

PEGATRON



PEGATRON

2016 Fourth Quarter Business Review

March 14, 2017

- **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.

2016 & 4Q2016 Consolidated Financial Result

Consolidated Income Statements (2016 vs. 2015)

| <i>(NT\$ Mn)</i> | 2016 | | 2015 | | YoY |
|--|---------------|-------------|---------------|-------------|---------------|
| Net Revenue | 1,157,710 | 100% | 1,213,713 | 100% | -4.6% |
| COGS | 1,094,643 | 94.6% | 1,138,438 | 93.8% | -3.8% |
| Gross Profit | 63,067 | 5.4% | 75,275 | 6.2% | -16.2% |
| Operating Expense | 30,653 | 2.6% | 35,600 | 2.9% | -13.9% |
| Operating Income (Loss) | 32,414 | 2.8% | 39,675 | 3.3% | -18.3% |
| Net Non-Operating Income (Loss) | (3,335) | -0.3% | (489) | 0.0% | 582.0% |
| FX Gain (Loss) | (4,383) | -0.4% | (3,524) | -0.3% | 24.4% |
| Others | 1,048 | 0.1% | 3,035 | 0.3% | -65.5% |
| PBT | 29,079 | 2.5% | 39,186 | 3.2% | -25.8% |
| Tax | (6,942) | 0.6% | (10,314) | 0.8% | -32.7% |
| Net Income | 22,137 | 1.9% | 28,872 | 2.4% | -23.3% |
| Net Income Attributable to the Parent | 19,340 | 1.7% | 23,812 | 2.0% | -18.8% |
| EPS | 7.50 | | 9.23 | | -18.7% |

Consolidated Income Statements (QoQ)

| <i>(NT\$ Mn)</i> | 4Q 2016 | | 3Q 2016 | | QoQ | 4Q 2015 | | YoY |
|---------------------------------------|---------|-------|---------|-------|--------|---------|-------|--------|
| Net Revenue | 360,484 | 100% | 316,193 | 100% | 14.0% | 411,984 | 100% | -12.5% |
| COGS | 343,354 | 95.2% | 301,089 | 95.2% | 14.0% | 388,558 | 94.3% | -11.6% |
| Gross Profit | 17,130 | 4.8% | 15,104 | 4.8% | 13.4% | 23,426 | 5.7% | -26.9% |
| Operating Expense | 8,103 | 2.2% | 7,289 | 2.3% | 11.2% | 10,198 | 2.5% | -20.5% |
| Operating Income (Loss) | 9,027 | 2.5% | 7,815 | 2.5% | 15.5% | 13,228 | 3.2% | -31.8% |
| Net Non-Operating Income (Loss) | (33) | 0.0% | (1,209) | -0.4% | -97.3% | (1,284) | -0.3% | -97.4% |
| FX Gain (Loss) | (510) | -0.1% | (1,700) | -0.5% | -70.0% | (1,672) | -0.4% | -69.5% |
| Others | 477 | 0.1% | 491 | 0.2% | -2.9% | 388 | 0.1% | 22.9% |
| PBT | 8,994 | 2.5% | 6,606 | 2.1% | 36.1% | 11,944 | 2.9% | -24.7% |
| Tax | (2,355) | 0.7% | (599) | 0.2% | 293.2% | (3,532) | 0.9% | -33.3% |
| Net Income | 6,639 | 1.8% | 6,007 | 1.9% | 10.5% | 8,412 | 2.0% | -21.1% |
| Net Income Attributable to the Parent | 5,866 | 1.6% | 5,380 | 1.7% | 9.0% | 6,815 | 1.7% | -13.9% |
| EPS | 2.28 | | 2.09 | | 9.1% | 2.63 | | -13.3% |

Consolidated Balance Sheet

| <i>(NT\$ Mn)</i> | <u>4Q2016</u> | <u>3Q2016</u> | <u>QoQ</u> | <u>4Q2015</u> | <u>YoY</u> |
|---|---------------|---------------|------------|---------------|------------|
| Cash and Equivalents | 108,713 | 97,375 | 11,338 | 102,561 | 6,152 |
| AR (Net) | 93,316 | 139,304 | (45,988) | 120,030 | (26,714) |
| Inventory (Net) | 107,319 | 122,013 | (14,694) | 118,165 | (10,846) |
| Other Current Assets | 54,878 | 53,907 | 971 | 49,647 | 5,231 |
| Total Current Assets | 364,226 | 412,599 | (48,373) | 390,403 | (26,177) |
| Investment | 1,524 | 1,466 | 58 | 1,855 | (331) |
| Fixed Assets (Net) | 66,861 | 65,980 | 881 | 71,038 | (4,177) |
| Other Assets | 11,334 | 11,482 | (148) | 12,791 | (1,457) |
| Total Non-Current Assets | 79,719 | 78,928 | 791 | 85,684 | (5,965) |
| Total Assets | 443,945 | 491,527 | (47,582) | 476,087 | (32,142) |
| Short-term Borrowings | 31,685 | 48,787 | (17,102) | 48,071 | (16,386) |
| AP | 171,266 | 203,698 | (32,432) | 161,147 | 10,119 |
| Other Current Liabilities | 51,286 | 49,686 | 1,600 | 58,489 | (7,203) |
| Total Current Liabilities | 254,237 | 302,171 | (47,934) | 267,707 | (13,470) |
| Long-term Loans | 4,523 | 9,098 | (4,575) | 12,307 | (7,784) |
| Other Liabilities | 3,163 | 4,329 | (1,166) | 3,734 | (571) |
| Total Liabilities | 261,923 | 315,598 | (53,675) | 283,748 | (21,825) |
| Paid-in Capital | 25,752 | 25,756 | (4) | 26,030 | (278) |
| Capital Surplus | 78,214 | 78,209 | 5 | 78,972 | (758) |
| Retained Earnings | 48,105 | 42,238 | 5,867 | 42,655 | 5,450 |
| Others | (3,799) | (3,338) | (461) | 2,725 | (6,524) |
| Treasury Stocks | (2) | (5) | 3 | (3) | 1 |
| Net Equity | 182,022 | 175,929 | 6,093 | 192,339 | (10,317) |
| Total Liabilities and Net Equity | 443,945 | 491,527 | (47,582) | 476,087 | (32,142) |
| Current Ratio | 143% | 137% | - | 146% | - |
| Debt Ratio (TTL Liabilities / TTL Assets) | 59% | 64% | - | 60% | - |
| Interest-bearing Debt Ratio | 8% | 12% | - | 13% | - |

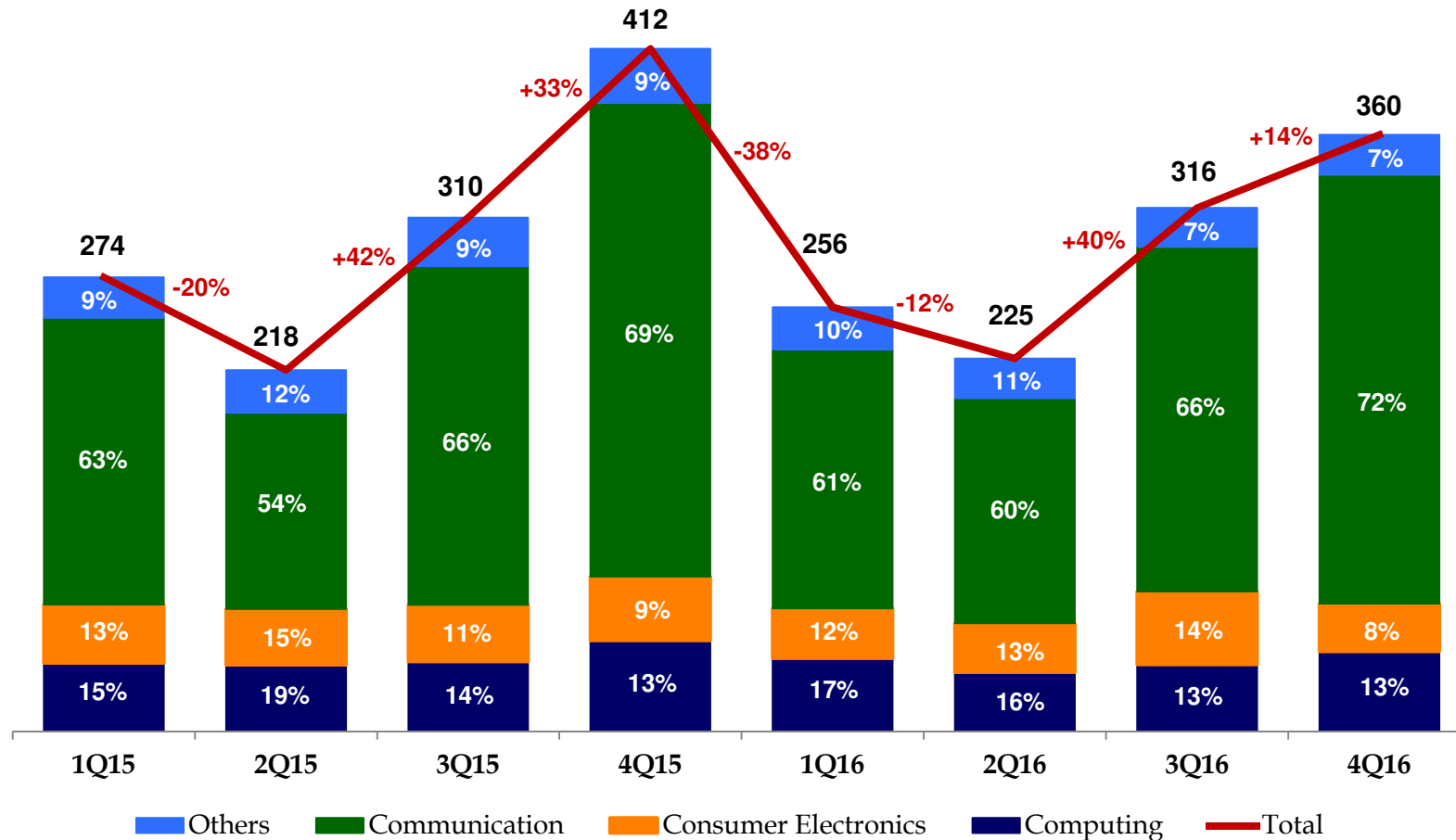
Consolidated Cash Flows Statement

| <i>(NT\$ Mn)</i> | 2016 | 2015 |
|--|----------|----------|
| Cash Flows from Operating Activities: | 71,831 | 9,972 |
| Cash Flows from Investing Activities: | (20,431) | (12,753) |
| Cash Flows from Financing Activities: | (40,870) | (2,693) |
| Impact from Changes in FX Rate | (4,378) | 346 |
| Net Increase in Cash | 6,152 | (5,128) |
| Cash, beginning of the period | 102,561 | 107,689 |
| Cash, end of the period | 108,713 | 102,561 |
| | | |
| Note: | 2016 | 2015 |
| Depreciation and amortization | 12,912 | 13,695 |

Business Highlight

Consolidated Revenue Trend

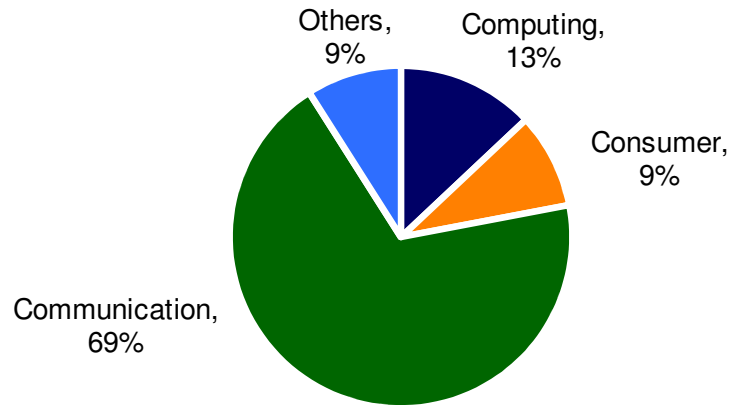
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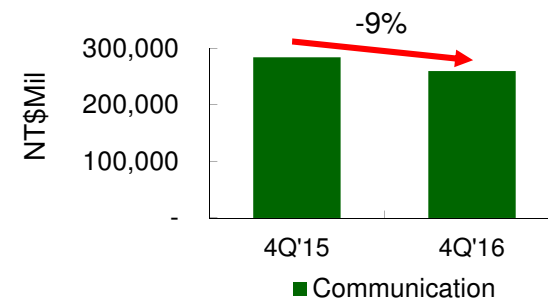
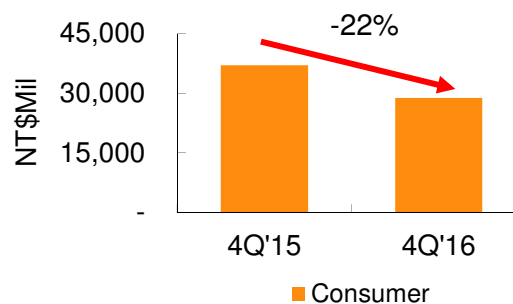
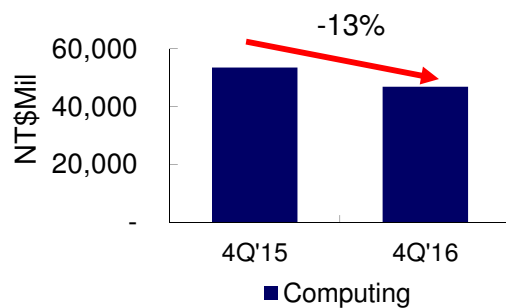
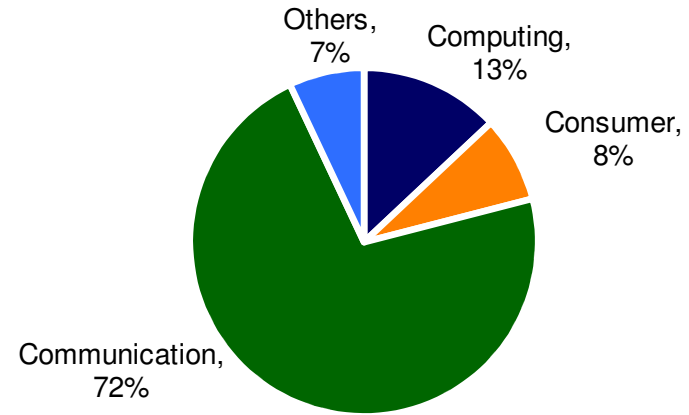
Consolidated revenue totaled NT\$360Bn in 4Q2016, increased by 14% from NT\$316Bn in the previous quarter. The growth was mainly driven by increasing shipment volume in Computing and Communication segment.

Revenue Breakdowns by Products (Year-over-Year)

4Q2015

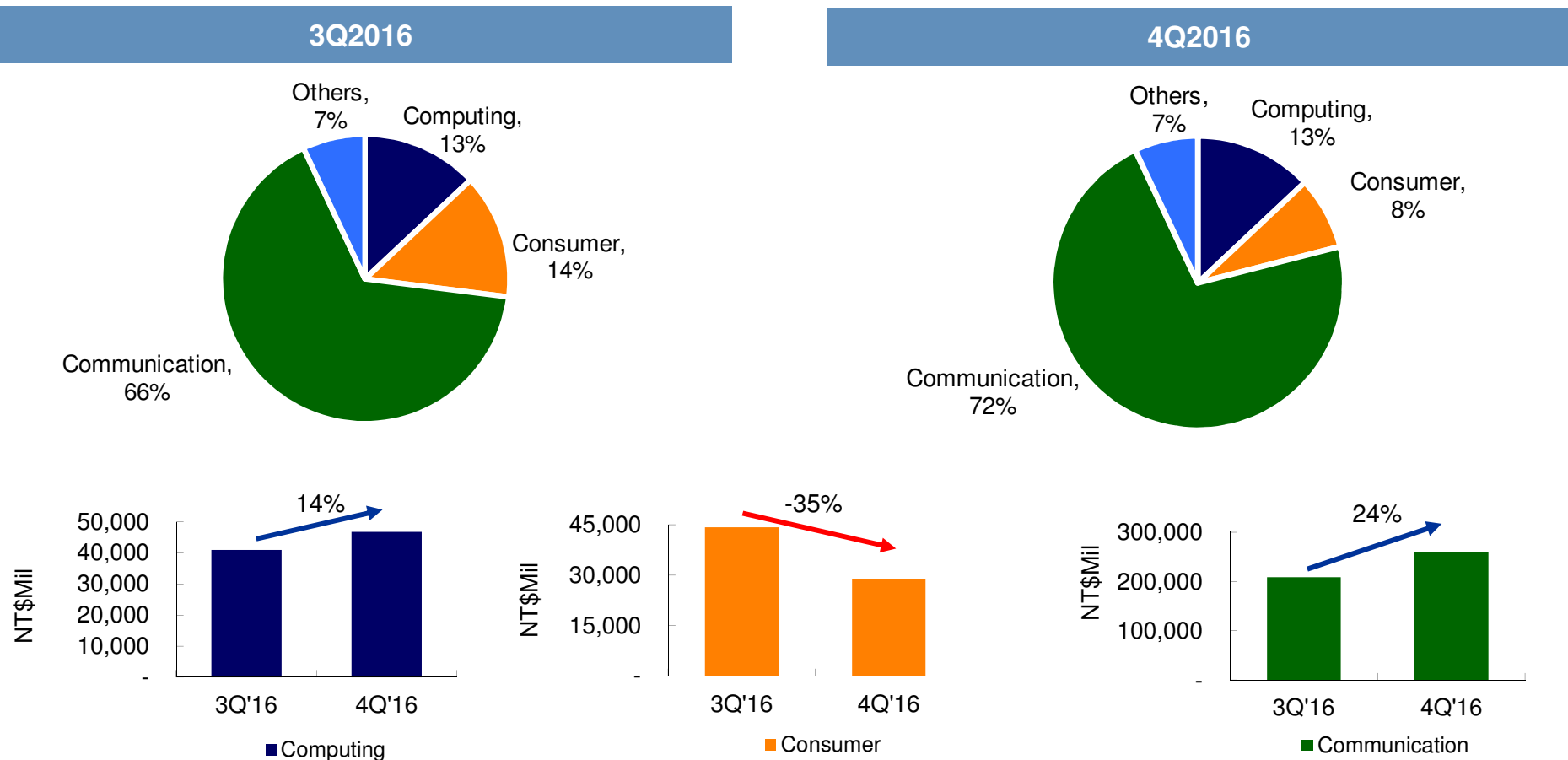


4Q2016



Impacted by the lukewarm macroeconomic conditions and the slowdown in demand, revenue throughout three product segments declined YoY.

Revenue Breakdowns by Products (Quarter-over-Quarter)



Entering the traditional peak season, revenue from Computing and Communication product segments increased by 14% and 24% respectively on a QoQ basis while that of Consumer Electronics declined by 35% due to the high base in the previous quarter.

- NB shipment volume to decline by 20% ~ 25%
- MB & DT shipment volume to decline by 15% ~ 20%
- Revenue from non-computing segment to decline by 35% ~ 40%

Q & A