

PEGATRON



PEGATRON

2016 Fourth Quarter Business Review

March 14, 2017

- **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.

2016 & 4Q2016 Consolidated Financial Result

Consolidated Income Statements (2016 vs. 2015)

<i>(NT\$ Mn)</i>	2016		2015		YoY
Net Revenue	1,157,710	100%	1,213,713	100%	-4.6%
COGS	1,094,643	94.6%	1,138,438	93.8%	-3.8%
Gross Profit	63,067	5.4%	75,275	6.2%	-16.2%
Operating Expense	30,653	2.6%	35,600	2.9%	-13.9%
Operating Income (Loss)	32,414	2.8%	39,675	3.3%	-18.3%
Net Non-Operating Income (Loss)	(3,335)	-0.3%	(489)	0.0%	582.0%
FX Gain (Loss)	(4,383)	-0.4%	(3,524)	-0.3%	24.4%
Others	1,048	0.1%	3,035	0.3%	-65.5%
PBT	29,079	2.5%	39,186	3.2%	-25.8%
Tax	(6,942)	0.6%	(10,314)	0.8%	-32.7%
Net Income	22,137	1.9%	28,872	2.4%	-23.3%
Net Income Attributable to the Parent	19,340	1.7%	23,812	2.0%	-18.8%
EPS	7.50		9.23		-18.7%

Consolidated Income Statements (QoQ)

<i>(NT\$ Mn)</i>	4Q 2016		3Q 2016		QoQ	4Q 2015		YoY
Net Revenue	360,484	100%	316,193	100%	14.0%	411,984	100%	-12.5%
COGS	343,354	95.2%	301,089	95.2%	14.0%	388,558	94.3%	-11.6%
Gross Profit	17,130	4.8%	15,104	4.8%	13.4%	23,426	5.7%	-26.9%
Operating Expense	8,103	2.2%	7,289	2.3%	11.2%	10,198	2.5%	-20.5%
Operating Income (Loss)	9,027	2.5%	7,815	2.5%	15.5%	13,228	3.2%	-31.8%
Net Non-Operating Income (Loss)	(33)	0.0%	(1,209)	-0.4%	-97.3%	(1,284)	-0.3%	-97.4%
FX Gain (Loss)	(510)	-0.1%	(1,700)	-0.5%	-70.0%	(1,672)	-0.4%	-69.5%
Others	477	0.1%	491	0.2%	-2.9%	388	0.1%	22.9%
PBT	8,994	2.5%	6,606	2.1%	36.1%	11,944	2.9%	-24.7%
Tax	(2,355)	0.7%	(599)	0.2%	293.2%	(3,532)	0.9%	-33.3%
Net Income	6,639	1.8%	6,007	1.9%	10.5%	8,412	2.0%	-21.1%
Net Income Attributable to the Parent	5,866	1.6%	5,380	1.7%	9.0%	6,815	1.7%	-13.9%
EPS	2.28		2.09		9.1%	2.63		-13.3%

Consolidated Balance Sheet

<i>(NT\$ Mn)</i>	<u>4Q2016</u>	<u>3Q2016</u>	<u>QoQ</u>	<u>4Q2015</u>	<u>YoY</u>
Cash and Equivalents	108,713	97,375	11,338	102,561	6,152
AR (Net)	93,316	139,304	(45,988)	120,030	(26,714)
Inventory (Net)	107,319	122,013	(14,694)	118,165	(10,846)
Other Current Assets	54,878	53,907	971	49,647	5,231
Total Current Assets	364,226	412,599	(48,373)	390,403	(26,177)
Investment	1,524	1,466	58	1,855	(331)
Fixed Assets (Net)	66,861	65,980	881	71,038	(4,177)
Other Assets	11,334	11,482	(148)	12,791	(1,457)
Total Non-Current Assets	79,719	78,928	791	85,684	(5,965)
Total Assets	443,945	491,527	(47,582)	476,087	(32,142)
Short-term Borrowings	31,685	48,787	(17,102)	48,071	(16,386)
AP	171,266	203,698	(32,432)	161,147	10,119
Other Current Liabilities	51,286	49,686	1,600	58,489	(7,203)
Total Current Liabilities	254,237	302,171	(47,934)	267,707	(13,470)
Long-term Loans	4,523	9,098	(4,575)	12,307	(7,784)
Other Liabilities	3,163	4,329	(1,166)	3,734	(571)
Total Liabilities	261,923	315,598	(53,675)	283,748	(21,825)
Paid-in Capital	25,752	25,756	(4)	26,030	(278)
Capital Surplus	78,214	78,209	5	78,972	(758)
Retained Earnings	48,105	42,238	5,867	42,655	5,450
Others	(3,799)	(3,338)	(461)	2,725	(6,524)
Treasury Stocks	(2)	(5)	3	(3)	1
Net Equity	182,022	175,929	6,093	192,339	(10,317)
Total Liabilities and Net Equity	443,945	491,527	(47,582)	476,087	(32,142)
Current Ratio	143%	137%	-	146%	-
Debt Ratio (TTL Liabilities / TTL Assets)	59%	64%	-	60%	-
Interest-bearing Debt Ratio	8%	12%	-	13%	-

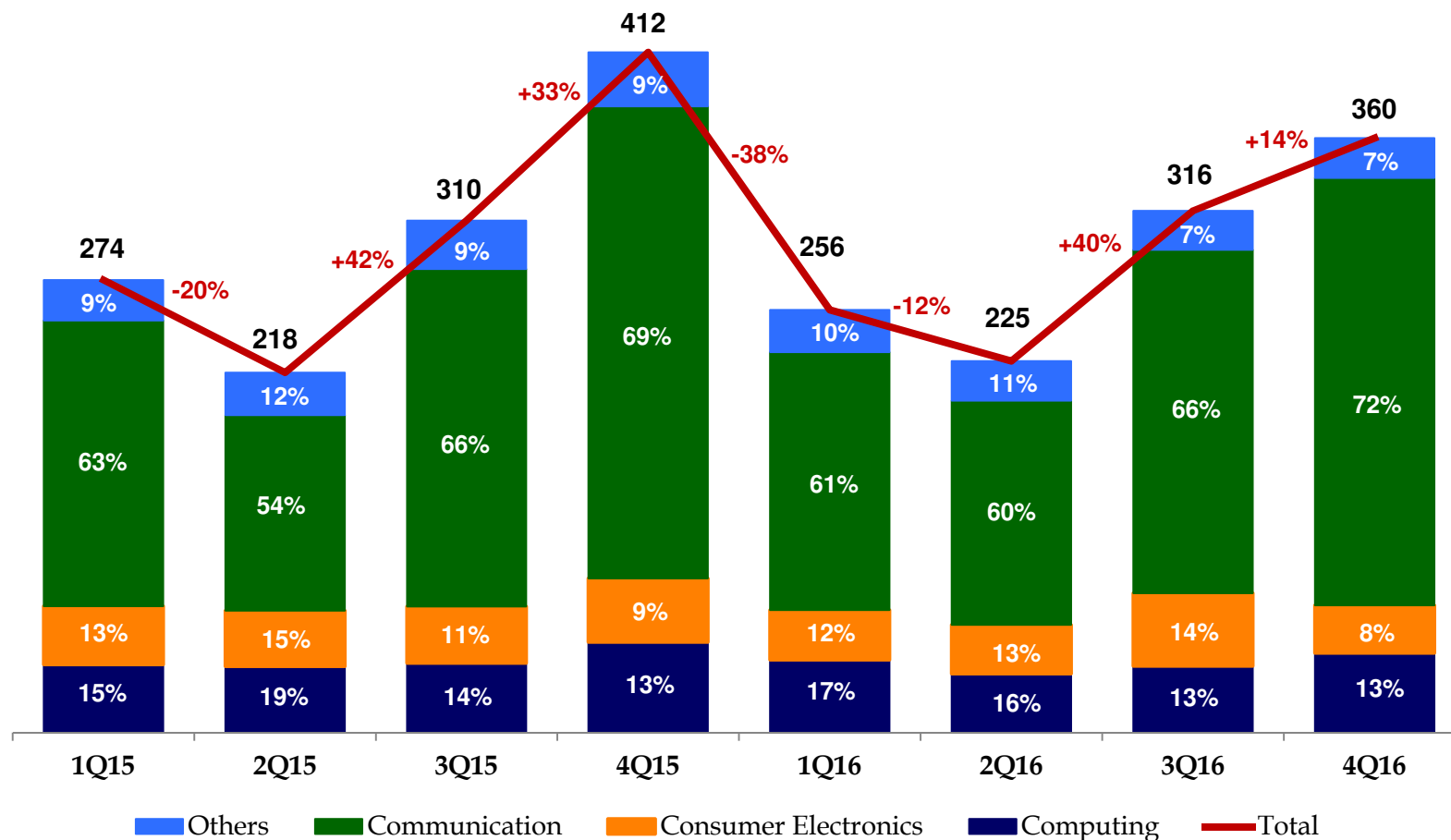
Consolidated Cash Flows Statement

<i>(NT\$ Mn)</i>	2016	2015
Cash Flows from Operating Activities:	71,831	9,972
Cash Flows from Investing Activities:	(20,431)	(12,753)
Cash Flows from Financing Activities:	(40,870)	(2,693)
Impact from Changes in FX Rate	(4,378)	346
Net Increase in Cash	6,152	(5,128)
Cash, beginning of the period	102,561	107,689
Cash, end of the period	108,713	102,561
Note:	2016	2015
Depreciation and amortization	12,912	13,695

Business Highlight

Consolidated Revenue Trend

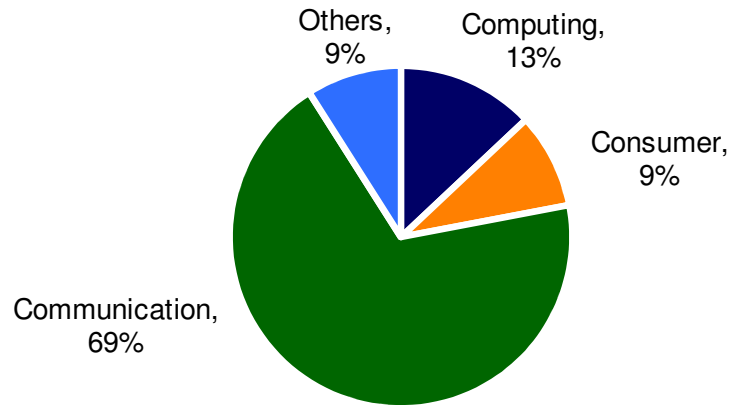
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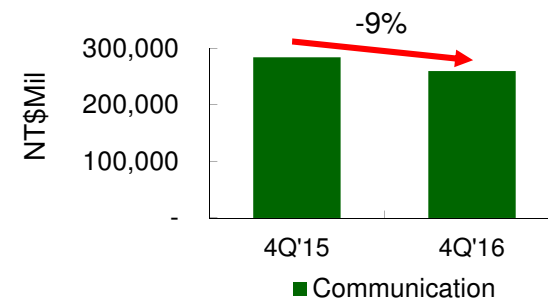
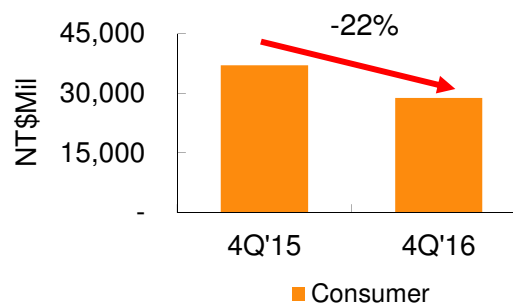
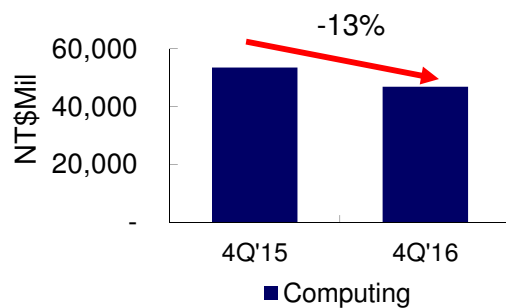
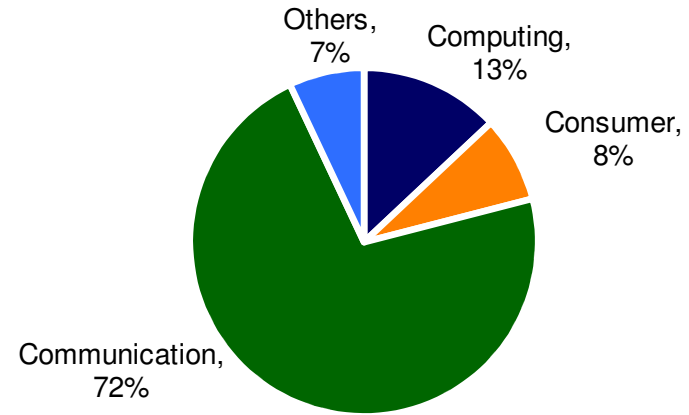
Consolidated revenue totaled NT\$360Bn in 4Q2016, increased by 14% from NT\$316Bn in the previous quarter. The growth was mainly driven by increasing shipment volume in Computing and Communication segment.

Revenue Breakdowns by Products (Year-over-Year)

4Q2015

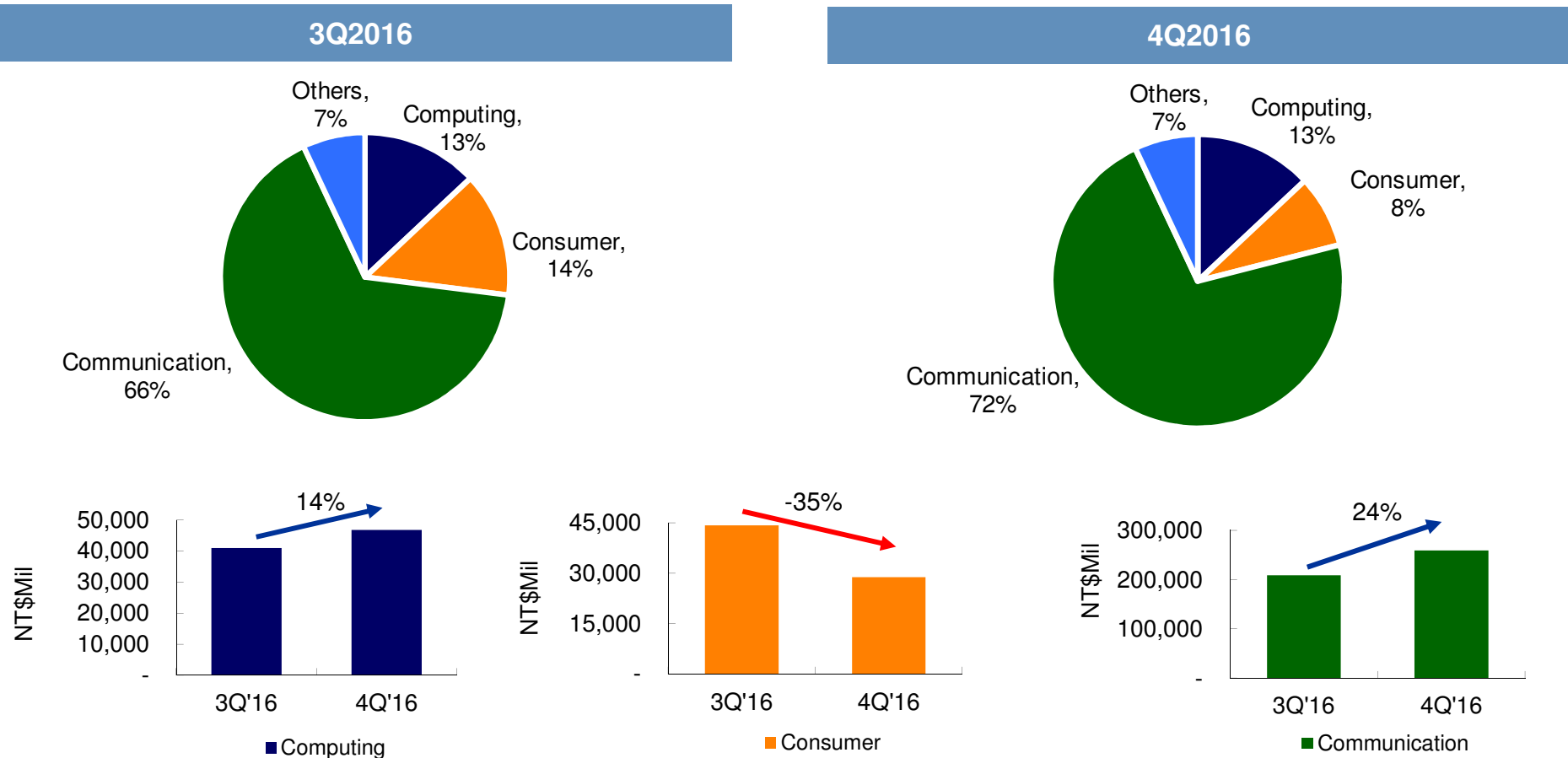


4Q2016



Impacted by the lukewarm macroeconomic conditions and the slowdown in demand, revenue throughout three product segments declined YoY.

Revenue Breakdowns by Products (Quarter-over-Quarter)



Entering the traditional peak season, revenue from Computing and Communication product segments increased by 14% and 24% respectively on a QoQ basis while that of Consumer Electronics declined by 35% due to the high base in the previous quarter.

- NB shipment volume to decline by 20% ~ 25%
- MB & DT shipment volume to decline by 15% ~ 20%
- Revenue from non-computing segment to decline by 35% ~ 40%

Q & A