

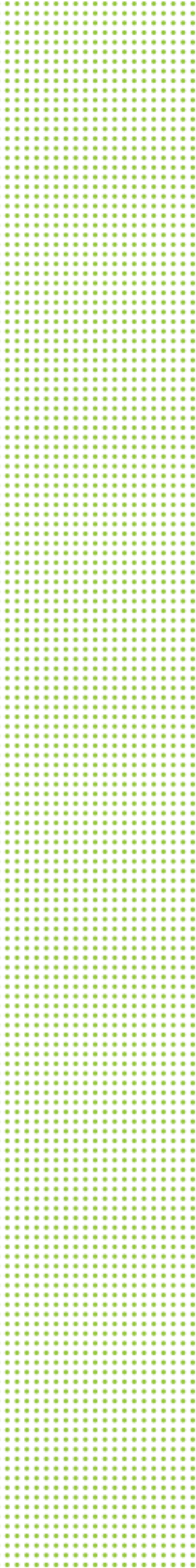


HTC CORPORATION

2Q16 BUSINESS REVIEW

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August 2nd, 2016



DISCLAIMER STATEMENT

- This presentation and release contain “forward-looking statements” which may include projections of future results of operations, financial condition or business prospects based on our own information and other sources.
- Our actual results of operations, financial condition or business prospects may differ from those expressed or implied in these forward-looking statements for a variety of reasons, including but not limited to market demand, price fluctuations, competition, international economic conditions, supply chain issues, exchange rate fluctuations and other risks and factors beyond our control.
- The forward-looking statements in this release reflect the current belief of HTC as of the date of this release. HTC undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.

EXECUTIVE SUMMARY

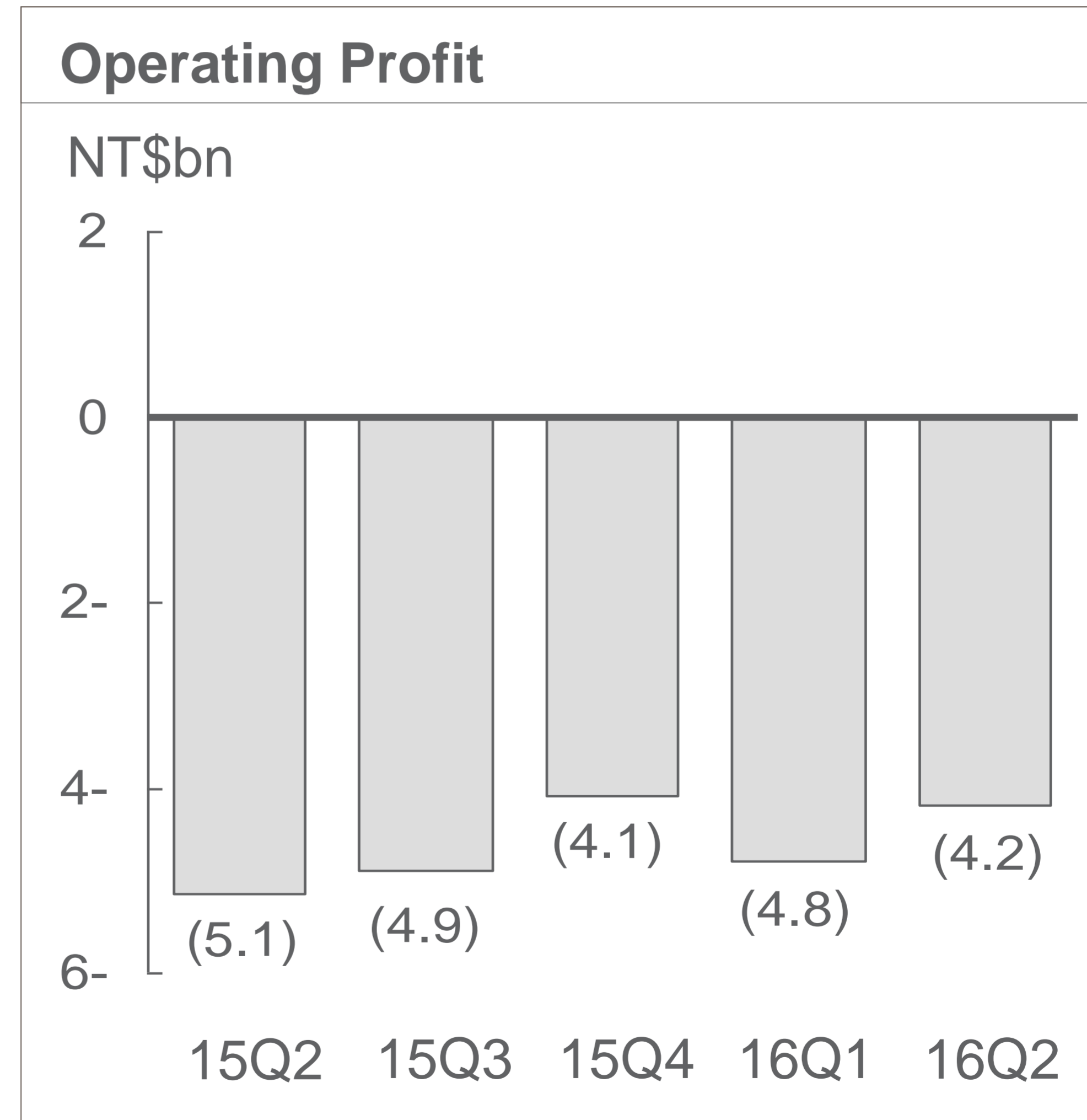
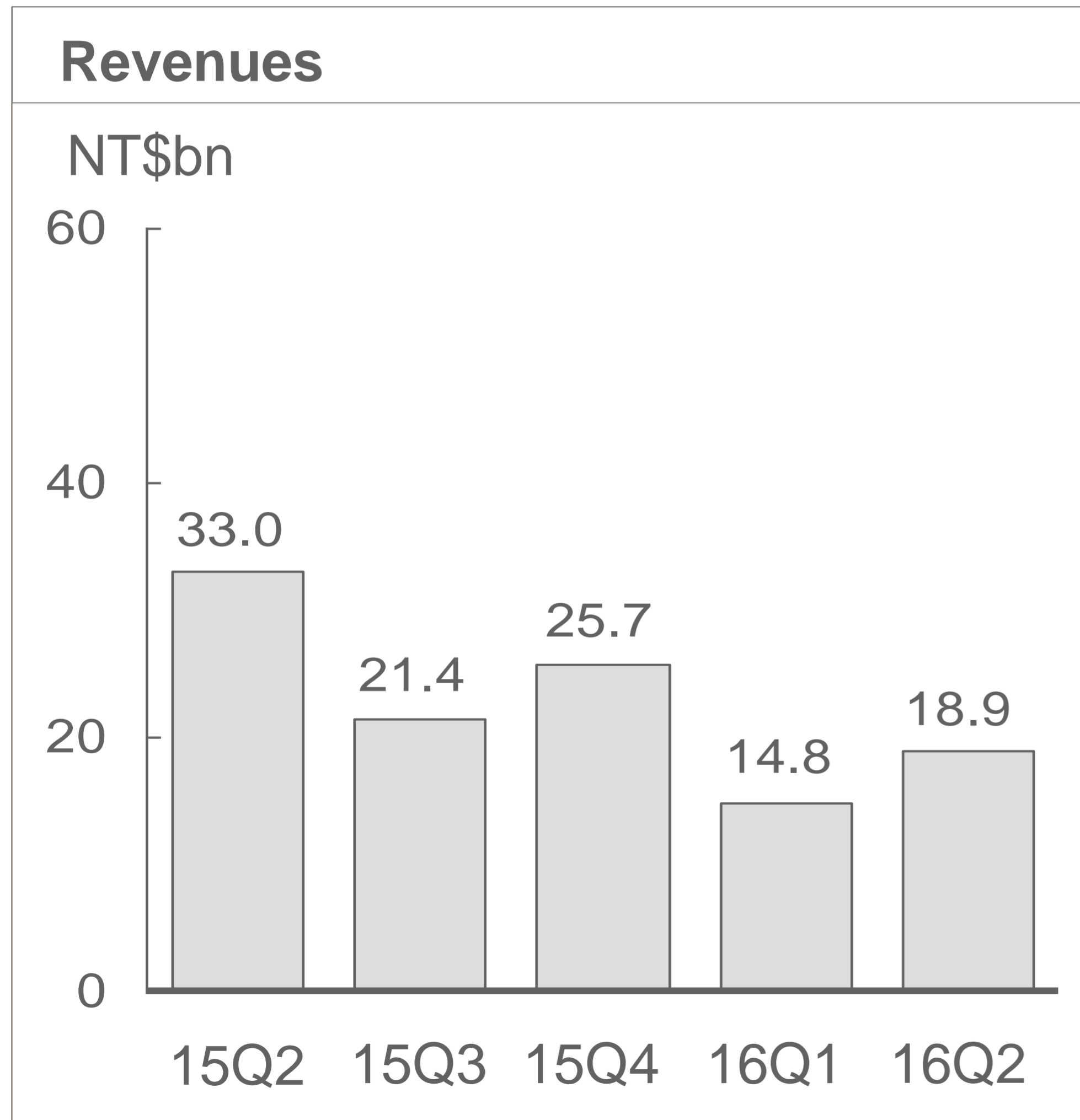
2Q16 Financial Highlights:

- Revenue of NT\$18.9 billion with gross margin of 11.4%
- Operating loss of NT\$4.2 billion with operating margin of –22.5%
- Disposal gain of NT\$1.0 billion from the sales of land in Taoyuan
- Net loss after tax of NT\$3.1 billion, or -NT\$3.71 per share

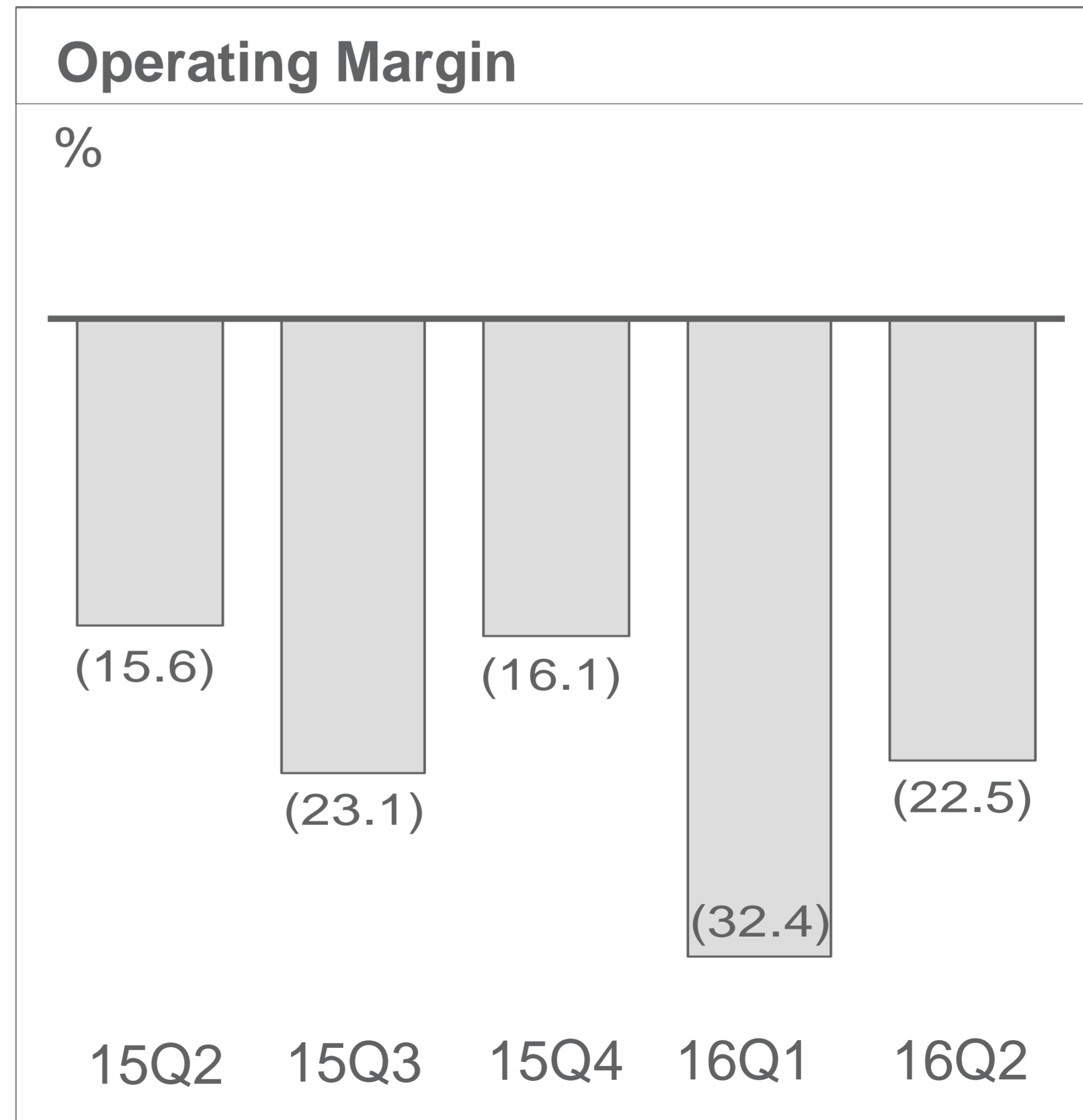
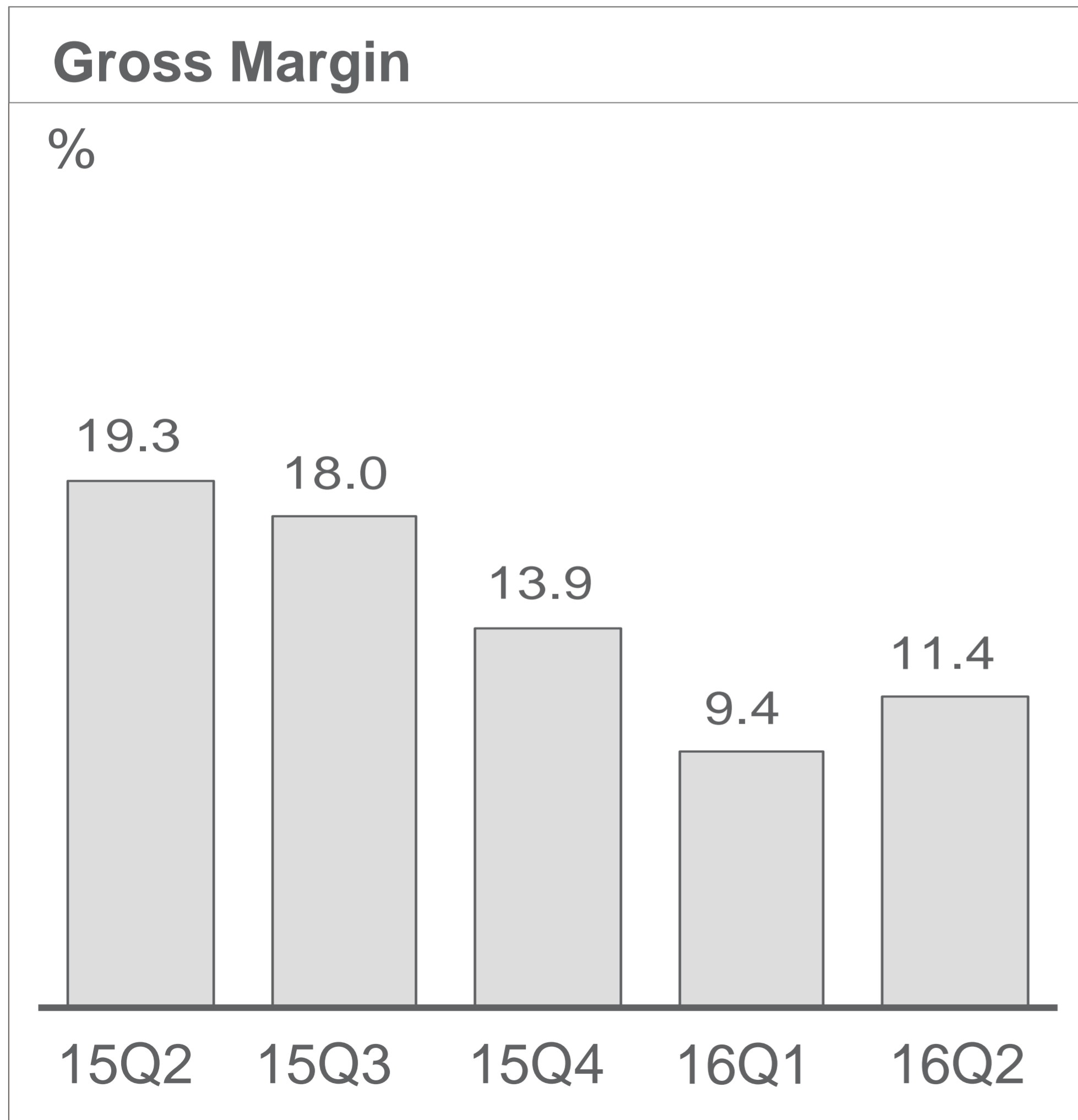
Business Update

- Revenue in 2Q rose 27% quarter-on-quarter, boosted by HTC 10 and HTC Vive.
- We anticipate sales momentum of the HTC 10 to continue into 2H.
- HTC continues to build a robust VR ecosystem through regional and channel expansion and collaboration with developers to create contents in diverse categories and verticals.

REVENUES AND OPERATING PROFIT



GROSS AND OPERATING MARGINS



2Q 2016 P&L (CONSOLIDATED)

NT\$bn	2Q 15	1Q 16	2Q 16
REVENUES	33.0	14.8	18.9
GROSS PROFIT	6.4	1.4	2.1
OPERATING EXPENSE	<u>11.5</u>	<u>6.2</u>	<u>6.4</u>
SALES MKTING.	6.5	2.0	2.6
RESEARCH DEV.	3.6	3.0	2.9
GENERAL ADM.	1.4	1.2	0.9
OPERATING PROFIT	-5.1	-4.8	-4.2
NPBT	-7.9	-2.5	-3.0
NPAT ¹	-8.0	-2.6	-3.1
GROSS MARGIN (%)	19.3%	9.4%	11.4%
OPERATING MARGIN (%)	-15.6%	-32.4%	-22.5%
EPS ² (NT\$)	-9.70	-3.16	-3.71

¹ Attributable to stockholders of parent company, excluding minority interest.

² EPS was calculated based on number of outstanding shares at that time.

2Q 2016 BALANCE SHEET (CONSOLIDATED)

NT\$bn	Jun 30, 15	Mar 31, 16	Jun 30, 16
TOTAL ASSETS	154.0	119.2	115.3
Cash ¹	47.5	41.7	41.5
AR	28.5	11.5	14.1
INVENTORY	23.5	19.2	16.9
OTHER ASSETS	54.5	46.8	42.8
TOTAL LIABILITIES	82.5	57.4	57.4
TOTAL EQUITY ²	71.5	61.8	57.9
<i>METRICS</i> ³			
DAYS SALES OUTSTANDING	93	111	76
INVENTORY TURNOVER DAYS	83	149	115
DAYS PAYABLE OUTSTANDING	153	188	145

1. Includes time deposits with original maturities more than 3 months

2. Attributable to stockholders of parent company, excluding minority interest.

3. Financial metrics are calculated based on quarterly numbers, starting from 2Q 2012

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thank you_____