

HTC CORPORATION

4Q BUSINESS REVIEW

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DISCLAIMER STATEMENT

- This presentation and release contains “forward-looking statements” which may include our future results of operations, financial condition or business prospects, are based on our own information and from other sources.
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- The forward-looking statements in this release reflect the current belief of HTC as of the date of this release and HTC undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.

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4Q09 BUSINESS REVIEW

- 4Q revenue reached NT\$41bn.
- 4Q GPM was 32.0%.
- 4Q OPEX ratio came at 17.2%; therefore, 4Q operating margin reached 14.9% within guidance.

* All the numbers above are based on unconsolidated financial statements.

2010 GOAL: THE HTC BRAND YEAR

- Choice of Smart Phone Brand
- HTC Brand Reaches to Masses by Growing Volume & Expanded Product Portfolio
- Continue to Drive Marketing Campaign for Brand Awareness

MANAGEMENT INITIATIVES

- HD2 successfully drives innovation and creates wide spread consumer preference on HTC WM platform; and it continues help HTC to bring WM momentum and remains our WM leadership position even at WM's transition stage.
- Nexus One shows HTC's Android leadership position and strategic partnership with Google on mobile internet; and the Google Phone launch significantly raises the brand awareness for HTC as well as Android platform.
- Solid phase II branding development progress meet the management expectation evidenced with the across the board acceptance of HTC brand products from world carriers.
- HTC Smart is an initiative to broaden HTC brand reach and further help grow our operation scale in an efficient way by expanding our addressable market.

MATERIAL BOARD RESOLUTIONS

- 2010 Annual General Shareholders Meeting will be held on June 18, 2010. Two independent directors to be elected in the election of independent directors at the 2010 Annual General Shareholders Meeting.
- The board approved 2010 employee bonus appropriation rate for accrued expenses is set at 18% of net profit after taxes, prior to this employee bonus adjustment.
- The board promoted COO Mr. Fred Liu to Corporate Senior Executive Vice President and President of Engineering and Operations.

1Q10 BUSINESS OUTLOOK

- 1Q brand unit expects to grow more than 30% from a year ago.
- 1Q revenue expects at the range from NT\$32bn to NT\$34bn.
- GPM expects to be around 30.0%± 0.5%.
- OPEX ratio expects to be around 17.0%± 0.5%.

* All the numbers above are based on unconsolidated financial statements.

4Q09 P&L (UNCONSOLIDATED)

<u>(NT\$ Billion)</u>	<u>4Q 08</u>	<u>3Q 09</u>	<u>4Q 09</u>	<u>QOQ</u>	<u>YOY</u>	<u>2009</u>	<u>YOY</u>
REVENUES	47.38	34.01	41.08	20.8%	-13.3%	144.88	-5.0%
<u>GROSS PROFIT</u>	<u>14.10</u>	<u>10.99</u>	<u>13.14</u>	<u>19.5%</u>	<u>-6.8%</u>	<u>45.86</u>	<u>-9.4%</u>
<u>RSGA EXPENSE</u>	<u>5.46</u>	<u>4.74</u>	<u>7.05</u>	<u>48.8%</u>	<u>29.2%</u>	<u>21.71</u>	<u>6.3%</u>
NOP	8.66	6.32	6.12	-3.2%	-29.3%	24.17	-20.1%
NPBT	8.94	6.45	6.26	-2.9%	-30.0%	25.21	-20.2%
NPAT	8.09	5.70	5.53	-2.8%	-31.6%	22.61	-21.0%
GPM(%)	29.8%	32.3%	32.0%			31.7%	
RSGA RATIO(%)	11.5%	13.9%	17.2%			15.0%	
EPS*(NT\$)	10.77	7.18	7.01			28.71	

*The EPS was calculated based on the outstanding shares at the time.

4Q09 P&L (CONSOLIDATED)

<u>(NT\$ Billion)</u>	<u>4Q 08</u>	<u>3Q 09</u>	<u>4Q 09</u>	<u>QOQ</u>	<u>YOY</u>	<u>2009</u>	<u>YOY</u>
REVENUES	47.07	33.88	41.07	21.2%	-12.8%	144.49	-5.2%
<u>GROSS PROFIT</u>	<u>14.18</u>	<u>11.17</u>	<u>13.34</u>	<u>19.4%</u>	<u>-6.0%</u>	<u>46.16</u>	<u>-9.5%</u>
<u>RSGA EXPENSE</u>	<u>5.31</u>	<u>4.74</u>	<u>7.05</u>	<u>48.8%</u>	<u>32.8%</u>	<u>21.54</u>	<u>4.3%</u>
NOP	8.88	6.43	6.29	-2.2%	-29.1%	24.62	-18.9%
NPBT	8.97	6.53	6.29	-3.7%	-29.9%	25.40	-20.0%
NPAT*1	8.09	5.70	5.53	-2.8%	-31.6%	22.61	-21.0%
GPM(%)	30.1%	33.0%	32.5%			31.9%	
RSGA RATIO(%)	11.3%	14.0%	17.2%			14.9%	
EPS*2(NT\$)	10.77	7.18	7.01			28.71	

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

*2 The EPS was calculated based on the outstanding shares at the time.

4Q09 KEY FINANCIALS (UNCONSOLIDATED)

<u>(NT\$ Billion)</u>	<u>Dec 31, 08</u>	<u>Sept 30, 09</u>	<u>Dec 31, 09</u>	<u>QOQ</u>	<u>YOY</u>
CASH*	61.83	55.14	64.17	16.4%	3.8%
AR	29.80	24.30	27.57	13.5%	-7.5%
INVENTORY	7.42	4.29	4.74	10.4%	-36.1%
NET WORTH	60.66	60.31	65.64	8.8%	8.2%
INVENTORY PROVISION	1.62	3.23	3.13	-3.2%	92.5%
AR PROVISION	0.55	0.75	1.01	35.0%	83.2%
WARRANTY PROVISION	5.23	5.46	5.29	-3.1%	1.2%

*Includes cash equivalents.

4Q09 KEY FINANCIALS (CONSOLIDATED)

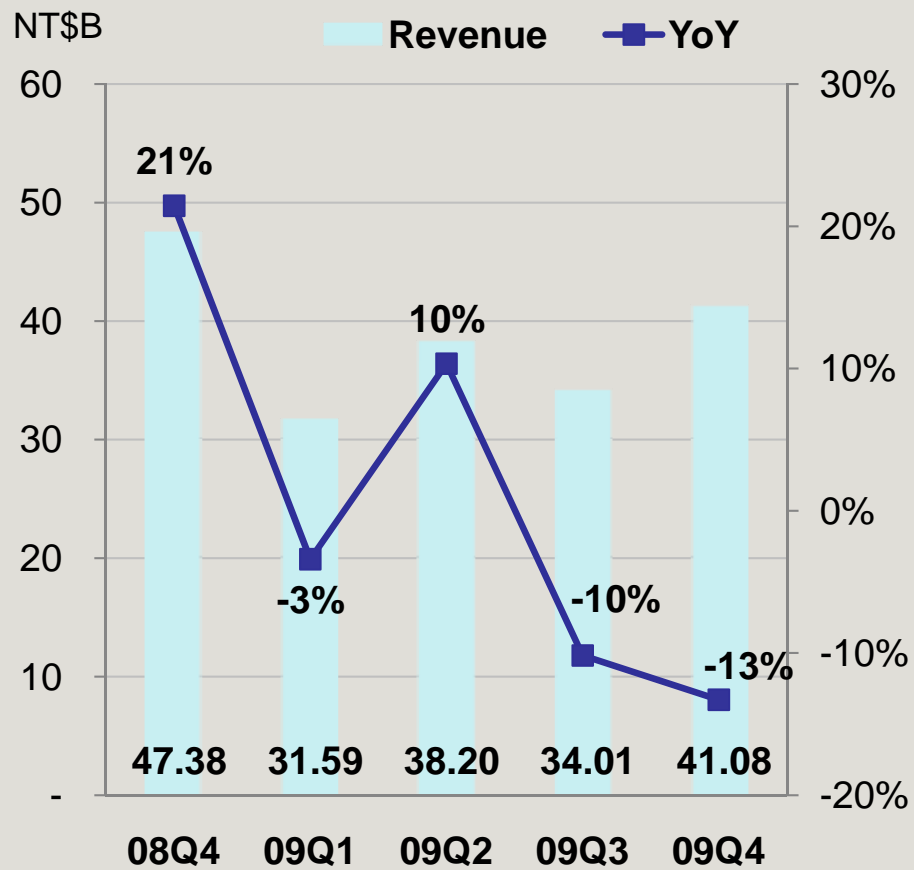
<u>(NT\$ Billion)</u>	<u>Dec 31, 08</u>	<u>Sept 30, 09</u>	<u>Dec 31, 09</u>	<u>QOQ</u>	<u>YOY</u>
CASH* ¹	64.24	57.98	67.14	15.8%	4.5%
AR	29.45	23.99	27.13	13.1%	-7.9%
INVENTORY	8.25	5.18	5.56	7.3%	-32.6%
NET WORTH* ²	60.66	60.31	65.64	8.8%	8.2%
INVENTORY PROVISION	1.91	3.40	3.25	-4.4%	70.2%
AR PROVISION	0.58	0.79	1.02	28.9%	77.0%
WARRANTY PROVISION	5.23	5.46	5.27	-3.6%	0.7%

*1 Includes cash equivalents.

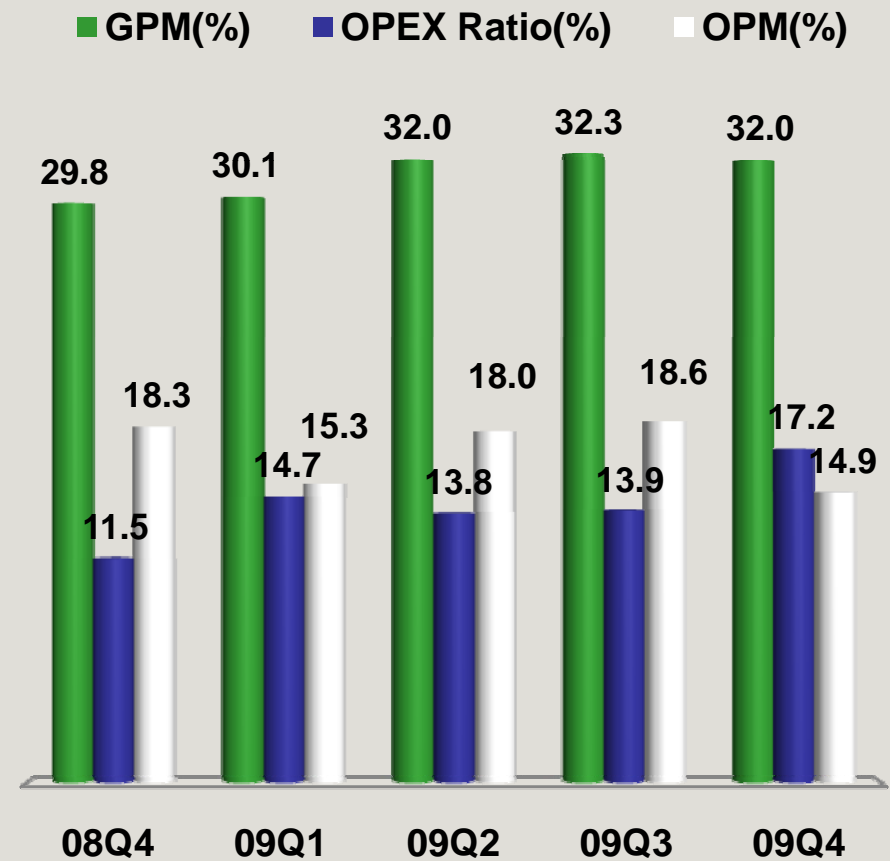
*2 Attributable to stockholders of parent company, excluding minority interest.

FACT SHEET UPDATE-BUSINESS STATUS

• Revenue



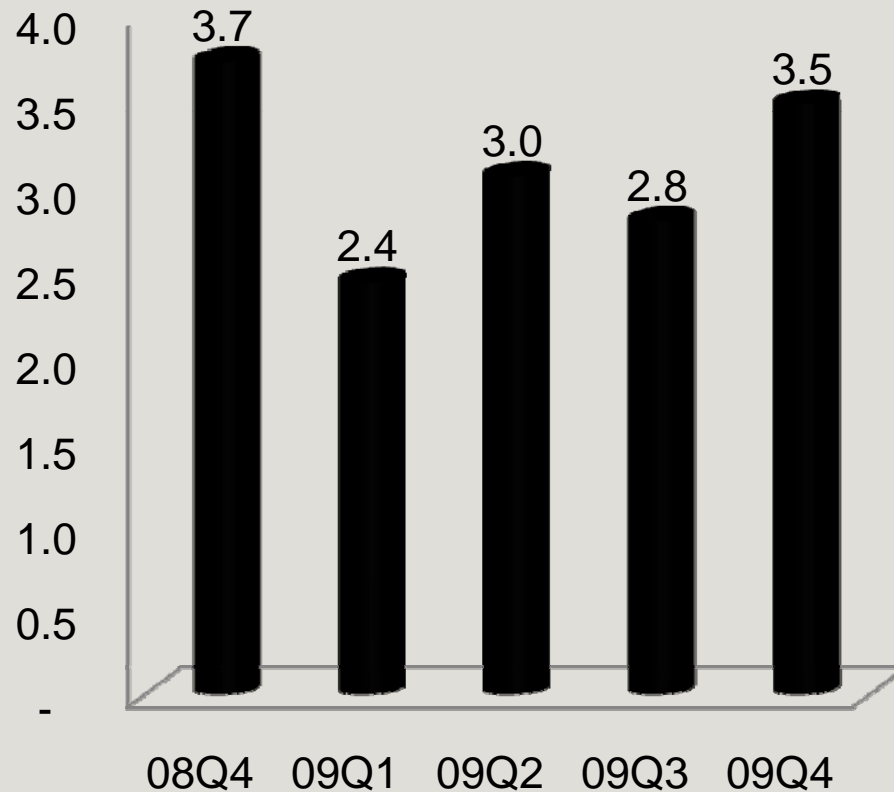
• Margin



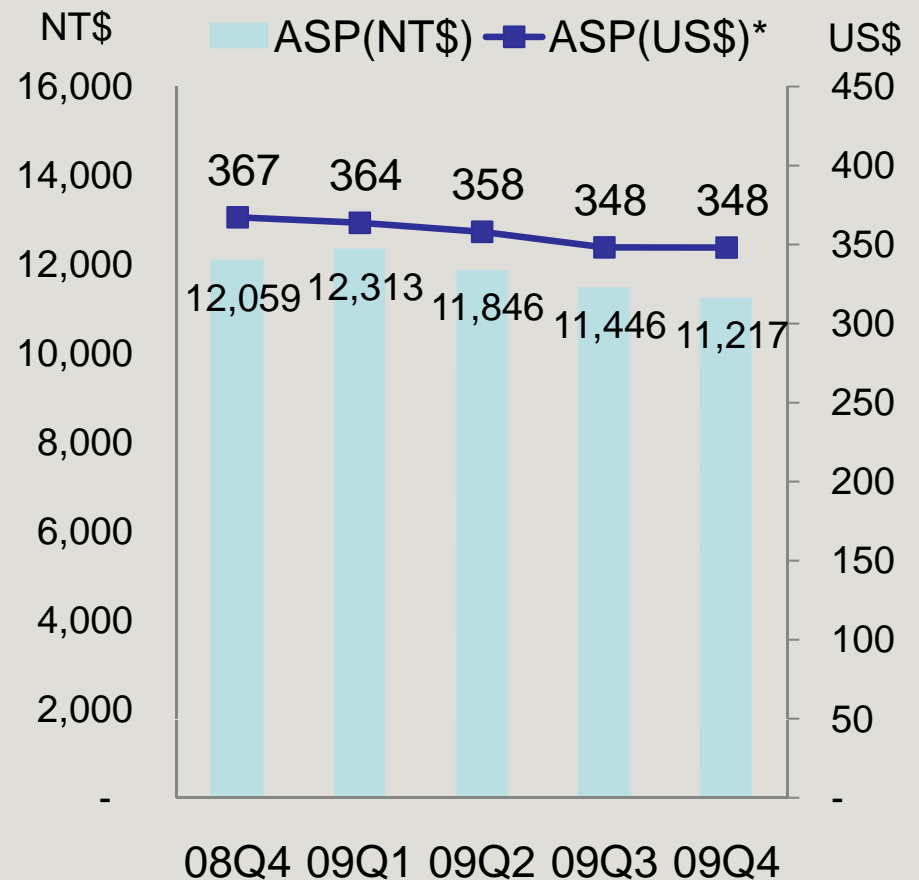
FACT SHEET UPDATE-BUSINESS STATUS

• SHIPMENT

Unit: Million



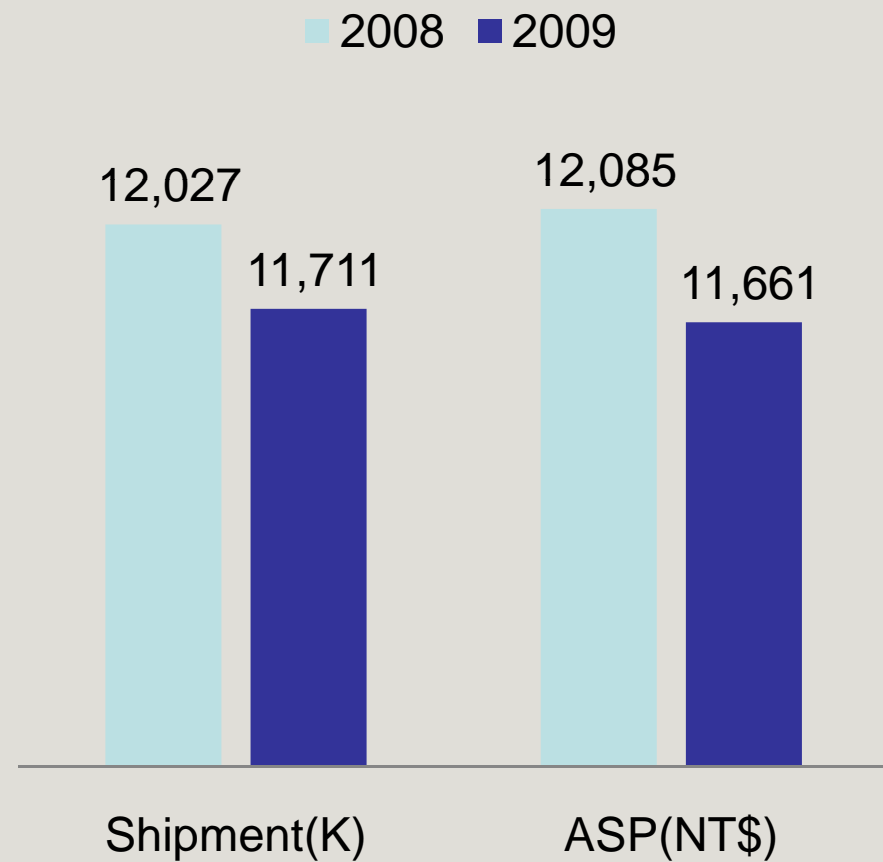
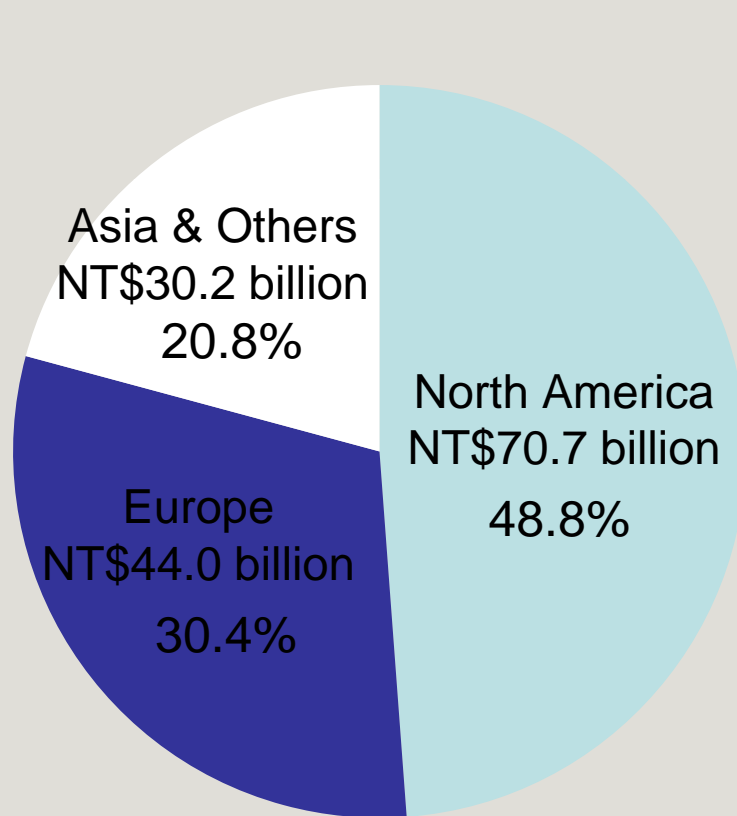
• AVERAGE SELLING PRICE



*The ASP(US\$) is translated to the US dollar at average exchange rate for each quarter. The exchange rates for 4Q08 to 4Q09 are 32.84, 33.85, 33.08, 32.87 and 32.22 respectively.

2009 OPERATIONAL FACT SHEET

• Revenue Breakdown by Area • Shipment & ASP



FAQs

Q: What should we expect ASP trend along with company's scale focus strategy and initiative of Brew MP?

A: The ASP trend change is likely to be around industry average or faster due to product mix and competitive pricing strategy.

Q: How should we foresee OPEX trend after phase II branding campaign started from 4Q09?

A: OPEX ratio will be on the rising trend to build our brand awareness but we should also expect non marketing part of OPEX start to enjoy volume benefit.

Q: What will be the margin trend amid company's scale focus strategy and initiative of Brew MP?

A: Annual corporate margin will be lower than Y09 due to product mix and competitive pricing strategy.

Q: What is the holiday season sell-through from major US customers?

A: US remain our strongest momentum from geographic perspective and holiday sell-through stay within our expectation particularly after special holiday promotion on Verizon's Eris and Sprint's Hero; We are confident on upcoming portfolio to continue our strength in US market in 2010.

FAQs

Q: Has Europe momentum recovered yet, particularly the traction of Android ramping?

A: Europe market has been stabilized and channel inventory situation improved. Our latest WM innovation HD2 create widespread momentum in Europe; we also aim for upcoming Android portfolio to bring momentum back in Europe as soon as in 2010.

Q: Please comment monthly volatility amid old/new product transition in 1Q?

A: We expect seasonality and old/new product transition to likely create a volatile monthly revenue pattern of 1Q10 with sales bottoming in Feb (along Chinese New Year holiday) and March momentum depending on new products ramping speed.

Q: What have we seen customer adoption of HTC roadmap for 1H10?

A: We are confident in our 1H10 product portfolio offering to the global customers ; management aim to expand further our US market share position and plan to stimulate our Europe growth momentum.

Q: Will Google Phone impact HTC own brand business momentum even it is not ODM business model?

A: HTC and Google co-developed the most leading Android innovation – Nexus One – and we expect following three positive implications, (1) Google's Web Store channel will complement (not overlap) our traditional retail/carriers sales channel and Google's initial carrier partners (T-Mobile, Verizon, & Vodafone) further assure strong potential on this business model. (2) we aim to increase our overall android market share within major operators by both Nexus One and HTC Sense innovations. (3) a strong leverage to enhance HTC brand awareness via this highly anticipated product globally.

FAQs

Q: Please comment Android competition landscape as late comers start ramping?

A: We see entry barrier actually becomes deeper for late comers to follow as HTC brings the Android innovation to next level benchmark by superior performance, proprietary HTC Sense user experience and operator-friendly customization services. We are confident to continue create value and maintain our leadership position on Android platform.

Q: Please comment latest competitive landscape of mobile platform from eco system perspective?

A: We continue to believe both WM and Android offer unique experience to different consumer segments in their respective eco system. Android has already the second largest application stores despite much lower subscriber installed base and a younger platform and we believe the coming WM 7.0 will deliver sound eco system support as well.

Q: Please comment HTC vision on HTC Smart introduction. In addition, does it run HTC Sense on Brew MP?

A: HTC envision HTC Smart to bring smart phone to the masses and the new portfolio category show our innovation to bring ease of use to enable mass consumer adoption at a affordable cost. We believe just adding a touch doesn't mean a phone is smart phone; the integration of HTC Sense deliver an unparalleled smart phone experience and we utilize Brew MP to enable HTC Sense devices to be offered at more aggressive price points.

FAQs

Q: Could Brew MP potentially cannibalize Android and WM platforms?

A: Brew MP's targeted market segments are focused on entry level smart phone users where adequate smart phone capability is enough and pricing flexibility is more important; therefore, we expect Brew MP to create additional market opportunity rather than overlapping with our existing WM and Android platforms of which full fledged smart phone functions and performance are emphasized.

Q: What dividend policy will HTC commit after 2010?

A: Our Y09 dividend payout will no lower than NT\$ 20 billion as the board had committed. Our dividend policy post Y10 depends on the business outlook and earning prospects.

Q: Please comment China smart phone market and business contribution to HTC in 2010?

A: Management continue to view 2010 as investment year for China smart phone industry after 3G service initiation from 2009, therefore, revenue contribution will continue to be minimal against US/Europe. Though we do plan to ramp a broader portfolio with solid performance, great user experience and product design for all major carriers' technology standards, particularly china's proprietary TD-SCDMA. We remain our long term bullish tone on China smart phone growth potential and likely a big revenue contributor to our growth in next couple years.

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quietly brilliant