

# *Delivering Growth & Shareholder Value*



FY05 Results Briefing  
11 August 2005

# Agenda

- 17:30pm      FY05 Financials  
-- *Lim May Lan, CFO*
- 17:45pm      Executive Overview  
-- *Xavier Chong, CEO*
- 18:00pm      Outlook & Growth Strategy Forward  
-- *Matthew Chan, Executive Chairman*
- 18:15pm      In Conclusion  
-- *Xavier Chong, CEO*
- 18:30pm      Q&A
- 18:45pm      Light refreshments

# Financials

*Lim May Lan,*  
*CFO*

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# Record Year

- **Revenue up 70% to S\$118.3m**
  - Highest in our history
- **Net profit up 35% to S\$11.1m**
  - Highest in our history
- **Basic earnings per share up 20% to 4.65 cents**
  - Highest since FY00 peak
- **NAV per share up 14% to 34.48 cents**
- **FY05 dividend of 1 cent/share, up 45%**

## FY05 Results – At A Glance (same period)

<u>S\$'000</u>	<u>FY05</u>	<u>FY04</u>	<u>% Chg</u>
Revenue	118,276	69,544	70
Gross Profit	38,717	13,726	182
Gross Profit Margin (%)	33	20	13ppts
Profit After Tax & MI	11,070	8,196	35
Basic EPS (cents)	4.65	3.88	20
NAV per share (cents)	34.48	30.27	14

## FY05 Results – At A Glance (sequential)

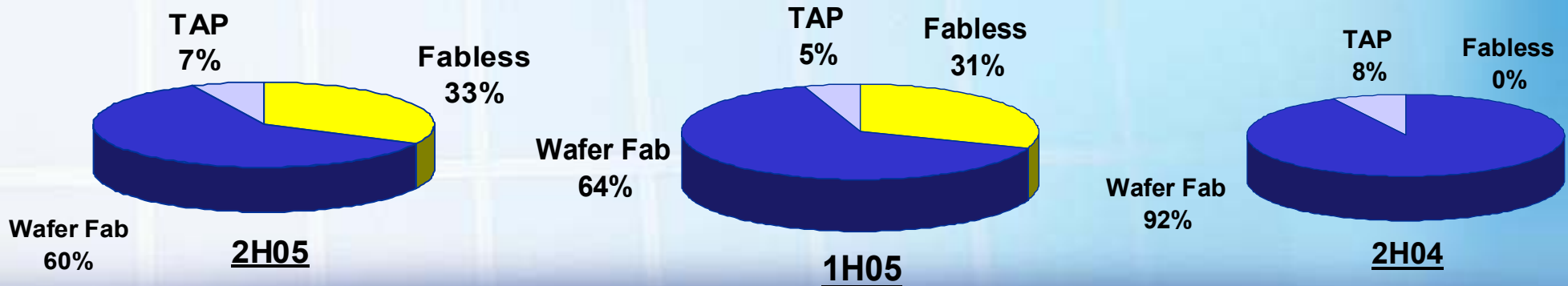
<u>S\$'000</u>	<u>2H05</u>	<u>1H05</u>	<u>% Chg</u>
Revenue	57,566	60,710	-5
Gross Profit	19,491	19,226	1
Gross Profit Margin (%)	34	32	2ppts
Profit After Tax & MI	5,889	5,181	14
Basic EPS (cents)	2.47	2.18	13
NAV per share (cents)	34.48	31.85	8

## FY05 Results – At A Glance (sequential)












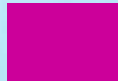
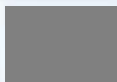
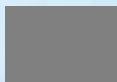
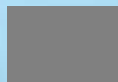
S\$'000	2H05	1H05	FY05
Profit After Tax & MI	5,889	5,181	11,070
<u>Less : Exceptional Items</u>			
PPE disposal gain/(loss)	602	2,159	2,761
Rev. – reinstatement prov	-	350	350
Gain on disp of subsid	1,863	-	1,863
Profit excl exceptional items	<b><u>3,424</u></b>	<b><u>2,672</u></b>	<b><u>6,096</u></b>

# Revenue – By Divisions

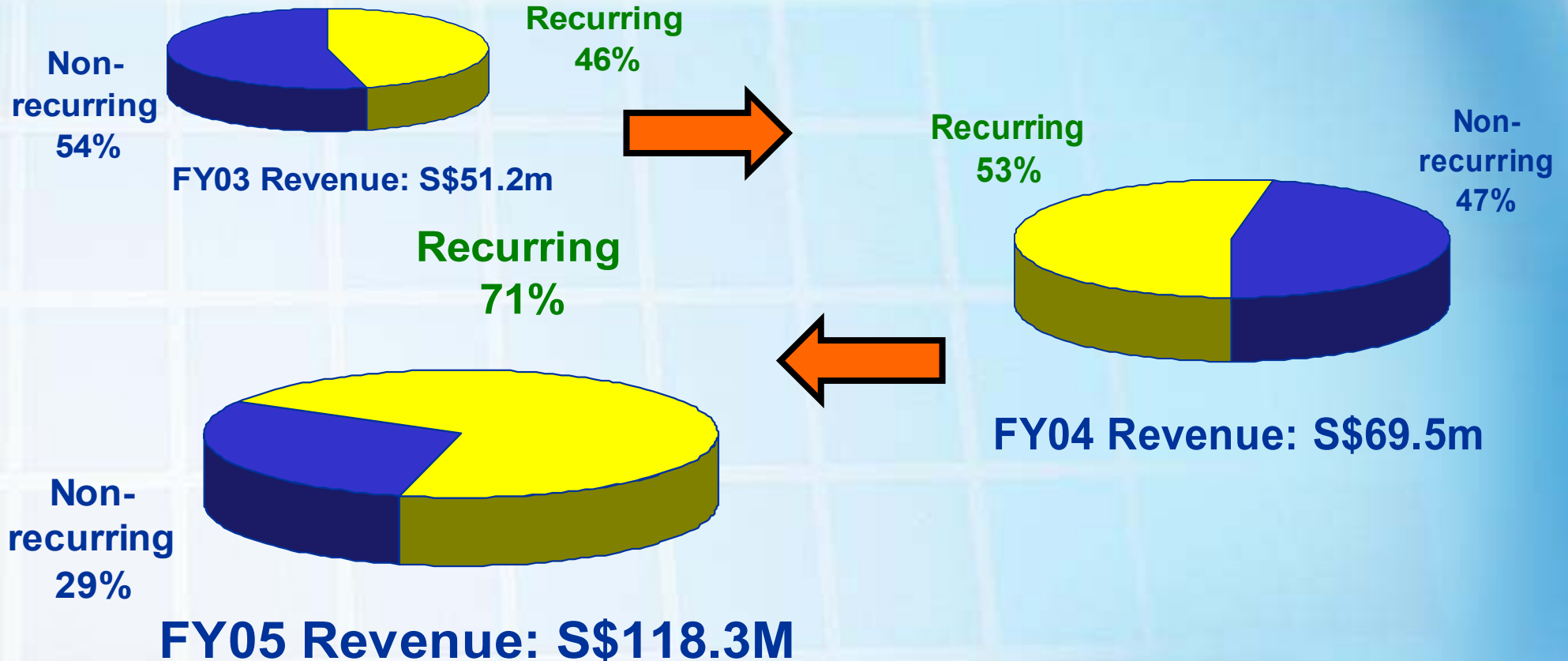
S\$'000	2H05	1H05	2H04
Fabless	18,725	18,564	0
Wafer Fab	34,869	39,055	37,452
Test & Adv. Pkg.	3,972	3,091	3,087
<b><u>Total Group:-</u></b>	<b><u>57,566</u></b>	<b><u>60,710</u></b>	<b><u>40,539</u></b>



# Revenues – By Country

	FY05	FY04	FY03
<b>SEA</b>	 48%	 67%	 79%
<b>Taiwan</b>	 17%	 15%	 8%
<b>China</b>	 13%	 15%	 9%
<b>USA</b>	 20%	 0%	 0%
<b>Others</b> (Europe, Japan)	 2%	 3%	 4%

# Revenue Stream – Sustainability



- *recurring* – probe, reclaim, facilities, qual & rel, test, wafer bump, chemicals
- *non-recurring* – equipment, facilities, wafer bump

# Financial Ratios

S\$'000	FY05	FY04	FY03
Debtor Turnover (days)	83	84	73
Debt / Equity (%)	11.6	10.3	2.9
Current Ratio (times)	2.6	3.8	3.3
Quick Ratio (times)	2.4	3.7	3.1
*Price / Earnings Ratio (times)	8.3X	9.9X	NA
Return on Equity (%)	13.4	11.4	-41.3
NAV per ordinary share (cents)	34.48	30.27	19.3
Cash per ordinary share (cents)	12.47	21.95	16.85

Current Ratio: Current Assets / Current Liabilities

Quick Ratio: Current Assets-Inventories / Current Liabilities

\* Average share price of \$0.385 computed over the last 7 trading days

# CapEx Spending – Key Expenditure

S\$'000	FY05	FY06(F)
Fabless Solutions	3,144	4,500
Wafer Fab Solutions	2,755	5,000
Test & Advanced Packaging Solutions	0	0
Corporate	26	500
<b><u>Total:-</u></b>	<b><u>5,925</u></b>	<b><u>10,000</u></b>

# Executive Overview

*Xavier Chong,*  
CEO

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# Revenue Track Record

*Sustained growth from FY02*



# Earnings Track Record

*Highest since FY00 peak*



# Profit Before Exceptional Items

*Highest since FY00 peak*



# EPS Track Record

*Highest since FY00 peak*



# Dividend

FY04 : Dividend of 0.6875 cent/share paid

FY05 : 1H05 dividend of 0.5 cent/share paid  
in March 2005

: Proposed dividend of 0.5 cent/share for  
2H05

: Total dividend for FY05 to 1 cent/share;  
45% increase over FY04

: Dividend yield of 2.6%, based on average  
share price of \$0.385 over the last 7  
trading days

# 3 Years Strategic Goals

(Mission set in Aug'02)

**Mission Accomplished !!!**

**EXECUTION !!!**

**\* Sustainability & Growth - FY05 DONE**

**\* Profitability & Growth - FY04 DONE**

**\* Survival & Recovery - FY03 DONE**

# FY05 – Key Developments

- Fabless Solutions

- SV Probe: Vietnam manufacturing facility ramp up & utilisation >90%  
: signed distribution agreements for untapped regions of Europe & Japan; participated in the probe card market for LCD driver testing

- Wafer Fab Solutions

- Wafer Reclaim: increased customer conversion in S'pore, M'sia & China  
: Yields improved & utilisation >90%
- Pump Refurbishment: operations at full capacity
- Distribution & Facility: steady increased in products offerings

- Test & Advanced Packaging

- Completed SMIC wafer bumping technology transfer
- Created & spin off test/assembly biz to JV EEMS

# Latest Developments

- Expansion Into EMS

- Expanded outsource solutions to electronic manufacturing services (EMS) thru' acquisition of iNETest, an engineering test solutions service provider to EMS
- acquisition completed in Jul-05

- Adherence to Corporate Governance Guidelines

- Appointed Matthew Chan (previously Independent & Non-exec Director) to become Exec Chairman in July 2005
- Separated roles of Chairmanship and CEO to increase accountability
- CEO Xavier Chong remains

# Next 3 Years Strategic Goals

(Mission set in Aug'05)

*The Next Lap*



## \* **Scale - FY08**

- Critical mass in all major subsidiaries
- Blue chip status

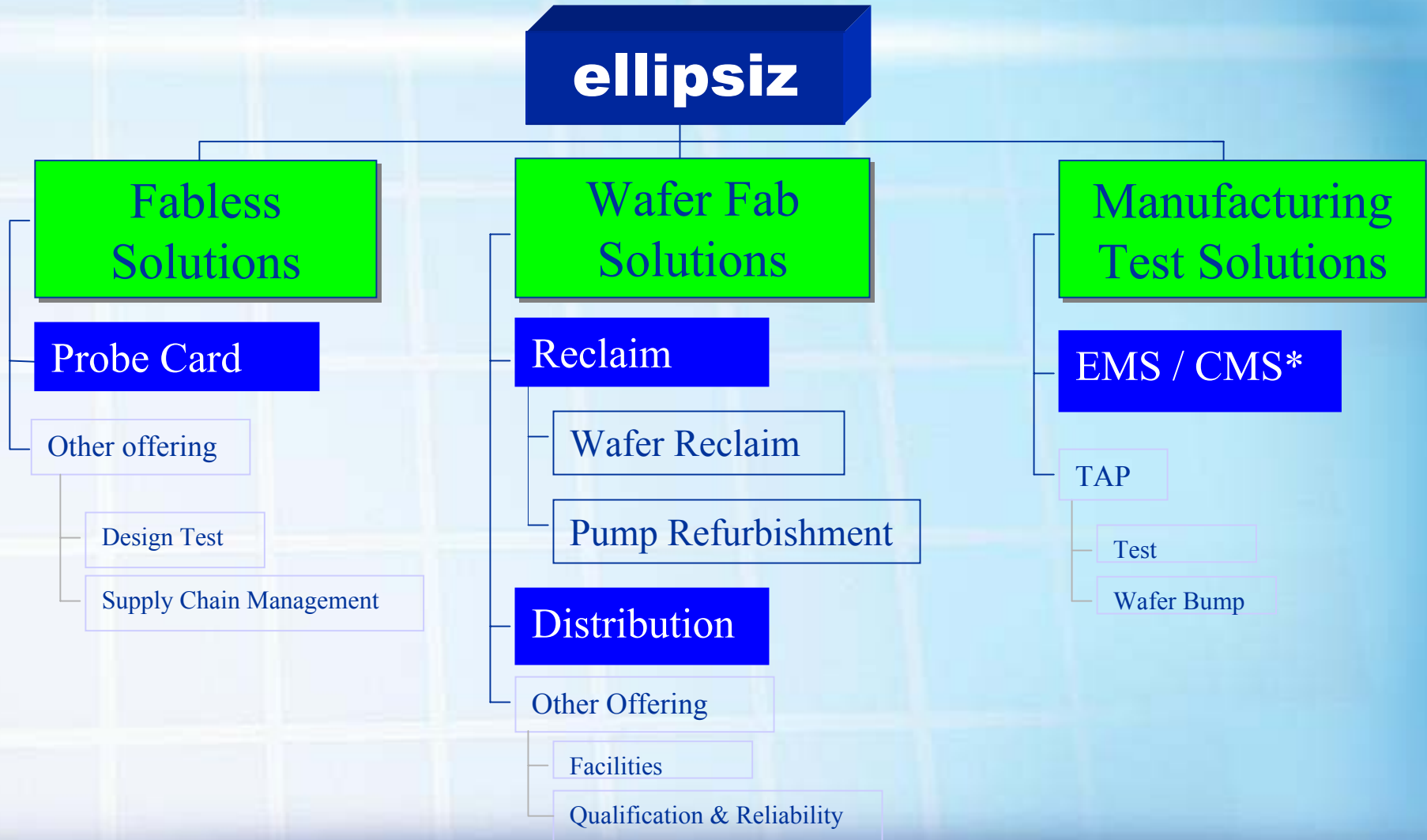
## \* **Growth - FY07**

- Reap benefits of integrated growth
- Ride cyclical upturn

## \* **Integrated Growth - FY06 NOW**

- Focus on operations
- Sharpen competitive edge
- Grow China business

# Sustainable Business Structure



\* Electronic / Contract Manufacturing Services

# Our Executive Chairman

## Matthew Chan

- Former President of Asia Pacific & Corporate Snr VP in Cadence Design Systems, San Jose, US

(Cadence, a US\$1.2b revenue company, is the world's largest EDA tools supplier.)

- 25 years industry veteran in executive capacity
- Spearhead Group's overall strategic growth plans

# Outlook & Growth Strategy Forward

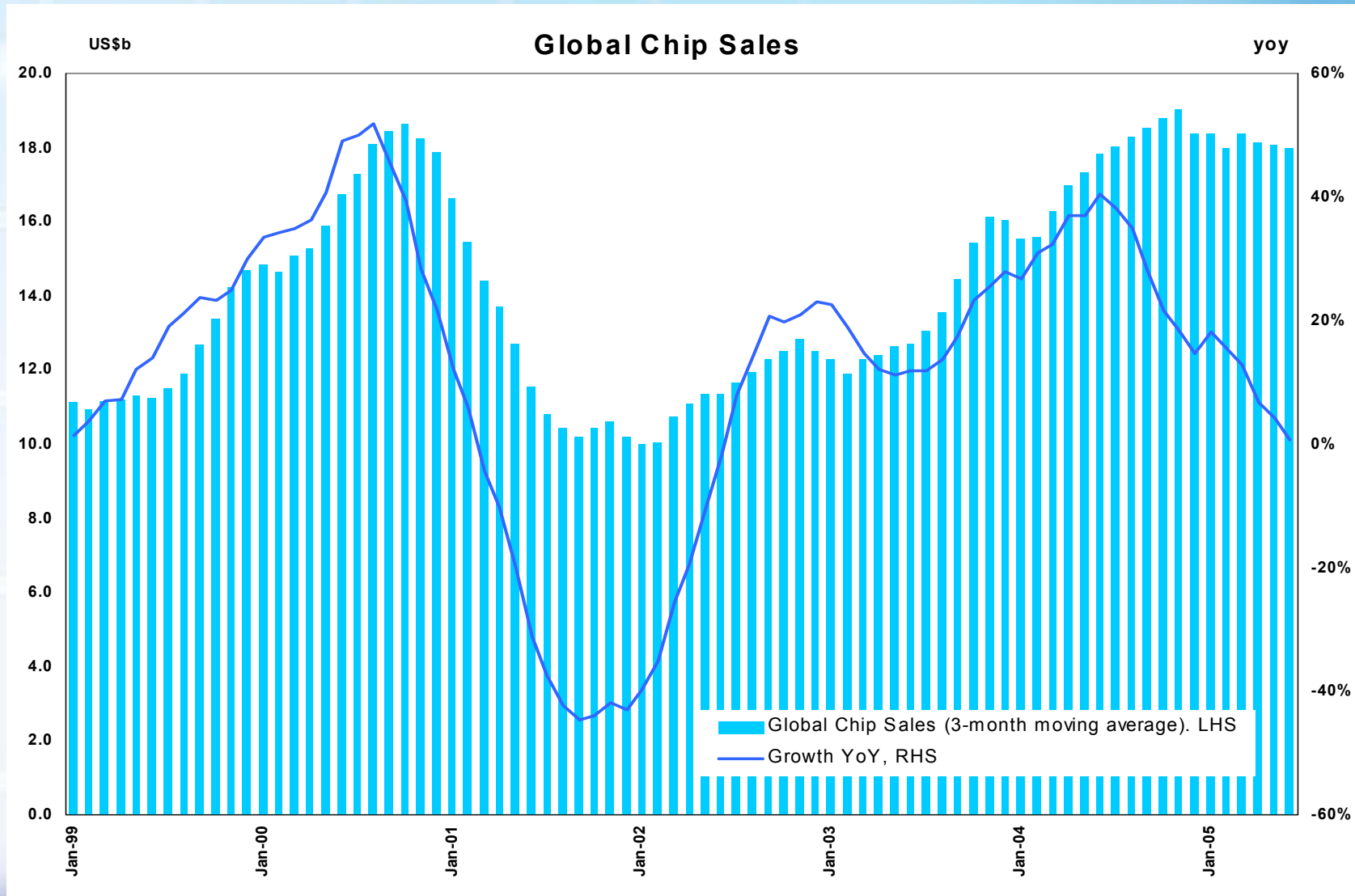
*Matthew Chan,  
Executive Chairman*



# Industry Outlook 2005

- Industry hit bottom in Q2, but pick up might be slow
- Excess chip inventories largely depleted but end-market demand is constrained by macroeconomic factors like higher interest rates, record oil prices and fears of property prices reversing
- Global chip sales likely to be flat or slightly better
- CapEx market expected to be flat or moderately lower

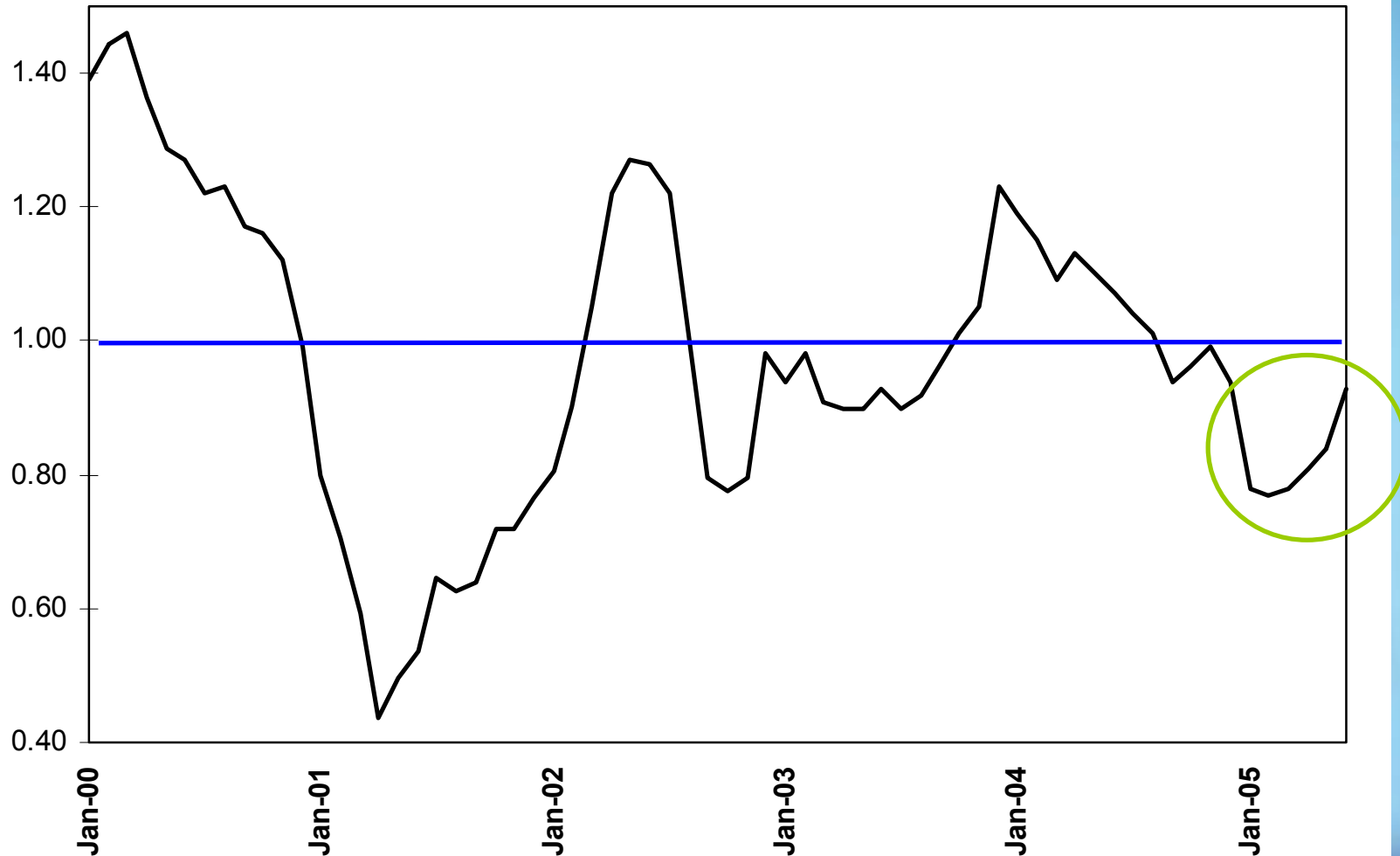
# Waiting for upturn



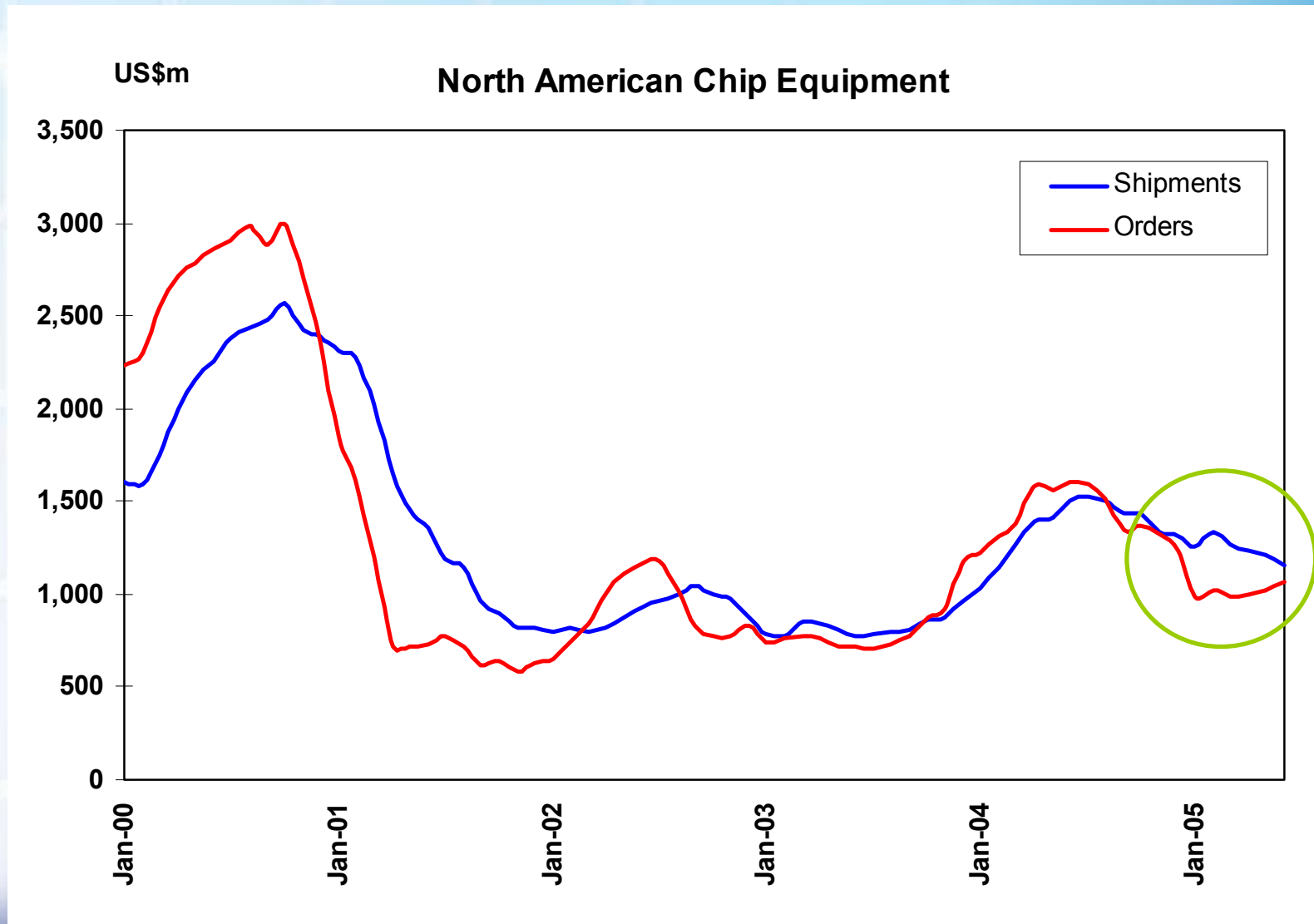
Source: Semiconductor Industry Association

# Leading indicator turning up

### North American Chip Equipment Book-to-Bill Ratio

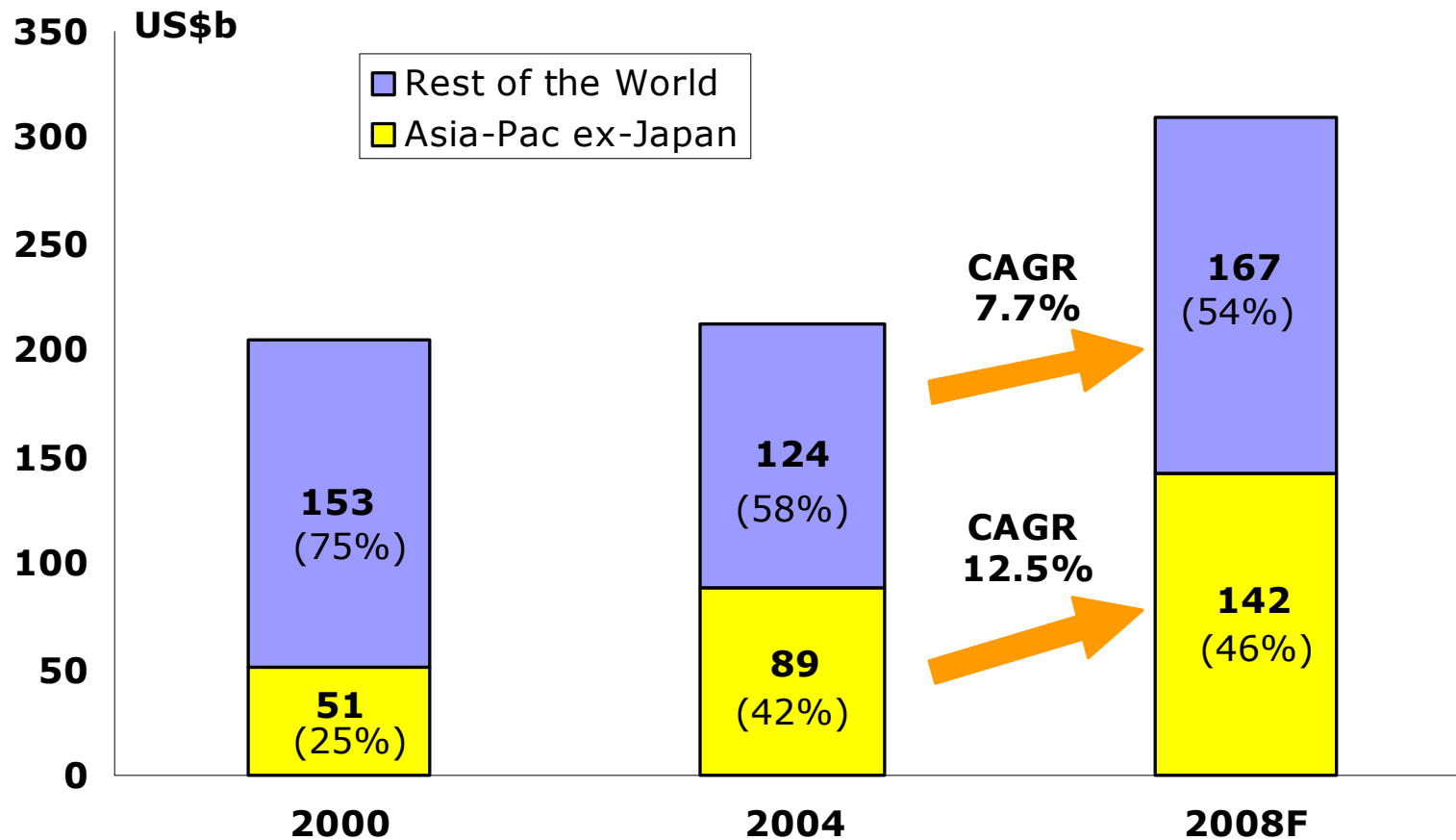


# But due to drop in shipments



# Region offers best prospects

## *Asia Pacific Region Leads Growth*



# Who Are We?



*...supporting semiconductor & electronics  
related value chain*

- ✓ Focus on niche, recurring & scalable outsourced services / applications that are less dependent on cyclical swings

# In Conclusion

*Xavier Chong,*  
CEO

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# Forward Looking Plans For FY06

We would focus on 4 main biz drivers:

- Probe card
  - Maximise yield, utilisation & capacity in USA & Vietnam facilities
- Wafer Reclaim & Pump Refurbishment
  - Maximise yield, utilisation & capacity of our S'pore, China & Taiwan operations
  - Explore partnership development for 12" wafer reclaim business
- Distribution
  - Continue to grow our value-added equipment & service solutions
- Manufacturing Test Solutions
  - Integrate & develop our engineering test solutions for EMS industries

## FY06 Outlook

- Revenue to continue to grow
- Earnings to track revenue growth
- Earnings quality to continue to improve  
Cashflows to shareholders to grow  
Target to maintain or grow dividends,  
depending on earnings & business  
environment

## In Summary

- First 3-Year:  
Restructuring & Strategic Plan Accomplished
- The Next Lap:  
New 3-Year Plan to Take Us to Greater Heights  
FY06 → Integrated Growth, FY07 → Growth, FY08 → Scale
- Global chip sales bottomed, but recovery may be slow
- Continue to Focus on Niche, Recurring & Scalable Businesses to Achieve Sustainable Growth
- FY06 to be Another Good Year for Shareholders

In Summary (cont'd)

Will Continue Our  
Search for Excellent Business Drivers

“Its All In The Execution”

&

“Ellipsiz Did It Again!”

# *Delivering Growth & Shareholder Value*

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Thank You