

HTC CORPORATION

3Q BUSINESS REVIEW

CHIALIN CHANG
CFO

JOEY CHENG
Director of Investor Relations

Oct. 26th, 2012

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.

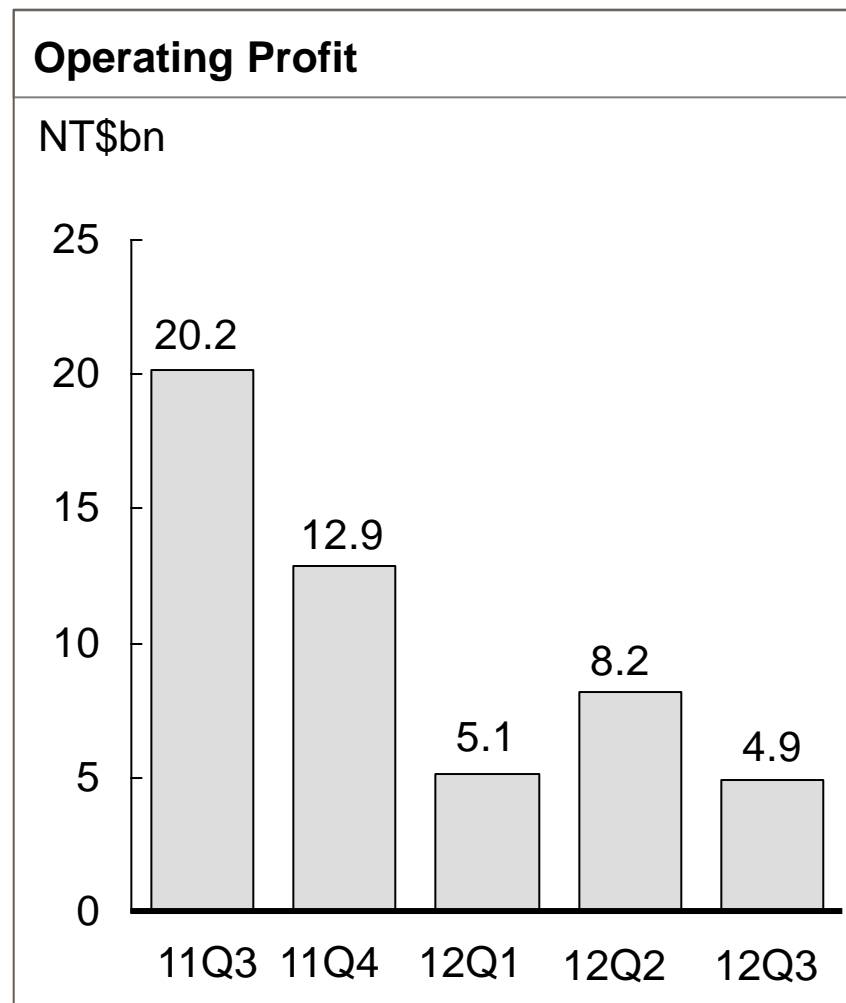
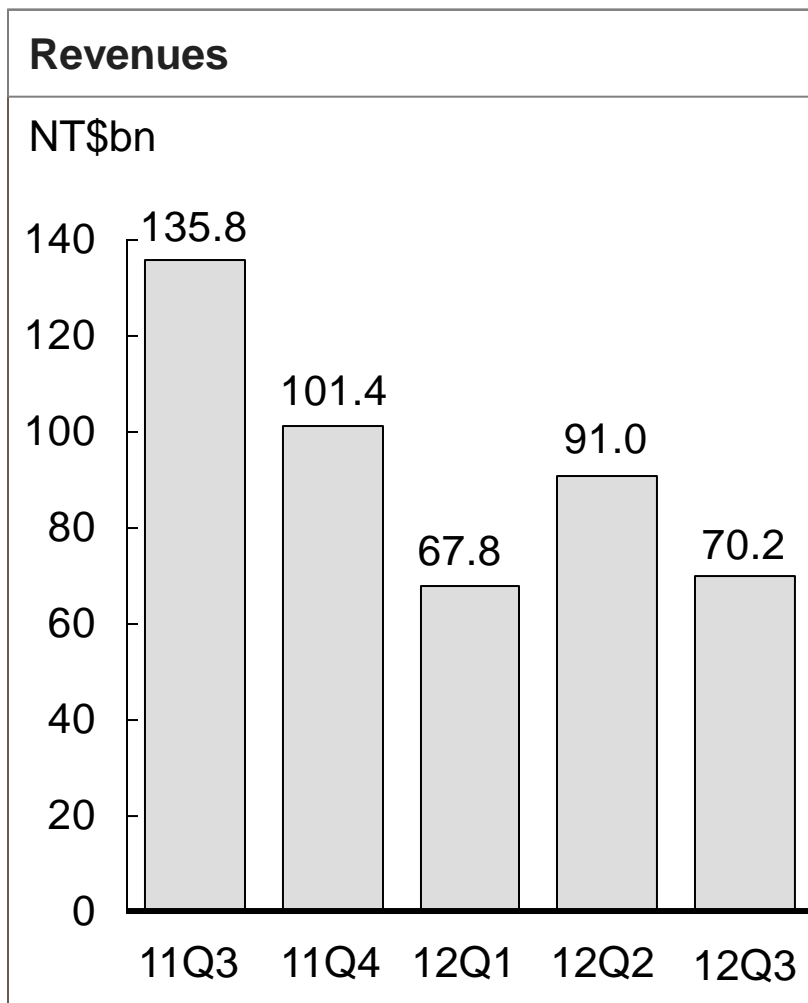
EXECUTIVE SUMMARY

- 3Q financial highlights
 - Revenue was NT\$70.2bn
 - Gross margin and operating margin were 25.0% and 7.0%, respectively
 - Net income was NT\$3.9bn
- Business update
 - China remains a key growth driver, continuing to further increase local brand awareness, retail presence, and operator partnerships
 - US was inline with expectation; flagship products were well-received
 - Japan had initial success with the HTC J; launched HTC J Butterfly to continue the momentum
 - EMEA focused on enhancing brand consideration in both developed and emerging countries
 - South Asia continued its efforts to build distribution channels and local presence

EXECUTIVE SUMMARY

- Investment recaps
 - US\$35 million strategic investment for 17% stake in Magnet Systems, the creator of a next-generation software platform for mobile enterprise market
 - Recognized a US\$40 million investment impairment for OnLive
- Recent new product launches
 - **HTC One X+**, an enhanced version of the HTC One X, operates on the new HTC Sense 4+, with faster speed, longer battery life, and expanded internal storage
 - **HTC One SC/SU/ST**, the well-sculpted dual-core 4.3", is tailor-made for the Chinese market, with improved camera capabilities and Beats Audio
 - **Windows Phone 8X and 8S by HTC**, considered the Windows Phone hero product by Microsoft, perfectly sculpted, three-dimensional pure uni-body design, and ultra-wide-angle front-facing camera
 - **HTC Desire X**, an affordable smartphone with a dual-core 1GHz processor, features a 4" super LCD, state-of-the-art camera (including VideoPic and Continuous Shooting), and authentic sound
 - **HTC J Butterfly**, introduced with KDDI, is the first quad-core smartphone, with 5" Full HD super LCD 3 display (440ppi resolution), 9.1mm slim design and eye catching color

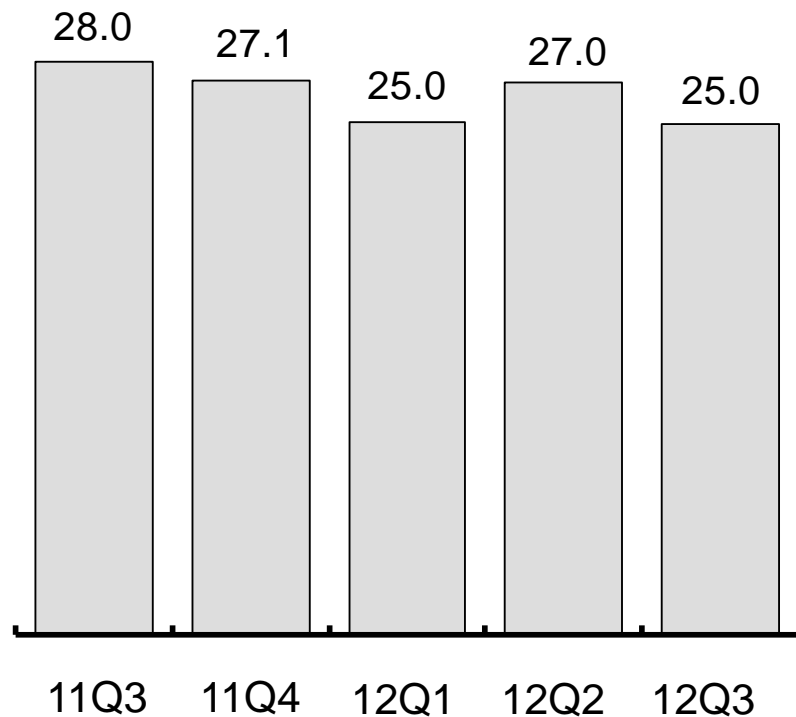
REVENUES AND OPERATING PROFIT



GROSS AND OPERATING MARGINS

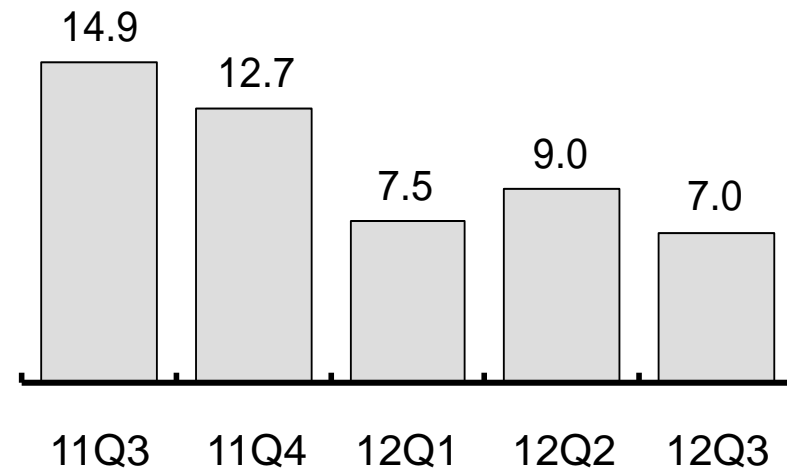
Gross Margin

%



Operating Margin

%



3Q 2012 P&L (CONSOLIDATED)

NT\$bn	3Q 11	2Q 12	3Q 12	QoQ	YoY
REVENUES	135.8	91.0	70.2	-23%	-48%
GROSS PROFIT	38.0	24.6	17.6	-29%	-54%
OPERATING EXPENSE	<u>17.9</u>	<u>16.4</u>	<u>12.6</u>	-23%	-29%
SALES MKTING.	11.2	10.0	7.2	-29%	-36%
RESEARCH DEV.	4.7	4.6	4.0	-13%	-15%
GENERAL ADM.	2.0	1.7	1.4	-17%	-28%
OPERATING PROFIT	20.2	8.2	4.9	-40%	-76%
NPBT	21.3	8.9	3.9	-56%	-82%
NPAT ¹	18.7	7.4	3.9	-47%	-79%
GROSS MARGIN (%)	28.0%	27.0%	25.0%	-2%	-3%
OPERATING MARGIN (%)	14.9%	9.0%	7.0%	-2%	-8%
EPS ² (NT\$)	22.07	8.90	4.70	-47%	-79%

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

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

3Q 2012 BALANCE SHEET (CONSOLIDATED)

NT\$bn	Sept 30, 11	Jun 30, 12	Sept 30, 12	QoQ	YoY
TOTAL ASSETS	263.4	254.7	202.0	-21%	-23%
CASH	104.8	81.2	50.5	-38%	-52%
AR	74.4	66.1	40.8	-38%	-45%
INVENTORY	31.9	26.7	21.4	-20%	-33%
OTHER ASSETS	52.4	80.7	89.3	11%	70%
TOTAL LIABILITIES	172.6	177.7	122.9	-31%	-29%
TOTAL EQUITY ¹	90.8	75.8	79.1	4%	-13%
<i>METRICS²</i>					
DAYS SALES OUTSTANDING	49	61	72		
INVENTORY TURNOVER DAYS	34	44	48		
DAYS PAYABLE OUTSTANDING	78	103	127		

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

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

4Q 2012 BUSINESS OUTLOOK

- Revenue is expected to be around NT\$60bn
- Gross margin is expected to be around 23%
- Operating margin is expected to be around 1%

htc
quietly brilliant

htc
quietly brilliant