



# **PEGATRON**

## **2011 Third Quarter Business Review**

October 27, 2011



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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.

**3Q11 Consolidated Financial Result**

## Consolidated Income Statements

<i>(NT\$ Mn)</i>	3Q2011		2Q2011		QoQ	1Q~3Q2011	
Net Revenue	182,927	100%	130,002	100%	40.7%	422,637	100%
COGS	175,321	95.8%	124,568	95.8%	40.7%	404,352	95.7%
Gross Profit	7,606	4.2%	5,434	4.2%	40.0%	18,285	4.3%
Operating Expense	6,709	3.7%	6,140	4.7%	9.3%	18,626	4.4%
Operating Income (Loss)	897	0.5%	(706)	-0.5%	227.1%	(341)	-0.1%
Net Non-Operating Income (Loss)	865	0.5%	1,104	0.8%	-21.6%	3,295	0.8%
PBT	1,762	1.0%	398	0.3%	342.7%	2,954	0.7%
Tax	(417)	0.2%	(305)	0.2%	-36.7%	(1,343)	0.3%
Consolidated Net Income	1,345	0.7%	93	0.1%	1346.2%	1,611	0.4%
Net Income (after minority interest)	366	0.2%	(671)	-0.5%	154.5%	(864)	-0.2%
Adjusted EPS	0.17	-	(0.30)	-	156.7%	(0.38)	-

## Consolidated Balance Sheet

<i>(NT\$ Mn)</i>	<u>3Q2011</u>	<u>2Q2011</u>	<u>QoQ</u>
Cash and Equivalents	40,758	45,759	(5,001)
AR (Net)	90,193	64,303	25,890
Inventory (Net)	78,884	64,460	14,424
Other Current Assets	13,367	14,656	(1,289)
<b>Total Current Assets</b>	<b>223,202</b>	<b>189,178</b>	<b>34,024</b>
Investment	4,910	4,646	264
Fixed Assets (Net)	63,912	55,079	8,833
Other Assets	9,617	9,532	85
<b>Total Assets</b>	<b>301,641</b>	<b>258,435</b>	<b>43,206</b>
Short-term Borrowings	25,110	21,755	3,355
AP	108,649	76,961	31,688
Other Current Liabilities	25,123	26,424	(1,301)
<b>Total Current Liabilities</b>	<b>158,882</b>	<b>125,140</b>	<b>33,742</b>
Long-term Loan	24,752	21,934	2,818
Other Liabilities	400	577	(177)
<b>Total Liabilities</b>	<b>184,034</b>	<b>147,651</b>	<b>36,383</b>
Paid-in Capital	22,564	22,564	0
Capital Surplus	63,445	63,230	215
Retained Earnings	5,333	4,967	366
Adjusted Items	70	(4,606)	4,676
Treasury Stocks	(19)	(9)	(10)
<b>Net Equity</b>	<b>117,607</b>	<b>110,784</b>	<b>6,823</b>
<b>Total Liabilities and Net Equity</b>	<b>301,641</b>	<b>258,435</b>	<b>43,206</b>
Current Ratio	140%	151%	-
Debt Ratio (TTL Liabilities / TTL Assets)	61%	57%	-
Interest-bearing Debt Ratio	17%	17%	-

**3Q11 DMS Pro Forma Financial Result  
(Compiled by Pegatron)**

## Income Statement (Quarterly) - DMS Pro Forma

<i>(NT\$ Mn)</i>	3Q2011		2Q2011		1Q2011		1Q~3Q2011	
Net Revenue	156,106	100%	104,783	100%	85,621	100%	346,510	100%
COGS	152,816	97.9%	103,060	98.4%	84,109	98.2%	339,985	98.1%
Gross Profit	3,290	2.1%	1,723	1.6%	1,512	1.8%	6,525	1.9%
Operating Expense	3,946	2.5%	3,677	3.5%	3,692	4.3%	11,315	3.3%
Operating Income (Loss)	(656)	-0.4%	(1,954)	-1.9%	(2,180)	-2.5%	(4,790)	-1.4%
Net Non-Operating Income (Loss)	909	0.6%	1,265	1.2%	1,764	2.1%	3,938	1.1%
Investment Income – Equity Method	719	0.5%	244	0.2%	786	0.9%	1,749	0.5%
FX Gain (Loss)	98	0.1%	710	0.7%	415	0.5%	1,223	0.4%
Others	92	0.1%	311	0.3%	563	0.7%	966	0.3%
PBT	253	0.2%	(689)	-0.7%	(416)	-0.5%	(852)	-0.2%
Tax	113	0.1%	18	0.0%	(143)	0.2%	(12)	0.0%
Net Income	366	0.2%	(671)	-0.6%	(559)	-0.7%	(864)	-0.2%
Adjusted EPS	0.17		(0.30)		(0.25)		(0.38)	



## Income Statement - DMS Pro Forma

<i>(NT\$ Mn)</i>	3Q2011		2Q2011		QoQ	3Q2010		YoY
Net Revenue	156,106	100%	104,783	100%	49%	115,400	100%	35%
COGS	152,816	97.9%	103,060	98.4%	48%	111,679	96.8%	37%
Gross Profit	3,290	2.1%	1,723	1.6%	91%	3,721	3.2%	-12%
Operating Expense	3,946	2.5%	3,677	3.5%	7%	3,532	3.1%	12%
Operating Income (Loss)	(656)	-0.4%	(1,954)	-1.9%	66%	189	0.2%	-447%
Net Non-Operating Income (Loss)	909	0.6%	1,265	1.2%	-28%	1,541	1.3%	-41%
Investment Income – Equity Method	719	0.5%	244	0.2%	195%	730	0.6%	-2%
FX Gain (Loss)	98	0.1%	710	0.7%	-86%	505	0.4%	-81%
Others	92	0.1%	311	0.3%	-70%	306	0.3%	-70%
PBT	253	0.2%	(689)	-0.7%	137%	1,730	1.5%	-85%
Tax	113	0.1%	18	0.0%	528%	(282)	0.2%	140%
Net Income	366	0.2%	(671)	-0.6%	155%	1,448	1.3%	-75%
Adjusted EPS	0.17		(0.30)		157%	0.64		-73%

## Balance Sheet - DMS Pro Forma

<i>(NT\$ Mn)</i>	<u>3Q2011</u>	<u>2Q2011</u>	<u>QoQ</u>	<u>3Q2010</u>	<u>YoY</u>
Cash and Equivalents	20,977	18,829	2,148	18,382	2,595
AR (Net)	67,615	47,830	19,785	43,055	24,560
Inventory (Net)	62,610	50,068	12,542	40,328	22,282
Other Current Assets	5,352	5,321	31	2,783	2,569
Total Current Assets	156,554	122,048	34,506	104,548	52,006
Investment	39,466	40,525	(1,059)	32,705	6,761
Fixed Assets (Net)	30,133	26,992	3,141	28,831	1,302
Other Assets	4,026	3,843	183	4,613	(587)
Total Assets	230,179	193,408	36,771	170,697	59,482
Short-term Borrowings	17,372	17,455	(83)	13,940	3,432
AP	87,188	60,568	26,620	42,891	44,297
Other Current Liabilities	15,276	14,270	1,006	11,490	3,786
Total Current Liabilities	119,836	92,293	27,543	68,321	51,515
Long-term Loan	18,345	14,362	3,983	7,200	11,145
Other Liabilities	605	607	(2)	514	91
Total Liabilities	138,786	107,262	31,524	76,035	62,751
Paid-in Capital	22,564	22,564	0	22,861	(297)
Capital Surplus	63,445	63,230	215	63,847	(402)
Retained Earnings	5,333	4,967	366	8,179	(2,846)
Adjusted Items	51	(4,615)	4,666	(225)	276
Net Equity	91,393	86,146	5,247	94,662	(3,269)
Total Liabilities and Net Equity	230,179	193,408	36,771	170,697	59,482
Current Ratio	131%	132%	-	153%	-
Debt Ratio (TTL Liabilities / TTL Assets)	60%	55%	-	45%	-
Interest-bearing Debt Ratio	16%	16%	-	12%	-

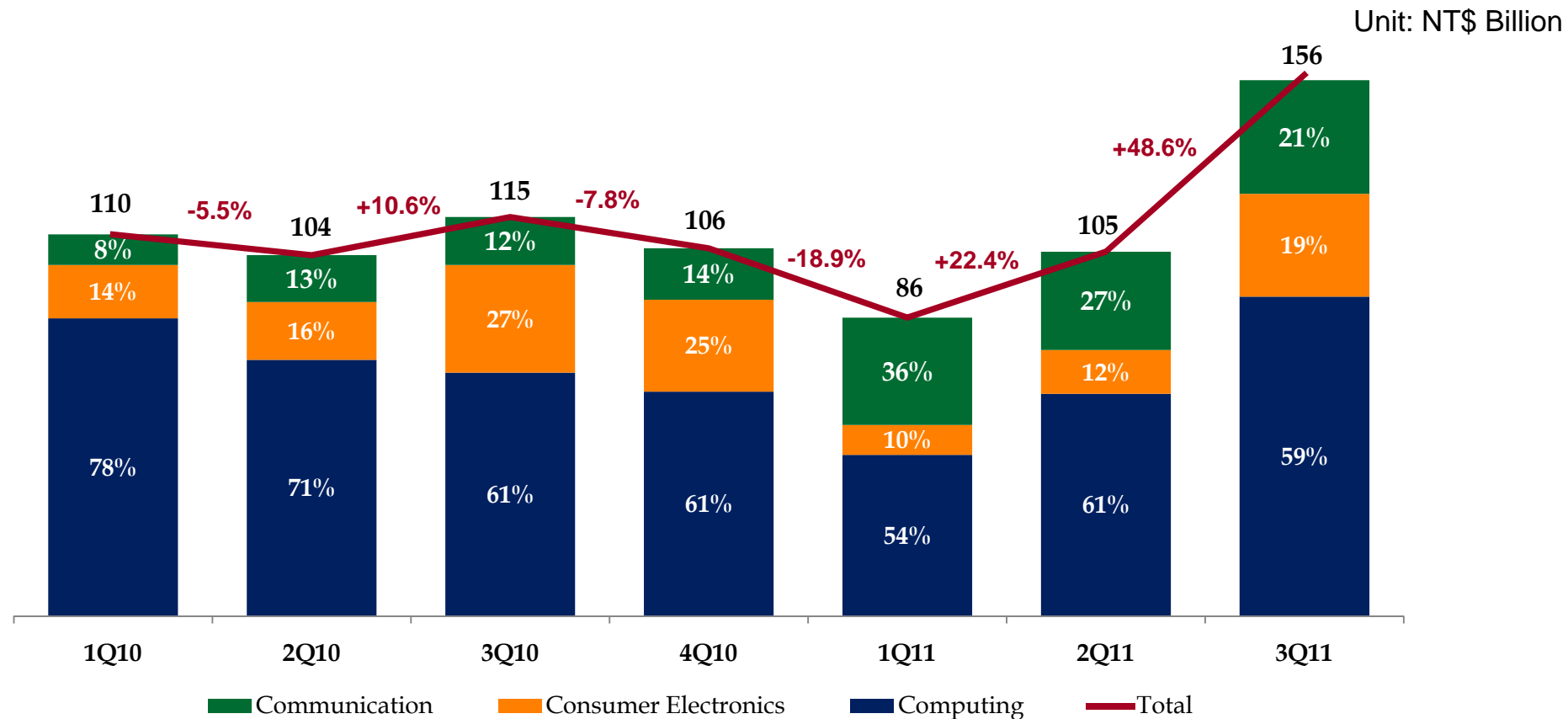
## Cash Flows Statement - DMS Pro Forma

<i>(NT\$ Mn)</i>	3Q2011	2Q2011	1Q~3Q2011
Cash Flows From Operating Activities:	1,594	(6,686)	(5,780)
Cash Flows From Investing Activities:	(3,320)	(7,240)	(13,224)
Cash Flows From Financing Activities:	1,619	17,900	14,428
Impact from Changes in FX Rate	2,255	(503)	2,160
Net Increase in Cash	2,148	3,471	(2,416)
Cash, beginning of the period	18,829	15,358	23,393
Cash, end of the period	20,977	18,829	20,977

<i>Note:</i>	3Q2011	2Q2011	1Q~3Q2011
Depreciation and amortization	1,326	1,352	4,120

**Business Highlight & Outlook**

## DMS Revenue Trend

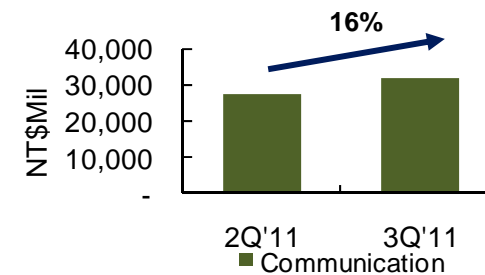
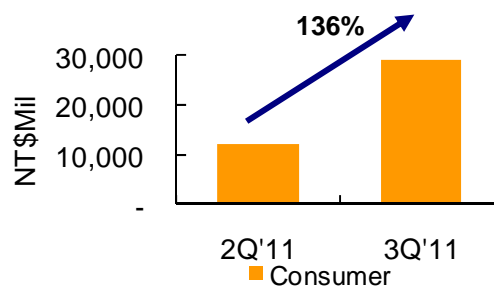
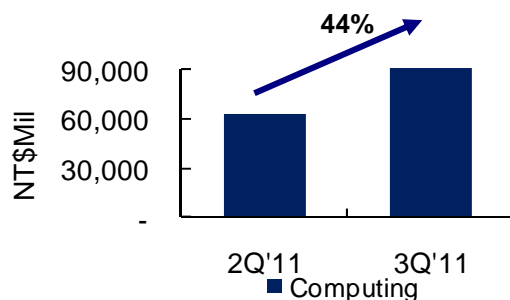
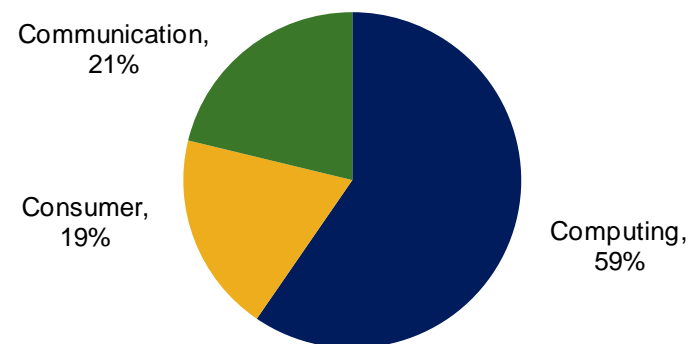
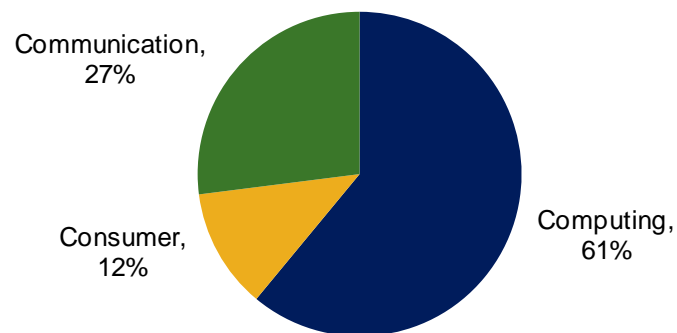


Revenue in 3Q2011 totaled NT\$156Bn, a 48.6% growth from that of NT\$105B in 2Q2011. The growth was mainly driven by better than expected demands for Computing products and Communication products, while Consumer Electronics also reached its seasonal peak in 3Q2011.

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

2Q2011

3Q2011

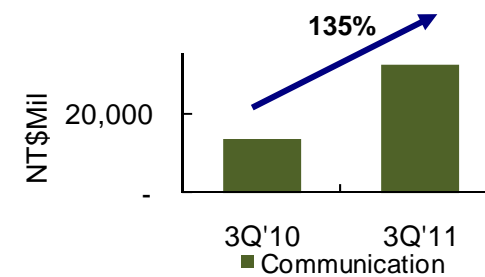
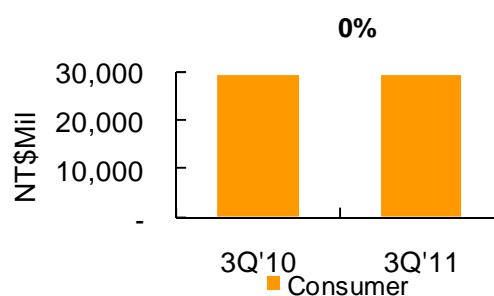
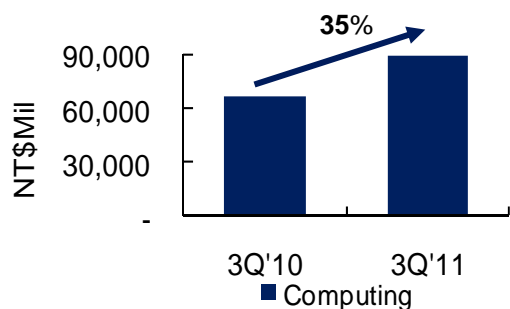
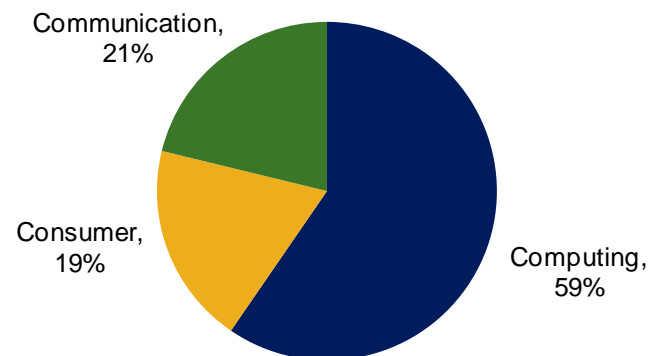
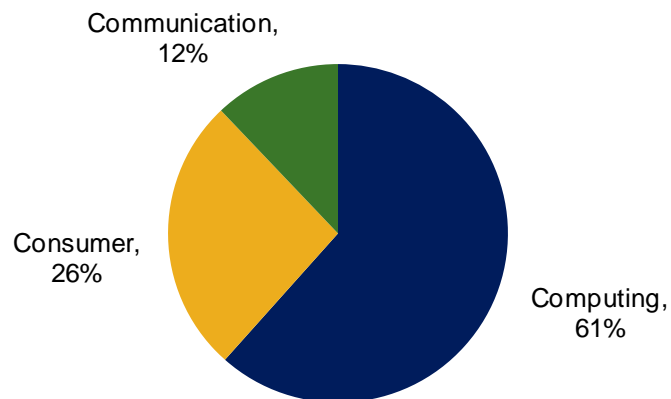


QoQ sales grew substantially across three product segments, especially in Consumer Electronics with 136% QoQ growth. While Consumer Electronic segment benefitted from its seasonal peak, revenue for both Computing and Communication segments also grew by 44% and 16% respectively due to better than expected demand. Consequently, revenue contribution from Consumer Electronics increased from 12% to 19%, while that of both Computing and Communication reduced to 59% and 21% respectively in 3Q2011.

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

3Q2010

3Q2011



YoY sales for both Computing and Communication segments increased by 35% and 135% respectively, while YoY sales for Consumer Electronic segment remained flattish. Growth of Communication segment was mainly driven by smart phone shipment starting earlier 2011, thus its revenue contribution increased to 21% in 3Q11 as compared to the same quarter a year ago.

- NB shipment (including netbook PCs and tablet PCs) to decline by 10% ~ 15%
- MB & DT shipment to decline by 15% ~ 20%
- Revenue of consumer electronics segment to remain flat to mid single digit decline
- Revenue of communication segment to decline by 5% ~ 10%



## Q & A

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