

**PEGATRON**



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## **2015 Second Quarter Business Review**

August 10, 2015

- **Financial Results**
- **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.

**2Q2015 Consolidated Financial Result**

## Consolidated Income Statements

<i>(NT\$ Mn)</i>	1H2015		1H2014		YoY
Net Revenue	492,191	100%	431,089	100%	14.2%
COGS	461,212	93.7%	406,789	94.4%	13.4%
Gross Profit	30,979	6.3%	24,300	5.6%	27.5%
Operating Expense	16,350	3.3%	13,529	3.1%	20.9%
Operating Income (Loss)	14,629	3.0%	10,771	2.5%	35.8%
Net Non-Operating Income (Loss)	1,981	0.4%	(2,637)	-0.6%	175.1%
FX Gain (Loss)	(390)	-0.1%	(750)	-0.2%	48.0%
Others	2,371	0.5%	(1,887)	-0.4%	225.6%
PBT	16,610	3.4%	8,134	1.9%	104.2%
Tax	(3,663)	0.7%	(2,164)	0.5%	69.3%
Net Income	12,947	2.6%	5,970	1.4%	116.9%
<b>Net Income Attributable to the Parent</b>	<b>10,984</b>	<b>2.2%</b>	<b>4,230</b>	<b>1.0%</b>	<b>159.7%</b>
EPS	4.29		1.82		135.7%
<b>Excluding Impact from ECB Valuation</b>	<b>1H2015</b>		<b>1H2014</b>		<b>YoY</b>
Valuation Gain (Loss) on ECB	(239)		(2,318)		-
PBT	16,849		10,452		61.2%
Net Income Attributable to the Parent	11,223		6,548		71.4%
EPS	4.39		2.82		55.7%

## Consolidated Income Statements (Quarter-over-Quarter)

<i>(NT\$ Mn)</i>	2Q 2015		1Q 2015		QoQ	2Q 2014		YoY
Net Revenue	217,929	100%	274,263	100%	-20.5%	212,352	100%	2.6%
COGS	204,025	93.6%	257,188	93.8%	-20.7%	199,349	93.9%	2.3%
Gross Profit	13,904	6.4%	17,075	6.2%	-18.6%	13,003	6.1%	6.9%
Operating Expense	8,166	3.7%	8,184	3.0%	-0.2%	7,299	3.4%	11.9%
Operating Income (Loss)	5,738	2.6%	8,891	3.2%	-35.5%	5,704	2.7%	0.6%
Net Non-Operating Income (Loss)	1,535	0.7%	446	0.2%	244.2%	(2,033)	-1.0%	175.5%
FX Gain (Loss)	(70)	0.0%	(320)	-0.1%	78.1%	(494)	-0.2%	85.8%
Others	1,605	0.7%	766	0.3%	109.5%	(1,539)	-0.7%	204.3%
PBT	7,273	3.3%	9,337	3.4%	-22.1%	3,671	1.7%	98.1%
Tax	(1,542)	0.7%	(2,120)	0.8%	-27.3%	(1,188)	0.6%	29.8%
Net Income	5,731	2.6%	7,217	2.6%	-20.6%	2,483	1.2%	130.8%
<b>Net Income Attributable to the Parent</b>	<b>4,656</b>	<b>2.1%</b>	<b>6,328</b>	<b>2.3%</b>	<b>-26.4%</b>	<b>1,498</b>	<b>0.7%</b>	<b>210.8%</b>
EPS	1.82		2.48		-26.6%	0.65		180.0%
<b>Excluding Impact from ECB Valuation</b>	<b>2Q 2015</b>		<b>1Q 2015</b>		<b>QoQ</b>	<b>2Q 2014</b>		<b>YoY</b>
Valuation Gain (Loss) on ECB	0		(239)		-	(1,732)		-
PBT	7,273		9,576		-24.0%	5,403		34.6%
Net Income Attributable to the Parent	4,656		6,567		-29.1%	3,230		44.1%
EPS	1.82		2.57		-29.1%	1.39		31.1%

## Consolidated Balance Sheet

<i>(NT\$ Mn)</i>	2Q2015	1Q2015	QoQ	2Q2014	YoY
Cash and Equivalents	112,800	118,019	(5,219)	90,346	22,454
AR (Net)	87,784	116,832	(29,048)	82,871	4,913
Inventory (Net)	121,765	88,215	33,550	76,563	45,202
Other Current Assets	29,205	27,057	2,148	28,835	370
Total Current Assets	351,554	350,123	1,431	278,615	72,939
Investment	2,257	2,446	(189)	3,075	(818)
Fixed Assets (Net)	69,879	71,147	(1,268)	70,665	(786)
Other Assets	11,258	12,077	(819)	10,768	490
Total Non-Current Assets	83,394	85,670	(2,276)	84,508	(1,114)
Total Assets	434,948	435,793	(845)	363,123	71,825
Short-term Borrowings	45,765	38,936	6,829	25,646	20,119
AP	138,020	148,276	(10,256)	119,193	18,827
Other Current Liabilities	58,337	47,447	10,890	53,016	5,321
Total Current Liabilities	242,122	234,659	7,463	197,855	44,267
Long-term Loans	13,348	13,665	(317)	17,123	(3,775)
Other Liabilities	3,676	3,572	104	3,715	(39)
Total Liabilities	259,146	251,896	7,250	218,693	40,453
Paid-in Capital	26,033	25,637	396	23,282	2,751
Capital Surplus	78,922	77,017	1,905	65,568	13,354
Retained Earnings	29,799	35,653	(5,854)	18,877	10,922
Others	687	3,574	(2,887)	(359)	1,046
Treasury Stocks	(1)	(1)	0	(6)	5
Net Equity	175,802	183,897	(8,095)	144,430	31,372
Total Liabilities and Net Equity	434,948	435,793	(845)	363,123	71,825
Current Ratio	145%	149%	-	141%	-
Debt Ratio (TTL Liabilities / TTL Assets)	60%	58%	-	60%	-
Interest-bearing Debt Ratio	14%	12%	-	12%	-

## Consolidated Cash Flows Statement

<i>(NT\$ Mn)</i>	1H2015	1H2014
Cash Flows from Operating Activities:	(470)	32,455
Cash Flows from Investing Activities:	(3,873)	(2,598)
Cash Flows from Financing Activities:	10,907	(13,495)
Impact from Changes in FX Rate	(1,453)	(277)
Net Increase in Cash	5,111	16,085
Cash, beginning of the period	107,689	74,261
Cash, end of the period	112,800	90,346

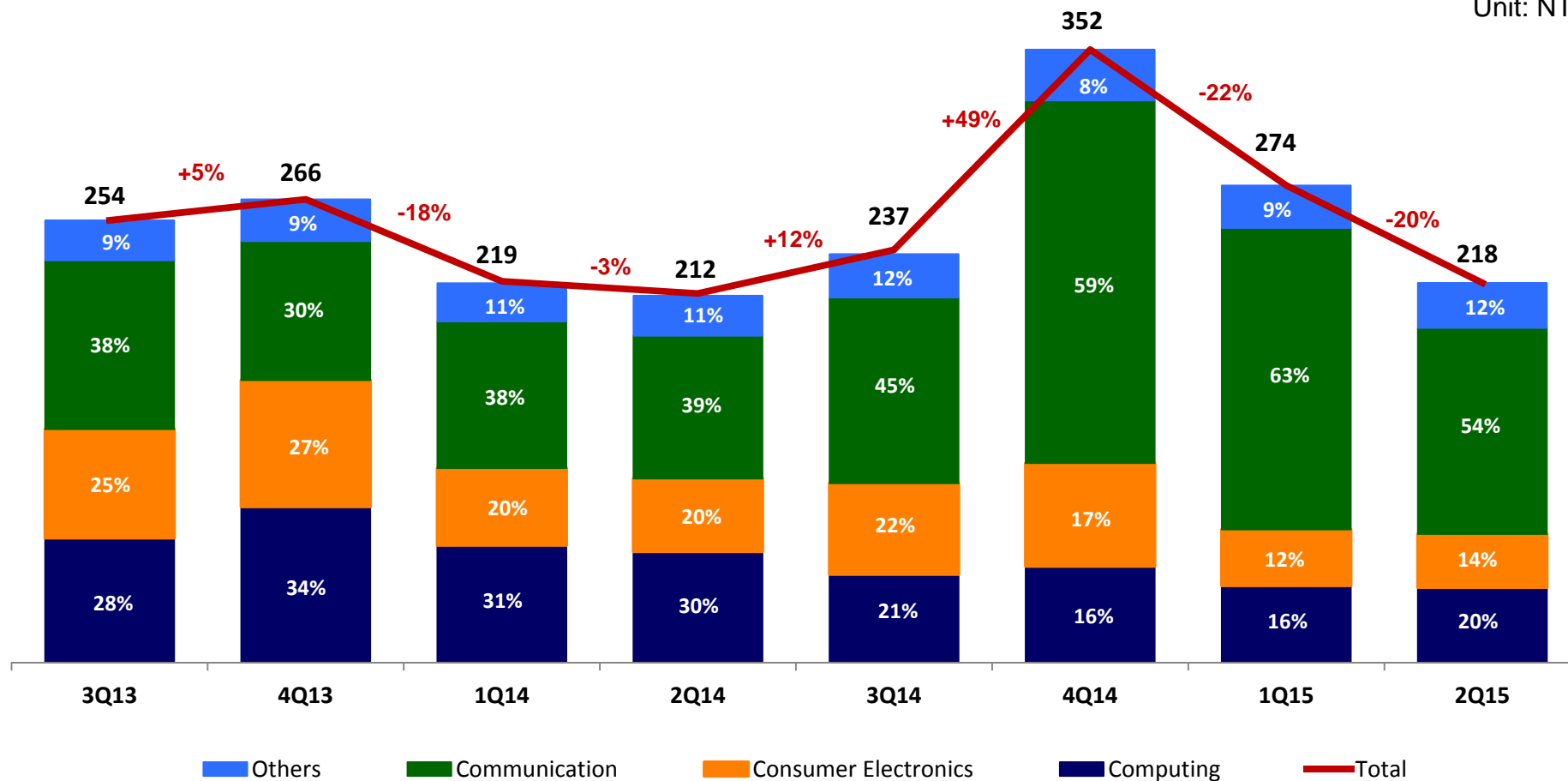
<i>Note:</i>	1H2015	1H2014
Depreciation and amortization	6,818	6,933



**Business Highlight**

## Consolidated Revenue Trend

Unit: NTD Bn

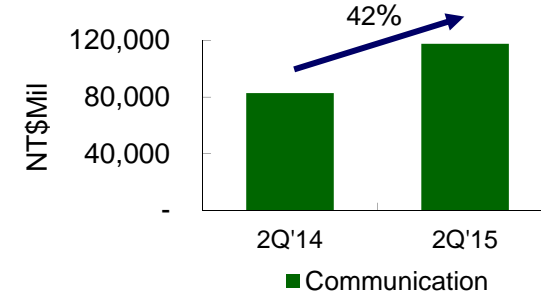
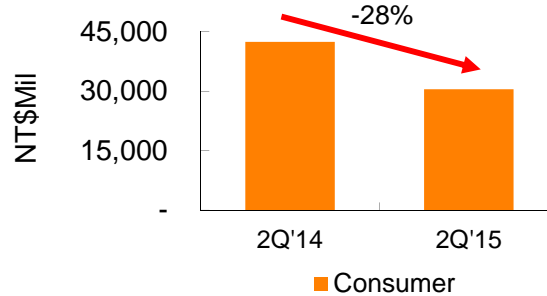
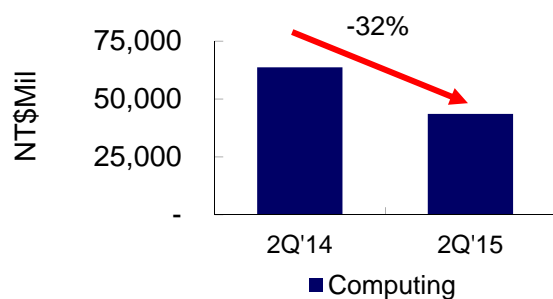
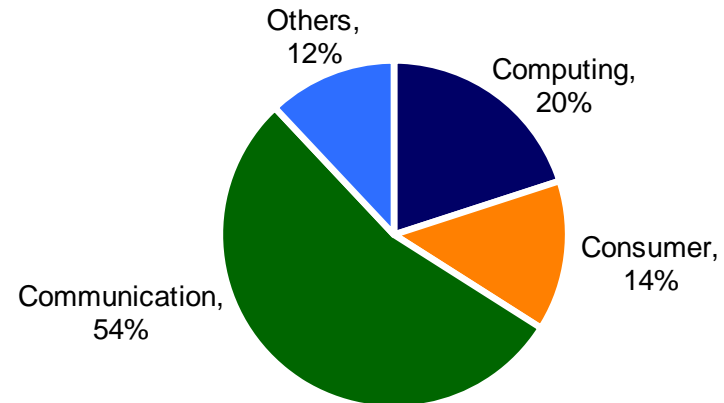
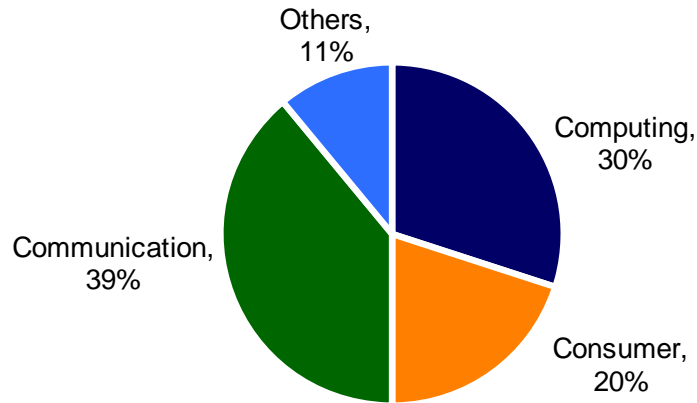


Consolidated revenue totaled NT\$218Bn in 2Q2015, declined by 20% from NT\$274B in the previous quarter. The decline was attributable to product transition during low season and weaker than expected demand in NB.

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

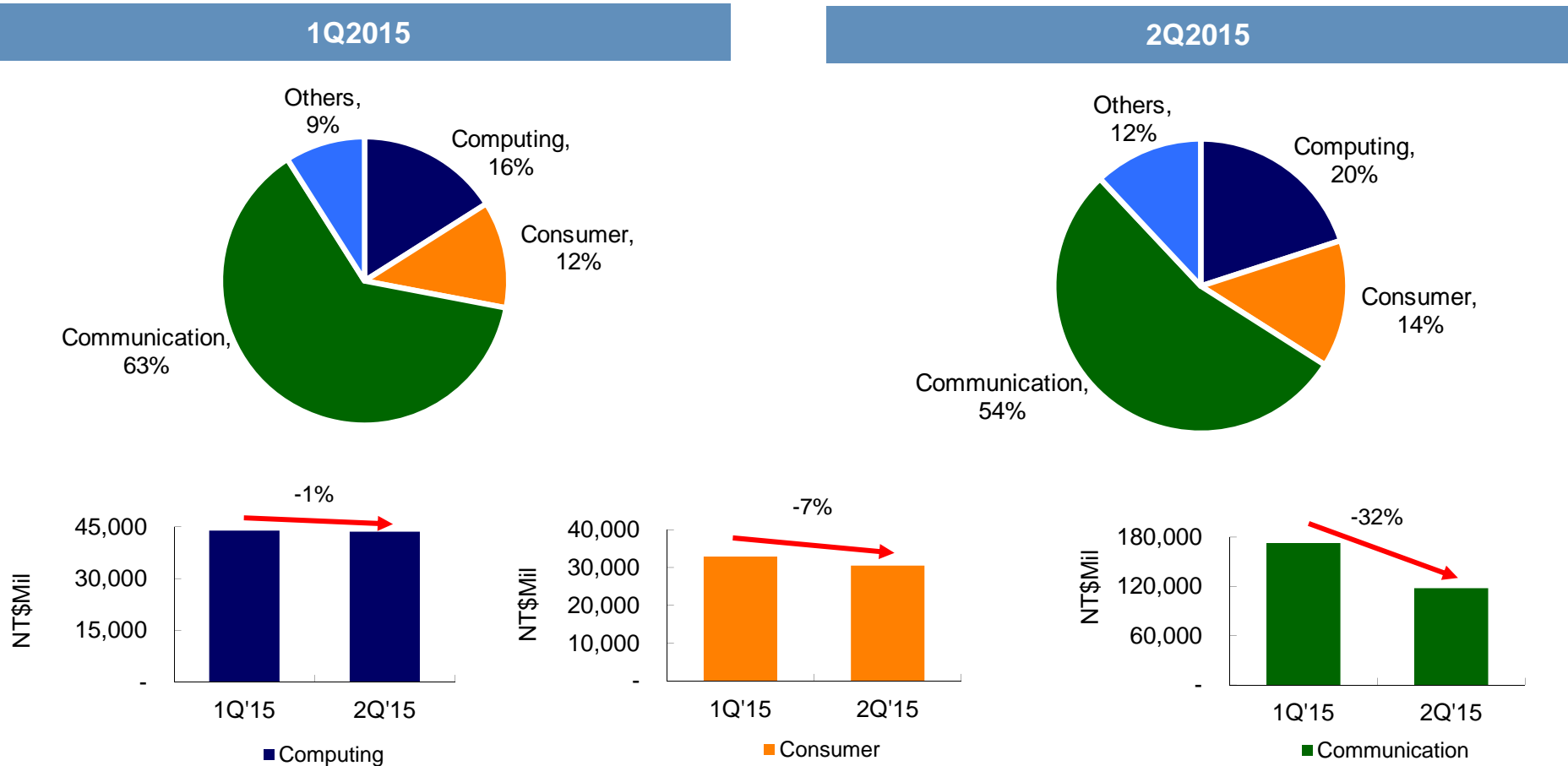
2Q2014

2Q2015



Driven by better demand, revenue from Communication grew by 42% YoY and revenue contribution increased to 54% from 39% in a-year-ago quarter. Reflecting challenging PC industry, revenue from Computing segment declined by 32% YoY, whilst that of Consumer Electronic segment also trended down by 28% YoY due to continuous weaker demand in tablets.

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



As a result of seasonal pattern and product transition, revenue across three product segments declined QoQ, with Communication declining the most by 32% QoQ.

- NB shipment volume to grow by high single digit
- MB & DT shipment volume to grow by mid single digit
- Revenue from non-computing segment to grow by 20% ~ 30%

## Q & A