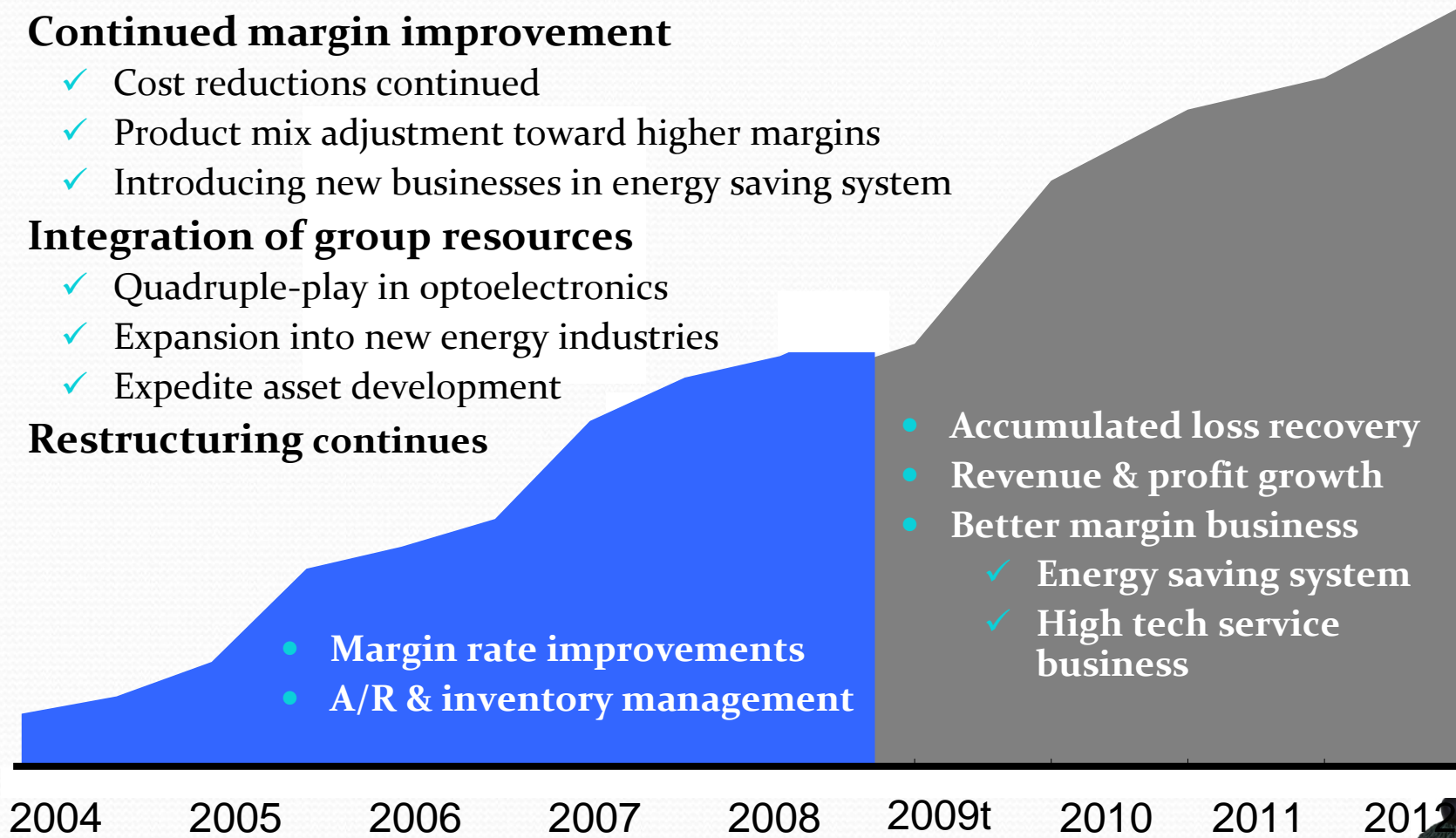
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# Direction and Strategy Continued

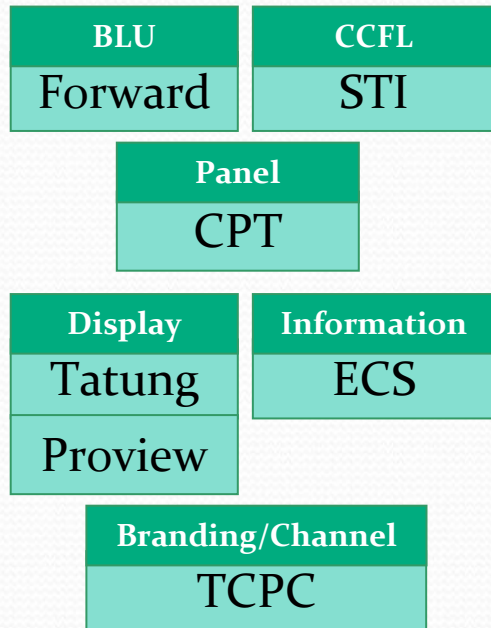
- **Continued margin improvement**
  - ✓ Cost reductions continued
  - ✓ Product mix adjustment toward higher margins
  - ✓ Introducing new businesses in energy saving system
- **Integration of group resources**
  - ✓ Quadruple-play in optoelectronics
  - ✓ Expansion into new energy industries
  - ✓ Expedite asset development
- **Restructuring continues**
  - Margin rate improvements
  - A/R & inventory management
- Accumulated loss recovery
- Revenue & profit growth
- Better margin business
  - ✓ Energy saving system
  - ✓ High tech service business





# Group Overview

## Optoelectronics



## New Energy



## Asset Development



JV

Owned  
by Tatung

< 10%

> 90%



Long-term Investments NT\$ 63.4 B

Dated: 2008.06.30





# Expansion into Potential Industries

## Solar Energy

- Polysilicon
  - ✓ Efficiency improved by 35% in 2008
  - ✓ Secure LT materials for US\$2.5B and customer orders for US\$990M through 2016
- Thin film
  - ✓ MP in December 2008, (30 MW by 2009.02, and 50MW by 2009.12)
  - ✓ Won annual orders of US\$ 58.77M in Germany and Spain in 2009

## New Energy

|              |                |
|--------------|----------------|
| Solar Energy | Energy Saving  |
| Solar Wafer  | Sapphire Wafer |
| GET          | SCSC           |
| Thin Film    | LED Epi        |
| GET          | FOREPI         |
| Solar Module | LED Package    |
| Apollo       | Forward        |
|              | LED Module     |
|              | Laster         |

## LED Vertical Integration

- ✓ Ramping sapphire wafer by SCSC
- ✓ Investment into LED Epi in FOREPI
- ✓ Ramp LED packaging and investment into LED lighting modules

Energy System

Tatung



Energy Saving: Leveraging & integrating existing resources for new applications

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*The Brand Which Best Represents Taiwan*  
(China Times Survey, Sept. 10, 2007)

*Thank you*



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