



PEGATRON

2012 Second Quarter Business Review

August 23, 2012



■ Financial Results

- 2Q12 DMS Pro Forma Financial Result (compiled by Pegatron)
- 2Q12 Consolidated Financial Result

■ Business Highlight

- 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.

**2Q12 DMS Pro Forma Financial Result
(Compiled by Pegatron)**

Income Statement - DMS Pro Forma

<i>(NT\$ Mn)</i>	1H2012		1H2011		YoY
Net Revenue	336,779	100%	190,404	100%	76.9%
COGS	326,860	97.1%	187,169	98.3%	74.6%
Gross Profit	9,919	2.9%	3,235	1.7%	206.6%
Operating Expense	8,977	2.7%	7,369	3.9%	21.8%
Operating Income (Loss)	942	0.3%	(4,134)	-2.2%	122.8%
Net Non-Operating Income (Loss)	1,617	0.5%	3,029	1.6%	-46.6%
Investment Income – Equity Method	1,183	0.4%	1,030	0.5%	14.9%
FX Gain (Loss)	(84)	0.0%	1,125	0.6%	-107.5%
Others	518	0.2%	874	0.5%	-40.7%
PBT	2,559	0.8%	(1,105)	-0.6%	331.6%
Tax	(460)	0.1%	(125)	0.1%	-268.0%
Net Income	2,099	0.6%	(1,230)	-0.6%	270.7%
Adjusted EPS	0.93		(0.55)		269.1%

Income Statement - DMS Pro Forma (QoQ)

<i>(NT\$ Mn)</i>	2Q2012		1Q2012		QoQ	2Q2011		YoY
Net Revenue	187,599	100%	149,180	100%	25.8%	104,783	100%	79.0%
COGS	182,178	97.1%	144,682	97.0%	25.9%	103,060	98.4%	76.8%
Gross Profit	5,421	2.9%	4,498	3.0%	20.5%	1,723	1.6%	214.6%
Operating Expense	4,909	2.6%	4,068	2.7%	20.7%	3,677	3.5%	33.5%
Operating Income (Loss)	512	0.3%	430	0.3%	19.1%	(1,954)	-1.9%	126.2%
Net Non-Operating Income (Loss)	677	0.4%	940	0.6%	-28.0%	1,265	1.2%	-46.5%
Investment Income – Equity Method	907	0.5%	276	0.2%	228.6%	244	0.2%	271.7%
FX Gain (Loss)	(575)	-0.3%	491	0.3%	-217.1%	710	0.7%	-181.0%
Others	345	0.2%	173	0.1%	99.4%	311	0.3%	10.9%
PBT	1,189	0.6%	1,370	0.9%	-13.2%	(689)	-0.7%	272.6%
Tax	(367)	0.2%	(93)	0.1%	294.6%	18	0.0%	-2138.9%
Net Income	822	0.4%	1,277	0.9%	-35.6%	(671)	-0.6%	222.5%
Adjusted EPS	0.36		0.57		-36.8%	(0.30)		220.0%

Balance Sheet - DMS Pro Forma

<i>(NT\$ Mn)</i>	<u>2Q2012</u>	<u>1Q2012</u>	<u>QoQ</u>	<u>2Q2011</u>	<u>YoY</u>
Cash and Equivalents	22,887	24,827	(1,940)	18,829	4,058
AR (Net)	99,886	67,144	32,742	47,830	52,056
Inventory (Net)	63,169	60,769	2,400	50,068	13,101
Other Current Assets	14,790	12,373	2,417	5,321	9,469
Total Current Assets	200,732	165,113	35,619	122,048	78,684
Investment	40,124	39,321	803	40,525	(401)
Fixed Assets (Net)	32,378	29,897	2,481	26,992	5,386
Other Assets	4,093	4,010	83	3,843	250
Total Assets	277,327	238,341	38,986	193,408	83,919
Short-term Borrowings	22,798	16,231	6,567	17,455	5,343
AP	113,643	92,709	20,934	60,568	53,075
Other Current Liabilities	18,785	13,460	5,325	14,270	4,515
Total Current Liabilities	155,226	122,400	32,826	92,293	62,933
Long-term Loan	28,076	23,233	4,843	14,362	13,714
Other Liabilities	749	775	(26)	607	142
Total Liabilities	184,051	146,408	37,643	107,262	76,789
Paid-in Capital	22,564	22,564	0	22,564	0
Capital Surplus	64,004	63,841	163	63,230	774
Retained Earnings	8,408	7,585	823	4,967	3,441
Adjusted Items	(1,700)	(2,057)	357	(4,615)	2,915
Net Equity	93,276	91,933	1,343	86,146	7,130
Total Liabilities and Net Equity	277,327	238,341	38,986	193,408	83,919
Current Ratio	129%	135%	-	132%	-
Debt Ratio (TTL Liabilities / TTL Assets)	66%	61%	-	55%	-
Interest-bearing Debt Ratio	18%	17%	-	16%	-

Cash Flows Statement - DMS Pro Forma

<i>(NT\$ Mn)</i>	2Q2012	1Q2012	1H2012
Cash Flows from Operating Activities:	(9,482)	(2,941)	(12,423)
Cash Flows from Investing Activities:	(3,630)	(2,339)	(5,969)
Cash Flows from Financing Activities:	9,972	5,811	15,783
Impact from Changes in FX Rate	(579)	220	(359)
Net Increase in Cash	(3,719)	751	(2,968)
Cash, beginning of the period	24,825	24,074	24,074
Cash, end of the period	21,106	24,825	21,106

<i>Note:</i>	2Q2012	1Q2012	1H2012
Depreciation and amortization	1,404	1,376	2,780

2Q12 Consolidated Financial Result

Consolidated Income Statements

<i>(NT\$ Mn)</i>	1H2012		1H2011		YoY
Net Revenue	391,109	100%	239,710	100%	63.2%
COGS	372,135	95.1%	229,031	95.5%	62.5%
Gross Profit	18,974	4.9%	10,679	4.5%	77.7%
Operating Expense	14,430	3.7%	11,916	5.0%	21.1%
Operating Income (Loss)	4,544	1.2%	(1,237)	-0.5%	467.3%
Net Non-Operating Income (Loss)	634	0.2%	2,430	1.0%	-73.9%
PBT	5,178	1.3%	1,193	0.5%	334.0%
Tax	(1,381)	0.4%	(926)	0.4%	49.1%
Consolidated Net Income	3,797	1.0%	267	0.1%	1322.1%
Net Income (after minority interest)	2,099	0.5%	(1,230)	-0.5%	270.7%
Adjusted EPS	0.93		(0.55)		269.1%

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Consolidated Income Statements (QoQ)

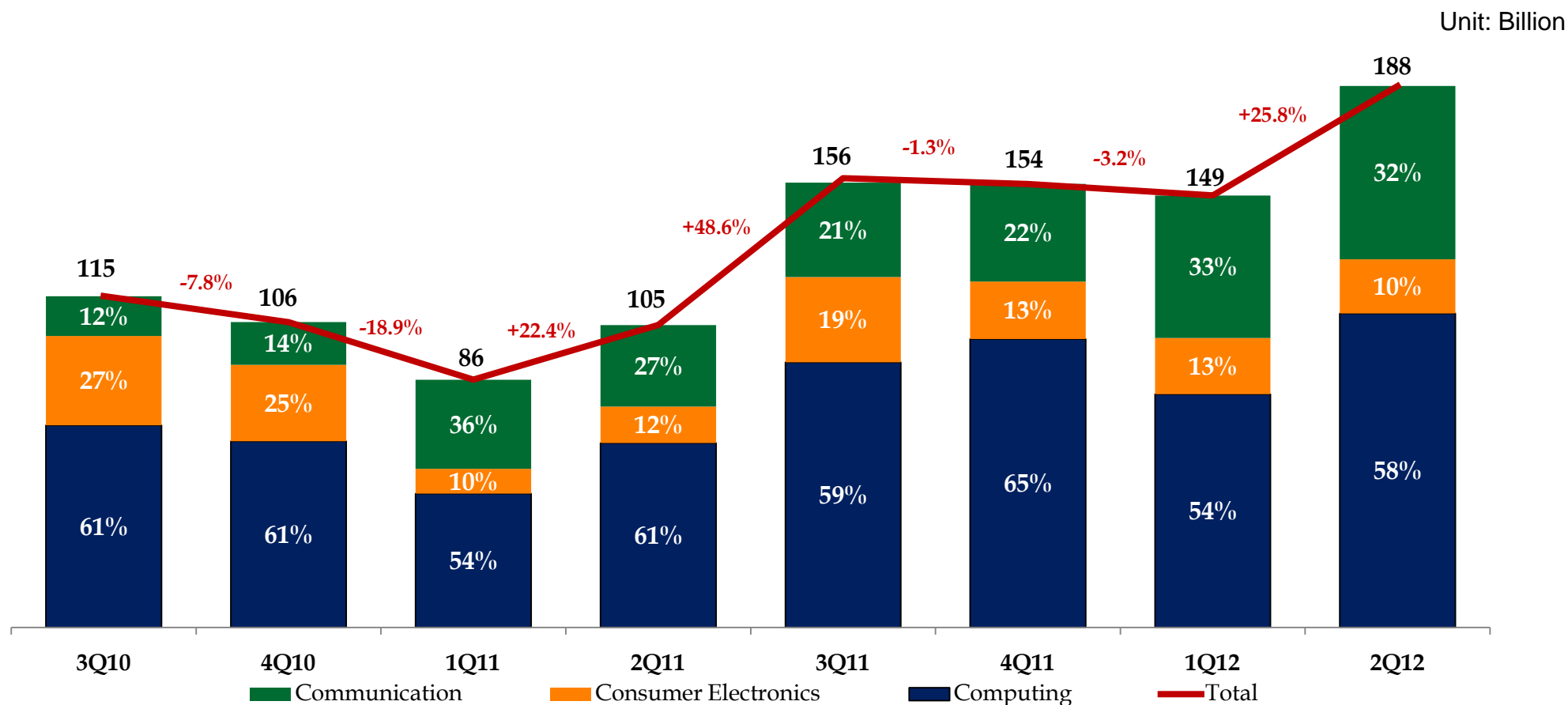
<i>(NT\$ Mn)</i>	<u>2Q2012</u>		<u>1Q2012</u>		<u>QoQ</u>	<u>2Q2011</u>		<u>YoY</u>
Net Revenue	219,215	100%	171,894	100%	27.5%	130,002	100%	68.6%
COGS	208,377	95.1%	163,758	95.3%	27.2%	124,568	95.8%	67.3%
Gross Profit	10,838	4.9%	8,136	4.7%	33.2%	5,434	4.2%	99.4%
Operating Expense	7,748	3.5%	6,682	3.9%	16.0%	6,140	4.7%	26.2%
Operating Income (Loss)	3,090	1.4%	1,454	0.8%	112.5%	(706)	-0.5%	537.7%
Net Non-Operating Income (Loss)	(309)	-0.1%	943	0.5%	-132.8%	1,104	0.8%	-128.0%
PBT	2,781	1.3%	2,397	1.4%	16.0%	398	0.3%	598.7%
Tax	(1,008)	0.5%	(373)	0.2%	170.2%	(305)	0.2%	230.5%
Consolidated Net Income	1,773	0.8%	2,024	1.2%	-12.4%	93	0.1%	1806.5%
Net Income (after minority interest)	822	0.4%	1,277	0.7%	-35.6%	(671)	-0.5%	222.5%
Adjusted EPS	0.36		0.57		-36.8%	(0.30)		220.0%

Consolidated Balance Sheet

<i>(NT\$ Mn)</i>	<u>2Q2012</u>	<u>1Q2012</u>	<u>QoQ</u>	<u>2Q2011</u>	<u>YoY</u>
Cash and Equivalents	53,329	50,189	3,140	45,759	7,570
AR (Net)	119,317	84,905	34,412	64,303	55,014
Inventory (Net)	77,478	75,301	2,177	64,460	13,018
Other Current Assets	18,127	16,164	1,963	14,656	3,471
Total Current Assets	268,251	226,559	41,692	189,178	79,073
Investment	3,671	3,781	(110)	4,646	(975)
Fixed Assets (Net)	73,652	71,658	1,994	55,079	18,573
Other Assets	9,980	9,610	370	9,532	448
Total Assets	355,554	311,608	43,946	258,435	97,119
Short-term Borrowings	30,713	24,924	5,789	21,755	8,958
AP	129,188	107,853	21,335	76,961	52,227
Other Current Liabilities	34,722	24,378	10,344	26,424	8,298
Total Current Liabilities	194,623	157,155	37,468	125,140	69,483
Long-term Loan	37,080	33,691	3,389	21,934	15,146
Other Liabilities	854	718	136	577	277
Total Liabilities	232,557	191,564	40,993	147,651	84,906
Paid-in Capital	22,564	22,564	0	22,564	0
Capital Surplus	64,004	63,841	163	63,230	774
Retained Earnings	8,408	7,585	823	4,967	3,441
Adjusted Items	(1,680)	(2,039)	359	(4,606)	2,926
Treasury Stocks	(19)	(19)	0	(9)	(10)
Net Equity	122,997	120,044	2,953	110,784	12,213
Total Liabilities and Net Equity	355,554	311,608	43,946	258,435	97,119
Current Ratio	138%	144%	-	151%	-
Debt Ratio (TTL Liabilities / TTL Assets)	65%	61%	-	57%	-
Interest-bearing Debt Ratio	19%	19%	-	17%	-

Business Highlight

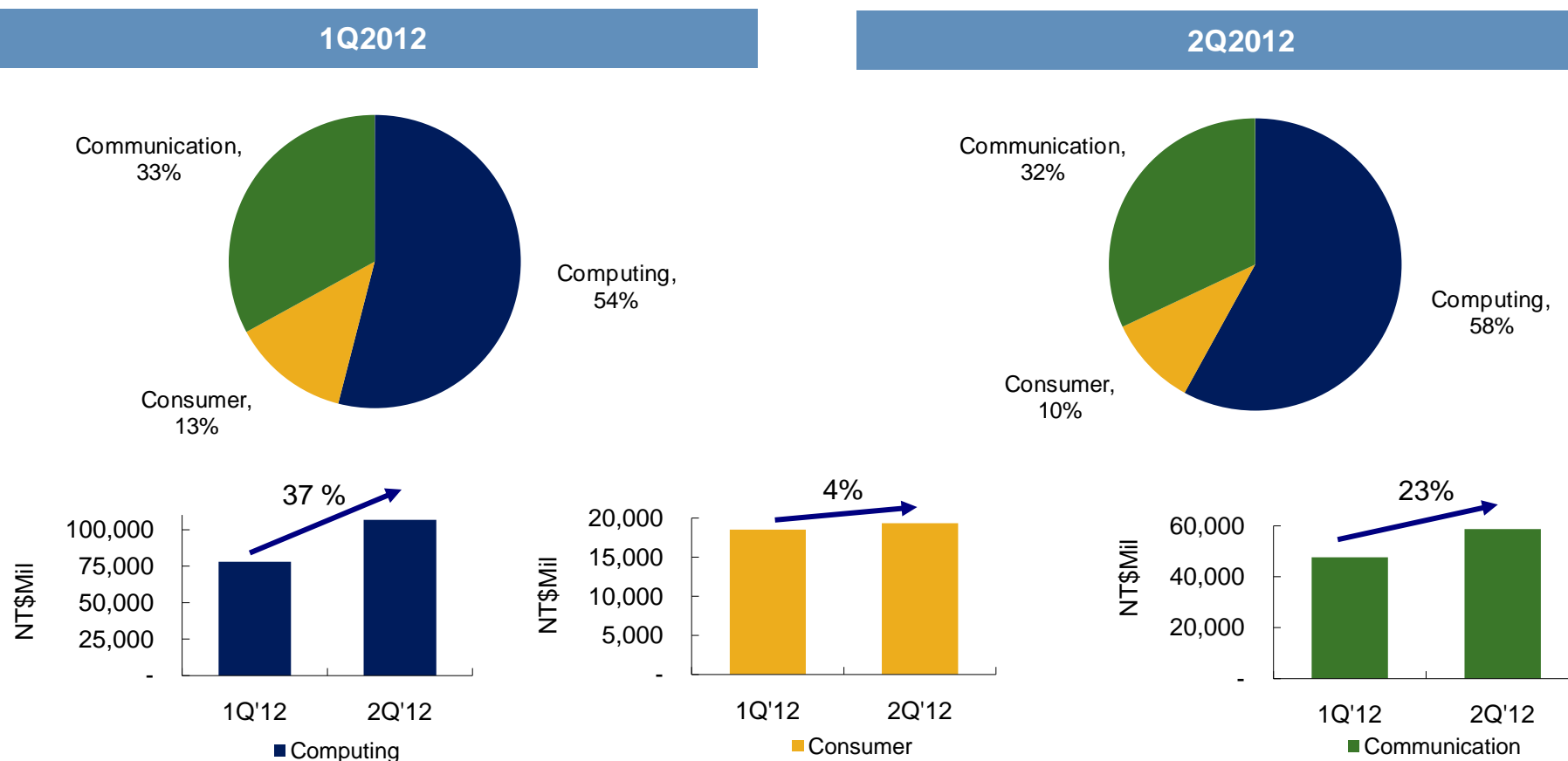
DMS Revenue Trend



2Q2012 revenue of NT\$188Bn reached another record high since spin-off and increased by 25.8% QoQ and 79% YoY. The growth is attributable to the following factors:

- Increase of new mainstream NB order
- Better than expected demand in broadband products and smartphone.

Revenue Breakdowns by Products (Quarter-over-Quarter)

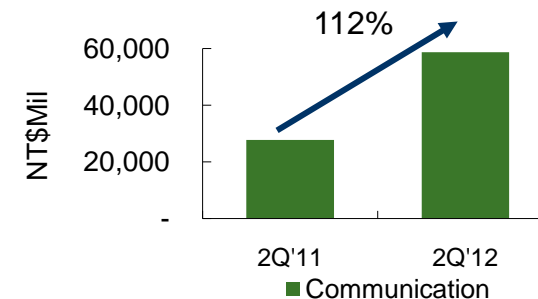
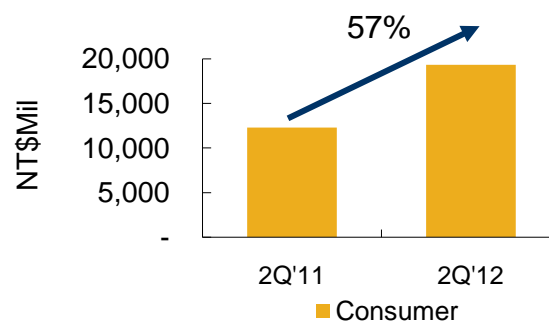
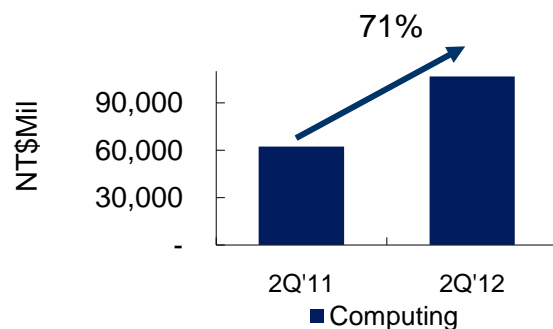
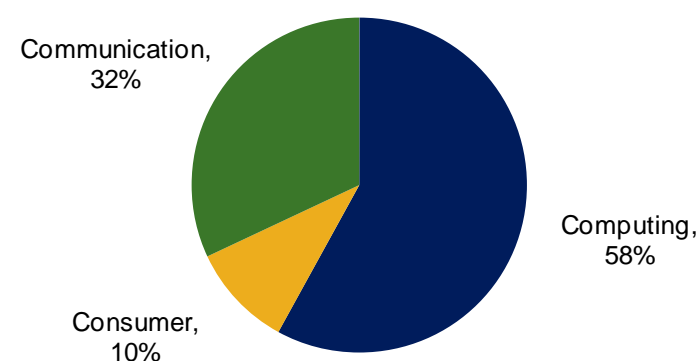
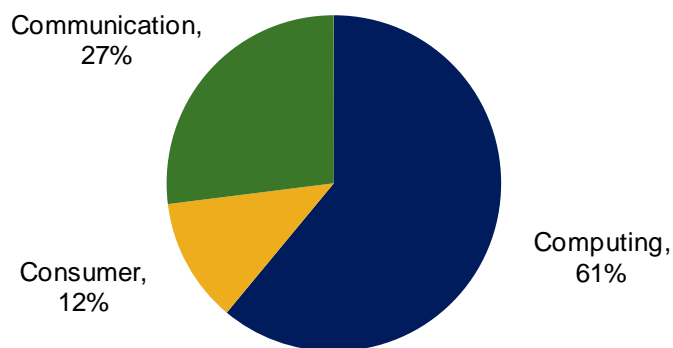


Revenue in Computing segment grew by 37% QoQ driven mainly by new mainstream NB order and lower base in 1Q. With better than expected demand in broadband products and smartphone, revenue in Communication segment grew by 23% QoQ, while revenue in Consumer Electronics segment grew marginally at 4% QoQ, due to a higher base a quarter ago.

Revenue Breakdowns by Products (Year-over-Year)

2Q2011

2Q2012



YoY sales grew substantially throughout three product segments driven mainly by lower base in 2Q2011 as well as improving customer portfolio and product mix.

- NB shipment (including regular NB and net book) to decline by 15% - 20%
- MB & DT shipment to decline by 5% - 10%
- Revenue of consumer electronics to grow by 15% - 20%
- Revenue of communication to remain flat

Note: Starting from 3Q2012, tablet business will be moved to Consumer Electronics segment from Computing segment.

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