




# **PEGATRON**

## **2010 Third Quarter Business Review**

October 27, 2010



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(compiled by Pegatron)**
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- 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.

**3Q10 DMS Pro Forma Financial Result  
(Compiled by Pegatron)**

## Income Statement - DMS Pro Forma

(NT\$ Mn)	3Q2010		2Q2010		QoQ	3Q2009		YoY
Net Revenue	115,400	100%	103,899	100%	11.1%	147,270	100%	-21.6%
COGS	(111,679)	96.8%	(99,218)	95.5%	12.6%	(140,333)	95.3%	-20.4%
Gross Profit	3,721	3.2%	4,680	4.5%	-20.5%	6,937	4.7%	-46.4%
Operating Expense	(3,532)	3.1%	(3,771)	3.6%	-6.3%	(4,700)	3.2%	-24.9%
Operating Income (Loss)	189	0.2%	909	0.9%	-79.2%	2,237	1.5%	-91.6%
Net Non-Operating Income (Loss)	1,541	1.3%	673	0.6%	129.0%	1,698	1.2%	-9.2%
Investment Income – Equity Method	730	0.6%	592	0.6%	23.3%	1,265	0.9%	-42.3%
FX Gain (Loss)	505	0.4%	(115)	0.1%	339.1%	429	0.3%	17.7%
Others	306	0.3%	196	0.2%	56.1%	4	0.0%	7550.0%
PBT	1,730	1.5%	1,582	1.5%	9.4%	3,935	2.7%	-56.0%
Tax	(282)	0.2%	116	0.1%	-343.1%	(407)	0.3%	-30.7%
<b>Net Income</b>	<b>1,448</b>	<b>1.3%</b>	<b>1,698</b>	<b>1.6%</b>	<b>-14.7%</b>	<b>3,528</b>	<b>2.4%</b>	<b>-59.0%</b>
Adjusted EPS <sup>(1)</sup>	0.64	-	0.74	-	-13.5%	1.54	-	-58.5%

(1) Adjusted EPS for 3Q 2009 were divided by outstanding shares as of 2Q2010.

## Consolidated Balance Sheet - DMS Pro Forma

<i>(NT\$ Mn)</i>	<u>3Q2010</u>	<u>2Q2010</u>	<u>QoQ</u>	<u>3Q2009</u>	<u>YoY</u>
Cash and Equivalents	18,382	15,432	2,950	13,756	4,626
AR (Net)	43,055	43,866	(811)	69,755	(26,700)
Inventory (Net)	40,328	36,537	3,791	49,923	(9,595)
Other Current Assets	2,783	3,731	(948)	4,989	(2,206)
<b>Total Current Assets</b>	<b>104,548</b>	<b>99,566</b>	<b>4,982</b>	<b>138,423</b>	<b>(33,875)</b>
Investment	32,705	32,151	554	29,910	2,795
Fixed Assets (Net)	28,831	29,061	(230)	31,097	(2,266)
Other Assets	4,613	4,900	(287)	5,191	(578)
<b>Total Assets</b>	<b>170,697</b>	<b>165,678</b>	<b>5,019</b>	<b>204,621</b>	<b>(33,924)</b>
Short-term Borrowings	13,940	11,957	1,983	8,519	5,421
AP	42,891	38,795	4,096	83,005	(40,114)
Other Current Liabilities	11,490	11,733	(243)	12,211	(721)
<b>Total Current Liabilities</b>	<b>68,321</b>	<b>62,485</b>	<b>5,836</b>	<b>103,735</b>	<b>(35,414)</b>
Long-term Loan	7,200	7,200	0	7,200	0
Other Liabilities	514	656	(142)	319	195
<b>Total Liabilities</b>	<b>76,035</b>	<b>70,341</b>	<b>5,694</b>	<b>111,254</b>	<b>(35,219)</b>
Paid-in Capital	22,861	22,861	0	22,861	0
Capital Surplus	63,847	63,798	49	63,702	145
Retained Earnings	8,179	6,731	1,448	5,040	3,139
Adjusted Items	(225)	1,948	(2,173)	1,764	(1,989)
<b>Net Equity</b>	<b>94,662</b>	<b>95,337</b>	<b>(675)</b>	<b>93,367</b>	<b>1,295</b>
<b>Total Liabilities and Net Equity</b>	<b>170,697</b>	<b>165,678</b>	<b>5,019</b>	<b>204,621</b>	<b>(33,924)</b>
Current Ratio	153%	159%	-	133%	-
Debt Ratio (TTL Liabilities / TTL Assets)	45%	42%	-	54%	-
Interest-bearing Debt Ratio	12%	12%	-	8%	-

## Cash Flows Statement - DMS Pro Forma

<i>(NT\$ Mn)</i>	3Q2010	2Q2010	1Q~3Q2010
Cash Flows From Operating Activities:	3,965	(3,312)	9,322
Cash Flows From Investing Activities:	(1,252)	(239)	(2,445)
Cash Flows From Financing Activities:	876	2,601	69
Impact from Changes in FX Rate	(640)	273	(518)
Net Increase in Cash	2,949	(677)	6,428
Cash, beginning of the period	15,432	16,109	11,953
Cash, end of the period	18,381	15,432	18,381
<i>Note:</i>	3Q2010	2Q2010	1Q~3Q2010
Depreciation and amortization	1,436	1,442	4,298

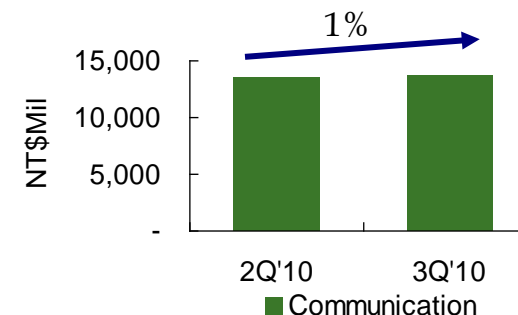
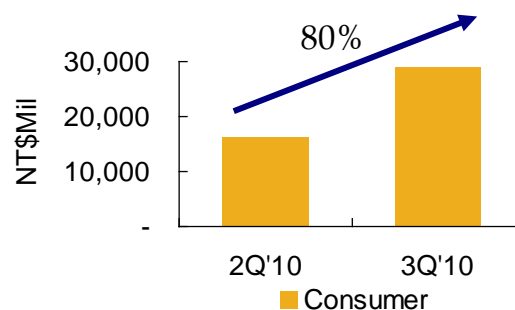
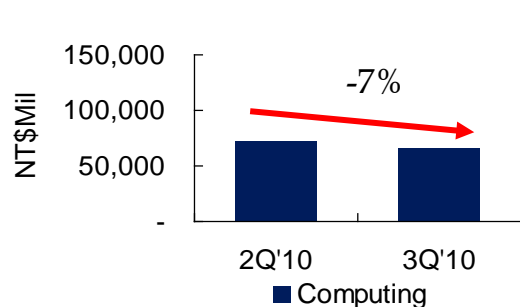
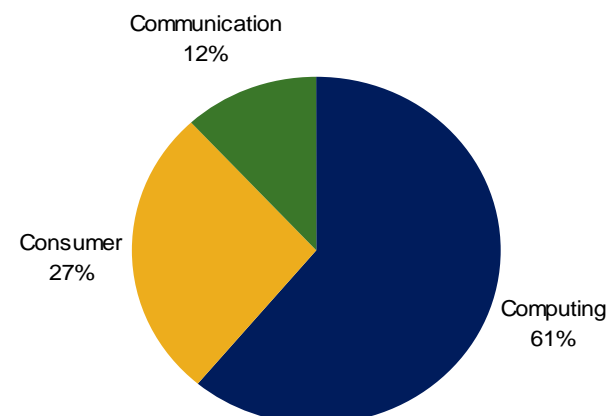
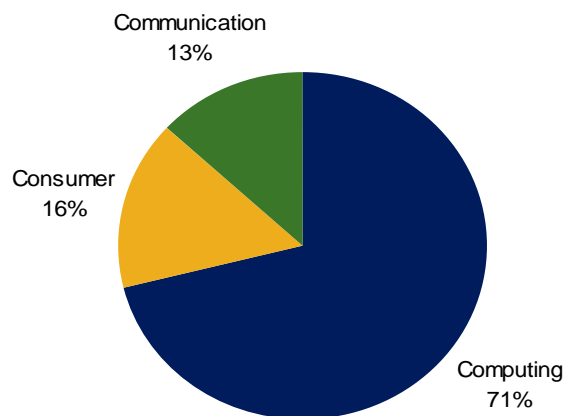
**Business Highlight & Outlook**



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

2Q2010

3Q2010

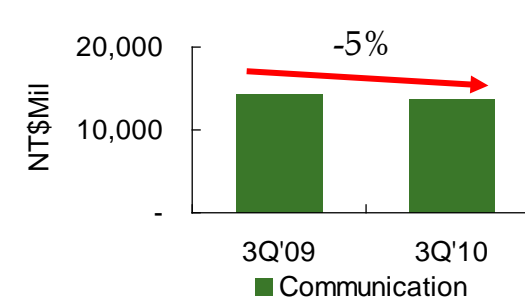
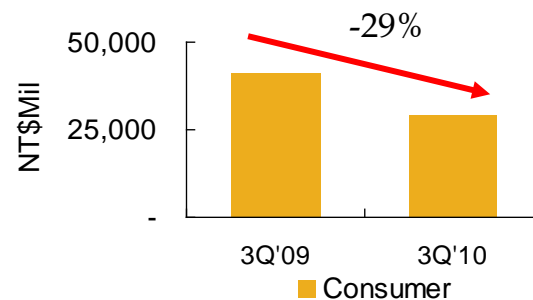
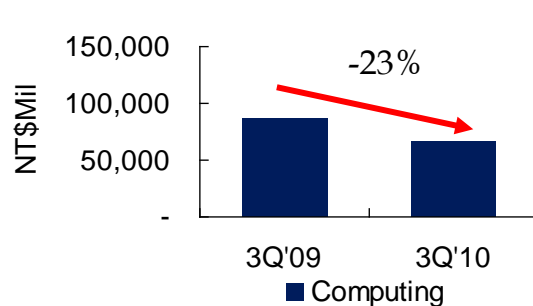
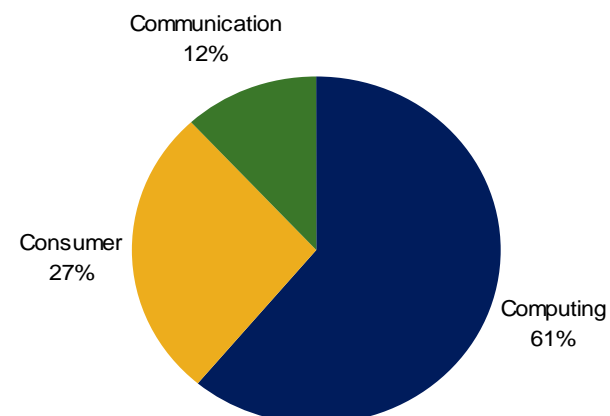
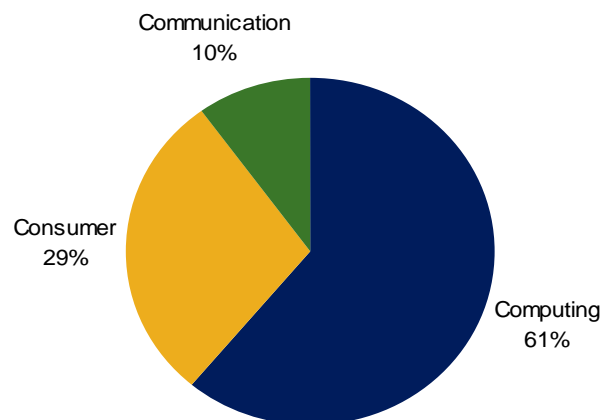


QoQ sales for Computing segment dropped by 10 percentage points to 61%, mainly caused by the growth of Consumer Electronics and drop of ASP as well as weaker end market demand in Computing segment. Consumer Electronics followed its seasonality pattern and increased to 27% while Communication segment remained flat at 12%.

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

3Q2009

3Q2010



YoY sales dropped throughout all segments in 3Q2010 as compared to the same period last year due to slower market demand than previously expected.

- NB shipment (including net book) to remain flat
- MB & DT shipment to grow high single digit
- Revenue of consumer electronics to drop mid single digit
- Revenue of communication to grow low single digit

## Q & A

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