



PEGATRON

2012 Third Quarter Business Review

November 9, 2012



■ Financial Results

- 3Q12 DMS Pro Forma Financial Result (compiled by Pegatron)
- 3Q12 Consolidated Financial Result

■ 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.

**3Q12 DMS Pro Forma Financial Result
(Compiled by Pegatron)**

Income Statement - DMS Pro Forma

<i>(NT\$ Mn)</i>	1~3Q2012		1~3Q2011		YoY
Net Revenue	529,228	100%	346,510	100%	52.7%
COGS	514,147	97.2%	339,985	98.1%	51.2%
Gross Profit	15,081	2.8%	6,525	1.9%	131.1%
Operating Expense	13,979	2.6%	11,315	3.3%	23.5%
Operating Income (Loss)	1,102	0.2%	(4,790)	-1.4%	123.0%
Net Non-Operating Income (Loss)	2,963	0.6%	3,938	1.1%	-24.8%
Investment Income – Equity Method	2,147	0.4%	1,749	0.5%	22.8%
FX Gain (Loss)	(133)	0.0%	1,223	0.4%	-110.9%
Others	949	0.2%	966	0.3%	-1.8%
PBT	4,065	0.8%	(852)	-0.2%	577.1%
Tax	(613)	0.1%	(12)	0.0%	-5008.3%
Net Income	3,452	0.7%	(864)	-0.2%	499.5%
Adjusted EPS	1.53		(0.38)		502.6%

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Income Statement - DMS Pro Forma (QoQ)

<i>(NT\$ Mn)</i>	3Q2012		2Q2012		QoQ	3Q2011		YoY
Net Revenue	192,449	100%	187,599	100%	2.6%	156,106	100%	23.3%
COGS	187,287	97.3%	182,178	97.1%	2.8%	152,816	97.9%	22.6%
Gross Profit	5,162	2.7%	5,421	2.9%	-4.8%	3,290	2.1%	56.9%
Operating Expense	5,002	2.6%	4,909	2.6%	1.9%	3,946	2.5%	26.8%
Operating Income (Loss)	160	0.1%	512	0.3%	-68.8%	(656)	-0.4%	124.4%
Net Non-Operating Income (Loss)	1,346	0.7%	677	0.4%	98.8%	909	0.6%	48.1%
Investment Income – Equity Method	964	0.5%	907	0.5%	6.3%	719	0.5%	34.1%
FX Gain (Loss)	(49)	0.0%	(575)	-0.3%	91.5%	98	0.1%	-150.0%
Others	431	0.2%	345	0.2%	24.9%	92	0.1%	368.5%
PBT	1,506	0.8%	1,189	0.6%	26.7%	253	0.2%	495.3%
Tax	(153)	0.1%	(367)	0.2%	58.3%	113	0.1%	-235.4%
Net Income	1,353	0.7%	822	0.4%	64.6%	366	0.2%	269.7%
Adjusted EPS	0.60		0.36		66.7%	0.17		252.9%

Balance Sheet - DMS Pro Forma

<i>(NT\$ Mn)</i>	3Q2012	2Q2012	QoQ	3Q2011	YoY
Cash and Equivalents	27,686	22,887	4,799	20,977	6,709
AR (Net)	94,969	99,886	(4,917)	67,615	27,354
Inventory (Net)	78,962	63,169	15,793	62,610	16,352
Other Current Assets	16,141	14,790	1,351	5,352	10,789
Total Current Assets	217,758	200,732	17,026	156,554	61,204
Investment	38,089	40,124	(2,035)	39,466	(1,377)
Fixed Assets (Net)	32,327	32,378	(51)	30,133	2,194
Other Assets	6,167	4,093	2,074	4,026	2,141
Total Assets	294,341	277,327	17,014	230,179	64,162
Short-term Borrowings	18,094	22,798	(4,704)	17,372	722
AP	133,884	113,643	20,241	87,188	46,696
Other Current Liabilities	22,283	18,785	3,498	15,276	7,007
Total Current Liabilities	174,261	155,226	19,035	119,836	54,425
Long-term Loan	26,041	28,076	(2,035)	18,345	7,696
Other Liabilities	717	749	(32)	605	112
Total Liabilities	201,019	184,051	16,968	138,786	62,233
Paid-in Capital	22,564	22,564	0	22,564	0
Capital Surplus	64,047	64,004	43	63,445	602
Retained Earnings	9,761	8,408	1,353	5,333	4,428
Adjusted Items	(3,051)	(1,700)	(1,351)	51	(3,102)
Net Equity	93,321	93,276	45	91,393	1,928
Total Liabilities and Net Equity	294,341	277,327	17,014	230,179	64,162
Current Ratio	125%	129%	-	131%	-
Debt Ratio (TTL Liabilities / TTL Assets)	68%	66%	-	60%	-
Interest-bearing Debt Ratio	15%	18%	-	16%	-

Cash Flows Statement - DMS Pro Forma

<i>(NT\$ Mn)</i>	3Q2012	2Q2012 *	1~3Q2012
Cash Flows from Operating Activities:	15,232	(9,539)	2,752
Cash Flows from Investing Activities:	(4,760)	(1,793)	(8,892)
Cash Flows from Financing Activities:	(4,784)	9,972	10,999
Impact from Changes in FX Rate	(889)	(578)	(1,247)
Net Increase in Cash	4,799	(1,938)	3,612
Cash, beginning of the period	22,887	24,825	24,074
Cash, end of the period	27,686	22,887	27,686

<i>Note:</i>	3Q2012	2Q2012	1~3Q2012
Depreciation and amortization	1,498	1,404	4,279

* Cash flow of 2Q 2012 has been revised.

3Q12 Consolidated Financial Result

Consolidated Income Statements

<i>(NT\$ Mn)</i>	1~3Q2012		1~3Q2011		YoY
Net Revenue	614,144	100%	422,637	100%	45.3%
COGS	584,169	95.1%	404,352	95.7%	44.5%
Gross Profit	29,975	4.9%	18,285	4.3%	63.9%
Operating Expense	22,595	3.7%	18,626	4.4%	21.3%
Operating Income (Loss)	7,380	1.2%	(341)	-0.1%	2264.2%
Net Non-Operating Income (Loss)	1,078	0.2%	3,295	0.8%	-67.3%
PBT	8,458	1.4%	2,954	0.7%	186.3%
Tax	(2,203)	0.4%	(1,343)	0.3%	-64.0%
Consolidated Net Income	6,255	1.0%	1,611	0.4%	288.3%
Net Income (after minority interest)	3,452	0.6%	(864)	-0.2%	499.5%
Adjusted EPS	1.53		(0.38)		502.6%

Consolidated Income Statements (QoQ)

<i>(NT\$ Mn)</i>	3Q2012		2Q2012		QoQ	3Q2011		YoY
Net Revenue	223,035	100%	219,215	100%	1.7%	182,927	100%	21.9%
COGS	212,034	95.1%	208,377	95.1%	1.8%	175,321	95.8%	20.9%
Gross Profit	11,001	4.9%	10,838	4.9%	1.5%	7,606	4.2%	44.6%
Operating Expense	8,165	3.7%	7,748	3.5%	5.4%	6,709	3.7%	21.7%
Operating Income (Loss)	2,836	1.3%	3,090	1.4%	-8.2%	897	0.5%	216.2%
Net Non-Operating Income (Loss)	444	0.2%	(309)	-0.1%	243.7%	865	0.5%	-48.7%
PBT	3,280	1.5%	2,781	1.3%	17.9%	1,762	1.0%	86.2%
Tax	(822)	0.4%	(1,008)	0.5%	18.5%	(417)	0.2%	-97.1%
Consolidated Net Income	2,458	1.1%	1,773	0.8%	38.6%	1,345	0.7%	82.8%
Net Income (after minority interest)	1,353	0.6%	822	0.4%	64.6%	366	0.2%	269.7%
Adjusted EPS	0.60		0.36		66.7%	0.17		252.9%

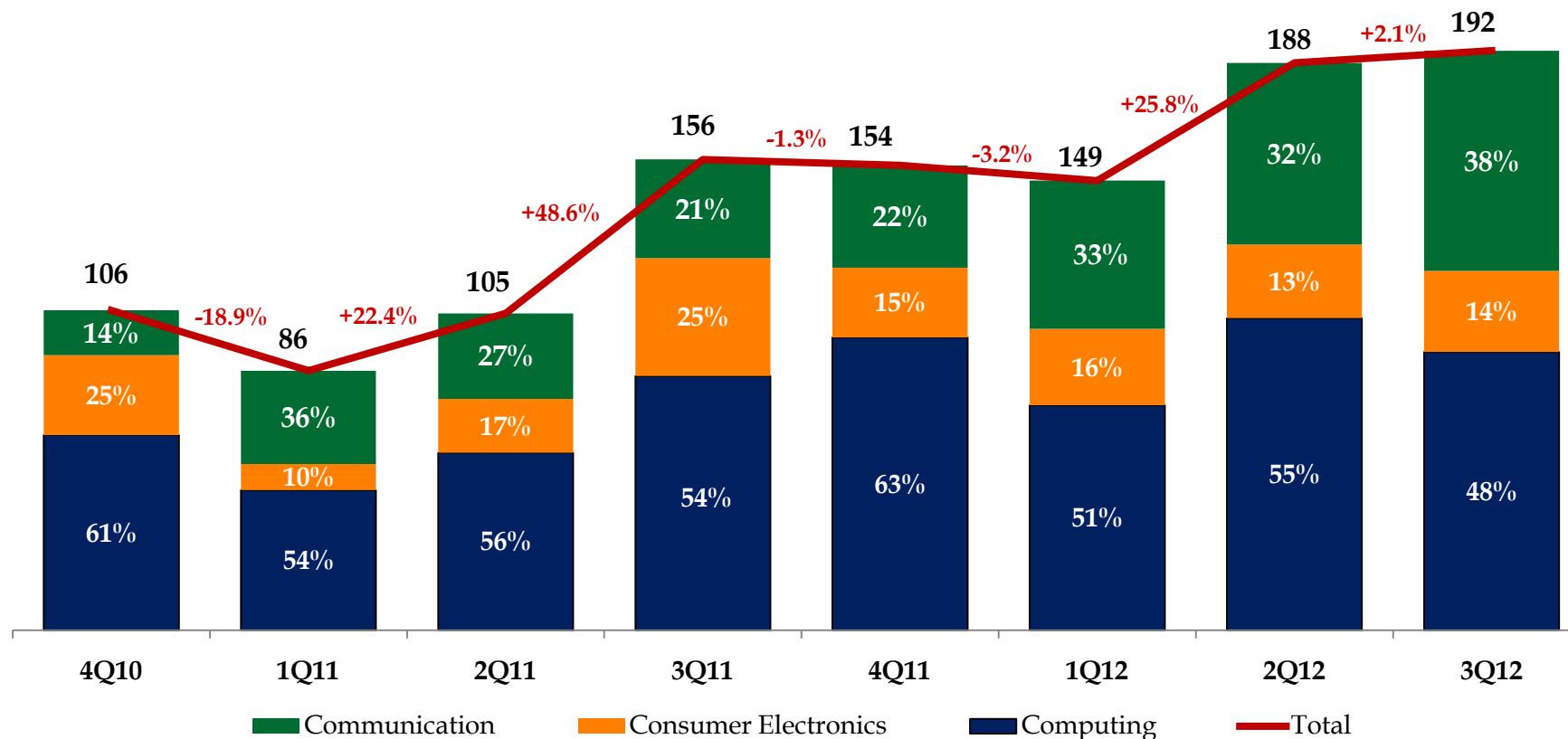
Consolidated Balance Sheet

<i>(NT\$ Mn)</i>	3Q2012	2Q2012	QoQ	3Q2011	YoY
Cash and Equivalents	53,080	53,329	(249)	40,758	12,322
AR (Net)	114,928	119,317	(4,389)	90,193	24,735
Inventory (Net)	94,053	77,478	16,575	78,884	15,169
Other Current Assets	19,473	18,127	1,346	13,367	6,106
Total Current Assets	281,534	268,251	13,283	223,202	58,332
Investment	3,560	3,671	(111)	4,910	(1,350)
Fixed Assets (Net)	72,549	73,652	(1,103)	63,912	8,637
Other Assets	11,834	9,980	1,854	9,617	2,217
Total Assets	369,477	355,554	13,923	301,641	67,836
Short-term Borrowings	22,562	30,713	(8,151)	25,110	(2,548)
AP	150,121	129,188	20,933	108,649	41,472
Other Current Liabilities	37,125	34,722	2,403	25,123	12,002
Total Current Liabilities	209,808	194,623	15,185	158,882	50,926
Long-term Loan	34,362	37,080	(2,718)	24,752	9,610
Other Liabilities	1,140	854	286	400	740
Total Liabilities	245,310	232,557	12,753	184,034	61,276
Paid-in Capital	22,564	22,564	0	22,564	0
Capital Surplus	64,047	64,004	43	63,445	602
Retained Earnings	9,761	8,408	1,353	5,333	4,428
Adjusted Items	(3,032)	(1,680)	(1,352)	70	(3,102)
Treasury Stocks	(19)	(19)	0	(19)	0
Net Equity	124,167	122,997	1,170	117,607	6,560
Total Liabilities and Net Equity	369,477	355,554	13,923	301,641	67,836
Current Ratio	134%	138%	-	140%	-
Debt Ratio (TTL Liabilities / TTL Assets)	66%	65%	-	61%	-
Interest-bearing Debt Ratio	15%	19%	-	17%	-

Business Highlight

DMS Revenue Trend

Unit: NTD Bn



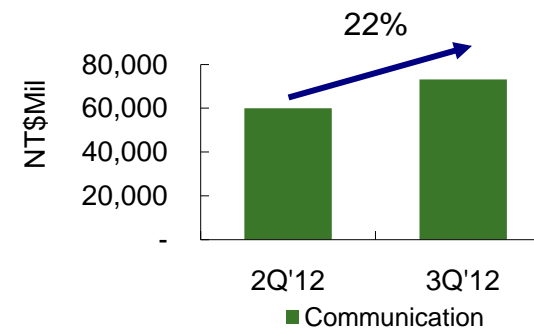
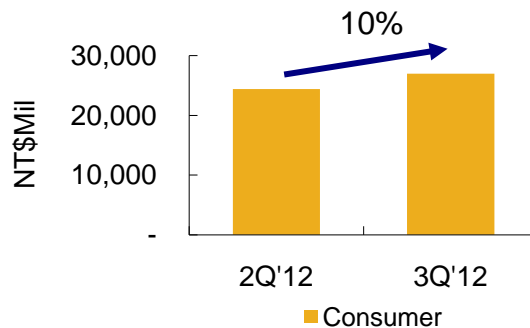
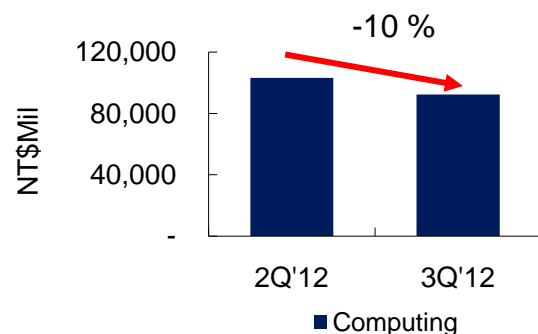
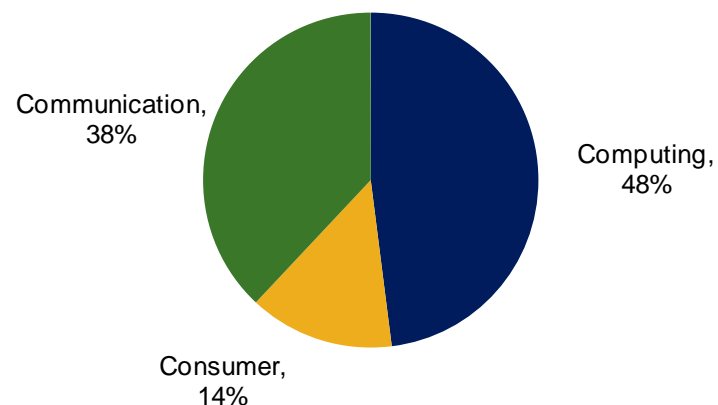
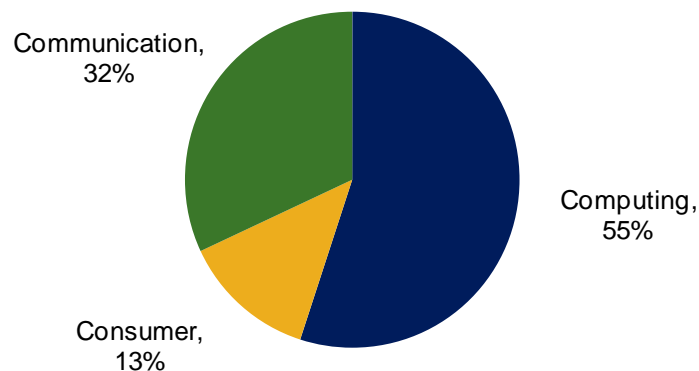
Revenue in 3Q2012 totaled NT\$192Bn, a 2.1% growth from NT\$188Bn in the previous quarter. The growth was driven mainly by better than expected demands for Communication products as well as seasonal effect from Consumer Electronics products.

Note: Since 3Q2012, tablet business has been moved to Consumer Electronics from Computing segment, and historical product mix percentages have been revised accordingly

Revenue Breakdowns by Products (Quarter-over-Quarter)

2Q2012

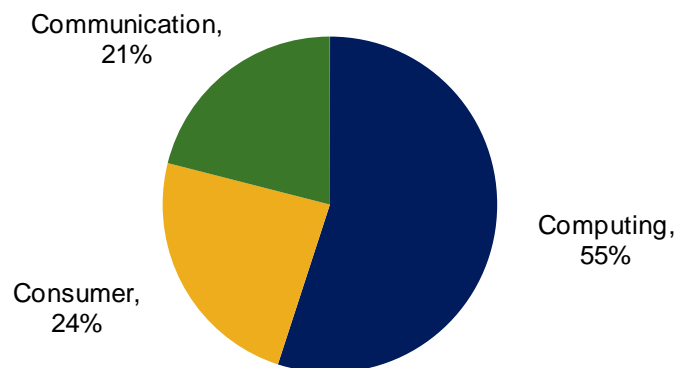
3Q2012



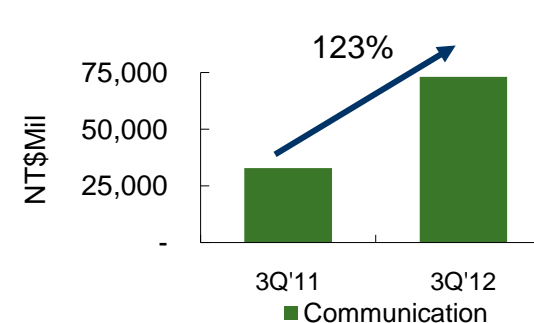
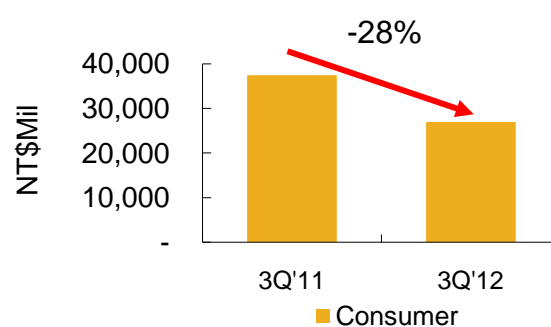
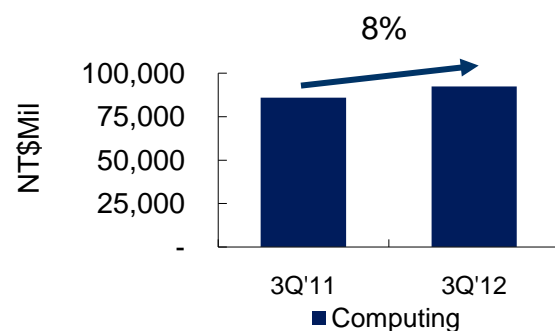
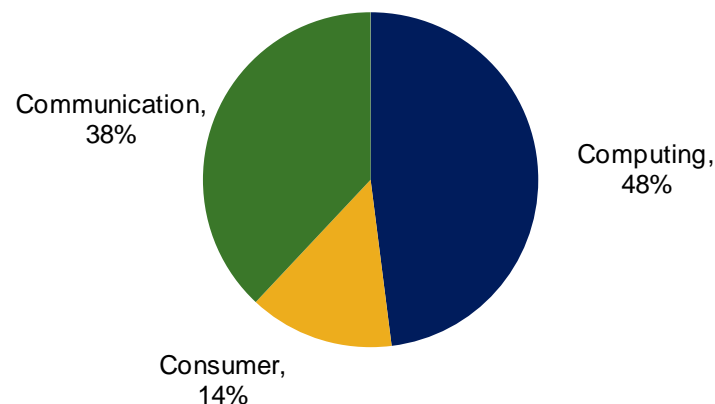
Impacted by soft end-demand before Windows 8 launch along with end of production for low cost NB, revenue in Computing segment dropped by 10% QoQ. Driven by better than expected demand, revenue in Communication segment grew by 22% QoQ, while revenue in Consumer Electronics segment grew by 10% QoQ.

Revenue Breakdowns by Products (Year-over-Year)

3Q2011



3Q2012



Revenue in Computing segment increased by 8% YoY due to improved ASP. With a weaker seasonal effect, revenue in Consumer Electronics segment dropped by 28% YoY. Contributed by better utilization, sales in Communication segment grew substantially by 123% on a YoY basis.

- NB shipment to be flat to low single digit growth
- MB & DT shipment to be flat to low single digit growth
- Revenue of consumer electronics to more than double
- Revenue of communication to decline by 20% to 25%

Note: Starting from 3Q2012, tablet business has been moved to Consumer Electronics segment from Computing segment.

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