

**PEGATRON**



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## **2016 Second Quarter Business Review**

Aug 11, 2016

- **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.

## **2Q2016 Consolidated Financial Result**

## Consolidated Income Statements

<i>(NT\$ Mn)</i>	<u>1H2016</u>		<u>1H2015</u>		<u>YoY</u>
Net Revenue	481,033	100%	492,191	100%	-2.3%
COGS	450,200	93.6%	461,212	93.7%	-2.4%
Gross Profit	30,833	6.4%	30,979	6.3%	-0.5%
Operating Expense	15,261	3.2%	16,350	3.3%	-6.7%
Operating Income (Loss)	15,572	3.2%	14,629	3.0%	6.4%
Net Non-Operating Income (Loss)	(2,092)	-0.4%	1,981	0.4%	-205.6%
FX Gain (Loss)	(2,181)	-0.5%	(390)	-0.1%	459.2%
Others	89	0.0%	2,371	0.5%	-96.2%
PBT	13,480	2.8%	16,610	3.4%	-18.8%
Tax	(3,989)	0.8%	(3,663)	0.7%	8.9%
Net Income	9,491	2.0%	12,947	2.6%	-26.7%
<b>Net Income Attributable to the Parent</b>	<b>8,093</b>	<b>1.7%</b>	<b>10,984</b>	<b>2.2%</b>	<b>-26.3%</b>
EPS	3.13		4.29		-27.0%

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

<i>(NT\$ Mn)</i>	2Q2016		1Q2016		QoQ	2Q2015		YoY
Net Revenue	224,650	100%	256,382	100%	-12.4%	217,929	100%	3.1%
COGS	208,629	92.9%	241,570	94.2%	-13.6%	204,025	93.6%	2.3%
Gross Profit	16,021	7.1%	14,812	5.8%	8.2%	13,904	6.4%	15.2%
Operating Expense	7,225	3.2%	8,036	3.1%	-10.1%	8,166	3.7%	-11.5%
Operating Income (Loss)	8,796	3.9%	6,776	2.6%	29.8%	5,738	2.6%	53.3%
Net Non-Operating Income (Loss)	(1,817)	-0.8%	(275)	-0.1%	560.7%	1,535	0.7%	-218.4%
FX Gain (Loss)	(1,426)	-0.6%	(755)	-0.3%	88.9%	(70)	0.0%	1937.1%
Others	(391)	-0.2%	480	0.2%	-181.5%	1,605	0.7%	-124.4%
PBT	6,979	3.1%	6,501	2.5%	7.4%	7,273	3.3%	-4.0%
Tax	(2,329)	1.0%	(1,660)	0.6%	40.3%	(1,542)	0.7%	51.0%
Net Income	4,650	2.1%	4,841	1.9%	-3.9%	5,731	2.6%	-18.9%
<b>Net Income Attributable to the Parent</b>	<b>3,988</b>	<b>1.8%</b>	<b>4,106</b>	<b>1.6%</b>	<b>-2.9%</b>	<b>4,656</b>	<b>2.1%</b>	<b>-14.3%</b>
EPS	1.55		1.58		-1.9%	1.82		-14.8%

## Consolidated Balance Sheet

<i>(NT\$ Mn)</i>	<u>2Q2016</u>	<u>1Q2016</u>	<u>QoQ</u>	<u>2Q2015</u>	<u>YoY</u>
Cash and Equivalents	101,123	110,770	(9,647)	112,800	(11,677)
AR (Net)	78,719	78,984	(265)	87,784	(9,065)
Inventory (Net)	91,971	86,618	5,353	121,765	(29,794)
Other Current Assets	70,275	53,943	16,332	29,205	41,070
Total Current Assets	342,088	330,315	11,773	351,554	(9,466)
Investment	1,494	1,816	(322)	2,257	(763)
Fixed Assets (Net)	67,290	71,325	(4,035)	69,879	(2,589)
Other Assets	11,614	13,720	(2,106)	11,258	356
Total Non-Current Assets	80,398	86,861	(6,463)	83,394	(2,996)
Total Assets	422,486	417,176	5,310	434,948	(12,462)
Short-term Borrowings	58,713	51,904	6,809	45,765	12,948
AP	114,809	101,950	12,859	138,020	(23,211)
Other Current Liabilities	63,580	56,091	7,489	58,337	5,243
Total Current Liabilities	237,102	209,945	27,157	242,122	(5,020)
Long-term Loans	6,590	9,824	(3,234)	13,348	(6,758)
Other Liabilities	5,153	3,789	1,364	3,676	1,477
Total Liabilities	248,845	223,558	25,287	259,146	(10,301)
Paid-in Capital	25,761	26,028	(267)	26,033	(272)
Capital Surplus	78,192	78,975	(783)	78,922	(730)
Retained Earnings	36,819	46,761	(9,942)	29,799	7,020
Others	(70)	1,482	(1,552)	687	(757)
Treasury Stocks	(4)	(2,073)	2,069	(1)	(3)
Net Equity	173,641	193,618	(19,977)	175,802	(2,161)
Total Liabilities and Net Equity	422,486	417,176	5,310	434,948	(12,462)
Current Ratio	144%	157%	-	145%	-
Debt Ratio (TTL Liabilities / TTL Assets)	59%	54%	-	60%	-
Interest-bearing Debt Ratio	15%	15%	-	14%	-

## Consolidated Cash Flows Statement

<i>(NT\$ Mn)</i>	<u>1H2016</u>	<u>1H2015</u>
<b>Cash Flows from Operating Activities:</b>	9,843	(470)
<b>Cash Flows from Investing Activities:</b>	(12,783)	(3,873)
<b>Cash Flows from Financing Activities:</b>	3,406	10,907
<b>Impact from Changes in FX Rate</b>	(1,904)	(1,453)
<b>Net Increase in Cash</b>	(1,438)	5,111
<b>Cash, beginning of the period</b>	102,561	107,689
<b>Cash, end of the period</b>	101,123	112,800

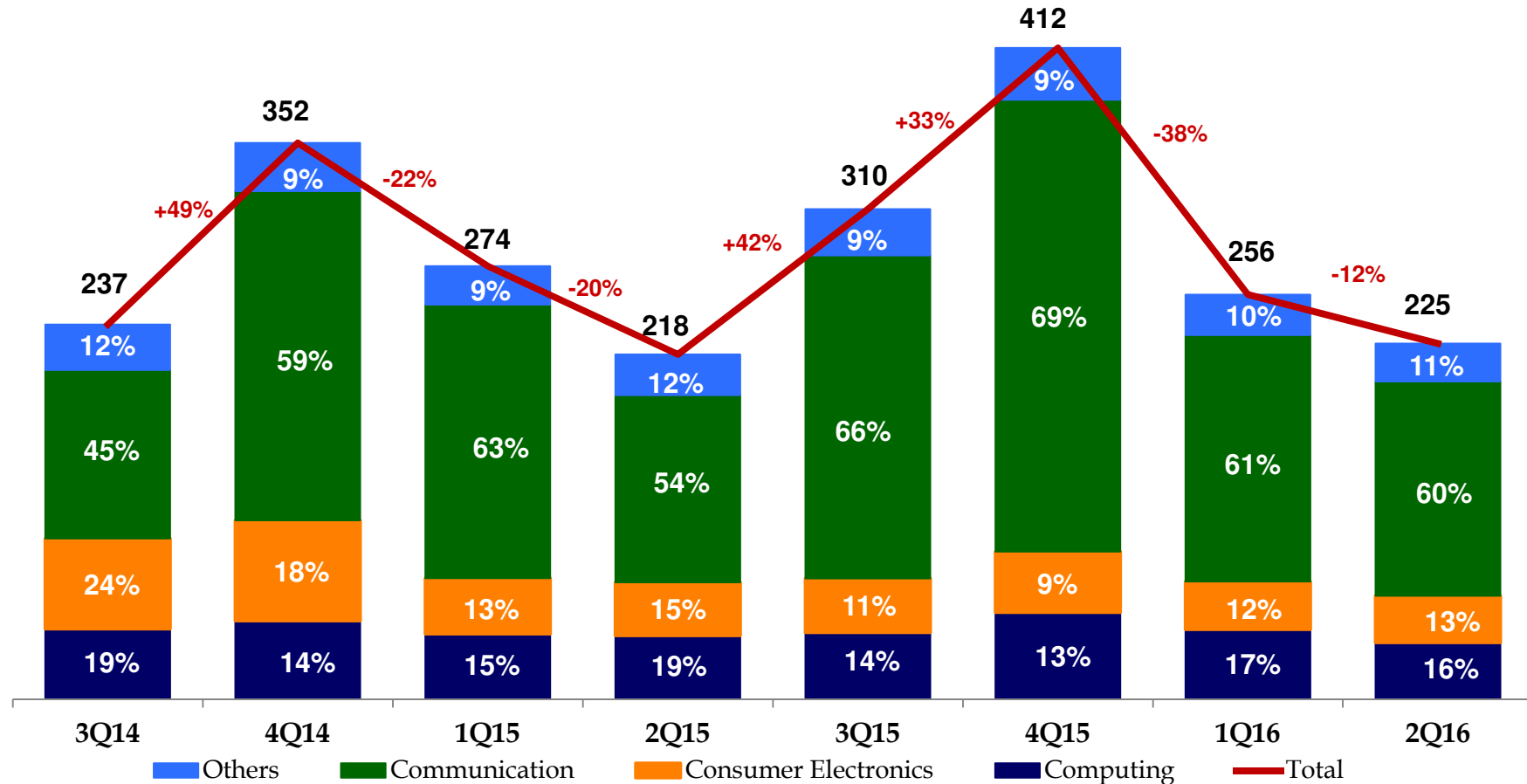
<i>Note:</i>	<u>1H2016</u>	<u>1H2015</u>
<b>Depreciation and amortization</b>	6,688	6,818



**Business Highlight**

## Consolidated Revenue Trend

Unit: NTD Bn

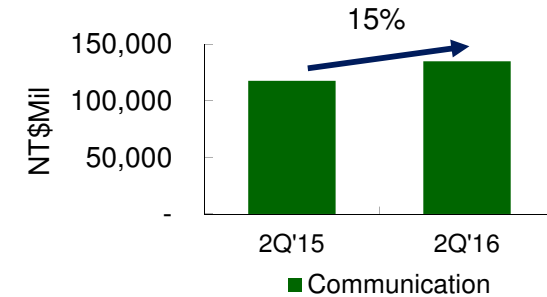
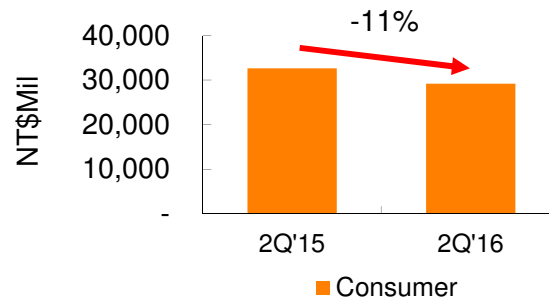
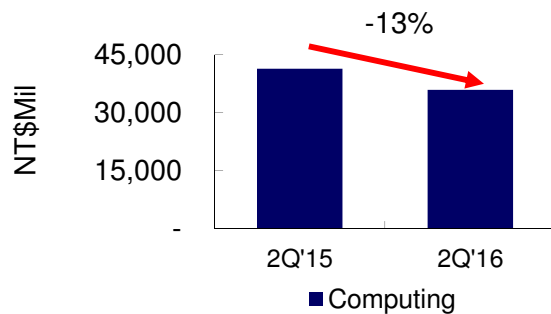
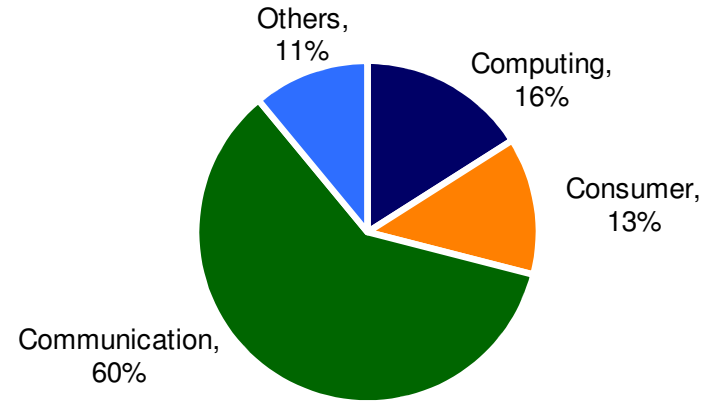
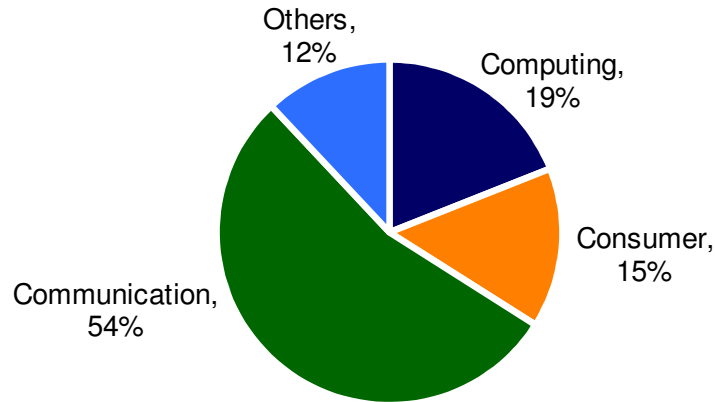


Consolidated revenue totaled NT\$225Bn in 2Q2016 and declined by 12% QoQ due to low season throughout three product segments and slightly weaker than expected NB demand.

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

2Q2015

2Q2016

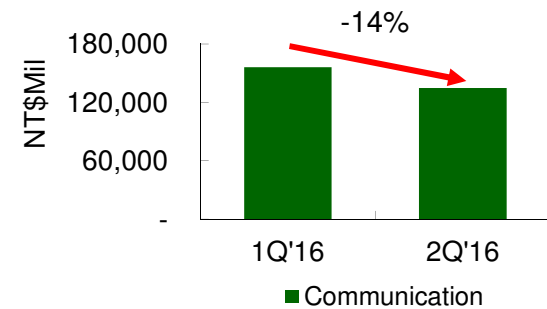
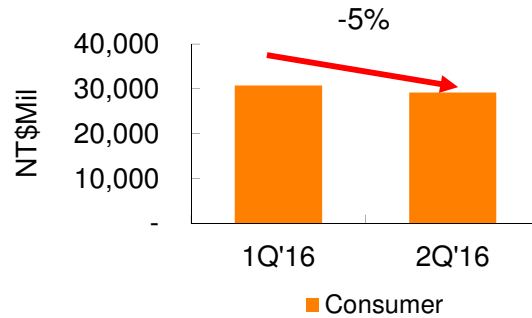
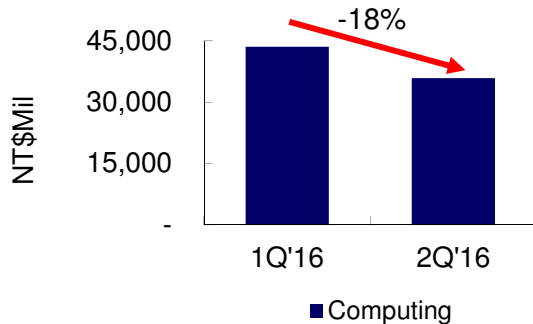
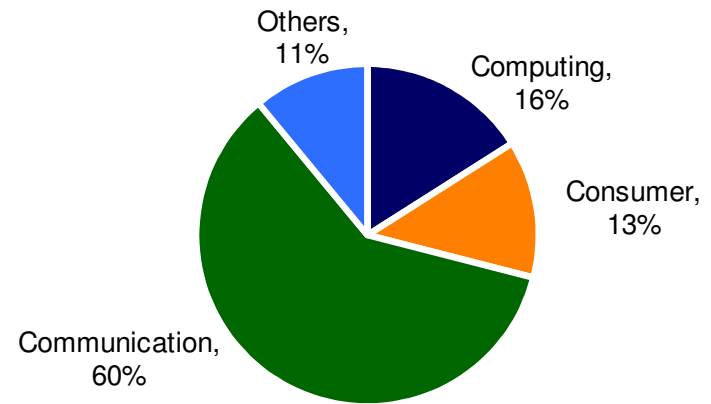
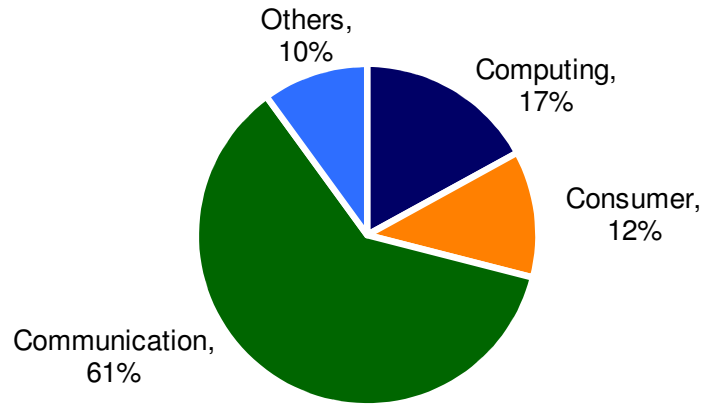


Driven by better volume in mobile device, revenue from Communication segment grew by 15% YoY and revenue contribution increased to 60% from 54% in a-year-ago quarter. Revenue from Computing and Consumer Electronics segments declined by 13% and 11% respectively due to continuous weaker consumer demand and change of customer mix.

## Revenue Breakdowns (Quarter-over-Quarter)

1Q2016

2Q2016



Weaker seasonality persisted in 2Q2016 and resulted in revenue decline on QoQ basis throughout three product segments.

- NB shipment volume to grow by 5% ~ 10%
- MB & DT shipment volume to decline by 10%~15%
- Revenue from non computing segment to grow by 25% ~ 30%

## Q & A