

**PEGATRON**



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## **2016 Third Quarter Business Review**

November 10, 2016

- **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.

**3Q2016 Consolidated Financial Result**

## Consolidated Income Statements

<i>(NT\$ Mn)</i>	1Q-3Q 2016		1Q-3Q 2015		YoY
Net Revenue	797,226	100%	801,729	100%	-0.6%
COGS	751,289	94.2%	749,880	93.5%	0.2%
Gross Profit	45,937	5.8%	51,849	6.5%	-11.4%
Operating Expense	22,550	2.8%	25,402	3.2%	-11.2%
Operating Income (Loss)	23,387	2.9%	26,447	3.3%	-11.6%
Net Non-Operating Income (Loss)	(3,302)	-0.4%	795	0.1%	-515.3%
FX Gain (Loss)	(3,881)	-0.5%	(1,852)	-0.2%	109.6%
Others	579	0.1%	2,647	0.3%	-78.1%
PBT	20,085	2.5%	27,242	3.4%	-26.3%
Tax	(4,587)	0.6%	(6,782)	0.8%	-32.4%
Net Income	15,498	1.9%	20,460	2.6%	-24.3%
Net Income Attributable to the Parent	13,474	1.7%	16,997	2.1%	-20.7%
EPS	5.22		6.60		-20.9%

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

<i>(NT\$ Mn)</i>	3Q 2016		2Q2016		QoQ	3Q 2015		YoY
Net Revenue	316,193	100%	224,650	100%	40.7%	309,538	100%	2.1%
COGS	301,089	95.2%	208,629	92.9%	44.3%	288,668	93.3%	4.3%
Gross Profit	15,104	4.8%	16,021	7.1%	-5.7%	20,870	6.7%	-27.6%
Operating Expense	7,289	2.3%	7,225	3.2%	0.9%	9,052	2.9%	-19.5%
Operating Income (Loss)	7,815	2.5%	8,796	3.9%	-11.2%	11,818	3.8%	-33.9%
Net Non-Operating Income (Loss)	(1,209)	-0.4%	(1,817)	-0.8%	-33.5%	(1,187)	-0.4%	1.9%
FX Gain (Loss)	(1,700)	-0.5%	(1,426)	-0.6%	19.2%	(1,462)	-0.5%	16.3%
Others	491	0.2%	(391)	-0.2%	-225.6%	275	0.1%	78.5%
PBT	6,606	2.1%	6,979	3.1%	-5.3%	10,631	3.4%	-37.9%
Tax	(599)	0.2%	(2,329)	1.0%	-74.3%	(3,119)	1.0%	-80.8%
Net Income	6,007	1.9%	4,650	2.1%	29.2%	7,512	2.4%	-20.0%
<b>Net Income Attributable to the Parent</b>	<b>5,380</b>	<b>1.7%</b>	<b>3,988</b>	<b>1.8%</b>	<b>34.9%</b>	<b>6,014</b>	<b>1.9%</b>	<b>-10.5%</b>
EPS	2.09		1.55		34.8%	2.31		-9.5%

## Consolidated Balance Sheet

<i>(NT\$ Mn)</i>	3Q2016	2Q2016	QoQ	3Q2015	YoY
Cash and Equivalents	97,375	101,123	(3,748)	101,961	(4,586)
AR (Net)	139,304	78,719	60,585	151,501	(12,197)
Inventory (Net)	122,013	91,971	30,042	158,121	(36,108)
Other Current Assets	53,907	70,275	(16,368)	41,755	12,152
Total Current Assets	412,599	342,088	70,511	453,338	(40,739)
Investment	1,466	1,494	(28)	2,025	(559)
Fixed Assets (Net)	65,980	67,290	(1,310)	71,439	(5,459)
Other Assets	11,482	11,614	(132)	13,023	(1,541)
Total Non-Current Assets	78,928	80,398	(1,470)	86,487	(7,559)
Total Assets	491,527	422,486	69,041	539,825	(48,298)
Short-term Borrowings	48,787	58,713	(9,926)	67,260	(18,473)
AP	203,698	114,809	88,889	217,168	(13,470)
Other Current Liabilities	49,686	63,580	(13,894)	52,601	(2,915)
Total Current Liabilities	302,171	237,102	65,069	337,029	(34,858)
Long-term Loans	9,098	6,590	2,508	12,519	(3,421)
Other Liabilities	4,329	5,153	(824)	4,538	(209)
Total Liabilities	315,598	248,845	66,753	354,086	(38,488)
Paid-in Capital	25,756	25,761	(5)	26,032	(276)
Capital Surplus	78,209	78,192	17	78,922	(713)
Retained Earnings	42,238	36,819	5,419	35,866	6,372
Others	(3,338)	(70)	(3,268)	4,201	(7,539)
Treasury Stocks	(5)	(4)	(1)	(2)	(3)
Net Equity	175,929	173,641	2,288	185,739	(9,810)
Total Liabilities and Net Equity	491,527	422,486	69,041	539,825	(48,298)
Current Ratio	137%	144%	-	135%	-
Debt Ratio (TTL Liabilities / TTL Assets)	64%	59%	-	66%	-
Interest-bearing Debt Ratio	12%	15%	-	15%	-

## Consolidated Cash Flows Statement

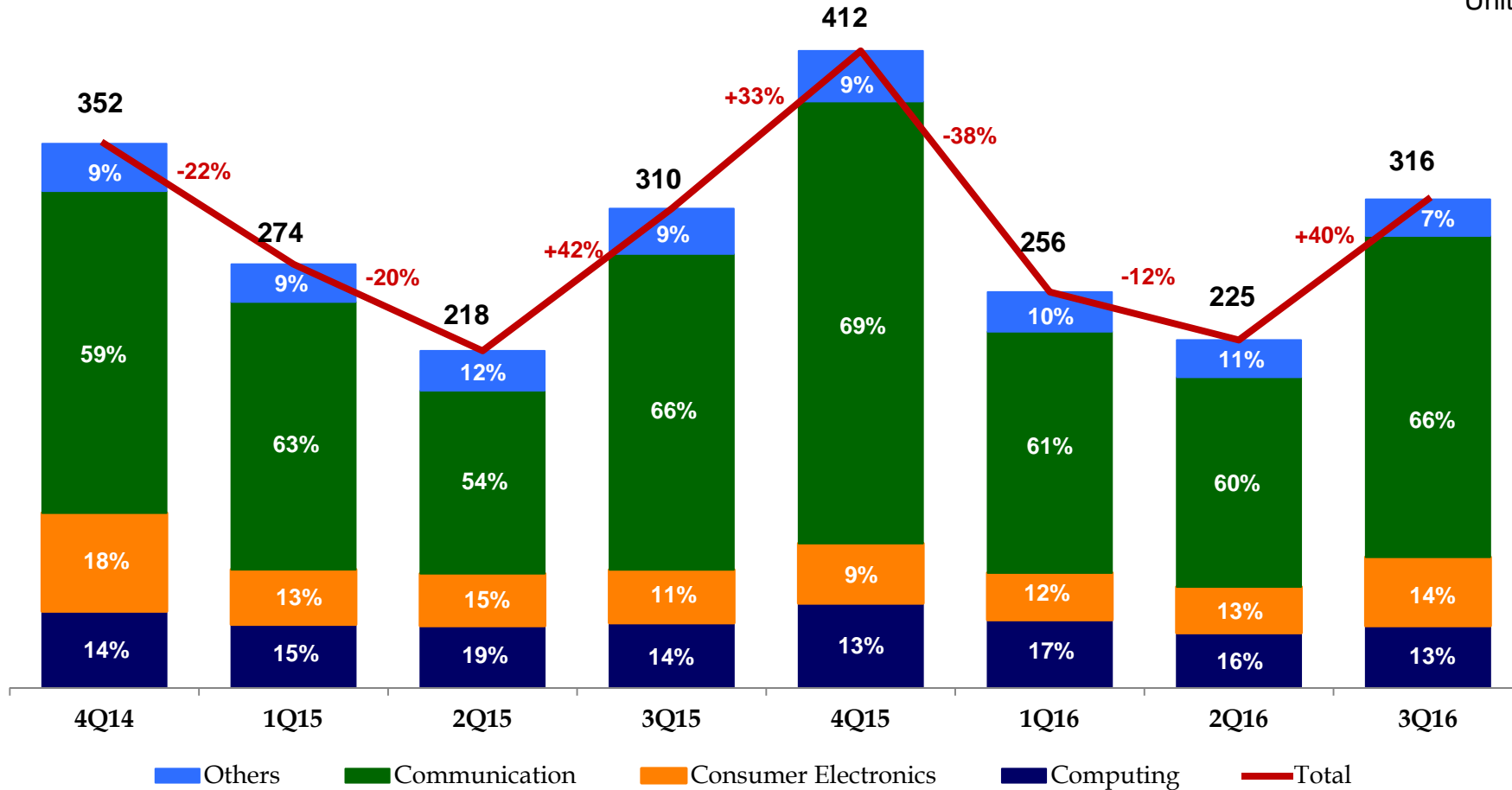
<i>(NT\$ Mn)</i>	<u>1Q-3Q 2016</u>	<u>1Q-3Q 2015</u>
<b>Cash Flows from Operating Activities:</b>	<b>34,214</b>	<b>(14,185)</b>
<b>Cash Flows from Investing Activities:</b>	<b>(16,081)</b>	<b>(9,445)</b>
<b>Cash Flows from Financing Activities:</b>	<b>(19,131)</b>	<b>16,594</b>
<b>Impact from Changes in FX Rate</b>	<b>(4,188)</b>	<b>1,308</b>
<b>Net Increase in Cash</b>	<b>(5,186)</b>	<b>(5,728)</b>
<b>Cash, beginning of the period</b>	<b>102,561</b>	<b>107,689</b>
<b>Cash, end of the period</b>	<b>97,375</b>	<b>101,961</b>
<b>Note:</b>	<u><b>1Q-3Q 2016</b></u>	<u><b>1Q-3Q 2015</b></u>
<b>Depreciation and amortization</b>	<b>9,824</b>	<b>10,270</b>



**Business Highlight**

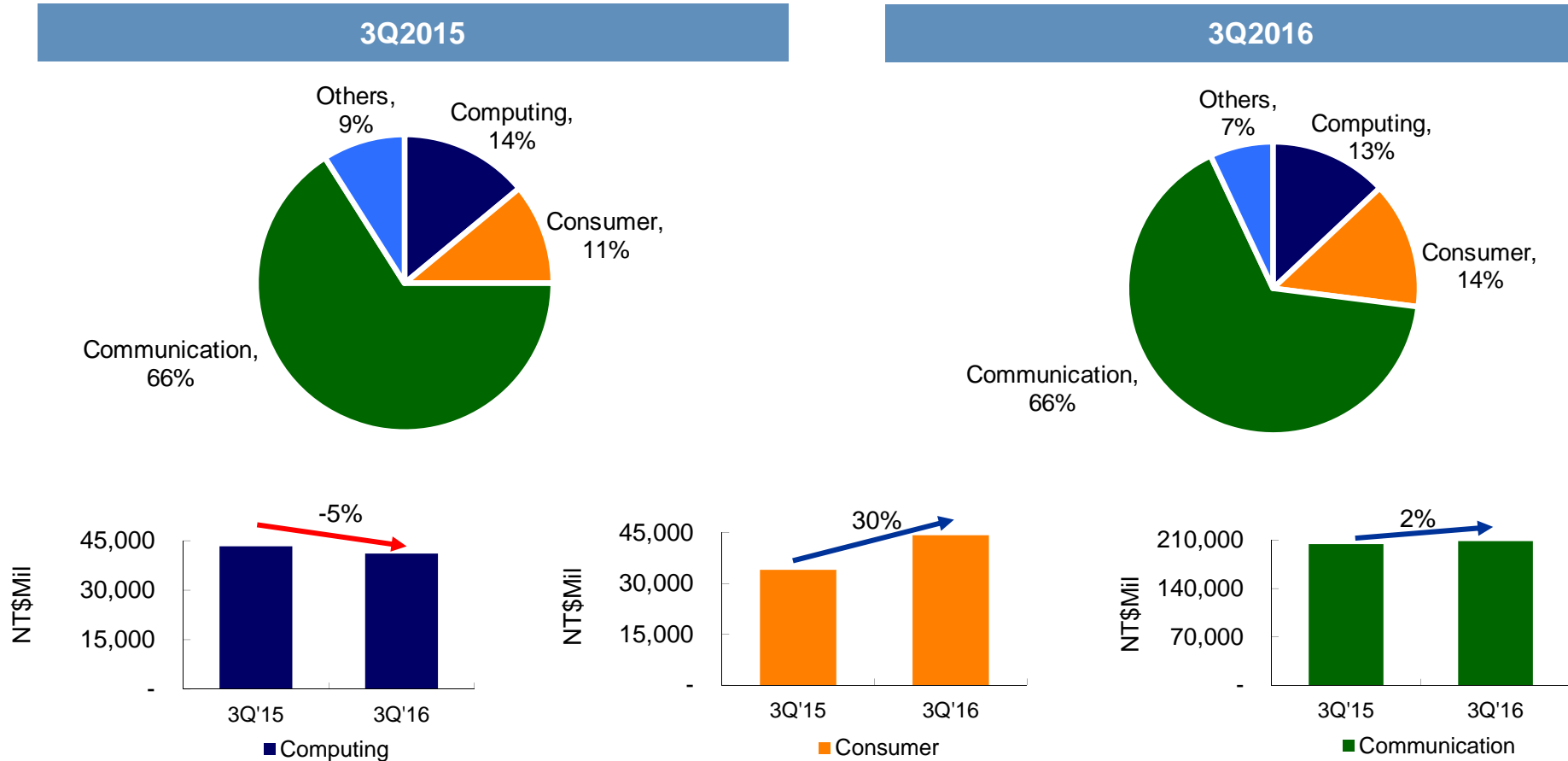
## Consolidated Revenue Trend

Unit: NTD Bn



Consolidated revenue totaled NT\$316Bn in 3Q2016, increased by 40% QoQ from NT\$225Bn in the previous quarter. The growth was mainly driven by new product launch in Communication segment coupling with seasonal effect in Consumer Electronics segment.

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

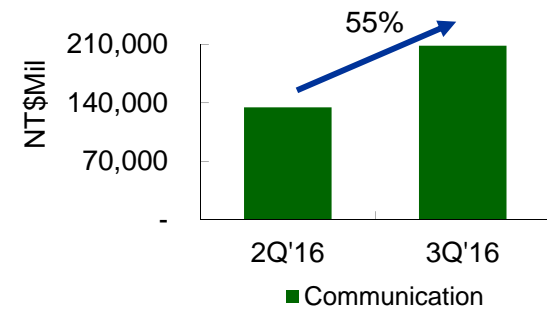
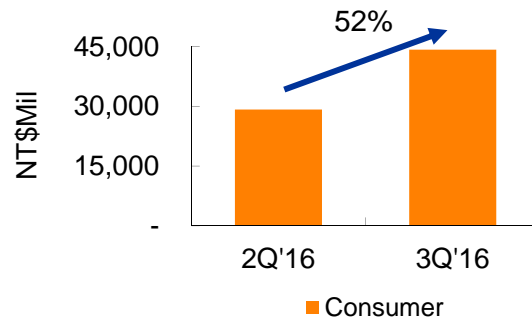
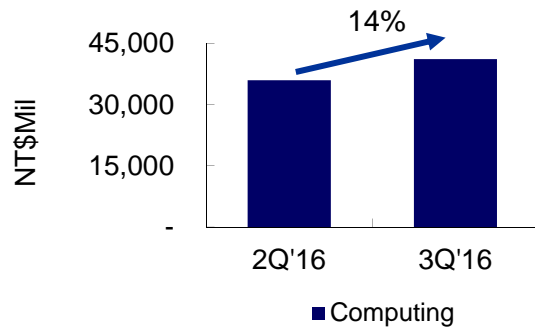
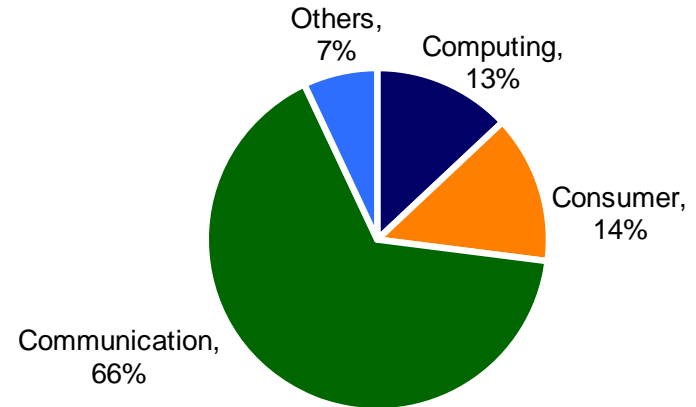
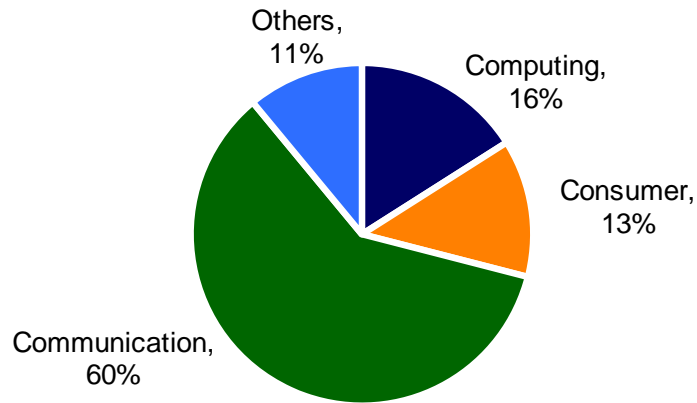


Driven by better demand, revenue from Consumer Electronics segment grew by 30% YoY and revenue contribution increased to 14% from 11% in a-year-ago quarter. Reflecting stabilized demand in communication products, revenue from Communication segment grew slightly by 2% YoY, whilst that of Computing segment declined by 5% YoY due to challenging PC industry.

## Revenue Breakdowns (Quarter-over-Quarter)

2Q2016

3Q2016



Entering the traditional peak season, revenue throughout three product segments increased QoQ.

- NB shipment volume to grow by 25% ~ 30%
- MB & DT shipment volume to decline by 15%~20%
- Revenue from non computing segment to grow by 20% ~ 25%

## Q & A