



## **2Q 2006 Results Investor Conference**

九十五年第二季法人說明會

**August 10 , 2006**

# Disclaimer

Except for historical information contained herein, the statements set forth in this press release are forward-looking statements that are subject to significant risks and uncertainties that could cause actual results to differ materially, including, among others, risks associated with cyclical and market conditions in the large-sized TFT-LCD industry, world wide demand for, market supply of and average selling price for TFT-LCD desktop monitors, notebook computers and TFT-LCD televisions, actual timing of completion of the various phases of our next generation fab, changes in technology, our ability to reduce unit manufacturing costs of our principal products, changes in availability and prices of raw materials and component parts, our success in implementing next generation fab technology in our production process, loss of a key customer or the postponement or cancellation of orders from a key customer, changes in end-users' spending patterns, our customers' adjustments in their inventory, natural disasters and other unexpected events which may disrupt production, our ability to maintain high production yields, our ability to manage our growth, our ability to retain our Chairman and key management personnel, intense competition, our ability to manufacture our products within the acceptable range of quality, our ability to introduce, develop, license or acquire advance technologies and design products utilizing those technologies, our ability to obtain, preserve and defend our intellectual property rights and fluctuations in foreign exchange rates.

The forward-looking statements in this press release reflect the current belief of HannStar Display Corporation as of the date of this press release, although we make no guarantees as to our future results or the events set forth herein, except as required by law, HannStar Display Corporation undertakes no obligation to update these forecasts and forward-looking statements for events or circumstances that occur subsequent to such date or otherwise.

# Agenda

- 2Q 2006 Results
- Operating Highlights
- Outlook
- Questions & Answers

# Major developments in 2Q '06



**19" & 19" W monitor panel sales reached 79% of revenue mix**

**Total shipment of small and medium size reached 6.1 M chips**

**Total shipment of HannsG/Hannsree reached 673 K sets**

**Cost reduction of 4%-5G and 6%-3G medium size per unit**



## 2Q 2006 Results

# 2Q '06 Income Statement

NT\$ mn	2Q '06	1Q '06	2Q '05	QoQ Change %	YoY Change %
Net sales	13,257	16,369	15,979	(19%)	(17%)
Gross profit / (loss)	(989)	1,337	(2,214)	(174%)	55%
Operating income / (loss)	(1,847)	448	(2,955)	(512%)	37%
EBITDA	1,007	3,707	329	(73%)	206%
Pre tax income	(2,675)	(125)	(2,910)	(2,040%)	8%
Net income / (loss)	(2,675)	(125)	(2,910)	(2,040%)	8%
Net income / (loss) per share	(\$0.44) <sup>1</sup>	(\$0.02) <sup>2</sup>	(\$0.47) <sup>3</sup>	(2,100%)	6%
Gross margin	(7%)	8%	(14%)	-15pts	+7pts
Operating margin	(14%)	3%	(18%)	-17pts	+4pts
EBITDA margin	8%	23%	2%	-15pts	+6pts
Net margin	(20%)	(1%)	(18%)	-19pts	-2pts

Source: Unaudited, Company financials

Notes:

- 1 Based on 6,052.7 mn shares (Weighted average outstanding shares)
- 2 Based on 6,052.7 mn shares (Weighted average outstanding shares)
- 3 Based on 5,808.5 mn shares (Weighted average outstanding shares)

# 2Q '06 Balance Sheet

NT\$ mn	2Q '06	1Q '06	2Q '05	QoQ Change %	YoY Change %
Cash and short term investments	7,893	8,490	12,082	(7%)	(35%)
Inventory	8,158	8,631	7,356	(5%)	11%
Short term debt <sup>1</sup>	18,068	19,416	15,933	(7%)	13%
Long term debt <sup>1</sup>	16,193	13,340	22,960	21%	(29%)
Total Stockholders' equity	54,721	57,481	59,422	(5%)	(8%)
Total Assets	110,545	112,494	120,801	(2%)	(8%)
Inventory Turnover days <sup>2</sup>	54	44	32		
Debt to equity ratio	63%	57%	65%		
Net debt to equity ratio <sup>3</sup>	48%	42%	45%		

Source: Unaudited, Company financials

Notes:

- 1 Includes convertible bonds outstanding
- 2 Average period of the designated period divided by annualized and multiplied by 365 days
- 3 Interest bearing debt less cash and short term investments, then divided by total equity

# 2Q '06 Cash Flow

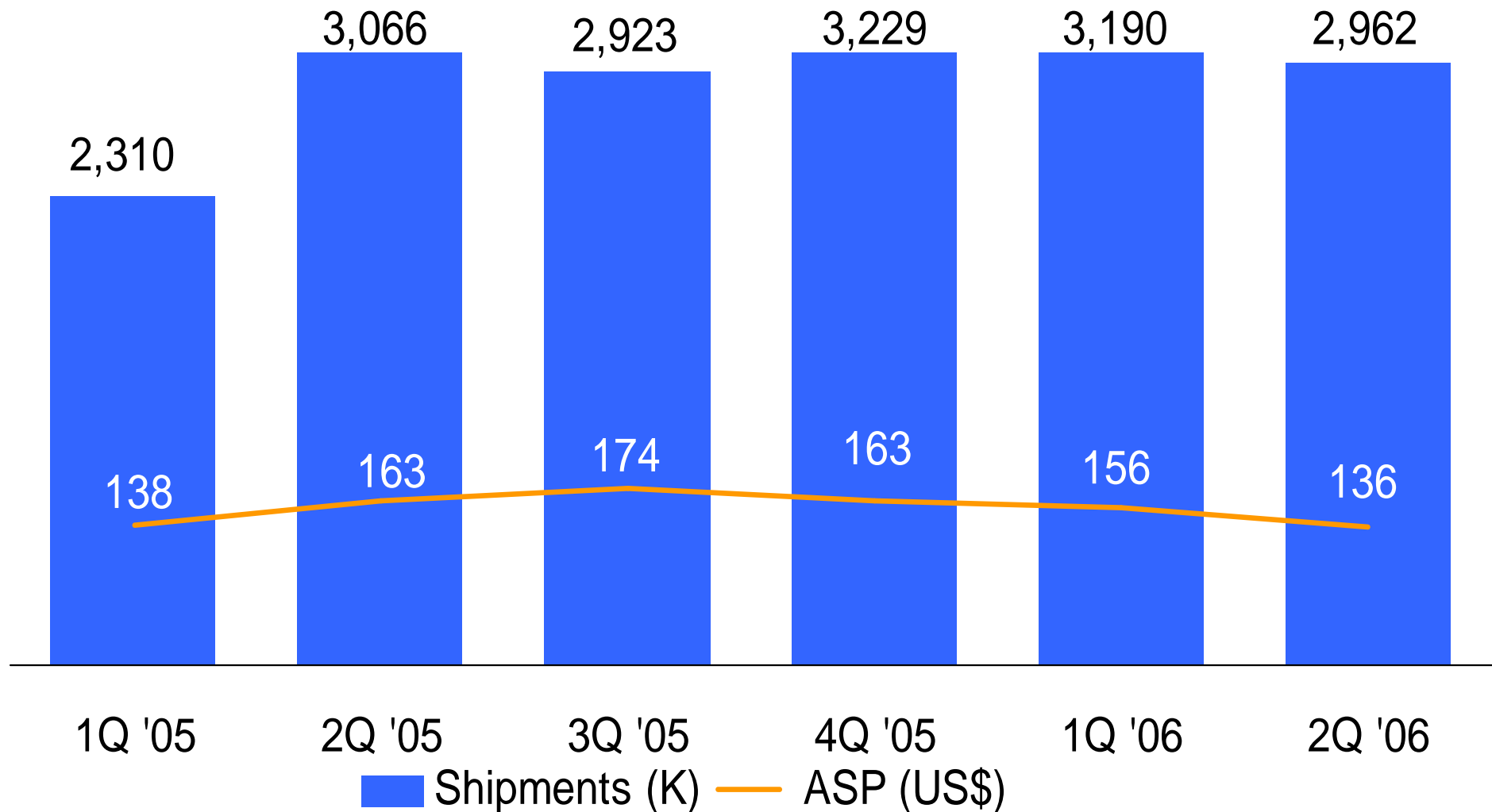
NT\$ mn	2Q '06	1Q '06	2Q '05	QoQ Change	YoY Change
Net income (loss)	(2,675)	(125)	(2,910)	(2,550)	235
Depreciation and amortization	2,853	3,259	3,284	(406)	(431)
<b>Cash flow from operating activities</b>	<b>(1,052)</b>	<b>2,172</b>	<b>2,081</b>	<b>(3,224)</b>	<b>(3,133)</b>
Capex	(1,830)	(2,401)	(2,296)	571	466
<b>Cash flow from investing activities</b>	<b>(1,719)</b>	<b>(3,158)</b>	<b>(2,107)</b>	<b>1,439</b>	<b>388</b>
Repayment of long-term debt	(2,294)	(1,945)	(734)	(349)	(1,560)
Additions to long-term debt	3,540	760	-	2,780	3,540
<b>Cash flow from financing activities</b>	<b>1,526</b>	<b>(1,135)</b>	<b>(291)</b>	<b>2,661</b>	<b>1,817</b>
<b>Net change in cash</b>	<b>(1,245)</b>	<b>(2,121)</b>	<b>(317)</b>		

Source: Unaudited, Company financials



## Operating Highlights

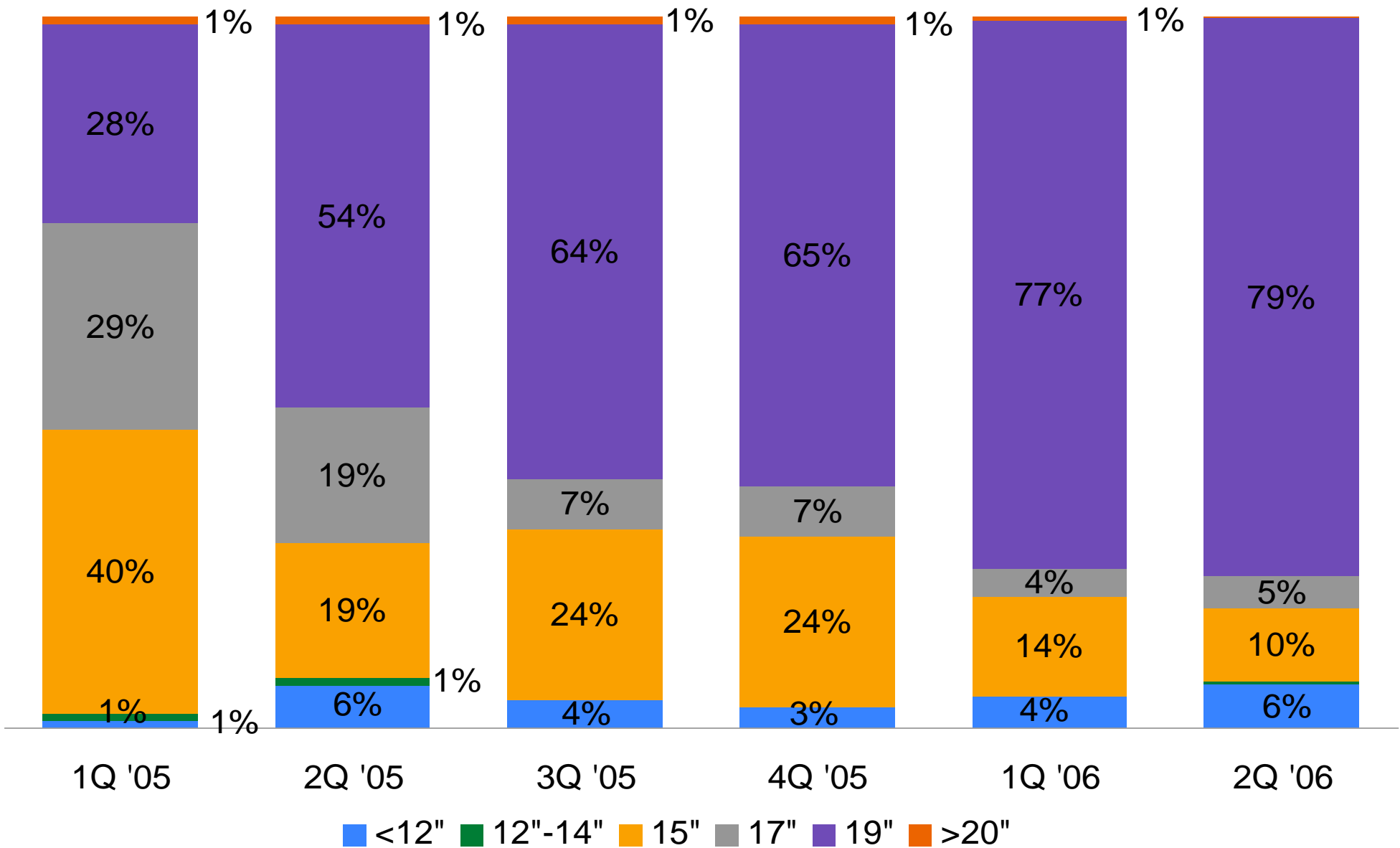
# Shipment & ASP Trend



Notes:

All units < 12" are converted to 15" equivalent units, they include monitors, panels and cells.

# Panel Sales Breakdown by Size





## Outlook

# Key 3Q '06 focus areas

- Start mass production of small size cell to Casio, Samsung SDI, Truly, ...
- Strengthen vertical integration capability

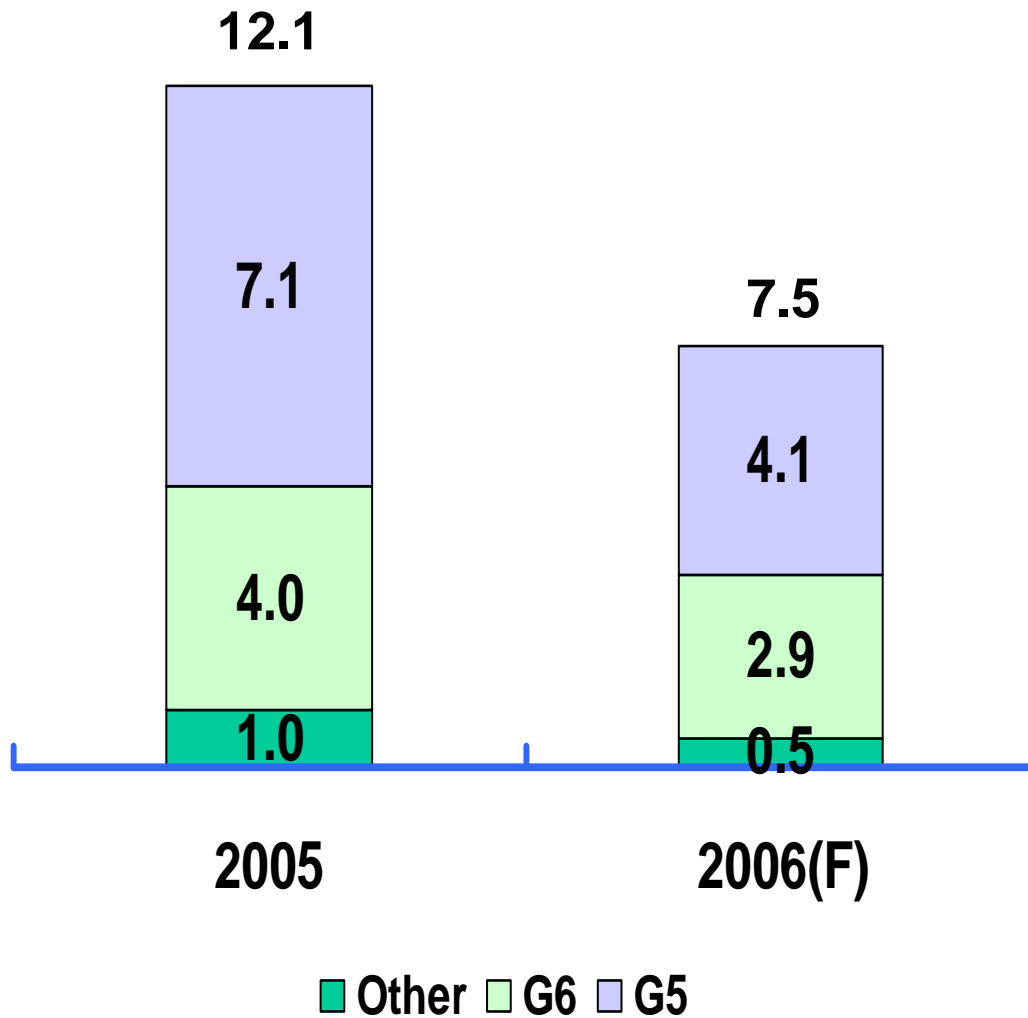
- Cost reduction of 5% through component cost reduction and process enhancement

- Start mass production of 17" W and 22"W panel
- 500K+ sets shipment by HannsG/Hannsree

- Develop 42"/47" TV panel

# Capex Guidance

Capex (NT\$bn)



- 2Q capex of NT\$1.8 billion
  - NT\$ 0.9 billion (G5)
  - NT\$ 0.9 billion (G6)
- 1H capex of NT\$4.2 billion
  - NT\$ 2.3 billion (G5)
  - NT\$ 1.8 billion (G6)
  - NT\$ 0.1 billion (Other)



<http://www.hannstar.com>  
[ir@hannstar.com](mailto:ir@hannstar.com)