

PEGATRON



PEGATRON

2013 Fourth Quarter Business Review

March 24, 2014

- 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.

2013 & 4Q2013 Consolidated Financial Result

Consolidated Income Statements (2013 vs. 2012)

| <i>(NT\$ Mn)</i> | 2013 | | 2012 | | YoY |
|--|--------------|-------------|--------------|-------------|--------------|
| Net Revenue | 949,752 | 100% | 881,197 | 100% | 7.8% |
| COGS | 904,235 | 95.2% | 844,165 | 95.8% | 7.1% |
| Gross Profit | 45,517 | 4.8% | 37,032 | 4.2% | 22.9% |
| Operating Expense | 29,940 | 3.2% | 24,821 | 2.8% | 20.6% |
| Operating Income (Loss) | 15,577 | 1.6% | 12,211 | 1.4% | 27.6% |
| Net Non-Operating Income (Loss) | 3,453 | 0.4% | 1,968 | 0.2% | 75.5% |
| FX Gain (Loss) | 2,113 | 0.2% | 931 | 0.1% | 127.0% |
| Others | 1,340 | 0.1% | 1,037 | 0.1% | 29.2% |
| PBT | 19,030 | 2.0% | 14,179 | 1.6% | 34.2% |
| Tax | (4,783) | 0.5% | (3,843) | 0.4% | 24.5% |
| Net Income | 14,247 | 1.5% | 10,336 | 1.2% | 37.8% |
| Net Income Attributable to the Parent | 9,554 | 1.0% | 6,383 | 0.7% | 49.7% |
| EPS | 4.16 | | 2.83 | | |

Note:

| | 2013 | 2012 |
|---------------------------------|-------|------|
| 1. Valuation gain (loss) on ECB | 535 | 503 |
| 2. Impairment loss | (339) | 0 |

Consolidated Income Statements (QoQ)

| (NT\$ Mn) | 4Q2013 | | 3Q2013 | | QoQ | 4Q2012 | | YoY |
|--|--------------|-------------|--------------|-------------|--------------|--------------|-------------|--------------|
| Net Revenue | 265,959 | 100% | 253,978 | 100% | 4.7% | 267,043 | 100% | -0.4% |
| COGS | 252,557 | 95.0% | 243,320 | 95.8% | 3.8% | 256,738 | 96.1% | -1.6% |
| Gross Profit | 13,402 | 5.0% | 10,658 | 4.2% | 25.7% | 10,305 | 3.9% | 30.1% |
| Operating Expense | 8,292 | 3.1% | 7,737 | 3.0% | 7.2% | 6,063 | 2.3% | 36.8% |
| Operating Income (Loss) | 5,110 | 1.9% | 2,921 | 1.2% | 74.9% | 4,242 | 1.6% | 20.5% |
| Net Non-Operating Income (Loss) | 1,135 | 0.4% | 1,750 | 0.7% | -35.1% | 1,358 | 0.5% | -16.4% |
| FX Gain (Loss) | 752 | 0.3% | 249 | 0.1% | 202.0% | 1,090 | 0.4% | -31.0% |
| Others | 383 | 0.1% | 1,501 | 0.6% | -74.5% | 268 | 0.1% | 42.9% |
| PBT | 6,245 | 2.3% | 4,671 | 1.8% | 33.7% | 5,600 | 2.1% | 11.5% |
| Tax | (1,642) | 0.6% | (992) | 0.4% | 65.5% | (1,686) | 0.6% | -2.6% |
| Net Income | 4,603 | 1.7% | 3,679 | 1.4% | 25.1% | 3,914 | 1.5% | 17.6% |
| Net Income Attributable to the Parent | 3,379 | 1.3% | 2,478 | 1.0% | 36.4% | 2,769 | 1.0% | 22.0% |
| EPS | 1.46 | | 1.08 | | | 1.23 | | |

Note:

| | 4Q2013 | 3Q2013 | 4Q2012 |
|---------------------------------|--------|--------|--------|
| 1. Valuation gain (loss) on ECB | 445 | 1,075 | 226 |
| 2. Impairment loss | (339) | 0 | 0 |

Consolidated Balance Sheet

| <i>(NT\$ Mn)</i> | 4Q2013 | 3Q2013 | QoQ | 4Q2012 | YoY |
|---|---------------|---------------|------------|---------------|------------|
| Cash and Equivalents | 74,261 | 62,450 | 11,811 | 59,424 | 14,837 |
| AR (Net) | 104,037 | 112,195 | (8,158) | 122,724 | (18,687) |
| Inventory (Net) | 103,599 | 107,970 | (4,371) | 92,678 | 10,921 |
| Other Current Assets | 45,038 | 39,316 | 5,722 | 33,425 | 11,613 |
| Total Current Assets | 326,935 | 321,931 | 5,004 | 308,251 | 18,684 |
| Investment | 2,884 | 3,315 | (431) | 3,389 | (505) |
| Fixed Assets (Net) | 73,917 | 74,078 | (161) | 73,179 | 738 |
| Other Assets | 12,160 | 12,231 | (71) | 10,536 | 1,624 |
| Total Non-Current Assets | 88,961 | 89,624 | (663) | 87,104 | 1,857 |
| Total Assets | 415,896 | 411,555 | 4,341 | 395,355 | 20,541 |
| Short-term Borrowings | 32,034 | 32,564 | (530) | 28,464 | 3,570 |
| AP | 158,674 | 163,481 | (4,807) | 172,381 | (13,707) |
| Other Current Liabilities | 48,565 | 50,320 | (1,755) | 37,258 | 11,307 |
| Total Current Liabilities | 239,273 | 246,365 | (7,092) | 238,103 | 1,170 |
| Long-term Loan | 28,708 | 23,499 | 5,209 | 26,644 | 2,064 |
| Other Liabilities | 3,859 | 3,859 | 0 | 2,970 | 889 |
| Total Liabilities | 271,840 | 273,723 | (1,883) | 267,717 | 4,123 |
| Paid-in Capital | 23,212 | 23,199 | 13 | 22,903 | 309 |
| Capital Surplus | 63,176 | 63,049 | 127 | 61,723 | 1,453 |
| Retained Earnings | 21,144 | 17,746 | 3,398 | 15,006 | 6,138 |
| Others | (210) | (1,277) | 1,067 | (3,808) | 3,598 |
| Treasury Stocks | (17) | (22) | 5 | (19) | 2 |
| Net Equity | 144,055 | 137,832 | 6,223 | 127,638 | 16,417 |
| Total Liabilities and Net Equity | 415,896 | 411,555 | 4,341 | 395,355 | 20,541 |
| Current Ratio | 137% | 131% | - | 129% | - |
| Debt Ratio (TTL Liabilities / TTL Assets) | 65% | 67% | - | 68% | - |
| Interest-bearing Debt Ratio | 15% | 14% | - | 14% | - |

Consolidated Cash Flows Statement

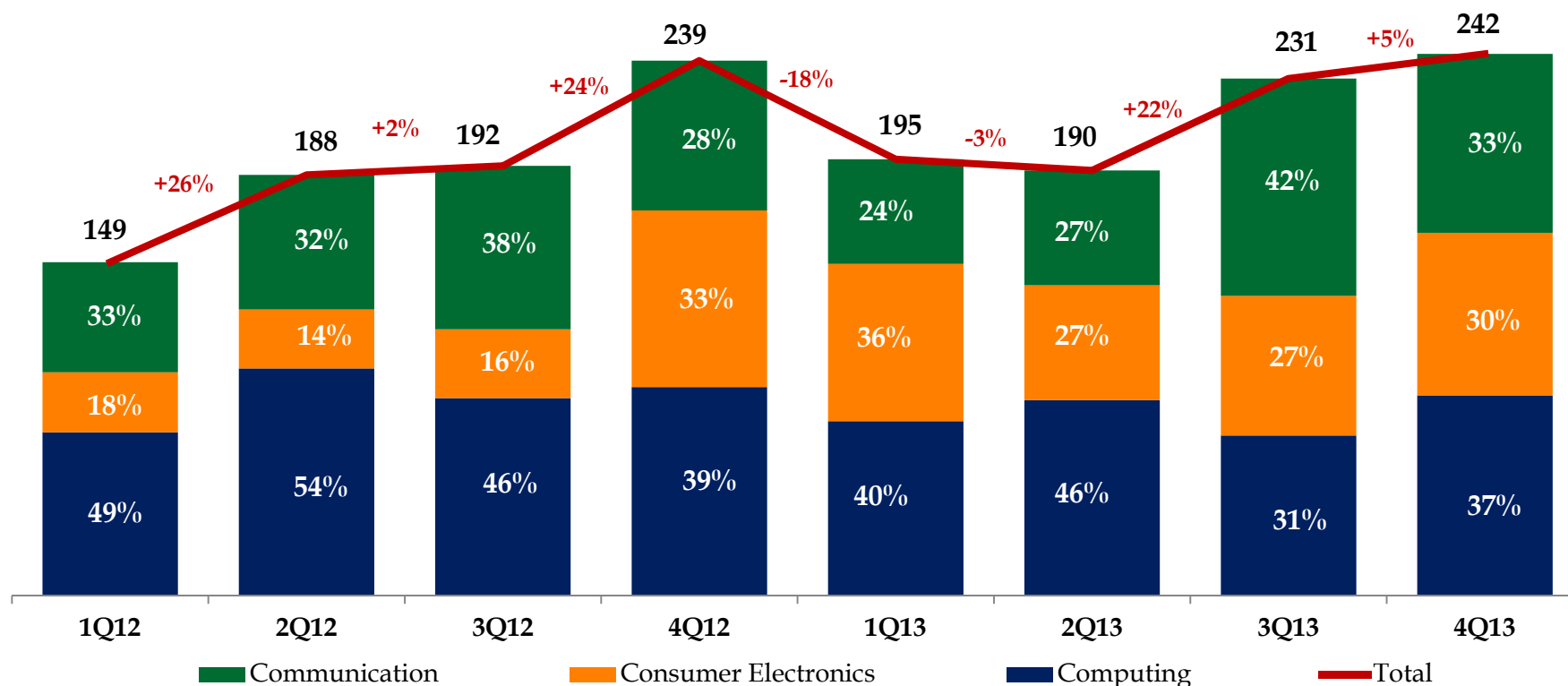
| <i>(NT\$ Mn)</i> | 2013 | 2012 |
|---------------------------------------|----------|----------|
| Cash Flows from Operating Activities: | 25,071 | 24,584 |
| Cash Flows from Investing Activities: | (12,683) | (20,539) |
| Cash Flows from Financing Activities: | 1,861 | 6,710 |
| Impact from Changes in FX Rate | 588 | (918) |
| Net Increase in Cash | 14,837 | 9,837 |
| Cash, beginning of the period | 59,424 | 49,587 |
| Cash, end of the period | 74,261 | 59,424 |

| <i>Note:</i> | 2013 | 2012 |
|-------------------------------|--------|--------|
| Depreciation and amortization | 13,925 | 13,080 |

Business Highlight

DMS Revenue Trend

Unit: NTD Bn

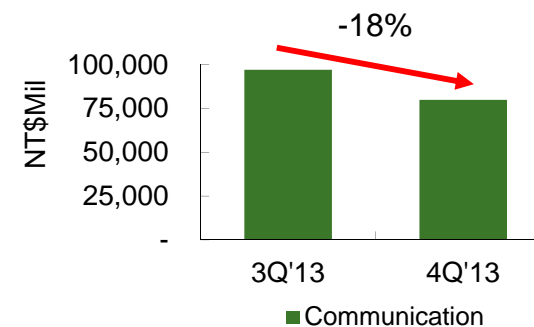
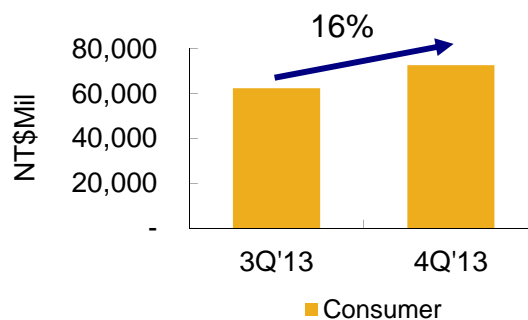
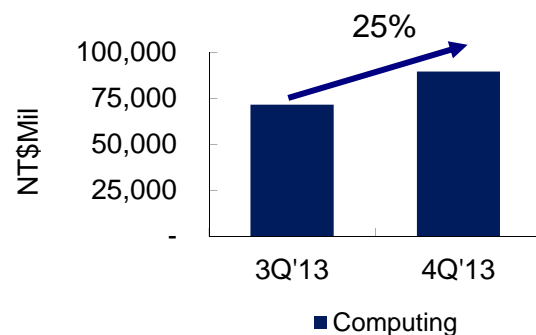
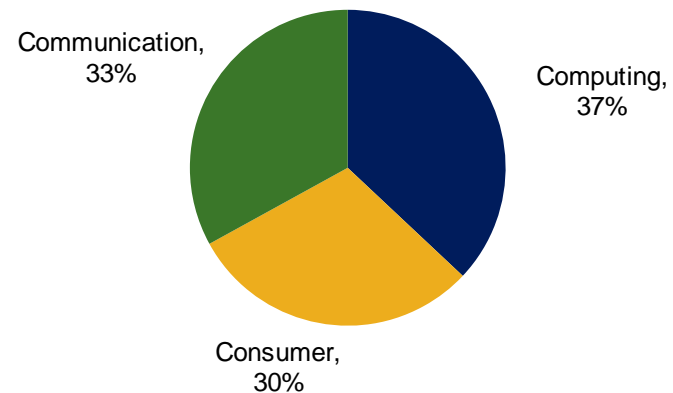
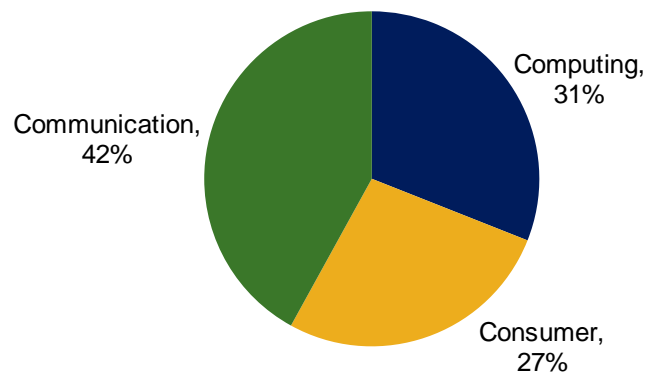


Revenue in 4Q2013 totaled NT\$242Bn, a 5% growth from NT\$231Bn in the previous quarter. The growth was driven mainly by better than expected demand in Computing segment and the holiday season pickup in Consumer Electronics products, but partially offset by the decline in Communication segment.

Revenue Breakdowns by Products (Quarter-over-Quarter)

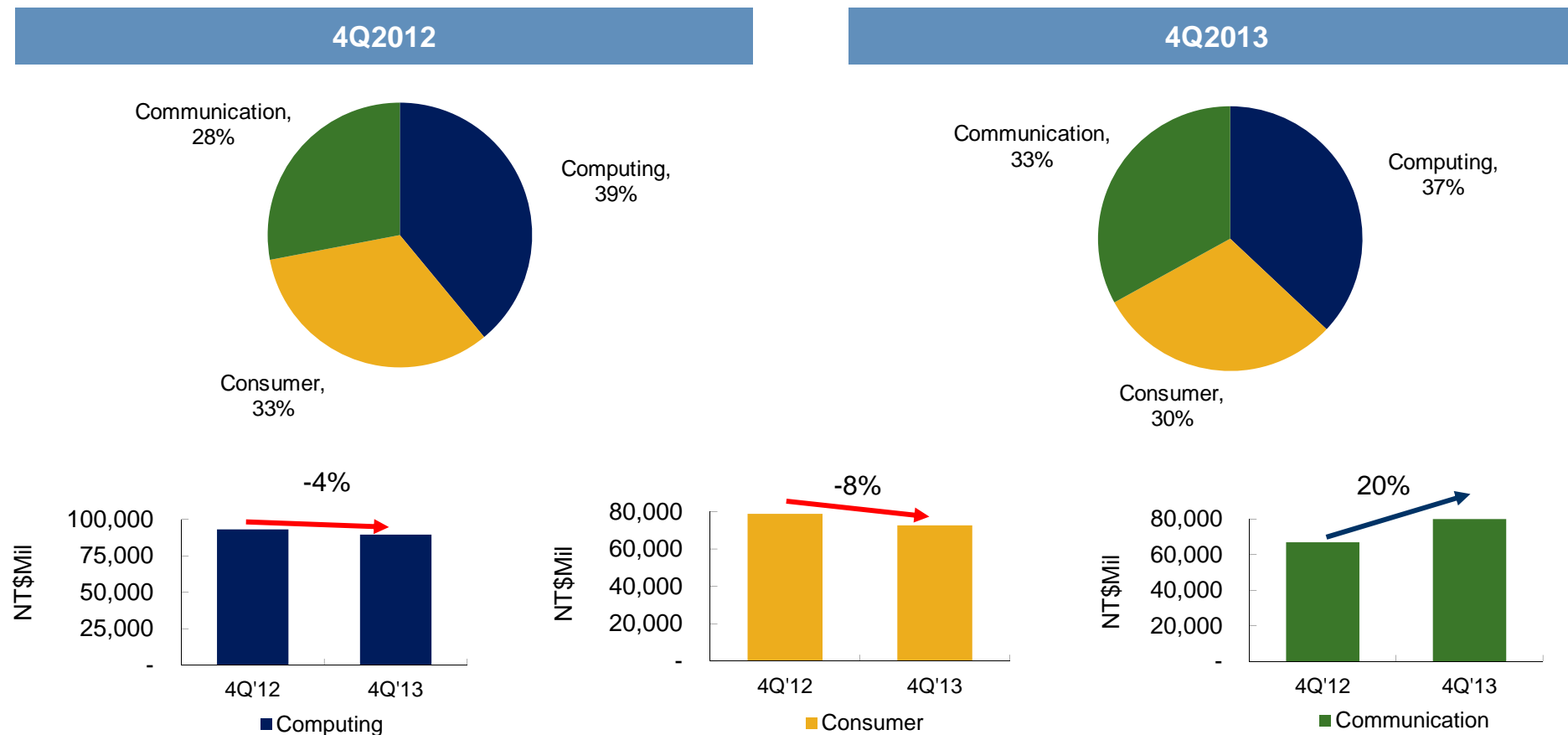
3Q2013

4Q2013



As a result of better than expected demand in NB and peak demand for consumer electronics prior to Christmas holiday, revenue from both Computing and Consumer Electronics segments grew by double digits and sales contribution grew from 31% and 27% to 37% and 30% respectively. Revenue for Communication segment, after the high base in the previous quarter, declined by 18% QoQ.

Revenue Breakdowns by Products (Year-over-Year)



Revenue in both Computing segment and Consumer Electronics segment declined by 4% and 8% YoY respectively due to weakening demand resulting from intensifying competition from mobile devices, while sales in Communication segment grew by 20% on a YoY basis.

- NB shipment volume to decline by 20% ~ 25%
- MB & DT shipment volume to decline by 30% ~ 35%
- Revenue from non computing segment to decline by 15% ~ 20%

Q & A