

PEGATRON



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2017 Second Quarter Business Review

August 10, 2017

- 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.

2Q2017 Consolidated Financial Result

Consolidated Income Statements

<i>(NT\$ Mn)</i>	<u>1H2017</u>		<u>1H2016</u>		<u>YoY</u>
Net Revenue	479,379	100%	481,033	100%	-0.3%
COGS	456,314	95.2%	450,200	93.6%	1.4%
Gross Profit	23,065	4.8%	30,833	6.4%	-25.2%
Operating Expense	13,102	2.7%	15,261	3.2%	-14.1%
Operating Income (Loss)	9,963	2.1%	15,572	3.2%	-36.0%
Net Non-Operating Income (Loss)	10	0.0%	(2,092)	-0.4%	100.5%
FX Gain (Loss)	(1,147)	-0.2%	(2,181)	-0.5%	-47.4%
Others	1,157	0.2%	89	0.0%	1200.0%
PBT	9,973	2.1%	13,480	2.8%	-26.0%
Tax	(2,134)	0.4%	(3,989)	0.8%	-46.5%
Net Income	7,839	1.6%	9,491	2.0%	-17.4%
Net Income Attributable to the Parent	7,319	1.5%	8,093	1.7%	-9.6%
EPS	2.84		3.13		-9.3%

Consolidated Income Statements (Quarter-over-Quarter)

<i>(NT\$ Mn)</i>	2Q 2017		1Q 2017		QoQ	2Q 2016		YoY
Net Revenue	240,380	100%	238,999	100%	0.6%	224,650	100%	7.0%
COGS	229,276	95.4%	227,038	95.0%	1.0%	208,629	92.9%	9.9%
Gross Profit	11,104	4.6%	11,961	5.0%	-7.2%	16,021	7.1%	-30.7%
Operating Expense	6,718	2.8%	6,384	2.7%	5.2%	7,225	3.2%	-7.0%
Operating Income (Loss)	4,386	1.8%	5,577	2.3%	-21.4%	8,796	3.9%	-50.1%
Net Non-Operating Income (Loss)	479	0.2%	(469)	-0.2%	202.1%	(1,817)	-0.8%	126.4%
FX Gain (Loss)	134	0.1%	(1,281)	-0.5%	110.5%	(1,426)	-0.6%	109.4%
Others	345	0.1%	812	0.3%	-57.5%	(391)	-0.2%	188.2%
PBT	4,865	2.0%	5,108	2.1%	-4.8%	6,979	3.1%	-30.3%
Tax	(1,179)	0.5%	(955)	0.4%	23.5%	(2,329)	1.0%	-49.4%
Net Income	3,686	1.5%	4,153	1.7%	-11.2%	4,650	2.1%	-20.7%
Net Income Attributable to the Parent	3,437	1.4%	3,882	1.6%	-11.5%	3,988	1.8%	-13.8%
EPS	1.34		1.51		-11.3%	1.55		-13.5%

Consolidated Balance Sheet

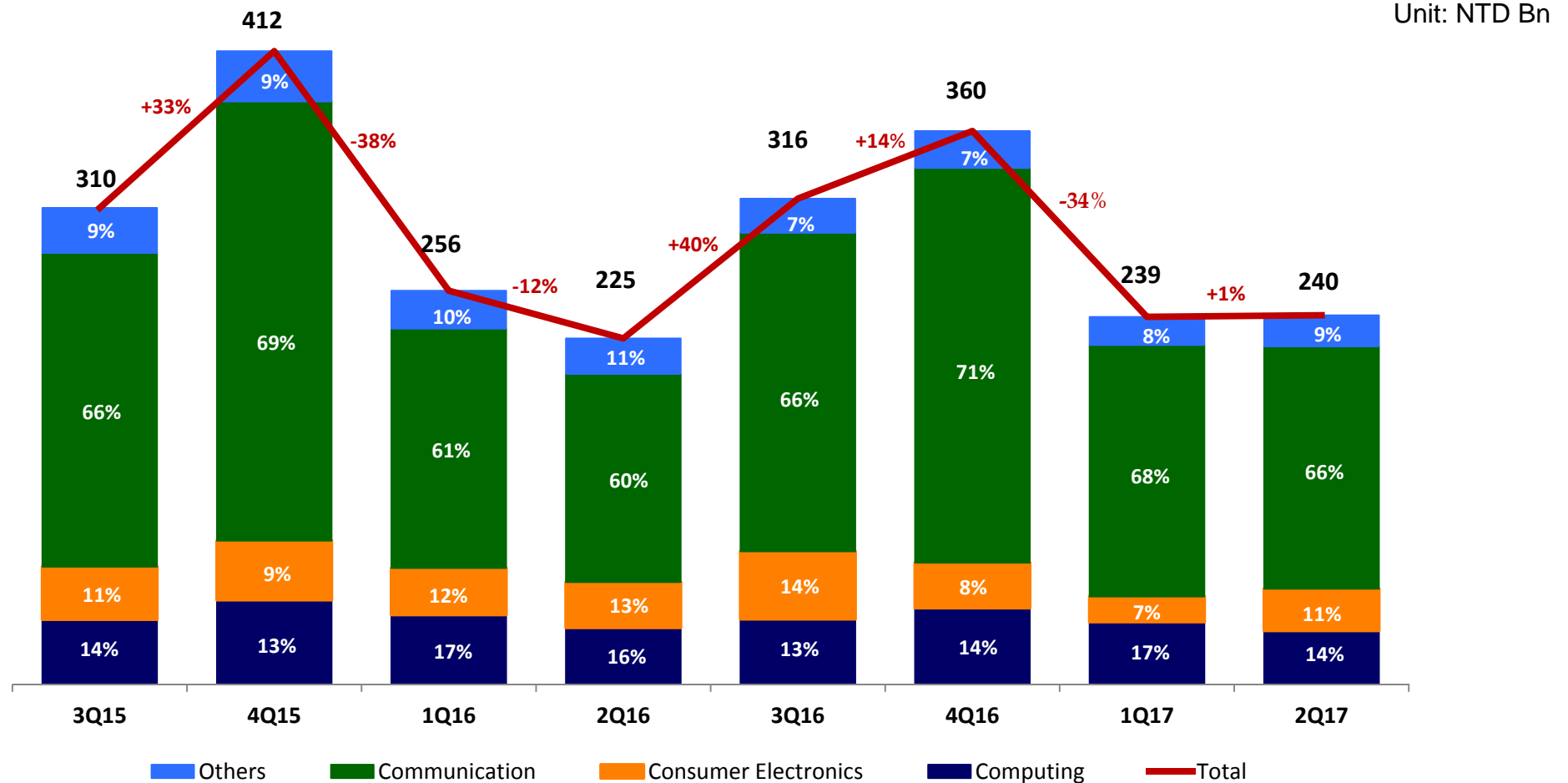
<i>(NT\$ Mn)</i>	2Q2017	1Q2017	QoQ	2Q2016	YoY
Cash and Equivalents	122,809	108,698	14,111	101,123	21,686
AR (Net)	79,166	63,793	15,373	78,719	447
Inventory (Net)	92,505	88,620	3,885	91,971	534
Other Current Assets	47,098	50,318	(3,220)	70,275	(23,177)
Total Current Assets	341,578	311,429	30,149	342,088	(510)
Investment	1,615	1,577	38	1,494	121
Fixed Assets (Net)	68,797	64,546	4,251	67,290	1,507
Other Assets	13,250	11,407	1,843	11,614	1,636
Total Non-Current Assets	83,662	77,530	6,132	80,398	3,264
Total Assets	425,240	388,959	36,281	422,486	2,754
Short-term Borrowings	39,555	32,404	7,151	58,713	(19,158)
AP	139,812	119,138	20,674	114,809	25,003
Other Current Liabilities	65,338	45,865	19,473	63,580	1,758
Total Current Liabilities	244,705	197,407	47,298	237,102	7,603
Long-term Loans	6,057	8,565	(2,508)	6,590	(533)
Other Liabilities	3,207	3,119	88	5,153	(1,946)
Total Liabilities	253,969	209,091	44,878	248,845	5,124
Paid-in Capital	25,747	25,749	(2)	25,761	(14)
Capital Surplus	80,357	78,217	2,140	78,192	2,165
Retained Earnings	42,526	51,986	(9,460)	36,819	5,707
Others	(9,725)	(9,300)	(425)	(70)	(9,655)
Treasury Stocks	(2)	(2)	0	(4)	2
Net Equity	171,271	179,868	(8,597)	173,641	(2,370)
Total Liabilities and Net Equity	425,240	388,959	36,281	422,486	2,754
Current Ratio	140%	158%	-	144%	-
Debt Ratio (TTL Liabilities / TTL Assets)	60%	54%	-	59%	-
Interest-bearing Debt Ratio	11%	11%	-	15%	-

Consolidated Cash Flows Statement

<i>(NT\$ Mn)</i>	<u>1H2017</u>	<u>1H2016</u>
Cash Flows from Operating Activities:	18,824	9,843
Cash Flows from Investing Activities:	(11,345)	(12,783)
Cash Flows from Financing Activities:	9,716	3,406
Impact from Changes in FX Rate	(3,099)	(1,904)
Net Increase in Cash	14,096	(1,438)
Cash, beginning of the period	108,713	102,561
Cash, end of the period	122,809	101,123
Note:	<u>1H2017</u>	<u>1H2016</u>
Depreciation and amortization	6,207	6,688

Business Highlight

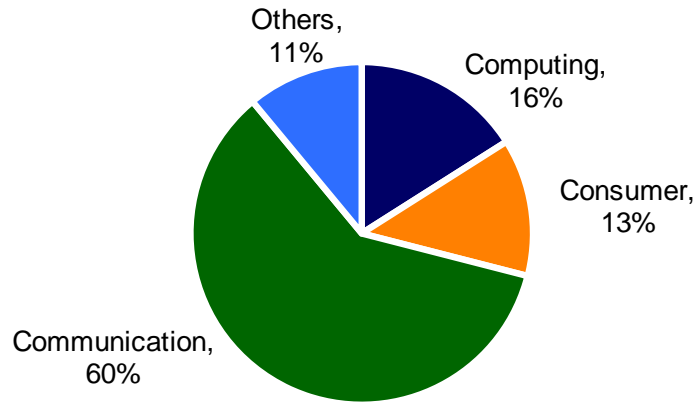
Consolidated Revenue Trend



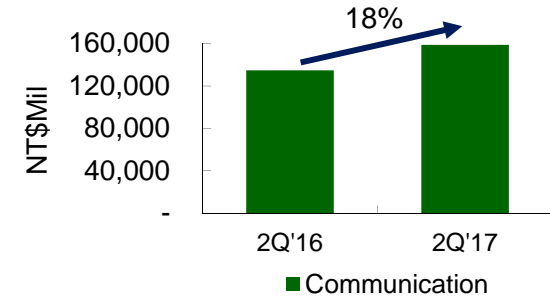
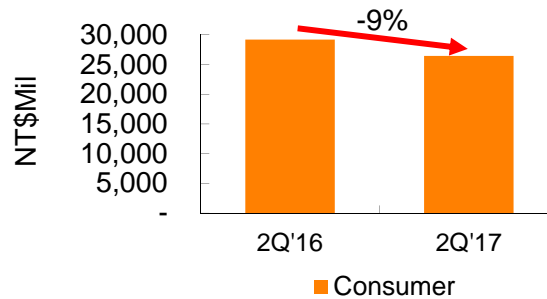
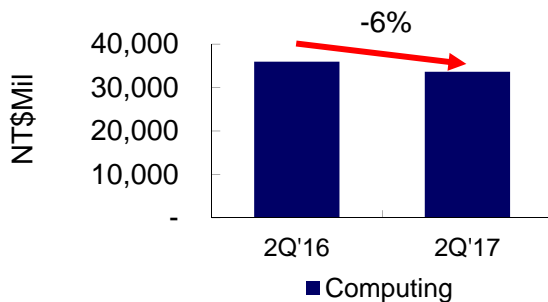
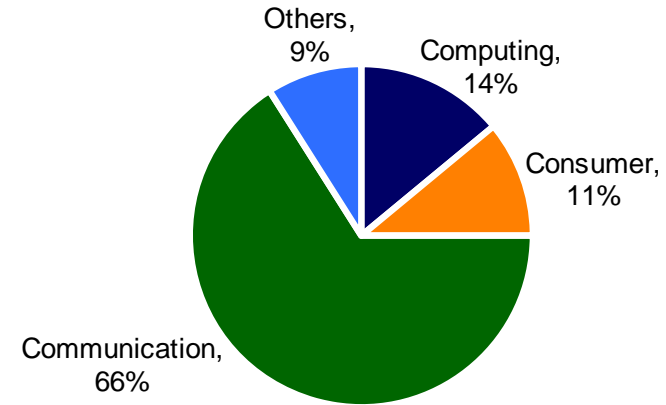
Consolidated revenue totaled NT\$240Bn in 2Q17, a minor growth QoQ. The growth of revenue in Consumer Electronics segment was largely offset by the decline from Computing and Communication segments.

Revenue Breakdowns by Products (Year-over-Year)

2Q2016



2Q2017

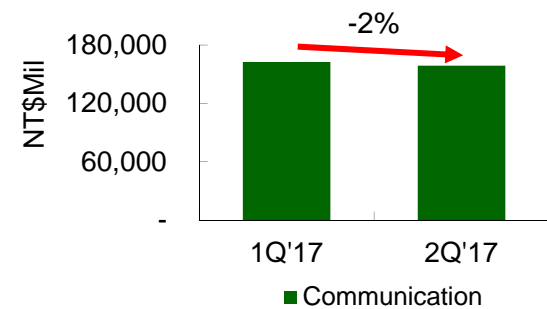
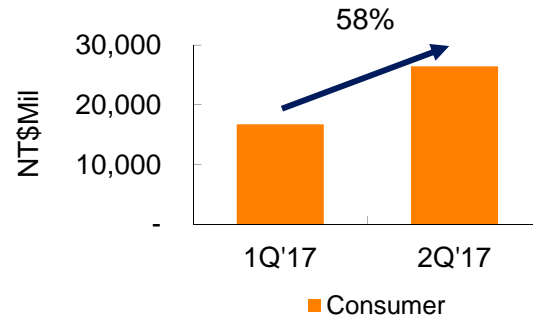
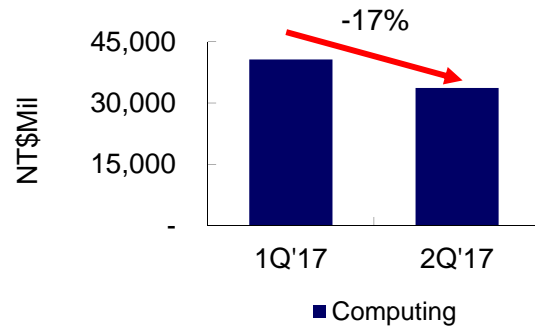
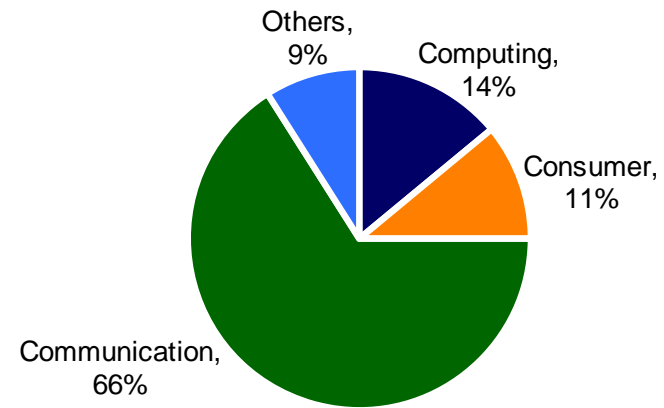
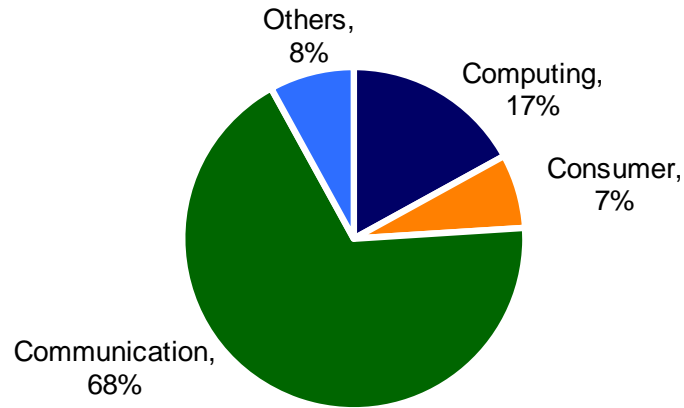


Driven by better volume, revenue from Communication segment grew by 18% YoY and revenue contribution increased to 66% from 60% in a-year-ago quarter. Revenue from Computing and Consumer Electronics segments declined by 6% and 9% respectively due to continuous weaker consumer demand and declining ASP.

Revenue Breakdowns (Quarter-over-Quarter)

1Q2017

2Q2017



With a low base in 1Q, revenue from Consumer Electronics segment grew substantially by 58% QoQ. On the other hand, revenue from Computing declined by 17% QoQ due to a weaker demand.

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