

# HTC CORPORATION

## 2Q BUSINESS REVIEW

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Aug. 3<sup>rd</sup>, 2012

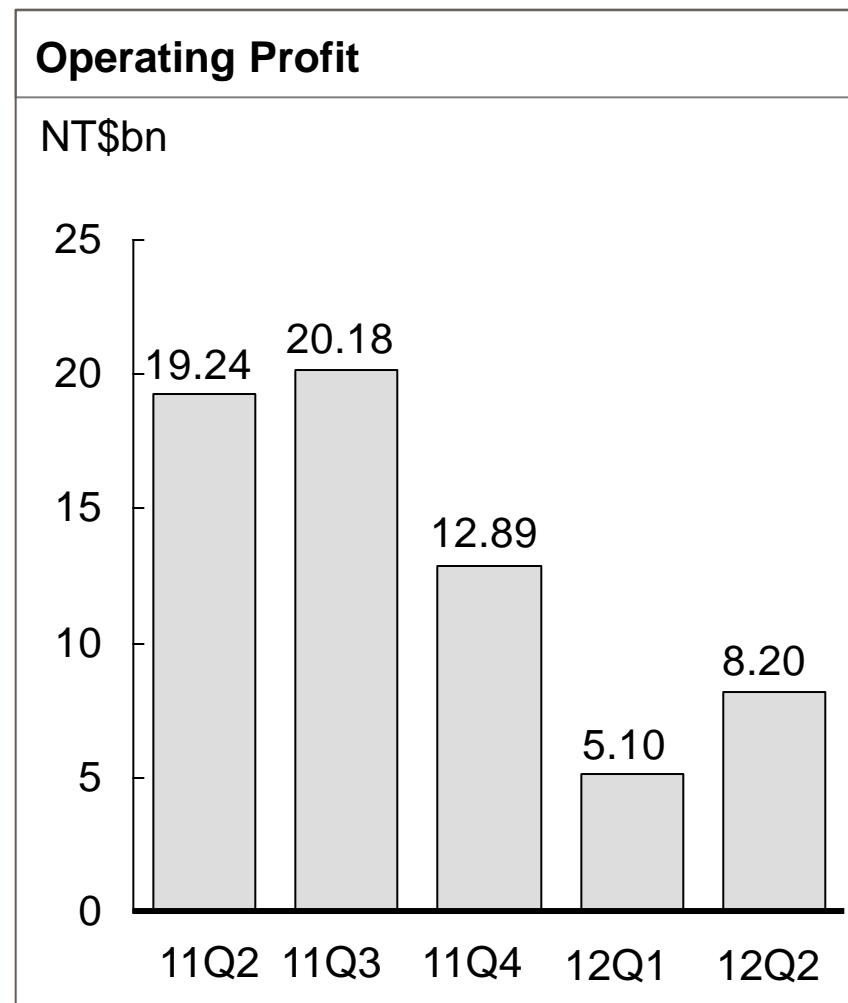
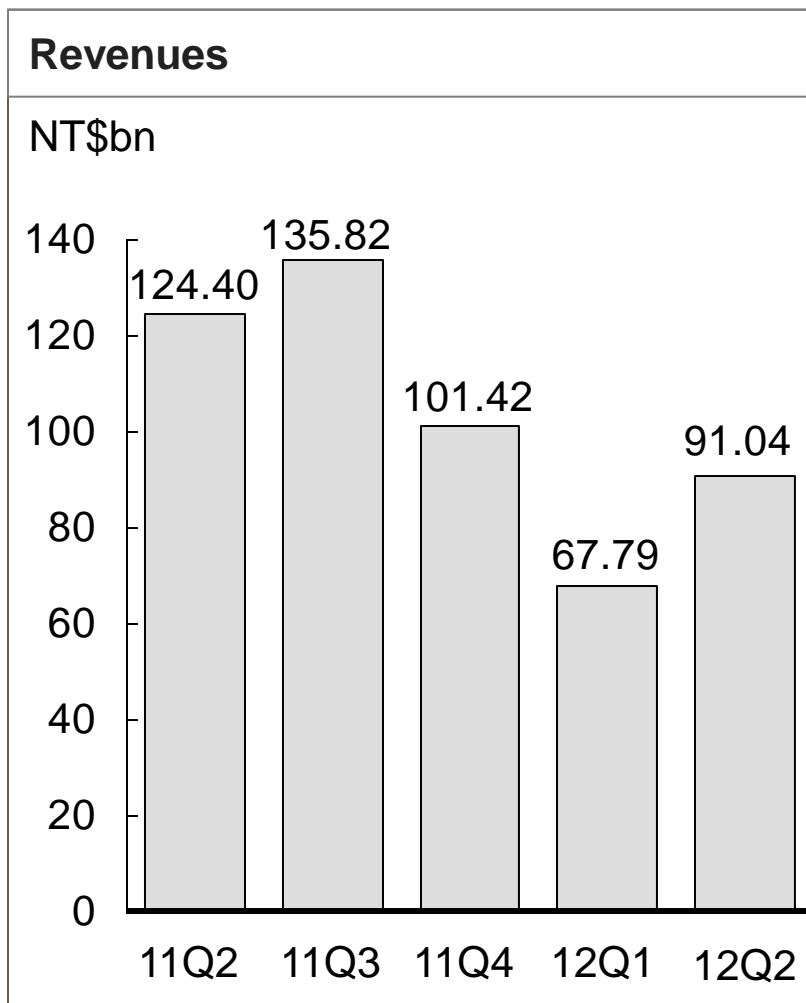
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# EXECUTIVE SUMMARY

- 2Q financial highlights
  - Revenue was NT\$91.04bn
  - Gross margin and operating margin were 27.01% and 9.00%, respectively
  - Net income was NT\$7.40bn
  
- 2Q financial highlights
  - China well positioned to become a key growth driver
    - Growing brand awareness, strong operator partnerships and increasing retail presence
  - Asia met expectation for growth since the One family launched in 2Q
    - Sales in North and South Asia inline with expectation; Successful launch of HTC J in Japan
  - Increasing marketing and sales efforts in North America & EMEA
    - Products well received by both operator and channel partners; focusing on increasing consumer preference for HTC products
  
- Recent initiatives and announcements
  - Optimizing organizational structure and resources to increase efficiency and competitiveness, focusing on key growth areas
  - Appointed Mike Woodward President of North America (previously VP of AT&T Consumer Wireless Devices)

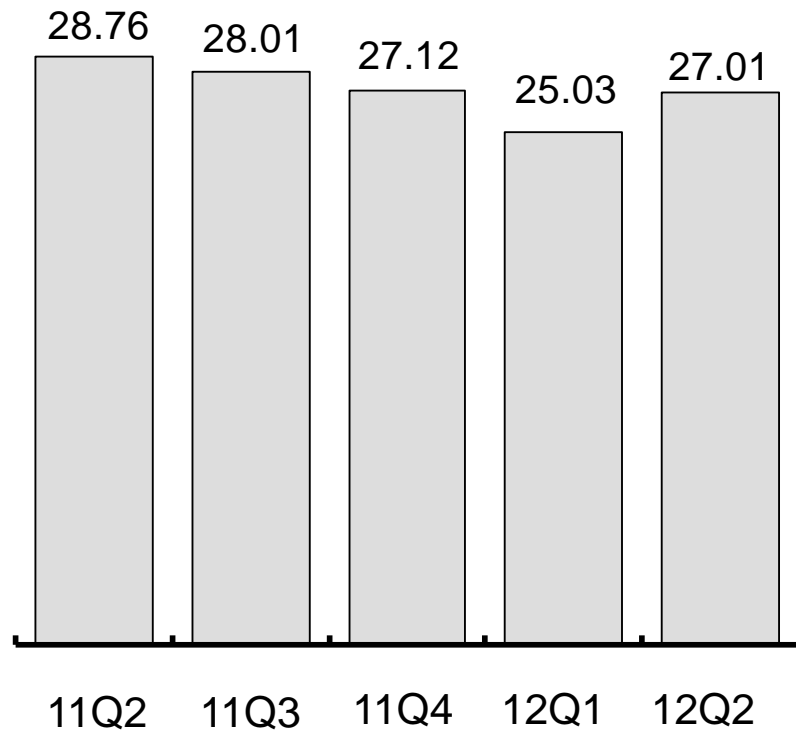
# REVENUES AND OPERATING PROFIT



# GROSS AND OPERATING MARGINS

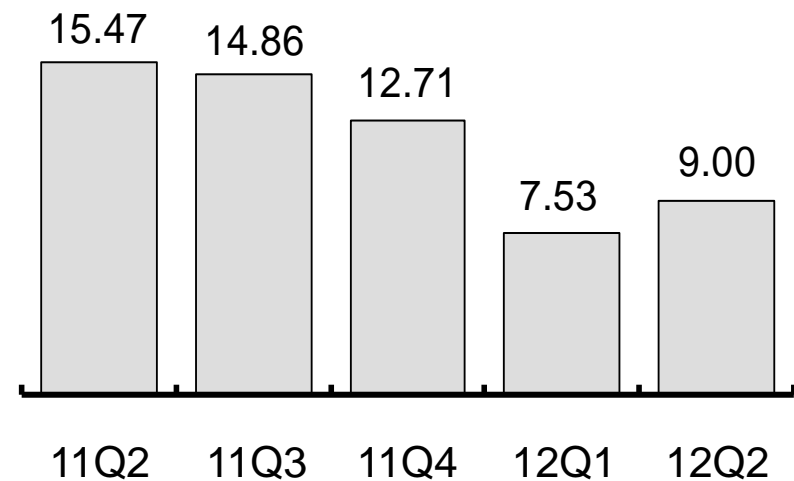
## Gross Margin

%



## Operating Margin

%



## 2Q 2012 P&L (CONSOLIDATED)

NT\$bn	2Q 11	1Q 12	2Q 12	QoQ	YoY
REVENUES	124.40	67.79	<b>91.04</b>	34.3%	-26.8%
GROSS PROFIT	35.77	16.97	<b>24.59</b>	44.9%	-31.3%
OPERATING EXPENSE	<u>16.53</u>	<u>11.87</u>	<b><u>16.39</u></b>	38.1%	-0.8%
SALES MKTING.	9.95	6.72	<b>10.04</b>	49.2%	0.9%
RESEARCH DEV.	5.07	3.43	<b>4.63</b>	35.2%	-8.6%
GENERAL ADM.	1.51	1.72	<b>1.72</b>	0.4%	14.0%
OPERATING PROFIT	19.24	5.10	<b>8.20</b>	60.6%	-57.4%
NPBT	19.97	5.56	<b>8.87</b>	59.6%	-55.6%
NPAT <sup>1</sup>	17.52	4.47	<b>7.40</b>	65.7%	-57.8%
GROSS MARGIN (%)	28.76%	25.03%	<b>27.01%</b>	2.0%	-1.8%
OPERATING MARGIN (%)	15.47%	7.53%	<b>9.00%</b>	1.5%	-6.5%
EPS <sup>2</sup> (NT\$)	20.64	5.35	<b>8.90</b>	66.4%	-56.9%

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

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

## 2Q 2012 BALANCE SHEET (CONSOLIDATED)

NT\$bn	Jun 30, 11	Mar 31, 12	Jun 30, 12	QoQ	YoY
TOTAL ASSETS	262.42	234.34	<b>254.72</b>	8.7%	-2.9%
CASH	115.71	79.59	<b>81.25</b>	2.1%	-29.8%
AR	69.99	52.33	<b>66.13</b>	26.4%	-5.5%
INVENTORY	30.94	28.99	<b>26.66</b>	-8.1%	-13.8%
OTHER ASSETS	45.78	73.43	<b>80.68</b>	9.9%	76.3%
TOTAL LIABILITIES	179.05	131.68	<b>177.71</b>	35.0%	-0.7%
TOTAL EQUITY <sup>1</sup>	83.37	101.61	<b>75.82</b>	-25.4%	-9.1%
<b>METRICS<sup>2</sup></b>					
DAYS SALES OUTSTANDING	49	81	<b>61</b>		
INVENTORY TURNOVER DAYS	35	60	<b>44</b>		
DAYS PAYABLE OUTSTANDING	75	134	<b>103</b>		

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

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

# 3Q 2012 BUSINESS OUTLOOK

- Revenue is expected to be between NT\$70-80bn
- Gross margin is expected to be around 25%
- Operating margin is expected to be around 7%



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