

**PEGATRON**



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## **2018 Third Quarter Business Review**

November 8, 2018

- **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.

**3Q2018 Consolidated Financial Result**

## Consolidated Income Statements

<i>(NT\$ Mn)</i>	1Q~3Q 2018		1Q~3Q 2017		YoY
Net Revenue	874,154	100%	816,248	100%	7.1%
COGS	845,462	96.7%	781,625	95.8%	8.2%
Gross Profit	28,692	3.3%	34,623	4.2%	-17.1%
Operating Expense	21,348	2.4%	20,272	2.5%	5.3%
Operating Income (Loss)	7,344	0.8%	14,351	1.8%	-48.8%
Net Non-Operating Income (Loss)	1,775	0.2%	565	0.1%	214.2%
FX Gain (Loss)	400	0.0%	(1,180)	-0.1%	-133.9%
Others	1,375	0.2%	1,745	0.2%	-21.2%
PBT	9,119	1.0%	14,916	1.8%	-38.9%
Tax	(1,580)	0.2%	(2,876)	0.4%	-45.1%
Net Income	7,539	0.9%	12,040	1.5%	-37.4%
<b>Net Income Attributable to the Parent</b>	<b>7,842</b>	<b>0.9%</b>	<b>10,958</b>	<b>1.3%</b>	<b>-28.4%</b>
EPS	3.00		4.24		-29.2%

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

<i>(NT\$ Mn)</i>	3Q 2018		2Q 2018		QoQ	3Q 2017		YoY
Net Revenue	322,004	100%	271,256	100%	18.7%	336,868	100%	-4.4%
COGS	311,287	96.7%	262,483	96.8%	18.6%	325,311	96.6%	-4.3%
Gross Profit	10,717	3.3%	8,773	3.2%	22.2%	11,557	3.4%	-7.3%
Operating Expense	7,162	2.2%	7,135	2.6%	0.4%	7,169	2.1%	-0.1%
Operating Income (Loss)	3,555	1.1%	1,638	0.6%	117.0%	4,388	1.3%	-19.0%
Net Non-Operating Income (Loss)	33	0.0%	1,605	0.6%	-97.9%	555	0.2%	-94.1%
FX Gain (Loss)	(140)	0.0%	1,011	0.4%	-113.8%	(33)	0.0%	324.2%
Others	173	0.1%	594	0.2%	-70.9%	588	0.2%	-70.6%
PBT	3,588	1.1%	3,243	1.2%	10.6%	4,943	1.5%	-27.4%
Tax	(729)	0.2%	(524)	0.2%	39.1%	(742)	0.2%	-1.8%
Net Income	2,859	0.9%	2,719	1.0%	5.1%	4,201	1.2%	-31.9%
Net Income Attributable to the Parent	2,830	0.9%	2,933	1.1%	-3.5%	3,639	1.1%	-22.2%
EPS	1.08		1.12		-3.6%	1.40		-22.9%

## Consolidated Balance Sheet

<i>(NT\$ Mn)</i>	3Q2018	2Q2018	QoQ	3Q2017	YoY
Cash and Equivalents	98,906	125,239	(26,333)	113,809	(14,903)
AR (Net)	166,375	136,746	29,629	191,989	(25,614)
Inventory (Net)	185,921	128,554	57,367	140,429	45,492
Other Current Assets	13,753	18,274	(4,521)	13,446	307
Fixed Assets (Net)	86,048	85,871	177	74,848	11,200
<b>Total Assets</b>	<b>566,645</b>	<b>509,912</b>	<b>56,733</b>	<b>551,273</b>	<b>15,372</b>
AP	236,573	151,282	85,291	240,965	(4,392)
<b>Total Current Liabilities</b>	<b>357,776</b>	<b>302,387</b>	<b>55,389</b>	<b>357,046</b>	<b>730</b>
<b>Total Liabilities</b>	<b>384,775</b>	<b>329,890</b>	<b>54,885</b>	<b>374,780</b>	<b>9,995</b>
<b>Total Equity</b>	<b>181,870</b>	<b>180,021</b>	<b>1,849</b>	<b>176,493</b>	<b>5,377</b>
<b>Total Liabilities and Equity</b>	<b>566,645</b>	<b>509,912</b>	<b>56,733</b>	<b>551,273</b>	<b>15,372</b>
<b>Current Ratio</b>	<b>130%</b>	<b>135%</b>	<b>-</b>	<b>129%</b>	<b>-</b>
<b>Debt Ratio (TTL Liabilities / TTL Assets)</b>	<b>68%</b>	<b>65%</b>	<b>-</b>	<b>68%</b>	<b>-</b>
<b>Interest-bearing Debt Ratio</b>	<b>17%</b>	<b>23%</b>	<b>-</b>	<b>12%</b>	<b>-</b>

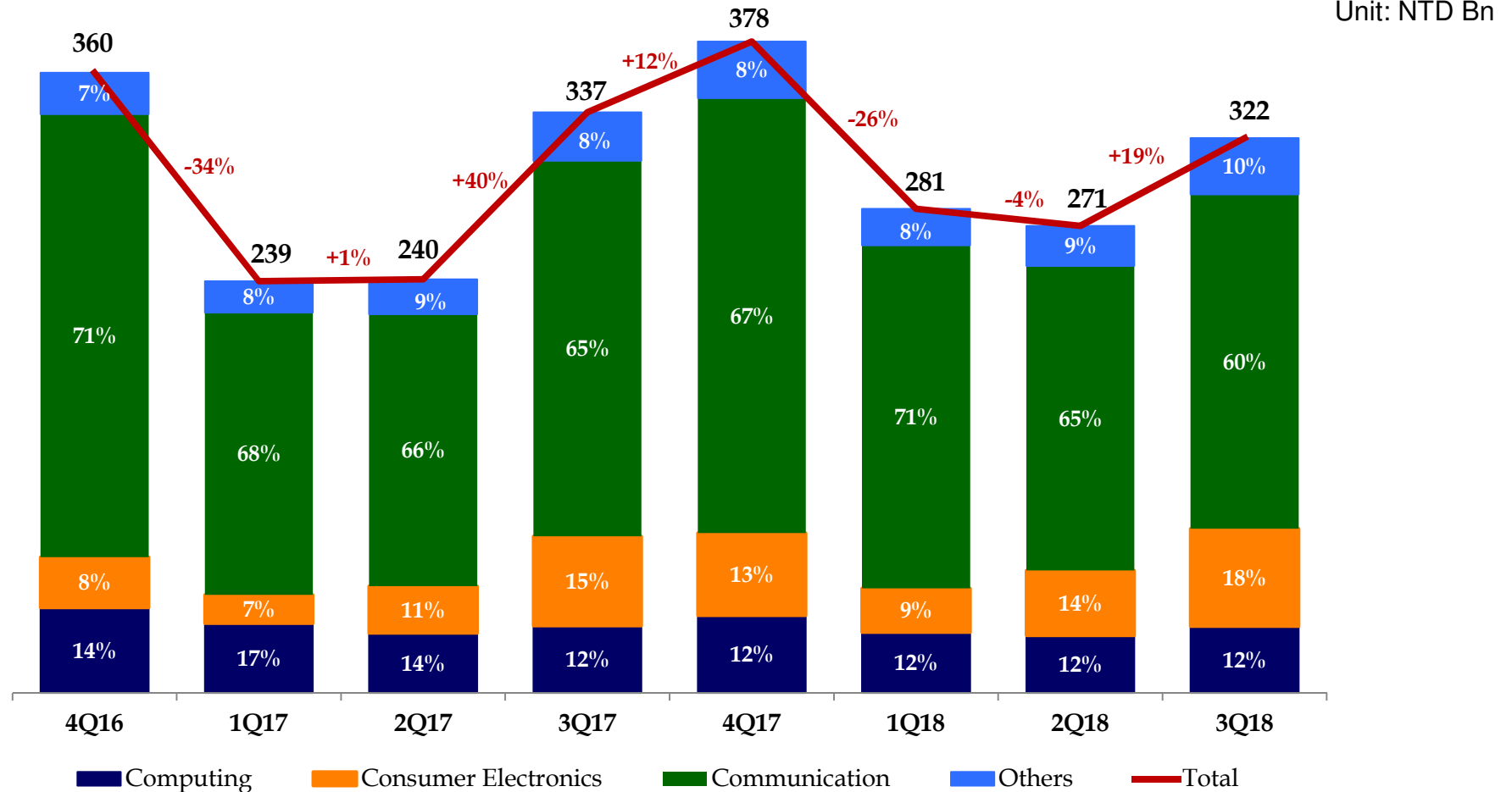
## Consolidated Cash Flows Statement

<i>(NT\$ Mn)</i>	<u>1Q~3Q 2018</u>	<u>1Q~3Q 2017</u>
Cash Flows from Operating Activities:	(14,728)	5,746
Cash Flows from Investing Activities:	(20,924)	(21,457)
Cash Flows from Financing Activities:	25,817	23,942
Impact from Changes in FX Rate	1,297	(3,135)
Net Increase in Cash	(8,538)	5,096
Cash, beginning of the period	107,444	108,713
Cash, end of the period	98,906	113,809
<i>Note:</i>	<u>1Q~3Q 2018</u>	<u>1Q~3Q 2017</u>
Depreciation and amortization	12,062	9,513



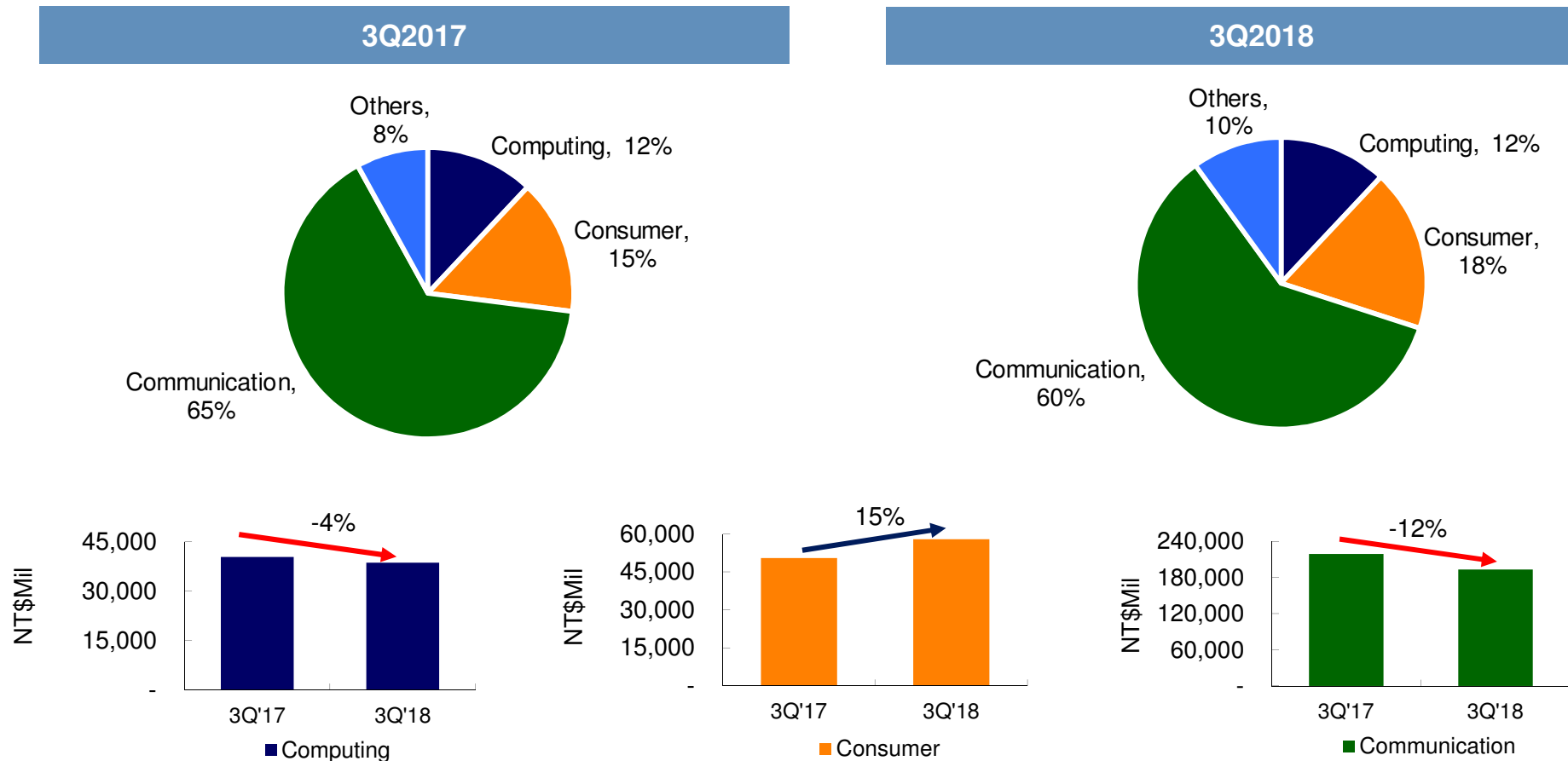
**Business Highlight**

## Consolidated Revenue Trend



Consolidated revenue totaled NT\$322Bn in 3Q2018, an increase of 19% from NT\$271Bn in the previous quarter. The growth was mainly driven by seasonal demand in Consumer Electronics and Computing segments.

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

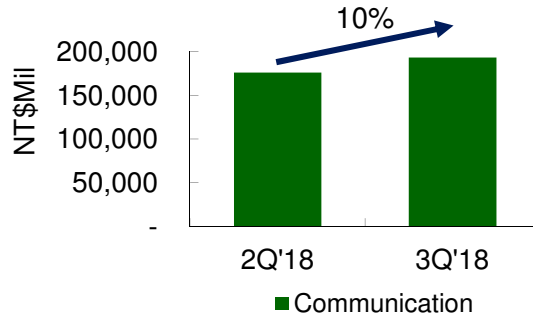
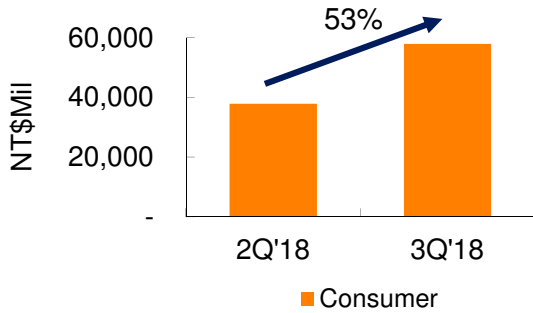
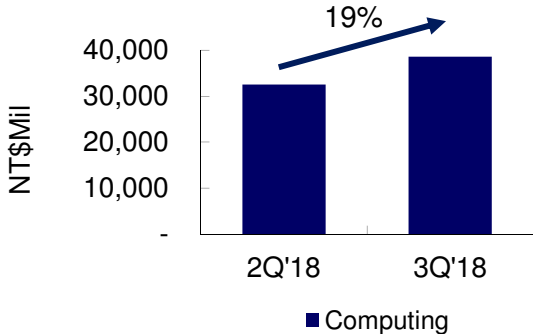
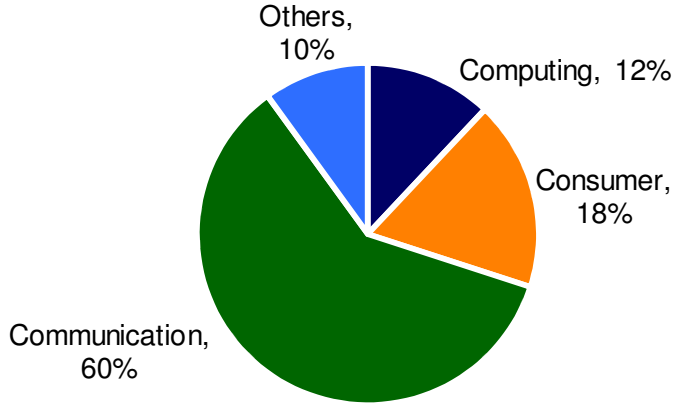
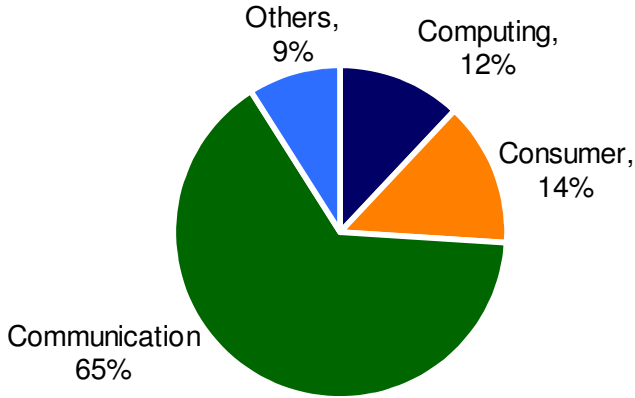


Benefitting from broader customer base & product portfolio, revenue from Consumer Electronics segment grew by 15% YoY and its revenue contribution increased to 18% from 15% in a-year-ago quarter. Ahead of new product pull out in 4Q2018, revenue from Communication segment was down 12% YoY, while revenue from Computing segment declined slightly by 4% YoY.

## Revenue Breakdowns (Quarter-over-Quarter)

2Q2018

3Q2018



Entering peak season, revenue throughout three product segments grew by double digits QoQ.

## Q & A