



MediaTek Inc.

2002 Financial Analyst Meeting

February 20, 2002

Safe Harbor Notice

Except for historical information contained herein, the matters set forth in this presentation are forward looking statements that are subject to risks and uncertainties that could cause actual results to differ materially, including the impact of competitive products and pricing, timely design acceptance by our customers, timely introduction of new technologies, ability to ramp new products into volume, industry wide shifts in supply and demand for semiconductor products, industry overcapacity, availability of manufacturing capacity, financial stability in end markets, and other risks.



Agenda

- **Financial results/Business outlook**
Mingto Yu, Finance Director
- **MediaTek strategy**
M.K. Tsai, Chairman
- **Q&A**



Financial results

Business outlook



Q4 FY01 Income Statement – QoQ

	Q4 '01		Q3 '01		QoQ
Unit:NT M (Except EPS)					Chg %
Net Sales	6,030	100.0%	4,107	100.0%	46.8%
Cost of Goods Sold	(2,845)	-47.2%	(1,888)	-46.0%	
Gross Profit	3,185	52.8%	2,219	54.0%	43.5%
Selling expenses	(70)	-1.2%	(76)	-1.9%	
Administration expenses	(271)	-4.5%	(189)	-4.6%	
R&D expenses	(413)	-6.8%	(260)	-6.3%	
Operating Expenses	(754)	-12.5%	(525)	-12.8%	
Operating Income	2,431	40.3%	1,694	41.2%	43.5%
Investment Income	24	0.4%	75	1.8%	
Foreign exchange gain	89	1.5%	(4)	-0.1%	
Gain from recovery of inventory	167	2.8%	124	3.0%	
Others	68	1.1%	74	1.8%	
Net Non-operating Income (Exp.)	348	5.8%	269	6.5%	
Income Before Tax	2,779	46.1%	1,963	47.8%	41.6%
Income Tax Expenses	(81)	-1.3%	(74)	-1.8%	
Net Income	2,698	44.7%	1,889	46.0%	42.8%
EPS (NT\$)	8.54		5.98		42.8%



Q4 FY01 Income Statement – YoY

Unit:NT M (Except EPS)	Q4 '01		Q4 '00		YoY
					Chg %
Net Sales	6,030	100.0%	3,393	100.0%	77.7%
Cost of Goods Sold	(2,845)	-47.2%	(1,822)	-53.7%	
Gross Profit	3,185	52.8%	1,571	46.3%	102.7%
Selling expenses	(70)	-1.2%	(14)	-0.4%	
Administration expenses	(271)	-4.5%	(290)	-8.5%	
R&D expenses	(413)	-6.8%	(316)	-9.3%	
Operating Expenses	(754)	-12.5%	(620)	-18.3%	
Operating Income	2,431	40.3%	951	28.0%	155.6%
Investment Income	24	0.4%	104	3.1%	
Foreign exchange gain	89	1.5%	66	1.9%	
Gain (Loss) on inventory	167	2.8%	(490)	-14.4%	
Others	68	1.1%	41	1.2%	
Net Non-operating Income (Exp.)	348	5.8%	(279)	-8.2%	
Income Before Tax	2,779	46.1%	672	19.8%	313.5%
Income Tax Expenses	(81)	-1.3%	(26)	-0.8%	
Net Income	2,698	44.7%	646	19.0%	317.6%
EPS (NT\$)	8.54		2.04		317.8%



FY01 Income Statement – YoY

	2001		2000		YoY
Unit:NT M (Except EPS)					Chg %
Net Sales	15,375	100.0%	12,862	100.0%	19.5%
Cost of Goods Sold	(7,474)	-48.6%	(7,498)	-58.3%	
Gross Profit	7,901	51.4%	5,364	41.7%	47.3%
Selling expenses	(188)	-1.2%	(117)	-0.9%	
Administration expenses	(756)	-4.9%	(1,037)	-8.1%	
R&D expenses	(1,015)	-6.6%	(553)	-4.3%	
Operating Expenses	(1,959)	-12.7%	(1,707)	-13.3%	
Operating Income	5,942	38.6%	3,657	28.4%	62.5%
Investment Income	131	0.9%	125	1.0%	
Foreign exchange gain	179	1.2%	77	0.6%	
Gain (Loss) on inventory	465	3.0%	(493)	-3.8%	
Others	261	1.7%	130	1.0%	
Net Non-operating Income (Exp.)	1,036	6.7%	(161)	-1.3%	
Income Before Tax	6,978	45.4%	3,496	27.2%	99.6%
Income Tax Expenses	(275)	-1.8%	(169)	-1.3%	
Net Income	6,703	43.6%	3,327	25.9%	101.5%
EPS (NT\$)	21.21		10.53		101.5%



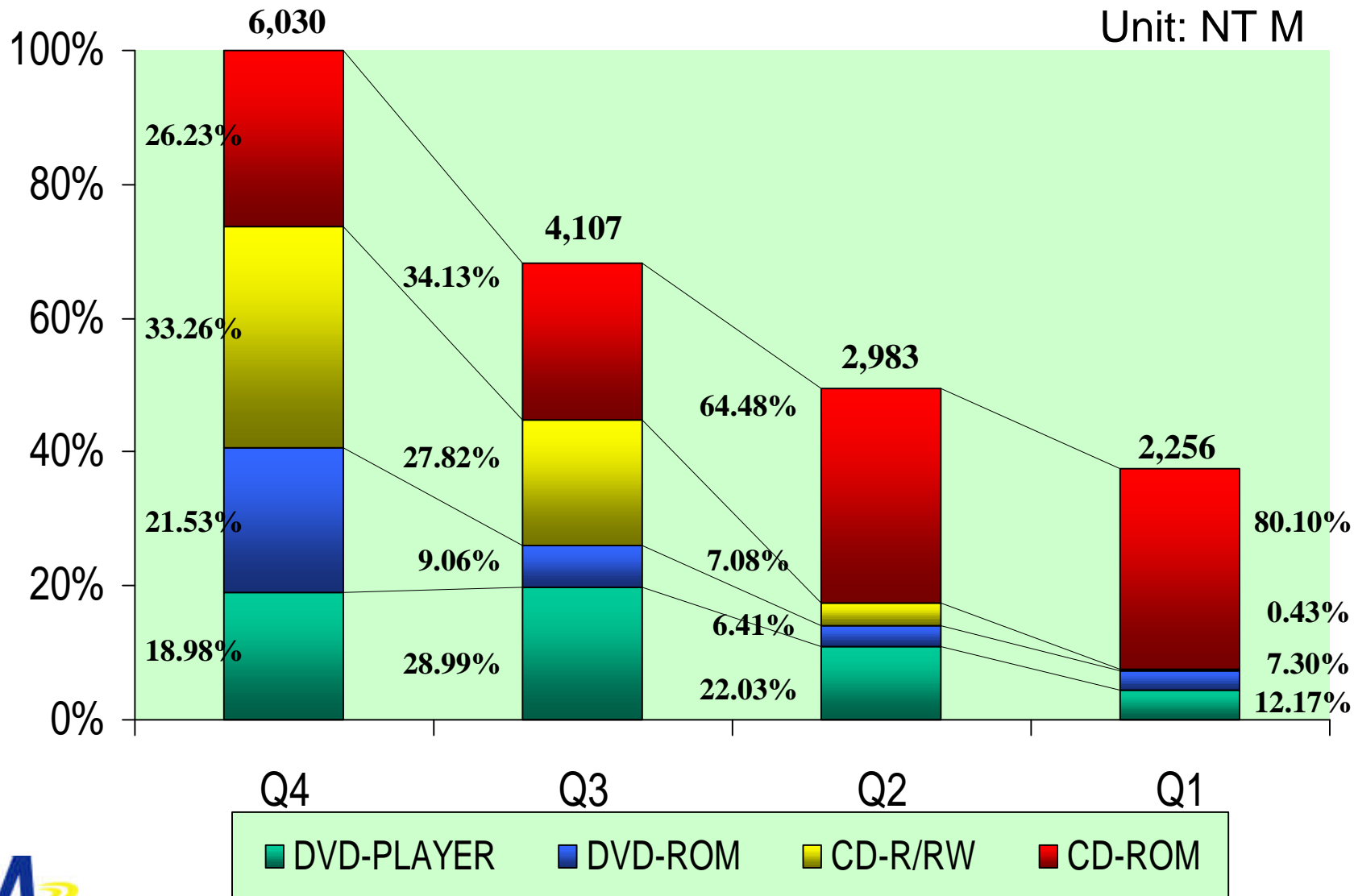
Condensed Balance Sheet

Unit: NT M

	Dec.31 2001	Sep. 30 2001	Dec.31 2000
Cash & Short – term investment	10,789	8,409	4,108
Notes & Accounts receivable	2,935	1,891	1,136
Inventory	623	508	937
Long – term investment	1,949	1,887	1,719
Total assets	17,910	14,193	9,222
Notes & Accounts payable	1,860	1,073	633
Current liabilities	4,697	3,805	2,579
Long – term liabilities	24	26	14
Stockholders' equity	13,165	10,341	6,614
ROE	51%		50%



Sales Breakdown by Product



Product Roadmap

- DVD ROM single chip -- 2Q '02
- CD-R/RW 48x – 3Q '02
- Combo – 1st half '02
- DVD RW – 2nd half '02



Business Outlook

- Sequential revenue growth of 5 -10 percent.
- Given the uncertainties in the economy and the industry and the limited visibility from our customers, the Company will refrain from commenting on quarterly expectations beyond the current quarter.



MediaTek Strategy



Market leader in Optical Storage Controller IC

No. 1 in CD related (CD-ROM/CD-R/RW) chipset total shipment / current shipment

No. 1 in DVD related (DVD-ROM/DVD-Player) chipset total shipment / current shipment

Top 10 fabless worldwide (2001 revenue)

MTK leads in **TOTAL REVENUE, TECHNOLOGY** and **PERFORMANCE** in optical controller market



How has MediaTek achieved the leading position in optical storage controller market

- ⌞ Right timing of product introduction
- ⌞ Changing of downstream industry infrastructure
 - Dominant contributor to reshape the downstream industry
- ⌞ Room of improvement in product performance and integration
 - A series of products become **“A whole product family”**

Credentials : 1st single chip CD-ROM controller
1st single chip DVD-player controller



Mediatek's product strategy and positioning

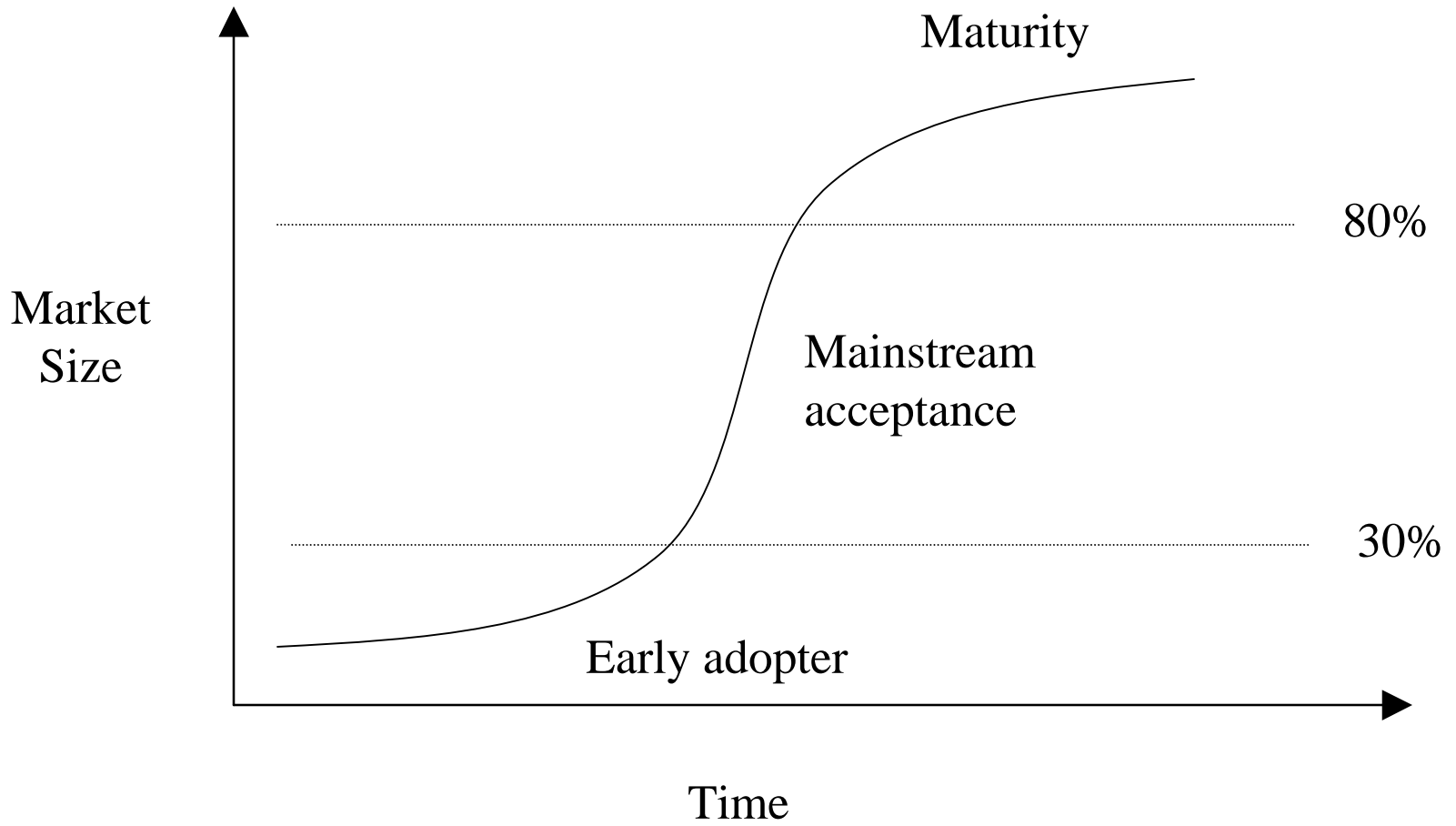
- κ Differentiation instead of commoditization.
- κ Leverage existing core competency into new application areas.
- κ Target emerging markets. Absolutely new in Taiwan. Relatively new in worldwide.
- κ Three major areas of application
 - **Optical storage device**
 - **Digital consumer device**
 - **Mobile communication terminal device**



Typical product/business strategy of fabless IC company

- κ US : 1st to the market, follow the leader
Taiwan : Follow the leader, me too
- κ “Differentiation” is the key word for success.
- κ Better products allows a company to differentiate. “Me too” products push a company to commoditize.
- κ Fabless IC business is a valued added solution business not a commodity business.
- κ Need a good strategy to keep differentiating





The expansion direction of other Taiwan fabless IC companies

- κ Many new application areas and also many “Me too”s
e.g.CPU, Graphics, Optical storage controller, Wireless LAN, Digital Camera

- κ The downsides of sticking in “Me too”
 1. A proof that other company has better vision and positioning
 2. Design itself cannot create enough cost difference for mature products
 3. Low cost as an ultimate goal will push to the extreme on value chain --- Risk of back to IDM. Invest in backend
 4. Risk of getting into down stream business (platform solution, LCD module) because of low margin and late entry



M & A for fabless IC company

- ⌞ Fast access to some technology/product for diversifying
- ⌞ Integration of talent and know-how is critical, not physical capacity and sales channel
- ⌞ Value of acquired asset very time dependent, fluid, uncontrollable target product window changing fast
- ⌞ The challenge “ Is it enough for sustainable competitive edge?” “What price is right?”



The argument of VIA's challenge

- κ “Global story “ M&A worthwhile?
Who are the competitors?
- κ “Intel story “ How much is the help?
- κ #1 in every area, from a later comer, what is the secret strategy behind that?

