



# VANGUARD

INTERNATIONAL SEMICONDUCTOR  
CORPORATION

## 2003 Fourth Quarter Results Investor Conference

February 16 2004

# Agenda

- Welcome
- 4Q 2003 Financial Results - Robert Hsieh
- Remarks - Paul Chien
- Q & A



# Disclaimer

**This Investor Conference Presentation contains certain forward-looking statements that are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.**



# 4Q03 Result Highlights

Amount: NT\$Million

	4Q03 Amount	3Q03 Amount	4Q02 Amount
<b>Net Sales</b>	<b>3,293</b>	<b>2,710</b>	<b>1,901</b>
<b>Net Income</b>	<b>350</b>	<b>441</b>	<b>(1,009)</b>
<b>EPS(NT\$)</b>	<b>0.13</b>	<b>0.16</b>	<b>(0.46)</b>
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<b>Cash and Equivalent + S-T Invest.</b>	<b>5,801</b>	<b>5,378</b>	<b>5,376</b>
<b>Interest-bearing Debt</b>	<b>5,600</b>	<b>7,806</b>	<b>10,188</b>
<b>Shareholders' Equity</b>	<b>14,522</b>	<b>14,119</b>	<b>11,984</b>
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<b>Wafer Output (Kpcs)</b>	<b>126</b>	<b>106</b>	<b>85</b>
<b>Logic foundry Output (Kpcs)</b>	<b>83</b>	<b>54</b>	<b>31</b>
<b>Utilization (%)</b>	<b>92%</b>	<b>77%</b>	<b>61%</b>
-wafer out / Capacity			



# 4Q03 Income Statement YoY Comparison

Amount: NT\$Million

	4Q03		4Q02		YOY
	Amount	%	Amount	%	%
<b>Net Sales</b>	3,293	100%	1,901	100%	73%
<b>COGS</b>	(2,831)	86%	(3,073)	-162%	-8%
<b>Gross Profit (Loss)</b>	462	14%	(1,172)	-62%	-
<b>Operating Expense</b>	(267)	-8%	(190)	-10%	41%
<b>Operating Income (Loss)</b>	195	6%	(1,362)	-72%	-
<b>Net Non-operating Income (Exp.)</b>	(123)	-4%	(142)	-7%	-13%
<b>Inventory Valuation (Loss)</b>	306	9%	249	13%	23%
<b>Investment Income (Loss)</b>	(28)	-1%	(48)	-3%	-42%
<b>Income before Tax</b>	350	11%	(1,303)	-69%	-
<b>Net Income</b>	350	11%	(1,009)	-53%	-
<b>EPS (NT\$)</b>	0.13		(0.46)		-



# 4Q03 Income Statement QoQ Comparison

Amount: NT\$Million

	4Q03		3Q03		QoQ
	Amount	%	Amount	%	%
<b>Net Sales</b>	<b>3,293</b>	<b>100%</b>	<b>2,710</b>	<b>100%</b>	<b>22%</b>
<b>COGS</b>	<b>(2,831)</b>	<b>86%</b>	<b>(2,788)</b>	<b>-103%</b>	<b>2%</b>
<b>Gross Profit (Loss)</b>	<b>462</b>	<b>14%</b>	<b>(77)</b>	<b>-3%</b>	<b>-</b>
<b>Operating Expense</b>	<b>(267)</b>	<b>-8%</b>	<b>(266)</b>	<b>-10%</b>	<b>-1%</b>
<b>Operating Income (Loss)</b>	<b>195</b>	<b>6%</b>	<b>(343)</b>	<b>-13%</b>	<b>-</b>
<b>Net Non-operating Income (Exp.)</b>	<b>(123)</b>	<b>-4%</b>	<b>(60)</b>	<b>-2%</b>	<b>105%</b>
<b>Inventory Valuation (Loss)</b>	<b>306</b>	<b>9%</b>	<b>492</b>	<b>18%</b>	<b>-38%</b>
<b>Investment Income (Loss)</b>	<b>(28)</b>	<b>-1%</b>	<b>352</b>	<b>12%</b>	<b>-</b>
<b>Income before Tax</b>	<b>350</b>	<b>11%</b>	<b>441</b>	<b>16%</b>	<b>-21%</b>
<b>Net Income</b>	<b>350</b>	<b>11%</b>	<b>441</b>	<b>16%</b>	<b>-21%</b>
<b>EPS (NT\$)</b>	<b>0.13</b>		<b>0.16</b>		<b>-</b>



# 4Q03 Balance Sheet & Key Ratios

Amount: NT\$Million

Balance Sheet	4Q03		3Q03		4Q02	
	Amount	%	Amount	%	Amount	%
Cash & ST Investments	5,801	25.5%	5,378	22.3%	5,376	20.3%
Accounts Receivable	1,876	8.2%	1,566	6.5%	1,090	4.1%
Inventories	1,861	8.2%	1,837	7.6%	1,769	6.7%
LT Debt	3,681	16.2%	4,427	18.4%	6,723	25.4%
Equity	14,522	63.7%	14,119	58.6%	11,984	45.4%
Total Assets	22,788	100.0%	24,087	100.0%	26,419	100.0%

## Key Ratios

Debt Ratio	36%	41%	55%
Current Ratio	255%	192%	124%
A/R Turnover Days	50	48	46
Inventory Turnover Days	57	57	45



# 4Q03 Cash Flow

Amount: NT\$Million

<b>Cash Flow</b>	<b>4Q03 Amount</b>	<b>3Q03 Amount</b>	<b>4Q02 Amount</b>
<b>From Operation</b>	<b>1,278</b>	<b>839</b>	<b>342</b>
-Net Profit (Loss)	350	441	(1,009)
-Depreciation & Amort.	791	868	1,219
<b>From Investment</b>	<b>(173)</b>	<b>616</b>	<b>566</b>
- Decrease (Increase) in S-T Invest.	188	(408)	730
- Acquisitions of Properties	(324)	(187)	(162)
- Disposal of L-T Stock Invest.	0	1,217	0
- Acquisitions of L/T Stock Invest.	(38)	-	-
<b>From Financing</b>	<b>(2,081)</b>	<b>(984)</b>	<b>2,070</b>
- ( Decrease ) Increase on Bank Debt	(2,008)	(888)	(292)



# 2003 Income Statement

Amount: NT\$Million

	1Q03		2Q03		3Q03		4Q03		2003	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net Sales	2,244	100%	2,658	100%	2,710	100%	3,293	100%	10,905	100%
COGS	(3,214)	-143%	(2,717)	-102%	(2,788)	-103%	(2,831)	-86%	(11,550)	-106%
Gross Profit (Loss)	(969)	-43%	(60)	-2%	(77)	-3%	462	14%	(645)	-6%
Operating Expense	(211)	-10%	(269)	-10%	(266)	-10%	(267)	-8%	(1,012)	-9%
Operating Income (Loss)	(1,181)	-53%	(329)	-12%	(343)	-13%	195	6%	(1,657)	-15%
Net Non-operating Income (Exp.)	(3)	0%	(27)	-1%	(60)	-2%	(123)	-4%	(213)	-2%
Inventory Valuation (Loss)	431	19%	472	18%	492	18%	306	9%	1,701	16%
Investment Income (Loss)	13	1%	10	0%	352	13%	(28)	-1%	348	3%
Income before Tax	(740)	-33%	126	5%	441	16%	350	11%	178	2%
Net Income	(740)	-33%	126	5%	441	16%	350	11%	178	2%
EPS (NT\$)	(0.27)		0.04		0.16		0.13		0.06	



# 2003 Income Statement Yearly Comparison

Amount: NT\$Million

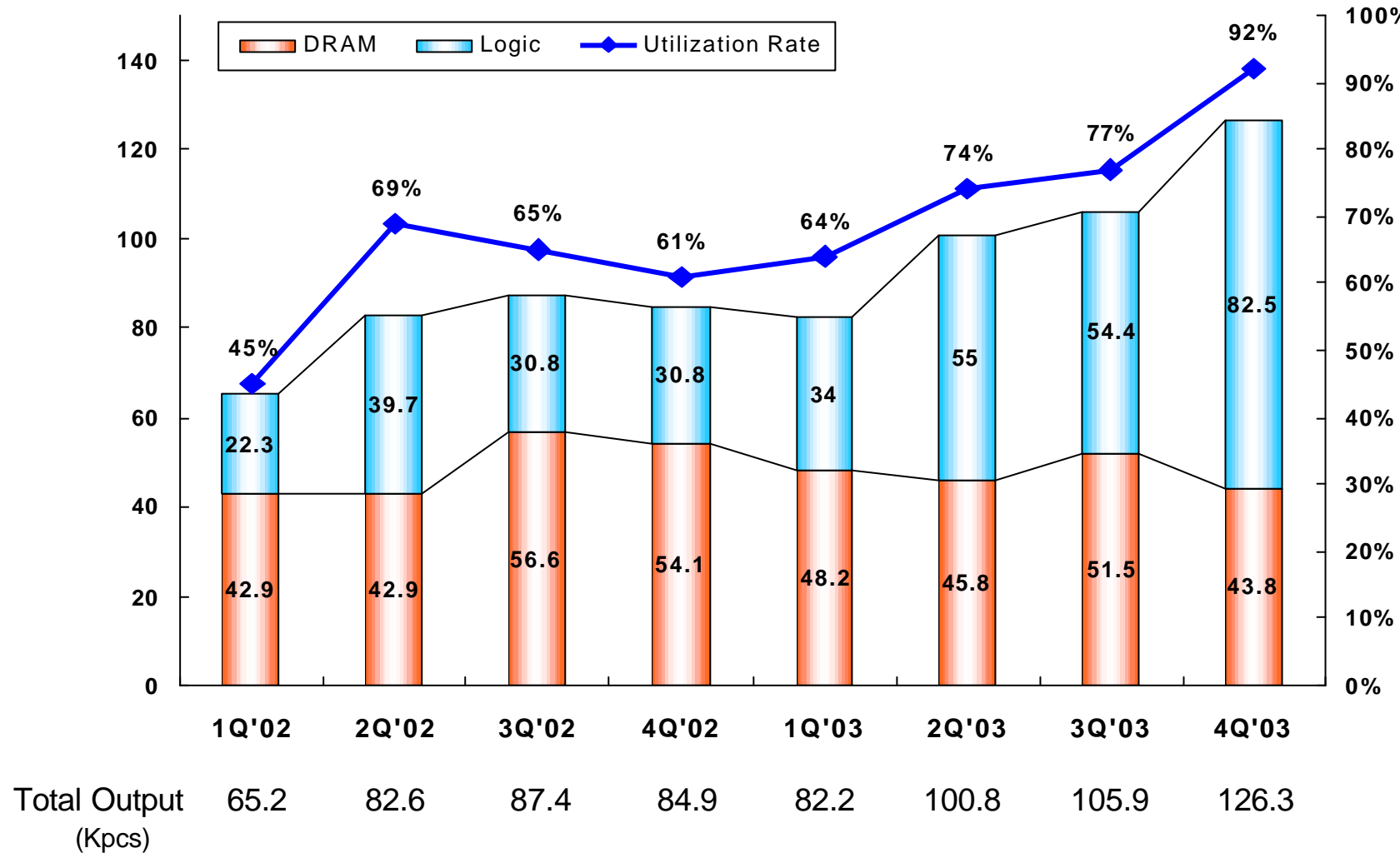
	2003		2002		YOY
	Amount	%	Amount	%	%
Net Sales	10,905	100%	8,308	100%	31%
COGS	(11,550)	-106%	(11,635)	-140%	-1%
Gross Profit (Loss)	(645)	-6%	(3,327)	-40%	-81%
Operating Expense	(1,012)	-9%	(887)	-11%	14%
Operating Income (Loss)	(1,657)	-15%	(4,215)	-51%	-61%
Net Non-operating Income (Exp.)	(213)	-2%	(427)	-5%	-50%
Inventory Valuation (Loss)	1,701	16%	793	10%	114%
Investment Income (Loss)	348	3%	304	4%	14%
Income before Tax	178	2%	(3,545)	-43%	-
Income Tax Credit(Exp.)	0	0%	294	4%	-100%
Net Income	178	2%	(3,251)	-39%	-
EPS (NT\$)	0.06		(1.48)		



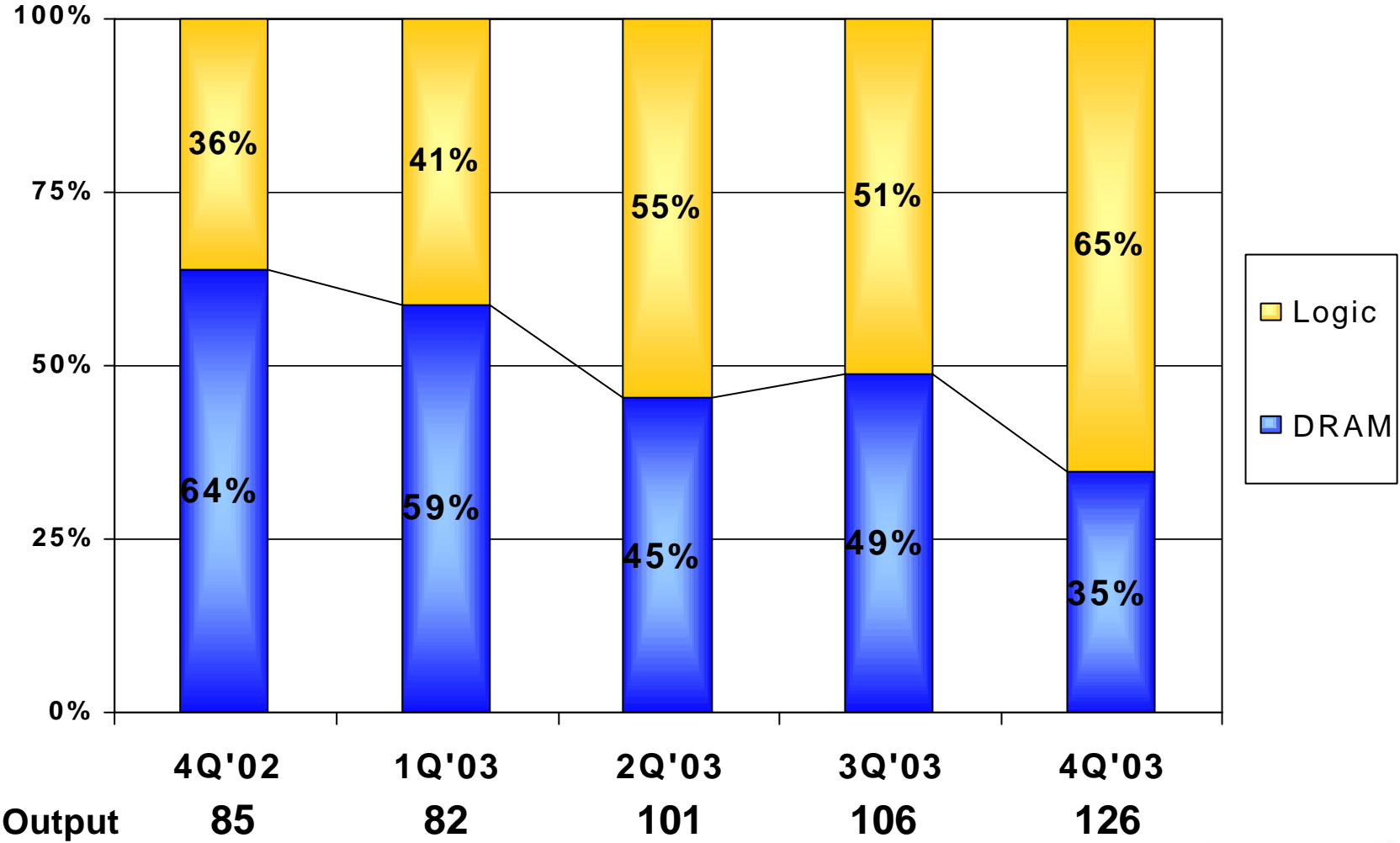
# Utilization Trend

Output, Kpcs

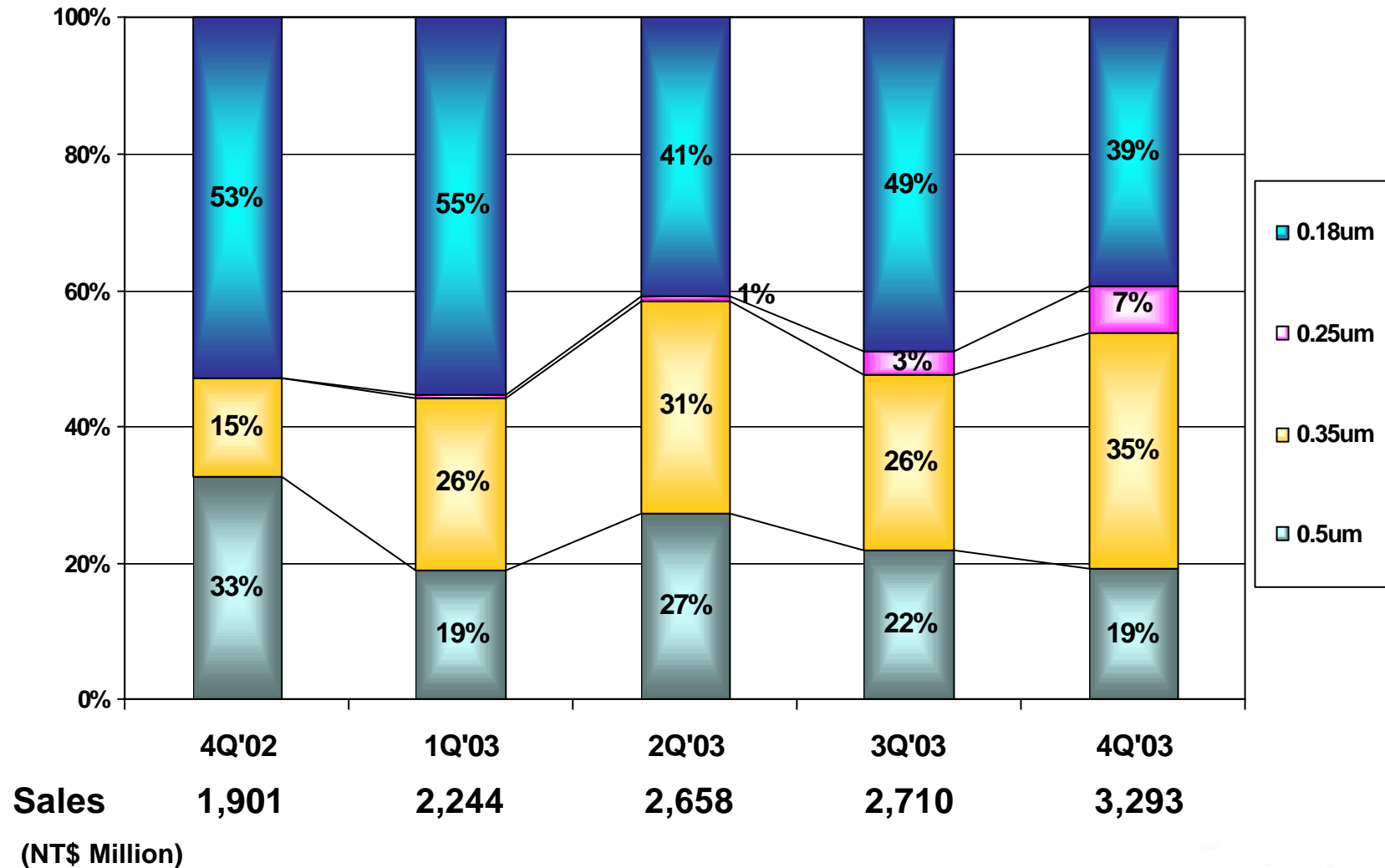
Utilization, %



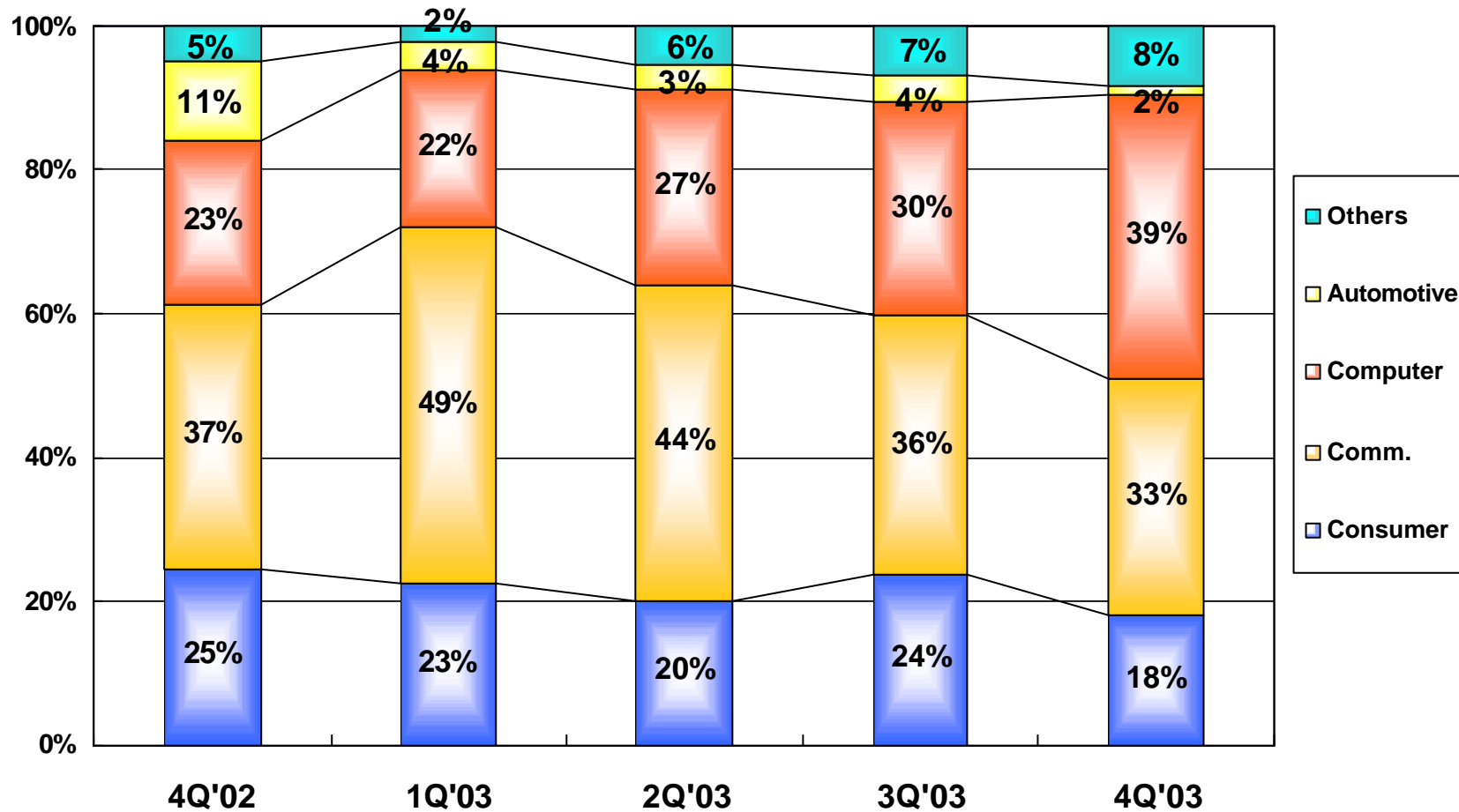
# Wafer Output Breakdown by DRAM/Logic



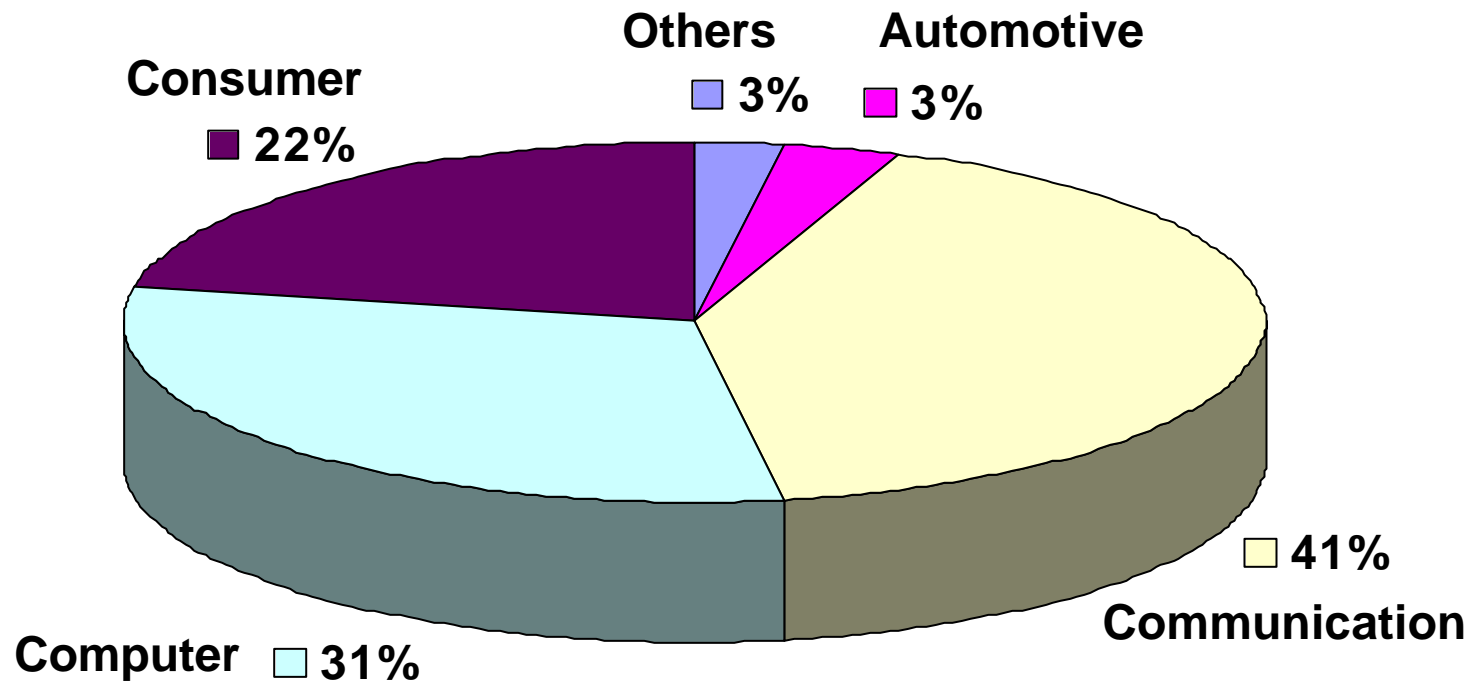
# Sales Breakdown by Technology



# Sales Breakdown by Application - Logic Foundry



# 2003 Sales Breakdown by Application - Logic Foundry



# Remarks

Paul Chien  
Chairman & President



# 1Q04 Guidance

- Fab utilization rate will be close to 100 percent.
- Wafer output might decrease slightly over 4Q03 due to annual PM.
- ASP remains flat.
- Expect Revenue and Gross Margin to improve q-o-q.
- CAPEX in 2004 will be about NT\$ 4.2 Billion.



# Q & A



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