

## HTC REPORTS 2Q 2011 RESULTS

### *QUARTERLY REVENUES, NET PROFITS AND EPS ALL REACH NEW HIGHS*

**Taoyuan, Taiwan, R.O.C. July 29, 2011** – HTC Corporation (“HTC”, or the “Company”, TWSE: 2498), a global leader in smartphone innovation and design, today announced record-breaking, consolidated results for the Company and its subsidiaries from the second quarter 2011, and its fifth consecutive quarter of growth. After-tax profit for the second quarter totaled NT\$17.52bn, a 102.9% increase over the same quarter last year, resulting in earnings-per-share of NT\$21.69 before ex-rights (NT\$20.64 after ex-rights).

#### **Highlights**

- After-tax profits in 2Q were NT\$17.52bn, up 102.9% year-on-year
- Earnings-per-share equalled NT\$21.69 before ex-rights (NT\$20.64 after ex-rights).
- Total revenues grew for the fifth consecutive quarter, totalling NT\$124.40bn in 2Q, up 104.1% year-on-year
- Handset shipments for 2Q equalled 12.1mn units, up 123.7% year-on-year, 24.8% quarter-on-quarter
- ASP (in USD) increased 2.6% year-on-year to US\$349
- 2Q operating expense ratio was 13.3%; 2Q operating margin reached 15.5%
- 2Q gross profit margin was in line with original guidance at 28.8%

#### **2Q 2011 Results**

HTC’s growing brand recognition and newly launched phones at both the entry level and high end of the market continued to drive sales to new demographics, creating a record-high quarterly revenue of NT\$124.40bn, net profits of NT\$17.52bn, and EPS of NT\$21.69 before ex-rights (NT\$20.64 after ex-rights), in the second quarter 2011.

HTC sold 12.1 million smartphones in 2Q 2011, 123.7% more than the same quarter last year, and 24.8% more than 1Q 2011. New products that shipped in 2Q - including Sensation, EVO 3D, Wildfire S, ChaCha, Salsa and Flyer - continue to demonstrate HTC’s leadership in design, innovation and the brand recognition it has earned across the globe. The launch of EVO 3D, the world’s first smartphone with glasses-free 3D capability, enriched the overall mobile experience. And entry-level models, such as Wildfire S, Salsa and ChaCha, widen the appeal of HTC smartphones to a broader audience and a large market globally.

Gross margins for the second quarter were 28.8%. Due to growing operational leverage achieved through scale expansion, operating margin for the second quarter increased to 15.5% from 15.3% in the year-ago quarter.

“Consumer reactions to our award-winning designs have driven us to another record-breaking quarter,” said Peter Chou, CEO of HTC. “Our teams work so hard to create each individual experience on the device, and it is gratifying for all of us to see them embraced at the volume levels we are consistently reporting across the globe.”

## PRESS RELEASE



During the second quarter of 2011, HTC continued to enrich its content and service platform offerings, announcing OpenSense, which allows developers access to proprietary APIs that support unique HTC features such as 3D display and our digital pen. In time, OpenSense is expected to strengthen the HTC developer community and broaden the Sense user experience for customers. To strengthen its patent portfolio and enhance its royalty cost structure, HTC acquired 235 issued patents and patents applications through the acquisition of S3 Graphics.

The Company also commenced phase III of its brand development program focusing on driving and increasing brand preference and creating emotional connections with consumers. Global brand momentum has been growing steadily, indicating that HTC is now a firmly established brand in consumer minds.

### Share buyback plan

The Board approved two share buyback programs at price range from NT\$900 to NT\$1,100:

1. A maximum of 10 mn treasury shares will be bought back from July 18<sup>th</sup> to Aug. 17<sup>th</sup>, 2011, for use as employee incentives, and
2. A maximum of 10 mn shares will be bought back for cancellation from Aug. 18<sup>th</sup> to Sept. 17<sup>th</sup>, 2011.

### 3Q 2011 Outlook

The Company's outlook for the third quarter of 2011 is as follows:

- 3Q shipments are expected to be approximately 13.5mn units, up 98% year-on-year.
- 3Q revenue is expected to be around NT\$137bn, up 10% quarter-on-quarter and up 80% year-on-year.
- Gross Margins are expected to be around 28%  $\pm$  0.5%.
- Operating Margins are expected to be in the range of 15%  $\pm$  0.5%.

### Conference Call and Webcast

HTC will host its quarterly conference calls on Friday, July 29<sup>th</sup>, 2011, first in Chinese, beginning at 4 p.m. (Taiwan Time, GMT+8), and in English beginning at 8 p.m. (Taiwan Time, GMT+8). The conference call in Chinese will be webcast live with audio and slides at [http://www.corpasia.net/cancast/taiwan/index.php?id=tw2498\\_137&version=c](http://www.corpasia.net/cancast/taiwan/index.php?id=tw2498_137&version=c) and webcast link for the call in English is [http://www.corpasia.net/cancast/taiwan/index.php?id=tw2498\\_138&version=e](http://www.corpasia.net/cancast/taiwan/index.php?id=tw2498_138&version=e).

### About HTC

HTC Corporation (HTC) is one of the fastest growing companies in the mobile industry. By putting people at the center of everything it does, HTC creates innovative smartphones and tablets that better serve the lives and needs of individuals. The company is listed on the Taiwan Stock Exchange under ticker 2498. For more information about HTC, please visit [www.htc.com](http://www.htc.com).

###

## PRESS RELEASE



*HTC, the HTC logo are the trademarks of HTC Corporation. All other names of companies and products mentioned herein may be the trademarks of their respective owners.*

### **HTC IR & PR Contacts**

#### **HTC IR / Finance & Accounting Division**

Maggie Tseng

Senior Manager, Investor Relations

Email: [maggie\\_tseng@htc.com](mailto:maggie_tseng@htc.com)

Tel: +886-3-375-3252 Ext. 6101

Mobile: +886-988-915875

#### **HTC PR**

Maggie Cheng

Corporate Communications Manager

Global Marketing Division.

Email: [maggie\\_cheng@htc.com](mailto:maggie_cheng@htc.com)

Tel: +886-3-375-3252 Ext. 6192

PR Direct: +886-3-375-5519

Mobile: +886-910-056396

#### *Disclaimer:*

*This press release contains 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.*