




PEGATRON

2012 First Quarter Business Review

May 10, 2012



■ Financial Results

- 1Q12 DMS Pro Forma Financial Result (compiled by Pegatron)
- 1Q12 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.

**1Q12 DMS Pro Forma Financial Result
(Compiled by Pegatron)**

Income Statement - DMS Pro Forma

<i>(NT\$ Mn)</i>	1Q2012		4Q2011		QoQ	1Q2011		YoY
Net Revenue	149,180	100%	154,056	100%	-3.2%	85,621	100%	74.2%
COGS	144,682	97.0%	149,127	96.8%	-3.0%	84,109	98.2%	72.0%
Gross Profit	4,498	3.0%	4,929	3.2%	-8.7%	1,512	1.8%	197.5%
Operating Expense	4,068	2.7%	4,424	2.9%	-8.0%	3,692	4.3%	10.2%
Operating Income (Loss)	430	0.3%	505	0.3%	-14.9%	(2,180)	-2.5%	119.7%
Net Non-Operating Income (Loss)	940	0.6%	410	0.3%	129.3%	1,764	2.1%	-46.7%
Investment Income – Equity Method	276	0.2%	241	0.2%	14.5%	786	0.9%	-64.9%
FX Gain (Loss)	491	0.3%	40	0.0%	1127.5%	415	0.5%	18.3%
Others	173	0.1%	129	0.1%	34.1%	563	0.7%	-69.3%
PBT	1,370	0.9%	915	0.6%	49.7%	(416)	-0.5%	429.3%
Tax	(93)	0.1%	60	0.0%	-255.0%	(143)	0.2%	-35.0%
Net Income	1,277	0.9%	975	0.6%	31.0%	(559)	-0.7%	328.4%
Adjusted EPS	0.57		0.43		32.6%	(0.25)		328.0%

Balance Sheet - DMS Pro Forma

<i>(NT\$ Mn)</i>	<u>1Q2012</u>	<u>4Q2011</u>	<u>QoQ</u>	<u>1Q2011</u>	<u>YoY</u>
Cash and Equivalents	24,827	24,074	753	15,358	9,469
AR (Net)	67,144	69,689	(2,545)	40,772	26,372
Inventory (Net)	60,769	51,899	8,870	35,830	24,939
Other Current Assets	12,373	8,602	3,771	3,532	8,841
Total Current Assets	165,113	154,264	10,849	95,492	69,621
Investment	39,321	39,402	(81)	34,805	4,516
Fixed Assets (Net)	29,897	30,223	(326)	27,632	2,265
Other Assets	4,010	3,716	294	3,698	312
Total Assets	238,341	227,605	10,736	161,627	76,714
Short-term Borrowings	16,231	15,919	312	7,134	9,097
AP	92,709	83,812	8,897	43,646	49,063
Other Current Liabilities	13,460	17,423	(3,963)	12,124	1,336
Total Current Liabilities	122,400	117,154	5,246	62,904	59,496
Long-term Loan	23,233	18,165	5,068	7,056	16,177
Other Liabilities	775	702	73	628	147
Total Liabilities	146,408	136,021	10,387	70,588	75,820
Paid-in Capital	22,564	22,564	0	22,564	0
Capital Surplus	63,841	63,465	376	63,148	693
Retained Earnings	7,585	6,309	1,276	8,910	(1,325)
Adjusted Items	(2,057)	(754)	(1,303)	(3,583)	1,526
Net Equity	91,933	91,584	349	91,039	894
Total Liabilities and Net Equity	238,341	227,605	10,736	161,627	76,714
Current Ratio	135%	132%	-	152%	-
Debt Ratio (TTL Liabilities / TTL Assets)	61%	60%	-	44%	-
Interest-bearing Debt Ratio	17%	15%	-	9%	-

Cash Flows Statement - DMS Pro Forma

<i>(NT\$ Mn)</i>	1Q2012	4Q2011
Cash Flows From Operating Activities:	(2,941)	6,728
Cash Flows From Investing Activities:	(2,339)	(1,718)
Cash Flows From Financing Activities:	5,811	(1,438)
Impact from Changes in FX Rate	220	(475)
Net Increase in Cash	751	3,097
Cash, beginning of the period	24,074	20,977
Cash, end of the period	24,825	24,074

<i>Note:</i>	1Q2012	4Q2011
Depreciation and amortization	1,376	1,507

1Q12 Consolidated Financial Result

Consolidated Income Statements

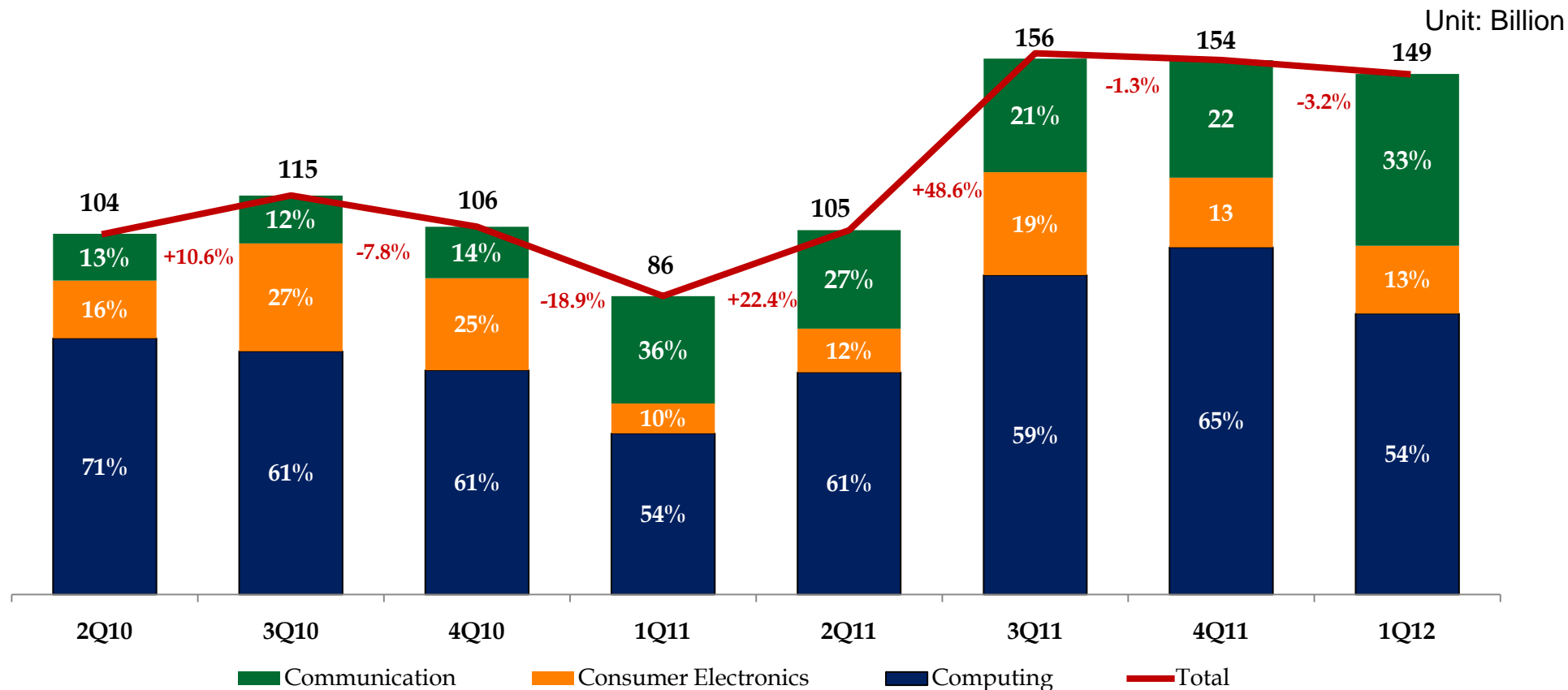
<i>(NT\$ Mn)</i>	<u>1Q2012</u>		<u>4Q2011</u>		<u>QoQ</u>	<u>1Q2011</u>		<u>YoY</u>
Net Revenue	171,894	100%	177,306	100%	-3.1%	109,708	100%	56.7%
COGS	163,758	95.3%	168,594	95.1%	-2.9%	104,463	95.2%	56.8%
Gross Profit	8,136	4.7%	8,712	4.9%	-6.6%	5,245	4.8%	55.1%
Operating Expense	6,682	3.9%	7,458	4.2%	-10.4%	5,777	5.3%	15.7%
Operating Income (Loss)	1,454	0.8%	1,254	0.7%	15.9%	(532)	-0.5%	373.3%
Net Non-Operating Income (Loss)	943	0.5%	519	0.3%	81.7%	1,326	1.2%	-28.9%
PBT	2,397	1.4%	1,773	1.0%	35.2%	794	0.7%	201.9%
Tax	(373)	0.2%	(79)	0.0%	372.2%	(621)	0.6%	-39.9%
Consolidated Net Income	2,024	1.2%	1,694	1.0%	19.5%	173	0.2%	1069.9%
Net Income (after minority interest)	1,277	0.7%	975	0.5%	31.0%	(559)	-0.5%	328.4%
Adjusted EPS	0.57		0.43		32.6%	(0.25)		328.0%

Consolidated Balance Sheet

<i>(NT\$ Mn)</i>	<u>1Q2012</u>	<u>4Q2011</u>	<u>QoQ</u>	<u>1Q2011</u>	<u>YoY</u>
Cash and Equivalents	50,189	50,453	(264)	36,143	14,046
AR (Net)	84,905	84,246	659	57,477	27,428
Inventory (Net)	75,301	65,716	9,585	48,869	26,432
Other Current Assets	16,164	15,479	685	13,565	2,599
Total Current Assets	226,559	215,894	10,665	156,054	70,505
Investment	3,781	3,667	114	4,456	(675)
Fixed Assets (Net)	71,658	70,515	1,143	56,223	15,435
Other Assets	9,610	9,498	112	9,625	(15)
Total Assets	311,608	299,574	12,034	226,358	85,250
Short-term Borrowings	24,924	22,773	2,151	10,378	14,546
AP	107,853	100,016	7,837	65,493	42,360
Other Current Liabilities	24,378	28,702	(4,324)	17,232	7,146
Total Current Liabilities	157,155	151,491	5,664	93,103	64,052
Long-term Loan	33,691	29,179	4,512	14,984	18,707
Other Liabilities	718	707	11	613	105
Total Liabilities	191,564	181,377	10,187	108,700	82,864
Paid-in Capital	22,564	22,564	0	22,564	0
Capital Surplus	63,841	63,465	376	63,148	693
Retained Earnings	7,585	6,309	1,276	8,910	(1,325)
Adjusted Items	(2,039)	(735)	(1,304)	(3,574)	1,535
Treasury Stocks	(19)	(19)	0	(9)	(10)
Net Equity	120,044	118,197	1,847	117,658	2,386
Total Liabilities and Net Equity	311,608	299,574	12,034	226,358	85,250
Current Ratio	144%	143%	-	168%	-
Debt Ratio (TTL Liabilities / TTL Assets)	61%	61%	-	48%	-
Interest-bearing Debt Ratio	19%	17%	-	11%	-

Business Highlight

DMS Revenue Trend

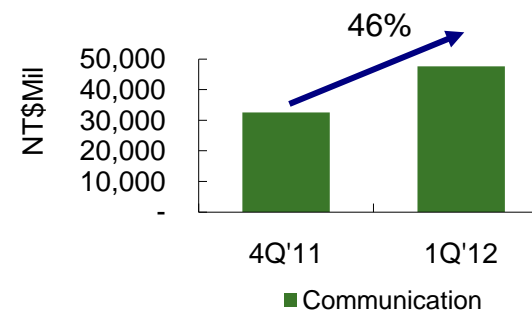
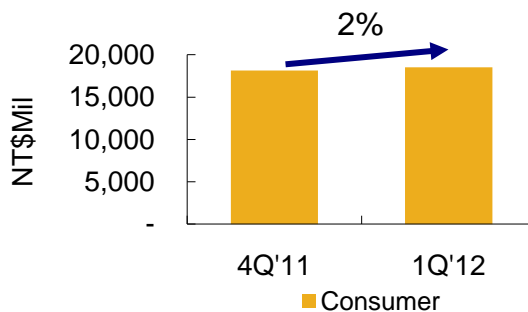
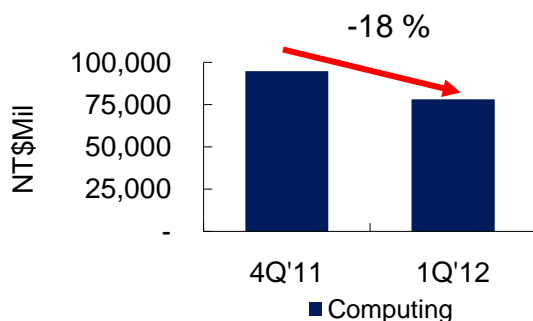
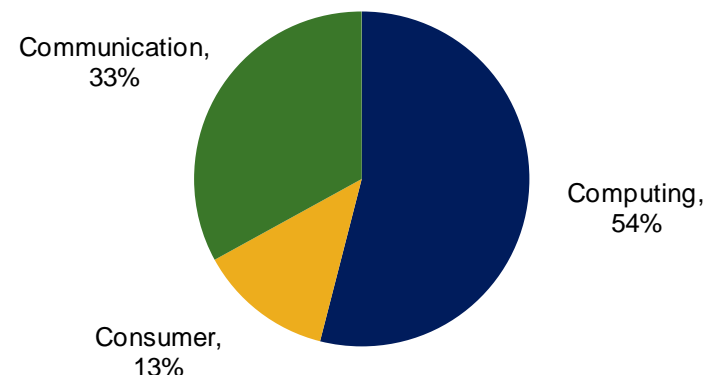
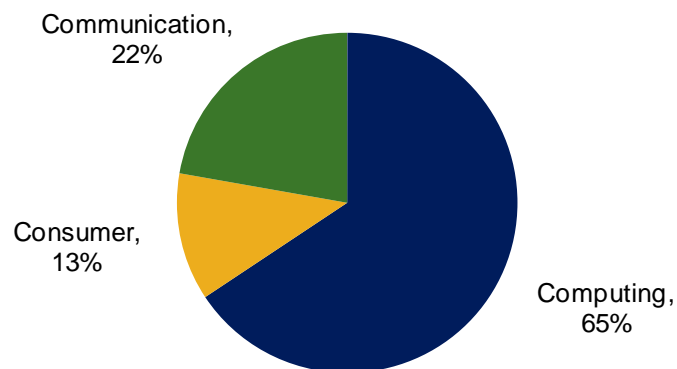


Revenue in 1Q12 totaled NT\$149Bn, declined slightly by 3.2% QoQ but grew significantly by 74.2% YoY. While Computing segment declined in 1Q12 as a result of its seasonality, substantial growth was seen in Communication segment due to improving scale of smartphone. Consumer Electronic also experienced an exceptional quarter owing to the delayed shipment of game consoles from the previous quarter to the first quarter as a result of HDD shortage.

Revenue Breakdowns by Products (Quarter-over-Quarter)

4Q2011

1Q2012

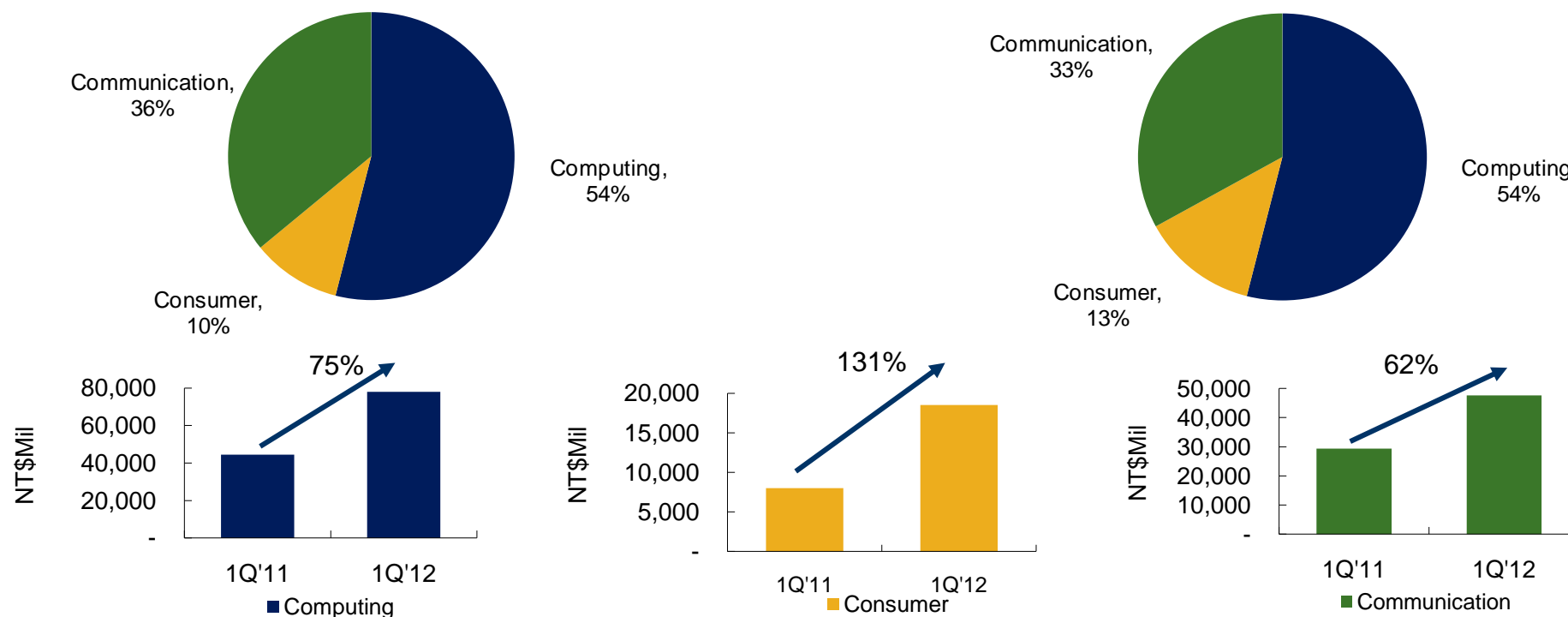


Due to the seasonality, QoQ sales for Computing segment dropped by 18%, while revenue in Consumer Electronics grew by 2% QoQ, attributable to the delayed shipment of game consoles from 4Q11 to 1Q12. With the increase in smartphone volume and positive growth from broadband products, QoQ sales for Communication segment increased by 46%.

Revenue Breakdowns by Products (Year-over-Year)

1Q2011

1Q2012



YoY sales grew substantially throughout three product segments. Growth of Computing was attributable to the lower base in 1Q11 and better penetration rate in non Asustek customers, whilst that of Communication was driven by better utilization in smartphone. As a result of game console delayed shipment, Consumer Electronics segment had an exceptional quarter with revenue growth by 131% YoY.

- NB shipment (including net book and tablet) to grow by 30% - 35%
- MB & DT shipment to decline by 5% - 10%
- Revenue of consumer electronics to remain flat
- Revenue of communication to grow low single digit
- Capital Expenditure for 2012 (annually):
 - For DMS: US\$200~250 million
 - For vertical integration: US\$100~150 million

- Pegatron completed the 1st Zero Coupon Euro-Convertible Bonds Offering of US\$300 Million (Feb. 2012)
- Pegatron Board of Directors proposed no cash dividend per share. (Mar. 2012)
- Pegatron Board of Directors approved to increase investment in Ri-Ming (Shanghai) Co., Limited. (Mar. 2012)
- Pegatron Board of Directors proposed the issuance of restricted shares. (May. 2012)
- Pegatron Board of Directors approved the adoption of IFRS (International Financial Reporting Standards) by Pegatron and its subsidiaries, and its subsequent impact on financial statements (May. 2012)

- As of Jan 1, 2012, impact to financial statements upon adoption of IFRS is as follows:

Net equity (including non-controlling interests) is expected to reduce by NT\$266 million, while retained earnings is expected to increase by NT\$2,333 million. Non-controlling interest is expected to reduce by NT\$77 million, and other shareholders' equity is expected to reduce by NT\$2,522 million.

- As of March 31, 2012, impact to financial statements upon adoption of IFRS is as follows:

Net equity (including non-controlling interests) is expected to reduce by NT\$1,733 million, while retained earnings is expected to increase by NT\$1,120 million. Non-controlling interest is expected to reduce by NT\$58 million, and other shareholders' equity is expected to reduce by NT\$2,796 million.

For more details of the above announcement, please visit Market Post Observation System (<http://mops.twse.com.tw>).

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