

PEGATRON



PEGATRON

2014 Third Quarter Business Review

November 10, 2014

- Financial Results
- Business Highlight

- Pegatron's statements of its current expectations are forward looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.
- Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

3Q2014 Consolidated Financial Result

Consolidated Income Statement

| <i>(NT\$ Mn)</i> | 1Q-3Q 2014 | | 1Q-3Q 2013 | | YoY |
|--|-------------------|-------------|-------------------|-------------|--------------|
| Net Revenue | 667,792 | 100% | 683,793 | 100% | -2.3% |
| COGS | 628,271 | 94.1% | 651,678 | 95.3% | -3.6% |
| Gross Profit | 39,521 | 5.9% | 32,115 | 4.7% | 23.1% |
| Operating Expense | 21,682 | 3.2% | 21,648 | 3.2% | 0.2% |
| Operating Income (Loss) | 17,839 | 2.7% | 10,467 | 1.5% | 70.4% |
| Net Non-Operating Income (Loss) | (1,679) | -0.3% | 2,318 | 0.3% | -172.4% |
| FX Gain (Loss) | (280) | 0.0% | 1,361 | 0.2% | -120.6% |
| Others | (1,399) | -0.2% | 957 | 0.1% | -246.2% |
| PBT | 16,160 | 2.4% | 12,785 | 1.9% | 26.4% |
| Tax | (4,010) | 0.6% | (3,141) | 0.5% | 27.7% |
| Net Income | 12,150 | 1.8% | 9,644 | 1.4% | 26.0% |
| Net Income Attributable to the Parent | 8,978 | 1.3% | 6,176 | 0.9% | 45.4% |
| EPS | 3.86 | | 2.70 | | 43.0% |
| Excluding Impact from ECB Valuation | 1Q-3Q 2014 | | 1Q-3Q 2013 | | YoY |
| Valuation Gain (Loss) on ECB | (2,342) | | 90 | | - |
| PBT | 18,502 | | 12,695 | | 45.7% |
| Net Income Attributable to the Parent | 11,320 | | 6,086 | | 86.0% |
| EPS | 4.87 | | 2.66 | | 83.1% |

Consolidated Income Statement

| <i>(NT\$ Mn)</i> | 3Q 2014 | | 2Q 2014 | | QoQ | 3Q 2013 | | YoY |
|--|----------------|-------------|----------------|-------------|---------------|----------------|-------------|--------------|
| Net Revenue | 236,703 | 100% | 212,352 | 100% | 11.5% | 253,978 | 100% | -6.8% |
| COGS | 221,483 | 93.6% | 199,349 | 93.9% | 11.1% | 243,320 | 95.8% | -9.0% |
| Gross Profit | 15,220 | 6.4% | 13,003 | 6.1% | 17.0% | 10,658 | 4.2% | 42.8% |
| Operating Expense | 8,152 | 3.4% | 7,299 | 3.4% | 11.7% | 7,737 | 3.0% | 5.4% |
| Operating Income (Loss) | 7,068 | 3.0% | 5,704 | 2.7% | 23.9% | 2,921 | 1.2% | 142.0% |
| Net Non-Operating Income (Loss) | 958 | 0.4% | (2,033) | -1.0% | 147.1% | 1,750 | 0.7% | -45.3% |
| FX Gain (Loss) | 470 | 0.2% | (494) | -0.2% | 195.1% | 249 | 0.1% | 88.8% |
| Others | 488 | 0.2% | (1,539) | -0.7% | 131.7% | 1,501 | 0.6% | -67.5% |
| PBT | 8,026 | 3.4% | 3,671 | 1.7% | 118.6% | 4,671 | 1.8% | 71.8% |
| Tax | (1,847) | 0.8% | (1,188) | 0.6% | 55.5% | (992) | 0.4% | 86.2% |
| Net Income | 6,179 | 2.6% | 2,483 | 1.2% | 148.9% | 3,679 | 1.4% | 68.0% |
| Net Income Attributable to the Parent | 4,748 | 2.0% | 1,498 | 0.7% | 217.0% | 2,478 | 1.0% | 91.6% |
| EPS | 2.03 | | 0.65 | | 212.3% | 1.08 | | 88.0% |
| Excluding Impact from ECB Valuation | 3Q 2014 | | 2Q 2014 | | QoQ | 3Q 2013 | | YoY |
| Valuation Gain (Loss) on ECB | (24) | | (1,732) | | - | 1,075 | | - |
| PBT | 8,050 | | 5,403 | | 49.0% | 3,596 | | 123.9% |
| Net Income Attributable to the Parent | 4,772 | | 3,230 | | 47.7% | 1,403 | | 240.1% |
| EPS | 2.04 | | 1.39 | | 46.8% | 0.61 | | 234.4% |

Consolidated Balance Sheet

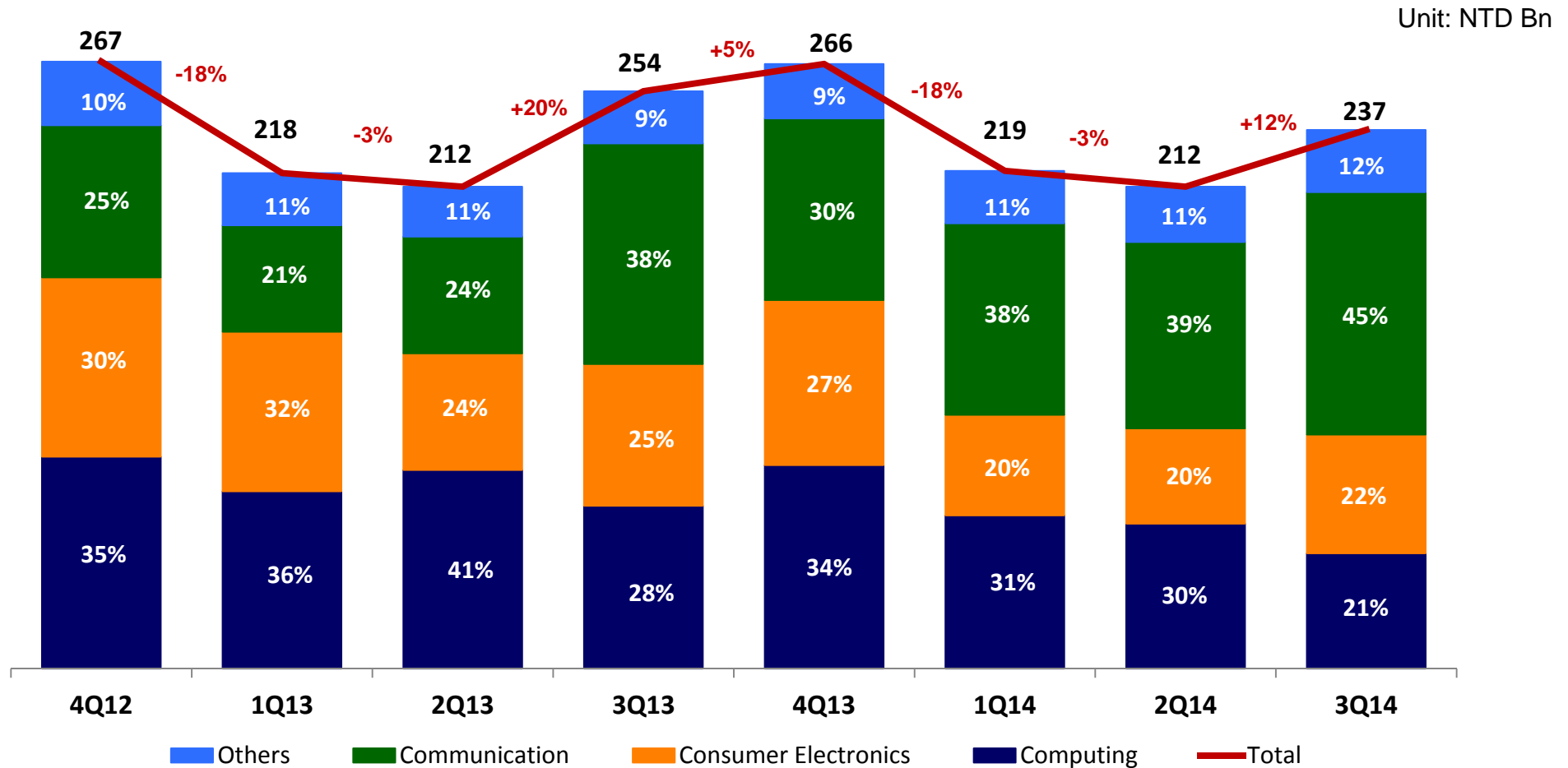
| <i>(NT\$ Mn)</i> | 3Q 2014 | 2Q 2014 | QoQ | 3Q 2013 | YoY |
|---|---------|---------|---------|---------|----------|
| Cash and Equivalents | 80,749 | 90,346 | (9,597) | 62,450 | 18,299 |
| AR (Net) | 107,838 | 82,871 | 24,967 | 112,195 | (4,357) |
| Inventory (Net) | 105,952 | 76,563 | 29,389 | 107,970 | (2,018) |
| Other Current Assets | 37,853 | 28,835 | 9,018 | 39,316 | (1,463) |
| Total Current Assets | 332,392 | 278,615 | 53,777 | 321,931 | 10,461 |
| Investment | 3,601 | 3,075 | 526 | 3,315 | 286 |
| Fixed Assets (Net) | 70,703 | 70,665 | 38 | 74,078 | (3,375) |
| Other Assets | 12,245 | 10,768 | 1,477 | 12,231 | 14 |
| Total Non-Current Assets | 86,549 | 84,508 | 2,041 | 89,624 | (3,075) |
| Total Assets | 418,941 | 363,123 | 55,818 | 411,555 | 7,386 |
| Short-term Borrowings | 30,168 | 25,646 | 4,522 | 32,564 | (2,396) |
| AP | 166,371 | 119,193 | 47,178 | 163,481 | 2,890 |
| Other Current Liabilities | 47,591 | 53,016 | (5,425) | 50,320 | (2,729) |
| Total Current Liabilities | 244,130 | 197,855 | 46,275 | 246,365 | (2,235) |
| Long-term Loans | 15,334 | 17,123 | (1,789) | 23,499 | (8,165) |
| Other Liabilities | 4,113 | 3,715 | 398 | 3,859 | 254 |
| Total Liabilities | 263,577 | 218,693 | 44,884 | 273,723 | (10,146) |
| Paid-in Capital | 23,679 | 23,282 | 397 | 23,194 | 485 |
| Capital Surplus | 67,209 | 65,568 | 1,641 | 63,049 | 4,160 |
| Retained Earnings | 23,644 | 18,877 | 4,767 | 17,746 | 5,898 |
| Others | 1,218 | (359) | 1,577 | (1,277) | 2,495 |
| Treasury Stocks | (6) | (6) | 0 | (17) | 11 |
| Net Equity | 155,364 | 144,430 | 10,934 | 137,832 | 17,532 |
| Total Liabilities and Net Equity | 418,941 | 363,123 | 55,818 | 411,555 | 7,386 |
| Current Ratio | 136% | 141% | - | 131% | - |
| Debt Ratio (TTL Liabilities / TTL Assets) | 63% | 60% | - | 67% | - |
| Interest-bearing Debt Ratio | 11% | 12% | - | 14% | - |

Consolidated Cash Flows Statement

| <i>(NT\$ Mn)</i> | 1Q-3Q 2014 | 1Q-3Q 2013 |
|---------------------------------------|------------|------------|
| Cash Flows from Operating Activities: | 31,605 | 10,738 |
| Cash Flows from Investing Activities: | (5,997) | (8,839) |
| Cash Flows from Financing Activities: | (19,679) | 877 |
| Impact from Changes in FX Rate | 559 | 250 |
| Net Increase in Cash | 6,488 | 3,026 |
| Cash, beginning of the period | 74,261 | 59,424 |
| Cash, end of the period | 80,749 | 62,450 |
| | | |
| <i>Note:</i> | 1Q-3Q 2014 | 1Q-3Q 2013 |
| Depreciation and amortization | 10,345 | 10,448 |

Business Highlight

Consolidated Revenue Trend

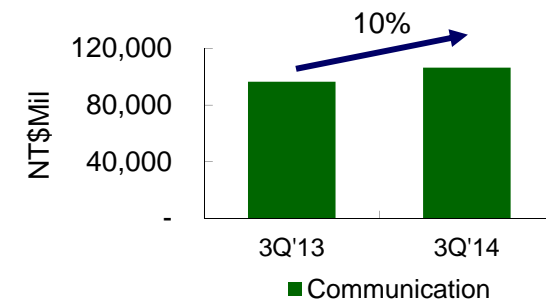
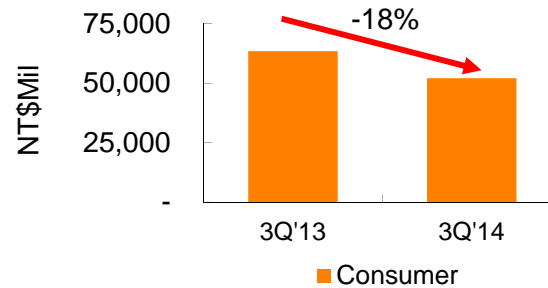
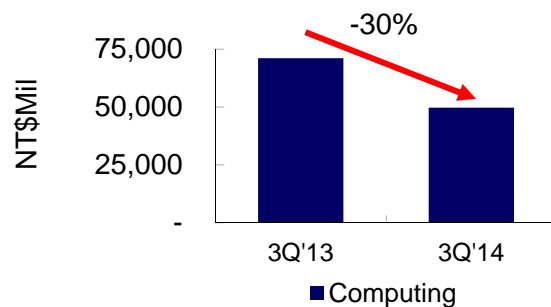
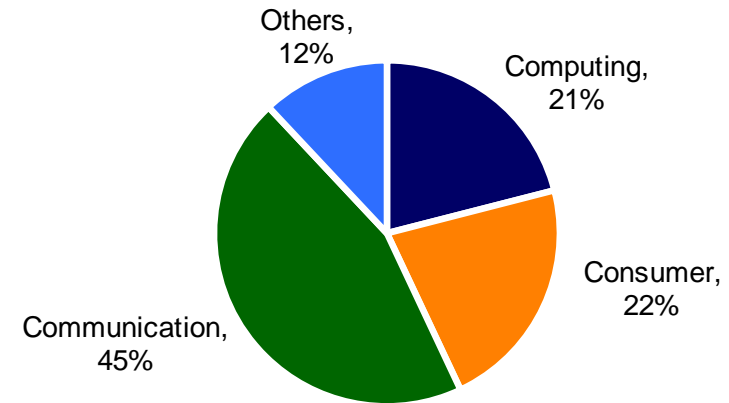
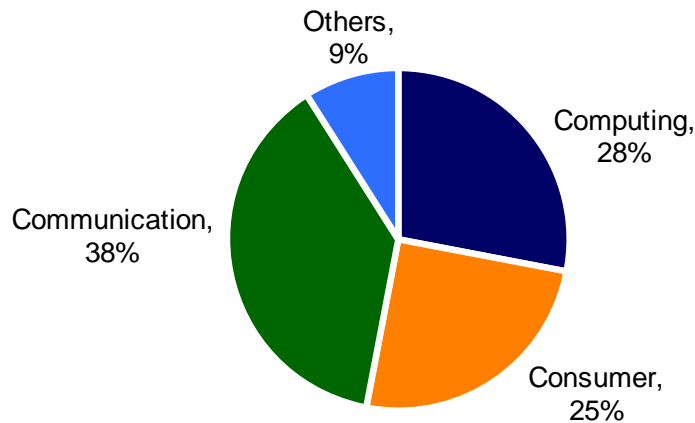


Consolidated revenue in 3Q2014 totaled NT\$237Bn, increased by 12% from NT\$212Bn in the previous quarter. The growth was mainly driven by new product launch in Communication segment coupling with seasonal effect in Consumer Electronics segment. Revenue contribution from Computing segment, on the other hand, was lower than previous quarter due to weaker than expected demand in NB.

Revenue Breakdowns by Products (Year-over-Year)

3Q2013

3Q2014

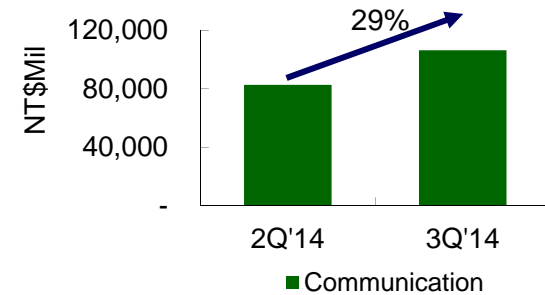
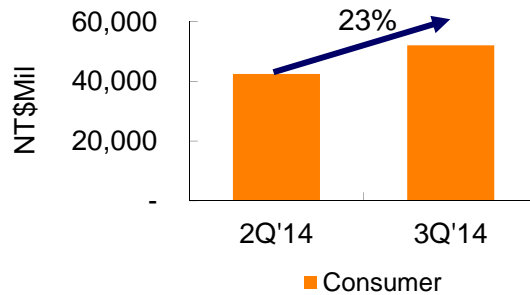
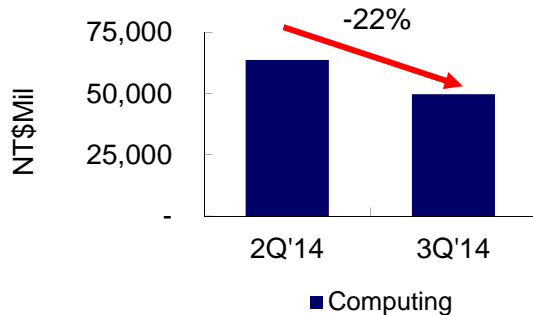
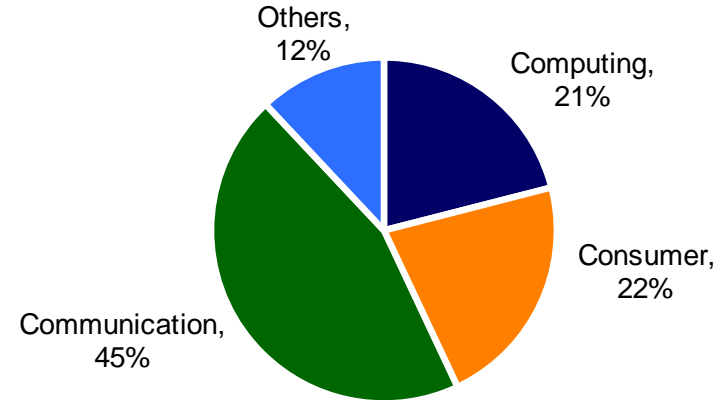
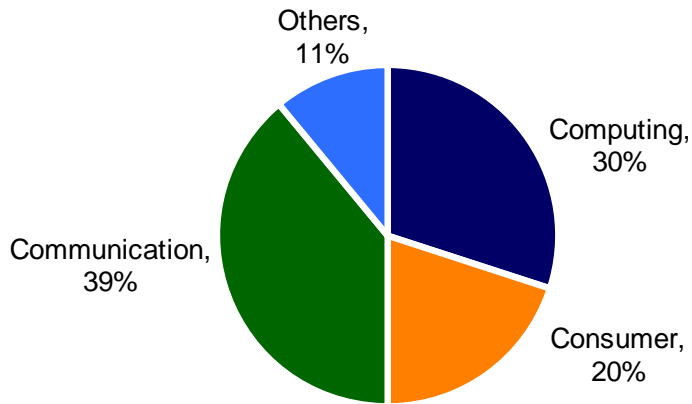


Benefiting from higher smartphone volume, revenue from Communication grew by 10% YoY and revenue contribution increased to 45% from 38% in a-year-ago quarter. Due to weaker than expected NB demand, revenue from Computing segment declined by 30% on a YoY basis, while that of Consumer Electronics declined by 18% as tablet demand is slowing down.

Revenue Breakdowns (Quarter-over-Quarter)

2Q2014

3Q2014



Driven by new product launch, revenue from Communication segment increased by 29% QoQ. Entering the traditional peak season, revenue from Consumer Electronics segment also grew by 23% QoQ, while revenue from Computing segment declined by 22% on a QoQ basis due to weaker demand.

- NB shipment volume to grow by 20%~30%
- MB & DT shipment volume to decline by 0%~5%
- Revenue from non-computing segment to grow by 40%~50%

Q & A