

**PEGATRON** Navigate the future >

**December 21, 2009**

# Safe Harbor Notice

- 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.

# Agenda

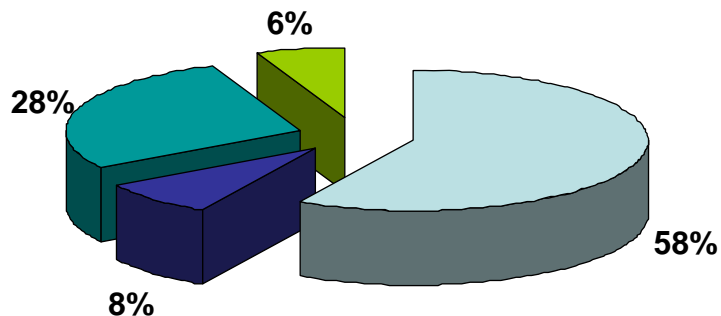
- Company Introduction
- Market Positioning
- Benefits after Spin-off
- Financial Performance  
(DMS Pro Forma)
- Q&A



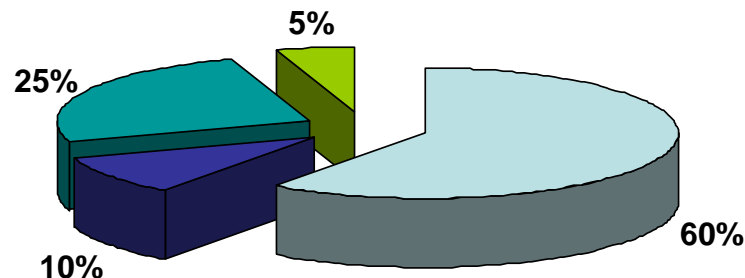
# Market Positioning

- Core Business Scope – 3C products powered by our highly vertical integration capability
- Not simply a NB ODM provider
- We are a competent and dedicated DMS (Design, Manufacturing, Service) provider offering a full range of electronic products

2008



2009/Q1-Q3



# Pegatron's DMS Coverage

## Computing



MB



Desktop Server



VGA/AV Card



Barebone



NB PC



Chassis

## Consumer Electronics



Game Console



LCD-TV



Digital Person



PND

## Broadband & Networking



Router/Boardband



Networking



Wireless

## Vertical Integration



PCB



Thermal



Plastic



Metal



Cable



# Our Competitive Advantage and Core Competence

## ■ **Competitive Advantage**

- Highly talented in-house design team with in-depth knowledge of technology
- Strong IP position and patent portfolio
- One-stop shopping with volume manufacturing experience
- Key regional manufacturing centers to provide speed and flexibility

## ■ **Core Competence**

- Design Capability  
(Industry Design, Mechanical Engineering, System Engineering)
- Vertical Integration Capability
- Lean Operation Capability





# Our Industry Position

# Worldwide ODM & EMS Revenue for the Top 10 Vendors, 2008

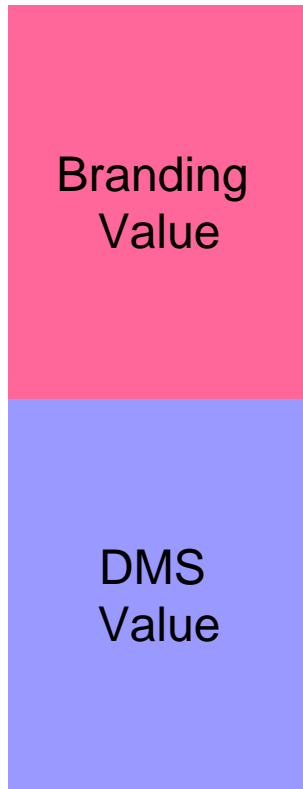
Source: IDC, 2009

Rank	Vendor	Revenue (\$B)	Share
1	Foxconn	61.9	21.7%
2	Flextronics	33.1	11.6%
3	Quanta	26.4	9.2%
<b>4</b>	<b>Pegatron &amp; Unihan</b>	<b>17.0</b>	<b>6.0%</b>
5	Wistron	13.4	4.7%
6	Compal	12.9	4.5%
7	Jabil	12.8	4.5%
8	Inventec	11.1	3.9%
9	FIH	9.3	3.2%
10	TPV	9.2	3.2%

# Why spun off from ASUS?

# Pegatron and ASUS' Enterprise Value

Pre-Spin-off



Spin-off is to  
**unlock the  
hidden  
value**



Post-Spin-off



# What Brings the Hidden Value

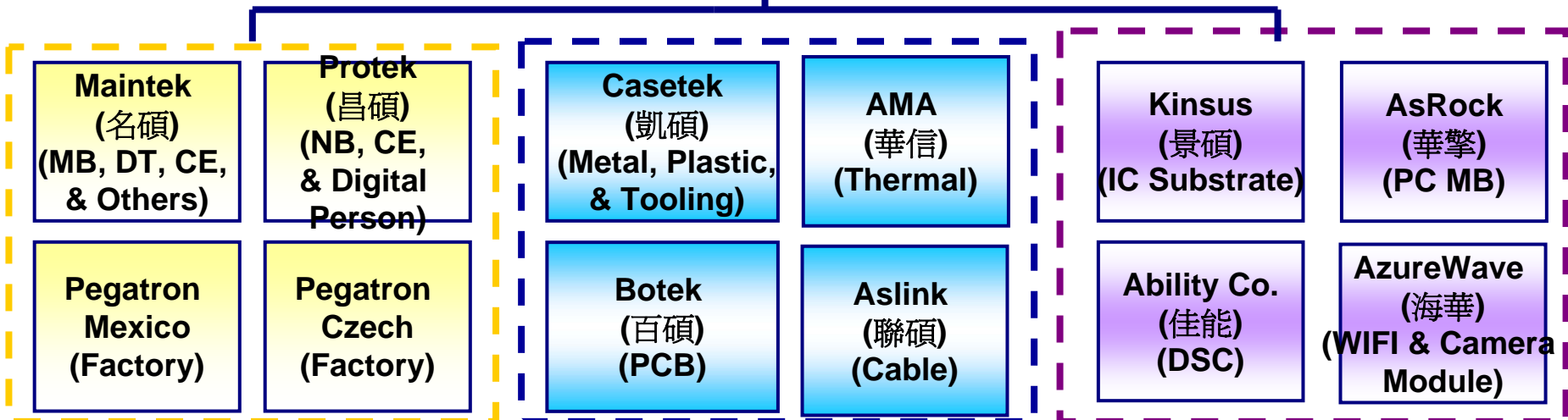
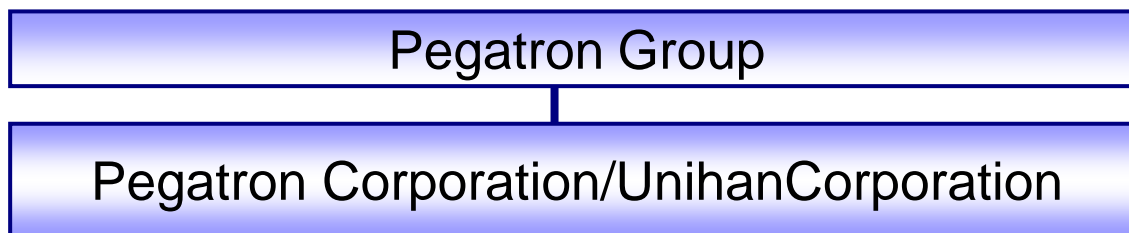
- Win-Win for both Asus and Pegatron
  - Asus will be more cost efficiency.
  - Pegatron will gain more trust from OEM/ODM clients which in turn will bring more orders.
- Pegatron has been a profit maker even during the financial turmoil.



# Financial Performance

## DMS Consolidated Pro Forma

# Corporate Structure:



## Design, Manufacture, and Service - DMS

Revenues (NT\$Mn):  
 2008: 446,111; 1Q-3Q2009:323,989  
 Net Income (NTMn):  
 2008: 4,549; 1Q-3Q2009: 2,806  
 (Contributions from non-DMS companies have been eliminated)

## Vertical Integration – VI (Note1)

Revenues (NT\$Mn):  
 2008: 10,061; 1Q-3Q2009: 12,070  
 Net Income (NTMn):  
 2008: 126; 1Q-3Q2009: 476 (including those of other subsidiaries that are under VI category.)  
 Note (1): There are many other subsidiaries falling into Vertical Integration. These four are with our significant investments.

## Strategic Investment - SI

Revenues (NT\$Mn):  
 2008: 54,617; 1Q-3Q2009:42,009  
 Net Income (NT\$Mn):  
 2008: 851; 1Q-3Q2009: 1,257  
 % ownership in these companies has been factored.

# Income Statement - DMS Pro Forma (Unaudited)

NT\$Mn	2008	1Q2009	2Q2009	3Q2009	1-3Q2009
Net Revenue	446,111	82,970	90,280	150,739	323,989
COGS	(426,781)	(79,023)	(86,871)	(143,611)	(309,505)
Gross Profit	19,330	3,948	3,409	7,128	14,484
Operating Expense	(14,521)	(3,055)	(3,417)	(4,661)	(11,134)
Operating Income (Loss)	4,809	892	(8)	2,467	3,351
Net Non-Operating Income (Loss)	1,255	141	597	1,469	2,206
Investment Income - Equity Method	977	35	677	1,021	1,733
Others	278	106	(80)	447	474
PBT	6,065	1,033	588	3,935	5,557
Tax	(343)	(520)	(91)	(407)	(1,019)
Net Income (Note 1)	5,526	513	497	3,528	4,539
Adjusted EPS (Note 1 and 2)	2.93	0.22	0.22	1.54	1.99

Note (1): 2008 Net Income showed in the Pegatron's income statement was NT\$ 5,722 Mn; however it should be retroactively adjusted to NT\$5,526M as Pegatron merged Unihan in May 2008.

Note (2): Adjusted EPS for 2009's were divided by outstanding shares as of 3Q2009.



# Consolidated Balance Sheet - DMS Pro Forma (Unaudited)

NT\$Mn	2008	1Q2009	2Q2009	3Q2009
Cash and Equivalents	12,122	17,274	19,083	12,089
AR (net)	54,934	35,975	43,526	62,809
Inventory (net)	34,656	25,795	33,991	49,982
Other Current Assets	7,466	8,708	8,030	6,292
<b>Total Current Assets</b>	<b>109,179</b>	<b>87,752</b>	<b>104,630</b>	<b>131,172</b>
Investment	55,590	58,386	57,915	58,695
Fixed Assets (Net)	31,822	30,915	29,184	27,903
Other Assets	4,352	5,041	5,345	5,035
<b>Total Assets</b>	<b>200,943</b>	<b>182,095</b>	<b>197,074</b>	<b>222,804</b>
Short-term Borrowings	13,415	6,513	3,338	8,439
AP	55,082	40,374	62,853	82,828
Other Current Liabilities	34,360	34,420	32,916	30,653
<b>Total Current Liabilities</b>	<b>102,857</b>	<b>81,307</b>	<b>99,107</b>	<b>121,920</b>
Long-term Loan	8,000	8,000	7,200	7,200
Other Liabilities	112	34	77	318
<b>Total Liabilities</b>	<b>110,969</b>	<b>89,341</b>	<b>106,384</b>	<b>129,438</b>
Paid-in Capital	18,846	18,846	22,861	22,861
Capital Surplus	63,582	63,622	63,611	63,702
Retained Earnings	5,456	5,887	1,457	5,040
Adjusted Items	2,090	4,398	2,761	1,764
<b>Net Equity</b>	<b>89,974</b>	<b>92,754</b>	<b>90,689</b>	<b>93,367</b>
<b>Total Liabilities and Net Equity</b>	<b>200,943</b>	<b>182,095</b>	<b>197,074</b>	<b>222,804</b>
Current Ratio	106%	108%	106%	108%
Debt Ratio (TTL Liabilities/TTL Assets)	55%	49%	54%	58%
Interest-bearing Debt Ratio	11%	8%	5%	7%

# Non-Operating Items – DMS Pro Forma (Unaudited)

Non-Operating Items (NT\$Mn)	2008	1Q2009	2Q2009	3Q2009	1-3Q2009
Interest Expenses (net)	(67)	(30)	(9)	(15)	(54)
Investment Income - Equity Method	977	35	677	1,021	1,733
Strategic Investments	851	250	430	577	1,257
Others (mainly Vertical Integrations)	126	(215)	246	444	475
FX Gain (Loss)	(108)	(139)	(78)	428	211
Others Non-Operating Income (Loss)	452	276	7	34	317
Total Other Non-Operating Income (Loss)	345	137	(71)	463	528
Net Non-Operating Income (Loss)	1,255	141	597	1,469	2,206

# 2009 Business Review

- A mild slow-down in sales growth in Q4 due to stepping into off-season
  - Expected to show a mid-single digit decrease (%) QoQ.
- Proactive write-offs and aggressive recognitions of expenses in 2009.
  - Still, a significant YoY growth in net profits for 2009 is anticipated.

# Q & A

- Visit our Company Website:  
[www.pegatroncorp.com](http://www.pegatroncorp.com)
- IR Mail Box: [ir@pegatroncorp.com](mailto:ir@pegatroncorp.com)