




PEGATRON

2011 Second Quarter Business Review

August 25, 2011



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 - 2Q11 Consolidated Financial Result
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- **Business Highlight & Outlook**
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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.

2Q11 Consolidated Financial Result

Consolidated Income Statements

<i>(NT\$ Mn)</i>	2Q2011		1Q2011		QoQ	2Q2010		YoY
Net Revenue	130,002	100%	109,708	100%	18.5%	128,392	100%	1.3%
COGS	124,568	95.8%	104,463	95.2%	19.2%	120,271	93.7%	3.6%
Gross Profit	5,434	4.2%	5,245	4.8%	3.6%	8,121	6.3%	-33.1%
Operating Expense	6,140	4.7%	5,777	5.3%	6.3%	5,692	4.4%	7.9%
Operating Income (Loss)	(706)	-0.5%	(532)	-0.5%	-32.7%	2,429	1.9%	-129.1%
Net Non-Operating Income (Loss)	1,104	0.8%	1,326	1.2%	-16.7%	756	0.6%	46.0%
PBT	398	0.3%	794	0.7%	-49.9%	3,185	2.5%	-87.5%
Tax	(305)	0.2%	(621)	0.6%	-50.9%	(192)	0.1%	58.9%
Consolidated Net Income	93	0.1%	173	0.2%	-46.2%	2,993	2.3%	-96.9%
Net Income (after minority interest)	(671)	-0.5%	(559)	-0.5%	-20.0%	1,698	1.3%	-139.5%
Adjusted EPS	(0.30)	-	(0.25)	-	-20.0%	0.74	-	-140.5%

Consolidated Balance Sheet

<i>(NT\$ Mn)</i>	2Q2011	1Q2011	QoQ	2Q2010	YoY
Cash and Equivalents	45,759	36,143	9,616	38,637	7,122
AR (Net)	64,303	57,477	6,826	53,867	10,436
Inventory (Net)	64,460	48,869	15,591	48,556	15,904
Other Current Assets	14,656	13,565	1,091	13,032	1,624
Total Current Assets	189,178	156,054	33,124	154,092	35,086
Investment	4,646	4,456	190	4,766	(120)
Fixed Assets (Net)	55,079	56,223	(1,144)	52,935	2,144
Other Assets	9,532	9,625	(93)	8,540	992
Total Assets	258,435	226,358	32,077	220,333	38,102
Short-term Borrowings	21,755	10,378	11,377	14,955	6,800
AP	76,961	65,493	11,468	54,992	21,969
Other Current Liabilities	26,424	17,232	9,192	20,627	5,797
Total Current Liabilities	125,140	93,103	32,037	90,574	34,566
Long-term Loan	21,934	14,984	6,950	9,688	12,246
Other Liabilities	577	613	(36)	591	(14)
Total Liabilities	147,651	108,700	38,951	100,853	46,798
Paid-in Capital	22,564	22,564	0	22,861	(297)
Capital Surplus	63,230	63,148	82	63,798	(568)
Retained Earnings	4,967	8,910	(3,943)	6,731	(1,764)
Adjusted Items	(4,606)	(3,574)	(1,032)	1,948	(6,554)
Treasury Stocks	(9)	(9)	0	0	(9)
Net Equity	110,784	117,658	(6,874)	119,480	(8,696)
Total Liabilities and Net Equity	258,435	226,358	32,077	220,333	38,102
Current Ratio	151%	168%	-	170%	-
Debt Ratio (TTL Liabilities / TTL Assets)	57%	48%	-	46%	-
Interest-bearing Debt Ratio	17%	11%	-	11%	-

Consolidated Cash Flows Statement

<i>(NT\$ Mn)</i>	2Q2011	1Q2011	1H2011
Cash Flows From Operating Activities:	(6,438)	(2,093)	(8,531)
Cash Flows From Investing Activities:	(2,353)	(1,152)	(3,505)
Cash Flows From Financing Activities:	18,705	(3,097)	15,608
Impact from Changes in FX Rate	(298)	221	(77)
Net Increase in Cash	9,616	(6,121)	3,495
Cash, beginning of the period	36,143	42,264	42,264
Cash, end of the period	45,759	36,143	45,759

<i>Note:</i>	2Q2011	1Q2011	1H2011
Depreciation and amortization	2,626	2,603	5,229

**2Q11 DMS Pro Forma Financial Result
(Compiled by Pegatron)**

Income Statement - DMS Pro Forma

<i>(NT\$ Mn)</i>	2Q2011		1Q2011		QoQ	2Q2010		YoY
Net Revenue	104,783	100%	85,621	100%	22%	103,899	100%	1%
COGS	103,060	98.4%	84,109	98.2%	23%	99,218	95.5%	4%
Gross Profit	1,723	1.6%	1,512	1.8%	14%	4,680	4.5%	-63%
Operating Expense	3,677	3.5%	3,692	4.3%	-0.4%	3,771	3.6%	-2%
Operating Income (Loss)	(1,954)	-1.9%	(2,180)	-2.5%	10%	909	0.9%	-315%
Net Non-Operating Income (Loss)	1,265	1.2%	1,764	2.1%	-28%	673	0.6%	88%
Investment Income – Equity Method	244	0.2%	786	0.9%	-69%	592	0.6%	-59%
FX Gain (Loss)	710	0.7%	415	0.5%	71%	(115)	-0.1%	717%
Others	311	0.3%	563	0.7%	-45%	196	0.2%	59%
PBT	(689)	-0.7%	(416)	-0.5%	-66%	1,582	1.5%	-144%
Tax	18	0.0%	(143)	0.2%	-113%	116	0.1%	-84%
Net Income	(671)	-0.6%	(559)	-0.7%	-20%	1,698	1.6%	-140%
Adjusted EPS	(0.30)		(0.25)		-20%	0.74		-141%

Balance Sheet - DMS Pro Forma

<i>(NT\$ Mn)</i>	2Q2011	1Q2011	QoQ	2Q2010	YoY
Cash and Equivalents	18,829	15,358	3,471	15,432	3,397
AR (Net)	47,830	40,772	7,058	43,866	3,964
Inventory (Net)	50,068	35,830	14,238	36,537	13,531
Other Current Assets	5,321	3,532	1,789	3,731	1,590
Total Current Assets	122,048	95,492	26,556	99,566	22,482
Investment	40,525	34,805	5,720	32,151	8,374
Fixed Assets (Net)	26,992	27,632	(640)	29,061	(2,069)
Other Assets	3,843	3,698	145	4,900	(1,057)
Total Assets	193,408	161,627	31,781	165,678	27,730
Short-term Borrowings	17,455	7,134	10,321	11,957	5,498
AP	60,568	43,646	16,922	38,795	21,773
Other Current Liabilities	14,270	12,124	2,146	11,733	2,537
Total Current Liabilities	92,293	62,904	29,389	62,485	29,808
Long-term Loan	14,362	7,056	7,306	7,200	7,162
Other Liabilities	607	628	(21)	656	(49)
Total Liabilities	107,262	70,588	36,674	70,341	36,921
Paid-in Capital	22,564	22,564	0	22,861	(297)
Capital Surplus	63,230	63,148	82	63,798	(568)
Retained Earnings	4,967	8,910	(3,943)	6,731	(1,764)
Adjusted Items	(4,615)	(3,583)	(1,032)	1,948	(6,563)
Net Equity	86,146	91,039	(4,893)	95,337	(9,191)
Total Liabilities and Net Equity	193,408	161,627	31,781	165,678	27,730
Current Ratio	132%	152%	-	159%	-
Debt Ratio (TTL Liabilities / TTL Assets)	55%	44%	-	42%	-
Interest-bearing Debt Ratio	16%	9%	-	12%	-

Cash Flows Statement - DMS Pro Forma

<i>(NT\$ Mn)</i>	<u>2Q2011</u>	<u>1Q2011</u>	<u>1H2011</u>
Cash Flows From Operating Activities:	(6,686)	(688)	(7,374)
Cash Flows From Investing Activities:	(7,240)	(2,664)	(9,904)
Cash Flows From Financing Activities:	17,900	(5,091)	12,809
Impact from Changes in FX Rate	(503)	408	(95)
Net Increase in Cash	3,471	(8,035)	(4,564)
Cash, beginning of the period	15,358	23,393	23,393
Cash, end of the period	18,829	15,358	18,829

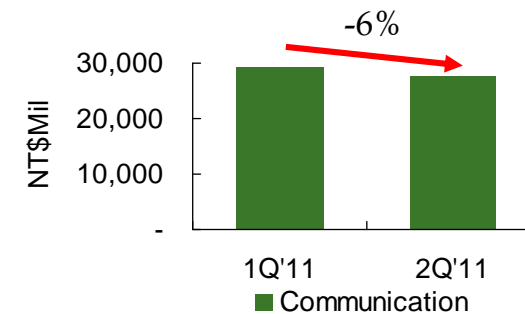
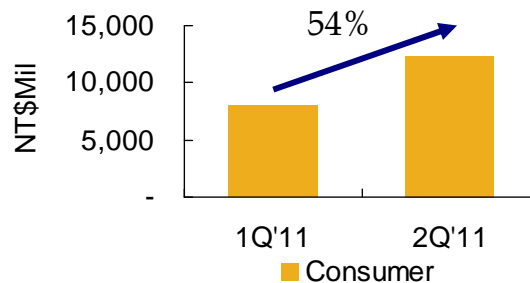
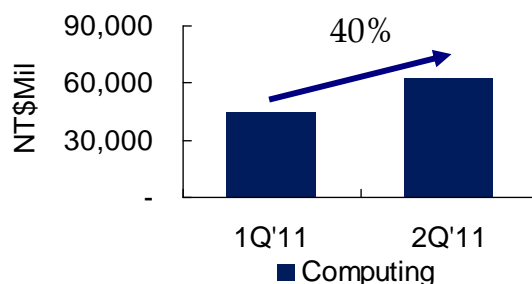
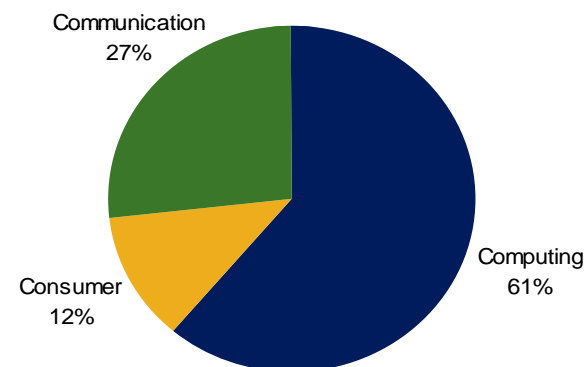
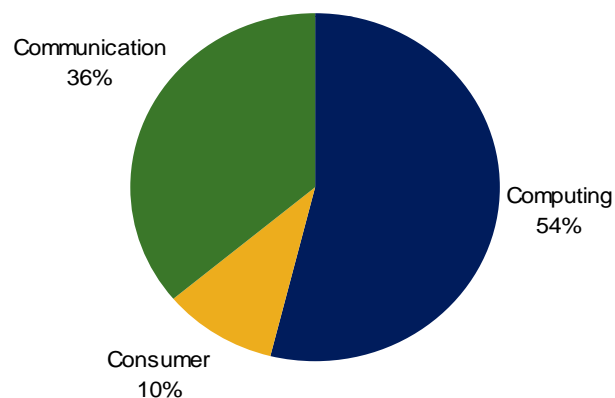
<i>Note:</i>	<u>2Q2011</u>	<u>1Q2011</u>	<u>1H2011</u>
Depreciation and amortization	1,352	1,442	2,794

Business Highlight & Outlook

Revenue Breakdowns by Products (Quarter-over-Quarter)

1Q2011

2Q2011

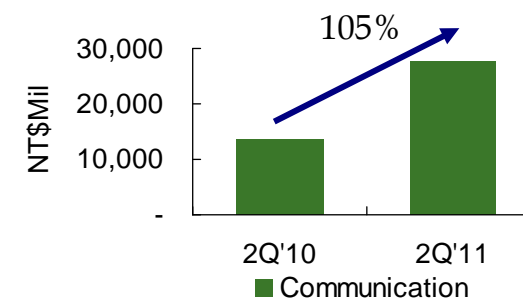
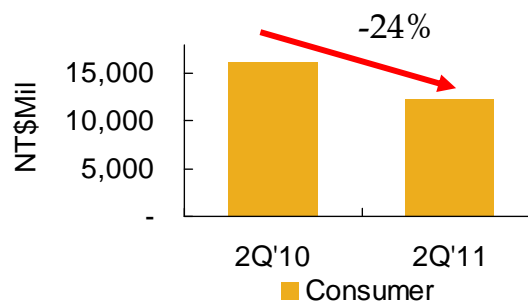
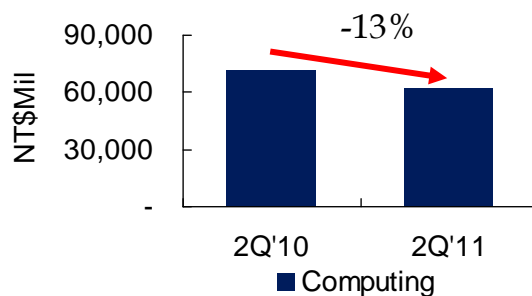
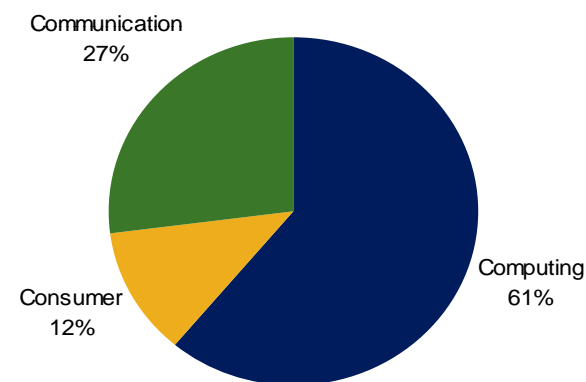
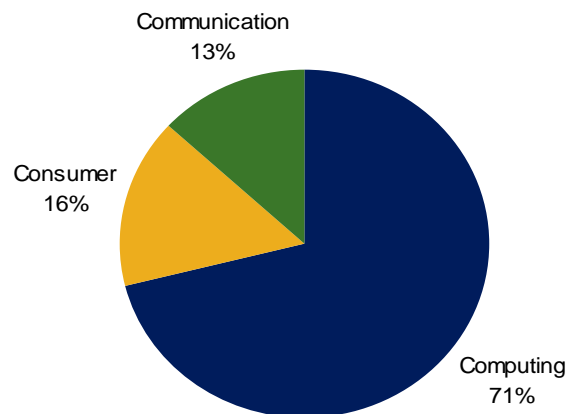


QoQ sales for both Computing segment and Consumer Electronics segment grew 40% and 54% respectively in 2Q2011, mainly due to the lower base in 1Q2011 as well as the approaching of the seasonal peak for consumer electronics products. Revenue for Communication segment declined by 6% as compared to the previous quarter.

Revenue Breakdowns by Products (Year-over-Year)

2Q2010

2Q2011



YoY sales for both Computing and Consumer Electronics segments declined in 2Q2011 due to a higher base in the same quarter last year. Revenue for Communication segment increased significantly on YoY basis due to shipment of new smart phone product as well as increasing shipment of broadband products.

- NB shipment (including netbook PCs and tablet PCs) to grow between 20% ~ 30%
- MB & DT shipment to be between flat to mid single digit growth
- Revenue of consumer electronics segment to grow by more than double
- Revenue of communication segment to remain flat

- Pegatron shareholders approved NT\$1.45 cash dividend per share. (Jun. 2011)
- Pegatron set September 9th as Ex-dividend Date and September 18th as Record Date for Common Share Dividends (Aug. 2011)
- Pegatron Board of Directors approved to increase investment in Avy Precision Electroplating (Suzhou) Co., Ltd. (Aug. 2011)

Q & A

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