



## PSI TECHNOLOGIES REPORTS FIRST QUARTER 2003 RESULTS

**Santa Clara, CA & Manila, Philippines – April 30, 2003 – PSi Technologies Holdings, Inc., (NASDAQ: PSIT)**, a leading independent provider of assembly and test services for the power semiconductor market, today announced financial results for the first quarter ended March 31, 2003:

### **Highlights for the quarter**

- ⇒ *Revenue of \$20.1 million, an increase of 39% on a year-over-year basis.*
- ⇒ *Gross margin of 0.1%, a decrease of 84 basis points on a year-over-year basis.*
- ⇒ *EBITDA of \$1.6 million, an increase of 25% on a year-over-year basis.*
- ⇒ *EPS of \$(0.19) versus \$(0.13) in 1Q02.*
- ⇒ *Double-digit sequential revenue growth expected for 2Q03 with profitability targeted by the second half of 2003.*

### **First Quarter Financial Results**

Revenues for the first quarter of 2003 totaled \$20.1 million, a 7.7% sequential increase compared to \$18.7 million in the previous quarter, and a 39% increase compared to \$14.5 million in revenues for the first quarter of 2002. Revenues from the top 5 customers of the Company were \$16.7 million, a 10% increase compared to \$15.2 million in the previous quarter, and a 46% increase compared to \$11.5 million in the first quarter of 2002.

“We are pleased to have registered higher than industry growth, according to March 2003 data from the Semiconductor Industry Association,” said Arthur J. Young, Jr. “Our growth was driven by firm end user demand, gains in market share and greater rate of outsourcing by our customers.”

Power semiconductor packages comprised 93.3% of total first quarter revenue, or \$18.8 million, a 8.0% sequential increase in sales versus \$17.4 million in the previous quarter, and a 59.4% increase compared to \$11.8 million in revenues for the first quarter of 2002. Overall unit volumes increased 13.9% sequentially and were higher by 61.8% year-over-year.

In terms of geographic distribution, US and European based customers comprised 39% and 50% of sales respectively, from 38% and 50% of sales respectively in the fourth quarter. Sales from US based customers expanded by a sequential 11.2%, while those from Europe grew by 6.9%. Compared to a year ago, US accounted for 55% of sales and Europe 28%, with Asia accounting for the remainder.

According to Young, “Although Asian based customers accounted for just 11% of sales in the first quarter, based on anecdotal evidence from our customers, we believe a significant

proportion of sales to European and US based customers are packaged into products that are eventually shipped to Asian end users.”

The Company’s largest customers for the first quarter (in alphabetical order) were Fairchild Semiconductor, Infineon Technologies, ON Semiconductor, and Philips. Products packaged for those customers are used in a variety of end user applications, with particular focus on automotive systems, consumer electronics, communications equipment, industrial applications, home appliances and PC motherboards.

Gross profit margin was 0.1%, compared with 4.1% in the previous quarter. It was 1% in the same period last year. Gross profit was \$23 thousand in the first quarter, compared to \$758 thousand in the previous quarter, and \$145 thousand for the first quarter of 2002.

EBITDA for the first quarter of 2003 was \$1.6 million, a (18.8)% sequential decrease compared to \$1.9 million in the fourth quarter of 2002. EBITDA margin was 7.8% for the quarter.

According to Young, “We experienced a seasonally slow start in the first month of the year that improved month over month as the quarter progressed. This and the decline in average selling prices negatively impacted margins for the first quarter. To counteract the programmed decline in ASPs, the first phase of our cost reduction efforts through materials substitution and process optimization has been implemented in March following customer acceptance of qualification results. This allowed PSi to record a gross profit margin of 3.9% and EBITDA margin of 11.6% for the month.”

Operating expenses increased by 1.7% sequentially due to higher research and development expenses. Administration, marketing and stock compensation costs declined by an aggregate of (0.9)% sequentially. Operating loss for the first quarter was \$(2.3) million, compared to \$(1.6) million in the previous quarter and \$(1.7) million in the first quarter of 2002. Operating loss margin was (11.6)% versus (11.8)% in the same period last year. Operating loss margin was (6.7)% in March.

First quarter net loss was \$(2.5) million or \$(0.19) per diluted share compared to \$(1.7) million, or \$(0.12) per diluted share in the previous quarter, and \$(1.8) million or \$(0.13) per diluted share in the first quarter of 2002.

### **Significant Events in the Quarter**

Through the quarter, PSi developed and increased our packaging capabilities for Fast Recovery Diodes, low dropout voltage regulators, and switching regulator and transistor technologies.

On March 15, 2003, PSi entered into a non-binding Memorandum of Understanding with Jilin Sino-Microelectronics Co. Ltd. of China to create a joint venture company for the purposes of establishing manufacturing facilities for low cost assembly and testing of power semiconductors. We are in the process of preparing and negotiating the joint venture agreement after which we will obtain the necessary government approvals for the joint venture.

### **Balance Sheet Highlights**

Cash and cash equivalents totaled \$1.2 million at end March 2003, versus \$0.9 million in 2002. For the quarter, capital expenditures totaled \$3.5 million, funded principally from operating cash flows and secondarily from credit facilities. Full year capital expenditure is estimated at \$10 million, compared to \$17.8 million in 2002.

The Company ended the quarter with total liabilities of \$42.5 million including \$9.8 million in accounts payable related to our capital expenditures, \$7.7 million in short-term bank financing and \$2.5 million in liabilities related to the ON Guadalajara offload program, versus \$71.3 million in total shareholders' equity.

"Negotiations and discussions are ongoing with various financial institutions to secure long-term financing," said Thelma G. Oribello, Chief Financial Officer.

Tangible book value was \$5.32 per share at March 31, 2003.

### **Business Outlook**

Commenting on the Company's business outlook and going forward strategies, Chairman and CEO Young said, "Over the past quarters, we have focused on growing our customer base commensurate to our capacity plan for 2003 by tapping new customers in new markets, packaging new technologies in our existing packages, and deepening our existing customer relationships. These programs have been responsible for our growth to date, and we anticipate it will underpin our growth for the rest of the year. Over the next quarter, we expect sequential double-digit percentage revenue growth across the three regional markets we serve. The positive outlook is underpinned by strengthening demand trends in most of our end markets, most notably automotive system, consumer electronics, wireless, PC motherboards and peripherals and continued market share gains by some of our customers."

"While we have grown our revenues to derive economies of scale, we anticipate a faster rate of margin recovery owing to our cost reduction efforts, whose succeeding phases will be implemented in the second and third quarters of the year. These efforts will manifest itself in lower cost of goods sold and better asset utilization. Owing to this, we remain confident we will be profitable by the second half of the year. Similarly, after two years of significant pricing pressure, we expect average selling prices to gradually stabilize over the course of the year as utilization rates trend higher," Young concluded.

### **Conference Call and Webcast**

Company management will hold a conference call on its first quarter 2003 operating results on Wednesday, April 30, 2003, at 5:00 p.m. Eastern/2:00 p.m. Pacific. Interested parties should call 888-806-9467 (for domestic callers) or 703-871-3627 (for international callers) at least 5 minutes before start time, and ask the operator for the PSi conference call. A live webcast will also be available through [www.companyboardroom.com](http://www.companyboardroom.com), and the Investor Relations section of the Company's website at [www.psitechnologies.com](http://www.psitechnologies.com).

A replay of the conference call will be available at 888-266-2086 (for domestic callers) and 703-925-2435 (for international callers) through May 7, 2003; the passcode number is 6491144. The webcast replay will be available for 90 days.

### **About PSi Technologies**

PSi Technologies is a focused independent semiconductor assembly and test service provider to the power semiconductor market. The Company provides comprehensive package design, assembly and test services for power semiconductors used in telecommunications and networking systems, computers and computer peripherals, consumer electronics, electronic office equipment, automotive systems and industrial products. Their customers include most of the major power semiconductor manufacturers in the world such as Fairchild Semiconductor,

Infineon Technologies, ON Semiconductor, Philips Semiconductor, and ST Microelectronics. For more information, visit the Company's web site at [www.psitechnologies.com](http://www.psitechnologies.com) or call:

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**Safe Harbor Statement**

This press release contains forward-looking statements that involve risks and uncertainties. Actual results and outcomes may differ materially. Factors that might cause a difference include, but are not limited to, those relating to the pace of development and market acceptance of PSi's products and the power semiconductor market generally, commercialization and technological delays or difficulties, the impact of competitive products and technologies, competitive pricing pressures, manufacturing risks, the possibility of our products infringing patents and other intellectual property of third parties, product defects, costs of product development, manufacturing and government regulation, the possibility that the joint venture might not be consummated or that it may not produce the anticipated results, the possible spread of SARS and the economic effects thereof, risks inherent in emerging markets, including but not limited to, currency volatility and depreciation, restricted access to financing and political and social unrest. PSi undertakes no responsibility to update these forward-looking statements to reflect events or circumstances after the date hereof. More detailed information about potential factors that could affect PSi's financial results is included in the documents PSi files from time to time with the Securities and Exchange Commission.

-Financial Tables Follow-

<b>PSi Technologies Holdings, Inc.</b>		
<b>Unaudited Income Statement</b>		
<b>(In US Dollars)</b>		
	<b>31-Mar-03</b>	<b>31-Mar-02</b>
<b>Sales</b>	\$ 20,146,597.51	\$ 14,530,785.56
<b>Cost of Sales</b>	20,123,435.94	14,385,350.95
<b>Gross Profit</b>	<u>23,161.57</u>	<u>145,434.61</u>
<b>Operating Expense</b>		
Research and Development	432,690.20	263,935.78
Stock compensation cost	59,988.21	59,988.21
Administrative Expenses	1,656,423.22	1,246,092.17
Marketing Expenses	212,649.44	290,302.86
Subtotal	<u>2,361,751.06</u>	<u>1,860,319.02</u>
<b>Operating Profit/(Loss)</b>	<b>(2,338,589.49)</b>	<b>(1,714,884.40)</b>
<b>Other Income / (Charges)</b>	(204,099.46)	(89,229.70)
<b>Income before Tax</b>	(2,542,688.95)	(1,804,114.10)
<b>Minority Interest</b>	(115.52)	4,901.50
<b>Net Income</b>	<u><b>(2,542,804.47)</b></u>	<u><b>(1,799,212.60)</b></u>
<b>EBITDA</b>	<b>1,580,354.37</b>	<b>1,261,072.71</b>
No. of Shares Outstanding	13,395,848	13,395,848
EPS	(0.19)	(0.13)

**PSi Technologies Holdings, Inc.**  
**Unaudited Consolidated Balance Sheet**  
**(In US Dollars)**

	As of	
	31-Mar-03	31-Dec-02
<b>ASSETS</b>		
Cash & Cash Equivalents	1,205,870.87	928,900.53
Accounts Receivable	15,227,231.51	14,403,479.45
Inventories	7,989,580.94	8,471,056.00
Prepaid Expenses & Tax Credits	3,243,278.00	2,464,089.06
<b>Total Current Assets</b>	<b>27,665,961.32</b>	<b>26,267,525.04</b>
Property Plant & Equipment	141,238,382.17	137,621,816.70
Accumulated Depreciation	57,215,174.33	53,332,997.03
<b>Property Plant &amp; Equipment - Net</b>	<b>84,023,207.84</b>	<b>84,288,819.67</b>
<b>Investment &amp; Advances</b>	141,889.62	239,632.74
<b>Other Assets</b>	2,249,682.90	2,112,631.90
<b>TOTAL ASSETS</b>	<b>114,080,741.68</b>	<b>112,908,609.35</b>
<b>LIABILITIES &amp; STOCKHOLDER'S EQUITY</b>		
Accounts Payable and Other Expenses	18,200,556.36	15,077,249.02
Accounts Payable CAPEX	9,795,272.66	10,841,261.95
Bank Loans	7,700,000.00	6,500,000.00
Trust Receipts	4,036,126.73	3,668,733.67
Current Portion of Long-term Debt	2,572,397.06	2,572,397.06
Current Portion of Obligation under Capital Lease	115,693.85	119,406.28
<b>Total Current Liabilities</b>	<b>42,420,046.66</b>	<b>38,779,047.98</b>
<b>Long-term liability (net of current )</b>	-	-
<b>Obligation Under Capital Leases (net of current)</b>	104,377.21	90,542.82
<b>TOTAL LIABILITIES</b>	<b>42,524,423.87</b>	<b>38,869,590.80</b>
<b>Minority Interest</b>	225,867.53	225,752.00
<b>Equity</b>		
Common Stock	590,818.00	590,818.00
Additional Paid-in-Capital	68,187,381.81	68,127,393.60
Subtotal Equity	<b>68,778,199.81</b>	<b>68,718,211.60</b>
Retained Earnings / (Deficit)		
Year to Date Profit & Loss	(2,542,804.47)	(6,663,528.19)
Previous Years' Retained Earnings	5,056,124.32	11,719,652.51
Other Comprehensive Income	38,930.63	38,930.63
Subtotal Retained Earnings	<b>2,552,250.47</b>	<b>5,095,054.95</b>
<b>TOTAL EQUITY</b>	<b>71,330,450.28</b>	<b>73,813,266.55</b>
<b>TOTAL LIABILITIES &amp; S'HOLDERS' EQUITY</b>	<b>114,080,741.68</b>	<b>112,908,609.35</b>

**PSi Technologies Holdings, Inc.**  
**Unaudited Consolidated Statement of Cash Flows**  
(In US Dollars)

	For the 3 Months ended	
	31-Mar-03	31-Mar-02
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		-
Net Income	(2,542,804.47)	(1,799,212.60)
Adjustments to reconcile net income to net cash provided by operating activities:	-	-
Minority interest	115.52	(4,901.50)
Equity in net loss (gain) of an investee 2002	-	
Stock compensation cost	59,988.21	59,988.21
Depreciation and amortization	3,810,190.06	3,190,064.32
Provision for (benefit from) deferred income tax	-	-
Equity in net loss (gain) of an investee	-	(90.88)
Change in assets and liabilities:	-	-
Decrease (increase) in current assets:	(1,121,465.94)	280,455.85
Increase (decrease) in current liabilities:	2,077,318.05	(579,385.47)
<b>Net cash provided by operating activities</b>	<b>2,283,341.43</b>	<b>1,146,917.93</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment	(3,544,578.23)	(1,752,107.27)
Decrease (increase) in investments and advances	97,743.12	(756.52)
Decrease (increase) in other assets	(137,051.00)	139,552.62
<b>Net cash used in investing activities</b>	<b>(3,583,886.11)</b>	<b>(1,613,311.17)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net availment/(payments) of short-term loans	1,200,000.00	550,000.00
Trust receipts and acceptances payable	367,393.06	895,769.67
Net availment/(payments) of stock issuance cost	-	-
Net availment/(payments) of long term loan	-	(407,220.39)
Net availment/(payments) of obligation under capital leases	10,121.96	(17,535.07)
<b>Net cash provided by (used in) financing activities</b>	<b>1,577,515.02</b>	<b>1,021,014.21</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>276,970.34</b>	<b>554,620.97</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	928,900.53	1,792,020.89
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,205,870.87</b>	<b>2,346,641.86</b>

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