



# **PEGATRON**

## **2011 First Quarter Business Review**

April 27, 2011



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(compiled by Pegatron)
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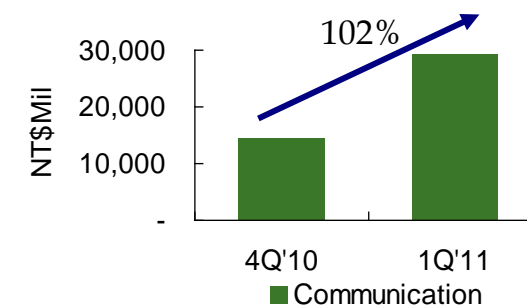
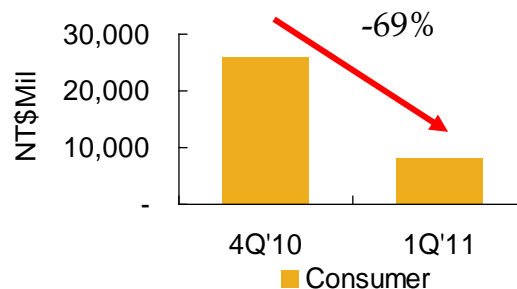
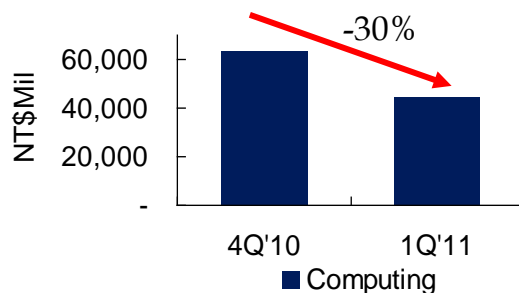
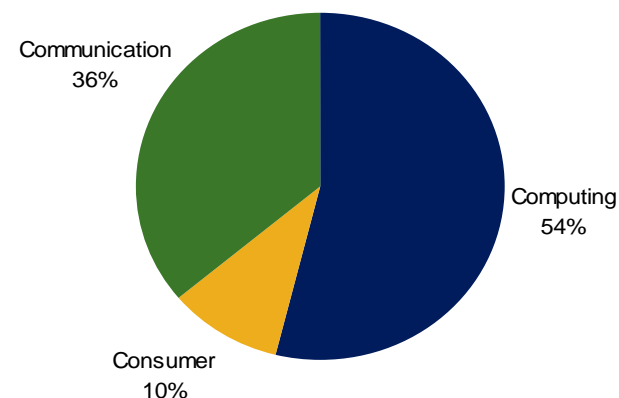
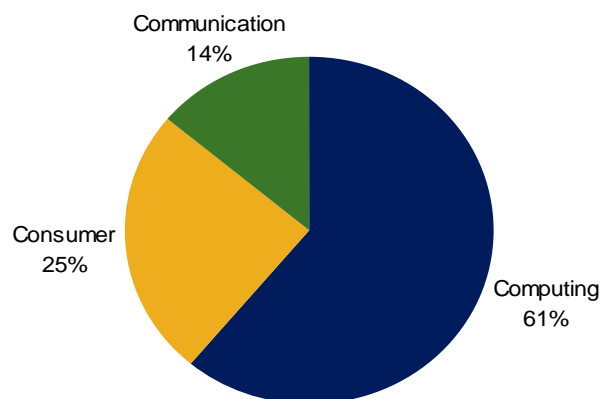
- Pegatron's statements of its current expectations are forward looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.
- Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

**1Q11 Business Highlight**

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

4Q2010

1Q2011

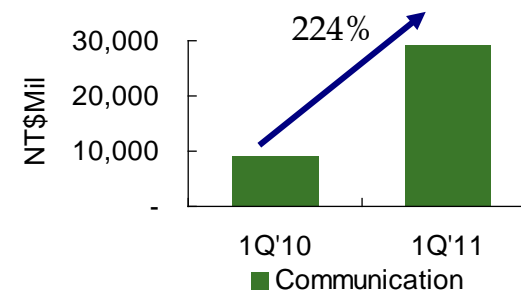
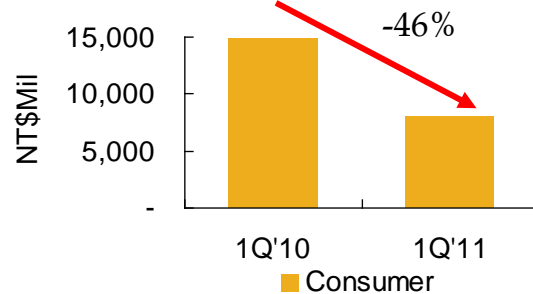
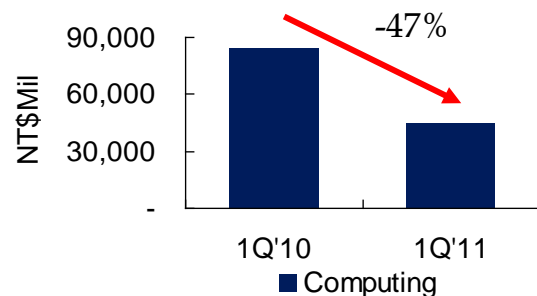
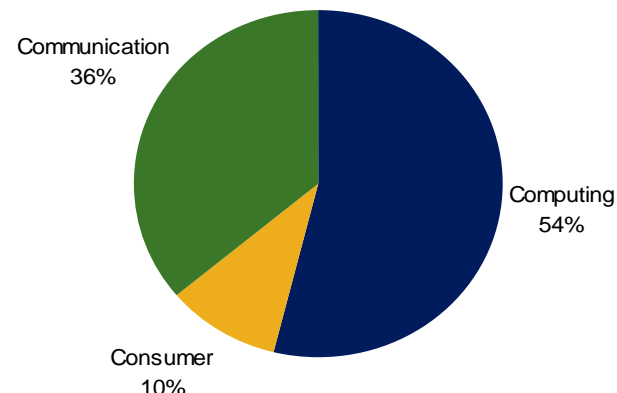
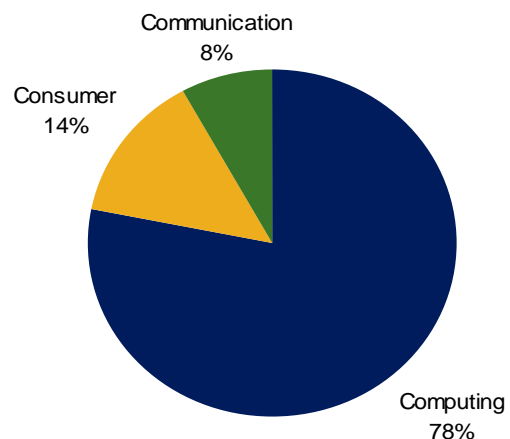


QoQ sales for both Computing segment and Consumer Electronics segment dropped substantially in 1Q2011, mainly caused by seasonality and fewer working days while weakening end market demand in consumer PC sector also played a role in the worse than expected result in Computing segment. Growth of Communication segment was attributable to shipment of new smart phone product.

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

1Q2010

1Q2011



YoY sales for both Computing and Consumer Electronics segments dropped in 1Q2011 due to a higher base in the same quarter last year. Communication segment saw a significant increase in revenue due to shipment of new smart phone product.

**1Q11 DMS Pro Forma Financial Result  
(Compiled by Pegatron)**

## Income Statement - DMS Pro Forma

<i>(NT\$ Mn)</i>	1Q2011		4Q2010		QoQ	1Q2010		YoY
Net Revenue	85,621	100%	106,001	100%	-19%	110,188	100%	-22%
COGS	(84,109)	98.2%	(103,665)	97.8%	-19%	(105,132)	95.4%	-20%
Gross Profit	1,512	1.8%	2,336	2.2%	-35%	5,056	4.6%	-70%
Operating Expense	(3,692)	4.3%	(3,133)	3.0%	18%	(3,528)	3.2%	5%
Operating Income (Loss)	(2,180)	-2.5%	(797)	-0.8%	-174%	1,528	1.4%	-243%
Net Non-Operating Income (Loss)	1,764	2.1%	2,211	2.1%	-20%	1,061	1.0%	66%
Investment Income – Equity Method	786	0.9%	1,043	1.0%	-25%	488	0.4%	61%
FX Gain (Loss)	415	0.5%	790	0.7%	-47%	2	0.0%	20650%
Others	563	0.7%	378	0.4%	49%	571	0.5%	-1%
PBT	(416)	-0.5%	1,414	1.3%	-129%	2,589	2.3%	-116%
Tax	(143)	0.2%	(124)	0.1%	15%	(814)	0.7%	-82%
<b>Net Income</b>	<b>(559)</b>	<b>-0.7%</b>	<b>1,290</b>	<b>1.2%</b>	<b>-143%</b>	<b>1,775</b>	<b>1.6%</b>	<b>-131%</b>
Adjusted EPS	(0.25)		0.57			0.78		



## Balance Sheet - DMS Pro Forma

<i>(NT\$ Mn)</i>	<u>1Q2011</u>	<u>4Q2010</u>	<u>QoQ</u>	<u>1Q2010</u>	<u>YoY</u>
Cash and Equivalents	15,358	23,393	(8,035)	16,109	(751)
AR (Net)	40,772	39,885	887	45,850	(5,078)
Inventory (Net)	35,830	31,260	4,570	37,581	(1,751)
Other Current Assets	3,532	2,082	1,450	3,393	139
Total Current Assets	95,492	96,620	(1,128)	102,933	(7,441)
Investment	34,805	31,034	3,771	31,343	3,462
Fixed Assets (Net)	27,632	27,973	(341)	29,543	(1,911)
Other Assets	3,698	4,463	(765)	5,328	(1,630)
Total Assets	161,627	160,090	1,537	169,147	(7,520)
Short-term Borrowings	7,134	12,144	(5,010)	5,393	1,741
AP	43,646	40,615	3,031	47,769	(4,123)
Other Current Liabilities	12,124	8,925	3,199	15,253	(3,129)
Total Current Liabilities	62,904	61,684	1,220	68,415	(5,511)
Long-term Loan	7,056	6,991	65	7,200	(144)
Other Liabilities	628	574	54	377	251
Total Liabilities	70,588	69,249	1,339	75,992	(5,404)
Paid-in Capital	22,564	22,564	0	22,861	(297)
Capital Surplus	63,148	63,145	3	63,797	(649)
Retained Earnings	8,910	9,469	(559)	5,033	3,877
Adjusted Items	(3,583)	(4,337)	754	1,464	(5,047)
Net Equity	91,039	90,841	198	93,155	(2,116)
Total Liabilities and Net Equity	161,627	160,090	1,537	169,147	(7,520)
Current Ratio	152%	157%	-	150%	-
Debt Ratio (TTL Liabilities / TTL Assets)	44%	43%	-	45%	-
Interest-bearing Debt Ratio	9%	12%	-	7%	-

## Cash Flows Statement - DMS Pro Forma

<i>(NT\$ Mn)</i>	1Q2011	4Q2010
Cash Flows From Operating Activities:	(688)	11,101
Cash Flows From Investing Activities:	(2,664)	(2,056)
Cash Flows From Financing Activities:	(5,091)	(1,926)
Impact from Changes in FX Rate	408	(2,107)
Net Increase in Cash	(8,035)	5,012
Cash, beginning of the period	23,393	18,381
Cash, end of the period	15,358	23,393

<i>Note:</i>	1Q2011	4Q2010
Depreciation and amortization	1,442	1,429

**2010 DMS Pro Forma Financial Result  
(Compiled by Pegatron)**

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## Income Statement - DMS Pro Forma - 2010

<i>(NT\$ Mn)</i>	4Q2010		3Q2010		2Q2010		1Q2010		1Q~4Q 2010	
Net Revenue	106,001	100%	115,400	100%	103,899	100%	110,188	100%	435,488	100%
COGS	(103,665)	97.8%	(111,679)	96.8%	(99,219)	95.5%	(105,132)	95.4%	(419,695)	96.4%
Gross Profit	2,336	2.2%	3,721	3.2%	4,680	4.5%	5,056	4.6%	15,793	3.6%
Operating Expense	(3,133)	3.0%	(3,532)	3.1%	(3,771)	3.6%	(3,528)	3.2%	(13,964)	3.2%
Operating Income (Loss)	(797)	-0.8%	189	0.2%	909	0.9%	1,528	1.4%	1,829	0.4%
Net Non-Operating Income (Loss)	2,211	2.1%	1,541	1.3%	673	0.6%	1,061	1.0%	5,486	1.3%
Investment Income – Equity Method	1,043	1.0%	730	0.6%	592	0.6%	488	0.4%	2,853	0.7%
FX Gain (Loss)	790	0.7%	505	0.4%	(115)	0.1%	2	0.0%	1,182	0.3%
Others	378	0.4%	306	0.3%	196	0.2%	571	0.5%	1,451	0.3%
PBT	1,414	1.3%	1,730	1.5%	1,582	1.5%	2,589	2.3%	7,315	1.7%
Tax	(124)	0.1%	(282)	0.2%	116	0.1%	(814)	0.7%	(1,104)	0.3%
<b>Net Income</b>	<b>1,290</b>	<b>1.2%</b>	<b>1,448</b>	<b>1.3%</b>	<b>1,698</b>	<b>1.6%</b>	<b>1,775</b>	<b>1.6%</b>	<b>6,211</b>	<b>1.4%</b>
Adjusted EPS	0.57		0.64		0.74		0.78		2.73	

## Income Statement - DMS Pro Forma (2010 vs. 2009)

<i>(NT\$ Mn)</i>	2010		2009		YoY
Net Revenue	435,488	100%	472,486	100%	-7.8%
COGS	(419,695)	96.4%	(452,468)	95.8%	-7.2%
Gross Profit	15,793	3.6%	20,018	4.2%	-21.1%
Operating Expense	(13,964)	3.2%	(15,435)	3.3%	-9.5%
Operating Income (Loss)	1,829	0.4%	4,583	1.0%	-60.1%
Net Non-Operating Income (Loss)	5,486	1.3%	3,318	0.7%	65.3%
Investment Income – Equity Method	2,853	0.7%	2,587	0.5%	10.3%
FX Gain (Loss)	1,182	0.3%	521	0.1%	126.9%
Others	1,451	0.3%	210	0.0%	591.0%
PBT	7,315	1.7%	7,901	1.7%	-7.4%
Tax	(1,104)	0.3%	(1,149)	0.2%	-3.9%
<b>Net Income</b>	<b>6,211</b>	<b>1.4%</b>	<b>6,752</b>	<b>1.4%</b>	<b>-8.0%</b>
Adjusted EPS	2.73		2.95		-7.5%

**2010 Consolidated Financial Result**

## Consolidated Income Statements - 2010

<i>(NT\$ Mn)</i>	<u>4Q2010</u>		<u>3Q2010</u>		<u>2Q2010</u>		<u>1Q2010</u>		<u>1Q~4Q 2010</u>	
Net Revenue	132,576	100%	139,458	100%	128,392	100%	130,105	100%	530,531	100%
COGS	(126,359)	95.3%	(132,049)	94.7%	(120,271)	93.7%	(121,687)	93.5%	(500,366)	94.3%
Gross Profit	6,217	4.7%	7,409	5.3%	8,121	6.3%	8,418	6.5%	30,165	5.7%
Operating Expense	(5,400)	4.1%	(5,218)	3.7%	(5,692)	4.4%	(5,161)	4.0%	(21,471)	4.0%
Operating Income (Loss)	817	0.6%	2,191	1.6%	2,429	1.9%	3,257	2.5%	8,694	1.6%
Net Non-Operating Income (Loss)	1,693	1.3%	1,154	0.8%	756	0.6%	673	0.5%	4,276	0.8%
PBT	2,510	1.9%	3,345	2.4%	3,185	2.5%	3,930	3.0%	12,970	2.4%
Tax	(409)	0.3%	(630)	0.5%	(192)	0.1%	(1,132)	0.9%	(2,363)	0.4%
Consolidated Net Income	2,101	1.6%	2,715	1.9%	2,993	2.3%	2,798	2.2%	10,607	2.0%
<b>Net Income (after minority interest)</b>	<b>1,290</b>	<b>1.0%</b>	<b>1,448</b>	<b>1.0%</b>	<b>1,698</b>	<b>1.3%</b>	<b>1,775</b>	<b>1.4%</b>	<b>6,211</b>	<b>1.2%</b>
Adjusted EPS	0.57		0.64		0.74		0.78		2.73	

## Consolidated Income Statements (2010 vs. 2009)

<i>(NT\$ Mn)</i>	2010		2009		YoY
Net Revenue	530,531	100%	538,082	100.0%	-1.4%
COGS	(500,366)	94.3%	(505,716)	94.0%	-1.1%
Gross Profit	30,165	5.7%	32,366	6.0%	-6.8%
Operating Expense	(21,471)	4.0%	(21,791)	4.0%	-1.5%
Operating Income (Loss)	8,694	1.6%	10,575	2.0%	-17.8%
Net Non-Operating Income (Loss)	4,276	0.8%	2,327	0.4%	83.8%
PBT	12,970	2.4%	12,902	2.4%	0.5%
Tax	(2,363)	0.4%	(2,355)	0.4%	0.3%
Consolidated Net Income	10,607	2.0%	10,547	2.0%	0.6%
<b>Net Income (after minority interest)</b>	<b>6,211</b>	<b>1.2%</b>	<b>6,752</b>	<b>1.3%</b>	<b>-8.0%</b>
Adjusted EPS	2.73		2.95		-7.5%



- NB shipment (including net book and tablet) to grow by 20%~30%
- MB & DT shipment to grow by 10%~15%
- Revenue of consumer electronics to grow by 20%~ 30%
- Revenue of communication to decline by 25%~ 35%

- Board of Director proposes NT\$1.45 cash dividend per share. (Mar. 2011)
- Pegatron invests in ChongQing, China for business expansion. (Mar. 2011)
- Pegatron Employees Stock Option Application approve by Securities and Future Bureau. (Apr. 2011)

## Q & A

**Visit our Company Website:**

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