

**PEGATRON**



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## **2015 Third Quarter Business Review**

November 9, 2015

- **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.

**3Q2015 Consolidated Financial Result**

## Consolidated Income Statements

| <i>(NT\$ Mn)</i>                             | 1Q-3Q 2015        |             | 1Q-3Q 2014        |             | YoY          |
|--|-------------------|-------------|-------------------|-------------|--------------|
| Net Revenue                                  | 801,729           | 100%        | 667,792           | 100%        | 20.1%        |
| COGS   | 749,880           | 93.5%       | 628,271           | 94.1%       | 19.4%        |
| Gross Profit                                 | 51,849            | 6.5%        | 39,521            | 5.9%        | 31.2%        |
| Operating Expense                            | 25,402            | 3.2%        | 21,682            | 3.2%        | 17.2%        |
| Operating Income (Loss)                      | 26,447            | 3.3%        | 17,839            | 2.7%        | 48.3%        |
| Net Non-Operating Income (Loss)              | 795               | 0.1%        | (1,679)           | -0.3%       | 147.3%       |
| FX Gain (Loss)                               | (1,852)           | -0.2%       | (280)             | 0.0%        | -561.4%      |
| Others                                       | 2,647             | 0.3%        | (1,399)           | -0.2%       | 289.2%       |
| PBT  | 27,242            | 3.4%        | 16,160            | 2.4%        | 68.6%        |
| Tax  | (6,782)           | 0.8%        | (4,010)           | 0.6%        | 69.1%        |
| Net Income                                   | 20,460            | 2.6%        | 12,150            | 1.8%        | 68.4%        |
| <b>Net Income Attributable to the Parent</b> | <b>16,997</b>     | <b>2.1%</b> | <b>8,978</b>      | <b>1.3%</b> | <b>89.3%</b> |
| EPS  | 6.60              |             | 3.86              |             | 71.0%        |
| <b>Excluding Impact from ECB Valuation</b>   | <b>1Q-3Q 2015</b> |             | <b>1Q-3Q 2014</b> |             | <b>YoY</b>   |
| Valuation Gain (Loss) on ECB                 | (239)             |             | (2,342)           |             | -            |
| PBT  | 27,481            |             | 18,502            |             | 48.5%        |
| Net Income Attributable to the Parent        | 17,236            |             | 11,320            |             | 52.3%        |
| EPS  | 6.70              |             | 4.87              |             | 37.5%        |

## Consolidated Income Statements (Quarter-over-Quarter)

| <i>(NT\$ Mn)</i>                             | 3Q 2015        |             | 2Q 2015        |             | QoQ          | 3Q 2014        |             | YoY          |
|--|----------------|-------------|----------------|-------------|--------------|----------------|-------------|--------------|
| Net Revenue                                  | 309,538        | 100%        | 217,929        | 100%        | 42.0%        | 236,703        | 100%        | 30.8%        |
| COGS   | 288,668        | 93.3%       | 204,025        | 93.6%       | 41.5%        | 221,483        | 93.6%       | 30.3%        |
| Gross Profit                                 | 20,870         | 6.7%        | 13,904         | 6.4%        | 50.1%        | 15,220         | 6.4%        | 37.1%        |
| Operating Expense                            | 9,052          | 2.9%        | 8,166          | 3.7%        | 10.8%        | 8,152          | 3.4%        | 11.0%        |
| Operating Income (Loss)                      | 11,818         | 3.8%        | 5,738          | 2.6%        | 106.0%       | 7,068          | 3.0%        | 67.2%        |
| Net Non-Operating Income (Loss)              | (1,187)        | -0.4%       | 1,535          | 0.7%        | -177.3%      | 958            | 0.4%        | -223.9%      |
| FX Gain (Loss)                               | (1,462)        | -0.5%       | (70)           | 0.0%        | -1988.6%     | 470            | 0.2%        | -411.1%      |
| Others                                       | 275            | 0.1%        | 1,605          | 0.7%        | -82.9%       | 488            | 0.2%        | -43.6%       |
| PBT  | 10,631         | 3.4%        | 7,273          | 3.3%        | 46.2%        | 8,026          | 3.4%        | 32.5%        |
| Tax  | (3,119)        | 1.0%        | (1,542)        | 0.7%        | 102.3%       | (1,847)        | 0.8%        | 68.9%        |
| Net Income                                   | 7,512          | 2.4%        | 5,731          | 2.6%        | 31.1%        | 6,179          | 2.6%        | 21.6%        |
| <b>Net Income Attributable to the Parent</b> | <b>6,014</b>   | <b>1.9%</b> | <b>4,656</b>   | <b>2.1%</b> | <b>29.2%</b> | <b>4,748</b>   | <b>2.0%</b> | <b>26.7%</b> |
| EPS  | 2.31           |             | 1.82           |             | 26.9%        | 2.03           |             | 13.8%        |
| <b>Excluding Impact from ECB Valuation</b>   | <b>3Q 2015</b> |             | <b>2Q 2015</b> |             | <b>QoQ</b>   | <b>3Q 2014</b> |             | <b>YoY</b>   |
| Valuation Gain (Loss) on ECB                 | 0              |             | 0              |             | -            | (24)           |             | -            |
| PBT  | 10,631         |             | 7,273          |             | 46.2%        | 8,050          |             | 32.1%        |
| Net Income Attributable to the Parent        | 6,014          |             | 4,656          |             | 29.2%        | 4,772          |             | 26.0%        |
| EPS  | 2.31           |             | 1.82           |             | 26.9%        | 2.04           |             | 13.2%        |

## Consolidated Balance Sheet

| <i>(NT\$ Mn)</i>                          | <u>3Q2015</u> | <u>2Q2015</u> | <u>QoQ</u> | <u>3Q2014</u> | <u>YoY</u> |
|---|---------------|---------------|------------|---------------|------------|
| Cash and Equivalents                      | 101,961       | 112,800       | (10,839)   | 80,749        | 21,212     |
| AR (Net)                                  | 151,501       | 87,784        | 63,717     | 107,838       | 43,663     |
| Inventory (Net)                           | 158,121       | 121,765       | 36,356     | 105,952       | 52,169     |
| Other Current Assets                      | 41,755        | 29,205        | 12,550     | 37,853        | 3,902      |
| Total Current Assets                      | 453,338       | 351,554       | 101,784    | 332,392       | 120,946    |
| Investment                                | 2,025         | 2,257         | (232)      | 3,601         | (1,576)    |
| Fixed Assets (Net)                        | 71,439        | 69,879        | 1,560      | 70,703        | 736        |
| Other Assets                              | 13,023        | 11,258        | 1,765      | 12,245        | 778        |
| Total Non-Current Assets                  | 86,487        | 83,394        | 3,093      | 86,549        | (62)       |
| Total Assets                              | 539,825       | 434,948       | 104,877    | 418,941       | 120,884    |
| Short-term Borrowings                     | 67,260        | 45,765        | 21,495     | 30,168        | 37,092     |
| AP  | 217,168       | 138,020       | 79,148     | 166,371       | 50,797     |
| Other Current Liabilities                 | 52,601        | 58,337        | (5,736)    | 47,591        | 5,010      |
| Total Current Liabilities                 | 337,029       | 242,122       | 94,907     | 244,130       | 92,899     |
| Long-term Loans                           | 12,519        | 13,348        | (829)      | 15,334        | (2,815)    |
| Other Liabilities                         | 4,538         | 3,676         | 862        | 4,113         | 425        |
| Total Liabilities                         | 354,086       | 259,146       | 94,940     | 263,577       | 90,509     |
| Paid-in Capital                           | 26,032        | 26,033        | (1)        | 23,679        | 2,353      |
| Capital Surplus                           | 78,922        | 78,922        | 0          | 67,209        | 11,713     |
| Retained Earnings                         | 35,866        | 29,799        | 6,067      | 23,644        | 12,222     |
| Others                                    | 4,201         | 687           | 3,514      | 1,218         | 2,983      |
| Treasury Stocks                           | (2)           | (1)           | (1)        | (6)           | 4          |
| Net Equity                                | 185,739       | 175,802       | 9,937      | 155,364       | 30,375     |
| Total Liabilities and Net Equity          | 539,825       | 434,948       | 104,877    | 418,941       | 120,884    |
| Current Ratio                             | 135%          | 145%          | -          | 136%          | -          |
| Debt Ratio (TTL Liabilities / TTL Assets) | 66%           | 60%           | -          | 63%           | -          |
| Interest-bearing Debt Ratio               | 15%           | 14%           | -          | 11%           | -          |

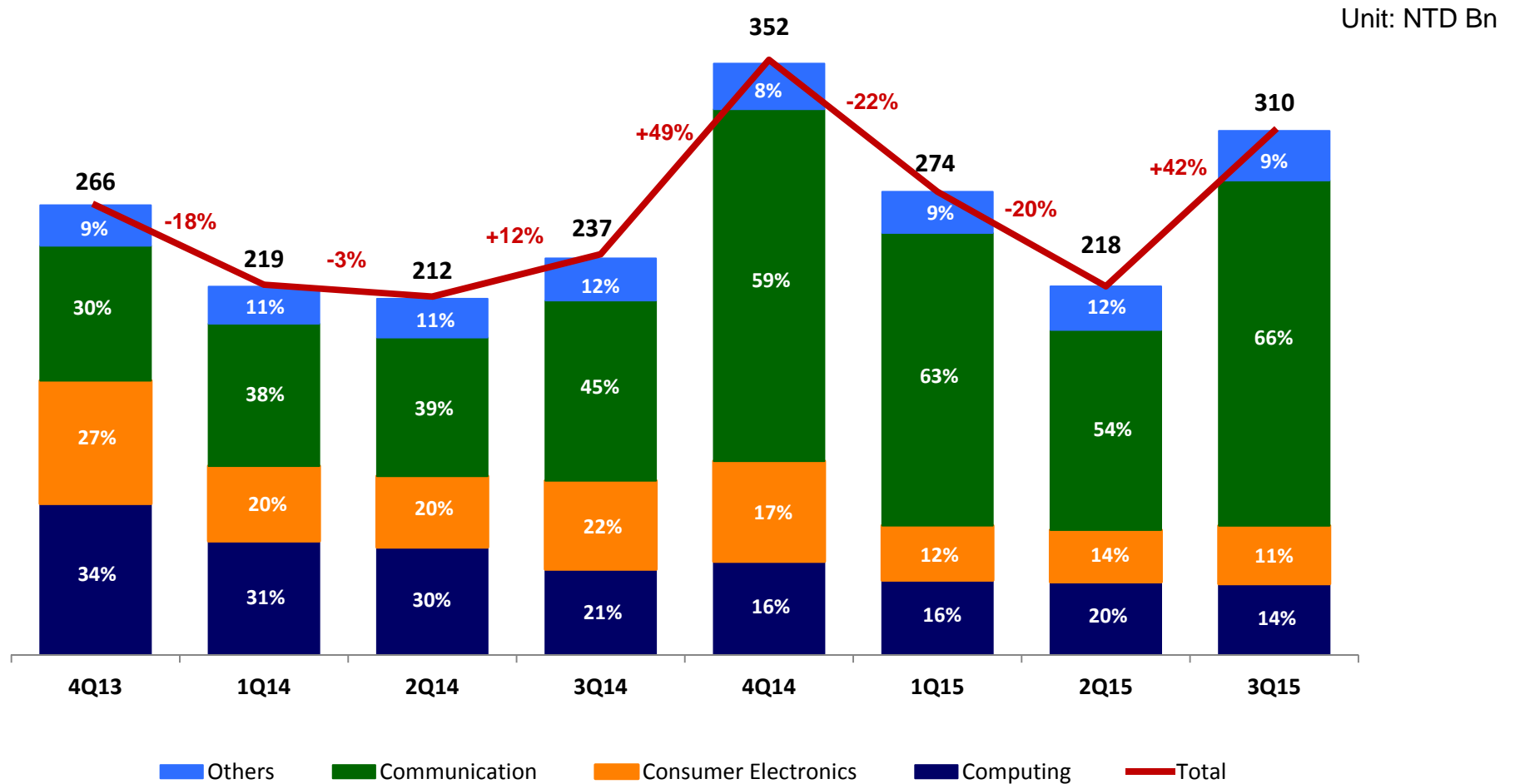
## Consolidated Cash Flows Statement

| <i>(NT\$ Mn)</i>                      | <u>1Q-3Q 2015</u> | <u>1Q-3Q 2014</u> |
|---------------------------------------|-------------------|-------------------|
| Cash Flows from Operating Activities: | (14,185)          | 31,605            |
| Cash Flows from Investing Activities: | (9,445)           | (5,997)           |
| Cash Flows from Financing Activities: | 16,594            | (19,679)          |
| Impact from Changes in FX Rate        | 1,308             | 559               |
| Net Increase in Cash                  | (5,728)           | 6,488             |
| Cash, beginning of the period         | 107,689           | 74,261            |
| Cash, end of the period               | 101,961           | 80,749            |
| <br>                                  |                   |                   |
| <i>Note:</i>                          | <u>1Q-3Q 2015</u> | <u>1Q-3Q 2014</u> |
| Depreciation and amortization         | 10,270            | 10,345            |



**Business Highlight**

## Consolidated Revenue Trend

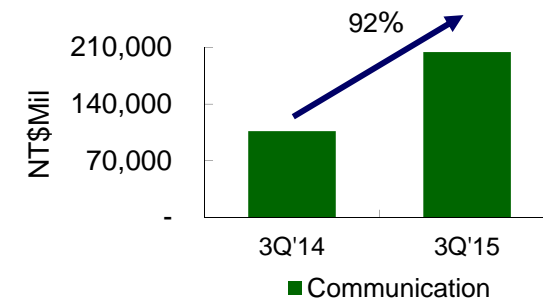
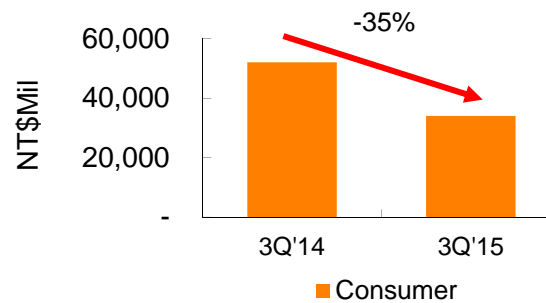
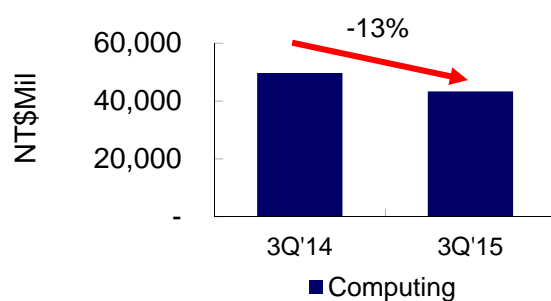
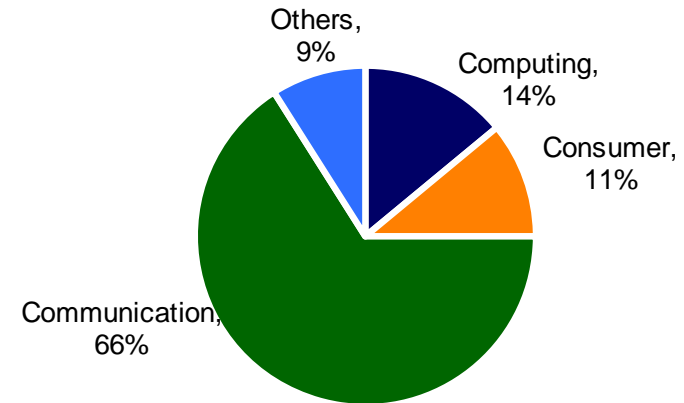
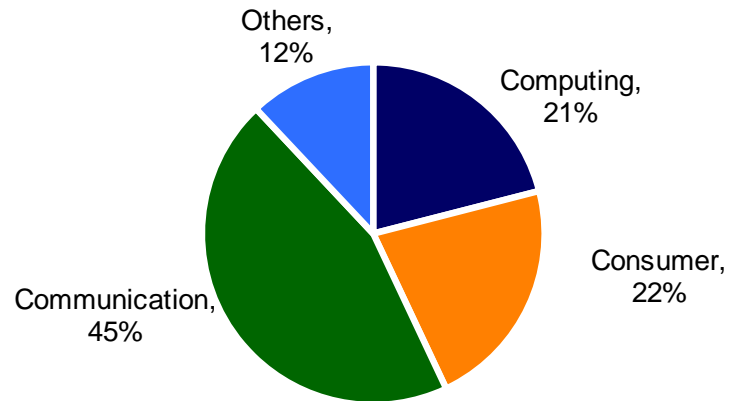


Consolidated revenue totaled NT\$310Bn in 3Q2015, increased by 42% from NT\$218Bn in the previous quarter. The growth was mainly driven by new product launch in Communication segment coupling with seasonal effect in Consumer Electronics segment.

## Revenue Breakdowns by Products (Year-over-Year)

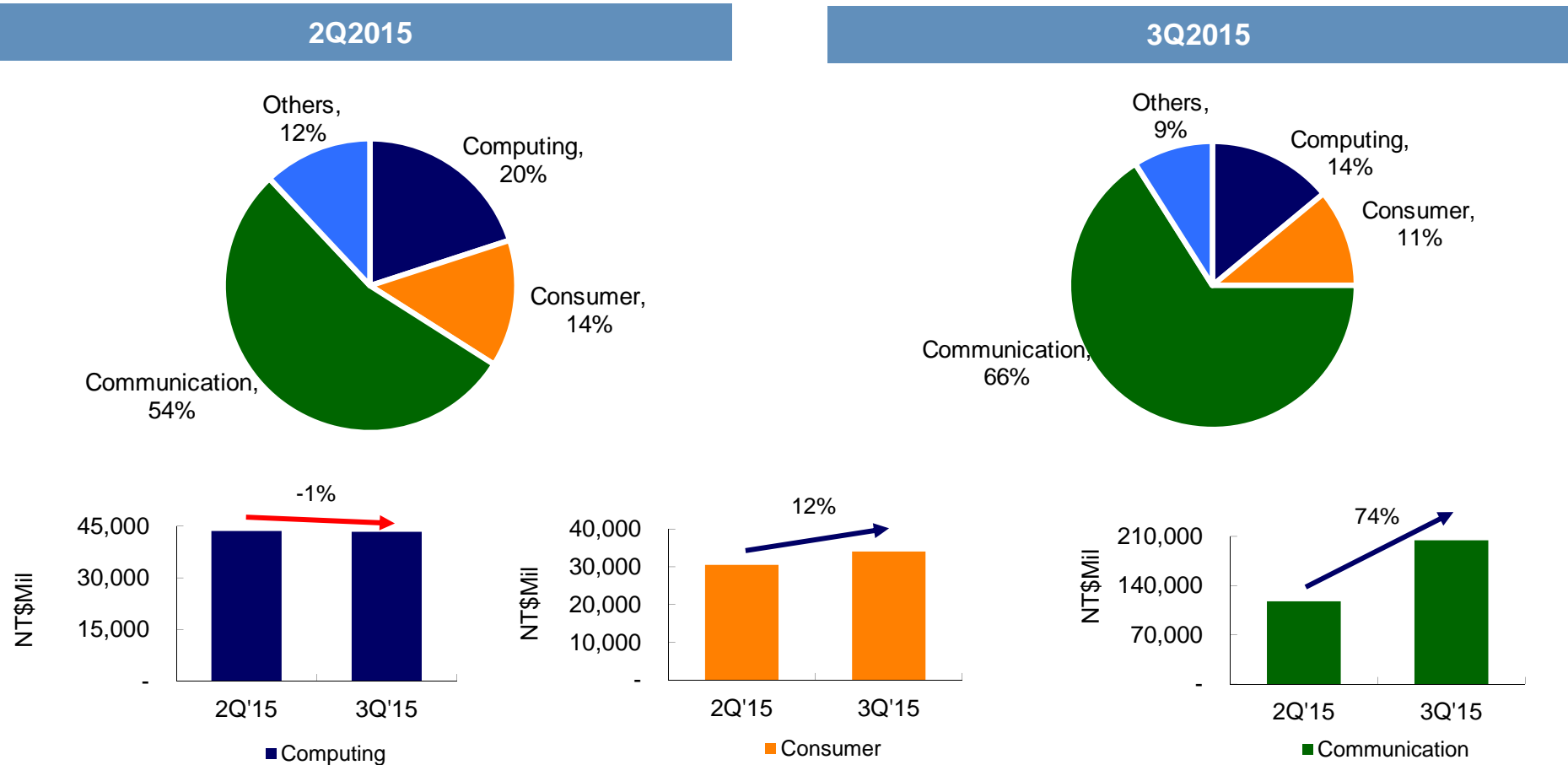
3Q2014

3Q2015



Driven by better demand, revenue from Communication grew by 92% YoY and revenue contribution increased to 66% from 45% in a-year-ago quarter. Reflecting challenging PC industry, revenue from Computing segment declined by 13% YoY, whilst that of Consumer Electronics segment also trended down by 35% YoY due to the change of product portfolio.

## Revenue Breakdowns by Products (Quarter-over-Quarter)



Driven by new product launch, revenue from Communication segment increased by 74% QoQ. Entering the traditional peak season, revenue from Consumer Electronics segment also grew by 12% QoQ, while revenue from Computing segment declined by 1% on a QoQ basis due to lower ASP.

- NB shipment volume to grow by 20% ~ 25%
- MB & DT shipment volume to grow by 10% ~ 15%
- Revenue from non-computing segment to grow by 25% ~ 35%

## Q & A