

PEGATRON



PEGATRON

2014 Third Quarter Business Review

November 10, 2014

- Financial Results
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- 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.

3Q2014 Consolidated Financial Result

Consolidated Income Statement

<i>(NT\$ Mn)</i>	1Q-3Q 2014		1Q-3Q 2013		YoY
Net Revenue	667,792	100%	683,793	100%	-2.3%
COGS	628,271	94.1%	651,678	95.3%	-3.6%
Gross Profit	39,521	5.9%	32,115	4.7%	23.1%
Operating Expense	21,682	3.2%	21,648	3.2%	0.2%
Operating Income (Loss)	17,839	2.7%	10,467	1.5%	70.4%
Net Non-Operating Income (Loss)	(1,679)	-0.3%	2,318	0.3%	-172.4%
FX Gain (Loss)	(280)	0.0%	1,361	0.2%	-120.6%
Others	(1,399)	-0.2%	957	0.1%	-246.2%
PBT	16,160	2.4%	12,785	1.9%	26.4%
Tax	(4,010)	0.6%	(3,141)	0.5%	27.7%
Net Income	12,150	1.8%	9,644	1.4%	26.0%
Net Income Attributable to the Parent	8,978	1.3%	6,176	0.9%	45.4%
EPS	3.86		2.70		43.0%
Excluding Impact from ECB Valuation	1Q-3Q 2014		1Q-3Q 2013		YoY
Valuation Gain (Loss) on ECB	(2,342)		90		-
PBT	18,502		12,695		45.7%
Net Income Attributable to the Parent	11,320		6,086		86.0%
EPS	4.87		2.66		83.1%

Consolidated Income Statement

<i>(NT\$ Mn)</i>	3Q 2014		2Q 2014		QoQ	3Q 2013		YoY
Net Revenue	236,703	100%	212,352	100%	11.5%	253,978	100%	-6.8%
COGS	221,483	93.6%	199,349	93.9%	11.1%	243,320	95.8%	-9.0%
Gross Profit	15,220	6.4%	13,003	6.1%	17.0%	10,658	4.2%	42.8%
Operating Expense	8,152	3.4%	7,299	3.4%	11.7%	7,737	3.0%	5.4%
Operating Income (Loss)	7,068	3.0%	5,704	2.7%	23.9%	2,921	1.2%	142.0%
Net Non-Operating Income (Loss)	958	0.4%	(2,033)	-1.0%	147.1%	1,750	0.7%	-45.3%
FX Gain (Loss)	470	0.2%	(494)	-0.2%	195.1%	249	0.1%	88.8%
Others	488	0.2%	(1,539)	-0.7%	131.7%	1,501	0.6%	-67.5%
PBT	8,026	3.4%	3,671	1.7%	118.6%	4,671	1.8%	71.8%
Tax	(1,847)	0.8%	(1,188)	0.6%	55.5%	(992)	0.4%	86.2%
Net Income	6,179	2.6%	2,483	1.2%	148.9%	3,679	1.4%	68.0%
Net Income Attributable to the Parent	4,748	2.0%	1,498	0.7%	217.0%	2,478	1.0%	91.6%
EPS	2.03		0.65		212.3%	1.08		88.0%
Excluding Impact from ECB Valuation	3Q 2014		2Q 2014		QoQ	3Q 2013		YoY
Valuation Gain (Loss) on ECB	(24)		(1,732)		-	1,075		-
PBT	8,050		5,403		49.0%	3,596		123.9%
Net Income Attributable to the Parent	4,772		3,230		47.7%	1,403		240.1%
EPS	2.04		1.39		46.8%	0.61		234.4%

Consolidated Balance Sheet

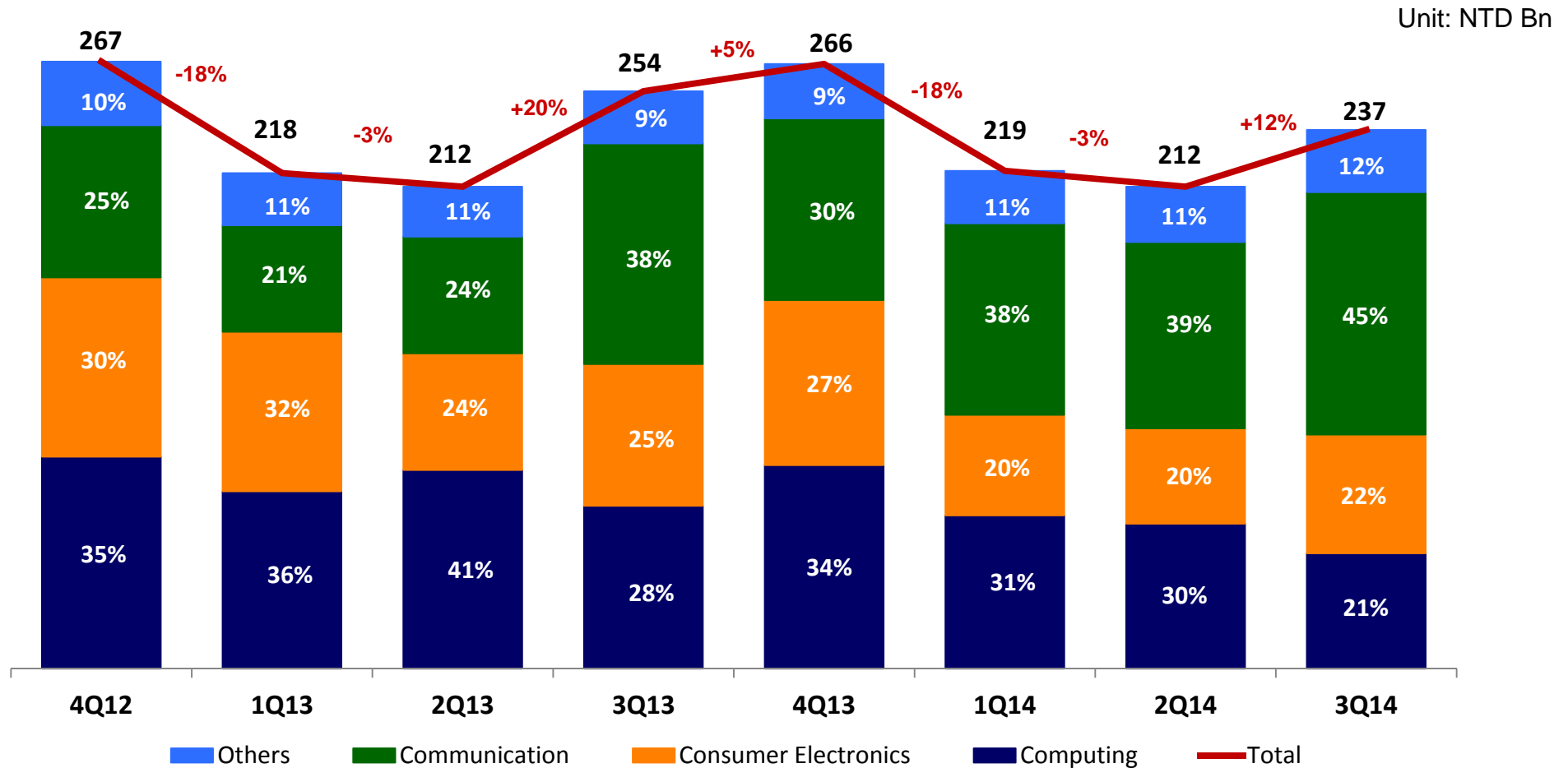
<i>(NT\$ Mn)</i>	3Q 2014	2Q 2014	QoQ	3Q 2013	YoY
Cash and Equivalents	80,749	90,346	(9,597)	62,450	18,299
AR (Net)	107,838	82,871	24,967	112,195	(4,357)
Inventory (Net)	105,952	76,563	29,389	107,970	(2,018)
Other Current Assets	37,853	28,835	9,018	39,316	(1,463)
Total Current Assets	332,392	278,615	53,777	321,931	10,461
Investment	3,601	3,075	526	3,315	286
Fixed Assets (Net)	70,703	70,665	38	74,078	(3,375)
Other Assets	12,245	10,768	1,477	12,231	14
Total Non-Current Assets	86,549	84,508	2,041	89,624	(3,075)
Total Assets	418,941	363,123	55,818	411,555	7,386
Short-term Borrowings	30,168	25,646	4,522	32,564	(2,396)
AP	166,371	119,193	47,178	163,481	2,890
Other Current Liabilities	47,591	53,016	(5,425)	50,320	(2,729)
Total Current Liabilities	244,130	197,855	46,275	246,365	(2,235)
Long-term Loans	15,334	17,123	(1,789)	23,499	(8,165)
Other Liabilities	4,113	3,715	398	3,859	254
Total Liabilities	263,577	218,693	44,884	273,723	(10,146)
Paid-in Capital	23,679	23,282	397	23,194	485
Capital Surplus	67,209	65,568	1,641	63,049	4,160
Retained Earnings	23,644	18,877	4,767	17,746	5,898
Others	1,218	(359)	1,577	(1,277)	2,495
Treasury Stocks	(6)	(6)	0	(17)	11
Net Equity	155,364	144,430	10,934	137,832	17,532
Total Liabilities and Net Equity	418,941	363,123	55,818	411,555	7,386
Current Ratio	136%	141%	-	131%	-
Debt Ratio (TTL Liabilities / TTL Assets)	63%	60%	-	67%	-
Interest-bearing Debt Ratio	11%	12%	-	14%	-

Consolidated Cash Flows Statement

<i>(NT\$ Mn)</i>	1Q-3Q 2014	1Q-3Q 2013
Cash Flows from Operating Activities:	31,605	10,738
Cash Flows from Investing Activities:	(5,997)	(8,839)
Cash Flows from Financing Activities:	(19,679)	877
Impact from Changes in FX Rate	559	250
Net Increase in Cash	6,488	3,026
Cash, beginning of the period	74,261	59,424
Cash, end of the period	80,749	62,450
<i>Note:</i>	1Q-3Q 2014	1Q-3Q 2013
Depreciation and amortization	10,345	10,448

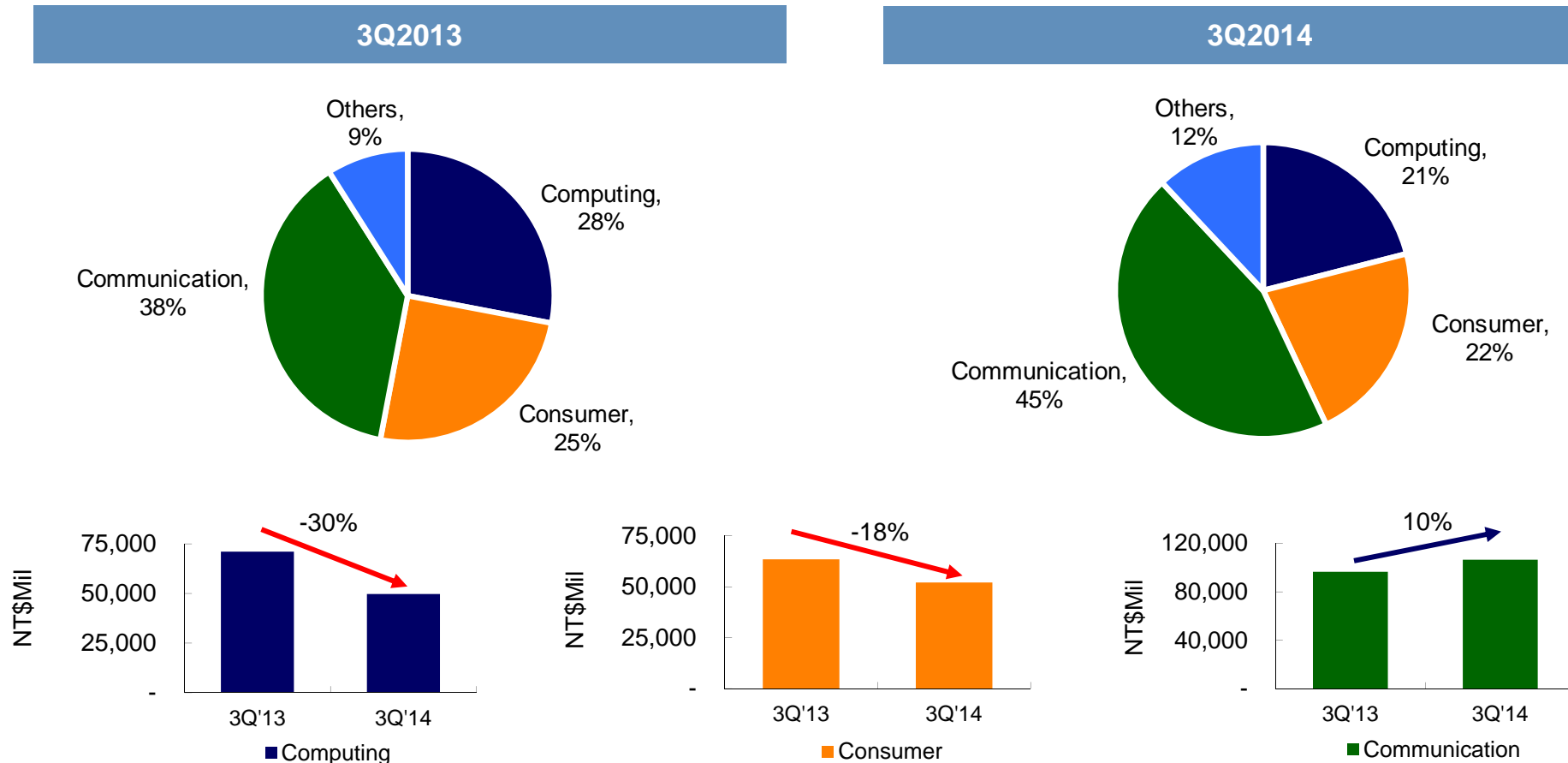
Business Highlight

Consolidated Revenue Trend



Consolidated revenue in 3Q2014 totaled NT\$237Bn, increased by 12% from NT\$212Bn 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 contribution from Computing segment, on the other hand, was lower than previous quarter due to weaker than expected demand in NB.

Revenue Breakdowns by Products (Year-over-Year)

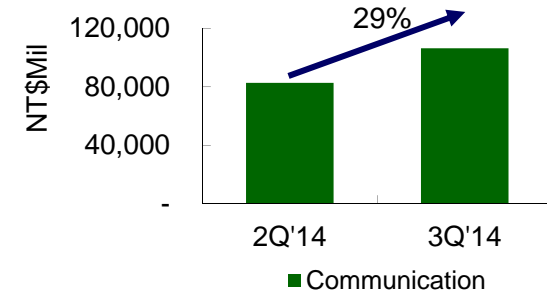
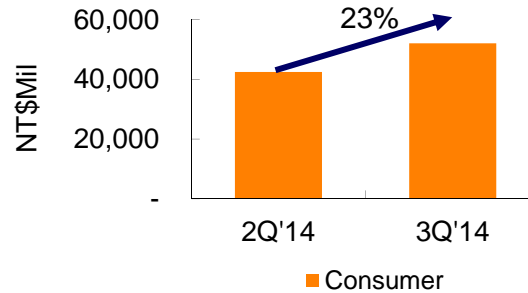
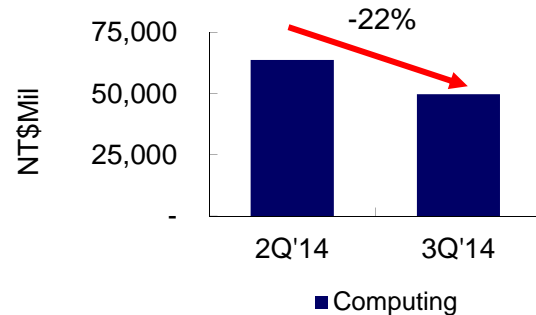
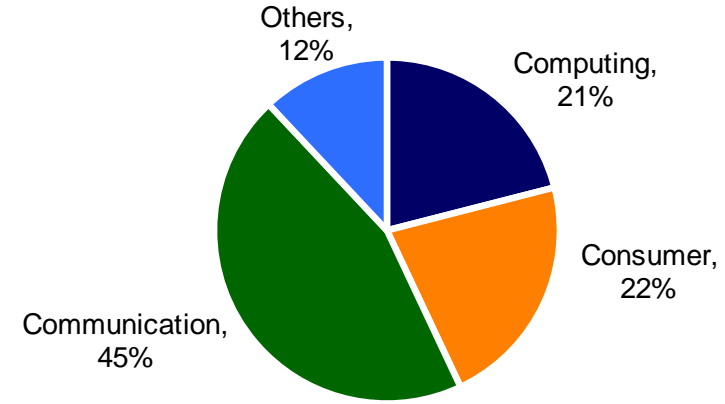
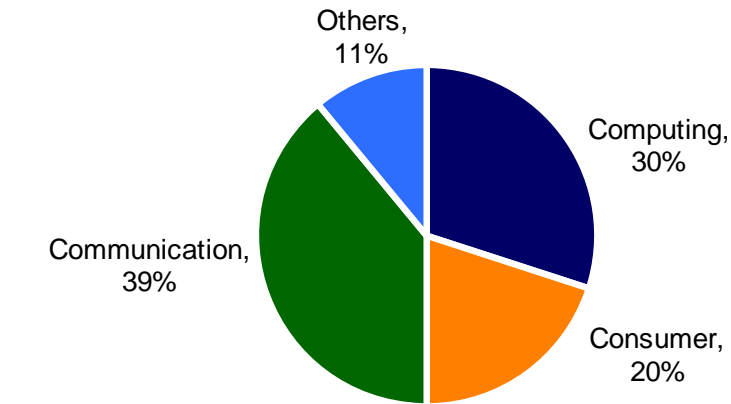


Benefiting from higher smartphone volume, revenue from Communication grew by 10% YoY and revenue contribution increased to 45% from 38% in a-year-ago quarter. Due to weaker than expected NB demand, revenue from Computing segment declined by 30% on a YoY basis, while that of Consumer Electronics declined by 18% as tablet demand is slowing down.

Revenue Breakdowns (Quarter-over-Quarter)

2Q2014

3Q2014



Driven by new product launch, revenue from Communication segment increased by 29% QoQ. Entering the traditional peak season, revenue from Consumer Electronics segment also grew by 23% QoQ, while revenue from Computing segment declined by 22% on a QoQ basis due to weaker demand.

- NB shipment volume to grow by 20%~30%
- MB & DT shipment volume to decline by 0%~5%
- Revenue from non-computing segment to grow by 40%~50%

Q & A