



PEGATRON

2010 Second Quarter Business Review

August 19, 2010



- **Welcome**
- **2Q10 Consolidated Financial Result**
- **2Q10 DMS Pro Forma Financial Result
(compiled by Pegatron)**
- **Business Highlight & Outlook**
- **Q&A**

- 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.

2Q10 Consolidated Financial Result

PEGATRON

Consolidated Income Statements

<i>(NT\$ Mn)</i>	2Q2010		1Q2010		QoQ	1H2010	
Net Revenue	128,392	100%	130,105	100%	-1.3%	258,497	100%
COGS	(120,271)	93.7%	(121,687)	93.5%	-1.2%	(241,958)	93.6%
Gross Profit	8,121	6.3%	8,418	6.5%	-3.5%	16,539	6.4%
Operating Expense	(5,692)	4.4%	(5,161)	4.0%	10.3%	(10,853)	4.2%
Operating Income (Loss)	2,429	1.9%	3,257	2.5%	-25.4%	5,686	2.2%
Net Non-Operating Income (Loss)	756	0.6%	673	0.5%	12.3%	1,429	0.6%
PBT	3,185	2.5%	3,930	3.0%	-19.0%	7,115	2.8%
Tax	(192)	0.1%	(1,132)	0.9%	-83.0%	(1,324)	0.5%
Net Income	2,993	2.3%	2,798	2.2%	7.0%	5,791	2.2%
Net Income (after minority interest)	1,698	1.3%	1,775	1.4%	-4.3%	3,473	1.3%
Adjusted EPS	0.74	-	0.78	-	-5.1%	1.52	-

Consolidated Balance Sheet

<i>(NT\$ Mn)</i>	<u>2Q2010</u>	<u>1Q2010</u>	<u>QoQ</u>
Cash and Equivalents	38,637	35,846	2,791
AR (Net)	53,867	53,835	32
Inventory (Net)	48,556	48,750	(194)
Other Current Assets	13,032	13,041	(9)
Total Current Assets	154,092	151,472	2,620
Investment	4,766	4,854	(88)
Fixed Assets (Net)	52,935	53,366	(431)
Other Assets	8,540	9,055	(515)
Total Assets	220,333	218,747	1,586
Short-term Borrowings	14,955	7,623	7,332
AP	54,992	60,833	(5,841)
Other Current Liabilities	20,627	21,589	(962)
Total Current Liabilities	90,574	90,045	529
Long-term Loan	9,688	9,596	92
Other Liabilities	591	454	137
Total Liabilities	100,853	100,095	758
Paid-in Capital	22,861	22,861	0
Capital Surplus	63,798	63,797	1
Retained Earnings	6,731	5,033	1,698
Adjusted Items	1,948	1,465	483
Net Equity	119,480	118,652	828
Total Liabilities and Net Equity	220,333	218,747	1,586
Current Ratio	170%	168%	-
Debt Ratio (TTL Liabilities / TTL Assets)	46%	45%	-
Interest-bearing Debt Ratio	11%	8%	-

Consolidated Cash Flows Statement

<i>(NT\$ Mn)</i>	<u>2Q2010</u>	<u>1Q 2010</u>	<u>1H2010</u>
Cash Flows From Operating Activities:	474	7,066	7,540
Cash Flows From Investing Activities:	(1,412)	(1,101)	(2,513)
Cash Flows From Financing Activities:	3,438	(1,799)	1,639
Impact from Changes in FX Rate	290	(161)	129
Effect of Changes of Certain Subsidiaries	0	(4)	(4)
Net Increase in Cash	2,792	3,999	6,791
Cash, beginning of the period	35,846	31,846	31,846
Cash, end of the period	38,637	35,846	38,637

<i>Note:</i>	<u>2Q2010</u>	<u>1Q 2010</u>	<u>1H2010</u>
Depreciation and amortization	2,574	2,528	5,102

**2Q10 DMS Pro Forma Financial Result
(Compiled by Pegatron)**

Income Statement - DMS Pro Forma

<i>(NT\$ Mn)</i>	2Q2010		1Q2010		QoQ	2Q2009		YoY
Net Revenue	103,899	100%	110,188	100%	-5.7%	94,161	100%	10.3%
COGS	(99,218)	95.5%	(105,131)	95.4%	-5.6%	(90,613)	96.2%	9.5%
Gross Profit	4,680	4.5%	5,056	4.6%	-7.4%	3,548	3.8%	31.9%
Operating Expense	(3,771)	3.6%	(3,528)	3.2%	6.9%	(3,443)	3.7%	9.5%
Operating Income (Loss)	909	0.9%	1,528	1.4%	-40.5%	105	0.1%	765.7%
Net Non-Operating Income (Loss)	673	0.6%	1,061	1.0%	-36.6%	483	0.5%	39.3%
PBT	1,582	1.5%	2,589	2.3%	-38.9%	588	0.6%	169.0%
Tax	116	0.1%	(814)	0.7%	-114.3%	(91)	0.1%	-227.5%
Net Income	1,698	1.6%	1,775	1.6%	-4.3%	497	0.5%	241.6%
Adjusted EPS ⁽¹⁾	0.74		0.78		-5.1%	0.22		240.4%

(1) Adjusted EPS for 2Q 2009 were divided by outstanding shares as of 2Q2010.

Non-Operating Items - DMS Pro Forma

Non-Operating Items (NT\$ Mn)	2Q2010	1Q2010	QoQ	2Q2009	YoY
Interest Expenses (Net)	(12)	(15)	20%	(8)	-50%
Investment Income - Equity Method	592	488	21%	451	31%
FX Gain (Loss)	(115)	2	-5850%	(84)	-37%
Others Non-Operating Income (Loss)	208	586	-65%	124	68%
Total Other Non-OPERating Income (Loss)	93	588	-84%	40	133%
Net Non-Operating Income (Loss)	673	1061	-37%	483	39%

Consolidated Balance Sheet - DMS Pro Forma

<i>(NT\$ Mn)</i>	2Q2010	1Q2010	QoQ	2Q2009	YoY
Cash and Equivalents	15,432	16,109	(677)	19,178	(3,746)
AR (Net)	43,866	45,850	(1,984)	47,494	(3,628)
Inventory (Net)	36,537	37,581	(1,044)	34,044	2,493
Other Current Assets	3,731	3,394	337	7,565	(3,834)
Total Current Assets	99,566	102,933	(3,367)	108,281	(8,715)
Investment	32,151	31,343	808	28,911	3,240
Fixed Assets (Net)	29,061	29,543	(482)	32,631	(3,570)
Other Assets	4,900	5,327	(427)	5,469	(569)
Total Assets	165,678	169,147	(3,469)	175,292	(9,614)
Short-term Borrowings	11,957	5,393	6,564	3,362	8,595
AP	38,795	47,769	(8,974)	63,477	(24,682)
Other Current Liabilities	11,733	15,253	(3,520)	10,494	1,239
Total Current Liabilities	62,485	68,415	(5,930)	77,333	(14,848)
Long-term Loan	7,200	7,200	0	7,200	0
Other Liabilities	656	377	279	70	586
Total Liabilities	70,341	75,992	(5,651)	84,603	(14,262)
Paid-in Capital	22,861	22,861	0	18,846	4,015
Capital Surplus	63,798	63,797	1	63,611	187
Retained Earnings	6,731	5,033	1,698	1,457	5,274
Adjusted Items	1,948	1,465	483	2,761	(813)
Net Equity	95,337	93,155	2,182	90,689	4,648
Total Liabilities and Net Equity	165,678	169,147	(3,469)	175,292	(9,614)
Current Ratio	159%	150%	-	140%	-
Debt Ratio (TTL Liabilities / TTL Assets)	42%	45%	-	48%	-
Interest-bearing Debt Ratio	12%	7%	-	6%	-

Cash Flows Statement - DMS Pro Forma

<i>(NT\$ Mn)</i>	<u>1H2010</u>
Cash Flows From Operating Activities:	5,357
Cash Flows From Investing Activities:	(1,193)
Cash Flows From Financing Activities:	(807)
Impact from Changes in FX Rate	122
Net Increase in Cash	3,479
Cash, beginning of the period	11,953
Cash, end of the period	15,432

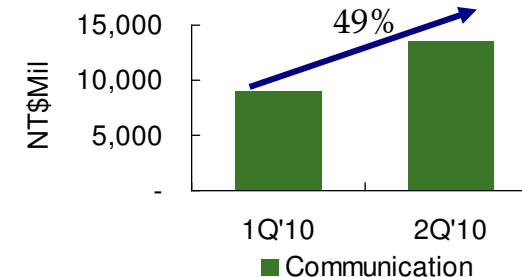
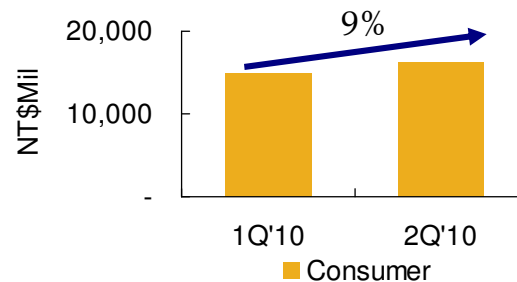
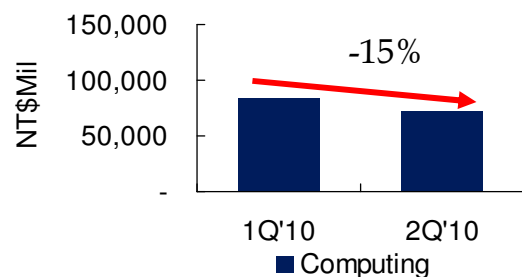
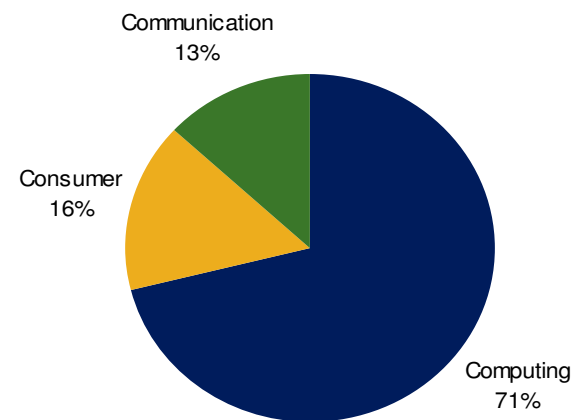
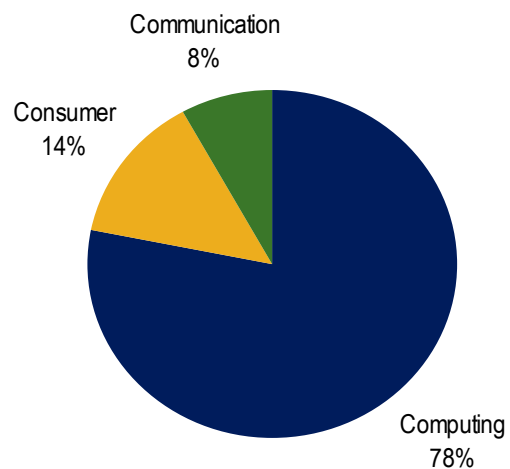
<i>Note:</i>	<u>1H2010</u>
Depreciation and amortization	2,821

Business Highlight & Outlook

Revenue Breakdowns by Products (Quarter-over-Quarter)

1Q2010

2Q2010

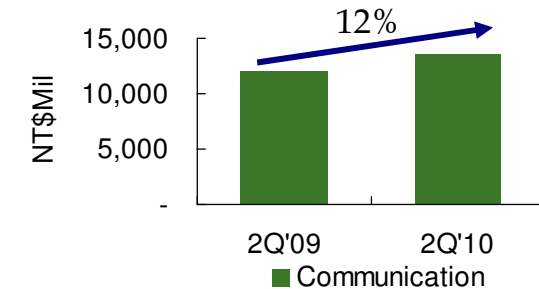
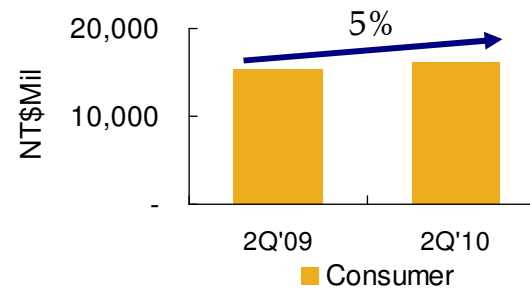
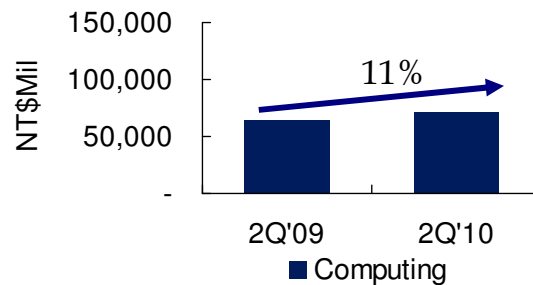
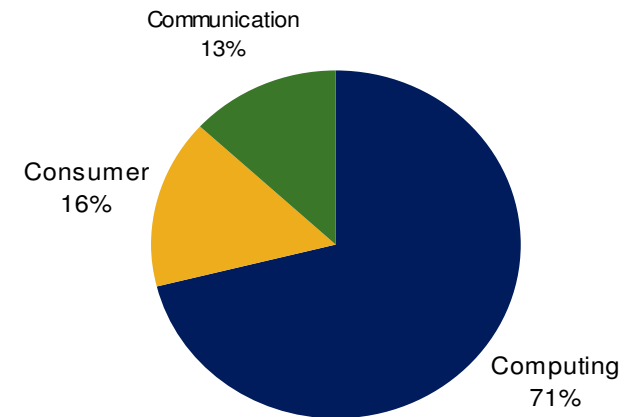
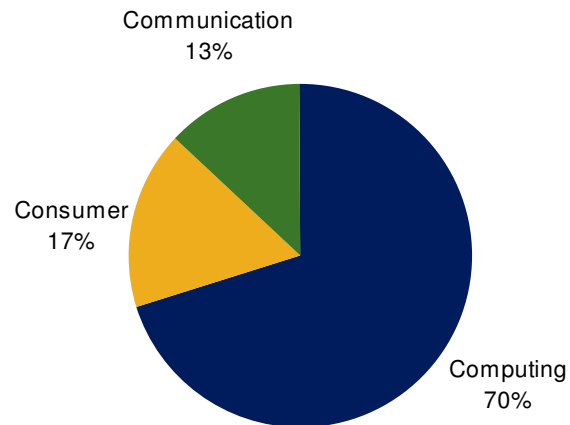


QoQ sales trend generally followed the seasonality. Computing segment dropped by 15% while communication and consumer product segments started their peak season.

Revenue Breakdowns by Products (Year-over-Year)

2Q2009

2Q2010



YoY sales continue the growth momentum across all segments, showing more stable demands as global economy recovers while concerns regarding euro zone and US market remain.

Business Outlook in 3Q10

- Growth of NB shipment (including net book) to be between 10% and 15%
- Growth of MB+DT shipment to be low single digit (percentage point)
- Revenue growth of consumer electronics to be almost doubled
- Revenue growth of communication to be between mid single digit (percentage point)

Q & A

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