

High Tech Computer Corp.

4th Q Business Review

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PRESENTATION OUTLINE

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MOST CONCERNED QUESTIONS

- **Industry growth rate**
- **Competition landscape**
- **Margin trend**
- **HTC core competence**

06 BUSINESS REVIEW

- **HTC's business performance is good in Y06. Total revenues up by 45.86% and NPAT up by 114.28% YoY.**
- **Expand market reach successfully – build solid business with global operators and distributors and break into the Japan market. Business momentum in the US was strong.**
- **Built up management depth.**
- **Strengthen partnership with customers.**



07 BUSINESS INITIATIVES

- **Solid 07 product roadmap.**
- **Create new customer relationship.**
- **Penetrate new markets into Latin America, MEA and India etc.**
- **Improve cost structure.**
- **Enhance operational execution performance.**
- **Exercise best practice in corporate governance.**

4th Q, 06 OPERATIONAL RESULT

- Oct. and Nov. revenues came as expected. Dec. revenues felt short of target due primarily to low ODM business visibility.
- NAPT was NT\$7,451m (Net margin was 25.02%) in line with the guidance.



4th Q, 06 KEY FINANCIALS - I

4Q 06 Income Statement

(NT\$ m)	<u>4Q 05</u>	<u>%</u>	<u>3Q 06</u>	<u>%</u>	<u>4Q 06*</u>	<u>%</u>
Revenues	27,524	100.00%	26,357	100.00%	29,780	100.00%
Gross Profits	7,465	27.12%	8,851	33.58%	10,609	35.6%
SG&A	1,961	7.12%	1,977	7.19%	2,730	9.20%
Net Margin	5,084	18.47%	6,708	25.45%	7,451	25.02%

* Q4 2006 are self assessment number. The cost associated with MDF and MIR will be adjusted from the SG&A to a discount to the revenue to be consistent with the US GAPP. The adjusted amount will be NT\$100mil/Q1, 125mil/Q2, 274mil/Q3 and 420mil/Q4. The GPM impact to this adjustment is 0.3, 0.33, 0.69 and 0.92 percentage point in each Quarterly respectively.



4th Q, 06 KEY FINANCIALS - II

4Q 06 Balance Sheet

(NT\$m)	<u>4Q 05</u>	<u>3Q 06</u>	<u>4Q 06*</u>
Cash	16,196	30,442	34,397
Inventory	4,838	5,660	4,437
AR	14,733	15,573	21,339
LT Inv.	236	484	503
AP	13,797	15,895	16,659
Equity	22,986	35,404	42,595

* Q4 06 numbers are self assessment.



1st Q, 07 BUSINESS OUTLOOK

- Will continue current business strategy to work with operators, ODM customers and distributor partners. Expect to build closer work interface with customers.
- 1st Q revenue is likely to be slightly better than that of the 1st Q 06.
- Net Margin before tax is expected to be the same as that of the 1th Q 06.
- New products to be launched in the 1st H.
- Business momentum to pick up in the 2nd Q due to new product launch.

