

**PEGATRON**



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## **2014 First Quarter Business Review**

May 8, 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.

## **1Q2014 Consolidated Financial Result**

## Consolidated Income Statement

<i>(NT\$ Mn)</i>	1Q2014		4Q2013		QoQ	1Q2013		YoY
Net Revenue	218,737	100%	265,959	100%	-17.8%	217,588	100%	0.5%
COGS	207,440	94.8%	252,557	95.0%	-17.9%	205,584	94.5%	0.9%
Gross Profit	11,297	5.2%	13,402	5.0%	-15.7%	12,004	5.5%	-5.9%
Operating Expense	6,231	2.8%	8,292	3.1%	-24.9%	7,114	3.3%	-12.4%
Operating Income (Loss)	5,066	2.3%	5,110	1.9%	-0.9%	4,890	2.2%	3.6%
Net Non-Operating Income (Loss)	(604)	-0.3%	1,135	0.4%	-153.2%	(205)	-0.1%	-194.6%
FX Gain (Loss)	(256)	-0.1%	752	0.3%	-134.0%	341	0.2%	-175.1%
Others	(348)	-0.2%	383	0.1%	-190.9%	(546)	-0.3%	36.3%
PBT	4,462	2.0%	6,245	2.3%	-28.6%	4,685	2.2%	-4.8%
Tax	(976)	0.4%	(1,642)	0.6%	-40.6%	(1,232)	0.6%	-20.8%
Net Income	3,486	1.6%	4,603	1.7%	-24.3%	3,453	1.6%	1.0%
<b>Net Income Attributable to the Parent</b>	<b>2,732</b>	<b>1.2%</b>	<b>3,379</b>	<b>1.3%</b>	<b>-19.1%</b>	<b>2,306</b>	<b>1.1%</b>	<b>18.5%</b>
EPS	1.18		1.46			1.01		

Note:

1. Valuation gain (loss) on ECB

1Q2014

(586)

4Q2013

445

1Q2013

(646)

2. Impairment loss

0

(339)

0

3. Gains of US\$72.8Mn from Casetek share disposal is recorded under Capital Surplus.

## Consolidated Balance Sheet

<i>(NT\$ Mn)</i>	1Q2014	4Q2013	QoQ	1Q2013	YoY
Cash and Equivalents	85,971	74,261	11,710	66,517	19,454
AR (Net)	83,625	104,037	(20,412)	84,143	(518)
Inventory (Net)	80,844	103,599	(22,755)	104,435	(23,591)
Other Current Assets	25,519	45,038	(19,519)	38,742	(13,223)
Total Current Assets	275,959	326,935	(50,976)	293,837	(17,878)
Investment	2,858	2,884	(26)	3,504	(646)
Fixed Assets (Net)	73,058	73,917	(859)	74,430	(1,372)
Other Assets	11,589	12,160	(571)	11,237	352
Total Non-Current Assets	87,505	88,961	(1,456)	89,171	(1,666)
Total Assets	363,464	415,896	(52,432)	383,008	(19,544)
Short-term Borrowings	24,067	32,034	(7,967)	28,569	(4,502)
AP	120,560	158,674	(38,114)	149,463	(28,903)
Other Current Liabilities	41,267	48,565	(7,298)	41,079	188
Total Current Liabilities	185,894	239,273	(53,379)	219,111	(33,217)
Long-term Loans	20,306	28,708	(8,402)	23,998	(3,692)
Other Liabilities	3,703	3,859	(156)	3,935	(232)
Total Liabilities	209,903	271,840	(61,937)	247,044	(37,141)
Paid-in Capital	23,231	23,212	19	22,901	330
Capital Surplus	65,439	63,176	2,263	62,640	2,799
Retained Earnings	23,875	21,144	2,731	17,311	6,564
Others	1,242	(210)	1,452	(1,677)	2,919
Treasury Stocks	(18)	(17)	(1)	(26)	8
Net Equity	153,561	144,055	9,506	135,964	17,597
Total Liabilities and Net Equity	363,464	415,896	(52,432)	383,008	(19,544)
Current Ratio	148%	137%	-	134%	-
Debt Ratio (TTL Liabilities / TTL Assets)	58%	65%	-	65%	-
Interest-bearing Debt Ratio	12%	15%	-	14%	-

## Consolidated Cash Flows Statement

<i>(NT\$ Mn)</i>	<u>1Q2014</u>	<u>1Q2013</u>
Cash Flows from Operating Activities:	24,920	10,930
Cash Flows from Investing Activities:	3,022	(2,919)
Cash Flows from Financing Activities:	(16,899)	(1,397)
Impact from Changes in FX Rate	667	479
Net Increase in Cash	11,710	7,093
Cash, beginning of the period	74,261	59,424
Cash, end of the period	85,971	66,517

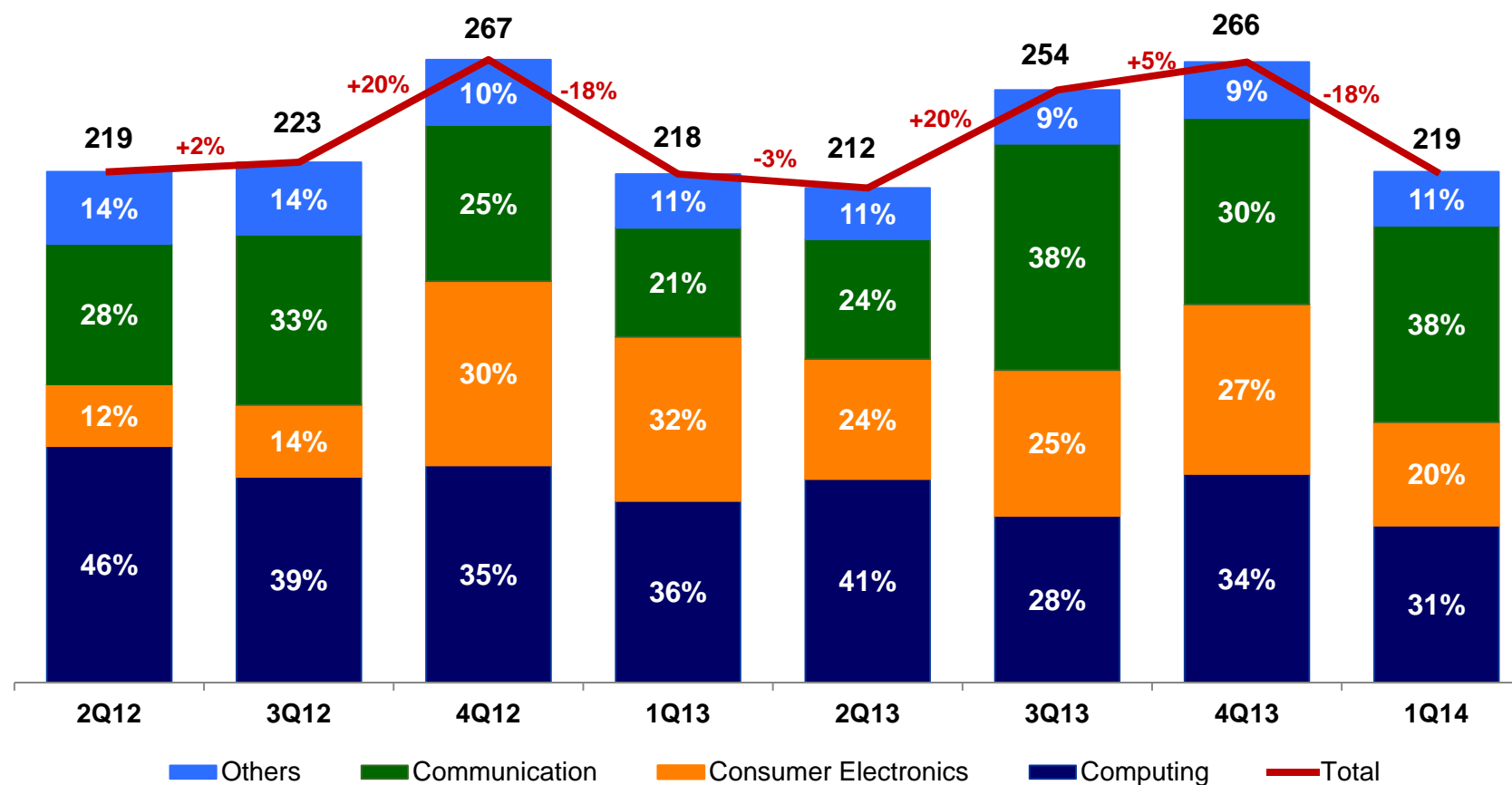
<i>Note:</i>	<u>1Q2014</u>	<u>1Q2013</u>
Depreciation and amortization	3,539	3,428

**Business Highlight**



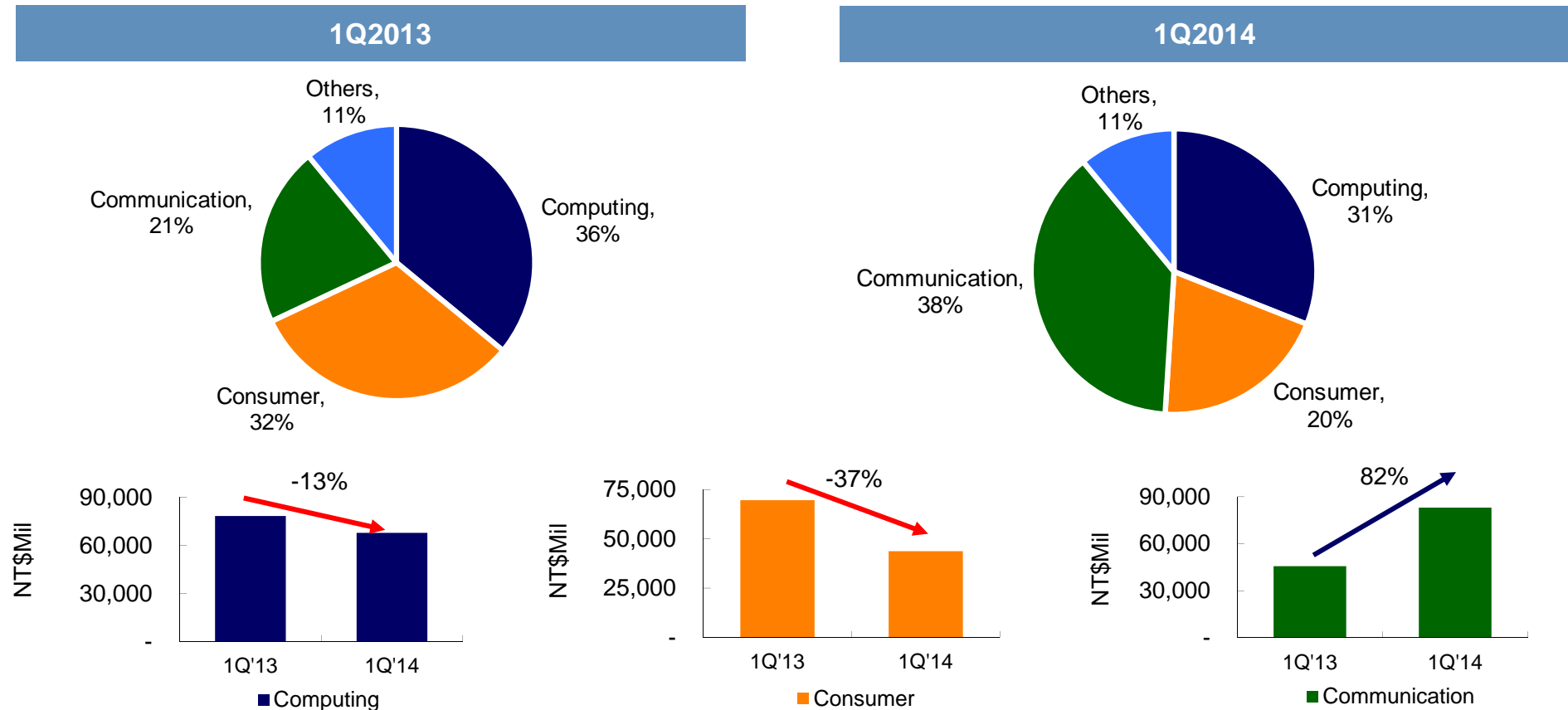
## Consolidated Revenue Trend

Unit: NTD Bn



Consolidated revenue in 1Q2014 totaled NT\$219Bn, a 18% decline from NT\$266Bn in the previous quarter. The decline was attributable to low season in Computing and Consumer Electronics segments, while Communication segment was better than expected.

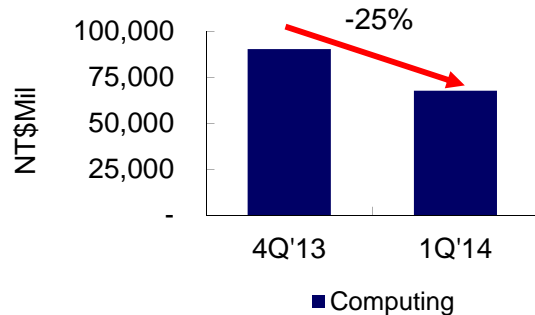
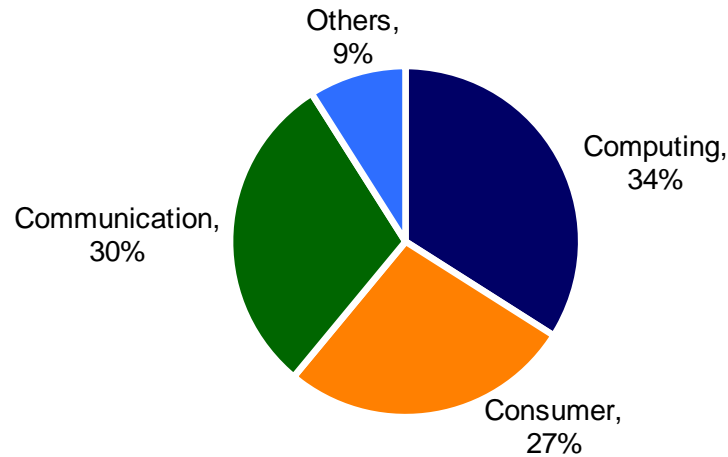
## Revenue Breakdowns by Products (Year-over-Year)



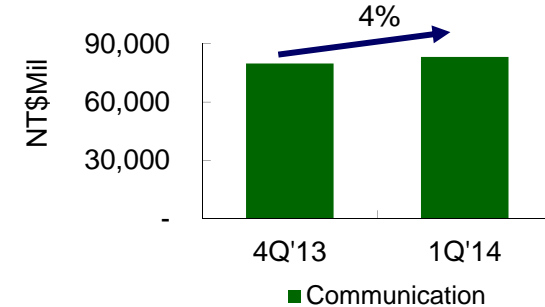
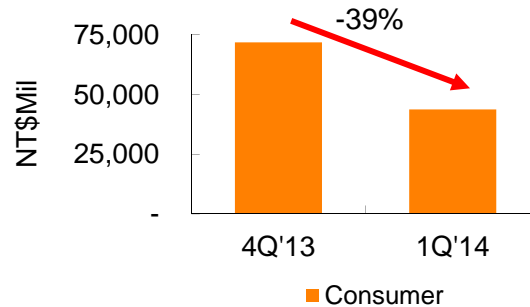
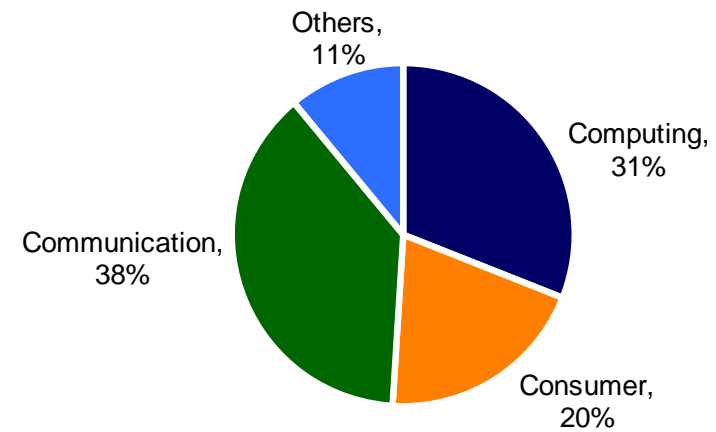
Benefiting from improving scale in Communication segment, revenue from Communication grew by over 80% YoY and revenue contribution increased to 38% from 21% in a-year-ago quarter. Due to intensifying competition in Computing and Consumer Electronics segment, revenue from both segments declined by 13% and 37% respectively on YoY basis.

## Revenue Breakdowns (Quarter-over-Quarter)

4Q2013



1Q2014



As a result of seasonal pattern, both Computing and Consumer Electronics segments declined by double digits from the high base in 4Q2013. Communication, due to better than expected demand, grew by 4% QoQ.

- NB shipment volume to grow by 0%~5%
- MB & DT shipment volume to decline by 15%~20%
- Revenue from non-computing segment to decline by 5%~10%

## Q & A